

# Quarterly Report

## Consolidated Financial Results in Q3 of FY2018

3rd Quarter aggregated : 9 months ended February 28, 2018

### TAMA HOME CO.,LTD.

This report is provided solely for the information of professional analysts who are expected to make their own evaluation of the company. This report contains forward-looking statements that are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, currency exchange rates, etc.

We accept no liability whatsoever for any direct or consequential loss arising from any use of this report.

## Contents

1. Consolidated Financial Highlights .....	2
3rd Quarter aggregated : 9 months ended February 28, 2018	
2. Consolidated Financial Statements	
(1) Consolidated Statement of Financial Position .....	3
(2) Consolidated Statement of Comprehensive Income .....	5
(3) Segment Information .....	6

# 1. Consolidated Financial Highlights

## (1) Revenue and Profit

(Millions of Yen)

	Consolidated cumulative Third quarter			
	February 28, 2017 (3Q)	February 28, 2018 (3Q)	Variance	
			Amount	(%)
Net sales	98,762	109,313	10,551	10.7
Operating income	△ 1,328	278	1,606	—
Operating margin	—	0.3%	—	—
Ordinary income	△ 1,639	△ 268	1,371	—
Ordinary margin	—	—	—	—
Income (loss) before income taxes and minority interests	△ 1,794	△ 926	868	—
Income rate before income taxes and minority interests	—	—	—	—
Income (loss) attributable to owners of parent	△ 1,851	△ 1,055	795	—
Income rate attributable to owners of parent	—	—	—	—
Net income (loss) per share(Yen)	△ 61.59	△ 35.11	26.48	—
Diluted net income per share	—	—	—	—
Return on equity	—	—	—	—
Ordinary income to total assets ratio	—	—	—	—
Operating income to sales	—	—	—	—

## (2) Financial Position

	The end of the quarter			
	May 31, 2017 (4Q)	February 28, 2018 (3Q)	Variance	
			Amount	(%)
Total assets	83,350	96,308	12,957	15.6
Net assets	14,088	12,476	△ 1,612	△ 11.4
Equity ratio	16.7%	12.9%	△ 3.8%	—
Total equity per share of common stock	463.12	413.95	△ 49.17	△ 10.6

<Consolidated financial forecasts for the fiscal year ending May 31, 2018>

	For the year ended/ending			
	May 31, 2017	May 31, 2018	Variance	
			Amount	(%)
Net sales	157,001	170,200	13,199	8.4
Total accumulated other comprehensive income (loss)	3,901	4,000	99	2.5
Ordinary income	3,475	3,600	125	3.6
Net income (loss)	901	1,600	699	77.6
Income (loss) per share of common stock (Yen)	30.00	53.23	23.23	77.4
Cash dividends per share of common stock applicable to the year	15.0	30.0	15.0	100.0
Interim dividend(Yen)	0	0.0	0	—
Year-end dividend(Yen)	15.0	30.0	15.0	—
Annual dividend(Yen)	15.0	30.0	15.0	—

## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of Yen)

	The end of period		The end of the 3rd quarter		Variance		The end of the 3rd quarter	
	May 31, 2017		February28, 2018				February28,2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>Assets</b>								
<b>Current assets</b>								
Cash and deposits	26,706		27,452		746		27,611	
Notes receivable, accounts receivable from completed construction	1,517		1,166		△ 351		1,101	
Operating loans	2,971		4,191		1,219		4,915	
Real estate for sale	4,682		3,788		△ 894		5,851	
Cost on uncompleted construction contracts	5,905		14,317		8,411		12,740	
Real estate for sale in process	9,055		12,283		3,228		8,584	
Other inventories	441		581		140		520	
Deferred tax assets	1,105		1,143		37		1,031	
Other	1,657		2,149		491		2,239	
Allowance for doubtful accounts	△ 6		△ 5		0		△ 12	
Total current assets	54,037	64.8	67,067	69.6	13,030	24.1	64,584	68.1
<b>Noncurrent assets</b>								
Property, plant and equipment	23,705		23,771		66		24,439	
Intangible assets	232		174		△ 58		382	
Investments and other assets	5,375		5,294		△ 80		5,383	
Total noncurrent assets	29,313	35.2	29,240	30.4	△ 72	△ 0.3	30,204	31.9
<b>Total assets</b>	83,350	100.0	96,308	100.0	12,957	15.6	94,789	100.0

(Millions of Yen)

	The end of period		The end of the 3rd quarter		Variance		The end of the 3rd quarter	
	May 31, 2017		February 28, 2018				February 28, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>Liabilities</b>								
<b>Current liabilities</b>								
Notes payable, accounts payable for construction contracts and other	12,174		11,125		△ 1,048		15,746	
Short-term loans payable	7,309		9,227		1,918		9,492	
Current portion of bonds	200		200		—		200	
Current portion of long-term loans payable	4,999		6,980		1,981		5,842	
Income taxes payable	1,972		163		△ 1,809		195	
Advances received on uncompleted construction contracts	13,921		27,309		13,388		24,778	
Provision for warranties for completed construction	1,065		1,136		71		1,126	
Provision for bonuses	246		602		356		495	
Other	5,735		4,004		△ 1,731		3,816	
<b>Total current liabilities</b>	<b>47,625</b>	<b>57.1</b>	<b>60,751</b>	<b>63.1</b>	<b>13,126</b>	<b>27.6</b>	<b>61,694</b>	<b>65.1</b>
<b>Long-term liabilities</b>								
Bonds payable	100		—		△ 100		200	
Long-term loans payable	18,709		19,980		1,270		18,778	
Asset retirement obligations	1,547		1,562		15		1,556	
Deferred tax liabilities	—		—		—		2	
Other	1,279		1,536		257		1,250	
<b>Total long-term liabilities</b>	<b>21,636</b>	<b>26.0</b>	<b>23,080</b>	<b>24.0</b>	<b>1,443</b>	<b>6.7</b>	<b>21,787</b>	<b>23.0</b>
<b>Total liabilities</b>	<b>69,261</b>	<b>83.1</b>	<b>83,831</b>	<b>87.1</b>	<b>14,569</b>	<b>21.0</b>	<b>83,482</b>	<b>88.1</b>
<b>Net assets</b>								
<b>Shareholders' equity</b>								
Capital stock	4,310		4,310		—		4,310	
Capital surplus	4,362		4,356		△ 5		4,362	
Retained earnings	4,898		3,391		△ 1,506		2,145	
<b>Total shareholders' equity</b>	<b>13,570</b>	<b>16.3</b>	<b>12,059</b>	<b>12.5</b>	<b>△ 1,511</b>	<b>△ 11.1</b>	<b>10,817</b>	<b>11.4</b>
<b>Accumulated other comprehensive income(loss)</b>								
Unrealized gain(loss) on available-for-sale securities	11		18		7		9	
Deferred gain(loss) on derivatives under hedge accounting	△ 1		△ 5		△ 4		△ 1	
Foreign currency translation adjustments	338		370		31		319	
<b>Total accumulated other comprehensive income (loss)</b>	<b>348</b>	<b>0.4</b>	<b>382</b>	<b>0.4</b>	<b>33</b>	<b>9.7</b>	<b>328</b>	<b>0.3</b>
<b>Non-controlling interests</b>	<b>168</b>	<b>0.2</b>	<b>34</b>	<b>0.0</b>	<b>△ 134</b>	<b>△ 79.6</b>	<b>160</b>	<b>0.2</b>
<b>Total net assets</b>	<b>14,088</b>	<b>16.9</b>	<b>12,476</b>	<b>12.9</b>	<b>△ 1,612</b>	<b>△ 11.4</b>	<b>11,306</b>	<b>11.9</b>
<b>Total liabilities and net assets</b>	<b>83,350</b>	<b>100.0</b>	<b>96,308</b>	<b>100.0</b>	<b>12,957</b>	<b>15.5</b>	<b>94,789</b>	<b>100.0</b>

(2) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Consolidated cumulative quarter				Variance		For the year ended	
	February28, ,2017(3Q)		February28, 2018(3Q)				May 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Net sales	98,762	100.0	109,313	100.0	10,551	10.7	157,001	100.0
Cost of sales	73,377	74.3	82,202	75.2	8,825	12.0	117,036	74.5
Gross profit	25,385	25.7	27,111	24.8	1,725	6.8	39,964	25.5
Selling, general and administrative expenses	26,713	27.0	26,832	24.5	119	0.4	36,063	23.0
Operating income(loss)	△ 1,328	—	278	0.3	1,606	△ 79.1	3,901	2.5
Other income								
Interest income	59		11		△ 48		62	
Dividends income	0		0		0		0	
Foreign exchange gains	134		—		△ 134		73	
Penalty income	53		57		4		71	
Other	102		119		17		229	
Total other income	349	0.4	188	0.2	△ 160	△ 45.9	437	0.3
Other expenses								
Interest expenses	285		282		△ 3		380	
Syndicated loan fee	153		125		△ 28		153	
Arrangement fees	36		64		28		36	
Foreign exchange losses	—		41		41		—	
Other	186		221		35		293	
Total other expenses	660	0.7	735	0.7	74	11.3	863	0.6
Ordinary income(loss)	△ 1,639	—	△ 268	—	1,371	△ 83.6	3,475	2.2
Extraordinary income								
Gain on sales of noncurrent assets	17		52		34		17	
Total extraordinary income	17	—	52	—	34	—	17	0.0
Extraordinary loss								
Loss from sale of fixed assets	30		—		△ 30		33	
Loss on retirement of noncurrent assets	82		16		△ 66		189	
Loss on cancellation of lease contracts	9		5		△ 3		9	
Impairment loss	43		24		△ 19		564	
Lease contract cancellation of a contract loss	6		4		△ 2		6	
Money paid to settle out of court	—		100		100		119	
Withdrawal from business loss	—		559		559		—	
Total extraordinary loss	172	0.2	710	0.6	537	311.7	922	0.6
Income (loss) before income taxes	△ 1,794	—	△ 926	—	868	△ 48.4	2,570	1.6
Income taxes—current	284		295		11		2,005	
Income taxes—deferred	△ 225		2		228		△ 333	
Total income taxes	58	0.1	298	0.3	239	413.8	1,671	1.1
Quarter net income (loss)	△ 1,853	—	△ 1,224	—	628	△ 61.3	899	0.6
Net income (loss) attributable to non-controlling interests	△ 2	—	△ 169	—	△ 167	—	△ 2	0.0
Net income (loss) attributable to owners of parent	△ 1,851	—	△ 1,055	—	795	△ 43.0	901	0.5

### (3) Segment Information

#### <Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

The TamaHome Group develops and provides products and services that enrich the daily lives of our customers based on the core theme of housing construction.

In accordance with the medium-term management plan, the Group has categorized “Housing” and “Non-housing” as its business domains.

To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments : the Housing business, the Real estate business and the Financial business, which are consistent with the above business domains.

Major products and services of the housing business is the construction contractor for “custom-built homes”, “multi-unit homes”, and contractor for “home renovation and other work”.

Major products and services of the real estate business is the development and sale of “residential lots and detached homes” and “condominiums”, “Subleasing of office buildings”, and “real estate investment”.

Major products and services of the financial business is “the Insurance agency services for fire, life, earthquake, as well as additional policies and agency services”, and “the bridge loans for customers purchasing custombuilt homes”.

Major products and services of “the energy business” is the administration of mega solar generation facilities, management.

The main products and services for each “reportable segment” described above are as follows:

Reportable Segment	Major Products and Services
Housing	<ul style="list-style-type: none"> <li>●Construction contractor for custom-built homes</li> <li>●Construction contractor for multi-unit homes</li> <li>●Contractor for home renovation and other work</li> <li>●Referrals for ancillary services and construction such as landscaping work</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>●Sale of residential lots and detached homes</li> <li>●Planning, development and sale of condominiums</li> <li>●Subleasing of office buildings</li> </ul>
Financial	<ul style="list-style-type: none"> <li>●Insurance agency services for fire, earthquake, as well as additional policies and agency services</li> <li>●Bridge loans for customers purchasing custombuilt homes</li> </ul>
Energy	<ul style="list-style-type: none"> <li>●Administration of mega solar generation facilities, management</li> </ul>

## 1. Segment revenues and results

(Millions of Yen)

	Consolidated cumulative third quarter : February28, 2017								
	Segment					Other	Total	Adjustments	All operations
	Housing	Real estate	Financial	Energy	Sub total				
Revenue									
Revenue from external customers	83,040	10,648	720	631	95,039	3,722	98,762	—	98,762
Inter-segment	149	98	—	—	248	5,078	5,327	△ 5,327	—
Total	83,190	10,746	720	631	95,288	8,801	104,089	△ 5,327	98,762
Segment profit before tax	△ 1,900	525	216	219	△ 939	△ 413	△ 1,352	24	△ 1,328
Segment profit before tax ratio	—	4.8%	30.0%	34.7%	—	—	—	—	—

	Consolidated cumulative third quarter : February28, 2018								
	Segment					Other	Total	Adjustments	All operations
	Housing	Real estate	Financial	Energy	Sub total				
Revenue									
Revenue from external customers	91,403	12,391	789	618	105,203	4,109	109,313	—	109,313
Inter-segment	171	101	—	—	273	5,578	5,851	△ 5,851	—
Total	91,574	12,493	789	618	105,476	9,687	115,164	△ 5,851	109,313
Segment profit before tax	△ 907	762	319	211	385	△ 135	250	27	278
Segment profit before tax ratio	—	6.1%	40.5%	34.2%	—	—	—	—	—

Ref : Difference between the results of the quarter under review and the same period the previous year is as follows:

	Variance								
	Segment					Other	Total	Adjustments	All operations
	Housing	Real estate	Financial	Energy	Sub total				
Variance									
Revenue from external customers	8,362	1,743	69	△ 12	10,163	387	10,551	—	10,551
Inter-segment	22	2	—	—	24	499	524	△ 524	—
Total	8,384	1,746	69	△ 12	10,188	886	11,075	△ 524	10,551
Segment profit or loss	993	236	103	△ 8	1,325	277	1,603	3	1,606
Variance of segment profit before tax ratio	—	1.3%	10.5%	△ 0.5%	—	—	—	—	—

## 2. Revenue from major products and services

(Millions of Yen)

	Consolidated cumulative quarter				Variance	For the year ended		
	February28, 2017(3Q)		February28, 2018(3Q)			May. 31, 2017		
	Amount	(%)	Amount	(%)		Amount	(%)	
Revenue from all operations								
Housing	83,190	84.2	91,574	83.8	8,384	10.1	132,126	84.2
Custom-built homes	79,098		86,512		7,413		126,423	
Home renovation	3,279		4,095		816		4,548	
Other	812		966		154		1,154	
non housing	20,899	21.2	23,589	21.6	2,690	12.9	31,996	20.4
Real estate	10,746		12,493		1,746		17,797	
Financial	720		789		69		1,060	
Energy	631		618		△ 12		901	
Other	8,801		9,687		886		12,237	
Adjustments	△ 5,327	—	△ 5,851	—	△ 524	—	△ 7,122	—
Total revenue from all operations	987,692	100.0	1,099,313	100.0	10,551	10.7	1,577,001	100.0