

Summary of Business Results for the Third Quarter Ended March 31, 2017

[Japan GAAP] (Consolidated)

May 8, 2017

Company **HOUSE DO Co., Ltd.** Listed on the TSE
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Expected date of filing of quarterly report: May 12, 2017 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Holding of quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ended March 2017 (July 1, 2016 through March 31, 2017)

(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	%
Nine months ended Mar. 31, 2017	12,861	(0.4)	932	(2.6)	810	(10.0)	515	(12.7)
Nine months ended Mar. 31, 2016	12,908	16.6	957	102.4	900	121.5	591	101.3

(Note) Comprehensive income:

Nine months ended Mar. 31, 2017: 516 million yen (down 12.5%)

Nine months ended Mar. 31, 2016: 590 million yen (up 101.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Mar. 31, 2017	60.87		59.68	
Nine months ended Mar. 31, 2016	70.42		69.32	

(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 Mar. 31, 2017	17,708	2,552	14.4	300.78
As of Jun. 30, 2016	12,895	2,169	16.8	255.83

(Reference) Shareholders' equity:

As of Mar. 31, 2017: 2,549 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 quarterly consolidated financial statements:
Yes

(Note) Please refer to the section “2. (3) Notes to Quarterly Consolidated Financial Statements” on page 10 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 Mar. 31, 2017 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 Mar. 31, 2017 144 shares

As of Jun. 30, 2016 144 shares

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

Nine months ended Mar. 31, 2017 8,476,079 shares

Nine months ended Mar. 31, 2016 8,392,957 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.

*** The current quarterly financial report is not subject to quarterly review procedures.**

*** 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 nine months 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 future caused by concerns over the European situation following Brexit and the new U.S. administration. 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 various 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 existing housing and renovation and remodeling markets revived and 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 focused on functioning as a one-stop source of housing services by utilizing synergies from a business model that combines real estate brokerage, buying, and renovation. This business model is based on steady income from the increase number of franchised stores in the Franchisee Business, purchasing income-producing properties in the House-Leaseback Business and strengthening loans secured by real estate in the Real Estate Finance Business. 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 also helps capturing synergies.

The HOUSEDO Group reported net sales of 12,861 million yen (down 0.4% year on year), operating income of 932 million yen (down 2.6% year on year), ordinary income of 810 million yen (down 10.0% year on year) and profit attributable to owners of parent of 515 million yen (down 12.7% year on year).

Net sales were 7.2% higher, operating income was 10.8% higher, ordinary income was 11.9% higher and profit attributable to owners of parent was 9.6% higher than the first nine months forecast announced on August 12, 2016.

Results by business segment were as follows.

(As of March 31, 2017)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	1,576	97 new franchisee contracts, raising total to 441 79 new franchised stores opened, raising total to 365
House-Leaseback Business	2,183	209 properties purchased, raising holdings to 445 31 properties sold
Real Estate Buying and Selling Business	5,574	6 stores specializing in buying houses and other real estate
Real Estate Brokerage Business	1,242	6 housing information malls (note) 5 satellite stores
Housing and Renovation Business	2,165	6 housing information malls (note) 2 showrooms
Real Estate Finance Business	119	91 real estate secured loans
Total	12,861	-

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 HOUSE DO to the Tokyo Stock Exchange first section enhanced

public trust in the company and raised the value of the corporate brand. There were also needs for the establishment of dual stores specializing in buying houses and other real estate in order to raise profitability. During the first nine months of the current fiscal year, there were 97 new franchisee contracts, raising the total to 441 at the end of March 2017.

The establishment of a franchisee follow-up system using supervisors and upgrades to a variety of services further contributed to first nine months performance. Due in part to these actions, we opened 79 stores during the first nine months, raising the total to 365 at the end of March 2017.

As a result, the segment recorded sales of 1,576 million yen (up 22.5% year on year) and segment profit of 943 million yen (up 20.5%).

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 HOUSE DO 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 nine months, this business purchased 209 properties and sold 31. As of March 31, 2017, this business owned 445 properties, all of which are generating leasing income.

As a result, the segment recorded sales of 2,183 million yen (up 125.6% year on year) and segment profit of 297 million yen (up 275 million yen).

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 number of transactions 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 5,574 million yen (down 15.1% year on year) and segment profit of 296 million yen (down 56.1%).

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. We focused on many activities to bring more people into directly operated stores, such as using the company's website and other websites for advertisements, placing inserts in newspapers, and using television and radio commercials and other channels. Directly operated stores also distributed real estate information to local residents individually to conduct marketing that is closely tied to a specific region.

As a result, the segment recorded sales of 1,242 million yen (up 10.7% year on year) and segment profit of 287 million yen (up 44.2%).

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. Moreover, we proactively held renovation fairs in collaboration with housing equipment manufacturers to attract customers and win more orders. However, a temporary downturn in contacts at the end of the previous fiscal year impacted the first nine months performance. During the first nine months, 1,599 renovation orders were received, down 7.3% from one year earlier, and the number of renovation completions was 1,521, down 13.1%.

As a result, the segment recorded sales of 2,165 million yen (down 27.0% year on year) and segment profit of 120 million yen (down 44.8%).

6) Real Estate Finance Business

The Real Estate Finance Business uses the HOUSEDO Group's real estate examination skill, a core strength of the group, primarily 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 nine months, there were 91 new loans secured by real estate.

As a result, the segment recorded sales of 119 million yen and segment profit of 51 million yen.

(2) Explanation of Financial Condition

Assets

Total assets amounted to 17,708 million yen at the end of the third quarter under review, an increase of 4,813 million yen over the end of the previous fiscal year.

The main reasons were increases of 784 million yen in cash and deposits, 2,446 million yen in operating loans associated with the growing number of loans in the Real Estate Finance Business, and 1,665 million yen in property, plant and equipment associated with an increase in the number of properties in the House-Leaseback Business.

Liabilities

Liabilities totaled 15,156 million yen, an increase of 4,430 million yen over the end of the previous fiscal year.

There were increases of 1,623 million yen in short-term loans payable, due in part to fund new loans in the Real Estate Finance Business, and 641 million yen in the current portion of long-term loans payable and 2,058 million yen in long-term loans payable, due to fund property acquisitions by the House-Leaseback Business.

Net assets

Net assets totaled 2,552 million yen, an increase of 382 million yen over the end of the previous fiscal year.

Retained earnings increased 515 million yen because of the booking of profit attributable to owners of parent for the first nine months, while there was a 135 million yen decrease due to dividend payments.

(Millions of yen)

	FY6/16 (As of Jun. 30, 2016)	Third quarter of FY6/17 (As of Mar. 31, 2017)	Change
Total assets	12,895	17,708	4,813
Liabilities	10,725	15,156	4,430
Net assets	2,169	2,552	382

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

HOUSEDO maintains the full-year consolidated business forecast that was announced in the "Summary of Business Results for the Fiscal Year Ended June 30, 2016" dated August 12, 2016 (Japanese version only).

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

Plan for Use of Proceeds 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 nine months.

In addition, we plan to spend 35 million yen for openings of two new stores and renovations and relocations of other stores at subsidiary House Do Residential Sales Co., Ltd. As of the end of the first nine months, 2,244 million yen of this amount had been spent.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY6/16 (As of Jun. 30, 2016)	Third quarter of FY6/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	2,001,655	2,786,318
Accounts receivable from completed construction contracts	102,318	65,285
Accounts receivable-trade	75,868	82,756
Real estate for sale	4,185,635	3,886,351
Real estate for sale in process	697,610	844,382
Costs on uncompleted construction contracts	33,263	47,238
Operating loans	43,000	2,489,642
Deferred tax assets	50,596	50,873
Other	215,588	250,182
Allowance for doubtful accounts	(11,594)	(10,051)
Total current assets	7,393,943	10,492,979
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,780,939	2,236,291
Accumulated depreciation	(337,419)	(340,692)
Buildings and structures, net	1,443,520	1,895,599
Land	3,730,528	4,956,758
Other	109,422	108,615
Accumulated depreciation	(75,728)	(87,690)
Other, net	33,693	20,924
Total property, plant and equipment	5,207,742	6,873,283
Intangible assets		
Goodwill	9,700	6,664
Other	63,067	56,711
Total intangible assets	72,767	63,376
Investments and other assets		
Investment securities	5,218	7,193
Deferred tax assets	4,388	4,548
Other	211,121	266,890
Allowance for doubtful accounts	(74)	(100)
Total investments and other assets	220,654	278,532
Total non-current assets	5,501,164	7,215,191
Total assets	12,895,108	17,708,170

	(Thousands of yen)	
	FY6/16 (As of Jun. 30, 2016)	Third quarter of FY6/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	403,606	381,107
Short-term loans payable	3,600,850	5,224,773
Current portion of bonds	49,700	50,350
Current portion of long-term loans payable	518,258	1,159,406
Lease obligations	10,112	9,044
Accounts payable-other	142,972	181,614
Accrued expenses	268,931	199,506
Income taxes payable	405,404	78,074
Accrued consumption taxes	31,475	33,424
Advances received on uncompleted construction contracts	272,657	312,177
Advances received	178,154	209,901
Provision for bonuses	-	30,747
Provision for warranties for completed construction	4,549	5,226
Other	116,487	160,258
Total current liabilities	6,003,158	8,035,611
Non-current liabilities		
Bonds payable	50,600	8,500
Long-term loans payable	3,775,352	5,833,904
Lease obligations	17,445	10,928
Long-term guarantee deposited	840,207	1,223,364
Deferred tax liabilities	703	559
Asset retirement obligations	13,716	13,469
Provision for warranties for completed construction	24,729	29,744
Total non-current liabilities	4,722,754	7,120,471
Total liabilities	10,725,913	15,156,082
Net assets		
Shareholders' equity		
Capital stock	358,759	359,088
Capital surplus	495,781	496,109
Retained earnings	1,314,255	1,694,630
Treasury shares	(158)	(158)
Total shareholders' equity	2,168,638	2,549,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(746)	(3)
Total accumulated other comprehensive income	(746)	(3)
Subscription rights to shares	1,303	2,421
Total net assets	2,169,195	2,552,088
Total liabilities and net assets	12,895,108	17,708,170

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

(Thousands of yen)

	First nine months of FY6/16 (Jul. 1, 2015 – Mar. 31, 2016)	First nine months of FY6/17 (Jul. 1, 2016 – Mar. 31, 2017)
Net sales	12,908,584	12,861,280
Cost of sales	8,352,085	8,015,090
Gross profit	4,556,499	4,846,189
Selling, general and administrative expenses	3,599,030	3,913,593
Operating income	957,469	932,595
Non-operating income		
Interest and dividend income	246	187
Commission fee	7,531	21,748
Insurance income	2,764	786
Insurance premiums refunded cancellation	16,406	-
Other	15,629	18,671
Total non-operating income	42,578	41,393
Non-operating expenses		
Interest expenses	92,255	129,005
Going public expenses	-	26,527
Other	7,618	8,121
Total non-operating expenses	99,873	163,654
Ordinary income	900,173	810,334
Extraordinary income		
Gain on sales of non-current assets	1,779	-
Total extraordinary income	1,779	-
Extraordinary losses		
Loss on retirement of non-current assets	137	4,113
Total extraordinary losses	137	4,113
Profit before income taxes	901,815	806,221
Income taxes	310,752	290,265
Profit	591,062	515,956
Profit attributable to owners of parent	591,062	515,956

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

(Thousands of yen)

	First nine months of FY6/16 (Jul. 1, 2015 – Mar. 31, 2016)	First nine months of FY6/17 (Jul. 1, 2016 – Mar. 31, 2017)
Profit	591,062	515,956
Other comprehensive income		
Valuation difference on available-for-sale securities	(840)	743
Total other comprehensive income	(840)	743
Comprehensive income	590,221	516,699
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	590,221	516,699

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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

The tax expense was 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.

Change in Accounting Policies

Not applicable.

Changes in Accounting Estimates

Not applicable.

Segment and Other Information

Segment Information

I First nine months of FY6/16 (Jul. 1, 2015 – Mar. 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	Real Estate Finance	Subtotal				
Net sales											
External sales	1,287,531	967,671	6,563,449	1,122,542	2,967,361	-	12,908,556	28	12,908,584	-	12,908,584
Inter-segment sales and transfers	56,323	800	500	158,034	-	-	215,657	37,316	252,974	(252,974)	-
Total	1,343,855	968,471	6,563,949	1,280,576	2,967,361	-	13,124,213	37,344	13,161,558	(252,974)	12,908,584
Segment profit (loss)	782,981	22,131	673,657	199,314	218,736	-	1,896,821	(5,644)	1,891,177	(933,707)	957,469

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 933.707 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 24.589 million yen and corporate expenses of negative 958.297 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 nine months of FY6/17 (Jul. 1, 2016 – Mar. 31, 2017)

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	Real Estate Finance	Subtotal				
Net sales											
External sales	1,576,942	2,183,347	5,574,038	1,242,134	2,165,519	119,298	12,861,280	-	12,861,280	-	12,861,280
Inter-segment sales and transfers	56,752	7,986	-	144,646	-	23,505	232,890	6,936	239,826	(239,826)	-
Total	1,633,695	2,191,333	5,574,038	1,386,780	2,165,519	142,803	13,094,170	6,936	13,101,107	(239,826)	12,861,280
Segment profit (loss)	943,126	297,930	296,050	287,445	120,847	51,240	1,996,641	(11,776)	1,984,865	(1,052,269)	932,595

- Notes:
1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of education businesses.
 2. The negative adjustment of 1,052.269 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 28.256 million yen and corporate expenses of negative 1,080.525 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.

2. Information related to revisions of reportable segments

HOUSE DO 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.

In addition, the Real Estate Finance segment, previously included in Other, is restated as a separate reporting segment from the current third quarter for the reason that the aggregate of assets of all segments exceeded 10% of total assets.

Accordingly, there are six reportable segments in the current fiscal year: Franchisee, House-Leaseback, Real Estate Buying and Selling, Real Estate Brokerage, Housing and Renovation, and Real Estate Finance segments.

Segment information for the first nine 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.