

Summary of Business Results for the Third Quarter Ended March 31, 2021

[Japan GAAP] (Consolidated)

May 11, 2021

Company **HOUSE DO Co., Ltd.**
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Listed on the TSE

Expected date of filing of quarterly report: May 14, 2021 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Holding of quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ended March 2021 (July 1, 2020 through March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Mar. 31, 2021	25,351	10.4	1,266	10.9	1,175	11.4	771	19.9
Nine months ended Mar. 31, 2020	22,955	6.4	1,142	(40.4)	1,055	(41.2)	643	(48.6)

(Note) Comprehensive income:

Nine months ended Mar. 31, 2021: 776 million yen (up 23.7%)
 Nine months ended Mar. 31, 2020: 627 million yen (down 48.8%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Mar. 31, 2021	39.56		38.92	
Nine months ended Mar. 31, 2020	33.06		32.29	

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	54,729	12,005	21.9	612.77
As of Jun. 30, 2020	54,243	11,578	21.3	592.27

(Reference) Shareholders' equity:

As of Mar. 31, 2021: 11,965 million yen As of Jun. 30, 2020: 11,543 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2020	-	0.00	-	19.00	19.00
Fiscal year ending Jun. 30, 2021	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2021 (forecast)	-	-	-	-	-

(Note) Revisions to the most recently announced dividend forecast: None

The dividend forecast for the fiscal year ending June 30, 2021 will be announced later and will be based on the policy of maintaining a payout ratio of at least 30%.

3. Forecast of consolidated business results for the fiscal year ending June 2021 (July 1, 2020 through June 30, 2021)

(% change from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending Jun. 30, 2021	33,976-	3.3-	2,713-	43.3-	2,500-	45.7-	1,650-	60.1-	84.68-
	37,532	14.2	3,512	85.5	3,300	92.2	2,178	111.3	111.75

(Note) Revisions to the most recently announced business forecast: None

Ranges for the consolidated earnings forecast for the fiscal year ending June 30, 2021 have been announced.

*** Notes**

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

(2) Application of accounting procedures specific to preparation of the quarterly consolidated financial statements:
Yes

(Note) Please refer to the section “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Procedures Specific to Preparation of the Quarterly Consolidated Financial Statements)” on page 9 of the attachments for further information.

(3) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies associated with revision of accounting standards : None
- 2) Changes in accounting policies other than 1) : None
- 3) Changes in accounting estimates : None
- 4) Restatements : None

(4) Number of shares issued (common stock)

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

As of Mar. 31, 2021	19,526,800 shares
As of Jun. 30, 2020	19,490,800 shares

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

As of Mar. 31, 2021	514 shares
As of Jun. 30, 2020	514 shares

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

Nine months ended Mar. 31, 2021	19,501,496 shares
Nine months ended Mar. 31, 2020	19,466,004 shares

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

*** Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution Concerning Forward-looking Statements)

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. Please refer to the section “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 of the attachments regarding preconditions or other related matters for the forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending in June 2021, the Japanese economy recovered slowly even as the global impact of the COVID-19 pandemic continued. However, Japan declared a state of emergency again and the outlook for the economy has become more uncertain because there are still no signs of the end of this crisis.

In the Japanese real estate industry, where the HOUSEDO Group operates, there are concerns about the negative effect of the COVID-19 crisis on consumer sentiment. Despite these concerns, demand for houses has remained firm due to the consistent monetary easing by the Bank of Japan.

In this challenging business climate, the HOUSEDO Group continued to make substantial investments in growth-driving businesses. We have made progress with transitioning to a business model that can achieve sustained growth while utilizing the HOUSEDO Group's sound foundation for business operations. The Franchisee Business is taking actions aimed at increasing number of franchised stores and offering a larger selection of services. The House-Leaseback Business is purchasing rental properties to build a base for steady income and increasing earnings by selling properties to real estate funds and other buyers in order to earn capital gains. In the Finance Business, we are continuing to strengthen operations that combine real estate and financing by providing loans secured by real estate and using alliances with financial institutions to guarantee reverse mortgages.

With the Real Estate Brokerage Business serving as the foundation, we concentrated on meeting our customers' needs as we continued to be a one-stop source of housing services that are backed by synergies created by our unified three-part business model encompassing real estate brokerage, buying and renovation activities.

The HOUSEDO Group reported net sales of 25,351 million yen (up 10.4% year on year), operating profit of 1,266 million yen (up 10.9% year on year), ordinary profit of 1,175 million yen (up 11.4% year on year) and profit attributable to owners of parent of 771 million yen (up 19.9% year on year).

Results by business segment were as follows.

(As of March 31, 2021)

Segment	Net sales (Millions of yen)	Activities
Franchisee Business	2,372	103 new franchisee contracts, raising total to 688 107 new franchised stores, raising total to 607
House-Leaseback Business	6,833	598 properties purchased, raising holdings to 486; 336 properties sold
Finance Business	837	129 real estate secured loans; 128 guarantees for reverse mortgages
Real Estate Buying and Selling Business	10,295	506 transactions
Real Estate Brokerage Business	1,425	2,352 brokered properties
Renovation Business	1,978	1,407 contracts; 1,335 renovation completions
Koyama Construction Group	1,603	Residences managed: 5,883
Other Business	5	(Europe/US style) real estate agent and overseas business expenses
Total	25,351	-

1) Franchisee Business

The number of new franchised stores is increasing steadily due to the consistent interest in becoming a HOUSEDO franchisee among companies in other industries as well as among other real estate companies. This growth reflects the effectiveness of aggressive advertising and promotional activities using television and radio commercials and other media promotions, increasing public awareness of HOUSEDO as the number of franchised stores climbs, the increase in the value of the corporate brand, and public trust in HOUSEDO. The efficiency and productivity of business activities increased during the first nine months due to the extensive use of the internet for attracting customers and sales activities. During the first nine months of the fiscal year, there were 103 new franchisee contracts, raising the total to 688 at the end of March 2021.

We have reinforced a franchisee follow-up system using supervisors and upgraded a variety of new services. Due to these actions, we opened 107 stores during the first nine months, raising the total to 607 at the end of March 2021.

As a result, the segment recorded sales of 2,372 million yen (up 10.8% year on year) and segment profit of 1,617 million yen (up 24.2%).

2) House-Leaseback Business

This business allows people to use real estate to generate retirement income or to fund business operations. The number of calls from prospective customers along with the number of transactions increased as we continued to expand activities to more areas and make substantial expenditures for advertising and human resources. This business purchased 598 properties and resold or sold to investment funds, real estate purchasing companies and other buyers a total of 336 properties in order to earn capital gains that contribute to earnings growth. The number of residential properties owned by this business was 486 at the end of March 2021. All of these properties are generating leasing income.

As a result, the segment recorded sales of 6,833 million yen (down 31.6% year on year) and segment profit of 667 million yen (down 46.4%).

3) Finance Business

This business uses the HOUSEDO Group's nationwide network of real estate assessment expertise, one of the group's core strengths, to combine real estate and financing services for the use of real estate to meet customers' financing requirements. During the first nine months of the fiscal year, there were 129 new loans secured by real estate. In addition, 24 reverse mortgage guarantee alliances with financial institutions were added. Due to these activities, there were 128 reverse mortgage guarantees during the first nine months.

As a result, the segment recorded sales of 837 million yen (up 17.2% year on year) and segment profit of 94 million yen (an improvement of 108 million yen).

4) Real Estate Buying and Selling Business

This business utilizes synergies within the HOUSEDO Group to focus on acquisition of properties that match the requirements of brokerage customers in areas served by directly operated stores. In the first nine months, the number of transactions was 506 (up 110.8% year on year) because of steady sales of our large and diverse inventory of properties as many people utilize consistently extremely low interest rates on mortgages to purchase a home.

As a result, the segment recorded sales of 10,295 million yen (up 101.9% year on year) and segment profit of 723 million yen (up 212.0%).

5) Real Estate Brokerage Business

There is strong demand in Japan for houses because of extremely low interest rates on mortgages. We used a variety of advertising and marketing activities to bring in more people to our stores. Activities include our own website advertisements, newspaper inserts, television and radio commercials and other media promotions, and the distribution of local real estate information individually to people living near stores. Even as the shift of people to growth-driving businesses continues, the number of brokerage transactions was 2,352 (up 2.4% year on year) because of the firm demand for houses for use as residences rather than investments.

As a result, the segment recorded sales of 1,425 million yen (down 4.9% year on year) and segment profit of 411 million yen (up 5.7%).

6) Renovation Business

This business used a collaboration with the Real Estate Buying and Selling 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. The number of renovations completed during the first nine months was down 3.3% from one year earlier to 1,335 because of the decline in orders late in the previous fiscal year caused by

COVID-19. Demand is currently recovering and the number of renovation contracts signed during the first nine months was 1,407 (up 8.2% year on year).

As a result, the segment recorded sales of 1,978 million yen (down 2.9% year on year) and segment profit of 98 million yen (down 3.5%).

7) Koyama Construction Group

The Koyama Construction Group has a rental property management business and leasing operations, which generate stable income, and a real estate brokerage business and a business that buys and sells real estate. All of these operations are backed by a network of offices located near railway stations primarily in and around the city of Soka in Saitama prefecture, where the group is based and has deep roots. The Koyama Construction Group has considerable expertise at gathering real estate information.

As a result, the segment recorded sales of 1,603 million yen (up 9.3% year on year) and segment profit of 95 million yen (down 16.8%).

(2) Explanation of Financial Condition

Assets

Total assets amounted to 54,729 million yen at the end of March 2021, an increase of 486 million yen over the end of June 2020.

This was mainly attributable to an increase of 6,255 million yen in property, plant and equipment, due to the acquisition of an income-generating property in the House-Leaseback Business.

There were decreases of 4,138 million yen in cash and deposits, 1,210 million yen in inventories and 1,107 million yen in operating loans.

Liabilities

Liabilities totaled 42,723 million yen, an increase of 59 million yen over the end of June 2020.

There were increases of 308 million yen in current portion of bonds payable, 391 million yen in accounts payable-other, 2,136 million yen in long-term borrowings, 840 million yen in bonds payable and 425 million yen in long-term guarantee deposits.

There was a decrease of 4,768 million yen in short-term borrowings.

Net assets

Net assets totaled 12,005 million yen, an increase of 427 million yen over the end of June 2020.

Retained earnings increased 771 million yen because of the booking of profit attributable to owners of parent for the first nine months of the current fiscal year, while there was a decrease of 370 million yen in retained earnings due to dividend payments.

(Millions of yen)

	FY2020 (As of Jun. 30, 2020)	Third quarter of FY2021 (As of Mar. 31, 2021)	Change
Total assets	54,243	54,729	486
Liabilities	42,664	42,723	59
Net assets	11,578	12,005	427

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

HOUSEDO is making no revisions to the full-year consolidated forecasts that were announced in the Summary of Business Results for the Fiscal Year Ended June 30, 2020 dated August 12, 2020.

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

	FY2020 (As of Jun. 30, 2020)	Third quarter of FY2021 (As of Mar. 31, 2021)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	19,274,618	15,136,157
Accounts receivable from completed construction contracts	102,221	105,270
Accounts receivable-trade	57,324	86,352
Real estate for sale	8,386,363	7,001,420
Real estate for sale in process	2,138,309	2,361,788
Costs on construction contracts in progress	160,328	111,250
Operating loans	10,950,358	9,843,320
Other	448,869	707,293
Allowance for doubtful accounts	(13,137)	(18,594)
Total current assets	41,505,256	35,334,259
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,546,878	7,586,327
Accumulated depreciation	(1,133,475)	(1,259,096)
Buildings and structures, net	3,413,403	6,327,230
Land	5,731,605	8,968,824
Other	167,878	249,335
Accumulated depreciation	(128,433)	(105,588)
Other, net	39,444	143,746
Total property, plant and equipment	9,184,454	15,439,801
Intangible assets		
Goodwill	681,195	595,658
Other	216,359	386,366
Total intangible assets	897,554	982,025
Investments and other assets		
Investment securities	1,142,376	1,398,754
Deferred tax assets	343,531	312,403
Other	1,202,804	1,290,918
Allowance for doubtful accounts	(32,934)	(28,484)
Total investments and other assets	2,655,777	2,973,592
Total non-current assets	12,737,785	19,395,419
Total assets	54,243,042	54,729,678

	(Thousands of yen)	
	FY2020 (As of Jun. 30, 2020)	Third quarter of FY2021 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	473,564	570,773
Short-term borrowings	13,013,500	8,244,796
Current portion of bonds payable	184,000	492,000
Current portion of long-term borrowings	5,133,513	5,508,160
Accounts payable-other	581,038	972,519
Accrued expenses	405,249	377,933
Income taxes payable	144,800	151,329
Accrued consumption taxes	106,115	70,855
Advances received on construction contracts in progress	229,882	333,975
Advances received	471,492	555,770
Provision for bonuses	110,620	61,654
Provision for warranties for completed construction	4,960	4,921
Provision for sales promotion expenses	7,132	6,668
Other	566,202	725,753
Total current liabilities	21,432,072	18,077,112
Non-current liabilities		
Bonds payable	786,000	1,626,000
Long-term borrowings	18,674,517	20,811,104
Long-term guarantee deposits	1,138,828	1,564,050
Deferred tax liabilities	491,932	481,852
Asset retirement obligations	104,013	105,353
Provision for warranties for completed construction	27,180	25,440
Retirement benefit liability	9,836	33,063
Total non-current liabilities	21,232,309	24,646,865
Total liabilities	42,664,381	42,723,978
Net assets		
Shareholders' equity		
Share capital	3,359,831	3,367,651
Capital surplus	3,378,326	3,386,146
Retained earnings	4,862,747	5,263,877
Treasury shares	(461)	(461)
Total shareholders' equity	11,600,442	12,017,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(52,684)	(47,220)
Foreign currency translation adjustment	(4,240)	(4,846)
Total accumulated other comprehensive income	(56,925)	(52,067)
Share acquisition rights	35,143	40,553
Total net assets	11,578,660	12,005,700
Total liabilities and net assets	54,243,042	54,729,678

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

(Thousands of yen)

	First nine months of FY2020 (Jul. 1, 2019 – Mar. 31, 2020)	First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)
Net sales	22,955,315	25,351,502
Cost of sales	14,578,141	16,495,681
Gross profit	8,377,173	8,855,820
Selling, general and administrative expenses	7,235,133	7,589,623
Operating profit	1,142,039	1,266,197
Non-operating income		
Interest and dividend income	3,208	1,306
Gain on investments in silent partnerships	89,646	104,127
Gain on sales of investment securities	26	-
Commission income	11,503	11,750
Insurance claim income	10,230	9,939
Penalty income	10,898	14,376
Share of profit of entities accounted for using equity method	-	4,035
Other	37,820	46,483
Total non-operating income	163,333	192,019
Non-operating expenses		
Interest expenses	185,360	213,928
Share of loss of entities accounted for using equity method	3,183	-
Other	61,328	68,548
Total non-operating expenses	249,872	282,476
Ordinary profit	1,055,500	1,175,740
Extraordinary income		
Gain on sales of non-current assets	167	9
Gain on reversal of share acquisition rights	843	480
Total extraordinary income	1,010	489
Extraordinary losses		
Loss on retirement of non-current assets	9,900	10,427
Loss on valuation of investment securities	40,830	5,282
Impairment loss	3,400	-
Other	300	2,422
Total extraordinary losses	54,431	18,133
Profit before income taxes	1,002,080	1,158,096
Income taxes	358,444	386,650
Profit	643,636	771,445
Profit attributable to owners of parent	643,636	771,445

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

(Thousands of yen)

	First nine months of FY2020 (Jul. 1, 2019 – Mar. 31, 2020)	First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)
Profit	643,636	771,445
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,718)	5,464
Share of other comprehensive income of entities accounted for using equity method	4,512	(605)
Total other comprehensive income	(16,206)	4,858
Comprehensive income	627,429	776,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	627,429	776,304

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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

The tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

Additional Information**Sale of House-Leaseback Assets**

1. Summary of special purpose company (SPC) and transactions using this company

HOUSEDO sells assets of the House-Leaseback Business as one way to diversify sources of funding.

For the sale of these assets, HOUSEDO first sells House-Leaseback assets (trust beneficiary rights and other assets) to an SPC (which is structured as a godo kaisha (limited liability company)). The SPC then uses these assets as collateral for loans and other sources of funds in order to pay HOUSEDO for these assets. HOUSEDO has a tokumei kumiai (silent partnership) contract with each SPC and makes investments in accordance with this contract.

The following table presents information concerning the SPCs used for the sale of House-Leaseback assets.

HOUSEDO has made no investments with voting rights in any SPC and has not supplied any SPC with directors or other executives.

	FY2020 (As of Jun. 30, 2020)	Third quarter of FY2021 (As of Mar. 31, 2021)
Number of SPC	6	7
Total assets of SPCs	17,742,967 thousand yen	20,311,633 thousand yen
Total liabilities of SPCs	16,570,301 thousand yen	18,708,847 thousand yen

2. Transactions with SPCs

First nine months of FY2020 (Jul. 1, 2019 – Mar. 31, 2020)

	Major transactions (Thousands of yen)	Sales, expenses, gains	
		Items	Amount (Thousands of yen)
Investments in silent partnerships	283,500	Gain on investments in silent partnerships	83,769
Selling price	5,690,989	Net sales	5,690,989
Book value	4,343,018	Cost of sales	4,343,018

(Note) The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.

(Note) SPCs outsource to PM Do Co., Ltd. the management of the properties purchased from HOUSEDO. Property management fees are omitted from this table because they are negligible.

(Note) HOUSEDO and PM Do Co., Ltd. perform renovation work at properties that have been sold to an SPC. Renovations are omitted from this table because the monetary value is negligible.

First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)

	Major transactions (Thousands of yen)	Sales, expenses, gains	
		Items	Amount (Thousands of yen)
Investments in silent partnerships	172,000	Gain on investments in silent partnerships	104,127
Selling price	3,453,978	Net sales	3,453,978
Book value	2,694,896	Cost of sales	2,694,896

(Note) The selling price of assets is classified as sales and the book value of assets is classified as cost of sales.

(Note) SPCs outsource to PM Do Co., Ltd. the management of the properties purchased from HOUSEDO. Property management fees are omitted from this table because they are negligible.

(Note) HOUSEDO and PM Do Co., Ltd. perform renovation work at properties that have been sold to an SPC. Renovations are omitted from this table because the monetary value is negligible.

Effect of COVID-19

HOUSEDO revised the current three-year medium-term plan on February 10, 2021. As a result, there are changes to the assumptions concerning the effect of COVID-19 that are provided as supplementary information in the Securities Report for the fiscal year that ended in June 2020. The revisions to these assumptions do not have a significant effect on accounting estimates.

Segment Information

I First nine months of FY2020 (Jul. 1, 2019 – Mar. 31, 2020)

1. Information related to net sales and profit or loss for each reportable segment

	Reportable segment								Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House-Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Koyama Construction Group	Subtotal				
Net sales												
External sales	2,140,906	9,988,328	714,747	5,098,084	1,497,961	2,037,449	1,466,941	22,944,421	10,894	22,955,315	-	22,955,315
Inter-segment sales and transfers	64,374	8,532	22,105	5,846	151,110	127	409	252,507	-	252,507	(252,507)	-
Total	2,205,281	9,996,861	736,852	5,103,931	1,649,072	2,037,577	1,467,351	23,196,928	10,894	23,207,822	(252,507)	22,955,315
Segment profit (loss)	1,302,565	1,244,800	(13,993)	231,793	389,234	102,062	114,550	3,371,013	(7,119)	3,363,893	(2,221,853)	1,142,039

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of expenses of the Europe/US style real estate agent business and overseas business.

2. The negative adjustment of 2,221,853 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 2,215 thousand yen, acquisition-related costs for purchase of shares of subsidiary of negative 110,291 thousand yen, corporate expenses of negative 2,097,093 thousand yen that are not allocated to any of the reportable segments, and inventory adjustments of negative 16,683 thousand yen. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

II First nine months of FY2021 (Jul. 1, 2020 – Mar. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment								Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Franchisee	House- Leaseback	Finance	Real Estate Buying and Selling	Real Estate Brokerage	Renovation	Koyama Construction Group	Subtotal				
Net sales												
External sales	2,372,486	6,833,434	837,735	10,295,105	1,425,077	1,978,526	1,603,832	25,346,198	5,304	25,351,502	-	25,351,502
Inter-segment sales and transfers	72,990	24,145	4,116	-	279,263	790	5,803	387,109	-	387,109	(387,109)	-
Total	2,445,476	6,857,579	841,851	10,295,105	1,704,341	1,979,316	1,609,635	25,733,307	5,304	25,738,611	(387,109)	25,351,502
Segment profit (loss)	1,617,550	667,777	94,532	723,172	411,392	98,474	95,336	3,708,236	(6,311)	3,701,925	(2,435,727)	1,266,197

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of expenses of the Europe/US style real estate agent business and overseas business.

2. The negative adjustment of 2,435,727 thousand yen to segment profit (loss) includes elimination for inter-segment transactions of 13,584 thousand yen, corporate expenses of negative 2,448,788 thousand yen that are not allocated to any of the reportable segments, and inventory adjustments of negative 522 thousand yen. Corporate expenses mainly consist of general and administrative expenses that are not attributable to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

2. Information related to revisions for reportable segments

Changes in the classification of business segments

1. Beginning in the first quarter of FY2021, HOUSEDO Japan Co., Ltd. (formerly Soka Matsubara Juken Co., Ltd.), which was previously included in the Koyama Construction Group segment, has been moved to the Real Estate Buying and Selling segment and the House Leaseback segment in association with the change in this company's name and the start of a real estate buying and selling business and a house leaseback business at this company.

Segment information for the first nine months of FY2020 has been restated to reflect these changes.

2. Beginning in the first quarter of FY2021, income at subsidiary PM Do Co., Ltd. from property assessments and from outsourced services provided for HOUSEDO Group managed properties, which was previously included in the Finance segment and Franchisee segment, has been included in sales of the House-Leaseback segment for the purpose of more appropriately reflecting the activities of each segment.

In prior years, the expenses of PM Do were divided among the House-Leaseback, Finance and Franchisee segments in proportion to the sales of these segments. Due to the change in the segment classification of income of this company, all expenses are now included only in the House-Leaseback segment.

Segment information for the first nine months of FY2020 has been restated to reflect these changes.

3. Beginning in the first quarter of FY2021, expenses of the HOUSEDO Construction Design Division, which were previously included in the Real Estate Buying and Selling segment, are divided among the House-Leaseback and Real Estate Buying and Selling segments and adjustment in proportion to the scale of business operations for the purpose of more appropriately reflecting the activities of each segment.

Segment information for the first nine months of FY2020 has not been restated to reflect this change because it is impossible to determine the amount of expenses of this division that was included in the Real Estate Buying and Selling segment in that period.

Material Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.