

**OPEN  
HOUSE**

# **Consolidated Financial Highlights** **for the First Quarter Ended September 30, 2021** **(2020/10-2020/12)**

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



**JPX-NIKKEI 400**

2017-2020



# FY2021 1Q Topics

## Business performance <FY2021 1Q >

- **Single-family homes-related business drove performance**  
**Revenue +33.8% (YoY) Gross profit margin +2.1pt (YoY)**

Revenue: ¥ 155.1 billion [ 22.2% YOY ]  
Operating income: ¥ 20.6 billion [ 47.0% YOY ]  
Profit attributable to owners of parent : ¥ 14.8 billion [ 51.6% YOY ]

## M&A

- **Consolidation of Pressance Corporation Co., Ltd. as a subsidiary**

Completed TOB and underwriting of third-party allotment.  
Equity-method affiliate in 1Q and consolidated subsidiary in 2Q and beyond.

## Performance forecasts for FY2021 < Revised >

- **Contribution from consolidated subsidiary. Aiming to achieve record highs in both revenue and income for the ninth consecutive year.**

Revenue: ¥ 767.6 billion [ 33.3% YOY ]  
Operating income: ¥ 83.8 billion [ 34.9% YOY ]  
Profit attributable to owners of parent : ¥ 60.0 billion [ 0.9% YOY ]

## Mid-term Business Plan

- **"Ikouze 1 cho!, 2023"**

### FY2023 forecast

Revenue: ¥ 1.0 trillion  
Operating income: ¥ 110.0 billion  
Profit attributable to owners of parent : ¥ 70.0 billion



## **FY2021 1Q Consolidated Summary**

# Overview of Consolidated Income Statement

- ✓ All-time high revenue and income for 1Q.
- ✓ Investment gain of 1,928 million yen from the equity-method affiliate, Pressance Corporation, is included.

(Million yen)

	FY2020 1Q <2019/10-2019/12>		FY2021 1Q <2020/10-2020/12>		Inc.(Dec.)
	Actual	% of revenue	Actual	% of revenue	
<b>Revenue</b>	126,987	—	<b>155,119</b>	—	22.2%
<b>Operating income</b>	14,516	11.4%	<b>19,394</b>	12.5%	33.6%
<b>Ordinary income</b>	14,045	11.1%	<b>20,647</b>	13.3%	47.0%
<b>Profit attributable to owners of parent</b>	9,790	7.7%	<b>14,842</b>	9.6%	51.6%

## Performance by segment (revenue/operating income)

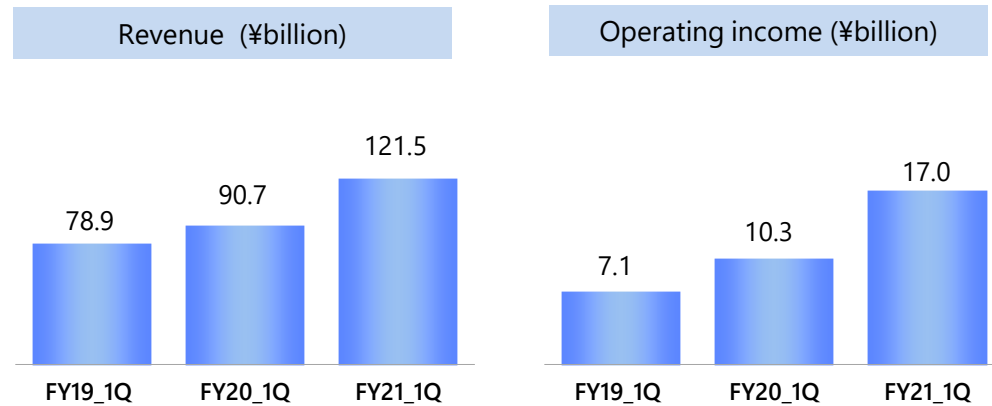
- ✓ Single-family homes-related business, which enjoyed strong sales under the “new lifestyle,” drove performance.
- ✓ Sales and purchases in the Condominiums Business progressed as planned. Unit deliveries are concentrated in 4Q.

(Million yen)

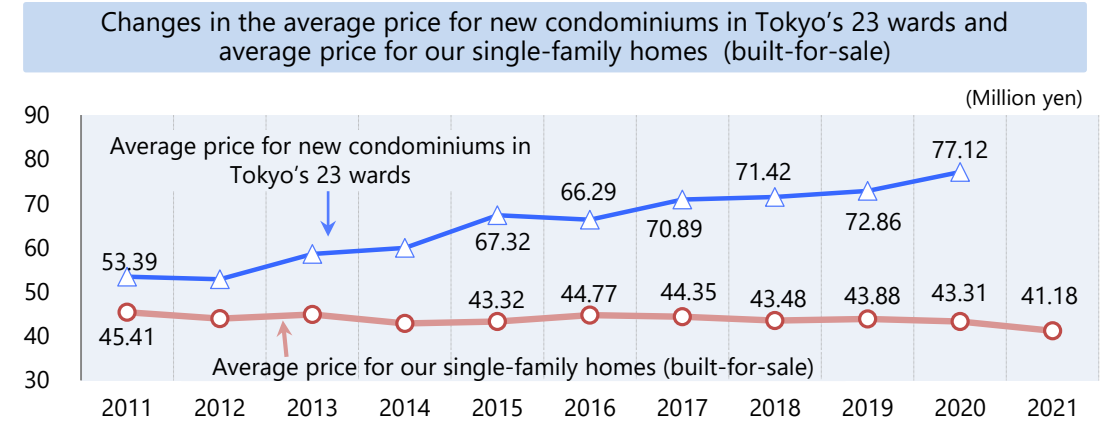
	FY2020 1Q <2019/10-2019/12>		FY2021 1Q <2020/10-2020/12>		Inc.(Dec.)
	Actual	Ratio	Actual	Ratio	
<b>Revenue</b>	126,987	100.0%	<b>155,119</b>	100.0%	22.2%
Single-family homes related business	90,798	71.5%	<b>121,524</b>	78.3%	33.8%
Condominiums	3,509	2.8%	<b>262</b>	0.2%	(92.5)%
Property resales	26,109	20.6%	<b>24,633</b>	15.9%	(5.6)%
Others (including U.S. real estate business)	6,595	5.2%	<b>8,766</b>	5.7%	32.9%
Adjustments	(24)	—	<b>(67)</b>	—	—
	Actual	% of revenue	Actual	% of revenue	Inc.(Dec.)
<b>Operating Income</b>	14,516	11.4%	<b>19,394</b>	12.5%	33.6%
Single-family homes related business	10,331	11.4%	<b>17,045</b>	14.0%	65.0%
Condominiums	(175)	(5.0)%	<b>(808)</b>	—	—
Property resales	3,825	14.7%	<b>2,579</b>	10.5%	(32.6)%
Others (including U.S. real estate business)	817	12.4%	<b>887</b>	10.1%	8.5%
Adjustments	(283)	—	<b>(309)</b>	—	—

# Single-family homes related business as a whole

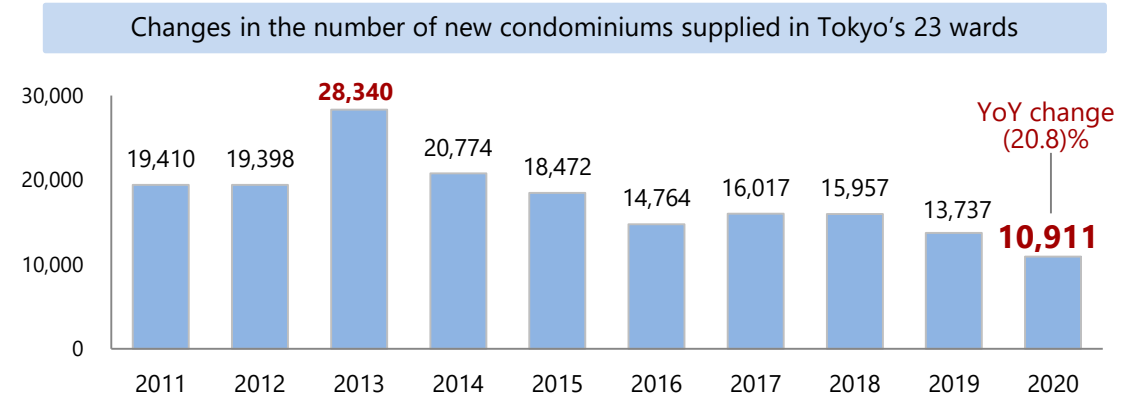
- ☑ In addition to an increase in price and a decline in the number of new condominiums supplied, the percentage of compact condominiums has been on the rise.
- ☑ Amid the promotion of a new lifestyle, demand from families for single-family homes continues to be high.



	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	78,995	90,798	<b>121,524</b>	33.8%
Gross profit(¥million)	11,848	14,977	<b>22,656</b>	51.3%
Gross profit margin	15.0%	16.5%	<b>18.6%</b>	2.1pt
Operating income (¥million)	7,189	10,331	<b>17,045</b>	65.0%
Operating income margin	9.1%	11.4%	<b>14.0%</b>	2.6pt



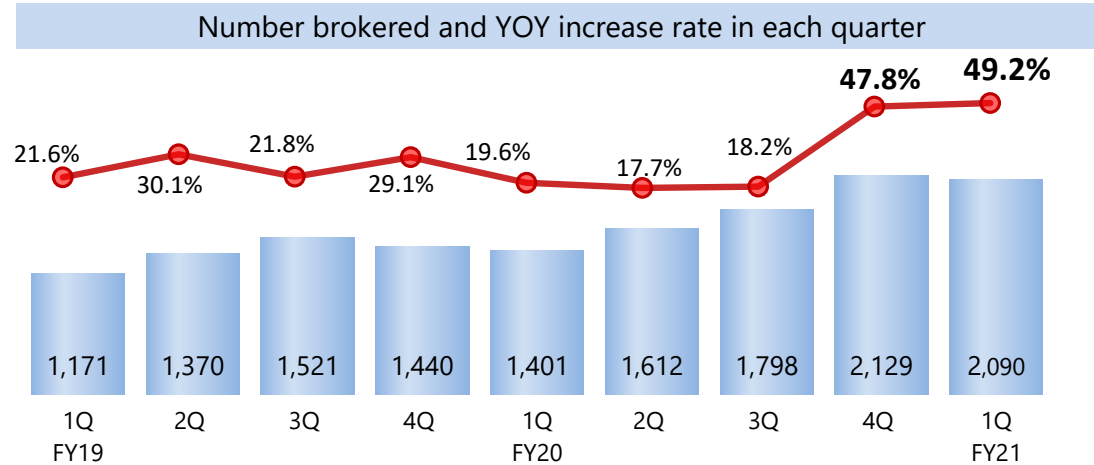
Source: MLIT, "Monthly marketing report of lands"  
Fiscal years: Condominium prices are on a calendar-year basis. Prices for our homes are for the period Oct-Sep.  
Condominium prices for 2020 are for the Jan-Dec period.  
Prices of our homes for 2021 are for the Oct 2020-Dec 2020 period in Tokyo metropolitan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



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

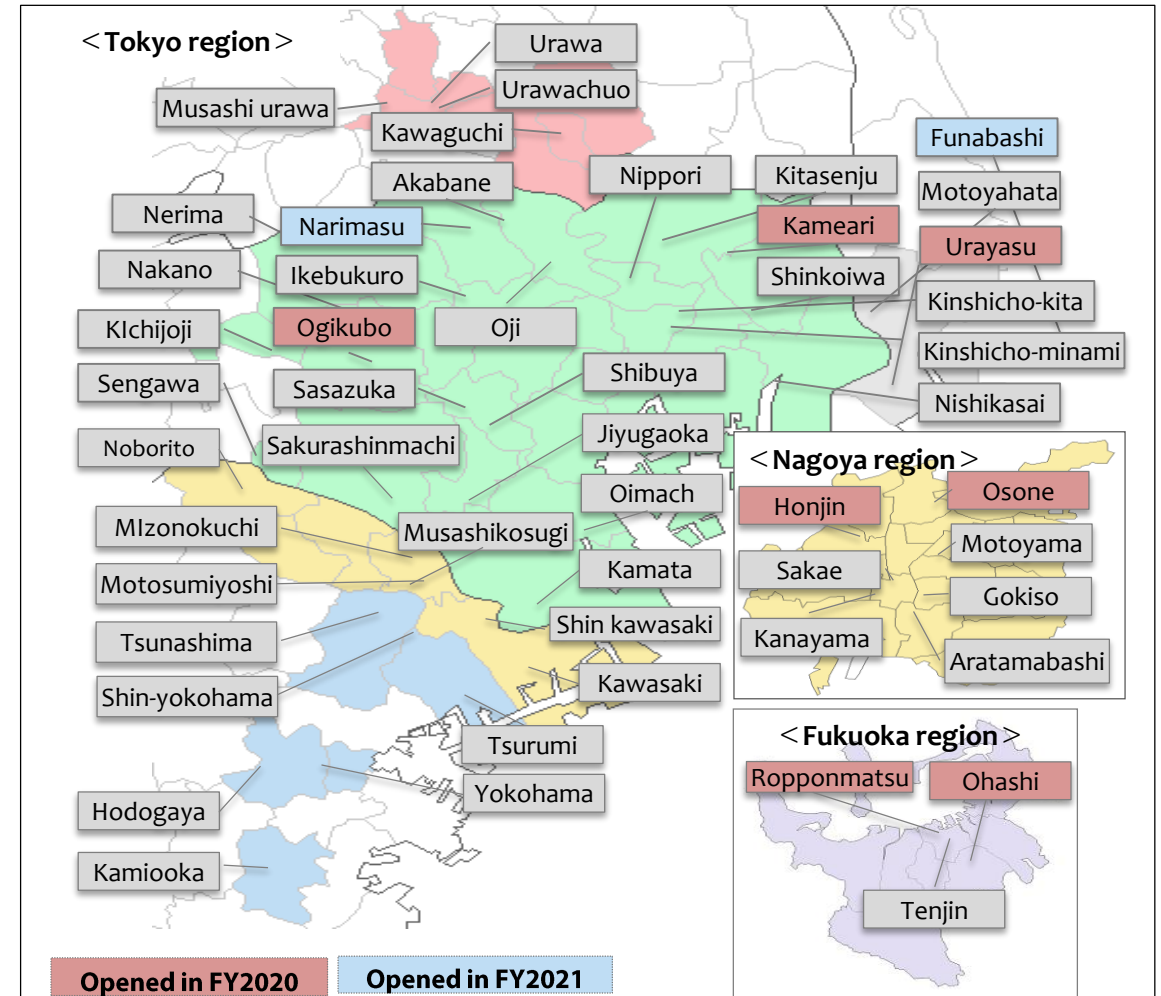
# Single-family homes related business (Open House-brokerage)

- ✓ The number of brokerage transactions in the first quarter increased 49.2% year on year.
- ✓ The Company opened two new sales centers in FY2021, and operates a total of 51 sales centers.



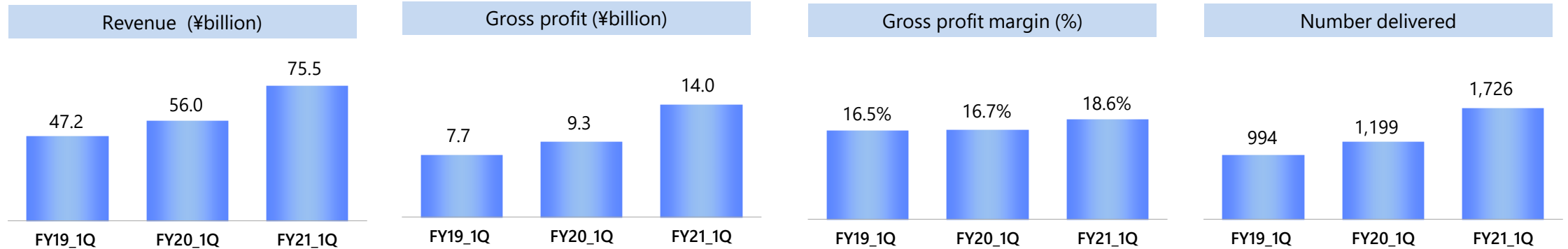
No. of sales centers of each area

	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	As of 2021.2.12
Tokyo	17	19	21	22
Kanagawa Prefecture	10	12	12	12
Aichi Prefecture	3	5	7	7
Saitama Prefecture	2	4	4	4
Fukuoka Prefecture	—	1	3	3
Chiba Prefecture	—	1	2	3
Total	32	42	49	51



# Single-family homes related business (Open House Development)

☑ Continued high demand for single-family homes increased revenue and improved gross profit margin.



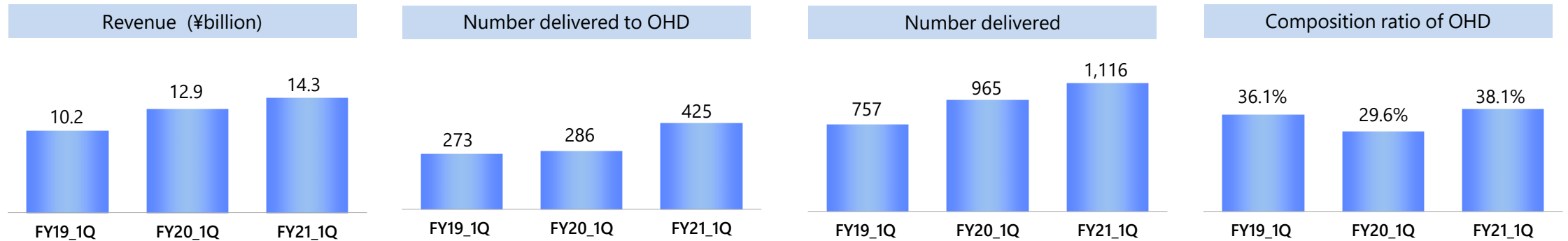
Single-family homes	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	47,223	56,054	<b>75,568</b>	34.8%
Gross profit (¥million)	7,791	9,353	<b>14,075</b>	50.5%
Gross profit margin	16.5%	16.7%	<b>18.6%</b>	1.9pt
Number delivered (built-for-sale houses + lands)	994	1,199	<b>1,726</b>	527

By type of sale		FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc.(Dec.)
Built-for-sale houses	Revenue (¥million)	18,599	26,077	<b>35,523</b>	36.2%
	Number delivered	440	601	<b>881</b>	280
	Unit Price(¥million)	42.3	43.4	<b>40.3</b>	(3.1)
Lands	Revenue (¥million)	23,547	24,953	<b>34,106</b>	36.7%
	Number delivered	554	598	<b>845</b>	247
	Unit Price(¥million)	42.5	41.7	<b>40.4</b>	(1.4)
Built-to-order houses	Revenue (¥million)	4,987	4,934	<b>5,811</b>	17.8%
	Number delivered	357	345	<b>403</b>	58
	Unit Price(¥million)	14.0	14.3	<b>14.4</b>	0.1
Others	Revenue (¥million)	89	88	<b>126</b>	41.2%



# Single-family homes related business (Open House Architect)

- ☑ Steady growth in number of deliveries to both corporate clients in the Tokyo metropolitan area and Open House Development.



	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	10,277	12,913	<b>14,317</b>	10.9%
Gross profit (¥million)	1,127	1,561	<b>1,884</b>	20.7%
Gross profit margin	11.0%	12.1%	<b>13.2%</b>	1.1pt
Number delivered *	757	965	<b>1,116</b>	151
Number delivered to OHD	273	286	<b>425</b>	139

\* Number delivered refers to the number of properties delivered under single-family homes construction contracts to corporations.



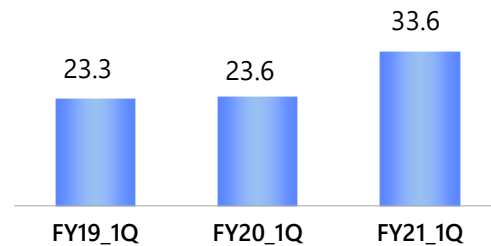
Workspace has been a new basis for housing

**LDK** ▶ **LWDK**

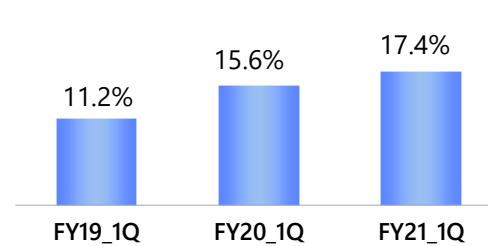
# Single-Family Homes Related Business (Hawk One)

- ✓ Strong performance driven by increased demand due to “new lifestyle” and increased number of sales intermediated by Open House.
- ✓ Gross profit margin improved thanks to the effects of the improved purchasing standard.

Revenue (¥billion)



Gross profit margin (%)



	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	23,347	23,630	<b>33,695</b>	42.6%
Gross profit (¥million)	2,620	3,696	<b>5,855</b>	58.4%
Gross profit margin	11.2%	15.6%	<b>17.4%</b>	1.7pt
Number delivered *Including Lands, Built-to-order houses	574	615	<b>818</b>	203
Number of sales *Contract basis	493	457	<b>714</b>	257
Number of Open House brokerage included above	81	109	<b>302</b>	193

Number of brokerage transactions on Hawk One's Units in each Open House Sales Center (contract basis)

FY2021 1Q (2020/10-2020/12)

10 units and more

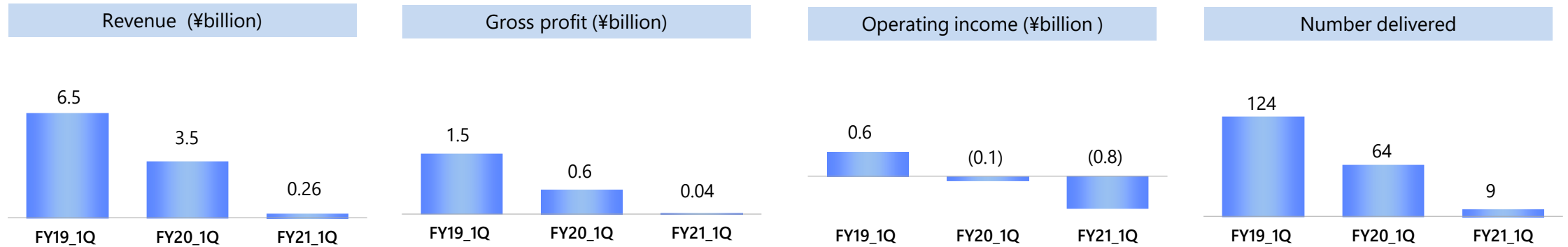
Under 10 units

<Tokyo area>



# Condominiums Business

☑ Sales and purchases in the Condominiums Business progressed as planned. Unit deliveries are concentrated in 4Q.



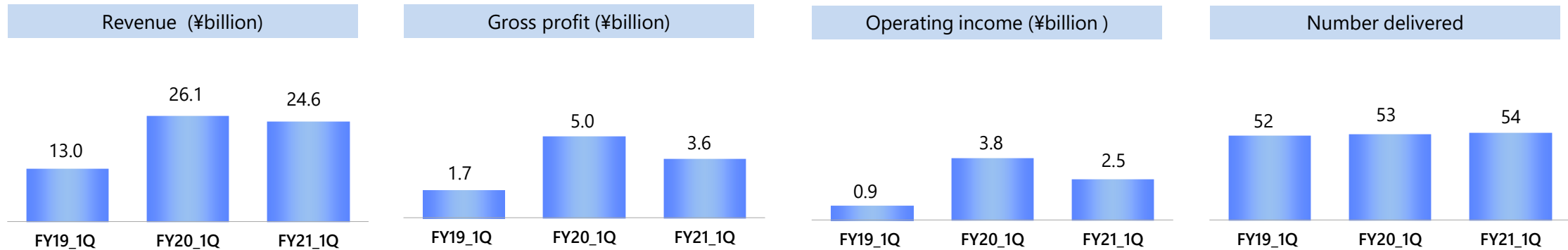
	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	6,504	3,509	<b>262</b>	(92.5)%
Gross profit (¥million)	1,503	670	<b>48</b>	(92.7)%
Gross profit margin	23.1%	19.1%	<b>18.6%</b>	(0.6)pt
Operating income (¥million)	620	(175)	<b>(808)</b>	—
Operating income margin	9.5%	(5.0)%	<b>—</b>	—
Number delivered	124	64	<b>9</b>	(55)
Unit price (¥million)	52.5	54.3	<b>28.7</b>	(25.6)

## — Major condominiums delivered in FY2021 —

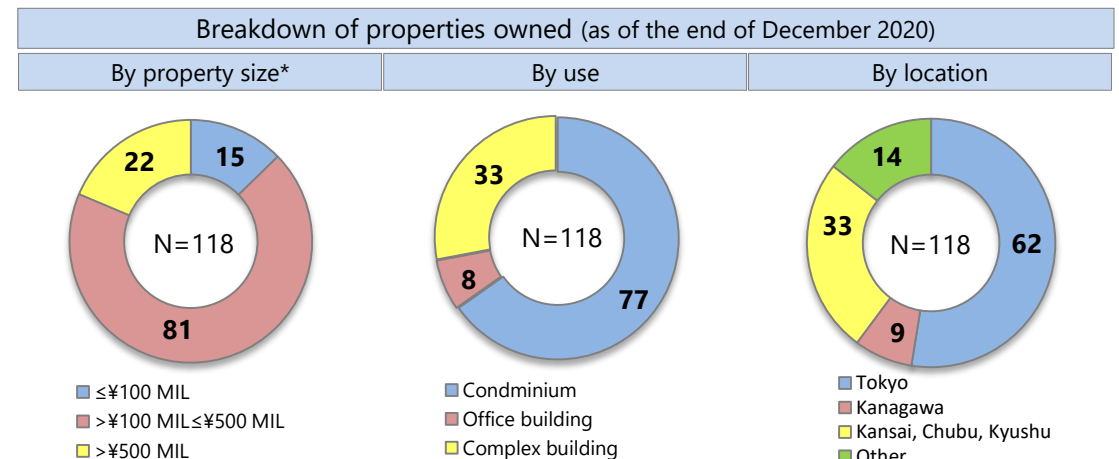
Name	Units	Average price
Open Residencia Sendagi Front Court (Tokyo)	32	¥60million
Open Residencia Nakano Stationside (Tokyo)	46	¥60million
Open Residencia Takamiya Hills (Fukuoka)	21	¥40million
Open Residencia Nagoya Avenue (Nagoya)	50	¥30million

# Property Resale Business

- ✓ Strong demand for investment property backed by continued easy monetary policy.
- ✓ Because the Company focuses on rental condominiums in metropolitan areas, there is only a minor impact from the novel coronavirus.



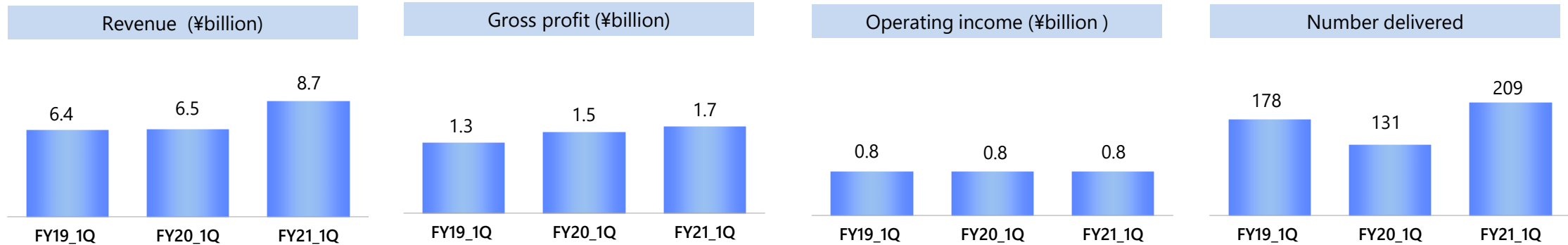
	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	13,040	26,109	<b>24,633</b>	(5.6)%
Gross profit (¥million)	1,739	5,076	<b>3,642</b>	(28.2)%
Gross profit margin	13.3%	19.4%	<b>14.8%</b>	(4.7)pt
Operating income (¥million)	915	3,825	<b>2,579</b>	(32.6)%
Operating income margin	7.0%	14.7%	<b>10.5%</b>	(4.2)pt
Number delivered	52	53	<b>54</b>	1
Unit Price (¥million)	239	484	<b>447</b>	(37)



\* Based on book values at the end of December 2020.

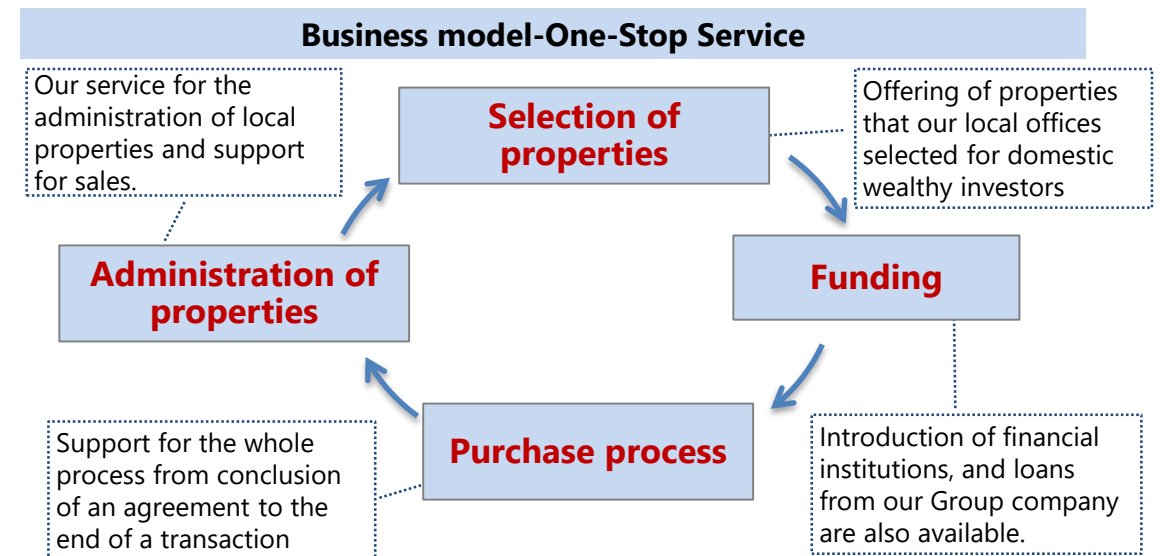
# Other Segment (U.S. Real Estate Business)

- ✓ Excellent results, especially in the management of properties at local sites, have differentiated the Company from other companies.
- ✓ Sales grew steadily with net investments by both domestic corporations and individuals.



	FY2019 1Q 18/10-18/12	FY2020 1Q 19/10-19/12	FY2021 1Q 20/10-20/12	Inc. (Dec.)
Revenue (¥million)	6,498	6,595	<b>8,766</b>	32.9%
Gross profit (¥million)	1,350	1,569	<b>1,779</b>	13.4%
Gross profit margin	20.8%	23.8%	<b>20.3%</b>	(3.5)pt
Operating income (¥million)	841	817	<b>887</b>	8.5%
Operating income margin	12.9%	12.4%	<b>10.1%</b>	(2.3)pt
Number delivered	178	131	<b>209</b>	78
Multi family homes included above	—	2	<b>0</b>	(2)

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



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

(Million yen)

	FY2020 1Q 2019/10-2019/12		FY2021 1Q 2020/10-2020/12		Inc. (Dec.)		FY2020 1Q 2019/10-2019/12		FY2021 1Q 2020/10-2020/12		Inc. (Dec.)
	Actual	% of revenue	Actual	% of revenue			Actual	% of revenue	Actual	% of revenue	
<b>SG&amp;A expenses</b>	7,893	6.2%	8,799	5.7%	906						
Personnel expenses	2,389	1.9%	2,572	1.7%	183						
Sales commissions	1,250	1.0%	1,161	0.7%	(88)						
Office maintenance cost	918	0.7%	1,073	0.7%	155						
Advertising expenses	463	0.4%	730	0.5%	266						
Promotion expenses	244	0.2%	323	0.2%	79						
Others	2,627	2.1%	2,937	1.9%	309						
<b>Non-operating income</b>	136	0.1%	2,003	1.3%	1,867						
Share of profit of entities accounted for using equity method	0	0.0%	1,928	1.2%	1,928						
Other	136	0.1%	74	0.0%	(61)						
<b>Non-operating expenses</b>	607	0.5%	751	0.5%	143						
Interest expenses	504	0.4%	573	0.4%	68						
Commission fee	65	0.1%	31	0.0%	(34)						
Other	37	0.0%	146	0.1%	109						

# Consolidated Balance Sheet

	Sep 30, 2020	Dec 31, 2020	Inc. (Dec.)
<b>Current assets</b>	507,123	<b>507,042</b>	(81)
Cash and deposits	219,227	<b>212,344</b>	(6,882)
Inventories	237,287	<b>239,649</b>	2,362
Others	50,608	<b>55,047</b>	4,438
<b>Non-current assets</b>	61,890	<b>67,944</b>	6,054
Property, plant and equipment	5,010	<b>5,026</b>	16
Intangible assets	3,080	<b>3,113</b>	32
Investments and other assets	53,798	<b>59,803</b>	6,005
<b>Deferred assets</b>	24	<b>23</b>	(1)
<b>Total assets</b>	569,038	<b>575,010</b>	5,971

## <Safety index>

(times)	Sep 30, 2020	Dec 31, 2020	Inc. (Dec.)
D/E ratio	1.2	1.1	(0.0)pt
Net D/E ratio*	0.2	0.3	0.0pt

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

(Million yen)

	Sep 30, 2020	Dec 31, 2020	Inc. (Dec.)
<b>Liabilities</b>	335,342	<b>332,170</b>	(3,172)
Current liabilities	176,713	<b>169,120</b>	(7,593)
Non-current liabilities	158,628	<b>163,050</b>	4,421
<b>Net Assets</b>	233,695	<b>242,839</b>	9,143
Shareholders' equity	234,666	<b>244,472</b>	9,806
Valuation and translation adjustments	(970)	<b>(1,633)</b>	(662)
<b>Total liabilities and net assets</b>	569,038	<b>575,010</b>	5,971

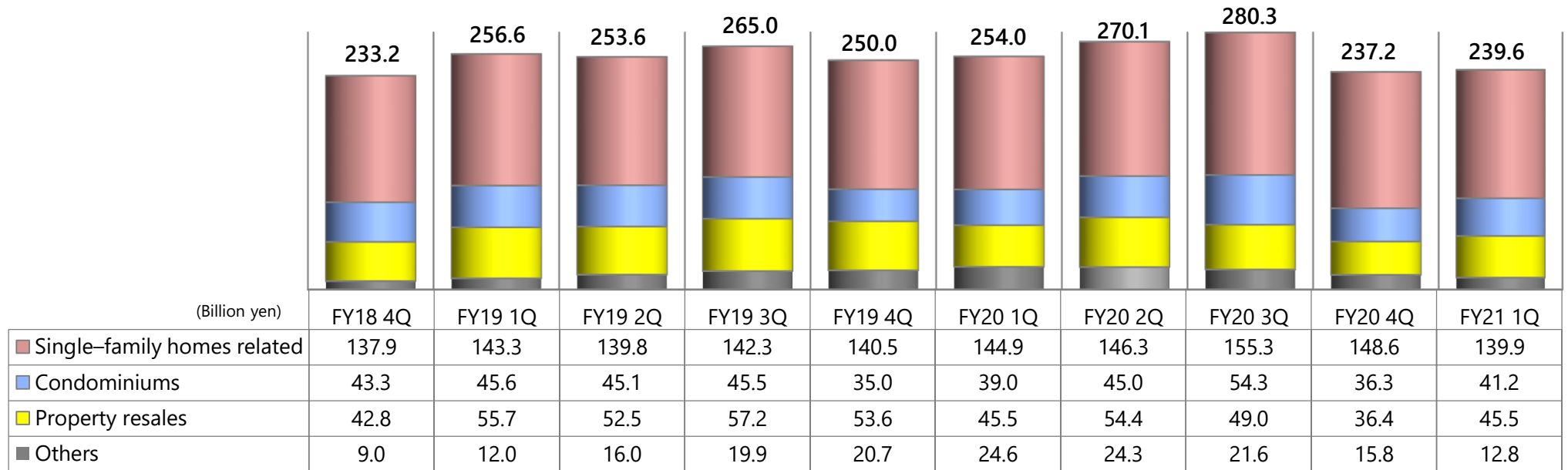
	Sep 30, 2020	Dec 31, 2020	Inc. (Dec.)
Equity ratio	41.0%	<b>42.2%</b>	1.2pt
Net equity ratio**	66.7%	<b>66.9%</b>	0.2t

\*\* Net equity ratio : Equity capital / (total assets-cash and deposits)

# Inventory Details

(Million yen)

	End of FY2018 (Sep 30, 2018)	End of FY2019 (Sep 30, 2019)	End of FY2020 (Sep 30, 2020)	End of FY2021 1Q (Dec 31, 2020)	Ratio	Inc. (Dec.)
Single-family homes related	137,991	140,560	148,676	<b>139,963</b>	58.4%	(8,712)
Condominiums	43,322	35,065	36,339	<b>41,267</b>	17.2%	4,928
Property resales	42,873	53,691	36,445	<b>45,544</b>	19.0%	9,099
Others	9,084	20,735	15,825	<b>12,873</b>	5.4%	(2,952)
Total	233,272	250,054	237,287	<b>239,649</b>	100.0%	2,362







**M&A**

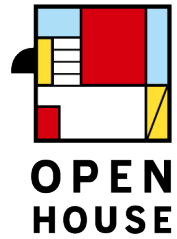
# Consolidation of Pressance Corporation as a subsidiary

- Pressance Corporation was made a consolidated subsidiary through a TOB and underwriting of a third-party allotment on January 20, 2021 (Voting rights holding ratio 64.45%).
- Aiming for credit enhancement and early achievement of synergies.



<b>Complementary Areas</b>	<ul style="list-style-type: none"> <li>■ <b>Strong in the Tokyo metropolitan area</b> Operating in the Tokyo metropolitan area, Osaka, Nagoya, Fukuoka</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Strong in the Kinki, Tokai and Chukyo regions</b></li> </ul>
<b>Complementary Products</b>	<ul style="list-style-type: none"> <li>■ <b>Single-family homes</b></li> <li>■ <b>Condominiums</b></li> <li>■ <b>Property resales</b></li> <li>■ <b>U.S. real estate</b></li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Condominiums for investment</b></li> <li>■ <b>Condominiums for families</b></li> <li>■ <b>Management of condominiums</b></li> </ul>
<b>Major Synergies</b>	<ul style="list-style-type: none"> <li>■ <b>Single-family home business to tap into Kansai region → Estimated market size: 1.2 trillion yen</b></li> <li>■ <b>Develop a business line of new condominiums for investment in the Tokyo metropolitan area → Estimated market size: 181.7 billion yen</b></li> <li>■ <b>Develop a real estate fund business managing primarily residential properties → J-REIT is also in sight</b></li> </ul>	

For more details of the above, please refer to "Notice Concerning Results of Tender Offer against Pressance Corporation Co., Ltd. Shares and Change in the Company's Subsidiary" released on January 15, 2021.



## **Consolidated Business Performance Forecasts for FY2021**

# Consolidated Business Performance Forecasts

- ✓ Pressance Corporation's forecast for the nine months (January 1, 2021 to September 30, 2021) is included in the consolidated financial forecast.
- ✓ Record-high revenue and income for the ninth consecutive year. Dividend payout ratio of 21.0% increases dividend to 100 yen per share.

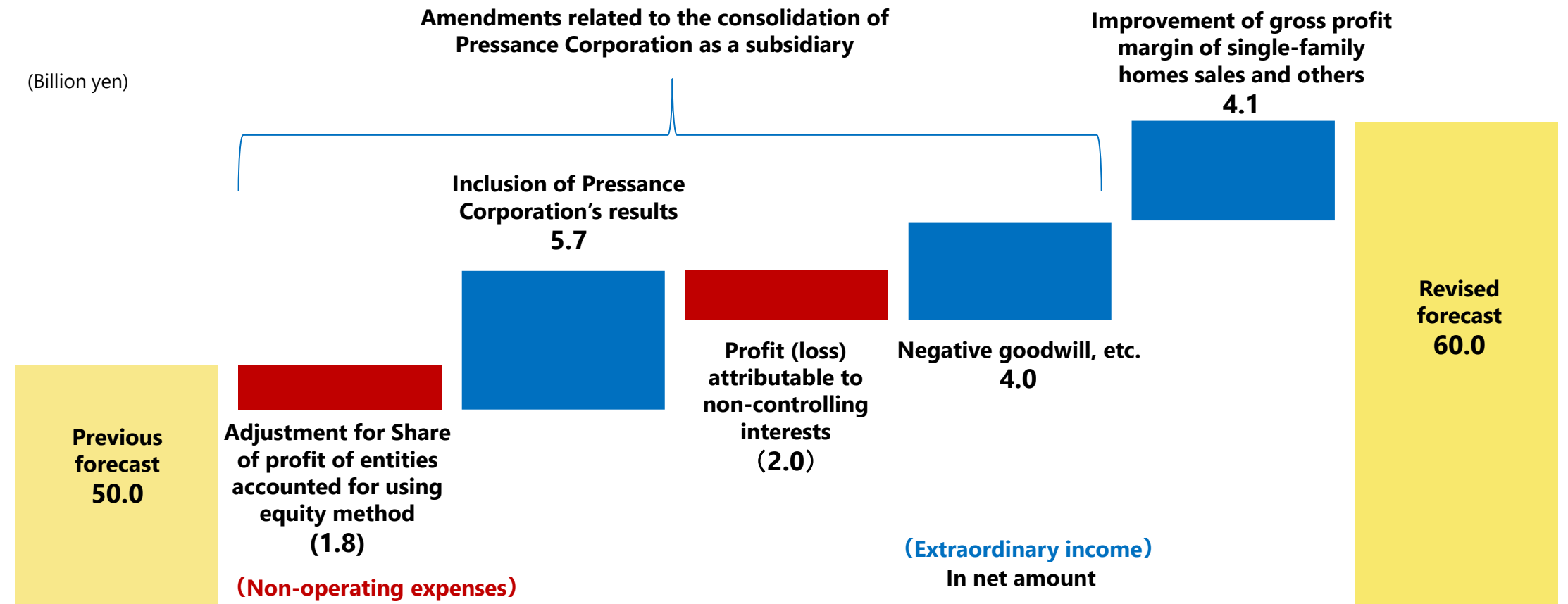
	FY2020 (2019/10-2020/9)		FY2021 Initial forecast (2020/10-2021/9)		FY2021 Revised forecast (2020/10-2021/9)		Change (B-A)
	Actual	Inc. (Dec.)	Forecast (A)	Inc. (Dec.)	Forecast (B)	Inc. (Dec.)	
Revenue	<b>575,951</b>	6.6%	<b>634,000</b>	10.1%	<b>767,600</b>	33.3%	<b>133,600</b>
Operating income	<b>62,129</b>	7.5%	<b>69,000</b>	11.1%	<b>83,800</b>	34.9%	<b>14,800</b>
Ordinary income	<b>77,357</b>	40.8%	<b>70,000</b>	(9.5)%	<b>82,500</b>	6.6%	<b>12,500</b>
Profit attributable to owners of parent	<b>59,491</b>	51.0%	<b>50,000</b>	(16.0)%	<b>60,000</b>	0.9%	<b>10,000</b>
EPS* (yen)	<b>525.36</b>	—	<b>397.40</b>	—	<b>476.86</b>	—	<b>79.46</b>
Annual dividends per share* (yen)	<b>80.00</b>	17.00	<b>88.00</b>	8.00	<b>100.00</b>	20.00	<b>12.00</b>
Payout ratio	<sup>*1</sup> <b>15.2%</b>	—	<b>22.1%</b>	—	<sup>*2</sup> <b>21.0%</b>	—	—

\*1 The dividend payout ratio excluding profit earned through the acquisition of Pressance Corporation's shares is **21.7%**

\*2 Calculated based on the average number of shares outstanding during 1Q of FY2021

# Consolidated Business Performance Forecasts (Factors)

- ☑ Breakdown of factors affecting the profit attributable to owners of parent.



# Consolidated Business Performance Forecasts (Revenue by business segment)

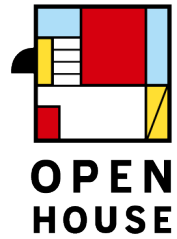
- ✓ Added "Pressance Corporation" as a new segment to be reported.
- ✓ Existing segments are generally progressing as planned, and the initial forecast remains unchanged.

(Million yen)

	FY2020 (2019/10-2020/9)		FY2021 Initial forecast (2020/10-2021/9)		FY2021 Revised forecast (2020/10-2021/9)		Change (B-A)
	Actual	Inc. (Dec.)	Forecast (A)	Inc. (Dec.)	Forecast (B)	Inc. (Dec.)	
Revenue	575,951	6.6%	<b>634,000</b>	10.1%	<b>767,600</b>	33.3%	<b>133,600</b>
Single-family homes related business	379,656	11.5%	<b>436,500</b>	15.0%	<b>436,500</b>	15.0%	<b>0</b>
Condominiums	58,169	(4.6)%	<b>46,500</b>	(20.1)%	<b>46,500</b>	(20.1)%	<b>0</b>
Property resales	112,207	3.5%	<b>112,500</b>	0.3%	<b>112,500</b>	0.3%	<b>0</b>
Others (including U.S. real estate business)	26,027	(14.8)%	<b>38,500</b>	47.9%	<b>38,500</b>	47.9%	<b>0</b>
Pressance Corporation	—	—	—	—	<b>133,600</b>	—	<b>133,600</b>
Adjustments	(110)	—	—	—	—	—	—

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

		Revenue (¥billion)					Number delivered		
		FY2019 (18/10-19/9) Actual	FY2020 (19/10-20/9) Actual	FY2021 (20/10-21/9) Forecast			FY2019 (18/10-19/9) Actual	FY2020 (19/10-20/9) Actual	FY2021 (20/10-21/9) Forecast
<b>Open House Development</b>	Built-for-sale houses	987	1,166	<b>1,365</b>	Built-for-sale houses		2,296	2,804	<b>3,350</b>
	Lands	1,001	1,080	<b>1,295</b>	Lands		2,458	2,645	<b>3,400</b>
	Built-to-order houses	219	236	<b>260</b>	Built-to-order houses		1,555	1,597	<b>1,750</b>
<b>Open House Architect</b>		481	555	<b>650</b>	Built-to-order houses		3,674	4,158	<b>4,540</b>
					Number delivered to OHD		1,484	1,535	<b>1,800</b>
<b>Hawk One</b>		822	870	<b>963</b>	Built-for-sale houses		1,989	2,063	<b>2,200</b>
					Lands		66	145	<b>240</b>
					Built-to-order houses		50	39	<b>110</b>
<b>Condominiums</b>		609	581	<b>465</b>	Units		949	1,224	<b>1,120</b>
<b>Property resales</b>		1,084	1,122	<b>1,125</b>	Buildings		255	230	<b>250</b>
<b>U.S. real estate business</b>		305	260	<b>385</b>	Homes		711	501	<b>870</b>
					multi family homes included above		7	12	<b>20</b>

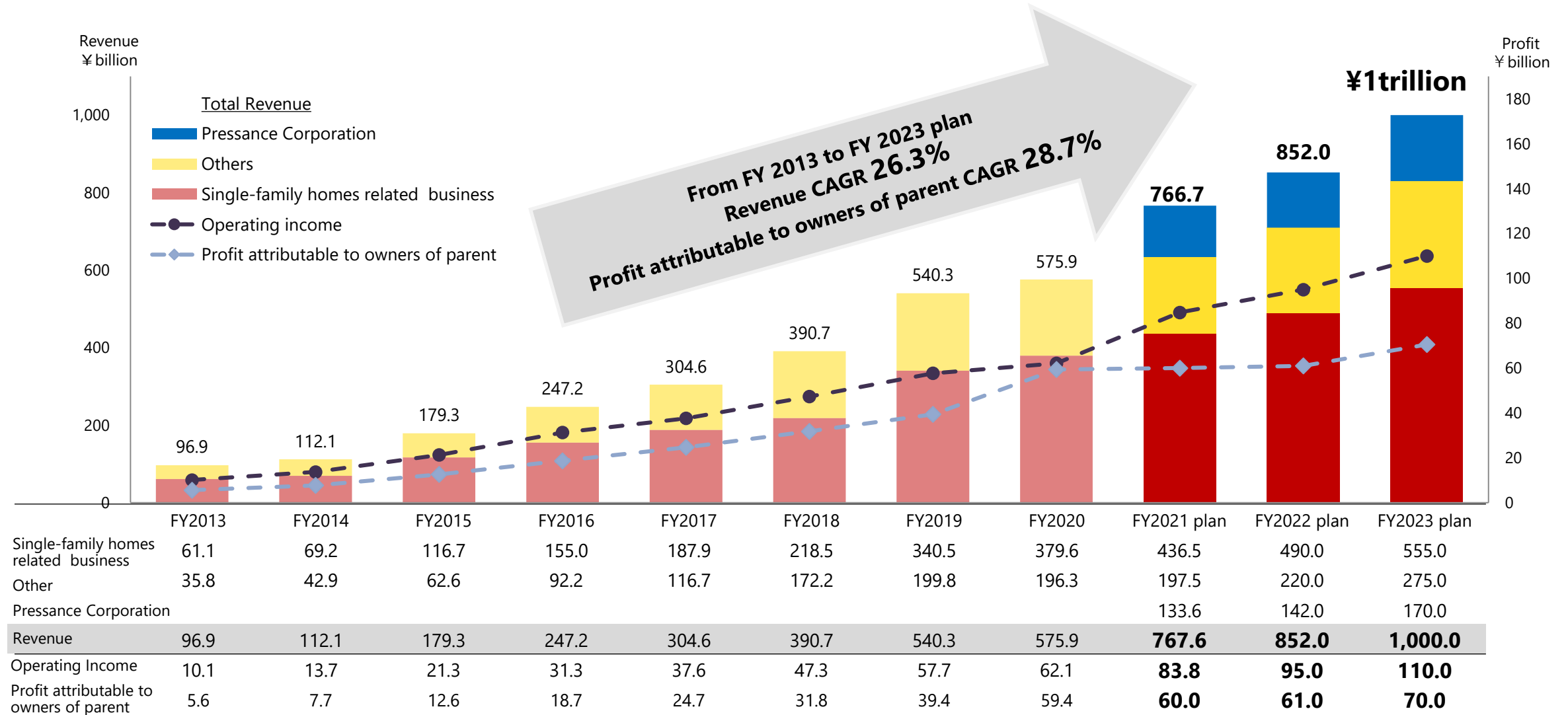


## **The Second Mid-term Business Plan**



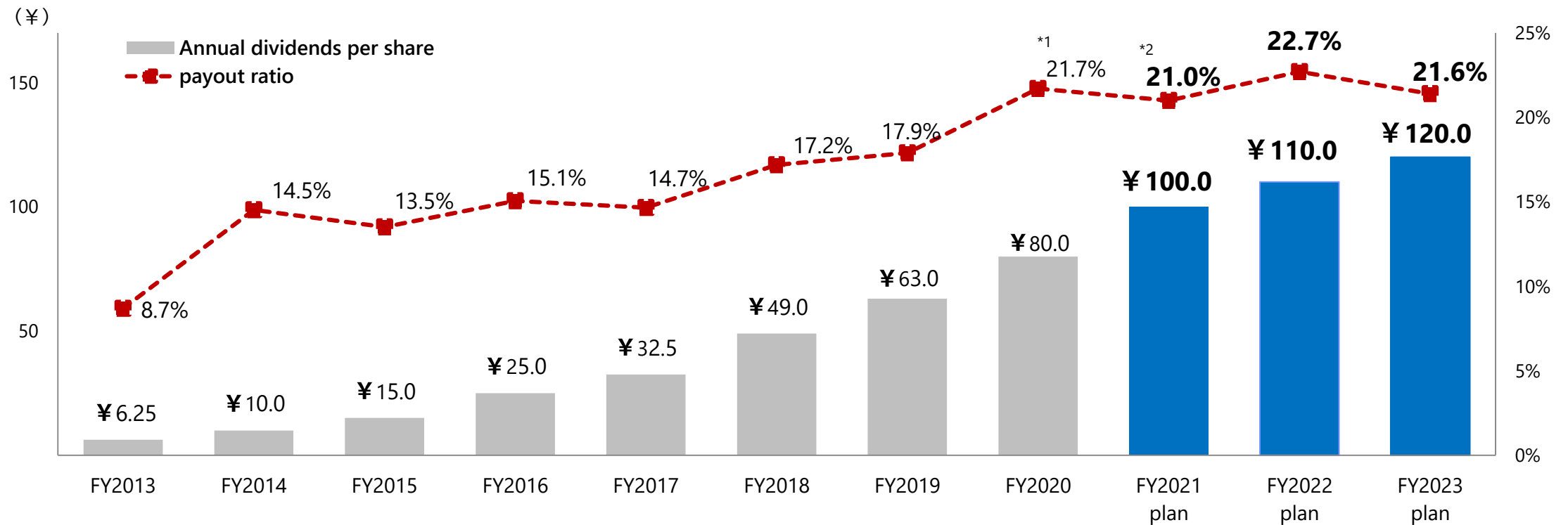
# "Ikouze 1 cho!, 2023" Revenue and Income Plan

- With the consolidation of Pressance Corporation as a subsidiary, the revenue target for FY2023 is set precisely at 1 trillion yen.
- Aiming for 10 times growth in revenue and 12 times growth in profit attributable to owners of parent this year, which marks 10 years since listing.



# Capital policy : Shareholders return

- Minimum dividend payment ratio of 20% and annual dividend increase of 10 yen, taking into account the balance with capital for investment in growth.
- Share buyback can be carried out flexibly and comprehensively in view of different factors, including financial strength, business results, stock price conditions, etc.

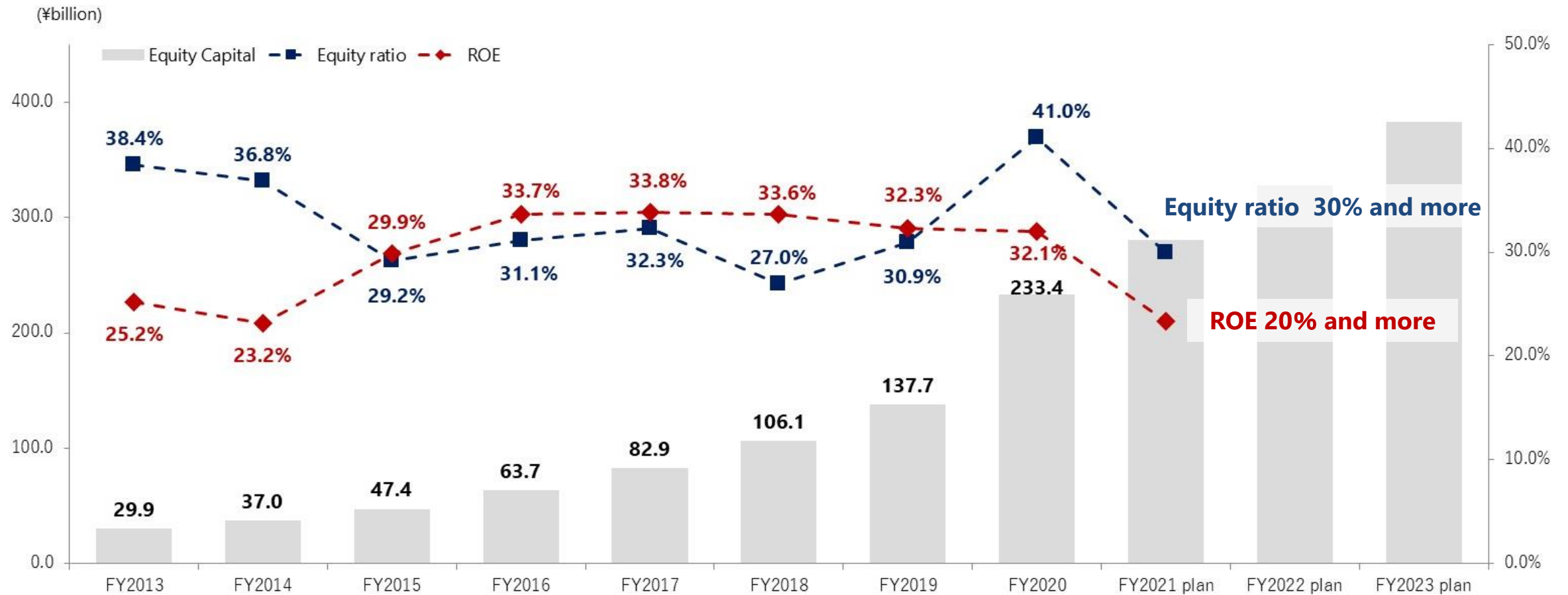


\*1 FY20's payout ratio excludes equity-method income

\*2 Calculated the dividend payout ratio for FY2021 and beyond based on the average number of shares outstanding during 1Q of FY 2021

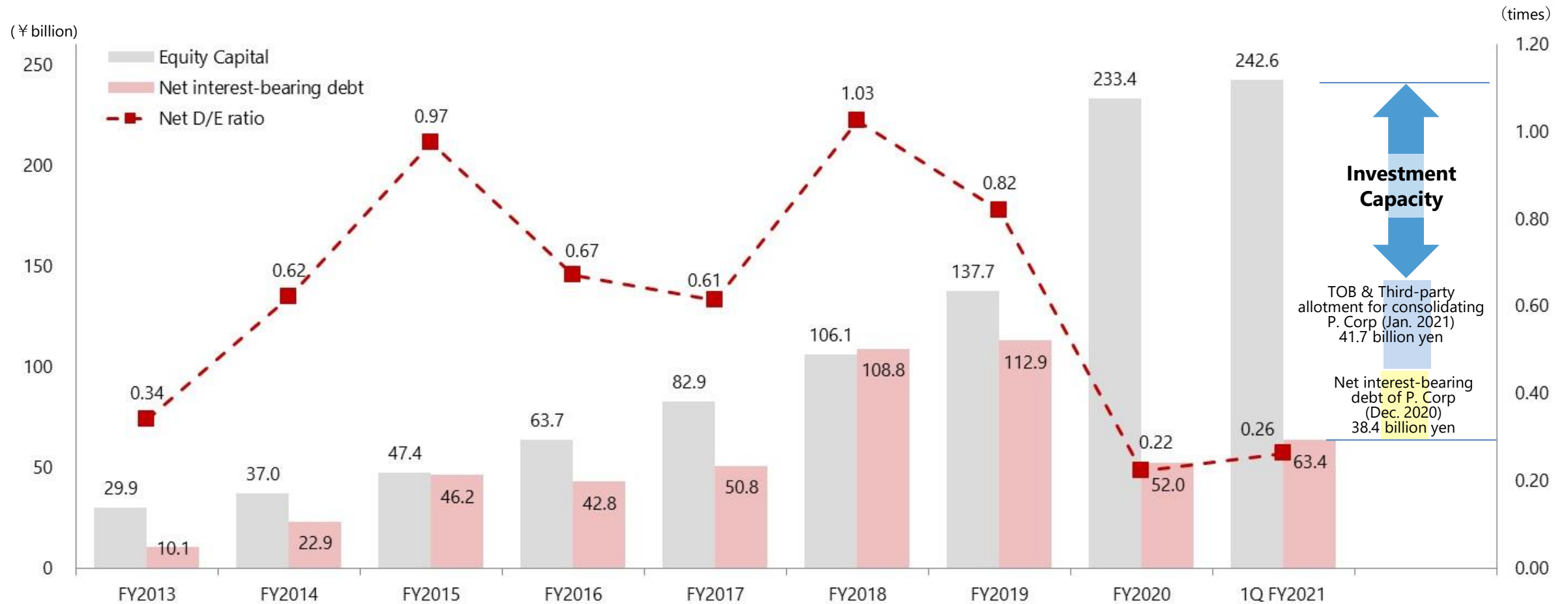
# Financial Strategy : Financial Health and Capital Efficiency

■ While keeping **Equity ratio at 30% or more**, **ROE to be maintained at 20% or more**.



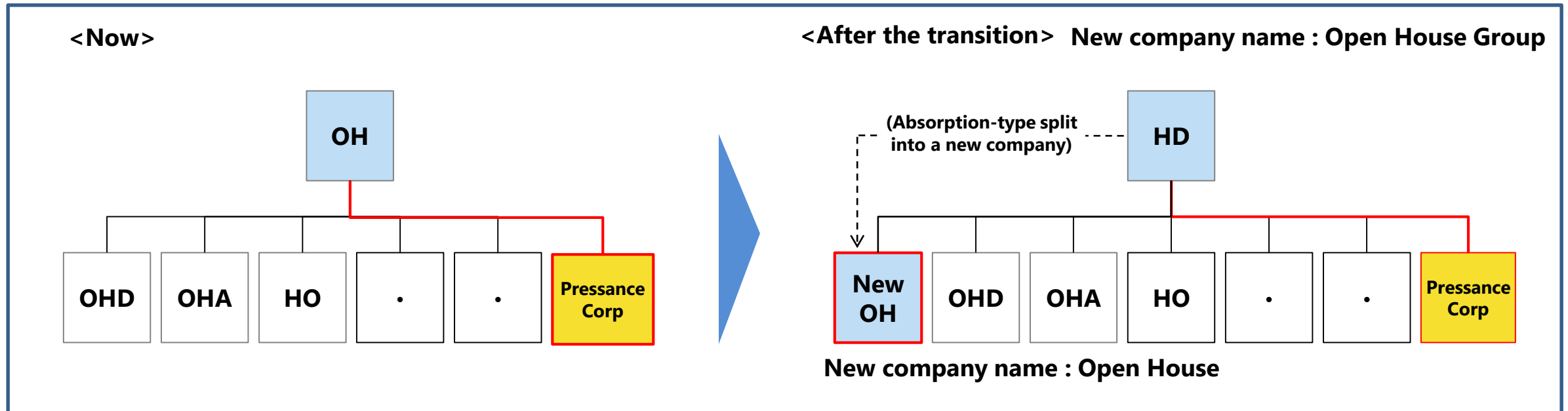
# Financial Strategy : Financial Health and Investment for Growth

- Actively invest in growth opportunities within 1x or less of net D/E ratio.



# Establishment of a new group management system (preparations for the transition to a holding company structure)

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



## < Purpose >

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

## < Schedule >

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

# 1. Further expansion of shares in existing areas—Market size in the Tokyo Metropolitan area

- Aiming to further expand share of the 4.9 trillion yen single-family home market in the Tokyo metropolitan area
- Increase supplies in quasi-urban areas, where Hawk One excels, and expand the scope of business with our sales capabilities

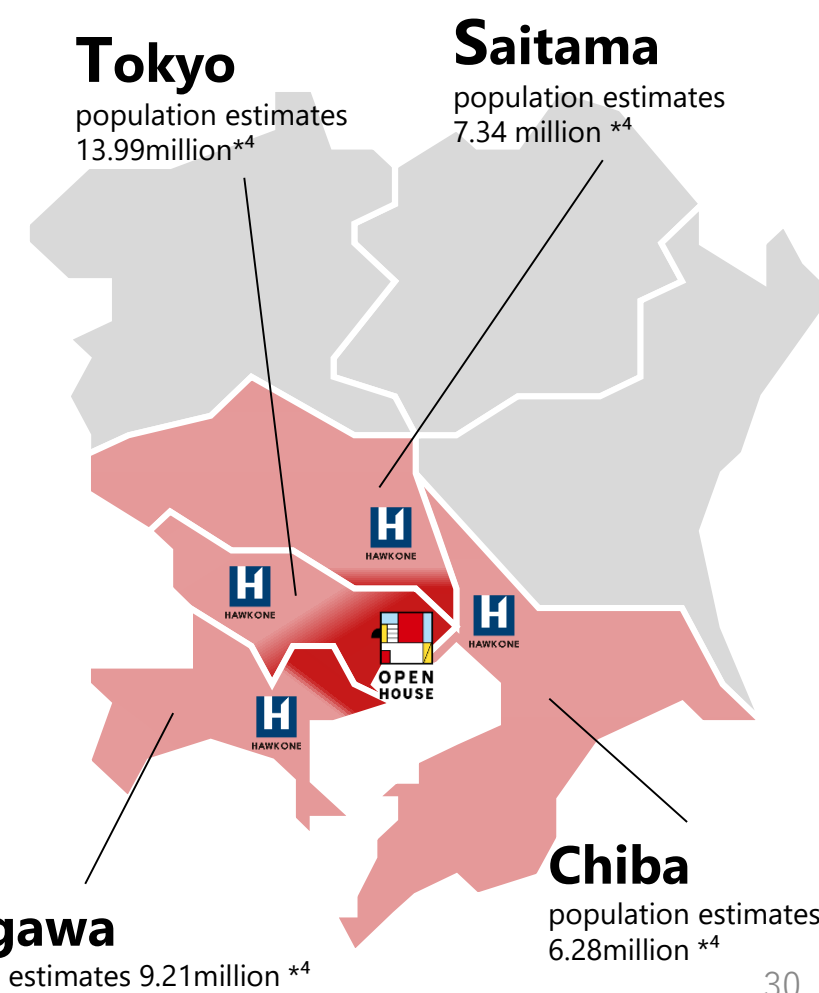
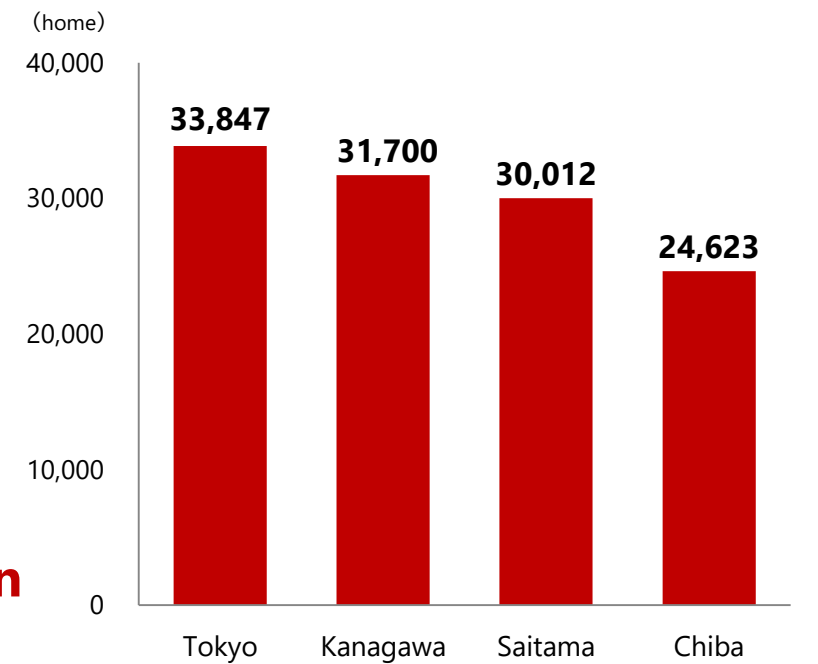
Estimated market size \*1

4.9 trillion yen

Average price of single-family homes in the Tokyo metropolitan area \*2

40.64 million yen

Housing starts \*3



\*1: "Estimated market size" = "Housing starts in Tokyo, Kanagawa, Saitama, and Chiba" x "Average single-family home price in the Tokyo metropolitan area"  
 \*2: "Average Price of single-family homes in the Tokyo metropolitan area" is the average price of new and secondhand single-family homes in 2019.  
 \*3: "Housing starts" is the total number of owner-occupied and for-sale housing starts in 2019  
 \*4: "Estimated population" is based on the census population as of October 1, 2015  
 Source: MLIT, "Construction and housing starts statistics"  
 Source: "White paper 2019 on single-family homes data" published by TOKYO KANTEI Co., Ltd.

# 2. Single-family homes business to tap into Kansai region

- Aim to develop the single-family homes business mainly in Osaka and Hyogo, targeting the untapped market in the Kansai region
- The number of housing starts in Osaka and Hyogo prefectures is larger than that of Tokyo, and the market size is estimated to be 1.2 trillion yen.

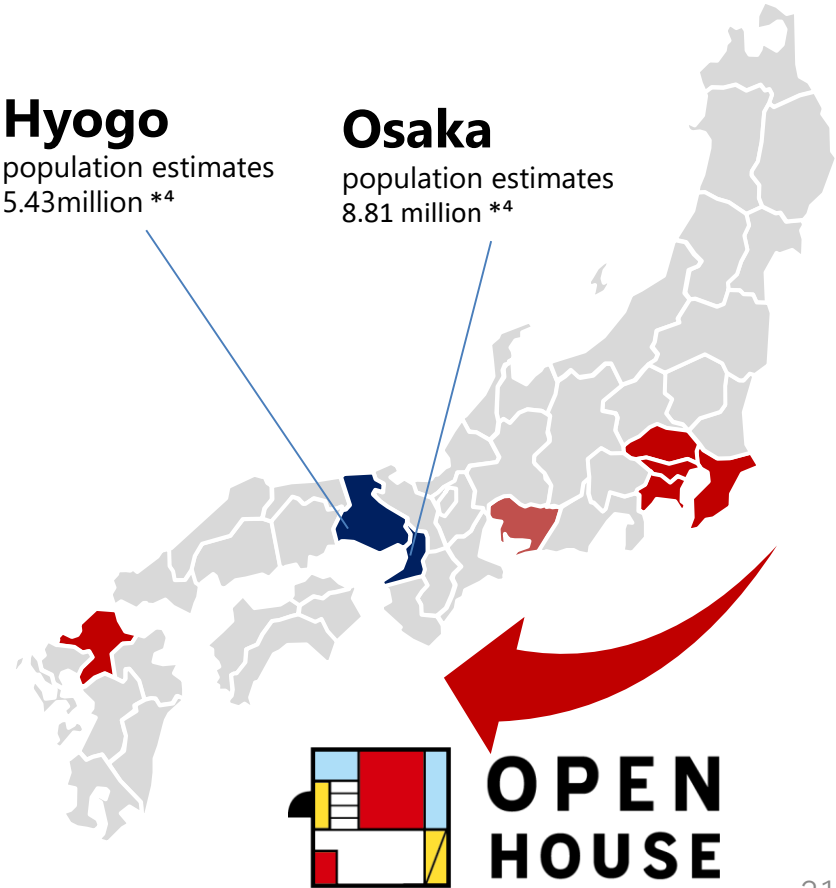
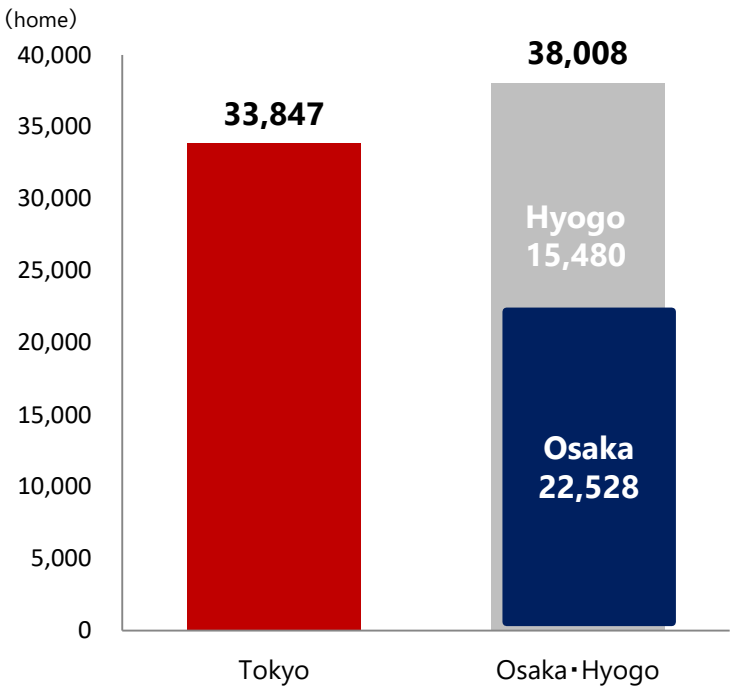
**Estimated market size \*1**

**1.2 trillion yen**

**Average price of single-family homes in Kinki region\*2**

**31.93 million yen**

**Housing starts \*3**



\*1: "Estimated market size" = "Housing starts in Osaka, Hyogo" x "Average single-family home price in Kinki region"  
 \*2: "Average Price of single-family homes in the Kinki area " is the average price of new and secondhand single-family homes in 2019.  
 \*3: "Housing starts" is the total number of owner-occupied and for-sale housing starts in 2019  
 \*4: "Estimated population" is based on the census population as of October 1, 2015  
 Source: MLIT, "Construction and housing starts statistics"  
 Source: "White paper 2019 on single-family homes data" published by TOKYO KANTEI Co., Ltd.

### 3. Develop a business line of new condominiums for investment in the Tokyo metropolitan area

- Develop a business line of condominiums for investment in the Tokyo metropolitan area run jointly with Pressance Corporation
- Target strong demand for rental condominiums that comes with the influx of population to the Tokyo metropolitan area and an increased number of households

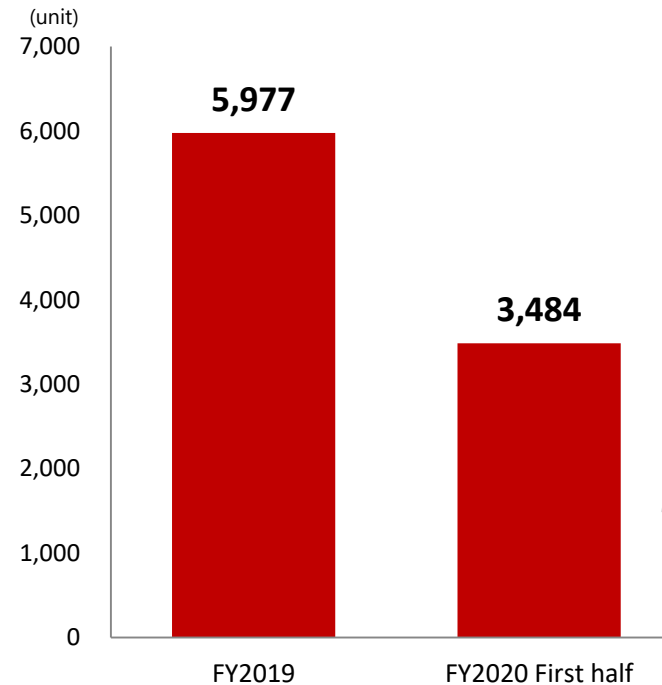
#### Estimated market size \*1

**187.1** billion yen

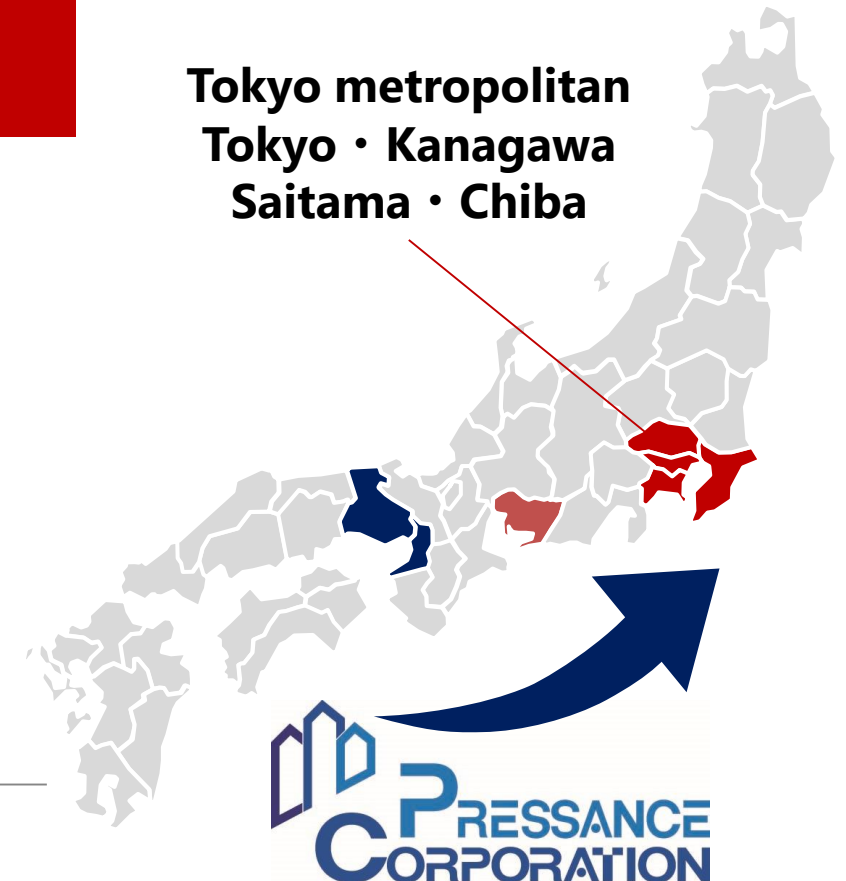
#### Average price of condominiums for investment in the Tokyo metropolitan area \*2

**31.31** million yen

#### Number of condominiums for investment supplied \*3



Tokyo metropolitan  
Tokyo • Kanagawa  
Saitama • Chiba



**PRESSANCE**  
CORPORATION

\*1: "Estimated market size" is "The number of condominiums for investment in the Tokyo metropolitan area supplied" x "Average price of the condominiums for investment in the Tokyo metropolitan area"

\*2: "Average price of condominiums for investment" is the average price of the new condominiums for investment in the Tokyo metropolitan area in 2019

\*3: "Number of condominiums for investment supplied" is the number of new condominiums for investment supplied in the Tokyo metropolitan area in 2019 and the 1st half of 2020

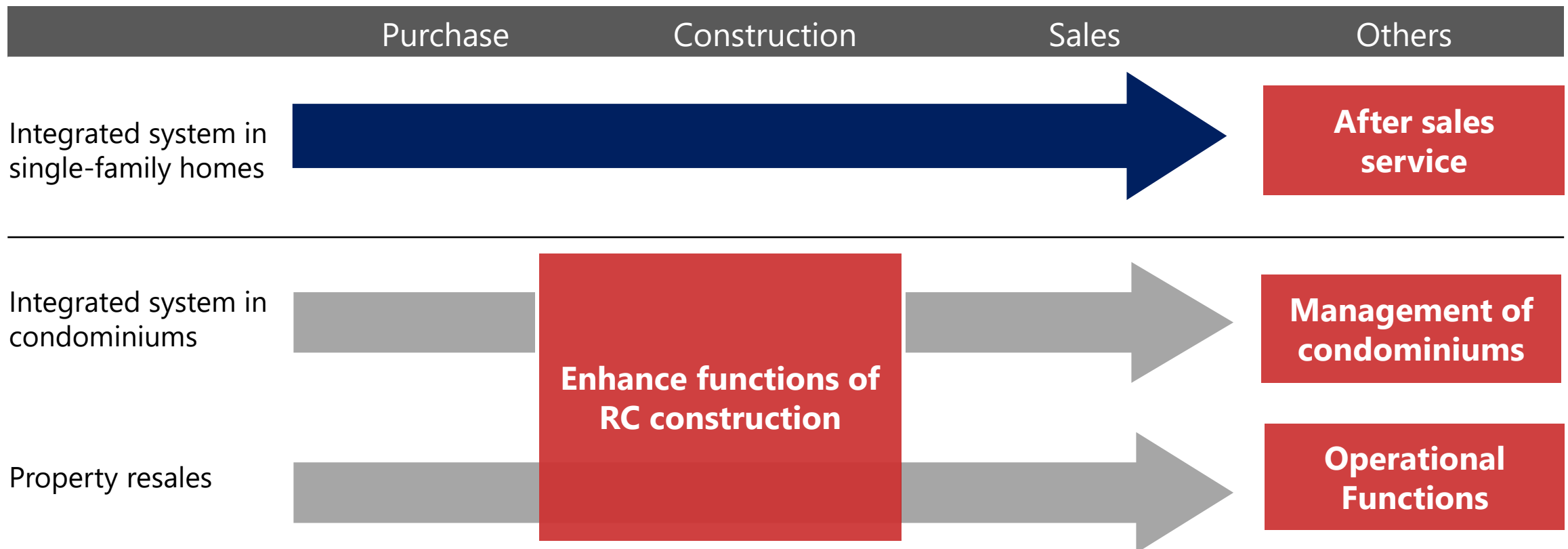
Source: "Market trend of condominiums for investment in the Tokyo metropolitan area" published by Real Estate Economic Institute Co., Ltd.



## 4. Proactive M&A and strategic investments—Areas for future investment

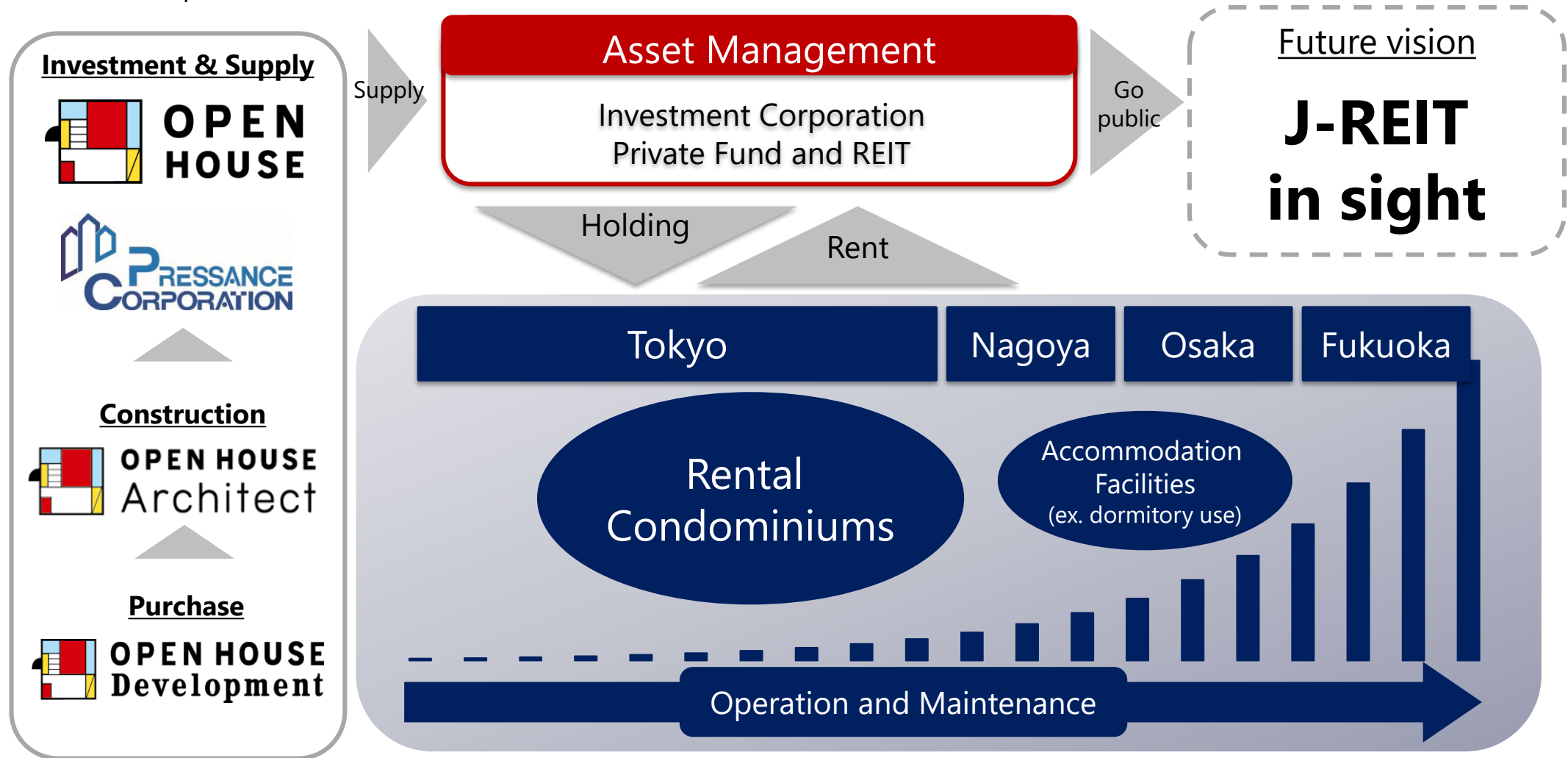
- Execute proactive M&A and strategic investments aiming to expand the scope of business
- Selected four priority areas to further strengthen the integrated system from purchase and construction to brokerage and sales in single-family homes and condominiums

### Areas for future investment



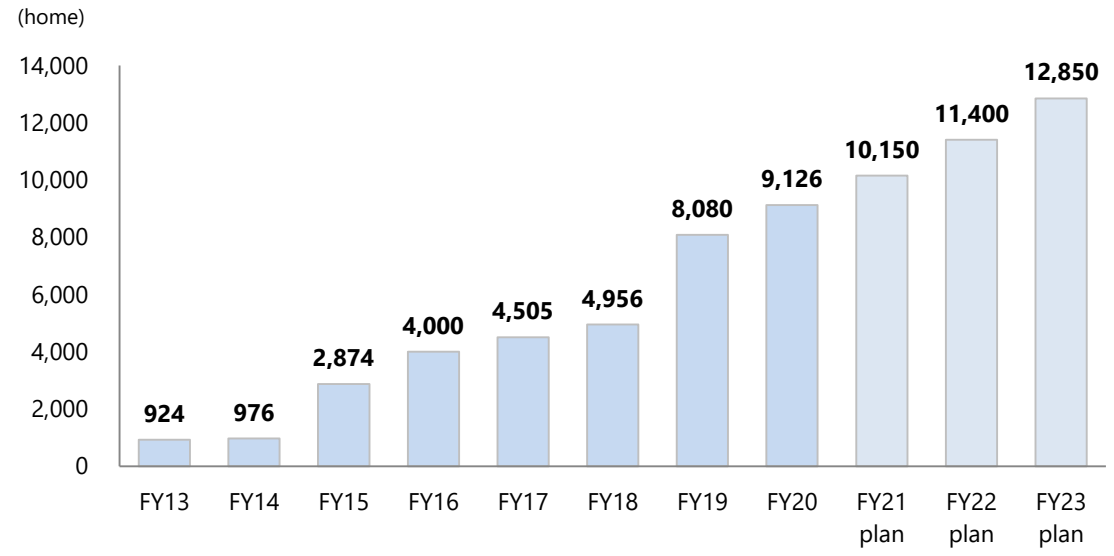
## 5. Develop a real estate fund business primarily managing residential properties

- Establish an asset management company to provide real estate investment products to investors and financial markets
- Expand the scale of the fund by leveraging capabilities of supplying properties as a developer for the Company and Pressance Corporation

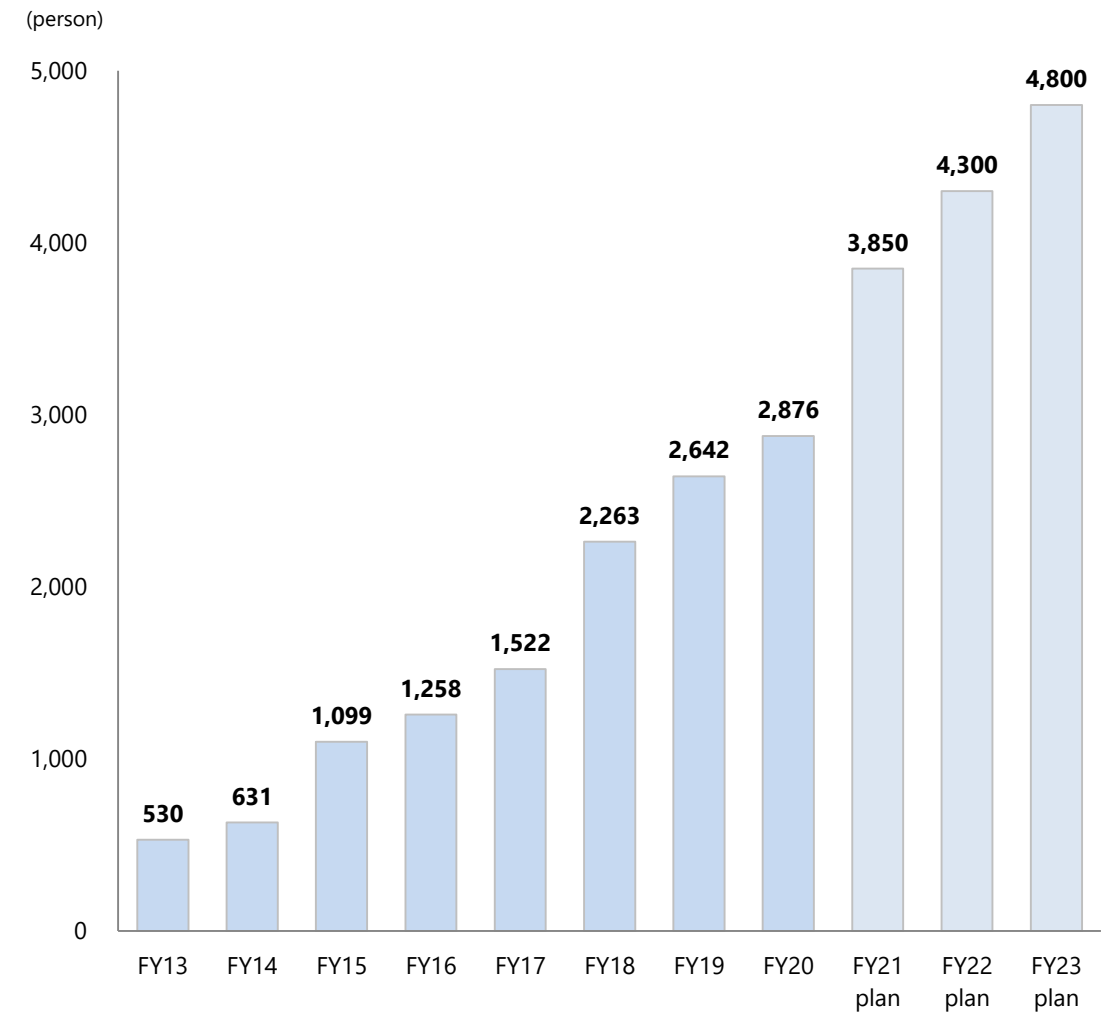


# Quantitative Goals

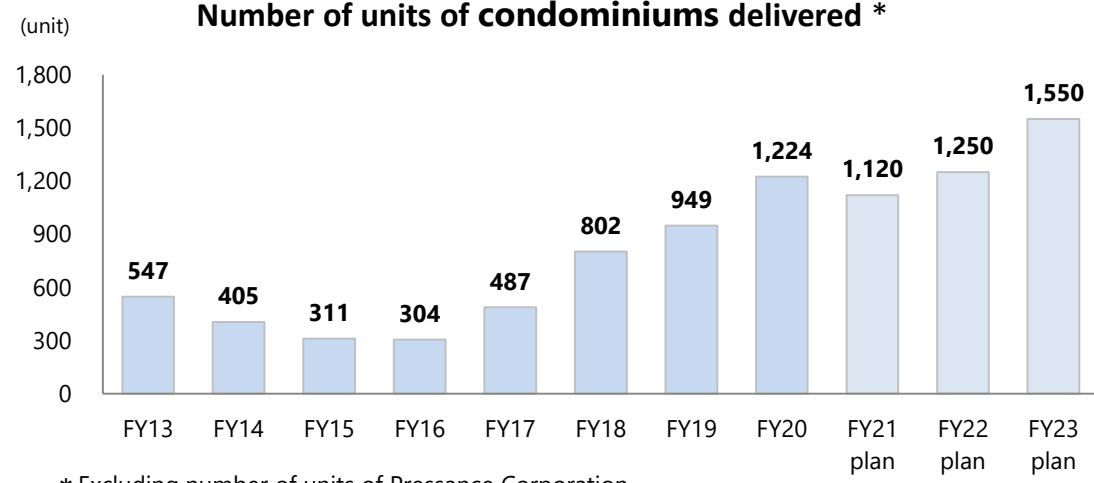
## Number of units of Single family homes delivered



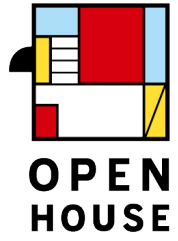
## Number of employees



## Number of units of condominiums delivered \*















\* Excluding number of units of Pressance Corporation



**Sustainability**

# To realize a sustainable society

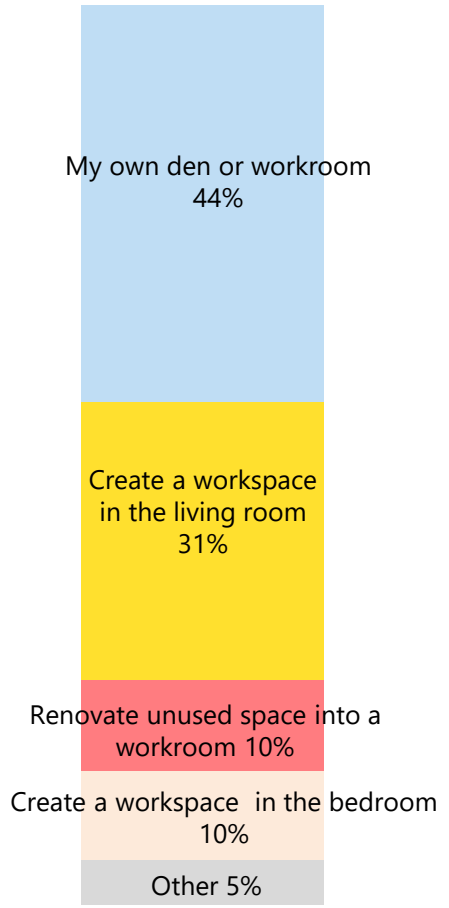
- Identified six key issues the Company should address
- To be examined in view of inputs from external assessment institutions, stakeholders, experts, and priorities to the Company

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

# (Practical Example 1) Home ideas in the age of a “New Lifestyle”

■ Workspace proposals from a perspective unique to single-family homes (custom-built houses by Open House Architect).

## What is your ideal workspace?



### OPEN

An open space that can be created using your kitchen and living space, which lets you work while watching over your children or doing housework. The spacious workspace will brighten up your mood and expand your ideas.



### SEMI OPEN

A semi-open space that will make you more productive because it is at a distance from the TV and is separated from the kitchen. The space lets you concentrate on your work, while being able to feel the presence of your family. You can interchangeably switch mode between work and private life.

### CLOSED

A private space where you can work without your thoughts being interrupted by the sounds your family makes. You can leave your work tools and materials as they are, which makes it easier to get into a work mode and increase your productivity.



## (Practical Example 2) Efforts in the safety and health management at single-family homes construction sites

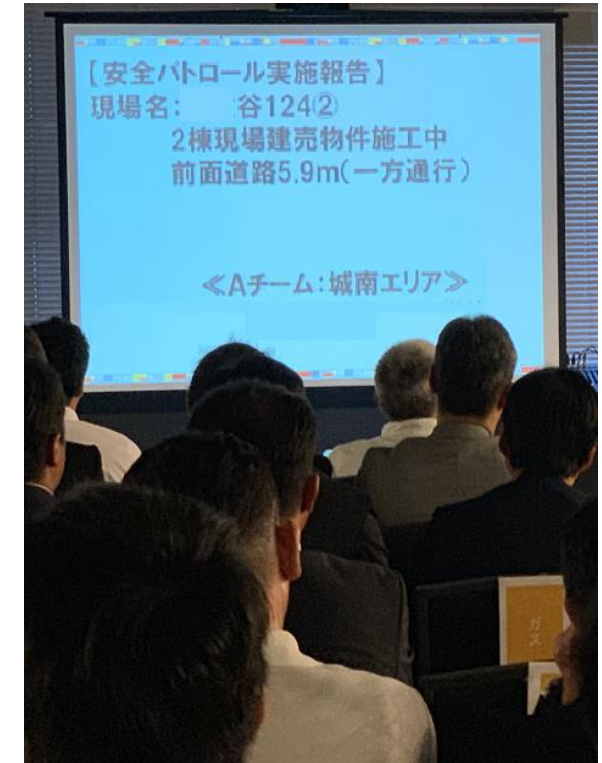
### ■ Continued efforts in the systematic safety and health management including the supply chain

#### (1) Initiatives with the supply chain (partner) companies

Name	Purpose	Major Contents	Frequency	Target
① General Assembly	Enhance awareness for health and safety Instill relevant activities	Safety Convention Lectures by experts	Once a year During the National Safety Week	About 1,000 partner companies
② Regional Working Group	Share method to engage in safety & health activities	Field trip Theme-based discussions	3 regions Twice a year	Each workman to participate according to the region and his/her job type
③ Carpenter's Meeting	Standardize work, safety & health activities	Review construction manuals / Safety training	3 regions Twice a year	
④ Section Meeting	Standardize work, safety & health activities	Review construction manuals / Safety training	3 regions 10 job types	
⑤ Support for Skill Training	Support for workmen to get a qualification	Courses for safety, health, and skill advancement required at work sites	14 times (actual outcome for 2020)	380 people in total (actual outcome for 2020)

#### (2) Internal initiatives

Name	Purpose	Major Contents	Frequency/Duration	Target
① Safety Patrol	Fully implement safety & health management	Internal safety management department to check the status of safety and health management based on a check sheet	For 2 weeks after the completion of framing	All work sites
② Regular Study Session	Share problematic cases	Study session for field supervisors by construction area	Each region Once a month	Field supervisors (employees)
③ Safety education for new hires	Acquire skills required for field supervisors	Lectures with our original contents (those who have not mastered the contents will not be sent to the field)	Once a week (3 to 6 months depending on the individual)	New hires (mid-career included)



Target: OHD and partner companies. Some meetings were/will not be held in 2020 and 2021 to prevent the novel coronavirus infections.



## (Practical Example 3) IT department receives award for advancing work-style reforms

- Recognized for having established an internal system that enables the team to develop DX on its own.
- Efforts to develop an electronic seal system aiming for “no more Hanko.”

### (1) Receipt of IT Award

Our IT department has won the 38<sup>th</sup> IT Award (in the management area) for 2020, sponsored by the Japan Institute of Information Technology. The award was given in recognition of the in-house IT organization structured for Developers’ eXperience (DX) where engineers can work with a sense of making a contribution. Under the policy of becoming an IT department that can work on its own, we have established an in-house development system to plan, develop, and introduce systems that contribute to improving operational efficiency and advancing work-style reforms.

Reference: Japan Institute of Information Technology <http://jiit.or.jp/im/award.html>



### (2) Electronic Seal System

We are introducing an electronic contracting system step by step for contracts with customers and business partners, following the move towards “no more Hanko (Japanese personal name seal),” which has been said to be a social issue under the new lifestyle. We are also working to combine our ERP system and RPA for internal procedural documents, as well as introducing the electronic Hanko system. As a result, a set of documents (in PDF) containing all necessary information, such as name and address, can be automatically generated by just entering a few items required on Google Forms, and the person can complete the entire procedure by simply affixing his or her seal on the cloud.

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署名画像のアップロード

選択する


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電子署名のイメージを選択してください  
☐ 印鑑タイプ ☐ サインタイプ ☒ 手書き

法人名や氏名を入力してください

電子署名  プレビュー

キャンセル
署名





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

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