INVESTORS CLOUD
FY2016 FINANCIAL RESULTS

FY2016　Financial Results Briefing Materials

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

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FY2016 Financial Results Overview

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Company overview

Name	investors cloud co., ltd.
Head office	7F, 2-27-25, Minamiaoyama, Minato-ku, Tokyo
Established	January 23, 2006
Representative	Daisaku Furuki, President
Capital	601,920,000 yen
Employees	300 persons (consolidated basis/full-time employees/as of December 31, 2016)
Businesses	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”
Subsidiaries	iApartment Co., Ltd. iVacation Co., Ltd.
Associates	Realize Asset Management Co., Ltd.

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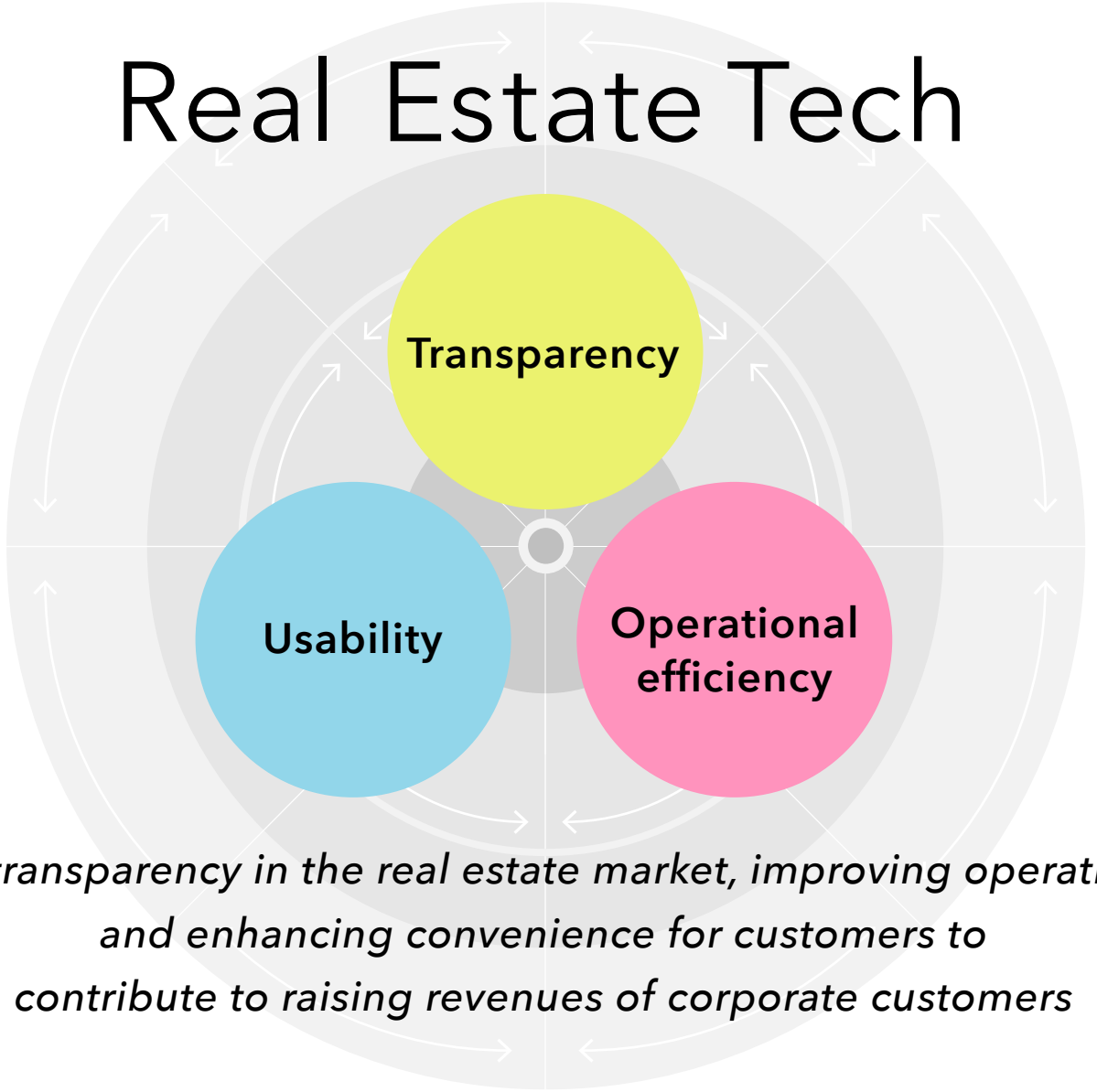
Real Estate Tech



Increasing transparency in the real estate market, improving operational flows, and enhancing convenience for customers to contribute to raising revenues of corporate customers

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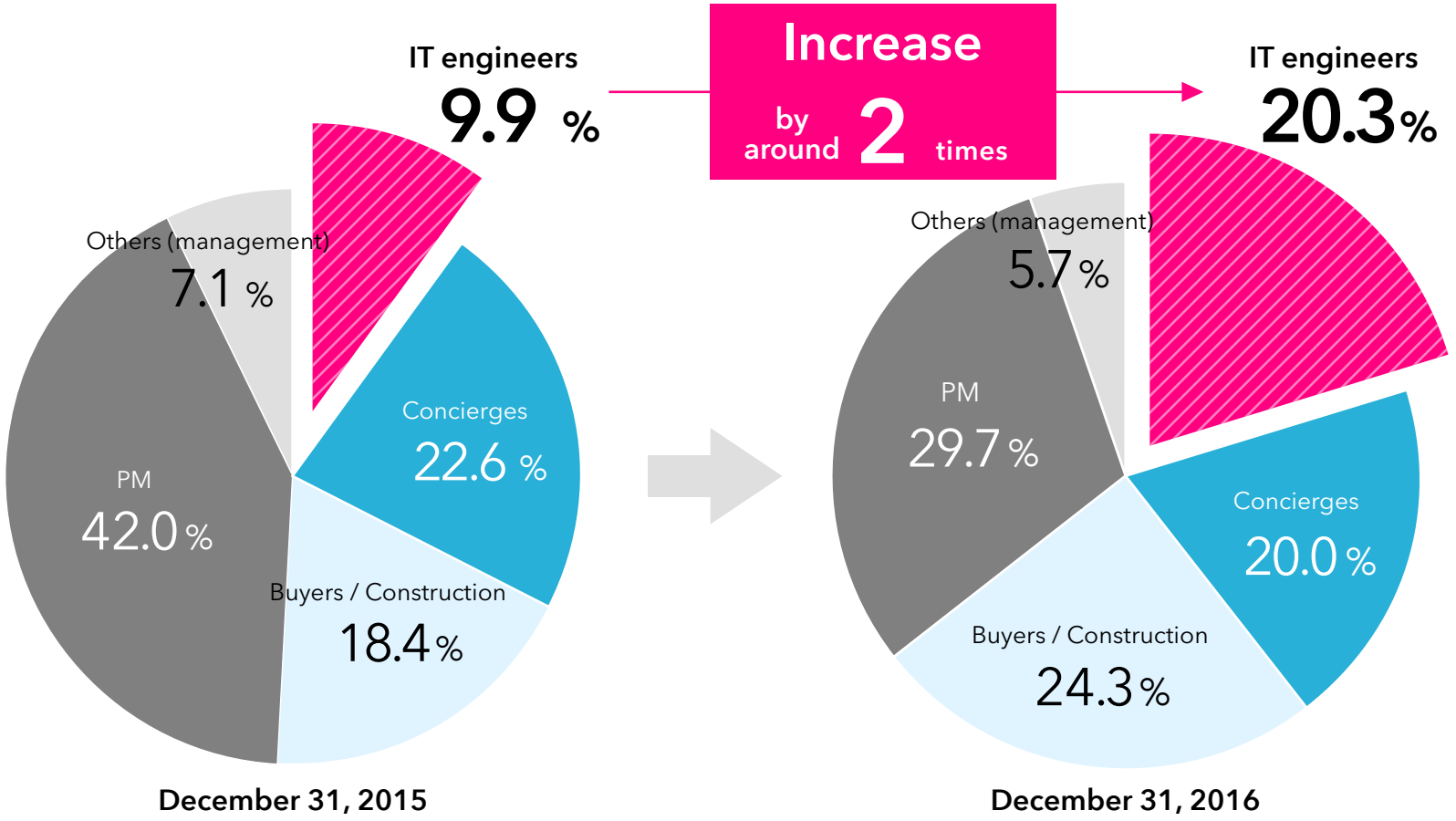
Full-time employee composition by category

The proportion of concierges declined while the proportion of IT engineers increased



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FY2016 Highlights

- Achieved net sales of 176.2% YoY and ordinary income of 201.9% YoY

- Achieved an annual increase in membership of 15,869 persons, and 687 contracts, 156.8% YoY

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(Consolidated) Statements of income

Achieved an ordinary income margin of 10%, an improvement of 1.2pp Achieved net sales of 176.2 % YoY and ordinary income of 201.9% YoY

(Unit: million yen)

	FY2015		FY2016		
	Amount	% of sales	Amount	% of sales	YoY
Net sales	21,512	100.0%	37,915	100.0%	**176.2%**
Gross profit	4,434	20.6%	7,314	19.3%	164.9%
Selling, general and administrative expenses	2,537	11.8%	3,508	9.3%	138.3%
Operating income	1,897	8.8%	3,806	**10.0%**	**200.6%**
Ordinary income	1,884	8.8%	3,803	**10.0%**	**201.9%**
Profit	1,127	5.2%	2,354	6.2%	208.8%

Operating income increased by over 200%

Achieved operating income margin of 10%

*As the Company shifted to consolidated accounting from 2Q FY2016, FY2015 results are not consolidated.

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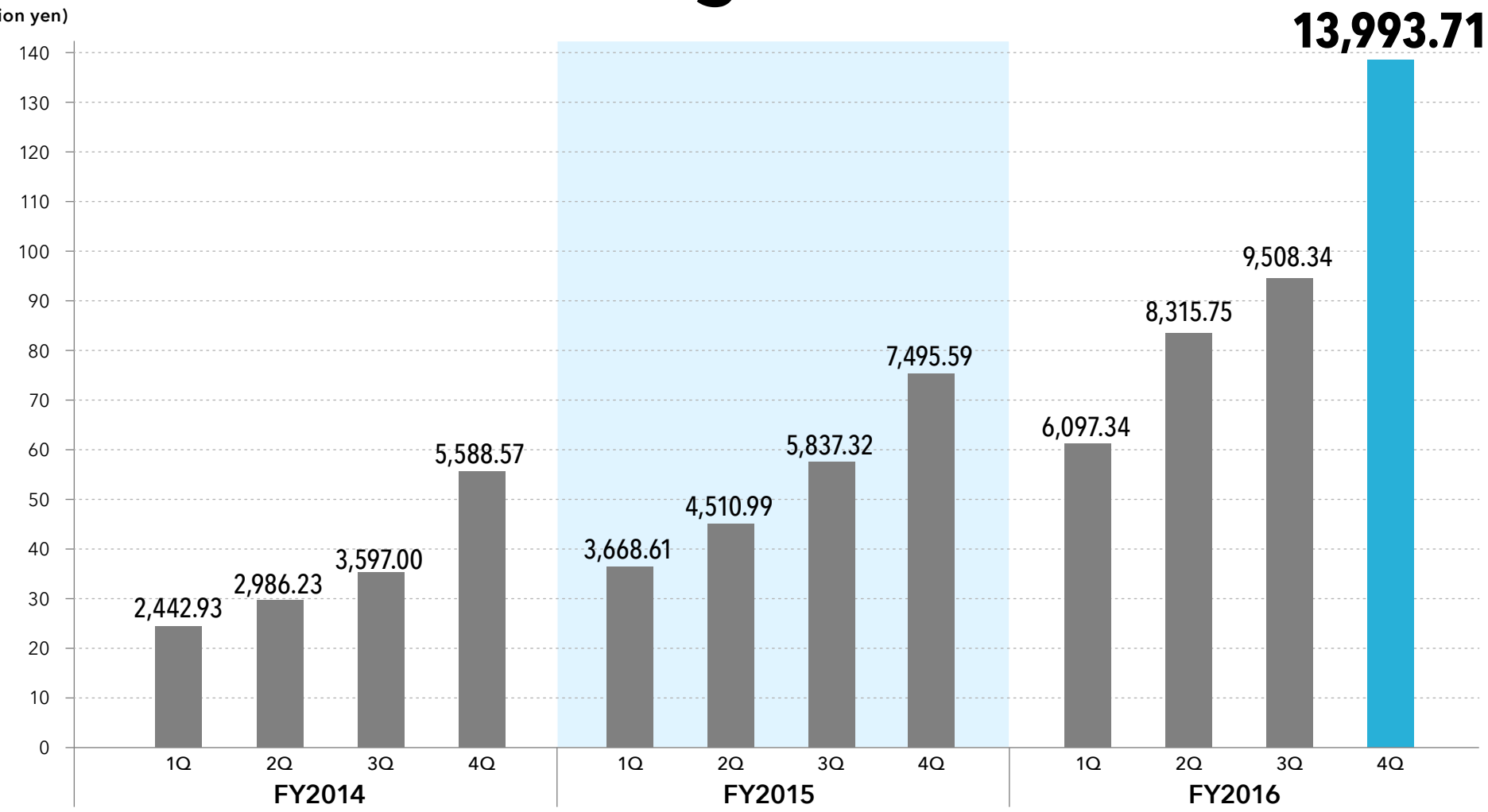
Net sales

Record high in net sales

(Unit: million yen)



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

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(Consolidated) Balance sheets

Achieved higher revenue and profits while controlling the increase in inventories
Implementing debt-free management

(Unit: million yen)

	December 31, 2015	End 2Q FY2016	YoY change
Current assets	6,238	8,490	+2,251
Inventories	1,462	2,420	+958
Non-current assets	361	2,365	+2,003
Total assets	6,600	10,856	+4,255
Liabilities	2,770	4,825	+2,054
Interest-bearing debt	3,830	6,030	+2,200
Net assets Total liabilities and net assets	6,600	10,856	+4,255

Mainly cost of construction orders received

Includes an increase of 1,511 million yen in investment securities

- Profit attributable to owners of parent 2,354 million yen
- Dividends (152) million yen

*As the Company shifted to consolidated accounting from 2Q FY2016, results as of December 31, 2015 are not consolidated.

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Forecasting record net sales and income

(Unit: million yen)

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

Forecast record income, with an increase of about 40%

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TATERU Growth Strategy

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TATERU business

TATERU

IoT business

kit

Minpaku business

TATERU bnb

Crowdfunding business

TATERU FUNDING

SMA-RENO business

SMA・RENO
SMART RENOVATION

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TATERU

Apartment management app “TATERU”

Membership	106,592 persons
Owners	1,077
Managed properties	13,187
Occupancy rate	97.7%

(December 31, 2016)



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App-based apartment management

Through the operation of the apartment management platform "TATERU" developed in-house, we provide a one-stop service from land property information, planning designer apartments, construction, to property management



Install the app



Complete member registration



Choose a sales representative and consult via chat



Land property info
〜
Apartment completion



Apartment management report



TATERU Kakutei Shinkoku (tax return support) for PC or app



Cleaning report



Occupancy status



Payment statement

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Advertising with ad tech

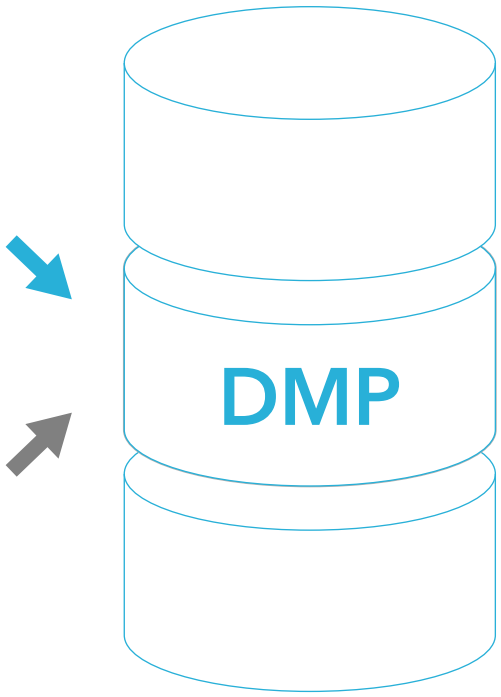
Advertising by dedicated in-house digital marketers

Private DMP

Access data
Member data
Purchase data
Survey data

Open DMP

Social media data
EC website data
DSP / listing data
Audience data



Number of responses

1,000 or more/month

CPA (Cost per acquisition)

Approx. 2 yen/acquisition

CPO (Cost per order)

Approx. 50 yen/order

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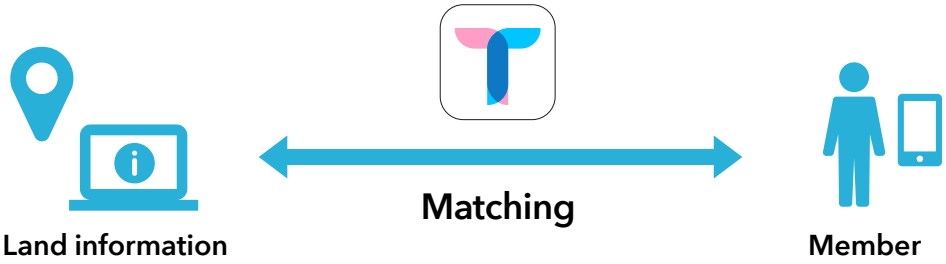
Matching of land and members

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

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Membership organization of about 100,000 individual investors



- Two-revenue structure from matching of land and members



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TATERU growth strategy

Two major initiatives

Membership growth	×	Contract rate
2016 annual increase 15,869 persons (Cumulative members 106,592)		2016 contract rate 4.3% (Contracts 687)

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Annual campaign developed in three phases

Phase 1

Increasing brand awareness and establishing an image

Increasing brand awareness and establishing an image by placing commercials that use famous celebrities





Phase 2

Acquiring new members

Online initiatives focused on particular areas and targets



DMP management screen



Phase 3

Sales maximization

Marketing initiatives that use cloud SALES

- Install the app
- Complete member registration
- Choose a sales representative and chat
- Apartment completion
- Apartment management
  - Confirm payment statement
  - Confirm cleaning report
  - Confirm occupancy status
- Tax return





Mass media → **Internet** → **App**

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TATERU business: promotion

Appointed Japan national team soccer player Mr. Keisuke Honda as the new advertising character

New TV commercial broadcast nationwide from Friday, January 6, 2017

The commercial song is "ALRIGHT" by the band THE YELLOW MONKEY



Broadcast areas: Tokyo, Osaka, Chubu, Fukuoka, Sendai, Toyama, Okayama, Okinawa





Digital signage advertising on 44 screens in Shinagawa Station passageway



High quality billboards
(28 in Shibuya / Minato-ku / Ginza)



Tsurugaoka Hachimangu shrine

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Big-ticket promotions

Selected as official sponsor of SV Horn under the helm of Mr. Keisuke Honda, and held a "TATERU Match" at the home stadium in Austria





Support for the major summer outdoor festival "TOKAI SUMMIT FINAL -10th Anniversary-"

TSFINAL TOKAI SUMMIT FINAL 10TH ANNIVERSARY





Selected as main sponsor of Mr. Keisuke Honda's SOLTILO GLOBAL SOCCER CAMP in Cambodia



Supported the national tour of the singer Ms.OOJA Installed extra-large backdrop banners in each of the seven venues nationwide



Supported the band THE YELLOW MONKEY's performance at Nippon Budokan on December 28, 2016





- Full-page advertisement (15 rows) with Mr. Keisuke Honda in the Yomiuri Shimbun newspaper (nationwide) in addition to an extra issue (Tokyo) dated January 6, 2017
- Pure full-page, inside page advertisement in OCEANS (in addition to BARFOUT!, RiCE, and YOUNGKING)
- Commenced the series "#TATERU GIRLS," the first to feature women in "OCEANS," a fashion and lifestyle magazine for men of 37.5 years or older

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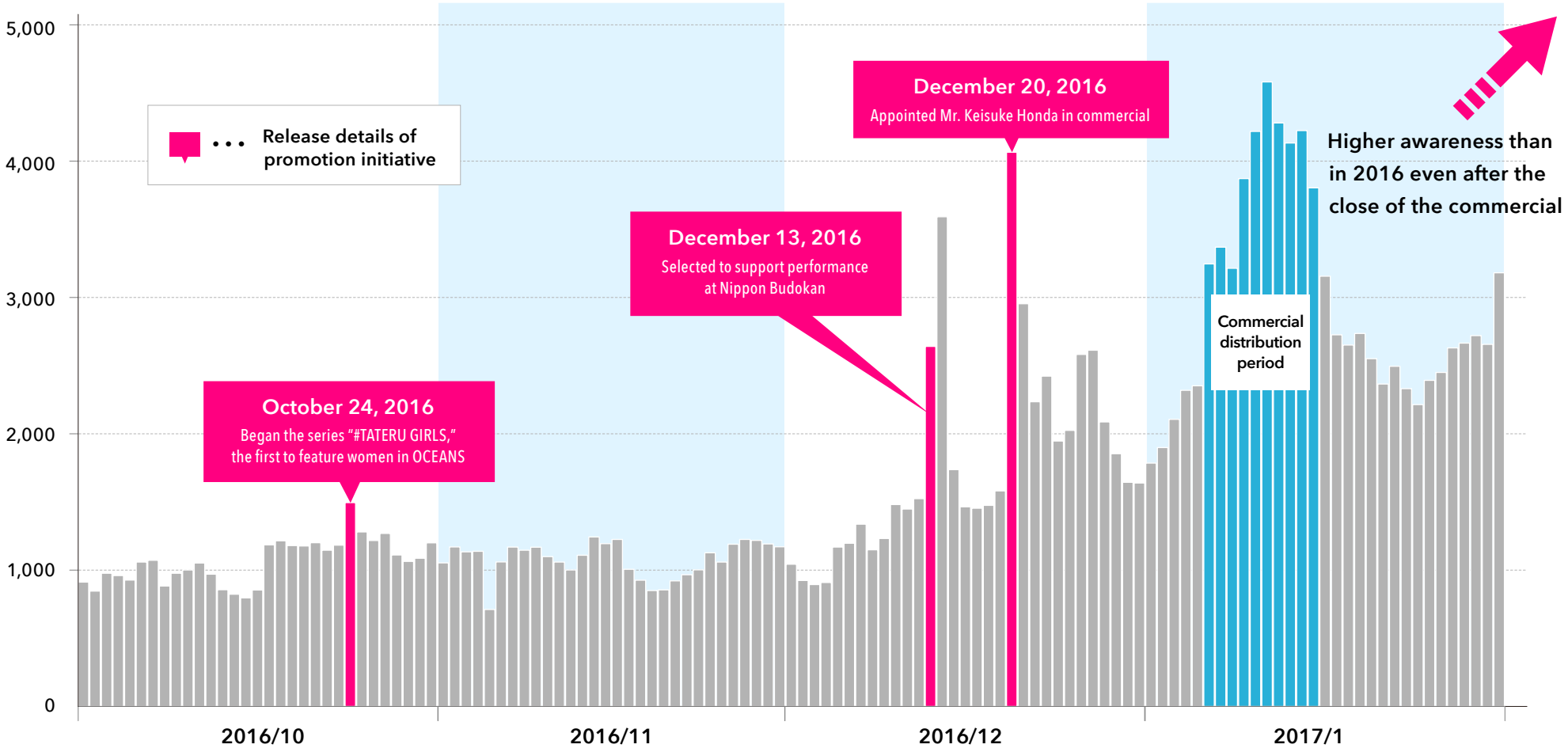
TATERU business: promotion

Enhancing TATERU brand awareness with promotion initiatives

<TATERU website page views>



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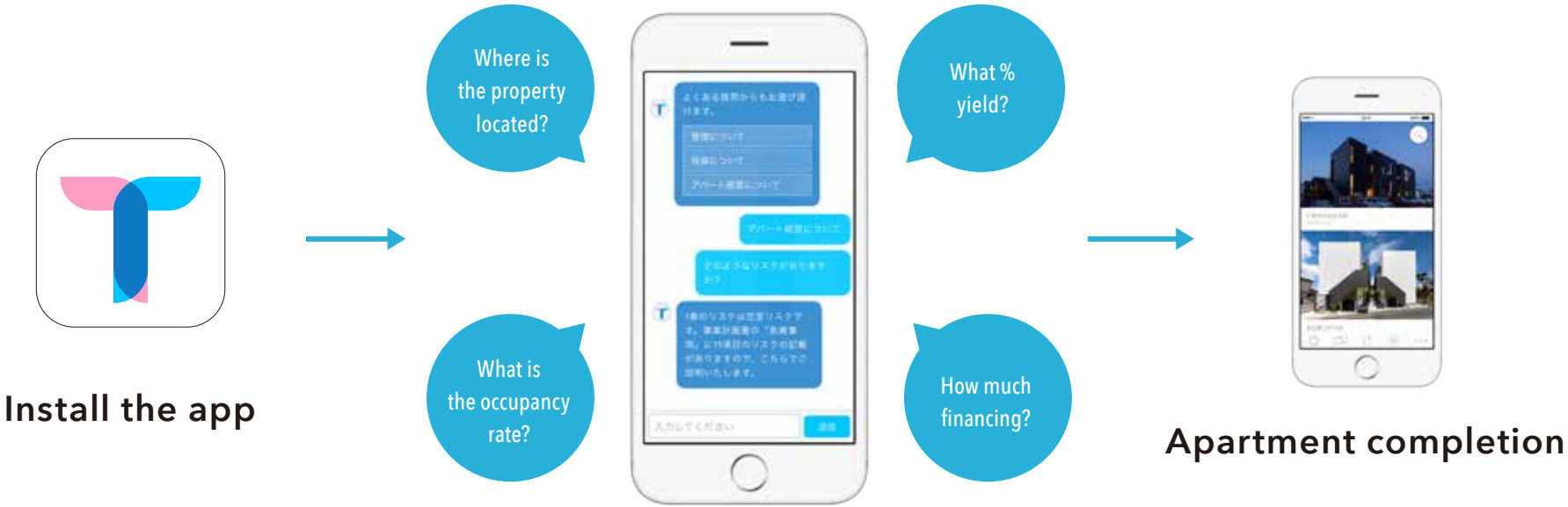
TATERU business: development of artificial intelligence

Began joint development of “TATERU Bot AI” with PKSHA Technology Inc., a venture originating from the University of Tokyo

Planning to begin offering the service in February 2017



The chatbot offers solutions

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

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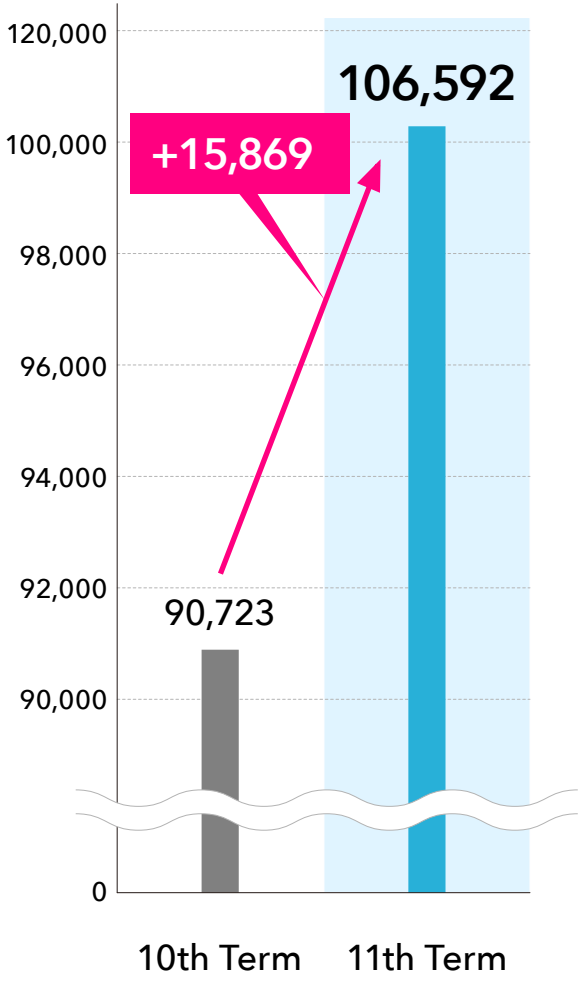
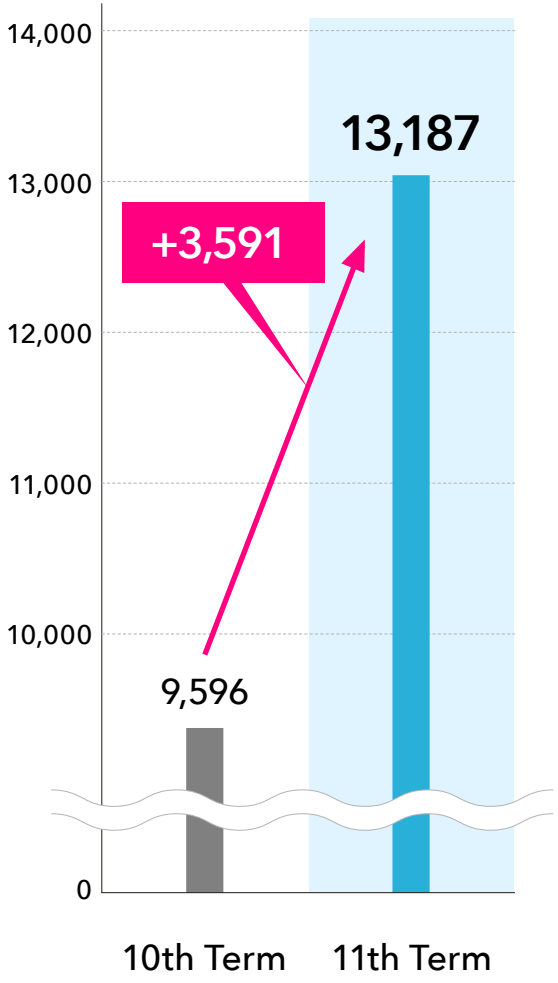
TATERU business: KPIs for the 10th-11th fiscal term

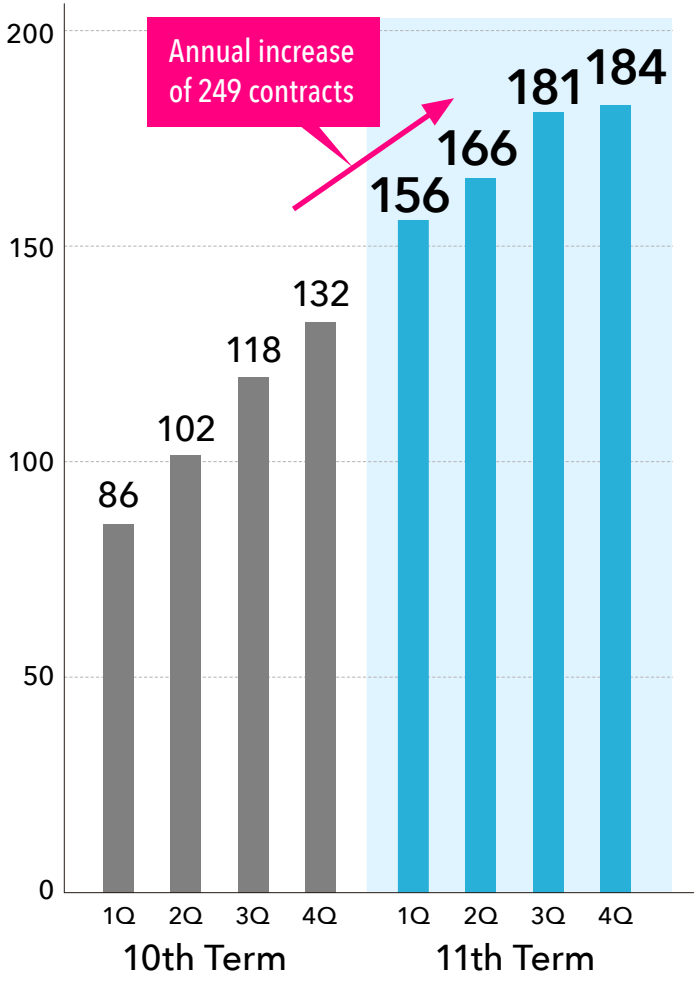
TATERU Membership (cumulative)



Managed properties (cumulative)



Number of new contracts (quarterly basis)



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TATERU FUNDING

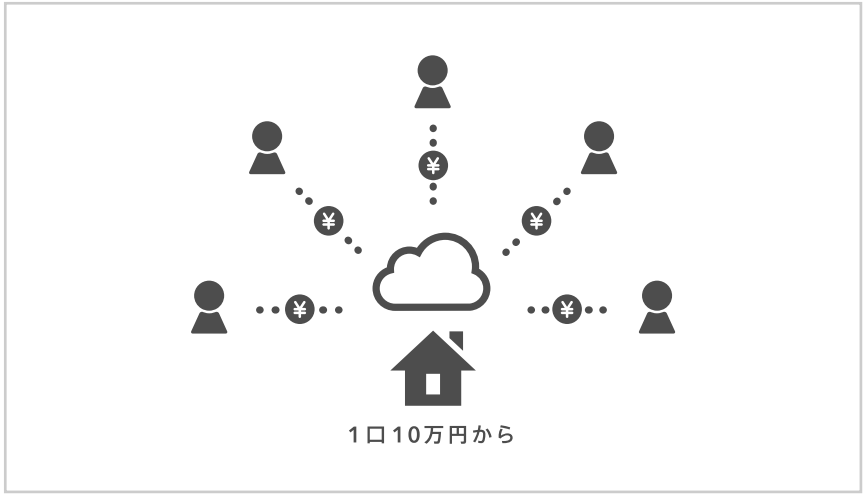
Real estate investment-type crowdfunding

Over 1,000 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.





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Status of fundraising

Fund No.1
Fulfilled in approximately 20 minutes



Fund No.2
Fulfilled in approximately 1 minute



Fund No.3 First fund formation for new property



Total funds raised tripled total funds solicited

Total funds raised were 153.90 million yen, approximately three times as much as the total funds solicited of 50.40 million yen. As of October 6, 2016, the property was operating at full occupancy.

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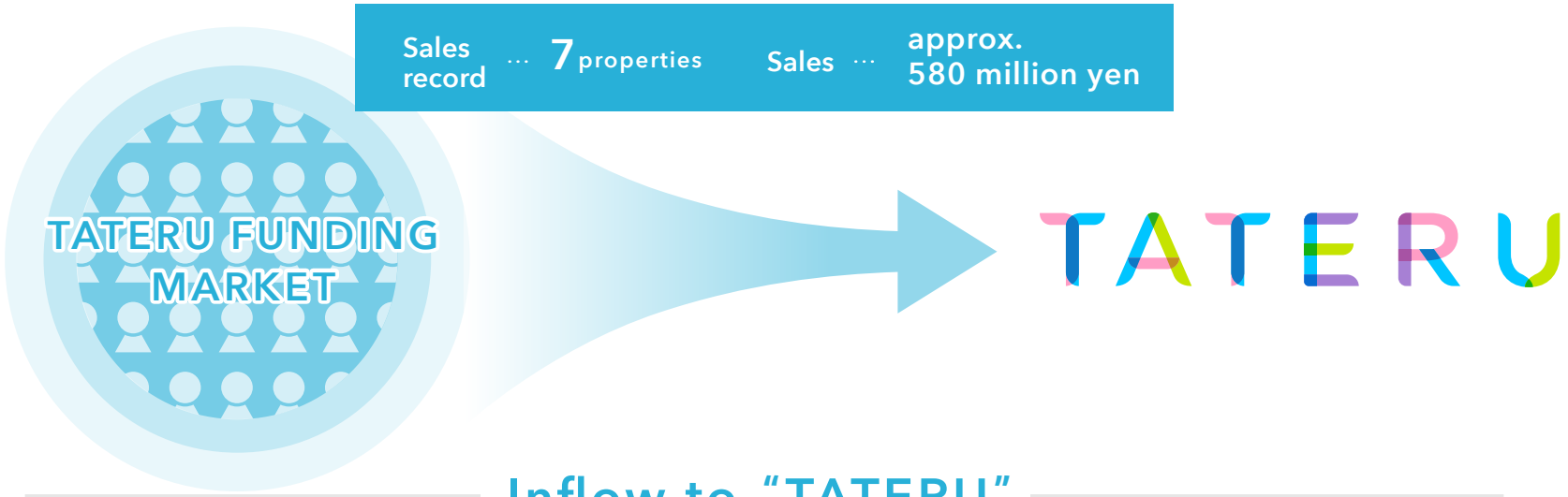
Synergies with the TATERU business

Retention of new customers and strategy to enable cross-selling to “TATERU”

Supporting apartment management entrepreneurship



Inflow to “TATERU”

- TATERU FUNDING to initiate TATERU apartment management entrepreneurship
- Cultivating new customer base starting from the approachable amount of 100,000 yen per account
- Crowdfunding, a new choice that utilizes IT

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TATERU bnb iVacation Co., Ltd.

Offering a safe and secure minpaku service

HOST

Smart minpaku operations that utilize TATERU Phone

Kyoto



Tokyo (Ota-ku)



TATERU Phone

Fukuoka



MATCHING

P2P-type matching platform website



GUEST

Concierge support that uses TATERU Phone



TRIP CONCIERGE

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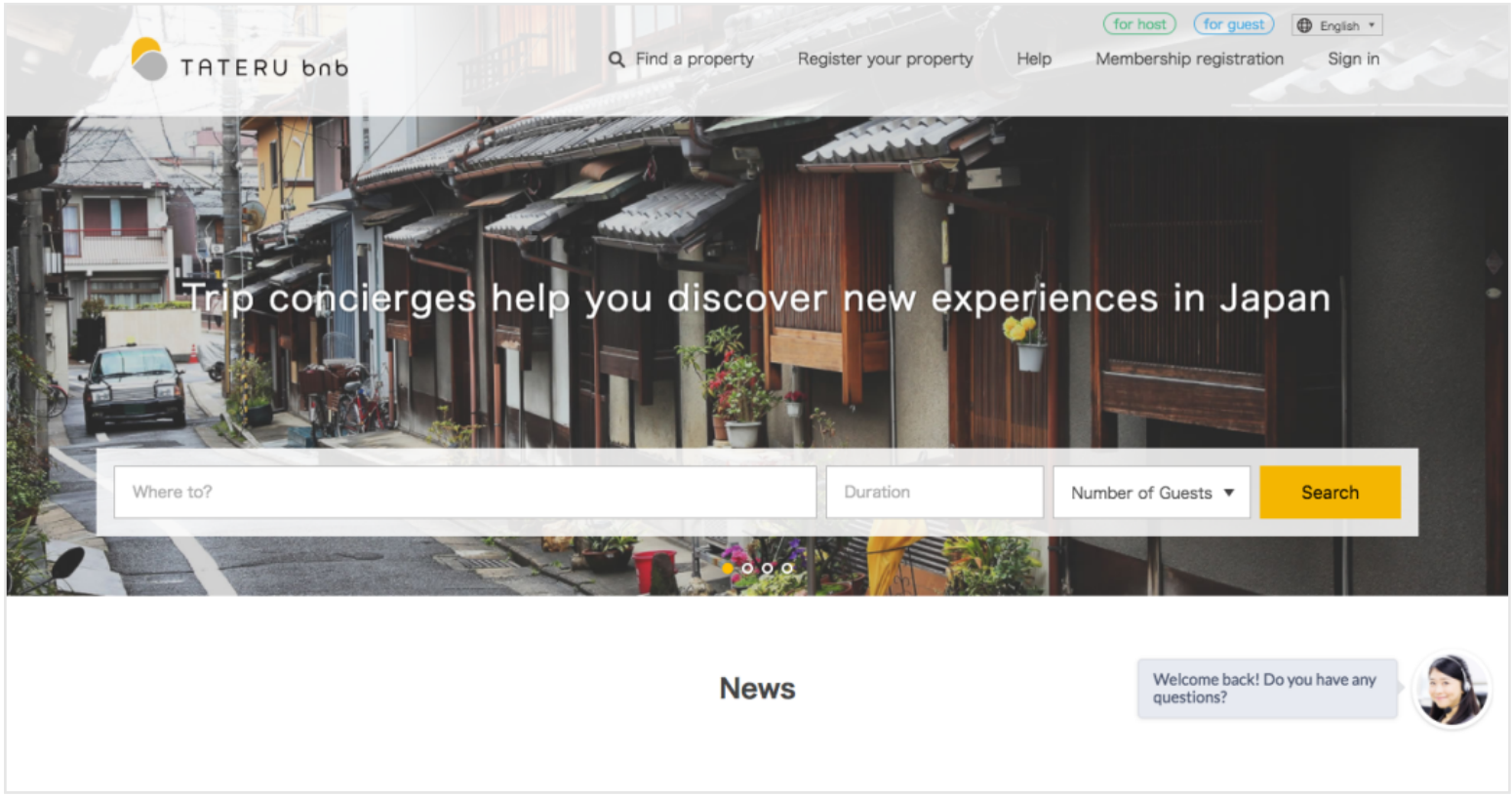
MATCHING

"TATERU bnb," a P2P (peer-to-peer) accommodation matching platform commenced services on Monday, December 26, 2016.

Trip concierges offer support for a comfortable trip.



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HOST | *"TATERU ANN," an investment product for hosts*



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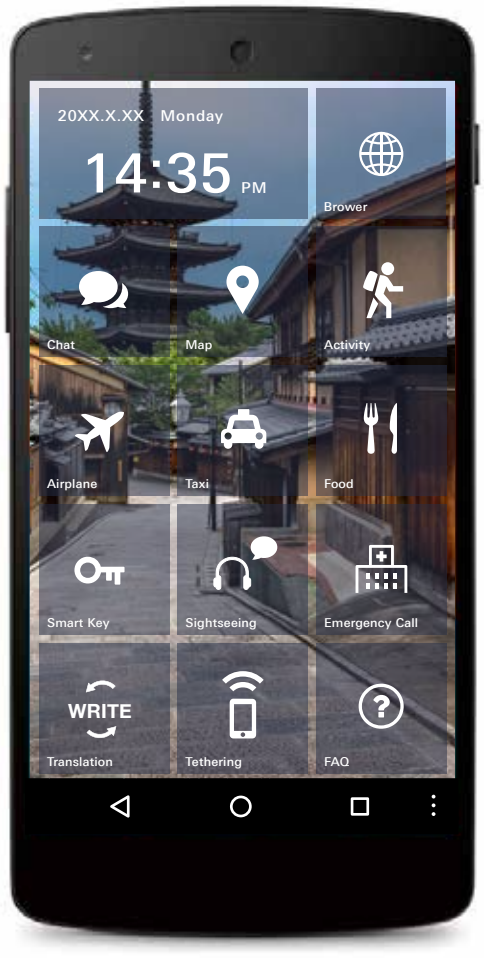
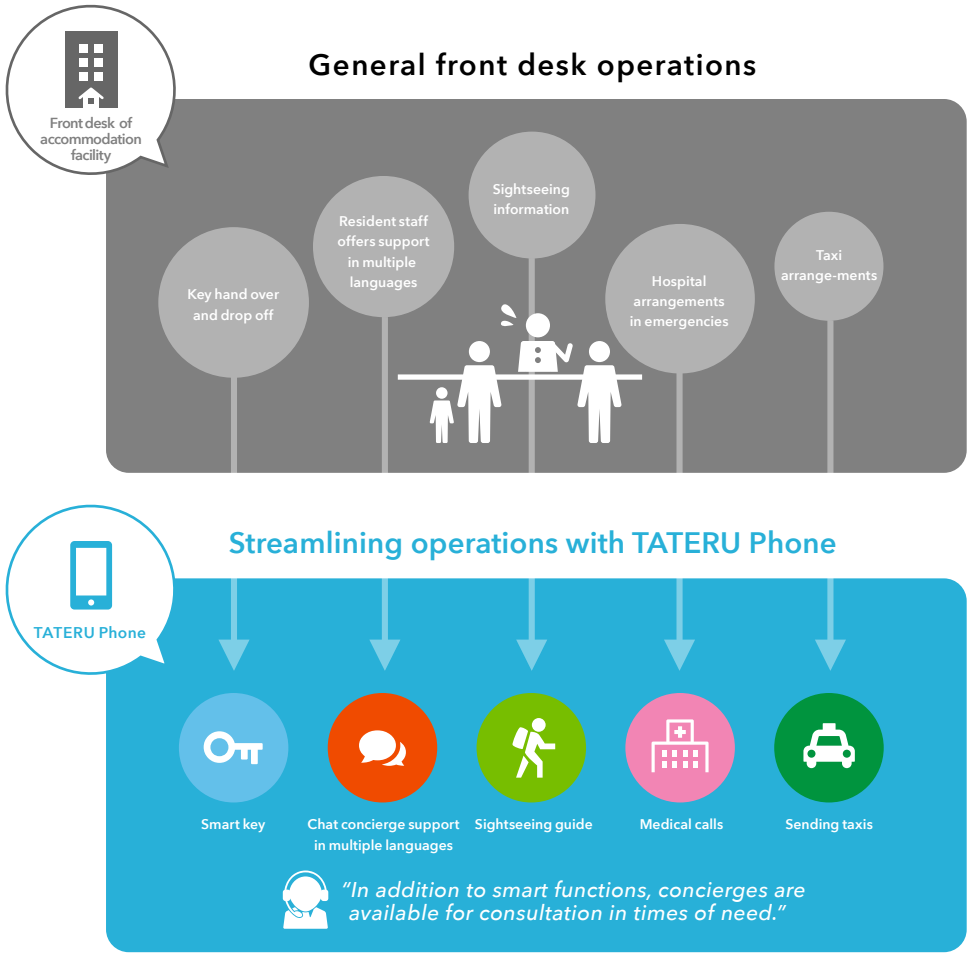
GUEST | *"TATERU Phone" for guests*





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Status of progress on extension of TATERU Phone functions

Step 1 Transport reservation function

EVOLABLE ASIA
Evolable Asia Corp.



Step 2 Music event function

77HZ LTD.



Step 3 Audio tour function

Wander pass
IPPON, Inc.



Step 4 Activity curation function

voyagin
VOYAGIN PTE. LTD.



Step 5 Emergency call function

東京海上日動
Tokio Marine & Nichido Fire Insurance Co., Ltd.



Step 6 Translation function

NTT DOCOMO, INC.
Joint testing period
until March 31, 2017



Step 7 Taxi reservation function

日本交通株式會社
Nihon Kotsu Co., Ltd.



Step 8 Scan function

Payke
Payke Co., Ltd.



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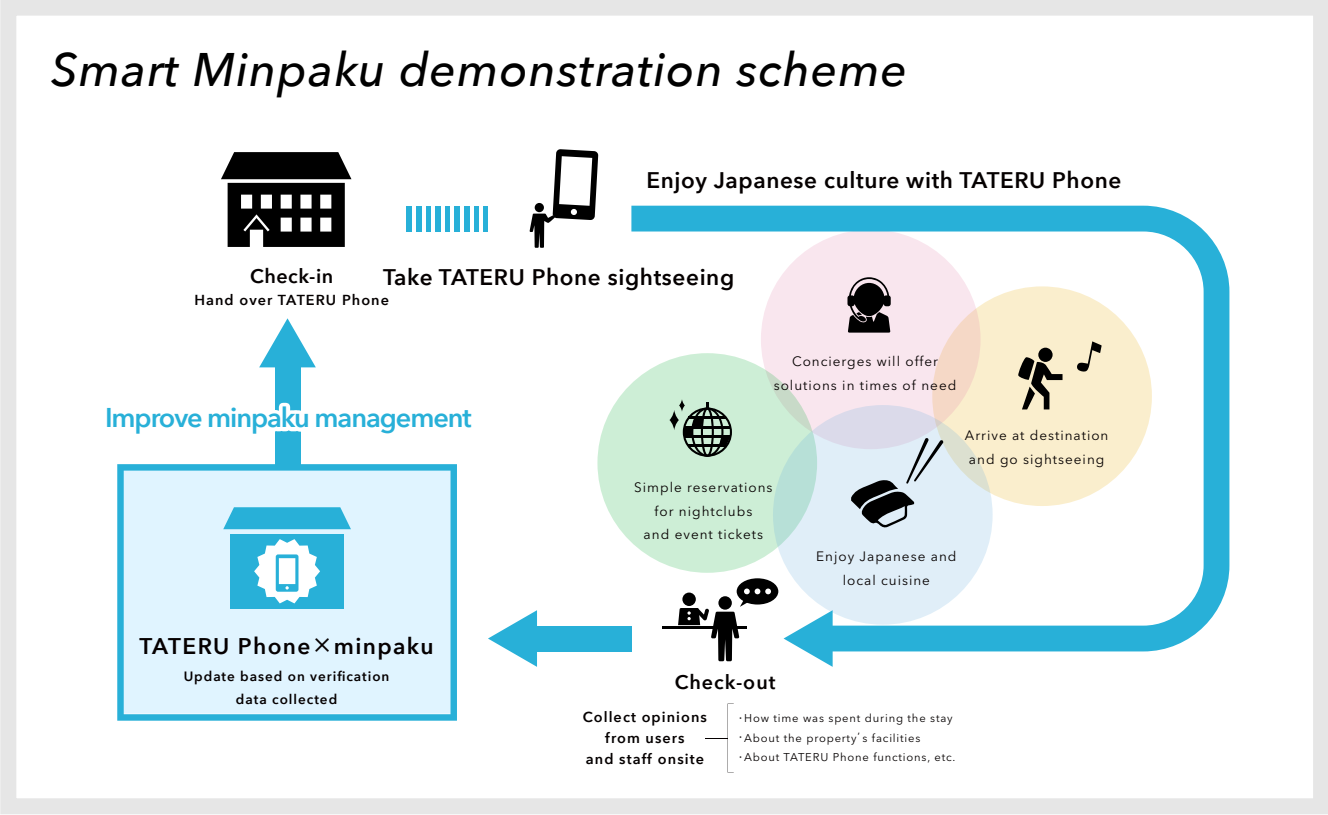
Commenced demonstration of TATERU Phone at facilities authorized to operate minpaku businesses

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

Testing period: Wednesday, September 21, 2016 – Friday, March 31, 2017



Commencing renting to accommodation facilities from late February 2017

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kit

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.



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IoT business



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



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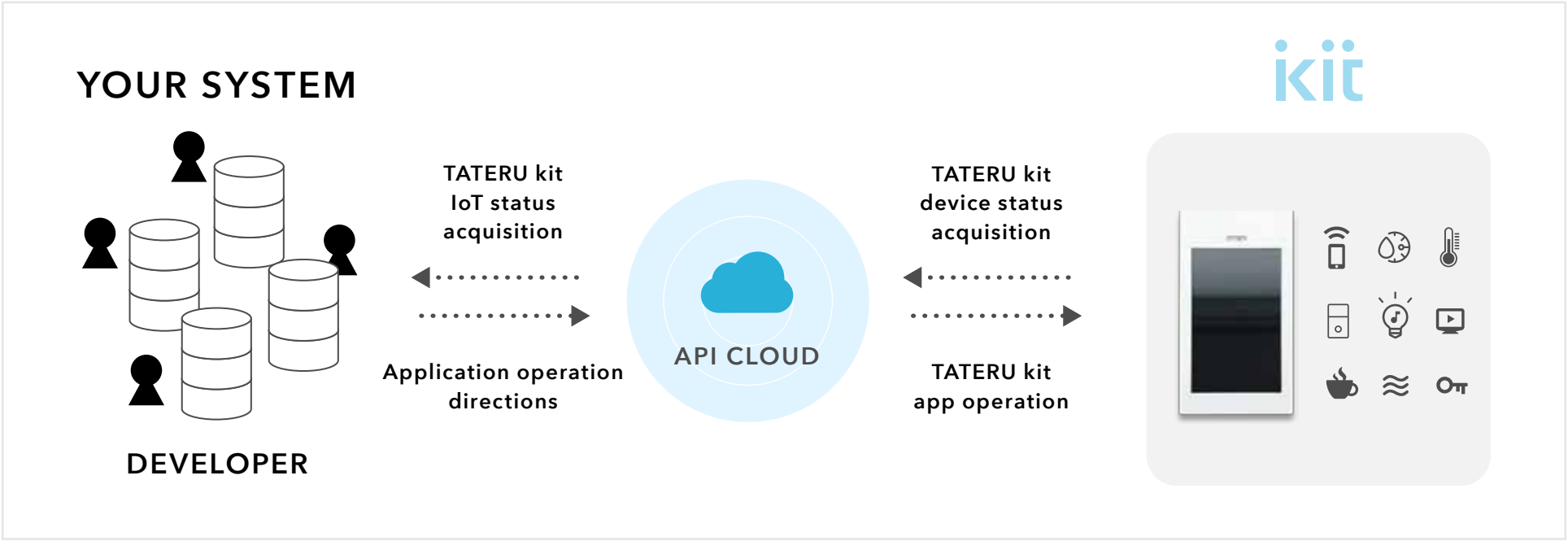
a specialized API platform for real estate

Commenced development of “API CLOUD,”

- IoT×API DEVELOPMENT PLATFORM -



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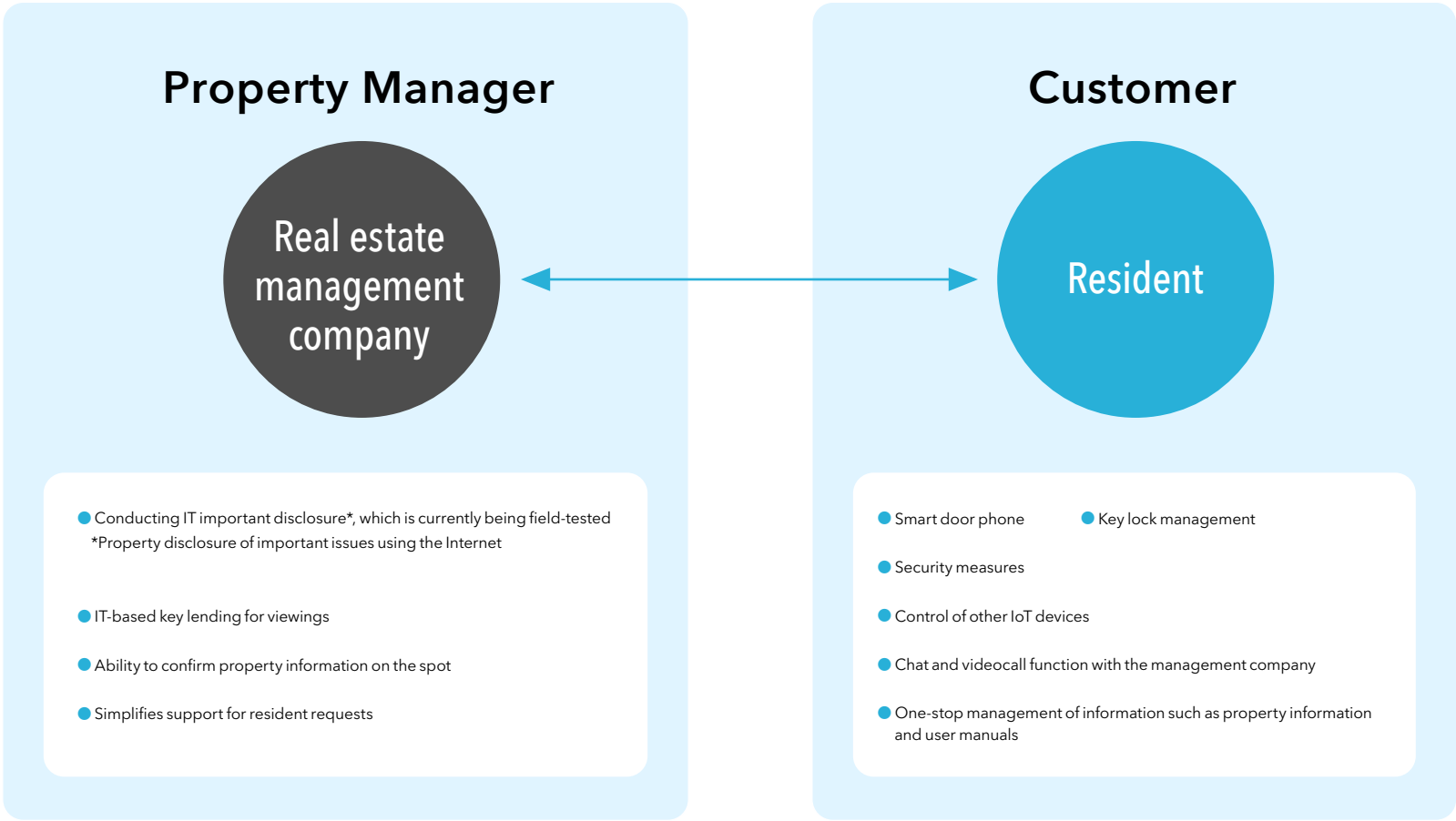
Service that utilizes TATERU kit



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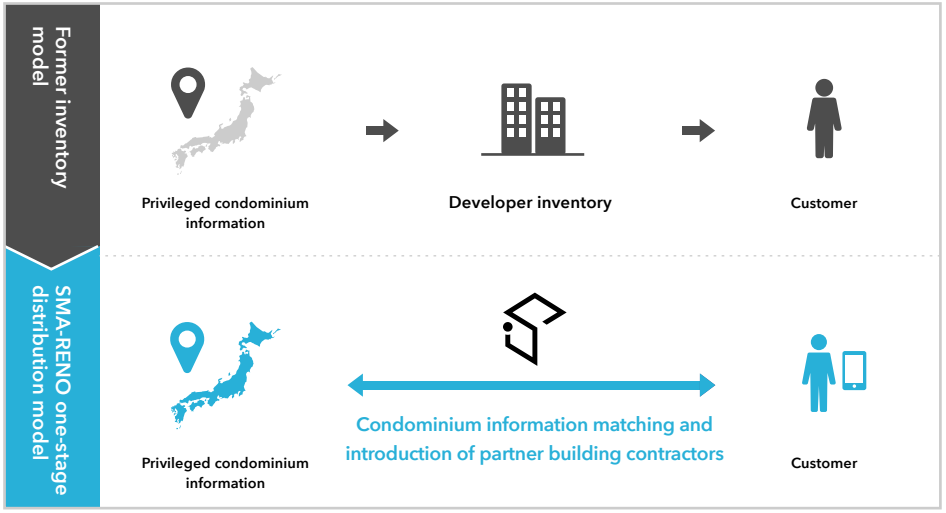
SMA・RENO
SMART RENOVATION

Smart renovation online

Used condominiums × fixed-fee renovation

A one-stage distribution model that utilizes the "TATERU" business model





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Construction examples by plan

7 million yen plan





7.5 million yen plan





8 million yen plan





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Opened a SMA-RENO IoT hands-on showroom, where visitors can experience life in a smart house in the IoT age



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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.

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