[For Translation Purposes Only]

Open House Group Co., Ltd.
Financial Results for Second Quarter of FY2025
Conference Call and Financial Briefing Summary

■In the second quarter, operating profit increased 32% from the previous year, and profits at all levels exceeded initial forecasts.

■The full-year earnings forecast has been revised upward to a record high, with net profit expected to reach the 100 billion yen level.

■For the single-family homes business, inventory disposal was accelerated early in the previous period, realizing improved profitability in a short period of time. Going forward, against the backdrop of firm demand in major metropolitan areas, we will maintain profitability while expanding sales volume.

■The condominium business will begin selling properties for the next period, and purchases by wealthy buyers in city centers are also increasing.

■The property resale business has seen steady domestic and overseas demand for investment properties, resulting in improved

■In the U.S. real estate business, demand for rental single-family homes for occupancy remains firm, and there is no impact from Trump's tariffs on second-hand single-family homes.

■The tender offer for Presence Corporation has been completed. We will eliminate the parent-subsidiary listing structure and aim to maximize group profits going forward.

■With an equity ratio of 37.3% and a net D/E ratio of 0.6 times, our financial position remains sound even after the tender offer. In preparation for rising interest rates, we place importance on the interest coverage ratio, which was 23.0 times in the second quarter.

■The profit forecast and shareholder return policy for the three-year period from FY 2024 to 2026 have been revised upward. Net profit is expected to be 250 billion to 300 billion yen, and shareholder returns are expected to be 100 billion to 120 billion yen.

■The shareholder return policy has been set at a total return ratio of 40% or more, with dividends increased from 168 yen to 178 yen per share, and the total amount of share buybacks increased from 20 billion yen to 25 billion yen.

Conference Call for Analysts and Institutional Investors
Date and time: May 14, 2025, 17:30
Speaker: Kotaro Wakatabi, Senior Managing Director, CFO

Q&A:

【Q.1】 Regarding the future profit margin for the single-family homes business, with improvements to 17.0% in Q1 and 17.5% in the second quarter, is the full-year plan of 17.0% conservative?

【A.1】 The outlook for the full-year gross profit margin for single-family homes is 17.0%, which is somewhat conservative.

【Q.2】 According to various statistics, condominium prices have been soaring recently, making single-family homes appear to sell better. Additionally, the inventory of single-family homes in the market has decreased, leading to a decline in supply. The business environment seems to be favorable for your company, but are there any regional differences?

【A.2】 Due to high prices for land in central Tokyo 23 wards, procurement is difficult. In the surrounding areas of the 23 wards, as well as popular areas in Saitama, Kanagawa, and Chiba prefectures, the price gap between condominiums and single-family homes has widened, increasing the advantage of single-family homes.

【Q.3】 Are you raising the level of inventory? And is the procurement for that going well?

【A.3】 To increase sales, we need to build up more inventory as the current level is not enough. Thanks to smooth procurement, inventory has shifted from a decreasing to an increasing trend. This is also contributed by the addition of new graduates, which supplemented the manpower.

【Q.4】 In the second quarter, the gross profit margin was 18.5% for OHD and 15.4% for HO, showing a difference. What is the reason for this difference in gross profit margins between OHD and HO?

【A.4】 OHD has a higher proportion of land sales (where they sell the land and then contract the construction, known as "uritake") compared to HO because it is located closer to the city center. Additionally, the gross profit margin is higher for land sales than for built-for-sale properties. As a result, OHD's gross profit margin is higher due to this difference in sales mix. However, when comparing built-for-sale properties alone, there is no significant difference between the two companies."

【Q.5】On page 9 of the earnings presentation, is the 3.4% year-on-year increase in sales on a contract basis in line with expectations? While the number of contracted units is down year-on-year, how does it look when broken down between the metropolitan area and regional areas?

【A.5】The 3.4% year-on-year increase in sales is in line with expectations. Excluding the impact of rental housing units last year, the number of contracted units is roughly flat year-on-year. While Kansai saw an increase, the metropolitan area did not grow as much. However, prudent procurement efforts have paid off, steadily improving gross profit.

【Q.6】Can you aim for a double-digit growth in terms of the number of units for the next fiscal year?

【A.6】While maintaining this fiscal year's gross profit margin level, we aim to increase the number of units for the next fiscal year. Current sales are strong, and future procurement is crucial. In the Kansai region, double-digit growth in terms of units is possible, but nationwide, we are aiming for a 5% increase.

【Q.7】What is the reason for the improvement in the gross profit margin at Meldia?

【A.7】The gross profit margin improved in the second quarter due to the steady progress of land replacement, but we will proceed toward 15.3% for the full year.

【Q.8】I heard that there was a rush to non-listed builders in response to the revision of the Energy Conservation Law starting in April. I think this will be positive for major listed companies, but have there been any changes since April? Also, with regard to the Energy Conservation Law, is the Company in an environment where it is easy to receive orders?

【A.8】Regarding the building confirmation procedures from contractors, we have heard that building officials and designated confirmation inspection agencies are busy. However, in our group, there has been no significant impact on construction periods, etc. As for orders, there has been no particular change.

【Q.9】With regard to the property resale business, progress in the first half was low, but what is the outlook for the second half?

【A.9】 Property resale business is strong in the second half of the year. The first quarter started slowly, but the pace picked up in the second quarter. By maintaining this trend, we can achieve the full-year target.

【Q.10】 Investor demand for the investment real estate appears to be high, but is inbound demand also strong?

【A.10】 Demand from Asian investors continues to be high. They account for 20-30% of the property resale business.

【Q.11】 The property resale business mainly handles rental housing, but also offices, commercial properties, etc. Will the company start resort properties in the future?

【A.11】 There will be no major changes in the types of assets, with the focus remaining on rental housing.

(The apartment business developed by Meldia will be integrated into this segment from this fiscal year.)

【Q.12】 Has the acquisition of Pressance Corporation as a wholly owned subsidiary absorbed all of the noncontrolling interests in the BS?

Also, what will be the net profit attributable to noncontrolling interests in the PL?

【A.12】 Equity interests, etc. not included in the tender offer but acquired through a demand for sale on April 1, were recorded as 10.1 billion yen in the BS as of the end of the second quarter, and we plan to absorb most of them (excluding noncontrolling interests in other companies) from April onward.

Net profit attributable to noncontrolling interests was 3.5 billion yen in 1H and is expected to be almost zero in 2H.

【Q.13】 The cumulative net income for the three-year period has been raised from the initial plan of 250 billion yen to 300 billion yen.This fiscal year saw an upward revision of 18 billion yen, but how do you view the trend for the next fiscal year?

【A.13】 Subtracting 93 billion yen in the previous year and 100 billion yen in the current year from the cumulative total of 300 billion yen, we arrive at 107 billion yen for the next year. We will work out the breakdown by the end of the current fiscal year, but we believe we can achieve the forecast.

Consolidated Financial Highlights Briefing

Date: May 21th, 2025 (Wednesday) 10:00

Speakers: Masaaki Arai, President & CEO

Kotaro Wakatabi, Senior Managing Director, CFO

Environmental Awareness and Management Structure

■Outlook for real estate such as single-family homes

- Inventory adjustments were completed in the previous fiscal year, and the gross profit margin improved by 2.7 percentage points this fiscal year.
- Sales are strong due to high demand for single-family homes in metropolitan areas.
- Aiming to expand volume in the future, we will strengthen procurement for the next fiscal year.
- Demand is strong, and it is important to be able to supply at an appropriate price.
- Soaring condominium prices are affecting the increase in demand for single-family homes due to soaring construction costs.

■Trends in Investment Real Estate

- In the property resale business, gross profit margin declined in the previous fiscal year due to the impact of large properties, but improved in the current fiscal year.
- The results of solid accumulation of small-scale properties are showing.
- There is no competition in the U.S. real estate business, and the company is in a one-man win situation.
- We are also increasing investment properties aimed at wealthy individuals, such as NOT A HOTEL and MAI apartments.
- With the polarization of both Japan and the U.S., wealthy people are looking for places to invest, and there are great opportunities for business.

■Change in Management Structure

- In the new management structure starting from April, as a transition period, three individuals - Arai, Kamata, and Fukuoka - will have representative authority.
- Fukuoka, who will assume the position of president, has experience and understanding of the company's growth and is capable of leading future growth.
- Regarding existing business, we will proceed with delegating authority over the next six-month.

■ **New Business, Overseas Business and M&A**

・ I(Mr. Arai) decided that I was the most qualified person to create new business pillars.
・ Going forward, as a Director, Founder, and major shareholder, I will focus on three areas: new business, overseas operations and M&A.
・ We have a proven track record in M&A to date. The company will continue to handle future deals with a sense of urgency.

Strengths of the Single-Family Home Business

Please refer to Strengths of the Single-family home business" in the attached reference material.

■ **Single-Family Home Business (Market Environment)**

・ Condominium prices have soared while average floor space has decreased.
・ Demand for Single-family home is increasing among families in urban areas.

■ **Competitive Advantage**

・ High operating profit margin and fast recovery in urban areas.
・ The company's integrated manufacturing and sales operations eliminate intermediary margins and enable high turnover through in-house sales.

■ **Process Management System**

・ Manage construction process at approximately 3,000 sites simultaneously.
・ Appropriately manage the placement of carpenters and transportation of materials, despite narrow front roads and limited material storage areas.
・ This system is based on years of know-how and experience, and would be difficult to build independently even with financial resources.

＜**Q&A**＞

【Q.1】 Single-family homes related business does not appear to be that strong, with contract-based sales up 3.4% year-on-year, and the number of contracts has remained at just over 3,000 for some time, what do you think?

【A.1】 In the previous fiscal year, the figures looked better due to the effect of Meldia joining the group. In addition, the profit level was low in the previous period due to the effect of inventory disposal, so the actual profit level has improved even though the number of homes is at the same level.

【Q.2】 While this pace may be fine for the current fiscal year, looking ahead to the next fiscal year, isn't it necessary to increase the number of units sold even more?

【A.2】 Looking towards the next fiscal year, we need to increase our procurement. Due to the short business cycle, it's possible to generate sales for the next fiscal year even if we start procurement now.

【Q.3】 How do you envision the future curve of profit growth? There have been headwinds such as inventory adjustments for single-family homes and compliance responses, but will things be smooth going forward?

【A.3】 We are not satisfied with the current level of growth. As an independent company, we have become one of the largest in Japan, which in itself has become a competitive advantage.

【Q.4】 How will you respond to the rising construction costs, as construction costs for single-family homes are also increasing, though not as much as for condominiums, how will you respond to this?

【A.4】 The rise in building costs for single-family homes is moderate in comparison to the rise in land prices. Condominiums are experiencing a significant surge in construction costs, giving single-family homes an advantage. Additionally, for condominiums, we have general contractor functions through MELDIA Development & Construction and OHA. If we can internalize these functions, it will become an advantage.

【Q.5】 The inventory of condominiums has been increasing. Are you now able to pursue quantity?

【A.5】 While things are going well until next fiscal year, the current procurement for deliveries beyond that is challenging.

【Q.6】 What is the future position of the condominium business?

【A.6】 In the current environment, there is a risk in making condominiums the core of the group. The position will change according to future changes in the environment.

【Q.7】 Are you able to achieve higher added value through brand renewal?

【A.7】 Until now, we have primarily emphasized price competitiveness in each region. However, as the overall market prices have soared, we needed to change our direction. In a market where properties exceeding 100 million yen are no longer uncommon, we are now providing products of quality comparable to major companies.

【Q.8】 Will the property resale business, which has had high turnover until now, undertake new initiatives such as increasing added value under President Arai?

【A.8】 We don't want to increase inventory. While aiming for growth, we want to maintain a management state that keeps in mind not bankrupting the company. We are interested in high value-added businesses, but we don't want to extend the business period for that purpose.

【Q.9】 It seems that as a group, you are shifting from real demand to investment properties and offerings for wealthy clients. However, the growth pace feels slower compared to real demand. What are you considering to accelerate future growth?

【A.9】 Even during a recession, real demand doesn't disappear, so we will continue to grow based on real demand. Our strength lies in building up small details. For property resale, we are turning over properties up to 500 million yen at a high rate. If we approach the wealthy client business similarly, we should have a chance to succeed.

【Q.10】 How do you view the changes that are taking place now with regard to income levels?

【A.10】 The biggest change is the shift from deflation to inflation. Until now, I have managed the business under deflation, but consumers under 40 have no experience of price crashes, so they consider continued inflation to be normal. The wealthy will continue to be a key target, and we expect real estate to occupy a large portion of their investments.

【Q.11】 Given that the US real estate market is weak, isn't it a favorable environment for acquisitions?

【A.11】 The US market is not that bad. Regarding M&A, while our basic principle is to buy at low prices, the key is deciding whether to strictly adhere to this approach. In the US, interest rates are high, with businesses operating at 7-8%. As our company can raise funds domestically, we recognize that this gives us an advantage and expands our opportunities.

【Q.12】 What will be the structure of Pressance Corporation, now that it has become a wholly owned subsidiary?

【A.12】 We haven't been heavily involved up to now, and we don't plan to be in the future. Since the management structure was already solid from the beginning, we're leaving it to President Harada.

【Q.13】 With Pressance, there was a strong tendency for independent business operations rather than synergies. Will there be any acceleration of synergies going forward?

【A.13】 In terms of synergies, we want to fully utilize the group's resources for back-office support. We moved MELDIA Development & Construction under Pressance's umbrella and increased customer referrals from Wealth Management to Pressance.

【Q.14】 The change to a shareholder return policy of 40% total return ratio seems to be essentially the same as the previous policy of (20% dividend payout ratio + flexible share buybacks). Is this correct? Also, does this increased return reduce room for growth investments?

【A.15】 We clarified the return policy to include "flexible share buybacks" because we received many questions from investors about this. Additionally, our growth investment policy remains unchanged.

【Q.16】 While there are generational changes happening among competitors, it seems you could have taken on the role of chairman. What was the reason for going as far as relinquishing representative rights? Will you no longer be at the forefront?

【A.16】 As I am also a major shareholder, keeping representative rights would me no real change. For the next generation to grow, they need to make their own decisions. I want to return to being an entrepreneur and put pressure on myself as a director. Also, after stepping down as representative, I basically do not plan to be at the forefront.

【Q.17】 Are there any directions or ideas for new businesses that President Arai will be working on?

【A.17】 Focusing more on wealthy individuals rather than real demand. I would like to work on a business that can be expected to reach a scale of 50 billion yen in 3 years and 100 billion yen in 5 years.

(Reference)

Strengths of the Single-family Home Business

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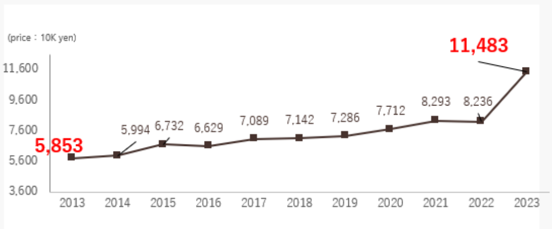
Strengths of the Single-family Home Business

Single-family Home Related Business (Market environment)

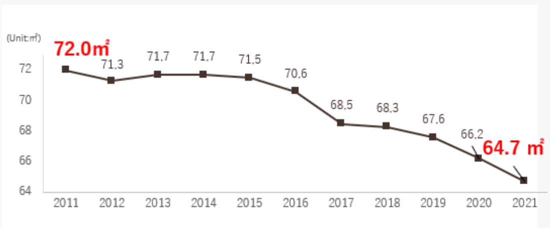
- Rising land prices and construction costs have led to soaring condominium price.
- The average area of condominiums is shrinking, creating strong demand for Single-family Home that offer living spaces at reasonable prices.

Trends in average prices of new condominiums (Tokyo's 23 wards)



Source: Real Estate Economic Institute Co., Ltd. "Trends in the New Condominium Market in the Metropolitan Area 2023"

Average exclusive area of new condominiums (Nationwide)



Source：Japan Housing Finance Agency「Survey on Housing Loans」

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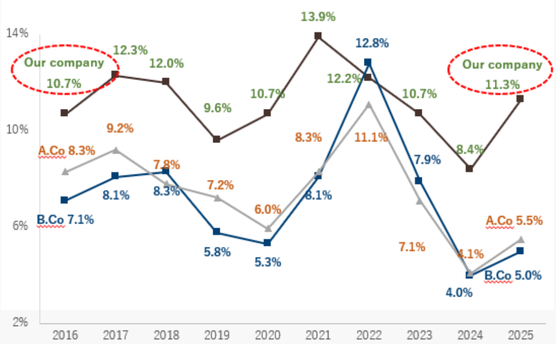
Strengths of the Single-family Home Business

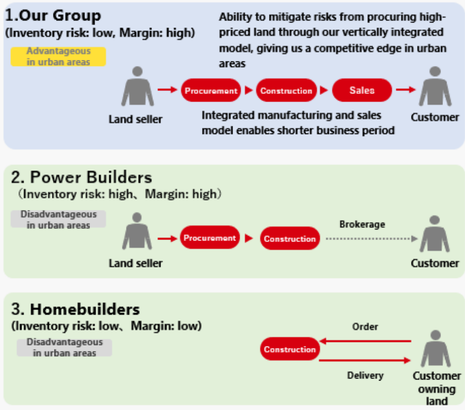
Competitive advantages

- Recovering profitability ahead of competitors due to recovering demand in urban areas.
- Vertically integrated "manufacturing-sales business model" where we handle in-house procurement, construction, and sales.

Trends in operating profit margins of our company focused on urban areas vs. other companies focused on regional areas



Source：A.Co・B.Co Disclosure materials



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Strengths of the Single-family Home Business

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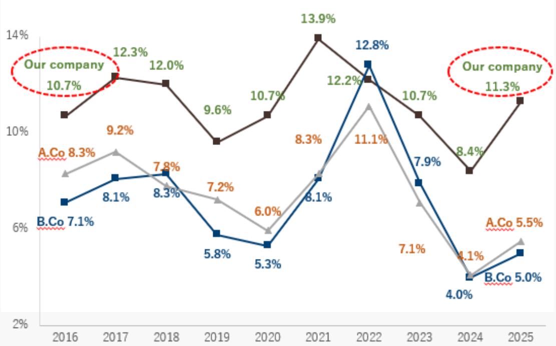

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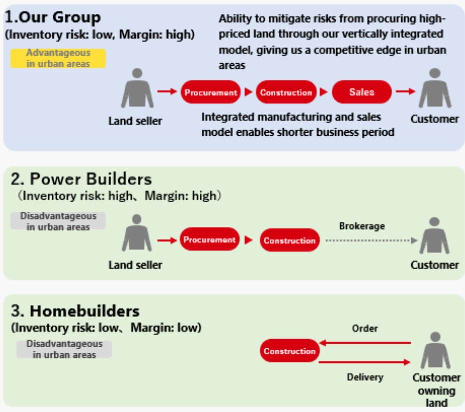

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