Third-quarter for FYE March 31, 2019
Presentation Material

January 31, 2019

e-Seikatsu Co., Ltd.

Securities code: 3796

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Table of contents

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

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Highlights

Sales grew year on year. The investment for growing new businesses continued.

- Consolidated sales: 1,445 million yen (FY2018 3Q 1,438 million yen, YOY change +6 million yen, +0.5%)
  - ・Cloud Service revenue: 1,368 million yen (FY2018 3Q 1,361 million yen, YOY change +6 million yen, +0.5%)
  - ・**Including monthly recurring revenue of Turnkey services: 1,272 million yen (FY2018 3Q 1,279 million yen, YOY change -7 million yen, -0.6%)**
- Consolidated operating income: -14 million yen (FY2018 3Q 46 million yen, YOY change -61 million yen)
- As of the end of Dec. 2018, the number of client companies is 1,356 (FY2018 3Q 1,294), and the number of stores is 3,663 (FY2018 3Q 3,501)
  - ・Monthly ARPU: approx. 118,000 yen/company ※as of the end of Dec. 2018
    FY2018 3Q approx. 116,600 yen/company ※as of the end of Dec. 2017

We attracted new customers by selling new services and utilizing “Subsidies for the adoption of IT.”

- Released new services such as “pocketpost,” a smartphone app for occupants, “pocketpost pay,” a settlement solution that will facilitate cashless payment in the real estate market, “pocketpost Owner,” a smartphone app for real estate owners, 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.”
- The utilization of full-scale “subsidies for the adoption of IT” contributed to the increase of new customers. The decline in sales due to the termination of some services in the previous term was compensated for. The monthly recurring revenue of Turnkey services is expected to rise from the next term.
- We launched business and system operation support services, and started full-scale promotion for the next term.

∗ Figures rounded down to the nearest million yen.

∗ Ratios rounded to the nearest decimal place.

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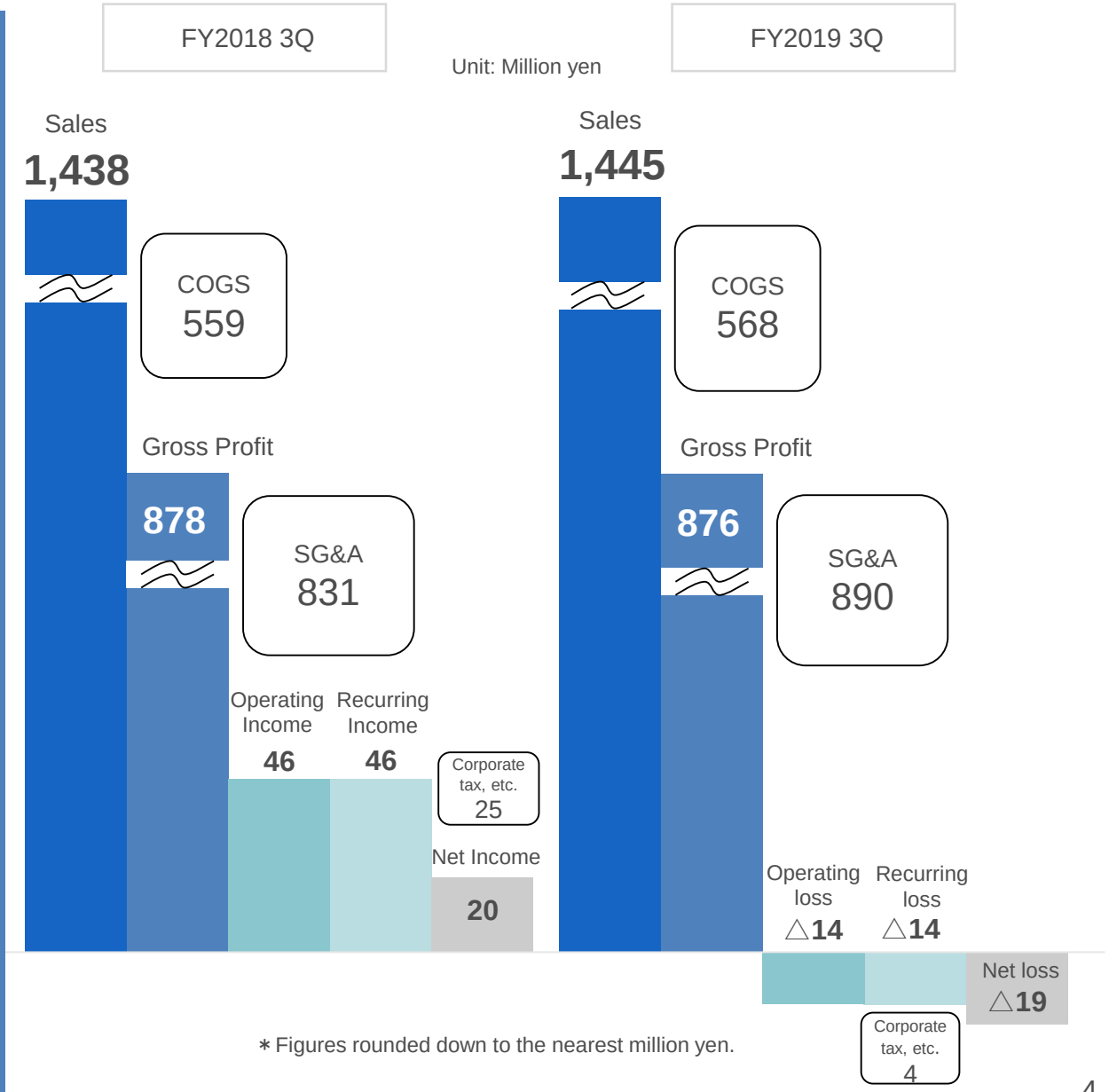
Sales grew, after the decline due to the termination of some services in the previous term was compensated for.

- The sales growth of cloud services by reeling in new customers, etc. offset the loss of sales from the cloud service for specific customers (categorized under “Non-Turnkey services”) that ended at the end of May in the previous term (FY2018).

- 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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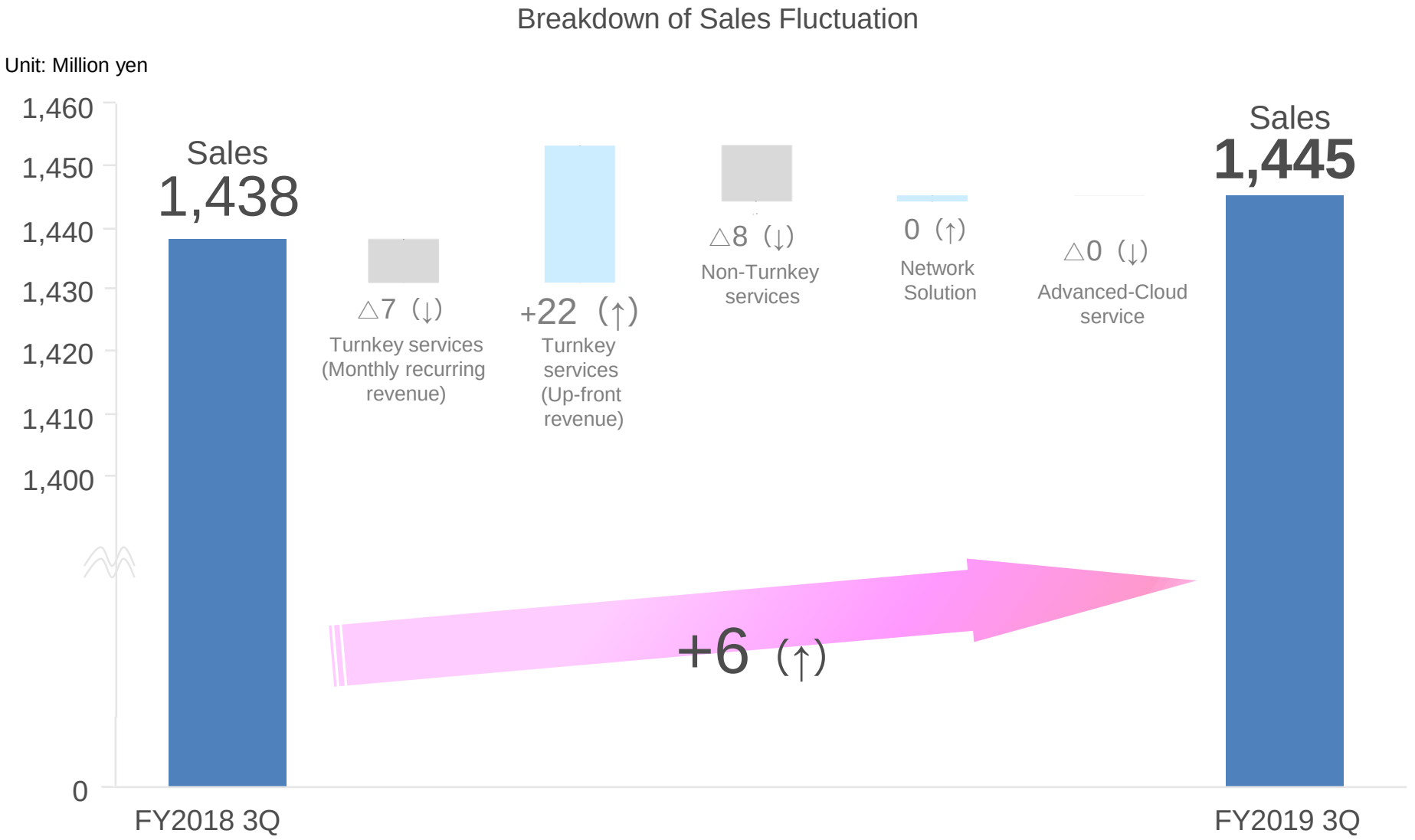
Sales growth due to the increase in new customers



∗ '-' 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 3Q	FY2019 3Q	YOY change	YOY change (%)
Cloud Service	1,361	1,368	6	0.5%
Turnkey services *	1,316	1,331	15	1.1%
Up-front revenue	37	59	22	59.1%
Monthly recurring revenue	1,279	1,272	△7	△0.6%
Non-turnkey services *	45	36	△8	△19.7%
Network Solution	24	25	0	3.6%
Advanced-Cloud Service	51	51	△0	△0.5%
Total	1,438	1,445	6	0.5%

＊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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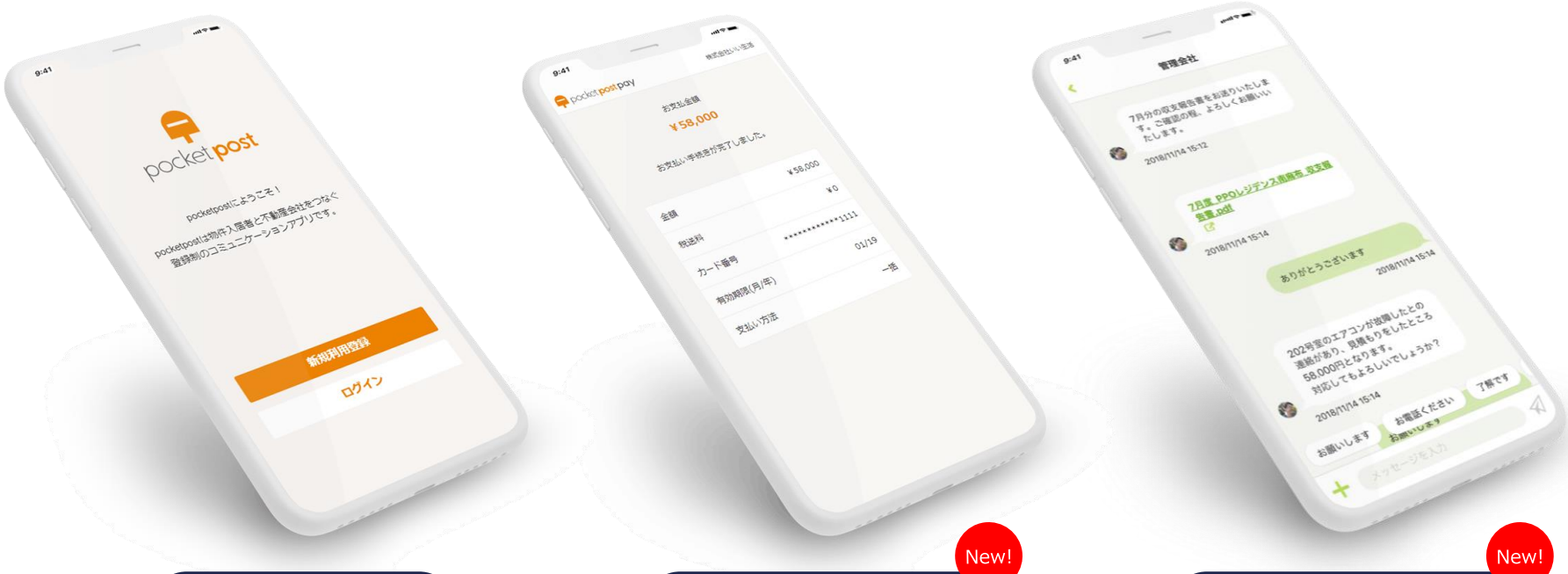
pocketpost　pocketpostpay　pocketpostOwner



App for Occupants

New!
Settlement Solution

New!
App for Owners

New services launched last year (Communication app for housing)

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Release of the new service “pocketpost”

Occupants

Questions about contracts

Noise troubles

Request for repair, etc...

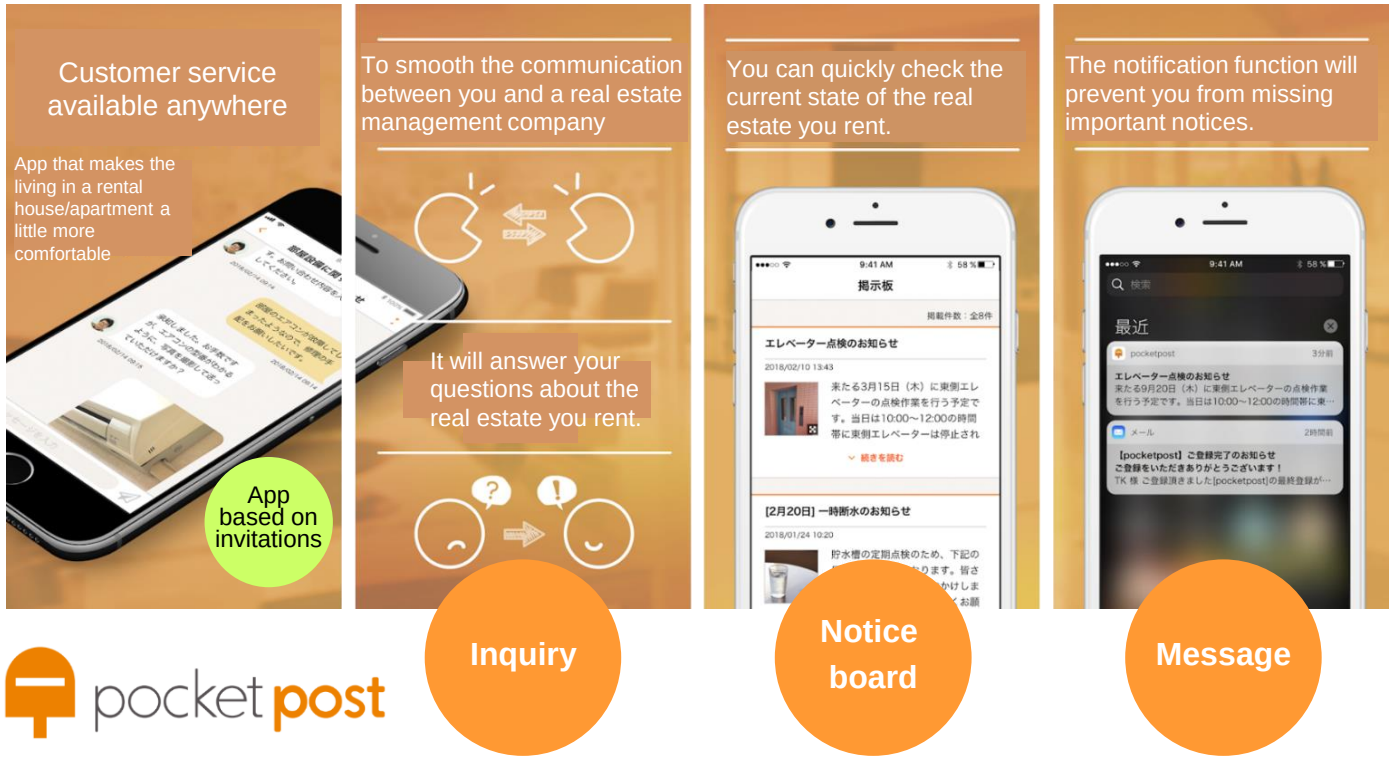
It is cumbersome to communicate by phone, mail, bulletin board, …

Real estate management companies

Notice on contract renewal

Notice on equipment inspection

Posting on notice boards, etc...



pocketpost

- ✓ 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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Settlement solution “pocketpost pay” added

pocket post pay



To receive messages with a smartphone app

You can pay by credit card or at a convenience store.

Easy settlement with a smartphone app

SMBC GMO PAYMENT

いい生活

Settlement solution

Communication platform for the real estate market

- ✓ A settlement solution was added to “pocketpost,” a communication app for housing as a platform in the real estate market, in Dec. 2018. The business in the real estate market was accelerated.
- ✓ You can swiftly check whether the settlement procedure has been completed. You can reduce the cost for checking the receipt of money and sending reminders significantly.
- ✓ It is conveniently suited for small-amount payment, for which it is bothersome to send bills and receive money. It facilitates the simplified cashless settlement in the real estate market.

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Release of the new app “pocketpost Owner”



pocketpost Owner

- ✓ Released “pocketpost Owner,” a communication app for owners of real estate (for rental) in Dec. 2018.
- ✓ To smooth communication between owners and real estate management companies
- ✓ Can be utilized in various communication scenes, including the seeking of occupants, the collection of rents, the update of contracts, and settlement when occupants move out.

Function to attach files, which is useful for streamlining the business operation of real estate management companies

- ・To send lease contracts
- ・To send statements of revenue and expenditure for real estate
- ・To send written estimates for repair, renovation, equipment replacement, etc. in buildings
- ・To send bills for repair costs, and so on

Function for even owners who are not good at using a smartphone to reply easily (One-touch inputting of typical phrases)

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

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



Released on
Jun. 1, 2018

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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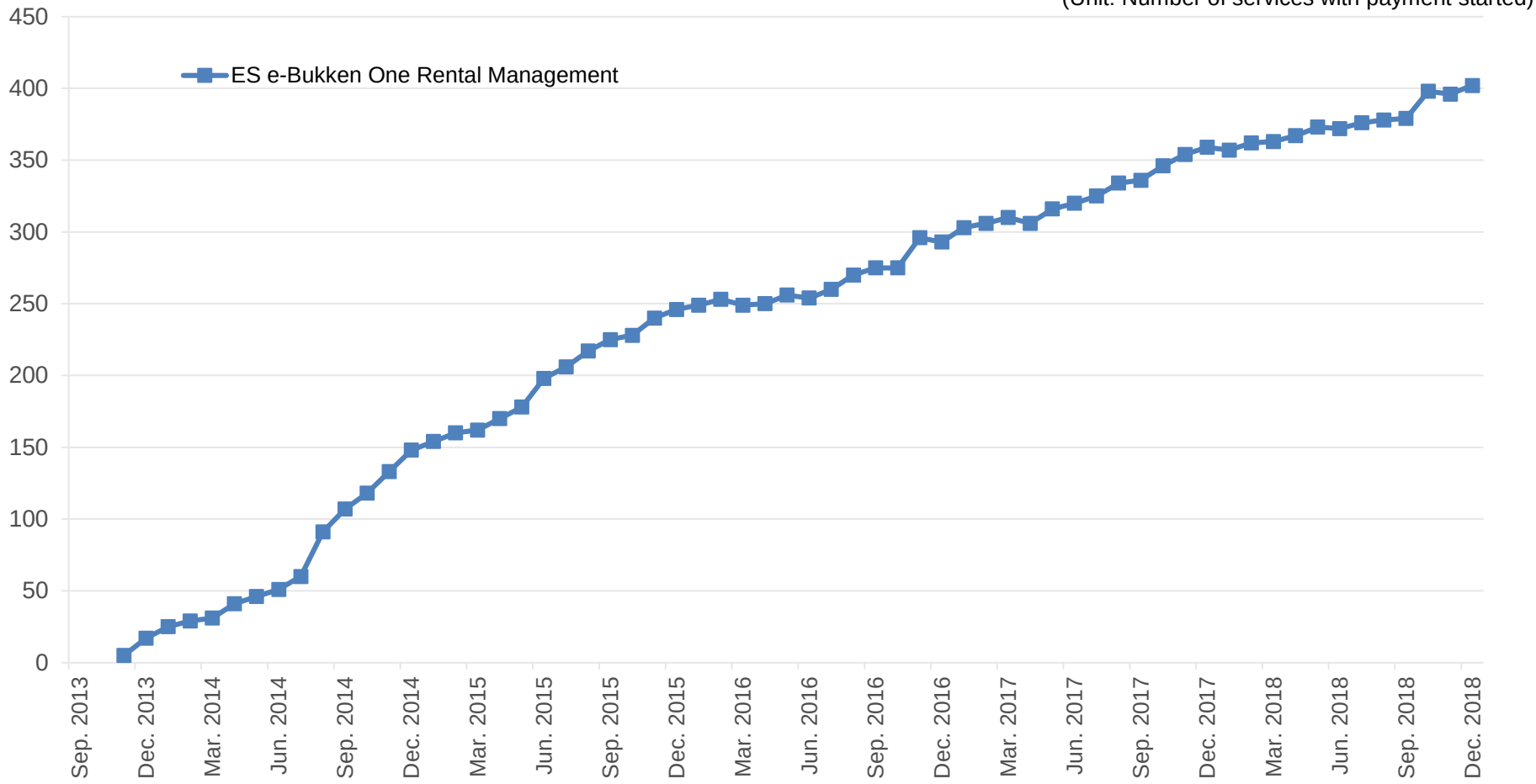
“ES e-Bukken One Rental Management,” which is strategically important, exceeded 400 licenses.

(Unit: Number of services with payment started)



∗ 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 Rental Management.”

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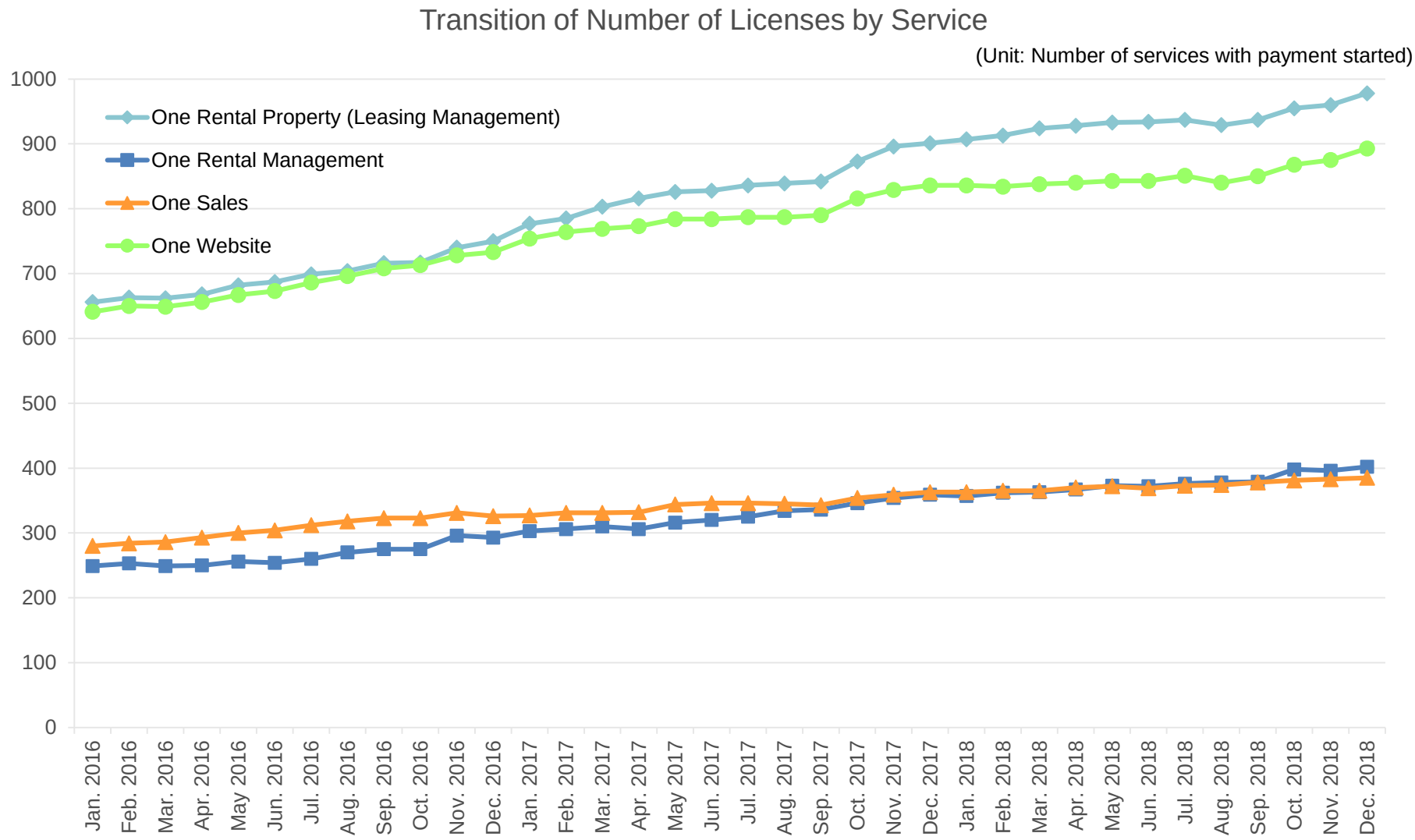
The number of licenses provided is increasing steadily



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

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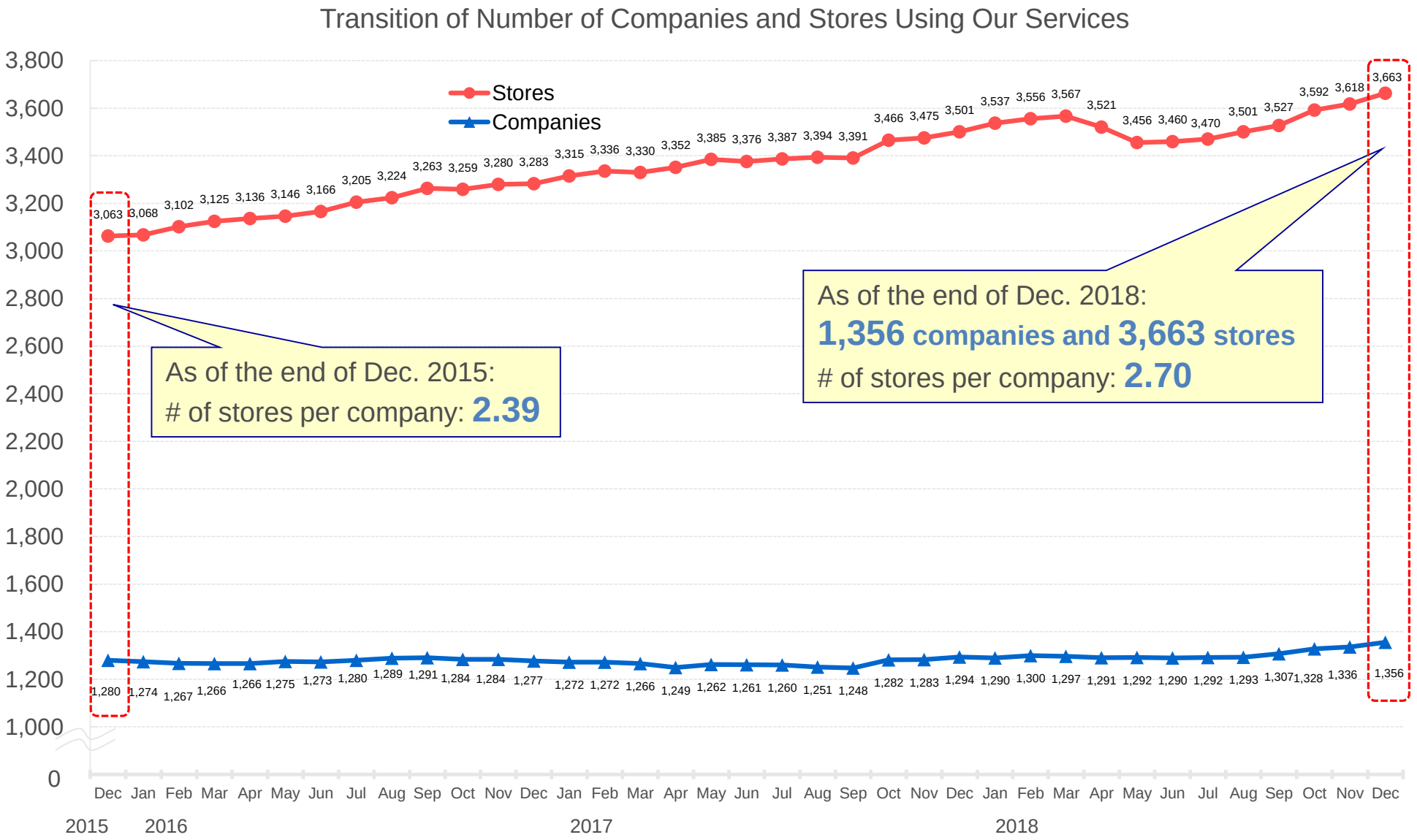
In parallel with the increase of companies, the ratio of the number of stores per corporation is increasing



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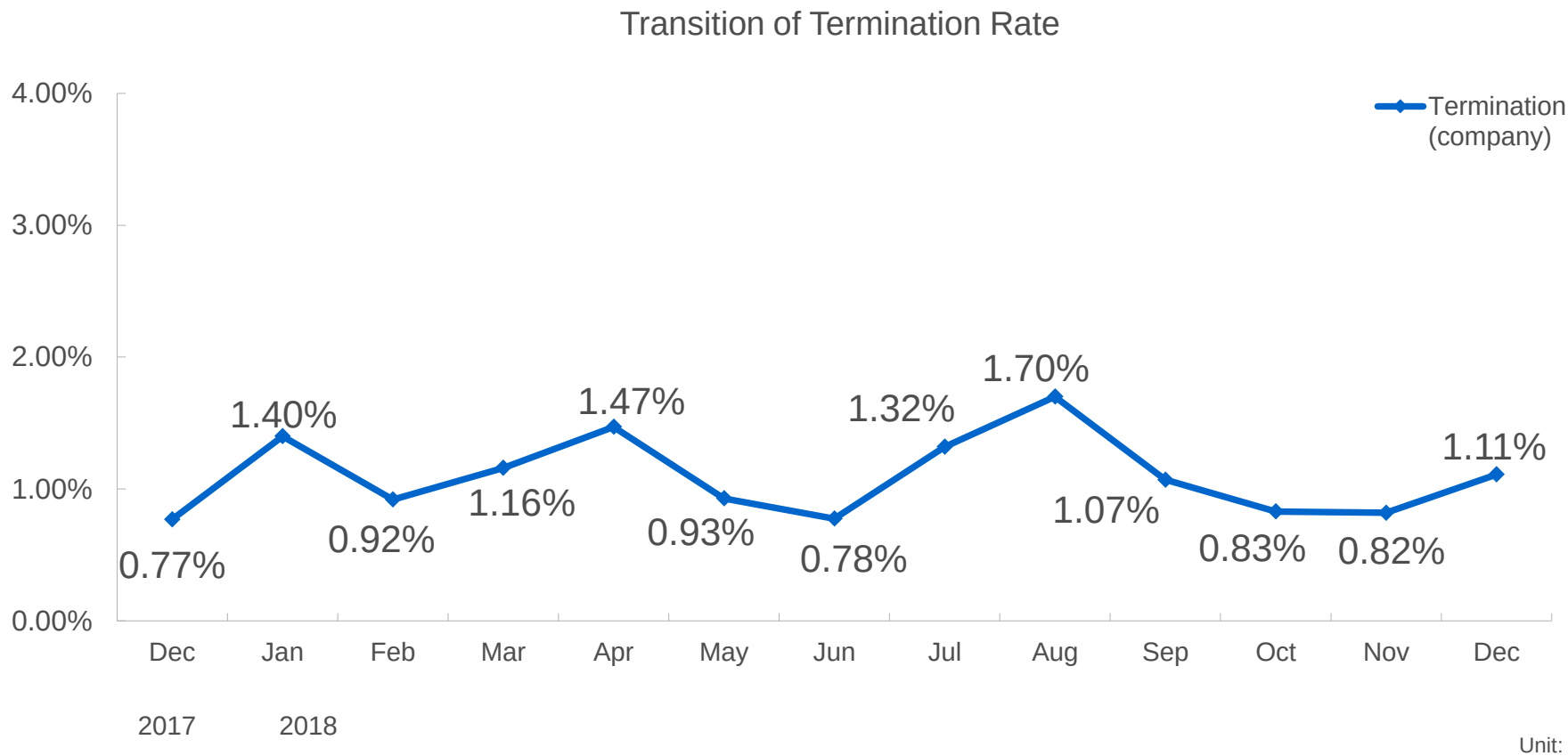
The quality of support systems and services was enhanced, for raising customer retention rate



Unit: companies

	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Ave.
# of companies	10	18	12	15	19	12	10	17	22	14	11	11	15	14.3

∗ 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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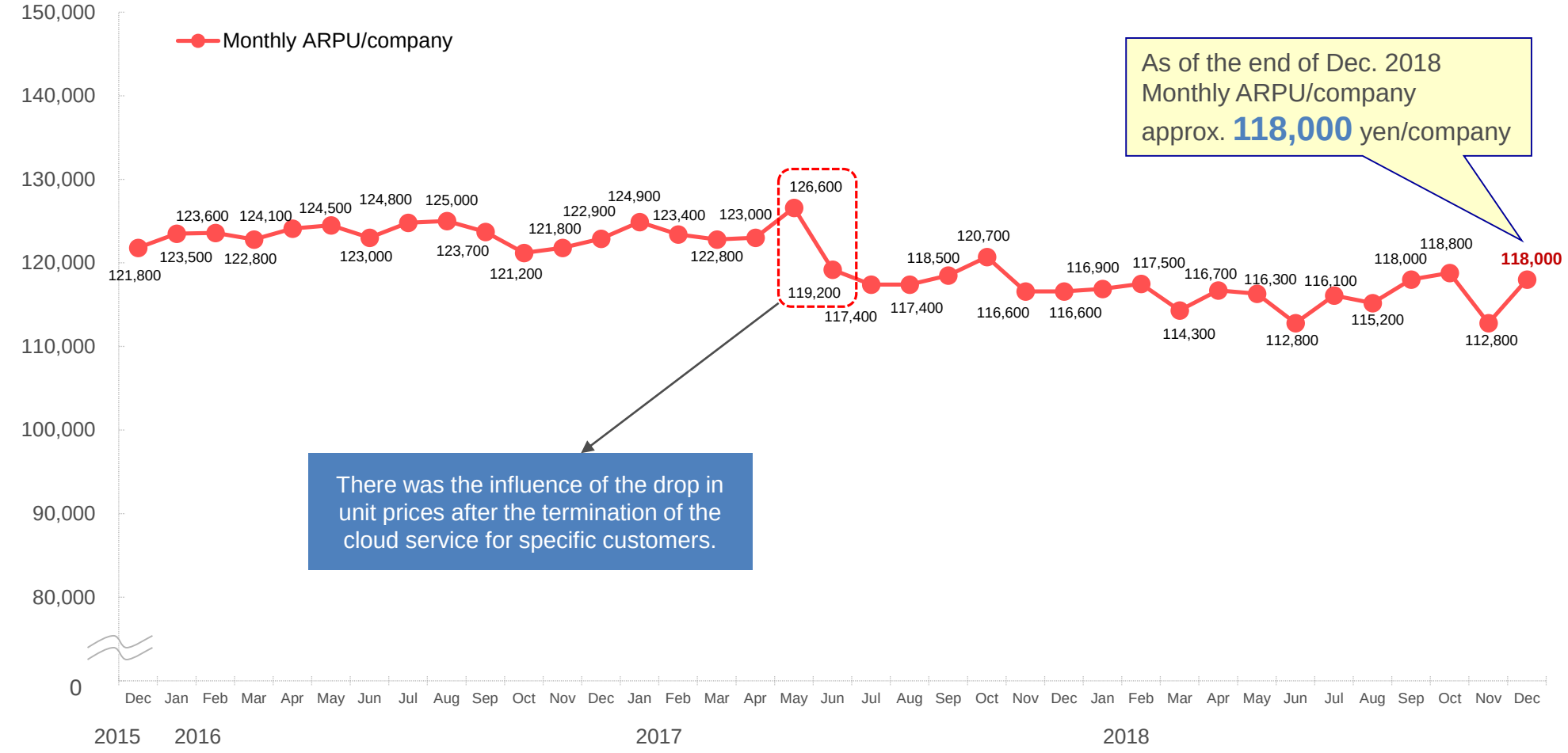
Monthly ARPU maintained over 100 thousand yen

Transition of Monthly ARPU

Unit: yen



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

* Figures rounded down to the nearest hundred yen.

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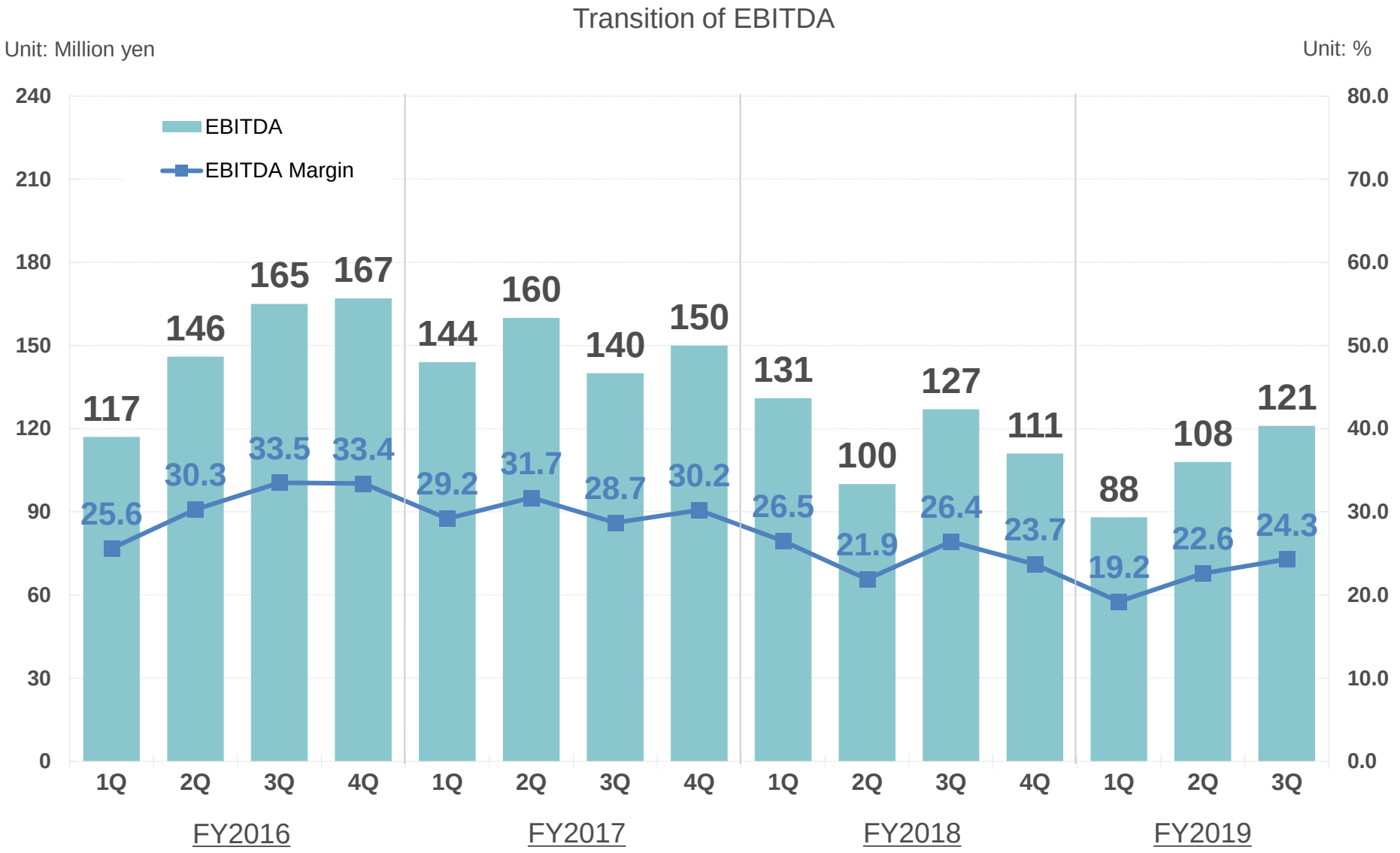
EBITDA (operating Income + depreciation) remains stable



∗ Figures rounded down to the nearest million yen.

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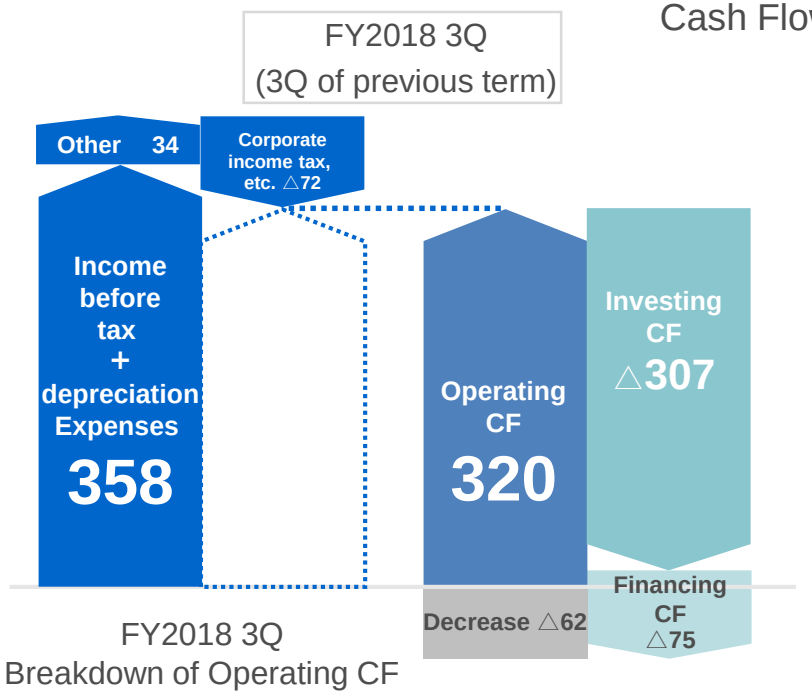
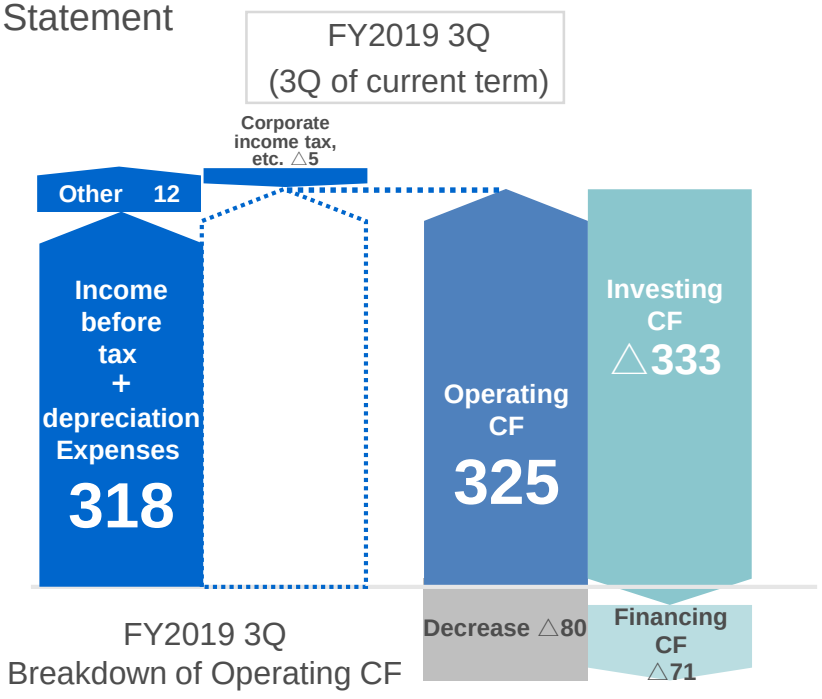
Continuation of investment in service development based on operating CF

Cash Flow Statement





Unit: Million yen

Operating CF
Investing CF
Financing CF
Increase/decrease of Cash

<Major breakdown items>			FY2018 3Q	FY2019 3Q
Operating Activities	①	Income before tax + depreciation expenses	358M yen	318M yen
	②	Payment of corporate income tax, etc. (△)	△72M yen	△14M yen
	③	Return of corporate tax, etc.	-	8M yen
Investing Activities	④	Expenses in development such as services (△)	△283M yen	△313M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△23M yen	△8M yen
	⑥	Expenses due to the purchase of interior parts, equipment, fixtures, etc. (△)	△0M yen	△8M yen
Financing Activities	⑦	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑧	Expenses due to repayment of lease obligations (△)	△41M yen	△37M 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)	3Q Results FY2019	Full-term Forecast FY2019	Progress Rate as % of Full-term Forecast	Full-term Results FY2018	Difference	YOY change (%)
Sales	1,445	2,002	72.2%	1,909	92	4.9%
Operating income	△14	31	–	49	△18	△37.5%
Recurring income	△14	30	–	49	△19	△38.8%
Net Income	△19	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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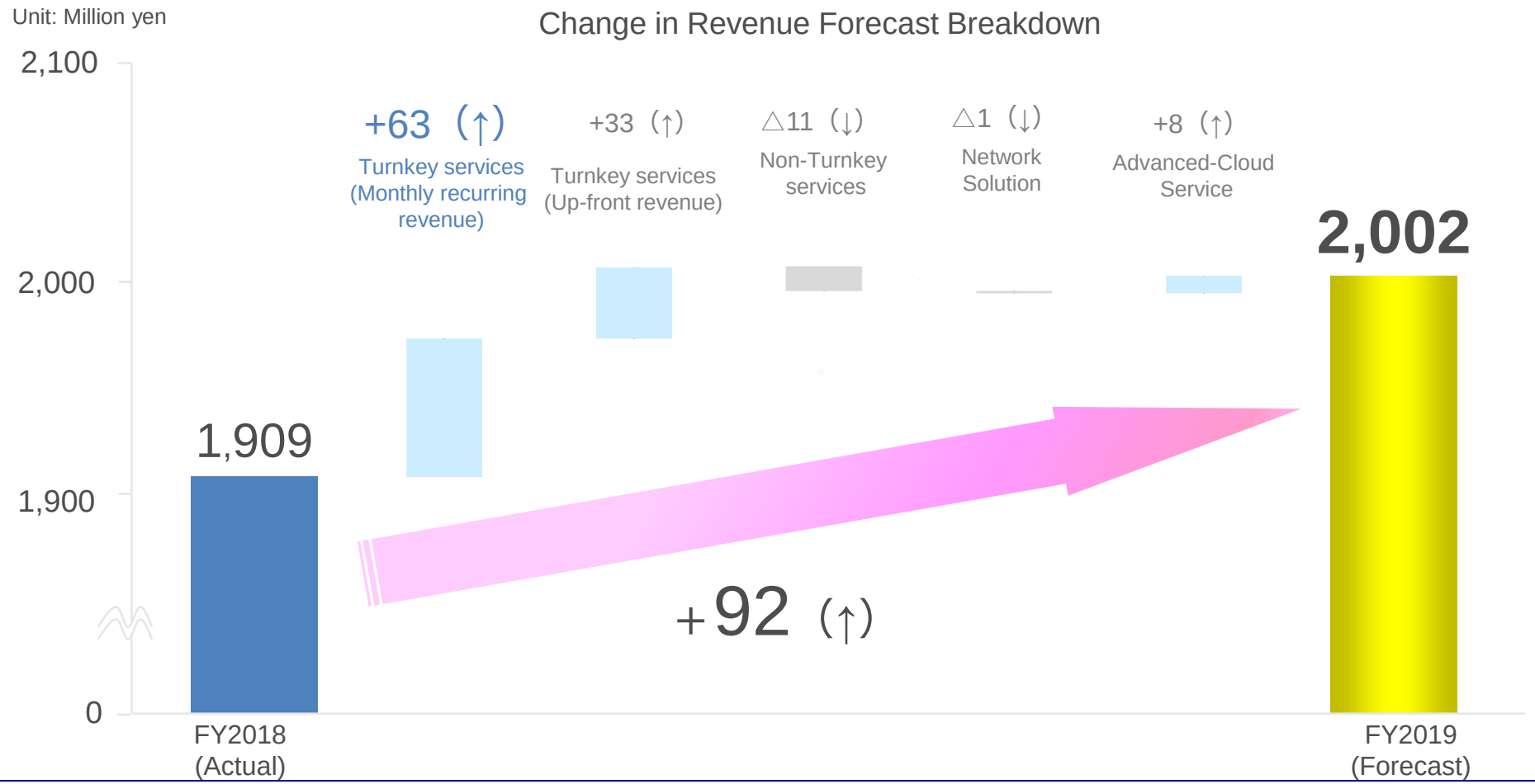
Revenue forecast: Sales estimated to rise through the continuous growth of cloud services



<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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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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To become the Best “Real Estate Tech” company in Japan

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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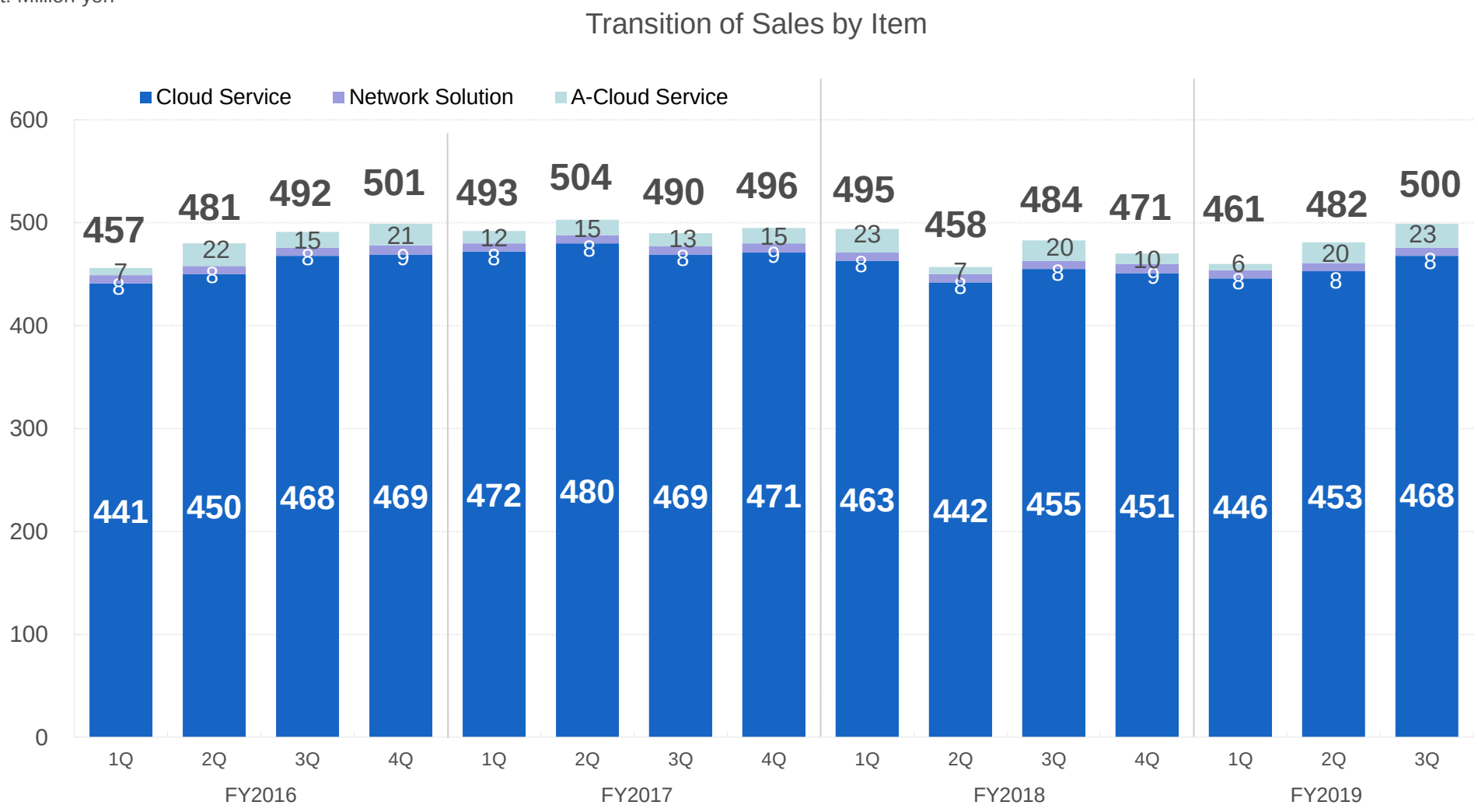
Growth trend of the sales of cloud services

Unit: Million yen



∗ Figures rounded down to the nearest million yen.

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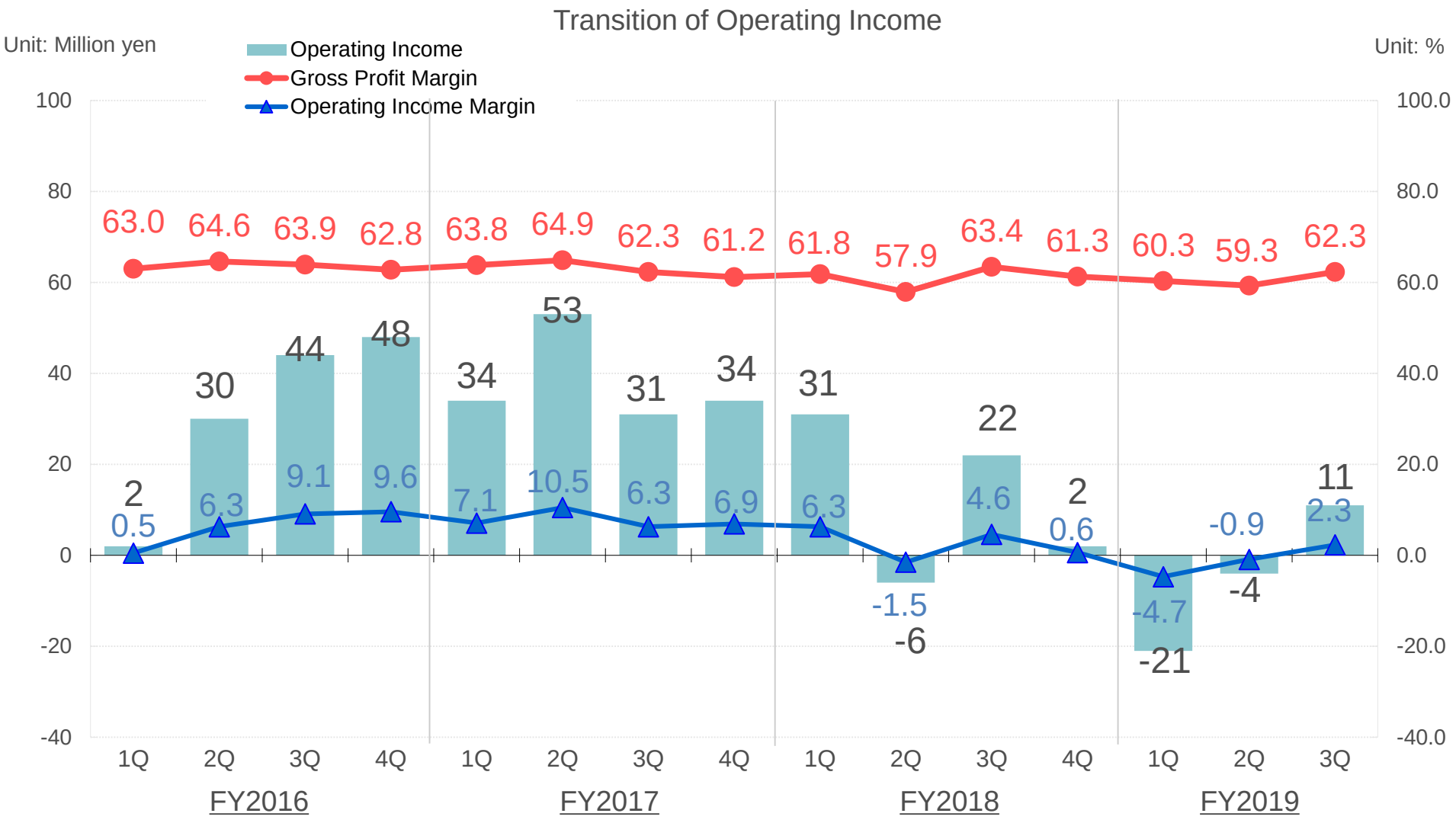
Shift from the upfront investment for developing new business to the profit earning phase



∗ Figures rounded down to the nearest million yen.

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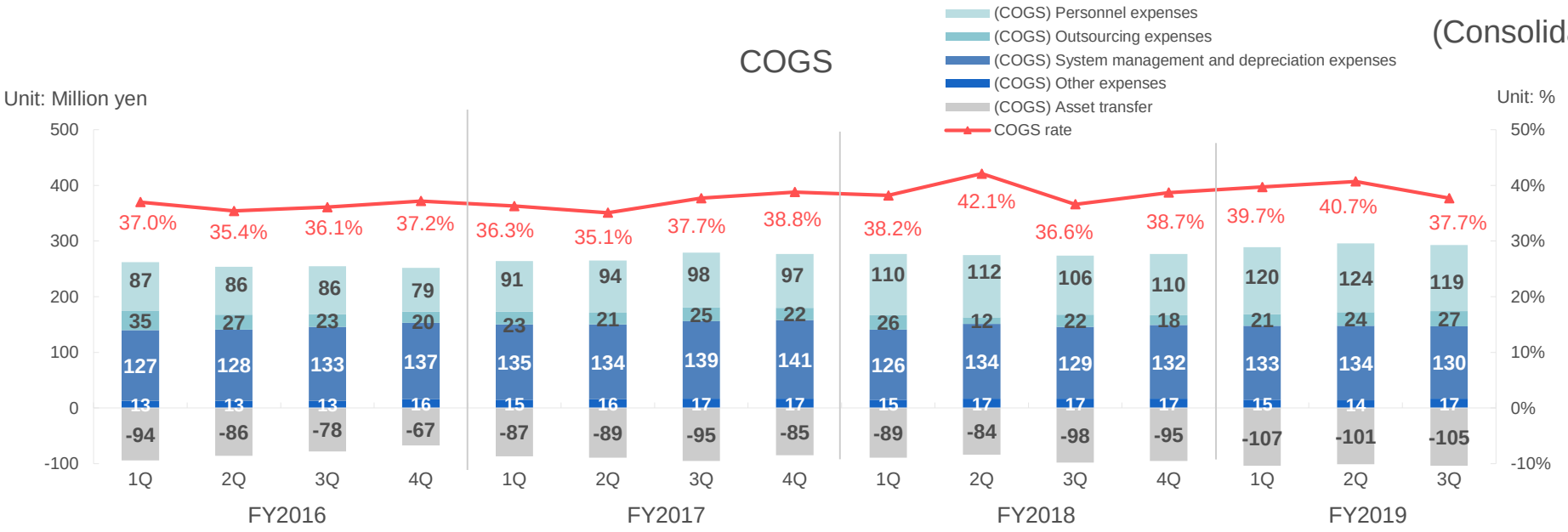
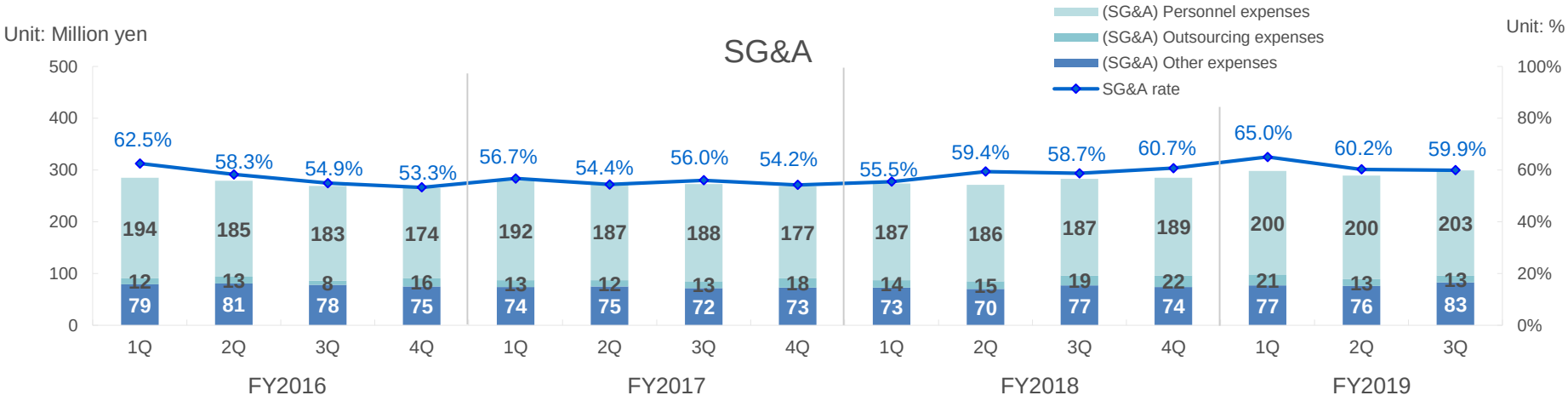
Total expenses are under control

(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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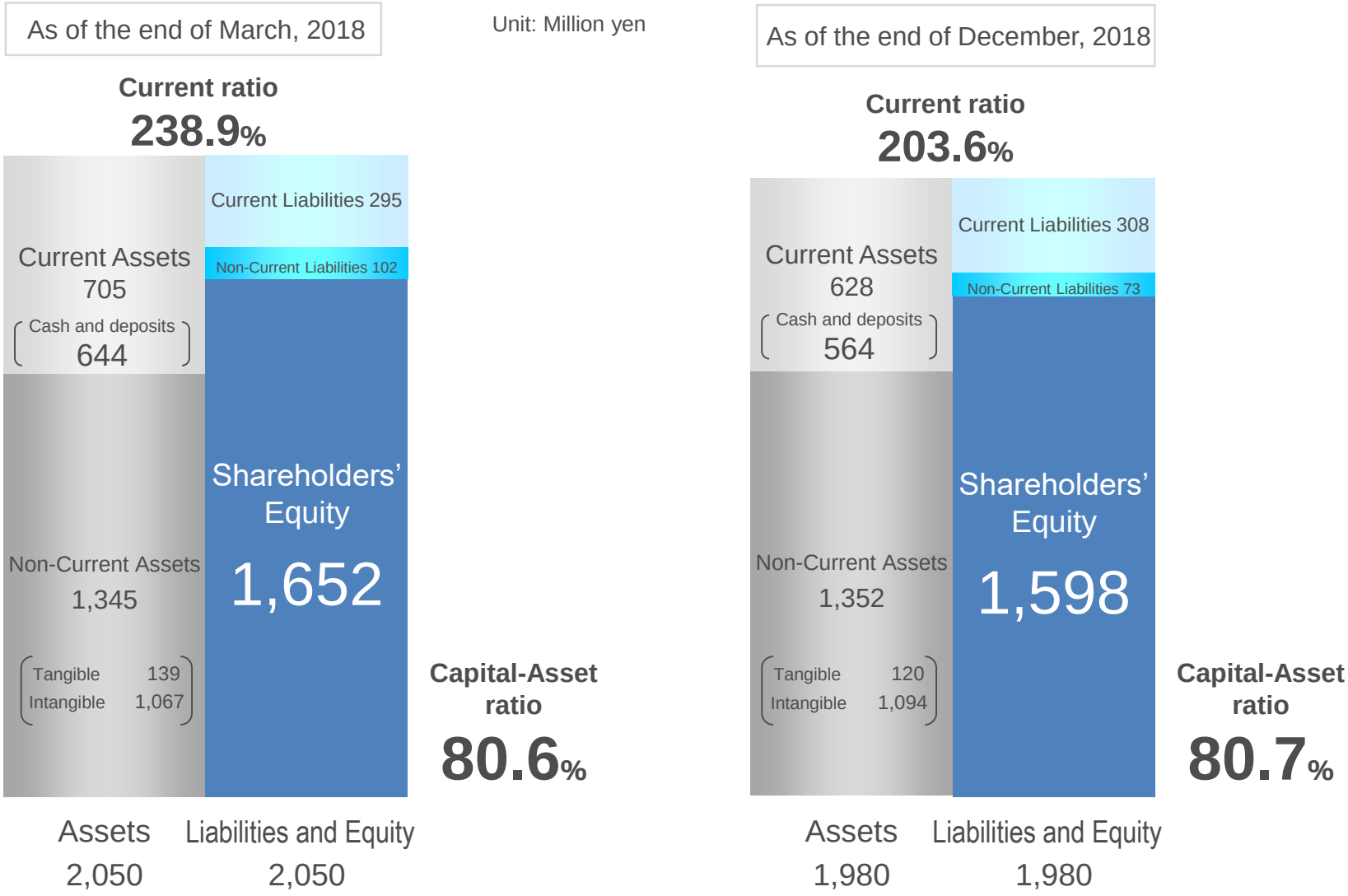
Financially sound

Consolidated Balance Sheet YOY Comparison

Unit: Million yen



∗ 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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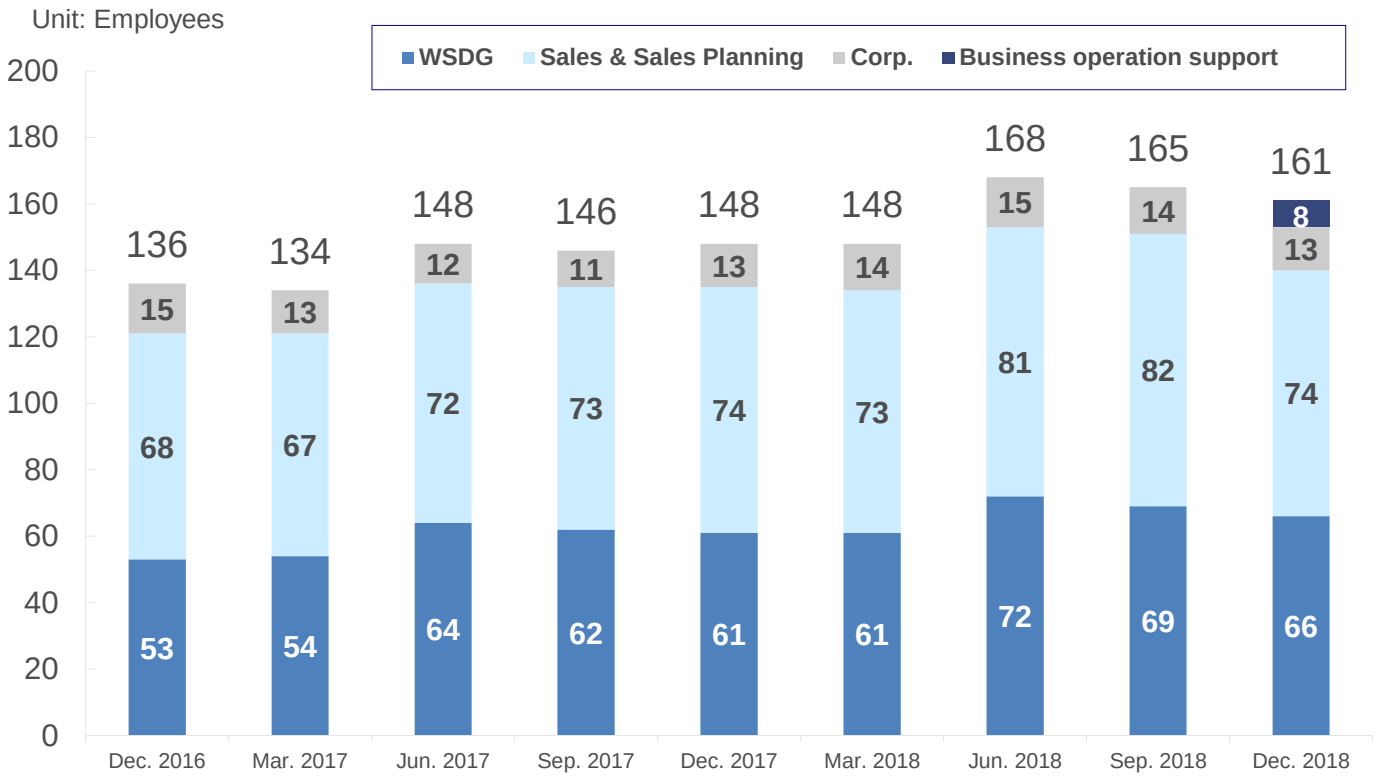
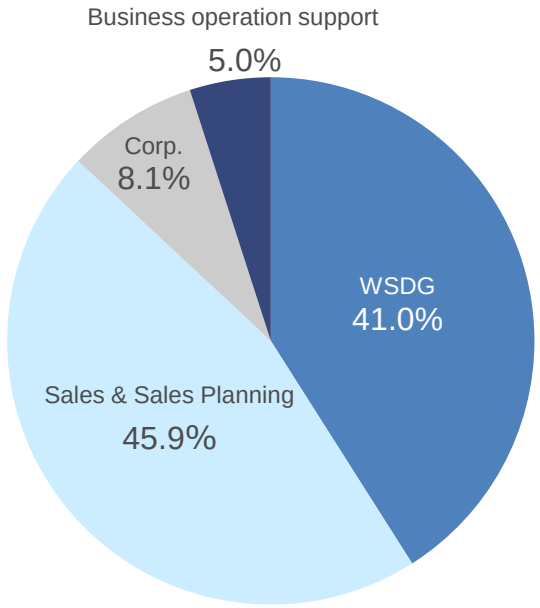
Number of employees



Number of Employees



Breakdown by Division

(December, 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), Business operation support: Business/system operation support service section (No. of employees engaging in business/system operation support services at a subsidiary [Realtech Consulting Co., Ltd.])

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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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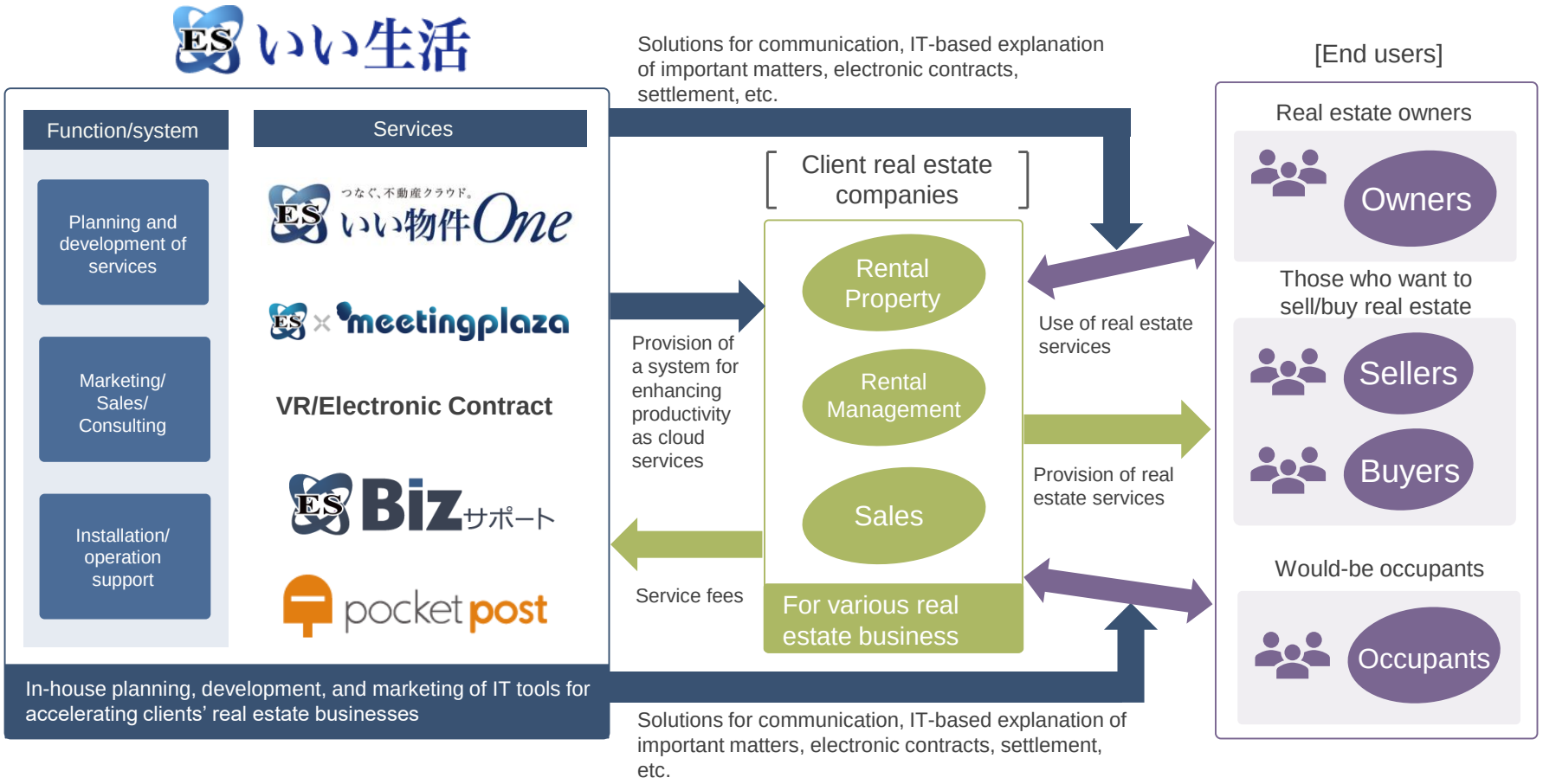
Provision of systems and apps required in the real estate market via cloud services

- ✓ Database tools that streamline the business operation of real estate companies (ES e-Bukken One Rental Property, Sales, Rental Management, etc.)
- ✓ Marketing tools that expand earning opportunities for real estate companies (ES e-Bukken One Website, Biz Support, etc.)
- ✓ Communication tools that improve the convenience of end users (pocketpost, ES x MeetingPlaza, etc.)



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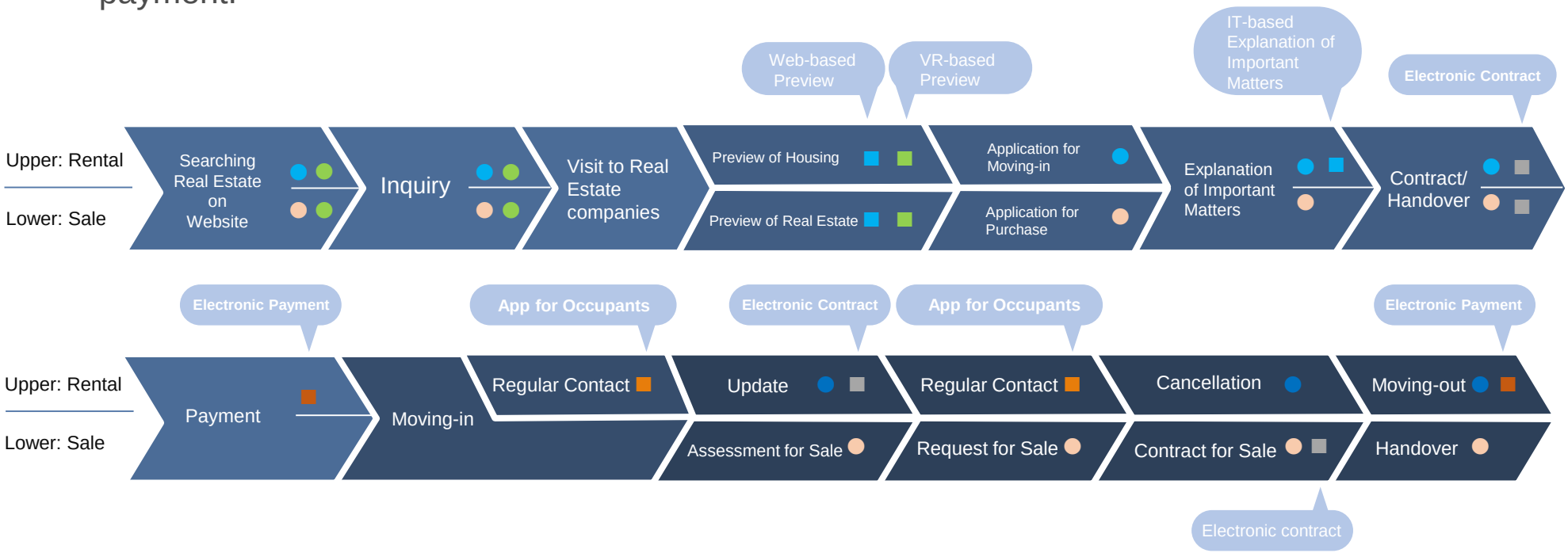
What e-Seikatsu aims for

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.



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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 December 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 ：	161 (As of the end of December 2018)
Governance System：	Company with Audit Committee

Officers ：

President & CEO	Kiyotaka Nakamura	Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member	Akira Hirano
Executive Vice President & Co-CEO	Zenichi Maeno	Outside Director (Independent Director), Audit and Supervisory Committee Member	Masahito Omachi
Executive Vice President & CFO	Hiroyuki Shiokawa	Outside Director (Independent Director), Audit and Supervisory Committee Member	Shinichi Shamoto
Executive Vice President & COO	Hiroyoshi Kitazawa	Outside Director (Independent Director), Audit and Supervisory Committee Member	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
Fukuoka office	〒812-0011	25-21, Hakataeki Mae 3-chome, Hakata-ku, Fukuoka-shi, Fukuoka
Nagoya office	〒450-6419	28-12, Meieki 3-chome, Nakamura-ku, Nagoya-shi, Aichi

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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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You are cautioned that a number of factors could cause actual results to differ materially from those discussed in the forward looking statements.

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