Summary of Business Results for the Fiscal Year Ended June 30, 2017
[Japan GAAP] (Consolidated)

August 14, 2017

Company HOUSE DO Co., Ltd. Listed on the TSE
Stock code 3457 URL: http://www.housedo.co.jp/en/
Representative Masahiro Ando, President and CEO
Contact Hiroshi Asada, Managing Director and CFO, General Manager of Administrative Dept.
TEL: +81-75-229-3200

Expected date of annual shareholders' meeting: Sep. 26, 2017 Expected starting date of dividend payment: Sep. 27, 2017
Expected date of filing of annual securities report: Sep. 27, 2017
Preparation of supplementary financial document: Yes
Holding of results briefing: Yes (for analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended June 2017 (July 1, 2016 through June 30, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Jun. 30, 2017	16,848	(2.5)	1,249	(2.2)	1,103	(6.7)	737	(0.5)
Fiscal year ended Jun. 30, 2016	17,275	18.5	1,277	107.0	1,182	130.4	741	109.9

(Note) Comprehensive income:
Year ended Jun. 30, 2017: 738 million yen (down 0.2%) Year ended Jun. 30, 2016: 740 million yen (up 109.5%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Jun. 30, 2017	87.02	85.23	29.8	6.7	7.4
Fiscal year ended Jun. 30, 2016	88.31	86.36	41.1	11.2	7.4

(Reference) Investment earnings/loss on equity-method:
Year ended Jun. 30, 2017: - million yen Year ended Jun. 30, 2016: - million yen

(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 Jun. 30, 2017	20,273	2,779	13.7	326.70
As of Jun. 30, 2016	12,895	2,169	16.8	255.83

(Reference) Shareholders' equity:
As of Jun. 30, 2017: 2,776 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.

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Jun. 30, 2017	(956)	(4,105)	6,132	3,061
Fiscal year ended Jun. 30, 2016	1,430	(3,789)	3,351	1,990

2. Dividends

	Annual dividend					Total dividends	Dividend payout ratio (Consolidated)	Ratio of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Jun. 30, 2016	-	0.00	-	16.00	16.00	135	18.1	7.5
Fiscal year ended Jun. 30, 2017	-	0.00	-	20.00	20.00	169	23.0	6.9
Fiscal year ending Jun. 30, 2018 (forecasts)	-	0.00	-	27.00	27.00		25.0	

(Note) Breakdown of the year-end dividend for the fiscal year ended Jun. 30, 2017:
Ordinary dividends: 17.00 yen; Commemorative dividends: 3.00 yen

3. Forecast of consolidated business results for the fiscal year ending June 2018 (July 1, 2017 through June 30, 2018) (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending Dec. 31, 2017	8,583	0.0	707	10.5	577	4.4	377	5.5	44.36
Fiscal year ending Jun. 30, 2018	17,146	1.8	1,603	28.4	1,400	27.0	920	24.7	108.29

*** Notes**

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

(2) 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

(3) Number of shares outstanding (common stock)

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

As of Jun. 30, 2017	8,498,000 shares
As of Jun. 30, 2016	8,474,000 shares

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

As of Jun. 30, 2017	144 shares
As of Jun. 30, 2016	144 shares

3) Average number of shares during the period

Fiscal year ended Jun. 30, 2017	8,479,171 shares
Fiscal year ended Jun. 30, 2016	8,394,923 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.

Reference: Summary of non-consolidated business results

Non-consolidated business results for the fiscal year ended June 2017 (July 1, 2016 through June 30, 2017)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Jun. 30, 2017	15,099	(4.6)	927	(15.7)	817	(19.4)	544	(14.3)
Fiscal year ended Jun. 30, 2016	15,831	20.6	1,100	137.2	1,013	177.3	634	159.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Jun. 30, 2017	64.18	62.86
Fiscal year ended Jun. 30, 2016	75.61	73.94

(2) Non-consolidated financial condition

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2017	16,668	2,419	14.5	284.38
As of Jun. 30, 2016	12,604	2,003	15.9	236.26

(Reference) Shareholders' equity:

As of Jun. 30, 2017: 2,416 million yen

As of Jun. 30, 2016: 2,002 million yen

*** The current financial report is not subject to audit 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. (1) Analysis of Results of Operations" on page 2 of the attachments regarding preconditions or other related matters for the forecasts.

Contents of Attachments

1. Overview of Results of Operations, etc.

(1) Analysis of Results of Operations

1) Summary of the fiscal year

In the fiscal year that ended on June 30, 2017, there were concerns about the impact on financial and capital markets of the stance of EU countries regarding negotiations for Britain's departure and uncertainty of U.S. economic policies under the Trump administration. Despite these concerns, the soundness of the Japanese economy improved because of a slow upturn in corporate earnings, jobs and personal income due to the continuation of government economic stimulus measures and monetary easing by the Bank of Japan. But there are still various factors that could cause an economic downturn, such as increasing political uncertainty in Europe or a U.S. interest rate hike that has a negative impact on global financial markets.

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 in urban areas. 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.

The HOUSEDO Group is currently implementing a medium-term plan that will end in June 2019. One goal is achieving sustained growth by increasing the share of sales derived from operations in our business portfolio that generate steady income. To accomplish this goal, the Franchisee Business increased the number of franchised stores, the House-Leaseback Business purchased income-producing properties and the Real Estate Finance Business strengthened the provision of loans secured by real estate. In the Real Estate Buying and Selling Business, we increased purchases of real estate for sale, mainly in locations served by our directly operated stores. With the Real Estate Brokerage Business serving as the foundation for all operations, our aim is to capture synergies by using a unified three-part business scheme encompassing real estate brokerage, buying and renovation. By leveraging these synergies while continuing to function as a one-stop source of housing services, we concentrated on meeting our customers' needs.

The HOUSEDO Group reported net sales of 16,848 million yen (down 2.5% year on year), operating profit of 1,249 million yen (down 2.2% year on year), ordinary profit of 1,103 million yen (down 6.7% year on year) and profit attributable to owners of parent of 737 million yen (down 0.5% year on year).

Net sales were 3.2% higher, operating profit was 0.1% higher, ordinary profit was 0.2% higher and profit attributable to owners of parent was 3.1% higher than the fiscal year forecast announced on August 12, 2016.

Results by business segment were as follows.

(As of June 30, 2017)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,144	144 new franchisee contracts, raising total to 468 110 new franchised stores opened, raising total to 378
House-Leaseback Business	2,797	288 properties purchased, raising holdings to 513 44 properties sold
Real Estate Buying and Selling Business	7,111	6 stores specializing in buying houses and other real estate
Real Estate Brokerage Business	1,661	5 housing information malls (note) 6 satellite stores
Housing and Renovation Business	2,944	5 housing information malls (note) 3 showrooms
Real Estate Finance Business	189	124 real estate secured loans
Total	16,848	-

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

a. 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. In this business, one benefit of the enhanced trust is the participation of prominent regional companies and the growing number of companies that are considering a franchising agreement with HOUSE DO. The increasing levels of store openings and marketing activities also contributed to this growth. Moreover, there was a need for the establishment of dual stores that are both satellite stores and stores specializing in buying houses and other real estate in order to raise profitability through real estate brokerage and buying. During the current fiscal year, there were 144 new franchisee contracts, raising the total to 468 at the end of June 2017.

The establishment of a franchisee follow-up system using supervisors and upgrades to a variety of services further contributed to the current fiscal year performance. Due in part to these actions, we opened 110 stores during the current fiscal year, raising the total to 378 at the end of June 2017.

As a result, the segment recorded sales of 2,144 million yen (up 18.8% year on year) and segment profit of 1,304 million yen (up 17.5%).

b. House-Leaseback Business

There is growing demand in Japan for schemes for using real estate more effectively and transforming assets into a source of cash flows. 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 current fiscal year, this business purchased 288 properties and sold 44. As of June 30, 2017, this business owned 513 properties, all of which are generating leasing income.

As a result, the segment recorded sales of 2,797 million yen (up 148.5% year on year) and segment profit of 330 million yen (up 339 million yen).

c. Real Estate Buying and Selling Business

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. However, there was a shift in our stance about purchasing other types of properties. We were cautious as the fiscal year began, but then recognized the strong demand for purchasing lower-priced but high-quality existing properties as interest rates on mortgages remained extremely low. We decided to start buying properties of this type that match the requirements of our brokerage customers. We began making substantial purchases in the second quarter in areas served by directly operated stores. Due to these purchases, the amount of real estate for sale and real estate for sale in process increased 17.8% to 5,751 million yen at the end of June 2017.

As a result, the segment recorded sales of 7,111 million yen (down 20.5% year on year) and segment profit of 422 million yen (down 53.2%).

d. 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 1,661 million yen (up 9.2% year on year) and segment profit of 373 million yen (up 39.1%).

e. Housing and Renovation Business

This business, which mainly consists of the renovation business, used a collaboration with the Real Estate Brokerage Business to sell existing homes with renovation orders as a single package. Moreover, we held many 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 performance. During the current fiscal year, 2,131 renovation orders were received, down 9.9% from one year earlier, and the number of renovation completions was 2,076, down 11.8%.

As a result, the segment recorded sales of 2,944 million yen (down 24.0% year on year) and segment profit of 212 million yen (down 24.3%).

f. 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 current fiscal year, there were 124 new loans secured by real estate.

As a result, the segment recorded sales of 189 million yen (up 188 million yen year on year) and segment profit of 72 million yen (up 87 million yen).

2) Outlook for the Next Fiscal Year

We expect Japan's domestic demand to increase during the fiscal year ending on June 30, 2018. The main reasons for this outlook are an extremely accommodative monetary policy and the government's large expenditures to support the economy.

The real estate industry will continue to benefit from a favorable financial environment as Japan continues to use quantitative and qualitative monetary measures that include manipulating long and short-term interest rates. The Japanese government is still dedicated to the goals of "promoting dynamic engagement of all citizens (building a society where 100 million people can play an active role)" and raising the GDP to 600 trillion yen. The Bank of Japan is aiming for steady 2% inflation. The monetary measures are intended to help reach these targets, although target dates have been pushed back. The start of substantial expenditures associated with the 2020 Tokyo Olympics will also support the real estate industry. Due to this outlook, we think the real estate sector will help stimulate Japan's economy.

Aiming for sustainable growth of business operations and consistent profitability, the HOUSEDO Group is implementing a medium-term plan that was announced in August 2016 and will end on June 30, 2019. Based on this plan, we expect to earn profits from the investments that were made as expected in the past fiscal year. Another goal is to continue making investments for the growth of three businesses that are sources of steady revenue: the Franchisee Business, the House-Leaseback Business and the Real Estate Finance Business.

In the fiscal year ending on June 30, 2018, we forecast net sales of 17,146 million yen (up 1.8% year on year), operating profit of 1,603 million yen (up 28.4%), ordinary profit of 1,400 million yen (up 27.0%) and profit attributable to owners of parent of 920 million yen (up 24.7%).

(2) Analysis of Financial Condition

1) Assets, liabilities and net assets

Assets

Total assets amounted to 20,273 million yen at the end of June 2017, an increase of 7,378 million yen over the end of the previous fiscal year.

The main reasons were increases of 1,128 million yen in cash and deposits, 381 million yen in real estate for sale, 486 million yen in real estate for sale in process, 2,822 million yen in operating loans associated with the growing number of loans in the Real Estate Finance Business, and 2,522 million yen in property, plant and equipment associated with an increase in the number of properties in the House-Leaseback Business.

Liabilities

Liabilities totaled 17,494 million yen, an increase of 6,768 million yen over the end of the previous fiscal year.

There were increases of 3,294 million yen in short-term loans payable due in part to fund new loans in the Real Estate Finance Business, 782 million yen in the current portion of long-term loans payable, 2,245 million yen in long-term loans payable, due to fund property acquisitions by the House-Leaseback Business, and 520 million yen in long-term guarantee deposited associated with the growing number of House-leaseback contracts and franchised stores.

Net assets

Net assets totaled 2,779 million yen, an increase of 609 million yen over the end of the previous fiscal year.

Retained earnings increased 737 million yen because of the booking of profit attributable to owners of parent for the current fiscal year, while there was a 135 million yen decrease due to dividend payments.

(Millions of yen)

	FY6/16 (As of Jun. 30, 2016)	FY6/17 (As of Jun. 30, 2017)	Change
Total assets	12,895	20,273	7,378
Liabilities	10,725	17,494	6,768
Net assets	2,169	2,779	609

2) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) as of the end of June 2017 amounted to 3,061 million yen, an increase of 1,071 million yen over the end of the previous fiscal year.

Cash flows from operating activities

Net cash used by operating activities totaled 956 million yen (compared with net cash provided of 1,430 million yen in the previous fiscal year).

Positive factors include the booking of profit before income taxes of 1,097 million yen, a decrease in inventories of 430 million yen and an increase of 520 million yen in guarantee deposited.

Negative factors include an increase in operating loans of 2,822 million yen and the posting of 156 million yen in interest expenses paid.

Cash flows from investing activities

Net cash used in investing activities totaled 4,105 million yen (compared with net cash used of 3,789 million yen in the previous fiscal year).

Negative factors include the payment for the purchase of property, plant and equipment of 4,008 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 6,132 million yen (compared with net cash provided of 3,351 million yen in the previous fiscal year).

Positive factors include a net increase in short-term loans payable of 3,294 million yen and proceeds from long-term loans payable of 5,229 million yen.

Negative factors include repayments of long-term loans payable of 2,201 million yen.

(3) Profit Allocation Policy and Dividend Payment Plan for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of HOUSE DO. Our basic policy is to pay stable and continuous dividends.

HOUSE DO is still in a growth phase and has the goal of raising the equity ratio to 30% over the medium term. Our goal is to pay dividends to shareholders while increasing retained earnings and expanding business operations.

The dividend per share for the fiscal year that ended on June 30, 2017 was 20 yen, the sum of an ordinary dividend of 17 yen and a 3 yen commemorative dividend for the Tokyo Stock Exchange first section listing. The dividend payout ratio was 23.0%.

The basic level for the dividend for the fiscal year ending on June 30, 2018 is a dividend payout ratio of 25.0%. The actual amount of the dividend will be determined by taking into account cash flows, the outlook for earnings and all other applicable factors.

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

Plan for Use of Proceeds and Actual Use

Proceeds from HOUSE DO’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 current fiscal year.

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 June 2017, 3.687 million yen of this amount had been spent.

2. Basic Approach to the Selection of Accounting Standards

The HOUSEDO Group will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan to permit comparisons with prior years and with the financial data of other companies.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY6/16 (As of Jun. 30, 2016)	FY6/17 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	2,001,655	3,129,678
Accounts receivable from completed construction contracts	102,318	53,354
Accounts receivable-trade	75,868	90,977
Real estate for sale	4,185,635	4,566,949
Real estate for sale in process	697,610	1,184,076
Costs on uncompleted construction contracts	33,263	53,273
Operating loans	43,000	2,865,545
Deferred tax assets	50,596	69,531
Other	215,588	206,961
Allowance for doubtful accounts	(11,594)	(7,741)
Total current assets	7,393,943	12,212,606
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,780,939	2,482,745
Accumulated depreciation	(337,419)	(387,644)
Buildings and structures, net	1,443,520	2,095,101
Land	3,730,528	5,615,396
Other	109,422	111,920
Accumulated depreciation	(75,728)	(92,467)
Other, net	33,693	19,453
Total property, plant and equipment	5,207,742	7,729,951
Intangible assets		
Goodwill	9,700	5,652
Other	63,067	50,928
Total intangible assets	72,767	56,581
Investments and other assets		
Investment securities	5,218	7,569
Deferred tax assets	4,388	5,027
Other	211,121	261,759
Allowance for doubtful accounts	(74)	(113)
Total investments and other assets	220,654	274,243
Total non-current assets	5,501,164	8,060,776
Total assets	12,895,108	20,273,383

(Thousands of yen)

	FY6/16 (As of Jun. 30, 2016)	FY6/17 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	403,606	373,986
Short-term loans payable	3,600,850	6,895,839
Current portion of bonds	49,700	50,600
Current portion of long-term loans payable	518,258	1,300,888
Lease obligations	10,112	8,243
Asset retirement obligations	-	5,338
Accounts payable-other	142,972	214,179
Accrued expenses	268,931	288,724
Income taxes payable	405,404	153,566
Accrued consumption taxes	31,475	50,042
Advances received on uncompleted construction contracts	272,657	283,439
Advances received	178,154	258,128
Provision for warranties for completed construction	4,549	4,368
Other	116,487	184,142
Total current liabilities	6,003,158	10,071,487
Non-current liabilities		
Bonds payable	50,600	-
Long-term loans payable	3,775,352	6,020,586
Lease obligations	17,445	9,201
Long-term guarantee deposited	840,207	1,360,281
Deferred tax liabilities	703	621
Asset retirement obligations	13,716	10,184
Provision for warranties for completed construction	24,729	21,998
Total non-current liabilities	4,722,754	7,422,874
Total liabilities	10,725,913	17,494,362
Net assets		
Shareholders’ equity		
Capital stock	358,759	361,387
Capital surplus	495,781	498,409
Retained earnings	1,314,255	1,916,538
Treasury shares	(158)	(158)
Total shareholders’ equity	2,168,638	2,776,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(746)	49
Total accumulated other comprehensive income	(746)	49
Subscription rights to shares	1,303	2,794
Total net assets	2,169,195	2,779,021
Total liabilities and net assets	12,895,108	20,273,383

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Net sales	17,275,969	16,848,159
Cost of sales	11,122,902	10,275,347
Gross profit	6,153,067	6,572,811
Selling, general and administrative expenses		
Total selling, general and administrative expenses	4,875,770	5,323,718
Operating profit	1,277,296	1,249,092
Non-operating income		
Interest and dividend income	581	662
Subsidy income	5,974	4,837
Commission fee	10,332	29,111
Insurance income	2,764	786
Insurance premiums refunded cancellation	16,406	22,260
Penalty income	2,750	8,140
Other	10,683	17,407
Total non-operating income	49,492	83,207
Non-operating expenses		
Interest expenses	130,114	178,906
Going public expenses	-	26,527
Other	14,191	23,847
Total non-operating expenses	144,306	229,280
Ordinary profit	1,182,483	1,103,019
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	5,119
Total extraordinary losses	137	5,119
Profit before income taxes	1,184,125	1,097,900
Income taxes-current	462,521	380,046
Income taxes-deferred	(19,712)	(20,010)
Total income taxes	442,808	360,036
Profit	741,316	737,864
Profit attributable to owners of parent	741,316	737,864

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Profit	741,316	737,864
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,051)	795
Total other comprehensive income	(1,051)	795
Comprehensive income	740,264	738,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	740,264	738,660
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	349,890	486,911	602,314	-	1,439,116
Changes of items during period					
Issuance of new shares	8,869	8,869			17,739
Dividends of surplus			(29,375)		(29,375)
Profit attributable to owners of parent			741,316		741,316
Purchase of treasury shares				(158)	(158)
Net changes of items other than shareholders' equity					
Total changes of items during period	8,869	8,869	711,941	(158)	729,522
Balance at end of current period	358,759	495,781	1,314,255	(158)	2,168,638

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	304	304	-	1,439,421
Changes of items during period				
Issuance of new shares				17,739
Dividends of surplus				(29,375)
Profit attributable to owners of parent				741,316
Purchase of treasury shares				(158)
Net changes of items other than shareholders' equity	(1,051)	(1,051)	1,303	251
Total changes of items during period	(1,051)	(1,051)	1,303	729,773
Balance at end of current period	(746)	(746)	1,303	2,169,195

FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	358,759	495,781	1,314,255	(158)	2,168,638
Changes of items during period					
Issuance of new shares	2,628	2,628			5,256
Dividends of surplus			(135,581)		(135,581)
Profit attributable to owners of parent			737,864		737,864
Net changes of items other than shareholders' equity					
Total changes of items during period	2,628	2,628	602,282		607,538
Balance at end of current period	361,387	498,409	1,916,538	(158)	2,776,177

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	(746)	(746)	1,303	2,169,195
Changes of items during period				
Issuance of new shares				5,256
Dividends of surplus				(135,581)
Profit attributable to owners of parent				737,864
Net changes of items other than shareholders' equity	795	795	1,491	2,287
Total changes of items during period	795	795	1,491	609,826
Balance at end of current period	49	49	2,794	2,779,021

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Cash flows from operating activities		
Profit before income taxes	1,184,125	1,097,900
Depreciation	151,143	223,969
Amortization of goodwill	4,047	4,047
Amortization of long-term prepaid expenses	7,722	15,904
Increase (decrease) in allowance for doubtful accounts	6,374	(3,814)
Increase (decrease) in provision for warranties for completed construction	2,410	(2,911)
Interest and dividend income	(581)	(662)
Surrender value of insurance	(16,406)	(22,260)
Interest expenses	130,114	178,906
Loss (gain) on sales of non-current assets	(1,779)	-
Foreign exchange losses (gains)	-	(780)
Loss on retirement of non-current assets	137	5,119
Decrease (increase) in notes and accounts receivable-trade	(6,440)	33,855
Decrease (increase) in inventories	131,797	430,773
Increase (decrease) in notes and accounts payable-trade	(99,442)	(29,620)
Decrease (increase) in operating loans receivable	(43,000)	(2,822,545)
Increase (decrease) in advances received on uncompleted construction contracts	(129,197)	10,781
Increase (decrease) in advances received	34,286	79,973
Decrease (increase) in advance payments	(51,401)	41,201
Decrease (increase) in prepaid expenses	(5,620)	(62,337)
Decrease (increase) in accounts receivable-other	346	(1,690)
Increase (decrease) in accrued consumption taxes	(61,410)	15,340
Increase (decrease) in accrued expenses	55,054	19,567
Increase (decrease) in guarantee deposits received	559,733	520,074
Increase (decrease) in deposits received	15	19,062
Other, net	(36,996)	61,995
Subtotal	1,815,031	(188,147)
Interest and dividend income received	577	665
Interest expenses paid	(151,788)	(156,914)
Income taxes paid	(233,354)	(614,481)
Income taxes refund	0	1,968
Net cash provided by (used in) operating activities	1,430,466	(956,909)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,771,831)	(4,008,078)
Proceeds from sales of property, plant and equipment	1,810	-
Collection of loans receivable	221	288
Payments for guarantee deposits	(4,591)	(31,189)
Proceeds from collection of guarantee deposits	1,501	602
Other, net	(16,174)	(67,185)
Net cash provided by (used in) investing activities	(3,789,065)	(4,105,562)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,319,563	3,294,989
Proceeds from long-term loans payable	3,364,110	5,229,691
Repayments of long-term loans payable	(1,261,072)	(2,201,827)
Redemption of bonds	(49,700)	(49,700)
Repayments of lease obligations	(10,112)	(10,112)
Proceeds from issuance of common shares	17,739	5,256
Purchase of treasury shares	(158)	-
Cash dividends paid	(29,375)	(135,581)
Proceeds from issuance of subscription rights to shares	184	-
Net cash provided by (used in) financing activities	3,351,178	6,132,715
Effect of exchange rate change on cash and cash equivalents	-	780
Net increase (decrease) in cash and cash equivalents	992,579	1,071,023
Cash and cash equivalents at beginning of period	998,276	1,990,855
Cash and cash equivalents at end of period	1,990,855	3,061,878

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Company constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

HOUSE DO establishes comprehensive strategies for the products and services of each business unit and conducts the associated business operations based on these strategies.

Based on the types of business activities, there are six reportable segments by product and service: Franchisee Business, House-Leaseback Business, Real Estate Buying and Selling Business, Real Estate Brokerage Business, Housing and Renovation Business, and the Real Estate Finance Business.

The Franchisee Business is engaged mainly in franchised operations for real estate brokerage. The House-Leaseback Business primarily buys, sells and leases existing houses and condominium units and performs other operations involving these activities. The Real Estate Buying and Selling Business primarily buys and sells land and existing houses, buildings and condominium units and performs other associated activities. The Real Estate Brokerage Business performs brokerage activities. The Housing and Renovation Business primarily serves as a contractor for the construction of new houses and the renovation of residences. The Real Estate Finance Business mainly provides loans secured by real estate.

HOUSE DO revised its reportable business segments starting with the first quarter of the fiscal year ended on June 30, 2017 in conjunction with a reexamination of administrative units of the HOUSEDO Group. The Real Estate segment in prior periods was 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 assets of this business 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 fiscal year ended on June 30, 2016 has been restated based on the revised reportable segments.

2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those used for preparing the consolidated financial statements.

Profits for reportable segments are generally operating profit figures.

Inter-segment sales or transfers are based on market prices.

3. Information related to net sales and profit or loss, assets, and other items for each reportable segment

FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)

(Thousands of yen)

	Reportable segment							Other (Note 1)	Total	Adjustment (Notes 2, 4, 5, 6)	Amounts shown on consolidated financial statements (Note 3)
	Franchisee	House-Leaseback	Real Estate Buying and Selling	Real Estate Brokerage	Housing and Renovation	Real Estate Finance	Subtotal				
Net sales											
External sales	1,805,003	1,125,435	8,949,480	1,521,458	3,873,405	1,158	17,275,941	28	17,275,969	-	17,275,969
Inter-segment sales and transfers	75,180	2,600	500	201,304	-	22,800	302,385	31,601	333,987	(333,987)	-
Total	1,880,184	1,128,035	8,949,980	1,722,762	3,873,405	23,958	17,578,326	31,629	17,609,956	(333,987)	17,275,969
Segment profit (loss)	1,110,722	(8,371)	902,253	268,361	281,003	(14,318)	2,539,652	5,865	2,545,517	(1,268,220)	1,277,296
Segment assets	111,062	5,369,568	5,797,733	336,337	644,209	81,803	12,340,715	9,103	12,349,819	545,288	12,895,108
Other items											
Depreciation	7,936	93,186	2,773	8,240	21,101	196	133,433	-	133,433	17,710	151,143
Increase in property, plant and equipment and intangible assets	6,197	3,812,460	190,557	1,425	8,772	2,917	4,022,330	-	4,022,330	22,864	4,045,195

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 1,268.220 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 69.723 million yen, corporate expenses of negative 1,321.343 million yen and inventory adjustments of negative 16.601 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 profit in the consolidated financial statements.
4. The 545.288 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and deposits) and assets related to the administrative division that cannot be allocated to reportable segments.
5. The 17.710 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
6. The 22.864 million yen adjustment to increase in property, plant and equipment and intangible assets is the sum of corporate assets that are not allocated to reportable segments.

FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)

(Thousands of yen)

	Reportable segment							Other (Note 1)	Total	Adjustment (Notes 2, 4, 5, 6)	Amounts shown on consolidated financial statements (Note 3)
	Franchisee	House-Leaseback	Real Estate Buying and Selling	Real Estate Brokerage	Housing and Renovation	Real Estate Finance	Subtotal				
Net sales											
External sales	2,144,101	2,797,228	7,111,738	1,661,137	2,944,118	189,835	16,848,159	-	16,848,159	-	16,848,159
Inter-segment sales and transfers	76,360	10,146	-	198,428	-	31,605	316,539	10,286	326,825	(326,825)	-
Total	2,220,461	2,807,374	7,111,738	1,859,565	2,944,118	221,440	17,164,698	10,286	17,174,985	(326,825)	16,848,159
Segment profit (loss)	1,304,809	330,839	422,694	373,398	212,590	72,890	2,717,222	(17,553)	2,699,668	(1,450,575)	1,249,092
Segment assets	130,832	7,659,137	7,455,373	591,918	655,475	3,173,802	19,666,539	33,246	19,699,786	573,597	20,273,383
Other items											
Depreciation	9,010	166,302	1,990	7,159	16,960	657	202,081	-	202,081	21,888	223,969
Increase in property, plant and equipment and intangible assets	12,049	4,286,921	4,170	955	1,354	-	4,305,450	-	4,305,450	10,510	4,315,961

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

2. The negative adjustment of 1,450.575 million yen to segment profit (loss) includes an elimination for inter-segment transactions of 48.986 million yen, corporate expenses of negative 1,490.558 million yen and inventory adjustments of negative 9.004 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 profit in the consolidated financial statements.

4. The 573.597 million yen adjustment to segment assets includes corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly include excess working capital (cash and deposits) and assets related to the administrative division that cannot be allocated to reportable segments.

5. The 21.888 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.

6. The 10.510 million yen adjustment to increase in property, plant and equipment and intangible assets is the sum of corporate assets that are not allocated to reportable segments.

Related information

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

This information is omitted because no specific external client accounts for 10% or more of consolidated net sales on the consolidated statement of income.

Information related to impairment of non-current assets for each reportable segment

FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)
Not applicable.

FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

This information is not disclosed due to the lack of its significance.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Net assets per share	255.83	326.70
Net income per share	88.31	87.02
Diluted net income per share	86.36	85.23

Notes: 1. The Company conducted a 2-for-1 stock split effective April 1, 2016. Net assets per share, 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. The following is a reconciliation of net income per share and diluted net income per share.

(Thousands of yen)

	FY6/16 (Jul. 1, 2015 – Jun. 30, 2016)	FY6/17 (Jul. 1, 2016 – Jun. 30, 2017)
Net income per share		
Profit attributable to owners of parent	741,316	737,864
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	741,316	737,864
Average number of shares of common stock during the fiscal year (shares)	8,394,923	8,479,171
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
[Of which, interest expenses (after deducting amount equivalent to tax)]	-	-
Increase in the number of shares of common stock (shares)	189,597	177,797
[Of which, subscription rights to shares (shares)]	[189,597]	[177,797]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

Material Subsequent Events

Issuance of Preferred Stock Using a Third-party Allotment, Amendments to Articles of Incorporation, and Reductions in Capital Stock and Capital Surplus

The HOUSEDO Board of Directors approved resolutions on August 14, 2017 for the following actions. First, to sell newly issued Class A preferred stock in the amount of 3,000 million yen through a third-party allotment to UDS Corporate Mezzanine No. 4 Limited Partnership. Second, to sign a stock investment contract with this limited partnership on August 14, 2017 concerning the purchase of the preferred stock and other matters. Third, to submit to shareholders for approval at the ninth ordinary general meeting of shareholders scheduled for September 26, 2017 resolutions to issue the preferred stock and to amend the Articles of Incorporation as needed for the issuance of this stock.

For more information about this subject, please refer to the HOUSEDO press release dated August 14, 2017 that explains the preferred stock issue using a third-party allotment, amendments to the Articles of Incorporation, and reductions in capital stock and the capital surplus.