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Notice Concerning the Impact of the Spread of COVID-19 and Recording of Extraordinary Losses

TATERU, Inc. (the “Company”) expresses its sincere sympathies for those who have contracted COVID-19 and others who have been impacted. Furthermore, the Company expresses its deepest gratitude to medical professionals and all others who are working hard to prevent the spread of the infection.

The Company hereby announces the impact of COVID-19 on its financial results, etc., as follows.

1. The impact of the spread of COVID-19

The impact that the spread of COVID-19 has on KANRY Business is negligible, because it is a business that generates recurring income by managing lease contracts for property owners and management companies and providing platforms and services that leverage core technologies such as AI and IoT. Meanwhile, the TATERU Business is experiencing decreases in inbound tourism demand and lodging demand, stemming from travel restrictions as well as the government’s requests to refrain from unnecessary outings and holding events to prevent COVID-19 from spreading.

2. Recording of extraordinary losses and their details

Recording of loss on valuation of investment securities

From the investment securities it held, the Company selected securities whose actual value had fallen far below the book value, and recorded a 282 million yen loss on valuation of those securities under extraordinary losses as a result of impairment during the second quarter of the fiscal year ending December 31, 2020 (April 1, 2020 – June 30, 2020).

3. Impact on financial results

At this moment, the Company left unchanged the consolidated financial results forecast for the fiscal year ending December 31, 2020, which it announced on February 13, 2020. The Company will, however, continue monitoring the status of the spread of COVID-19. It will make a separate announcement if it finds factors that will likely impact its financial results, etc.