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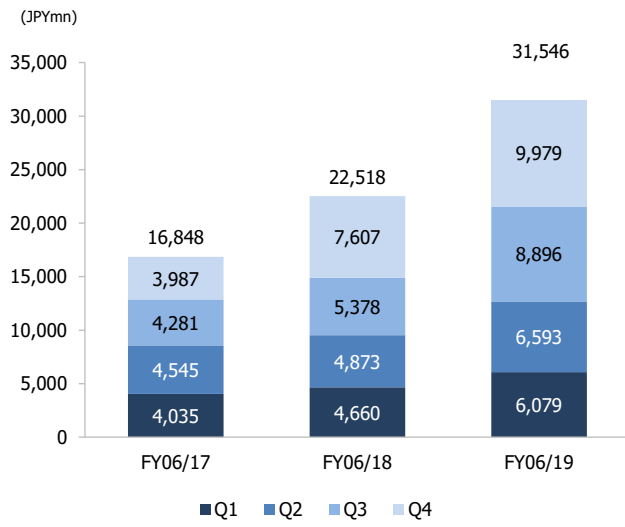
On **August 13, 2019**, HOUSED0 Co., Ltd. announced earnings results for full-year FY06/19.

Cumulative (JPY mn)	FY06/18				FY06/19				FY06/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	4,660	9,533	14,910	22,518	6,079	12,671	21,567	31,546	114.7%	27,499
YoY	15.5%	11.1%	15.9%	33.7%	30.4%	32.9%	44.6%	40.1%		33.7%
Gross profit	1,891	3,915	6,076	8,642	2,301	4,769	7,711	11,157		
YoY	23.2%	20.5%	25.4%	31.5%	21.7%	21.8%	26.9%	29.1%		
GPM	40.6%	41.1%	40.7%	38.4%	37.9%	37.6%	35.8%	35.4%		
SG&A expenses	1,454	3,027	4,746	6,526	1,830	3,680	5,795	8,001		
YoY	12.5%	16.1%	21.3%	22.6%	25.8%	21.6%	22.1%	22.6%		
SG&A ratio	31.2%	31.8%	31.8%	29.0%	30.1%	29.0%	26.9%	25.4%		
Operating profit	436	889	1,330	2,116	471	1,089	1,916	3,157	97.2%	3,246
YoY	80.9%	38.7%	42.6%	69.4%	8.0%	22.6%	44.1%	49.2%		69.4%
OPM	9.4%	9.3%	8.9%	9.4%	7.7%	8.6%	8.9%	10.0%		11.8%
Recurring profit	399	779	1,192	1,909	429	1,028	1,794	3,003	100.1%	3,000
YoY	90.6%	40.9%	47.1%	73.0%	7.6%	32.0%	50.5%	57.3%		73.0%
RPM	8.6%	8.2%	8.0%	8.5%	7.1%	8.1%	8.3%	9.5%		10.9%
Net income attributable to owners of the parent	255	501	742	1,280	315	725	1,251	2,006	101.2%	1,983
YoY	77.8%	40.3%	43.9%	73.4%	23.5%	44.6%	68.5%	56.8%		73.4%
Net margin	5.5%	5.3%	5.0%	5.7%	5.2%	5.7%	5.8%	6.4%		7.2%
Quarterly (JPY mn)	FY06/18				FY06/19					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue	4,660	4,873	5,378	7,607	6,079	6,593	8,896	9,979		
YoY	15.5%	7.2%	25.6%	90.8%	30.4%	35.3%	65.4%	31.2%		
Gross profit	1,891	2,025	2,160	2,566	2,301	2,468	2,942	3,447		
YoY	23.2%	18.1%	35.2%	48.6%	21.7%	21.9%	36.2%	34.3%		
GPM	40.6%	41.6%	40.2%	33.7%	37.9%	37.4%	33.1%	34.5%		
SG&A expenses	1,454	1,572	1,719	1,780	1,830	1,850	2,115	2,206		
YoY	12.5%	19.6%	31.6%	26.2%	25.8%	17.7%	23.0%	23.9%		
SG&A ratio	31.2%	32.3%	32.0%	23.4%	30.1%	28.1%	23.8%	22.1%		
Operating profit	436	453	441	786	471	618	826	1,241		
YoY	80.9%	13.3%	51.0%	148.5%	8.0%	36.6%	87.4%	57.8%		
OPM	9.4%	9.3%	8.2%	10.3%	7.7%	9.4%	9.3%	12.4%		
Recurring profit	399	380	413	717	429	599	767	1,209		
YoY	90.6%	10.6%	60.5%	144.8%	7.6%	57.6%	85.5%	68.7%		
RPM	8.6%	7.8%	7.7%	9.4%	7.1%	9.1%	8.6%	12.1%		
Net income attributable to owners of the parent	255	247	241	537	315	410	526	755		
YoY	77.8%	15.2%	52.1%	142.1%	23.5%	66.4%	118.3%	40.5%		
Net margin	5.5%	5.1%	4.5%	7.1%	5.2%	6.2%	5.9%	7.6%		

Source: Shared Research based on company data

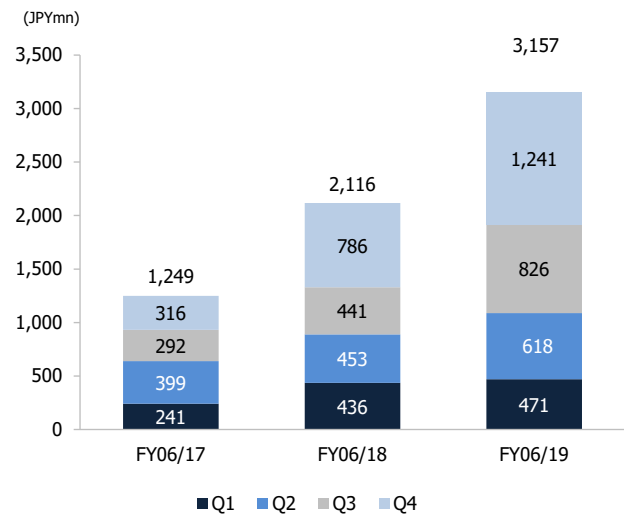
Note: Figures may differ from company materials due to differences in rounding methods.

**Quarterly revenue**



Source: Shared Research based on company data

**Quarterly operating profit**



Source: Shared Research based on company data

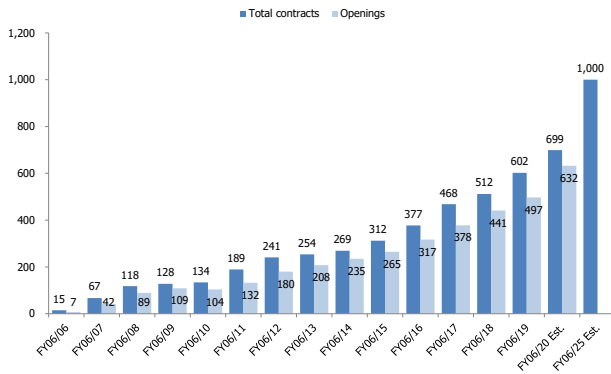
Revenue (cumulative; JPYmm)	FY06/18				FY06/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Recurring revenue businesses	1,186	2,469	5,118	8,747	2,865	5,819	11,066	17,646
Franchisee	615	1,238	1,872	2,496	722	1,413	2,098	2,833
House-Leaseback	474	1,026	2,886	5,722	1,943	3,970	8,355	14,002
Real Estate Finance	98	205	359	529	199	437	613	811
One-time revenue businesses	3,546	7,217	10,009	14,075	3,285	6,980	10,696	14,199
Real Estate Buying and Selling	2,383	4,590	6,281	8,909	2,098	4,396	6,909	9,040
Real Estate Brokerage	526	1,027	1,507	2,075	493	964	1,505	2,059
Renovation	636	1,601	2,222	3,090	694	1,620	2,283	3,100
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	4	18	23	31
Adjustments	-72	-153	-216	-304	-75	-146	-217	-330
Total	4,660	9,533	14,910	22,518	6,079	12,671	21,567	31,546
<b>Operating profit (cumulative; JPYmm)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	448	905	1,682	2,394	701	1,395	2,373	3,770
Franchisee	383	737	1,117	1,481	444	828	1,227	1,678
House-Leaseback	35	118	461	770	227	470	1,055	2,075
Real Estate Finance	29	50	104	143	30	97	90	17
One-time revenue businesses	426	876	1,118	1,596	296	736	1,177	1,580
Real Estate Buying and Selling	254	474	600	828	150	364	582	779
Real Estate Brokerage	139	225	327	478	99	188	366	492
Renovation	32	178	191	290	47	185	228	310
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	2	10	-15	-27
Adjustments	-437	-892	-1,471	-1,874	-528	-1,052	-1,619	-2,166
Total	436	889	1,330	2,116	471	1,089	1,916	3,157
<b>OPM (cumulative)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	37.8%	36.6%	32.9%	27.4%	24.5%	24.0%	21.4%	21.4%
Franchisee	62.3%	59.5%	59.7%	59.3%	61.4%	58.6%	58.5%	59.2%
House-Leaseback	7.4%	11.5%	16.0%	13.5%	11.7%	11.8%	12.6%	14.8%
Real Estate Finance	30.2%	24.5%	28.8%	27.0%	15.3%	22.2%	14.7%	2.1%
One-time revenue businesses	12.0%	12.1%	11.2%	11.3%	9.0%	10.5%	11.0%	11.1%
Real Estate Buying and Selling	10.7%	10.3%	9.6%	9.3%	7.2%	8.3%	8.4%	8.6%
Real Estate Brokerage	26.5%	21.9%	21.7%	23.0%	20.1%	19.5%	24.3%	23.9%
Renovation	5.1%	11.1%	8.6%	9.4%	6.8%	11.4%	10.0%	10.0%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	41.5%	52.3%	-64.8%	-88.5%
Total	9.4%	9.3%	8.9%	9.4%	7.7%	8.6%	8.9%	10.0%
<b>Revenue breakdown (cumulative)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	25.1%	25.5%	33.8%	38.3%	46.5%	45.4%	50.8%	55.4%
Franchisee	13.0%	12.8%	12.4%	10.9%	11.7%	11.0%	9.6%	8.9%
House-Leaseback	10.0%	10.6%	19.1%	25.1%	31.6%	31.0%	38.4%	43.9%
Real Estate Finance	2.1%	2.1%	2.4%	2.3%	3.2%	3.4%	2.8%	2.5%
One-time revenue businesses	74.9%	74.5%	66.2%	61.7%	53.4%	54.5%	49.1%	44.5%
Real Estate Buying and Selling	50.4%	47.4%	41.5%	39.0%	34.1%	34.3%	31.7%	28.4%
Real Estate Brokerage	11.1%	10.6%	10.0%	9.1%	8.0%	7.5%	6.9%	6.5%
Renovation	13.4%	16.5%	14.7%	13.5%	11.3%	12.6%	10.5%	9.7%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.1%	0.1%	0.1%	0.1%
<b>OP breakdown (cumulative)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	51.3%	50.8%	60.1%	60.0%	70.2%	65.2%	67.1%	70.8%
Franchisee	43.8%	41.4%	39.9%	37.1%	44.4%	38.7%	34.7%	31.5%
House-Leaseback	4.0%	6.6%	16.5%	19.3%	22.7%	22.0%	29.9%	39.0%
Real Estate Finance	3.4%	2.8%	3.7%	3.6%	3.0%	4.5%	2.5%	0.3%
One-time revenue businesses	48.7%	49.2%	39.9%	40.0%	29.7%	34.4%	33.3%	29.7%
Real Estate Buying and Selling	29.1%	26.6%	21.4%	20.8%	15.0%	17.0%	16.5%	14.6%
Real Estate Brokerage	16.0%	12.6%	11.7%	12.0%	9.9%	8.8%	10.4%	9.2%
Renovation	3.7%	10.0%	6.8%	7.3%	4.7%	8.6%	6.5%	5.8%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.2%	0.4%	-0.4%	-0.5%
<b>Revenue YoY (cumulative)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	-4.6%	2.7%	29.0%	66.6%	141.5%	135.7%	116.2%	101.7%
Franchisee	22.4%	16.3%	14.6%	12.4%	17.5%	14.1%	12.1%	13.5%
House-Leaseback	-33.5%	-18.9%	31.7%	103.8%	310.3%	286.9%	189.5%	144.7%
Real Estate Finance	238.1%	174.5%	151.6%	138.9%	103.4%	113.0%	70.5%	53.3%
One-time revenue businesses	23.8%	14.0%	9.7%	18.1%	-7.3%	-3.3%	6.9%	0.9%
Real Estate Buying and Selling	42.5%	22.1%	12.7%	25.3%	-12.0%	-4.2%	10.0%	1.5%
Real Estate Brokerage	11.2%	13.2%	8.6%	11.6%	-6.3%	-6.1%	-0.1%	-0.8%
Renovation	-11.5%	-3.9%	2.6%	5.0%	9.1%	1.2%	2.7%	0.3%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	15.5%	11.1%	15.9%	33.7%	30.4%	32.9%	44.6%	40.1%
<b>OP YoY (cumulative)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
Recurring revenue businesses	8.9%	7.8%	30.2%	40.1%	56.5%	54.2%	41.1%	57.5%
Franchisee	32.3%	21.9%	18.5%	13.5%	15.8%	12.4%	9.8%	13.3%
House-Leaseback	-68.4%	-42.1%	54.8%	132.7%	541.9%	298.7%	128.9%	169.5%
Real Estate Finance	195.9%	61.0%	102.0%	95.8%	3.2%	92.8%	-13.1%	-88.2%
One-time revenue businesses	98.4%	67.2%	58.8%	58.2%	-30.4%	-16.0%	5.2%	-1.0%
Real Estate Buying and Selling	238.4%	127.3%	102.8%	95.9%	-40.9%	-23.2%	-3.1%	-5.9%
Real Estate Brokerage	28.8%	28.0%	13.9%	28.0%	-28.8%	-16.4%	11.9%	2.8%
Renovation	3.0%	27.0%	57.7%	36.4%	45.3%	3.9%	19.8%	6.9%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	80.9%	38.7%	42.6%	69.4%	8.0%	22.6%	44.1%	49.2%

Source: Shared Research based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.  
 Note: Segment revenue includes internal sales and transfers.

Revenue (quarterly; JPYmm)	FY06/18				FY06/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Recurring revenue businesses</b>	1,186	1,283	2,649	3,629	2,865	2,955	5,247	6,580
Franchisee	615	623	635	624	722	690	686	735
House-Leaseback	474	552	1,860	2,836	1,943	2,026	4,385	5,647
Real Estate Finance	98	107	154	170	199	238	176	198
<b>One-time revenue businesses</b>	3,546	3,672	2,792	4,066	3,285	3,694	3,716	3,503
Real Estate Buying and Selling	2,383	2,206	1,691	2,629	2,098	2,297	2,513	2,132
Real Estate Brokerage	526	501	480	569	493	471	541	554
Renovation	636	965	621	868	694	926	663	817
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	4	14	4	8
Adjustments	-72	-81	-63	-88	-75	-70	-71	-113
<b>Total</b>	<b>4,660</b>	<b>4,873</b>	<b>5,378</b>	<b>7,607</b>	<b>6,079</b>	<b>6,593</b>	<b>8,896</b>	<b>9,979</b>
<b>Operating profit (quarterly; JPYmm)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	448	457	777	712	701	695	977	1,397
Franchisee	383	354	381	364	444	385	399	450
House-Leaseback	35	83	343	309	227	244	585	1,019
Real Estate Finance	29	21	53	39	30	66	-7	-73
<b>One-time revenue businesses</b>	426	450	243	478	296	440	441	404
Real Estate Buying and Selling	254	219	127	228	150	213	218	197
Real Estate Brokerage	139	85	103	151	99	89	178	125
Renovation	32	145	13	99	47	138	44	81
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	2	8	-24	-13
Adjustments	-437	-454	-579	-403	-528	-524	-567	-547
<b>Total</b>	<b>436</b>	<b>453</b>	<b>441</b>	<b>786</b>	<b>471</b>	<b>618</b>	<b>826</b>	<b>1,241</b>
<b>OPM (quarterly)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	37.8%	35.6%	29.3%	19.6%	24.5%	23.5%	18.6%	21.2%
Franchisee	62.3%	56.8%	60.0%	58.3%	61.4%	55.7%	58.2%	61.3%
House-Leaseback	7.4%	15.0%	18.5%	10.9%	11.7%	12.0%	13.3%	18.1%
Real Estate Finance	30.2%	19.3%	34.5%	23.1%	15.3%	27.9%	-4.0%	-36.8%
<b>One-time revenue businesses</b>	12.0%	12.3%	8.7%	11.7%	9.0%	11.9%	11.9%	11.5%
Real Estate Buying and Selling	10.7%	9.9%	7.5%	8.7%	7.2%	9.3%	8.7%	9.2%
Real Estate Brokerage	26.5%	17.0%	21.4%	26.5%	20.1%	18.8%	33.0%	22.6%
Renovation	5.1%	15.1%	2.1%	11.4%	6.8%	14.9%	6.6%	10.0%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9.4%</b>	<b>9.3%</b>	<b>8.2%</b>	<b>10.3%</b>	<b>7.7%</b>	<b>9.4%</b>	<b>9.3%</b>	<b>12.4%</b>
<b>Revenue breakdown (quarterly)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	25.1%	25.9%	48.7%	47.2%	46.5%	44.3%	58.5%	65.2%
Franchisee	13.0%	12.6%	11.7%	8.1%	11.7%	10.4%	7.6%	7.3%
House-Leaseback	10.0%	11.1%	34.2%	36.9%	31.6%	30.4%	48.9%	56.0%
Real Estate Finance	2.1%	2.2%	2.8%	2.2%	3.2%	3.6%	2.0%	2.0%
<b>One-time revenue businesses</b>	74.9%	74.1%	51.3%	52.8%	53.4%	55.4%	41.4%	34.7%
Real Estate Buying and Selling	50.4%	44.5%	31.1%	34.2%	34.1%	34.5%	28.0%	21.1%
Real Estate Brokerage	11.1%	10.1%	8.8%	7.4%	8.0%	7.1%	6.0%	5.5%
Renovation	13.4%	19.5%	11.4%	11.3%	11.3%	13.9%	7.4%	8.1%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.1%	0.2%	0.0%	0.1%
<b>OP breakdown (quarterly)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	51.3%	50.4%	76.2%	59.8%	70.2%	60.8%	70.1%	78.1%
Franchisee	43.8%	39.0%	37.3%	30.6%	44.4%	33.7%	28.6%	25.2%
House-Leaseback	4.0%	9.1%	33.7%	26.0%	22.7%	21.3%	42.0%	57.0%
Real Estate Finance	3.4%	2.3%	5.2%	3.3%	3.0%	5.8%	-0.5%	-4.1%
<b>One-time revenue businesses</b>	48.7%	49.6%	23.8%	40.2%	29.7%	38.5%	31.6%	22.6%
Real Estate Buying and Selling	29.1%	24.2%	12.4%	19.1%	15.0%	18.7%	15.7%	11.0%
Real Estate Brokerage	16.0%	9.4%	10.1%	12.7%	9.9%	7.8%	12.8%	7.0%
Renovation	3.7%	16.0%	1.3%	8.3%	4.7%	12.0%	3.2%	4.6%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.2%	0.7%	-1.7%	-0.7%
<b>Revenue YoY (quarterly)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	-4.6%	10.5%	69.5%	183.2%	141.5%	130.3%	98.1%	81.3%
Franchisee	22.4%	10.8%	11.5%	6.3%	17.5%	10.8%	8.1%	17.8%
House-Leaseback	-33.5%	-0.1%	101.0%	360.4%	310.3%	266.8%	135.8%	99.1%
Real Estate Finance	238.1%	134.4%	126.4%	115.9%	103.4%	121.6%	14.0%	-
<b>One-time revenue businesses</b>	23.8%	5.8%	-0.1%	45.8%	-7.3%	0.6%	33.1%	-13.8%
Real Estate Buying and Selling	42.5%	5.7%	-6.8%	70.9%	-12.0%	4.1%	48.6%	-18.9%
Real Estate Brokerage	11.2%	15.4%	0.0%	20.3%	-6.3%	-5.9%	12.7%	-2.5%
Renovation	-11.5%	1.8%	24.4%	11.5%	9.1%	-4.0%	6.7%	-5.9%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15.5%</b>	<b>7.2%</b>	<b>25.6%</b>	<b>90.8%</b>	<b>30.4%</b>	<b>35.3%</b>	<b>65.4%</b>	<b>31.2%</b>
<b>OP YoY (quarterly)</b>	<b>FY06/18</b>				<b>FY06/19</b>			
<b>Recurring revenue businesses</b>	8.9%	6.8%	71.5%	71.0%	56.5%	52.0%	25.7%	96.3%
Franchisee	32.3%	12.3%	12.4%	0.5%	15.8%	8.8%	4.8%	23.9%
House-Leaseback	-68.4%	-9.9%	263.7%	838.3%	541.9%	194.9%	70.5%	-
Real Estate Finance	195.9%	-2.3%	165.9%	81.1%	3.2%	219.9%	-113.1%	-
<b>One-time revenue businesses</b>	98.4%	45.5%	34.4%	56.9%	-30.4%	-2.3%	81.7%	-15.4%
Real Estate Buying and Selling	238.4%	64.7%	44.7%	79.7%	-40.9%	-2.7%	72.0%	-13.4%
Real Estate Brokerage	28.8%	26.5%	-8.3%	75.4%	-28.8%	4.0%	73.8%	-16.8%
Renovation	3.0%	33.9%	-168.5%	8.2%	45.3%	-5.3%	236.8%	-17.9%
Koyama Corporation group	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>80.9%</b>	<b>13.3%</b>	<b>51.0%</b>	<b>148.5%</b>	<b>8.0%</b>	<b>36.6%</b>	<b>87.4%</b>	<b>57.8%</b>

Source: Shared Research based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.  
 Note: Segment revenue includes internal sales and transfers.

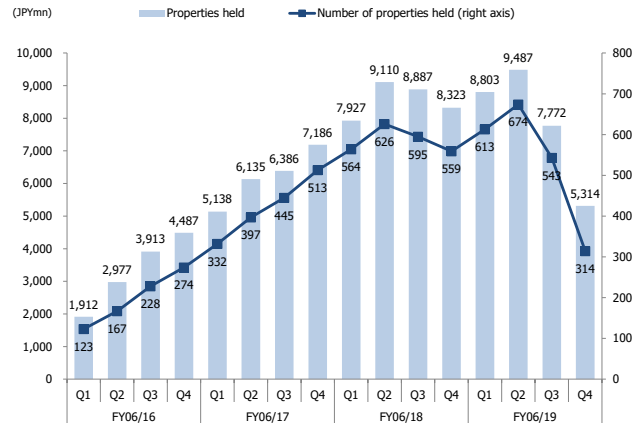
## Total franchisee contracts and franchised stores opened



	Satellite real estate broker	Property purchase specialist store	Housing information mall	RENT Do!	Total
Franchisees	422	123	2	36	583
Directly operated :	8	5	4	2	19
<b>Total</b>	<b>430</b>	<b>128</b>	<b>6</b>	<b>38</b>	<b>602</b>

Source: Shared Research based on company data  
\*As of June 30, 2019

## Total value and number of properties held in House-Leaseback business



Source: Shared Research based on company data

## Full-year FY06/19 results (out August 13, 2019)

### Summary

#### Full-year 06/19 results (July 2018–June 2019)

- ▷ Revenue: JPY31.5bn (+40.1% YoY)
- ▷ Operating profit: JPY3.2bn (+49.2% YoY)
- ▷ Recurring profit: JPY3.0bn (+57.3% YoY)
- ▷ Net income attributable to owners of the parent: JPY2.0bn (+56.8% YoY)
  
- ▷ Business environment: The environment for the real estate industry was generally favorable. The labor market and income environment have improved, and tax advantages and ongoing easy monetary policy by the BoJ have underpinned solid housing demand, despite concerns that rising land prices and sharp rises in construction costs would affect selling prices
- ▷ Company strategy: The company aims to achieve stable earnings and sustainable business growth by raising the proportion of recurring revenue business in its overall portfolio, with a focus on the three main businesses as follows.
- ▷ Franchisee business: The company aimed to increase the number of affiliated stores and improve services after establishing a rental property brand in addition to its real estate brokerage franchises.
- ▷ House-Leaseback business: The company aimed to grow earnings by building arrangements whereby it can book capital gains by selling properties to real estate funds and real estate companies in addition to stable earnings from the purchase of rental properties.
- ▷ In the Real Estate Finance business, the company aimed to step up its moves to offer packages of real estate and finance in collaboration with financial institutions in the reverse mortgage guarantee business, to supplement real estate backed finance

### Overview by segment

Following is a segment summary for FY06/19 (July 2018–June 2019).

#### Franchisee business

- ▷ Segment revenue\*: JPY2.8bn (+14.5% YoY; \*to external customers for all segment data)
- ▷ Operating profit: JPY1.7bn (+13.7% YoY)

- ▷ Overview: Solid inquiries from potential franchisees. While benefiting from the impact of advertising via TV and radio commercials, the company worked to promote membership of urban real estate agents and increase the number of network stores with a view to boosting its brand recognition and value, and building its trustworthiness
- ▷ Network expansion: There were needs for premises that combine satellite brokers and stores specialized in buying houses and other real estate. These aim to boost earnings by having both brokerage and purchases. In addition, there were increased inquiries for the company's newly launched RENT Do! rental property brokerage brand
- ▷ Network: 145 new franchise contracts, for cumulative total of 602 franchise outlets (543 at end-FY06/18)
- ▷ Franchisee support and outlet numbers: Through strengthened arrangements for supervisors to provide follow-up services to franchisees and enhanced contents of range of new services, the company opened 133 franchise outlets for a cumulative total of 497 (441 at end-FY06/18)

#### House-Leaseback business

- ▷ Segment revenue: JPY14.0bn (+145.0% YoY)
- ▷ Operating profit: JPY2.1bn (+163.2% YoY)
- ▷ Overview: The company received more than 13,000 inquiries over the year from potential customers. In addition to needs to use property more effectively and liquidize assets, the company has boosted its profile and trustworthiness through TV and radio commercials
- ▷ Contracts: 554 purchase-leaseback contracts (357 in FY06/18)
- ▷ Property holdings: Cumulative total of 314 properties (505 newly acquired), operating as rental properties
- ▷ Capital gains: 751 properties sold during the year; including resale, disposals, and sales to funds

#### Real Estate Finance business

- ▷ Segment revenue: JPY757mn (+53.7% YoY)
- ▷ Operating profit: JPY16mn (-84.8% YoY)
- ▷ Real estate and finance: To meet funding needs of customers using their properties, leveraging real estate appraisal capability of company's nationwide network
- ▷ Real estate secured loans: 186 loan contracts over the year
- ▷ Reverse mortgages: 129 contracts over the year
- ▷ SG&A expenses rose YoY as the company bolstered its organization and spent upfront on personnel in response to transaction increases

#### One-time revenue businesses

- ▷ Real Estate Buying and Selling: Segment revenue was JPY9.0bn (+1.5% YoY) and operating profit was JPY778mn (-5.5% YoY)
- ▷ Real estate transactions: 401 transactions (+9.3% YoY), as company focused on obtaining properties that met its customers' needs in areas served by directly operated stores
- ▷ Real Estate Brokerage: Segment revenue was JPY1.9bn (-1.9% YoY) and operating profit was JPY491mn (+8.0% YoY)
- ▷ Brokerage: Comprises real estate sale and purchase brokerage, with 2,993 properties brokered during the period (-2.9% YoY)

- ▷ Renovation: Segment revenue was JPY3.1bn (+0.3% YoY) and operating profit was JPY309mn (+9.0% YoY)
- ▷ Business collaborations: The Renovation business collaborated with the Real Estate Brokerage business for pre-owned homes including renovation services, and held renovation events in collaboration with home fixture manufacturers to attract customers. The segment had 2,195 contracts in FY06/19 (+3.7% YoY) and 2,105 completed renovations (-1.9% YoY)

## Full-year company forecast for FY06/19

(JPYmn)	FY06/17			FY06/18			FY06/19			FY06/20
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
<b>Revenue</b>	<b>8,580</b>	<b>8,268</b>	<b>16,848</b>	<b>9,533</b>	<b>12,985</b>	<b>22,518</b>	<b>12,671</b>	<b>18,875</b>	<b>31,546</b>	<b>37,221</b>
YoY	-1.1%	-3.8%	-2.5%	11.1%	57.0%	33.7%	32.9%	45.4%	40.1%	18.0%
<b>Operating profit</b>	<b>641</b>	<b>609</b>	<b>1,249</b>	<b>889</b>	<b>1,227</b>	<b>2,116</b>	<b>1,089</b>	<b>2,067</b>	<b>3,157</b>	<b>3,521</b>
YoY	-9.3%	6.6%	-2.2%	38.7%	101.7%	69.4%	22.6%	68.4%	49.2%	11.5%
OPM	7.5%	7.4%	7.4%	9.3%	9.5%	9.4%	8.6%	11.0%	10.0%	9.5%
<b>Recurring profit</b>	<b>553</b>	<b>550</b>	<b>1,103</b>	<b>779</b>	<b>1,130</b>	<b>1,909</b>	<b>1,028</b>	<b>1,975</b>	<b>3,003</b>	<b>3,300</b>
YoY	-18.0%	8.2%	-6.7%	40.9%	105.4%	73.0%	32.0%	74.8%	57.3%	9.9%
RPM	6.4%	6.7%	6.5%	8.2%	8.7%	8.5%	8.1%	10.5%	9.5%	8.9%
<b>Net income</b>	<b>357</b>	<b>380</b>	<b>738</b>	<b>501</b>	<b>778</b>	<b>1,280</b>	<b>725</b>	<b>1,281</b>	<b>2,006</b>	<b>2,178</b>
YoY	-20.0%	29.2%	-0.5%	40.3%	104.6%	73.4%	44.6%	64.6%	56.8%	8.6%
Net margin	4.2%	4.6%	4.4%	5.3%	6.0%	5.7%	5.7%	6.8%	6.4%	5.9%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

- ▷ For FY06/20, HOUSEDO expects revenue of JPY37.2bn (+18.0% YoY), operating profit of JPY3.5bn (+11.5% YoY), recurring profit of JPY3.3bn (+9.9% YoY), and net income attributable to owners of the parent of JPY2.2bn (+8.6% YoY).
- ▷ The company formulated a new medium-term management plan through FY06/22. The plan is aimed at transitioning to a sustainable growth business model based on the businesses developed under the previous medium-term plan (from FY06/17 to FY06/19). It aims to further expand earnings through ongoing proactive investment in its recurring-revenue business. The company will focus in particular on franchise development in the Franchisee business, further increasing the number of purchase leaseback contracts in the House-Leaseback business, and strengthening reverse mortgage guarantee business in the Real Estate Finance business. In the Real Estate Buying and Selling, Real Estate Brokerage, and Renovation businesses, the company plans to improve productivity by leveraging synergy effects.

Shared Research plans to update this report with details following interviews with the company.

### Historical forecast accuracy

Results vs. Initial Est. (JPYmn)	FY06/13	FY06/14	FY06/15	FY06/16	FY06/17	FY06/18	FY06/19
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Revenue (Initial Est.)	-	-	-	16,355	16,322	17,146	27,499
Revenue (Results)	8,252	13,310	14,573	17,276	16,848	22,518	31,546
<b>Results vs. Initial Est.</b>	-	-	-	<b>5.6%</b>	<b>3.2%</b>	<b>31.3%</b>	<b>14.7%</b>
Operating profit (Initial Est.)	-	-	-	924	1,247	1,603	3,246
Operating profit (Results)	180	277	617	1,277	1,249	2,116	3,157
<b>Results vs. Initial Est.</b>	-	-	-	<b>38.2%</b>	<b>0.2%</b>	<b>32.0%</b>	<b>-2.8%</b>
Recurring profit (Initial Est.)	-	-	-	804	1,100	1,400	3,000
Recurring profit (Results)	112	205	513	1,182	1,103	1,909	3,003
<b>Results vs. Initial Est.</b>	-	-	-	<b>47.1%</b>	<b>0.3%</b>	<b>36.3%</b>	<b>0.1%</b>
Net income (Initial Est.)	-	-	-	523	715	920	1,983
Net income (Results)	80	156	353	741	738	1,280	2,006
<b>Results vs. Initial Est.</b>	-	-	-	<b>41.7%</b>	<b>3.2%</b>	<b>39.1%</b>	<b>1.2%</b>

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

This note is the most recent addition to the [full report](#).

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