

For the Fiscal Year Ended September 30, 2022

Annual Financial Summary 2022

Open House Group Co., Ltd.

**2-7-2 Marunouchi, Chiyoda-ku, Tokyo
(Securities Code: 3288)**

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 (39 consolidated subsidiaries and 2 equity method affiliate; 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.

(1) Single-family homes related business

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

(2) Condominiums business

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

(3) Property resale business

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

(4) Others

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

(5) PRESSANCE CORPORATION

PRESSANCE CORPORATION Co., Ltd. (hereinafter “PRESSANCE CORPORATION”) is engaged in the planning, development and sale of studio type condominiums (for rent for single persons for investment) and condominiums for families (for family use). This segment operates its business mainly in Kansai, Tokai, Kanto, and Okinawa areas. Note: PRESSANCE CORPORATION is listed on the Standard Market of the Tokyo Stock Exchange.

I. Summary of Selected Financial Data (Consolidated)

Fiscal year		22nd business term	23rd business term	24th business term	25th business term	26th business term
Year end		Sept. 2018	Sept. 2019	Sept. 2020	Sept. 2021	Sept. 2022
Net sales	(Millions of yen)	390,735	540,376	575,951	810,540	952,686
Ordinary profit	(Millions of yen)	46,052	54,928	77,357	97,590	121,166
Profit attributable to owners of parent	(Millions of yen)	31,806	39,407	59,491	69,582	77,884
Comprehensive income	(Millions of yen)	32,096	38,540	58,812	74,483	94,793
Net assets	(Millions of yen)	113,486	138,067	233,695	347,143	395,702
Total assets	(Millions of yen)	393,367	445,904	569,038	879,913	1,031,174
Net assets per share	(Yen)	960.22	1,246.15	1,855.66	2,329.72	2,802.19
Earnings per share (EPS)	(Yen)	285.08	351.22	525.36	552.40	626.24
Diluted earnings per share (Diluted EPS)	(Yen)	282.88	349.11	522.37	550.41	624.87
Equity ratio	(%)	27.0	30.9	41.0	33.4	32.7
Return on equity (ROE)	(%)	33.6	32.3	32.1	26.4	24.7
Price earnings ratio	(Times)	9.82	7.33	7.23	11.98	7.82
Net cash provided by (used in) operating activities	(Millions of yen)	(10,017)	14,344	48,793	50,123	(16,353)
Net cash provided by (used in) investing activities	(Millions of yen)	(12,582)	(4,800)	(24,054)	23,541	(4,367)
Net cash provided by (used in) financing activities	(Millions of yen)	50,696	7,186	59,430	40,588	24,694
Cash and cash equivalents at end of period	(Millions of yen)	118,978	135,345	219,218	334,506	346,080
Number of employees		2,263	2,642	2,876	4,087	4,493
Average number of temporary employees	(Persons)	248	240	242	286	351

1. 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.

2. 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.

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

II.CEO Message

Consolidated financial results for the fiscal year ended September 30, 2022

Record high net sales and profit for the tenth consecutive year.

As for the consolidated financial results for the fiscal year ended September 30, 2022, the Group achieved significant growth with net sales of 952.6 billion yen (up 17.5% year on year) and ordinary profit of 121.1 billion yen (up 24.2% year on year). The final figure for net sales further exceeded the forecast of 935.0 billion yen, which had been revised upward from the initial forecast net sales of 920.0 billion yen. In addition to strong performances of owner-occupied real estate in our core businesses, including the single-family homes and condominiums businesses, investment real estate, including the property resale and U.S. real estate businesses, was also strong, contributing to significant growth. Despite rising materials prices, sales in the single-family homes and condominiums businesses were strong owing to high demand for home purchases in urban areas. In the property resale business, acquisition demand from wealthy individuals and operating companies with many financial assets remained high due to the continuation of easy monetary policy. In the U.S. real estate business as well, despite the temporary impact of the sharp fall in the yen, demand increased from operating companies and wealthy individuals aiming to diversify their assets by holding real estate in the United States as dollar-denominated assets. As a result, each segment achieved increases in sales and profit.

The Company has posted new record high net sales and income for ten fiscal years in a row since listing its shares on the First Section of the Tokyo Stock Exchange in September 2013. In that time, the Company has achieved steady growth, with net sales increasing 10-fold, operating profit 12-fold, and dividends per share 20-fold.

Initiatives for the fiscal year ending September 30, 2023

We aim to achieve net sales of 1.1 trillion yen

In the fiscal year ending September 30, 2023, the Group aims to achieve net sales of 1.1 trillion yen (up 15.5% year on year) by further expanding its businesses in all segments.

In the owner-occupied single-family homes related business, we will further strengthen our marketing in the Kansai area, where we started marketing in the previous fiscal year, as well as in our existing markets in the Tokyo metropolitan area and the Nagoya and Fukuoka areas. We will also continue to grow by leveraging our integrated production and sales structure, which encompasses land procurement, construction, and sales and is the strength of the Group. In the condominiums business, we will aim to achieve a major increase in net sales over the previous fiscal year by focusing on condominiums with compact room layouts targeted at single- or two-person households in highly convenient locations in urban areas.

High demand is expected in the property resale business, which handles real estate for investment purposes, due to the continuation of the easy monetary policy. In the U.S. real estate business in others segment, we will strengthen the sales of secondhand single-family homes and other properties in the U.S. to Japanese corporations and wealthy individuals as pure investment products mainly for diversified asset allocation.

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

Through the above initiatives, we once again aim to achieve record high net sales and income for the eleventh consecutive year in the fiscal year ending September 30, 2023.

Shareholder return

Acquisition of treasury shares and dividends

From May 19 to August 1, 2022, the Company acquired treasury shares with a total value of 30.0 billion yen, the largest share acquisition that the Company has ever undertaken. A total of 5,796,800 shares were acquired, accounting for 4.81% of the total number of issued shares (excluding treasury shares). All the acquired treasury shares were then cancelled on August 31, 2022. The Company has set forth the flexible acquisition of treasury shares as part of its capital policy in the Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!” and believes that the acquisition and cancellation of treasury shares described above will lead to the enhancement of shareholder value through the improvement of capital efficiency.

The Company also recognizes the return of profits to shareholders as a key management issue and has adopted a basic policy of ongoing payments of stable dividends, while taking into account future business development, the strengthening of the Company’s financial position and other factors. Internal reserves will be put toward the future expansion of business.

Based on the plan mentioned above, the full-year dividend for the fiscal year ended September 30, 2022 is 129 yen per share (consisting of an interim dividend of 62 yen per share and a year-end dividend of 67 per share), an increase of 17 yen per share from the previous fiscal year. The payout ratio increased by 0.3 percentage points from the previous fiscal year to 20.6%.

Furthermore, the Company plans to pay a full-year dividend for the fiscal year ending September 30, 2023 of 154 yen per share (consisting of an interim dividend of 72 yen per share and a year-end dividend of 82 per share), an increase of 25 yen per share from the previous fiscal year. The year-end dividend consists of the ordinary dividend of 72 yen and a special dividend of 10 yen to commemorate the tenth anniversary of the Company’s listing on the Tokyo Stock Exchange and the achievement of 1 trillion yen in net sales.

The payout ratio increased by 1.0 percentage points from the previous fiscal year to 21.6%.

The Company was founded and commenced the trading and brokerage of newly-built single-family homes in September 1997, and in September 2022, it marked the 25th anniversary of the Company’s foundation. We extend our heartfelt appreciation for the support of our shareholders that has enabled us to reach this milestone.

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

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

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

(1) Overview of operating results, etc.

The overview of the Group's financial position and operating results for the fiscal year ended September 30, 2022 is as follows:

(i) Financial position and operating results

a. Financial position

(a) Assets

As of September 30, 2022, the Group posted total assets of 1,031,174 million yen, a year-on-year increase of 151,261 million yen.

This was mainly due to an aggregate increase of 128,976 million yen in real estate for sale and real estate for sale and an increase in cash and deposits of 11,574 million yen.

(b) Liabilities

Total liabilities amounted to 635,472 million yen, a year-on-year increase of 102,703 million yen.

This was mainly due to an aggregate increase of 71,783 million yen in short-term borrowings, long-term borrowings (including current portion of long-term borrowings), and bonds payable and an increase in trade accounts payable of 10,370 million yen.

(c) Net assets

Net assets amounted to 395,702 million yen, a year-on-year increase of 48,558 million yen.

This was mainly due to an increase in retained earnings of 42,037 million yen and an increase in foreign currency translation adjustment of 10,893 million yen.

b. Operating results

For the fiscal year ended September 30, 2022, the Group posted net sales of 952,686 million yen (up 17.5% year on year), operating profit of 119,358 million yen (up 18.1 %), ordinary profit of 121,166 million yen (up 24.2%) and profit attributable to owners of parent of 77,884 million yen (up 11.9%).

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 516,554 million yen (up 15.6% year on year), and operating profit increased significantly to 63,014 million yen (up 1.2 %).

Strong sales continued, driven by continued demand from customers requiring working place at home under the new lifestyle spreading amid the COVID-19 pandemic, resulting in double-digit growth in net sales. The increase in operating profit was slower than that of net sales, due to a decline in the profit margin compared with the previous fiscal year resulting from rising cost of sales caused by the impact of skyrocketing materials prices, among other factors.

(a) Brokerage (Open House)

In July 2022, the Company opened Chigasaki Sales Center in Chigasaki-shi, Kanagawa Prefecture and Rokkomichi Sales Center in Kobe-shi, Hyogo Prefecture. As such, with 66 sales centers in nine prefectures, namely Tokyo, Kanagawa Prefecture, Aichi Prefecture, Saitama Prefecture, Fukuoka Prefecture, Chiba Prefecture, Osaka Prefecture, Hyogo Prefecture and Gunma Prefecture, we have striven to strengthen our sales capabilities.

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

The Company offers newly-built single-family homes and land subdivision sales in the Tokyo metropolitan area and the Nagoya, Fukuoka, and Kansai areas. Sales were strong in the fiscal year ended September 30, 2022 on the back of active demand for single-family homes in urban areas.

As a result, net sales stood at 336,497 million yen (up 14.4% year on year).

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

The Group focuses on the sale of newly built-for-sale houses, especially in quasi-urban areas in the Tokyo metropolitan area. Sales remained strong driven.

As a result, net sales stood at 125,352 million yen (up 19.0% year on year).

(d) 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 67,495 million yen (up 16.8% year on year).

(Condominiums business)

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

Amid steady sales, the delivery of properties, which had been concentrated in the fourth quarter of the fiscal year, was completed according to plan, and financial performance was strong.

As a result, net sales stood at 62,362 million yen (down 33.6% year on year), and operating profit amounted to 10,654 million yen (down 63.7%).

(Property resale business)

In the 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 to be purchased for investment purposes by operating companies and wealthy individuals, who are the Group's target customers.

As a result, net sales stood at 154,104 million yen (up 25.6% year on year), and operating profit amounted to 17,669 million yen (up 43.8%).

(Others)

In others segment, high investment demand for U.S. real estate for asset diversification purposes contributed to strong sales.

As a result, net sales stood at 74,330 million yen (up 65.7% year on year), and operating profit amounted to 8,205 million yen (up 56.8%).

(PRESSANCE CORPORATION)

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

As a result, net sales stood at 145,324 million yen (year-on-year change is not presented as this segment has been newly established in the fiscal year ended September 30, 2021 following the conversion of PRESSANCE CORPORATION to a consolidated subsidiary), and operating profit amounted to 20,727 million yen (year-on-year change is not presented for the same reason as above).

(ii) Cash flows

Cash and deposits (hereinafter “net cash”) as of September 30, 2022 increased by 11,574 million yen year on year to 346,080 million yen.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 16,353 million yen (compared to net cash provided of 50,123 million yen in the previous fiscal year).

This was mainly due to profit before income taxes of 120,988 million yen and an increase in accounts payable of 13,833, which was more than offset by an increase in inventories of 116,798 million yen and income taxes paid of 36,969 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 4,367 million yen (compared to net cash used of 23,541 million yen in the previous fiscal year).

This was mainly due to an aggregate purchase of property, plant and equipment and investment securities of 6,343 million yen and payments of leasehold and guarantee deposits of 1,934 million yen, which were more than offset by proceeds from collection of loans receivable of 5,166 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 24,694 million yen (compared to net cash provided of 40,588 million yen in the previous fiscal year).

This was mainly due to net cash provided of 71,997 million yen from the sum of proceeds from borrowings and repayments of borrowings, which was more than offset by purchase of treasury shares of 30,000 million yen and dividends paid of 15,648 million yen.

(2) Results of production, orders received and sales

(i) Results of production

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

(ii) Results of orders received

The status of orders received for built-to order houses during the fiscal year ended September 30, 2022 is as follows:

Segment	Orders received (Millions of yen)	YoY change (%)	Order backlog (Millions of yen)	YoY change (%)
Single-family homes related business	78,533	4.0	58,575	10.8
PRESSANCE CORPORATION	142,146	—	90,503	5.9

Notes: 1. The information on segments other than the above is omitted as the nature of services offered through such segments is not fit to describe the status of orders received.

(iii) Results of sales

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

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

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

Any forward-looking statements in the following discussion are based on the judgment of management as of September 30, 2022.

(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, 2022, the Japanese economy showed signs of recovery in personal consumption, capital expenditures, and the employment situation, amid rising corporate and consumer price indexes against a background of the sharp depreciation of the yen and the worldwide sharp rise in commodity prices. Further, even while construction costs are rising due to skyrocketing timber prices, housing demand remains high, and housing construction remains firm. In addition, although some weakness can be seen among small and medium-sized enterprises, corporate earnings appear to be recovering on the whole, and economic conditions are picking up slowly. In the real estate industry, in which the Group operates, the national average standard land prices of both commercial and residential areas turned upward in the land price survey conducted in 2022. This was in response to the recovery of demand for housing, stores, and other properties as economic activity returned to normal after being weakened by the impact of the COVID-19 pandemic. In residential areas, there was strong housing demand in urban centers and areas providing convenient lifestyles. In commercial areas as well, the recovery was due to factors such as strong demand for stores and offices, owing to a recovery in personal consumption.

Under such business environment, the Group worked to achieve the management targets set by the Mid-term Business Plan "Ikouze I cho, 2023!" - "Jump to 1 trillion, 2023!" (from the fiscal year ended September 30, 2021 to the fiscal year ending September 30, 2023). In the fiscal year ended September 30, 2022, in addition to strong performances of owner-occupied real estate in our core single-family homes related business and condominiums business, investment real estate, including the property resale and U.S. real estate businesses, was also strong, contributing to significant growth.

b. Analysis of operating results

(a) Net sales

Net sales for the fiscal year ended September 30, 2022 increased by 142,146 million yen year on year to 952,686 million yen (up 17.5% year on year).

This was mainly due to an increase of 32,900 million yen to 155,961 million yen (up 26.7%) in the property resale business, in addition to an increase of 69,594 million yen to 516,554 million yen (up 15.6%) in net sales from the single-family homes related business.

(b) Cost of sales, gross profit

Cost of sales for the fiscal year ended September 30, 2022 increased by 112,892 million yen year on year to 768,117 million yen (up 17.2% year on year), while gross profit increased by 29,253 million yen to 184,568 million yen (up 18.8%). Gross profit margin increased by 0.2 percentage points to 19.4% (compared to 19.2% in the previous fiscal year).

This was mainly due to the increase in gross profit margin by 2.7 percentage points to 26.3% (23.6% for the previous fiscal year), driven by the strong sales from the condominiums business.

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

Selling, general and administrative expenses increased by 10,998 million yen year on year to 65,210 million yen (up 20.3% year on year) while selling, general and administrative expense ratio increased by 0.1 percentage points to 6.8% (compared to 6.7% in the previous fiscal year).

Although selling, general and administrative expenses increased due mainly to an increase of 4,170 million yen in labor costs to 21,157 million yen (compared to 16,987 million yen in the previous fiscal year) as a result of an increase in personnel accompanying the expansion of business, the selling, general and administrative expense ratio remained roughly flat due to productivity being maintained at the same level as the previous fiscal year.

Operating profit increased by 18,254 million yen year on year to 119,358 million yen (up 18.1%).

The operating profit margin was unchanged from the previous fiscal year at 12.5%.

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

Non-operating income decreased by 5,817 million yen year on year to 8,291 million yen (up 235.2% year on year), while non-operating expenses increased by 496 million yen year on year to 6,482 million yen (up 8.3%).

This was mainly due to the recording of 5,069 million yen in foreign exchange gains, an increase of 4,631 million yen, due to the impact of the yen's depreciation.

As a result, ordinary profit increased by 23,576 million yen year on year to 121,166 million yen (up 24.2% year on year). In addition, ordinary income margin decreased by 0.7 percentage points to 12.7% (compared to 12.0% in the previous fiscal year).

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

Profit attributable to owners of parent increased by 8,302 million yen year on year to 77,884 million yen (up 11.9% year on year). In addition, ratio of profit to net sales decreased by 0.4 percentage points to 8.2% (compared to 8.6% in the previous fiscal year). This was mainly due to 4,380 million in profits as a result of the recording of extraordinary income or loss, which consists of a gain on bargain purchase of 15,475 million yen and a loss on step acquisitions of 11,095 million yen, both of which arose from the conversion of PRESSANCE CORPORATION to a consolidated subsidiary in the previous fiscal year.

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

The Group formulated the Mid-term Business Plan “*Ikouze I cho, 2023!*” - “Jump to 1 trillion, 2023!” (from October 2020 to September 2023). In formulating the Plan, we initially set the net sales target at 800.0 billion yen for the fiscal year ending September 30, 2023, the final year of the Plan. However, we raised the target by 300.0 billion yen to 1.1 trillion yen through three upward revisions, reflecting the strong business progress for the fiscal year ended September 30, 2021. In terms of capital policy, we maintain the initial targets of ROE of 20.0%, equity ratio of 30.0%, and dividend payout ratio of 20.0% or more. The financial results and the progress status against the targets for the fiscal year ended September 30, 2021, the first year of the Mid-term Business Plan, are as follows:

Net sales were 952,686 million yen (achievement rate of 134.2% against the initial target of 710,000 million); operating profit was 119,358 million yen (153.0% against 78,000 million yen); ROE was 24.7% (exceeding the target by 4.7 percentage points); equity ratio was 32.7% (exceeding the target by 2.7 percentage points); and dividend payout ratio was 20.6% (exceeding the target by 0.6 percentage points), exceeding the targets in all indicators.

(iii) Capital resources and funding liquidity

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

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

(iv) Significant accounting policies and estimates

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

IV. Mid-term Business Plan

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

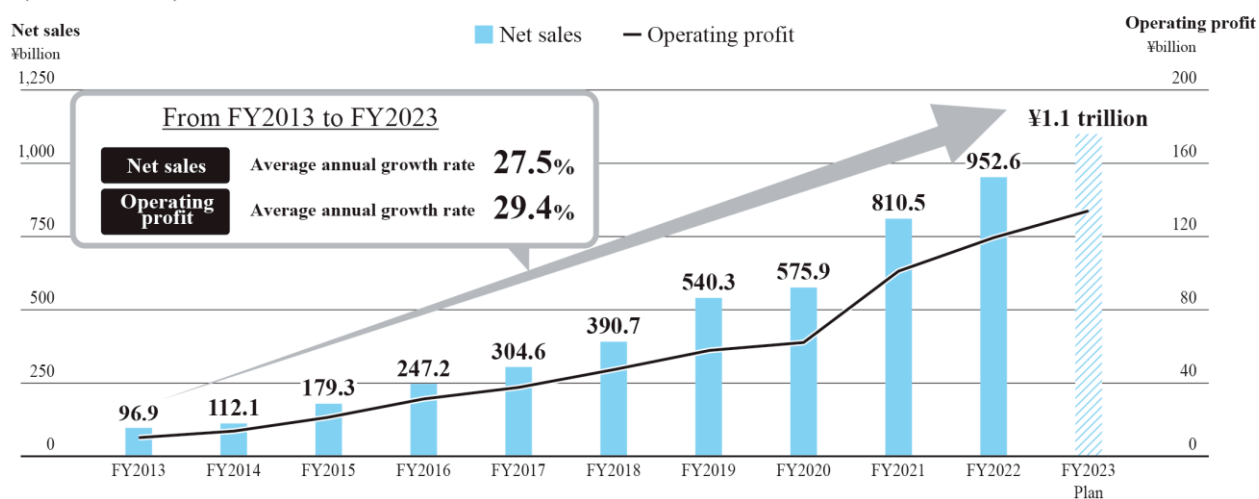
In order for the Group to grow continuously, based on the core single-family homes related business, toward achieving the net sale target of 1 trillion yen for the fiscal year ending September 30, 2023, the final year of the Mid-term Business Plan “*Ikouze 1 cho, 2023!*” - “Jump to 1 trillion, 2023!,”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

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

Major initiatives for achieving the Mid-term Business Plan

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

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



V. Sustainability

(1) Approach to sustainability efforts

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

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

(2) Decarbonization Project

The Company is seriously addressing the problem of climate change as part of efforts to tackle its material issue of “environmental conservation.” Through the Open House Group Decarbonization Project, we are proceeding with decarbonization initiatives that will be effective across the entire value chain.

(i) Started offering renewable energy electricity to purchasers of single-family homes

In October 2020, switch to renewable energy sources for electricity services provided to customers through our subsidiary, OuchiLink Co.,Ltd.

□ Contributed to the reduction of Scope 3 emissions, which account for 70% of our emissions.

(ii) Launched solar power generation business, contributing to energy creation

In November 2022, owning solar power plants throughout Japan through subsidiary company (SPC) that operates solar power plants.

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

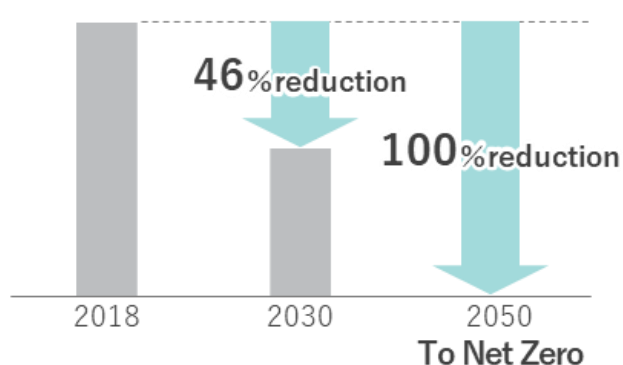
(iii) As a purveyor of wooden houses, the Group contributes to the establishment of the “fell-use-plant-grow” cycle for timber through forest conservation activities. We also conduct awareness-raising activities through employee training. Through these activities, we strive to solve the issues of Japan-grown timber by contributing to the maintenance and restoration of the multiple functions of Japan’s forests (reduction of greenhouse gases, watershed conservation and biodiversity preservation).

(iv) Addition of Scope 3 emissions to GHG emissions reduction targets

Based on our Decarbonization Project initiatives in October 2022, the Company set new targets for the reduction of Scope 3 emissions. Through the further promotion of the Decarbonization Project, we continue aiming to achieve our GHG emissions reduction targets and contribute to the realization of a sustainable society.

GHG Emissions Reduction Targets

(Scope 1, 2, & 3; intensity compared with FY2018)^{※2}



New <GHG (greenhouse gas) emission reduction targets>

Scope 1, 2 and 3:

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

Set a goal to achieve net-zero emissions by 2050

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

Scope 1,2,3 :

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

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

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

VI. Corporate Governance

[Information about corporate governance, etc.]

(1) [Overview of corporate governance]

(i) Basic approach to corporate governance

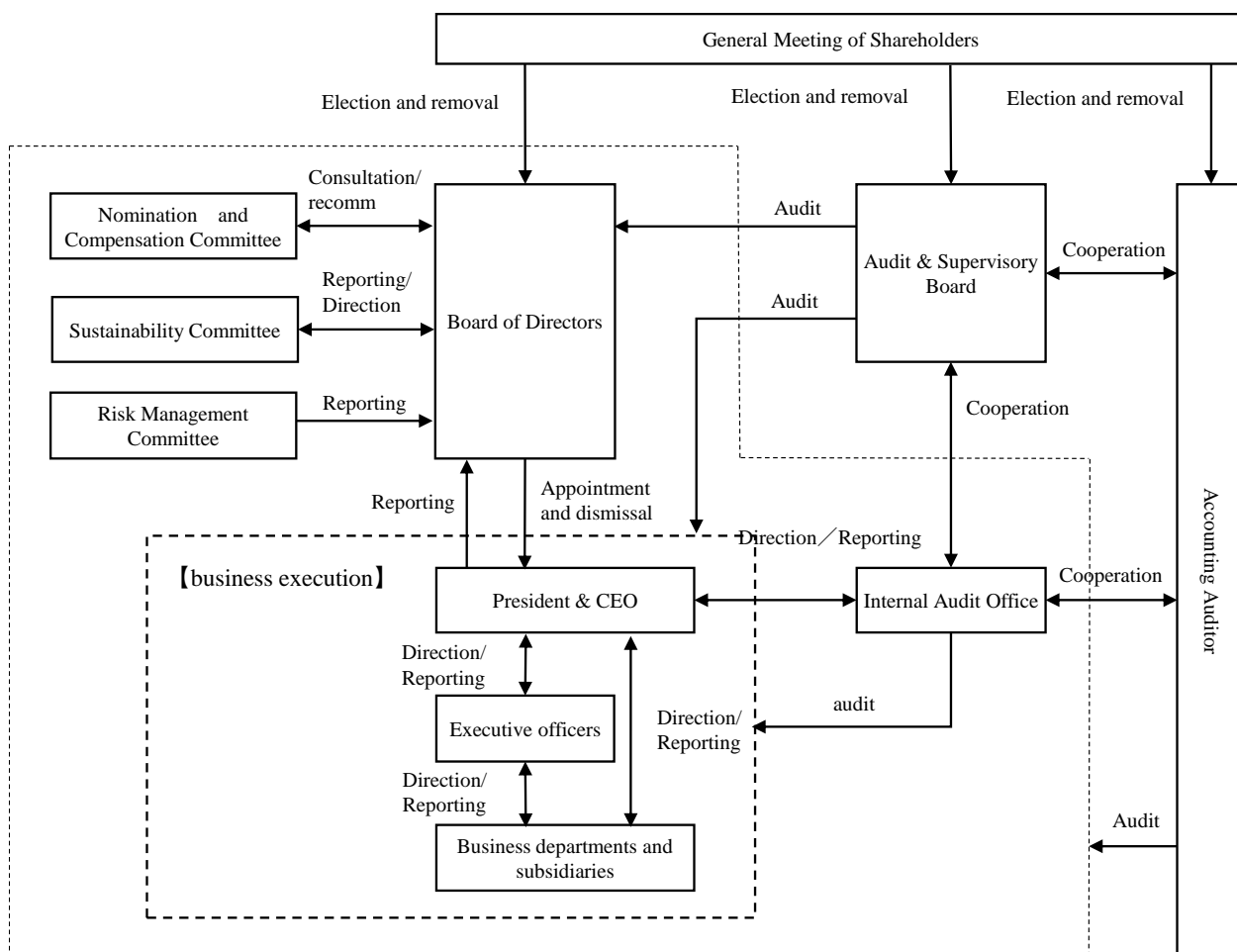
Under the Group’s corporate philosophy of “Committed to pursuing ‘Houses that customers want’ honestly and constantly,” the Company aims to be a real estate company needed by society. To this end, we believe that it is important to make efforts to establish and improve our organizational structure to 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 nine Directors, of which six are internal Directors (Masaaki Arai, Kazuhiko Kamata, Kotaro Wakatabi, Hitoshi Imamura, Ryosuke Fukuoka and Hiroshi Munemasa) and three are Outside Directors (Hitoshi Ishimura, Yuko Omae and Maoko Kotani). As a management decision-making body, the Board of Directors deliberates and makes decisions on management policies and other important management matters based on the Board of Directors Rules, and supervises the execution of duties by Directors. In addition to regular meetings held once a month, the Board of Directors holds meetings as needed and has lively discussions over various issues related to the Company's business activities.

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

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

<Audit & Supervisory Board>

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

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

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

<Nomination and Compensation Committee>

With Outside Director Hitoshi Ishimura as Chair, the Nomination and Compensation Committee consists of a total of three members, with Outside Director Yuko Omae and Senior Managing Director Kotaro Wakatabi serving as the other two members. The purpose of the Committee, which the Company has 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 on an ongoing basis. Furthermore, the Internal Audit Division strives to strengthen its internal audit function by supplementing internal audits through information exchange, shared recognition and cooperation with Audit & Supervisory Board Members and the Accounting Auditor.

<Accounting Auditor>

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

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

(b) Reasons for adoption of this structure

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

(2) [Remuneration for officers]

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

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

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

a. Remuneration for Directors

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

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

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

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

b. Remuneration for Audit & Supervisory Board Members

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

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

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

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

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

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

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

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

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

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

(ii) Amendment of policy on determining the details of remuneration of individual Directors

Surmising the remuneration in the fiscal year ending September 30, 2023 and beyond, the Company resolved the amendment of the policy on determining the details of remuneration of individual Directors at a meeting of the Board of Directors on September 29, 2022. The main details of the policy on determining the details of remuneration of individual Directors after amendment are as follows (unchanged sections have been omitted).

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

a. Remuneration for Directors

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

The Company has adopted a policy of flexible and fluid determination of monetary remuneration, based on the fixed amounts in the remuneration table calculated according to position, duties and responsibilities, and skills, and on performance indicators for consolidated ordinary profit and consolidated net profit and financial indicators such as ROE and capital equity ratio in the previous fiscal year, as a strong motivation to achieve single-year financial results. Factors such as the content of the officers' duties, the status of their execution of operations, and their responsibilities are also taken into account.

For the share-based remuneration, the Company has adopted a policy of granting share remuneration-type stock options to Directors every fiscal year, with an index of 10% of monetary remuneration as necessary, with an aim to further motivate them to 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 Nomination and Compensation Committee, the majority of whose members are Outside Directors, is delegated by the Board of Directors to make the decisions regarding individual amounts of remuneration, in line with the policy for determination decided in the Board of Directors after prior deliberation by the Nomination and Compensation Committee.

(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.

Within the above categories, in addition to monetary remuneration, share-based remuneration is paid to Directors with specific titles and full-time Directors as necessary. Only monetary remuneration is paid to part-time Directors.

(iii) Remuneration amounts for officers

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

Officer category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type of remuneration (Millions of yen)				Number of eligible officers (Persons)
		Base remuneration	Share-based remuneration	Bonuses	Retirement benefits	
Director (excl. Outside Director)	908	863	44	–	–	6
Audit & Supervisory Board Member (excl. Outside Audit & Supervisory Board Member)	–	–	–	–	–	0
Outside officer	89	89	–	–	–	6

Notes: 1 The Board of Directors resolved to leave the decisions on remuneration for Directors for the fiscal year ended September 30, 2022, including decisions on the total amount of remuneration and specific remuneration allocation” entirely to the Representative Director, and these decisions are made based on the said resolution.

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

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

2. The target figures of the indicators used for calculating the monetary remuneration paid in the fiscal year ended September 30, 2022 were projected consolidated financial results for the same fiscal year, including ordinary profit of 108,900 million yen and profit of 72,000 million yen. Meanwhile, the consolidated financial results for the same fiscal year were ordinary profit of 121,166 million yen and profit of 77,884 million yen.

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

4. In addition to the above, the Company covers the rent for company housing of two Directors. The amount covered in the fiscal year ended September 30, 2022 was 15 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	456	Director	Reporting entity	456	–	–	–
Kazuhiko Kamata	203	Director	Reporting entity	180	23	–	–
Kotaro Wakatabi	163	Director	Reporting entity	151	12	–	–

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

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

3. In addition to the above, the Company covers the rent for company housing of two Directors. The amount covered in the fiscal year ended September 30, 2022 was 15 million yen..

VII. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	337,731	349,305
Trade accounts receivable	1,929	—
Trade accounts receivable and Contract assets	—	2,198
Real estate for sale	90,402	95,717
Real estate for sale in process	337,726	461,388
Operating loans	36,878	43,262
Other	26,421	30,128
Allowance for doubtful accounts	(362)	(344)
Total current assets	830,727	981,656
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,815	6,357
Accumulated depreciation	(2,079)	(2,417)
Buildings and structures, net	3,735	3,939
Real estate for rent	15,479	15,149
Accumulated depreciation	(1,025)	(1,035)
Real estate for rent, net	14,454	14,113
Land	2,418	2,277
Other	1,913	2,217
Accumulated depreciation	(1,223)	(1,424)
Other, net	689	792
Total property, plant and equipment	21,297	21,123
Intangible assets	3,031	2,925
Investments and other assets		
Investment securities	13,171	13,271
Deferred tax assets	6,272	5,150
Other	5,430	7,066
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	24,856	25,470
Total non-current assets	49,185	49,518
Total assets	879,913	1,031,174

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable - trade	1,166	1,238
Trade accounts payable	20,850	31,220
Electronically recorded obligations - operating	4,713	8,104
Short-term borrowings	104,684	144,309
Current portion of bonds payable	242	242
Current portion of long-term borrowings	57,142	39,262
Income taxes payable	18,239	20,292
Advances received	26,953	—
Contract liabilities	—	35,854
Guarantee deposits received	1,768	2,789
Provision for bonuses	3,655	4,669
Provision for warranties for completed construction	1,039	1,139
Other	15,781	20,373
Total current liabilities	256,237	309,495
Non-current liabilities		
Bonds payable	10,605	10,363
Long-term borrowings	264,502	314,784
Deferred tax liabilities	121	—
Provision for share awards	257	—
Retirement benefit liability	311	318
Asset retirement obligations	150	211
Other	583	298
Total non-current liabilities	276,532	325,976
Total liabilities	532,769	635,472
Net assets		
Shareholders' equity		
Share capital	19,939	20,070
Capital surplus	29,068	19,882
Retained earnings	244,248	286,286
Treasury shares	(0)	(18)
Total shareholders' equity	293,256	326,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12	(34)
Foreign currency translation adjustment	540	11,434
Total accumulated other comprehensive income	552	11,399
Share acquisition rights	551	474
Non-controlling interests	52,782	57,606
Total net assets	347,143	395,702
Total liabilities and net assets	879,913	1,031,174

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

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	810,540	952,686
Cost of sales	655,224	768,117
Gross profit	155,315	184,568
Selling, general and administrative expenses	54,211	65,210
Operating profit	101,103	119,358
Non-operating income		
Interest income	17	170
Dividend income	13	1,853
Rental income from buildings	149	174
Foreign exchange gains	437	5,069
Share of profit of entities accounted for using equity method	1,395	383
Other	458	638
Total non-operating income	2,473	8,291
Non-operating expenses		
Loss on valuation of investment securities	1,362	1,942
Interest expenses	3,118	3,531
Commission expenses	869	601
Other	635	407
Total non-operating expenses	5,986	6,482
Ordinary profit	97,590	121,166
Extraordinary income		
Gain on bargain purchase	15,475	—
Total extraordinary income	15,475	—
Extraordinary losses		
Loss on step acquisitions	11,095	—
Loss on sale of shares of subsidiaries and associates	—	119
Impairment losses	—	58
Total extraordinary losses	11,095	178
Profit before income taxes	101,970	120,988
Income taxes - current	29,843	35,939
Income taxes - deferred	(611)	1,110
Total income taxes	29,232	37,050
Profit	72,738	83,937
Profit attributable to non-controlling interests	3,156	6,053
Profit attributable to owners of parent	69,582	77,884

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	72,738	83,937
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(45)
Foreign currency translation adjustment	1,731	10,888
Share of other comprehensive income of entities accounted for using equity method	3	12
Total other comprehensive income	1,744	10,855
Comprehensive income	74,483	94,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	71,329	88,749
Comprehensive income attributable to non- controlling interests	3,153	6,043

(3) Consolidated Statements of Changes in Equity

Fiscal year ended September 30, 2021

(Millions of yen)

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

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

Fiscal year ended September 30, 2022

(Millions of yen)

	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 during period					
Issuance of new shares - exercise of share acquisition rights	75	75			151
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)
Cancellation of treasury shares		(9,467)	(20,514)	29,982	—
Change in scope of consolidation			316		316
Change in ownership interest of parent due to transactions with non-controlling interests		151			151
Net changes in items other than shareholders' equity					
Total changes during period	130	(9,185)	42,037	(17)	32,964
Balance at end of period	20,070	19,882	286,286	(18)	326,221

	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	12	540	552	551	52,782	347,143
Changes during period						
Issuance of new shares - exercise of share acquisition rights						151
Issuance of restricted shares						109
Dividends of surplus						(15,648)
Profit attributable to owners of parent						77,884
Purchase of treasury shares						(30,000)
Cancellation of treasury shares						—
Change in scope of consolidation						316
Change in ownership interest of parent due to transactions with non-controlling interests						151
Net changes in items other than shareholders' equity	(47)	10,893	10,846	(77)	4,824	15,593
Total changes 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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	101,970	120,988
Depreciation	953	1,375
Share-based payment expenses	223	205
Increase (decrease) in provision for bonuses	745	1,014
Increase (decrease) in provision for share awards	47	(257)
Increase (decrease) in allowance for doubtful accounts	7	(17)
Increase (decrease) in provision for warranties for completed	41	99
Increase (decrease) in retirement benefit liability	(16)	7
Loss (gain) on sale of shares of subsidiaries and associates	—	119
Loss (gain) on valuation of investment securities	1,362	1,942
Share of loss (profit) of entities accounted for using equity	(1,395)	(383)
Loss (gain) on step acquisitions	11,095	—
Gain on bargain purchase	(15,475)	—
Interest and dividend income	(31)	(2,024)
Foreign exchange losses (gains)	(213)	(4,346)
Interest expenses	3,118	3,531
Amortization of bond issuance costs	24	—
Decrease (increase) in trade receivables	(826)	92
Decrease (increase) in inventories	(24,945)	(116,798)
Increase (decrease) in trade payables	2,036	13,833
Decrease (increase) in operating loans receivable	585	(6,384)
Increase (decrease) in contract liabilities	5,682	7,307
Increase (decrease) in guarantee deposits received	284	802
Increase (decrease) in deposits received	(321)	4,224
Decrease (increase) in advance payments to suppliers	(2,493)	(1,136)
Other, net	1,545	(2,303)
Subtotal	84,007	21,892
Interest and dividends received	26	2,024
Dividends received from entities accounted for using equity	—	207
Interest paid	(3,090)	(3,508)
Income taxes paid	(30,819)	(36,969)
Net cash provided by (used in) operating activities	50,123	(16,353)
Cash flows from investing activities		
Payments into time deposits	(125)	(0)
Purchase of property, plant and equipment	(1,786)	(3,139)
Proceeds from sale of property, plant and equipment	94	28
Purchase of intangible assets	(381)	(487)
Loan advances	(735)	(1,171)
Proceeds from collection of loans receivable	373	5,166
Purchase of investment securities	(7,644)	(3,203)
Proceeds from sale and redemption of investment securities	54	—
Purchase of shares of subsidiaries and associates	(403)	—
Proceeds from sale of shares of subsidiaries and associates	—	17
Proceeds from purchase of shares of subsidiaries resulting in	35,256	—
Payments for investments in capital of subsidiaries and	—	(3,174)
Repayment from investment in capital of subsidiaries and	—	3,107
Payments of leasehold and guarantee deposits	(1,688)	(1,934)
Proceeds from refund of leasehold and guarantee deposits	254	268
Other, net	274	156
Net cash provided by (used in) investing activities	23,541	(4,367)

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	275,146	262,358
Repayments of short-term borrowings	(280,633)	(212,514)
Proceeds from long-term borrowings	171,704	197,430
Repayments of long-term borrowings	(123,820)	(175,277)
Proceeds from issuance of bonds	9,957	—
Redemption of bonds	(242)	(242)
Proceeds from exercise of employee share options	193	98
Purchase of treasury shares	—	(30,000)
Repayments to non-controlling shareholders	—	(1,182)
Proceeds from share issuance to non-controlling shareholders	—	668
Dividends paid	(11,330)	(15,648)
Dividends paid to non-controlling interests	(388)	(997)
Net cash provided by (used in) financing activities	40,588	24,694
Effect of exchange rate change on cash and cash equivalents	809	6,858
Net increase (decrease) in cash and cash equivalents	115,063	10,832
Cash and cash equivalents at beginning of period	219,218	334,506
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	224	741
Cash and cash equivalents at end of period	334,506	346,080

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)
February 14, 2018 Note 2	9,300	57,472,900	29	4,061	29	3,845
February 15, 2018 to September 30, 2018 Note 1	39,600	57,512,500	32	4,094	32	3,877
October 1, 2018 to November 30, 2018 Note 1	40,000	57,552,500	63	4,158	63	3,941
February 14, 2019 Note 3	9,100	57,561,600	19	4,178	19	3,961
February 15, 2019 to March 31, 2019 Note 1	33,200	57,594,800	27	4,205	27	3,988
April 5, 2019 Note 4	8,100	57,602,900	16	4,221	16	4,004
April 6, 2019 to September 30, 2019 Note 1	15,600	57,618,500	13	4,234	13	4,017
October 1, 2019 Note 5	57,618,500	115,237,000	-	4,234	-	4,017
October 1, 2019 to December 31, 2019 Note 1	21,200	115,258,200	8	4,242	8	4,026
February 5, 2020 Note 6	25,500	115,283,700	40	4,283	40	4,066
February 6, 2020 to March 31, 2020 Note 1	72,800	115,356,500	32	4,315	32	4,098
July 28, 2020 Note 7	9,617,200	124,973,700	14,310	18,625	14,310	18,408
August 25, 2020 Note 8	684,600	125,658,300	1,019	19,644	1,019	19,427
August 26, 2020 to September 30, 2020 Note 1	160,800	125,819,100	97	19,741	97	19,524
October 1, 2020 to December 31, 2020 Note 1	21,600	125,840,700	8	19,750	8	19,533
February 10, 2021 Note 9	22,700	125,863,400	46	19,796	46	19,579
February 11, 2021 to September 30, 2021 Note 1	253,600	126,117,000	142	19,939	142	19,722
February 10, 2022 Note 10	18,700	126,135,700	54	19,994	54	19,777
February 11, 2022 to May 22, 2022 Note 1	149,000	126,284,700	75	20,070	75	19,853
August 31, 2022 Note 11	(5,796,800)	120,487,900	—	20,070	—	19,853

- Notes:
1. The increase was due to the exercise of share acquisition rights.
 2. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 6,320 yen
Additional paid-in capital: 3,160 yen
 3. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 4,265 yen
Additional paid-in capital: 2,132.5 yen
 4. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 3,990 yen
Additional paid-in capital: 1,995 yen
 5. The increase was due to a 2-for-1 stock split.
 6. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 3,175 yen
Additional paid-in capital: 1,587.5 yen
 7. The increase was due to the issuance of new shares for public offering (primary offering)
Issue price: 3,104 yen
Paid-in amount: 2,976 yen
Additional paid-in capital: 1,488 yen
 8. The increase was due to a third-party allotment with compensation (capital increase through a third-party allotment associated with a secondary offering of the Company's shares by way of over-allotment)
Issue price: 2,976 yen
Additional paid-in capital: 1,488 yen
Allottee: SMBC Nikko Securities Inc.
 9. The increase was due to the issuance of new shares with compensation for the purpose of granting restricted share-based remuneration.
Issue price: 4,100 yen
Additional paid-in capital: 2,050 yen
 10. 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
 11. The decrease was due to the cancellation of treasury shares.

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, 2021

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

Note: The above 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.

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 above 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

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

Fiscal year ended September 30, 2021

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

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

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	Kazuhiko Kamata	—	—	Executive Vice President of the Company	(Held) Direct: 0.1	Sale of real estate	Sale of real estate (Note)	114	—	—
Officer	Kotato 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.

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

Fiscal year ended September 30, 2021

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

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

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.

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.)
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.
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%)
November 2020	Opened “Tenjin Mansion Gallery” in Fukuoka-shi, Fukuoka Prefecture.
January 2021	Acquired additional shares of PRESSANCE CORPORATION Co., Ltd. and converted it to a consolidated subsidiary (ratio of voting rights holding: 64.45%)
March 2021	Changed the trading name of OH Real Estate Management Co., Ltd. to Open House Real Estate Co., Ltd.
October 2021	Launched the brokerage business in the Kansai area, opened “Umeda Sales Center” in Kita-ku, and “Tennouji Sales Center” in Abeno-ku, Osaka-shi, Osaka Prefecture."
January 2022	Shifted to a pure holding company structure, and changed the company name from Open House Co., Ltd. to Open House Group Co., Ltd.
April 2022	Transition to the Prime Market in Tokyo Stock Exchange.
January 2023	The head office relocated to JP Tower in Marunouchi, Chiyoda-ku, Tokyo.

XI. Corporate Data

Basic Information (as of September 30, 2022)

Company name:	Open House Group Co., Ltd. (Note) In January, 2022, Shifted to a pure holding company structure and changed the company name to the above.
Business inauguration:	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:	20,070 million yen
Number of employees:	4,493 persons (Consolidated)
Head office:	2-7-2 Marunouchi, Chiyoda-ku, Tokyo (Note) In January 2023, The head office relocated to the above location.
Telephone:	+81-3-6213-0776
Consolidated subsidiaries:	Open House Co., Ltd. Open House Development Co., Ltd. Open House Real Estate Co., Ltd. Open House Architect Co., Ltd HAWK ONE CORPORATION IB Net Co., Ltd PRESSANCE CORPORATION Co., Ltd. Open House Realty & Investments, Inc. Open House Texas Realty & Investments LLC Other 31 companies

Directors and Audit & Supervisory Board Members (as of September 30, 2022)

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**	Yuzo Toyama
Outside Audit & Supervisory Board Member**	Mieko Hosaka

* Outside Director ** Outside Audit & Supervisory Board Member

Stock Status (as of September 30, 2022)

Total number of authorized shares:	325,200,000 shares
Total number of issued shares:	120,487,900 shares
Number of shareholders:	8,377

Major shareholders (Top 10)

Name	Number of shares held	Shareholding ratio (excluding treasury shares) (%)
Masaaki Arai	38,237,200	31.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,429,300	10.31
Ichigo Trust PTE Limited (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	10,315,600	8.56
SMBC Trust Bank Ltd. (Trustee of Regulated Securities in Trust)	5,620,000	4.66
Custody Bank of Japan, Ltd. (Trust Account)	3,769,500	3.12
STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Mizuho Bank, Ltd.)	2,492,220	2.06
STATE STREET BANK AND TRUST COMPANY 510311 (Standing proxy: Mizuho Bank, Ltd.)	2,099,480	1.74
Hitoshi Imamura (Standing proxy: Mizuho Securities Co., Ltd.)	2,004,000	1.66
STATE STREET BANK CLIENT OMNIBUS OM04 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	1,483,156	1.23
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1,428,600	1.18

- Notes: 1. 5,500,000 shares out of 5,620,000 shares held by SMBC Trust Bank Ltd. as a trustee of regulated securities in trust pertain to a trust agreement between Masaaki Arai, President & CEO of the Company, as the settlor and beneficiary, and SMBC Trust Bank Ltd. as the trustee, the purpose of which is the management of shares. Therefore, the number of shares effectively held by Masaaki Arai is 73,737,200 shares and the shareholding ratio is 36.30%.
2. The Company holds 3,485 shares as treasury shares.

* This Annual Financial Summary is translated into English for the convenience of readers outside Japan and the information contained in this report is based on statutory materials in Japanese which are prescribed by Tokyo Stock Exchange and voluntary IR materials.

* 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.