

# Consolidated Financial Results for the Nine Months Ended September 30, 2022 [Japanese GAAP]



November 11, 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: November 14, 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 Nine Months Ended September 30, 2022 (January 1, 2022 to September 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	%
Nine months ended September 30, 2022	3,743	-	374	18.9	406	11.7	329	11.1
September 30, 2021	2,983	(42.9)	314	-	364	-	296	-

(Note) Comprehensive income: Nine months ended September 30, 2022: ¥270 million [(20.1)%]  
 Nine months ended September 30, 2021: ¥339 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended September 30, 2022	Yen 3.67	Yen -
September 30, 2021	Yen 3.27	Yen -

(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 nine months ended September 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 September 30, 2022	10,350	7,504	72.3
As of December 31, 2021	9,905	7,527	75.7

(Reference) Equity: As of September 30, 2022: ¥7,487 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

(Notes) 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): Yes

New: 1 (Next Relation, Inc.) 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):

September 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:

September 30, 2022: 1,242,800 shares

December 31, 2021: 761,600 shares

3) Average number of shares during the period:

Nine months ended September 30, 2022: 89,972,103 shares

Nine months ended September 30, 2021: 90,766,223 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 nine months ended September 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 nine months ended September 30, 2022 continued to show signs of recovery as the restrictions on social activities that were implemented in response to the COVID-19 pandemic were lifted. Meanwhile, uncertainty about the future persists as evidenced by the prolonged impact of the situation in Ukraine and the rising prices of resources, 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 CO<sub>2</sub> 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 nine months ended September 30, 2022 was ¥3,743 million in net sales, ¥374 million in operating profit (up 18.9% year on year), ¥406 million in ordinary profit (up 11.7% year on year) and ¥329 million in profit attributable to owners of parent (up 11.1% 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 nine months ended September 30, 2022 were ¥288 million and operating profit was ¥175 million (up 53.3% 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 nine months ended September 30, 2022 were ¥1,974 million and operating profit was ¥943 million (up 6.1% year on year).

#### 3) income club business

In the income club business, 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 nine months ended September 30, 2022 were ¥1,492 million and operating profit was ¥55 million (operating

loss of ¥50 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, 2022 increased by ¥445 million from the end of the previous fiscal year to ¥10,350 million. This is mainly attributable to increases in real estate for sale of ¥591 million and real estate for sale in process of ¥201 million and a decrease in cash and deposits of ¥705 million.

### (Liabilities)

Total liabilities at the end of the nine months ended September 30, 2022 increased by ¥467 million from the end of the previous fiscal year to ¥2,845 million. This is mainly attributable to increases in short-term borrowings of ¥252 million and deposits received of ¥112 million.

### (Net assets)

Total net assets at the end of the nine months ended September 30, 2022 increased by ¥22 million from the end of the previous fiscal year to ¥7,504 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥329 million, the payment of a dividend of surplus of ¥180 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 September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,648,242	3,943,105
Accounts receivable - trade	461,314	431,185
Merchandise and finished goods	20,497	15,915
Real estate for sale	2,714,259	3,305,654
Real estate for sale in process	59,351	261,306
Supplies	4,602	4,019
Other	249,149	278,268
Allowance for doubtful accounts	(141,453)	(215,365)
<b>Total current assets</b>	<b>8,015,963</b>	<b>8,024,091</b>
Non-current assets		
Property, plant and equipment	270,394	843,545
Intangible assets		
Goodwill	260,107	247,914
Other	32,778	54,128
<b>Total intangible assets</b>	<b>292,885</b>	<b>302,042</b>
Investments and other assets		
Investment securities	1,022,503	891,641
Deferred tax assets	68,517	104,391
Other	235,200	184,877
<b>Total investments and other assets</b>	<b>1,326,220</b>	<b>1,180,910</b>
<b>Total non-current assets</b>	<b>1,889,500</b>	<b>2,326,498</b>
<b>Total assets</b>	<b>9,905,464</b>	<b>10,350,590</b>

(Thousand yen)

	As of December 31, 2021	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	80,435	172,527
Short-term borrowings	-	252,900
Current portion of long-term borrowings	48,709	51,301
Income taxes payable	34,313	18,641
Deposits received	890,394	1,003,096
Provision for bonuses	36,620	87,430
Asset retirement obligations	27,797	-
Provision for loss on guarantees	556,638	488,859
Other	335,947	386,856
Total current liabilities	2,010,855	2,461,612
Non-current liabilities		
Long-term borrowings	318,360	278,460
Asset retirement obligations	17,985	78,311
Other	31,011	27,603
Total non-current liabilities	367,357	384,375
Total liabilities	2,378,212	2,845,988
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	149,478	298,977
Treasury shares	(199,990)	(299,986)
Total shareholders' equity	7,419,958	7,469,461
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	76,163	17,611
Total accumulated other comprehensive income	76,163	17,611
Share acquisition rights	31,129	15,773
Non-controlling interests	-	1,755
Total net assets	7,527,251	7,504,602
Total liabilities and net assets	9,905,464	10,350,590

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Nine months ended September 30, 2022

(Thousand yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Net sales	2,983,288	3,743,741
Cost of sales	1,224,060	1,605,509
Gross profit	1,759,227	2,138,231
Selling, general and administrative expenses	1,444,499	1,764,172
Operating profit	314,728	374,059
Non-operating income		
Interest income	642	534
Dividend income	2,610	6,896
Gain on investments in investment partnerships	42,707	17,777
Gain on insurance cancellation	-	14,733
Other	7,773	3,599
Total non-operating income	53,734	43,541
Non-operating expenses		
Interest expenses	100	5,084
Guarantee commission	-	3,099
Loss on investments in investment partnerships	1,012	1,000
Commission expenses	2,000	600
Foreign exchange losses	898	-
Other	20	823
Total non-operating expenses	4,032	10,607
Ordinary profit	364,431	406,992
Extraordinary income		
Gain on sale of non-current assets	40	-
Gain on sale of investment securities	253	33,078
Gain on reversal of asset retirement obligations	-	6,424
Total extraordinary income	293	39,503
Extraordinary losses		
Loss on retirement of non-current assets	-	2,061
Loss on valuation of investment securities	37,323	101,832
Total extraordinary losses	37,323	103,894
Profit before income taxes	327,401	342,601
Income taxes	30,714	13,096
Profit	296,686	329,504
Loss attributable to non-controlling interests	-	(244)
Profit attributable to owners of parent	296,686	329,748



Consolidated statements of comprehensive income  
Nine months ended September 30, 2022

(Thousand yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Profit	296,686	329,504
Other comprehensive income		
Valuation difference on available-for-sale securities	44,600	(58,552)
Foreign currency translation adjustment	(2,286)	-
Total other comprehensive income	42,314	(58,552)
Comprehensive income	339,000	270,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	339,000	271,196
Comprehensive income attributable to non-controlling interests	-	(244)

(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 nine months ended September 30, 2022 decreased by ¥825,685 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 nine months ended September 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.

(Additional information)

(Establishment of a subsidiary)

The Company, at the meeting of the Board of Directors held on September 16, 2022, resolved to establish a subsidiary “Robot Home Reinsurance Inc.”

1. Purpose of establishment

The Company has decided to establish a captive reinsurance company in Hawaii, USA, in November 2022, with the Company as the investor. The Company believes that this will enable it to implement more sophisticated risk management.

2. Overview of subsidiary

(1) Name	Robot Home Reinsurance Inc.	
(2) Head office	220 S King St. Suite 1705 Honolulu, HI 96813 USA	
(3) Representative	Masaki Takeya, Representative Director and President	
(4) Business	Insurance underwriting related to the Company and the Group	
(5) Capital	USD 250,000	
(6) Establishment	November 2022 (Scheduled)	
(7) Fiscal year-end	December 31	
(8) Major shareholders and shareholding ratios	The Company: 100%	
(9) Relationship between listed company and this company	Capital	Subsidiary in which the Company holds a 100% share
	Personnel	The plan is for the Representative Director of one of the Company’s subsidiaries to serve as this company’s Representative Director and President, and for one of the Company’s Directors and one of the Company’s Executive Officers to concurrently serve as Directors of this company.
	Trade	The plan is for this company to underwrite insurance related to the Company and the Group.

(Segment information, etc.)

[Segment information]

I 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	income club business	Total				
Net sales								
Net sales to external customers	272,167	2,366,017	345,103	2,983,288	-	2,983,288	-	2,983,288
Inter- segment sales or transfers	5,597	-	-	5,597	-	5,597	(5,597)	-
Total	277,765	2,366,017	345,103	2,988,886	-	2,988,886	(5,597)	2,983,288
Segment profit or loss	114,509	889,167	(50,701)	952,975	(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 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 nine months ended September 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	93,940	-	1,430,756	1,524,696	-	1,524,696	-	1,524,696
Goods and services transferred for a certain period of time	192,067	1,640,893	-	1,832,961	-	1,832,961	-	1,832,961
Income generated by contracts with customers	286,008	1,640,893	1,430,756	3,357,657	-	3,357,657	-	3,357,657
Other income	-	324,437	61,645	386,083	-	386,083	-	386,083
Net sales to external customers	286,008	1,965,331	1,492,401	3,743,741	-	3,743,741	-	3,743,741
Inter-segment sales or transfers	2,440	9,594	-	12,034	-	12,034	(12,034)	-
Total	288,448	1,974,925	1,492,401	3,755,775	-	3,755,775	(12,034)	3,743,741
Segment profit or loss	175,532	943,152	55,313	1,173,998	(1,430)	1,172,568	(798,509)	374,059

(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 nine months ended September 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. since the 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 ¥823,858 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 ¥1,827 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."