



Annual Financial Summary 2023

(Securities Code: 3288)

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1 Introduction



Introduction 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 41 subsidiaries and associates (40 consolidated subsidiaries and 1 equity method affiliates; hereinafter collectively with the Company, the “Group”) are engaged in the following businesses:

As the Company falls under the category of “specified Listed Company, etc.,” in the criteria for considering a material fact to be of minor importance in the insider trading regulations, the numerical criteria provided in correlation to the size of the listed company are determined based on calculations on a consolidated basis.

Single-family homes

- Established an integrated system from purchase of land and construction to brokerage and sales to ensure stable and efficient supply of affordable single-family homes in urban areas.

Condominiums

- Engaged in the development and sale of newly built condominiums.
- Develop and offer compact condominiums targeting single- or two-person households, with high preference for convenient locations (urban areas in Tokyo metropolitan, Nagoya and Fukuoka areas)

Property resale

- Engaged in purchase, management, and sales of investment real estate
- Mainly purchase income-generating real estate properties (small office buildings and rental condos) in Tokyo metropolitan area
- Increase the asset value through leasing and renovation
- Resell to wealthy individuals and operating companies as real estate for investment.

Others

- Selling U.S. real estate properties and offer related services including consulting, property management and financial services, to wealthy customers residing in Japan.

PRESSANCE CORPORATION

- Engaged in the planning, development, and sales of studio type condos (investment rentals for single persons) and family sizes condominiums (family use).
- Operates mainly in Kansai, Tokai, Kanto, and Okinawa areas.
- PRESSANCE CORPORATION is listed on the Standard Market of the Tokyo Stock Exchange.



Summary of Selected Financial Data

Fiscal year		23rd business term	24th business term	25th business term	26th business term	27th business term
Year end		Sept 2019	Sept 2020	Sept 2021	Sept 2022	Sept 2023
Net sales	(Millions of yen)	540,376	575,951	810,540	952,686	1,148,484
Ordinary profit	(Millions of yen)	54,928	77,357	97,590	121,166	136,927
Profit attributable to owners of parent	(Millions of yen)	39,407	59,491	69,582	77,884	92,050
Comprehensive income	(Millions of yen)	38,540	58,812	74,483	94,793	101,399
Net assets	(Millions of yen)	138,067	233,695	347,143	395,702	480,416
Total assets	(Millions of yen)	445,904	569,038	879,913	1,031,174	1,198,668
Net assets per share	(Yen)	1,246.15	1,855.66	2,329.72	2,802.19	3,448.66
Earnings per share (EPS)	(Yen)	351.22	525.36	552.40	626.24	763.72
Diluted earnings per share (Diluted EPS)	(Yen)	349.11	522.37	550.41	624.87	762.40
Equity ratio	(%)	30.9	41.0	33.4	32.7	34.7
Return on equity (ROE)	(%)	32.3	32.1	26.4	24.7	24.4
Price earnings ratio	(Times)	7.33	7.23	11.98	7.82	6.64
Net cash provided by (used in) operating activities	(Millions of yen)	14,344	48,793	50,123	(16,353)	17,393
Net cash provided by (used in) investing activities	(Millions of yen)	(4,800)	(24,054)	23,541	(4,367)	(35,575)
Net cash provided by (used in) financing activities	(Millions of yen)	7,186	59,430	40,588	24,694	49,103
Cash and cash equivalents at end of period	(Millions of yen)	135,345	219,218	334,506	346,080	378,643
Number of employees	(Persons)	2,642	2,876	4,087	4,493	4,904
Average number of temporary employees		(240)	(242)	(286)	(351)	(466)

CEO MESSAGE

Record-high Net Sales and Profits for 11 Consecutive Years

The Group has achieved net sales of 1,148.4 billion yen in the fiscal year ended September 2023, the 26th year since our founding. We made steady efforts to realize the management targets set out in the Mid-term Management Plan "Ikoze 1 cho! 2023" announced in November 2020. I would like to take this opportunity to express my sincere appreciation for the support we have received from our shareholders, which has been the key to the growth of the Group thus far.

Regarding business results for the fiscal year ended September 2023, net sales were 120.6% compared to the previous fiscal year. Operating profit increased significantly by 119.2% to 142.3 billion yen, and profit attributable to owners of parent increased significantly by 118.2% to 92 billion yen. Net sales exceeded the initial forecast of 1,100 billion yen, which was revised upward to 1,130 billion yen in May 2023.

By segment, sales in all segments increased by more than 110% year on year, due to strong performance in the property resale business, and U.S. investment real estate, as well as in the Company's main business, single-family homes, and condominiums.

Since listing in the First Section of the Tokyo Stock Exchange in September 2013, the Company has posted record net sales and profits for 11 consecutive years. Furthermore, compared to the performance at the time of listing, sales have continued to grow steadily, with net sales 11 times, operating profit 14 times, and dividends per share 26 times.

Announcement of the Group's Three-year Basic Policy

In August 2023, we announced a tender offer for SANEI ARCHITECTURE PLANNING CO. LTD. (hereinafter referred to as "Sanei Architectural Planning"). Subsequent tender offers progressed as planned, and in November of the same year, the Company made Sanei Architectural Planning a wholly owned subsidiary. In order for Sanei Architectural Planning to quickly restore its credibility and normalize its management, we are working to strengthen their management structure, including by appointing executives from the Group as directors.

The Group has steadily achieved the medium-term management plans, "Hop Step 5000"(from September 2018 to September 2020" and "Ikoze 1 cho! 2023" (from September 2021 to September 2023) while continuing our rapid growth. In the 10 years since joining the first section of the Tokyo stock exchange, the monetary easing policy has continued to provide a tail wind for the real estate industry. However, the outlook for the future external environment is expected to be uncertain, with current discussions on monetary policy changes such as the lifting of negative interest rates.

Under this business environment, in November 2023, the Group announced the three-year basic policy (from September 2024 to September 2026). We have set a certain profit assumption for the next three years, and have formulated the financial policy, growth investment policy, and shareholder return policy based on that assumption.

CEO MESSAGE

Initiatives for the Fiscal Year Ending September 2024

Target achievement of ¥1.3 trillion net sales

For the fiscal year ending September 2024, the Group will aim for net sales of ¥1.3 trillion, a 113.2% increase over the previous fiscal year. Mainly due to an increase in financial assets among the wealthy, we anticipate a rise in demand for property resale business and U.S. investment real estate handled by the Group.

In addition, as a Group, we will actively work on governance and compliance reform, improving customer satisfaction, and strengthening human resource recruitment as these are important issues for the fiscal year ending September 2024.

Masaaki Arai

President & CEO
Open House Group Co., Ltd

Shareholder Returns

Dividends and purchase of treasury shares

The Company recognizes that returning profit to shareholders is an important management issue. Our basic policy is to continue paying stable dividends while considering future business developments and strengthening of our financial position. We intend to use retained earnings for future business expansions.

Based on the above policy, the annual dividend per share for the fiscal year ended September 2023 increased by 35 yen from the previous fiscal year to 164 yen (interim dividend of 72 yen and year-end dividend of 92 yen). The year-end dividend includes a special dividend of 10 yen to commemorate the 10th anniversary of listing on the First Section of the Tokyo Stock Exchange and the achievement of sales of 1 trillion yen. The dividend payout ratio rose 0.9 of a percentage point to 21.5%.

The annual dividend per share for the fiscal year ending September 2024 is scheduled to be 166 yen, an increase of 2 yen from the previous fiscal year (interim dividend: 83 yen, year-end dividend: 83 yen).

In addition, we announced the purchase of treasury shares. The total amount of the share purchased is 10 billion yen (maximum), the total number is 2.2 million shares (maximum, 1.82% of the total number of issued shares (excluding treasury shares)), and the period is scheduled to be from November 2023 to the end of April 2024.

We would like to ask all our shareholders for their continued support as the Group continues to aim for further growth.

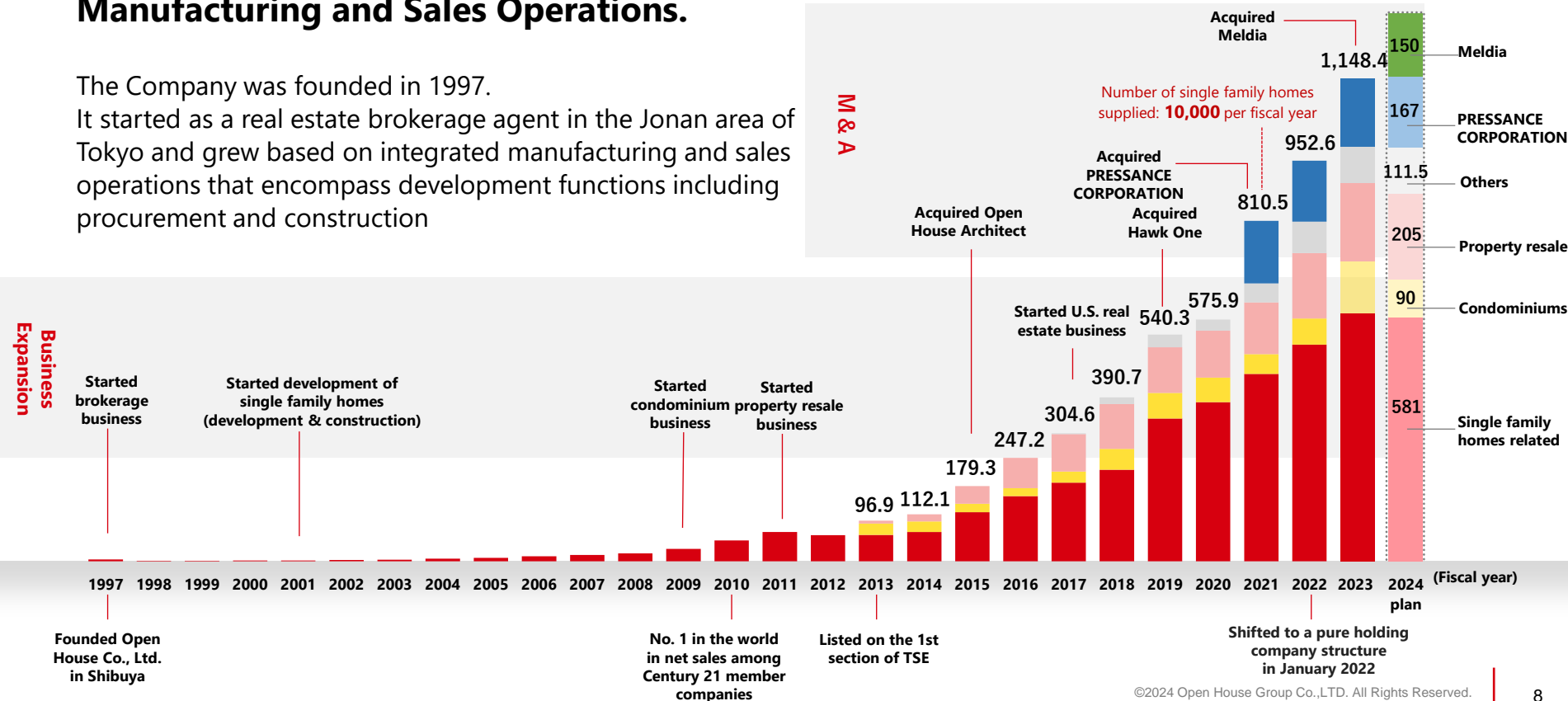
2 Group Overview



Corporate History and Trends in Net Sales

Growth Mainly in Urban Areas through Integrated Manufacturing and Sales Operations.

The Company was founded in 1997. It started as a real estate brokerage agent in the Jonan area of Tokyo and grew based on integrated manufacturing and sales operations that encompass development functions including procurement and construction



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

Overview of operating results, etc.

(The Group's financial position and operating results for the fiscal year ended September 30, 2023)

Financial position

Assets

- Total assets of 1,198,668 million yen, a year-on-year increase of increase of 167,493 million yen.
- Mainly due to a combined increase of 84,151 million yen in real estate for sale and real estate for sale in progress, as well as an increase in cash and deposits of 52,574 million yen.

Liabilities

- Total amounted to 718,251 million yen, a year-on-year increase of 82,779 million yen.
- Mainly due to a total increase of 66,176 million yen in short-term loans payable, long-term loans payable (including long-term loans payable due to be repaid within a year), and corporate bonds (including corporate bonds due to be redeemed within a year), an increase in electronically recorded debts by 3,756 million yen, as well as an increase of 3,708 million yen in operating accounts payable.

Net assets

- Amounted to 480,416 million yen, a year-on-year increase of 84,714 million yen.
- Mainly due to an increase in retained earnings of 75,297 million yen and an increase of non-controlling interest of 6,202 million yen.

Operating results

- The Group posted net sales of 1,148,484 million yen (up 20.6% year on year), operating profit was 142,330 million yen (up 19.2%), ordinary profit of 136,927 million yen (up 13.0%) and profit attributable to owners of parent of 92,050 million yen (up 18.2%).

Overview of operating results by segment is as follows:

Single-family homes related business

- Net sales amounted to 590,342 million yen (up 14.3% year on year) and operating profit increased to 63,178 million yen (up 0.3%).
- Although there was an impact from increases in land and material prices compared to the previous fiscal year, sales increased by double digits due to strong demand for single-family homes in the city center.

Condominiums business

(the Group offers new condos in Tokyo's 23 wards, Nagoya and Fukuoka area)

- Amid steady sales, the delivery of properties, which had been concentrated in the fourth quarter of the fiscal year, was completed as planned, and business performance was strong.
- Net sales stood at 124,689 million yen (up 99.9% year on year) and operating profit amounted to 25,139 million yen (up 136.0%).

Property resale business

- Sales were strong even as financial institutions proceeded with the filtering of investors and properties, owing to high demand for properties such as rental condominiums and office buildings, etc., to be purchased for investment purposes by operating companies and wealthy individuals, who are the Group's target customers for this business.
- Net sales stood at 184,710 million yen (up 19.9% year on year) and operating profit amounted to 20,222 million yen (up 14.4%).

Others

- High investment demand for U.S. real estate for asset diversification purposes of wealthy individuals contributed to strong sales.
- Net sales stood at 87,459 million yen (up 17.7% year on year) and operating profit amounted to 8,667 million yen (up 5.6%).

PRESSANCE CORPORATION

- Focused on selling condominiums for investment purposes and for actual use by families in prime locations in Kinki area (main sales area), Tokai, Chukyo areas, the Tokyo metropolitan area, as well as in the downtown city hub of Okinawa.
- Net sales stood at 161,265 million yen (up 11.0% year on year) and operating profit amounted to 25,791 million yen (up 24.4%).

Cash flows

- Cash and cash equivalents (hereinafter referred to as "net cash") increased by 32,562 million yen year on year to 378,643 million yen.

Cash flows from operating activities

- Net cash used in operating activities amounted to 17,393 million yen (16,353 million yen was used in the previous fiscal year).
- Mainly due to an increase in inventories of 85,219 million yen and income taxes paid of 40,239 million yen, while net profit before income taxes of 136,901 million yen and an increase in accounts payables of 7,857 million yen.

Cash flows from investing activities

- Net cash used in investment activities amounted to 35,575 million yen (4,367 million yen was used in the previous fiscal year).
- Mainly due to time deposit expenses of 18,527 million yen, investments in capital of subsidiaries and associates of 10,537 million yen, and purchase of property, plant, and equipment of 6,381 million yen.

Cash flows from financing activities

- Net cash provided by financing activities amounted to 49,103 million yen (compared to net cash provided of 24,694 million yen in the previous fiscal year).
- Mainly due to net cash provided of 66,415 million yen from the sum of proceeds from borrowings and repayments of borrowings, which was more than offset by dividends paid of 16,753 million yen.

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

Results of production, orders received and sales

The Group's **results of production** are approximately the same as the **results of sales**. For details, see "Overview of operating results, etc." on the previous page.

Results of orders received

The status of orders received for built-to order houses during the fiscal year ended September 30, 2023, is as follows:

Segment	Orders received (Millions of yen)	YoY change (%)	Order backlog (Millions of yen)	YoY change (%)
Single-family homes related business	69,748	(11.2)	52,225	(10.8)
PRESSANCE CORPORATION	138,282	(2.7)	75,049	(17.1)

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, 2023.

Recognition, analysis and discussion of operating results, etc.

In the current consolidated fiscal year, the Japanese economy saw a recovery in personal consumption and capital investment as social and economic activities, which had been stagnant for a long time, became more active due to the relaxation of movement restrictions associated with Covid-19. Corporate profits and business conditions have generally shown an uptrend, and the economy has been recovering moderately, as evidenced by the improvement in the employment situation and the rise in consumer prices.

In the real estate industry to which the Group belongs, land prices are also rising, mainly in the three major metropolitan areas, reflecting the moderate economic recovery.

In residential areas, demand for housing in central urban areas and in areas with excellent lifestyle convenience was firm, and land prices continued to rise. In commercial districts, demand for stores is on an uptrend, reflecting a recovery in the flow of people, mainly in urban areas, and land prices are on a recovery trend, with steady demand for offices.

In this business environment, the Group has been working to achieve the management targets set out in the Mid-term Management Plan "Ikouze 1 cho! 2023" (from the fiscal year ended September 2021 to the fiscal year ended September 2023), where net sales and operating profit increased in all segments.

Analysis of operating results

Net sales

- Increased by 195,798 million yen year on year to 1,148,484 million yen (up 20.6% year on year).
- Mainly due to an increase of 73,840 million yen to 590,394 million yen (up 14.3%) in the single-family homes related business, in addition to an increase of 62,622 million yen to 124,984 million yen (up 100.4%) in net sales from the condominiums related business.

Cost of sales, gross profit

- Increased by 162,009 million yen year on year to 930,127 million yen (up 21.1% year on year), while gross profit increased by 33,787 million yen to 218,356 million yen (up 18.3%). Gross profit margin decreased by 0.4 percentage points to 19.0% (compared to 19.4% in the previous fiscal year).
- Mainly due to the decrease in gross profit margin by 1.5 percentage points to 16.7% (18.2% for the previous fiscal year), driven by an increase in land purchasing costs in the single-family homes related business.
- Selling, general and administrative expenses, operating profit
- Increased by 10,815 million yen year on year to 76,026 million yen (up 16.6% year on year) while selling, general and administrative expense ratio decreased by 0.2 percentage points to 6.6% (compared to 6.8% in the previous fiscal year).
- Mainly due to an increase of 2,616 million yen in labor costs to 23,774 million yen (compared to 21,157 million yen in the previous fiscal year) as a result of an increase in personnel for business expansion. The selling, general and administrative expense ratio decreased due to improvements in productivity compared to the previous fiscal year.

Operating profit increased by 22,972 million yen year on year to 142,330 million yen (up 19.2%).

Operating profit margin decreased by 0.1 point to 12.4% (12.5% in the previous fiscal year).

Non-operating income and expenses, ordinary profit

- Decreased by 5,849 million yen year on year to 2,441 million yen (down 70.6% year on year), while non-operating expenses increased by 1,361 million yen year on year to 7,884 million yen. (up 21.0%).
- Mainly due to the depreciation of the yen slowing down and foreign exchange gains decreased by 4,598 million yen to 471 million yen.
- As a result, ordinary profit increased by 15,760 million yen year on year to 136,927 million yen (up 13.0% year on year). In addition, ordinary income margin decreased by 0.8 percentage points to 11.9% (compared to 12.7% in the previous fiscal year).

Extraordinary income or loss, profit attributable to owners of parent

- Increased by 14,165 million yen year on year to 92,050 million yen (up 18.2%). In addition, ratio of profit to net sales decreased by 0.2 percentage points to 8.0% (compared to 8.2% in the previous fiscal year).

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

The Group formulated the Mid-term Business Plan "Ikouze 1 cho, 2023!" (from October 2020 to September 2023). In formulating the Plan, the net sales target was initially set at 800.0 billion yen for the fiscal year ended September 30, 2023, the final year, however the target was revised and raised by 330 billion yen to 1,130 billion yen through four upward revisions, reflecting the strong business progress. In terms of capital policy, expect to 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, 2023, the final year of the Mid-term Business Plan, are as follows:

Net sales were **1,148,484 million yen** (initial target of 1,000,000 million yen, **achievement rate 114.8%**); **operating profit** was **142,330 million yen** (88,000 million yen, **161.7%**); **ROE** was **24.4%** (exceeding the target by **4.4** percentage points); **equity ratio** was **34.7%** (exceeding the target by **4.7** percentage points); and **dividend payout ratio** was **21.5%** (exceeding the target by **1.5** percentage points), exceeding the targets in all indicators.

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

Capital resources and funding liquidity

The Group's capital requirements are primarily to fund the acquisition of commercial land and properties, construction work, investments to expand the 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. The Group strives to secure a wide range of funding means suitable for various uses of funds.

Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with accounting standards generally accepted as fair and appropriate 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 past experience and other reasonable factors under the circumstances. However, actual results may differ from these estimates due to the uncertainty inherent in these estimates.



Mid-term Management Policies and Issues to be Addressed

Three-year basic policy

In November 2023, the Group announced a three-year basic policy (from the fiscal year ending September 30, 2024, to the fiscal year ending September 30, 2026). Given the expectations that circumstances will remain unclear for the foreseeable future, the Group set certain profit assumptions for the three years, based on which it has formulated financial, investment, and shareholder return policies.

Regarding the profit assumptions, the Group has set an assumption of cumulative net income for the three years of 250.0 billion yen. In the business performance forecasts for the fiscal year ending September 30, 2024, net income is forecast at 92.5 billion yen. The Group set cumulative net income at 250.0 billion yen on the assumption that the net income of 80.0 billion yen resulting from business, excluding the temporary negative goodwill generated by the acquisition of SANEI ARCHITECTURE PLANNING CO. LTD. (hereinafter “SANEI ARCHITECTURE PLANNING”) will continue until 2026, for details, see (Conversion of SANEI ARCHITECTURE PLANNING to Consolidated Subsidiary) under X. (Significant Subsequent Events). For this reason, the Group has not included increases in net income resulting from M&As conducted in future after the acquisition of SANEI ARCHITECTURE PLANNING.

Firstly, regarding the financial policy, as a key indicator, the Group will raise its equity ratio from the current 30% or more to 35% or more. Net D/E ratio will be kept at 1.0 or less. ROE is assumed at 20% or more for the fiscal year ending September 30, 2024, and 15% or more for the fiscal year ending September 30, 2025, and beyond. In each case, in addition to maintaining a safer financial position in an uncertain economic environment, the Group will aim to maintain fund procurement capacity that will enable it to respond flexibly to M&As and other growth investments, while continuing to place importance on capital efficiency.

Next, regarding growth investment policy, the Company has assumed growth investments of 500.0 billion yen over the next three years.

This will comprise 350.0 billion yen in M&As in Japan and overseas (this includes an approximately 100.0-billion-yen investment resulting from the consolidation of SANEI ARCHITECTURE PLANNING in November 2023) and 150.0 billion yen in existing businesses, including increases in inventory, U.S. real estate development business, DX, and sustainability.

Finally, regarding shareholder return policy, the Group has assumed shareholder returns of 100.0 billion yen over the next three years. This will comprise 60.0 billion yen in dividends and 40.0 billion yen in acquisition of treasury stock (including the acquisition of treasury stock announced on November 14, 2023 [total number of acquirable shares: 2,200,000 shares; total amount acquired: 10.0 billion yen; acquisition period: November 15, 2023, to April 30, 2024].) The Group will continue to conduct stable dividends with a payout ratio of 20% or more and the flexible acquisition of treasury stock. As described above, the Group will conduct corporate management with an emphasis on the appropriate allocation of management resources in the three areas of maintaining financial soundness, growth investments, and shareholder returns.

Issues for the fiscal year ending September 30, 2024

Normalization of management of SANEI ARCHITECTURE PLANNING

By making SANEI ARCHITECTURE PLANNING a wholly owned subsidiary of the Company, the Group will work to streamline its management systems such as management structure and promote the restoration of SANEI ARCHITECTURE PLANNING's creditworthiness and, by extension, the normalization of its management. In addition, through the general improvement of the single-family homes related business, leveraging housing supply capabilities of SANEI ARCHITECTURE PLANNING and sales expertise of the Group, and by other means, we will achieve synergies between the Group and SANEI ARCHITECTURE PLANNING in our efforts to increase the corporate value of both parties.

Important issues (materiality)

The group has established new materiality when formulating the three-year basic policy.

- Important issues (materiality)
- Governance and compliance reform
- Enhance customer satisfaction
- Strengthening hiring of key talent
- Promotion of sustainability (sustainable society and corporate growth)
 - Maximize the value of human capital
 - Realize healthy and safe living
 - Contribute to decarbonization

Other issues to be addressed regarding business promotion are as follows.

Continuous growth focused on single-family homes related business

- Growth of existing businesses centered around single-family homes
- Expansion of single-family homes related business into the Kansai region
- Steady growth in condominium business
- Sustainable growth of property resale business

Pursuing group synergies with PRESSANCE CORPORATION CO., Ltd.

Promotion of M&A

Development of private REIT business mainly in the residential sector

Acquire new business opportunities along with the changes from “zero corona” to a “with corona” environment

3 Sustainability



Approach to Sustainability and Initiatives

The Group contributes to the realization of a sustainable society through its business activities and promotes "sustainability" with the aim of achieving sustainable corporate growth. The Group has continued to pursue our corporate philosophy of "Committed to pursuing 'Houses that customers want' honestly and constantly" and have also worked on our business with the mission of "Providing affordable housing in metropolitan areas". By continuing to realize the Group's mission in the changing times, we are putting into practice the creation of shared value that aims to balance social value with business value. We are also keenly aware of the social responsibilities associated with our business activities and of contributing to the achievement of our SDGs, and we are promoting initiatives through our business activities to address issues related to the environment/society/governance (ESG).



Governance (promotion system)

The Group has established a Sustainability Committee consisting of directors, executive officers, and others. This committee, which operates under the supervision of the Board of Directors, identifies, and evaluates risks and opportunities related to sustainability, and collects and manages information regarding responses in each business divisions and group companies. Progress and results will be reported to and discussed by the Sustainability Committee. Important matters discussed at the committee are then reported to the Board of Directors.



Risk management

Risk management is carried out by the Sustainability Committee, centered around governance. Among the important sustainability-related issues in materiality, the newly established three-year basic policy includes initiatives including risk management regarding "Governance and compliance reform" and "Contribute to decarbonization"

Maximize the value of human capital

The Group believes that to attain sustainable company growth, we need to place importance on strengthening of quality recruitment to "Maximize the value of human capital", providing continuous training to further educate and develop the abilities of our employees. To realize the corporate philosophy of "Attract a wide range of motivated people and create an organization that rewards results", we promote human resources regardless of background, etc., and strive for human resources development in hopes that they will be the driving force behind business growth and future management.

Sustainability and Initiatives

Strategy

Demonstration of ability and wage increases

The Group conducts promotion assessments four times a year in order to promote appropriate personnel. By designing a system that reflects results quickly, we are striving to provide opportunities for prompt promotion and allowing each employee to maximize their abilities.

Health management

The Group believes that maintaining and improving the health of our employees contributes to revitalizing the organization and improving productivity. We have established a health management promotion system with the representative director as the health management officer, have set health goals and are implementing measures for improvement. In addition to hygiene management as required by law, we are working to expand welfare benefits that contribute to health management and are working to improve the health of our employees by planning and implementing work style reform measures such as correcting long working hours and are striving to create an environment where employees can continue to demonstrate high performance.

Promoting women's participation in the workplace

Under the commitment of the representative director, "Promoting Women's Empowerment Group" has been established to promote long-term career development for women employees through welfare programs and training. The Group believes that to build sustainable careers, it is necessary to focus on supporting employees (women employees with children) who have undergone changes in their life stages due to childbirth, childcare, etc. We focus on both aspects of the situation, and design support systems to provide support tailored to each stage, from before and after maternity leave.

Promoting diversity

The Group respects the human rights of every employee and strives to create an organization with a comfortable working environment that takes advantage of diversity, regardless of attributes such as gender, age, nationality, or disability. The Group is implementing the following initiatives to promote diversity.

Promoting employment and active participation of persons with disabilities

The Group aims to create a workplace where persons with and without disabilities can work together and has established a department called the "Operation Center" that specializes in supporting the success of people with disabilities. The employment rate is 2.9%, which is 0.6 points higher than the statutory employment rate of 2.3%. As a major initiative to attract human resources and enable active engagement, we have opened three offices with barrier-free design, introduced four full-time supporters, as well as one paid work exemption day system for hospital visits. We are also actively working to develop our environment and systems so that our diverse human resources can demonstrate stable performance.

Childcare support

The Group believes that children, who will lead the next generation, are the most important treasure in realizing a sustainable society. Additionally, since the majority of the Group's employees are of the child-rearing generation, we are placing particular emphasis on childcare support. We have implemented multiple economic support measures, such as childbirth gifts of up to 1 million yen, but this year we will enhance further by providing "single parent allowance", for single-parent households, and "shared use of company-led childcare facilities". Going forward, we will continue to support the improvement of the work and lifestyles of our employees, to encourage the demonstration of their abilities, and aim to sustainably increase corporate value.

Goals and indicators

Regarding targets and indicators related to human capital in the Group, the "Open House Group Declaration on Promoting Women's Empowerment" states that we will increase the ratio of women in management positions at three major companies (*1) to 10% by the fiscal year ending September 2025. As of the end of September 2023, the percentage is at 7.14%.

(*1) Open House Group Co., Ltd., Open House Co., Ltd., and Open House Development Co., Ltd.

Governance and compliance reform

The Group is experiencing rapid growth, with sales exceeding 1 trillion yen in the fiscal year ended September 2023, 26 years since our founding. To strengthen the governance and compliance system in line with the expansion of the company's scale, it is important to seek advice and verification from outside experts, identify potential issues, and continuously work to strengthen the system. Recognizing that this is an even more important management issue than ever before, we have begun efforts to reform governance and compliance from September 2023. Please note that this initiative targets OH, OHD, OHA, and Hawk One.

Governance

The Group Transformation Promotion Headquarters has been established as an organization under the direct control of the President and CEO, who serves as the Head of the Headquarters, and operates from a cross-organizational perspective without being bound by company restrictions.

Risk management

The Group conducts compliance risk assessments to identify governance and compliance issues. This assessment is conducted by the Risk Assessment Group in cooperation with an outside expert law firm.

Strategy

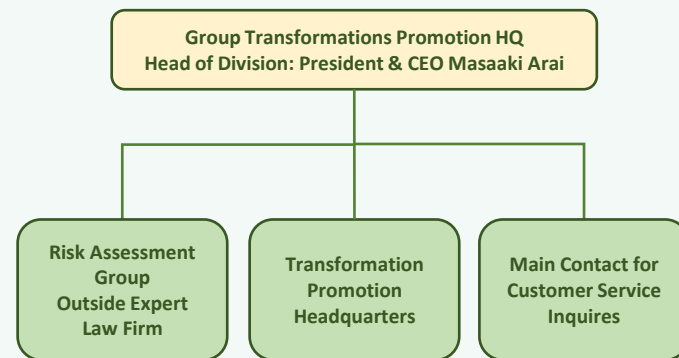
The Risk Assessment Group, with the support of outside experts, identifies organizational governance issues and legal issues within the Group, who then reports and submits these issues to the Group Transformation Promotion Headquarters. Based on given instructions, the Transformation Promotion Group will then formulate reformation policies, review systems and processes, present improvement measures, and work to ensure that they are thoroughly disseminated throughout the Group. The Main Contact for Customer Service Inquires serves as the point of contact for inquiries and complaints for the entire Group and takes the lead in resolving issues identified by customers. The knowledge gained through this process is then transferred to business departments to implement improvement measures for customer satisfaction.

Goals

The Group will implement the following measures to strengthen our governance and compliance systems, including measures that we have already begun.

- Pursuit of long-term customer satisfaction
- Strengthening the quality control system in the construction of single-family homes
- Reformation of organizational culture
- Harassment prevention training
- Expansion of internal reporting system
- Establishment of a system to strengthen subsidiary governance

Group Transformation Promotion Headquarters:



Sustainability and Initiatives



Contribute to decarbonization (disclosure in line with TCFD reduction)

The company announced its support for the “TCFD” (*2) recommendations in January 2021, and since joining the “TCFD Consortium” (*3), recognizing the urgency needed to respond to climate change, we conducted a scenario analysis regarding the impact of climate change on the Group’s mainstay single-family home related business (*4).

(*2) “TCFD (Task Force on Climate-related Financial Disclosures)”

An initiative established by the Financial Stability Board (FSB) in response to the wishes of G20 Finance Ministers and Central Bank Governors. Recommending the assessment and disclosure of the financial impact of climate change risks and opportunities.

(*3) “TCFD Consortium”

An organization established to discuss the efforts of companies, financial institutions, etc. that express their support for TCFD recommendations to promote their efforts in unison and to effectively disclose corporate information and to link disclosed information to appropriate investment decisions by financial institutions, etc.

(*4) Single-family homes related business:

We conducted a scenario analysis of the single-family homes related business operated by Open House Co., Ltd. and Open House Development Co., Ltd.

(i)Governance

The Sustainability Committee regularly evaluates the Company’s response to various issues related to climate change. Furthermore, the Board of Directors monitors the Sustainability Committee, and reports and deliberates on important policies and matters.

(ii)Risk management (system)

The Sustainability Committee of the Company formulates a basic policy on environmental issues and manages risks created by climate change. The Sustainability Committee identifies the issues facing the Group by following trends in Japan and the world in response to climate change, including exchanging information with external experts.

It also discusses the necessary policies with Group companies and operating divisions, and regularly monitors the progress of those policies. The Sustainability Committee also manages the progress of the established GHG emission reduction targets, and continuously considers raising the targets further. The Sustainability Committee reports to the Board of Directors on the climate change issues and the progress of initiatives to address the issues. Through these efforts, the Company has developed a system to respond appropriately to the risks and opportunities presented by climate change, which is expected to further diversify, expand and intensify in the future.

(iii)Strategy

The Group has identified risks and opportunities presented by climate change envisioned for 2030 for its mainstay single-family homes related business. It also analyzed the financial effects based on two scenarios envisioned by the Intergovernmental Panel on Climate Change (“IPCC”) and considered future response policies as follows.

		(i) 1.5 ° C scenario	(ii) 4 ° C scenario
Transition risk	Risks and opportunities associated with changes in policies, rules, technologies, the market, customer preferences, etc. during the transition period to a low-carbon society.	Strict global climate change policies are thoroughly implemented, succeeding in limiting global warming.	Despite various calls for attention to global warming, the world’s nations are unable to cooperate, and strict policies are not introduced.
Physical risk	The acute risk such as natural disasters becoming more severe and frequent due to climate change, and the chronic risk such as rising average temperatures and abnormal weather.	As a result, the average temperature in 2050 will only rise by 1.5° C compared to before the Industrial Revolution in the 18th century.	As a result, global warming progresses further, the average temperature will rise by 4° C, and natural disasters become more severe and frequent.

Results of scenario analysis

1.5° C scenario

In the 1.5° C scenario, the transition risk of introducing a carbon tax and mandating solar panels is seen as the main factor pressuring earnings. However, winning new customers by providing homes with a low environmental impact is an earnings opportunity. In terms of the physical risk, the risk from natural disasters, etc. is negligible. Overall, we have concluded that the financial effects in this scenario are limited.

4° C scenario

In the 4° C scenario, we concluded that there is no significant transition risk. In terms of physical risk, the single-family homes related business operated by the Group is a short-flow business. Because of this, by increasing our sensitivity to changes in the external environment such as intensifying natural disasters, we can reduce risks, and have concluded that there are no significant financial effects in this scenario.

Sustainability and Initiatives

List of risks, opportunities, and financial effect

	Risks and opportunities/Items	Effects	Financial effects	
			1.5° C	4° C
Transition risk · Opportunity		Rising procurement costs of materials, etc. from the introduction of the carbon tax (Rising construction contracting costs)	↓	—
	[Risk] Carbon tax introduction	Rising fuel costs for company vehicles from the introduction of the carbon tax	↓	—
		Rising electricity usage costs from the introduction of the carbon tax	↓	—
	[Risk] Mandated installation of solar panels	Rising costs (0% pass-through rate to sale price) from the mandated installation of solar panels	↓	—
	[Opportunity] Rising demand for homes with a low environmental impact	Increased earnings with the provision of homes with a low environmental impact (ZEH Oriented)	↑	—
Physical risk	[Risk] Effects of intensifying typhoons and floods	Increased costs due to reduced productivity of construction workers from severe heat	↓	↓
	[Risk] Increased negative health effects from severe heat (heatstroke, etc.)	Decreased earnings from reduced sales efficiency of sales staff from severe heat	↓	↓

1/1: absolute value of ¥1 billion or more and less than ¥5 billion

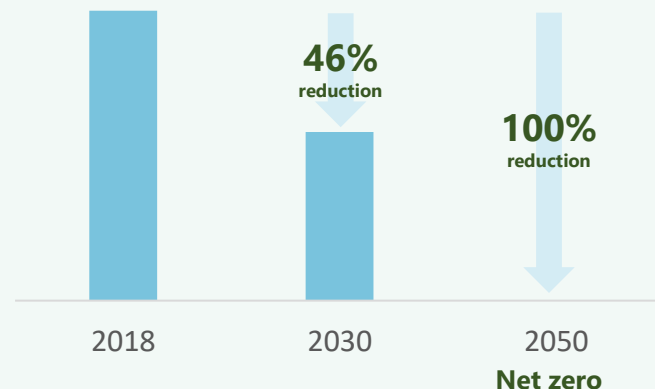
Not applicable: absolute value of ¥100 million or more and less than ¥1 billion

1 / ↓: absolute value of ¥10 million or more and less than ¥100 million

—: no financial effect, or an absolute value of less than ¥10 million

Metrics and targets

Based on the results of the scenario analysis, to reduce the risks from climate change, the Company set medium- to long-term GHG emission reduction targets for the first time in November 2021, and added Scope 3 to our targets in October 2022. In the future, we plan to promote the "Open House Group Decarbonization Project" to achieve our goals.



(*) Scopes 1, 2, and 3

Scope 1: emissions from the business activities of covered companies (direct emissions)

Scope 2: emissions produced from the use of energy provided by other companies (indirect emissions)

Scope 3: emissions from other business activities (indirect emissions mainly from materials procurement and the use of homes after sale)

4 Business Risks



Business Risks etc.

The main matters considered to be potential risks regarding business development and other aspects of the Group are described below. In addition, from the perspective of active information disclosure to investors, the Group also discloses matters that, while they do not necessarily constitute those kinds of risk factors, are considered important for investors in making investment decisions. Forward-looking statements in this document are based on the judgment of the Group as of the end of the fiscal year ended September 30, 2023.

1. Management environment surrounding the business

i. Impact of economic trends and interest rate trends, etc.

- Corporate results in the real estate industry to which the Group belongs are closely related to changes in macro economic factors such as trends in economic conditions, interest rate levels, land value levels, and foreign exchange markets.
- Economic and political circumstances such as real estate market conditions, trends in home loan interest rates and increase of consumption tax, population trends, and real property tax system reforms, as well as psychological trends in prospective home buyers, have the potential to impact on the Group's business performance and the development of its business.

ii. Concentration of business areas in the Tokyo metropolitan area and the impact of competition, disasters, etc.

- High demand for homes and property resale in Tokyo metropolitan areas, which mean competition can intensify in the future.
- Exposed to competition from other companies with our recent expansion to Nagoya, Fukuoka, and Kansai areas
- If we lose our ability to procure land and selling power, or a sharp drop in demand due to price fluctuations
- Susceptible to population trends, geographical changes, changes in average income, regional economic conditions, and real estate market conditions in Tokyo metropolitan area and other cities.
- if an earthquake, typhoon, or other disaster were to occur in the Group operating area, in addition to damage to people and property, there are risks of delays in works and the inability to conduct development or sales, the risk of a fall in the value of real estate, the risk of costs required for repairs, etc., and other adverse impacts on the business, business performance, and financial position of the Group.

iii. Impact of COVID-19

- Appropriate implementation of infection prevention measures has allowed the Group to conduct its business activities while suppressing the spread of the disease amongst customers and employees.
- However, if prevention measures had not been established, there would be potential for this to have serious adverse impact on the business, business performance, liquidity and financial position of the Group.
- Potential hindrance of sales activities, turmoil in supply chain (as a result of restrictions places on the activities of the Group, its customers, subcontractors, suppliers and partners) due to measures to prevent the spread of the infection.
- There are no guarantees such prevention measures would be effective, and if unsuccessful, there are risks to the Group's business activities and its business plans.
- New opportunities can be sought out if another infectious disease were to spread (although that is not guaranteed).
- the degree of the final, total impact on the Group of such infectious diseases is extremely unclear, given that it would depend on future progression of events, including the timing at which such an epidemic ended, and it is extremely difficult to make predictions. Depending on the degree of such impact, there is potential for adverse impacts on the business, business performance, liquidity, and financial position of the Group.

2. Land procurement, purchasing of timber and building materials, etc., and personal expenses

- Land is procured primarily in Tokyo metropolitan area and other urban locations, which accounts for most of the development cost.
- Due to external factors beyond our control, such as shortage of supply for properties in such areas, could cause sharp increase in procurement costs.
- the newly built single-family homes by the Company's consolidated subsidiaries, OHD, OHA, and Hawk One, use timber, building materials, and other raw materials. There is the potential for the prices of such materials to rise sharply due to various factors, including exchange rate fluctuations and country risks in the countries of origin.
- there is potential for sharp rises in the personnel expenses for construction work due to factors such as labor shortages in the construction industry.

Business Risks etc.

4. M&A

- Going forward, there is no guarantee that suitable prospective target companies matching the Group's business strategy will be found or that the Group will be able to conduct M&As on appropriate terms and conditions with such prospective target companies.

SANEI ARCHITECTURE PLANNING was made a wholly owned subsidiary in November 2023, but there are various risks involved even when such M&As are conducted. Risks as follows:

- business integration with the target does not proceed as planned
- synergies do not eventuate
- resources expended on the work required for the M&A hinder the Group's regular business activities
- an exodus of the target company's talented personnel
- target is unable to operate at the same level of compliance as the that of the Group
- misjudgments in the assessment of the target company's value
- large amounts of goodwill will be recorded that may become the target of future impairment
- the Group's liabilities related to the M&A will increase
- if the Group acquires only a non-controlling interest in the target company, there is a risk that it will not be able to supervise or control the management of the target company effectively and that the target company will not implement management policies and business strategies that the Group considers appropriate for realizing the effectiveness of the strategic investment. Which can have adverse impact on the business, business performance, and financial position of the Company.
- There are risks that the existence of a partnership with a certain partner will restrict the freedom of the Group to collaborate with other prospective partners in the future.

PRESSANCE CORPORATION Co., Ltd. (consolidated subsidiary as of January 2021), and MELDIA Development & Construction CO., LTD. (consolidated sub-subsidiary as of October 2023), continue to be listed, and as such, the Company believes that the independence of their management should be respected.

- While aiming to realize synergies, as the parent company, we need to encourage the improvement and enhancement of their corporate governance and internal control systems, and there is a risk that such initiatives may not proceed as planned.

5. Dependence on interest-bearing debt

implementation of The Acquisition funds of land and properties for the Group's business and its working capital are primarily covered by loans from financial institutions.

As of Sept 30, 2023	Balance of consolidated interest-bearing debt	Increase (decrease) From previous FY	Interest bearing debt of total assets
	575,137 million yen	66,176 million yen	48.0%

- Changes in current interest rate levels have the potential to impact business performance
- if the Group were unable to procure sufficient funds for some reason, such as sudden changes in monetary conditions, this has the potential to impact on the business performance, financial position, and business development of the Group.

6. Protraction of timing of recognition of revenue in real estate development

- In the real estate sales business in which the Group is engaged, a considerable length of time is required from the procurement of land until the sale to general consumers, and large investments are required on multiple occasions during that period.
- Potential for unexpected time and cost requirements during the period until sale to general consumers due to external factors beyond the Group's control, such as sharp rises in raw material prices, labor shortages, and changes in customer demand.
- if, due to delays in development, the Group is forced to hold onto inventory for longer than initially planned, and if market conditions deteriorate in that time, as well as the possibility that this could lead to the recording of losses on valuation of inventory assets, there is potential for delays in revenue recognition, which could have a serious adverse impact on the business performance and financial position of the Group.
- if development cannot be completed according to initial plans, there is a risk that the Group's credibility could be damaged and that liability toward customers could incur.

Business Risks etc.

7. Inventory

Our group is engaged in the real estate sales business and records real estate for sale and real estate for sale in progress as inventory assets. The situation as of the end of September 2023 is as follows.

Breakdown of real estate for sale and real estate for sale in progress

Items	Real estate for sale (million yen)	Real estate for sale in progress (million yen)
Single-family homes related	73,879	218,199
Condominiums	1,258	83,092
Property resale	48,244	40,111
Others	16,303	27,494
PRESSANCE CORPORATION CO., Ltd	8,171	124,501
Total	147,857	493,398

- There is a risk that the real estate value of the inventory assets owned by the Group could fall due to various factors.
- If it is difficult to sell at the prices envisaged by the Group, the Group may take measures to promote sales by lowering selling prices for the purpose of mitigating inventory risk.
- If the decrease in profits and losses on valuation of inventory assets becomes significant as a result of such measures, this has the potential to impact the business performance and financial position of the Group.

8. Subcontracting management

In the construction of new single-family homes, in principle, the Group divides up and places orders with subcontractors for operations, excluding construction supervision work (management of quality, safety, processes, and costs). Also, in the condominium construction business, the majority of work, including construction supervision work, is outsourced to construction companies.

- Because the Group depends on subcontracting for the majority of its construction operations, if it is unable to secure sufficient subcontractors, if there are problems with the quality of the construction work of a subcontractor, or if financial difficulties and construction delays occur at a subcontractor, this has the potential to impact the business performance and financial position of the Group.

9. Securing human resources

The Group intends to continue to develop its business with a focus on the single-family home-related business. To provide products and services of good quality that meet customer needs, a key management challenge will be to provide education and training of human resources, who have high potential and who are able to make product proposals that will satisfy customers, and to put those human resources on the front lines. With the future expansion of its business, the Group intends to actively recruit large numbers of talented human resources.

- If the Group is unable to secure enough human resources, if there is an exodus of human resources currently at the Group, or if the costs of securing human resources rise, this has the potential to impact business development and business performance.

10. Warranty against defects and contract non-conformity warranty

Pursuant to the Housing Quality Assurance Act, the Group bears a ten-year warranty against defects or a contract non-conformity warranty for the main parts of the structure of newly-built homes and for the prevention of penetration of rainwater. In the unlikely event that there is a serious defect in a property sold by the Group, even if the direct cause of the defect is the fault of a party other than the Group, the Group may bear the responsibility for that defect as the vendor. In such an event, increases in the costs of guarantee work and the decline in the Group's credibility have the potential to impact the business performance, financial position, and business development of the Group.

Business Risks etc.

11. Statutory regulations

The Group is subject to a variety of statutory regulations in the management of its business. These include the Real Estate Brokerage Act, the Building Standards Act, the City Planning Act, the Construction Business Act, the National Land Use Planning Act, the Money Lending Business Act, and environmental regulations.

The Group strives to comply with the various criteria for obtaining permits and licenses under laws and ordinances and with the provisions of the relevant laws and regulations, and there are no circumstances at present that would lead to the cancellation of any of these permits and licenses. Going forward, if the relevant laws are revised or abolished or new statutory regulations are established, or if the Group has been unable to comply with these regulations, including laws and ordinances, this has the potential to impact the business performance and business development of the Group.

12. Management of personal information

In each of its businesses, the Group holds information about potential customers, information about customers with whom the Group has transacted, and other personal information obtained through the Group's businesses, and is subject to regulations governing such information, including the Act on the Protection of Personal Information.

Individual Group companies that hold such personal information manage it with meticulous care. However, in the unlikely event of an incident such as an external leak, compensation for damages, the loss of social credibility and other consequences have the potential to impact the business performance and business development of the Group.

5 Corporate Governance



Information on Corporate Governance, etc.

Basic approach to corporate governance

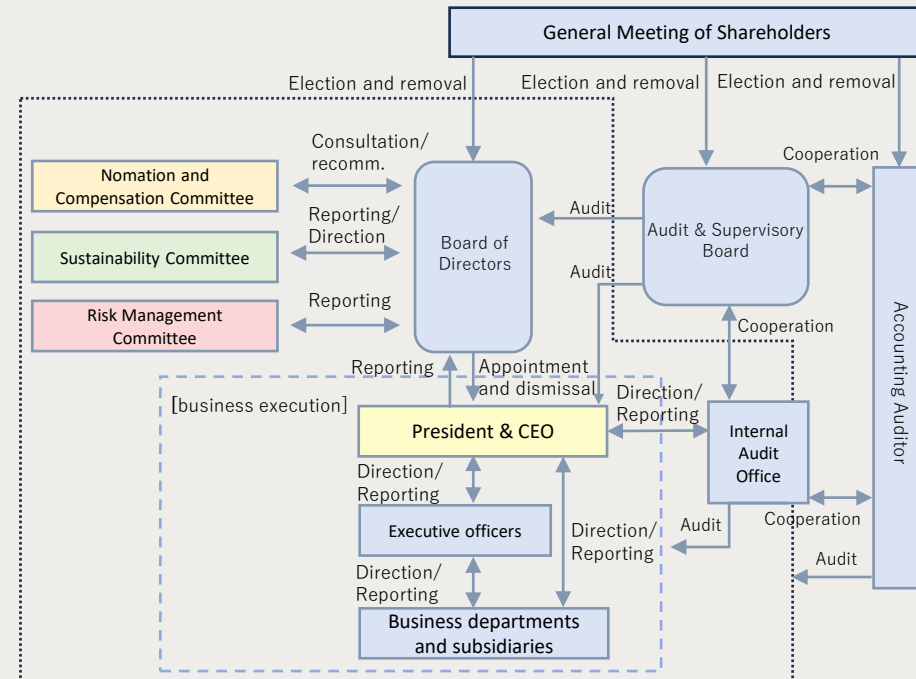
Under the Group's corporate philosophy of "Committed to pursuing 'Houses that customers want' honestly and constantly," the Group aims to be a real estate company needed by society. To this end, we believe that it is important to make efforts to establish and improve our organizational structure to ensure 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.

The Company positions this Basic Policy as the highest standard for corporate governance of the Group and will practice management based on this Basic Policy while fully considering the purpose and background of the Corporate Governance Code.

Overview of corporate governance structure and reasons for adoption of this structure

■ Overview of corporate governance structure

The Company's corporate governance structure is as follows:



Information on Corporate Governance, etc.

Board of Directors and Executive Officer

- 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 matters 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 help 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, Mieko Hosaka, and Shoko Sasaki)
- In addition to a regular monthly meeting, meetings are held on a needed basis.
- Full-time Audit & Supervisory Board Members Koichi Matsumoto is an Outside Audit & Supervisory Board Member with extensive knowledge and insight into finance and accounting as well as a wealth of experience as an auditor, ensuring 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 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.
- 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.

Information on Corporate Governance, etc.

Nomination and Compensation Committee

- The Nomination and Compensation Committee is composed of three members, chaired by Outside Director Hitoshi Ishimura, Outside Director Yuko Omae and Senior Managing Director Kotaro Wakatabi.
- The purpose of the Committee, which the Company established voluntarily, is to contribute to the enhancement of corporate governance in the Group as a whole.
- In addition to deliberating on the nomination of key executives and employees of the Group, the Nomination and Compensation Committee is authorized to decide on the amounts of compensation, etc. for individual Directors of the Company, and it supplements the decision-making by the Board of Directors from an objective stance that is somewhat removed from the execution of the Company's business.

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 in 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 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.

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.

Information on Corporate Governance, etc.

Remuneration for Officers

Matters related to the determination of remuneration amount for officers and/or the calculation method.

Details of the policy on the determination of remuneration amount for officers and/or the calculation method and the determination method*

Remuneration of Directors

-Consists of fixed remuneration, performance-based remuneration, and share-based remuneration.

-From the perspective of the role and independence of outside directors, performance is not evaluated when determining the amount of monetary remuneration paid.

*share-based remuneration is not paid to outside directors and corporate auditors.

Fixed Remuneration

According to the position, duties, skills, responsibilities, etc. of each director for the current fiscal year is used to determine and formulate the remuneration table.

Performance-based Remuneration

to improve the motivation of directors, by immediately reflecting the results of the current period in the remuneration for the next period, consolidated ordinary income for the current business year is used as a performance indicator, and remuneration is calculated based on performance, taking into consideration the achievement status of financial indicators of the medium-term management plan, scope of control, position, job responsibilities, etc., without being biased towards short-term performance. We have adopted a policy that the total value of all directors is no more than 1% of consolidated ordinary income.

Note * The Company revised its policy on decisions regarding individual directors' remuneration, etc., at the Board of Directors meeting held on January 19, 2023.

Stock Remuneration

-Stock compensation-type stock options annually are granted annually with the amount equivalent to 10% of their monetary remuneration.

-This allows our directors to share the benefits and risks of stock price fluctuations with shareholders and to increase their medium to long term motivation in contributing to improve corporate value.

The Nomination and Remuneration Committee determines the amount of individual remuneration

-The Committee members are mainly outside directors, upon delegation from the Board of Directors, in accordance with the remuneration determination policy determined by the Board of Directors after deliberation by the Nomination and Remuneration Committee.

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.

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

-For officers, the Company classifies directors into two categories: executive directors and non-executive directors, we formulate and determine a fixed remuneration table for each category.

-Executive directors receive fixed-remuneration, performance-based remuneration and stock-based remunerations, while non-executive directors receive fixed-remuneration only.

-Corporate auditors are classified into two categories: full-time corporate auditors and part-time corporate auditors, and specific amounts of remuneration, etc., are determined within predetermined upper limits for each category.

Information on Corporate Governance, etc.

Details of resolutions on remuneration for officers at the general meeting of shareholders

The following details were resolved, regarding remuneration for directors, at the general meeting of shareholders. The number of directors is stipulated in the articles of incorporation to be 12 or less.

- i. The total remuneration for directors per fiscal year shall not exceed 2,000 million yen per year (of which, the amount for outside directors shall not exceed 200 million yen per year. However, this excludes the salary of directors who concurrently serve as employees). (26th Ordinary General Meeting of Shareholders held on December 21, 2022)
- ii. Separately from i, directors (excluding outside directors) are to receive remuneration related to stock acquisition rights as stock options within 300 million yen per fiscal year, and the number of stock acquisition rights is 1,200 (The number of shares for each stock acquisition right shall be limited to 100 shares). (26th Ordinary General Meeting of Shareholders held on December 21, 2022)

The remuneration for Audit & Supervisory Board Members was resolved at the 7th Ordinary General Meeting of Shareholders held on December 25, 2003, that the remuneration would be no more than 100 million yen per year. The number of corporate auditors is stipulated in the articles of incorporation to be no more than four.

Remuneration amounts for officers

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)	Amount of consolidated remuneration by type of remuneration (Millions of yen)			Number of eligible officers (Persons)
		Fixed remuneration	Performance-based remuneration	Share-based remuneration	
Director (excl. Outside Directors)	1,302	441	700	161	6
Outside officer	91	91	—	—	6

Total amount of consolidated remuneration by officer and type of remuneration

Name	Total amount of remuneration (Millions of yen)	Officer category	Company category	Amount of consolidated remuneration by type of remuneration (Millions of yen)		
				Fixed remuneration	Performance-based remuneration	Stock remuneration
Masaaki Arai	573	Director	Reporting entity	180	336	57
Kazuhiko Kamata	269	Director	Reporting entity	81	147	41
Kotaro Wakatabi	217	Director	Reporting entity	61	123	31

Notes:

1. The above table only includes those who received consolidated remuneration of 100 million yen or more.
2. Fixed remuneration and performance-based remuneration consist of monetary remuneration, while stock remuneration consists of restricted stock remuneration and stock remuneration-type stock options
3. In addition to the above, the Company covers the rent for company housing of one Director. The amount covered in the fiscal year ended September 30, 2023, was 6 million yen.

Notes:

1. The Board of Directors resolved to leave the decisions on Director remuneration for the fiscal year ended September 30, 2023, to the Nomination and Remuneration Committee, in accordance with the remuneration determination policy determined by the Board of Directors after deliberation by the Nomination and Remuneration Committee.
The reason for the delegation of authority is that the directors are made up of three members: outside director Toshiko Ishimura as the chairperson, outside director Yuko Ohmae, and senior managing director CFO and corporate planning head Kotaro Wakatabi. The Nomination and Compensation Committee accounts for the majority of the members from outside, to enhance fairness and objectivity.
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 remuneration paid in the fiscal year ended September 30, 2023, were projected consolidated financial results for the same fiscal year, including ordinary profit of 120,000 million yen and the consolidated financial results for the same fiscal year were ordinary profit of 136,927 million yen.
3. Fixed remuneration and performance-based remuneration consist of monetary remuneration, and stock remuneration consists of restricted stock remuneration and stock remuneration-type stock options.
4. In addition to the above, the Company covers the rent for company housing of one Directors. The amount covered in the fiscal year ended September 30, 2023, was 6 million yen.

Stock Holding Status

The concept and standard for the classification of investment stocks

The Group considers investment stocks for purposes other than pure investment (hereinafter non-pure investment), to be either directly or indirectly related to business strategy, and other stocks are for pure investment purposes.

Investment stocks held for non-pure investment purposes

Holding policy, method of verifying the rationality of holding, and details of verification by the board of directors, etc. regarding the appropriateness of holding individual stocks.

The Company determines the suitability of holding investment shares after fully verifying medium to long-term economic rationality and future prospects, taking into consideration the income obtained from strengthening business relationships and the investment amount, etc. Please note that the Company does not hold investment stocks for non-pure investment purposes.

3. Stocks for which the holding purpose is pure investment

Category	Current fiscal year		Previous fiscal year	
	Number of stocks	Total of balance sheet amount (million yen)	Number of stocks	Total of balance sheet amount (million yen)
Unlisted stocks	3	1,700	2	0
Stocks other than unlisted stocks	1	36	11	1,937

Category	Current fiscal year		
	Total dividends received (million yen)	Total gains (losses) on sale (million yen)	Net unrealized gains (losses) (million yen)
Unlisted stocks	—	—	(note)
Stocks other than unlisted stocks	43	101	21

(Note) As there is no market price for unlisted stocks, the "net unrealized gains (losses)" is not stated.

Consolidated Financial Statements



Consolidated Balance Sheets

	(Millions of yen)	
	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	349,305	401,879
Trade accounts receivable and Contract assets	2,198	4,776
Real estate for sale	95,717	147,857
Real estate for sale in process	461,388	493,398
Operating loans	43,262	49,301
Other	30,128	34,105
Allowance for doubtful accounts	(344)	(549)
Total current assets	981,656	1,130,769
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,357	7,012
Accumulated depreciation	(2,417)	(2,426)
Buildings and structures, net	3,939	4,585
Real estate for rent	15,149	21,975
Accumulated depreciation	(1,035)	(1,444)
Real estate for rent, net	14,113	20,530
Land	2,277	2,278
Other	2,217	2,521
Accumulated depreciation	(1,424)	(1,459)
Other, net	792	1,061
Total property, plant and equipment	21,123	28,456
Intangible assets	2,925	2,690
Investments and other assets		
Investment securities	13,271	20,955
Deferred tax assets	5,150	8,345
Other	7,066	7,468
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	25,470	36,751
Total non-current assets	49,518	67,898
Total assets	1,031,174	1,198,668

Liabilities

	(Millions of yen)	
	As of September 30, 2022	As of September 30, 2023
Current liabilities		
Notes payable - trade	1,238	1,631
Trade accounts payable	31,220	34,929
Electronically recorded obligations - operating	8,104	11,860
Short-term borrowings	144,309	182,734
Current portion of bonds payable	242	10,242
Current portion of long-term borrowings	39,262	38,457
Income taxes payable	20,292	22,518
Contract liabilities	35,854	32,681
Guarantee deposits received	2,789	3,709
Provision for bonuses	4,669	4,604
Provision for warranties for completed construction	1,139	1,395
Other	20,373	28,760
Total current liabilities	309,495	373,526
Non-current liabilities		
Bonds payable	10,363	121
Long-term borrowings	314,784	343,582
Retirement benefit liability	318	326
Asset retirement obligations	211	230
Other	298	464
Total non-current liabilities	325,976	344,725
Total liabilities	635,472	718,251
Net assets		
Shareholders' equity		
Share capital	20,070	20,110
Capital surplus	19,882	19,767
Retained earnings	286,286	361,583
Treasury shares	(18)	(18)
Total shareholders' equity	326,221	401,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(34)	42
Foreign currency translation adjustment	11,434	14,368
Total accumulated other comprehensive income	11,399	14,411
Share acquisition rights	474	752
Non-controlling interests	57,606	63,808
Total net assets	395,702	480,416
Total liabilities and net assets	1,031,174	1,198,668

Consolidated Financial Statements

Consolidated Balance Sheets

	(Millions of yen)	
	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	952,686	1,148,484
Cost of sales	768,117	930,127
Gross profit	184,568	218,356
Selling, general and administrative expenses	65,210	76,026
Operating profit	119,358	142,330
Non-operating income		
Interest income	170	625
Dividend income	1,853	137
Gain on sale of securities	—	101
Rental income from buildings	174	225
Foreign exchange gains	5,069	471
Share of profit of entities accounted for using equity method	383	69
Other	638	809
Total non-operating income	8,291	2,441
Non-operating expenses		
Loss on valuation of investment securities	1,942	—
Loss on investments in securities interest expenses	—	2,038
Interest expenses	3,531	3,965
Commission expenses	601	687
Other	407	1,152
Total non-operating expenses	6,482	7,844
Ordinary profit	121,166	136,927
Extraordinary loss		
Loss on sale of shares of subsidiaries and associates	119	—
Impairment losses	58	25
Total extraordinary losses	178	25
Profit before income taxes	120,988	136,901
Income taxes - current	35,939	41,743
Income taxes - deferred	1,110	(3,216)
Total income taxes	37,050	38,526
Profit	83,937	98,375
Profit attributable to non-controlling interests	6,053	6,324
Profit attributable to owners of parent	77,884	92,050

	(Millions of yen)	
	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	83,937	98,375
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	85
Foreign currency translation adjustment	10,888	2,931
Share of other comprehensive income of entities accounted for using equity method	12	6
Total other comprehensive income	10,855	3,024
Comprehensive income	94,793	101,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	88,749	95,062
Comprehensive income attributable to non- controlling interests	6,043	6,336

Consolidated Statement of Changes in Equity

FY 2022 (From October 1, 2021 to September 30, 2022)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,939	29,068	244,248	(0)	293,256
Changes in items during period					
Issuance of new shares (Exercise of share acquisition rights)	75	75			151
Issuance of new shares (Issuance of restricted shares)	54	54			109
Dividends of surplus			(15,648)		(15,648)
Profit attributable to owners of parent			77,884		77,884
Purchase of treasury shares				(30,000)	(30,000)
Disposal of treasury shares		(9,467)	(20,514)	29,982	—
Change in scope of consolidation			316		316
Capital increase of consolidated subsidiaries		151			151
Net changes of items other than shareholders' equity					
Total changes in items during period	130	(9,185)	42,037	(17)	32,964
Balance at end of period	20,070	19,882	286,286	(18)	326,221

FY 2022 (From October 1, 2021 to September 30, 2022)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	12	540	552	551	52,782	347,143
Changes in items during period						
Issuance of new shares (Exercise of share acquisition rights)						151
Issuance of new shares (Issuance of restricted shares)						109
Dividends of surplus						(15,648)
Profit attributable to owners of parent						77,884
Purchase of treasury shares						(30,000)
Disposal of treasury shares						—
Change in scope of consolidation						316
Capital increase of consolidated subsidiaries						151
Net changes of items other than shareholders' equity	(47)	10,893	10,846	(77)	4,824	15,593
Total changes in items during period	(47)	10,893	10,846	(77)	4,824	48,558
Balance at end of period	(34)	11,434	11,399	474	57,606	395,702

Consolidated Statement of Changes in Equity

FY 2023 (From October 1, 2022 to September 30, 2023)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,070	19,882	286,286	(18)	326,221
Changes in items during period					
Issuance of new shares (Exercise of share acquisition rights)	40	40			80
Dividends of surplus			(16,753)		(16,753)
Profit attributable to owners of parent			92,025		92,025
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries		(155)			(155)
Net changes of items other than shareholders' equity					
Total changes in items during period	40	(114)	75,297	(0)	75,222
Balance at end of period	20,110	19,767	361,583	(18)	401,443

FY 2023 (From October 1, 2022 to September 30, 2023)

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(34)	11,434	11,399	474	57,606	395,702
Changes in items during period						
Issuance of new shares (Exercise of share acquisition rights)						80
Dividends of surplus						(16,753)
Profit attributable to owners of parent						92,025
Disposal of treasury shares						(0)
Capital increase of consolidated subsidiaries						(155)
Net changes of items other than shareholders' equity	77	2,934	3,011	277	6,202	9,491
Total changes in items during period	77	2,934	3,011	277	6,202	84,714
Balance at end of period	42	14,368	14,411	752	63,808	480,416

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

	(Millions of yen)	
	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	120,988	136,901
Depreciation	1,375	1,487
Share-based payment expenses	205	498
Increase (decrease) in provision for bonuses	1,014	(67)
Increase (decrease) in provision for share awards	(257)	—
Increase (decrease) in allowance for doubtful accounts	(17)	205
Increase (decrease) in provision for warranties for completed	99	256
Increase (decrease) in retirement benefit liability	7	7
Loss (gain) on sale of shares of subsidiaries and associates	119	—
Loss (gain) on valuation of investment securities	1,942	—
Loss (gain) on valuation of Investment securities	—	2,038
Share of loss (profit) of entities accounted for using equity method	(383)	(69)
Interest and dividend income	(2,024)	(763)
Foreign exchange losses (gains)	(4,346)	(455)
Interest expenses	3,531	3,965
Decrease (increase) in trade receivables	92	(2,873)
Decrease (increase) in inventories	(116,798)	(85,219)
Increase (decrease) in trade payables	13,833	7,857
Decrease (increase) in operating loans receivable	(6,384)	(6,038)
Increase (decrease) in contract liabilities	7,307	(3,475)
Increase (decrease) in guarantee deposits received	802	864
Increase (decrease) in deposits received	4,224	2,401
Decrease (increase) in advance payments to suppliers	(1,136)	(446)
Other, net	(2,303)	3,708
Subtotal	21,892	60,783

	(Millions of yen)	
	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Interest and dividends received	2,024	763
Dividends received from entities accounted for using equity method	207	19
Interest paid	(3,508)	(3,932)
Income taxes paid	(36,969)	(40,239)
Net cash provided by (used in) operating activities	(16,353)	17,393
Cash flows from investing activities		
Payments into time deposits	(0)	(18,527)
Purchase of property, plant and equipment	(3,139)	(6,381)
Proceeds from sale of property, plant and equipment	28	8
Purchase of intangible assets	(487)	(340)
Loan advances	(1,171)	(2,953)
Proceeds from collection of loans receivable	5,166	2,181
Purchase of investment securities	(3,203)	(2,403)
Proceeds from sale and redemption of investment securities	—	2,317
Purchase of shares of subsidiaries and associates	—	(332)
Proceeds from sale of shares of subsidiaries and associates	17	40
Payments for investments in capital of subsidiaries and associates	(3,174)	(10,537)
Repayment from investment in capital of subsidiaries and affiliates	3,107	1,544
Payments of leasehold and guarantee deposits	(1,934)	(5,782)
Proceeds from refund of leasehold and guarantee deposits	268	5,602
Other, net	156	(12)
Net cash provided by (used in) investing activities	(4,367)	(35,575)
Cash flows from financing activities		
Proceeds from short-term borrowings	262,358	275,724
Repayments of short-term borrowings	(212,514)	(237,298)
Proceeds from long-term borrowings	197,430	207,404
Repayments of long-term borrowings	(175,277)	(179,414)
Redemption of bonds	(242)	(242)
Proceeds from exercise of employee share options	98	56
Purchase of treasury shares	(30,000)	(0)
Repayments to non-controlling shareholders	(1,182)	(0)
Proceeds from share issuance to non-controlling shareholders	668	565
Dividends paid	(15,648)	(16,753)
Dividends paid to non-controlling interests	(997)	(938)
Net cash provided by (used in) financing activities	24,694	49,103
Effect of exchange rate change on cash and cash equivalents	6,858	1,641
Net increase (decrease) in cash and cash equivalents	10,832	32,562
Cash and cash equivalents at beginning of period	334,506	346,080
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	741	—
Cash and cash equivalents at end of period	346,080	378,643

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)
October 1, 2018 to November 30, 2018 (Note 1)	40,000	57,552,500	63	4,158	63	3,941
February 14, 2019 (Note 2)	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 3)	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 5)	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 6)	9,617,200	124,973,700	14,310	18,625	14,310	18,408
August 25, 2020 (Note 7)	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, 2022 (Note 8)	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
February 10, 2022 (Note 9)	18,700	126,135,700	54	19,994	54	19,777
February 11, 2022 to May 22, 2021 (Note 1)	149,000	126,284,700	75	20,070	75	19,853
August 31, 2022 (Note 10)	△5,796,800	120,487,900	—	20,070	—	19,853
September 1, 2022 to March 17, 2022 (Note 1)	80,000	120,567,900	31	20,101	31	19,884
March 18, 2023 to September 13, 2023 (Note 1)	20,200	120,588,100	8	20,110	8	19,893

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: 4,265 yen
Additional paid-in capital: 2,132.5 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: 3,990 yen
Additional paid-in capital: 1,995 yen
4. The increase was due to a 2-for-1 stock split.
5. 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
6. 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
7. The increase was due to the issuance of new shares for third-party allotment (third-party allotment capital increase related to the secondary offering of our shares through over-allotment)
Issue price: 2,976 yen
Additional paid-in capital: 1,488 yen
8. 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
9. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 5,860 yen
Additional paid-in capital: 2,930 yen
10. The decrease was due to the cancellation of treasury shares.

Issuance, Redemption or Acquisition of Shares

(Information on Officers)

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

Fiscal year ended September 30, 2022

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	Masaaki Arai	—	—	President & Representative Director of the Company	(Held) Direct: 36.3	Purchase of treasury shares	Purchase of treasury shares (Note.1)	8,699	—	—
Officer of a subsidiary	Yasuhito Hidaka	—	—	President & Representative Director of the Company's subsidiary	(Held) Direct: 0.0	Exercise of stock option rights	Exercise of stock option rights (Note.2)	48	—	—
Officer of a subsidiary	Rakuto Kuroyanagi	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Exercise of stock option rights	Exercise of stock option rights (Note.2)	11	—	—

Note:

1. The purchase of treasury shares was conducted on May 19, 2022 on ToSTNet-3, the system for transactions for the purchase by listed companies of their own shares, based on a resolution of the Board of Directors on May 13, 2022. The value of the transaction is based on the closing price on May 18, 2022.
2. The table presents the exercise of stock option rights granted based on resolutions of the Board of Directors on October 3, 2014 and May 15, 2015. The “Transaction amount” column presents the amount obtained by multiplying the number of shares granted with the exercise of stock option rights by the paid-in amount.

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

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

Fiscal year ended September 30, 2022

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	Kazuhiro Kamata	—	—	Executive Vice President of the Company	(Held) Direct: 0.1	Sale of real estate	Sale of real estate (Note)	114	Advanced payment	15
Officer	Kotaro Wakatabi	—	—	Senior Managing Director and CFO of the Company	(Held) Direct: 0.2	Sale of real estate	Sale of real estate (Note)	41	—	—
Officer	Hitoshi Munemasa	—	—	Director of the Company	(Held) Direct: 0.0	Sale of real estate	Sale of real estate (Note)	45	—	—

Note:

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

Fiscal year ended September 30, 2022

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	Kazuhiro Kamata	—	—	Executive Vice President of the Company	(Held) Direct: 0.1	Sale of real estate	Sale of real estate (Note)	178	Contract liability	27
Officer	Hitoshi Imamura	—	—	Director of the Company	(Held) Direct: 1.7	Sale of real estate	Sale of real estate (Note)	114	Contract liability	38

Note:

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

Issuance, Redemption or Acquisition of Shares

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

Fiscal year ended September 30, 2022

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	Kenta Kikuchi	—	—	President & Representative Director of the Company's subsidiary	(Held) Direct: 0.2	Sale of real estate	Sale of real estate (Note)	80	—	—
Officer of a subsidiary	Hajime Yazu	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Sale of real estate	Sale of real estate (Note)	45	—	—
						Lending of funds	Lending of funds (Note)	29	Operating loans	99
							Receipt of interest (Note)	2	—	—
Officer of a subsidiary	Rakuto Kuroyanagi	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Sale of real estate	Sale of real estate (Note)	44	—	—
						Lending of funds	Lending of funds (Note)	—	Operating loans	25
							Receipt of interest (Note)	0	—	—
Officer of a subsidiary	Kenichiro Kimura	—	—	Director of the Company's subsidiary	(Held) Direct: 0.0	Lending of funds	Lending of funds (Note)	—	Operating loans	27
							Receipt of interest (Note)	0	—	—
Officer of a subsidiary	Katsuhiko Tamura	—	—	Auditor of the Company's subsidiary	(Held) Direct: 0.0	Lending of funds	Lending of funds (Note)	—	Operating loans	21
							Receipt of interest (Note)	0	—	—

Note:

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

Significant Subsequent Events

Conversion of SANEI ARCHITECTURE PLANNING to Consolidated Subsidiary

On **October 5, 2023**, the Company acquired **19,735,327** common shares of **SANEI ARCHITECTURE PLANNING CO. LTD.** through a stock tender offer. As a result, our voting rights in SANEI ARCHITECTURE PLANNING reached **93.01%**, and converted the company into a **consolidated subsidiary** on the same day. Furthermore, as the Group has become a special controlling shareholder of the company, as part of the transaction for making SANEI ARCHITECTURE PLANNING a wholly owned subsidiary, the Group notified the company on **October 13, 2023**, that it would request all non-controlling shareholders, excluding the company, to sell all of their shares, pursuant to Article 179, Paragraph (1) of the Companies Act, and received approval from the board of directors of SANEI ARCHITECTURE PLANNING. As a result, on **November 6, 2023**, the Company acquired an additional **1,481,534** shares of common stock, and SANEI ARCHITECTURE PLANNING became a **wholly owned subsidiary** of the Company.

Business combination overview

Name of the acquired company and details of its business

Name of acquired company: SANEI ARCHITECTURE PLANNING CO. LTD.
Business details: sale of single-family homes, custom-built housing, contracting business, etc.

Main reasons for the business combination

To expand the Group's product lineup by adding the company's well-designed single-family homes, improve cost competitiveness by strengthening various purchasing power by taking advantage of economies of scale, and facilitate and stabilize the company's transactions with financial institutions. In order to realize synergies, we thought it would be desirable to make the company a wholly owned subsidiary.

Business combination date

October 5, 2023

Legal form of business combination

Acquisition of shares for cash consideration

Name of the combined company

No changes.

Percentage of voting rights acquired

- Ratio of voting rights acquired through tender offer: 93.01%
- Ratio of voting rights additionally acquired after the business combination date due to demand for stock sale: 6.98%
- Voting rights ratio after additional acquisition: 100%

Main basis for company acquisition

The Company was designated as the acquiring company, due to the fact that the Company acquired 93.01% of the voting rights through stock acquisition for cash consideration.

Matters related to calculation of acquisition cost, etc.

Breakdown by type of acquisition cost and compensation of acquired company

Total amount of stock acquisition price due to tender offer and demand for stock sale (cash and deposits) 42,964 million yen.

Procurement of payment funds

The entire amount is self-funded.

Details and amounts of major acquisition-related costs

Currently unconfirmed.

(Acquisition of treasury stock)

At the board of directors meeting held on November 14, 2023, the Company resolved on matters related to the acquisition of treasury stock based on the provisions of Article 156 of the Companies Act, as applied by replacing the terms with the provisions of Article 165, Paragraph 3 of the same Act.

Reasons for acquiring treasury stock

Aims to implement flexible capital policy and to improve shareholder value.

Contents of matters related to acquisition

Type of stock to be acquired:	Common stock
Method of acquisition:	Market purchase
Total number of shares to be acquired:	2,200,000 shares (upper limit)
Total acquisition price of shares:	10,000 million yen (upper limit)
Acquisition period:	Nov. 15, 2023~April 30, 2024 (planned)

同じ家は、つくらない。



7 Corporate Information



Corporate Information

Company name	Open House Group Co., Ltd. (Note) In Jan. 2022, Shifted to a pure holding company structure and changed the company name
Founded	September 1997
Listed market	The Prime Market of Tokyo Stock Exchange (Securities Code: 3288)
Listed	September 2013
Business year	From October 1 to September 30
Capital stock	¥ 20,110 million (as of the end of December 2023)
Number of employees	4,904 persons (as of the end of December 2023)
Head Office	JP Tower , 2-7-2 Marunouchi, Chiyoda-Ku, Tokyo 100-7020, Japan
Telephone	+81-3-6213-0776
Consolidated subsidiaries	Open House Co., Ltd Open House Development Co., Ltd. IB Net Co., Ltd Open House Real Estate Co., Ltd. Open House Architect Co., Ltd Open House Texas Realty & Investments LLC Open House Texas Property Management LLC Open House Ohio Realty & Investments LLC HAWK ONE CORPORATION Open House Atlanta Realty & Investments LLC Open House Investments LLC PRESSANCE CORPORATION Co., Ltd. Open House Realty & Investments, Inc. And 25 other subsidiaries
Website	https://openhouse-group.co.jp/ir/en

All information are as of September 30, 2023, unless specified otherwise

Supervisory Board Members (as of December 30, 2023)

President & CEO

Masaaki Arai

Executive Vice President

Kazuhiko Kamata

Senior Managing Director, CFO

Kotaro Wakatabi

Senior Managing Director

Hitoshi Imamura

Director, Senior Managing Executive Officer

Ryosuke Fukuoka

Director

Hiroshi Munemasa

Outside Director

Hitoshi Ishimura

Outside Director

Yuko Omae

Outside Director

Maoko Kotani

Outside Audit & Supervisory Board Member (Full-time)

Koichi Matsumoto

Outside Audit & Supervisory Board Member

Mieko Hosaka

Outside Audit & Supervisory Board Member

Shoko Sasaki

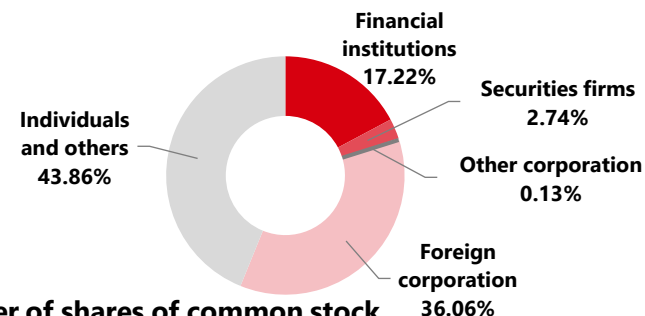
Shareholder Composition (as of September 30, 2023)

— Major Shareholders (Top 10)

Name	Number of shares held (in thousands)	Shareholding ratio (%)
Masaaki Arai	38,237	31.70
The Master Trust Bank of Japan Ltd. (Trust Account)	11,773	9.76
Ichigo Trust Pte., Ltd.	10,619	8.80
SMBC Trust Bank Ltd. (Trustee of Regulated / Designated Securities in Trust)	4,520	3.74
Custody Bank of Japan Ltd. (Trust Account)	3,426	2.84
STATE STREET BANK AND TRUST COMPANY 510312	2,243	1.86
Hitoshi Imamura	2,004	1.66
STATE STREET BANK AND TRUST COMPANY 510311	1,821	1.51
MNYM TREATY DTT 15	1,686	1.39
Morgan Stanley MUFG Securities Co., Ltd.	1,671	1.38

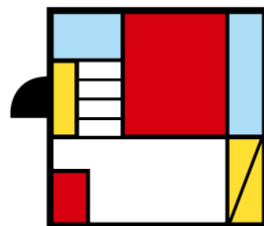
— Composition by Number of Shareholdings

	Number of shares outstanding (in thousands)	% of total issued shares
Financial Institutions	20,762	17.22
Securities firms	3,298	2.74
Other Corporation	157	0.13
Foreign investors	43,485	36.06
Individuals and others	52,884	43.86



— Number of shares of common stock

Total number of authorized shares	325,200,000
Total number of issued shares	120,588,100
Number of shareholders	9,455



**OPEN
HOUSE
GROUP**

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

—Disclaimer—

This document contains forward-looking statements concerning future business performance. These statements include company forecasts based on information available at the time of publication and involve potential risks and uncertainties. They do not constitute a guarantee of future results. The information provided herein is subject to change without notice; no guarantees are provided with regard to the accuracy or reliability of such information. This document is provided for informational purposes only. It does not constitute a solicitation to invest.

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