



February 25, 2019

Company name: TATERU, Inc.
Representative: Daisaku Furuki, Representative Director/CEO
(Stock exchange code: 1435, TSE First Section)
Contact: Yusuke Takasugi,
Managing Director/CFO, General Manager,
Business Management Division
(Phone: +81-3-6447-0651)

(Correction/Correction of Numerical Data) Partial Correction of “Consolidated Financial Results
for the Fiscal Year Ended December 31, 2018
[Japanese GAAP]”

TATERU, Inc. (the “Company”) hereby announces that matters that should be partially corrected were found in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2018,” which was announced on February 13, 2019. Details are as follows.

1. Reason for correction

After the announcement of the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2018,” in the course of accounting audit, an opinion was expressed that future earnings forecast should be judged more conservatively. In this regard, as a result of discussions between the Company and the accounting auditor, a portion of deferred tax assets was reversed due to a reduction in the amount of deferred tax assets expected to be collected.

Due to the above change, 717,940 thousand yen in deferred tax assets (current) and 43,701 thousand yen in deferred tax assets (non-current) were reversed, while 4,566 thousand yen in deferred tax liabilities (non-current) was recorded. Accordingly, as a result of the recording of 766,209 thousand yen in income taxes – deferred, profit attributable to owners of parent decreased by 759,545 thousand yen.

In addition, since there have been corrections to numerical data as well, we will send the corrected numerical data.

2. Content of correction

Since there are many corrections, we hereby attach the full text of the documents before and after the corrections. The corrected parts are indicated by underlines.

End

Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 [Japanese GAAP]



February 13, 2019

Company name: TATERU, Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 1435
URL: <https://corp.tateru.co/>
Representative: Daisaku Furuki, Representative Director/CEO
Contact: Yusuke Takasugi, Managing Director/CFO, General Manager, Business Management Division
Phone: +81-3-6447-0651
Scheduled date of Annual General Meeting of Shareholders: March 26, 2019
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: March 27, 2019
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, 2018 (January 1, 2018 to December 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2018	79,149	18.1	721	(87.8)	507	(91.3)	821	(79.4)
December 31, 2017	67,016	76.8	5,898	55.0	5,863	54.2	3,995	69.7

(Note) Comprehensive income: Fiscal year ended December 31, 2018: ¥755million [(81.5%)]
Fiscal year ended December 31, 2017: ¥4,083million [73.9%]

	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, 2018	9.70	8.91	5.1	1.9	0.9
December 31, 2017	51.52	46.06	51.3	35.8	8.8

(Reference) Equity in earnings (losses) of associated companies: Fiscal year ended December 31, 2018: ¥(165)million
Fiscal year ended December 31, 2017: ¥ 51 million

(Notes) The Company conducted 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2018	32,449	22,881	70.1	256.28
As of December 31, 2017	21,864	9,667	43.6	120.56

(Reference) Equity: As of December 31, 2018: ¥22,749 million
As of December 31, 2017: ¥ 9,531 million

(Note) The Company conducted 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, 2018	(6,668)	(2,016)	10,792	11,993
December 31, 2017	3,647	(3,104)	4,441	9,888

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, 2017	-	20.00	-	25.00	45.00	701	17.5	9.0
December 31, 2018	-	5.00	-	-	5.00	430	51.5	2.6
Fiscal year ending December 31, 2019 (Forecast)	-	-	-	-	-		-	

- (Notes) 1. 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, 2017 shown are the amount actually paid.
2. Dividends for the fiscal year ending December 31, 2019 has not been decided at this moment.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

In view of market trends and customer trends, it is difficult to reasonably predict profits and losses at this time, and consolidated financial results forecasts for the fiscal year ending December 31, 2019 will not be disclosed. Announcement of the financial results forecast will be made promptly when earnings forecasts become reasonably predictable. For details, please refer to “(4) Future outlook in 1. Summary of Operating Results, etc.” on page 4.

*** 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: TATERU Funding, Inc.
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 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, 2018: 88,767,000 shares
December 31, 2017: 79,059,000 shares
 - 2) Total number of treasury stock at the end of the period:
December 31, 2018: - shares
December 31, 2017: - shares
 - 3) Average number of shares during the period:
Fiscal year ended December 31, 2018: 84,769,499 shares
Fiscal year ended December 31, 2017: 77,551,362 shares

(Note) The Company conducted a five-for-one stock split of its common stock effective January 1, 2018. Total number of shares outstanding (common stock) is calculated on the assumption that the stock split was 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.

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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 the increase of export backed by the recovery in the global economy, as well as the improvement of personal consumption and the continued increasing trend in capital investment. 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 trend in China.

In the real estate industry, although there are signs that financial institutions are tightening their policies on loans for real estate due to the change in their lending attitudes, the strong trend is expected to last going forward thanks to the robust demand from investors for property acquisition, driven by the Bank of Japan's continued negative interest rate policy.

Under these circumstances, with our Group management philosophy "Internet × Real: accelerating new services," our new TATERU Funding business, TATERU bnb business, and Robot Home businesses have achieved profitability, although our mainstay TATERU Apartment business posted an increase in sales and a decrease in profit.

As a result, although the performance for the current fiscal year was ¥79,149 million in net sales (up 18.1% year on year), operating profit was ¥721 million (down 87.8% year on year) and ordinary profit was ¥507 million (down 91.3% year on year) partly due to the recording of ¥1,806 million in loss on valuation of inventories. In addition, profit attributable to owners of parent amounted to ¥821 million (down 79.4% year on year), partly due to the recording of gain on sales of investment securities of ¥2,448 million.

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 balance amount seem higher than it was and submitting the data to a financial institution (the "Matter"). As a result, the Company established a Special Investigation Committee on September 4, 2018 to conduct an investigation into this event. On December 27, 2018, the Company received the results of the investigation report from the Special Investigation Committee, which included contents such as results of the investigation, study on contributing factors, and measures to prevent reoccurrence. The Company once again wishes to extend its sincerest apologies for the considerable inconvenience caused to shareholders and other persons concerned.

The Company as a whole will steadily implement measures to prevent reoccurrence and ensure thorough awareness of compliance in an effort to promptly restore trust.

The performance of each segment is as follows.

The Group's previous reportable segment was TATERU Apartment business only. From the current fiscal year, the Group changed its reportable segment into four segments, namely, TATERU Apartment business, TATERU Funding business, TATERU bnb business and Robot Home business.

Year on year figures used in the descriptions below are prepared from the segment classification after the change.

1) TATERU Apartment business

In 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 addition, we worked to enhance our branding by engaging in various advertising activities including TV commercials. In view of the impact of the Matter on the parties concerned and various other circumstances, we have refrained from running advertisements since September, 2018. Delays in the delivery of apartments and the cancelation of orders have also occurred as a result of the Matter, and we have implemented a sell-off of inventories and recorded a write-down of ¥1,806 million for inventories valuations, taking into consideration the collectability of funds.

As a result, net sales for the current fiscal year was ¥76,597 million (up 16.4% year on year) and operating profit was ¥2,299 million (down 71.6% year on year). Transaction of selling apartments developed and operated by TATERU Funding business to the member of TATERU Apartment business is income of TATERU Funding business instead of TATERU Apartment business for reportable segment.

2) TATERU Funding business

The real estate investment-type crowdfunding TATERU Funding business commenced the operations of capital-oriented funds from the three months ended March 31, 2018, and commenced the operations of totaling 50 funds (total amount offered: ¥38,135 million) from the start of the said business to the end of the current fiscal year. As well as canceling the management of three funds that were scheduled to commence on October 1, 2018, we have suspended the formation of new funds.

As a result, net sales for the current fiscal year was ¥770 million (¥67 million for the same period of the previous fiscal year) and operating profit was ¥381 million (operating loss of ¥25 million for the same period of the previous fiscal year).

3) TATERU bnb business

In TATERU bnb business, which provides various Minpaku (private residence accommodation) operation services, the Private Lodging Business Act (New Private Lodging Business Act) was enforced in June 2018 and the Inns and Hotels Act was revised. With regard to TATERU bnb, an IoT Minpaku apartment, which is aimed at reducing costs, including personnel expenses, and improving profitability by utilizing bnb kit, an IoT device, 13 apartment buildings were planned and developed during the current fiscal year.

As a result, net sales for the current fiscal year was ¥544 million (up 263.9% year on year) and operating profit was ¥117 million (operating loss of ¥59 million for the same period of the previous fiscal year).

4) Robot Home business

In the Robot Home business, which concentrates on planning and development of IoT devices, provides Apartment kit, an IoT device. In order to provide occupants with greater security and convenience and to streamline rental property management for owners and management companies, we made an effort to enhance functions such as introduction of new service of Benefit, a service of Apartment kit for occupants, and release of Apartment kit for Owner, a rental management application.

As a result, net sales for the current fiscal year was ¥1,317 million (¥52 million for the same period of the previous fiscal year) and operating profit was ¥520 million (operating loss of ¥224 million for the same period of the previous fiscal year).

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

(Assets)

Total assets at the end of the current fiscal year increased by ¥10,584 million from the end of the previous fiscal year to ¥32,449 million. This is mainly attributable to increases in cash and deposits of ¥2,105 million and real estate for sale of ¥9,258 million.

(Liabilities)

Total liabilities at the end of the current fiscal year decreased by ¥2,628 million from the end of the previous fiscal year to ¥9,568 million. This is mainly attributable to decreases in short-term loans payable of ¥1,200 million, income taxes payable of ¥896 million and long-term loans payable of ¥403 million.

(Net assets)

Total net assets at the end of the current fiscal year increased by ¥13,213 million from the end of the previous fiscal year to ¥23,647 million. This is mainly attributable to respective increases in capital stock and capital surplus of ¥6,644 million, which are resulting from issuance of new shares, and to the payment of dividends from surplus of ¥826 million, despite the recording of profit attributable to owners of parent of ¥821 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 ¥2,105 million from the end of the previous fiscal year to ¥11,993 million. Cash flows in each activity are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥6,668 million (¥3,647 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in income taxes paid of ¥2,525 million and an increase in inventories of ¥5,742 million, while inflows consisted of profit before income taxes of ¥2,671 million and a decrease in advance payments of ¥359 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,016 million (¥3,104 million used at the end of the previous fiscal year). This is mainly attributable to inflows in proceeds from sales of investment securities of ¥2,636 million and proceeds from sales of property, plant and equipment of ¥2,821 million, while outflows consisted of purchase of property, plant and equipment of ¥6,366 million, purchase of investment securities of ¥423 million, and purchase of shares of subsidiaries and associates of ¥300 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥10,792 million (¥4,441 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in cash dividends paid of ¥825 million, a net decrease in short-term loans payable of ¥1,200 million, and repayments of long-term loans payable of ¥408 million, while inflows consisted of proceeds from issuance of common shares of ¥13,226 million.

(4) Future outlook

In view of market trends and customer trends, it is difficult to reasonably predict profits and losses at this time, and consolidated financial results forecasts for the fiscal year ending December 31, 2019 will not be disclosed. The dividend forecast will also not be disclosed, but the dividend payout ratio benchmark is set at 10-20%, and the Company will not change its policy of working toward a goal of gradually raising the dividend payout ratio to approximately 30% in order to further expand profit returns in the future.

Announcement of the financial results forecast will be made promptly when earnings forecasts become reasonably predictable.

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, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	9,888,330	11,993,824
Accounts receivable-trade	1,162,053	841,190
Merchandise and finished goods	81,529	299,951
Work in process	12,590	-
Real estate for sale	1,847,356	11,105,828
Real estate for sale in process	1,384,219	1,618,758
Supplies	6,596	10,566
Deferred tax assets	311,951	<u>100,246</u>
Other	819,728	458,140
Allowance for doubtful accounts	(2,482)	(15,451)
Total current assets	15,511,874	<u>26,413,055</u>
Non-current assets		
Property, plant and equipment		
Buildings	481,752	420,240
Accumulated depreciation	(104,199)	(51,564)
Buildings, net	377,552	368,675
Vehicles	66,889	67,271
Accumulated depreciation	(40,553)	(48,578)
Vehicles, net	26,335	18,692
Land	850,449	559,544
Construction in progress	99,306	3,156
Other	120,642	170,423
Accumulated depreciation	(75,670)	(127,339)
Other, net	44,971	43,084
Total property, plant and equipment	1,398,617	993,154
Intangible assets		
Goodwill	1,921,305	1,791,047
Other	167,901	365,348
Total intangible assets	2,089,207	<u>2,156,396</u>
Investments and other assets		
Investment securities	2,181,666	2,351,533
Deferred tax assets	62,966	<u>10,618</u>
Other	620,448	524,821
Total investments and other assets	2,865,081	<u>2,886,973</u>
Total non-current assets	6,352,905	<u>6,036,523</u>
Total assets	21,864,780	<u>32,449,578</u>

TATERU, Inc. (1435)
Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
After correction
(Thousand yen)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	3,087,038	2,824,725
Short-term loans payable	3,000,000	1,800,000
Current portion of long-term loans payable	405,904	401,154
Income taxes payable	1,464,231	568,023
Provision for bonuses	44,699	55,749
Provision for full occupancy responsibility	200,111	319,021
Asset retirement obligations	29,655	-
Other	2,342,171	2,345,720
Total current liabilities	10,573,811	8,314,393
Non-current liabilities		
Long-term loans payable	1,604,312	1,200,860
Deferred tax liabilities	-	4,566
Asset retirement obligations	18,889	48,269
Total non-current liabilities	1,623,201	1,253,696
Total liabilities	12,197,012	9,568,089
Net assets		
Shareholders' equity		
Capital stock	628,006	7,272,422
Capital surplus	533,502	7,178,610
Retained earnings	8,300,627	8,296,419
Total shareholders' equity	9,462,137	22,747,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,152	1,575
Foreign currency translation adjustment	-	22
Total accumulated other comprehensive income	69,152	1,598
Subscription rights to shares	1,530	1,530
Non-controlling interests	134,948	130,908
Total net assets	9,667,768	22,881,489
Total liabilities and net assets	21,864,780	32,449,578

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Net sales	67,016,456	79,149,341
Cost of sales	55,312,313	70,524,349
Gross profit	11,704,143	8,624,992
Selling, general and administrative expenses	5,805,531	7,903,125
Operating profit	5,898,612	721,866
Non-operating income		
Interest income	431	1,436
Dividend income	1,544	26,691
Gain on sales of goods	2,329	3,865
Share of profit of entities accounted for using equity method	51,709	-
Gain on insurance cancellation	-	13,945
Other	1,914	4,748
Total non-operating income	57,929	50,686
Non-operating expenses		
Interest expenses	10,919	12,555
Share issuance cost	-	62,568
Loss on investments in partnership	2,716	2,675
Commission fee	77,789	10,156
Share of loss of entities accounted for using equity method	-	165,575
Other	1,122	11,272
Total non-operating expenses	92,547	264,803
Ordinary profit	5,863,994	507,749
Extraordinary income		
Gain on sales of non-current assets	1,060	-
Gain on sales of investment securities	-	2,448,315
Gain on step acquisitions	169,487	-
Total extraordinary income	170,547	2,448,315
Extraordinary losses		
Loss on valuation of investment securities	126,733	100,008
Special survey costs, etc.	-	184,335
Total extraordinary losses	126,733	284,344
Profit before income taxes	5,907,808	2,671,721
Income taxes - current	2,105,221	1,549,795
Income taxes - deferred	(211,237)	<u>298,492</u>
Total income taxes	1,893,983	<u>1,848,288</u>
Profit	4,013,825	<u>823,433</u>
Profit attributable to non-controlling interests	18,376	<u>1,551</u>
Profit attributable to owners of parent	3,995,449	<u>821,881</u>

Consolidated statements of comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Profit	4,013,825	<u>823,433</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	69,185	(67,577)
Foreign currency translation adjustment	-	22
Share of other comprehensive income of entities accounted for using equity method	267	-
Total other comprehensive income	69,453	(67,554)
Comprehensive income	4,083,278	<u>755,878</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,064,902	<u>754,327</u>
Comprehensive income attributable to non-controlling interests	18,376	<u>1,551</u>

(3) Consolidated statements of changes in net assets
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

For the fiscal year ended December 31, 2018

(Thousand yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	628,006	533,502	8,300,627	9,462,137
Changes of items during period				
Issuance of new shares	6,618,336	6,618,336		13,236,672
Issuance of new shares - exercise of subscription rights to shares	26,080	26,080		52,160
Dividends of surplus			(826,090)	(826,090)
Profit attributable to owners of parent			<u>821,881</u>	<u>821,881</u>
Purchase of shares of consolidated subsidiaries		691		691
Net changes of items other than shareholders' equity				
Total changes of items during period	6,644,416	6,645,107	<u>(4,208)</u>	<u>13,285,314</u>
Balance at end of current period	7,272,422	7,178,610	<u>8,296,419</u>	<u>22,747,452</u>

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	69,152	-	69,152	1,530	134,948	9,667,768
Changes of items during period						
Issuance of new shares						13,236,672
Issuance of new shares - exercise of subscription rights to shares			-			52,160
Dividends of surplus			-			(826,090)
Profit attributable to owners of parent			-			<u>821,881</u>
Purchase of shares of consolidated subsidiaries			-			691
Net changes of items other than shareholders' equity	(67,577)	22	(67,554)	-	<u>(4,039)</u>	<u>(71,594)</u>
Total changes of items during period	(67,577)	22	(67,554)	-	<u>(4,039)</u>	<u>13,213,720</u>
Balance at end of current period	1,575	22	1,598	1,530	<u>130,908</u>	<u>22,881,489</u>

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	5,907,808	2,671,721
Depreciation	160,085	200,546
Amortization of goodwill	32,564	130,258
Share issuance cost	-	62,568
Loss (gain) on sales of investment securities	-	(2,448,315)
Loss (gain) on sales of non-current assets	(1,060)	-
Loss (gain) on valuation of interest securities	126,733	100,008
Loss (gain) on step acquisition	(169,487)	-
Interest and dividend income	(1,975)	(28,127)
Interest expenses	10,919	12,555
Loss (gain) on investments in partnership	2,716	2,675
Share of (profit) loss of entities accounted for using equity method	(51,709)	165,575
Decrease (increase) in notes and accounts receivable-trade	(648,052)	320,863
Decrease (increase) in inventories	(911,367)	(5,742,361)
Increase (decrease) in notes and accounts payable-trade	897,991	(262,313)
Decrease (increase) in advance payments	(206,734)	359,578
Increase (decrease) in advances received	50,189	(75,949)
Increase (decrease) in allowance for doubtful accounts	1,692	12,969
Increase (decrease) in provision for bonuses	1,475	11,049
Increase (decrease) in provision for full occupancy responsibility	24,286	118,909
Decrease (increase) in other assets	111,768	(21,027)
Increase (decrease) in other liabilities	252,204	239,493
Other, net	1,295	9,168
Subtotal	5,591,343	(4,160,153)
Interest and dividend income received	1,976	28,052
Interest expenses paid	(11,275)	(11,691)
Income taxes paid	(1,934,564)	(2,525,014)
Net cash provided by (used in) operating activities	3,647,479	(6,668,808)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,331,102)	(6,366,649)
Proceeds from sales of property, plant and equipment	363,370	2,821,526
Purchase of intangible assets	(113,931)	(278,104)
Purchase of investment securities	(1,182,272)	(423,025)
Proceeds from sales of investment securities	-	2,636,087
Purchase of shares of subsidiaries	-	(4,900)
Purchase of shares of subsidiaries and associates	(404,114)	(300,460)
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	(356,867)	(100,288)
Proceeds from collection of lease and guarantee deposits	29,487	196,411
Increase (decrease) in crowdfunding deposits received	302,160	(180,530)
Payments for asset retirement obligations	-	(15,870)
Other, net	60	(1,588)

TATERU, Inc. (1435)
Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
After correction

Net cash provided by (used in) investing activities	(3,104,632)	(2,016,989)
	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,000,000	(1,200,000)
Proceeds from long-term loans payable	2,000,000	-
Repayments of long-term loans payable	(1,476)	(408,202)
Proceeds from issuance of common shares	52,160	13,226,263
Proceeds from issuance of subscription rights to shares	1,530	-
Cash dividends paid	(610,773)	(825,596)
Net cash provided by (used in) financing activities	4,441,440	10,792,464
Effect of exchange rate change on cash and cash equivalents	(174)	(1,172)
Net increase (decrease) in cash and cash equivalents	4,984,113	2,105,493
Cash and cash equivalents at beginning of period	4,904,216	9,888,330
Cash and cash equivalents at end of period	9,888,330	11,993,824

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company applied the “Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Condition,” (PITF No.36, January 12, 2018; hereinafter “PITF No.36”), etc. on and after April 1, 2018, and decided to apply accounting treatment conforming to the “Accounting Standard for Share-based Payment” (ASBJ Statement No. 8, December 27, 2005), etc. to transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions.

However, with regard to the application of PITF No.36, the Company follows the transitional measure stipulated in Paragraph 10 (3) of PITF No.36, and continues to apply the previously adopted accounting treatment to transactions in which it had granted employees and others stock acquisition rights, which involve considerations, with vesting conditions, before the day when PITF No.36 was applied.

(Segment information, etc.)

[Segment information]

I For the fiscal year ended December 31, 2017

Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjust-ments (Note 2)	Amounts on consolidated statements of income (Note 3)
	TATERU Apartment business	TATERU Funding business	TATERU bnb business	Robot Home business	Total				
Net sales									
Net sales to external customers	65,824,555	67,041	106,794	-	65,998,391	1,018,065	67,016,456	-	67,016,456
Inter-segment sales or transfers	1,472	-	42,926	52,937	97,336	-	97,336	(97,336)	-
Total	65,826,027	67,041	149,721	52,937	66,095,727	1,018,065	67,113,793	(97,336)	67,016,456
Segment profit or loss	8,085,808	(25,625)	(59,364)	(224,323)	7,776,495	(72,063)	7,704,431	(1,805,819)	5,898,612
Assets	8,021,119	1,109,422	134,281	431,111	9,695,935	643,961	10,339,897	11,524,883	21,864,780
Other									
Depreciation	53,370	13,452	6,422	12,216	85,461	7,701	93,163	66,921	160,085
Amortization of goodwill	32,564	-	-	-	32,564	-	32,564	-	32,564
Amount of Property, plant and equipment and Intangible assets	112,581	1,161,005	77,808	63,854	1,415,249	4,807	1,420,057	60,148	1,480,206

- (Notes)
- Others refers to business segments not included in the reportable segments.
 - The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.
 - Segment profit or loss is adjusted with the operating profit under consolidated statements of income.

II For the fiscal year ended December 31, 2018

1. Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjust-ments (Note 2)	Amounts on consolidated statements of income (Note 3)
	TATERU Apartment business	TATERU Funding business	TATERU bnb business	Robot Home business	Total				
Net sales									
Net sales to external customers	76,586,671	565,787	544,796	1,199,469	78,896,724	252,616	79,149,341	-	79,149,341
Inter-segment sales or transfers	10,910	205,203	-	118,376	334,489	73,266	407,756	(407,756)	-
Total	76,597,581	770,991	544,796	1,317,846	79,231,214	325,883	79,557,097	(407,756)	79,149,341
Segment profit or loss	2,299,033	381,171	117,312	520,753	3,318,271	60,543	3,378,814	(2,656,948)	721,866
Assets	<u>16,339,809</u>	<u>158,756</u>	<u>658,343</u>	<u>1,180,032</u>	<u>18,336,942</u>	963,542	<u>19,300,484</u>	<u>13,149,094</u>	<u>33,449,578</u>
Other									
Depreciation	45,240	17,007	41,548	48,578	152,375	1,584	153,959	46,587	200,546
Amortization of goodwill	130,258	-	-	-	130,258	-	130,258	-	130,258
Amount of Property, plant and equipment and Intangible assets	14,950	6,302,429	49,012	155,964	6,522,357	727	6,523,084	213,745	6,736,829

- (Notes)
- Others refers to business segments not included in the reportable segments.
 - The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.
 - Segment profit or loss is adjusted with the operating profit under consolidated statements of income.

2. Information on the changes, etc. to reportable segments

The Group's previous reportable segment was "TATERU Apartment business" only. From the current fiscal year, the Group changed its reportable segment into four segments, namely, "TATERU Apartment business," "TATERU Funding business," "TATERU bnb business" and "Robot Home business."

The changes are made due to the revision of the Group's business development, decision of allocation of management resources and method of performance evaluation that reflects the actual state with the full-scale launch of "TATERU Funding business," "TATERU bnb business" and "Robot Home business" during the current fiscal year.

Segment information for the previous fiscal year is prepared from the segment classification after the change

(Per share information)

Item	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Net assets per share	¥120.56	<u>¥256.28</u>
Basic earnings per share	¥51.52	<u>¥9.70</u>
Diluted earnings per share	¥46.06	<u>¥8.91</u>

(Notes) 1. The Company conducted 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 diluted earnings per share are as follows.

Item	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	3,995,449	<u>821,881</u>
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common stock (Thousand yen)	3,995,449	<u>821,881</u>
Average number of shares of common stock outstanding during the period (Shares)	77,551,362	84,769,499
Diluted earnings per share		
Adjustment for profit attributable to parent (Thousand yen)	—	—
Increase in number of shares of common stock (Shares)	9,192,434	7,424,777
(Stock acquisition rights to shares included in the above (Shares))	(9,192,434)	(7,424,777)
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	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)
Not applicable.

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	24,738,843	63.5	9,373,936	35.9

- (Notes)
1. Consumption taxes, etc. are not included in the above figures.
 2. As presentations regarding the record of orders received about construction in TATERU Funding business, TATERU bnb business and Robot Home business are not suitable due to the business characteristics, they are not stated.

Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 [Japanese GAAP]



February 13, 2019

Company name: TATERU, Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 1435
URL: <https://corp.tateru.co/>
Representative: Daisaku Furuki, Representative Director/CEO
Contact: Yusuke Takasugi, Managing Director/CFO, General Manager, Business Management Division
Phone: +81-3-6447-0651
Scheduled date of Annual General Meeting of Shareholders: March 26, 2019
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: March 27, 2019
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, 2018 (January 1, 2018 to December 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2018	79,149	18.1	721	(87.8)	507	(91.3)	1,581	(60.4)
December 31, 2017	67,016	76.8	5,898	55.0	5,863	54.2	3,995	69.7

(Note) Comprehensive income: Fiscal year ended December 31, 2018: ¥1,522million [(62.7%)]
Fiscal year ended December 31, 2017: ¥4,083million [73.9%]

	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, 2018	18.66	17.15	9.6	1.8	0.9
December 31, 2017	51.52	46.06	51.3	35.8	8.8

(Reference) Equity in earnings (losses) of associated companies: Fiscal year ended December 31, 2018: ¥(165)million
Fiscal year ended December 31, 2017: ¥ 51 million

(Notes) The Company conducted 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2018	33,211	23,647	70.8	264.83
As of December 31, 2017	21,864	9,667	43.6	120.56

(Reference) Equity: As of December 31, 2018: ¥23,508 million
As of December 31, 2017: ¥ 9,531 million

(Note) The Company conducted 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, 2018	(6,668)	(2,016)	10,792	11,993
December 31, 2017	3,647	(3,104)	4,441	9,888

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, 2017	-	20.00	-	25.00	45.00	701	17.5	9.0
December 31, 2018	-	5.00	-	-	5.00	430	26.8	2.5
Fiscal year ending December 31, 2019 (Forecast)	-	-	-	-	-		-	

- (Notes) 1. 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, 2017 shown are the amount actually paid.
2. Dividends for the fiscal year ending December 31, 2019 has not been decided at this moment.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

In view of market trends and customer trends, it is difficult to reasonably predict profits and losses at this time, and consolidated financial results forecasts for the fiscal year ending December 31, 2019 will not be disclosed. Announcement of the financial results forecast will be made promptly when earnings forecasts become reasonably predictable. For details, please refer to “(4) Future outlook in 1. Summary of Operating Results, etc.” on page 4.

*** 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: TATERU Funding, Inc.
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 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, 2018: 88,767,000 shares
December 31, 2017: 79,059,000 shares
 - 2) Total number of treasury stock at the end of the period:
December 31, 2018: - shares
December 31, 2017: - shares
 - 3) Average number of shares during the period:
Fiscal year ended December 31, 2018: 84,769,499 shares
Fiscal year ended December 31, 2017: 77,551,362 shares

(Note) The Company conducted a five-for-one stock split of its common stock effective January 1, 2018. Total number of shares outstanding (common stock) is calculated on the assumption that the stock split was 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.

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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 the increase of export backed by the recovery in the global economy, as well as the improvement of personal consumption and the continued increasing trend in capital investment. 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 trend in China.

In the real estate industry, although there are signs that financial institutions are tightening their policies on loans for real estate due to the change in their lending attitudes, the strong trend is expected to last going forward thanks to the robust demand from investors for property acquisition, driven by the Bank of Japan's continued negative interest rate policy.

Under these circumstances, with our Group management philosophy "Internet × Real: accelerating new services," our new TATERU Funding business, TATERU bnb business, and Robot Home businesses have achieved profitability, although our mainstay TATERU Apartment business posted an increase in sales and a decrease in profit.

As a result, although the performance for the current fiscal year was ¥79,149 million in net sales (up 18.1% year on year), operating profit was ¥721 million (down 87.8% year on year) and ordinary profit was ¥507 million (down 91.3% year on year) partly due to the recording of ¥1,806 million in loss on valuation of inventories. In addition, profit attributable to owners of parent amounted to ¥1,581 million (down 60.4% year on year), partly due to the recording of gain on sales of investment securities of ¥2,448 million.

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 balance amount seem higher than it was and submitting the data to a financial institution (the "Matter"). As a result, the Company established a Special Investigation Committee on September 4, 2018 to conduct an investigation into this event. On December 27, 2018, the Company received the results of the investigation report from the Special Investigation Committee, which included contents such as results of the investigation, study on contributing factors, and measures to prevent reoccurrence. The Company once again wishes to extend its sincerest apologies for the considerable inconvenience caused to shareholders and other persons concerned.

The Company as a whole will steadily implement measures to prevent reoccurrence and ensure thorough awareness of compliance in an effort to promptly restore trust.

The performance of each segment is as follows.

The Group's previous reportable segment was TATERU Apartment business only. From the current fiscal year, the Group changed its reportable segment into four segments, namely, TATERU Apartment business, TATERU Funding business, TATERU bnb business and Robot Home business.

Year on year figures used in the descriptions below are prepared from the segment classification after the change.

1) TATERU Apartment business

In 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 addition, we worked to enhance our branding by engaging in various advertising activities including TV commercials. In view of the impact of the Matter on the parties concerned and various other circumstances, we have refrained from running advertisements since September, 2018. Delays in the delivery of apartments and the cancelation of orders have also occurred as a result of the Matter, and we have implemented a sell-off of inventories and recorded a write-down of ¥1,806 million for inventories valuations, taking into consideration the collectability of funds.

As a result, net sales for the current fiscal year was ¥76,597 million (up 16.4% year on year) and operating profit was ¥2,299 million (down 71.6% year on year). Transaction of selling apartments developed and operated by TATERU Funding business to the member of TATERU Apartment business is income of TATERU Funding business instead of TATERU Apartment business for reportable segment.

2) TATERU Funding business

The real estate investment-type crowdfunding TATERU Funding business commenced the operations of capital-oriented funds from the three months ended March 31, 2018, and commenced the operations of totaling 50 funds (total amount offered: ¥38,135 million) from the start of the said business to the end of the current fiscal year. As well as canceling the management of three funds that were scheduled to commence on October 1, 2018, we have suspended the formation of new funds.

As a result, net sales for the current fiscal year was ¥770 million (¥67 million for the same period of the previous fiscal year) and operating profit was ¥381 million (operating loss of ¥25 million for the same period of the previous fiscal year).

3) TATERU bnb business

In TATERU bnb business, which provides various Minpaku (private residence accommodation) operation services, the Private Lodging Business Act (New Private Lodging Business Act) was enforced in June 2018 and the Inns and Hotels Act was revised. With regard to TATERU bnb, an IoT Minpaku apartment, which is aimed at reducing costs, including personnel expenses, and improving profitability by utilizing bnb kit, an IoT device, 13 apartment buildings were planned and developed during the current fiscal year.

As a result, net sales for the current fiscal year was ¥544 million (up 263.9% year on year) and operating profit was ¥117 million (operating loss of ¥59 million for the same period of the previous fiscal year).

4) Robot Home business

In the Robot Home business, which concentrates on planning and development of IoT devices, provides Apartment kit, an IoT device. In order to provide occupants with greater security and convenience and to streamline rental property management for owners and management companies, we made an effort to enhance functions such as introduction of new service of Benefit, a service of Apartment kit for occupants, and release of Apartment kit for Owner, a rental management application.

As a result, net sales for the current fiscal year was ¥1,317 million (¥52 million for the same period of the previous fiscal year) and operating profit was ¥520 million (operating loss of ¥224 million for the same period of the previous fiscal year).

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

(Assets)

Total assets at the end of the current fiscal year increased by ¥11,346 million from the end of the previous fiscal year to ¥33,211 million. This is mainly attributable to increases in cash and deposits of ¥2,105 million and real estate for sale of ¥9,258 million.

(Liabilities)

Total liabilities at the end of the current fiscal year decreased by ¥2,633 million from the end of the previous fiscal year to ¥9,563 million. This is mainly attributable to decreases in short-term loans payable of ¥1,200 million, income taxes payable of ¥896 million and long-term loans payable of ¥403 million.

(Net assets)

Total net assets at the end of the current fiscal year increased by ¥13,979 million from the end of the previous fiscal year to ¥23,647 million. This is mainly attributable to respective increases in capital stock and capital surplus of ¥6,644 million, which are resulting from issuance of new shares, as well as an increase in retained earnings of ¥826 million due to the payment of dividends from surplus of ¥755 million, despite the recording of profit attributable to owners of parent of ¥1,581 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 ¥2,105 million from the end of the previous fiscal year to ¥11,993 million. Cash flows in each activity are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥6,668 million (¥3,647 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in income taxes paid of ¥2,525 million and an increase in inventories of ¥5,742 million, while inflows consisted of profit before income taxes of ¥2,671 million and a decrease in advance payments of ¥359 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,016 million (¥3,104 million used at the end of the previous fiscal year). This is mainly attributable to inflows in proceeds from sales of investment securities of ¥2,636 million and proceeds from sales of property, plant and equipment of ¥2,821 million, while outflows consisted of purchase of property, plant and equipment of ¥6,366 million, purchase of investment securities of ¥423 million, and purchase of shares of subsidiaries and associates of ¥300 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥10,792 million (¥4,441 million provided at the end of the previous fiscal year). This is mainly attributable to outflows in cash dividends paid of ¥825 million, a net decrease in short-term loans payable of ¥1,200 million, and repayments of long-term loans payable of ¥408 million, while inflows consisted of proceeds from issuance of common shares of ¥13,226 million.

(4) Future outlook

In view of market trends and customer trends, it is difficult to reasonably predict profits and losses at this time, and consolidated financial results forecasts for the fiscal year ending December 31, 2019 will not be disclosed. The dividend forecast will also not be disclosed, but the dividend payout ratio benchmark is set at 10-20%, and the Company will not change its policy of working toward a goal of gradually raising the dividend payout ratio to approximately 30% in order to further expand profit returns in the future.

Announcement of the financial results forecast will be made promptly when earnings forecasts become reasonably predictable.

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, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	9,888,330	11,993,824
Accounts receivable-trade	1,162,053	841,190
Merchandise and finished goods	81,529	299,951
Work in process	12,590	-
Real estate for sale	1,847,356	11,105,828
Real estate for sale in process	1,384,219	1,618,758
Supplies	6,596	10,566
Deferred tax assets	311,951	818,187
Other	819,728	458,140
Allowance for doubtful accounts	(2,482)	(15,451)
Total current assets	15,511,874	27,130,996
Non-current assets		
Property, plant and equipment		
Buildings	481,752	420,240
Accumulated depreciation	(104,199)	(51,564)
Buildings, net	377,552	368,675
Vehicles	66,889	67,271
Accumulated depreciation	(40,553)	(48,578)
Vehicles, net	26,335	18,692
Land	850,449	559,544
Construction in progress	99,306	3,156
Other	120,642	170,423
Accumulated depreciation	(75,670)	(127,339)
Other, net	44,971	43,084
Total property, plant and equipment	1,398,617	993,154
Intangible assets		
Goodwill	1,921,305	1,791,047
Other	167,901	365,348
Total intangible assets	2,089,207	2,156,396
Investments and other assets		
Investment securities	2,181,666	2,351,533
Deferred tax assets	62,966	54,319
Other	620,448	524,821
Total investments and other assets	2,865,081	2,930,674
Total non-current assets	6,352,905	6,080,224
Total assets	21,864,780	33,211,220

TATERU, Inc. (1435)
Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
Before correction
(Thousand yen)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	3,087,038	2,824,725
Short-term loans payable	3,000,000	1,800,000
Current portion of long-term loans payable	405,904	401,154
Income taxes payable	1,464,231	568,023
Provision for bonuses	44,699	55,749
Provision for full occupancy responsibility	200,111	319,021
Asset retirement obligations	29,655	-
Other	2,342,171	2,345,720
Total current liabilities	10,573,811	8,314,393
Non-current liabilities		
Long-term loans payable	1,604,312	1,200,860
Asset retirement obligations	18,889	48,269
Total non-current liabilities	1,623,201	1,249,129
Total liabilities	12,197,012	9,563,522
Net assets		
Shareholders' equity		
Capital stock	628,006	7,272,422
Capital surplus	533,502	7,178,610
Retained earnings	8,300,627	9,055,965
Total shareholders' equity	9,462,137	23,506,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69,152	1,575
Foreign currency translation adjustment	-	22
Total accumulated other comprehensive income	69,152	1,598
Subscription rights to shares	1,530	1,530
Non-controlling interests	134,948	137,571
Total net assets	9,667,768	23,647,698
Total liabilities and net assets	21,864,780	33,211,220

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Net sales	67,016,456	79,149,341
Cost of sales	55,312,313	70,524,349
Gross profit	11,704,143	8,624,992
Selling, general and administrative expenses	5,805,531	7,903,125
Operating profit	5,898,612	721,866
Non-operating income		
Interest income	431	1,436
Dividend income	1,544	26,691
Gain on sales of goods	2,329	3,865
Share of profit of entities accounted for using equity method	51,709	-
Gain on insurance cancellation	-	13,945
Other	1,914	4,748
Total non-operating income	57,929	50,686
Non-operating expenses		
Interest expenses	10,919	12,555
Share issuance cost	-	62,568
Loss on investments in partnership	2,716	2,675
Commission fee	77,789	10,156
Share of loss of entities accounted for using equity method	-	165,575
Other	1,122	11,272
Total non-operating expenses	92,547	264,803
Ordinary profit	5,863,994	507,749
Extraordinary income		
Gain on sales of non-current assets	1,060	-
Gain on sales of investment securities	-	2,448,315
Gain on step acquisitions	169,487	-
Total extraordinary income	170,547	2,448,315
Extraordinary losses		
Loss on valuation of investment securities	126,733	100,008
Special survey costs, etc.	-	184,335
Total extraordinary losses	126,733	284,344
Profit before income taxes	5,907,808	2,671,721
Income taxes - current	2,105,221	1,549,795
Income taxes - deferred	(211,237)	(467,716)
Total income taxes	1,893,983	1,082,078
Profit	4,013,825	1,589,642
Profit attributable to non-controlling interests	18,376	8,214
Profit attributable to owners of parent	3,995,449	1,581,427

Consolidated statements of comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Profit	4,013,825	1,589,642
Other comprehensive income		
Valuation difference on available-for-sale securities	69,185	(67,577)
Foreign currency translation adjustment	-	22
Share of other comprehensive income of entities accounted for using equity method	267	-
Total other comprehensive income	69,453	(67,554)
Comprehensive income	4,083,278	1,522,087
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,064,902	1,513,873
Comprehensive income attributable to non-controlling interests	18,376	8,214

(3) Consolidated statements of changes in net assets
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

For the fiscal year ended December 31, 2018

(Thousand yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	628,006	533,502	8,300,627	9,462,137
Changes of items during period				
Issuance of new shares	6,618,336	6,618,336		13,236,672
Issuance of new shares - exercise of subscription rights to shares	26,080	26,080		52,160
Dividends of surplus			(826,090)	(826,090)
Profit attributable to owners of parent			1,581,427	1,581,427
Purchase of shares of consolidated subsidiaries		691		691
Net changes of items other than shareholders' equity				
Total changes of items during period	6,644,416	6,645,107	755,337	14,044,860
Balance at end of current period	7,272,422	7,178,610	9,055,965	23,506,998

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	69,152	-	69,152	1,530	134,948	9,667,768
Changes of items during period						
Issuance of new shares						13,236,672
Issuance of new shares - exercise of subscription rights to shares			-			52,160
Dividends of surplus			-			(826,090)
Profit attributable to owners of parent			-			1,581,427
Purchase of shares of consolidated subsidiaries			-			691
Net changes of items other than shareholders' equity	(67,577)	22	(67,554)	-	2,623	(64,931)
Total changes of items during period	(67,577)	22	(67,554)	-	2,623	13,979,929
Balance at end of current period	1,575	22	1,598	1,530	137,571	23,647,698

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	5,907,808	2,671,721
Depreciation	160,085	200,546
Amortization of goodwill	32,564	130,258
Share issuance cost	-	62,568
Loss (gain) on sales of investment securities	-	(2,448,315)
Loss (gain) on sales of non-current assets	(1,060)	-
Loss (gain) on valuation of interest securities	126,733	100,008
Loss (gain) on step acquisition	(169,487)	-
Interest and dividend income	(1,975)	(28,127)
Interest expenses	10,919	12,555
Loss (gain) on investments in partnership	2,716	2,675
Share of (profit) loss of entities accounted for using equity method	(51,709)	165,575
Decrease (increase) in notes and accounts receivable-trade	(648,052)	320,863
Decrease (increase) in inventories	(911,367)	(5,742,361)
Increase (decrease) in notes and accounts payable-trade	897,991	(262,313)
Decrease (increase) in advance payments	(206,734)	359,578
Increase (decrease) in advances received	50,189	(75,949)
Increase (decrease) in allowance for doubtful accounts	1,692	12,969
Increase (decrease) in provision for bonuses	1,475	11,049
Increase (decrease) in provision for full occupancy responsibility	24,286	118,909
Decrease (increase) in other assets	111,768	(21,027)
Increase (decrease) in other liabilities	252,204	239,493
Other, net	1,295	9,168
Subtotal	5,591,343	(4,160,153)
Interest and dividend income received	1,976	28,052
Interest expenses paid	(11,275)	(11,691)
Income taxes paid	(1,934,564)	(2,525,014)
Net cash provided by (used in) operating activities	3,647,479	(6,668,808)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,331,102)	(6,366,649)
Proceeds from sales of property, plant and equipment	363,370	2,821,526
Purchase of intangible assets	(113,931)	(278,104)
Purchase of investment securities	(1,182,272)	(423,025)
Proceeds from sales of investment securities	-	2,636,087
Purchase of shares of subsidiaries	-	(4,900)
Purchase of shares of subsidiaries and associates	(404,114)	(300,460)
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	(356,867)	(100,288)
Proceeds from collection of lease and guarantee deposits	29,487	196,411
Increase (decrease) in crowdfunding deposits received	302,160	(180,530)
Payments for asset retirement obligations	-	(15,870)
Other, net	60	(1,588)

TATERU, Inc. (1435)
Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
Before correction

Net cash provided by (used in) investing activities	(3,104,632)	(2,016,989)
	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,000,000	(1,200,000)
Proceeds from long-term loans payable	2,000,000	-
Repayments of long-term loans payable	(1,476)	(408,202)
Proceeds from issuance of common shares	52,160	13,226,263
Proceeds from issuance of subscription rights to shares	1,530	-
Cash dividends paid	(610,773)	(825,596)
Net cash provided by (used in) financing activities	4,441,440	10,792,464
Effect of exchange rate change on cash and cash equivalents	(174)	(1,172)
Net increase (decrease) in cash and cash equivalents	4,984,113	2,105,493
Cash and cash equivalents at beginning of period	4,904,216	9,888,330
Cash and cash equivalents at end of period	9,888,330	11,993,824

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company applied the “Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Condition,” (PITF No.36, January 12, 2018; hereinafter “PITF No.36”), etc. on and after April 1, 2018, and decided to apply accounting treatment conforming to the “Accounting Standard for Share-based Payment” (ASBJ Statement No. 8, December 27, 2005), etc. to transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions.

However, with regard to the application of PITF No.36, the Company follows the transitional measure stipulated in Paragraph 10 (3) of PITF No.36, and continues to apply the previously adopted accounting treatment to transactions in which it had granted employees and others stock acquisition rights, which involve considerations, with vesting conditions, before the day when PITF No.36 was applied.

(Segment information, etc.)

[Segment information]

I For the fiscal year ended December 31, 2017

Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjust-ments (Note 2)	Amounts on consolidated statements of income (Note 3)
	TATERU Apartment business	TATERU Funding business	TATERU bnb business	Robot Home business	Total				
Net sales									
Net sales to external customers	65,824,555	67,041	106,794	-	65,998,391	1,018,065	67,016,456	-	67,016,456
Inter-segment sales or transfers	1,472	-	42,926	52,937	97,336	-	97,336	(97,336)	-
Total	65,826,027	67,041	149,721	52,937	66,095,727	1,018,065	67,113,793	(97,336)	67,016,456
Segment profit or loss	8,085,808	(25,625)	(59,364)	(224,323)	7,776,495	(72,063)	7,704,431	(1,805,819)	5,898,612
Assets	8,021,119	1,109,422	134,281	431,111	9,695,935	643,961	10,339,897	11,524,883	21,864,780
Other									
Depreciation	53,370	13,452	6,422	12,216	85,461	7,701	93,163	66,921	160,085
Amortization of goodwill	32,564	-	-	-	32,564	-	32,564	-	32,564
Amount of Property, plant and equipment and Intangible assets	112,581	1,161,005	77,808	63,854	1,415,249	4,807	1,420,057	60,148	1,480,206

- (Notes)
- Others refers to business segments not included in the reportable segments.
 - The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.
 - Segment profit or loss is adjusted with the operating profit under consolidated statements of income.

II For the fiscal year ended December 31, 2018

1. Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment					Others (Note 1)	Total	Adjust-ments (Note 2)	Amounts on consolidated statements of income (Note 3)
	TATERU Apartment business	TATERU Funding business	TATERU bnb business	Robot Home business	Total				
Net sales									
Net sales to external customers	76,586,671	565,787	544,796	1,199,469	78,896,724	252,616	79,149,341	-	79,149,341
Inter-segment sales or transfers	10,910	205,203	-	118,376	334,489	73,266	407,756	(407,756)	-
Total	76,597,581	770,991	544,796	1,317,846	79,231,214	325,883	79,557,097	(407,756)	79,149,341
Segment profit or loss	2,299,033	381,171	117,312	520,753	3,318,271	60,543	3,378,814	(2,656,948)	721,866
Assets	16,986,944	158,649	666,799	1,180,111	18,992,504	963,542	19,956,047	13,255,173	33,211,220
Other									
Depreciation	45,240	17,007	41,548	48,578	152,375	1,584	153,959	46,587	200,546
Amortization of goodwill	130,258	-	-	-	130,258	-	130,258	-	130,258
Amount of Property, plant and equipment and Intangible assets	14,950	6,302,429	49,012	155,964	6,522,357	727	6,523,084	213,745	6,736,829

- (Notes)
- Others refers to business segments not included in the reportable segments.
 - The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.
 - Segment profit or loss is adjusted with the operating profit under consolidated statements of income.

2. Information on the changes, etc. to reportable segments

The Group's previous reportable segment was "TATERU Apartment business" only. From the current fiscal year, the Group changed its reportable segment into four segments, namely, "TATERU Apartment business," "TATERU Funding business," "TATERU bnb business" and "Robot Home business."

The changes are made due to the revision of the Group's business development, decision of allocation of management resources and method of performance evaluation that reflects the actual state with the full-scale launch of "TATERU Funding business," "TATERU bnb business" and "Robot Home business" during the current fiscal year.

Segment information for the previous fiscal year is prepared from the segment classification after the change

(Per share information)

Item	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Net assets per share	¥120.56	¥264.83
Basic earnings per share	¥51.52	¥18.66
Diluted earnings per share	¥46.06	¥17.15

(Notes) 1. The Company conducted 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 diluted earnings per share are as follows.

Item	For the fiscal year ended December 31, 2017	For the fiscal year ended December 31, 2018
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	3,995,449	1,581,427
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common stock (Thousand yen)	3,995,449	1,581,427
Average number of shares of common stock outstanding during the period (Shares)	77,551,362	84,769,499
Diluted earnings per share		
Adjustment for profit attributable to parent (Thousand yen)	—	—
Increase in number of shares of common stock (Shares)	9,192,434	7,424,777
(Stock acquisition rights to shares included in the above (Shares))	(9,192,434)	(7,424,777)
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	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)
Not applicable.

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	24,738,843	63.5	9,373,936	35.9

- (Notes)
1. Consumption taxes, etc. are not included in the above figures.
 2. As presentations regarding the record of orders received about construction in TATERU Funding business, TATERU bnb business and Robot Home business are not suitable due to the business characteristics, they are not stated.