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November 7,2024

Consolidated Financial Results for the Six Months Ended September 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 file semi-annual securities report: November 7,2024

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, 2024 (April 1, 2024 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	1,447	8.2	232	△16.1	△27	-	△30	-	△25	-
September 30, 2023	1,338	3.9	277	△9.7	41	△52.6	72	△18.5	45	△17.8

Note: Comprehensive Income For the Six months ended September 30, 2024 △25Millions of yen (- %)

For the Six months ended September 30, 2023 45Millions of yen (△17.8%)

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
Six months ended	Yen	Yen
September 30, 2024	△3.72	-
September 30, 2023	6.65	-

(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, 2024	2,405	1,886	78.4	273.36
As of March 31, 2024	2,540	1,946	76.6	282.08

Reference: Equity As of September 30, 2024 1,886 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	-	0.00			
Forecast for Fiscal Year Ended March 31, 2025			-	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 (YonY △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 semi-annual 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 September 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 September 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)	Six months ended September 30,2024	6,901,380 Shares	Six months ended September 30,2023	6,901,401 Shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Supplementary materials on semi-annual financial results will be disclosed by TDnet on November 7, 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. Semi-annual Consolidated Financial Statements and Major Notes 9
(1) Semi-annual Consolidated Balance Sheets 9
(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income 11
Semi-annual Consolidated statements of income Consolidated Year-to-Date 11
Semi-annual Consolidated Statement of Comprehensive Income Consolidated Year-to-Date 12
(3) Semi-annual Consolidated Statement of Cash Flows 13
(4) Notes to Semi-annual 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. Overview of Financial Results

(1) Earnings

In the cumulative business results for the semi-annual (April 1, 2024 to September 30, 2024), Net Sales was 1,447,653 thousand yen (a 8.2% increase YOY), EBITDA was 232,733 thousand yen (a 16.1% decrease YOY), operating loss was 27,644 thousand yen (operating profit 41,192 thousand yen in the same period of the previous year), ordinary loss was 30,673 thousand yen (ordinary profit 72,463 thousand yen in the same period of the previous year), and the loss attributable to owners of parent was 25,663 thousand yen (the profit attributable to owners of parent 45,921 thousand yen in the same period of the previous year).

Summary of Consolidated Results	Six months ended September 30, 2023	Six months ended September 30, 2024	Year-on-year change	
	(thousand yen)	(thousand yen)	Difference (thousand yen)	Rate of change (%)
Net sales	1,338,502	1,447,653	109,151	8.2
EBITDA	277,284	232,733	△44,551	△16.1
Operating profit	41,192	△27,644	△68,836	-
Ordinary profit	72,463	△30,673	△103,137	-
Profit attributable to owners of parent	45,921	△25,663	△71,585	-

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 semi-annual of fiscal 2025 ended September 30, 2024, sales were 1,447,653 thousand yen (up 8.2% YOY), an increase of 109,151 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.

Subscription sales continued to be strong due to the acquisition of new customers and upselling/cross-selling to existing customers. Subscription sales was 1,257,500 thousand yen (up 4.7% YOY), an increase of 56,317 thousand yen from the same period last year.

The number of subscription customers reached 1,517 as of the end of the semi-annual (1,493 in the same period of the previous year), and the ARPU (*1 & *2) in September was approximately 140,800 yen (134,700 yen in the same period of the previous year).

Solution sales increased to 190,152 thousand yen (up 38.5% YOY), an increase of 52,833 thousand yen from the same period last year, due to partial delivery and acceptance of projects in progress from the previous fiscal 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	Six months ended September 30, 2023		Six months ended September 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)	1,201,183	89.7	1,257,500	86.9	56,317	4.7
Solution (Note 2)	137,318	10.3	190,152	13.1	52,833	38.5
Total	1,338,502	100.0	1,447,653	100.0	109,151	8.2

(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 652,786 thousand yen (up 12.8% 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 822,510 thousand yen (up 14.4% YOY).

As a result, EBITDA for the semi-annual was 232,733 thousand yen (down 16.1% YOY), a decrease of 44,551 thousand yen from the same period last year. Operating loss was 27,644 thousand yen (operating profit 41,192 thousand yen in the same period of the previous year), a decrease of 68,836 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 semi-annual yen appreciation resulted in foreign exchange loss related to these contracts as non-operating loss. As a result, ordinary loss was 30,673 thousand yen (ordinary profit 72,463 thousand yen in the same period of the previous year), a decrease of 103,137 thousand yen.

Overall, our company's cost structure is centered on fixed costs, so the break-even point rose as a result of increased personnel costs. However, we expect to exceed the break-even point by increasing SaaS subscriptions month after month, and In the closing accounting period (three months from 2024 July to the end of September), it turned into an operating profit.
In the current interim consolidated accounting period (6 months), there still be an operating loss, but with the increase in monthly subscription revenue from the second half onwards, the overall results for the fiscal year will be in line with the forecast.

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 semi-annual were 2,405,023 thousand yen, a decrease of 135,576 thousand yen from the end of the previous consolidated fiscal year.
The Current Assets balance was 690,499 thousand yen, a decrease of 247,524 thousand yen from the end of the previous consolidated fiscal year. This is attributable to a decrease in cash and deposits of 322,160 thousand yen, etc.
The balance of Non-Current Assets increased by 111,948 thousand yen from the end of the previous consolidated fiscal year to 1,714,523 thousand yen. The main factors behind this increase were an increase of 83,408 thousand yen in software, etc.

② Liabilities

Total liabilities at the end of the semi-annual were 518,488 thousand yen, a decrease of 75,391 thousand yen from the end of the previous consolidated fiscal year.
The balance of current liabilities was 515,678 thousand yen, a decrease of 75,391 thousand yen from the end of the previous consolidated fiscal year. The main factors behind the decrease were a decrease of 36,649 thousand yen in income taxes payable, a decrease of 35,415 thousand yen in account 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 semi-annual were 1,886,534 thousand yen, a decrease of 60,184 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 25,663 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 semi-annual of the current consolidated fiscal year was 417,211 thousand yen, a decrease of 322,160 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 75,311 thousand yen (268,842 thousand yen in the same period of the previous year). The main sources of income are depreciation of 260,377 thousand yen.

The main expenditure factors were an increase in inventories of 59,022 thousand yen relating to an ongoing project to support the expansion development and implementation of our SaaS, a decrease in account payable of 36,564 thousand yen, other expenditures of 35,067 thousand yen relating to prepayments of internal system usage fees, loss before income taxes of 32,250 thousand yen, and income taxes paid of 23,929 thousand yen, etc.

(Cash flows from investing activities)

Net cash used in investing activities were 364,159 thousand yen, (342,571 thousand yen in the same period of the previous year). The expenditure were 330,094 thousand yen for acquisitions of intangible Non-Current Assets relating to the new development and functional expansion of SaaS.

(Cash flows from financing activities)

Net cash used in financing activities were 32,927 thousand yen, (34,443 thousand yen in the same period of the previous year). The source was Cash dividends paid amounted to 32,913 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.

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. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	739,371	417,211
Notes and accounts receivable - trade, and contract assets	61,362	56,983
Work in process	59,132	118,155
Prepaid expenses	61,167	94,641
Other	18,544	5,719
Allowance for doubtful accounts	△1,554	△2,212
Total current assets	938,023	690,499
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	56,565	67,029
Accumulated depreciation	△45,745	△42,011
Facilities attached to buildings, net	10,820	25,017
Tools, furniture and fixtures	168,841	175,681
Accumulated depreciation	△142,223	△141,829
Tools, furniture and fixtures, net	26,618	33,851
Construction in progress	424	-
Total property, plant and equipment	37,862	58,869
Intangible assets		
Trademark right	1,048	990
Software	1,230,431	1,313,840
Software in progress	158,003	157,496
Total intangible assets	1,389,483	1,472,327
Investments and other assets		
Golf club membership	42,000	42,000
Leasehold and guarantee deposits	74,855	75,287
Long-term prepaid expenses	31,007	27,014
Deferred tax assets	27,365	39,025
Total investments and other assets	175,229	183,326
Total non-current assets	1,602,575	1,714,523
Total assets	2,540,599	2,405,023

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - other	135,837	100,421
Income taxes payable	52,963	16,313
Advances received	301,298	284,684
Deposits received	13,418	15,569
Provision for bonuses	59,600	69,085
Forward exchange contracts	-	2,827
Other	27,952	26,776
Total current liabilities	591,069	515,678
Non-current liabilities		
Guarantee Deposited	2,809	2,809
Total non-current liabilities	2,809	2,809
Total liabilities	593,879	518,488
Net assets		
Shareholders' equity		
Share capital	628,411	628,411
Capital surplus	718,179	718,179
Retained earnings	738,729	678,558
Treasury shares	△138,600	△138,614
Total shareholders' equity	1,946,719	1,886,534
Total net assets	1,946,719	1,886,534
Total liabilities and net assets	2,540,599	2,405,023

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

(Semi-annual Consolidated Statement of Income)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	1,338,502	1,447,653
Cost of sales	578,567	652,786
Gross profit	759,934	794,866
Selling, general and administrative expenses	718,742	822,510
Operating profit (loss)	41,192	△27,644
Non-operating income		
Interest income	5	51
Foreign exchange gains	30,966	-
Miscellaneous income	-	94
Commission income	322	214
Gain on forfeiture of unclaimed dividends	277	332
Total non-operating income	31,572	693
Non-operating expenses		
Interest expenses	0	-
Commission expenses	300	300
Foreign exchange losses	-	3,422
Total non-operating expenses	301	3,723
Ordinary profit (loss)	72,463	△30,673
Extraordinary losses		
Loss on retirement of non-current assets	0	1,577
Total extraordinary losses	0	1,577
Profit (loss) before income taxes	72,463	△32,250
Income taxes - current	32,918	5,072
Income taxes - deferred	△6,376	△11,659
Total income taxes	26,541	△6,587
Profit (loss)	45,921	△25,663
Profit (loss) attributable to owners of parent	45,921	△25,663

(Semi-annual Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	45,921	△25,663
Comprehensive income	45,921	△25,663
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45,921	△25,663

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	72,463	△32,250
Depreciation	236,091	260,377
Loss on retirement of non-current assets	0	1,577
Foreign exchange losses (gains)	△23,040	3,211
Increase (decrease) in allowance for doubtful accounts	683	657
Increase (decrease) in provision for bonuses	11,382	9,485
Interest and dividend income	△5	△51
Interest expenses	0	—
Decrease (increase) in trade receivables	△14,927	4,379
Decrease (increase) in inventories	△18,704	△59,022
Increase (decrease) in accounts payable - other	14,963	△36,564
Increase (decrease) in advances received	82,799	△16,613
Increase (decrease) in accrued consumption taxes	△12,150	△927
Other, net	△31,297	△35,067
Subtotal	318,257	99,188
Interest and dividends received	5	51
Interest paid	△0	—
Income taxes paid	△49,420	△23,929
Net cash provided by (used in) operating activities	268,842	75,311
Cash flows from investing activities		
Purchase of property, plant and equipment	△8,231	△32,606
Purchase of intangible assets	△334,340	△330,094
Payments of leasehold and guarantee deposits	—	△1,458
Net cash provided by (used in) investing activities	△342,571	△364,159
Cash flows from financing activities		
Purchase of treasury shares	—	△14
Dividends paid	△34,443	△32,913
Net cash provided by (used in) financing activities	△34,443	△32,927
Effect of exchange rate change on cash and cash equivalents	1,722	△384
Net increase (decrease) in cash and cash equivalents	△106,450	△322,160
Cash and cash equivalents at beginning of period	806,971	739,371
Cash and cash equivalents at end of period	700,521	417,211

(4) Notes to Semi-annual 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.