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February 14, 2024

Summary of Consolidated Financial Results for the First Quarter Ending September 30, 2024 (Based on 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 |
| Scheduled date to file quarterly securities report: | February 14, 2024 |
| Scheduled start date of dividend payment | — |
| Preparation of supplementary material on financial results: | Yes |
| Holding of financial results briefing: | No |

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

1. Consolidated financial results for the first quarter of the fiscal year ending September 30, 2024 (October 1, 2023 to December 31, 2023)

(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 | % |
| 1Q FY 2024 | 304,846 | 22.8 | 32,643 | 6.4 | 32,262 | 9.3 | 32,994 | 68.0 |
| 1Q FY 2023 | 248,198 | 5.5 | 30,668 | (12.5) | 29,514 | (16.7) | 19,643 | (13.3) |

Note: Comprehensive income: For the first quarter of the fiscal year ending September 2024 30,844 million yen (101.2%)
For the first quarter of the fiscal year ending September 2023: 15,326 million yen (-41.2%)

| | Basic earnings per share | Diluted earnings per share |
|------------|--------------------------|----------------------------|
| | Yen | Yen |
| 1Q FY 2024 | 274.11 | 273.70 |
| 1Q FY 2023 | 163.04 | 162.75 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| 1Q FY 2024 | 1,291,262 | 499,948 | 33.3 |
| FY 2023 | 1,198,668 | 480,416 | 34.7 |

Reference: Equity: As of September 2024: ¥ 430,573 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 | — | | | | |
| FY 2024 (Forecast) | | 83.00 | — | 83.00 | 166.00 |

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

3. Forecast of consolidated operating results for FY 2023 (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 |
| 2Q (Cumulative) | 594,200 | 9.7 | 55,100 | (20.9) | 52,300 | (22.6) | 46,700 | 5.1 | 387.96 |
| Full year | 1,300,000 | 13.2 | 124,000 | (12.9) | 120,000 | (12.4) | 92,500 | 0.5 | 768.45 |

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

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: 1 company (Sanei Architecture Planning Co., Ltd.)
- (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 1Q FY 2024 | 120,588,100 shares |
| As of September 30, 2022 | 120,588,100 shares |

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

| | |
|--------------------------|----------------|
| As of 1Q FY 2024 | 706,417 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)

| | |
|--------------------------------------|--------------------|
| Three months ended December 31, 2024 | 120,372,226 shares |
| Three months ended December 31, 2023 | 120,484,415 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts and other forward-looking statements contained in this summary are based on assumptions from information available to the Company at the time of disclosure and those deemed to be reasonable. Actual results may differ significantly from the forecast due to various unpredictable reasons.

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 first quarter of the consolidated fiscal year showed sales of 304,846 million yen (increase of 22.8% compared to the same period of the previous year), operating profit of 32,643 million yen (an increase of 6.4%), ordinary profit of 32,262 million yen (increase of 9.3%), and quarterly net profit attributable to owners of parent of 32,994 million yen (an increase of 68.0%).

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. For more details on segment information, please refer to "2. Consolidated Quarterly Financial Statements (3) Notes regarding consolidated quarterly financial statement (Segment and other information)".

(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, and sales have been progressing as planned.

As a result, sales were 169,828 million yen (increase of 19.8% year on year), and operating profit was 17,959 million yen (increase of 8.9%).

(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 first quarter. Nevertheless, sales contracts, which are crucial for future performance, remains steady.

As result, sales were 3,730 million yen (increase of 11.4% year on year), and operating loss was 731 million yen (compared to an operating loss of 432 million yen year on year).

(Property Resale Business)

In the property resale business, although the properties delivered during the first quarter of the consolidated fiscal year were limited, the high demand for rental apartments and office buildings, which are investment targets for corporations and affluent individuals that our group serves, continues against the backdrop of monetary easing policies.

As a result, sales were 32,957 million yen (decrease of 25.9% year on year), and operating profit was 4,257 million yen (decrease of 21.6%).

(Others)

In other segment, there is high investment demand for U.S. real estate for the purpose of asset diversification among the affluent in Japan, and sales have been progressing smoothly.

As a result, sales were 22,706 million yen (increase of 16.8% year on year), and operating profit was 2,096 million yen (decrease of 7.6%).

(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 40,999 million yen (increase of 4.6% year on year), and operating profit was 8,031 million yen (increase of 17.6%).

(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 34,620 million yen (This is a newly set up segment from the first quarter of the consolidated fiscal year due to the consolidation of Meldia Co., Ltd. as a subsidiary, year on year comparison is not shown), and operating profit was 1,330 million yen.

(2) Overview of Financial Condition

As of the end of the first quarter of the consolidated fiscal period, total assets were 1,291,262 million yen, an increase of 92,594 million yen year on year. This is mainly due to an increase of 101,299 million yen in the combined real estate for sale and real estate for sale in progress.

Total liabilities were 791,314 million yen, an increase of 73,062 million yen year on year. This is mainly due to a decrease of 13,791 million yen in unpaid corporate taxes, etc., while short-term borrowings, long-term borrowings (including long-term borrowings scheduled to be repaid within one year), and corporate bonds (including corporate bonds scheduled to be redeemed within one year) increased by a total of 85,394 million yen.

Total net assets were 499,948 million yen, an increase of 19,532 million yen year on year. This is mainly due to an increase of 21,900 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 FY 2023 (as of September 30, 2023) | End of FY 2024 1Q (as of December 31, 2023) |
|---|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 401,879 | 354,480 |
| Trade accounts receivable and contract assets | 4,776 | 17,698 |
| Real estate for sale | 147,517 | 201,578 |
| Real estate for sale in process | 493,398 | 540,978 |
| Operating loans | 49,301 | 54,193 |
| Other | 34,105 | 42,085 |
| Allowance for doubtful accounts | (549) | (819) |
| Total current assets | 1,130,769 | 1,210,322 |
| Non-current assets | | |
| Property, plant and equipment | 28,456 | 33,830 |
| Intangible assets | 2,690 | 2,998 |
| Investments and other assets | 36,751 | 44,111 |
| Total non-current assets | 67,898 | 80,940 |
| Total assets | 1,198,668 | 1,291,262 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable – trade | 1,631 | 1,649 |
| Trade accounts payable | 34,929 | 44,925 |
| Electronically recorded obligations - operating | 11,860 | 8,565 |
| Short-term borrowings | 182,734 | 235,936 |
| Current portion of bonds payable | 10,242 | 11,012 |
| Current portion of long-term borrowings | 38,457 | 51,457 |
| Income taxes payable | 22,518 | 8,726 |
| Provisions | 6,034 | 3,611 |
| Other | 65,118 | 59,100 |
| Total current liabilities | 373,526 | 424,985 |
| Non-current liabilities | | |
| Bonds payable | 121 | 4,244 |
| Long-term borrowings | 343,582 | 357,881 |
| Allowance liabilities | — | 47 |
| Retirement benefit liability | 326 | 833 |
| Asset retirement obligations | 230 | 366 |
| Other | 464 | 2,955 |
| Total non-current liabilities | 344,725 | 366,328 |
| Total liabilities | 718,251 | 791,314 |
| Net assets | | |
| Share capital | 20,110 | 20,110 |
| Capital surplus | 19,767 | 19,744 |
| Retained earnings | 361,583 | 383,484 |
| Treasury shares | (18) | (2,946) |
| Total shareholders' equity | 401,443 | 420,392 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 42 | (34) |
| Cumulative adjustment of retirement benefits | | 2 |
| Foreign currency translation adjustment | 14,368 | 10,212 |
| Total accumulated other comprehensive income | 14,411 | 10,180 |
| Share acquisition rights | 752 | 788 |
| Non-controlling interests | 63,808 | 68,587 |
| Total net assets | 480,416 | 499,948 |
| Total liabilities and net assets | 1,198,668 | 1,291,262 |

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

Consolidated Quarterly Statements of Income

(Millions of yen)

| | Three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022) | Three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023) |
|---|---|---|
| Net sales | 248,198 | 304,846 |
| Cost of sales | 200,578 | 252,462 |
| Gross profit | 47,619 | 52,383 |
| Selling, general and administrative expenses | 16,951 | 19,742 |
| Operating profit | 30,668 | 32,640 |
| Non-operating income | | |
| Interest income | 34 | 492 |
| Dividend income | 58 | 665 |
| Rental income from buildings | 52 | 51 |
| Gain on sale of investment securities | 144 | — |
| Share of profit of entities accounted for using equity method | 112 | — |
| Other | 76 | 286 |
| Total non-operating income | 479 | 1,496 |
| Non-operating expenses | | |
| Interest expenses | 979 | 1,393 |
| Commission expenses | 19 | 52 |
| Share of loss of entities accounted for using equity method | — | 4 |
| Foreign exchange losses | 421 | 251 |
| Other | 212 | 176 |
| Total non-operating expenses | 1,633 | 1,877 |
| Ordinary profit | 29,514 | 32,262 |
| Extraordinary profit | | |
| Gain on negative goodwill | — | 12,766 |
| Total Extraordinary profit | — | 12,766 |
| Profit before income taxes | 29,514 | 45,029 |
| Income taxes | 8,178 | 9,957 |
| Profit | 21,336 | 35,071 |
| Profit attributable to non-controlling interests | 1,692 | 2,077 |
| Profit attributable to owners of parent | 19,643 | 32,994 |

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

| | Three months ended December 31, 2022 (from October 1, 2022 to December 31, 2022) | Three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023) |
|--|---|---|
| Profit | 21,336 | 35,050 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 63 | (83) |
| Foreign currency translation adjustment | (6,072) | (4,138) |
| Adjustment amount for retirement benefits | — | 2 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | 0 |
| Total other comprehensive income | (6,009) | (4,218) |
| Comprehensive income | 15,326 | 30,844 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 13,637 | 28,758 |
| Comprehensive income attributable to non-controlling interests | 1,689 | 2,074 |

3) Notes regarding consolidated quarterly financial statement

(Notes regarding on-going concern assumptions)

Not applicable

(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. As a result, treasury stock increased by 2,928 million yen during the current first quarter consolidated cumulative period.

(Changes in significant subsidiaries during the period)

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

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

Regarding tax expenses, we reasonably estimate the effective tax rate after applying tax effect accounting to the consolidated net income before income taxes for the consolidated fiscal year including the current first quarter and multiply the quarterly net income before income taxes by the estimated effective tax rate.

(Changes in accounting policies)

Not applicable

(Segment and other information)

【Segment information】

I. Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)

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 | 128,272 | 3,347 | 32,630 | 18,467 | 38,417 | 221,135 | 2 | 221,138 |
| Other income | 13,463 | — | 11,847 | 967 | 782 | 27,060 | — | 27,060 |
| Net sales from outside customers | 141,735 | 3,347 | 44,477 | 19,435 | 39,199 | 248,195 | 2 | 248,198 |
| Intersegment net sales and transfers | — | — | 55 | 94 | — | 150 | (150) | — |
| Total | 141,735 | 3,347 | 44,533 | 19,529 | 39,199 | 248,346 | (147) | 248,198 |
| Segment profit (loss) | 16,484 | (432) | 5,429 | 2,267 | 6,827 | 30,577 | 91 | 30,668 |

(NOTE)

1. Adjustment of ¥ 91 million for segment profit (loss) includes intersegment elimination of ¥ 856 million and corporate expenses of ¥ (765) 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 profit (loss) has been adjusted to operating profit described in consolidated quarterly statements of income.

II. Three months ended December 31, 2023 (October 1, 2023 to December 31, 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 | Condos | Property resale | Others | PRESSANCE CORPORATION | Meldia | Total | | |
| Net sales | | | | | | | | | |
| Net sales from contracts with customers | 155,771 | 3,730 | 31,487 | 21,682 | 40,011 | 29,443 | 282,127 | 3 | 282,131 |
| Other income | 14,056 | — | 1,469 | 1,024 | 987 | 5,177 | 22,714 | — | 22,714 |
| Net sales from outside customers | 169,828 | 3,730 | 32,957 | 22,706 | 40,999 | 34,620 | 304,842 | 3 | 304,846 |
| Intersegment net sales and transfers | 358 | — | 143 | 57 | — | 2,711 | 3,270 | (3,270) | — |
| Total | 170,186 | 3,730 | 33,100 | 22,764 | 40,999 | 37,331 | 308,113 | (3,267) | 304,846 |
| Segment profit (Loss) | 17,959 | (731) | 4,257 | 2,096 | 8,031 | 1,327 | 32,943 | (300) | 32,643 |

(NOTE)

- Adjustment of ¥ (300) million for segment profit (loss) includes intersegment elimination of ¥ 656 million and corporate expenses of ¥ (965) 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 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 Sanei Architecture Planning Co., Ltd. to 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 our Group has 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 Sanei Architecture Planning Co., Ltd. and making it a consolidated subsidiary.

The amount of gain on negative goodwill recorded due to this event 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