

Note: Please note that this document is a Japanese-English translation of the summary of the official announcement in Japanese "Kessan Tanshin" for reference purposes only.

Summary of Consolidated Financial Results for the First Quarter Ended September 30, 2021 [Based on Japanese GAAP]

February 12, 2021

Company name:	Open House Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange, First section
Code Number:	3288
URL:	https://openhouse-group.co.jp/ir
Representative:	Masaaki Arai, President and CEO
Scheduled date of quarterly securities report filing:	February 12, 2021
Supplementary materials for quarterly financial results:	Yes
Quarterly results briefing meeting :	No

(Million yen, rounded down)

1. Consolidated Financial Results for the First Quarter Ended September 30, 2021 (October 1, 2020 to December 31, 2020)

(1) Consolidated operating results (Cumulative)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended December 31, 2020	155,119	22.2	19,394	33.6	20,647	47.0	14,842	51.6
December 31, 2019	126,987	20.9	14,516	56.0	14,045	72.2	9,790	70.5

(Note) Comprehensive income: Three months ended December 31, 2020 ¥ 14,174 million [38.5%]
Three months ended December 31, 2019 ¥ 10,237 million [92.8%]

	EPS	Diluted EPS
Three months ended December 31, 2020	Yen 117.96	Yen 117.46
December 31, 2019	88.56	88.00

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2020	575,010	242,839	42.2
September 30, 2020	569,038	233,695	41.0

(Reference) Shareholders' equity: As of December 31, 2020 ¥ 242,611 million
As of September 30, 2020 ¥ 233,477million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY 2020	Yen —	Yen 40.00	Yen —	Yen 40.00	Yen 80.00
FY 2021	—	—	—	—	—
FY 2021 (Forecast)	—	50.00	—	50.00	100.00

(Note) Revision of the latest dividend forecast: Yes

3. Forecast of Consolidated Operating Results for FY2021 (October 1, 2020 to September 30, 2021)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (Cumulative)	329,600	25.8	36,400	34.6	37,000	41.8	30,700	69.3	243.99
Full year	767,600	33.3	83,800	34.9	82,500	6.6	60,000	0.9	476.86

(Note) Revision of the latest consolidated results forecast: Yes

***Notes:**

(1) Significant changes in consolidated subsidiaries during the period

(Changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Adoptions of special accounting methods in presentation of quarterly financial statements: Yes

(3) Changes in accounting policies, changes of accounting estimates, and revisions and restatements

i) Changes in accounting policies in accordance with changes in accounting principles: None

ii) Changes in accounting policies other than the above: None

iii) Changes in accounting estimates: None

iv) Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

i) Number of shares issued at period-end (including treasury stock)

December 31, 2020: 125,840,700 shares September 30, 2020: 125,819,100 shares

ii) Treasury stock at period-end

December 31, 2020: 41 shares September 30, 2020: 41 shares

iii) Average number of shares issued during the period (quarterly consolidated cumulative basis)

December 31, 2020: 125,824,224 shares December 31, 2019 : 110,547,337shares

** This quarterly financial results report is not subject to quarterly review procedure based on the Financial Instruments and Exchange Act.*

** Notes regarding forward-looking statements:*

Consolidated business forecasts are based on assumptions from information available to management at the time of disclosure and those deemed to be reasonable.

Actual results may differ significantly from forecast due to various unpredictable reasons.

Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Million yen)

	End of FY2020 (as of September 30, 2020)	End of FY2021 1Q (as of December 31, 2020)
Assets		
Current assets		
Cash and deposits	219,227	212,344
Operating accounts receivable	620	832
Real estate for sale	64,372	62,799
Real estate for sale in process	172,914	176,850
Operating loans	37,463	40,674
Other	12,787	13,805
Allowance for doubtful accounts	(262)	(265)
Total current assets	507,123	507,042
Non-current assets		
Property, plant and equipment	5,010	5,026
Intangible assets	3,080	3,113
Investments and other assets	53,798	59,803
Total non-current assets	61,890	67,944
Deferred assets	24	23
Total assets	569,038	575,010
Liabilities		
Current liabilities		
Notes payable	4,831	2,229
Operating accounts payable	17,525	18,531
Electronically recorded monetary claims	—	2,364
Short-term loans payable	103,930	98,311
Current portion of bonds	242	242
Current portion of long-term loans payable	8,912	14,671
Income taxes payable	10,831	5,435
Provision	3,771	2,294
Other	26,669	25,040
Total current liabilities	176,713	169,120
Non-current liabilities		
Bonds payable	847	847
Long-term loans payable	157,347	161,747
Retirement benefit liability	328	338
Asset retirement obligations	105	117
Total non-current liabilities	158,628	163,050
Total liabilities	335,342	332,170
Net assets		
Shareholders' equity		
Capital stock	19,741	19,750
Capital surplus	28,877	28,886
Retained earnings	186,047	195,836
Treasury shares	(0)	(0)
Total shareholders' equity	234,666	244,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	16
Foreign currency translation adjustment	(1,195)	(1,876)
Total accumulated other comprehensive income	(1,188)	(1,860)
Subscription rights to shares	217	213
Non-controlling interests	—	13
Total net assets	233,695	242,839
Total liabilities and net assets	569,038	575,010

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

(Million yen)

	Three months ended December 31, 2019 (From October 1, 2019 to December 31, 2019)	Three months ended December 31, 2020 (From October 1, 2020 to December 31, 2020)
Revenue	126,987	155,119
Cost of revenue	104,577	126,925
Gross profit	22,409	28,194
Selling, general and administrative expenses	7,893	8,799
Operating income	14,516	19,394
Non-operating income		
Interest income	24	2
Dividends income	0	11
House rent income	31	34
Share of profit of entities accounted for using equity method	–	1,928
Foreign exchange gains	34	–
Other	45	25
Total non-operating income	136	2,003
Non-operating expenses		
Interest expenses	504	573
Commission fee	65	31
Foreign exchange losses	–	83
Other	37	63
Total non-operating expenses	607	751
Ordinary income	14,045	20,647
Profit before income taxes	14,045	20,647
Income taxes	4,254	5,799
Profit	9,790	14,847
Profit attributable to non-controlling interests	–	5
Profit attributable to owners of parent	9,790	14,842

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	Three months ended December 31, 2019 (From October 1, 2019 to December 31, 2019)	Three months ended December 31, 2020 (From October 1, 2020 to December 31, 2020)
Profit	9,790	14,847
Other comprehensive income		
Valuation difference on available-for-sale securities	1	8
Foreign currency translation adjustment	445	(684)
Share of other comprehensive income of entities accounted for using equity method	—	3
Total other comprehensive income	446	(672)
Comprehensive income	10,237	14,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,237	14,169
Comprehensive income attributable to non-controlling interests	—	5

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Changes in significant subsidiaries during the period)

Not applicable

(Significant changes in consolidated subsidiaries during the period)

Not applicable

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Tax expenses is calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year ended September 2021 including the first quarter.

(Segment and Other Information)

【Segment Information】

I Three months ended December 31, 2019 (October 1, 2019 to December 31, 2019)

Information on revenue, income or loss, and other items by reportable segment

(Million yen)

	Reportable Segment					Adjustments (Note1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	90,798	3,509	26,093	6,586	126,987	—	126,987
Intersegment revenue and transfers	—	—	15	9	24	(24)	—
Total	90,798	3,509	26,109	6,595	127,012	(24)	126,987
Segment Income (Loss)	10,331	(175)	3,825	817	14,799	(283)	14,516

(NOTE)

1. Adjustment of ¥ (283) million for segment income (loss) includes intersegment elimination of ¥172 million and corporate expenses of ¥ (455) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
2. Segment income (loss) has been adjusted to operating income described in consolidated quarterly statements of income.

II Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)

Information on revenue, income or loss, and other items by reportable segment

(Million yen)

	Reportable Segment					Adjustments (Note1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	121,524	262	24,621	8,711	155,119	—	155,119
Intersegment revenue and transfers	—	—	12	54	67	(67)	—
Total	121,524	262	24,633	8,766	155,187	(67)	155,119
Segment Income (Loss)	17,045	(808)	2,579	887	19,704	(309)	19,394

(NOTE)

1. Adjustment of ¥ (309) million for segment income (loss) includes intersegment elimination of ¥101 million and corporate expenses of ¥ (411) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
2. Segment income (loss) has been adjusted to operating income described in consolidated quarterly statements of income.

(Important Subsequent Events)

(Business Combination through Acquisition)

The Company acquired the common stock of Pressance Corporation Co., Ltd., an equity-method affiliate of the Company through the tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; "Act") and the subscription of the Capital Increase through Third-Party Allotment. As a result, the Company holds 64.45% of the total shares outstanding, Pressance Corporation has become a consolidated subsidiary of the Company effective on January 20, 2021.

1. Overview of the business combination

(1) Name and description of business of the acquired company

Name of the acquired company: Pressance Corporation Co., Ltd.

Description of business: Planning, development, and sales of condominiums for investment and condominiums for families

(2) Reasons for the business Combination

The Company has made Pressance Corporation a consolidated subsidiary from an equity-method affiliate of the Company in order to stabilize the credit enhancement and financing of Pressance Corporation, and to prompt realization of the synergies expected in the capital and business alliance between the two companies.

(3) Date of the business combination

January 20, 2021

(4) Legal form of the business combination

Acquisition of shares for consideration of cash

(5) Name following the business combination

Pressance Corporation Co., Ltd

(6) Ratio of voting rights acquired

i Ratio of voting rights owned before the business combination	31.83%
ii Ratio of voting rights acquired by the Capital Increase through Third-Party Allotment	5.14%
iii Ratio of voting rights acquired by the Tender Offer	29.11%
iv Ratio of voting rights after acquisition	64.45%

(7) Grounds for deciding on the Company to be acquired

The Company acquired 64.45% of the voting rights of Pressance Corporation through acquisition of shares for consideration of cash, and has become the acquiring company.

2. Items Related to the Calculation of the Acquisition Cost, etc.

(1) Acquisition Cost and Consideration of Acquired Company by Item

Market value of equity held before business combination as of the business combination date:	31,302 million yen
Cash expended for the Capital Increase through Third-Party Allotment:	5,000 million yen
Cash expended for the Tender Offer:	36,780 million yen
Acquisition cost:	73,083 million yen

(2) Difference between the acquisition cost for the acquired company and the total sum of acquisition costs of each transaction for acquisition

Not yet determined.

(3) Details and amounts of main acquisition-related costs

Not yet determined.

3. Items Related to the Allocation of the Acquisition Cost

(1) Breakdown of principal amounts of assets acquired and liabilities assumed on the date of the combination

Not yet determined.

(2) Amounts of goodwill generated, grounds for generation, amortization methods and amortization period

Not yet determined.