

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2017 [Japanese GAAP]



February 13, 2018

Company name: investors cloud co., ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 1435  
 URL: <http://www.e-inv.co.jp/>  
 Representative: Daisaku Furuki, President  
 Contact: Yusuke Takasugi, Executive Officer, General Manager of Business Management Division  
 Phone: +81-3-6447-0651  
 Scheduled date of Annual General Meeting of Shareholders: March 27, 2018  
 Scheduled date of commencing dividend payments: March 28, 2018  
 Scheduled date of filing annual securities report: March 28, 2018  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are truncated)

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2017 (January 1, 2017 to December 31, 2017)

(1) Consolidated operating results (% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2017	67,016	76.8	5,898	55.0	5,863	54.2	3,995	69.7
December 31, 2016	37,915	-	3,806	-	3,803	-	2,354	-

(Note) Comprehensive income: Fiscal year ended December 31, 2017: ¥4,083million [73.9%]  
 Fiscal year ended December 31, 2016: ¥2,348 million [- %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2017	51.52	46.06	51.3	35.8	8.8
December 31, 2016	30.79	26.92	47.7	43.6	10.0

(Reference) Equity in earnings (losses) of associated companies: Fiscal year ended December 31, 2017: ¥51 million  
 Fiscal year ended December 31, 2016: ¥(4) million

- (Notes)
- The Company conducted a two-for-one stock split of its common stock effective July 1, 2016 and a five-for-one stock split of its common stock effective January 1, 2018. Basic earnings per share and diluted earnings per share are calculated on the assumption that those stock splits were conducted at the beginning of the previous fiscal year.
  - As the Company began preparing consolidated financial statements from the fiscal year ended December 31, 2016, changes from the previous corresponding period for the fiscal year ended December 31, 2016 are not stated.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2017	21,864	9,667	43.6	120.56
As of December 31, 2016	10,856	6,030	55.6	78.89

(Reference) Equity: As of December 31, 2017: ¥9,531 million  
 As of December 31, 2016: ¥6,030 million

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016 and a five-for-one stock split of its common stock effective January 1, 2018. Net assets per share is calculated on the assumption that those stock splits were conducted at the beginning of the previous fiscal year.

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2017	3,647	(3,104)	4,441	9,888
December 31, 2016	2,725	(1,922)	(148)	4,904

### 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2016	-	0.00	-	20.00	20.00	305	13.0	6.2
December 31, 2017	-	20.00	-	25.00	45.00	701	17.5	9.0
Fiscal year ending December 31, 2018 (Forecast)	-	5.00	-	5.00	10.00		16.4	

- (Notes) 1. Breakdown of year-end dividend for the fiscal year ended December 31, 2016:  
ordinary dividend: ¥15.00; commemorative dividend: ¥5.00
2. Though the Company conducted a five-for-one stock split of its common stock effective January 1, 2018 dividends for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2017 shown are the amount actually paid.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 to December 31, 2018)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	27,639	4.5	1,926	0.0	1,913	2.5	1,280	5.4	16.20
Full year	76,611	14.3	7,113	20.6	7,099	21.1	4,815	20.5	60.91

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes  
New inclusion: 1  
Name of company: Realize Asset Management Co., Ltd.
- (2) 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
- (3) Total number of shares outstanding (common stock)
- 1) Total number of shares outstanding at the end of the period (including treasury stock):  
December 31, 2017: 79,059,000 shares  
December 31, 2016: 76,451,000 shares
- 2) Total number of treasury stock at the end of the period:  
December 31, 2017: - shares  
December 31, 2016: - shares
- 3) Average number of shares during the period:  
Fiscal year ended December 31, 2017: 77,551,362 shares  
Fiscal year ended December 31, 2016: 76,451,000 shares

(Note) The Company conducted a two-for-one stock split of its common stock effective July 1, 2016 and a five-for-one stock split of its common stock effective January 1, 2018. The total number of shares outstanding at the end of the period (including treasury stock), the total number of treasury stock at the end of the period and the average number of shares during the period are calculated on the assumption that those stock splits were conducted at the beginning of the previous fiscal year.

\* Presentation regarding the implementation status of the audit procedures

These financial results are outside the scope of audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

\* 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. Please refer to “(4) Future outlook in 1. Summary of Operating Results, etc.” on page 4 of the attachments for conditions of the assumptions of the financial results forecast and the use of these forecasts.

The Company conducted a five-for-one stock split of its common stock effective January 1, 2018.

Table of Contents of the Attachments

1. Summary of Operating Results, etc .....	2
(1) Summary of operating results for the current fiscal year .....	2
(2) Summary of financial position for the current fiscal year .....	2
(3) Summary of cash flows for the current fiscal year .....	3
(4) Future outlook .....	3
2. Basic Stance on Selection of Accounting Standards .....	4
3. Consolidated Financial Statements and Primary Notes .....	5
(1) Consolidated balance sheets .....	5
(2) Consolidated statements of income and comprehensive income .....	7
(3) Consolidated statements of changes in net assets .....	9
(4) Consolidated statements of cash flows .....	10
(5) Notes to consolidated financial statements .....	12
(Notes on going concern assumption) .....	12
(Changes in presentation) .....	12
(Segment information, etc.) .....	13
(Per share information) .....	14
(Significant subsequent events) .....	15
4. Others .....	16
Orders received .....	16

## 1. Summary of Operating Results, etc.

### (1) Summary of operating results for the current fiscal year

The Japanese economy during the current fiscal year continued to show a moderate recovery trend, with Japanese corporate earnings reaching record highs, backed by the governmental economic policies and the Bank of Japan (“BoJ”)’s continued monetary easing policies, in addition to the improvement in corporate performance and employment environment. Nevertheless, the outlook remains unclear because of the uncertainty in the overseas economy including geopolitical risks in Europe and Asia, the direction of U.S. monetary policy, and economic trends in emerging countries such as China.

In the real estate industry, with the backdrop of the favorable financing environment such as the BoJ’s continued negative interest rate policy, an inflow of funds to the real estate market is ongoing despite a decline in apartment loans for inheritance tax saving purposes due to regulatory tightening by the Financial Services Agency, and diversification of our investor base is expected.

Under these circumstances, the Group changed the concept of TATERU in the mainstay apartment platform business, TATERU, to a broader concept, and renamed the apartment platform business from the TATERU business to the TATERU Apartment business with the aim of improving its name recognition in the industry and further enhancing its brand power by refreshing its corporate identity (“CI”). In addition, in line with this move, the Company will change its name from investors cloud co., ltd. to TATERU, Inc. on the condition that partial amendments to the Articles of Incorporation are approved at The 12th Annual General Meeting of Shareholders scheduled to be held on March 27, 2018.

In the mainstay , TATERU Apartment business, the Group promoted the increase in its membership and the maintenance and improvement of contract rate by focusing on enhancing functions and its brand recognition. In February 2017, by utilizing artificial intelligence (“AI”), we launched a chatbot service, TATERU Bot AI, and in June 2017, we commenced the sale of an IoT device, TATERU kit, for apartments contracted. 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 by over 1,500 on average per month, with monthly contracts on an increasing trend. Moreover, the Company acquired additional shares during the fourth quarter of the current fiscal year in Realize Asset Management Co., Ltd., an equity-method affiliate, making it a consolidated subsidiary.

In the Robot Home business which mainly plan and develop IoT devices, we commenced the provision of IoT devices, Apartment kit, including the aforementioned TATERU kit. Through the promotion of Apartment kit, we will strive to provide occupants with greater security and convenience, streamline rental property management for owners and management companies, and promote smooth communication among the three property management-related parties (owners, occupants, and management companies).

The real estate investment-type crowdfunding TATERU Funding business commenced the operations of totaling 10 funds thus far. Going forward, in order to broaden the options of real estate investment, the Group will form capital-oriented funds as new products. The number of TATERU Funding’s members passed the 20,000 mark, and it is continuing to grow.

As a result, the performance for the current fiscal year was ¥67,016 million in net sales (up 76.8% year on year), ¥5,898 million in operating profit (up 55.0% year on year), ¥5,863 million in ordinary profit (up 54.2% year on year) and ¥3,995 million in profit attributable to owners of parent (up 69.7% year on year).

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

### (2) Summary of financial position for the current fiscal year

#### (Assets)

Total assets at the end of the current fiscal year increased by ¥11,008 million from the end of the previous fiscal year to ¥21,864 million. This is mainly attributable to increases in cash and deposits of ¥4,984 million, goodwill of ¥1,921 million and property, plant and equipment of ¥921 million.

(Liabilities)

Total liabilities at the end of the current fiscal year increased by ¥7,371 million from the end of the previous fiscal year to ¥12,197 million. This is mainly attributable to increases in short-term loans payable of ¥3,000 million and long-term loans payable of ¥1,604 million.

(Net assets)

Total net assets at the end of the current fiscal year increased by ¥3,636 million from the end of the previous fiscal year to ¥9,667 million. This is mainly attributable to an increase in retained earnings of ¥3,383 million due to the recording of profit attributable to owners of parent of ¥3,995 million, despite the payment of dividends from surplus of ¥611 million.

(3) Summary of cash flows for the current fiscal year

Cash and cash equivalents at the end of the current fiscal year increased by ¥4,984 million from the end of the previous fiscal year to ¥9,888 million. Cash flows in each activity are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥3,647 million (¥2,725 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in income taxes paid of ¥1,934 million and an increase in inventories of ¥911 million, while inflows consisted of profit before income taxes of ¥5,907 million and an increase in notes and accounts payable-trade of ¥897 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥3,104 million (¥1,922 million used at the end of the previous fiscal year). This is mainly attributable to inflows in proceeds from sales of property, plant and equipment of ¥363 million, while outflows consisted of purchase of property, plant and equipment of ¥1,331 million and purchase of investment securities of ¥1,182 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥4,441 million (¥148 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in cash dividends paid of ¥610 million, while inflows consisted of a net increase in short-term loans payable of ¥3,000 million and proceeds from long-term loans payable of ¥2,000 million.

(4) Future outlook

As for the outlook for the fiscal year ending December 31, 2018, with the continuing favorable financing environment rendered by the BoJ's monetary easing, active real estate transactions with high investment appetite is expected to continue steadily, even though the uncertainty in the global economy remains high.

Under these circumstances, we believe it is vital to develop business based on our Group management philosophy "Internet × Real: accelerating new services."

To this end, as announced on December 14, 2017, on the condition that partial amendments to the Articles of Incorporation are approved at the 12th Annual General Meeting of Shareholders scheduled to be held on March 27, 2018, the Company will change its name to TATERU, Inc. after its mainstay TATERU business in order to improve its name recognition in the industry and further enhance its brand power, and to develop businesses in more effective ways. In addition, the name of the current TATERU business will be changed to the TATERU Apartment business as well, and the Company will continue to aim to increase membership and maintain and improve contract rates. As a result, we forecast an increase of around 25% year on year in the delivery of apartments on a building-structure-basis.

In the Robot Home business, we will promote the provision of IoT devices, Apartment kit, including Tateru kit, and strive to provide occupants with greater security and convenience.

In the real estate investment-type crowdfunding TATERU Funding business, for the purpose of forming more capital-oriented funds, our new products, as well as further expanding and diversifying the products offered, we

will establish a consolidated subsidiary, TATERU FUNDING Co., Ltd., with plans to register the subsidiary as a type II financial instruments business and investment management business operator.

TATERU bnb business conducts planning, development, and operations for properties for Minpaku use, and aims to expand revenues and profits by increasing the number of projects used as such Minpaku properties.

Through the initiatives outlined above, we foresee consolidated financial results for the fiscal year ending December 31, 2018 with net sales of ¥¥76,611 million (up 14.3% year on year), operating profit of ¥7,113 million (up 20.6 % year on year), ordinary profit of ¥7,099 million (up 21.1% year on year) and profit attributable to owners of parent of ¥4,815 million (up 20.5% year on year).

## 2. Basic Stance on Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Company's policy is to prepare its consolidated financial statements under Japanese GAAP for the time being.

With regard to International Financial Reporting Standards, the Company's policy is to take appropriate measures in consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes  
(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2016	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	4,904,216	9,888,330
Accounts receivable-trade	435,435	1,162,053
Merchandise and finished goods	-	81,529
Work in process	-	12,590
Real estate for sale	1,506,610	1,847,356
Real estate for sale in process	910,683	1,384,219
Supplies	3,429	6,596
Deferred tax assets	141,253	311,951
Other	589,528	819,728
Allowance for doubtful accounts	(790)	(2,482)
<b>Total current assets</b>	<b>8,490,366</b>	<b>15,511,874</b>
Non-current assets		
Property, plant and equipment		
Buildings	221,406	481,752
Accumulated depreciation	(33,052)	(104,199)
Buildings, net	188,354	377,552
Vehicles	62,585	66,889
Accumulated depreciation	(23,887)	(40,553)
Vehicles, net	38,698	26,335
Land	204,767	850,449
Construction in progress	25,466	99,306
Other	63,701	120,642
Accumulated depreciation	(44,267)	(75,670)
Other, net	19,434	44,971
<b>Total property, plant and equipment</b>	<b>476,721</b>	<b>1,398,617</b>
Intangible assets		
Goodwill	-	1,921,305
Other	83,736	167,901
<b>Total intangible assets</b>	<b>83,736</b>	<b>2,089,207</b>
Investments and other assets		
Investment securities	1,597,854	2,181,666
Deferred tax assets	24,629	62,966
Other	182,720	620,448
<b>Total investments and other assets</b>	<b>1,805,204</b>	<b>2,865,081</b>
<b>Total non-current assets</b>	<b>2,365,662</b>	<b>6,352,905</b>
<b>Total assets</b>	<b>10,856,029</b>	<b>21,864,780</b>



(Thousand yen)

	As of December 31, 2016	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	2,189,047	3,087,038
Short-term loans payable	-	3,000,000
Current portion of long-term loans payable	-	405,904
Income taxes payable	1,153,157	1,464,231
Provision for bonuses	15,725	44,699
Provision for full occupancy responsibility	175,824	200,111
Asset retirement obligations	-	29,655
Other	1,268,291	2,342,171
<b>Total current liabilities</b>	<b>4,802,045</b>	<b>10,573,811</b>
Non-current liabilities		
Long-term loans payable	-	1,604,312
Asset retirement obligations	23,126	18,889
<b>Total non-current liabilities</b>	<b>23,126</b>	<b>1,623,201</b>
<b>Total liabilities</b>	<b>4,825,172</b>	<b>12,197,012</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	601,926	628,006
Capital surplus	512,444	533,502
Retained earnings	4,916,786	8,300,627
<b>Total shareholders' equity</b>	<b>6,031,157</b>	<b>9,462,137</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(300)	69,152
<b>Total accumulated other comprehensive income</b>	<b>(300)</b>	<b>69,152</b>
Subscription rights to shares	-	1,530
Non-controlling interests	-	134,948
<b>Total net assets</b>	<b>6,030,857</b>	<b>9,667,768</b>
<b>Total liabilities and net assets</b>	<b>10,856,029</b>	<b>21,864,780</b>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
Net sales	37,915,158	67,016,456
Cost of sales	30,600,364	55,312,313
Gross profit	7,314,794	11,704,143
Selling, general and administrative expenses	3,508,058	5,805,531
Operating profit	3,806,736	5,898,612
Non-operating income		
Interest income	391	431
Dividend income	350	1,544
Gain on sales of goods	3,297	2,329
Share of profit of entities accounted for using equity method	-	51,709
Other	246	1,914
Total non-operating income	4,285	57,929
Non-operating expenses		
Interest expenses	-	10,919
Loss on investments in partnership	2,464	2,716
Commission fee	-	77,789
Share of loss of entities accounted for using equity method	4,269	-
Other	289	1,122
Total non-operating expenses	7,023	92,547
Ordinary profit	3,803,998	5,863,994
Extraordinary income		
Gain on sales of non-current assets	1,082	1,060
Gain on step acquisitions	-	169,487
Total extraordinary income	1,082	170,547
Extraordinary losses		
Loss on retirement of non-current assets	5,005	-
Loss on valuation of investment securities	-	126,733
Total extraordinary losses	5,005	126,733
Profit before income taxes	3,800,074	5,907,808
Income taxes - current	1,505,356	2,105,221
Income taxes - deferred	(54,599)	(211,237)
Total income taxes	1,450,756	1,893,983
Profit	2,349,317	4,013,825
Profit (loss) attributable to non-controlling interests	(4,900)	18,376
Profit attributable to owners of parent	2,354,217	3,995,449

Consolidated statements of comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
Profit	2,349,317	4,013,825
Other comprehensive income		
Valuation difference on available-for-sale securities	(802)	69,185
Share of other comprehensive income of entities accounted for using equity method	41	267
Total other comprehensive income	(761)	69,453
Comprehensive income	2,348,556	4,083,278
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,353,456	4,064,902
Comprehensive income attributable to non-controlling interests	(4,900)	18,376

(3) Consolidated statements of changes in net assets  
For the fiscal year ended December 31, 2016

(Thousand yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	601,926	512,444	2,715,470	3,829,842	461	461	3,830,303
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares				-			-
Dividends of surplus			(152,902)	(152,902)			(152,902)
Profit attributable to owners of parent			2,354,217	2,354,217			2,354,217
Purchase of shares of consolidated subsidiaries				-			-
Net changes of items other than shareholders' equity					(761)	(761)	(761)
Total changes of items during period	-	-	2,201,315	2,201,315	(761)	(761)	2,200,554
Balance at end of current period	601,926	512,444	4,916,786	6,031,157	(300)	(300)	6,030,857

For the fiscal year ended December 31, 2017

(Thousand yen)

	Shareholders' equity				Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	601,926	512,444	4,916,786	6,031,157	(300)	(300)	-	-	6,030,857
Changes of items during period									
Issuance of new shares - exercise of subscription rights to shares	26,080	26,080		52,160		-			52,160
Dividends of surplus			(611,608)	(611,608)		-			(611,608)
Profit attributable to owners of parent			3,995,449	3,995,449		-			3,995,449
Purchase of shares of consolidated subsidiaries		(5,021)		(5,021)		-			(5,021)
Net changes of items other than shareholders' equity				-	69,453	69,453	1,530	134,948	205,931
Total changes of items during period	26,080	21,058	3,383,841	3,430,979	69,453	69,453	1,530	134,948	3,636,910
Balance at end of current period	628,006	533,502	8,300,627	9,462,137	69,152	69,152	1,530	134,948	9,667,768

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,800,074	5,907,808
Depreciation	83,708	160,085
Amortization of goodwill	-	32,564
Loss on retirement of non-current assets	5,005	-
Loss (gain) on sales of non-current assets	(1,082)	(1,060)
Loss (gain) on valuation of interest securities	-	126,733
Loss (gain) on step acquisition	-	(169,487)
Interest and dividend income	(741)	(1,975)
Interest expenses	-	10,919
Loss (gain) on investments in partnership	2,464	2,716
Share of (profit) loss of entities accounted for using equity method	4,269	(51,709)
Decrease (increase) in notes and accounts receivable-trade	(262,975)	(648,052)
Decrease (increase) in inventories	(958,892)	(911,367)
Increase (decrease) in notes and accounts payable-trade	1,174,220	897,991
Decrease (increase) in advance payments	(228,279)	(206,734)
Increase (decrease) in advances received	(9,688)	50,189
Increase (decrease) in allowance for doubtful accounts	301	1,692
Increase (decrease) in provision for bonuses	3,525	1,475
Increase (decrease) in provision for full occupancy responsibility	94,634	24,286
Decrease (increase) in other assets	(109,224)	111,768
Increase (decrease) in other liabilities	111,433	252,204
Other, net	287	1,295
Subtotal	3,709,042	5,591,343
Interest and dividend income received	742	1,976
Interest expenses paid	-	(11,275)
Income taxes paid	(984,677)	(1,934,564)
Net cash provided by (used in) operating activities	2,725,106	3,647,479
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(431,921)	(1,331,102)
Proceeds from sales of property, plant and equipment	-	363,370
Purchase of intangible assets	(48,709)	(113,931)
Purchase of investment securities	(516,985)	(1,182,272)
Proceeds from redemption of investment securities	1,958	-
Purchase of shares of subsidiaries and associates	(1,004,513)	(404,114)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(411,824)
Net decrease (increase) in short-term loans receivable	402	402
Payments for lease and guarantee deposits	(68,639)	(356,867)
Proceeds from collection of lease and guarantee deposits	7,869	29,487
Increase (decrease) in crowdfunding deposits received	137,900	302,160
Other, net	-	60
Net cash provided by (used in) investing activities	(1,922,639)	(3,104,632)

	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	3,000,000
Proceeds from long-term loans payable	-	2,000,000
Repayments of long-term loans payable	-	(1,476)
Proceeds from issuance of common shares	-	52,160
Proceeds from issuance of subscription rights to shares	-	1,530
Proceeds from share issuance to non-controlling shareholders	4,900	-
Cash dividends paid	(152,902)	(610,773)
Net cash provided by (used in) financing activities	(148,002)	4,441,440
Effect of exchange rate change on cash and cash equivalents	(7)	(174)
Net increase (decrease) in cash and cash equivalents	654,457	4,984,113
Cash and cash equivalents at beginning of period	4,249,759	4,904,216
Cash and cash equivalents at end of period	4,904,216	9,888,330

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation)

(Consolidated balance sheets)

The account name of “Provision for rent warranties” in “Current liabilities,” which was presented separately in the fiscal year ended December 31, 2016, has been changed to “provision for full occupancy responsibility” from the fiscal year ended December 31, 2017 with the intent of providing a clear presentation that reflects the actual state more closely. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended December 31, 2016 have been reclassified.

(Consolidated statements of cash flows)

In the fiscal year ended December 31, 2016, acquisition costs for fund properties in the crowdfunding business were presented as a component of “Purchase of property, plant and equipment” in “Cash flows from investing activities,” and the increase or decrease in the amount of investments for fund properties was presented as a component of “Increase (decrease) in deposits received” in “Cash flows from operating activities.” However, as these transactions are highly interconnected and with the intent of more appropriately conveying the actual state of cash flows, the presentation method has been changed to include them in the same cash flow category from the fiscal year ended December 31, 2017.

To reflect this change in presentation, the consolidated statements of cash flows for the fiscal year ended December 31, 2016 have been reclassified. The increase or decrease in the amount of investments for fund properties in the crowdfunding business that were presented as a component of “Increase (decrease) in deposits received” in “Cash flows from operating activities” in the fiscal year ended December 31, 2016 are now presented separately as “Increase (decrease) in crowdfunding deposits received” in “Cash flows from investing activities” from the fiscal year ended December 31, 2017.

Additionally, as the financial significance of “Increase (decrease) in deposits received” has decreased, it is presented as a component of “Increase (decrease) in other liabilities” from the fiscal year ended December 31, 2017.

As a result, ¥110,274 thousand that was presented as “Increase (decrease) in deposits received” in “Cash flows from operating activities” in the fiscal year ended December 31, 2016 has been reclassified as ¥(27,625) thousand in “Increase (decrease) in other liabilities” in “Cash flows from operating activities” and ¥137,900 thousand in “Increase (decrease) in crowdfunding deposits received” in “Cash flows from investing activities.”

The account name of “Increase (decrease) in provision for rent warranties” in “Cash flows from operating activities,” which was presented separately in the fiscal year ended December 31, 2016, has been changed to “Increase (decrease) in provision for full occupancy responsibility” from the fiscal year ended December 31, 2017 with the intent of providing a clear presentation that reflects the actual state more closely. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended December 31, 2016 have been reclassified.

(Segment information, etc.)

[Segment information]

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

[Related information]

For the fiscal year ended December 31, 2017

1. Information by product and service

As net sales to external customers for a single product and service category exceeded 90% of net sales in the consolidated statements of income, description is omitted.

2. Information by geographical area

(1) Net sales

As net sales to external customers in Japan exceeded 90% of net sales in the consolidated statements of income, description is omitted.

(2) Property, plant and equipment

As there were no property, plant and equipment located outside of Japan, it is not applicable.

3. Information by major customer

As there were no external customers whose net sales were 10% or more of net sales in the consolidated statements of income, description is omitted.



[Information on impairment loss of non-current assets by reportable segment]  
Not applicable.

[Information on amortization of goodwill and unamortized balances by reportable segment]

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

[Information on gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

Item	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
Net assets per share	¥78.89	¥120.56
Basic earnings per share	¥30.79	¥51.52
Diluted earnings per share	¥26.92	¥46.06

(Notes) 1. The Company conducted a two-for-one stock split of its common stock effective July 1, 2016 and a five-for-one stock split of its common stock effective January 1, 2018. Net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split were conducted at the beginning of the previous fiscal year.

2. The basis for the calculation of basic earnings per share is as follows.

Item	For the fiscal year ended December 31, 2016	For the fiscal year ended December 31, 2017
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	2,354,217	3,995,449
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common stock (Thousand yen)	2,354,217	3,995,449
Average number of shares of common stock outstanding during the period (Shares)	76,451,000	77,551,362
Diluted earnings per share		
Adjustment for profit attributable to parent (Thousand yen)	—	—
Increase in number of shares of common stock (Shares)	10,994,780	9,192,434
(Stock acquisition rights to shares included in the above (Shares))	(10,994,780)	(9,192,434)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	The issue of subscription rights to shares approved by resolution of the Board of Directors on May 15, 2017 765,000 common stock

(Significant subsequent events)

(Stock split)

The Company, at its Board of Directors' meeting held on December 14, 2017, resolved to conduct a stock split effective January 1, 2018.

1. Objectives

The objective of the stock split is to increase the liquidity of the Company's shares and further broaden its investor base by reducing the price of one investment unit of the Company.

2. Outlines of stock split

(1) Method of stock split

As of Sunday, December 31, 2017, the record date, each share of common stock held by shareholders listed or recorded on the final Shareholder Registry on that day (the actual date was Friday, December 29, 2017 as December 31, 2017 was not a business day for the Shareholder Registry Administrator) has been divided into five shares.

(2) Number of shares to be increased by stock split:

Total number of shares outstanding prior to stock split:	15,811,800 shares
Number of shares to be increased by stock split:	63,247,200 shares
Total number of shares outstanding subsequent to stock split:	79,059,000 shares
Total number of authorized shares subsequent to stock split:	282,464,000 shares

(3) Schedule of stock split

Public notice of record date:	Friday, December 15, 2017
Record date:	Sunday, December 31, 2017
Effective date:	Monday, January 1, 2018

(4) Effect on per share information

The impact of the stock split is shown on "Per share information".

(Establishment of subsidiary)

The Company, at its Board of Directors' meeting held on December 14, 2017, resolved to establish a subsidiary and it was established on January 4, 2018 as below.

1. Objectives of establishment of subsidiary

The Company, as announced in "Notice Concerning Launch of New Business" released on April 14, 2016, commenced the real estate investment-type crowdfunding TATERU FUNDING business in 2016, taking advantage of the Act on Special Joint Real Estate Ventures, and has started the operations of 10 funds, (out of which eight funds have been terminated), by the end of the current fiscal year.

Amid these initiatives, in order to further expand the TATERU FUNDING business and diversify products offered, the Company decided to aim at registering a new company as a type II financial instruments business and investment management business operator, and ultimately to make the TATERU FUNDING business independent to develop the business. The subsidiary will be preparing for the succession of the TATERU FUNDING business for the time being.

2. Outline of subsidiary

(1) Company name	TATERU Funding Co., Ltd.
(2) Address	2-27-28, Minamiaoyama, Minato-ku, Tokyo
(3) Name and title of representative	Tetsuya Murakami, President
(4) Capital stock	100,000,000 yen
(5) Main business	Crowdfunding business
(6) Date of establishment	January 4, 2018
(7) Major shareholder and shareholding ratio	investors cloud co., ltd.: 100%

4. Others

Orders received

(Record of orders received)

The record of orders received in the TATERU Apartment business based on completed construction for the current fiscal year 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 (%)
TATERU Apartment business	38,952,678	134.9	26,136,352	138.5

- (Notes)
1. Consumption taxes, etc. are not included in the above figures.
  2. The Group's reportable segment consists solely of the TATERU Apartment business. As the significance of other business segments is limited, the record of orders received belongs to the said business.