

**OPEN
HOUSE**

Consolidated Financial Highlights for the Fiscal Year Ended September 30, 2021

(2020/10-2021/09)

**OPEN HOUSE CO., LTD.
[3288 TSE]**



JPX-NIKKEI 400
2017-2020



FY2021 Topics

Business performance FY2021

- **Revenue increased drastically from the ¥500 billion level to the ¥800 billion level.**

	Actual
Revenue:	¥ 810.5 billion [40.7% YOY]
Operating income:	¥ 101.1 billion [62.7% YOY]
Profit attributable to owners of parent :	¥ 69.5 billion [17.0% YOY]

Performance forecasts FY2022

- **Aiming to achieve record highs in revenue and income for the tenth consecutive year.**

	Forecast
Revenue:	¥ 920.0 billion [13.5% YOY]
Operating income:	¥ 112.0 billion [10.8% YOY]
Ordinary income:	¥ 108.9 billion [11.6% YOY]

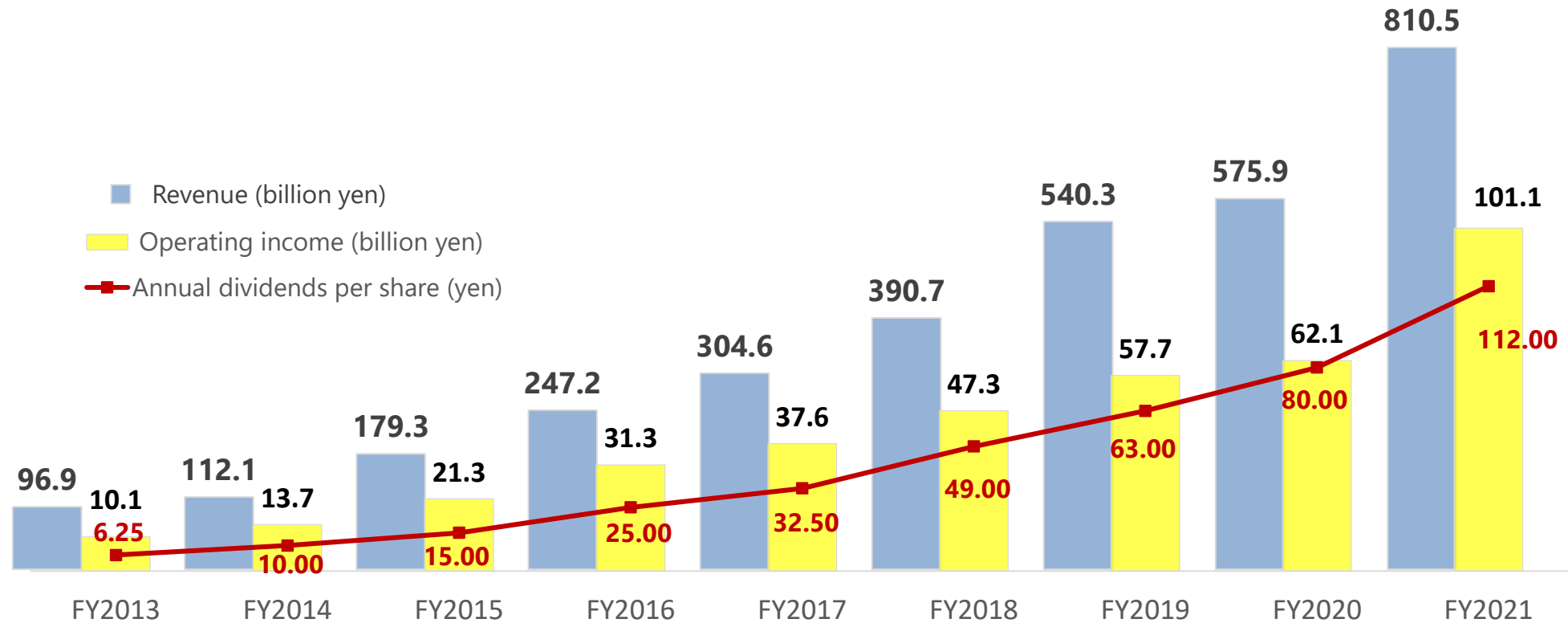
The Mid-term Business Plan

- *"Ikouze 1 cho!, 2023"* — "Jump to 1 trillion, 2023" (FY2021-FY2023)

Steady increase toward realizing revenue of over ¥1 trillion in FY2023.

Performance and Status of Shareholder Return since the Listing

- ☑ Revenue and operating income continued to post new record highs for nine consecutive years since the Company's listing in FY2013.
- ☑ Revenue expanded **8** times, operating income was up **10** times, and dividend per share grew **18** times (compared with the levels of FY2013).



(Note) Since the Company executed a two-for-one stock split in FY2015 and FY2019, the stock price and dividend are calculated on the assumption that the stock split took place in FY2013.



FY2021 Consolidated Summary

Overview of Consolidated Income Statement

- Revenue was **¥810.5 billion** and operating income was **¥101.1 billion**, reflecting significant increases in both revenue and income.
- Strong sales of single-family homes and consolidation of Pressance Corporation drove the results.

(Million yen)

	FY2020 <2019/10-2020/09>		FY2021 <2020/10-2021/09>		Inc.(Dec.)
	Actual	% of revenue	Actual	% of revenue	
Revenue	575,951	-	810,540	-	40.7%
Operating income	62,129	10.8%	101,103	12.5%	62.7%
Ordinary income	77,357	13.4%	97,590	12.0%	26.2%
Profit attributable to owners of parent	59,491	10.3%	69,582	8.6%	17.0%
Amount equivalent to negative goodwill *	13,708		4,380		(9,327)

* FY2020 : Amount equivalent to negative goodwill in conjunction with the acquisition of Pressance Corporation included in the share of profit of entities accounted for using equity method.
 FY2021 : Difference between gain on bargain purchase and loss on step acquisitions

Substantial growth of 42% if excluding the impact of negative goodwill

Performance by segment (Revenue/Operating income)

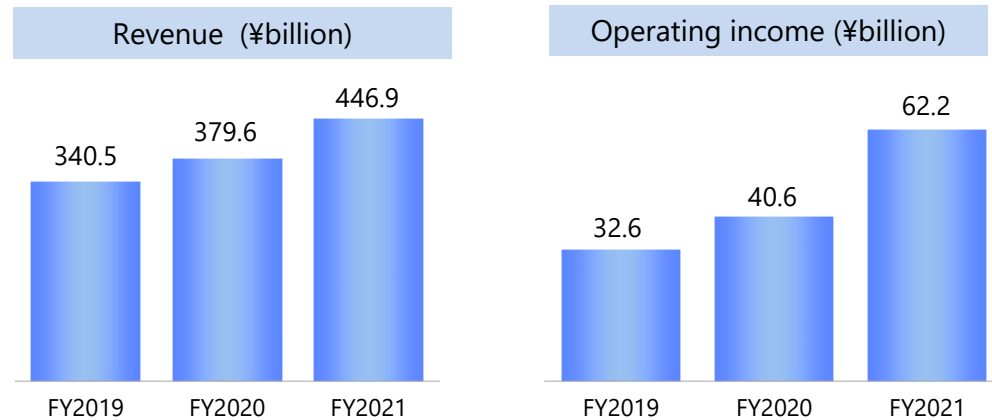
- ☑ Focusing on the single-family homes related business that is seeing steady demand, the Company worked to achieve growth while maintaining a good balance with investment property.

(Million yen)

	FY2020 <2019/10-2020/9>		FY2021 <2020/10-2021/9>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
Revenue	575,951	100.0%	810,540	100.0%	40.7%
Single-family homes related business	379,656	65.9%	446,959	55.1%	17.7%
Condominiums	58,169	10.1%	47,147	5.8%	(18.9)%
Property resales	112,207	19.5%	123,061	15.2%	9.7%
Others (including U.S. real estate business)	26,027	4.5%	45,159	5.6%	73.5%
Pressance Corporation	-	-	149,337	18.4%	-
Adjustments	(110)	-	(1,126)	-	-
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
Operating Income	62,129	10.8%	101,103	12.5%	62.7%
Single-family homes related business	40,677	10.7%	62,294	13.9%	53.1%
Condominiums	9,608	16.5%	6,507	13.8%	(32.3)%
Property resales	10,485	9.3%	12,285	10.0%	17.2%
Others (including U.S. real estate business)	2,314	8.9%	5,232	11.6%	126.1%
Pressance Corporation	-	-	16,502	11.0%	-
Adjustments	(956)	-	(1,719)	-	-

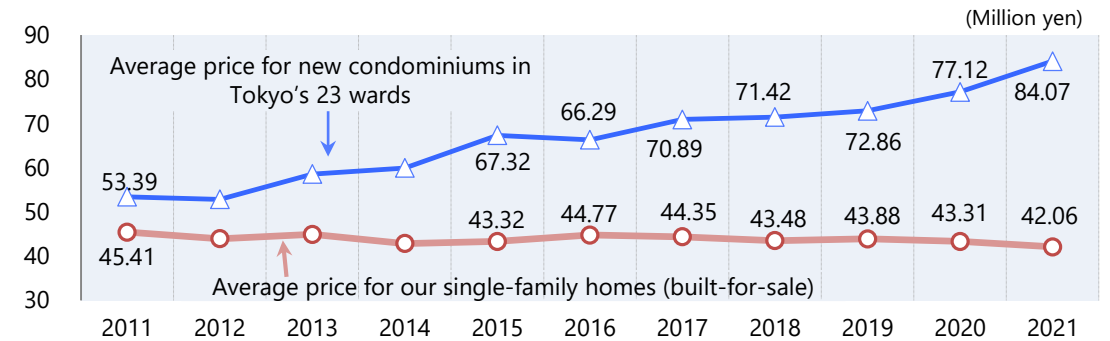
Single-family homes related business as a whole

- ✓ Demand for single-family homes remained high, which increased revenue 17.7%.
- ✓ Gross profit margin improved 3.5 pt., and operating income was up 53.1%.



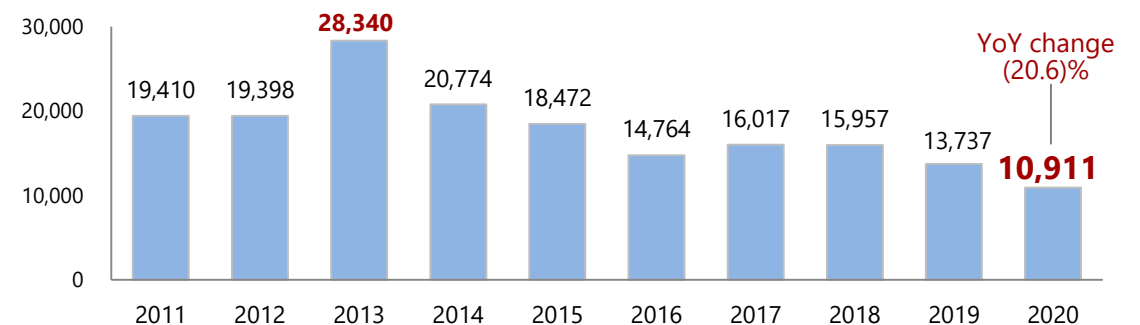
	FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9	Inc. (Dec.)
Revenue (¥million)	340,528	379,656	446,959	17.7%
Gross profit(¥million)	52,565	60,709	87,252	43.7%
Gross profit margin	15.4%	16.0%	19.5%	3.5pt
Operating income (¥million)	32,620	40,677	62,294	53.1%
Operating income margin	9.6%	10.7%	13.9%	3.2pt

Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period Oct-Sep. Condominium prices for 2021 are for the Jan-Sep period.
 Prices of our homes for 2021 are for the Oct 2020-Sep 2021 period in Tokyo metropolitan area.

Changes in the number of new condominiums supplied in Tokyo's 23 wards



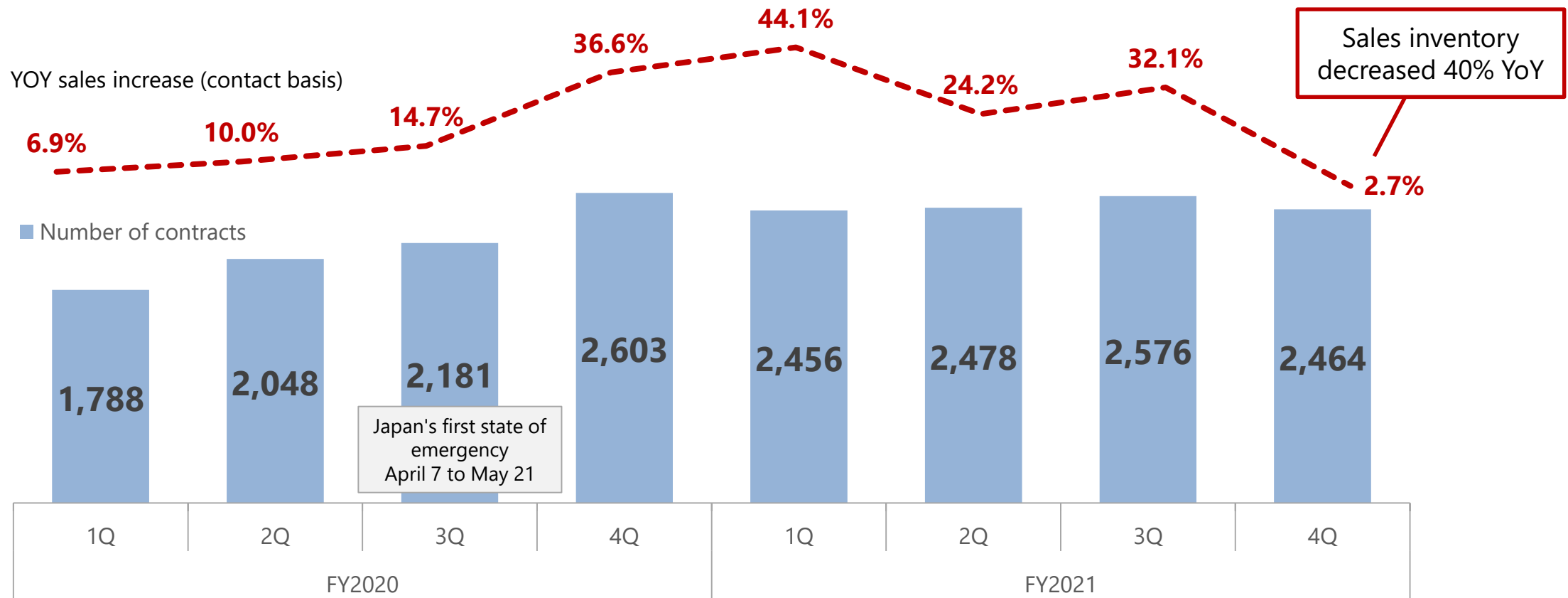
Source: MLIT, "Monthly marketing report of lands"
 Fiscal years: : Calendar-year basis for the Jan-Dec period

Single-family homes related business (Revenue by Sub-business Segment/Number delivered)

		Revenue / Gross profit (¥million)				Number delivered / Unit price (¥million)		
		FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9		FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9
Open House Development (Sale)	Revenue	221,314	248,980	294,169	Built-for-sale houses	2,296	2,804	3,396
	Gross profit	35,598	40,846	57,705	Lands	2,458	2,645	3,088
	Gross profit margin	16.1%	16.4%	19.6%	Built-to-order houses	1,555	1,597	1,814
Gross profit margin improved 3.2 pt.					Built-for-sale houses (unit price)	43.0	41.6	40.9
					Lands (unit price)	40.7	40.9	41.5
Hawk One (Sale)	Revenue	82,288	87,094	105,329	Built-for-sale houses	1,989	2,063	2,150
	Gross profit	10,343	12,508	19,783	Lands	66	145	292
	Gross profit margin	12.6%	14.4%	18.8%	Built-to-order houses	50	39	82
Gross profit margin improved 4.4 pt.					Sales (unit price) *	39.3	39.0	42.5
					* Sales (unit price) : Average unit price of built-for-sale houses and lands			
Open House Architect (Construction)	Revenue	48,187	55,508	57,800	Built-to-order houses except number delivered to OHD	2,190	2,623	2,631
	Gross profit	5,307	6,235	7,926	Number delivered to OHD	1,484	1,535	1,634
	Gross profit margin	11.0%	11.2%	13.7%				

Single-family homes related business (Sales trend)

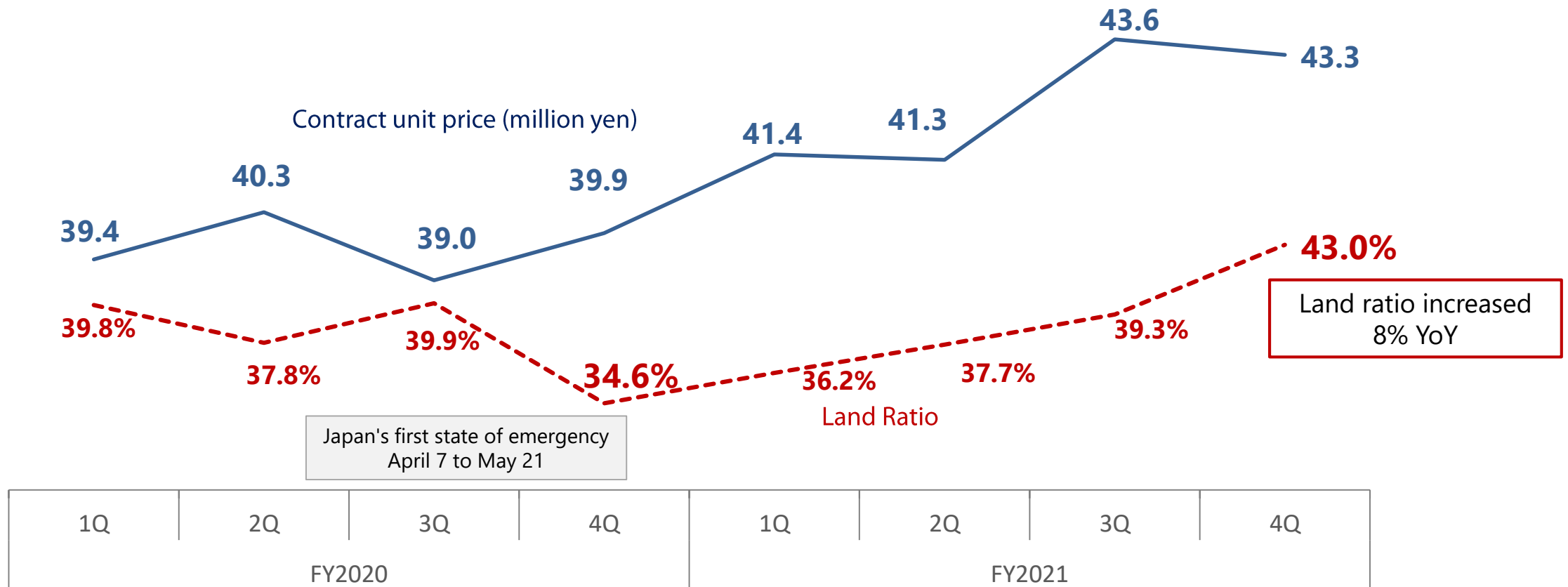
- ✓ Number of contracts continued to be at a high level even a year after the start of rise in demand for single-family homes.
- ✓ Secured the inventories needed for the future although the sales inventory dropped 40% year on year.



Scope: Combined number of built-for-sale houses and lands of Open House Development and Hawk One, not included number of built-to-order houses.

Single-family homes related business (Contract unit price)

- ☑ Couples with two high incomes, who were conventionally interested in condominiums, have also been showing greater interest.
- ☑ The upward trend in the ratio of land was a factor that pushed down the contract unit price.



Scope: Combined number of built-for-sale houses and lands of Open House Development and Hawk One, not included number of built-to-order houses.

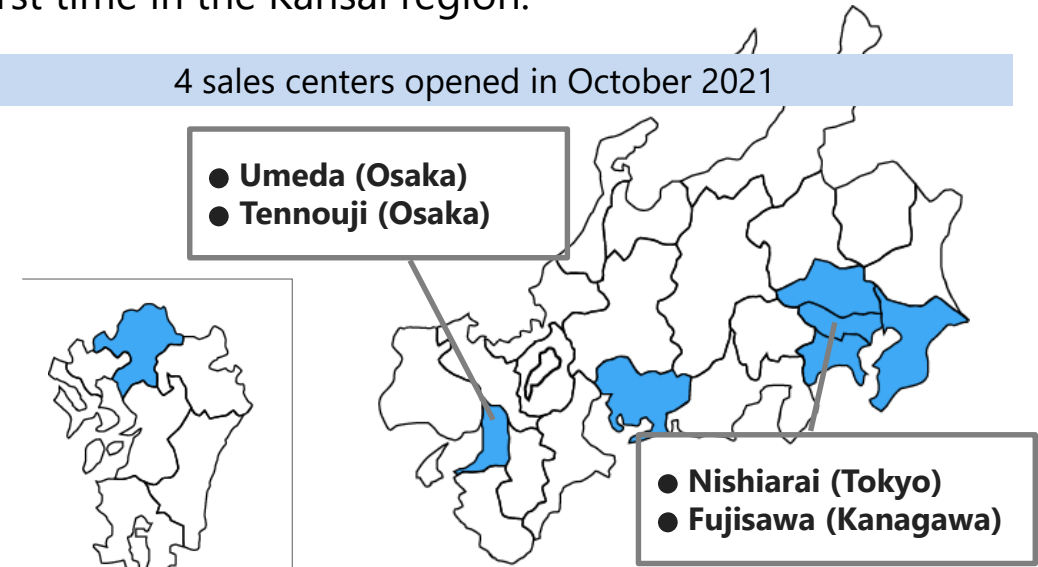
Single-family homes related business (Open House-brokerage)

- ☑ The Company opened four new sales centers in FY2022, and operates a total of 61 sales centers.
- ☑ Sales centers were opened in Umeda and Tennouji for the first time in the Kansai region.

No. of sales centers of each area

	FY2018 17/10-18/9	FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9	As of 2021.11.12
Tokyo	17	19	21	23	24
Kanagawa	10	12	12	13	14
Saitama	2	4	4	5	5
Chiba	-	1	2	4	4
Aichi	3	5	7	8	8
Osaka	-	-	-	-	2
Fukuoka	-	1	3	4	4
Total	32	42	49	57	61

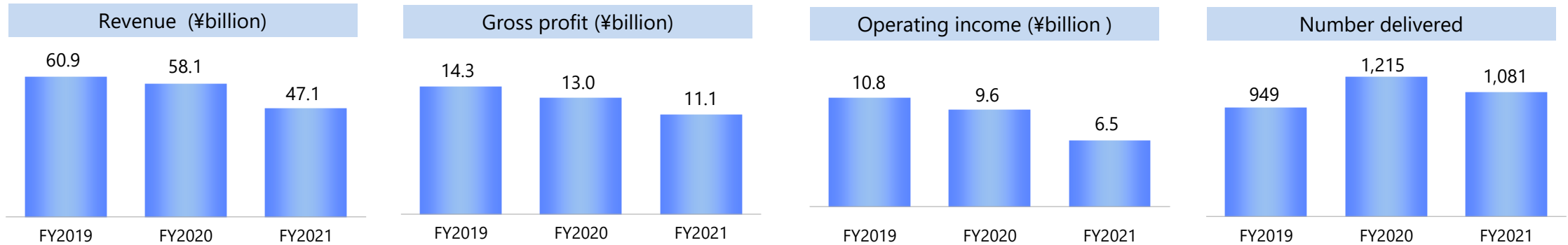
4 sales centers opened in October 2021



Umeda sales center (2nd floor E-ma)

Condominiums Business

- ☑ Given the rise in land price in the Tokyo metropolitan area two years ago, the Company expanded its business base also to Nagoya.
- ☑ Purchases also progressed smoothly in the Tokyo metropolitan area, looking toward regrowth in FY2022 and beyond.



	FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9	Inc. (Dec.)
Revenue (¥million)	60,956	58,169	47,147	(18.9)%
Gross profit (¥million)	14,380	13,009	11,133	(14.4)%
Gross profit margin	23.6%	22.4%	23.6%	1.2pt
Operating income (¥million)	10,815	9,608	6,507	(32.3)%
Operating income margin	17.7%	16.5%	13.8%	(2.7)pt
Number delivered	949	1,224	1,081	(143)
Unit price (¥million)	63.9	47.3	43.0	(4.3)

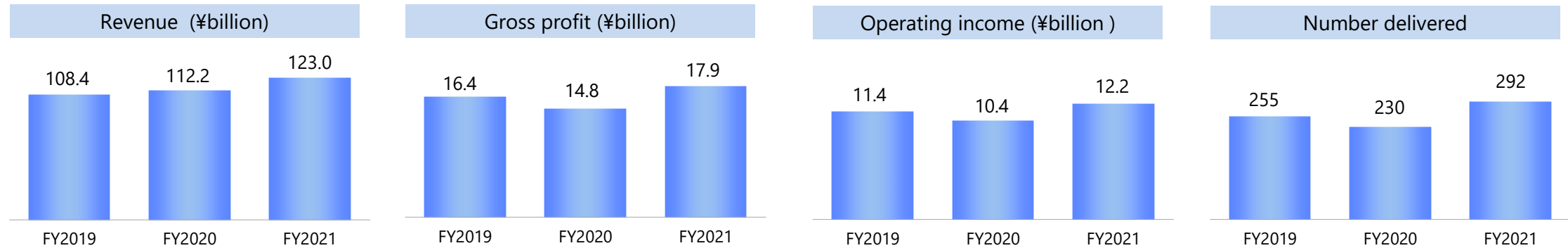
— Major condominiums delivered in FY2021 —

Name	Units	Average price
Open Residencia Shirokane Chojamaru (Tokyo)	19	¥90million
Open Residencia Koishikawa Harimazaka (Tokyo)	41	¥70million
Open Residencia Takamiya Hills (Fukuoka)	21	¥40million
Open Residencia Nagoya Avenue (Nagoya)	50	¥30million

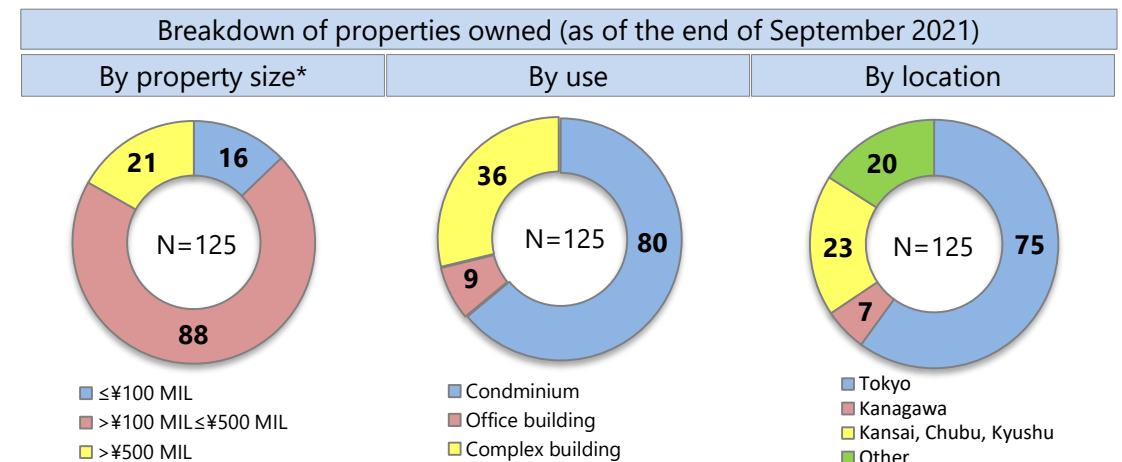
Operating income margin decreased despite the improvement in gross profit margin due to advance expenses incurred for the next fiscal year and beyond.

Property Resale Business

☑ The Company accelerated growth in the market that continues to expand on the back of strong demand for investment property by utilizing its overwhelming amount of information on properties in metropolitan areas.



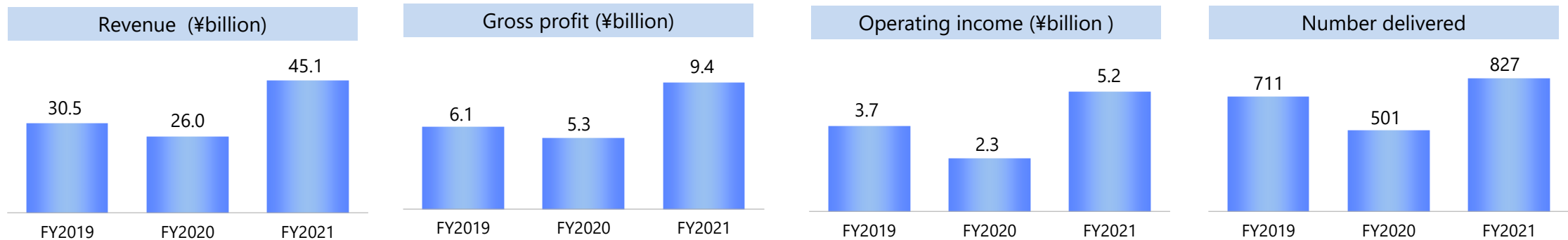
	FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9	Inc. (Dec.)
Revenue (¥million)	108,410	112,207	123,061	9.7%
Gross profit (¥million)	16,429	14,892	17,918	20.3%
Gross profit margin	15.2%	13.3%	14.6%	1.3pt
Operating income (¥million)	11,487	10,485	12,285	17.2%
Operating income margin	10.6%	9.3%	10.0%	0.6pt
Number delivered	255	230	292	62
Unit Price (¥million)	443	478	411	(67)



* Based on book values at the end of September 2021

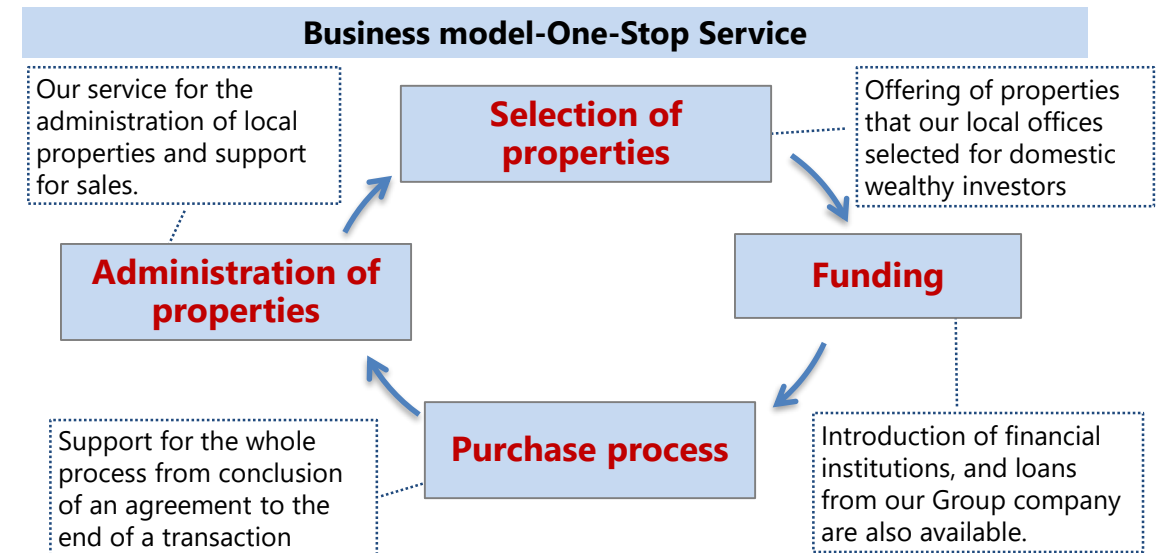
Other Segment (U.S. Real Estate Business)

- ☑ Demand for U.S. real estate is strong among small & midsize corporations and wealthy individual investors.
- ☑ The Company will aim to secure an unparalleled No. 1 position in U.S. real estate investment.



	FY2019 18/10-19/9	FY2020 19/10-20/9	FY2021 20/10-21/9	Inc. (Dec.)
Revenue (¥million)	30,538	26,027	45,159	73.5%
Gross profit (¥million)	6,127	5,389	9,459	75.5%
Gross profit margin	20.1%	20.7%	20.9%	0.2pt
Operating income (¥million)	3,777	2,314	5,232	126.1%
Operating income margin	12.4%	8.9%	11.6%	2.7pt
Number delivered	711	501	827	326
Multi family homes included above	7	12	24	12

* Figures for U.S. Real Estate Business are shown..





Pressance Corporation

☑ Performance of Pressance Corporation, which was consolidated in January 2021, exceeded the plan for this fiscal year (January to September 2021).

	FY2021 2021/1-2021/9
	149,337
Gross profit (¥million)	29,424
Gross profit margin	19.7%
Operating income (¥million)	16,502
Operating income margin	11.1%

FY2021 Actual by product	
Product	Units
Studio-type condominium	4,963
family-type condominium	1,205
Total	6,168



Complementary Areas	<ul style="list-style-type: none"> Strong in the Tokyo metropolitan area 	<ul style="list-style-type: none"> Strong in the Kinki, Tokai and Chukyo regions
Complementary Products	<ul style="list-style-type: none"> Single-family homes Condominiums Property resales U.S. real estate 	<ul style="list-style-type: none"> Condominiums for investment Condominiums for families Management of condominiums
Major Synergies	<ul style="list-style-type: none"> Single-family home business to tap into Kansai region Develop a business line of new condominiums for investment in the Tokyo metropolitan area Develop a real estate fund business managing primarily residential properties 	

Breakdown of SG&A Expenses, Non-Operating Income /Expenses

(Million yen)

	FY2020 2019/10-2020/9		FY2021 2020/10-2021/9		Inc. (Dec.)		FY2020 2019/10-2020/9		FY2021 2020/10-2021/9		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue			Actual	% of revenue	Actual	% of revenue	
SG&A expenses	32,183	5.6%	54,211	6.7%	22,028	Non-operating income	18,356	3.2%	2,473	0.3%	(15,883)
Personnel expenses	10,085	1.8%	16,987	2.1%	6,901	Share of profit of entities accounted for using equity method	17,786	3.1%	1,395	0.2%	(16,390)
Sales commissions	4,265	0.7%	5,517	0.7%	1,251	Other	570	0.1%	1,077	0.1%	506
Office maintenance cost	3,888	0.7%	5,380	0.7%	1,492	Non-operating expenses	3,128	0.5%	5,986	0.7%	2,857
Advertising expenses	2,308	0.4%	3,431	0.4%	1,123	Interest expenses	2,298	0.4%	3,118	0.4%	820
Promotion expenses	1,094	0.2%	1,474	0.2%	379	Commission expenses	224	0.0%	869	0.1%	645
Others	10,540	1.8%	21,420	2.6%	10,879	Other	605	0.1%	1,998	0.2%	1,392

Attributable mainly to the consolidation of Pressance Corporation; consolidated gross profit margin improved by 2.8% (16.4%→19.2%)

Consolidated Balance Sheet

	Sep 30, 2020	Sep 30, 2021	Inc. (Dec.)
Current assets	507,123	830,727	323,603
Cash and deposits	219,227	337,731	118,503
Inventories	237,287	428,129	190,842
Others	50,608	64,867	14,258
Non-current assets	61,890	49,185	(12,704)
Property, plant and equipment	5,010	21,297	16,286
Intangible assets	3,080	3,031	(49)
Investments and other assets	53,798	24,856	(28,941)
Deferred assets	24	0	(24)
Total assets	569,038	879,913	310,874

<Safety index>

(times)	Sep 30, 2020	Sep 30, 2021	Inc. (Dec.)
D/E ratio	1.2	1.5	0.3
Net D/E ratio*	0.2	0.3	0.1

* Net debt/equity ratio: (loans payable + corporate bonds-cash & deposits) / net assets,

(Million yen)

	Sep 30, 2020	Sep 30, 2021	Inc. (Dec.)
Liabilities	335,342	532,769	197,426
Current liabilities	176,713	256,237	79,523
Non-current liabilities	158,628	276,532	117,903
Net Assets	233,695	347,143	113,447
Shareholders' equity	234,666	293,256	58,590
Valuation and translation adjustments	(970)	1,104	2,074
Non-controlling interests	-	52,782	52,782
Total liabilities and net assets	569,038	879,913	310,874

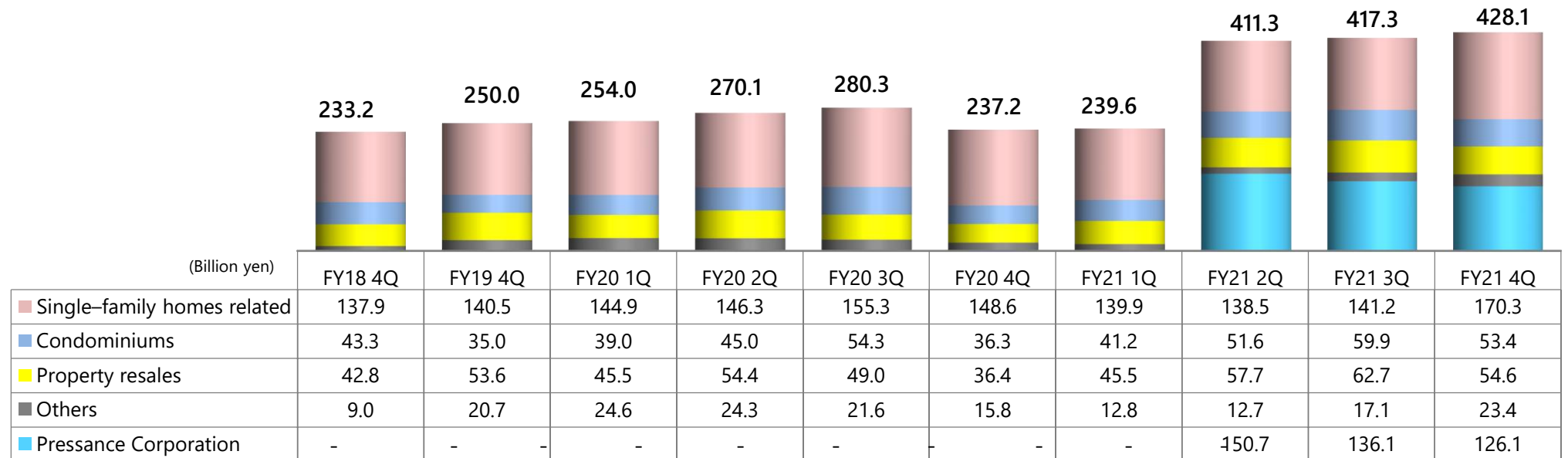
	Sep 30, 2020	Sep 30, 2021	Inc. (Dec.)
Equity ratio	41.0%	33.4%	(7.6) pt
Current ratio	287.0%	324.2%	37.2pt



Inventory Details

(Million yen)

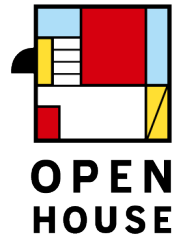
	End of FY2018 (Sep 30, 2018)	End of FY2019 (Sep 30, 2019)	End of FY2020 (Sep 30, 2020)	End of FY2021 (Sep 30, 2021)	Ratio	Inc. (Dec.)
Single-family homes related	137,991	140,560	148,676	170,389	39.8%	21,713
Condominiums	43,322	35,065	36,339	53,496	12.5%	17,157
Property resales	42,873	53,691	36,445	54,681	12.8%	18,235
Others	9,084	20,735	15,825	23,452	5.5%	7,626
Pressance Corporation	—	—	—	126,109	29.5%	126,109
Total	233,272	250,054	237,287	428,129	100.0%	190,842



Consolidated Statement of Cash Flows

(Million yen)

	FY2020 <2019/10-2020/9>	FY2021 <2020/10-2021/9>	Main factors
Cash flows from operating activities	48,793	50,123	<ul style="list-style-type: none"> - Booking of income before income taxes - Increase in inventories - Payment of income taxes ,etc
Cash flows from investing activities	(24,054)	23,541	<ul style="list-style-type: none"> - Purchase of shares of subsidiaries, etc.
Cash flows from financing activities	59,430	40,588	<ul style="list-style-type: none"> - Increase in loans payable - Dividend payment, etc.
Effect of exchange rate changes on cash and cash equivalents	(296)	809	
Net increase (decrease) in cash and cash equivalents	83,872	115,063	
Cash and cash equivalents at beginning of period	135,345	219,218	
Cash and cash equivalents at end of period	219,218	334,506	- Including 22.4 million yen of Increase in cash and cash equivalents due to change in scope of consolidation



Consolidated Business Performance Forecasts for FY2022

Consolidated Business Performance Forecasts

☑ Aiming to achieve record highs in revenue and income for the tenth consecutive year.

(Million yen)

	FY2021 (2020/10-2021/9)		FY2022 (2021/10-2022/9)	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	810,540	40.7%	920,000	13.5%
Operating income	101,103	62.7%	112,000	10.8%
Ordinary income	97,590	26.2%	108,900	11.6%
Profit attributable to owners of parent	69,582	17.0%	72,000	3.5%
EPS* (yen)	552.40	—	570.91	—
Annual dividends per share (yen)	112.00	32.00	124.00	12.00
Payout ratio	20.3%	—	21.7%	—

Substantial growth of 10.4% if excluding the impact of negative goodwill in the previous fiscal year

Consolidated Business Performance Forecasts (Revenue by business segment)

- ☑ Continue to achieve two-digit growth for the entire portfolio centered on the single-family homes related business.

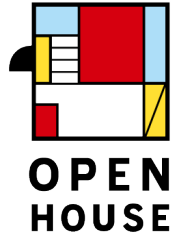
(Million yen)

	FY2021 (2020/10-2021/9)		FY2022 (2021/10-2022/9)	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	810,540	40.7%	920,000	13.5%
Single-family homes related business	446,959	17.7%	513,700	14.9%
Condominiums	47,147	(18.9)%	62,000	31.5%
Property resales	123,061	9.7%	151,500	23.1%
Others (including U.S. real estate business)	45,159	73.5%	52,000	15.1%
Pressance Corporation	149,337	—	140,800	—
Adjustments	(1,126)	—	—	—

* Since Pressance Corporation was included in the scope of consolidation from the second quarter of FY2021, full-year increase/decrease is not indicated.

Consolidated Business Performance Forecasts (Revenue by Sub-business Segment/Number delivered)

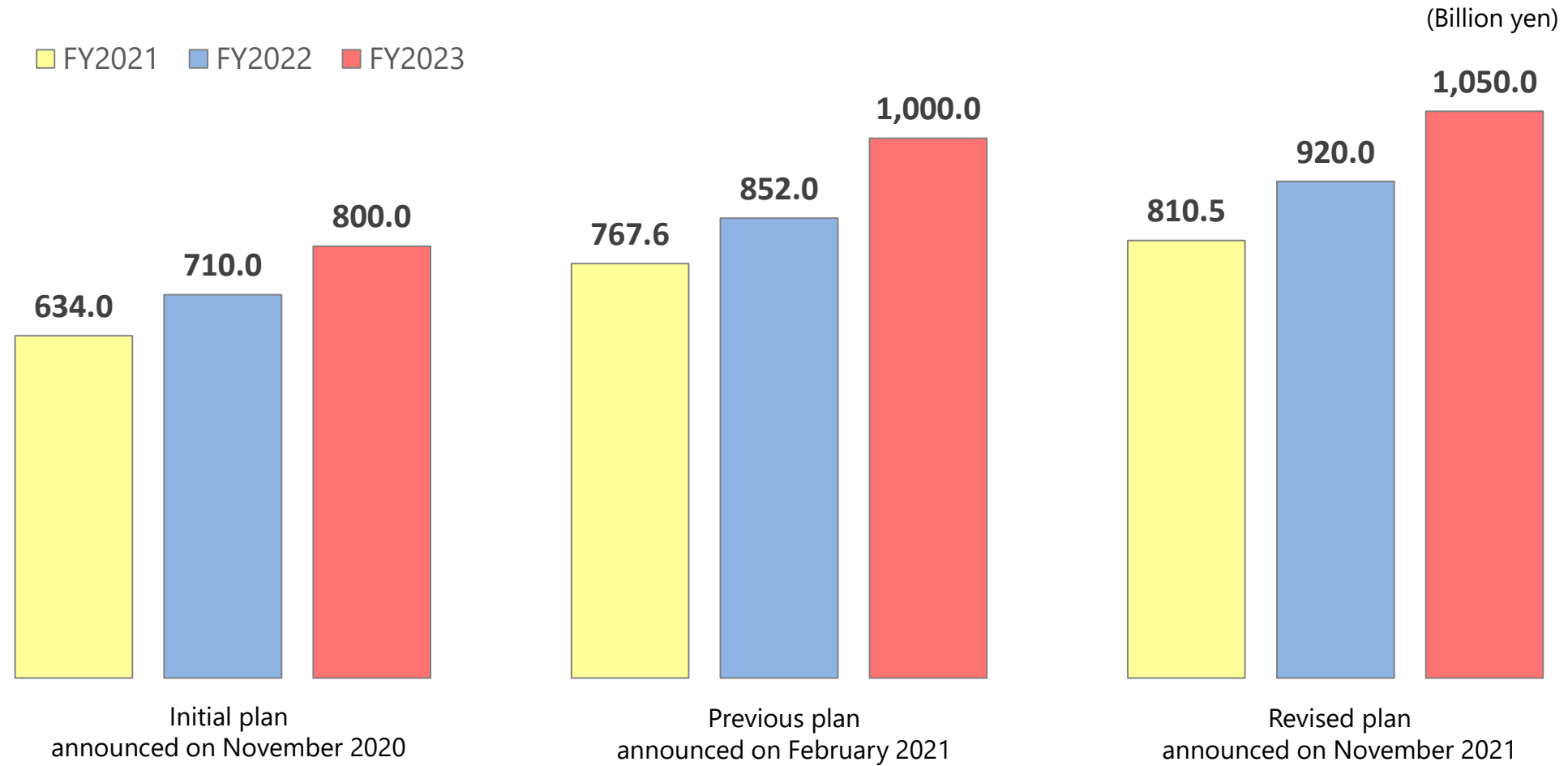
		Revenue (¥billion)			Number delivered			
		FY2020 (19/10-20/9) Actual	FY2021 (20/10-21/9) Actual	FY2022 (21/10-22/9) Plan				
					FY2020 (19/10-20/9) Actual	FY2021 (20/10-21/9) Actual	FY2022 (21/10-22/9) Plan	
Open House Development	Built-for-sale houses	116.6	138.7	152.8	Built-for-sale houses	2,804	3,396	3,690
	Lands	108.0	128.1	152.3	Lands	2,645	3,088	3,730
	Built-to-order houses	23.6	26.6	30.8	Built-to-order houses	1,597	1,814	2,070
Open House Architect		55.5	57.8	66.8	Built-to-order houses	4,158	4,265	4,740
					Number delivered to OHD	1,535	1,634	1,860
Hawk One		87.0	105.3	124.0	Built-for-sale houses	2,063	2,150	2,440
	Lands				145	292	360	
	Built-to-order houses				39	82	170	
Condominiums		58.1	47.1	62.0	Units	1,224	1,081	1,210
Property resales		112.2	123.0	151.5	Buildings	230	292	340
U.S. real estate business		26.0	45.1	52.0	Homes	501	827	910
					Multi family homes included above	12	24	30



The Mid-term Business Plan

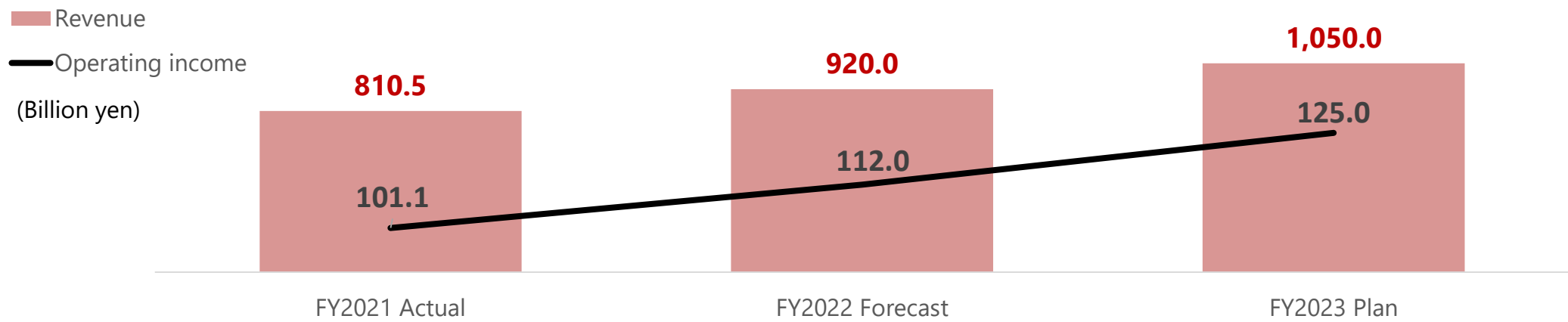
"Ikouze 1 cho!, 2023" — "Jump to 1 trillion, 2023"

- ☑ Upward adjustments were made twice in a year since the announcement of the initial plan.



Profit/Loss Plan

☑ The Company will aim to achieve two-digit growth in revenue and income also under this Mid-term Business Plan.



(Million yen)	FY2021 (2020/10-2021/9)		FY2022 (2021/10-2022/9)		FY2023 (2022/10-2023/9)	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	Plan	Inc. (Dec.)
Revenue	810,540	40.7%	920,000	13.5%	1,050,000	14.1%
Operating income	101,103	62.7%	112,000	10.8%	125,000	11.6%
Ordinary income	97,590	26.2%	108,900	11.6%	120,000	10.2%
Profit attributable to owners of parent	69,582	17.0%	72,000	3.5%	80,000	11.1%

Substantial growth of 10.4% if excluding the impact of negative goodwill in the previous fiscal year

Plan by Business Segment

- ☑ The Company will strive to achieve growth not only in the single-family homes related business but also in all other segments.

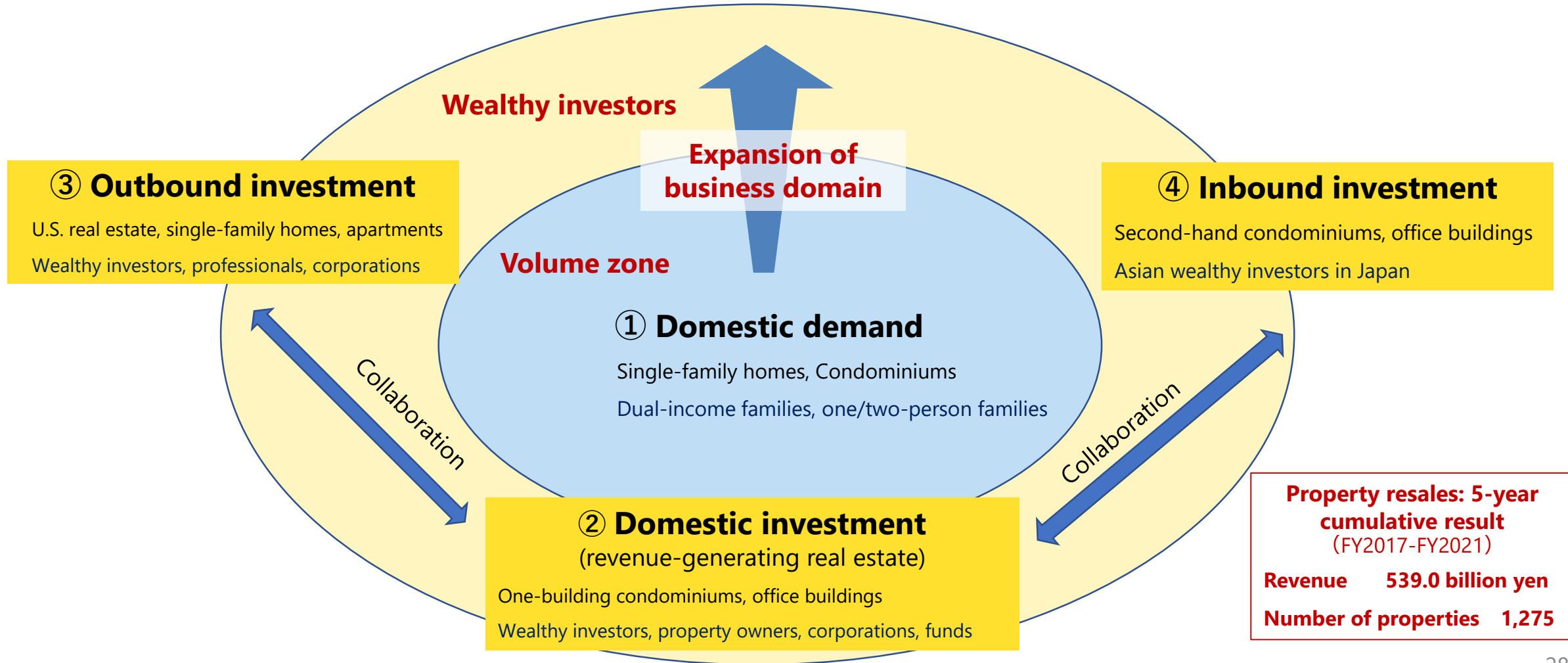
(Million yen)

	FY2021 (2020/10-2021/9)		FY2022 (2021/10-2022/9)		FY2023 (2022/10-2023/9)	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	Plan	Inc. (Dec.)
Revenue	810,540	40.7%	920,000	13.5%	1,050,000	14.1%
Single-family homes related business	446,959	17.7%	513,700	14.9%	561,500	9.3%
Condominiums	47,147	(18.9)%	62,000	31.5%	100,000	61.3%
Property resales	123,061	9.7%	151,500	23.1%	157,500	4.0%
Others (including U.S. real estate business)	45,159	73.5%	52,000	15.1%	60,800	16.9%
Pressance Corporation	149,337	—	140,800	—	170,200	20.9%
Adjustments	(1,126)	—	—	—	—	—

* Since Pressance Corporation was included in the scope of consolidation from the second quarter of FY2021, full-year increase/decrease is not indicated.

Concept of Customer Segment

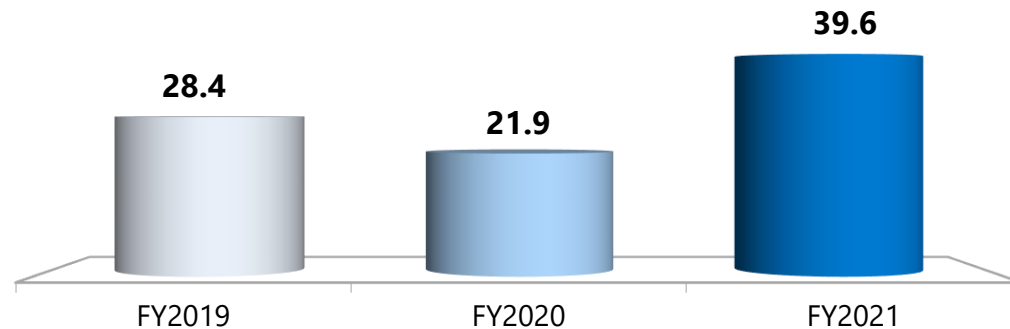
- ☑ Capital acquired from domestic demand will be invested in the investment segment to expand the business domain.
- ☑ Enhancement of the investment segment targeting wealthy investors will contribute to future growth.



Inbound investment and Outbound investment

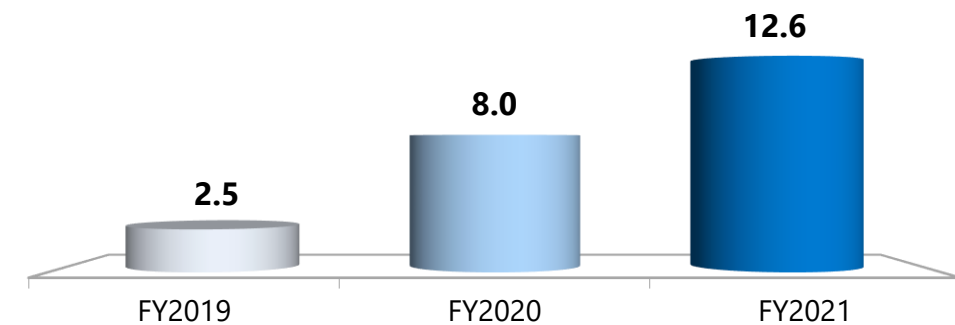
- ☑ Demand for U.S. real estate is strong among small & midsize corporations and wealthy individual investors.
- ☑ Sales activity for inbound investors by the expert unit is effective.

③ Outbound investment
Revenue (¥ billion)



	Characteristics & Trends
Products	U.S. real estate (Single-family homes, apartments)
Customers	Japanese wealthy investors, high-income white collars, professionals, corporations
Strengths	One-stop service, ability to supply local properties (Consulting – financing – management – sales)

④ Inbound investment
Revenue (¥ billion)

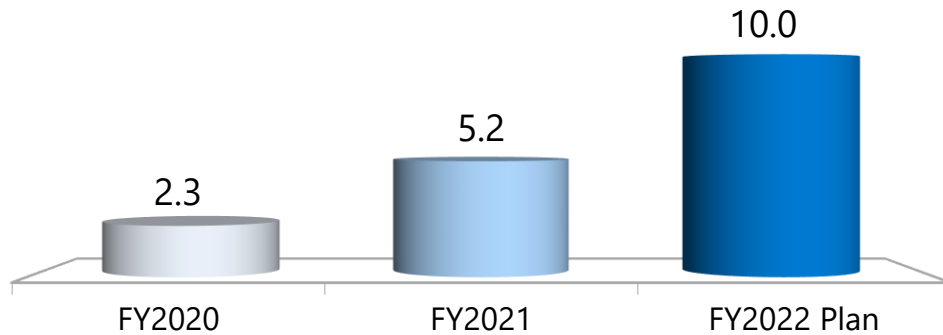


	Characteristics & Trends
Products	Second-hand condominiums and office buildings (Well-known locations are popular, focus especially on yield)
Customers	Chinese wealthy investors, etc. in Japan Brokerage companies, etc. for above customers
Strengths	Amount of information on property resale (Collaboration with the domestic property resale business) Sales using the native language (Expert unit organized in 2018)

General Architecture based on Open House Architect

- ☑ General construction (RC construction) by OHA has grown to a size where it can aim for revenue of ¥10 billion.
- ☑ The Company will reinforce the function within the Group while continuing to consider M&A targeting RC construction companies.

RC Division Sales Trend (¥billion)



	Characteristics & Trends
Products	Construction of RC (reinforced concrete) condominiums, etc.
Customers	Condominium developers (in and outside of the Group)
Strengths	Speedy implementation nurtured in handling wooden architecture, cost performance

Capital Policy and Financial Strategy for “Ikouze 1 cho!, 2023”

- ☑ Implement share buyback flexibly by comprehensively considering different factors, including financial strength, business results, and stock price conditions.
- ☑ Maintain a good balance between financial soundness and high capital efficiency.

Capital Policy

- Dividend payment ratio 20%
- Annual dividend increase of 10 yen
- Flexible Share buyback

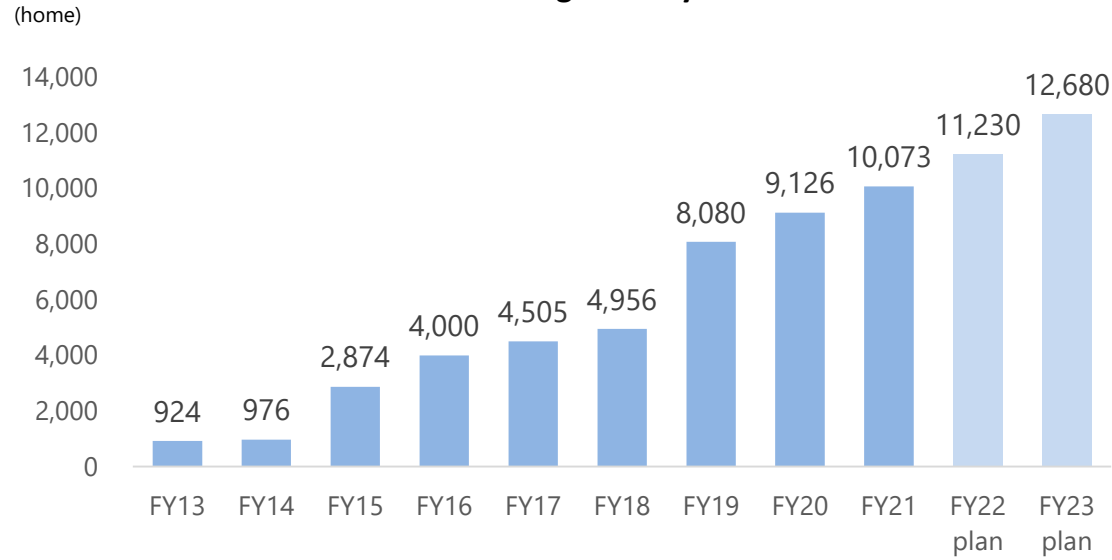
Financial Strategy

- Equity ratio 30% or more
- Within 1x or less of net D/E ratio.
- ROE 20% or more
- Actively invest in growth opportunities

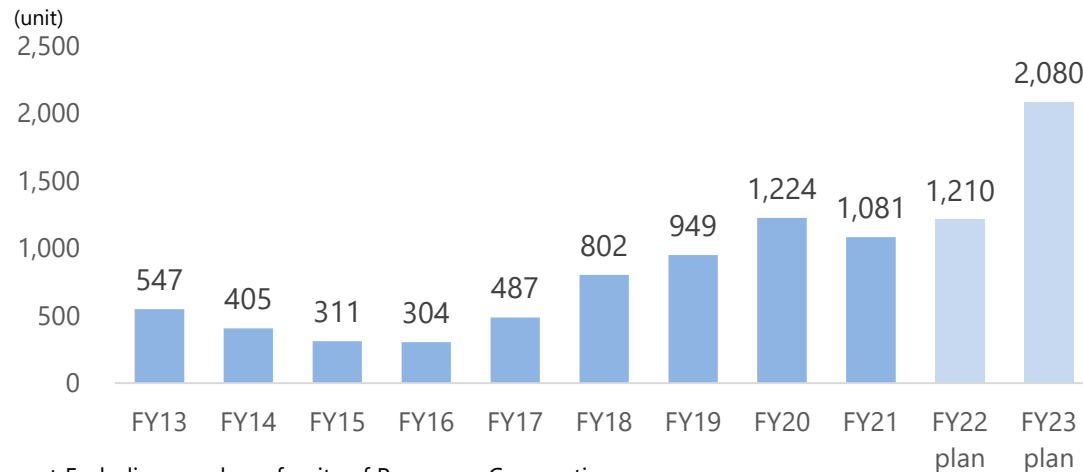


Quantitative Goals

Number of units of Single family homes delivered

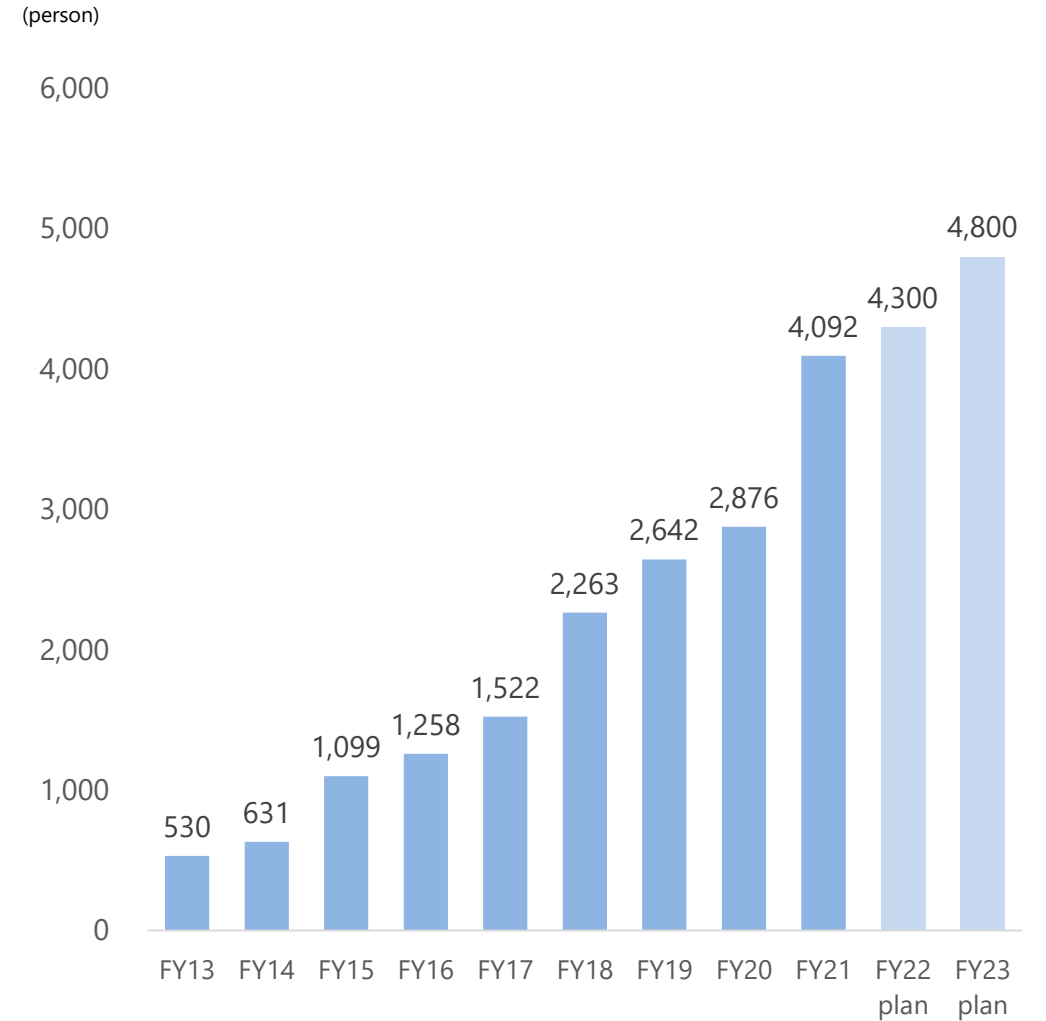


Number of units of condominiums delivered *



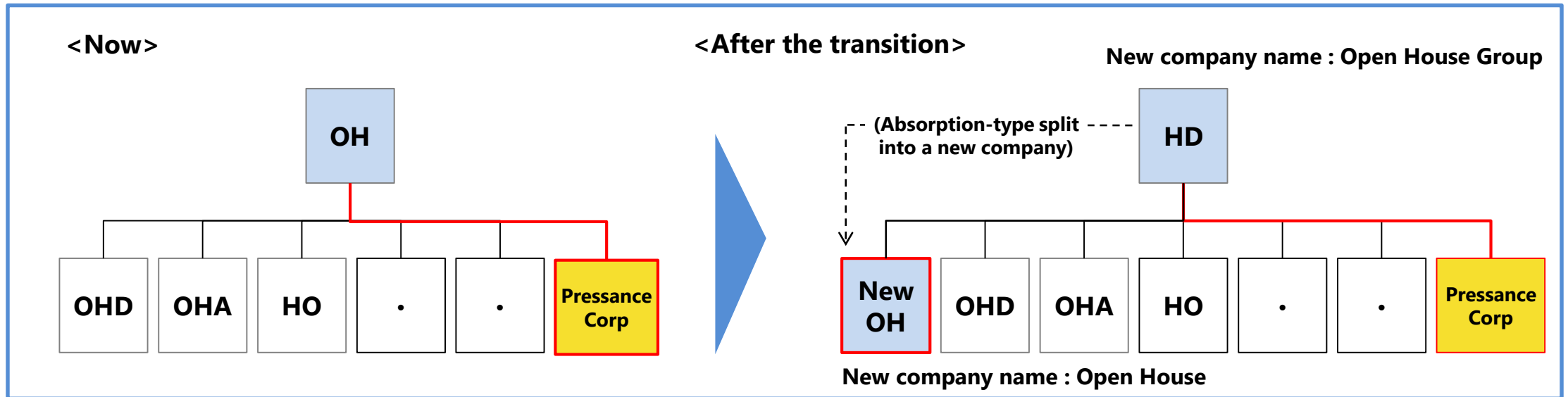
* Excluding number of units of Pressance Corporation

Number of employees



Transition to a holding company structure

- ☑ Open House’s administrative division will become a pure holding company by separating its business divisions through an absorption-type company split.
- ☑ Managerial and supervisory functions of management will be separated from business execution to enhance corporate value and sustainable growth.



< Purpose >

- (1) Speeding up decision making in business promotion
- (2) Strengthening the functions for managing the group
- (3) Building a forward-looking management system

< Schedule >

(1)	Board of directors' meeting to approve establishing the Split Preparation Company	February 12, 2021
(2)	Establishment of the Split Preparation Company	April 1, 2021
(3)	Board of directors' meeting to approve absorption-type company split agreement	November 12, 2021
(4)	Shareholders' meeting to approve proposals related to the amendment of the Articles of Incorporation and other matters	December 22, 2021 (scheduled)
(5)	Effective date of the absorption-type company split	January 1, 2022 (scheduled)

New Constituent in MSCI World Index and Selection of Market Segment

- ☑ OPEN HOUSE will be a constituent in the MSCI World Index.
- ☑ The Company has selected to belong to the Prime Market segment as approved by its Board of Directors.

【MSCI World Index】

- A prominent equity index comprising stocks of 23 developed countries
- **Worldwide: 1558 companies, Japan 272 companies** (as of October, 2021)
- **Contributes to expanding investor groups and increasing liquidity**

【Prime Market】

- The Company confirmed **qualifies the listing maintenance criteria for the Prime Market.**
- The Board of Directors resolved on **application for new market segment “Prime Market”.**
- Proceeding with application procedures by the Tokyo Stock Exchange.

【JPX-Nikkei400】

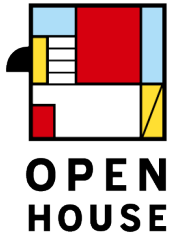
- Scoring based on Quantitative Indicators;
 - 3-year average **ROE**: 40%
 - 3-year cumulative **operating profit**: 40%
 - **Market capitalization** on the base date for selection: 20%
- JPX-Nikkei400 is composed of **companies with high appeal for investors**
- **Adopted for the fifth consecutive year since 2017**



【The 1st Unsecured Bonds】

Name of issue	Total issue amount	term	Coupon rate
1st Unsecured Bonds (with inter-bond pari passu clause)	¥10 billion	3 years	0.95%

- Purport: Aim for continuous issuance of corporate bonds for the purpose of diversifying funding methods.
- Issuer Ratings: : BBB- [Outlook: Stable] /Rating & Investment Information, Inc.)



DX (Digital Transformation)

Example of DX Contributing to Work-style Reforms

- Automatic collection of lifeline information by a robot to reduce the time needed for information collection.

Before

Responsible staff members searched lifeline information sites of respective local governments based on the address of each property and downloaded the data page by page.

road
gas
drinking water
sewage



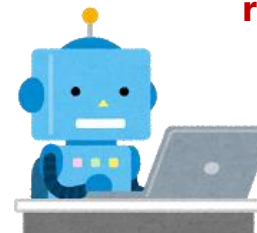
After

Simply input the address to receive information via chat.

Transmit the address to the robot



Acquire the drawings and reply via chat

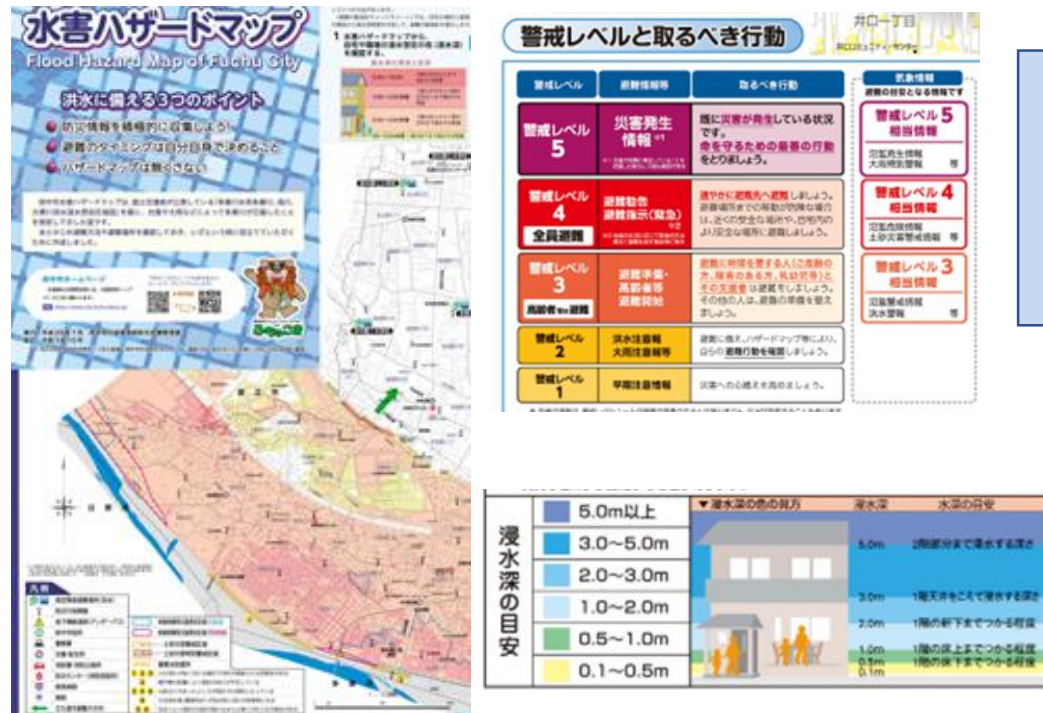


Example of DX Leading to Distinction

- Checking the hazard maps controlled by local governments and announcing the update status.

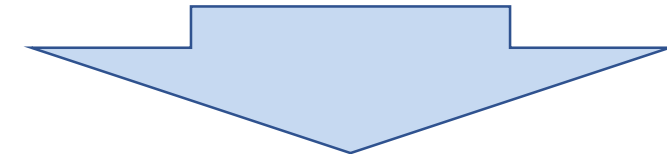
Before

Responsible staff members searched and checked the hazard map sites controlled by about 80 local governments. Since the task was conducted once every two weeks, the information was not very fresh.



After

Receive updates to the hazard map of each local government by e-mail. Acquire only the updated information to be reflected in sales activities.



- Reduced the time needed to check the update status.
- Providing the latest information on safety.











府中市水害ハザードマップ	URL	Link	Link	更新日：2021年6月3日 (PDF：2,451KB)	更新日：2021年11月1日 (PDF：2,541KB)
浸水ハザードマップ	URL	Link	Link	(PDF：604KB)	多摩川の洪水ハザードマップ(4分割・右上)
				令和3年度武蔵野市総合防災訓練(縮小開催)	



Sustainability

To realize a sustainable society

- Identified key issues (materiality) based on the level of interest of stakeholders and the priorities to the Company.
- To be examined in view of inputs from external assessment institutions, stakeholders, experts, and priorities to the Company

ESG	Key Issues	Initiatives	Relevant SDGs
Environment	Environmental conservation	<ul style="list-style-type: none"> ■ Established the Japan Wood Housing Association ■ Open House Forest 	 
Social	Product safety and security Promoting customer satisfaction	<ul style="list-style-type: none"> ■ Build and strengthen the system for promoting customer satisfaction 	 
	Talent development	<ul style="list-style-type: none"> ■ Utilization of a diverse workforce 	 
	Work-style reforms	<ul style="list-style-type: none"> ■ Enhance productivity utilizing IT ■ Support for using childcare facilities and support system for balancing work and child rearing ■ Establish a counseling office for empowering women 	 
	Supply Chain Management	<ul style="list-style-type: none"> ■ Share sustainability guidelines with business partners 	 
	Governance	Compliance	<ul style="list-style-type: none"> ■ Conduct compliance training ■ Invite female talent to join the board as an external director and a corporate auditor

(Practical Example 1) Regional co-creation Project



- Building a society in which motivated people engage in issues of local communities and take on active roles.
- Creating a cycle of community-people-jobs in regional areas through collaborating with local governments and companies in other business fields.



1. Conclusion of five-party agreement for forest preservation

- Cooperation with Gunma Prefecture and other local governments
- Conducting environmental training for employees

2. Community-building under industry-government-academia-banking cooperation in Minakami Town, Gunma

- Four parties—Minakami Town, The University of Tokyo, The Gunma Bank, and OPEN HOUSE — concluded an agreement on regional revitalization

3. Review of operation of Minakami Hodaigi Ski Resort

- Maintenance/creation of local employment
- Development of surrounding areas



(Practical Example 2) Gunma Crane Thunders



- With the opening of the B1 League, CSR activity “ONGAESHI” was launched.
- The Company aims to contribute to achieving SDGs together with fans, local communities and partner companies.



1. Signed the United Nations “Sports for Climate Action Framework”*

- Measuring GHG emissions, raising awareness of fans about environmental consideration, etc. while holding home games



2. Lemonade Stand Project

- Donation activities to support pediatric cancer patients



3. Holding games while wearing orange ribbons

- Activities to raise awareness about preventing child abuse



* It was launched by the sports sector and UN Climate Change to gather sports organizations, teams, athletes, and fans in a concerted effort to raise awareness and action to meet the goals of the Paris Agreement.

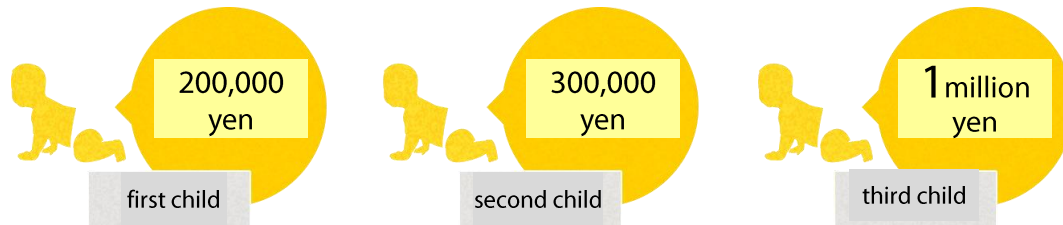
Raising the new graduate salary from April 2022
300,000yen → 330,000yen

Major initiatives:

- Support for employees to continue working while raising children
 Up to ¥300,000 per month
 (Costs for nurseries, baby-sitters)
- Childbirth celebration gift



“New hiring” and “Motivation”
Actively invest in human resources to contribute to building a sustainable society



(Practical Example 4) Initiatives concerning Climate Change



- Implemented scenario analysis on climate change based on the TCFD Recommendations.
- Disclosed the results one year in advance as requested by the Tokyo Stock Exchange (Prime Market).



Points of scenario analysis

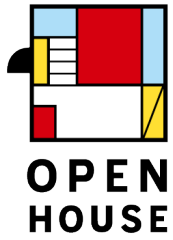
- Limited impact of risks and opportunities of climate change on financial standing
- Established a system to manage risks and opportunities of climate change
- Set GHG emission reduction targets

Greenhouse gas (GHG) emission reduction targets

2030	Scopes 1 and 2*	46% reduction (base unit: vs FY2018)
2050	Scopes 1 and 2	Net zero

(*) Scopes 1 and 2
 Scope 1: emissions from the business activities of covered companies (direct emissions)
 Scope 2: emissions produced from the use of energy provided by other companies (indirect emissions)

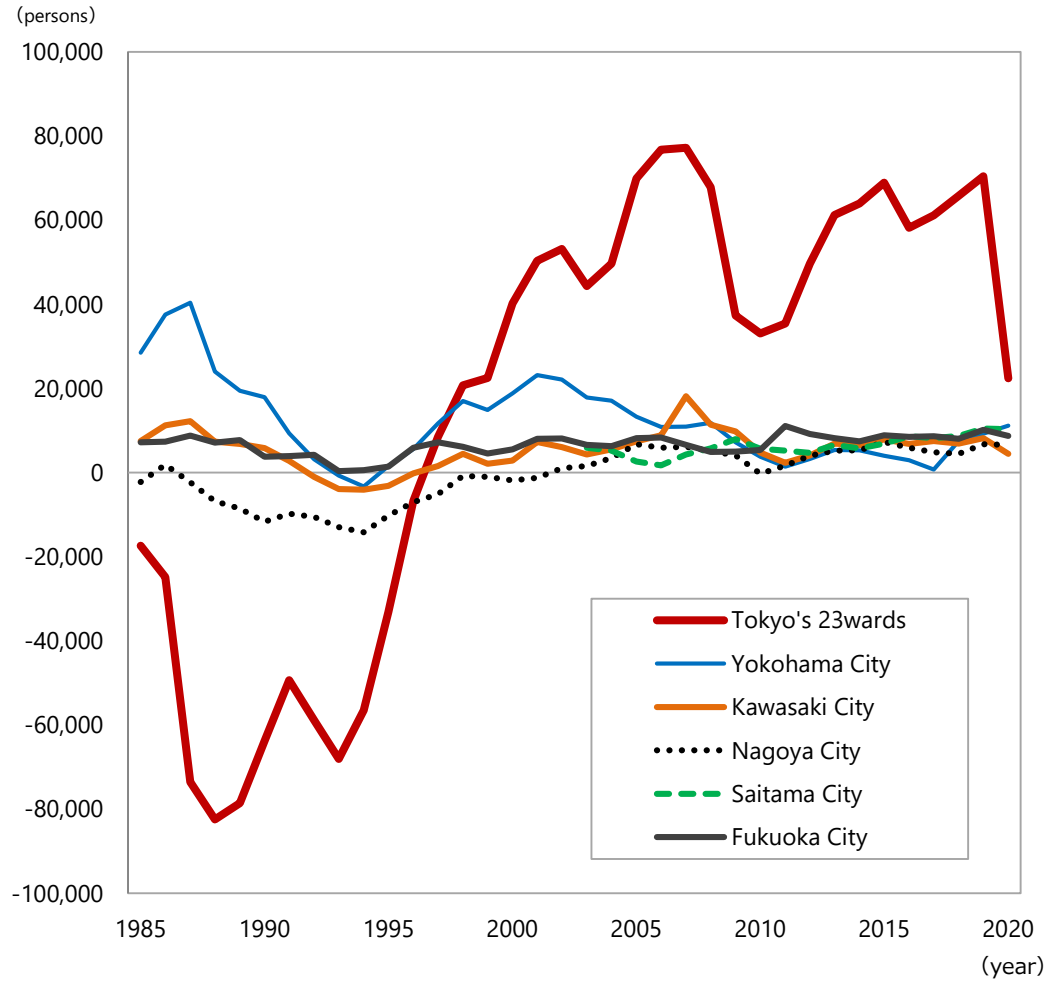
Refer to
<https://openhouse-group.co.jp/company/sustainability/environment/>



Reference materials

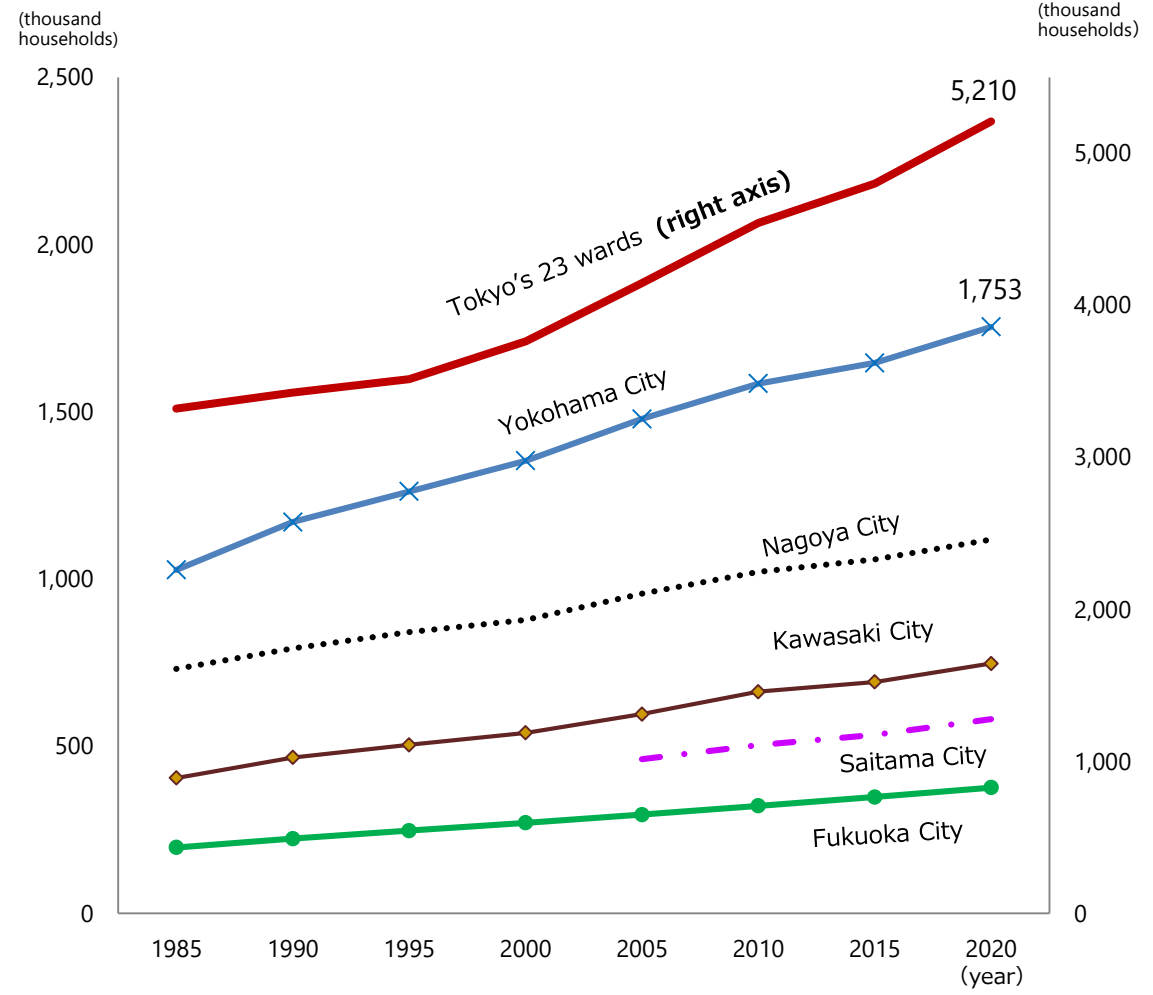
The population has been concentrating and number of households has been increasing in urban areas

Net migration into urban cities



Source: MIC, "Report on Internal Migration in Japan based on Basic Resident Register"

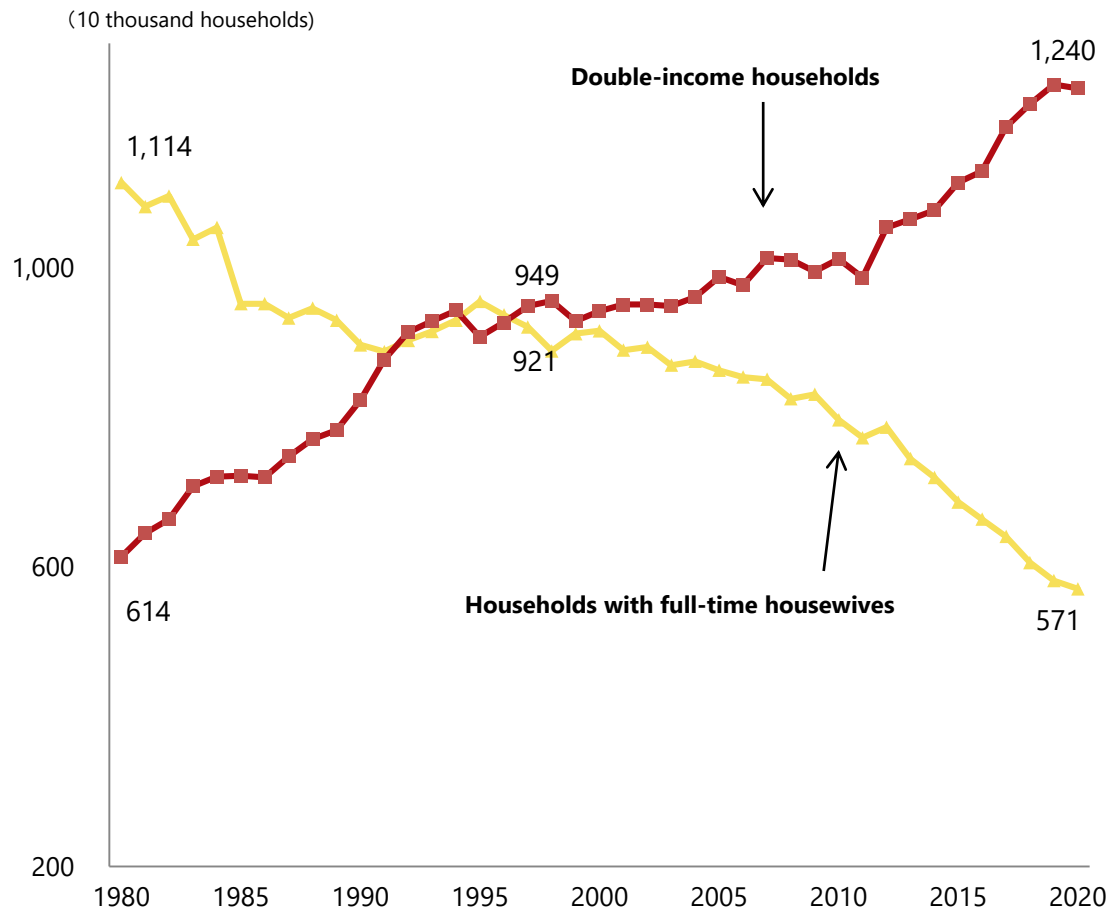
Number of households in major cities



Source: MIC, "Population Census of Japan"

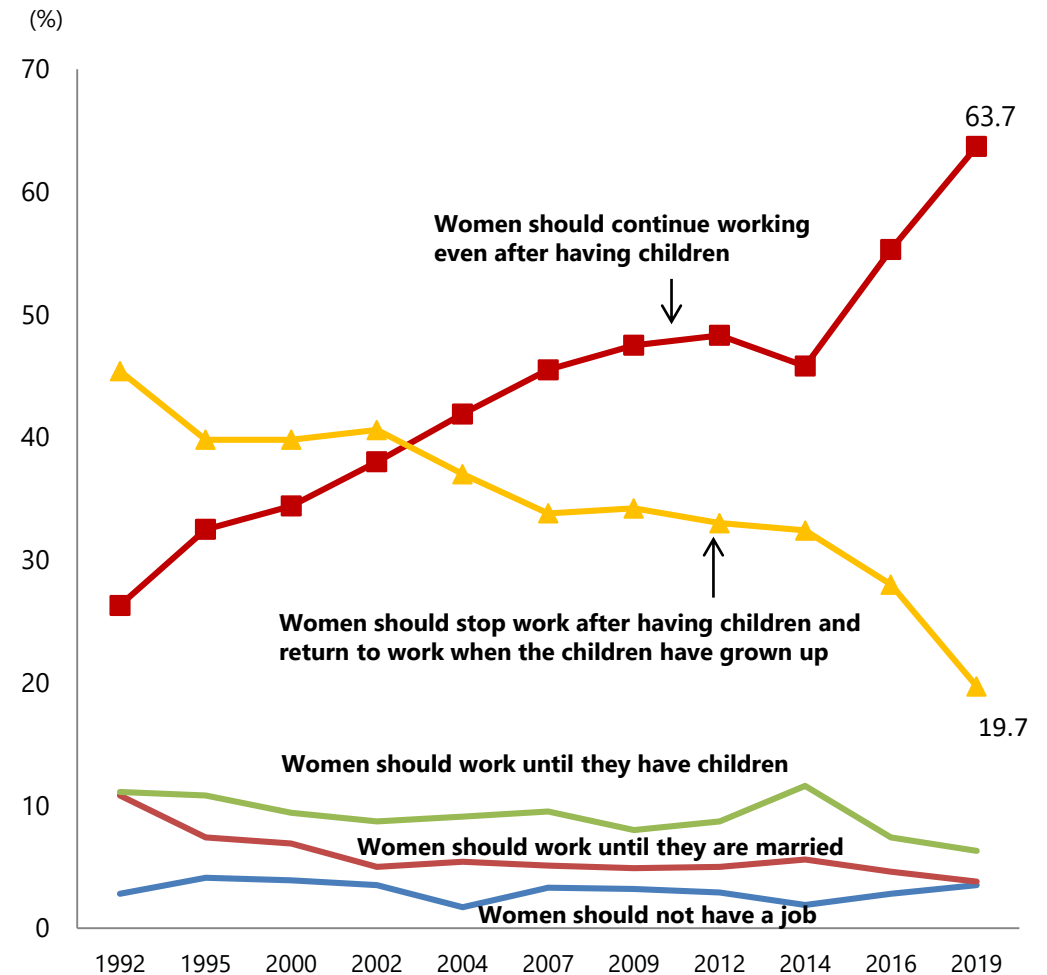
Double-income households and child-rearing households are turning their eyes to urban areas, where they can reduce commuting time

Trends in double-income households/households with full-time housewives (nationwide)



Source: "White Paper on Gender Equality 2020", Cabinet Office, Government of Japan
Labor force survey, the Ministry of Internal Affairs and Communications

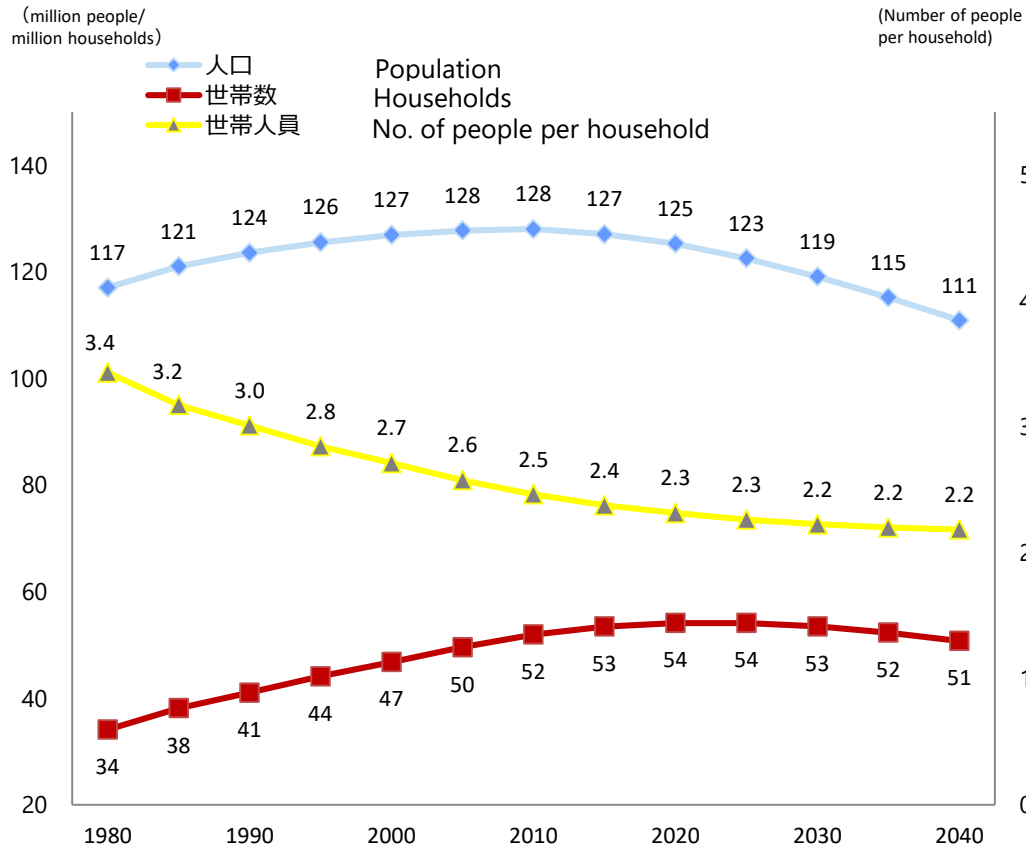
Changes in attitude toward work among women (nationwide)



Source: "White Paper on Gender Equality 2020," Cabinet Office, Government of Japan

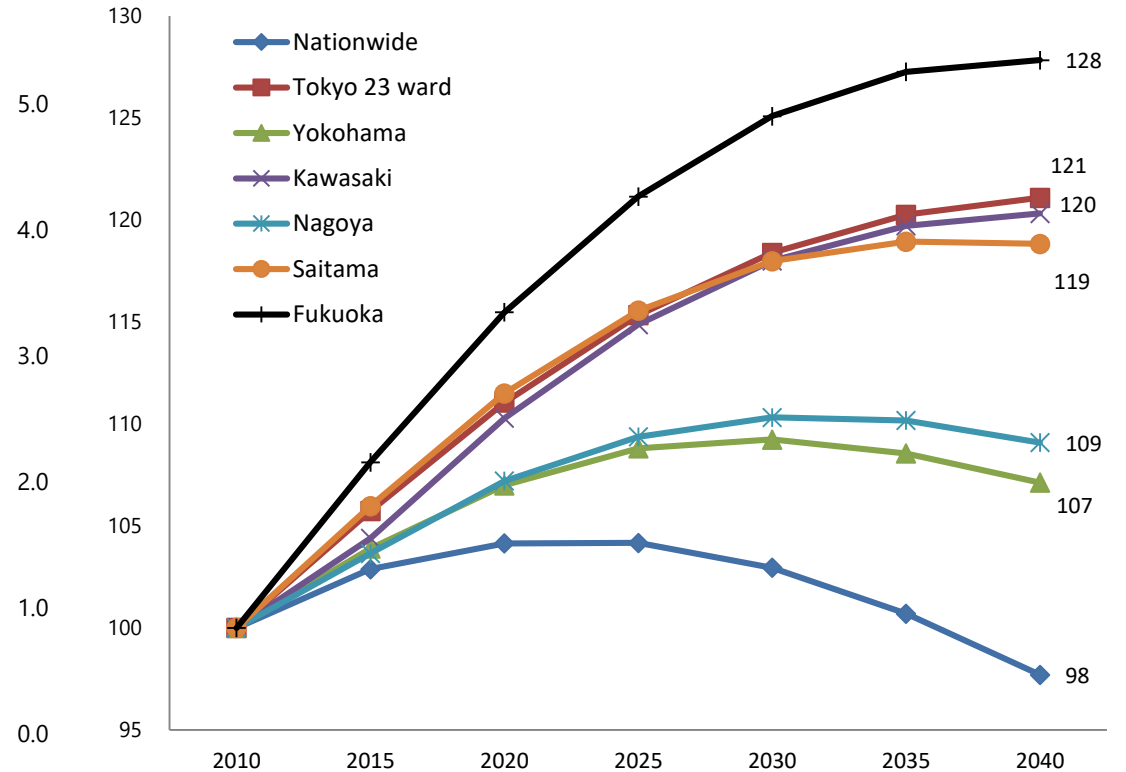
The number of households in urban areas is expected to continue increasing, despite a total population decline in Japan

Future population and household estimates for Japan



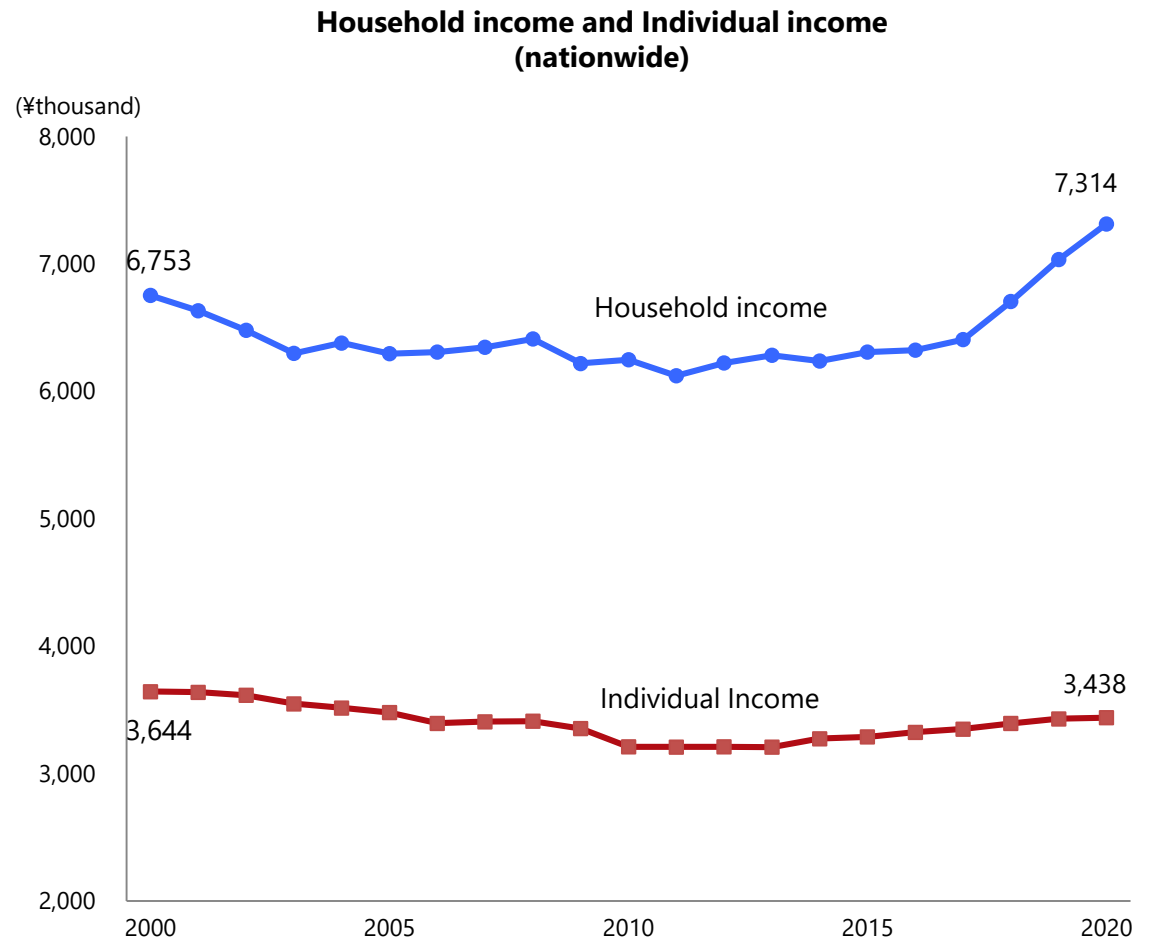
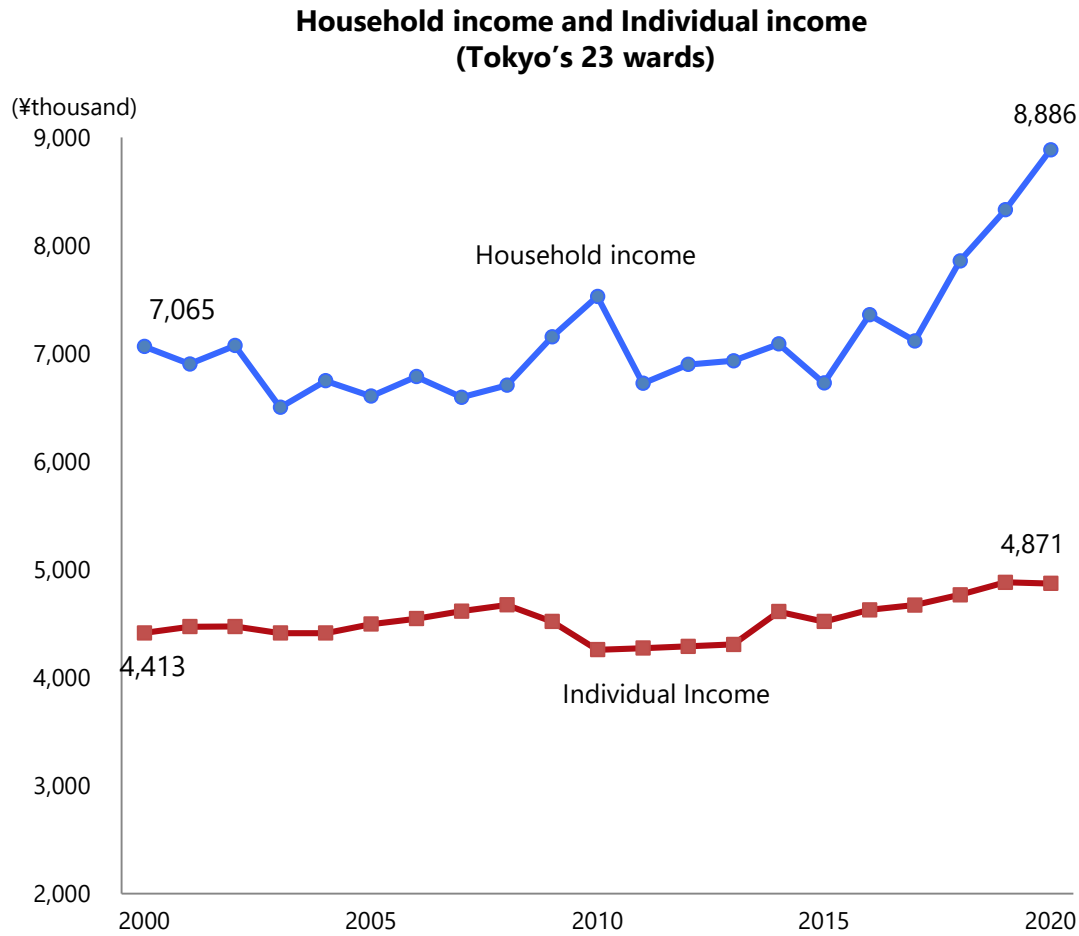
Sources:
 1980-2015 : "2015 Population Census", Statistics Japan
 2015-2040 : "Population Projection for Japan, 2018 projection", "Household Projections for Japan, 2018 projection", the National Institute of Population and Social Security Research
 Number of people per household was calculated by dividing the total population by number of households.

Future household estimates for urban areas (index)



Sources: Numbers of households by city were projected with reference to "Household Projection for Japan (National Projection)" and "Population Projection for Japan by Prefectures" for 2018 projection, published by the National Institute of Population and Social Security Research, and were converted to indicators with actual results of 2010 set at 100.

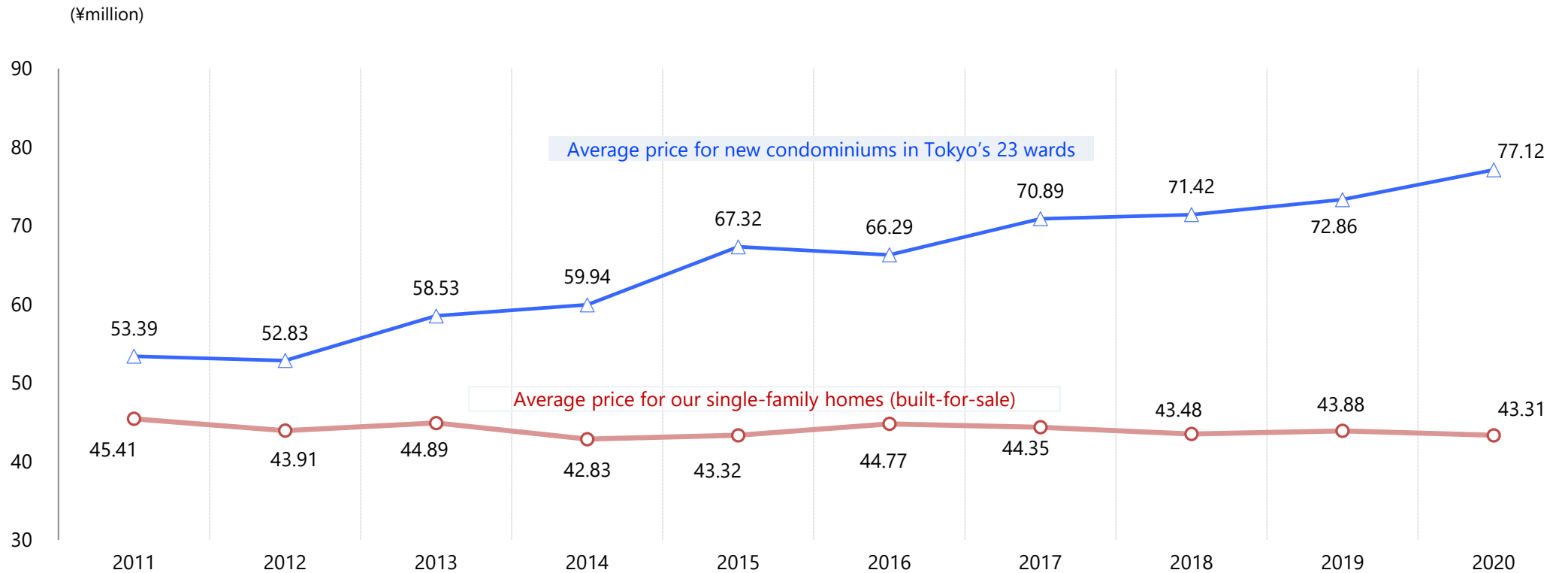
The pace of income recovery is faster for people in urban areas, showing promise for growth in spending power



Source: Annualized based on the actual monthly income of households (working families) with two-or-more person household, obtained from the report "Family Income and Expenditure Survey," the Ministry of Internal Affairs and Communications
 Calculated by dividing taxable income by the number of taxpayers, based on data obtained from the report "Survey of Taxation of Municipal Inhabitant Taxes, etc." by the Ministry of Internal Affairs and Communications

Single-family homes are attracting attention for their stable prices in contrast to condominiums, whose prices have increased

Changes in the average price for new condominiums in Tokyo's 23 wards and average price for our single-family homes (built-for-sale)



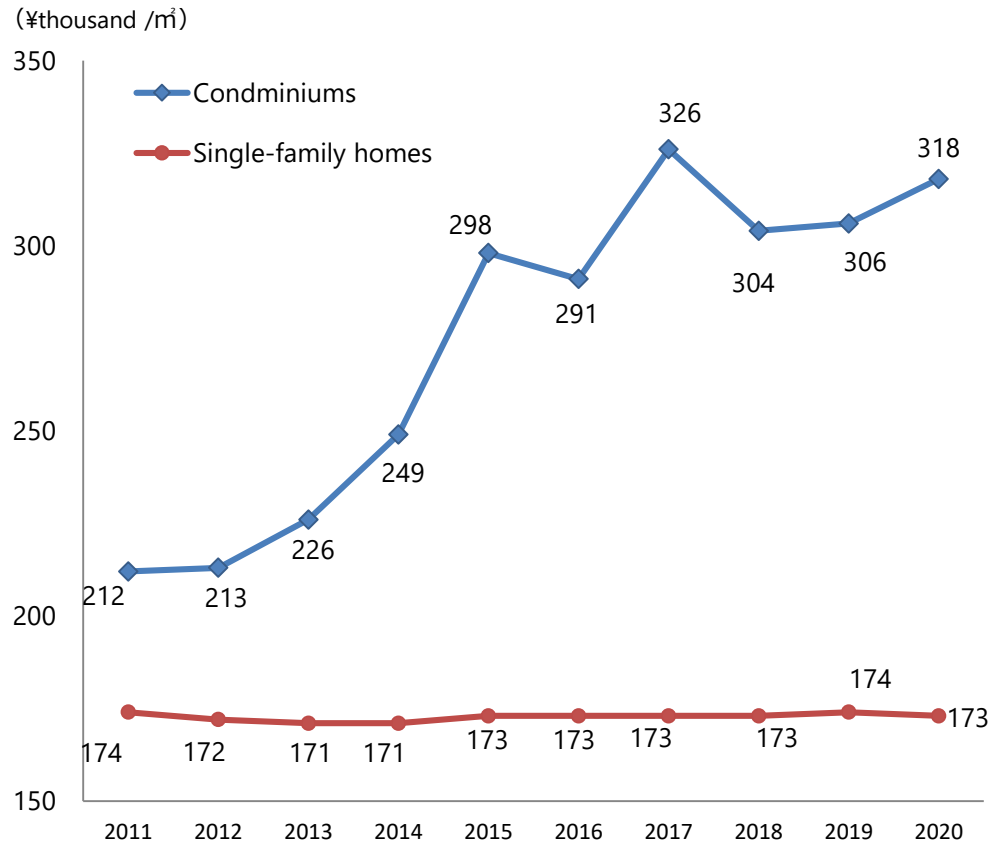
Source: MLIT, "Monthly marketing report of lands"

Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period October – September .

Condominium prices for 2020 are for the January – December period. Prices of our homes for 2020 are for the October 2019- September 2020 period.

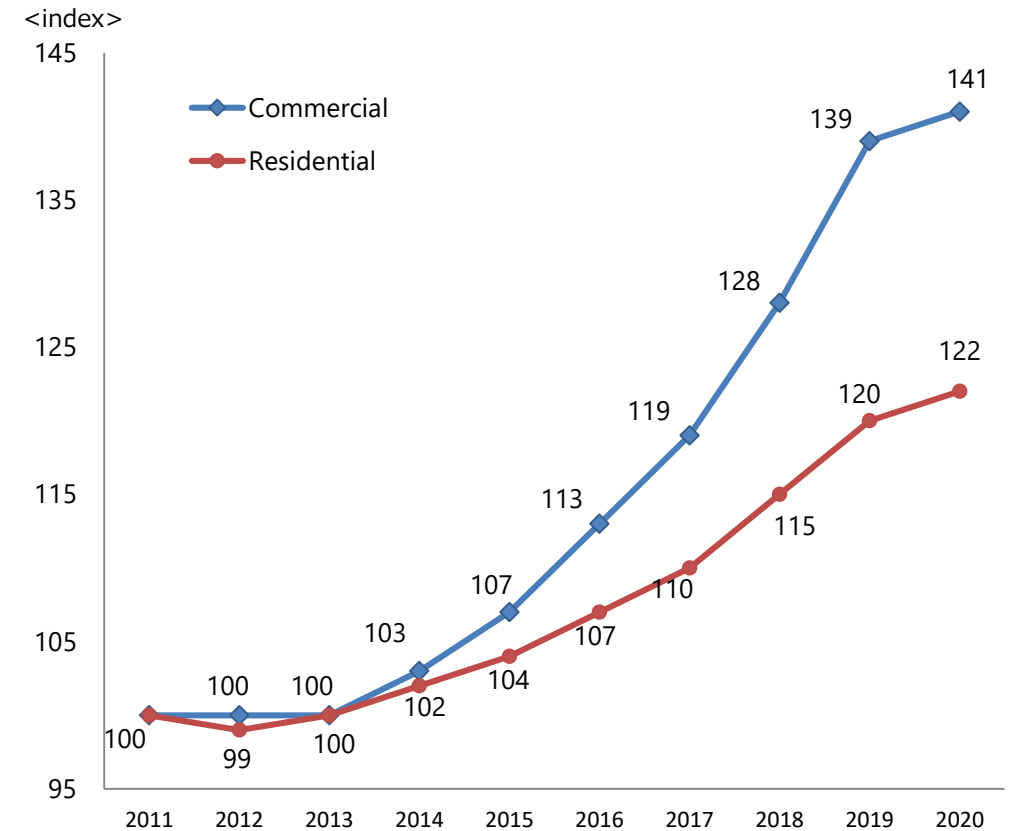
Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

Construction costs per m² (in Tokyo)



Source: MLIT "Housing Starts"
 The average construction cost per m² was calculated by dividing the estimated construction cost by the total floor area.
 Data for ready built wooden single-family homes were used for single-family homes and data for RC and SRC apartment buildings were used for condominiums.

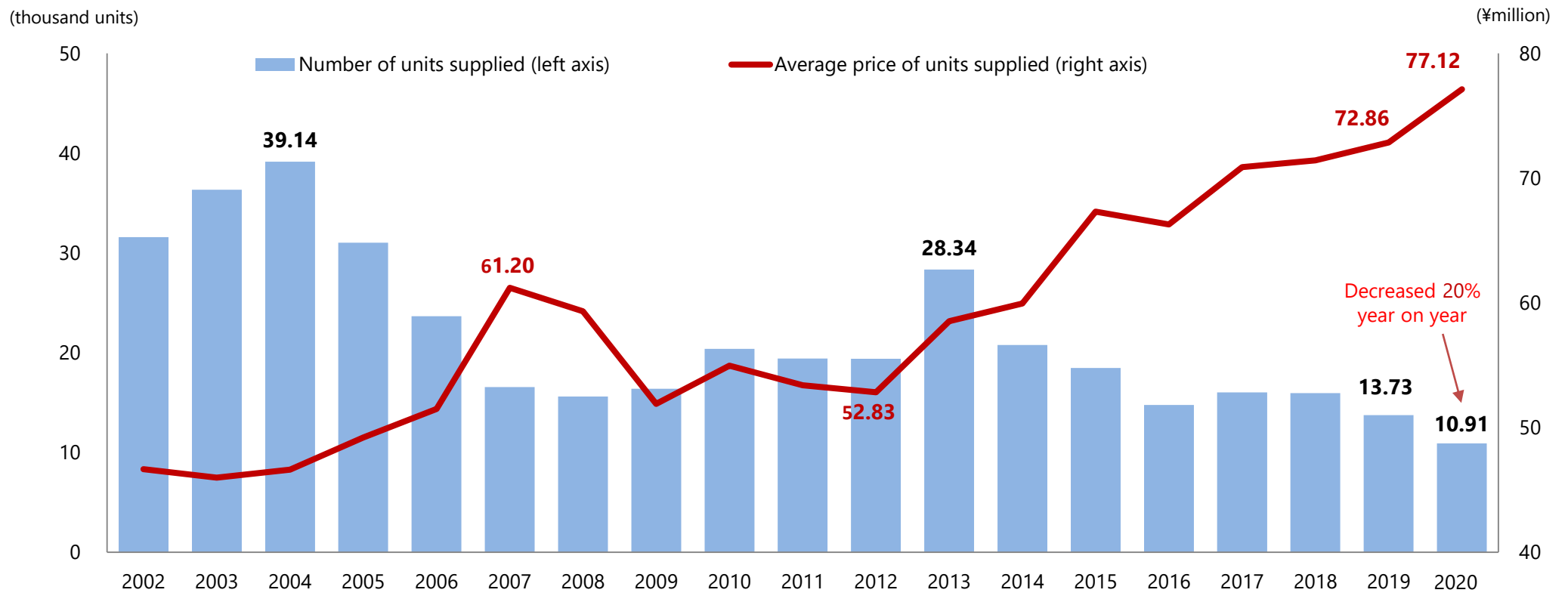
Land price by use (in Tokyo's 23 wards)



Source: MLIT "Prefectural Land Price"
 The standard land price as of July 1 each year is determined by prefectural governors.
 The land price index of each year was calculated by using the rate of change from the land price by use in 2011, which was indexed to 100.

Options available for consumers are decreasing due to the increase in condominium prices and decrease in number of new condominiums supplied

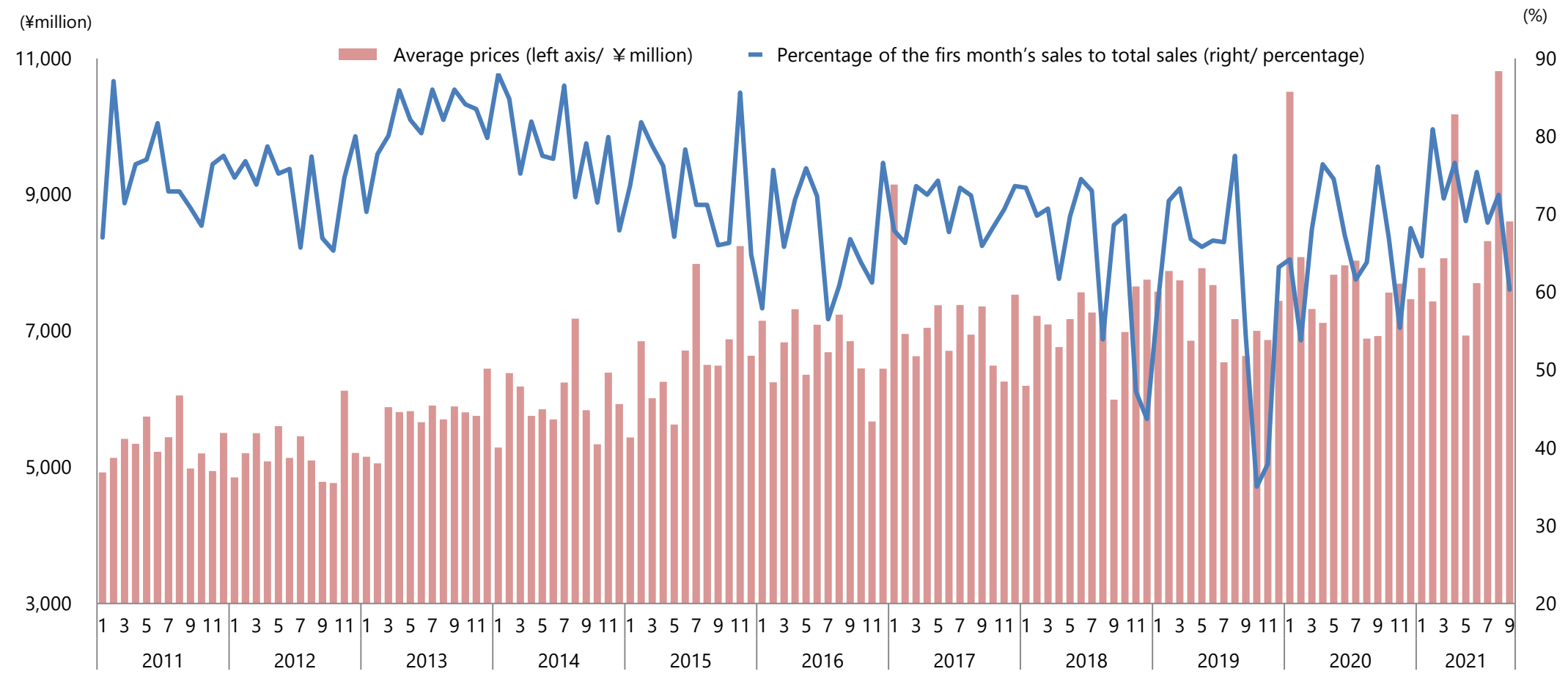
Number and average price of new condominiums supplied in Tokyo's 23 wards



Source: MILT, "Monthly Report of Real Estate Market Trend"

Contract ratios have been declining with the increase in prices of new condominiums

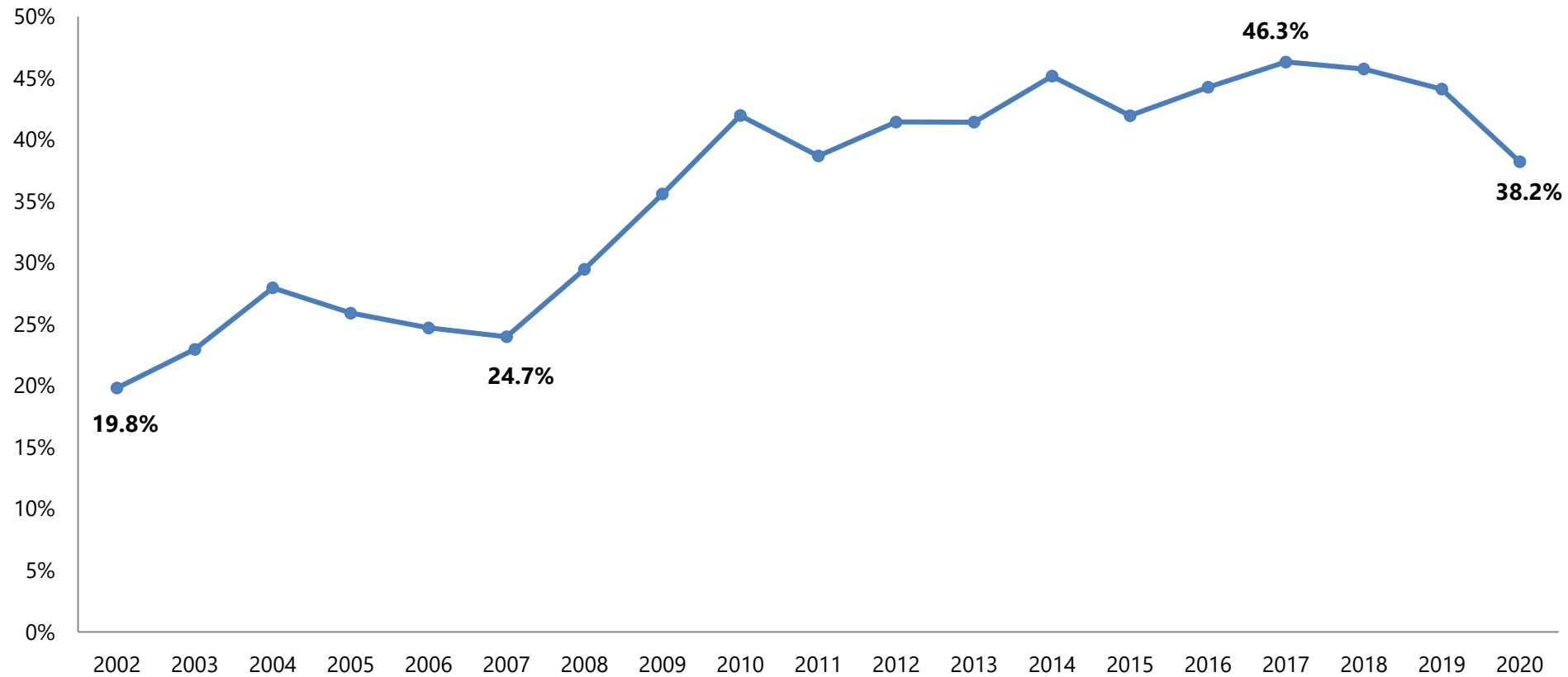
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



Source: "Monthly Report of Real Estate Market Trend" published by Land General Information Library of the Ministry of Land, Infrastructure, Transport and Tourism.

Prices of condominiums are less likely to fall sharply as the market is oligopolistic and dominated by major real estate companies

Trends in the market share of seven major real estate companies in new condominiums in the Tokyo metropolitan area



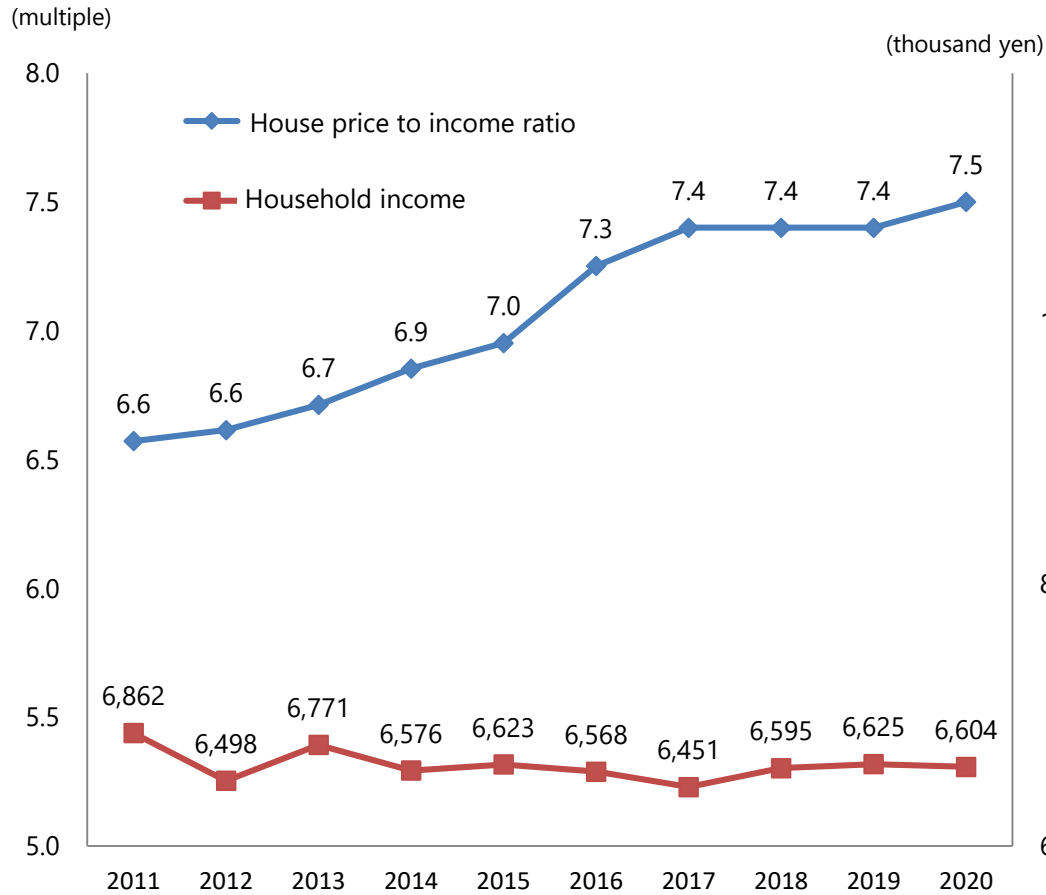
Source: The share of new condominium sales in the Tokyo Metropolitan area in "Condominium Market Trends" by Real Estate Economic Institute Co., Ltd.

* Seven major real estate companies:

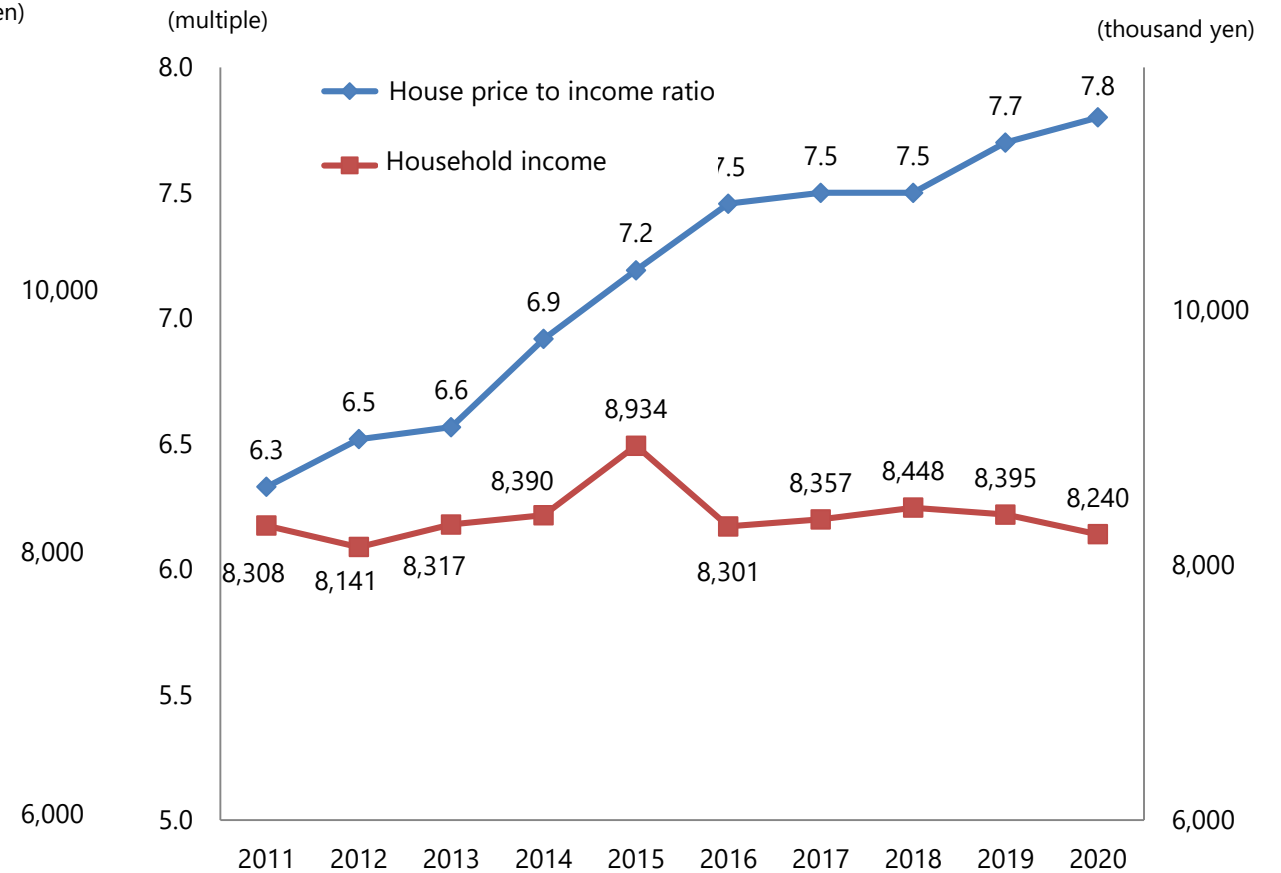
Sumitomo Realty & Development, Daikyo, Tokyu Land, Tokyo Tatemono, Nomura Real Estate Holdings, Mitsui Fudosan, Mitsubishi Estate

The house price to income ratio has increased, with a significant difference between annual income of single-family home purchasers and condominium purchasers

House price to income ratio and household income of single-family home purchasers (in Tokyo)



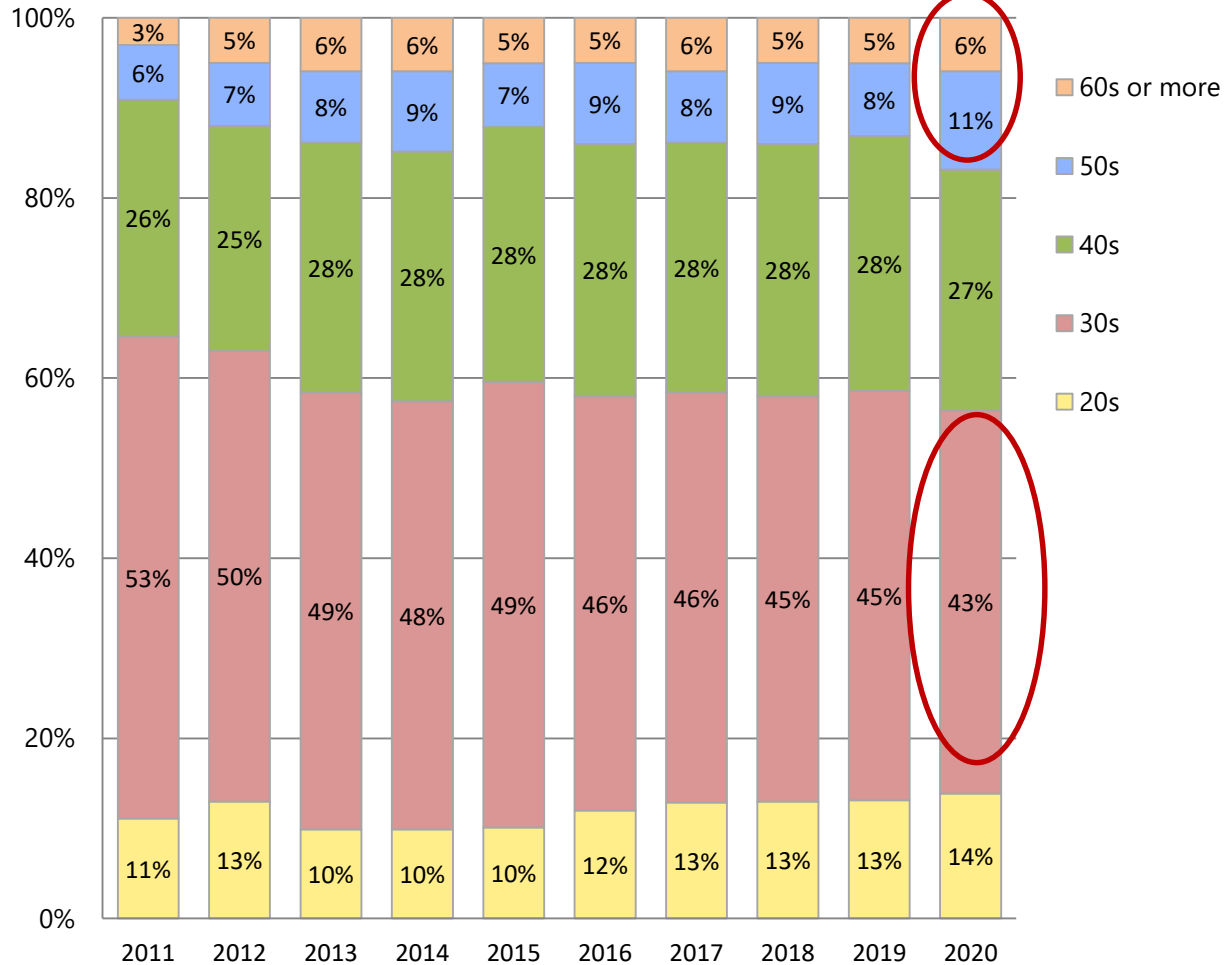
House price to income ratio and household income of condominium purchasers (in Tokyo)



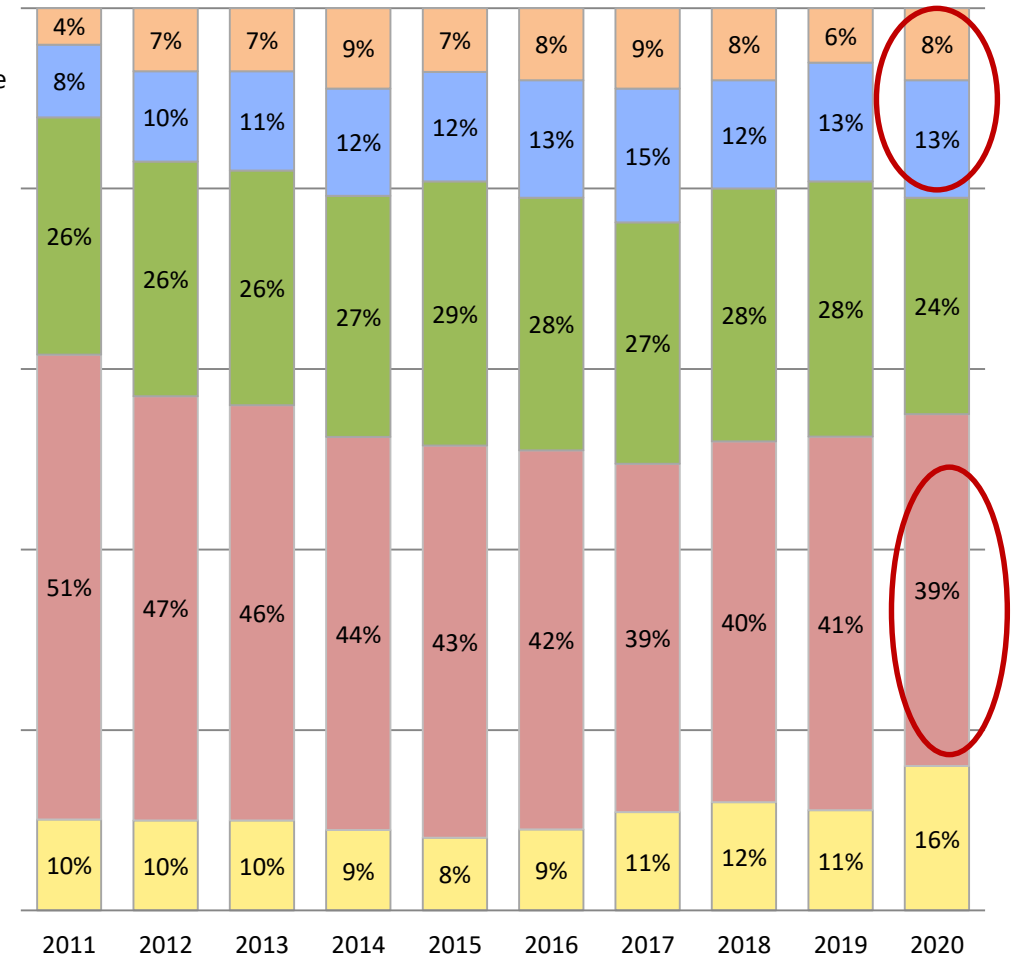
Source: "Customer Survey on Flat 35 Users" by Japan Housing Finance Agency
 Compiled using data of housing loans approved from April through March of the following year
 Single-family homes: New home purchase funds (detached house, etc.); Condominiums: New condominium purchase funds (apartment buildings)
 Household income is the total of income of home loan applicants and income of his or her spouse or other person(s) living in the same household
 Home price to income ratio is calculated based on the total necessary funds including funds on hand.

Among the people who purchased condominiums, the percentage of people in their 50s has been on the rise and that of people in their 30s has been on the decline

Age distribution of single-family home purchasers (in Tokyo)



Age distribution of condominium purchasers (in Tokyo)



Source : Japan Housing Finance Agency

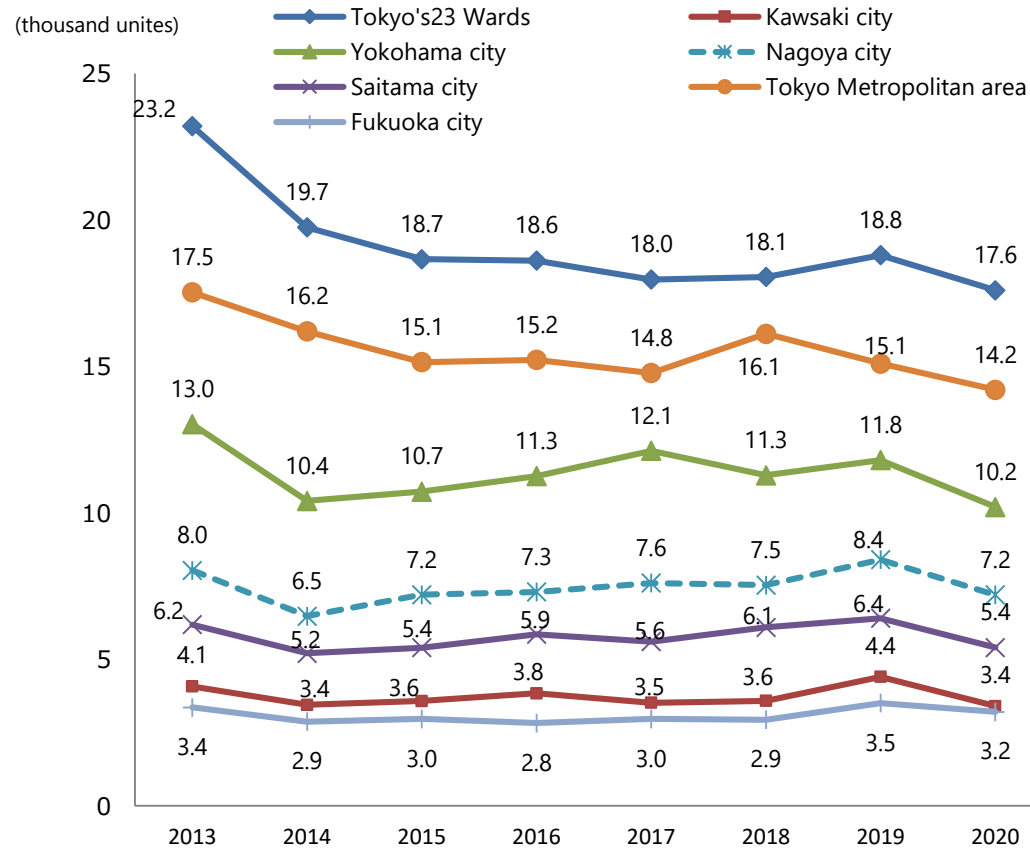
Compiled using data of housing loans approved from April through March of the following year.

Single-family homes: New home purchase funds (detached house, etc.); condominiums: new condominium purchase funds (apartment buildings)



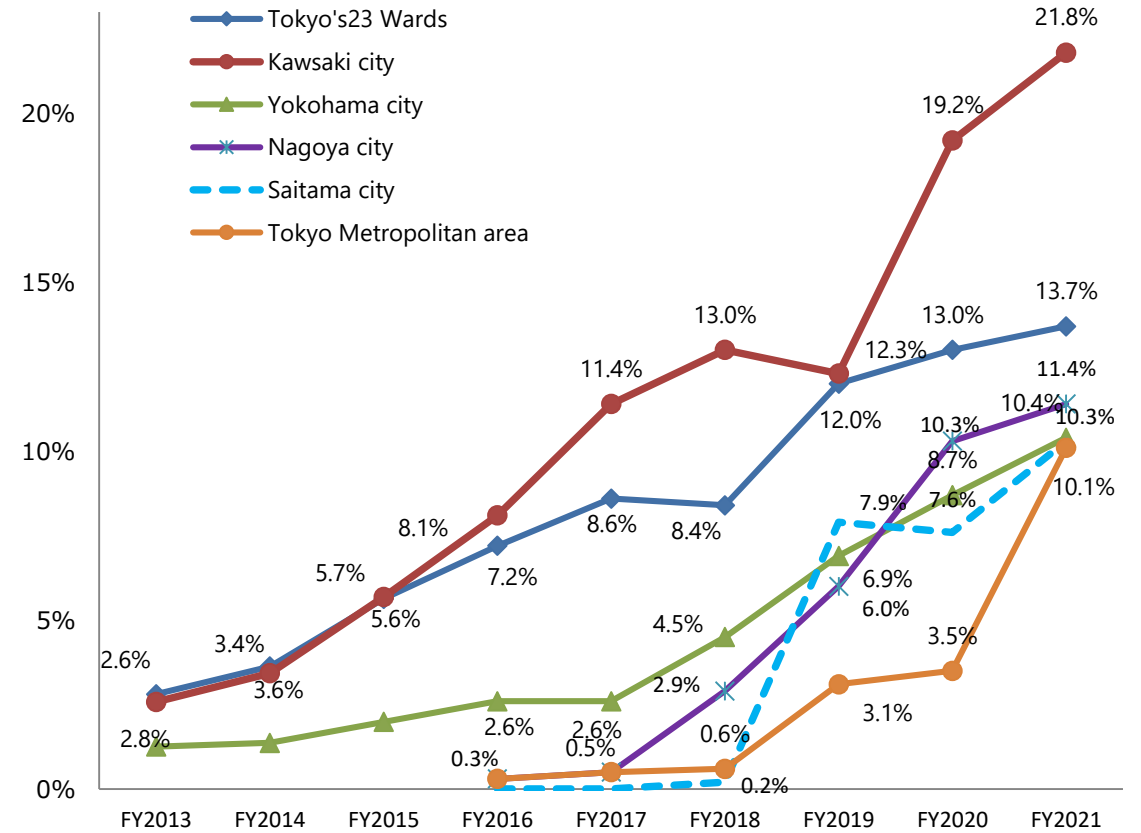
Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

New single-family housing starts in our service areas



Sources: "Construction Statistics", "Housing Starts", the Ministry of Land, Infrastructure, Transport and Tourism.

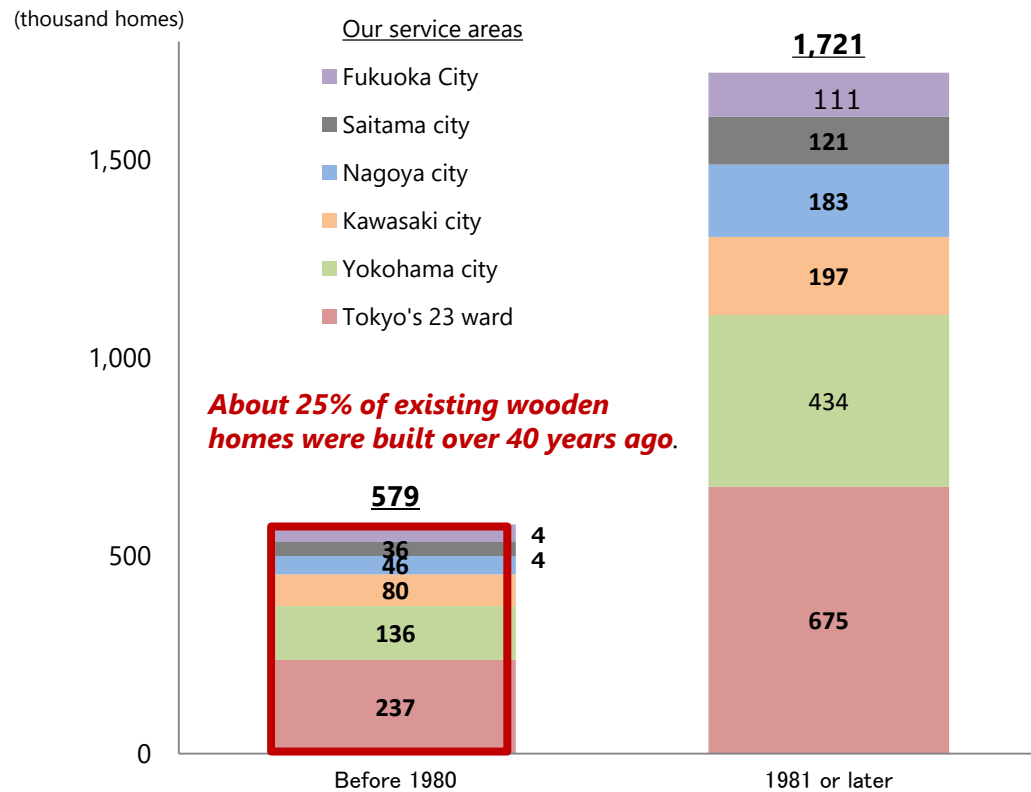
The Group's market share by service area



Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.
 Until FY2018: Only Open House Development is included
 From FY2019: Hawk One is included.
 FY2021 figures are estimates divided by the number of housing starts by area in 2020 due to the period for statistical.

Housing stock that can be used as land for development is available in large volumes

Building stock of wooden single-family homes by construction period



Sources:
"Housing and Land Survey in 2018" by the Ministry of Internal Affairs and Communications

Housing situation in Japan

- The average age of homes rebuilt in Japan is **37.0 years.** *1
- The average site area per single-family home lot in Tokyo's 23 wards in 1988 was **40.3 tsubo** (1,431.6 sq. ft). *2
- The average site area of single-family homes developed by Open House is **17-18 tsubo** (600-640 sq. ft), enabling it to build two homes per single-family home lot.

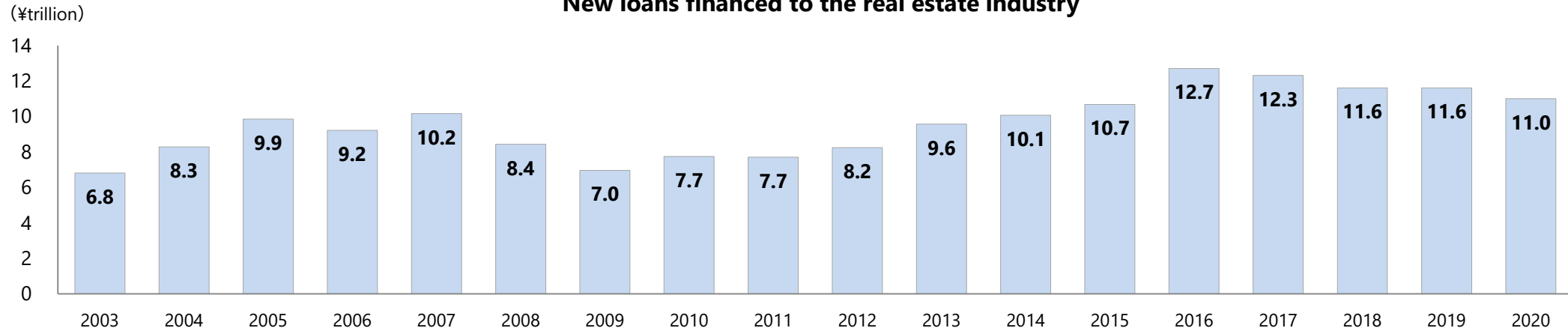
Sources:

*1 "Customer Survey Report on the Purchase of Detached Houses in the Fiscal Year 2017" by Japan Federation of Housing Organizations

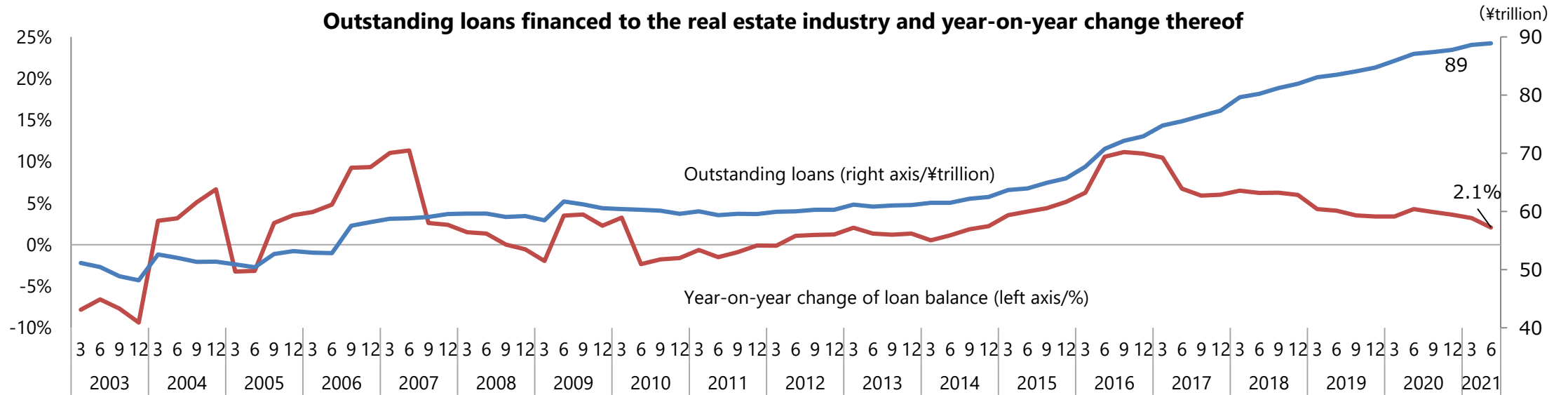
*2 "Housing and Land Survey in 1988" by the Ministry of Internal Affairs and Communications

Outstanding loans have been increasing although new loans financed to the real estate industry have declined slightly

New loans financed to the real estate industry

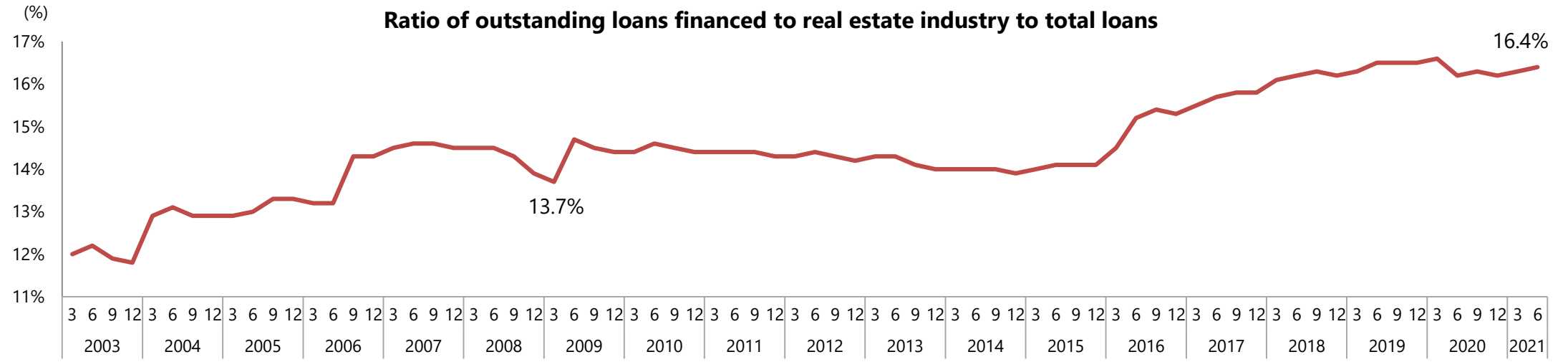


Outstanding loans financed to the real estate industry and year-on-year change thereof

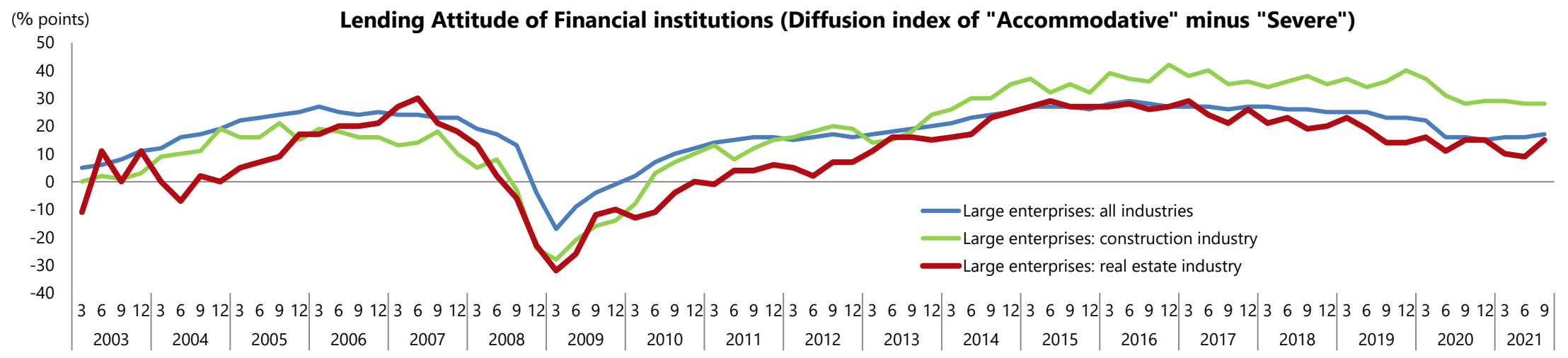


Source: "Loans by borrower" published by the Bank of Japan

The ratio of outstanding loans financed to the real estate industry to total loans has increased



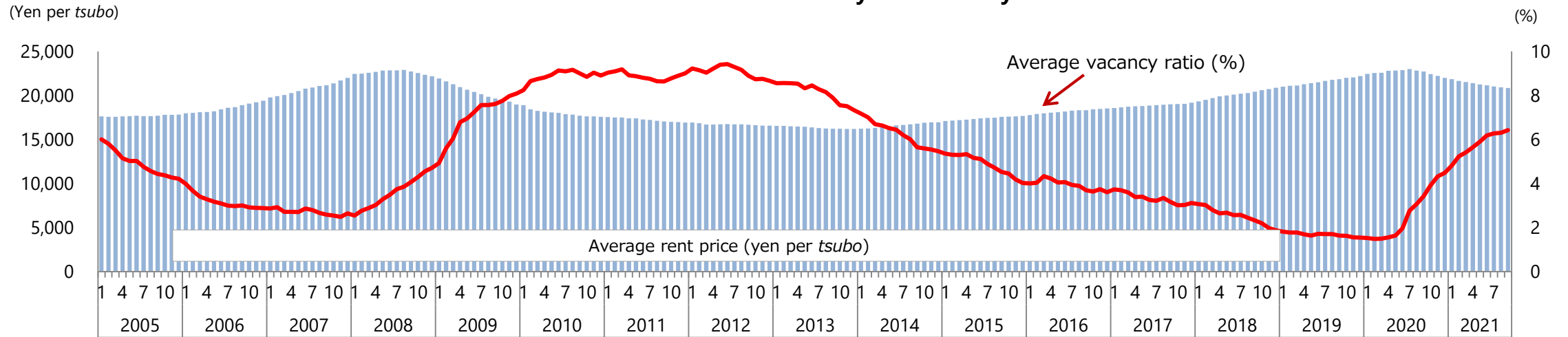
Source: "Loans by borrower" published by the Bank of Japan



Source: "Short-Term Economic Survey of Enterprises in Japan" published by the Bank of Japan

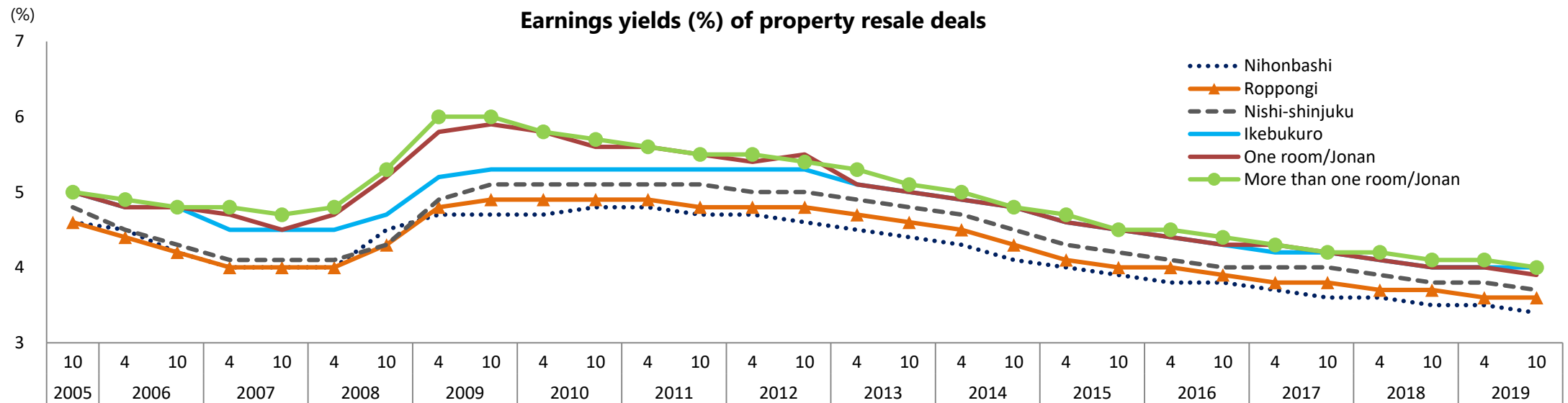
Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

Trends of office rentals and vacancy ratios in Tokyo



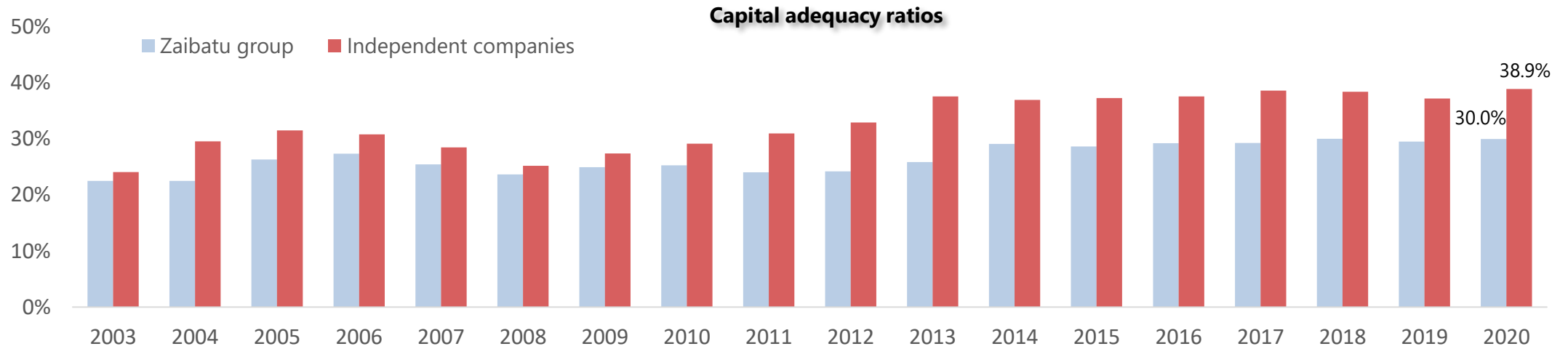
Source: MIKI OFFICE REPORT TOKYO

Earnings yields (%) of property resale deals

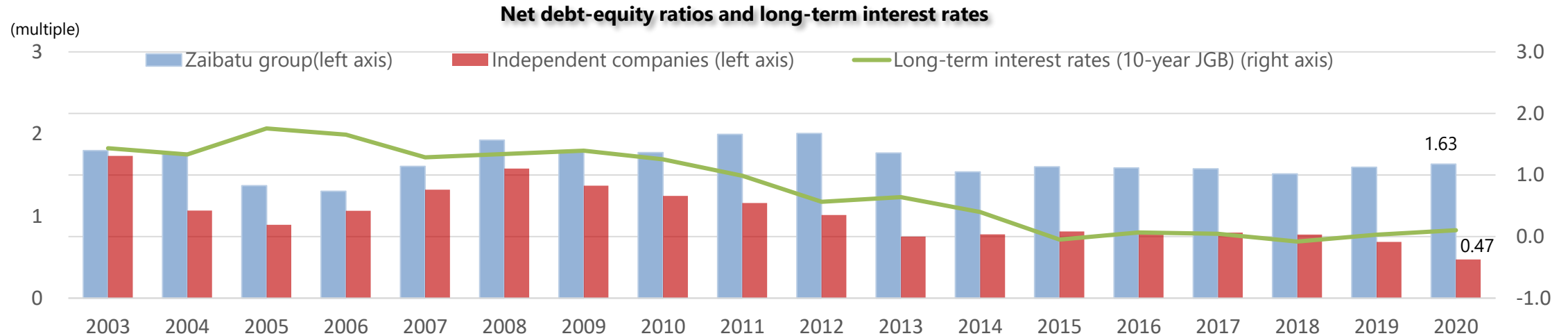


Source: Japan Real Estate Institute, "The Japanese Real Estate Investor Survey"

Independent companies have been maintaining stronger financial health than *zaibatsu* groups



Note: "Zaibatsu" means a financial conglomerate



Companies surveyed: Seven real estate companies of zaibatsu groups, and 25 independent companies which are listed on the real estate industry of the Tokyo Stock Exchange and hold total assets of ¥ 100 billion or above
 Long-term interest rates: Actuals as of March 31 of every year, Net debt-equity ratio: (Borrowing+ Corporate bonds- Cash/deposits) / Net assets
 Source: Weighted average numbers calculated based on the actual figures reported in companies' annual security reports



<https://openhouse-group.co.jp/ir/en/>

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