

Consolidated Financial Results for the Three Months Ended March 31, 2022 [Japanese GAAP]



May 12, 2022

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: May 13, 2022
 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 Three Months Ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(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	%
Three months ended								
March 31, 2022	1,181	-	146	8.0	176	9.7	172	20.5
March 31, 2021	1,146	(43.7)	135	-	160	-	143	-

(Note) Comprehensive income: Three months ended March 31, 2022: ¥123 million [(20.9)%]
 Three months ended March 31, 2021: ¥156 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
March 31, 2022	1.92	-
March 31, 2021	1.57	-

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards since the beginning of the consolidated first quarter of this fiscal year. Therefore, for the net sales for the three months ended March 31, 2022, the change from the previous corresponding period is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2022	10,333	7,469	71.9
As of December 31, 2021	9,905	7,527	75.7

(Reference) Equity: As of March 31, 2022: ¥7,429 million
 As of December 31, 2021: ¥7,496 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, 2021	-	0.00	-	1.00	1.00
Fiscal year ending December 31, 2022	-				
Fiscal year ending December 31, 2022 (Forecast)		1.00	-	1.00	2.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% 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	7,000	-	500	66.7	450	26.7	400	7.0	4.44

(Note) 1. Revision to the financial results forecast announced most recently: No

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the consolidated first quarter of this fiscal year. Therefore, the figure for the net sales in the financial results forecast above reflects these accounting standards, and the year-on-year change is not shown.

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: -

Exclusion: -

- (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: Yes
 - 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 shares):

March 31, 2022: 91,127,000 shares

December 31, 2021: 91,127,000 shares

- 2) Total number of treasury shares at the end of the period:

March 31, 2022: 1,242,800 shares

December 31, 2021: 761,600 shares

- 3) Average number of shares during the period:

Three months ended March 31, 2022: 90,150,840 shares

Three months ended March 31, 2021: 91,127,000 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

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc. since the beginning of the three months ended March 31, 2022. Therefore, the operating results for the three months are explained without the amount of increase/decrease in net sales from the previous rate (%) of net sales.

The Japanese economy during the three months ended March 31, 2022 made a slow move toward recovery. Despite various government policies and vaccination roll-outs in Japan which prompted expectations for the containment of the COVID-19 pandemic, the rapid resurgence of infections caused by mutated virus strains caused the government to take semi-emergency measures to prevent the spread of the pandemic following. In the world economy, uncertainty about the future persists as evidenced by the higher geopolitical risks and the rising prices of resources due to the situation in Ukraine 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, while making strategic IT investments to further enhance the system for DX (digital transformation). Meanwhile, the Group has promoted its environment-friendly initiatives such as reduction of CO₂ emissions to create a sustainable society. As an example of such initiatives, “CRASTINE +e,” an investment apartment with superior energy-efficiency performance developed by the Group, received the highest five-star rating in the Building-Housing Energy-efficiency Labeling System (BELS) under which a third-party organization evaluates the energy-efficiency performance of buildings in accordance with evaluation standards provided by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

As a result, the performance for the three months ended March 31, 2022 was ¥1,181 million in net sales, ¥146 million in operating profit (up 8.0% year on year), ¥176 million in ordinary profit (up 9.7% year on year) and ¥172 million in profit attributable to owners of parent (up 20.5% year on year).

The performance of each segment is as follows.

Since the three months ended March 31, 2022, the Company has changed the name of the reportable segment “real estate consulting business” to “income club business.” The only change was that of the reportable segment name and has no impact on segment information.

1) AI/IoT business

In the AI/IoT business, the Company offers its DX (digital transformation) consulting service, drawing on its experience with the ongoing development and operation of its IoT platform for rental housing, “Residence kit,” which aims for the automation of real estate management. Together with making inroads into the DX domain through its accumulated in-house real estate and technological expertise, it caters not only to the real estate industry but to other industries as well.

As a result, net sales for the three months ended March 31, 2022 were ¥99 million and operating profit was ¥56 million (up 107.1% year on year).

2) PM platform business

In the PM platform business, the Company strived to secure stable recurring 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 three months ended March 31, 2022 were ¥710 million and operating profit was ¥360 million (up 6.9% year on year).

3) income club business

In the income club business, although occupancy rates of smart hotels remained low under the impact of the continued downturn in demand for accommodation due to COVID-19, the Company started providing services that allow its users to view, examine and purchase real estate for investment on “income club,” its new real estate investment marketplace, and focused on measures to stabilize its profit foundations.

As a result, net sales for the three months ended March 31, 2022 were ¥371 million and operating profit was ¥25 million (an operating loss of ¥16 million for the same period of the previous fiscal year).

(2) Explanation of financial position

(Assets)

Total assets at the end of the three months ended March 31, 2022 increased by ¥427 million from the end of the previous fiscal year to ¥10,333 million. This is mainly attributable to an increase in real estate for sale in process of ¥212 million and a decrease in cash and deposits of ¥136 million.

(Liabilities)

Total liabilities at the end of the three months ended March 31, 2022 increased by ¥485 million from the end of the previous fiscal year to ¥2,863 million. This is mainly attributable to increases in short-term borrowings of ¥216 million and accounts payable - trade of ¥133 million.

(Net assets)

Total net assets at the end of the three months ended March 31, 2022 decreased by ¥57 million from the end of the previous fiscal year to ¥7,469 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥172 million and the repurchase of Company shares worth ¥99 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 February 14, 2022.

The Company will promptly disclose information if the consolidated financial results forecast needs revising due to the spread of COVID-19 infections or other reasons.

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

(Thousand yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	4,648,242	4,511,930
Accounts receivable - trade	461,314	538,748
Merchandise and finished goods	20,497	20,161
Real estate for sale	2,714,259	2,746,488
Real estate for sale in process	59,351	272,041
Supplies	4,602	4,329
Other	249,149	270,229
Allowance for doubtful accounts	(141,453)	(167,082)
Total current assets	8,015,963	8,196,848
Non-current assets		
Property, plant and equipment	270,394	510,467
Intangible assets		
Goodwill	260,107	256,042
Other	32,778	33,340
Total intangible assets	292,885	289,383
Investments and other assets		
Investment securities	1,022,503	1,013,054
Deferred tax assets	68,517	94,584
Other	235,200	228,979
Total investments and other assets	1,326,220	1,336,619
Total non-current assets	1,889,500	2,136,470
Total assets	9,905,464	10,333,324

(Thousand yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	80,435	214,410
Short-term borrowings	-	216,200
Current portion of long-term borrowings	48,709	46,351
Income taxes payable	34,313	6,603
Deposits received	890,394	971,648
Provision for bonuses	36,620	91,550
Asset retirement obligations	27,797	27,799
Provision for loss on guarantees	556,638	534,065
Other	335,947	364,704
Total current liabilities	2,010,855	2,473,334
Non-current liabilities		
Long-term borrowings	318,360	308,029
Asset retirement obligations	17,985	52,218
Other	31,011	29,989
Total non-current liabilities	367,357	390,236
Total liabilities	2,378,212	2,863,571
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	149,478	232,056
Treasury shares	(199,990)	(299,986)
Total shareholders' equity	7,419,958	7,402,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	76,163	26,869
Total accumulated other comprehensive income	76,163	26,869
Share acquisition rights	31,129	40,343
Total net assets	7,527,251	7,469,753
Total liabilities and net assets	9,905,464	10,333,324

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Three months ended March 31, 2022

(Thousand yen)

	For the three months ended March 31, 2021	For the three months ended March 31, 2022
Net sales	1,146,059	1,181,081
Cost of sales	526,290	404,533
Gross profit	619,769	776,548
Selling, general and administrative expenses	483,804	629,751
Operating profit	135,964	146,796
Non-operating income		
Interest income	252	234
Dividend income	-	68
Gain on investments in investment partnerships	19,417	15,412
Gain on insurance cancellation	-	14,733
Other	7,243	2,091
Total non-operating income	26,912	32,540
Non-operating expenses		
Interest expenses	81	1,046
Guarantee commission	-	1,033
Loss on investments in investment partnerships	1,012	-
Commission expenses	-	600
Other	898	139
Total non-operating expenses	1,993	2,819
Ordinary profit	160,883	176,518
Extraordinary losses		
Loss on valuation of investment securities	5,110	-
Total extraordinary losses	5,110	-
Profit before income taxes	155,773	176,518
Income taxes	12,291	3,575
Profit	143,481	172,942
Profit attributable to owners of parent	143,481	172,942

Consolidated statements of comprehensive income
Three months ended March 31, 2022

(Thousand yen)

	For the three months ended March 31, 2021	For the three months ended March 31, 2022
Profit (loss)	143,481	172,942
Other comprehensive income		
Valuation difference on available-for-sale securities	15,192	(49,293)
Foreign currency translation adjustment	(2,286)	-
Total other comprehensive income	12,906	(49,293)
Comprehensive income	156,388	123,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	156,388	123,649

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

At the meeting of the Board of Directors held on February 14, 2022, 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, and purchased such shares accordingly.

As a result of this repurchase of the Company shares, total treasury shares increased by ¥99,995 thousand.

(Changes in accounting policies)

(Application of accounting standard, etc. for revenue recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc. since the beginning of the three months ended March 31, 2022, and has adopted the policy of recognizing revenues at the time the control of promised goods or services has been transferred to customers in amounts expected to be received in exchange of said goods or services. Accordingly, for transactions in which the Company acts as an agent in providing goods or services to customers, it has changed its method of recognizing revenues: the Company uses net amounts, which it calculates by subtracting the amounts to be paid to its suppliers from the amounts to be received from customers. Previously, the Company recognized the total amount of consideration received from customers as a revenue.

The application of the Revenue Recognition Accounting Standard, etc. is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative monetary value of the effects of the retrospective application of a new accounting policy to periods prior to the beginning of the three months ended March 31, 2022, was added to or deducted from the opening balance of retained earnings as of the beginning of said three months, and thus the new policy has been applied from such opening balance; provided, however, that the Company did not apply the new accounting policy retrospectively, by using the method provided for in paragraph 86 of the Revenue Recognition Accounting Standard, to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment prior to the beginning of said three months.

As a result, net sales and cost of sales for the three months ended March 31, 2022 decreased by ¥288,855 thousand, respectively, which has no impact on the quarterly operating profit, ordinary profit and profit before income taxes. Accordingly, there is no impact on the opening balance of retained earnings.

Further, no information on disaggregation of revenue arising from contracts with customers during the three months ended March 31, 2021 is disclosed in accordance with the transitional treatment provided for in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

(Application of accounting standard, etc. for fair value measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. since the beginning of the three months ended March 31, 2022, and has determined to apply the new accounting policy provided for by the Fair Value Measurement Accounting Standard, etc. for its future accounting in accordance with the transitional measures provided for in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements due to said change in the accounting policy.

(Segment information, etc.)

[Segment information]

I. For the three months ended March 31, 2021

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

(Thousand yen)

	Reportable segment	Others	Total	Adjustments	Amounts on
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Robot Home, Inc. (1435)
Consolidated Financial Results for the Three Months Ended March 31, 2022

	AI/IoT business	PM platform business	income club business	Total	(Note 1)		(Note 2)	consolidated statements of income (Note 3)
Net sales								
Net sales to external customers	76,985	843,987	225,086	1,146,059	-	1,146,059	-	1,146,059
Inter- segment sales or transfers	1,010	-	-	1,010	-	1,010	(1,010)	-
Total	77,996	843,987	225,086	1,147,070	-	1,147,070	(1,010)	1,146,059
Segment profit or loss	27,278	337,107	(16,844)	347,541	(6,705)	340,836	(204,872)	135,964

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

2. The adjustments to segment profits or losses mainly represent companywide expenses which have not been allocated to each reportable segment.

3. Segment profits or losses are adjusted with the operating profit on the quarterly consolidated statements of income.

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

Not applicable.

II. For the three months ended March 31, 2022

1. Information on amounts of net sales and profit (loss) and disaggregated revenue 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	income club business	Total				
Net sales								
Goods and services transferred at a point in time	38,874	-	350,781	389,656	-	389,656	-	389,656
Goods and services transferred for a certain period of time	60,249	589,279	-	649,529	-	649,529	-	649,529
Income generated by contracts with customers	99,124	589,279	350,781	1,039,186	-	1,039,186	-	1,039,186
Other income	-	121,387	20,507	141,895	-	141,895	-	141,895
Net sales to external customers	99,124	710,667	371,289	1,181,081	-	1,181,081	-	1,181,081
Inter-segment sales or transfers	577	-	-	577	-	577	(577)	-
Total	99,702	710,667	371,289	1,181,659	-	1,181,659	(2,374)	1,181,081
Segment profit or loss	56,503	360,275	25,755	442,534	(746)	441,787	(294,991)	146,796

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

2. The adjustments to segment profits or losses mainly represent companywide expenses which have not been allocated to each reportable segment.

3. Segment profits or losses are adjusted with the operating profit on the quarterly consolidated statements of income.

2. Matters concerning changes, etc. to reportable segments

(Change of a reportable segment name)

Since the three months ended March 31, 2022, the Company has changed the name of a reportable segment "real estate consulting business" to "income club business." The only change was that of the reportable segment name and has no impact on segment information.

The changed name is also used for the segment information for the three months ended March 31, 2021.

(Application of accounting standard for revenue recognition, etc.)

As described in "Changes in accounting policies," the Company has applied the Revenue Recognition Accounting Standard, etc. from since beginning of the three months ended March 31, 2022, and has changed the accounting processing method for revenue recognition. The method of calculating the profits or losses of business segments has also been changed accordingly.

Due to this change, the net sales of the PM platform business decreased by ¥288,263 thousand from the figure calculated in the conventional method. This difference has no impact on the segment's profit. Similarly, the net sales of the income club business decreased by ¥592 thousand, which has no impact on the segment's profit.

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

Not applicable.

(Matters related to revenue recognition)

The information on disaggregation of revenues from contracts with customers is as described in “(Segment information, etc.)” under “Notes to quarterly consolidated financial statements.”