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November 10,2022

(Delayed)Consolidated Financial Results for the Six Months Ended September 30, 2022 (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	
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Scheduled date of file quarterly securities report: November 14, 2022

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 Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (cumulative)

(Percentage indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	1,287	10.2	307	23.4	86	163.1	88	164.2	55	202.9
September 30, 2021	1,168	10.8	248	8.0	33	295.7	33	296.9	18	672.4

Note: Comprehensive Income For the Six months ended September 30, 2022 55Millions of yen (202.9%)

For the Six months ended September 30, 2021 18Millions of yen (672.4%)

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
Six months ended	Yen	Yen
September 30, 2022	8.09	-
September 30, 2021	2.67	-

(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 September 30, 2022	2,162	1,732	80.1	251.08
As of March 31, 2022	2,187	1,711	78.2	247.99

Reference: Equity As of September 30, 2022 1,732 Millions of yen
As of March 31, 2022 1,711 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, 2022	-	0.00	-	5.00	5.00
Fiscal Year Ended March 31, 2023	-	0.00			
Forecast for Fiscal Year Ended March 31, 2023			-	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, 2023 (April 1, 2022 to March 31, 2023)

(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	2,653	9.0	180	8.9	180	8.5	112	4.9	16.25

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

(Note) For details, please refer to Appendix P.14 "2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

(3) Number of Shares Issued (Common shares)

1) Number of shares outstanding at the end of the fiscal year (including treasury shares)	As of September 30,2022	7,280,700 Shares	As of March 31,2022	7,280,700 Shares
2) Number of treasury stock at end of period	As of September 30,2022	379,299 Shares	As of March 31,2022	379,299 Shares
3) Average number of shares outstanding during the period	Six months ended September 30,2022	6,901,401 Shares	Six months ended September 30,2021	6,901,401 Shares

*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 November 10, 2022, and will be posted on our website on the same day

Table of Contents of Attachments

1. Qualitative Information on Current Quarterly 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 Consolidated Year-to-Date 11
Quarterly Consolidated Statement of Comprehensive Income Consolidated Year-to-Date 12
(3) Quarterly Consolidated Statement of Cash Flows 13
(4) Notes to Quarterly Consolidated Financial Statements 14
Notes on Assumptions of Continuing Enterprises 14
Notes in Cases of Significant Changes in the Amount of Shareholders' Equity 14
Changes in Significant Subsidiaries during the Year to Date of Consolidation 14
Application of Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements 14
Change in Accounting Policy 14

1. Qualitative Information on Current Quarterly Financial Results

(1) Earnings

In the cumulative business results for the second quarter (April 1, 2022 to September 30, 2022), Net Sales was 1,287,736 thousand yen (a 10.2% increase in YOY), EBITDA was 307,193 thousand yen (a 23.4% increase in YOY), Operating profit was 86,919 thousand yen (a 163.1% increase in YOY), ordinary profit was 88,925 thousand yen (a 164.2% increase in YOY), and the profit attributable to owners of parent was 55,849 thousand yen (a 202.9% increase in YOY).

Summary of Consolidated Results	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	1,168,441	1,287,736	119,295	10.2
EBITDA	248,861	307,193	58,332	23.4
Operating profit	33,032	86,919	53,886	163.1
Ordinary profit	33,657	88,925	55,268	164.2
Profit attributable to owners of parent	18,438	55,849	37,411	202.9

With the aim of realizing our mission of making the real estate market better through IT, we have established a vision of becoming an information infrastructure indispensable to the real estate market. Based on this vision, we develop systems and applications to resolve various issues in the real estate business and the real estate market, and offer these systems as SaaS, a subscription-based service. Through this, we are developing businesses that support digital transformation (DX) in the real estate business.
As announced on October 24, 2022, the Group has decided to redefine its mission, vision and values, and revise its corporate logo, service names, and service logos. In light of recent business conditions, have set our new mission as **"Create many 'good life' for others with technology and heart."** and our vision as **"Create society where comfortable life circulates."** Based on this philosophy, we are promoting brand renewal for the entire service in order to create an integrated customer experience value. Under the new brand, the Group will continue to develop its business aiming for DX of the real estate industry and the real estate market.

For the second quarter of fiscal 2023 ended September 30, 2022, sales were 1,287,736 thousand yen (up 10.2% year-over-year), an increase of 119,295 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 1,476 as of the end of the second quarter (1,443 in the same period of the previous year), and the ARPU (*1) in September was approximately 125,600 yen (118,000 yen in the same period of the previous year). The subscription gross profit margin (*2) for the quarter was about 61.1% (about 59.2% for the same period last 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) "the subscription gross margin"　The gross margin for subscription sales only.

The breakdown of net sales is as follows.

Item details	Six months ended September 30, 2021		Six months ended September 30, 2022		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)	1,013,509	86.7	1,072,148	83.3	58,638	5.8
Solution (Note 2)	154,931	13.3	215,588	16.7	60,656	39.2
Total	1,168,441	100.0	1,287,736	100.0	119,295	10.2

(Note 1). Subscription: Revenue earned continuously on a monthly basis unless customers apply for cancellation, including monthly charges for SaaS service. They are our Monthly Recurring Revenue (MRR).

(Note 2). Solutions : Revenue earned from other services, including fees for initial setting, system installation, and operation support for SaaS service, commissioned development of system, and sale or introduction of other companies' services as an agency.

We conduct transactions denominated in US dollars with vendors that provide IaaS (Infrastructure as a Service), which is the service infrastructure platform for operating our SaaS, and usage fees have increased due to the recent depreciation of the yen. In addition, labor costs related to development activities increased due to an increase in personnel, mainly new graduates. As a result, the cost of sales was 521,335 thousand yen (up 6.1% year-over-year).

By expanding our marketing, sales and support systems through active hiring of new graduates, personnel expenses have increased. In addition, as an investment for the future in preparation for a further increase in the number of customers and sales growth, we have started to renovate core business systems such as sales and customer management, and SaaS usage fees related to this project have increased. As a result, selling, general and administrative expenses amounted to 679,481 thousand yen (up 5.5% year-over-year).

As a result, EBITDA for the quarter was 307,193 thousand yen (up 23.4% year-over-year), an increase of 58,332 thousand yen from the same period last year. Operating income was 86,919 thousand yen (up 163.1% year-over-year), an increase of 53,886 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 second quarter were 2,162,250 thousand yen, a decrease of 25,291 thousand yen from the end of the previous consolidated fiscal year.

The Current Assets balance was 768,812 thousand yen, a decrease of 64,285 thousand yen from the end of the previous consolidated fiscal year. This is attributable to a decrease in cash and deposits of 70,249 thousand yen.

The balance of Non-Current Assets increased by 38,994 thousand yen from the end of the previous consolidated fiscal year to 1,393,438 thousand yen. The main factors behind this increase were an increase of 41,955 thousand yen in software in progress due to investments in To stir additional demand, such as the strengthening of functions related to in-house developed Cloud services.

② Liabilities

Total liabilities at the end of the second quarter were 429,456 thousand yen, a decrease of 46,634 thousand yen from the end of the previous consolidated fiscal year.

The balance of current liabilities was 426,533 thousand yen, a decrease of 46,686 thousand yen from the end of the previous consolidated fiscal year. The main factors behind the decrease were a decrease of 17,081 thousand yen in income taxes payable due to the payment of income taxes for the previous consolidated fiscal year and a decrease of 16,251 thousand yen in the advances received.

The balance of long-term liabilities was 2,922 thousand yen, an increase of 52 thousand yen from the end of the previous consolidated fiscal year.

③ Net assets

The balance of net assets at the end of the second quarter of were 1,732,794 thousand yen, a increase of 21,342 thousand yen from the end of the previous consolidated fiscal year. This is attributable to an increase of 55,849 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 second quarter of the current consolidated fiscal year was 661,394 thousand yen, a decrease of 70,249 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 increased 224,754 thousand yen, (a increase 248,762 thousand yen in the same period of the previous year). The main sources of income are depreciation of 220,274 thousand yen and profit before income taxes of 88,925 thousand yen. The main expenditure factors were income taxes paid of 49,266 thousand yen, decrease in accrued consumption taxes of 19,306 thousand yen, and decrease in advances received of 16,251 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities decreased 260,651 thousand yen, (a decrease 199,957 thousand yen in the same period of the previous year). The main expenditure was 258,556 thousand yen for acquisitions of intangible Non-Current Assets.

(Cash flows from financing activities)

Net cash used in financing activities decreased by 34,353 thousand yen, (a decrease 34,266 thousand yen in the same period of the previous year). Cash dividends paid amounted to 34,353 thousand yen.

(3) Outlook

Consolidated Forecast for the fiscal year ending March 31, 2023 has remained unchanged from the figures published on May 12, 2022, 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 2023 is as follows.

Net Sales:	2,653 million yen (+9.0% YOY)
Operating profit:	180 million yen (+8.9% YOY)
Ordinary profit:	180 million yen (+8.5% YOY)
Profit attributable to owners of parent:	112 million yen (+4.9% YOY)

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	731,644	661,394
Notes and accounts receivable - trade, and contract assets	48,228	30,310
Work in process	2,669	13,890
Prepaid expenses	51,066	63,370
Other	1,584	1,722
Allowance for doubtful accounts	△2,095	△1,877
Total current assets	833,097	768,812
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	55,148	55,148
Accumulated depreciation	△41,780	△42,745
Facilities attached to buildings, net	13,367	12,402
Tools, furniture and fixtures	156,489	158,346
Accumulated depreciation	△124,983	△131,477
Tools, furniture and fixtures, net	31,506	26,869
Total property, plant and equipment	44,873	39,272
Intangible assets		
Software	995,054	999,078
Software in progress	167,542	209,497
Total intangible assets	1,162,596	1,208,575
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	77,125	76,098
Long-term prepaid expenses	3,870	3,455
Deferred tax assets	23,978	24,037
Total investments and other assets	146,973	145,591
Total non-current assets	1,354,444	1,393,438
Total assets	2,187,542	2,162,250

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - other	77,977	78,192
Income taxes payable	60,951	43,870
Advances received	228,866	212,615
Deposits received	11,804	12,805
Provision for bonuses	45,374	50,246
Other	48,245	28,803
Total current liabilities	473,220	426,533
Non-current liabilities		
Guarantee Deposited	2,870	2,922
Total non-current liabilities	2,870	2,922
Total liabilities	476,091	429,456
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	503,460	524,803
Treasury shares	△138,600	△138,600
Total shareholders' equity	1,711,451	1,732,794
Total net assets	1,711,451	1,732,794
Total liabilities and net assets	2,187,542	2,162,250

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

(Quarterly Consolidated Statement of Income)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	1,168,441	1,287,736
Cost of sales	491,383	521,335
Gross profit	677,058	766,400
Selling, general and administrative expenses	644,025	679,481
Operating profit	33,032	86,919
Non-operating income		
Interest income	3	4
Commission income	708	1,996
Gain on forfeiture of unclaimed dividends	221	309
Total non-operating income	933	2,310
Non-operating expenses		
Interest expenses	8	2
Commission expenses	300	300
Total non-operating expenses	308	303
Ordinary profit	33,657	88,925
Extraordinary losses		
Loss on retirement of non-current assets	1,086	0
Total extraordinary losses	1,086	0
Profit before income taxes	32,571	88,925
Income taxes - current	13,626	33,135
Income taxes - deferred	506	△59
Total income taxes	14,132	33,075
Profit	18,438	55,849
Profit attributable to owners of parent	18,438	55,849

(Quarterly Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	18,438	55,849
Comprehensive income	18,438	55,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,438	55,849

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	32,571	88,925
Depreciation	215,828	220,274
Loss on retirement of non-current assets	1,086	0
Increase (decrease) in allowance for doubtful accounts	851	△218
Increase (decrease) in provision for bonuses	5,794	4,872
Interest and dividend income	△3	△4
Interest expenses	8	2
Decrease (increase) in trade receivables	△11,656	17,917
Decrease (increase) in inventories	△2,862	△11,170
Increase (decrease) in accounts payable - other	195	61
Increase (decrease) in advances received	41,318	△16,251
Increase (decrease) in accrued consumption taxes	△12,276	△19,306
Increase (decrease) in guarantee deposits received	△177	52
Other, net	△26,278	△11,135
Subtotal	244,398	274,019
Interest and dividends received	3	4
Interest paid	△8	△2
Income taxes paid	△12,411	△49,266
Income taxes refund	16,779	—
Net cash provided by (used in) operating activities	248,762	224,754
Cash flows from investing activities		
Purchase of property, plant and equipment	△175	△2,095
Purchase of intangible assets	△199,787	△258,556
Proceeds from refund of leasehold and guarantee deposits	93	—
Payments of leasehold and guarantee deposits	△87	—
Net cash provided by (used in) investing activities	△199,957	△260,651
Cash flows from financing activities		
Dividends paid	△34,266	△34,353
Net cash provided by (used in) financing activities	△34,266	△34,353
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	14,538	△70,249
Cash and cash equivalents at beginning of period	529,739	731,644
Cash and cash equivalents at end of period	544,278	661,394

(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)

(Application of the Accounting Standard for the Calculation of Market Value)

"Guidance on Accounting Standards for Current Value Calculation" (Accounting Standards No. 31, June 17, 2021; hereinafter referred to as "Guidance on Accounting Standards for Current Value Calculation") was adopted from the beginning of the current consolidated accounting period, and new accounting policies stipulated in the Guidance on Application of Accounting Standards for Current Value Calculation are to be applied in the future in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Application of Accounting Standards for Current Value Calculation. The application of the guidance on application of current value accounting standards has no impact on the quarterly consolidated financial statements.