

# INVESTORS CLOUD FY2017 1Q FINANCIAL RESULTS

FY2017 1Q Financial Results Briefing Materials

April 2017 investors cloud co., ltd. (TSE1:1435)



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# FY2017 1Q Financial Results Overview

# Company overview

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<b>Name</b>	investors cloud co., ltd.
<b>Head office</b>	7F, 2-27-25, Minamiaoyama, Minato-ku, Tokyo
<b>Established</b>	January 23, 2006
<b>Representative</b>	Daisaku Furuki, President
<b>Capital</b>	601,920,000 yen
<b>Employees</b>	302 persons (consolidated basis/full-time employees/as of March 31, 2017)
<b>Businesses</b>	Development and operation of apartment management app “TATERU” Planning of smart-life app “TATERU kit” Development and operation of smart online renovation “SMA-RENO” Planning and operation of real estate investment-type crowdfunding “TATERU FUNDING”
<b>Subsidiaries</b>	iApartment Co., Ltd. iVacation Co., Ltd.
<b>Associates</b>	Realize Asset Management Co., Ltd. BIJ.inc.

- Achieved net sales of **182.1%** YoY and operating income of **130.9%** YoY
- Achieved an annual increase in membership of **4,064** persons, and **192** contracts, **123.1%** YoY in 1Q of the 12th fiscal period

# (Consolidated) Statements of income

## Achieved net sales of 182.1% YoY and operating income of 130.9% YoY

(Unit: million yen)

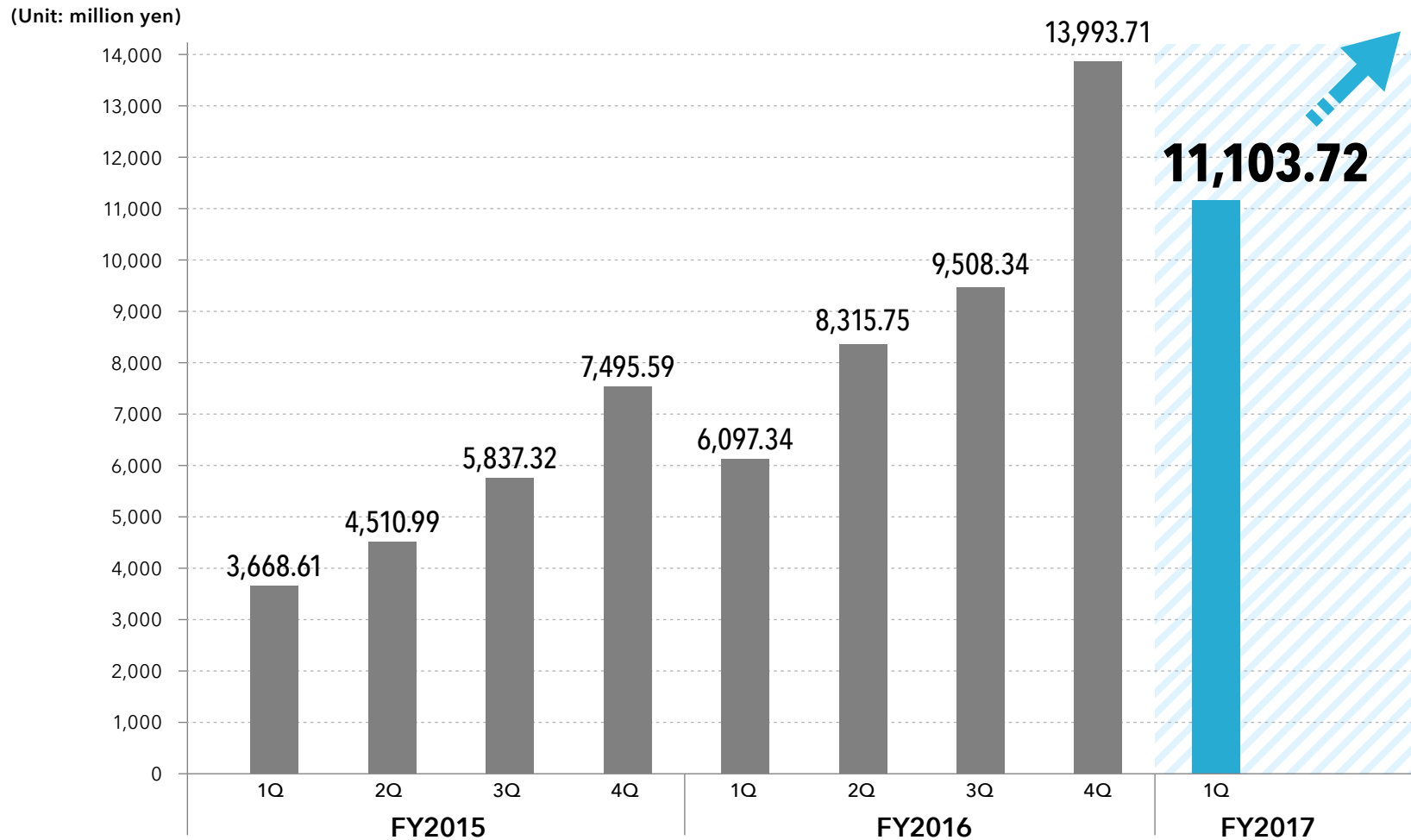
	FY2016 1Q		FY2017 1Q		
	Amount	% of sales	Amount	% of sales	YoY
Net sales	6,097	100.0%	11,103	100.0%	<b>182.1%</b>
Gross profit	1,175	19.3%	1,877	16.9%	159.7%
Selling, general and administrative expenses	691	11.4%	1,243	11.2%	179.9%
Operating income	484	7.9%	634	5.7%	<b>130.9%</b>
Ordinary income	486	8.0%	556	5.0%	114.4%
Profit	299	4.9%	350	3.2%	117.2%

Gross profit ratio decreased due to a higher proportion of land transactions of low gross margin

- Personnel expenses increased due to an increase in number of IT engineers
- Advertising expenses increased due to TV commercials (spot)

\*As the company shifted to consolidated accounting from 2Q FY2016, 1Q FY2016 results are not consolidated.

# Record high in net sales for 1Q



\*As the Company shifted to consolidated accounting from 2Q FY2016, results for 1Q FY2016 and earlier are not consolidated.

# (Consolidated) Balance sheets

(Unit: million yen)

	December 31, 2016	End 1Q FY2017	YoY change
<b>Current assets</b>	8,490	8,955	+465
<b>Inventories</b>	2,420	4,466	+2,046
<b>Non-current assets</b>	2,365	3,638	+1,273
<b>Total assets</b>	10,856	12,594	+1,738
<b>Liabilities</b>	4,825	6,518	+1,693
<b>Interest-bearing debt</b>	-	3,000	+3,000
<b>Net assets</b>	6,030	6,076	+45
<b>Total liabilities and net assets</b>	10,856	12,594	+1,738

Increase due to an increase in order backlog

Includes an increase of 1,125 million yen in investment securities

Mainly borrowings for tax payments

- Profit attributable to owners of parent 350 million yen
- Dividends (305) million yen



**Both net sales and income have exceeded the initial plan for FY2017 1Q,  
and even when considering a budget  
with an emphasis on 4Q, performance is strong**

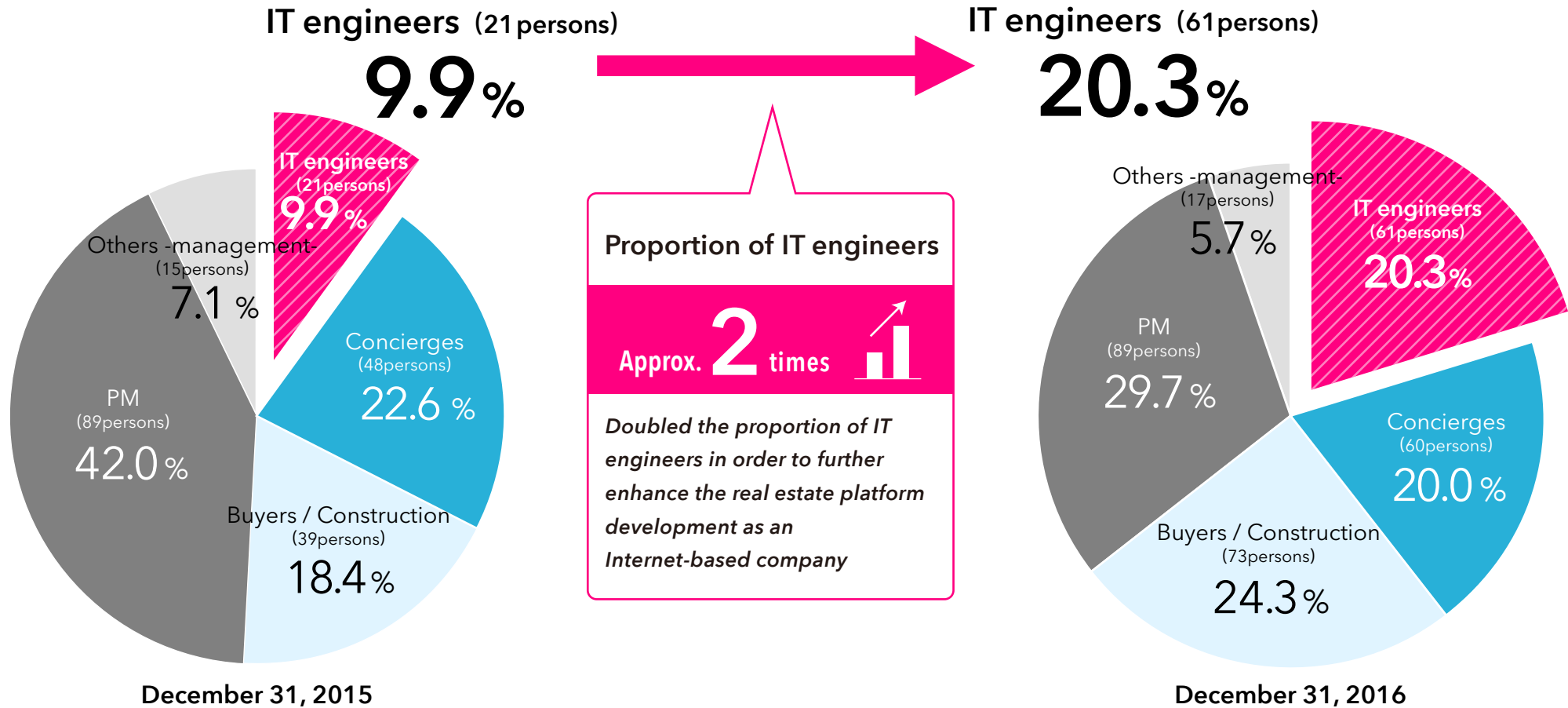
(Unit: million yen)

	(Forecast) 11th Fiscal Period FY2016 (Result)	12th Fiscal Period, FY2017 (Forecast)					
		Result		Budget			
		1Q	Progress	2Q (Cumulative)	Full-year	% of sales	YoY
<b>Net sales</b>	37,915	11,103	22.0%	22,170	50,540	100%	133.3%
<b>Operating income</b>	3,806	634	11.8%	1,830	5,360	10.6%	140.8%
<b>Ordinary income</b>	3,803	556	10.5%	1,750	5,280	10.4%	138.8%
<b>Profit attributable to owners of parent</b>	2,354	350	10.2%	1,140	3,450	6.8%	146.5%

Forecast record  
income, with an  
increase of about  
40%

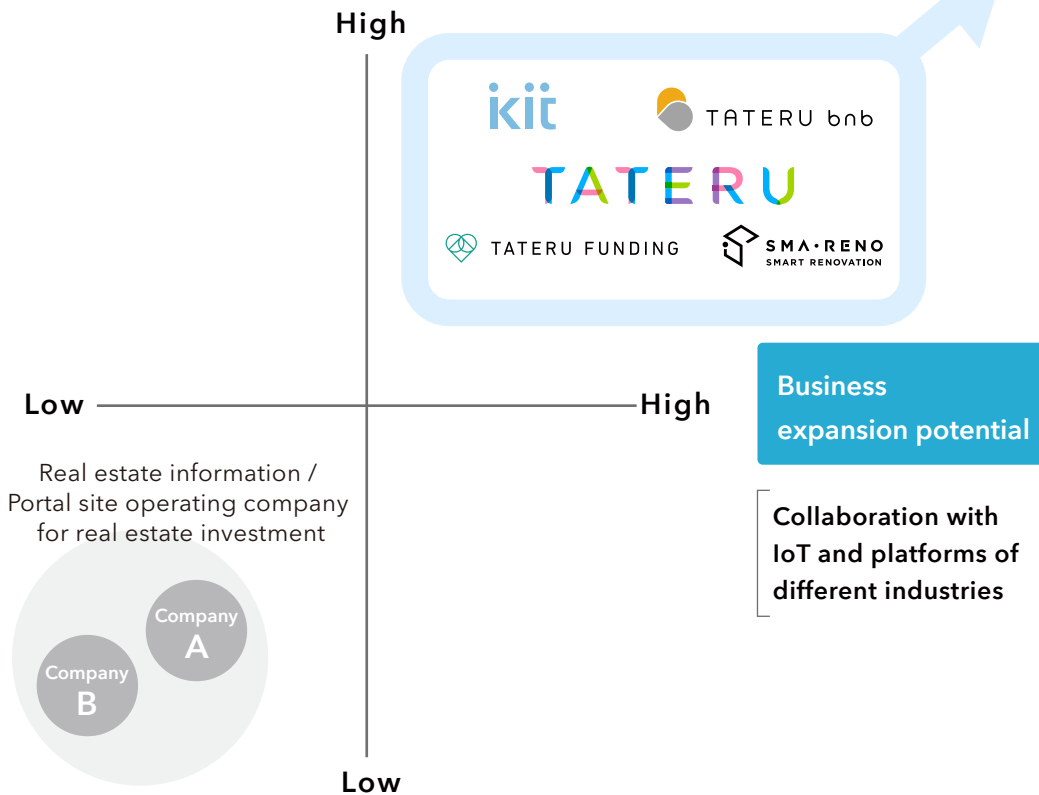
# TATERU Growth Strategy

## Doubled the proportion of IT engineers, aiming for further growth as an Internet-based company



## Envisioning large profit growth through real-world monetization

Net sales volume (profit) per transaction



### Market size comparison

Real estate market

**39.4** trillion yen

Cost of advertising media for real estate

**1,196** billion yen

Real estate market VS Online advertising market

**Approx. 329.4 times**

[Reference for real estate size]

Ministry of Finance: Financial Statements Statistics of Corporations by Industry, Annual Survey FY2015

[Reference for advertising media expenses for real estate]

DENTSU INC.: Advertising Expenditures in Japan 2016

## TATERU business



Apartment management App “TATERU”  
One of the largest apartment management  
platforms in Japan

## IoT business

iApartment Co., Ltd.



TATERU kit  
Realize smart life through control and  
management of IoT devices

## Crowdfunding business



TATERU FUNDING  
Real estate investment-type crowdfunding  
starting from 100,000 yen per account

## Minpaku business

iVacation Co., Ltd.



TATERU bnb  
Entered minpaku business  
Providing safe and secure Minpaku service  
\*Minpaku: private residence accommodation

## SMA-RENO business



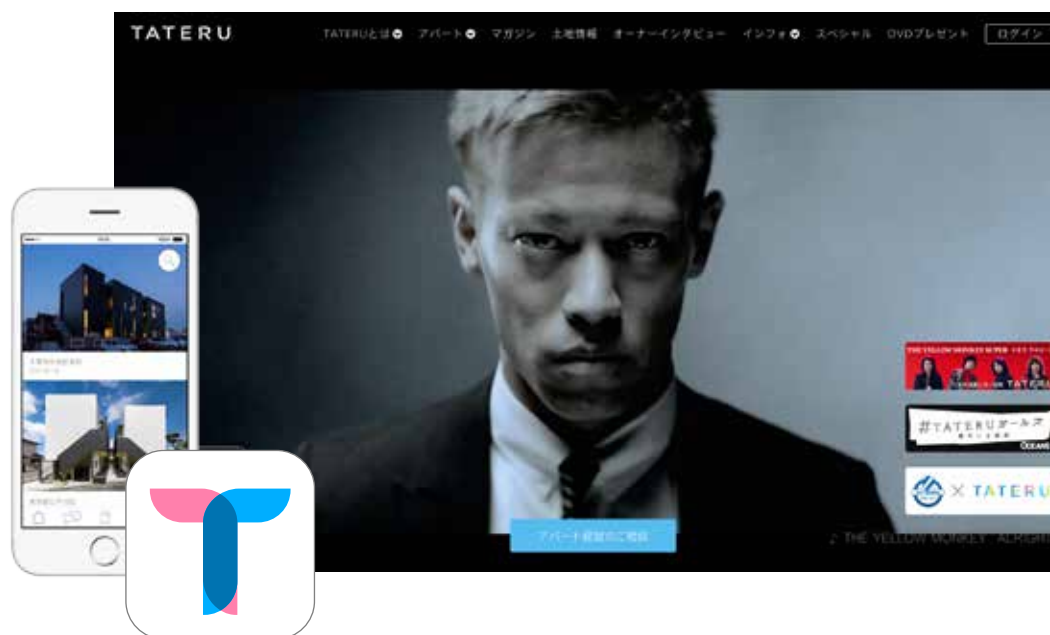
Smart online fixed-amount renovation  
“SMA-RENO”  
Safe one-stop service ranging from apartment  
hunting, financial planning, to construction



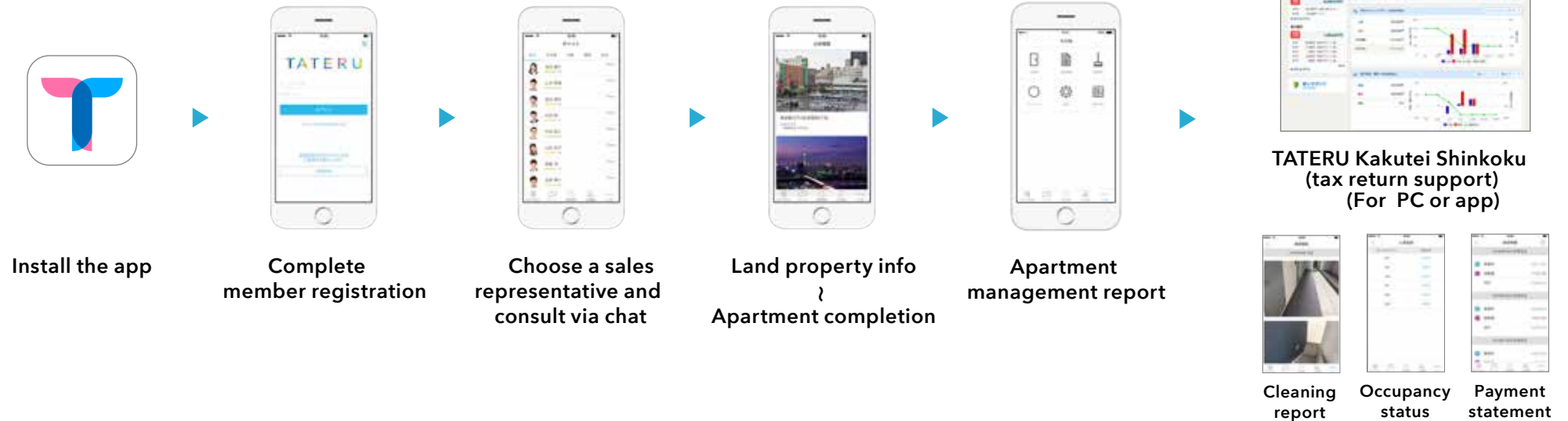
## Apartment management app "TATERU"

Membership .....	110,656 persons
Owners .....	1,189
Managed properties .....	14,418
Occupancy rate .....	98.5%

(March 31, 2017)



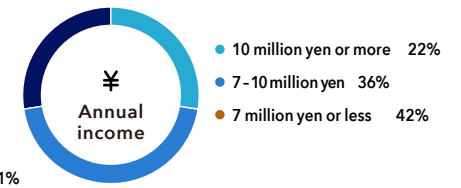
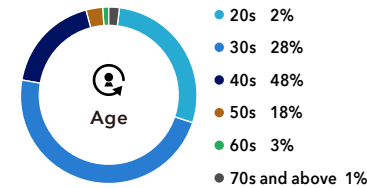
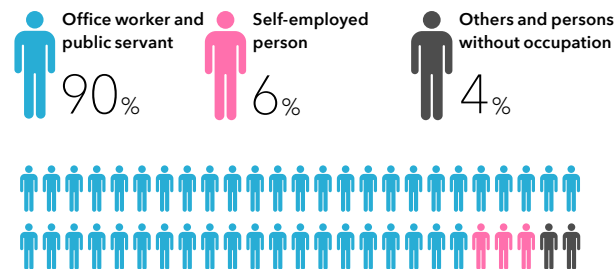
# Flow of using apartment management app "TATERU"



## Features of TATERU apartment management

- Original business model of "initiating apartment management from land matching"
- "Office workers in their 30s to 50s with annual income over 7 million yen" have started TATERU as a means of wealth accumulation

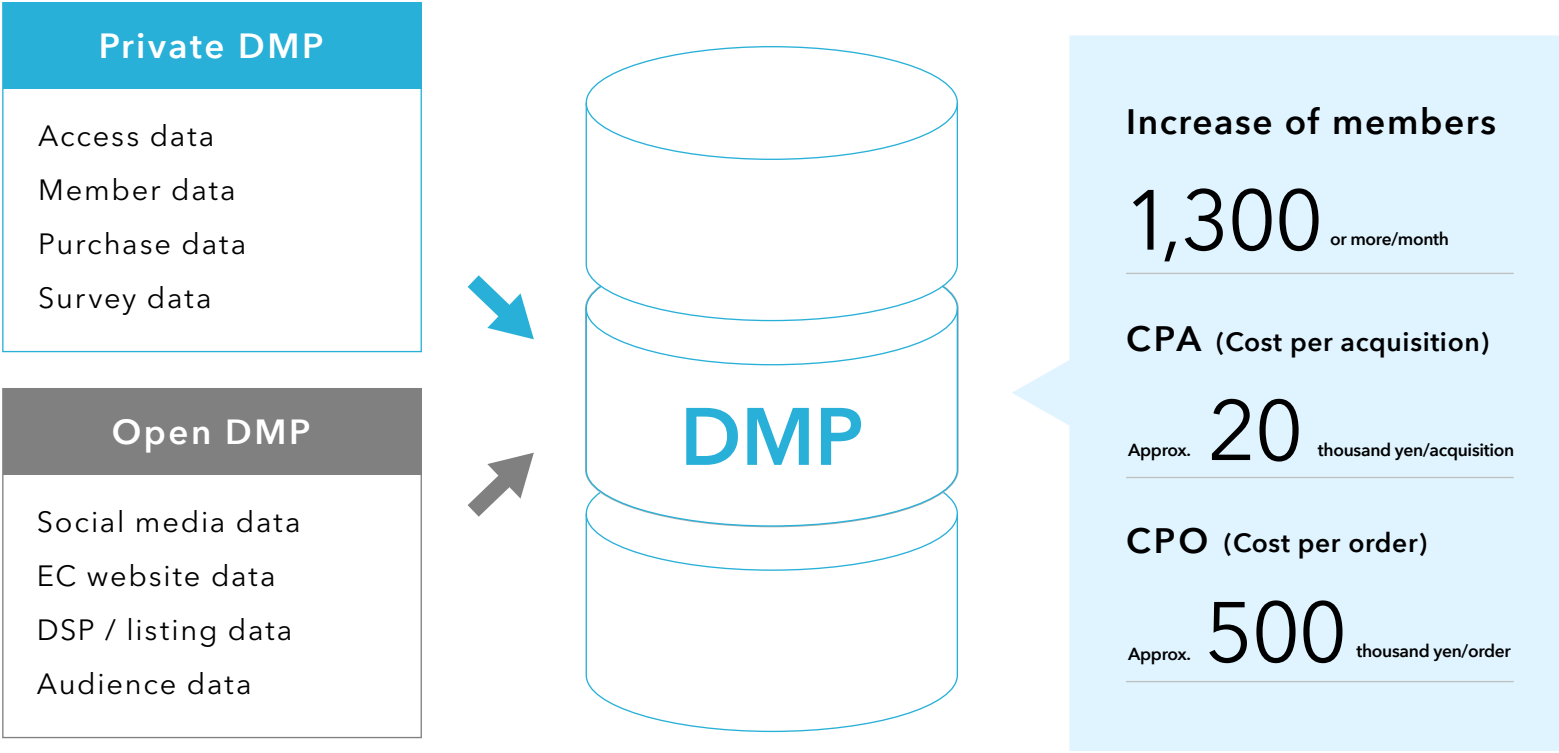
### Positioning map of TATERU owners



(As of December 31, 2016)

# Advertising with ad tech

*Advertising by dedicated in-house digital marketers*



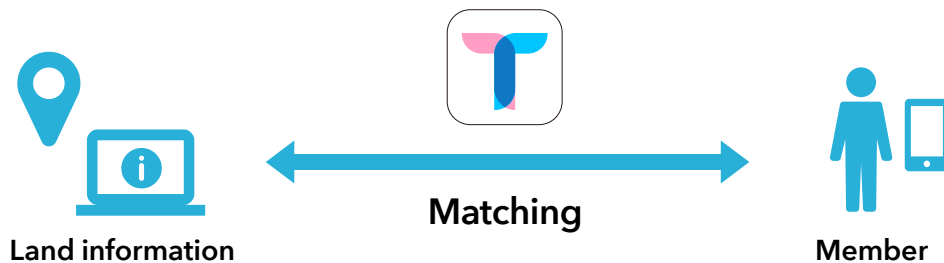


## Matching of land and members

### Former two-stage distribution model



### TATERU one-stage distribution model



- **Merits for members**

Significantly lower costs, including intermediary margin and double taxation

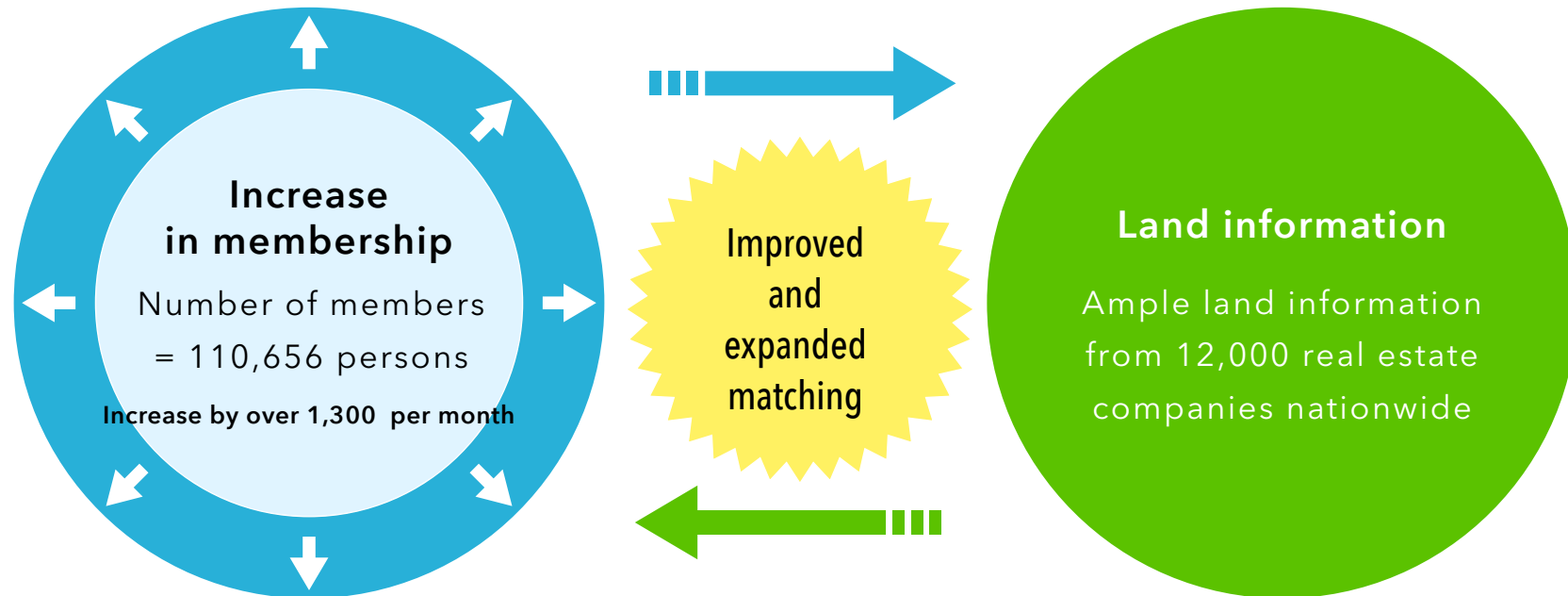
- **Merits for real estate companies**

Charging brokerage commissions

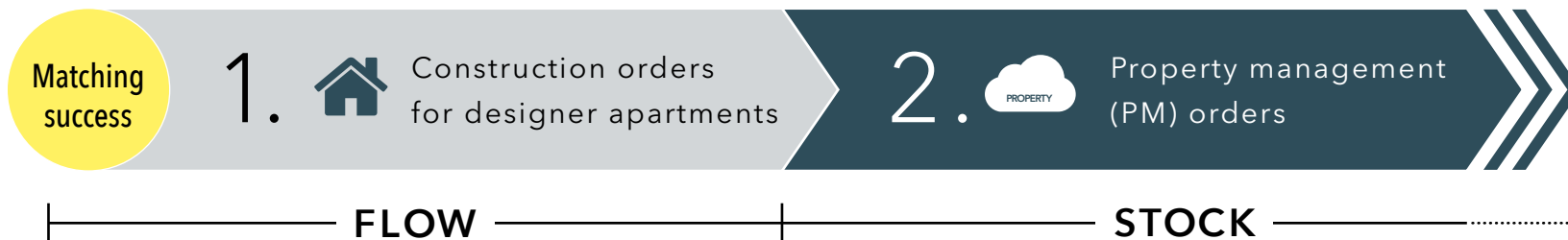
- **Merits for investors cloud**

Low financial risk as the Company does not hold land inventory

## Two-revenue structure of flow and stock originating from land matching

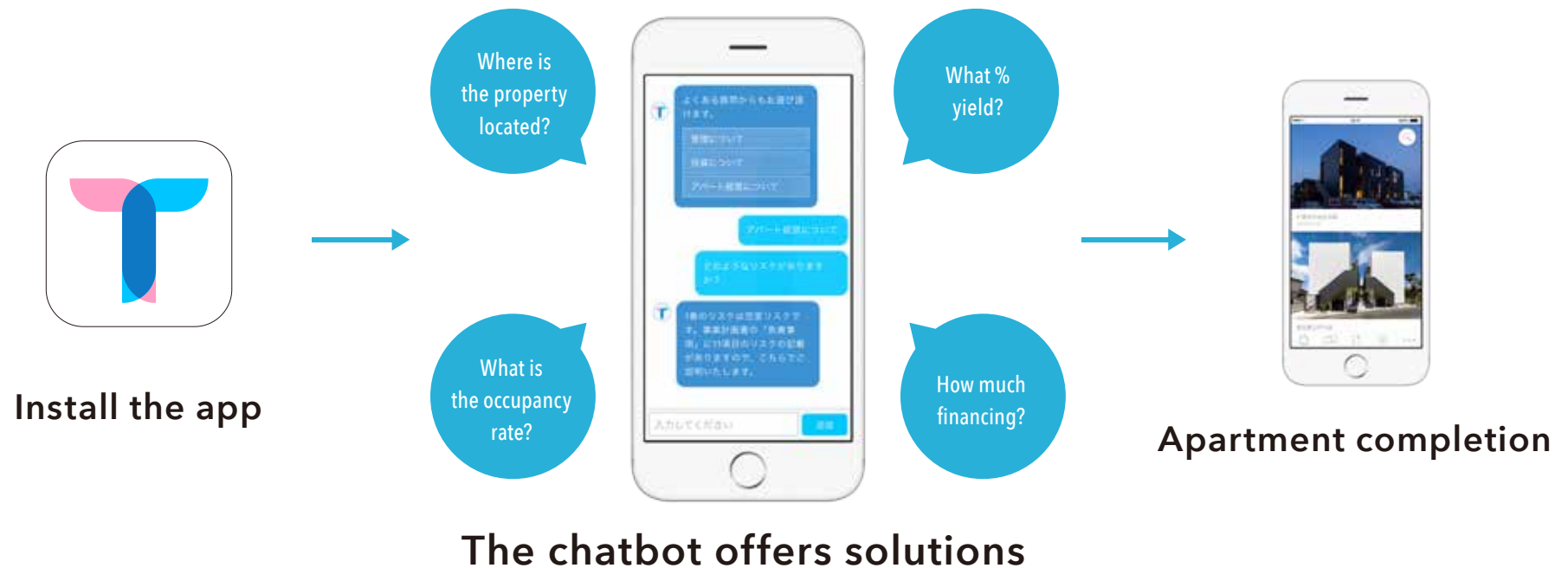


● Two-revenue structure from matching of land and members



Released "TATERU Bot AI," a chat bot utilizing AI jointly developed with PKSHA Technology Inc., a venture originating from the University of Tokyo

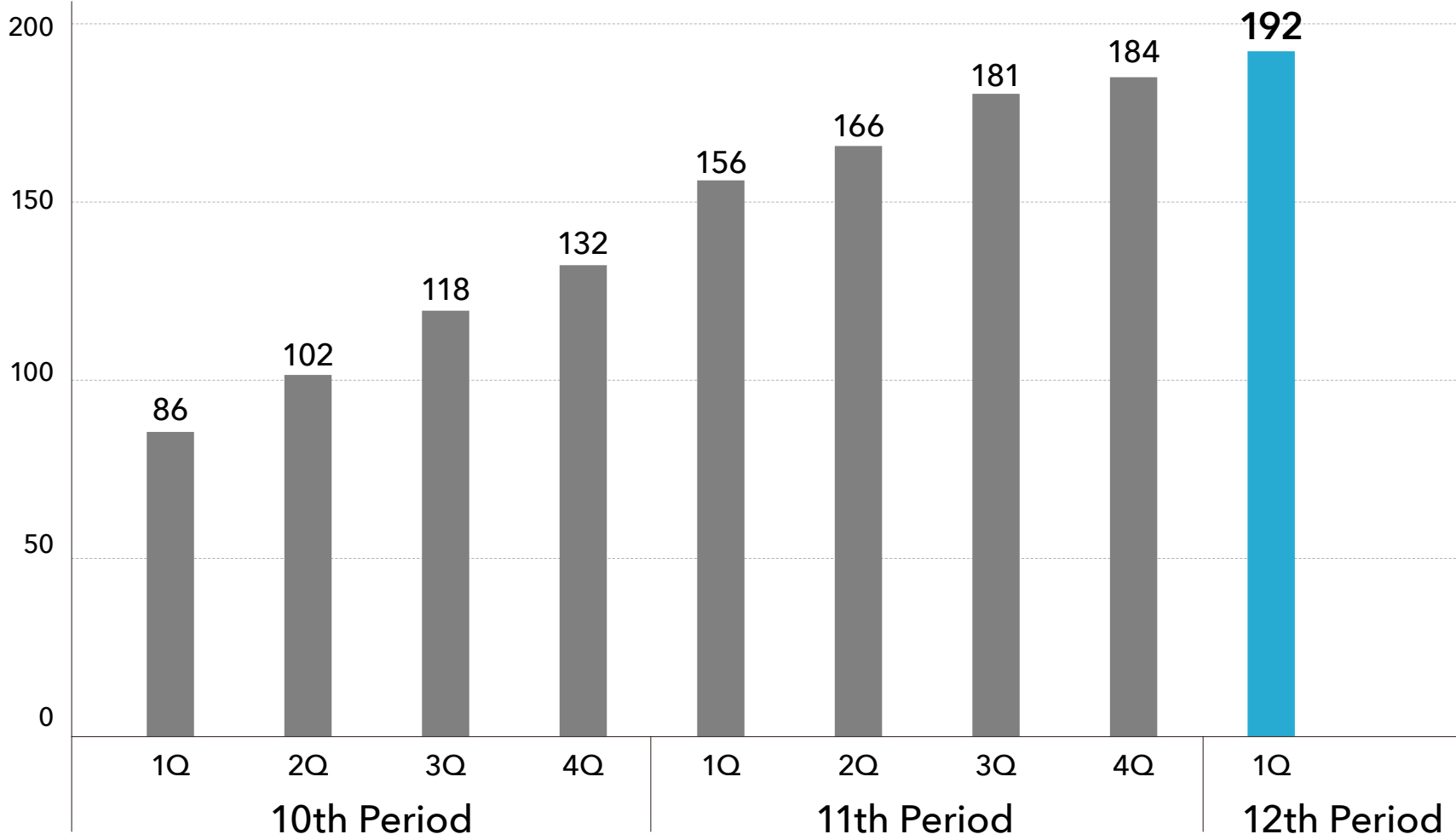
Provision of service commenced on February 28th, 2017



Offering solutions to various issues relating to apartment management, including consultations and the offering of optimal plans (further development planned)

\*investors cloud concierges will assist on a face-to-face basis as necessary

# Record high number of contracts concluded on a quarterly basis



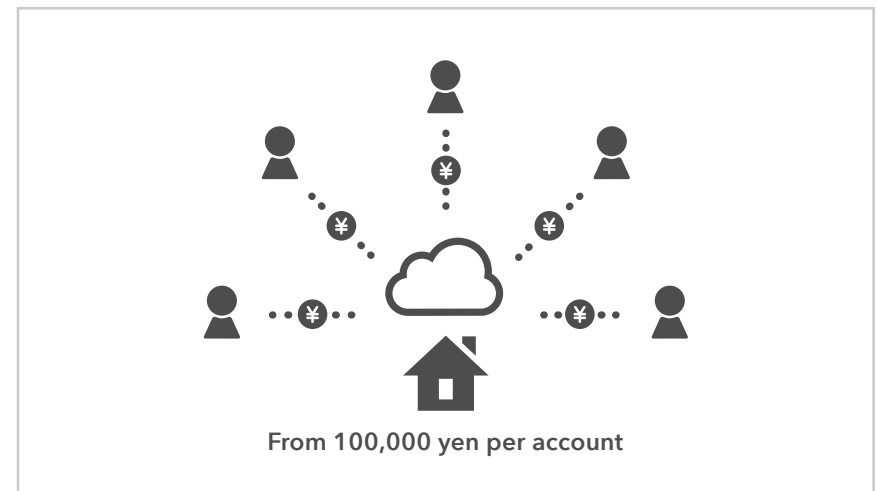


*Real estate investment-type  
crowdfunding*

Reached 7,150 members

**Real estate investment-type  
crowdfunding starting from 100,000 yen  
per account.**

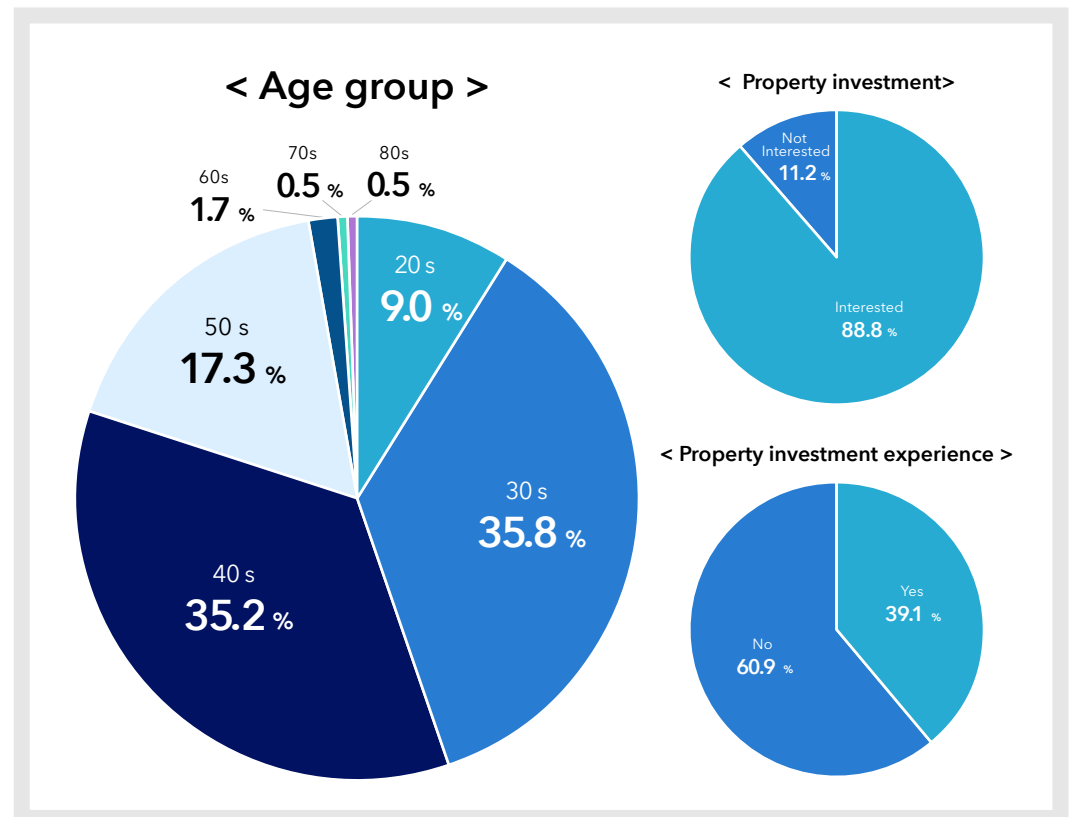
Applications can be easily completed online, and small investments are available for properties ranging from designer apartments constructed by investors cloud, to minpaku properties and overseas real estate in the future.



# Record high amount of funds raised for Fund No. 4

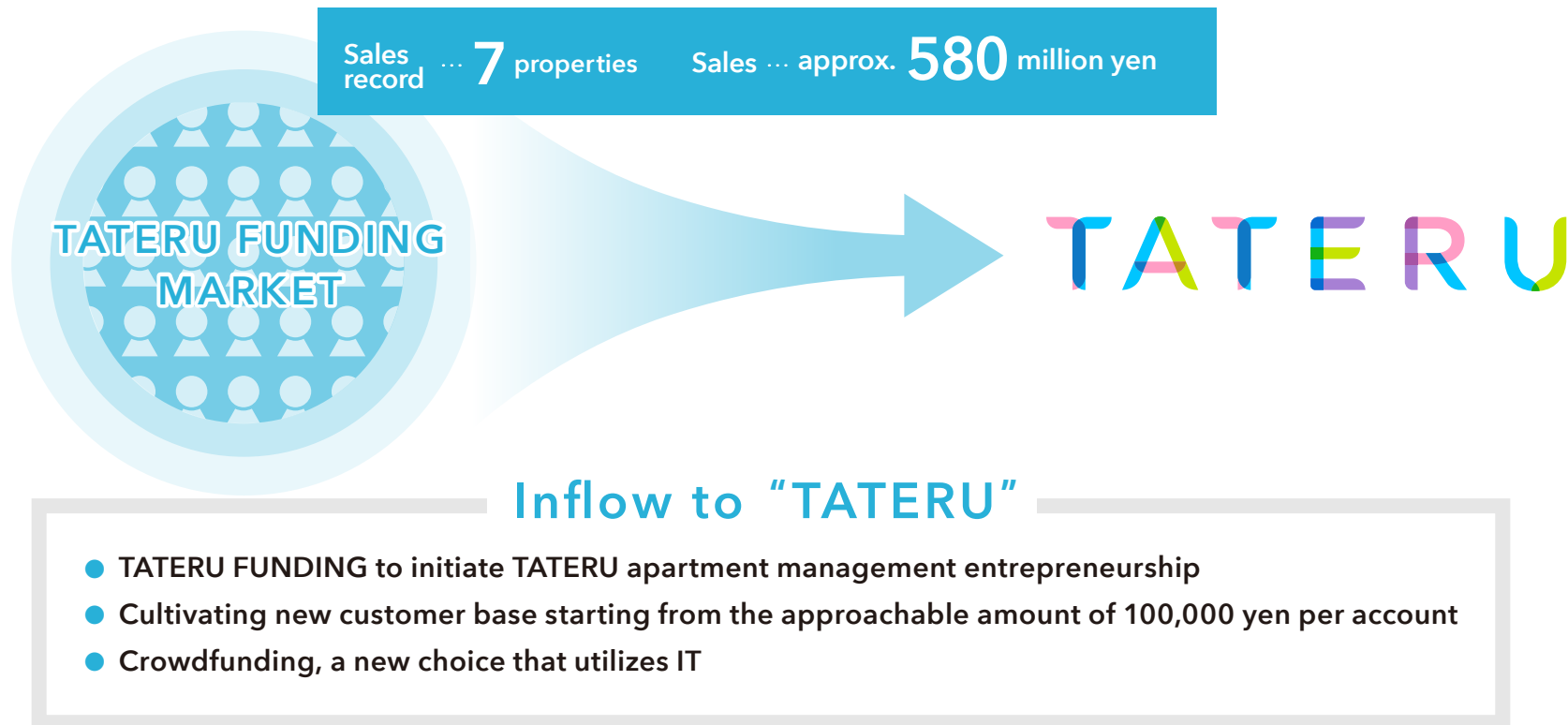
*The amount marked 272.30 million yen*

*(approximately five times as much as the total funds solicited of 54.60 million yen)*



## Synergies with the TATERU business

Retention of new customers and strategy to enable cross-selling to “TATERU”  
Supporting apartment management entrepreneurship





# Offering a safe and secure minpaku service



Smart minpaku operations that utilize TATERU Phone

Kyoto



Tokyo (Ota-ku)



TATERU Phone

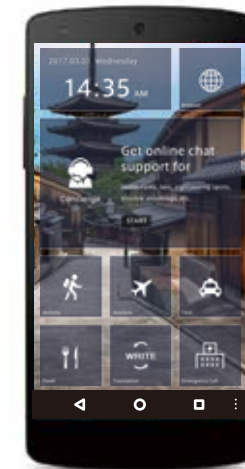
Fukuoka



Matching platform website



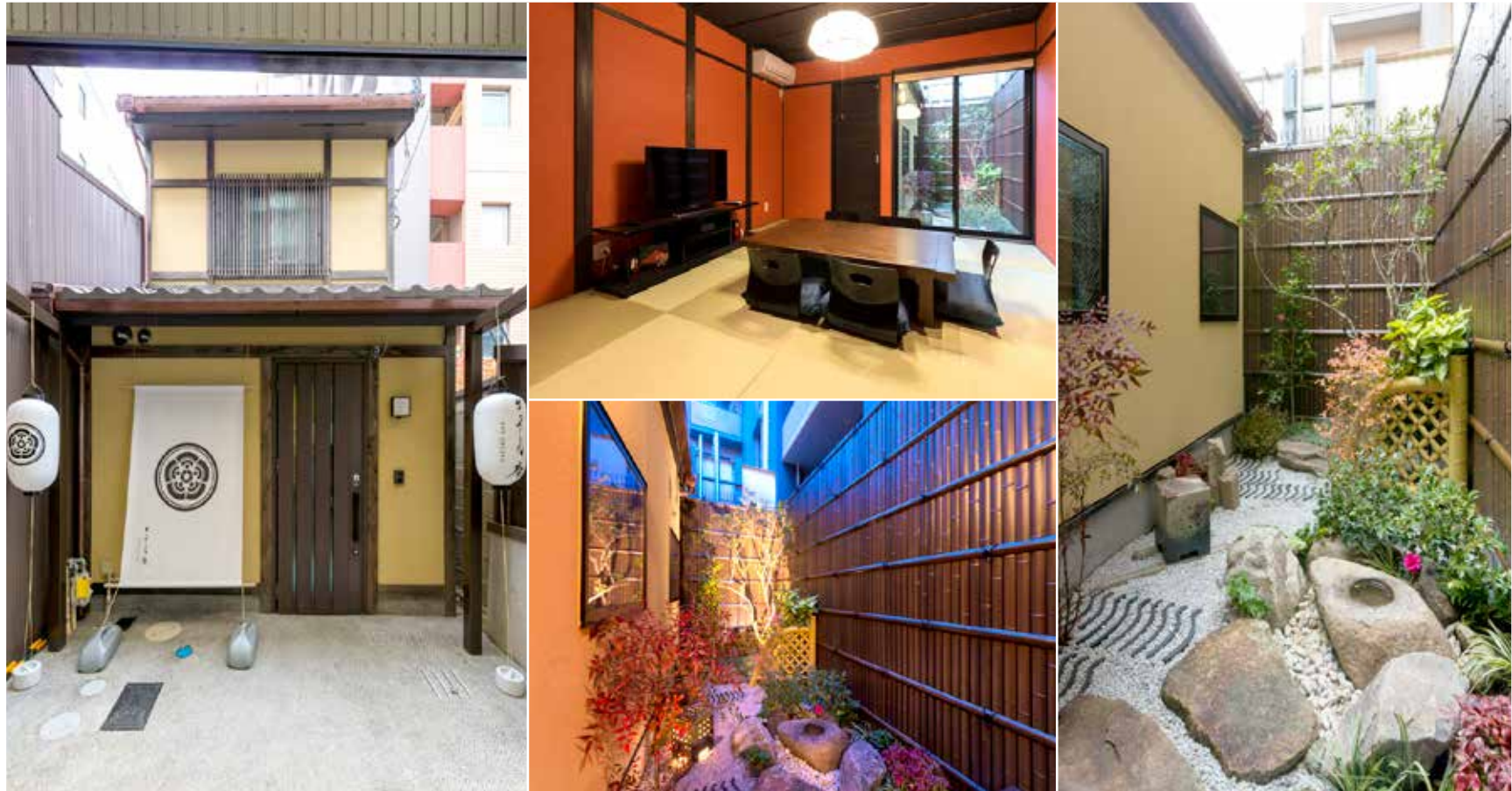
Concierge support that uses TATERU Phone



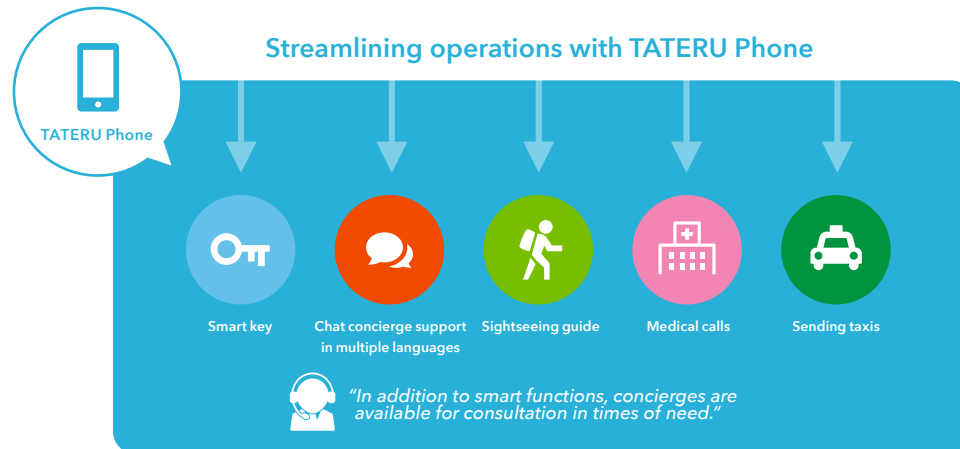
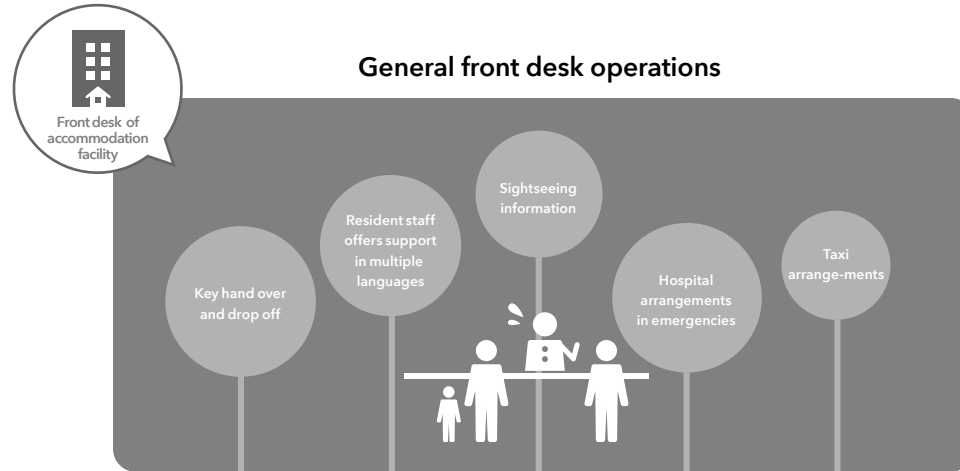
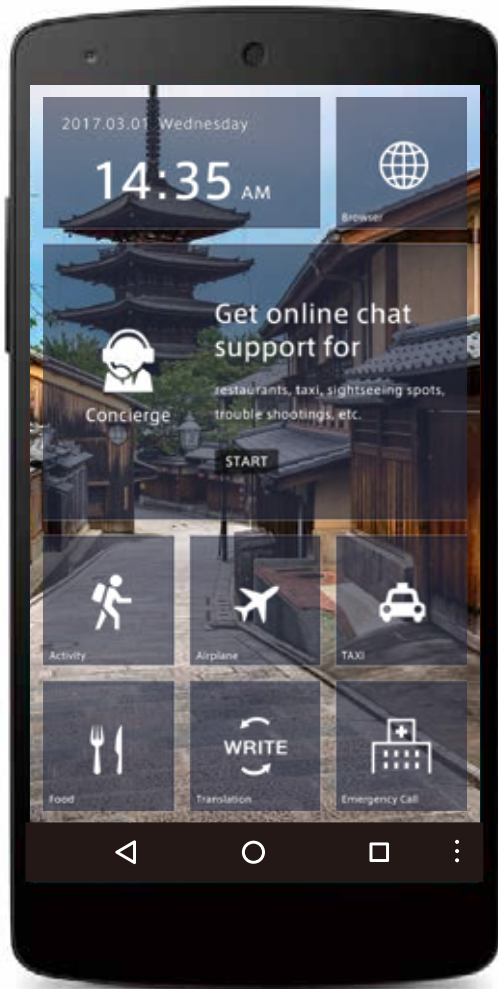
TRIP CONCIERGE




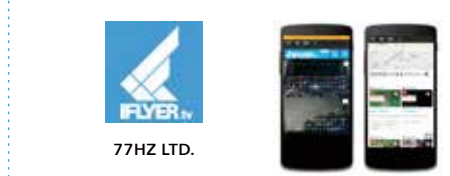
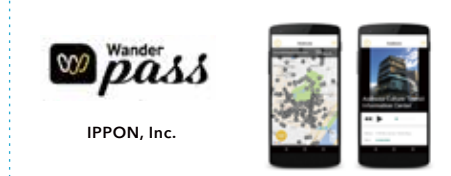





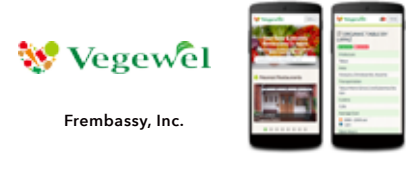

# “TATERU ANN,” an investment product for hosts The building located in Otomo-cho, Kyoto, has sold out



# TATERU Phone for guests



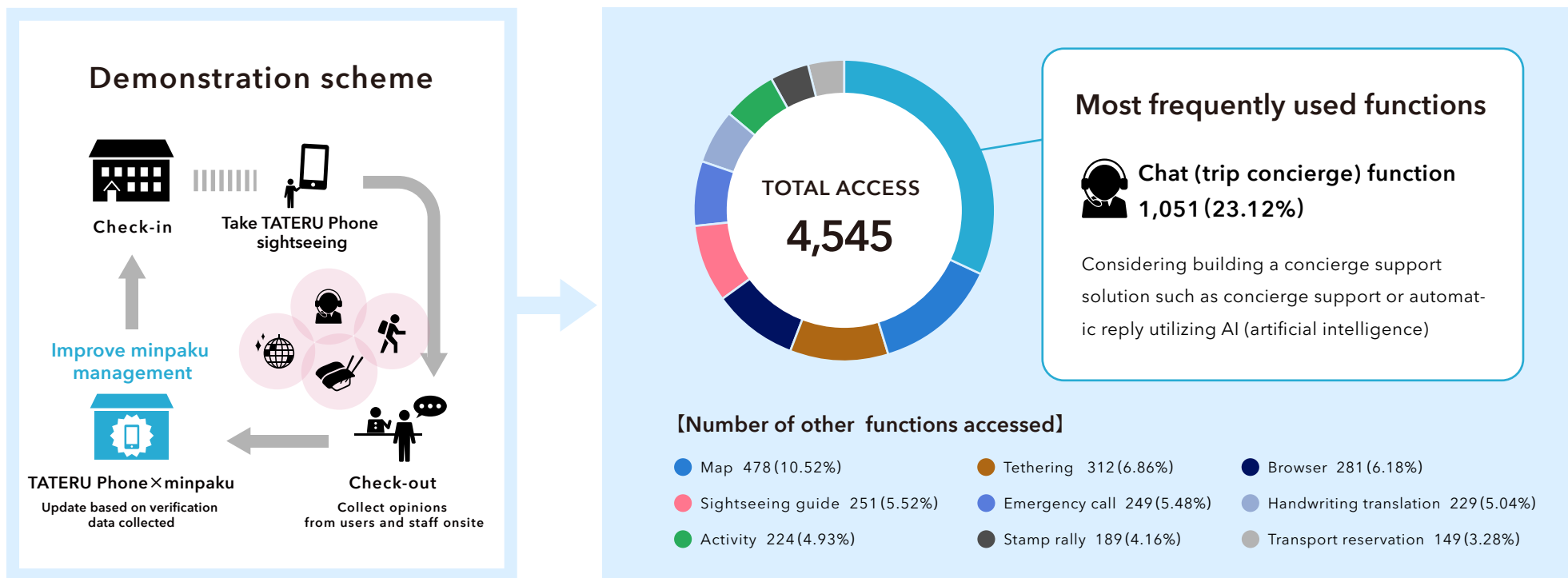
# Status of progress on extension of TATERU Phone functions

<p>STEP 1 Transport functionreservation</p>  <p>EVOLABLE ASIA EVOLABLE ASIA CO., LTD.</p>	<p>STEP 2 Music event function</p>  <p>FLYER TV 77HZ LTD.</p>	<p>STEP 3 Audio tour function</p>  <p>Wander pass IPPON, Inc.</p>	<p>STEP 4 Activity curation function</p>  <p>voyagin. VOYAGIN PTE. LTD.</p>
<p>STEP 5 Emergency call function</p>  <p>東京海上日動 Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p>	<p>STEP 6 Translation function</p>  <p>NTT DOCOMO, INC. Joint testing period until March 31, 2017</p>	<p>STEP 7 Taxi reservation function</p>  <p>日本交通株式会社 Nihon Kotsu Co., Ltd.</p>	<p>STEP 8 Scan function</p>  <p>Payke Payke Inc.</p>
<p>STEP 9 Restaurant search function for vegetarians <i>New</i></p>  <p>Vegewel Frembassy, Inc.</p>	<p>STEP 10 Merchandise sales service function <i>New</i></p>  <p>CHAPTER 8 INC Chapter8, Inc.</p>	<p>Further development is planned</p>	

## Finished demonstration experiments of smart minpaku that utilizes the minpaku IoT device "TATERU Phone" earlier than planned Commencing full-scale operation for expanding "TATERU Phone" rental service

Area: Ota-ku, Tokyo; Fukuoka Prefecture; Kyoto Prefecture

Testing period: Wednesday, September 21, 2016 - Tuesday, February 28, 2017





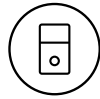
## Rental apartments × IoT

**iApartment Co., Ltd.**

“TATERU kit” is a smart door phone with a tablet placed in a room linked to a smartphone, which allows users to, for example, take videocalls from visitors even while outside and check rooms when absent. The tablet placed in a room also acts as a central control, and, in addition to smart keys, we will create links with various IoT devices in the future (such as smart household appliances), including air conditioners and lighting.







## SMART DOOR PHONE

Take intercom calls from a smartphone



## SMART KEY

Smart keys that can be controlled through the app



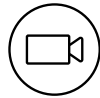
## LED

Adjust the room light



## AIR CONDITIONER

Control air conditioners, even from outside the room



## CAMERA

Indoor cameras that can be checked even from outside



## SECURITY

Security sensors

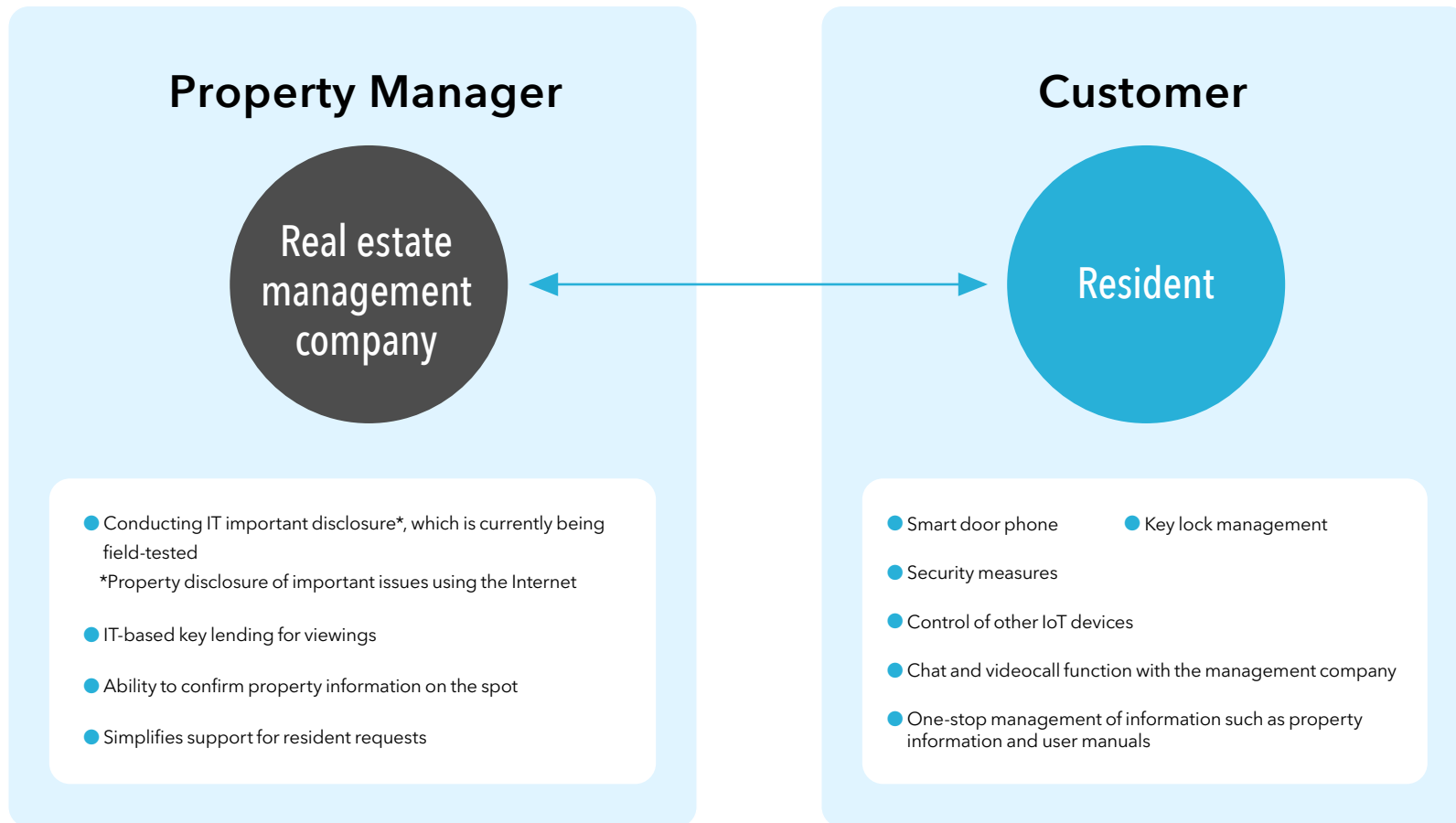


## INFORMATION

Communication function with the management company



## Service that utilizes TATERU kit

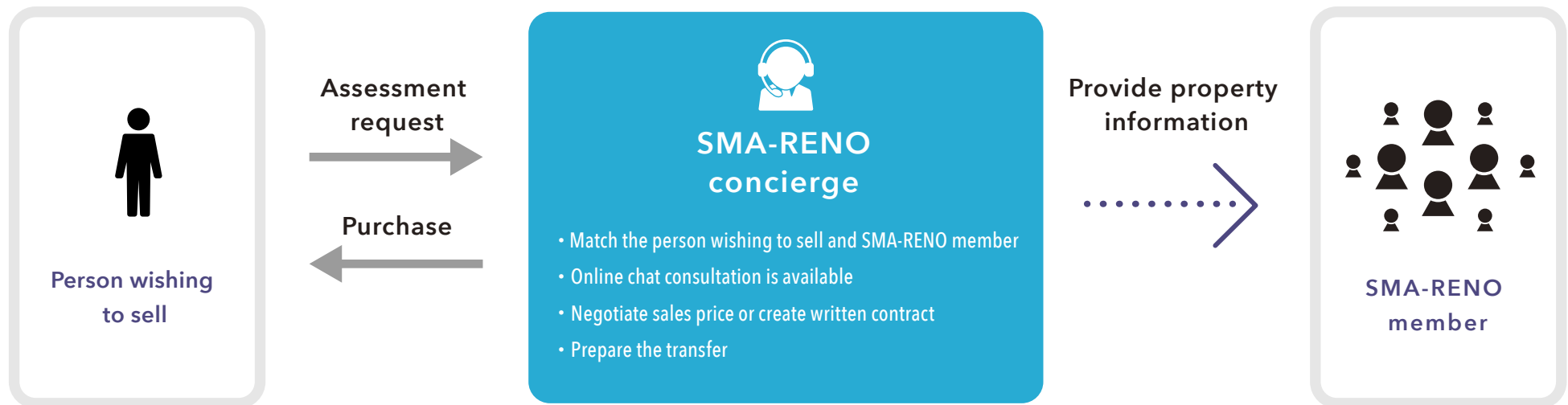




Smart renovation online

Website was renewed in March 2017

Began matching service for apartment transactions  
SMA-RENO concierges support apartment transactions





### **Disclaimer regarding forward-looking statements**

The materials and information presented in this release include “forward-looking statements.” These statements are based on expectations, forecasts, and assumptions that are subject to risks at the time of release, and include uncertainties that may cause outcomes to differ in substance from these statements.

These risks and uncertainties include industries in general, market conditions, and general domestic and international economic conditions such as interest rate and foreign exchange fluctuations.

investors cloud undertakes no obligation to update or revise the “forward-looking statements” included in this release, even in the event of new information, future events, or other circumstances.