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May 11, 2023

(Delayed) Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese GAAP)

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Scheduled date of annual general meeting of shareholders:	June 22, 2023
Scheduled date to commence dividend payment:	June 23, 2023
Scheduled date to file annual securities report:	June 19, 2023
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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	2,696	10.8	682	13.7	234	41.7	236	41.8	158	47.9
March 31, 2022	2,434	9.9	600	17.7	165	138.4	166	134.0	106	426.1

Note: Comprehensive Income For the fiscal year ended March 31, 2023 158Millions of yen (47.9%)
For the fiscal year ended March 31, 2022 106Millions of yen (426.1%)

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, 2023	22.92	-	8.9	10.4	8.7
March 31, 2022	15.50	-	6.4	8.0	6.8

Reference: For the fiscal year ended March 31, 2023 - Millions of yen

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

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, 2023	2,357	1,835	77.9	265.90
As of March 31, 2022	2,187	1,711	78.2	247.99

Reference: Equity As of March 31, 2023 1,835 Millions of yen

As of March 31, 2022 1,711 Millions of yen

(3) 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, 2023	635	△525	△34	806
March 31, 2022	675	△439	△34	731

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year Ended March 31, 2022	-	0.00	-	5.00	5.00	34	32.3	2.1
Fiscal Year Ended March 31, 2023	-	0.00	-	5.00	5.00	34	21.8	1.9
Forecast for Fiscal Year Ended March 31, 2024	-	0.00	-	5.00	5.00		16.7	

3.Consolidated Earnings Forecasts for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	2,950	9.4	300	28.1	308	30.4	204	29.3	29.63

Reference: EBITDA 785 Millions of yen (YonY +15.1%)

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 31,2023	7,280,700 Shares	As of March 31,2022	7,280,700 Shares
As of March 31,2023	379,299 Shares	As of March 31,2022	379,299 Shares
Fiscal year ended March 31,2023	6,901,401 Shares	Fiscal year ended March 31,2022	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, 2023

(April 1, 2022 to March 31, 2023)

(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, 2023	2,696	10.8	127	44.9	148	47.7	100	65.0
March 31, 2022	2,434	9.9	87	585.6	100	540.6	60	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	14.52	-
March 31, 2022	8.80	-

(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, 2023	2,171	1,646	75.8	238.64
March 31, 2022	2,048	1,581	77.2	229.12

Reference: Equity As of March 31, 2023 1,646 Millions of yen
As of March 31, 2022 1,581 Millions of yen

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

Table of Contents of Attachments

1. Overview of Results	6
(1) Earnings	6
(2) Financial Position	7
(3) Cash Flows	8
(4) Outlook	9
(5) Dividend policy and dividends for the year under review and coming year	11
2. Approach to Selection of Accounting Standards	11
3. Consolidated Financial Statements and Major Notes	12
(1) Consolidated Balance Sheets	12
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	14
Consolidated statements of income	14
Consolidated Statement of Comprehensive Income	15
(3) Consolidated Statement of Changes in Net Assets	16
(4) Consolidated Statement of Cash Flows	17
(5) Notes to Consolidated Financial Statements	18
Notes on Premise of Going Concern	18
Important Matters That Are the Basis for Preparation of Consolidated Financial Statements	18
Change in Accounting Policy	19
Segment and Other Information	19
Per Share Information	21
Major Subsequent Events	21

1. Overview of Results

(1) Earnings

Summary of Consolidated Results	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	2,434,354	2,696,814	262,459	10.8
EBITDA (operating profit+ depreciation expenses)	600,391	682,822	82,431	13.7
Operating profit	165,503	234,567	69,063	41.7
Ordinary profit	165,756	236,432	69,676	41.8
Profit attributable to owners of parent	106,959	158,150	51,191	47.9

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 fiscal year ended March 31, 2023, sales were 2,696,814 thousand yen (up 10.8% year-over-year), an increase of 262,459 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. And solution sales, including contracted system development of SaaS add-on functions and SaaS implementation and operation support services, were also strong.

The number of subscription customers reached 1,490 as of the end of the fiscal year (1,457 in the same period of the previous year), and the ARPU (*1) in March was approximately 129,000 yen (119,700 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.

The breakdown of net sales is as follows.

Item details	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		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)	2,053,754	84.4	2,196,144	81.4	142,389	6.9
Solution (Note 2)	380,600	15.6	500,670	18.6	120,070	31.5
Total	2,434,354	100.0	2,696,814	100.0	262,459	10.8

(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 1,096,425 thousand yen (up 11.0% 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 1,365,820 thousand yen (up 6.6% year-over-year).

As a result, EBITDA for the fiscal year was 682,822 thousand yen (up 13.7% year-over-year), an increase of 82,431 thousand yen from the same period last year. Operating profit was 234,567 thousand yen (up 41.7% year-over-year), an increase of 69,063 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 fiscal year were 2,357,059 thousand yen, an increase of 169,516 thousand yen from the end of the previous consolidated fiscal year.

The main factors behind this increase were an increase of 77,397 thousand yen in software, and an increase of 75,327 thousand yen in Cash and deposits.

② Liabilities

Total liabilities at the end of the fiscal year were 521,964 thousand yen, an increase of 45,873 thousand yen from the end of the previous consolidated fiscal year.

The main factors behind this increase were 28,454 thousand yen increase in advances received in

conjunction with an increase in SaaS monthly fees received in advance from customers.

③ Net assets

The balance of net assets at the end of the fiscal year were 1,835,094 thousand yen, an increase of 123,643 thousand yen from the end of the previous consolidated fiscal year.

This is attributable to an increase of 158,150 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

The balance of cash and cash equivalents as of the end of the fiscal year was 806,971 thousand yen, an increase of 75,327 thousand yen from the end of the previous consolidated fiscal year. Cash flows and their major factors are as follows.

① Cash flows from operating activities

Net cash provided by operating activities was 635,758 thousand yen, (675,563 thousand yen in the same period of the previous year). The main sources of income are depreciation of 448,255 thousand yen and profit before income taxes of 235,434 thousand yen.

② Cash flows from investing activities

Net cash used in investing activities was 525,402 thousand yen, (439,273 thousand yen in the same period of the previous year). The main expenditure was 513,358 thousand yen for acquisitions of intangible Non-Current Assets related to new SaaS development and functional expansion.

③ Cash flows from financing activities

Net cash used in financing activities was 34,481 thousand yen, (34,384 thousand yen in the same period of the previous year). Cash dividends paid amounted to 34,481 thousand yen.

(Cash flow indicators)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Capital-Asset ratio (%)	80.6	81.0	83.0	78.2	77.9
Market value-based Capital-Asset ratio (%)	118.8	115.3	204.9	125.9	149.3
Cash Flow Ratio to Interest-Bearing Debt (Year)	0.2	0.1	0.0	0.0	0.0
Interest coverage ratio (times)	1,045.6	2,002.3	4,179.9	50,250.2	167,084

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 31,2024 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, 2024	2,950	300	308	204	29.63
Fiscal year ending March 31, 2023 Results (B)	2,696	234	236	158	22.92
Increase (decrease) in A-B	253	65	71	46	
Percentage change (%)	9.4	28.1	30.4	29.3	

While the spread of the Coronavirus infection is coming to an end and the global economy is normalizing, the global economy is expected to slow down due to increasing geopolitical risks in the current global situation, tight supply and demand for resources, rising prices on a global scale, and tightening monetary policies in various countries. In the Japanese domestic real estate market, which is the primary business domain of our group, although accommodative monetary policies are continuing, we believe that there is growing uncertainty about the future predictability of the market.

In the real estate market, market conditions may be directly affected by the monetary policy trends of the authorities, especially for real estate sales and brokerage businesses with flow-type profit structures that are highly loan-dependent. On the other hand, the main users of our SaaS lineup are medium-sized and larger property management businesses, which have a stock-type revenue structure based mainly on monthly management commissions, so we expect that the short-term impact will be limited. Therefore, we will continue to monitor monetary policy trends and real estate market conditions closely, and will continue to aggressively pursue investment and marketing/sales activities.

In addition to monetary policy trends, changes in the external environment surrounding the real estate market include the "Revised Building Lots and Buildings Transaction Business Law," which went into effect in May 2022, making it possible to fully online the conclusion and renewal of real estate lease contracts. In the area of real estate rental management, the "Rental Housing Management Business Law" requires real estate management companies above a certain size to register with the Ministry of Land, Infrastructure, Transport, and Tourism, and imposes new duties such as the obligation to explain important matters to owners in advance. We anticipate that the regulatory authorities will be actively engaged in activities to enhance the effectiveness of the new regulations, including the commencement of on-site inspections and patrols of the status of business operations based on this law.

The fastest online seminar in the industry, co-hosted by several companies including our group, was attended by more than 500 people. These developments suggest that the superiority of SaaS-type systems and applications in quickly responding to legal revisions will continue to grow and spread at an accelerated pace.

Our group, as the market leader in real estate tech, will continue to develop our business to further accelerate DX in the real estate market. In particular, we will focus on promoting the introduction of

our SaaS to major property management companies that have been using on-premise in-house systems and supporting smooth system operation, aiming for sales growth in both the subscription and solution segments.

In addition, to further accelerate sales growth in the future, we will also strengthen its investments in expanding SaaS functions and developing new product lineups, such as enhancing data integration functions with clients' accounting systems and implementing functions to comply with the invoice system.

In addition, we will continue to promote the optimization of overall related operations, not just individual operations, in both marketing and sales by leveraging its strengths, such as its full lineup of business support SaaS series covering all real estate-related operations and seamless information linkage between each SaaS product, we will also aim for growth by up-selling/cross-selling to existing customers.

The SaaS offered by the Group is an optimal structure for the real estate industry, which aims to respond to changes and achieve DX, as it can speedily provide the latest functional upgrades in response to legal revisions, etc. via the Internet. In the fiscal year ending March 31, 2024, we will continue to steadily grasp the above market changes and aim for further growth.

Based on the above outlook, we will continue to develop our business 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, 2023.

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 31,2019 (Results)	Fiscal year ended March 31,2020 (Results)	Fiscal year ended March 31,2021 (Results)	Fiscal year ended March 31,2022 (Results)	Fiscal year ended March 31,2023 (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 (△)	△3,478 thousand yen	72,730 thousand yen	20,329 thousand yen	106,959 thousand yen	158,150 thousand yen
(4) Profit per share Net loss per share (△)	△0.50 yen	10.54 yen	2.95 yen	15.50 yen	22.92 yen
(5) Dividend payout ratio (= (1)/(4))	-	47.4%	169.7%	32.3%	21.8%

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	731,644	806,971
Accounts receivable - trade	48,228	58,496
Work in process	2,669	11,827
Prepaid expenses	51,066	49,114
Forward exchange contracts	—	1,248
Other	1,584	1,560
Allowance for doubtful accounts	△2,095	△1,507
Total current assets	833,097	927,712
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	55,148	56,565
Accumulated depreciation	△41,780	△43,733
Facilities attached to buildings, net	13,367	12,832
Tools, furniture and fixtures	156,489	167,236
Accumulated depreciation	△124,983	△139,390
Tools, furniture and fixtures, net	31,506	27,846
Total property, plant and equipment	44,873	40,678
Intangible assets		
Software	995,054	1,072,452
Software in progress	167,542	140,318
Total intangible assets	1,162,596	1,212,771
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	77,125	74,976
Long-term prepaid expenses	3,870	33,568
Deferred tax assets	23,978	25,351
Total investments and other assets	146,973	175,896
Total non-current assets	1,354,444	1,429,346
Total assets	2,187,542	2,357,059

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - other	77,977	104,154
Income taxes payable	60,951	60,401
Advances received	228,866	257,320
Deposits received	11,804	12,506
Provision for bonuses	45,374	48,731
Other	48,245	36,039
Total current liabilities	473,220	519,154
Non-current liabilities		
Guarantee Deposited	2,870	2,809
Total non-current liabilities	2,870	2,809
Total liabilities	476,091	521,964
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	503,460	627,104
Treasury shares	△138,600	△138,600
Total shareholders' equity	1,711,451	1,835,094
Total net assets	1,711,451	1,835,094
Total liabilities and net assets	2,187,542	2,357,059

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

(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	2,434,354	2,696,814
Cost of sales	988,103	1,096,425
Gross profit	1,446,250	1,600,388
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	172,155	176,652
Salaries	527,580	538,135
Provision for bonuses	26,074	26,800
Retirement benefit expenses	6,378	6,637
Legal welfare expenses	97,587	101,847
Rent expenses on land and buildings	97,290	95,517
Depreciation	16,463	17,589
Other	337,217	402,642
Total selling, general and administrative expenses	1,280,747	1,365,820
Operating profit	165,503	234,567
Non-operating income		
Interest income	7	10
Gain on forfeiture of unclaimed dividends	221	309
Commission income	1,636	3,065
Total non-operating income	1,865	3,385
Non-operating expenses		
Interest expenses	13	3
Commission expenses	600	593
Foreign exchange losses	—	923
Total non-operating expenses	613	1,520
Ordinary profit	166,756	236,432
Extraordinary losses		
Loss on retirement of non-current assets	1,086	998
Total extraordinary losses	1,086	998
Profit before income taxes	165,670	235,434
Income taxes - current	58,473	78,656
Income taxes - deferred	237	△1,372
Total income taxes	58,710	77,283
Profit	106,959	158,150
Profit attributable to owners of parent	106,959	158,150

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	106,959	158,150
Comprehensive income	106,959	158,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	106,959	158,150

(3) Consolidated Statement of Changes in net assets

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						
Dividends of surplus			△34,507		△34,507	△34,507
Profit attributable to owners of parent			106,959		106,959	106,959
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

Fiscal Year Ended March 31, 2023

(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	503,460	△138,600	1,711,451	1,711,451
Changes during period						
Dividends of surplus			△34,507		△34,507	△34,507
Profit attributable to owners of parent			158,150		158,150	158,150
Total changes during period	—	—	123,643	—	123,643	123,643
Balance at end of period	628,411	718,179	627,104	△138,600	1,835,094	1,835,094

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	165,670	235,434
Depreciation	434,887	448,255
Loss on retirement of non-current assets	1,086	998
Foreign exchange losses (gains)	—	△701
Increase (decrease) in allowance for doubtful accounts	△1,750	△588
Increase (decrease) in provision for bonuses	3,000	3,357
Interest and dividend income	△7	△10
Interest expenses	13	3
Decrease (increase) in trade receivables	5,494	△10,267
Decrease (increase) in inventories	△530	△9,107
Increase (decrease) in accounts payable - other	△9,124	25,887
Increase (decrease) in advances received	100,128	28,454
Increase (decrease) in accrued consumption taxes	1,755	△11,817
Increase (decrease) in guarantee deposits received	△911	△60
Other, net	△19,301	4,418
Subtotal	680,407	714,254
Interest and dividends received	7	10
Interest paid	△13	△3
Income taxes paid	△21,618	△78,502
Income taxes refund	16,779	—
Net cash provided by (used in) operating activities	675,563	635,758
Cash flows from investing activities		
Purchase of property, plant and equipment	△14,410	△12,137
Purchase of intangible assets	△424,956	△513,358
Proceeds from redemption of lease and guarantee deposits	180	94
Payments of leasehold and guarantee deposits	△87	—
Net cash provided by (used in) investing activities	△439,273	△525,402
Cash flows from financing activities		
Dividends paid	△34,384	△34,481
Net cash provided by (used in) financing activities	△34,384	△34,481
Effect of exchange rate change on cash and cash equivalents	—	△546
Net increase (decrease) in cash and cash equivalents	201,904	75,327
Cash and cash equivalents at beginning of period	529,739	731,644
Cash and cash equivalents at end of period	731,644	806,971

(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

① Derivatives

Derivatives are stated at fair value.

② 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.

There are no applicable items.

(Changes 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 consolidated financial statements.

(Segment and Other Information)

[Segment Information]

Previous Consolidated Fiscal Year (April 1, 2021 to March 31, 2022) and Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

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

[Related Information]

Previous 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.

Consolidated Fiscal Year (from April 1, 2022 to March 31, 2023)

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, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net assets per share	¥247.99	¥265.90
Net Income per Share	¥15.50	¥22.92

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, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of the parent (thousands of yen)	106,959	158,150
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Profit attribute to owners of parent (thousands of yen) related to common shares	106,959	158,150
Average number of shares of common shares	6,901,401	6,901,401

(Major Subsequent Events)

There are no applicable items.