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Aug 14, 2023

Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: Living Platform, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7091
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Scheduled date for filing quarterly securities report: August 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Three Months Ended June 30, 2023

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	3,959	18.6	24	△78.6	67	25.9	51	△28.4
June 30, 2022	3,338	27.5	116	2.6	53	△87.2	72	△71.7

Note: Comprehensive income

As of June 30, 2023: 51 millions of yen (△31.3%)
 As of June 30, 2022: 75 millions of yen (△70.5%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	11.67	11.51
June 30, 2022	16.32	16.13

(2) Consolidated financial position

	Total assets	Net assets (Total equity)	Equity ratio, Owner's equity to total assets
As of	Millions of yen	Millions of yen	%
June 30, 2023	11,467	1,503	13.1
March 31, 2023	11,402	1,471	12.7

Reference: Total shareholders' equity

As of June 30, 2023: 1,502 millions of yen
 As of March 31, 2023: 1,450 millions of yen

2. Cash dividends

	Annual dividends per share
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	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		0.00	—	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2024

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	16,928	23.6	246	—	266	653.9	182	98.5

(Note) Revisions to most recent dividend forecast: None

Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): None

Newly consolidated: None

Excluded from consolidation: None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required: No

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

[4] Restatement of prior period financial statements: No

(3) Number of issued shares (common stock)

[1] Number of shares issued (including treasury stock)

As of June 30, 2023

4,492,200 shares

As of March 31, 2023

4,492,200 shares

[2] Number of shares of treasury stock

As of June 30, 2023

43,158 shares

As of March 31, 2023

43,158 shares

[3] Average number of shares outstanding during the period

Year ended June 30, 2023

4,449,042 shares

Year ended June 30, 2022

4,446,364 shares

* This consolidated financial report is not subject to audit by certified public accountants or an audit firm.

* Explanation on the proper use of the forecast on financial results and other notes descriptions that refer to future events are estimated based on the information that the Company has obtained at the present point in time and assumptions which are deemed to be reasonable. However, actual results may significantly differ from these forecasts due to various factors.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
ASSETS		
Current assets		
Cash and deposits	1,882,552	1,037,687
Notes and accounts receivable-trade	1,684,208	1,892,489
Inventories	4,541	5,047
Raw materials and supplies	28,441	29,292
Prepaid expenses	281,951	400,813
Other	540,440	262,098
Allowance for doubtful accounts	△8,493	△9,592
Total current assets	4,413,643	3,617,836
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,283,291	2,706,570
Vehicles, net	6,556	5,633
Tools, furniture and fixtures, net	112,984	111,281
Land	1,301,744	1,485,176
Lease assets, net	471,409	462,918
Construction in progress	335,821	131,513
Other, net	32,137	34,255
Total property, plant and equipment	4,543,945	4,937,348
Intangible assets		
Goodwill	1,009,929	1,420,417
Software	47,825	56,279
Other	58,656	53,757
Total intangible assets	1,116,412	1,530,454
Investments and other assets		
Investment securities	115,000	117,301
Long-term loans receivable	29,017	28,901
Long-term prepaid expenses	41,376	42,181
Deferred tax assets	100,325	125,552
Guarantee deposits	884,952	920,835
Other	184,854	174,903
Allowance for accounts receivable	△26,754	△27,411
Total investments and other assets	1,328,772	1,382,265
Total non-current assets	6,989,130	7,850,068
Total assets	11,402,773	11,467,904

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Short-term borrowings	925,553	672,427
Current portion of long-term borrowings	1,296,657	1,081,141
Lease obligations	31,075	32,134
Accounts payable – other	443,129	362,266
Accrued expenses	650,723	722,696
Income taxes payable	29,219	60,235
Unearned revenue	288,141	291,267
Withholdings	97,004	81,674
Provision for bonuses	111,546	181,283
Other	116,265	81,718
Total current liabilities	3,989,316	3,566,845
Non-current liabilities		
Long-term borrowings	4,114,830	4,481,127
Long-term advance received	391,242	430,044
Lease obligations	611,498	603,467
Retirement benefit liability	258,867	279,023
Deferred tax liability	38,435	46,455
Other	526,588	557,924
Total non-current liabilities	5,941,462	6,398,042
Total liabilities	9,930,779	9,964,887
Net assets		
Shareholders' equity		
Share Capital	358,995	358,995
Capital surplus	905,241	905,241
Retained earnings	263,324	315,239
Treasury shares	△79,459	△79,459
Total shareholders' equity	1,448,102	1,500,016
Accumulated other comprehensive income		
Net unrealized gains on securities	2,760	2,760
Accumulated other comprehensive income total	2,760	2,760
Subscription rights to shares	21,131	240
Total net assets	1,471,994	1,503,016
Total liabilities and net assets	11,402,773	11,467,904

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income Consolidated Statements of Income

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	3,338,854	3,959,430
Cost of sales	2,969,229	3,517,524
Gross profit	369,624	441,905
Selling, general and administrative expenses	253,427	416,994
Operating profit (loss)	116,197	24,911
Non-operating income		
Interest income	86	277
Subsidy income	30,586	49,935
Other	9,334	21,769
Total non-operating income	40,006	71,982
Non-operating expenses		
Interest expenses	28,569	28,147
Non-deductible consumption taxes	70,309	—
Loss from bad debts	3,437	—
Other	501	1,519
Total non-operating expenses	102,817	29,667
Ordinary profit (loss)	53,387	67,227
Extraordinary income		
Gain on sales of non-current assets	65,550	219
Income from reversal of subscription rights to shares	—	27,360
Total extraordinary income	65,550	27,580
Profit before income taxes	118,937	94,808
Income taxes - current	50,751	60,100
Income taxes – differed	△4,359	△17,206
Total income taxes	46,392	42,893
Profit	72,545	51,914
Profit attributable to owners of parent	72,545	51,914

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	72,545	51,914
Other		
Unrealized gain/loss on available-for-sale securities	3,060	-
Accumulated other comprehensive income total	3,060	-
Comprehensive income	75,606	51,914
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	75,606	51,914

Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes When There Are Significant Changes in Amounts of Equity)

Not applicable.

(Significant Subsequent Events)

[Allotment of the 5th Share Acquisition Rights]

At its Board of Directors' meeting held on June 27, 2023, the Company decided on the subscription requirements for the share acquisition rights to be issued for its directors and its employees as stock options (the "Share Acquisition Rights"), and resolved to solicit application of allottees for the Share Acquisition Rights. Based on this resolution, the Company issued the rights on July 19, 2023.

	6 th	7 th	8 th
Category and number of eligible persons:	1 of Company's board director 1 of Company's external board director	15 of Company's employees 11 of subsidiary employees	1 of Company's board director
Conditions for grant	Note 1	Note 1	Note 1
Number of share acquisition rights:	9,500	38,000	14,000
Class, details and number of shares to be issued or transferred upon exercise of share acquisition rights:	Common shares: 9,500shares	Common shares: 38,000shares	Common shares: 14,000shares
Amount to be paid upon exercise of the new share subscription rights:	None	None	1 yen, Note 2
Amount to be paid upon exercise of share acquisition rights:	1,167 yen	1,167 yen	1,167 yen
Exercise period of share acquisition rights:	From July 20, 2025 to June 26, 2033	From July 20, 2025 to June 26, 2033	From July 20, 2025 to June 26, 2033
Issue price and amount to be included in capital for shares when stock is issued upon exercise of share acquisition rights:	Issue price: 1,167 yen Amount to be included in capital: 584 yen	Issue price: 1,167 yen Amount to be included in capital: 584 yen	Issue price: 1,167 yen Amount to be included in capital: 584 yen
Conditions for the exercise of share acquisition rights:	Note 3, Note 4	Note 3, Note 4, Note 5	Note 3, Note 6
Matters concerning transfer of share acquisition rights:	Note 7	Note 7	Note 7
Issuance of share acquisition rights in the case of corporate reorganization	Note 8	Note 8	Note 8

Notes

1. In the case of allocation of the 2nd, 4th, and 5th new share subscription rights, the grant condition shall be the relinquishment of all those rights.
2. The amount in question was determined with reference to the result calculated by Plutus Consulting Co., Ltd., an external valuation agency, using the Monte Carlo simulation, a common option pricing model, taking into account our stock price information and other factors.
3. Conditions for the exercise of share acquisition rights (1)
 - a. The eligible persons must be directors or employees of the Company or its affiliates when they exercise their share acquisition rights; however, this shall not apply for cases with other reasons deemed reasonable by the Board of Directors.
 - b. In the case of the death of the recipient of the Share Acquisition Rights, no one shall be entitled to succeed the rights.
 - c. The issuance of shares through exercise of the Share Acquisition Rights shall be implemented in compliance with the matters set forth in Article 238-1 of the Companies Act, pursuant to which the resolution of grant was made for the issuance.
 - d. When exercising these new share subscription rights, the holder is required to make the prescribed declarations and submit the documents specified by the Company.

4. Conditions for the exercise of share acquisition rights (2)
 - a. The annual total amount of the exercise price of the Share Acquisition Rights shall be in the range not surpassing 1.2 million yen (or the revised upper limit if the upper limit of the annual exercise price, which is one of the tax qualification requirements, is revised through revision of laws and regulations).
 - b. Pursuant to the provisions in Article 19-3-8 of the Order for Enforcement of the Act on Special Measures Concerning Taxation, the shares to be acquired through exercise of the Share Acquisition Rights shall be entered or recorded in the book-entry transfer account register (as provided in the Act on Book-Entry Transfer of Corporate Bonds and Shares; the same shall apply hereinafter) of the financial instruments business operators, etc., or entrusted for custody or management at their branches or offices, via the Company immediately after acquisition, based on the agreements (limited to those set forth in Article 19-3-7 of the Order for Enforcement of the Act on Special Measures Concerning Taxation) concluded in advance with financial instruments business operators or financial institutions (limited to those set forth In Article 19-3-6 of the Order for Enforcement of the Act on Special Measures Concerning Taxation) regarding entrustment of entry or recording to the book-entry transfer account register, custody or management, and disposition of the Company's shares issued through exercise of the Share Acquisition Rights
5. The holder of these new share subscription rights may exercise the rights up to the following limits of the total number of these new share subscription rights, starting from the exercise commencement date:

Within one year from the exercise commencement date: Up to one-fifth (1/5).
Within two years: Up to two-fifths (2/5).
Within three years: Up to three-fifths (3/5).
Within four years: Up to four-fifths (4/5).
Within five years: Up to the total number of new share subscription rights (5/5).
6. The holder of these new share subscription rights may exercise all remaining quantities of these rights after the expiration of 5 years from the exercise commencement date until the end of the exercise period.

The holder of these new share subscription rights may exercise these rights only if the consolidated operating profit (or operating profit if consolidated financial statements are not prepared) recorded in our financial statements for any fiscal year between the fiscal year ending March 2025 and the fiscal year ending March 2027 exceeds 1,000 million yen. However, in determining the operating profit as mentioned above, if the Board of Directors determines that using the actual figures recorded in our consolidated financial statements (or financial statements if consolidated financial statements are not prepared) is not appropriate due to changes in applicable accounting standards or significant events such as corporate acquisitions that have a substantial impact on our performance, the Company may reasonably adjust the actual figures used for determination by excluding the impact of such corporate acquisitions or other events. Additionally, if the share-based compensation expense related to these new share subscription rights is recorded in the aforementioned consolidated financial statements (or financial statements if consolidated financial statements are not prepared), the determination will be made based on the operating profit before deduction of the share-based compensation expense, with the impact of the share-based compensation expense excluded.
7. The holder is prohibited from transferring, pledging, or disposing of all or any part of these new share subscription rights to any third party.
8. If the agreement or plan, etc. prepared in the case of corporate reorganization has the provision that share acquisition rights of the companies as set forth below shall be issued, the share acquisition rights of the companies as set forth below shall be issued in accordance with the ratio of the corporate reorganization.
 - a. Merger (only when the Company disappears) Stock company that survives after merger or stock company newly established through merger
 - b. Absorption-type merger Stock company that succeeds in whole or part the rights and obligations the Company has for its business
 - c. Exchange of shares Stock company that acquires the Company's entire shares issued and outstanding
 - d. Transfer of shares Stock company established through transfer of shares.