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August 12, 2022

Summary of Consolidated Financial Results for the Third 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:	August 12, 2022
Scheduled starting date of dividend payments:	-
Supplementary material on quarterly financial results:	Yes
Quarterly financial results briefing:	No

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

1. Consolidated financial results for the nine months ended September 30, 2022 (October 1, 2021 to June 30, 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	%
Nine months ended								
June 30, 2022	667,133	14.3	83,969	15.3	87,016	23.0	56,229	10.3
June 30, 2021	583,758	52.2	72,842	89.5	70,720	32.8	51,001	21.7

Note: Comprehensive income For the nine months ended June 30, 2022: ¥ 68,971 million [27.3%]
For the nine months ended June 30, 2021: ¥ 54,193 million [29.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2022	447.66	446.62
June 30, 2021	405.04	403.48

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	965,462	376,068	33.1
September 30, 2021	879,913	347,143	33.4

Reference: Equity As of June 30, 2022: ¥ 319,675 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	602.67

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): 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) Number of issued shares at the end of the period (including treasury shares)

As of June 30, 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 June 30, 2022	4,687,285 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)

Nine months ended March 31, 2022	125,607,915 shares
Nine months ended March 31, 2021	125,917,025 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 Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of FY2021 (as of September 30, 2021)	End of FY 2022 3Q (as of June 30, 2022)
Assets		
Current assets		
Cash and deposits	337,731	309,802
Trade accounts receivable and Contract assets	1,929	1,606
Real estate for sale	90,402	90,691
Real estate for sale in process	337,726	457,614
Operating loans	36,878	37,148
Other	26,421	18,984
Allowance for doubtful accounts	(362)	(381)
Total current assets	830,727	915,467
Non-current assets		
Property, plant and equipment	21,297	22,290
Intangible assets	3,031	3,001
Investments and other assets	24,856	24,702
Total non-current assets	49,185	49,994
Total assets	879,913	965,462
Liabilities		
Current liabilities		
Notes payable – trade	1,166	1,283
Trade accounts payable	20,850	29,079
Electronically recorded obligations - operating	4,713	7,746
Short-term borrowings	104,684	134,572
Current portion of bonds payable	242	242
Current portion of long-term borrowings	57,142	46,649
Income taxes payable	18,239	9,835
Provisions	4,695	3,454
Other	44,503	48,974
Total current liabilities	256,237	281,838
Non-current liabilities		
Bonds payable	10,605	10,484
Long-term borrowings	264,502	296,220
Provision for share awards	257	-
Retirement benefit liability	311	338
Asset retirement obligations	150	209
Other	705	302
Total non-current liabilities	276,532	307,555
Total liabilities	532,769	589,393
Net assets		
Shareholders' equity		
Share capital	19,939	20,070
Capital surplus	29,068	29,350
Retained earnings	244,248	285,145
Treasury shares	(0)	(23,763)
Total shareholders' equity	293,256	310,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	14
Foreign currency translation adjustment	540	8,858
Total accumulated other comprehensive income	552	8,872
Share acquisition rights	551	426
Non-controlling interests	52,782	55,967
Total net assets	347,143	376,068
Total liabilities and net assets	879,913	965,462

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

(Millions of yen)

	Nine months ended June 30, 2021 (from October 1, 2020 to June 30, 2021)	Nine months ended June 30, 2022 (from October 1, 2021 to June 30, 2022)
Net sales	583,758	667,133
Cost of sales	472,153	534,715
Gross profit	111,605	132,418
Selling, general and administrative expenses	38,763	48,448
Operating profit	72,842	83,969
Non-operating income		
Interest income	12	84
Dividend income	13	1,748
Rental income from buildings	113	120
Foreign exchange gains	-	3,427
Share of profit of entities accounted for using equity method	1,435	407
Other	690	500
Total non-operating income	2,266	6,288
Non-operating expenses		
Interest expenses	2,248	2,626
Commission expenses	724	370
Loss on valuation of investment securities	917	-
Other	496	245
Total non-operating expenses	4,387	3,242
Ordinary profit	70,720	87,016
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	75,100	86,896
Income taxes	22,315	26,254
Profit	52,785	60,641
Profit (loss) attributable to non-controlling interests	1,783	4,412
Profit attributable to owners of parent	51,001	56,229

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended June 30, 2021 (from October 1, 2020 to June 30, 2021)	Nine months ended June 30, 2022 (from October 1, 2021 to June 30, 2022)
Profit	52,785	60,641
Other comprehensive income		
Valuation difference on available-for-sale securities	3	3
Foreign currency translation adjustment	1,400	8,314
Share of other comprehensive income of entities accounted for using equity method	3	13
Total other comprehensive income	1,407	8,330
Comprehensive income	54,193	68,971
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,412	64,570
Comprehensive income attributable to non- controlling interests	1,780	4,401

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

The Company acquired its treasury share in accordance with the resolution approved at the Board of Directors meeting held on May 13, 2022. As a result, the treasury shares increased ¥ 23,763 million during the period.

(Changes in significant subsidiaries during the period)

Not applicable

(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. 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

(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	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)

- 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.
 - 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)
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.

II. Nine months ended June 30, 2022 (October 1, 2021 to June 30, 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	371,794	24,858	88,282	51,607	96,813	633,356	4	633,360
Other revenue	4,764	–	18,120	2,584	8,303	33,773	–	33,773
Revenue								
Revenue from outside customers	376,558	24,858	106,403	54,192	105,116	667,129	4	667,133
Intersegment revenue and transfers	–	–	1,368	112	–	1,480	(1,480)	–
Total	376,558	24,858	107,772	54,304	105,116	668,610	(1,476)	667,133
Segment Income (Loss)	48,588	1,932	12,855	7,159	14,766	85,302	(1,332)	83,969

(NOTE)

- Adjustment of ¥ (1,332) million for segment income (loss) includes intersegment elimination of ¥ (688) million and corporate expenses of ¥ (648) 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.
- 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.
- Notes relating to changes in calculation method of income and loss by reportable segment

The Company changed the distribution method of corporate expenses from this second quarter due to the transition to a holding company structure dated on January 1, 2022.

This change on the income and loss of each reportable segment is immaterial.

(Significant subsequent events)

Not applicable