



November 9, 2017

Press release (Translation only)

Company: Daiwa House Industry Co., Ltd.
(Code number:1925,
First Section of the Tokyo Stock Exchange)
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Notification of Acquisition of Shares (Conversion to Sub-subsidiary) of acca international Co., Ltd. by SCS Holdings inc.

Daiwa House Industry Co., Ltd. (the “Company”) resolved in its Board of Directors’ meeting on November 9, 2017 to acquire all of the issued shares of acca international Co., Ltd. (“acca”) through SCS Holdings inc. (“SCS”), a Group company of the Company, and make it a sub-subsidiary of the Company. The details are as follows.

1. Reasons for the Acquisition of Shares

The Daiwa House Group (the “Group”) is working on businesses to develop logistics facilities and maintains logistics centers in areas throughout Japan. On this occasion, it aims to achieve the establishment of next-generation logistics centers that include enhancements not only in hardware but also software aspects by incorporating acca, which has strengths in the e-commerce field, into the Group. The acquisition of shares will be implemented via SCS, a Group company of the Company.

SCS operates Frameworkx, Inc. as a subsidiary, which provides logistics consulting services and builds logistics systems that have potential synergies with acca. By SCS acquiring acca’s shares and making it a Group company of the Company, the Company intends to promptly maximize the Group’s synergy and provide services that accurately fit customer needs.

acca possess know-how of fulfillment service operations* for the apparel industry. By spreading this know-how to customers of the Group, further business expansion will become possible beyond the apparel industry.

The Group will bring in fulfillment service business in the e-commerce field where future growth is expected. In doing so, it plans to further improve the proposal capabilities of the

Company's logistics facilities by building next-generation logistics centers that combine other logistics software functions.

On November 15, 2017, SCS will change its name to Daiwa LogiTech inc. ("Daiwa LogiTech"). Meanwhile, as labor shortages grow more severe in the logistics field as well, through the utilization of big data obtained via improvements in computer performance the evolution of artificial intelligence (AI) and robots equipped with AI is remarkable.

Through introducing these cutting edge technologies to the logistics field, the Group aims to contribute to society in general by providing a logistics platform capable of efficiency and automation as a comprehensive service.

Daiwa LogiTech will use 'logitech', a coinage of logistics and technology, as its company name. To contribute to solving the problems of the entire logistics industry, it will play a key role in the establishment of the Connected Logistic Network, a next-generation logistics platform that holds the Intelligent Logistics Center, a next-generation type logistics facility. In turn, Daiwa LogiTech will continue to work on improving services for customers utilizing logistics.

(Note) In mail-order selling, fulfillment refers to all of the administrative operating tasks required from product ordering to delivery to an orderer.

2. Overview of Share Acquisition

(1) Overview of acca

1)	Company name	acca international Co., Ltd.	
2)	Head office	Shiodome Plaza Bldg, 4F, 2-11-4, Higashishimbashi, Minato-Ku, Tokyo	
3)	Representative	Hirokazu Kato, President and CEO	
4)	Business lines	E-commerce fulfillment service	
5)	Capital	20 million yen	
6)	Established	January 20, 2006	
7)	Principal holders of voting rights and percentage of voting rights held	Hirokazu Kato	50.0%
		Nari Kato	50.0%
8)	Business between the Company and acca	Capital relationship	The Company has no relevant capital relationships with acca.
		Personal relationship	The Company has no relevant personal relationships with acca.
		Business relationship	The Company has no relevant business relationships with acca.

9) Operating results and financial position of acca for the past three fiscal years			
Fiscal year end	February 2015	February 2016	February 2017
Net assets	153 million yen	163 million yen	165 million yen
Total assets	486 million yen	608 million yen	652 million yen
Net sales*	1,159 million yen	1,593 million yen	2,028 million yen
Operating income	87 million yen	2 million yen	10 million yen
Ordinary income	92 million yen	10 million yen	12 million yen
Net income for the year	63 million yen	10 million yen	2 million yen

* Amount including tax

(2) Overview of Company from which Shares are Acquired

1) Names	Hirokazu Kato, Nari Kato
2) Relationships between the Company and Individuals	The Company has no relevant capital, personal, or business relationships with the Individuals. Moreover, the Company has no other relevant relationships with the Individuals.

(3) Number of Shares to be Acquired and State of Ownership of Shares Before and After Acquisition

1) Number of shares held before transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)
2) Number of Shares to be Acquired	200 shares (Number of voting rights: 200)
3) Number of shares held after transfer	200 shares (Number of voting rights: 200) (Percentage of voting rights held: 100%)

(Note) As provided in the share purchase agreement, the Company has an obligation to maintain confidentiality and not disclose the acquisition value.

3. Schedule

(1) Resolution of the Board of Directors' meeting	November 9, 2017
(2) Conclusion of share purchase agreement	November 9, 2017
(3) Transfer of shares	November 30, 2017 (planned)

4. Outlook

Through this, acca will become a consolidated subsidiary of the Company. The effect on future consolidated results will be minor.