

# **TATERU, Inc.**

# **FY2019**

# **FINANCIAL RESULTS**

**FY2019 Financial Results Briefing Materials**

February 2020 TATERU, Inc. (TSE1:1435)

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**FY2019**

# **FINANCIAL RESULTS OVERVIEW**

# Company overview

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

**Slogan**

**Bringing value to your lifestyle**

**Basic philosophy**

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

## FY2019 Highlights

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- **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

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(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

The background is a dark blue gradient with a series of thin, light blue lines that curve from the top left towards the right, creating a sense of motion and depth.

# **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**

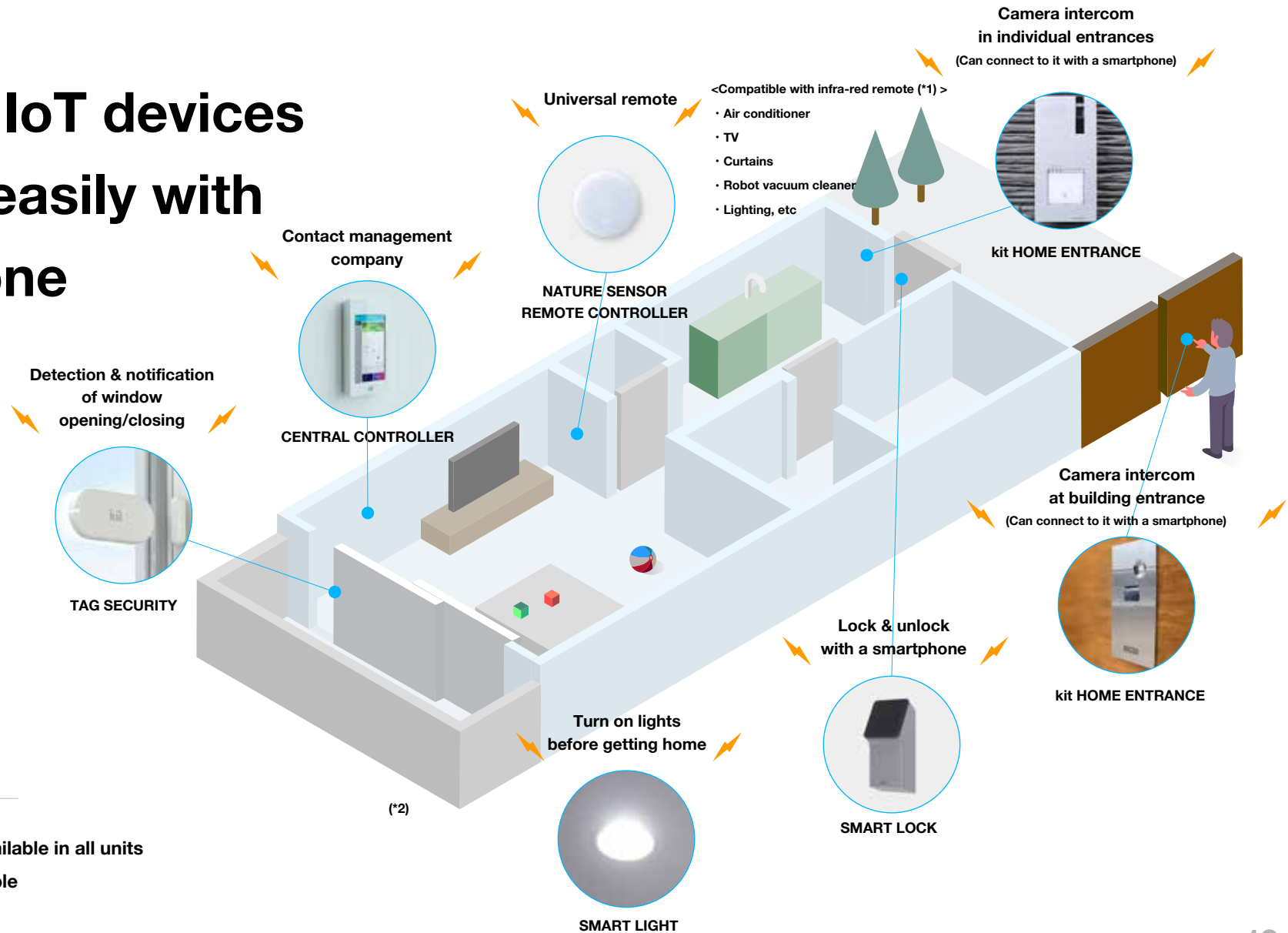
## Feature 1. Internally developed IoT capabilities

### 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

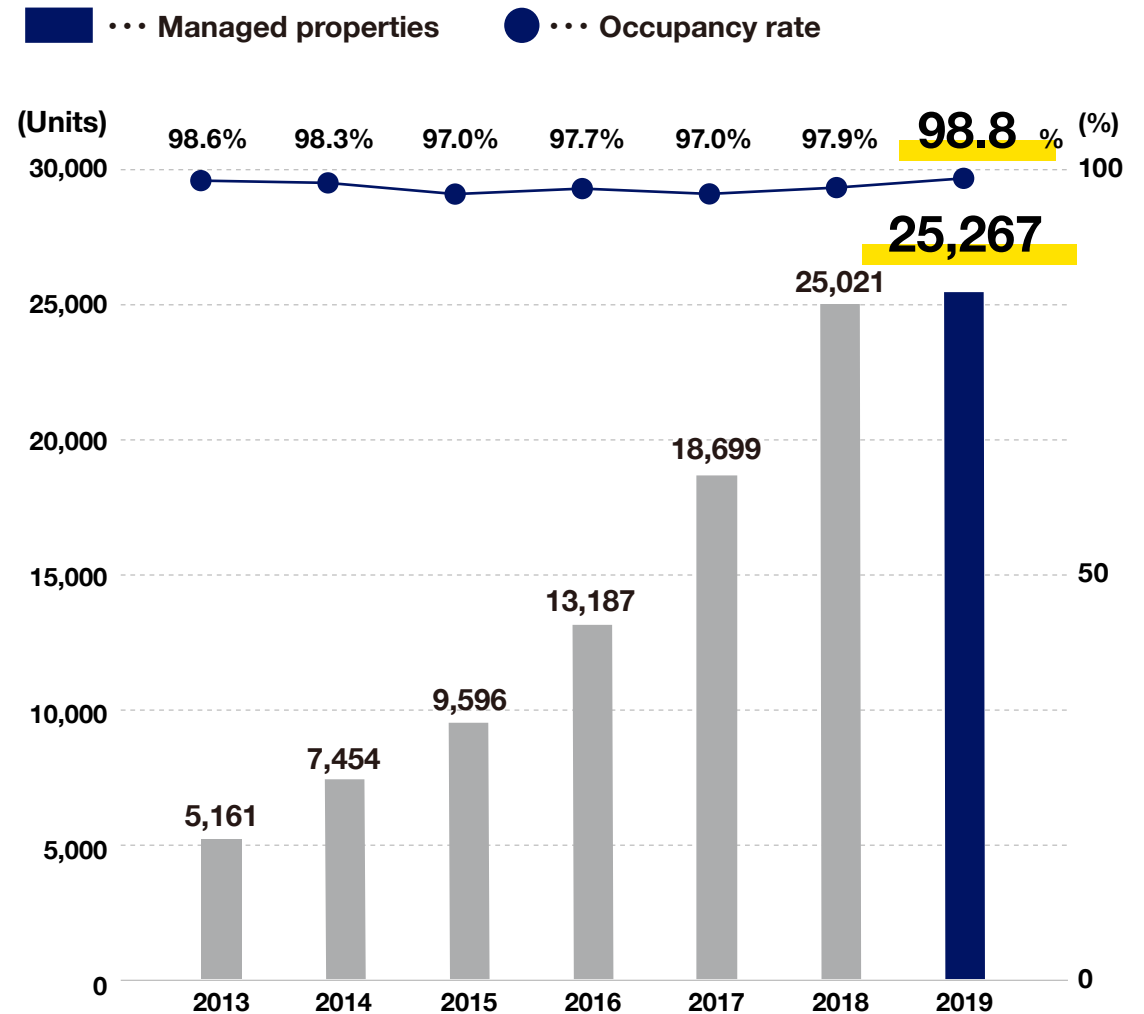


## Feature 2. Stable recurring income that maintains high occupancy rate

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

- **Zero subleasing**

\*As of December 31, 2019



## Measure 1. Strengthening PM platform business

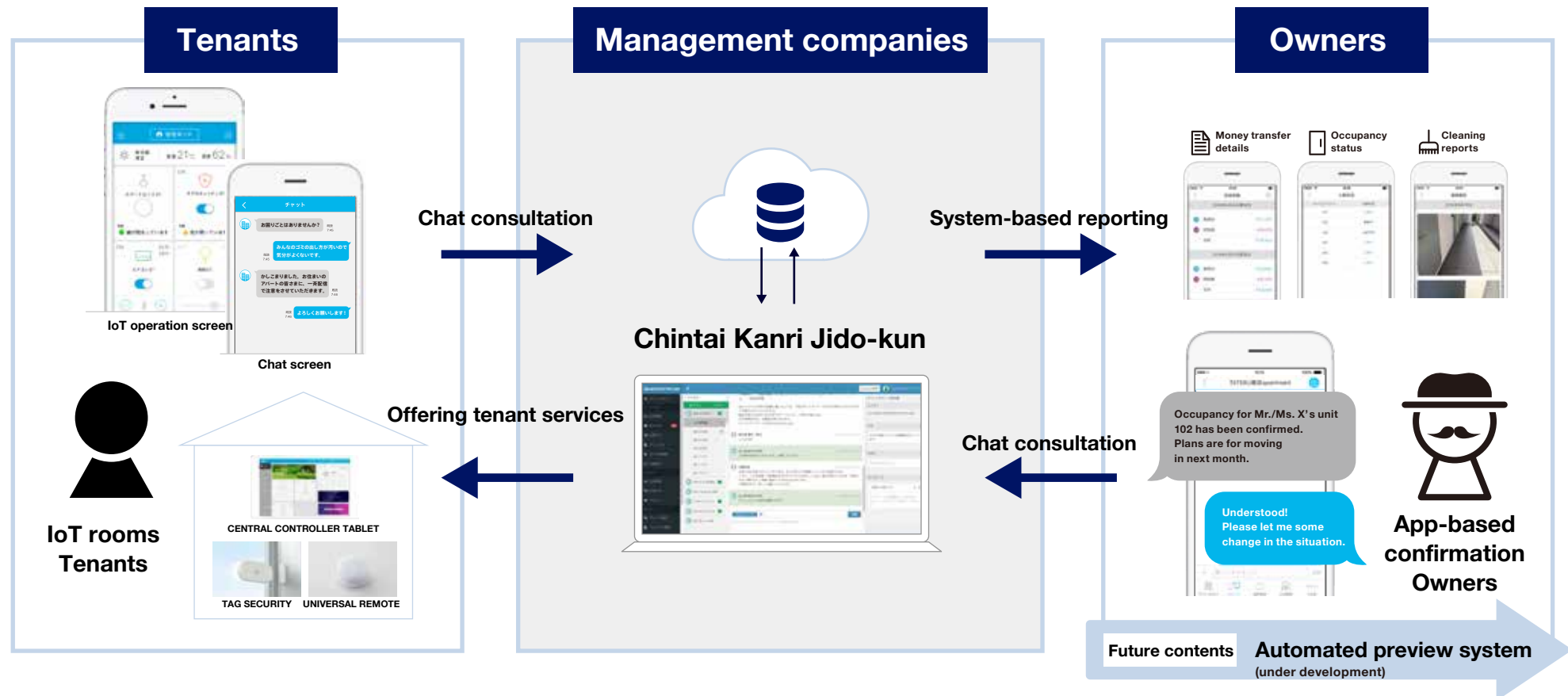
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- **Measures to increase units under management**
  - Contract management from IoT sales
  - Commissions from rental housing sales
- **Currently increasing share of IoT deployment to Company-held properties (8,751 units/25,267 units)**
- **At present 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



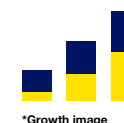
### Amazon Echo

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
<b>TOTAL</b>			<b>¥4,201,500 (tax not included)</b>

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

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

\*Tax not included

# IoT product introduction

## 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

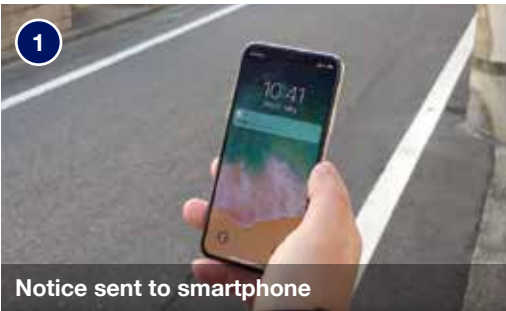


Device with camera for individual entrance

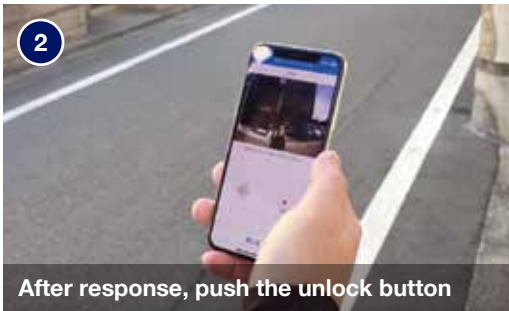


Device with camera for multiple dwelling entrance

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



Notice sent to smartphone



After response, push the unlock button



Multiple dwelling entrance unlocks



Calling from individual entrance intercom



Notice to tenant's smartphone, unlocking



Entry made possible

# IoT product introduction

## SMART LOCK

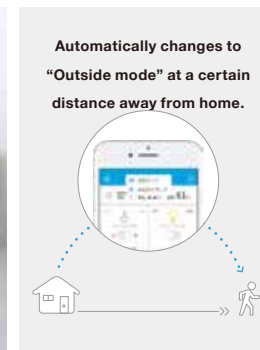
**Features special processing that does not come off or fall 4 ways to unlock (App, ten key, IC cards for transportation or conventional keys)**



**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**



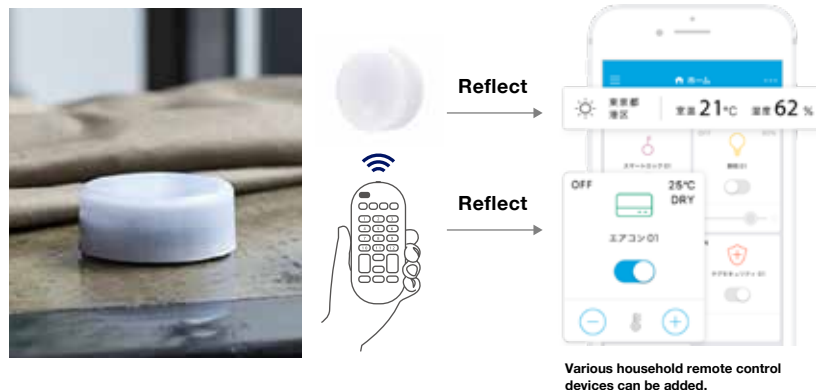
**TAG SECURITY installed in the window detects opening and closing, or vibration, and enables confirmation of abnormalities in the room by using a smartphone from a remote location.**

# 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)**

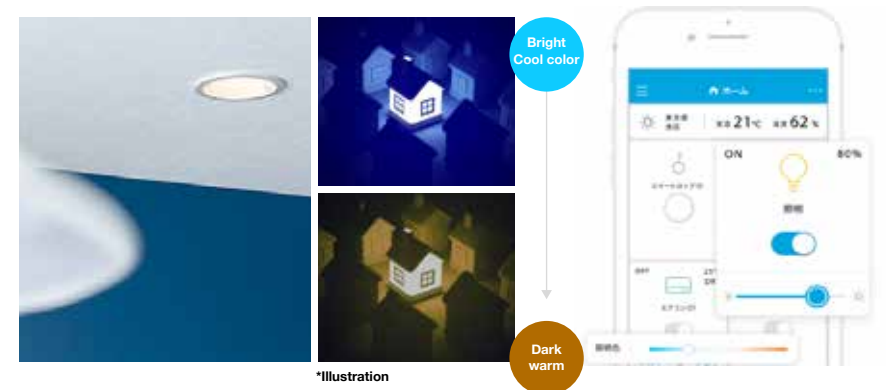
**\*1. Activation of all home appliances is not guaranteed.**



**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

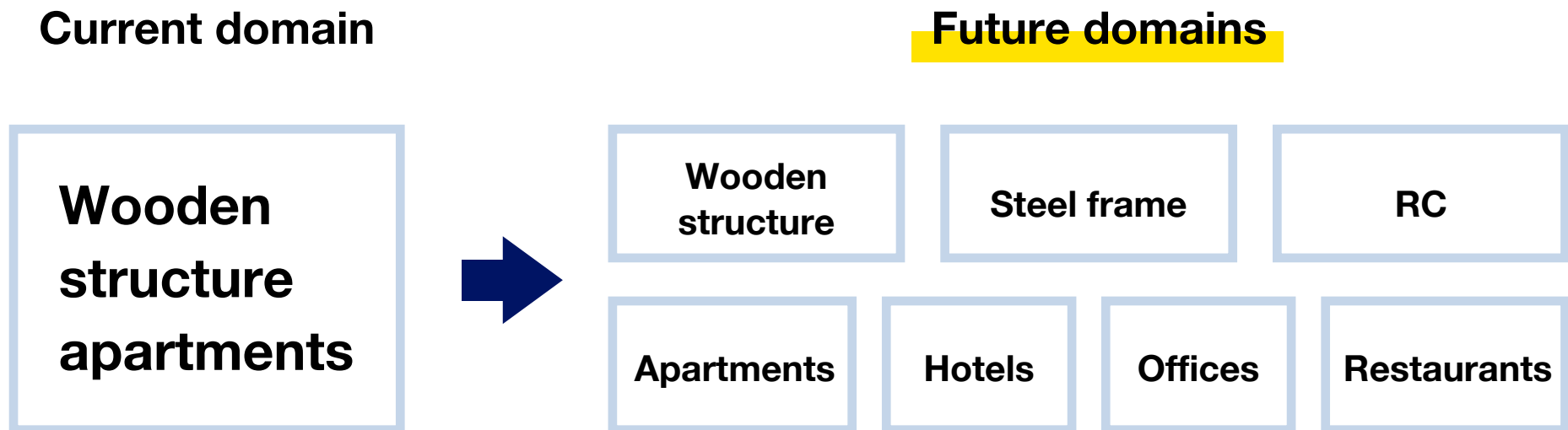
- Resumption of plot procurement



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

Newly establish Real Estate Development Headquarters

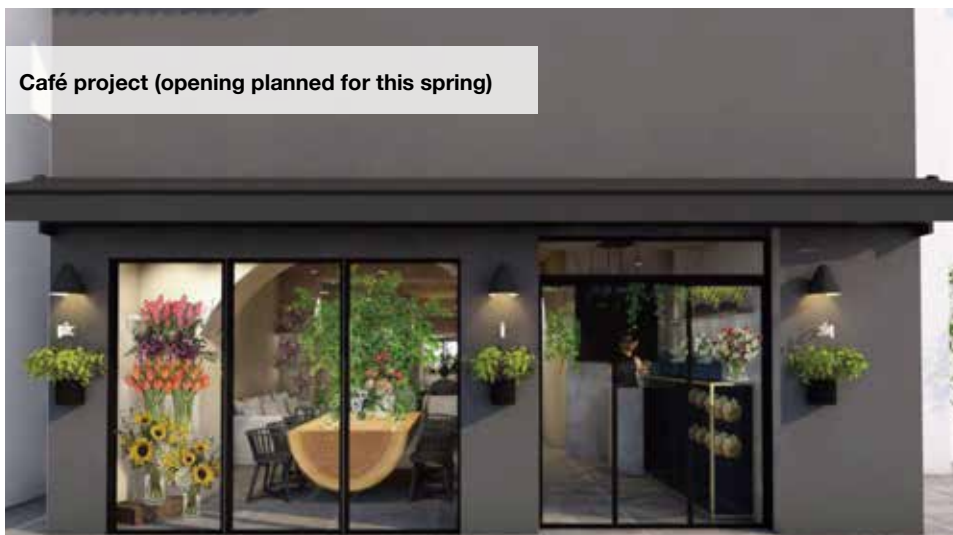
(comprised of 12 members including those who were originally developers)





# Future of TATERU business

Café project (opening planned for this spring)



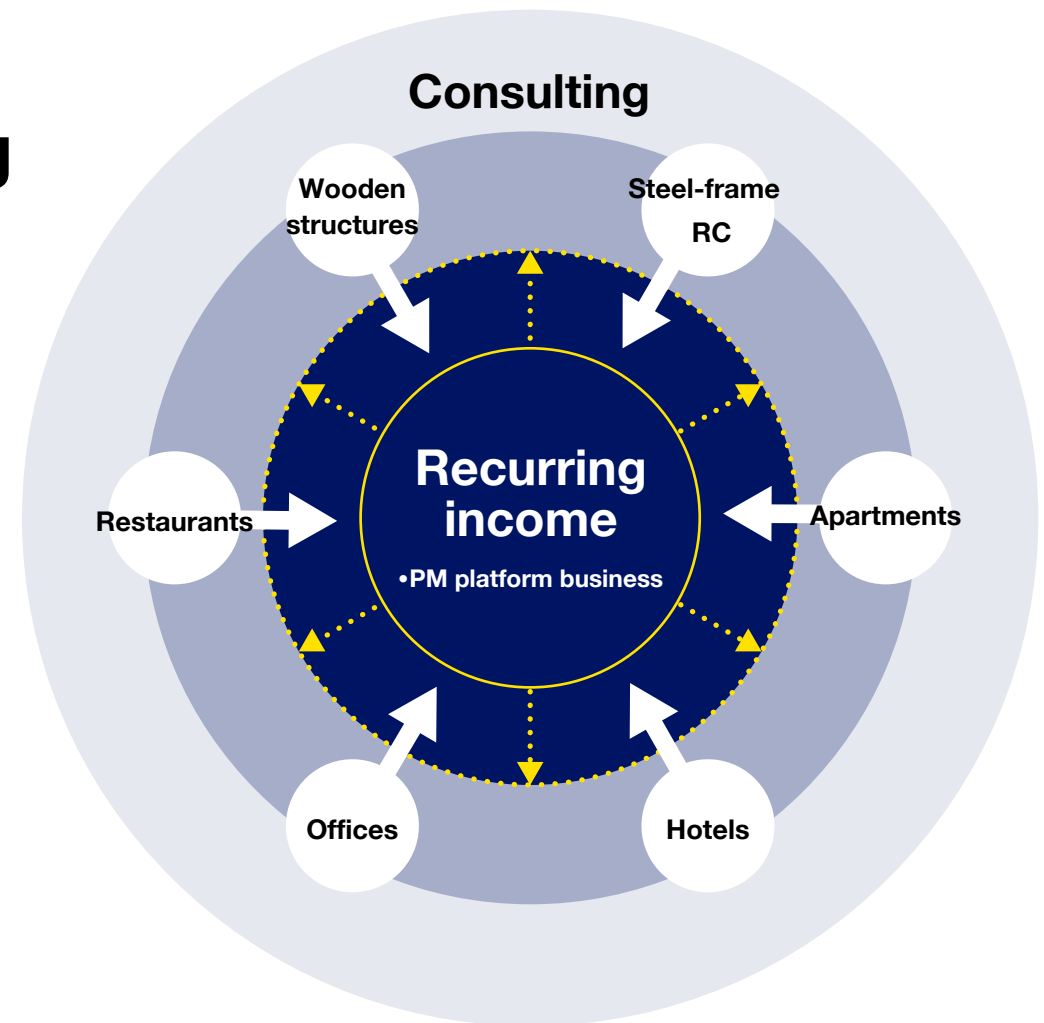
Conversion project for dilapidated facilities (now underway)



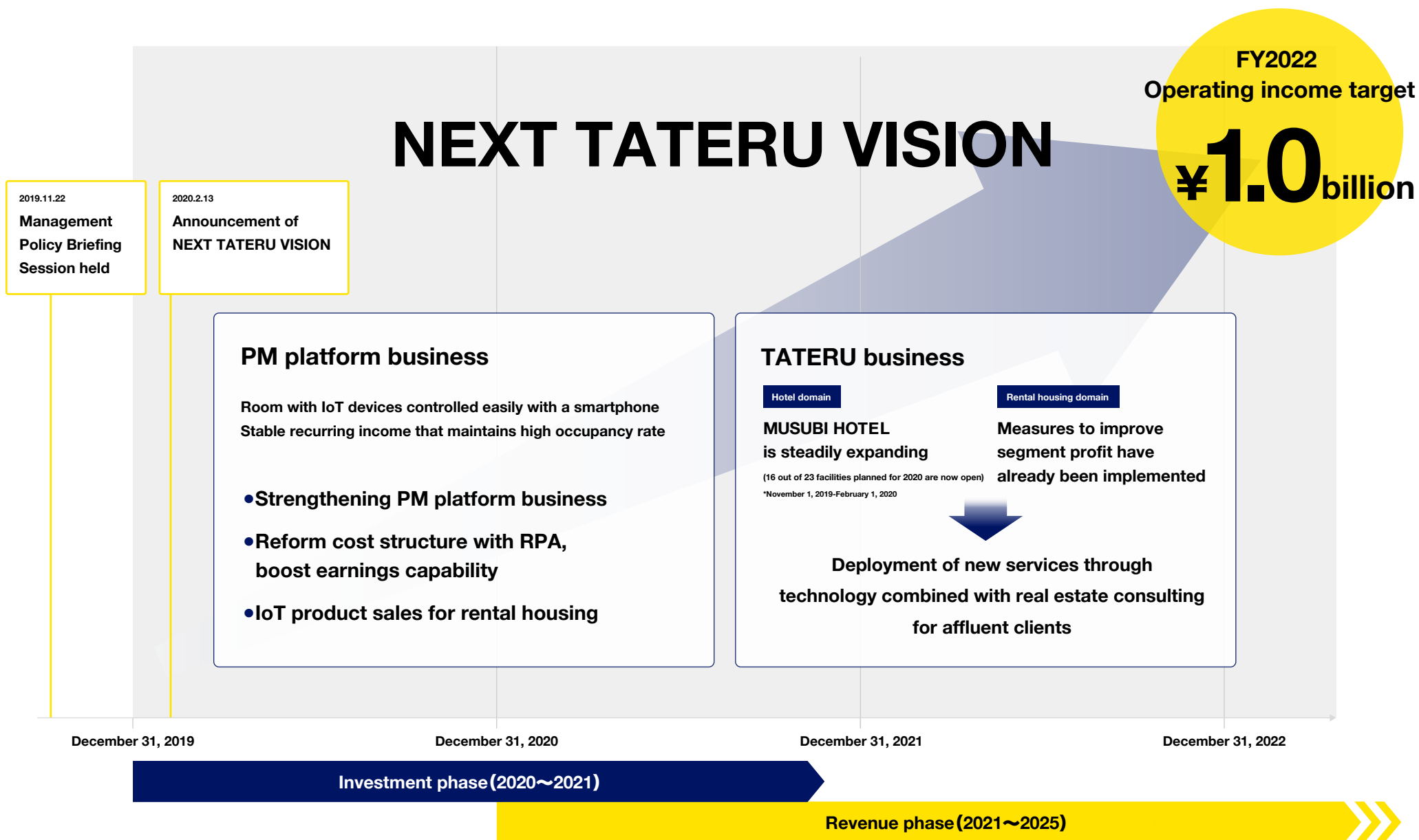
\*Images are perspective drawings of facilities currently being planned

**Two businesses are being deployed to expand recurring income**

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



# Growth image



## **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.**