

Note: Please note that this document is a Japanese-English translation of the summary of the official announcement in Japanese "Kessan Tanshin" for reference purposes only.

Summary of Consolidated Financial Results for the First Quarter Ended September 30, 2018 [Based on Japanese GAAP]

February 14, 2018

Company name:	Open House Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange, First section
Code Number:	3288
URL:	http://openhouse-group.com/ir
Representative:	Masaaki Arai, President and CEO
Scheduled date of quarterly securities report filing:	February 14, 2018
Supplementary materials for quarterly financial results:	Yes
Quarterly results briefing meeting :	No

(Million yen, rounded down)

1. Consolidated Financial Results for the First Quarter Ended September 30, 2018 (October 1, 2017 to December 31, 2017)

(1) Consolidated operating results (Cumulative) (% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended December 31, 2017	76,461	9.0	9,633	11.3	9,391	7.0	6,517	13.6
December 31, 2016	70,135	14.9	8,652	1.7	8,779	5.4	5,738	6.9

(Note) Comprehensive income: Three months ended December 31, 2017 ¥ 6,522 million (12.2%)
Three months ended December 31, 2016 ¥ 5,812 million (8.2%)

	EPS	Diluted EPS
Three months ended	Yen	Yen
December 31, 2017	116.82	115.95
December 31, 2016	102.19	101.67

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2017	264,350	87,948	33.1
September 30, 2017	256,736	83,379	32.3

(Reference) Shareholders' equity: As of December 31, 2017 ¥ 87,540 million
As of September 30, 2017 ¥ 82,970 million

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	30.00	—	35.00	65.00
FY 2018	—	—	—	—	—
FY 2018 (Forecast)	—	46.00	—	46.00	92.00

(Note) Revision of the latest dividend forecast: No

3. Forecast of Consolidated Operating Results for FY2018 (October 1, 2017 to September 30, 2018)

(% figures indicate year-on-year change)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q (Cumulative)	165,000	11.2	20,300	11.3	19,700	10.5	13,600	16.7	243.77
Full year	380,000	24.7	44,700	18.8	43,500	20.4	30,000	21.0	537.73

(Note) Revision of the latest consolidated results forecast: No

***Notes:**

(1) Significant changes in consolidated subsidiaries during the period

(Changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Adoptions of special accounting methods in presentation of quarterly financial statements: Yes

(3) Changes in accounting policies, changes of accounting estimates, and revisions and restatements

i) Changes in accounting policies in accordance with changes in accounting principles: None

ii) Changes in accounting policies other than the above: None

iii) Changes in accounting estimates: None

iv) Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

i) Number of shares issued at period-end (including treasury stock)

December 31, 2017: 57,463,600 shares September 30, 2017: 57,463,600 shares

ii) Treasury stock at period-end

December 31, 2017: 1,673,240 shares September 30, 2017: 1,673,194 shares

iii) Average number of shares issued during the period (quarterly consolidated cumulative basis)

December 31, 2017: 55,790,393 shares December 31, 2016: 56,157,363 shares

** This quarterly financial results report is not subject to quarterly review procedure based on the Financial Instruments and Exchange Act.*

** Notes regarding forward-looking statements:*

Consolidated business forecasts are based on assumptions from information available to management at the time of disclosure and those deemed to be reasonable.

Actual results may differ significantly from forecast due to various unpredictable reasons.

Consolidated Quarterly Financial Statements

1) Consolidated Quarterly Balance Sheets

(Million yen)

	End of FY 2017 (as of September 30, 2017)	End of FY 2018 1Q (as of December 31, 2017)
Assets		
Current assets		
Cash and deposits	90,910	82,185
Operating accounts receivable	925	906
Real estate for sale	19,542	26,665
Real estate for sale in process	125,351	133,549
Operating loans	6,056	7,510
Other	5,820	6,531
Allowance for doubtful accounts	(178)	(170)
Total current assets	248,429	257,177
Non-current assets		
Property, plant and equipment	3,113	3,135
Intangible assets	1,299	1,244
Investments and other assets	3,841	2,744
Total non-current assets	8,255	7,124
Deferred assets	51	49
Total assets	256,736	264,350
Liabilities		
Current liabilities		
Operating accounts payable	10,652	9,813
Short-term loans payable	41,854	48,416
Current portion of bonds	562	562
Current portion of long-term loans payable	8,696	11,806
Income taxes payable	5,205	2,998
Reserves	2,113	1,261
Other	13,529	12,844
Total current liabilities	82,613	87,702
Non-current liabilities		
Bonds payable	1,993	1,863
Long-term loans payable	88,641	86,728
Net defined benefit liability	12	12
Asset retirement obligations	79	75
Other	17	18
Total non-current liabilities	90,743	88,698
Total liabilities	173,357	176,401
Net assets		
Shareholders' equity		
Capital stock	4,032	4,032
Capital surplus	5,934	5,934
Retained earnings	76,038	80,603
Treasury shares	(3,102)	(3,102)
Total shareholders' equity	82,902	87,466
Other comprehensive income		
Net unrealized holding gains/losses on securities	8	10
Foreign currency translation adjustment	60	63
Accumulated other comprehensive income	68	73
Subscription rights to shares	408	408
Total net assets	83,379	87,948
Total liabilities and net assets	256,736	264,350

2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income

(Million yen)

	Three months ended December 31, 2016 (From October 1, 2016 to December 31, 2016)	Three months ended December 31, 2017 (From October 1, 2017 to December 31, 2017)
Revenue	70,135	76,461
Cost of revenue	57,406	61,799
Gross profit	12,728	14,661
Selling, general and administrative expenses	4,076	5,027
Operating income	8,652	9,633
Non-operating income		
Interest income	1	0
Dividends income	2	0
House rent income	11	23
Other	376	29
Total non-operating income	390	53
Non-operating expenses		
Interest expenses	212	258
Commission fee	8	1
Other	41	36
Total non-operating expenses	262	296
Ordinary income	8,779	9,391
Income before income taxes	8,779	9,391
Income taxes-current	3,041	2,873
Profit	5,738	6,517
Profit attributable to owners of parent	5,738	6,517

Consolidated Quarterly Statements of Comprehensive Income

(Million yen)

	Three months ended December 31, 2016 (From October 1, 2016 to December 31, 2016)	Three months ended December 31, 2017 (From October 1, 2017 to December 31, 2017)
Profit	5,738	6,517
Other comprehensive income		
Valuation difference on available-for-sale securities	3	1
Foreign currency translation adjustment	70	2
Total other comprehensive income	74	4
Comprehensive income	5,812	6,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,812	6,522

3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Notes on Significant changes in consolidated subsidiaries during the period)

Not applicable

Although it is not applicable for changes in important subsidiaries during the period, Open House Texas Property Management LLC and Open House Ohio Realty & Investments LLC which are non-consolidated companies have been included in the scope of consolidation as its importance has increased for this first quarter.

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Tax expenses is calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes for the fiscal year ended September 2018 including the first quarter under review.

(Segment and Other Information)

【Segment Information】

I FY2017 1Q (From October 1, 2016 to December 31, 2016)

1. Information on revenue, income or loss, and other items by reportable segment

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	47,136	1,570	21,333	95	70,135	—	70,135
Intersegment revenue and transfers	—	—	3	—	3	(3)	—
Total	47,136	1,570	21,336	95	70,138	(3)	70,135
Segment Income (Loss)	6,615	(184)	2,442	0	8,873	(221)	8,652

(NOTE)

- Adjustment of ¥(221)million for segment income includes intersegment elimination of ¥0 million and corporate expenses of ¥(221) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.
- Segment income (loss) has been adjusted to operating income described in consolidated quarterly statements of income.

II FY2018 1Q (From October 1, 2017 to December 31, 2017)

1. Information on revenue, income or loss, and other items by reportable segment

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single-family homes related	Condominiums	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	44,341	4,487	25,285	2,347	76,461	—	76,461
Intersegment revenue and transfers	—	—	5	—	5	(5)	—
Total	44,341	4,487	25,291	2,347	76,466	(5)	76,461
Segment Income (Loss)	5,603	121	3,737	389	9,852	(218)	9,633

(NOTE)

1. Adjustment of ¥ (218) million for segment income includes intersegment elimination of ¥5 million and corporate expenses of ¥ (224) million that is not distributed to the reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to the reportable segments.

2. Segment income (loss) has been adjusted to operating income described in consolidated quarterly statements of income.

2. Notes relating to changes in reportable segments etc.

The Group has changed its reportable segments from this first quarter. The brokerage business, single-family homes business, and Open House Architect has be consolidated to establish a new segment, the single-family homes related business with the aim of strengthening the business model - a comprehensive system from purchase and construction to intermediacy. The Group designated four segments: single-family related business, condominiums business, property resales business and others as reportable segments.

Segment information for the three months ended September 2017 on a consolidated basis was prepared based on the reportable segments applied for the three months ended September 2018.