FY2020 Full-term Results Presentation Material

May 14, 2020

e-Seikatsu Co., Ltd.

Securities code: 3796

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1. Summary of Full-term Results for FYE March 31, 2020

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Highlights

Consolidated sales/Operating income

Sales： **2,123** million yen
(Up 7.0% YOY)

Operating income： **123** million yen
(Up 837.1% YOY)

Number of Client Companies

1,449 companies
(+34 companies from the end of the previous term)

ARPU（Average Revenue Per User）

Approx. **112** thousand yen
（About 110 thousand yen in Mar. in the previous term)

Gross profit rate of the cloud service

62.8%
(60.9% in the previous term)

Ratio of recurring revenue

88.4%
(90.7% in the previous term)

Termination rate

0.55%

*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 FY2020 by “The number of companies ‘Billed Clients’” in the same 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 FY2020 by the number of companies whom we have charged in the same month.

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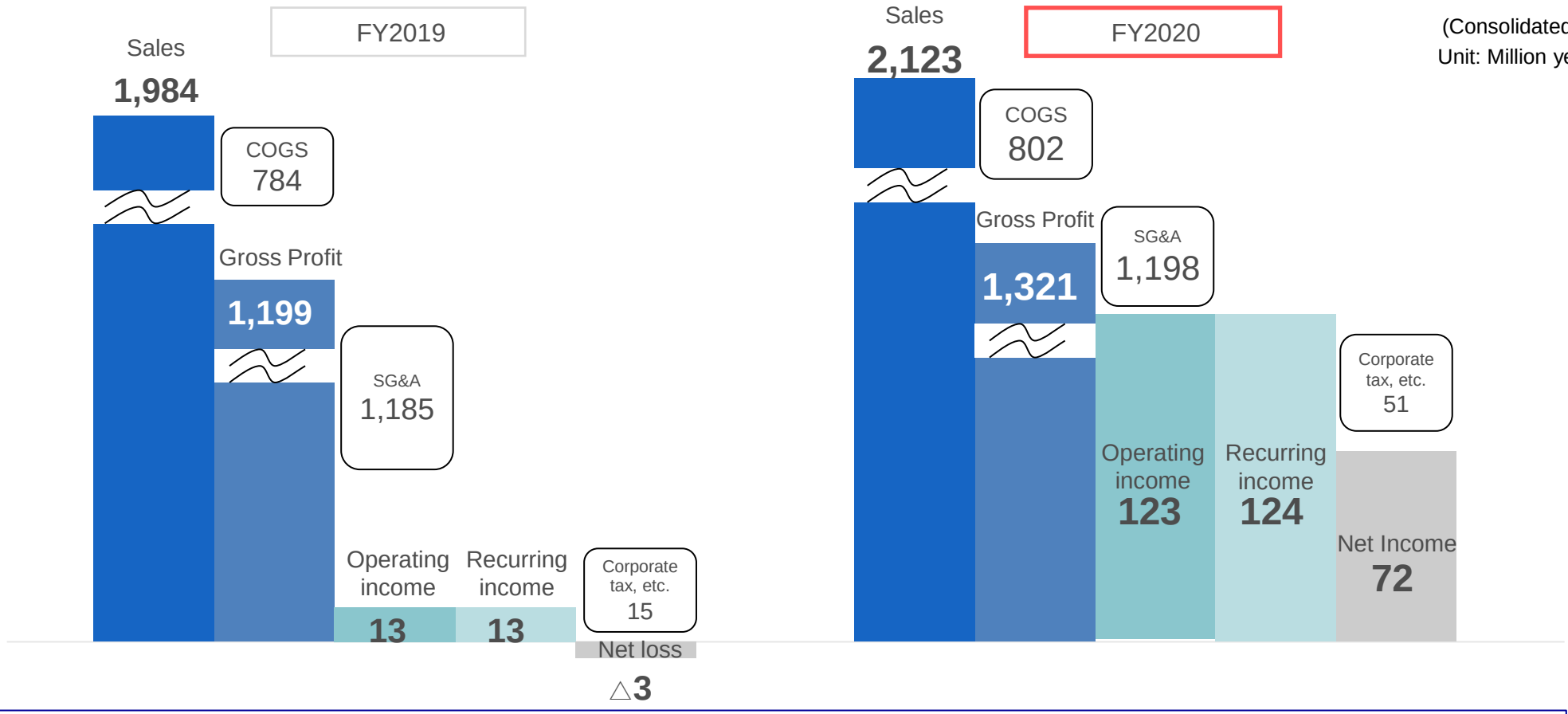
Year-on-year increase in sales and profit



(Consolidated)
Unit: Million yen

- Sales and profit grew. The cloud service, transactions for supporting installation, etc. were healthy.
- Cost of goods sold (COGS): As the sales from installation support grew, COGS augmented accordingly.
  While procurement related to systems for service provision increased, system maintenance expenses and software amortization 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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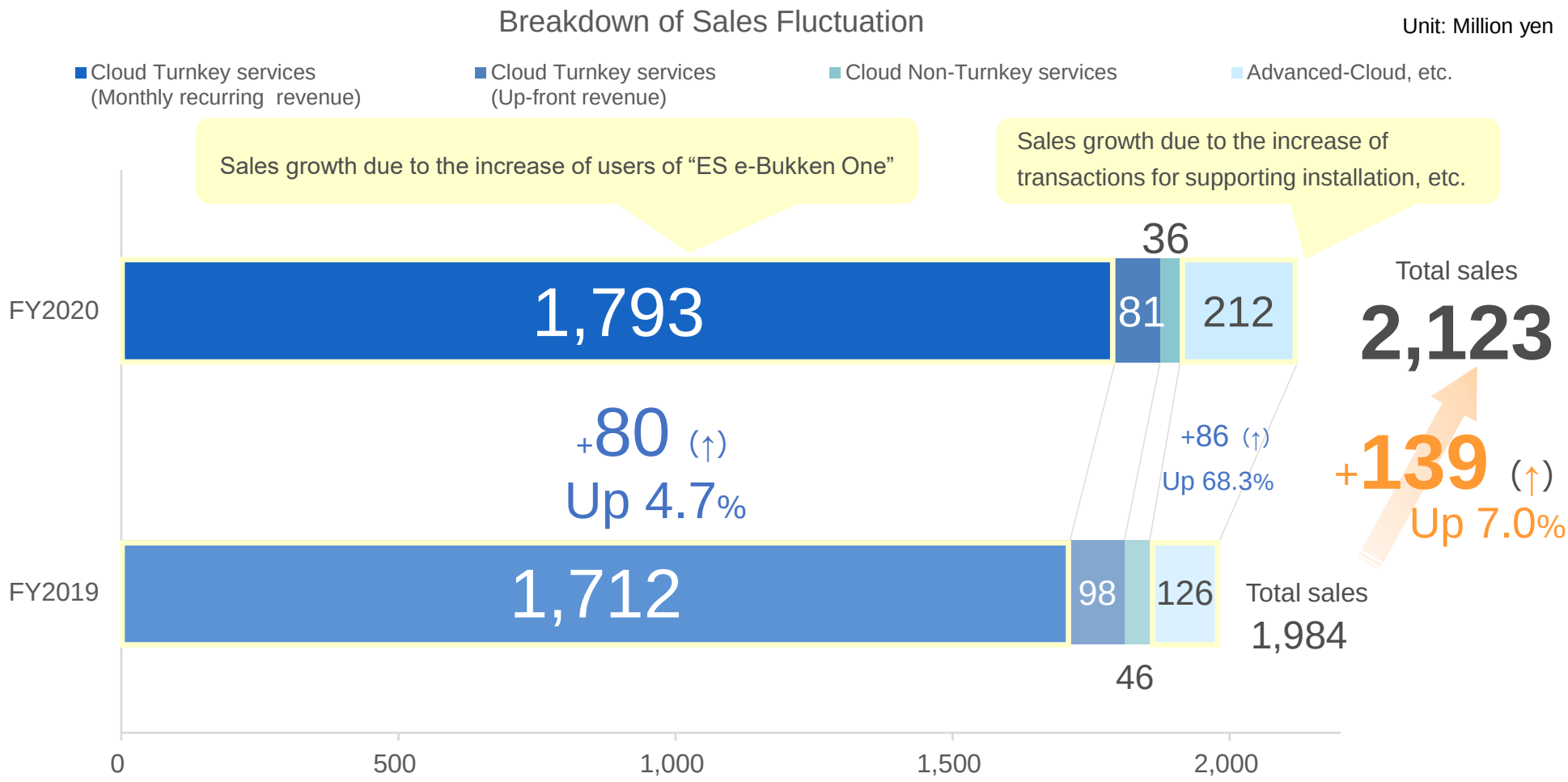
Sales from subscription services (monthly cloud services) and support for installation were healthy



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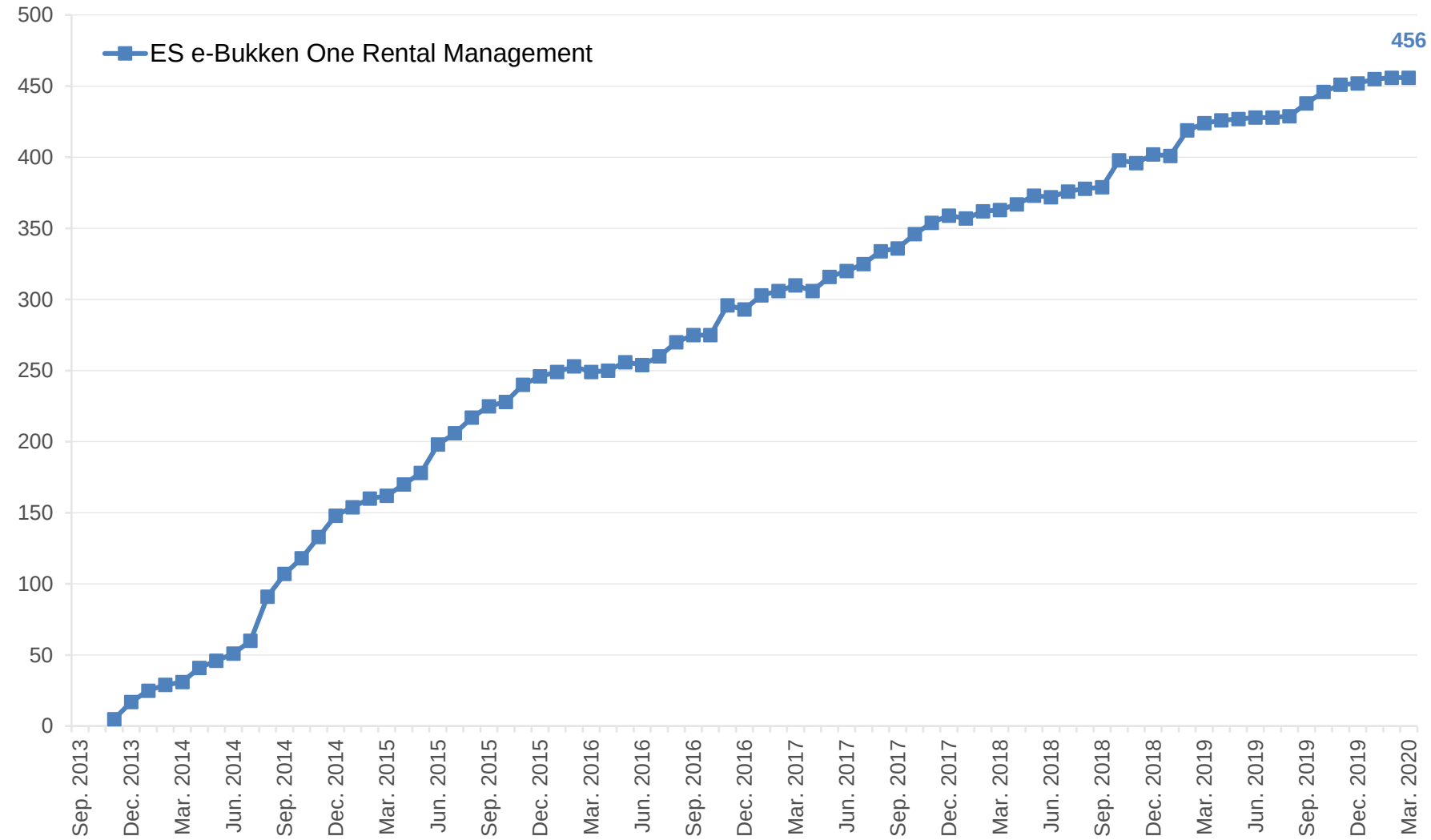
Growth of “ES e-Bukken One Rental Management,” which is strategically important, is steady

Unit: Number of services with payment started



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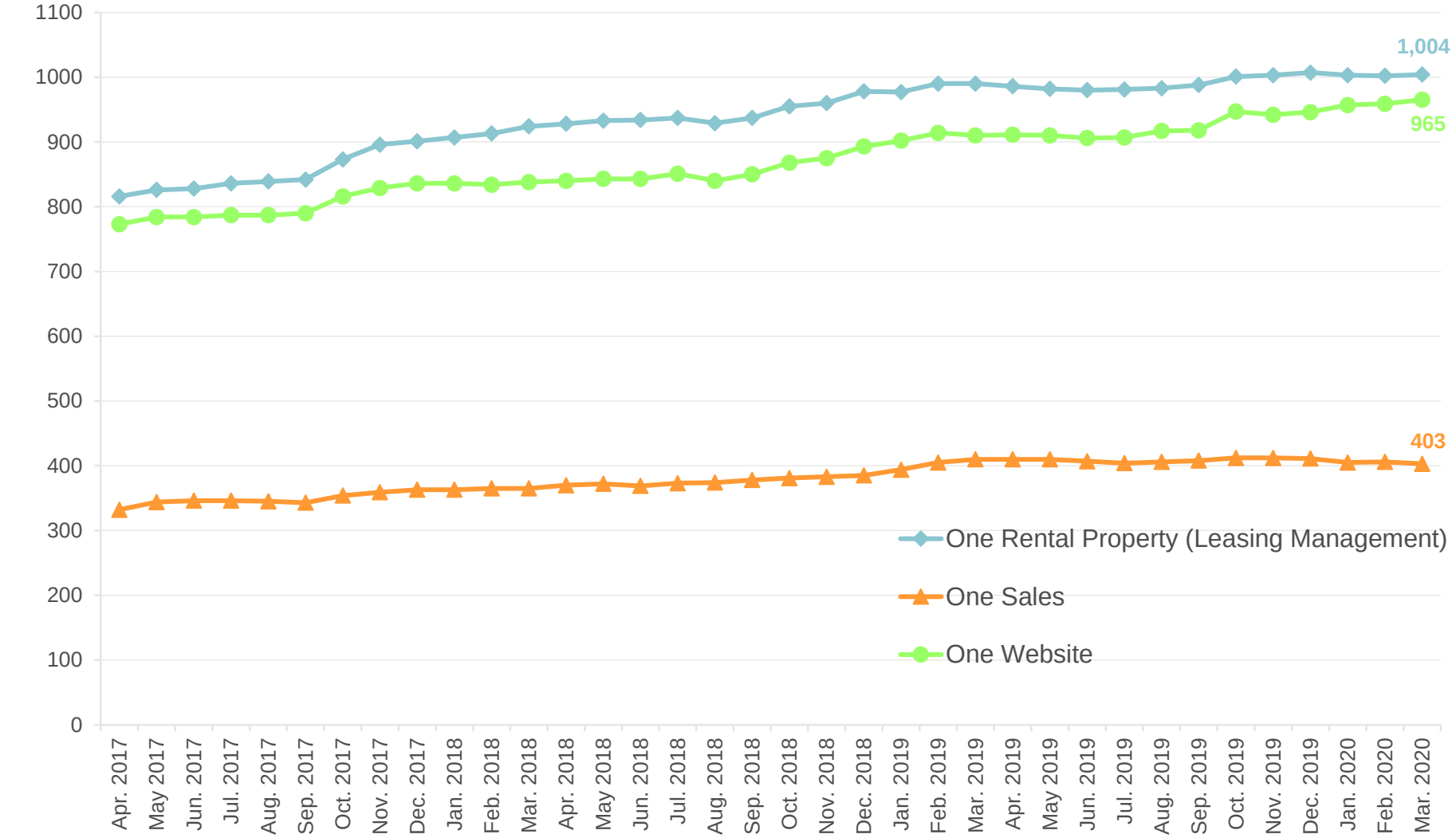
The core service “ES e-Bukken One” performed well

Transition of Number of Licenses by Service

Unit: Number of services with payment started



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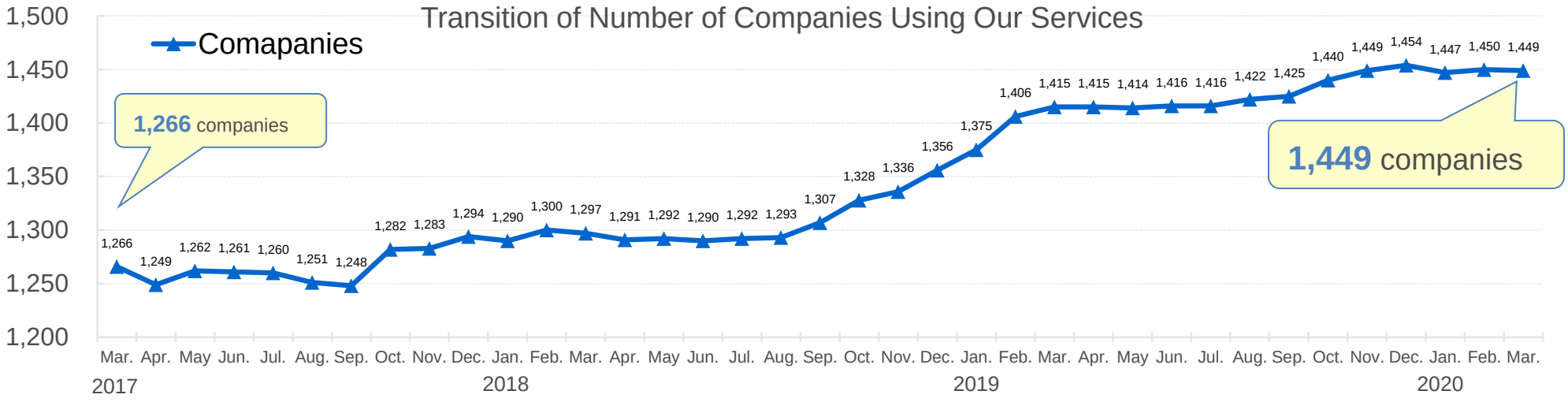
The number of client companies and the number of client stores were healthy





*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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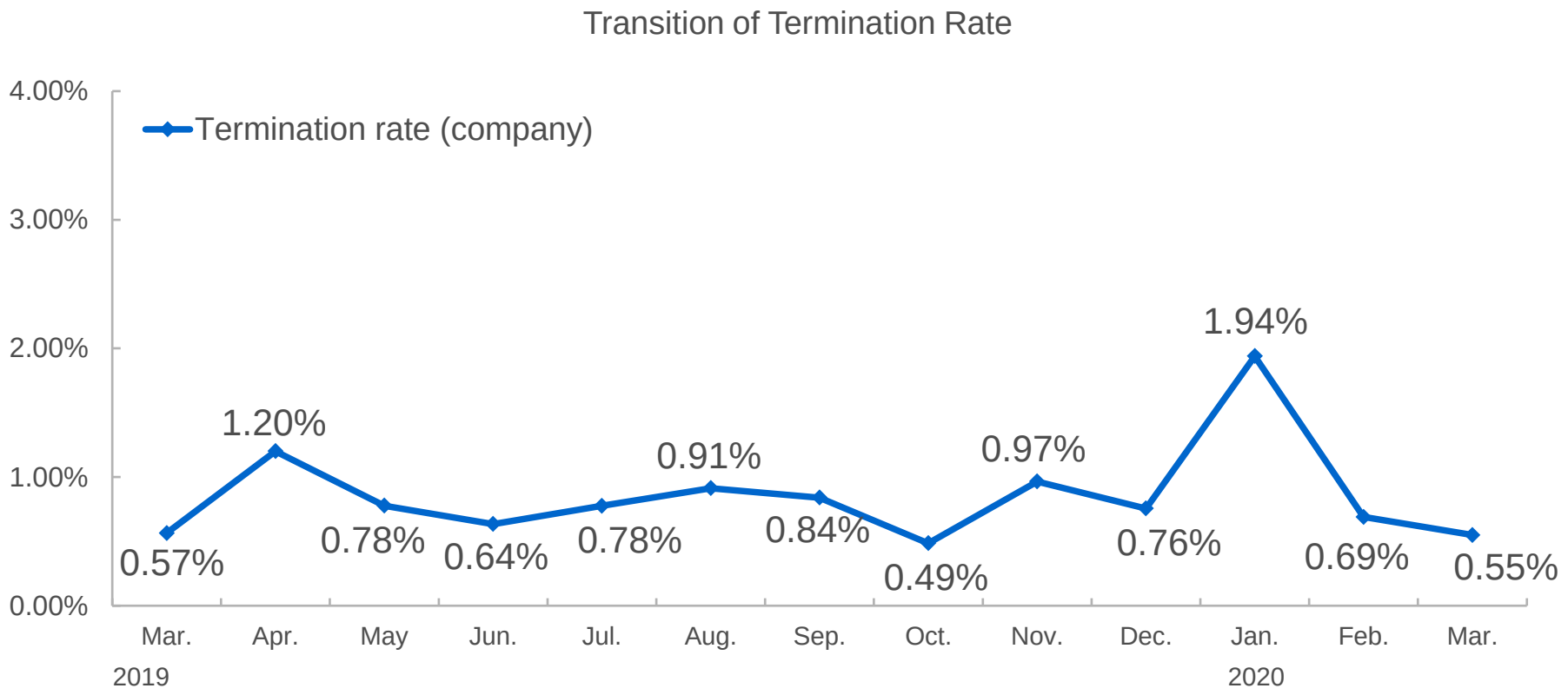
Service termination rate remained at the lowest level



Unit: companies

	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Ave.
# of companies	8	17	11	9	11	13	12	7	14	11	28	10	8	12.2

*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.

*As for the termination rate in Jan. 2020, some ad media voluntarily cancelled the contracts with violating enterprises at the same time in accordance with the rules for rationalizing real estate ads. Then, some clients using our services only for posting their ads in those media terminated the use of our services, so the termination rate rose temporarily.

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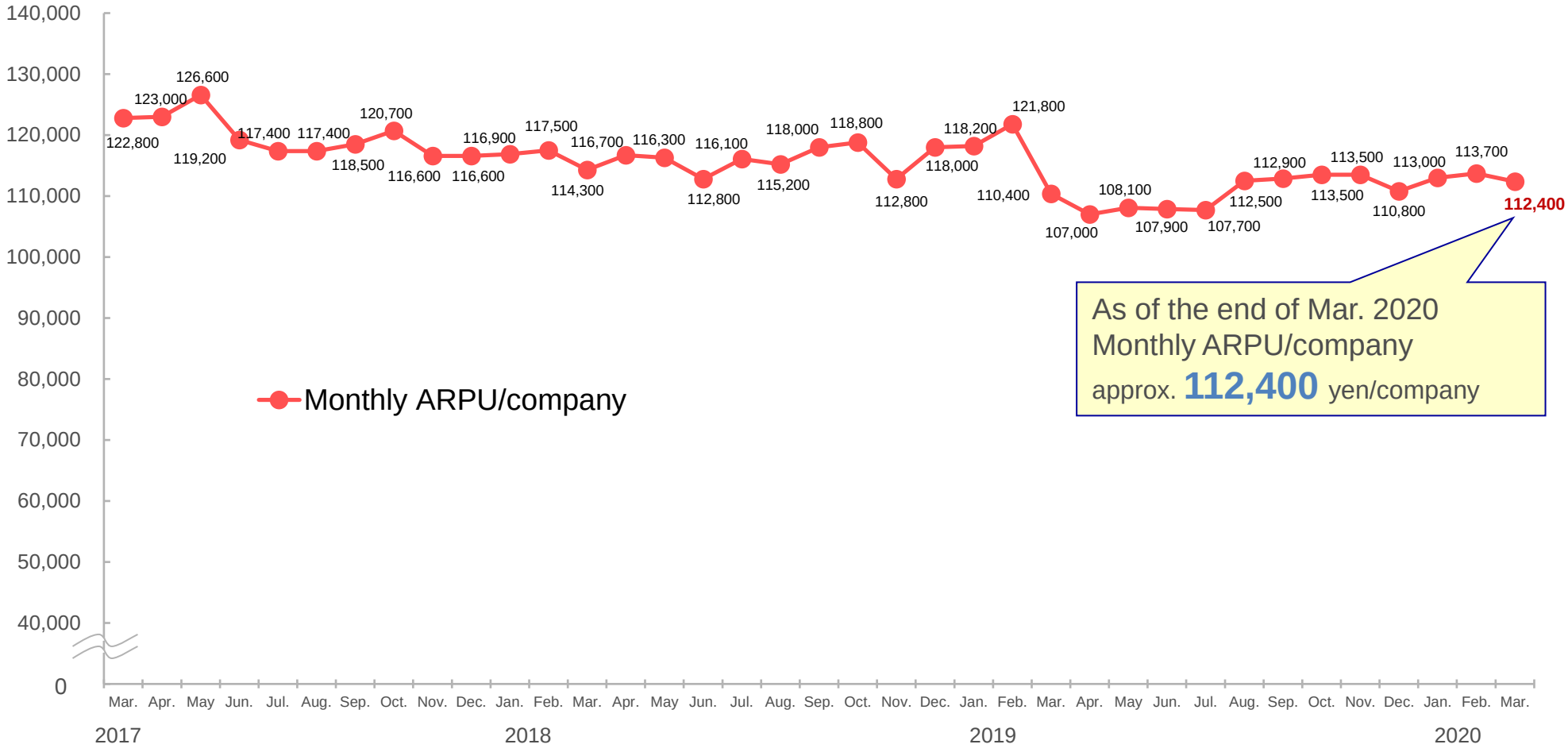
While expanding the number of service users, we kept Monthly ARPU

Transition of Monthly ARPU

Unit: yen



As of the end of Mar. 2020
Monthly ARPU/company
approx. **112,400** yen/company

*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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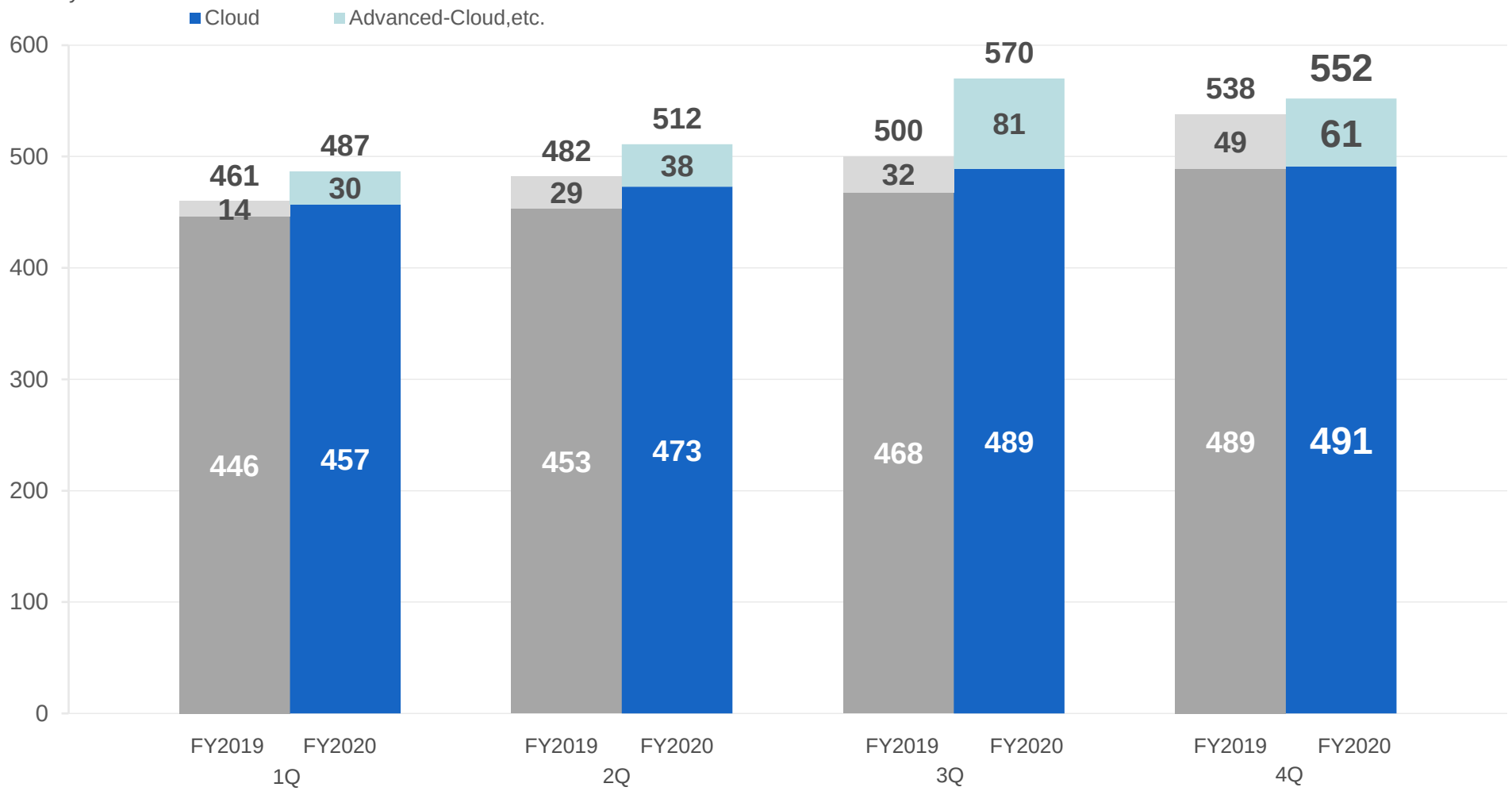
Sales in every quarter grew year on year

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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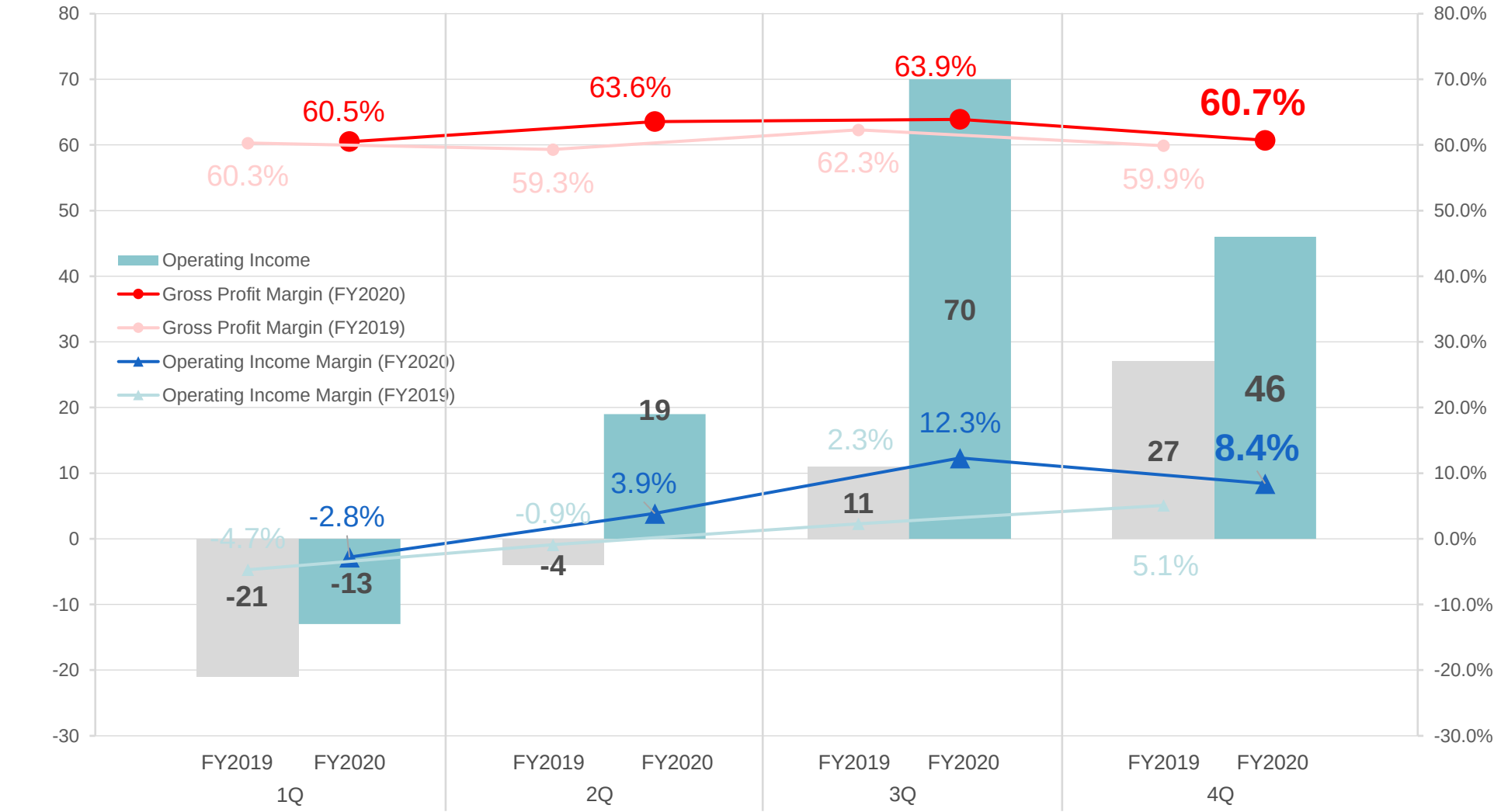
Gross profit margin, operating income, and operating income margin rose year on year

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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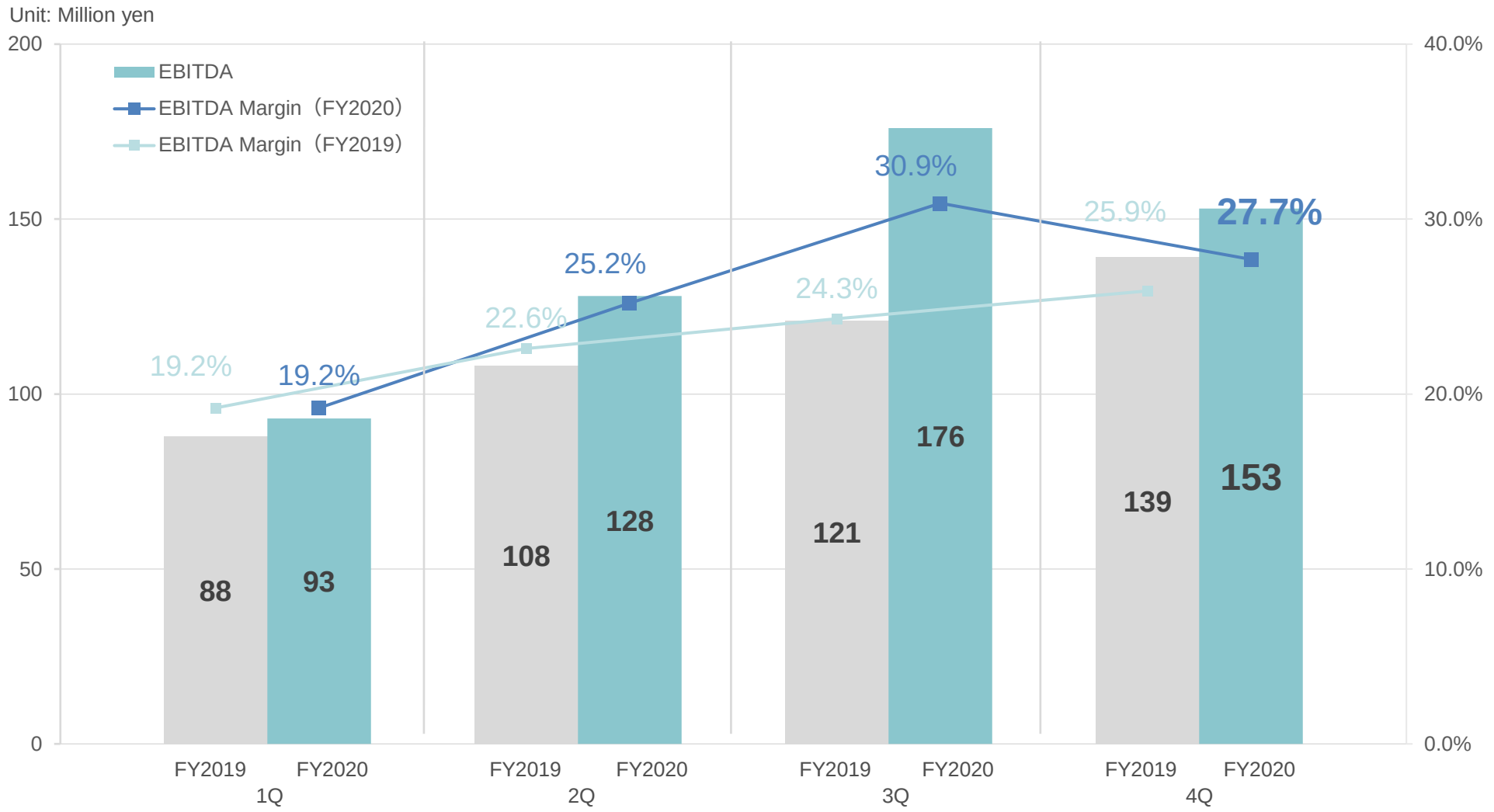
EBITDA in every quarter increased year on year

EBITDA YOY comparison （Consolidated）



*EBITDA = operating income + depreciation

*Figures rounded down to the nearest million yen.

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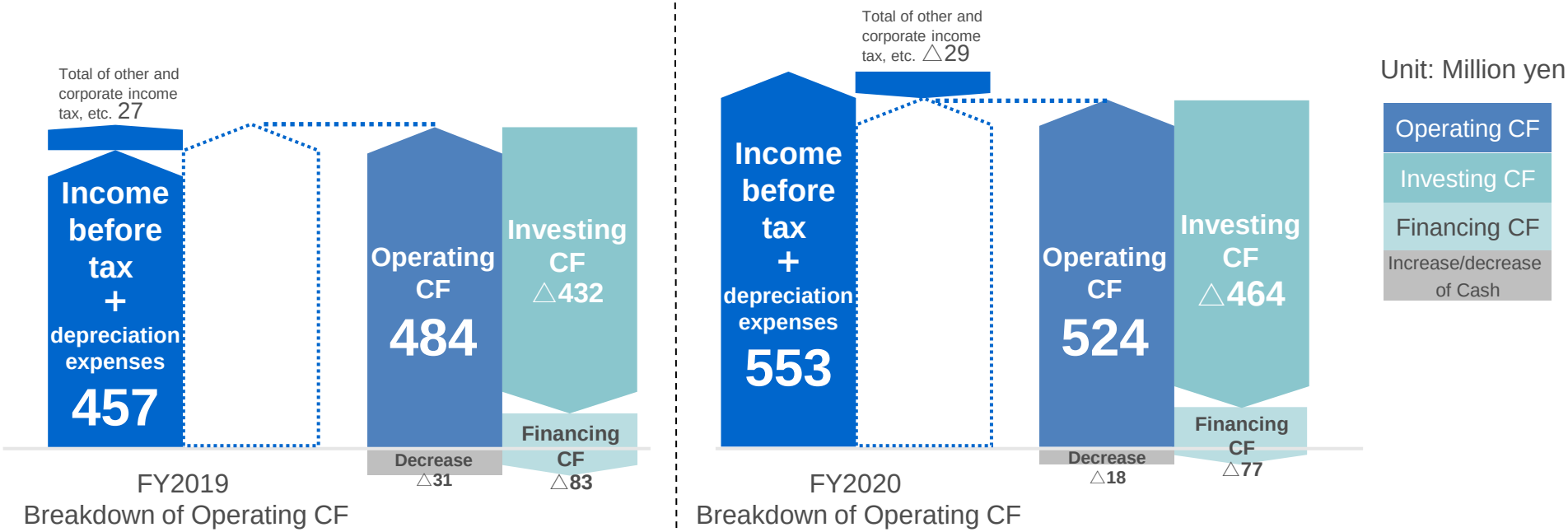
Investment in service development for medium-term growth was maintained

Cash Flow Statement (Consolidated)

FY2019 | FY2020



<Major breakdown items>			FY2019	FY2020
Operating Activities	①	Income before tax + depreciation expenses	457M yen	553M 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 (△)	△403M yen	△438M yen
	⑤	Expenses due to the purchase of assets (HW/SW) (△)	△15M yen	△20M yen
	⑥	Expenses due to the purchase of interior parts, equipment, fixtures, etc. (△)	△8M yen	△5M yen
Financing Activities	⑦	Payment of year-end dividend (△)	△34M yen	△34M yen
	⑧	Expenses due to repayment of lease obligations (△)	△49M yen	△43M 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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To reform the management system for continuing growth for a long period of time

Kiyotaka Nakamura

New post: Chairperson

Current post: President & CEO

Biography:

Apr. 1981: Joined Nikko Securities Inc.

Mar. 1990: Joined Goldman Sachs Japan.

Oct. 1998: Appointed as Managing Director of Goldman Sachs Japan.

Mar. 2000: Appointed as President of e-Seikatsu.

Apr. 2006: Appointed as President & CEO (current post).

Zenichi Maeno

New post: President & CEO

Current post: Executive Vice President & Co-CEO

Biography:

Apr. 1991: Joined Goldman Sachs Japan.

Jan. 2000: Established e-Seikatsu, taking up the post as President.

Mar. 2000: Appointed as Vice President.

Apr. 2006: Appointed as Executive Vice President & Co-CEO (current post).

- The company plans to shift to the system in which the chairperson and the president engage in business administration in the term ending Mar. 2021, for the purposes of generational change of the management and the tightening of corporate governance (Official decisions are to be made after the annual meeting of shareholders on Jun. 29, 2020).

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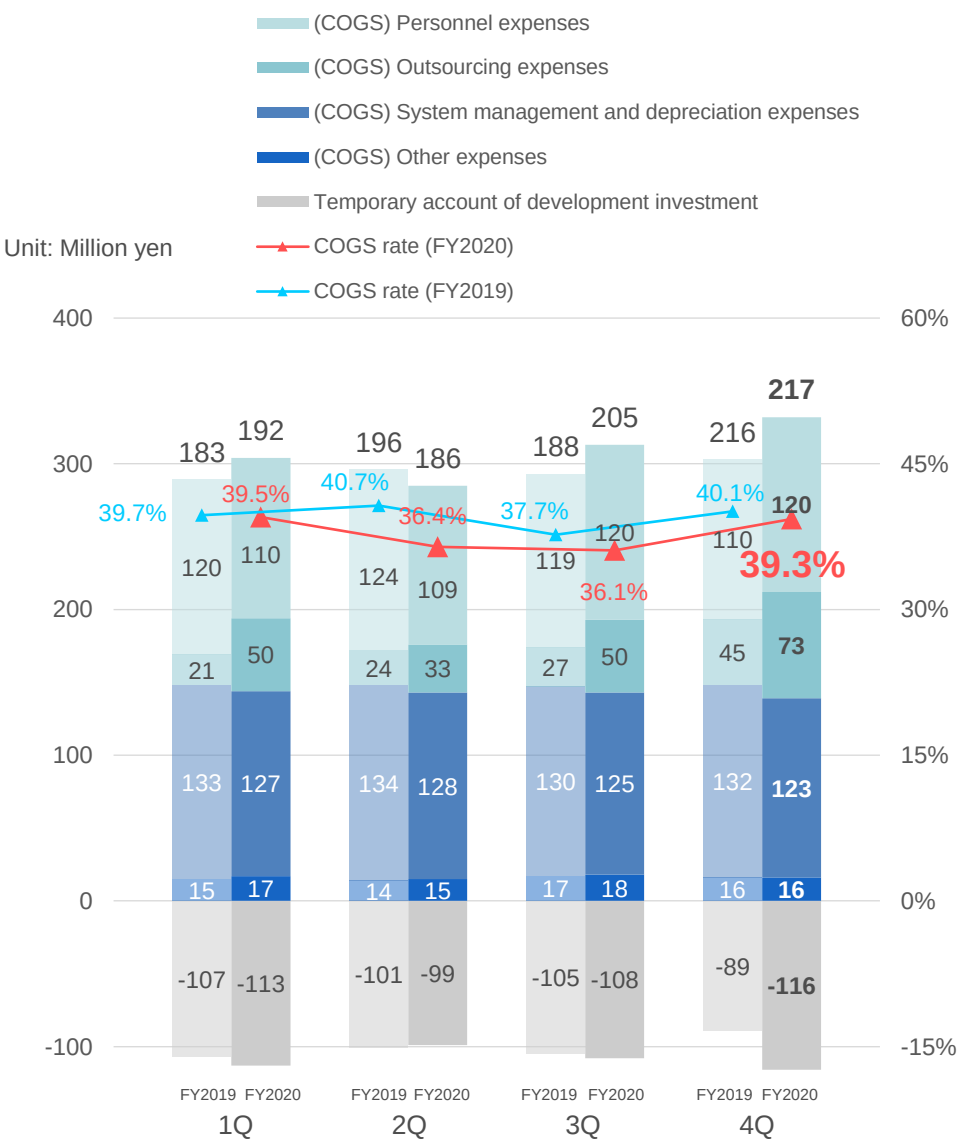
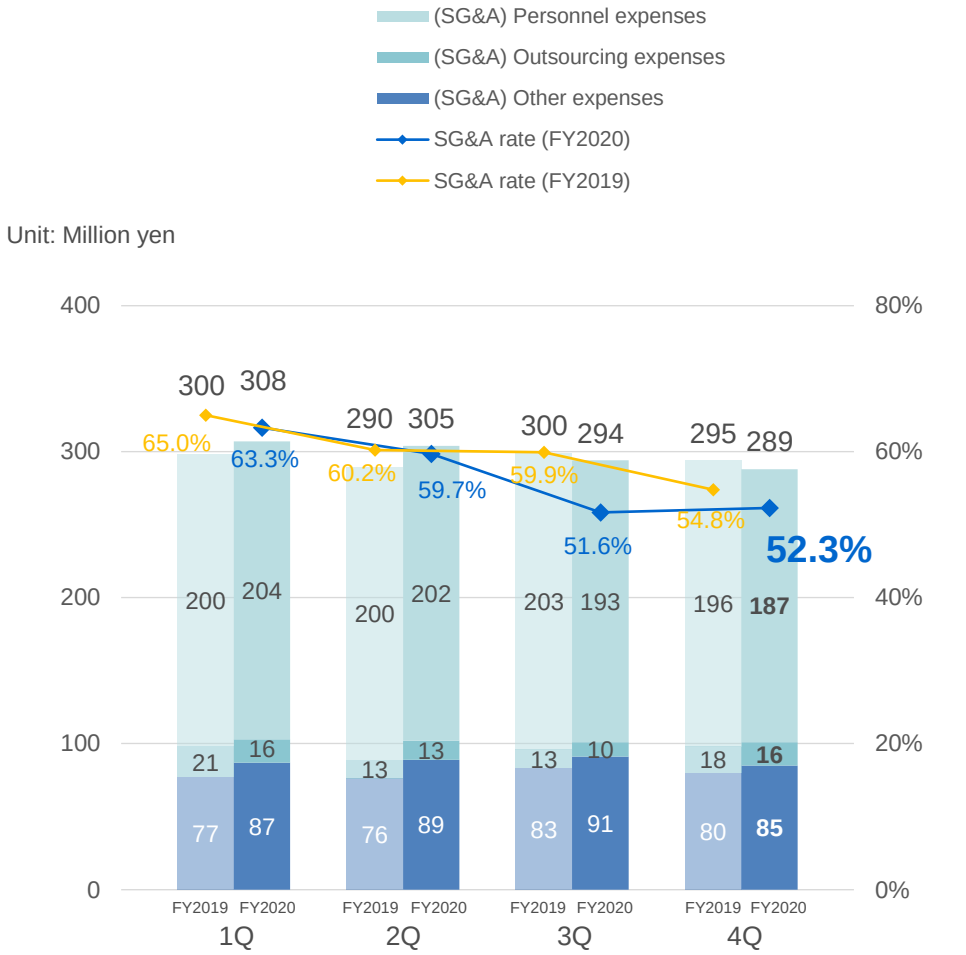
Cost structure: Both COGS rate and SG&A rate dropped from the previous year

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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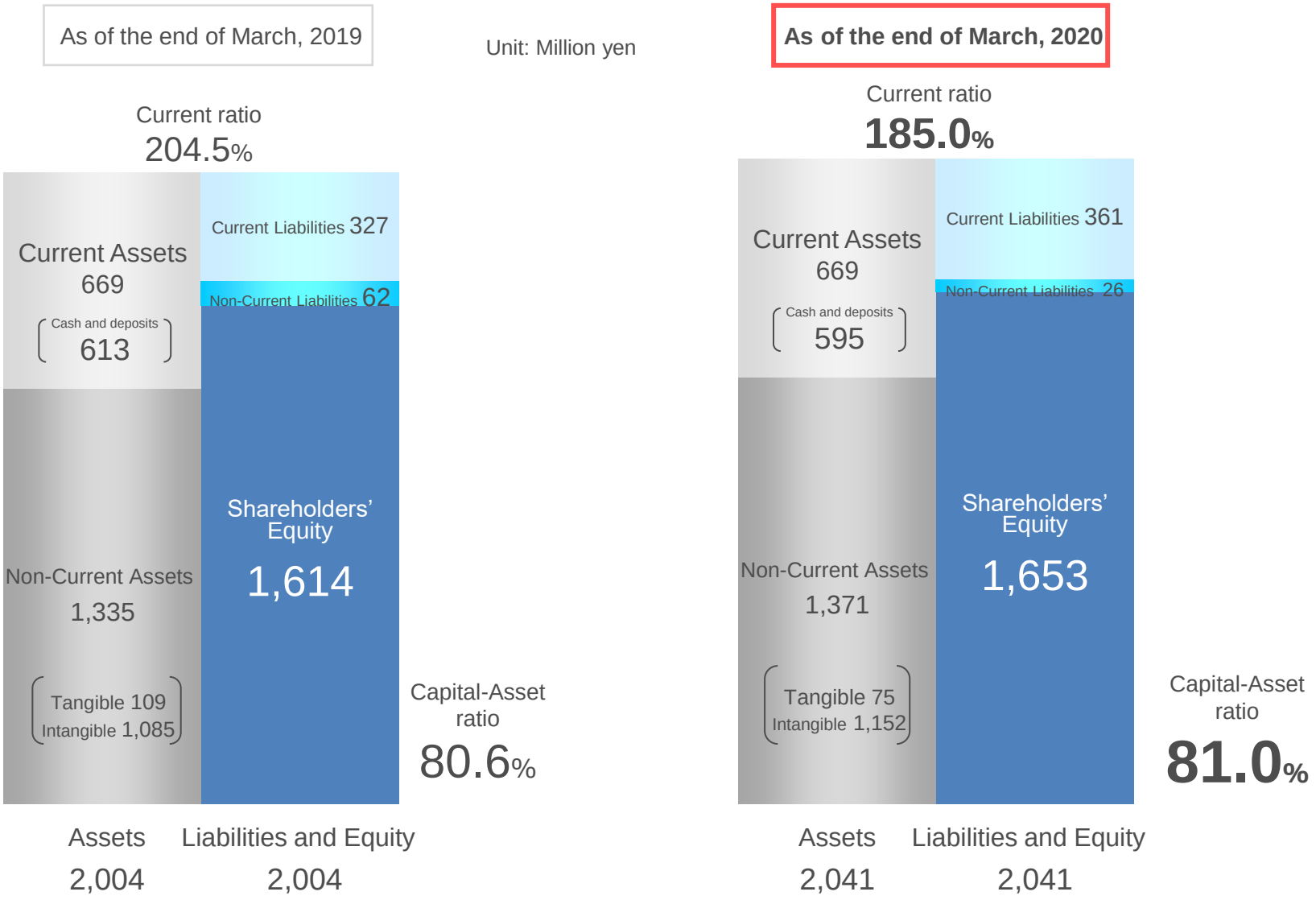
Sound financial standing

Consolidated Balance Sheet Comparison

Unit: Million yen



*Figures rounded down to the nearest million yen.

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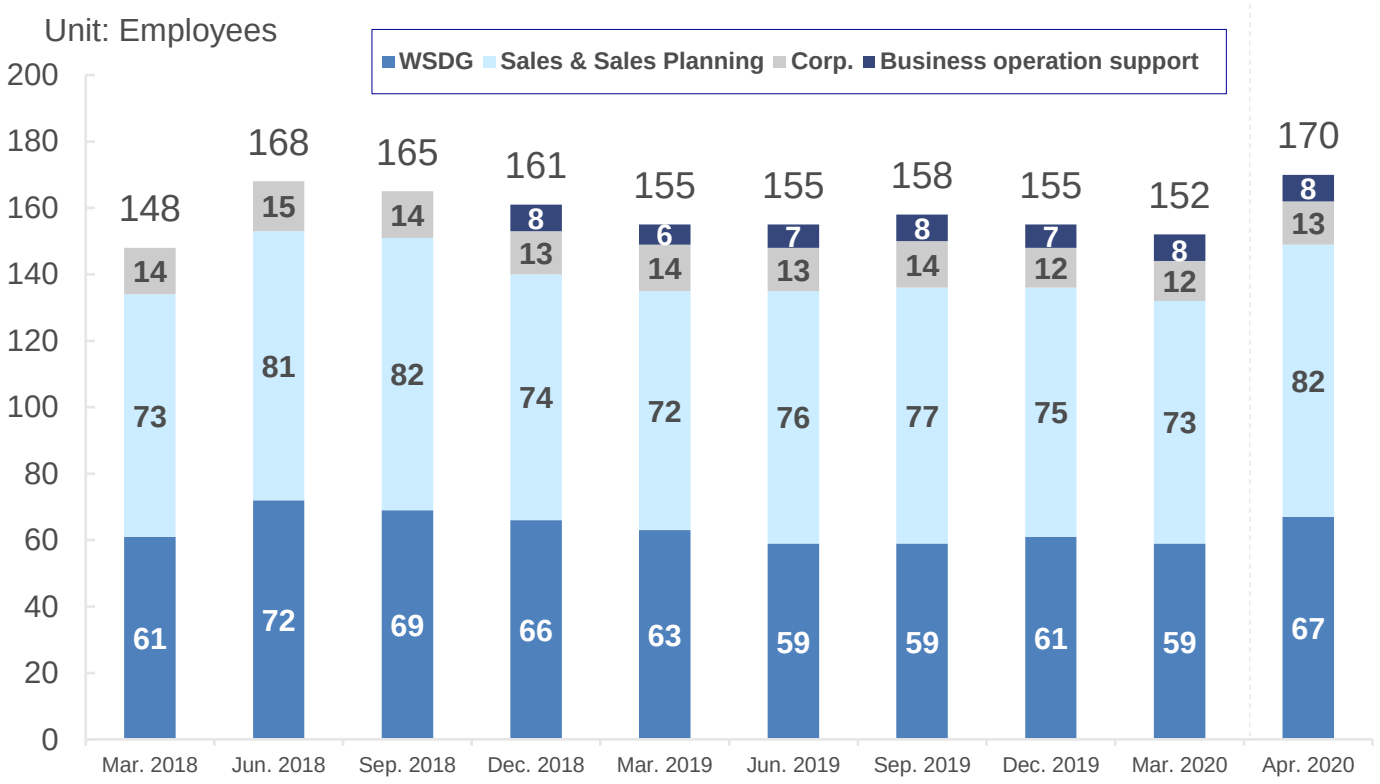
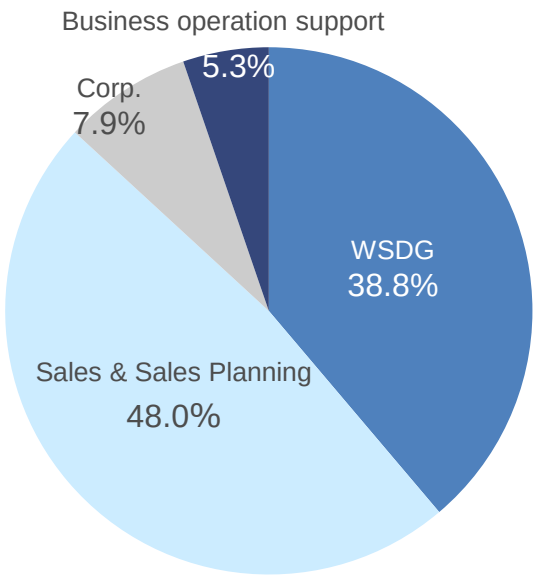
In-company personnel system



Number of Employees



Breakdown by Division (March, 2020)

*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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Regarding the impact of COVID-19

Situation of the term ended Mar. 2020

- In principle, all employees are still working from home. Marketing activities are continued on an online basis (holding web-conferences, etc.).
- Customer support (call centers) was continued with the teleworking system. Teleworking did not affect the provision of services, so this is still in operation.
- It did not affect the results for the term ended Mar. 2020. The term-end dividend is to be 5 yen/share as forecasted.

The earnings forecast for the term ending Mar. 2021 is still to be determined. The dividend per share remains 5 yen/share.

- The earnings forecast is still to be determined, because it is currently difficult to rationally estimate how much the spread of COVID-19 would affect business activities and performance.
- On the other hand, it is now common that web-conferences, etc. are utilized for communication between real estate firms and end users, and cloud services are suitable for teleworking. These are expected to accelerate digital transformation (DX) in the real estate market.
- While putting importance on stable return of profits to shareholders, we kept annual dividend (estimate) 5 yen/share for the term ending Mar. 2021.

Investment (service development) and financial strategies in the term ending Mar. 2021

- No borrowings since business start-up, capital-to-asset ratio kept high, and sound financial base with credit line, such as commitment line
- Recurring-revenue business accounts for a high proportion of sales. Development within the range of operating cash flow continued.

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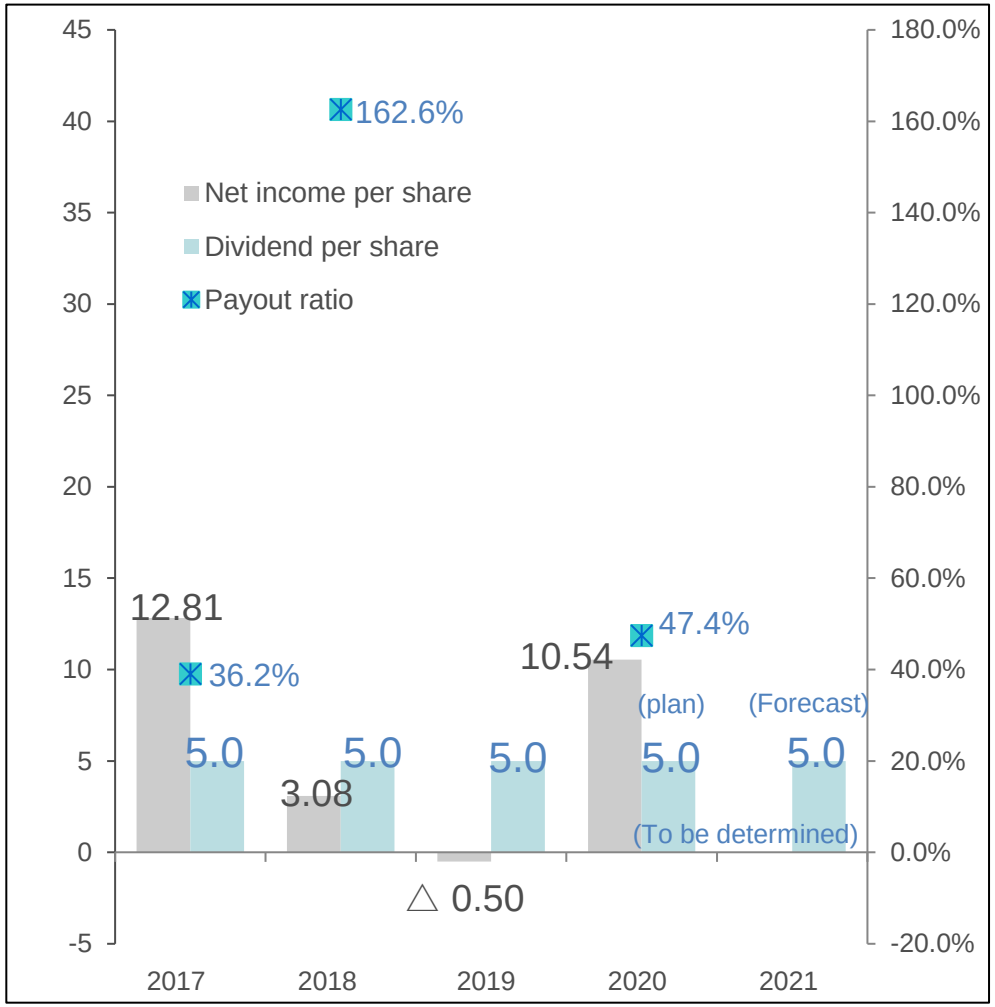
Stable dividend payment is continued, and the dividend amount remains 5 yen/share

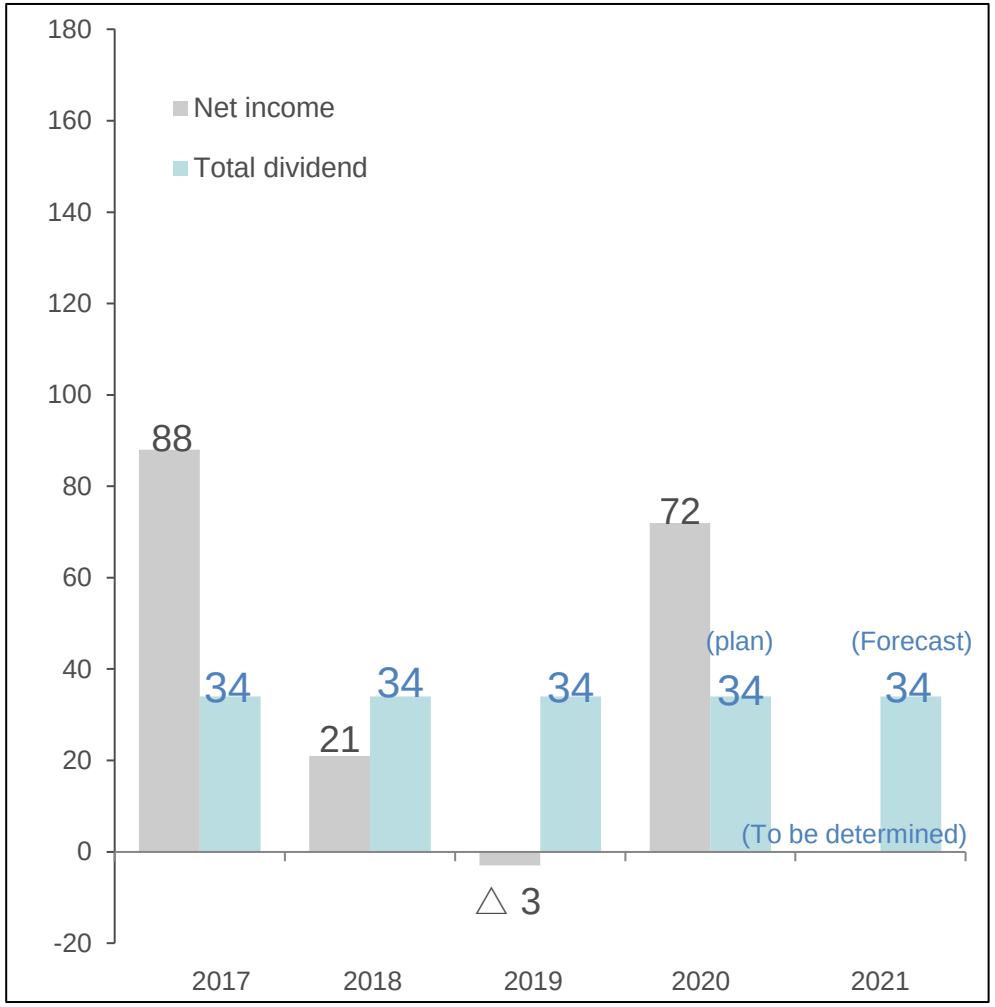
Information per share

（Unit: yen）



Total dividend

（Unit: Million yen）



*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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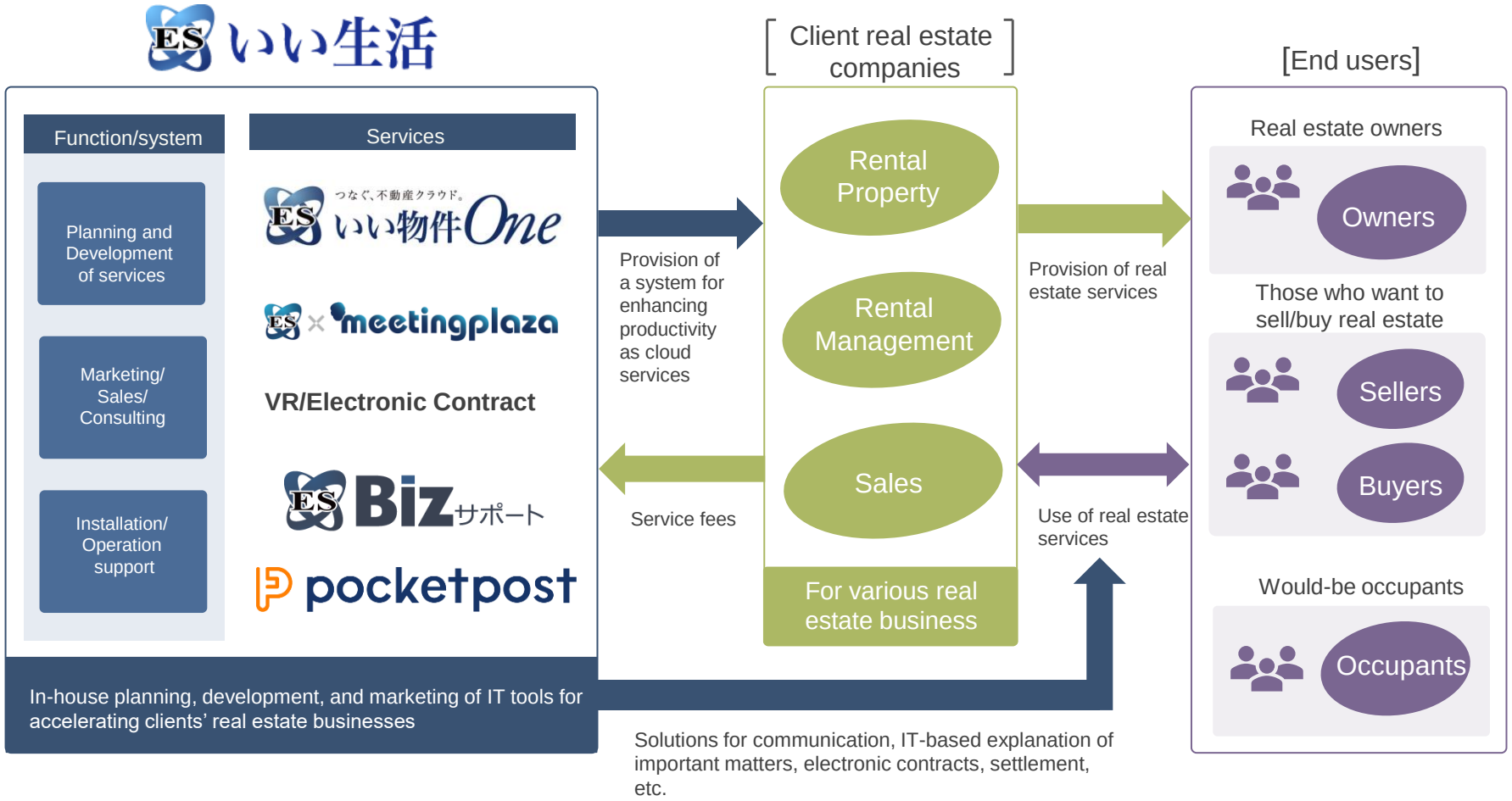
Outline of our businesses



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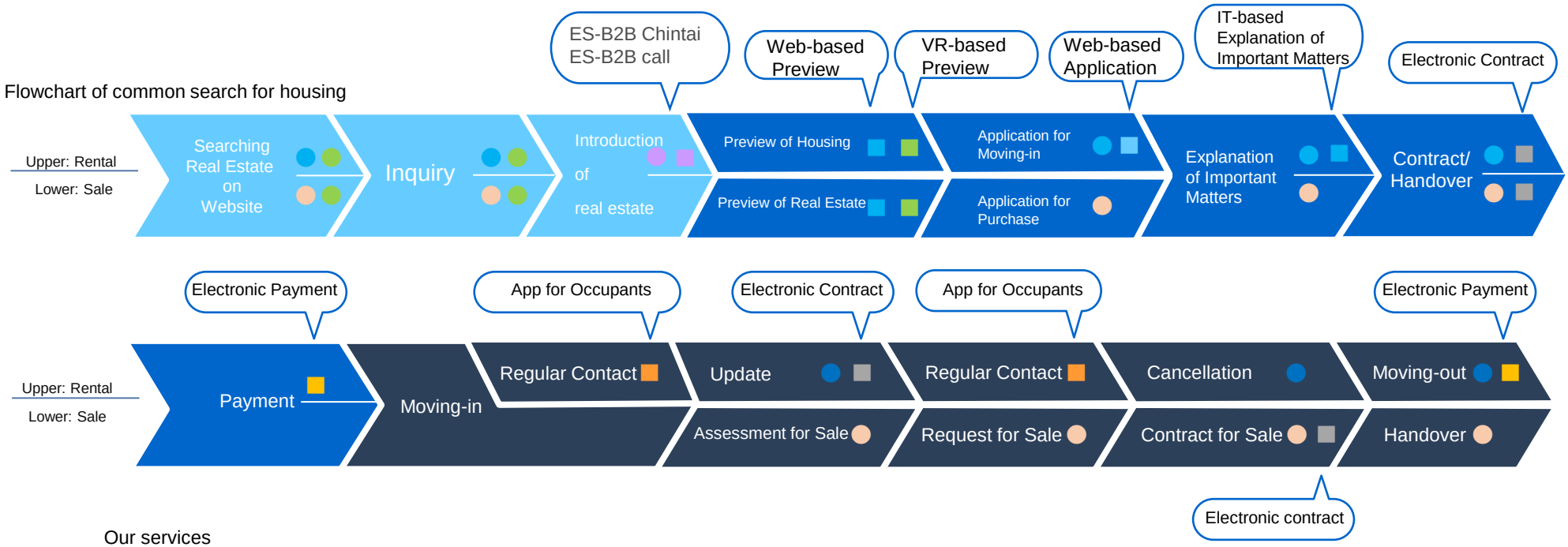
Promotion of digital transformation (DX) of the real estate market

Promotion of digitization in all aspects of real estate transactions, to boost convenience



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 RENT / meetingplaza / VR-based preview / Electronic Contract

pocketpost home / pocketpost pay / ES-B2B call / Sumai Entry

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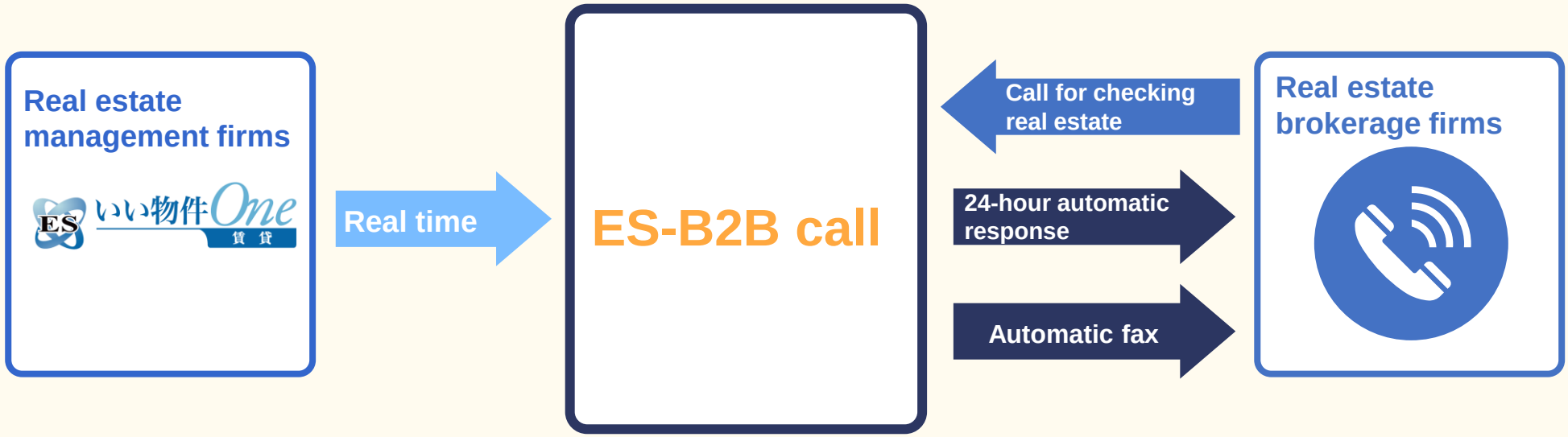
Full-scale release of “ES-B2B call” (Tool for saving labor for checking real estate)



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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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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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 March 2020)
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 ：	152 (As of the end of March 2020)
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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