



TATERU, Inc.

FY2020 FINANCIAL RESULTS

February 2021 TATERU, Inc. (TSE1:1435)



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1. | FY2020 Financial Results Overview

Company overview

Name TATERU, Inc.

Head office 3-4-14, Ebisu Minami, Shibuya-ku, Tokyo

*The address changed on October 12, 2020.

Established January 23, 2006

Representative Daisaku Furuki, Representative Director/CEO

Capital 7,296 million yen

Employees 156 persons

(consolidated basis / full-time employees / as of December 31, 2020)

Businesses AI/IoT business*

KANRY business

TATERU business

* Included in the KANRY business in FY2020 1Q.

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 | ¥395 million in provision for loss on guarantees recorded |
| Selling, general and administrative expenses | 5,579 | 2,305 | Reduction of ¥3,274 million in selling, general and administrative expenses through cost structure reform |
| Operating profit | ▲9,671 | ▲664 | |
| Ordinary profit | ▲10,122 | ▲694 | |
| Profit attributable to owners of parent | ▲14,536 | ▲1,007 | ¥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

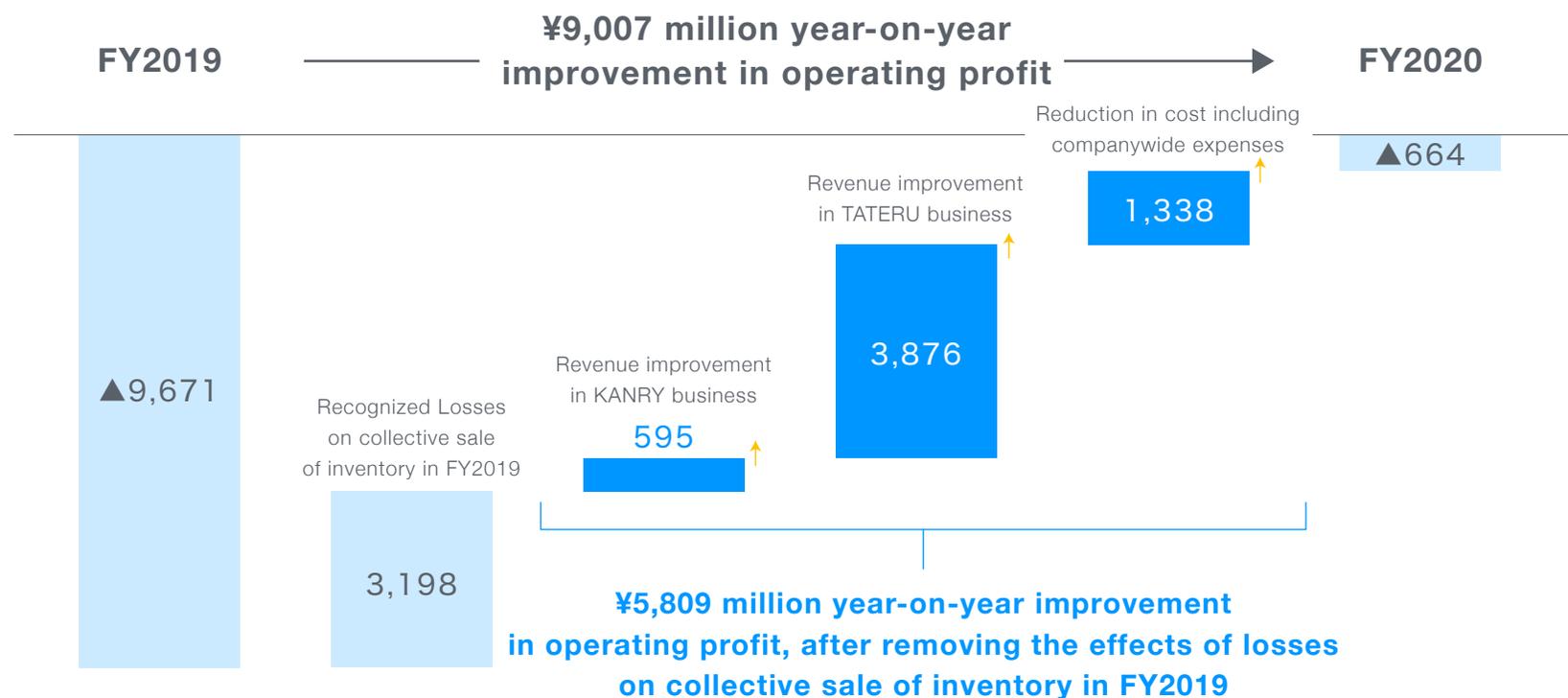
○¥395 million in provision for loss on guarantees recorded

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



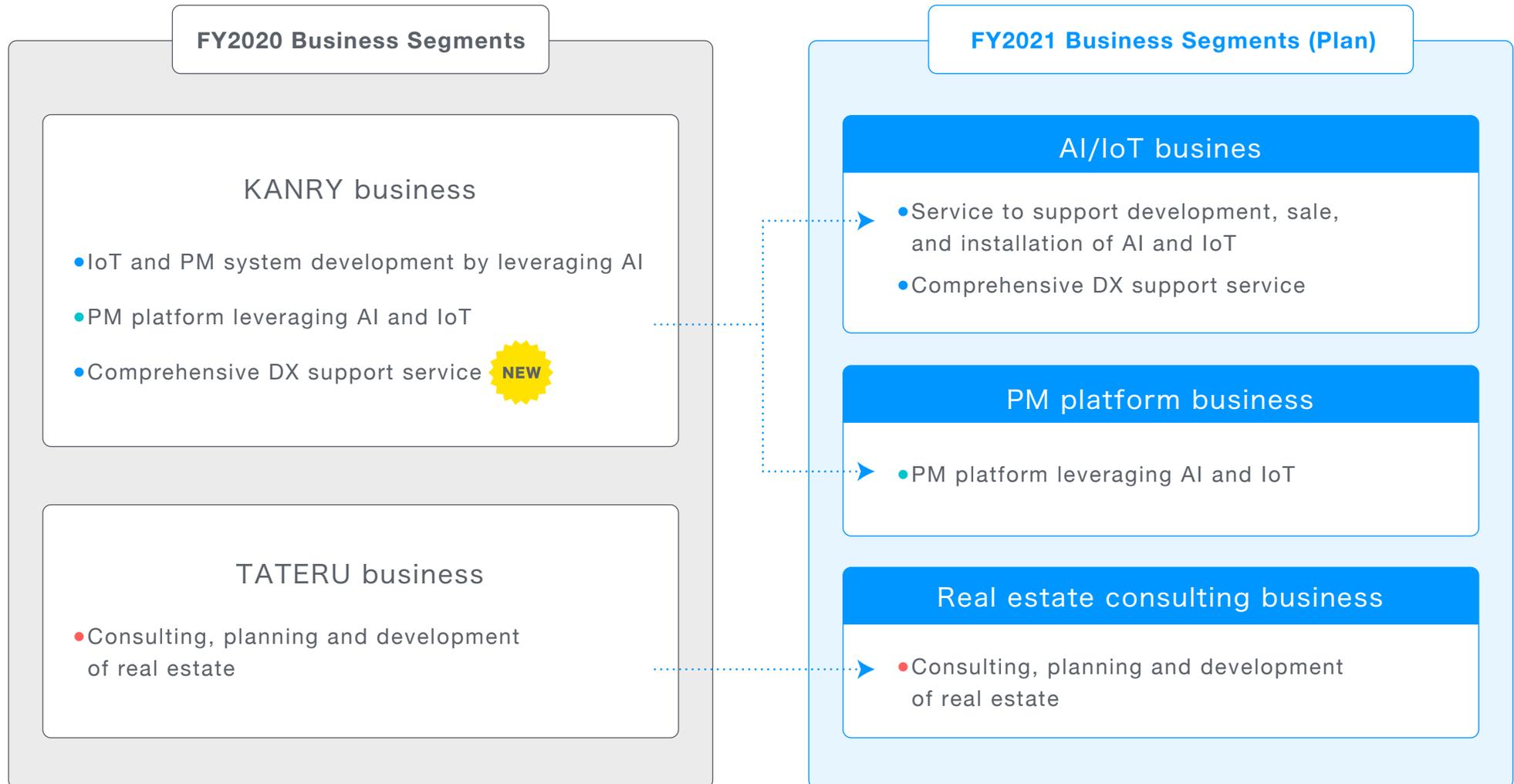
Robot Home

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

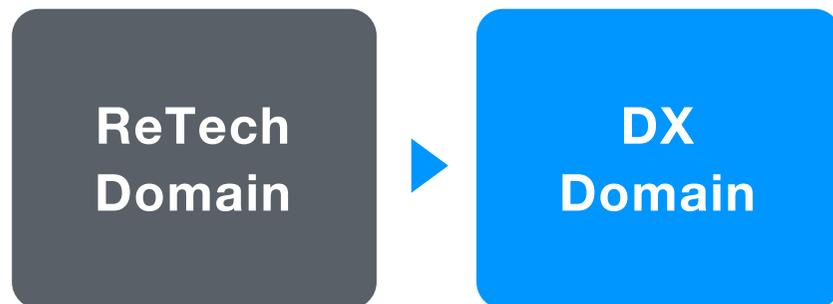
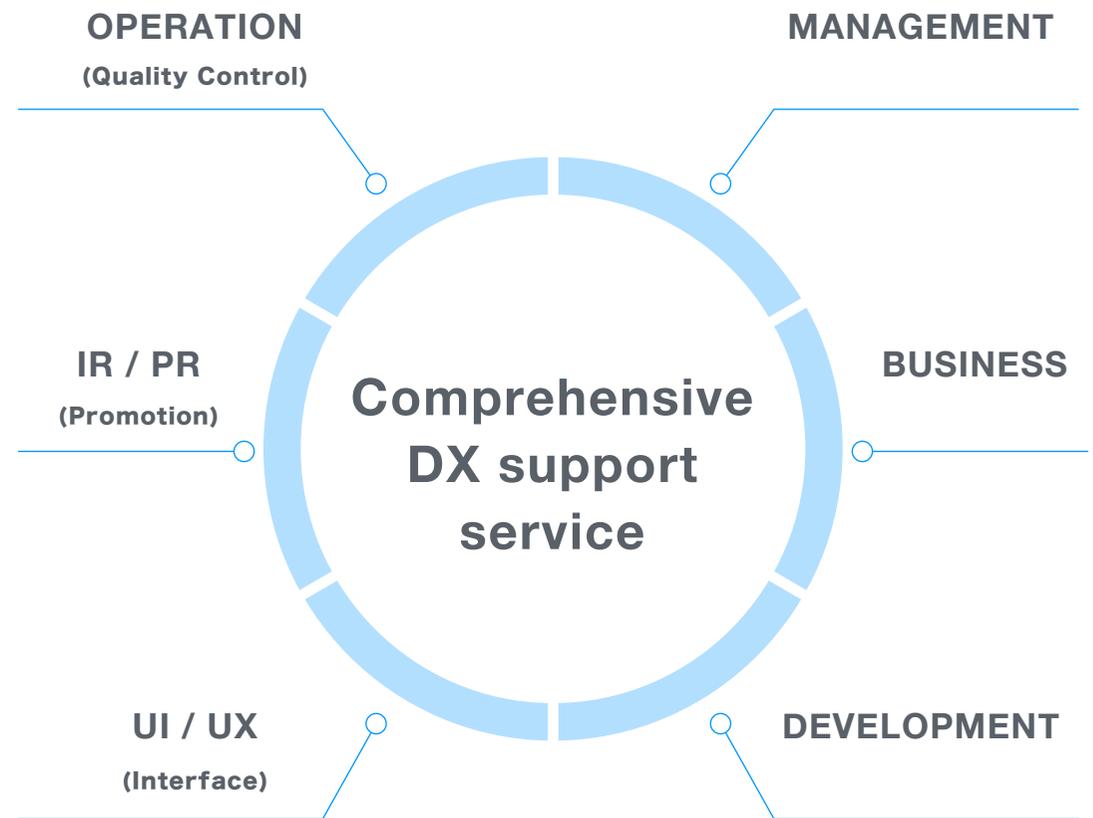
Starting from FY2021, we are going to have three business segments



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

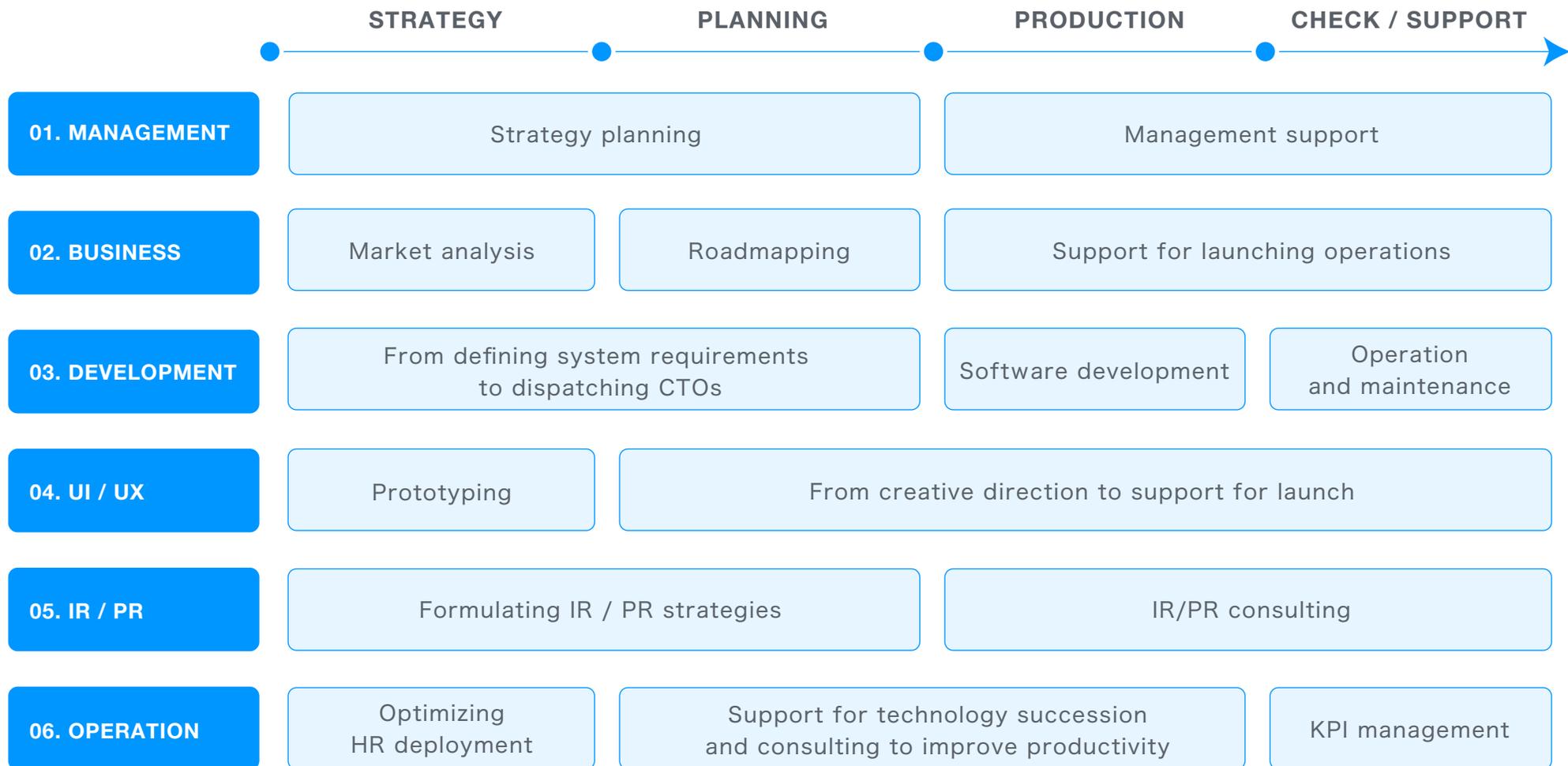
The service will support a wide range of activities including management strategy planning, designing concepts and defining requirements for service development, IT system development, and PR activities.



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



Owners

Residence kit for Owner



Management Companies

Residence kit for PM

Management



Receipt of move-in request



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**

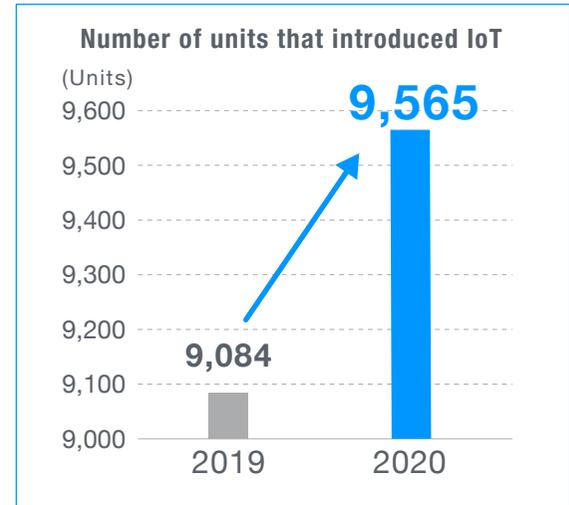
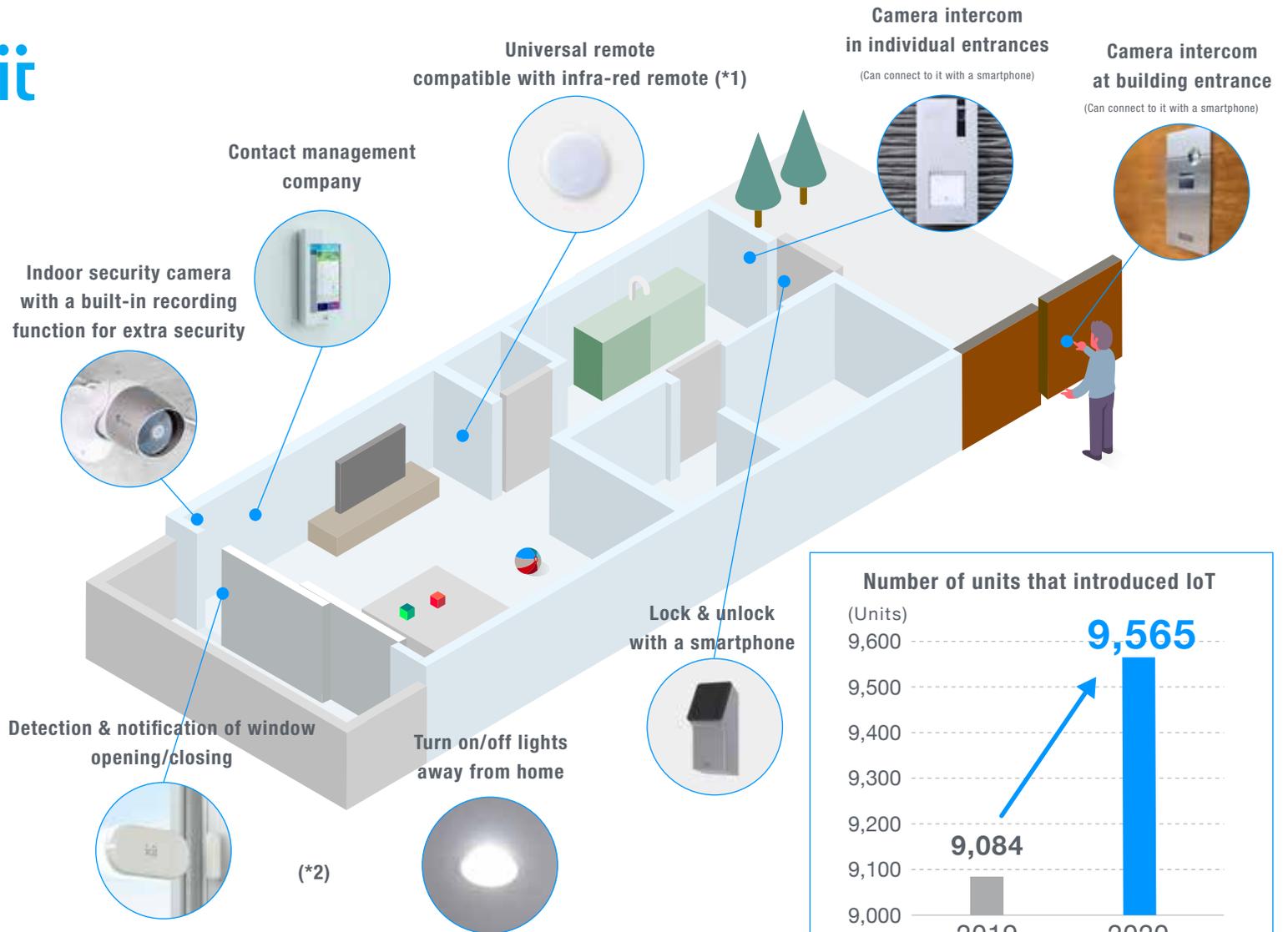
**Developers can place
a one-stop order**

**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**

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**

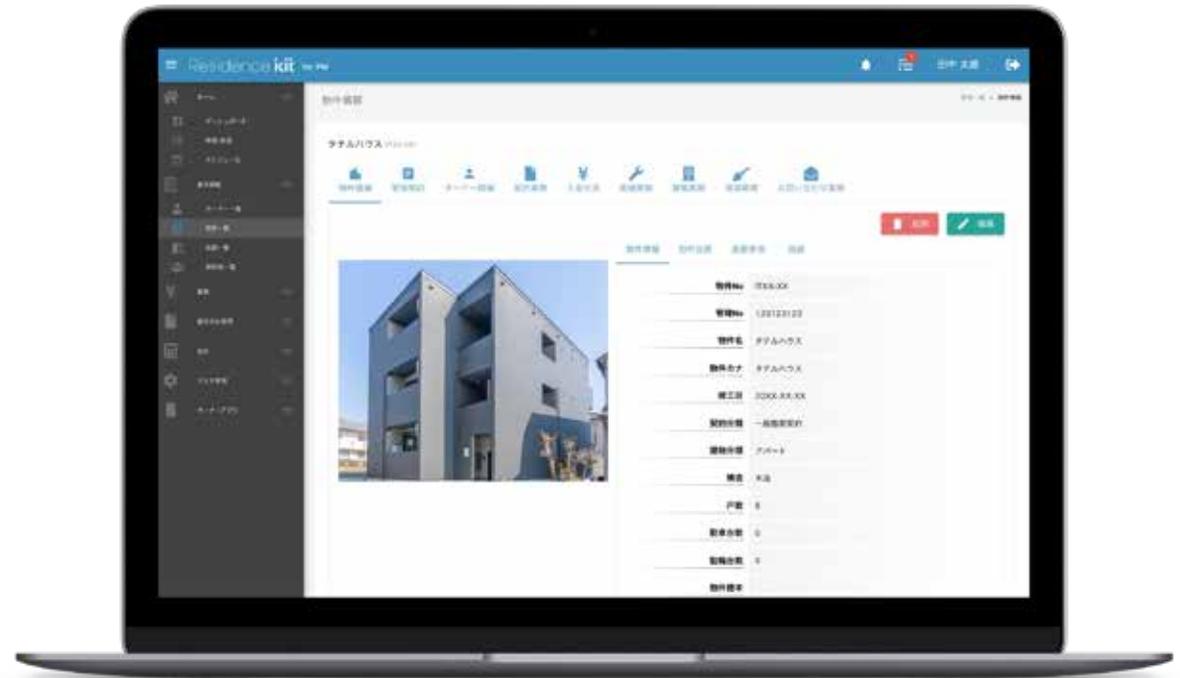
Management of property information, management of and search for owner information

- **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

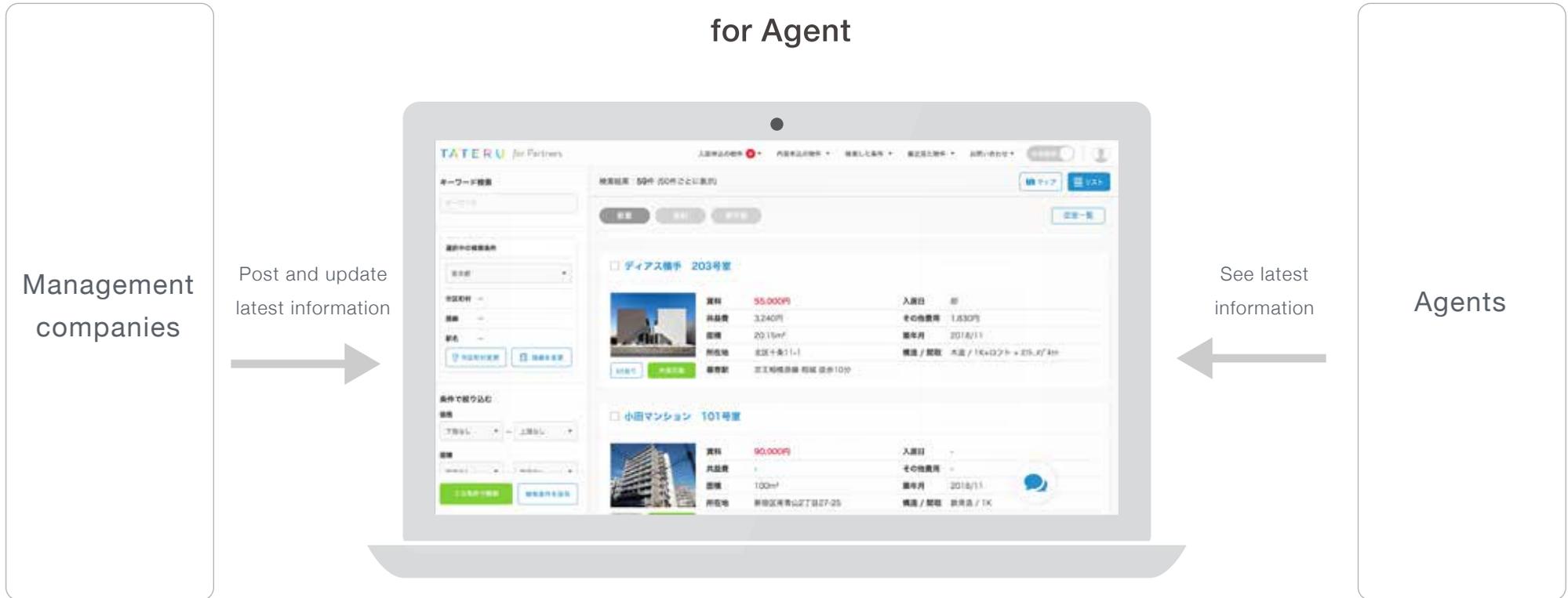
Number of units undermanagement **24,572**
(As of December 31, 2020)

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

For agents

Residence **kit**

for Agent



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

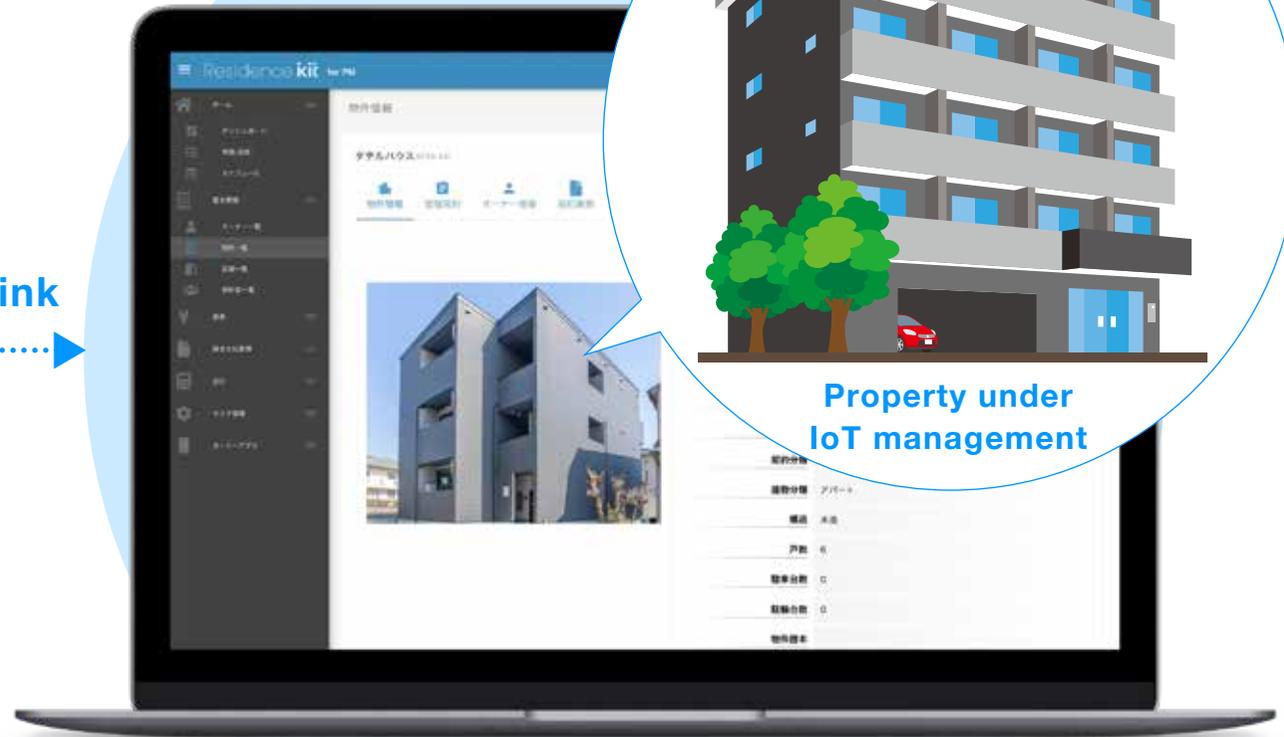


Tenants' app
(Residence kit for Customer)



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

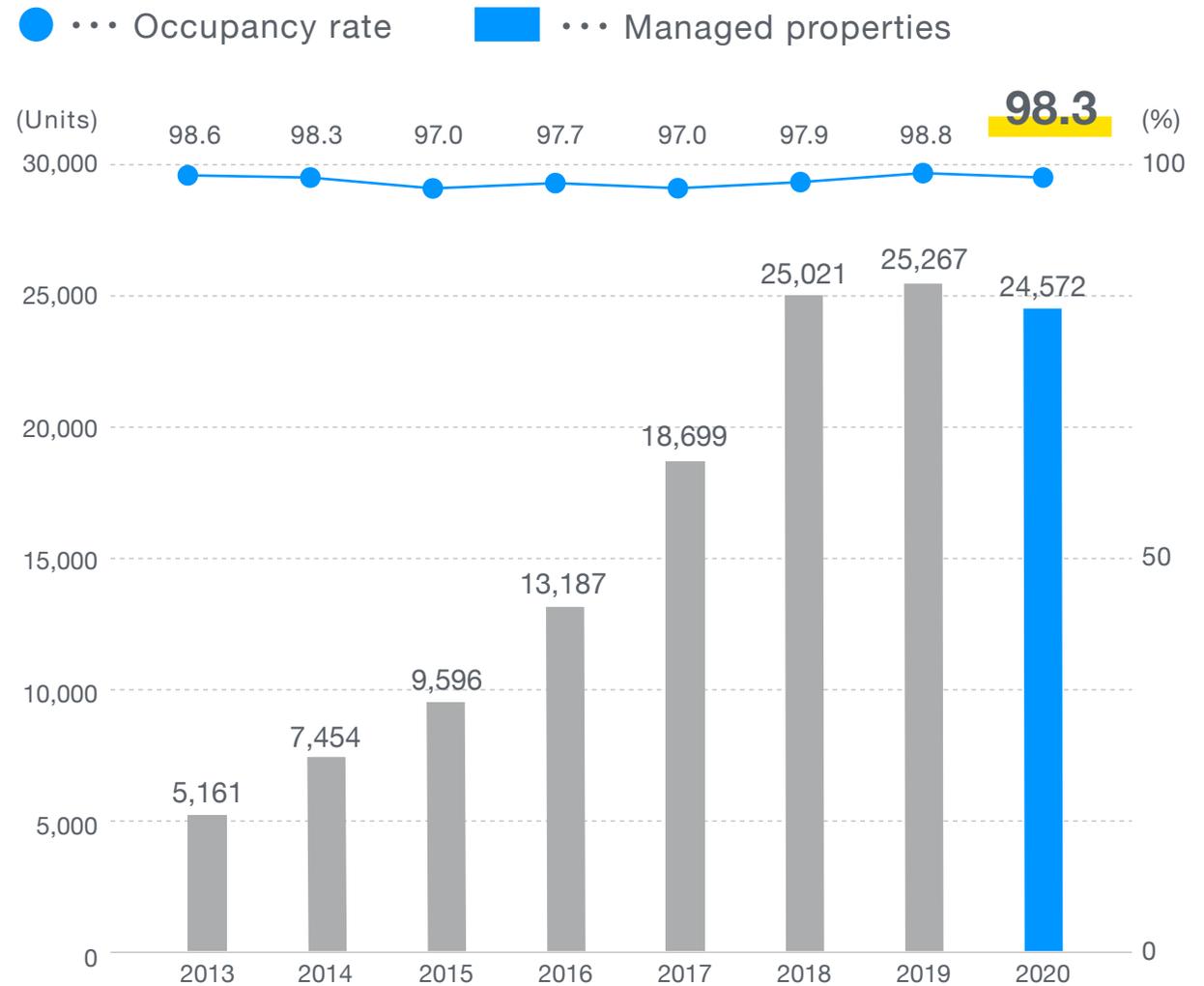
Units managed _____ 22,851 units

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

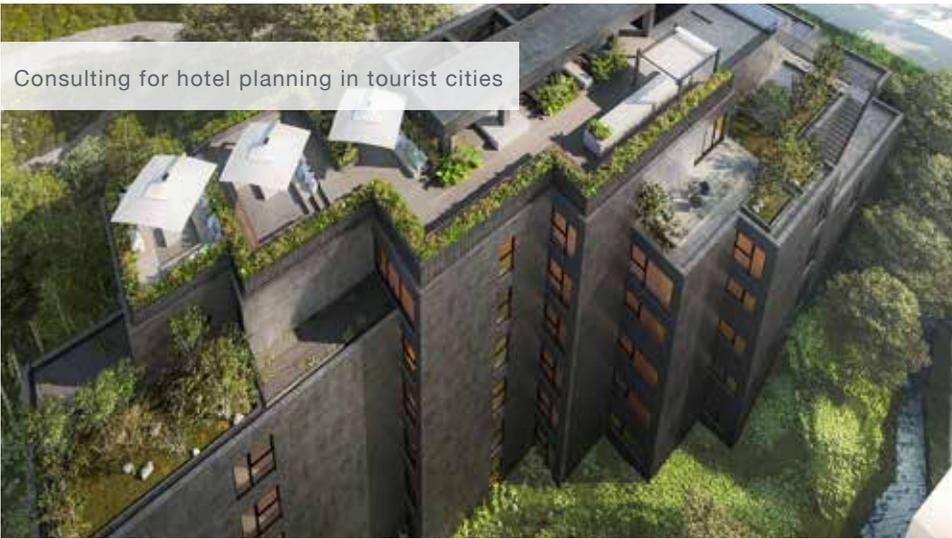
*As of December 31, 2020

TATERU business

Net sales _____ **¥3,152million**

Operating profit _____ **▲¥473million**

Consulting business themed on combining technology with real estate development



*Images are perspective drawings of facilities currently being planned

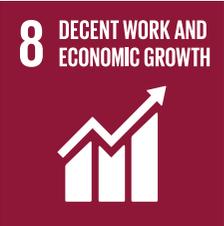
Consulting business themed on combining technology with real estate development



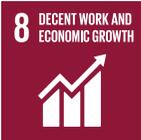
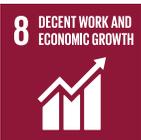
Growth image toward the achievement of the medium-term business plan



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 |       |

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> |      |

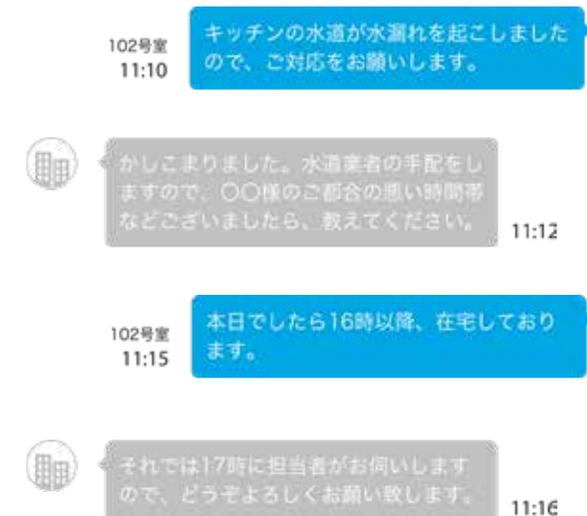
3. | APPENDIX

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

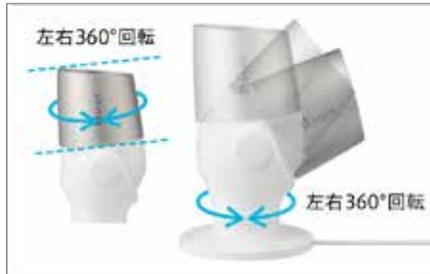
a package drop service



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.



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*

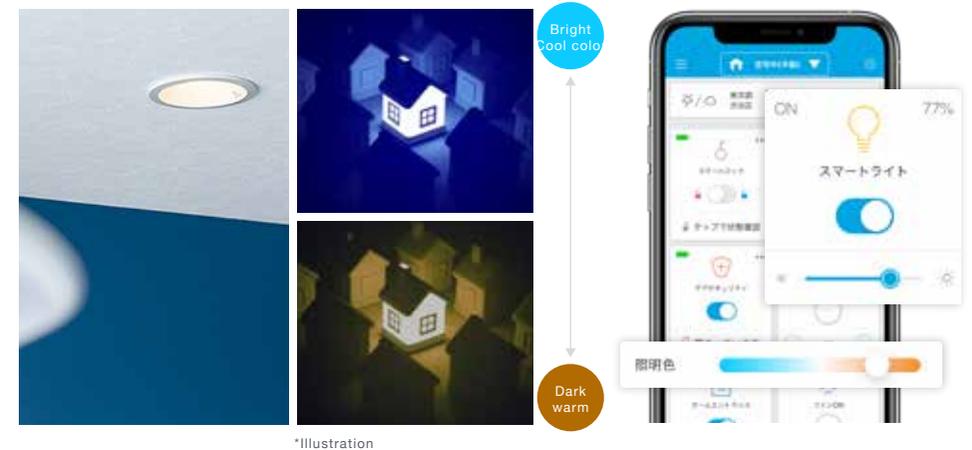
*Activation of all home appliances is not guaranteed.



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



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.