

Consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]



August 12, 2021

Company name: Robot Home, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1435
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 Scheduled date of filing quarterly securities report: August 13, 2021
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Six Months Ended June 30, 2021 (January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
June 30, 2021	2,119	(47.4)	239	-	266	-	236	-
June 30, 2020	4,030	(71.8)	(492)	-	(529)	-	(855)	-

(Note) Comprehensive income: Six months ended June 30, 2021: ¥262 million [-%]
 Six months ended June 30, 2020: ¥(869) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2021	2.60	-
June 30, 2020	(9.49)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	9,128	7,297	79.9
As of December 31, 2020	9,376	7,235	77.2

(Reference) Equity: As of June 30, 2021: ¥7,297 million
 As of December 31, 2020: ¥7,235 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2021	-	0.00			
Fiscal year ending December 31, 2021 (Forecast)			-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	4,500	(26.8)	350	-	370	-	280	-	3.09

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of shares outstanding (common stock)
 - 1) Total number of shares outstanding at the end of the period (including treasury stock):
 - June 30, 2021: 91,127,000 shares
 - December 31, 2020: 91,127,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - June 30, 2021: 761,600 shares
 - December 31, 2020: - shares
 - 3) Average number of shares during the period:
 - Six months ended June 30, 2021: 90,969,956 shares
 - Six months ended June 30, 2020: 90,167,000 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions judged to be reasonable. The Company makes no warranty as to the achievability of these forecasts. Actual performance, etc. may differ significantly from these forecasts due to a wide range of factors.

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1. Qualitative Information of Quarterly Financial Results

(1) Explanation of operating results

Although the Japanese economy during the six months ended June 30, 2021 showed a temporary recovery when the effectiveness of government policies and the vaccination of the elderly prompted expectations for containment of the COVID-19 pandemic, uncertainty about the future persists as evidenced mainly by stagnating personal spending and economic activities due to a renewed issuing of a state of emergency declaration and other factors.

Under these circumstances, the Group has proceeded to secure stable profit through the transformation to a stock business (subscription) that it has been focusing on since the previous fiscal year. Meanwhile, it has advanced its provision of highly convenient services suitable for diversifying lifestyles, with a variety of services in the real estate domain through DX (digital transformation) utilizing cutting-edge technologies such as AI and IoT. Efforts include being selected as a DX-certified operator conducting excellent initiatives under the DX Certification Initiative based on the Ministry of Economy, Trade and Industry guidelines, and the establishment of the DX Property Promotion Association with the aim of business model innovation in the real estate industry.

As a result, the performance for the six months ended June 30, 2021 was ¥2,119 million in net sales (down 47.4% year on year), ¥239 million in operating profit (operating loss of ¥492 million for the same period of the previous fiscal year), ¥266 million in ordinary profit (ordinary loss of ¥529 million for the same period of the previous fiscal year) and ¥236 million in profit attributable to owners of parent (loss attributable to owners of parent of ¥855 million for the same period of the previous fiscal year).

The performance of each segment is as follows.

From the three months ended March 31, 2021, the Company partially changed the business segments to be presented as the reportable segments and business segment names. The comparison and analysis for the six months ended June 30, 2021 are based on the classification after the change.

1) AI/IoT business

In the AI/IoT business, the Company offered a comprehensive DX (digital transformation) support service, drawing on its experience of the ongoing development and running of its IoT platform for rental housing, “Residence kit,” which aims for the automation of real estate management, and the provision of services on that platform and of various in-house products combining real estate and IT. The comprehensive DX support service covers a wide range of activities, including management strategy planning, designing concepts, and defining requirements for service development, IT system development, and PR activities.

As a result, net sales for the six months ended June 30, 2021 were ¥158 million (up 6.8% year on year) and operating profit was ¥54 million (up 51.3% year on year).

2) PM platform business

In the PM platform business, the Company strived to secure stable stock income by conducting streamlined PM operations through the introduction of the rental management RPA system, “Residence kit for PM,” which uses core technologies such as AI and IoT.

Further, the Company focused its efforts on the sustainable expansion of its profit foundations through such initiatives as increasing brand recognition through the launch of an advertisement for the IoT platform for rental housing, “Residence kit,” to increase the number of contract management properties resulting from proposals to introduce IoT into rental housing properties, the provision of insurance services such as rental guarantees, and the expansion of its business domains into the maintenance domain.

As a result, net sales for the six months ended June 30, 2021 were ¥1,649 million (up 20.3% year on year) and operating profit was ¥635 million (up 48.4% year on year).

3) Real estate consulting business

In the real estate consulting business, under the impact of the continued downturn in demand for accommodation due to COVID-19, occupancy rates of smart hotels remained low. On the other hand, the Company focused on expanding its lineup of new products, including the development and sale of revenue-generating real estate for affluent clients, differentiated through utilization of the IoT, and project development consulting on the concept of combining technology and real estate.

As a result, net sales for the six months ended June 30, 2021 were ¥314 million (down 87.5% year on year) and operating loss was ¥33 million (operating loss of ¥361 million for the same period of the previous fiscal year).

(2) Explanation of financial position

(Assets)

Total assets at the end of the six months ended June 30, 2021 decreased by ¥247 million from the end of the previous fiscal year to ¥9,128 million. This is mainly attributable to decreases in cash and deposits of ¥156 million and real estate for sale in process of ¥65 million.

(Liabilities)

Total liabilities at the end of the six months ended June 30, 2021 decreased by ¥309 million from the end of the previous fiscal year to ¥1,830 million. This is mainly attributable to decreases in the current portion of long-term borrowings of ¥200 million and income taxes payable of ¥53 million.

(Net assets)

Total net assets at the end of the six months ended June 30, 2021 increased by ¥62 million from the end of the previous fiscal year to ¥7,297 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥236 million, despite the repurchase of Company shares worth ¥199 million.

(3) Explanation of consolidated financial results forecast and other forward-looking information

No revisions have been made to the consolidated financial results forecast announced on May 13, 2021.

As for the impact of the spread of COVID-19 infections on the Company's financial results, the Company will pay close attention to the future business environment, trends in the financial results, etc., and if the Company determines that it is necessary to revise the financial results forecast, it will announce the revision in a timely manner.

2. Consolidated Financial Statements and Primary Notes
(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	5,764,099	5,607,214
Accounts receivable - trade	506,222	497,579
Merchandise and finished goods	18,714	29,485
Real estate for sale	1,890,433	2,007,565
Real estate for sale in process	83,656	17,733
Supplies	5,117	4,994
Other	531,385	283,529
Allowance for doubtful accounts	(117,169)	(180,254)
Total current assets	8,682,459	8,267,846
Non-current assets		
Property, plant and equipment	118,164	105,040
Intangible assets		
Other	38,866	35,731
Total intangible assets	38,866	35,731
Investments and other assets		
Investment securities	433,900	620,721
Deferred tax assets	21,144	21,144
Other	81,538	78,364
Total investments and other assets	536,582	720,230
Total non-current assets	693,614	861,002
Total assets	9,376,073	9,128,849

(Thousand yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	51,492	45,890
Current portion of long-term borrowings	200,000	-
Income taxes payable	74,758	21,450
Deposits received	611,748	761,719
Provision for bonuses	34,164	34,564
Asset retirement obligations	3,940	9,862
Provision for loss on guarantees	651,167	603,339
Other	475,989	318,230
Total current liabilities	2,103,260	1,795,057
Non-current liabilities		
Deferred tax liabilities	-	8,366
Asset retirement obligations	37,373	27,516
Total non-current liabilities	37,373	35,883
Total liabilities	2,140,633	1,830,940
Net assets		
Shareholders' equity		
Share capital	7,296,022	10,000
Capital surplus	7,202,210	7,460,469
Retained earnings	(7,252,197)	12,087
Treasury shares	-	(199,990)
Total shareholders' equity	7,246,035	7,282,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12,881)	15,341
Foreign currency translation adjustment	2,286	-
Total accumulated other comprehensive income	(10,595)	15,341
Total net assets	7,235,439	7,297,909
Total liabilities and net assets	9,376,073	9,128,849

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Six months ended June 30, 2021

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Net sales	4,030,391	2,119,886
Cost of sales	3,298,428	932,276
Gross profit	731,962	1,187,609
Selling, general and administrative expenses	1,224,218	948,177
Operating profit (loss)	(492,255)	239,432
Non-operating income		
Interest income	411	401
Dividend income	500	2,610
Gain on investments in investment partnerships	9,035	19,417
Other	5,779	7,809
Total non-operating income	15,726	30,238
Non-operating expenses		
Interest expenses	31,818	100
Loss on investments in investment partnerships	1,012	1,012
Commission expenses	18,060	1,200
Foreign exchange losses	269	898
Other	1,697	-
Total non-operating expenses	52,858	3,212
Ordinary profit (loss)	(529,387)	266,459
Extraordinary income		
Gain on sales of non-current assets	4,918	-
Gain on sales of investment securities	-	253
Gain on reversal of share acquisition rights	1,020	-
Total extraordinary income	5,938	253
Extraordinary losses		
Impairment loss	35,851	-
Loss on valuation of investment securities	282,792	12,313
Loss on liquidation of subsidiaries and associates	242	-
Total extraordinary losses	318,886	12,313
Profit (loss) before income taxes	(842,335)	254,399
Income taxes	13,382	17,876
Profit (loss)	(855,717)	236,522
Profit (loss) attributable to owners of parent	(855,717)	236,522

Consolidated statements of comprehensive income
 Six months ended June 30, 2021

(Thousand yen)

	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Profit (loss)	(855,717)	236,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,454)	28,223
Foreign currency translation adjustment	(3,537)	(2,286)
Total other comprehensive income	(13,991)	25,937
Comprehensive income	(869,709)	262,459
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(869,709)	262,459

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Based on a resolution of the 15th Annual General Meeting of Shareholders held on March 24, 2021, a reduction of capital without compensation was conducted for the purpose of making up for retained losses. With an effective date of May 14, 2021, share capital was reduced by ¥7,286,022 thousand yen and this amount was transferred to other capital surplus. ¥7,027,763 thousand yen of the increased other capital surplus was then transferred to retained earnings brought forward to make up for retained loss. As a result, shared capital for the second quarter ended June 30, 2021 is ¥10,000 thousand yen and capital surplus is ¥7,460,469 thousand yen. This matter has no impact on total shareholders' equity.

In addition, at the meeting of the Board of Directors held on May 13, 2021, the Company resolved to repurchase the Company's own shares under the provisions of Article 156 of the Companies Act, as applied by replacing the terms pursuant to Article 165, paragraph 3 of said Act.

As a result of this repurchase of Company shares, total treasury stock increased by ¥199,990 thousand yen.

(Segment information, etc.)

[Segment information]

I For the six months ended June 30, 2020

1. Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated statements of income (Note 3)
	AI/IoT business	PM platform business	Real estate consulting business				
Net sales							
Net sales to external customers	147,673	1,371,653	2,511,053	10	4,030,391	—	4,030,391
Inter- segment sales or transfers	515	5	45	1,007	1,573	(1,573)	—
Total	148,188	1,371,659	2,511,098	1,017	4,031,964	(1,573)	4,030,391
Segment profit or loss	35,842	428,044	(361,967)	(10,211)	91,708	(583,963)	(492,255)

(Notes) 1. Others refers to business segments not included in the reportable segments.

2. The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.

3. Segment profit or loss is adjusted with the operating loss under quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

Omitted as it is not significant.

(Significant changes in amount of goodwill)

Not applicable.

(Material profit from negative goodwill)

Not applicable.

II For the six months ended June 30, 2021

1. Information on net sales and profit or loss by reportable segment

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated statements of income (Note 3)
	AI/IoT business	PM platform business	Real estate consulting business				
Net sales							
Net sales to external customers	155,965	1,649,361	314,559	—	2,119,886	—	2,119,886
Inter- segment sales or transfers	2,319	—	—	—	2,319	(2,319)	—
Total	158,285	1,649,361	314,559	—	2,122,206	(2,319)	2,119,886
Segment profit or loss	54,235	635,223	(33,495)	(7,353)	648,609	(409,176)	239,432

(Notes) 1. Others refers to business segments not included in the reportable segments.

2. The adjustment to segment profit or loss mainly represents companywide expenses which have not been allocated to each reportable segment.

3. Segment profit or loss is adjusted with the operating profit under quarterly consolidated statements of income.

2. Information on the changes, etc. to reportable segments

The Group's previous two reportable segments were "KANRY business" and "TATERU business." However, from the three months ended March 31, 2021, the Group's reportable segments have been classified into "AI/IoT business," "PM platform business," and "Real estate consulting business."

These revisions are due to the fact that the Group's business development, decisions on allocation of management resources, and performance evaluation methods have been reviewed in line with actual conditions.

Segment information for the six months ended June 30, 2020 is prepared from the segment classification after the change.

3. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable.