

[Translation for Reference Purpose Only]



November 12, 2021

To All Concerned Parties

Company Name: Open House Co., Ltd.
Representative: Masaaki Arai, President and CEO
Securities code: 3288, First section of TSE
Contact: Kotaro Wakatabi, Managing Director, CFO

Notice Regarding Company Split for Shifting to Holding Company Structure

The Company announces that the Board of Directors Meeting held today resolved to transfer the Single-Family Homes Related Business and other businesses, which the Company operates, to Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company (established on April 1, 2021; scheduled to change its corporate name to Open House Co., Ltd. on January 1, 2022 ; hereinafter referred to as the " Successor Company"), through a company split (hereinafter referred to as the "absorption-type company split"), for the transition to a pure holding company, and the Company concluded an absorption-type company split agreement with the Successor Company today. After the absorption-type company split, the Company plans to amend its articles of incorporation and change its corporate name to Open House Group, Co., Ltd. on January 1, 2022.

As the absorption-type company split is a simplified absorption-type split that makes a wholly-owned subsidiary of the Company succeed operating organizations, information and details disclosed here are omitted in part.

1. Background and Purpose

The Company has pursued "Housing desired by customers" since its foundation in 1997 as an intermediary company for the sale of newly-built single-family homes. In order to provide affordable housing in urban areas, the Company established Open House Development Co., Ltd. and established an integrated business model covering activities from the purchase of land to construction and sales, which had been unprecedented in the housing industry. Subsequently, with the aim of supplementing the construction function and expanding areas, the Company has strengthened its competitiveness in its mainstay Single-Family Homes Related Business utilizing M&As with Open House Architect Co., Ltd. (formerly named Asakawa Home Co., Ltd.) and Hawk One Co., Ltd.

The Company has also worked on building its business portfolio in the light of a changing external environment. This includes the Condominiums Business, which develops and sells new condominiums; the Property Resale Business, which purchases and sells real estate for investment; and, a business that sells used single-family homes in the US to wealthy investors in Japan who are interested in investing in overseas real estate.

In November 2020, the Company announced in its medium-term management plan (for October 2020 to September 2023) that it would aim for sales of 1 trillion yen in the final fiscal year. Currently, the Company is promoting efforts that include continuous growth centering on the Single-Family Homes Related Business, M&As, and new initiatives. In addition, Pressance Corporation Co., Ltd. (Securities code: 3254) was made a consolidated subsidiary in January 2021.

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(1) Speeding up decision making in business promotion

Each operating company will be responsible for promoting existing businesses. The Company will move forward with the transfer of authority and establish a system that enables us to make speedy decisions in promoting businesses, thereby strengthening our competitiveness and expanding businesses in response to a rapidly changing environment.

(2) Strengthening the functions for managing the group

The holding company will focus on managing the group and operations related to listed shares. Besides internal audits, investor relations, management of performance and finances of the group companies, and creation of synergies, the Company will also promote implementation of capital policies required for growth and new business development needed for the group's growth, such as M&As.

(3) Building a forward-looking management system

The Group aims to maximize corporate value across the Group and achieve sustainable growth by establishing a forward-looking management system, in order to optimally allocate management resources, secure and develop managerial personnel, and improve group governance.

2. Summary of the Absorption-type Company Split

(1) Schedule of the Absorption-type Company Split

- Board of directors' meeting to approve absorption-type company split agreement
November 12, 2021
- Execution of the absorption-type company split agreement
November 12, 2021
- Effective date of the absorption-type company split
January 1, 2022 (scheduled)

Because the absorption-type company split meets the requirements of a simplified corporate acquisition and separation, prescribed in Article 784, paragraph 2 of the Companies Act, for the Company and the requirements of an informal corporate acquisition and separation, prescribed in Article 796, paragraph 1 of the Companies Act for the Successor Company, both companies will carry it out without the approval for an absorption-type company split agreement, etc. of a resolution at a general meeting of shareholders.

(2) Method of the Absorption-type Company Split

In the absorption-type company split, the Company will be the Splitting Company, and Open House Preparatory Company Co., Ltd., a wholly-owned subsidiary of the Company, will be the Successor Company.

(3) Allotment of shares

In the absorption-type company split, the Successor Company is a wholly-owned subsidiary of the Splitting Company, and therefore it will not deliver shares or any other monies, etc.

(4) Subscription rights and bonds with subscription rights

There will be no change in subscription rights issued by the Company in connection with the corporate split. No bonds with subscription rights have been issued.

(5) Increase or decrease in capital stock, etc. as a result of the absorption-type company split

There will be no increase or decrease in capital stock of the Company.

(6) Rights and obligations succeeded by the Successor Company

With the absorption-type company split, the Successor Company will assume the assets, liabilities, labor contracts, and other rights and obligations related to the business that belongs to the Company on the effective date, to the scope stipulated in the absorption-type company split agreement. The liabilities that the Successor Company will assume shall be transferred in the form of concomitant assumption of obligations by the Company.

(7) Expected performance of liabilities

The Company and the Successor Company judge that there will be no problem with the performance of the liabilities of the Company and the Successor Company after the absorption-type company split since no event is currently assumed to occur that may hinder the performance of liabilities to be borne after the absorption-type company split.

3. Outline of the Parties to the Absorption-type Company Split

	The Splitting Company *1 (as of September 30, 2021)	The Successor Company *2 (established on April 1, 2021)
(1) Trade name *1*2	Open House Co., Ltd.	Open House Preparatory Company Co., Ltd.
(2) Location of head office	2-4-1 Marunouchi, Chiyoda-ku, Tokyo	3-3-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	Masaaki Arai, President & CEO	Kazuhiko Kamata, President & CEO
(4) Business	Real estate business	No business conducted before the absorption-type company split.
(5) Capital	19,939 million yen	100 million yen
(6) Date of Establishment	November 22, 1996	April 1, 2021
(7) No. of shares issued	126,117,000 shares	10,000 shares
(8) Fiscal year-end	September 30	September 30
(9) Major shareholders and shareholding ratio *3	Masaaki Arai *4 31.71% The Master Trust Bank of Japan, Ltd. (Trust account) 8.25% Ichigo Trust PTE. 7.90% SMBC Trust Bank, Ltd., a regulated securities trust trustee *5 4.45% Custody Bank of Japan, Ltd. (Trust account) 3.29%	Open House Co., Ltd. 100.00%

(10) Consolidated results of operations and financial position	
	FY2021 (non-consolidated)
Net assets	120,879 million yen
Total assets	234,340 million yen
Revenue	17,835 million yen
Operating income	2,699 million yen
Ordinary income	35,579 million yen
Profit attributable to owners of parent	35,088 million yen
Net assets per share	954.12 yen
Net income per share	278.56 yen

*1. The Splitting Company is scheduled to change its trade name to "Open House Group Co., Ltd." on January 1, 2022.

*2. The Successor Company is scheduled to change its trade name to "Open House Co., Ltd." on January 1, 2022.

*3. The shareholding ratio is the ratio of the number of shares held to the total number of issued shares (excluding treasury stock) (rounded down to three decimal places).

*4. and *5. Out of the shareholding ratio of SMBC Trust Bank, Ltd., a regulated securities trust trustee, 4.36% is under a trust agreement for the purpose of managing shares with Masaaki Arai, Representative, President and CEO of the Company, as the settlor and beneficiary, and SMBC Trust Bank, Ltd. as the trustee. Accordingly, the substantial shareholding ratio of Masaaki Arai is 36.07%.

4. Outline of the Business Divisions to be Split

(1) Main business of the divisions to be split

The Company's Single-Family Homes Related Business and other businesses, and businesses related to operational support by dispatching loaned employees to subsidiaries and investment destinations.

(2) Financial results of the Business (FY2021)

	Actual performance of the business to be split (a)	Actual non-consolidated performance of the Company (b)	Ratio (a/b)
Revenue	17,835 million yen	17,835 million yen	100%

(3) Items and book values of the assets and liabilities to be split (as of September 30, 2021)

Assets		Liabilities	
Item	Amount	Item	Amount
Current Assets	109 million yen	Current Liabilities	1,071 million yen
Fixed Assets	2,180 million yen	Fixed Liabilities	0
Total	2,289 million yen	Total	1,071 million yen

(Note) The items and amounts of assets and liabilities to be split in the above businesses will be determined, based on the balance sheet as of September 30, 2021 and other calculations as of the same date, plus or minus an increase or decrease in them until the effective date of the

absorption-type company split. Therefore, the amounts to be transferred on an actual basis will be different from those above. As of September 30, 2021, assets are expected to exceed liabilities.

5. Situation after the Absorption-type Company Split (as of January 1, 2022 [scheduled])

	The Splitting Company
(1) Trade name	Open House Group Co., Ltd
(2) Description of business	Business, etc. related to group business management
(3) Representative	Masaaki Arai, President and CEO
(4) Location of head office	2-4-1 Marunouchi, Chiyoda-ku, Tokyo
(5) Capital	JPY 19,939 million
(6) Fiscal year-end	September 30

6. Situation of the Successor Company after the absorption-type company split (as of January 1, 2022 [scheduled])

	The Successor Company
(1) Trade name	Open House Co., Ltd.
(2) Description of business	Real estate business
(3) Representative	Kazuhiko Kamata, President and CEO
(4) Location of head office	1-13-9 Shibuya, Shibuya-ku, Tokyo
(5) Capital	100 million yen
(6) Fiscal year-end	September 30

7. Outlook for the future

The impact of the absorption-type company split on the Company's consolidated financial results is insignificant. As a result of the absorption-type company split, the Company's revenue is expected to be mainly comprised of dividend income, etc. from group companies, and expenses will be mainly caused as operating expenses, etc. as a holding company.

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