

# TATERU, Inc.

## FY2019 1Q

# FINANCIAL RESULTS



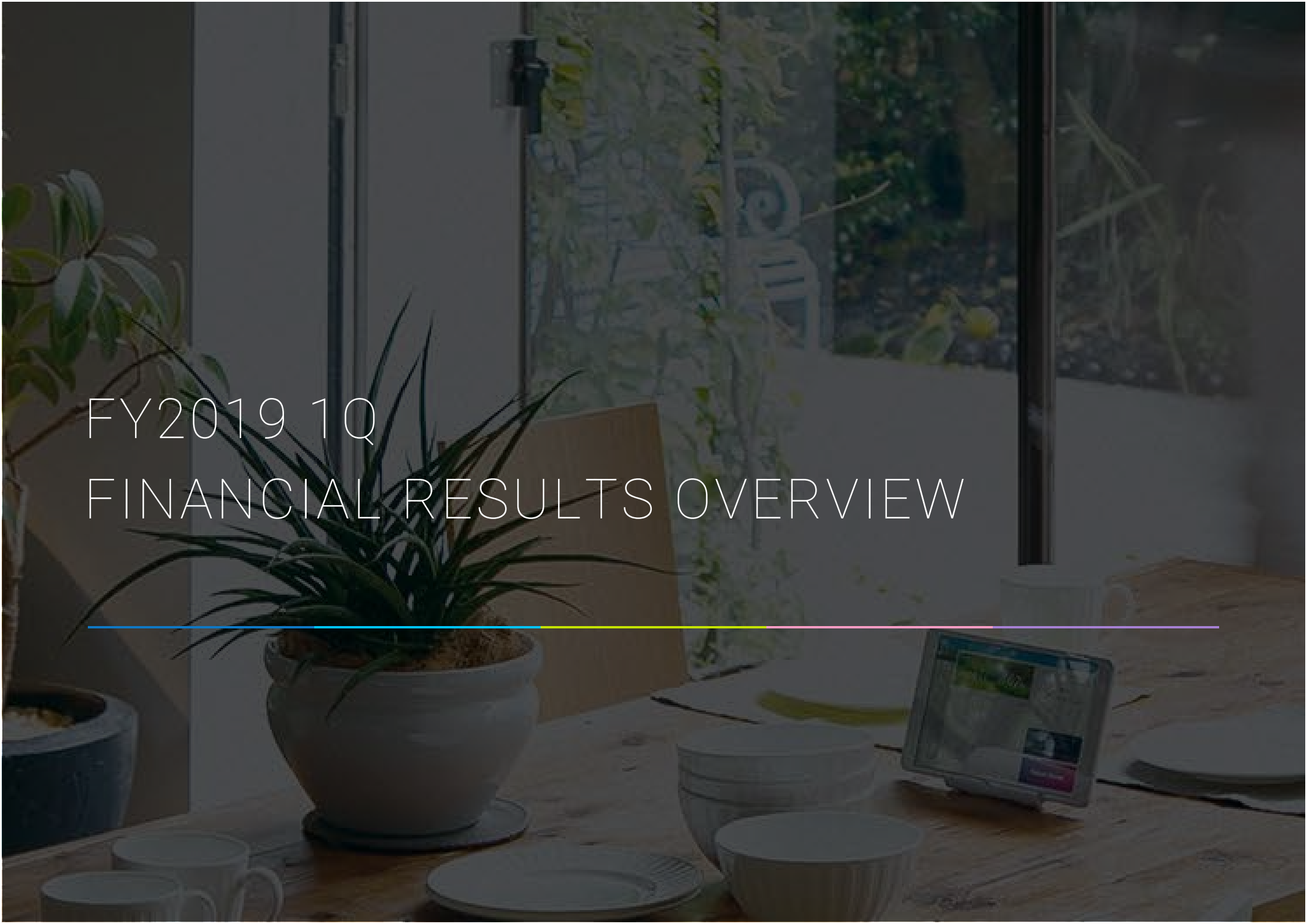
FY2019 1Q Financial Results Briefing Materials

May 2019 TATERU, Inc. (TSE1:1435)



FY2019 1Q Financial Results Overview \_\_\_\_\_ P. 02

TATERU Growth Strategy \_\_\_\_\_ P. 09

A dimly lit room with a wooden table in the foreground. On the table, there is a potted plant with long, thin leaves in a white pot, a stack of white bowls, a white plate, and a tablet displaying a presentation. In the background, there is a large window or glass door looking out onto a garden with greenery and a white chair. The overall atmosphere is calm and professional.

# FY2019 1Q FINANCIAL RESULTS OVERVIEW

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## Company overview

Name	TATERU, Inc.
Head office	21F, 1-5-8, Jingumae, Shibuya-ku, Tokyo
Established	January 23, 2006
Representative	Daisaku Furuki, Representative Director/CEO
Capital	7,272 million yen
Employees	464 persons (consolidated basis / full-time employees / as of March 31, 2019)
Businesses	Development and operation of IoT apartment management app “TATERU Apartment” Planning and operation of real estate investment-type crowdfunding “TATERU Funding”
Subsidiaries	Robot Home Co., Ltd. (IoT business) TABICT, Inc. (Smart hotel business) TATERU Funding, Inc. (Crowdfunding business) Invest Online, Inc. (Apartment platform business) IO Funding Co., Ltd. (Crowdfunding business) TATERU TECH LAB PTE. LTD. TATERU Company Split Preparatory Company Ltd.
Associates	TRASTA inc.

- In TATERU Apartment business, prioritized on responding to the inappropriate actions by an employee of the Company which was discovered during the fiscal year ended December 31, 2018, and refrained from full-scale sales activity.
- Recorded ¥3,198 million in loss on collective sale of real estate for sale.
- Concluded share transfer agreement with Japan Investment Adviser Co., Ltd. to transfer all shares held by the Company in the Company's consolidated subsidiary Invest Online, Inc. With this share transfer, recorded ¥1,133 million for extraordinary losses in provision of the reserve for capital loss of related companies.

## Consolidated statements of income

(Unit: million yen)

	FY2018 1Q	FY2019 1Q
Net sales	14,678	4,663
Gross profit	2,766	▲2,624
Selling, general and administrative expenses	2,093	2,079
Operating income	673	▲4,704
Ordinary income	643	▲4,893
Profit attributable to owners of parent	433	▲6,045

Recording of ¥3,198 million in loss on collective sale

Recording of ¥1,133 million in provision of the reserve for capital loss of related companies

## Segment information

(Unit: million yen)

	TATERU Apartment	Smart hotel	Robot Home	Others	Total	Consolidated PL
Net sales	4,419	206	36	31	4,693	4,663
Operating income	▲3,686	74	▲67	▲42	▲3,722	▲4,704

# Consolidated balance sheets

(Unit: million yen)

	December 31, 2018	End 1Q FY2019	YoY change
Current assets	26,312	24,227	▲2,084
Inventories	13,035	13,222	+187
Non-current assets	6,132	5,257	▲875
Total assets	32,445	29,485	▲2,959
Liabilities	9,563	12,664	+3,101
Net assets	22,881	16,820	▲6,061
Total liabilities and net assets	32,445	29,485	▲2,959



# Regarding Measures to Prevent Reoccurrence on Inappropriate Actions

Due to the series of issues in TATERU Apartment business of the Company which occurred in the fiscal year ended December 31, 2018, the Company wishes to extend its sincerest apologies for the considerable concern and trouble caused to persons concerned. Moving forward, the Company will steadily implement measures to prevent reoccurrence and ensure thorough awareness of compliance of all officers and employees in an effort to restore trust as a whole (\*). Below is the outline of the measures to prevent reoccurrence.

## ● Regarding measures to prevent reoccurrence on inappropriate actions

Measures to prevent reoccurrence	Status of our initiative
1. Modifying Operational Workflows	An Administrative Section will be newly established in a department independent of sales representatives, and workflows will be modified to perform receipt of loan-related documentation from clients and submission to financial institutions will be handled only by the Administrative Section.
2. Stricter Contract Suitability Procedures	The Company will ensure stricter procedures for confirming client contract suitability for sale and purchase, etc. of clients, while the Administrative Section will be required to confirm original copies of balance data for these clients, such as deposit passbooks.
3. Operational Monitoring	Monitoring (spot inspections) will be implemented by the Internal Audit Office regarding the state of compliance with 1. and 2. above.
4. Revision of Compliance Structures	Strengthening compliance education and training structures as well as revising compliance structures by establishing General Compliance Division.
5. Enrichment of Whistleblowing System	While once again thoroughly raising awareness of the existence of the whistleblowing system and its purpose among all officers and employees, the Company will establish a compliance hotline for related parties (clients and transaction partners) outside of the Company.

## ● Progress of initiatives on recommendations received from Special Investigation Committee

Recommendations from Special Investigation Committee	Status of our initiative
Corporate culture reform	Continue on this initiative earnestly
Enhancement of Compliance Committee	Initiate operation centered on General Compliance Division
Establishment of General Compliance Division	Established General Compliance Division in February 2019
Appointment and nomination of Outside Directors (other than Directors serving as Audit and Supervisory Committee Members) who involve in business execution	Appointed at the 13th Annual General Meeting of Shareholders
Activation of Harassment Prevention Committee and whistleblowing contact	Strengthen awareness by performing trainings, etc. by external specialists and inform whistleblowing contact once again

(\*) For further details, please refer to “Measurements to Prevent Reoccurrence” posted on our website.

<https://corp.tateru.co/company/compliance>

A person's hand is pointing at a tablet computer on a desk. In the foreground, a smartphone is visible. The background is slightly blurred, showing a plant and a wall. The text 'TATERU GROWTH STRATEGY' is overlaid on the image.

# TATERU GROWTH STRATEGY

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## Real Estate Tech business

**TATERU**

Apartment platform business

**TATERU** Apartment

Smart hotel business

**TABICT**

TATERU bnb, Inc. changed its name  
to TABICT, Inc. on April 25, 2019.

Crowdfunding business

**TATERU** Funding

## IoT business

**Robot Home**

Apartment **kit**

IoT device development /

App development for owners /

Tool development for management companies /

Big data business

# TATERU Apartment

Introducing IoT apartment  
management with  
the "TATERU Apartment" app

Membership .....	161,934 persons (19,396 persons)
Owners .....	2,338 persons
Managed properties .....	26,200 units
Occupancy rate .....	99.2 %

as of March 31, 2019

( ) ... The numbers inside the parentheses show the number in Invest Online, Inc.

\* As we are currently prioritizing on responding to owners, we are refraining from full-scale sales activity.



# Apartment **kit** for Owner

Optimize the whole communication including moving-in/moving-out /finding residents between real estate owners and management companies. Confirmation matters from management companies will be given by push notifications, which prevent the confirmation omission and reduce time loss by phones and Emails.

## Major functions

View properties / Chat function / Analyze local market / View preview status / Find residents function / Various document management function

## Points

- ・Flow for finding residents easier than ever
- ・Data utilization-type rental management enable differentiation of real estate management
- ・Discuss any daily issues via chat



View properties



Chat



Find residents



Check the market



Management function

Apartment **kit**

## for Property Management

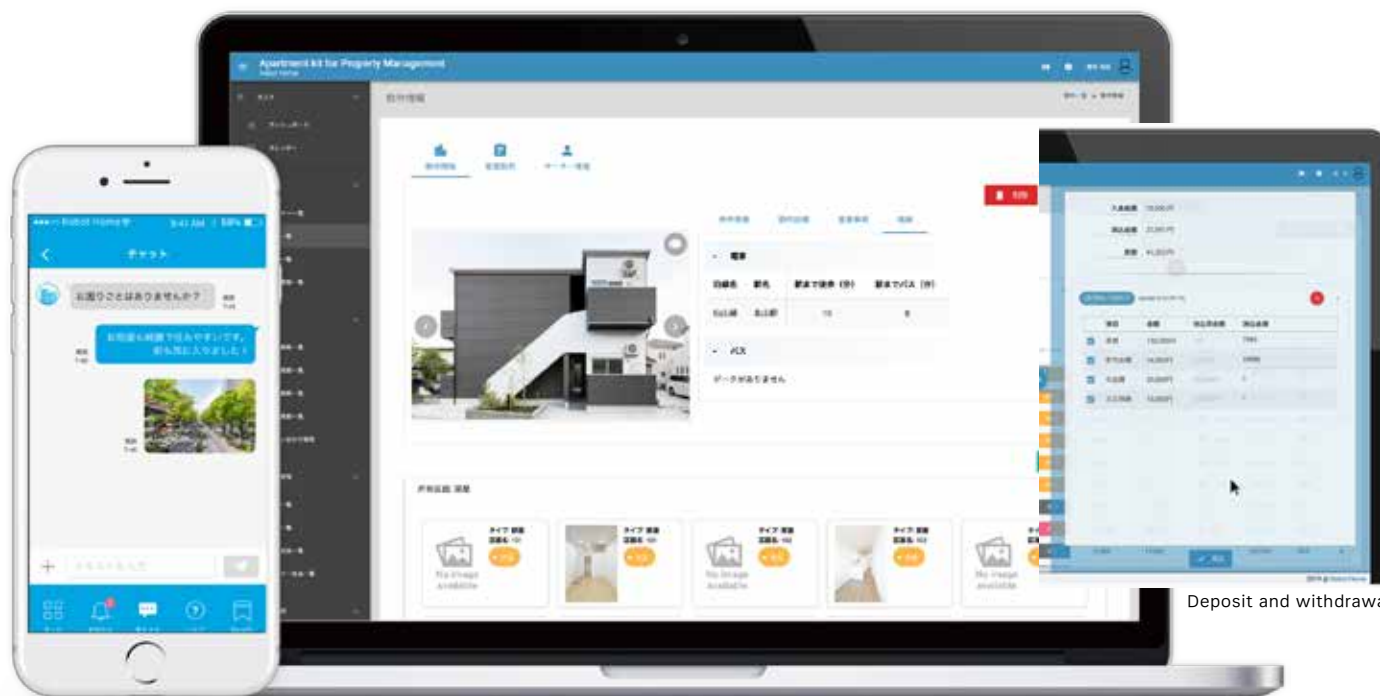
Thoroughly smarter real estate management business via cloud.  
Correspond to preparing and submitting documents such as owner account statements and monthly reports as well as renting operation/management operation. On the system, consolidate management of documents, which tend to be complicated.

### Major functions

Data management (property management / room (unit) management / contract data management)  
Bill payment management (bill management / payment management / deposit and withdrawal management)  
Operation management (contracts / cancellation / finding tenants / repair / cleaning / inquiries)  
Other functions (CSV input and output)

### Points

- Developed in-house a company that carries out operation business, the tool has no unnecessary functions
- The tool enables simplified communication by utilizing chat function and push notifications
- Stabilizes and improves service quality offered by people through applying formatted texts and Bot AI



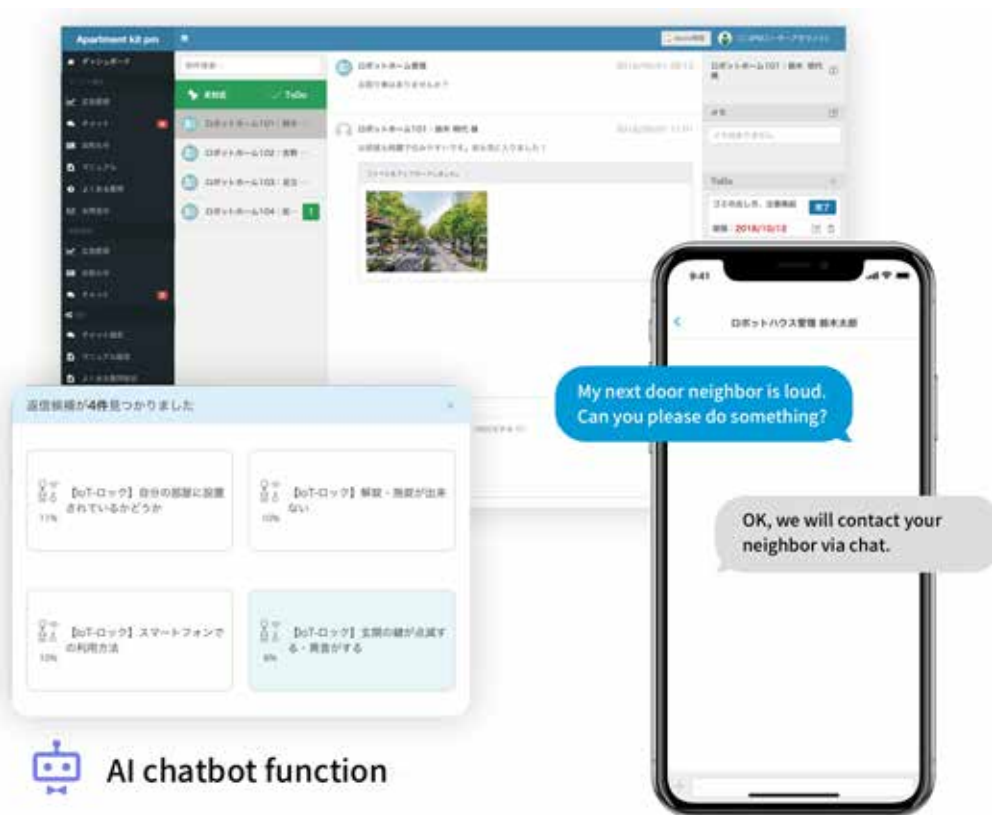
Resident chat screen

Property management screen

Deposit and withdrawal management screen

## Apartment **kiit** for PM Chat

A chat tool made for real estate operators. Provides convenience and safety by chat communication between the tenants and the management companies.

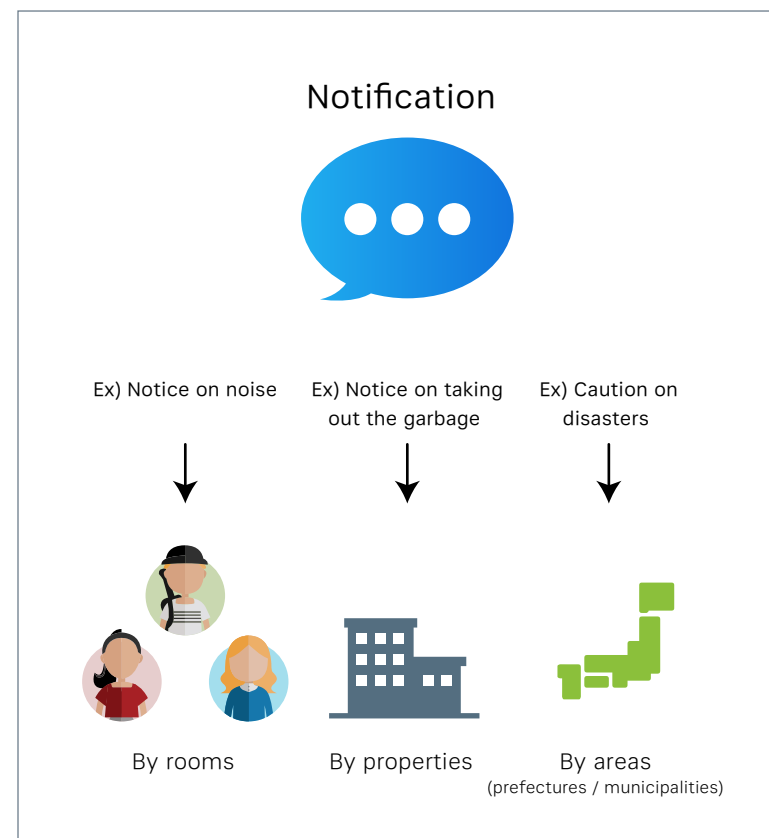


### Major function

Chat Bot

### Points

- ・Able to implement without changing the usual management style
- ・Saves labor for the burden of local postings
- ・Reduces enormous telephone correspondence operations





# Vacant room website platform

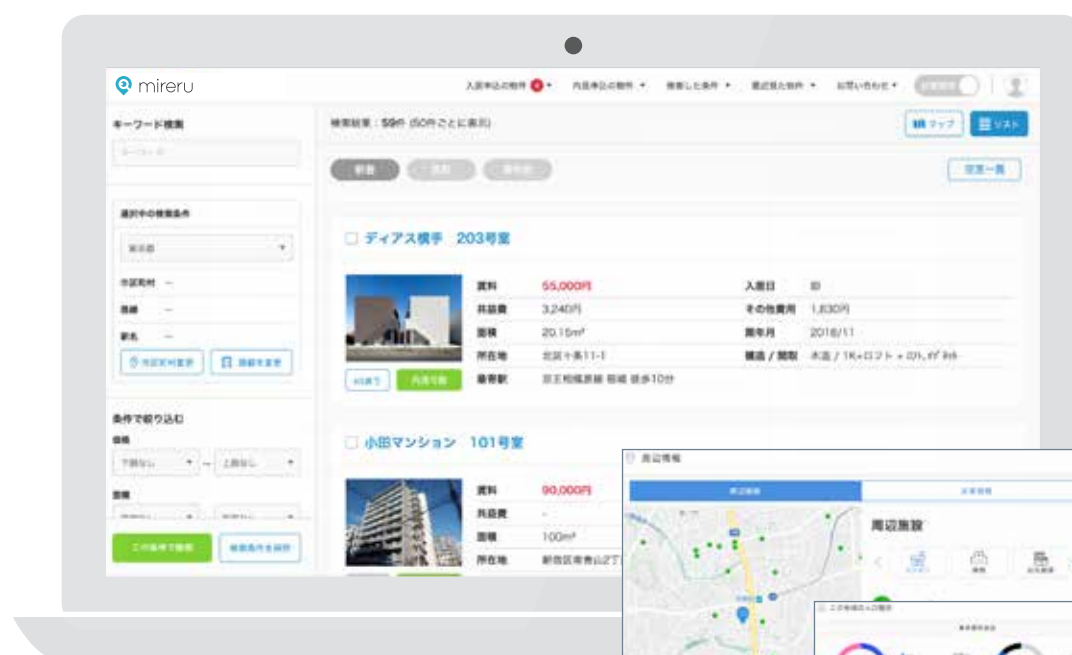
A system to find properties to introduce them to agencies. We made a vacant room website platform for management companies that cannot have their own vacant room website but want to increase views from agencies.

## Major functions

Web preview & application / chat function / URL issuance function that can be used in SNS / property information registration / output references by rooms / preview management / online contract

## Points

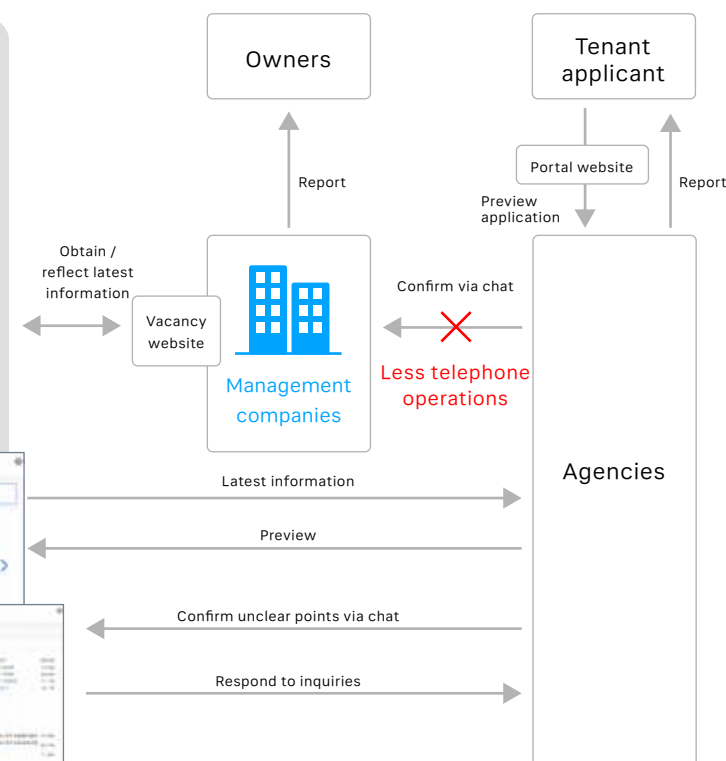
- Able to chat on agency correspondence (\* also available to post telephone numbers)
- Easy document sharing by file transmission via chat
- Omit burden of FAX transmission by function of web preview/move-in application
- Significantly reduce operations such as key delivery by issuance of one-time password for smart lock



Vacancy website platform



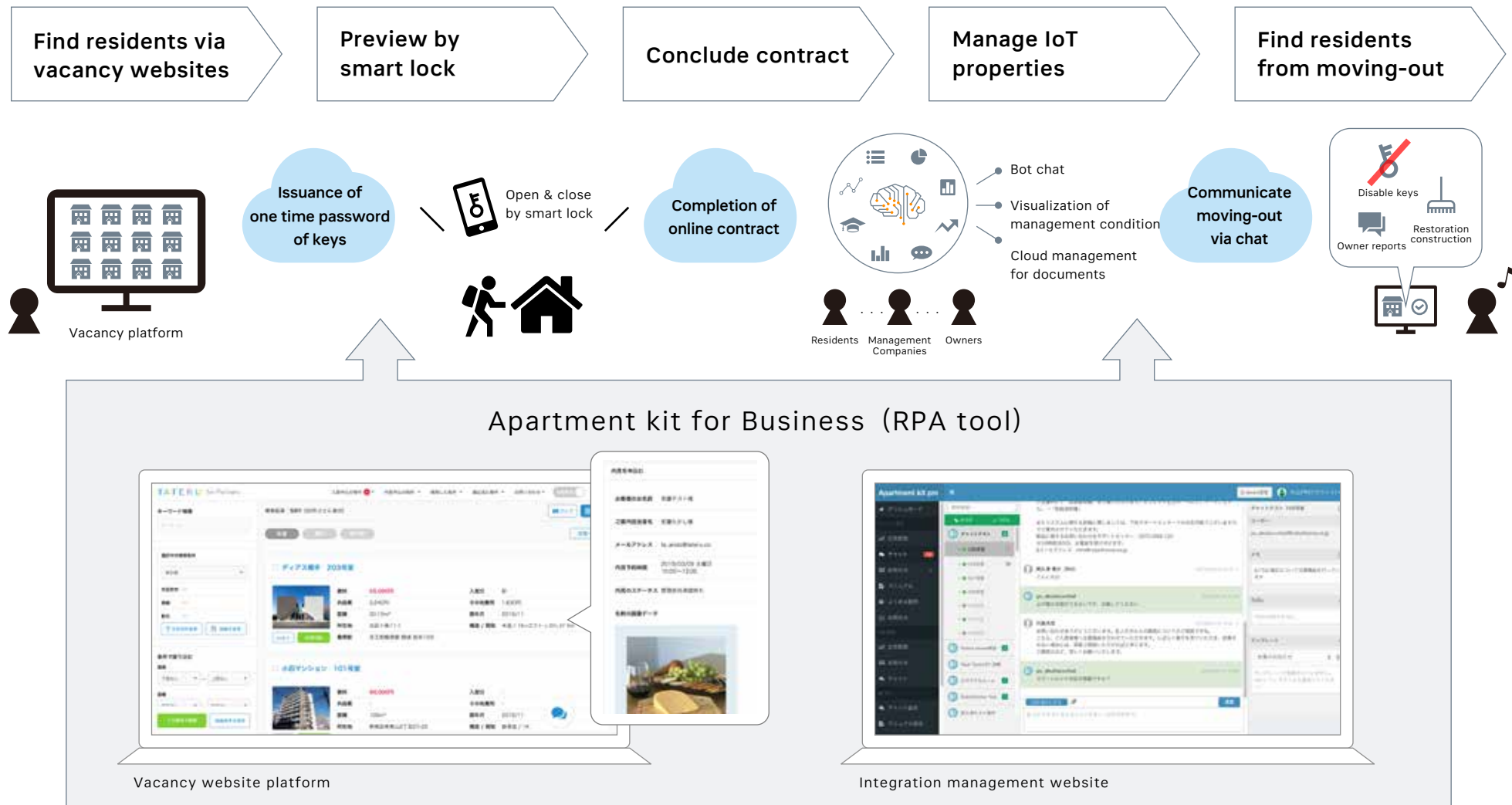
Local environment information





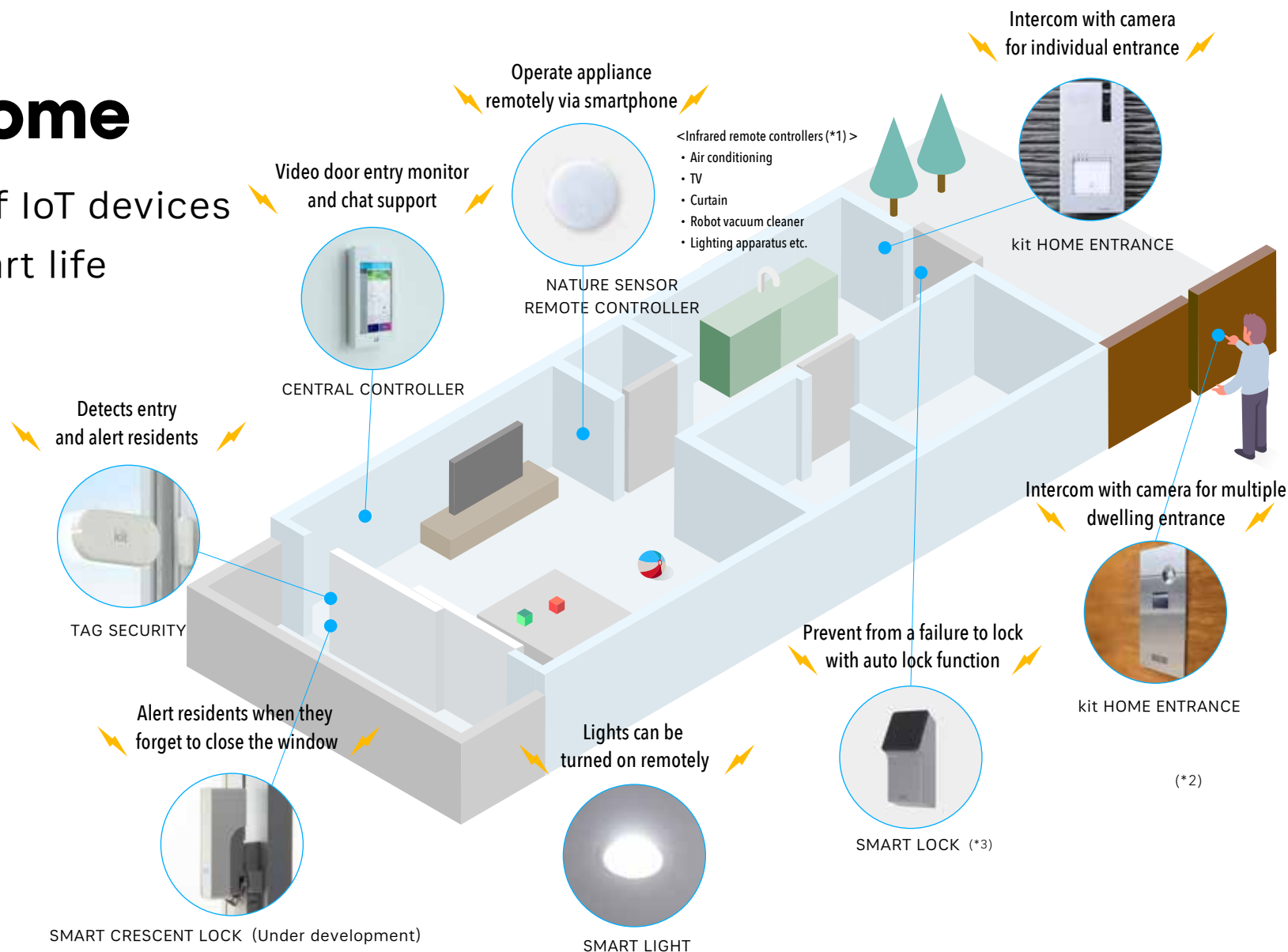
Management operation that can be efficient by automation

# Workflow of RPA utilization



# Robot Home

Development of IoT devices  
to realize a smart life

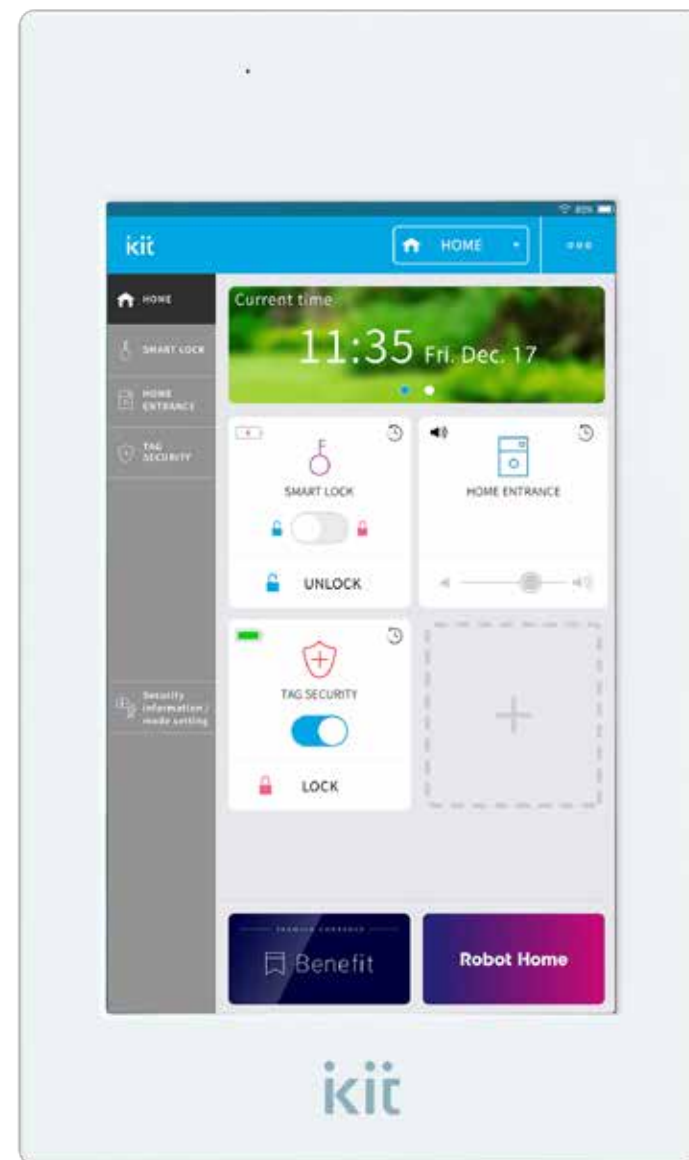


\*1 It doesn't guarantee action of every home electric. \*2 Floor plan is an example. \*3 A prototype under development and its design differs from currently installed devices.

CENTRAL CONTROLLER wall-mounted type

## Wall-mounted central controller for entry panel of multiple dwelling entrance

Wall-mounted central controller for entry panel of multiple dwelling entrance called "kit HOME ENTRANCE". It is equipped with various functions such as connections to various IoT devices and home appliances, chat service support and receiving and answering function for the intercom call.



## kit HOME ENTRANCE

# Intercom with camera for multiple dwelling / individual entrance

By utilizing entrance panel “kit Home Entrance” that can be unlocked with smartphone, it becomes possible for residents to respond in a smarter way regardless of the type of housing, such as multiple dwelling house or single-family home. It helps to improve convenience and safety of tenants.



Intercom with camera for individual entrance



Intercom with camera for multiple dwelling entrance

kit HOME ENTRANCE

# 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





## SMART LOCK

Rich in safety functions.  
Features special processing  
that does not come off or fall

When the door closes, it is automatically locked and you can unlock the door through the app, ten key, IC cards for public transportation or conventional keys. Moreover, 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.

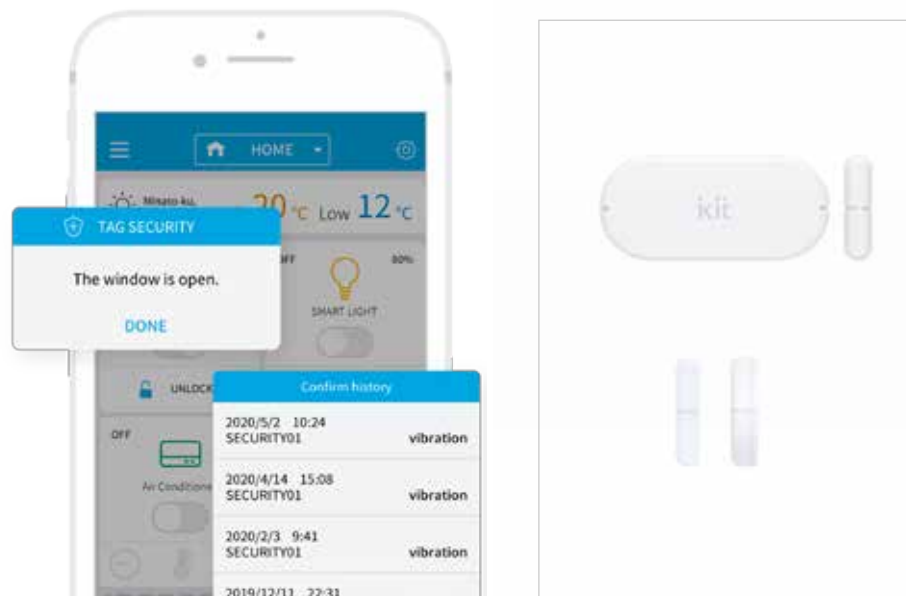


\* A prototype under development and its design differs from currently installed devices.

## TAG SECURITY

Detects a problem quickly  
and notifies you via smartphone.

TAG SECURITY installed in the window detects opening and closing or vibration and you can identify a problem using your smartphone from a remote location. As the main unit can be fixed with a removable sticker, no special construction work is necessary. In addition, when it detects a problem, an alarm within the device will be activated.



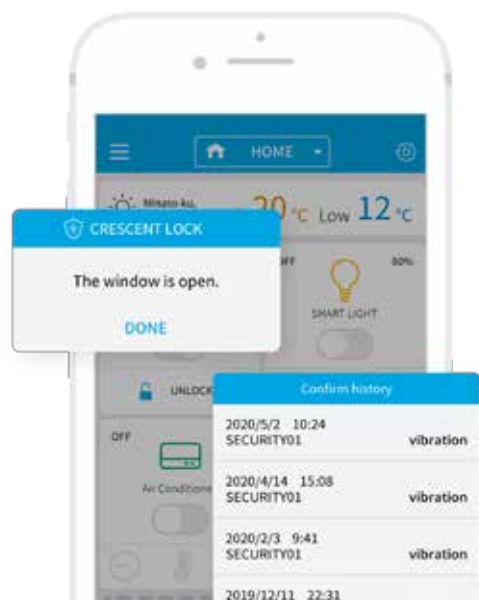
Changes to "Go out mode" automatically by leaving home



## SMART CRESCENT LOCK (Under development)

### Prevent window from being forgotten to close

It changes to "Go out mode" only by leaving home. It notifies residents via smartphone in case windows are not closed.



Acquire open/close status



## SMART LIGHT

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

You can control lighting as you like. Depending on your mood, you can control its color or intensity. If you realize that you forgot to turn off the light outside the home, you can turn it off using the central controller and your smartphone from a remote location.

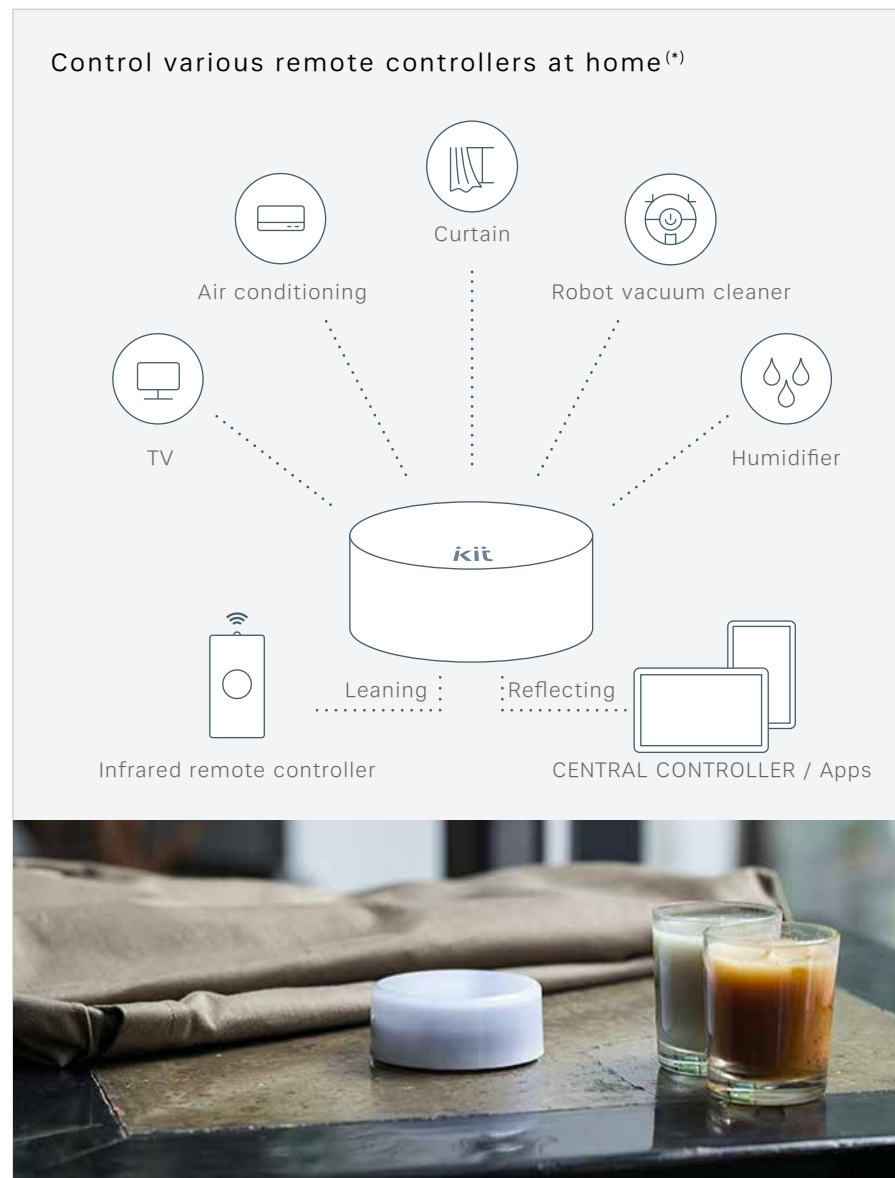


Images of controlling color and lighting

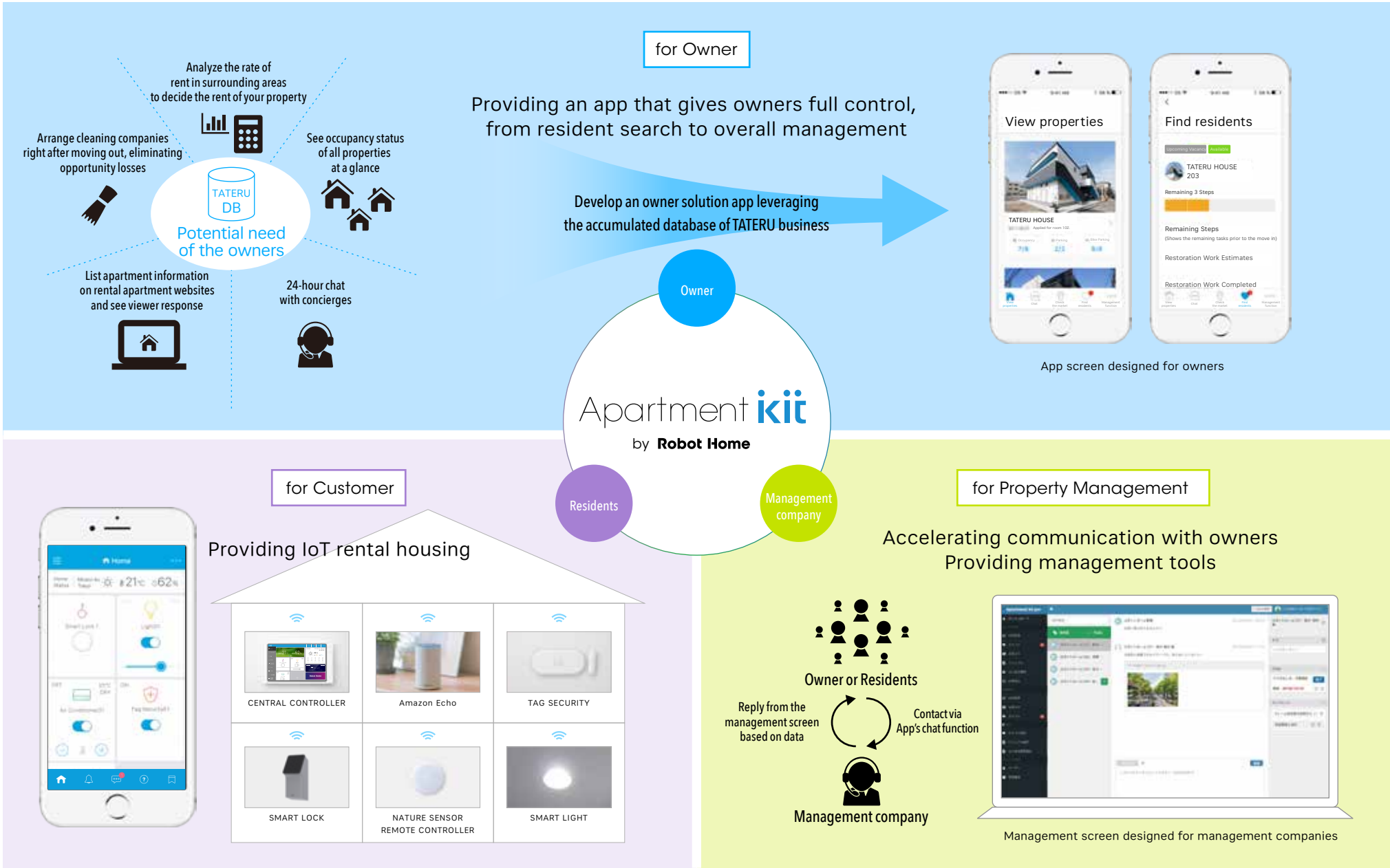
## NATURE SENSOR REMOTE CONTROLLER

**Gets information on an indoor environment to make your life even more convenient and comfortable.**

Obtains information about the temperature or humidity in the room to allow you to control various home appliances such as an air conditioner and TV through the central controller and smartphone with a single tap. In addition, you can operate infrared-equipped appliances, such as an air conditioner, from a remote location.



\*It doesn't guarantee action of every home electric.



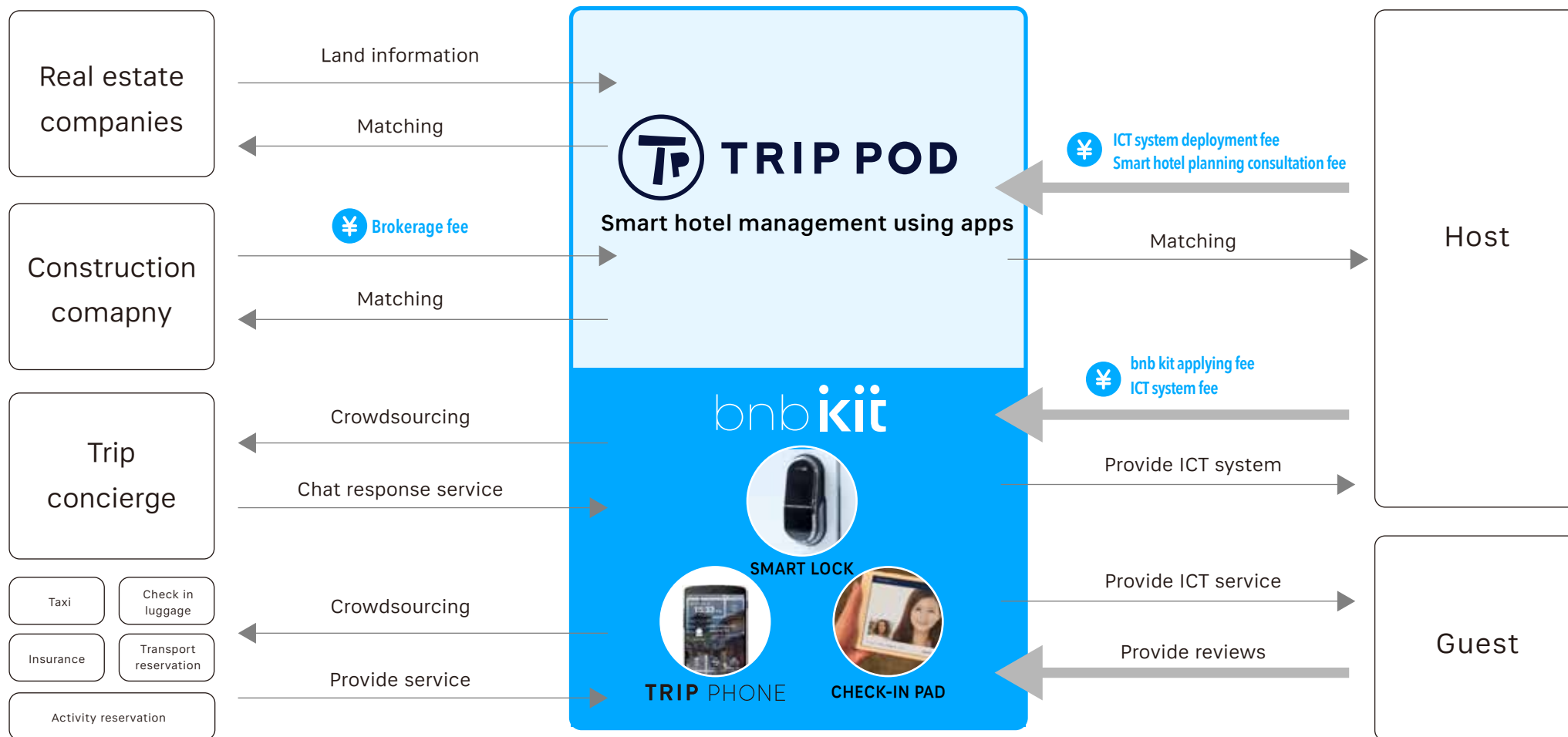


## Smart hotel management using apps



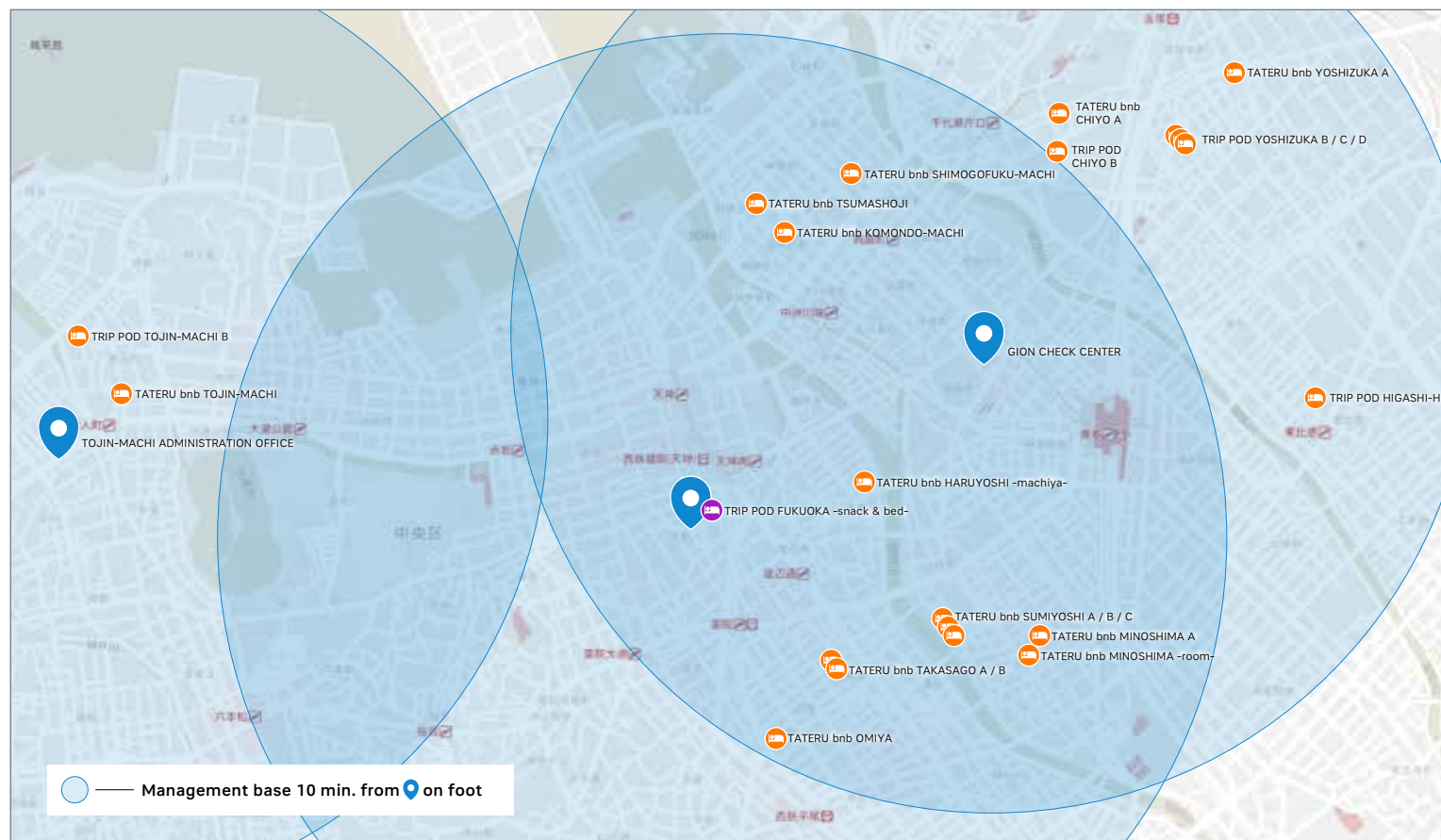
\*TATERU bnb, Inc. changed its name to TABICT, Inc. on April 25, 2019.

# Smart hotel management platform





# Successfully deploying smart hotel “TRIP POD” centering on Fukuoka city



## Launched properties in Fukuoka & Hakata areas (as of March 31, 2019 Excluding properties under development)

TRIP POD FUKUOKA -snack & bed-	TATERU bnb TSUMASHOJI	TATERU bnb TAKASAGO A	TATERU bnb YOSHIZUKA A	TRIP POD TOJIN-MACHI B
TATERU bnb HARUYOSHI -machiya-	TATERU bnb SHIMOGOFUKU-MACHI	TATERU bnb TAKASAGO B	TRIP POD YOSHIZUKA B	TRIP POD HIGASHI-HIE
TATERU bnb MINOSHIMA -room-	TATERU bnb SUMIYOSHI A	TATERU bnb MINOSHIMA A	TRIP POD YOSHIZUKA C	
TATERU bnb OMIYA	TATERU bnb SUMIYOSHI B	TATERU bnb TOJIN-MACHI	TRIP POD YOSHIZUKA D	⋮ Under development
TATERU bnb KOMONDO-MACHI	TATERU bnb SUMIYOSHI C	TATERU bnb CHIYO A	TRIP POD CHIYO B	

Total of  
**22** facilities

## Opened MUSUBI HOTEL at Kyoto Shijo Omiya



MUSUBI HOTEL



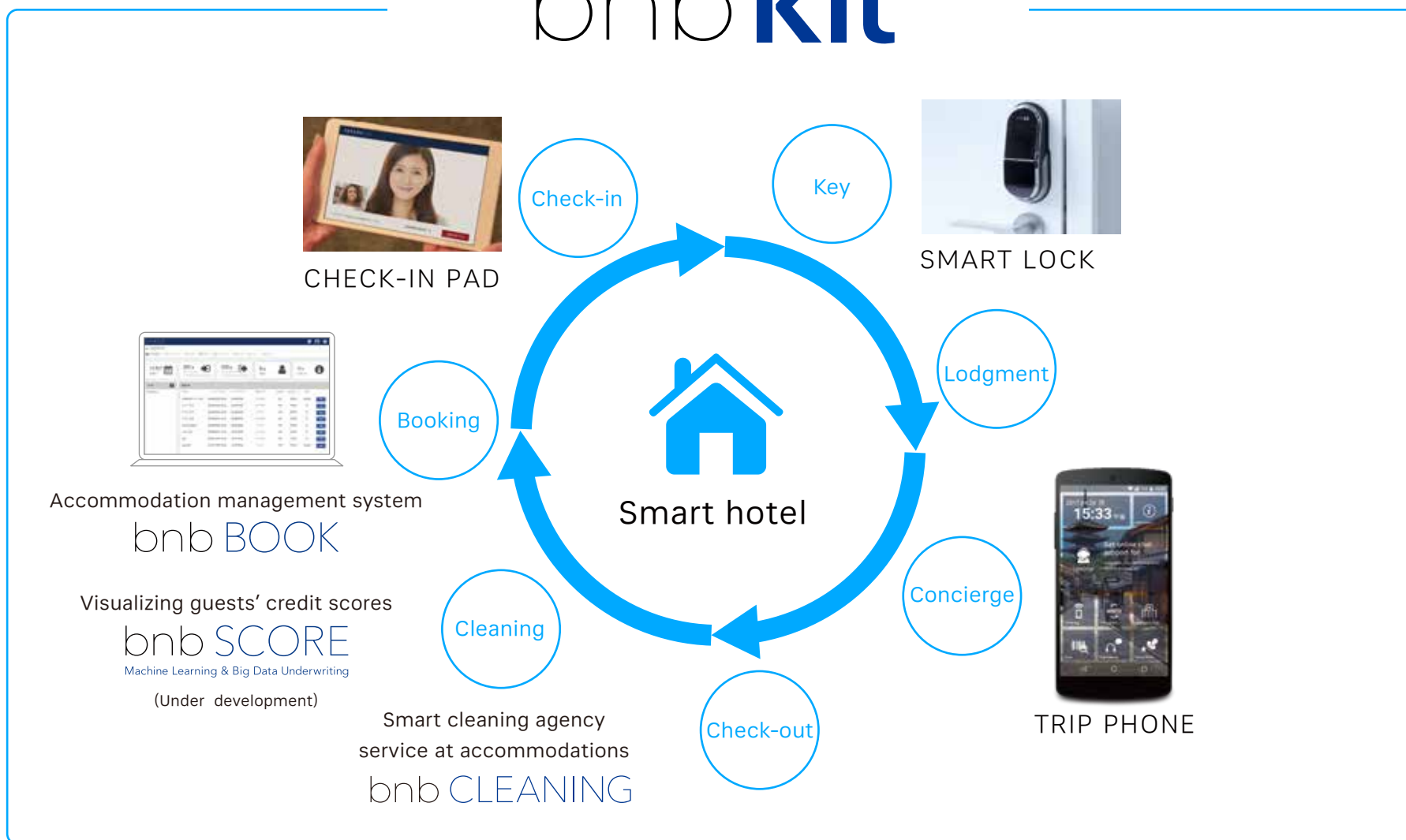
Within  
10min. walk



Property in Ontomocho (Under Operation)

## Enable management and operation of smart hotels

# bnb kit





## Smart check-in system of bnb kit

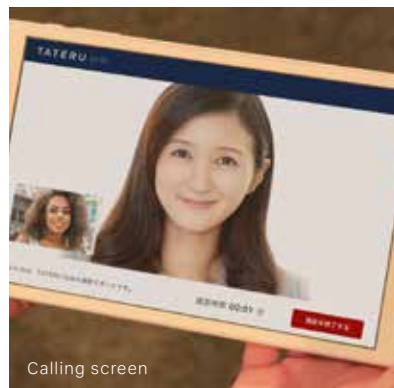


### SMART LOCK

You can unlock easily, conveniently with those 3 ways.

- Numeric keypad
- Public transportation-related IC cards
- Conventional keys

Enhance security by changing the key number remotely after the check-out.



### CHECK-IN PAD

CHECK-IN PAD is available in multiple languages (Japanese, English, Chinese (Both traditional and simplified), Korean) and provides check-in function needed for smart hotel operation such as guest data recording when check in, acquisition of password information, issuance of key numbers and identification function.

\* Identification function may vary by the local ordinance of the property location.



### TRIP PHONE

Guests can rental TRIP PHONE for free, which provides trip concierge service that offers meticulous response to concerns during stay such as introduction and reservation of popular restaurants around the facility, transportation guidance, taxi reservation 24 hours a day in multiple languages.

# Utilizing the "TRIP PHONE" IoT device



CONNECT FOR JAPAN EXPERIENCE

## TRIP PHONE

- Smartphone designed for foreign tourists -



### TRIP Concierge

AI and human concierge combination offers meticulous response to various requests of tourists.

On a 24-hour basis

Supports Japanese, English, Chinese, and Korean (Simplified characters, Traditional Chinese)



### Tethering

TRIP PHONE provides Internet connectivity anytime, anywhere for tourists' smartphones and computers.



### Translation

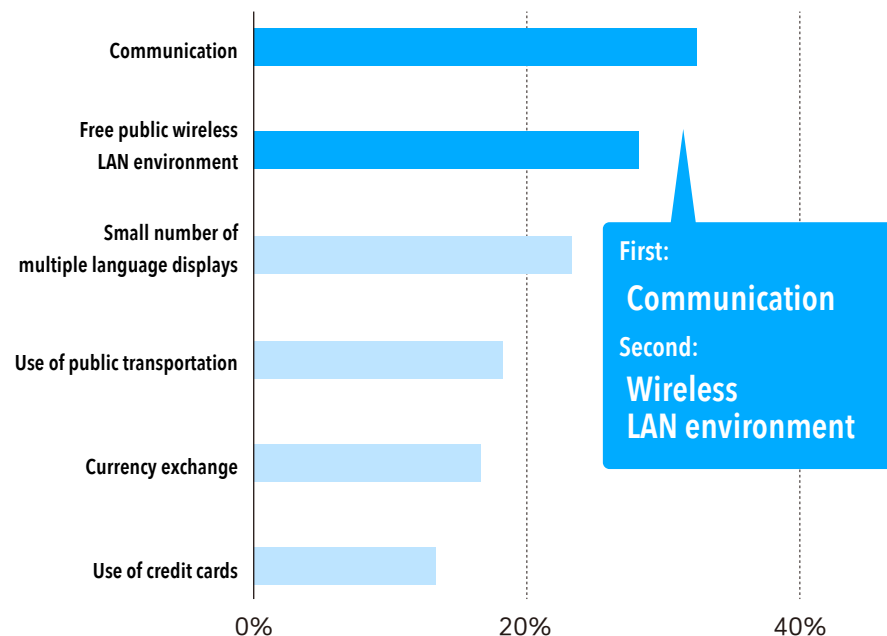
Translate 31 foreign languages via handwriting or sound.



### Guide

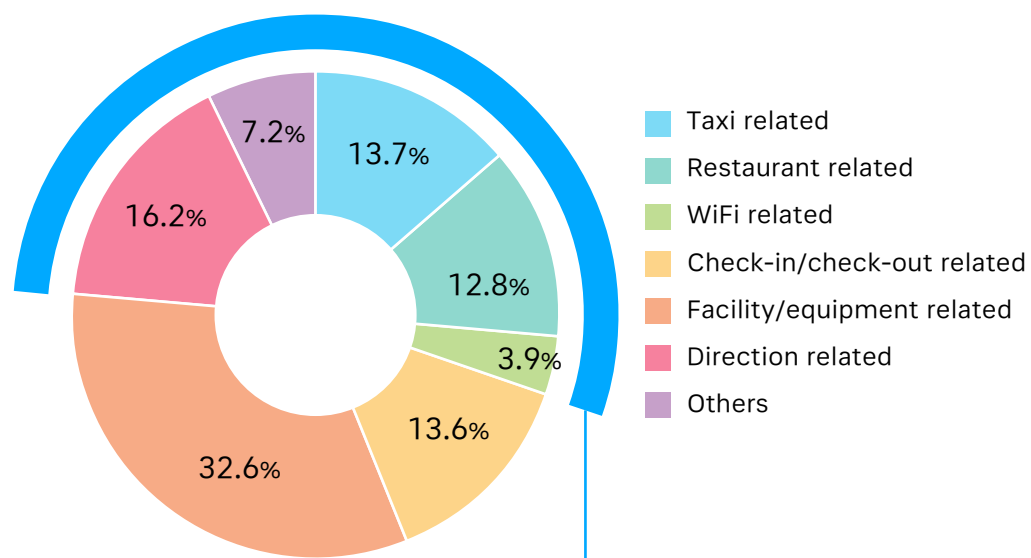
GPS-connected audio guide system introduces a town's popular spots as if listening to a museum audio guide.

## "Troubles while traveling" for foreign tourists



## Utilizing the “TRIP PHONE” IoT device

### Inquiries from guests



Inquiries other than facility related

53.8 %

= Effectively used as concierge

= Improved customer satisfaction, higher review scores by OTA

### User directional analysis

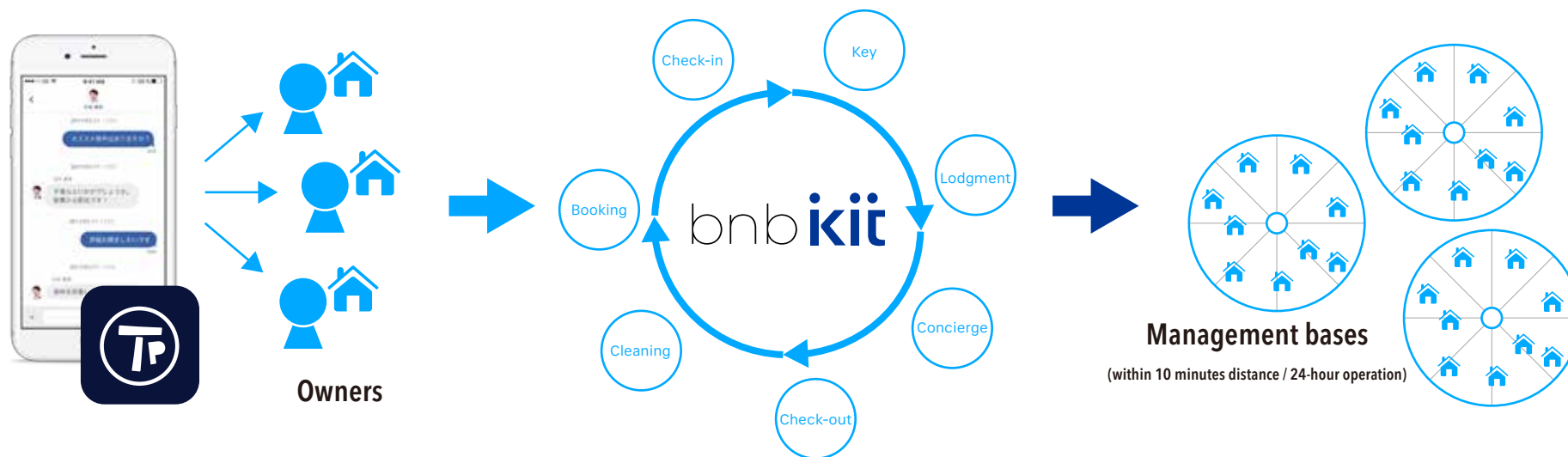


## Three revenue structures via smart hotel management platform

1. Sales of smart hotel as investment properties

2. Smart hotel management platform

3. Management agency



## 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.