Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: robot home Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 1435
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Scheduled date to file semi-annual securities report: August 9, 2024
Scheduled date to commence dividend payments: September 4, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (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, 2024 (January 1, 2024 to June 30, 2024)

(1) Consolidated operating results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	4,759	26.5	564	32.4	560	33.3	530	(4.1)
June 30, 2023	3,763	57.3	426	89.6	420	62.0	553	120.4

(Note) Comprehensive income: Six months ended June 30, 2024: ¥503 million [(19.3)%]
Six months ended June 30, 2023: ¥623 million [213.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	5.90	-
June 30, 2023	6.16	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	12,503	9,007	72.0
As of December 31, 2023	12,019	8,594	71.5

(Reference) Equity: As of June 30, 2024: ¥9,003 million
As of December 31, 2023: ¥8,591 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	1.00	-	1.00	2.00
Fiscal year ending December 31, 2024	-	1.00			
Fiscal year ending December 31, 2024 (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, 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,000	50.7	800	6.8	750	1.7	700	(21.0)	7.79

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: 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: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: Yes
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, 2024: 91,127,000 shares
December 31, 2023: 91,127,000 shares
2) Total number of treasury shares at the end of the period:
June 30, 2024: 1,242,800 shares
December 31, 2023: 1,242,000 shares
3) Average number of shares during the period:
Six months ended June 30, 2024: 89,884,200 shares
Six months ended June 30, 2023: 89,884,200 shares

* Semi-annual financial results reports are exempt from interim audit conducted 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 Japanese economy during the six months ended June 30, 2024 was on a gradual recovery path largely because the improvement of personal consumption and capital investment as well as the improvement of the employment condition and income environment. Meanwhile, uncertainty about the future persists as evidenced by the impact caused by global monetary tightening, a change in the Bank of Japan's monetary easing measures, soaring raw material and energy prices and other factors.

Under these circumstances, the Group has promoted DX (digital transformation) by utilizing state-of-the-art technologies such as AI/IoT and continued to update rental property management platform "robot home" through the use of those technologies. By generating a virtuous growth cycle that involves supply of new and secondhand properties to real estate owners, leasing management contracts, sale and reinvestment and further growth of the circulation on the platform, the Group has stably increased recurring income.

As a result, the performance for the six months ended June 30, 2024 was ¥4,759 million in net sales (up 26.5% year on year), ¥564 million in operating profit (up 32.4% year on year), ¥560 million in ordinary profit (up 33.3% year on year) and ¥530 million in profit attributable to owners of parent (down 4.1% year on year).

The performance of each segment is as follows.

Since the six months ended June 30, 2024, the Company has changed the reportable segment name. The details are as described in "2. Consolidated Financial Statements and Primary Notes (3) Notes to semi-annual consolidated financial statements (Changes to reportable segment names)."

1) AI/IoT business

In the AI/IoT business, the Company offers its consulting services drawing on its ongoing development and operation of its rental property management platform "robot home." The Company aims for the automation of real estate management by connecting all players on the platforms, namely residents, owners, maintenance companies, leasing agents, and leasing management companies. Further, it makes inroads into the DX domain through its accumulated real estate and technological expertise and offers comprehensive DX support service 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, 2024 were ¥289 million (up 49.3% year on year) and operating profit was ¥107 million (up 50.3% year on year).

2) robot home business

In the robot home business, the Company strived to build a virtuous growth cycle that involves supply of new and seconded properties to real estate owners (the flow income domain), leasing management contracts (the recurring income domain), sale and reinvestment (the flow income domain) and further growth of the circulation on the platform, through the use of rental property management platform "robot home," which was built in the AI/IoT business.

In the recurring income domain, the Company implemented streamlined PM business and increased stable recurring income by introducing rental property management RPA "robot home for PM," which utilizes the core technologies such as AI/IoT. Further, the Company focused its efforts on the sustainable expansion of its profit foundations through initiatives, for example, the expansion of its business domains into the maintenance domain and the expansion of the share of company-guaranteed units.

In the flow income domain, the Company invigorated transactions in the application by further enhancing its support not only for purchase but also for asset building and sale. It focused its efforts to further stabilize its profit foundations by facilitating the circulation on the platform.

As a result, net sales for the six months ended June 30, 2024 were ¥4,483 million (up 25.5% year on year) and operating profit was ¥1,284 million (up 46.2% year on year).

(2) Explanation of financial position

(Assets)

Total assets at the end of the six months ended June 30, 2024 increased by ¥483 million from the end of the previous fiscal year to ¥12,503 million. This is mainly attributable to increases in real estate for sale in process of ¥398 million and property, plant and equipment of ¥354 million, and a decrease in real estate for sale of ¥270 million.

(Liabilities)

Total liabilities at the end of the six months ended June 30, 2024 increased by ¥70 million from the end of the previous fiscal year to ¥3,495 million. This is mainly attributable to increases in short-term borrowings of ¥188 million and long-term borrowings of ¥114 million, and a decrease in accounts payable - trade of ¥231 million.

(Net assets)

Total net assets at the end of the six months ended June 30, 2024 increased by ¥413 million from the end of the previous fiscal year to ¥9,007 million. This is mainly attributable to the recording of profit attributable to owners of parent of ¥530 million and a decrease in retained earnings resulting from the payment of a dividend of surplus of ¥89 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, 2024.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,718,875	4,749,286
Accounts receivable - trade	449,700	461,136
Merchandise and finished goods	20,670	16,578
Real estate for sale	3,574,848	3,304,218
Real estate for sale in process	146,158	544,596
Supplies	3,258	5,562
Other	240,760	283,591
Allowance for doubtful accounts	(121,874)	(118,238)
Total current assets	9,032,399	9,246,731
Non-current assets		
Property, plant and equipment	1,031,187	1,385,943
Intangible assets		
Goodwill	181,090	174,622
Customer-related assets	69,873	67,185
Other	134,891	143,578
Total intangible assets	385,854	385,387
Investments and other assets		
Investment securities	1,071,928	1,025,838
Deferred tax assets	232,038	248,621
Other	265,968	210,832
Total investments and other assets	1,569,935	1,485,291
Total non-current assets	2,986,977	3,256,622
Total assets	12,019,376	12,503,353

(Thousand yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	624,352	393,043
Short-term borrowings	427,500	615,640
Current portion of long-term borrowings	48,452	47,621
Income taxes payable	28,898	14,584
Deposits received	1,160,212	1,192,243
Provision for loss on guarantees	384,235	360,936
Asset retirement obligations	34,337	4,049
Other	431,319	422,838
Total current liabilities	3,139,307	3,050,957
Non-current liabilities		
Long-term borrowings	218,730	333,595
Asset retirement obligations	44,134	90,200
Deferred tax liabilities	2,818	1,902
Other	20,212	19,174
Total non-current liabilities	285,894	444,872
Total liabilities	3,425,202	3,495,829
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	1,395,244	1,835,970
Treasury shares	(299,986)	(299,986)
Total shareholders' equity	8,565,728	9,006,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,107	(8,606)
Foreign currency translation adjustment	560	5,966
Total accumulated other comprehensive income	25,667	(2,640)
Non-controlling interests	2,778	3,710
Total net assets	8,594,173	9,007,524
Total liabilities and net assets	12,019,376	12,503,353

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Six months ended June 30, 2024

(Thousand yen)

	For the Six months ended June 30, 2023	For the Six months ended June 30, 2024
Net sales	3,763,252	4,759,776
Cost of sales	2,081,769	2,480,815
Gross profit	1,681,483	2,278,961
Selling, general and administrative expenses	1,254,827	1,714,159
Operating profit	426,656	564,802
Non-operating income		
Interest income	272	309
Dividend income	7,168	6,735
Other	5,257	977
Total non-operating income	12,698	8,022
Non-operating expenses		
Interest expenses	4,813	7,517
Guarantee commission	2,066	-
Commission expenses	7,050	1,579
Loss on investments in investment partnerships	2,203	2,040
Other	2,591	1,118
Total non-operating expenses	18,726	12,255
Ordinary profit	420,628	560,568
Extraordinary income		
Gain on sale of non-current assets	71	-
Gain on sale of investment securities	164,751	-
Gain on reversal of share acquisition rights	15,773	-
Gain on reversal of asset retirement obligations	-	7,252
Total extraordinary income	180,596	7,252
Extraordinary losses		
Loss on retirement of non-current assets	-	34
Loss on valuation of investment securities	29,999	26,710
Total extraordinary losses	29,999	26,744
Profit before income taxes	571,224	541,077
Income taxes	18,364	9,534
Profit	552,859	531,542
Profit (loss) attributable to non-controlling interests	(441)	932
Profit attributable to owners of parent	553,301	530,610

Consolidated statements of comprehensive income
Six months ended June 30, 2024

(Thousand yen)

	For the Six months ended June 30, 2023	For the Six months ended June 30, 2024
Profit	552,859	531,542
Other comprehensive income		
Valuation difference on available-for-sale securities	68,188	(33,714)
Foreign currency translation adjustment	2,794	5,406
Total other comprehensive income	70,983	(28,308)
Comprehensive income	623,842	503,234
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	624,284	502,302
Comprehensive income attributable to non-controlling interests	(441)	932

(3) Notes to semi-annual consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year (consolidated) including the first half of the fiscal year under review, with semi-annual profit before income taxes then multiplied by the estimated effective tax rate. However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(Changes in accounting estimates)

In the six months ended June 30, 2024, the Company has made a change in estimate regarding the asset retirement obligations that the Company recorded related to the restoration obligations associated with the real estate lease contracts, due to availability of new information on the restoration costs. The asset retirement obligations before amendment have been reduced to reflect a decrease of ¥7,252 thousand attributable to said change. As a result of this change in estimate, profit before income taxes for the six months ended June 30, 2024 increased by ¥7,252 thousand.

Due to the decision made to relocate the Nagoya Branch and Osaka Branch, the useful lives of non-current assets not expected to be used after the relocation have been shortened and changed going forward. As a result of this change in estimate, operating profit, ordinary profit, and profit before income taxes for the six months ended June 30, 2024 decreased by ¥13,751 thousand, respectively, compared with the previous method.

(Segment information, etc.)

[Segment information]

I. For the six months ended June 30, 2023

1. Information on amounts of net sales and profit (loss) and disaggregated revenue by reportable segment

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated statements of income (Note 3)
	AI/IoT business	robot home business	Total				
Net sales							
Goods and services transferred at a point in time	85,883	2,139,859	2,225,742	-	2,225,742	-	2,225,742
Goods and services transferred for a certain period of time	105,890	1,117,618	1,223,509	-	1,223,509	-	1,223,509
Income generated by contracts with customers	191,773	3,257,477	3,449,251	-	3,449,251	-	3,449,251
Other income	-	314,001	314,001	-	314,001	-	314,001
Net sales to external customers	191,773	3,571,479	3,763,252	-	3,763,252	-	3,763,252
Inter-segment sales or transfers	2,201	-	2,201	-	2,201	(2,201)	-
Total	193,974	3,571,479	3,765,454	-	3,765,454	(2,201)	3,763,252
Segment profit or loss	71,414	878,853	950,268	(1,170)	949,098	(522,441)	426,656

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

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

3. Segment profits or losses are adjusted with the operating profit on the semi-annual 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, 2024

1. Information on amounts of net sales and profit (loss) and disaggregated revenue by reportable segment

(Thousand yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated statements of income (Note 3)
	AI/IoT business	robot home business	Total				
Net sales							
Goods and services transferred at a point in time	153,073	3,064,100	3,217,174	-	3,217,174	-	3,217,174
Goods and services transferred for a certain period of time	123,334	1,081,741	1,205,075	-	1,205,075	-	1,205,075
Income generated by contracts with customers	276,408	4,145,841	4,422,250	-	4,422,250	-	4,422,250
Other income	-	337,526	337,526	-	337,526	-	337,526
Net sales to external customers	276,408	4,483,368	4,759,776	-	4,759,776	-	4,759,776
Inter-segment sales or transfers	13,197	26	13,223	-	13,223	(13,223)	-
Total	289,605	4,483,394	4,772,999	-	4,772,999	(13,223)	4,759,776
Segment profit or loss	107,366	1,284,475	1,391,842	(789)	1,391,053	(826,251)	564,802

(Notes) 1. "Others" refers to business segments not included in the reportable segments.
2. The adjustments to segment profits or losses mainly represent companywide expenses which have not been allocated to each reportable segment.
3. Segment profits or losses are adjusted with the operating profit on the semi-annual consolidated statements of income.

2. Matters concerning changes, etc. to reportable segments

Since the six months ended June 30, 2024, the name of the reportable segment, which was previously "Robot Home business" has been changed to "robot home business." There is no impact on segment information due to the change in the name of said reportable segment.

The segment information for the six months ended June 30, 2023 is stated using the classification method after the change.

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 semi-annual consolidated financial statements."