

Note: Please note that this document is a Japanese-English translation of the summary of the official announcement in Japanese "Kessan Tanshin" for reference purposes only.

Summary of Consolidated Financial Results for the Second Quarter Ended September 30, 2021 [Based on Japanese GAAP]

May 14, 2021

Company name: **Open House Co., Ltd.**
 Stock exchange listings: Tokyo Stock Exchange, First section
 Code Number: 3288
 URL: <https://openhouse-group.co.jp/ir>
 Representative: Masaaki Arai, President and CEO
 Scheduled date of quarterly securities report filing: May 14, 2021
 Scheduled starting date of dividend payments: June 11, 2021
 Supplementary materials for quarterly financial results: Yes
 Quarterly results briefing meeting: Yes (for institutional investors and analysts in Japanese)

(Million yen, rounded down)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2021 (October 1, 2020 to March 31, 2021)

(1) Consolidated operating results (Cumulative)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
March 31, 2021	363,945	39.0	41,614	53.9	40,699	56.0	32,751	80.6
March 31, 2020	261,922	7.9	27,035	13.6	26,091	17.6	18,136	12.4

(Note) Comprehensive income: Six months ended March 31, 2021 ¥ 34,019 million [85.2%]
 Six months ended March 31, 2020 ¥ 18,365 million [16.0%]

	EPS	Diluted EPS
	Yen	Yen
Six months ended		
March 31, 2021	260.24	259.15
March 31, 2020	164.03	163.02

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
March 31, 2021	829,680	313,212	31.7
September 30, 2020	569,038	233,695	41.0

(Reference) Shareholders' equity: As of March 31, 2021 ¥ 262,781 million
 As of September 30, 2020 ¥ 233,477 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2020	—	40.00	—	40.00	80.00
FY 2021	—	50.00			
FY 2021 (Forecast)			—	60.00	110.00

(Note) Revision of the latest dividend forecast: Yes

3. Forecast of Consolidated Financial Results for FY2021 (October 1, 2020 to September 30, 2021)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	788,000	36.8	96,000	54.5	93,000	20.2	67,000	12.6	532.39

(Note) Revision of the latest consolidated results forecast: Yes

***Notes:**

(1) Significant changes in consolidated subsidiaries during the period

(Changes in specific subsidiaries resulting in a change in the scope of consolidation): Yes

New: 1 (Pressance Corporation Co.,Ltd.)

(2) Adoptions of special accounting methods in presentation of quarterly financial statements: Yes

(3) Changes in accounting policies, changes of accounting estimates, and revisions and restatements

i) Changes in accounting policies in accordance with changes in accounting principles: None

ii) Changes in accounting policies other than the above: None

iii) Changes in accounting estimates: None

iv) Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

i) Number of shares issued at period-end (including treasury stock)

March 31, 2021: 125,947,000 shares September 30, 2020: 125,819,100 shares

ii) Treasury stock at period-end

March 31, 2021: 41 shares September 30, 2020: 41 shares

iii) Average number of shares issued during the period (quarterly consolidated cumulative basis)

March 31, 2021: 125,848,102 shares March 31, 2020: 110,571,232 shares

** This quarterly financial results report is not subject to quarterly review procedure based on the Financial Instruments and Exchange Act.*

** Notes regarding forward-looking statements:*

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

(Million yen)

	End of FY2020 (as of September 30, 2020)	End of FY2021 2Q (as of March 31, 2021)
Assets		
Current assets		
Cash and deposits	219,227	314,754
Operating accounts receivable	620	1,176
Real estate for sale	64,372	68,821
Real estate for sale in process	172,914	342,549
Operating loans	37,463	35,984
Other	12,787	17,052
Allowance for doubtful accounts	(262)	(374)
Total current assets	507,123	779,963
Non-current assets		
Property, plant and equipment	5,010	19,808
Intangible assets	3,080	3,119
Investments and other assets	53,798	26,767
Total non-current assets	61,890	49,695
Deferred assets	24	21
Total assets	569,038	829,680
Liabilities		
Current liabilities		
Notes payable	4,831	1,323
Operating accounts payable	17,525	20,733
Electronically recorded monetary claims	—	9,606
Short-term loans payable	103,930	139,936
Current portion of bonds	242	242
Current portion of long-term loans payable	8,912	70,375
Income taxes payable	10,831	18,565
Provision	3,771	4,448
Other	26,669	36,433
Total current liabilities	176,713	301,665
Non-current liabilities		
Bonds payable	847	726
Long-term loans payable	157,347	212,837
Provision for share awards	—	231
Retirement benefit liability	328	349
Asset retirement obligations	105	119
Other	—	539
Total non-current liabilities	158,628	214,802
Total liabilities	335,342	516,467
Net assets		
Shareholders' equity		
Capital stock	19,741	19,829
Capital surplus	28,877	28,965
Retained earnings	186,047	213,751
Treasury shares	(0)	(0)
Total shareholders' equity	234,666	262,546
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	10
Foreign currency translation adjustment	(1,195)	224
Total accumulated other comprehensive income	(1,188)	235
Subscription rights to shares	217	576
Non-controlling interests	—	49,854
Total net assets	233,695	313,212
Total liabilities and net assets	569,038	829,680

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

(Million yen)

	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)	Six months ended March 31, 2021 (From October 1, 2020 to March 31, 2021)
Revenue	261,922	363,945
Cost of revenue	218,778	298,101
Gross profit	43,143	65,843
Selling, general and administrative expenses	16,108	24,229
Operating income	27,035	41,614
Non-operating income		
Interest income	59	11
Dividends income	0	11
House rent income	71	70
Gain on sale of investment securities	109	-
Share of profit of entities accounted for using equity method	-	1,448
Other	166	541
Total non-operating income	407	2,082
Non-operating expenses		
Interest expenses	1,069	1,371
Commission expenses	180	321
Loss on valuation of investment securities	-	908
Other	101	396
Total non-operating expenses	1,350	2,997
Ordinary income	26,091	40,699
Extraordinary income		
Gain on bargain purchase	-	15,475
Total extraordinary income	-	15,475
Extraordinary losses		
Loss on step acquisitions	-	11,095
Total extraordinary losses	-	11,095
Profit before income taxes	26,091	45,079
Income taxes	7,954	12,483
Profit	18,136	32,596
Loss attributable to non-controlling interests	-	(155)
Profit attributable to owners of parent	18,136	32,751

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)	Six months ended March 31, 2021 (From October 1, 2020 to March 31, 2021)
Profit	18,136	32,596
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	2
Foreign currency translation adjustment	231	1,416
Share of other comprehensive income of entities accounted for using equity method	-	3
Total other comprehensive income	229	1,423
Comprehensive income	18,365	34,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,365	34,178
Comprehensive income attributable to non-controlling interests	-	(158)

3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)	Six months ended March 31, 2021 (From October 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	26,091	45,079
Depreciation and amortization	254	378
Increase (decrease) in allowance for doubtful accounts	(16)	20
Increase (decrease) in net defined benefit liability	19	20
Increase (decrease) in provision	34	562
Interest and dividend income	(59)	(22)
Foreign exchange losses (gains)	(61)	(167)
Share of loss (profit) of entities accounted for using equity method	-	(1,448)
Gain on bargain purchase	-	(15,475)
Interest expenses	1,069	1,371
Loss (gain) on valuation of investment securities	-	908
Loss (gain) on step acquisitions	-	11,095
Decrease (increase) in trade receivables	(552)	(48)
Decrease (Increase) in inventories	(19,912)	(7,715)
Increase (decrease) in trade payables	1,809	6,970
Decrease (increase) in operating loans receivable	(5,722)	1,479
Increase (decrease) in advances received	2,557	3,466
Increase (decrease) in guarantee deposits received	182	325
Increase (decrease) in deposits received	(3,305)	(5,328)
Other	(1,590)	(1,714)
Subtotal	798	39,758
Interest and dividends received	53	18
Interest paid	(1,068)	(1,375)
Income taxes paid	(8,479)	(6,654)
Net cash provided by (used in) operating activities	(8,696)	31,746
Cash flows from investing activities		
Payments into time deposits	(652)	-
Purchase of property, plant and equipment	(425)	(1,051)
Proceeds from sale of property, plant and equipment	-	46
Purchase of intangible assets	(50)	(164)
Purchase of investment securities	(1,968)	(6,019)
Proceeds from sale of investment securities	984	-
Proceeds from redemption of investment securities	1,560	54
Proceeds from divestments	0	-
Payments of leasehold and guarantee deposits	(382)	(961)
Proceeds from refund of leasehold and guarantee deposits	66	64
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)
Purchase of shares of subsidiaries and associates	-	(304)
Other	(32)	(347)
Net cash provided by (used in) investing activities	(901)	25,250

	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)	Six months ended March 31, 2021 (From October 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Proceeds from short-term borrowings	160,679	151,917
Repayments of short-term borrowings	(153,607)	(122,722)
Proceeds from long-term borrowings	105,141	68,486
Repayments of long-term borrowings	(77,843)	(58,326)
Redemption of bonds	(201)	(121)
Proceeds from exercise of employee share options	55	58
Dividends paid	(3,647)	(5,032)
Net cash provided by (used in) financing activities	30,576	34,258
Effect of exchange rate change on cash and cash equivalents	114	981
Net increase (decrease) in cash and cash equivalents	21,092	92,236
Cash and cash equivalents at beginning of period	135,345	219,218
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	199
Cash and cash equivalents at end of period	156,438	311,654

4) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Changes in significant subsidiaries during the period)

Not applicable

(Significant changes in consolidated subsidiaries during the period)

Pressance Corporation Co., Ltd. and its subsidiaries were included in the scope of consolidation from since the second quarter for fiscal 2021 by acquiring additional shares of Pressance Corporation, which was an affiliate under the equity method.

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Tax expenses is 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 2021 including the second quarter.

(Segment and Other Information)

【Segment Information】

I Six months ended March 31, 2020 (October 1, 2019 to March 31, 2020)

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

(Million yen)

	Reportable Segment						Adjustments (Note1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note2)
	Single-family homes related	Condominiums	Property resale	Others	Pressance Corporation	Total		
Revenue								
Revenue from Outside Customers	186,467	8,533	55,031	11,889	-	261,922	-	261,992
Intersegment revenue and transfers	-	-	28	21	-	50	(50)	-
Total	186,467	8,533	55,060	11,911	-	261,972	(50)	261,992
Segment Income (Loss)	20,896	(47)	5,536	1,221	-	27,607	(572)	27,035

(NOTE)

1. Adjustment of ¥ (572) million for segment income (loss) includes intersegment elimination of ¥331 million and corporate expenses of ¥ (904) 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, 2020 to March 31, 2021)

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

(Million yen)

	Reportable Segment						Adjustments (Note1)	Amount Recorded on 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.

2. Notes relating to changes in reportable segments etc.

The Group has changed its reportable segments from this second quarter, and has added "Pressance Corporation" as a new reportable segment due to acquisition of Pressance Corporation on January 2021. As a result, the Group has designated five segments: "Single-family homes related business", "Condominiums business", "Property resale business", "Others" and "Pressance Corporation" as reportable segments.

(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.