

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Aug 13, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name:	Open House Group Co., Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	3288
URL:	https://openhouse-group.co.jp/ir/en/
Representative:	Masaaki Arai, President and CEO
Inquiries:	Kotaro Wakatabi, Senior Managing Director and CFO
Telephone:	+81-03-6213-0776
Scheduled date to file quarterly securities report:	Aug 13, 2024
Scheduled start date of dividend payment	—
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended September 30, 2024 (from October 1, 2023 to June 30, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY 2024	895,056	14.0	80,787	(16.5)	84,058	(11.1)	68,565	11.6
3Q FY 2023	785,330	17.7	96,809	15.3	94,509	8.6	61,415	9.2

Note: Comprehensive income: For the nine months ended September 2024: 80,864 million yen (20.5%)

For the nine months ended September 2023: 67,089 million yen (-2.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY 2024	574.65	573.67
3Q FY 2023	509.60	508.70

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
3Q FY 2024	1,304,626	526,926	35.1
FY 2023	1,198,668	480,416	34.7

Reference: Equity: As of 3Q FY 2024: ¥ 457,985 million

As of September 2023: ¥ 415,855 million

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	72.00	—	92.00	164.00
FY 2024	—	83.00	—		
FY 2024 (Forecast)				83.00	

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated operating results for FY 2024 (October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,300,000	13.2	124,000	(12.9)	120,000	(12.4)	92,500	0.5	775.24

Note: Revisions to the forecast of consolidated results most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period:

Yes

(Changes in the scope of consolidation related to specific subsidiaries)

Newly included: 14 companies, (Company Name: Sanei Architecture Planning Co., Ltd. (changed its name to MELDIA CO., LTD on March 1, 2024) and 13 other companies).

Excluded: companies (Company Name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:

Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of 3Q FY 2024	120,636,400 shares
As of September 30, 2023	120,588,100 shares

(ii) Number of treasury shares at the end of the period

As of 3Q FY 2024	2,931,427 shares
As of September 30, 2023	3,515 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine Months ended September 2024	119,318,390 shares
Nine Months ended September 2023	120,515,477 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

The forecasts and other forward-looking statements contained in this summary are based on information available to the Company at the time of disclosure and on assumptions deemed reasonable. These statements do not imply a commitment by the Company to achieve the forecasts. Furthermore, actual performance may vary significantly due to various factors. For details on the assumptions underlying the performance forecasts and cautionary notes regarding their use, please refer to '1. Qualitative Information Regarding Current Quarterly Results (3) Overview of Future Forecast Information such as Consolidated Performance Forecast on page 5 of the attached document.

1. Qualitative Information Regarding Current Quarterly Results

(1) Overview of Business Performance

The Group (the Company, consolidated subsidiaries, and equity method affiliates) has included Sanei Architecture Planning Co., Ltd. (hereinafter referred to as "Meldia", which changed its company name to MELDIA CO., LTD on March 1, 2024) as a consolidated subsidiary from the first quarter of the consolidated fiscal year.

The performance for the third quarter of the consolidated fiscal year showed sales of 895,056 million yen (increase of 14.0% compared to the same period of the previous year), operating profit of 80,787 million yen (decrease of 16.5%), ordinary profit of 84,058 million yen (decrease of 11.1%), and quarterly net profit attributable to owners of parent of 68,565 million yen (increase of 11.6%).

Overview by segment is as follows.

From the first quarter of the consolidated fiscal year, we have changed the classification of reportable segments due to the consolidation of Meldia as a subsidiary.

(Single-Family Homes Related Business)

In the single-family homes related business, there continues to be high demand for single-family homes in urban areas. Although sales proceeded according to plan, there were impacts such as a decrease in gross profit margin due to adjustments in the inventory available in the market.

As a result, sales were 474,858 million yen (increase of 9.9% year on year), and operating profit was 43,104 million yen (decrease of 12.2%).

(Condominium Business)

In the condominium business, most property deliveries will occur in the fourth quarter of the consolidated fiscal year, leading to fewer deliveries in the third quarter. Nevertheless, sales contracts, which are crucial for future performance, remains steady.

As a result, sales were 24,778 million yen (decrease of 38.0% year on year), and operating profit was 159 million yen (decrease of 97.0%).

(Property Resale Business)

In the property resale business, although the properties delivered during the third quarter of the consolidated fiscal year were limited, strong demand persists from corporate clients and affluent individuals investing in rental apartments, office buildings, and similar properties.

As a result, sales were 115,211 million yen (decrease of 10.1% year on year), and operating profit was 8,183 million yen (decrease of 46.1%).

(Others)

In others segment, there is strong investment demand among affluent individuals in Japan for U.S. real estate as a means of asset diversification, and sales have been progressing smoothly.

As a result, sales were 74,199 million yen (increase of 15.7% year on year), and operating profit was 8,645 million yen (increase of 12.5%).

(PRESSANCE CORPORATION)

PRESSANCE CORPORATION focused on the sale of investment condominiums and condominiums for families in prime locations in its main sales areas of Kinki and Tokai-Chukyo regions.

As a result, sales were 116,090 million yen (decrease of 4.1% year on year), and operating profit was 19,141 million yen (decrease of 7.2%).

(Meldia)

Meldia focused on its main business of single-family homes, it continued to pursue designs tailored to the customers' lifestyles and offered products that responded to changes in the customers' needs for their homes.

As a result, sales were 89,905 million yen (This is a newly set up segment from the first quarter of the consolidated fiscal year due to the consolidation of Meldia as a subsidiary, year on year comparison is not shown), and operating profit was 3,873 million yen.

(2) Overview of Financial Condition

As of the end of the third quarter of the consolidated fiscal period, total assets were 1,304,626 million yen, an increase of 105,958 million yen year on year. This is mainly due to an increase of 113,150 million yen in the combined real estate for sale and real estate for sale in progress.

Total liabilities were 777,699 million yen, an increase of 59,447 million yen year on year. This is mainly due to a decrease in unpaid corporate taxes and other items by 17,511 million yen, while short-term borrowings, long-term borrowings (including long-term borrowings repayable within one year), and bonds (including bonds repayable within one year) collectively increase by 75,417 million yen.

Total net assets were 526,926 million yen, an increase of 46,510 million yen year on year. This is mainly due to an increase of 47,608 million yen in retained earnings.

(3) Overview of Future Forecast Information such as Consolidated Performance Forecast

There is no change to the consolidated performance forecast for the fiscal year ending September 2024, which was announced on November 14, 2023.

Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of FY2023 (as of September 30, 2023)	End of 3Q FY 2024 (as of June 30, 2024)
Assets		
Current assets		
Cash and deposits	401,879	357,573
Trade accounts receivable and contract assets	4,776	14,254
Real estate for sale	147,857	230,107
Real estate for sale in process	493,398	524,299
Operating loans	49,301	70,265
Other	34,105	24,947
Allowance for doubtful accounts	(549)	(667)
Total current assets	1,130,769	1,220,782
Non-current assets		
Property, plant and equipment	28,456	31,205
Intangible assets	2,690	2,992
Investments and other assets	※ 36,751	※ 49,645
Total non-current assets	67,898	83,844
Total assets	1,198,668	1,304,626
Liabilities		
Current liabilities		
Notes payable – trade	1,631	1,835
Trade accounts payable	34,929	44,476
Electronically recorded obligations - operating	11,860	9,553
Short-term borrowings	182,734	177,885
Current portion of bonds payable	10,242	11,044
Current portion of long-term borrowings	38,457	59,238
Income taxes payable	22,518	5,007
Provisions	6,034	4,329
Other	65,118	59,634
Total current liabilities	373,526	373,004
Non-current liabilities		
Bonds payable	121	3,754
Long-term borrowings	343,582	398,632
Allowance liabilities	—	35
Retirement benefit liability	326	848
Asset retirement obligations	230	350
Other	464	1,074
Total non-current liabilities	344,725	404,695
Total liabilities	718,251	777,699

(Millions of yen)

	End of FY2023 (as of September 30, 2023)	End of 3Q FY 2024 (as of June 30, 2024)
Net assets		
Shareholder's equity		
Share capital	20,110	20,131
Capital surplus	19,767	20,459
Retained earnings	361,583	409,191
Treasury shares	(18)	(13,233)
Total shareholders' equity	401,443	436,549
Accumulated other comprehensive income		
Valuation difference on other securities	42	(32)
Cumulative adjustment of retirement benefits	—	8
Foreign currency translation adjustment	14,368	21,459
Total accumulated other comprehensive income	14,411	21,435
Share acquisition rights	752	984
Non-controlling interests	63,808	67,956
Total net assets	480,416	526,926
Total liabilities and net assets	1,198,668	1,304,626

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)	Nine months ended June 30, 2024 (from October 1, 2023 to June 30, 2024)
Net sales	785,330	895,056
Cost of sales	633,398	748,922
Gross profit	151,932	146,133
Selling, general and administrative expenses	55,123	65,346
Operating profit	96,809	80,787
Non-operating income		
Interest income	507	993
Dividend income	135	1,237
Rental income from buildings	168	157
Foreign exchange gains/loss	298	1,247
Share of profit of entities accounted for using equity method	49	—
Gain on sale of investment securities	144	3,518
Other	322	1,565
Total non-operating income	1,624	8,720
Non-operating expenses		
Interest expenses	2,912	4,078
Commission expenses	285	705
Investment loss under the equity method	—	12
Other	726	652
Total non-operating expenses	3,924	5,449
Ordinary profit	94,509	84,058
Extraordinary profit		
Gain on sale of shares of subsidiaries and associates	—	956
Gain on negative goodwill	—	12,766
Total Extraordinary profit	—	13,723
Profit before income taxes	94,509	97,782
Income taxes	28,049	23,934
Profit	66,460	73,847
Profit attributable to non-controlling interests	5,045	5,281
Profit attributable to owners of parent	61,415	68,565

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)	Nine months ended June 30, 2024 (from October 1, 2023 to June 30, 2024)
Profit	66,460	73,847
Other comprehensive income		
Valuation difference on other securities	76	(94)
Foreign currency translation adjustment	546	7,096
Adjustment amount related to retirement benefits	—	8
Share of other comprehensive income of entities accounted for using equity method	5	5
Total other comprehensive income	628	7,016
Comprehensive income	67,089	80,864
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	62,054	75,589
Comprehensive income attributable to non- controlling interests	5,035	5,274

3) Notes regarding consolidated quarterly financial statement

(Notes regarding on-going concern assumptions)

Not applicable

(Key matters fundamental to the preparation of quarterly consolidated financial statements)

The quarterly consolidated financial statements have been prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements by the Tokyo Stock Exchange and accounting standards for quarterly financial statements generally accepted as fair and appropriate in Japan.

(Notes on significant changes in the amount of shareholders' equity)

The Company acquired treasury stock based on the resolution of the Board of Directors held on November 14, 2023, and May 15, 2024. As a result, treasury stock increased by 13,215 million yen during the cumulative period of the third quarter.

(Significant changes in the scope of consolidation during the period)

(Significant changes in the scope of consolidation)

From the first quarter of the consolidated accounting period, as a result of acquiring the shares of Meldia Co., Ltd., the company and its 13 affiliated companies have been included in the scope of consolidation.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Regarding tax expenses, we estimate the effective tax rate, adjusted for tax effects accounting, on the pre-tax net income for the consolidated fiscal year, including the third quarter consolidated accounting period. This estimated effective tax rate is then applied to the pre-tax quarterly net income to compute the tax expenses.

(Additional information)

(Changes in purpose of inventory assets)

Some of the inventory assets, due to a change in the purpose of holding from sales to rental, 47 million of inventory held for sale and 1,424 million of work-in-progress inventory held for sale have been classified as tangible assets.

(Changes in purpose of fixed assets)

Some of the fixed assets, due to a change in the purpose of holding to sales, 7,542 million yen of tangible assets and 90 million of the intangible fixed assets have been reclassified as real estate for sale.

(Matters related to quarterly consolidated balance sheet)

*The amount of allowance for doubtful accounts directly deducted from the asset amounts.

	Previous consolidated fiscal year (September 30, 2023)	Third quarter of the consolidated fiscal period (June 30, 2024)
Investments and other assets	18 million yen	348 million yen

(Segment and other information)

【Segment information】

I. Nine months ended June 30, 2023 (October 1, 2022 to June 30, 2023)

1. Information on net sales, profit or loss, and other items by reportable segments

(Millions of yen)

	Reportable Segment						Adjustment (Note1)	Amount recorded in consolidated quarterly statements of income (Note2)
	Single-family homes related	Condominiums	Property resale	Others	PRESSANCE CORPORATION	Total		
Net sales								
Net sales from contracts with customers	394,332	39,955	111,253	60,975	118,365	724,882	14	724,897
Other income	37,672	—	16,913	3,130	2,716	60,433	—	60,433
Net sales from outside customers	432,005	39,955	128,167	64,105	121,082	785,315	14	785,330
Intersegment net sales and transfers	—	—	150	669	210	1,030	(1,030)	—
Total	432,005	39,955	128,317	64,774	121,293	786,346	(1,015)	785,330
Segment profit (loss)	49,080	5,347	15,186	7,687	20,621	97,923	(1,113)	96,809

(NOTE)

1. The adjustment amount of segment profit, (1,113) million yen, includes intersegment elimination of 2,243 million yen and unallocated corporate expenses of (3,357) million yen. Corporate expenses primarily consist of general administrative expenses that are not allocated to reporting segments.
2. Segment profit (loss) has been adjusted to operating profit described in consolidated quarterly statements of income.

II. Nine months ended June 30, 2024 (October 1, 2023 to June 30, 2024)

1. Information on Net sales, profit or loss, and other items by reportable segments

(Millions of yen)

	Reportable Segment							Adjustment (Note1)	Amount recorded in consolidated quarterly statements of income (Note2)
	Single-family homes related	Condos	Property resale	Others	PRESSANCE CORPORATION	Meldia	Total		
Net sales									
Net sales from contracts with customers	445,229	20,821	110,684	70,503	112,953	84,241	844,434	12	844,446
Other income	29,628	3,956	4,526	3,696	3,136	5,664	50,609	—	50,609
Net sales from outside customers	474,858	24,778	115,211	74,199	116,090	89,905	895,044	12	895,056
Intersegment net sales and transfers	567	—	484	214	—	6,050	7,318	(7,318)	—
Total	475,426	24,778	115,696	74,414	116,090	95,956	902,362	(7,305)	895,056
Segment profit (Loss)	43,104	159	8,183	8,645	19,141	3,873	83,108	(2,320)	80,787

(NOTE)

1. The adjustment amount of segment profit, (2,320) million yen, includes intersegment elimination of 1,281 million yen and unallocated corporate expenses of (3,601) million yen. Corporate expenses primarily consist of general administrative expenses not allocated to reporting segments.
2. Segment profit (loss) has been adjusted to operating profit described in consolidated quarterly statements of income.

2. Notes relating to changes in reportable segments etc.

The Group has changed its segment classification from the first quarter of the current consolidated accounting period. With the addition of Meldia Co., Ltd. as a consolidated subsidiary in October 2023, we have added "Meldia" as a new segment. As a result of the above changes, the reportable segments of the Group have changed to six segments: "Single-family homes related," "Condominiums," "Property resale," "Others," "PRESSANCE CORPORATION," and "Meldia".

(Significant gain on negative goodwill)

In the Meldia segment, we recognized a gain on negative goodwill due to acquiring the shares of Meldia Co., Ltd. and its consolidation as a subsidiary.

The amount of gain on negative goodwill recorded due to this transaction was 12,766 million yen. Please note that the gain on negative goodwill is an extraordinary profit and is therefore not included in the segment profit above.

(Significant subsequent events)
Not applicable.