

**OPEN HOUSE  
GROUP**

# Consolidated Financial Highlights

for the Fiscal Year Ended September 30, 2022

(2021/10-2022/09)

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

## Business performance FY 2022

- ◆ Achieved record highs in revenue and income for the tenth consecutive year
  - In addition to actual demand, real estate for investment was a major driver of the performance

			Forecast as of May 13, 2022
Revenue:	¥ 952.6 billion	[17.5% YoY]	¥ 935 billion
Operating income:	¥ 119.3 billion	[18.1% YoY]	¥ 116 billion
Profit attributable to owners of parents:	¥ 77.8 billion	[11.9% YoY]	¥ 75.7 billion

## Consolidated financial forecast FY 2023

- ◆ Aiming for revenue exceeding ¥ 1 trillion in the final year of mid-term business plan
  - Significant increase in sales in condominium business
  - Further expansion of single-family homes business in the Kansai area

			Forecast as of November 12, 2021
Revenue:	¥ 1.1 trillion	[15.5% YoY]	¥ 1.05 trillion
Operating income:	¥ 134 billion	[12.3% YoY]	¥ 125 billion
Profit attributable to owners of parents:	¥ 86 billion	[10.4% YoY]	¥ 80 billion

# Corporate Philosophy and Our Mission

## — Corporate Philosophy

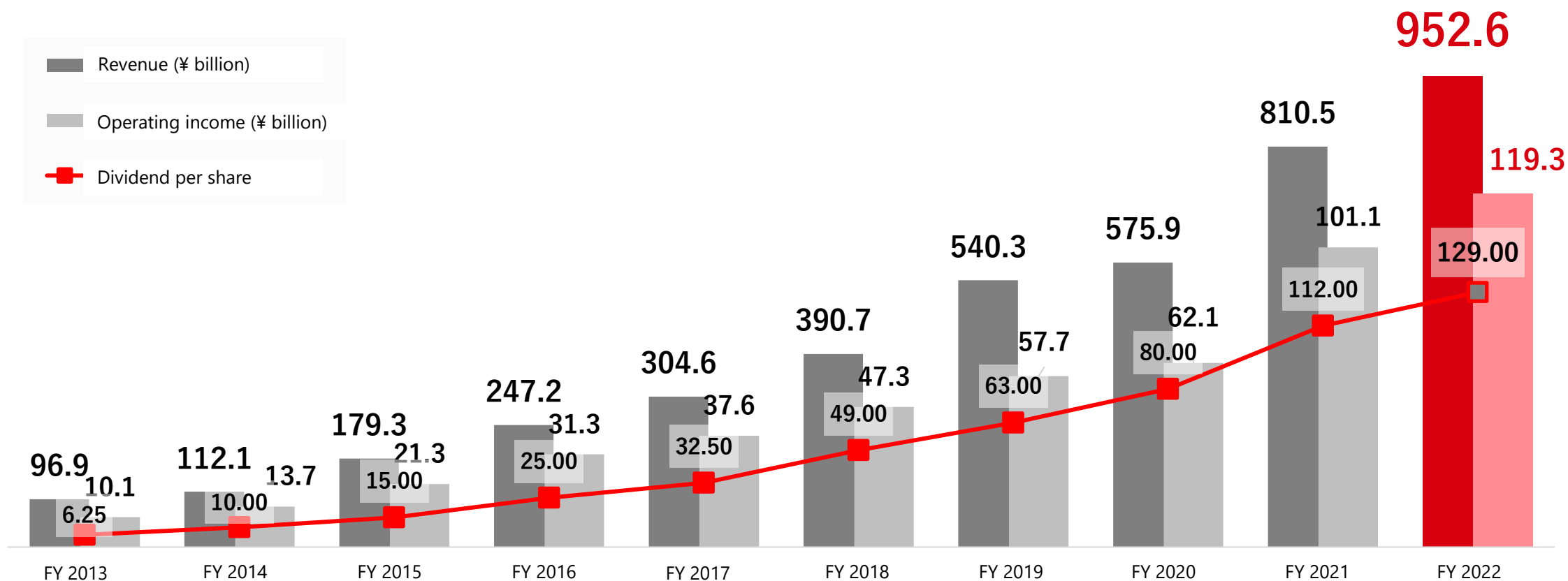
- Remain committed to pursuing "Houses that customers want" honestly and constantly.
- Attract a wide range of motivated people and create an organization that rewards results.
- Increase performance and expand the scale of our business, and be a real estate company needed by society.

## — Our Mission

**Supplying Affordable Housing in the Tokyo Metropolitan Area**

# Business Performance and Shareholder Returns since listing

- Achieved record highs in revenue and income for the tenth consecutive year since listing in FY2013
- Revenue expanded 10 times, operating income was up 12 times, and dividend per share grew 20 times (compared with FY 2013)



# 1. Consolidated Financial Summary for FY2022



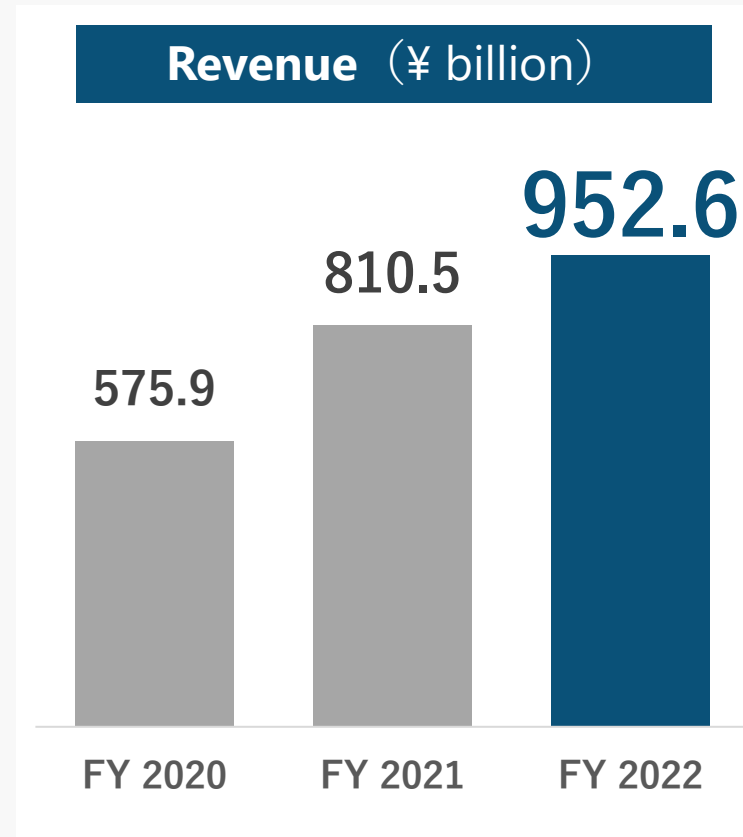
**OPEN HOUSE GROUP**

## Consolidated Statements of Income (Summary)

- Achieved record highs in revenue and income for the tenth consecutive year
- Double-digit growth in sales and profit at all levels

(¥ Million)

	FY 2021 (2020/10-2021/9)		FY 2022 (2021/10-2022/9)		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
Revenue	810,540	-	<b>952,686</b>	-	<b>17.5%</b>
Operating income	101,103	12.5%	<b>119,358</b>	12.5%	<b>18.1%</b>
Ordinary income	97,590	12.0%	<b>121,166</b>	12.7%	<b>24.2%</b>
Profit attributable to owners of parent	69,582	8.6%	<b>77,884</b>	8.2%	<b>11.9%</b>



## Performance by Segment (Revenue/Operating Income)

- Continued growth through portfolio management based on both actual demand and investment

	Revenue					Operating income <span style="float: right;">(¥ Million)</span>				
	FY 2021 (2020/10-2021/9)		FY 2022 (2021/10-2022/9)		Inc. (Dec.)	FY 2021 (2020/10-2021/9)		FY 2022 (2021/10-2022/9)		Inc. (Dec.)
	Actual	Ratio	Actual	Ratio		Actual	% of revenue	Actual	% of revenue	
<b>Total</b>	810,540	100.0%	<b>952,686</b>	100.0%	<b>17.5%</b>	101,103	12.5%	<b>119,358</b>	12.5%	<b>18.1%</b>
<b>Single-family homes related business</b>	446,959	55.1%	<b>516,554</b>	54.2%	<b>15.6%</b>	62,294	13.9%	<b>63,014</b>	12.2%	<b>1.2%</b>
<b>Condominiums</b>	47,147	5.8%	<b>62,362</b>	6.5%	<b>32.3%</b>	6,507	13.8%	<b>10,654</b>	17.1%	<b>63.7%</b>
<b>Property resales</b>	123,061	15.2%	<b>155,961</b>	16.4%	<b>26.7%</b>	12,285	10.0%	<b>17,669</b>	11.3%	<b>43.8%</b>
<b>Others (including U.S. real estate business)</b>	45,159	5.6%	<b>74,471</b>	7.8%	<b>64.9%</b>	5,232	11.6%	<b>8,205</b>	11.0%	<b>56.8%</b>
<b>Pressance Corporation</b>	149,337	18.4%	<b>145,324</b>	15.3%	-	16,502	11.1%	<b>20,727</b>	14.3%	-
<b>Adjustments</b>	(1,126)	-	<b>(1,987)</b>	-	-	(1,719)	-	<b>(913)</b>	-	-

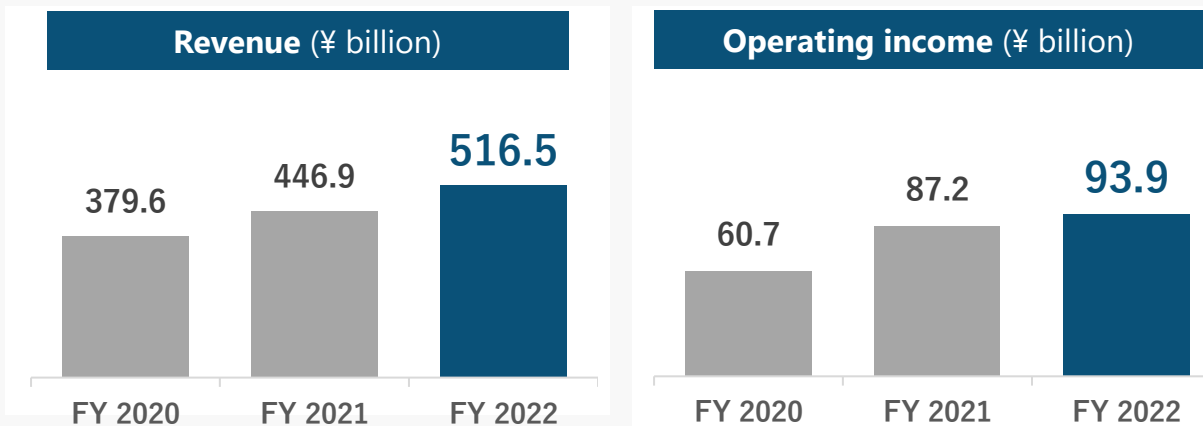
\* Since Pressance Corporation was included in the scope of consolidation from the second quarter of FY2021, full-year revenue and operating income is not indicated.

# Single-family Homes Related Business as a Whole

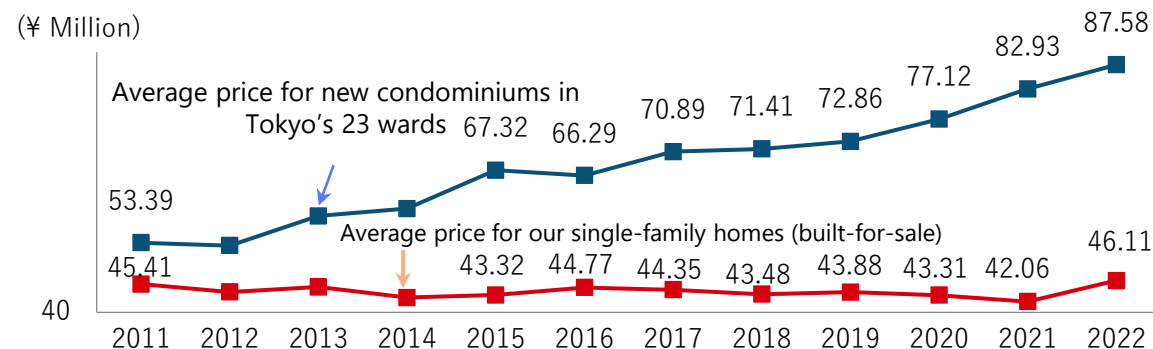
- The demand remained strong in urban areas
- Continuing to increase sales and profits by supplying single-family homes at affordable prices

(¥ Million)

	FY 2020 (2019/10-2020/9)	FY 2021 (2020/10-2021/9)	FY 2022 (2021/10-2022/9)	Inc. (Dec.)
<b>Revenue</b>	379,656	446,959	<b>516,554</b>	<b>15.6%</b>
<b>Gross profit</b>	60,709	87,252	<b>93,912</b>	<b>7.6%</b>
<b>Gross profit margin</b>	16.0%	19.5%	<b>18.2%</b>	<b>(1.3)pt</b>
<b>Operating income</b>	40,677	62,294	<b>63,014</b>	<b>1.2%</b>
<b>Operating income margin</b>	10.7%	13.9%	<b>12.2%</b>	<b>(1.7)pt</b>



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

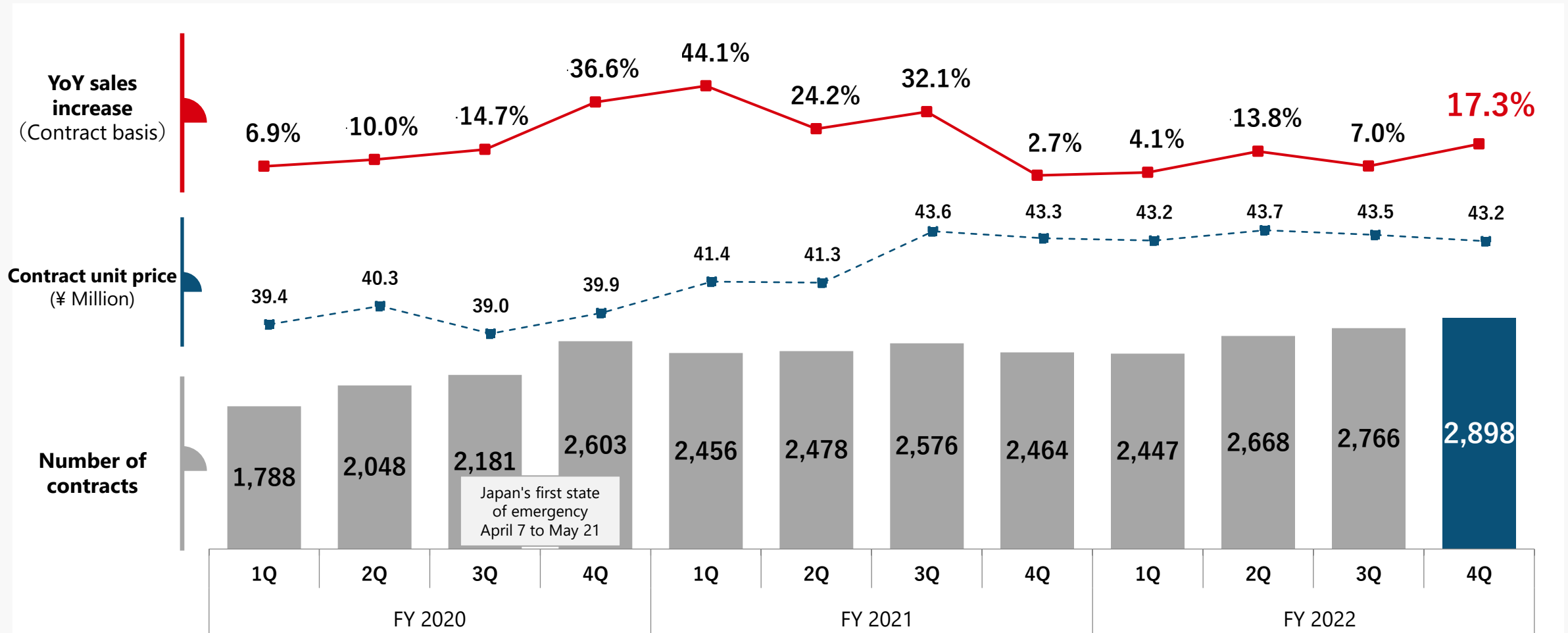


Source: MLIT, "Monthly marketing report of lands"  
 Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period Oct.-Jun. Condominium prices for 2021 are for the Oct.-Sep. period.  
 Prices of our homes for 2021 are for the Jan. 2021-Dec. 2021 period, and for 2022 are for the Oct. 2021-Mar. 2022 period in Tokyo metropolitan area.



# Single-family Homes Related Business (Sales Contract Basis)

- Achieved double-digit growth in 4Q
- Sales of single-family homes in the Kansai area and rental single-family homes for funds made a positive contribution



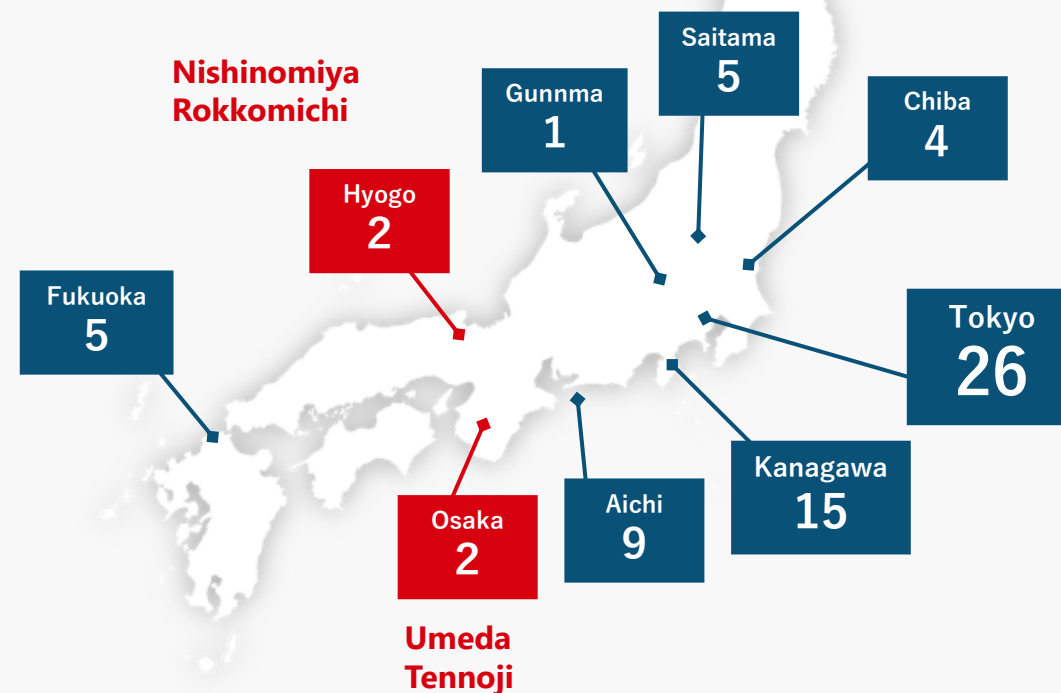
# Single-family Homes Related Business (Open House-brokerage)

- In FY 2022, 4 sales centers were opened in the Kansai area

Number of sales centers of each area

(Number of sales centers)

	FY 2019	FY 2020	FY 2021	FY 2022	As of 2022.11.14
<b>Total</b>	42	49	57	<b>66</b>	<b>69</b>
<b>Tokyo</b>	19	21	23	<b>25</b>	<b>26</b>
<b>Kanagawa</b>	12	12	13	<b>15</b>	<b>15</b>
<b>Aichi</b>	5	7	8	<b>8</b>	<b>9</b>
<b>Saitama</b>	4	4	5	<b>5</b>	<b>5</b>
<b>Fukuoka</b>	1	3	4	<b>4</b>	<b>5</b>
<b>Chiba</b>	1	2	4	<b>4</b>	<b>4</b>
<b>Osaka</b>	-	-	-	<b>2</b>	<b>2</b>
<b>Hyogo</b>	-	-	-	<b>2</b>	<b>2</b>
<b>Gunma</b>	-	-	-	<b>1</b>	<b>1</b>

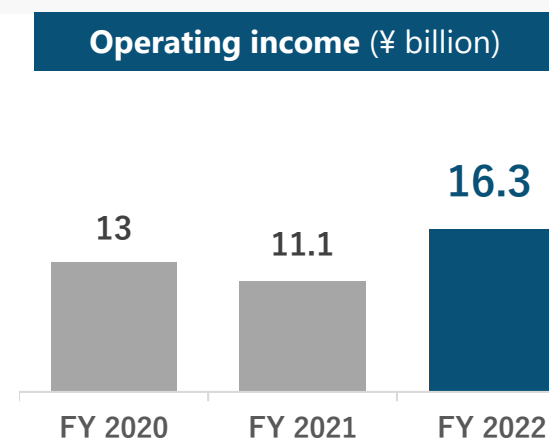
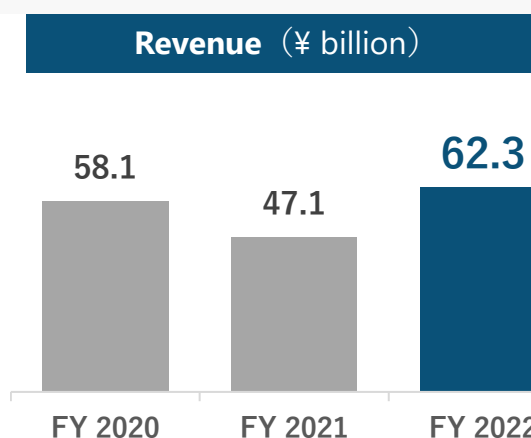


## Condominium Business

- Steady land acquisition led to a V-shaped recovery in business performance
- Current demand has been high and sales of condominiums to be delivered this fiscal year were strong

(¥ Million)

	FY 2020 (2019/10- 2020/9)	FY 2021 (2020/10- 2021/9)	FY 2022 (2021/10- 2022/9)	Inc. (Dec.)
Revenue	58,169	47,147	<b>62,362</b>	<b>32.3%</b>
Gross profit	13,009	11,133	<b>16,385</b>	<b>47.2%</b>
Gross profit margin	22.4%	23.6%	<b>26.3%</b>	<b>2.7pt</b>
Operating income	9,608	6,507	<b>10,654</b>	<b>63.7%</b>
Operating income margin	16.5%	13.8%	<b>17.1%</b>	<b>3.3pt</b>
Number delivered	1,224	1,081	<b>1,216</b>	<b>135</b>
Unit price	47.3	43.0	<b>51.1</b>	<b>8.1</b>



**Major condominiums delivered in FY 2022**

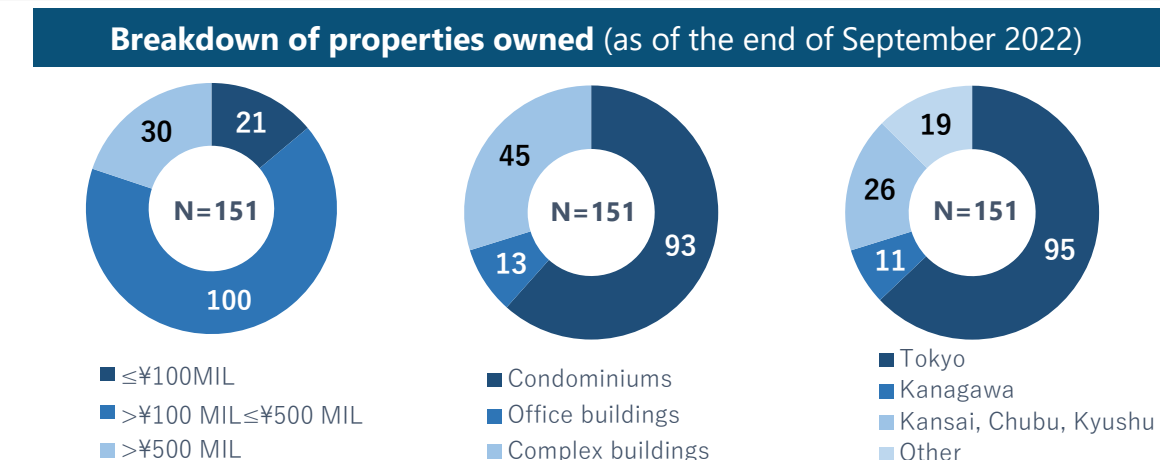
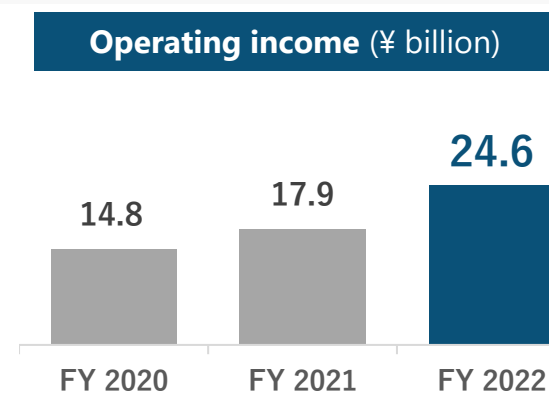
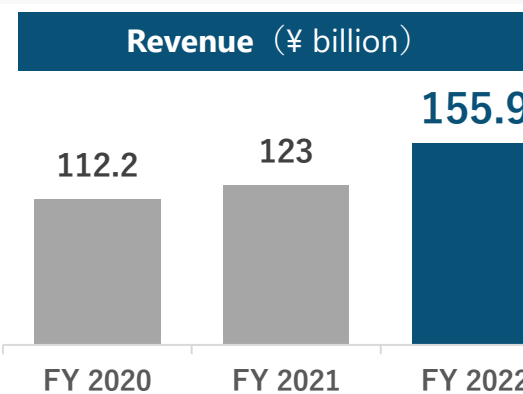
Name	Units	Average price
Open Residencia Takanawa THE HOUSE (Tokyo)	34	¥ 110 million
Open Residencia Yokohama (Kanagawa)	86	¥ 50 million
Open Residencia Meieki Minami THE COURT (Nagoya)	62	¥ 30 million
Open Residencia Yakuin Minami (Fukuoka)	45	¥ 30 million

# Property Resale Business

- Continued high demands against the backdrop of monetary easing policy
- Overwhelming volume of information on real estate in urban areas marked the Company out from its competitors, accelerating the growth

(¥ Million)

	FY 2020 (2019/10-2020/9)	FY 2021 (2020/10-2021/9)	FY 2022 (2021/10-2022/9)	Inc. (Dec.)
<b>Revenue</b>	112,207	123,061	<b>155,961</b>	<b>26.7%</b>
<b>Gross profit</b>	14,892	17,918	<b>24,695</b>	<b>37.8%</b>
<b>Gross profit margin</b>	13.3%	14.6%	<b>15.8%</b>	<b>1.3pt</b>
<b>Operating income</b>	10,485	12,285	<b>17,669</b>	<b>43.8%</b>
<b>Operating income margin</b>	9.3%	10.0%	<b>11.3%</b>	<b>1.3pt</b>
<b>Number delivered</b>	230	292	<b>328</b>	<b>36</b>
<b>Unit price</b>	478	411	<b>458</b>	<b>47</b>



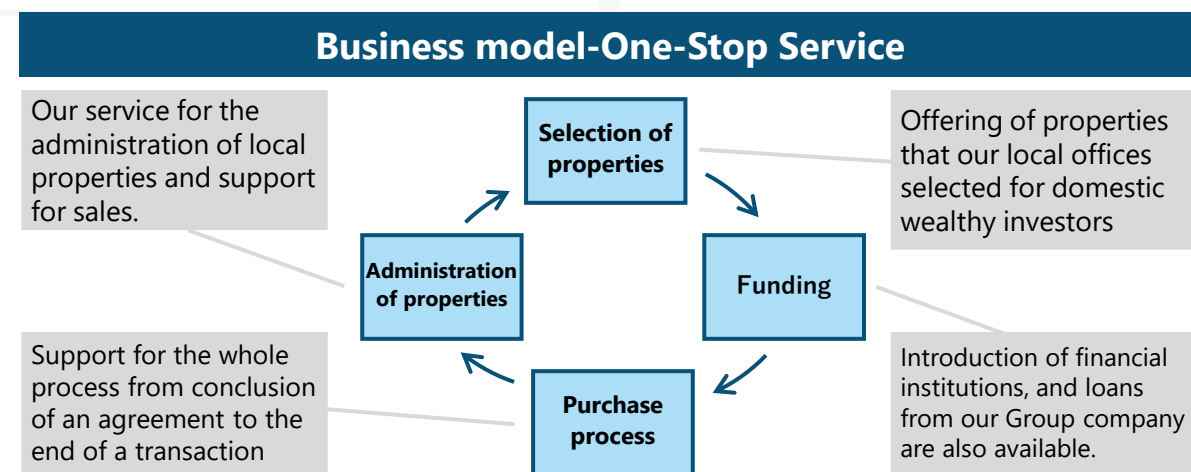
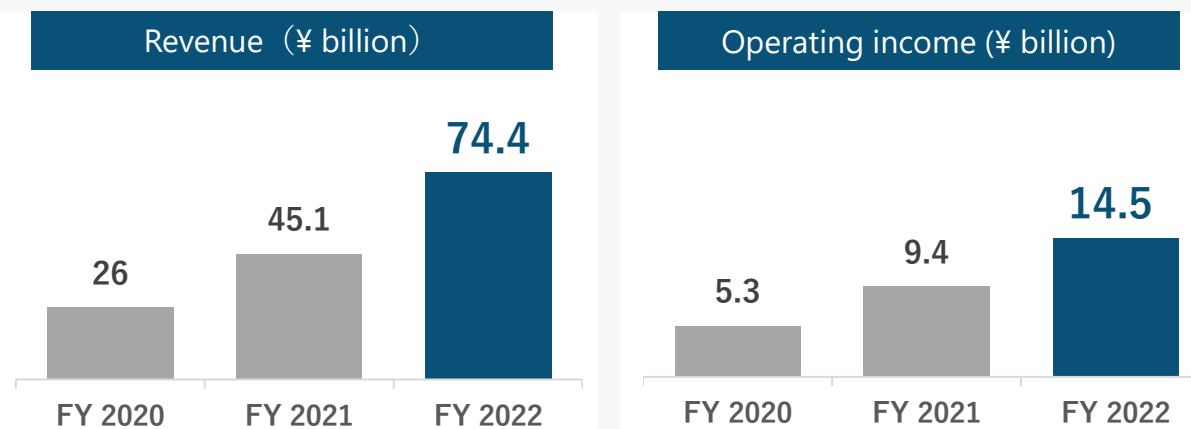
## Other Segment (U.S. Real Estate Business)

- Sales were in good shape thanks to strong demand from corporate and wealthy individuals
- Offering investment products to meet asset diversification needs

(¥ Million)

	FY 2020 (2019/10-2020/9)	FY 2021 (2020/10-2021/9)	FY 2022 (2021/10-2022/9)	Inc. (Dec.)
<b>Revenue</b>	26,027	45,159	<b>74,471</b>	<b>64.9%</b>
<b>Gross profit</b>	5,389	9,459	<b>14,530</b>	<b>53.6%</b>
<b>Gross profit margin</b>	20.7%	20.9%	<b>19.5%</b>	<b>(1.4)pt</b>
<b>Operating income</b>	2,314	5,232	<b>8,205</b>	<b>56.8%</b>
<b>Operating income margin</b>	8.9%	11.6%	<b>11.0%</b>	<b>(0.6)pt</b>
<b>Number delivered*</b>	501	827	<b>1,071</b>	<b>244</b>
<b>Number of buildings managed*</b>	1,645	2,501	<b>3,569</b>	<b>1,068</b>

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



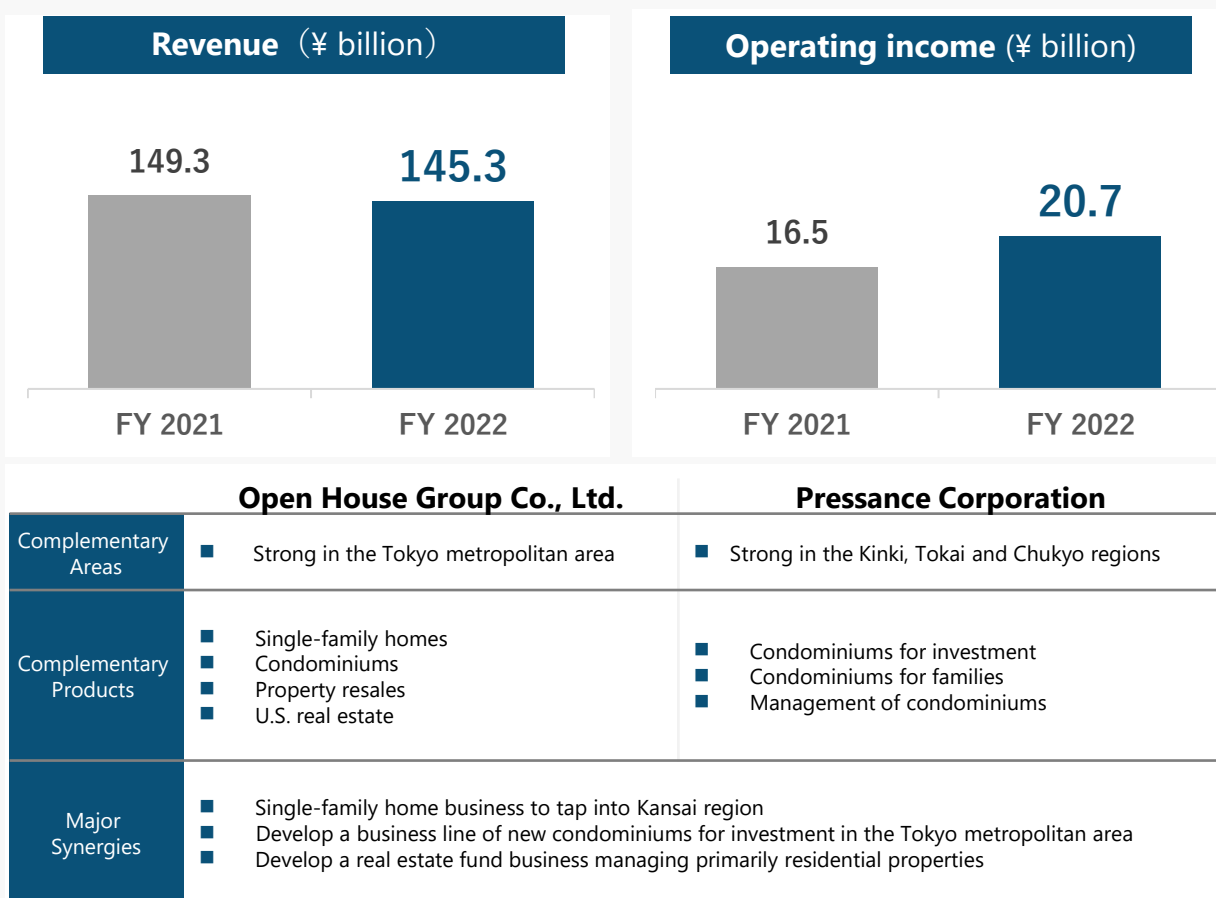
# Pressance Corporation

- Achieved previous upward revision plan
- Demand for studio-type condominiums was particularly strong

(¥ Million)

	FY 2021 (2020/10- 2021/9)	FY 2022 (2021/10- 2022/9)	Inc.(Dec.)
Revenue	149,337	<b>145,324</b>	-
Gross profit	29,424	<b>35,539</b>	-
Gross profit margin	19.7%	<b>24.5%</b>	-
Operating income	16,502	<b>20,727</b>	-
Operating income margin	11.1%	<b>14.3%</b>	-
Actual by products	6,168	<b>4,504</b>	-
Studio-type condominiums	4,963	<b>3,022</b>	-
Family-type condominiums	1,205	<b>1,482</b>	-

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



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

(¥ Million)

	SG&A Expenses				
	FY 2021 (2020/10-2021/9)		FY 2022 (2021/10-2022/9)		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>SG&amp;A expenses</b>	<b>54,211</b>	<b>6.7%</b>	<b>65,210</b>	<b>6.8%</b>	<b>10,998</b>
Personnel expenses	16,987	2.1%	21,157	2.2%	4,170
Sales commissions	5,517	0.7%	7,288	0.8%	1,770
Office maintenance cost	5,380	0.7%	6,993	0.7%	1,612
Advertising expenses	3,431	0.4%	3,874	0.4%	443
Promotion expenses	1,474	0.2%	2,045	0.2%	571
Others	21,420	2.6%	23,851	2.5%	2,430

	Non-Operating Income / Expenses				
	FY 2021 (2020/10-2021/9)		FY 2022 (2021/10-2022/9)		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>Non-operating income</b>	<b>2,473</b>	<b>0.3%</b>	<b>8,291</b>	<b>0.9%</b>	<b>5,817</b>
Share of profit of entities accounted for using equity method	1,395	0.2%	383	0.0%	(1,012)
Dividend income	13	0.0%	1,853	0.2%	1,840
Profit on currency exchange	437	0.1%	5,069	0.5%	4,631
Other	625	0.1%	983	0.1%	357
<b>Non-operating expenses</b>	<b>5,986</b>	<b>0.7%</b>	<b>6,482</b>	<b>0.7%</b>	<b>496</b>
Interest expenses	3,118	0.4%	3,531	0.4%	412
Commission expenses	869	0.1%	601	0.1%	(268)
Others	1,998	0.2%	2,350	0.2%	352

# Consolidated Balance Sheet

		(¥ Million)		
		FY 2021	<b>FY2022</b>	Inc. (Dec.)
Consolidated balance sheet	<b>Current assets</b>	830,727	<b>981,656</b>	150,929
	Cash and deposits	337,731	<b>349,305</b>	11,574
	Inventories	428,129	<b>557,105</b>	128,976
	Others	64,867	<b>75,245</b>	10,378
	<b>Non-current assets</b>	49,185	<b>49,518</b>	332
	Property, plant and equipment	21,297	<b>21,123</b>	(174)
	Intangible assets	3,031	<b>2,925</b>	(106)
	Investments and other assets	24,856	<b>25,470</b>	613
	<b>Total asset</b>	879,913	<b>1,031,174</b>	151,261
Safety index	<b>D/E ratio</b>	0.3	<b>0.5</b>	0.1
	<b>Net D/E ratio</b>	1.5	<b>1.5</b>	0.0

		(¥ Million)		
		FY 2021	<b>FY2022</b>	Inc. (Dec.)
<b>Liabilities</b>		532,769	<b>635,472</b>	102,703
Current liabilities		256,237	<b>309,495</b>	53,258
Non-current liabilities		276,532	<b>325,976</b>	49,444
<b>Net assets</b>		347,143	<b>395,702</b>	48,558
Shareholders' equity		293,256	<b>326,221</b>	32,964
Valuation and translation adjustments		1,104	<b>11,874</b>	10,769
Non-controlling interests		52,782	<b>57,606</b>	4,824
<b>Total liabilities and net assets</b>		879,913	<b>1,031,174</b>	151,261
		FY 2021	<b>FY2022</b>	Inc. (Dec.)
<b>Equity ratio</b>		33.4%	<b>32.7%</b>	(0.6)pt
<b>Current ratio</b>		324.2%	<b>317.2%</b>	(7.0)pt

- Net D/E ratio of less than 1 time, retaining ¥ 200 billion in investment capacity
- Maintained an equity ratio of 30% or higher while expanding total assets to ¥ 1 trillion



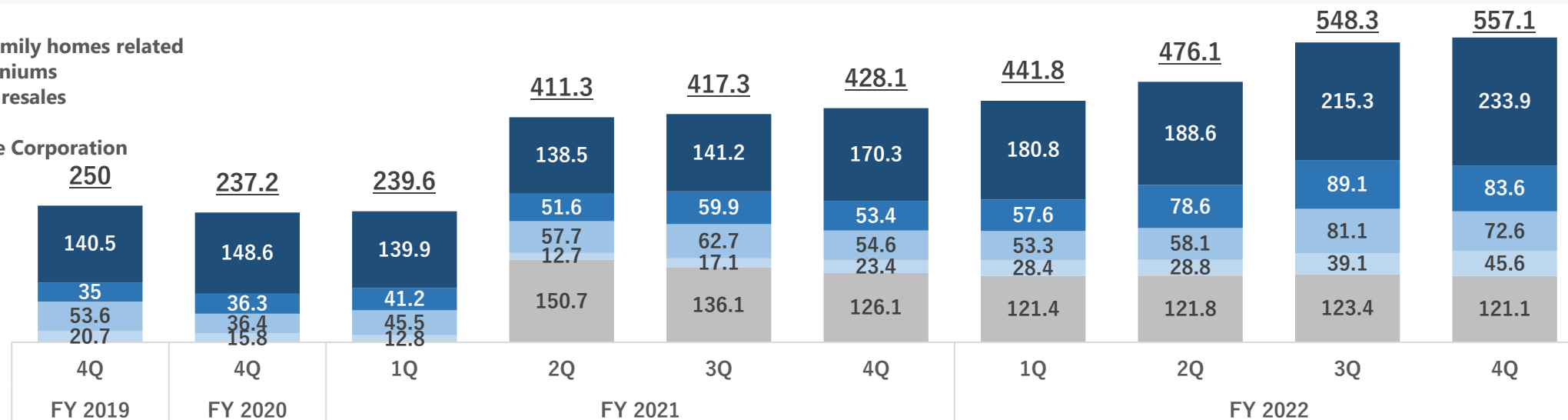
# Inventory Details

(¥ Million)

	FY 2019	FY 2020	FY 2021	<b>FY 2022</b>	<b>Ratio</b>	<b>Inc. (Dec.)</b>
<b>Inventory</b>	250,054	237,287	428,129	<b>557,105</b>	<b>100.0%</b>	<b>128,976</b>
Single-family homes related	140,560	148,676	170,389	<b>233,979</b>	<b>42.0%</b>	<b>63,589</b>
Condominiums	35,065	36,339	53,496	<b>83,632</b>	<b>15.0%</b>	<b>30,136</b>
Property resales	53,691	36,445	54,681	<b>72,678</b>	<b>13.0%</b>	<b>17,997</b>
Others	20,735	15,825	23,452	<b>45,639</b>	<b>8.2%</b>	<b>22,187</b>
Pressance Corporation	-	-	126,109	<b>121,174</b>	<b>21.8%</b>	<b>(4,934)</b>

(¥ Billion)

- Single-family homes related
- Condominiums
- Property resales
- Other
- Pressance Corporation



# Consolidated Statement of Cash Flows

(¥ Million)

	FY 2021 (2020/10-2021/9)	FY 2022 (2021/10-2022/9)	Main factors
Cash flows from operating activities	50,123	<b>(16,353)</b>	-Booking of income before income taxes -Increase in inventories -Payment of income taxes ,etc
Cash flows from investing activities	23,541	<b>(4,367)</b>	-Collection of loans receivable -Purchase of shares of subsidiaries, etc.
Cash flows from financing activities	40,588	<b>24,694</b>	-Increase in loans payable -Dividend payment, etc.
Effect of exchange rate changes on cash and cash equivalents	809	<b>6,858</b>	
Net increase (decrease) in cash and cash equivalents	115,063	<b>10,832</b>	
Cash and cash equivalents at beginning of period	219,218	<b>334,506</b>	
Cash and cash equivalents resulting from change in scope of consolidation	224	<b>741</b>	
Cash and cash equivalents at end of period	334,506	<b>346,080</b>	

## 2. Consolidated Business Performance Forecasts for FY2023



**OPEN HOUSE GROUP**

# Consolidated Business Performance Forecast

- Revised revenue and operating income upward by ¥ 50 billion and ¥ 9 billion, respectively, from the previous forecast
- Special dividend of ¥ 10 is scheduled to be distributed to commemorate the 10th anniversary of the company's listing and the achievement of ¥ 1 trillion in sales

(¥ Million)

	FY 2022 (2021/10-2022/9)		FY 2023 (2022/10-2023/9)	
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)
Revenue	952,686	17.5%	<b>1,100,000</b>	<b>15.5%</b>
Operating income	119,358	18.1%	<b>134,000</b>	<b>12.3%</b>
Ordinary income	121,166	24.2%	<b>130,000</b>	<b>7.3%</b>
Profit attributable to owners of parent	77,884	11.9%	<b>86,000</b>	<b>10.4%</b>
EPS (yen)	626.24	-	<b>713.79</b>	-
Annual dividends per share (yen)	129.00	17.00	<b>154.00</b>	<b>25.00</b>
Payout ratio	20.6%	-	<b>21.6%</b>	-

First half year (2022/10-2023/3)		Second half year (2023/4-2023/9)	
Forecast	Inc. (Dec.)	Forecast	Inc. (Dec.)
<b>495,700</b>	<b>8.8%</b>	<b>604,300</b>	<b>21.5%</b>
<b>60,300</b>	<b>0.5%</b>	<b>73,700</b>	<b>24.2%</b>
<b>58,600</b>	<b>(4.9)%</b>	<b>71,400</b>	<b>19.9%</b>
<b>37,600</b>	<b>(4.9)%</b>	<b>48,400</b>	<b>26.2%</b>

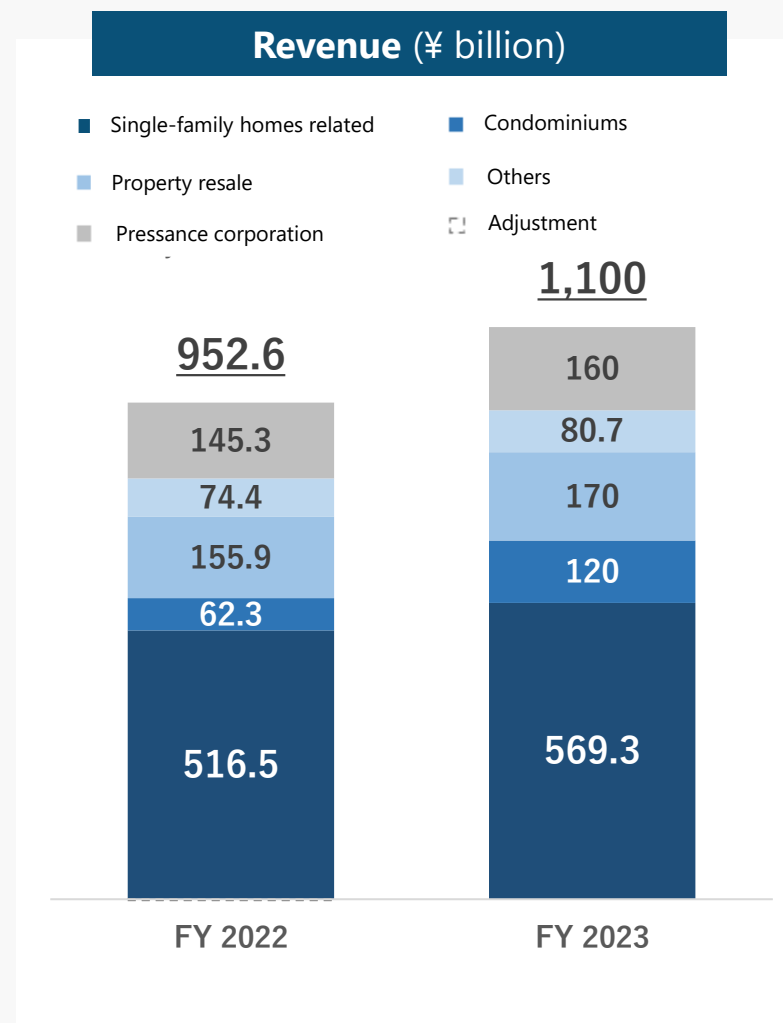
Ordinary dividends	+	Special dividends
<b>144.00</b>		<b>10.00</b>
<b>20.2%</b>		<b>1.4%</b>

# Consolidated Business Forecasts (Revenue by business segment)

- Expecting double-digit overall growth in real estate for actual demand including condominium business

(¥ Million)

	FY 2022 (2021/10-2022/9)		FY 2023 (2022/10-2023/9)		Inc. (Dec.)
	Actual	Inc. (Dec.)	Forecast	Inc. (Dec.)	
<b>Total</b>	952,686	100.0%	<b>1,100,000</b>	100.0%	<b>15.5%</b>
<b>Single-family homes related business</b>	516,554	54.2%	<b>569,300</b>	51.8%	<b>10.2%</b>
<b>Condominiums</b>	62,362	6.5%	<b>120,000</b>	10.9%	<b>92.4%</b>
<b>Property resales</b>	155,961	16.4%	<b>170,000</b>	15.5%	<b>9.0%</b>
<b>Others (including U.S. real estate business)</b>	74,471	7.8%	<b>80,700</b>	7.3%	<b>8.4%</b>
<b>Pressance Corporation</b>	145,324	15.3%	<b>160,000</b>	14.5%	<b>10.1%</b>
<b>Adjustments</b>	(1,987)	-	-	-	-



## Toward sales exceeding ¥ 1 trillion

- Balanced growth in real estate for actual demand as well as real estate for investment
- Developing each business in markets with growth potential

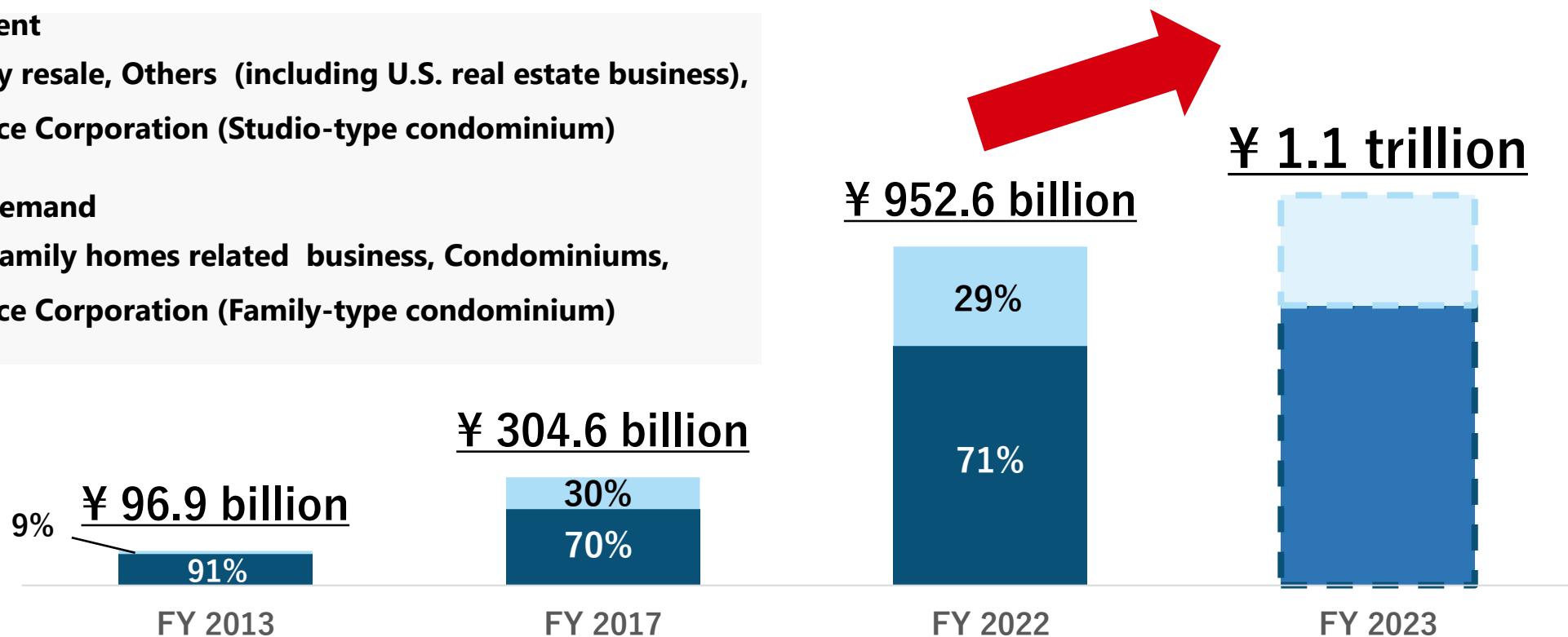
### — Revenue by business segment

#### ■ Investment

Property resale, Others (including U.S. real estate business),  
Pressance Corporation (Studio-type condominium)

#### ■ Actual demand

Single-family homes related business, Condominiums,  
Pressance Corporation (Family-type condominium)



# Real Estate for Actual Demand (single-family Homes Related Business)

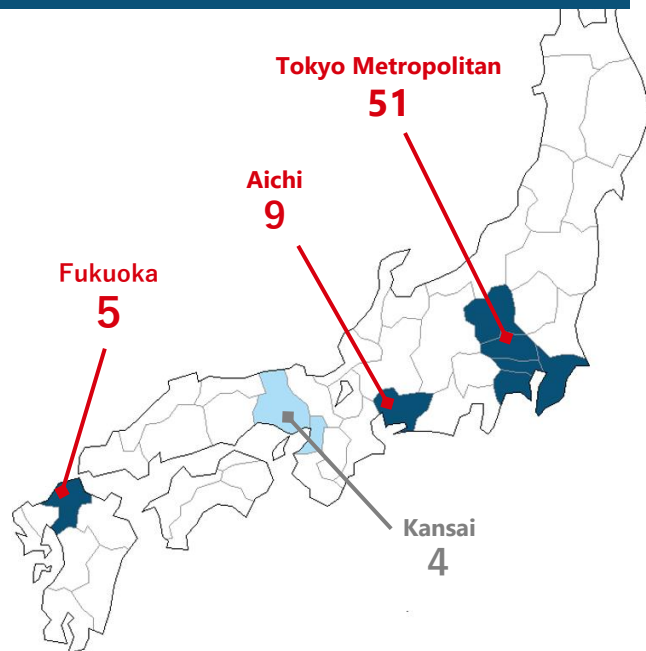
## Single-family homes related

FY 2023 Forecast

Revenue **¥ 569.3 billion**

Inc. (Dec.) **10.2%**

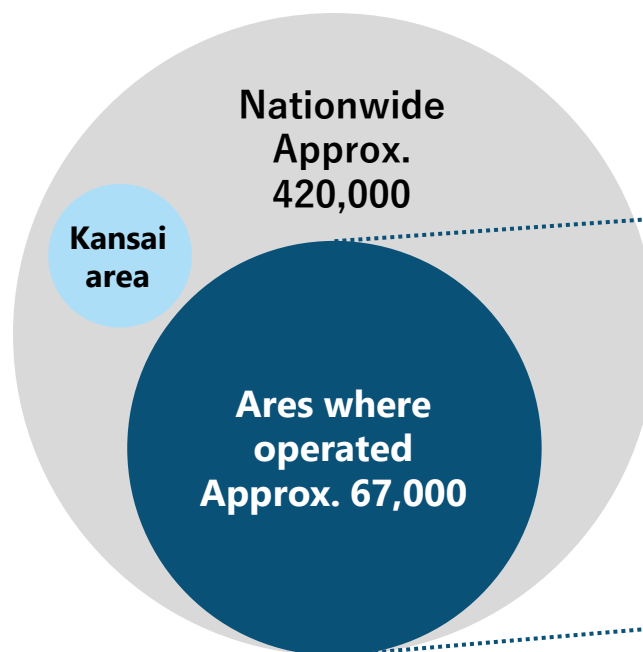
### Number of sales centers of each area



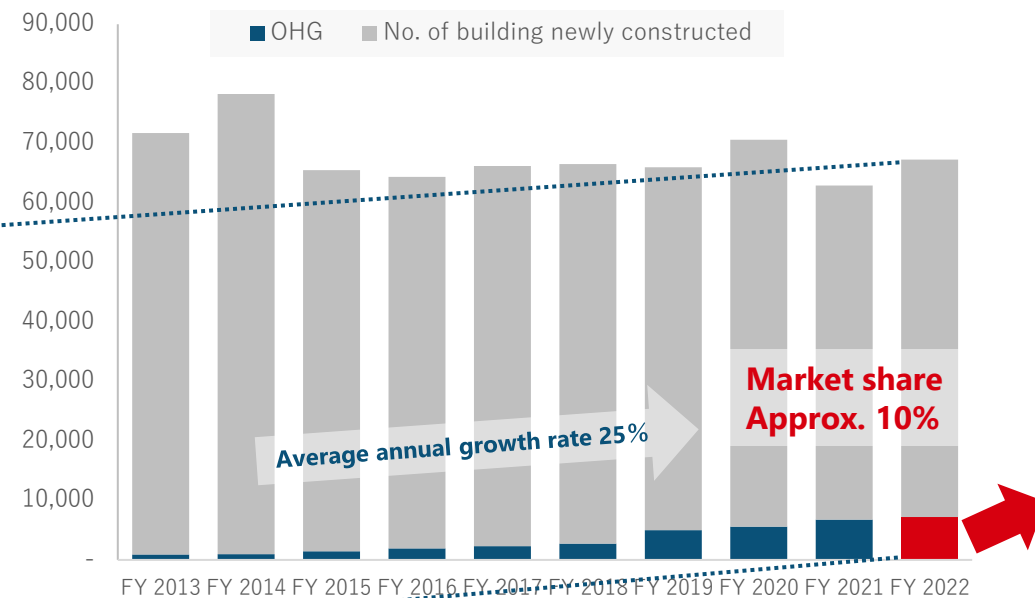
## Nationwide market size

- Sales continue to grow at a compound annual growth rate of 25% despite the market remains flat
- Market share in existing business areas is still about 10%, with room for further expansion

### Market size in the areas where operated



### Trends in number of buildings newly constructed



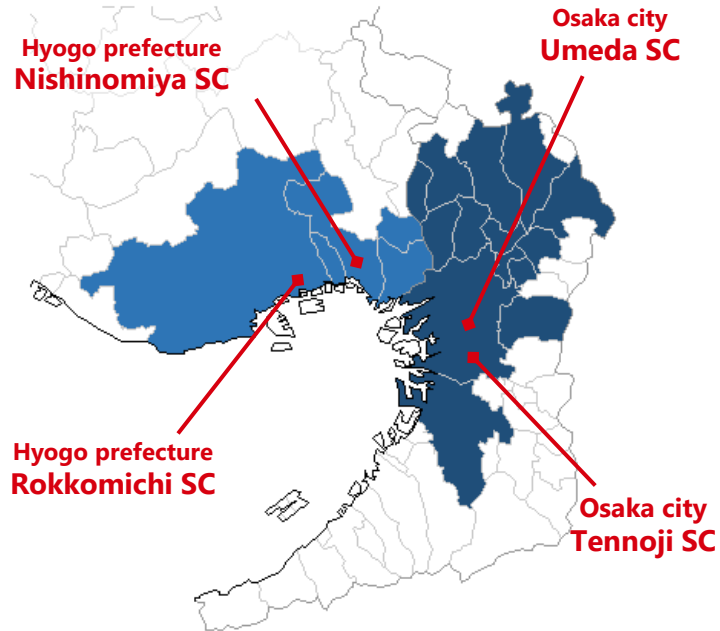
Source  
**No. of buildings** : "Construction Statistics", "Housing Starts", the Ministry of Land, Infrastructure, Transport and Tourism.  
**OHG** : No. of buildings delivered (built for sale + contracted)

# Real Estate for Actual Demand (Single-family Homes Related Business)

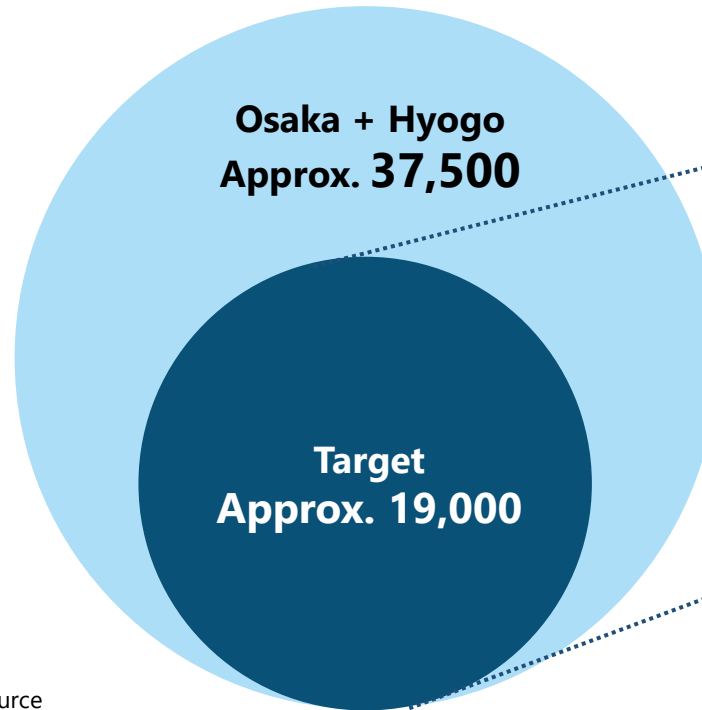
## Market size in the Kansai area

- The company targets approximately half of the Osaka and Hyogo areas, expanding market share in the Kansai area with a dominant strategy.
- The target market size is about the same size as the one in Tokyo's 23 wards. Aiming for rapid business expansion.

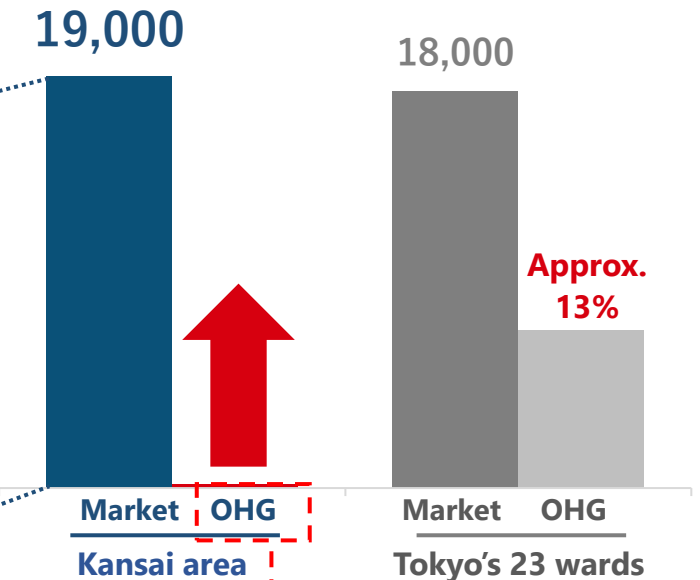
### Target areas and existing sales centers



### Target market size in the Kansai area



### Comparison of target market & Tokyo's 23 wards



Source  
**No. of buildings** : "Construction Statistics", "Housing Starts", the Ministry of Land, Infrastructure, Transport and Tourism.  
**OHG** : No. of buildings delivered (built for sale + contracted)



# Real Estate for Actual Demand (Condominium Business)

## Condominiums

FY 2023 forecast

Revenue **¥ 120 billion**

Inc. (Dec.) **92.4%**

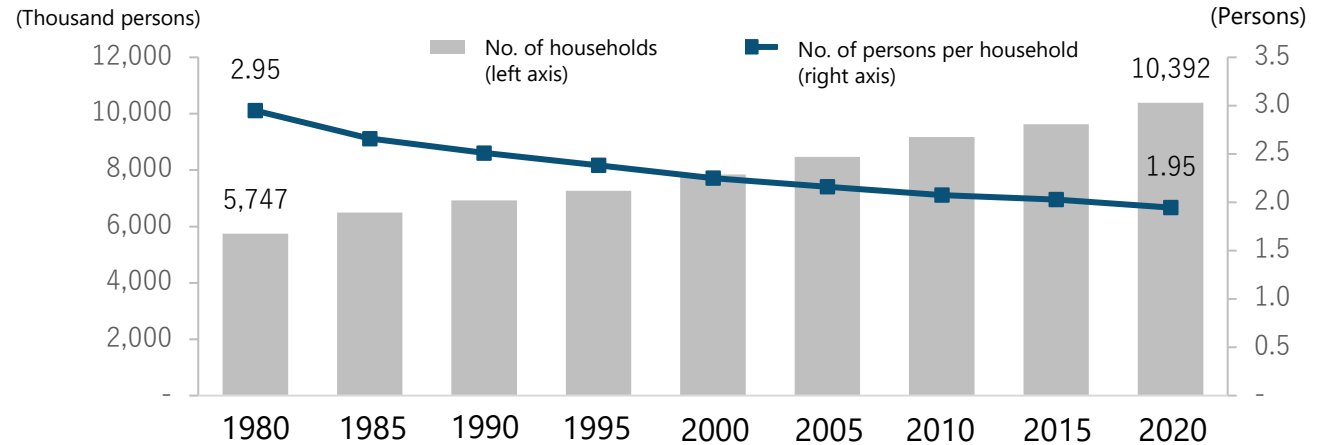
In urban area,

■ Increase in smaller households 

■ Decrease in condominium supply 

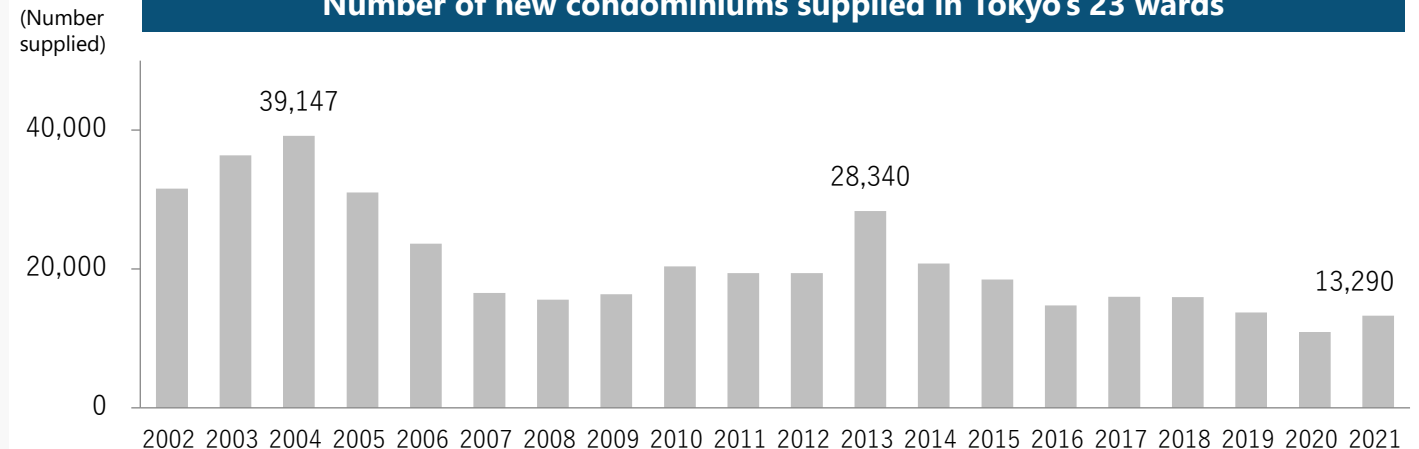
⇒ Demand exceeds supply

### Number of households and persons per household in urban areas



Source: Census, Ministry of Internal Affairs and Communications Total of Tokyo 23 wards, Yokohama, Nagoya, Osaka, and Fukuoka

### Number of new condominiums supplied in Tokyo's 23 wards



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

# Real Estate for Investment

## Property resales

FY 2023 forecast

Revenue **¥ 170 billion**

Inc. (Dec.) **9.0%**

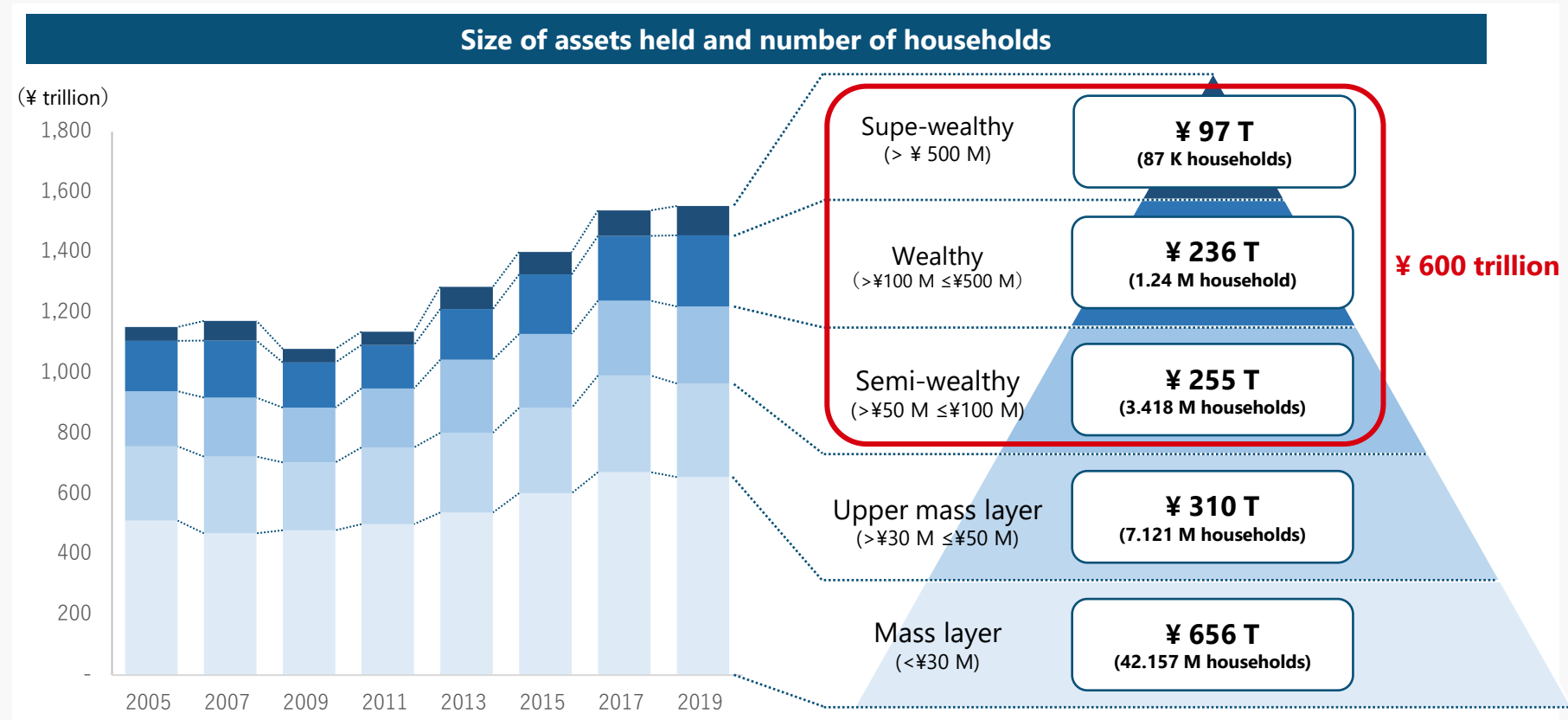
## Others (U.S. real estate business)

FY 2023 forecast

Revenue **¥ 80.7 billion**

Inc. (Dec.) **8.4%**

- Financial assets of the domestic wealthy are on the rise
- Developing the **¥ 600 trillion** high-net-worth market with demand for asset diversification



Source: Nomura Research Institute, Ltd. News release "Nomura Research Institute estimates that there are 1.33 million affluent households in Japan with total net financial assets of ¥ 333 trillion."

### 3. Mid-term Management Plan



**OPEN HOUSE GROUP**

# Performance under the Mid-term Management Plan

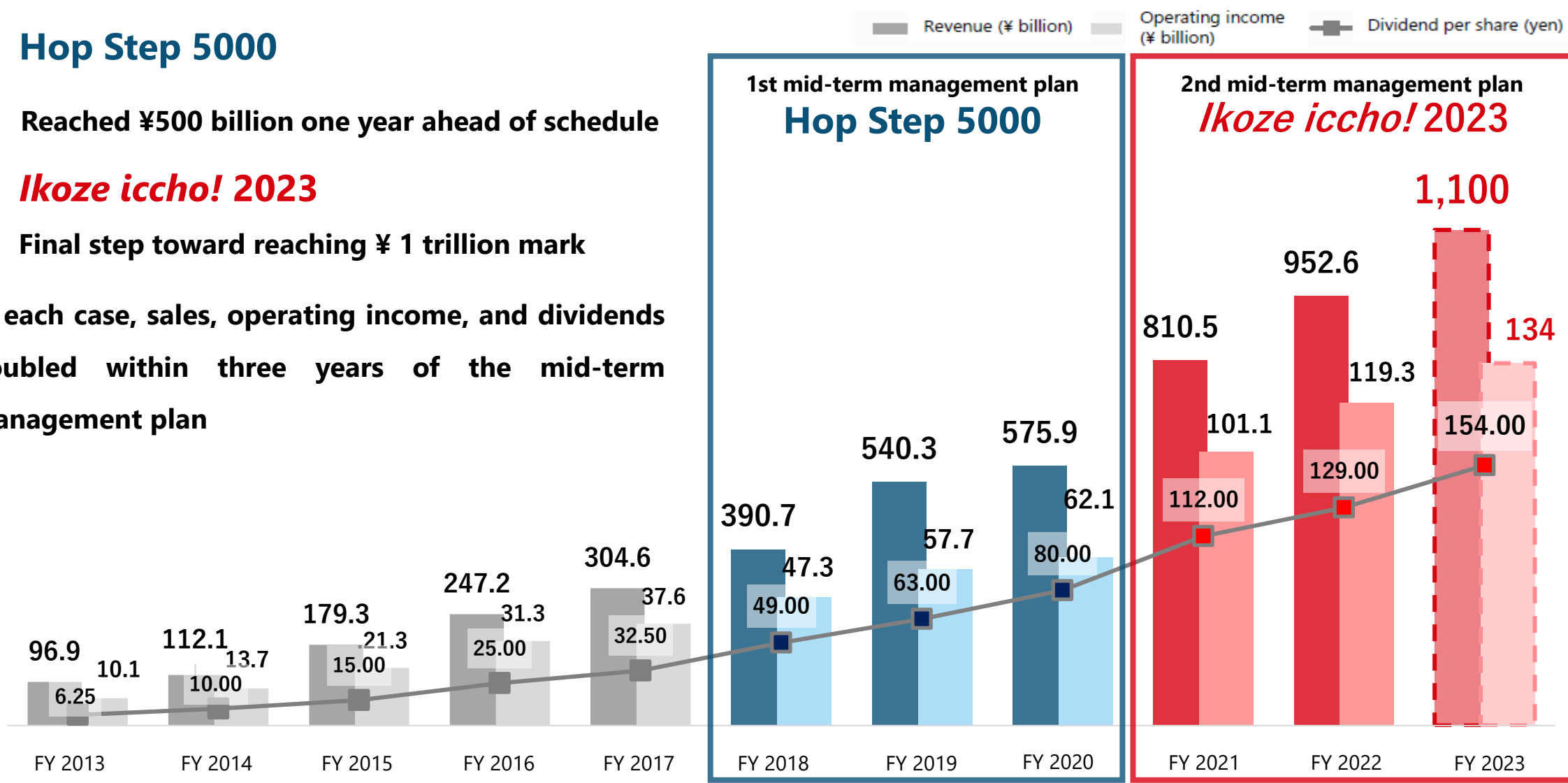
## Hop Step 5000

Reached ¥500 billion one year ahead of schedule

## Ikoze iccho! 2023

Final step toward reaching ¥ 1 trillion mark

In each case, sales, operating income, and dividends doubled within three years of the mid-term management plan



# Capital and Financial Strategy

- Maintaining a balance between financial stability and high capital efficiency
- Acquisition of treasury shares would be carried out flexibly, taking into an account performance, share price, balance sheet conditions, and other factors

## Financial Strategy

- Equity ratio of **30%** or more
- Net D/E ratio **1 time** or less
- ROE **20%** or more
- Dividend payout ratio **20%**
- Agile share buybacks
- Proactive investment in growth opportunities

## 4. Sustainability



**OPEN HOUSE GROUP**



**OPEN HOUSE GROUP**

### **Our mission**

**Supplying Affordable Housing  
in the Tokyo Metropolitan Area**

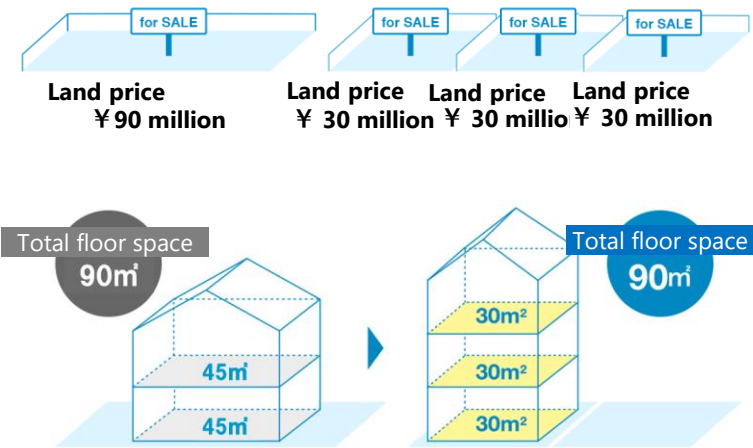
### **Approach to Sustainability**

**The OPEN HOUSE Group promotes sustainability aiming to contribute to the realization of a sustainable society through our business activities while achieving sustainable corporate growth.**

- **Sustainable society is essential for sustainable corporate growth**
- **Balancing our mission and social responsibility is the key**

# Contribution to solving social issues related to housing purchase

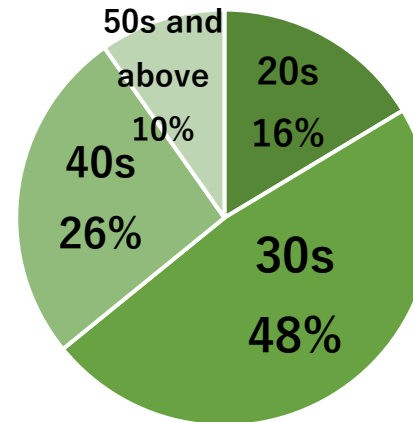
## 01 Affordable housing supply in great locations



- Effective use of limited premises
- Total floor space secured by building three stories
- Comfortable living space even in a compact size realized by know-how and technical capabilities based on our experience
- Easy to change specifications to suit lifestyles, such as adding a workspace

## 02 Town development for younger generations

Percentage of our single-family home buyers by age\*



- Older homes tend to be lived in by elderly residents
- 90% of purchasers are in their 20–40s.
- Contributing to revitalization of local communities
- Locations in central Tokyo close to stations contribute to the continued employment of women in dual-earner/child-rearing households

\* Ages of householders of our customers that contracted from January to December 2019.

## 03 Compact wooden houses with low environmental burden



- Thermal insulation performance equivalent to the highest grade 4 (Top Runner Standard)
- Providing comfortable living as well as contributing to decarbonization
- Resistance against disasters (earthquakes, fires, etc.) can be improved by rebuilding old houses
- Compared with large-scale development such as earthworks, the impact on nature from wooden construction in residential areas is minimal



# Contribution to SDGs through business activities

- November 2021** Signed on to TCFD
- January 2022** Signed the UN Global Compact
- February 2022** Concluded a Positive Impact Finance Agreement with Mizuho Bank, Ltd. (¥10 billion)
- April 2022** Included “FTSE Blossom Japan Sector Relative Index”  
Received rating of BBB by MSCI ESG ratings
- September 2022** Raised funds with ESG/SDG-Based Syndicated Loan (¥20.5 billion)
- October 2022** Started providing renewable energy “Ouchi Link Denki”  
Launched solar power energy generation business and set reduction target for Scope 3 GHG emissions  
Received R&I Green Bond Assessment (¥1.7 billion)  
Established of Nomination and Remuneration Committee



FTSE Blossom Japan Sector Relative Index



# Decarbonization Project



- Launched both renewable and creative energy initiatives as a decarbonization project

## Started offering renewable energy electricity to purchasers of single-family homes

- In October 2020, switch to renewable energy sources for electricity services provided to customers through our subsidiary, OuchiLink Co.,Ltd.
- Contributed to the reduction of Scope 3 emissions, which account for 73% of our emissions



## Launched solar power generation business, contributing to energy creation

- Owning solar power plants throughout Japan through subsidiary company (SPC) that operates solar power plants

Portfolio	Nationally distributed, all operational solar power plants (20 locations)
Panel Capacity	15.4MW
Estimated annual power generation	Approx. 20 million kWh (equivalent to the annual electricity consumption of 4,100 general households)
Total Investment	Approx. ¥ 6 billion



# Decarbonization Project



## ■ Maintain existing initiatives to decarbonize, contributing to GHG emission reductions



### Promoting the Spread of Solar Panels

- Launched flat-rate solar power generation services in collaboration with TOKYO GAS Co., Ltd.



### Japan Wood-Housing Association,

- Continue forest cycle preservation activities including promotion of use of domestic timber, donation of seedlings, etc.



### Open House Forest Project

- Conduct forest conservation training for employees and prospective employees

## New <GHG (greenhouse gas) emission reduction targets>

Scope 1, 2 and 3:

**Reducing 46% of GHG emissions by 2030 compared to FY 2018**

**Set a goal to achieve net-zero emissions by 2050**

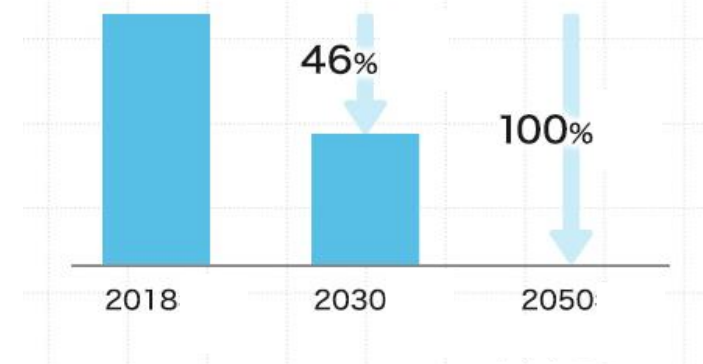
Target: Single family homes related business operated by OH and OHD

Scope 1,2,3 :

Scope 1: Emissions from the business activities of the subject company (direct emissions)

Scope 2: Emissions from the use of energy supplied by other companies (indirect emissions)

Scope 3: Emissions from other business activities (indirect emissions such as material procurement and emissions from the use of homes after sale)



# Regional Co-creation Project



- **Industry-Government-Academia-Finance Collaboration for Town Development" in Minakami, Gunma Prefecture**
- **Promoting regional contribution activities through sports projects**

## Project to revitalize the Minakami hot spring resort

- Mini "Marche" for revitalizing abandoned buildings in a dormitory of a closed-down onsen ryokan
- Realized through the "Comprehensive Collaborative Agreement on Industry-Government-Academia-Finance" signed with the University of Tokyo in September 2021



Before the maintenance

After the maintenance by locals and students

## CRANE THUNDERS ONGAESHI

Continue donation activities to solve social issues

- Red Feather Community Chest Theme "A System to Improve My Town"
- Lemonade stand to support childhood cancer



Gunma Crain Thunders' players also participated the activities (photo right: Kei Igarashi)

## 5. DX (Digital Transformation)



**OPEN HOUSE GROUP**

# OHA's Virtual Exhibition "LIFE DESIGN PARK 3D"

- Opened a virtual exhibition hall which anyone, anytime, anywhere, can explore
- High-quality, realistic 3D design houses can be viewed from PCs or smartphones



**24 hours a day,  
365 days a year  
available**

**Offering  
real time trend**

## — User Benefits —

- Waiting time can be reduced
- Cost-effective houses are available
- A wide variety of designs to match the latest trends
- Enabling to check the details to user's heart content
- Encouraging users to preview while picturing actual living environment



# AI Sales Staff

- Started demonstration test of "AI sales staff," approaching a new customers
- Aiming to develop "AI sales" using large-scale language AI to promote DX in sales and marketing

## Conventional House Hunting

### In-store consultation

- ❑ Time constraints
- ❑ Curfews during the pandemic

While it is beneficial to consult with professionals, there are restrictions.



### Online House Hunting

- ❑ Lack of user's expertise
- ❑ Unable to verbalize conditions and requests

While it is convenient to search, it is difficult to find the right fit.



## House Hunting by AI Sales Staff

Providing a new customer experience, such as searching for a house easily through chat and consulting with a professional



### – User Benefits –

- Receiving advice in response to user's concerns and hesitations
- Users can get suggestion of recommended houses
- Feeling free to chat anytime

### – OHG's Benefits –

- Developing a new customer base
- Expecting reduction of working hours, improvement of working environment, and productivity increase

## 6. Supplemental Financial Data



**OPEN HOUSE GROUP**



# Consolidated Financial Summary for FY 2022

## Single-family Homes Related Business Results by Sub-Segment

(¥ Million)

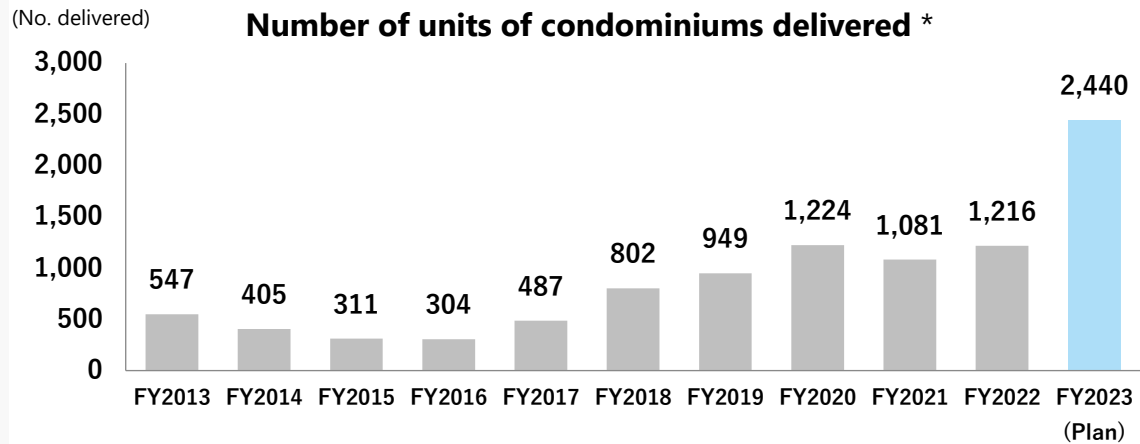
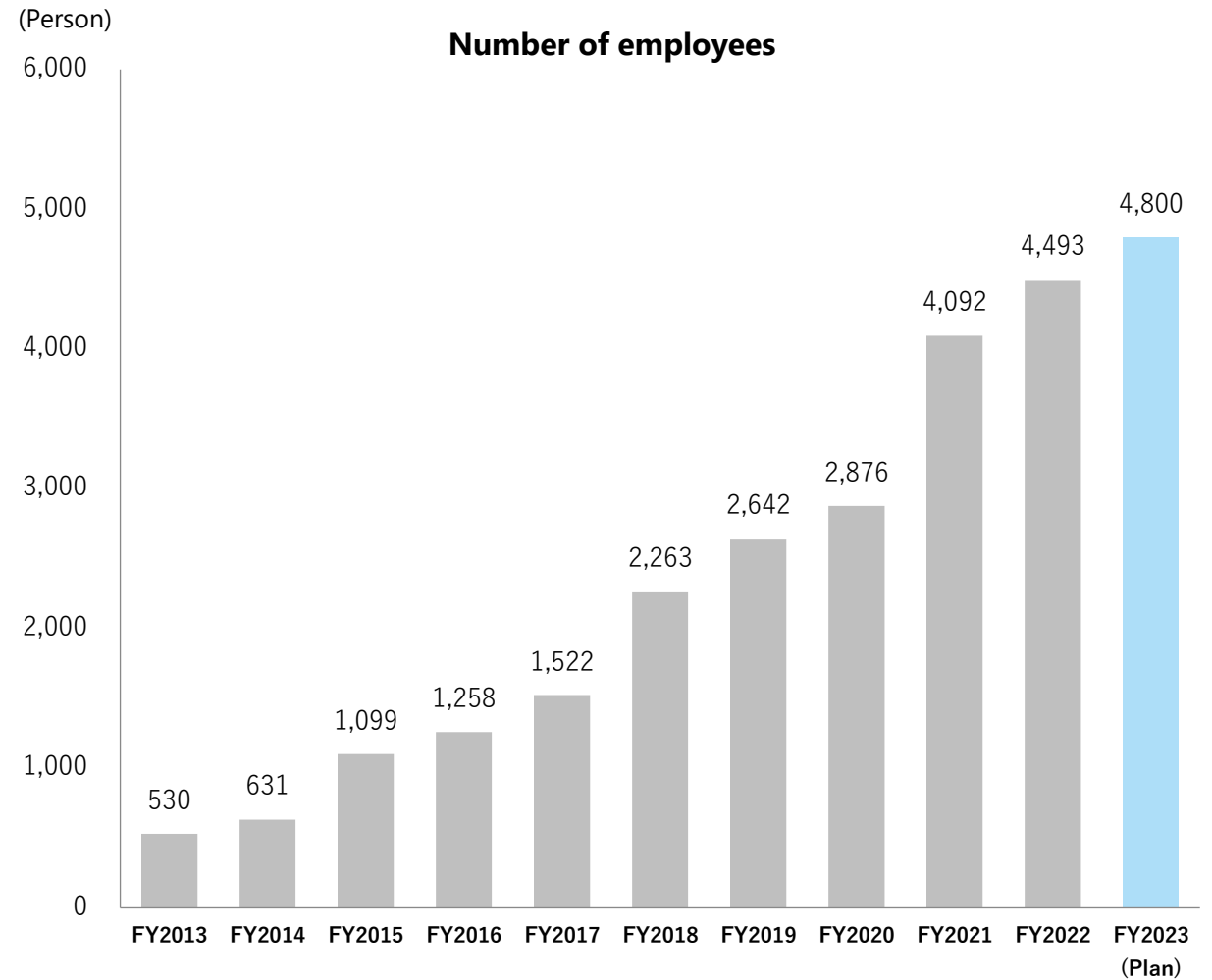
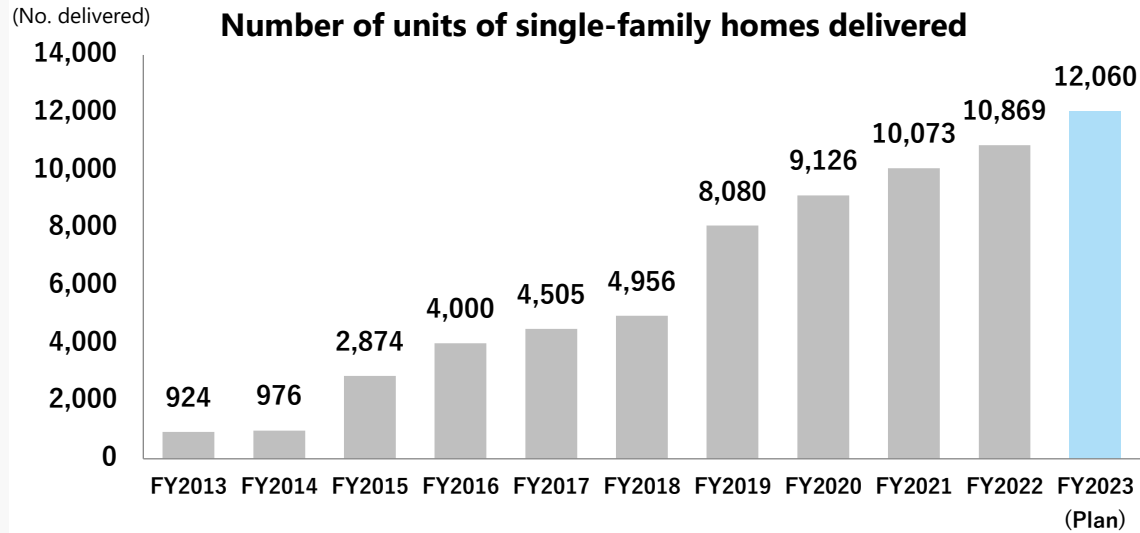
		FY 2020	FY 2021	FY 2022
Open House Development (Sale)	Revenue	248,980	294,169	<b>336,502</b>
	Gross profit	40,846	57,705	<b>63,683</b>
	Gross profit margin	16.4%	19.6%	<b>18.9%</b>
Hawk One (Sale)	Revenue	87,094	105,329	<b>125,352</b>
	Gross profit	12,508	19,783	<b>21,825</b>
	Gross profit margin	14.4%	18.8%	<b>17.4%</b>
Open House Architect (Construction)	Revenue	55,508	57,800	<b>67,495</b>
	Gross profit	6,235	7,926	<b>6,130</b>
	Gross profit margin	11.2%	13.7%	<b>9.1%</b>

		FY 2020	FY 2021	FY 2022
Number delivered	Built-for-sale houses	2,804	3,396	<b>3,624</b>
	Lands	2,645	3,088	<b>3,402</b>
	Built-to-order houses	1,597	1,814	<b>1,918</b>
Unit price	Built-for-sale houses	41.6	40.9	<b>43.1</b>
	Lands	40.9	41.5	<b>44.4</b>
Number delivered	Built-for-sale houses	2,063	2,150	<b>2,283</b>
	Lands	145	292	<b>346</b>
	Built-to-order houses	39	82	<b>168</b>
Unit price	Sales	39.0	42.5	<b>46.6</b>
Number delivered	Built-to-order houses except number delivered to OHD	2,623	2,631	<b>2,876</b>
	Number delivered to OHD	1,535	1,634	<b>1,881</b>

# Consolidated Financial Forecast for FY 2023\_Sales and Unit Plan by Segment

		Revenue / Gross profit (¥ billion)			Units			
		FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023	
		Actual	Actual	Plan	Actual	Actual	Plan	
<b>Single-family homes related</b>	Revenue	446.9	516.5	<b>569.3</b>	<b>Revenue (¥ billion)</b>			
	Gross profit	87.2	93.9	<b>96.6</b>	294.1	336.5	<b>377</b>	
	Gross profit margin	19.5%	18.2%	<b>17.0%</b>	<b>Open House Development</b>			
					Number delivered			
					Built-for-sale houses	3,396	3,624	<b>4,970</b>
					Lands	3,088	3,402	<b>3,270</b>
					Built-to-order houses	1,814	1,918	<b>1,790</b>
					<b>Revenue (¥ billion)</b>			
					105.3	125.3	<b>134</b>	
<b>Condominiums</b>	Revenue	47.1	62.3	<b>120</b>	<b>Hawk One</b>			
	Gross profit	11.1	16.3	<b>31.2</b>	Number delivered			
	Gross profit margin	23.6%	26.2%	<b>26.0%</b>	Built-for-sale houses	2,150	2,283	<b>2,430</b>
					Lands	292	346	<b>390</b>
					Built-to-order houses	82	168	<b>190</b>
					<b>Revenue (¥ billion)</b>			
					57.8	67.4	<b>80</b>	
<b>Property resales</b>	Revenue	123	155.9	<b>170</b>	<b>Open House Architect</b>			
	Gross profit	17.9	24.6	<b>25.9</b>	Number delivered			
	Gross profit margin	14.6%	15.8%	<b>15.2%</b>	Built-to-order houses except number delivered to OHD	2,631	2,876	<b>2,680</b>
					Number delivered to OHD	1,634	1,881	<b>2,390</b>
					<b>Condominiums</b>			
					Number delivered	1,081	1,216	<b>2,440</b>
					<b>Property resales</b>			
					Number delivered	292	328	<b>410</b>
					<b>U.S. real estate business</b>			
					Number delivered	827	1,071	<b>1,110</b>
<b>Others (U.S. real estate business)</b>	Revenue	45.1	74.4	<b>80.7</b>				
	Gross profit	9.4	14.5	<b>16</b>				
	Gross profit margin	20.8%	19.5%	<b>19.8%</b>				

# Mid-term Management Plan\_Quantitative Targets



\* Excluding number of units of Pressance Corporation

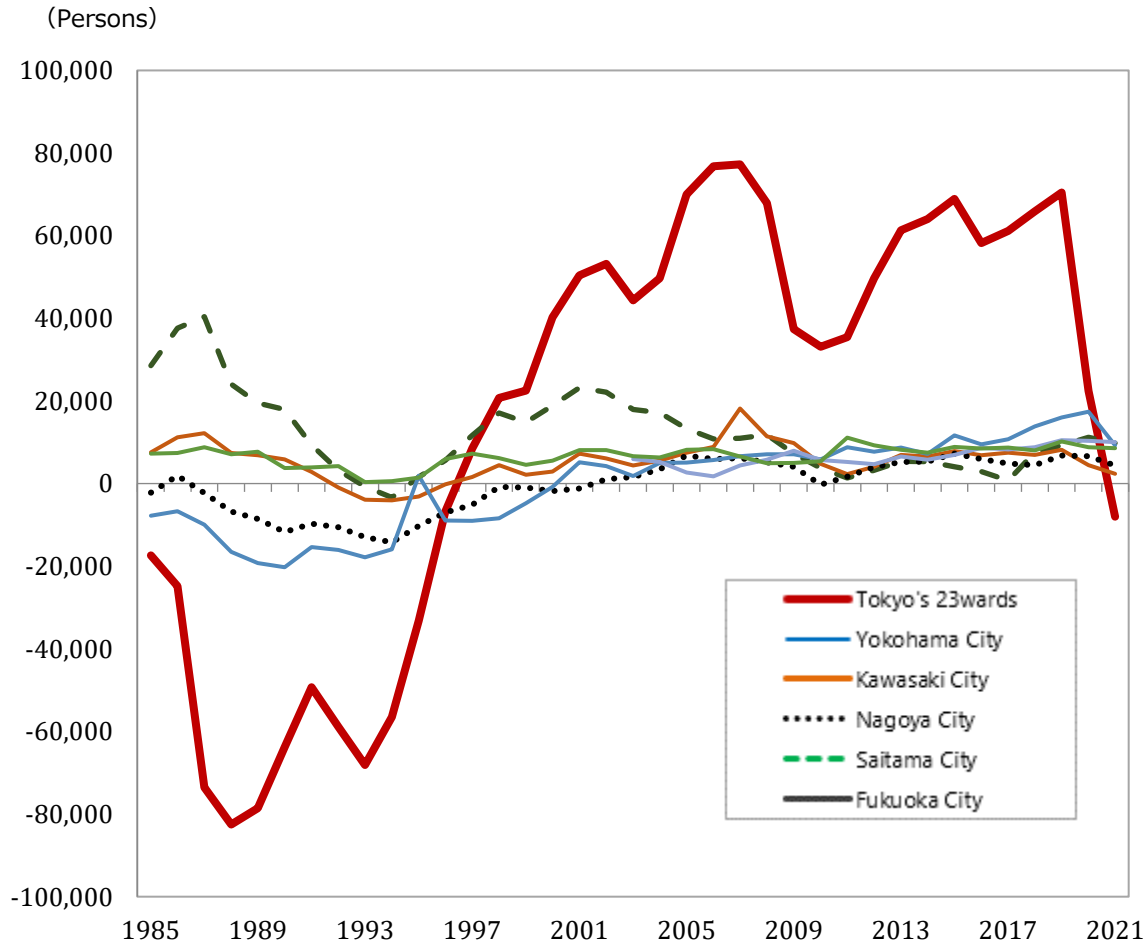
## 7. References



**OPEN HOUSE GROUP**

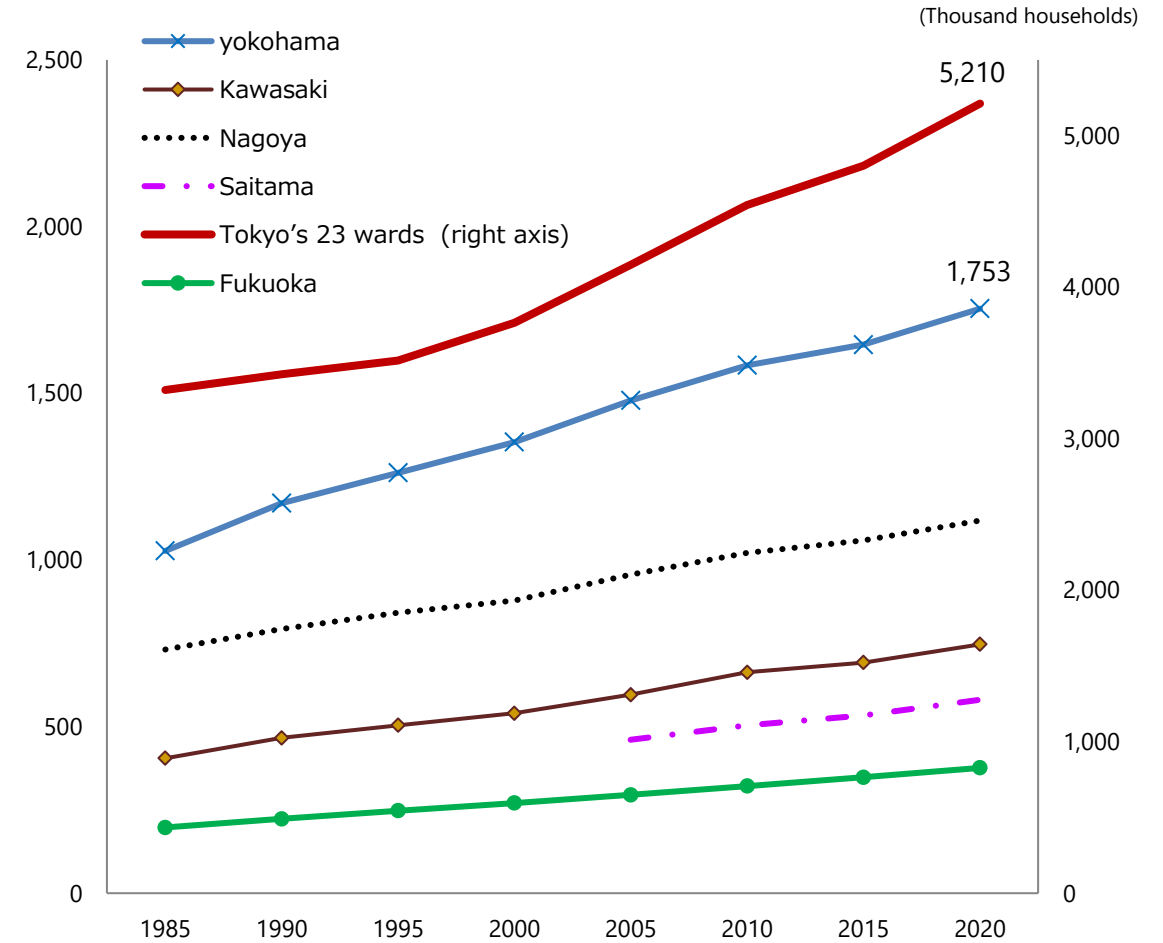
# The population has been concentrating and number of households has been increasing in urban areas

## Net migration into urban cities



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

## Number of households in major cities

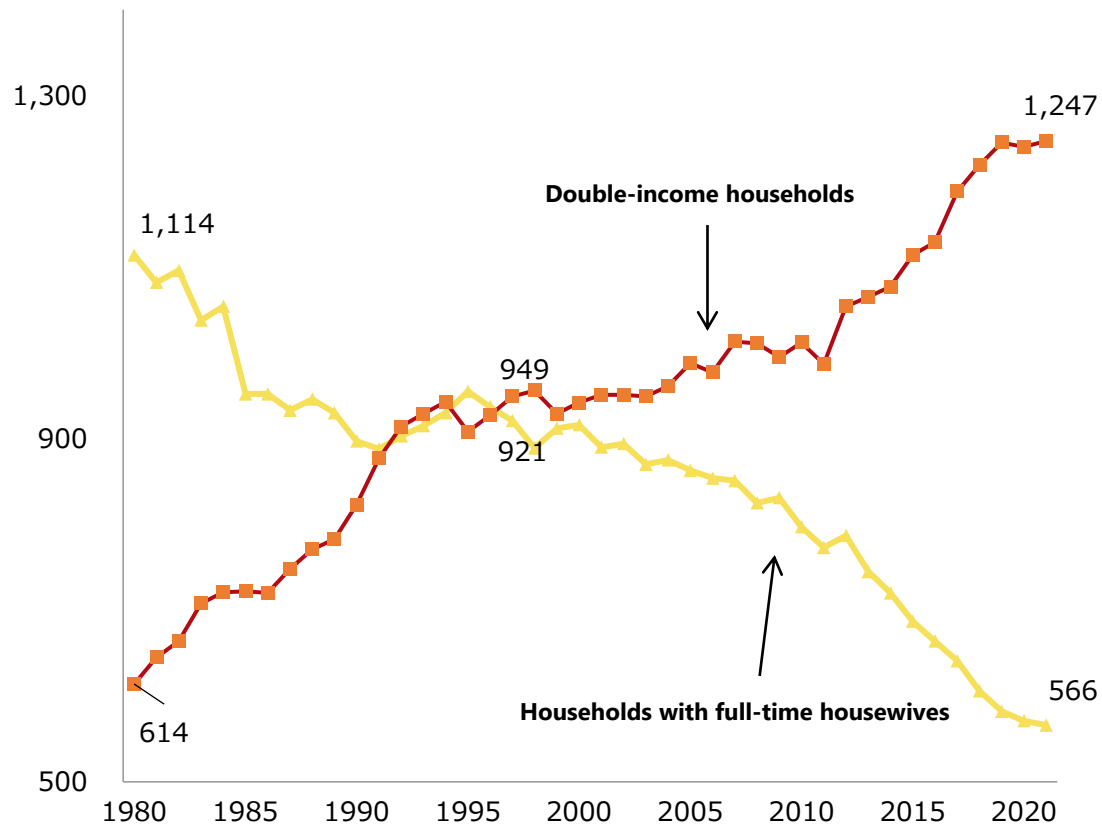


Source: MIC, "Population Census of Japan"

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

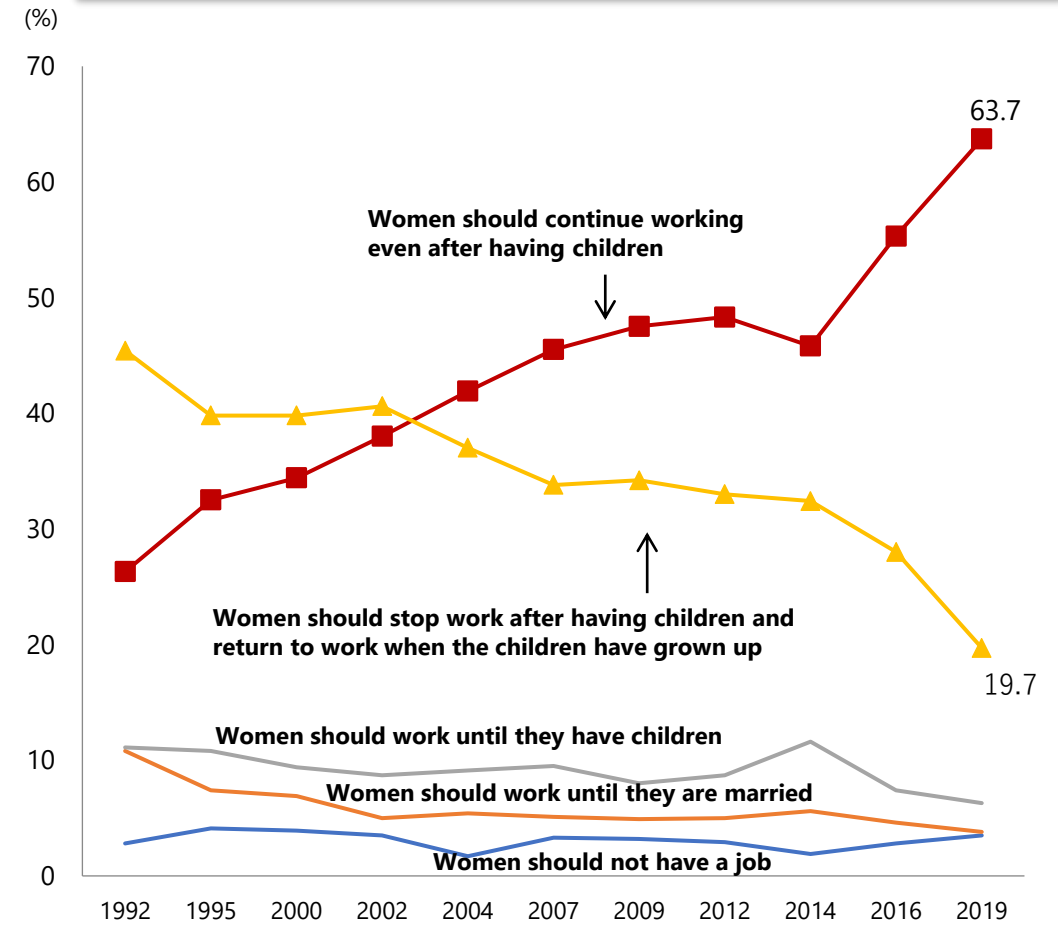
Trends in double-income households/households with full-time housewives (nationwide)

(10 thousand households)



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

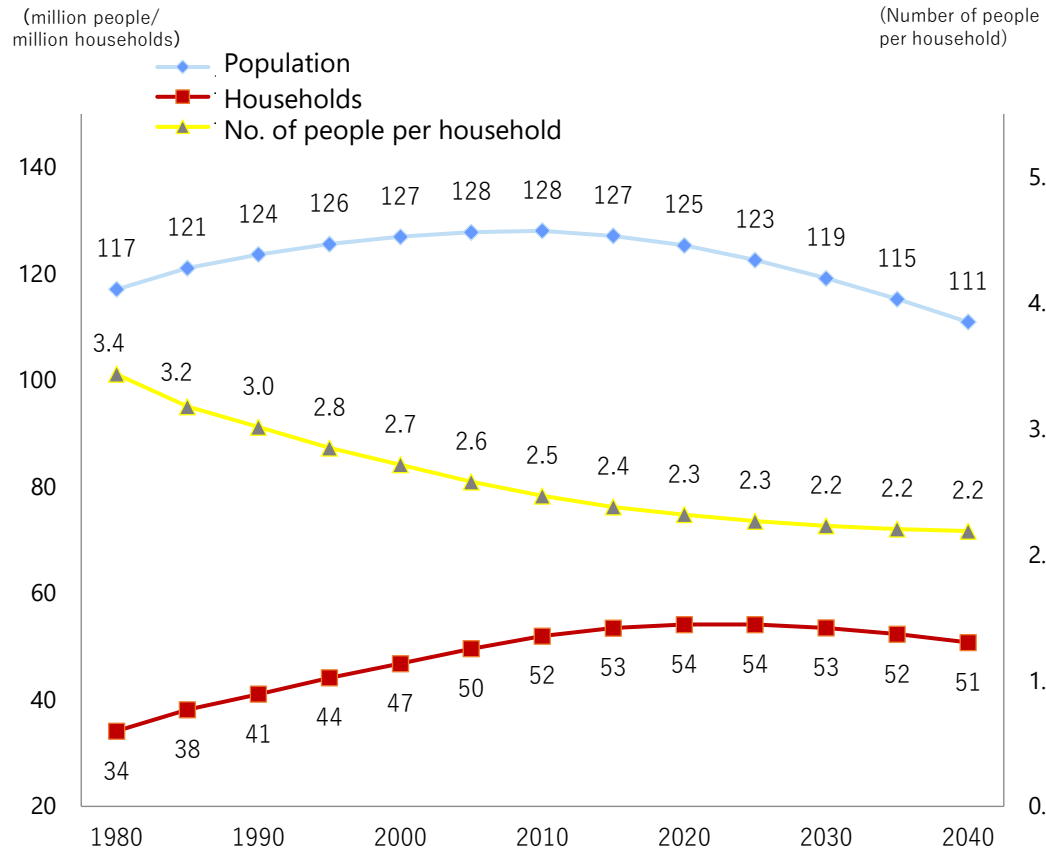
Changes in attitude toward work among women (nationwide)



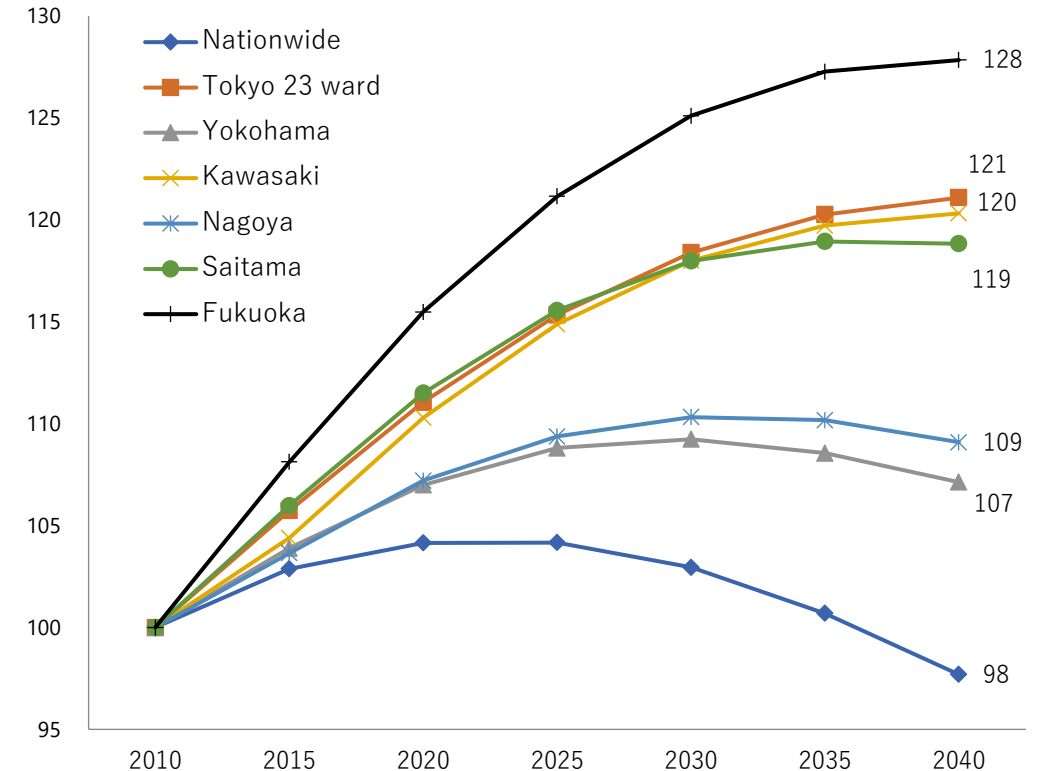
Source: "White Paper on Gender Equality 2020," Cabinet Office, Government of Japan

# 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



## Future household estimates for urban areas (index)

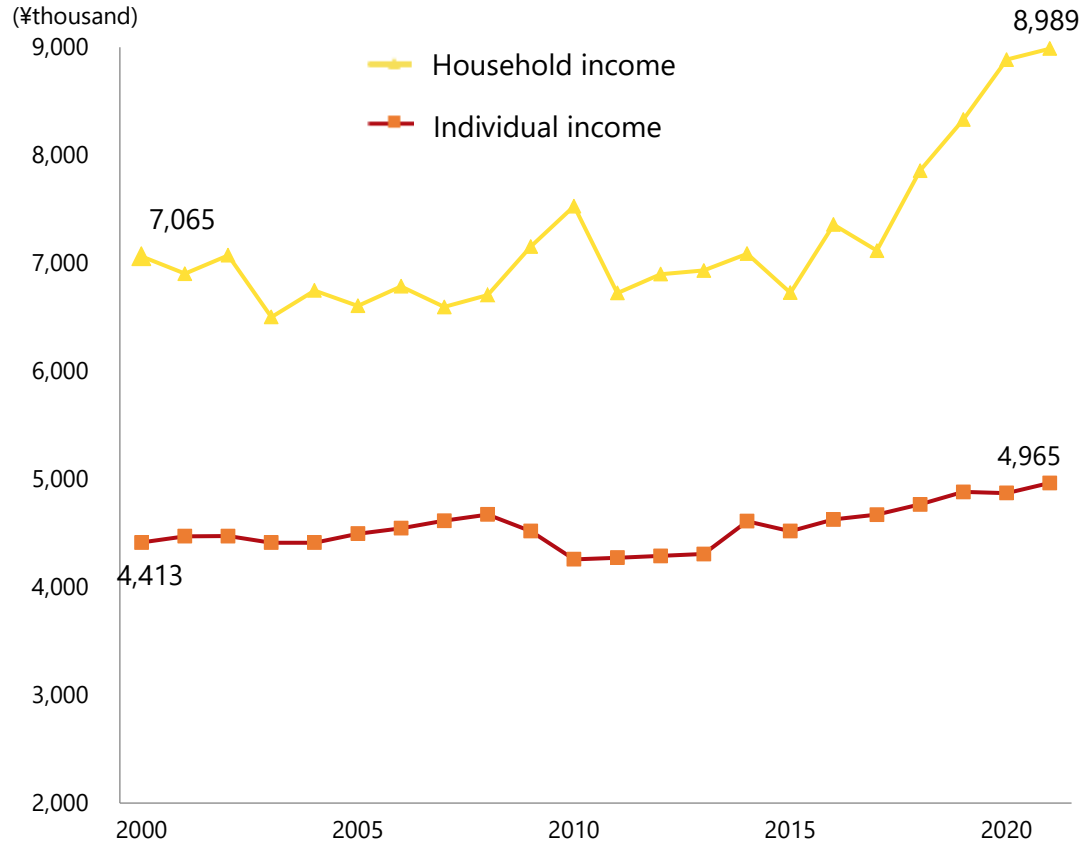


Sources:  
 1980-2015 : "2015 Population Census", Statistics Japan  
 2015-2040 : "Population Projection for Japan, 2018 projection", "Household Projections for Japan, 2018 projection", the National Institute of Population and Social Security Research  
 Number of people per household was calculated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

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.

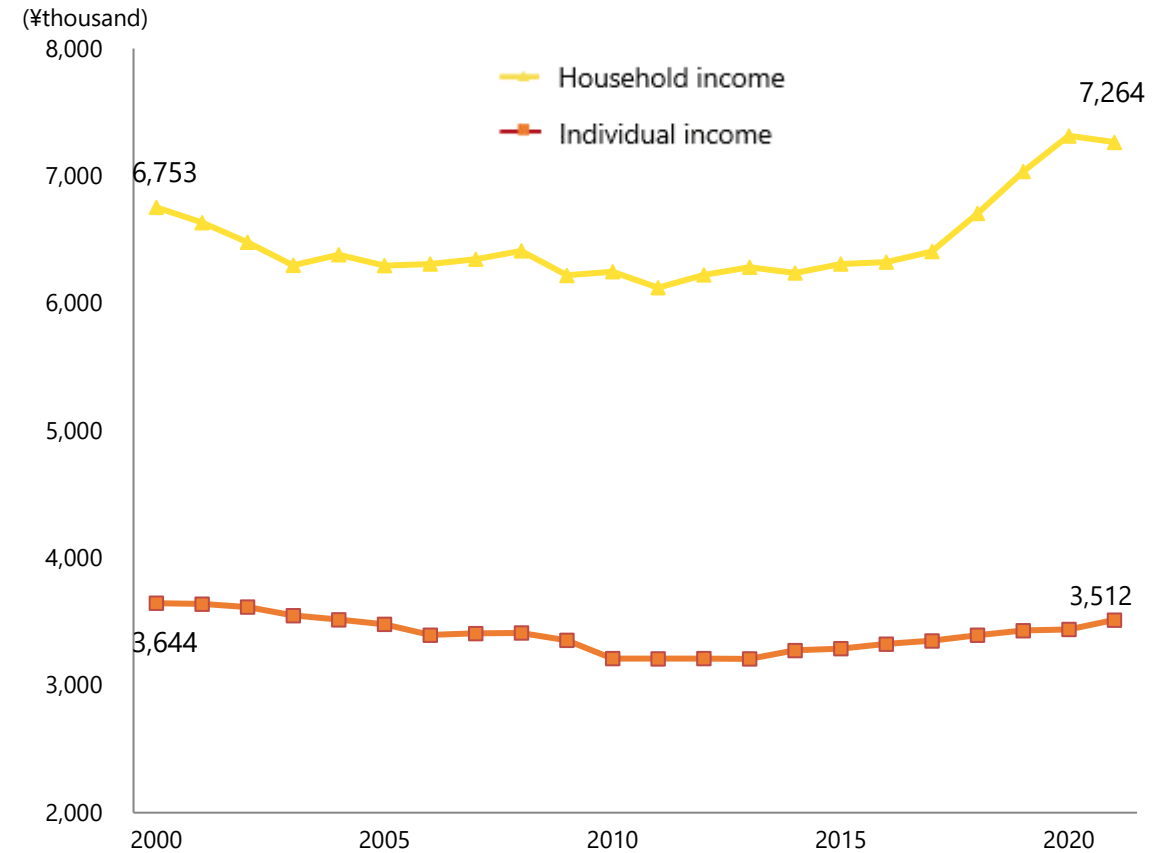
# The pace of income recovery is faster for people in urban areas, showing promise for growth in spending power

Household income and Individual income  
(Tokyo's 23 wards)



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

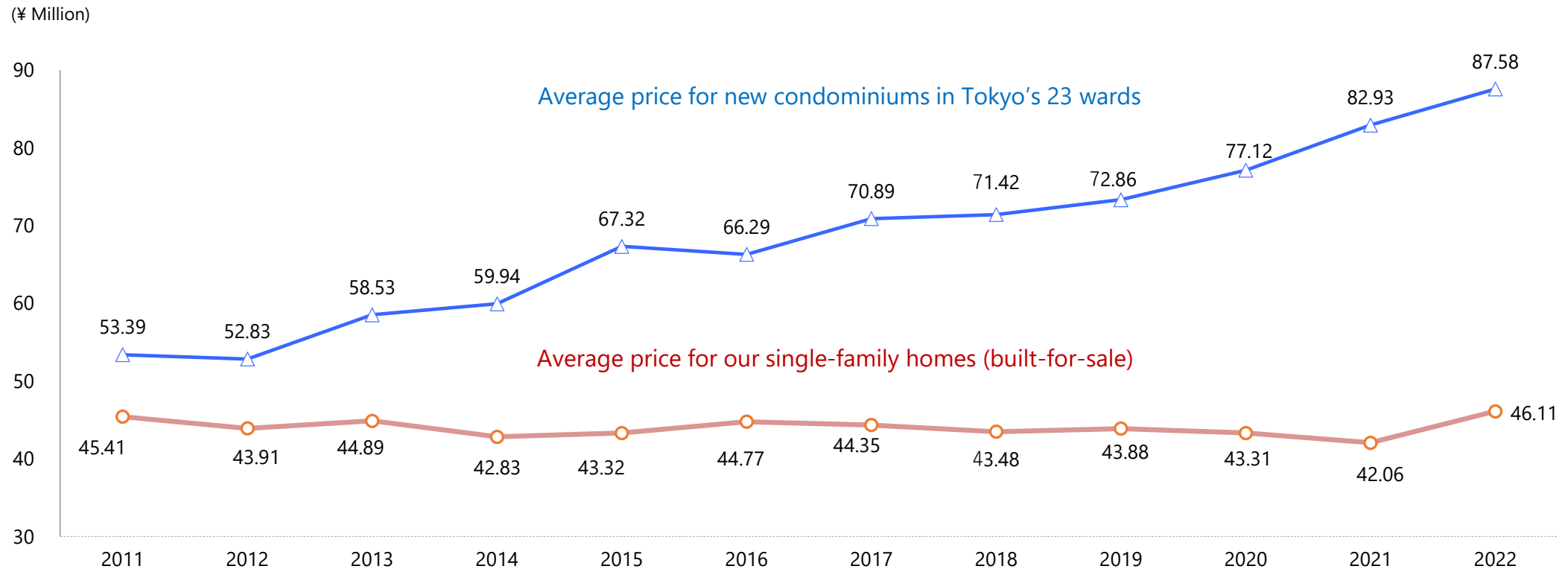
Household income and Individual income  
(nationwide)





# 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)



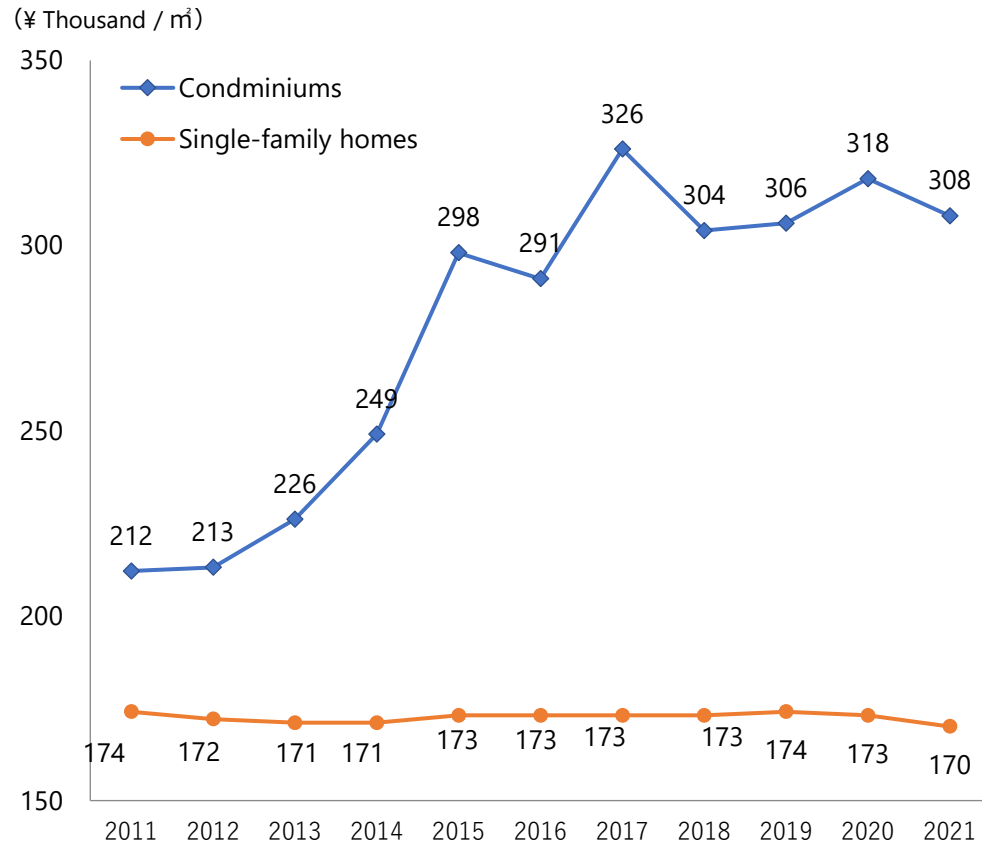
Source: MLIT, "Monthly marketing report of lands"

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.

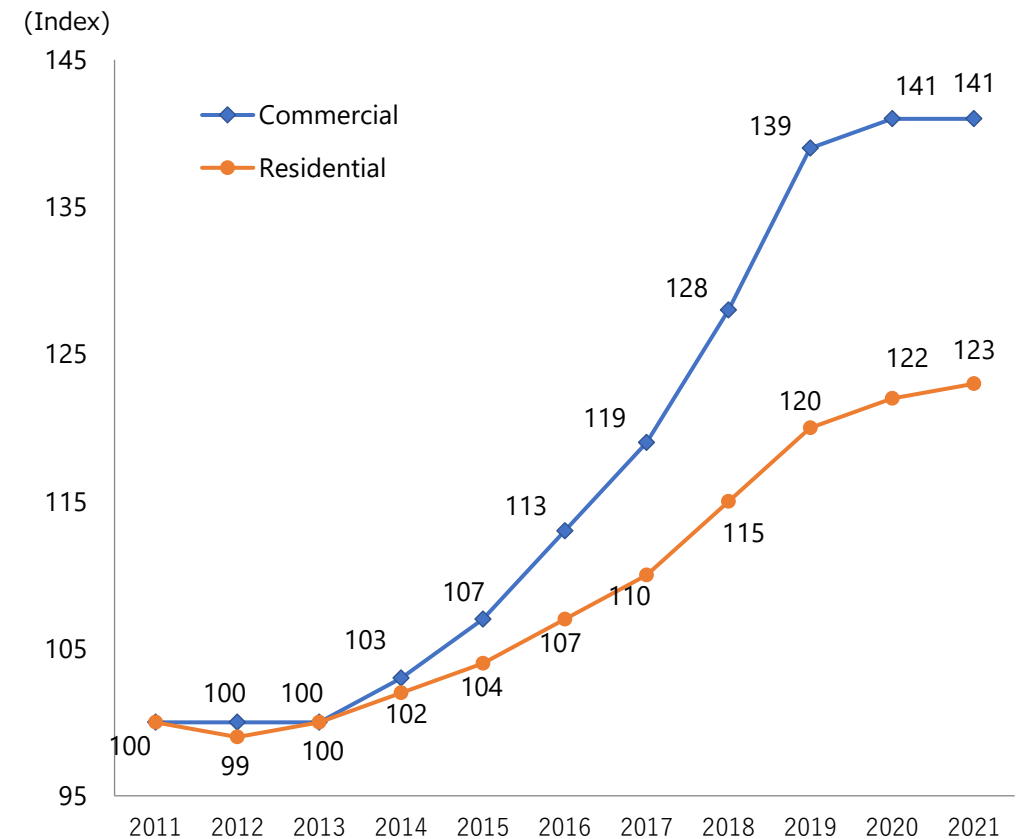
# Price gaps between condominiums and single-family homes have occurred due to the difference between construction costs and land cost

## Construction costs per m<sup>2</sup> (in Tokyo)



Source: MLIT "Housing Starts"  
 The average construction cost per m<sup>2</sup> 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.

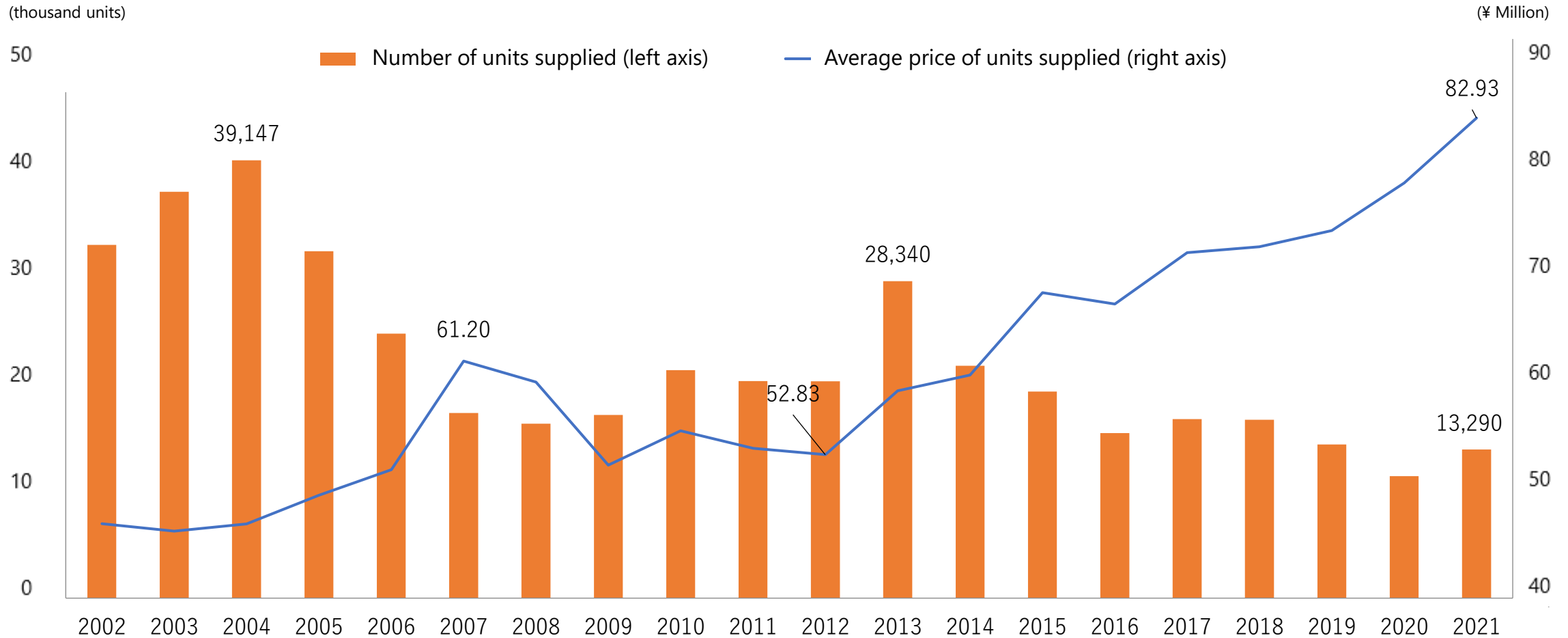
## Land price by use (in Tokyo's 23 wards)



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

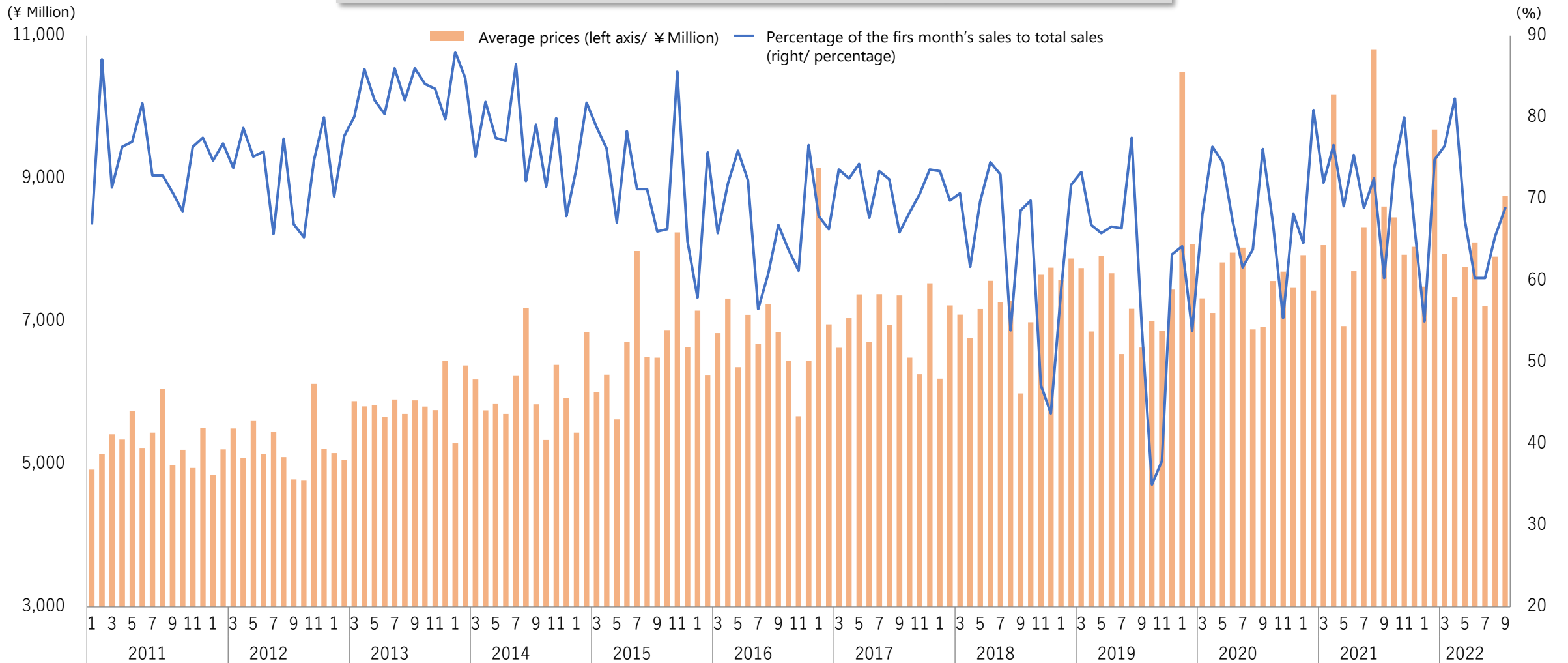
Number and average price of new condominiums supplied in Tokyo's 23 wards



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

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

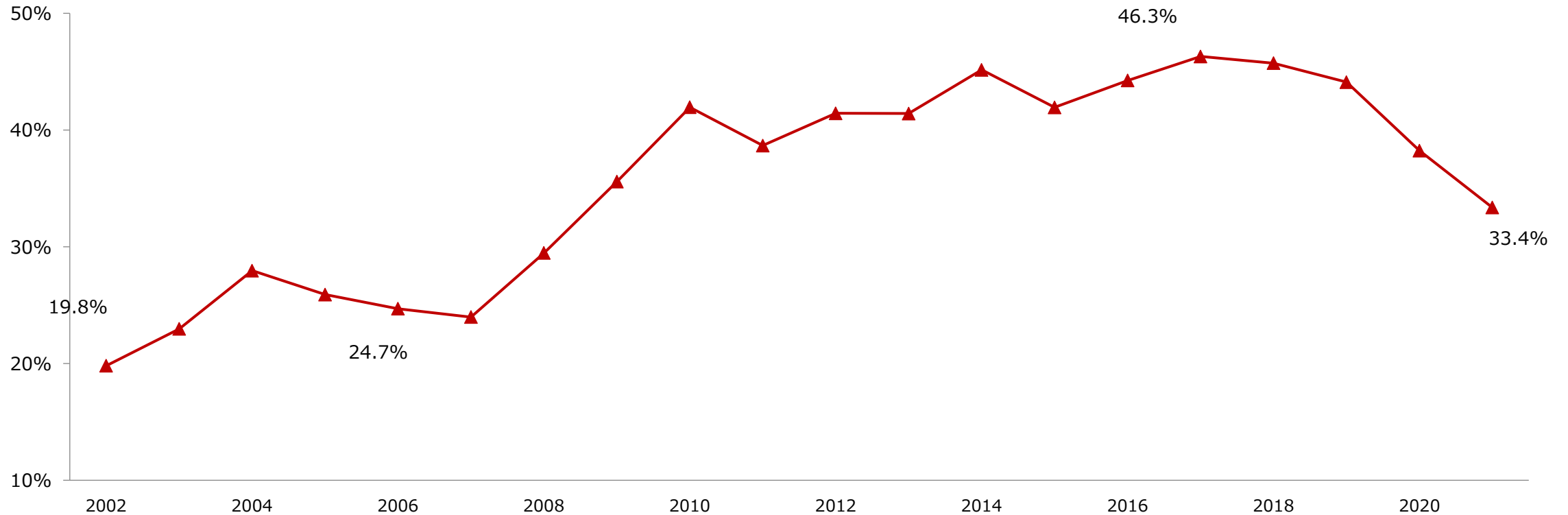
Trends of average prices of new condominiums and ratios of the first month's sales to total sales in Tokyo's 23 wards



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



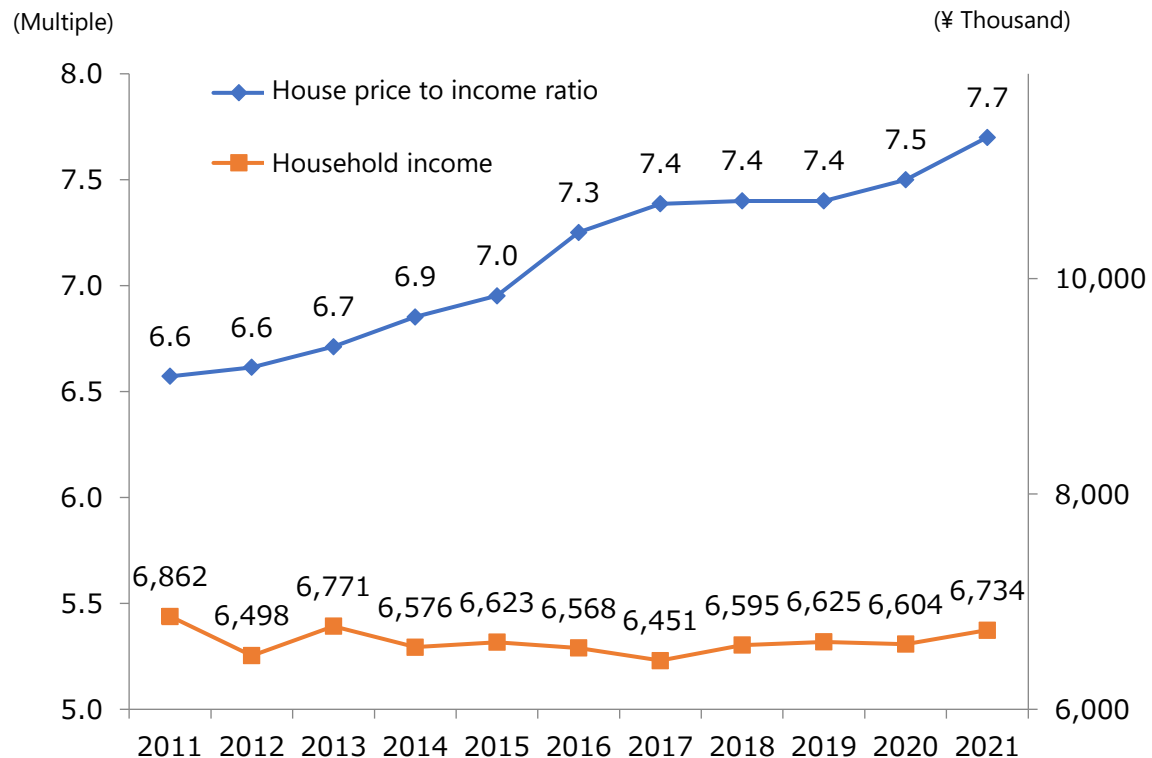
Source: The share of new condominium sales in the Tokyo Metropolitan area in "Condominium Market Trends" by Real Estate Economic Institute Co., Ltd.

\* Seven major real estate companies:

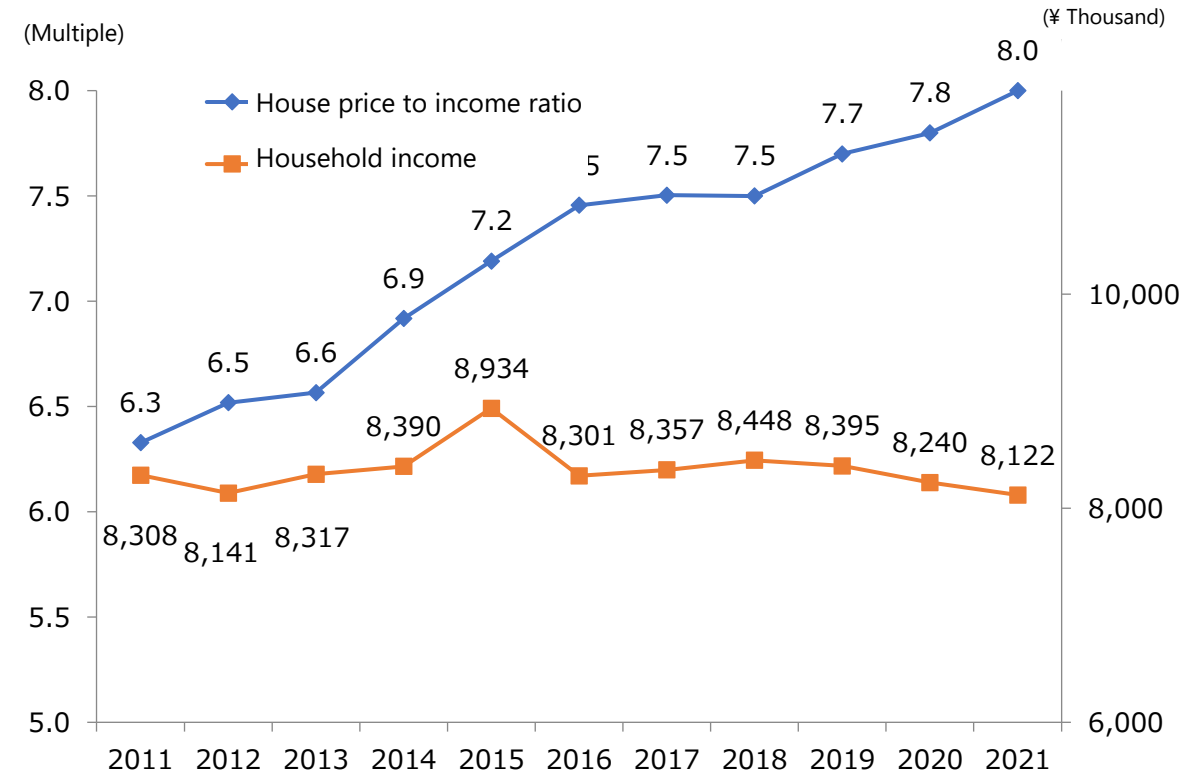
Sumitomo Realty & Development, Daikyo, Tokyu Land, Tokyo Tatemono, Nomura Real Estate Holdings, Mitsui Fudosan, Mitsubishi Estate

# Annual income multiplier increased, with a large gap in household income

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

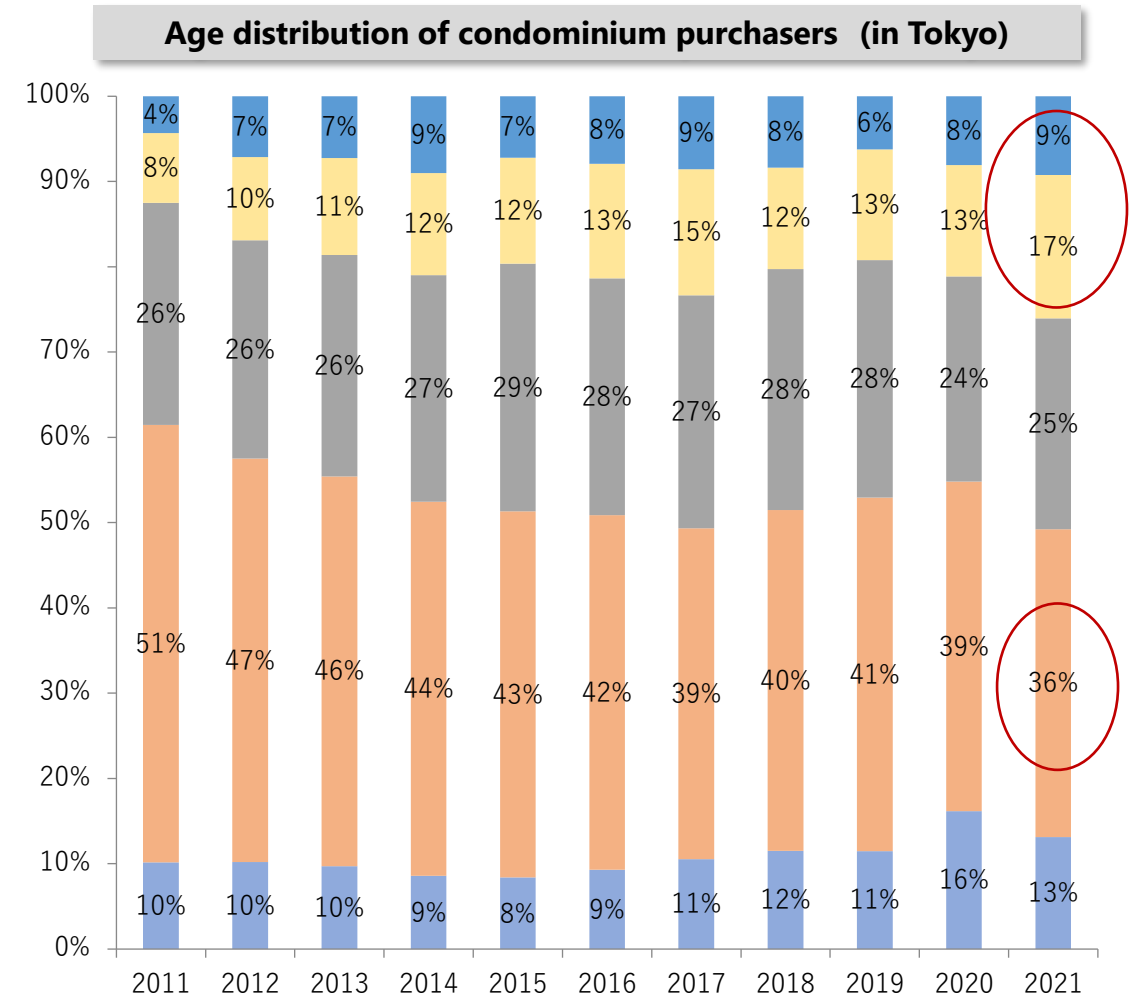
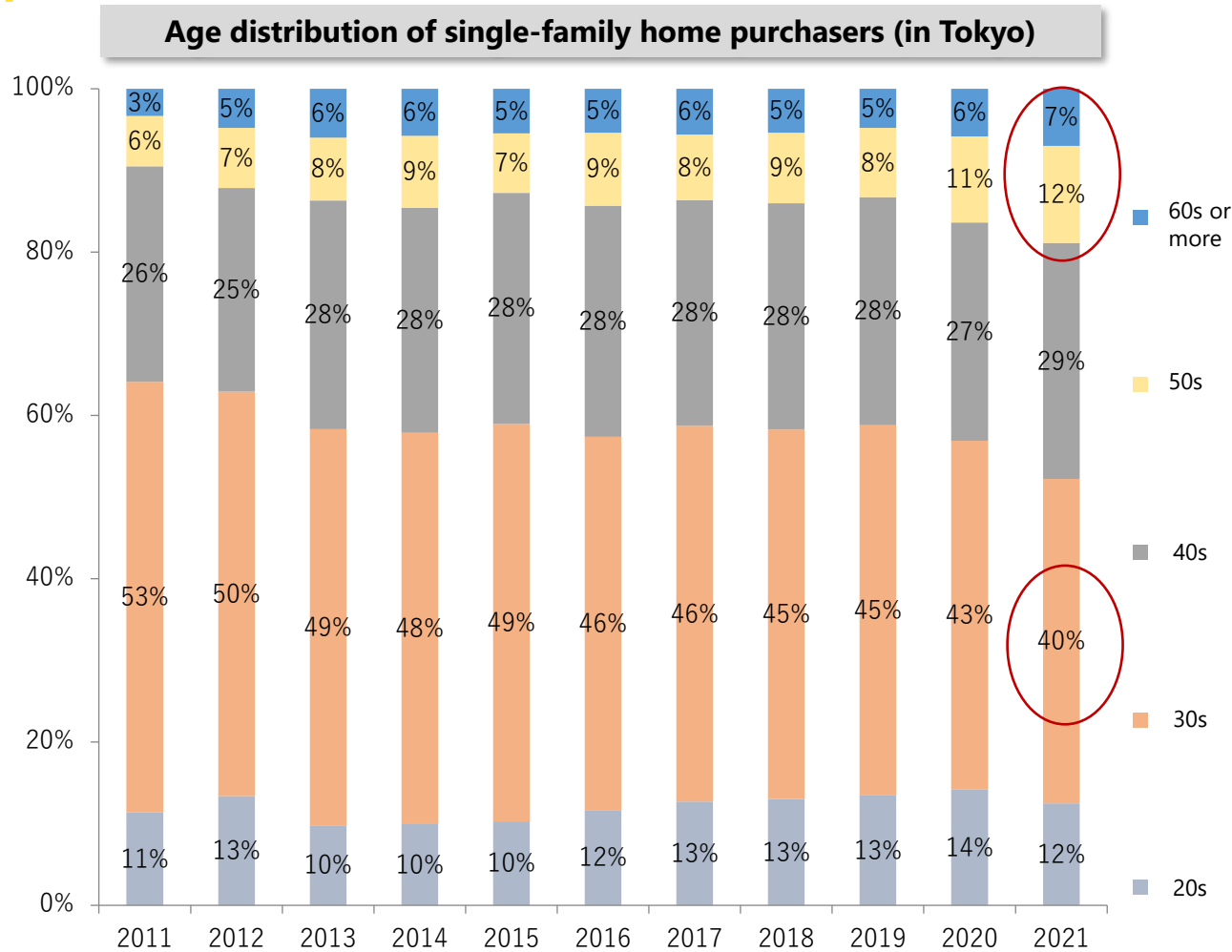


House price to income ratio and household income of condominium purchasers (in Tokyo)



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

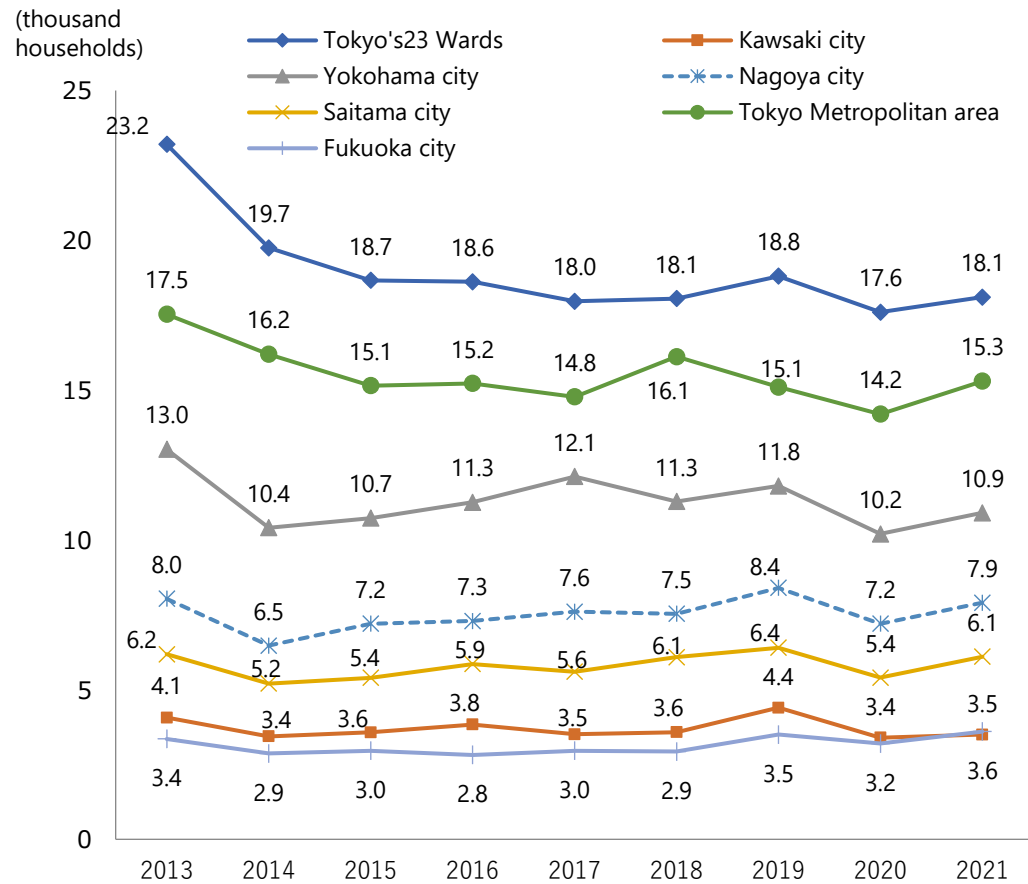


Source : Japan Housing Finance Agency

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)

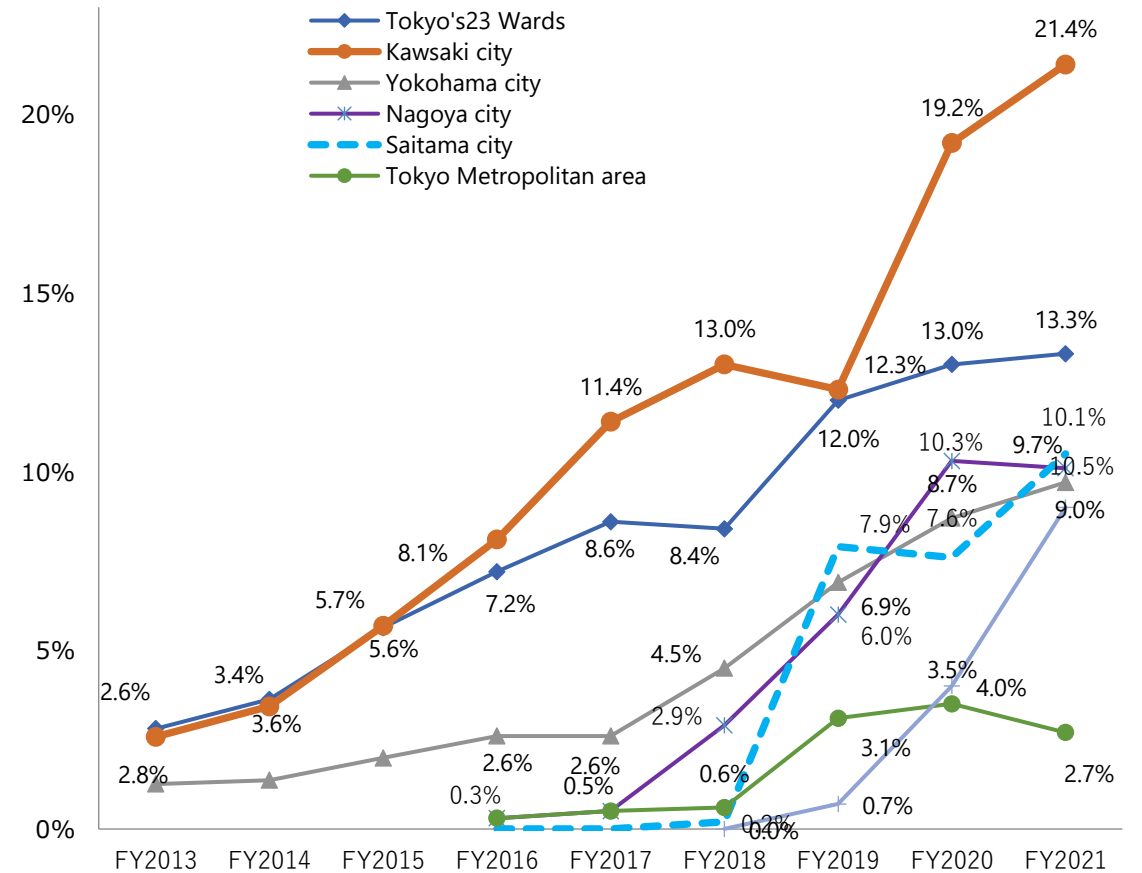
# Open House has been steadily acquiring shares in the single-family homes market in urban areas by adopting a dominant strategy

## 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

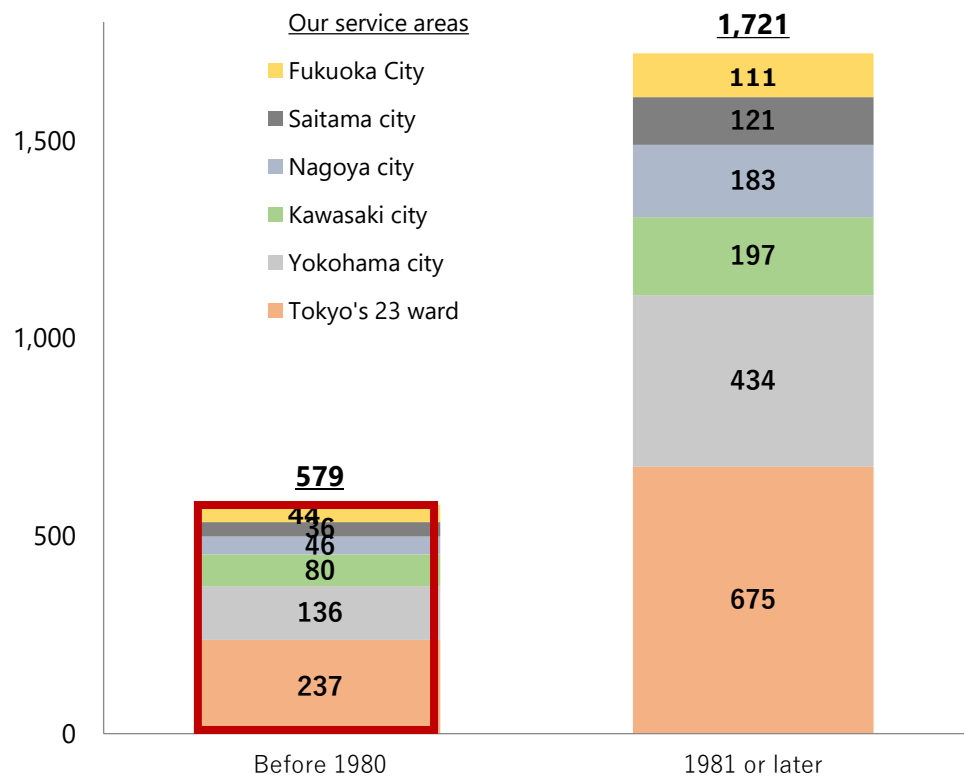


Calculated by dividing number of properties delivered in each period of the Group by the number of construction starts by area in each year.  
 Until FY2018: Only Open House Development is included  
 From FY2019: Hawk One is included.  
 FY2021 figures are estimates divided by the number of housing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



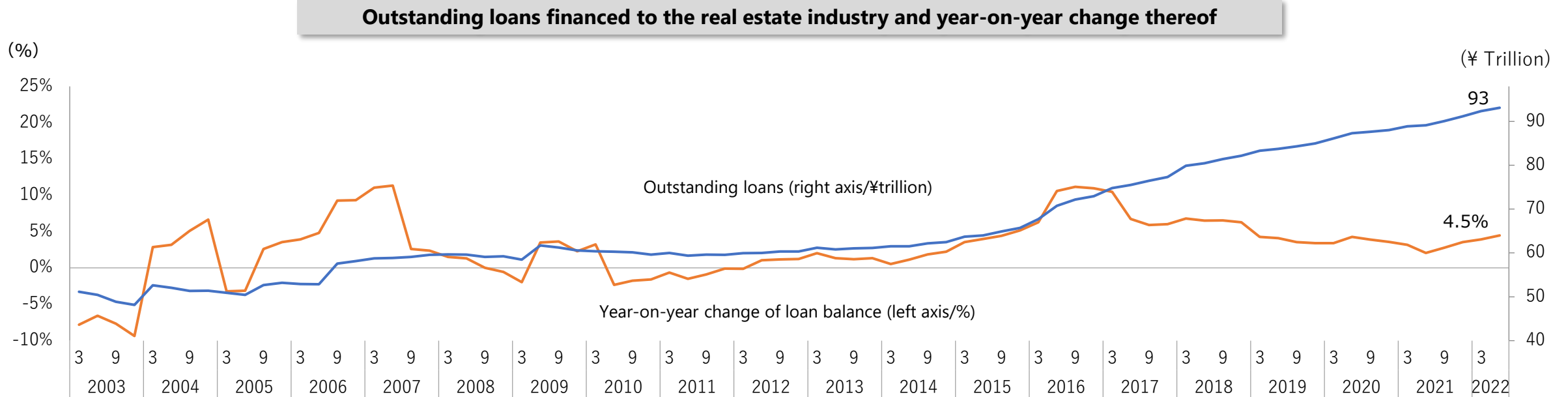
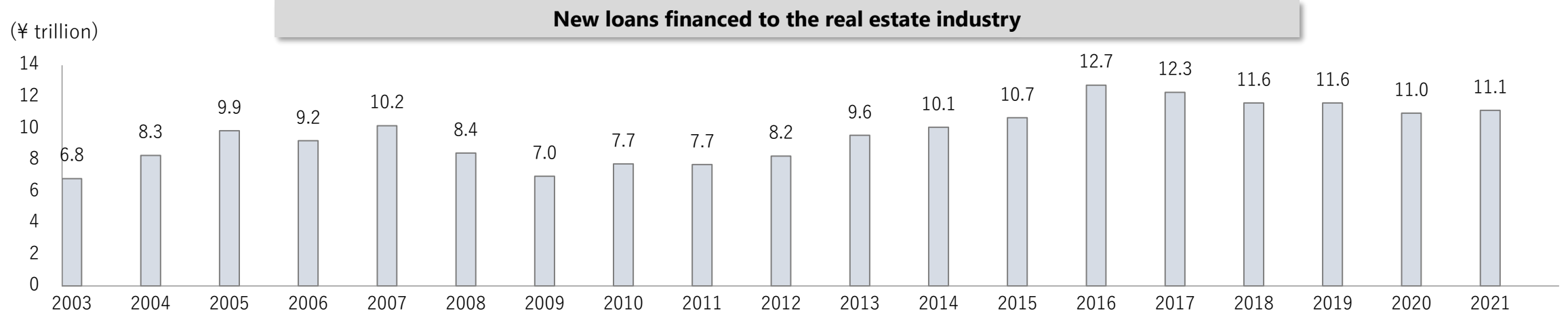
Sources:  
 "Housing and Land Survey in 2018" by the Ministry of Internal Affairs and Communications

## 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

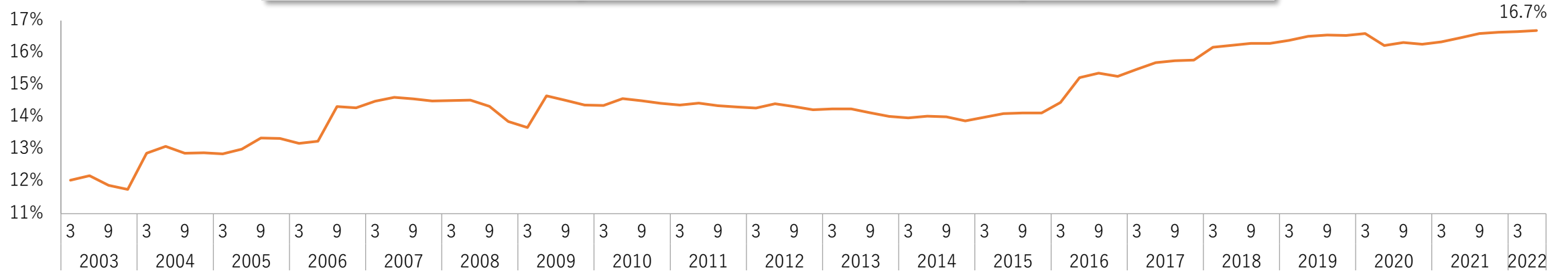
# Outstanding loans have been increasing although new loans financed to the real estate industry have declined slightly



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

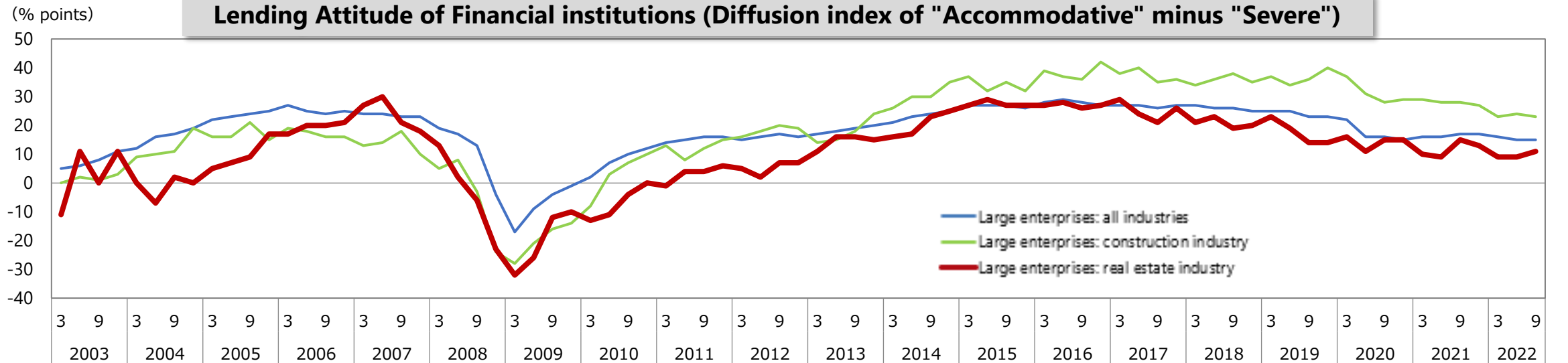
# The ratio of outstanding loans financed to the real estate industry to total loans has increased

Ratio of outstanding loans financed to real estate industry to total loans



出所：日本銀行「貸出先別貸出金」

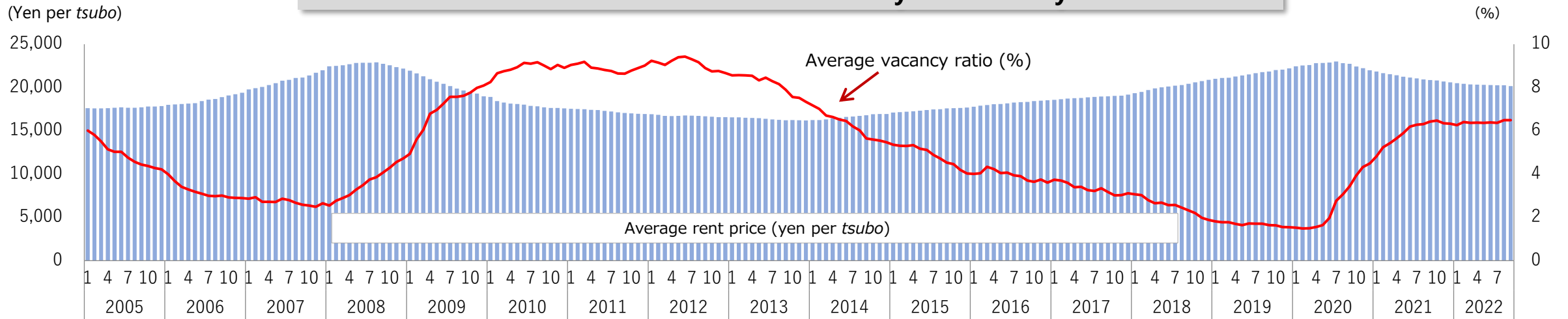
Lending Attitude of Financial institutions (Diffusion index of "Accommodative" minus "Severe")



出所：日銀銀行「全国企業短期経済観測調査」

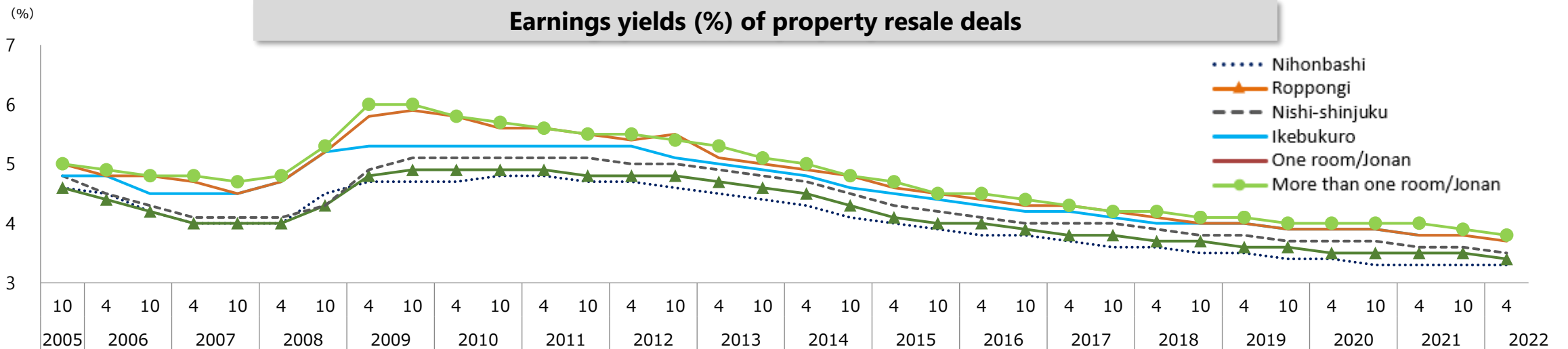
# Demand for property resale transactions is strong as shown by an increase in rent price and a decline in returns from property resale transactions

**Trends of office rentals and vacancy ratios in Tokyo**

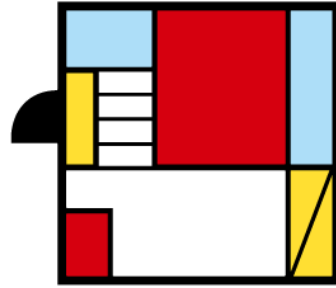


Source: MIKI OFFICE REPORT TOKYO

**Earnings yields (%) of property resale deals**



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



# OPEN HOUSE GROUP

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

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