



November 12, 2018

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 (Stock exchange code: 1435, TSE First Section)
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Notice of Revisions to the Full-year Consolidated Financial Results Forecast

TATERU, Inc., (the “Company”) hereby makes notice as follows that the full-year consolidated financial results forecast announced on February 13, 2018 has been revised in view of recent trends in business results, etc.

1. Revisions to the consolidated financial results forecast for the year ending December 31, 2018 (January 1, 2018 – December 31, 2018)

	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
Previous forecast (A)	76,611	7,113	7,099	4,815	60.91
Revised forecast (B)	72,238	3,060	2,909	3,389	39.98
Difference (B - A)	(4,373)	(4,053)	(4,190)	(1,426)	
Increase/decrease (%)	(5.7)	(57.0)	(59.0)	(29.6)	
(Reference) Results for the previous year (year ended December 31, 2017)	67,016	5,898	5,863	3,995	51.52

2. Reason for the revisions

As announced in the “Notice Concerning Today’s Media Report” on August 31, 2018, it was discovered that an employee of the Company manipulated deposit balance data received from a client to make it easier for the client to pass a loan screening by making the amount of balance seem higher than it is and submitted the data to a financial institution (the “Case”).

In consideration of these facts, as announced in the “Notice Concerning Establishment of Special Investigation Committee” on September 4, 2018, the Company is currently conducting an investigation by establishing a “Special Investigation Committee” on September 4, 2018, consisting primarily of external expert advisors in order to confirm whether any similar manipulation of documents occurred in this Case or other similar cases, and

to receive advice on preventing reoccurrence, taking into consideration any facts discovered as a result of the investigation.

This Case has affected the TATERU Apartment business to the extent clients are cancelling their orders and apartment transfers are delaying as a result of stalled construction. As a result, the Company projects the number of apartments transferred to decline by around 180 from 900 as initially planned in the current fiscal year. Furthermore, the TATERU Funding business has suspended the formulation of new funds since October 2018.

Net sales is expected to fall below initial plans by 4,373 million yen from 72,238 million yen mainly due to the decline in the number of apartments transferred mentioned above, although unit prices per apartment of orders received exceeded initial plans as a result of acquiring orders for larger properties.

In terms of expenses, selling, general and administrative expenses are in line with initial plans although the dealing of larger properties have caused the purchase price of land per lot to surpass initial plans, resulting in a cost of sales ratio higher than initially planned. As a result, the Company expects operating profit of 3,060 million yen (4,053 million yen below the initial plan) and ordinary profit of 2,909 million yen (4,190 million yen below the initial plan).

As announced in the “Notice Concerning Recording of Gain on Sales of Investment Securities (Extraordinary Income)” on September 10, 2018, the Company sold listed securities with the intent to increase the Company’s asset efficiency and strengthen its financial structure. As a result, a gain on sales of investment securities of 2,425 million yen was recorded as an extraordinary income. In addition, the Company projects an extraordinary loss of 200 million yen as special survey costs associated with the above Special Investigation Committee.

As a result, net sales, operating profit, ordinary profit and profit attributable to owners of parent are forecast to fall below estimated figures previously announced.

Note: Although the above financial results forecast is prepared based on information available as of the publication date of this material, actual results may differ from the forecast due to various factors.

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