

For the Fiscal Year Ended September 30, 2020

Annual Select[®] 2020

Open House Co., Ltd.

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

Corporate Profile

Open House Co., Ltd. (hereinafter the “Company”) and its 19 subsidiaries and associates (18 consolidated subsidiaries and 1 equity method affiliate; hereinafter collectively with the Company, the “Group”) are engaged in the following businesses:

(1) Single-family homes related business

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

(2) Condominiums business

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

(3) Property resale business

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

(4) Others

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

(5) Pressance Corporation Co., Ltd. (equity method affiliate)

Pressance Corporation Co., Ltd. is engaged in the planning, development and sale of studio apartments (for rent for single persons for investment) and condominiums for families (for family use).

I. Summary of Selected Financial Data (Consolidated)

Fiscal year	20th business term	21st business term	22nd business term	23rd business term	24th business term
Year end	Sept. 2016	Sept. 2017	Sept. 2018	Sept. 2019	Sept. 2020
Net sales (Millions of yen)	247,210	304,651	390,735	540,376	575,951
Ordinary profit (Millions of yen)	29,154	36,131	46,052	54,928	77,357
Profit attributable to owners of parent (Millions of yen)	18,709	24,797	31,806	39,407	59,491
Comprehensive income (Millions of yen)	18,733	24,894	32,096	38,540	58,812
Net assets (Millions of yen)	64,084	83,379	113,486	138,067	233,695
Total assets (Millions of yen)	204,868	256,736	393,367	445,904	569,038
Net assets per share (Yen)	566.96	743.60	960.22	1,246.15	1,855.66
Earnings per share (EPS) (Yen)	166.04	221.71	285.08	351.22	525.36
Diluted earnings per share (Diluted EPS) (Yen)	165.28	220.38	282.88	349.11	522.37
Equity ratio (%)	31.1	32.3	27.0	30.9	41.0
Return on equity (ROE) (%)	33.7	33.8	33.6	32.3	32.1
Price earnings ratio (Times)	6.47	8.86	9.82	7.33	7.23
Net cash provided by (used in) operating activities (Millions of yen)	9,817	(799)	(10,017)	14,344	48,793
Net cash provided by (used in) investing activities (Millions of yen)	(2,672)	(1,337)	(12,582)	(4,800)	(24,054)
Net cash provided by (used in) financing activities (Millions of yen)	17,332	25,181	50,696	7,186	59,430
Cash and cash equivalents at end of period (Millions of yen)	67,508	90,910	118,978	135,345	219,218
Number of employees (Persons)	1,258	1,522	2,263	2,642	2,876
(Average number of temporary employees)	(125)	(173)	(248)	(240)	(242)

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

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

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

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

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

5. The Company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019. Net assets per share, EPS and Diluted EPS were calculated assuming the stock split was conducted at the beginning of the 20th business term.

II. CEO Message

Consolidated financial results for the fiscal year ended September 30, 2020

Record high net sales and income for the eighth consecutive year

As for the consolidated financial results for the fiscal year ended September 30, 2020, the Group achieved record high net sales and income for the eighth consecutive year with net sales of 575.9 billion yen (up 6.6% year on year) and ordinary income of 77.3 billion yen (up 40.8% year on year), both of which exceeded the financial forecasts revised in May 2020.

The strong performance was mainly driven by an 11.5% year-on-year increase in net sales from the single-family homes related business to 379.6 billion yen.

The demand for single-family homes has been strong in urban areas where the number of households has continued to increase. Under such circumstances, given the rising prices and declining supply of newly-built condominiums, the price advantage and abundant choice of newly-built single-family homes in urban areas have become more widely known among customers considering purchasing a house.

Additionally, due to environmental changes caused by the novel coronavirus (COVID-19) outbreak, people are spending more time at home with their families and more people are working from home, and such environmental changes have brought more attention to single-family homes as they more easily meet the new house-related needs, such as for securing a working place. As a result, the number of brokerage transactions entered into by the Group for single-family homes and other types of homes has increased, far exceeding the results for the previous fiscal year since May 2020.

Further, in May 2020, the Company acquired shares of Pressance Corporation Co., Ltd. (hereinafter, “Pressance Corporation”), accounting for 31.9% of the aggregate number of voting rights, and converted Pressance Corporation to its equity-method affiliate. Accordingly, the Group recorded share of profit of entities accounted for using equity method of 17.7 billion yen in non-operating income, which contributed to increases in profit in ordinary income and items below.

Mid-term Business Plan

Shifting to “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” from “Hop Step 5000”

The Group formulated the Mid-term Business Plan “Hop Step 5000” (hereinafter the “Plan”) in November 2017 and has implemented the Plan with an aim to achieve a net sales target of 500.0 billion yen for the fiscal year ended September 30, 2020, the final year of the Plan. As a result, we achieved the target a year ahead of the schedule with net sales of 540.3 billion yen in the fiscal year ended September 30, 2019, the second year of the Plan, and earned net sales of 575.9 billion yen in the fiscal year ended September 30, 2020, far exceeding the initial target. This was due to steady growth of existing businesses led by the core single-family homes related business as well as increased profits mainly from the conversion of Hawk One Corporation (hereinafter “Hawk One”) to a consolidated subsidiary.

Meanwhile, from a financial standpoint, the Group also maintains a solid financial base with equity ratio of 41.0% (32.3% as of September 30, 2017) despite an increase in total asset to 569.0 billion yen as of September 30, 2020 from the commencement of the Plan (256.7 billion yen as of September 30, 2017). This was mainly due to an increase in capital through public offerings totaling 44.6 billion yen in July and August 2020, in addition to the expansion of the scope of business carried out on the premise of maintaining the healthy financial level.

The capital increase resulted in an 8.2% dilution for shareholders. However, we believed this was necessary to strengthen financial capabilities and ensure strength and flexibility of financial position for the Group’s further growth based on the core single-family homes related business and further expansion of business through M&A. As a result, we have successfully secured the funds for growth to facilitate further business expansion while maintaining a solid financial base.

As the next stage, the Group formulated the new Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” in November 2020. We will continue to grow at a steady pace with an aim to achieve net sales of 1 trillion yen in the final year of this plan, the fiscal year ending September 30, 2023.

Initiatives for the fiscal year ending September 30, 2021

We aim to achieve net sales of 634.0 billion yen.

In the fiscal year ending September 30, 2021, the Group aims to achieve net sales of 634.0 billion yen by further expanding its business, based on the core single-family homes related business.

In the single-family homes-related business, we will increase our market share in Tokyo metropolitan, Nagoya and Fukuoka areas while expanding our business areas by such mean as opening new sales centers. We will also aim at growth of the business by taking advantage of the Group’s strength of the integrated system from purchase and construction to brokerage and sales while strengthening cooperation with Open House Architect Co., Ltd. (hereinafter “Open House Architect”) and Hawk One.

In the condominiums business, we will strengthen the development and sale, especially of condominiums with compact room layouts targeted at single- or two-person households in convenient locations in urban areas.

In the property resale business, although the demand for income-generating real estate properties is expected to be strong against the backdrop of the continued easy monetary policy, we will run the business in a steady manner while paying close attention to changes in the financial environment in the future.

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

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

Shareholder return

The Company planned to pay a year-end dividend of 40 yen per share for the fiscal year ended September 2020.

The full-year dividend for the fiscal year ended September 30, 2020 is 80 yen per share (of which an interim dividend of 40 yen per share). Meanwhile, the full-year dividend for the fiscal year ended September 30, 2019 was 126 yen per share. However, as the Company conducted a 2-for-1 stock split of common stock with an effective date of October 1, 2019, the dividend amount adjusted for the said stock split is calculated to be 63 yen per share. This means that the full-year dividend for the fiscal year ended September 30, 2020 has effectively increased by 17 yen from the previous fiscal year to 80 yen per share.

In addition, the payout ratio for the fiscal year ended September 30, 2020 is 15.2%. However, profit attributable to owners of parent for the fiscal year ended September 30, 2020 includes share of profit of entities accounted for using equity method of 17.7 billion yen in connection with the conversion of Pressance Corporation to an equity-method affiliate. Therefore, the payout ratio calculated by excluding such an effect is 21.7% (up 3.8 percentage points year on year). Furthermore, the Company plans to pay a full-year dividend of 88 yen per share (of which an interim dividend of 44 yen per share) for the fiscal year ending September 30, 2021, an increase of 8 yen from the previous fiscal year.

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

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

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

(1) Overview of operating results, etc.

The overview of the Group's financial position and operating results for the fiscal year ended September 30, 2020 is as follows:

(i) Financial position and operating results

a. Financial position

(a) Assets

As of September 30, 2020, the Group posted total assets of 569,038 million yen, a year-on-year increase of 123,133 million yen. This was mainly due to an aggregate decrease of 12,766 million yen in real estate for sale and real estate for sale in process, which was more than offset by an increase in cash and deposits of 83,872 million yen and an increase in investment securities of 40,170 million yen mainly resulting from the acquisition of shares of Pressance Corporation.

(b) Liabilities

Total liabilities amounted to 335,342 million yen, a year-on-year increase of 27,505 million yen. This was mainly due to an aggregate increase of 23,307 million yen in short-term borrowings and long-term borrowings (including current portion of long-term borrowings).

(c) Net assets

Net assets amounted to 233,695 million yen, a year-on-year increase of 95,628 million yen. This was mainly due to an aggregate increase of 44,984 million yen in share capital, capital surplus and treasury shares as well as an increase in retain earnings of 51,417 million yen resulting from the financing through the issuance of new shares and disposal of treasury shares.

b. Operating results

For the fiscal year ended September 30, 2020, the Group posted net sales of 575,951 million yen (up 6.6% year on year), operating profit of 62,129 million yen (up 7.5%), ordinary profit of 77,357 million yen (up 40.8%) and profit attributable to owners of parent of 59,491 million yen (up 51.0%).

The overview of operating results by segment is as follows:

(Single-family homes related business)

In the single-family homes related business, net sales stood at 379,656 million yen (up 11.5% year on year), and operating profit amounted to 40,677 million yen (up 24.7%). This was due to strong sales driven by rising interest in single-family homes under the new lifestyle despite a temporary decline in the number of brokerage transactions resulting from decreased sales opportunities amid the COVID-19 pandemic.

(a) Brokerage (Open House)

In July 2020, the Company opened the seventh sales center Ropponmatsu Sales Center in the fiscal year ended September 30, 2020 in Chuo-ku, Fukuoka-shi, Fukuoka Prefecture. As such, with 49 sales centers in six prefectures, including Tokyo, Kanagawa Prefecture, Aichi Prefecture, Saitama Prefecture and Chiba Prefecture, we have striven to strengthen our sales capabilities.

As a result, the number of brokerage transactions increased steadily to 6,940 (up 26.1% year on year).

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

The results by type of sale are as follows:

Type of sale	Number of units	Net sales (Millions of yen)	YoY increase (%)
Newly built-for-sale house	2,804	116,697	18.2
Land	2,645	108,061	8.0
Built-to order house	1,597	23,622	7.8
Other	—	590	—
Total	—	248,971	12.5

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

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

As a result, net sales including intra-group transaction stood at 55,508 million yen (up 15.2% year on year).

(d) Sale of single-family homes in quasi-urban areas (Hawk One)

The Group focused on the sale of newly built-for-sale houses, especially in quasi-urban areas in the Tokyo metropolitan area. Gross profit improved significantly thanks to strong sales driven by growing interest in single-family homes under the new lifestyle amid the COVID-19 pandemic, as well as to the revised purchasing standard.

As a result, net sales stood at 87,094 million yen (up 5.8% year on year), and operating profit amounted to 6,504 million yen (up 43.9%).

(Condominiums business)

In the condominiums business, the Group offers newly-built condominiums for sale in urban areas in Tokyo's 23 wards, Aichi Prefecture and Fukuoka Prefecture. The composition of deliveries in Aichi Prefecture surpassed that in Tokyo's 23 wards due to the hike in price of land for development, while increasing in the overall number delivered. As such, we achieved the segment results as planned.

As a result, net sales stood at 58,169 million yen (down 4.6% year on year), and operating profit amounted to 9,608 million yen (down 11.2%).

The results by type of sale are as follows:

Type of sale	Number of units	Net sales (Millions of yen)	YoY increase (%)
Sale of condominiums	1,224	57,932	(4.5)
Other	—	237	—
Total	—	58,169	(4.6)

(Property resale business)

In the property resale business, there was a concern over the elaborate screening of investors and properties by financial institutions reflecting the challenging circumstances faced by the real estate industry in which the Group operates, such as falls in rents and deterioration in transaction market conditions, amid the COVID-19 pandemic. However, the segment sales grew steadily, backed by strong demand for properties such as rental

condominiums and office buildings to be purchased for investment by operating companies and wealthy individuals who are target customers of the Group.

As a result, net sales stood at 112,154 million yen (up 3.5% year on year), and operating profit amounted to 10,485 million yen (down 8.7%).

(Others)

In others segment, although the business was adversely affected to some extent by the temporary decline in investment appetite for U.S. real estate due to the tax reform related to overseas real estate and decrease in business meetings with customers to prevent the spread of COVID-19, the demand for diversified asset investment remained firm.

As a result, net sales stood at 25,970 million yen (down 15.0% year on year), and operating profit amounted to 2,314 million yen (down 38.7%).

(ii) Cash flows

Cash and deposits (hereinafter “net cash”) as of September 30, 2020 increased by 83,872 million yen year on year to 219,218 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 48,793 million yen (compared to net cash provided of 14,344 million yen in the previous fiscal year). This was mainly due to income taxes paid of 20,593 million yen, which was more than offset by profit before income taxes of 77,357 million yen (of which share of profit of entities accounted for using equity method of 17,786 million yen had no impact on net cash provided by operating activities), as well as a decrease in inventories of 12,516 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 24,054 million yen (compared to net cash used of 4,800 million yen in the previous fiscal year). This was mainly due to purchase of shares of subsidiaries and associates of 22,973 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 59,430 million yen (compared to net cash provided of 7,186 million yen in the previous fiscal year). This was mainly due to dividends paid of 8,074 million yen, which was more than offset by net cash provided of 23,310 million yen from the sum of repayments of borrowings and proceeds from borrowings, and net cash provided of 44,391 million yen from the sum of proceeds from issuance of shares and proceeds from sales of treasury shares.

(2) Results of production, orders received and sales

(i) Results of production

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

(ii) Results of orders received

The status of orders received for built-to order houses during the fiscal year ended September 30, 2020 is as follows:

Segment	Orders received (Millions of yen)	YoY change (%)	Order backlog (Millions of yen)	YoY change (%)
Single-family homes related business	61,759	3.5	42,145	3.5

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

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

(iii) Results of sales

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

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

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

Any forward-looking statements in the following discussion are based on the judgement of management as of September 30, 2020.

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

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

During the fiscal year ended September 30, 2020, the Japanese economy continued to face challenging circumstances due to the effects of COVID-19. Under such circumstances, corporate earnings continued to decline and capital expenditures and imports remained weak. Meanwhile, there were some signs of recovery such as rebound of consumer spending, as well as of production and exports, in addition to robust public investment.

In the real estate industry, in which the Group operates, the national average standard land prices of both commercial and residential areas started to fall according to the land price survey conducted in 2020. In general, this was due to the concern over the effects of uncertainty on economic activities associated with the COVID-19 pandemic. However, the extent of such effects on land prices varies according to the characteristics of demand for land and regional economic structure; therefore, the degree of changes in land price trends also varies from case to case. The restriction on travel has weakened the demand for land for hotel and other commercial uses, which are largely affected by foreign tourists. On the other hand, we are witnessing the growing demand for logistics facilities along with the rising demand for home delivery as well as a rise in actual demand for housing and other forms of real estate.

Under such business environment, due to environmental changes caused by the COVID-19 outbreak, people are spending more time at home with their families and more people are working from home, and such environmental changes have brought more attention to single-family homes as they more easily meet the new house-related needs, such as for securing a working place. As a result, the number of brokerage transactions

entered into by the Group for single-family homes and other types of homes has increased, far exceeding the results for the previous fiscal year. Also, the Group recorded share of profit of entities accounted for using equity method in connection with the conversion of Pressance Corporation to an equity-method affiliate effective from the fiscal year ended September 30, 2020.

b. Analysis of operating results

(a) Net sales

Net sales for the fiscal year ended September 30, 2020 increased by 35,574 million yen year on year to 575,951 million yen (up 6.6% year on year). This was mainly because the net sales from the single-family homes related business increased by 39,128 million yen to 379,656 million yen (up 11.5%).

(b) Cost of sales, gross profit

Cost of sales for the fiscal year ended September 30, 2020 increased by 30,922 million yen year on year to 481,638 million yen (up 6.9% year on year), while gross profit increased by 4,651 million yen to 94,312 million yen (up 5.2%). Gross profit margin declined by 0.2 percentage points to 16.4% (compared to 16.6% in the previous fiscal year). This was mainly due to the deliveries of properties with low gross profit margin against the backdrop of the concern over the elaborate screening of investors and properties by financial institutions reflecting the challenging circumstances faced by the property resale business, such as falls in rents and deterioration in transaction market conditions amid the COVID-19 pandemic.

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

Selling, general and administrative expenses increased by 304 million yen year on year to 32,183 million yen (up 1.0% year on year) whereas selling, general and administrative expense ratio declined by 0.3 percentage points to 5.6% (compared to 5.9% in the previous fiscal year). This was mainly because the Group refrained from holding events with a large number of participants from the perspective of preventing the spread of COVID-19.

Operating profit increased by 4,347 million yen year on year to 62,129 million yen (up 7.5%). Meanwhile, operating income margin increased by 0.1 percentage points to 10.8% (compared to 10.7% in the previous fiscal year).

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

Non-operating income increased by 17,944 million yen year on year to 18,356 million yen (up 4,352.0% year on year). This was mainly due to the recording of 17,786 million yen in share of profit of entities accounted for using equity method in connection with the conversion of Pressance Corporation to an equity-method affiliate. Non-operating expenses decreased by 136 million yen year on year to 3,128 million yen (down 4.2%).

As a result, ordinary profit increased by 22,428 million yen year on year to 77,357 million yen (up 40.8% year on year). In addition, ordinary income margin increased by 3.3 percentage points to 13.4% (compared to 10.2% in the previous fiscal year).

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

Profit attributable to owners of parent increased by 20,083 million yen year on year to 59,491 million yen (up 51.0% year on year). In addition, ratio of profit to net sales increased by 3.0 percentage points to 10.3% (compared to 7.3% in the previous fiscal year).

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

The Group formulated the Mid-term Business Plan “Hop Step 5000” (hereinafter the “Plan”) in November 2017 and set management targets of indicators to be achieved by the final year of the Plan, the fiscal year ended September 30, 2020, with net sale of 500,000 million yen, ordinary profit of 60,000 million yen and profit attributable to owners of parent of 40,000 million yen in terms of income, as well as ROE of 30.0%, equity ratio of 30.0% and dividend payout ratio of 20.0% or more in terms of capital policy.

The Group’s operating results for the fiscal year ended September 30, 2020, the final year of the Plan, far exceeded the targets of most of these indicators with the following results: net sale of 575,951 million yen (achievement rate of the target of 115.2%), ordinary profit of 77,357 million yen (128.9%), profit attributable to owners of parent of 59,491 million yen (148.7%), ROE of 32.1% (exceeded by 2.1 percentage points), equity ratio of 41.0% (exceeded by 11.0 percentage points), dividend payout ratio of 15.2% (missed by 4.8 percentage points; provided, however, that dividend payout ratio is 21.7% if excluding share of profit of entities accounted for using equity method related to Pressance Corporation).

The Group also achieved all of its forecast of operating results for the fiscal year ended September 30, 2020 (announced on May 15, 2020) with the following results: net sale of 575,951 million yen (achievement rate of the forecast of 101.0%), operating profit of 62,129 million yen (100.2%), ordinary profit of 77,357 million yen (100.5%) and profit attributable to owners of parent of 59,491 million yen (100.8%).

Additionally, the Group achieved net sale targets of all segments with the following results: 379,656 million yen (achievement rate of the target of 100.4%) in the single-family homes related business, 58,169 million yen (100.3%) in the condominiums business, 112,154 million yen (102.0%) in the property resale business and 25,970 million yen (108.2%) in other business.

(iii) Capital resources and funding liquidity

The Group’s capital requirements are primarily to fund the acquisition of commercial land and properties, construction works, investments to expand its business and working capital in each segment. The resources of these funds include shareholders’ equity and interest-bearing debt through borrowings from financial institutions. Besides that, the Group strives to secure a wide range of funding means suitable for various uses of funds.

(iv) Significant accounting policies and estimates

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

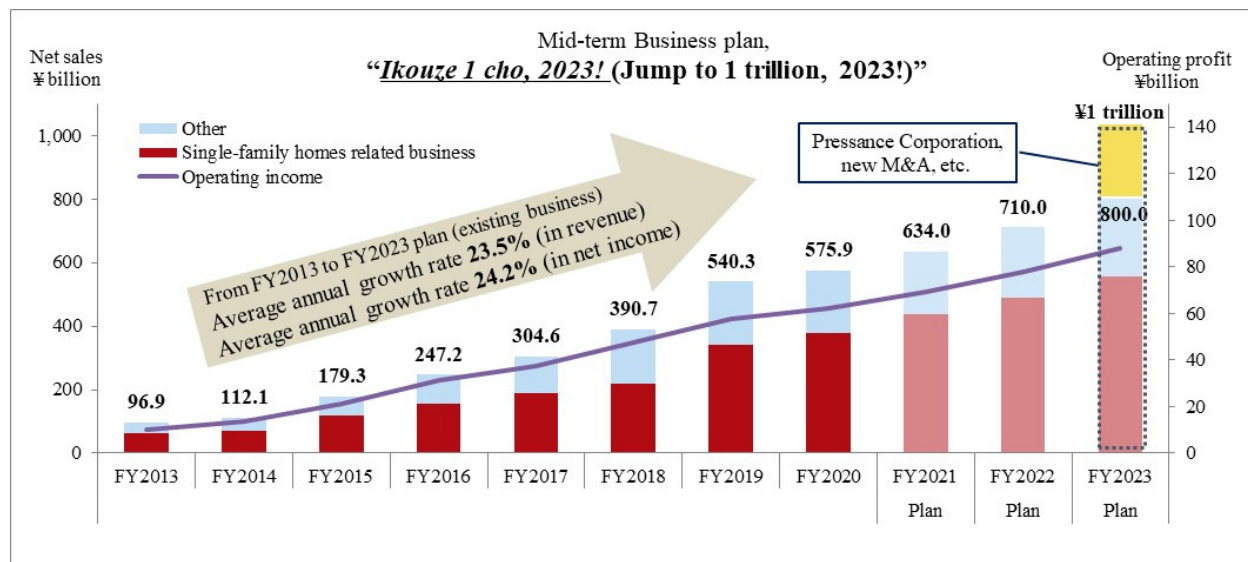
IV. Mid-term Business Plan

Formulated the new Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!”

In order for the Group to grow continuously, based on the core single-family homes related business, toward achieving the net sale target of 1 trillion yen for the fiscal year ending September 30, 2023, the final year of the new Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” we will work to further increase our market shares in existing business areas, including Tokyo metropolitan, Nagoya and Fukuoka areas, as well as expand the single-family homes related business to tap into the Kansai region. In other business areas, in order to achieve synergy with Pressance Corporation, we will integrate the Group’s strong purchasing power in the Tokyo metropolitan area with Pressance Corporation’s planning and sales capabilities to develop a business line of new condominiums for investment in the Tokyo metropolitan area. Besides that, we will also proactively pursue M&As opportunities and make strategic investments, and develop our new business, the real estate fund business which primarily manages residential properties.

Major initiatives for achieving the Mid-term Business Plan


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



V. Sustainability

Approach to sustainability efforts

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

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

VI. Corporate Governance

[Information about corporate governance, etc.]

(1) [Overview of corporate governance]

(i) Basic approach to corporate governance

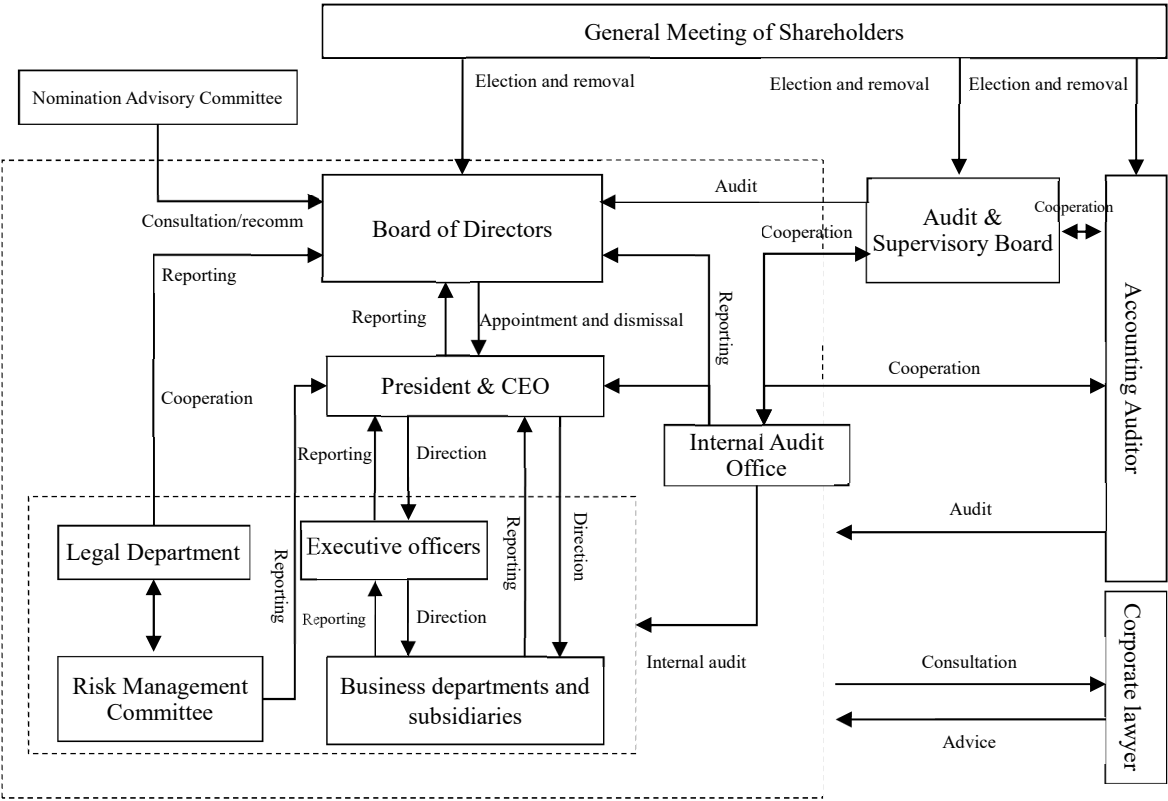
Under the Group’s corporate philosophy of “Committed to pursuing ‘Houses that customers want’ honestly and constantly,” the Company aims to be a real estate company needed by society. To this end, we believe that it is important to make efforts to establish and improve our organizational structure to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

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

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

(a) Overview of corporate governance structure

The Company’s corporate governance structure is as follows:



<Board of Directors and Executive Officer system>

With Masaaki Arai, President & CEO, as the Chairman, the Board of Directors of the Company consists of a total of eight Directors, of which five are internal Directors (Masaaki Arai, Kazuhiko Kamata, Hitoshi Imamura, Ryosuke Fukuoka and Kotaro Wakatabi) and three are Outside Directors (Hitoshi Ishimura, Yuko Omae and Maoko Kotani). As a management decision-making body, the Board of Directors deliberates and makes decisions on management policies and other important management matters based on the Board of Directors

Rules, and supervises the execution of duties by Directors. In addition to regular meetings held once a month, the Board of Directors holds meetings as needed and has lively discussions over various issues related to the Company's business activities.

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

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

<Audit & Supervisory Board>

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

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

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

<Nomination Advisory Committee>

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

<Internal Audit Division>

The Internal Audit Division (one staff member), which is placed directly under the President, conducts internal audits on the legality and appropriateness of the operation of internal systems and business executions in all aspects of management, in accordance with an internal audit plan and other such documents drawn up and formulated at the beginning of the fiscal year.

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

<Accounting Auditor>

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

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

(b) Reasons for adoption of this structure

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

(2) [Remuneration for officers]

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

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

The Board of Directors of the Company has set the policy on determining the remuneration amount for officers or the calculation method as follows:

a. Remuneration for Directors

Remuneration for Directors consists of fixed-base remuneration, performance-based remuneration and share-based remuneration. Performance-based remuneration and share-based remuneration are not paid to Outside Directors from the perspective of their role and independence.

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

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

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

b. Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board Members consists of fixed-base remuneration.

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

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

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

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

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

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

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

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

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

(ii) Remuneration amounts for officers

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

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type of remuneration (Millions of yen)				Number of eligible officers (Persons)
		Base remuneration	Restricted share-based remuneration	Bonuses	Retirement benefits	
Director (excl. Outside Director)	521	487	34	–	–	5
Audit & Supervisory Board Member (excl. Outside Audit & Supervisory Board Member)	7	7	–	–	–	1
Outside officer	42	42	–	–	–	4

Notes: 1 The Board of Directors resolved to leave the decisions on remuneration for Directors for the fiscal year ended September 30, 2020, including decisions on the total amount of remuneration and specific remuneration allocation” entirely to the Representative Director, and these decisions are made based on the said resolution. The decisions on the remuneration for Audit & Supervisory Board Members are made in discussions among Audit & Supervisory Board Members.

2. The target figures of the indicators used for calculating the performance-based remuneration paid in the fiscal year ended September 30, 2020 were projected consolidated financial results for the same fiscal year, including ordinary profit of 77,000 million yen and profit of 59,000 million yen. Meanwhile, the consolidated financial results for the same fiscal year were ordinary profit of 77,357 million yen and profit of 59,491 million yen.

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

Name	Total amount of consolidated remuneration (Millions of yen)	Officer category	Company category	Amount of consolidated remuneration by type of remuneration (Millions of yen)			
				Base remuneration	Restricted share-based remuneration	Bonuses	Retirement benefits
Masaaki Arai	332	Director	Reporting entity	332	–	–	–
Kazuhiko Kamata	151	Director	Reporting entity	130	21	–	–

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

VII. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	135,354	219,227
Trade accounts receivable	498	620
Real estate for sale	70,457	64,372
Real estate for sale in process	179,596	172,914
Operating loans	28,924	37,463
Other	10,167	12,787
Allowance for doubtful accounts	(232)	(262)
Total current assets	424,766	507,123
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,077	4,430
Accumulated depreciation	(1,359)	(1,578)
Buildings and structures, net	2,718	2,851
Land	1,845	1,778
Other	1,183	1,258
Accumulated depreciation	(755)	(877)
Other, net	427	381
Total property, plant and equipment	4,990	5,010
Intangible assets	3,456	3,080
Investments and other assets		
Investment securities	7,084	47,255
Deferred tax assets	2,475	3,032
Other	3,121	3,529
Allowance for doubtful accounts	(22)	(18)
Total investments and other assets	12,659	53,798
Total non-current assets	21,106	61,890
Deferred assets		
Bond issuance costs	31	24
Total deferred assets	31	24
Total assets	445,904	569,038

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Notes payable - trade	4,257	4,831
Trade accounts payable	16,913	17,525
Short-term borrowings	89,933	103,930
Current portion of bonds payable	372	242
Current portion of long-term borrowings	12,976	8,912
Income taxes payable	11,461	10,831
Advances received	14,053	15,531
Guarantee deposits received	1,250	1,248
Provision for bonuses	2,404	2,773
Provision for warranties for completed construction	932	998
Other	7,793	9,889
Total current liabilities	162,348	176,713
Non-current liabilities		
Bonds payable	1,089	847
Long-term borrowings	143,972	157,347
Retirement benefit liability	326	328
Asset retirement obligations	100	105
Total non-current liabilities	145,488	158,628
Total liabilities	307,837	335,342
Net assets		
Shareholders' equity		
Share capital	4,234	19,741
Capital surplus	8,206	28,877
Retained earnings	134,629	186,047
Treasury shares	(8,806)	(0)
Total shareholders' equity	138,263	234,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	7
Foreign currency translation adjustment	(517)	(1,195)
Total accumulated other comprehensive income	(508)	(1,188)
Share acquisition rights	312	217
Total net assets	138,067	233,695
Total liabilities and net assets	445,904	569,038

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	540,376	575,951
Cost of sales	450,715	481,638
Gross profit	89,661	94,312
Selling, general and administrative expenses	31,879	32,183
Operating profit	57,781	62,129
Non-operating income		
Interest income	68	70
Dividend income	20	1
Rental income from buildings	146	148
Gain on sales of investment securities	—	109
Share of profit of entities accounted for using equity method	—	17,786
Other	176	240
Total non-operating income	412	18,356
Non-operating expenses		
Interest expenses	1,817	2,298
Commission expenses	871	224
Share issuance costs	—	327
Other	576	278
Total non-operating expenses	3,265	3,128
Ordinary profit	54,928	77,357
Extraordinary income		
Gain on sales of non-current assets	772	—
Total extraordinary income	772	—
Profit before income taxes	55,701	77,357
Income taxes - current	16,942	18,421
Income taxes - deferred	(648)	(555)
Total income taxes	16,293	17,865
Profit	39,407	59,491
Profit attributable to owners of parent	39,407	59,491

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit	39,407	59,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(1)
Foreign currency translation adjustment	(860)	(663)
Share of other comprehensive income of entities accounted for using equity method	—	(13)
Total other comprehensive income	(867)	(679)
Comprehensive income	38,540	58,812
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	38,540	58,812

(3) Consolidated Statements of Changes in Equity

Fiscal year ended September 30, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,094	4,481	103,324	(6,102)	105,798
Cumulative effects of changes in accounting policies			(1,853)		(1,853)
Restated balance	4,094	4,481	101,471	(6,102)	103,944
Changes during period					
Issuance of new shares - exercise of share acquisition rights	104	104			208
Issuance of restricted shares	35	35			71
Dividends of surplus			(6,249)		(6,249)
Profit attributable to owners of parent			39,407		39,407
Purchase of treasury shares				(6,411)	(6,411)
Change in ownership interest of parent due to transactions with non-controlling interests		3,585		3,707	7,292
Net changes in items other than shareholders' equity					
Total changes during period	139	3,724	33,158	(2,704)	34,318
Balance at end of period	4,234	8,206	134,629	(8,806)	138,263

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	15	342	358	388	6,941	113,486
Cumulative effects of changes in accounting policies						(1,853)
Restated balance	15	342	358	388	6,941	111,633
Changes during period						
Issuance of new shares - exercise of share acquisition rights						208
Issuance of restricted shares						71
Dividends of surplus						(6,249)
Profit attributable to owners of parent						39,407
Purchase of treasury shares						(6,411)
Change in ownership interest of parent due to transactions with non-controlling interests						7,292
Net changes in items other than shareholders' equity	(7)	(860)	(867)	(75)	(6,941)	(7,884)
Total changes during period	(7)	(860)	(867)	(75)	(6,941)	26,434
Balance at end of period	8	(517)	(508)	312	—	138,067

Fiscal year ended September 30, 2020

(Millions of yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	55,701	77,357
Depreciation	517	534
Share-based remuneration expenses	39	66
Increase (decrease) in provision for bonuses	442	368
Increase (decrease) in allowance for doubtful accounts	64	25
Increase (decrease) in provision for warranties for completed construction	166	66
Increase (decrease) in retirement benefit liability	25	1
Loss (gain) on sales of investment securities	–	(109)
Share of loss (profit) of entities accounted for using equity method	–	(17,786)
Interest and dividend income	(89)	(72)
Foreign exchange losses (gains)	(17)	18
Interest expenses	1,817	2,298
Commission for syndicated loans	653	–
Amortization of bond issuance costs	9	6
Share issuance costs	–	327
Decrease (increase) in trade receivables	(320)	(264)
Decrease (increase) in inventories	(17,456)	12,516
Increase (decrease) in trade payables	1,809	1,186
Decrease (increase) in operating loans receivable	(14,679)	(8,539)
Increase (decrease) in advances received	2,719	1,508
Increase (decrease) in guarantee deposits received	(22)	6
Increase (decrease) in deposits received	47	2,200
Other, net	(919)	(156)
Subtotal	30,508	71,561
Interest and dividends received	83	70
Interest paid	(1,782)	(2,244)
Income taxes paid	(14,465)	(20,593)
Net cash provided by (used in) operating activities	14,344	48,793
Cash flows from investing activities		
Payments into time deposits	(9,039)	(1,310)
Proceeds from withdrawal of time deposits	9,118	1,310
Purchase of property, plant and equipment	(983)	(617)

Proceeds from sales of property, plant and equipment	1,823	1
Purchase of intangible assets	(185)	(138)
Purchase of investment securities	(5,539)	(2,010)
Proceeds from sales and redemption of investment securities	510	2,544
Purchase of shares of subsidiaries and associates	–	(22,973)
Payments for investments in capital	(0)	–
Proceeds from divestments	3	0
Payments of leasehold and guarantee deposits	(434)	(582)
Proceeds from refund of leasehold and guarantee deposits	46	162
Other, net	(120)	(440)
Net cash provided by (used in) investing activities	(4,800)	(24,054)

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from financing activities		
Proceeds from short-term borrowings	169,917	295,859
Repayments of short-term borrowings	(191,567)	(281,860)
Proceeds from long-term borrowings	123,463	134,341
Repayments of long-term borrowings	(80,887)	(125,029)
Commission for syndicated loans paid	(653)	–
Redemption of bonds	(532)	(372)
Proceeds from issuance of shares	–	30,420
Proceeds from exercise of employee share options	130	175
Purchase of treasury shares	(6,425)	(0)
Proceeds from sales of treasury shares	–	13,970
Dividends paid	(6,249)	(8,074)
Other, net	(9)	–
Net cash provided by (used in) financing activities	7,186	59,430
Effect of exchange rate change on cash and cash equivalents	(364)	(296)
Net increase (decrease) in cash and cash equivalents	16,366	83,872
Cash and cash equivalents at beginning of period	118,978	135,345
Cash and cash equivalents at end of period	135,345	219,218

VIII. 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, 2016 to September 30, 2017 Note 1	63,600	57,463,600	50	4,032	50	3,815
February 14, 2018 Note 2	9,300	57,472,900	29	4,061	29	3,845
February 15, 2018 to September 30, 2018 Note 1	39,600	57,512,500	32	4,094	32	3,877
October 1, 2018 to November 30, 2018 Note 1	40,000	57,552,500	63	4,158	63	3,941
February 14, 2019 Note 3	9,100	57,561,600	19	4,178	19	3,961
February 15, 2019 to March 31, 2019 Note 1	33,200	57,594,800	27	4,205	27	3,988
April 5, 2019 Note 4	8,100	57,602,900	16	4,221	16	4,004
April 6, 2019 to September 30, 2019 Note 1	15,600	57,618,500	13	4,234	13	4,017
October 1, 2019 Note 5	57,618,500	115,237,000	-	4,234	-	4,017
October 1, 2019 to December 31, 2019 Note 1	21,200	115,258,200	8	4,242	8	4,026
February 5, 2020 Note 6	25,500	115,283,700	40	4,283	40	4,066
February 6, 2020 to March 31, 2020 Note 1	72,800	115,356,500	32	4,315	32	4,098
July 28, 2020 Note 7	9,617,200	124,973,700	14,310	18,625	14,310	18,408
August 25, 2020 Note 8	684,600	125,658,300	1,019	19,644	1,019	19,427
August 26, 2020 to September 30, 2020 Note 1	160,800	125,819,100	97	19,741	97	19,524

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

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

Issue price: 6,320 yen

Additional paid-in capital: 3,160 yen

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

Issue price: 4,265 yen

Additional paid-in capital: 2,132.5 yen

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

Issue price: 3,990 yen

Additional paid-in capital: 1,995 yen

5. The increase was due to a 2-for-1 stock split.

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

IX. Transactions with Directors, Officers or Major Shareholders

1. Related party transactions

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

Fiscal year ended September 30, 2019

Not applicable

Fiscal year ended September 30, 2020

Not applicable

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

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

Fiscal year ended September 30, 2019

Type	Name of company or individual	Location	Capital or investment (Millions of yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Items	Balance at end of period (Millions of yen)
Officer	Hitoshi Imamura	—	—	Senior Managing Director of the Company	(Held) Direct: 1.8	Sale of real estate	Sale of real estate (Note)	52	—	—

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

Fiscal year ended September 30, 2020

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

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

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

Fiscal year ended September 30, 2019

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	Keiji Takamasu	—	—	President & Representative Director of the Company’s subsidiary	—	Sale of real estate	Sale of real estate (Note)	115	—	—

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

Fiscal year ended September 30, 2020

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

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

X. History

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

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

XI. Corporate Data

Basic Information (as of September 30, 2020)

Trade name:	Open House Co., Ltd.
Business inauguration:	September 1997
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 3288)
Listed:	September 2013
Business year:	From October 1 to September 30
Capital stock:	19,741 million yen
Number of employees:	2,876 persons (Consolidated)
Head office:	2-4-1 Marunouchi, Chiyoda-ku, Tokyo
Telephone:	+81-3-6213-0776
Consolidated subsidiaries:	Open House Development Co., Ltd. OH Real Estate Management Co., Ltd. Open House Realty & Investments, Inc. Open House Texas Realty & Investments LLC IB Net Co., Ltd. Open House Architect Co., Ltd. HAWK ONE CORPORATION Other 11 companies

Directors and Audit & Supervisory Board Members (as of September 30, 2020)

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

* Outside Director ** Outside Audit & Supervisory Board Member

Stock Status (as of September 30, 2020)

Total number of authorized shares:	325,200,000 shares
Total number of issued shares:	125,819,100 shares
Number of shareholders:	7,429

Major shareholders (Top 10)

Name	Number of shares held	Shareholding ratio (excluding treasury shares) (%)
Masaaki Arai	48,000,000	38.15
Ichigo Trust PTE Limited (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	9,011,100	7.16
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,861,400	5.45
Custody Bank of Japan, Ltd. (Trust Account)	5,455,300	4.33
Morgan Stanley MUFG Securities Co., Ltd. TAIYO FUND, L.P. (Standing proxy: MUFG Bank, Ltd.)	2,366,891	1.88
Hitoshi Imamura (Standing proxy: Mizuho Securities Co., Ltd.)	2,038,500	1.62
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	2,004,000	1.59
Custody Bank of Japan, Ltd. (Trust Account 5)	1,993,714	1.58
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd.)	1,294,100	1.02
	1,237,306	0.98

* In addition to shares described above, the Company holds 41 shares as treasury shares.

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