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May 15, 2024

Summary of Consolidated Financial Results for the Second 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:	May 15, 2024
Scheduled start date of dividend payment	June 12, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (For institutional investors and analysts)

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

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

(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	%
2Q FY 2024	602,756	11.3	55,723	(20.0)	58,322	(13.6)	51,902	16.8
2Q FY 2023	541,794	19.0	69,650	16.1	67,536	9.6	44,452	(12.5)

Note: Comprehensive income: For the second quarter of the fiscal year ending September 2024: 56,951 million yen (33.4%)
For the second quarter of the fiscal year ending September 2023: 42,685 million yen (-8.6%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2Q FY 2024	433.08	432.37
2Q FY 2023	368.93	368.25

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
2Q FY 2024	1,324,039	518,829	34.0
FY 2023	1,198,668	480,416	34.7

Reference: Equity: As of September 2024: ¥ 450,294 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	—	83.00			
FY 2024 (Forecast)			—	83.00	166.00

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

3. Forecast of consolidated operating results for FY 2024 (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
Full year	1,300,000	13.2	124,000	(12.9)	120,000	(12.4)	92,500	0.5	771.84

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

(Changes in the scope of consolidation related to specific subsidiaries)

New entry: 1 company (Company Name: Sanei Architecture Planning Co., Ltd. (changed its name to MELDIA CO., LTD on March 1, 2024)).

- (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 2Q FY 2024	120,636,400 shares
As of September 30, 2023	120,588,100 shares

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

As of 2Q FY 2024	1,816,717 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)

As of 2Q FY 2024	119,843,305 shares
As of 2Q FY 2023	120,491,008 shares

Note on the Number of Issued Shares:

- * The quarterly financial results summary is not subject to quarterly review by certified public accountants or audit firms.
- * Explanation regarding the appropriate use of performance forecasts and other special notes:

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. They do not imply a commitment by the Company to achieve them. Furthermore, actual performance may vary significantly due to various factors. For conditions underlying performance forecasts and cautionary notes on the use of performance forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Future Forecast Information such as Consolidated Performance Forecasts" on page 3 of the attached document.

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 second quarter of the consolidated fiscal year showed sales of 602,756 million yen (increase of 11.3% compared to the same period of the previous year), operating profit of 55,723 million yen (decrease of 20.0%), ordinary profit of 58,322 million yen (decrease of 13.6%), and quarterly net profit attributable to owners of parent of 51,902 million yen (increase of 16.8%).

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.

(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 327,533 million yen (increase of 10.7% year on year), and operating profit was 31,407 million yen (decrease of 10.7%).

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

As result, sales were 5,545 million yen (decrease of 79.1% year on year), and operating loss was 1,917 million yen (compared to an operating profit of 4,129 million yen year on year).

(Property Resale Business)

In the property resale business, although the properties delivered during the second quarter of the consolidated fiscal year were limited, there continues to be strong demand from corporate clients, affluent individuals investing in rental apartments, office buildings, and similar properties..

As a result, sales were 76,273 million yen (decrease of 17.6% year on year), and operating profit was 4,594 million yen (decrease of 57.8%).

(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 47,447 million yen (increase of 14.4% year on year), and operating profit was 4,878 million yen (increase of 8.6%).

(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 82,927 million yen (decrease of 3.0% year on year), and operating profit was 15,719 million yen (increase of 2.0%).

(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 63,018 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 2,386 million yen.

(2) Overview of Financial Condition

As of the end of the second quarter of the consolidated fiscal period, total assets were 1,324,039 million yen, an increase of 125,371 million yen year on year. This is mainly due to an increase of 111,149 million yen in the combined real estate for sale and real estate for sale in progress.

Total liabilities were 805,209 million yen, an increase of 86,957 million yen year on year. This is mainly due to a combined increase of 94,498 million yen in short-term borrowings, long-term borrowings (including long-term borrowings repayable within one year), and bonds (including bonds repayable within one year).

Total net assets were 518,829 million yen, an increase of 38,418 million yen year on year. This is mainly due to an increase of 40,808 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 FY2023 (as of September 30, 2023)	End of FY 2024 2Q (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	401,879	389,578
Trade accounts receivable and contract assets	4,776	15,316
Real estate for sale	147,857	218,472
Real estate for sale in process	493,398	533,933
Operating loans	49,301	62,088
Other	34,105	22,715
Allowance for doubtful accounts	(549)	(818)
Total current assets	1,130,769	1,241,286
Non-current assets		
Property, plant and equipment	28,456	31,951
Intangible assets	2,690	2,771
Investments and other assets	36,751	48,030
Total non-current assets	67,898	82,753
Total assets	1,198,668	1,324,039
Liabilities		
Current liabilities		
Notes payable – trade	1,631	1,545
Trade accounts payable	34,929	46,264
Electronically recorded obligations - operating	11,860	10,948
Short-term borrowings	182,734	188,100
Current portion of bonds payable	10,242	11,012
Current portion of long-term borrowings	38,457	58,291
Income taxes payable	22,518	16,415
Provisions	6,034	6,095
Other	65,118	51,985
Total current liabilities	373,526	390,658
Non-current liabilities		
Bonds payable	121	4,024
Long-term borrowings	343,582	408,208
Allowance liabilities	—	16
Retirement benefit liability	326	808
Asset retirement obligations	230	345
Other	464	1,146
Total non-current liabilities	344,725	414,550
Total liabilities	718,251	805,209
Net assets		
Share capital	20,110	20,131
Capital surplus	19,767	20,400
Retained earnings	361,583	402,392
Treasury shares	(18)	(8,036)
Total shareholders' equity	401,443	434,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42	(23)
Cumulative adjustment of retirement benefits		5
Foreign currency translation adjustment	14,368	15,424
Total accumulated other comprehensive income	14,411	15,406
Share acquisition rights	752	1,046
Non-controlling interests	63,808	67,489
Total net assets	480,416	518,829
Total liabilities and net assets	1,198,668	1,324,039

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, 2023 (from October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)
Net sales	541,794	602,756
Cost of sales	436,531	504,862
Gross profit	105,263	97,894
Selling, general and administrative expenses	35,612	42,171
Operating profit	69,650	55,723
Non-operating income		
Interest income	280	695
Dividend income	113	682
Rental income from buildings	104	103
Foreign exchange gains/loss	—	400
Gain on sale of investment securities	77	—
Investment securities gains on sales	144	3,518
Other	252	791
Total non-operating income	972	6,192
Non-operating expenses		
Interest expenses	1,902	2,694
Commission expenses	263	490
Share of loss of entities accounted for using equity method	325	—
Foreign exchange losses	—	7
Other	595	399
Total non-operating expenses	3,086	3,592
Ordinary profit	67,536	58,322
Extraordinary profit		
Gain on sale of shares in affiliated companies	—	956
Gain on negative goodwill	—	12,766
Total Extraordinary profit	—	13,723
Profit before income taxes	67,536	72,046
Income taxes	19,319	16,080
Profit	48,217	55,966
Profit attributable to non-controlling interests	3,764	4,063
Profit attributable to owners of parent	44,452	51,902

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)
Profit	48,217	55,966
Other comprehensive income		
Valuation difference on available-for-sale securities	65	(85)
Foreign currency translation adjustment	(5,597)	1,063
Adjustment amount for retirement benefits	—	5
Share of other comprehensive income of entities accounted for using equity method	0	1
Total other comprehensive income	(5,531)	985
Comprehensive income	42,685	56,951
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,924	52,897
Comprehensive income attributable to non-controlling interests	3,760	4,053

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	67,536	72,046
Depreciation	693	1,049
Increase (decrease) in allowance for doubtful accounts	100	(11)
Increase (decrease) in retirement benefit liability	19	(332)
Increase (decrease) in provisions	(112)	(384)
Interest and dividend income	(393)	(1,378)
Foreign exchange losses (gains)	336	(30)
Share of loss (profit) of entities accounted for using equity method	(77)	7
Interest expenses	1,902	2,694
Loss (gain) on sale of shares of subsidiaries and associates	—	(956)
Loss (gain) on sale of investment securities	(144)	(3,518)
Gain on negative goodwill	—	(12,766)
Decrease (increase) in trade receivables	(409)	337
Decrease (increase) in inventories	(58,549)	(6,972)
Decrease (increase) in advance payments to suppliers	(426)	2,023
Increase (decrease) in trade payables	6,887	(6,173)
Decrease (increase) in operating loans receivable	(13,713)	(12,787)
Increase (decrease) in contract liabilities	(2,040)	(1,267)
Increase (decrease) in guarantee deposits received	511	(775)
Increase (decrease) in deposits received	(8,369)	(11,198)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	3,302	(2,575)
Other, net	(997)	(7,289)
Subtotal	(3,943)	14,892
Interest and dividends received	393	1,378
Dividends received from entities accounted for using equity method	(1,860)	(2,620)
Income taxes paid	(12,194)	(15,848)
Cash flow from operating activities	(17,604)	(2,198)

(Millions of yen)

	Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)
Cash flows from investing activities		
Net change in time deposits	—	9,411
Purchase of property, plant and equipment	(4,032)	(2,530)
Proceeds from sale of property, plant and equipment	8	507
Purchase of intangible assets	(166)	(298)
Purchase of investment securities	(1,501)	(31,483)
Proceeds from redemption of investment securities	26	85
Proceeds from sale of investment securities	2,092	35,119
Loan advances	(2,669)	(356)
Proceeds from collection of loans receivable	1,791	938
Payments of leasehold and guarantee deposits	(1,929)	(423)
Proceeds from refund of leasehold and guarantee deposits	1,771	1,044
Payments for investments in capital of subsidiaries and associates	(3,235)	(6,456)
Repayment from investment in capital of subsidiaries and affiliates	623	914
Purchase of shares of subsidiaries and associates	(232)	(235)
Proceeds from sale of shares of subsidiaries and associates	—	134
Cost of subsidiary acquisitions with consolidation scope changes	—	(23,842)
Income from subsidiary share sales with consolidation changes	—	2,795
Other, net	(10)	(2)
Cash flow from investing activities	(7,462)	(14,677)
Cash flows from financing activities		
Proceeds from short-term borrowings	126,199	216,037
Repayments of short-term borrowings	(114,319)	(234,750)
Proceeds from long-term borrowings	105,974	121,309
Repayments of long-term borrowings	(85,821)	(67,008)
Redemption of bonds	(121)	(514)
Proceeds from exercise of employee share options	44	26
Expenditure on acquiring subsidiary shares without changing consolidation scope	—	(2,470)
Purchase of treasury shares	—	(8,017)
Repayments to non-controlling shareholders	(0)	(0)
Proceeds from share issuance to non-controlling shareholders	24	78
Dividends paid	(8,072)	(11,093)
Dividends paid to non-controlling shareholders	(469)	(567)
Cash Flow from financing activities	23,439	13,028
Effect of exchange rate change on cash and cash equivalents	2,024	255
Net increase (decrease) in cash and cash equivalents	3,652	(3,591)
Cash and cash equivalents at beginning of period	346,080	378,643
Cash and cash equivalents at end of period	342,428	375,052

4) 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 8,017 million yen during the second quarter 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 Meldia 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 estimate the effective tax rate, adjusted for tax effects accounting, on the pre-tax net income for the consolidated fiscal year, including the second quarter consolidated accounting period. We then calculate the pre-tax quarterly net income by multiplying it by this estimated effective tax rate.

(Changes in accounting policies)

Not applicable

(Segment and other information)

【Segment information】

I. 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 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. The adjustment amount of segment profit, (450) million yen, includes intersegment elimination of 1,924 million and unallocated corporate expenses of (2,374) million yen. Corporate expenses primarily consist of general administrative expenses not allocated to reporting segments.
2. Segment profit (loss) has been adjusted to operating profit described in consolidated quarterly statements of income.

II. Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)

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	303,353	5,545	73,571	45,194	80,895	57,639	566,200	9	566,209
Other income	24,179	—	2,702	2,253	2,032	5,378	36,547	—	36,547
Net sales from outside customers	327,533	5,545	76,273	47,447	82,927	63,018	602,747	9	602,756
Intersegment net sales and transfers	433	—	460	40	—	4,666	5,601	(5,601)	—
Total	327,967	5,545	76,734	47,488	82,927	67,685	608,348	(5,591)	602,756
Segment profit (Loss)	31,407	(1,917)	4,594	4,878	15,719	2,386	57,069	(1,345)	55,723

(NOTE)

1. The adjustment amount of segment profit, (1,345) million yen, includes intersegment elimination of 1,126 million yen and unallocated corporate expenses of (2,471) million yen. Corporate expenses primarily consist of general administrative expenses not allocated to reporting segments.
2. 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 Meldia 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)

(Acquisition of Treasury Share)

The Company resolved on matters relating to the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as interpreted and applied under Article 165, paragraph 3, of the same Act, at the Board of Directors meeting held on May 15, 2024.

1. Reasons for Acquisition of Treasury Share

To implement a flexible capital policy and enhance shareholder value.

2. Details of Acquisition

(1) Type of shares to be acquired:

Common shares

(2) Method of acquisition:

Open market purchases

(3) Total number of shares to be acquired:

2,500,000 shares (maximum)

(4) Total amount of the acquisition cost:

10,000 million yen (maximum)

(5) Acquisition period:

From May 16, 2024, to September 30, 2024 (planned)