FY2019 Full-term Results Presentation Material

May 9, 2019

e-Seikatsu Co., Ltd.

Securities code: 3796

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1. Summary of Full-term Results for FYE March 31, 2019

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Highlights

Sales grew, as the efforts for new services bore fruit.

- Consolidated sales: 1,984 million yen (FY2018 1,909 million yen, YOY change +74 million yen, +3.9%)
  - Cloud Service revenue: 1,857 million yen (FY2018 1,813 million yen, YOY change +44 million yen, +2.4%)
- Consolidated operating income: 13 million yen (FY2018 49 million yen, YOY change -36 million yen)
- As of the end of Mar. 2019, the number of client companies is 1,415 (FY2018 1,297), and the number of stores is 3,841 (FY2018 3,567)
  - Monthly ARPU: approx. 110,400 yen/company ※as of the end of Mar. 2019
    FY2018 approx. 114,300 yen/company ※as of the end of Mar. 2018

The number of customers increased significantly, due to new services, new businesses, and the utilization of "Subsidies for the adoption of IT."

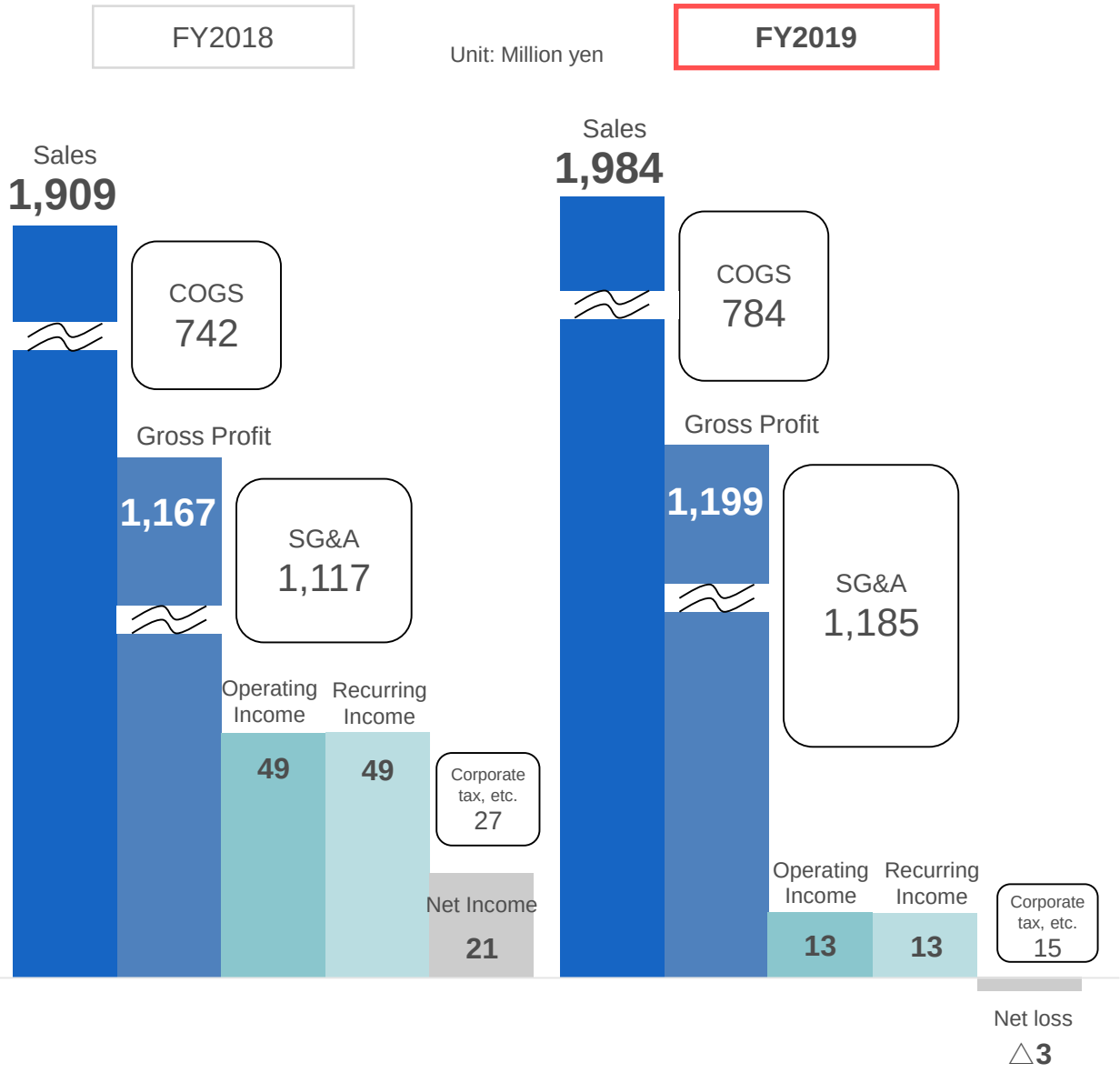
- Released services such as "pocketpost home," a smartphone app for occupants, "pocketpost pay," a settlement solution that will facilitate cashless payment in the real estate market, "pocketpost owner," a smartphone app for real estate owners, and "ES × MeetingPlaza," a web conference tool for the explanation of important matters by IT, and sales promotion with "ES e-Bukken One" contributed to the increase of new customers.
- The proposals for sales promotion utilizing "subsidies for the adoption of IT," too, contributed to the increase of new customers.
- We launched system installation and operation support services.

∗ Figures rounded down to the nearest million yen.
∗ Ratios rounded to the nearest decimal place.

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Sales grew as new customers increased, but profit declined due to the augmentation of expenses.

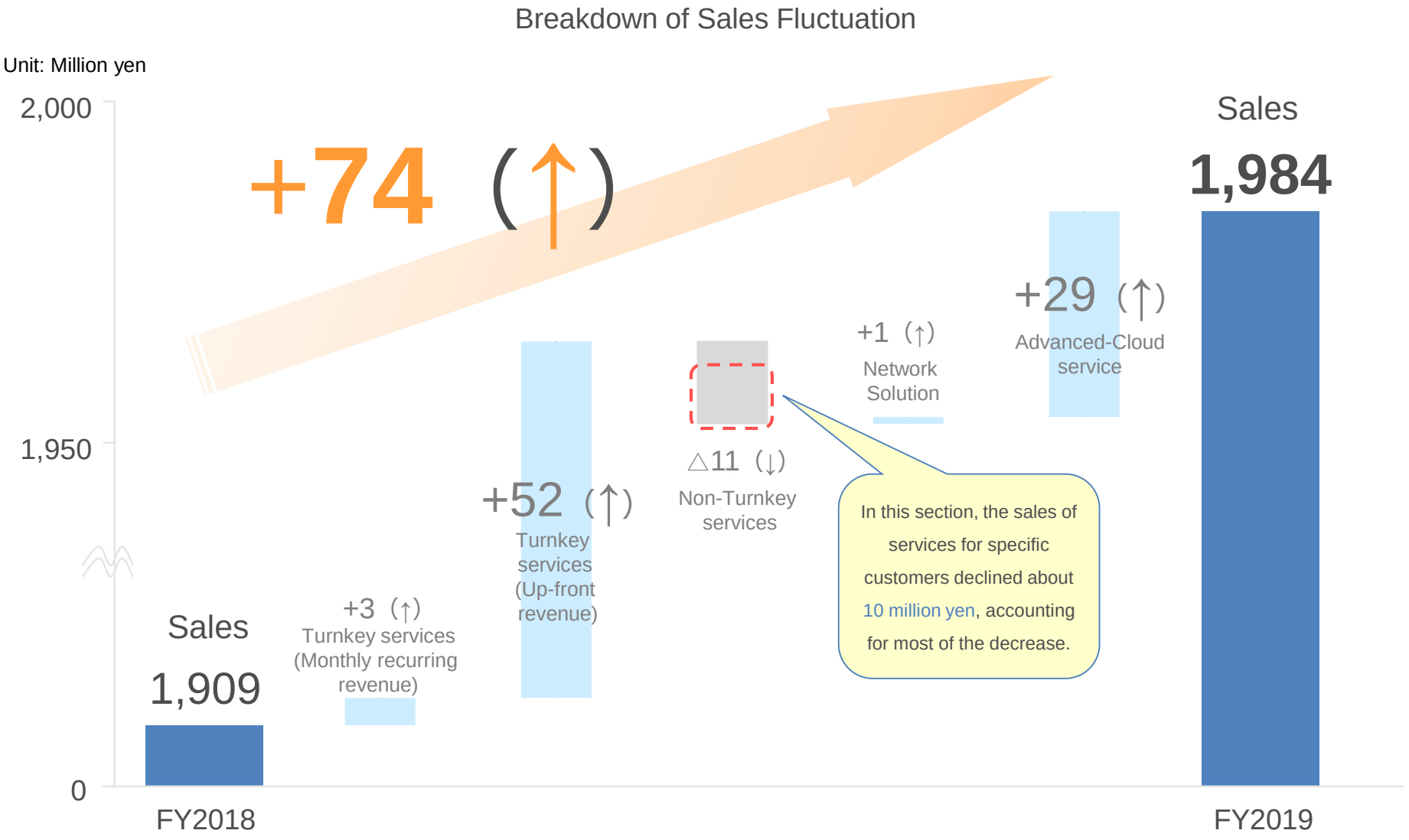
- Sales grew year on year as new customers increased and the sales from multiple projects for entrusted development were posted.
- Through the improvement of personnel, COGS and SG&A augmented, and operating income dropped from the previous term.



∗ Figures rounded down to the nearest million yen.

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The increase of new customers of “ES e-Bukken One” contributed to sales growth.



∗ ‘-’ 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	FY2019	YOY change	YOY change (%)
Cloud Service	1,813	1,857	44	2.4%
Turnkey services *	1,755	1,811	56	3.2%
Up-front revenue	46	98	52	113.5%
Monthly recurring revenue	1,709	1,712	3	0.2%
Non-turnkey services *	58	46	△11	△20.4%
Network Solution	33	35	1	3.3%
Advanced-Cloud Service	61	91	29	47.2%
Total	**1,909**	**1,984**	**74**	**3.9%**

＊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.

＊'-' 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 home

pocketpost pay

pocketpost owner







App for Occupants

New!
Settlement Solution

New!
App for Owners

New service: “pocketpost” series (Communication app for housing)

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Release of “pocketpost home,” an app for occupants

Occupants

Questions about contracts

Noise troubles

Request for repair, etc...

It is cumbersome to communicate

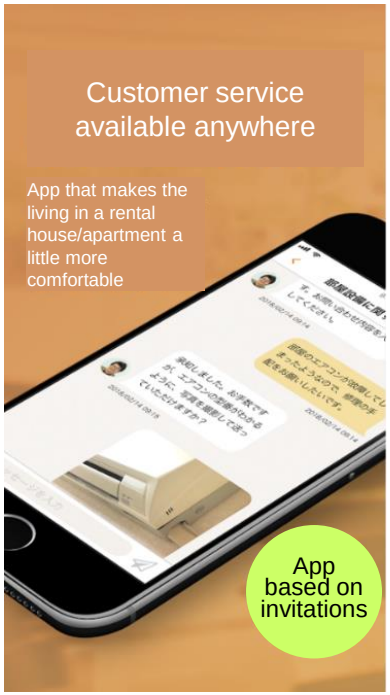
by phone,
mail, bulletin board, …

Real estate management companies

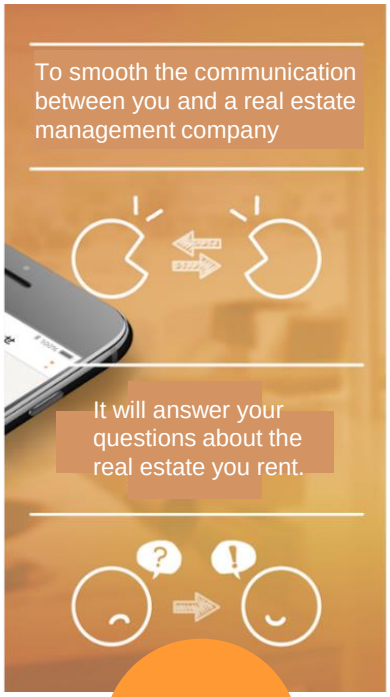
Notice on contract renewal

Notice on equipment inspection

Posting on notice boards, etc...



pocketpost home



Inquiry



Notice board



Message

- ✓ The smartphone app “pocketpost home” 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 first of the series released in Apr. 2018.

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Release of the settlement solution “pocketpost pay”

pocketpost pay



SMBC GMO PAYMENT

Settlement solution

ES いい生活

Communication platform for the real estate market

- ✓ A settlement solution was added to “pocketpost” in Dec. 2018. The business in the real estate market was accelerated.
- ✓ It can swiftly check whether the settlement procedure has been completed. It 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 “pocketpost owner” for owners



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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Launch of a dedicated online conference cloud “ES × MeetingPlaza”

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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Launch of the system installation and operation support service

Delay in registering new customers and buildings

Delay in issuing contracts

Delay in producing collection plans



Delay in updating

Delay in payment

Delay in cancellation tasks

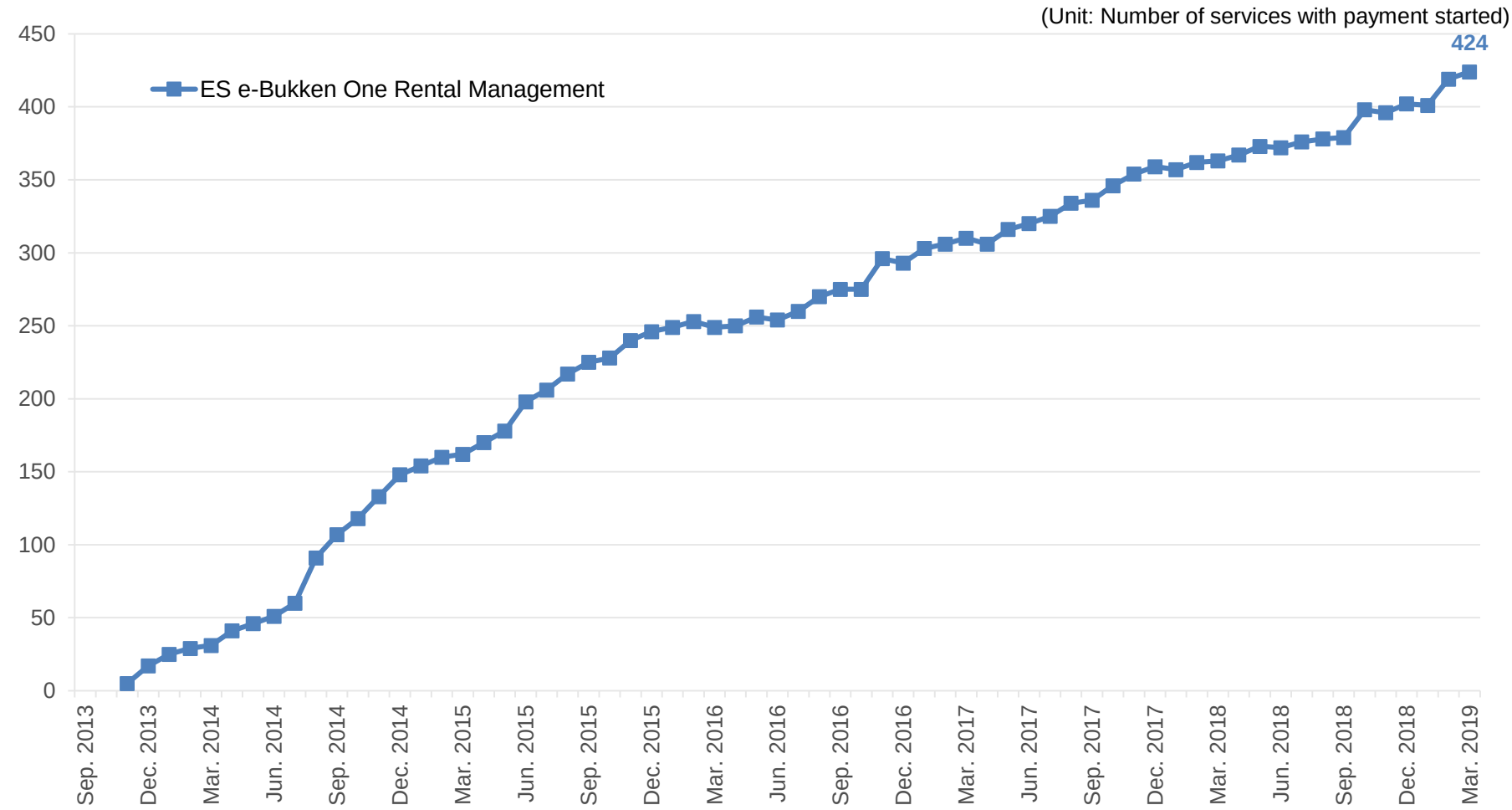
Delay in registering transactions and repairs

Delay in wire transfer

We started offering the **“system installation and operation support service”** to real estate firms **that want to install and operate** “ES e-Bukken One,” **but lack resources, to solve problems together while listening to their voices.**

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Growth of “ES e-Bukken One Rental Management,” which is strategically important

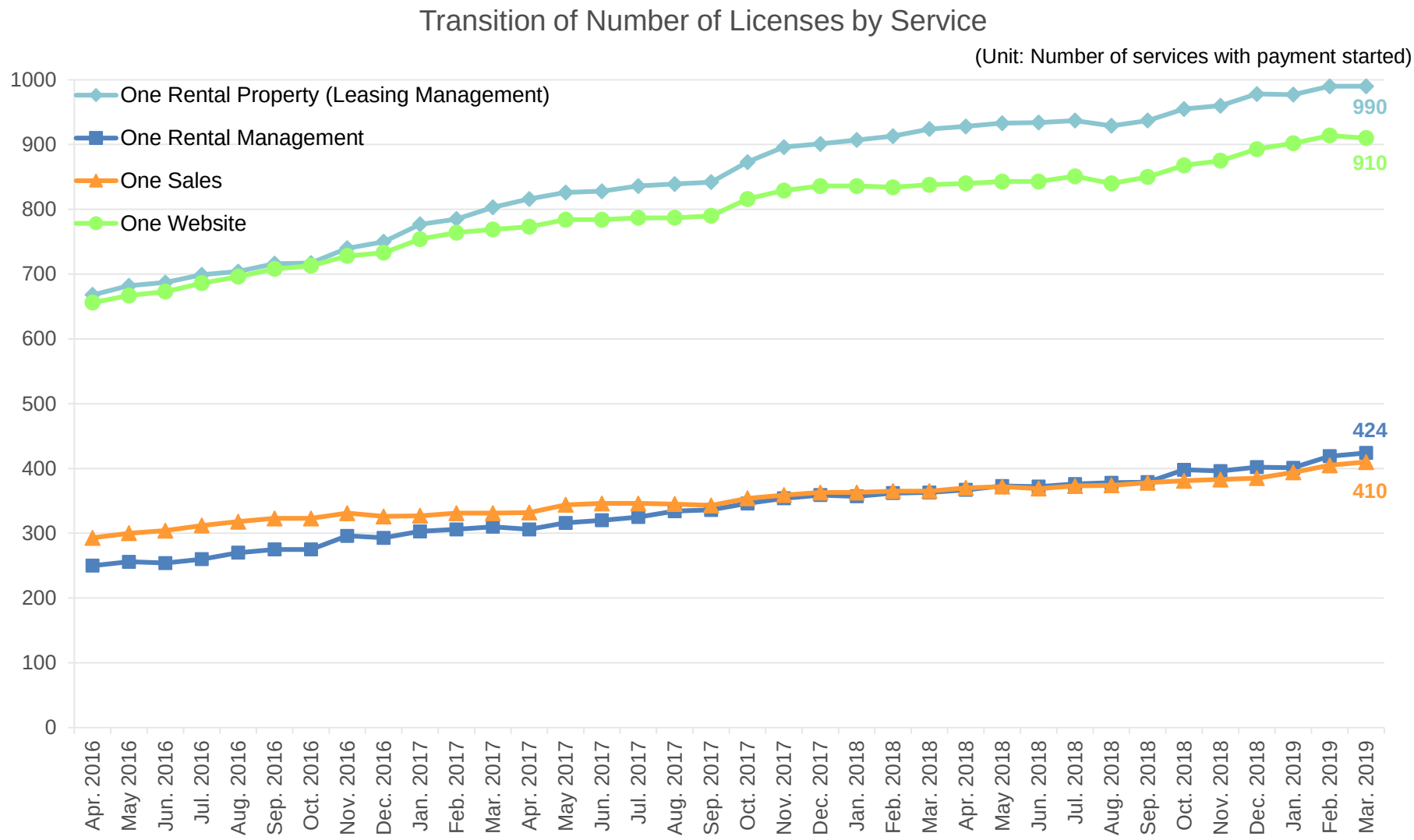


∗ The number means the sum of the number of new contracts and the number of shifts from existing services.

∗ 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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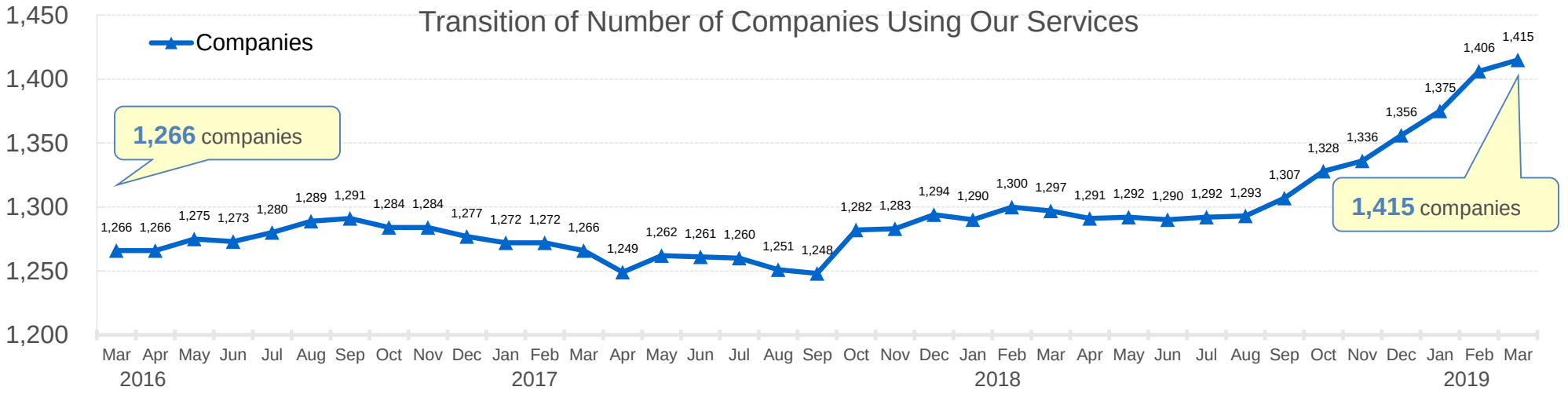
Steady growth of all services of “ES e-Bukken One”

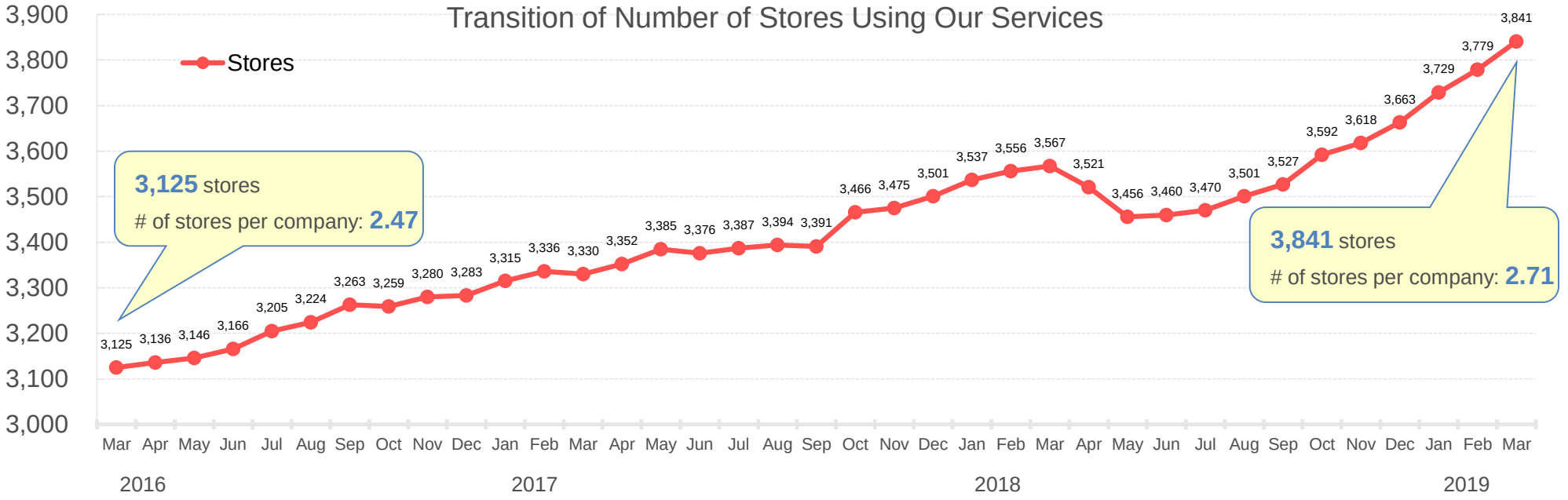


∗ The number means the sum of the number of new contracts and the number of shifts from existing services.

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New customers are increasing more rapidly.

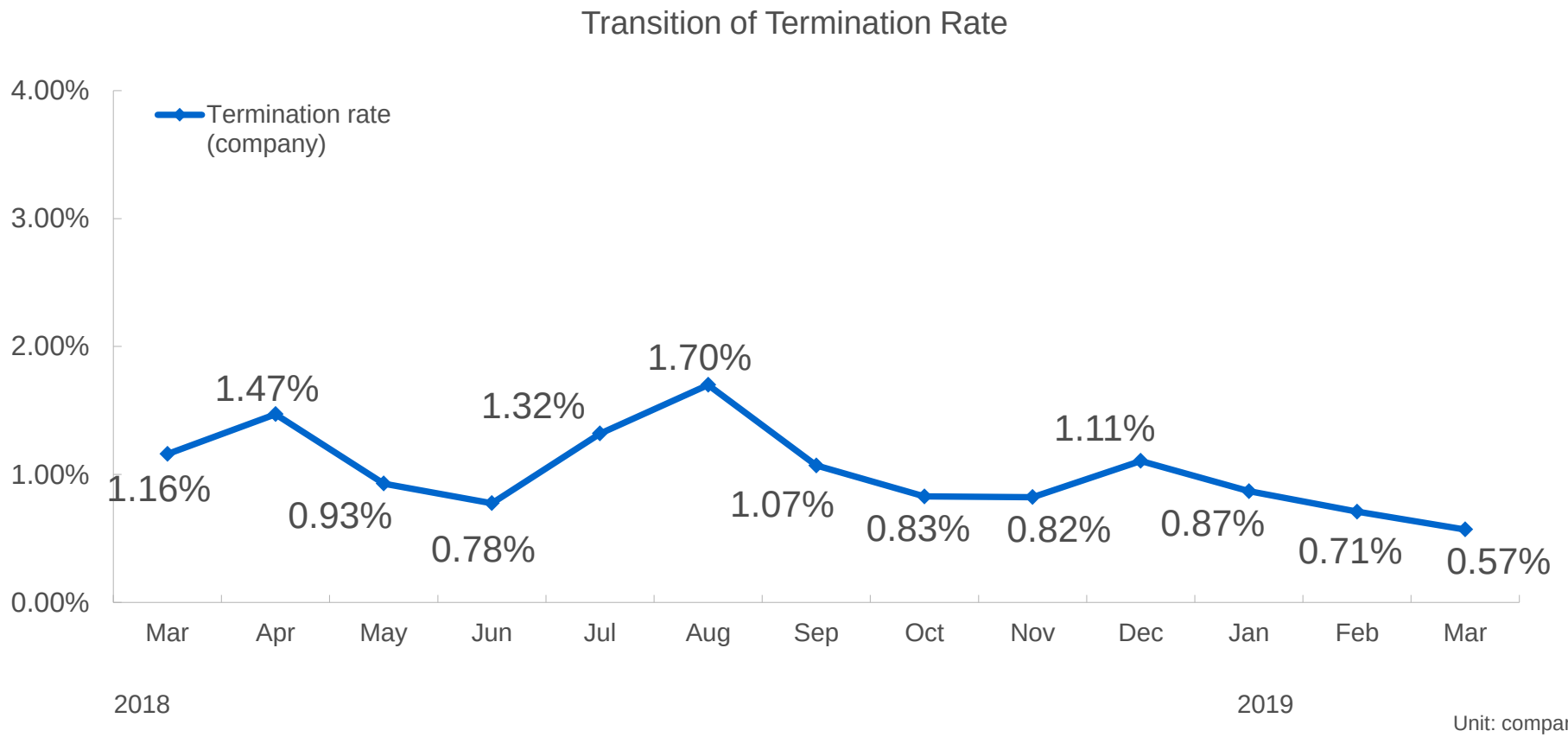




∗ As for ES e-Bukken One, contracts are concluded and fees are charged for individual corporations. As for the number of stores, the total number of stores used and registered by clients (real estate companies) was counted.

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Customer retention rate is stable, and termination rate is being minimized.



Unit: companies

	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Ave.
# of companies	15	19	12	10	17	22	14	11	11	15	12	10	8	13.5

∗ 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.

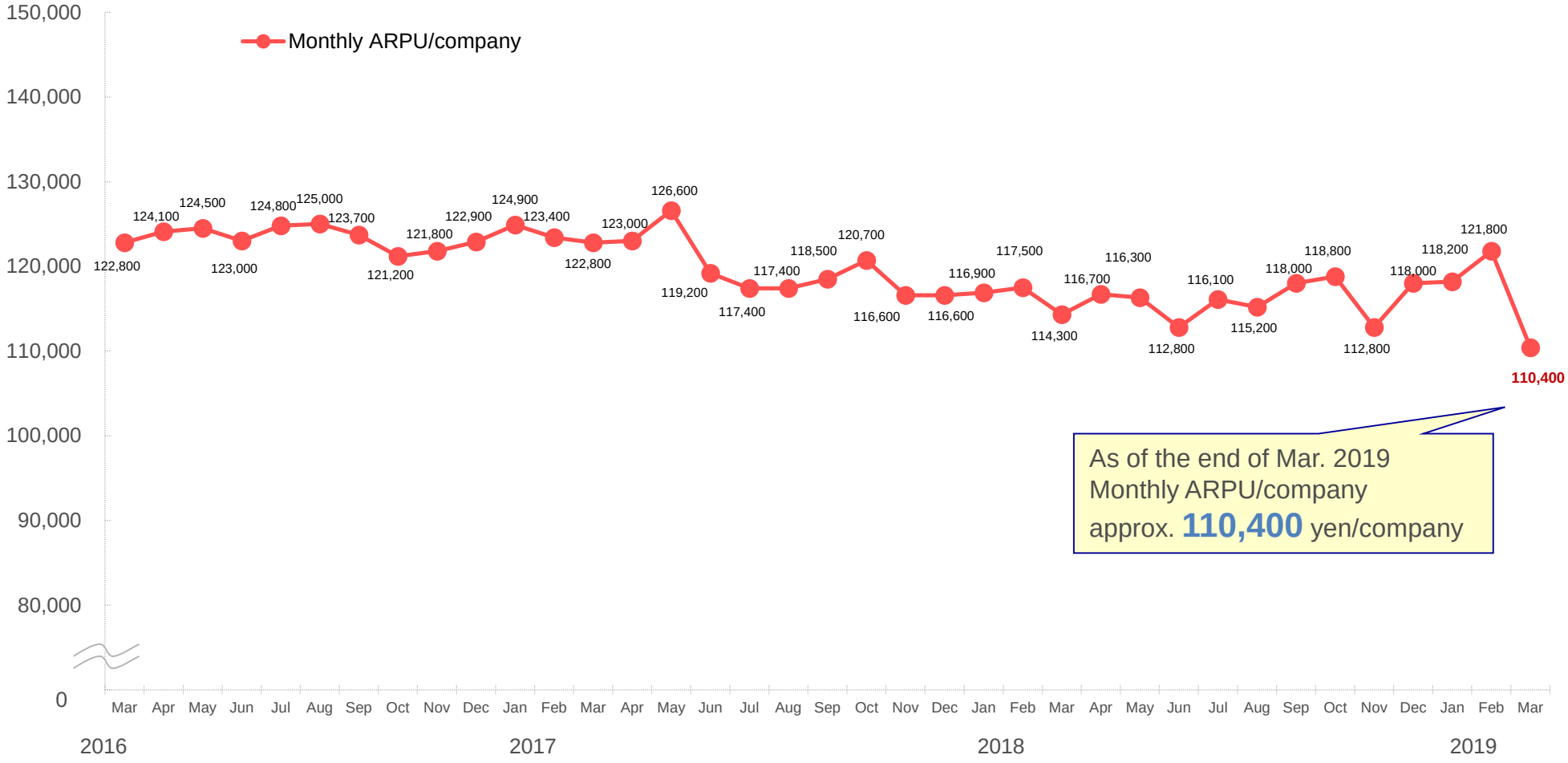
∗ “# of companies” means the number of companies that have cancelled our service and are no longer charged in the month concerned.

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While expanding the number of service users, we kept Monthly ARPU.

Transition of Monthly ARPU

Unit: yen



As of the end of Mar. 2019
Monthly ARPU/company
approx. **110,400** yen/company

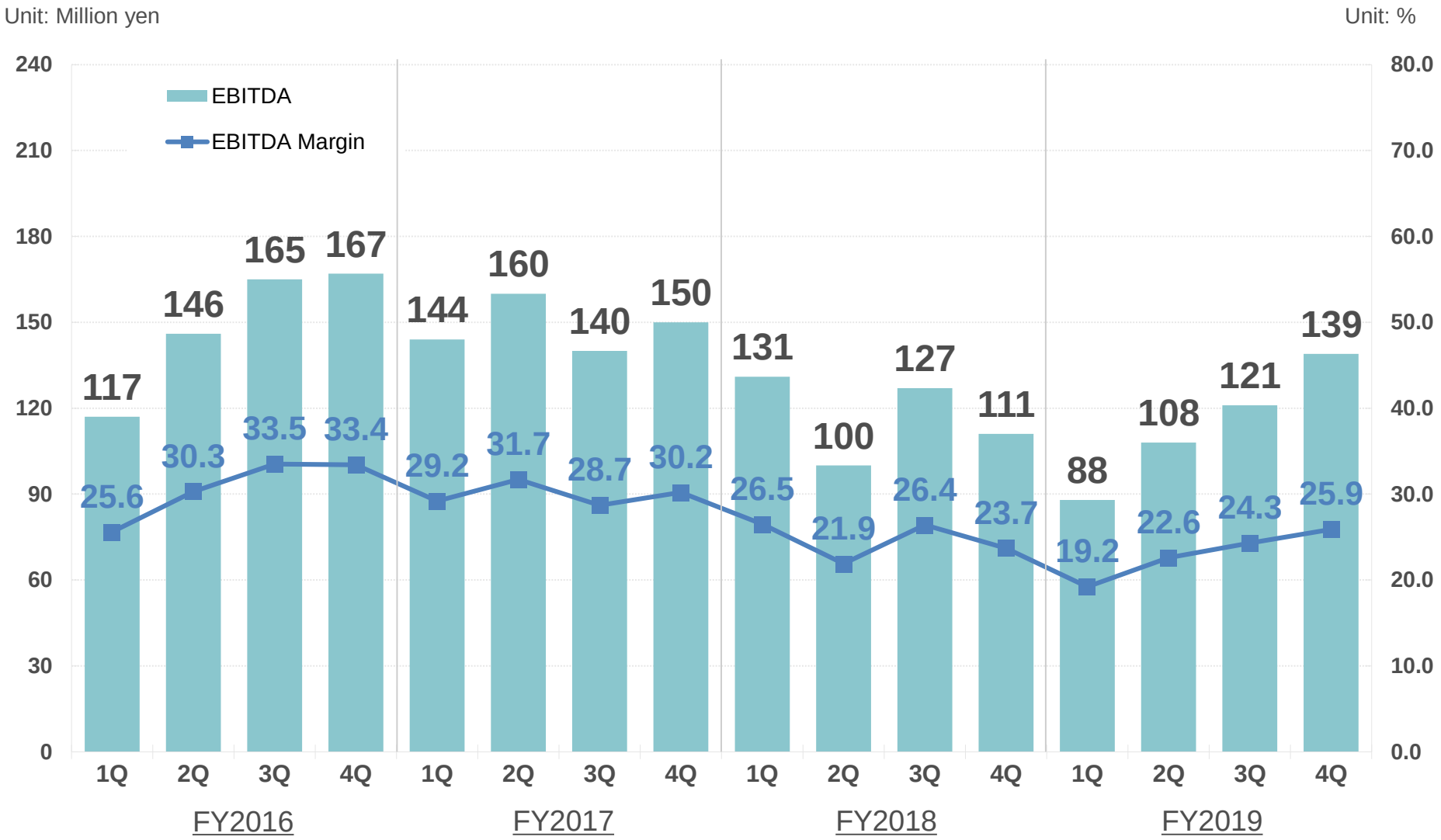
$$\text{Monthly ARPU} = \frac{\text{Cloud Service revenue in a given month}}{\text{The number of companies 'Billed Clients' in a given month}}$$

* Figures rounded down to the nearest hundred yen.

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EBITDA was about 450 million yen.

Transition of EBITDA



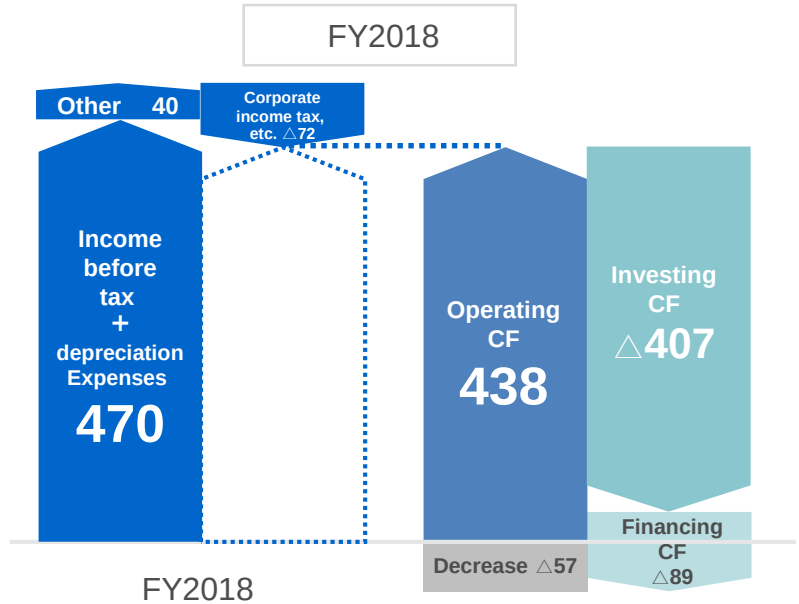
∗ EBITDA = operating income + depreciation

∗ Figures rounded down to the nearest million yen.

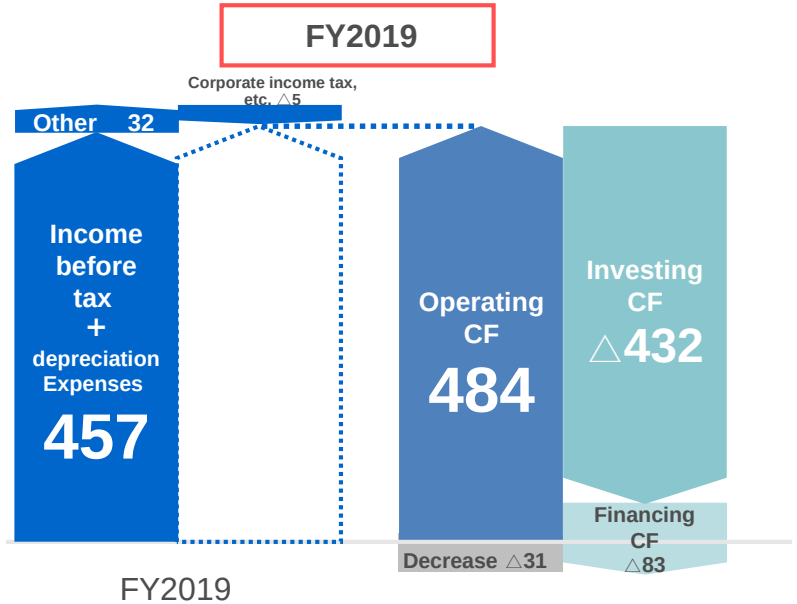
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Operating CF rose from the previous term, and investment in service development increased.

Cash Flow Statement



FY2018
Breakdown of Operating CF



FY2019
Breakdown of Operating CF

Unit: Million yen

Operating CF
Investing CF
Financing CF
Increase/decrease of Cash

<Major breakdown items>			FY2018	FY2019
Operating Activities	①	Income before tax + depreciation expenses	470M yen	457M 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 (△)	△380M yen	△403M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△25M yen	△15M yen
	⑥	Expenses due to the purchase of interior parts, equipment, fixtures, etc. (△)	△1M yen	△8M yen
Financing Activities	⑦	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑧	Expenses due to repayment of lease obligations (△)	△54M yen	△49M yen

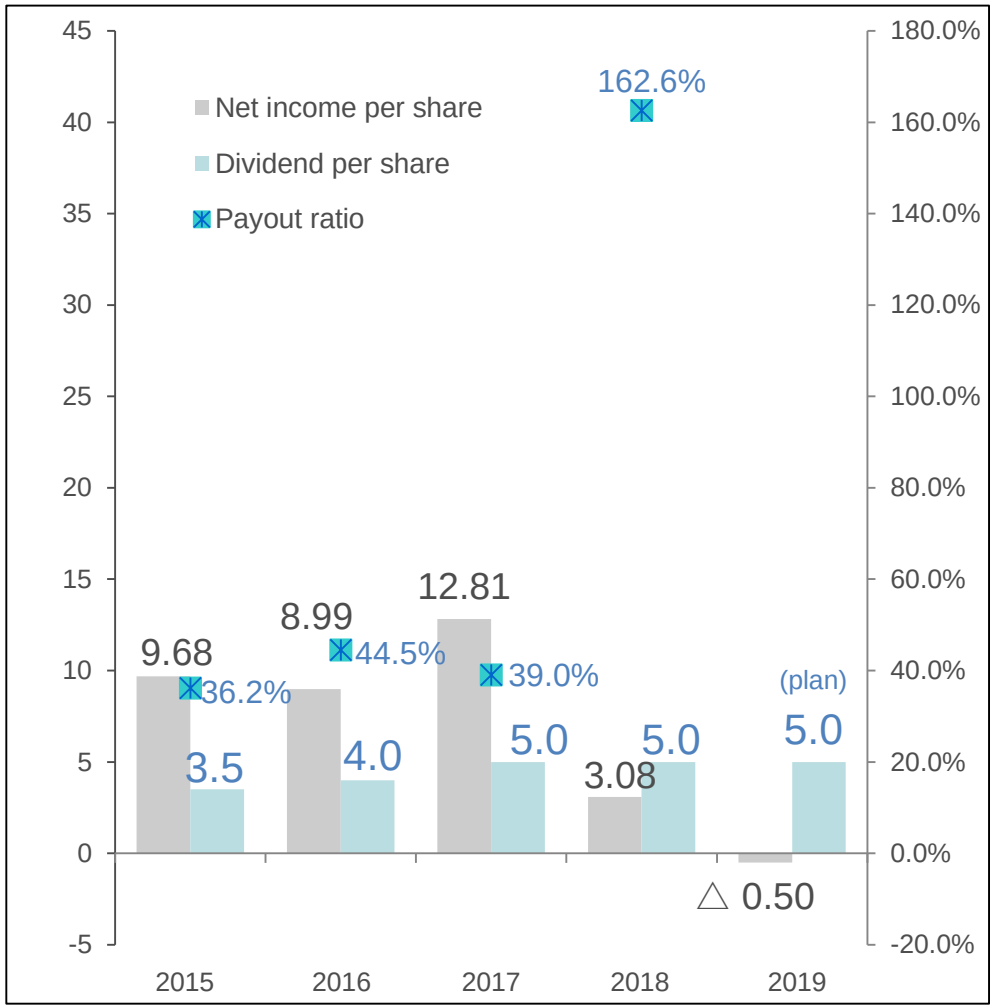
∗ Figures rounded down to the nearest million yen.

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The dividend remains 5 yen/share. We conducted both investment and return of profits to shareholders.

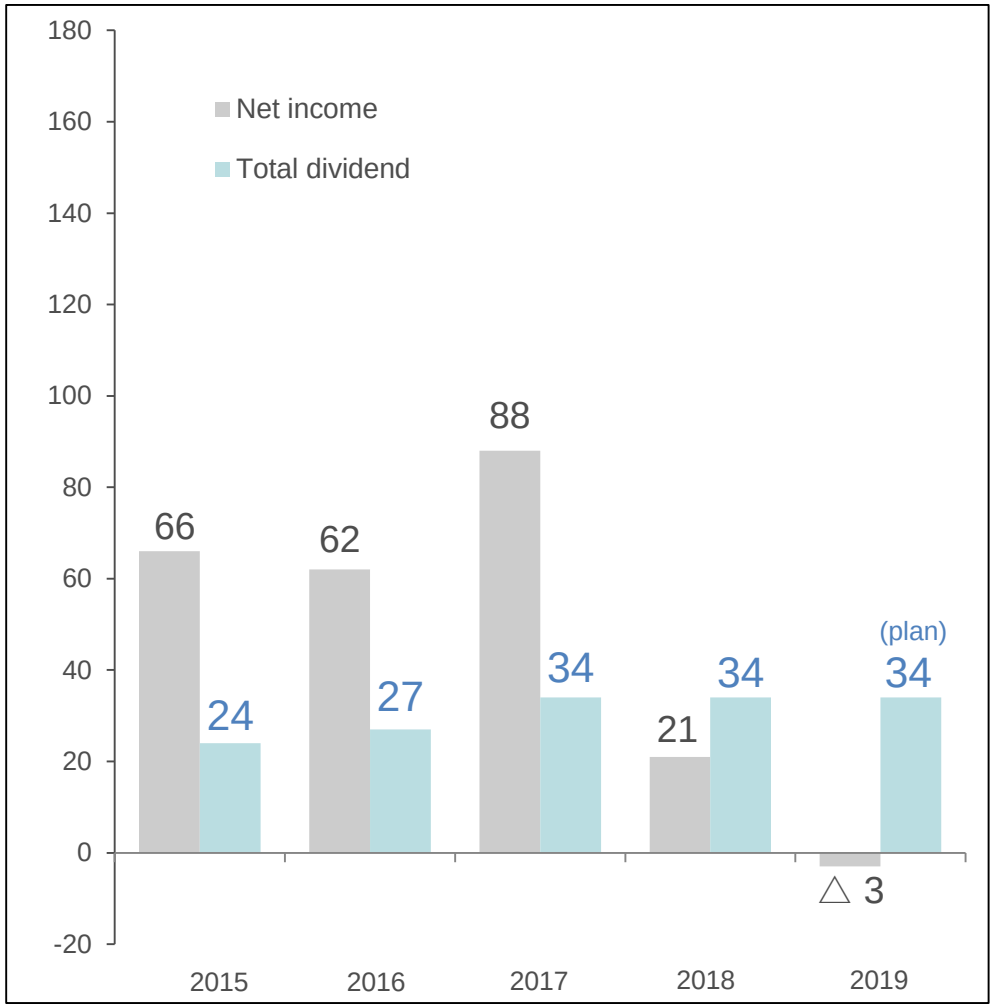
Information per share

Unit: yen



Total dividend

Unit: Million yen



∗Figures rounded down to the nearest million yen.

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2. Earnings Forecast and Future Prospects

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Points of earnings forecast for FY2020

Revenue, Cost, Profit, Dividend

- Sales are estimated to increase to 2,100 million yen, an increase of 115 million yen from 1,984 million yen in the previous term, thanks to the growth of revenue from monthly fees of “ES e-Bukken One,” the expansion of sales of new services, etc.
- Annual operating income is estimated to increase by about 27 million yen from 13 million yen in the previous term to 40 million yen, as sales are projected to increase about 115 million yen and total cost is forecasted to augment about 88 million yen.
- Maintains year-end dividend of 5 yen per share (prior year forecast 5 yen per share).

Marketing strategy

- To concentrate on the expansion of the customer base (especially for rental management) of the core service “ES e-Bukken One”
- To offer the system installation and operation support service on a full-scale basis, to make it a new pillar of revenue
- To expand the “pocketpost” series, and create synergy with “ES e-Bukken One”

Cloud service development strategy

- To concentrate on the development for further improving usability and differentiating our services

＊ Forecast figures are based on information available at the time of announcement.
Actual results may differ materially from the forecast figures.
＊ Revenue, cost, and profit figures rounded down to the nearest million yen.

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Sales and profit are estimated to increase, growing our business steadily.

(million yen)	Full-term Results FY2019	Full-term Forecast FY2020	YOY change	YOY change (%)
Sales	1,984	2,100	115	5.8%
Operating income	13	40	27	211.2%
Recurring income	13	39	26	205.5%
Net Income	△3	12	16	—

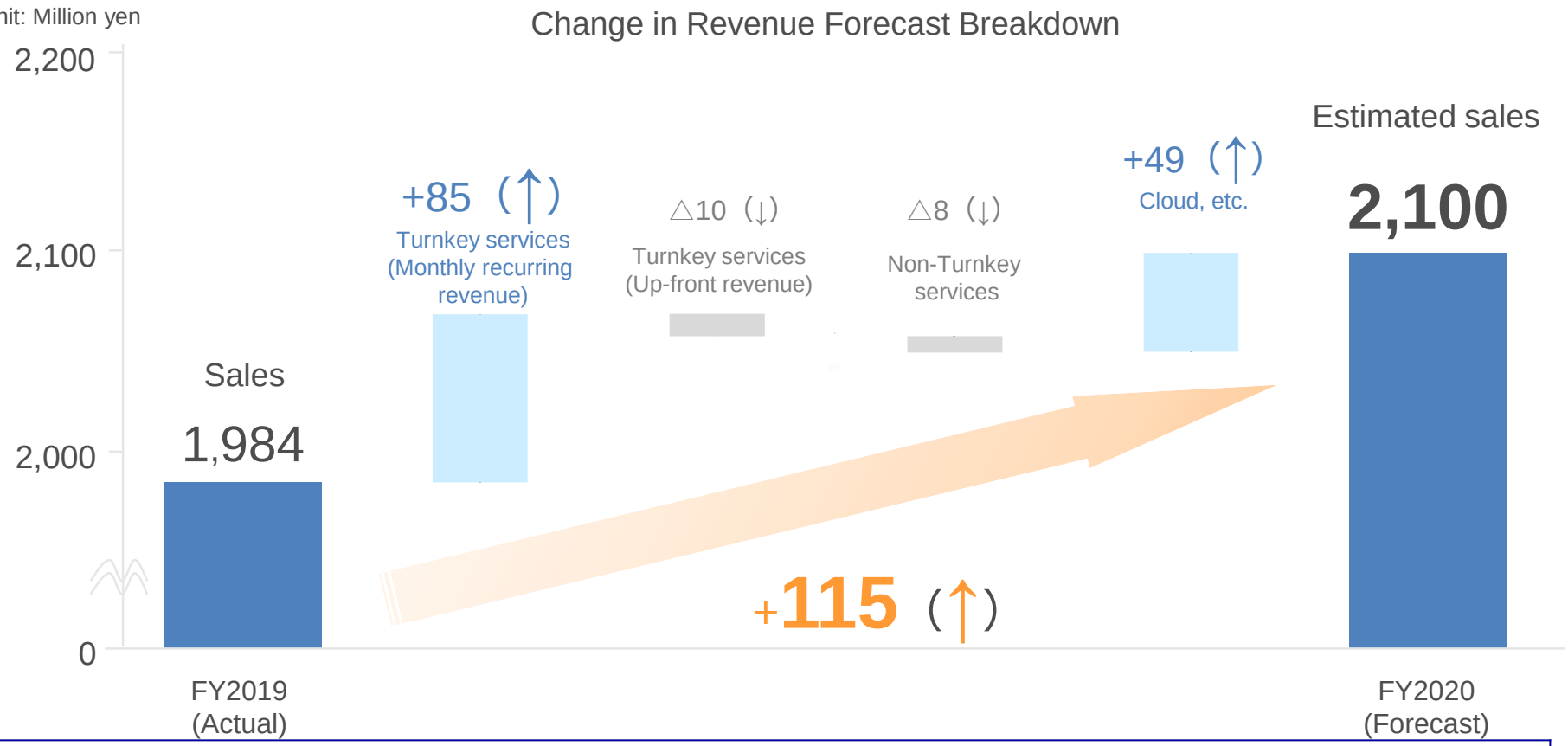
	Dividend per share
Full-term dividend (forecast) (FYE March 2020)	5.00yen
Full-term dividend (plan) (FYE March 2019)	5.00yen

＊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

Unit: Million yen



<Key Points>

Due to the increase of users of “ES e-Bukken One,” the sales from “Turnkey services (Monthly recurring revenue)” are projected to rise about 85 million yen year on year. Due to the expansion of the sales from the new service: “system installation and operation support,” etc., the sales from “Cloud, etc.” are forecasted to grow about 49 million yen. The total sales of the cloud solution business are estimated to grow about 115 million yen.

* The sales from “Network Solution” and those from “Advanced-Cloud Service,” which had been posted separately, are summed up and posted as the sales from “Cloud, etc.” from FY 2020.

* Figures rounded down to the nearest million yen.

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Revenue forecast breakdown

Item (Unit: million yen)	FY2019	FY2020	YOY change	YOY change (%)
Cloud Service	1,857	1,924	66	3.6%
Turnkey services *	1,811	1,886	74	4.1%
Up-front revenue	98	88	△10	△10.7%
Monthly recurring revenue	1,712	1,797	85	5.0%
Non-turnkey services *	46	38	△8	△18.3%
Cloud, etc.	126	175	49	39.4%
Total	**1,984**	**2,100**	**115**	**5.8%**

* 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.

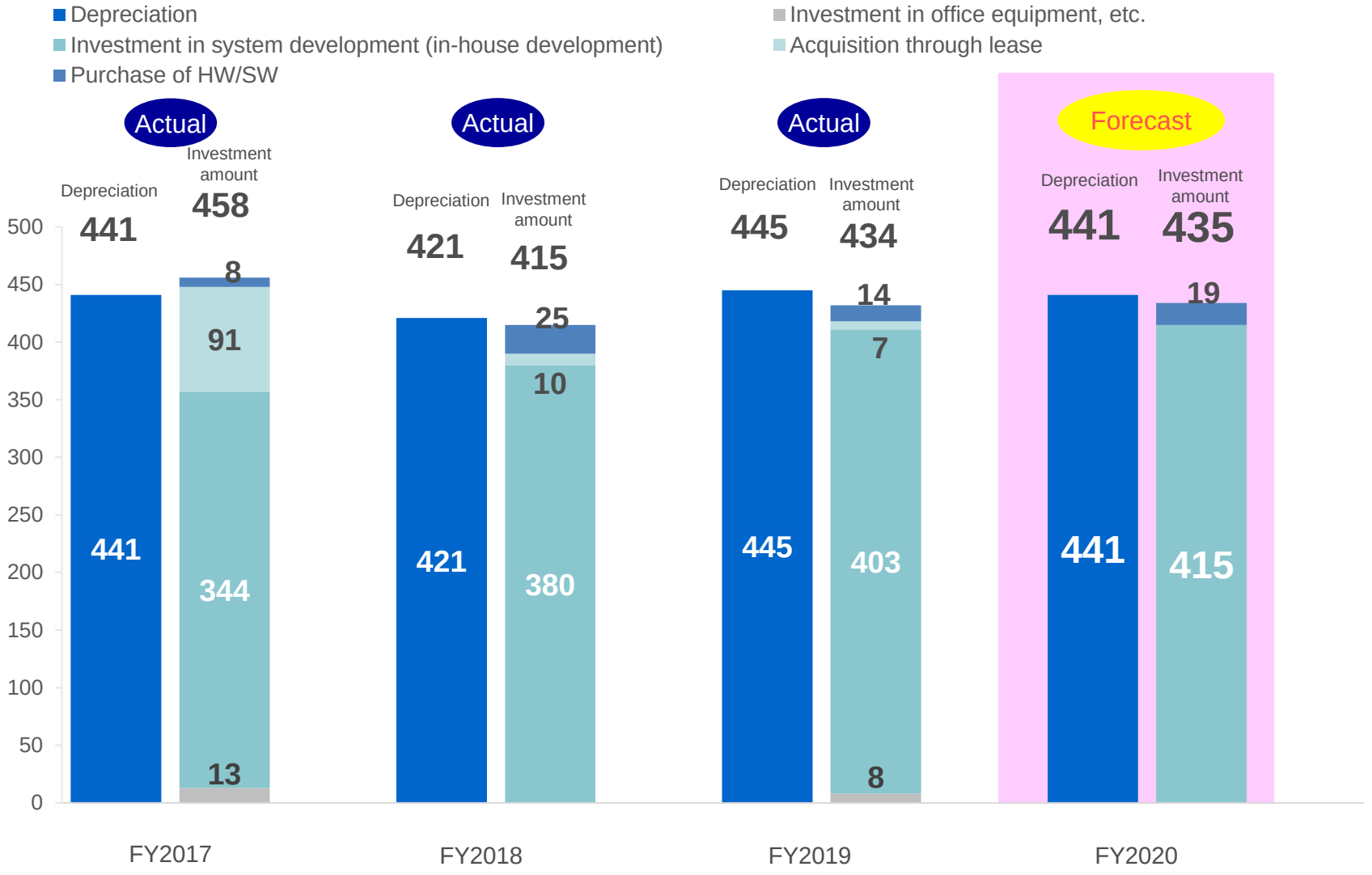
* The sales from “Network Solution” and those from “Advanced-Cloud Service,” which had been posted separately, are summed up and posted as the sales from “Cloud, etc.” from FY2020.

* 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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Investment for growth based on stable cash flow



∗ Figures rounded down to the nearest million yen.

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

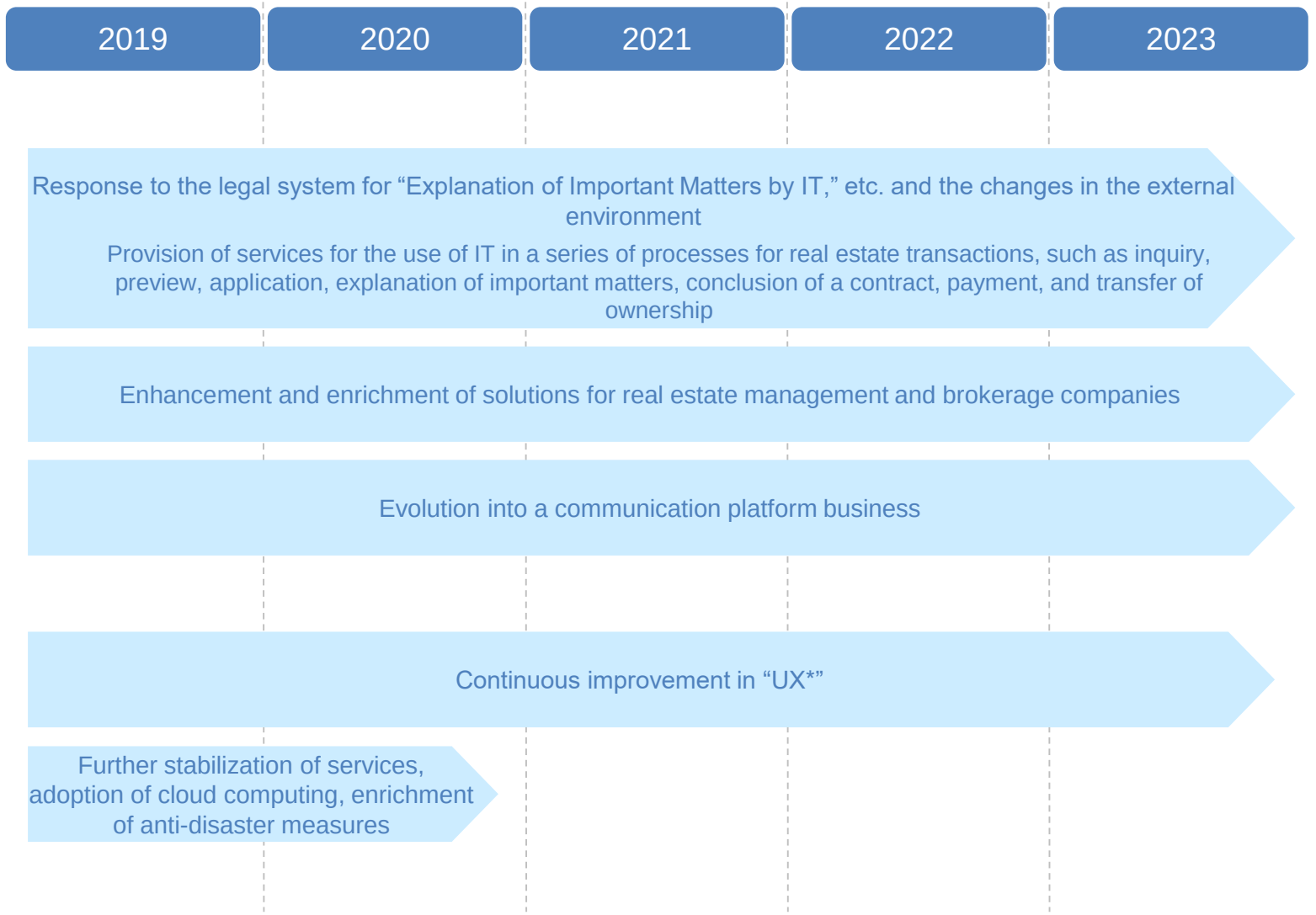
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Outlook for future service developments

つなぐ、不動産クラウド。 いい物件One

pocketpost

IT重説・WEB接客専用パッケージ ES × meetingplaza



＊ “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 diversifying services and lengthen the period of use by supporting operation and upgrading services

Future growth

Evolution into real estate trade platforms

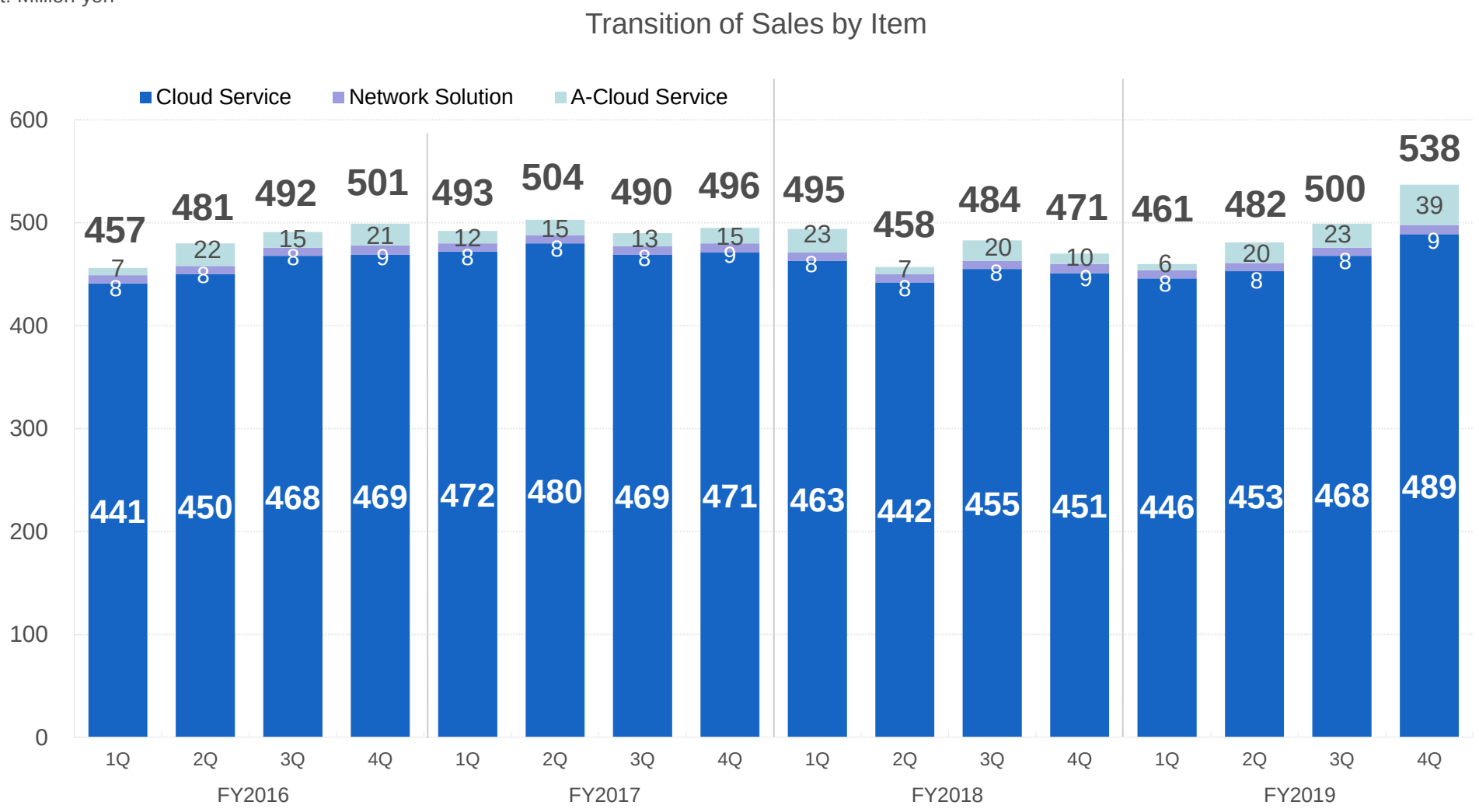
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3. Summary of Recent Business Results

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The sales of cloud services hit a record high on a quarterly basis.

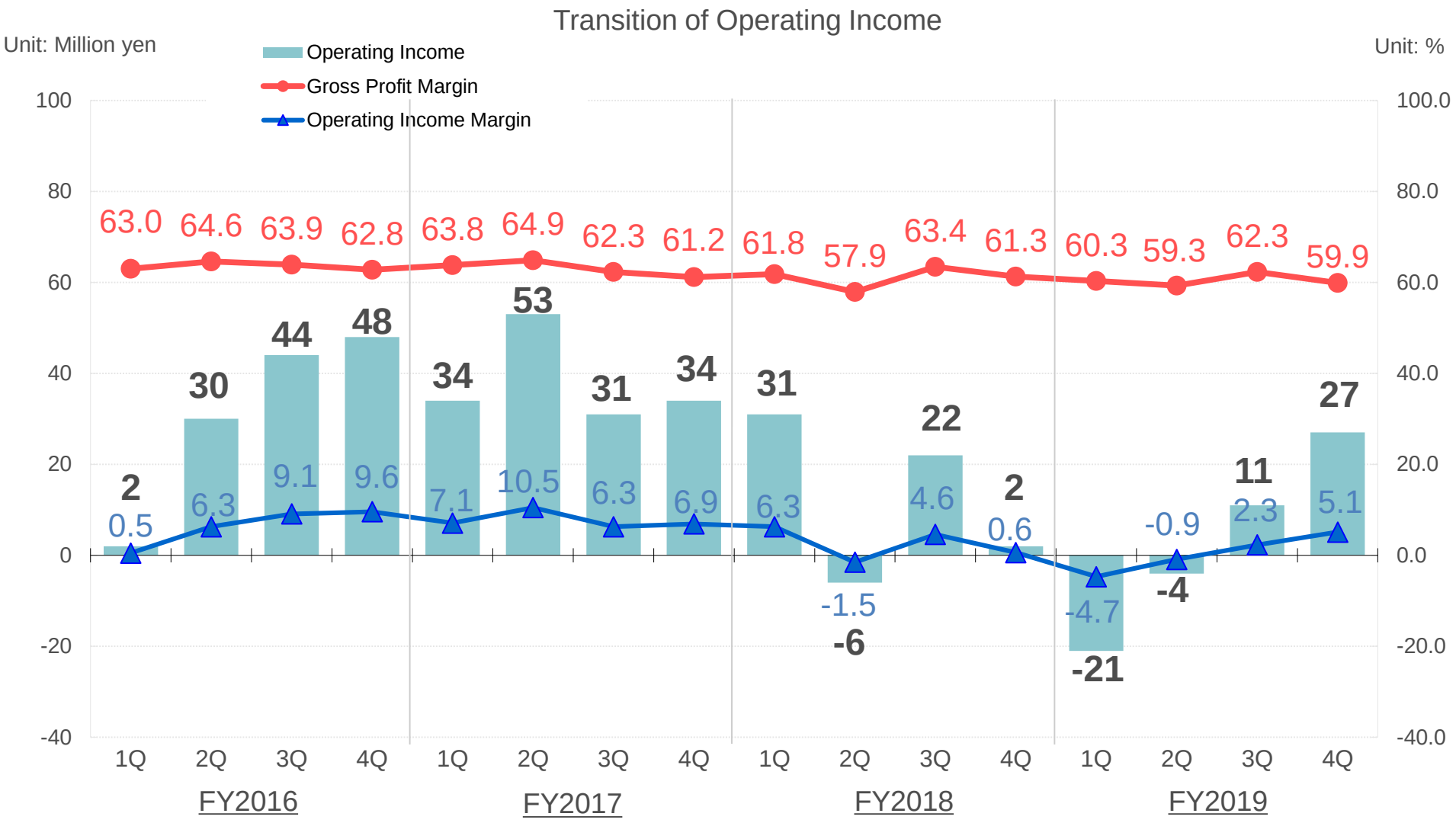
Unit: Million yen



∗ Figures rounded down to the nearest million yen.

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

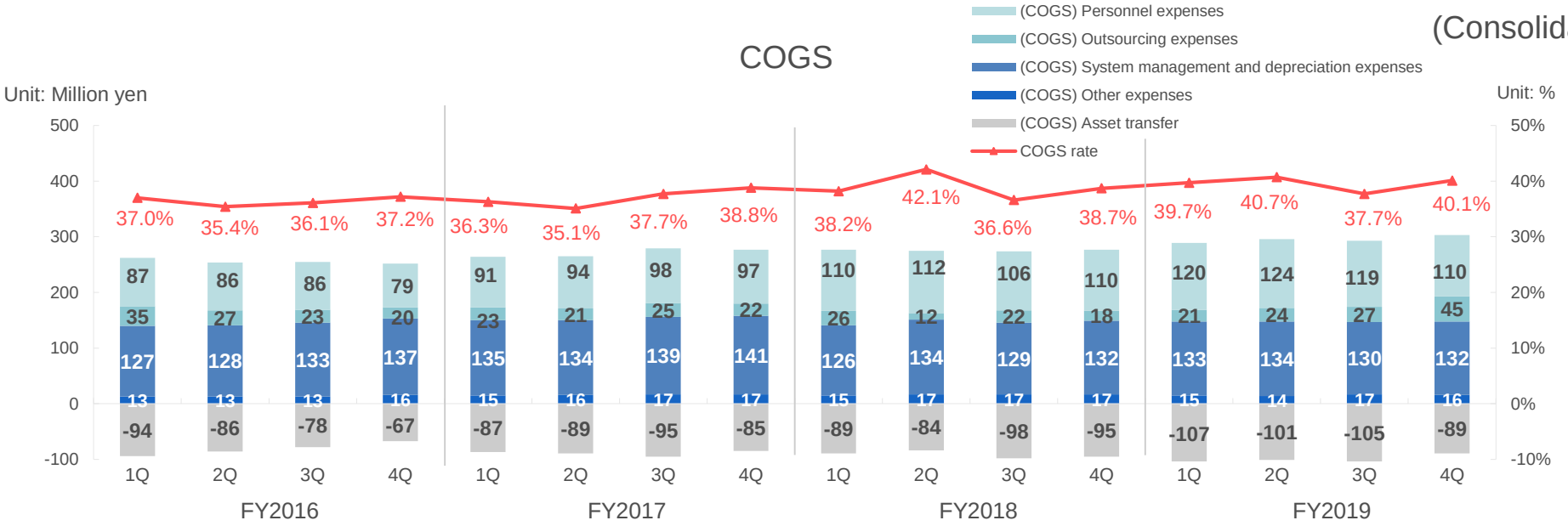


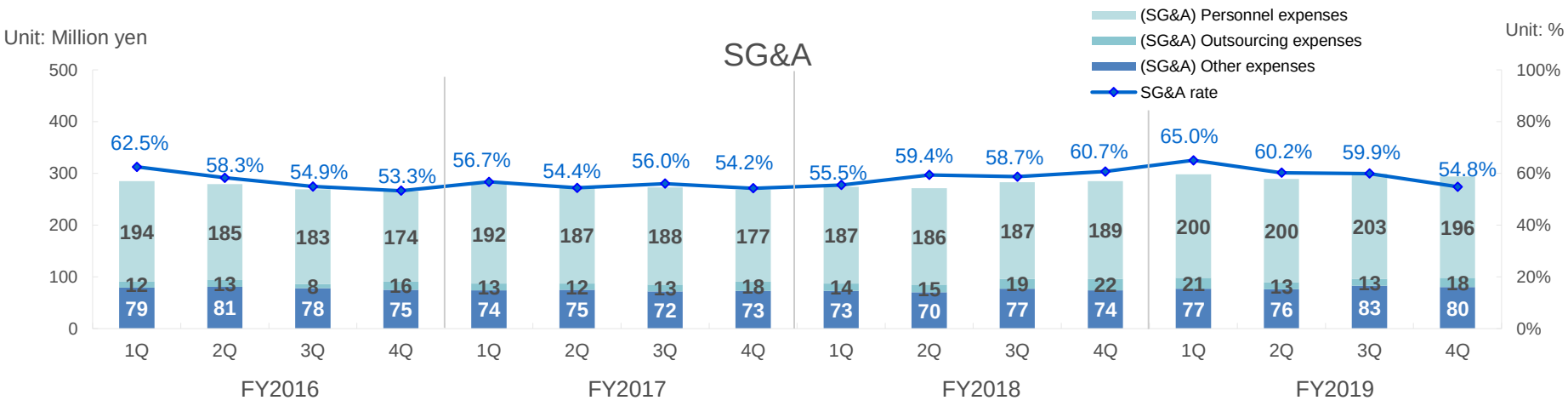
∗ Figures rounded down to the nearest million yen.

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Total expenses are under control

(Consolidated)





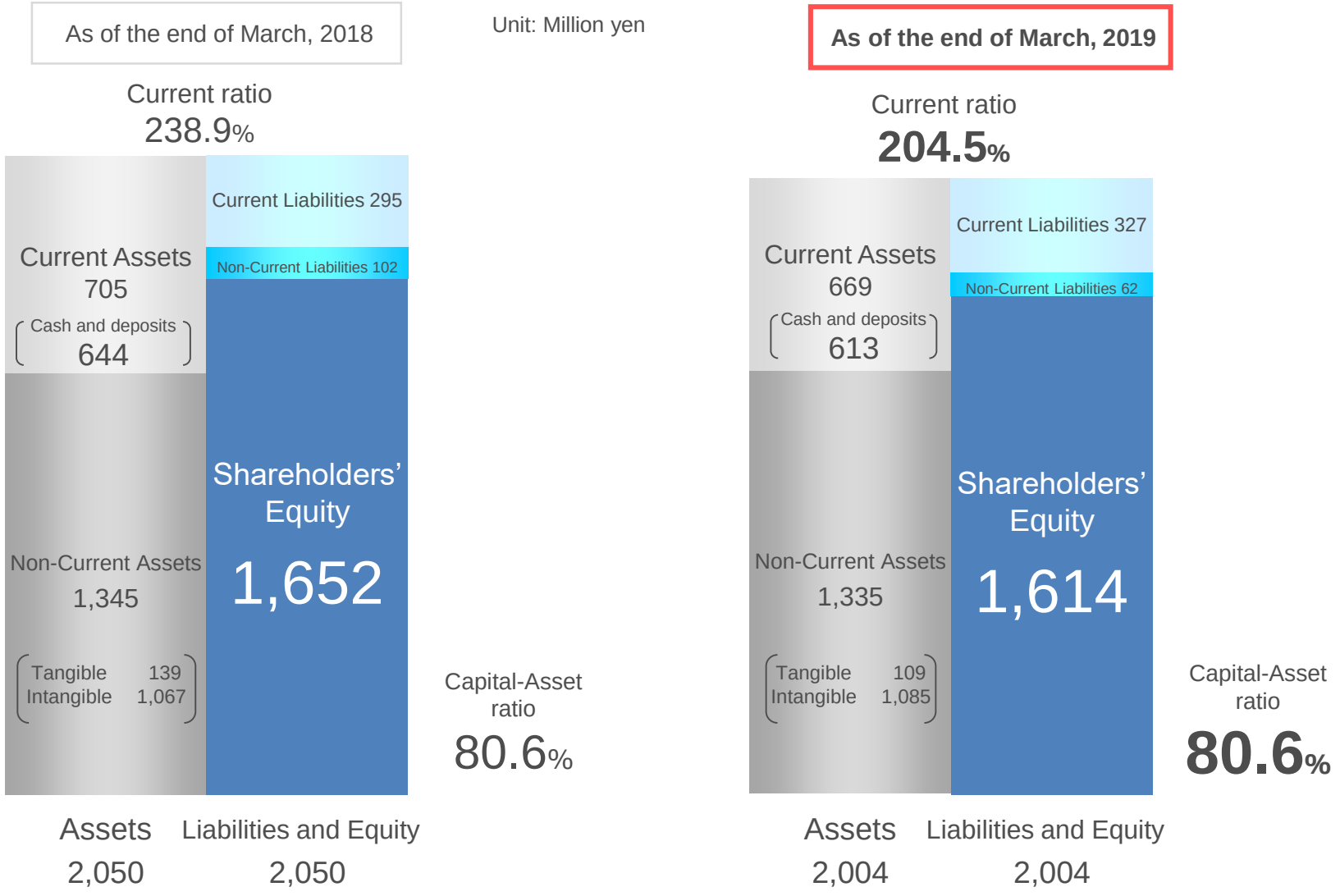
＊(COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, procurement expenses, system usage expenses, etc.
(COGS) Asset transfer: Inventory assets(goods in process), portion allowances for software under development listed under COGS
＊(SG&A) Outsourcing expenses: Advertising 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

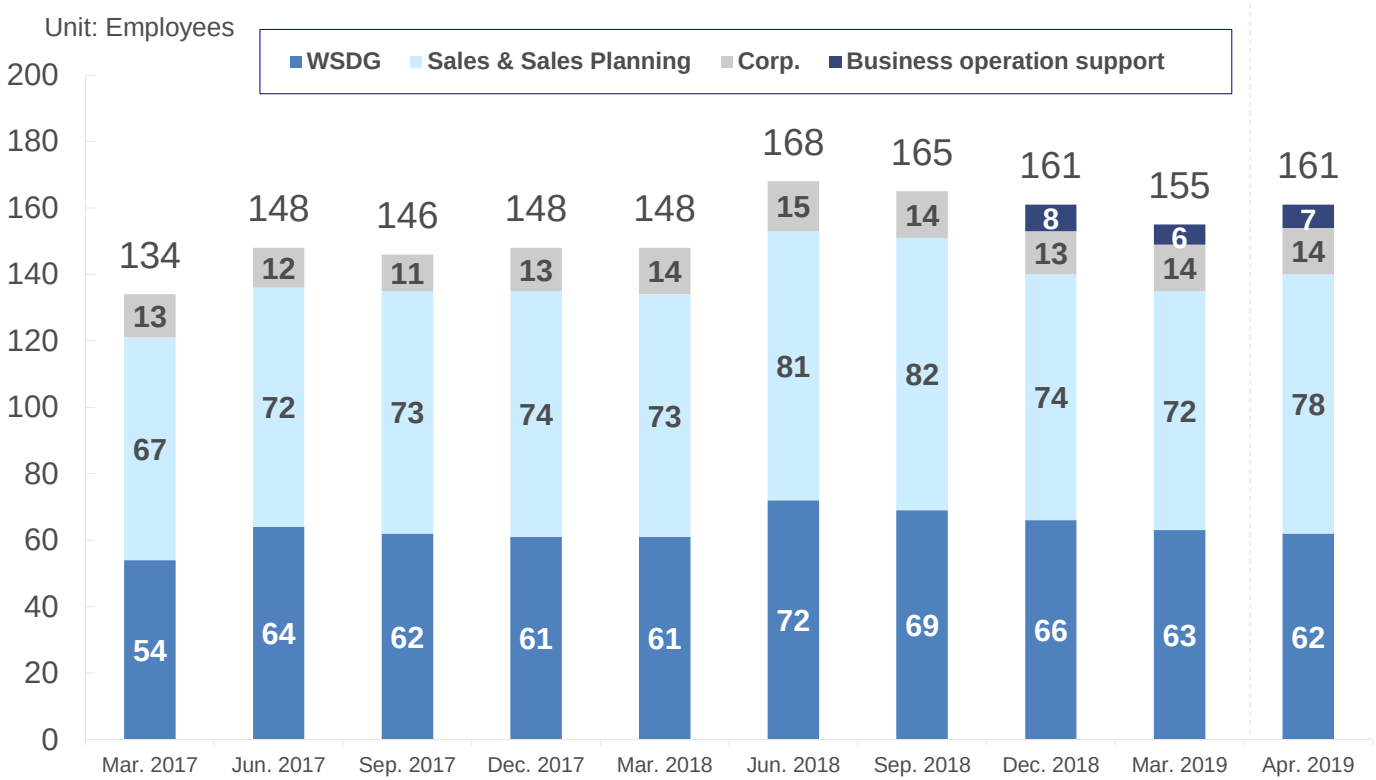


∗ Due to the partial revision to the accounting standards, deferred tax assets as of the end of Mar. 2018 is categorized into non-current assets (investments and other assets) rather than current assets.

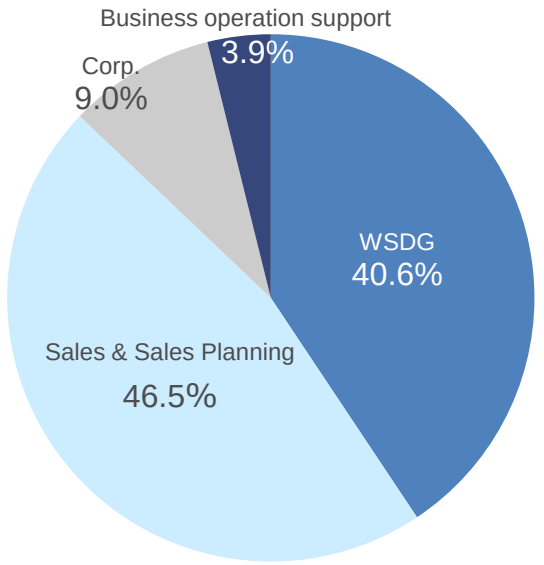
∗ Figures rounded down to the nearest million yen.

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Division



Number of Employees



Breakdown by Division

(March, 2019)

∗ 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: System installation and operation support service (a service conducted mainly by a subsidiary [Realtech Consulting Co., Ltd.]) section

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4. Company Overview

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Mission

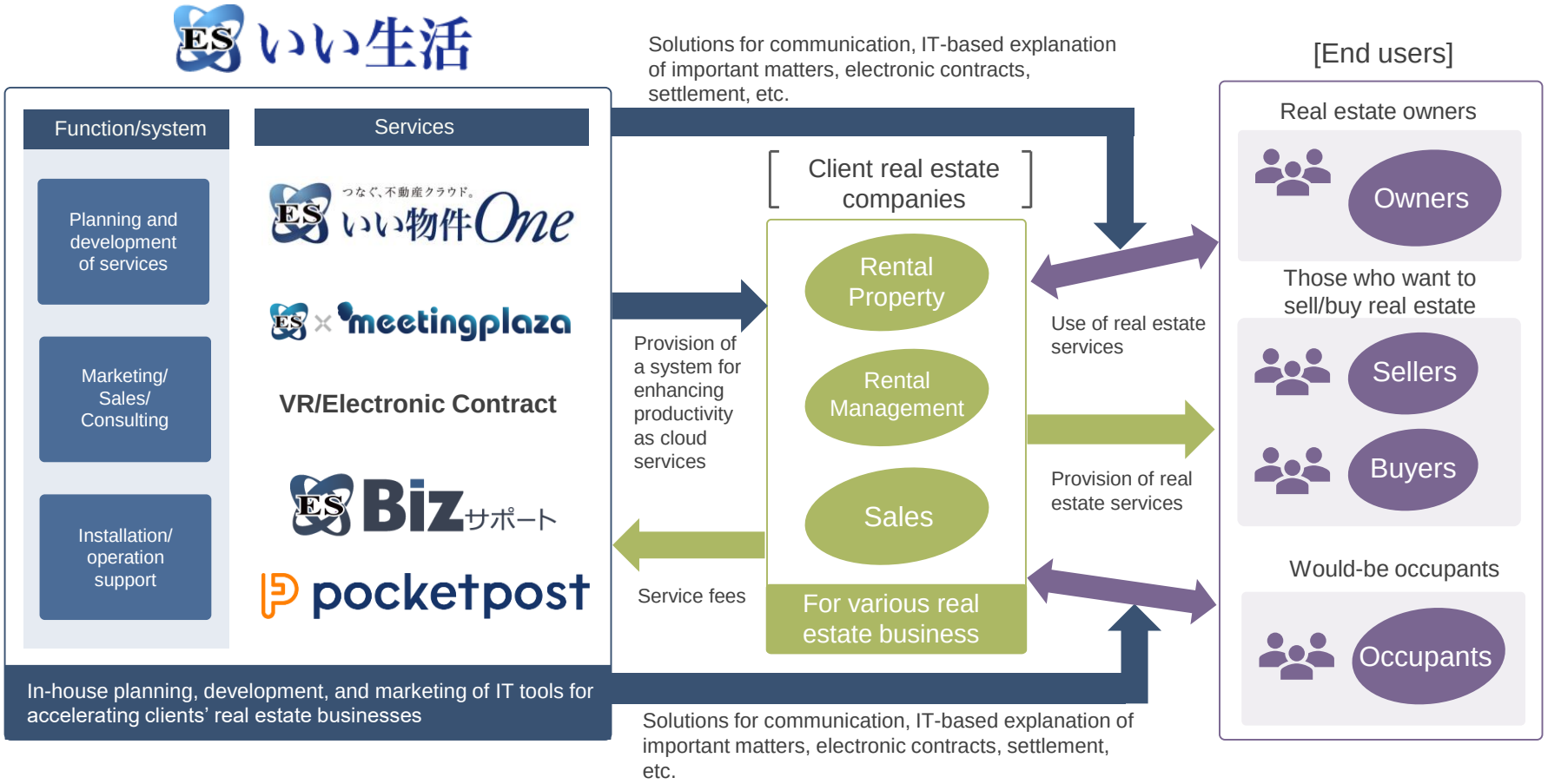
To create a market with high degree of satisfaction and reliability for all participants by enhancing the transparency of the market.

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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Outline of our services

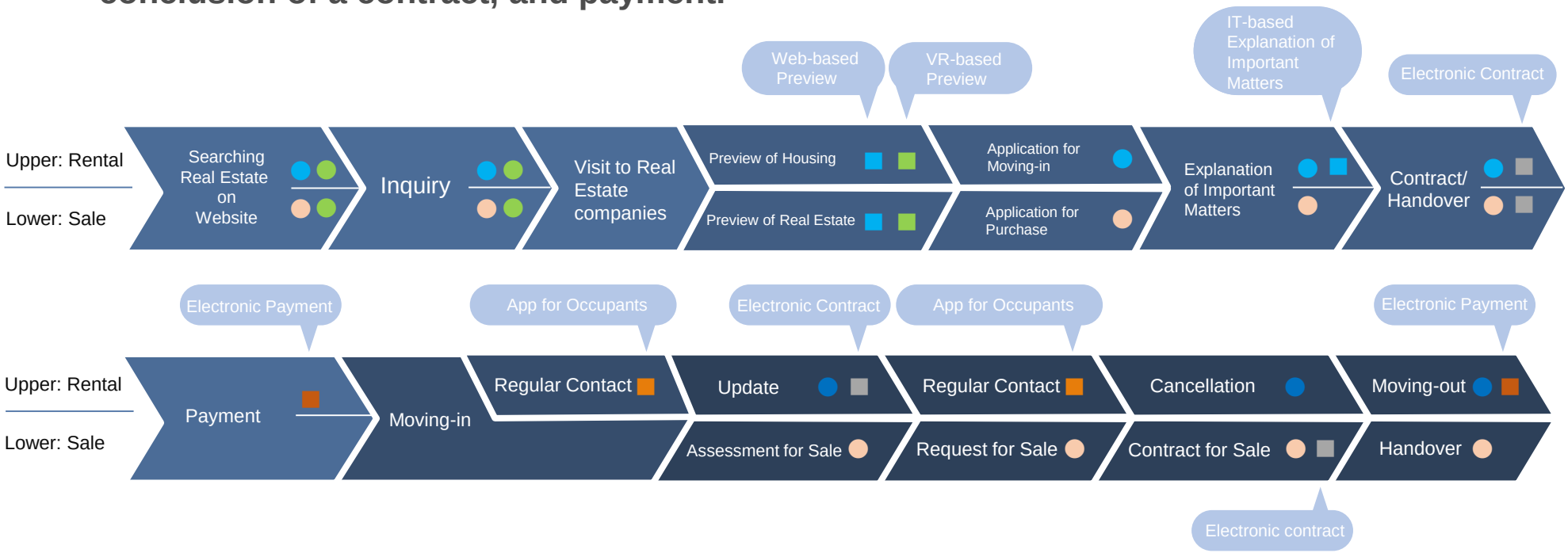


- ✓ Database tools that streamline the business operation of real estate companies (ES e-Bukken One Rental Property, Sales, Rental Management, etc.)
- ✓ Marketing tools that expand earning opportunities for real estate companies (ES e-Bukken One Website, Biz Support, etc.)

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

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

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 March 2019)
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 ：	155 (As of the end of March 2019)
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-shi, 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.

Statements made at the meeting or included in this document that are not historical facts are forward looking statements about the future performance of e-Seikatsu Co., Ltd.
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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