

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.

(Correction) Partial Correction on July 31, 2020

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

November 14, 2018

Company name: Open House Co., Ltd.
 Stock exchange listings: Tokyo Stock Exchange, First section
 Code Number: 3288
 URL: <https://openhouse-group.co.jp/ir>
 Representative: Masaaki Arai, President and CEO
 Scheduled date of annual general meeting of shareholders: December 19, 2018
 Scheduled date of dividends: December 20, 2018
 Scheduled date of annual securities report filing: December 20, 2018
 Supplementary materials for financial results: Yes
 Results briefing meeting: Yes (for institutional investors and analysts, in Japanese)

(Million yen, rounded down)

1. Consolidated Financial Results for the fiscal year ended September 30, 2018

(October 1, 2017 to September 30, 2018)

(1) Consolidated operating results

(% 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	%
FY 2018	390,735	28.3	47,304	25.8	46,052	27.5	31,806	28.3
FY 2017	304,651	23.2	37,617	20.1	36,131	23.9	24,797	32.5

(Note) Comprehensive income: From October 1, 2017 to September 30, 2018 ¥ 32,096 million (28.9 %)
 From October 1, 2016 to September 30, 2017 ¥ 24,894 million (32.9 %)

	EPS	Diluted EPS	ROE	ROA	Operating income Margin
	Yen	Yen	%	%	%
FY 2018	570.17	565.77	33.6	14.2	12.1
FY 2017	443.41	440.76	33.8	15.7	12.3

(Reference) Equity in net income of affiliated companies: As of September 30, 2018: ¥ — million
 As of September 30, 2017: ¥ — million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2018	393,637	113,486	27.0	1,920.43
September 30, 2017	256,736	83,379	32.3	1,487.19

(Reference) Shareholders' equity: As of September 30, 2018: ¥ 106,156 million
 As of September 30, 2017: ¥ 82,970 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at FY end
	Million yen	Million yen	Million yen	Million yen
FY 2018	(10,017)	(12,582)	50,696	118,978
FY 2017	(799)	(1,337)	25,181	90,910

2. Dividends

	Annual dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2017	—	30.00	—	35.00	65.00	3,625	14.7	5.0
FY 2018	—	46.00	—	52.00	98.00	5,442	17.2	5.8
FY 2019 (Forecast)	—	60.00	—	61.00	121.00		18.5	

3. Forecast of Consolidated Operating Results for FY2019 (October 1, 2018 to September 30, 2019)

(% 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)	225,000	32.4	22,000	4.5	20,500	1.6	15,000	7.0	264.85
Full year	510,000	30.5	54,000	14.2	51,500	11.8	37,000	16.3	653.30

*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) 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
- (3) Number of shares issued and outstanding (common stock)
 - i) Number of shares issued at period-end (including treasury stock)

September 30, 2018:	57,512,500 shares	September 30, 2017:	57,463,600 shares
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 - ii) Treasury stock at period-end

September 30, 2018:	2,235,080 shares	September 30, 2017:	1,673,194 shares
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 - iii) Average number of shares issued

September 30, 2018:	55,785,235 shares	September 30, 2017:	55,923,878 shares
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[Reference] Non-Consolidated Financial Results for the fiscal year ended September 30, 2018

(October 1, 2017 to September 30, 2018)

(1) Non-Consolidated Operating Results

(% figures indicate year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2018	9,762	(5.0)	346	(87.1)	15,361	89.7	15,209	106.2
FY 2017	10,281	20.6	2,691	3.8	8,099	41.6	7,375	46.3

	EPS		Diluted EPS	
	Yen		Yen	
FY 2018	272.64		270.54	
FY 2017	131.88		131.09	

(2) Non-Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
September 30, 2018	88,825		26,229		29.1		467.49	
September 30, 2017	61,290		18,429		29.4		323.02	

(Reference) Shareholders' equity: As of September 30, 2018: ¥ 25,841 million
As of September 30, 2017: ¥ 18,021 million

**This summary of financial statements is exempt from audit procedures required by 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 Financial Statements
1) Consolidated Balance Sheets

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Assets		
Current assets		
Cash and cash equivalents	90,910	119,053
Accounts receivable, trade	925	1,291
Real estate for sale	*2 19,542	*2 47,238
Real estate for sale in process	*2 125,351	*2 186,033
Operating loans	*2 6,056	*2 14,244
Deferred tax assets	959	1,926
Other	4,861	10,127
Allowance for doubtful accounts	(178)	(172)
Total current assets	248,429	379,744
Fixed asset		
Tangible fixed assets		
Buildings and structures	*2 3,119	*2 4,154
Accumulated depreciation	*3 (1,108)	*3 (1,390)
Buildings and structures, net	2,010	2,764
Land	*2 830	*2 2,403
Other	*3 789	*3 951
Accumulated depreciation	(516)	(644)
Other, net	273	306
Total tangible fixed assets	3,113	5,474
Intangible fixed assets	1,299	3,515
Investments and other assets		
Investment securities	*1 1,643	*1 1,435
Deferred tax assets	3	168
Other	*1 2,194	*1 3,276
Allowance for doubtful accounts	—	(18)
Total investments and other assets	3,841	4,861
Total fixed assets	8,255	13,852
Deferred assets		
Bond issuance cost	51	40
Total deferred assets	51	40
Total assets	256,736	393,637

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Liabilities		
Current liabilities		
Notes payable-trade	—	4,557
Accounts payable	10,652	14,803
Short-term loans payable	*2, *4 41,854	*2, *4 111,583
Current portion of bonds	562	532
Current portion of long-term loans payable	*2 8,696	*2 18,756
Income taxes payable	5,205	9,713
Advances received	7,535	10,556
Guarantee deposits received	1,151	1,280
Provision for bonuses	1,467	1,962
Provision for warranties for completed construction	645	765
Deferred tax liabilities	—	262
Other	4,841	7,893
Total current liabilities	82,613	182,668
Long-term liabilities		
Bonds payable	1,993	1,461
Long-term loans payable	*2, *4, *5 88,641	*2, *4, *5 95,619
Deferred tax liabilities	17	6
Net defined benefit liability	12	300
Asset retirement obligations	79	92
Other	—	0
Total long-term liabilities	90,743	97,482
Total liabilities	173,357	280,150
Net assets		
Shareholders' equity		
Capital stocks	4,032	4,094
Capital surplus	5,934	4,481
Retained earnings	76,038	103,324
Treasury stock	(3,102)	(6,102)
Total shareholders' equity	82,902	105,798
Other comprehensive income		
Net unrealized holding gains/losses on securities	8	15
Foreign currency translation adjustment	60	342
Accumulated other comprehensive income	68	358
Subscription rights to shares	408	388
Non-controlling interests	—	6,941
Total net assets	83,379	113,486
Total liabilities and net assets	256,736	393,637

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

(Million yen)

	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Revenue	304,651	390,735
Cost of revenue	*2 248,532	*2 320,483
Gross profit	56,118	70,251
Selling, general and administrative expenses	*1 18,501	*1 22,946
Operating income	37,617	47,304
Non-operating income		
Interest income	12	35
Dividends income	3	14
House rent income	64	123
Foreign exchange gain	256	—
Other	108	90
Total non-operating income	444	264
Non-operating expenses		
Interest expenses	892	1,147
Commission fee	682	77
Other	354	291
Total non-operating expenses	1,929	1,516
Ordinary income	36,131	46,052
Extraordinary losses		
Other	—	595
Total extraordinary losses	—	595
Income before income taxes	36,131	45,456
Income taxes-current	10,807	14,501
Income taxes-deferred	526	(851)
Total income taxes	11,334	13,649
Net income	24,797	31,806
Profit attributable to owners of parent	24,797	31,806

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Net income	24,797	31,806
Other comprehensive income		
Valuation difference on available-for-sale securities	3	7
Foreign currency translation adjustment	93	282
Total other comprehensive income	96	289
Comprehensive income	*1, *2 24,894	*1, *2 32,096
(Profit attributable to)		
Comprehensive income attributable to shareholders' of the parent	24,894	32,096

3) Consolidated Statements of Changes in Shareholders' Equity

FY2017 (From October 1, 2016 to September 30, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at October 1, 2016	3,982	5,883	55,723	(1,852)	63,736
Change of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)	50	50			100
Dividends from surplus			(4,482)		(4,482)
Profit attributable to owners of parent			24,797		24,797
Purchase of treasury stock				(1,250)	(1,250)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Net changes of items other than shareholders' equity					
Total changes of items during the period	50	50	20,315	(1,250)	19,165
Balance at September 30, 2017	4,032	5,934	76,038	(3,102)	82,902

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at October 1, 2016	5	(33)	(28)	375		64,084
Change of items during the period						
Issuance of new shares (Exercise of subscription rights to shares)						100
Dividends from surplus						(4,482)
Profit attributable to owners of parent						24,797
Purchase of treasury stock						(1,250)
Change in treasury shares of parent arising from transactions with non-controlling shareholders						
Net changes of items other than shareholders' equity	3	93	96	32		129
Total changes of items during the period	3	93	96	32		19,295
Balance at September 30, 2017	8	60	68	408	—	83,379

FY2018 (From October 1, 2017 to September 30, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at October 1, 2017	4,032	5,934	76,038	(3,102)	82,902
Change of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)	32	32			65
Issuance of new shares (Issuance of restricted stock)	29	29			58
Dividends from surplus			(4,520)		(4,520)
Profit attributable to owners of parent			31,806		31,806
Purchase of treasury stock				(3,000)	(3,000)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,514)			(1,514)
Net changes of items other than shareholders' equity					
Total changes of items during the period	62	(1,452)	27,286	(3,000)	22,895
Balance at September 30, 2018	4,094	4,481	103,324	(6,102)	105,798

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at October 1, 2017	8	60	68	408	—	83,379
Change of items during the period						
Issuance of new shares (Exercise of subscription rights to shares)						65
Issuance of new shares (Issuance of restricted stock)						58
Dividends from surplus						(4,520)
Profit attributable to owners of parent						31,806
Purchase of treasury stock						(3,000)
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(1,514)
Net changes of items other than shareholders' equity	7	282	289	(20)	6,941	7,211
Total changes of items during the period	7	282	289	(20)	6,941	30,107
Balance at September 30, 2018	15	342	358	388	6,941	113,486

4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Cash flows from operating activities		
Income before income taxes	36,131	45,456
Depreciation and amortization	372	418
Share-based compensation expenses	62	13
Increase (Decrease) in provision for bonuses	332	297
Increase (Decrease) in allowance for doubtful accounts	26	(6)
Increase (Decrease) in provision for warranties for completed construction	35	55
Increase (Decrease) in net defined benefit liability	1	1
Interest and dividends income	(15)	(50)
Foreign exchange loss (gain)	(174)	90
Interest expense	892	1,147
Commission for syndicate loan	555	—
Amortization of bond issuance cost	11	10
Decrease (Increase) in notes and accounts receivable-trade	(340)	(392)
Decrease (Increase) in inventories	(27,302)	(40,288)
Increase (Decrease) in notes and accounts payable-trade	1,778	1,928
Decrease (Increase) in operating loans	(348)	(8,188)
Increase (Decrease) in advances received	210	2,545
Increase (Decrease) in guarantee deposits received	(832)	23
Increase (Decrease) in deposits received	1,019	1,222
Other	399	(574)
Subtotal	12,815	3,711
Interest and dividend income received	15	50
Interest expenses paid	(875)	(1,154)
Income taxes paid	(12,754)	(12,625)
Net cash provided by (used in) operating activities	(799)	(10,017)
Cash flows from investing activities		
Payments into time deposits	(1,446)	(11,874)
Proceeds from withdrawal of time deposits	1,446	11,874
Purchase of tangible fixed assets	(807)	(1,028)
Purchase of intangible fixed assets	(169)	(40)
Purchase of investment securities	—	(790)
Proceeds from sales and redemption of investment securities	—	1,001
Payments for investments in capital	—	(100)
Collection of investments in capital	—	386
Payments of loans receivable from subsidiaries and associates	—	(110)
Payments for investments in capital of subsidiaries and associates	—	(330)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	*2 (11,178)
Payments for lease and guarantee deposits	(426)	(505)
Proceeds from collection of lease and guarantee deposits	26	49
Other	38	62
Net cash provided by (used in) investing activities	(1,337)	(12,582)

(Millions of yen)

	FY 2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Cash flows from financing activities		
Increase in short-term loans payable	97,968	152,161
Decrease in short-term loans payable	(91,051)	(109,902)
Proceeds from long-term loans payable	87,088	92,816
Repayment of long-term loans payable	(62,007)	(76,327)
Commission for syndicate loan paid	(555)	—
Redemption of bonds	(582)	(562)
Proceeds from exercise of share options	70	45
Purchase of treasury stock	(1,256)	(3,015)
Cash dividend paid	(4,482)	(4,520)
Other	(10)	—
Net cash provided by (used in) financing activities	25,181	50,696
Effect of exchange rate changes on cash and cash equivalents	356	(27)
Net increase (decrease) in cash and cash equivalents	23,401	28,068
Cash and cash equivalents at beginning of period	67,508	90,910
Cash and cash equivalents at end of period	*1 90,910	*1 118,978

(Notes to Consolidated Balance Sheets)

*1 The following items are related to unconsolidated subsidiaries and affiliates.

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Other in Investments and other assets		
Investment securities		
(Stocks)	100	110
Other in Investments and other assets		
(Investments in capital)	182	498

*2 Pledged assets and secured liabilities

Pledged assets are as follows.

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Cash and deposits	—	75
Real estate for sale	11,690	30,868
Real estate for sale in process	87,908	123,550
Operating loans	3,337	3,519
Buildings and structures	165	372
Land	242	866
Total	103,344	159,253

Secured liabilities are as follows.

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Short-term loans payable	33,520	76,822
Current portion of long-term loans payable	7,474	16,612
Long-term loans payable	49,720	44,620
Total	90,715	138,056

*3 The accumulated amount of impairment loss is included in the amount of accumulated depreciation.

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Accumulated impairment loss	111	201

*4 4 consolidated subsidiaries (Open House Development Co., Ltd. and IB Net Co., Ltd., Open House Architect Co., Ltd., Hawk One Corporation) have current account overdraft and commitment line agreements, the balance of unexecuted loans as of the end of the fiscal year under review, based on these agreements, is as follows.

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Total loan commitment	67,500	101,056
Outstanding loans	40,122	73,693
Balance of unexecuted loans	27,377	27,363

*5 Financial restraint clause

The Company concluded contracts for a syndicate loan payable and a term loan payable with financial institutions. The contract includes a financial restraint clause with criteria set by certain indicators that are computed based on the consolidated balance sheet, income statements, etc.

(Notes to Consolidated Statements of Income)

*1 Selling, general and administrative expenses account includes the following major items and amounts

	(Million yen)	
	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Directors' compensations	535	557
Salaries	2,847	3,484
Provision for bonuses	385	512
Provision of allowance for doubtful accounts	30	—
Retirement benefit expenses	52	78
Advertising expenses	1,771	1,868
Rents	2,222	2,553
Taxes and dues	2,184	2,782
Sales commission	2,434	3,170

*2 The balance of inventories as of the end of the period is the amount after the carrying value is been written down, and the following appraisal losses are included in the cost of revenue.

	(Million yen)	
	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
	228	816

(Notes to Consolidated Statements of Comprehensive Income)

*1 The amount of recycling associated with other comprehensive income

(Million yen)

	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Valuation difference on available-for-sale securities:		
Amount recognized during the year	4	10
Amount of recycling	—	—
Total	4	10
Foreign currency translation adjustment:		
Amount recognized during the year	93	282
Amount of recycling	—	—
Total	93	282
Total before income tax effect	98	292
Income tax effect	(1)	(3)
Total other comprehensive income	96	289

*2 The amount of income tax effects associated with other comprehensive income

(Million yen)

	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Valuation difference on available-for-sale securities:		
Before income tax effect	4	10
Amount of income tax effects	(1)	(3)
After tax effect adjustment	3	7
Foreign currency translation adjustment:		
Before income tax effect	93	282
Amount of income tax effects	—	—
After tax effect adjustment	93	282
Total other comprehensive income		
Before income tax effect	98	292
Amount of income tax effects	(1)	(3)
After tax effect adjustment	96	289

(Notes to Consolidated Statements of Cash Flows)

*1 Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows is as follows.

	(Million yen)	
	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Cash and deposits	90,910	119,053
Deposits with a term of over 3 months	—	(75)
Cash and cash equivalents	90,910	118,978

*2 Principal assets and liabilities of a company that became a consolidated subsidiary due to acquisition of stock Assets and liabilities of Hawk One Corporation at time of its consolidation resulting from the acquisition of stock as well as the relationship between the acquisition price of stock and expenditures (net) for its acquisition are presented below.

Current assets	57,743	million yen
Non-current assets	2,185	
Goodwill	2,304	
Current liabilities	(36,463)	
Non-current liabilities	(570)	
Other	1,514	
Non-controlling interests	(6,941)	
Acquisition price of stock	19,772	
Cash and cash equivalents	(8,594)	
Deduction: acquisition expenditures	11,178	

(Segment Information)

1. The reportable segments of the Group comprise those business units for which separate financial information is available, and which are subject to a regular review conducted by the Company's Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Group designated four segments: single-family related business, condominiums business, property resales business and others as reportable segments.

2. Method for calculating revenue, income/loss, assets, liabilities, and other items for reportable segments

The accounting policies of reportable segments are generally the same as those described in "Basis of Presenting the Consolidated Financial Statements."

Segment income is based on operating income.

Intersegment revenue and transfers are based on market price.

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

FY2017 (From October 1, 2016 to September 30, 2017)

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single- family homes related	Condominium	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	187,949	26,480	88,448	1,772	304,651	—	304,651
Intersegment revenue and transfers	—	—	527	52	580	(580)	—
Total	187,949	26,480	88,976	1,825	305,231	(580)	304,651
Segment Income	23,095	4,345	11,122	54	38,617	(1,000)	37,617
Other items							
Depreciation	300	11	8	7	327	44	372
Amortization of goodwill	137	—	—	—	137	—	137

(NOTE)

1. Adjustment of ¥(1000)million for segment income includes intersegment elimination of ¥(23) million and corporate expenses of ¥(977) 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 has been adjusted to operating income described in consolidated statements of income.
3. Segment assets are not listed as assets are not allocated to reportable segments.
4. Adjustment for depreciation and amortization refers to depreciation expenses related to corporate assets.

FY2018 (From October 1, 2017 to September 30, 2018)

(Million yen)

	Reportable Segment					Adjustments (Note 1)	Amount Recorded on Consolidated Quarterly Statements of Income (Note 2)
	Single- family homes related	Condominium	Property resales	Others	Total		
Revenue							
Revenue from Outside Customers	218,540	49,385	107,399	15,409	390,735	—	390,735
Intersegment revenue and transfers	—	—	31	—	31	(31)	—
Total	218,540	49,385	107,430	15,409	390,766	(31)	390,735
Segment Income	26,276	7,230	12,272	2,408	48,188	(883)	47,304
Other items							
Depreciation	332	20	8	6	367	51	418
Amortization of goodwill	137	—	—	—	137	—	137

(NOTE)

1. Adjustment of ¥ (883) million for segment income includes intersegment elimination of ¥58 million and corporate expenses of ¥ (941) 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 has been adjusted to operating income described in consolidated statements of income.
 3. Segment assets are not listed as assets are not allocated to reportable segments.
 4. Adjustment for depreciation and amortization refers to depreciation expenses related to corporate assets.
4. Notes relating to changes in reportable segments etc.
- The Group has changed its reportable segments from this fiscal year. The brokerage business, single-family homes business, and Open House Architect has been 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 fiscal year for 2017 on a consolidated basis was prepared based on the reportable segments applied for the fiscal year for 2018.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Assets		
Current assets		
Cash and cash equivalents	43,241	44,232
Operating accounts receivable	1,078	1,289
Prepaid expense	215	256
Deferred tax assets	292	325
Short-term loans receivable from subsidiaries and associates	4,800	7,300
Income taxes receivable	537	2,901
Other	607	1,300
Total current assets	50,772	57,606
Fixed asset		
Tangible fixed assets		
Buildings	658	875
Vehicles	25	30
Tools, furniture and fixtures	119	130
Other	—	0
Total tangible fixed assets	803	1,037
Intangible fixed assets		
Software	172	125
Other	3	3
Total intangible fixed assets	175	128
Investments and other assets		
Investment securities	101	95
Stocks of subsidiaries and associates	8,196	28,294
Long-term prepaid expenses	2	30
Lease and guarantee deposits received	1,161	1,462
Other	44	43
Allowance for doubtful accounts	(10)	(9)
Total investments and other assets	9,496	30,016
Total fixed assets	10,475	31,182
Deferred assets		
Bond issuance cost	42	36
Total deferred assets	42	36
Total assets	61,290	88,825

(Million yen)

	FY 2017 (as of September 30, 2017)	FY 2018 (as of September 30, 2018)
Liabilities		
Current liabilities		
Short-term loans payable	—	19,772
Current portion of bonds	242	242
Current portion of long-term loans payable	625	625
Accounts payable	806	1,521
Accrued expenses	176	217
Advances received	6	—
Deposits received	56	79
Provision for bonuses	580	717
Other	167	82
Total current liabilities	2,659	23,257
Long-term liabilities		
Bonds payable	1,573	1,331
Long-term loans payable	38,625	38,000
Deferred tax liabilities	3	6
Total long-term liabilities	40,201	39,337
Total liabilities	42,861	62,595
Net assets		
Shareholders' equity		
Capital stocks	4,032	4,094
Capital surplus		
Legal capital surplus	3,815	3,877
Other capital surplus	2,118	2,118
Total capital surplus	5,934	5,996
Retained earnings		
Legal retained earnings	35	35
Other retained earnings		
Retained earnings brought forward	11,113	21,801
Total retained earnings	11,148	21,837
Treasury stock	(3,102)	(6,102)
Total shareholders' equity	18,012	25,825
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8	15
Total valuation and translation adjustments	8	15
Subscription rights to shares	408	388
Total net assets	18,429	26,229
Total liabilities and net assets	61,290	88,825

Non-Consolidated Statements of Income

(Million yen)

	FY2017 (From October 1, 2016 to September 30, 2017)	FY2018 (From October 1, 2017 to September 30, 2018)
Operating revenue	10,281	9,762
Operating cost	4,034	5,104
Gross operating profit	6,246	4,658
Selling, general and administrative expenses	3,555	4,311
Operating income	2,691	346
Non-operating income		
Interest income	4	99
Dividends income	6,002	15,014
Guarantee commission received	449	591
Other	183	253
Total non-operating income	6,640	15,959
Non-operating expenses		
Interest expenses	294	468
Interest on bonds	10	8
Amortization of bond issuance cost	5	5
Guarantee commission	288	425
Commission fee	562	19
Other	71	15
Total non-operating expenses	1,233	944
Ordinary income	8,099	15,361
Income before Income taxes	8,099	15,361
Income taxes-current	691	185
Income taxes-deferred	32	(32)
Total income Taxes	723	152
Net income	7,375	15,209

Non-Consolidated Statements of Changes in Shareholders' Equity

FY2017 (From October 1, 2016 to September 30, 2017)

(Million yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at October 1, 2016	3,982	3,765	2,118	5,883	35	8,220	8,256	(1,852)	16,269
Change of items during the period									
Issuance of new shares (Exercise of subscription rights to shares)	50	50		50					100
Dividends from surplus						(4,482)	(4,482)		(4,482)
Net income						7,375	7,375		7,375
Purchase of treasury stock								(1,250)	(1,250)
Net changes of items other than shareholders' equity									
Total changes of items during the period	50	50	–	50	–	2,892	2,892	(1,250)	1,743
Balance at September 30, 2017	4,032	3,815	2,118	5,934	35	11,113	11,148	(3,102)	18,012

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at October 1, 2016	5	5	375	16,650
Change of items during the period				
Issuance of new shares (Exercise of subscription rights to shares)				100
Dividends from surplus				(4,482)
Net income				7,375
Purchase of treasury stock				(1,250)
Net changes of items other than shareholders' equity	3	3	32	36
Total changes of items during the period	3	3	32	1,779
Balance at September 30, 2017	8	8	408	18,429

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at October 1, 2017	4,032	3,815	2,118	5,934	35	11,113	11,148	(3,102)	18,012
Change of items during the period									
Issuance of new shares (Exercise of subscription rights to shares)	32	32		32					65
Issuance of new shares (Issuance of restricted stock)	29	29		29					58
Dividends from surplus						(4,520)	(4,520)		(4,520)
Net income						15,209	15,209		15,209
Purchase of treasury stock								(3,000)	(3,000)
Net changes of items other than shareholders' equity									
Total changes of items during the period	62	62	-	62	-	10,688	10,668	(3,000)	7,813
Balance at September 30, 2018	4,094	3,877	2,118	5,996	35	21,801	21,837	(6,102)	25,825

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at October 1, 2017	8	8	408	18,429
Change of items during the period				
Issuance of new shares (Exercise of subscription rights to shares)				65
Issuance of new shares (Issuance of restricted stock)				58
Dividends from surplus				(4,520)
Net income				15,209
Purchase of treasury stock				(3,000)
Net changes of items other than shareholders' equity	7	7	(20)	(13)
Total changes of items during the period	7	7	(20)	7,800
Balance at September 30, 2018	15	15	388	26,229