First-quarter for FYE March 31, 2020
Presentation Material

August 1, 2019

e-Seikatsu Co., Ltd.

Securities code: 3796

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1. Summary of First-quarter Results for FYE March 31, 2020

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Highlights

Sales grew year on year, and the number of client companies rose by 126.

- Consolidated sales: 487 million yen (FY2019 1Q 461 million yen, YOY change +25 million yen, +5.6%)
  - Cloud Service revenue: 457 million yen (FY2019 1Q 446 million yen, YOY change +10 million yen, +2.4%)
- Consolidated operating income: -13 million yen (FY2019 1Q -21 million yen, YOY change +8 million yen)
- As of the end of Jun. 2019, the number of client companies is 1,416 (FY2019 1Q 1,290), and the number of stores is 3,853 (FY2019 1Q 3,460)
  - Monthly ARPU: approx. 107,900 yen/company ※as of the end of Jun. 2019
    FY2019 1Q approx. 112,800 yen/company ※as of the end of Jun. 2018

We promoted the improvement in UX (User Experience), and released a new service.

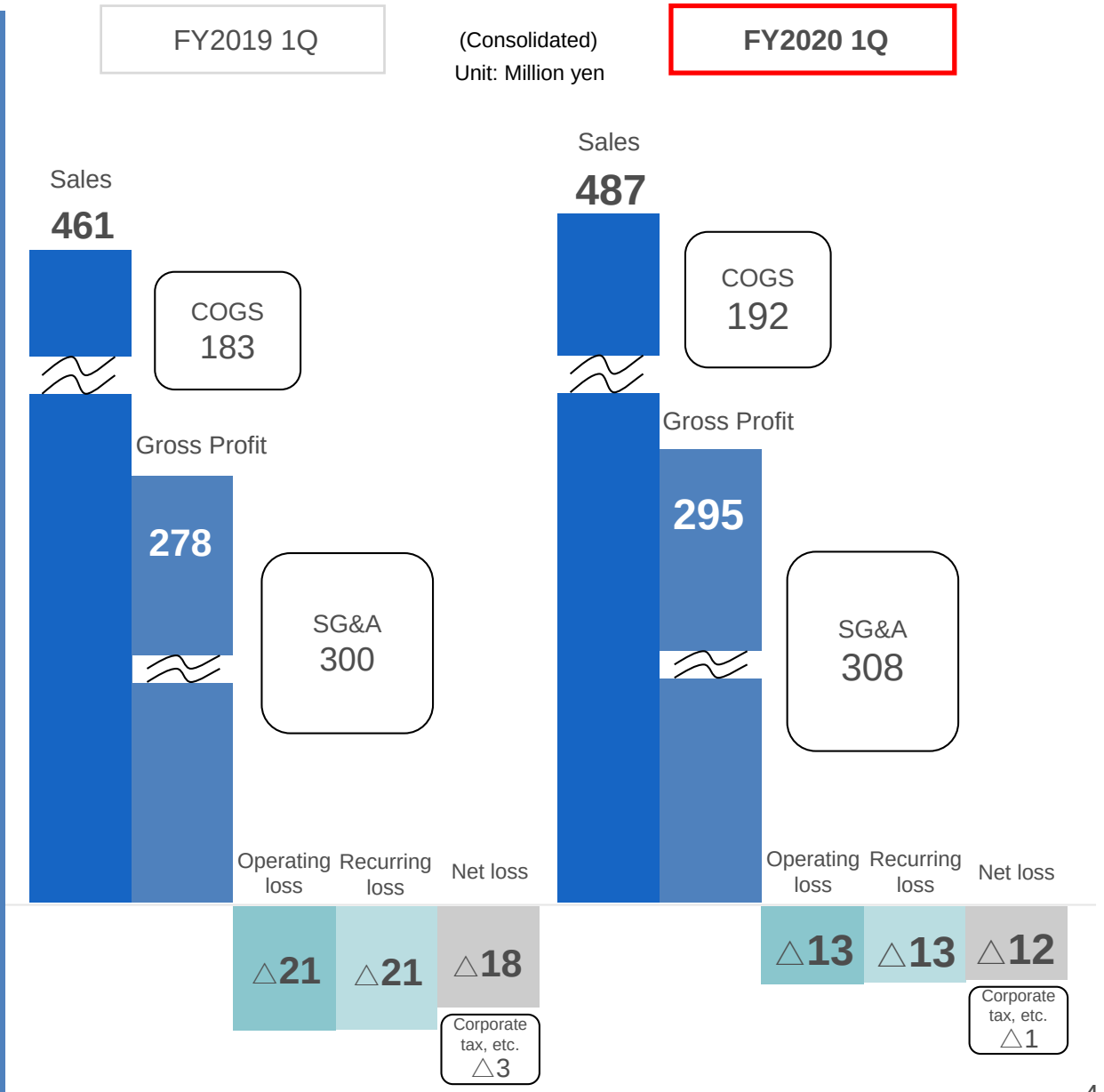
- We continued R&D for adding functions to existing services, improving UX and usability, etc.
- We released “ES-B2B call,” a new service for automatically answering rental agent inquires about vacancy states in May 2019. We help real estate management companies streamline their operation.
- In fiscal 2019, too, our services are subject to “subsidies for the adoption of IT.” We are promoting marketing activities that actively appeal the use of the subsidies for which application will shift into high gear.

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

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Sales grew year on year

- Total sales increased due to the sales growth of cloud services, the posting of sales from multiple projects for entrusted development, etc.
- COGS: Expenses for development and provision of services, etc. augmented.
- SG&A: Costs for personnel, office rental, etc. increased due to the business expansion.

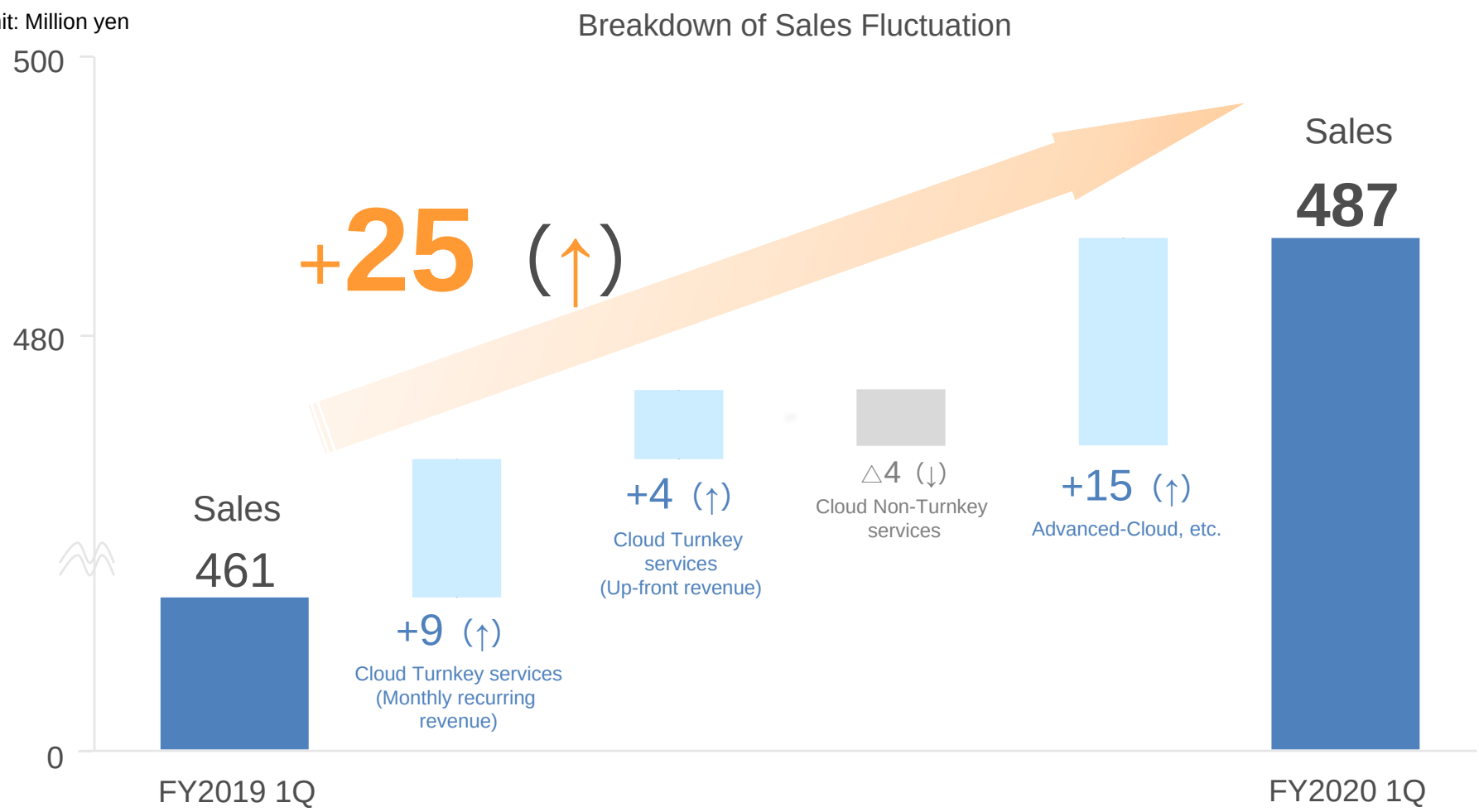


＊Figures rounded down to the nearest million yen.

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Sales are growing as a whole

Unit: 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 “Advanced-Cloud, etc.” from FY2020.
* ‘-’ indicates zero yen, ’0’ indicates an amount less than one million yen.
* Figures rounded down to the nearest million yen.

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Actual sales

Item (Million yen)	FY2019 1Q	FY2020 1Q	YOY change	YOY change (%)
Cloud Service	446	457	10	2.4%
Turnkey services *	434	448	14	3.4%
Up-front revenue	10	14	4	47.9%
Monthly recurring revenue	424	433	9	2.3%
Non-turnkey services *	12	8	△4	△32.4%
Advanced-Cloud, etc.	14	30	15	102.9%
Total	**461**	**487**	**25**	**5.6%**

＊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.

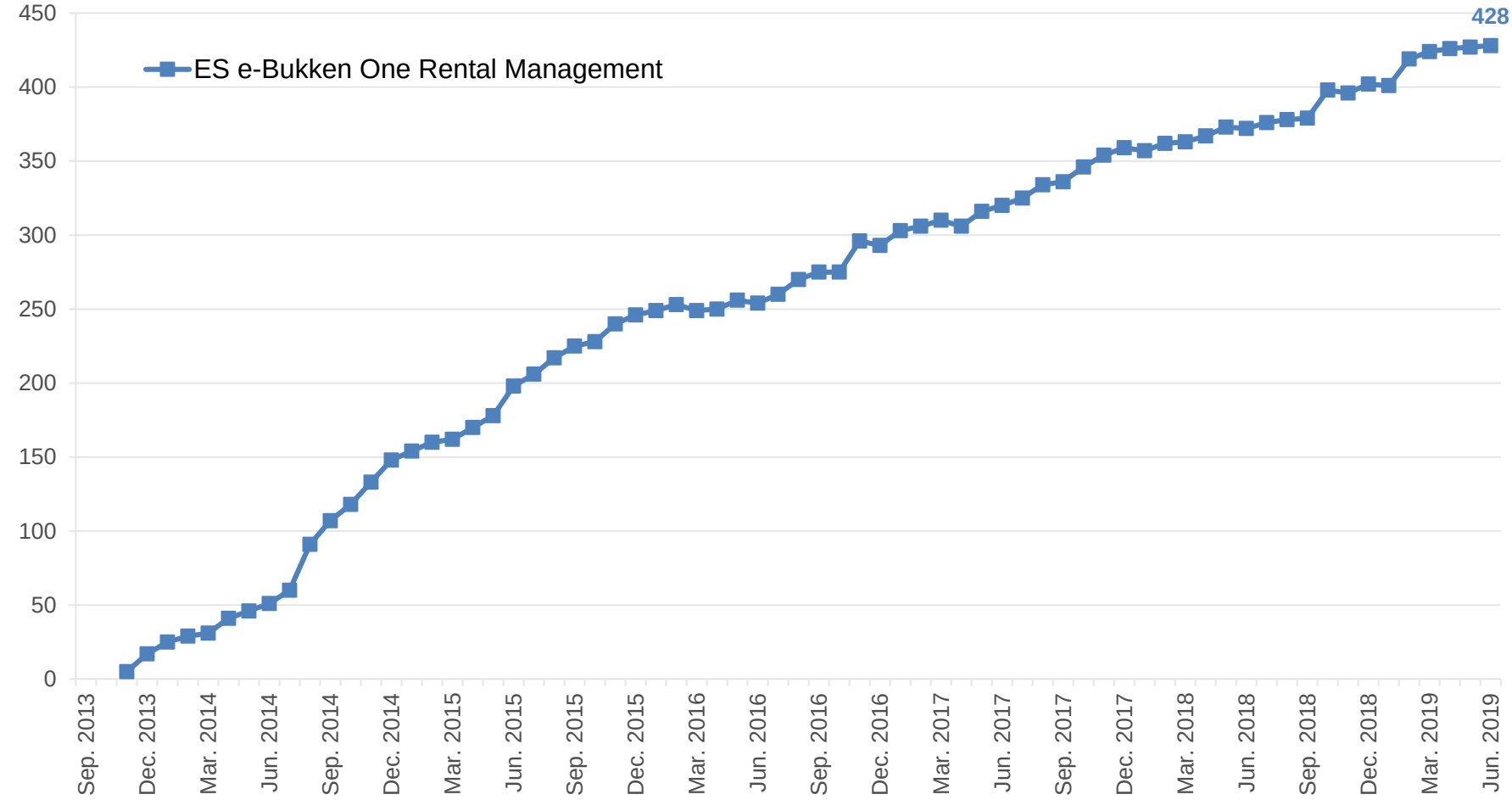
＊The sales from “Network Solution” and those from “Advanced-Cloud Service,” which had been posted separately, are summed up and posted as the sales from “Advanced-Cloud, etc.” from FY2020.

＊Figures rounded down to the nearest million yen.

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

(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.

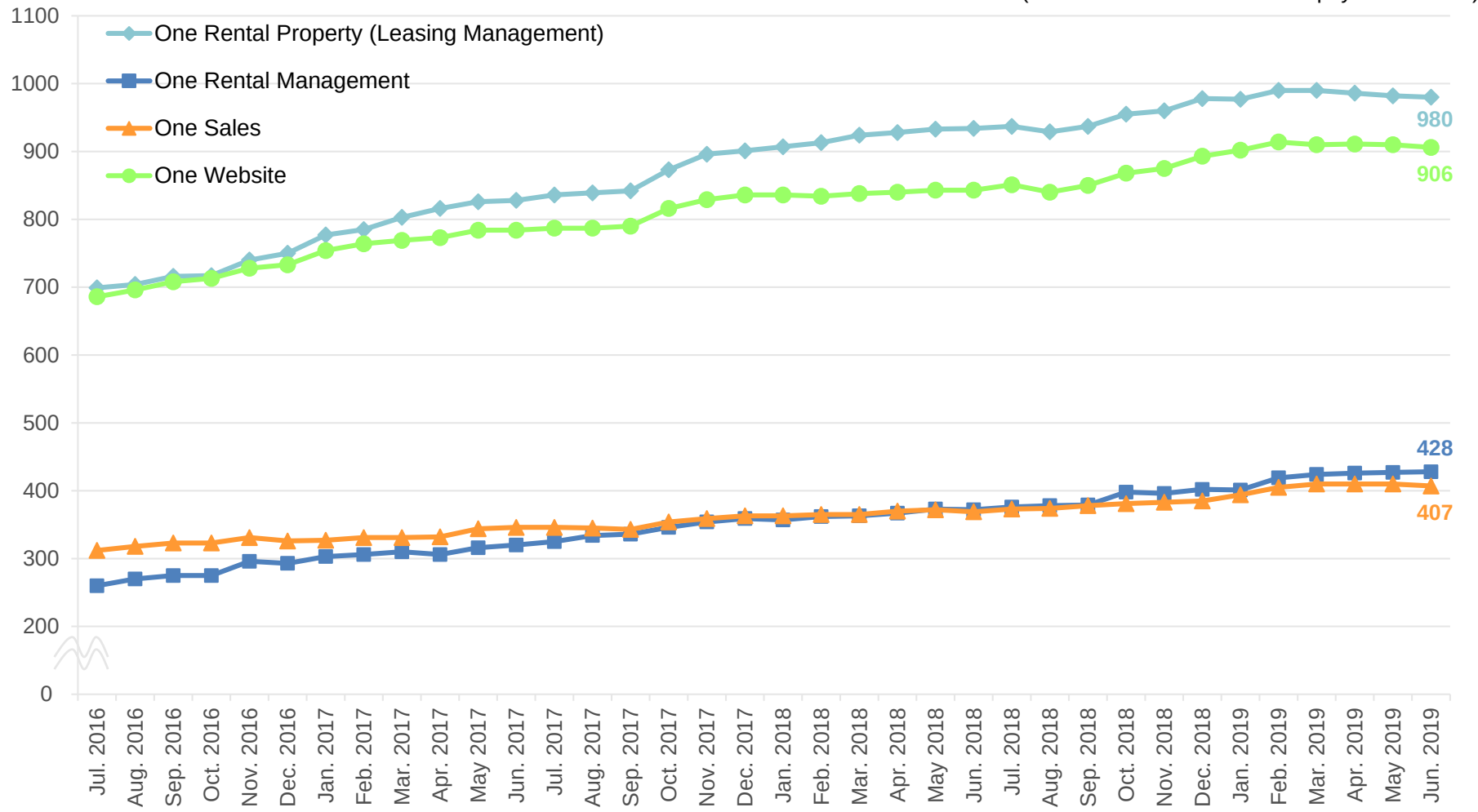
∗ The total number of “One Rental (management option),” “One Rental (full-time management),” and “One Rental (rent management)” is expressed by “One Rental Management.”

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Steady expansion of all services of “ES e-Bukken One”

Transition of Number of Licenses by Service

(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.

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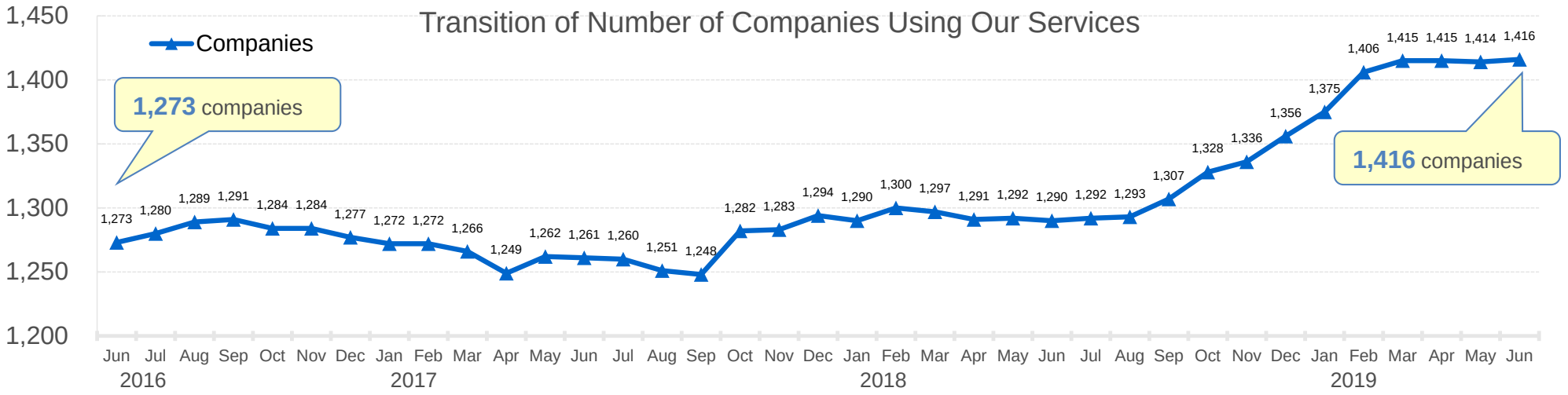
To automatically answer inquiries about vacancies and send flyers by fax 24 hours a day, 365 days a year!

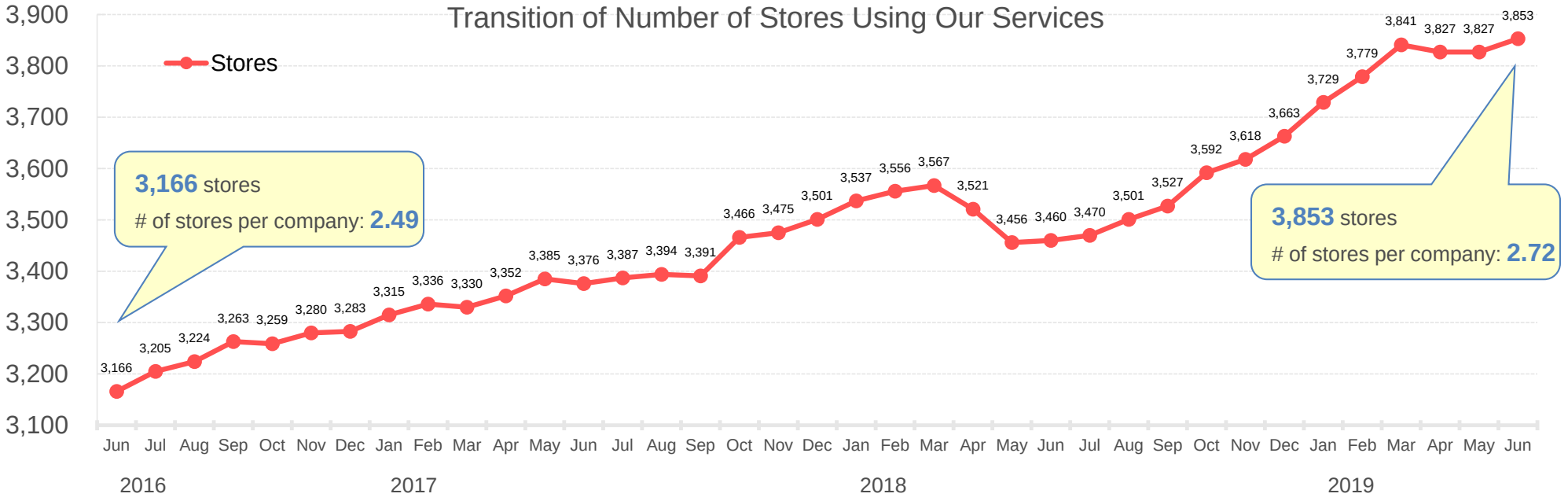


- To facilitate the reform of ways of working and the streamlining of business operation at real estate management companies
- To automatically answer inquiries from rental agents, to prevent the loss of opportunities outside business hours and on holidays

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The number of client companies and the number of stores are both healthy

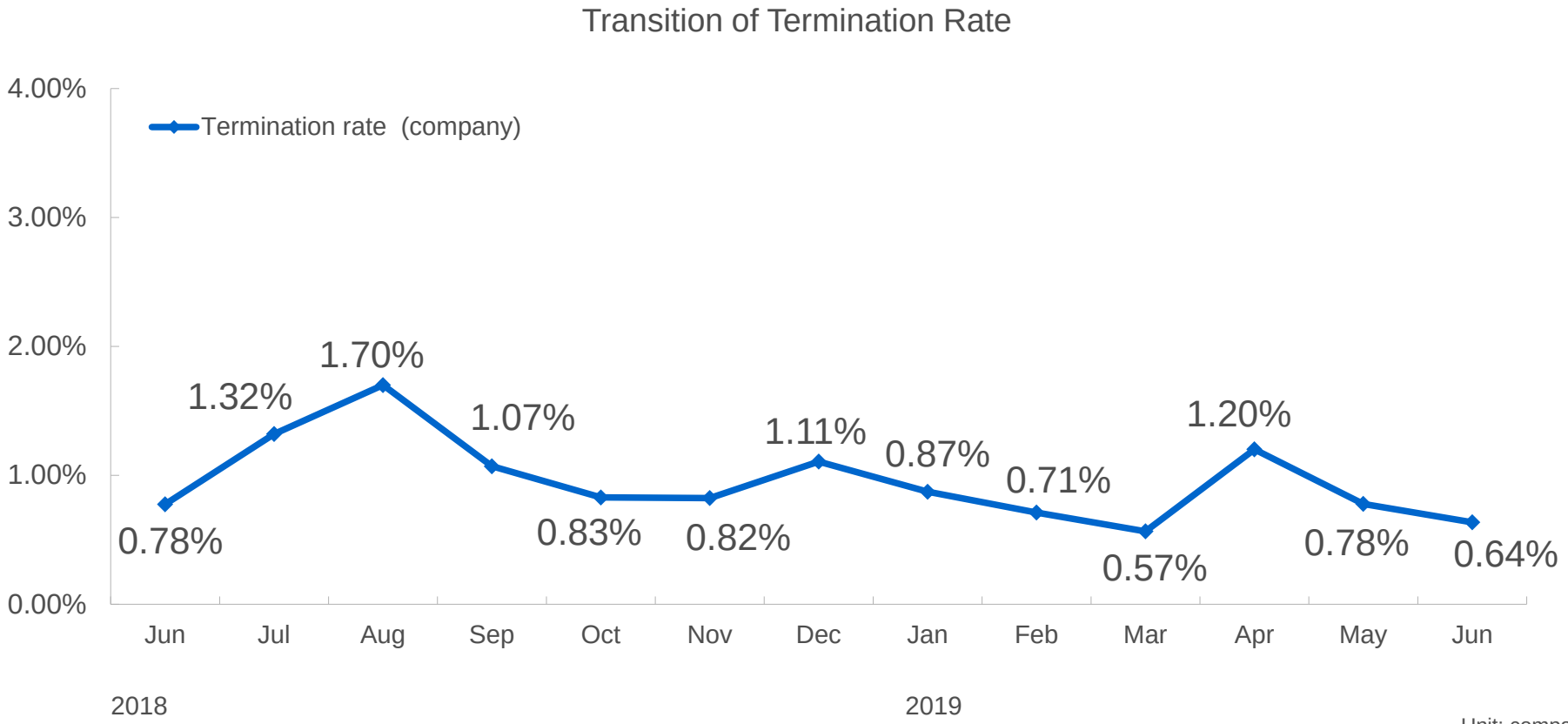




＊ As for ES e-Bukken One, contracts are concluded and fees are charged for individual corporations. As for the number of stores, the total number of stores used and registered by clients (real estate companies) was counted.

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Service termination rate remained at the lowest level



Unit: companies

	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Ave.
# of companies	10	17	22	14	11	11	15	12	10	8	17	11	9	12.8

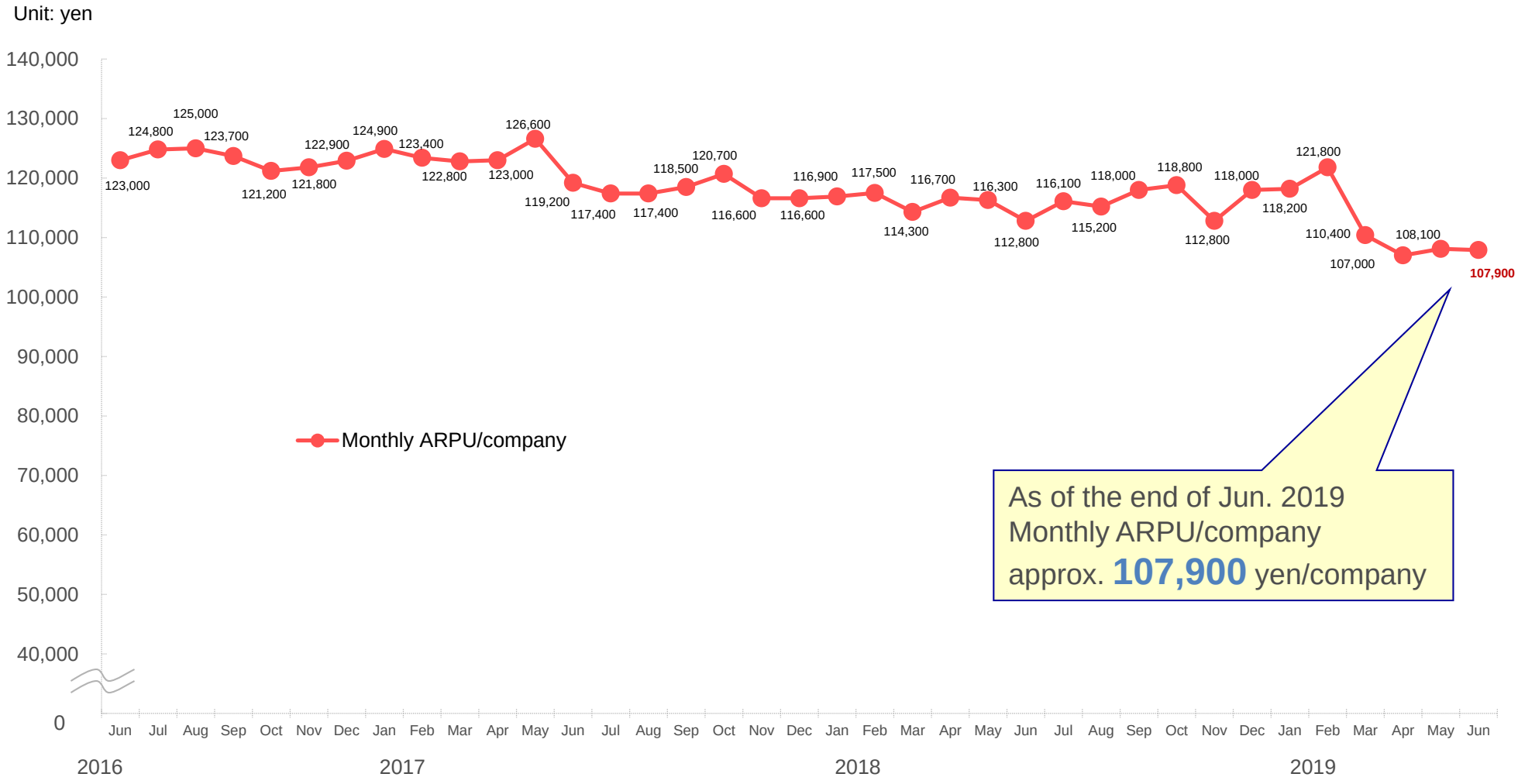
∗ Termination rate is obtained by dividing the number of companies that have cancelled our service in each month by the number of companies whom we have charged.

∗ “# 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



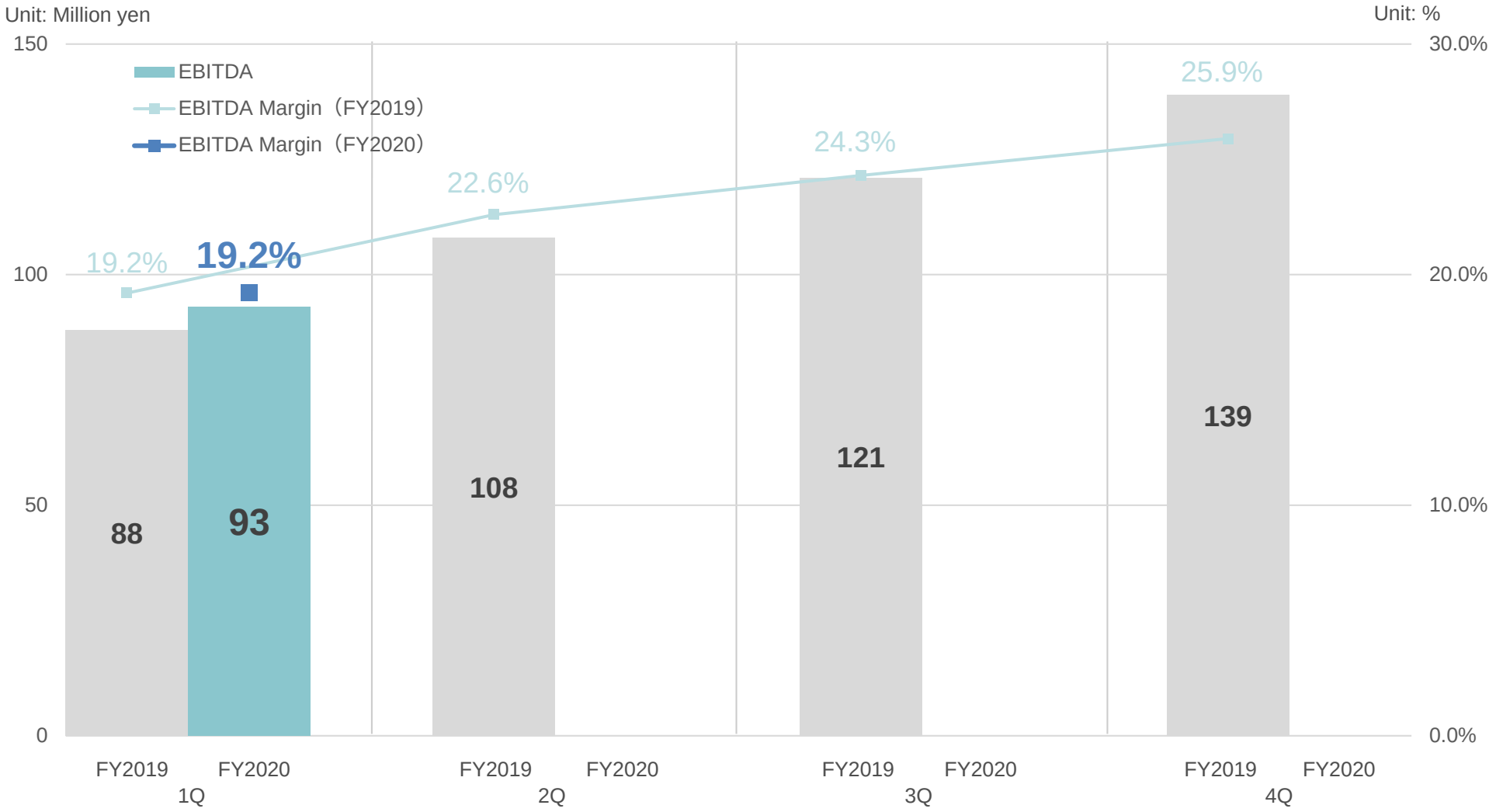
∗ Monthly ARPU = $\frac{\text{Cloud Service revenue in a given month}}{\text{The number of companies 'Billed Clients' in a given month}}$

∗ Figures rounded down to the nearest hundred yen.

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EBITDA as growth funds grew continuously

EBITDA YOY comparison （Consolidated）



∗EBITDA = operating income + depreciation

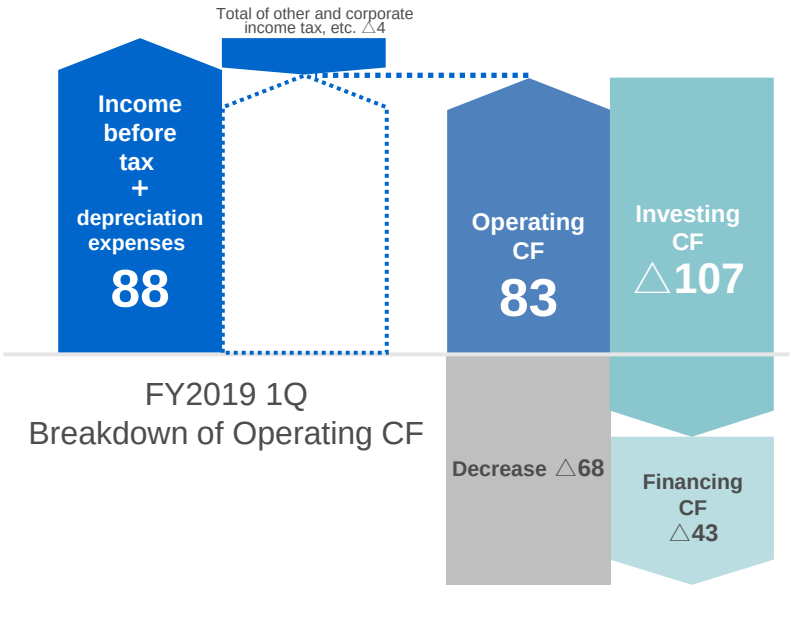
∗Figures rounded down to the nearest million yen.

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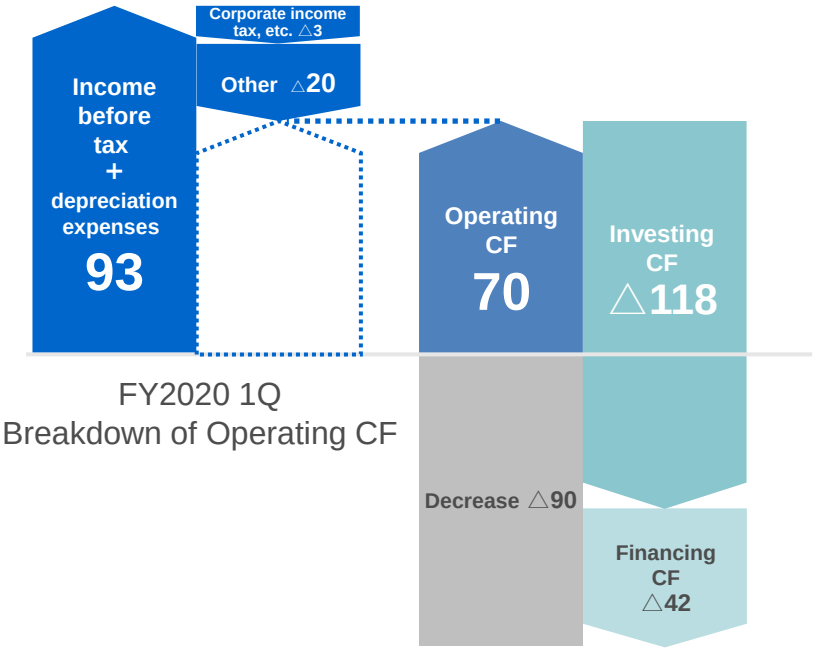
The high level of investment in service development for growth was maintained

Cash Flow Statement （Consolidated）

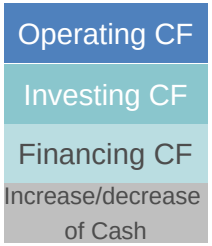
FY2019 1Q
(1Q of previous term)



FY2020 1Q
(1Q of current term)



Unit: Million yen



<Major breakdown items>			FY2019 1Q	FY2020 1Q
Operating Activities	①	Income before tax + depreciation expenses	88M yen	93M yen
	②	Payment of corporate income tax, etc. (△)	△1M yen	△3M yen
Investing Activities	③	Expenses in development such as services (△)	△103M yen	△113M yen
	④	Expenses due to the purchase of assets (HW/SW) (△)	△4M yen	△4M yen
Financing Activities	⑤	Payment of year-end dividend (△)	△31M yen	△31M yen
	⑥	Expenses due to repayment of lease obligations (△)	△12M yen	△10M 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 and profit expected to grow. Investment for growth to be continued

(Unit: million yen)	1Q Results FY2020	Full-term Forecast FY2020	Progress Rate as % of Full-term Forecast	Full-term Results FY2019	YOY change	YOY change (%)
Sales	487	2,100	23.2%	1,984	115	5.8%
Operating income	△13	40	–	13	27	211.2%
Recurring income	△13	39	–	13	26	205.5%
Net Income	△12	12	–	△3	16	–

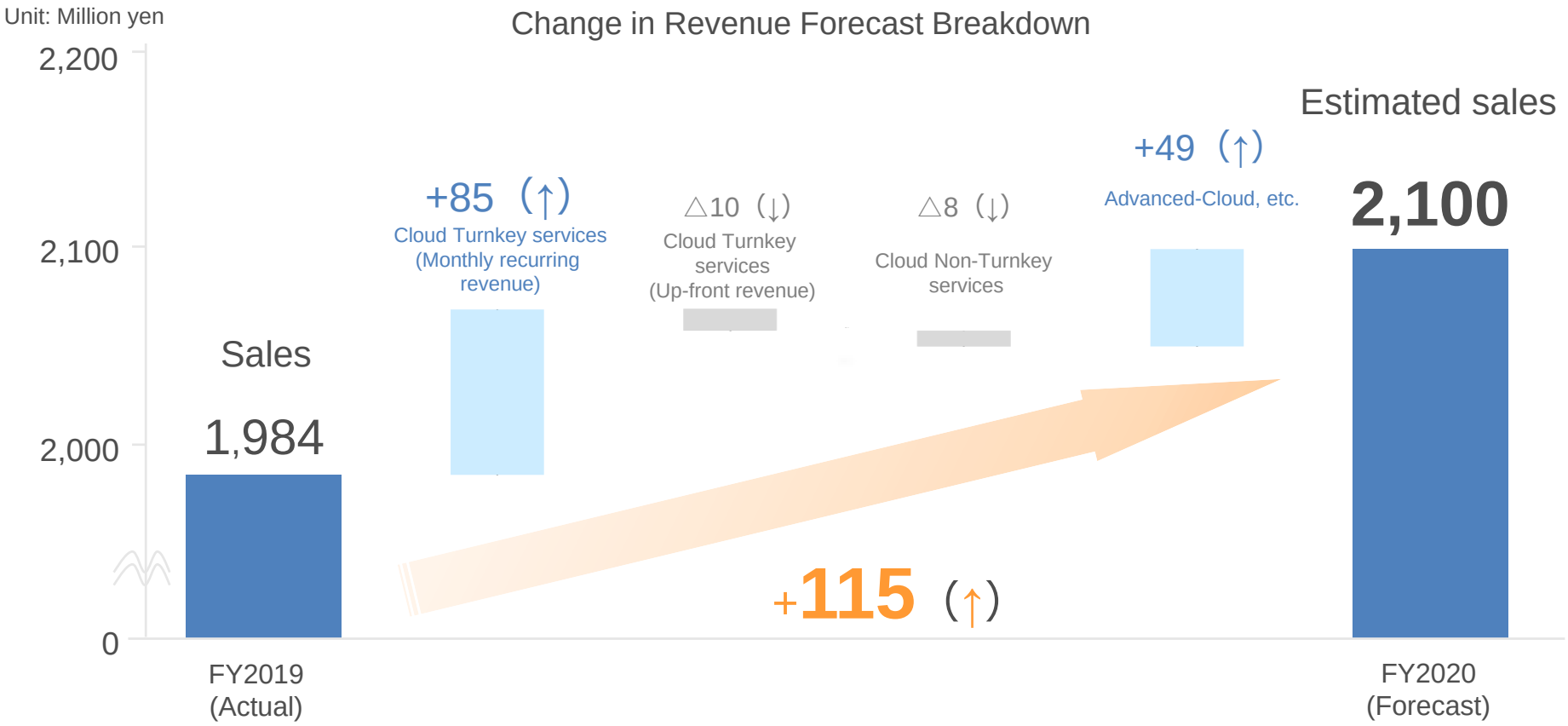
	Dividend per share
Full-term dividend (forecast) (FYE March 2020)	5.00yen
Full-term dividend (result) (FYE March 2019)	5.00yen

＊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



＜Key Points＞

Due to the increase of users of “ES e-Bukken One,” the sales from “Cloud 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 “Advanced-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 “Advanced-Cloud, etc.” from FY2020.

＊ Figures rounded down to the nearest million yen.

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Revenue forecast

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%
Advanced-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 “Advanced-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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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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New social experiment of the IT-based explanation of important matters to be started!



Social experiment of issuance of electronic documents (for rental)
Experiment on CtoC transactions for sale and purchase

Applications accepted from July 16

Social experiment to be started on Oct. 1!

Special seminar of e-Seikatsu!

A social experiment on the issuance in an electromagnetic way of documents explaining important matters (specified in Articles 35 and 37) to be started finally!

◆Date and time: Thu., Aug. 1, 13:00-15:00 ◆No. of attendees: first 50 comers
◆Participation fee: free ◆Place: Seminar room of the headquarters of e-Seikatsu

- In addition to the explanation of the social experiment, we will introduce a case of utilization of our service.
- For “issuance in an electromagnetic way of documents specified in Articles 35 and 37,” we will release a cloud system for electronic signatures.

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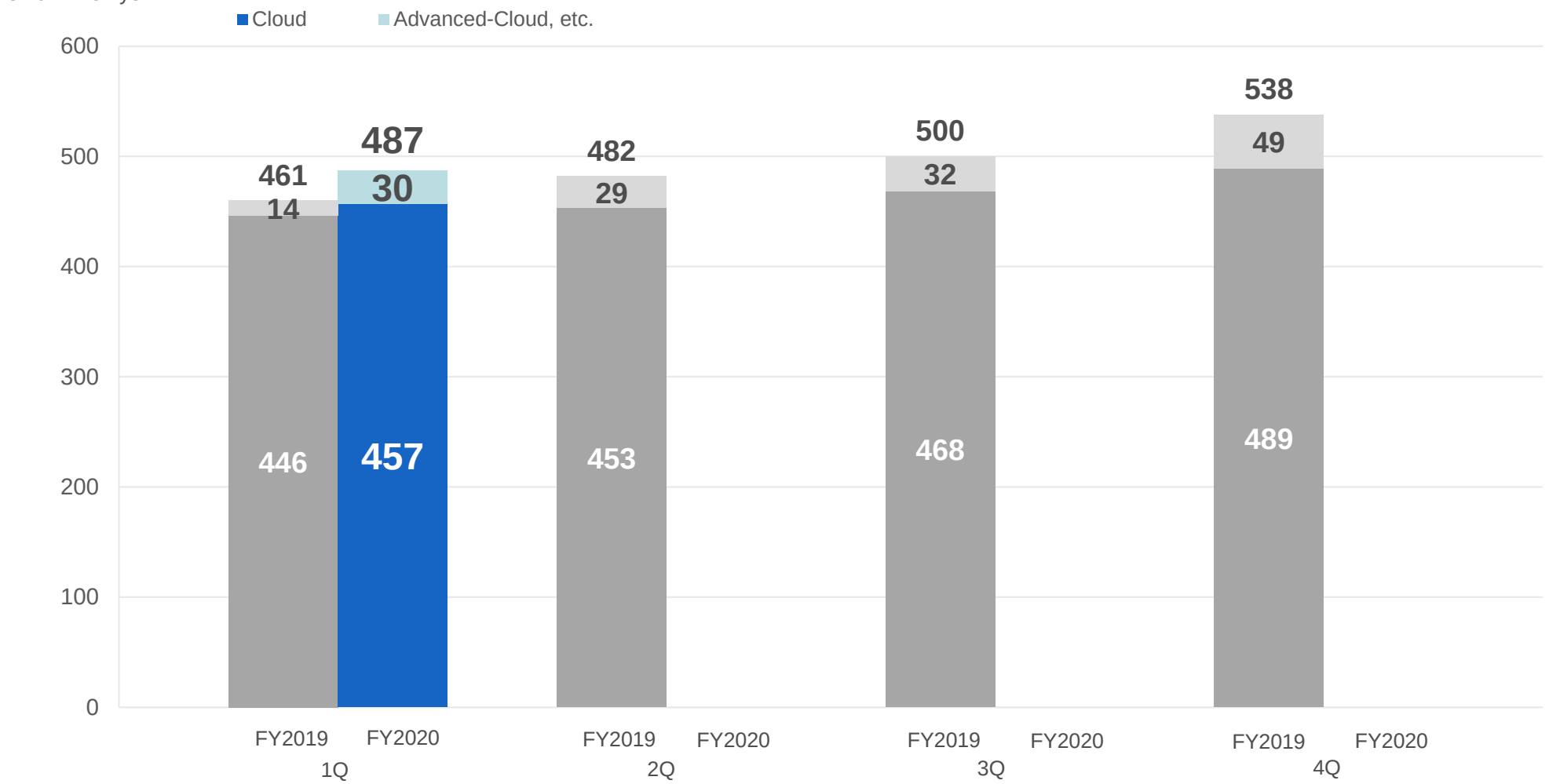
3. Summary of Recent Business Results

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Stable growth of sales

Sales YOY comparison

Unit: Million yen



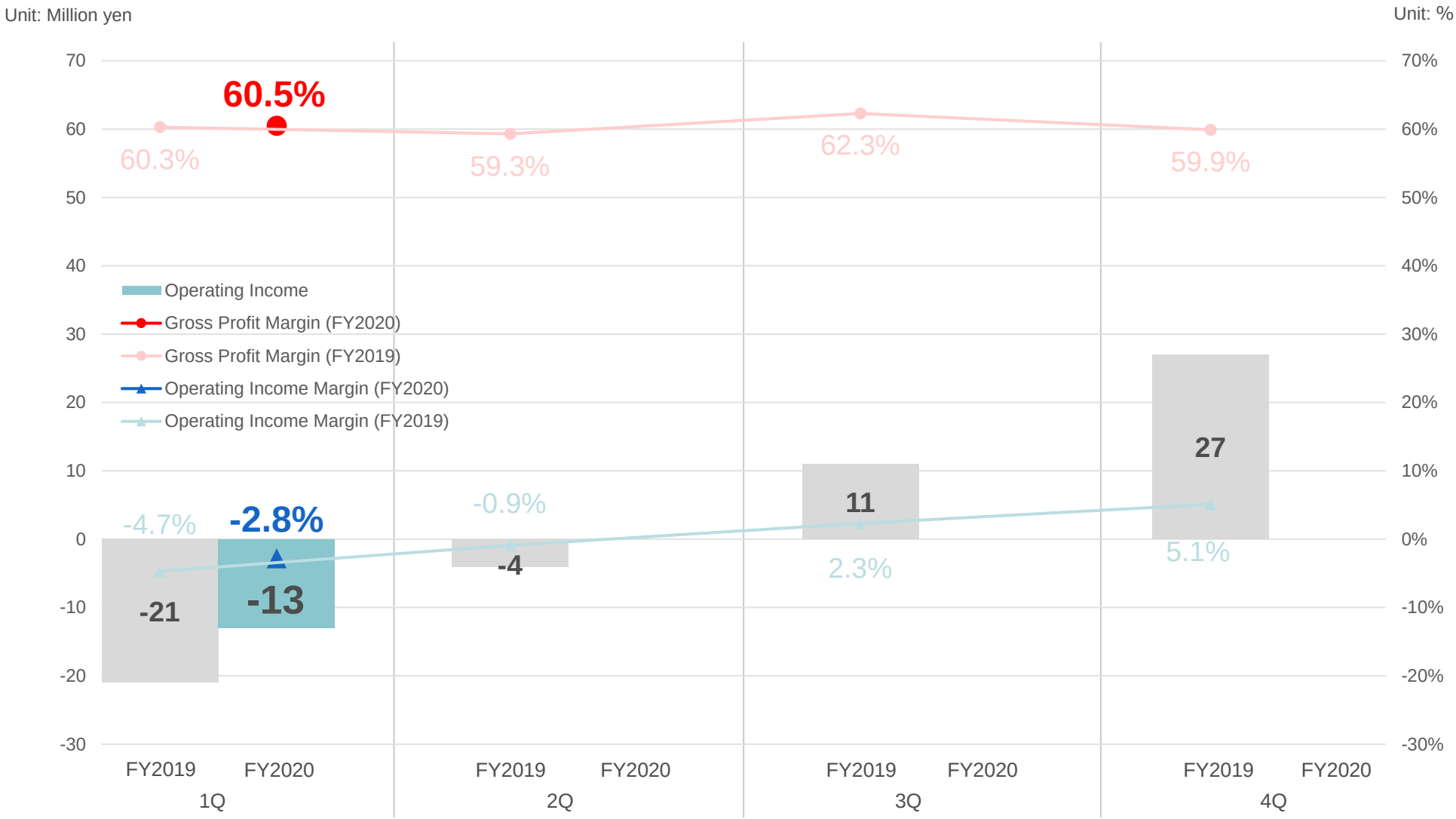
∗ The sales from “Network Solution” and those from “Advanced-Cloud Service,” which had been posted separately, are summed up and posted as the sales from “Advanced-Cloud, etc.” from FY2020.

∗ Figures rounded down to the nearest million yen.

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Investment for growth caused a gross and operating loss

Gross profit margin, operating income, and operating income margin YOY comparison （Consolidated）

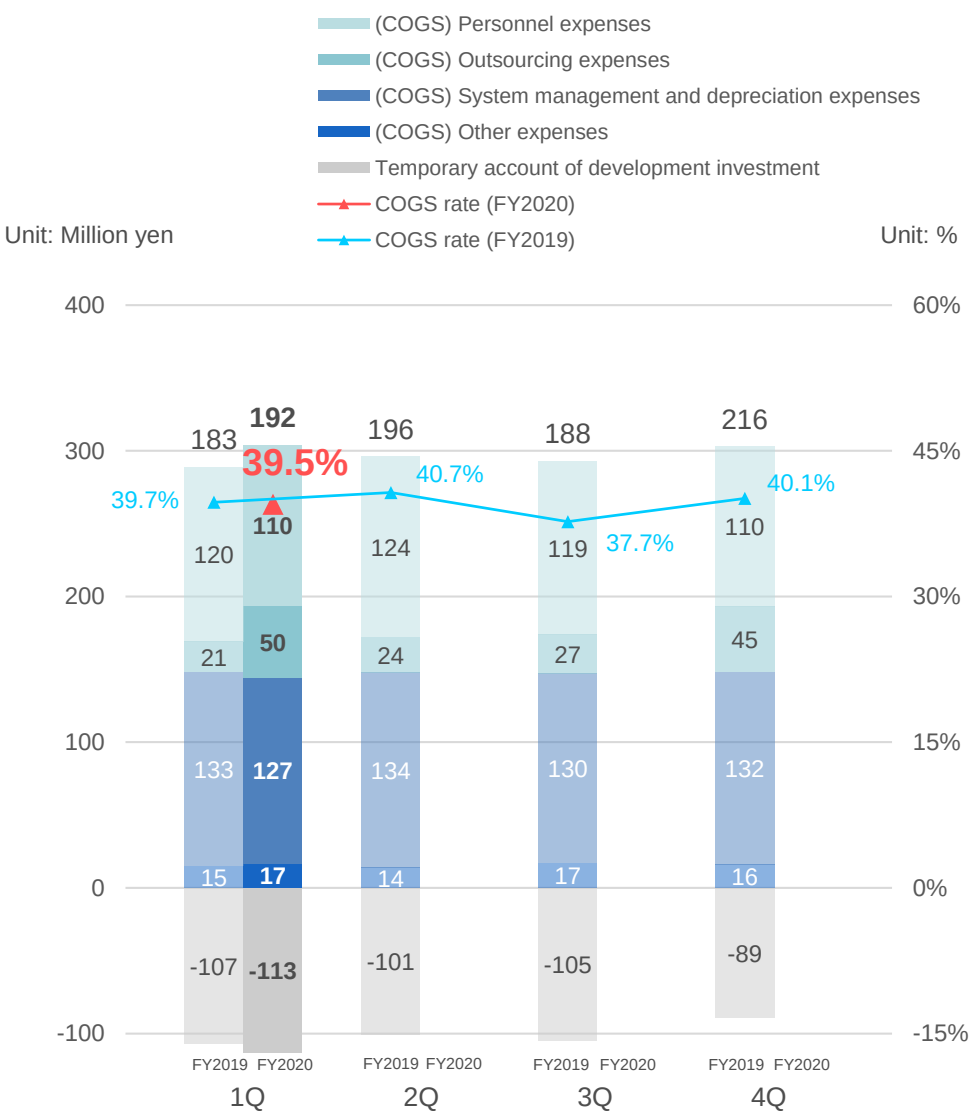


∗Figures rounded down to the nearest million yen.

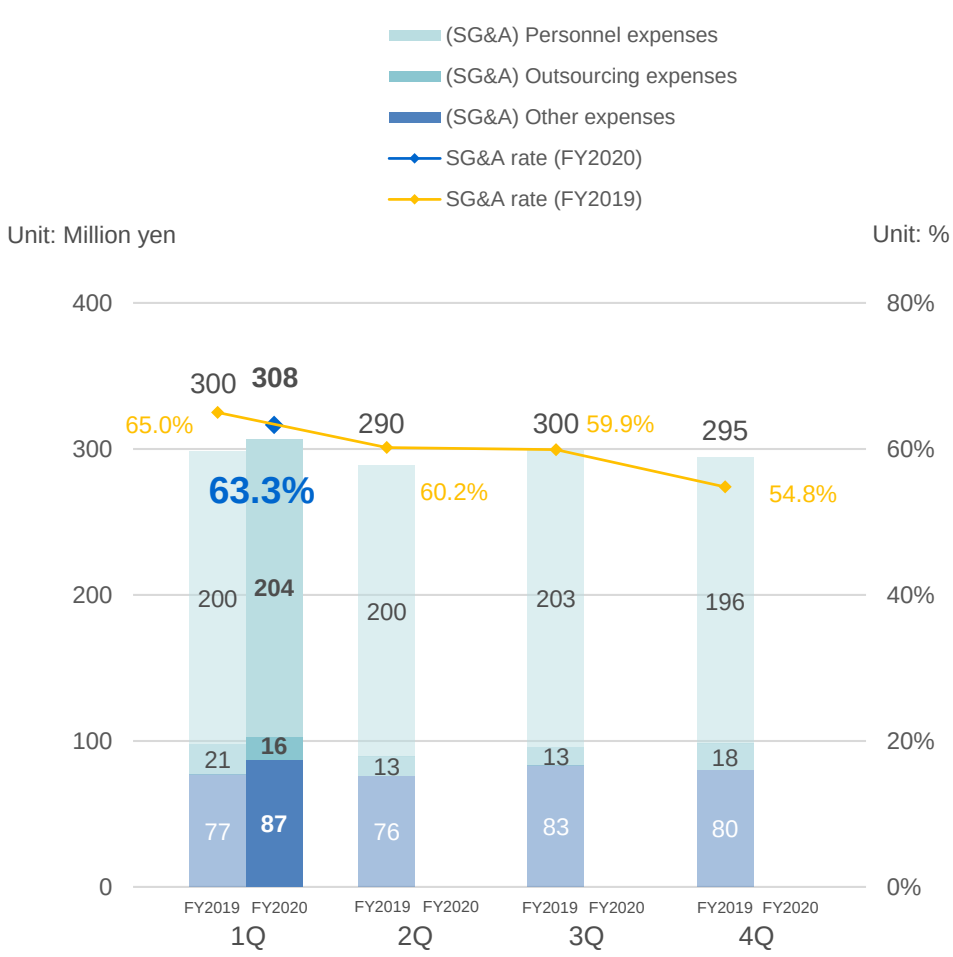
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Total expenses are under control

COGS（Consolidated）



SG&A（Consolidated）



＊(COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, procurement expenses, system usage expenses, etc.
(COGS) Temporary account of development investment: Posted cost for inventory (goods in progress and products) and temporary account of software

＊Total COGS is calculated by subtracting the temporary account of development investment from the sum of costs

＊(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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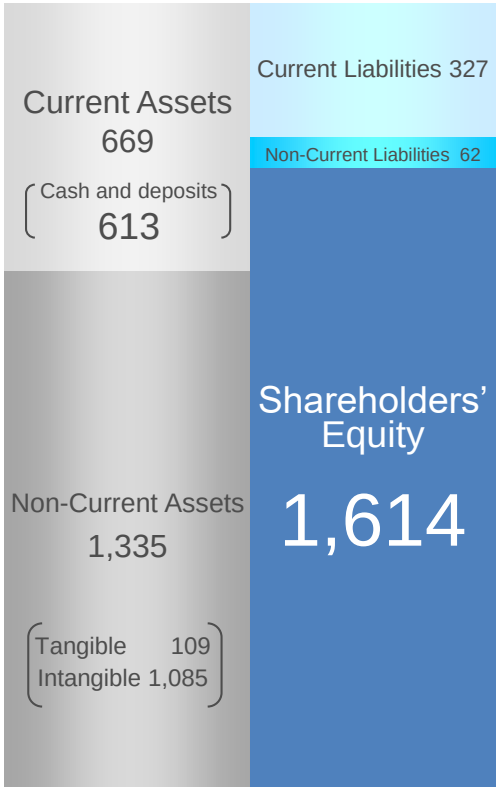
Financially sound

Consolidated Balance Sheet Comparison

Unit: Million yen

As of the end of March, 2019

Current ratio
204.5%

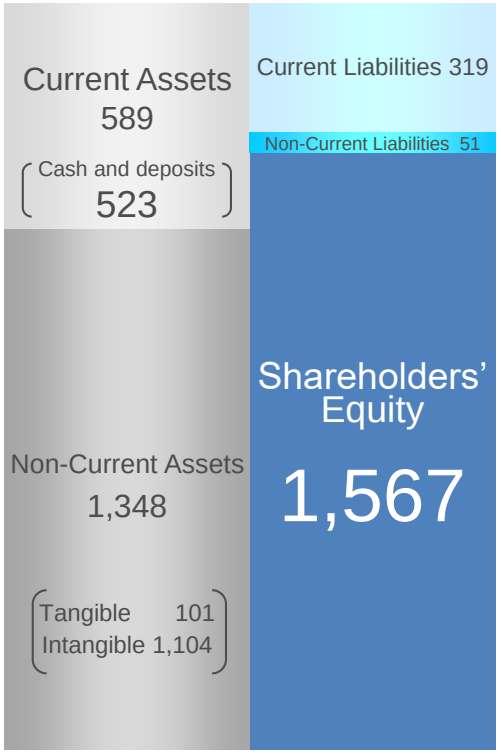


Capital-Asset ratio
80.6%

Assets 2,004 | Liabilities and Equity 2,004

As of the end of June, 2019

Current ratio
184.9%



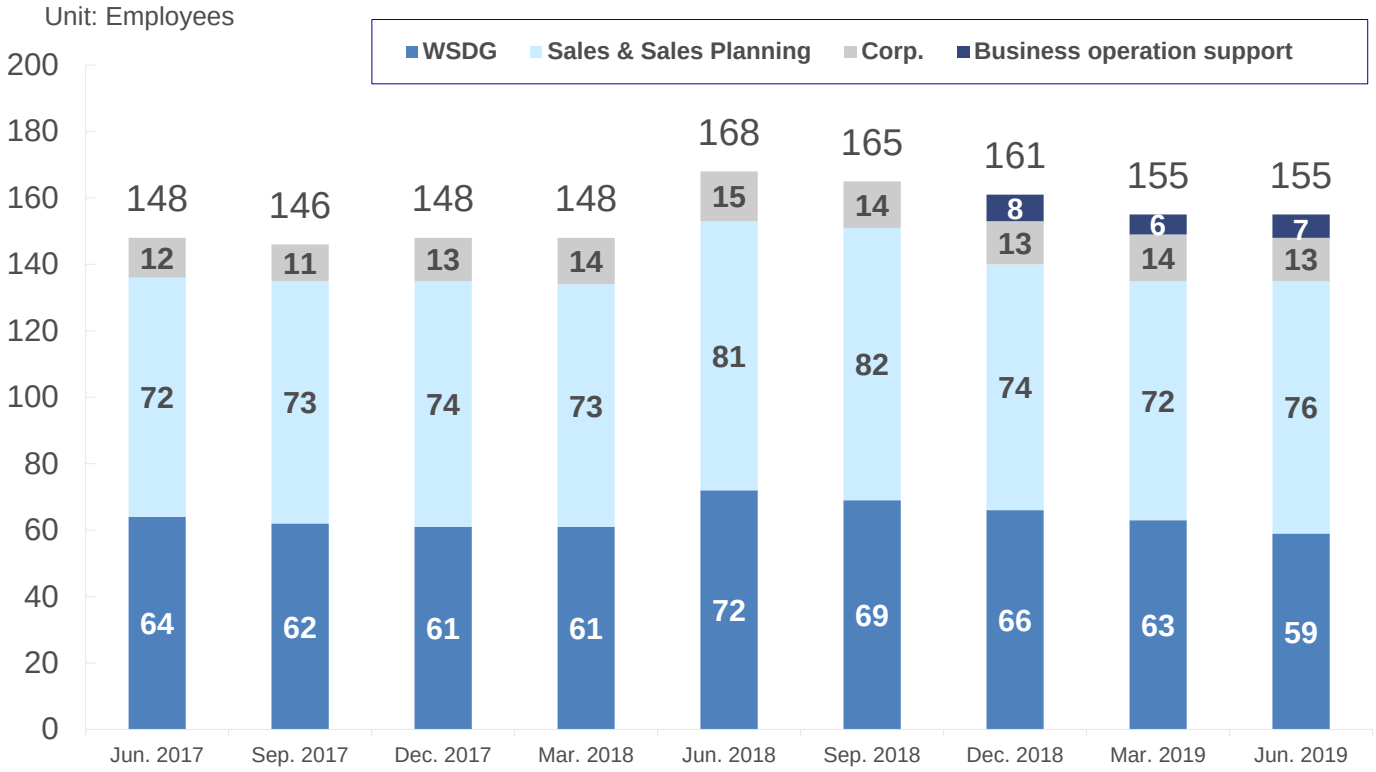
Capital-Asset ratio
80.9%

Assets 1,938 | Liabilities and Equity 1,938

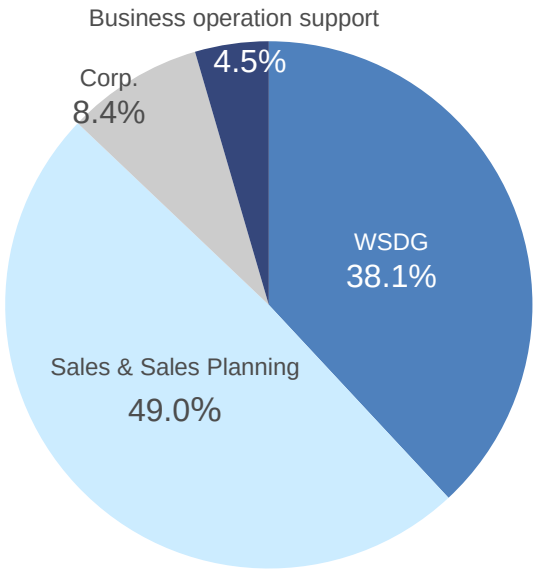
∗ Figures rounded down to the nearest million yen.

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Division



Number of Employees



Breakdown by Division

(June, 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

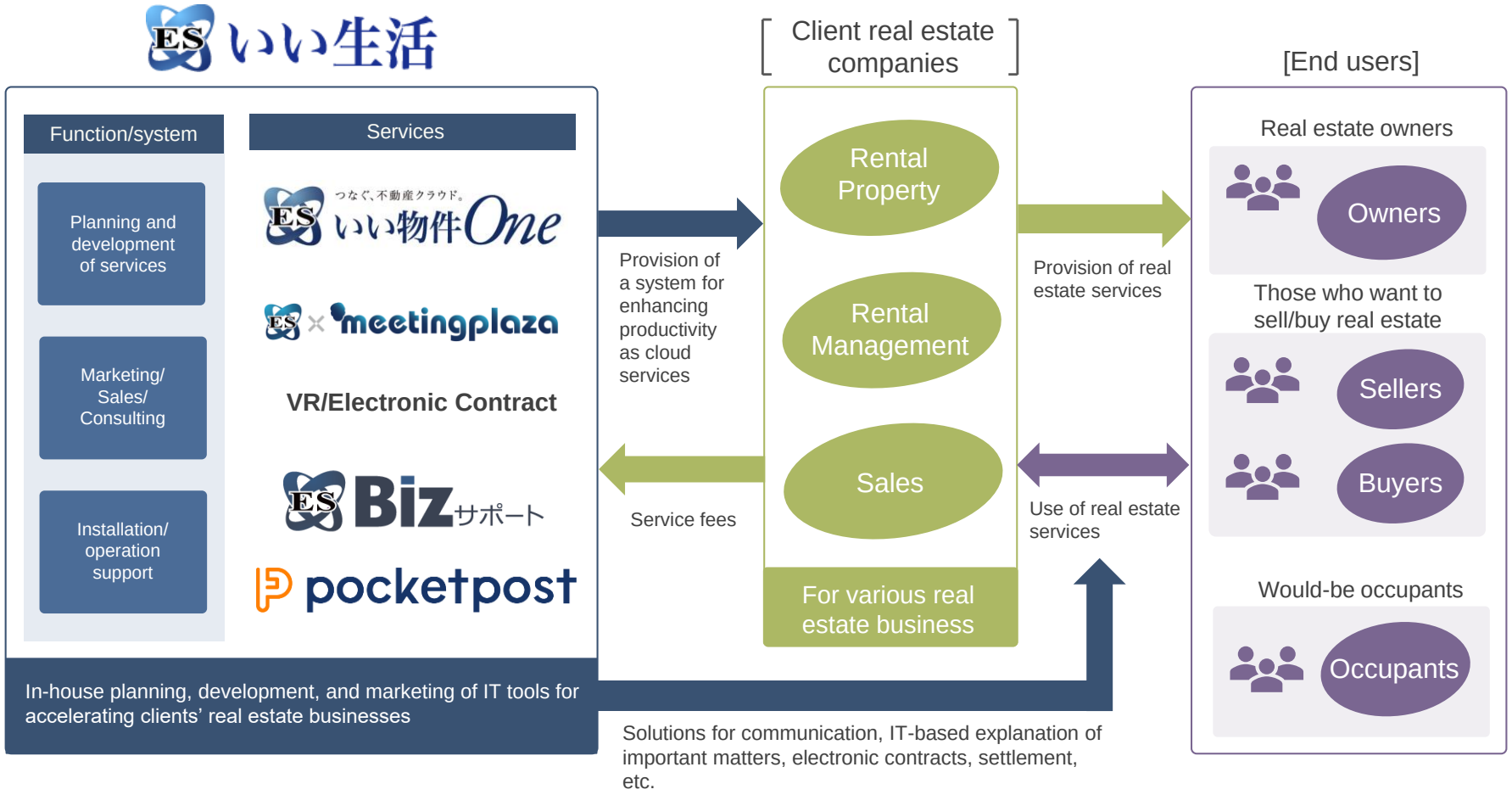
To make the real estate market, which is related to “housing” as the bedrock for daily lives of people, more satisfying for all participants.

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 businesses

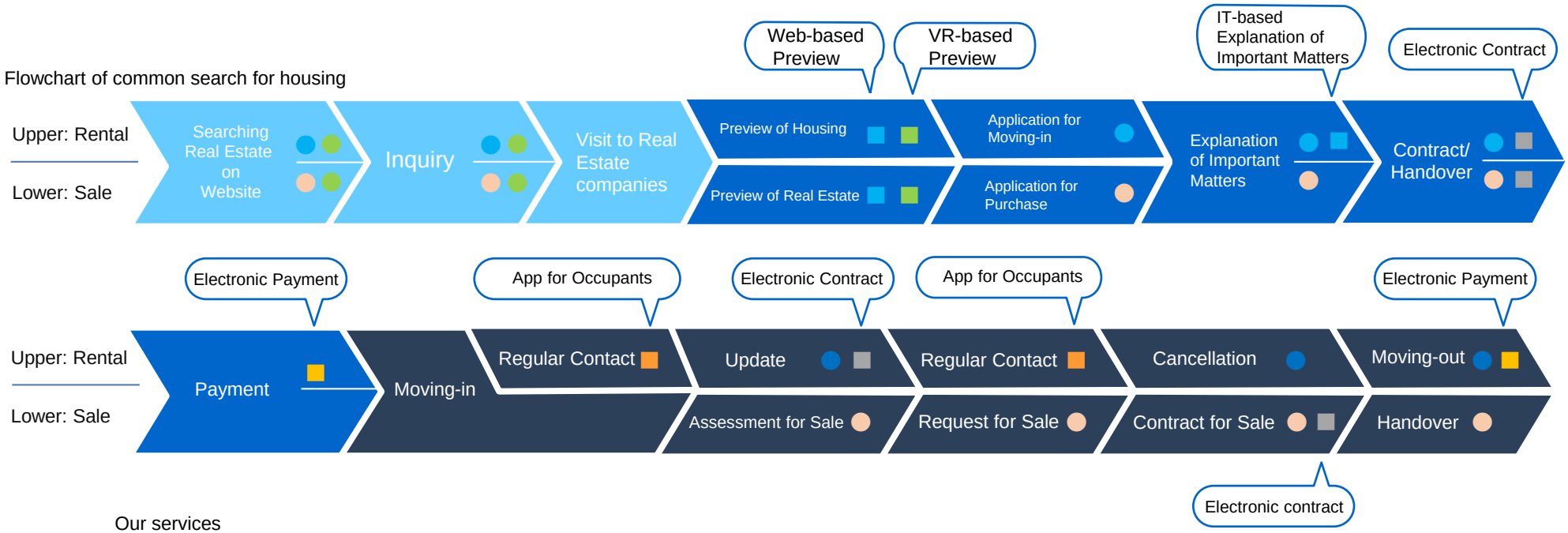


- ✓ Database tools that streamline the business operation of real estate companies (ES e-Bukken One Rental Property, Sales, Rental Management, etc.)
- ✓ Marketing tools that expand earning opportunities for real estate companies (ES e-Bukken One Website, Biz Support, etc.)

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Promotion of digital transformation (DX) of the real estate market

Promotion of digitization in all kinds of scenes of real estate transactions
To make the real estate market highly convenient for both general consumers and real estate firms



Our services

いい物件One 賃貸
いい物件One 賃貸 賃貸管理
いい物件One 売買
いい物件One ウェブサイト
meetingplaza
VR-based preview
Electronic Contract
pocketpost home
pocketpost pay

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Communication apps for occupants and owners

pocketpost home



App for Occupants

pocketpost owner



App for Owners

pocketpost pay



Settlement with a smartphone

*Collaborated with SMBC GMO PAYMENT

- ✓ Interactive communication means with few restrictions on time and place, which would replace telephones, mail, bulletin boards, etc.
- ✓ The bills sent to an app can be paid with a smartphone, during transportation or outside an office.

*Our official YouTube channel has a video for introducing these apps.→

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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

✓ To cope with the shortage of personnel and resources for systems of real estate firms, we undertake their businesses, including registration of data in their systems.

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Competitive advantage of e-Seikatsu

Specialize in the field of real estate, and offer systems and tools that are highly convenient for real estate firms and end users

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 team = tight relationship with clients, deep industry knowledge

Obtained the certificates of international standards for IT service management and cloud service information security management, and maintained high service level and customer satisfaction.

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 June 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 June 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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