

# Quarterly Report

## Consolidated Financial Results in Q1 of FY2018

1st Quarter : 3 months ended August 31, 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.

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# 1. Consolidated Financial Highlights

## <Revenue and Profit>

(Millions of Yen)

	Full business year			
	August 31, 2017 (1Q)	August 31, 2018 (1Q)	Variance	
			Amount	(%)
Net sales	25,713	30,034	4,321	16.8
Operating income	△ 2,179	△ 1,756	422	-
Operating margin	-	-	-	-
Ordinary income	△ 2,307	△ 1,787	520	-
Ordinary margin	-	-	-	-
Income (loss) before income taxes and minority interests	△ 2,341	△ 1,838	503	-
Income rate before income taxes and minority interests	-	-	-	-
Income (loss) attributable to owners of parent	△ 1,729	△ 1,062	666	-
Income rate attributable to owners of parent	-	-	-	-
Net income (loss) per share(Yen)	△ 57.53	△ 35.35	22.18	-
Diluted net income per share	-	-	-	-
Return on equity	-	-	-	-
Ordinary income to total assets ratio	-	-	-	-

## <Financial Position>

	The end of the quarter			
	August 31, 2017 (1Q)	August 31, 2018 (1Q)	Variance	
			Amount	(%)
Total assets	90,767	91,285	517	0.6
Net assets	15,513	13,576	△ 1,936	△ 12.5
Equity ratio	17.1%	14.8%	-2.3%	-
Total equity per share of common stock	515.30	450.56	△ 64.74	△ 12.6

## <Consolidated financial forecasts for the fiscal year ending May 31, 2019>

	Full business year			
	May 31, 2018	May 31, 2019	Variance	
			Amount	(%)
Net sales	167,915	182,800	14,884	8.9%
Total accumulated other comprehensive income (loss)	4,653	5,300	646	13.9%
Ordinary income	4,029	4,700	670	16.6%
Net income (loss)	2,047	2,400	352	17.2%
Income (loss) per share of common stock (Yen)	68.12	79.85	11.73	17.2%
Cash dividends per share of common stock applicable to the year	30.0	45.0	15.0	50.0%
Interim dividend(Yen)	0.0	15.0	15.0	-
Year-end dividend(Yen)	30.0	30.0	0.0	0.0%
Annual dividend(Yen)	30.0	45.0	15.0	50.0%

## 2. Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(Millions of Yen)

	The end of period		The end of the 1st quarter		Variance	
	May 31, 2018		August 31, 2018		Amount	(%)
	Amount	(%)	Amount	(%)		
<b>Assets</b>						
<b>Current assets</b>						
Cash and deposits	31,627		25,327		△ 6,299	
Notes receivable, accounts receivable from completed construction	1,284		967		△ 316	
Operating loans	3,124		3,882		757	
Real estate for sale	7,717		7,817		99	
Cost on uncompleted construction contracts	7,692		13,943		6,251	
Real estate for sale in process	7,672		7,708		36	
Other inventories	573		572		0	
Other	1,325		1,285		△ 39	
Allowance for doubtful accounts	△ 3		△ 3		0	
Total current assets	61,012	67.2	61,501	67.4	489	100.8
<b>Noncurrent assets</b>						
Property, plant and equipment	23,377		22,590		△ 786	
Intangible assets	160		145		△ 15	
Investments and other assets	6,216		7,048		831	
Total noncurrent assets	29,754	32.8	29,783	32.6	28	100.1
<b>Total assets</b>	90,767	100.0	91,285	100.0	517	100.6

(Millions of Yen)

	The end of period		The end of the 1st quarter		Variance	
	May 31, 2018		August 31, 2018			
	Amount	(%)	Amount	(%)	Amount	(%)
<b>Liabilities</b>						
<b>Current liabilities</b>						
Notes payable, accounts payable for construction contracts and other	12,793		10,414		△ 2,378	
Short-term loans payable	8,475		9,070		594	
Current portion of bonds	100		100		-	
Current portion of long-term loans payable	6,264		5,625		△ 639	
Income taxes payable	863		129		△ 734	
Advances received on uncompleted construction contracts	17,255		25,702		8,447	
Provision for warranties for completed construction	1,037		1,078		41	
Provision for bonuses	243		674		430	
Other	6,071		4,340		△ 1,730	
<b>Total current liabilities</b>	<b>53,103</b>	<b>58.5</b>	<b>57,134</b>	<b>62.6</b>	<b>4,031</b>	<b>107.6</b>
<b>Long-term liabilities</b>						
Long-term loans payable	19,087		17,401		△ 1,685	
Asset retirement obligations	1,562		1,547		△ 14	
Other	1,501		1,625		123	
<b>Total long-term liabilities</b>	<b>22,151</b>	<b>24.4</b>	<b>20,573</b>	<b>22.5</b>	<b>△ 1,577</b>	<b>92.9</b>
<b>Total liabilities</b>	<b>75,254</b>	<b>82.9</b>	<b>77,708</b>	<b>85.1</b>	<b>2,454</b>	<b>103.3</b>
<b>Net assets</b>						
<b>Shareholders' equity</b>						
Capital stock	4,310		4,310		-	
Capital surplus	4,356		4,356		0	
Retained earnings	6,494		4,530		△ 1,964	
<b>Total shareholders' equity</b>	<b>15,161</b>	<b>16.7</b>	<b>13,197</b>	<b>14.5</b>	<b>△ 1,964</b>	<b>87.0</b>
<b>Accumulated other comprehensive income(loss)</b>						
Unrealized gain(loss) on available-for-sale securities	13		8		△ 4	
Deferred gain(loss) on derivatives under hedge accounting	△ 0		2		3	
Foreign currency translation adjustments	313		333		19	
<b>Total accumulated other comprehensive income (loss)</b>	<b>325</b>	<b>0.4</b>	<b>344</b>	<b>0.4</b>	<b>18</b>	<b>105.8</b>
<b>Non-controlling interests</b>	<b>25</b>	<b>0.0</b>	<b>34</b>	<b>0.0</b>	<b>9</b>	<b>135.8</b>
<b>Total net assets</b>	<b>15,513</b>	<b>17.1</b>	<b>13,576</b>	<b>14.9</b>	<b>△ 1,936</b>	<b>87.5</b>
<b>Total liabilities and net assets</b>	<b>90,767</b>	<b>100.0</b>	<b>91,285</b>	<b>100.0</b>	<b>517</b>	<b>100.6</b>

(2)Consolidated Statement of Comprehensive Income

(Millions of Yen)

	For the three months ended					
	August 31, 2017(1Q)		August 31, 2018(1Q)		Variance	
	Amount	(%)	Amount	(%)	Amount	(%)
Net sales	25,713	100.0	30,034	100.0	4,321	16.8
Cost of sales	19,083	74.2	22,754	75.8	3,671	19.2
Gross profit	6,630	25.8	7,280	24.2	650	9.8
Selling, general and administrative expenses	8,809	34.3	9,036	30.1	227	2.6
Operating income(loss)	△ 2,179	-	△ 1,756	-	422	-
Other income						
Interest income	2		2		0	
Dividends income	0		0		0	
Foreign exchange gains	12		71		59	
Penalty income	17		15		△ 2	
Other	47		33		△ 13	
Total other income	78	0.3	122	0.4	43	55.7
Other expenses						
Interest expenses	95		94		△ 1	
Settlement money	57		-		△ 57	
Other	54		60		5	
Total other expenses	207	0.8	154	0.5	△ 53	△ 25.8
Ordinary income(loss)	△ 2,307	-	△ 1,787	-	520	-
Extraordinary income						
Extraordinary loss						
Loss on retirement of noncurrent assets	1		14		12	
Loss on cancellation of lease contracts	3		8		5	
Impairment loss	24		28		4	
Lease contract cancellation of a contract loss	4		-		△ 4	
Total extraordinary loss	33	0.1	51	0.2	17	51.0
Income (loss) before income taxes	△ 2,341	-	△ 1,838	-	503	-
Income taxes—current	100		100		0	
Income taxes—deferred	△ 712		△ 879		△ 166	
Total income taxes	△ 612	-	△ 778	-	△ 166	27.2
Net income (loss) attributable to non-controlling interests	△ 0	-	2	0.0	2	-
Net income (loss) attributable to owners of parent	△ 1,729	-	△ 1,062	-	666	-

#### (4)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 ofcondominiums</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)

	For the three months ended : August 31, 2017								
	Segment					Other	Total	Adjustments	All operations
	Housing	Real estate	Financial	Energy	Sub total				
Revenue									
Revenue from external customers	21,182	2,825	235	281	24,524	1,188	25,713	-	25,713
Inter-segment	47	32	-	-	80	1,883	1,964	△ 1,964	-
Total	21,229	2,858	235	281	24,605	3,072	27,678	△ 1,964	25,713
Segment profit before tax	△ 2,424	87	80	147	△ 2,109	△ 73	△ 2,183	4	△ 2,179
Segment profit before tax ratio	-	3.1%	34.2%	52.3%	-	-	-	-	-

	For the three months ended : August 31, 2018								
	Segment					Other	Total	Adjustments	All operations
	Housing	Real estate	Financial	Energy	Sub total				
Revenue									
Revenue from external customers	24,338	3,930	226	289	28,785	1,249	30,034	-	30,034
Inter-segment	55	53	-	-	108	1,914	2,023	△ 2,023	-
Total	24,394	3,983	226	289	28,893	3,164	32,058	△ 2,023	30,034
Segment profit before tax	△ 2,223	300	60	154	△ 1,708	△ 57	△ 1,766	9	△ 1,756
Segment profit before tax ratio	-	7.6%	26.6%	53.3%	-	-	-	-	-

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	3,156	1,105	△ 9	7	4,260	61	4,321	-	4,321
Inter-segment	7	20	-	-	27	30	58	△ 58	-
Total	3,164	1,125	△ 9	7	4,288	92	4,380	△ 58	4,321
Segment profit or loss	201	213	△ 20	6	401	16	417	5	422
Variance of segment profit before tax ratio	-	4.6%	△ 0	0	-	-	-	-	-

② Revenue from major products and services

	For the three months ended				Variance	For the three months ended		
	August 31, 2017		August 31, 2018			May 31, 2017		
	Amount	(%)	Amount	(%)		Amount	(%)	
Revenue from all operations								
Housing	21,229	82.6	24,394	81.2	3,164	14.9	142,109	84.6
Custom-built homes	19,657		22,985		3,328		135,410	
Home renovation	1,234		1,027		△ 207		5,312	
Other	337		380		42		1,385	
non housing	6,448	25.1	7,664	25.5	1,216	18.9	33,975	20.2
Real estate	2,858		3,983		1,125		18,174	
Financial	235		226		△ 9		1,163	
Energy	281		289		7		880	
Other	3,072		3,164		92		13,756	
Adjustments	△ 1,964	-	△ 2,023	-	△ 58	-	△ 8,168	-
Total revenue from all operations	25,713	100.0	30,034	100.0	4,321	16.8	167,915	100.0