Second-quarter for FYE March 31, 2019
Presentation Material

November 8, 2018

e-Seikatsu Co., Ltd.

Securities code: 3796

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Table of contents

1. Summary of Second-quarter Results for FYE March 31, 2019

2. Earnings Forecast and Future Prospects

3. Summary of Recent Business Results

4. Company Overview

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1. Summary of Second-quarter Results for FYE March 31, 2019

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Highlights

Continued with the growth investment in new businesses for the next term and thereafter.

- Consolidated sales: 944 million yen (FY2018 2Q 953 million yen, YOY change -9 million yen, -1.0%)
  - Cloud Service revenue: 899 million yen (FY2018 2Q 906 million yen, YOY change -6 million yen, -0.8%)
  - **Including monthly recurring revenue of Turnkey services: 843 million yen (FY2018 2Q 853 million yen, YOY change -9 million yen, -1.1%)**
- Consolidated operating income: -25 million yen (FY2018 2Q 24 million yen, YOY change -50 million yen)
- As of the end of Sep. 2018, the number of client companies is 1,307 (FY2018 2Q 1,248), and the number of stores is 3,527 (FY2018 2Q 3,391)
  - Monthly ARPU: approx. 118,000 yen/company ※as of the end of Sep. 2018
    FY2018 2Q approx. 118,500 yen/company ※as of the end of Sep. 2017

Released new services, while taking advantage of “Subsidies for Promoting the adoption of IT”

- Released new services such as “pocketpost,” a smartphone app for tenants, and “ES × MeetingPlaza,” a web conference tool for the explanation of important matters by IT, and carried out sales promotion combined with “ES e-Bukken One.”
- As grant application for “Subsidies for the adoption of IT” for the fiscal year 2018 shifted into high gear, we encouraged new and existing customers to use our services and started cross-selling the services mentioned above.

∗ Figures rounded down to the nearest million yen.

∗ Ratios rounded to the nearest decimal place.

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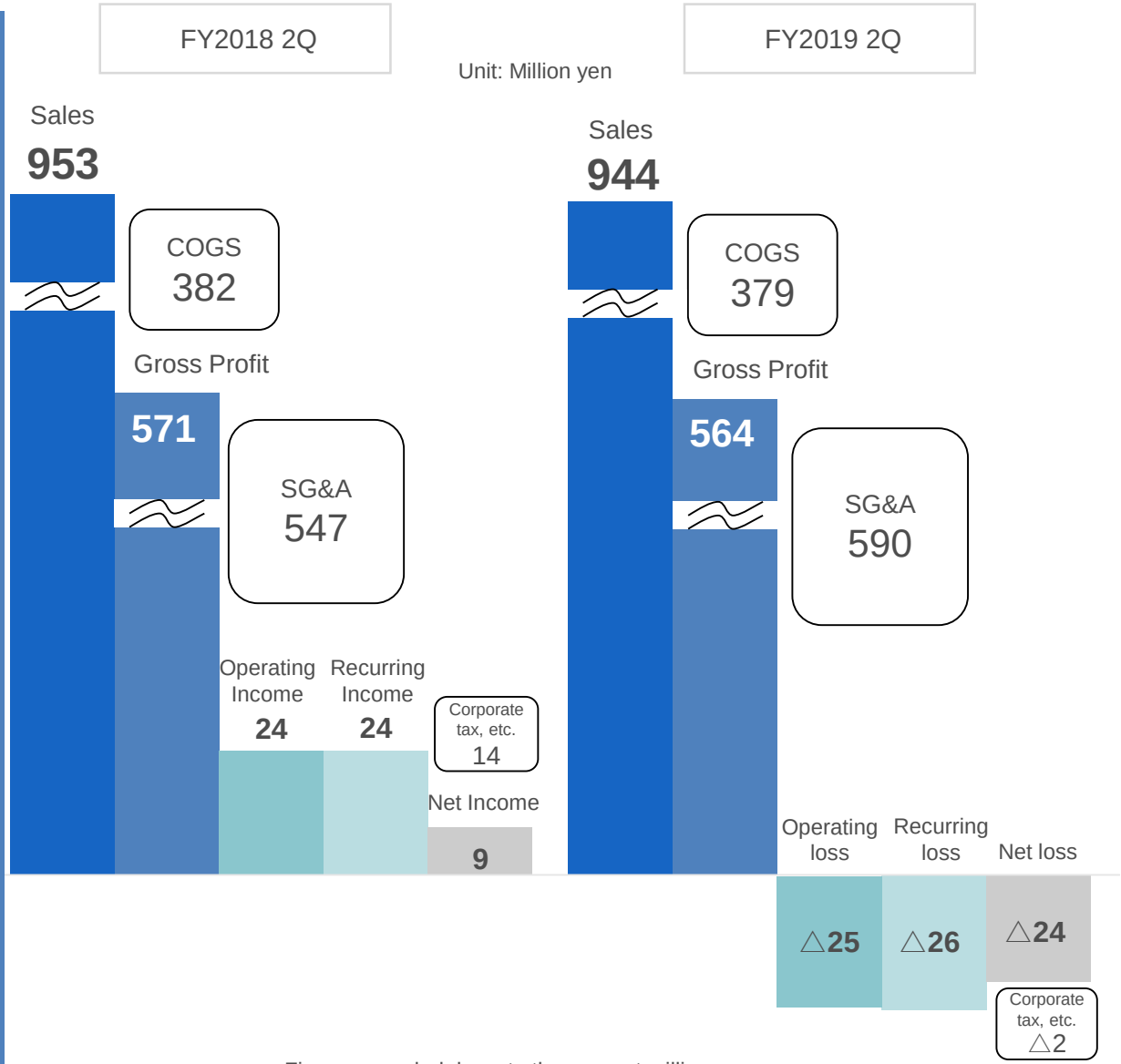
Making up for the service ended in the previous term

- Sales declined by the amount equivalent to the sales of the cloud service for specific customers that ended at the end of May in the previous term (categorized under “Non-Turnkey services”). It has not been covered up yet.

- SGA augmented, as we improved staffing for planning and launching new services and expanding the customer base for “ES e-Bukken One Rental Management.”



∗ Figures rounded down to the nearest million yen.

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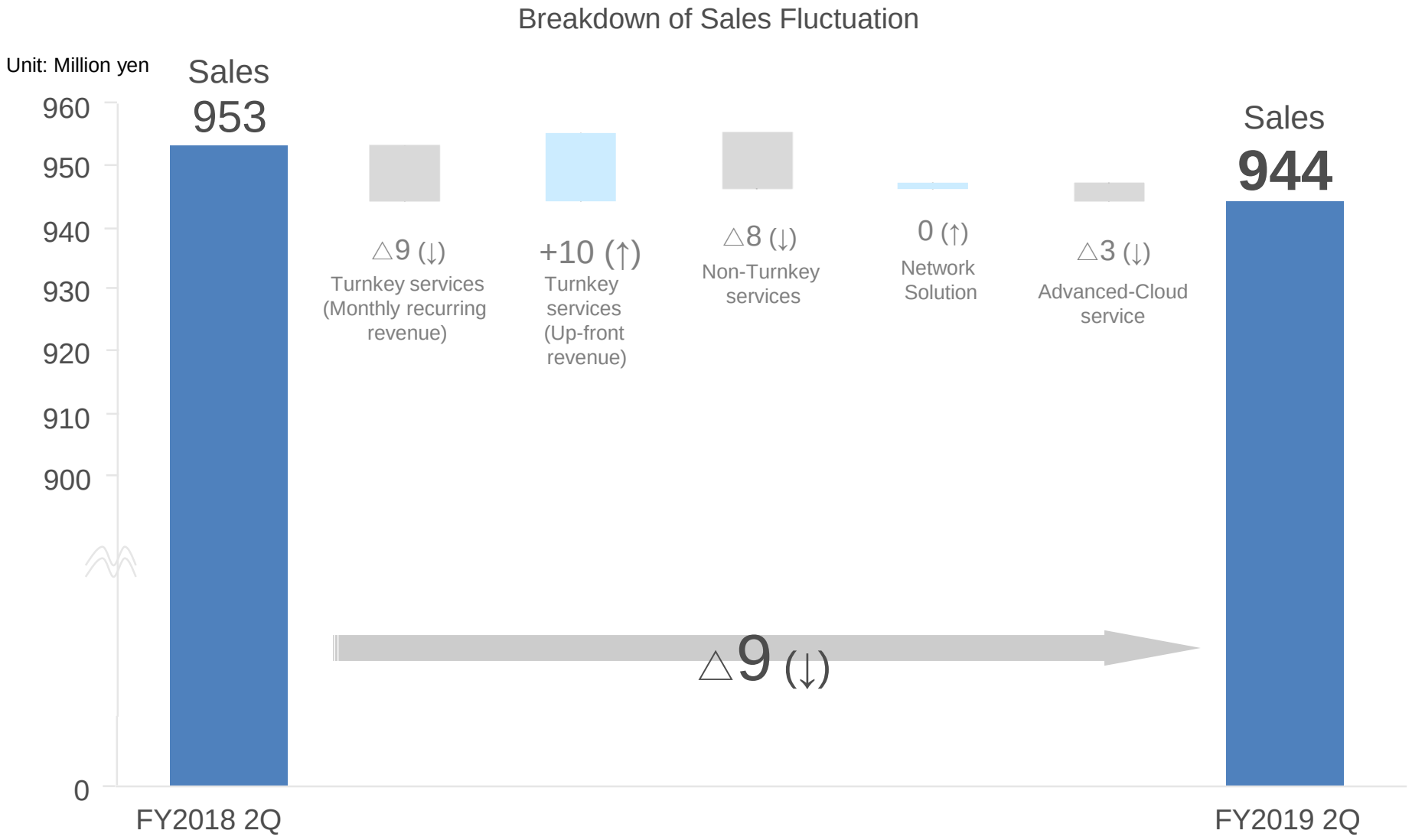
To make up for the discontinued services



∗ '-' indicates zero yen, '0' indicates an amount less than one million yen.

∗ Figures rounded down to the nearest million yen.

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Revenues by product

Item (Million yen)	FY2018 2Q	FY2019 2Q	YOY change	YOY change (%)
Cloud Service	906	899	△6	△0.8%
Turnkey services *	872	874	1	0.2%
Up-front revenue	19	30	10	55.8%
Monthly recurring revenue	853	843	△9	△1.1%
Non-turnkey services *	33	25	△8	△24.4%
Network Solution	16	16	0	3.5%
Advanced-Cloud Service	30	27	△3	△10.5%
Total	953	944	△9	△1.0%

＊Turnkey services ・・・・・・・・・・・・ Suite of standard system applications with up-front and monthly recurring revenue.
Non-turnkey services ・・・・・・・・・ Customized system applications with one-time and monthly recurring revenue.

＊‘-’ indicates zero yen, ’0’ indicates an amount less than one million yen.

＊Figures rounded down to the nearest million yen.

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- Position “ES × MeetingPlaza,” “pocketpost,” etc. as entry-level commodities and enhance promotion for increasing new customers.

- Accelerate the provision of opportunities to use our services and increase sales of the cloud service by making the installation support service into a fee-charging one and offering it as an option of the turnkey services for the customers lacking resources (data transfer, etc.) at the time of installation of strategically important services (such as “ES e-Bukken One Rental Management”).

- Offer fee-charging operation support services and a stable environment for system operation for the customers lacking operating resources after the installation of our service, and increase earning opportunities.

- Promote the use of “Subsidies for the adoption of IT” and find potential customers with cost sensitivity.

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Release of the new service “pocketpost”

Occupants

Questions about contracts

Noise troubles

Request for repair, etc...

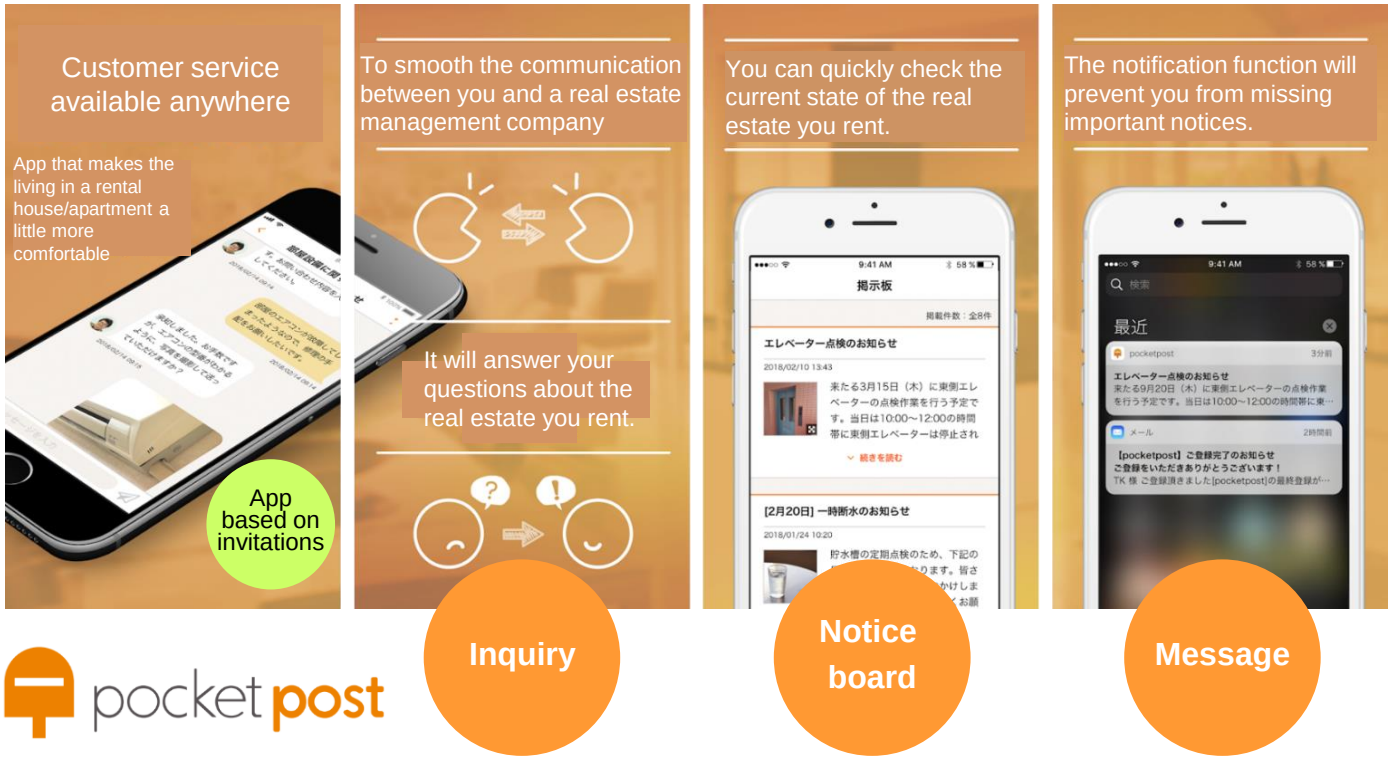
It is cumbersome to communicate by phone, mail, bulletin board, …

Real estate management companies

Notice on contract renewal

Notice on equipment inspection

Posting on notice boards, etc...



- ✓ The smartphone app “pocketpost” for connecting real estate management companies and occupants
- ✓ New communication tool that would replace conventional ones, such as telephone, mails, and bulletin boards
- ✓ Linked also with “ES e-Bukken One.” The complete version released in Apr. 2018.

Enrichment of the lineup of services for real estate management companies

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Release of “ES × MeetingPlaza,” a dedicated online conference system

Released on
Jun. 1, 2018

Online conference cloud optimized for online customer services and explanation of important matters by IT in the realty field



ES × meetingplaza

Users can use the system as they want by paying 10,000 yen per month!
5 accounts that can be used concurrently



Simple UI/UX optimized for explaining important matters by IT



Automatic recording function suited for recording the explanation of important matters by IT



Flat-rate plan so that users can use the system as they want without checking the time



To save the travel time in between stores and cost of real estate brokers

- ✓ This can be utilized in various scenes, including the explanation of important matters by IT, online customer services, and preview of real estate.
- ✓ Reasonable price so that it can be adopted by small-sized real estate companies

Note: “MeetingPlaza” is a trademark or registered trademark of NTT TechnoCross Corporation.

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What e-Seikatsu aims for

We are promoting the utilization of IT in a series of processes for real estate transactions, including search, preview, explanation of important matters, conclusion of a contract, and payment.

Online Viewing | **Online Application** | **Explain Important Matters by IT** | **Electronic Contract** | **Electronic Payment** (in preparation) | **App for Occupants** pocketpost

Searching Real Estate on Website → Inquiry → Visiting Store → Private Viewing → Application → Explanation of Important Matters → Contract/ Handover → Payment → Support for occupants







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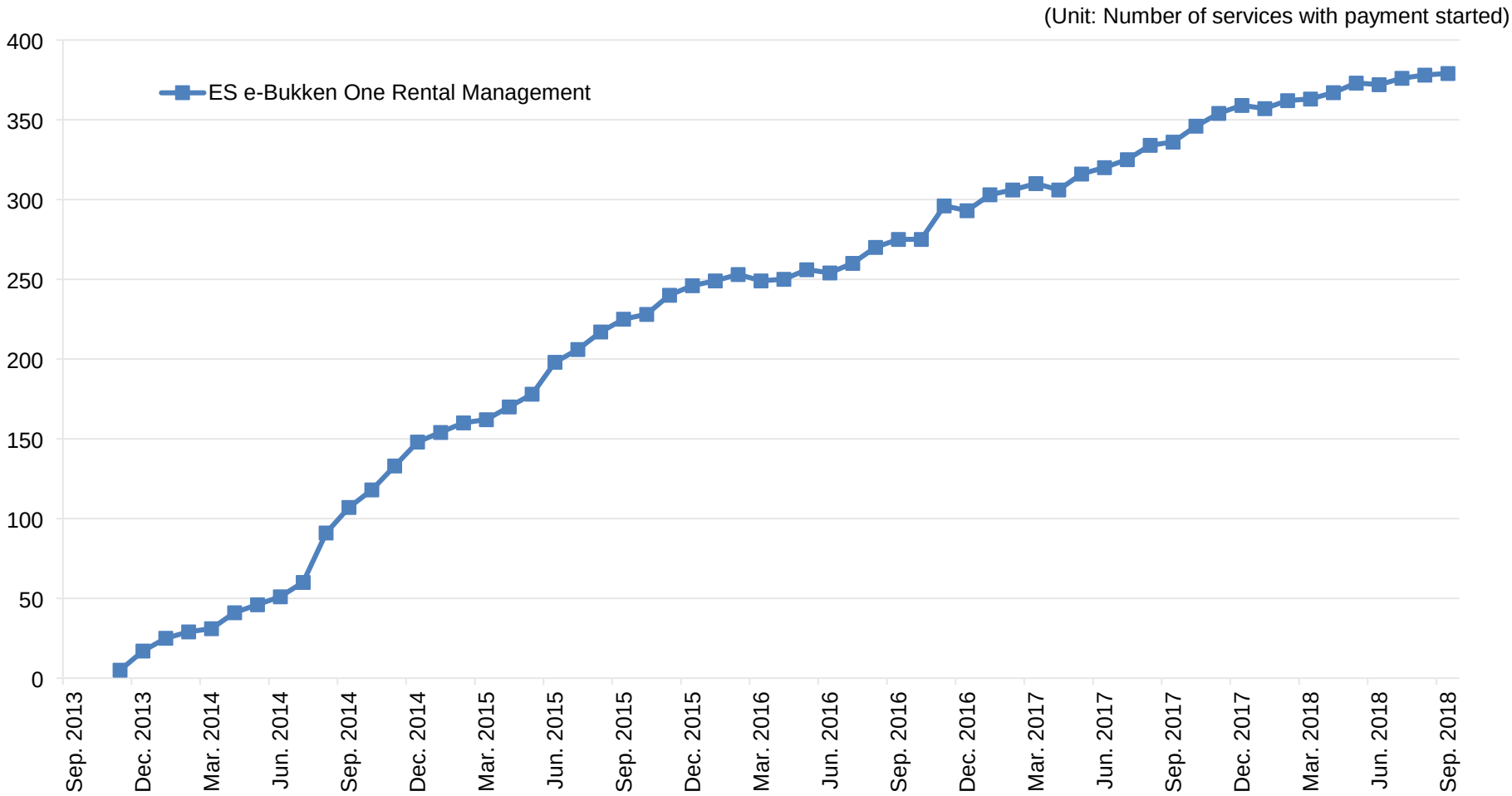
The customer base of “ES e-Bukken One Rental Management,” which is strategically important, is expanding



∗ The number means the sum of the number of new contracts and the number of shifts from existing services.

∗ The total number of “One Rental (management option),” “One Rental (full-time management),” and “One Rental (rent management)” is expressed by “One Management.”

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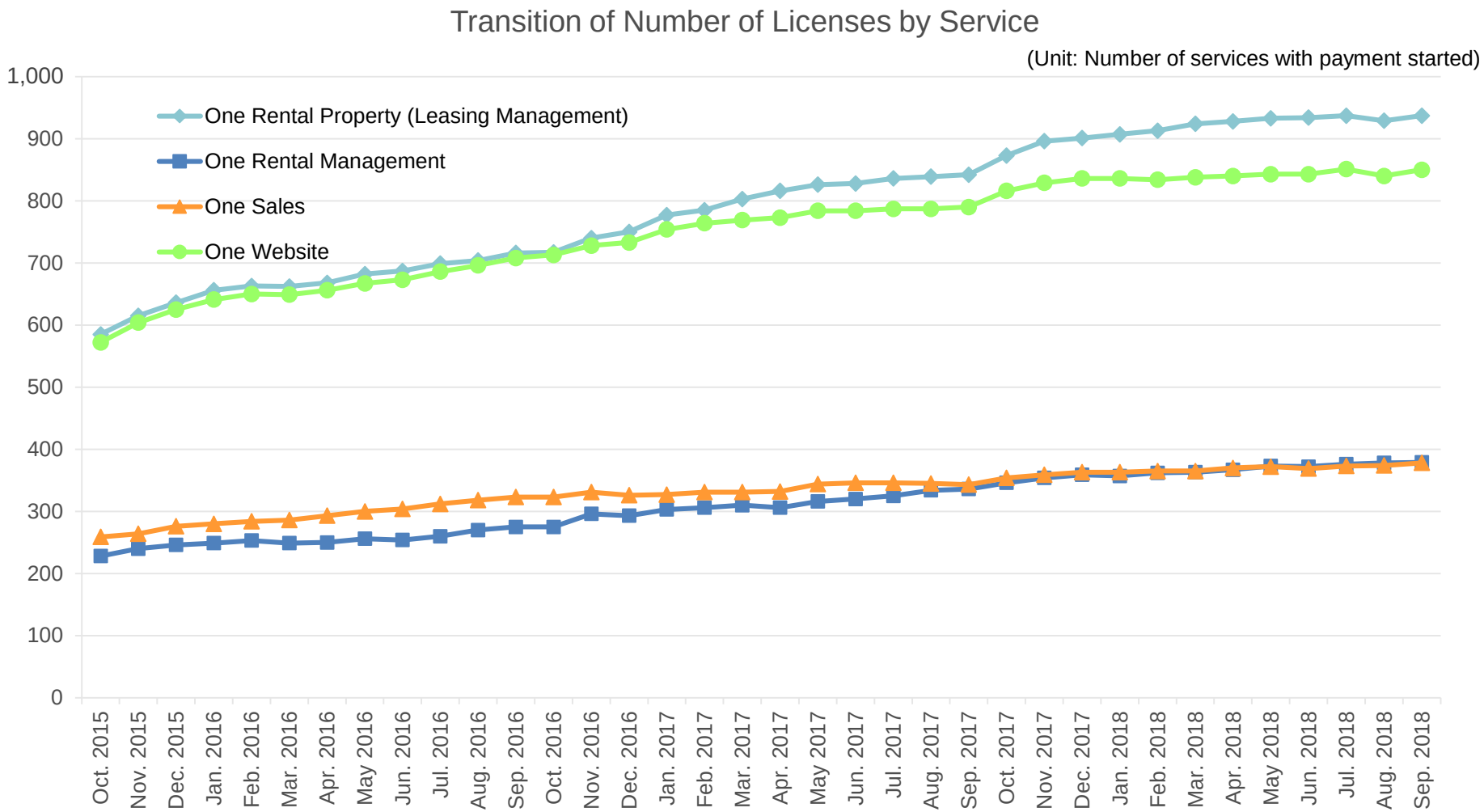
The number of licenses provided is increasing steadily



∗ The number means the sum of the number of new contracts and the number of shifts from existing services.

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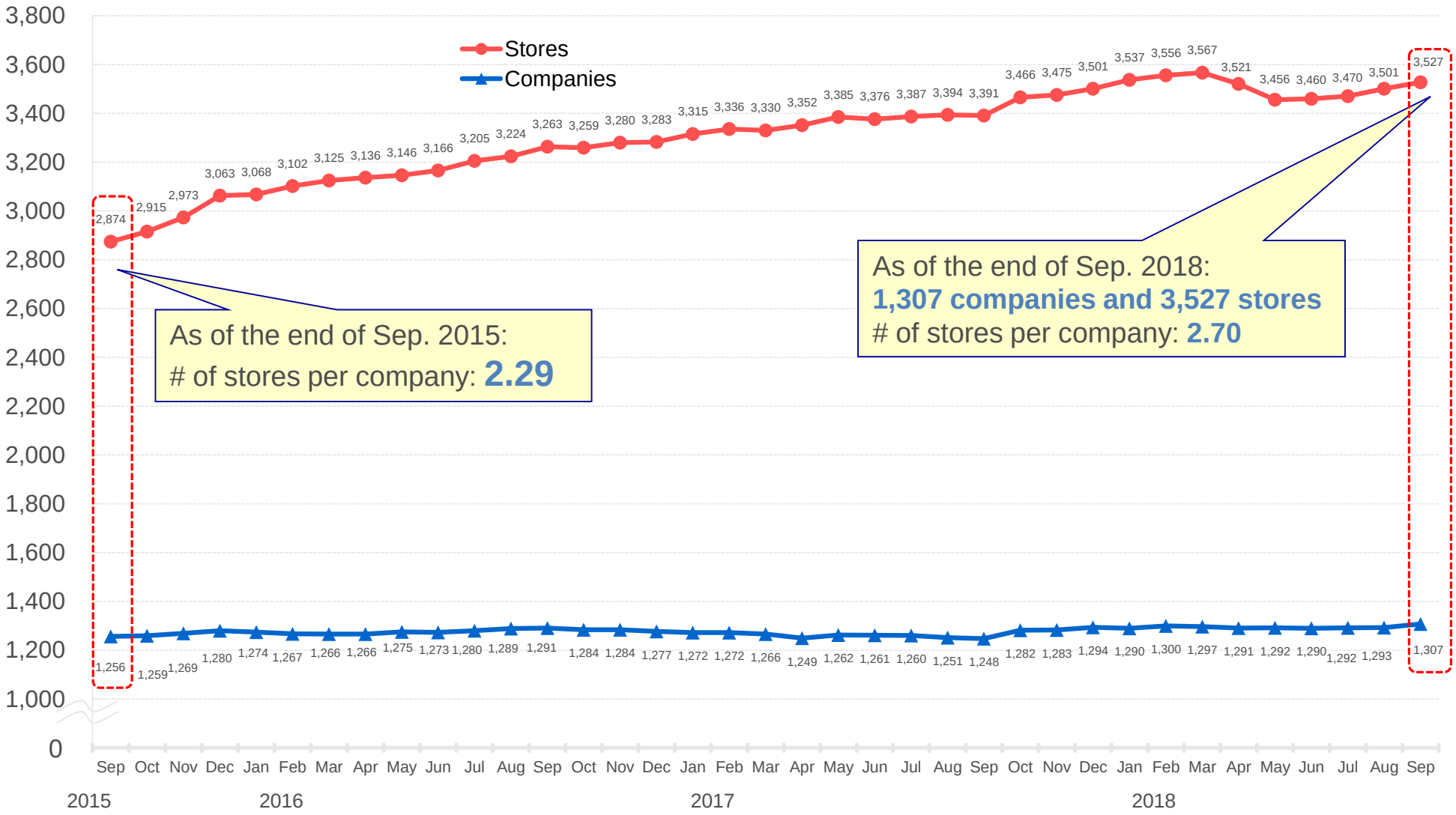
Ratio of the number of stores per corporation is increasing

Transition of Number of Companies and Stores Using Our Services



＊ As for ES e-Bukken One, contracts are concluded and fees are charged for individual corporations. As for the number of stores, the total number of stores used and registered by clients (real estate companies) was counted.

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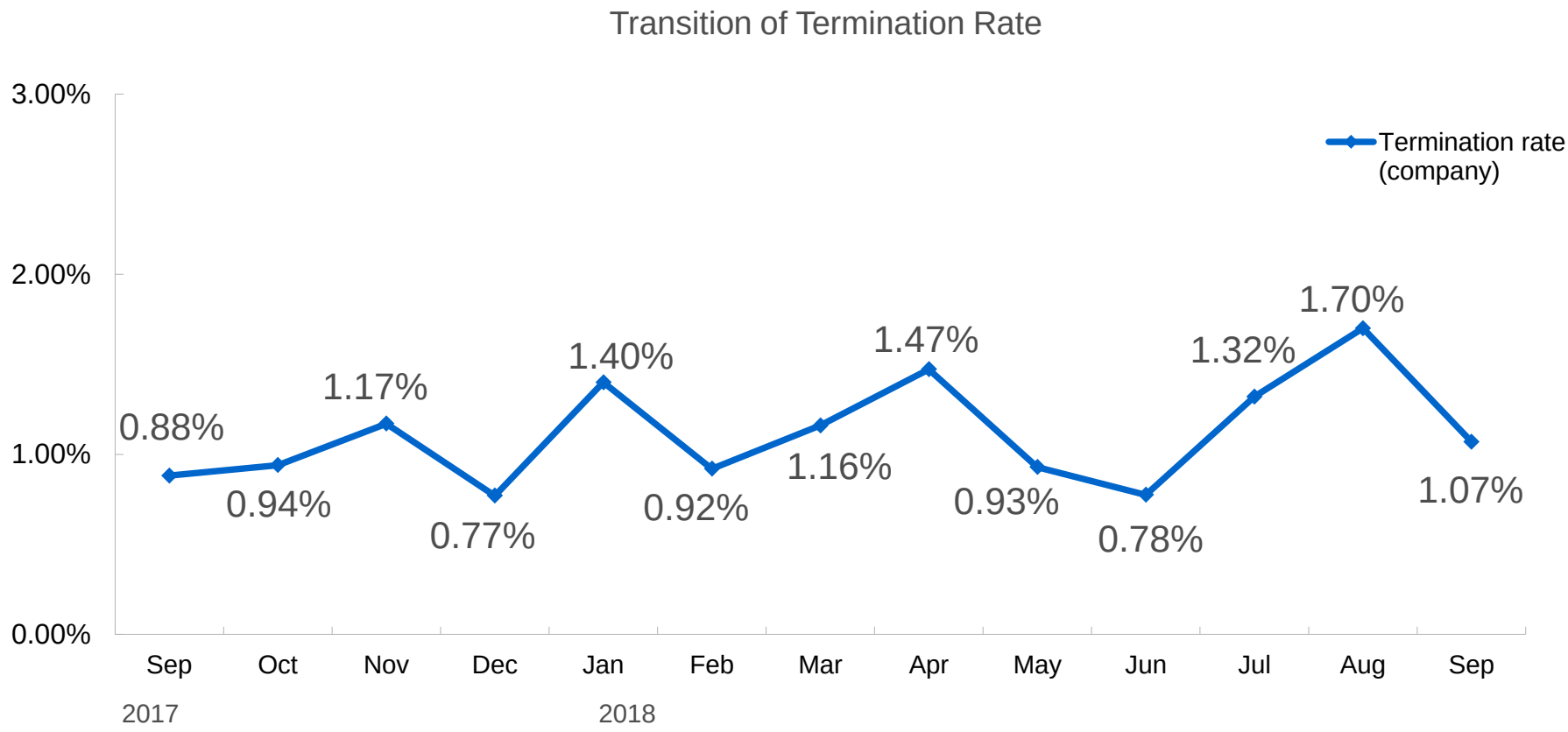
The quality of support systems and services was enhanced, for raising customer retention rate



Unit: companies

	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Ave.
# of companies	11	12	15	10	18	12	15	19	12	10	17	22	14	14.4

∗ Termination rate is obtained by dividing the number of companies that have cancelled our service in each month by the number of companies whom we have charged.

∗ “# of companies” means the number of companies that have cancelled our service and are no longer charged in the month concerned.

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Monthly ARPU maintained over 100 thousand yen

Transition of Monthly ARPU



$$\text{Monthly ARPU} = \frac{\text{Cloud Service revenue in a given month}}{\text{The number of companies 'Billed Clients' in a given month}}$$

* Figures rounded down to the nearest hundred yen.

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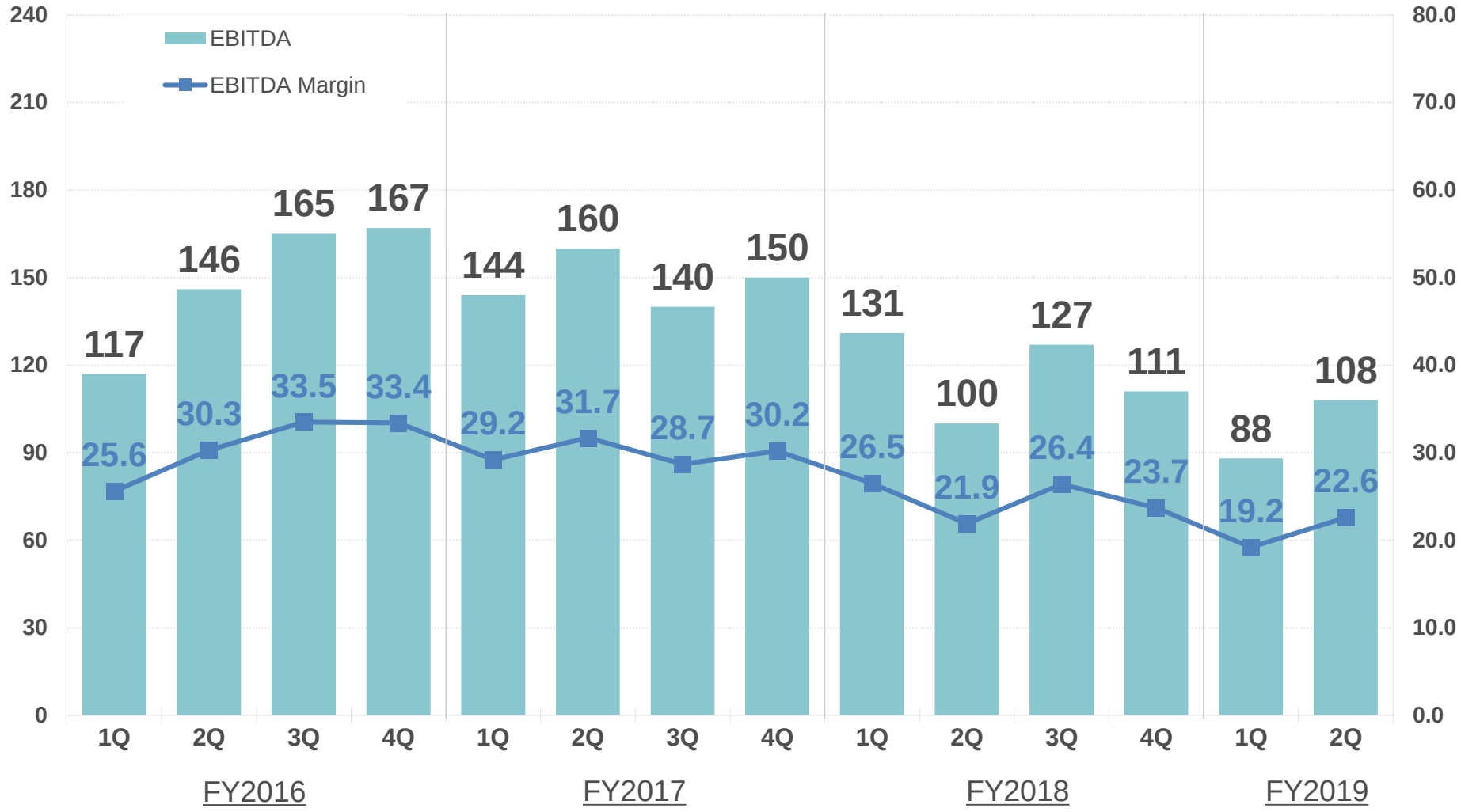
EBITDA (operating Income + depreciation) remains stable

Transition of EBITDA

Unit: Million yen

Unit: %



∗ Figures rounded down to the nearest million yen.

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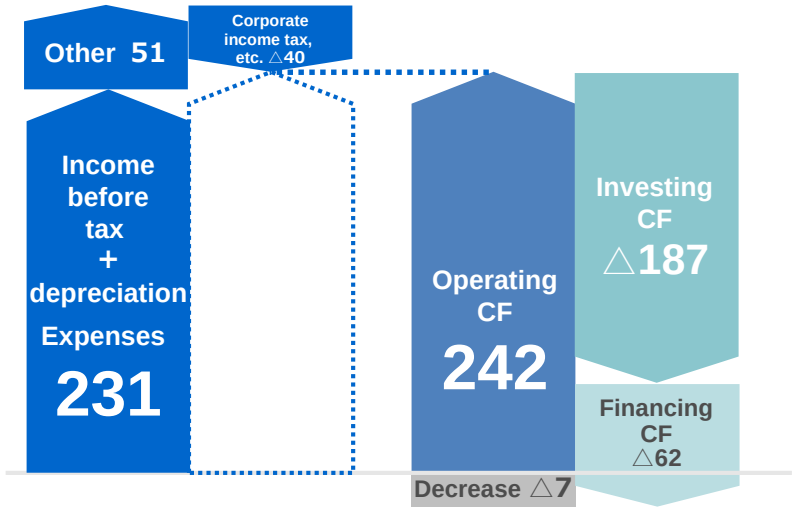
Expansion of investment in service development for growth

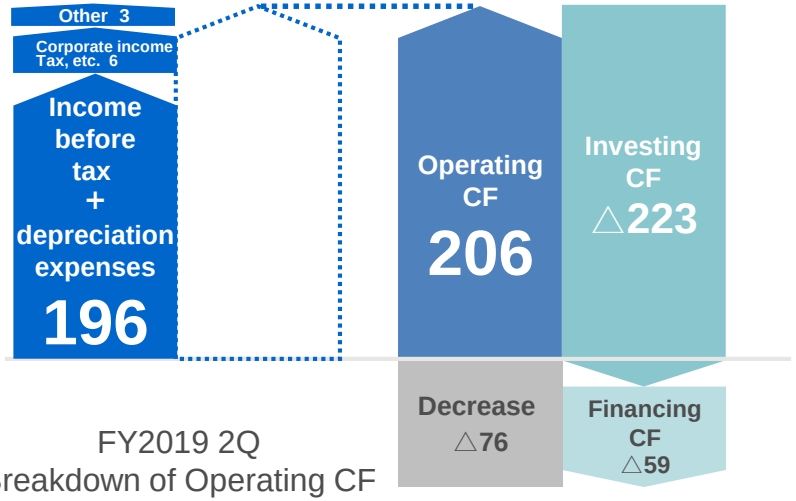
Cash Flow Statement

FY2018 2Q
(2Q of previous term)



FY2018 2Q
Breakdown of Operating CF

FY2019 2Q
(2Q of current term)



FY2019 2Q
Breakdown of Operating CF

Unit: Million yen

Operating CF
Investing CF
Financing CF
Increase/decrease of Cash

<Major breakdown items>			FY2018 2Q	FY2019 2Q
Operating Activities	①	Income before tax + depreciation expenses	231M yen	196M yen
	②	Payment of corporate income tax, etc. (△)	△40M yen	△1M yen
	③	Return of corporate tax, etc.	-	8M yen
Investing Activities	④	Expenses in development such as services (△)	△181M yen	△207M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△5M yen	△7M yen
Financing Activities	⑥	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑦	Expenses due to repayment of lease obligations (△)	△28M yen	△25M yen

＊Figures rounded down to the nearest million yen.

＊'0' indicates an amount less than one million yen.

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2. Earnings Forecast and Future Prospects

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Sales growth expected; upfront investment for growth

(Million yen)	2Q Results FY2019	Full-term Forecast FY2019	Progress Rate as % of Full-term Forecast	Full-term Results FY2018	Difference	YOY change (%)
Sales	944	2,002	47.2%	1,909	92	4.9%
Operating income	△25	31	–	49	△18	△37.5%
Recurring income	△26	30	–	49	△19	△38.8%
Net Income	△24	11	–	21	△9	△45.2%

	Dividend per share
Full-term dividend (forecast) (FYE March 2019)	5.00yen
Full-term dividend (result) (FYE March 2018)	5.00yen

＊Forecast figures are based on information available at the time of this announcement.
Actual results may differ materially from the forecast figures.
＊Figures rounded down to the nearest million yen.

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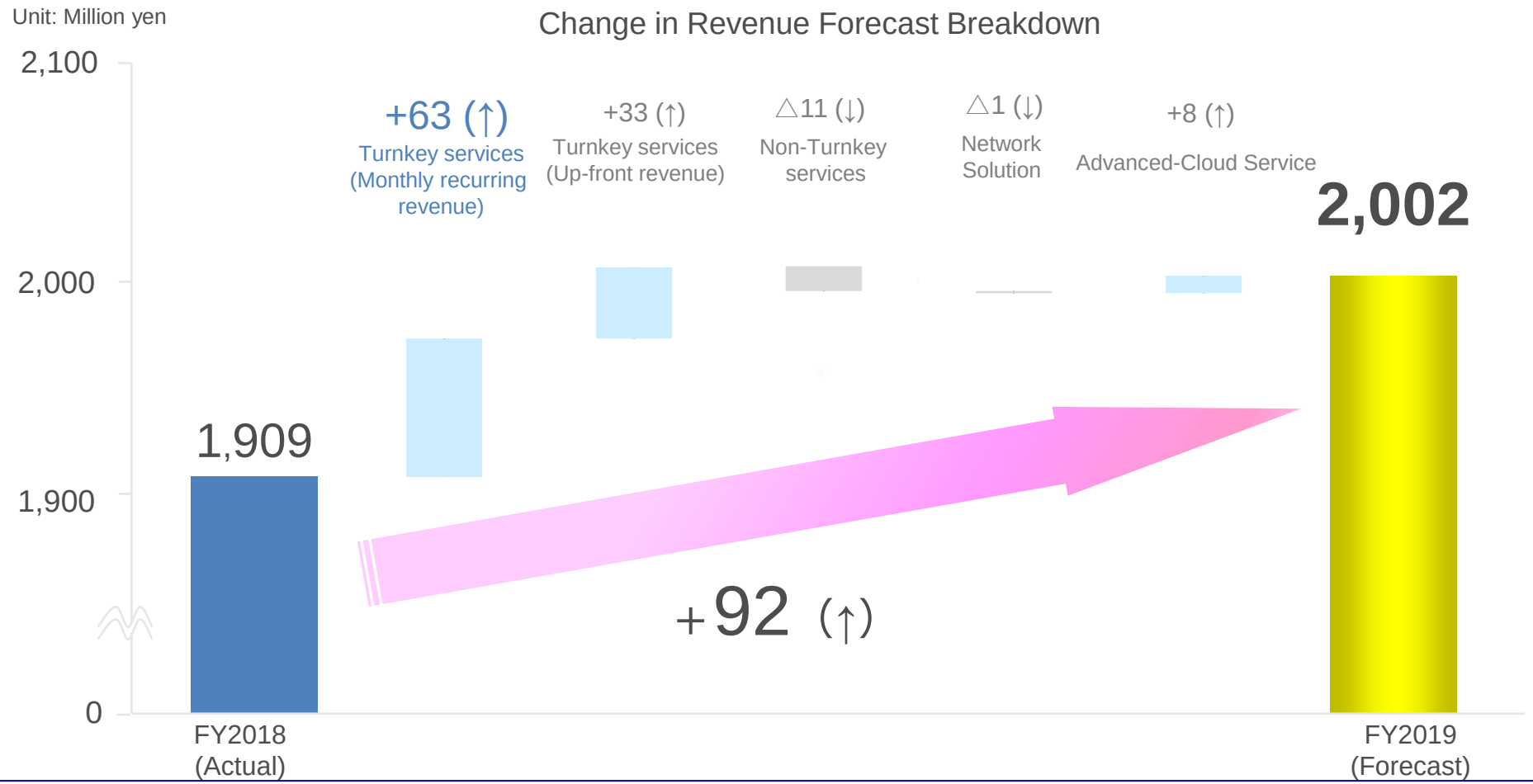
Revenue forecast: Sales estimated to rise through the continuous growth of cloud services



<Key Points>

We will promote “ES e-Bukken One,” a convenient cloud service for explanation of important matters by IT. The sales of Turnkey services (Monthly recurring revenue) are estimated to grow about 63 million yen from the term ended Mar. 2018, and the total sales of the cloud solution business are projected to increase by about 92 million yen.

＊ Figures rounded down to the nearest million yen.

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Revenue forecast breakdown

Item (Unit: million yen)	FY2018	FY2019	YOY change	YOY change (%)
Cloud Service	1,814	1,899	85	4.7%
Turnkey services *	1,755	1,852	96	5.5%
Up-front revenue	46	79	33	71.6%
Monthly recurring revenue	1,709	1,772	63	3.7%
Non-turnkey services *	58	47	△11	△19.8%
Network Solution	33	32	△1	△3.3%
Advanced-Cloud Service	61	70	8	13.8%
Total	1,909	2,002	92	4.9%

* Turnkey services ・・・・・・・ Suite of standard system applications with up-front and monthly recurring revenue.
  Non-turnkey services ・・・ Customized system applications with one-time and monthly recurring revenue.

* The above forecast figures are based on information available at the time of this announcement. Actual results may differ materially from the forecast figures.
* Figures rounded down to the nearest million yen.

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Outline of our services

Real estate database

- Layout info
- Addresses, latitude/longitude info
- Equipment info
- Images
  -
  -

Contract database

- Lease contracts
- Management entrustment contracts
  -
  -

Database of organizations and employees

- Names or corporations and organizations
- Employees' names, numbers, and posts
- Contact info (email addresses and telephone numbers)
  -
  -

Customer database

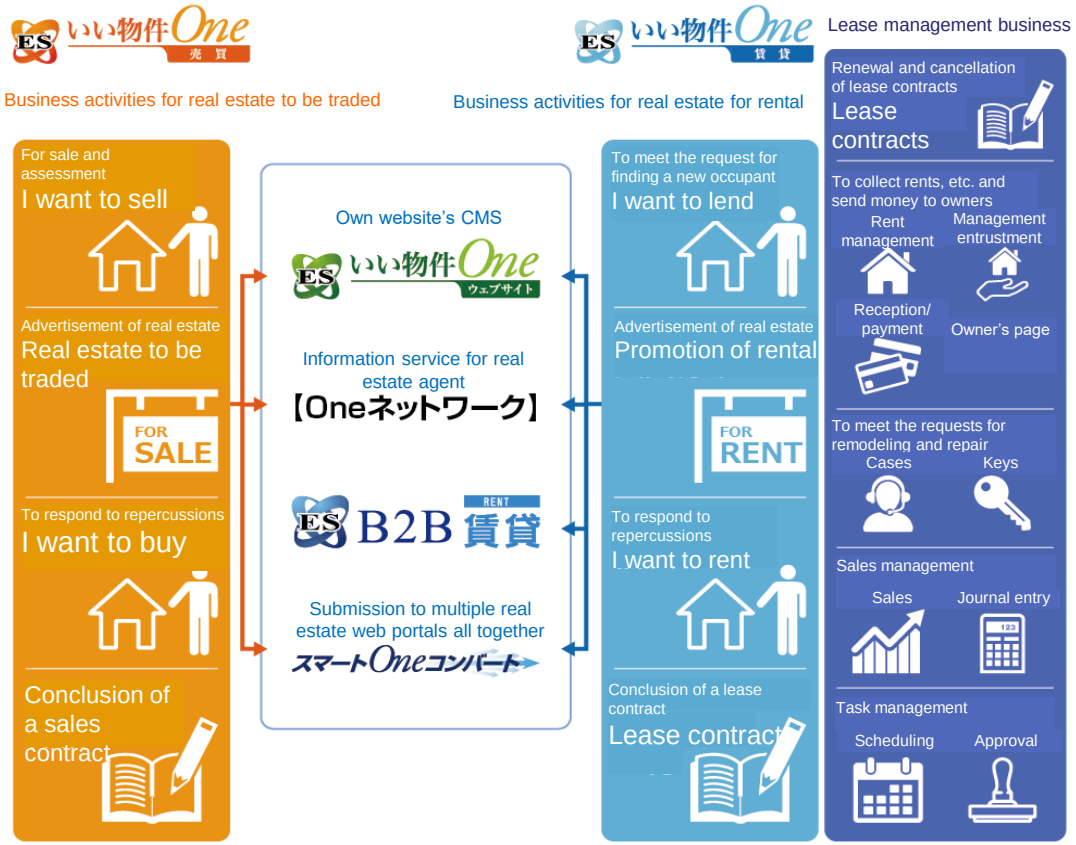
- Customer categories (renting, lending, selling, or buying)
- Names, contact info, etc.
- Family structures
- Annual income and bank account info
  -
  -

Database of income, expenditure, and sales

- Rents and security deposits
- Deposit category
- Accounts
  -
  -

More than 4,000 items can be stored.

つなぐ、不動産クラウド。
いい物件One



pocket post

IT重説・WEB接客専用パッケージ
meetingplaza

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Outlook for future service developments







	2018	2019	2020	2021	2022
Expansion of Service Line-Up and Function Reinforcement	Response to the legal system for “Explanation of Important Matters by IT,” etc. and the changes in the external environment Provision of services for the use of IT in a series of processes for real estate transactions, such as inquiry, preview, application, explanation of important matters, conclusion of a contract, payment, and transfer of ownership				
	Enrichment of solutions for real estate management and brokerage companies				
	Evolution into a communication platform business				
Service Quality Improvement and Capacity Increase	Improvement of “UX＊”				
	Improvement in use of information (From “mere info” to “valuable info”)				
		Further stabilization of service provision and anti-disaster measures			

＊ “UX” is the abbreviation of User Experience, which means the experience users get by using our systems, services, etc.
We aim to produce services customers want to use more by improving UX.

＊The above schedule is a plan at the present moment and is subject to change.

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Target Index

- Number of clients: 5,000 companies
- Monthly ARPU: more than ¥100,000
- Gross profit margin on Cloud Service: more than 70%

Expand and grow our client base

To keep increasing clients by evolving services and enriching the systems for the support for installation and clients

Improve sales and operation efficiency

To increase the average spending per client by improving additional values and lengthen the period of use by upgrading services

Future growth

To evolve ES e-Bukken One to real estate trade platforms

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3. Summary of Recent Business Results

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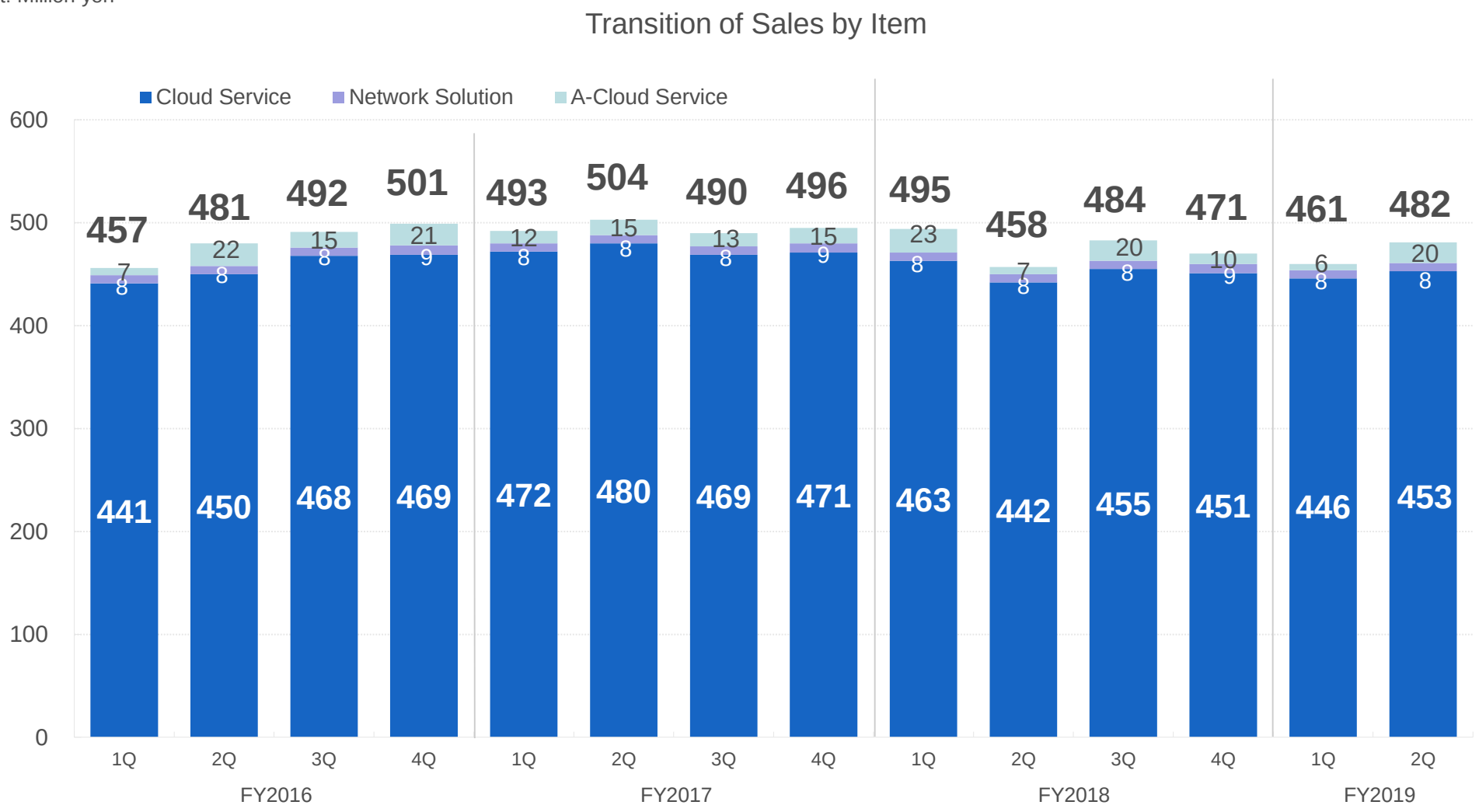
The sales of cloud services are stable

Unit: Million yen



∗ Figures rounded down to the nearest million yen.

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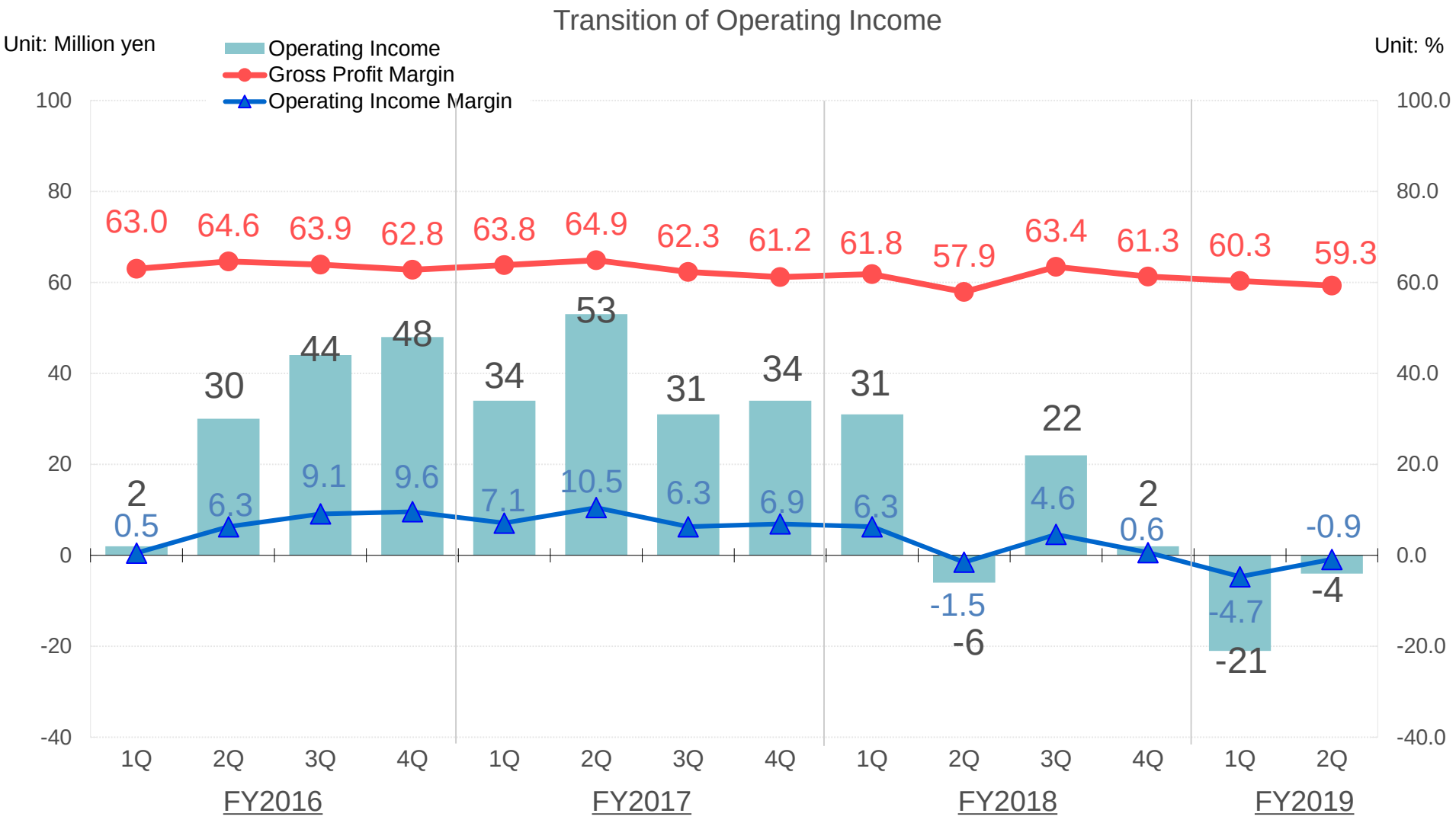
Investment, including the strengthening of staff for developing new business, preceded outcomes



∗ Figures rounded down to the nearest million yen.

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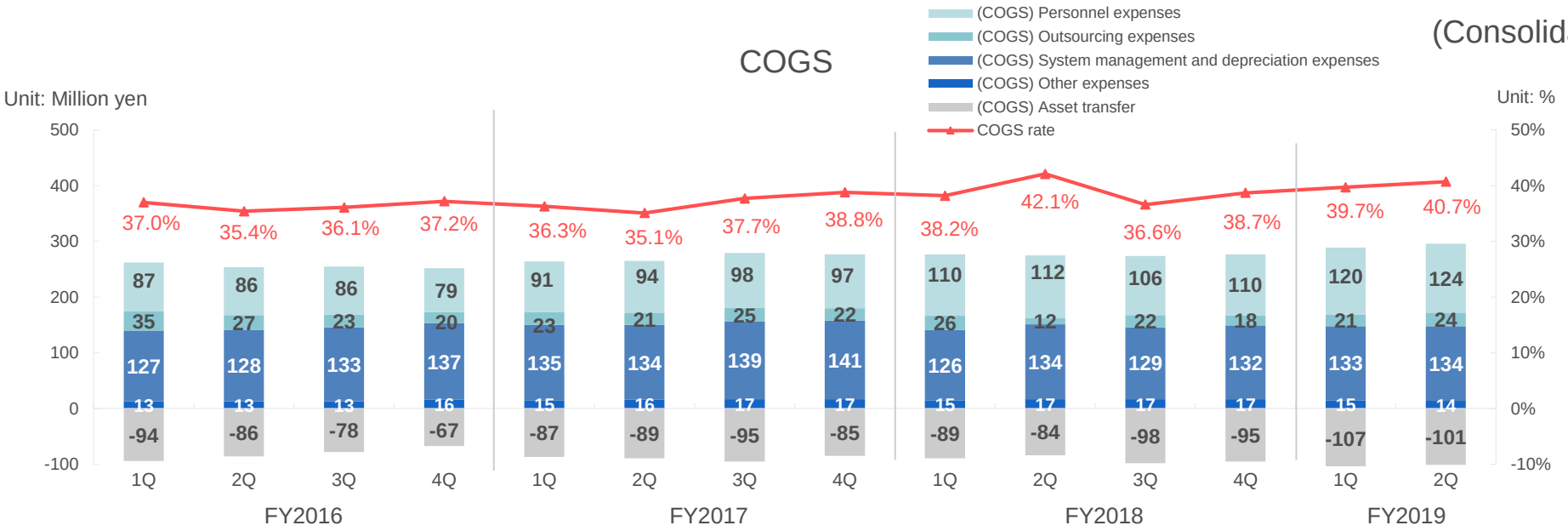
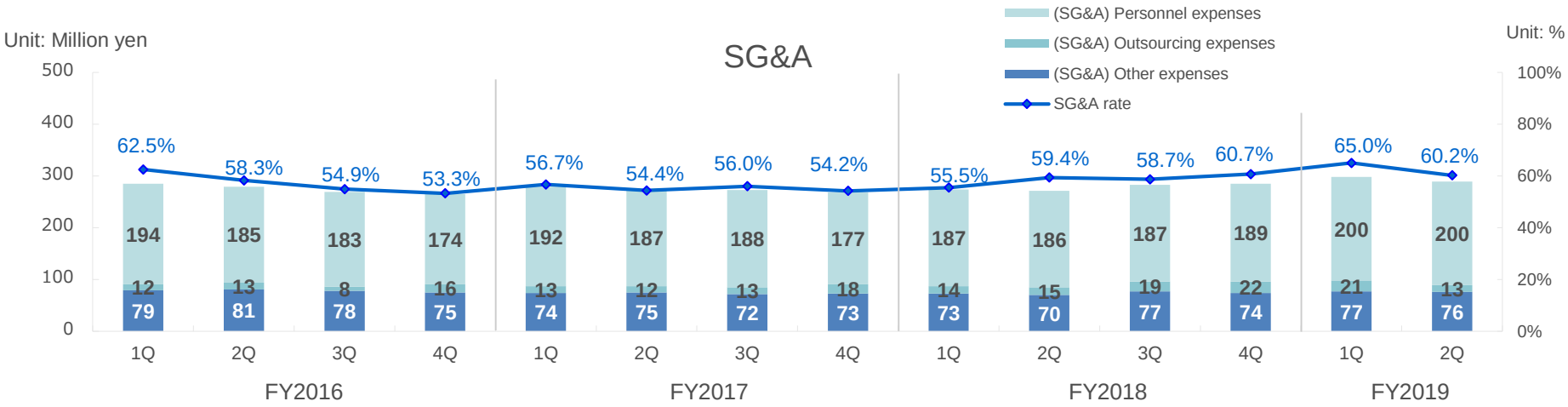
Total expenses are under control

(Consolidated)





* (COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, procurement expenses, system usage expenses, etc.
  (COGS) Asset transfer: Inventory assets(goods in process), portion allowances for software under development listed under COGS
* (SG&A) Outsourcing expenses: Advertising expenses, recruitment related expenses, consultant fees, payment commission, etc.
* Figures rounded down to the nearest million yen.

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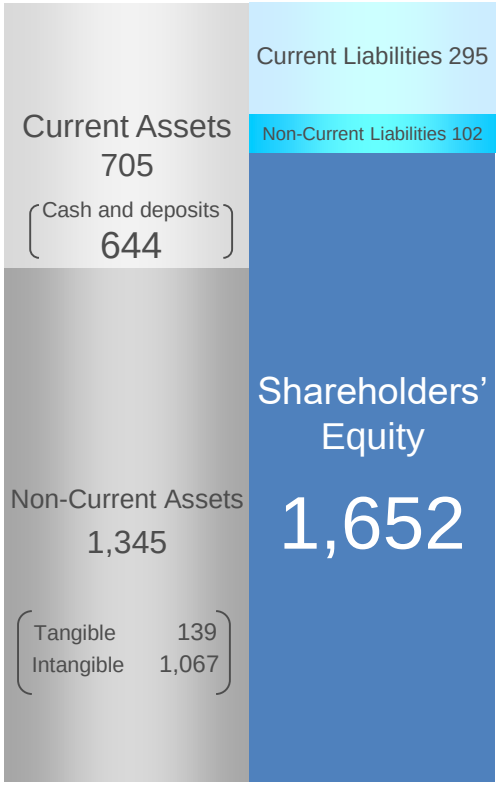
Financially sound

Consolidated Balance Sheet YOY Comparison

Unit: Million yen

As of the end of March, 2018

Current ratio
238.9%

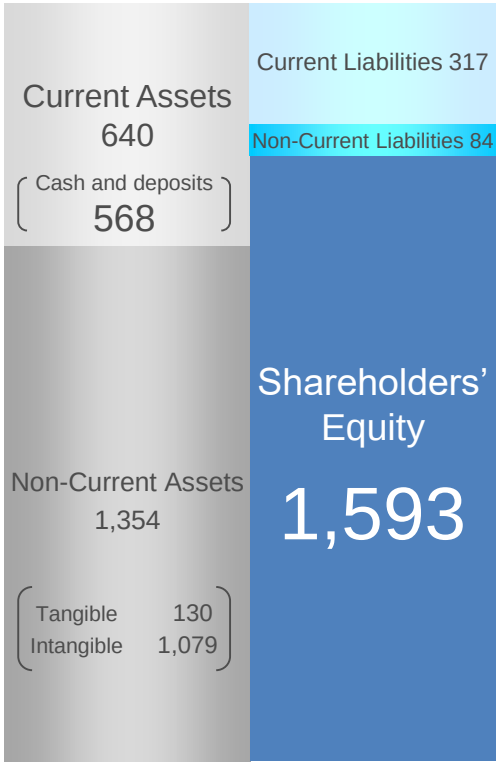


Capital-Asset ratio
80.6%

Assets 2,050 | Liabilities and Equity 2,050

As of the end of September, 2018

Current ratio
201.9%



Capital-Asset ratio
79.9%

Assets 1,994 | Liabilities and Equity 1,994

∗ Due to the partial revision to the accounting standards, deferred tax assets as of the end of Mar. 2018 is categorized into fixed assets (investments and other assets) rather than current assets.
∗ Figures rounded down to the nearest million yen.

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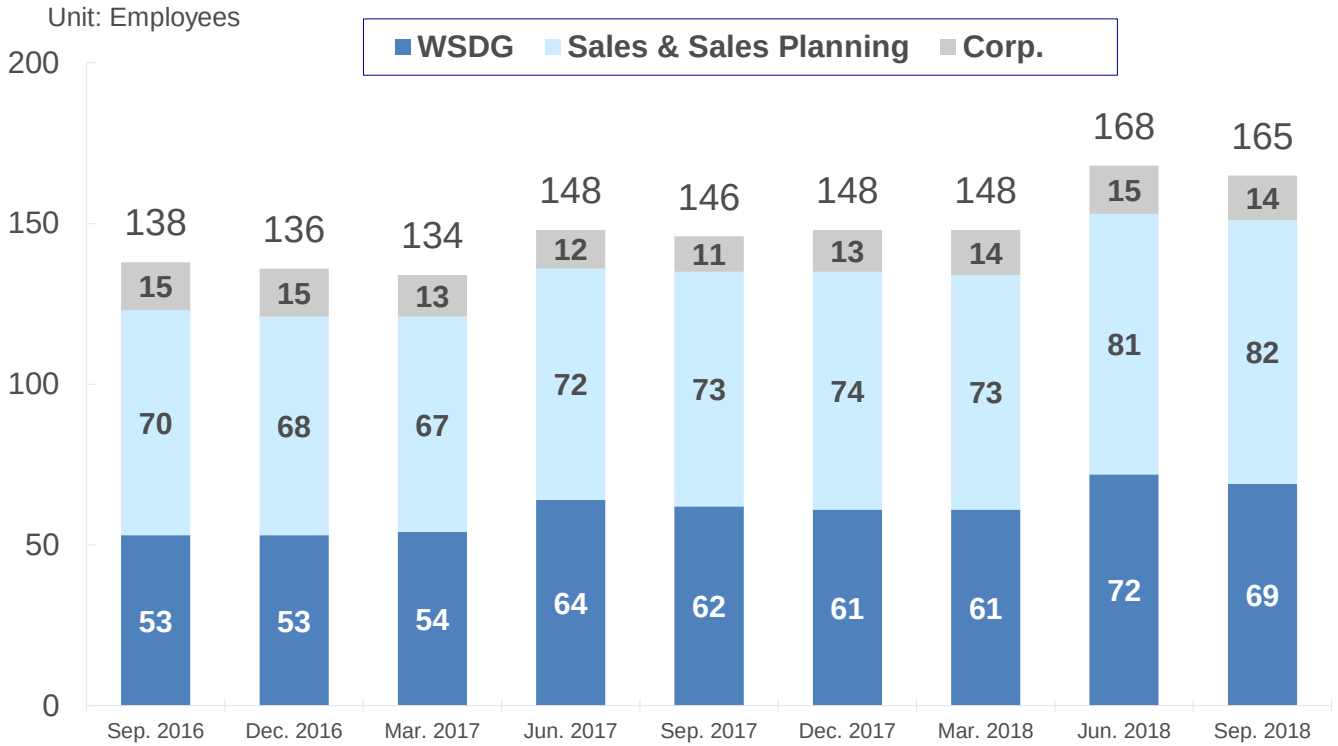
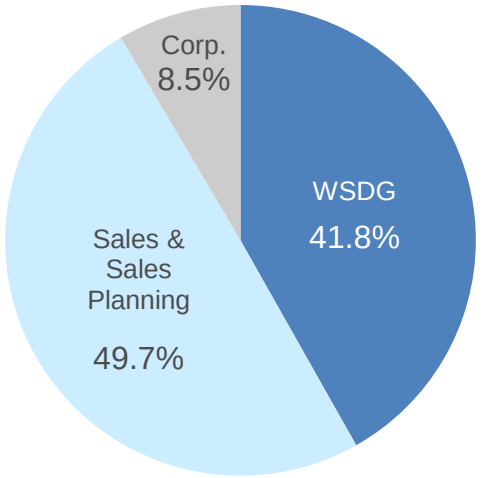
Number of employees



Number of Employees



Breakdown by Division

(September, 2018)

∗ Excluding directors, advisors, and part-time workers.

∗ WSDG: Web Solution Development Group (including the security control division), Sales & Sales Planning: Sales & Sales Planning Group, Corp: Corporate Group (including the internal audit division)

∗ ”Management Group” was renamed “Corporate Group” in Apr. 2017.

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4. Company Overview

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Mission

To create a market with high degree of satisfaction and reliability for all participants by enhancing the transparency of the market.

Vision

To become an essential integral information infrastructure for the real estate market, where a variety of information on real estate is put together.

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Competitive advantage of e-Seikatsu

Specialize in the field of real estate, and offer “indispensable” cloud systems

Our development staff who are versed in real estate businesses develop systems (accumulating know-how).

Direct sales force = tight relationship with clients, deep industry knowledge

Swift cycle of “grasping needs → planning → development → release”

Obtained the certificates of international standards for IT service management and cloud service information security management in order to improve our service level and customer satisfaction further.

No bank borrowing and financially sound

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Company Profile

Established ：	January 21, 2000
Paid-in capital ：	628,411,540 yen (As of the end of September 2018)
Listing ：	Second Section of the Tokyo Stock Exchange (Code: 3796)
Relationship banks ：	MUFG Bank, Ltd., Mizuho Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation
# of employees ：	165 (As of the end of September 2018)
Governance System：	Company with Audit Committee

Officers ：	President & CEO	Kiyotaka Nakamura	Outside Director, Auditor (Full-Time)	Akira Hirano
	Executive Vice President & Co-CEO	Zenichi Maeno	Outside Director, Auditor	Masahito Omachi
	Executive Vice President & CFO	Hiroyuki Shiokawa	Outside Director, Auditor	Shinichi Shamoto
	Executive Vice President & COO	Hiroyoshi Kitazawa	Outside Director, Auditor	Masayasu Takahara
	Managing Director, CTO	Akira Matsuzaki		

Audit Corporation ： Kisaragi Audit Corporation

Offices ：	Headquarters	〒106-0047	2-32, Minamiazabu 5-chome, Minato-ku, Tokyo
	Osaka office	〒530-0011	4-20 Ofukacho, Kita-ku, Osaka
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Technology × Real Estate Field

e-Seikatsu is a “Real estate tech” company
that aims to realize a better real estate market by technology.

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