

Summary of Business Results for the Third Quarter Ended March 31, 2018

[Japan GAAP] (Consolidated)

May 2, 2018

Company **HOUSE DO Co., Ltd.** Listed on the TSE
 Stock code 3457 URL: <https://www.housedo.co.jp/en/>
 Representative Masahiro Ando, President and CEO
 Contact Nobuyuki Horiuchi, COO,
 Head of Public and Investors Relations Department, Corporate Planning Headquarters
 TEL: +81-3-5220-7230

Expected date of filing of quarterly report: May 14, 2018 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 2018 (July 1, 2017 through March 31, 2018)

(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	%
Nine months ended Mar. 31, 2018	14,910	15.9	1,329	42.6	1,192	47.1	742	43.9
Nine months ended Mar. 31, 2017	12,861	(0.4)	932	(2.6)	810	(10.0)	515	(12.7)

(Note) Comprehensive income:

Nine months ended Mar. 31, 2018: 740 million yen (up 43.3%)

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

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2018	74.52	72.55
Nine months ended Mar. 31, 2017	60.87	59.68

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2018	28,886	6,366	22.0
As of Jun. 30, 2017	20,273	2,779	13.7

(Reference) Shareholders' equity:

As of Mar. 31, 2018: 6,347 million yen

As of Jun. 30, 2017: 2,776 million yen

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, 2017	-	0.00	-	20.00	20.00
Fiscal year ending Jun. 30, 2018	-	0.00	-		
Fiscal year ending Jun. 30, 2018 (forecast)				39.00	39.00

(Note) Revisions to the most recently announced dividend forecast: Yes

Regarding revisions to the dividend forecast, please refer to the press release "Announcement of Revision to Earnings Forecast and Dividend Forecast" that was announced today (May 2, 2018).

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
Fiscal year ending Jun. 30, 2018	21,159	25.6	2,093	67.6	1,900	72.3	1,251	69.6	127.34

(Note) Revisions to the most recently announced business forecast: Yes

Regarding revisions to the forecast of consolidated business results, please refer to the press release "Announcement of Revision to Earnings Forecast and Dividend Forecast" that was announced today (May 2, 2018).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Newly added: 1 (Keiyo Build Co., Ltd.)

(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 of the attachments 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) Restatements : None

(4) Number of shares issued (common stock)

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

As of Mar. 31, 2018 8,502,000 shares

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

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

As of Mar. 31, 2018 191 shares

As of Jun. 30, 2017 144 shares

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

Nine months ended Mar. 31, 2018 8,498,754 shares

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

*** The current quarterly financial report is not subject to quarterly reviews by certified public accountants or auditing firms.**

*** 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.

Dividends of classified stock

Breakdown of dividend per share for classified stock whose rights are different from those of common stock is shown below.

Class A preferred stock	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2017	-	-	-	-	-
Fiscal year ending Jun. 30, 2018	-	0.00	-		
Fiscal year ending Jun. 30, 2018 (forecast)				563,287.67	563,287.67

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Condition	4
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	5
(4) Plan for Use of Proceeds from IPO and Other Sources and Actual Use	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statement of Income	
For the Nine-month Period	8
Quarterly Consolidated Statement of Comprehensive Income	
For the Nine-month Period	9
(3) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements	10
Segment and Other Information	10
Material Subsequent Events	12

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending in June 2018, the Japanese economy continued to recover despite the impact of concerns about the accelerated pace of interest rate increases reflecting rising average wage rates in the United States on global financial and capital markets. The economy is benefiting from an extremely accommodative monetary policy and the government's large expenditures to support the economy. Improvements continued in corporate earnings, jobs and personal income and consumer spending also continued to show a slow upturn. However, there is a risk of an economic downturn in Japan due to U.S. economic policies, political actions in Europe, events in eastern Asia, and other factors.

In the Japanese real estate industry, where the HOUSEDO Group operates, there are concerns about rising prices of properties as cost of land continues to climb. But real demand for real estate is firm because of monetary easing by the Bank of Japan. As a result, the business environment is generally favorable.

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 and used alliances with financial institutions to establish a stronger base for growth of the reverse mortgage guarantee business.

In the House-Leaseback Business, we expanded earnings by selling properties to the HLB Fund No.1, a real estate fund using a scheme based on the Act on Specified Joint Real Estate Ventures. 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 14,910 million yen (up 15.9% year on year), operating profit of 1,329 million yen (up 42.6% year on year), ordinary profit of 1,192 million yen (up 47.1% year on year) and profit attributable to owners of parent of 742 million yen (up 43.9% year on year).

Results by business segment were as follows.

(As of March 31, 2018)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	1,810	95 new franchisee contracts, raising total to 512 88 new franchised stores, raising total to 418
House-Leaseback Business	2,883	209 properties purchased, raising holdings to 595 40 properties sold
Real Estate Finance Business	359	183 real estate secured loans/guarantee for reverse mortgages
Real Estate Buying and Selling Business	6,280	257 transactions
Real Estate Brokerage Business	1,354	2,272 brokered properties
Renovation Business	2,221	1,619 contracts 1,597 renovation completions
Total	14,910	-

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. The enhanced public trust in HOUSEDO and value of the corporate brand along with the increasing number of franchised stores are helping to attract more number of prominent regional franchise partners as well as companies that are considering a franchise agreement. The increasing levels of store openings and marketing activities are raising public awareness of HOUSEDO. Moreover, there is 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 by combining real estate brokerage and buying. During the first nine months of the current fiscal year, there were 95 new franchisee contracts, raising the total to 512 at the end of March 2018.

The establishment of a franchisee follow-up system using supervisors and upgrades to a variety of services further contributed to the performance of this business. Due in part to these actions, we opened 88 stores during the first nine months of the current fiscal year, raising the total to 418 at the end of March 2018.

As a result, the segment recorded sales of 1,810 million yen (up 14.8% year on year) and segment profit of 1,117 million yen (up 18.5%).

2) House-Leaseback Business

The number of inquiries and properties handled both increased because of marketing activities, including television and radio commercials, the enhanced public trust in HOUSEDO following the Tokyo Stock Exchange first section listing and the expansion of business activities to regional cities other than major metropolitan areas. In addition, providing new services, such as the leaseback of newly constructed houses, that matched market conditions met the need to effectively use real estate and convert real estate into a source of cash flows. Due to these actions, this business purchased 209 properties and sold 40 during the first nine months of the current fiscal year. Furthermore, profit increased due to capital gains on the sale of properties to the HLB Fund No.1, a real estate fund using a scheme based on the Act on Specified Joint Real Estate Ventures. As a result of the above, this business owned 595 properties, all of which are generating leasing income.

As a result, the segment recorded sales of 2,883 million yen (up 32.1% year on year) and segment profit of 461 million yen (up 54.8%).

3) Real Estate Finance Business

This business provides loans secured by real estate and helps create new sales channels by using its ability to meet a broad array of customers' financing requirements. A reverse mortgage guarantee service that uses the HOUSEDO Group's real estate assessment expertise was started in the second quarter of the current fiscal year. Adding this service further strengthened the ability of this business to serve customers by combining real estate and financing. During the first nine months of the current fiscal year, there were 183 new loans secured by real estate as well as reverse mortgage guarantees.

As a result, the segment recorded sales of 359 million yen (up 201.2% year on year) and segment profit of 103 million yen (up 102.0%).

4) Real Estate Buying and Selling Business

There is strong demand in Japan for existing properties with low prices but high quality because of the extremely low interest rates on mortgages. To meet this demand, we are purchasing properties that match the requirements of brokerage customers. The number of properties purchased and sold increased in the first nine months as sales of inventory properties in areas served by directly operated stores were strong. These stores started making substantial purchases of properties in the second half of the previous fiscal year.

As a result, the segment recorded sales of 6,280 million yen (up 12.7% year on year) and segment profit of 600 million yen (up 102.8%).

5) Real Estate Brokerage Business

Real 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 1,354 million yen (up 9.0% year on year) and segment profit of 327 million yen (up 13.9%).

6) Renovation Business

This 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 joint renovation fairs with housing equipment manufacturers to attract customers. During the first nine months of the current fiscal year, 1,619 renovation orders were received, up 1.3% from one year earlier, and the number of renovation completions was 1,597, up 5.0%.

As a result, the segment recorded sales of 2,221 million yen (up 2.6% year on year) and segment profit of 190 million yen (up 57.7%).

(2) Explanation of Financial Condition

Assets

Total assets amounted to 28,886 million yen at the end of the third quarter under review, an increase of 8,613 million yen over the end of the previous fiscal year.

The main reasons were increases of 1,670 million yen in operating loans associated with an increase in the number of real estate secured loans, 6,285 million yen in property, plant and equipment associated with turning Keiyo Build Co., Ltd. a consolidated subsidiary by the acquisition of all its shares and an increase in the number of properties in the House-Leaseback Business, and 244 million yen in investment securities due to stock purchase for holding.

Liabilities

Liabilities totaled 22,520 million yen, an increase of 5,026 million yen over the end of the previous fiscal year.

There were increases of 407 million yen in short-term loans payable; 333 million yen in current portion of long-term loans payable, 2,797 million yen in long-term loans payable, and 525 million yen in deferred tax liabilities associated with acquiring all shares of Keiyo Build Co., Ltd. and making this company a consolidated subsidiary; and 618 million yen in long-term guarantee deposited associated with the growing number of franchised stores in the Franchisee Business and properties in the House-Leaseback Business.

Net assets

Net assets totaled 6,366 million yen, an increase of 3,587 million yen over the end of the previous fiscal year.

Capital surplus increased 3,000 million yen due to issuance of preferred stock using a third-party allotment, retained earnings increased 742 million yen because of the booking of profit attributable to owners of parent for the first nine months, while there was a 169 million yen decrease in retained earnings due to dividend payments.

For more information about capital increase, please refer to the press release dated October 17, 2017 that explains completion of payment for and issuance of preferred stock using a third-party allotment, and reductions in capital stock and capital surplus (Japanese version only).

(Millions of yen)

	FY2017 (As of Jun. 30, 2017)	Third quarter of FY2018 (As of Mar. 31, 2018)	Change
Total assets	20,273	28,886	8,613
Liabilities	17,494	22,520	5,026
Net assets	2,779	6,366	3,587

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

Based on the current performance trends, the Company has revised its consolidated forecast for the fiscal year ending June 30, 2018. This projection is based on information available at the time of release of this report. Actual results may differ from projections due to a variety of factors.

In addition, the company has raised its dividend forecast for the current fiscal year from 27.00 yen per share to 39.00 yen per share, subject to meeting the earnings forecast.

For more information, please refer to the press release “Announcement of Revision to Earnings Forecast and Dividend Forecast” dated May 2, 2018.

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

Plan for Use of Proceeds and Actual Use

As of the end of the first nine months of the current fiscal year, 420.776 million yen out of the 490.457 million yen raised through the initial public offering in March 2015, were used. We have changed plans for the remaining 69.680 million yen. While we planned to spend the funds for opening new stores and renovations and relocations of other stores at subsidiary House Do Residential Sales Co., Ltd., we are to use all of these funds for acquiring rental properties in the House-Leaseback Business in May 2018.

This change will have only a negligible effect on the HOUSEDO Group’s sales and earnings.

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

(Thousands of yen)

	FY2017 (As of Jun. 30, 2017)	Third quarter of FY2018 (As of Mar. 31, 2018)
Assets		
Current assets		
Cash and deposits	3,129,678	3,116,226
Accounts receivable from completed construction contracts	53,354	72,598
Accounts receivable-trade	90,977	87,874
Real estate for sale	4,566,949	4,581,171
Real estate for sale in process	1,184,076	1,242,172
Costs on uncompleted construction contracts	53,273	63,284
Operating loans	2,865,545	4,535,577
Deferred tax assets	69,531	66,515
Other	206,961	393,534
Allowance for doubtful accounts	(7,741)	(12,568)
Total current assets	12,212,606	14,146,385
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,482,745	5,398,066
Accumulated depreciation	(387,644)	(516,847)
Buildings and structures, net	2,095,101	4,881,218
Land	5,615,396	9,107,770
Other	111,920	125,163
Accumulated depreciation	(92,467)	(98,487)
Other, net	19,453	26,676
Total property, plant and equipment	7,729,951	14,015,664
Intangible assets		
Goodwill	5,652	21,694
Other	50,928	66,846
Total intangible assets	56,581	88,541
Investments and other assets		
Investment securities	7,569	251,645
Deferred tax assets	5,027	483
Other	261,759	384,339
Allowance for doubtful accounts	(113)	(159)
Total investments and other assets	274,243	636,310
Total non-current assets	8,060,776	14,740,516
Total assets	20,273,383	28,886,902

	(Thousands of yen)	
	FY2017 (As of Jun. 30, 2017)	Third quarter of FY2018 (As of Mar. 31, 2018)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	373,986	386,863
Short-term loans payable	6,895,839	7,303,770
Current portion of bonds	50,600	8,500
Current portion of long-term loans payable	1,300,888	1,633,991
Lease obligations	8,243	6,650
Asset retirement obligations	5,338	214
Accounts payable-other	214,179	264,187
Accrued expenses	288,724	294,288
Income taxes payable	153,566	278,664
Accrued consumption taxes	50,042	41,178
Advances received on uncompleted construction contracts	283,439	340,514
Advances received	258,128	275,588
Provision for bonuses	-	33,528
Provision for warranties for completed construction	4,368	4,754
Other	184,142	262,966
Total current liabilities	10,071,487	11,135,661
Non-current liabilities		
Long-term loans payable	6,020,586	8,818,009
Lease obligations	9,201	4,278
Long-term guarantee deposited	1,360,281	1,978,394
Deferred tax liabilities	621	525,901
Asset retirement obligations	10,184	32,990
Provision for warranties for completed construction	21,998	25,181
Total non-current liabilities	7,422,874	11,384,755
Total liabilities	17,494,362	22,520,416
Net assets		
Shareholders' equity		
Capital stock	361,387	361,825
Capital surplus	498,409	3,498,847
Retained earnings	1,916,538	2,489,067
Treasury shares	(158)	(236)
Total shareholders' equity	2,776,177	6,349,504
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	(1,924)
Total accumulated other comprehensive income	49	(1,924)
Subscription rights to shares	2,794	18,906
Total net assets	2,779,021	6,366,485
Total liabilities and net assets	20,273,383	28,886,902

(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 FY2017 (Jul. 1, 2016 – Mar. 31, 2017)	First nine months of FY2018 (Jul. 1, 2017 – Mar. 31, 2018)
Net sales	12,861,280	14,910,494
Cost of sales	8,015,090	8,834,839
Gross profit	4,846,189	6,075,655
Selling, general and administrative expenses	3,913,593	4,745,927
Operating profit	932,595	1,329,727
Non-operating income		
Interest and dividend income	187	743
Gain on sales of investment securities	-	841
Commission fee	21,748	21,944
Insurance income	786	13,840
Penalty income	5,540	8,680
Other	13,131	10,724
Total non-operating income	41,393	56,774
Non-operating expenses		
Interest expenses	129,005	137,218
Share issuance cost	-	40,500
Going public expenses	26,527	-
Other	8,121	16,710
Total non-operating expenses	163,654	194,429
Ordinary profit	810,334	1,192,073
Extraordinary income		
Gain on sales of non-current assets	-	107
Total extraordinary income	-	107
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	4,113	4,190
Total extraordinary losses	4,113	4,190
Profit before income taxes	806,221	1,187,989
Income taxes	290,265	445,503
Profit	515,956	742,486
Profit attributable to owners of parent	515,956	742,486

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

	(Thousands of yen)	
	First nine months of FY2017 (Jul. 1, 2016 – Mar. 31, 2017)	First nine months of FY2018 (Jul. 1, 2017 – Mar. 31, 2018)
Profit	515,956	742,486
Other comprehensive income		
Valuation difference on available-for-sale securities	743	(1,974)
Total other comprehensive income	743	(1,974)
Comprehensive income	516,699	740,512
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	516,699	740,512

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

Not applicable.

Significant Changes in Shareholders' Equity

Do to the payment of 3,000 million yen for from the issuance of Class A preferred stock through a third-party allotment on October 17, 2017, capital stock and legal capital surplus increased by 1,500 million yen each to 1,861.387 million yen and 1,879.883 million yen, respectively. Based on the Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Companies Act, the Company reduced capital stock and legal capital surplus by 1,500 million yen each, and transferred these amounts to other capital surplus on the same day.

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.

Segment and Other Information

Segment Information

I First nine months of FY2017 (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 Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	1,576,942	2,183,347	119,298	5,574,038	1,242,134	2,165,519	12,861,280	-	12,861,280	-	12,861,280
Inter-segment sales and transfers	56,752	7,986	23,505	-	144,646	-	232,890	6,936	239,826	(239,826)	-
Total	1,633,695	2,191,333	142,803	5,574,038	1,386,780	2,165,519	13,094,170	6,936	13,101,107	(239,826)	12,861,280
Segment profit (loss)	943,126	297,930	51,240	296,050	287,445	120,847	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. However, this business was terminated in April 2017.
 2. The negative adjustment of 1,052.269 million yen to segment profit (loss) includes 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 profit recorded in the quarterly consolidated statement of income.

II First nine months of FY2018 (Jul. 1, 2017 – Mar. 31, 2018)

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 Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	1,810,898	2,883,328	359,295	6,280,740	1,354,398	2,221,831	14,910,494	-	14,910,494	-	14,910,494
Inter-segment sales and transfers	61,378	2,658	-	-	152,165	-	216,201	-	216,201	(216,201)	-
Total	1,872,276	2,885,986	359,295	6,280,740	1,506,563	2,221,831	15,126,695	-	15,126,695	(216,201)	14,910,494
Segment profit	1,117,368	461,178	103,502	600,438	327,288	190,634	2,800,410	-	2,800,410	(1,470,683)	1,329,727

- Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of education businesses. However, this business was terminated in April 2017.
2. The negative adjustment of 1,470.683 million yen to segment profit includes elimination for inter-segment transactions of negative 71.266 million yen, corporate expenses of negative 1,404.792 million yen that are not allocated to any of the reportable segments, and inventory adjustments of 5.376 million yen. 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 profit recorded in the quarterly consolidated statement of income.

2. Information about assets by reportable segments

In the third quarter of FY2018, the Company acquired all shares of Keiyo Build Co., Ltd. and added this company into our scope of consolidation.

As a result, the amount of assets by reportable segment in the House-Leaseback business at the end of the third quarter of FY2018 increased by 4,454.757 million yen.

3. Information related to revisions of reportable segments

The “Housing and Renovation Business” has been renamed as the “Renovation Business” in the first quarter of FY2018. This change has no effect on segment information.

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

Segment information for the first nine months of FY2017 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.