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Notice regarding Waiver of Loans to a Consolidated Subsidiary and the Transfer of Shares

Sansei Landic Co., Ltd. (hereinafter referred to as “the Company”) hereby announces that at the extraordinary meeting of the Board of Directors held on March 24, 2022, it was resolved that the Company will waive its loans (hereinafter referred to as the “waiver of loans”) to One’s Life Home, Inc., which is a consolidated subsidiary of the Company (hereinafter referred to as “OLH”). It was also concluded that the Company will transfer all the shares of OLH (hereinafter referred to as the “transfer of shares”). Through the transfer of shares, OLH will be deconsolidated from the consolidated financial statements.

1. Reasons for the waiver of loans and the transfer of shares

In 2005, the Company established OLH, whose primary business has been custom-built housing, remodeling and renovation, to create business synergies among group companies.

OLH has tried to expand the business by offering highly competitive services based on its high-quality design and construction capabilities among other things, mainly in the Jonan and Josai areas in Tokyo. In recent years, OLH has been steadily working on business structural reforms such as marketing enhancement, sales reforms, and thorough cost control despite the severe business environment with increasing competitors, the spread of COVID-19, and the shortage of wood and its soaring price. As a result, signs of improvement in profitability have surely begun to appear. The Company have made various efforts to create business synergies among group companies over the past few years, but the Company could not produce the results the Company initially expected.

On the other hand, in February 2022, the Company formulated a medium-term management plan for 2022-2024. In this plan, the Company are “strengthening the business foundation” and focusing on “expansion of existing businesses” and “expansion of business domain.” The Company will concentrate our management resources on new initiatives for further growth from 2025.

The Company also discussed the position of OLH in the business portfolio of the Company’s group and carefully considered the optimal solutions for OLH customers, OLH employees, and the Company. As a result, the Company concluded that achieving business growth by creating business synergies with the support of Aikawa Three F Co. Ltd. (hereinafter referred to as “Aikawa”), which has sufficient achievements and knowledge in a wide range of housing construction businesses, such as wooden construction and RC, and building materials business, would lead to the further development of OLH. Thus, the Company resolved to transfer the shares. In addition, as part of the conditions of the agreement for the transfer of shares, the Company

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have resolved to waive all the loans to OLH.

Moreover, one director of the Company is also a director of OLH, and one corporate auditor of the Company is also a corporate auditor of OLH. Both are planning to resign as officers of OLH upon the transfer of shares.

2. Overview of the subsidiary to be deconsolidated from the consolidated financial statements

(1) Name	One's Life Home, Inc.		
(2) Address	3-21-8 Seijo, Setagaya City, Tokyo		
(3) Title and name of the representative	Shoji Matsuura, Representative Director		
(4) Business description	Custom-built housing business and remodeling and renovation business		
(5) Capital	20,000,000 yen		
(6) Date of establishment	March 3, 2005		
(7) Major shareholders and equity ratio	Sansei Landic Co., Ltd.: 100%		
(8) Relationship between the parties	Capital relationship	The Company owns 100% of the shares of the subsidiary.	
	Personnel relationship	A director and a corporate auditor of the Company also serve as a director and a corporate auditor of the subsidiary, respectively.	
	Business relationship	The Company conducts transactions such as loans with the subsidiary.	
(9) Business performance and financial position of the subsidiary in the last 3 years (unit: 1,000 yen)			
Fiscal-year end	12/2019	12/2020	12/2021
Net assets	(539,095)	(576,012)	(724,585)
Total assets	463,808	251,458	393,217
Net asset per share (yen)	(1,347,739)	(1,440,030)	(1,811,462)
Net sales	1,818,870	1,719,895	1,317,443
Ordinary income	(63,189)	(7,499)	(148,392)
Net income	(61,224)	(36,916)	(148,572)
Net income per share (yen)	(153,060)	(92,290)	(371,432)

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3. Overview of the counterpart to which the shares will be transferred

(1) Name	Aikawa Three F Co. Ltd.	
(2) Address	3-7-8 Minato Town, Funabashi City, Chiba Prefecture	
(3) Title and name of the representative	Kazutomi Aikawa, Representative Director	
(4) Business description	Construction business including new housing, renovation, and apartments Housing and building materials business	
(5) Capital	30,000,000 yen	
(6) Date of establishment	April 1958	
(7) Relationship between the parties	Capital relationship	Nothing is applicable.
	Personnel relationship	Nothing is applicable.
	Business relationship	Nothing is applicable.
	Circumstances relevant to the related parties	Nothing is applicable.

Net assets and total assets are not listed at the request of Aikawa Three F.

4. Number of shares to be transferred, transfer price, and number of shares owned before and after the transfer

(1) Number of shares owned before the transfer	400 shares (voting rights: 100%)
(2) Number of shares to be transferred	400 shares
(3) Number of shares owned after transfer	0 shares (voting rights: 0%)

The transfer price is not disclosed due to confidentiality obligations between the two parties, but the decision was made after fully verifying the validity of the transfer price and in consultation with the counterpart of the share transfer.

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5. Details on the waiver of loans

(1) Type of receivables	Loan
(2) Amount of loans to be waived	730,000,000 yen

6. Schedule

(1) Resolution of the board of directors	March 24, 2022
(2) Date of conclusion of the share transfer agreement	March 24, 2022
(3) Execution date of the transfer of shares and the waiver of loans	March 31, 2022 (scheduled)

7. The impact on business performance

The waiver of loans has no impact on business results because it has been recorded in the allowance for doubtful accounts in the past fiscal year.

In addition, due to the effect on the calculation of corporate income taxes following the waiver of loans and the transfer of shares, a decrease in corporate income taxes of approximately 230 million yen is expected. The Company also anticipates that the recording of profit/loss due to the transfer of shares and the sales decrease due to the exclusion of OLH from the consolidation scope might have an impact on the business performance.

Details are currently under scrutiny and will be announced as soon as they are finalized.