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May 15, 2023

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2023 (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 15, 2023
 Scheduled starting date of dividend payments: -
 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 March 31, 2023

(October 1, 2022 to March 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	%
Six months ended								
March 31, 2023	541,794	19.0	69,650	16.1	67,536	9.6	44,452	12.5
March 31, 2022	455,411	25.1	59,998	44.2	61,627	51.4	39,530	20.7

Note: Comprehensive income For the six months ended March 31, 2023: ¥ 42,685 million [(8.6) %]
 For the six months ended March 31, 2022: ¥ 46,688 million [37.2 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2023	368.93	368.25
March 31, 2022	313.40	312.57

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2023	1,093,847	430,243	33.7
September 30, 2022	1,031,174	395,702	32.7

Reference: Equity As of March 31, 2023: ¥ 368,525 million
 As of September 30, 2022: ¥ 337,620 million

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2022	—	62.00	—	67.00	129.00
FY 2023	—	72.00			
FY 2023 (Forecast)			—	92.00	164.00

Note1: Revisions to the forecast of cash dividends most recently announced: Yes

Note2: Breakdown of the year-end dividend for the fiscal year ending September 30, 2023 (forecast):

Ordinary dividend 82.00 yen Special dividend 10.00 yen

The special dividend is due to the commemoration of the 10th anniversary of the Company's listing and the achievement of 1 trillion yen in net sales.

3. Forecast of consolidated operating results for FY2023 (October 1, 2022 to September 30, 2023)

(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
Full year	1,130,000	18.6	141,000	18.1	136,500	12.7	92,000	18.1	763.54

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

As of March 31, 2023	120,567,900 shares
As of September 30, 2022	120,487,900 shares

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

As of March 31, 2023	3,485 shares
As of September 30, 2022	3,485 shares

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

Six months ended March 31, 2023	120,491,008 shares
Six months ended March 31, 2022	126,135,144 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 factors.

Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	End of FY2022 (as of September 30, 2022)	End of FY2023 2Q (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	349,305	342,653
Securities	—	3,000
Trade accounts receivable and contract assets	2,198	2,500
Real estate for sale	95,717	95,441
Real estate for sale in process	461,388	514,504
Operating loans	43,262	56,976
Other	30,128	20,817
Allowance for doubtful accounts	(344)	(445)
Total current assets	981,656	1,035,447
Non-current assets		
Property, plant and equipment	21,123	26,569
Intangible assets	2,925	2,775
Investments and other assets	25,470	29,053
Total non-current assets	49,518	58,399
Total assets	1,031,174	1,093,847
Liabilities		
Current liabilities		
Notes payable - trade	1,238	1,380
Trade accounts payable	31,220	34,893
Electronically recorded obligations - operating	8,104	11,176
Short-term borrowings	144,309	154,748
Current portion of bonds payable	242	242
Current portion of long-term borrowings	39,262	40,444
Income taxes payable	20,292	20,228
Provisions	5,808	5,696
Other	59,017	48,475
Total current liabilities	309,495	317,285
Non-current liabilities		
Bonds payable	10,363	10,242
Long-term borrowings	314,784	335,232
Retirement benefit liability	318	338
Asset retirement obligations	211	218
Other	298	286
Total non-current liabilities	325,976	346,318
Total liabilities	635,472	663,603

(Millions of yen)

	End of FY2022 (as of September 30, 2022)	End of FY2023 2Q (as of March 31, 2023)
Net assets		
Shareholders' equity		
Share capital	20,070	20,101
Capital surplus	19,882	19,911
Retained earnings	286,286	322,666
Treasury shares	(18)	(18)
Total shareholders' equity	326,221	362,661
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	27
Foreign currency translation adjustment	11,434	5,836
Total accumulated other comprehensive income	11,399	5,863
Share acquisition rights	474	741
Non-controlling interests	57,606	60,976
Total net assets	395,702	430,243
Total liabilities and net assets	1,031,174	1,093,847

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, 2022 (from October 1, 2021 to March 31, 2022)	Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)
Net sales	455,411	541,794
Cost of sales	363,819	436,531
Gross profit	91,592	105,263
Selling, general and administrative expenses	31,593	35,612
Operating profit	59,998	69,650
Non-operating income		
Interest income	62	280
Dividend income	1,656	113
Rental income from buildings	69	104
Foreign exchange gains	999	—
Share of profit of entities accounted for using equity method	495	77
Gain on sale of investment securities	—	144
Other	425	252
Total non-operating income	3,709	972
Non-operating expenses		
Interest expenses	1,704	1,902
Commission expenses	257	263
Foreign exchange losses	—	325
Other	118	595
Total non-operating expenses	2,081	3,086
Ordinary profit	61,627	67,536
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	119	—
Total extraordinary losses	119	—
Profit before income taxes	61,507	67,536
Income taxes	18,377	19,319
Profit	43,129	48,217
Profit attributable to non-controlling interests	3,598	3,764
Profit attributable to owners of parent	39,530	44,452

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended March 31, 2022 (From October 1, 2021 to March 31, 2022)	Six months ended March 31, 2023 (From October 1, 2022 to March 31, 2023)
Profit	43,129	48,217
Other comprehensive income		
Valuation difference on available-for-sale securities	0	65
Foreign currency translation adjustment	3,548	(5,597)
Share of other comprehensive income of entities accounted for using equity method	10	0
Total other comprehensive income	3,559	(5,531)
Comprehensive income	46,688	42,685
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	43,093	38,924
Comprehensive income attributable to non-controlling interests	3,595	3,760

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022 (From October 1, 2021 to March 31, 2022)	Six months ended September 30, 2023 (From October 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	61,507	67,536
Depreciation	673	693
Increase (decrease) in allowance for doubtful accounts	11	100
Increase (decrease) in retirement benefit liability	18	19
Increase (decrease) in provisions	162	(112)
Interest and dividend income	(1,719)	(393)
Foreign exchange losses (gains)	(121)	336
Share of loss (profit) of entities accounted for using equity method	(495)	(77)
Interest expenses	1,704	1,902
Loss (gain) on sale of shares of subsidiaries and associates	119	—
Loss (gain) on sale of investment securities	—	(144)
Decrease (increase) in trade receivables	(1,451)	(409)
Decrease (increase) in inventories	(43,886)	(58,549)
Decrease (increase) in advance payments to suppliers	(2,407)	(426)
Increase (decrease) in trade payables	8,634	6,887
Decrease (increase) in operating loans receivable	3,800	(13,713)
Increase (decrease) in contract liabilities	4,519	(2,040)
Increase (decrease) in guarantee deposits received	252	511
Increase (decrease) in deposits received	(5,044)	(8,369)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(718)	3,302
Other, net	(2,105)	(997)
Subtotal	23,453	(3,943)
Interest and dividends received	1,719	393
Dividends received from entities accounted for using equity method	207	—
Interest paid	(1,677)	(1,860)
Income taxes paid	(12,001)	(12,194)
Net cash provided by (used in) operating activities	11,701	(17,604)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,818)	(4,032)
Proceeds from sale of property, plant and equipment	24	8
Purchase of intangible assets	(225)	(166)
Purchase of investment securities	(452)	(1,501)
Proceeds from redemption of investment securities	—	26
Proceeds from sale of investment securities	—	2,092
Loan advances	(357)	(2,669)
Proceeds from collection of loans receivable	4,532	1,791
Payments of leasehold and guarantee deposits	(1,103)	(1,929)
Proceeds from refund of leasehold and guarantee deposits	236	1,771
Payments for investments in capital of subsidiaries and associates	(1,553)	(3,235)
Repayment from investment in capital of subsidiaries and affiliates	2,419	623
Purchase of shares of subsidiaries and associates	—	(232)
Proceeds from sale of shares of subsidiaries and associates	16	—
Other, net	126	(10)
Net cash provided by (used in) investing activities	1,844	(7,462)

	(Millions of yen)	
	Six months ended September 30, 2022 (From October 1, 2021 to March 31, 2022)	Six months ended September 30, 2023 (From October 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Proceeds from short-term borrowings	104,026	126,199
Repayments of short-term borrowings	(109,013)	(114,319)
Proceeds from long-term borrowings	125,798	105,974
Repayments of long-term borrowings	(90,383)	(85,821)
Redemption of bonds	(121)	(121)
Proceeds from exercise of employee share options	98	44
Repayments to non-controlling shareholders	(1,177)	(0)
Proceeds from share issuance to non-controlling shareholders	557	24
Dividends paid	(7,819)	(8,072)
Dividends paid to non-controlling interests	(595)	(469)
Other, net	38	—
Net cash provided by (used in) financing activities	21,410	23,439
Effect of exchange rate change on cash and cash equivalents	2,294	(2,024)
Net increase (decrease) in cash and cash equivalents	37,250	(3,652)
Cash and cash equivalents at beginning of period	334,506	346,080
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	728	—
Cash and cash equivalents at end of period	372,485	342,428

4) Notes to consolidated quarterly financial statement

(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)

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 ending September 2023 including the second 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.

(Changes in accounting policies)

Not applicable

(Segment and other information)

【Segment information】

I. Six months ended March 31, 2022 (October 1, 2021 to March 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 the 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	259,698	11,467	57,922	34,590	70,305	433,984	2	433,987
Other income	1,073	—	17,222	1,606	1,521	21,424	—	21,424
Net sales from outside customers	260,771	11,467	75,145	36,197	71,827	455,409	2	455,411
Intersegment net sales 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 profit (loss)	35,953	419	9,130	4,564	10,985	61,053	(1,055)	59,998

(NOTE)

1. Adjustment of ¥ (1,055) million for segment profit (loss) includes intersegment elimination of ¥ (415) million and corporate expenses of ¥ (641) million that are 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 the consolidated quarterly statements of income.

II. Six months ended March 31, 2023 (October 1, 2022 to March 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 the 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	267,651	26,474	77,726	39,479	83,814	495,145	6	495,152
Other income	28,126	—	14,847	1,995	1,671	46,641	—	46,641
Net sales from outside customers	295,777	26,474	92,573	41,474	85,486	541,787	6	541,794
Intersegment net sales and transfers	—	—	99	294	210	605	(605)	—
Total	295,777	26,474	92,673	41,769	85,697	542,392	(598)	541,794
Segment profit (Loss)	35,177	4,129	10,886	4,492	15,416	70,101	(450)	69,650

(NOTE)

1. Adjustment of ¥ (450) million for segment profit (loss) includes intersegment elimination of ¥ 1,924 million and corporate expenses of ¥ (2,374) million that are 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 the consolidated quarterly statements of income.

(Significant subsequent events)

Not applicable