Robot Home

A life with Robot Home can change the world.

Robot Home, Inc. FY2021 1Q FINANCIAL RESULTS

May 2021 Robot Home, Inc. (TSE1:1435)

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1. FY2021 1Q Financial Results Overview

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Company overview

Name	Robot Home, Inc.
Head office	3-4-14, Ebisu Minami, Shibuya-ku, Tokyo
Established	January 23, 2006
Representative	Daisaku Furuki, Representative Director/CEO
Capital	7,296 million yen
Employees	154 persons (consolidated basis / full-time employees / as of March 31, 2021)

Businesses	AI/IoT business PM platform business Real estate consulting business
Subsidiaries	Residence kit, Inc. (*) TABICT, Inc. Sunassu Co., Ltd.

*Effective April 1, 2021, TATERU, Inc. changed its trade name to Robot Home, Inc. and its subsidiary, Robot Home Co., Ltd. changed its trade name to Residence kit, Inc.

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FY2021 1Q Highlights

- Restored profitability with transformation of revenue structure to “stock business” (subscription).
- With recovery of business performance, removed references to “Significant events, etc. on going concern assumption.”
- Obtained DX Certification based on the Ministry of Economy, Trade and Industry guidelines
- Began streaming advertisement for IoT platform for rental housing, “Residence kit”
- Established DX Property Promotion Association

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Consolidated statements of income

(Unit: million yen)	FY 2020 1Q	FY 2021 1Q
Net sales	2,035	1,146
Gross profit	513	619
Selling, general and administrative expenses	715	483
Operating income	▲201	135
Ordinary income	▲224	160
Profit attributable to owners of parent	▲227	143

- Restored profitability with transformation of revenue structure to “stock business” (subscription)
- Improvement in gross profit ratio with transformation of revenue structure (FY2020 1Q: 25.2%→FY2021 1Q: 54.0%)
- Reduction in selling, general and administrative expenses through ongoing cost reviews

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Segment Information

	(Unit: million yen)	FY2020 1Q	FY2021 1Q	YoY Change
AI/IoT business	Net sales	91	77	▲14
	Operating income	16	27	11
PM platform business	Net sales	717	843	126
	Operating income	214	337	123
Real estate consulting business	Net sales	1,230	225	▲1,005
	Operating income	▲92	▲16	76

- Contribution to revenue by comprehensive DX support service
- Progress in insurance services such as rental guarantees
- Contribution to revenue by expansion of business domains into maintenance domain
- Reduction in selling, general and administrative expenses through ongoing cost reviews

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Consolidated balance sheets

(Unit: million yen)	December 31, 2020	End 1Q, FY 2021	YoY change
Current assets	8,682	8,566	▲116
Cash and deposits	5,764	5,857 *A	93
Inventories	1,992	2,040	48
Non-current assets	693	840	147
Total assets	9,376	9,406	30
Liabilities	2,140	2,014	▲126
Interest-bearing debt	200	100 *B	▲100
Net assets	7,235	7,391	156
Total liabilities and net assets	9,376	9,406	30

- Virtually debt-free management
  (Cash and deposits*A) – (Interest-bearing debt*B)
- Decrease of ¥100 million in borrowings
- Equity ratio: 78.6%

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Outlook for financial results

Full-year results forecasts revised upwards

(Unit: million yen)	Previous forecast for FY2021	Current forecast for FY2021	Changes in amount
Net sales	4,500	4,500	—
Operating income	100	350	250
Ordinary income	90	370	280
Profit attributable to owners of parent	70	280	210

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Decision on repurchase of the Company's own shares

Details of matters regarding the repurchase

1. Type of shares to be repurchased	Common stock of the Company
2. Total number of shares to be repurchased	Up to 1,300,000 shares → 1.4% of the total number of issued shares
3. Total amount of repurchase price	Up to ¥200,000,000
4. Repurchase period	From May 17, 2021 to June 30, 2021

Reasons

- To enable the flexible execution of capital policies in response to changes in the management environment
- To make comprehensive assessments of the management environment and consider/implement future M&A strategies and shareholder return policies, among other initiatives

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2. Robot Home Growth Strategy

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DX Certification based on the Ministry of Economy, Trade and Industry guidelines

Pursuant to Article 31 of the Act on Facilitation of Information Processing, Robot Home, Inc. has been selected by the Minister of Economy, Trade and Industry as a DX-certified operator under the DX Certification Initiative

● DX Certification Initiative (From the information released by IPA: Information-technology Promotion Agency, Japan)

The DX Certification Initiative is based on the Act on the Partial Revision of the Act on Facilitation of Information Processing that came into effect on May 15, 2020. The initiative certifies operators that undertake excellent DX initiatives, based on the application by the operator, in light of guidelines established by the Japanese government (*1).

(*1) The guidelines present a vision for the strategic use of systems in company management. These guidelines were established based on the Act on Facilitation of Information Processing. For details, visit the website of IPA: Information-technology Promotion Agency, Japan.
https://www.ipa.go.jp/ikc/info/dxcp.html (in Japanese)

DX認定

Robot Home

A life with Robot Home can change the world.

List of DX-certified operators (in Japanese)
https://www.ipa.go.jp/ikc/info/dxcp-list-202103.html

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Announcement on establishment of DX Property Promotion Association

DX Property Promotion Association established with the aim of business model innovation in the real estate industry

The spread of COVID-19 has accelerated moves to reform legal systems and customs with the aim of digitalizing “face-to-face, paper-based, and seal” practices. This association will promote the digital transformation (DX) of the real estate industry through the use of advanced technologies such as IoT and AI and, in doing so, help solve various social issues, to contribute to the improvement of the residential environments and convenience of people living in Japan.

DX不動産推進協会
DX PROPERTY PROMOTION ASSOCIATION

Establishment	December 17, 2020
President	Daisaku Furuki, Representative Director/CEO, Robot Home, Inc.
Directors	Ryo Higuchi, President and Chief Executive Officer, GA technologies Co., Ltd.
	Sei Nakanishi, President and Representative Director, PROPERTY AGENT Inc.
	Seigo Miyaji, Representative Director and President, Casa Inc.
	Takeshi Shimizu, President and CEO, AMBITION Corporation
	Kazumasa Tomita, President & Chief Executive Officer, ZUU Co., Ltd.
	Katsuki Matsuzono, President, Residence kit, Inc
Auditor	Hiroyuki Sugimoto, Chairman & CEO, SYLA HOLDINGS Co., Ltd.
Advisor	Kiyohiko Nishimura, Emeritus Professor, The University of Tokyo; former Deputy Governor, The Bank of Japan
Legal Counsel	Hirotaro Kato, Kato Asakawa Law Office
Website	http://www.dxppa.or.jp/
Inquiries	info@dxppa.or.jp

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Began streaming advertisement for IoT platform for rental housing, “Residence kit”

Shingo Fujimori gives advice to rental property managers?! Commercial for “Residence kit,” which totally converts the properties to IoT, released!

In the commercial, which looks like a scene from a television drama, a Japanese comedian and a member of a comedy duo, Oriental Radio, Mr. Shingo Fujimori plays the role of a rental property manager who gives advice on the latest rental property management to two of his colleagues complaining about poor occupancy rates for the area and not wanting to lower rents. Mr. Fujimori advises them to switch to IoT-based rental property management using “Residence kit,” telling them that it totally converts the properties to IoT, can be introduced at reasonable per-property rates, and will greatly increase tenant satisfaction. He recommends introducing IoT with “Residence kit,” which he says can be expected to improve profitability.



Outline of commercial

Title:	For IoT-based rental housing management, “Residence kit”
Broadcast media:	Web advertising, taxi advertising
Details:	https://www.residence-kit.com

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Business development

Development of three businesses leveraging AI and IoT technological capabilities

AI / IoT business

- Service to support development, sale, and installation of AI and IoT
- Comprehensive DX support service

PM platform business

- PM platform leveraging AI and IoT

PM business / guarantee business / maintenance business

Real estate consulting business

- Consulting, planning and development of real estate

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AI / IoT business

Net sales

¥77 million

Operating profit

¥27 million

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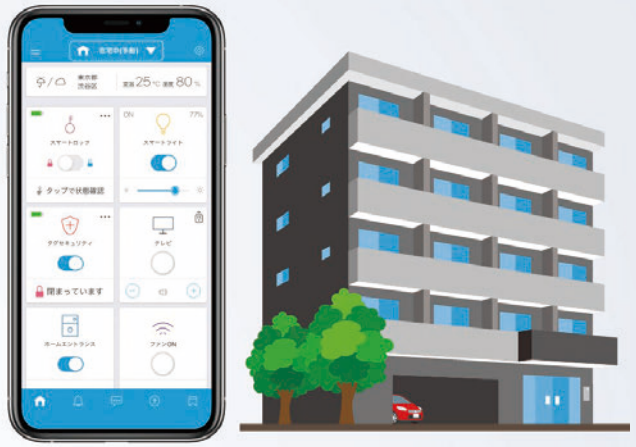
Outline of IoT platform for rental housing, “Residence kit”

Providing a platform that leverages AI/IoT technologies to connect all players – residents, owners, leasing agents and leasing management companies – with the aim of automating real estate management.

Assets × AI / IoT

Increasing asset value by utilizing AI/IoT

Residence kit for Customer



Residence kit for Owner

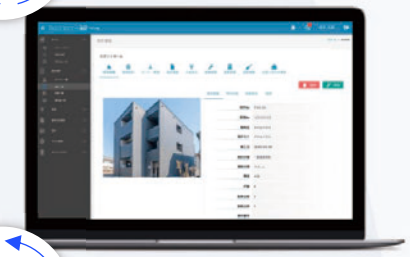
Ownership



Link

Residence kit for PM

Management



Link

Residence kit for Agent

Receipt of move-in request



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Features of IoT platform for rental housing, “Residence kit”

1

Equipped with six life-enriching IoT solutions as standard feature

2

Developers can place a one-stop order

3

Management companies can streamline operations with RPA

4

Tenants can operate all IoT functions with a single app

5

Owners can own differentiated properties with IoT-enabled security facilities

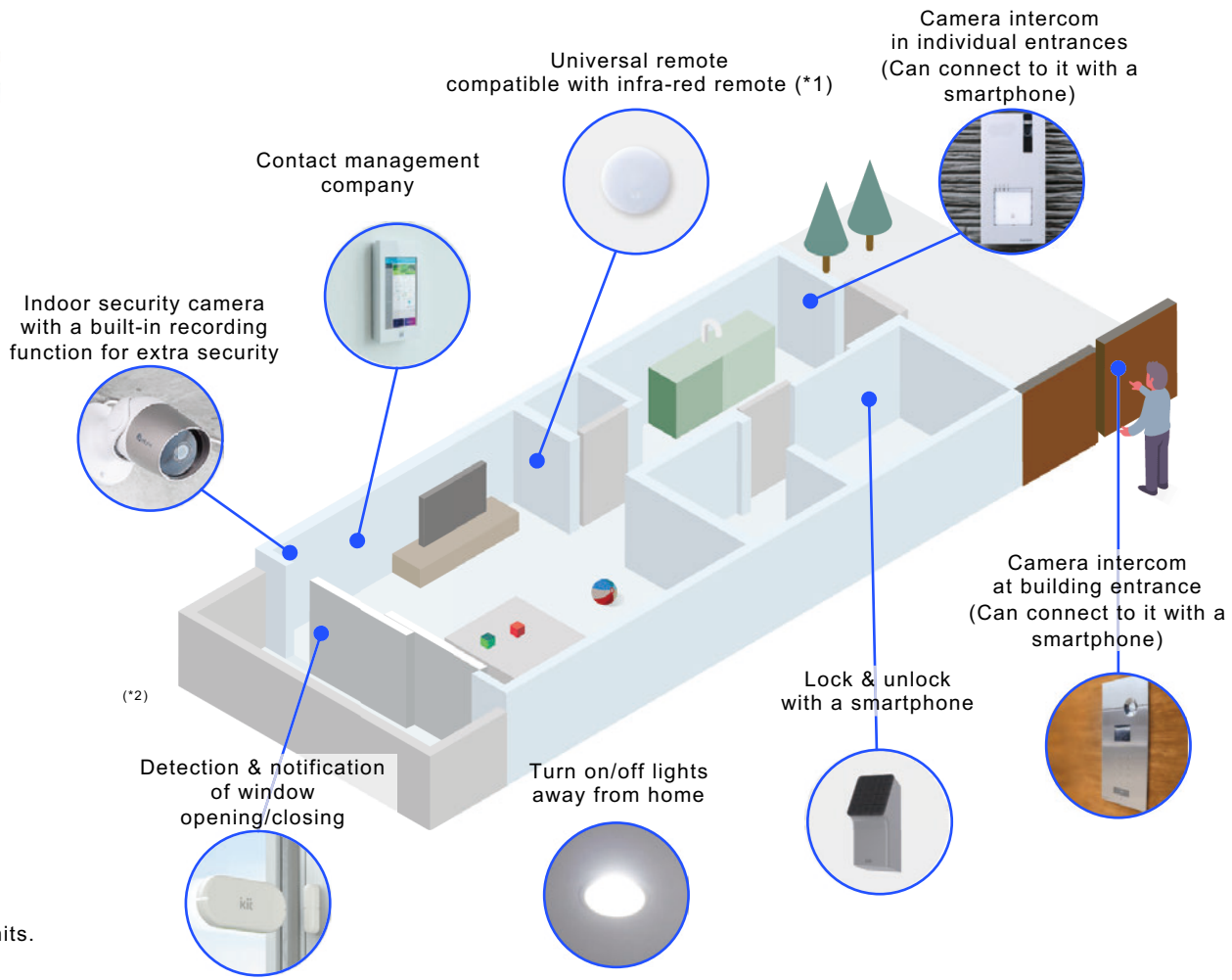
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Room with IoT devices controlled easily with a smartphone

Residence kit

for Customer





*1 Some functions may not be available in all units.

*2 The apartment layout is a sample.

Introduced in more than **9,600 units** and continues to increase steadily.

Number of units that introduced IoT

9,647

(As of March 31, 2021)

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Owners can manage rental housing operations with the app

Residence kit for Owner

Rental property differentiated by IoT ▶ **Automation of rental property management** ▶ Rental Management using RPA ▶ Help filling vacancy using the vacant room sharing website



Receipt of a move-out request



Confirmation of work details



Preview status



Receipt of move-in request



Online contract signing



Contact with the management company is also easy with the chat function on the app.

App helps owners manage their rental properties, from previews to collecting rents and placing orders to suppliers, etc.

Number of owners

1,927

(As of March 31, 2021)

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Management companies can streamline operations with RPA

Residence kit for PM

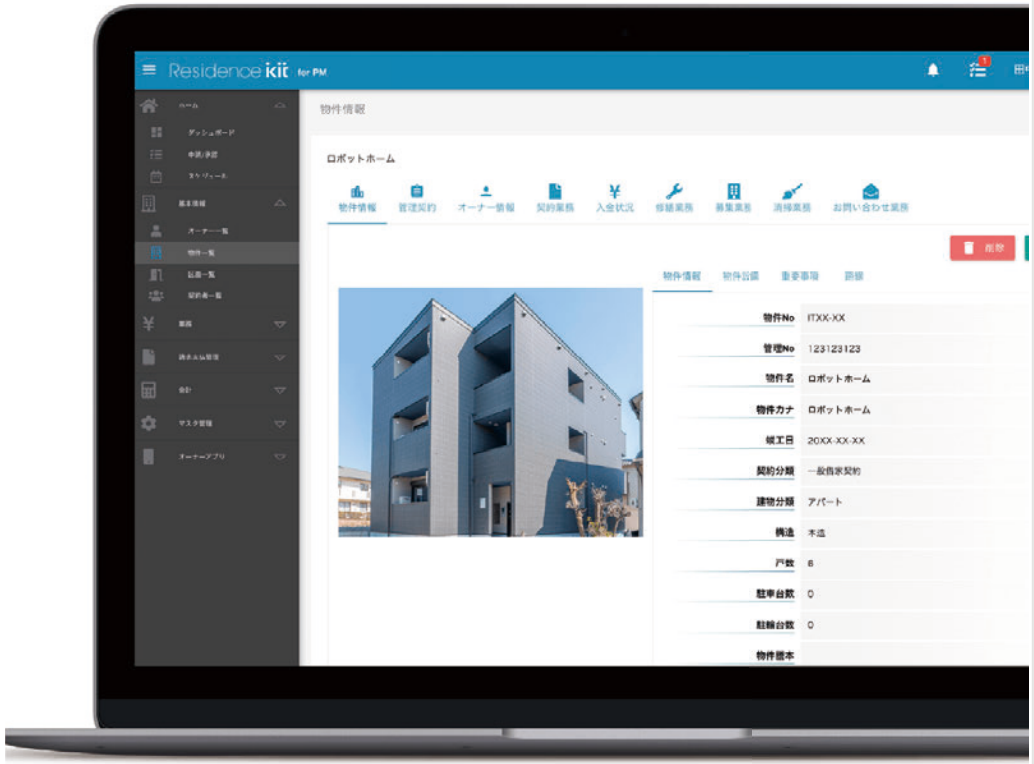
Rental property differentiated by IoT ▶ **Automation of rental property management** ▶ **Rental Management using RPA** ▶ Help filling vacancy using the vacant room sharing website

Manage moving-in/moving-out
Receipt of move-in/move-out requests, receipt of repair requests, making orders, management of history

Manage information
Management of property information, management of and search for owner information

Management of remittance history
Management of rent payment, remittance to owners, management of vendor billing

Management of documents
Management of contracts, remittance statements, and bills



Reduces vacancy risk and improves service quality by streamlining operations utilizing RPA.

Number of units undermanagement

24,675

(As of March 31, 2021)

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Agents can find tenants more efficiently through the vacant room sharing website

Residence kit for Agent

Rental property differentiated by IoT ▶ **Automation of rental property management** ▶ **Rental Management using RPA** ▶ **Help filling vacancy using the vacant room sharing website**

Management companies

Post and update latest information



Agents

See latest information

Quick search of vacant rooms on the website allows agents to find tenants more efficiently.

Number of registered agents

5,329
registered agents in

17
prefectures nationwide

(As of March 31, 2021)

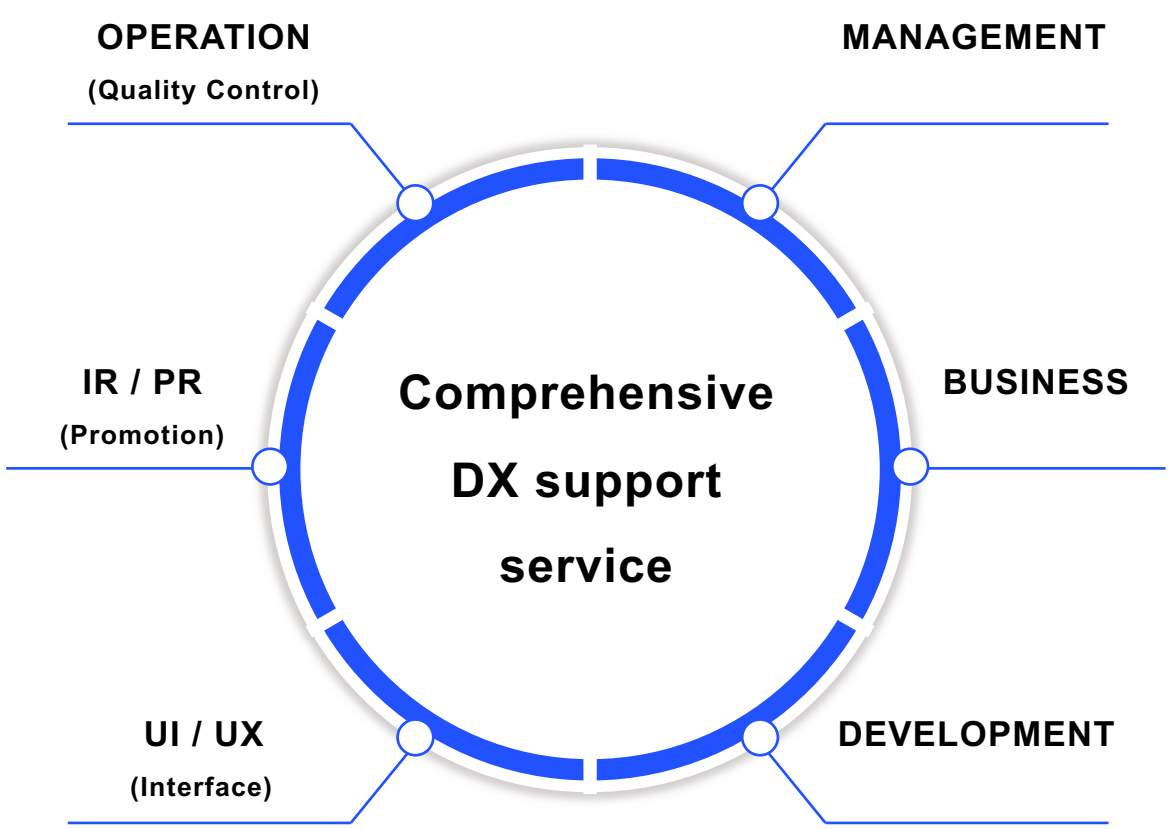
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Overview of comprehensive DX support service

Launched a comprehensive DX support service drawing on our experience of developing and running various in-house products combining real estate and IT

The service will support a wide range of activities including management strategy planning, designing concepts and defining requirements for service development, IT system development, and PR activities.

ReTech Domain ▶ **DX Domain**



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Overview of comprehensive DX support service

Six facets to support companies that need help in promoting DX. Current clientele: 11companies. (As of March 31, 2021)

	STRATEGY	PLANNING	PRODUCTION	CHECK / SUPPORT
1. MANAGEMENT	Strategy planning		Management support	
2. BUSINESS	Market analysis	Roadmapping	Support for launching operations	
3. DEVELOPMENT	From defining system requirements to dispatching CTOs		Software development	Operation and maintenance
4. UI / UX	Prototyping	From creative direction to support for launch		
5. IR / PR	Formulating IR / PR strategies		IR/PR consulting	
6. OPERATION	Optimizing HR deployment	Support for technology succession and consulting to improve productivity		KPI management

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PM platform business

Net sales

¥843million

Operating profit

¥337million

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PM business utilizing technologies including AI / IoT



Tenants' app
(Residence kit for Customer)



Owners' app
(Residence kit for Owner)

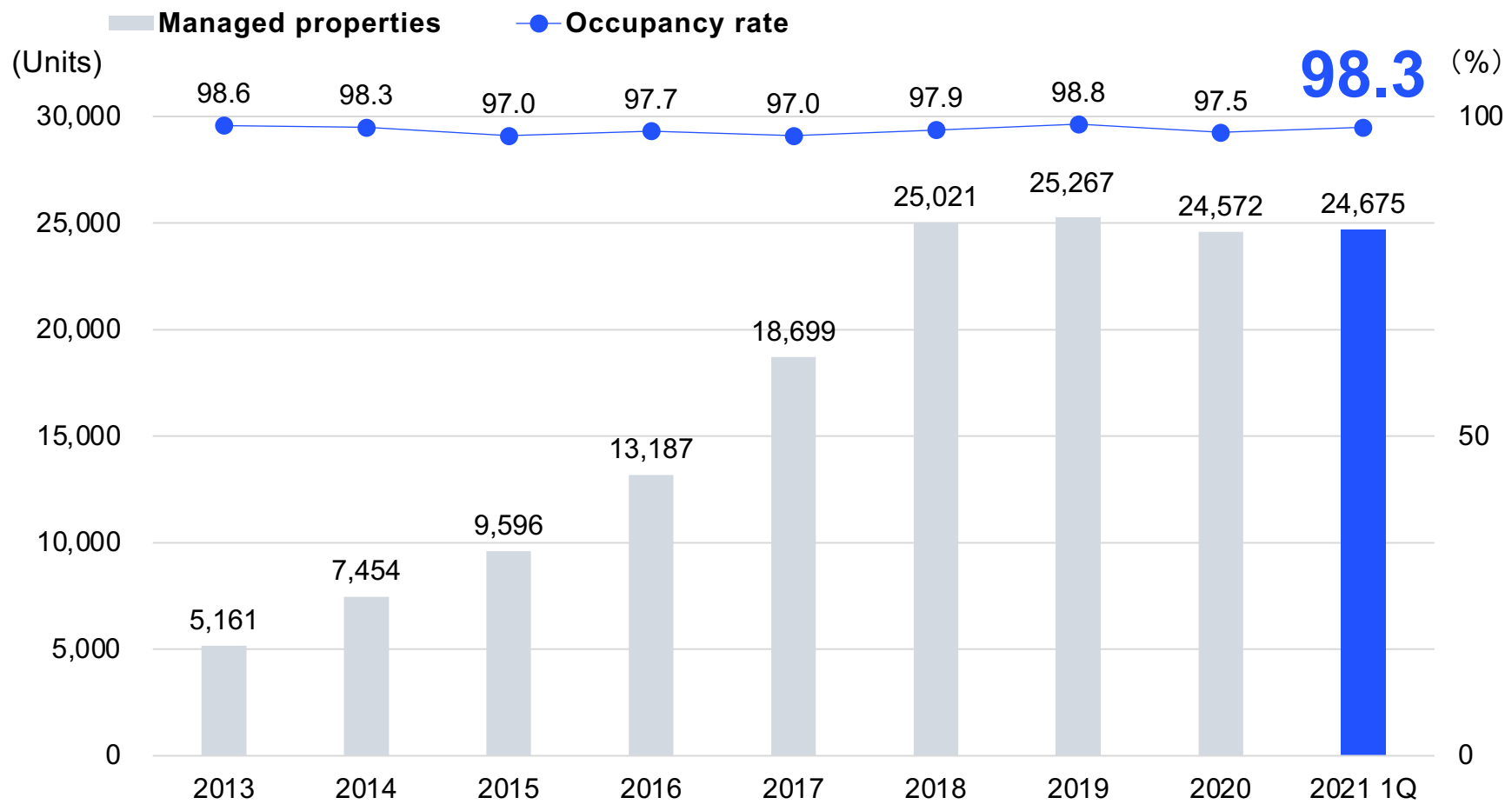
Link



RPA tool for management companies
(Residence kit for PM)

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PM business utilizing technologies including AI / IoT



*Occupancy rates for 2016 and earlier are figures for Company-managed and constructed properties only.

Occupancy rate of 98.3%. Keep high occupancy rates

Managed properties

24,675 units

Occupancy rate

98.3 %

(As of March 31, 2021)

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Sustainable expansion of profit foundations

Measures to increase units under management

- Raise awareness through delivering advertisement
- Management contracts following proposals of IoT utilization to real estate developers
- Management contracts following sales of IoT to real estate owners
- Planning expansion of properties under Company's management to cover the 47 prefectures in Japan

Expanding Company-guaranteed share

14,273 units

24,675 units

(As of March 31, 2021)

Increase revenue by expanding the domain of rental management business

- Planning expansion of properties under Company's management to cover the 47 prefectures in Japan

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Real estate consulting business

Net sales

¥225million

Operating profit

▲¥16million

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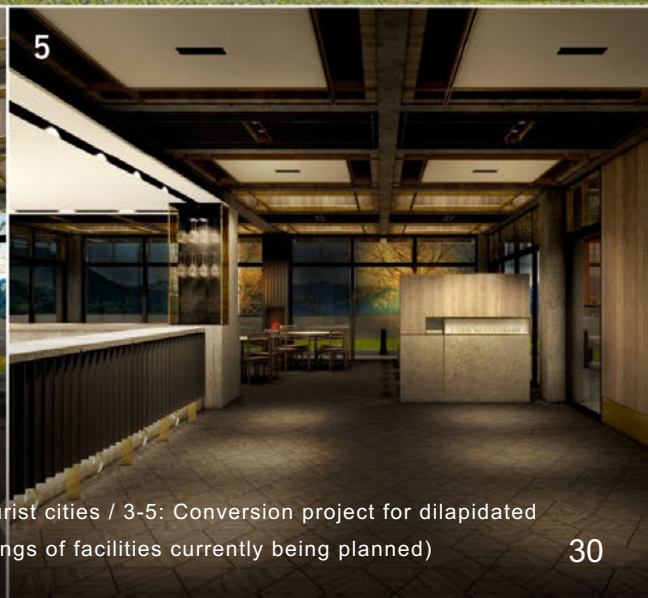
Consulting business themed on combining technology with real estate development











1-2: Consulting for hotel planning in tourist cities / 3-5: Conversion project for dilapidated facilities(*Images are perspective drawings of facilities currently being planned)

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Growth image toward the achievement of the medium-term business plan

Launched the comprehensive DX support service in FY2021. Three pillars to earn revenue leveraging technologies including AI/IoT.

FY2022
Operating profit target
¥1.0 billion

FY2021 Business Segments

1. **AI / IoT business**
   - Service to support development, sale, and installation of AI and IoT
   - Comprehensive DX support service
2. **PM platform business**
   - PM platform leveraging AI and IoT
3. **Real estate consulting business**
   - Consulting, planning and development of real estate

2019.11.22
Management Policy Briefing Session held
- Enhance financial position
- Strengthen the stock business

2020.2.13
Announcement of NEXT TATERU VISION
- Commercialization of AI / IoT service
- Launched a comprehensive DX support service

December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022

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Our SDGs initiatives

Contributions

AI / IoT business, PM platform business

Contribute to building comfortable cities by streamlining operations with RPA and providing high-quality services. Take a tenant-first approach to enhance readiness for responding to requests by further expanding the rental housing management domain and developing a total support structure for rental management.

Real estate consulting business

Contribute to regional vitalization through development in multilateral collaboration with regional communities and local governments. Operate an ecology business that is considerate of the global environment through consulting that features technology combined with real estate development.

Promotion of diversity management

Maintains sound diversity management: 40.9% female employees ratio, 100% parental leave taken, and 91.5% paid leave taken (as of December 31, 2020). We have employees with other jobs and those who are from other countries. We value diversity and creativity of our employees and promote the creation of workplaces where employees can work at ease while respecting their individual life plans.

SDGs







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3. Appendix

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IoT product introduction

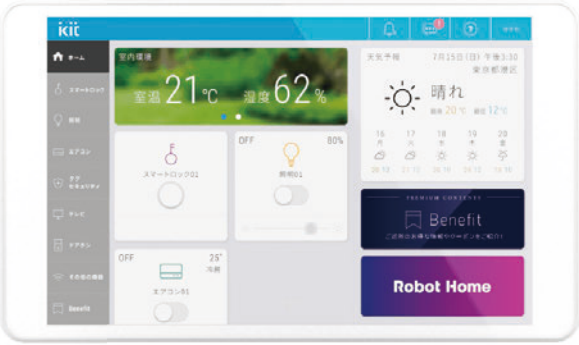
Chat concierge

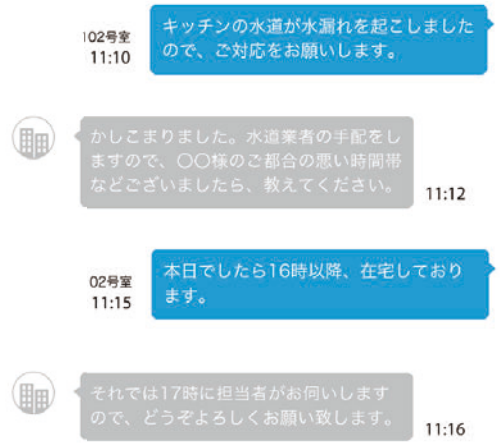
CENTRAL CONTROLLER TABLET

This tablet offers rental housing concierge services. Functioning as an IoT device gateway, it enables operation from a smartphone app.

- Chat concierge
- Responds to trouble, such as with water, gas, etc.
- Functions to provide everyday life information
- Delivers other useful lifestyle-related contents







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IoT product introduction

HOME ENTRANCE

Intercom with camera for multiple dwelling or individual entrances capable of reception from a smartphone

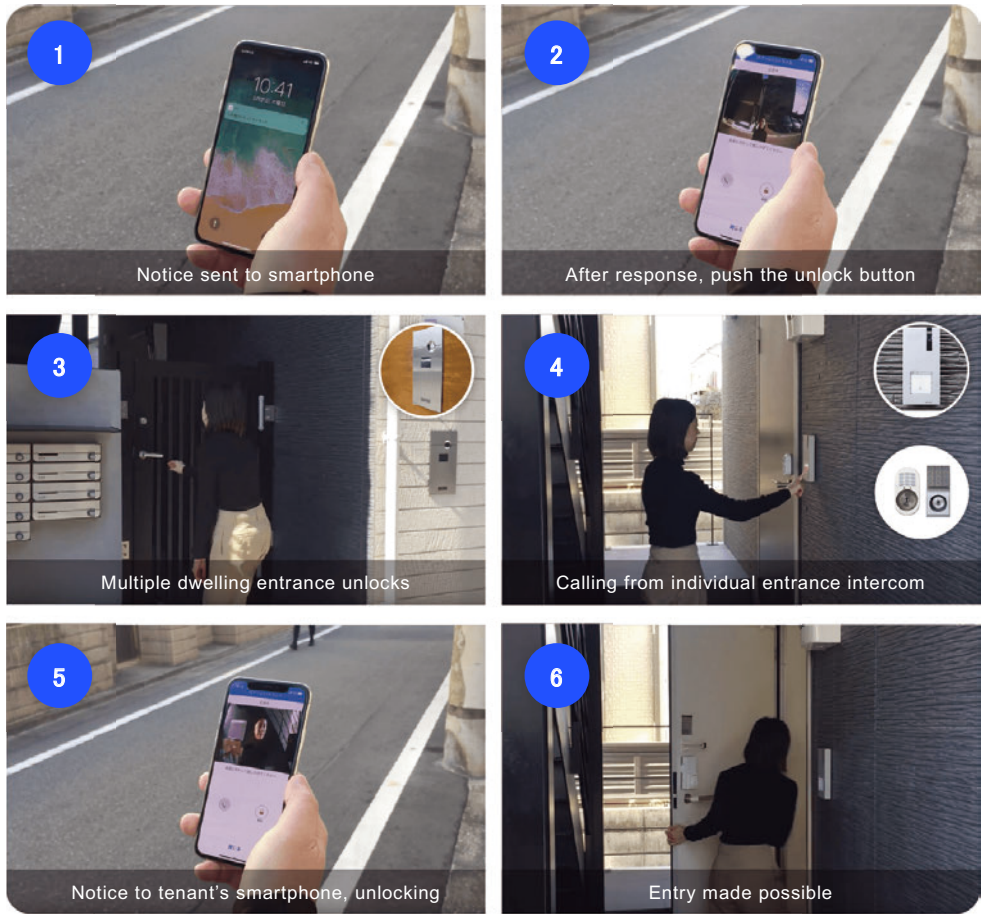




Device with camera
for individual entrance



Device with camera for multiple dwelling entrance



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IoT product introduction

Flow of customer support using the app



Intercom for multiple dwelling entrance



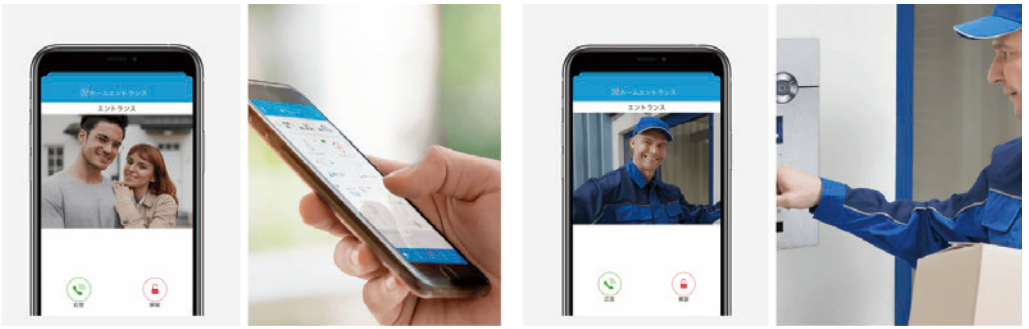
Intercom for individual entrance



Easily unlock the door with the app even when away from home

When friends or family visit
Unlock the door for them

When a courier arrives
Request package drop



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IoT product introduction

SECURITY CAMERA

- Surveillance camera for crime prevention -

Even when you cannot check in real time, such as when you are away from home or sleeping, it continues to record automatically to the app or a microSD card.





Recorded video can be submitted as evidence

- **Live check function**
- **Video saving function**
  (Can be saved for up to two weeks)
- **Snipping function**
- **Automated night-vision mode**

Day You can clearly see the situation in the room with high-quality images.

Night You can see clearly even in the dark with the automated night vision mode.



*The image was taken in a very dark room to see what it is like at night.

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IoT product introduction

SMART LOCK

Features special processing that does not come off or fall 4 ways to unlock

(App, ten key, IC cards for transportation or conventional keys)





SMART LOCK is used to prevent unlocked doors and windows. If it is fraudulently unlocked, an alarm will be activated and an entry record can be checked via the app.

SENSOR

Detects window open, close, vibration, and informs via app even when away from home

Automatically changes to “Outside mode” at a certain distance away from home.





SENSOR installed in the window detects opening and closing, or vibration, and enables confirmation of abnormalities in the room by using a smartphone from a remote location.

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IoT product introduction

NATURE SENSOR REMOTE CONTROLLER

This remote control device can operate home appliances via a smartphone*





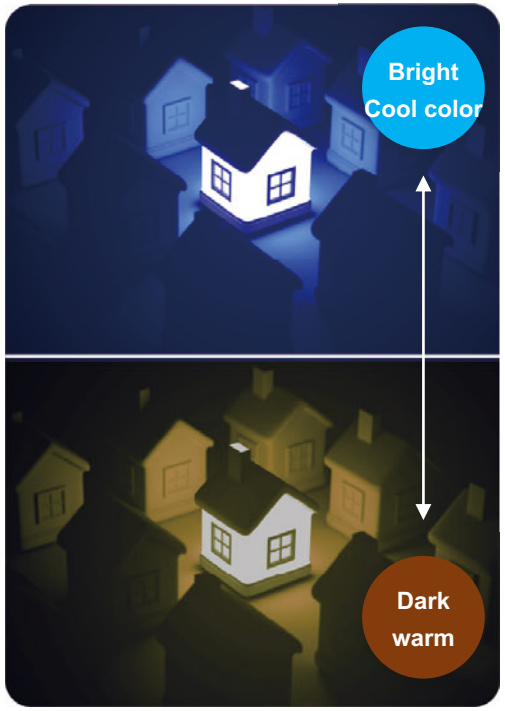
Acquires information on indoor room temperature and humidity, and enables operation of air conditioning, TV or other appliances with a single tap of your smartphone.

*Activation of all home appliances is not guaranteed.

SMART LIGHT

Turns on and off the light,
controls its color or dims freely





* Illustration

If you are away from home, and realize that you forgot to turn off a home light, you can turn it off from a remote location with a single tap on your smartphone.

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Disclaimer regarding forward-looking statements

The materials and information presented in this release include “forward-looking statements.” These statements are based on expectations, forecasts, and assumptions that are subject to risks at the time of release, and include uncertainties that may cause outcomes to differ in substance from these statements.

These risks and uncertainties include industries in general, market conditions, and general domestic and international economic conditions such as interest rate and foreign exchange fluctuations.

Robot Home undertakes no obligation to update or revise the “forward-looking statements” included in this release, even in the event of new information, future events, or other circumstances.

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