



TATERU, Inc.

FY2020 FINANCIAL RESULTS

February 2021 TATERU, Inc. (TSE1:1435)

Contents

1. | FY2020 Financial Results Overview
2. | TATERU Growth Strategy
3. | APPENDIX

1. | FY2020 Financial Results Overview

Company overview

Name	TATERU, Inc.
Head office	3-4-14, Ebisu Minami, Shibuya-ku, Tokyo <small>*The address changed on October 12, 2020.</small>
Established	January 23, 2006
Representative	Daisaku Furuki, Representative Director/CEO
Capital	7,296 million yen
Employees	156 persons <small>(consolidated basis / full-time employees / as of December 31, 2020)</small>

Businesses	AI/IoT business* KANRY business TATERU business <small>* Included in the KANRY business in FY2020 1Q.</small>
Subsidiaries	Robot Home Co., Ltd. TABICT, Inc. Sunassu Co., Ltd.

FY2020 Highlights

- Completed the transformation of the revenue structure from “flow business” (pay-per use) to “stock business” (subscription). The KANRY business achieved operating profit of ¥949 million (169% year on year).
- The AI/IoT business showed solid progress. In addition to services to support the development, sale and installation of AI and IoT, we launched a comprehensive digital transformation (DX) support service, achieving net sales of ¥231 million and operating profit of ¥81 million.
- Significantly reduced operating loss by improving profitability of the KANRY business and the TATERU business as well as reforming the cost structure of companywide expenses, achieving full-year consolidated financial results forecast for FY2020. (Operating loss: Forecast ¥(971) million → Actual results ¥(664) million)

Consolidated statements of income

(Unit: million yen)

	FY2019	FY2020
Net sales	18,828	6,147
Gross profit	▲4,091	1,641
Selling, general and administrative expenses	5,579	2,305
Operating profit	▲9,671	▲664
Ordinary profit	▲10,122	▲694
Profit attributable to owners of parent	▲14,536	▲1,007

¥395 million in provision for loss on guarantees recorded

Reduction of ¥3,274 million in selling, general and administrative expenses through cost structure reform

¥292 million in loss on valuation of investment securities recorded

Segment Information

(Unit: million yen)

KANRY business			
	FY2019	FY2020	YoY Change
Net sales	2,714	2,995	281
Operating profit	353	949	596

○AI/IoT business

(included in the KANRY business)

- Net sales: ¥231million
- Operating profit: ¥81million

○Increase in operating profit due to stock income growth

○Reduction in selling, general and administrative expenses through cost structure reform

TATERU business			
	FY2019	FY2020	YoY Change
Net sales	16,119	3,152	▲12,967
Operating profit	▲7,549	▲473	7,076

○¥3,198 million in losses on collective sale of real estate for sale recorded in FY2019 1Q

○Reduction in selling, general and administrative expenses through cost structure reform

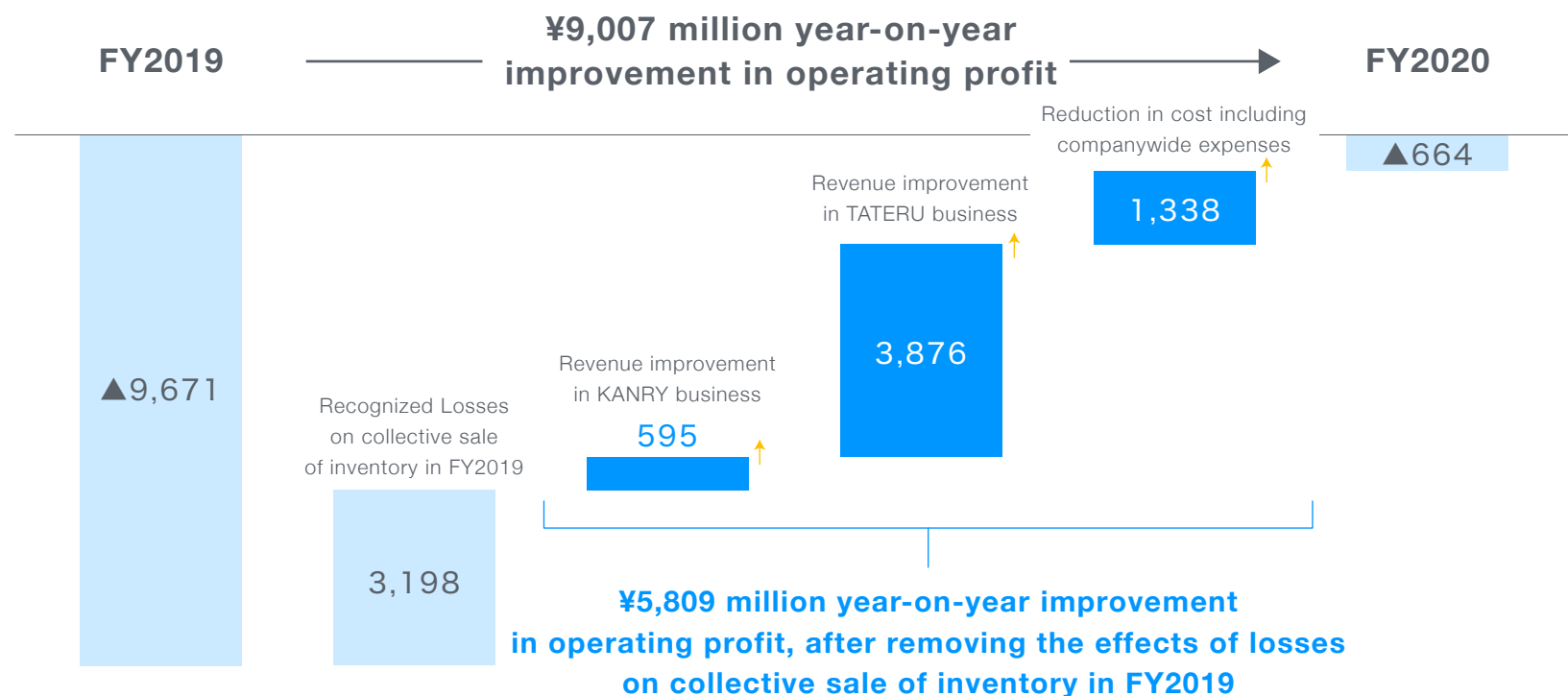
○¥395 million in provision for loss on guarantees recorded

Consolidated balance sheets

(Unit: million yen)

	December 31, 2019	December 31, 2020	YoY change	
Current assets	11,160	8,682	▲2,478	
Cash and deposits	6,370	5,764 ^{*A}	▲606	Virtually debt-free (Cash and deposits ^{*A} - interest-bearing debt ^{*B})
Inventories	3,915	1,992	▲1,922	Decrease due to transfer of real estate for sale
Non-current assets	1,129	693	▲436	
Total assets	12,290	9,376	▲2,914	
Liabilities	4,062	2,140	▲1,922	
Interest-bearing debt	2,650	200 ^{*B}	▲2,450	Decrease of ¥2,450 million in borrowings
Net assets	8,227	7,235	▲992	Equity ratio: 77.2%
Total liabilities and net assets	12,290	9,376	▲2,914	

Factors contributing to change in consolidated operating income



<Details>

(Unit: million yen)

Revenue improvement in KANRY business		Revenue improvement in TATERU business		Reduction in cost including companywide expenses	
Increase in net sales	155	Improvement in gross profit ratio	3,372	Greater efficiency in personnel and subcontract expenses	278
Improvement in gross profit ratio	86	Provision for loss on guarantees	▲395	Reduction in advertising expenses	186
Reduction in selling, general and administrative expenses	354	Reduction in selling, general and administrative expenses	719	Reduction in land and building rent	140
		Impact of IO Company* being excluded from consolidation	180	Reduction in other cost items	734
Total	595	Total	3,876	Total	1,338

*Invest Online, Inc.

2. | TATERU Growth Strategy

Change of the company name

TATERU, Inc. is changing its trade name to Robot Home, Inc.

We have resolved to change our trade name from “TATERU, Inc.” to “Robot Home, Inc.” from April 1, 2021, subject to approval of partial amendments to our Articles of Incorporation at the 15th Annual General Meeting of Shareholders scheduled for March 24, 2021.

TATERU



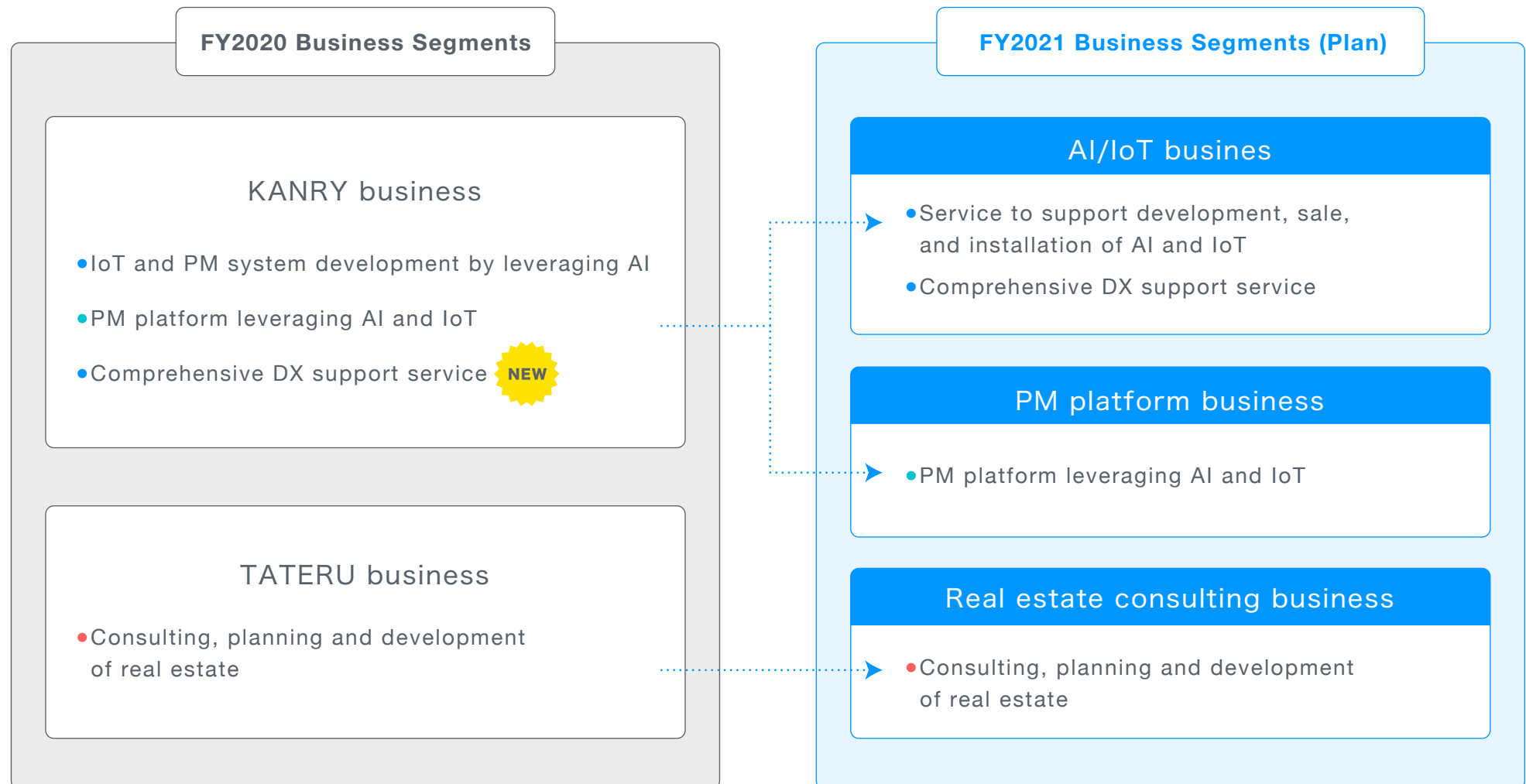
Robot Home

A life with Robot Home can change the world.

We will further boost name recognition and brand power in the industry, and operate the business more effectively

Change of business segment structure

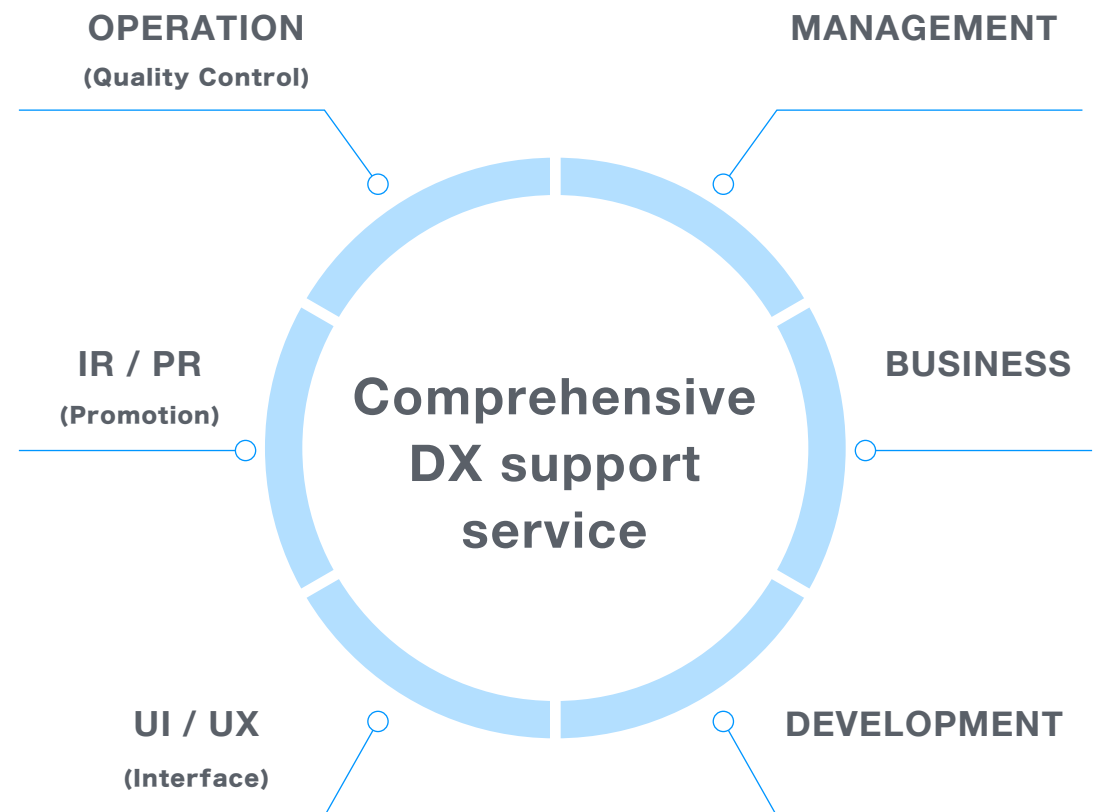
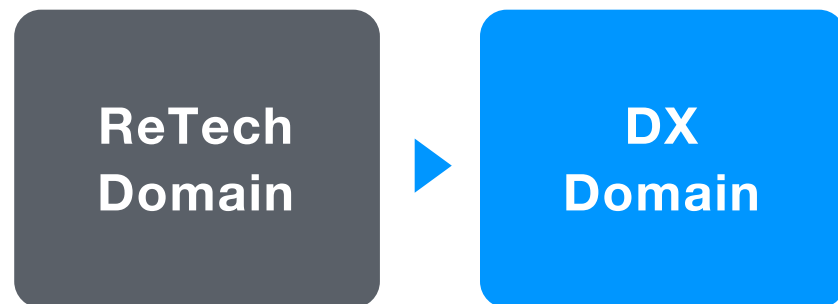
Starting from FY2021, we are going to have three business segments



Overview of comprehensive DX support service

Launched a comprehensive DX support service drawing on our experience of developing and running various in-house products combining real estate and IT

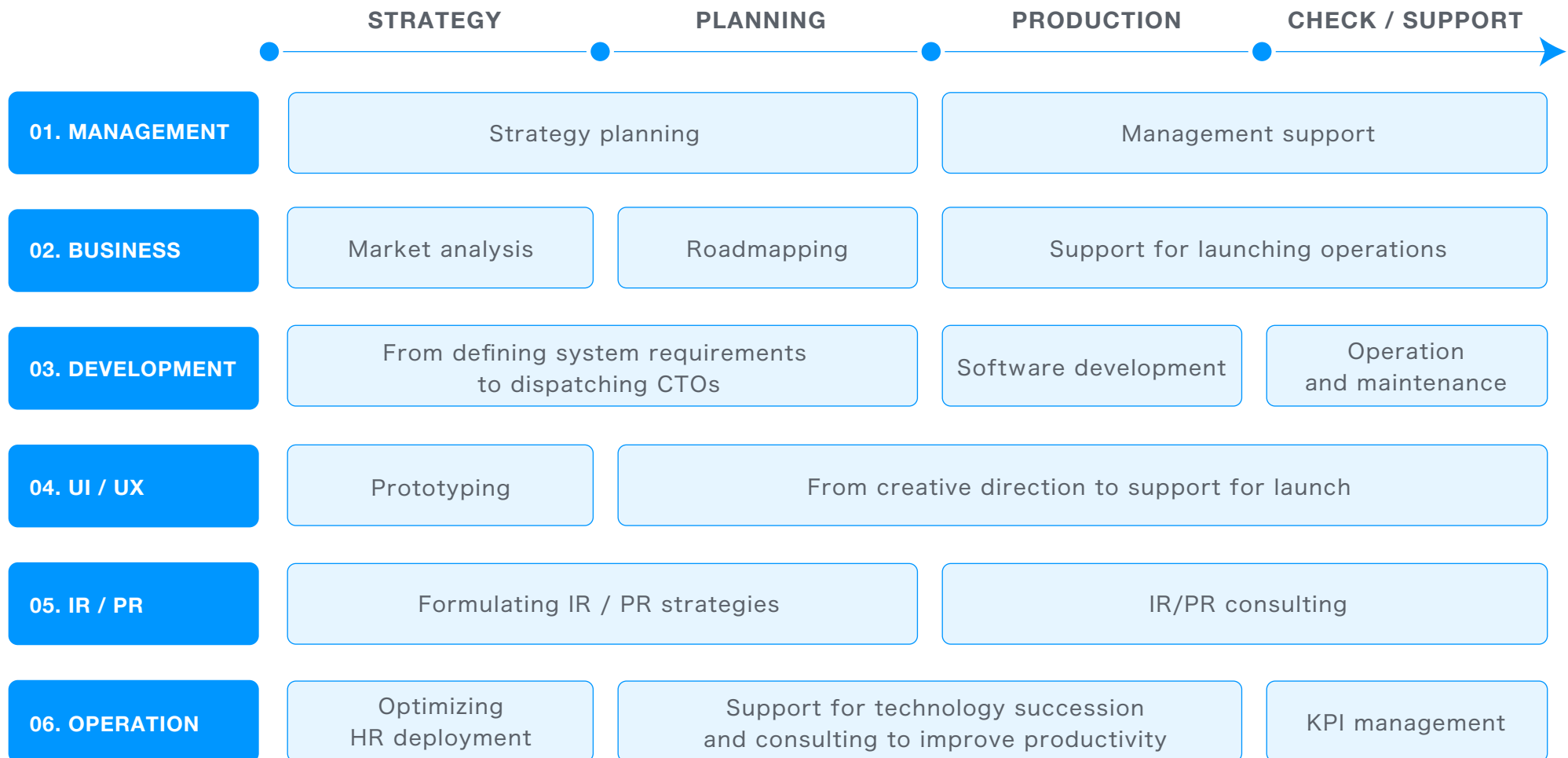
The service will support a wide range of activities including management strategy planning, designing concepts and defining requirements for service development, IT system development, and PR activities.



Overview of comprehensive DX support service

Six facets to support companies
that need help in promoting DX

Current clientele: **7 companies**
(As of December 31, 2020)



AI/IoT business

Net sales _____ **¥231**million

Operating profit _____ **¥81**million

IoT Platform for Real Estate Management

Residence kit

Providing a platform that leverages AI/IoT technologies to connect all players - residents, owners, leasing agents and leasing management companies – with the aim of automating real estate management.

High added value creation
and more highly customer-oriented
development are required

Assets × AI・IoT

Increasing asset
value by
utilizing AI/IoT

Residence **kit**
for Customer



Tenants' app

Residents

Increased
Value
with AI/IoT



Ownership

Management

Receipt of
move-in request

Owners

Residence **kit**
for Owner



Management Companies

Residence **kit**
for PM



Agents

Residence **kit**
for Agent



Features of Residence kit —an IoT platform for rental housing

**Equipped with
six life-enriching
IoT solutions
as standard feature**

**Developers can place
a one-stop order**

**Management companies
can streamline
operations with RPA**

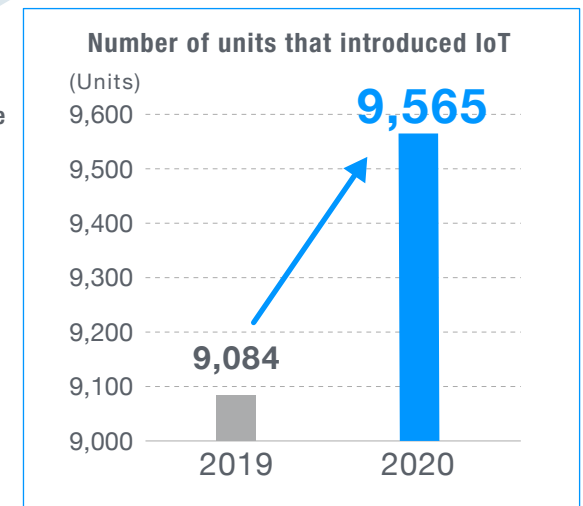
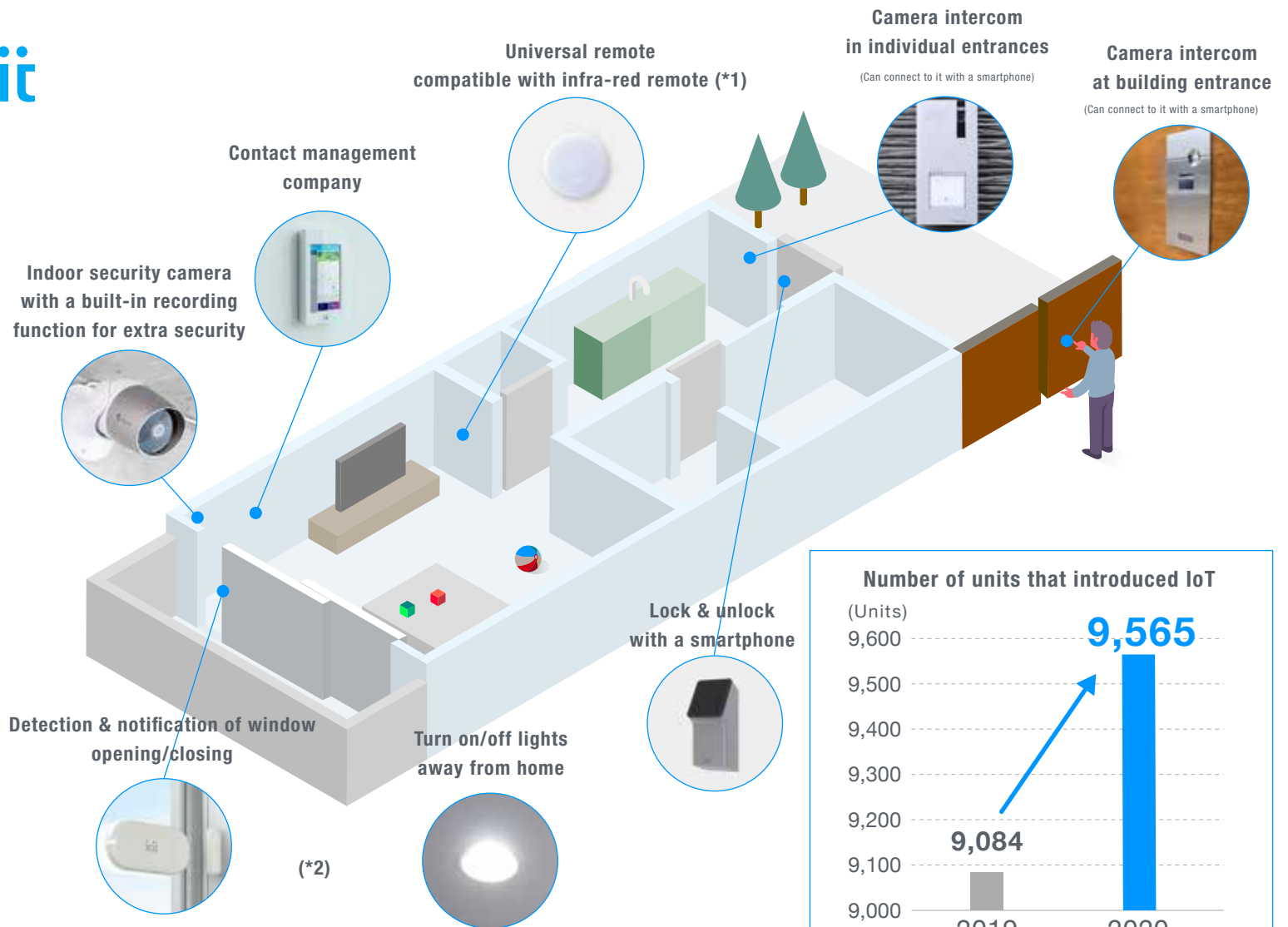
**Tenants can operate
all IoT functions
with a single app**

**Owners can own
differentiated properties
with IoT-enabled
security facilities**

Room with IoT devices controlled easily with a smartphone

For tenants

Residence **kit** for Customer



*1 Some functions may not be available in all units.

*2 The apartment layout is a sample.

Owners can manage rental housing operations with the app

For owners

Residence **kit**

for Owner



**Receipt of a
move-out request**
(Start of finding a tenant)



**Confirmation of
work details**



**Preview
status**



**Receipt of
move-in request**



**Online contract
signing**



Contact with the management company is also easy with the chat function on the app.

Number of owners **1,930**
(As of December 31, 2020)

Residence **kit** for PM

•Manage moving-in/moving-out

Receipt of move-in/move-out requests, receipt of repair requests, making orders, management of history

•Manage information

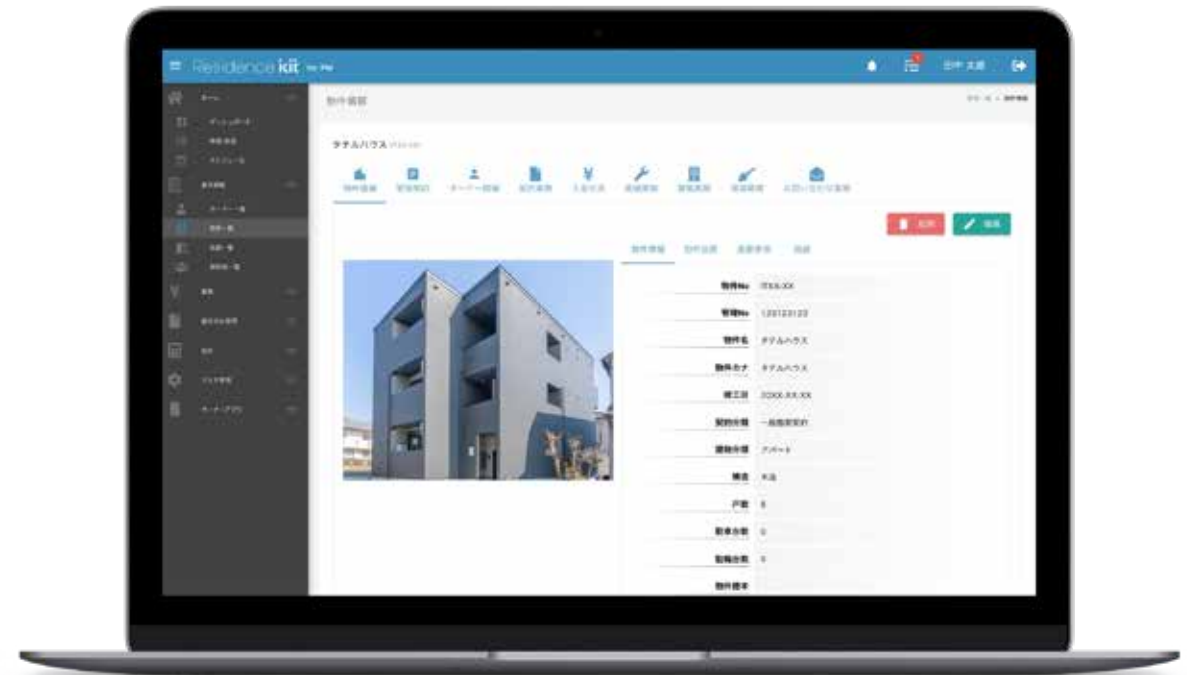
Management of property information, management of and search for owner information

•Management of remittance history

Management of rent payment, remittance to owners, management of vendor billing

•Management of documents

Management of contracts, remittance statements, and bills



Reducing vacancies risk by streamlining operations utilizing RPA

Number of units
undermanagement

24,572
(As of December 31, 2020)

Agents can find tenants more efficiently through the vacant room sharing website

For agents

Residence **kit** for Agent

Management
companies

Post and update
latest information



See latest
information

Agents

Information on surrounding environment



5,039 registered agents in **18** prefectures nationwide
(As of December 31, 2020)

KANRY business

Net sales _____ **¥2,763million**

Operating profit _____ **¥867million**

*Excluding AI/IoT business

PM business utilizing technologies including AI/IoT

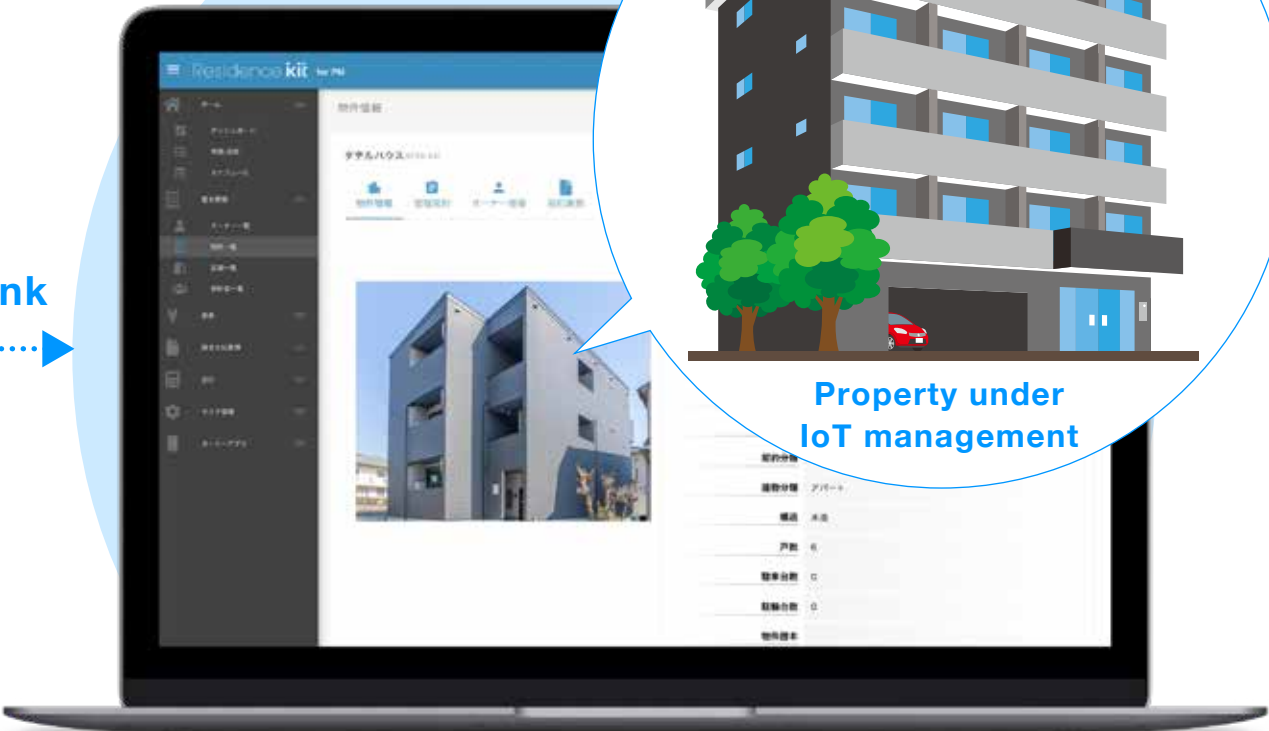


Tenants' app
(Residence kit for Customer)



Owners' app
(Residence kit for Owner)

Link
.....>



RPA tool for management companies
(Residence kit for PM)

Stable recurring income that maintains high occupancy rate

- Occupancy rate of 98.3%

- Keep high occupancy rates

Properties constructed and managed by the Company

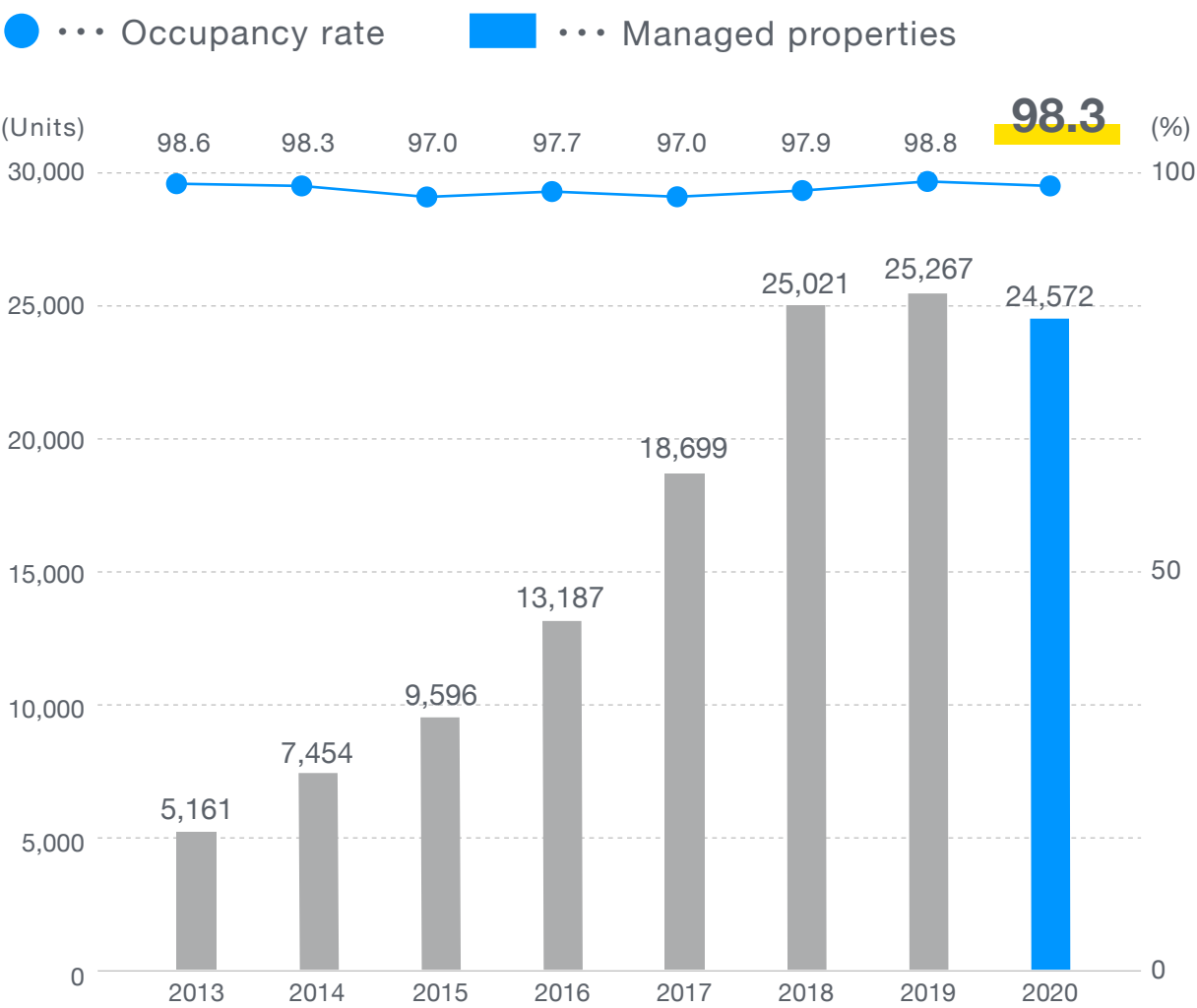
Units managed 22,851 units

Occupancy rate 98.3%

Contract management properties

Units managed 1,721 units

Occupancy rate 86.1%



*As of December 31, 2020

Continue to enlarge market share

- Measures to increase units under management

- Management contracts following proposals of IoT utilization to real estate developers
- Management contracts following sales of IoT to real estate owners
- Planned expansion of properties under management to cover 47 prefectures in Japan by December 31, 2022

- At present expanding Company-guaranteed share

(13,503 units/24,572 units)

- Increase revenue by expanding the domain of rental management business

*As of December 31, 2020

TATERU business

Net sales _____ **¥3,152million**

Operating profit _____ **▲¥473million**

Consulting business themed on combining technology with real estate development

Consulting for hotel planning in tourist cities



Conversion project for dilapidated facilities



*Images are perspective drawings of facilities currently being planned







Consulting business themed on combining technology with real estate development




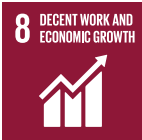









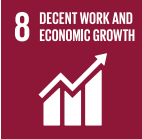



Growth image toward the achievement of the medium-term business plan



Our SDGs initiatives

Contributions	SDGs
<p>Residence kit (AI/IoT business)</p> <p><i>Promote DX of real estate management through our IoT platform for rental housing</i></p> <ul style="list-style-type: none"> •Residence kit for Customers (Tenants' app) <ul style="list-style-type: none"> •Provide enriched lifestyles with IoT through the IoT platform for rental housing •Streamline developers' operations by selling packaged IoT devices <hr/> <ul style="list-style-type: none"> •Residence kit for Owners (Owners' app) <ul style="list-style-type: none"> •Contribute to vitalizing the industry by providing a user-friendly app to manage rental housing at ease <hr/> <ul style="list-style-type: none"> •Residence kit for PMs (Website for management companies) <ul style="list-style-type: none"> •Contribute to building comfortable cities by streamlining operations with RPA and providing high-quality services <hr/> <ul style="list-style-type: none"> •Residence kit for Agents (Vacant room sharing website for agents) <ul style="list-style-type: none"> •Contribute to streamlining operations through a website for agents where information on vacancies are available altogether 	<div> <div> 7 AFFORDABLE AND CLEAN ENERGY  </div> <div> 8 DECENT WORK AND ECONOMIC GROWTH  </div> </div> <div> <div> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  </div> <div> 11 SUSTAINABLE CITIES AND COMMUNITIES  </div> </div> <div> <div> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  </div> <div> 17 PARTNERSHIPS FOR THE GOALS  </div> </div>

Our SDGs initiatives

Contributions	SDGs
<p>PM (KANRY business)</p> <p>Contribute to building comfortable cities by streamlining operations with RPA and providing high-quality services. Take a tenant-first approach to enhance readiness for responding to requests by further expanding the rental housing management domain and developing a total support structure for rental management.</p>	   
<p>Real estate consulting (TATERU business)</p> <p>Contribute to regional vitalization through development in multilateral collaboration with regional communities and local governments. Operate an ecology business that is considerate of the global environment through consulting that features technology combined with real estate development.</p>	     
<p>Promotion of diversity management</p> <p>Maintains sound diversity management: 40.9% female employees ratio, 100% parental leave taken, and 91.5% paid leave taken (as of December 31, 2020). We have employees with other jobs and those who are from other countries. We value diversity and creativity of our employees and promote the creation of workplaces where employees can work at ease while respecting their individual life plans.</p>	    

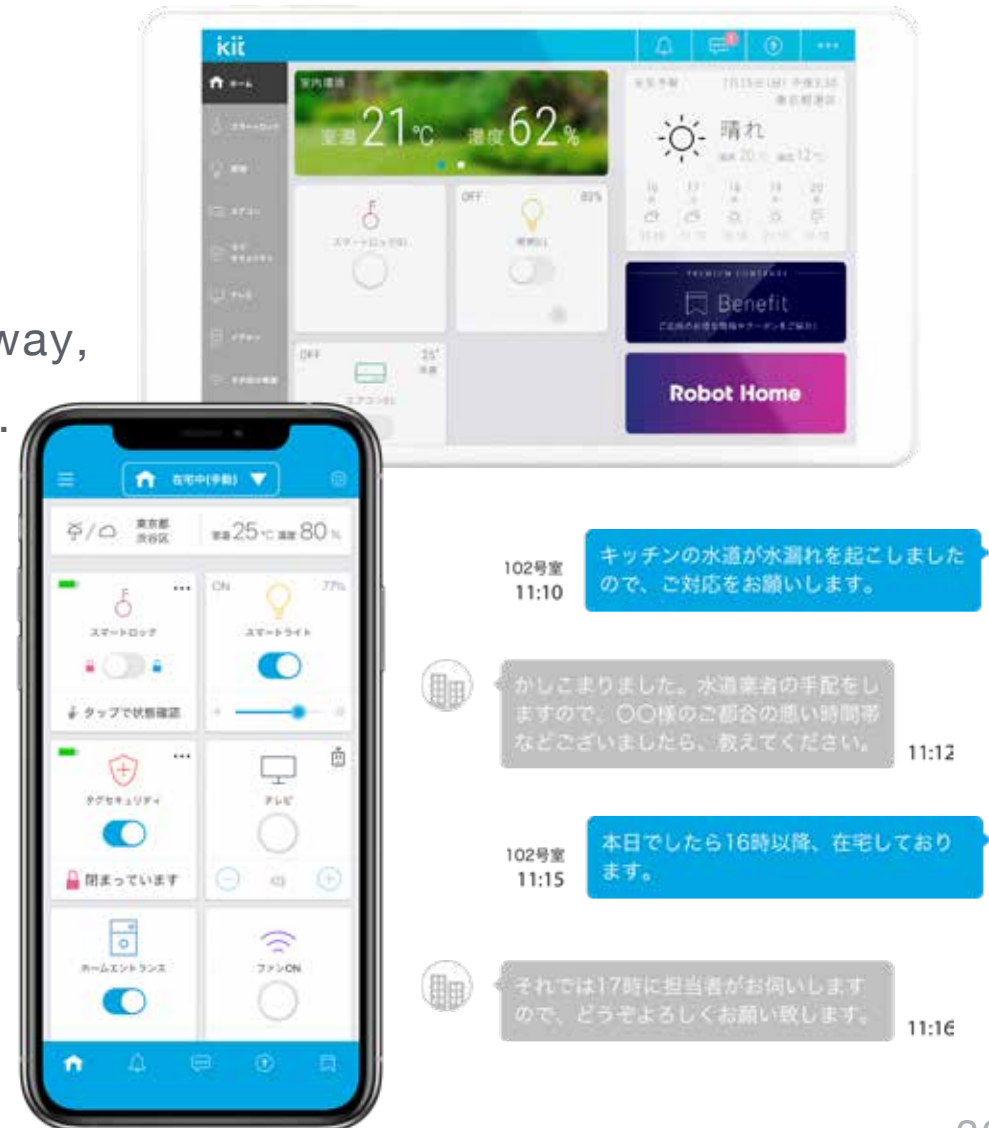
3. | APPENDIX

Chat concierge

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



HOME 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



IoT product introduction

When friends and family visit you while away from home

Friends and family visit you



Multiple dwelling entrance



Intercom for multiple dwelling entrance



Individual entrance



Intercom for individual entrance



Capable of responding to both multiple dwelling entrance and individual entrance



Unlock the door

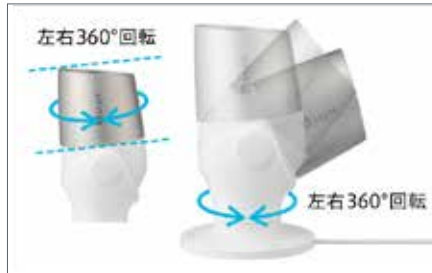
a package drop service



SECURITY CAMERA

- Surveillance camera for crime prevention -

Even when you cannot check in real time, such as when you are away from home or sleeping, it continues to record automatically to the app or a microSD card.



1. Live check function

Use the app to check the status of the property in real time



2. Video saving function

Images taken can be saved for two weeks



3. Snipping function

Only the necessary part of the image can be snipped out



Submit the video taken as evidence

You can use the app to check

Daytime

You can clearly see the situation in the room with high-quality images.

Night time*

You can see clearly even in the dark with the automated night vision mode.

*The image was taken in a very dark room to see what it is like at night.



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)



SMART 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.

SENSOR

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



SENSOR 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.

NATURE SENSOR REMOTE CONTROLLER

This remote control device can operate home appliances via a smartphone*

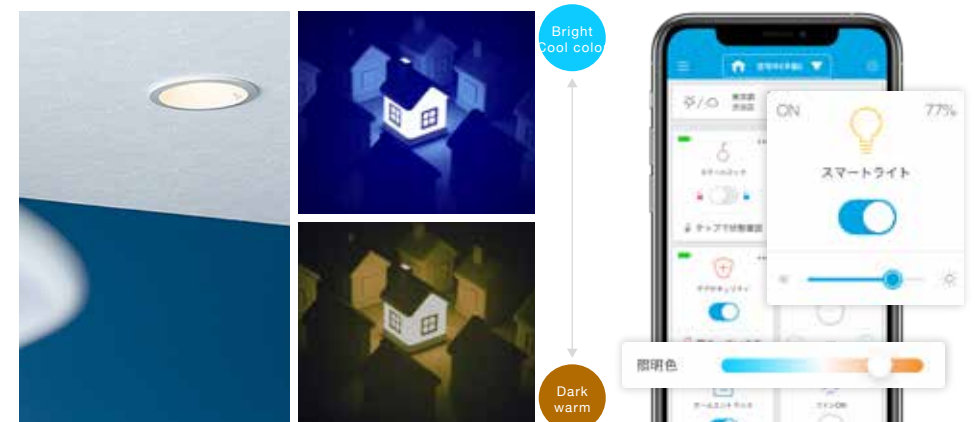
*Activation of all home appliances is not guaranteed.



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



*Illustration

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 smartphone.

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.