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February 9, 2023

(Delayed) Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Japanese GAAP)

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Scheduled date of file quarterly securities report:	February 13, 2023
Scheduled date to commence dividend payment:	-
Preparation of supplementary materials on quarterly 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 Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(1) Consolidated Operating Results (cumulative)

(Percentage indicate year-on-year changes.)

	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	%
Nine months ended										
December 31, 2022	1,972	10.1	480	14.9	148	60.2	148	58.8	93	66.4
December 30, 2021	1,791	9.5	418	9.5	92	80.7	93	81.4	55	94.4

Note: Comprehensive Income For the Nine months ended December 31, 2022 93Millions of yen (66.4%)

For the Nine months ended December 31, 2021 55Millions of yen (94.4%)

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 current quarter (changes in specified subsidiaries due to changes in the scope of consolidation): None

(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: None

(3) 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.14 "2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly 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 December 31,2022	7,280,700 Shares	As of March 31,2022	7,280,700 Shares
As of December 31,2022	379,299 Shares	As of March 31,2022	379,299 Shares
Nine months ended December 31,2022	6,901,401 Shares	Nine months ended December 31,2021	6,901,401 Shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period

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

*Explanation of appropriate use of earnings forecasts and other special notes

Supplementary materials on quarterly financial results will be disclosed by TDnet on February 9, 2023, and will be posted on our website on the same day

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1. Qualitative Information on Current Quarterly Financial Results

(1) Earnings

In the cumulative business results for the Third quarter (April 1, 2022 to December 31, 2022), Net Sales was 1,972,819 thousand yen (a 10.1% increase in YOY), EBITDA was 480,637 thousand yen (a 14.9% increase in YOY), Operating profit was 148,204 thousand yen (a 60.2% increase in YOY), ordinary profit was 148,286 thousand yen (a 58.8% increase in YOY), and the profit attributable to owners of parent was 93,128 thousand yen (a 66.4% increase in YOY).

Summary of Consolidated Results	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	1,791,217	1,972,819	181,601	10.1
EBITDA	418,169	480,637	62,467	14.9
Operating profit	92,498	148,204	55,705	60.2
Ordinary profit	93,352	148,286	54,934	58.8
Profit attributable to owners of parent	55,973	93,128	37,154	66.4

With the aim of realizing our mission of "Create many 'good life' for others with technology and heart.", we have established a vision of "Create society where comfortable life circulates.". Based on this vision, we develop systems and applications to resolve various issues in the real estate business and the real estate market, and offer these systems as SaaS, a subscription-based service. Through this, we are developing businesses that support digital transformation (DX) in the real estate business.

As announced on October 24, 2022, we have decided to redefine our mission, vision and values, and revise its corporate logo, service names, and service logos. In light of recent business conditions, we have set our new mission and our vision. Based on this philosophy, we are promoting brand renewal for the entire service in order to create an integrated customer experience value. Under the new brand, we will continue to develop its business aiming for DX of the real estate industry and the real estate market.

For the third quarter of fiscal 2023 ended December 31, 2022, sales were 1,972,819 thousand yen (up 10.1% year-over-year), an increase of 181,601 thousand yen from the same period last year. This is because acquisition of new customers and up-selling/cross-selling to existing customers performed well.

The number of subscription customers reached 1,492 as of the end of the third quarter (1,477 in the same period of the previous year), and the ARPU (*1) in December was approximately 125,400 yen (116,900 yen in the same period of the previous year).

* "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.

Item details	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Year-on-year change	
	Sales (thousands of yen)	Percentage of total	Sales (thousands of yen)	Percentage of total	Difference (thousand yen)	Percentage change (%)
Subscription (Note 1)	1,532,467	85.6	1,626,966	82.5	94,498	6.2
Solution (Note 2)	258,749	14.4	345,853	17.5	87,103	33.7
Total	1,791,217	100.0	1,972,819	100.0	181,601	10.1

(Note 1). Subscription: Revenue earned continuously on a monthly basis unless customers apply for cancellation, including monthly charges for 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 for SaaS service, commissioned development of system, and sale or introduction of other companies' services as an agency.

We conduct transactions denominated in US dollars with vendors that provide IaaS (Infrastructure as a Service), which is the service infrastructure platform for operating our SaaS, and usage fees have increased due to the recent depreciation of the yen. In addition, labor costs related to development activities increased due to an increase in personnel, mainly new graduates. As a result, the cost of sales was 800,933 thousand yen (up 9.2% year-over-year).

By expanding our marketing, sales and support systems through active hiring of new graduates, personnel expenses have increased. In addition, as an investment for the future in preparation for a 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 SaaS usage fees related to this project have increased. As a result, selling, general and administrative expenses amounted to 1,023,681 thousand yen (up 6.1% year-over-year).

As a result, EBITDA for the quarter was 480,637 thousand yen (up 14.9% year-over-year), an increase of 62,467 thousand yen from the same period last year. Operating profit was 148,204 thousand yen (up 60.2% year-over-year), an increase of 55,705 thousand yen.

Since the Group's reporting segment is the single segment of the "Cloud Solution Business," segment performance is omitted.

(2) Financial Position

① Assets

The Assets as of the end of the third quarter were 2,218,072 thousand yen, an increase of 30,529 thousand yen from the end of the previous consolidated fiscal year.

The Current Assets balance was 837,290 thousand yen, an increase of 4,193 thousand yen from the end of the previous consolidated fiscal year. This is attributable to an increase in work in process of 22,185 thousand yen due to commissioned development of the system.

The balance of Non-Current Assets increased by 26,336 thousand yen from the end of the previous consolidated fiscal year to 1,380,781 thousand yen. The main factors behind this increase were an increase of 59,416 thousand yen in software, and an increase of 31,042 thousand yen in long-term prepaid expenses due to bland renewal project.

② Liabilities

Total liabilities at the end of the third quarter were 447,999 thousand yen, a decrease of 28,091 thousand yen from the end of the previous consolidated fiscal year.

The balance of current liabilities was 445,189 thousand yen, a decrease of 28,030 thousand yen from the end of the previous consolidated fiscal year. The main factors behind the decrease were a decrease of 46,261 thousand yen in income taxes payable, and a decrease of 32,908 thousand yen in the provision for bonuses due to the payment of bonuses.

The balance of long-term liabilities was 2,809 thousand yen, a decrease of 60 thousand yen from the end of the previous consolidated fiscal year.

③ Net assets

The balance of net assets at the end of the third quarter of were 1,770,072 thousand yen, an increase of 58,621 thousand yen from the end of the previous consolidated fiscal year. This is attributable to an increase of 93,128 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

④ Cash Flow

The balance of cash and cash equivalents as of the end of the third quarter of the current consolidated fiscal year was 733,886 thousand yen, an increase of 2,241 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)

Net cash provided by operating activities was 416,922 thousand yen, (475,639 thousand yen in the same period of the previous year). The main sources of income are depreciation of 332,432 thousand yen and profit before income taxes of 147,428 thousand yen. The main expenditure factors were income taxes paid of 78,501 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 377,793 thousand yen, (314,884 thousand yen in the same period of the previous year). The main expenditure was 372,224 thousand yen for acquisitions of intangible Non-Current Assets.

(Cash flows from financing activities)

Net cash used in financing activities was 34,371 thousand yen, (34,381 thousand yen in the same period of the previous year). Cash dividends paid amounted to 34,371 thousand yen.

(3) Outlook

Consolidated Forecast for the fiscal year ending March 31, 2023 has remained unchanged from the figures published on May 12, 2022, as the results for the first quarter of the current consolidated fiscal year are generally in line with expectations.

The Group's consolidated business outlook for the fiscal year ending March 2023 is as follows.

Net Sales:	2,653 million yen (+9.0% YOY)
Operating profit:	180 million yen (+8.9% YOY)
Ordinary profit:	180 million yen (+8.5% YOY)
Profit attributable to owners of parent:	112 million yen (+4.9% YOY)

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	731,644	733,886
Notes and accounts receivable - trade, and contract assets	48,228	26,243
Work in process	2,669	24,855
Prepaid expenses	51,066	52,432
Other	1,584	1,732
Allowance for doubtful accounts	△2,095	△1,859
Total current assets	833,097	837,290
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	55,148	55,148
Accumulated depreciation	△41,780	△43,227
Facilities attached to buildings, net	13,367	11,920
Tools, furniture and fixtures	156,489	161,914
Accumulated depreciation	△124,983	△135,228
Tools, furniture and fixtures, net	31,506	26,686
Total property, plant and equipment	44,873	38,606
Intangible assets		
Software	995,054	1,054,471
Software in progress	167,542	127,325
Total intangible assets	1,162,596	1,181,796
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	77,125	75,490
Long-term prepaid expenses	3,870	34,912
Deferred tax assets	23,978	7,974
Total investments and other assets	146,973	160,377
Total non-current assets	1,354,444	1,380,781
Total assets	2,187,542	2,218,072

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - other	77,977	112,581
Income taxes payable	60,951	14,690
Advances received	228,866	250,780
Deposits received	11,804	22,887
Provision for bonuses	45,374	12,466
Other	48,245	31,784
Total current liabilities	473,220	445,189
Non-current liabilities		
Guarantee Deposited	2,870	2,809
Total non-current liabilities	2,870	2,809
Total liabilities	476,091	447,999
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	503,460	562,082
Treasury shares	△ 138,600	△ 138,600
Total shareholders' equity	1,711,451	1,770,072
Total net assets	1,711,451	1,770,072
Total liabilities and net assets	2,187,542	2,218,072

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

(Quarterly Consolidated Statement of Income)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	1,791,217	1,972,819
Cost of sales	733,610	800,933
Gross profit	1,057,607	1,171,886
Selling, general and administrative expenses	965,109	1,023,681
Operating profit	92,498	148,204
Non-operating income		
Interest income	4	5
Commission income	1,091	2,738
Gain on forfeiture of unclaimed dividends	221	309
Total non-operating income	1,316	3,053
Non-operating expenses		
Interest expenses	11	3
Commission expenses	452	452
Foreign exchange losses	—	2,515
Total non-operating expenses	463	2,970
Ordinary profit	93,352	148,286
Extraordinary losses		
Loss on retirement of non-current assets	1,086	858
Total extraordinary losses	1,086	858
Profit before income taxes	92,265	147,428
Income taxes - current	24,157	38,296
Income taxes - deferred	12,134	16,003
Total income taxes	36,292	54,300
Profit	55,973	93,128
Profit attributable to owners of parent	55,973	93,128

(Quarterly Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	55,973	93,128
Comprehensive income	55,973	93,128
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	55,973	93,128

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	92,265	147,428
Depreciation	325,671	332,432
Loss on retirement of non-current assets	1,086	858
Foreign exchange losses (gains)	—	2,515
Increase (decrease) in allowance for doubtful accounts	△1,955	△236
Increase (decrease) in provision for bonuses	△30,473	△32,908
Interest and dividend income	△4	△5
Interest expenses	11	3
Decrease (increase) in trade receivables	41,324	21,984
Decrease (increase) in inventories	△9,722	△22,135
Increase (decrease) in accounts payable - other	16,700	34,468
Increase (decrease) in advances received	65,266	21,913
Increase (decrease) in accrued consumption taxes	△5,908	△15,870
Increase (decrease) in guarantee deposits received	△824	△60
Other, net	△12,953	5,033
Subtotal	480,484	495,423
Interest and dividends received	4	5
Interest paid	△11	△3
Income taxes paid	△21,617	△78,501
Income taxes refund	16,779	—
Net cash provided by (used in) operating activities	475,639	416,922
Cash flows from investing activities		
Purchase of property, plant and equipment	△9,462	△5,663
Purchase of intangible assets	△305,427	△372,224
Proceeds from refund of leasehold and guarantee deposits	93	94
Payments of leasehold and guarantee deposits	△87	—
Net cash provided by (used in) investing activities	△314,884	△377,793
Cash flows from financing activities		
Dividends paid	△34,381	△34,371
Net cash provided by (used in) financing activities	△34,381	△34,371
Effect of exchange rate change on cash and cash equivalents	—	△2,515
Net increase (decrease) in cash and cash equivalents	126,373	2,241
Cash and cash equivalents at beginning of period	529,739	731,644
Cash and cash equivalents at end of period	656,113	733,886

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Assumptions of Continuing Enterprises)

There are no applicable items.

(Notes in Cases of Significant Changes in the Amount of Shareholders' Equity)

There are no applicable items.

(Changes in Significant Subsidiaries during the Year to Date of Consolidation)

There are no applicable items.

(Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements)

There are no applicable items.

(Change in Accounting Policy)

(Application of the Accounting Standard for the Calculation of Market Value)

"Guidance on Accounting Standards for Current Value Calculation" (Accounting Standards No. 31, June 17, 2021; hereinafter referred to as "Guidance on Accounting Standards for Current Value Calculation") was adopted from the beginning of the current consolidated accounting period, and new accounting policies stipulated in the Guidance on Application of Accounting Standards for Current Value Calculation are to be applied in the future in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Application of Accounting Standards for Current Value Calculation. The application of the guidance on application of current value accounting standards has no impact on the quarterly consolidated financial statements.