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, 2020〔Based on Japanese GAAP〕

May 15, 2020

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 15, 2020
Scheduled starting date of dividend payments:	June 11, 2020
Supplementary materials for quarterly financial results:	Yes
Quarterly results briefing meeting :	No

(Million yen, rounded down)

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2020 (October 1, 2019 to March 31, 2020)

(1) Consolidated operating results (Cumulative) (% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	261,922	7.9	27,037	13.6	26,093	17.6	18,138	12.4
March 31, 2019	242,846	42.9	23,797	13.0	22,193	10.0	16,132	15.1

(Note) Comprehensive income: Six months ended March 31, 2020 ¥ 18,367 million [16.0%]
Six months ended March 31, 2019 ¥ 15,836 million [15.3%]

	EPS	Diluted EPS
Six months ended	Yen	Yen
March 31, 2020	164.04	163.03
March 31, 2019	142.84	141.96

(Note) The company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019. EPS and Diluted EPS calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
March 31, 2020	491,687	152,923	31.0
September 30, 2019	445,904	138,067	30.9

(Reference) Shareholders' equity: As of March 31, 2020 ¥ 152,633 million
As of September 30, 2019 ¥ 137,752 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2019	—	60.00	—	66.00	126.00
FY 2020	—	40.00			
FY 2020 (Forecast)			—	40.00	80.00

(Note) Revision of the latest dividend forecast: No

The company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019. Though the dividend per share for 2019 is shown the actual amount without considering the stock split, the divided forecast per share for FY2020 is the amount after the stock split. So, annual dividend per share for FY2019, if calculated on after-stock-split basis, would be ¥63, the dividend forecast for FY 2020 is an increase of 17 yen per share from the previous fiscal year.

3. Forecast of Consolidated Operating Results for FY2020 (October 1, 2019 to September 30, 2020)

(% 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	570,000	5.5	62,000	7.3	77,000	40.2	59,000	49.7	533.59

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

The Company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019. The forecast information about EPS for FY2020 is provided after taking the stock split into consideration.

*Notes:

(1) Significant changes in consolidated subsidiaries during the period
(Changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(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, 2020: 115,356,500 shares September 30, 2019: 115,237,000 shares

ii) Treasury stock at period-end
March 31, 2020: 4,694,502 shares September 30, 2019: 4,694,502 shares

iii) Average number of shares issued during the period (quarterly consolidated cumulative basis)
March 31, 2020: 110,571,232 shares March 31, 2019: 112,948,077 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 FY2019 (as of September 30, 2019)	End of FY2020 2Q (as of March 31, 2020)
Assets		
Current assets		
Cash and deposits	135,354	157,100
Operating accounts receivable	498	980
Real estate for sale	70,457	67,362
Real estate for sale in process	179,596	202,767
Operating loans	28,924	34,647
Other	10,167	8,349
Allowance for doubtful accounts	(232)	(219)
Total current assets	424,766	470,987
Non-current assets		
Property, plant and equipment	4,990	5,007
Intangible assets	3,456	3,237
Investments and other assets	12,659	12,427
Total non-current assets	21,106	20,672
Deferred assets	31	27
Total assets	445,904	491,687
Liabilities		
Current liabilities		
Notes payable	4,257	4,151
Operating accounts payable	16,913	18,829
Short-term loans payable	89,933	97,048
Current portion of bonds	372	292
Current portion of long-term loans payable	12,976	19,503
Income taxes payable	11,461	7,934
Provision	3,336	3,370
Other	23,097	21,518
Total current liabilities	162,348	172,647
Non-current liabilities		
Bonds payable	1,089	968
Long-term loans payable	143,972	164,701
Net defined benefit liability	326	346
Asset retirement obligations	100	101
Total non-current liabilities	145,488	166,117
Total liabilities	307,837	338,764
Net assets		
Shareholders' equity		
Capital stock	4,234	4,315
Capital surplus	8,206	8,287
Retained earnings	134,627	149,117
Treasury shares	(8,806)	(8,806)
Total shareholders' equity	138,261	152,913
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	5
Foreign currency translation adjustment	(517)	(285)
Total accumulated other comprehensive income	(508)	(279)
Subscription rights to shares	314	289
Total net assets	138,067	152,923
Total liabilities and net assets	445,904	491,687

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, 2019 (From October 1, 2018 to March 31, 2019)	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Revenue	242,846	261,922
Cost of revenue	203,986	218,778
Gross profit	38,859	43,143
Selling, general and administrative expenses	15,062	16,106
Operating income	23,797	27,037
Non-operating income		
Interest income	36	59
Dividends income	19	0
House rent income	79	71
Foreign exchange gains	—	109
Other	86	166
Total non-operating income	221	407
Non-operating expenses		
Interest expenses	878	1,069
Commission fee	737	180
Other	209	101
Total non-operating expenses	1,825	1,350
Ordinary income	22,193	26,093
Extraordinary income		
Gain on sales of non-current assets	772	—
Total extraordinary income	772	—
Profit before income taxes	22,966	26,093
Income taxes	6,833	7,955
Profit	16,132	18,138
Profit attributable to owners of parent	16,132	18,138

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	Six months ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Profit	16,132	18,138
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(2)
Foreign currency translation adjustment	(289)	231
Total other comprehensive income	(296)	229
Comprehensive income	15,836	18,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,836	18,367

3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended March 31, 2019 (From October 1, 2018 to March 31, 2019)	Six months ended March 31, 2020 (From October 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	22,966	26,093
Depreciation and amortization	252	254
Increase (Decrease) in allowance for doubtful accounts	1	(16)
Increase (Decrease) in net defined benefit liability	6	19
Increase (decrease) in provision	185	34
Interest and dividend income	(56)	(59)
Foreign exchange loss (gain)	30	(61)
Loss (gain) on sales of non-current assets	(772)	—
Interest expense	878	1,069
Commission for syndicated loans	653	—
Decrease (Increase) in notes and accounts receivable-trade	(218)	(552)
Decrease (Increase) in inventories	(21,452)	(19,912)
Increase (Decrease) in notes and accounts payable-trade	820	1,809
Decrease (Increase) in operating loans	(5,228)	(5,722)
Increase (Decrease) in advances received	1,581	2,557
Increase (Decrease) in guarantee deposits received	98	182
Increase (Decrease) in deposits received	(3,208)	(3,305)
Other	450	(1,592)
Subtotal	(3,011)	798
Interest and dividend income received	52	53
Interest paid	(870)	(1,068)
Income taxes paid	(5,818)	(8,479)
Net cash provided by (used in) operating activities	(9,649)	(8,696)
Cash flows from investing activities		
Payments into time deposits	(5,983)	(652)
Proceeds from withdrawal of time deposits	5,507	—
Purchase of property, plant and equipment	(619)	(425)
Purchase of intangible fixed assets	(96)	(50)
Proceeds from sales of non-current assets	1,668	—
Purchase of investment securities	(567)	(1,968)
Proceeds from sales of investment securities	—	984
Proceeds from redemption of investment securities	510	1,560
Payments for investments in capital	(0)	—
Collection of investments in capital	3	0
Payments for lease and guarantee deposits	(293)	(382)
Proceeds from collection of lease and guarantee deposits	22	66
Other	16	(32)
Net cash provided by (used in) investing activities	169	(901)
Cash flows from financing activities		
Increase in short-term loans payable	82,173	160,679
Decrease in short-term loans payable	(104,404)	(153,607)
Proceeds from long-term loans payable	68,416	105,141
Repayment of long-term loans payable	(35,972)	(77,843)
Redemption of bonds	(281)	(201)
Payment for commission for syndicated loans	(653)	—
Proceeds from exercise of stock options	112	55
Purchase of treasury stock	(1,819)	—
Cash dividend paid	(2,874)	(3,647)
Net cash provided by (used in) financing activities	4,696	30,576
Effect of exchange rate changes on cash and cash equivalents	(164)	114
Net increase (decrease) in cash and cash equivalents	(4,947)	21,092
Cash and cash equivalents at beginning of period	118,978	135,345
Cash and cash equivalents at end of period	114,031	156,438

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)

Not applicable

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

Tax expenses is calculated by multiplying profit 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 2020 including the second quarter under review.

(Segment and Other Information)

【Segment Information】

Ⅰ Six months ended March 31, 2019 (October 1, 2018 to March 31, 2019)

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

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	164,959	20,768	46,587	10,531	242,846	—	242,816
Intersegment revenue and transfers	—	—	26	—	26	(26)	—
Total	164,959	20,768	46,613	10,531	242,872	(26)	242,846
Segment Income	15,008	3,305	4,908	1,070	24,293	(495)	23,797

(NOTE)

1. Adjustment of ¥(495)million for segment income includes intersegment elimination of ¥78 million and corporate expenses of ¥(573) 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 has been adjusted to operating income described in consolidated quarterly statements of income.

Ⅱ 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 (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	186,467	8,533	55,031	11,889	261,922	—	261,922
Intersegment revenue and transfers	—	—	28	21	50	(50)	—
Total	186,467	8,533	55,060	11,911	261,972	(50)	261,922
Segment Income (Loss)	20,896	(47)	5,536	1,221	27,607	(570)	27,037

(NOTE)

1. Adjustment of ¥ (570) million for segment income includes intersegment elimination of ¥331 million and corporate expenses of ¥ (902) 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 has been adjusted to operating income described in consolidated quarterly statements of income.

(Important Subsequent Events)

(Conclusion of Capital and Business Alliance Agreement and Addition of Equity-Method Affiliate through Acquisition of Shares)

At the Board of Directors' meeting held on April 6, 2020, we decided to form a capital and business alliance (hereinafter referred to as the "capital and business alliance") with Pressance Corporation Co., Ltd. (hereinafter referred to as "Pressance Corporation"), and entered into a capital and business alliance agreement on the same day.

At the same Board of Directors' meeting on April 6, 2020, we also decided to acquire shares of stock of Pressance Corporation. We signed a stock transfer agreement on the same day and completed the acquisition on May 8, 2020.

1. Capital and Business Alliance

(1) Purpose of the agreement

The corporate philosophy is "Committed to pursuing 'Houses that customers want' honestly and constantly." Based on this, the Open House Group is engaged in the Single-family homes related business, the Condominiums business and the Property resales business mainly in the Tokyo metropolitan area as major businesses, aiming to be a real estate company that is needed by society.

Meanwhile, Pressance Corporation, since its foundation, has focused on realizing a more comfortable and affluent lifestyle for residents by delivering high-value condominiums with the emphasis on convenient locations. In addition, with its corporate philosophy, "Lighting up a corner," in mind, Pressance Corporation, as an independent condominium developer, works to develop condominiums from urban condominiums to family condominiums by leveraging its unique development capabilities. It has expanded its businesses in a wide range of areas from the Tokyo metropolitan area to Kyushu. In particular, it has supplied a large number of condominiums in the Kinki, Tokai and Chukyo areas.

We formed the capital and business alliance with Pressance Corporation based on the belief that it will help to maximize profit for both companies as well as customers, shareholders, employees, business partners and other stakeholders thereof. This can result from creating a business synergy by combining the management resources and know-how of both companies and thereby mutually supplementing the regions in which we operate and expanding the product lineups.

(2) Details of the agreement

1) Details of the business alliance

We will further discuss and finalize the details of the business alliance with Pressance Corporation. Also, we plan to strengthen cooperation in the areas of "Regional supplement," "Product supplement," "Maintenance and management of rental properties and properties for sale," and "Cost reduction."

2) Details of the capital alliance

We entered into an agreement with two major shareholders, the largest and second-largest shareholders of Pressance Corporation. In it, we decided to acquire from each of the parties concerned a total of 20,621,100shares of Pressance Corporation off-market on a negotiation basis (hereinafter referred to as the "share acquisition").

After the share acquisition, Open House now holds 31.91% (rounded off to two decimal places) of the shares of Pressance Corporation, and Pressance Corporation has become an equity method affiliate of Open House.

(3) Overview of the counterparty of the agreement

1	Name	Pressance Corporation Co., Ltd
2	Location	1-2-27 Shiromi, Chuo-ku, Osaka
3	Name and title of the representative	Yutaka Doi, President and Representative Director
4	Lines of business	Planning, development and sales of condominiums for investment and family condominiums
5	Capital	4,290 million yen (As of March 31, 2020)

2. Addition of Equity-Method Affiliate through Acquisition of Shares

(1) Purpose

As described in 1. above, we entered into a capital and business alliance agreement with Pressance Corporation on April 6, 2020.

By making Pressance Corporation an equity-method affiliate, we believe the business alliance between these two companies will help us build a stronger complementary business relationship. Accordingly, we determined the share acquisition.

(2) Counterparty of the share acquisition

Pacific Co., Ltd. and Mr. Shinobu Yamagishi

(3) Company whose shares Open House acquired

1) Name: Pressance Corporation Co., Ltd.
2) Location: 1-2-27 Shiromi, Chuo-ku, Osaka
3) Name and title of the representative: Yutaka Doi, President and Representative Director
4) Lines of business:
Planning, development and sales of condominiums for investment and condominiums for families
5) Capital: 4,290 million yen
6) Date of establishment: October 1, 1997

(4) Number of shares acquired, cost of acquisition and percentage of ownership after the acquisition

Number of shares acquired: 20,621,100 shares
Cost of acquisition: 22,683 million yen
Percentage of ownership after the acquisition: 31.91%

(5) Financing

The share acquisition is financed by borrowing from Sumitomo Mitsui Banking Corporation.