

Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]



August 10, 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: August 12, 2022
 Scheduled date of commencing dividend payments: September 5, 2022
 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, 2022 (January 1, 2022 to June 30, 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	%
Six months ended								
June 30, 2022	2,392	-	225	(6.0)	259	(2.5)	251	6.1
June 30, 2021	2,119	(47.4)	239	-	266	-	236	-

(Note) Comprehensive income: Six months ended June 30, 2022: ¥199 million [(24.1)%]
 Six months ended June 30, 2021: ¥262 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2022	2.79	-
June 30, 2021	2.60	-

(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 six months ended June 30, 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 June 30, 2022	10,423	7,554	72.0
As of December 31, 2021	9,905	7,527	75.7

(Reference) Equity: As of June 30, 2022: ¥7,504 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
Fiscal year ended December 31, 2021	Yen -	Yen 0.00	Yen -	Yen 1.00	Yen 1.00
Fiscal year ending December 31, 2022	-	1.00			
Fiscal year ending December 31, 2022 (Forecast)			-	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):

June 30, 2022: 91,127,000 shares

December 31, 2021: 91,127,000 shares

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

June 30, 2022: 1,242,800 shares

December 31, 2021: 761,600 shares

3) Average number of shares during the period:

Six months ended June 30, 2022: 90,016,783 shares

Six months ended June 30, 2021: 90,969,956 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 six months ended June 30, 2022 are explained without the amount of increase/decrease in net sales from the previous rate (%) of net sales.

The Japanese economy during the six months ended June 30, 2022 showed signs of recovery as restrictions on social activities have been gradually mitigated thanks to various policies and widespread vaccination amid the continuing impact of COVID-19 pandemic. Meanwhile, 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 as well as concern about the rapid depreciation of the yen 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 six months ended June 30, 2022 was ¥2,392 million in net sales, ¥225 million in operating profit (down 6.0% year on year), ¥259 million in ordinary profit (down 2.5% year on year) and ¥251 million in profit attributable to owners of parent (up 6.1% 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 six months ended June 30, 2022 were ¥185 million and operating profit was ¥114 million (up 111.4% 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 six months ended June 30, 2022 were ¥1,352 million and operating profit was ¥655 million (up 3.2% 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 six months ended June 30, 2022 were ¥857 million and operating profit was ¥32 million (operating loss of ¥33 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, 2022 increased by ¥518 million from the end of the previous fiscal year to ¥10,423 million. This is mainly attributable to increases in real estate for sale of ¥522 million and real estate for sale in process of ¥123 million and a decrease in cash and deposits of ¥412 million.

(Liabilities)

Total liabilities at the end of the six months ended June 30, 2022 increased by ¥491 million from the end of the previous fiscal year to ¥2,869 million. This is mainly attributable to increases in short-term borrowings of ¥336 million and accounts payable - trade of ¥102 million.

(Net assets)

Total net assets at the end of the six months ended June 30, 2022 increased by ¥27 million from the end of the previous fiscal year to ¥7,554 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥251 million, the repurchase of Company shares worth ¥99 million and a decrease in retained earnings resulting from the dividend of surplus worth ¥90 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 June 30, 2022
Assets		
Current assets		
Cash and deposits	4,648,242	4,235,668
Accounts receivable - trade	461,314	432,129
Merchandise and finished goods	20,497	18,940
Real estate for sale	2,714,259	3,236,539
Real estate for sale in process	59,351	183,085
Supplies	4,602	4,158
Other	249,149	272,544
Allowance for doubtful accounts	(141,453)	(192,967)
Total current assets	8,015,963	8,190,098
Non-current assets		
Property, plant and equipment	270,394	645,954
Intangible assets		
Goodwill	260,107	251,978
Other	32,778	39,362
Total intangible assets	292,885	291,341
Investments and other assets		
Investment securities	1,022,503	1,005,779
Deferred tax assets	68,517	98,357
Other	235,200	192,229
Total investments and other assets	1,326,220	1,296,365
Total non-current assets	1,889,500	2,233,661
Total assets	9,905,464	10,423,760

(Thousand yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	80,435	183,041
Short-term borrowings	-	336,900
Current portion of long-term borrowings	48,709	52,083
Income taxes payable	34,313	16,468
Deposits received	890,394	984,523
Provision for bonuses	36,620	36,620
Asset retirement obligations	27,797	5,727
Provision for loss on guarantees	556,638	511,464
Other	335,947	347,716
Total current liabilities	2,010,855	2,474,545
Non-current liabilities		
Long-term borrowings	318,360	289,999
Asset retirement obligations	17,985	76,479
Other	31,011	28,281
Total non-current liabilities	367,357	394,759
Total liabilities	2,378,212	2,869,305
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	149,478	310,163
Treasury shares	(199,990)	(299,986)
Total shareholders' equity	7,419,958	7,480,647
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	76,163	24,250
Total accumulated other comprehensive income	76,163	24,250
Share acquisition rights	31,129	49,557
Total net assets	7,527,251	7,554,455
Total liabilities and net assets	9,905,464	10,423,760

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Six months ended June 30, 2022

(Thousand yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Net sales	2,119,886	2,392,555
Cost of sales	932,276	957,856
Gross profit	1,187,609	1,434,698
Selling, general and administrative expenses	948,177	1,209,610
Operating profit	239,432	225,087
Non-operating income		
Interest income	401	366
Dividend income	2,610	6,896
Gain on investments in investment partnerships	19,417	15,412
Gain on insurance cancellation	-	14,733
Other	7,809	3,114
Total non-operating income	30,238	40,523
Non-operating expenses		
Interest expenses	100	2,957
Guarantee commission	-	2,066
Loss on investments in investment partnerships	1,012	-
Commission expenses	1,200	600
Foreign exchange losses	898	-
Other	-	284
Total non-operating expenses	3,212	5,908
Ordinary profit	266,459	259,703
Extraordinary income		
Gain on sale of investment securities	253	-
Gain on reversal of asset retirement obligations	-	6,424
Total extraordinary income	253	6,424
Extraordinary losses		
Loss on retirement of non-current assets	-	2,061
Loss on valuation of investment securities	12,313	3,271
Total extraordinary losses	12,313	5,332
Profit before income taxes	254,399	260,795
Income taxes	17,876	9,745
Profit	236,522	251,050
Profit attributable to owners of parent	236,522	251,050

Consolidated statements of comprehensive income
Six months ended June 30, 2022

(Thousand yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Profit	236,522	251,050
Other comprehensive income		
Valuation difference on available-for-sale securities	28,223	(51,913)
Foreign currency translation adjustment	(2,286)	-
Total other comprehensive income	25,937	(51,913)
Comprehensive income	262,459	199,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	262,459	199,136

(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 six months ended June 30, 2022 decreased by ¥573,667 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 six months ended June 30, 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 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	income club business	Total				
Net sales								
Net sales to external customers	155,965	1,649,361	314,559	2,119,886	-	2,119,886	-	2,119,886
Inter- segment sales or transfers	2,319	-	-	2,319	-	2,319	(2,319)	-
Total	158,285	1,649,361	314,559	2,122,206	-	2,122,206	(2,319)	2,119,886
Segment profit or loss	54,235	635,223	(33,495)	655,963	(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 loss under 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 six months ended June 30, 2022

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

(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	62,386	-	819,914	882,301	-	882,301	-	882,301
Goods and services transferred for a certain period of time	122,341	1,122,407	-	1,244,749	-	1,244,749	-	1,244,749
Income generated by contracts with customers	184,728	1,122,407	819,914	2,127,050	-	2,127,050	-	2,127,050
Other income	-	228,215	37,288	265,504	-	265,504	-	265,504
Net sales to external customers	184,728	1,350,623	857,203	2,392,555	-	2,392,555	-	2,392,555
Inter-segment sales or transfers	1,237	1,841	-	3,078	-	3,078	(3,078)	-
Total	185,965	1,352,464	857,203	2,395,633	-	2,395,633	(3,078)	2,392,555
Segment profit or loss	114,634	655,467	32,486	802,589	(910)	801,678	(576,590)	225,087

(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

(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 six months ended June 30, 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 ¥572,573 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 ¥1,093 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."

(Significant subsequent events)

(Establishment of a subsidiary)

The Company, by written resolution of the Board of Directors dated July 19, 2022, has resolved to establish a subsidiary “Next Relation, Inc.”

1. Purpose of establishment

Utilizing our track-record in the development and application of a variety of different real estate x IT products, the Company has rolled out a range of DX integration support services. Among those services, demand for public affairs consulting in particular has expanded.

The public affairs business is a growth industry that is essential to the creation of new markets, and we believe that its expansion will contribute to the improvement of medium- to long- term corporate value across the entire Group.

We hope that the establishment of this subsidiary will realize further business growth by clarifying the profit to be generated through the public affairs business.

2. Overview of subsidiary

(1) Name	Next Relation, Inc.	
(2) Head office	7-4-15 Ginza, Chuo-ku, Tokyo	
(3) Representative	Kota Onodera, Representative Director (Executive Officer of the Company)	
(4) Business	<ul style="list-style-type: none"> - Public affairs consulting - Development of systems for solutions to local issues for regional governments - Operation of membership organizations aimed at corporate support 	
(5) Capital	10 million yen	
(6) Establishment	August 15, 2022 (Scheduled)	
(7) Fiscal year-end	December 31	
(8) Major shareholders and shareholding ratios	The Company: 80% Kota Onodera: 20%	
(9) Relationship between listed company and this company	Capital	Subsidiary in which the Company holds an 80% share
	Personnel	The plan is for one of the Company’s Executive Officers to concurrently serve as the subsidiary’s Representative Director and for two of the Company’s Directors to concurrently serve as Directors of the subsidiary. It is also planned that one of the Company’s Executive Officers will concurrently serve as the subsidiary’s Corporate Auditor. In addition, the subsidiary plans to 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.