

# Consolidated Financial Results for the Nine Months Ended September 30, 2021 [Japanese GAAP]



November 11, 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: November 12, 2021  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are truncated)

## 1. Consolidated Financial Results for the Nine Months Ended September 30, 2021 (January 1, 2021 to September 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	%
Nine months ended September 30, 2021	2,983	(42.9)	314	-	364	-	296	-
September 30, 2020	5,227	(70.3)	(531)	-	(564)	-	(900)	-

(Note) Comprehensive income: Nine months ended September 30, 2021: ¥339 million [-%]  
 Nine months ended September 30, 2020: ¥(902) million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended September 30, 2021	Yen 3.27	Yen -
September 30, 2020	(9.99)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	9,189	7,396	80.2
As of December 31, 2020	9,376	7,235	77.2

(Reference) Equity: As of September 30, 2021: ¥7,374 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):
    - September 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:
    - September 30, 2021: 761,600 shares
    - December 31, 2020: - shares
  - 3) Average number of shares during the period:
    - Nine months ended September 30, 2021: 90,766,223 shares
    - Nine months ended September 30, 2020: 90,170,504 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 nine months ended September 30, 2021 showed a temporary recovery when the effectiveness of government policies and the vaccination roll-out 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 nine months ended September 30, 2021 was ¥2,983 million in net sales (down 42.9% year on year), ¥314 million in operating profit (operating loss of ¥531 million for the same period of the previous fiscal year), ¥364 million in ordinary profit (ordinary loss of ¥564 million for the same period of the previous fiscal year) and ¥296 million in profit attributable to owners of parent (loss attributable to owners of parent of ¥900 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 nine months ended September 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 nine months ended September 30, 2021 were ¥277 million (up 44.0% year on year) and operating profit was ¥114 million (up 170.6% 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 nine months ended September 30, 2021 were ¥2,366 million (up 15.0% year on year) and operating profit was ¥889 million (up 31.5% 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 nine months ended September 30, 2021 were ¥345 million (down 88.4% year on year) and operating loss

was ¥50 million (operating loss of ¥407 million for the same period of the previous fiscal year).

## (2) Explanation of financial position

### (Assets)

Total assets at the end of the nine months ended September 30, 2021 decreased by ¥186 million from the end of the previous fiscal year to ¥9,189 million. This is mainly attributable to decreases in cash and deposits of ¥999 million and real estate for sale in process of ¥66 million, despite increases in real estate for sale of ¥687 million and investment securities of ¥523 million.

### (Liabilities)

Total liabilities at the end of the nine months ended September 30, 2021 decreased by ¥347 million from the end of the previous fiscal year to ¥1,792 million. This is mainly attributable to decreases in the current portion of long-term borrowings of ¥200 million and provision for loss on guarantees of ¥71 million.

### (Net assets)

Total net assets at the end of the nine months ended September 30, 2021 increased by ¥161 million from the end of the previous fiscal year to ¥7,396 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥296 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 September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	5,764,099	4,764,755
Accounts receivable - trade	506,222	455,785
Merchandise and finished goods	18,714	22,234
Real estate for sale	1,890,433	2,577,628
Real estate for sale in process	83,656	16,955
Supplies	5,117	4,775
Other	531,385	290,113
Allowance for doubtful accounts	(117,169)	(206,964)
<b>Total current assets</b>	<b>8,682,459</b>	<b>7,925,283</b>
Non-current assets		
Property, plant and equipment	118,164	88,437
Intangible assets		
Other	38,866	34,232
<b>Total intangible assets</b>	<b>38,866</b>	<b>34,232</b>
Investments and other assets		
Investment securities	433,900	957,878
Deferred tax assets	21,144	21,144
Other	81,538	162,477
<b>Total investments and other assets</b>	<b>536,582</b>	<b>1,141,500</b>
<b>Total non-current assets</b>	<b>693,614</b>	<b>1,264,170</b>
<b>Total assets</b>	<b>9,376,073</b>	<b>9,189,453</b>

(Thousand yen)

	As of December 31, 2020	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	51,492	39,737
Current portion of long-term borrowings	200,000	-
Income taxes payable	74,758	26,802
Deposits received	611,748	764,483
Provision for bonuses	34,164	86,410
Asset retirement obligations	3,940	9,863
Provision for loss on guarantees	651,167	580,000
Other	475,989	240,938
<b>Total current liabilities</b>	<b>2,103,260</b>	<b>1,748,234</b>
Non-current liabilities		
Deferred tax liabilities	-	17,026
Asset retirement obligations	37,373	27,519
<b>Total non-current liabilities</b>	<b>37,373</b>	<b>44,546</b>
<b>Total liabilities</b>	<b>2,140,633</b>	<b>1,792,781</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,296,022	10,000
Capital surplus	7,202,210	7,460,469
Retained earnings	(7,252,197)	72,252
Treasury shares	-	(199,990)
<b>Total shareholders' equity</b>	<b>7,246,035</b>	<b>7,342,731</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12,881)	31,718
Foreign currency translation adjustment	2,286	-
<b>Total accumulated other comprehensive income</b>	<b>(10,595)</b>	<b>31,718</b>
Share acquisition rights	-	22,222
<b>Total net assets</b>	<b>7,235,439</b>	<b>7,396,672</b>
<b>Total liabilities and net assets</b>	<b>9,376,073</b>	<b>9,189,453</b>

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Nine months ended September 30, 2021

(Thousand yen)

	For the nine months ended September 30, 2020	For the nine months ended September 30, 2021
Net sales	5,227,627	2,983,288
Cost of sales	4,009,188	1,224,060
Gross profit	1,218,439	1,759,227
Selling, general and administrative expenses	1,749,882	1,444,499
Operating profit (loss)	(531,442)	314,728
Non-operating income		
Interest income	644	642
Dividend income	500	2,610
Gain on investments in investment partnerships	11,719	42,707
Other	12,496	7,773
Total non-operating income	25,360	53,734
Non-operating expenses		
Interest expenses	34,970	100
Loss on investments in investment partnerships	1,512	1,012
Commission expenses	18,060	2,000
Foreign exchange losses	1,259	898
Other	2,835	20
Total non-operating expenses	58,638	4,032
Ordinary profit (loss)	(564,721)	364,431
Extraordinary income		
Gain on sales of non-current assets	4,938	40
Gain on sales of investment securities	-	253
Gain on reversal of share acquisition rights	1,020	-
Total extraordinary income	5,958	293
Extraordinary losses		
Impairment loss	35,851	-
Loss on valuation of investment securities	282,792	37,323
Loss on liquidation of subsidiaries and associates	242	-
Total extraordinary losses	318,886	37,323
Profit (loss) before income taxes	(877,649)	327,401
Income taxes	22,746	30,714
Profit (loss)	(900,395)	296,686
Profit (loss) attributable to owners of parent	(900,395)	296,686



Consolidated statements of comprehensive income  
Nine months ended September 30, 2021

(Thousand yen)

	For the nine months ended September 30, 2020	For the nine months ended September 30, 2021
Profit (loss)	(900,395)	296,686
Other comprehensive income		
Valuation difference on available-for-sale securities	(330)	44,600
Foreign currency translation adjustment	(1,858)	(2,286)
Total other comprehensive income	(2,188)	42,314
Comprehensive income	(902,583)	339,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(902,583)	339,000

(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 and this amount was transferred to other capital surplus. ¥7,027,763 thousand 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 nine months ended September 30, 2021 is ¥10,000 thousand and capital surplus is ¥7,460,469 thousand. 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.

(Segment information, etc.)

[Segment information]

I For the nine months ended September 30, 2020

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

	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	192,425	2,056,593	2,978,584	24	5,227,627	—	5,227,627
Inter- segment sales or transfers	522	9	45	1,007	1,584	(1,584)	—
Total	192,947	2,056,602	2,978,629	1,031	5,229,211	(1,584)	5,227,627
Segment profit or loss	42,316	676,136	(407,400)	(20,158)	290,894	(822,336)	(531,442)

(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 nine months ended September 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	272,167	2,366,017	345,103	—	2,983,288	—	2,983,288
Inter- segment sales or transfers	5,597	—	—	—	5,597	(5,597)	—
Total	277,765	2,366,017	345,103	—	2,988,886	(5,597)	2,983,288
Segment profit or loss	114,509	889,167	(50,701)	(7,704)	945,270	(630,542)	314,728

(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 nine months ended September 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.

(Significant subsequent events)

(Establishment of subsidiary)

At the meeting of the Board of Directors held on October 15, 2021, the Company resolved to establish a subsidiary, income club, Inc. The new subsidiary was established on October 20, 2021 as follows.

1. Purpose of establishment

As notified in the “Notice for the Commencement of a new business” dated August 12, 2021, the Company launched its real estate investment marketplace, “income club,” on August 27, 2021, to take advantage of its track record in developing and application of in-house products combining real estate and IT.

“income club” is a real estate marketplace that matches investors who want to buy real estate for investment purposes with agents who wish to sell. The Company believes that the expansion of this “income club” business will contribute to the enhancement of medium- to long-term corporate value through business synergies across the whole Group, including consulting for the introduction of “Residence kit,” the Company’s IoT service, commissioned property management (PM), and real estate development consultation.

The Company anticipates that the establishment of this subsidiary will realize further business growth by clarifying business segments for generation of profit from the “income club” business.

2. Outline of newly established subsidiary

(1) Name	income club, Inc.	
(2) Address	3-4-14 Ebisu Minami, Shibuya-ku, Tokyo	
(3) Representative name and title	Hirokazu Yasuda, Representative Director (Executive Officer of the Company)	
(4) Description of business	<ul style="list-style-type: none"> <li>· Operation of income club</li> <li>· Real estate planning, development, and consulting for income club</li> </ul>	
(5) Capital	40 million yen	
(6) Date of establishment	October 20, 2021	
(7) Fiscal year-end	December 31	
(8) Majority shareholders and shareholding ratios	The Company :100%	
(9) Relationship between listed company and this company	Capital	Wholly-owned subsidiary of the Company
	Personnel	One of the Company’s Executive Officers will concurrently serve as the subsidiary’s Representative Director and one of the Company’s Directors will serve concurrently as a Director of the subsidiary. In addition, one of the Company’s Executive Officers will serve concurrently as the subsidiary’s Auditor. The subsidiary will also accept employees seconded from the Company.
	Trade	The Company and the subsidiary plan to enter into an outsourcing contract whereby the subsidiary outsources operations such as subsidiary management to the Company.