

**For the Fiscal Year Ended September 30, 2021**

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**Annual Select<sup>®</sup> 2021**

# Open House Group Co., Ltd.

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**2-4-1 Marunouchi, Chiyoda-ku, Tokyo  
(Securities Code: 3288)**

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## Corporate Profile

Open House Co., Ltd. changed its trading name to Open House Group Co., Ltd. (hereinafter the “Company”) on January 1, 2022. At the same time, it completed an absorption-type company split by separating its business divisions into another company to become a pure holding company.

The Company and its 35 subsidiaries and associates (32 consolidated subsidiaries and 3 equity method affiliate; hereinafter collectively with the Company, the “Group”) are engaged in the following businesses:

(1) Single-family homes related business

In the single-family homes related business, the Group has established an integrated system from purchase of land and construction to brokerage and sales in order to consistently ensure a stable and efficient supply of affordable single-family homes in urban areas.

(2) Condominiums business

In the condominiums business, the Group is engaged in the development and sale of newly-built condominiums. We develop and offer compact condominiums targeted principally at single- or two-person households, which show a high preference for condominiums, in convenient and valuable locations mainly in urban areas in Tokyo metropolitan, Nagoya and Fukuoka areas.

(3) Property resale business

In the property resale business, the Group is engaged in the purchase, management and sale of real estate for investment. We mainly purchase income-generating real estate properties such as small office buildings and rental condominiums in Tokyo metropolitan area and, after increasing their asset value through such means as leasing and renovation, resell them to wealthy individuals and operating companies as real estate for investment.

(4) Others

In others segment, the Group is mainly engaged in the U.S. real estate business, through which we sell U.S. real estate properties and offer related services, including consulting, property management and financial services, to wealthy class of customers residing in Japan.

(5) PRESSANCE CORPORATION

PRESSANCE CORPORATION Co., Ltd. (hereinafter “PRESSANCE CORPORATION”) is engaged in the planning, development and sale of studio apartments (for rent for single persons for investment) and condominiums for families (for family use).

This segment operates its business mainly in Kansai, Tokai, Kanto, and Okinawa areas. PRESSANCE CORPORATION engages mainly in the planning and development of condominiums and the sales of studio

apartments. PRESSANCE JYUHAN Co., Ltd. engages in sales agency in condominiums for families and the sales of single-family homes. PRESSANCE REALTA Co., Ltd. engages in the brokerage, purchases, and sales of secondhand properties. SANRITSU PRECON Co., Ltd. engages in the sales of condominiums for families in Tokai area. Besides real estate sales, PRESSANCE CORPORATION engages in rental management business for studio apartments (tenant placement and rent collection on behalf of owners) and rental business (rental of condominiums held by PRESSANCE CORPORATION). PRESSANCE COMMUNITY Co., Ltd. engages mainly in the building management for condominiums sold by PRESSANCE CORPORATION.

Note: PRESSANCE CORPORATION is listed on the First Section of the Tokyo Stock Exchange.

## I. Summary of Selected Financial Data (Consolidated)

Fiscal year		21st business term	22nd business term	23rd business term	24th business term	25th business term
Year end		Sept. 2017	Sept. 2018	Sept. 2019	Sept. 2020	Sept. 2021
Net sales	(Millions of yen)	304,651	390,735	540,376	575,951	810,540
Ordinary profit	(Millions of yen)	36,131	46,052	54,928	77,357	97,590
Profit attributable to owners of parent	(Millions of yen)	24,797	31,806	39,407	59,491	69,582
Comprehensive income	(Millions of yen)	24,894	32,096	38,540	58,812	74,483
Net assets	(Millions of yen)	83,379	113,486	138,067	233,695	347,143
Total assets	(Millions of yen)	256,736	393,367	445,904	569,038	879,913
Net assets per share	(Yen)	743.60	960.22	1,246.15	1,855.66	2,329.72
Earnings per share (EPS)	(Yen)	221.71	285.08	351.22	525.36	552.40
Diluted earnings per share (Diluted EPS)	(Yen)	220.38	282.88	349.11	522.37	550.41
Equity ratio	(%)	32.3	27.0	30.9	41.0	33.4
Return on equity (ROE)	(%)	33.8	33.6	32.3	32.1	26.4
Price earnings ratio	(Times)	8.86	9.82	7.33	7.23	11.98
Net cash provided by (used in) operating activities	(Millions of yen)	(799)	(10,017)	14,344	48,793	50,123
Net cash provided by (used in) investing activities	(Millions of yen)	(1,337)	(12,582)	(4,800)	(24,054)	23,541
Net cash provided by (used in) financing activities	(Millions of yen)	25,181	50,696	7,186	59,430	40,588
Cash and cash equivalents at end of period	(Millions of yen)	90,910	118,978	135,345	219,218	334,506
Number of employees		1,522	2,263	2,642	2,876	4,087
(Average number of temporary employees)	(Persons)	(173)	(248)	(240)	(242)	(286)

Notes: 1. Net sales do not include consumption and other taxes.

2. Starting with the 23rd business term, the Group has applied ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" and ASBJ Guidance No. 28 "Implementation Guidance on Tax Effect Accounting." Accordingly, the figures for the 22nd business term represent results after retrospectively applying the said accounting standard and guidance.

3. Starting with the 23rd business term, the Group has applied ASBJ Statement No. 29 "Accounting Standard for Revenue Recognition" and ASBJ Guidance No. 30 "Implementation Guidance on Accounting Standard for Revenue Recognition." Accordingly, the figures for the 23rd business term represent results after applying the said standard.

4. The number of employees represents the number of persons in employment (excluding individuals seconded from the Group (the Company and its consolidated subsidiaries) to companies outside the Group and including individuals seconded from companies outside the Group to the Group), and the average number of temporary employees (including temporary employees staffed from staff agencies) for each fiscal year is excluded from the number of employees and shown in parentheses.

The Group temporarily employs individuals planned to be regularly employed in April to provide them with training before they formally join the Group. However, they are not included in the average number of temporary employees above.

5. The Company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019. Net assets per share, EPS and Diluted EPS were calculated assuming the stock split was conducted at the beginning of the 21st business term.

## II. CEO Message

### Consolidated financial results for the fiscal year ended September 30, 2021

#### Record high net sales and income for the ninth consecutive year

As for the consolidated financial results for the fiscal year ended September 30, 2021, the Group achieved significant growth with net sales of 810.5 billion yen (up 40.7% year on year) and ordinary income of 101.1 billion yen (up 62.7% year on year). In particular, net sales jumped at once from 575.9 billion yen for the previous fiscal year to 810.5 billion yen, reflecting three upward revisions of financial forecasts from the initially forecasted net sales of 634.0 billion yen.

The strong performance was mainly driven by the strong net sales from the single-family homes related business of 446.9 billion yen (up 17.7% year on year).

The demand for single-family homes has been high in urban areas where the number of households is increasing due to the rising prices and declining supply of newly-built condominiums, which started several years ago.

In addition, the spread of the new lifestyle under the COVID-19 pandemic has brought more attention to single-family homes as they better meet needs such as for securing a working place to work from home. As a result, sales of single-family homes remained strong.

In January 2021, the Company acquired shares of PRESSANCE CORPORATION, accounting for 64.45% of the aggregate number of voting rights, and converted it to a consolidated subsidiary. As a result, PRESSANCE CORPORATION has contributed to the consolidated financial results of the Company from the second quarter of the fiscal year ended September 30, 2021 onwards.

#### Mid-term Business Plan

##### **“Ikouze 1 cho, 2023!” - “Jump to 1 trillion, 2023!”**

Toward the achievement of the management targets set by the Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” (from October 2020 to September 2023), the Group raised the net sales target for the fiscal year ending September 30, 2023, the final year of the Plan, by 250.0 billion yen from 800.0 billion yen announced in November 2020 to 1.05 trillion yen through two upward revisions.

Solid demand is expected for real estate for actual use, which is handled by the single-family homes related business (our core business) and the condominium business. In addition, real estate for investment, which is handled by the property resale business and the U.S. real estate business in others segment, is also expected to benefit from sustained demand on the back of the continued easy monetary policy. In such a business environment, the Group will aim to achieve balanced growth through portfolio management that consists of both real estate for actual use and real estate for investment.

#### Initiatives for the fiscal year ending September 30, 2021

##### **We aim to achieve net sales of 920.0 billion yen.**

In the fiscal year ending September 30, 2022, the Group aims to achieve net sales of 920.0 billion yen (up 13.5% year on year) by further expanding its businesses in all segments, centered on the single-family homes related business.

In the single-family homes-related business, we will increase our market share in the existing Tokyo metropolitan, Nagoya and Fukuoka areas while expanding our business into Kansai area. We will also aim at continued growth of the business by taking advantage of the Group's strength of the integrated system from land purchase to construction and sales while strengthening cooperation with group companies.

In the condominiums business, we will strive to return to growth, especially of condominiums with compact room layouts targeted at single- or two-person households in convenient locations in urban areas.

In the property resale business, as the demand for income-generating real estate properties is expected to be strong against the backdrop of the continued easy monetary policy, we will aim to continue to achieve further growth.

In the U.S. real estate business in others segment, we will strengthen the sales of secondhand single-family homes and other properties in the U.S. to Japanese corporations and wealthy individuals as pure investment products mainly for diversified asset allocation.

PRESSANCE CORPORATION will focus on the development of studio apartments in the Tokyo metropolitan area as well as its existing areas including Kansai area, leveraging the ample real estate information collected by the Group.

Through the above initiatives, we once again aim to achieve record high net sales and income for the tenth consecutive year in the fiscal year ending September 30, 2021.

#### **Shareholder return**

**The Company planned to pay a year-end dividend of 62 yen per share for the fiscal year ended September 2021.**

Based on the plan mentioned above, the full-year dividend for the fiscal year ended September 30, 2021 is 112 yen per share (consisting of an interim dividend of 50 yen per share and a year-end dividend of 62 per share), an increase of 32 yen per share from the previous fiscal year. The payout ratio increased by 5.1 percentage points from the previous fiscal year to 20.3%.

Furthermore, the Company plans to pay a full-year dividend of 124 yen per share (of which an interim dividend of 62 yen per share) for the fiscal year ending September 30, 2022.

Open House Group will make an all-out effort to achieve further growth. Therefore, we sincerely ask our shareholders for their continued and further support for the Group.

**Masaaki Arai, President & CEO, Open House Group Co., Ltd.**

### III. Management's Analysis and Discussion of Financial Position, Operating Results and Cash Flows

#### (1) Overview of operating results, etc.

The overview of the Group's financial position and operating results for the fiscal year ended September 30, 2021 is as follows:

##### (i) Financial position and operating results

###### a. Financial position

###### (a) Assets

As of September 30, 2021, the Group posted total assets of 879,913 million yen, a year-on-year increase of 310,874 million yen.

This was mainly due to an aggregate increase of 190,842 million yen in real estate for sale and real estate for sale in process including the increase resulting from the conversion of PRESSANCE CORPORATION to a consolidated subsidiary in January 2021 and an increase in cash and deposits of 118,503 million yen.

###### (b) Liabilities

Total liabilities amounted to 532,769 million yen, a year-on-year increase of 197,426 million yen.

This was mainly due to an aggregate increase of 165,898 million yen in short-term borrowings, long-term borrowings (including current portion of long-term borrowings), and bonds payable and an increase in advances received of 11,422 million yen.

###### (c) Net assets

Net assets amounted to 347,143 million yen, a year-on-year increase of 113,447 million yen.

This was mainly due to an increase in retained earnings of 58,201 million yen and the recognition of non-controlling interests of 52,782 million yen.

##### b. Operating results

For the fiscal year ended September 30, 2021, the Group posted net sales of 810,540 million yen (up 40.7% year on year), operating profit of 101,103 million yen (up 62.7 %), ordinary profit of 97,590 million yen (up 26.2%) and profit attributable to owners of parent of 69,582 million yen (up 17.0%).

The overview of operating results by segment is as follows:

###### (Single-family homes related business)

In the single-family homes related business, net sales stood at 446,959 million yen (up 17.7% year on year), and operating profit increased significantly to 62,294 million yen (up 53.1 %).

This was mainly due to the strong sales driven by rising demand for single-family homes in urban areas as the number of customers requiring working place at home increased under the new lifestyle spreading amid the COVID-19 pandemic.

###### (a) Brokerage (Open House)

In July 2021, the Company opened Shimokitazawa Sales Center in Setagaya-ku, Tokyo and Kashiwa Sales Center in Kashiwa-shi, Chiba Prefecture. As such, with 57 sales centers in six prefectures, namely Tokyo, Kanagawa Prefecture, Aichi Prefecture, Saitama Prefecture, Fukuoka Prefecture and Chiba Prefecture, we have striven to strengthen our sales capabilities.

As a result, the number of brokerage transactions increased steadily to 8,474 (up 22.1% year on year).

(b) Sale of single-family homes in urban areas (Open House Development)

The results by type of sale are as follows:

Type of sale	Number of units	Net sales (Millions of yen)	YoY increase (%)
Newly built-for-sale house	3,396	138,732	18.9
Land	3,088	128,171	18.6
Built-to order house	1,814	26,618	12.7
Other	—	638	—
Total	—	294,160	18.2

(c) Built-to order house (Open House Architect)

In addition to steady growth in built-to-order houses for built-for-sale housing corporations in the Tokyo metropolitan area, the number of built-to-order houses entered into by the Group has also grown.

As a result, net sales including intra-group transaction stood at 57,800 million yen (up 4.1% year on year).

(d) Sale of single-family homes in quasi-urban areas (HAWK ONE)

The Group focuses on the sale of newly built-for-sale houses, especially in quasi-urban areas in the Tokyo metropolitan area. Sales remained strong driven by rising demand for single-family homes on the back of the COVID-19 pandemic.

As a result, net sales stood at 105,329 million yen (up 20.9% year on year).

(Condominiums business)

In the condominiums business, the Group offers newly-built condominiums for sale in urban areas in Tokyo's 23 wards, Aichi Prefecture and Fukuoka Prefecture.

In response to the land price hikes in Tokyo's 23 wards, we restrained purchases. As a result, the segment results fell short of those for the previous fiscal year, although they were in line with the plan.

As a result, net sales stood at 46,676 million yen (down 19.8% year on year), and operating profit amounted to 6,507 million yen (down 32.3%).

The results by type of sale are as follows:

Type of sale	Number of units	Net sales (Millions of yen)	YoY increase (%)
Sale of condominiums	1,081	46,471	(19.8)
Other	—	205	—
Total	—	46,676	(19.8)

(Property resale business)

In the property resale business, the effect of COVID-19 on real estate for investment has been insignificant. The segment sales grew steadily, backed by strong demand for properties such as rental condominiums and office buildings to be purchased for investment by operating companies and wealthy individuals who are target customers of the Group.

As a result, net sales stood at 122,718 million yen (up 9.4% year on year), and operating profit amounted to 12,285 million yen (up 17.2%).

(Others)

In others segment, despite the temporary decline in investment appetite for U.S. real estate due to the tax reform related to overseas real estate announced at the end of 2019, the demand for diversified asset investment recovered, and segment results remained strong.

As a result, net sales stood at 44,848 million yen (up 72.7% year on year), and operating profit amounted to 5,232 million yen (up 126.1%).

(PRESSANCE CORPORATION)

PRESSANCE CORPORATION focused on selling condominiums for investment and condominiums for families in good locations in Kinki area (its main sales area), Tokai and Chukyo areas, and the Tokyo metropolitan area, as well as in the downtown areas of regional hub cities including Okinawa.

As a result, net sales stood at 149,337 million yen (year-on-year change is not presented as this segment has been newly established in the fiscal year ended September 30, 2021 following the conversion of PRESSANCE CORPORATION to a consolidated subsidiary), and operating profit amounted to 16,502 million yen (year-on-year change is not presented for the same reason as above).

(ii) Cash flows

Cash and deposits (hereinafter “net cash”) as of September 30, 2021 increased by 115,288 million yen year on year to 334,506 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 50,123 million yen (compared to net cash provided of 48,793 million yen in the previous fiscal year).

This was mainly due to profit before income taxes of 101,970 million yen, which was more than offset by income taxes paid of 30,819 million yen and an increase in inventories of 24,945 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to 23,541 million yen (compared to net cash used of 24,054 million yen in the previous fiscal year).

This was mainly due to proceeds from the purchase of shares of subsidiaries resulting in change in scope of consolidation of 35,256 million yen, which was more than offset by an aggregate purchase of property, plant and equipment and investment securities of 9,431 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 40,588 million yen (compared to net cash provided of 59,430 million yen in the previous fiscal year).

This was mainly due to net cash provided of 52,354 million yen from the sum of repayments of borrowings, proceeds from borrowings, and proceeds from issuance of bonds, which was more than offset by dividends paid of 11,330 million yen.



## (2) Results of production, orders received and sales

### (i) Results of production

As the Group's production results are approximately the same as the results of sales, for details, refer to "Results of sales."

### (ii) Results of orders received

The status of orders received for built-to order houses during the fiscal year ended September 30, 2021 is as follows:

Segment	Orders received (Millions of yen)	YoY change (%)	Order backlog (Millions of yen)	YoY change (%)
Single-family homes related business	75,532	24.3	52,872	27.4
PRESSANCE CORPORATION	120,480	—	85,457	—

Notes: 1. The above figures do not include consumption and other taxes.

2. The information on segments other than the above is omitted as the nature of services offered through such segments is not fit to describe the status of orders received.

### (iii) Results of sales

For details of the results of sales, refer to the description of operating results by segment in "(1) Overview of operating results, etc."

## (3) Management's analysis and discussion of operating results, etc.

Management's recognition, analysis and discussion of the Group's operating results, etc. are as follows.

Any forward-looking statements in the following discussion are based on the judgment of management as of September 30, 2021.

### (i) Recognition, analysis and discussion of financial position and operating results

#### a. Recognition, analysis and discussion of operating results, etc.

During the fiscal year ended September 30, 2021, the Japanese economy continued to face challenging circumstances. In particular, personal consumption was weak primarily in the service sector due to the effect of the state of emergency declaration, which lasted for a prolonged period to control COVID-19 infection. On the other hand, capital expenditures, housing construction, and the manufacturing sector are picking up. In addition, consumer sentiment has shown signs of recovery in response mainly to the progress of vaccine rollout and decreases in the number of COVID-19 infection cases.

In the real estate industry, in which the Group operates, the national average standard land prices of both commercial and residential areas continued to fall for the second year in a row according to the land price survey conducted in 2021. On the other hand, land prices of both commercial and residential areas are rising in the Tokyo metropolitan area and Nagoya area. In addition, rising land prices are increasingly observed in wider areas particularly in scarce residential areas in urban centers or residential areas providing convenient transportation access.

Under such business environment, the Group worked to achieve the management targets set by the Mid-term Business Plan "Ikouze 1 cho, 2023!" - "Jump to 1 trillion, 2023!" (from the fiscal year ended September 30, 2021 to the fiscal year ending September 30, 2023). In the fiscal year ended September 30, 2021, the core single-family homes related business benefitted from the continuation of strong demand for single-family

homes arising from the needs for securing a working place at home to prepare for teleworking as part of the new lifestyle. In addition, with the conversion of PRESSANCE CORPORATION to a consolidated subsidiary in January 2021, the Group achieved a significant growth in operating results.

#### b. Analysis of operating results

##### (a) Net sales

Net sales for the fiscal year ended September 30, 2021 increased by 234,588 million yen year on year to 810,540 million yen (up 40.7% year on year).

This was mainly because the net sales from the single-family homes related business increased by 67,302 million yen to 446,959 million yen (up 17.7%) and net sales increased by 149,337 million yen as a result of the conversion of PRESSANCE CORPORATION to a consolidated subsidiary in January 2021.

##### (b) Cost of sales, gross profit

Cost of sales for the fiscal year ended September 30, 2021 increased by 173,586 million yen year on year to 655,224 million yen (up 36.0% year on year), while gross profit increased by 61,002 million yen to 155,315 million yen (up 64.7%). Gross profit margin increased by 2.8 percentage points to 19.2% (compared to 16.4% in the previous fiscal year).

This was mainly due to the increase in gross profit margin by 3.5 percentage points to 19.5% (16.0% for the previous fiscal year) driven by the strong sales from the single-family homes related business and increases in cost of sales and gross profit by 119,913 million yen and 29,424 million yen, respectively, as a result of the conversion of PRESSANCE CORPORATION to a consolidated subsidiary.

##### (c) Selling, general and administrative expenses, operating profit

Selling, general and administrative expenses increased by 22,028 million yen year on year to 54,211 million yen (up 68.4% year on year) while selling, general and administrative expense ratio increased by 1.1 percentage points to 6.7% (compared to 5.6% in the previous fiscal year).

This was mainly due to the effect of the profit structure of PRESSANCE CORPORATION with a gross profit margin of 19.7% and a selling, general and administrative expense ratio of 8.7%, which improved the overall profitability of the Group following the conversion of PRESSANCE CORPORATION to a consolidated subsidiary.

Operating profit increased by 38,974 million yen year on year to 101,103 million yen (up 62.7%). Meanwhile, operating income margin increased by 1.7 percentage points to 12.5% (compared to 10.8% in the previous fiscal year).

##### (d) Non-operating income and expenses, ordinary profit

Non-operating income decreased by 15,883 million yen year on year to 2,473 million yen (down 86.5% year on year), while non-operating expenses increased by 2,857 million yen year on year to 5,986 million yen (up 91.3%).

This was mainly due to an increase in share of profit of entities accounted for using equity method of 17,786 million yen and an increase in non-operating expenses of 1,459 million yen in the previous fiscal year as a result of the conversion of PRESSANCE CORPORATION to an equity-method affiliate in April 2020.

As a result, ordinary profit increased by 20,232 million yen year on year to 97,590 million yen (up 26.2% year on year). In addition, ordinary income margin decreased by 1.4 percentage points to 12.0% (compared to 13.4% in the previous fiscal year).

(e) Extraordinary income or loss, profit attributable to owners of parent

Extraordinary income or loss consists of a gain on bargain purchase of 15,475 million yen and a loss on step acquisitions of 11,095 million yen, both of which arose from the conversion of PRESSANCE CORPORATION to a consolidated subsidiary.

As a result, profit attributable to owners of parent increased by 10,090 million yen year on year to 69,582 million yen (up 17.0% year on year). In addition, ratio of profit to net sales decreased by 1.7 percentage points to 8.6% (compared to 10.3% in the previous fiscal year).

(ii) Objective indicators to assess the achievement of management policies, strategies and targets

The Group formulated the Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” (from October 2020 to September 2023). In formulating the Plan, we initially set the net sales target at 800.0 billion yen for the fiscal year ending September 30, 2023, the final year of the Plan. However, we raised the target by 250.0 billion yen to 1.05 trillion yen through two upward revisions, reflecting the strong business progress for the fiscal year ended September 30, 2021. In terms of capital policy, we maintain the initial targets of ROE of 20.0%, equity ratio of 30.0%, and dividend payout ratio of 20.0% or more. The financial results and the progress status against the targets for the fiscal year ended September 30, 2021, the first year of the Mid-term Business Plan, are as follows:

Net sales were 810,540 million yen (achievement rate of 127.8% against the initial target of 634,000 million); operating profit was 101,103 million yen (146.5% against 69,000 million yen); ordinary profit was 97,590 million yen (139.4% against 70,000 million yen); profit attributable to owners of parent was 69,582 million yen (139.2% against 50,000 million yen); ROE was 26.4% (exceeding the target by 6.4 percentage points); equity ratio was 33.4% (exceeding the target by 3.4 percentage points); and dividend payout ratio was 20.3% (exceeding the target by 0.3 percentage points), exceeding the targets in all indicators.

(iii) Capital resources and funding liquidity

The Group’s capital requirements are primarily to fund the acquisition of commercial land and properties, construction works, investments to expand its business and working capital in each segment.

The resources of these funds include shareholders’ equity, interest-bearing debt through borrowings from financial institutions and the issuance of corporate bonds as well as cash flows from operating activities. Besides that, the Group strives to secure a wide range of funding means suitable for various uses of funds.

(iv) Significant accounting policies and estimates

The Group’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. In preparing these consolidated financial statements, the Group makes estimates and assumptions that affect reported amounts of assets and liabilities at the balance sheet date and those of income and expenses during the reporting period. With respect to these estimates, the Group makes estimates by making assumptions and gathering information based on historical experience and other factors considered reasonable under the circumstances. However, actual results may differ from these estimates due to the uncertainty inherent in these estimates.

## IV. Mid-term Business Plan

“*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!”

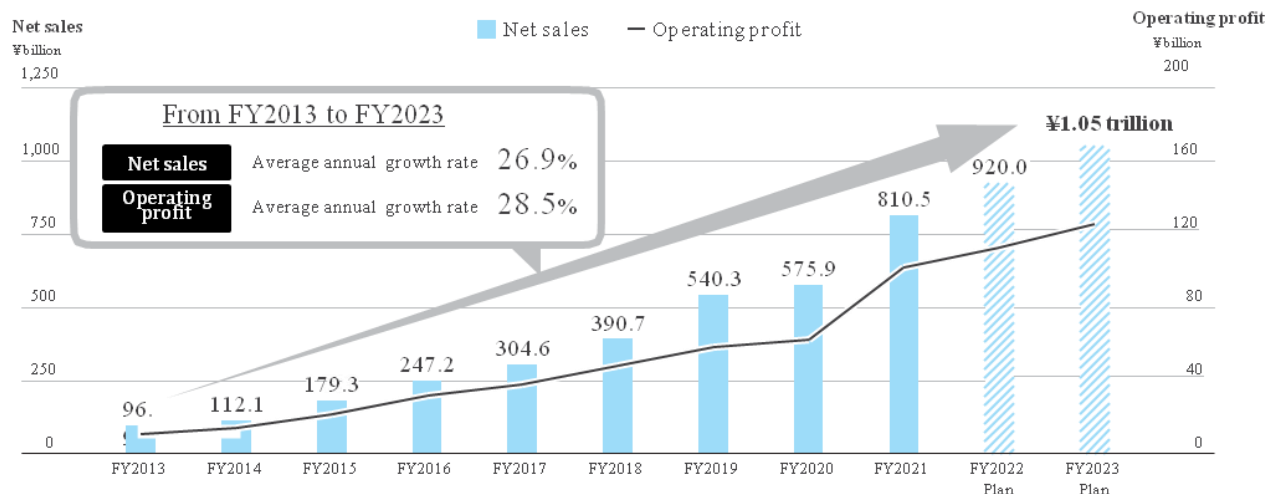
In order for the Group to grow continuously, based on the core single-family homes related business, toward achieving the net sale target of 1 trillion yen for the fiscal year ending September 30, 2023, the final year of the Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!,” we worked to further increase our market shares in existing business areas, including Tokyo metropolitan, Nagoya and Fukuoka areas, as well as expanded the single-family homes related business to tap into the Kansai region.

In other business areas, in order to achieve synergy with PRESSANCE CORPORATION, we will integrate the Group’s strong purchasing power in the Tokyo metropolitan area with PRESSANCE CORPORATION’s planning and sales capabilities to develop a business line of new condominiums for investment in the Tokyo metropolitan area. Besides that, we will also proactively pursue M&As opportunities and make strategic investments, and develop our new business, the real estate fund business which primarily manages residential properties.

Major initiatives for achieving the Mid-term Business Plan

Strategies	Major initiatives
- Continued growth based on single-family homes business	- Further expansion of shares in existing areas - Single-family homes business to tap into Kansai region
- Synergies with PRESSANCE CORPORATION	- Develop a business line of new condominiums for investment in the Tokyo metropolitan area
- M&A Strategic Investment	- Proactive M&A and strategic investments
- New Business	- Develop a real estate fund business primarily managing residential properties

### Net Sales and Operating Profit Since Stock Listing (Actual / Plan)



## V. Shifting to Holding Company Structure

By the Board of Directors meeting held on November 12, 2021, the Company resolved to transfer the single-family homes related business and other businesses, which the Company operates, to Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company (established on April 1, 2021, and scheduled to change its trading name to Open House Co., Ltd. on January 1, 2022; hereinafter the “Successor Company”), through a company split, for the transition to a pure holding company, and the Company concluded an absorption-type company split agreement with the Successor Company on November 12, 2021. After the absorption-type company split, the Company is scheduled to amend its Articles of Incorporation and change its trading name to Open House Group Co., LTD. on January 1, 2022.

### Background and Purpose

The Company has pursued “Housing desired by customers” since its foundation in 1997 as an intermediary company for the purchase and sale of newly-built single-family homes. In order to provide affordable housing in urban areas, the Company established Open House Development Co., Ltd. and established an integrated business model covering activities from the purchase of land to construction and sales, which had been unprecedented in the housing industry. Subsequently, with the aim of supplementing the construction function and expanding areas, the Company has strengthened its competitiveness in its mainstay single-family homes related business utilizing M&As with Open House Architect Co., Ltd. (formerly named Asakawa Home Co., Ltd.) and HAWK ONE CORPORATION.

The Company has also worked on building its business portfolio in the light of a changing external environment. This includes the condominiums business, which develops and sells new condominiums; the property resale business, which purchases and sells real estate for investment; and, a business that sells used single-family homes in the US to wealthy investors in Japan who are interested in investing in overseas real estate.

In November 2020, the Company announced in its Mid-term Business Plan (from October 2020 to September 2023) that it would aim for sales of 1 trillion yen in the final fiscal year. Currently, the Company is promoting efforts that include continuous growth centering on the single-family homes related business, M&As, and new initiatives. In addition, PRESSANCE CORPORATION (Securities code: 3254) was made a consolidated subsidiary in January 2021. The Company has decided to shift to a holding company structure in order to establish a management foundation that supports the further enhancement of corporate value and the achievement of sustainable growth with the following aims.

#### 1. Speeding up decision making in business promotion

Each operating company will be responsible for promoting existing businesses. The Company will move forward with the transfer of authority and establish a system that enables us to make speedy decisions in promoting businesses, thereby strengthening our competitiveness and expanding businesses in response to a rapidly changing environment.

#### 2. Strengthening the functions for managing the group

The holding company will focus on managing the group and operations related to listed shares. Besides internal audits, investor relations, management of performance and finances of the group companies, and creation of synergies, the Company will also promote implementation of capital policies required for growth and new business development needed for the group’s growth, such as M&As.

#### 3. Building a forward-looking management system

The Group aims to maximize corporate value across the Group and achieve sustainable growth by establishing a forward-looking management system, in order to optimally allocate management resources, secure and develop managerial personnel, and improve group governance.

# VI. Sustainability

## Approach to sustainability efforts

The Group promotes “sustainable efforts” aiming to contribute to realizing a sustainable society through its business activities while achieving sustainable corporate growth. Guided by the Group’s corporate philosophy of “Committed to pursuing ‘Houses that customers want’ honestly and constantly,” the Group is working to create shared value, which means to pursue both social and business value, in practice by providing single-family homes in urban areas at an affordable price so that ordinary working people can have houses in urban areas. The Group also identifies material issues based on the stakeholders’ interest as well as the Group’s priority and moves forward with initiative to address such issues.

ESG	Material Issues	Relevant SDGs
Environment	Environmental conservation	 
	Product safety and security, Promoting customer satisfaction	 
	Talent development	 
Social	Work-style reforms	 
	Supply chain management	 
Governance	Compliance	 

# VII. Corporate Governance

[Information about corporate governance, etc.]

## (1) [Overview of corporate governance]

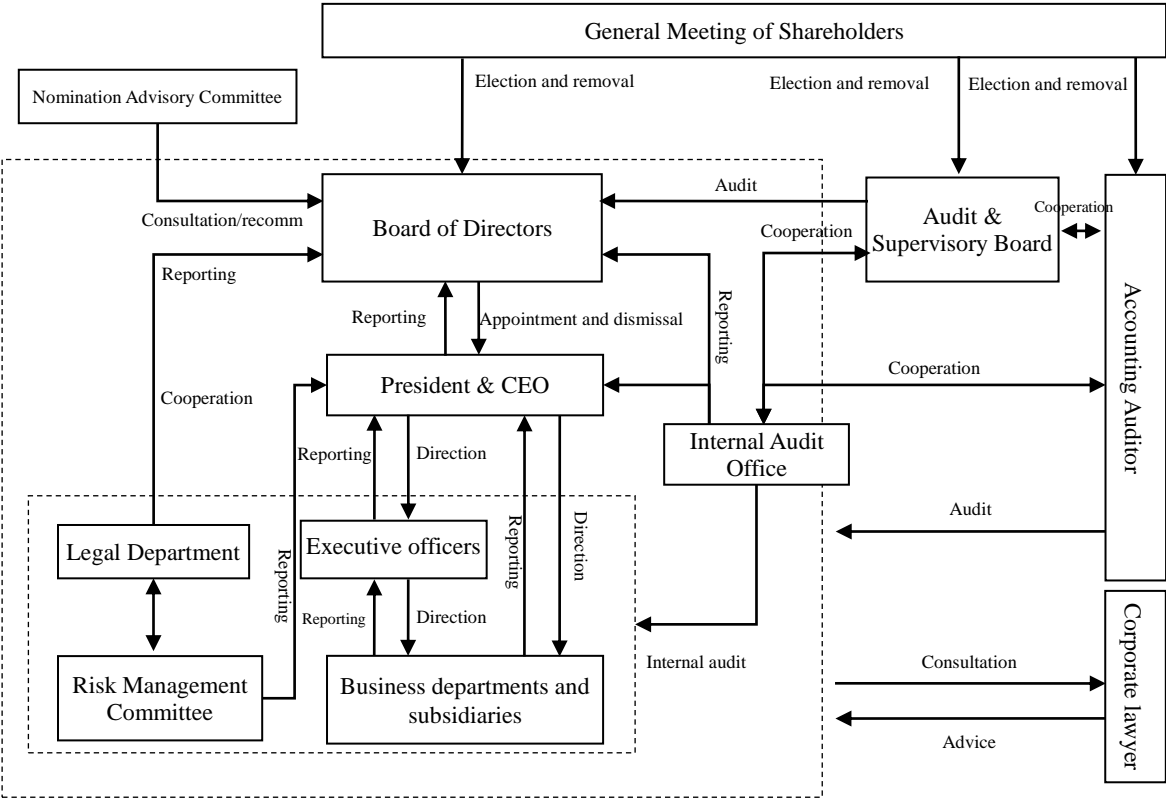
### (i) Basic approach to corporate governance

Under the Group’s corporate philosophy of “Committed to pursuing ‘Houses that customers want’ honestly and constantly,” the Company aims to be a real estate company needed by society. To this end, we believe that it is important to make efforts to establish and improve our organizational structure to ensure the appropriateness of organizational management and thereby establish an organizational foundation to achieve the Group’s sustainable growth and maximization of corporate value in the medium- to long-term. Based on such recognition, the Company discloses the “Basic Policy on Corporate Governance,” which was formulated to set forth its basic approach to and policy on corporate governance.

Regarding this policy as the Group’s highest code of corporate governance, the Company will manage its business based on this policy, while fully taking into account the purpose and background of the Corporate Governance Code.

### (ii) Overview of corporate governance structure and reasons for adoption of this structure

#### (a) Overview of corporate governance structure



The Company’s corporate governance structure is as follows:

#### <Board of Directors and Executive Officer system>

With Masaaki Arai, President & CEO, as the Chairman, the Board of Directors of the Company consists of a total of nine Directors, of which six are internal Directors (Masaaki Arai, Kazuhiko Kamata, Kotaro Wakatabi, Hitoshi Imamura, Ryosuke Fukuoka and Hiroshi Munemasa) and three are Outside Directors

(Hitoshi Ishimura, Yuko Omae and Maoko Kotani). As a management decision-making body, the Board of Directors deliberates and makes decisions on management policies and other important management matters based on the Board of Directors Rules, and supervises the execution of duties by Directors. In addition to regular meetings held once a month, the Board of Directors holds meetings as needed and has lively discussions over various issues related to the Company's business activities.

The Company's Articles of Incorporation limit the number of Directors to the minimum necessary from the perspective of pursuing swift decision-making and full management function of the Board of Directors simultaneously. The Board of Directors helps management make quick and drastic decisions based on such a structure.

The Company also adopts the Executive Officer system to increase flexibility and efficiency in both management decision-making and business execution and delegates business execution to Executive Officers. Executive Officers are responsible for practical execution of business in accordance with basic management policies and business plans resolved by the Board of Directors.

#### <Audit & Supervisory Board>

With Koichi Matsumoto, Full-time Audit & Supervisory Board Member, as the Chairman, the Audit & Supervisory Board consists of three Outside Audit & Supervisory Board Members (Koichi Matsumoto, Yuzo Toyama and Mieko Hosaka), and, in addition to regular meetings held, in principle, once a month, holds meetings as needed. Among the members, two Audit & Supervisory Board Members (Koichi Matsumoto and Yuzo Toyama) are Outside Audit & Supervisory Board Members with extensive knowledge and insight into finance and accounting as well as a wealth of experience as auditors. Such member composition ensures an objective and neutral supervisory structure.

In accordance with audit policies and plans drawn up and formulated by the Audit & Supervisory Board at the beginning of the fiscal year, Audit & Supervisory Board Members conduct audits of the execution of duties by Directors from a standpoint independent from Directors through their attendance at the Board of Directors' meetings and interviews with Directors and other officers on the status of business operations. Through information exchange, shared recognition and cooperation with the Internal Audit Division and Accounting Auditor, the Audit & Supervisory Board also strives to strengthen its auditing function by supplementing operational audits and accounting audits.

Further, the Audit & Supervisory Board assesses the appropriateness of the Accounting Auditor in accordance with the "Standards for Appointment and Evaluation of Accounting Auditor," and determines the details of a proposal concerning matters including the election of the Accounting Auditor to be submitted at a general meeting of shareholders.

#### <Nomination Advisory Committee>

With Hitoshi Ishimura, Outside Director, as the Chairman, the Nomination Advisory Committee consists of six members, including all three Audit & Supervisory Board Members and Outside Directors of the Company. The Nomination Advisory Committee deliberates matters related to the Group's corporate governance, including the selection of officers and Executive Officers, and supplements the Board of Directors' decision-making from an objective and neutral standpoint that keeps a certain distance from business execution, in order to contribute to enhancing the corporate governance of the entire Group.

#### <Internal Audit Division>

The Internal Audit Division (four staff members), which is placed directly under the President, conducts internal audits on the legality and appropriateness of the operation of internal systems and business executions



in all aspects of management, in accordance with an internal audit plan and other such documents drawn up and formulated at the beginning of the fiscal year.

In principle, the Internal Audit Division conducts internal audits of all departments of the Group and reports the results to each Group company's President & Representative Director and departments subject to the audits. The Internal Audit Division also gives improvement instructions to departments subject to the audits and monitors their improvement on an ongoing basis. Furthermore, the Internal Audit Division strives to strengthen its internal audit function by supplementing internal audits through information exchange, shared recognition and cooperation with Audit & Supervisory Board Members and the Accounting Auditor.

#### <Accounting Auditor>

The Company has appointed Deloitte Touche Tohmatsu LLC as its Accounting Auditor, and certified public accountants (CPAs) from the auditing firm conduct audits in a fair manner under the Companies Act and the Financial Instruments and Exchange Act of Japan. Additionally, CPAs from the said auditing firm also conduct accounting audits of the Company's significant subsidiaries.

The Accounting Auditor reports the audit plans and audit results to the Audit & Supervisory Board and Internal Audit Division as needed to ensure cooperation within the three-way audit system in which the Audit & Supervisory Board, Internal Audit Division and Accounting Auditor mutually cooperate each other.

#### (b) Reasons for adoption of this structure

The Company believes that swift decision-making is especially important in appropriately adapting to the business environment surrounding the Group and consistently enhancing its corporate value. The Company adopts the current corporate governance structure from the perspective of ensuring the transparency and fairness of management by establishing an objective and neutral management monitoring function while enabling flexible decision-making by taking into account the Group's business size and business plans.

## **(2) [Remuneration for officers]**

### (i) Matters related to determination of the remuneration amount for officers or the calculation method

#### (a) Details of the policy on determining the remuneration amount for officers or the calculation method and the determination method thereof

At its meeting held on February 12, 2021, the Board of Directors of the Company set the policy on determining the details of remuneration of individual Directors. With regard to remuneration of individual Directors for the fiscal year under review, the Board of Directors has confirmed that the procedure for determining the details of remuneration, and such details thereby determined were consistent with the policy.

#### a. Remuneration for Directors

Remuneration of Directors consists of monetary remuneration and share-based remuneration. From the perspective of their role and independence, Outside Directors are not evaluated based on their performance for the determination of the amount of monetary remuneration paid to them. Share-based remuneration is not paid to Outside Directors and Audit & Supervisory Board Members.

In order to strongly motivate Directors to achieve financial targets for every single fiscal year, we adopt a policy to make flexible and fluid decisions concerning the monetary remuneration using indicators, consolidated ordinary profit and consolidated profit, for the previous fiscal year, taking into account the details of Directors' duties, the state of execution of their duties and their responsibilities.

As for the share-based remuneration, we adopt a policy to grant shares with a restriction on transfer (hereinafter "restricted shares") to Directors every fiscal year with an aim to motivate them to further contribute to increasing the Company's corporate value over the medium- to long-term by sharing the

benefits and risks of share price fluctuations with shareholders

The amounts of remuneration are determined upon resolution by the Board of Directors within the maximum limit of the total amount resolved at a general meeting of shareholders.

b. Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members consists of monetary remuneration.

The amount of remuneration is determined in discussions among Audit & Supervisory Board Members within the maximum limit of the total amount resolved at a general meeting of shareholders.

(b) Policy on determining the remuneration amount for officers or the calculation method by position

The Company divides Directors into three categories - Director with specific title, full-time Director (excluding those with specific titles; the same applies hereinafter in this section) and part-time Director - and Audit & Supervisory Board Members into two categories - full-time Audit & Supervisory Board Member and part-time Audit & Supervisory Board Member. The specific amounts of remuneration for officers are determined within the predetermined maximum amount for each category.

In addition to monetary remuneration, share-based remuneration is paid to Directors with specific titles as necessary. Meanwhile, monetary remuneration and share-based remuneration are paid to full-time Directors whereas only monetary remuneration is paid to part-time Directors.

(c) Details of resolutions on remuneration for officers at general meetings of shareholders

a. The followings are resolutions on remuneration for officers passed at past general meetings of shareholders. The Company stipulates in its Articles of Incorporation that the number of Directors shall be up to twelve.

i. The total amount of remuneration for Directors to be paid for a fiscal year was resolved to be up to 1,500 million yen per year (of which up to 200 million yen per year is for Outside Directors; excluding employee's salary portion) (24th Ordinary General Meeting of Shareholders held on December 23, 2020).

ii. The total amount of monetary compensation claims to be paid as remuneration in restricted shares for Directors (excluding Outside Directors) was resolved to be set at up to 200 million yen per year, separately from the amount resolved in i (21st Ordinary General Meeting of Shareholders held on December 20, 2017).

b. The amount of remuneration for Audit & Supervisory Board Members was resolved to be up to 100 million yen per year at the 6th Ordinary General Meeting of Shareholders held on December 26, 2002. In addition, the Company stipulates in its Articles of Incorporation that the number of Audit & Supervisory Board Members shall be up to four.

(ii) Remuneration amounts for officers

(a) Total amount of remuneration by officer category, total amount of remuneration by type of remuneration and the number of eligible officers

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type of remuneration (Millions of yen)				Number of eligible officers (Persons)
		Base remuneration	Share-based remuneration	Bonuses	Retirement benefits	
Director (excl. Outside Director)	746	710	36	–	–	5
Audit & Supervisory Board Member (excl. Outside Audit & Supervisory Board Member)	1	1	–	–	–	1
Outside officer	77	77	–	–	–	7

Notes: 1 The Board of Directors resolved to leave the decisions on remuneration for Directors for the fiscal year ended September 30, 2021, including decisions on the total amount of remuneration and specific remuneration allocation” entirely to the Representative Director, and these decisions are made based on the said resolution.

Specifically, the authority to determine the evaluation and allocation of remuneration to each Director based on businesses and operations under his or her charge was delegated to the Representative Director because he is the most suitable person to evaluate each Director while reviewing the performance of the Company as a whole from a high-level perspective.

The decisions on the remuneration for Audit & Supervisory Board Members are made in discussions among Audit & Supervisory Board Members.

2. The target figures of the indicators used for calculating the monetary remuneration paid in the fiscal year ended September 30, 2021 were projected consolidated financial results for the same fiscal year, including ordinary profit of 70,000 million yen and profit of 50,000 million yen. Meanwhile, the consolidated financial results for the same fiscal year were ordinary profit of 97,590 million yen and profit of 69,582 million yen.

3. Base remuneration consists of monetary remuneration, and share-based remuneration consists of restricted share-based remuneration.

(b) Total amount of consolidated remuneration by officer and type of remuneration

Name	Total amount of consolidated remuneration (Millions of yen)	Officer category	Company category	Amount of consolidated remuneration by type of remuneration (Millions of yen)			
				Base remuneration	Restricted share-based remuneration	Bonuses	Retirement benefits
Masaaki Arai	396	Director	Reporting entity	396	–	–	–
Kazuhiko Kamata	177	Director	Reporting entity	156	21	–	–
Kotaro Wakatabi	139	Director	Reporting entity	129	9	–	–

Note: 1. The above table only includes those who received consolidated remuneration of 100 million yen or more.

2. Base remuneration consists of monetary remuneration, and share-based remuneration consists of restricted share-based remuneration.

## VIII. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	219,227	337,731
Trade accounts receivable	620	1,929
Real estate for sale	64,372	90,402
Real estate for sale in process	172,914	337,726
Operating loans	37,463	36,878
Other	12,787	26,421
Allowance for doubtful accounts	(262)	(362)
Total current assets	507,123	830,727
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,430	5,815
Accumulated depreciation	(1,578)	(2,079)
Buildings and structures, net	2,851	3,735
Real estate for rent	—	15,479
Accumulated depreciation	—	(1,025)
Real estate for rent, net	—	14,454
Land	1,778	2,418
Other	1,258	1,913
Accumulated depreciation	(877)	(1,223)
Other, net	381	689
Total property, plant and equipment	5,010	21,297
Intangible assets	3,080	3,031
Investments and other assets		
Investment securities	47,255	13,171
Deferred tax assets	3,032	6,272
Other	3,529	5,430
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	53,798	24,856
Total non-current assets	61,890	49,185
Deferred assets		
Bond issuance costs	24	—
Total deferred assets	24	—
Total assets	569,038	879,913

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	4,831	1,166
Trade accounts payable	17,525	20,850
Electronically recorded obligations - operating	—	4,713
Short-term borrowings	103,930	104,684
Current portion of bonds payable	242	242
Current portion of long-term borrowings	8,912	57,142
Income taxes payable	10,831	18,239
Advances received	15,531	26,953
Guarantee deposits received	1,248	1,768
Provision for bonuses	2,773	3,655
Provision for warranties for completed construction	998	1,039
Other	9,889	15,781
<b>Total current liabilities</b>	<b>176,713</b>	<b>256,237</b>
Non-current liabilities		
Bonds payable	847	10,605
Long-term borrowings	157,347	264,502
Deferred tax liabilities	—	121
Provision for share awards	—	257
Retirement benefit liability	328	311
Asset retirement obligations	105	150
Other	—	583
<b>Total non-current liabilities</b>	<b>158,628</b>	<b>276,532</b>
<b>Total liabilities</b>	<b>335,342</b>	<b>532,769</b>
Net assets		
Shareholders' equity		
Share capital	19,741	19,939
Capital surplus	28,877	29,068
Retained earnings	186,047	244,248
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>234,666</b>	<b>293,256</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	12
Foreign currency translation adjustment	(1,195)	540
<b>Total accumulated other comprehensive income</b>	<b>(1,188)</b>	<b>552</b>
Share acquisition rights	217	551
Non-controlling interests	—	52,782
<b>Total net assets</b>	<b>233,695</b>	<b>347,143</b>
<b>Total liabilities and net assets</b>	<b>569,038</b>	<b>879,913</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Consolidated Statements of Income)**

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	575,951	810,540
Cost of sales	481,638	655,224
Gross profit	94,312	155,315
Selling, general and administrative expenses	32,183	54,211
Operating profit	62,129	101,103
Non-operating income		
Interest income	70	17
Dividend income	1	13
Rental income from buildings	148	149
Gain on sale of investment securities	109	—
Foreign exchange gains	—	437
Share of profit of entities accounted for using equity method	17,786	1,395
Other	240	458
Total non-operating income	18,356	2,473
Non-operating expenses		
Loss on valuation of investment securities	—	1,362
Interest expenses	2,298	3,118
Commission expenses	224	869
Share issuance costs	327	—
Other	278	635
Total non-operating expenses	3,128	5,986
Ordinary profit	77,357	97,590
Extraordinary income		
Gain on bargain purchase	—	15,475
Total extraordinary income	—	15,475
Extraordinary losses		
Loss on step acquisitions	—	11,095
Total extraordinary losses	—	11,095
Profit before income taxes	77,357	101,970
Income taxes - current	18,421	29,843
Income taxes - deferred	(555)	(611)
Total income taxes	17,865	29,232
Profit	59,491	72,738
Profit attributable to non-controlling interests	—	3,156
Profit attributable to owners of parent	59,491	69,582

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit	59,491	72,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	9
Foreign currency translation adjustment	(663)	1,731
Share of other comprehensive income of entities accounted for using equity method	(13)	3
Total other comprehensive income	(679)	1,744
Comprehensive income	58,812	74,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58,812	71,329
Comprehensive income attributable to non-controlling interests	—	3,153

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended September 30, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,234	8,206	134,629	(8,806)	138,263
Changes during period					
Issuance of new shares	15,329	15,329			30,658
Issuance of new shares - exercise of share acquisition rights	137	137			275
Issuance of restricted shares	40	40			80
Dividends of surplus			(8,074)		(8,074)
Profit attributable to owners of parent			59,491		59,491
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		5,164		8,806	13,970
Net changes in items other than shareholders' equity					
Total changes during period	15,507	20,671	51,417	8,806	96,402
Balance at end of period	19,741	28,877	186,047	(0)	234,666

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	8	(517)	(508)	312	138,067
Changes during period					
Issuance of new shares					30,658
Issuance of new shares - exercise of share acquisition rights					275
Issuance of restricted shares					80
Dividends of surplus					(8,074)
Profit attributable to owners of parent					59,491
Purchase of treasury shares					(0)
Disposal of treasury shares					13,970
Net changes in items other than shareholders' equity	(0)	(678)	(679)	(94)	(773)
Total changes during period	(0)	(678)	(679)	(94)	95,628
Balance at end of period	7	(1,195)	(1,188)	217	233,695



Fiscal year ended September 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,741	28,877	186,047	(0)	234,666
Changes during period					
Issuance of new shares - exercise of share acquisition rights	151	151			302
Issuance of restricted shares	46	46			93
Dividends of surplus			(11,330)		(11,330)
Profit attributable to owners of parent			69,582		69,582
Change in scope of consolidation			(50)		(50)
Change in ownership interest of parent due to transactions with non-controlling interests		(7)			(7)
Net changes in items other than shareholders' equity					
Total changes during period	197	190	58,201	—	58,590
Balance at end of period	19,939	29,068	244,248	(0)	293,256

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	7	(1,195)	(1,188)	217	—	233,695
Changes during period						
Issuance of new shares - exercise of share acquisition rights						302
Issuance of restricted shares						93
Dividends of surplus						(11,330)
Profit attributable to owners of parent						69,582
Change in scope of consolidation						(50)
Change in ownership interest of parent due to transactions with non-controlling interests						(7)
Net changes in items other than shareholders' equity	4	1,736	1,741	333	52,782	54,857
Total changes during period	4	1,736	1,741	333	52,782	113,447
Balance at end of period	12	540	552	551	52,782	347,143

#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	77,357	101,970
Depreciation	534	953
Share-based remuneration expenses	66	223
Increase (decrease) in provision for bonuses	368	745
Increase (decrease) in provision for share awards	–	47
Increase (decrease) in allowance for doubtful accounts	25	7
Increase (decrease) in provision for warranties for completed construction	66	41
Increase (decrease) in retirement benefit liability	1	(16)
Loss (gain) on sale of investment securities	(109)	–
Loss (gain) on valuation of investment securities	–	1,362
Share of loss (profit) of entities accounted for using equity method	(17,786)	(1,395)
Loss (gain) on step acquisitions	–	11,095
Gain on bargain purchase	–	(15,475)
Interest and dividend income	(72)	(31)
Foreign exchange losses (gains)	18	(213)
Interest expenses	2,298	3,118
Amortization of bond issuance costs	6	24
Share issuance costs	327	–
Decrease (increase) in trade receivables	(264)	(826)
Decrease (increase) in inventories	12,516	(24,945)
Increase (decrease) in trade payables	1,186	2,036
Decrease (increase) in operating loans receivable	(8,539)	585
Increase (decrease) in advances received	1,508	5,682
Increase (decrease) in guarantee deposits received	6	284
Increase (decrease) in deposits received	2,200	(321)
Other, net	(156)	(947)
Subtotal	71,561	84,007
Interest and dividends received	70	26
Interest paid	(2,244)	(3,090)
Income taxes paid	(20,593)	(30,819)
Net cash provided by (used in) operating activities	48,793	50,123

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from investing activities		
Payments into time deposits	(1,310)	(125)
Proceeds from withdrawal of time deposits	1,310	–
Purchase of property, plant and equipment	(617)	(1,786)
Proceeds from sale of property, plant and equipment	1	94
Purchase of intangible assets	(138)	(381)
Purchase of investment securities	(2,010)	(7,644)
Proceeds from sale and redemption of investment securities	2,544	54
Purchase of shares of subsidiaries and associates	(22,973)	(403)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	35,256
Payments of leasehold and guarantee deposits	(582)	(1,688)
Proceeds from refund of leasehold and guarantee deposits	162	254
Other, net	(440)	(87)
Net cash provided by (used in) investing activities	(24,054)	23,541
Cash flows from financing activities		
Proceeds from short-term borrowings	295,859	275,146
Repayments of short-term borrowings	(281,860)	(280,633)
Proceeds from long-term borrowings	134,341	171,704
Repayments of long-term borrowings	(125,029)	(123,820)
Proceeds from issuance of bonds	–	9,957
Redemption of bonds	(372)	(242)
Proceeds from issuance of shares	30,420	–
Proceeds from exercise of employee share options	175	193
Purchase of treasury shares	(0)	–
Proceeds from sale of treasury shares	13,970	–
Dividends paid	(8,074)	(11,330)
Dividends paid to non-controlling interests	–	(388)
Net cash provided by (used in) financing activities	59,430	40,588
Effect of exchange rate change 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
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	224
Cash and cash equivalents at end of period	219,218	334,506

## IX. Issuance, Redemption or Acquisition of Shares

Changes in the total number of shares issued, share capital, etc.

Date	Change in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
February 14, 2018 Note 2	9,300	57,472,900	29	4,061	29	3,845
February 15, 2018 to September 30, 2018 Note 1	39,600	57,512,500	32	4,094	32	3,877
October 1, 2018 to November 30, 2018 Note 1	40,000	57,552,500	63	4,158	63	3,941
February 14, 2019 Note 3	9,100	57,561,600	19	4,178	19	3,961
February 15, 2019 to March 31, 2019 Note 1	33,200	57,594,800	27	4,205	27	3,988
April 5, 2019 Note 4	8,100	57,602,900	16	4,221	16	4,004
April 6, 2019 to September 30, 2019 Note 1	15,600	57,618,500	13	4,234	13	4,017
October 1, 2019 Note 5	57,618,500	115,237,000	-	4,234	-	4,017
October 1, 2019 to December 31, 2019 Note 1	21,200	115,258,200	8	4,242	8	4,026
February 5, 2020 Note 6	25,500	115,283,700	40	4,283	40	4,066
February 6, 2020 to March 31, 2020 Note 1	72,800	115,356,500	32	4,315	32	4,098
July 28, 2020 Note 7	9,617,200	124,973,700	14,310	18,625	14,310	18,408
August 25, 2020 Note 8	684,600	125,658,300	1,019	19,644	1,019	19,427
August 26, 2020 to September 30, 2020 Note 1	160,800	125,819,100	97	19,741	97	19,524
October 1, 2020 to December 31, 2020 Note 1	21,600	125,840,700	8	19,750	8	19,533
February 10, 2021 Note 9	22,700	125,863,400	46	19,796	46	19,579
February 11, 2021 to September 30, 2021 Note 1	253,600	126,117,000	142	19,939	142	19,722

Notes: 1. The increase was due to the exercise of share acquisition rights.

2. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.

Issue price: 6,320 yen  
Additional paid-in capital: 3,160 yen

3. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.

Issue price: 4,265 yen  
Additional paid-in capital: 2,132.5 yen

4. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.  
Issue price: 3,990 yen  
Additional paid-in capital: 1,995 yen
5. The increase was due to a 2-for-1 stock split.
6. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.  
Issue price: 3,175 yen  
Additional paid-in capital: 1,587.5 yen
7. The increase was due to the issuance of new shares for public offering (primary offering)  
Issue price: 3,104 yen  
Paid-in amount: 2,976 yen  
Additional paid-in capital: 1,488 yen
8. The increase was due to a third-party allotment with compensation (capital increase through a third-party allotment associated with a secondary offering of the Company's shares by way of over-allotment)  
Issue price: 2,976 yen  
Additional paid-in capital: 1,488 yen  
Allottee: SMBC Nikko Securities Inc.
9. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.  
Issue price: 4,100 yen  
Additional paid-in capital: 2,050 yen

## X. Transactions with Directors, Officers or Major Shareholders

### 1. Related party transactions

- (1) Transactions between the reporting entity of the consolidated financial statements (hereinafter the “reporting entity”) and its related parties

Fiscal year ended September 30, 2020

Not applicable

Fiscal year ended September 30, 2021

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer of a subsidiary	Yasuhito Hidaka	—	—	President & Representative Director of the Company’s subsidiary	(Held) Direct: 0.1	Exercise of stock option rights	Exercise of stock option rights (Note)	48	—	—

- (2) Transactions between consolidated subsidiaries of the reporting entity and its related parties

- (i) Officers and major shareholders (limited to individuals) of the reporting entity, etc.

Fiscal year ended September 30, 2020

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer	Hitoshi Imamura	—	—	Senior Managing Director of the Company	(Held) Direct: 1.6	Contracts for the construction of homes	Contracts for the construction of homes (Note)	16	—	—
Officer	Kotaro Wakatabi	—	—	Director of the Company	(Held) Direct: 0.2	Sale of real estate	Sale of real estate (Note)	41	—	—

Note: The transaction was conducted on general terms equivalent to those prevailing in arm’s length transactions.

Fiscal year ended September 30, 2021

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer	Kazuhiko Kamata	—	—	Executive Vice President of the Company	(Held) Direct: 0.1	Sale of real estate	Sale of real estate (Note)	86	—	—

Note: The transaction was conducted on general terms equivalent to those prevailing in arm’s length transactions.

## (ii) Officers and major shareholders of significant subsidiaries of the reporting entity (limited to individuals), etc.

Fiscal year ended September 30, 2020

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer	Hiroyuki Hiratsuka	—	—	Chairman & Representative Director of the Company's subsidiary	(Held) Direct: 0.9	Sale of real estate	Sale of real estate (Note)	124	—	—
Close relative of an officer of a subsidiary	Close relative of Keiji Takamasu	—	—	—	—	Sale of real estate	Sale of real estate (Note)	40	—	—

Note: The transaction was conducted on general terms equivalent to those prevailing in arm's length transactions.

Fiscal year ended September 30, 2021

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer of a subsidiary	Takaya Ito	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Sale of real estate	Sale of real estate (Note)	90	—	—
Officer of a subsidiary	Hajime Yazu	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Lending of funds	Lending of funds (Note)	—	Operating loans	70
							Receipt of interest (Note)	1	—	—
Close relative of an officer of a subsidiary	Close relative of Keiji Takamasu	—	—	—	—	Sale of real estate	Sale of real estate (Note)	68	—	—

Note: The transaction was conducted on general terms equivalent to those prevailing in arm's length transactions.

## XI. History

Month/Year	Events
September 1997	Founded under the name of Open House Co., Ltd. and commenced the trading and brokerage of newly-built single-family homes.
September 1997	Opened the Head Office in Shibuya-ku, Tokyo
October 1997	Concluded a franchise agreement with “CENTURY 21 REAL ESTATE OF JAPAN LTD.”
February 2001	Commenced the sale of newly-built single-family homes built by the Company itself.
August 2001	Registered as First-class Architect Office [No. 46671 registered by Governor of Tokyo].
September 2001	Acquired all the stake in Souken Build Ltd. and converted it to a wholly-owned subsidiary. (Converted Souken Build Ltd. to a stock company in July 2002 and changed the trading name to Tomari Build Co., Ltd. in August 2004.)
April 2002	Obtained the Special Construction License [No. (Special - 14) 117385 issued by Tokyo Metropolitan Governor].
October 2006	Obtained the Building Lots and Buildings Transaction Business License [No. (1) 7349 issued by the Minister of Land, Infrastructure, Transport and Tourism].
October 2006	Changed the trading name of Tomari Build Co., Ltd. to Open House Development Co., Ltd.
March 2007	Opened “Mizonokuchi Sales Center” in Takatsu-ku, Kawasaki-shi, Kanagawa Prefecture and commenced operations in Kanagawa Prefecture.
August 2007	Acquired all the shares in Ito-pia Business Net Co., Ltd. from Itochu Corporation and converted it to a wholly-owned subsidiary (after the acquisition, held a 67% stake and acquired 100% stake in September 2010) and changed the trading name to IB Net Co., Ltd.
October 2008	Commenced the sale of condominiums through Open House Development Co., Ltd.
January 2010	Opened “Marunouchi Office” in Marunouchi, Chiyoda-ku, Tokyo (relocated a part of the Head Office functions).
September 2010	Acquired all the stake in IB Net Co., Ltd. and converted it to a wholly-owned subsidiary.
September 2010	Launched Open House Realty & Investments, Inc. in California, the U.S.
September 2010	Launched Wangjia Architectural Design Consulting (Shanghai) Co., Ltd. in Shanghai, China.
October 2011	Launched OH Real Estate Management Co., Ltd. in Marunouchi, Chiyoda-ku, Tokyo.
September 2012	Terminated the franchise agreement with “CENTURY 21 REAL ESTATE OF JAPAN LTD.”
January 2013	Relocated the Head Office to Marunouchi, Chiyoda-ku, Tokyo.
September 2013	Listed on the First Section of The Tokyo Stock Exchange.
January 2015	Acquired shares of Asakawa Home Co., Ltd. and converted it to a wholly-owned subsidiary.
October 2016	Changed the trading name of Asakawa Home Co., Ltd. to Open House Architect Co., Ltd.
October 2016	Opened “Sakae Sales Center” in Naka-ku, Nagoya-shi, Aichi Prefecture and commenced operations in Aichi Prefecture.
December 2016	Opened “Open House Group Shibuya Showroom” for single-family homes in Shibuya-ku, Tokyo.
September 2017	Opened “OPENHOUSE GINZA SALON” in Chuo-ku, Tokyo.
September 2017	Opened “Nagoya Mansion Gallery” in Naka-ku, Nagoya-shi, Aichi Prefecture.



Month/Year	Events
October 2017	Opened “Urawa Sales Center” in Urawa-ku, Saitama-shi, Saitama Prefecture and commenced operations in Saitama Prefecture.
June 2018	Registered as Real Estate Specified Joint Enterprise [No. 106 registered by Governor of Tokyo].
July 2018	Acquired shares of HAWK ONE CORPORATION and converted it to a subsidiary (ratio of voting rights holding: 69.7% including voting rights acquired in August 2018).
October 2018	Converted HAWK ONE CORPORATION to a wholly-owned subsidiary through a stock exchange.
January 2019	Opened “Tenjin Sales Center” in Chuo-ku, Fukuoka-shi, Fukuoka Prefecture and commenced operations in Fukuoka Prefecture.
March 2019	Opened “NAGOYA SALON” in Nakamura-ku, Nagoya-shi, Aichi Prefecture.
March 2019	Opened “Idabashi Mansion Gallery” in Shinjuku-ku, Tokyo.
July 2019	Opened “Motoyawata Sales Center” in Ichikawa-shi, Chiba Prefecture and commenced operations in Chiba Prefecture.
May 2020	Acquired shares of PRESSANCE CORPORATION Co., Ltd. and converted it to an equity-method affiliate (ratio of voting rights holding: 31.9%)
November 2020	Opened “Tenjin Mansion Gallery” in Fukuoka-shi, Fukuoka Prefecture.
January 2021	Acquired additional shares of PRESSANCE CORPORATION Co., Ltd. and converted it to a consolidated subsidiary (ratio of voting rights holding: 64.45%)
March 2021	Changed the trading name of OH Real Estate Management Co., Ltd. to Open House Real Estate Co., Ltd.

## XII. Corporate Data

### Basic Information (as of September 30, 2021)

Company name:	Open House Co., Ltd.
Business inauguration:	September 1997
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 3288)
Listed:	September 2013
Business year:	From October 1 to September 30
Capital stock:	19,741 million yen
Number of employees:	2,876 persons (Consolidated)
Head office:	2-4-1 Marunouchi, Chiyoda-ku, Tokyo
Telephone:	+81-3-6213-0776
Consolidated subsidiaries:	Open House Development Co., Ltd. Open House Real Estate Co., Ltd. Open House Architect Co., Ltd HAWK ONE CORPORATION IB Net Co., Ltd PRESSANCE CORPORATION Co., Ltd. Open House Realty & Investments, Inc. Open House Texas Realty & Investments LLC Other 24 companies

### Directors and Audit & Supervisory Board Members (as of September 30, 2021)

President & CEO	Masaaki Arai
Executive Vice President	Kazuhiko Kamata
Senior Managing Director	Hitoshi Imamura
Director, Senior Executive Officer	Ryosuke Fukuoka
Managing Director, Senior Executive Officer and CFO	Kotaro Wakatabi
Director*	Hitoshi Ishimura
Director*	Yuko Omae
Director*	Maoko Kotani
Audit & Supervisory Board Member (Full-time) **	Koichi Matsumoto
Audit & Supervisory Board Member**	Yuzo Toyama
Audit & Supervisory Board Member**	Mieko Hosaka

\* Outside Director \*\* Outside Audit & Supervisory Board Member

## Stock Status (as of September 30, 2021)

Total number of authorized shares:	325,200,000 shares
Total number of issued shares:	126,117,000 shares
Number of shareholders:	7,754

### Major shareholders (Top 10)

Name	Number of shares held	Shareholding ratio (excluding treasury shares) (%)
Masaaki Arai	40,000,000	31.71
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,412,200	8.25
Ichigo Trust PTE Limited (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	9,964,700	7.90
SMBC Trust Bank Ltd. (Trustee of Regulated Securities in Trust)	5,620,000	4.45
Custody Bank of Japan, Ltd. (Trust Account)	4,156,600	3.29
Morgan Stanley MUFG Securities Co., Ltd.	2,175,222	1.72
BNYM TREATY DTT 15 (Standing proxy: MUFG Bank, Ltd.)	2,006,998	1.59
Hitoshi Imamura (Standing proxy: Mizuho Securities Co., Ltd.)	2,004,000	1.58
STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Mizuho Bank, Ltd.)	1,718,534	1.36
STATE STREET BANK CLIENT OMNIBUS OM04 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	1,586,428	1.25

Notes: 1. 5,500,000 shares out of 5,620,000 shares held by SMBC Trust Bank Ltd. as a trustee of regulated securities in trust pertain to a trust agreement between Masaaki Arai, President & CEO of the Company, as the settlor and beneficiary, and SMBC Trust Bank Ltd. as the trustee, the purpose of which is the management of shares. Therefore, the number of shares effectively held by Masaaki Arai is 45,500,000 shares and the shareholding ratio is 36.07%.

2. The Company holds 3,441 shares as treasury shares.

\* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.