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May 13, 2022

Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2022 (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>
 Representative: Masaaki Arai, President and CEO
 Inquiries: Kotaro Wakatabi, Senior Managing Director and CFO
 Scheduled date to file quarterly securities report: May 13, 2022
 Scheduled starting date of dividend payments: June 10, 2022
 Supplementary material on quarterly financial results: Yes
 Quarterly financial results briefing: Yes (for institutional investors and analysts, in Japanese)

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

1. Consolidated financial results for the six months ended September 30, 2022

(October 1, 2021 to March 31, 2022)

(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	%
Six months ended								
March 31, 2022	455,411	25.1	59,998	44.2	61,627	51.4	39,530	20.7
March 31, 2021	363,945	39.0	41,614	53.9	40,699	56.0	32,751	80.6

Note: Comprehensive income For the six months ended March 31, 2022: ¥ 46,688 million [37.2%]
 For the six months ended March 31, 2021: ¥ 34,019 million [85.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2022	313.40	312.57
March 31, 2021	260.24	259.15

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2022	954,723	385,138	34.5
September 30, 2021	879,913	347,143	33.4

Reference: Equity As of March 31, 2022: ¥ 329,366 million
 As of September 30, 2021: ¥ 293,809 million

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	50.00	—	62.00	112.00
FY 2022	—	62.00			
FY 2022 (Forecast)			—	62.00	124.00

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

3. Forecast of Consolidated Operating Results for FY2022 (October 1, 2021 to September 30, 2022)

(% indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		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	935,000	15.4	116,000	14.7	115,000	17.8	75,700	8.8	600.15

Note: Revision to the forecast of consolidated results most recently announced: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(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: Yes

(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 March 31, 2022	126,284,700 shares
As of September 30, 2021	126,117,000 shares

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

As of March 31, 2022	3,441 shares
As of September 30, 2021	3,441 shares

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

Six months ended March 31, 2022	126,135,144 shares
Six months ended March 31, 2021	125,848,102 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

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 Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	End of FY2021 (as of September 30, 2021)	End of FY 2022 2Q (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	337,731	375,710
Trade accounts receivable and Contract assets	1,929	3,446
Real estate for sale	90,402	79,833
Real estate for sale in process	337,726	396,277
Operating loans	36,878	33,078
Other	26,421	17,841
Allowance for doubtful accounts	(362)	(373)
Total current assets	830,727	905,814
Non-current assets		
Property, plant and equipment	21,297	21,878
Intangible assets	3,031	3,005
Investments and other assets	24,856	24,026
Total non-current assets	49,185	48,909
Total assets	879,913	954,723
Liabilities		
Current liabilities		
Notes payable - trade	1,166	1,226
Trade accounts payable	20,850	26,945
Electronically recorded obligations - operating	4,713	7,187
Short-term borrowings	104,684	127,654
Current portion of bonds payable	242	242
Current portion of long-term borrowings	57,142	52,124
Income taxes payable	18,239	17,890
Provisions	4,695	4,830
Other	44,503	42,844
Total current liabilities	256,237	280,946
Non-current liabilities		
Bonds payable	10,605	10,484
Long-term borrowings	264,502	276,987
Provision for share awards	257	284
Retirement benefit liability	311	329
Asset retirement obligations	150	205
Other	705	348
Total non-current liabilities	276,532	288,639
Total liabilities	532,769	569,585
Net assets		
Shareholders' equity		
Share capital	19,939	20,070
Capital surplus	29,068	29,132
Retained earnings	244,248	276,054
Treasury shares	(0)	(0)
Total shareholders' equity	293,256	325,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	12
Foreign currency translation adjustment	540	4,096
Total accumulated other comprehensive income	552	4,109
Share acquisition rights	551	412
Non-controlling interests	52,782	55,360
Total net assets	347,143	385,138
Total liabilities and net assets	879,913	954,723

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

Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)	Six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)
Net sales	363,945	455,411
Cost of sales	298,101	363,819
Gross profit	65,843	91,592
Selling, general and administrative expenses	24,229	31,593
Operating profit	41,614	59,998
Non-operating income		
Interest income	11	62
Dividend income	11	1,656
Rental income from buildings	70	69
Foreign exchange gains	-	999
Share of profit of entities accounted for using equity method	1,448	495
Other	541	425
Total non-operating income	2,082	3,709
Non-operating expenses		
Interest expenses	1,371	1,704
Commission expenses	321	257
Loss on valuation of investment securities	908	-
Other	396	118
Total non-operating expenses	2,997	2,081
Ordinary profit	40,699	61,627
Extraordinary income		
Gain on bargain purchase	15,475	-
Total extraordinary income	15,475	-
Extraordinary losses		
Loss on step acquisitions	11,095	-
Loss on sale of shares of subsidiaries and associates	-	119
Total extraordinary losses	11,095	119
Profit before income taxes	45,079	61,507
Income taxes	12,483	18,377
Profit	32,596	43,129
Profit (loss) attributable to non-controlling interests	(155)	3,598
Profit attributable to owners of parent	32,751	39,530

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)	Six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)
Profit	32,596	43,129
Other comprehensive income		
Valuation difference on available-for-sale securities	2	0
Foreign currency translation adjustment	1,416	3,548
Share of other comprehensive income of entities accounted for using equity method	3	10
Total other comprehensive income	1,423	3,559
Comprehensive income	34,019	46,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,178	43,093
Comprehensive income attributable to non- controlling interests	(158)	3,595

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)	Six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	45,079	61,507
Depreciation	378	673
Increase (decrease) in allowance for doubtful accounts	20	11
Increase (decrease) in retirement benefit liability	20	18
Increase (decrease) in provisions	562	162
Interest and dividend income	(22)	(1,719)
Foreign exchange losses (gains)	(167)	(121)
Share of loss (profit) of entities accounted for using equity method	(1,448)	(495)
Gain on bargain purchase	(15,475)	-
Interest expenses	1,371	1,704
Loss (gain) on valuation of investment securities	908	-
Loss (gain) on step acquisitions	11,095	-
Loss (gain) on sale of shares of subsidiaries and associates	-	119
Decrease (increase) in trade receivables	(48)	(1,451)
Decrease (increase) in inventories	(7,715)	(43,886)
Decrease (increase) in advance payments to suppliers	(845)	(2,407)
Increase (decrease) in trade payables	6,970	8,634
Decrease (increase) in operating loans receivable	1,479	3,800
Increase (decrease) in advances received	3,466	4,519
Increase (decrease) in guarantee deposits received	325	252
Increase (decrease) in deposits received	(5,328)	(5,044)
Other, net	(869)	(2,824)
Subtotal	39,758	23,453
Interest and dividends received	18	1,719
Dividends received from entities accounted for using equity method	-	207
Interest paid	(1,375)	(1,677)
Income taxes paid	(6,654)	(12,001)
Net cash provided by (used in) operating activities	31,746	11,701
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,051)	(1,818)
Proceeds from sale of property, plant and equipment	46	24
Purchase of intangible assets	(164)	(225)
Purchase of investment securities	(6,019)	(452)
Proceeds from redemption of investment securities	54	-
Loan advances	(794)	(357)
Proceeds from collection of loans receivable	229	4,532
Payments of leasehold and guarantee deposits	(961)	(1,103)
Proceeds from refund of leasehold and guarantee deposits	64	236
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	35,256	-
Payments for investments in capital of subsidiaries and associates	(1,321)	(1,553)
Repayment from investment in capital of subsidiaries and affiliates	-	2,419
Purchase of shares of subsidiaries and associates	(304)	-
Proceeds from sale of shares of subsidiaries and associates	-	16
Other, net	217	126
Net cash provided by (used in) investing activities	25,250	1,844

(Millions of yen)

	Six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)	Six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Proceeds from short-term borrowings	151,917	104,026
Repayments of short-term borrowings	(122,722)	(109,013)
Proceeds from long-term borrowings	68,486	125,798
Repayments of long-term borrowings	(58,326)	(90,383)
Redemption of bonds	(121)	(121)
Proceeds from exercise of employee share options	58	98
Repayments to non-controlling shareholders	-	(1,177)
Proceeds from share issuance to non-controlling shareholders	-	557
Dividends paid	(5,032)	(7,819)
Dividends paid to non-controlling interests	-	(595)
Other, net	-	38
Net cash provided by (used in) financing activities	34,258	21,410
Effect of exchange rate change on cash and cash equivalents	981	2,294
Net increase (decrease) in cash and cash equivalents	92,236	37,250
Cash and cash equivalents at beginning of period	219,218	334,506
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	199	728
Cash and cash equivalents at end of period	311,654	372,485

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

(Changes in significant subsidiaries during the period)
From the second quarter of this fiscal year, 10 companies including Open House Co., Ltd. were included in the scope of consolidation.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)
Tax expenses were 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 2022 including the first quarter. However, in case where calculation tax expenses using the estimated effective tax rate would result in a significant lack of rationality, Tax expenses were calculated by taking into account significant additions and subtractions and tax deduction items.

(Segment and Other Information)

【Segment Information】

I. Six months ended March 31, 2021 (October 1, 2020 to March 31, 2021)

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

(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		
Revenue								
Revenue from outside customers	235,203	4,172	55,563	19,513	49,491	363,945	—	363,945
Intersegment revenue and transfers	—	471	26	115	0	613	(613)	—
Total	235,203	4,644	55,589	19,629	49,492	364,558	(613)	363,945
Segment Income (loss)	32,910	(816)	6,125	2,117	2,160	42,497	(883)	41,614

(NOTE)

1. Adjustment of ¥ (883) million for segment income (loss) includes intersegment elimination of ¥ 149 million and corporate expenses of ¥ (1,032) 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. Six months ended March 31, 2021 (October 1, 2021 to March 31, 2022)

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

(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		
Revenue								
Revenue from contracts with customers	259,698	11,467	57,922	34,590	64,298	27,977	2	27,980
Other revenue	1,073	—	17,222	1,606	7,528	27,431	—	27,431
Revenue								
Revenue from outside customers	260,771	11,467	75,145	36,197	71,827	455,409	2	455,411
Intersegment revenue and transfers	—	—	1,060	80	—	1,140	(1,140)	—
Total	260,771	11,467	76,205	36,277	71,827	456,550	(1,138)	455,411
Segment Income (Loss)	35,953	419	9,130	4,564	10,985	61,053	(1,055)	59,998

(NOTE)

- Adjustment of ¥ (1,055) million for segment income (loss) includes intersegment elimination of ¥ (415) million and corporate expenses of ¥ (641) 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.
2. Notes relating to changes in reportable segments etc.
- The breakdown of Revenue from Contracts with Customers for the second quarter of the previous fiscal year is not indicated in accordance with transitional measures specified in "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12, March 31, 2020) Paragraph 28-15.

(Significant subsequent events)

(Acquisition and cancellation of treasury shares)

At a Board of Directors meeting held on May 13, 2022, the Company made a resolution of acquisition and cancellation of treasury shares in accordance with Article 156 of the Companies Act, applied following the deemed replacement of terms pursuant to the provisions of Article 165, paragraph 3 of the same Act, and also resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

1. Reasons for the acquisition of treasury shares

The Company will acquire and cancel treasury shares for the purpose of exercising agile management of capital policy and further enhancing shareholder value.

2. Details of Acquisition

- | | |
|---|--|
| (1) Type of shares to be acquired | Common shares |
| (2) Total number of shares to be acquired | 7,500,000 shares (maximum)
(5.94% of total number of shares outstanding) |
| (3) Total amount for share acquisition | ¥ 30 billion (maximum) |
| (4) Acquisition period | May 16, 2022 to September 30, 2022 |
| (5) Acquisition method | (i) Open market purchases on the Tokyo Stock Exchange
(ii) Purchases through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) of the Tokyo Stock Exchange |

3. Details of Cancellation

- | | |
|--------------------------------------|---------------------|
| (1) Type of shares to be cancelled | Common shares |
| (2) Number of shares to be cancelled | All shares acquired |
| (3) Scheduled date of cancellation | September 30, 2022 |