



April 15, 2022

Company name: Open House Group Co., Ltd.
Name of representative: Masaaki Arai, President and CEO
(Code 3288, TSE Prime)
Inquiries: Kotaro Wakatabi, Senior Managing Director and CFO

Notice Regarding the Issuance of Stock Acquisition Rights as Stock Options

Open House Group Co., Ltd. ("the Company") hereby announces that at a meeting of the Board of Directors held on April 15, 2022, the Company resolved to issue stock acquisition rights as stock options to Executive Officers and Employees of the Company and Employees of the Company's Subsidiaries, as detailed below.

1. Reason for the issuance of stock acquisition rights as stock options

The purpose of the issuance of stock acquisition rights is to provide stock options to Executive Officers and Employees of the Company and Employees of the Company's Subsidiaries in order to help further increase the stock value and consolidated financial results of the Company and Open House Group as a whole.

2. Terms and conditions of the issuance of stock acquisition rights

(1) Name of stock acquisition rights

Open House Group Co., Ltd. 8th Series of Stock Acquisition Rights

(2) Total number of subscription rights to shares

2,776 units

The above total number is the number to be allotted, and the subscription rights to shares shall be allotted on condition that the persons to whom subscription rights to shares are allotted apply for their respective allotted number as resolved by the Board of Directors of the Company. If the number of applications is less than the planned number of allocations, the number of allocations shall be the number of applications.

- (3) Eligible persons and the number of persons to whom subscription rights to shares are allotted and the number of subscription rights to shares to be allotted

Executive Officer of the Company:	3 persons, 300 units
Employees of the Company:	9 persons, 676 units
Employees of the Company's subsidiaries:	30 persons, 1,800 units

- (4) Class and number of shares subject to the stock acquisition rights

The class of shares subject to the stock acquisition rights shall be shares of the Company's common stock and the number of shares subject to each stock acquisition right (hereinafter, the "Number of Shares to be Granted") shall be 100 shares. The common stock of the Company is fully voting stock. It is standard common stock of the Company with no limitation on the nature of its rights. The number of shares constituting one unit is 100.

However, if the Company splits its common stock (including gratis allotment of common stock of the Company; the same shall apply hereinafter to the description of a share split) or consolidates its common stock after the date on which the subscription rights to shares are allotted (hereinafter referred to as "Allotment Date"), the Number of Granted Shares shall be adjusted according to the following formula, and any fraction less than 1 share resulting from such adjustment shall be rounded down.

Post-adjustment Number of Shares to be Granted = Pre-adjustment Number of Shares to be Granted x Stock split or stock consolidation ratio

In addition, if there are other compelling circumstances that require the adjustment of Number of Granted Shares other than the above, the Board of Directors of the Company shall be able to adjust the Number of Granted Shares within a reasonable range. Any fraction less than 1 share resulting from the above adjustment shall be rounded down.

- (5) Allotment Date of subscription rights to shares

May 10, 2022

- (6) Amount to be paid in for subscription rights to shares or method for calculating such amount
 The option price per share (any fraction less than 1 yen shall be rounded off) shall be calculated based on the Black-Scholes model as follows on the Allotment Date of the subscription rights to shares.

Black-Scholes model

$$C = Se^{-qT}N(d) - Xe^{-rT}N(d - \sigma\sqrt{T})$$

Here,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share (C)
- (ii) Stock price (S): the closing price of shares of common stock of the Company in regular trading at the Tokyo Stock Exchange on May 10, 2022 ("the Allotment Date") (If there is no closing price on that date, then the base price on the following trading day.)
- (iii) Exercise price (X): the amount obtained by multiplying the average closing price of the ordinary transactions for the common stock of the Company at the Tokyo Stock Exchange on each day of the month immediately preceding the month including the Allotment Date of the subscription rights to shares (excluding days when no transaction is made) by 1.05, and any fraction less than 1 yen shall be rounded up. However, if the amount is less than the closing price on the Allotment Date (if there is no closing price on the day, the closing price on the immediately preceding day), the closing price on the Allotment Date shall be used.
- (iv) Projected remaining time period (T): 6.0 years
- (v) Share price volatility (σ): the share price volatility calculated based on the closing price of the ordinary transactions for the common stock of the Company on the last trading day of each week from May 10, 2016 to May 10, 2022.
- (vi) Risk-free interest rate (r): The interest rate for Japanese government bonds with remaining terms corresponding to the projected remaining period
- (vii) Dividend yield (q): dividend per share (dividends for the fiscal year ended September 30, 2021) / stock price as defined in (ii) above
- (viii) Cumulative distribution function of standard normal distribution (N)

Such amount calculated from the above is the fair value of the subscription rights to shares and does not constitute a favorable issuance. In addition, persons to whom subscription rights to shares have been allotted shall offset any payroll claims held against the Company in lieu of payment of monies.

(7) Amount of assets to be invested upon exercise of stock acquisition rights

The value of assets to be contributed upon the exercise of each subscription right to shares shall be the amount obtained by multiplying the amount to be paid in per share (hereinafter referred to as the "Exercise Price") determined as follows by the Number of Granted Shares.

Exercise Price shall be the amount obtained by multiplying the average closing price of the ordinary transactions for the common stock of the Company at the Tokyo Stock Exchange on each day of the month immediately preceding the month including the Allotment Date of the subscription rights to shares (excluding days when no transaction is made) by 1.05, and any fraction less than 1 yen shall be rounded up. However, if the amount is less than the closing price on the Allotment Date (if there is no closing price on the day, the closing price on the immediately preceding day), the closing price on the Allotment Date shall be used.

If the Company splits or consolidates its common stock of the Company after the Allotment Date of the subscription rights to shares, the Exercise Price shall be adjusted according to the following formula, and any fraction less than 1 yen resulting from such adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{split and consolidation ratio}}$$

In addition, if the Company issues new shares of common stock of the Company or disposes of its treasury stock at a price lower than the market price (excluding the issuance of new shares and the disposal of treasury shares based on the exercise of subscription rights to shares and the transfer of treasury shares through a share exchange) after the Allotment Date of the subscription rights to shares, the Exercise Price shall be adjusted according to the following formula. Any fraction less than 1 yen resulting from the adjustment shall be rounded up.

Exercise Price after adjustment = Exercise Price before adjustment

$$\times \frac{\text{number of outstanding shares} + \frac{\text{number of newly issued shares} \times \text{amount to be paid in per share}}{\text{market price per share}}}{\text{number of outstanding shares} + \text{number of newly issued shares}}$$

In the above formula, the "number of outstanding shares" shall be the total number of outstanding shares of common stock of the Company less the number of treasury shares relating to the shares of common stock held by the Company. In the event that treasury shares are disposed of, the "number of newly issued shares" shall be read as "number of shares to be disposed of" and the "amount to be paid in per share" shall be read as "amount to be disposed of per share."

In addition, the Exercise Price shall be adjusted to the extent necessary and reasonable in the event of a merger of the Company, a company split or any other similar event where adjustment of the Exercise Price is required after the Allotment Date of the subscription rights to shares.

(8) Period for the exercise of stock acquisition rights

From April 16, 2024 to April 15, 2032

(9) Conditions for the exercise of stock acquisition right

- (i) Holders of subscription rights to shares shall be required to be Directors or employees of the Company or its subsidiaries or persons in other equivalent positions at the time of exercising the subscription rights to shares. However, this shall not apply in the event of retirement or mandatory retirement at the expiration of the term of office, or in the event that the Board of Directors of the Company finds that there is a justifiable reason.
- (ii) If a holder of subscription rights to shares dies, his/her heir may succeed to the subscription rights to shares. However, in such cases, the heir may exercise the subscription rights to shares only for a period of 6 months from the day on which the holder of the subscription rights to shares died.

(10) Matters concerning increases in capital stock and capital surplus when stock is issued upon the exercise of stock acquisition rights

- (i) The increase in capital stock when stock is issued upon the exercise of stock acquisition rights shall be one half of the maximum value of the increase in capital, etc. calculated in accordance with Article 17, Paragraph (1) of the Corporate Accounting Regulation, and when the results of calculations include fractions of yen, these fractional values shall be rounded up to the nearest yen.
- (ii) The increase in capital surplus when stock is issued upon the exercise of stock acquisition rights shall equal the maximum value of the increase in capital, etc. shown in item (i) above, less the value of the increase in capital stock prescribed in item (i) above.

(11) Acquisition of subscription rights to shares

The Company may acquire subscription rights to shares on the date separately determined by the Board of Directors of the Company without any compensation if proposals (i) through (v) below are approved by the general meeting of shareholders of the Company (if a resolution of the general meeting of shareholders is not required, a resolution of the Board of Directors of the Company).

- (i) A proposal to approve a merger agreement under which the Company will become a non-surviving company
- (ii) A proposal to approve a split agreement or a split plan under which the Company will become a splitting company
- (iii) A proposal to approve a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary

- (iv) A proposal to approve an amendment to the articles of incorporation to create a provision, as a feature of all shares issued by the Company, that approval of the Company shall be required for the acquisition of such shares by transfer
- (v) A proposal to approve an amendment to the articles of incorporation to create a provision, as a feature of a class of shares underlying subscription rights to shares, that approval of the Company shall be required for the acquisition of such class of shares by transfer or that the Company shall acquire all of such class of shares by a resolution by the general meeting of shareholders of the Company

In addition, if the holders of the subscription rights to shares cease to satisfy the conditions for exercising the subscription rights to shares as a result of (9) above, the Company may acquire the subscription rights to shares on the date separately determined by the Board of Directors of the Company without any compensation.

- (12) Treatment of subscription rights to shares in case of organizational restructuring of the Company
In the event the Company merges (limited to cases where the Company becomes a non-surviving company as a result of merger), performs an absorption-type company split or an incorporation-type company split (limited to cases where the Company is to become a splitting company respectively), or conducts a share exchange or a share transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to as "Organizational Restructuring"), subscription rights to shares of a company described in Article 236, Paragraph (1), Items (viii) (a) through (e) of the Companies Act (hereinafter referred to as "Restructured Company") shall be delivered respectively to holders of unexercised subscription rights to shares (hereinafter referred to as "Remaining Subscription Rights to Shares") immediately prior to the effective date of the Organizational Restructuring. Provided, however, that the delivery of subscription rights to shares of the Restructured Company in accordance with the following items shall be subject to the provisions of the absorption-type merger agreement, incorporation-type merger agreement, merger-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
 - (i) Number of stock acquisition rights of the Restructured Company to be issued
The numbers of stock acquisition rights to be issued shall be the same as the numbers of Remaining Subscription Rights to Shares held by the respective stock acquisition right holders.
 - (ii) Class of the Restructured Company's shares subject to the stock acquisition rights
Shares of the common stock of the Restructured Company
 - (iii) Number of the Restructured Company's shares subject to stock acquisition rights
To be determined in accordance with item (4) above, after considering the conditions of the Organizational Restructuring and other factors.

(iv) Value of assets to be contributed upon exercise of subscription rights to shares

The value of assets to be contributed upon the exercise of each subscription right to shares shall be the amount obtained by multiplying the Exercise Price after restructuring, which is obtained by adjusting the Exercise Price determined in (7) above in consideration of the conditions, etc. of the Organizational Restructuring, by the number of shares of the Restructured Company to be issued upon the exercise of such subscription rights to shares, which is determined in accordance with (iii) above.

(v) Period for the exercise of stock acquisition rights

The period for the exercise of stock acquisition rights shall begin on the starting date of the exercise period for stock acquisition rights stipulated in item (8) above or the effective date of the Organizational Restructuring, whichever is later, and shall continue until the final day of the period for the exercise of the stock acquisition rights stipulated in item (8) above.

(vi) Matters concerning increases in capital stock and capital surplus when stock is issued upon the exercise of stock acquisition rights

To be determined in accordance with item (10) above.

(vii) Restrictions on the acquisition of stock acquisition rights through transfers

Any acquisition of stock acquisition rights through a transfer shall require the approval by resolution of the Board of Directors of the Restructured Company.

(viii) Provisions for the acquisition of stock acquisition rights

To be determined in accordance with item (9) above.

(ix) Other conditions for the exercise of stock acquisition rights

To be determined in accordance with item (11) above.

(13) Matters concerning the transfer of stock acquisition rights

Any acquisition of stock acquisition rights through a transfer shall require approval by resolution of the Board of Directors of the Company.

(14) Issuance of certificates for subscription rights to shares

Certificates for subscription rights to shares shall not be issued.