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August 10, 2023

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

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Scheduled date of file quarterly securities report:	August 10, 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 Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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	%
Three months ended										
June 30, 2023	680	10.1	133	3.0	16	△11.2	39	98.8	26	138.8
June 30, 2022	617	7.1	130	15.2	18	171.7	19	183.0	11	248.4

Note: Comprehensive Income	For the Three months ended June 30, 2023	26Millions of yen	(138.8%)
	For the Three months ended June 30, 2022	11Millions of yen	(248.4%)

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
Three months ended	Yen	Yen
June 30, 2023	3.86	-
June 30, 2022	1.62	-

(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 June 30, 2023	2,384	1,827	76.6	264.76
As of March 31, 2023	2,357	1,835	77.9	265.90

Reference: Equity As of June 30, 2023 1,827 Millions of yen
As of March 31, 2023 1,835 Millions of yen

2.Cash dividends

	Dividend per share				
	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	-	5.00	5.00
Fiscal Year Ended March 31, 2024	-				
Forecast for Fiscal Year Ended March 31, 2024		0.00	-	5.00	5.00

Note: Revisions to the forecast of cash dividends most recently announced: None.

3.Consolidated Earnings Forecasts for the Fiscal Year Ending 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 (YoY +15.1%)

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

Note: Revisions to the consolidated earnings forecasts most recently announced: None.

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.: None

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

3) Changes in accounting estimates: None

4) Modification and reappearance: None

(4) Number of Shares Issued (Common shares)

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

As of June 30,2023	7,280,700 Shares	As of March 31,2023	7,280,700 Shares
As of June 30,2023	379,299 Shares	As of March 31,2023	379,299 Shares
Three months ended June 30,2023	6,901,401 Shares	Three months ended June 30,2022	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 August 10, 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 first quarter (April 1, 2023 to June 30, 2023), Net Sales was 680,470 thousand yen (a 10.1% increase in YOY), EBITDA was 133,942 thousand yen (a 3.0% increase in YOY), operating profit was 16,177 thousand yen (a 11.2% decrease in YOY), ordinary profit was 39,203 thousand yen (a 98.8% increase in YOY), and the profit attributable to owners of parent was 26,621 thousand yen (a 138.8% increase in YOY).

Summary of Consolidated Results	Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	617,995	680,470	62,475	10.1
EBITDA	130,022	133,942	3,920	3.0
Operating profit	18,227	16,177	△2,049	△11.2
Ordinary profit	19,717	39,203	19,486	98.8
Profit attributable to owners of parent	11,150	26,621	15,471	138.8

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.

For the first quarter of fiscal 2024 ended June 30, 2023, sales were 680,470 thousand yen (up 10.1% year-over-year), an increase of 62,475 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 first quarter (1,455 in the same period of the previous year), and the ARPU (*1 & *2) in June was approximately 133,400 yen (124,800 yen 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 : Recurring sales based on the operation support contract after the introduction of SaaS will be presented as "subscription sales" instead of "solution sales" from the fiscal year ending March 31, 2024. In accordance with this change, the average average revenue per user for past fiscal years has been recalculated based on the same policy.

The breakdown of net sales is as follows.

Item details	Three months ended June 30, 2022		Three months ended June 30, 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)	537,717	87.0	598,094	87.9	60,376	11.2
Solution (Note 2)	80,277	13.0	82,376	12.1	2,098	2.6
Total	617,995	100.0	680,470	100.0	62,475	10.1

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

(Note 3). Recurring sales based on the operation support contract after the introduction of SaaS will be presented as "subscription sales" instead of "solution sales" from the fiscal year ending March 31, 2024. In accordance with this change, Sales figures for past years have also been rearranged based on the same policy.

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, Personnel, recruiting, and training expenses related to development activities increased due to investments in human capital, mainly new graduates. As a result, the cost of sales was 298,451 thousand yen (up 15.6% year-over-year).

By expanding our marketing, sales and support systems through active hiring of new graduates, investments in human capital have increased. As a result, selling, general and administrative expenses amounted to 365,840 thousand yen (up 7.1% year-over-year).

As a result, EBITDA for the quarter was 133,942 thousand yen (up 3.0% year-over-year), an increase of 3,920 thousand yen from the same period last year. Operating profit was 16,177 thousand yen (down 11.2% year-over-year), a decrease of 2,049 thousand yen.

In addition, forward exchange contracts are used to reduce foreign exchange risks associated with transactions denominated in U.S. dollars, and the recent depreciation of the yen resulted in foreign exchange gains related to these contracts as non-operating income. As a result, ordinary profit was 39,203 thousand yen (up 98.8% year-on-year), an increase of 19,486 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 first quarter were 2,384,714 thousand yen, an increase of 27,655 thousand yen from the end of the previous consolidated fiscal year.

The Current Assets balance was 912,906 thousand yen, a decrease of 14,806 thousand yen from the end of the previous consolidated fiscal year. This is attributable to a decrease in cash and deposits of 74,176 thousand yen.

The balance of Non-Current Assets increased by 42,461 thousand yen from the end of the previous consolidated fiscal year to 1,471,808 thousand yen. The main factors behind this increase were an increase of 29,941 thousand yen in software in progress.

② Liabilities

Total liabilities at the end of the first quarter were 557,504 thousand yen, an increase of 35,540 thousand yen from the end of the previous consolidated fiscal year.

The balance of current liabilities was 554,694 thousand yen, an increase of 35,540 thousand yen from the end of the previous consolidated fiscal year. The main factors behind the increase were a increase of 75,024 thousand yen increase in advances received due to increased subscription sales, etc..

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

③ Net assets

The balance of net assets at the end of the first quarter of were 1,827,209 thousand yen, a decrease of 7,885 thousand yen from the end of the previous consolidated fiscal year. This is attributable to an increase of 26,621 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 first quarter of the current consolidated fiscal year was 732,795 thousand yen, a decrease of 74,176 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 129,615 thousand yen, (72,359 thousand yen in the same period of the previous year). The main sources of income are depreciation of 117,764 thousand yen. The main expenditure factors were income taxes paid of 49,419 thousand yen, and decrease in provision for bonuses due to bonus payment of 33,108 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities was 172,215 thousand yen, (144,845 thousand yen in the same period of the previous year). The main expenditure was 168,935 thousand yen for acquisitions of intangible Non-Current Assets.

(Cash flows from financing activities)

Net cash used in financing activities was 32,309 thousand yen, (32,225 thousand yen in the same period of the previous year). Cash dividends paid amounted to 32,309 thousand yen.

(3) Outlook

Consolidated Forecast for the fiscal year ending March 31, 2024 has remained unchanged from the figures published on May 11, 2023, 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 2024 is as follows.

Net Sales:	2,950 million yen (+9.4% YOY)
Operating profit:	300 million yen (+28.1% YOY)
Ordinary profit:	308 million yen (+30.4% YOY)
Profit attributable to owners of parent:	204 million yen (+29.3% YOY)

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	806,971	732,795
Notes and accounts receivable - trade, and contract assets	58,496	50,925
Work in process	11,827	14,585
Prepaid expenses	49,114	90,062
Forward exchange contracts	1,248	22,186
Other	1,560	3,983
Allowance for doubtful accounts	△1,507	△1,633
Total current assets	927,712	912,906
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	56,565	56,565
Accumulated depreciation	△43,733	△44,236
Facilities attached to buildings, net	12,832	12,329
Tools, furniture and fixtures	167,236	169,770
Accumulated depreciation	△139,390	△142,288
Tools, furniture and fixtures, net	27,846	27,481
Total property, plant and equipment	40,678	39,810
Intangible assets		
Trademark right	—	747
Software	1,072,452	1,093,597
Software in progress	140,318	170,260
Total intangible assets	1,212,771	1,264,606
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	74,976	74,462
Long-term prepaid expenses	33,568	36,686
Deferred tax assets	25,351	14,241
Total investments and other assets	175,896	167,390
Total non-current assets	1,429,346	1,471,808
Total assets	2,357,059	2,384,714

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - other	104,154	115,773
Income taxes payable	60,401	7,089
Advances received	257,320	332,344
Deposits received	12,506	42,788
Provision for bonuses	48,731	15,623
Other	36,039	41,075
Total current liabilities	519,154	554,694
Non-current liabilities		
Guarantee Deposited	2,809	2,809
Total non-current liabilities	2,809	2,809
Total liabilities	521,964	557,504
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	627,104	619,219
Treasury shares	△138,600	△138,600
Total shareholders' equity	1,835,094	1,827,209
Total net assets	1,835,094	1,827,209
Total liabilities and net assets	2,357,059	2,384,714

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

(Quarterly Consolidated Statement of Income)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	617,995	680,470
Cost of sales	258,264	298,451
Gross profit	359,730	382,018
Selling, general and administrative expenses	341,503	365,840
Operating profit	18,227	16,177
Non-operating income		
Interest income	0	0
Foreign exchange gains	—	23,042
Commission income	1,640	131
Total non-operating income	1,641	23,175
Non-operating expenses		
Interest expenses	1	0
Commission expenses	149	149
Total non-operating expenses	151	149
Ordinary profit	19,717	39,203
Extraordinary losses		
Loss on retirement of non-current assets	—	0
Total extraordinary losses	—	0
Profit before income taxes	19,717	39,203
Income taxes - current	1,471	1,471
Income taxes - deferred	7,095	11,110
Total income taxes	8,567	12,581
Profit	11,150	26,621
Profit attributable to owners of parent	11,150	26,621

(Quarterly Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	11,150	26,621
Comprehensive income	11,150	26,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,150	26,621

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	19,717	39,203
Depreciation	111,795	117,764
Loss on retirement of non-current assets	—	0
Foreign exchange losses (gains)	—	△21,671
Increase (decrease) in allowance for doubtful accounts	△379	126
Increase (decrease) in provision for bonuses	△32,589	△33,108
Interest and dividend income	△0	△0
Interest expenses	1	0
Decrease (increase) in trade receivables	27,926	7,570
Decrease (increase) in inventories	△908	△2,757
Increase (decrease) in accounts payable - other	22,649	9,579
Increase (decrease) in advances received	△9,621	75,024
Increase (decrease) in accrued consumption taxes	△9,505	5,035
Increase (decrease) in guarantee deposits received	30	—
Other, net	△7,489	△17,730
Subtotal	121,626	179,035
Interest and dividends received	0	0
Interest paid	△1	△0
Income taxes paid	△49,266	△49,419
Net cash provided by (used in) operating activities	72,359	129,615
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,823	△3,280
Purchase of intangible assets	△143,022	△168,935
Net cash provided by (used in) investing activities	△144,845	△172,215
Cash flows from financing activities		
Dividends paid	△32,225	△32,309
Net cash provided by (used in) financing activities	△32,225	△32,309
Effect of exchange rate change on cash and cash equivalents	—	733
Net increase (decrease) in cash and cash equivalents	△104,712	△74,176
Cash and cash equivalents at beginning of period	731,644	806,971
Cash and cash equivalents at end of period	626,932	732,795

(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)

There are no applicable items.