First-quarter for FYE March 31, 2021
Presentation Material

July 31, 2020

e-Seikatsu Co., Ltd.

Securities code: 3796

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Table of contents

1. Summary of First-quarter Results for FYE March 31, 2021

2. Summary of Recent Business Results

3. Earnings Forecast and Future Prospects

4. Reference: Business Overview

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1. Summary of First-quarter Results for FYE March 31, 2021

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Highlights

Consolidated sales/Operating income

Sales：**522** million yen
(Up 7.1% YOY)

Operating income：**13** million yen
(-13 million yen in the same period of the previous term)

Number of Fee-paying Client Companies

1,434 companies
(+18 companies compared to June of the previous year)

ARPU（Average Revenue Per User）

Approx. **112** thousand yen
（Approx. 107 thousand yen in June of the previous term)

Subscription gross profit margin

58.4%
(61.1% in the same period of the previous term)

Subscription sales ratio

93.8%
(95.5% in the same period of the previous term)

MRR termination rate

1.09%

＊Figures rounded down to the nearest million yen. Ratios rounded to the nearest decimal place.
＊ARPU (average revenue per user) is calculated by dividing “subscription sales” in June 2020 by “the number of subscribed companies” in the same month and rounded down to the nearest thousand yen.
＊Gross profit rate of subscription is a gross profit rate of “subscription sales” excluding “one-off sales”.
＊Subscription sales ratio is the ratio of “subscription sales”, which is recurrent revenue such as monthly charges for cloud and SaaS, to total sales.
＊ MRR termination rate is the number of MRRs (subscription sales minus initial costs) lost in June 2020 divided by the MMR of May 2020.

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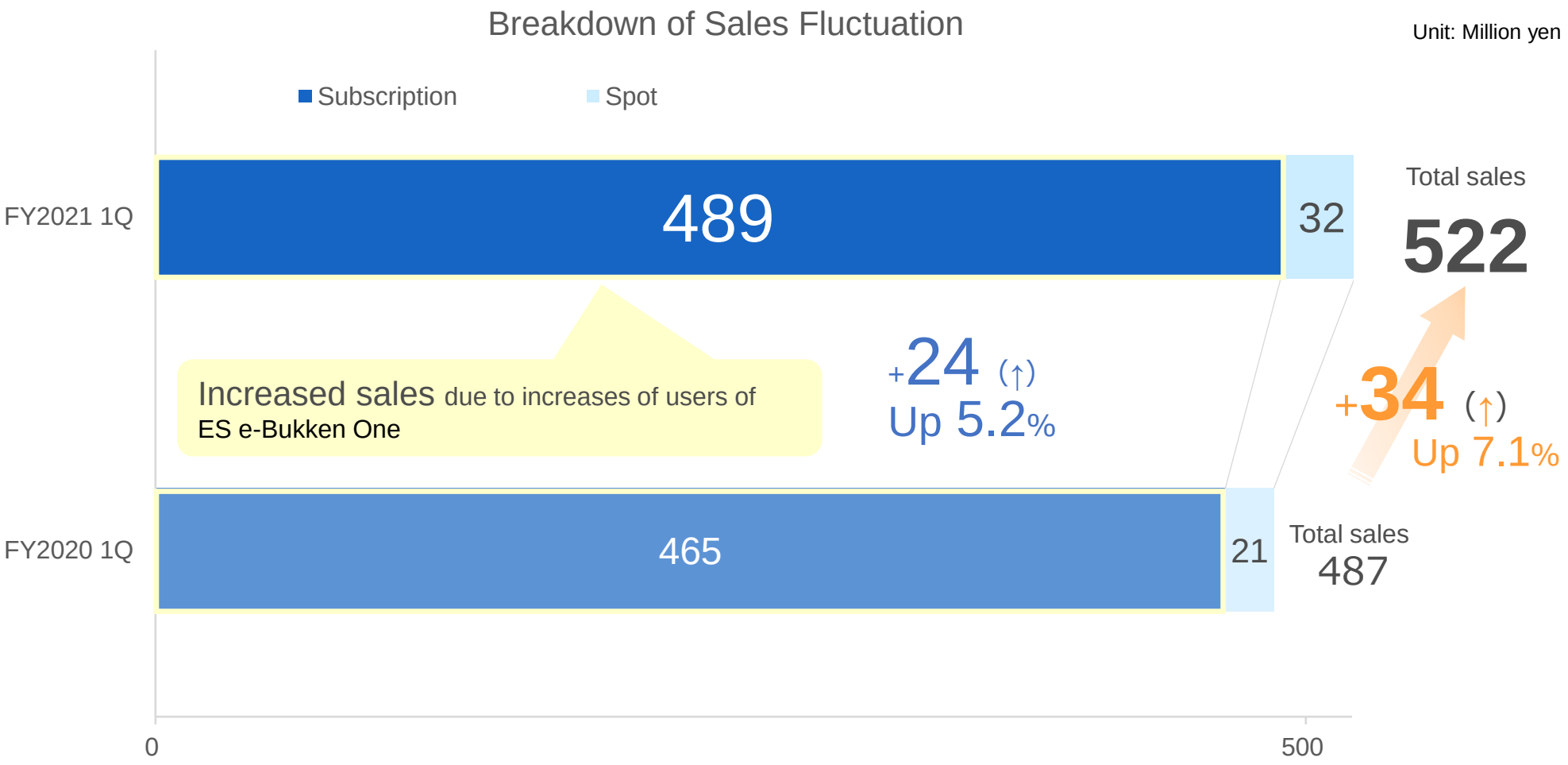
Subscription sales, which generate recurring revenues, were strong



＊Subscription --- Recurring revenues that are continuously generated every month unless there is cancellation, such as monthly fee income for cloud services.
Spot --- Non-recurring revenues that are generated temporarily only during the relevant month, such as payment income for contract development and system installation support services.

＊In order to provide information that can be easily understood by everyone, we reviewed the sales disclosure categories from FYE March 31, 2021, and displayed them as two categories: subscription/spot.

＊Figures rounded down to the nearest million yen.

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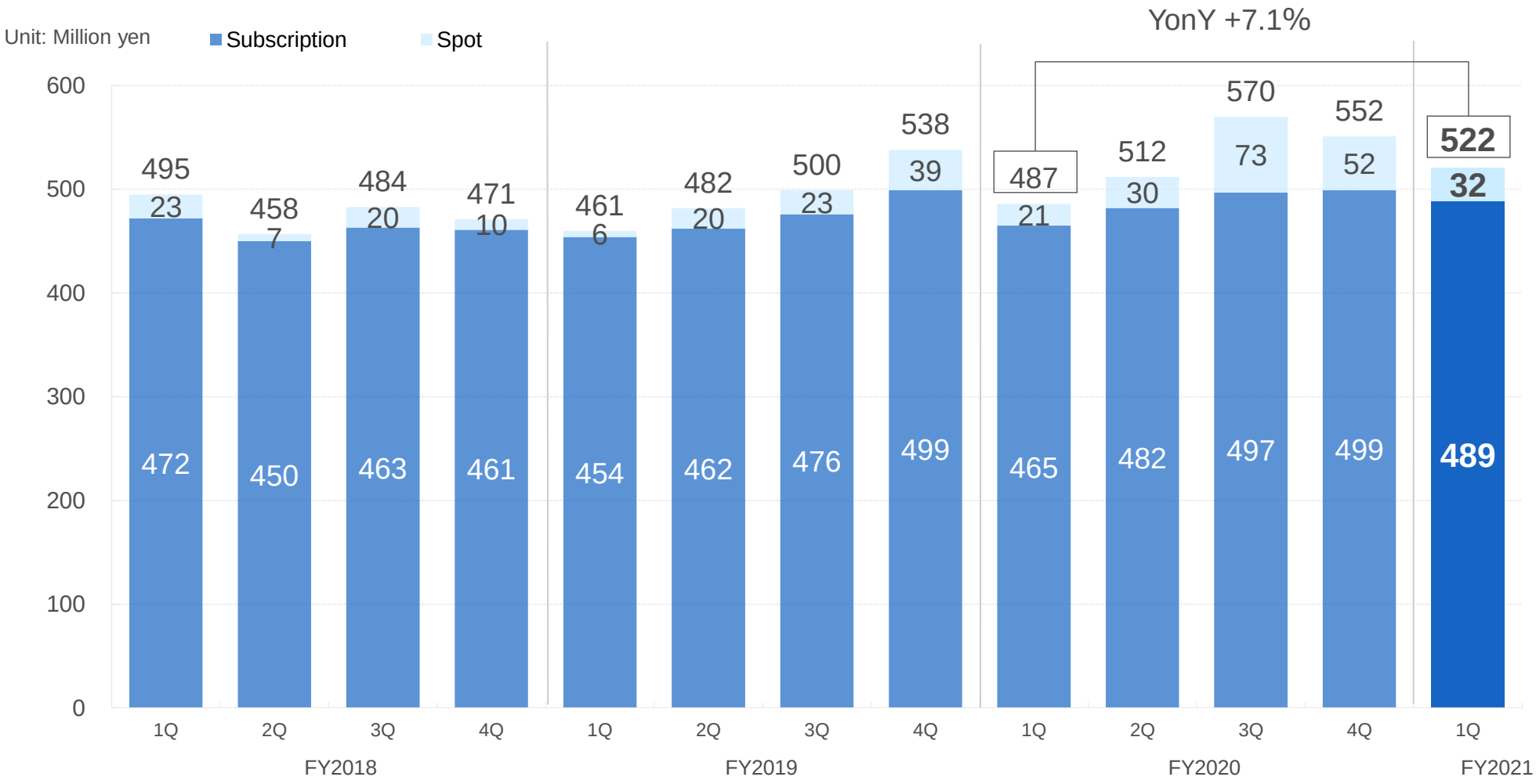
Sales grew year on year

Variation in Sales (Cloud Solution Business)



＊Figures rounded down to the nearest million yen.

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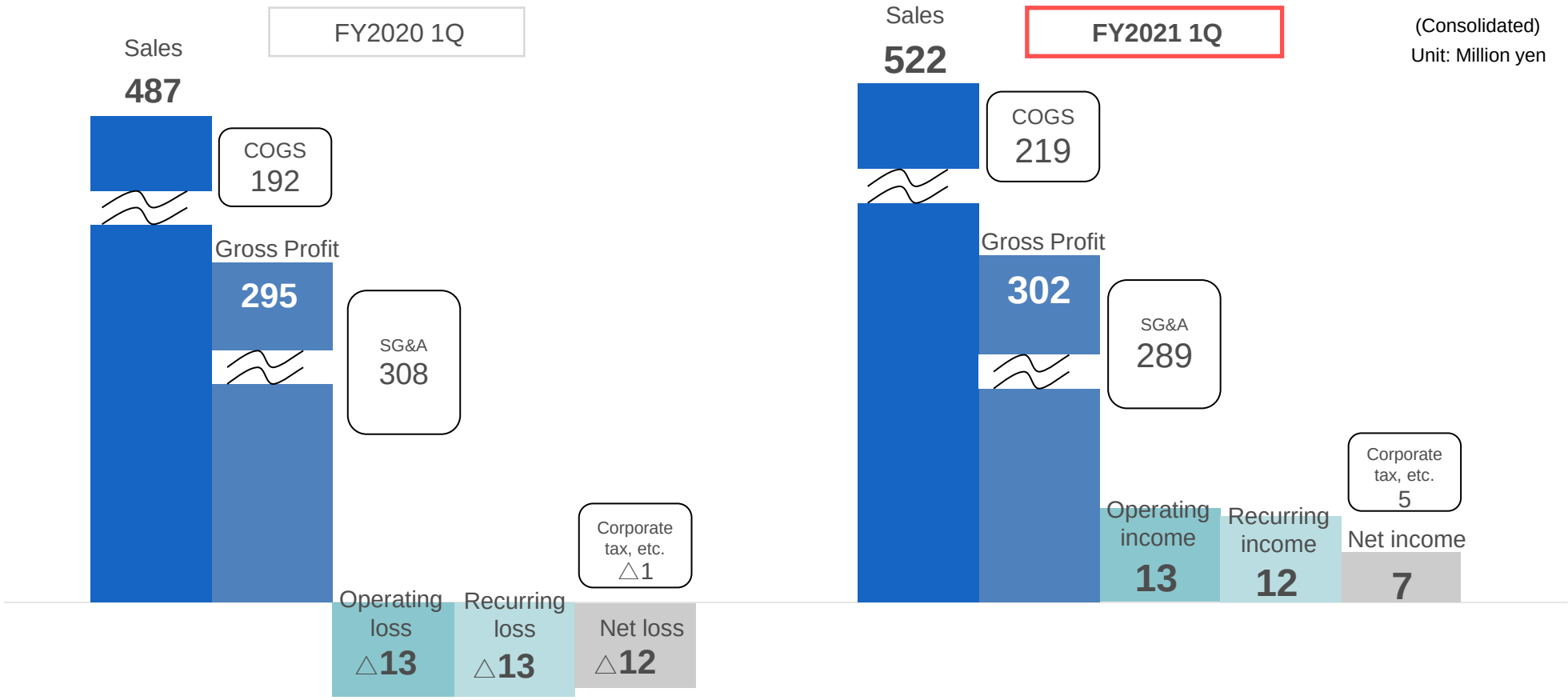
Sales and profit grew year-on-year



(Consolidated)
Unit: Million yen

- Sales and profit grew. Subscription sales grew steadily.
- Cost of goods sold (COGS): Shift to Amazon Web Service (AWS), where sales of the service infrastructure steadily grow, made a progress, and the AWS utilization fees increased. With the increase in non-recurring (contract development) sales, development costs included in the cost of sales increased.
- SG&A: The remote sales and support style has been established, and conventional operating expenses such as customer visits decreased.

＊Figures rounded down to the nearest million yen.

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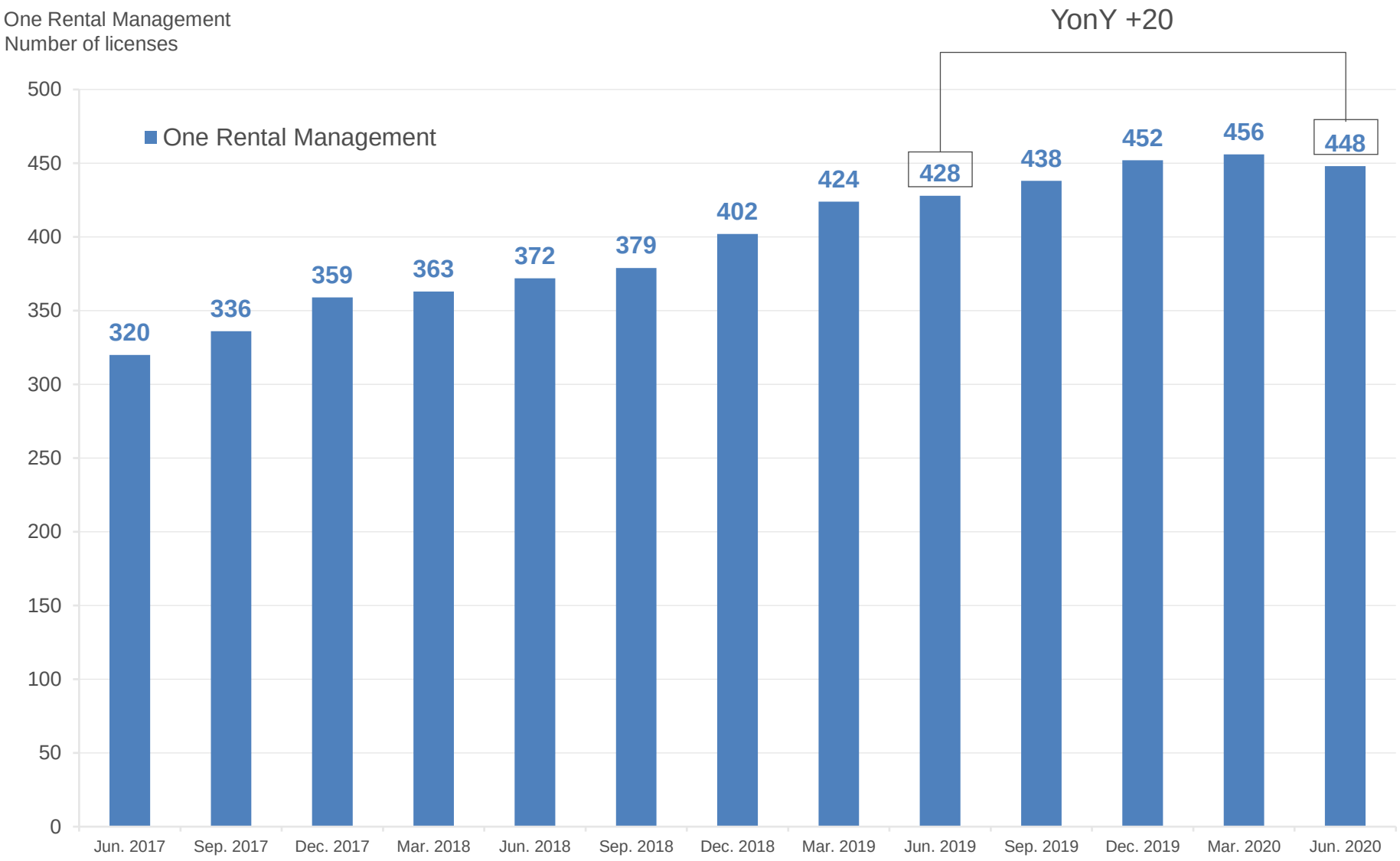
Service utilization by rental properties management companies, which is strategically important, was strong



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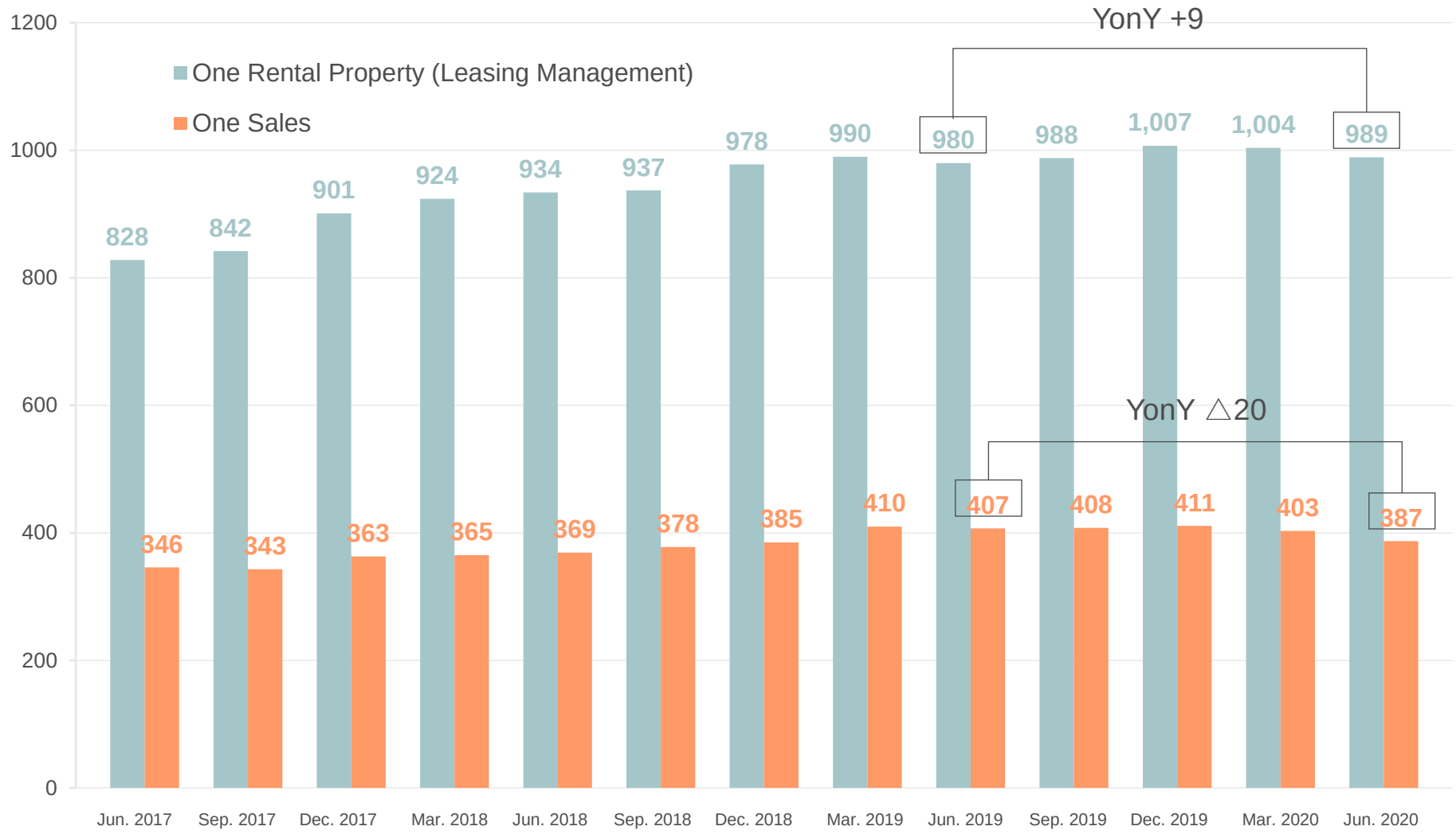
Service utilization by leasing and brokerage companies was strong

One Rental Property (Leasing Management)/One Sales
Number of licenses



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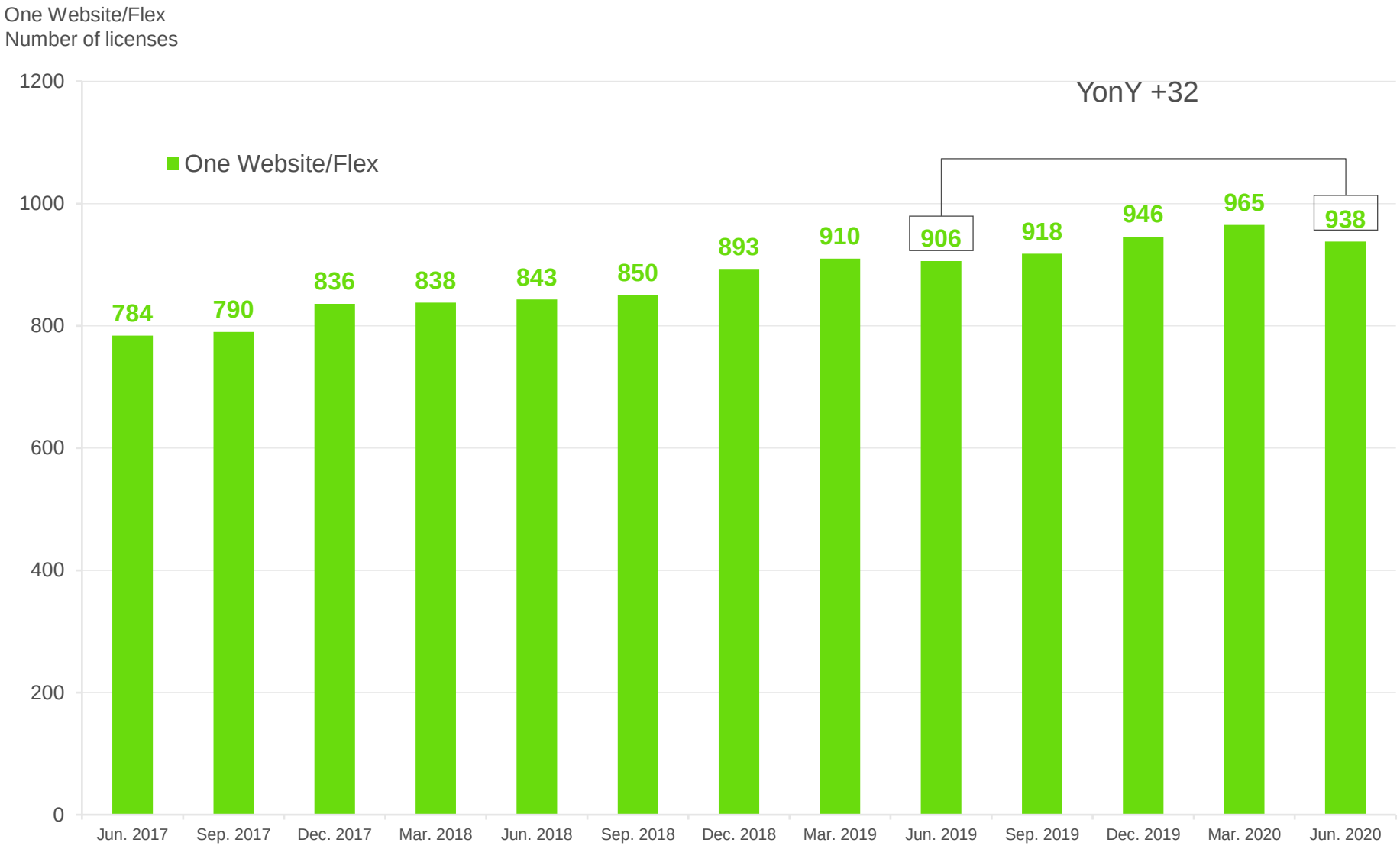
Customers are also steadily growing in the digital marketing domain



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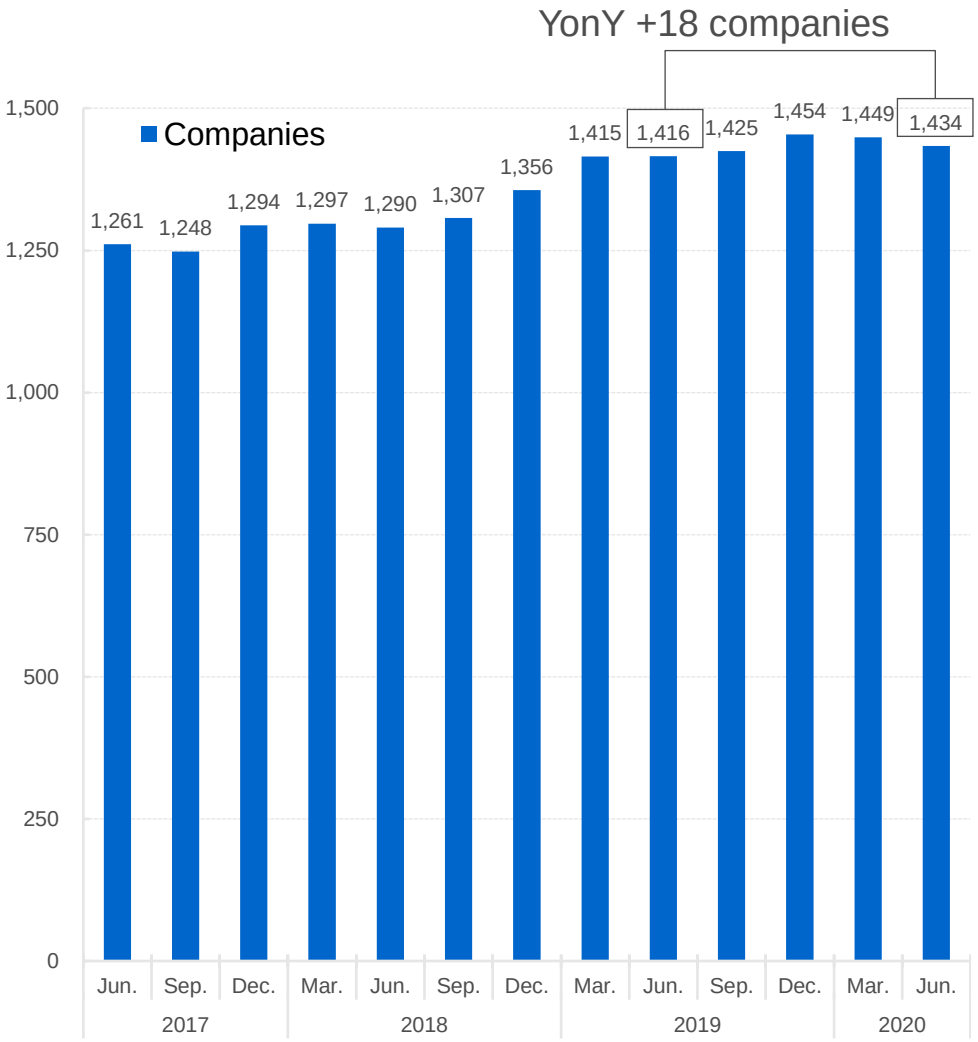
Utilization of our services is increasing among large-scale businesses operators that have multiple stores

Variation in the Number of Companies Using Our Services (Charged companies only)



Variation in the Number of Stores Using Our Services



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

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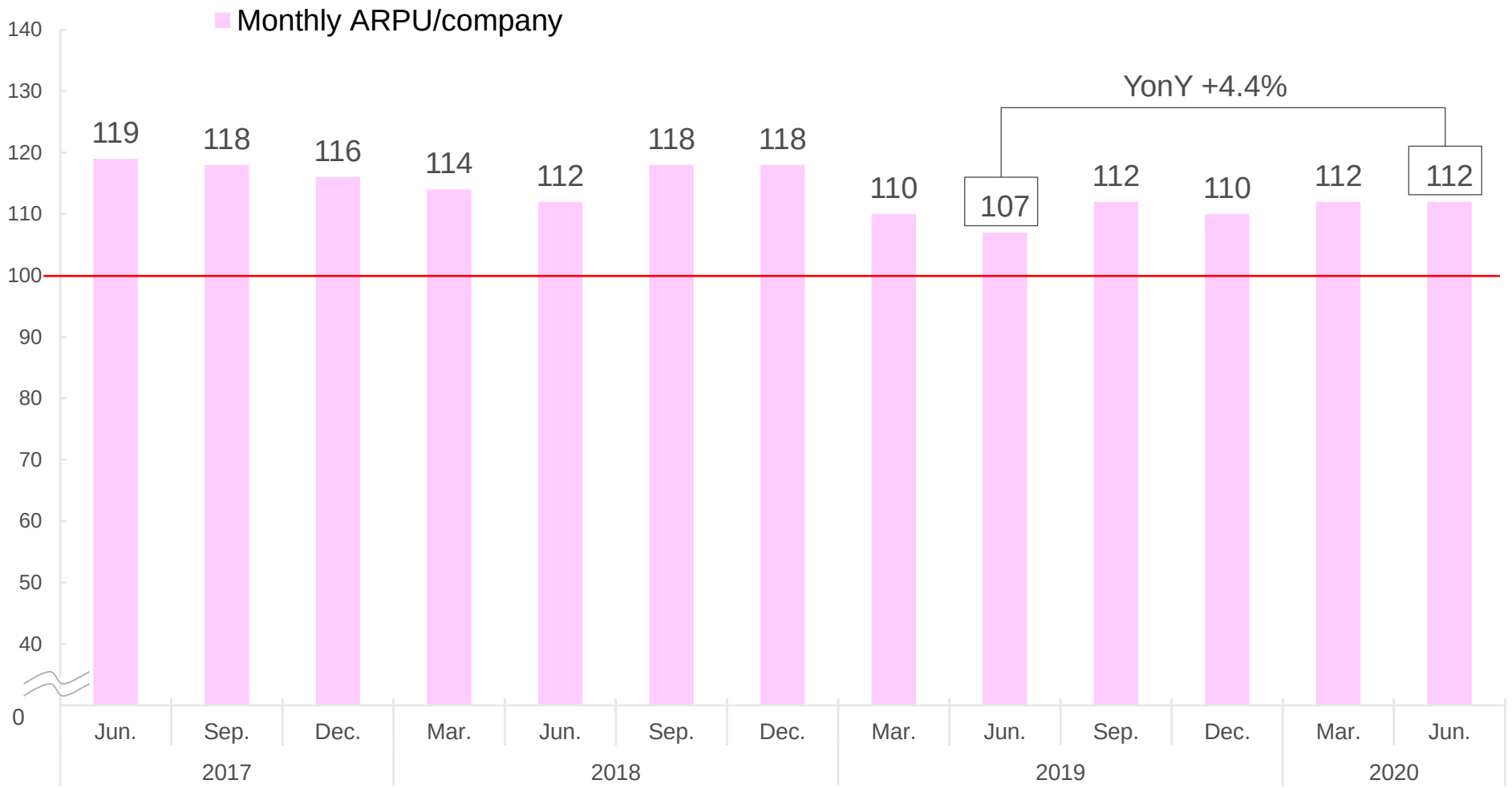
Monthly ARPU/company is stable

Unit: Thousand yen



＊The unit price before FYE March 31, 2020 is the value obtained by dividing the “cloud service sales for the month” by the “number of cloud service customers (the number of corporations) for the month” and rounded down to the nearest thousand yen.

＊The unit price from the first quarter of FY 2021 is the value obtained by dividing the “subscription sales for the month” by the “number of subscription customers (the number of corporations) for the month” and rounded down to the nearest thousand yen. The average monthly unit price for the first quarter of FY 2021 is approximately 110 thousand yen when calculated based on the definition before the end of FYE March 31, 2020.

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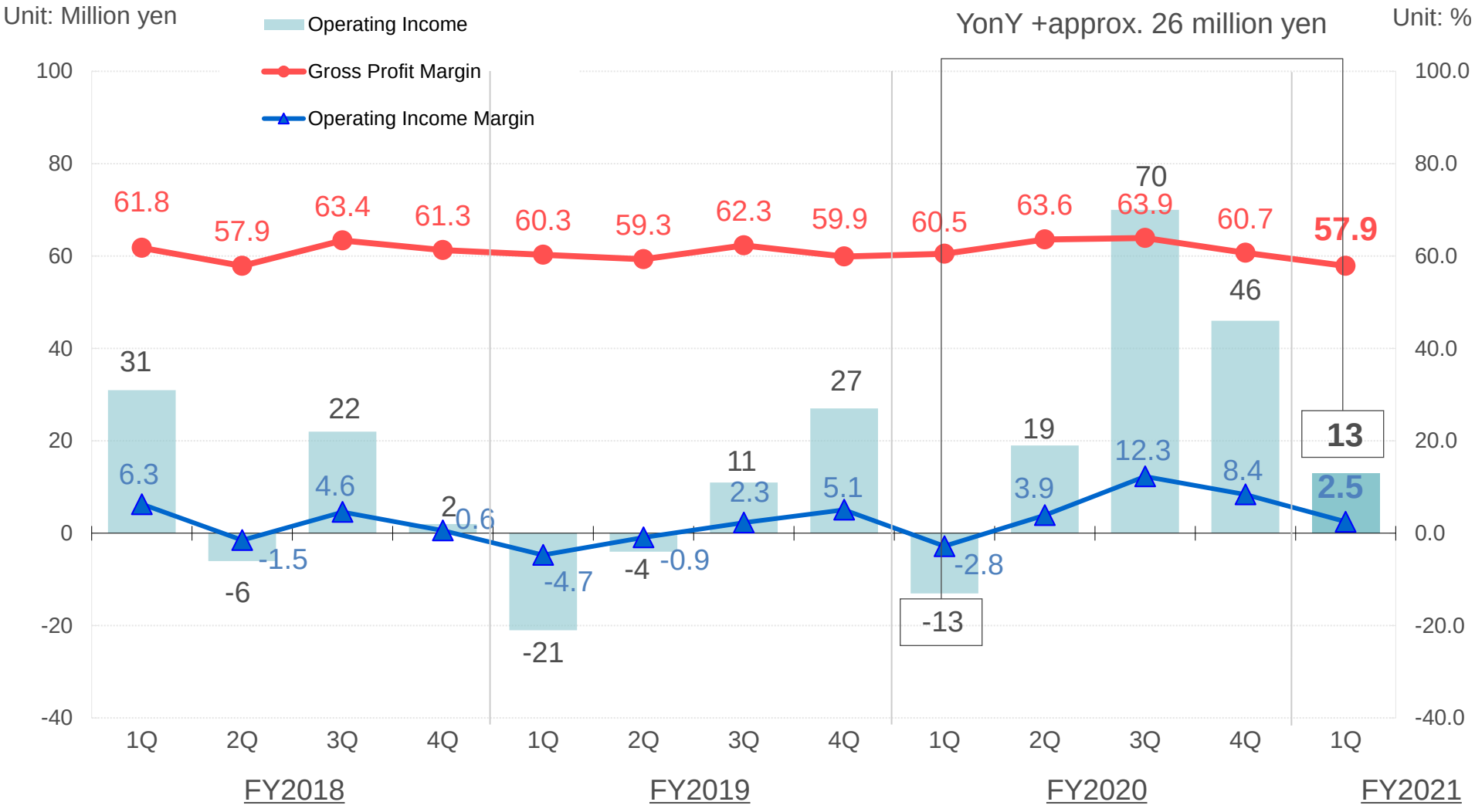
Both operating income and operating income margin grew year on year

Operating income comparison (Consolidated)



∗ Figures rounded down to the nearest million yen.

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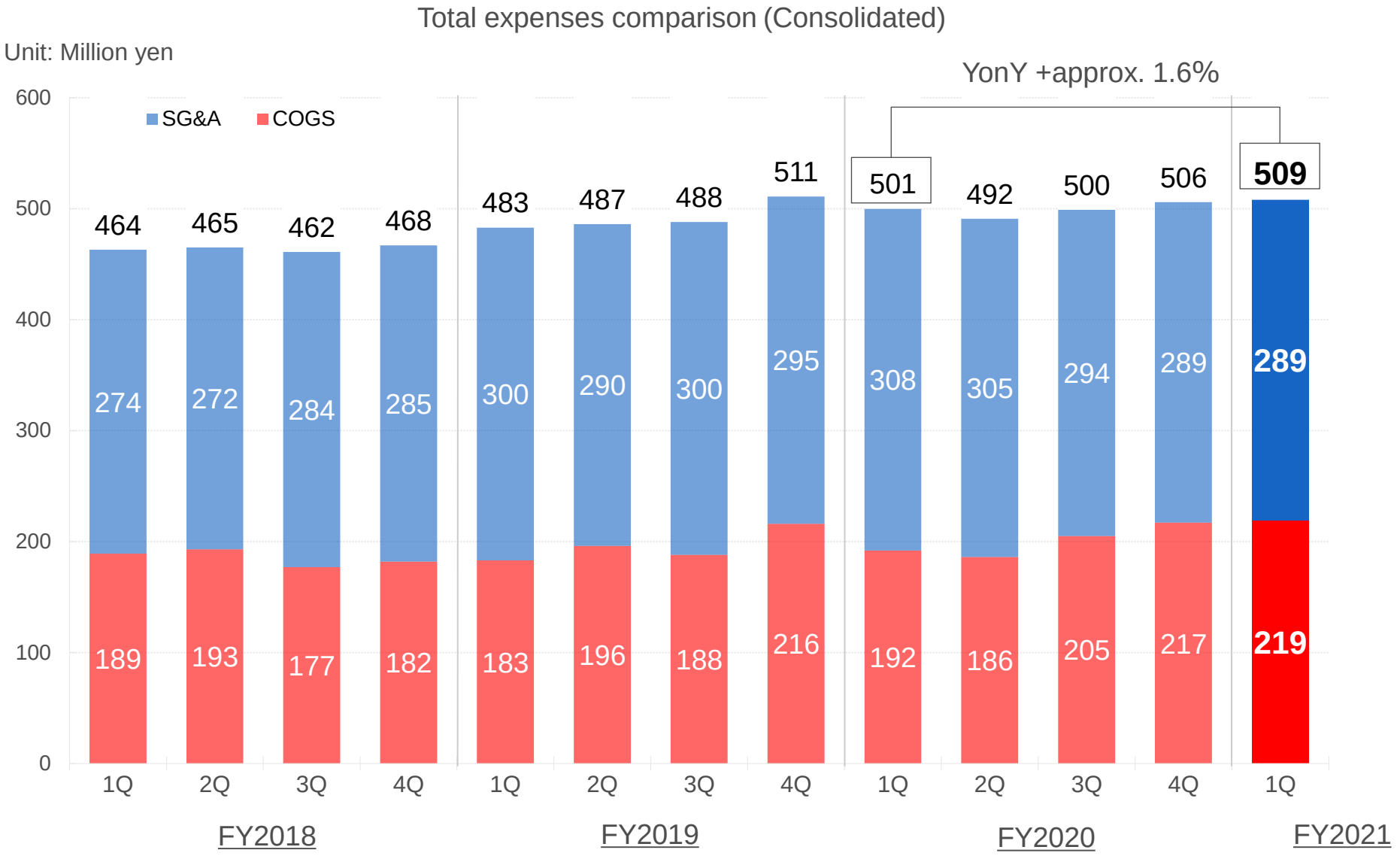
Total expenses slightly increased year on year



∗ Figures rounded down to the nearest million yen.

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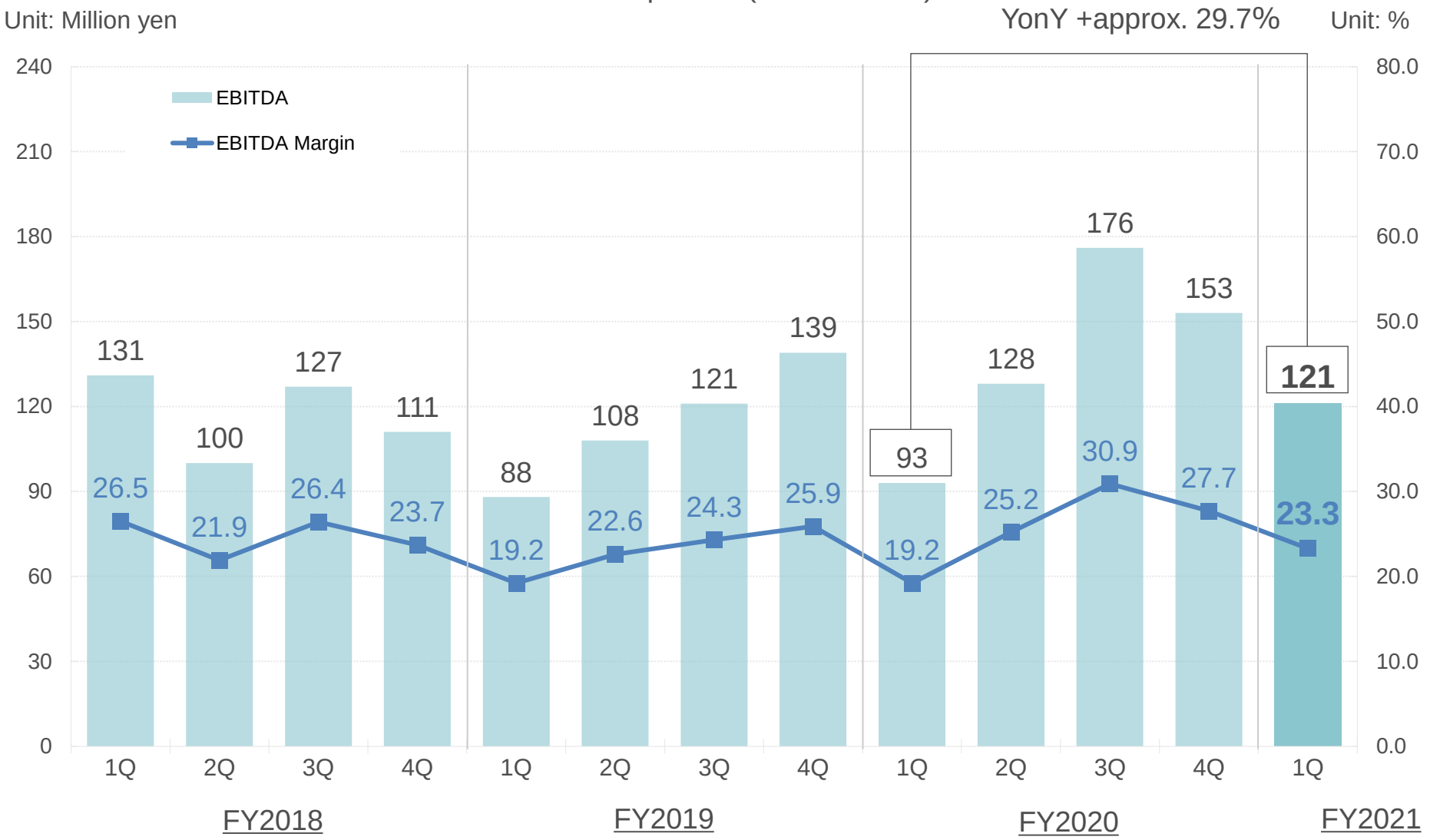
EBITDA increased about 29.7% year on year

EBITDA comparison (Consolidated)



∗ Figures rounded down to the nearest million yen.

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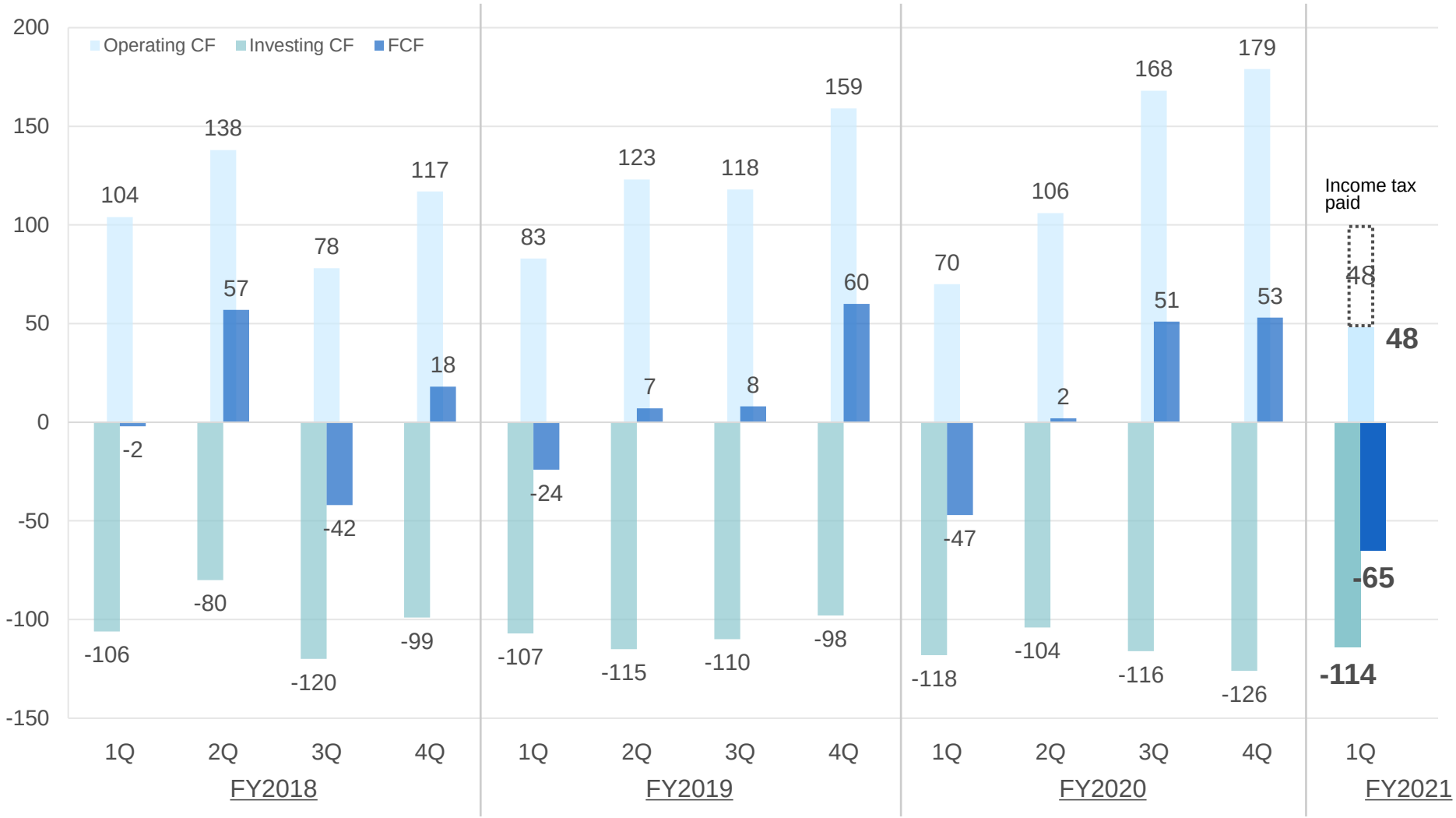
Continue to invest in service development by using operating CF

Free cash flow comparison (Consolidated)

Unit: Million yen



∗Free cash flow (FCF) = Operating cash flow (CF) + Investing cash flow (CF)

∗Figures rounded down to the nearest million yen.

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2. Summary of Recent Business Results

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Website functions were significantly upgraded, and digital marketing in the real estate industry was strengthened

いい物件One ウェブサイト Flex

- Centered management of property advertisements
- Completely responsive design
- It can be designed and edited internally by each company.



- Significantly improved the “ES e-Bukken One website” to reflect users’ requests.
- With a simple operation, users can add contents and change their designs without in-depth knowledge. Users can easily upgrade their website, while minimizing outsourcing costs for developing and updating them.

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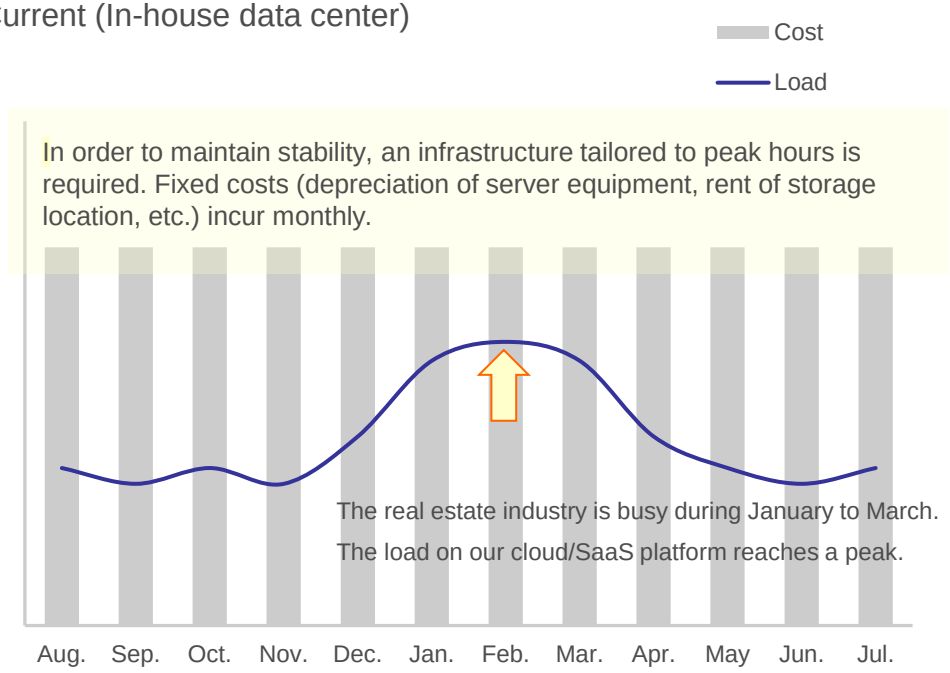
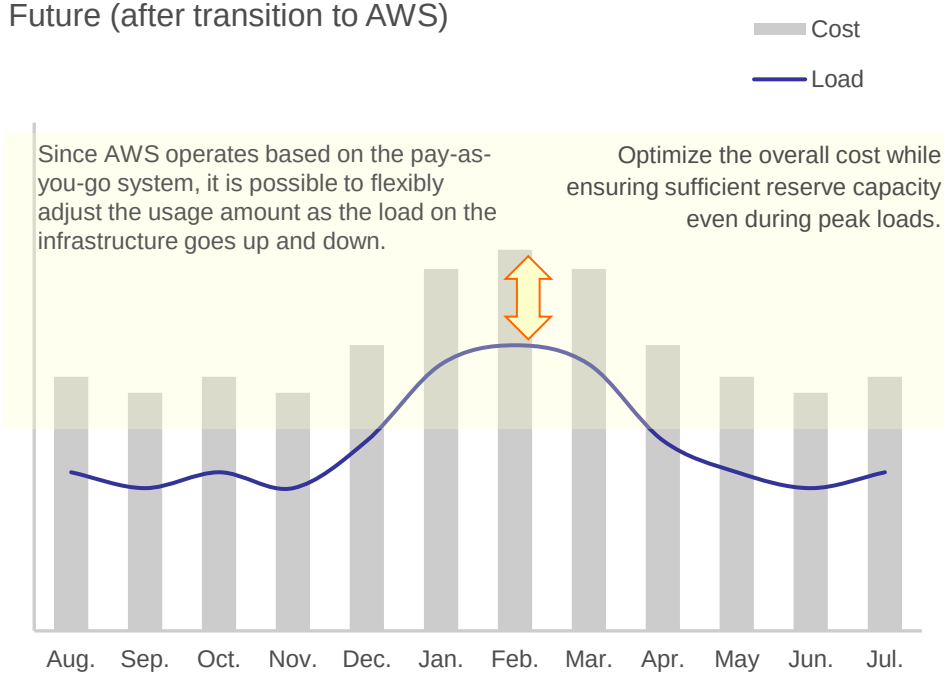
Full migration of service infrastructure to AWS began

Monthly migration image of service infrastructure maintenance cost and load

Current (In-house data center)



Future (after transition to AWS)



- Regarding the infrastructure (server devices, etc.) for cloud services, we began full migration to Amazon Web Service (AWS) in an effort to achieve cost optimization.
- Although the cost of operation in parallel with the existing infrastructure will increase in the short term, it will be possible to control the infrastructure cost in the mid- to long-term by implementing flexible control.

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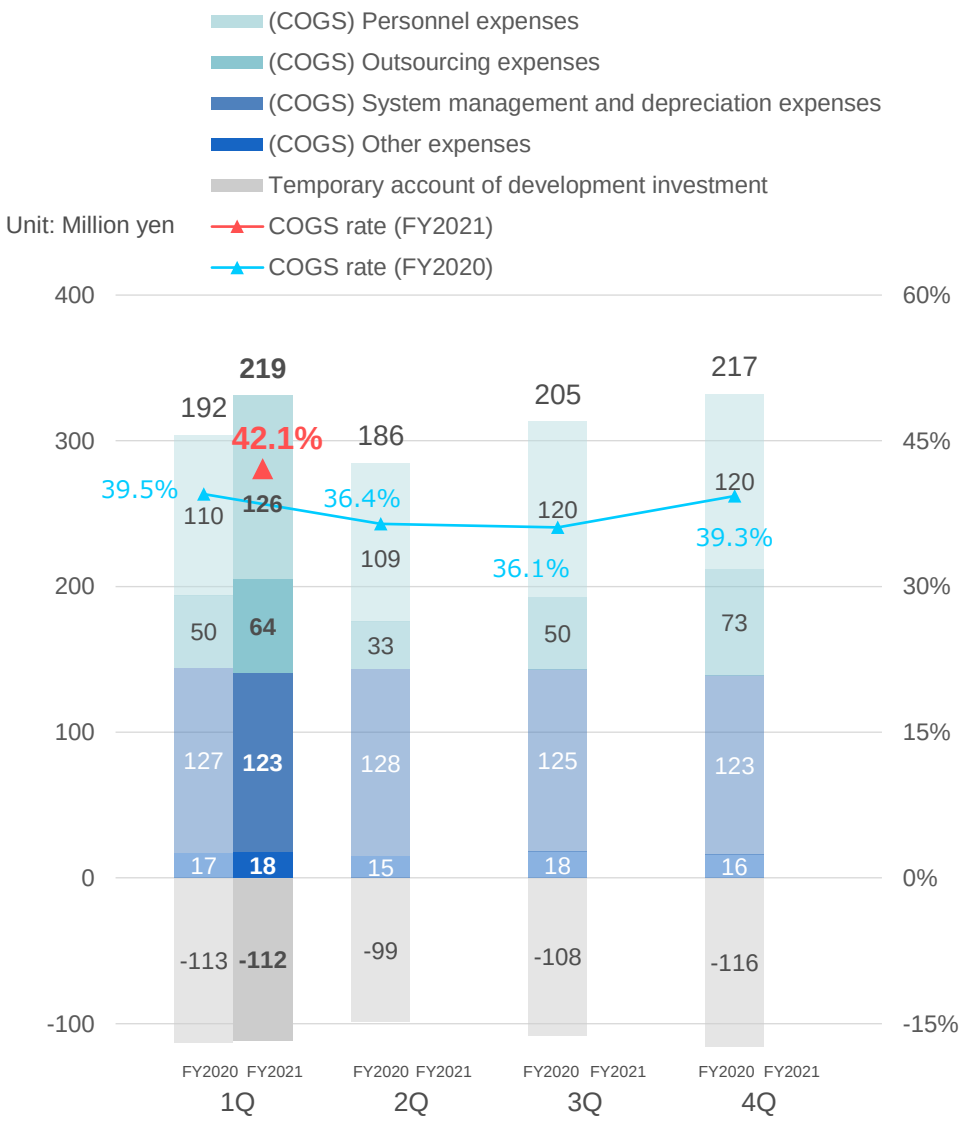
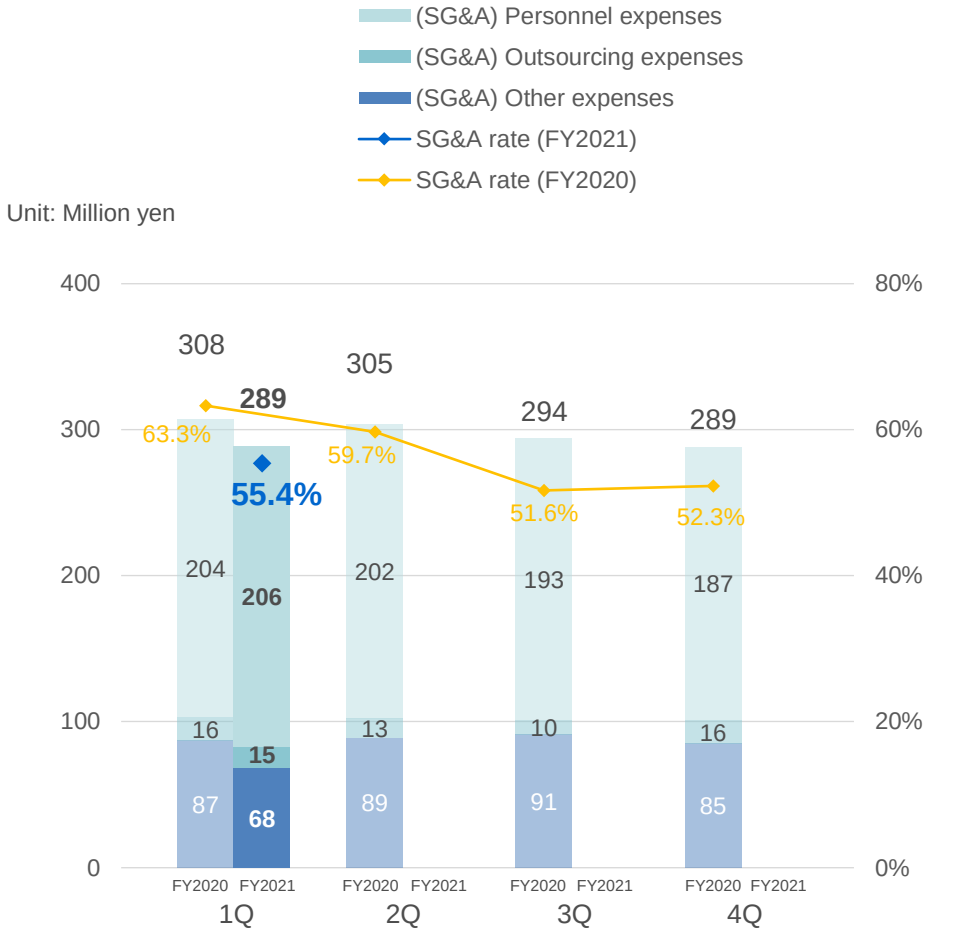
Cost structure： SG&A declined year on year as a result of streamlining sales activities

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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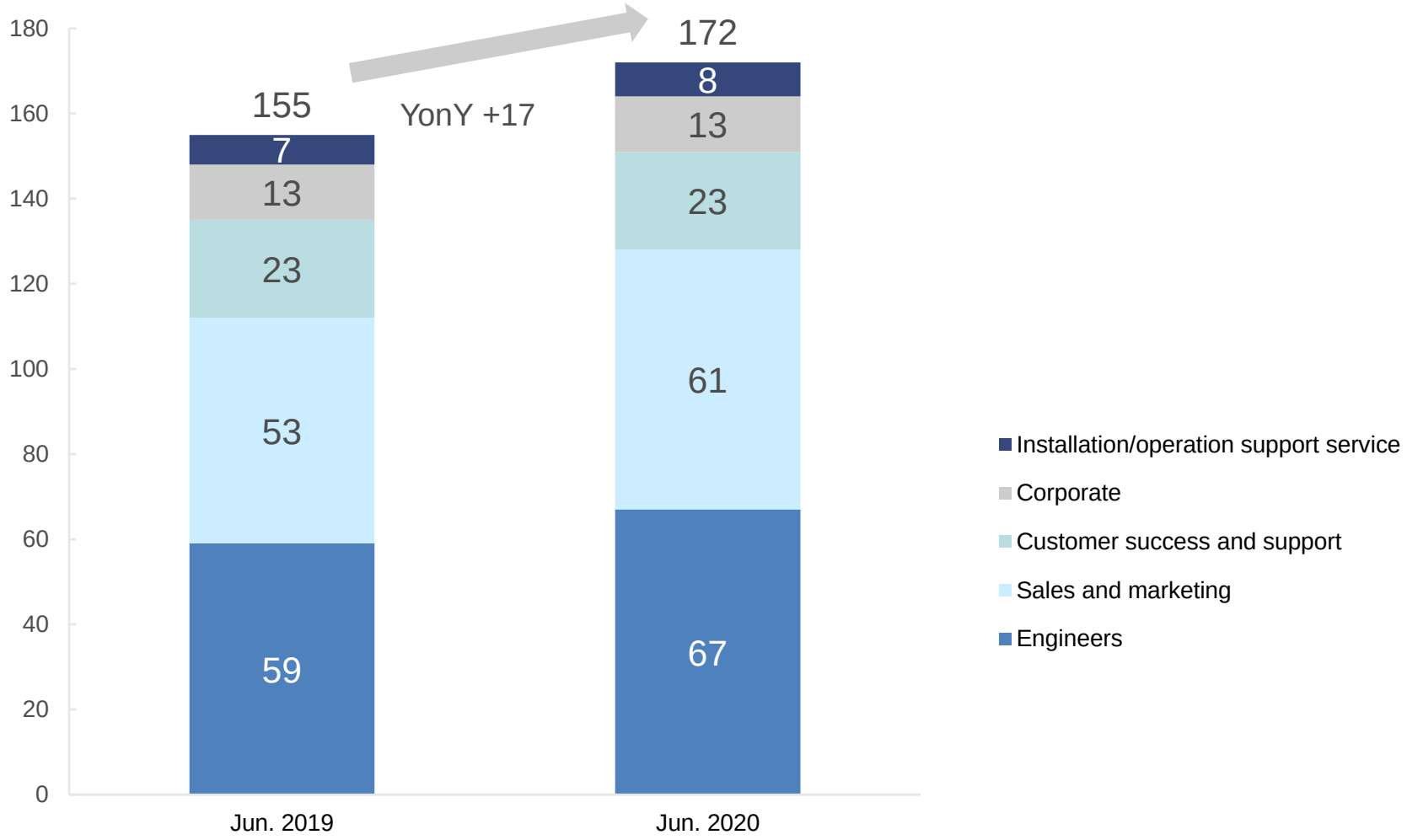
We strengthened the team while maintaining a well-balanced personnel structure

No. of Employees (Consolidated)



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

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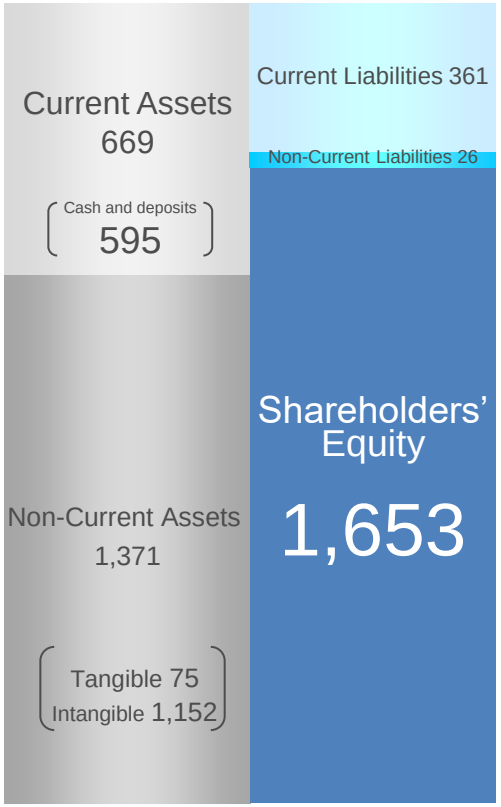
We are maintaining the sound financial ground and sufficiently prepared for growth opportunities

Consolidated Balance Sheet Comparison

Unit: Million yen

As of the end of March 2020

Current ratio
185.0%

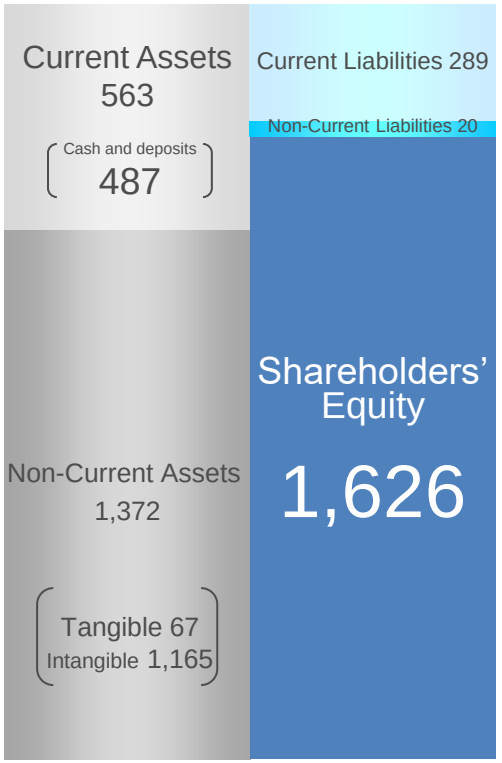


Capital-Asset ratio
81.0%

Assets 2,041 | Liabilities and Equity 2,041

As of the end of June 2020

Current ratio
194.8%



Capital-Asset ratio
84.0%

Assets 1,935 | Liabilities and Equity 1,935

＊Figures rounded down to the nearest million yen.

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3. Earnings Forecast and Future Prospects

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Impact of the novel coronavirus pandemic (COVID-19)

Status of the first quarter of FYE March 31, 2021

- To prevent the spread of infection and to ensure safety of our employees, their families and people around them, we continue to recommend that all employees work from home. In addition, we carry out online sales and support activities to the extent possible and make efforts to continue our business. There is no impact on the service provision structure.
- In the real estate industry, there is a growing movement to reassess operations under this environment. As a result, new business opportunities such as up-selling and cross-selling with existing customers are occurring. In addition, the number of new customers acquired also remains strong.
- Our customer portfolio consists of residential real estate companies, especially rental management companies with recurring commission income. There is no exposure to COVID-19 in their accommodations and stores, that perceive an impact from the pandemic, so far. There are some small-scale cost reduction among the real estate companies that are dependent on non-recurring income, but the impact is minimum at this time.
- We shifted to a marketing/sales system based on "new normal". By strengthening marketing measures such as inside sales and online seminars, we are expecting to see the results from the second quarter.

Earnings forecast for FYE March 31, 2021 remains undecided. (Dividend is scheduled to be 5 yen/share.)

- The duration of COVID-19 pandemic cannot be predicted, and it is difficult to reasonably estimate the impact on the real estate market trend at this time. Therefore, the earnings forecast is still undecided.
- On the other hand, changes in lifestyle, such as the generalization of remote work and online meetings, are expected to be irreversible even after the end of the pandemic. We expect that it will work as a tailwind for the digital transformation (DX) in the real estate industry, and it is expected that business opportunities for our cloud and SaaS services will increase.
- With an emphasis on stable return of profits to shareholders, we will maintain an annual dividend per share (forecast) of 5 yen for the FYE March 31, 2021.

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Growth strategy in a changing business environment

Real Estate Market Trends

The pace of DX in the real estate market will be accelerating.

- The use of online meetings is rapidly becoming common among general consumers, and the sense of crisis for business continuity that relies solely on analog sales activities is increasing. As a result, the pace of DX is accelerating.
- Rental management companies are strongly aware of BCP as an asset management business, and they are re-acknowledging the superiority of cloud and SaaS.
- As remote work becomes more widespread and restrictions on commuting time are alleviated, housing needs may change and new demand for changing dwellings may arise.

Environment surrounding the real estate industry

- Real estate brokerage companies that depend on non-recurring revenue and small-scale and aging business operators may prioritize cost control instead of DX for the time being. They may hesitate to invest in IT.
- Polarization between business operators supporting DX and those cannot support DX.

Positive

Negative

Our positioning

Market leader of "Real Estate Tech"

- We established a system that allows employees at all of our bases to work from home. We continue to provide stable service even under the remote work system.
- We steadily acquired new businesses in the first quarter due to online-focused sales activities.
- Eligible to receive subsidy in 2020 for IT installation services.
- Our cloud/SaaS is optimal for the real estate market with our abundant installation history.
- Customer base centered on rental management companies with recurring income and debt-free management

Environment surrounding our company

- There are many small and medium-sized business operators. If these customers place priority on cost control for the time being over efficiency and productivity, they may hesitate to use our service, maintain the status quo, or prolong business negotiations.

- There is a possibility that the acceleration of DX in the real estate market will stimulate new demand, and the expectations for IT investment may grow. We will expand our service reach with marketing measures and grow without missing business opportunities.
- In particular, increase in movements to control and reduce costs in business formats that depend on flow income may cause slowdown in business expansion.

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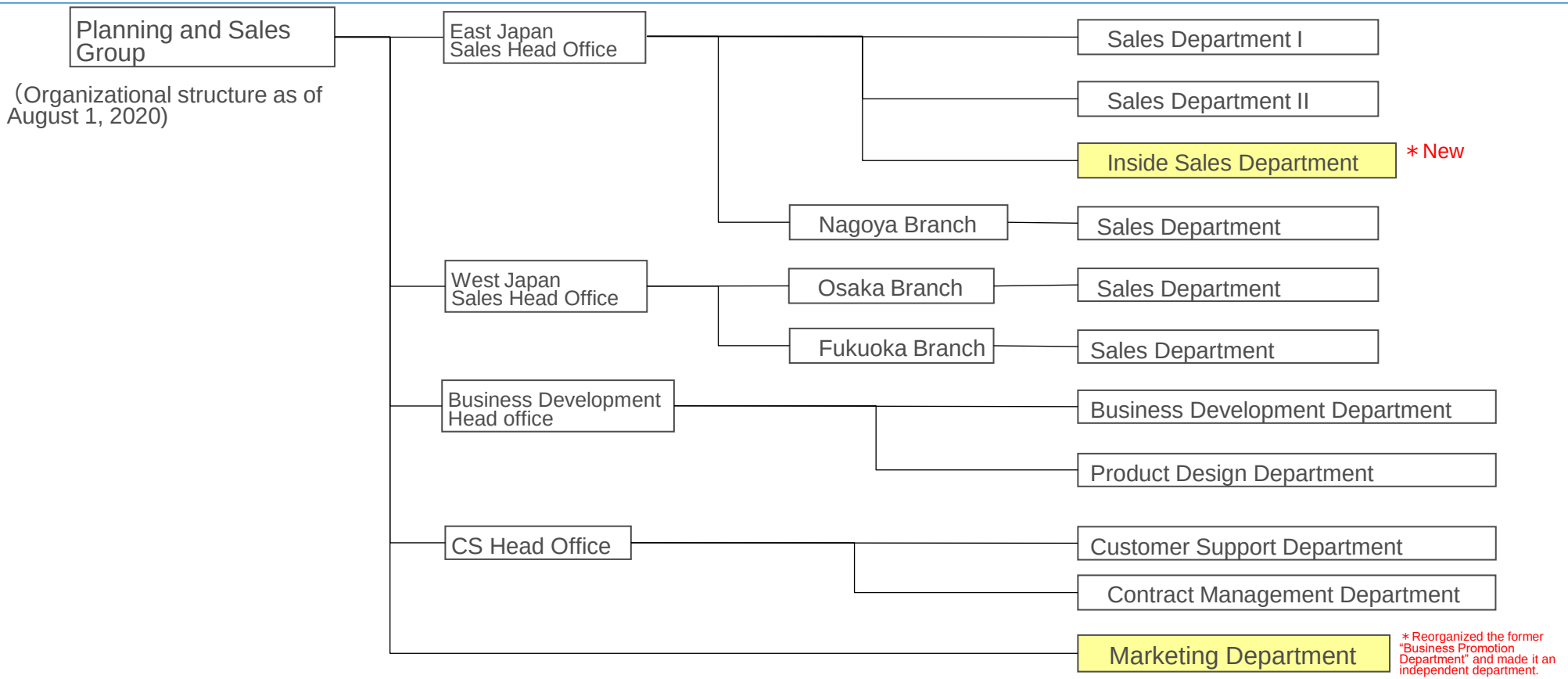
To consolidate and strengthen marketing and inside sales functions



- We newly established the "Inside Sales Department" that conducts remote sales activities throughout Japan (we consolidated existing inside sales functions). Based on the accumulated market data, we strengthened the inside sales function more than ever as a specialized team that conducts highly accurate and efficient sales through telephone and online business negotiations.
- The former "Business Promotion Department" became independent as the "Marketing Department". Under the direct control of the Planning and Sales Group's leader, we are strengthening digital and real marketing activities such as strengthening online seminars.

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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**
- Subscription gross profit margin — 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 in customer unit price by diversification of services. To prolong usage period of our services by improving operational support and service level. To expand LTV (customer’s lifetime value)

Future growth

Evolution into real estate trade platforms

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4. Reference: 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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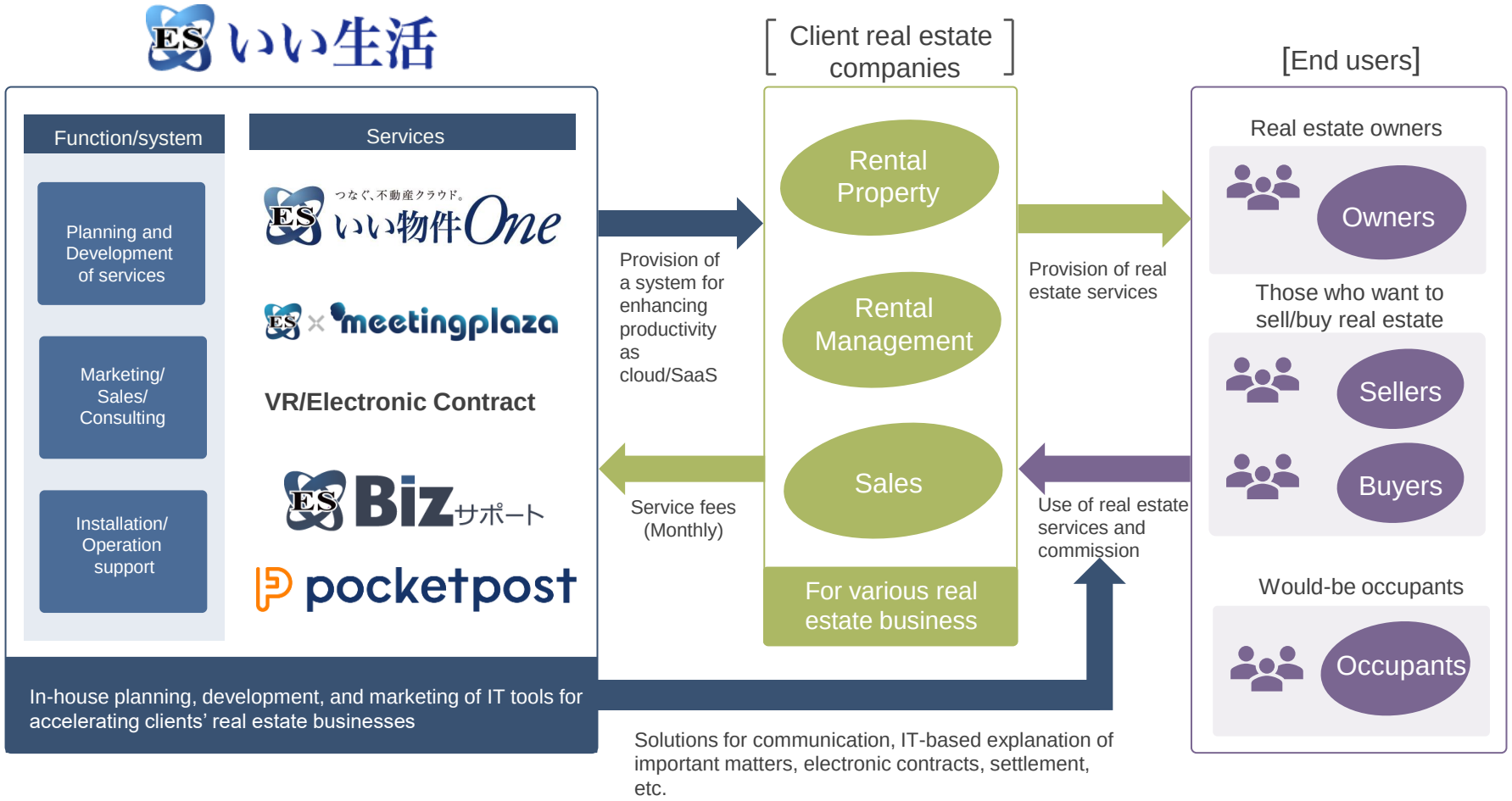
Outline of our businesses



- 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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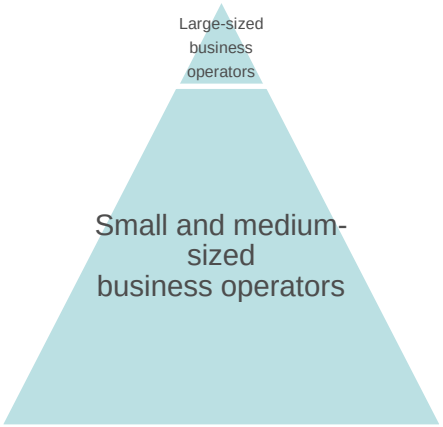
To provide cloud/SaaS solutions that meet the characteristics of the real estate market

Characteristics of the real estate market

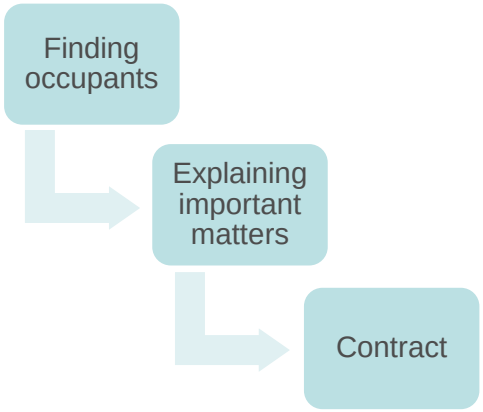
Overwhelming majority is small and medium-sized business operators



They exist across the country.



Every company has similar business flow as determined by the laws.



Cloud/SaaS solution provided by us

Subscription service

- Monthly fees for cloud/SaaS
- Small amount of initial investment
- Online support available everywhere in the country
- Equipped with standard functions, constantly evolving

➢ Extensive coverage of market needs

Feedback of knowledge and know-how to function development etc.

Complementing customer needs that cannot be covered by standard models

Spot service

- Support for installing and operating our cloud/SaaS (BPO)
- Consigned development of systems and applications
- Agency sales of other companies' services.

➢ Deeply meet the individual needs of each customer

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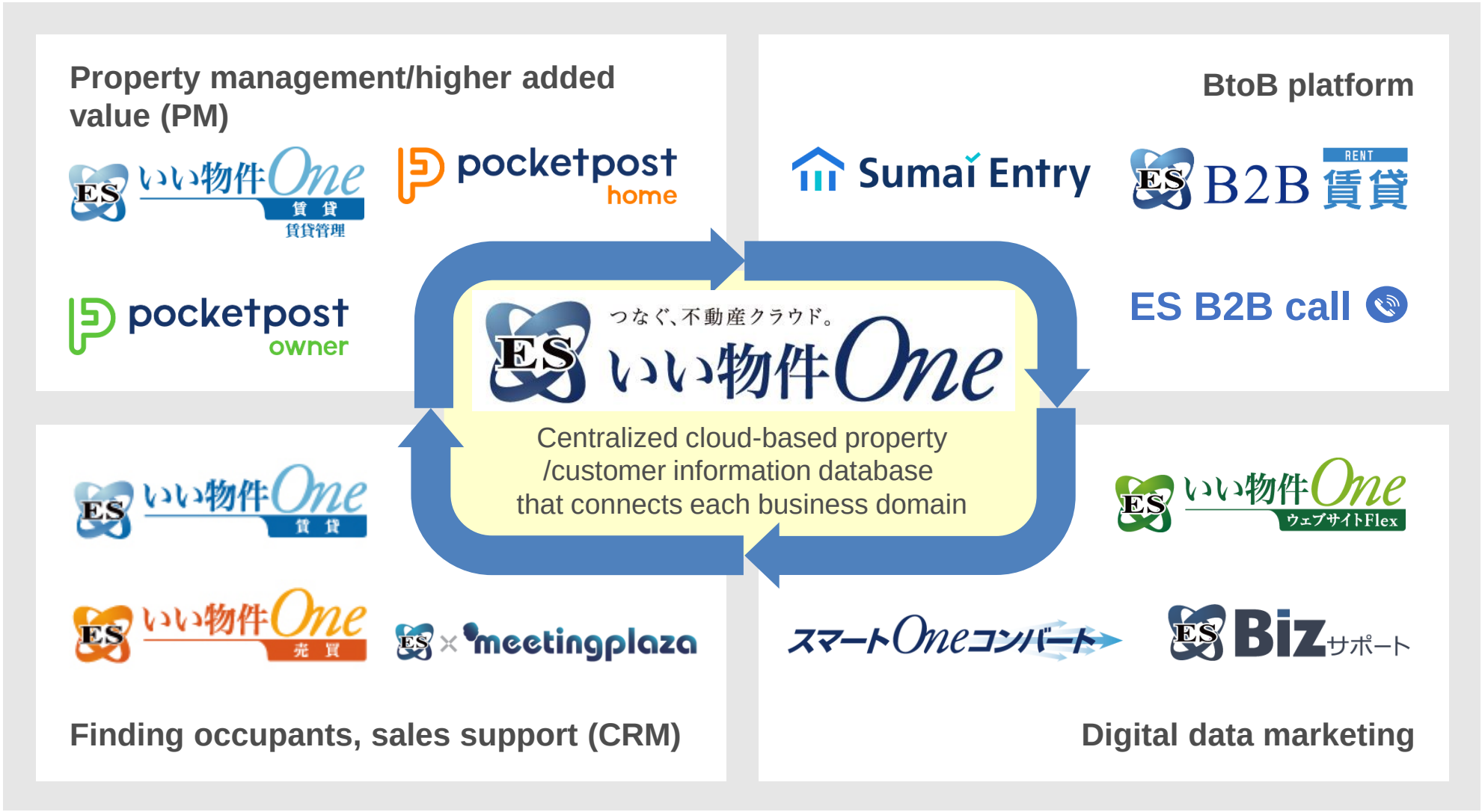
To provide integrated business support cloud/SaaS for the real estate industry



＊PM = Property Management. In order to increase the added value of real estate, an expert manages real estate for rent on behalf of the real estate owner.

＊CRM = Customer Relationship Management. A method for collecting and analyzing customer information to improve the efficiency of sales activities.

＊Digital data marketing = Activities that acquire new profit opportunities and lead to business growth by taking advantage of digital technologies and data such as the Internet and IT

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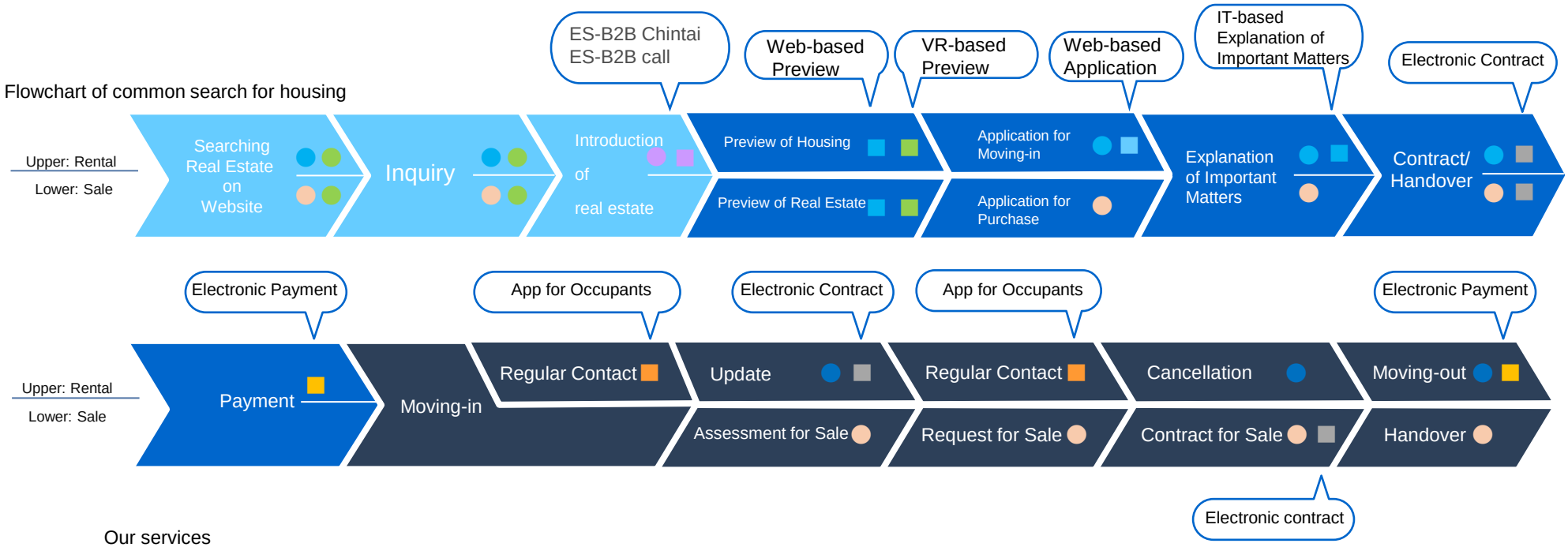
Promotion of digital transformation (DX) of the real estate market

To offer SaaS that will be used in every real estate scenes



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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Competitive advantage of e-Seikatsu

Specialize in the field of real estate and aim for industry-focused vertical SaaS (pursuing LTV)

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, in-depth 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 base.
Sufficiently prepared for growth opportunities.

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Company Profile

Established ：	January 21, 2000
Paid-in capital ：	628,411,540 yen (As of the end of June 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 ：	172 (As of the end of June 2020)
Governance System ：	Company with Audit Committee

Officers ：

Chairman	Kiyotaka Nakamura	Outside Director (Independent Director), Full-time Audit and Supervisory Committee Member	Akira Hirano
President, Representative Director & CEO	Zenichi Maeno	Outside Director (Independent Director), Audit and Supervisory Committee Member	Masahito Omachi
Representative Director & CFO	Hiroyuki Shiokawa	Outside Director (Independent Director), Audit and Supervisory Committee Member	Shinichi Shamoto
Representative Director & 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.

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