Summary of Business Results for the Fiscal Year Ended June 30, 2018
[Japan GAAP] (Consolidated)

August 13, 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	
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Expected date of annual shareholders' meeting: Sep. 26, 2018 Expected starting date of dividend payment: Sep. 27, 2018
Expected date of filing of annual securities report: Sep. 27, 2018
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 2018 (July 1, 2017 through June 30, 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	%
Fiscal year ended Jun. 30, 2018	22,517	33.7	2,116	69.4	1,908	73.0	1,279	73.4
Fiscal year ended Jun. 30, 2017	16,848	(2.5)	1,249	(2.2)	1,103	(6.7)	737	(0.5)

(Note) Comprehensive income:
Year ended Jun. 30, 2018: 1,275 million yen (up 72.6%) Year ended Jun. 30, 2017: 738 million yen (down 0.2%)

	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, 2018	74.94	72.24	20.6	7.5	9.4
Fiscal year ended Jun. 30, 2017	43.51	42.62	29.8	6.7	7.4

(Reference) Investment earnings/loss on equity-method:
Year ended Jun. 30, 2018: - million yen Year ended Jun. 30, 2017: - million yen
(Note) The Company conducted a 2-for-1 stock split on July 1, 2018. 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, 2018	30,623	9,686	31.6	498.52
As of Jun. 30, 2017	20,273	2,779	13.7	163.35

(Reference) Shareholders' equity:
As of Jun. 30, 2018: 9,664 million yen As of Jun. 30, 2017: 2,776 million yen
(Note) The Company conducted a 2-for-1 stock split on July 1, 2018. 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, 2018	2,919	(6,368)	4,071	3,685
Fiscal year ended Jun. 30, 2017	(956)	(4,105)	6,132	3,061

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	Million yen	%	%
Fiscal year ended Jun. 30, 2017	-	0.00	-	20.00	20.00	169	23.0	6.9
Fiscal year ended Jun. 30, 2018	-	0.00	-	45.00	45.00	436	30.0	6.8
Fiscal year ending Jun. 30, 2019 (forecasts)	-	0.00	-	31.00	31.00		30.3	

(Notes)1. Regarding revisions to the dividend forecast, please refer to the press release "Announcement of Revised Dividend Forecast" that was announced today (August 13, 2018).
2. The Company conducted a 2-for-1 common stock split on July 1, 2018. Dividends for the fiscal years ended June 30, 2018 and earlier are the actual amounts before the stock split.

3. Forecast of consolidated business results for the fiscal year ending June 2019 (July 1, 2018 through June 30, 2019)

(% 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, 2018	13,609	42.8	1,573	77.0	1,450	86.2	959	91.4	49.52
Fiscal year ending Jun. 30, 2019	27,499	22.1	3,246	53.4	3,000	57.2	1,983	55.0	102.32

*** 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) 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

(3) Number of shares issued (common stock)

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

As of Jun. 30, 2018	19,386,800 shares
As of Jun. 30, 2017	16,996,000 shares

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

As of Jun. 30, 2018	466 shares
As of Jun. 30, 2017	288 shares

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

Fiscal year ended Jun. 30, 2018	17,077,659 shares
Fiscal year ended Jun. 30, 2017	16,958,342 shares

(Note) The Company conducted a 2-for-1 stock split on July 1, 2018. The number of shares issued (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 2018 (July 1, 2017 through June 30, 2018)

(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, 2018	20,125	33.3	1,707	84.2	1,528	87.1	1,068	96.4
Fiscal year ended Jun. 30, 2017	15,099	(4.6)	927	(15.7)	817	(19.4)	544	(14.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Jun. 30, 2018	62.57	60.32
Fiscal year ended Jun. 30, 2017	32.09	31.43

(Note) The Company conducted a 2-for-1 stock split on July 1, 2018. 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) 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, 2018	21,871	9,115	41.6	469.08
As of Jun. 30, 2017	16,668	2,419	14.5	142.19

(Reference) Shareholders' equity:

As of Jun. 30, 2018: 9,093 million yen As of Jun. 30, 2017: 2,416 million yen

(Note) The Company conducted a 2-for-1 stock split on July 1, 2018. Net assets per share are calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

*** The current financial report is not subject to audit 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. (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, 2018, with the support of an extremely accommodative monetary policy and large government expenditures, consumer spending in Japan increased slowly as corporate earnings, jobs and personal income continued to improve. However, there were concerns about the effects of U.S. monetary tightening, slowing economic growth in China and other emerging countries, and other events on financial and capital markets in Japan and around the world. There is a risk of an economic downturn in Japan due to increasing trade friction between the United States and China, political actions in Europe, the likelihood of a drop in consumer spending in Japan when the consumption tax is raised in October 2019, and other factors.

In the Japanese real estate industry, where the HOUSEDO Group operates, there are concerns about upward pressure on prices of properties as the cost of land continues to climb and the cost of raw materials moves up in response to the higher cost of crude oil. 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 22,517 million yen (up 33.7% year on year), operating profit of 2,116 million yen (up 69.4% year on year), ordinary profit of 1,908 million yen (up 73.0% year on year) and profit attributable to owners of parent of 1,279 million yen (up 73.4% year on year).

Results by business segment were as follows.

(As of June 30, 2018)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,413	142 new franchisee contracts, raising total to 543 126 new franchised stores, raising total to 441
House-Leaseback Business	5,719	300 properties purchased, raising holdings to 559 50 properties sold
Real Estate Finance Business	529	264 real estate secured loans/guarantee for reverse mortgages
Real Estate Buying and Selling Business	8,909	367 transactions
Real Estate Brokerage Business	1,856	3,081 brokered properties
Renovation Business	3,090	2,116 contracts 2,146 renovation completions
Total	22,517	-

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. 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 for specializing in buying houses and other real estate in order to raise profitability by combining real estate brokerage and buying. During the current fiscal year, there were 142 new franchisee contracts, raising the total to 543 at the end of June 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 126 stores during the current fiscal year, raising the total to 441 at the end of June 2018.

As a result, the segment recorded sales of 2,413 million yen (up 12.6% year on year) and segment profit of 1,481 million yen (up 13.5%).

b. 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 in December 2016 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 300 properties and sold 51 during the current fiscal year. Furthermore, earnings in this business increased because of growth in capital gains on property sales, including properties sold to the HLB Fund No. 1, a real estate fund using a scheme based on the Act on Specified Joint Real Estate Ventures. The number of residential properties owned by this business, which are a source of steady income, was 559 at the end of the current fiscal year. All of these properties are generating leasing income.

As a result, the segment recorded sales of 5,719 million yen (up 104.5% year on year) and segment profit of 769 million yen (up 132.7%).

c. 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. In the second quarter, this business used alliances with a financial institutions to start a reverse mortgage guarantee business that uses the HOUSEDO Group's real estate assessment expertise. Adding this service further strengthened the ability of this business to serve customers by combining real estate and financing. During the current fiscal year, there were 264 new loans secured by real estate as well as reverse mortgage guarantees.

As a result, the segment recorded sales of 529 million yen (up 178.7% year on year) and segment profit of 142 million yen (up 95.8%).

d. 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 in areas served by our directly operated stores. The number of transactions increased as sales of inventory properties 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 8,909 million yen (up 25.3% year on year) and segment profit of 827 million yen (up 95.9%).

e. Real Estate Brokerage Business

Real demand for houses has been consistently strong in part because interest rates on mortgages are still extremely low. During the current fiscal year, this business used television and radio commercials and other advertising activities to increase public recognition of the HOUSEDO brand. We also used a web strategy, which covers our company website and other activities, newspaper advertising inserts for specific regions, and the distribution of real estate information individually to people living near stores in order to bring more people into directly operated stores.

As a result, the segment recorded sales of 1,856 million yen (up 11.8% year on year) and segment profit of 478 million yen (up 28.0%).

f. 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 current fiscal year, 2,116 renovation contracts were made, down 0.7% from one year earlier, and the number of renovation completions was 2,146, up 3.4%.

As a result, the segment recorded sales of 3,090 million yen (up 5.0% year on year) and segment profit of 289 million yen (up 36.3%).

2) Outlook for the Next Fiscal Year

In the fiscal year ending in June 2019, we expect that Japan's domestic demand will continue to grow slowly. The main reasons for this outlook are Japan's extremely accommodative monetary policy and the government's large expenditures to support the economy as well as the steady growth in overseas economies.

Japan's real estate industry will continue to benefit from a very favorable financial environment. The Bank of Japan is using quantitative and qualitative monetary measures that include manipulating long and short-term interest rates in order to achieve its goal of steady 2% inflation. Substantial expenditures associated with the 2020 Tokyo Olympics will also support the real estate industry. Based on this outlook, we think real demand in the real estate sector will remain firm for the time being.

The fiscal year ending in June 2019 is the final year of the medium-term plan that was announced in August 2016. Investments inpersonnel, advertising and other aspects of our operations have increased the contribution of growing businesses to earnings. As a result, we have increased the targets of this plan. We are using the proceeds from the public offering of stock in June 2018 to increase financial soundness and make investments in growing businesses. Our goal is to maintain the proper balance between growth and stability. We will take actions for more earnings growth even as we continue to make substantial investments for the growth of three steady-income businesses: the Franchisee Business, House-Leaseback Business and Real Estate Finance Business. In addition, for more growth in our sales and earnings, we plan to continue focusing on new business activities such as the sale of properties in the House-Leaseback Business to funds and other buyers and the reverse mortgage guarantee business in the Real Estate Finance Business, both of which were started during the current fiscal year.

(2) Analysis of Financial Condition

1) Assets, liabilities and net assets

Assets

Total assets amounted to 30,623 million yen at the end of June 2018, an increase of 10,350 million yen over the end of the previous fiscal year. The main reasons were increases of 564 million yen in cash and deposits, 2,721 million yen in operating loans associated with an increase in the number of real estate secured loans, 5,350 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 468 million yen in investment securities due to purchases of stock as long-term holding.

Liabilities

Liabilities totaled 20,937 million yen, an increase of 3,442 million yen over the end of the previous fiscal year. There were increases of 524 million yen in current portion of long-term loans payable and 2,334 million yen in long-term loans payable associated with acquiring all shares of Keiyo Build Co., Ltd. and making this company a consolidated subsidiary, increases of 522 million yen in deferred tax liabilities and 573 million yen in long-term guarantee deposits associated with the growing number of franchised stores in the Franchisee Business and properties in the House-Leaseback Business, and an increase of 247 million yen in income taxes payable. Short-term loans payable decreased 1,469 million yen.

Net assets

Net assets totaled 9,686 million yen, an increase of 6,907 million yen over the end of the previous fiscal year. Net assets were reduced by the acquisition and retirement of Class A preferred stock and payment of the associated dividends. But the June 2018 public offering of stock increased capital stock by 2,973 million yen and capital surplus by 2,855 million yen and the fiscal year profit attributable to owners of parent increased retained earnings by 1,279 million yen. Dividend payments reduced retained earnings by 215 million yen. More information about the public offering of stock is available in the June 4, 2018 press release "Notice concerning Issuance of Stock and Secondary Offering" and the June 12, 2018 press release "Notice of Determination of Issue Price and Secondary Offering Price" (Japanese versions only).

(Millions of yen)

	FY2017 (As of Jun. 30, 2017)	FY2018 (As of Jun. 30, 2018)	Change
Total assets	20,273	30,623	10,350
Liabilities	17,494	20,937	3,442
Net assets	2,779	9,686	6,907

2) Cash Flows

Cash and cash equivalents (hereinafter "net cash") as of the end of June 2018 amounted to 3,685 million yen, an increase of 623 million yen over the end of the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities totaled 2,919 million yen (compared with net cash used of 956 million yen in the previous fiscal year).

Positive factors include the booking of profit before income taxes of 1,904 million yen, a decrease in inventories of 2,689 million yen and an increase of 540 million yen in guarantee deposited.

Negative factors include an increase in operating loans of 2,721 million yen and the posting of 324 million yen in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities totaled 6,368 million yen (compared with net cash used of 4,105 million yen in the previous fiscal year).

Negative factors include the payments for the purchase of property, plant and equipment of 4,795 million yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 905 million yen and purchase of investment securities of 491 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 4,071 million yen (compared with net cash provided of 6,132 million yen in the previous fiscal year).

Positive factors include proceeds from issuance of common shares of 8,947 million yen and proceeds from long-term loans payable of 4,756 million yen.

Negative factors include repayments of long-term loans payable of 4,561 million yen, purchase of treasury shares of 3,163 million yen and a net decrease in short-term loans payable of 1,687 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 HOUSEDO. Our basic policy is to pay stable and continuous dividends.

Due to the increase in equity resulting from the public offering of stock in June 2018, we have accomplished our medium-term goal of raising the equity ratio to 30%. We remain committed to increasing retained earnings and continuing the growth of business operations while paying a dividend to shareholders.

The dividend per share for the fiscal year that ended on June 30, 2018 was an ordinary dividend of 45 yen. The dividend payout ratio was 30.0%.

The basic level for the dividend for the fiscal year ending on June 30, 2019 is a dividend payout ratio of 30.0%. 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 the initial public offering in March 2015 were 490.457 million yen. The remaining 69.680 million yen of this amount that had not yet been used was used in May 2018.

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)

	FY2017 (As of Jun. 30, 2017)	FY2018 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	3,129,678	3,694,496
Accounts receivable from completed construction contracts	53,354	95,612
Accounts receivable-trade	90,977	89,868
Real estate for sale	4,566,949	4,859,001
Real estate for sale in process	1,184,076	1,686,378
Costs on uncompleted construction contracts	53,273	54,497
Operating loans	2,865,545	5,587,154
Deferred tax assets	69,531	95,436
Other	206,961	280,848
Allowance for doubtful accounts	(7,741)	(9,544)
Total current assets	12,212,606	16,433,750
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,482,745	5,487,939
Accumulated depreciation	(387,644)	(1,026,847)
Buildings and structures, net	2,095,101	4,461,091
Land	5,615,396	8,584,424
Other	111,920	137,562
Accumulated depreciation	(92,467)	(102,361)
Other, net	19,453	35,200
Total property, plant and equipment	7,729,951	13,080,716
Intangible assets		
Goodwill	5,652	19,989
Other	50,928	76,236
Total intangible assets	56,581	96,226
Investments and other assets		
Investment securities	7,569	475,689
Deferred tax assets	5,027	17,127
Other	261,759	520,104
Allowance for doubtful accounts	(113)	(155)
Total investments and other assets	274,243	1,012,766
Total non-current assets	8,060,776	14,189,709
Total assets	20,273,383	30,623,460

(Thousands of yen)

	FY2017 (As of Jun. 30, 2017)	FY2018 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	373,986	547,143
Short-term loans payable	6,895,839	5,426,740
Current portion of bonds	50,600	-
Current portion of long-term loans payable	1,300,888	1,825,386
Lease obligations	8,243	6,263
Asset retirement obligations	5,338	-
Accounts payable-other	214,179	245,480
Accrued expenses	288,724	428,348
Income taxes payable	153,566	400,862
Accrued consumption taxes	50,042	153,025
Advances received on uncompleted construction contracts	283,439	321,753
Advances received	258,128	321,362
Provision for warranties for completed construction	4,368	4,790
Other	184,142	378,883
Total current liabilities	10,071,487	10,060,040
Non-current liabilities		
Long-term loans payable	6,020,586	8,354,890
Lease obligations	9,201	2,938
Long-term guarantee deposits	1,360,281	1,934,248
Deferred tax liabilities	621	523,415
Asset retirement obligations	10,184	35,486
Provision for warranties for completed construction	21,998	26,156
Total non-current liabilities	7,422,874	10,877,135
Total liabilities	17,494,362	20,937,176
Net assets		
Shareholders’ equity		
Capital stock	361,387	3,334,959
Capital surplus	498,409	3,353,454
Retained earnings	1,916,538	2,981,106
Treasury shares	(158)	(410)
Total shareholders’ equity	2,776,177	9,669,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49	(4,644)
Total accumulated other comprehensive income	49	(4,644)
Share acquisition rights	2,794	21,817
Total net assets	2,779,021	9,686,283
Total liabilities and net assets	20,273,383	30,623,460

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Net sales	16,848,159	22,517,730
Cost of sales	10,275,347	13,875,943
Gross profit	6,572,811	8,641,786
Selling, general and administrative expenses		
Total selling, general and administrative expenses	5,323,718	6,525,605
Operating profit	1,249,092	2,116,181
Non-operating income		
Interest and dividend income	662	2,901
Gain on sales of investment securities	-	841
Subsidy income	4,837	4,160
Commission fee	29,111	27,610
Insurance income	786	18,226
Insurance premiums refunded cancellation	22,260	-
Penalty income	8,140	8,680
Other	17,407	16,903
Total non-operating income	83,207	79,324
Non-operating expenses		
Interest expenses	178,906	193,757
Going public expenses	26,527	-
Share issuance cost	-	73,016
Other	23,847	20,039
Total non-operating expenses	229,280	286,813
Ordinary profit	1,103,019	1,908,692
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	5,119	4,607
Total extraordinary losses	5,119	4,607
Profit before income taxes	1,097,900	1,904,192
Income taxes-current	380,046	661,908
Income taxes-deferred	(20,010)	(37,430)
Total income taxes	360,036	624,477
Profit	737,864	1,279,714
Profit attributable to owners of parent	737,864	1,279,714

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Profit	737,864	1,279,714
Other comprehensive income		
Valuation difference on available-for-sale securities	795	(4,693)
Total other comprehensive income	795	(4,693)
Comprehensive income	738,660	1,275,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	738,660	1,275,021
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Net Assets

FY2017 (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
Capital reduction					
Dividends of surplus			(135,581)		(135,581)
Profit attributable to owners of parent			737,864		737,864
Purchase of treasury shares					
Retirement of treasury shares					
Transfer to capital surplus from retained earnings					
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		Share acquisition rights	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
Capital reduction				
Dividends of surplus				(135,581)
Profit attributable to owners of parent				737,864
Purchase of treasury shares				
Retirement of treasury shares				
Transfer to capital surplus from retained earnings				
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

FY2018 (Jul. 1, 2017 – Jun. 30, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	361,387	498,409	1,916,538	(158)	2,776,177
Changes of items during period					
Issuance of new shares	4,473,571	4,473,571			8,947,143
Capital reduction	(1,500,000)	1,500,000			-
Dividends of surplus			(169,957)		(169,957)
Profit attributable to owners of parent			1,279,714		1,279,714
Purchase of treasury shares				(3,163,967)	(3,163,967)
Retirement of treasury shares		(3,163,715)		3,163,715	-
Transfer to capital surplus from retained earnings		45,189	(45,189)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	2,973,571	2,855,045	1,064,568	(252)	6,892,932
Balance at end of current period	3,334,959	3,353,454	2,981,106	(410)	9,669,110

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	49	49	2,794	2,779,021
Changes of items during period				
Issuance of new shares				8,947,143
Capital reduction				-
Dividends of surplus				(169,957)
Profit attributable to owners of parent				1,279,714
Purchase of treasury shares				(3,163,967)
Retirement of treasury shares				-
Transfer to capital surplus from retained earnings				-
Net changes of items other than shareholders' equity	(4,693)	(4,693)	19,023	14,330
Total changes of items during period	(4,693)	(4,693)	19,023	6,907,262
Balance at end of current period	(4,644)	(4,644)	21,817	9,686,283

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Cash flows from operating activities		
Profit before income taxes	1,097,900	1,904,192
Depreciation	223,969	324,921
Amortization of goodwill	4,047	4,572
Amortization of long-term prepaid expenses	15,904	26,270
Increase (decrease) in allowance for doubtful accounts	(3,814)	1,845
Increase (decrease) in provision for warranties for completed construction	(2,911)	4,579
Interest and dividend income	(662)	(2,901)
Surrender value of insurance	(22,260)	-
Interest expenses	178,906	193,757
Loss (gain) on sales of non-current assets	-	(107)
Foreign exchange losses (gains)	(780)	(626)
Loss on retirement of non-current assets	5,119	4,607
Decrease (increase) in notes and accounts receivable-trade	33,855	(40,202)
Decrease (increase) in inventories	430,773	2,689,173
Increase (decrease) in notes and accounts payable-trade	(29,620)	173,157
Decrease (increase) in operating loans receivable	(2,822,545)	(2,721,608)
Increase (decrease) in advances received on uncompleted construction contracts	10,781	38,313
Increase (decrease) in advances received	79,973	53,516
Decrease (increase) in advance payments	41,201	(3,912)
Decrease (increase) in prepaid expenses	(62,337)	6,154
Decrease (increase) in accounts receivable-other	(1,690)	(42,212)
Increase (decrease) in accrued consumption taxes	15,340	102,983
Increase (decrease) in accrued expenses	19,567	137,356
Increase (decrease) in guarantee deposits received	520,074	540,079
Increase (decrease) in deposits received	19,062	1,982
Other, net	61,995	30,735
Subtotal	(188,147)	3,426,628
Interest and dividend income received	665	2,901
Interest expenses paid	(156,914)	(187,987)
Income taxes paid	(614,481)	(324,725)
Income taxes refund	1,968	3,095
Net cash provided by (used in) operating activities	(956,909)	2,919,912
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,008,078)	(4,795,308)
Proceeds from sales of property, plant and equipment	-	320
Collection of loans receivable	288	234
Payments for guarantee deposits	(31,189)	(55,052)
Proceeds from collection of guarantee deposits	602	15,222
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(905,841)
Purchase of investment securities	-	(491,946)
Payments for investments in capital	-	(51,500)
Other, net	(67,185)	(84,953)
Net cash provided by (used in) investing activities	(4,105,562)	(6,368,824)

(Thousands of yen)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,294,989	(1,687,999)
Proceeds from long-term loans payable	5,229,691	4,756,980
Repayments of long-term loans payable	(2,201,827)	(4,561,995)
Redemption of bonds	(49,700)	(50,600)
Repayments of lease obligations	(10,112)	(8,243)
Proceeds from issuance of common shares	5,256	8,947,143
Purchase of treasury shares	-	(3,163,967)
Cash dividends paid	(135,581)	(169,957)
Proceeds from issuance of share acquisition rights	-	10,412
Net cash provided by (used in) financing activities	6,132,715	4,071,774
Effect of exchange rate change on cash and cash equivalents	780	626
Net increase (decrease) in cash and cash equivalents	1,071,023	623,488
Cash and cash equivalents at beginning of period	1,990,855	3,061,878
Cash and cash equivalents at end of period	3,061,878	3,685,366

(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.

HOUSEDO establishes comprehensive strategies for the products and services of each business unit and conducts the associated business operations based on these strategies. Consequently, based on these business units, HOUSEDO has the following six reportable segments for different categories of products and services: Franchisee Business, House-Leaseback Business, Real Estate Finance Business, Real Estate Buying and Selling Business, Real Estate Brokerage Business and Renovation 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 Finance Business mainly provides loans secured by real estate. 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 Renovation Business primarily serves as a contractor for the construction of new houses and the renovation of residences.

The Housing and Renovation Business was renamed as the Renovation Business in the first quarter of FY2018. This change has no effect on segment information. Segment information for the fiscal year ended on June 30, 2017 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 the methods used for preparing the consolidated financial statements. Inter-segment sales and transfers use the same transaction terms as those for transactions with external customers.

3. Information related to net sales and profit or loss, assets, and other items for each reportable segment
FY2017 (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 Finance Business	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	2,144,101	2,797,228	189,835	7,111,738	1,661,137	2,944,118	16,848,159	-	16,848,159	-	16,848,159
Inter-segment sales and transfers	76,360	10,146	31,605	-	198,428	-	316,539	10,286	326,825	(326,825)	-
Total	2,220,461	2,807,374	221,440	7,111,738	1,859,565	2,944,118	17,164,698	10,286	17,174,985	(326,825)	16,848,159
Segment profit (loss)	1,304,809	330,839	72,890	422,694	373,398	212,590	2,717,222	(17,553)	2,699,668	(1,450,575)	1,249,092
Segment assets	130,832	7,659,137	3,173,802	7,455,373	591,918	655,475	19,666,539	33,246	19,699,786	573,597	20,273,383
Other items											
Depreciation	9,010	166,302	657	1,990	7,159	16,960	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. However, this business was terminated in April 2017.

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.

FY2018 (Jul. 1, 2017 – Jun. 30, 2018)

(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 Finance Business	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Subtotal				
Net sales											
External sales	2,413,286	5,719,006	529,047	8,909,380	1,856,986	3,090,024	22,517,730	-	22,517,730	-	22,517,730
Inter-segment sales and transfers	82,690	2,988	-	-	218,416	-	304,095	-	304,095	(304,095)	-
Total	2,495,977	5,721,994	529,047	8,909,380	2,075,403	3,090,024	22,821,826	-	22,821,826	(304,095)	22,517,730
Segment profit	1,481,039	769,948	142,706	827,993	478,084	289,912	3,989,685	-	3,989,685	(1,873,503)	2,116,181
Segment assets	147,765	13,628,389	6,149,070	8,364,550	363,421	558,369	29,211,567	-	29,211,567	1,411,892	30,623,460
Other items											
Depreciation	7,505	274,030	733	6,849	7,601	11,528	308,247	-	308,247	16,674	324,921
Increase in property, plant and equipment and intangible assets	11,310	9,392,080	4,285	142,310	11,557	9,535	9,571,079	-	9,571,079	19,045	9,590,124

Notes:
1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of education business. However, this business was terminated in April 2017.
2. The negative adjustment of 1,873.503 million yen to segment profit includes an elimination for inter-segment transactions of 68.748 million yen, corporate expenses of negative 1,918.226 million yen and inventory adjustments of negative 24.025 million yen that are not allocated to any of the reportable segments. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.
3. Segment profit is adjusted to be consistent with operating profit in the consolidated financial statements.
4. The 1,411.892 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 16.674 million yen adjustment to depreciation includes corporate assets that are not allocated to any of the reportable segments.
6. The 19.045 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

FY2017 (Jul. 1, 2016 – Jun. 30, 2017)
Not applicable.

FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
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)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Net assets per share	163.35	498.52
Net income per share	43.51	74.94
Diluted net income per share	42.62	72.24

Notes: 1. The Company conducted a 2-for-1 stock split effective July 1, 2018. 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)

	FY2017 (Jul. 1, 2016 – Jun. 30, 2017)	FY2018 (Jul. 1, 2017 – Jun. 30, 2018)
Net income per share		
Profit attributable to owners of parent	737,864	1,279,714
Amount not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	737,864	1,279,714
Average number of shares of common stock during the fiscal year (shares)	16,958,342	17,077,659
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)	355,594	635,708
[Of which, share acquisition rights (shares)]	[355,594]	[635,708]
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

Stock Split

Following the resolution of the Board of Directors on May 14, 2018, HOUSEDO conducted a 2-for-1 common stock split on July 1, 2018.

1. Purpose of the stock split

Using the stock split to lower the cost of an investment unit of HOUSEDO stock will increase the stock's liquidity and expand stock ownership to more investor segments.

2. Summary of the stock split

(1) Method of the stock split

Shareholders listed in the final shareholder register on the record date of June 30, 2018 will receive two shares of common stock for each share held on the record date.

(2) Increase in the number of shares due to the stock split

Total number of shares issued before the stock split:	9,693,400 shares
Number of shares increased due to the stock split:	9,693,400 shares
Total number of shares issued after the stock split:	19,386,800 shares
Total number of shares authorized after the stock split:	25,000,000 shares

(3) Schedule for the stock split

Public notice date of the record date :	June 12, 2018
Record date:	June 30, 2018
Effective date:	July 1, 2018

(4) Adjustment to the exercise price of subscription rights to shares

As a result of the above stock split, the exercise price of subscription rights to shares issued by HOUSEDO shall be adjusted as follows on or after July 1, 2018.

(Yen)

	Exercise Price before Adjustment	Exercise Price after Adjustment
1st Stock Acquisition Rights (Issued at extraordinary general meeting of shareholders on May 27, 2014)	219	110
2nd Stock Acquisition Rights (Issued at resolution of the board of directors on September 25, 2015)	900	450
3rd Stock Acquisition Rights (Issued at ordinary general meeting of shareholders on September 25, 2015)	948	474
4th Stock Acquisition Rights (Issued at ordinary general meeting of shareholders on September 26, 2017)	1,839	920
5th Stock Acquisition Rights (Issued at ordinary general meeting of shareholders on September 26, 2017)	1,839	920
6th Stock Acquisition Rights (Issued at resolution of the board of directors on January 29, 2018)	2,776	1,388

(5) Effect on per-share information

Information about the effect on per-share information is shown in the corresponding section.

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.