

TATERU, Inc.

FY2019

FINANCIAL RESULTS

FY2019 Financial Results Briefing Materials

February 2020 TATERU, Inc. (TSE1:1435)

Contents



FY2019 Financial Results Overview _____ **P.02**

NEXT TATERU VISION _____ **P.10**

FY2019

FINANCIAL RESULTS OVERVIEW

Company overview

Name	TATERU, Inc.	Businesses	Apartment platform business IoT business Smart hotel business
Head office	1-5-8, Jingumae, Shibuya-ku, Tokyo	Subsidiaries	Robot Home Co., Ltd. TABICT, Inc. Sanus Co., Ltd. (Established January 2020) TATERU-UZ LLC
Established	January 23, 2006		
Representative	Daisaku Furuki, Representative Director/CEO		
Capital	7,286 million yen		
Employees	203 persons <small>(consolidated basis / full-time employees / as of December 31, 2019)</small>		

Formulating a New Management Philosophy

Slogan

Bringing value to your lifestyle

Basic philosophy

**We aim to meet the world's expectations
and provide affluent lifestyles through technology**

FY2019 Highlights

- **Implemented an early retirement incentive program, received applications from 136 employees, and recorded extraordinary losses of ¥281 million as a result.**
- **Concluded a share transfer agreement with Aeria Investment No. 2 KK on October 31, 2019, to transfer the shares of Invest Online, Inc., and recorded an extraordinary loss of ¥1,530 million from the share transfer.**
- **The Company recorded a loss on valuation of ¥5,751 million associated with the collective sale and early sale of real estate for sales**

Consolidated statements of income

(Unit: million yen)

	FY 2018	FY 2019
Net sales	79,149	18,828
Gross profit	8,624	▲4,091
Selling, general and administrative expenses	7,903	5,579
Operating income	721	▲9,671
Ordinary income	507	▲10,122
Profit attributable to owners of parent	821	▲14,536

Loss on valuation of inventories of ¥5,751 million

Impairment loss of ¥1,851 million

Special retirement allowances of ¥281 million

Amortization of goodwill of ¥1,530 million

Segment information

(Unit: million yen)

	TATERU Apartment	Smart hotel	Robot Home	Others	Total	Consolidated PL
Net sales	17,706	558	510	138	18,913	18,828
Operating income	▲6,987	▲362	2	▲143	▲7,490	▲9,671

Consolidated balance sheets

(Unit: million yen)

	December 31, 2018	December 31, 2019	YoY change
Current assets	26,312	11,160	▲15,151
Inventories	13,035	3,915	▲9,120
Non-current assets	6,132	1,129	▲5,002
Total assets	32,445	12,290	▲20,154
Liabilities	9,563	4,062	▲5,500
Net assets	22,881	8,227	▲14,653
Total liabilities and net assets	32,445	12,290	▲20,154

Decrease in inventories due to promotion of collective sale

Earnings forecasts

(Unit: million yen)

	14th Fiscal Period FY2019 (Result)	15th Fiscal Period FY2020 (Forecast)
Net sales	18,828	5,962
Operating income	▲9,671	▲971
Ordinary income	▲10,122	▲1,111
Profit attributable to owners of parent	▲14,536	▲1,256

NEXT TATERU VISION

To the next TATERU business model

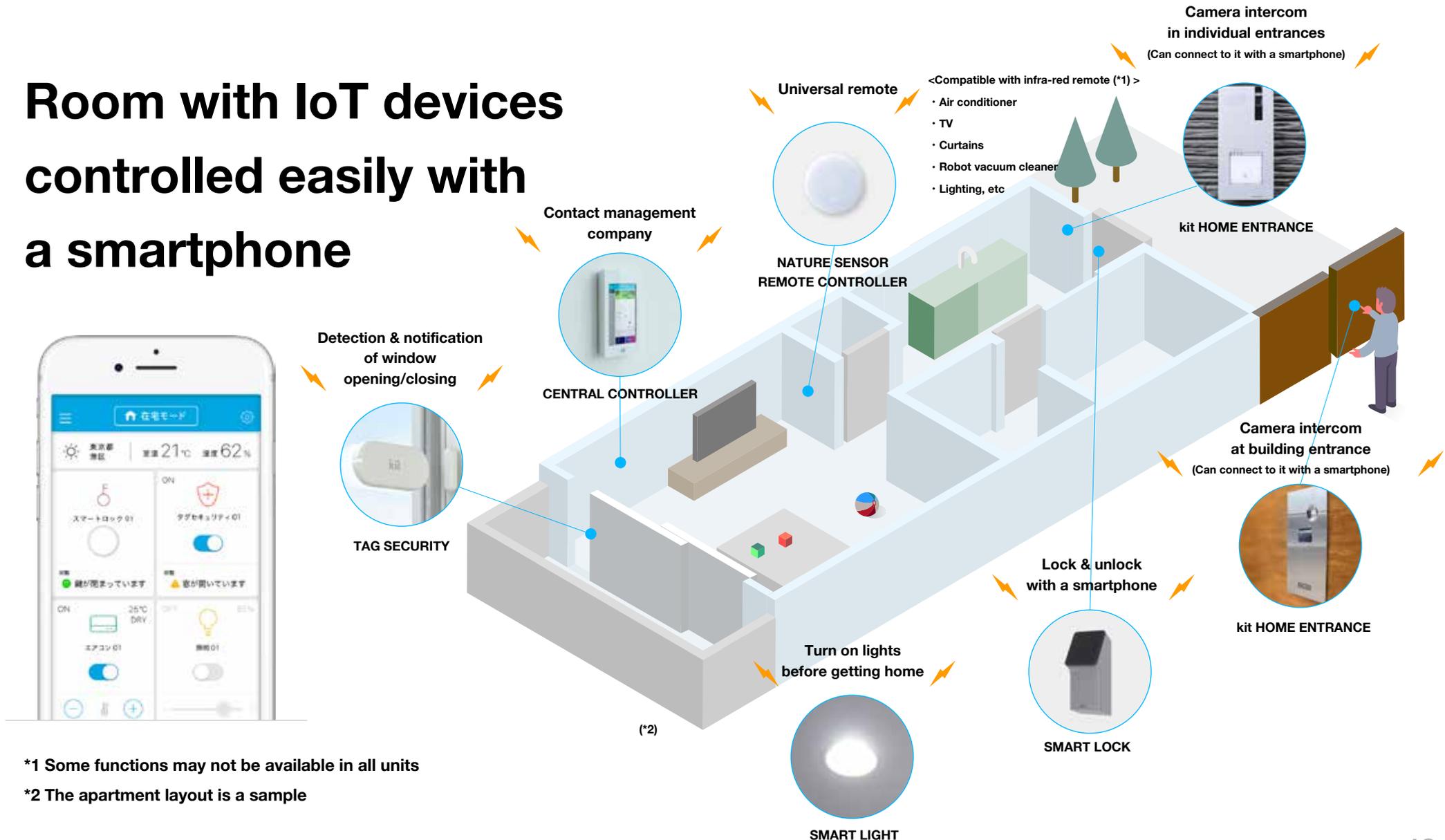
NEXT

PM platform business

**To the next business model with a view
to further strengthening recurring income**

Feature 1. Internally developed IoT capabilities

Room with IoT devices controlled easily with a smartphone



*1 Some functions may not be available in all units

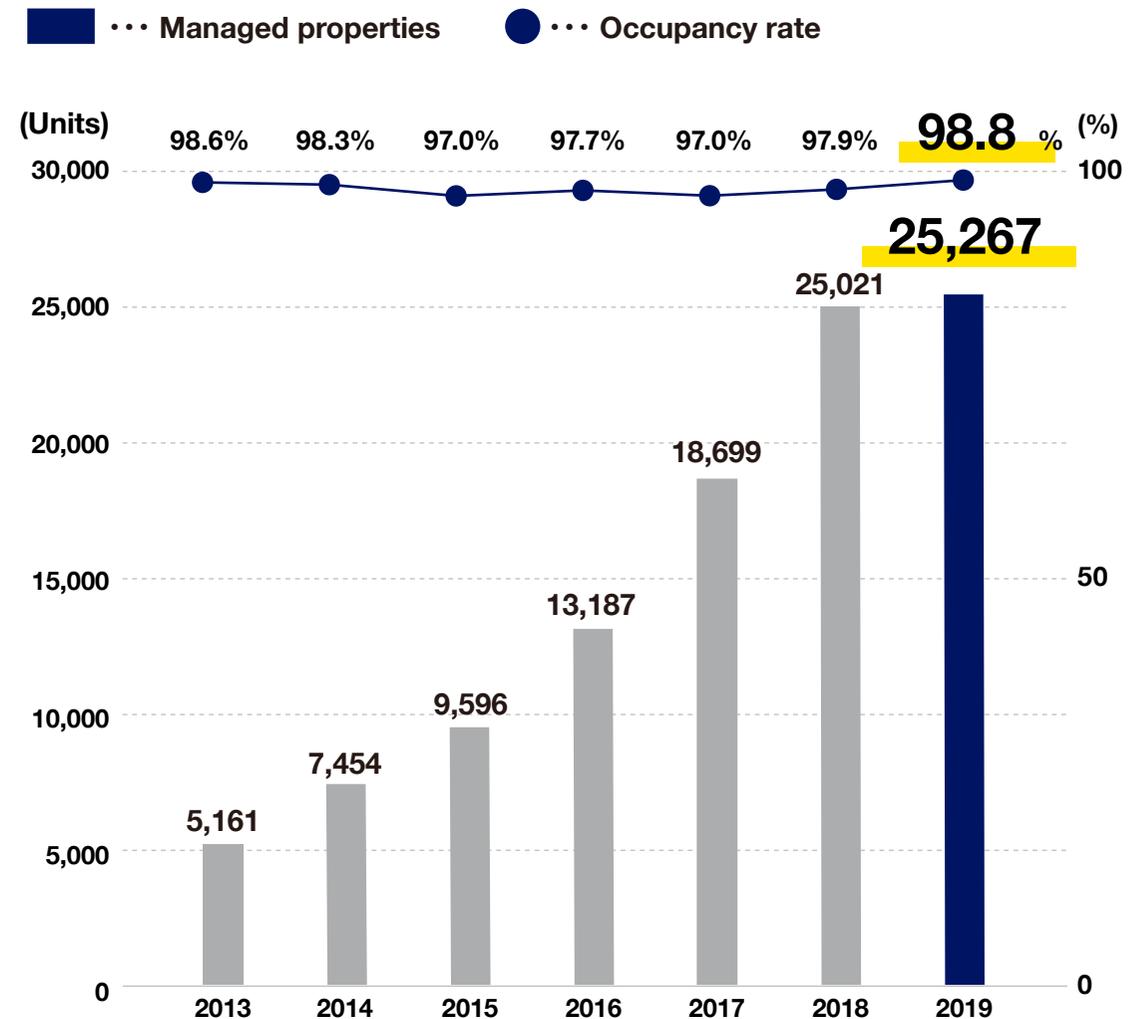
*2 The apartment layout is a sample

Feature 2. Stable recurring income that maintains high occupancy rate

- **Occupancy rate of 98.8%**
Keep high occupancy rates

- **Zero subleasing**

*As of December 31, 2019



Measure 1. Strengthening PM platform business

- **Measures to increase units under management**
 - Contract management from IoT sales
 - Commissions from rental housing sales

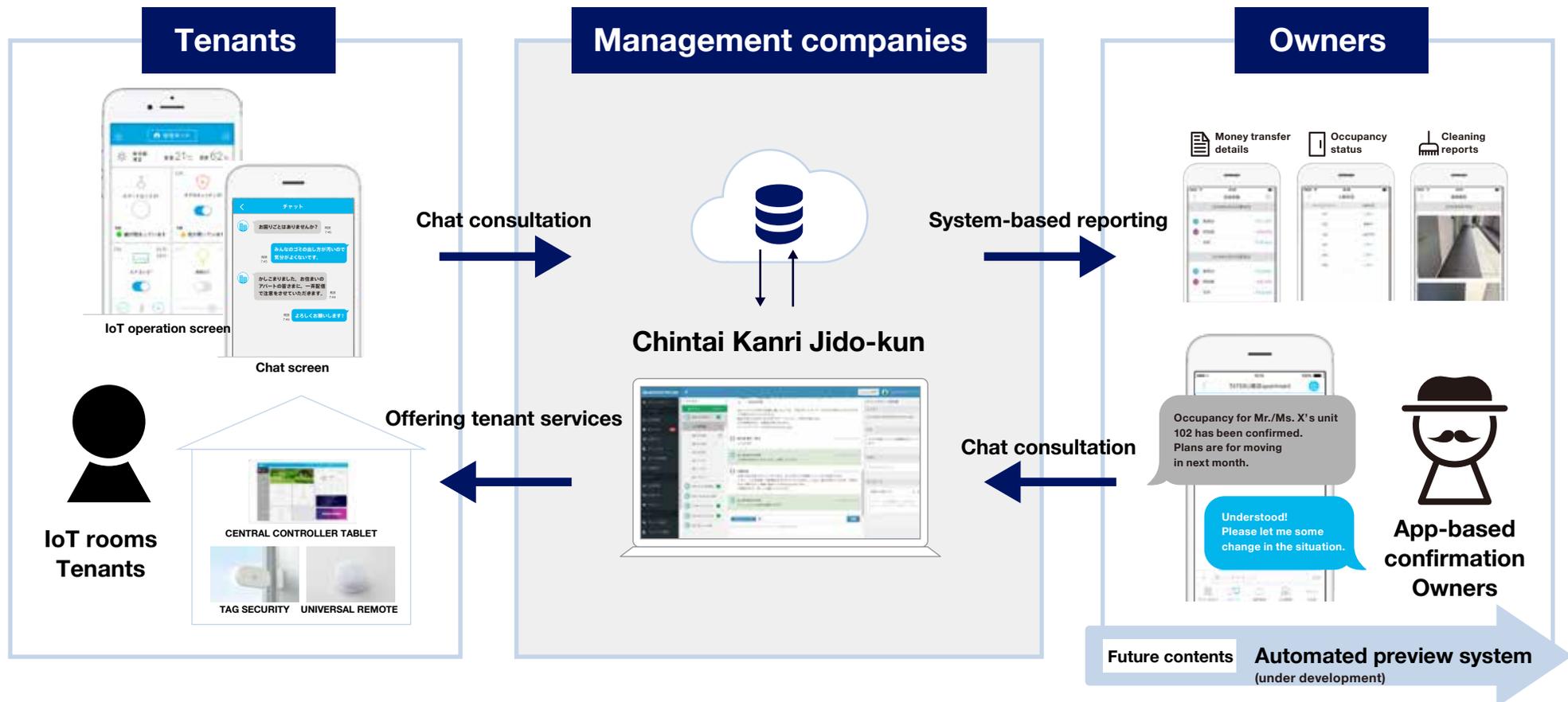
- **Currently increasing share of IoT deployment to Company-held properties (8,751 units/25,267 units)**

- **At present expanding Company-guaranteed share (8,225 units/25,267 units)**
 - Establishment of new company Sanus Co., Ltd.
 - Guarantee service contracts from IoT sales

*As of December 31, 2019

Measure 2. Reform cost structure with RPA, boost earnings capability

Deployment start of “Chintai Kanri Jido-kun,” an in-house developed rental management RPA system



Measure 3. IoT product sales for rental housing

IoT to realize a rental housing concierge-serviced lifestyle

CENTRAL CONTROLLER TABLET

Offering rental housing concierge service

- Chat concierge: Responds to trouble, such as with water, gas, etc.
- Functions to provide everyday life information: Delivers other useful lifestyle-related contents
- Tablet gateway with enriched features



TAG SECURITY

Detects opening and closing or vibrations and alerts your app even when outside



UNIVERSAL REMOTE

Reads room humidity and temperature, consolidates home remote controls in one device



SMART LIGHT

Turns on/off lights even from a smartphone app



SMART LOCK

4 ways to unlock (app, ten key, IC cards for transportation or conventional keys)



AUTO LOCK ENTRANCE

Unlocking from a remote location with a smartphone for multiple dwelling or individual entrances



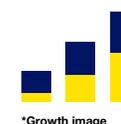
Amazon Echo

A smart speaker that enables remote operation of IoT devices with merely a voice command



Revenue structure

「IoT products」 + 「System fees」



IoT product pricing (e.g. 10 units per building)

Product name	Quantity	Unit price	Price
CENTRAL CONTROLLER TABLET	10	¥54,000	¥540,000
TAG SECURITY	10	¥9,500	¥95,000
UNIVERSAL REMOTE	10	¥17,500	¥175,000
SMART LIGHT	10	¥63,000	¥630,000
SMART LOCK	10	¥58,400	¥584,000
CARD	20	¥2,500	¥50,000
INTERCOM WITH CAMERA FOR INDIVIDUAL ENTRANCE	10	¥53,500	¥535,000
GATEWAY PoE Hub	3	¥31,500	¥95,000
GATEWAY POWER	1	¥30,000	¥30,000
INTERCOM WITH CAMERA FOR MULTIPLE DWELLING ENTRANCE	1	¥850,000	¥850,000
MULTIPLE DWELLING ENTRANCE INTERCOM POWER SOURCE	1	¥27,500	¥27,500
GATEWAY	1	¥190,000	¥190,000
LICENSE	10	¥40,000	¥400,000
TOTAL			¥4,201,500 (tax not included)

System fees (e.g. 10 units per 1 building)

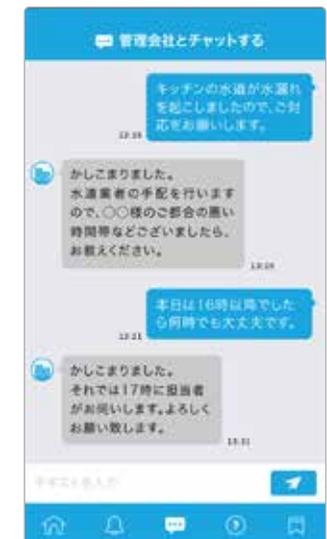
Monthly 2,000 /room Annually 240,000 /1 building

*Tax not included

CENTRAL CONTROLLER TABLET

This tablet offers rental housing concierge services. Functioning as an IoT device gateway, it enables operation from a smartphone app.

- Chat concierge
- Responds to trouble, such as with water, gas, etc.
- Functions to provide everyday life information
- Delivers other useful lifestyle-related contents



IoT product introduction

AUTO LOCK ENTRANCE

Intercom with camera for multiple dwelling or individual entrances capable of reception from a smartphone

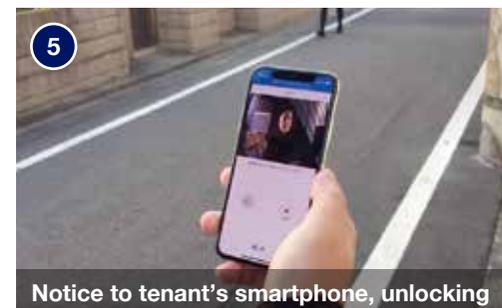
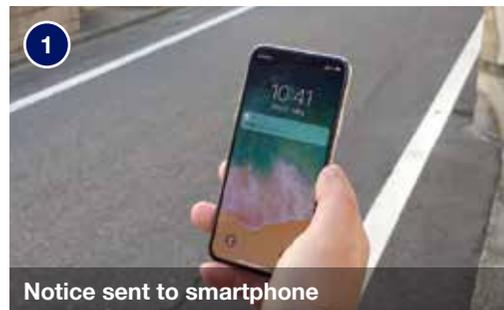


Device with camera for individual entrance



Device with camera for multiple dwelling entrance

Can be used from a remote location in case friends or family visit while you are away from home



IoT product introduction

SMART LOCK

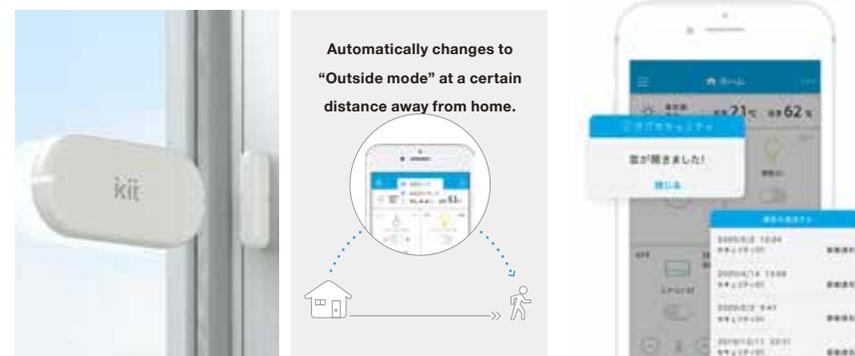
Features special processing that does not come off or fall 4 ways to unlock (App, ten key, IC cards for transportation or conventional keys)



AUTO LOCK is used to prevent unlocked doors and windows. If it is fraudulently unlocked, an alarm will be activated and an entry record can be checked via the app. When it runs out of battery, power can be fed from outside the door.

TAG SECURITY

Detects window open, close, vibration, and informs via app even when away from home



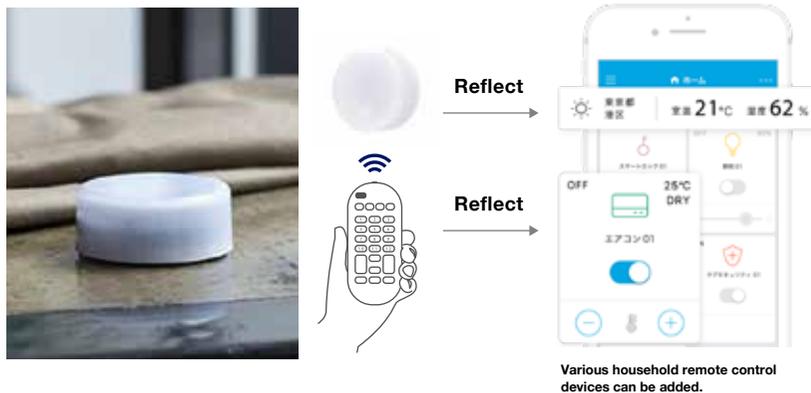
TAG SECURITY installed in the window detects opening and closing, or vibration, and enables confirmation of abnormalities in the room by using a smartphone from a remote location.

IoT product introduction

UNIVERSAL REMOTE

Acquires information on indoor environment status,
and displays room temperature and humidity.
This remote control device can operate home
appliances via a smartphone (*1)

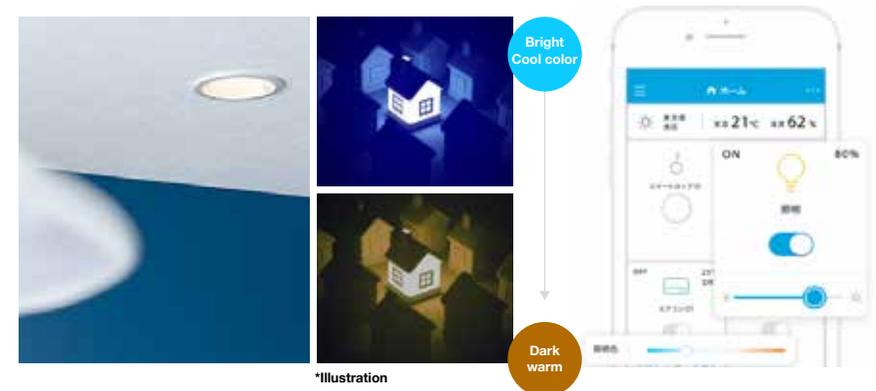
*1. Activation of all home appliances is not guaranteed.



Acquires information on indoor room temperature and humidity, and enables operation of air conditioning, TV or other appliances with a single tap of your smartphone.

SMART LIGHT

Turns on and off the light,
controls its color or dims freely



If you are away from home, and realize that you forgot to turn off a home light, you can turn it off from a remote location with a single tap on your CENTRAL CONTROLLER or smartphone.

NEXT

TATERU business

**From apartment and accommodation
business expertise,
to the next business model**

Current TATERU business (progress)

Hotel domain

**MUSUBI HOTEL is steadily expanding
16 out of 23 facilities planned for
2020 are now open**

(November 1, 2019-February 1, 2020)



Rental housing domain

**Measures to improve segment
profit have already been
implemented**

- Real estate for sale (apartments)
Significant decrease in inventory

December 31, 2018

68 buildings



December 31, 2019

25 buildings

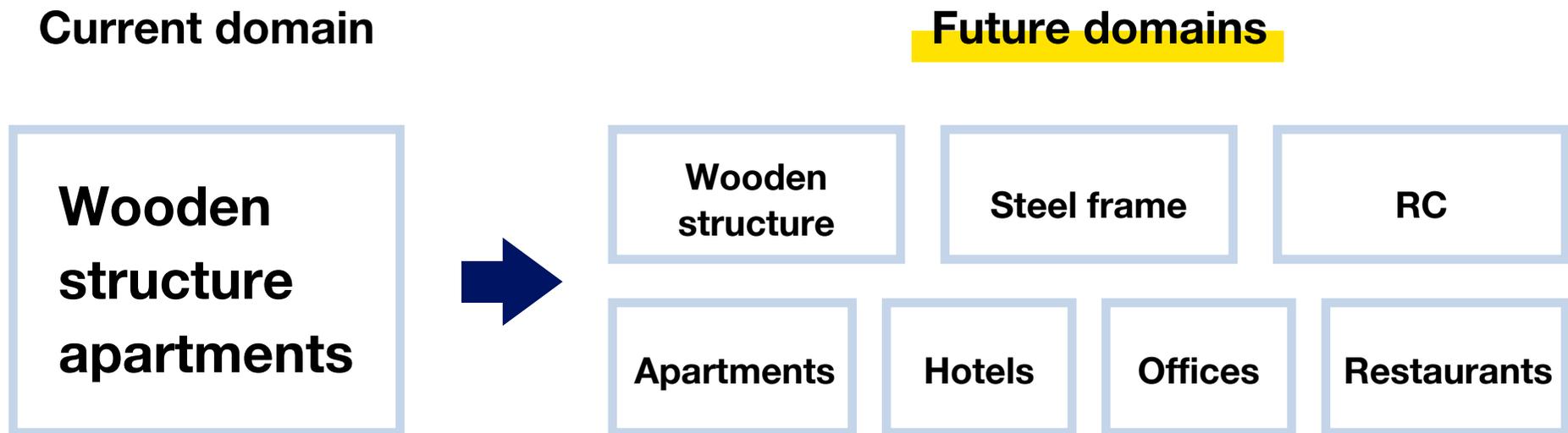
- Resumption of plot procurement

Future of TATERU business

Deployment of new services through technology combined with real estate consulting for affluent clients

Newly establish Real Estate Development Headquarters

(comprised of 12 members including those who were originally developers)

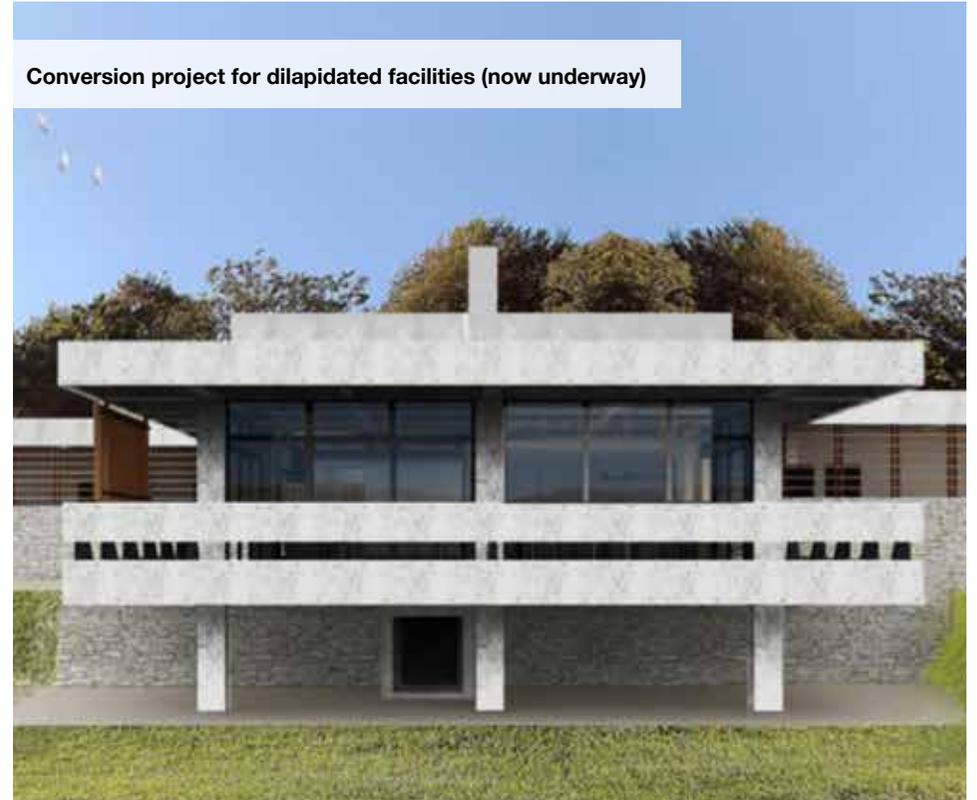


Future of TATERU business

Café project (opening planned for this spring)



Conversion project for dilapidated facilities (now underway)

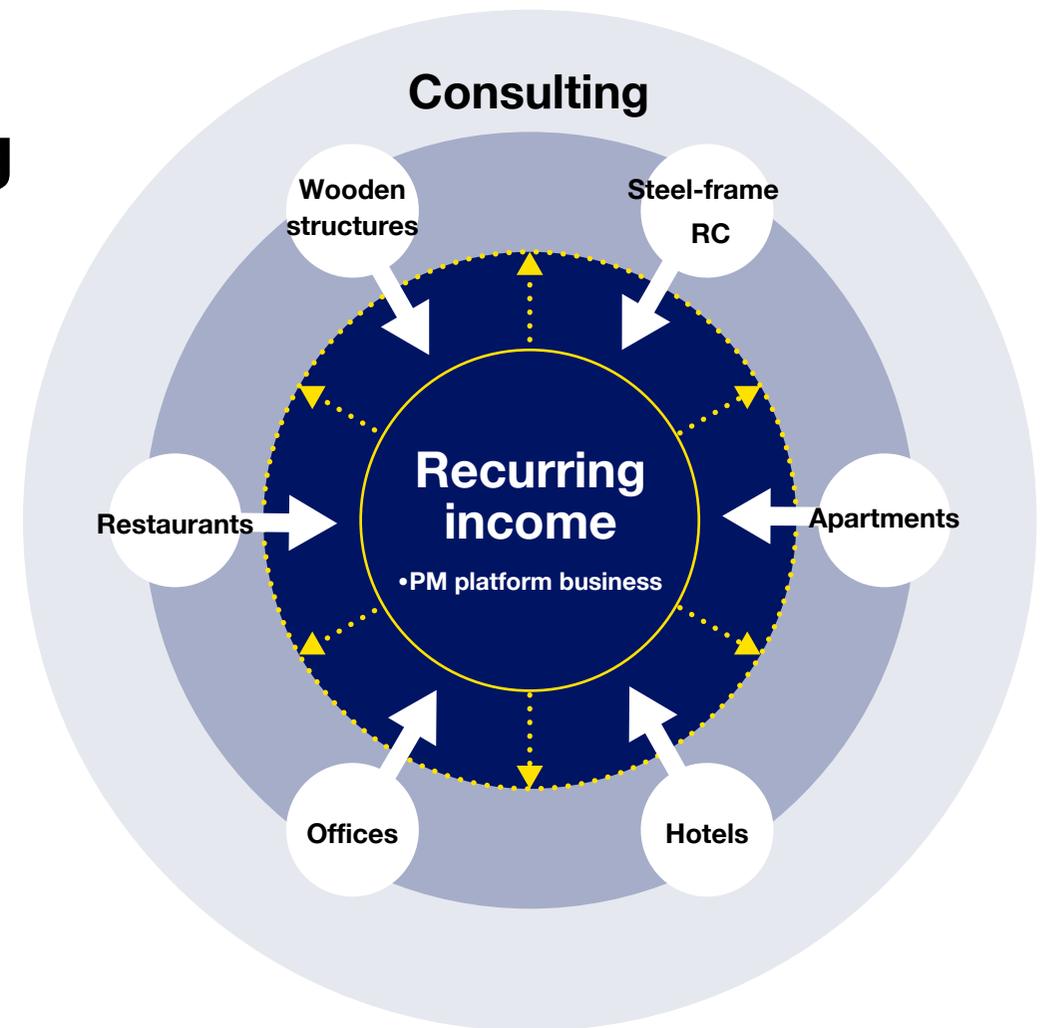


*Images are perspective drawings of facilities currently being planned

NEXT TATERU VISION

Two businesses are being deployed to expand recurring income

- **PM platform business**
- **TATERU business**



Growth image

NEXT TATERU VISION

FY2022
Operating income target
¥1.0 billion

2019.11.22

Management
Policy Briefing
Session held

2020.2.13

Announcement of
NEXT TATERU VISION

PM platform business

Room with IoT devices controlled easily with a smartphone
Stable recurring income that maintains high occupancy rate

- Strengthening PM platform business
- Reform cost structure with RPA, boost earnings capability
- IoT product sales for rental housing

TATERU business

Hotel domain

MUSUBI HOTEL
is steadily expanding

(16 out of 23 facilities planned for 2020 are now open)

*November 1, 2019-February 1, 2020

Rental housing domain

Measures to improve
segment profit have
already been implemented

Deployment of new services through
technology combined with real estate consulting
for affluent clients

December 31, 2019

December 31, 2020

December 31, 2021

December 31, 2022

Investment phase (2020~2021)

Revenue phase (2021~2025)

Disclaimer regarding forward-looking statements

The materials and information presented in this release include “forward-looking statements.” These statements are based on expectations, forecasts, and assumptions that are subject to risks at the time of release, and include uncertainties that may cause outcomes to differ in substance from these statements.

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.

TATERU undertakes no obligation to update or revise the “forward-looking statements” included in this release, even in the event of new information, future events, or other circumstances.