

Consolidated Financial Results
for the Three Months Ended March 31, 2017
[Japanese GAAP]



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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: May 12, 2017
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Three Months Ended March 31, 2017 (January 1, 2017 to March 31, 2017)

(1) Consolidated operating results (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2017	11,103	-	634	-	556	-	350	-
March 31, 2016	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Three months ended March 31, 2017: ¥351 million [- %]
 Three months ended March 31, 2016: ¥ - million [- %]

	Basic earnings per share	Diluted earnings per share
Three months ended March 31, 2017	Yen 22.95	Yen 20.06
March 31, 2016	-	-

(Note) As the Company began preparing quarterly consolidated financial statements from the six months ended June 30, 2016, figures for the three months ended March 31, 2016 and changes from the previous corresponding period are not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2017	12,594	6,076	48.2
As of December 31, 2016	10,856	6,030	55.6

(Reference) Equity: As of March 31, 2017: ¥6,076 million
 As of December 31, 2016: ¥6,030 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2016	-	0.00	-	20.00	20.00
Fiscal year ending December 31, 2017	-				
Fiscal year ending December 31, 2017 (Forecast)		20.00	-	20.00	40.00

(Notes) 1. Revision to the forecast for dividends announced most recently: No

2. Breakdown of year-end dividend for the fiscal year ended December 31, 2016:
ordinary dividend: ¥15.00; commemorative dividend: ¥5.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	22,170	53.8	1,830	34.0	1,750	27.9	1,140	32.1	74.56
Full year	50,540	33.3	5,360	40.8	5,280	38.8	3,450	46.5	225.63

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of shares outstanding (common stock)
 - 1) Total number of shares outstanding at the end of the period (including treasury stock):
 - March 31, 2017: 15,290,200 shares
 - December 31, 2016: 15,290,200 shares
 - 2) Total number of treasury stock at the end of the period:
 - March 31, 2017: - shares
 - December 31, 2016: - shares
 - 3) Average number of shares during the period:
 - Three months ended March 31, 2017: 15,290,200 shares
 - Three months ended March 31, 2016: 15,290,200 shares

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016. Total number of shares outstanding (common stock) is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2016.

* These quarterly consolidated financial results are outside the scope of quarterly review.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions judged to be reasonable. The Company makes no warranty as to the achievability of these forecasts. Actual performance, etc. may differ significantly from these forecasts due to a wide range of factors.

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1. Qualitative Information of Quarterly Financial Results

As the Group began preparing quarterly consolidated financial statements from the six months ended June 30, 2016, comparative analyses with the previous corresponding period have not been made.

(1) Explanation of operating results

The Japanese economy during the three months ended March 31, 2017 continued to show a moderate recovery trend backed by the governmental economic policies and the Bank of Japan (“BoJ”)’s monetary easing policies, in addition to the improvement in corporate performance and employment environment. Nevertheless, the outlook remains unclear, with the increase of uncertainty in the overseas economy due to the unclearness of how Brexit and the U.S. new administration’s policy management will give impact to the global economy.

In the real estate industry, with the backdrop of the favorable financing environment such as the BoJ’s continued negative interest rate policy, inflow of funds to the real estate market is ongoing and diversification of our investor base is expected.

Under these circumstances, in the mainstay apartment management platform TATERU business, the Group promoted the increase in membership, and maintenance and improvement of contract rate by focusing on enhancing TATERU’s functions and its brand recognition. In February 2017, by utilizing artificial intelligence (“AI”), we launched a chatbot service TATERU Bot AI. By further improving the function of TATERU Bot AI, we will respond to the wide variety of asset management needs of the members using TATERU. In addition, we actively engaged in various advertising activities including TV commercials to enhance our branding. As a result, the number of new membership increased to over 1,300 average a month, with monthly contracts on an increasing trend.

The real estate investment-type crowdfunding TATERU FUNDING business commenced operation of Fund No. 3 in January 2017 to expand the options of real estate investment and to attract more members.

As a result, the performance for the three months ended March 31, 2017 was ¥11,103 million in net sales, ¥634 million in operating income, ¥556 million in ordinary income and ¥350 million in profit attributable to owners of parent.

The Group’s reportable segment consists solely of the apartment management platform TATERU business. As the significance of other business segments is limited, segment information is omitted.

(2) Explanation of financial position

(Assets)

Total assets at the end of the three months ended March 31, 2017 increased by ¥1,738 million from the end of the previous fiscal year to ¥12,594 million. This is mainly attributable to increases in real estate for sale of ¥1,117 million, real estate for sale in process of ¥929 million and investment securities of ¥1,125 million, despite a decrease in cash and deposits of ¥1,546 million.

(Liabilities)

Total liabilities at the end of the three months ended March 31, 2017 increased by ¥1,693 million from the end of the previous fiscal year to ¥6,518 million. This is mainly attributable to an increase in short-term loans payable of ¥3,000 million, despite decreases in accounts payable-trade of ¥302 million and income taxes payable of ¥929 million.

(Net assets)

Total net assets at the end of the three months ended March 31, 2017 increased by ¥45 million from the end of the previous fiscal year to ¥6,076 million. This is mainly attributable to an increase in retained earnings of ¥45 million due to recording of profit attributable to owners of parent of ¥350 million, despite a decrease of ¥305 million due to dividends from surplus.

(3) Explanation of consolidated financial results forecast and other forward-looking information

The consolidated financial results forecast for the first half ending June 30, 2017 and the full year ending December 31, 2017 have not been revised from the forecast announced on February 9, 2017.

There is a seasonal fluctuation factor that net sales of the Group concentrates in the fourth quarter of the consolidated fiscal year prior to the peak season for the leasing demand (February and March). Thus, actual achievement rates for the three months ended March 31, 2017 included in the consolidated financial results forecast for the fiscal year ending December 31, 2017 were at a low level, with 22.0% for net sales, 11.8% for operating income, 10.5% for ordinary income and 10.2% for profit attributable to owners of parent. However, net sales and other income items in the consolidated financial results for the three months ended March 31, 2017 were all higher than initially planned and progressed steadily. Announcement will be made promptly in case we decide that the forecast needs to be revised.

2. Matters regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the period under review

Not applicable.

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements

(Tax expenses)

Tax expenses are calculated based on a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the three months ended March 31, 2017, and then multiplying profit before income taxes by the estimated effective tax rate.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

Not applicable.

(4) Additional information

(Application of revised implementation guidance on recoverability of deferred tax assets)

The Company applied the Revised Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the three months ended March 31, 2017.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	4,904,216	3,357,879
Accounts receivable-trade	435,435	534,495
Real estate for sale	1,506,610	2,623,869
Real estate for sale in process	910,683	1,839,762
Supplies	3,429	3,176
Other	730,781	597,716
Allowance for doubtful accounts	(790)	(1,112)
Total current assets	8,490,366	8,955,788
Non-current assets		
Property, plant and equipment	476,721	617,669
Intangible assets	83,736	84,519
Investments and other assets		
Investment securities	1,597,854	2,723,710
Other	207,350	212,896
Total investments and other assets	1,805,204	2,936,606
Total non-current assets	2,365,662	3,638,795
Total assets	10,856,029	12,594,584
Liabilities		
Current liabilities		
Accounts payable-trade	2,189,047	1,886,966
Short-term loans payable	-	3,000,000
Income taxes payable	1,153,157	223,913
Provision for bonuses	15,725	62,900
Provision for rent warranties	175,824	107,801
Other	1,268,291	1,211,454
Total current liabilities	4,802,045	6,493,035
Non-current liabilities		
Asset retirement obligations	23,126	25,166
Total non-current liabilities	23,126	25,166
Total liabilities	4,825,172	6,518,202
Net assets		
Shareholders' equity		
Capital stock	601,926	601,926
Capital surplus	512,444	512,444
Retained earnings	4,916,786	4,961,849
Total shareholders' equity	6,031,157	6,076,220
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(300)	161
Total accumulated other comprehensive income	(300)	161
Total net assets	6,030,857	6,076,382
Total liabilities and net assets	10,856,029	12,594,584

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Three months ended March 31, 2017

(Thousand yen)

	For the three months ended March 31, 2017
Net sales	11,103,728
Cost of sales	9,226,570
Gross profit	1,877,158
Selling, general and administrative expenses	1,243,103
Operating income	634,055
Non-operating income	
Interest income	32
Share of profit of entities accounted for using equity method	1,623
Other	221
Total non-operating income	1,877
Non-operating expenses	
Interest expenses	1,324
Loss on investments in partnership	1,369
Commission fee	75,500
Other	922
Total non-operating expenses	79,116
Ordinary income	556,817
Profit before income taxes	556,817
Income taxes	205,950
Profit	350,866
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	350,866

Consolidated statements of comprehensive income

Three months ended March 31, 2017

(Thousand yen)

	For the three months ended March 31, 2017
Profit	350,866
Other comprehensive income	
Valuation difference on available-for-sale securities	316
Share of other comprehensive income of entities accounted for using equity method	145
Total other comprehensive income	461
Comprehensive income	351,328
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	351,328
Comprehensive income attributable to non-controlling interests	-

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

The Group's reportable segment consists solely of the apartment management platform TATERU business. As the significance of other business segments is limited, segment information is omitted.

4. Others

Orders received

(Record of orders received)

The record of orders received in the apartment management platform TATERU business based on completed construction for the three months ended March 31, 2017 is as follows.

Name of the segment	Orders received (Thousand yen)	Changes from the previous corresponding period (%)	Order backlog (Thousand yen)	Changes from the previous corresponding period (%)
Apartment management platform TATERU business	8,540,180	-	22,339,327	-

- (Notes)
1. Consumption taxes, etc. are not included in the above figures.
 2. As the Group began preparing quarterly consolidated financial statements from the six months ended June 30, 2016, changes from the previous corresponding period are not stated.
 3. The Group's reportable segment consists solely of the apartment management platform TATERU business. As the significance of other business segments is limited, the record of orders received belongs to the said business.