Third-quarter for FYE March 31, 2020
Presentation Material

February 6, 2020

e-Seikatsu Co., Ltd.

Securities code: 3796

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

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Highlights

Consolidated sales/Operating income

Sales：**1,570** million yen

Operating income：**76** million yen

Number of Client Companies

1,454 companies

ARPU（Average Revenue Per User）

Approx.**110** thousand yen

Gross profit rate of the cloud service

62.7%

Ratio of recurring revenue

88.7%

Termination rate

0.76%

Topics

- Considering the results for the period until the 3rd quarter, the full-year earnings forecast was revised upwardly (Jan. 2020).
- As a new service, we released “Sumai Entry,” which streamlines business processes for dealing with applications for move-in, etc. through the linkage with the real estate data of “ES e-Bukken One” and “ES-B2B.”

*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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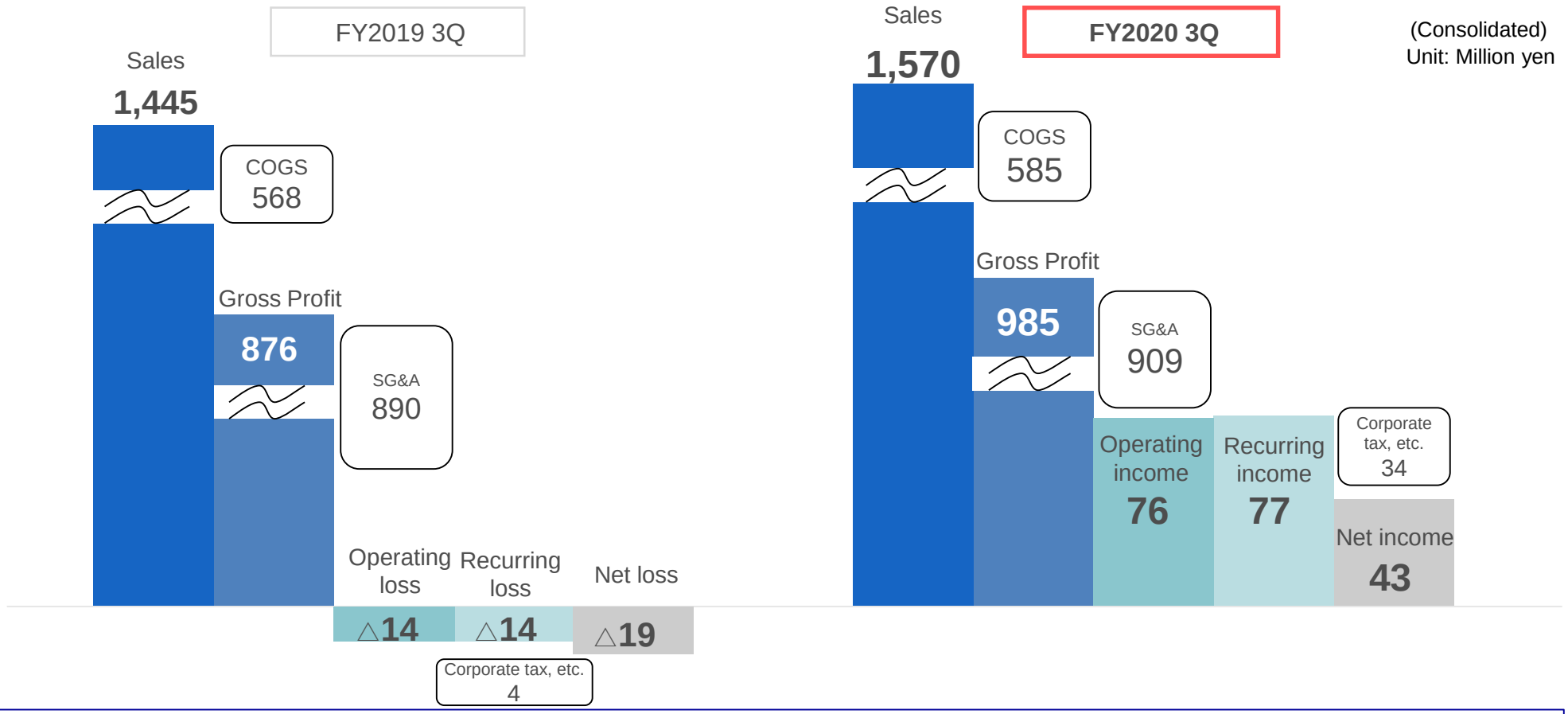
Sales and profit grew year on year



(Consolidated)
Unit: Million yen

- Thanks to the effects of “IT subsidies,” our cloud services, transactions for supporting installation, etc. performed well. Sales and profit grew as a whole.
- COGS: Development costs augmented as the sales of entrusted development increased. The procurement related to systems for offering services increased. System maintenance expenses and development software depreciation declined.
- SG&A: Costs for systems for streamlining business operation, office rents, etc. augmented.

*Figures rounded down to the nearest million yen.

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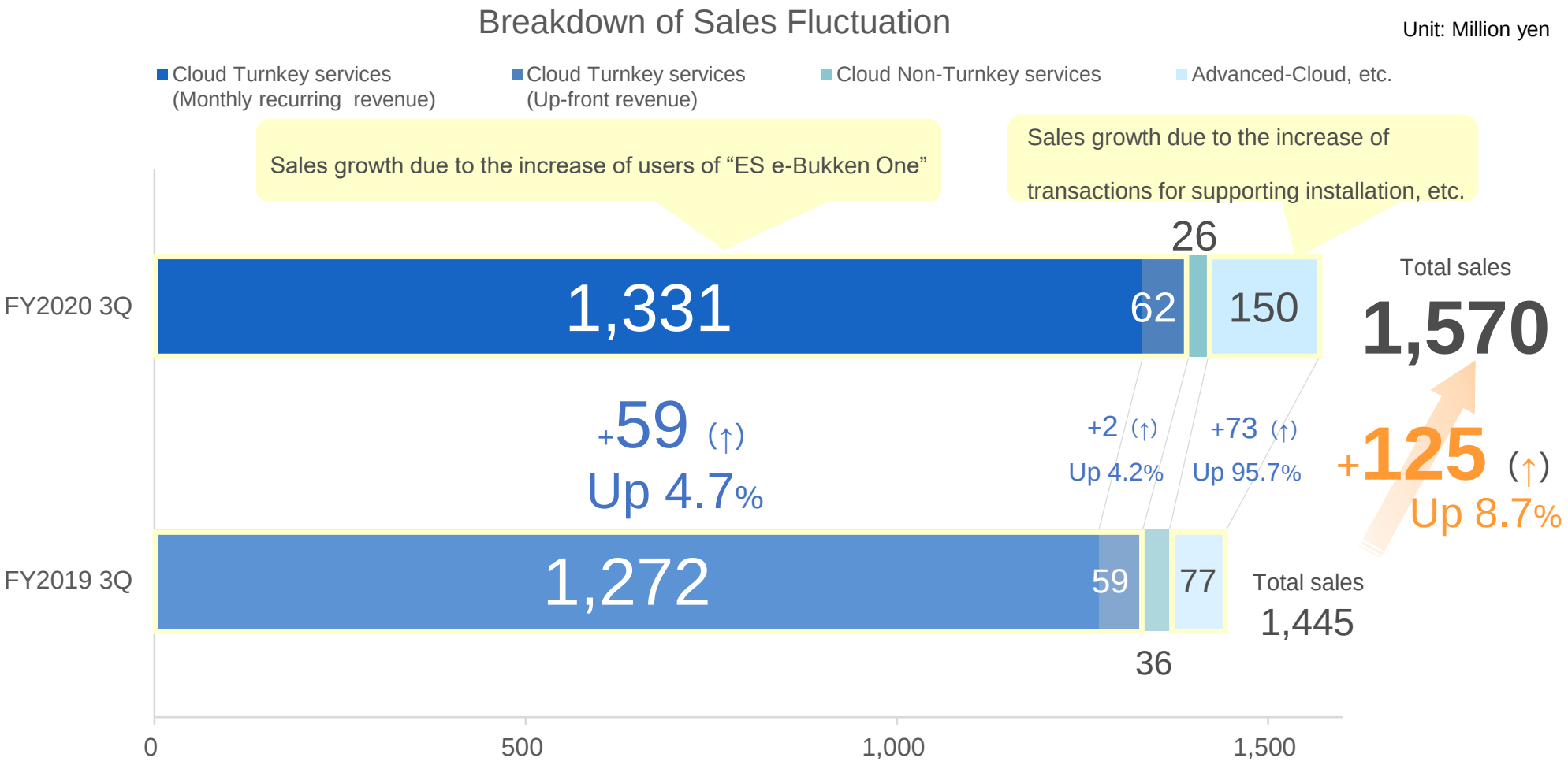
Sales from subscription services (monthly cloud services) and support for installation were healthy



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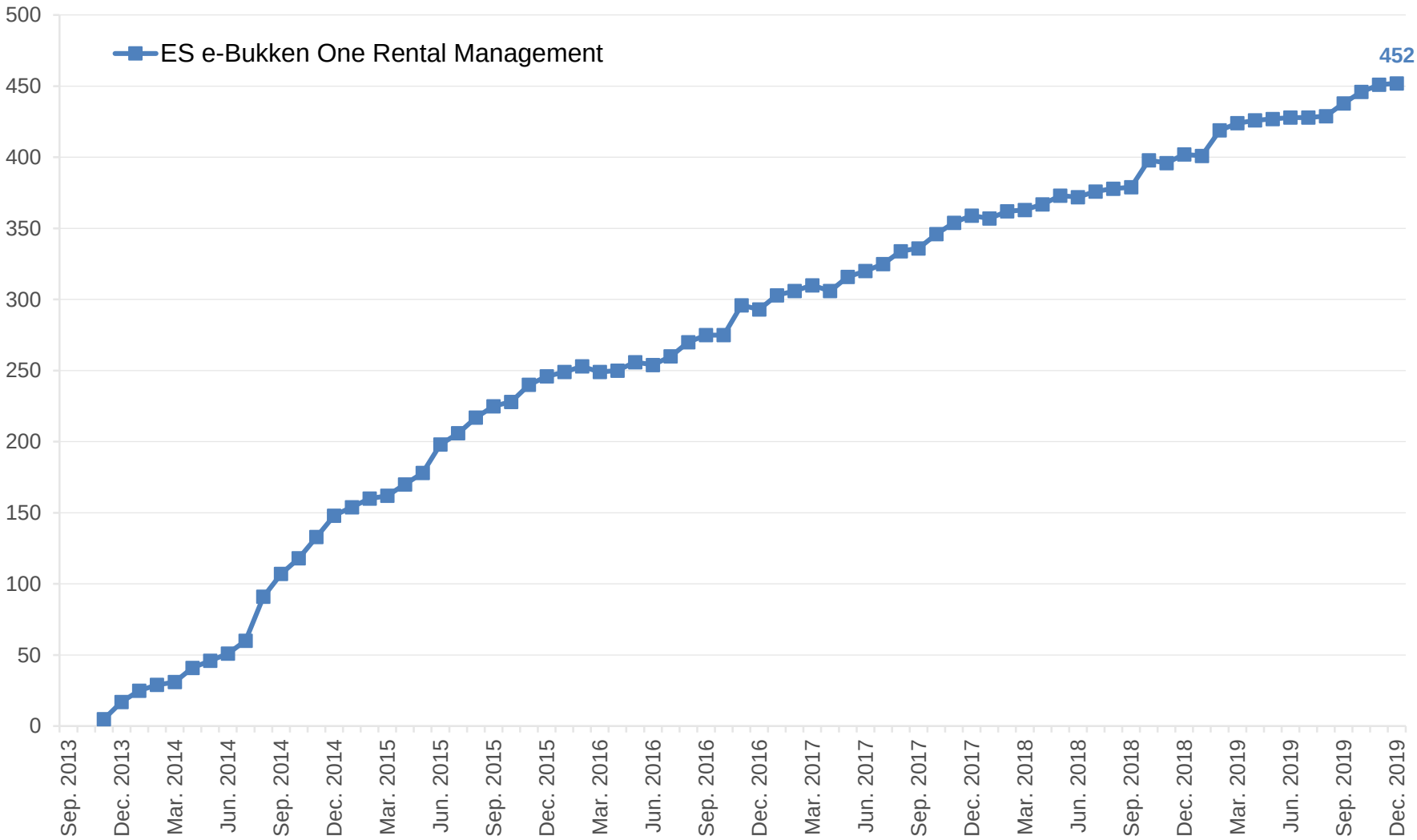
Growth of “ES e-Bukken One Rental Management,” which is strategically important, is steady

Unit: Number of services with payment started



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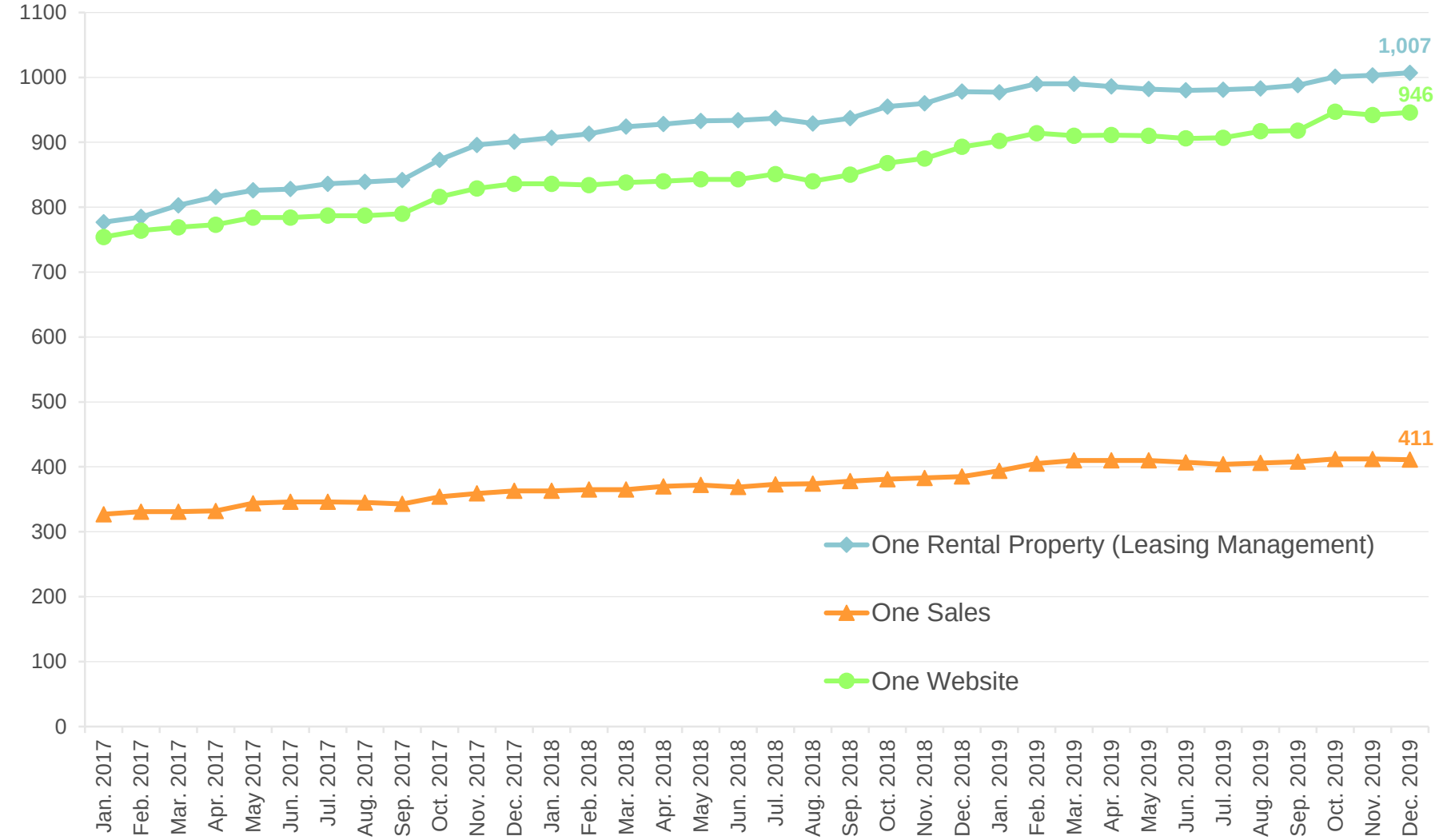
The core service “ES e-Bukken One” performed well

Transition of Number of Licenses by Service

Unit: Number of services with payment started



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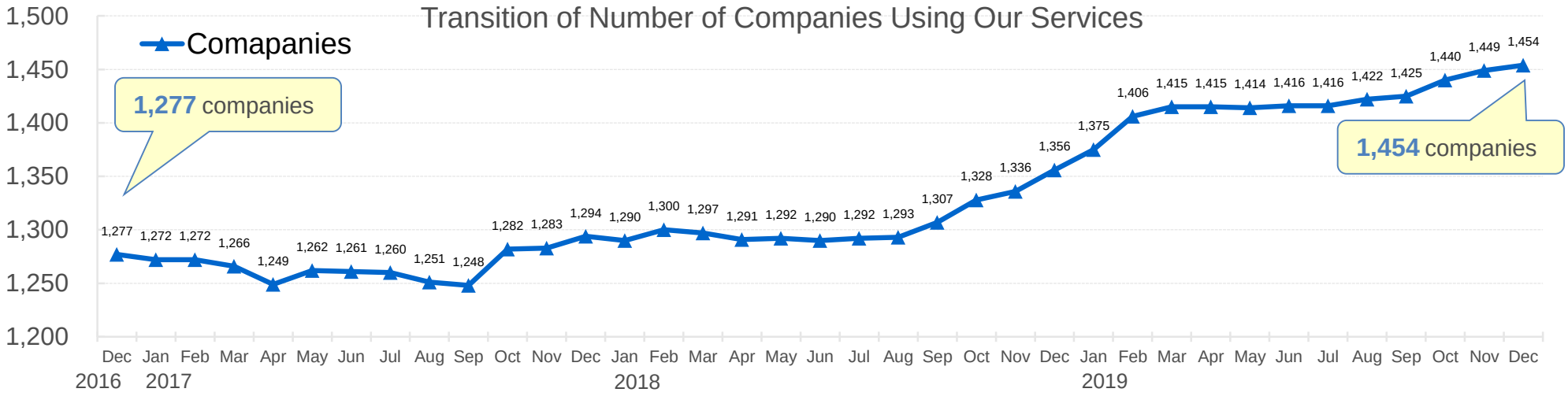
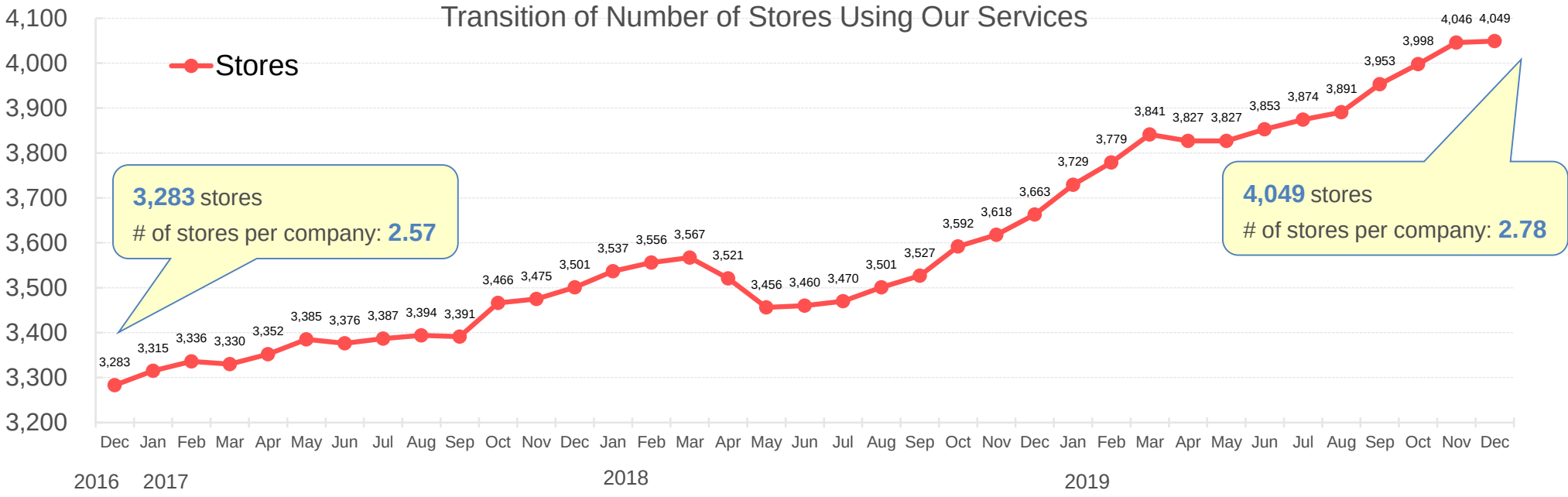
Both the number of client companies and stores increased





*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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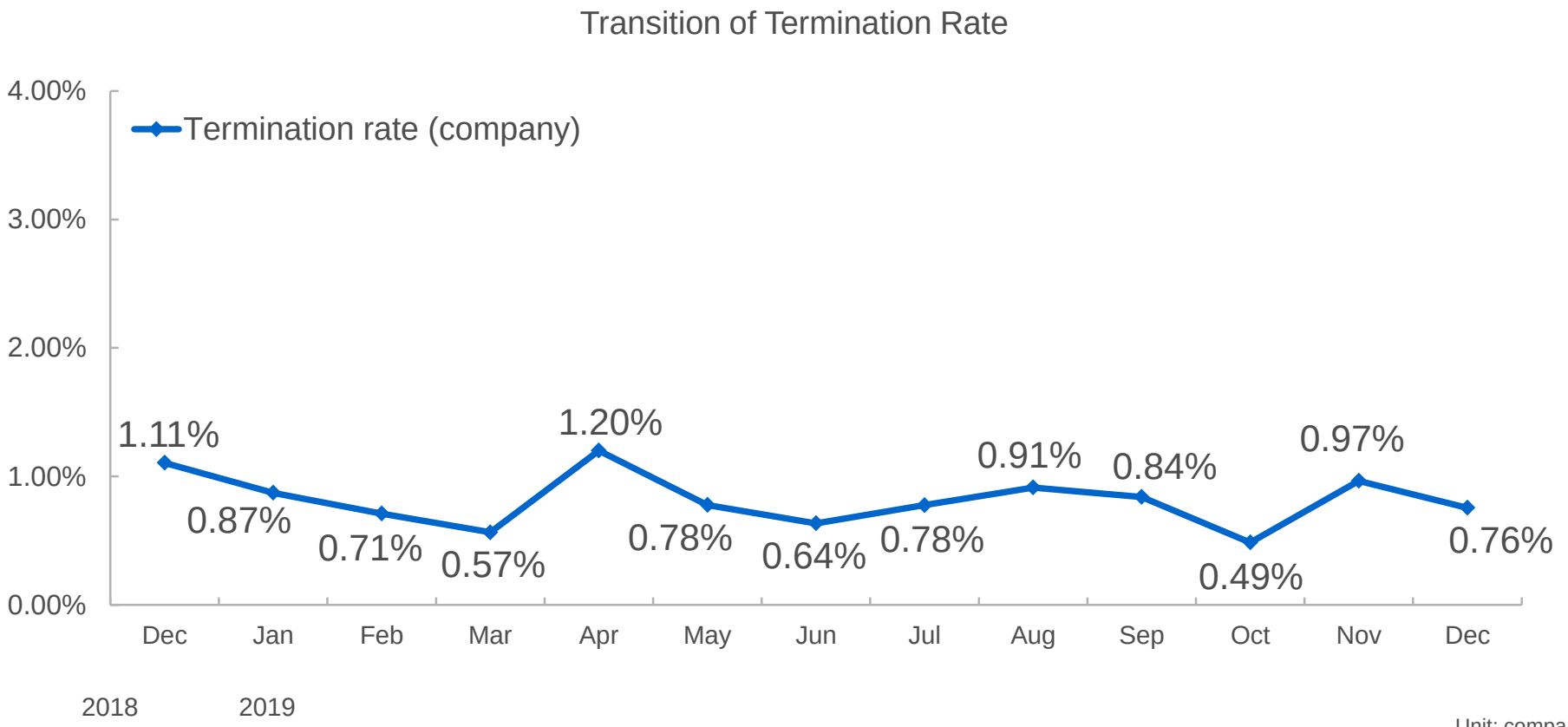
Service termination rate remained at the lowest level



Unit: companies

	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Ave.
# of companies	15	12	10	8	17	11	9	11	13	12	7	14	11	11.5

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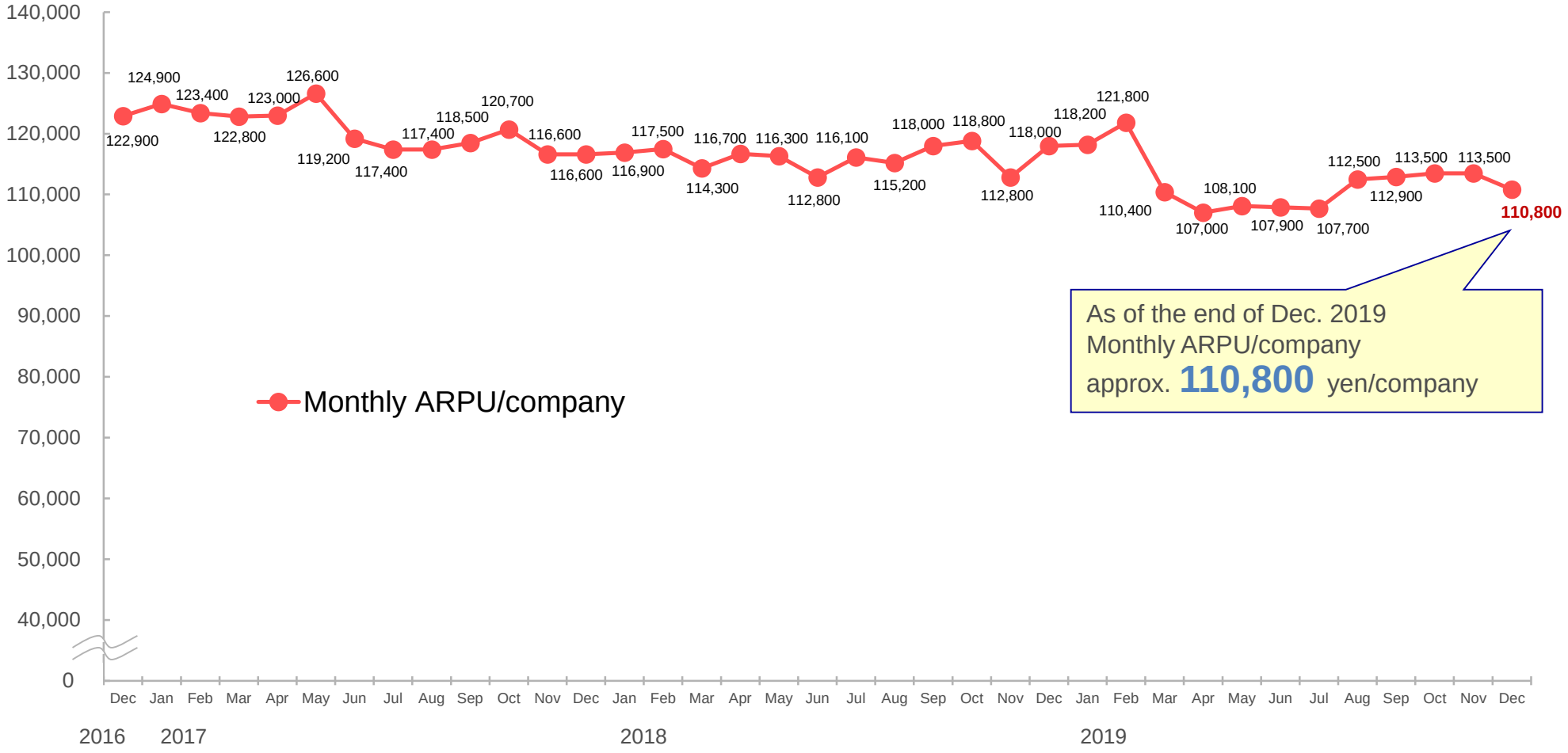
While expanding the number of service users, we kept Monthly ARPU

Transition of Monthly ARPU

Unit: yen



As of the end of Dec. 2019
Monthly ARPU/company
approx. **110,800** 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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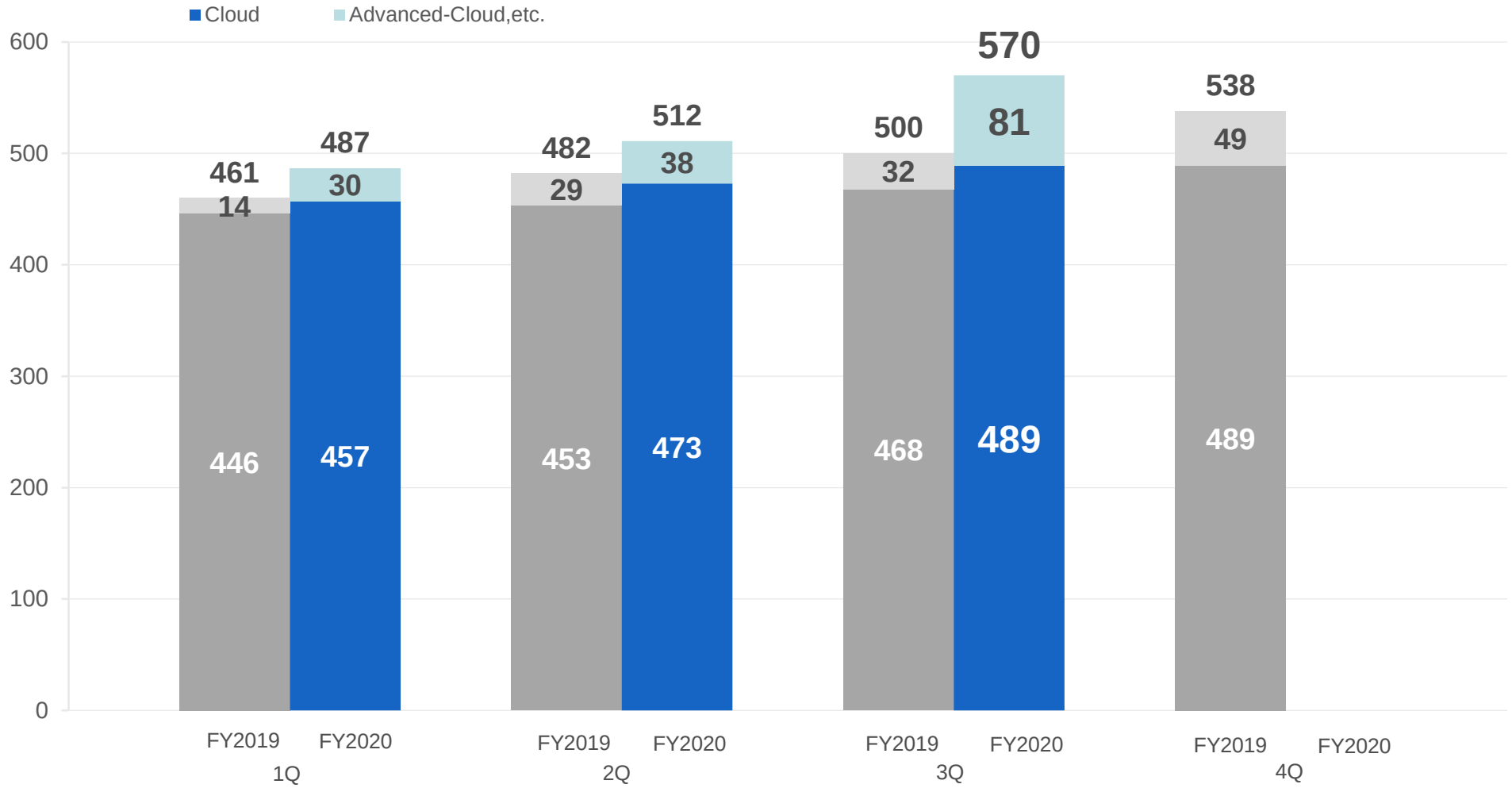
Sales in every quarter grew year on year

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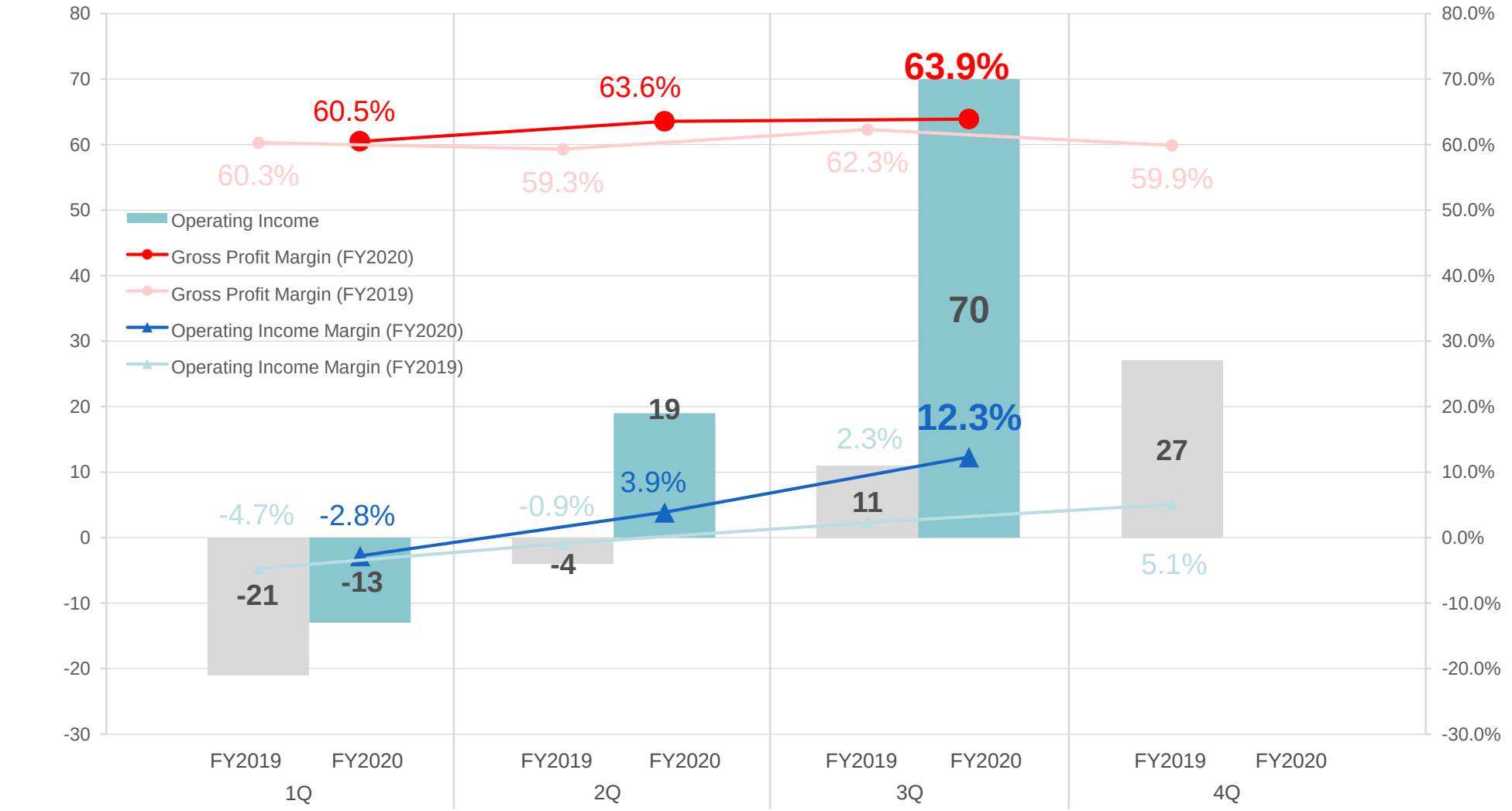
Profit significantly grew year on year and both gross profit margin and operating income margin improved

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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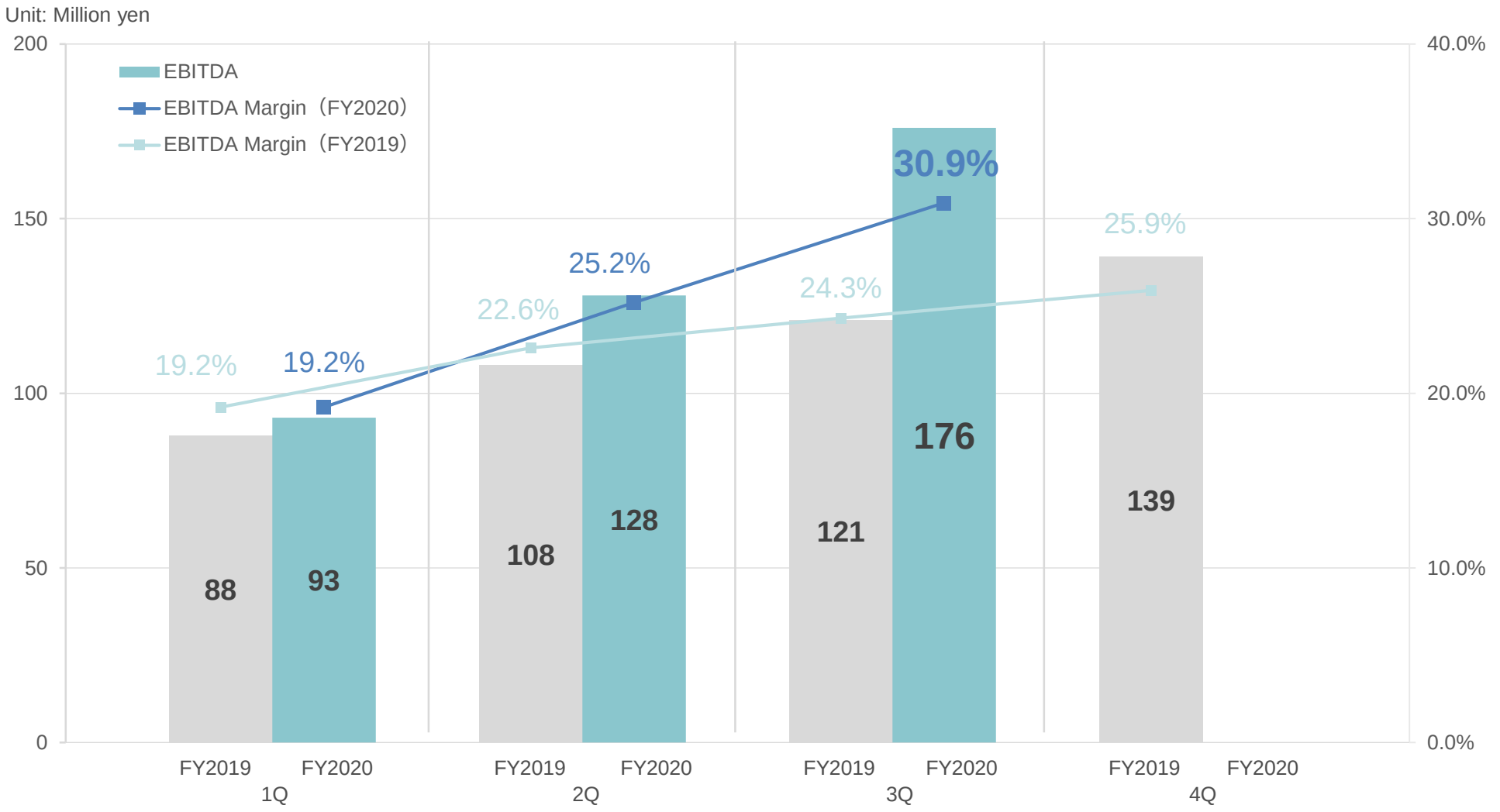
EBITDA as a source for growth increased

EBITDA YOY comparison

（Consolidated）



*EBITDA = operating income + depreciation

*Figures rounded down to the nearest million yen.

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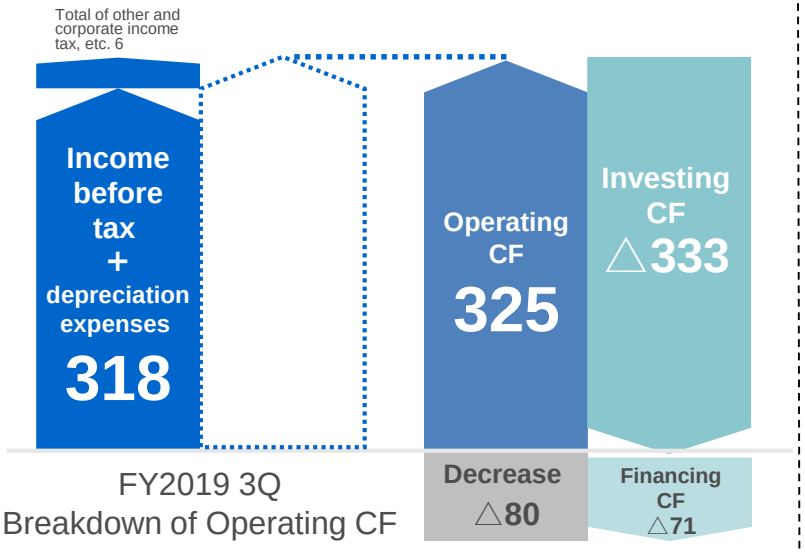
Investment in service development for medium-term growth was maintained

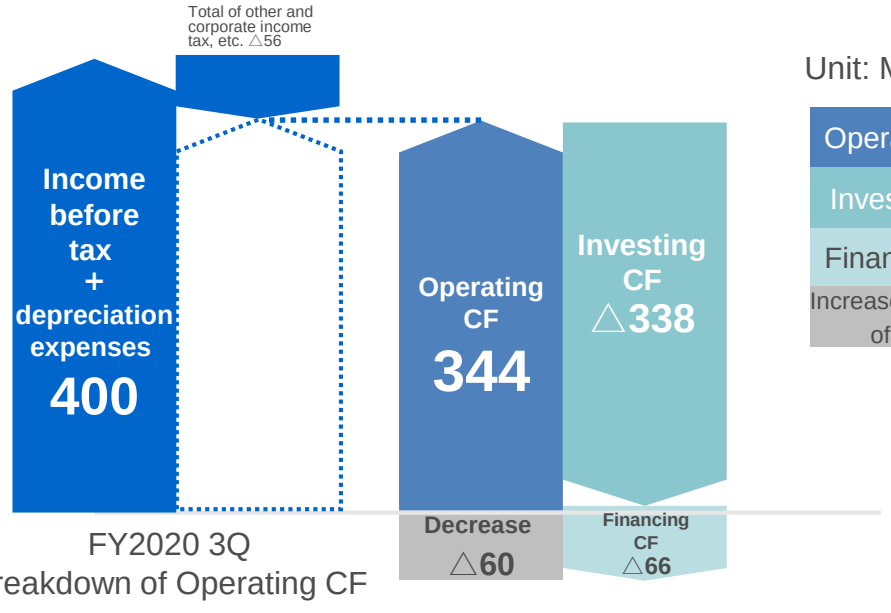
Cash Flow Statement (Consolidated)

FY2019 3Q (3Q of previous term)



FY2019 3Q Breakdown of Operating CF

FY2020 3Q (3Q of current term)



FY2020 3Q Breakdown of Operating CF

Unit: Million yen

Operating CF
Investing CF
Financing CF
Increase/decrease of Cash

<Major breakdown items>			FY2019 3Q	FY2020 3Q
Operating Activities	①	Income before tax + depreciation expenses	318M yen	400M yen
	②	Payment of corporate income tax, etc. (△)	△14M yen	△11M yen
	③	Return of corporate tax, etc.	8M yen	0M yen
Investing Activities	④	Expenses in development such as services (△)	△313M yen	△319M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△8M yen	△16M yen
	⑥	Expenses due to the purchase of interior parts, equipment, fixtures, etc. (△)	△8M yen	△2M yen
Financing Activities	⑦	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑧	Expenses due to repayment of lease obligations (△)	△37M yen	△32M 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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Release of “Sumai Entry” (online service for applying for move-in)

Sumai Entry



Applications for move-in can be completed online



- Users can apply for move-in with a smartphone. Paper documents are not required for accepting and screening applications.
- Through the linkage with real estate data of “ES e-Bukken One” and “ES-B2B Chintai,” the business operations of real-estate brokers and management firms will be streamlined significantly.
- We plan to link our data with the information of rental guarantee companies, to save labor in all processes.

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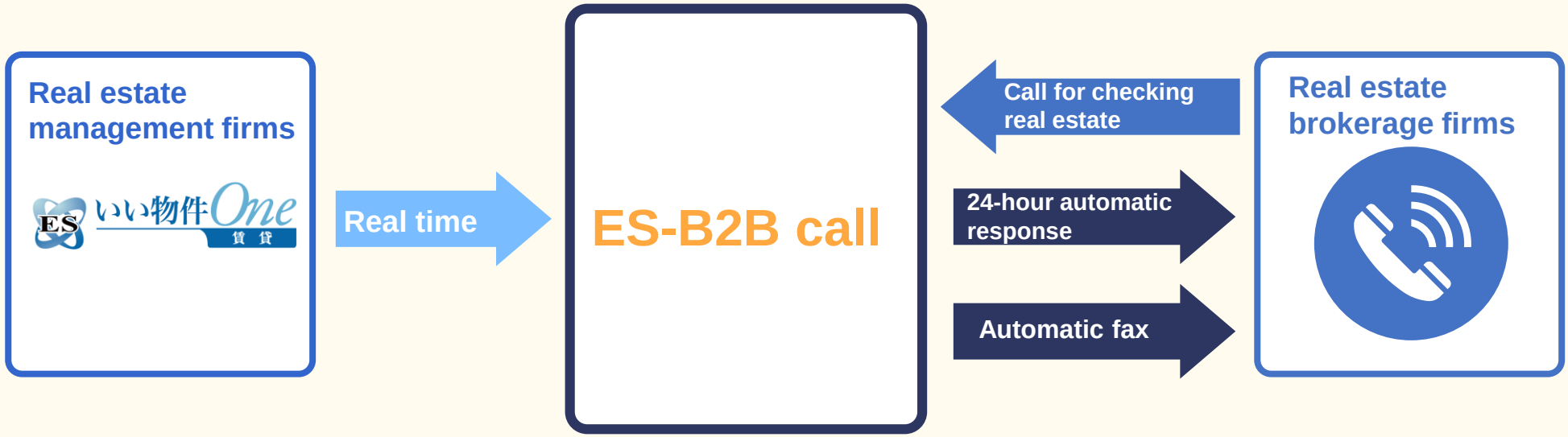
Full-scale release of “ES-B2B call” (Tool for saving labor for checking real estate)



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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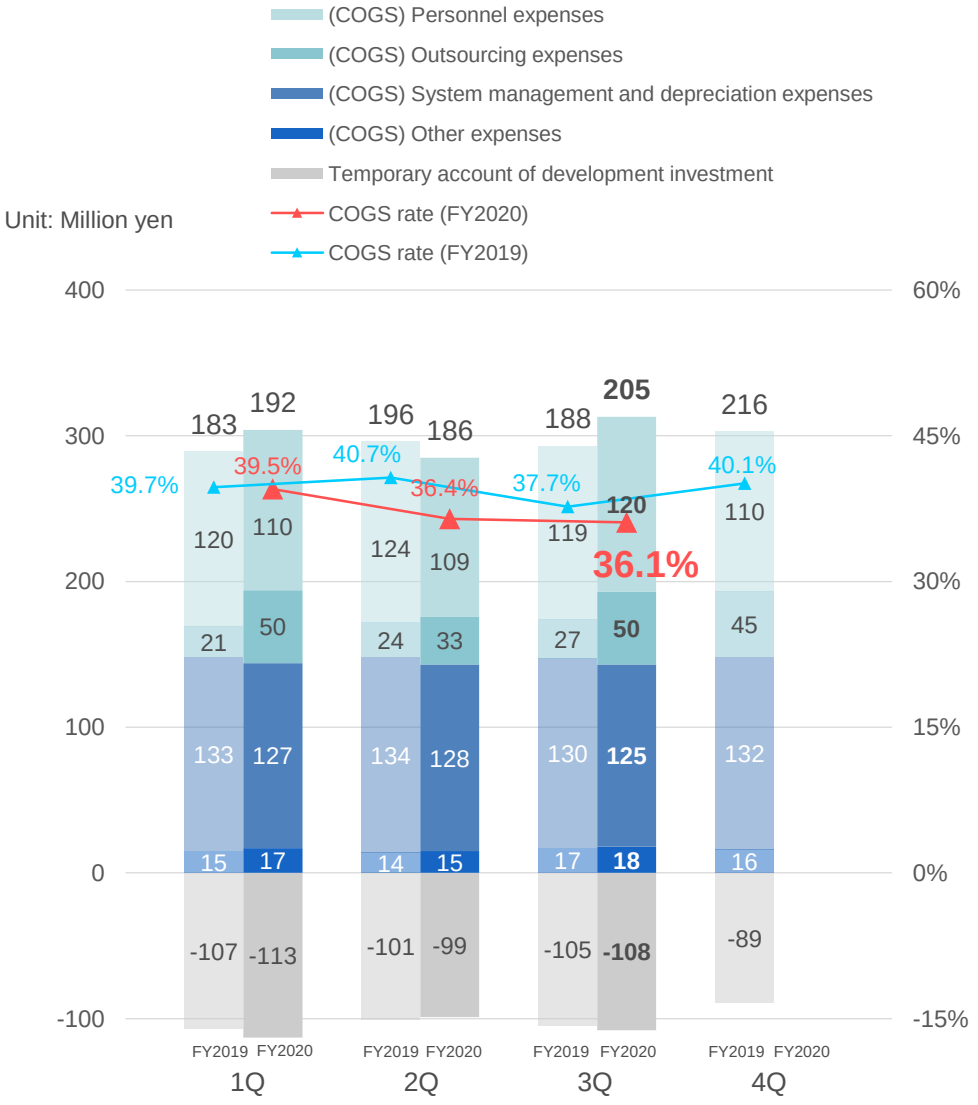
Cost structure: COGS rate and SG&A rate dropped

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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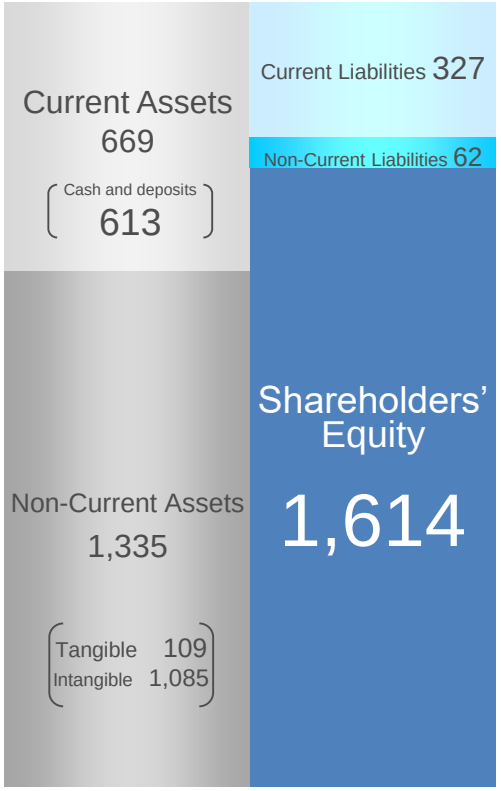
Sound financial standing

Consolidated Balance Sheet Comparison

Unit: Million yen

As of the end of March, 2019

Current ratio
204.5%

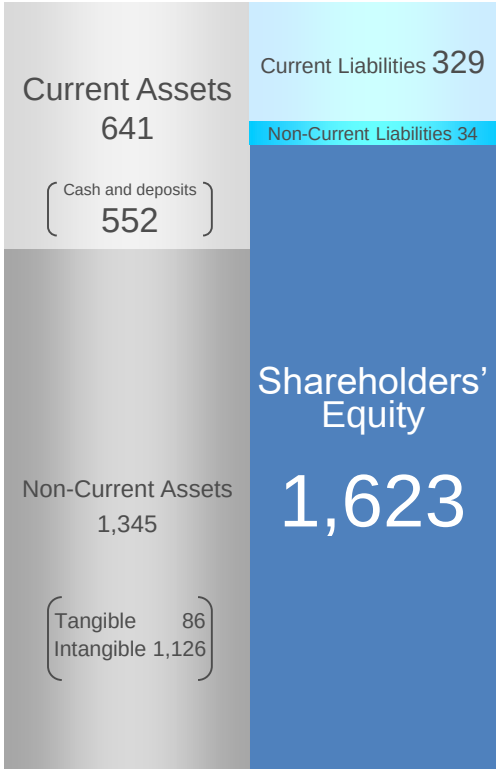


Capital-Asset ratio
80.6%

Assets 2,004 | Liabilities and Equity 2,004

As of the end of December, 2019

Current ratio
194.8%



Capital-Asset ratio
81.7%

Assets 1,987 | Liabilities and Equity 1,987

*Figures rounded down to the nearest million yen.

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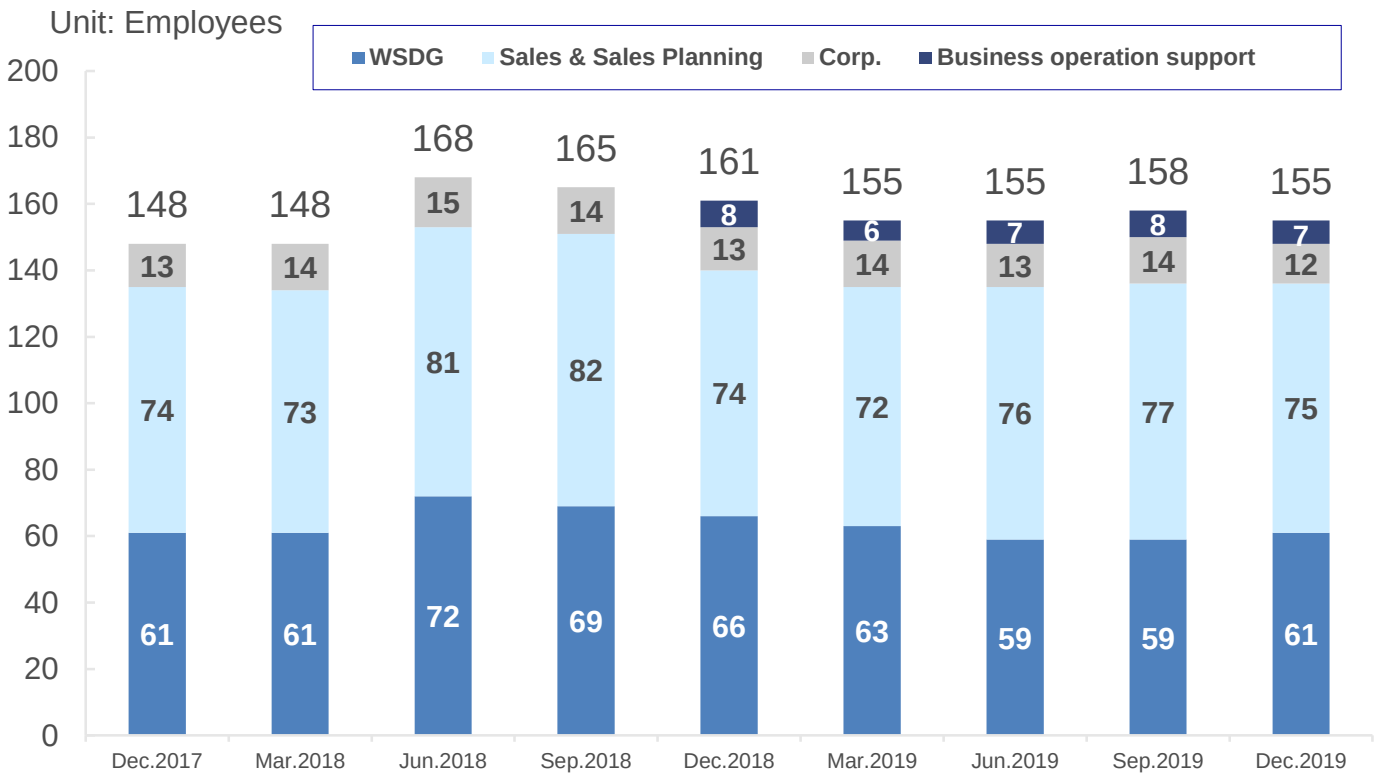
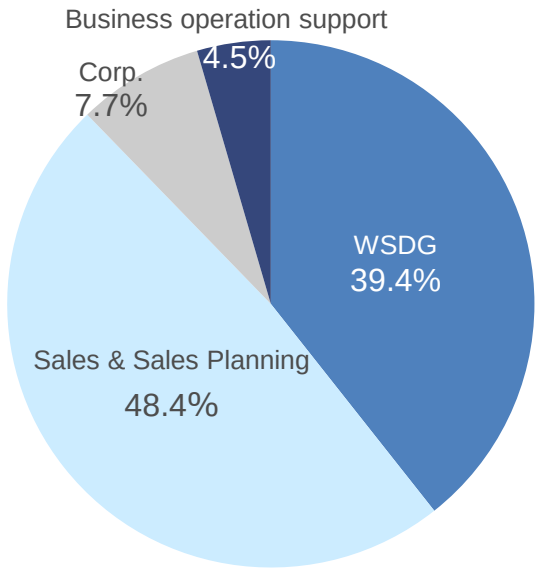
In-company personnel system



Number of Employees



Breakdown by Division

(December, 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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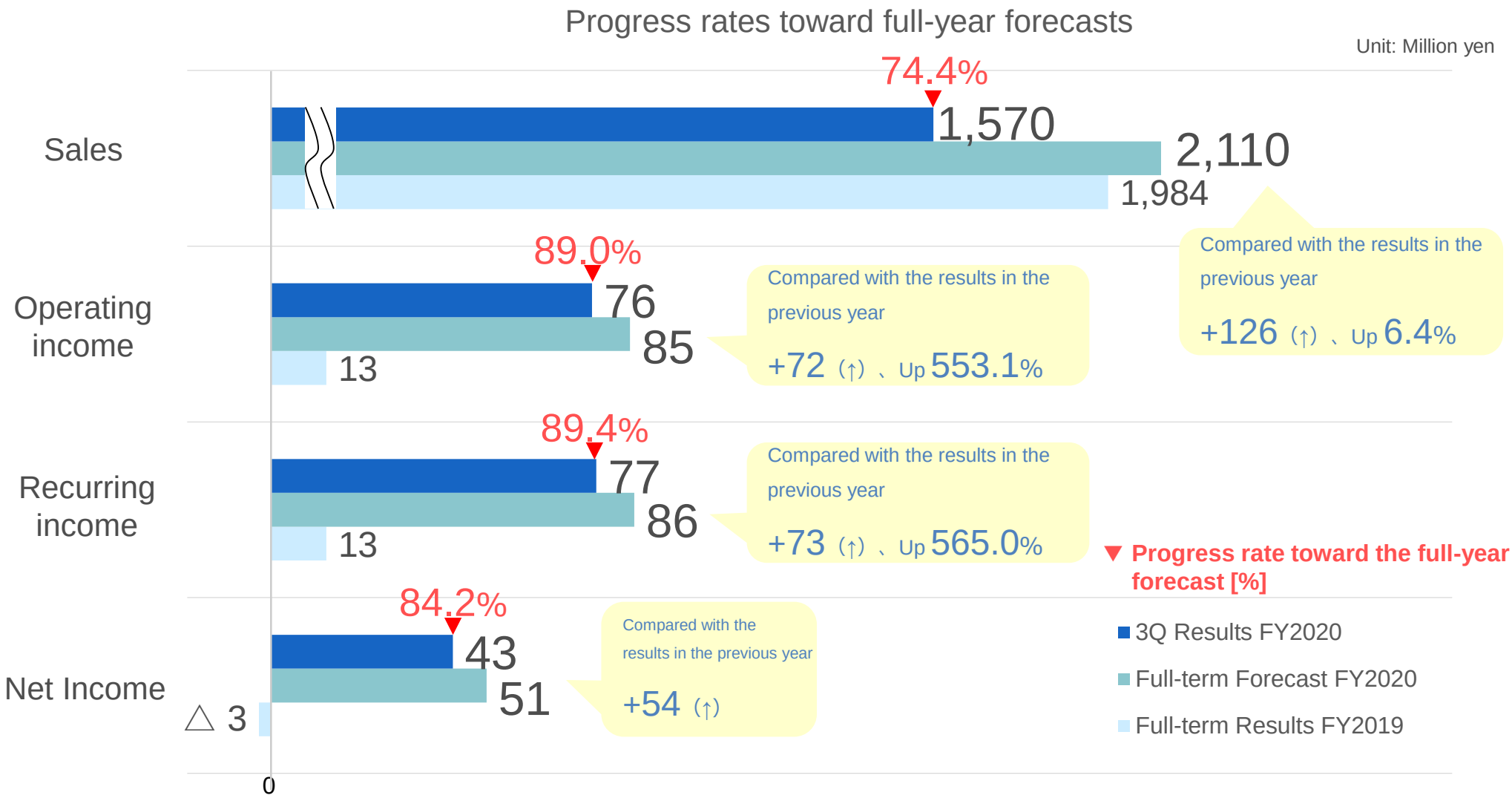
Progress rates toward full-year forecasts



Note: On Jan. 27, 2020, we issued the “Notification on the revision to the consolidated earnings forecast for the term ending March 2020.”
The above figures of the full-year forecast are based on that notification.
*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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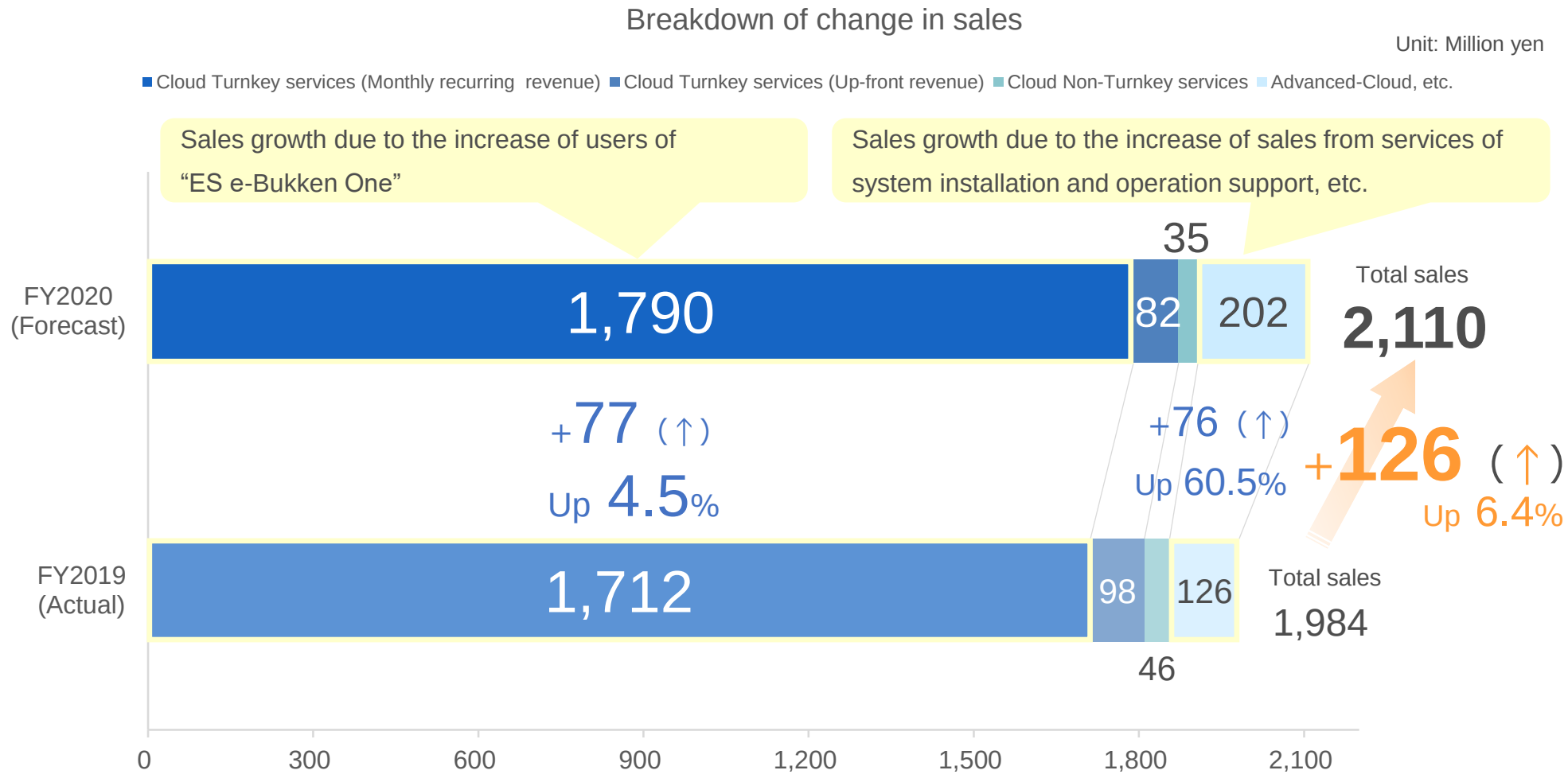
Revenue forecast: Sales estimated to rise through the continuous growth of cloud services



*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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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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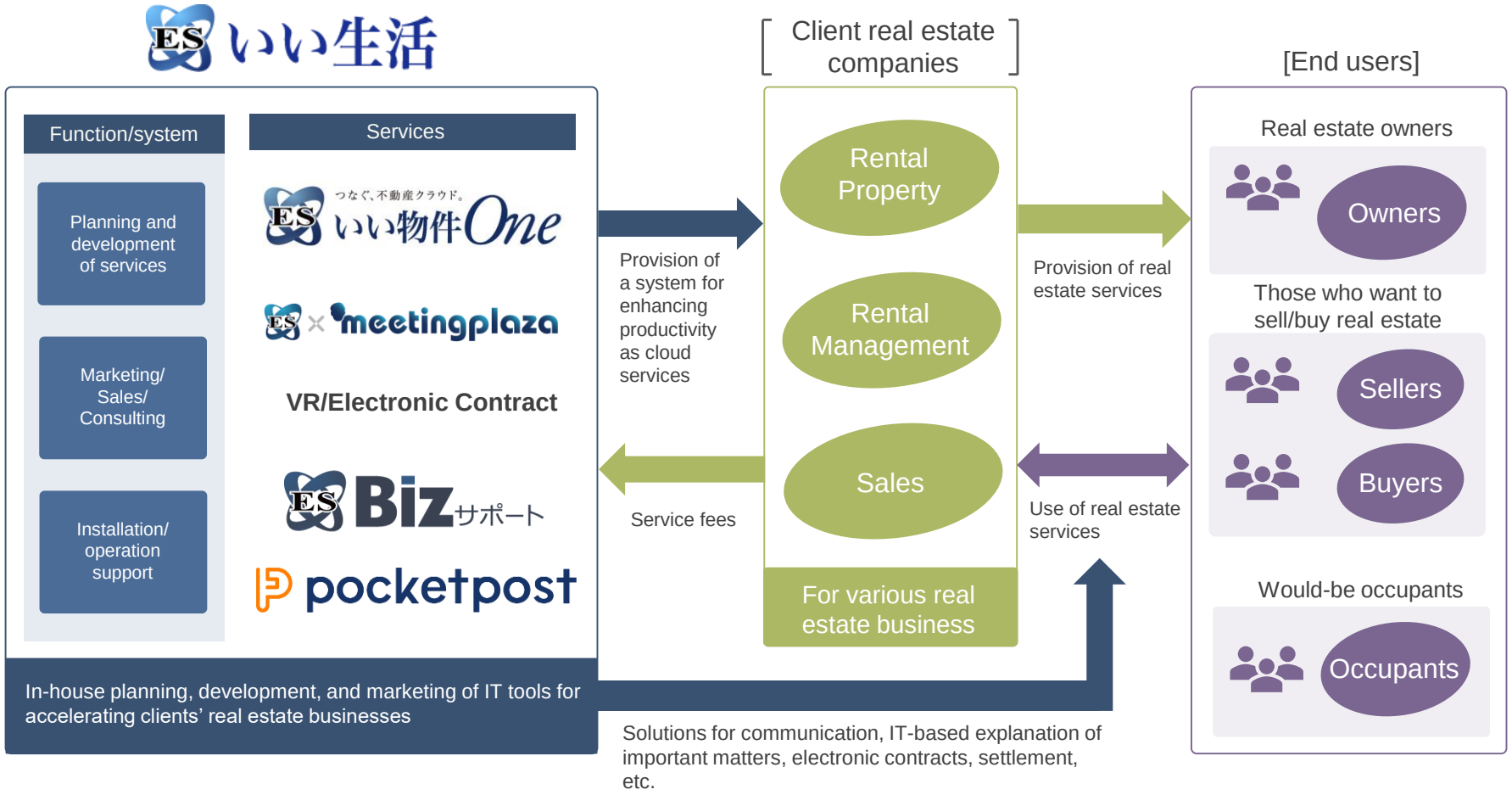
Outline of our businesses



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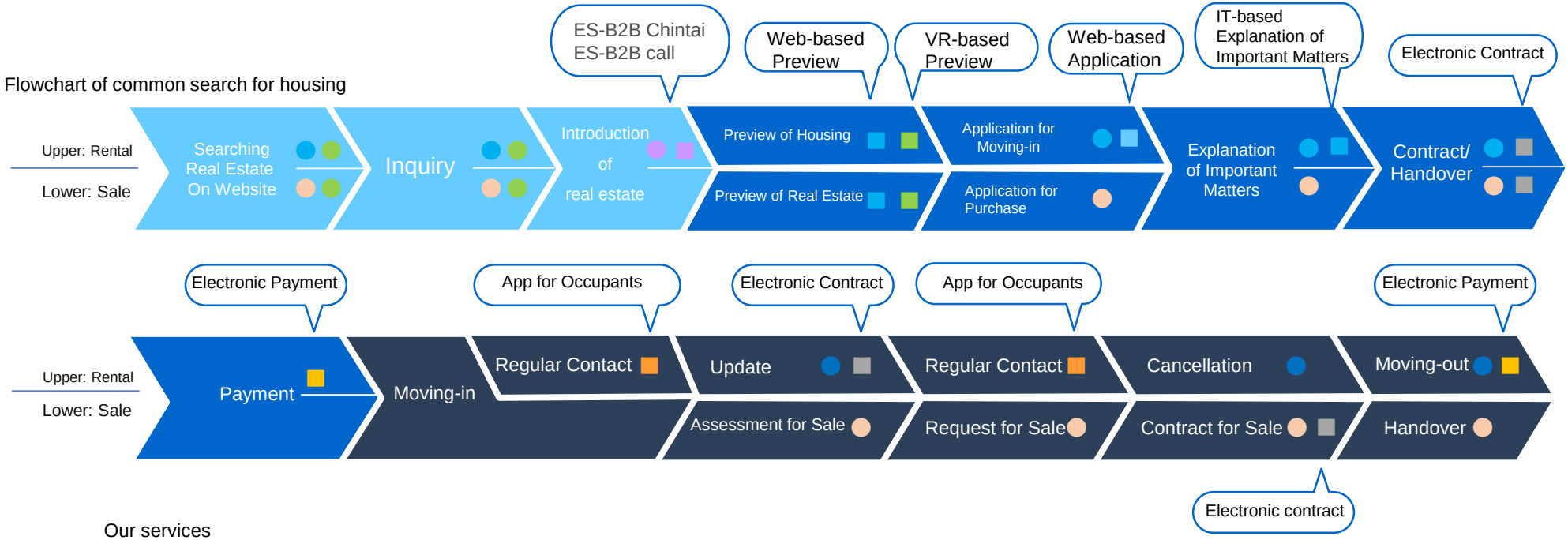
Promotion of digital transformation (DX) of the real estate market

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
B2B 賃貸
meetingplaza
VR-based preview
Electronic Contract
pocketpost home
pocketpost pay
ES-B2B call
Sumai Entry

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Communication apps for occupants and owners

pocketpost home



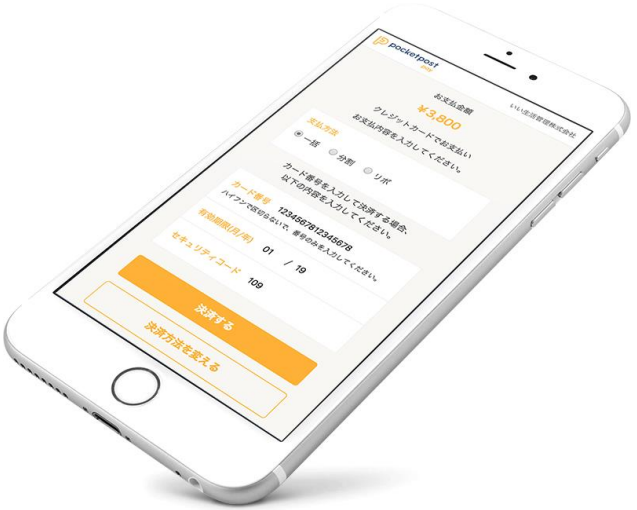
App for Occupants

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 December 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 December 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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