

Summary of Business Results for the Second Quarter Ended December 31, 2016

[Japan GAAP] (Consolidated)

February 6, 2017

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Expected date of filing of quarterly report: February 10, 2017 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Holding of quarterly results briefing: Yes (for analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated business results for the six months ended December 2016 (July 1, 2016 through December 31, 2016)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Dec. 31, 2016	8,579	(1.1)	640	(9.3)	552	(18.0)	357	(20.0)
Six months ended Dec. 31, 2015	8,676	25.4	706	127.5	673	138.3	446	117.6

(Note) Comprehensive income

Six months ended Dec. 31, 2016: 358 million yen (down 19.7%)

Six months ended Dec. 31, 2015: 446 million yen (up 117.4%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Dec. 31, 2016	42.18		41.37	
Six months ended Dec. 31, 2015	53.24		52.64	

(Note) The Company conducted a 2-for-1 stock split effective April 1, 2016. Net income per share and diluted net income per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2016	15,537	2,393	15.4	282.13
As of Jun. 30, 2016	12,895	2,169	16.8	255.83

(Reference) Shareholders' equity:

As of Dec. 31, 2016: 2,391 million yen

As of Jun. 30, 2016: 2,167 million yen

(Note) The Company conducted a 2-for-1 stock split effective April 1, 2016. Net assets per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2016	-	0.00	-	16.00	16.00
Fiscal year ending Jun. 30, 2017	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2017 (forecast)	-	-	-	17.00	17.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Forecast of consolidated business results for the fiscal year ending June 2017 (July 1, 2016 through June 30, 2017)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending Jun. 30, 2017	16,322	(5.5)	1,247	(2.3)	1,100	(6.9)	715	(3.5)	84.45

(Note) Revisions to the most recently announced business forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:
Yes

(Note) Please refer to the section “2. Matters Related to Summary Information (Notes)” on page 5 for further information.

(3) Changes in accounting policies and accounting estimates, and restatements

- | | |
|--|--------|
| 1) Changes in accounting policies associated with revision of accounting standards | : None |
| 2) Changes in accounting policies other than 1) | : None |
| 3) Changes in accounting estimates | : None |
| 4) Restatement | : None |

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (treasury shares included)

As of Dec. 31, 2016	8,477,000 shares
As of Jun. 30, 2016	8,474,000 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2016	144 shares
As of Jun. 30, 2016	144 shares

3) Average number of shares during the period (cumulative)

Six months ended Dec. 31, 2016	8,475,698 shares
Six months ended Dec. 31, 2015	8,392,986 shares

(Note) The Company conducted a 2-for-1 stock split effective April 1, 2016. The number of shares outstanding (common stock) is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

*** Implementation status of quarterly review procedures**

At the time of disclosure of this quarterly report, the review procedures for the consolidated quarterly financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

*** Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution Concerning Forward-Looking Statements)

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. Please refer to the section “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 5 of the attachments regarding preconditions or other related matters for the forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the fiscal year ending June 30, 2017, there were concerns about how the Japanese economy would be affected by financial and capital market movements associated with increasing uncertainty about the global economy, which is caused in part by Brexit and the election of a new U.S. president. Nevertheless, there were slow improvements in corporate earnings, jobs and personal income because of the continuation of government economic stimulus measures and monetary easing by the Bank of Japan. As a result, the Japanese economy was healthy overall. But there are still risk factors that could cause an economic downturn, such as increasing political uncertainty in Europe and the possibility of an emerging country economic decline associated with U.S. interest rate hikes.

In the Japanese real estate industry, in which the HOUSEDO Group operates, there are concerns about rising prices of properties resulting from the higher cost of building materials and land. Despite these concerns, the business climate was generally favorable as the Bank of Japan's negative interest rate policy helped keep the actual demand for real estate firms.

To meet the needs of customers, the HOUSEDO Group is taking many actions that encompass all business units to become a one-stop source of housing services. We are increasing the number of franchised

s in the Franchisee Business, purchasing income-producing properties in the House-Leaseback Business, building a base for steady earnings in the Real Estate Finance Business by strengthening loans secured by real estate, increasing purchases of real estate for sale, mainly in areas serviced by directly operated stores, in the Real Estate Buying and Selling Business, and operating the Real Estate Brokerage Business. Based on these activities, we create business synergies by unifying real estate brokerage, buying and renovation operations.

The HOUSEDO Group reported net sales of 8,579 million yen (down 1.1% year on year), operating income of 640 million yen (down 9.3% year on year), ordinary income of 552 million yen (down 18.0% year on year) and profit attributable to owners of parent of 357 million yen (down 20.0% year on year).

Net sales were 7.7% higher, operating income was 22.7% higher, ordinary income was 27.8% higher and profit attributable to owners of parent was 27.1% higher than the first half forecast announced on August 12, 2016.

Results by business segment were as follows.

(As of December 31, 2016)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	1,024	64 new franchisee contracts, raising total to 421 54 new franchised stores opened, raising total to 352
House-Leaseback Business	1,262	140 properties purchased, raising holdings to 397 17 properties sold
Real Estate Buying and Selling Business	3,759	6 stores specializing in buying houses and other real estate
Real Estate Brokerage Business	807	6 housing information malls (note) 5 satellite stores
Housing and Renovation Business	1,666	6 housing information malls (note) 2 showrooms
Other businesses	59	47 real estate secured loans
Total	8,579	-

Note: The number of housing malls is the same for the Real Estate Brokerage Business and the Housing and Renovation Business because these malls are operated by both businesses.

1) Franchisee Business

The performance of this business was supported by measures to encourage real estate companies in urban areas to

become franchisees and by advertising and promotion activities using television and radio commercials and other channels. In addition, the change in the listing of HOUSEDO to the Tokyo Stock Exchange first section enhanced public trust in the company and raised the value of the corporate brand. During the first half of the current fiscal year, there were 64 new franchisee contracts, raising the total to 421 at the end of 2016.

The establishment of a franchisee follow-up system using supervisors and upgrades to a variety of services further contributed to first half performance. Due in part to these actions, we opened 54 stores during the first half, raising the total to 352 at the end of 2016.

As a result, the segment recorded sales of 1,024 million yen (up 21.0% year on year) and segment profit of 604 million yen (up 18.4%).

2) House-Leaseback Business

Television and radio commercials along with other forms of advertising were used to make more people aware of our house-leaseback service. The first section listing of HOUSEDO stock also supported this business by enhancing the company's reputation for reliability. The result was growth in the number of inquiries and properties handled. During the fiscal year's first half, this business purchased 140 properties and sold 17. At the end of 2016, this business owned 397 properties, all of which are generating leasing income.

As a result, the segment recorded sales of 1,262 million yen (up 84.5% year on year) and segment profit of 203 million yen (up 634.3%).

3) Real Estate Buying and Selling Business

The priority of this business is creating synergies with brokerage operations by continuing to purchase properties that match brokerage customers' requirements in areas served by directly operated stores. The average purchase price decreased because of a cautious stance regarding risk exposure when purchasing investment real estate and expensive properties located mainly in or near large cities.

As a result, the segment recorded sales of 3,759 million yen (down 10.5% year on year) and segment profit of 208 million yen (down 52.5%).

4) Real Estate Brokerage Business

The actual demand for houses has been consistently strong in part because interest rates on mortgages are still extremely low. There were many initiatives to bring more people into directly operated stores. This business is using the company's website and other websites for advertisements, placing inserts in newspapers, and using TV and radio commercials and other channels. Directly operated stores also place flyers directly in the mail boxes of local residents to conduct marketing that is closely tied to a specific region.

As a result, the segment recorded sales of 807 million yen (up 11.6% year on year) and segment profit of 175 million yen (up 61.3%).

5) Housing and Renovation Business

This business, mainly consists of renovation business, used a collaboration with the Real Estate Brokerage Business to sell existing homes with renovation orders as a single package. There were also Renovation Fairs to promote the services of this business and attract more customers. However, a temporary downturn in contacts at the end of the previous fiscal year and a decline in orders for new housing impacted first half performance. During the first half, 1,057 renovation orders were received, down 11.8% from one year earlier, and the number of renovation completions was 1,079, down 16.3%.

As a result, the segment recorded sales of 1,666 million yen (down 25.0% year on year) and segment profit of 139 million yen (down 34.4%).

6) Other businesses

Other businesses include the Real Estate Finance Business and other activities. The real estate finance uses the HOUSEDO Group's real estate examination skill, a core strength of the group, to provide loans secured by real estate. By using flexibility to meet a diverse array of customers' financial requirements, this business helps create new sales channels for the group. Other priorities of this business are synergies with the House-Leaseback Business and other group businesses, and collaboration with franchised stores. During the first half, there were 47 new loans secured by real estate.

As a result, the segment recorded sales of 59 million yen (up 59 million yen year on year) and segment profit of 24 million yen (up 26 million yen).

(2) Explanation of Financial Condition

1) Assets, liabilities and net assets

Assets

Total assets amounted to 15,537 million yen at the end of the second quarter under review, an increase of 2,642 million yen over the end of the previous fiscal year.

The main reasons were increases of 361 million yen in cash and deposits, 975 million yen in operating loans associated with the growing number of loans in the Real Estate Finance Business, and 1,363 million yen in property, plant and equipment associated with an increase in the number of properties in the House-Leaseback Business.

Liabilities

Liabilities totaled 13,143 million yen, an increase of 2,417 million yen over the end of the previous fiscal year.

There were increases of 275 million yen in short-term loans payable, due in part to fund new loans in the Real Estate Finance Business, and 280 million yen in the current portion of long-term loans payable and 1,771 million yen in long-term loans payable, due in part to fund property acquisitions by the House-Leaseback Business.

Net assets

Net assets totaled 2,393 million yen, an increase of 224 million yen over the end of the previous fiscal year.

Retained earnings increased 357 million yen because of the booking of profit attributable to owners of parent for the first half, while there was a 135 million yen decrease due to dividend payments.

(Millions of yen)

	FY6/16 (As of Jun. 30, 2016)	Second quarter of FY6/17 (As of Dec. 31, 2016)	Change
Assets	12,895	15,537	2,642
Liabilities	10,725	13,143	2,417
Net assets	2,169	2,393	224

2) Cash Flows

Cash and cash equivalents (hereinafter "net cash") as of the end of the second quarter under review amounted to 2,295 million yen, an increase of 304 million yen over the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities totaled 263 million yen (compared with net cash provided of 1,063 million yen in the same period of the previous fiscal year).

Positive factors include the booking of profit before income taxes of 552 million yen and a decrease in inventories of 658 million yen.

Negative factors include an increase in operating loans of 975 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 2,121 million yen (compared with net cash used of 1,956 million yen in the same period of the previous fiscal year).

Negative factors include the payment for the purchase of property, plant and equipment of 2,050 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 2,162 million yen (compared with net cash provided of 1,287 million yen in the same period of the previous fiscal year).

Positive factors include a net increase in short-term loans payable of 275 million yen and proceeds from long-term loans payable of 2,776 million yen.

Negative factors include repayments of long-term loans payable of 724 million yen and cash dividends paid of 135 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Based on the current performance trends, HOUSEDO has revised its first half consolidated forecast for the fiscal year ending June 30, 2017. For more information, please refer to the press release dated January 30, 2017 about forecast revisions (Japanese version only).

(4) Plan for Use of Proceeds from IPO and Other Sources and Actual Use

Proceeds from HOUSEDO's initial public offering, which was completed on March 24, 2015, are being used as follows.

In the current fiscal year, we planned to spend 25 million yen for a website renewal and the production of new content in order to increase the number of website visitors. This expenditure was completed during the fiscal year's first half.

In addition, we plan to spend 35 million yen for two new stores and renovations and relocations of other stores at subsidiary HouseDo Residential Sales Co., Ltd. As of the end of the first half, 2.103 million yen of this amount had been spent.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Accounting Procedures Specific to Preparation of the Consolidated Quarterly Financial Statements

Tax expense has been calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

(3) Changes in Accounting Policies and Accounting Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY6/16 (As of Jun. 30, 2016)	Second quarter of FY6/17 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposits	2,001,655	2,363,217
Accounts receivable from completed construction contracts	102,318	67,428
Accounts receivable-trade	75,868	78,088
Real estate for sale	4,185,635	4,055,718
Real estate for sale in process	697,610	771,017
Costs on uncompleted construction contracts	33,263	28,419
Operating loans	43,000	1,018,463
Deferred tax assets	50,596	49,693
Other	215,588	241,301
Allowance for doubtful accounts	(11,594)	(9,284)
Total current assets	7,393,943	8,664,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,780,939	2,037,760
Accumulated depreciation	(337,419)	(309,318)
Buildings and structures, net	1,443,520	1,728,442
Land	3,730,528	4,818,987
Other	109,422	107,838
Accumulated depreciation	(75,728)	(83,757)
Other, net	33,693	24,080
Total property, plant and equipment	5,207,742	6,571,511
Intangible assets		
Goodwill	9,700	7,676
Other	63,067	61,972
Total intangible assets	72,767	69,648
Investments and other assets		
Investment securities	5,218	7,515
Deferred tax assets	4,388	4,074
Other	211,121	220,721
Allowance for doubtful accounts	(74)	(89)
Total investments and other assets	220,654	232,221
Total non-current assets	5,501,164	6,873,381
Total assets	12,895,108	15,537,444

	(Thousands of yen)	
	FY6/16 (As of Jun. 30, 2016)	Second quarter of FY6/17 (As of Dec. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	403,606	341,507
Short-term loans payable	3,600,850	3,876,253
Current portion of bonds	49,700	49,950
Current portion of long-term loans payable	518,258	798,913
Lease obligations	10,112	9,845
Accounts payable-other	142,972	167,606
Accrued expenses	268,931	311,683
Income taxes payable	405,404	211,278
Accrued consumption taxes	31,475	39,200
Advances received on uncompleted construction contracts	272,657	213,807
Advances received	178,154	208,886
Provision for warranties for completed construction	4,549	5,107
Other	116,487	164,186
Total current liabilities	6,003,158	6,398,225
Non-current liabilities		
Bonds payable	50,600	25,500
Long-term loans payable	3,775,352	5,546,964
Lease obligations	17,445	12,655
Long-term guarantee deposited	840,207	1,116,427
Deferred tax liabilities	703	608
Asset retirement obligations	13,716	14,547
Provision for warranties for completed construction	24,729	28,852
Total non-current liabilities	4,722,754	6,745,556
Total liabilities	10,725,913	13,143,781
Net assets		
Shareholders' equity		
Capital stock	358,759	359,088
Capital surplus	495,781	496,109
Retained earnings	1,314,255	1,536,146
Treasury shares	(158)	(158)
Total shareholders' equity	2,168,638	2,391,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(746)	427
Total accumulated other comprehensive income	(746)	427
Subscription rights to shares	1,303	2,048
Total net assets	2,169,195	2,393,662
Total liabilities and net assets	12,895,108	15,537,444

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY6/16 (Jul. 1, 2015 – Dec. 31, 2015)	First six months of FY6/17 (Jul. 1, 2016 – Dec. 31, 2016)
Net sales	8,676,946	8,579,809
Cost of sales	5,591,364	5,331,697
Gross profit	3,085,581	3,248,112
Selling, general and administrative expenses	2,379,406	2,607,578
Operating income	706,175	640,533
Non-operating income		
Interest and dividend income	145	104
Commission fee	4,965	16,029
Insurance income	2,364	786
Insurance premiums refunded cancellation	16,406	-
Other	4,966	13,638
Total non-operating income	28,847	30,558
Non-operating expenses		
Interest expenses	57,969	85,005
Going public expenses	-	26,527
Other	3,165	6,771
Total non-operating expenses	61,134	118,303
Ordinary income	673,887	552,787
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	673,887	552,787
Income taxes	227,046	195,315
Profit	446,841	357,472
Profit attributable to owners of parent	446,841	357,472

Quarterly Consolidated Statement of Comprehensive Income**(For the Six-month Period)**

(Thousands of yen)

	First six months of FY6/16 (Jul. 1, 2015 – Dec. 31, 2015)	First six months of FY6/17 (Jul. 1, 2016 – Dec. 31, 2016)
Profit	446,841	357,472
Other comprehensive income		
Valuation difference on available-for-sale securities	(223)	1,174
Total other comprehensive income	(223)	1,174
Comprehensive income	446,618	358,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	446,618	358,647

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/16 (Jul. 1, 2015 – Dec. 31, 2015)	First six months of FY6/17 (Jul. 1, 2016 – Dec. 31, 2016)
Cash flows from operating activities		
Profit before income taxes	673,887	552,787
Depreciation	63,236	101,576
Amortization of goodwill	2,023	2,023
Amortization of long-term prepaid expenses	3,580	7,565
Increase (decrease) in allowance for doubtful accounts	3,852	(2,294)
Increase (decrease) in provision for warranties for completed construction	3,596	4,681
Interest and dividend income	(145)	(104)
Surrender value of insurance	(16,406)	-
Interest expenses	57,969	85,005
Loss on retirement of non-current assets	0	-
Decrease (increase) in notes and accounts receivable-trade	(19,608)	32,670
Decrease (increase) in inventories	462,523	658,483
Increase (decrease) in notes and accounts payable-trade	(115,695)	(62,099)
Decrease (increase) in operating loans receivable	-	(975,463)
Increase (decrease) in advances received on uncompleted construction contracts	(80,831)	(58,850)
Increase (decrease) in advances received	31,688	30,732
Decrease (increase) in advance payments	(31,397)	27,296
Decrease (increase) in prepaid expenses	(36,728)	(54,793)
Decrease (increase) in accounts receivable-other	3,474	(19,656)
Increase (decrease) in accrued consumption taxes	(36,013)	4,498
Increase (decrease) in accrued expenses	59,441	42,822
Increase (decrease) in guarantee deposits received	289,945	276,220
Increase (decrease) in deposits received	(9,154)	22,939
Other, net	(17,787)	36,032
Subtotal	1,291,450	712,076
Interest and dividend income received	145	(192)
Interest expenses paid	(83,188)	(65,048)
Income taxes paid	(145,294)	(385,706)
Income taxes refund	0	1,968
Net cash provided by (used in) operating activities	1,063,112	263,097
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,965,702)	(2,050,126)
Collection of loans receivable	130	117
Payments for guarantee deposits	(1,168)	(143)
Proceeds from collection of guarantee deposits	820	239
Other, net	9,428	(71,111)
Net cash provided by (used in) investing activities	(1,956,490)	(2,121,024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	536,960	275,403
Proceeds from long-term loans payable	1,634,000	2,776,688
Repayments of long-term loans payable	(824,097)	(724,421)
Redemption of bonds	(24,850)	(24,850)
Repayments of lease obligations	(5,056)	(5,056)
Purchase of treasury shares	(84)	-
Cash dividends paid	(29,375)	(135,581)
Proceeds from issuance of subscription rights to shares	184	657
Net cash provided by (used in) financing activities	1,287,681	2,162,839
Net increase (decrease) in cash and cash equivalents	394,302	304,912
Cash and cash equivalents at beginning of period	998,276	1,990,855
Cash and cash equivalents at end of period	1,392,578	2,295,767

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I First six months of FY6/16 (Jul. 1, 2015 – Dec. 31, 2015)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House- Leaseback	Real Estate Buying and Selling	Real Estate Brokerage	Housing and Renovation	Subtotal				
Net sales										
External sales	847,011	684,175	4,200,119	723,759	2,221,851	8,676,918	28	8,676,946	-	8,676,946
Inter-segment sales and transfers	38,423	-	-	104,955	-	143,378	24,631	168,010	(168,010)	-
Total	885,435	684,175	4,200,119	828,714	2,221,851	8,820,296	24,659	8,844,956	(168,010)	8,676,946
Segment profit (loss)	510,190	27,720	438,752	108,852	213,167	1,298,683	(2,683)	1,296,000	(589,824)	706,175

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of recruiting and education businesses.

2. The negative adjustment of 589.824 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 25.551 million yen and corporate expenses of minus 615.376 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating income recorded in the quarterly consolidated statement of income.

II First six months of FY6/17 (Jul. 1, 2016 – Dec. 31, 2016)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House- Leaseback	Real Estate Buying and Selling	Real Estate Brokerage	Housing and Renovation	Subtotal				
Net sales										
External sales	1,024,680	1,262,221	3,759,569	807,938	1,666,310	8,520,720	59,088	8,579,809	-	8,579,809
Inter-segment sales and transfers	39,748	3,606	-	99,092	-	142,446	20,381	162,828	(162,828)	-
Total	1,064,429	1,265,827	3,759,569	907,031	1,666,310	8,663,167	79,469	8,742,637	(162,828)	8,579,809
Segment profit	604,195	203,549	208,332	175,603	139,883	1,331,563	24,245	1,355,809	(715,276)	640,533

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of Real Estate Finance Business.

2. The negative adjustment of 715.276 million yen to segment profit includes an elimination for inter-segment transactions of 18.294 million yen and corporate expenses of minus 733.570 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit is adjusted to be consistent with operating income recorded in the quarterly consolidated statement of income.

2. Information related to revisions for reportable segments

HOUSEDO revised its reportable business segments starting with the first quarter of the current fiscal year in conjunction with a reexamination of administrative units of the HOUSEDO Group. The Real Estate segment in prior periods has been divided into the House-Leaseback and the Real Estate Buying and Selling segments. Accordingly, there are five reportable segments in the current fiscal year: Franchisee, House-Leaseback, Real Estate Buying and Selling, Real Estate Brokerage, and Housing and Renovation segments.

Segment information for the first six months of FY6/16 has been restated based on the revised reportable segments.

Material Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.