Second-quarter for FYE March 31, 2020
Presentation Material

November 6, 2019

e-Seikatsu Co., Ltd.

Securities code: 3796

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Table of contents

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

2. Summary of Recent Business Results

3. Earnings Forecast and Future Prospects

4. Business Overview

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

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Highlights

Consolidated sales/Operating income

Sales：**1,000** million yen

Operating income：**6** million yen

Number of Client Companies

1,425 companies

ARPU（Average Revenue Per User）

Approx. **112** thousand yen

Gross profit rate of the cloud service

62.2%

Ratio of recurring revenue

91.6%

Termination rate

0.84%

Topics

- In May 2019, we released “ES-B2B call,” a new service in which the system automatically answers rental agent inquiries about vacancy states just like lease management firms used to do.
- This fiscal year, the social experiment of IT-based explanation of important matters started, and the social experiment of issuance of important information for lease transactions in electromagnetic methods began, facilitating the computerization of transactions.

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

＊ARPU (average revenue per user) is calculated by dividing “Cloud Service revenue in a given month” by “The number of companies ‘Billed Clients’ in a given month” and rounded down to the nearest thousand yen.

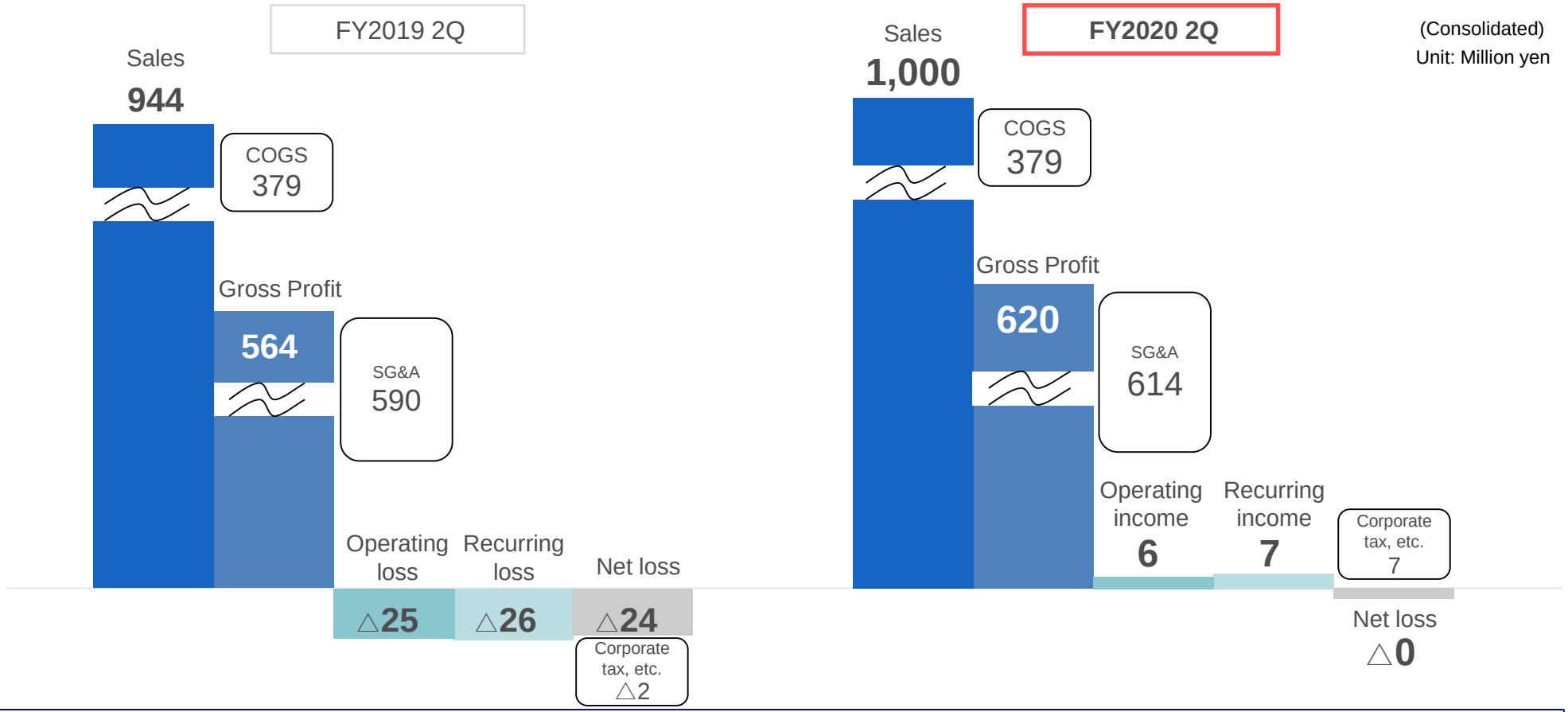
＊Gross profit rate of the cloud service is the gross profit rate of only the cloud service, excluding “Advanced Cloud, etc.”

＊Ratio of recurring revenue is the ratio of recurring revenue (such as the monthly charge for the turnkey services) to total sales.

＊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.

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Sales and profit grew year on year



- Total sales and profit grew, due to the increase in sales from cloud services, transactions for supporting installation, etc.
- COGS: Unchanged from the previous year, as expenses for offering services (cost for the public cloud base), etc. augmented while system maintenance cost and development software depreciation decreased.
- SG&A: Personnel cost, office rents, etc. increased due to the increase of staff.

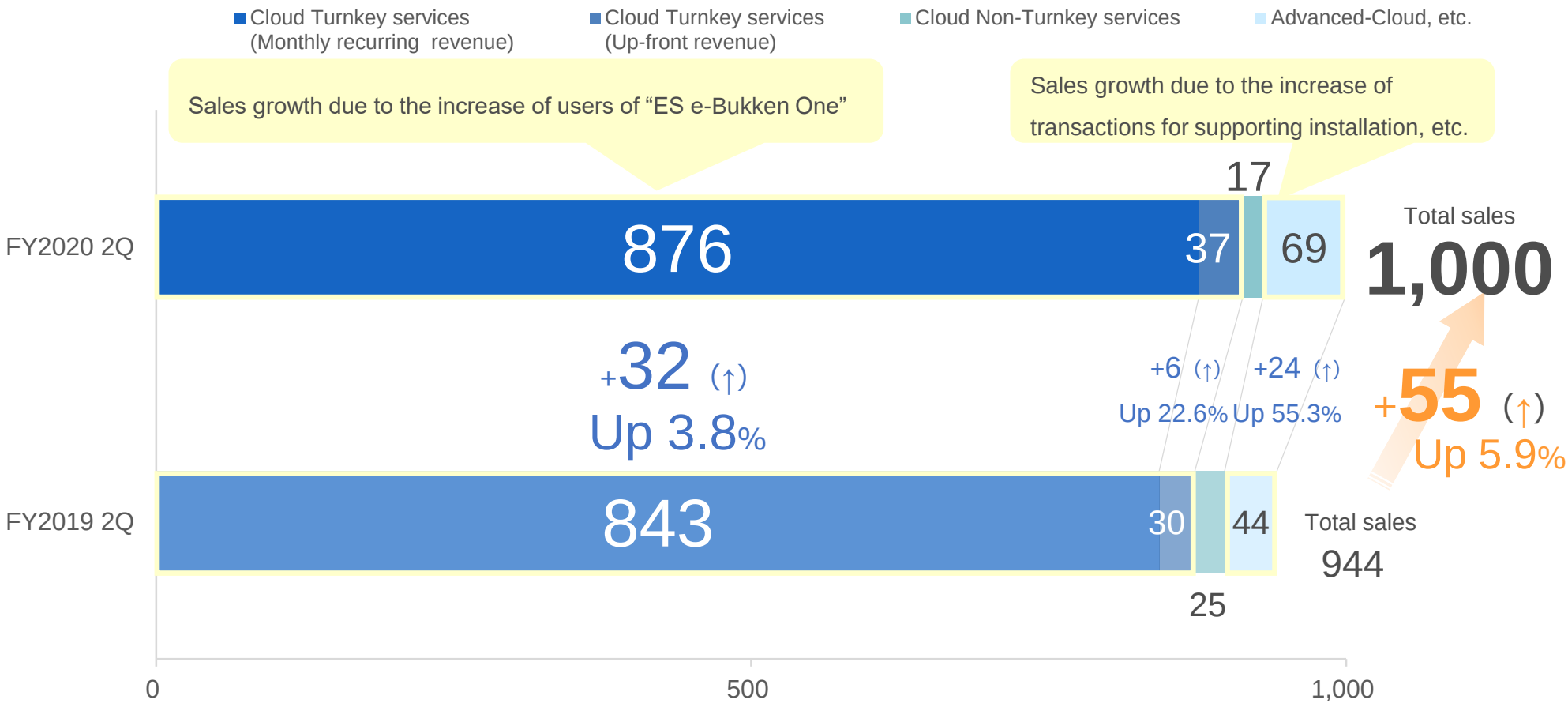
∗ Figures rounded down to the nearest million yen.

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Sales are growing as a whole

Breakdown of Sales Fluctuation

Unit: Million yen



＊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.

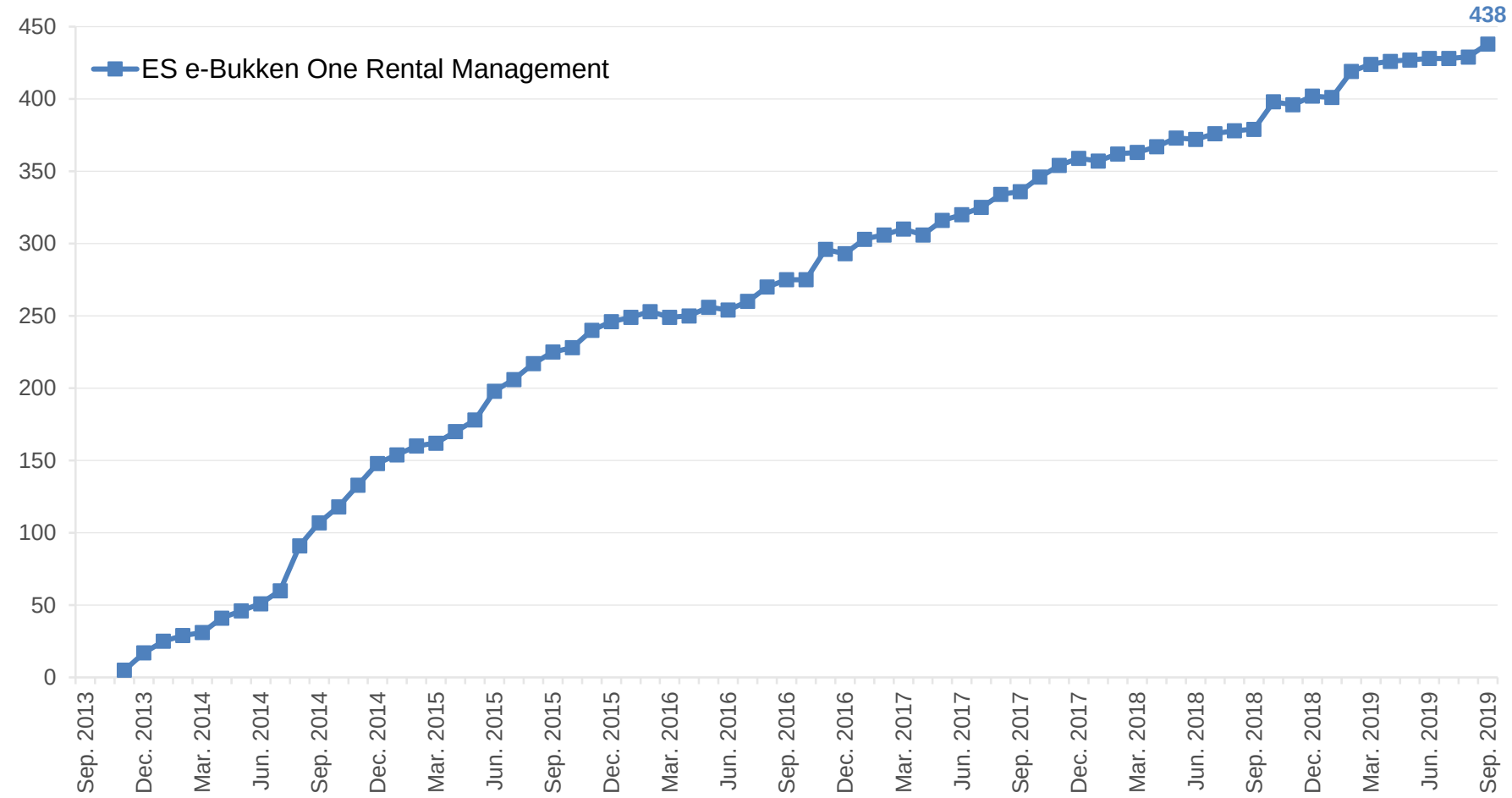
＊Forecast figures are based on information available at the time of this announcement.
Actual results may differ materially from the forecast figures.

＊Figures rounded down to the nearest million yen.

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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.

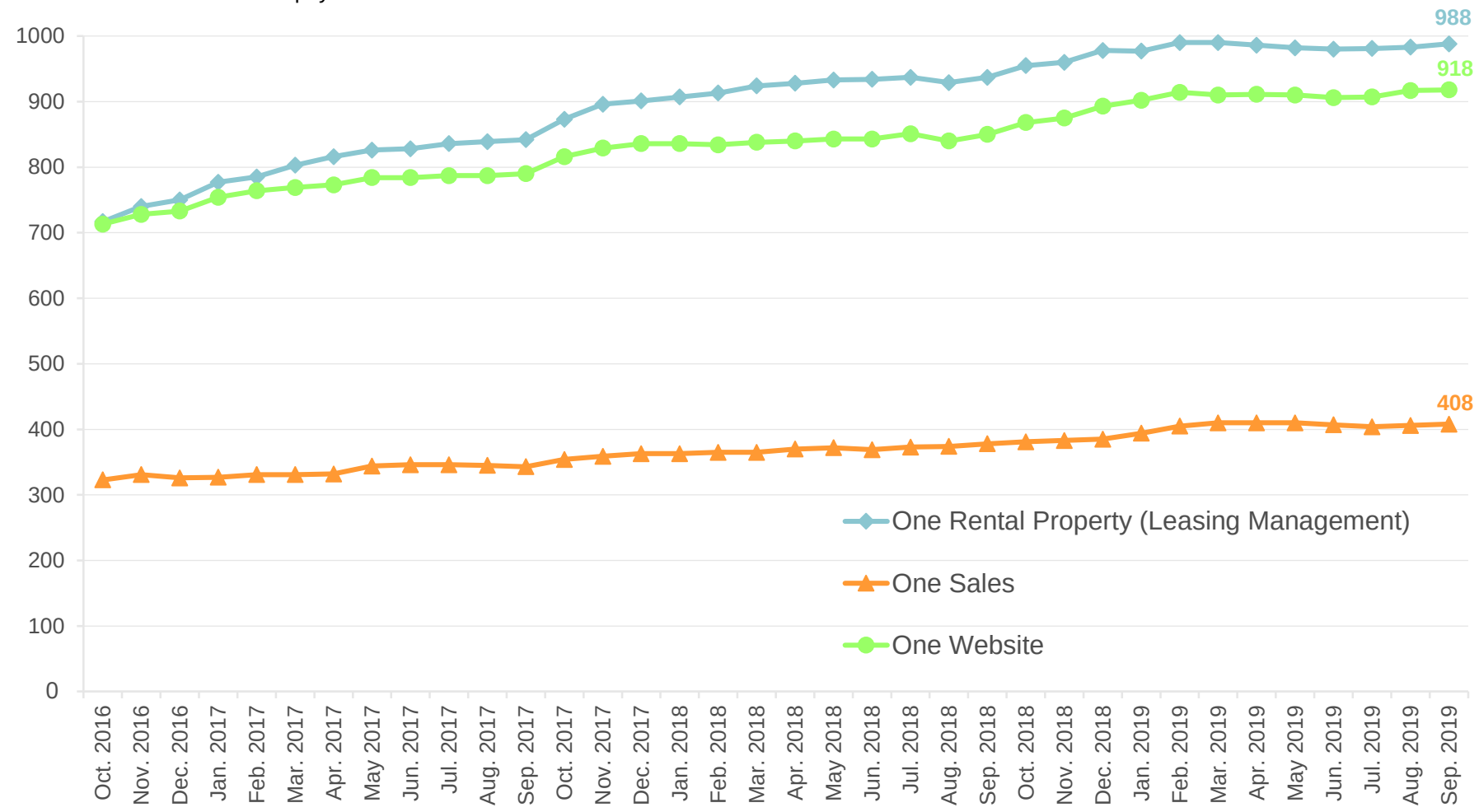
∗ The total number of “One Rental (management option),” “One Rental (full-time management),” and “One Rental (rent management)” is expressed by “One Rental Management.”

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The core service “ES e-Bukken One” performed well

Transition of Number of Licenses by Service

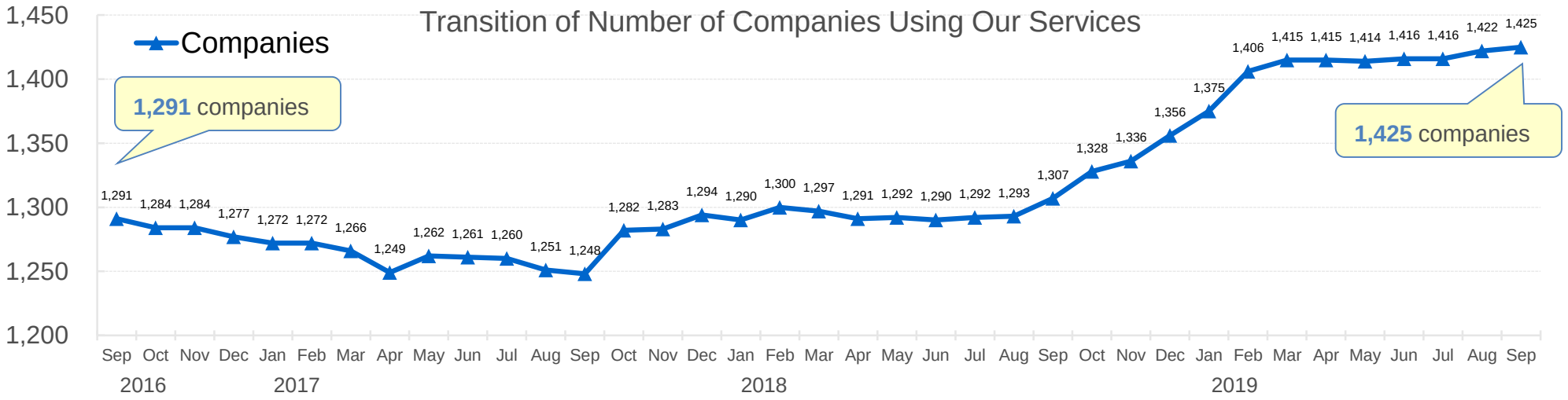
Unit: Number of services with payment started



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

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Both the number of client companies and stores kept increasing

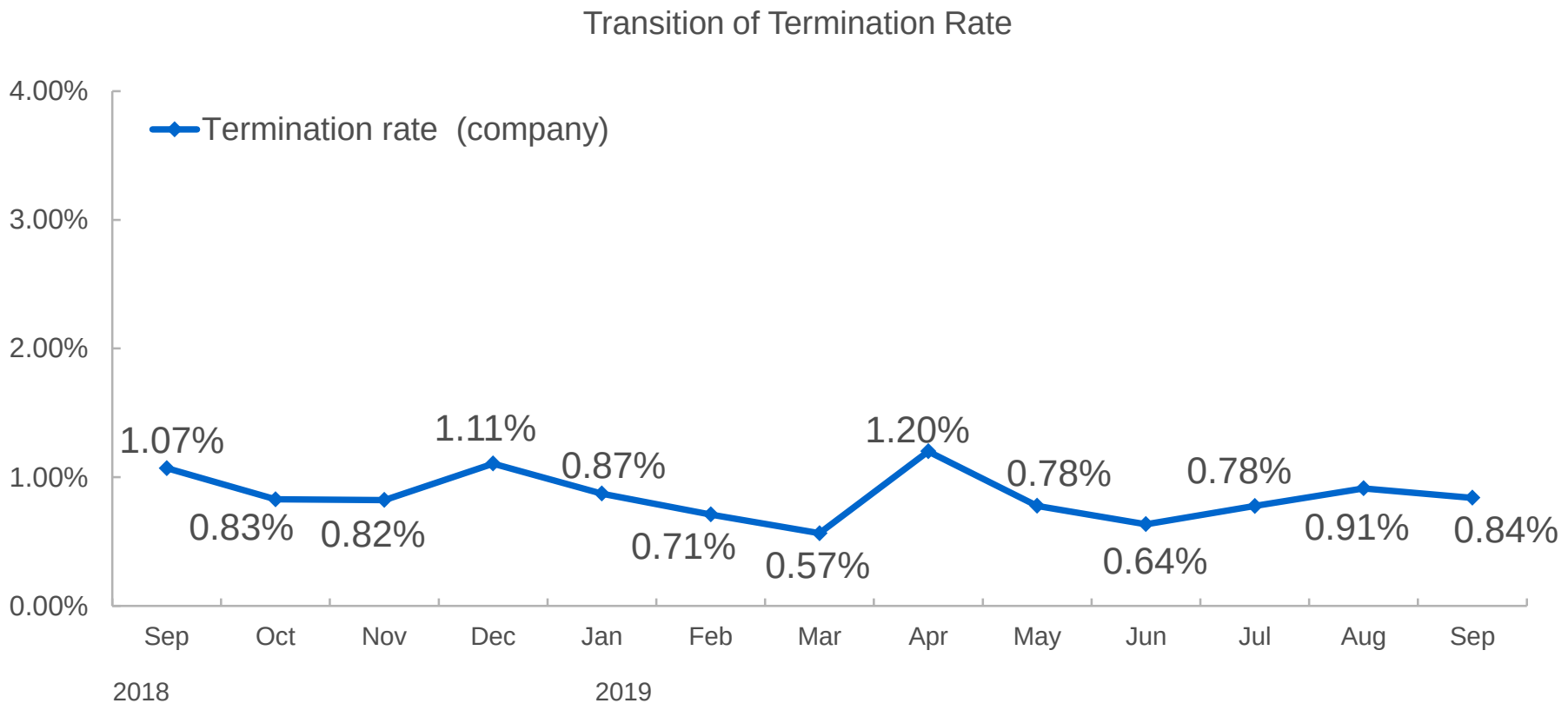




＊ As for ES e-Bukken One, contracts are concluded and fees are charged for individual corporations. As for the number of stores, the total number of stores used and registered by clients (real estate companies) was counted.

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Service termination rate remained at the lowest level



Unit: companies

	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Ave.
# of companies	14	11	11	15	12	10	8	17	11	9	11	13	12	11.8

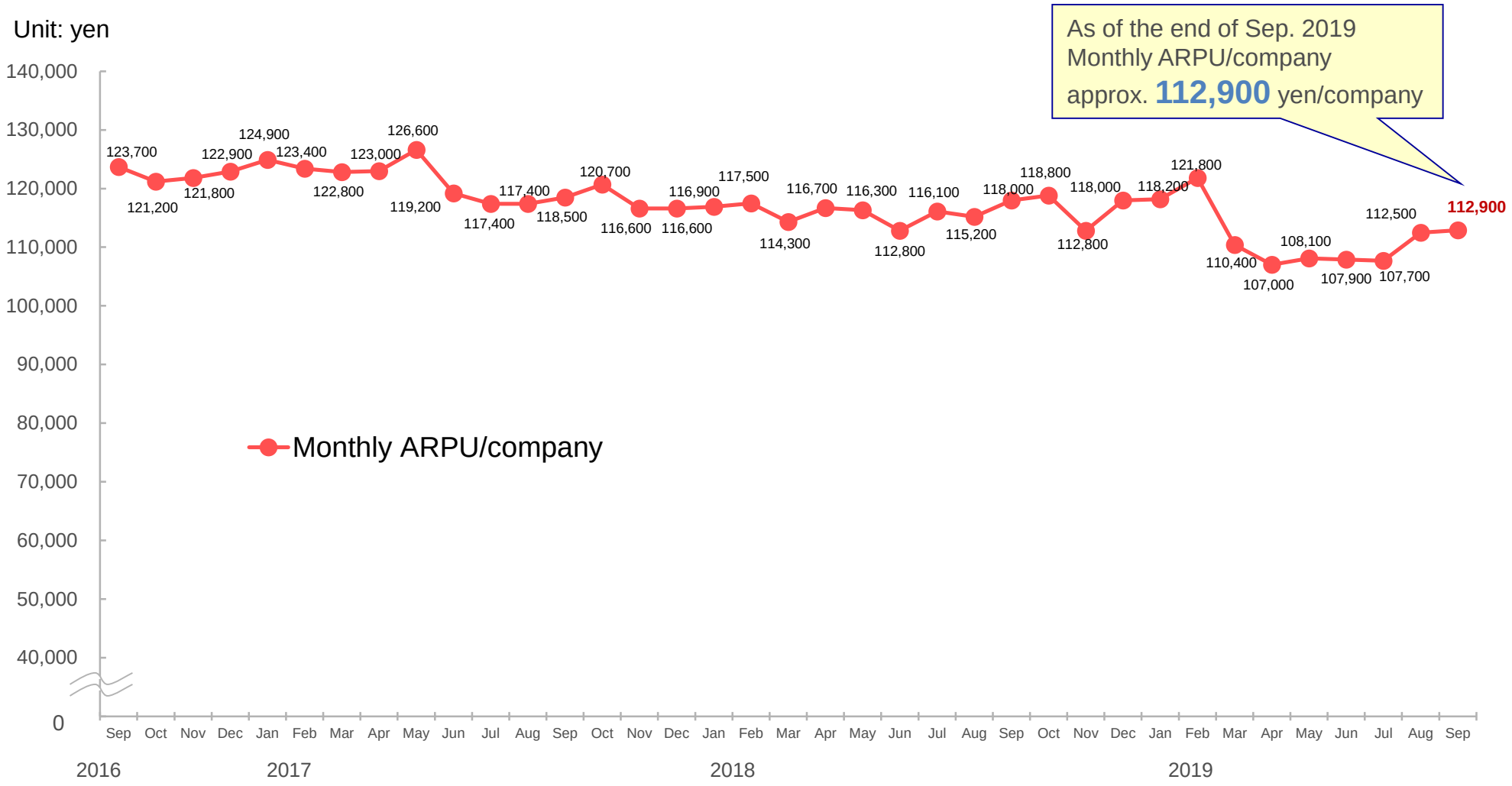
∗ Termination rate is obtained by dividing the number of companies that have cancelled our service in each month by the number of companies whom we have charged.

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

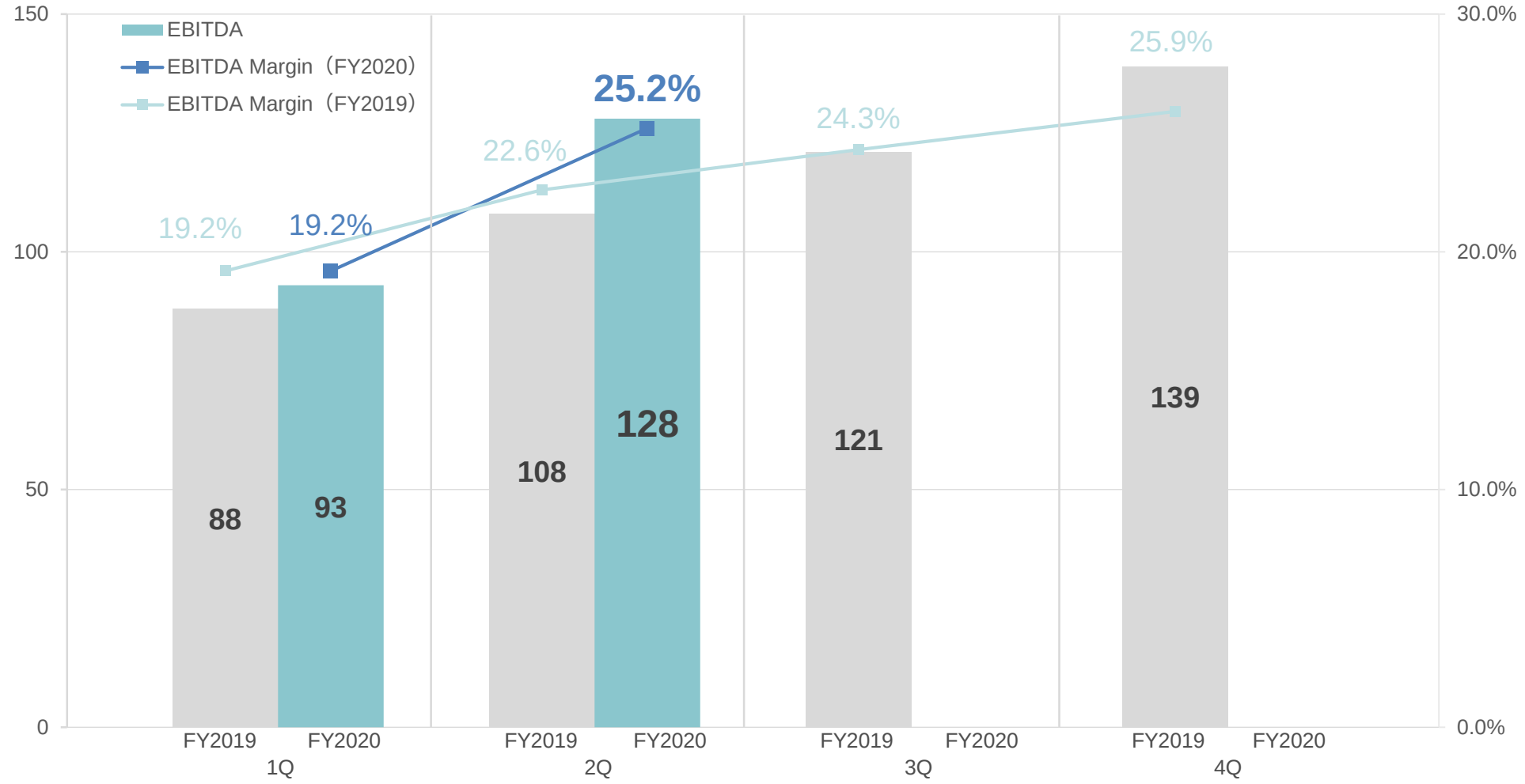
∗ Figures rounded down to the nearest hundred yen.

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EBITDA as growth funds grew continuously

EBITDA YOY comparison （Consolidated）

Unit: Million yen



∗EBITDA = operating income + depreciation

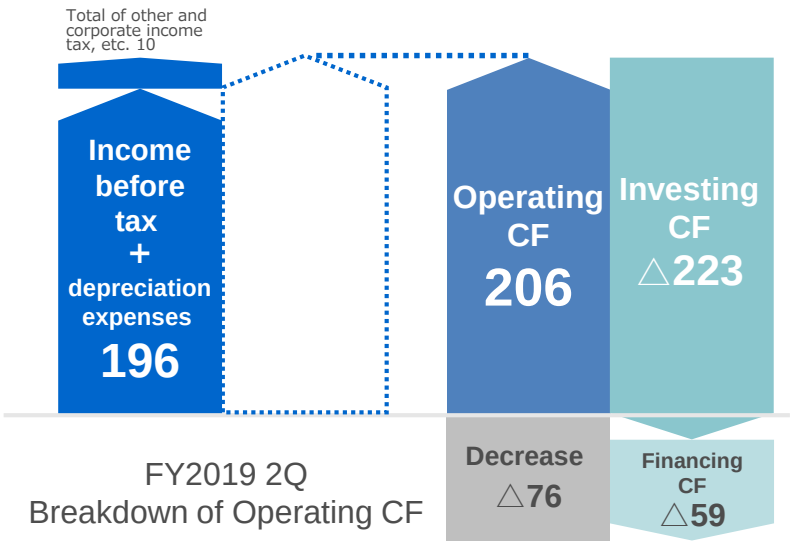
∗Figures rounded down to the nearest million yen.

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Investment in service development for medium-term growth was maintained

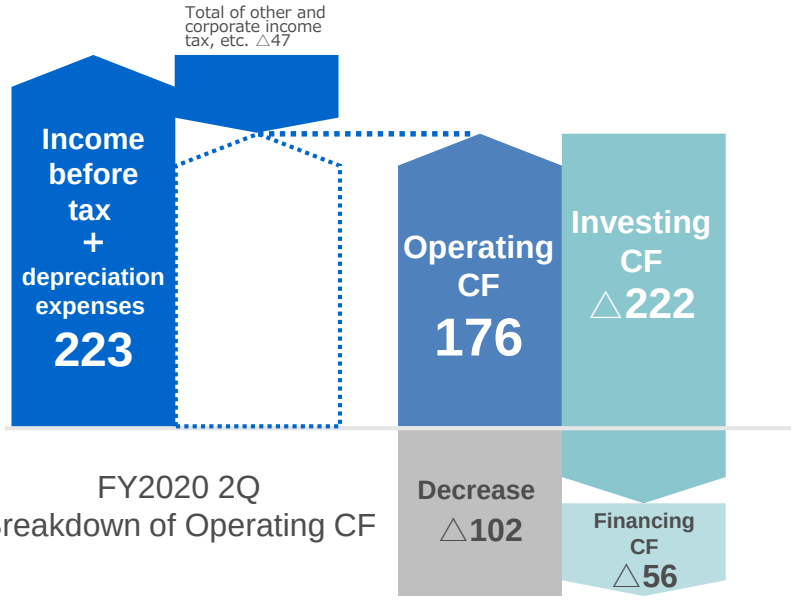
Cash Flow Statement (Consolidated)

FY2019 2Q
(2Q of previous term)



FY2019 2Q
Breakdown of Operating CF

FY2020 2Q
(2Q of current term)



FY2020 2Q
Breakdown of Operating CF

Unit: Million yen

Operating CF
Investing CF
Financing CF
Increase/decrease of Cash

<Major breakdown items>			FY2019 2Q	FY2020 2Q
Operating Activities	①	Income before tax + depreciation expenses	196M yen	223M yen
	②	Payment of corporate income tax, etc. (△)	△1M yen	△3M yen
	③	Return of corporate tax, etc.	8M yen	—
Investing Activities	④	Expenses in development such as services (△)	△207M yen	△210M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△7M yen	△11M yen
Financing Activities	⑥	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑦	Expenses due to repayment of lease obligations (△)	△25M yen	△21M yen

∗ Figures rounded down to the nearest million yen.

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

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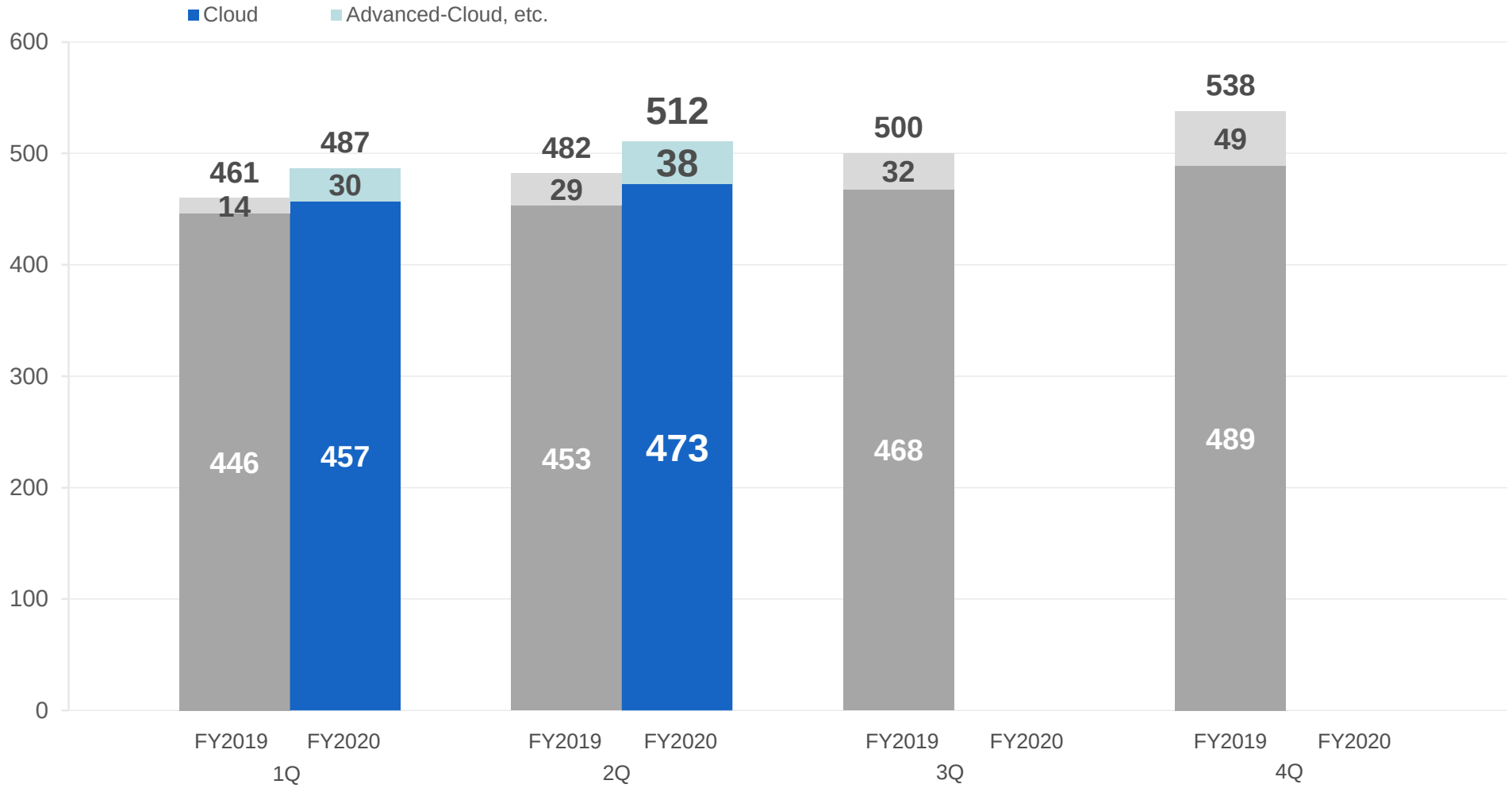
2. Summary of Recent Business Results

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Sales in every quarter grew year on year

Sales YOY comparison

Unit: Million yen

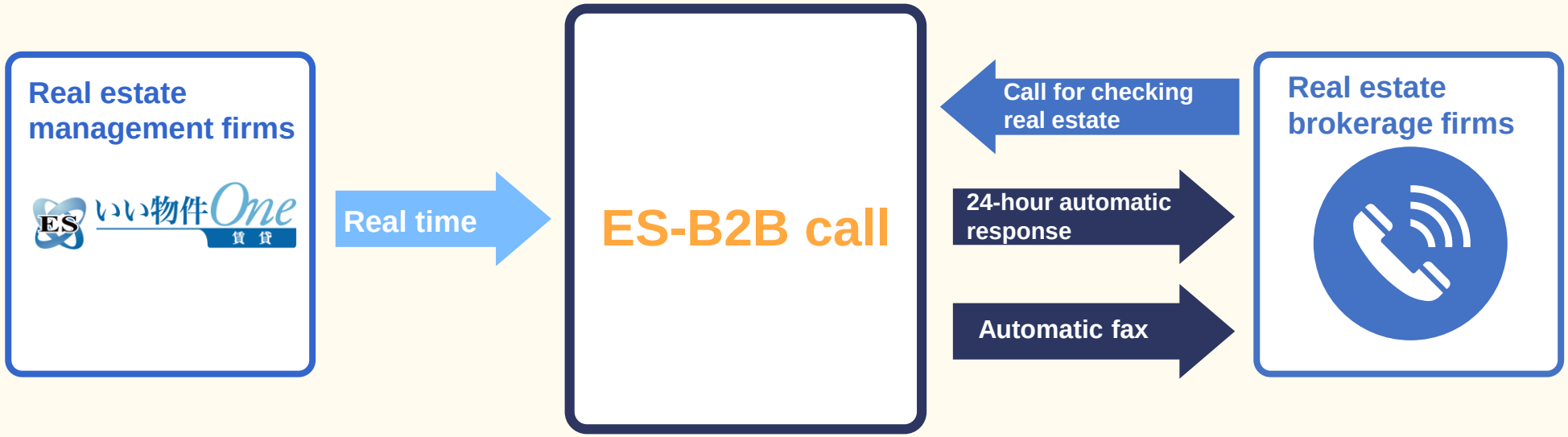


∗ The sales from “Network Solution” and those from “Advanced-Cloud Service,” which had been posted separately, are summed up and posted as the sales from “Advanced-Cloud, etc.” from FY2020.

∗ Figures rounded down to the nearest million yen.

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Release of “ES-B2B call” (tool for saving labor for checking real estate)



They only have to post information in “ES-B2B Chintai”!

Once the information on real estate is posted in “ES-B2B Chintai”, **it is unnecessary to input data manually and incorporate CSV data, etc.**

Real-time reflection of information!

In conjunction with “ES e-Bukken One”, **vacancy states, etc. are reflected on a real-time basis.**

It is unnecessary to register fliers for fax!

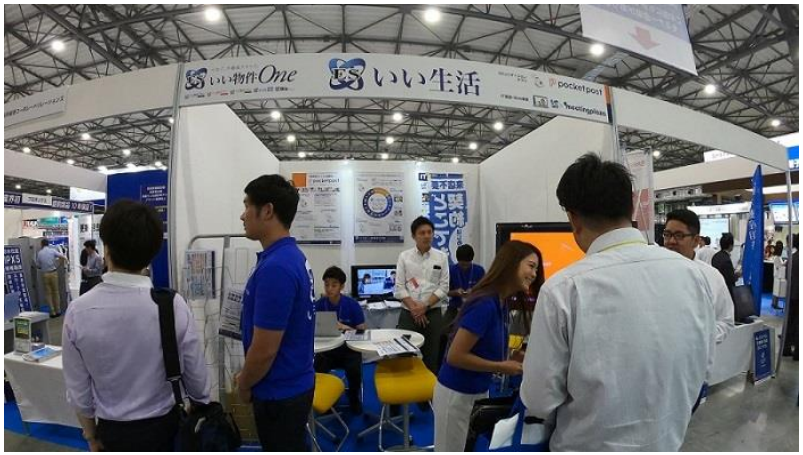
It is unnecessary to register fliers one by one, since flier data registered on “ES-B2B Chintai” are automatically linked.

- 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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Exhibited our services at “Rental Housing Fair 2019 in Tokyo”









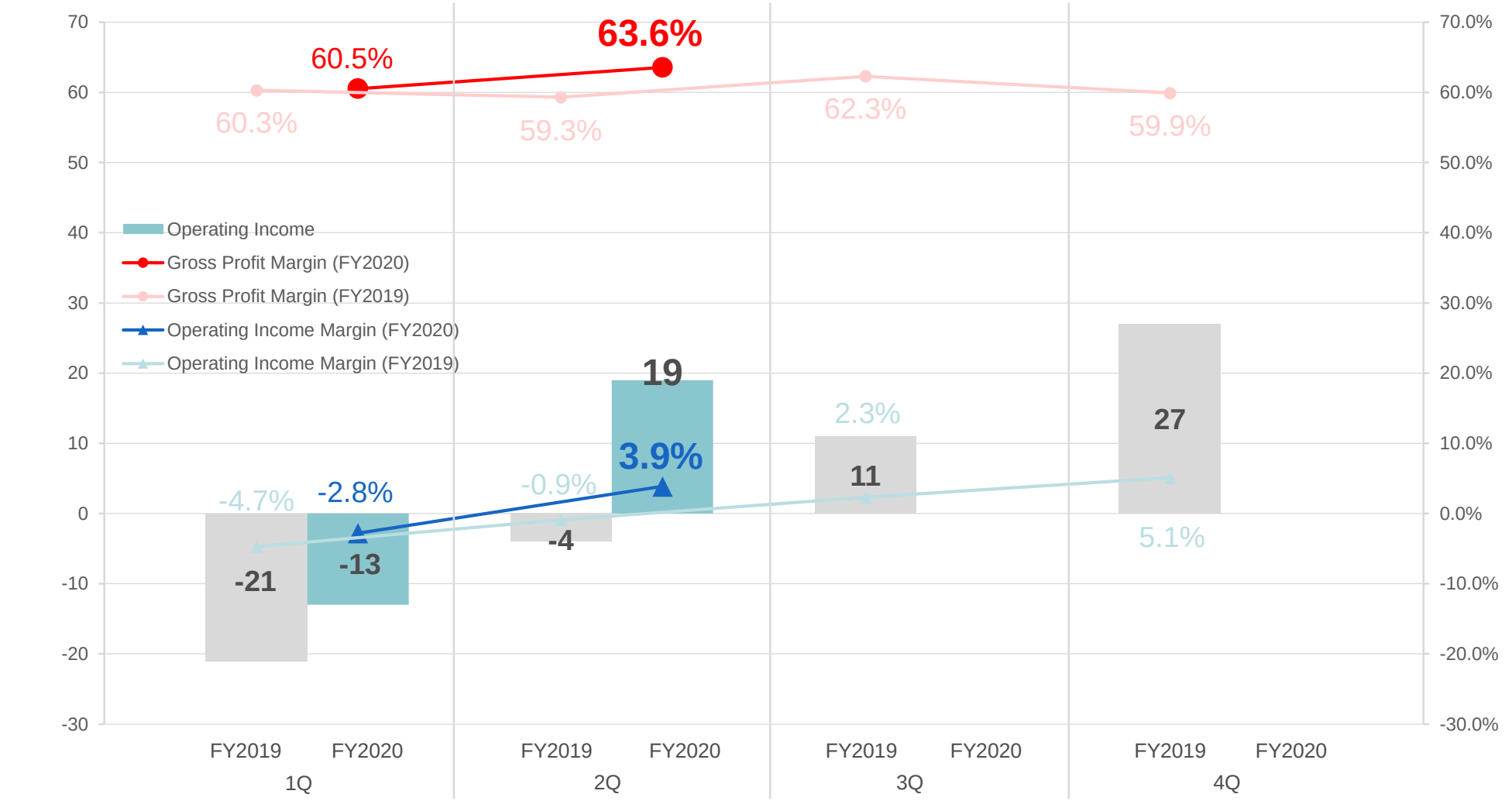
- Exhibited our services at “Rental Housing Fair 2019 in Tokyo” in July 2019.
- Increased popularity and conducted marketing activities by participating in the largest event in the rental housing field.

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Profit grew year on year and both gross profit margin and operating income margin improved

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

Unit: Million yen

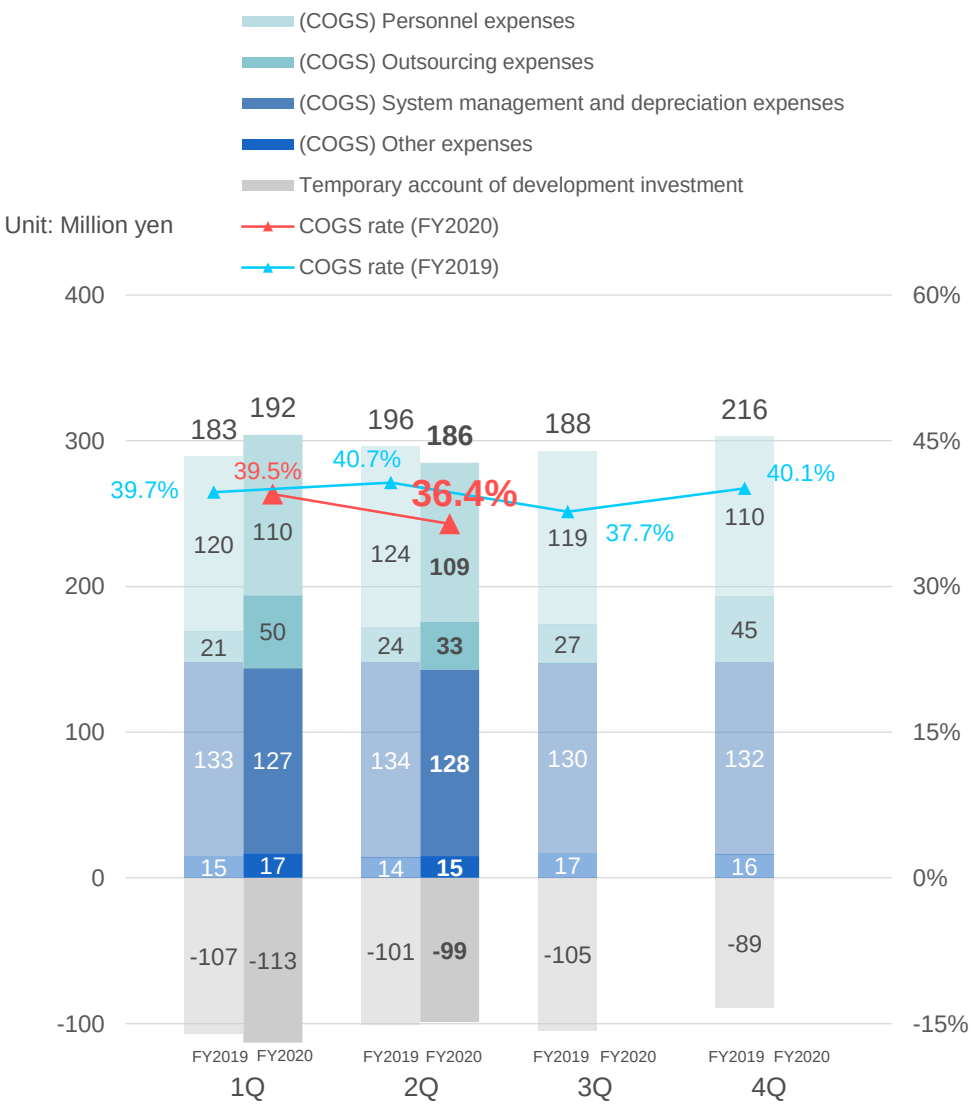


∗ Figures rounded down to the nearest million yen.

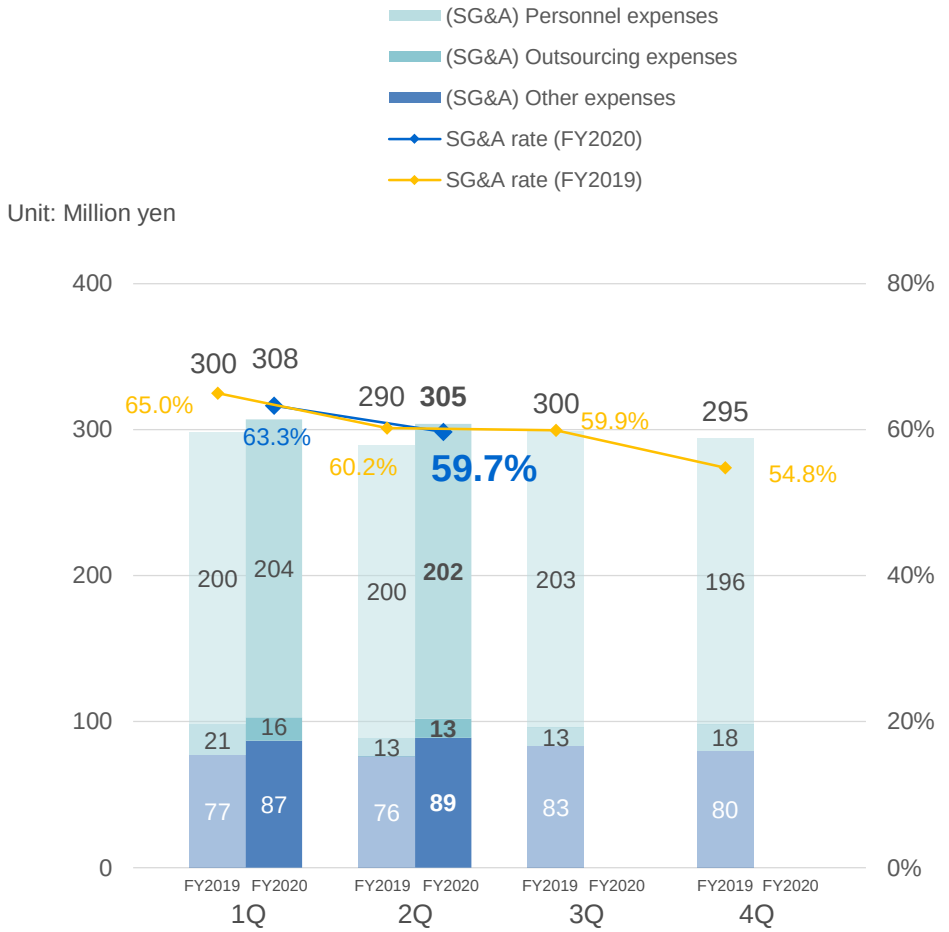
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Cost structure: Total expenses are under control

COGS（Consolidated）



SG&A（Consolidated）



Unit: Million yen

＊(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.

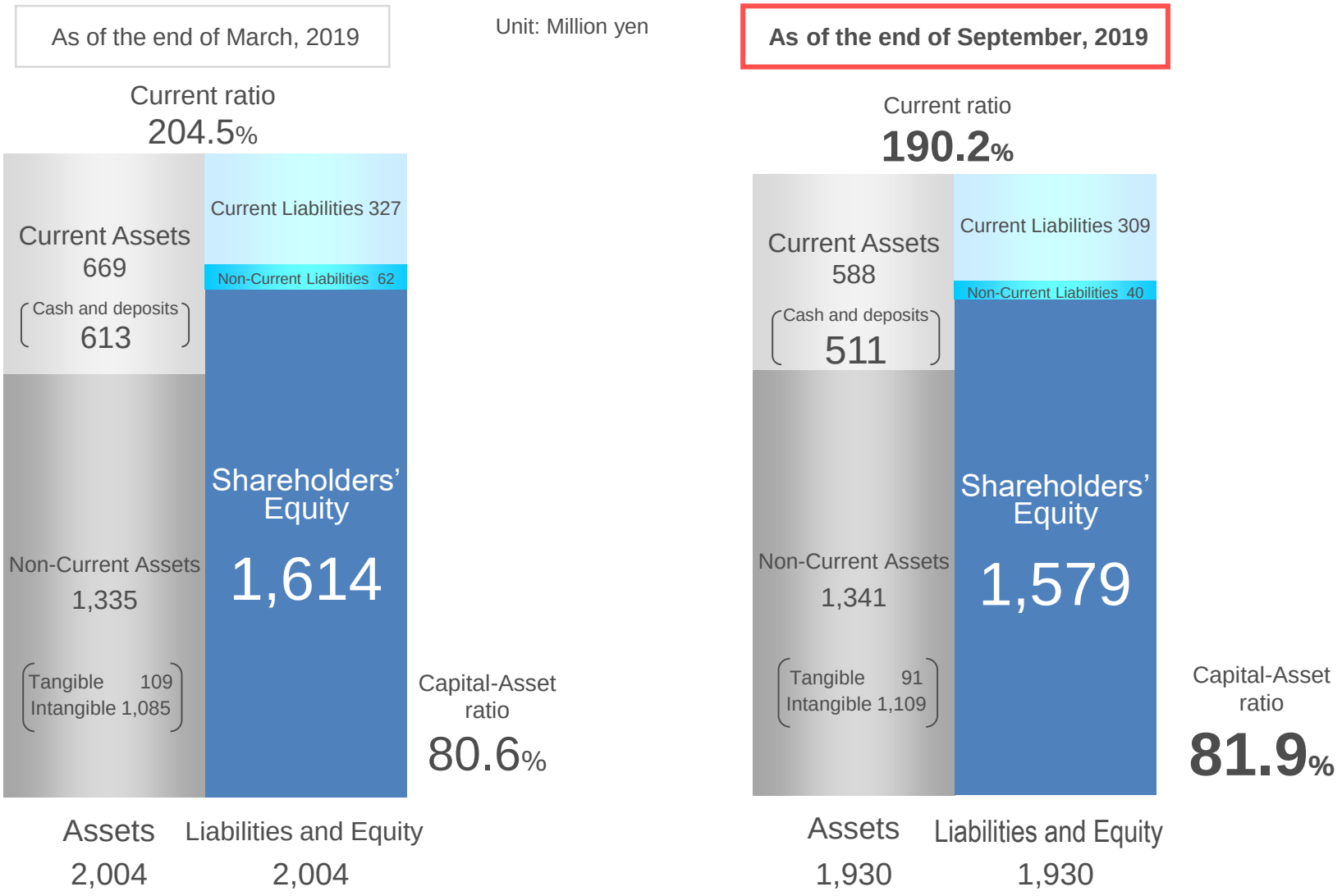
＊Figures rounded down to the nearest million yen.

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Sound financial standing maintained

Consolidated Balance Sheet Comparison

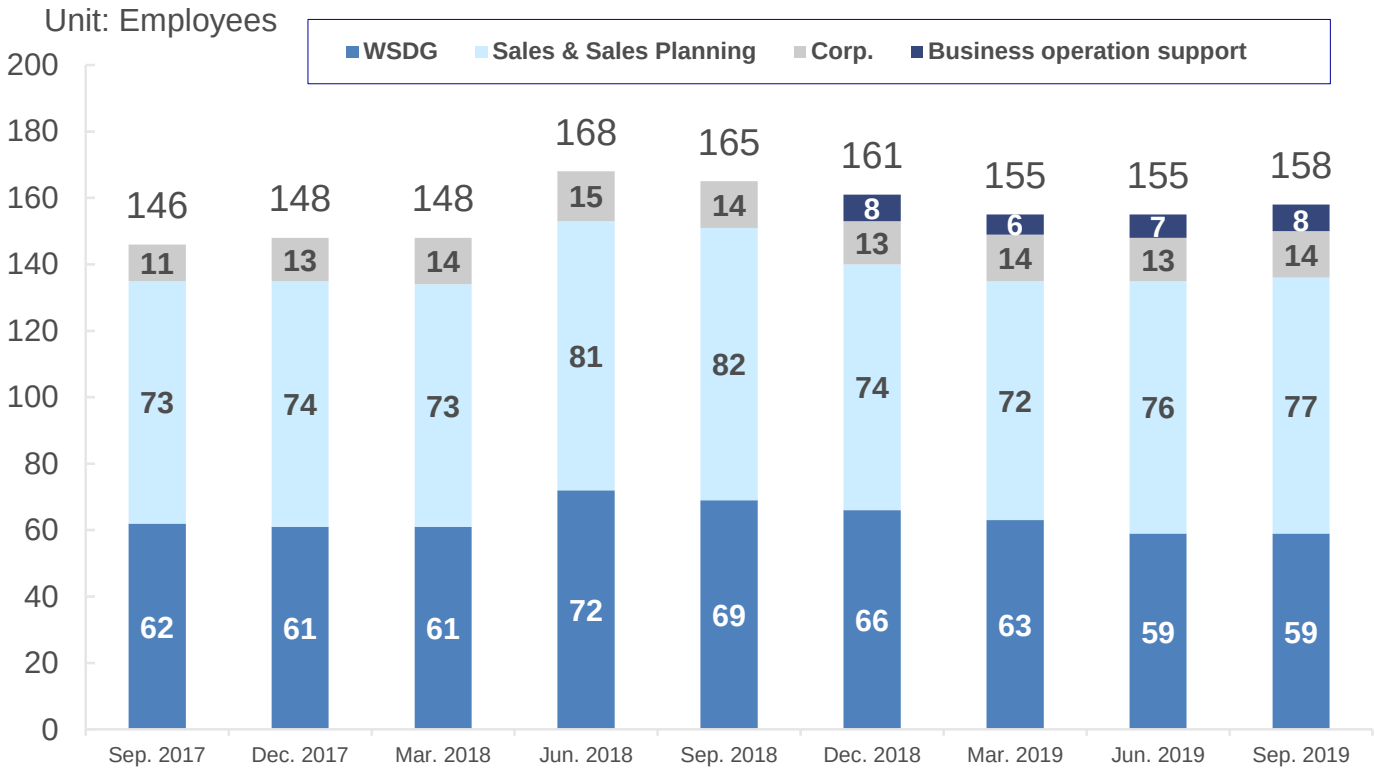
Unit: Million yen



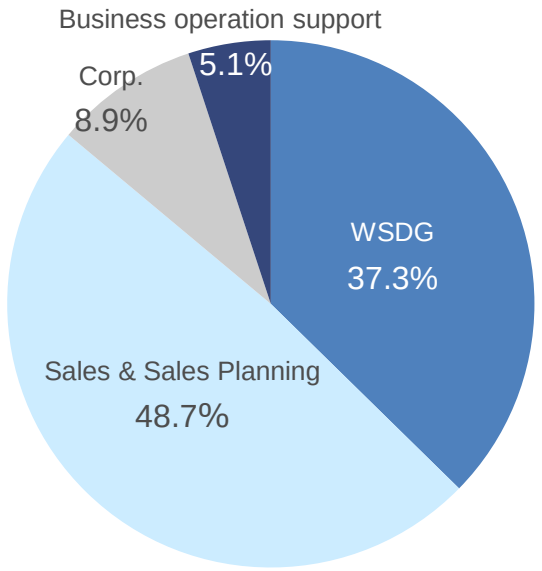
∗ Figures rounded down to the nearest million yen.

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In-company personnel system



Number of Employees



Breakdown by Division
(September, 2019)

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

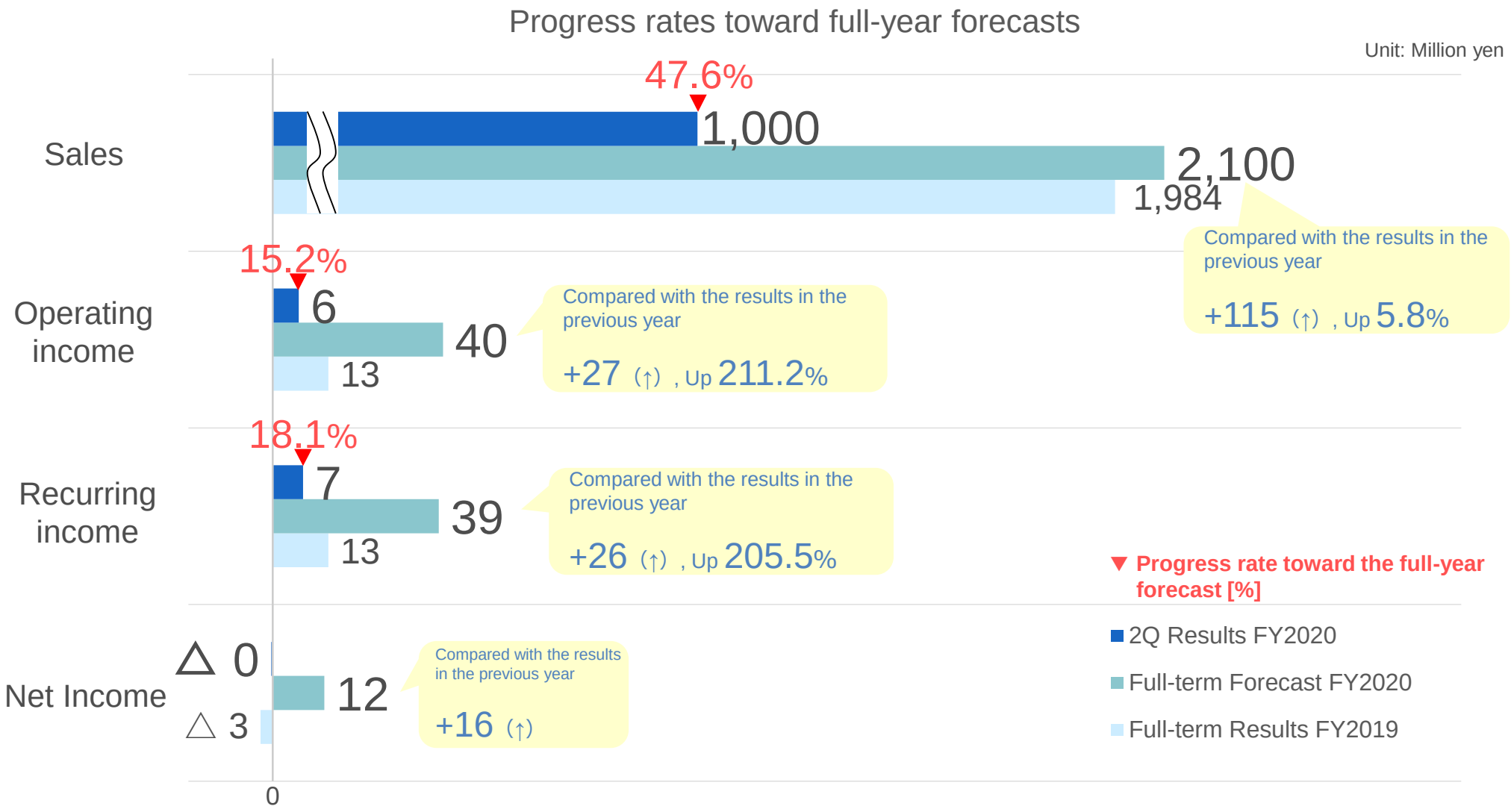
∗ WSDG: Web Solution Development Group (including the security control division),
Sales & Sales Planning: Sales & Sales Planning Group,
Corp.: Corporate Group (including the internal audit division),
Business operation support: System installation and operation support service (a service conducted mainly by a subsidiary [Realtech Consulting Co., Ltd.]) section

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3. Earnings Forecast and Future Prospects

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Progress rates toward full-year forecasts

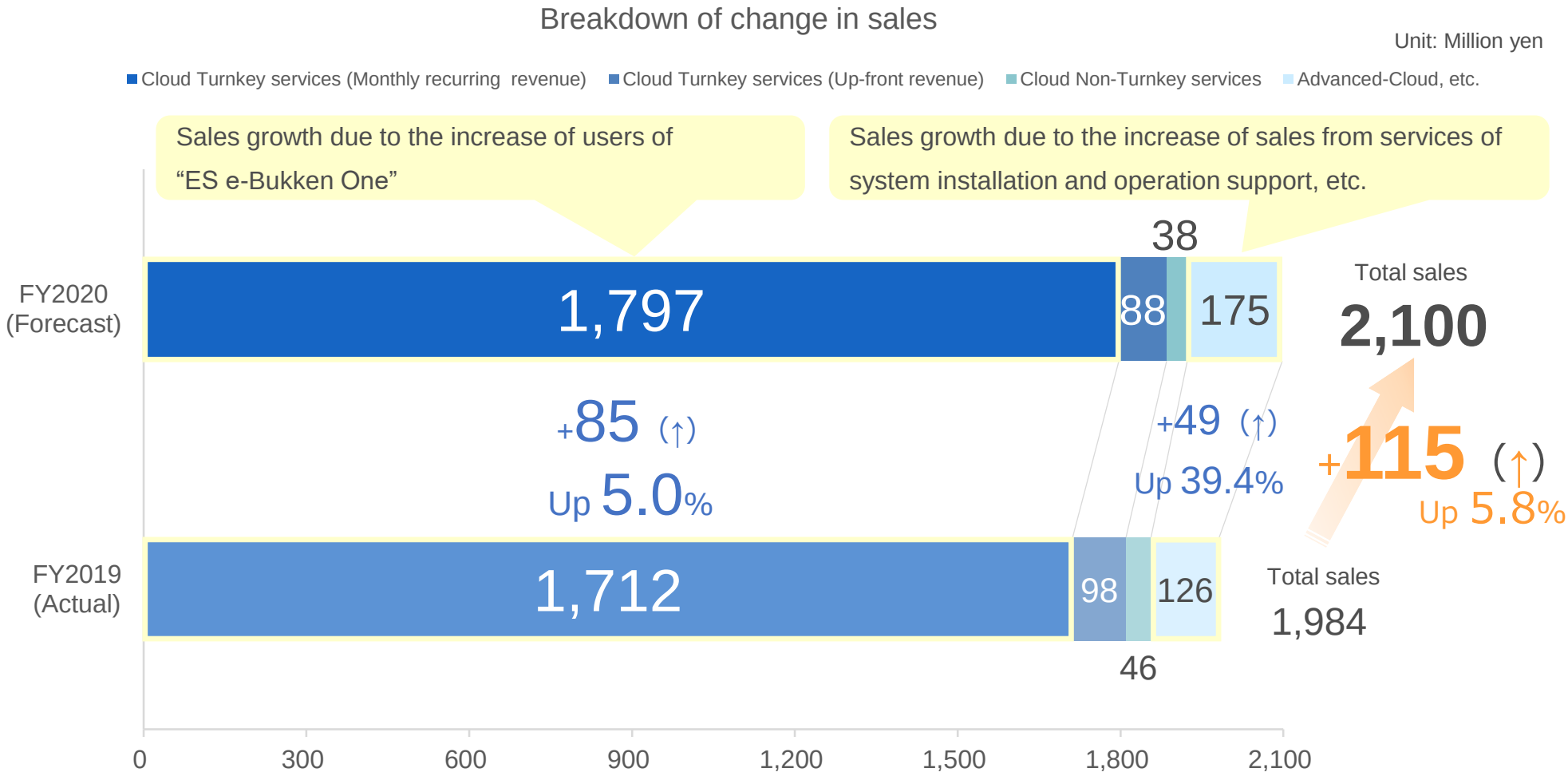


∗ Forecast figures are based on information available at the time of this announcement.
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Revenue forecast: Sales estimated to rise through the continuous growth of cloud services



∗ 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.

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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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4. Business Overview

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Mission

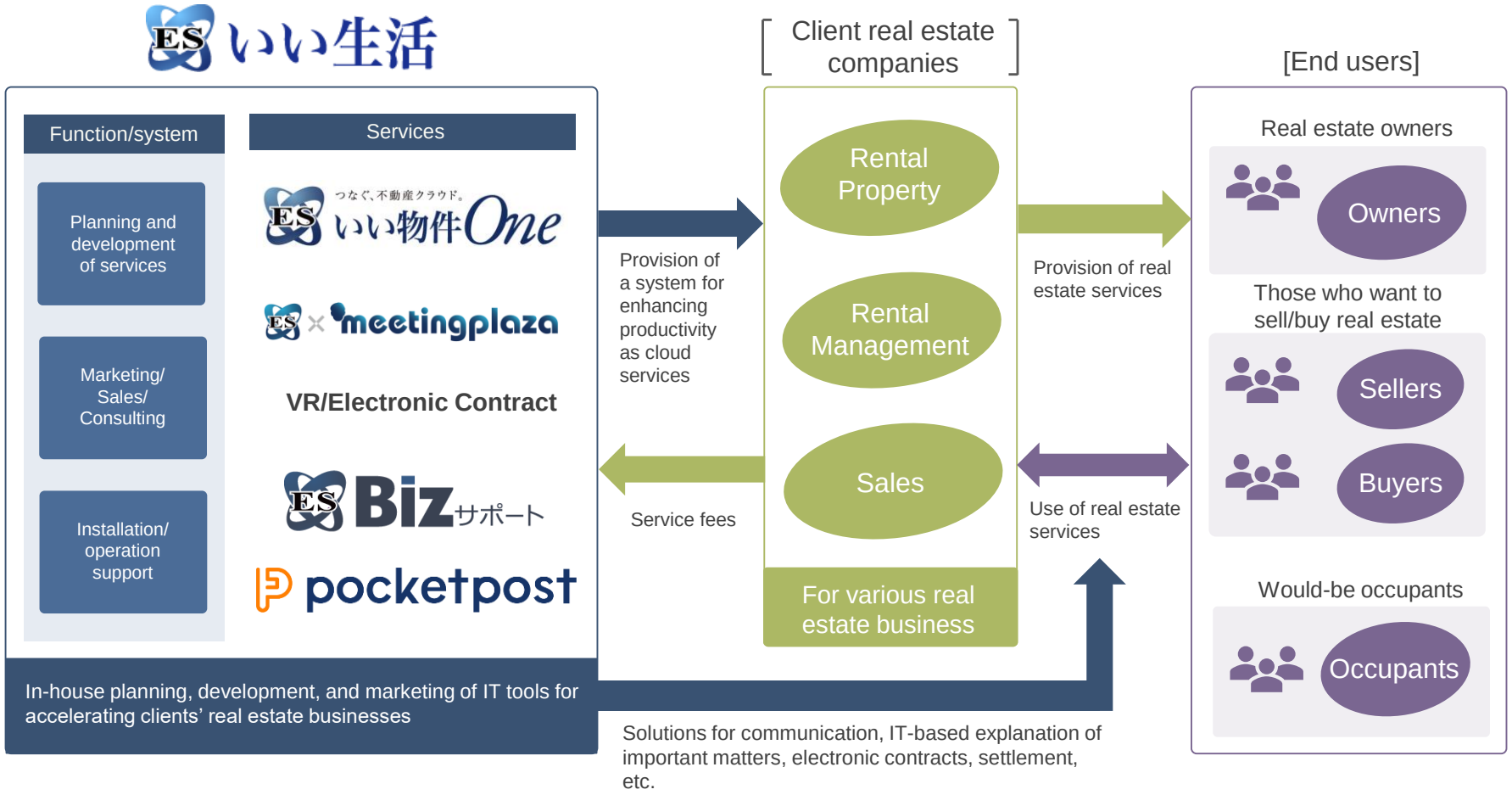
To make the real estate market, which is related to “housing” as the bedrock for daily lives of people, more satisfying for all participants.

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

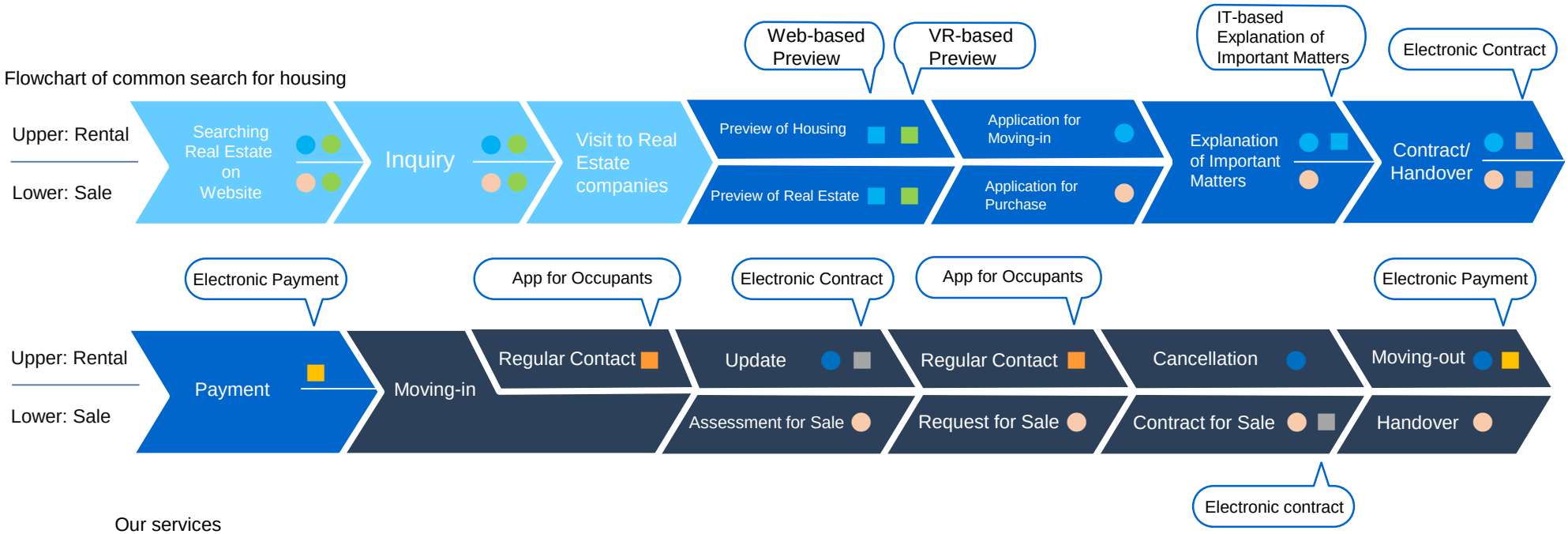


- Database tools that streamline the business operation of real estate companies (ES e-Bukken One Rental Property, Sales, Rental Management, etc.)
- Marketing tools that expand earning opportunities for real estate companies (ES e-Bukken One Website, Biz Support, etc.)

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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



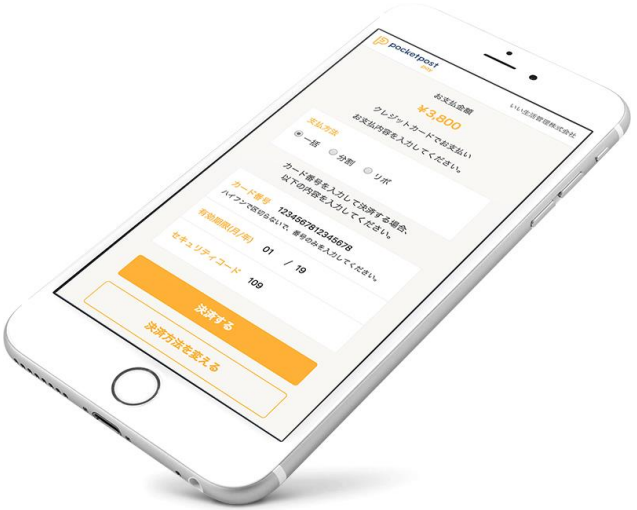
App for Occupants

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 September 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 ：	158 (As of the end of September 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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