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May 12, 2022

## (Delayed) Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japanese GAAP)

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Securities code: 3796	URL: <a href="https://www.e-seikatsu.info/">https://www.e-seikatsu.info/</a>
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Scheduled date of annual general meeting of shareholders:	June 23, 2022
Scheduled date to commence dividend payment:	June 24, 2022
Scheduled date to file annual securities report:	June 20, 2022
Preparation of supplementary materials on financial results:	Yes
Holding of financial results briefing:	Yes For institutional investors and analysts

(Yen amounts are rounded down to the nearest millions)

### 1. Consolidated financial results for the Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

#### (1) Consolidated Operating Results (cumulative)

(Percentage indicate year-on-year changes.)

Fiscal year ended	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	2,434	9.9	600	17.7	165	138.4	166	134.0	106	426.1
March 31, 2021	2,214	4.3	510	△7.7	69	△43.6	71	△42.5	20	△72.0

Note: Comprehensive Income For the fiscal year ended March 31, 2022 106 Millions of yen (426.1%)  
For the fiscal year ended March 31, 2021 20 Millions of yen (△72.0%)

Note: EBITDA (operating profit+ depreciation expenses) is disclosed as a useful comparative indicator for our group's performance.

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	15.50	-	6.4	8.0	6.8
March 31, 2021	2.95	-	1.2	3.5	3.1

Reference: For the fiscal year ended March 31, 2022 - Millions of yen  
Share of profit of entities accounted for using equity method For the fiscal year ended March 31, 2021 - Millions of yen

Note: Accounting Standard for Recognition of Revenue (Accounting Standard No. 29, March 31, 2020) has been applied since the beginning of the first quarter of the consolidated accounting period. The adoption of this standard has no impact on the Group's operating results.

Note: Diluted earnings per share is not stated since there are no dilutive shares.

## (2) Consolidated Financial Position

	Total assets	Net Assets	Equity-to-asset ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	2,187	1,711	78.2	247.99
As of March 31, 2021	1,973	1,638	83.0	237.49

Reference: Equity As of March 31, 2022 1,711 Millions of yen  
As of March 31, 2021 1,638 Millions of yen

Note: Accounting Standard for Recognition of Revenue (Accounting Standard No. 29, March 31, 2020) has been applied since the beginning of the first quarter of the consolidated accounting period. The adoption of this standard has no impact on the Group's operating results.

## (2) 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	675	△439	△34	731
March 31, 2021	458	△443	△80	529

## 2.Cash dividends

	Dividend per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal Year Ended March 31, 2021	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
	-	0.00	-	5.00	5.00	34	169.7	2.1
Fiscal Year Ended March 31, 2022	-	0.00	-	5.00	5.00	34	32.3	2.1
Forecast for Fiscal Year Ended March 31, 2023	-	0.00	-	5.00	5.00		28.9	

### 3.Consolidated Earnings Forecasts for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share attributable to owners of the parent
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,653	9.0	180	8.9	180	8.5	112	4.9	16.25

Reference: EBITDA 642 Millions of yen (YonY +7.0%)

Note: EBITDA (operating profit+ depreciation expenses) is disclosed as a useful comparative indicator for our group's performance.

#### Notes

(1) Changes in significant subsidiaries during the cumulative period of the fiscal year (changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements of accounting estimates.

1) Changes in accounting policies due to changes in accounting standards, etc.: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Modification and reappearance: None

(Note) For details, please refer to Appendix P.19 "3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)."

(3) Number of Shares Issued (Common shares)

1) Number of shares outstanding at the end of the fiscal year (including treasury shares)

As of March 31,2022	7,280,700 Shares	As of March 31,2021	7,280,700 Shares
As of March 31,2022	379,299 Shares	As of March 31,2021	379,299 Shares
Fiscal year ended March 31,2022	6,901,401 Shares	Fiscal year ended March 31,2021	6,901,401 Shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period

## (Reference) Overview of Non-consolidated Financial Results

### Non-consolidated financial results for the Fiscal year ended March 31, 2022

#### (April 1, 2021 to March 31, 2022)

#### (1) Non-consolidated Operating Results (cumulative)

(Percentage indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	2,434	9.9	87	585.6	100	540.6	60	-
March 31, 2021	2,214	4.3	12	△82.6	15	△79.4	△16	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	8.80	-
March 31, 2021	△2.38	-

#### (2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	2,048	1,581	77.2	229.12
March 31, 2021	1,873	1,554	83.0	225.31

Reference: Equity      As of March 31, 2022      1,581 Millions of yen  
                                 As of March 31, 2021      1,554 Millions of yen

\*Financial Results are not subject to Quarterly Review by Certified Public Accountants or Auditing Corporations.

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## 1. Overview of Results

### (1) Earnings

Accounting Standards for Recognition of Revenue (Accounting Standards No. 29, March 31, 2020) have been adopted since the beginning of the current consolidated fiscal year. However, the adoption of these standards has no impact on the Group's financial position, operating results, or cash flow status.

Summary of Consolidated Results	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Year-on-year period	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	2,214,549	2,434,354	219,805	9.9
EBITDA	510,081	600,391	90,309	17.7
Operating profit	69,409	165,503	96,094	138.4
Ordinary profit	71,250	166,756	95,506	134.0
Profit attributable to owners of parent	20,329	106,959	86,629	426.1

With the aim of realizing our mission of making the real estate market better through IT, we have established a vision of becoming an information infrastructure indispensable to the real estate market. Based on this vision, we plan and develop systems and applications to resolve various issues in the real estate business and the real estate market, and offer these systems and applications as Cloud SaaS, a subscription-based service that allows us to collect fees according to the usage period. Through this, we are developing businesses that support digital transformation (DX) in the real estate business and the real estate market.

In the current consolidated fiscal year, sales increased by 219,805 thousand yen from the same period of the previous year to 2,434,354 thousand yen (up 9.9% on YOY), reflecting the steady acquisition of new customers such as the "ES e-bukken One" series and favorable To create up-selling opportunities and cross-selling to existing customers.

As of the end of the current consolidated fiscal year, the number of subscription customers was 1,457 (1,427 in the same month of the previous year), and the ARPU (\* 1) was approximately 119,700 yen / corporation in March, and the subscription gross margin (\* 2) was approximately 60.0% in the current consolidated fiscal year (approximately 55.6% in the same period of the previous year).

(\*1) "the average revenue per user" Current month subscription sales is divided by the number of subscription customers for the current month, and the figures are rounded down to the nearest 100 yen.

(\*2) "the subscription gross margin" The gross margin for subscription sales only.

The breakdown of net sales is as follows.

Item details	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Year-on-year period	
	Sales (thousands of yen)	Percentage of total	Sales (thousands of yen)	Percentage of total	Difference (thousand yen)	Percentage change (%)
Subscription (Note 1)	1,931,938	87.2	2,053,754	84.4	121,815	6.3
Solution (Note 2)	282,610	12.8	380,600	15.6	97,989	34.7
Total	2,214,549	100.0	2,434,354	100.0	219,805	9.9

(Note 1). Subscription: Revenue earned continuously on a monthly basis unless customers apply for cancellation, including monthly charges for cloud and SaaS service. They are our Monthly Recurring Revenue (MRR).

(Note 2). Solutions: Revenue earned from other services, including fees for initial setting, system installation, and operation support (BPO) for cloud and SaaS service, commissioned development of system, and sale or introduction of other companies' services as an agency.

(Note 3) From the fiscal year ended March 31, 2022, sales are divided into two categories: "Subscription sales" and "Solution sales" for more easy-to-understand disclosure. At the past sales disclosure categories are disclosed in two categories: "Subscription sales" and "Spot sales".

Initial setting fee for SaaS will be "Solution Sales" instead of "Subscription Sales" from the fiscal year ending March 31, 2022. Sales for the previous fiscal year are presented as a category, and reclassified figures are presented in accordance with this policy.

In terms of our service infrastructure for operating Cloud and SaaS, usage fees for IaaS (Infrastructure as a Service) increased compared to the same period a year earlier, while expenses related to in-house data centers, etc., which were terminated at the end of the previous fiscal year, decreased. As a result, COGS amounted to 988,103 thousand yen (an YOY increase of 1.0%).

Due to the expansion of the marketing, sales and support system by actively hiring new graduates, personnel expenses related to these activities increased. In addition, as an investment to prepare for further increase in the number of customers and sales growth, we have started to renovate core business systems such as sales and customer management, and cloud and SaaS usage fees have increased in connection with this project. As a result, selling, general and administrative expenses were 1,280,747 thousand yen (up 9.8% year-on-year).

As a result, EBITDA for the current consolidated fiscal year increased by 90,309 thousand yen from the same period of the previous year to 600,391 thousand yen (up 17.7% from the same period of the previous year), and operating income increased by 96,094 thousand yen from the same period of the previous year to 165,503 thousand yen (up 138.4% from the same period of the previous year).

Since the reported segment in the disclosure of the Group is a single segment of the "Cloud Solutions Business", the segment performance is omitted.

## (2) Financial Position

### (Assets)

As of the end of the current consolidated fiscal year, Assets amounted to 2,187,542 thousand yen, an increase of 213,630 thousand yen from the end of the previous consolidated fiscal year. The increase was mainly attributable to the increase in cash and deposits of 201,904 thousand yen.

### (Liabilities)

Total liabilities at the end of the current consolidated fiscal year were 476,091 thousand yen, an increase of 141,178 thousand yen from the end of the previous consolidated fiscal year. The main factors for the increase were an increase in advance payments of 100,128 thousand yen due to an increase in monthly cloud / SaaS usage fees received from customers in advance, and an increase in income taxes payable of 44,424 thousand yen.

### (Net assets)

The balance of net assets at the end of the current consolidated fiscal year was 1,660,465 thousand yen, an increase of 21,466 thousand yen from the end of the previous consolidated fiscal year. This is attributable to an increase of 55,973 thousand yen due to the recording of net income attributable to the shareholders of the parent company, and a decrease in retained earnings of 34,507 thousand yen due to the implementation of dividends.

## (3) Cash Flow

Cash and cash equivalents at the end of the current consolidated fiscal year amounted to 731,644 thousand yen, an increase of 201,904 thousand yen from the end of the previous consolidated fiscal year. Cash flows and their major factors are as follows.

### (Cash flows from operating activities)

Cash flows from operating activities increased by 675,563 thousand yen (up 458,312 thousand yen in the same period of the previous year). The main sources of income are depreciation expenses of 434,887 thousand yen, income before income taxes of 165,670 thousand yen, and an increase in advance payments of 100,128 thousand yen.

### (Cash flows from investing activities)

Cash flows from investing activities decreased by 439,273 thousand yen (compared to a decrease of 443,428 thousand yen in the same period of the previous year). The main cause of expenditure is expenditure of 424,956 thousand yen due to acquisition of tangible and intangible fixed assets related to new development and function expansion of in-house cloud and SaaS products.

### (Cash flows from financing activities)

Cash flows from financing activities decreased by 34,384 thousand yen (a decrease of 80,832 thousand yen in the same period of the previous year). The factor of expenditure is the payment of dividends of 34,384 thousand yen.



#### (Cash flow indicators)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Capital-Asset ratio (%)	80.6	80.6	81.0	83.0	78.2
Market value-based Capital-Asset ratio (%)	130.9	118.8	115.3	204.9	125.9
Cash Flow Ratio to Interest-Bearing Debt (Year)	0.3	0.2	0.1	0.0	0.0
Interest coverage ratio (times)	635.6	1,045.6	2,002.3	4,179.9	50,250.2

Capital-Asset ratio: Shareholders' Equity / total assets

Market value-based Capital-Asset ratio: Market capitalization/total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/cash flow

Interest Coverage Ratio: Cash Flow/Interest Payment

Note 1. Indicators are all calculated using consolidated financial figures.

Note 2. Market capitalization is calculated on the basis of the closing price of shares at the end of the fiscal year x the total number of shares outstanding at the end of the fiscal year (after deducting treasury stock).

Note 3. Cash flows utilize cash flows from operating activities in the consolidated statements of cash flows.

Note 4. Interest-bearing debt covers all liabilities recognized in the consolidated balance sheets for which interest is paid. Interest payments are based on interest payments in the consolidated statements of cash flows.

#### (4) Outlook

Our outlook for the fiscal year ending March 31, 2023 is as follows.

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Basic earnings per share attributable to owners of the parent (Yen)
Forecast (A) for the Fiscal Year Ending March 31, 2023	2,653	180	180	112	16.25
Fiscal year ending March 31, 2022 Results (B)	2,434	165	166	106	15.50
Increase (decrease) in A-B	219	14	14	5	
Percentage change (%)	9.0	8.9	8.5	4.9	

The Group is building a sustainable business system with the aim of being able to work with high productivity anywhere, regardless of whether it is in the office or at home. In the fiscal year ending March 2023, we will continue the system regardless of the spread of new coronavirus infections. We will continue to provide added value to our customers through our cloud and SaaS, aiming for growth.

As the infection situation of the new coronavirus gradually subsides and economic normalization progresses, we believe that the short-term impact on business performance of the Group, which has its main business domain in the domestic real estate industry, is minimal in terms of the external environment such as increasing geopolitical risks in the current global situation and tightening supply and demand for natural resources. On the other hand, there is growing uncertainty about the medium- to long-term outlook for the Japanese economy, such as the depreciation of the yen, and we will continue to monitor the situation closely.

Regarding changes in the external environment surrounding the real estate market, the "Revised Building Lots and Buildings Transaction Business Law" scheduled to come into effect in May 2022 will enable the full online procedure for concluding, renewing, and canceling real estate lease contracts.

In the area of real estate rental management, the "Rental Housing Management Business Law" requires management companies of a certain size or larger to register with the Ministry of Land, Infrastructure, Transport and Tourism. In addition, new tasks such as "obligation to explain important matters to owners in advance" are being imposed.

In anticipation of further acceleration of DX in the real estate industry due to the revision of the law, the Group is taking various measures in marketing and sales, such as holding seminars on the theme of the revision of the law. The cloud / SaaS provided by the Group can speedily provide the latest functional version upgrades in response to the above-mentioned revisions to the law, and is the most suitable mechanism for the real estate industry aiming for DX in response to changes. In the fiscal year ending March 2023, we will continue to steadily grasp the above changes in the market and aim for further growth.

Regarding costs, we operate our cloud / SaaS infrastructure mainly on "Amazon Web Service", which is an IaaS provided by Amazon in the United States. Since we are trading with the company in US dollars, fluctuations in foreign exchange may increase service infrastructure costs. The current business outlook for the fiscal year ending March 2023 is based on the assumption that 1 US \$ = 129 yen..

Based on the outlook described above, we will continue to develop our business in order to realize our mission and vision.

(5) Dividend policy and dividends for the year under review and coming year

In addition to investing in realizing growth (developing services) and strengthening our financial base to enable it, we have positioned returning profits to shareholders as one of our most important management issues. As a basic policy for returning profits to shareholders, we intend to continue to pay dividends and achieve continuous growth in the amount of dividends, taking full account of the business results and the level of free cash flow for the current fiscal year.

We plan to pay a dividend of ¥5 per share for the year ended March 31, 2022.

The Company forecasts a full-year dividend of ¥5 per share for the coming fiscal year (a year-end dividend of ¥5 per share). Based on the outlook described above, we will continue to develop our business in order to realize our mission and vision.

(Numerical Information on Dividends)

(Consolidated Basis)	Fiscal year ended March 31,2018 (Results)	Fiscal year ended March 31,2019 (Results)	Fiscal year ended March 31,2020 (Results)	Fiscal year ended March 31,2021 (Results)	Fiscal year ended March 31,2022 (Scheduled)
(1) Dividends per share	5 yen	5 yen	5 yen	5 yen	5 yen
(2) the total amount of dividends	34,507 thousand yen	34,507 thousand yen	34,507 thousand yen	34,507 thousand yen	34,507 thousand yen
(3) Profit attributable to owners of the parent or net loss attributable to owners of the parent (Δ)	21,227 thousand yen	Δ¥3,478 thousand yen	72,730 thousand yen	20,329 thousand yen	106,959 thousand yen
(4) Profit per share Net loss per share (Δ)	3.08 yen	Δ0.50 yen	10.54 yen	2.95 yen	15.50 yen
(5) Dividend payout ratio (= (1)/(4))	162.6%	-	47.4%	169.7%	32.3%

## 2. Approach to selection of accounting standards

Since the Group does not engage in international business operations or raise funds, consolidated financial statements are prepared in accordance with Japanese Standards.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	529,739	731,644
Notes and accounts receivable - trade	53,723	—
Accounts receivable - trade	—	48,228
Work in process	2,111	2,669
Prepaid expenses	29,742	51,066
Income taxes refund receivable	12,425	—
Other	1,535	1,584
Allowance for doubtful accounts	△3,846	△2,095
Total current assets	625,431	833,097
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	55,148	55,148
Accumulated depreciation	△39,676	△41,780
Facilities attached to buildings, net	15,471	13,367
Tools, furniture and fixtures	151,888	156,489
Accumulated depreciation	△118,951	△124,983
Tools, furniture and fixtures, net	32,936	31,506
Total property, plant and equipment	48,408	44,873
Intangible assets		
Trademark right	56	—
Software	1,053,691	995,054
Software in progress	100,834	167,542
Total intangible assets	1,154,582	1,162,596
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	79,273	77,125
Long-term prepaid expenses	—	3,870
Deferred tax assets	24,215	23,978
Total investments and other assets	145,488	146,973
Total non-current assets	1,348,480	1,354,444
Total assets	1,973,911	2,187,542

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	85,894	77,977
Income taxes payable	16,527	60,951
Advances received	128,738	228,866
Deposits received	11,310	11,804
Provision for bonuses	42,374	45,374
Other	46,286	48,245
<b>Total current liabilities</b>	<b>331,130</b>	<b>473,220</b>
Non-current liabilities		
Guarantee Deposited	3,782	2,870
<b>Total non-current liabilities</b>	<b>3,782</b>	<b>2,870</b>
<b>Total liabilities</b>	<b>334,912</b>	<b>476,091</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	431,008	503,460
Treasury shares	△138,600	△138,600
<b>Total shareholders' equity</b>	<b>1,638,998</b>	<b>1,711,451</b>
<b>Total net assets</b>	<b>1,638,998</b>	<b>1,711,451</b>
<b>Total liabilities and net assets</b>	<b>1,973,911</b>	<b>2,187,542</b>

(2) Consolidated Statement of Income and Quarterly Consolidated Statement of  
Comprehensive Income  
(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	2,214,549	2,434,354
Cost of sales	978,413	988,103
Gross profit	1,236,136	1,446,250
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	174,855	172,155
Salaries	472,272	527,580
Provision for bonuses	23,801	26,074
Retirement benefit expenses	6,030	6,378
Legal welfare expenses	87,339	97,587
Rent expenses on land and buildings	91,504	97,290
Depreciation	17,814	16,463
Provision of allowance for doubtful accounts	—	△1,750
Other	293,110	338,967
Total selling, general and administrative expenses	1,166,726	1,280,747
Operating profit	69,409	165,503
Non-operating income		
Interest income	9	7
Gain on forfeiture of unclaimed dividends	346	221
Commission income	457	1,636
Reversal of allowance for doubtful accounts	1,737	—
Total non-operating income	2,550	1,865
Non-operating expenses		
Interest expenses	109	13
Commission expenses	600	600
Total non-operating expenses	709	613
Ordinary profit	71,250	166,756
Extraordinary losses		
Loss on retirement of non-current assets	28,887	1,086
Total extraordinary losses	28,887	1,086
Profit before income taxes	42,362	165,670
Income taxes - current	24,253	58,473
Income taxes - deferred	△2,220	237
Total income taxes	22,032	58,710
Profit	20,329	106,959
Profit attributable to owners of parent	20,329	106,959

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	20,329	106,959
Comprehensive income	20,329	106,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,329	106,959

### (3) Consolidated Statement of Changes in net assets

Fiscal Year Ended March 31, 2021

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	628,411	718,179	445,185	△138,600	1,653,175	1,653,175
Changes during period						
Issuance of new shares					—	—
Dividends of surplus			△34,507		△34,507	△34,507
Profit attributable to owners of parent			20,329		20,329	20,329
Purchase of treasury shares				—	—	—
Total changes during period	—	—	△14,177	—	△14,177	△14,177
Balance at end of period	628,411	718,179	431,008	△138,600	1,638,998	1,638,998

Fiscal Year Ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	628,411	718,179	431,008	△138,600	1,638,998	1,638,998
Changes during period						
Issuance of new shares					—	—
Dividends of surplus			△34,507		△34,507	△34,507
Profit attributable to owners of parent			106,959		106,959	106,959
Purchase of treasury shares				—	—	—
Total changes during period	—	—	72,452	—	72,452	72,452
Balance at end of period	628,411	718,179	503,460	△138,600	1,711,451	1,711,451



#### (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	42,362	165,670
Depreciation	440,672	434,887
Loss on retirement of non-current assets	28,887	1,086
Increase (decrease) in allowance for doubtful accounts	△1,737	△1,750
Increase (decrease) in provision for bonuses	4,748	3,000
Interest and dividend income	△9	△7
Interest expenses	109	13
Decrease (increase) in trade receivables	△12,547	5,494
Decrease (increase) in inventories	△481	△530
Increase (decrease) in accounts payable - other	△7,209	△9,124
Increase (decrease) in advances received	25,681	100,128
Increase (decrease) in accrued consumption taxes	8,555	1,755
Increase (decrease) in guarantee deposits received	△418	△911
Other, net	6,517	△19,301
Subtotal	535,131	680,407
Interest and dividends received	9	7
Interest paid	△109	△13
Income taxes paid	△76,719	△21,618
Income taxes refund	—	16,779
Net cash provided by (used in) operating activities	458,312	675,563
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△24,181	△14,410
Purchase of intangible assets	△418,264	△424,956
Proceeds from redemption of lease and guarantee deposits	37	180
Payments of leasehold and guarantee deposits	△1,019	△87
Net cash provided by (used in) investing activities	△443,428	△439,273
<b>Cash flows from financing activities</b>		
Repayments of finance lease liabilities	△46,235	—
Dividends paid	△34,596	△34,384
Net cash provided by (used in) financing activities	△80,832	△34,384
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	△65,947	201,904
Cash and cash equivalents at beginning of period	595,687	529,739
Cash and cash equivalents at end of period	529,739	731,644

## (5) Notes to Consolidated Financial Statements

(Notes on Promise of Going Concern)

There are no applicable items.

(Important Matters That Are the Basis for Preparation of Consolidated Financial Statements)

### 1. Matters concerning the scope of consolidation

#### (1) 2 consolidated subsidiaries

Names of consolidated subsidiaries

Realtec Investment Co., Ltd.

Realtec Consulting Co., Ltd.

#### (2) Names of major unconsolidated subsidiaries

There are no applicable items.

### 2. Application of the Equity Method

#### (1) Affiliated companies accounted for by the equity method

There are no applicable items.

#### (2) Names of major unconsolidated subsidiaries and affiliates not accounted for by the equity method.

There are no applicable items.

### 3. Matters related to the business year of the Consolidated Subsidiaries

Realtec Investment Co., Ltd. and Realtec Consulting Co., Ltd. settled their accounts on March 31, which is the same as the consolidated closing date.

### 4. Matters concerning accounting policy

#### (1) Valuation standards and methods for significant assets

Inventory assets

Work in process

Cost method based on the individual method (the balance sheet value is calculated by the method of devaluation based on a decline in profitability)

#### (2) Depreciation methods for important depreciable assets

##### ① Tangible Non-Current Assets

The declining-balance method is adopted. However, the fixed amount method is used for building accessories acquired on or after April 1, 2016. Major useful lives are as follows.

Building accessory facilities 8-15 years

Tools, furniture and fixtures 4-20 years

##### ② Intangible Non-Current Assets

The straight-line method is adopted. However, software for internal use is computed by the straight-line method over a period of five years.

#### (3) Criteria for recording significant allowances

##### ① Allowance for doubtful accounts

Estimated uncollectible amounts are posted on a case-by-case basis based on the loan-loss Results ratio for ordinary receivables and for specific receivables such as doubtful receivables.

##### ② Provision for bonuses

In order to prepare for the payment of bonuses to employees, the amount attributable to the current consolidated fiscal year is included in the estimated amount of bonuses to be paid.

(4) Criteria for recording significant revenues and expenses

The main performance obligations of the Company and its consolidated subsidiaries in respect of revenues arising out of their contracts with customers and the time at which such obligations are fulfilled (at normal times when revenues are recognized) are as follows:

In subscription services, for Cloud and SaaS, which are mainly provided via the Internet, we collect fees from customers as monthly usage fees and recognize revenue on a monthly basis with the last day of each month as the month in which service provision is completed.

In solution services, we mainly provide customers with initial setup of Cloud and SaaS, contract development of systems and applications, and support for the introduction and operation of Cloud and SaaS (BPO), and receive fees. As for the sales format of these services, since the customer acquires control over the deliverables at the time the deliverables are accepted by the customer and it is judged that the performance obligation will be fulfilled, the revenue is normally recognized when the deliverables are accepted by the customer.

(5) Scope of cash in consolidated statements of cash flows

These consist of cash on hand, deposits withdrawable from time to time, and short-term investments that are readily convertible into cash and are due and payable within three months of the date on which they are acquired and bear minimal risk for fluctuations in value.

(6) Other important matters for preparing consolidated financial statements.

Accounting for consumption tax

Accounting for consumption tax and local consumption tax is based on the tax exclusion method.

(Changes in Accounting Policy)

(Application of Accounting Standards for Recognition of Revenues, etc.)

Accounting Standard for Recognition of Revenue (Accounting Standard No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Recognition of Revenue") has been applied from the beginning of the current Consolidated Fiscal Year to recognize revenue at the amount expected to be received in exchange for the relevant goods or services when the control of the promised goods or services has been transferred to the customer.

The application of the Income Recognition Accounting Standards, etc. is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Income Recognition Accounting Standards, and the cumulative effect of retroactive application of the new accounting policy prior to the beginning of the current consolidated fiscal year is adjusted to the retained earnings at the beginning of the current consolidated fiscal year and a new accounting policy is applied from the balance at the beginning of the current consolidated fiscal year.

As a result, there is no impact on the consolidated results for the fiscal year under review. In addition, there is no impact on the balance of retained earnings at the beginning of the fiscal year. Due to the adoption of accounting standards for recognizing revenues, notes and accounts receivable presented in the Current Assets in the consolidated balance sheets for the previous consolidated fiscal year are included in "accounts receivable" from the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Recognition of Revenue, no reclassification has been made for the previous consolidated fiscal year according to the new method of presentation.

(Application of Accounting Standard for Calculation of Market Value)

Accounting Standards for Market Value Calculation (Business Accounting Standards No. 30, July 4, 2009; hereinafter referred to as "Market Value Calculation Accounting Standards") have been applied from the beginning of the current consolidated fiscal year, and new accounting policies stipulated by Accounting Standards for Market Value Calculation, etc. will be applied in the future in accordance with the transitional provisions set forth in Article 19 of the Accounting Standards for Market Value Calculation and Article 44-2 of the Accounting Standards for Financial Instruments (Business Accounting Standards No. 10, July 4, 2009). The adoption of current value accounting standards has no impact on the consolidated financial statements.

(Segment and Other Information)

[Segment Information]

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021) and Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

We omit this statement because we are a single segment of the Cloud Solutions Business.

[Related Information]

Previous Consolidated Fiscal Year (from April 1, 2020 to March 31, 2021)

1. Information for each product and service

The description is omitted because the Net Sales of a single product/service category to external customers exceeds 90% of the Net Sales in the consolidated statements of income.

2. Regional information

(1) Net Sales

The description is omitted because the Net Sales to external customers in Japan exceeds 90% of the Net Sales in the consolidated statements of income.

(2) tangible Non-Current Assets

The amount of tangible Non-Current Assets located in Japan exceeds 90% of the amount of tangible Non-Current Assets on the consolidated balance sheet, and therefore is omitted.

3. Information by key Customer

The descriptions are omitted because none of the external customers accounted for 10% more than of the Net Sales in the consolidated statements of income out of their Net Sales to external customers.

Consolidated Fiscal Year (from April 1, 2021 to March 31, 2022)

1. Information for each product and service

The description is omitted because the Net Sales of a single product/service category to external customers exceeds 90% of the Net Sales in the consolidated statements of income.

2. Regional information

(1) Net Sales

The description is omitted because the Net Sales to external customers in Japan exceeds 90% of the Net Sales in the consolidated statements of income.

(2) tangible Non-Current Assets

The amount of tangible Non-Current Assets located in Japan exceeds 90% of the amount of tangible Non-Current Assets on the consolidated balance sheet, and

therefore is omitted.

3. Information by key Customer

The descriptions are omitted because none of the external customers accounted for 10% more than of the Net Sales in the consolidated statements of income out of their Net Sales to external customers.

[Information on Impairment Losses of Non-Current Assets by Reporting Segment]

There are no applicable items.

[Information on amortized goodwill and unamortized balance for each reporting segment]

There are no applicable items.

[Information on Gains on Negative Goodwill by Reporting Segment]

There are no applicable items.

(Per Share Information)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net assets per share	¥237.49	¥247.99
Net Income per Share	¥2.95	¥15.50

Note 1. Diluted net income per share is not stated because there is no latent stock.

The basis for the calculation of net income per share is as follows.

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Profit attributable to owners of the parent (thousands of yen)	20,329	106,959
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Profit attribute to owners of parent (thousands of yen) related to common shares	20,329	106,959
Average number of shares of common shares	6,901,401	6,901,401

(Major Subsequent Events)

There are no applicable items.