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Open House Group Co., Ltd.
Financial Results for Third Quarter of Fiscal Year September 2025

Conference Call Summary

■In the third quarter, sales and each stage of profit surpassed year-on-year, showing steady progress toward the full-year forecast. The operating profit for the previous fiscal year showed a decline, but it recovered to a new record high in just one year.

■For the single-family home related business, demand for affordably priced single-family homes in urban areas remains strong. We are expanding inventories from ¥257.4 billion FY2025 2Q to ¥281.2 billion FY2025 3Q, to increase sales volume for the next fiscal year.

■The condominium business has already secured contracts for 97% of our full-year plan. In 4Q, we expect to complete customer transfers of properties valued at ¥57.0 billion.

■The property resale business is seeing strong demand from both domestic and international investors, and profitability has improved year-on-year.

■In the U.S. real estate business, while high interest rates dampening demand for new single-family homes in the U.S., we are experiencing robust demand for its renovated single-family rental homes.

■We have resolved the parent-child listing of Pressance Corporation, and will now focus on maximizing the Group's profits.

■Equity ratio of 37.2% and a net D/E ratio of 0.7 times, maintaining a healthy financial condition even after TOB.

■As for share buybacks, we have already acquired ¥18.8 billion by the end of July, and plan to acquire a total of ¥25 billion for the full fiscal year.

■We aim to steadily increase EPS through profit growth and share buybacks, while also striving to lower the cost of capital.

Conference Call for Analysts and Institutional Investors
Date and time: August 13, 2025, 16:00
Speaker: Kotaro Wakatabi, Senior Managing Director, CFO

Q&A:

【Q.1】Why did the gross profit margin for the single-family home related business decline from 17.5% in Q2 to 17.1% in Q3, even though it improved by 2.8pt year-on-year?

【A.1】We anticipate a full-year gross profit margin of 17.0% and believe we are making steady progress toward that goal. The third quarter is simply a passing point in that journey, and we are not particularly concerned with slight fluctuations in the gross profit margin for a single quarter. We have already secured enough sales contracts to meet this fiscal year's forecast. Our focus now is on completing the property transfers. We are not pursuing additional contracts for this fiscal year and are instead working to accumulate sales contracts for the next fiscal year's settlement. We are scheduling the settlement of properties with higher profit margins for the next fiscal year whenever possible.

【Q.2】(Page 9 of the presentation) Regarding the year-on-year change in sales on a contract basis, could you break down the trends by area?

【A.2】In the Tokyo metropolitan area, we saw an increase in the low single digits, while the Kansai area saw an increase in the mid-teens.

【Q.3】Regarding EIDAI, which became a consolidated subsidiary in Q3, what was the impact on the sales and sales contracts?

【A.3】The results of EIDAI are now included within the MELDIA section of our single-family home related business. Their sales contracts are also consolidated into the metropolitan area, and they have been a contributing factor in boosting both figures.

【Q.4】Regarding trends in land acquisition, we've heard that competitors are strengthening their presence in urban areas. Has this had any impact on land prices?

【A.4】The prices for land in popular areas of the city center remain very high. At the same time, as condominium prices have soared, it has become difficult for families to afford them. On the other hand, prices for single-family homes in the surrounding metropolitan areas, where there is real demand, have been relatively stable, allowing us to steadily generate profits. Regarding the activities of our competitors and any impact on land prices, we have not felt any particular change.

【Q.5】Is it correct to assume that the target gross profit margin for the single-family home related business next fiscal year is around 17%?

【A.5】We plan to increase our sales volume while maintaining that level of gross profit margin.

【Q.6】Regarding the condominium business, what's the expected gross profit margin for the ¥57.0 billion property transfer in Q4?

【A.6】When looking at the margin quarter by quarter, there are some fluctuations, but we are progressing as planned toward our full-year forecast.

【Q.7】Regarding your new condominium brands, "INNOVACIA" and "INNOVAS," will the condominium units to be transferred next fiscal year be under these new brands, and has the new branding made it easier to raise prices?

【A.7】Next fiscal year, our new brands will be our main focus, but we will still be transferring some units under the "Open Residencia" brand. With our high-end brand, "INNOVACIA," we also have plans for properties in a high-price range, including some at ¥10 million per tsubo (approximately 3.3 square meters).

【Q.8】Regarding the property resale business, what are the factors behind the decline in the gross profit margin in Q3?

【A.8】There are no particular issues such as a large-scale project or any other special factors. As our overall performance for this fiscal year is now clearer, we have been scheduling the settlement of sales contracts with higher profit margins for the next fiscal year whenever possible.

【Q.9】Regarding the property resale business, a significant amount of property transfers in Q4 are necessary to achieve the full-year forecast. What is your perspective on this?

【A.9】We have already secured enough sales contracts to meet this fiscal year's forecasts. Now, we are simply waiting for the property transfers to be completed.

【Q.10】(Page 12 of the presentation) Regarding "KÚON Hakone Gora", what kind of future development do you envision for the hotel business?

【A.10】At this point, we are not actively looking to expand our hotel development. Instead, we aim to build up in-house expertise in planning and operations. This will enable us to examine similar value-add initiatives for the property resale business using our own in-house expertise in the future.

【Q.11】Regarding your business for affluent investors, what kind of synergies are you seeing from the collaboration between your U.S. real estate and property resale business?

【A.11】In the property resale business, we have started selling the wooden apartment buildings developed by MELDIA to customers in the U.S. real estate business. This is a key initiative that we will continue to prioritize.

【Q.12】What are the trends in acquisition prices and rent for renovated single-family rental homes, and what is the occupancy rate in your U.S. real estate business?

【A.12】In the areas where we operate, acquisition prices have been flat. Rents for new contracts have also been flat, while we are seeing a rent increase upon contract renewals. The occupancy rate remains healthy.

【Q.13】Could you provide a growth outlook for each business segment for the next fiscal year?

【A.13】For the next fiscal year, we are forecasting a significant increase in profit from the condominium business due to a rise in property transfers. We also expect stable growth across other segments.

【Q.14】(Page 25 and 26 of the presentation) When it comes to PER, wouldn't increasing the dividend be a more effective way to raise the metric than just explaining your business characteristics? We've seen other companies whose high PER is driven by their dividend policy.

【A.14】We have consistently provided stable dividends and have continued to increase them, based on our shareholder return policy of a total return ratio of 40% or more. We aim to steadily raise EPS through the twin pillars of profit growth and share buybacks. At the same time, we’re focused on helping investors understand the Group's "earning power," as this will help us reduce the cost of capital.