

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 Third Quarter Ended September 30, 2021 [Based on Japanese GAAP]

August 13, 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:	August 13, 2021
Supplementary materials for quarterly financial results:	Yes
Quarterly results briefing meeting :	No

(Million yen, rounded down)

1. Consolidated Financial Results for the Third Quarter Ended September 30, 2021 (October 1, 2020 to June 30, 2021)

(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	%
Nine months ended June 30, 2021	583,758	52.2	72,842	89.5	70,720	32.8	51,001	21.7
June 30, 2020	383,551	4.6	38,445	5.7	53,241	56.1	41,896	71.1

(Note) Comprehensive income: Nine months ended June 30, 2021 ¥ 54,193 million [29.6%]
 Nine months ended June 30, 2020 ¥ 41,828 million [77.1%]

	EPS	Diluted EPS
Nine months ended	Yen	Yen
June 30, 2021	405.04	403.48
June 30, 2020	378.80	376.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2021	828,425	326,832	33.2
September 30, 2020	569,038	233,695	41.0

(Reference) Shareholders' equity: As of June 30, 2021 ¥ 274,886 million
 As of September 30, 2020 ¥ 233,477 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2020	—	40.00	—	40.00	80.00
FY 2021	—	50.00	—	—	—
FY 2021 (Forecast)	—	—	—	60.00	110.00

(Note) Revision of the latest dividend forecast: No

3. Forecast of Consolidated Financial 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
Full year	788,000	36.8	96,000	54.5	93,000	20.2	67,000	12.6	532.10

(Note) Revision of the latest consolidated results forecast: No

***Notes:**

(1) Significant changes in consolidated subsidiaries during the period

(Changes in specific subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 (Pressance Corporation Co.,Ltd.)

(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 shares)

June 30, 2021: 126,099,000 shares September 30, 2020: 125,819,100 shares

ii) Treasury shares at period-end

June 30, 2021: 41 shares September 30, 2020: 41 shares

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

June 30, 2021: 125,917,025 shares June 30, 2020: 110,601,377 shares

** 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 3Q (as of June 30, 2021)
Assets		
Current assets		
Cash and deposits	219,227	304,754
Operating accounts receivable	620	1,297
Real estate for sale	64,372	87,828
Real estate for sale in process	172,914	329,489
Operating loans	37,463	38,573
Other	12,787	19,790
Allowance for doubtful accounts	(262)	(353)
Total current assets	507,123	781,379
Non-current assets		
Property, plant and equipment	5,010	18,497
Intangible assets	3,080	3,094
Investments and other assets	53,798	25,433
Total non-current assets	61,890	47,025
Deferred assets	24	20
Total assets	569,038	828,425
Liabilities		
Current liabilities		
Notes payable	4,831	1,372
Operating accounts payable	17,525	19,914
Electronically recorded monetary claims	—	3,620
Short-term loans payable	103,930	96,463
Current portion of bonds	242	242
Current portion of long-term loans payable	8,912	67,302
Income taxes payable	10,831	11,795
Provision	3,771	3,227
Other	26,669	37,972
Total current liabilities	176,713	241,909
Non-current liabilities		
Bonds payable	847	726
Long-term loans payable	157,347	257,663
Provision for share awards	—	231
Retirement benefit liability	328	359
Asset retirement obligations	105	122
Other	—	580
Total non-current liabilities	158,628	259,683
Total liabilities	335,342	501,593
Net assets		
Shareholders' equity		
Capital stock	19,741	19,931
Capital surplus	28,877	29,067
Retained earnings	186,047	225,668
Treasury shares	(0)	(0)
Total shareholders' equity	234,666	274,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	11
Foreign currency translation adjustment	(1,195)	208
Total accumulated other comprehensive income	(1,188)	219
Subscription rights to shares	217	541
Non-controlling interests	—	51,404
Total net assets	233,695	326,832
Total liabilities and net assets	569,038	828,425

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

(Million yen)

	Nine months ended June 30, 2020 (From October 1, 2019 to June 30, 2020)	Nine months ended June 30, 2021 (From October 1, 2020 to June 30, 2021)
Revenue	383,551	583,758
Cost of revenue	320,759	472,153
Gross profit	62,791	111,605
Selling, general and administrative expenses	24,345	38,763
Operating income	38,445	72,842
Non-operating income		
Interest income	63	12
Dividends income	1	13
House rent income	112	113
Gain on sale of investment securities	109	—
Share of profit of entities accounted for using equity method	16,322	1,435
Other	194	690
Total non-operating income	16,803	2,266
Non-operating expenses		
Interest expenses	1,682	2,248
Commission expenses	192	724
Loss on valuation of investment securities	—	917
Other	132	496
Total non-operating expenses	2,007	4,387
Ordinary income	53,241	70,720
Extraordinary income		
Gain on bargain purchase	—	15,475
Total extraordinary income	—	15,475
Extraordinary losses		
Loss on step acquisitions	—	11,095
Total extraordinary losses	—	11,095
Profit before income taxes	53,241	75,100
Income taxes	11,345	22,315
Profit	41,896	52,785
Loss attributable to non-controlling interests	—	1,783
Profit attributable to owners of parent	41,896	51,001

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	Nine months ended June 30, 2020 (From October 1, 2019 to June 30, 2020)	Nine months ended June 30, 2021 (From October 1, 2020 to June 30, 2021)
Profit	41,896	52,785
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	3
Foreign currency translation adjustment	(87)	1,400
Share of other comprehensive income of entities accounted for using equity method	20	3
Total other comprehensive income	(67)	1,407
Comprehensive income	41,828	54,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,828	52,412
Comprehensive income attributable to non-controlling interests	—	1,780

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)
Not applicable

(Notes on significant changes in the amount of shareholders' equity)
Not applicable

(Significant changes in consolidated subsidiaries during the period)
Pressance Corporation Co., Ltd. and its subsidiaries are included in the scope of consolidation from since the second quarter for fiscal 2021 by acquiring additional shares of Pressance Corporation, which was an affiliate under the equity method.

(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 third quarter.

(Segment and Other Information)

【Segment Information】

I Nine months ended June 30, 2020 (October 1, 2019 to June 30, 2020)

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

	Reportable Segment						Adjustments (Note1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note2)
	Single-family homes related	Condominiums	Property resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from Outside Customers	274,021	12,848	80,128	16,553	—	383,551	—	383,551
Intersegment revenue and transfers	—	—	41	36	—	77	(77)	—
Total	274,021	12,848	80,169	16,589	—	383,628	(77)	383,551
Segment Income	28,969	489	8,444	1,402	—	39,305	(859)	38,445

(NOTE)

- Adjustment of ¥ (859) million for segment income (loss) includes intersegment elimination of ¥493 million and corporate expenses of ¥ (1,353) 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.
 - Segment income (loss) has been adjusted to operating income described in consolidated quarterly statements of income.
- Information on impairment loss of non-current assets, goodwill and other information in reportable segment (Material profit from negative goodwill)
In the third quarter of the current fiscal year, the amount equivalent to negative goodwill of 13,708 million yen was recorded as share of profit of entities accounted for using equity method with the acquisition of shares of Pressance Corporation and the application of the equity method.
As the share of profit of entities accounted for using equity method by the said event is not included in profit of reportable segment, as it is non-operating income

II Nine months ended June 30, 2021 (October 1, 2020 to June 30, 2021)

1. 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 resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from Outside Customers	350,547	13,029	85,312	31,364	103,505	583,758	—	583,758
Intersegment revenue and transfers	—	471	41	222	0	736	(736)	—
Total	350,547	13,500	85,354	31,586	103,506	584,495	(736)	583,758
Segment Income (Loss)	49,745	286	9,431	3,655	10,857	73,975	(1,133)	72,842

(NOTE)

1. Adjustment of ¥ (1,133) million for segment income (loss) includes intersegment elimination of ¥148 million and corporate expenses of ¥ (1,282) 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.

2. Notes relating to changes in reportable segments etc.

The Group has changed its reportable segments from this second quarter, and has added "Pressance Corporation" as a new reportable segment due to acquisition of Pressance Corporation on January 2021. As a result, the Group has designated five segments: "Single-family homes related business", "Condominiums business", "Property resale business", "Others" and "Pressance Corporation" as reportable segments.

3. Information on impairment loss of non-current assets, goodwill and other information in reportable segment (Material profit from negative goodwill)

The Company has recognized the gain on negative goodwill for reportable segment of "Pressance Corporation" through acquisition of Pressance Corporation and making it as a consolidated subsidiary.

The recorded amount of profit on negative goodwill by the said event was ¥15,475 million and not included in segment profits as it was reported in extraordinary profits.