

Consolidated Financial Results
for the Fiscal Year Ended December 31, 2023
[Japanese GAAP]



February 14, 2024

Company name: Robot Home, Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1435

URL: <https://corp.robothome.jp/>

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Scheduled date of Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of commencing dividend payments: March 29, 2024

Scheduled date of filing annual securities report: March 29, 2024

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2023	8,625	59.1	748	16.0	737	10.9	886	23.2
December 31, 2022	5,421	-	645	115.1	664	87.3	719	92.4

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥894 million [35.1%]
Fiscal year ended December 31, 2022: ¥661 million [43.7%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	9.86	-	10.8	6.5	8.7
December 31, 2022	8.00	-	9.4	6.4	11.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended December 31, 2023: ¥ - million

Fiscal year ended December 31, 2022: ¥ - million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	12,019	8,594	71.5	95.58
As of December 31, 2022	10,753	7,895	73.3	87.64

(Reference) Equity: As of December 31, 2023: ¥8,591 million

As of December 31, 2022: ¥7,877 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2023	1,043	(488)	(57)	4,718
December 31, 2022	271	(622)	(76)	4,219

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	-	1.00	-	1.00	2.00	179	25.0	2.3
December 31, 2023	-	1.00	-	1.00	2.00	179	20.3	2.2
Fiscal year ending December 31, 2024 (Forecast)	-	1.00	-	1.00	2.00		25.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	13,000	50.7	800	6.8	750	1.7	700	(21.0)	7.79

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
New: – Exclusion: 1 company (Name: Basyamichi Sky Venue, LLC)
- (2) 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: Yes
 - 4) Retrospective restatement: No
- (3) Total number of shares outstanding (common stock)
 - 1) Total number of shares outstanding at the end of the period (including treasury shares):
December 31, 2023: 91,127,000 shares
December 31, 2022: 91,127,000 shares
 - 2) Total number of treasury shares at the end of the period:
December 31, 2023: 1,242,800 shares
December 31, 2022: 1,242,800 shares
 - 3) Average number of shares during the period:
Fiscal year ended December 31, 2023: 89,884,200 shares
Fiscal year ended December 31, 2022: 89,949,947 shares

(Reference) Overview of Unconsolidated Financial Results

Unconsolidated results for the fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(1) Unconsolidated financial results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2023	7,377	62.7	368	(50.3)	417	(47.2)	810	4.7
December 31, 2022	4,533	-	741	332.5	790	181.2	774	166.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended December 31, 2023	9.02		-	
December 31, 2022	8.61		-	

(2) Unconsolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of December 31, 2023	11,734		8,715		74.3		96.96	
As of December 31, 2022	10,639		8,095		75.9		89.89	

(Reference) Equity: As of December 31, 2023: ¥8,715 million

As of December 31, 2022: ¥8,079 million

* About the difference in the unconsolidated financial results for the current fiscal year from the actual results for the previous fiscal year

During the current fiscal year, the number of deliveries of newly built real estate for investment exceeded the actual result for the previous fiscal year, in addition to the growth of the recurring income-based business in the Robot Home business. As a result, net sales exceeded the actual result for the previous fiscal year, but operating profit and ordinary profit fell below the actual results for the previous fiscal year due to IT investments to strengthen the DX system, human resource investments, and the office relocation.

On the other hand, profit exceeded the actual result for the previous fiscal year due to the impact of recording extraordinary income such as gain on sale of investment securities.

* These consolidated financial results are outside the scope of audits 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. Summary of Operating Results, etc.

(1) Summary of operating results for the current fiscal year

The Japanese economy during the current fiscal year continued to show signs of recovery largely because various restrictions on activities imposed as measures against COVID-19 were eased, and the reception of foreign tourists resumed in earnest. Meanwhile, uncertainty about the future persists as evidenced by the prolonged impact of the situation in Ukraine and rising prices resulting from soaring resource prices and other factors.

Under these circumstances, the Group has proceeded to make strategic IT investments to provide next-generation rental housing, into which DX (digital transformation) is introduced, while focusing its efforts on the development of a platform, which aims for the automation of rental property management by connecting all players on the platform, and an investment property purchase and sale platform, which is capable of completing all the operations online.

As a result, the performance for the current fiscal year was ¥8,625 million in net sales (up 59.1% year on year), ¥748 million in operating profit (up 16.0% year on year), ¥737 million in ordinary profit (up 10.9% year on year) and ¥886 million in profit attributable to owners of parent (up 23.2% year on year).

The performance of each segment is as follows.

Since the current fiscal year, the Company has partially changed the business segment stated as the reportable segment as well as the business segment name, and the comparison/analysis for the current fiscal year is based on the classification after the change.

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, “robot home,” which aims for the automation of real estate management for next-generation DX rental housing. 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 current fiscal year were ¥530 million (up 44.0% year on year) and operating profit was ¥242 million (up 13.9% year on year).

2) Robot Home business

In the Robot Home business, the Company strived to secure stable recurring income by 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 offering streamlined PM services through the use of “robot home,” its IoT platform for rental housing. Further, the Company focused its efforts on the sustainable expansion of its profit foundations through initiatives, for example, increasing 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 current fiscal year were ¥8,101 million (up 60.1% year on year) and operating profit was ¥1,691 million (up 14.6% year on year).

(2) Summary of financial position for the current fiscal year

(Assets)

Total assets at the end of the current fiscal year increased by ¥1,265 million from the end of the previous fiscal year to ¥12,019 million. This is mainly attributable to increases in cash and deposits of ¥499 million and real estate for sale of ¥258 million, and decreases in real estate for sale in process of ¥45 million.

(Liabilities)

Total liabilities at the end of the current fiscal year increased by ¥566 million from the end of the previous fiscal year to ¥3,425 million. This is mainly attributable to increases in accounts payable - trade of ¥477 million and short-term borrowings of ¥174 million.

(Net assets)

Total net assets at the end of the current fiscal year increased by ¥698 million from the end of the previous fiscal year to ¥8,594 million.

This is mainly attributable to the recording of profit attributable to owners of parent of ¥886 million and the payment of a dividend of surplus of ¥179 million.

(3) Summary of cash flows for the current fiscal year

Cash and cash equivalents at the end of the current fiscal year increased by ¥499 million from the end of the previous fiscal year, to ¥4,718 million. Cash flows in each activity are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,043 million (¥271 million provided in the previous fiscal year). This is mainly attributable to inflows of ¥880 million in profit before income taxes and ¥477 million in an increase in trade payables, and an outflow due to an increase in inventories of ¥220 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥488 million (¥622 million used in the previous fiscal year). This is mainly attributable to inflows in proceeds from sale of investment securities of ¥270 million and proceeds from redemption of investment securities of ¥14 million, and outflows due to purchase of property, plant and equipment of ¥303 million and purchase of investment securities of ¥298 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥57 million (¥76 million used in the previous fiscal year). This is mainly attributable to an inflow in net increase in short-term borrowings of ¥174 million, and an outflow due to dividends paid of ¥178 million and Repayments of long-term borrowings of ¥52 million.

(4) Future outlook

As for the outlook for the fiscal year ending December 31, 2024, uncertainty about the future persists as evidenced by the prolonged impact of the situation in Ukraine and rising prices resulting from the weaker yen and soaring resource prices, among other factors.

Under these circumstances, in accordance with the management philosophy of “A life with Robot Home can change the world,” the Group will continue to develop its business to provide highly convenient services, suitable for diversifying lifestyles, through various services in the real estate field based on DX (digital transformation) that relies on advanced technologies such as AI and IoT and realize this philosophy.

With regard to consolidated financial results forecasts for the fiscal year ending December 31, 2024, the Company projects net sales of ¥13,000 million (increase of 50.7% year on year), an operating profit of ¥800 million (increase of 6.8% year on year), an ordinary profit of ¥750 million (increase of 1.7% year on year), and profit attributable to owners of parent of ¥700 million (decrease of 21.0% year on year).

2. Basic Stance on Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Company will maintain the policy of preparing its consolidated financial statements under Japanese GAAP for the time being.

With regard to applying International Financial Reporting Standards, the Company’s policy is to take appropriate measures in consideration of the situation in Japan and overseas.

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

(Thousand yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,219,247	4,718,875
Accounts receivable - trade	430,947	449,700
Merchandise and finished goods	12,448	20,670
Real estate for sale	3,316,152	3,574,848
Real estate for sale in process	191,837	146,158
Supplies	3,966	3,258
Other	197,059	240,760
Allowance for doubtful accounts	(121,836)	(121,874)
Total current assets	8,249,823	9,032,399
Non-current assets		
Property, plant and equipment		
Buildings and structures	564,773	706,544
Accumulated depreciation	(48,233)	(134,854)
Buildings and structures, net	516,539	571,690
Machinery, equipment and vehicles	45,470	42,966
Accumulated depreciation	(32,637)	(35,706)
Machinery, equipment and vehicles, net	12,833	7,259
Land	272,807	427,763
Leased assets	7,760	7,760
Accumulated depreciation	(1,988)	(5,040)
Leased assets, net	5,772	2,719
Other	35,385	42,418
Accumulated depreciation	(12,131)	(20,664)
Other, net	23,253	21,754
Total property, plant and equipment	831,205	1,031,187
Intangible assets		
Goodwill	194,025	181,090
Customer-related assets	75,248	69,873
Other	73,272	134,891
Total intangible assets	342,545	385,854
Investments and other assets		
Investment securities	919,328	1,071,928
Deferred tax assets	229,536	232,038
Other	181,222	265,968
Total investments and other assets	1,330,087	1,569,935
Total non-current assets	2,503,838	2,986,977
Total assets	10,753,662	12,019,376

(Thousand yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	146,531	624,352
Short-term borrowings	252,900	427,500
Current portion of long-term borrowings	53,608	48,452
Income taxes payable	14,863	28,898
Deposits received	1,043,848	1,160,212
Asset retirement obligations	-	34,337
Provision for loss on guarantees	573,912	384,235
Other	380,773	431,319
Total current liabilities	2,466,437	3,139,307
Non-current liabilities		
Long-term borrowings	265,722	218,730
Asset retirement obligations	78,343	44,134
Deferred tax liabilities	25,644	2,818
Other	22,071	20,212
Total non-current liabilities	391,781	285,894
Total liabilities	2,858,219	3,425,202
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	688,663	1,395,244
Treasury shares	(299,986)	(299,986)
Total shareholders' equity	7,859,146	8,565,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,892	25,107
Foreign currency translation adjustment	(1,250)	560
Total accumulated other comprehensive income	18,642	25,667
Share acquisition rights	15,773	-
Non-controlling interests	1,880	2,778
Total net assets	7,895,443	8,594,173
Total liabilities and net assets	10,753,662	12,019,376

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	5,421,170	8,625,026
Cost of sales	2,471,759	5,189,242
Gross profit	2,949,411	3,435,784
Selling, general and administrative expenses	2,303,998	2,686,998
Operating profit	645,413	748,786
Non-operating income		
Interest income	662	503
Dividend income	9,836	9,646
Gain on investments in investment partnerships	12,777	319
Gain on insurance cancellation	14,733	-
Gain on sale of goods	148	2,136
Other	4,812	5,126
Total non-operating income	42,970	17,731
Non-operating expenses		
Interest expenses	7,328	14,039
Guarantee commission	4,133	1,263
Loss on investments in investment partnerships	1,000	2,203
Commission expenses	9,128	8,612
Other	1,850	2,868
Total non-operating expenses	23,441	28,987
Ordinary profit	664,943	737,530
Extraordinary income		
Gain on sale of non-current assets	-	299
Gain on sale of investment securities	33,078	164,751
Gain on reversal of share acquisition rights	-	15,773
Gain on reversal of asset retirement obligations	6,424	-
Total extraordinary income	39,503	180,824
Extraordinary losses		
Loss on sale of non-current assets	316	5
Loss on retirement of non-current assets	2,368	-
Loss on valuation of investment securities	102,601	37,836
Total extraordinary losses	105,286	37,842
Profit before income taxes	599,159	880,513
Income taxes – current	12,939	26,980
Income taxes – deferred	(133,093)	(33,715)
Total income taxes	(120,154)	(6,734)
Profit	719,313	887,247
Loss attributable to non-controlling interests	(119)	898
Profit attributable to owners of parent	719,433	886,349

Consolidated statements of comprehensive income

(Thousand yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	719,313	887,247
Other comprehensive income		
Valuation difference on available-for-sale securities	(56,270)	5,214
Foreign currency translation adjustment	(1,250)	1,810
Total other comprehensive income	(57,520)	7,024
Comprehensive income	661,793	894,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	661,913	893,374
Comprehensive income attributable to non-controlling interests	(119)	898

(3) Consolidated statements of changes in net assets

For the fiscal year ended December 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	7,460,469	149,478	(199,990)	7,419,958
Changes during period					
Dividends of surplus			(180,249)		(180,249)
Profit attributable to owners of parent			719,433		719,433
Purchase of treasury shares				(99,995)	(99,995)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	539,184	(99,995)	439,188
Balance at end of period	10,000	7,460,469	688,663	(299,986)	7,859,146

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	76,163	-	76,163	31,129	-	7,527,251
Changes during period						
Dividends of surplus						(180,249)
Profit attributable to owners of parent						719,433
Purchase of treasury shares						(99,995)
Net changes in items other than shareholders' equity	(56,270)	(1,250)	(57,520)	(15,356)	1,880	(70,997)
Total changes during period	(56,270)	(1,250)	(57,520)	(15,356)	1,880	368,191
Balance at end of period	19,892	(1,250)	18,642	15,773	1,880	7,895,443

For the fiscal year ended December 31, 2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	7,460,469	688,663	(299,986)	7,859,146
Changes during period					
Dividends of surplus			(179,768)		(179,768)
Profit attributable to owners of parent			886,349		886,349
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	706,581	-	706,581
Balance at end of period	10,000	7,460,469	1,395,244	(299,986)	8,565,728

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	19,892	(1,250)	18,642	15,773	1,880	7,895,443
Changes during period						
Dividends of surplus						(179,768)
Profit attributable to owners of parent						886,349
Purchase of treasury shares						-
Net changes in items other than shareholders' equity	5,214	1,810	7,024	(15,773)	898	(7,850)
Total changes during period	5,214	1,810	7,024	(15,773)	898	698,730
Balance at end of period	25,107	560	25,667	-	2,778	8,594,173

(4) Consolidated statements of cash flows

(Thousand yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	599,159	880,513
Depreciation	77,378	118,744
Amortization of goodwill	12,935	12,935
Amortization of customer relationship	5,374	5,374
Share-based payment expenses	(15,356)	-
Loss on retirement of non-current assets	2,368	-
Gain on sale of non-current assets	-	(299)
Loss on sale of non-current assets	316	5
Gain on reversal of asset retirement obligations	(6,424)	-
Loss (gain) on valuation of investment securities	102,601	37,836
Interest and dividend income	(10,499)	(10,149)
Interest expenses	7,328	14,039
Loss (gain) on sale of investment securities	(33,078)	(164,751)
Loss (gain) on investments in investment partnerships	(11,777)	1,884
Gain on reversal of share acquisition rights	-	(15,773)
Decrease (increase) in trade receivables	30,367	(18,753)
Decrease (increase) in inventories	(727,800)	(220,881)
Increase (decrease) in trade payables	66,096	477,821
Decrease (increase) in advance payments to suppliers	2,141	(43,554)
Increase (decrease) in advances received	7,000	5,000
Increase (decrease) in deposits received	153,454	116,363
Increase (decrease) in long-term accounts payable - other	(2,457)	316
Increase (decrease) in allowance for doubtful accounts	(19,617)	37
Increase (decrease) in provision for bonuses	(36,620)	-
Increase (decrease) in provision for loss on guarantees	17,274	(189,676)
Decrease (increase) in other assets	41,684	(2,060)
Increase (decrease) in other liabilities	32,859	44,072
Other, net	7,790	10,352
Subtotal	302,499	1,059,397
Interest and dividends received	10,499	10,149
Interest paid	(7,161)	(14,511)
Income taxes paid	(35,350)	(13,673)
Income taxes refund	1,472	2,241
Net cash provided by (used in) operating activities	271,959	1,043,603

(Thousand yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(568,098)	(303,760)
Payments for retirement of property, plant and equipment	(250)	-
Proceeds from sale of property, plant and equipment	397	691
Purchase of intangible assets	(45,415)	(84,100)
Purchase of investment securities	(140,591)	(298,000)
Proceeds from sale of investment securities	78,070	270,457
Proceeds from redemption of investment securities	21,184	14,695
Proceeds from divestments	-	10
Payments of leasehold and guarantee deposits	(2,125)	(90,533)
Proceeds from refund of leasehold and guarantee deposits	58,061	2,252
Payments for asset retirement obligations	(24,101)	-
Net cash provided by (used in) investing activities	(622,868)	(488,287)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	252,900	174,600
Repayments of long-term borrowings	(47,739)	(52,148)
Proceeds from share issuance to non-controlling shareholders	2,000	-
Purchase of treasury shares	(99,995)	-
Dividends paid	(179,619)	(178,924)
Repayments of lease liabilities	(4,380)	(1,025)
Net cash provided by (used in) financing activities	(76,834)	(57,498)
Effect of exchange rate change on cash and cash equivalents	(1,250)	1,810
Net increase (decrease) in cash and cash equivalents	(428,994)	499,628
Cash and cash equivalents at beginning of period	4,648,242	4,219,247
Cash and cash equivalents at end of period	4,219,247	4,718,875

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

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

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the “Fair Value Measurement Guidance”) since the beginning of the current fiscal year, and has determined to apply the new accounting policy provided for by the Fair Value Measurement Guidance for its future accounting in accordance with the transitional measures provided for in paragraph 27-2 of the Fair Value Measurement Guidance. There is no impact on the consolidated financial statements due to said change in the accounting policy.

(Changes in presentation methods)

(Consolidated statements of income)

Gain on sale of goods, which was included in other under non-operating income in the previous fiscal year, has been presented separately from the current fiscal year due to its increased materiality.

As a result, ¥4,960 thousand presented in other under non-operating income in the consolidated statements of income for the previous fiscal year has been reclassified into gain on sale of goods of ¥148 thousand and other of ¥4,812 thousand.

(Changes in accounting estimates)

Due to the decision made in the current fiscal year to relocate the head office, the useful lives of fixed assets not expected to be used after the relocation have been shortened and changed going forward. In addition, regarding the asset retirement obligations related to the restoration costs associated with the Company’s real estate lease contracts, a change has been made such that asset retirement obligations will be fully expensed by the scheduled relocation date.

As a result of this change in estimate, operating profit, ordinary profit, and profit before income taxes for the current fiscal year decreased by ¥41,106 thousand, respectively, compared with the previous method.

(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 consolidated financial statements.”

(Segment information, etc.)

(Segment information)

1. Summary of reportable segments

The Group's reportable segments represent constituent components of an entity for which separate financial statements are available, and are subject to periodic consideration by the Board of Directors in order to determine the allocation of management resources and to perform business evaluation.

The Company has two reportable segments, namely "AI/IoT business" and "Robot Home business" with classification based upon business content.

In the AI/IoT business, we provide DX consulting services to other companies by constantly developing, operating, and providing services for the "robot home," a DX rental housing platform, and drawing upon our accumulated in-house real estate and technology expertise to expand into the DX domain. In the Robot Home business, we provide services that allow our users to view, examine and purchase real estate for investment on "income club," a real estate investment marketplace, and offer streamlined PM services through the use of "robot home," an IoT platform for rental housing. We also provide insurance services such as rental guarantees and services in the maintenance domain.

2. Calculation method for amount of net sales, profit and loss, assets, liabilities and other items for respective reportable segments

The accounting method for reportable segments is generally the same as stated in the important matters that serve as the basis for preparation of consolidated financial statements.

Profit or loss of reportable segments represents the operating profit or loss base, and inter-segment sales and transfers are based on market prices.

3. Information concerning the amount of net sales, profit and loss, assets, liabilities and other items for respective reportable segments

I For the fiscal year ended December 31, 2022

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2,3,4)	Amounts on consolidated financial statements (Note 5)
	AI/IoT business	Robot Home business	Total				
Net sales							
Goods and services transferred at a point in time	111,736	2,388,586	2,500,323	-	2,500,323	-	2,500,323
Goods and services transferred for a certain period of time	249,245	2,158,401	2,407,647	-	2,407,647	-	2,407,647
Income generated by contracts with customers	360,982	4,546,988	4,907,970	-	4,907,970	-	4,907,970
Other income	-	513,200	513,200	-	513,200	-	513,200
Net sales to external customers	360,982	5,060,188	5,421,170	-	5,421,170	-	5,421,170
Inter-segment sales or transfers	7,486	-	7,486	-	7,486	(7,486)	-
Total	368,469	5,060,188	5,428,657	-	5,428,657	(7,486)	5,421,170
Segment profit or loss	212,747	1,475,583	1,688,330	(2,177)	1,686,153	(1,040,739)	645,413
Assets	437,434	4,999,735	5,437,170	166,920	5,604,090	5,149,571	10,753,662
Other							
Depreciation	854	30,963	31,817	-	31,817	45,560	77,378
Increase in property, plant and equipment and intangible assets	4,209	433,350	437,559	-	437,559	241,864	679,424

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

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

3. The adjustments to segment assets represent companywide assets (mainly cash and deposits, investment securities, etc.) which have not been allocated to each reportable segment.

4. The adjustments to depreciation and increase in property, plant and equipment and intangible assets represent depreciation of and an increase in companywide assets which have not been allocated to each reportable segment.

5. Segment profit or loss is adjusted with the operating profit under consolidated financial statements.

II For the fiscal year ended December 31, 2023

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2,3,4)	Amounts on consolidated financial statements (Note 5)
	AI/IoT business	Robot Home business	Total				
Net sales Goods and services transferred at a point in time	264,160	5,364,059	5,628,219	-	5,628,219	-	5,628,219
Goods and services transferred for a certain period of time	259,687	2,138,470	2,398,157	-	2,398,157	-	2,398,157
Income generated by contracts with customers	523,847	7,502,529	8,026,377	-	8,026,377	-	8,026,377
Other income	-	598,649	598,649	-	598,649	-	598,649
Net sales to external customers	523,847	8,101,179	8,625,026	-	8,625,026	-	8,625,026
Inter-segment sales or transfers	6,748	-	6,748	-	6,748	(6,748)	-
Total	530,596	8,101,179	8,631,775	-	8,631,775	(6,748)	8,625,026
Segment profit or loss	242,352	1,691,368	1,933,720	(2,174)	1,931,546	(1,182,759)	748,786
Assets	589,181	5,365,155	5,954,336	167,310	6,121,646	5,897,730	12,019,376
Other Depreciation	5,283	39,498	44,781	-	44,781	73,963	118,744
Increase in property, plant and equipment and intangible assets	8,675	312,350	321,025	-	321,025	57,304	378,329

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

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

3. The adjustments to segment assets represent companywide assets (mainly cash and deposits, investment securities, etc.) which have not been allocated to each reportable segment.

4. The adjustments to depreciation and increase in property, plant and equipment and intangible assets represent depreciation of and an increase in companywide assets which have not been allocated to each reportable segment.

5. Segment profit or loss is adjusted with the operating profit under consolidated financial statements.

4. Description of nature and amounts of differences between reportable segments total and financial statements

The Group in the past had three reportable segments, namely "AI/IoT business," "PM platform business" and "income club business." Since the three months ended March 31, 2023, it has changed them to two reportable segments, namely "AI/IoT business" and "Robot Home business."

This change was made to better reflect how the Group actually develops the business, allocates the management resources, and evaluates the performance.

The segment information for the previous fiscal year is stated using the classification method after the change.

(Per share information)

Item	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net assets per share	¥87.64	¥95.58
Basic earnings per share	¥8.00	¥9.86

(Notes) 1. Diluted earnings per share is not presented because there were no dilutive shares in the fiscal year ended December 31, 2022 and there were no dilutive shares in the fiscal year ended December 31, 2023.

2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	719,433	886,349
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit attributable to owners of parent relating to common stock (Thousand yen)	719,433	886,349
Average number of shares of common stock outstanding during the period (Shares)	89,949,947	89,884,200
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	The issue of subscription rights to shares approved by resolution of the Board of Directors on July 16, 2021 3rd Stock Acquisition Rights: 716,000 pieces (716,000 common shares)	-

(Significant events after reporting period)

Not applicable