Consolidated Financial Results for the Nine Months Ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Company name: robot home Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 1435
URL: https://corp.robothome.jp/
Representative: Daisaku Furuki, Representative Director/CEO
Contact: Shinji Yasui, Director, Executive Officer/CFO
Phone: +81-3-6447-0651
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (January 1, 2024 to September 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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	7,956	40.0	706	40.3	689	39.6	661	7.9
September 30, 2023	5,682	51.8	503	34.7	494	21.4	613	86.0

(Note) Comprehensive income: Nine months ended September 30, 2024: ¥630 million [(5.5)%]
Nine months ended September 30, 2023: ¥666 million [146.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	7.36	-
September 30, 2023	6.82	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	13,369	9,044	67.6
As of December 31, 2023	12,019	8,594	71.5

(Reference) Equity: As of September 30, 2024: ¥9,041 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):
September 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:
September 30, 2024: 1,242,800 shares
December 31, 2023: 1,242,800 shares
3) Average number of shares during the period:
Nine months ended September 30, 2024: 89,884,200 shares
Nine months ended September 30, 2023: 89,884,200 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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 nine months ended September 30, 2024 was on a gradual recovery path largely because of 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 nine months ended September 30, 2024 was ¥7,956 million in net sales (up 40.0% year on year), ¥706 million in operating profit (up 40.3% year on year), ¥689 million in ordinary profit (up 39.6% year on year) and ¥661 million in profit attributable to owners of parent (up 7.9% year on year).

The performance of each segment is as follows.

Since the three months ended March 31, 2024, the Company has changed the segment name. The details are as described in "2. Consolidated Financial Statements and Primary Notes (3) Notes to quarterly consolidated financial statements (Notes on Segment information, etc.), Matters concerning changes, etc. to reportable segment."

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 nine months ended September 30, 2024 were ¥463 million (up 49.4% year on year) and operating profit was ¥164 million (up 45.3% 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 nine months ended September 30, 2024 were ¥7,511 million (up 39.7% year on year) and operating profit was ¥1,758 million (up 44.2% year on year).

(2) Explanation of financial position

(Assets)

Total assets at the end of the nine months ended September 30, 2024 increased by ¥1,350 million from the end of the previous fiscal year to ¥13,369 million. This is mainly attributable to increases in cash and deposits of ¥489 million, real estate for sale in process of ¥565 million, and property, plant and equipment of ¥553 million, despite a decrease in real estate for sale of ¥198 million.

(Liabilities)

Total liabilities at the end of the nine months ended September 30, 2024 increased by ¥899 million from the end of the previous fiscal year to ¥4,325 million. This is mainly attributable to increases in accounts payable - trade of ¥78 million, short-term borrowings of ¥165 million, and long-term borrowings of ¥593 million.

(Net assets)

Total net assets at the end of the nine months ended September 30, 2024 increased by ¥450 million from the end of the previous fiscal year to ¥9,044 million. This is mainly attributable to an increase in retained earnings resulting from the recording of profit attributable to owners of parent of ¥661 million, despite the payment of a dividend of surplus of ¥179 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	4,718,875	5,208,564
Accounts receivable - trade	449,700	438,340
Merchandise and finished goods	20,670	13,505
Real estate for sale	3,574,848	3,376,336
Real estate for sale in process	146,158	712,012
Supplies	3,258	5,776
Other	240,760	280,410
Allowance for doubtful accounts	(121,874)	(119,006)
Total current assets	9,032,399	9,915,939
Non-current assets		
Property, plant and equipment	1,031,187	1,584,866
Intangible assets		
Goodwill	181,090	171,389
Customer-related assets	69,873	65,842
Other	134,891	152,395
Total intangible assets	385,854	389,626
Investments and other assets		
Investment securities	1,071,928	1,023,175
Deferred tax assets	232,038	250,935
Other	265,968	205,066
Total investments and other assets	1,569,935	1,479,177
Total non-current assets	2,986,977	3,453,671
Total assets	12,019,376	13,369,610

(Thousand yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	624,352	702,437
Short-term borrowings	427,500	593,140
Current portion of long-term borrowings	48,452	44,952
Income taxes payable	28,898	8,210
Deposits received	1,160,212	1,201,922
Provision for bonuses	-	64,932
Provision for loss on guarantees	384,235	349,296
Asset retirement obligations	34,337	-
Other	431,319	414,556
Total current liabilities	3,139,307	3,379,449
Non-current liabilities		
Long-term borrowings	218,730	812,157
Asset retirement obligations	44,134	108,507
Deferred tax liabilities	2,818	1,444
Other	20,212	23,603
Total non-current liabilities	285,894	945,712
Total liabilities	3,425,202	4,325,161
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,460,469	7,460,469
Retained earnings	1,395,244	1,877,005
Treasury shares	(299,986)	(299,986)
Total shareholders' equity	8,565,728	9,047,489
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,107	(6,346)
Foreign currency translation adjustment	560	583
Total accumulated other comprehensive income	25,667	(5,763)
Non-controlling interests	2,778	2,722
Total net assets	8,594,173	9,044,448
Total liabilities and net assets	12,019,376	13,369,610

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Nine months ended September 30, 2024

(Thousand yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Net sales	5,682,832	7,956,085
Cost of sales	3,227,082	4,683,255
Gross profit	2,455,749	3,272,830
Selling, general and administrative expenses	1,951,854	2,565,990
Operating profit	503,895	706,840
Non-operating income		
Interest income	419	779
Dividend income	7,168	6,880
Gain on investments in investment partnerships	160	-
Gain on sale of goods	2,136	-
Other	4,162	1,052
Total non-operating income	14,047	8,713
Non-operating expenses		
Interest expenses	9,431	13,254
Guarantee commission	2,066	1,019
Loss on investments in investment partnerships	2,203	4,138
Commission expenses	7,050	6,459
Other	3,098	1,039
Total non-operating expenses	23,850	25,911
Ordinary profit	494,091	689,641
Extraordinary income		
Gain on sale of non-current assets	130	-
Gain on sale of investment securities	164,751	-
Gain on reversal of share acquisition rights	15,773	-
Gain on reversal of asset retirement obligations	-	7,344
Total extraordinary income	180,655	7,344
Extraordinary losses		
Loss on valuation of investment securities	37,836	26,710
Total extraordinary losses	37,836	26,710
Profit before income taxes	636,911	670,276
Income taxes	23,844	8,802
Profit	613,066	661,473
Loss attributable to non-controlling interests	(190)	(56)
Profit attributable to owners of parent	613,257	661,530

Consolidated statements of comprehensive income
Nine months ended September 30, 2024

(Thousand yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Profit	613,066	661,473
Other comprehensive income		
Valuation difference on available-for-sale securities	50,313	(31,453)
Foreign currency translation adjustment	3,614	23
Total other comprehensive income	53,928	(31,430)
Comprehensive income	666,994	630,043
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	667,185	630,099
Comprehensive income attributable to non-controlling interests	(190)	(56)

(3) Notes to quarterly 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 quarterly 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 current third quarter, under review, with 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 policies)

Not applicable.

(Changes in accounting estimates)

In the nine months ended September 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 ¥7,344 thousand attributable to said change. As a result of this change in estimate, profit before income taxes for the nine months ended September 30, 2024 increased by ¥7,344 thousand.

Due to the decision made to relocate the Nagoya Branch and the Osaka Branch, the useful lives of non-current assets not expected to be used after the relocation have been shortened and changed prospectively. As a result of this change in estimate, operating profit, ordinary profit, and profit before income taxes for the nine months ended September 30, 2024 decreased by ¥22,981 thousand, respectively, compared with the previous method.

(Notes on Segment information, etc.)

[Segment information]

I. For the nine months ended September 30, 2023

1. Information on amounts of net sales and profit (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	robot home business	Total				
Net sales to external customers	306,569	5,376,262	5,682,832	-	5,682,832	-	5,682,832
Inter-segment sales or transfers	3,270	-	3,270	-	3,270	(3,270)	-
Total	309,840	5,376,262	5,686,102	-	5,686,102	(3,270)	5,682,832
Segment profit or loss	113,139	1,218,996	1,332,136	(1,472)	1,330,663	(826,768)	503,895

(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 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, 2024

1. Information on amounts of net sales and profit (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	robot home business	Total				
Net sales to external customers	444,374	7,511,710	7,956,085	-	7,956,085	-	7,956,085
Inter-segment sales or transfers	18,639	38	18,677	-	18,677	(18,677)	-
Total	463,013	7,511,748	7,974,762	-	7,974,762	(18,677)	7,956,085
Segment profit or loss	164,400	1,758,193	1,922,593	(1,077)	1,921,516	(1,214,676)	706,840

(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 quarterly consolidated statements of income.

2. Matters concerning changes, etc. to reportable segments

Since the three months ended March 31, 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 nine months ended September 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.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended September 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the nine months ended September 30, 2023 and 2024 are as follows.

(Thousand yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Depreciation	66,313	153,992
Amortization of goodwill	9,701	9,701