

Note: This document has been translated from Japanese original for reference purposes only. Some sentences have been machine translated. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



August 8, 2024

(Delayed) Consolidated Financial Results for the Three Months Ended June 30, 2024 (Japanese GAAP)

| | |
|--|--|
| Company name: e-Seikatsu Co., Ltd. | Listing: Standard, Tokyo Stock Exchange |
| Securities code: 3796 | URL: https://www.e-seikatsu.info/ |
| Representative: President and CEO | Zenichi Maeno |
| Inquiries: Executive Vice President and CFO | Hiroyuki Shiokawa |
| TEL: +81-03-5423-7820 | |
| 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, 2024 (April 1, 2024 to June 30, 2024)

(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, 2024 | 711 | 4.6 | 92 | △31.1 | △34 | - | △30 | - | △23 | - |
| June 30, 2023 | 680 | 10.1 | 133 | 3.0 | 16 | △11.2 | 39 | 98.8 | 26 | 138.8 |

Note: Comprehensive Income For the Three months ended June 30, 2024 △23Millions of yen (- %)

For the Three months ended June 30, 2023 26Millions of yen (138.8%)

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, 2024 | △3.43 | - |
| June 30, 2023 | 3.86 | - |

(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, 2024 | 2,436 | 1,888 | 77.5 | 273.64 |
| As of March 31, 2024 | 2,540 | 1,946 | 76.6 | 282.08 |

Reference: Equity As of June 30, 2024 1,888 Millions of yen
As of March 31, 2024 1,946 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, 2024 | - | 0.00 | - | 5.00 | 5.00 |
| Fiscal Year Ended March 31, 2025 | - | | | | |
| Forecast for Fiscal Year Ended March 31, 2025 | | 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, 2025 (April 1, 2024 to March 31, 2025)

(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 | 3,119 | 11.1 | 100 | △43.2 | 99 | △52.4 | 67 | △54.1 | 9.72 |

Reference: EBITDA 640 Millions of yen (YoY △2.8%)

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) Significant changes in the scope of consolidation during the period: None

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement.

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of Shares Issued (Common shares)

| | | | | |
|--|---------------------------------|------------------|---------------------------------|------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares) | As of June 30,2024 | 7,280,700 Shares | As of March 31,2024 | 7,280,700 Shares |
| 2) Number of treasury shares at the end of the period | As of June 30,2024 | 379,323 Shares | As of March 31,2024 | 379,299 Shares |
| 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) | Three months ended June 30,2024 | 6,901,383 Shares | Three months ended June 30,2023 | 6,901,401 Shares |

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

Supplementary materials on quarterly financial results will be disclosed by TDnet on August 8, 2024, and will be posted on our website on the same day

Table of Contents of Attachments

| | |
|---|----|
| 1. Overview of Financial Results | 5 |
| (1) Earnings | 5 |
| (2) Financial position | 7 |
| (3) Outlook | 8 |
| 2. Quarterly Consolidated Financial Statements and Major Notes | 9 |
| (1) Quarterly Consolidated Balance Sheets | 9 |
| (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income | 11 |
| Quarterly Consolidated statements of income | 11 |
| Consolidated Year-to-Date | |
| Quarterly Consolidated Statement of Comprehensive Income | 12 |
| Consolidated Year-to-Date | |
| (3) Quarterly Consolidated Statement of Cash Flows | 13 |
| (4) Notes to Quarterly Consolidated Financial Statements | 14 |
| Segment information, etc | 14 |
| Notes in Cases of Significant Changes in the Amount of Shareholders' Equity | 14 |
| Notes to assumptions for ongoing concerns | 14 |

1. Qualitative Information on Current Quarterly Financial Results

(1) Earnings

In the cumulative business results for the first quarter (April 1, 2024 to June 30, 2024), Net Sales was 711,683 thousand yen (a 4.6% increase in YOY), EBITDA was 92,348 thousand yen (a 31.1% decrease in YOY), operating loss was 34,435 thousand yen (operating profit 16,177 thousand yen in the same period of the previous year), ordinary loss was 30,148 thousand yen (ordinary profit 39,203 thousand yen in the same period of the previous year), and the loss attributable to owners of parent was 23,705 thousand yen (the profit attributable to owners of parent 26,621 thousand yen in the same period of the previous year).

| Summary of Consolidated Results | Three months ended June 30, 2023 | Three months ended June 30, 2024 | Year-on-year change | |
|---|-------------------------------------|-------------------------------------|---------------------------------|--------------------------|
| | (thousand yen) | (thousand yen) | Difference (thousand yen) | Rate of change (%) |
| Net sales | 680,470 | 711,683 | 31,212 | 4.6 |
| EBITDA | 133,942 | 92,348 | △41,593 | △31.1 |
| Operating profit | 16,177 | △34,435 | △50,612 | - |
| Ordinary profit | 39,203 | △30,148 | △69,351 | - |
| Profit attributable to owners of parent | 26,621 | △23,705 | △50,327 | - |

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(Software as a Service), 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 2025 ended June 30, 2024, sales were 711,683 thousand yen (up 4.6% YOY), an increase of 31,212 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 1,512 as of the end of the first quarter (1,492 in the same period of the previous year), and the ARPU (*1 & *2) in June was approximately 139,700 yen (133,700 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 : Some sales based on ancillary transactions will be presented as "subscription sales" instead of "solution sales" from the fiscal year ending March 2025. In accordance with this change, sales figures for the fiscal year ending March 2024 have been reclassified based on the same policy.

The breakdown of net sales is as follows.

| Item details | Three months ended June 30, 2023 | | Three months ended June 30, 2024 | | 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) | 599,143 | 88.0 | 623,750 | 87.6 | 24,606 | 4.1 |
| Solution (Note 2) | 81,327 | 12.0 | 87,932 | 12.4 | 6,605 | 8.1 |
| Total | 680,470 | 100.0 | 711,683 | 100.0 | 31,212 | 4.6 |

(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). Some sales based on ancillary transactions will be presented as "subscription sales" instead of "solution sales" from the fiscal year ending March 2025. In accordance with this change, sales figures for the fiscal year ending March 2024 have been reclassified based on the same policy.

Due to a significant increase in compensation across the Group and investment in human capital, such as active recruitment of new graduates, personnel expenses, recruitment-related expenses, training expenses, etc., related to development activities increased. In addition, transactions with vendors that provide IaaS (Infrastructure as a Service), the service infrastructure that operates our cloud and SaaS, are conducted in US dollars, and the recent depreciation of the yen has led to an increase in usage fees, etc. As a result of the above, cost of sales was 322,080 thousand yen (up 7.9% YOY).

In addition to the increase in personnel expenses and recruitment-related expenses for sales activities due to the expansion of human capital investment mentioned above, investments in marketing and inside sales to strengthen lead (prospective customer) acquisition, as well as investments in strengthening the functionality of internal systems such as customer management SaaS, resulted in selling, general and administrative expenses of 424,038 thousand yen (up 15.9% YOY).

As a result, EBITDA for the quarter was 92,348 thousand yen (down 31.1% YOY), a decrease of 41,593 thousand yen from the same period last year. Operating loss was 34,435 thousand yen (operating profit 16,177 thousand yen in the same period of the previous year), a decrease of 50,612 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 loss was 30,148 thousand yen (ordinary profit 39,203 thousand yen in the same period of the previous year), a decrease of 69,351 thousand yen.

Overall, sales of both SaaS subscription and solutions progressed roughly as expected. Human capital and related investments also progressed roughly as expected, resulting in an increase in cost of sales and selling, general and administrative expenses, primarily due to personnel expenses. As a result, our break-even point has risen because our cost structure is centered on fixed costs, but our model is to accumulate SaaS subscriptions every month. Therefore, although the monthly increase in revenue has not yet covered the increase in expenses as of the end of the first quarter, we expect to exceed the break-even point as the quarter progresses due to the increase in subscription revenue.

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 2,436,271 thousand yen, a decrease of 104,327 thousand yen from the end of the previous consolidated fiscal year.

The Current Assets balance was 715,504 thousand yen, a decrease of 186,518 thousand yen from the end of the previous consolidated fiscal year. This is attributable to a decrease in cash and deposits of 266,237 thousand yen, an increase of 46,442 thousand yen in prepaid expenses for the use of internal systems such as customer management, an increase of 35,205 thousand yen in work in progress related to ongoing projects for expanding and supporting the implementation of our SaaS, etc.

The balance of Non-Current Assets increased by 82,190 thousand yen from the end of the previous consolidated fiscal year to 1,684,766 thousand yen. The main factors behind this increase were an increase of 29,000 thousand yen in software and an increase of 25,083 thousand yen in software in progress that related to additional investments in strengthening the functionality of our in-house developed cloud services, and an increase of 20,040 thousand yen in property, plant and equipment related to renovation of branch facilities, etc.

② Liabilities

Total liabilities at the end of the first quarter were 547,778 thousand yen, a decrease of 46,101 thousand yen from the end of the previous consolidated fiscal year.

The balance of current liabilities was 544,968 thousand yen, a decrease of 46,101 thousand yen from the end of the previous consolidated fiscal year. The main factors behind the decrease were a decrease of 46,356 thousand yen decrease in income taxes payable, 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 1,888,492 thousand yen, a decrease of 58,226 thousand yen from the end of the previous consolidated fiscal year. This is attributable to a decrease in retained earnings of 34,507 thousand yen due to the implementation of dividends, and a decrease of 23,705 thousand yen due to the recording of loss attributable to owners of parent, etc.

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 473,133 thousand yen, a decrease of 266,237 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 were 32,283 thousand yen (129,615 thousand yen in the same period of the previous year). The main sources of income are depreciation of 126,783 thousand yen. The main expenditure factors were a decrease in provision for bonuses due to bonus payments of 41,653 thousand yen, income taxes paid of 39,320 thousand yen, an increase in inventories of 35,205 thousand yen relating to an ongoing project to support the expansion development and implementation of our SaaS, loss before income taxes of 31,662 thousand yen, and other expenditures of 35,200 thousand yen relating to prepayments of internal system usage fees, etc.

(Cash flows from investing activities)

Net cash used in investing activities were 202,239 thousand yen, (172,215 thousand yen in the same period of the previous year). The main expenditure were 175,162 thousand yen for acquisitions of intangible Non-Current Assets relating to the new development and functional expansion of SaaS, and 25,900 thousand yen for the acquisition of tangible fixed assets for the renovation of branch facilities, etc.

(Cash flows from financing activities)

Net cash used in financing activities were 32,921 thousand yen, (32,309 thousand yen in the same period of the previous year). The main source was Cash dividends paid amounted to 32,907 thousand yen.

(3) Outlook

Consolidated Forecast for the fiscal year ending March 31, 2025 has remained unchanged from the figures published on May 14, 2024, 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 2025 is as follows.

| | |
|--|--------------------------------|
| Net Sales: | 3,119 million yen (+11.1% YOY) |
| Operating profit: | 100 million yen (△43.2% YOY) |
| Ordinary profit: | 99 million yen (△52.4% YOY) |
| Profit attributable to owners of parent: | 67 million yen (△54.1% YOY) |

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 739,371 | 473,133 |
| Notes and accounts receivable - trade, and contract assets | 61,362 | 55,047 |
| Work in process | 59,132 | 94,337 |
| Prepaid expenses | 61,167 | 107,609 |
| Forward exchange contracts | — | 1,767 |
| Other | 18,544 | 22,481 |
| Allowance for doubtful accounts | △1,554 | △2,872 |
| Total current assets | 938,023 | 751,504 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Facilities attached to buildings | 56,565 | 67,029 |
| Accumulated depreciation | △45,745 | △40,936 |
| Facilities attached to buildings, net | 10,820 | 26,093 |
| Tools, furniture and fixtures | 168,841 | 174,687 |
| Accumulated depreciation | △142,223 | △142,878 |
| Tools, furniture and fixtures, net | 26,618 | 31,809 |
| Construction in progress | 424 | — |
| Total property, plant and equipment | 37,862 | 57,903 |
| Intangible assets | | |
| Trademark right | 1,048 | 1,019 |
| Software | 1,230,431 | 1,259,432 |
| Software in progress | 158,003 | 183,086 |
| Total intangible assets | 1,389,483 | 1,443,538 |
| Investments and other assets | | |
| Golf club membership | 42,000 | 42,000 |
| Leasehold and guarantee deposits | 74,855 | 75,518 |
| Long-term prepaid expenses | 31,007 | 29,010 |
| Deferred tax assets | 27,365 | 36,794 |
| Total investments and other assets | 175,229 | 183,324 |
| Total non-current assets | 1,602,575 | 1,684,766 |
| Total assets | 2,540,599 | 2,436,271 |

(Thousands of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - other | 135,837 | 158,485 |
| Income taxes payable | 52,963 | 6,606 |
| Advances received | 301,298 | 288,502 |
| Deposits received | 13,418 | 36,631 |
| Provision for bonuses | 59,600 | 17,947 |
| Other | 27,952 | 36,795 |
| Total current liabilities | 591,069 | 544,968 |
| Non-current liabilities | | |
| Guarantee Deposited | 2,809 | 2,809 |
| Total non-current liabilities | 2,809 | 2,809 |
| Total liabilities | 593,879 | 547,778 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 628,411 | 628,411 |
| Capital surplus | 718,179 | 718,179 |
| Retained earnings | 738,729 | 680,516 |
| Treasury shares | △138,600 | △138,614 |
| Total shareholders' equity | 1,946,719 | 1,888,492 |
| Total net assets | 1,946,719 | 1,888,492 |
| Total liabilities and net assets | 2,540,599 | 2,436,271 |

(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, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 680,470 | 711,683 |
| Cost of sales | 298,451 | 322,080 |
| Gross profit | 382,018 | 389,603 |
| Selling, general and administrative expenses | 365,840 | 424,038 |
| Operating profit (loss) | 16,177 | △34,435 |
| Non-operating income | | |
| Interest income | 0 | 5 |
| Foreign exchange gains | 23,042 | 4,087 |
| Commission income | 131 | 10 |
| Gain on forfeiture of unclaimed dividends | - | 332 |
| Total non-operating income | 23,175 | 4,436 |
| Non-operating expenses | | |
| Interest expenses | 0 | - |
| Commission expenses | 149 | 149 |
| Total non-operating expenses | 149 | 149 |
| Ordinary profit (loss) | 39,203 | △30,148 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 1,513 |
| Total extraordinary losses | 0 | 1,513 |
| Profit (loss) before income taxes | 39,203 | △31,662 |
| Income taxes - current | 1,471 | 1,472 |
| Income taxes - deferred | 11,110 | △9,428 |
| Total income taxes | 12,581 | △7,956 |
| Profit (loss) | 26,621 | △23,705 |
| Profit (loss) attributable to owners of parent | 26,621 | △23,705 |

(Quarterly Consolidated Statement of Comprehensive Income)

(Thousands of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit (loss) | 26,621 | △23,705 |
| Comprehensive income | 26,621 | △23,705 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 26,621 | △23,705 |

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | 39,203 | △31,662 |
| Depreciation | 117,764 | 126,783 |
| Loss on retirement of non-current assets | 0 | 1,513 |
| Foreign exchange losses (gains) | △21,671 | △2,974 |
| Increase (decrease) in allowance for doubtful accounts | 126 | 1,318 |
| Increase (decrease) in provision for bonuses | △33,108 | △41,653 |
| Interest and dividend income | △0 | △5 |
| Interest expenses | 0 | — |
| Decrease (increase) in trade receivables | 7,570 | 6,315 |
| Decrease (increase) in inventories | △2,757 | △35,205 |
| Increase (decrease) in accounts payable - other | 9,579 | 21,492 |
| Increase (decrease) in advances received | 75,024 | △12,795 |
| Increase (decrease) in accrued consumption taxes | 5,035 | 9,104 |
| Other, net | △17,730 | △35,200 |
| Subtotal | 179,035 | 7,031 |
| Interest and dividends received | 0 | 5 |
| Interest paid | △0 | — |
| Income taxes paid | △49,419 | △39,320 |
| Net cash provided by (used in) operating activities | 129,615 | △32,283 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △3,280 | △25,900 |
| Purchase of intangible assets | △168,935 | △175,162 |
| Payments of leasehold and guarantee deposits | — | △1,176 |
| Net cash provided by (used in) investing activities | △172,215 | △202,239 |
| Cash flows from financing activities | | |
| Purchase of treasury shares | — | △14 |
| Dividends paid | △32,309 | △32,907 |
| Net cash provided by (used in) financing activities | △32,309 | △32,921 |
| Effect of exchange rate change on cash and cash equivalents | 733 | 1,206 |
| Net increase (decrease) in cash and cash equivalents | △74,176 | △266,237 |
| Cash and cash equivalents at beginning of period | 806,971 | 739,371 |
| Cash and cash equivalents at end of period | 732,795 | 473,133 |

(4) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc)

As the Group has a single segment, the cloud solutions business, description has been omitted.

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

There are no applicable items.

(Notes to assumptions for ongoing concerns)

There are no applicable items.