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May 14, 2024

(Delayed) Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese GAAP)

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Scheduled date of annual general meeting of shareholders:	June 26, 2024
Scheduled date to commence dividend payment:	June 27, 2024
Scheduled date to file annual securities report:	June 24, 2024
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, 2024 (April 1, 2023 to March 31, 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	%
Fiscal year ended										
March 31, 2024	2,808	4.1	658	△3.5	176	△24.9	208	△11.6	146	△7.6
March 31, 2023	2,696	10.8	682	13.7	234	41.7	236	41.8	158	47.9

Note: Comprehensive Income For the fiscal year ended March 31, 2024 146 Millions of yen (△7.6%)
For the fiscal year ended March 31, 2023 158 Millions of yen (47.9%)

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, 2024	21.17	-	7.7	8.5	6.3
March 31, 2023	22.92	-	8.9	10.4	8.7

Reference: For the fiscal year ended March 31, 2024 - Millions of yen
Share of profit of entities accounted for using equity method For the fiscal year ended March 31, 2023 - 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, 2024	2,540	1,946	76.6	282.08
As of March 31, 2023	2,357	1,835	77.9	265.90

Reference: Equity As of March 31, 2024 1,946 Millions of yen
As of March 31, 2023 1,835 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, 2024	618	△656	△34	739
March 31, 2023	635	△525	△34	806

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, 2023	-	0.00	-	5.00	5.00	34	21.8	1.9
Fiscal Year Ended March 31, 2024	-	0.00	-	5.00	5.00	34	23.6	1.8
Forecast for Fiscal Year Ended March 31, 2025	-	0.00	-	5.00	5.00		51.5	

3.Consolidated Earnings Forecasts for the Fiscal Year Ended 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 (YonY △2.8%)

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.: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Modification and reappearance: None

(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 31,2024	7,280,700 Shares	As of March 31,2023	7,280,700 Shares
2) Number of treasury stock at end of period	As of March 31,2024	379,299 Shares	As of March 31,2023	379,299 Shares
3) Average number of shares outstanding during the period	Fiscal year ended March 31,2024	6,901,401 Shares	Fiscal year ended March 31,2023	6,901,401 Shares

Table of Contents of Attachments

1. Overview of Results	6
(1) Earnings	6
(2) Financial Position	8
(3) Cash Flows	8
(4) Outlook	10
(5) Dividend policy and dividends for the year under review and coming year	12
2. Approach to Selection of Accounting Standards	12
3. Consolidated Financial Statements and Major Notes	13
(1) Consolidated Balance Sheets	13
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	15
Consolidated statements of income	15
Consolidated Statement of Comprehensive Income	16
(3) Consolidated Statement of Changes in Net Assets	17
(4) Consolidated Statement of Cash Flows	18
(5) Notes to Consolidated Financial Statements	19
Notes on Premise of Going Concern	19
Important Matters That Are the Basis for Preparation of Consolidated Financial Statements	19
Change in Accounting Policy	20
Segment and Other Information	20
Per Share Information	22
Major Subsequent Events	22

1. Overview of Results

(1) Earnings

Summary of Consolidated Results	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	2,696,814	2,808,027	111,212	4.1
EBITDA (operating profit+ depreciation expenses)	682,822	658,755	△24,067	△3.5
Operating profit	234,567	176,223	△58,343	△24.9
Ordinary profit	236,432	208,984	△27,447	△11.6
Profit attributable to owners of parent	158,150	146,131	△12,018	△7.6

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.

In the real estate industry and real estate market, which is our focus, the promotion of DX that aims to improve operational efficiency and provide better customer service continues to be a matter of great interest, and the systemization of overall operations and the rental housing management business law are of great interest. We believe that the trend of SaaS being preferred in response to this trend continues.

For the fiscal year ended March 31, 2024, the ARPU for SaaS monthly usage fees continued to rise due to new introduction of our SaaS to enterprise companies and up-sell/cross-sell to existing customers, etc. Subscription sales, mainly revenue from usage fees, up 7.6% year-on-year to 2,435,104 thousand yen.

Regarding Solution sales, we have been focusing on introducing our SaaS to relatively large enterprise companies mainly in the real estate rental management industry. Addon development and implementation support projects that make up solution sales, there was a trend toward larger customers, larger project sizes, more complex requirements, and longer periods. Although some of the ongoing projects have been partially delivered and sales have been recorded, this is behind schedule and there are cases where deliveries and sales have been delayed into the next fiscal year or later. As a result, solution sales down 13.8% compared to the same period last year to 372,922 thousand yen.

As a result, sales were 2,808,027 thousand yen (a 4.1% increase in YOY), an increase of 111,212 thousand yen compared to the same period last year.

The number of subscription customers reached 1,505 as of the end of the fiscal year (1,490 in the

same period of the previous year), and the ARPU (*1) in March was approximately 140,100 yen (133,200 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 use r for past fiscal years has been recalculated based on the same policy.

The breakdown of net sales is as follows.

Item details	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 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)	2,264,103	84.0	2,435,104	86.7	171,001	7.6
Solution (Note 2)	432,711	16.0	372,922	13.3	△59,788	△13.8
Total	2,696,814	100.0	2,808,027	100.0	111,212	4.1

(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, due to expansion of human capital investment centered on new graduate recruitment and increase in outsourcing costs to partner companies due to larger implementation support projects, etc. As a result, the cost of sales was 1,206,534 thousand yen (up 10.0% year-over-year).

Investing in human capital by expanding our marketing, sales, and support system through active hiring of mainly new graduates, personnel expenses related to sales activities and recruitment-related expenses increased. As a result, selling, general and administrative expenses amounted to 1,425,268 thousand yen (up 4.4% year-over-year).

As a result, EBITDA for the fiscal year was 658,755 thousand yen (down 3.5% year-over-year), a decrease of 24,067 thousand yen from the same period last year. Operating profit was 176,223 thousand yen (down 24.9% year-over-year), a decrease of 58,343 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 208,984 thousand yen (down 11.6% year-on-year), a decrease of 27,447 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 2,540,599 thousand yen, an increase of 183,539 thousand yen from the end of the previous consolidated fiscal year.

The main factors behind this increase were an increase of 157,979 thousand yen in software, and an increase of 47,304 thousand yen in work in progress related to SaaS add-on and introduction support projects.

② Liabilities

Total liabilities at the end of the fiscal year were 593,879 thousand yen, an increase of 71,915 thousand yen from the end of the previous consolidated fiscal year.

The main factors behind this increase were 43,977 thousand yen increase in advances received in conjunction with an increase in SaaS monthly fees received in advance from customers, and an increase of 31,682 thousand yen in accounts payable.

③ Net assets

The balance of net assets at the end of the fiscal year were 1,946,719 thousand yen, an increase of 111,624 thousand yen from the end of the previous consolidated fiscal year.

This is attributable to an increase of 146,131 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 739,371 thousand yen, a decrease of 67,600 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 618,327 thousand yen, (635,758 thousand yen in the same period of the previous year). The main sources of income are depreciation of 482,531 thousand yen and profit before income taxes of 208,984 thousand yen.

② Cash flows from investing activities

Net cash used in investing activities was 656,485 thousand yen, (525,402 thousand yen in the same period of the previous year). The main expenditure was 637,556 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 34,484 thousand yen, (34,481 thousand yen in the same period of the previous year). Cash dividends paid amounted to 34,484 thousand yen.

(Cash flow indicators)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024
Capital-Asset ratio (%)	81.0	83.0	78.2	77.9	76.6
Market value-based Capital-Asset ratio (%)	115.3	204.9	125.9	149.3	166.0
Cash Flow Ratio to Interest-Bearing Debt (Year)	0.1	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	2,002.3	4,179.9	50,250.2	167,084	3,306,566

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 31,2025 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, 2025	3,119	100	99	67	9.72
Fiscal year ending March 31, 2024 Results (B)	2,808	176	208	146	21.17
Increase (decrease) in A-B	311	△76	△109	△79	
Percentage change (%)	11.1	△43.2	△52.4	△54.1	

In March 2024, the Bank of Japan lifted its negative interest rate policy and decided to raise interest rates for the first time in approximately 17 years since February 2007. The financial authorities have also indicated that they will raise interest rates further if excessive fundamental inflation continues to be observed. In the domestic Japanese real estate market, which is the Group's main business domain, variable interest rate mortgages, which are said to be chosen by 70% of mortgage borrowers, will also be affected, and we believe that the predictability of the future is somewhat more uncertain.

In the real estate market, real estate brokerage and resale businesses rely on flow-type revenues, and so they may be directly affected by interest rate trends. On the other hand, the main users of our SaaS lineup are medium-sized and larger real estate rental management businesses, and since such businesses have a stock-type revenue structure based mainly on monthly management fees, we expect the short-term impact to be limited. In addition, we have been operating without debt since our founding, and have extremely stable operating cash flows based on a solid customer base, so we believe there is no need to worry about the strength of our financial base in the face of rising interest rates.

Therefore, while keeping a close eye on monetary policy trends and real estate market conditions, we would like to see this year of change as a major opportunity and strengthen investments in SaaS development and marketing and sales activities aimed at medium-to-long term growth.

As a market leader in real estate tech, our group 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 real estate rental management companies that have previously used on-premises in-house systems and supporting smooth system operation, resulting in sales growth in both subscription and solution categories.

In terms of SaaS development investment, we will accelerate the pace of product development and improvement and increase the number of development teams to expand our product lineup in order to further accelerate future sales growth. Our company is a vertical SaaS that specializes in fields, and we not only spread our products widely in the industry, but also have a multi-product strategy in order to deeply respond to various business needs within the field and achieve overall optimization for our customers. In the fiscal year ending March 2025, in addition to improving and strengthening

the functionality of the existing product lineup, we plan to strengthen investment in the development of building and repair management functions (for rental management companies), management information analysis functions, and sales brokerage products. In preparation for this, we are increasing our development resources.

In addition, in terms of marketing and sales, we plan to strengthen inside sales functions, strengthen sales promotions to promote product-led-growth centered on "e-Seikatsu Square," acquire new customers, and increase sales to existing customers. We aim to grow through both upselling and cross-selling.

Additionally, we will strengthen investment in expanding human capital as a priority item, particularly in the fiscal year ending March 2025. We will implement measures to expand human capital, which is essential for strengthening our mid- to long-term competitiveness, such as achieving an average wage increase of more than 10% across the Group, acquiring and retaining talent by raising overall salary levels, expanding in-house training, and agile personnel allocation.

Taking these measures into consideration, the business outlook for the fiscal year ending March 2025 is as shown above. Sales are expected to continue to grow steadily, but as a result of investments in development, acquisition of human resources, and investment in human capital, both cost of sales (engineer personnel) and selling and administrative expenses (non-engineer personnel) are planned to increase significantly compared to the previous fiscal year. In order to attract more talented personnel to our company than ever before and to acquire and retain personnel who can make a difference, investments in human capital in the form of increasing salary levels will be unavoidable, and we will need to secure the necessary personnel in advance. Although expenses will be in the lead for the fiscal year ending March 2025, as a result, we expect to accelerate the expansion of our business by achieving sales growth of more than 10% on a continuous basis.

(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, 2024.

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 31,2020 (Results)	Fiscal year ended March 31,2021 (Results)	Fiscal year ended March 31,2022 (Results)	Fiscal year ended March 31,2023 (Results)	Fiscal year ended March 31,2024 (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 (Δ)	72,730 thousand yen	20,329 thousand yen	106,959 thousand yen	158,150 thousand yen	146,131 thousand yen
(4) Profit per share Net loss per share (Δ)	10.54 yen	2.95 yen	15.50 yen	22.92 yen	21.17 yen
(5) Dividend payout ratio (= (1)/(4))	47.4%	169.7%	32.3%	21.8%	23.6%

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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	806,971	739,371
Accounts receivable - trade	58,496	61,362
Work in process	11,827	59,132
Prepaid expenses	49,114	61,167
Forward exchange contracts	1,248	—
Other	1,560	18,544
Allowance for doubtful accounts	△1,507	△1,554
Total current assets	927,712	938,023
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	56,565	56,565
Accumulated depreciation	△43,733	△45,745
Facilities attached to buildings, net	12,832	10,820
Tools, furniture and fixtures	167,236	168,841
Accumulated depreciation	△139,390	△142,223
Tools, furniture and fixtures, net	27,846	26,618
Construction in progress	—	424
Total property, plant and equipment	40,678	37,862
Intangible assets		
Trademark right	—	1,048
Software	1,072,452	1,230,431
Software in progress	140,318	158,003
Total intangible assets	1,212,771	1,389,483
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	74,976	74,855
Long-term prepaid expenses	33,568	31,007
Deferred tax assets	25,351	27,365
Total investments and other assets	175,896	175,229
Total non-current assets	1,429,346	1,602,575
Total assets	2,357,059	2,540,599

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - other	104,154	135,837
Income taxes payable	60,401	52,963
Advances received	257,320	301,298
Deposits received	12,506	13,418
Provision for bonuses	48,731	59,600
Other	36,039	27,952
Total current liabilities	519,154	591,069
Non-current liabilities		
Guarantee Deposited	2,809	2,809
Total non-current liabilities	2,809	2,809
Total liabilities	521,964	593,879
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	627,104	738,729
Treasury shares	△138,600	△138,600
Total shareholders' equity	1,835,094	1,946,719
Total net assets	1,835,094	1,946,719
Total liabilities and net assets	2,357,059	2,540,599

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

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	2,696,814	2,808,027
Cost of sales	1,096,425	1,206,534
Gross profit	1,600,388	1,601,492
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	176,652	201,199
Salaries	538,135	533,485
Provision for bonuses	26,800	30,935
Retirement benefit expenses	6,637	7,526
Legal welfare expenses	101,847	106,603
Rent expenses on land and buildings	95,517	94,513
Depreciation	17,589	25,197
Other	402,642	425,807
Total selling, general and administrative expenses	1,365,820	1,425,268
Operating profit	234,567	176,223
Non-operating income		
Interest income	10	10
Gain on forfeiture of unclaimed dividends	309	277
Commission income	3,065	412
Foreign exchange gains	—	32,472
Miscellaneous income	—	188
Total non-operating income	3,385	33,362
Non-operating expenses		
Interest expenses	3	0
Commission expenses	593	601
Foreign exchange losses	923	—
Total non-operating expenses	1,520	601
Ordinary profit	236,432	208,984
Extraordinary losses		
Loss on retirement of non-current assets	998	0
Total extraordinary losses	998	0
Profit before income taxes	235,434	208,984
Income taxes - current	78,656	64,867
Income taxes - deferred	△1,372	△2,014
Total income taxes	77,283	62,852
Profit	158,150	146,131
Profit attributable to owners of parent	158,150	146,131

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	158,150	146,131
Comprehensive income	158,150	146,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	158,150	146,131

(3) Consolidated Statement of Changes in net assets

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

Fiscal Year Ended March 31, 2024

(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	627,104	△138,600	1,835,094	1,835,094
Changes during period						
Dividends of surplus			△34,507		△34,507	△34,507
Profit attributable to owners of parent			146,131		146,131	146,131
Total changes during period	—	—	111,624	—	111,624	111,624
Balance at end of period	628,411	718,179	738,729	△138,600	1,946,719	1,946,719

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	235,434	208,984
Depreciation	448,255	482,531
Loss on retirement of non-current assets	998	0
Foreign exchange losses (gains)	△701	△3,793
Increase (decrease) in allowance for doubtful accounts	△588	47
Increase (decrease) in provision for bonuses	3,357	10,869
Interest and dividend income	△10	△10
Interest expenses	3	0
Decrease (increase) in trade receivables	△10,267	△2,866
Decrease (increase) in inventories	△9,107	△47,304
Increase (decrease) in accounts payable - other	25,887	31,480
Increase (decrease) in advances received	28,454	43,977
Increase (decrease) in accrued consumption taxes	△11,817	△8,097
Increase (decrease) in guarantee deposits received	△60	—
Other, net	4,418	△7,900
Subtotal	714,254	707,917
Interest and dividends received	10	10
Interest paid	△3	△0
Income taxes paid	△78,502	△89,599
Net cash provided by (used in) operating activities	635,758	618,327
Cash flows from investing activities		
Purchase of property, plant and equipment	△12,137	△16,995
Purchase of intangible assets	△513,358	△637,556
Proceeds from redemption of lease and guarantee deposits	94	50
Payments of leasehold and guarantee deposits	—	△1,984
Net cash provided by (used in) investing activities	△525,402	△656,485
Cash flows from financing activities		
Dividends paid	△34,481	△34,484
Net cash provided by (used in) financing activities	△34,481	△34,484
Effect of exchange rate change on cash and cash equivalents	△546	5,042
Net increase (decrease) in cash and cash equivalents	75,327	△67,600
Cash and cash equivalents at beginning of period	731,644	806,971
Cash and cash equivalents at end of period	806,971	739,371

(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: For SaaS usage fees provided via the Internet and recurring income based on operational support contracts after SaaS implementation, we collect monthly usage fees from customers, and the last day of each month is considered the month in which service provision is completed. Revenue is recognized monthly. Regarding the sales format of spot services such as system installation and operation support and contracted system development, it is determined that the customer gains control over the deliverables and the performance obligation is satisfied when the deliverables are accepted by the customer. Therefore, revenue is normally recognized when the product is 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)

There are no applicable items.

(Segment and Other Information)

[Segment Information]

Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023) and Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

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

[Related Information]

Previous 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.

Consolidated Fiscal Year (from April 1, 2023 to March 31, 2024)

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, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net assets per share	¥265.90	¥282.08
Net Income per Share	¥22.92	¥21.17

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, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of the parent (thousands of yen)	158,150	146,131
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Profit attribute to owners of parent (thousands of yen) related to common shares	158,150	146,131
Average number of shares of common shares	6,901,401	6,901,401

(Major Subsequent Events)

There are no applicable items.