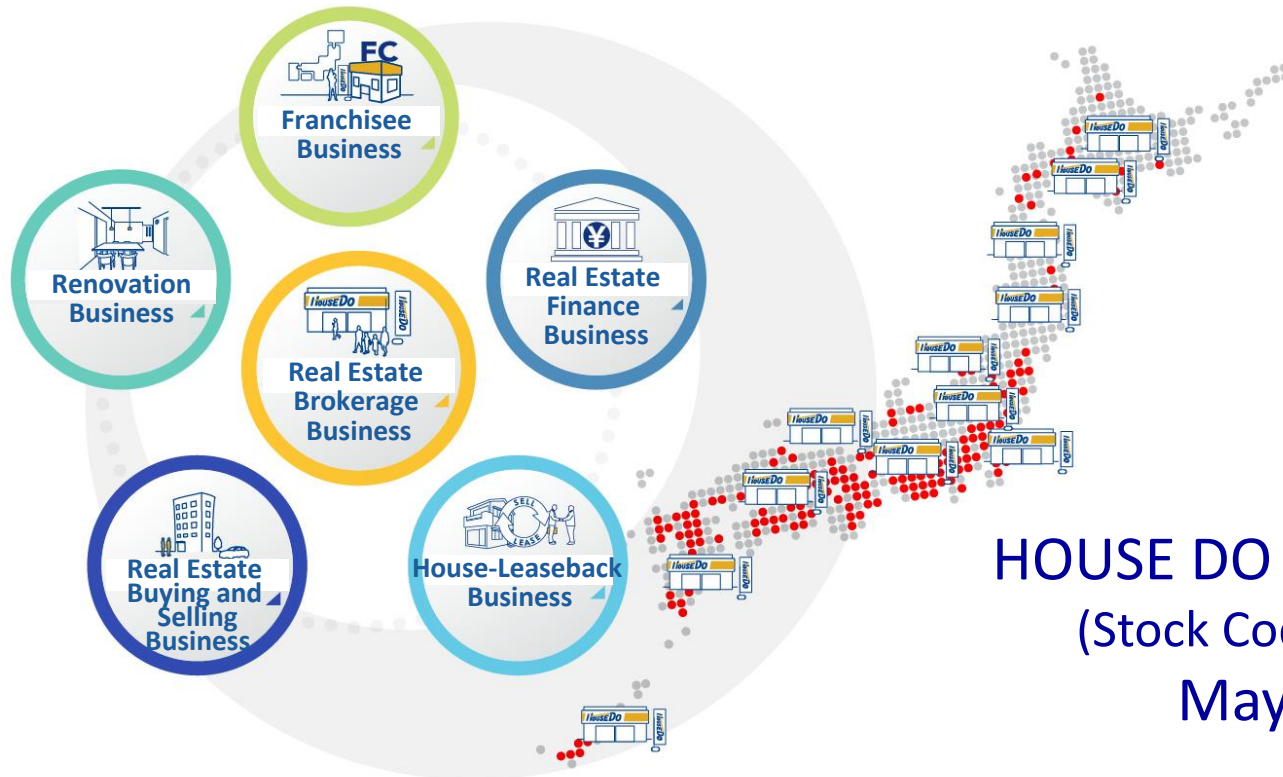




# Earnings Results for the Third Quarter of the Fiscal Year Ending June 2018



**HOUSE DO Co., Ltd.**  
(Stock Code: 3457)  
May 2, 2018

**1**

**Company Profile**

**2**

**The First Nine Months of FY2018  
Consolidated Results Summary**

**3**

**The First Nine Months of FY2018  
Results by Segment**

**4**

**FY2018 Fiscal Year Plan and  
Medium-term Plan**

**5**

**Growth Strategy**

# Company Profile



**Company Name**

HOUSE DO Co, Ltd.

**President and CEO**

Masahiro Ando

**Established**

January 2009 (founded in 1991)

**Capital**

¥361 million

**Securities Code**

3457

**Stock Listings**

1st Section of the Tokyo Stock Exchange

**Net Sales**

¥16.8 billion  
(consolidated, fiscal year ended June 30, 2017)

**Employees**

439 (group total, as of June 30, 2017)

**Headquarters**

17F Marunouchi Trust Tower North,  
1-8-1 Marunouchi, Chiyoda-ku, Tokyo

**Head Office**

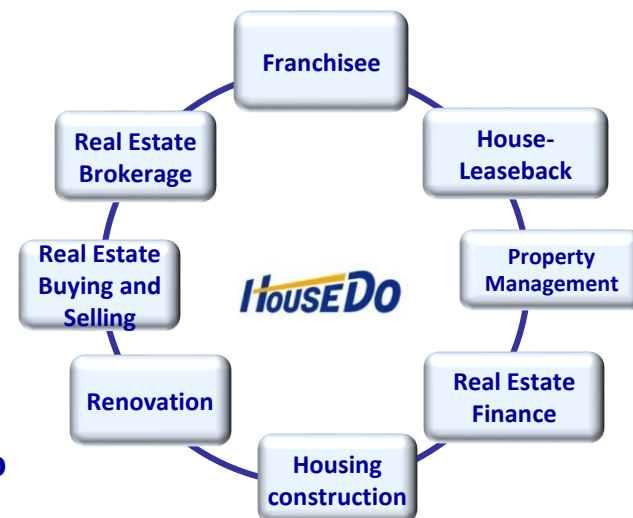
670 Tearaimizu-cho, Nakagyo-ku, Kyoto-shi, Kyoto

**Business Activities**

Franchisee Business, House-Leaseback Business, Real Estate Finance Business, Real Estate Brokerage Business, Real Estate Buying and Selling Business, Renovation Business, Property Management Business



Tokyo Headquarters



## Corporate Philosophy:

We are dedicated to perpetual prosperity and greater happiness by constantly creating affluence for customers, employees and society.

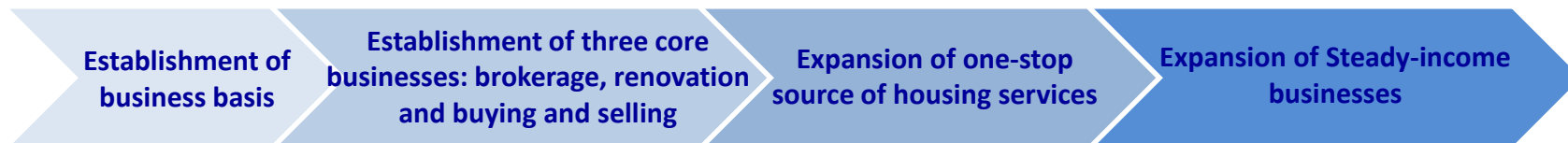
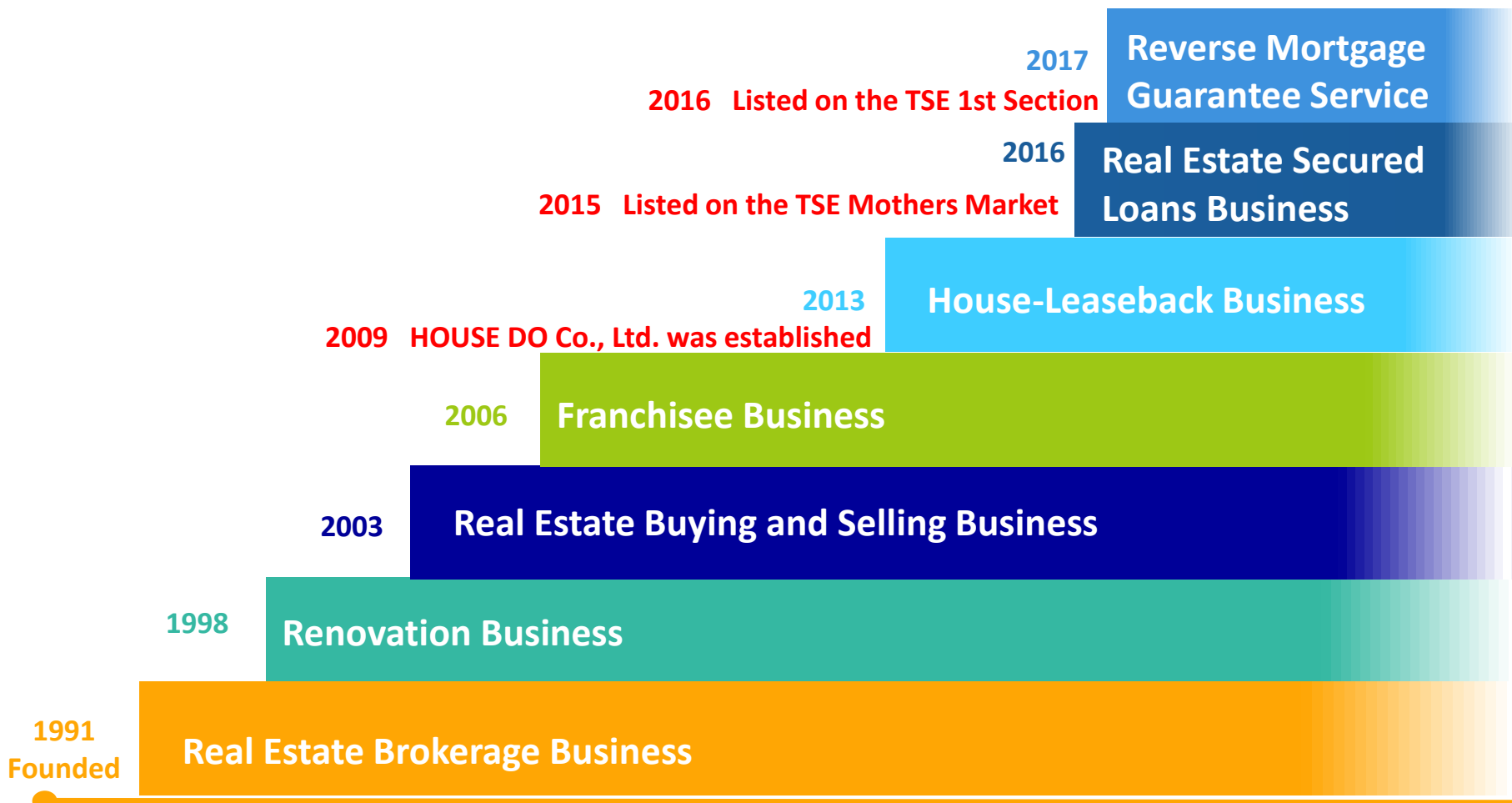
## Management Philosophy:

We will be an organization that our customers need and we will focus all our energy and resources on serving our customers.

## Brand Philosophy:

The HOUSEDO brand stands for activities that create an open housing market in Japan and a commitment to building a new residential information system for enabling customers to move to the best possible housing for each stage of their lives.

# Company History and Business Development



# The Strengths of HOUSEDO



All based on operations  
in local markets

- 1 Sales skills >
- 2 Assessment skills >
- 3 Creditworthiness >
- 4 Nationwide coverage >



**Build a network for creating points of contact with customers and establishing close ties with the area served by each store**

**HOUSEDO provides the real estate business to make the world more reliable and convenient**

**Real Estate  
Information Distribution**

**Build a network of 1,000 franchised stores in Japan (goal is 2025)**

**Real Estate Solutions  
(for Japan's aging population)**

**House-Leaseback  
Real Estate Finance  
Reverse Mortgage Guarantee**

## One-stop source of housing services

Using the Real Estate Brokerage Business for expanding services related to housing

Franchisee Business (Nationwide network of franchise chain)

Real Estate Brokerage Business

Reinforcement of business synergies

Renovation Business

Real Estate Buying and Selling Business

House-Leaseback Business

Real Estate Finance Business (Secured Loan) (Reverse Mortgage Guarantee)



1

Company Profile

2

**The First Nine Months of FY2018  
Consolidated Results Summary**

3

The First Nine Months of FY2018  
Results by Segment

4

FY2018 Fiscal Year Plan and  
Medium-term Plan

5

Growth Strategy

## Business Progress in 1Q-3Q FY2018 (Jul. to Mar.)

- **Nine-month sales and earnings increased to a record high**

**Net sales**                    **¥14,910 million, up 15.9% YoY**

**Operating profit**       **¥ 1,320 million, up 42.6% YoY**

**Ordinary profit**       **¥ 1,190 million, up 47.1% YoY**


- **Franchisee Business:**                    Total no. of franchised stores at 512, 418 franchised stores opened in total
- **House-Leaseback Business:**            Total no. of properties owned 595, total value of properties owned ¥8.6 billion
- **Real Estate Finance Business:**        Total of 183 loans secured by real estate and reverse mortgage guarantees, amount outstanding is ¥4.5 billion

## Topics

- **Raised the FY2018 forecast due to the strong performance in first nine months**  
**Net sales ¥21.1 billion Ordinary profit ¥1.9 billion**

- **Franchisee Business:**                    Started operation of Time Room® Cloud
- **House-Leaseback Business:**            Sold properties to a real estate fund using a scheme based on the Act on the Real Estate Specified Joint Real Estate Ventures

## Dividend

- **Increase in year-end dividend from ¥27 to  ¥39 per share**  
(To be submitted at the General Meeting of Shareholders)

# Upward Revision to the FY2018 Consolidated Forecast



(Millions of yen)

	Previous forecast	Revised forecast	Change	Change (%)
Net sales	17,146	<b>21,159</b>	<b>+4,013</b>	<b>+23.4%</b>
Operating profit	1,603	<b>2,093</b>	<b>+490</b>	<b>+30.6%</b>
Ordinary profit	1,400	<b>1,900</b>	<b>+499</b>	<b>+35.7%</b>
Profit attributable to owners of parent	920	<b>1,251</b>	<b>+331</b>	<b>+36.0%</b>
Net income per share (Yen)	108.29	<b>127.34</b>	-	-

# 1Q-3Q FY2018

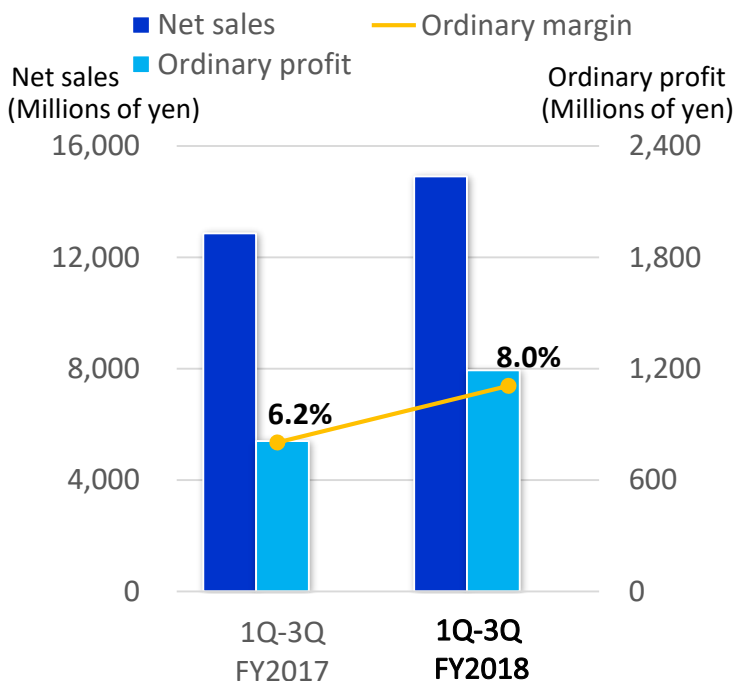
## Summary of Consolidated Statement of Income



(Millions of yen)

(Year-on-year comparison)

	1Q-3Q FY2017		1Q-3Q FY2018		YoY change (%)
		% to sales		% to sales	
<b>Net sales</b>	12,861	100.0%	<b>14,910</b>	<b>100.0%</b>	+15.9%
<b>Gross profit</b>	4,846	37.6%	<b>6,075</b>	<b>40.7%</b>	+25.4%
<b>SG&amp;A expenses</b>	3,913	30.4%	<b>4,745</b>	<b>31.8%</b>	+21.3%
<b>Operating profit</b>	932	7.2%	<b>1,329</b>	<b>8.9%</b>	+42.6%
Non-operating income	41	0.3%	<b>56</b>	<b>0.4%</b>	+37.2%
Non-operating expenses	163	1.2%	<b>194</b>	<b>1.3%</b>	+18.8%
<b>Ordinary profit</b>	810	6.2%	<b>1,192</b>	<b>8.0%</b>	+47.1%
<b>Profit</b>	515	4.0%	<b>742</b>	<b>5.0%</b>	+43.9%

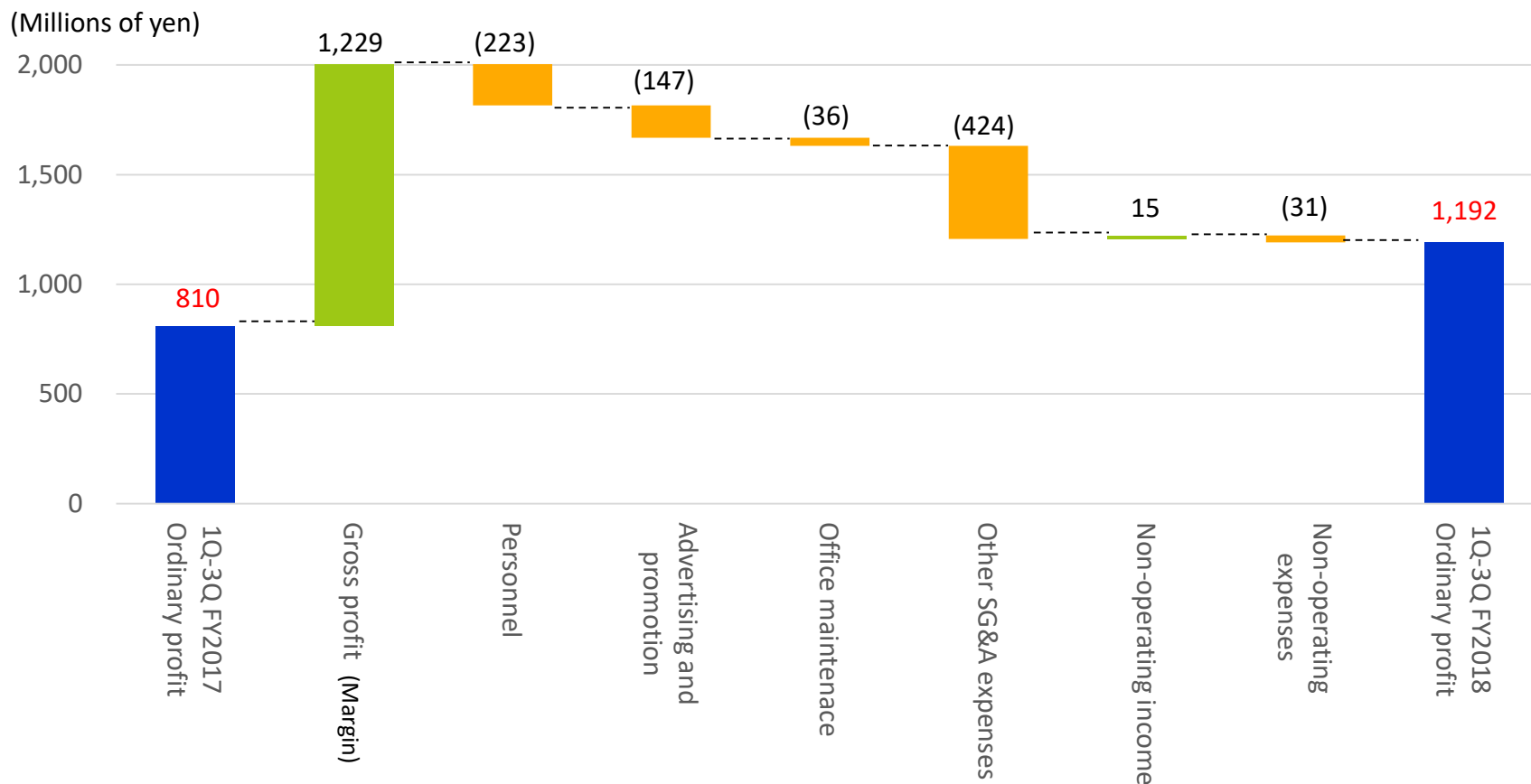


- **Gross profit: +25.4% YoY** : All segments have a profitable structure
- Operating margin: 8.9% (+1.7P) Ordinary margin: 8.0% (+1.8P)
- **Due to the strong performance in first nine months, the FY2018 forecasts for net sales and ordinary profit were raised to ¥21.1 billion and ¥1.9 billion, respectively.**

# Breakdown of Increased Ordinary Profit



- **Gross profit increased** because all Steady-income business (Franchisee Business, House-Leaseback Business, Real Estate Financial Business) performed well and the Real Estate Buying and Selling Business and Real Estate Brokerage Business also posted a strong performance backed by favorable market conditions because of the low rate monetary easing policies
- Investing in personnel and advertising and promotion in order to focus on Steady-income business. Other SG&A expenses include system maintenance expenses.



# 1Q-3Q FY2018 Sales by Business Segment



## Sales by Business Segment

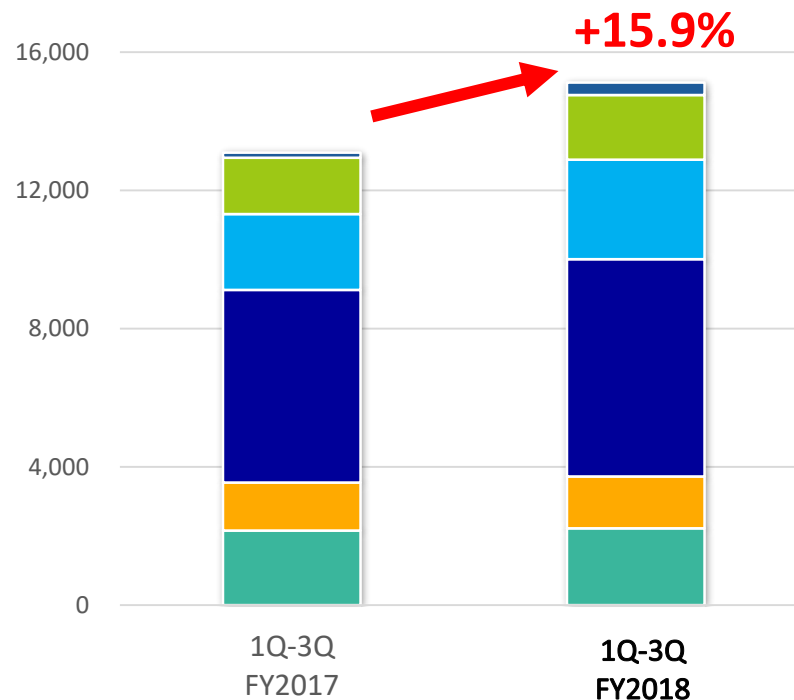
(Year-on-year comparison)

(Millions of yen)

	1Q-3Q FY2017 Results	1Q-3Q FY2018 Results	YoY change
Franchisee Business	1,633	<b>1,872</b>	+14.6%
House-Leaseback Business	2,191	<b>2,885</b>	+31.7%
Real Estate Finance Business	142	<b>359</b>	+151.6%
Real Estate Buying and Selling Business	5,574	<b>6,280</b>	+12.7%
Real Estate Brokerage Business	1,386	<b>1,506</b>	+8.6%
Renovation Business	2,165	<b>2,221</b>	+2.6%
Other	6	-	-
Adjustment	(239)	<b>(216)</b>	-
<b>Total</b>	<b>12,861</b>	<b>14,910</b>	<b>+15.9%</b>

## Changes in Sales by Business Segment

(Millions of yen)



- Franchisee Business: Focused on increasing the number of franchised stores.
- House-Leaseback Business: Sales up because of an increase in new house-leaseback contracts and sales to a real estate fund
- Real Estate Finance Business: Higher sales due to growth of real estate-secured loans and reverse mortgage guarantees

# 1Q-3Q FY2018 Operating Profit by Business Segment



## Operating Profit by Business Segment

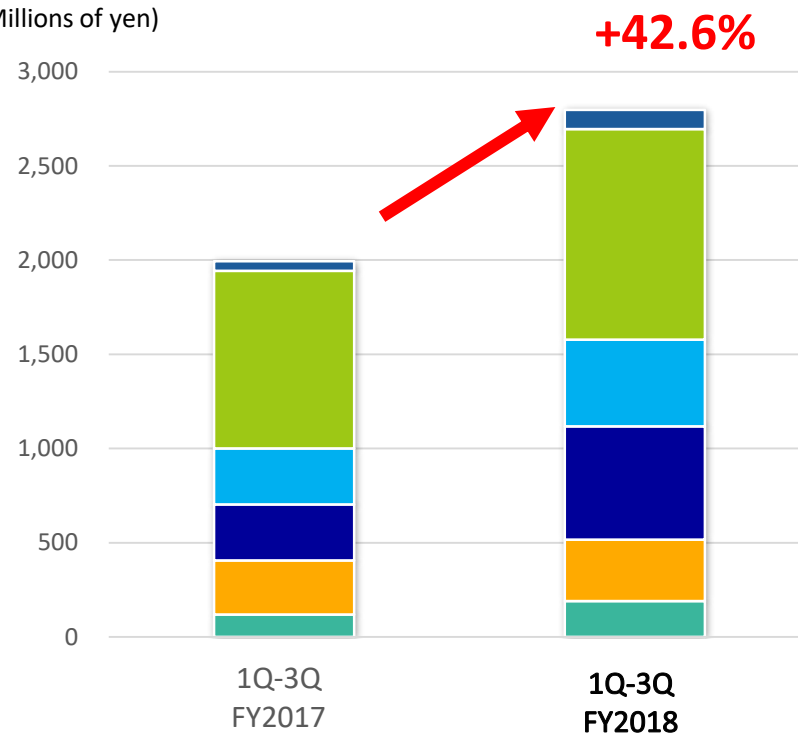
(Year-on-year comparison)

(Millions of yen)

	1Q-3Q FY2017 Results	1Q-3Q FY2018 Results	YoY change
Franchisee Business	943	<b>1,117</b>	+18.5%
House-Leaseback Business	297	<b>461</b>	+54.8%
Real Estate Finance Business	51	<b>103</b>	+102.0%
Real Estate Buying and Selling Business	296	<b>600</b>	+102.8%
Real Estate Brokerage Business	287	<b>327</b>	+13.9%
Renovation Business	120	<b>190</b>	+57.7%
Other	(11)	-	-
Adjustment	(1,052)	<b>(1,470)</b>	-
<b>Total</b>	<b>932</b>	<b>1,329</b>	<b>+42.6%</b>

## Changes in Operating Profit by Business Segment

(Millions of yen)



- Franchisee Business: Consistent growth in earnings because of the increasing number of franchised stores.
- House-Leaseback Business: Big increase in capital gains resulting from sale to a real estate fund
- Real Estate Finance Business: Oct. 2017 start of the reverse mortgage guarantee business raised earnings
- Real Estate Buying and Selling Business and Real Estate Brokerage Business: Low interest rates due to monetary easing contributed to strong earnings
- Renovation Business: Holding down new homebuilding orders, but sales up mainly due to orders packaging an existing home purchase and renovation contract

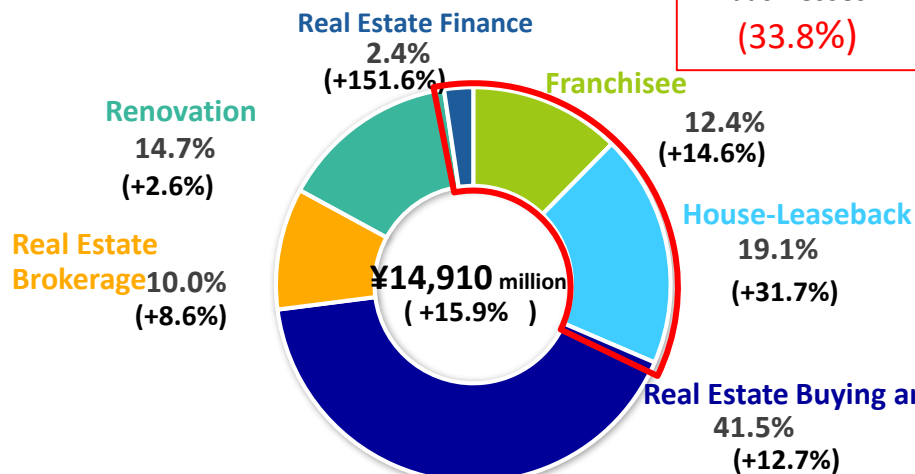
# 1Q-3Q FY2018

## Composition of Segment Sales and Operating Profit



### 1Q-3Q FY2018 Net Sales

Steady-income businesses  
**(33.8%)**

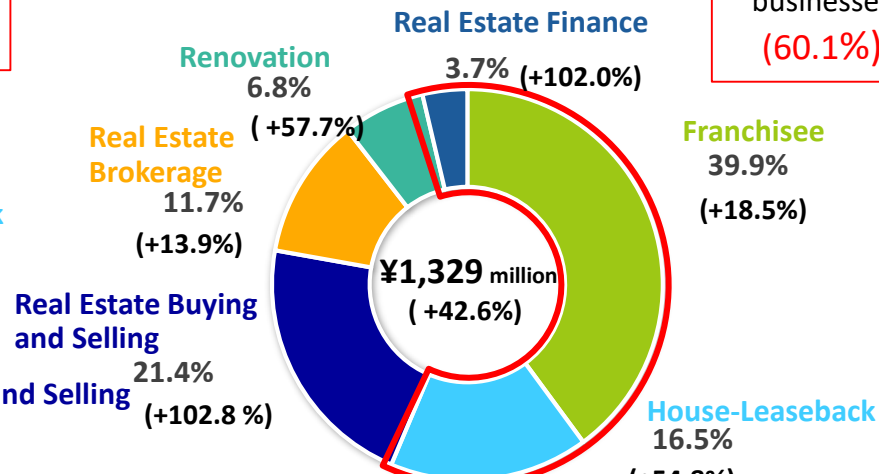


( ): Year-on-year changes

(Millions of yen)

### 1Q-3Q FY2018 Operating Profit

Steady-income businesses  
**(60.1%)**



( ): Year-on-year changes

(Millions of yen)

	1Q-3Q FY2017 Results	1Q-3Q FY2018 Results	YoY change
Franchisee	1,633	<b>1,872</b>	+14.6%
House-Leaseback	2,191	<b>2,885</b>	+31.7%
Real Estate Finance	142	<b>359</b>	+151.6%
Real Estate Buying and Selling	5,574	<b>6,280</b>	+12.7%
Real Estate Brokerage	1,386	<b>1,506</b>	+8.6%
Renovation	2,165	<b>2,221</b>	+2.6%
Other	6	-	-
Adjustment	(239)	<b>(216)</b>	-
<b>Total</b>	<b>12,861</b>	<b>14,910</b>	<b>+15.9%</b>

	1Q-3Q FY2017 Results	1Q-3Q FY2018 Results	YoY change
Franchisee	943	<b>1,117</b>	+18.5%
House-Leaseback	297	<b>461</b>	+54.8%
Real Estate Finance	51	<b>103</b>	+102.0%
Real Estate Buying and Selling	296	<b>600</b>	+102.8%
Real Estate Brokerage	287	<b>327</b>	+13.9%
Renovation	120	<b>190</b>	+57.7%
Other	(11)	-	-
Adjustment	(1,052)	<b>(1,470)</b>	-
<b>Total</b>	<b>932</b>	<b>1,329</b>	<b>+42.6%</b>



1

Company Profile

2

The First Nine Months of FY2018  
Consolidated Results Summary

3

**The First Nine Months of FY2018  
Results by Segment**

4

FY2018 Fiscal Year Plan and  
Medium-term Plan

5

Growth Strategy



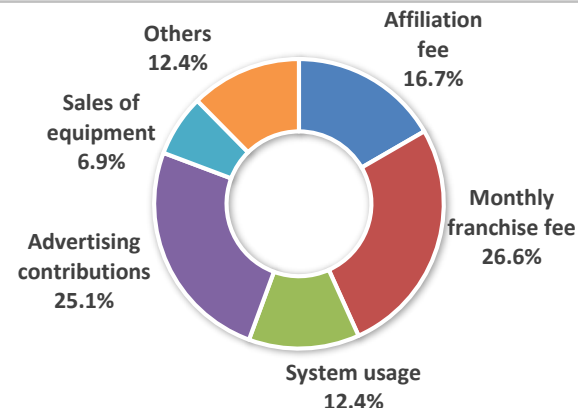
# Franchisee Business



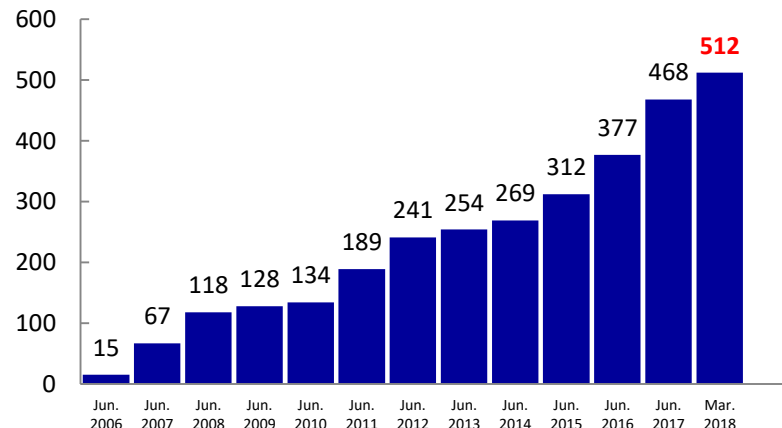
## Changes in Net Sales / Operating Profit

	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	1,633	<b>1,872</b>	<b>2,556</b>	73.2%
Operating profit (Millions of yen)	943	<b>1,117</b>	<b>1,558</b>	71.7%
Operating margin (%)	57.7%	<b>59.7%</b>	<b>60.9%</b>	-
Total no. of franchised stores (incl. stores preparing to open)	441	<b>512</b>	<b>573</b>	-
Total no. of franchised stores opened	365	<b>418</b>	<b>457</b>	-

## Franchisee Business Sales Composition



## Growth in Number of Franchised Stores

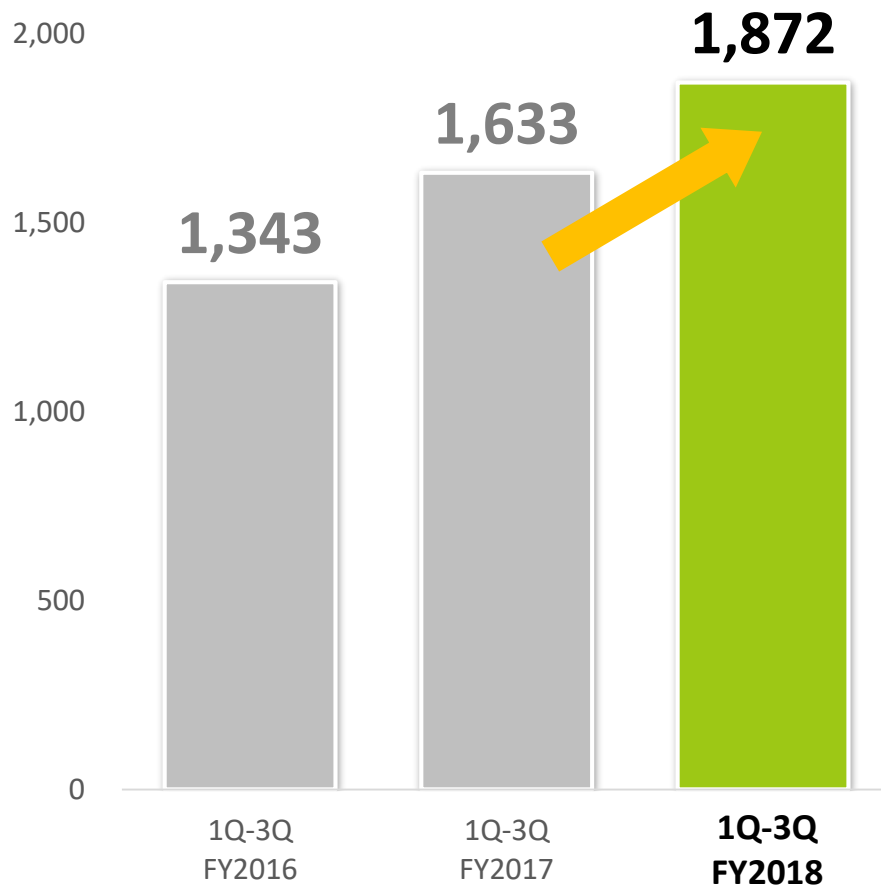


- Steady growth – 95 new franchisee contracts and 88 franchised stores opened during the first nine months.
- Advertising investments and adding more sales person helped attract more franchisees.
- To expand business domains, the RENT Do! Brand was launched in order to start a real estate rental business.



## Changes in Net Sales

Net sales  
(Millions of yen)



**Net sales  
+14.6%**

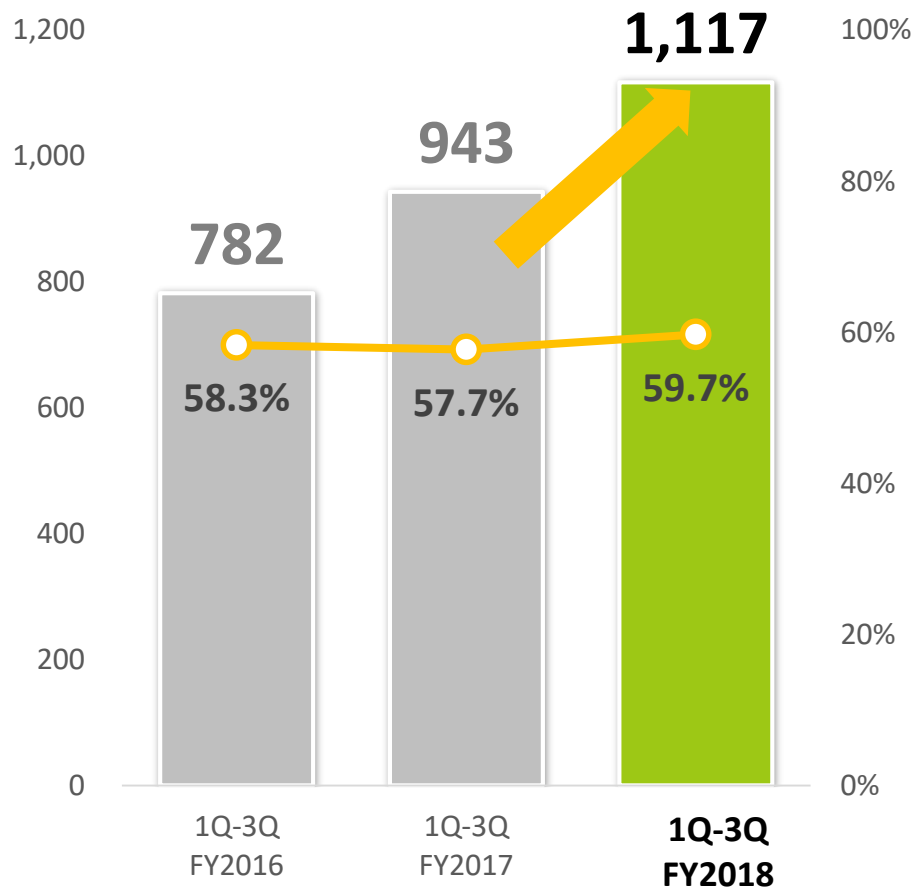


**Progress ratio  
73.2%**



## Changes in Operating Profit

Operating profit  
(Millions of yen)



**Operating profit  
+18.5%**



**Progress ratio  
71.7%**

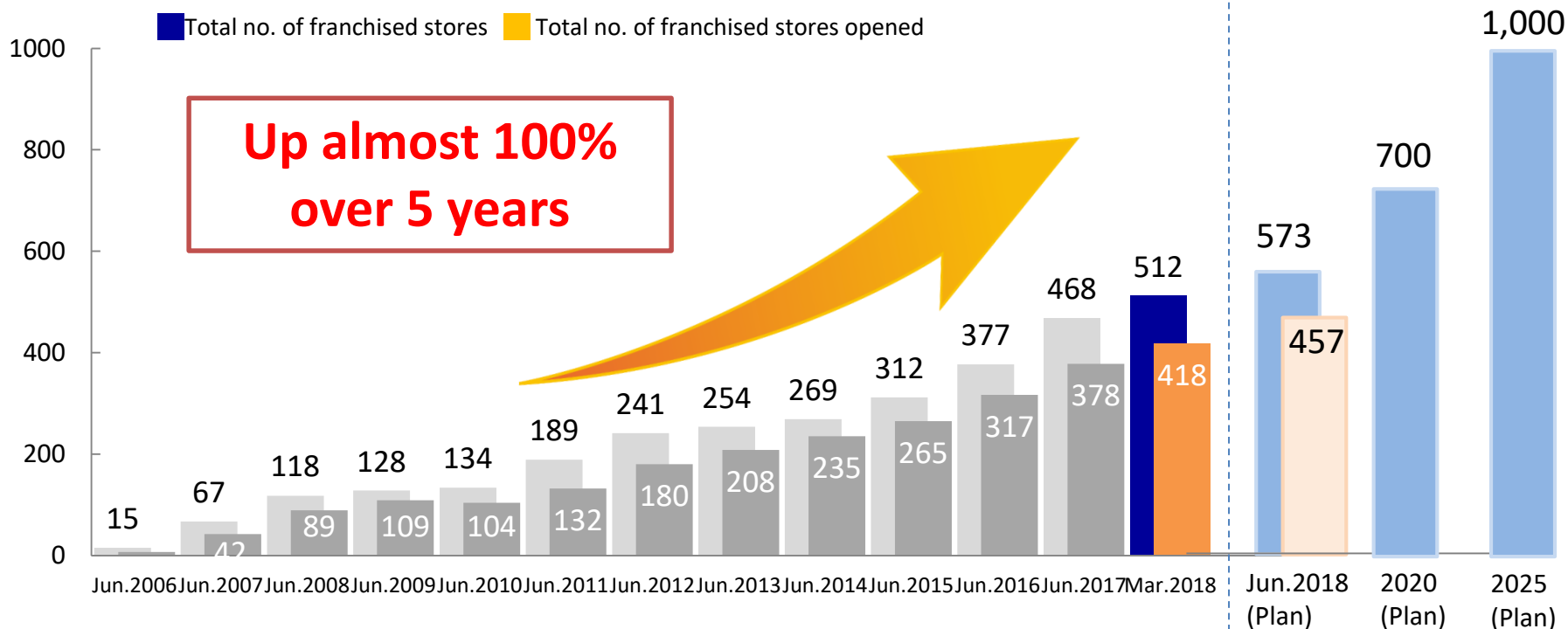


# Growth in Number of Franchised Stores



At the end of March 2018, there was a total of **512** franchised stores

Note: Including 94 stores preparing to open (including RENT Do!)

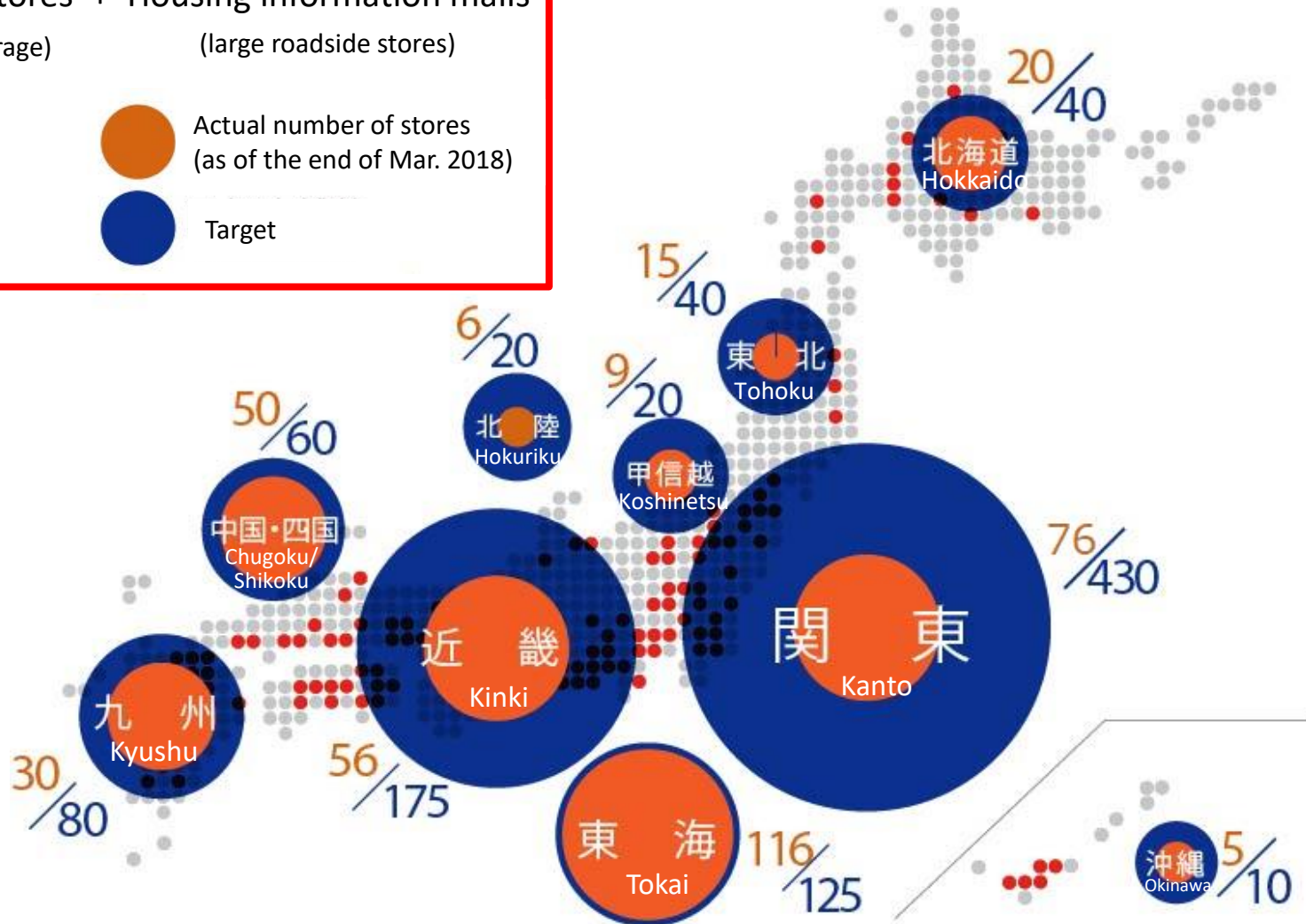


	Satellite stores	Stores specializing in buying houses and other real estate	Housing information malls	RENT Do !	Total
Stores franchised to third parties	372	117	0	5	494
Stores franchised to group companies	7	5	5	1	18
<b>Total</b>	<b>379</b>	<b>122</b>	<b>5</b>	<b>6</b>	<b>512</b>

# A Nationwide Network of Franchised Stores

Satellite stores + Housing information malls  
(only brokerage) (large roadside stores)

● Actual number of stores (as of the end of Mar. 2018)  
● Target



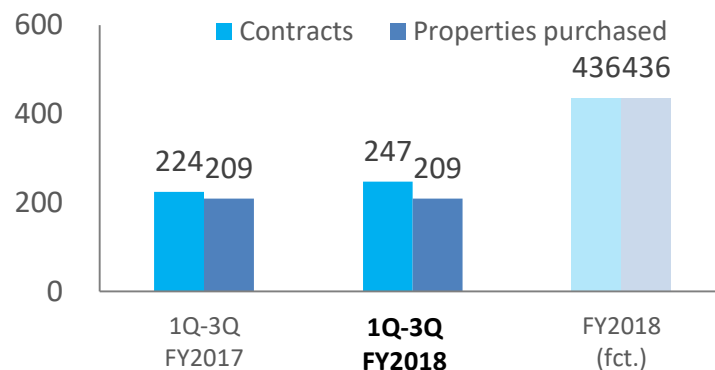


# House-Leaseback Business

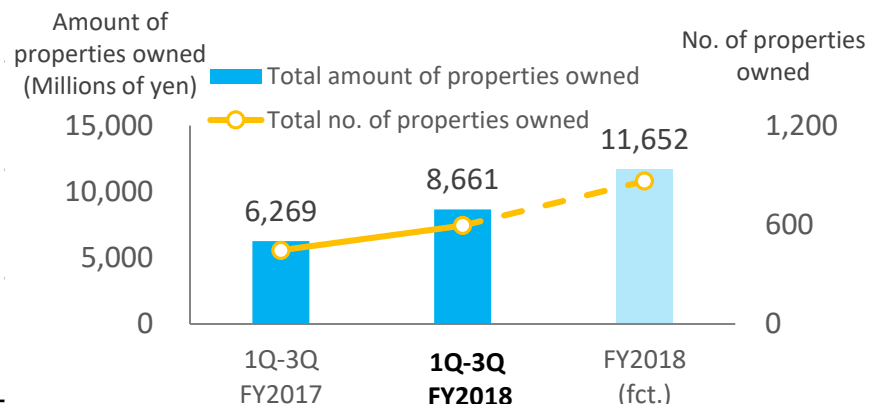


	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	2,191	<b>2,885</b>	2,166	133.2%
Operating profit (Millions of yen)	297	<b>461</b>	331	139.0%
Operating margin (%)	13.6%	<b>16.0%</b>	15.3%	-
No. of House-Leaseback contracts	224	<b>247</b>	436	56.7%
No. of properties purchased	209	<b>209</b>	436	47.9%
Total no. of properties owned	445	<b>595</b>	863	-
Total amount of properties owned (Millions of yen)	6,269	<b>8,661</b>	11,652	-

Changes in Number of Contracts and Properties Purchased



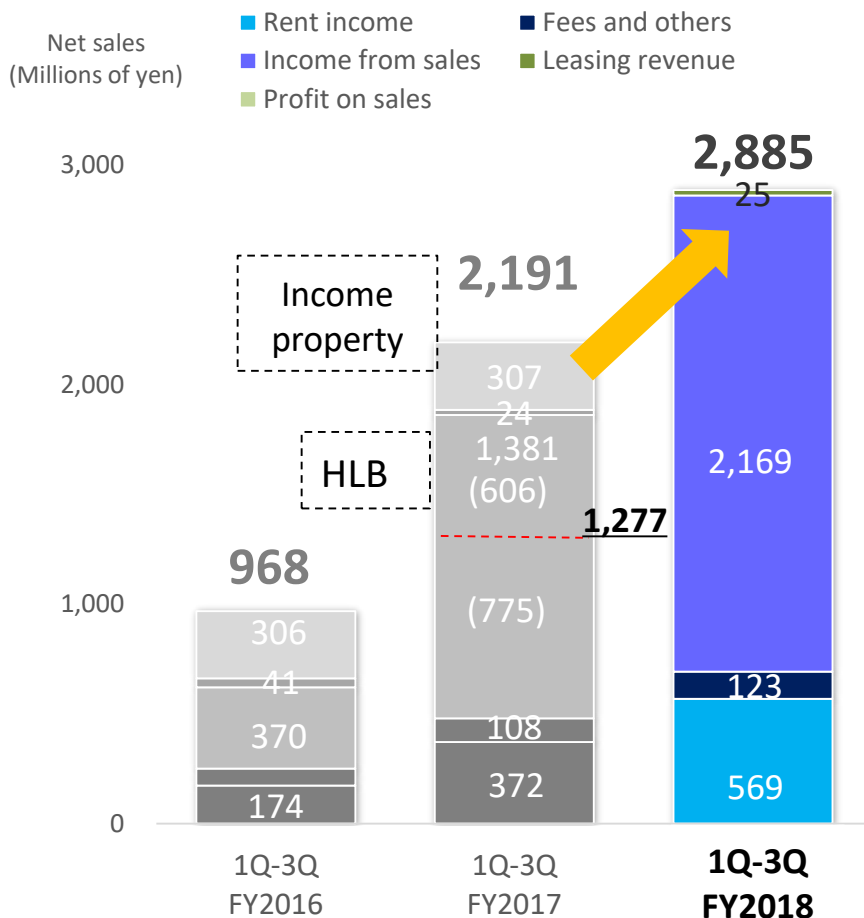
Changes in Total Number and Amount of Properties Owned



- Contracts: 209 ■ House-Leaseback properties sold: 40 in 1Q-3Q, net sales of ¥988 million
- FY2017 included ¥307 million sales of income property (gross profit of ¥900 million) and ¥606 million sales of high-price HLB properties (gross profit of ¥77 million)
- Properties owned: 595 Total value: ¥8,600 million **Capital gains increased because of sales to a real estate fund**



## Changes in Net Sales



## Net Sales

# +31.7%

### Irregular facts

(Millions of yen)

- One income property 307
  - Two high-price HLB properties 606
- 913

1Q-3Q FY2017 HLB net sales  
(exp. irregular facts)

¥1,277 million



¥2,885 million

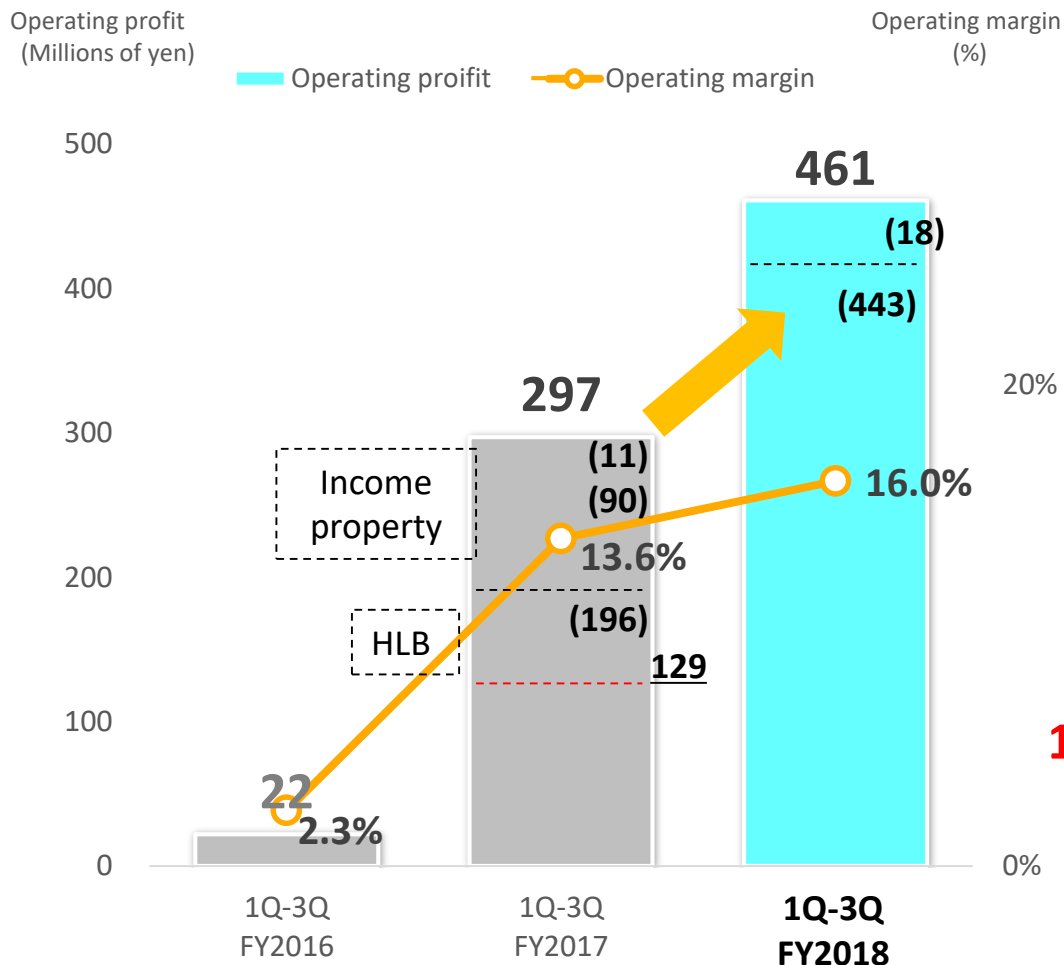
1Q-3Q FY2018 HLB net sales  
(exp. irregular facts)

**+125.8% YoY**





## Changes in Operating Profit



**Operating profit**

**+54.8%**

1Q-3Q FY2017 HLB operating profit  
(exp. irregular facts)

**¥129 million**



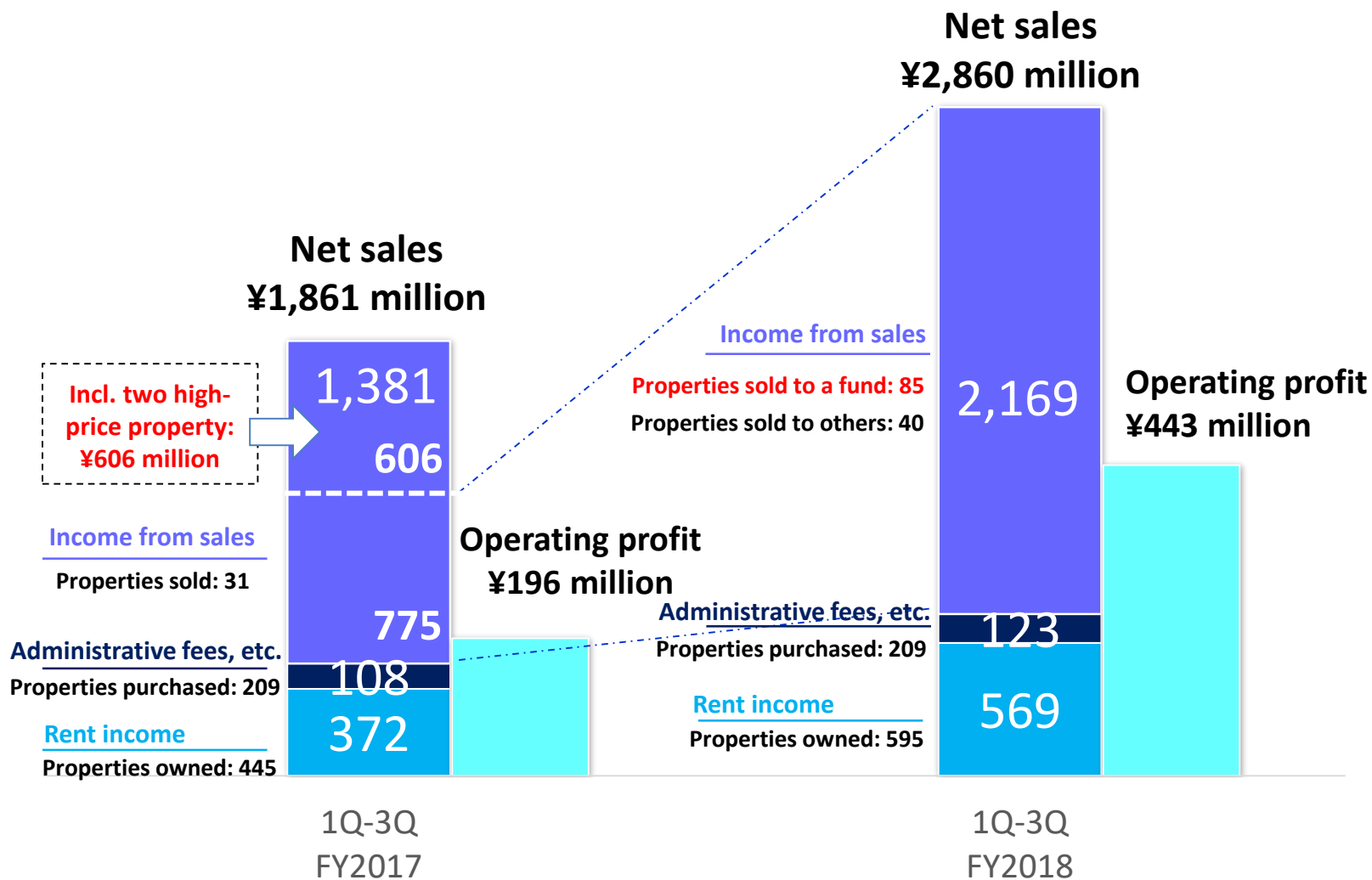
**¥461 million**

1Q-3Q FY2018 HLB operating profit  
(exp. irregular facts)

**+255.7% YoY**



# House-Leaseback Business (non-consolidated)



Average no. of House-Leaseback contracts per month

**24.9**

**27.4**



# Total Amount and No. of Properties Owned



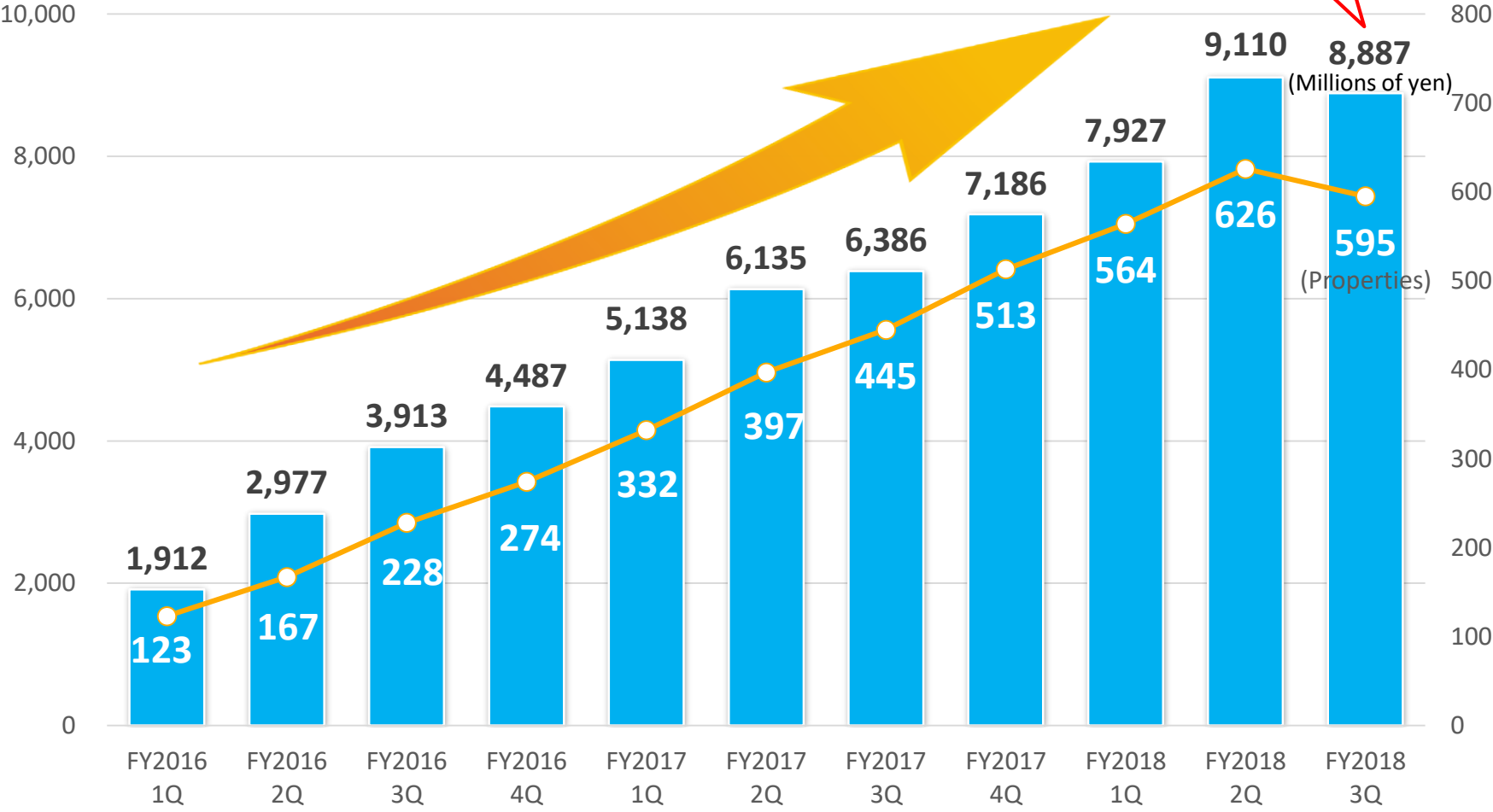
85 properties were sold to a fund

Total amount of properties owned (Millions of yen)

■ Total amount of properties owned ○ No. of properties owned

Note: Total amount of properties owned is the sum of the purchase prices (before depreciation)

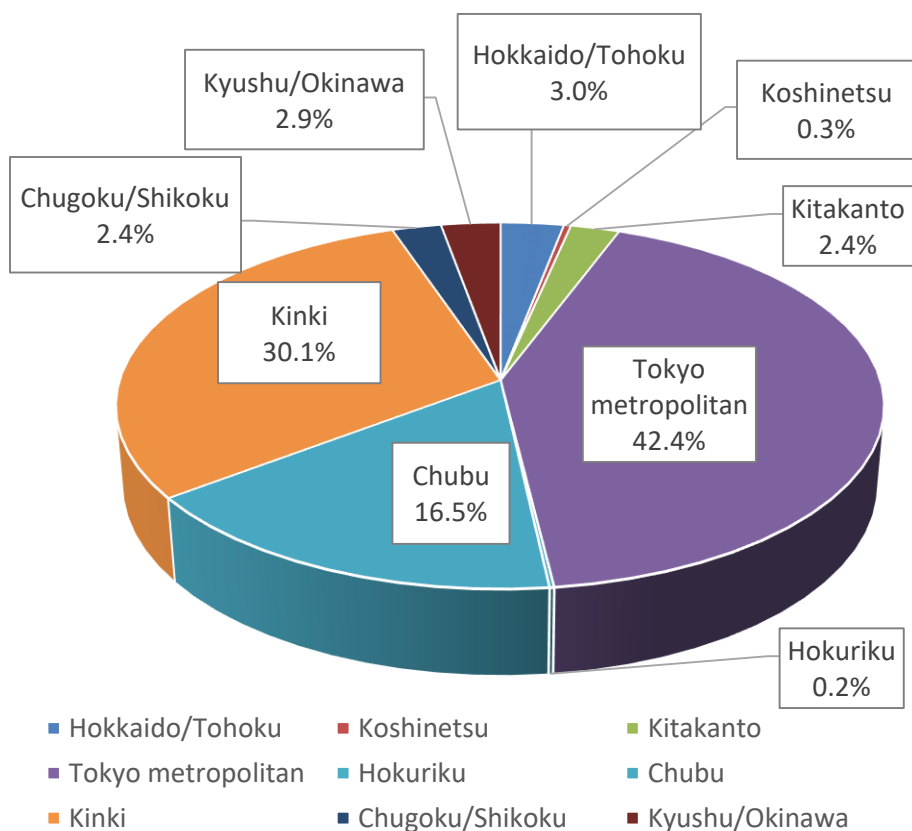
No. of properties owned



# Distribution of Properties Owned (at the end of March 2018)



## Regional Distribution of Properties Owned



Area	No. of properties	Total amount (Millions of yen)	Unit price (Millions of yen)
Hokkaido/Tohoku	18	202.4	11.2
Koshinetsu	2	12.1	6.0
Kitakanto	14	122.8	8.8
Tokyo metropolitan	252	4,460.4	17.7
Chubu	98	1,179.8	12.0
Hokuriku	1	23.1	23.1
Kinki	179	2,621.3	14.6
Chugoku/Shikoku	14	108.5	7.8
Kyushu/Okinawa	17	156.3	9.2
<b>Total</b>	<b>595</b>	<b>8,886.8</b>	<b>14.9</b>

**42.4% in the Tokyo metropolitan area – 89.0% in Japan's big three metro areas of Tokyo, Nagoya (Chubu) and Osaka (Kinki)**

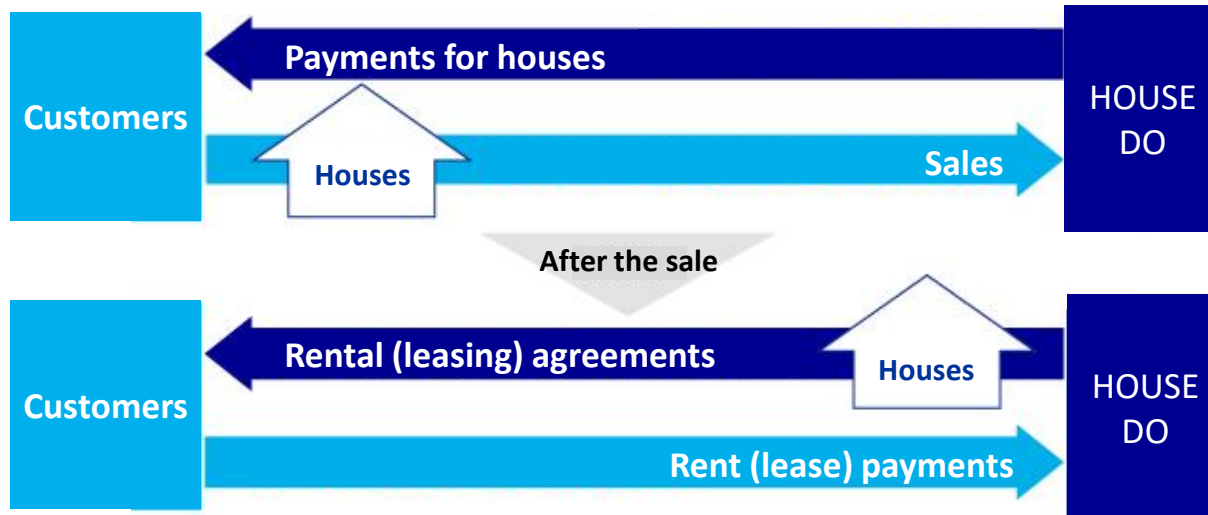
## Selling a home while living in it

Stable income



Capital gain

## Structure of House-Leaseback



## Reasons for the Growth of the House-Leaseback Business

- An immense need for “selling a home while living in it”
- A sharp decrease in the number of moneylenders in Japan
- Exemption from restrictions on total lending limits in the Moneylending Control Act (House-Leaseback does not belong to moneylending business)

→ House-Leaseback is a “blue ocean” strategy business

## Periodic visitation and assistance service “Mimamori Do!”

### Mimamori Do!

A service to assist age 65+ House-Leaseback customers who are living alone



### Acquiring good reputation from customers

For age 65+ people living alone



I live alone but feel safe!



コールサービス (お元気様コール) Free of charge

“Telephone Reassurance Service”



Good morning! How are you today?

We will make a phone call every morning.

## “Telephone Reassurance Service”

Individuals having the House-Leaseback agreement can request a daily telephone call, including weekends and holidays, to confirm that there are no problems.



## House-Leaseback Business

- Meeting the need for “selling a home while living in it”
- Rent (income gain) + Sale (capital gain)
- Effective use of real estate against falling birthrate and depopulation
- Liquidation of real estate  
Assets are converted into cash  
Cash is then circulated back to the market, which helps to stimulate the economy
- **Expansion of service areas**  
**In addition to Japan’s big three metro areas of Tokyo, Nagoya (Chubu) and Osaka (Kinki), operation started in other regional cities**





## Changes in Net Sales / Operating Profit

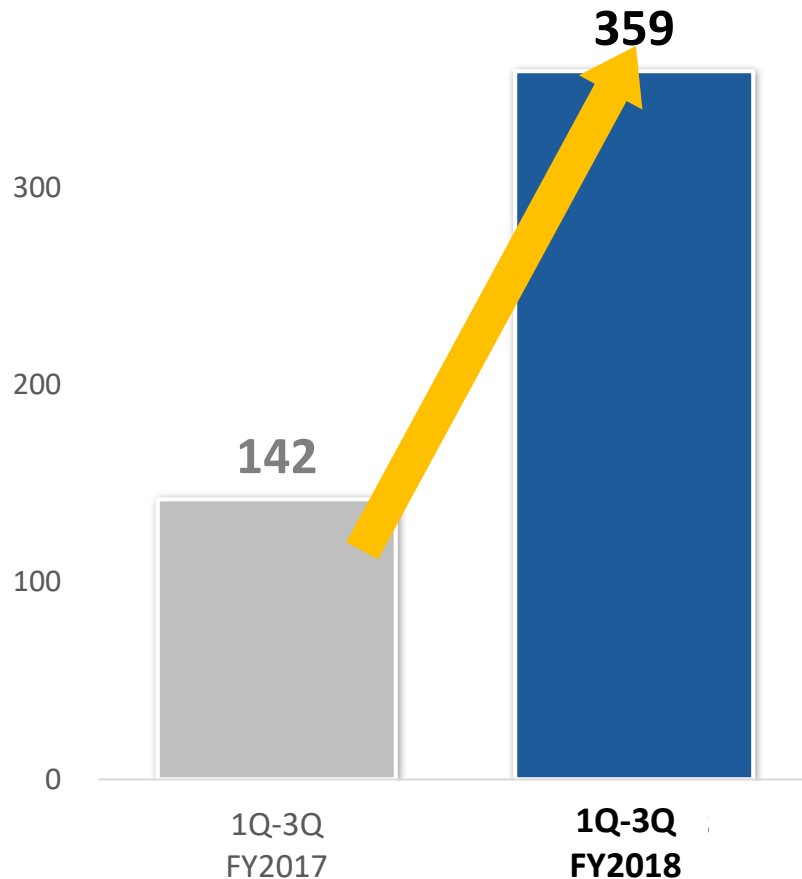
	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	142	<b>359</b>	490	73.2%
Operating profit (Millions of yen)	51	<b>103</b>	160	64.6%
Operating margin (%)	35.9%	<b>28.8%</b>	32.7%	-
No. of real estate secured loans and reverse mortgage guarantees	91	<b>183</b>	207	88.4%

- 183 real estate secured loans and reverse mortgage guarantees
- ¥4.5 billion of real estate secured loans outstanding
- Creating synergies as a supplementary business for the House-Leaseback Business
- The new reverse mortgage guarantee business started in October 2017



## Changes in Net Sales

Net sales  
(Millions of yen)



**Net sales  
+151.6%**



**Progress ratio  
73.2%**

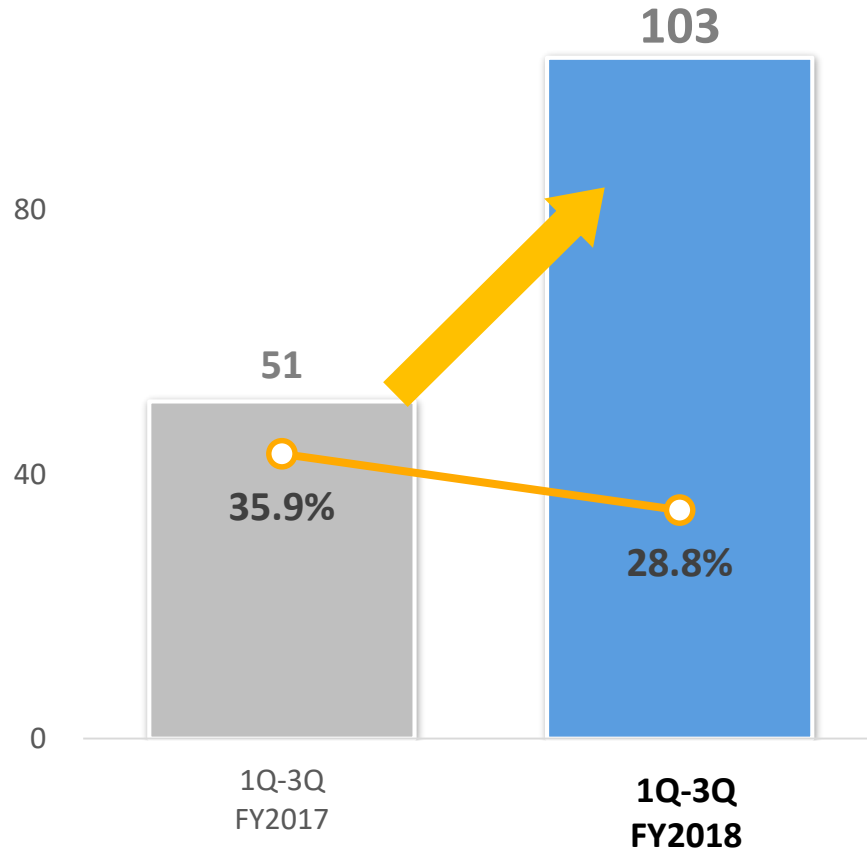


## Changes in Operating Profit

Operating profit  
(Millions of yen)

120

Operating profit    Operating margin



Operating margin  
(%)

100%

80%

60%

40%

20%

0%

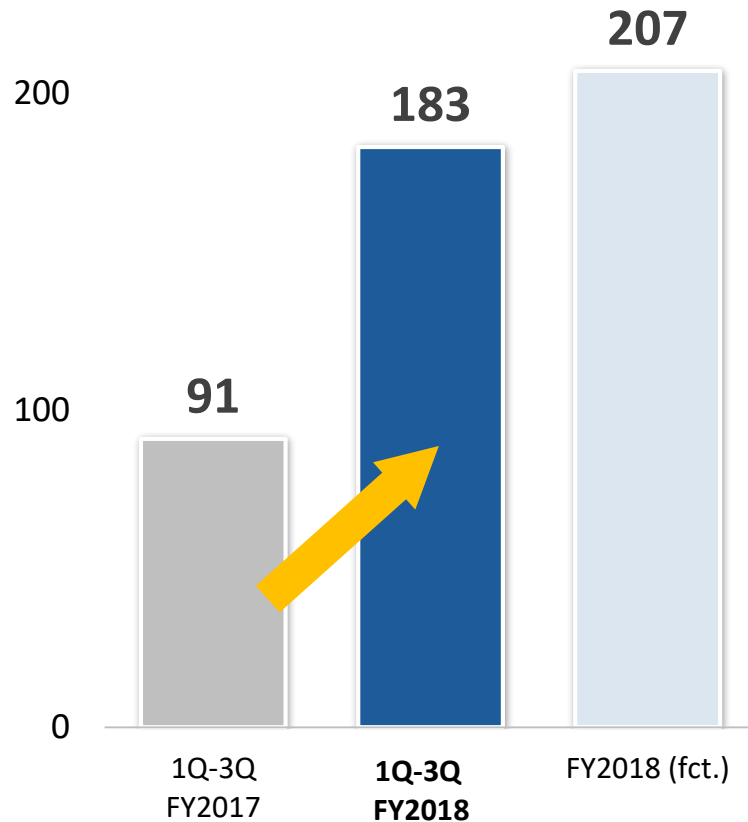
**Operating profit  
+102.0%**



**Progress ratio  
64.6%**



## Changes in Number of Real Estate Secured Loans and Reverse Mortgage Guarantees

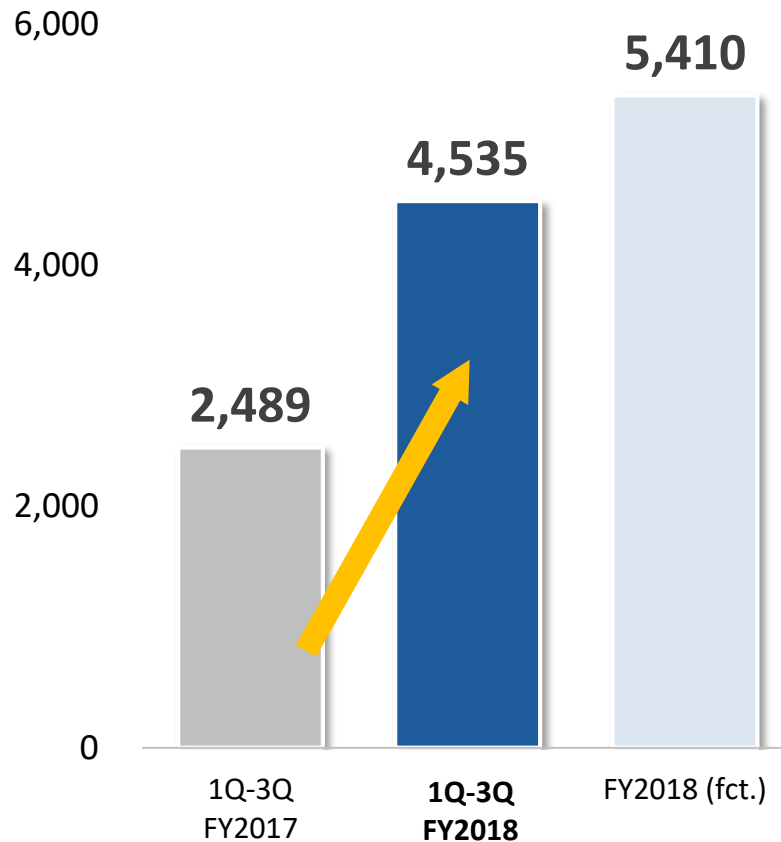


**183**  
real estate  
secured loans  
and  
reverse mortgage  
guarantees



## Changes in Loans Outstanding

(Millions of yen)



**Real estate secured loan  
outstanding  
¥4.5 billion**

## Start of the reverse mortgage guarantee service





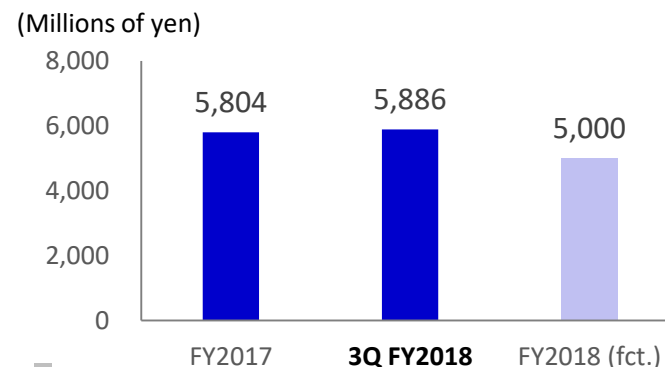
# Real Estate Buying and Selling Business



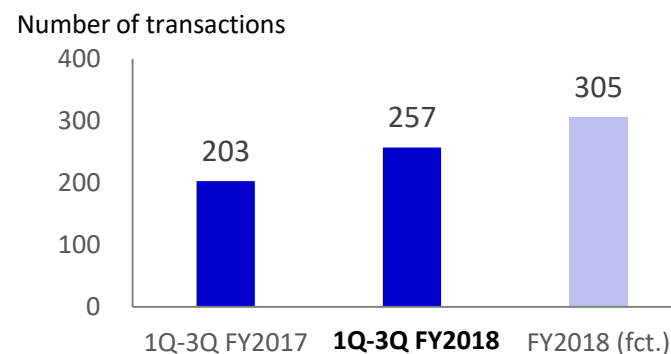
## Changes in Net Sales / Operating Profit

	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	5,574	6,280	7,375	85.2%
Operating profit (Millions of yen)	296	600	481	124.6%
Operating margin (%)	5.3%	9.6%	6.5%	-
Number of transactions	203	257	305	84.3%

## Changes in Inventories



## Changes in Number of Transactions

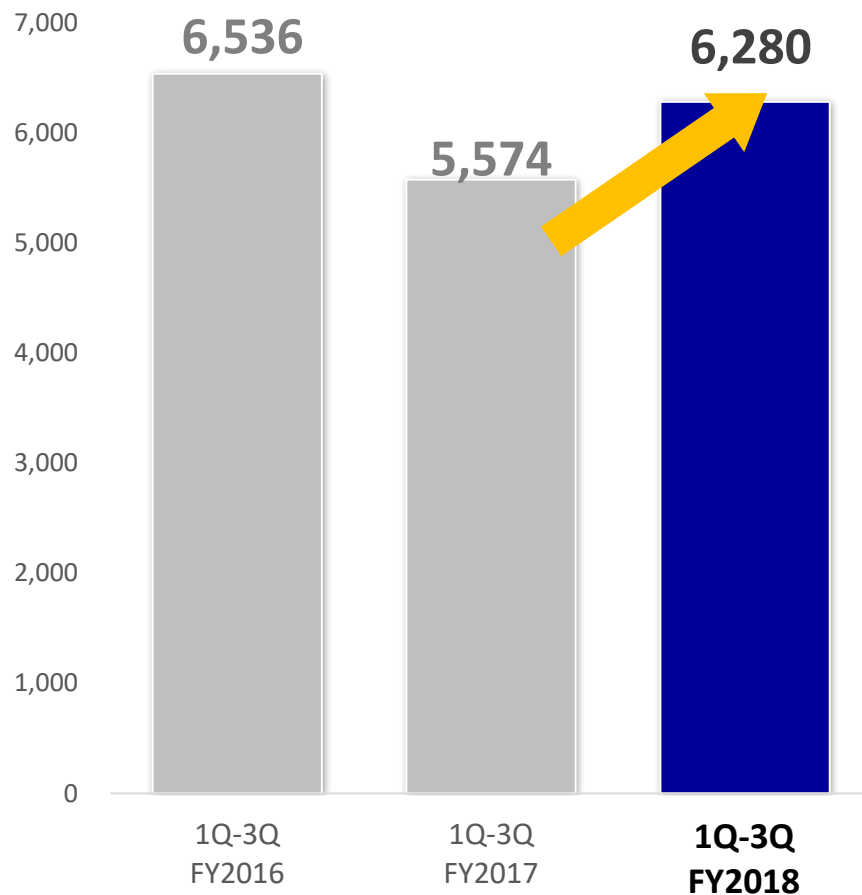


- Steady growth due to changes from safety-critical operation to normal operation.
- Demand for property remains high on the back of the continued low rate monetary easing policies.
- Reinforced purchasing in area where directly managed stores operate using synergies.
- The inventory was unchanged at about ¥5 billion due to the decision to place priority on inventory turnover rather than quantity.



## Changes in Net sales

Net sales  
(Millions of yen)



**Net sales**

**+12.7%**



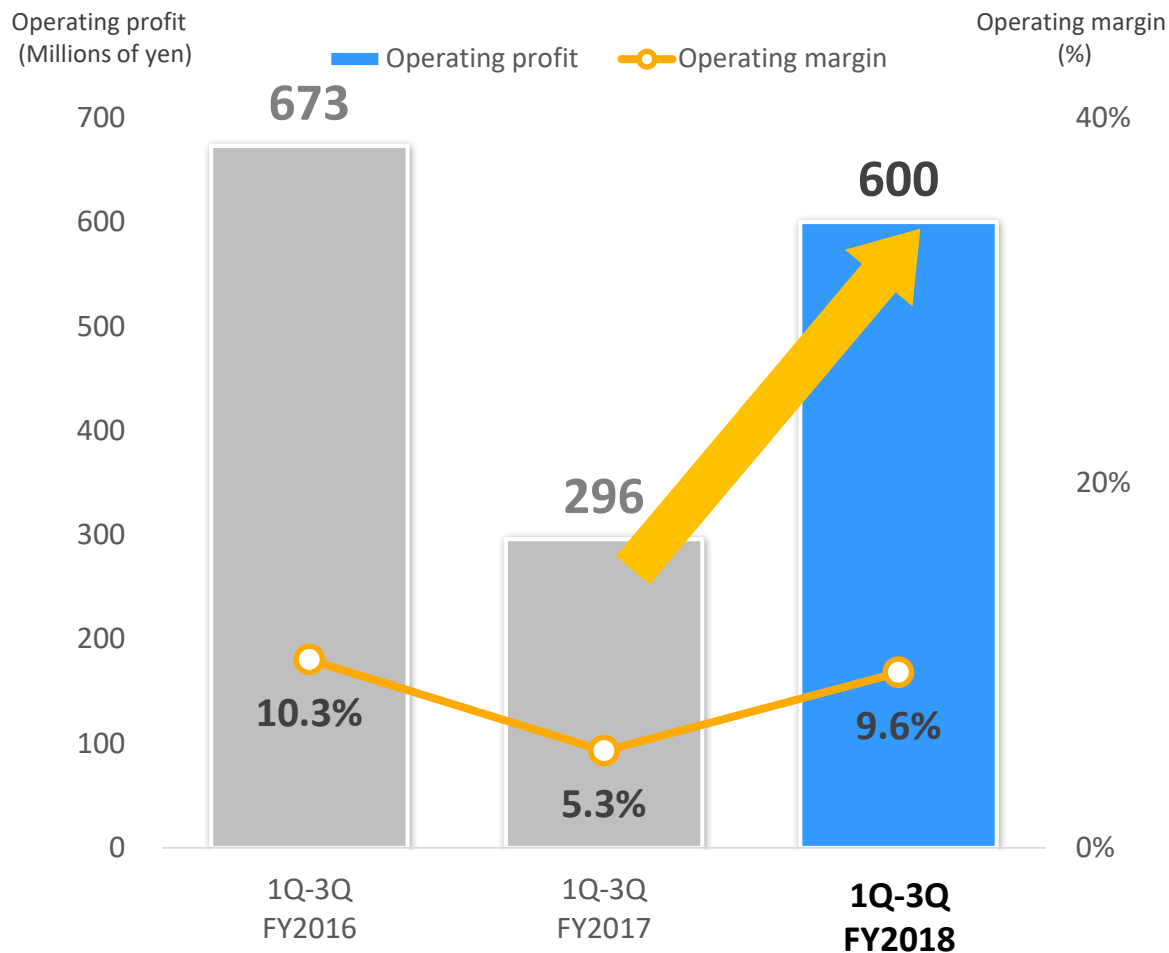
**Progress ratio**

**85.2%**

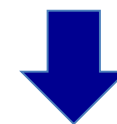




## Changes in Operating Profit



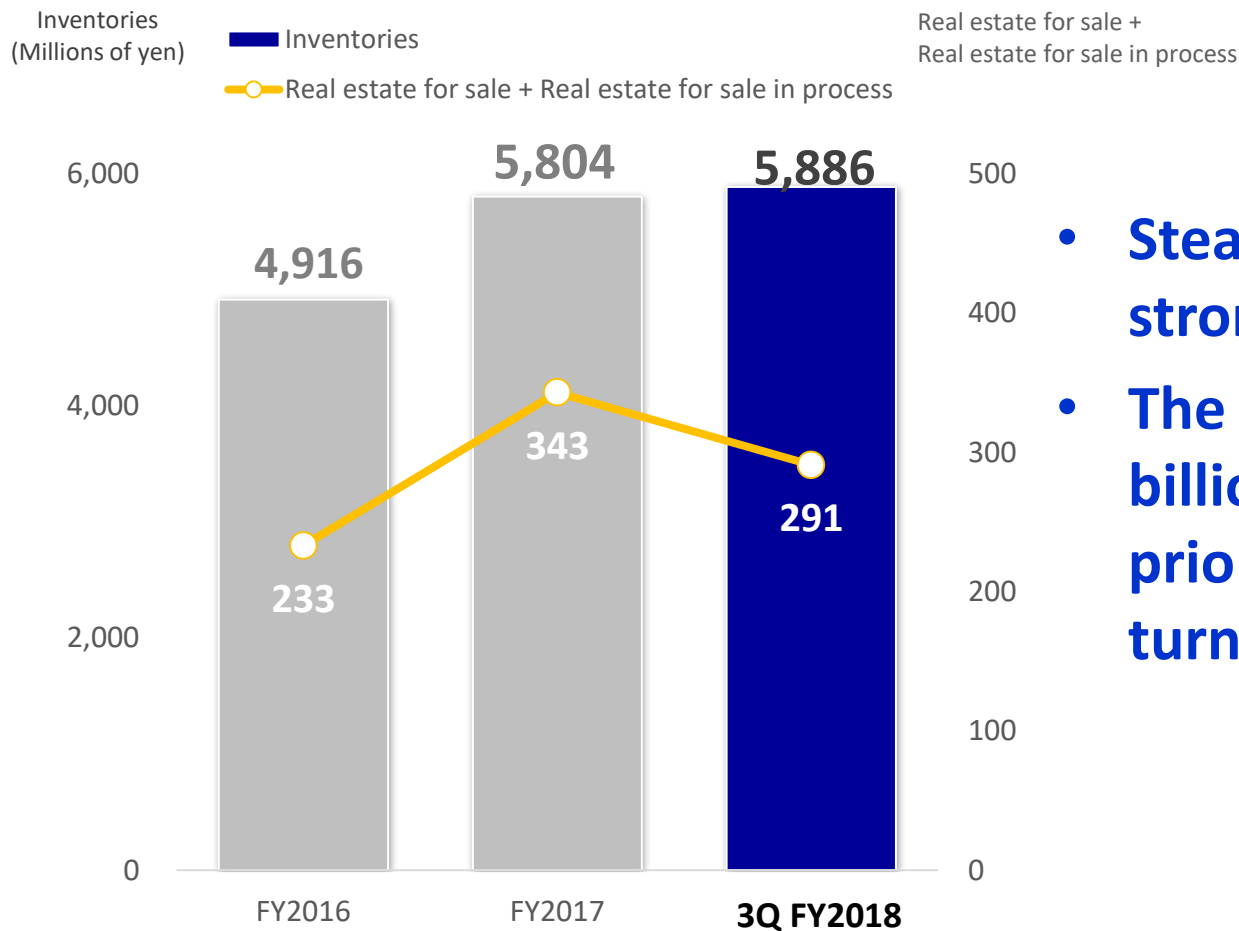
**Operating profit +102.8%**



**Progress ratio 124.6%**



## Changes in Inventories



- **Steady growth due to strong purchasing**
- **The inventory about ¥5 billion is unchanged and priority is inventory turnover**



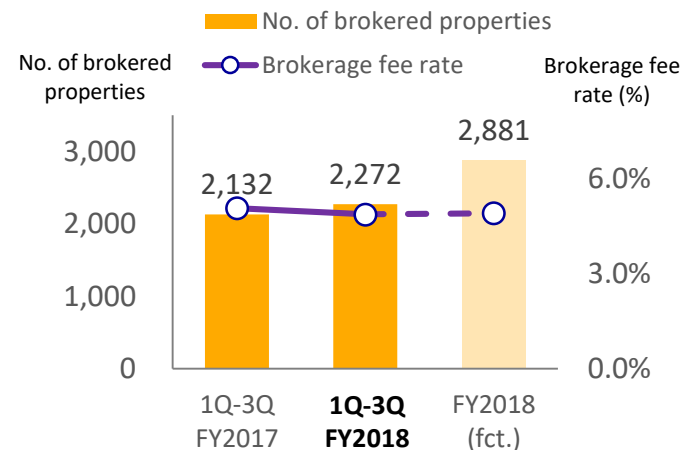
# Real Estate Brokerage Business



## Changes in Net Sales / Operating Profit

	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	1,386	<b>1,506</b>	1,901	79.2%
Operating profit (Millions of yen)	287	<b>327</b>	253	129.3%
Operating margin (%)	20.7%	<b>21.7%</b>	13.3%	-
Number of brokered properties	2,132	<b>2,272</b>	2,881	78.9%
Brokerage fee rate	5.07%	<b>4.87%</b>	4.90%	-

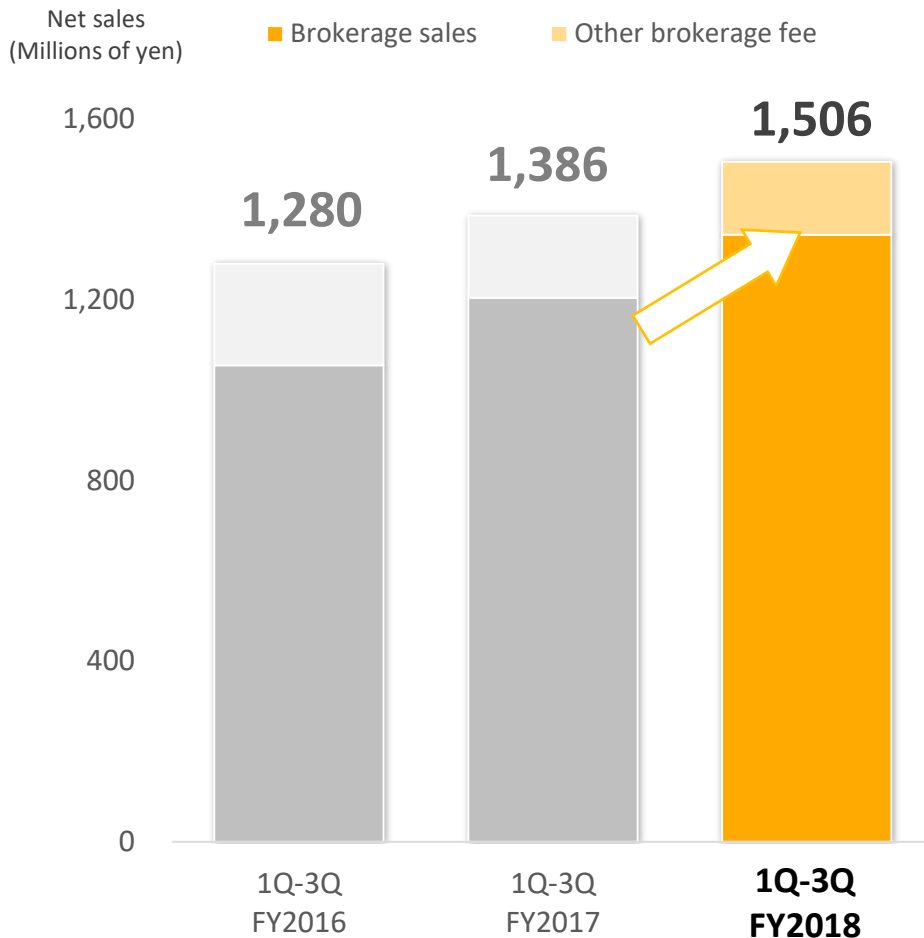
## Changes in Number of Brokered Properties and Brokerage Fee Rate



- **Brokered properties increased 140, +6.6% YoY**
- Performance remained strong and the operating margin improved despite the shift of human resources to the Steady-income businesses.
- Using synergies originating with the real estate brokerage business for growth of renovation and real estate purchasing operations (A role model for franchised stores).



## Changes in Net Sales



**Net sales**

**+8.6%**



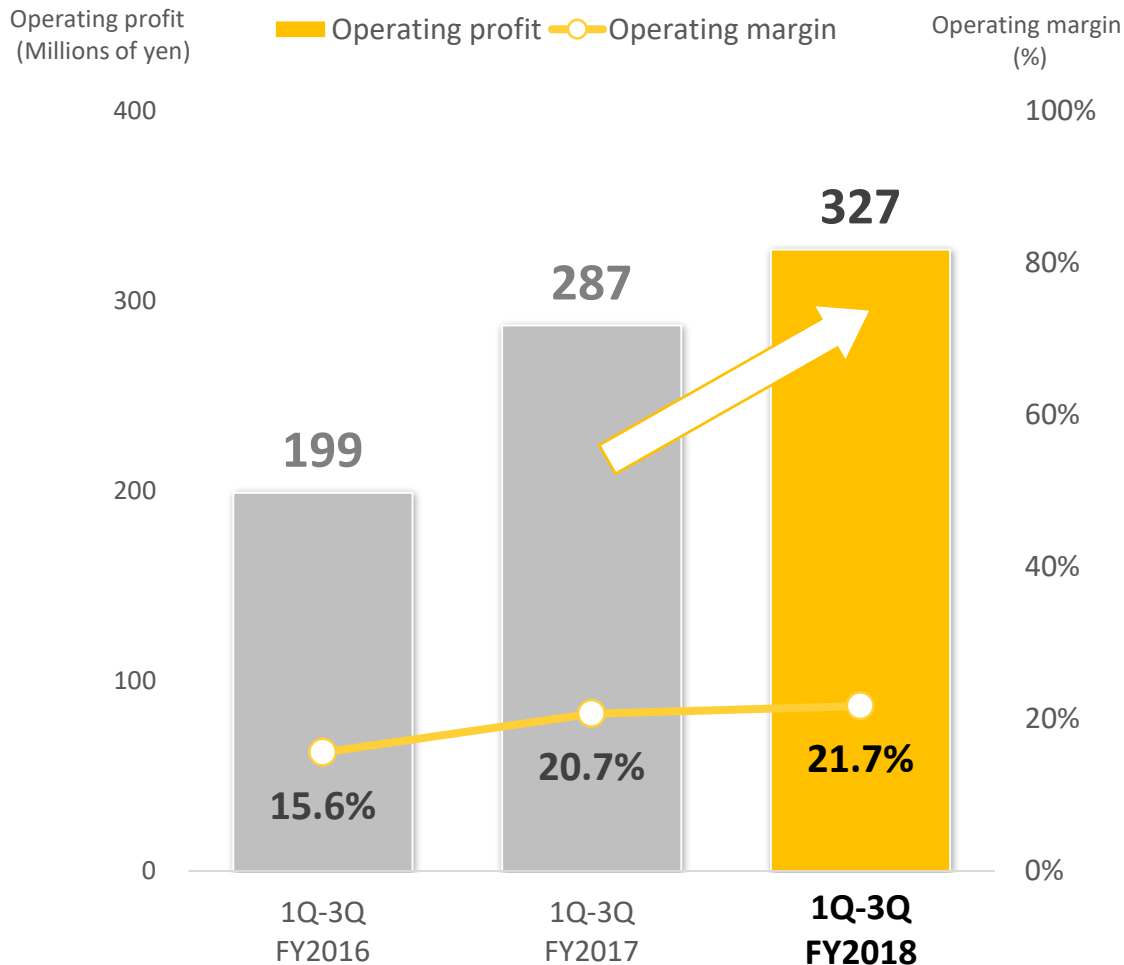
**Progress ratio**

**79.2%**

**2 directly operated  
stores opened  
in Okinawa and Aichi**

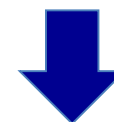


## Changes in Operating Profit



**Operating profit**  
**+13.9%**

- Growth of young staff members



**Progress ratio**  
**129.3%**

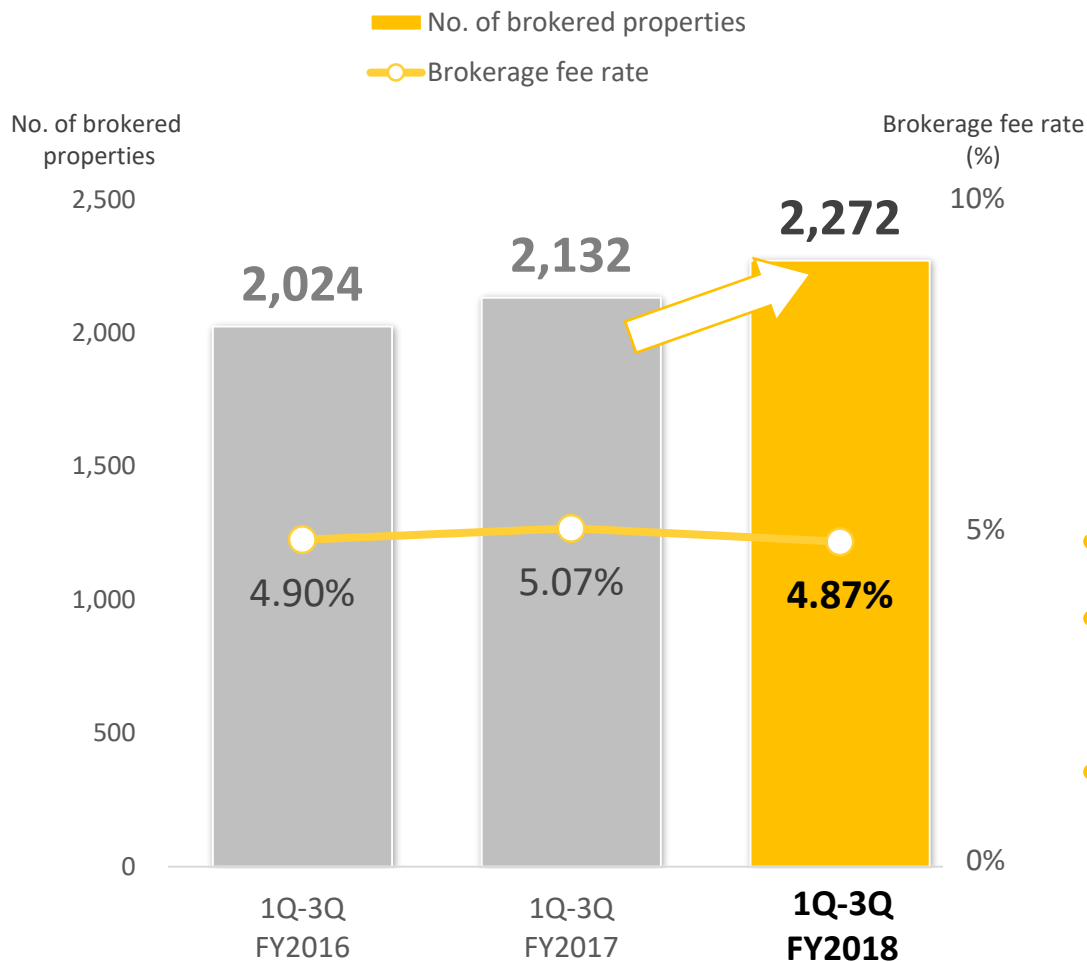
**2 directly operated  
stores opened  
in Okinawa and Aichi**



# Real Estate Brokerage Business

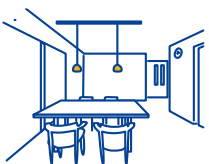


## Changes in Number of Brokered Properties and Brokerage Fee Rate



**No. of brokered properties +6.6%**

- TSE 1<sup>st</sup> listing
- Higher awareness of HOUSEDO brand
- More franchised stores



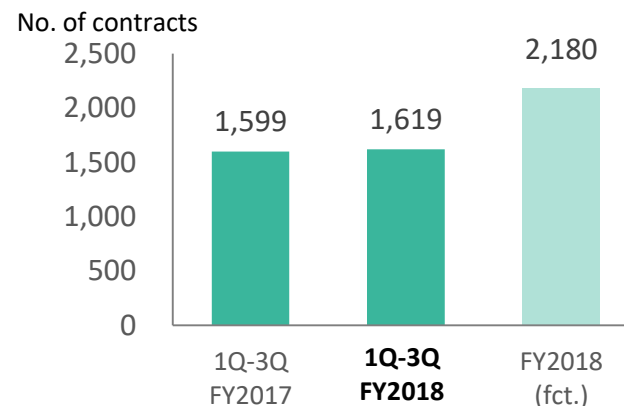
# Renovation Business



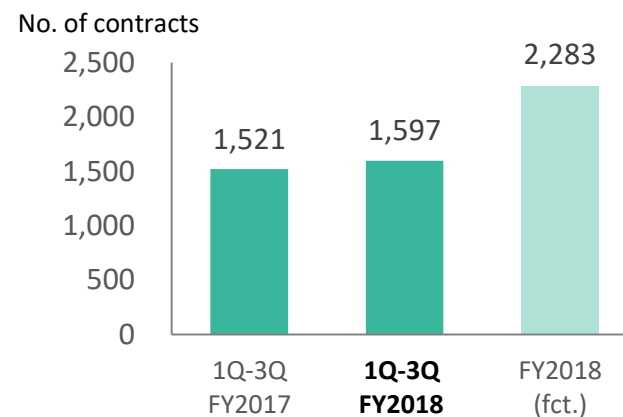
## Changes in Net Sales / Operating Profit

	1Q-3Q FY2017	1Q-3Q FY2018	FY2018 (fct.)	Progress ratio
Net sales (Millions of yen)	2,165	<b>2,221</b>	2,978	74.6%
Operating profit (Millions of yen)	120	<b>190</b>	201	94.5%
Operating margin (%)	5.6%	<b>8.6%</b>	6.8%	-
Renovation contracts	1,599	<b>1,619</b>	2,180	74.3%
Renovation contracts completed	1,521	<b>1,597</b>	2,283	70.0%

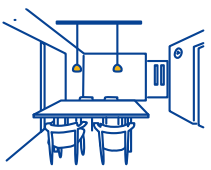
## Changes in Renovation Contracts



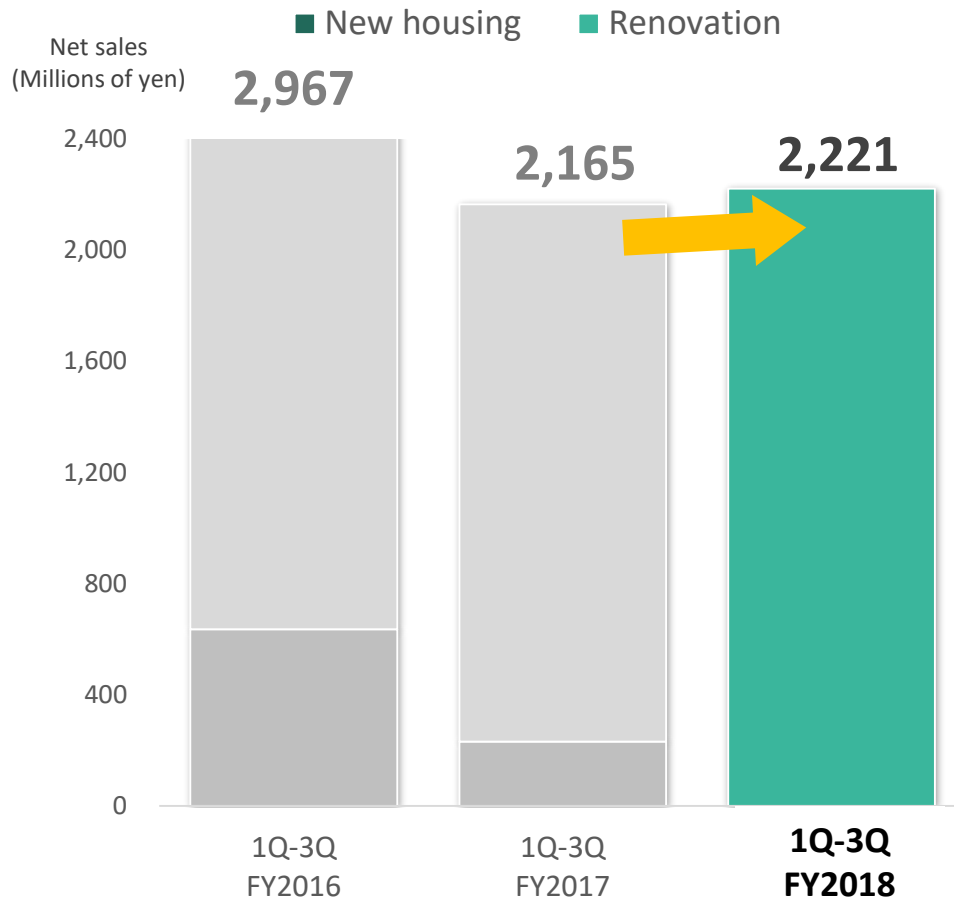
## Changes in Renovation Contracts Completed



- Control new homebuilding orders, but sales and earnings increased due mainly to orders packaging an existing home purchase and renovation contract
- Numerous ongoing measures for improving profitability, quality and productivity



## Changes in Net Sales

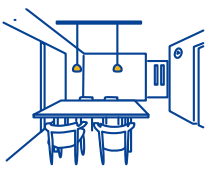


**Net sales  
+2.6%**

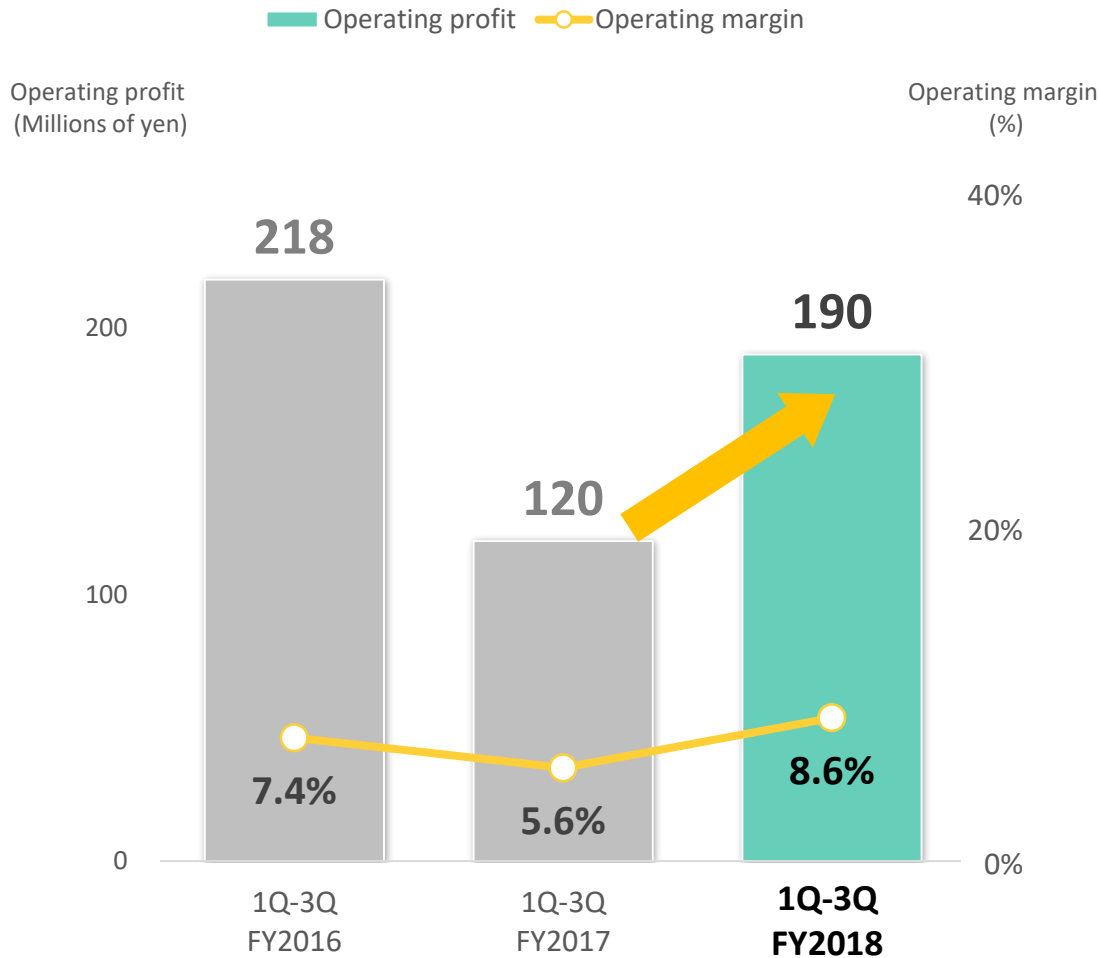


**Progress ratio  
74.6%**





## Changes in Operating Profit



**Operating profit  
+57.7%**



**Progress ratio  
94.5%**

# Selling, General and Administrative Expenses



## SG&A Expenses

(Millions of yen)

	1Q-3Q FY2017		1Q-3Q FY2018		YoY change
		% to sales		% to sales	
SG&A expenses	3,913	30.4%	4,745	31.8%	+21.3%
Personnel	1,992	15.5%	2,216	14.9%	+11.2%
Advertising and promotion	818	6.4%	966	6.5%	+18.1%
Office maintenance	160	1.3%	197	1.3%	+22.6%
Others	941	7.3%	1,366	9.2%	+45.0%
<b>(Gross profit</b>	<b>4,846</b>	<b>37.7%</b>	<b>6,075</b>	<b>40.7%</b>	<b>+25.4%</b>

- SG&A expenses increased to 31.8% of sales from 30.4% one year earlier.
  - Shifted existing employees to the Steady-income businesses in order to target opportunities for earnings growth.
  - Advertising expenses increased due to additional advertisements reflecting the larger number of stores and investments for the faster growth of the Franchisee Business and House-Leaseback Business.
- Others increased because of higher fees paid in association with sales, evaluations/attorney fees in association with preferred stock issuance, M&A fees, and growth in administrative expenses due mainly to the higher IT system maintenance investments

# Consolidated Balance Sheet



(Millions of yen)

	FY2017	3Q FY2018	Change
<b>Current assets</b>	12,212	<b>14,146</b>	+1,933
Cash and deposits	3,129	<b>3,116</b>	(13)
Inventories	5,804	<b>5,886</b>	+82
Other	3,281	<b>5,143</b>	+1,862
<b>Non-current assets</b>	8,060	<b>14,740</b>	+6,679
Property, plant and equipment	7,729	<b>14,015</b>	+6,285
Intangible assets	56	<b>88</b>	+31
Investments and other assets	274	<b>636</b>	+362
<b>Total assets</b>	20,273	<b>28,886</b>	+8,613

(Millions of yen)

	FY2017	3Q FY2018	Change
<b>Liabilities</b>	17,494	<b>22,520</b>	+5,026
Current liabilities	10,071	<b>11,135</b>	+1,064
Non-current liabilities	7,422	<b>11,384</b>	+3,961
<b>Net assets</b>	2,779	<b>6,366</b>	+3,587
Shareholders' equity	2,776	<b>6,349</b>	+3,573
Accumulated other comprehensive income	0	<b>0</b>	+0
Subscription rights to shares	2	<b>18</b>	+16
<b>Total liabilities and net assets</b>	20,273	<b>28,886</b>	+8,613

Shareholder's equity ratio: 13.7% → 22.0%

- Inventories rose because of increases in real estate for sale and real estate for sale in process
- Other current assets increased because of operating loans in the Real Estate Finance Business.
- Property, plant and equipment increased because of the larger number of House-Leaseback transactions and the acquisition of all shares of Keiyo Build Co., Ltd. to make this company a consolidated subsidiary.

- Current liabilities increased mainly because of rises in short-term loans payable and current portion of long-term loans payable.
- Non-current liabilities increased because of a rise in long-term loans payable due to the acquisition of all shares of Keiyo Build Co., Ltd. to make this company a consolidated subsidiary.
- Shareholders' equity increased, the net result of higher retained earnings resulting from profit and a reduction due to dividend payments.
- **The sale of preferred stock on October 17, 2017 added ¥3.0 billion to shareholders' equity.**

# Inventories and Non-current Assets

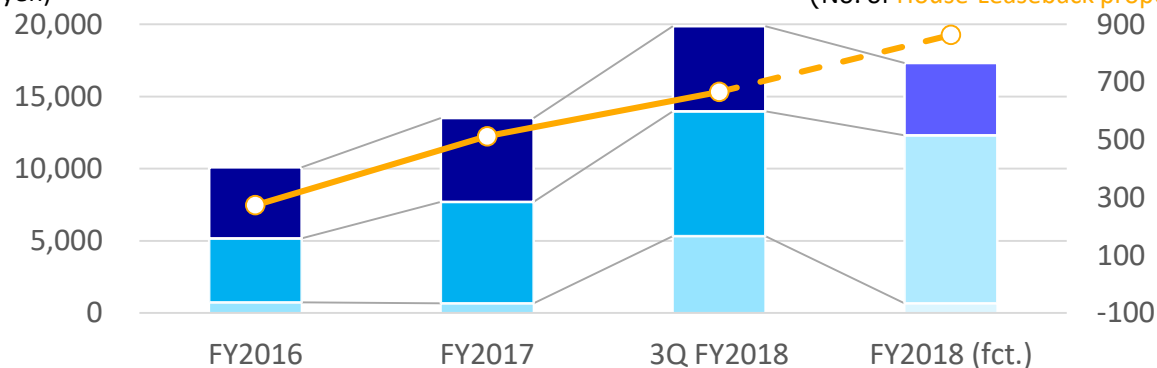


(Millions of yen)

	FY2016	FY2017	3Q FY2018	FY2018 (fct.)
<b>Inventories</b>	4,916	5,804	<b>5,886</b>	5,000
<b>Non-current assets (Buildings and land)</b>	5,174	7,710	<b>13,988</b>	12,319
Assets for House-Leaseback Business	4,427	7,043	<b>8,661</b>	11,652
Assets for rent income, etc.	746	667	<b>5,327</b>	666
<b>Total no. of House-Leaseback properties owned</b>	274	513	<b>595</b>	863

(Millions of yen)

(No. of House-Leaseback properties owned)



- Real estate for sale is inventories in the Real Estate Buying and Selling Business. Property acquisitions continue while using synergies with directly operated store brokerage operations. Inventory turnover is the key performance indicator.
- Non-current assets increased because of properties owned in the House-Leaseback Business. House-Leaseback purchases and the number of properties owned increased due to investments in personnel and advertising/promotion activities.

- Dividend policy: Increase corporate value through sustainable growth of business operations and improving profitability
- Increase in dividend due to the record-high earnings  
Initial forecast: ¥27 → **Raise to ¥39 per share**

	FY2017	FY2018 (initial fct.)	FY2018 (revised fct.)
Dividend per share (Yen)	20	27	<b>39</b>
Total dividends (Millions of yen)	169	229	<b>331</b>
Earnings per share (Yen)	87.02	108.29	<b>127.34</b>
Dividend payout ratio (%)	23.0%	Over 25%	<b>30.0%</b>

Note: Dividends are based on the May 2, 2018 press release

# Shareholder Benefits



## ■ Purpose of shareholder benefits

Shareholder benefits are a means of thanking shareholders for their support, making HOUSEDO stock even more appealing, and increasing the number of medium- and long-term shareholders.

## ■ Summary

### (1) Eligible shareholders

Shareholders who are listed in the shareholder register as of June 30 and own at least one trading unit (100 shares) are eligible to receive these benefits.

### (2) Benefits and distribution

Shareholders receive points based on the number of shares held that can be used at the HOUSEDO shareholder benefit website. Shareholders can exchange points for food products, electronics, gift items, Quo Cards, and original HOUSEDO items. Points can also be used to make donations to charities.

(One point is about ¥1)

Shares owned	Shareholder benefit points		Receiving
	One Year	Two years or more (Note)	
100-299 shares	1,500 pt	1,650 pt	End of Sep. in the schedule
300-499 shares	3,000 pt	3,300 pt	
500-699 shares	5,000 pt	5,500 pt	
700-999 shares	7,000 pt	7,700 pt	
1,000-1,999 shares	9,000 pt	9,900 pt	
2,000-2,999 shares	11,000 pt	12,100 pt	
3,000 shares or more	13,000 pt	14,300 pt	

Note: Two years or more is defined as being listed in the shareholder register as of June 30 for at least two consecutive years with the same shareholder number.

# FY2018 Third Quarter Investor Relations/Public Relations Announcements



Date	Subject
Jan. 9, 2018	Number of HOUSEDO franchised stores surpasses 500
Jan. 29, 2018	HOUSEDO starts Time Room Cloud, a time share business for solving Japan's unused apartment and house problem
Jan. 29, 2018	HOUSEDO issues stock options for sale
Jan. 31, 2018	Conclusion of contract to acquire all shares of Keiyo Build Co., Ltd. and make it a subsidiary
Jan. 31, 2018	Announcement of revision to forecast for first half of FY2018
Feb. 1, 2018	Announcement of submission of large shareholding report due to purchase of stock
Feb. 28, 2018	Completion of acquisition of all shares of Keiyo Build Co., Ltd. and new management team
Mar. 14, 2018	House-Leaseback asset securitization based on the Act on Specified Joint Real Estate Ventures
Mar. 29, 2018	Opening of the first RENTDo! store in the rental brokerage business for apartments and houses

More information about these releases (in Japanese) is available on the HOUSEDO website (<https://www.housedo.co.jp/>).

1

Company Profile

2

The First Nine Months of FY2018  
Consolidated Results Summary

3

The First Nine Months of FY2018  
Results by Segment

4

**FY2018 Fiscal Year Plan and  
Medium-term Plan**

5

Growth Strategy



# Revisions to the Medium-term Plan Goals



(Fiscal years ended/ending June 2017 – 2019)

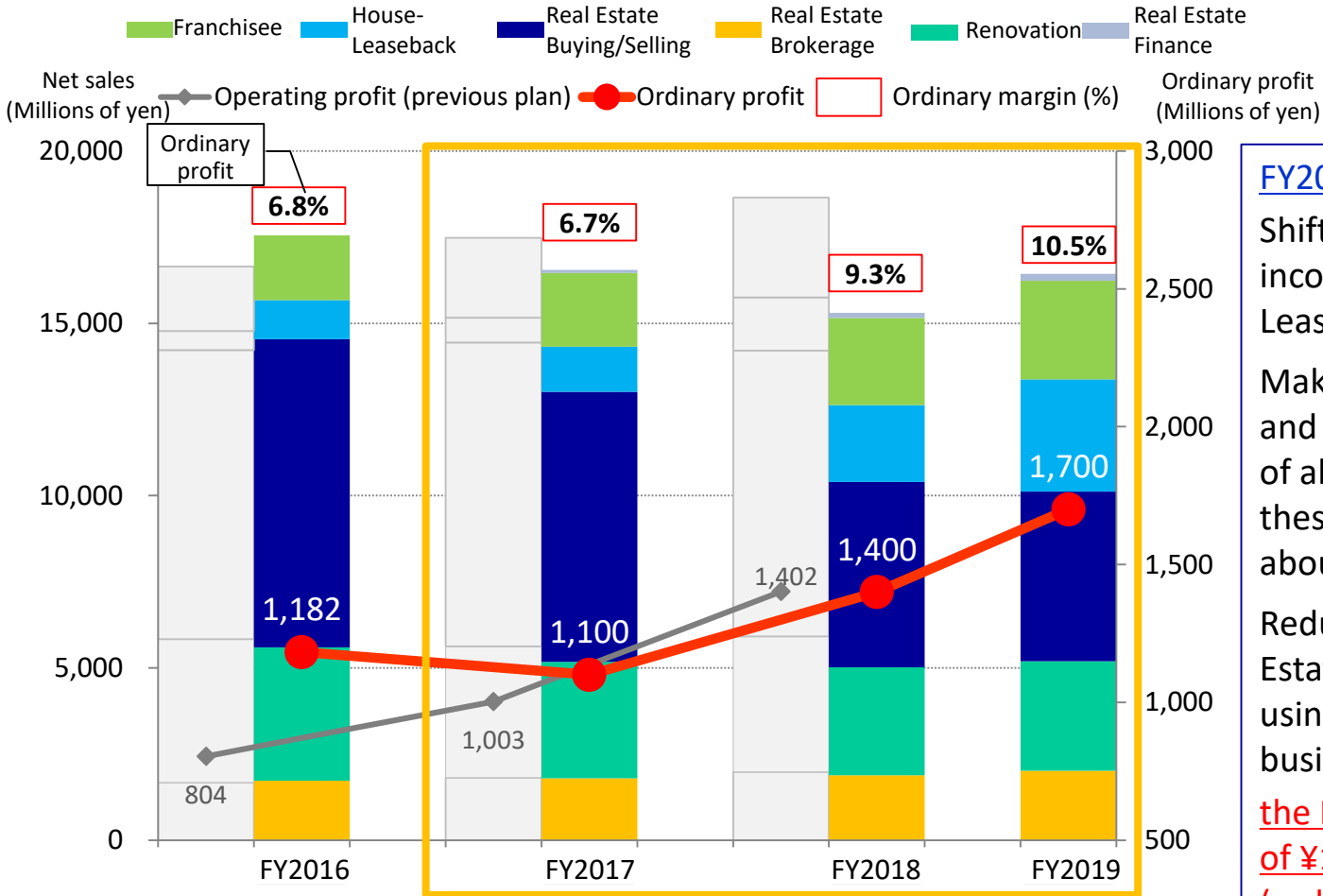
(Millions of yen)

	FY2017	FY2018 Revised forecast	FY2019 Previous forecast	FY2019 Revised forecast	Change
Net sales	16,848	21,159	16,215	<b>26,611</b>	<b>+64.1%</b>
Operating profit	1,249	2,093	1,909	<b>3,246</b>	<b>+70.0%</b>
Ordinary profit	1,103	1,900	1,700	<b>3,000</b>	<b>+76.5%</b>
Profit attributable to owners of parent	737	1,251	1,105	<b>1,980</b>	<b>+79.2%</b>
Net income per share (Yen)	87.02	127.34	129.97	<b>232.89</b>	-

# Medium-term Plan Announced in August 2016 (toward FY2019)



## Net Sales / Ordinary Profit Plan for Next Three Years



### FY2017

Shift weighting to the Steady-income Franchisee and House-Leaseback Businesses

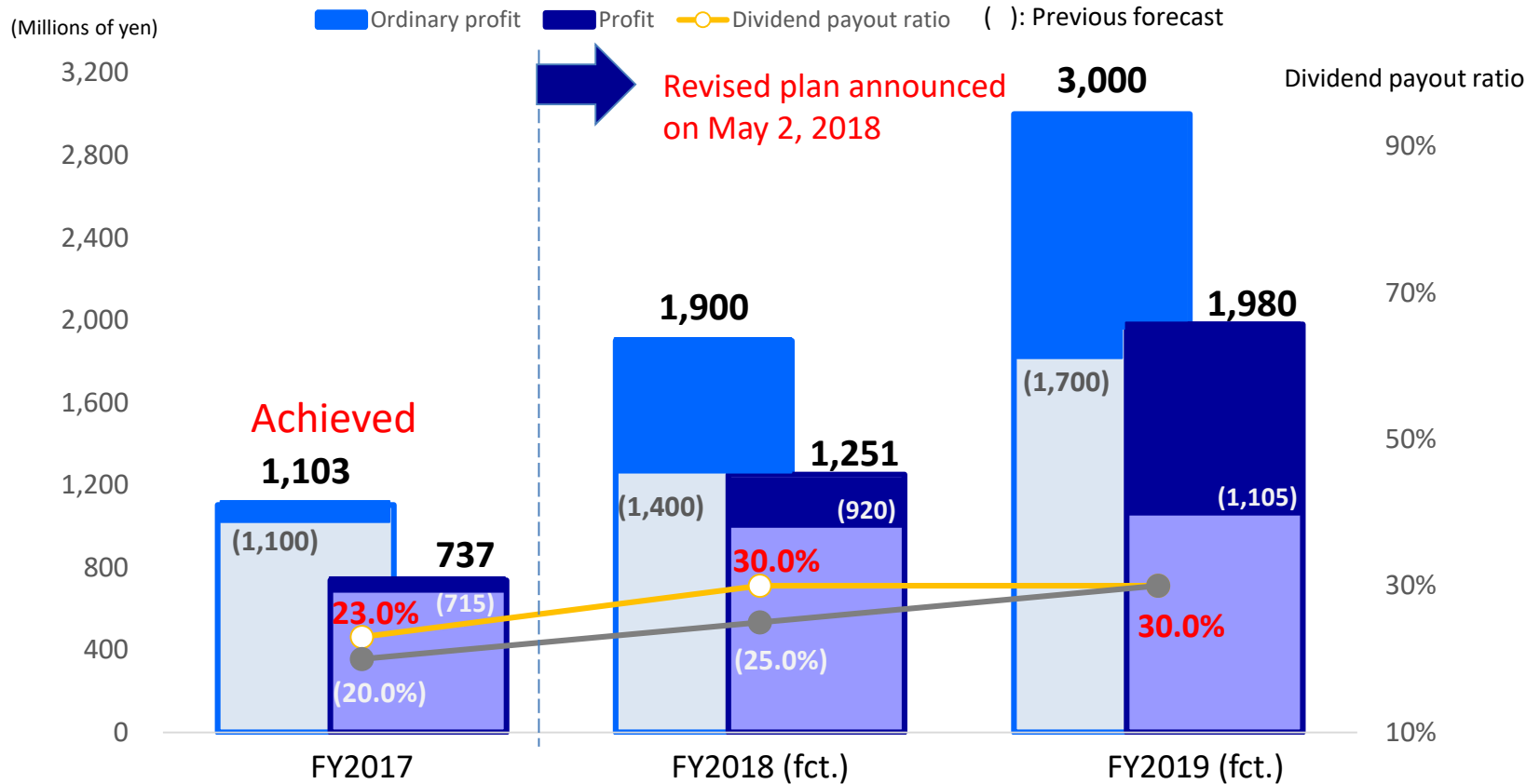
Make advertising and promotion and human resource investments of about ¥100 million each in these two businesses, a total of about ¥200 million

Reduce weighting of the Real Estate Buying and Selling Business, using growth of Steady-income businesses to achieve

**the FY2019 ordinary profit target of ¥1,700 million (ordinary margin of 10.5%)**

Net sales YoY change	+18.5%	(5.5)%	(7.6)%	+7.5%
Ordinary profit YoY change	+130.4%	<b>(6.9)%</b>	<b>+27.2%</b>	<b>+21.4%</b>

# Revision of the Medium-term Plan Announced on May 2, 2018



	FY2017	FY2018	FY2019
Ordinary profit (Millions of yen)	1,103 (1,100)	1,900 (1,400)	3,000 (1,700)
Profit (Millions of yen)	737 (715)	1,251 (920)	1,980 (1,105)
Dividend payout ratio (%)	23.0% (Over 20.0%)	30.0% (Over 25.0%)	Over 30.0%

( ): Previous forecast

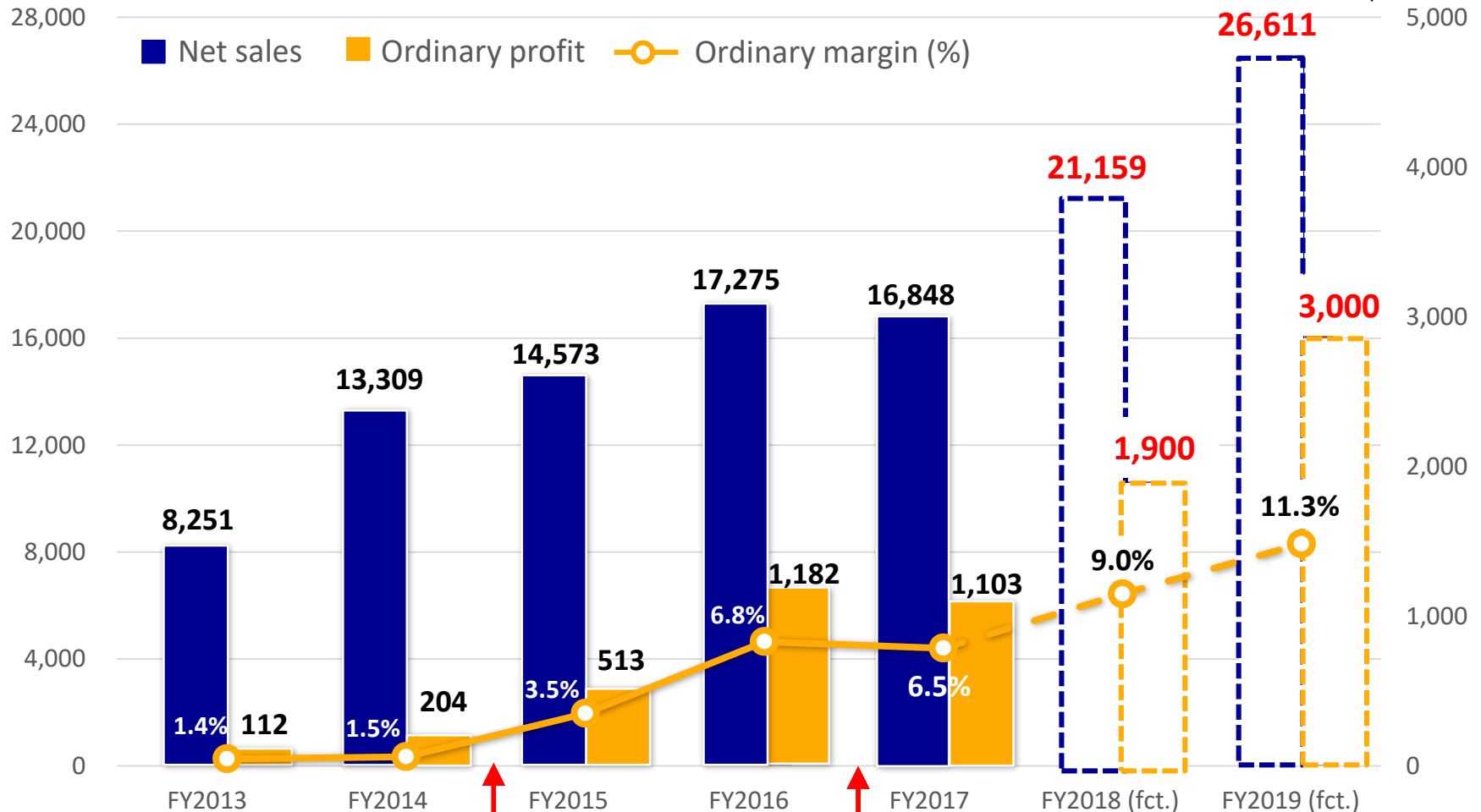
# Net Sales / Ordinary Profit (consolidated)



Net sales  
(Millions of yen)

Forecast revision on May 2, 2018

Ordinary profit  
(Millions of yen)



Mar. 2015  
Listed on the TSE  
Mothers Market

Dec. 2016  
Listed on the TSE  
1st Section

1

Company Profile

2

The First Nine Months of FY2018  
Consolidated Results Summary

3

The First Nine Months of FY2018  
Results by Segment

4

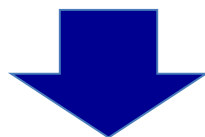
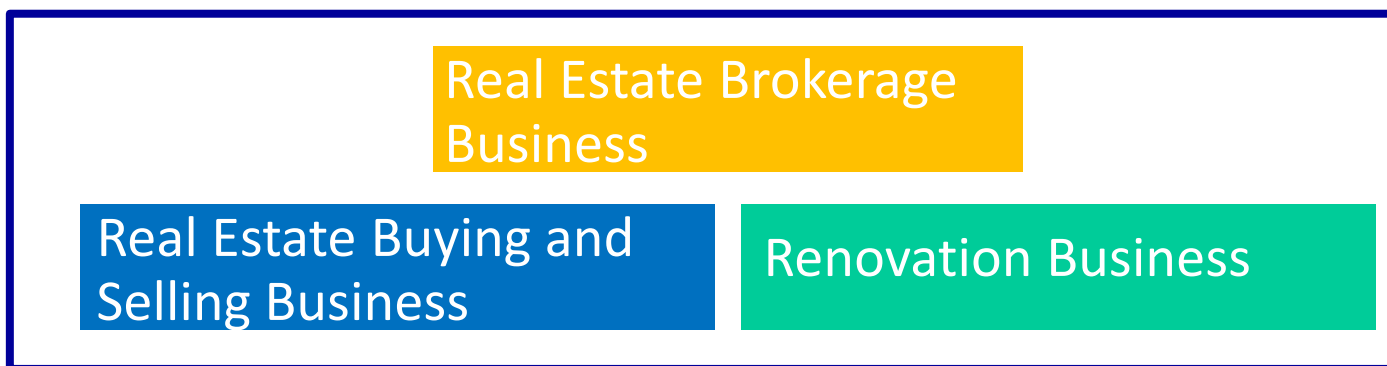
FY2018 Fiscal Year Plan and  
Medium-term Plan

5

**Growth Strategy**

- **Increase the volume of House-Leaseback transactions**
- **Growth of the Reverse Mortgage Guarantee Business**
- **Continue expanding the Time Room<sup>®</sup> business for unused apartments and houses**
- **Increase the RENTDo! network in Japan to 1,000 stores**

### Labor-intensive income



### Steady income



# RENT DO!

Strengthen the real estate rental business

Start a new rental business

There are **many opportunities** for the **HOUSEDO** real estate rental business

Accepting applications for franchisee

Mr. Atsuya Furuta (former baseball player), the face of HOUSEDO





# Time Room Cloud

## Time Room Cloud

A time share business structured to solve the problem of unused apartments and houses



## Full Commissions System

We are looking for the Europe/US style real estate agents!

Compensation as pct. of sales

48% Maximum of

90%

TV commercials are generating a big response!!

Mr. Atsuya Furuta (former baseball player), the face of HOUSEDO



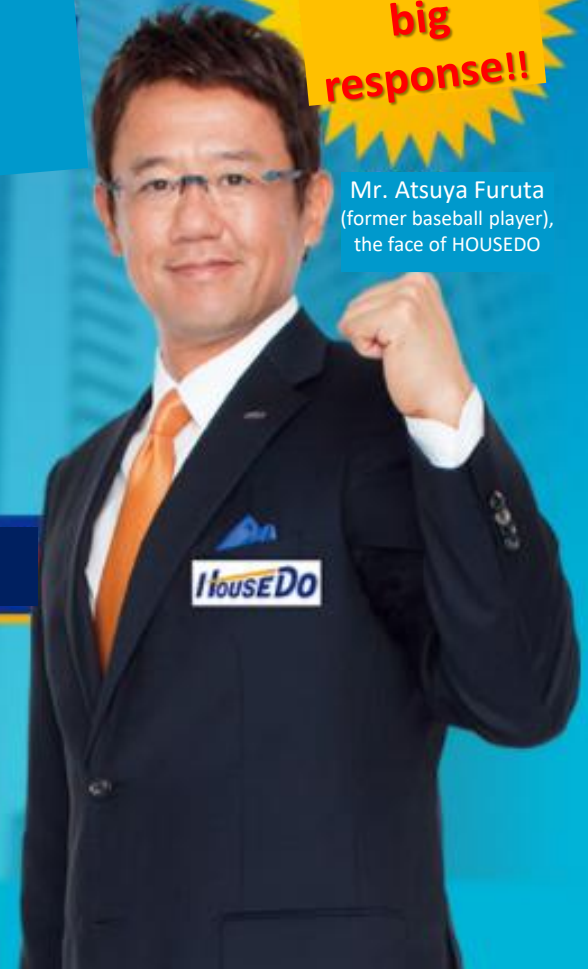
No gender or age restrictions or rules for working time



The largest real estate brokerage franchised store network in Japan



Powerful support to help agents reach their goals



## Fulfill the role of a real estate service producer

Real estate service producer

Real estate technology company

Real estate information

Customer information

Marketing

Promotion

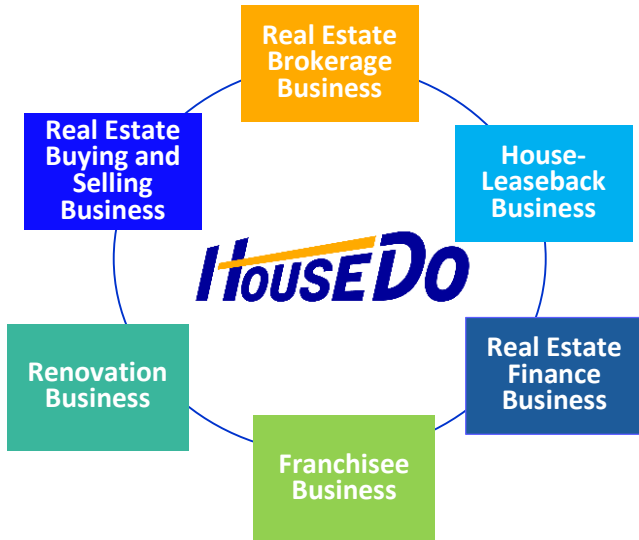
1,000 stores by 2025

# The SPA Strategy for the Real Estate Sector

(SPA: Specialty store retailer of private label apparel)



## Real Estate Service Producer



Grasp customers' needs and wants

Land

Newly constructed houses

Condominiums

Detached houses

Loan

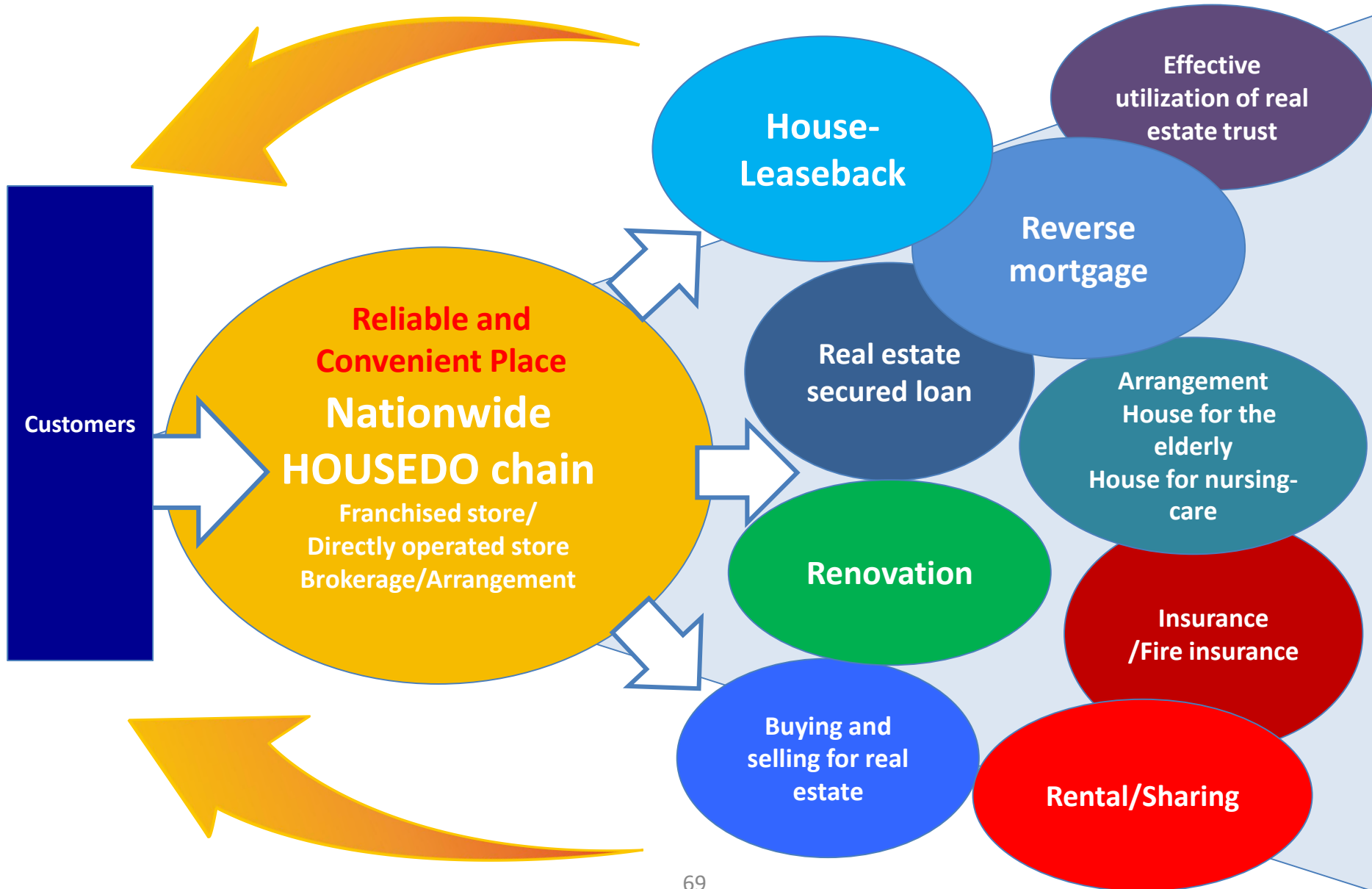
Insurance

• HOUSEDO services  
• Other companies' services  
Providing access to all information in an open manner

Customers

Offer useful and reliable services constantly

# HOUSEDO's One-Stop Source of Services



## Make the best of HOUSEDO's strength for innovation of the real estate industry!

All based on operations in local markets

- 1 Sales skills >
- 2 Assessment skills >
- 3 Creditworthiness >
- 4 Nationwide coverage >



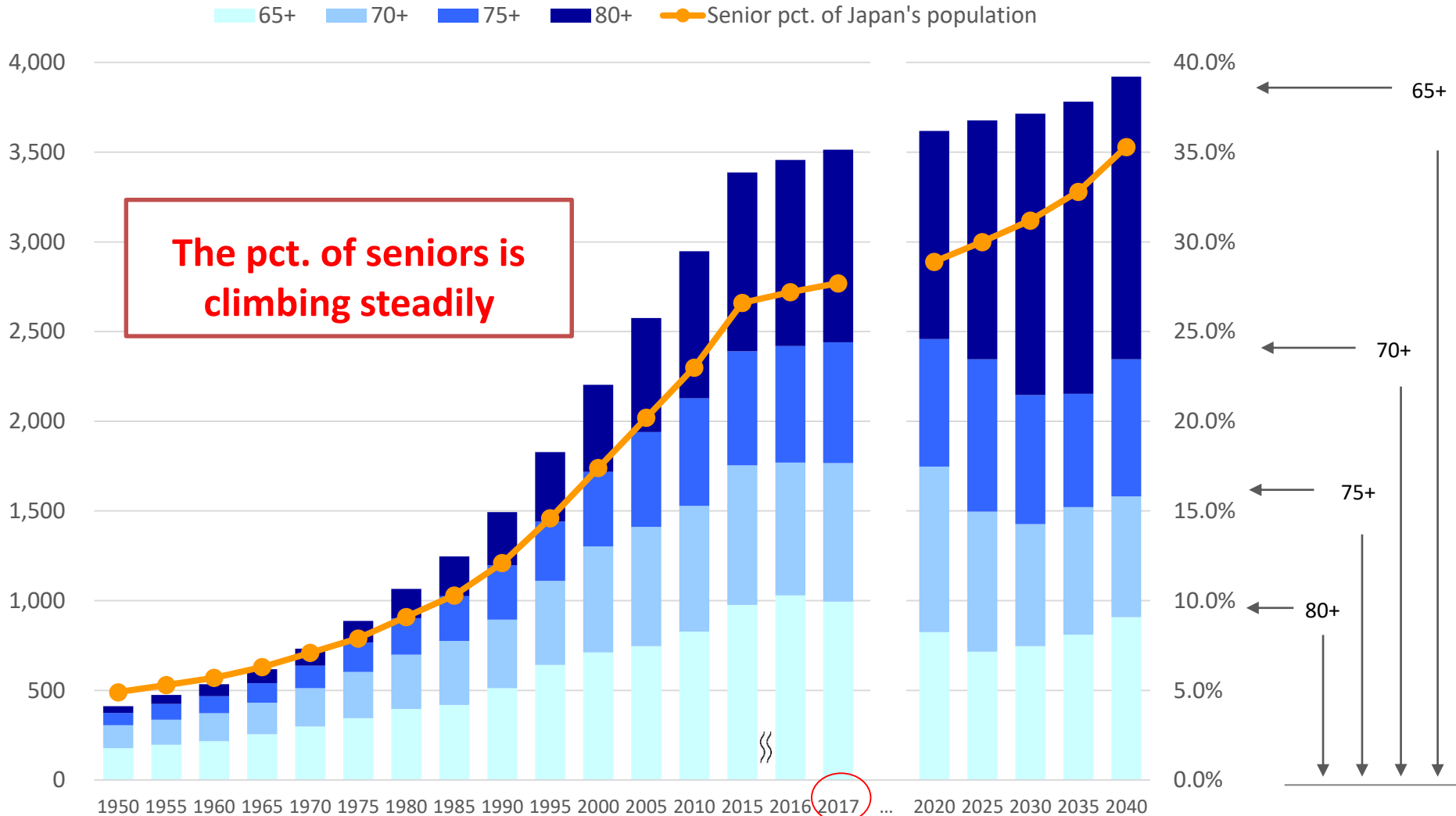
Business plan for rental services

Business plan for the elderly services

Business plan for real estate trust

# Targeting opportunities for businesses to solve problems involving Japan's aging population

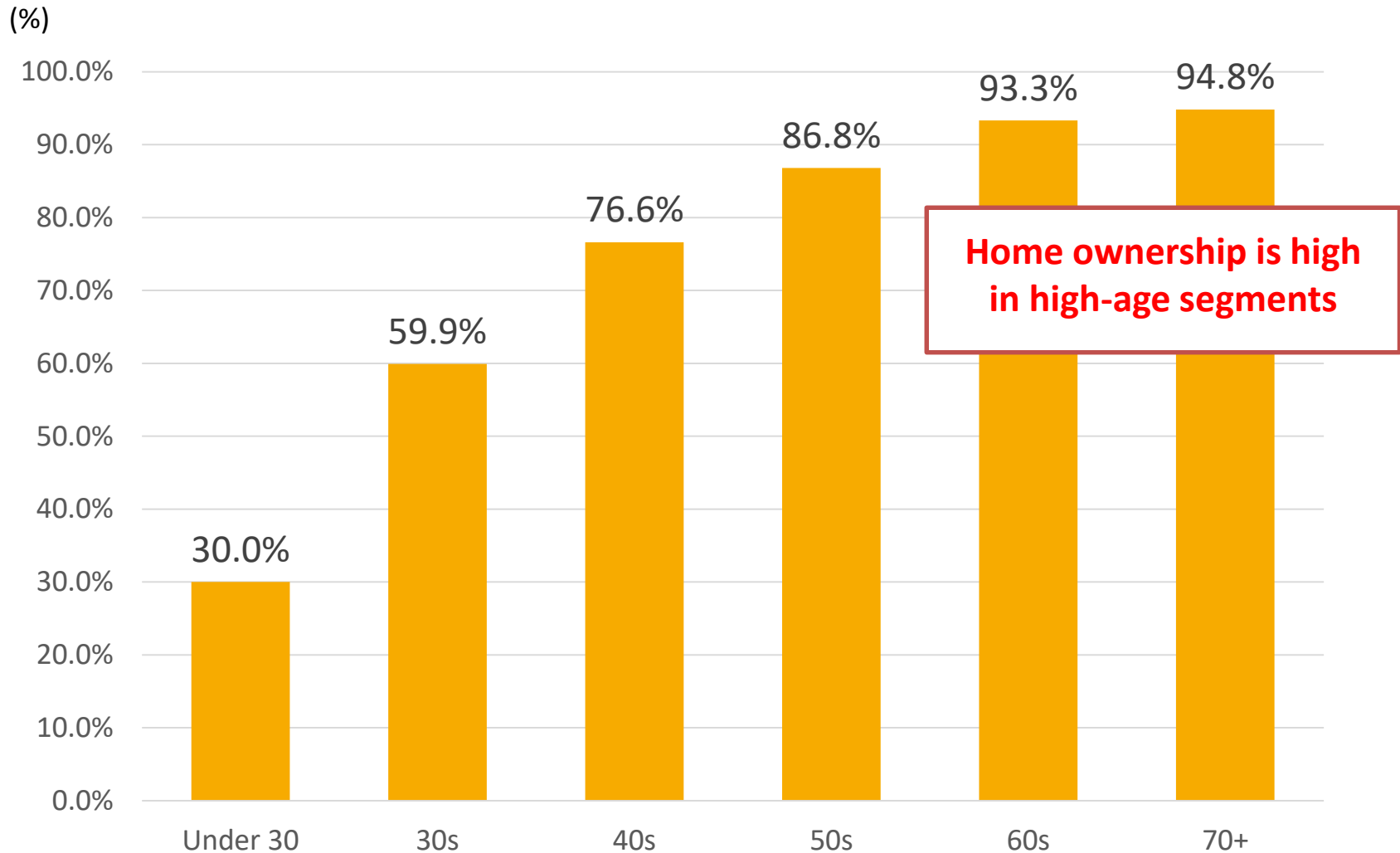
# The Growing Number and Pct. of Seniors in Japan (1950 to 2040)



Source: Prepared by HOUSEDO using information in "Statistics about Japan's Senior Population (age 65+)" dated September 17, 2017



# Home Ownership by Age of Head of Household

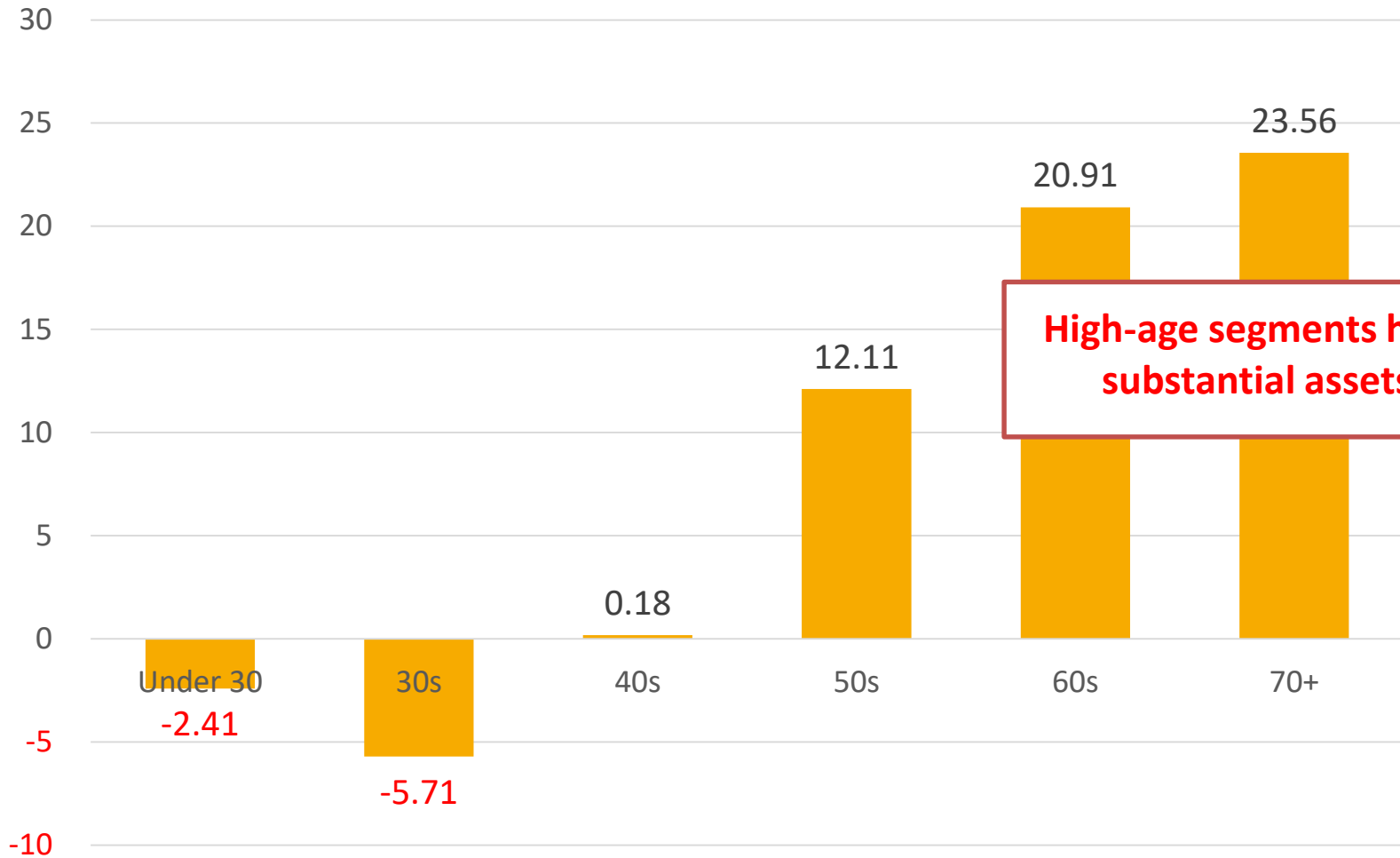


Source: 2016 "Family Income and Expenditure Survey" of the Ministry of Internal Affairs and Communications Statistics Bureau

# Net Financial Assets by Age of Head of Household (Savings – Debt)



(Millions of yen)



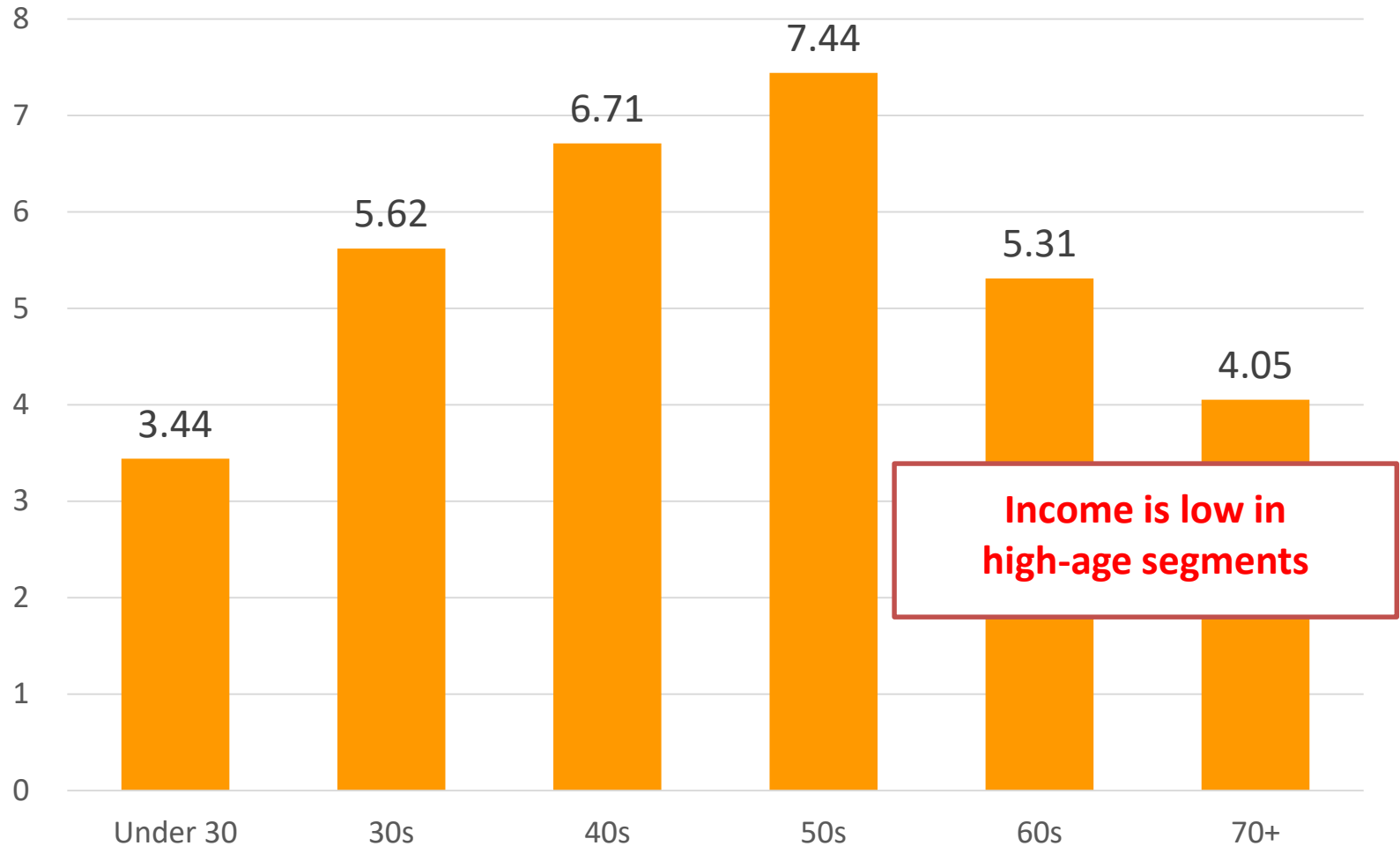
**High-age segments have substantial assets**

Source: 2016 "Family Income and Expenditure Survey" of the Ministry of Internal Affairs and Communications Statistics Bureau

# Annual Income by Age of Head of Household (2016)

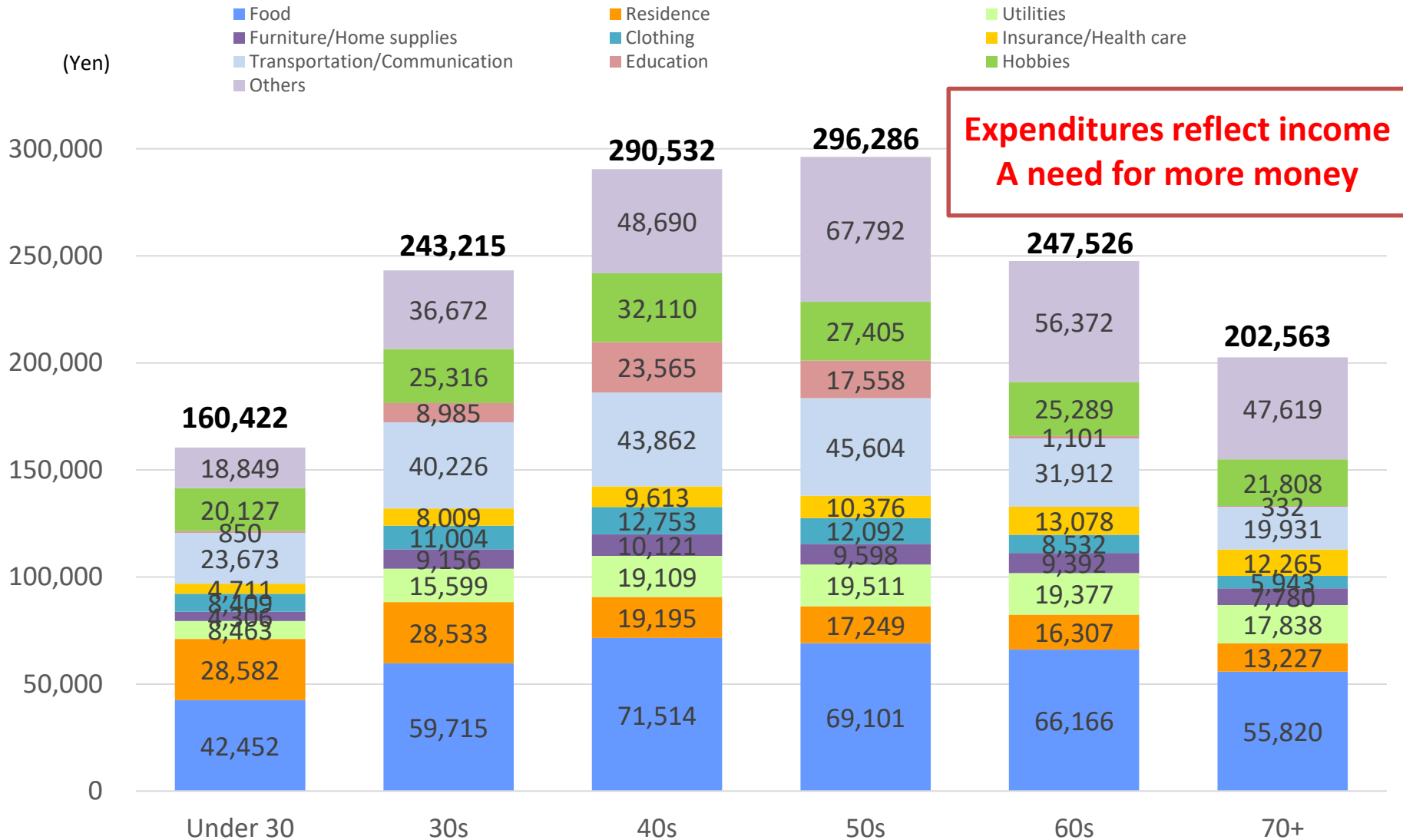


(Millions of yen)



Source: 2016 "Family Income and Expenditure Survey" of the Ministry of Internal Affairs and Communications Statistics Bureau

# Monthly Expenditures per Household by Age of Head of Household



**Expenditures reflect income  
A need for more money**

Source: 2016 "Family Income and Expenditure Survey" of the Ministry of Internal Affairs and Communications Statistics Bureau

**Utilize** Real Estate = Liquidation of Real Estate



Aging Population, Reduction of Moneylenders,  
Shortage of Fund Supply



Utilize **Assets** = Supply **Funds**

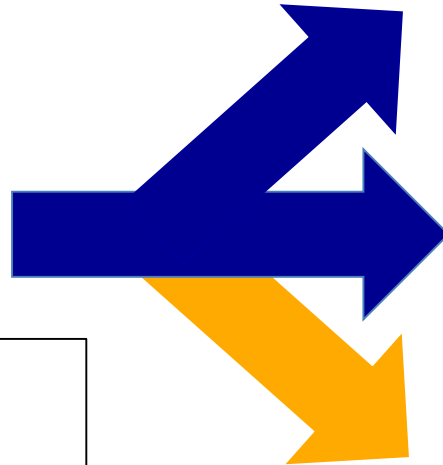


Revitalize the Japanese Economy

## Customers who own real estate



**Customers  
(Seniors)**



### Real Estate + Finance

**(HOUSE DO + Financial Do)**

Real estate liquidation to produce **funds needed by seniors** involving life style changes and relocating to a different residence

### House-Leaseback

(Purchase + Leasing)

Homeowner sells the house but remains by leasing the house

### Real Estate Secured Loan

App examines applications in 10 seconds  
Loan examination and sales skills of the nationwide HOUSEDO network are key strengths

### Reverse Mortgage



(Examinations/guarantees/sales)

Alliances with regional financial institutions

### Financial institutions

(Provide funds)

# Our Vision for HOUSEDO! Bank

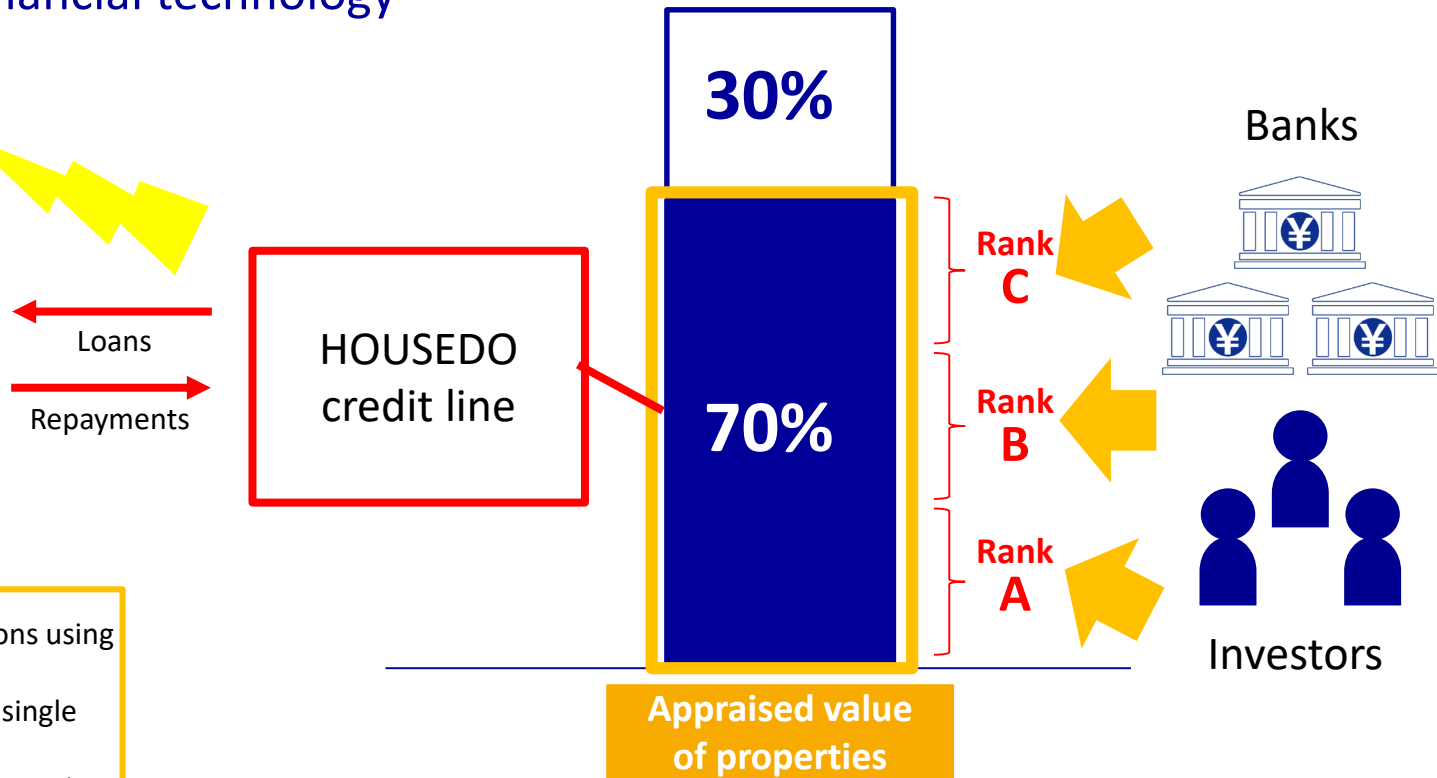


- ❑ Loan examinations using artificial intelligence and real estate secured loans backed by financial technology

## Customers



Smartphone app  
Do! BANK



- Easy application examinations using a smartphone
- Loans can be obtained in a single day
- Receive and repay loans at any time
- Selection of payment methods
  - Interest payments only
  - Equal principal payments
  - Equal principal-interest payments

- Credit line is about 70% of the appraised value of property used as collateral
- Properties used as collateral are assigned rankings
- Banks and investors can submit bids for loan interest rates and amounts in relation to properties used as collateral

# Innovate the real estate industry!

HOUSE DO has the goals of raising the number of stores to 1,000 in Japan and 50,000 in Asia!



# Innovate the Industry

Making real estate an industry that benefits customers



The HOUSEDO website contains a variety of information for investors.

[Housedo english page](#)

[Search](#) 

## Forward-looking Statements

Materials and information provided in this announcement contain forward-looking statements. These statements are based on expectations, forecasts and assumptions incorporating risk and uncertainties that may cause actual performance to differ from these statements.

Risk factors and other uncertainties include general economic conditions in Japan and other countries, such as industry and market conditions, and changes in interest rates and foreign exchange rates.

Even in the event of new information, a future event or some other event, the HOUSEDO Group has no obligation to update or revise the forward-looking statements in this announcement.