Second-quarter for FYE March 31, 2021
Presentation Material

November 5, 2020

e-Seikatsu Co., Ltd.

Securities code: 3796

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

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Highlights

Consolidated Sales/Operating Income

ARR: **1,914** million yen
(Up 3.1% YOY)

Sales: **1,054** million yen
(Up 5.5% YOY)

Operating income: **8** million yen
(Up 34.8% YOY)

Number of Fee-paying Client Companies

1,412 companies
(△13 companies compared to September of the previous year)

ARPU (Average Revenue Per User)

Approx. **121** thousand yen
(Approx. 112 thousand yen in September of the previous term)

Subscription Gross Profit Margin

57.2%
(62.2% in the same period of the previous term)

Subscription Sales Ratio

93.2%
(94.8% in the same period of the previous term)

MRR Termination Rate

△0.34%
*A negative value indicates that the increase in MRR due to upselling exceeds the decrease in MRR due to cancellation in the month concerned. (Negative churn)

*1 Figures rounded down to the nearest million yen. Ratios rounded to the nearest decimal place.
*2 ARR (Annual Recurring Revenue) was obtained by multiplying the MRR in Sep. 2020 by 12.
*3 MRR (Monthly Recurring Revenue) was obtained by subtracting initial costs from monthly subscription sales.
*4 ARPU (average revenue per user) is calculated by dividing “subscription sales” in September 2020 by “the number of subscribed companies” in the same month and rounded down to the nearest thousand yen.
*5 Subscription gross profit margin is a gross profit margin of “subscription sales” excluding “one-off sales”.
*6 Subscription sales ratio is the ratio of “subscription sales”, which is recurrent revenue such as monthly charges for cloud and SaaS, to total sales.
*7 MRR termination rate is the number of MRRs (including existing changes) lost in September 2020 divided by the MMR of August 2020.

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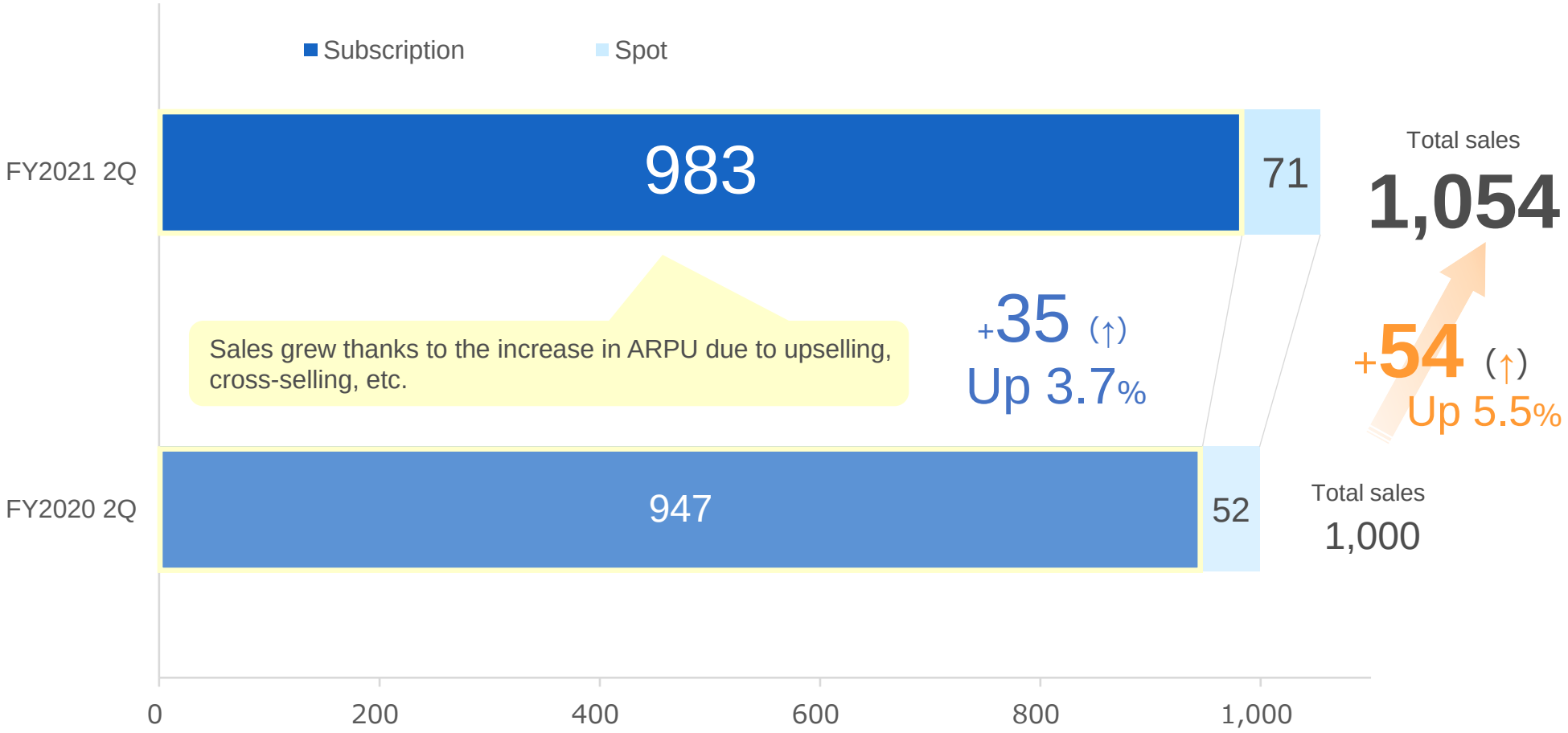
Subscription sales, which generate recurring revenues, were strong

Breakdown of Sales Fluctuation

Unit: Million yen



＊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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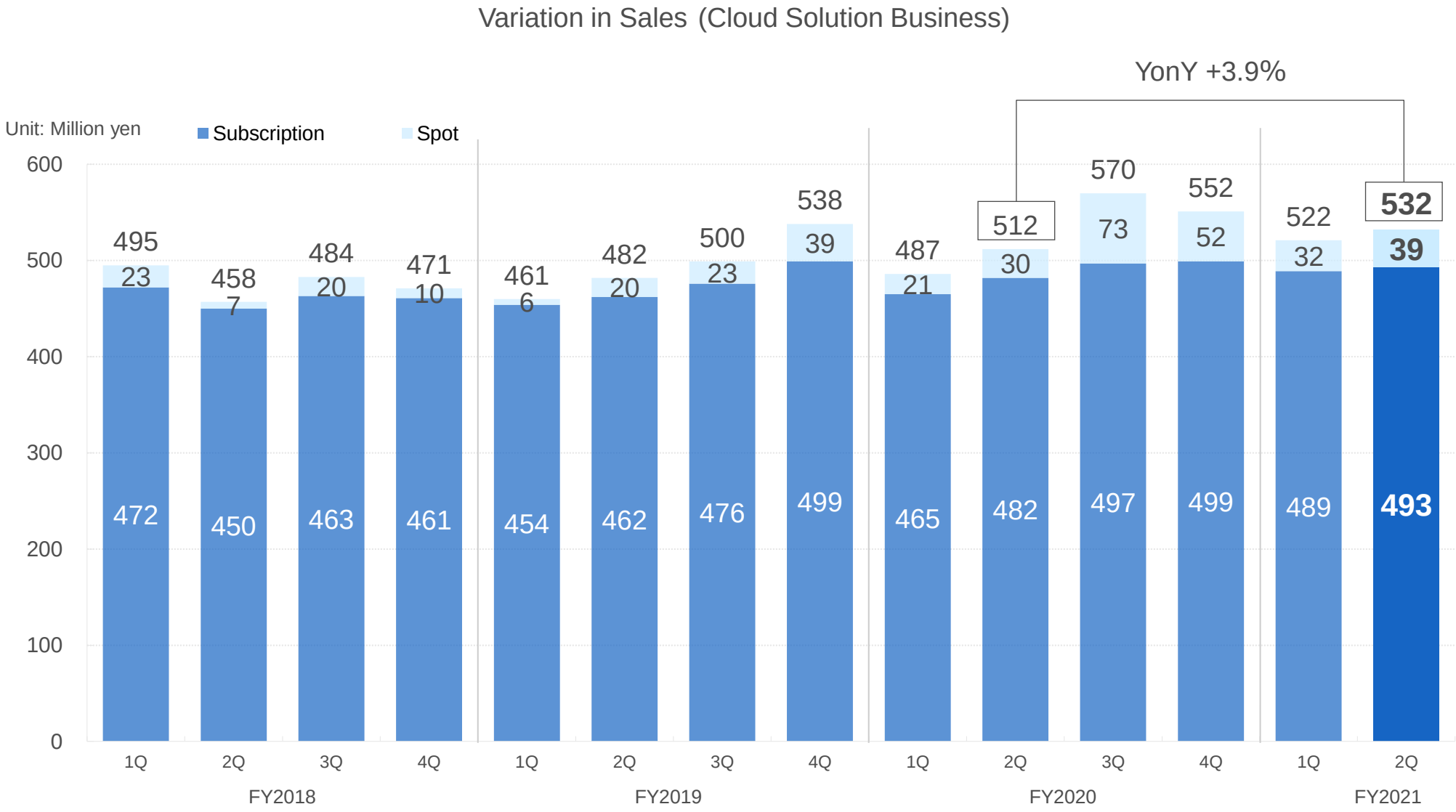
Sales grew year on year



∗Figures rounded down to the nearest million yen.

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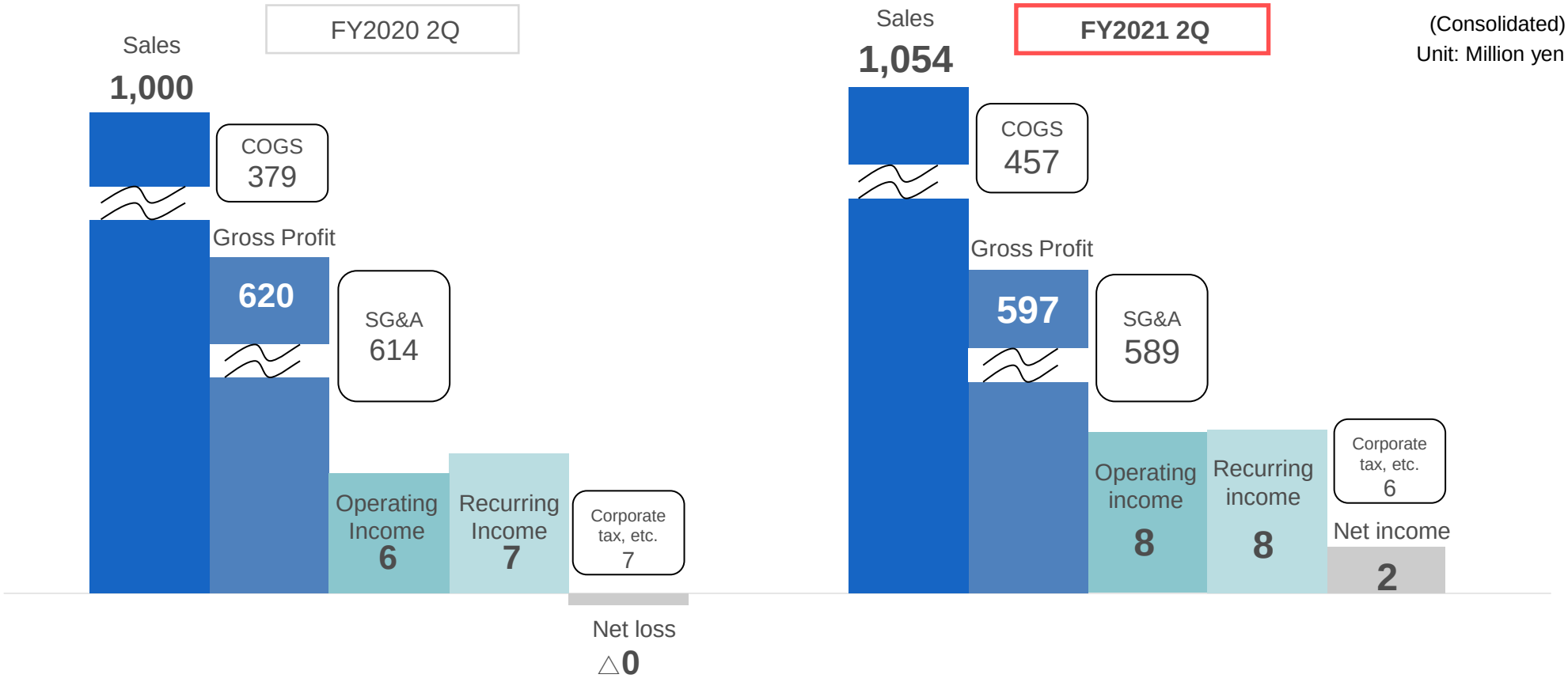
Sales and profit grew year-on-year



(Consolidated)
Unit: Million yen

- Sales and profit grew. Subscription sales grew steadily. The investment in development of services for future growth expanded.
- Cost of goods sold (COGS): Shift to Infrastructure as a Service (IaaS), where sales of the service infrastructure steadily grow, made a progress, and the IaaS utilization fees increased.
  Depreciation, etc. augmented, due to the continued investment in development of new services.
- SG&A: Online sales support became common, and operating costs were streamlined.

＊Figures rounded down to the nearest million yen.

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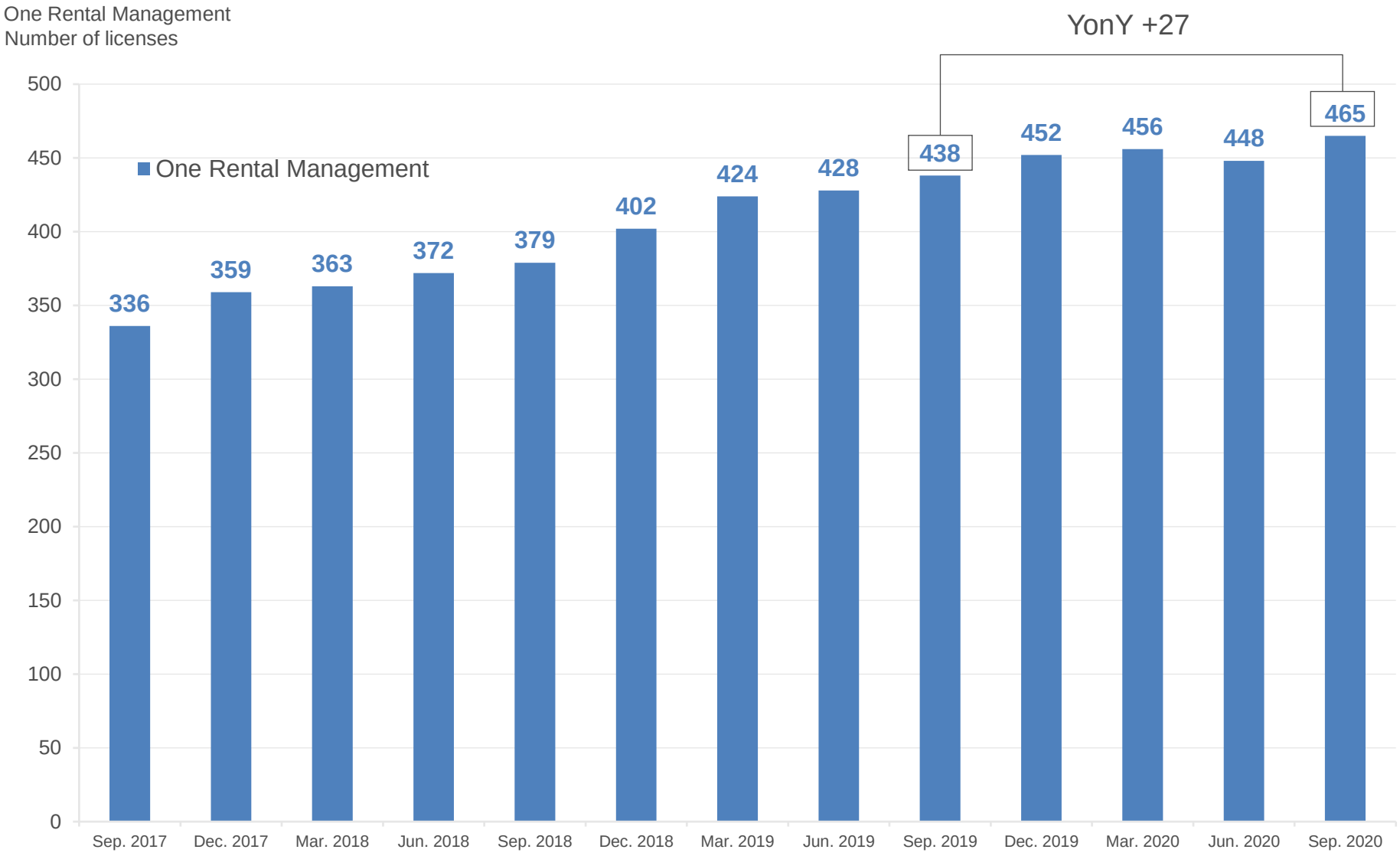
Service utilization by rental properties management companies, which is strategically important, was strong



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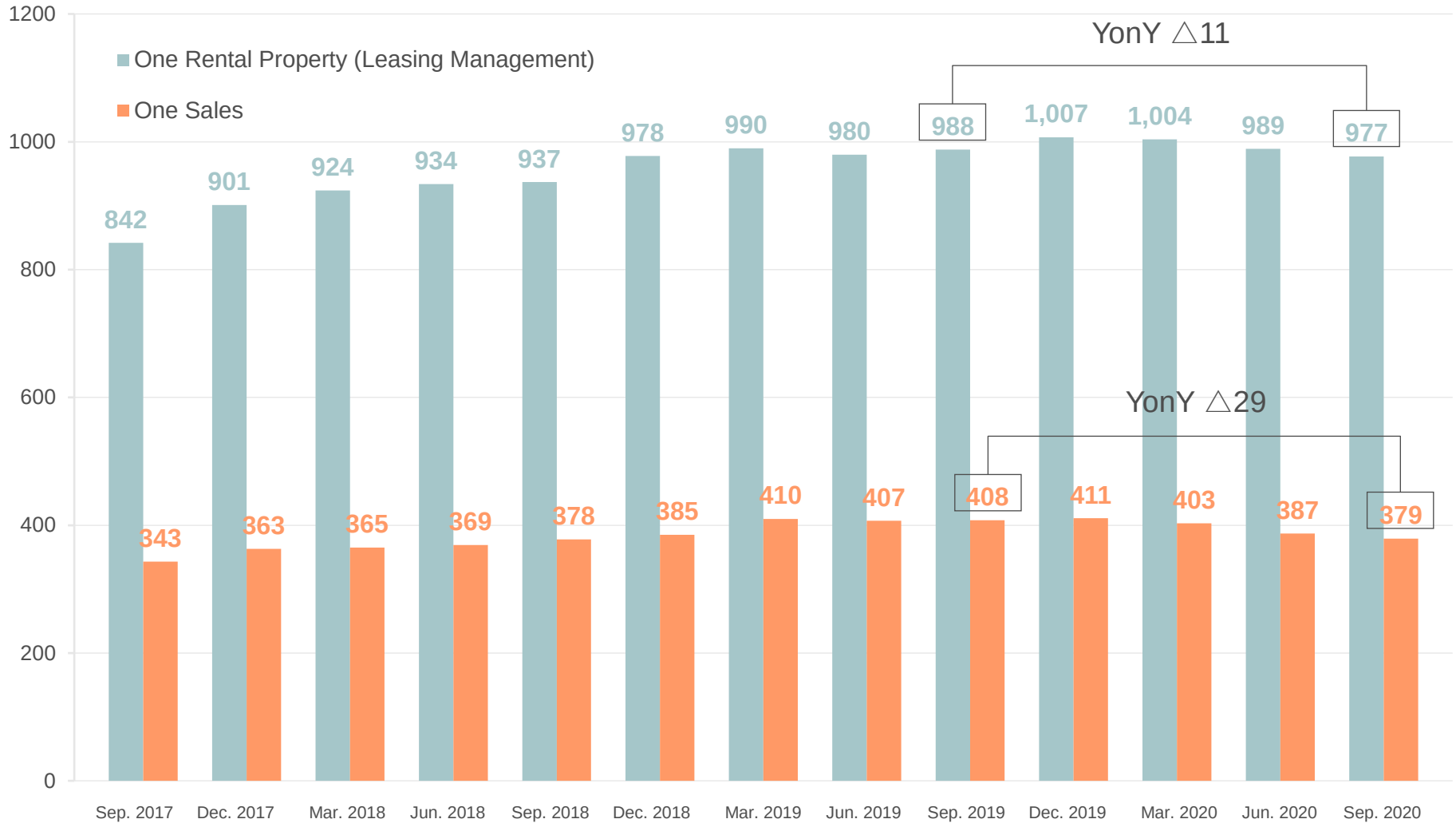
Service utilization by leasing and brokerage companies was stagnant.

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



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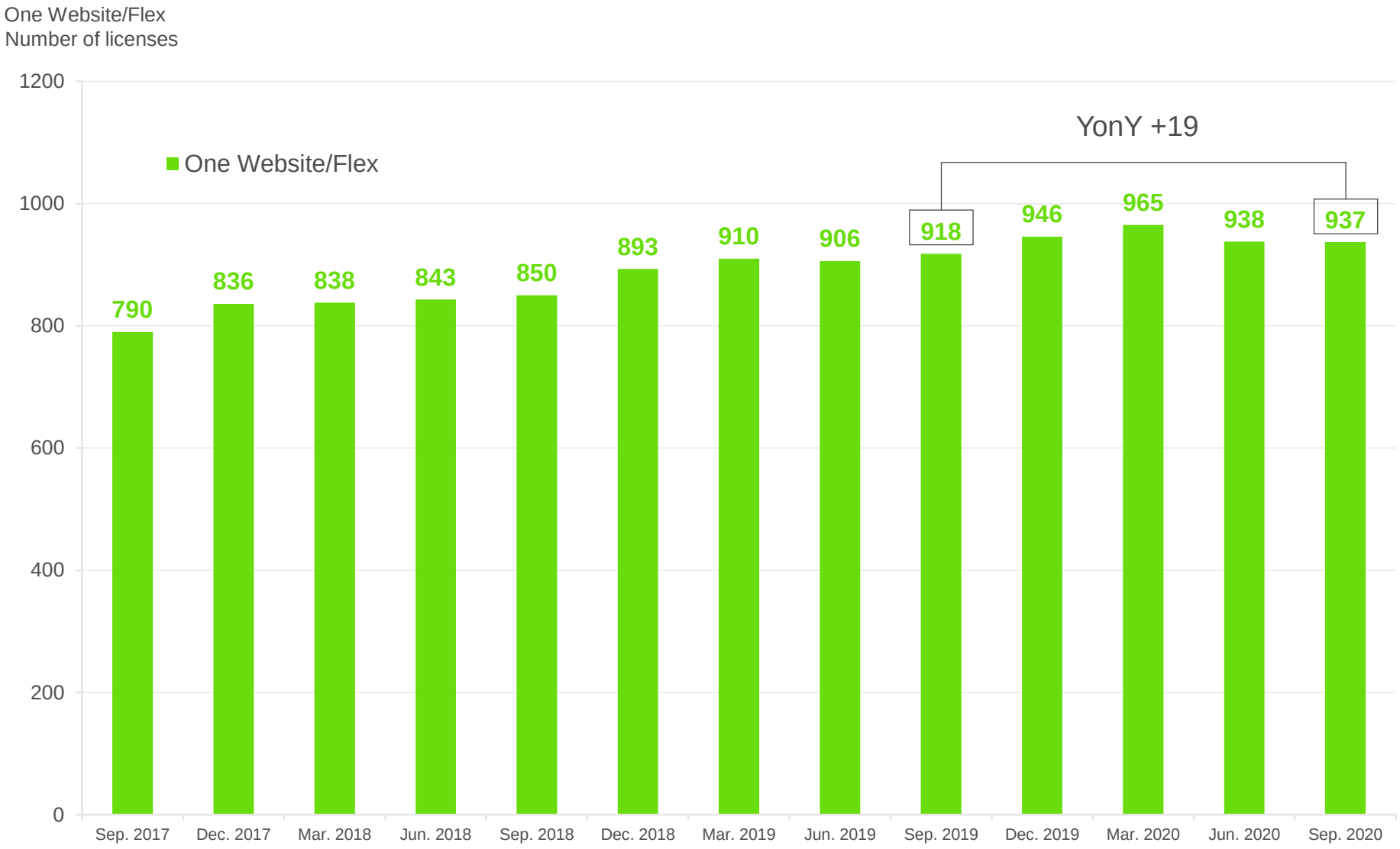
Needs for digital marketing from real estate firms were healthy.



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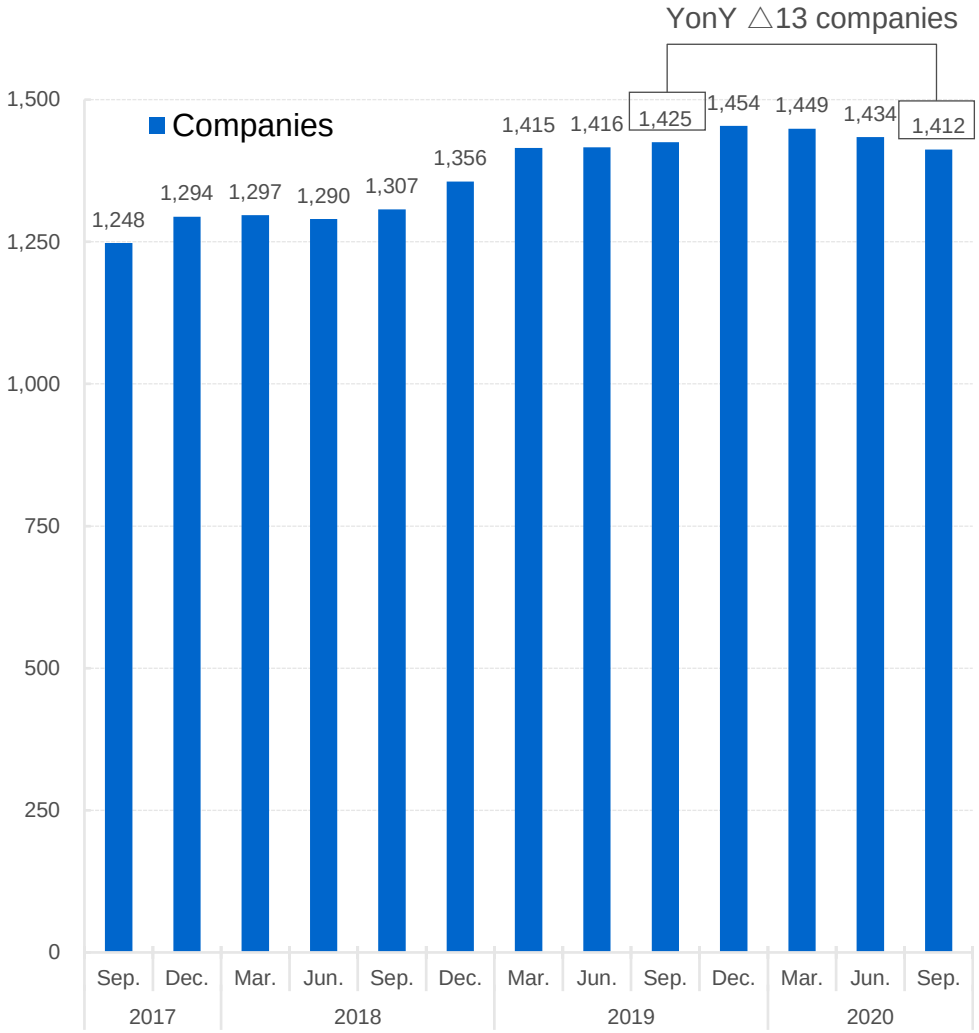
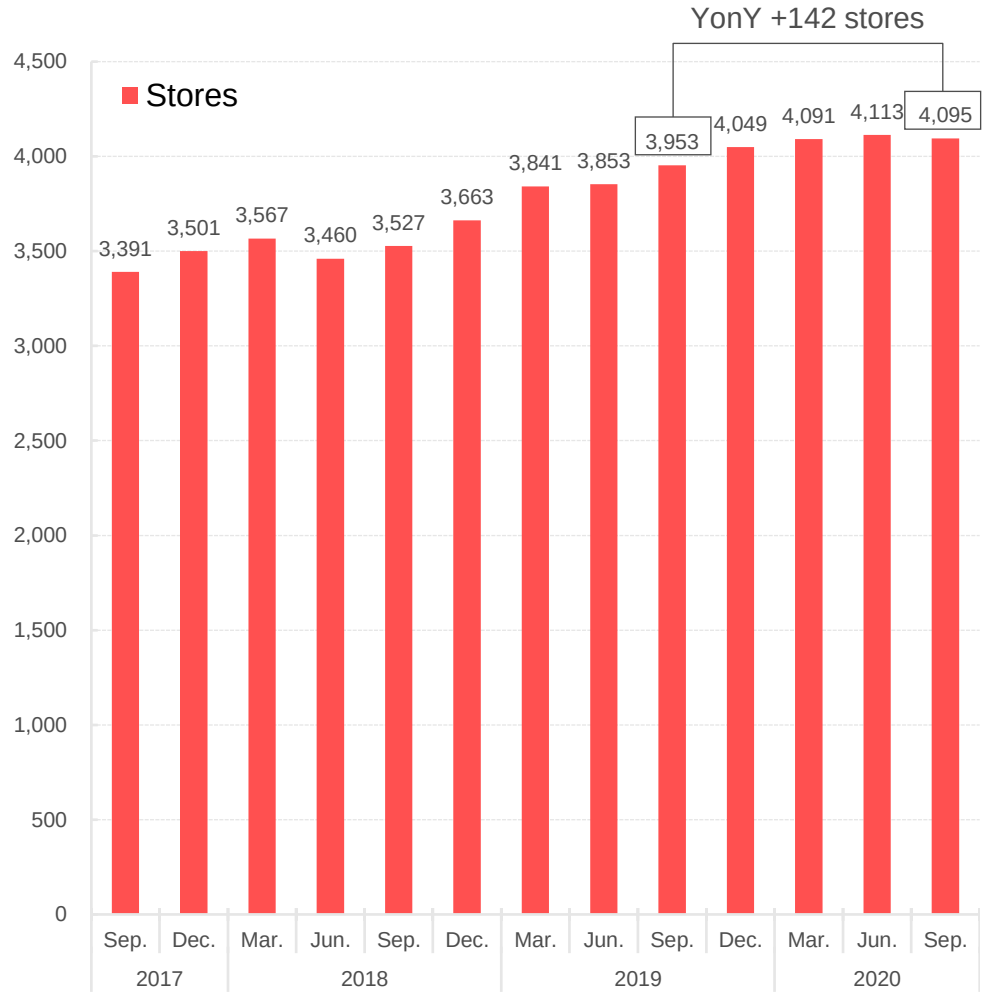
The impact of the novel coronavirus crisis on companies that operate multiple shops was minor.

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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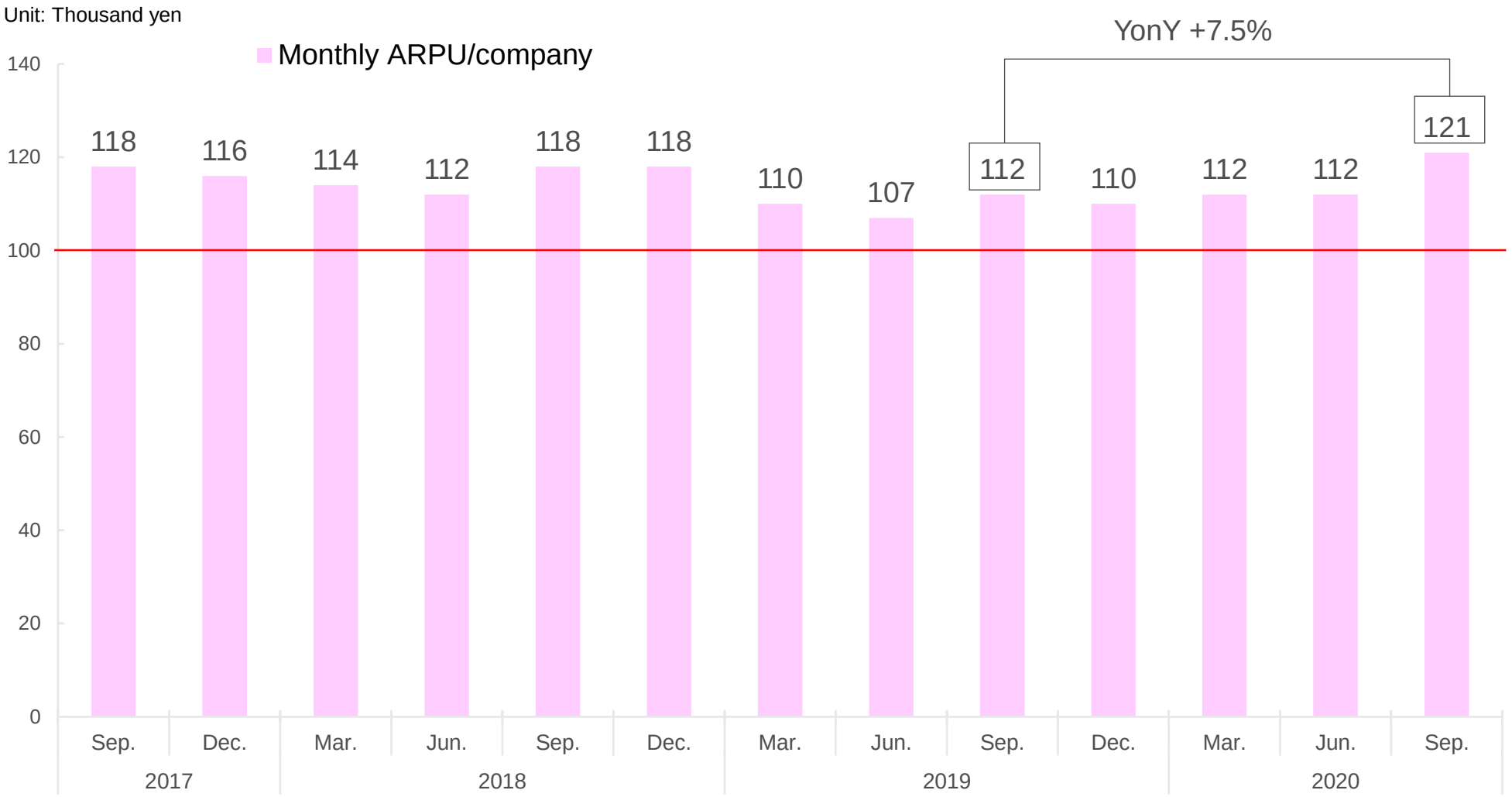
ARPU has been stable and firm.



∗ 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 second quarter of FY 2021 is approximately 119 thousand yen when calculated based on the definition before the end of FYE March 31, 2020.

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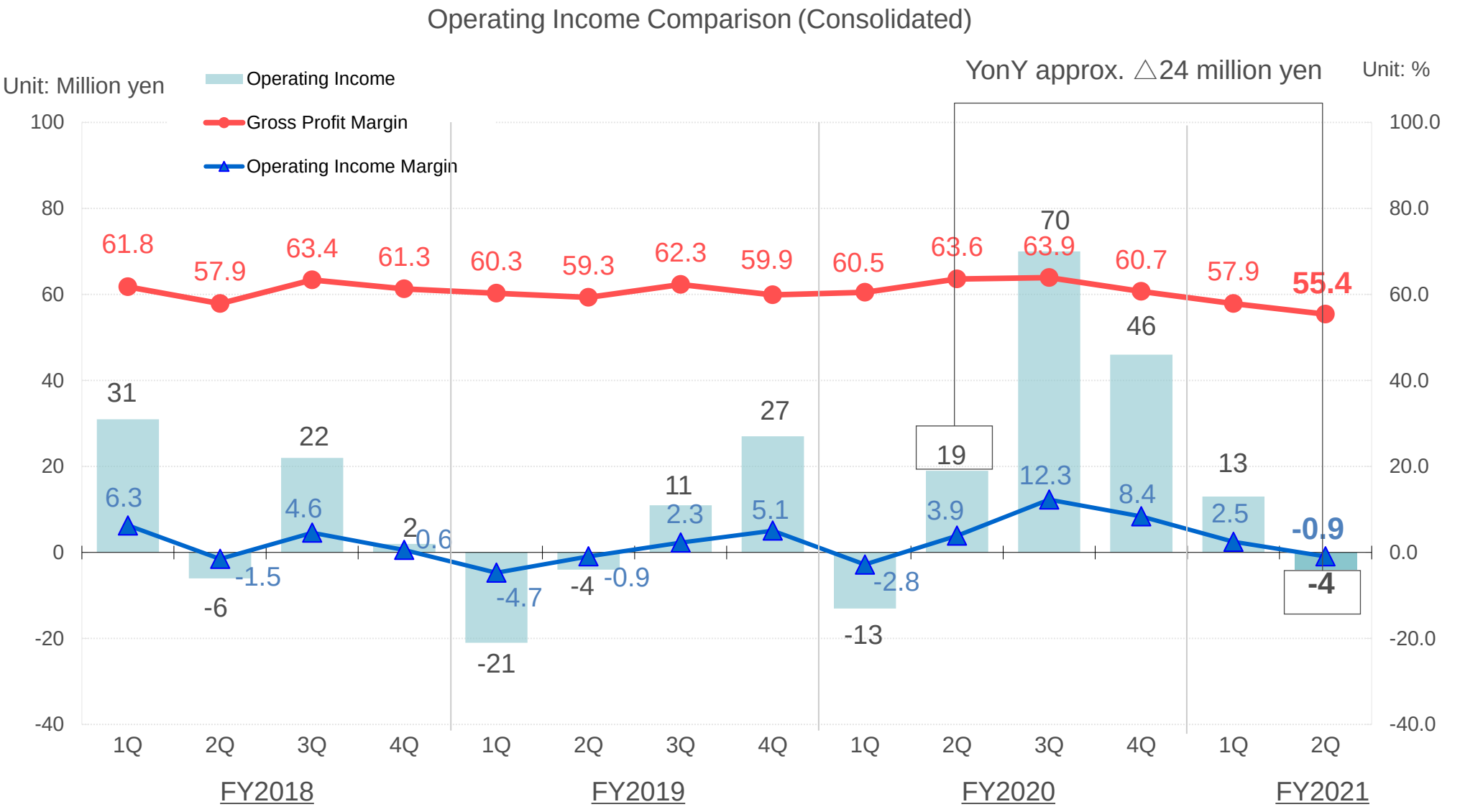
Investment in service development for growth, etc. continued



∗ Figures rounded down to the nearest million yen.

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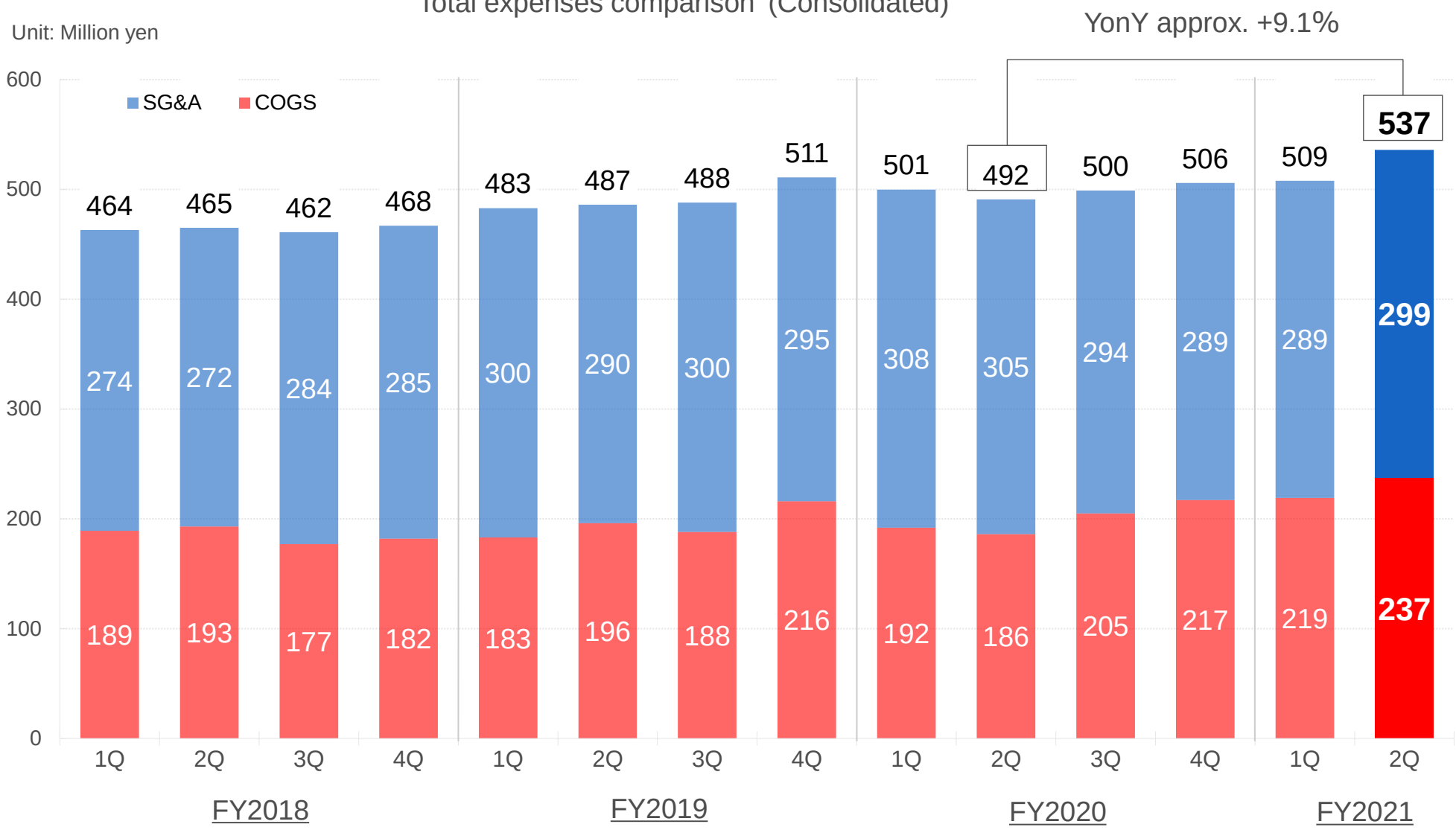
Investment in development and marketing continued

Total expenses comparison (Consolidated)

Unit: Million yen



∗ Figures rounded down to the nearest million yen.

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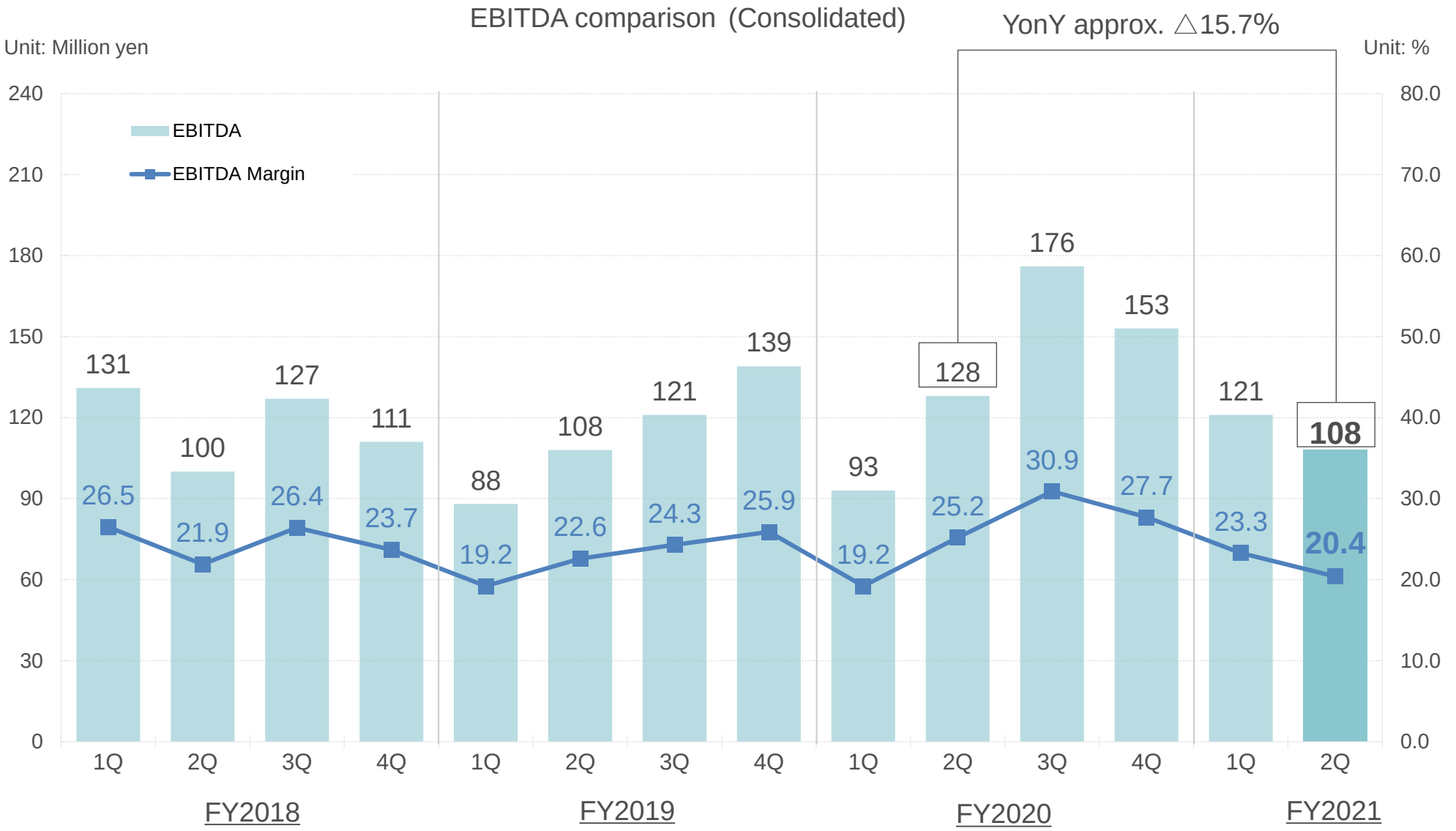
EBITDA is increasing toward the second half



∗ Figures rounded down to the nearest million yen.

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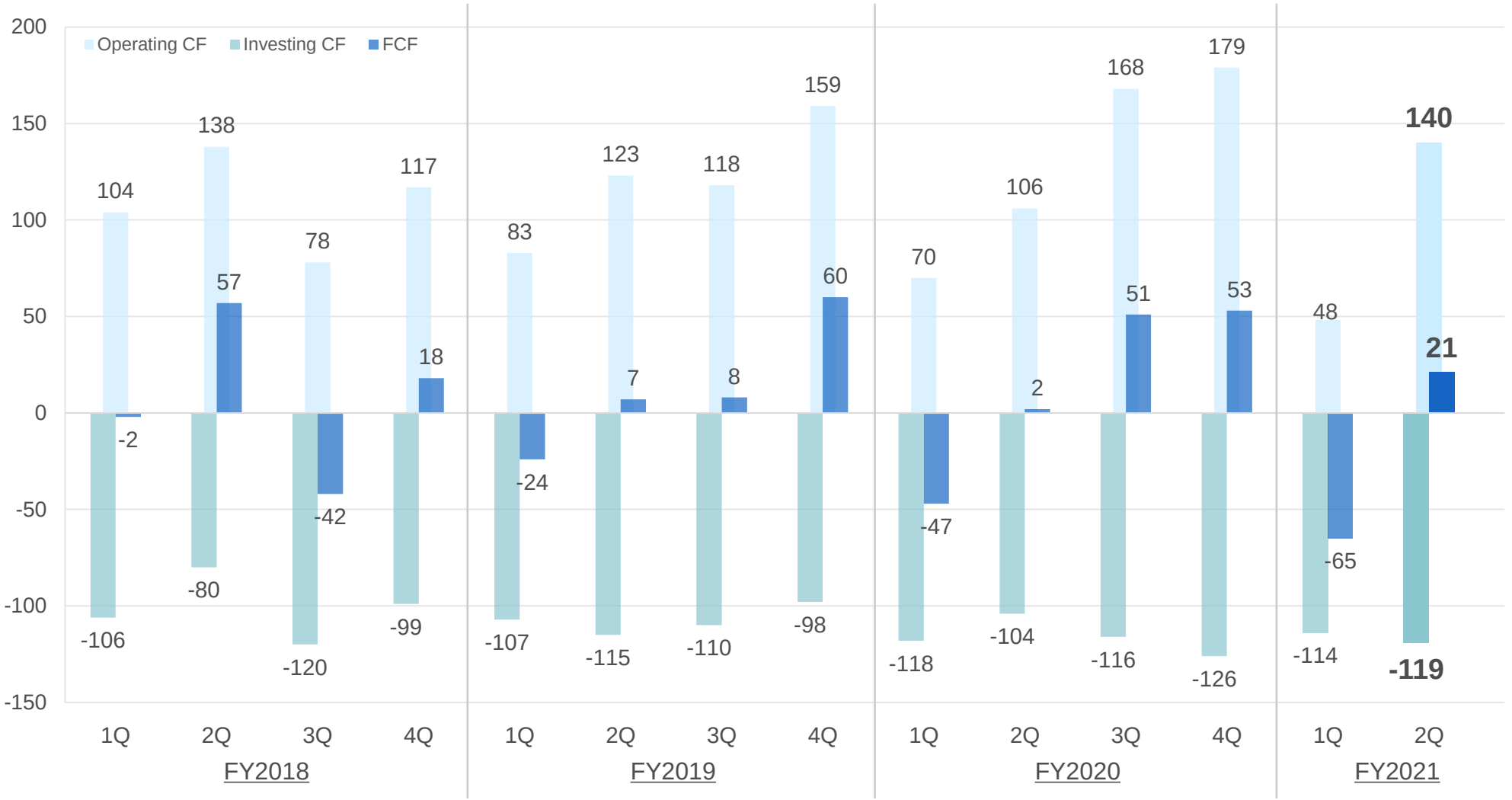
Continue to invest in service development, while securing FCF steadily

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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Actively held seminar-based marketing, mainly online ones

List of major online seminars held by e-Seikatsu

Date	Theme
Apr. 28, 2020	Linked with Ricoh THETA 360.biz! e-Seikatsu × Ricoh Online Seminar
May 1, 2020	What are IT for business operations real estate firms should adopt, and their ideal models? e-Seikatsu × Funai Consulting Seminar
May 15, 2020	【Remote introduction of real estate, IT-based explanation of important matters!】e-Seikatsu × Ricoh Online Seminar
May 19, 2020	Liberated from the customs of affixing seals and commuting in an agonizing manner! Electronic contracts enterprises should adopt now e-Seikatsu × GMO Cloud Seminar
May 25, 2020	Liberated from the customs of affixing seals and commuting in an agonizing manner! Electronic contracts enterprises should adopt now e-Seikatsu × GMO Cloud Seminar
May 28, 2020	Why don't you "boost your sales" while "reducing costs" amid this situation? e-Seikatsu × Lifein 24 Seminar
Jun. 4, 2020	How to make "online business negotiations," which are becoming common, more successful! e-Seikatsu × Nurve Seminar for Utilizing VR
Jun. 16, 2020	Liberated from paper and seals – Streamlining, cost reduction, and realization of paperless operations e-Seikatsu × Bengo4.com Seminar
Jun. 19, 2020	Vitalization of the real estate trading business and development of a system for selling real estate on behalf of owners e-Seikatsu × Funai Consulting Seminar
Jun. 22, 2020	What are efficient methods for attracting customers, causing repercussions, and increasing transactions amid the coronavirus crisis? e-Seikatsu × Real Estate Info Site Seminar
Jun. 25, 2020	Online marketing strategy for increasing customers before they visit an actual shop Seminar for utilizing "ES e-Bukken One Website Flex"
Jul. 2, 2020	Communication skills for finding real estate and offering services after occupation in the coronavirus-ridden age e-Seikatsu × Servithink Seminar
Jul. 7, 2020	Future realty workflow from search for apartment units to conclusion of a contract, utilizing real estate technology! e-Seikatsu × Ricoh × GMO Cloud Seminar

Date	Theme
Jul. 13, 2020	Why don't you "boost your sales" while "reducing costs" amid this situation? e-Seikatsu × Lifein 24 Seminar
Jul. 17, 2020	"Development of systems" and "differentiated products" for selling real estate on behalf of owners e-Seikatsu × Funai Consulting Seminar
Jul. 30, 2020	New normal in marketing for housing for rent; Methods for increasing "yield rate" through non-face-to-face communication with customers e-Seikatsu × Spacely Seminar for Utilizing VR
Aug. 6, 2020	Detailed explanation of the law regarding rental housing management business e-Seikatsu × Japan Property Management Association × Japan Property Management Center Seminar
Aug. 7, 2020	【Linked with data on real estate for sale; addition of the function to search with a map】 Seminar for utilizing "ES e-Bukken One Website Flex"!
Aug. 25, 2020	Online marketing strategy for increasing customers before they visit an actual shop Seminar for utilizing "ES e-Bukken One Website Flex"!
Sep. 14, 2020	【18 real estate tech companies come together!】From sales promotion to services after the conclusion of contracts Large-scale online seminar regarding real estate technology for "understanding everything in a day!"
Sep. 18, 2020	Online marketing strategy for increasing customers before they visit an actual shop Seminar for utilizing "ES e-Bukken One Website Flex"!
Sep. 29, 2020	Explanation on the latest trend of the law regarding the rental housing management business Part 2! e-Seikatsu × Japan Property Management Association Seminar
Oct. 6, 2020	Open seminar regarding the methods for utilizing real estate technology and improving business operations! Alps × e-Seikatsu × Funai Consulting Collaborative Seminar
Oct. 13, 2020	Seminars regarding "accompanying services" and "optical fibers" you should know before the busy season!
Oct. 20, 2020	"To recommend the adoption of RPA for realty" e-Seikatsu × SystemSoft Seminar for Utilizing RPA
Oct. 29, 2020	DX of processes for outsourcing parking area management for management companies e-Seikatsu × Japan Property Management Center × Park Direct Seminar

- This term, we held about 40 online seminars, and a total of roughly 2,500 people attended them.
- Utilized for grasping market needs for business talks, and gathering good-quality information on possible customers

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Held large-scale online seminars focused on real estate technology

Held on Sep. 14, 2020!

Large-scale online seminar organized by e-Seikatsu and Funai Consulting

18 real estate tech companies to come together, for processes from sales promotion to services after contract conclusion!!



Catch up with the latest information on real estate technology in one day!

Date and time: 10:00-18:00 on Monday, September 14 **Participation fee: free**
This is online, so you can attend at home!

- In cooperation with Funai Consulting, which has a broad network with “real estate tech” companies, we actualized a large-scale online seminar involving 18 related companies for the first time.
- A total of 200 people from the real estate field participated. We reconfirmed the growth of expectations toward “real estate technology,” which was caused partially by the coronavirus crisis.

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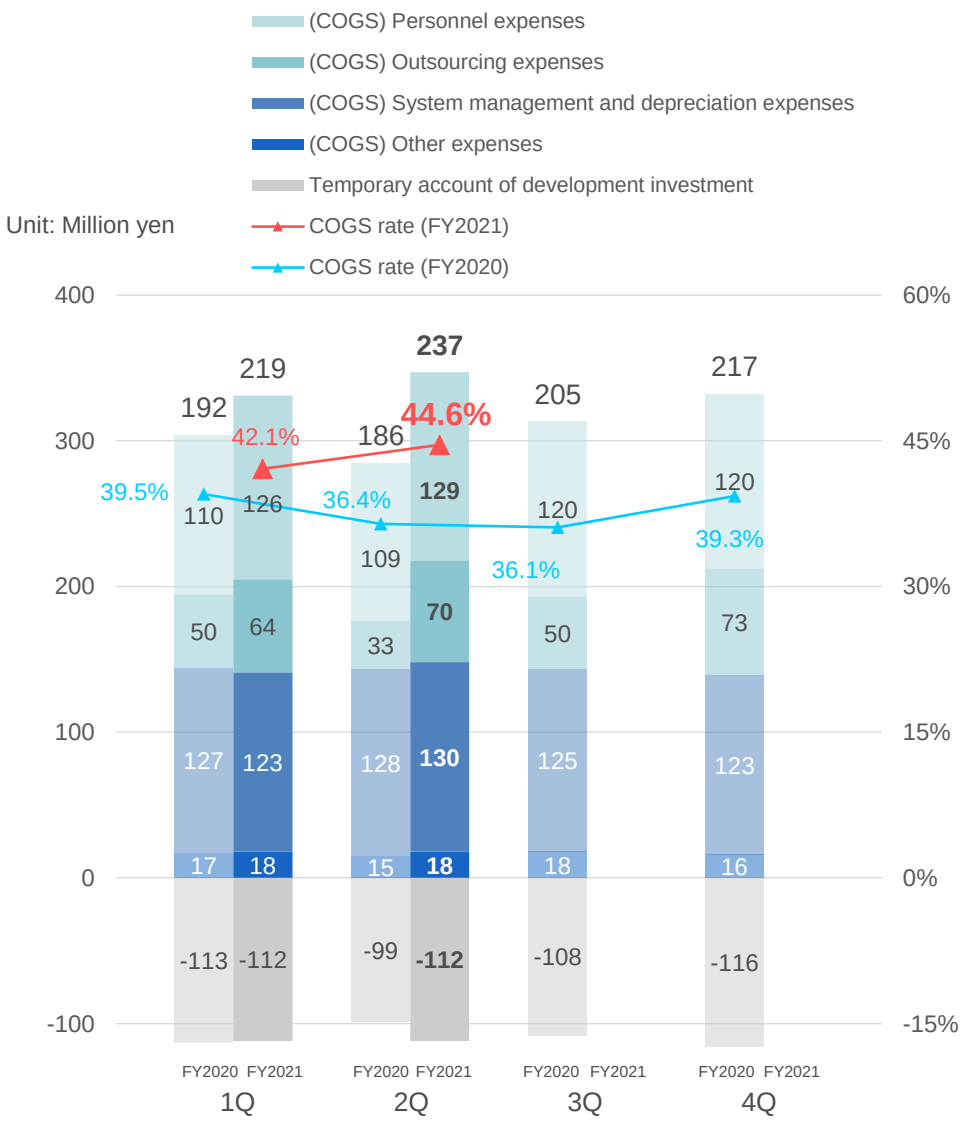
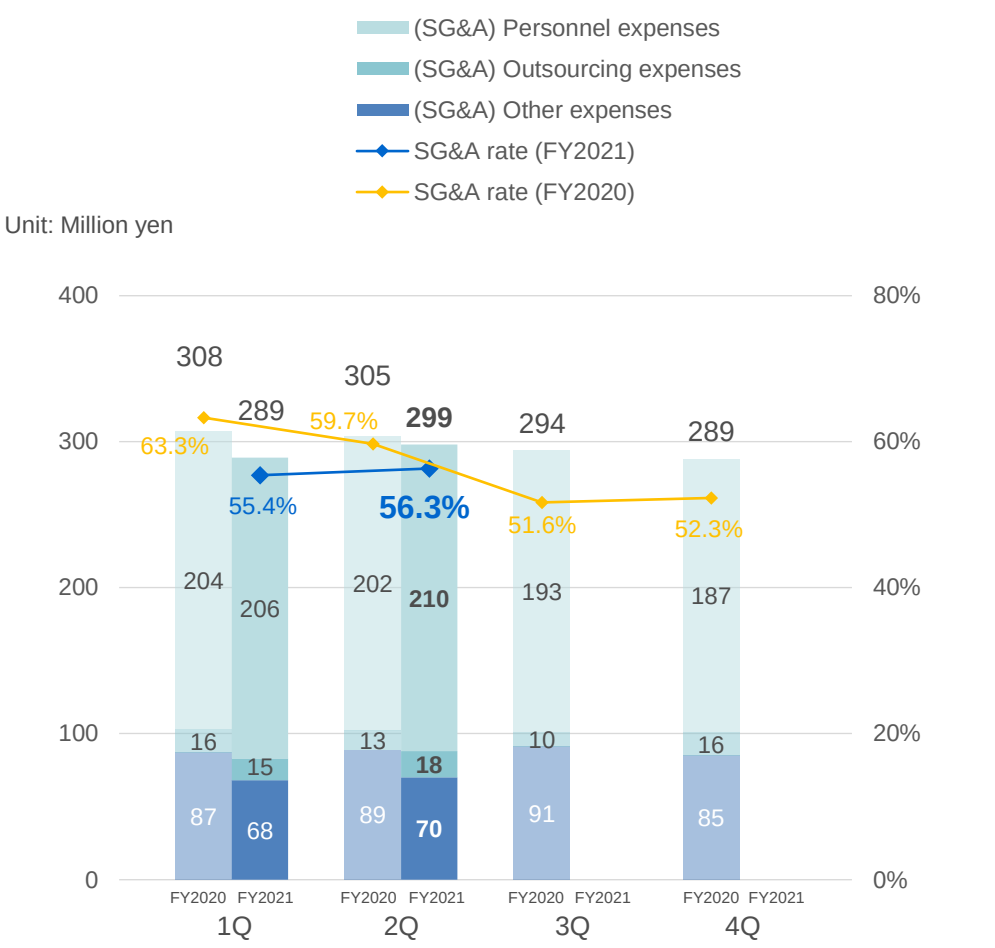
Cost structure: Marketing and sales costs streamlined

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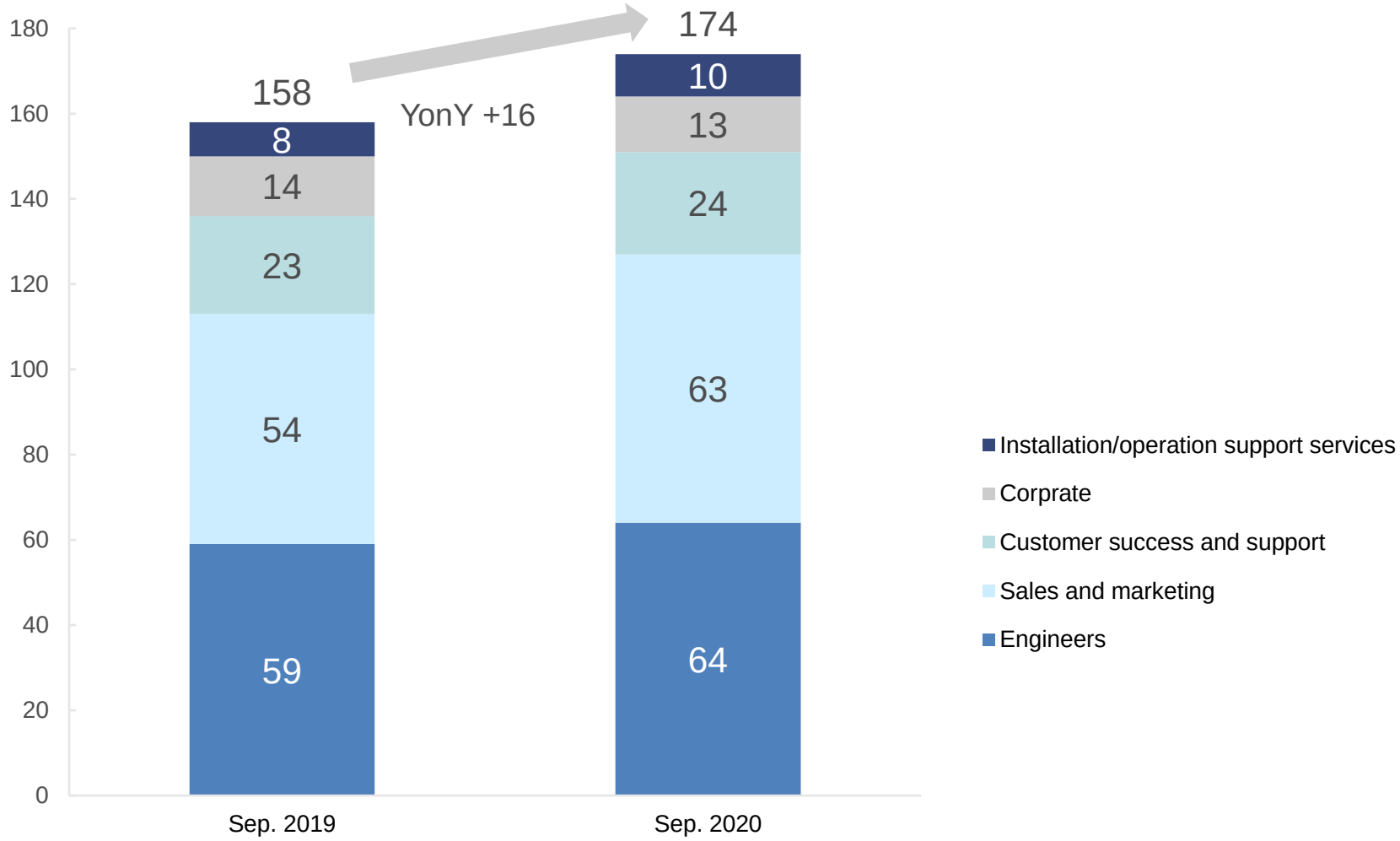
We strengthened the team while maintaining a well-balanced personnel structure

No. of Employees (Consolidated)



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

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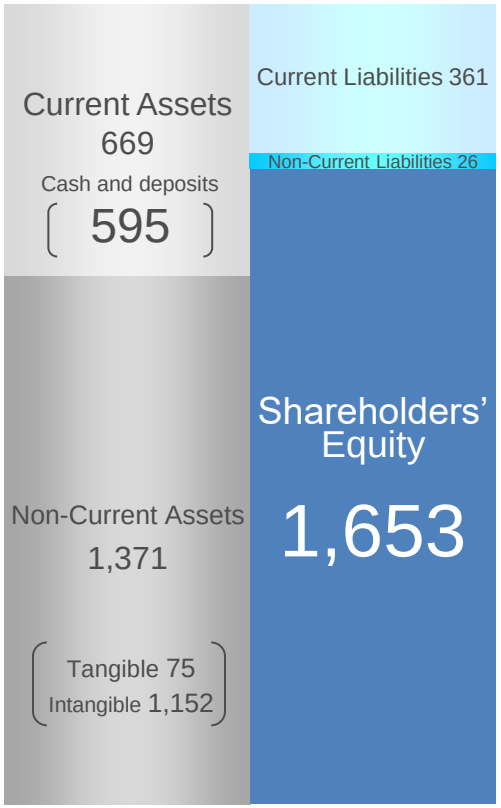
We are maintaining the sound financial ground and sufficiently prepared for growth opportunities

Consolidated Balance Sheet Comparison

Unit: Million yen

As of the end of March 2020

Current ratio
185.0%

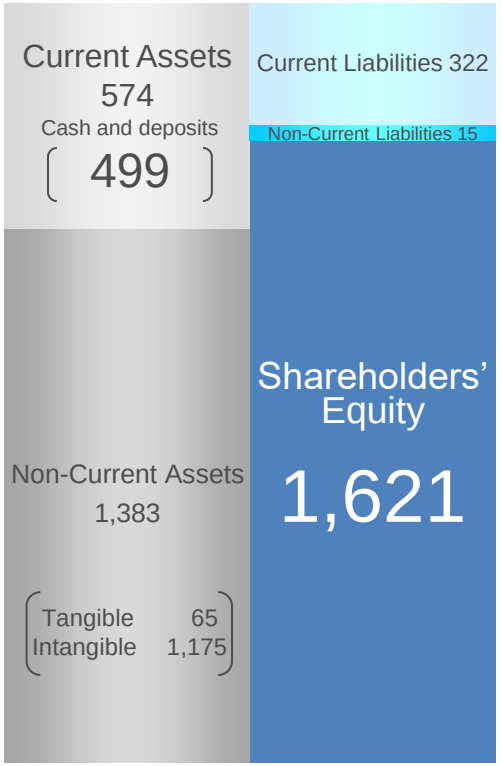


Capital-Asset ratio
81.0%

Assets 2,041 | Liabilities and Equity 2,041

As of the end of September 2020

Current ratio
178.4%



Capital-Asset ratio
82.8%

Assets 1,958 | Liabilities and Equity 1,958

＊Figures rounded down to the nearest million yen.

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3. Earnings Forecast and Future Prospects

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Regarding the earnings forecast for FYE March 31, 2021

Impact of the novel coronavirus pandemic (COVID-19)

- Through the enhancement of marketing measures, including online seminars and inside sales, we accumulated information on possible customers steadily. The real estate market is recovering, and the number of orders received is currently favorable.
- We cannot deny the impact on small and medium-sized clients, who rely on one-off revenues from brokerage of rental and trading of real estate. Some of them strived to reduce costs, cancelled some services, and so on.
- Meanwhile, real estate companies that pursue business continuity took this opportunity and promoted DX further.
  The number of orders from large-scale clients, which were not affected by COVID-19 significantly, is healthy, and sales are growing.

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 considering the possibility that the busy season in the real estate industry from January to March will see the re-spread of the novel coronavirus, we judged that our forecast should be cautious. Therefore, the earnings forecast is still undecided at this time.
- On the other hand, 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 our cloud and SaaS services for significant sized real estate companies will increase its business opportunities. As of now, annual sales are estimated to grow. (As an indicator for full-year results, ARR (annual recurring revenue) was disclosed.)
- As for “IT subsidies,” our cloud and SaaS became subject to the subsidies. The use of said subsidies, too, was advertised.
- Costs are estimated to augment due to the continuous investment in service development, expenses for shifting to IaaS, which is a service base, temporary costs for infrastructure (which will disappear next term), etc.
- After shifting to IaaS, we plan to dispose of some of our own servers and software for systems. An extraordinary loss will be posted.
- 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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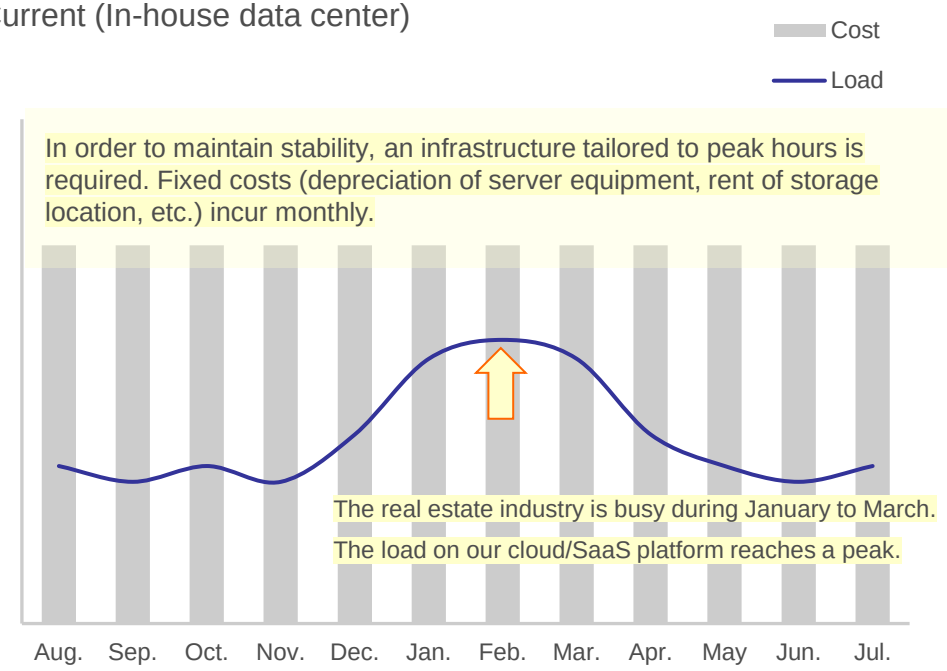
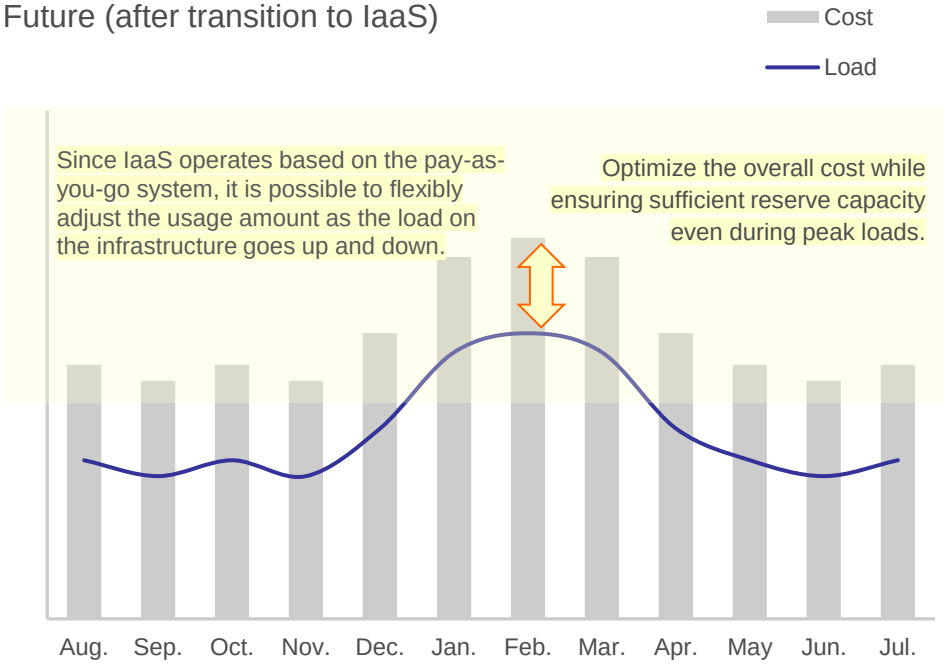
Full migration of service infrastructure to IaaS is in execution

Monthly migration image of service infrastructure maintenance cost and load

Current (In-house data center)



Future (after transition to IaaS)



- Regarding the infrastructure (server devices, etc.) for cloud services, we began full migration to IaaS 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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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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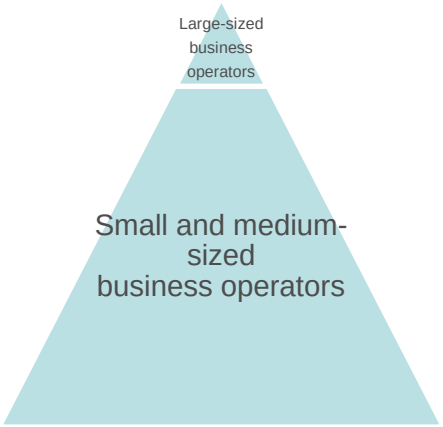
To provide cloud/SaaS solutions that meet the characteristics of the real estate market

Characteristics of the real estate market

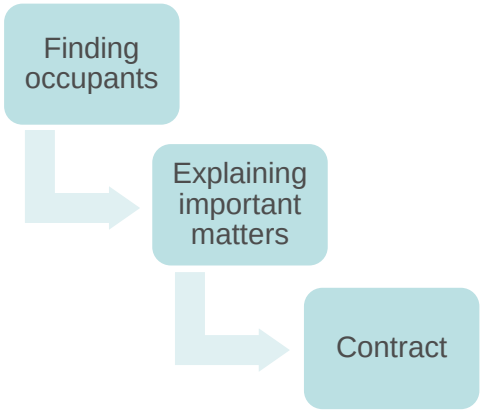
Overwhelming majority is small and medium-sized business operators



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
- Can be installed without in-house HW equipment, 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

*According to “Statistics of Real Estate Industry in 2020” (Real Estate Transaction Promotion Center), real estate enterprises with 4 or less employees account for about 86% of the total number of real estate enterprises: 353,558 (as of 2014).

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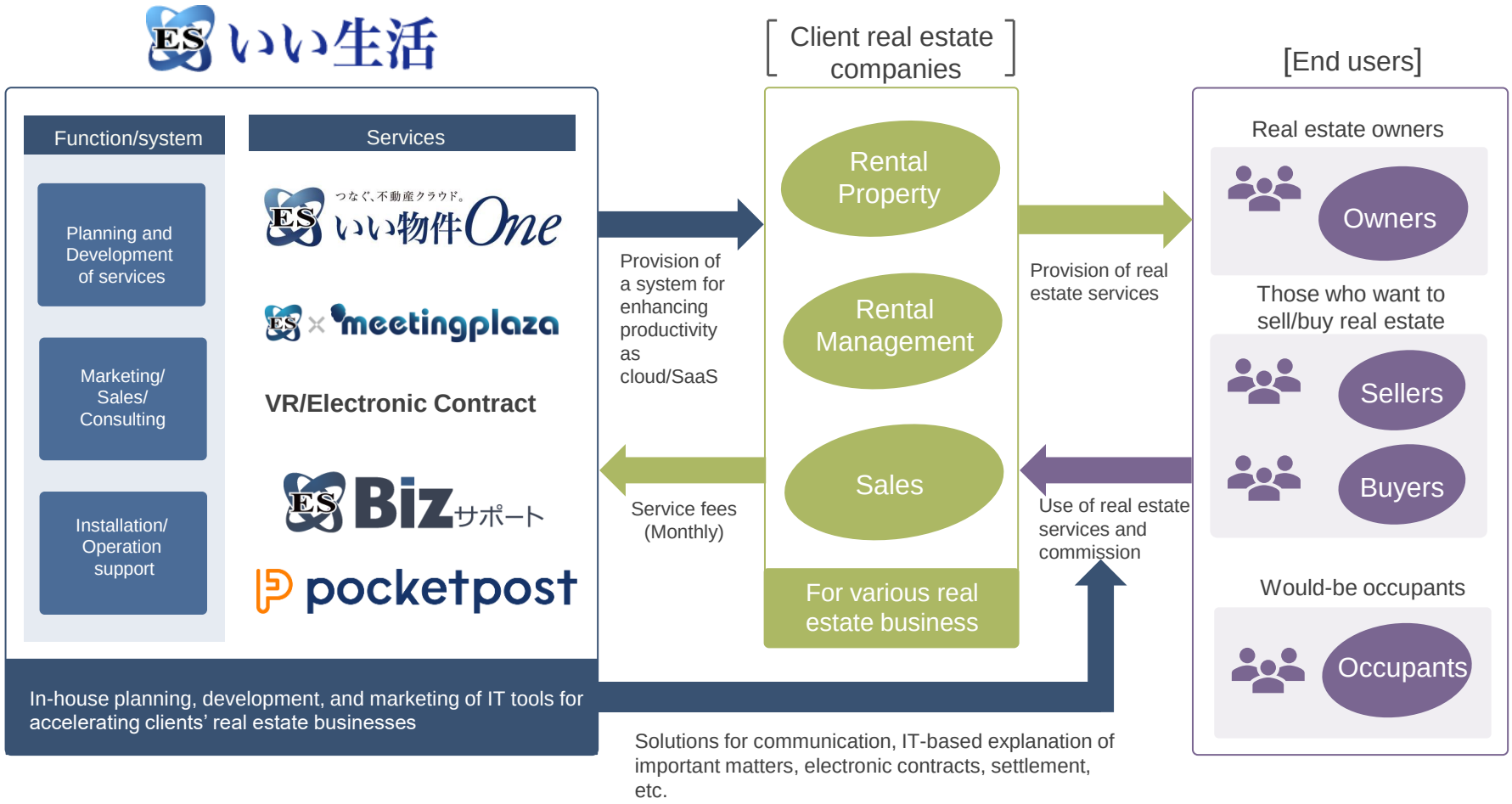
Outline of our businesses: A reliable partner supporting digital transformation of real estate companies



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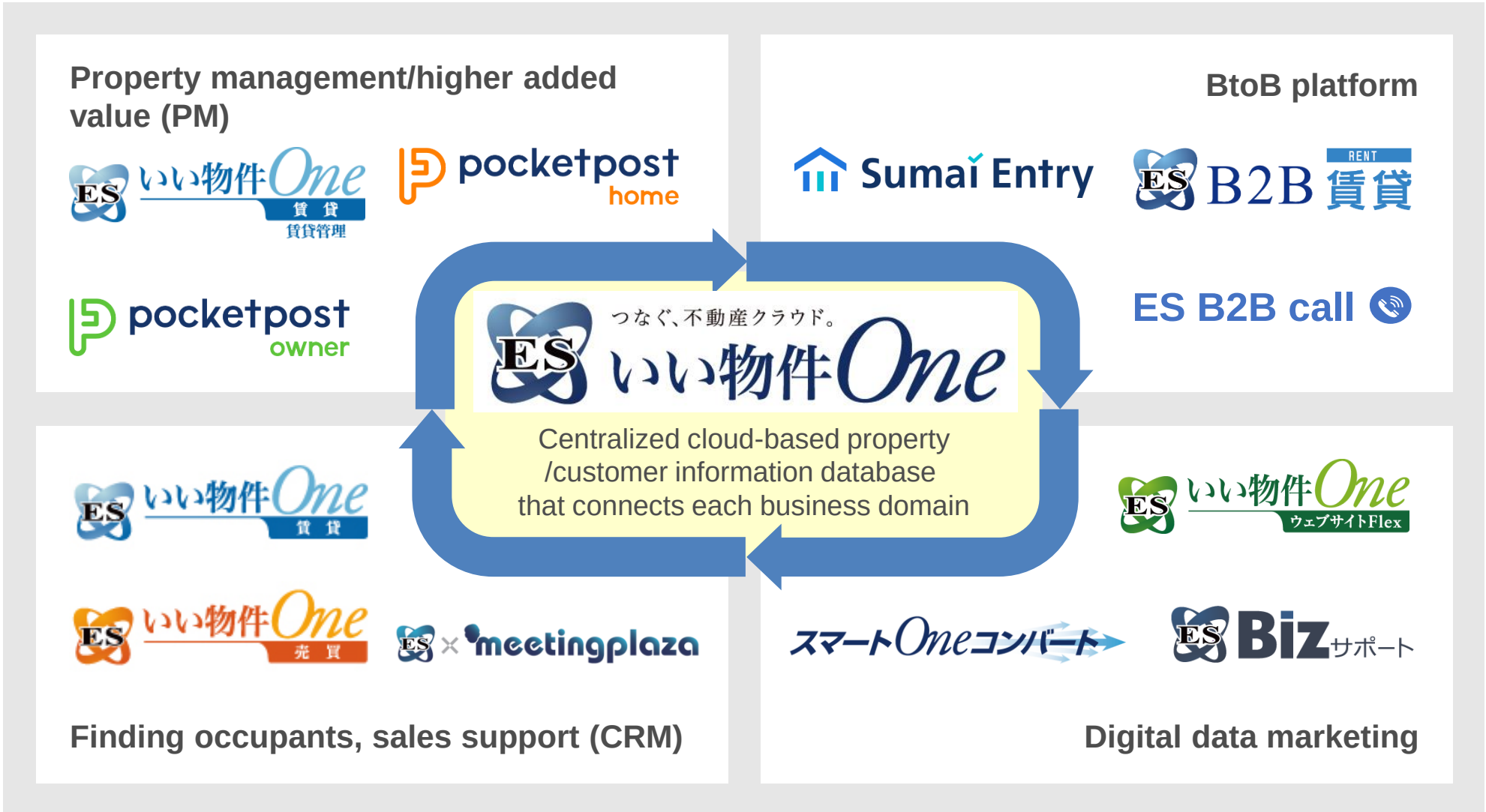
To provide integrated business support cloud/SaaS for the real estate industry



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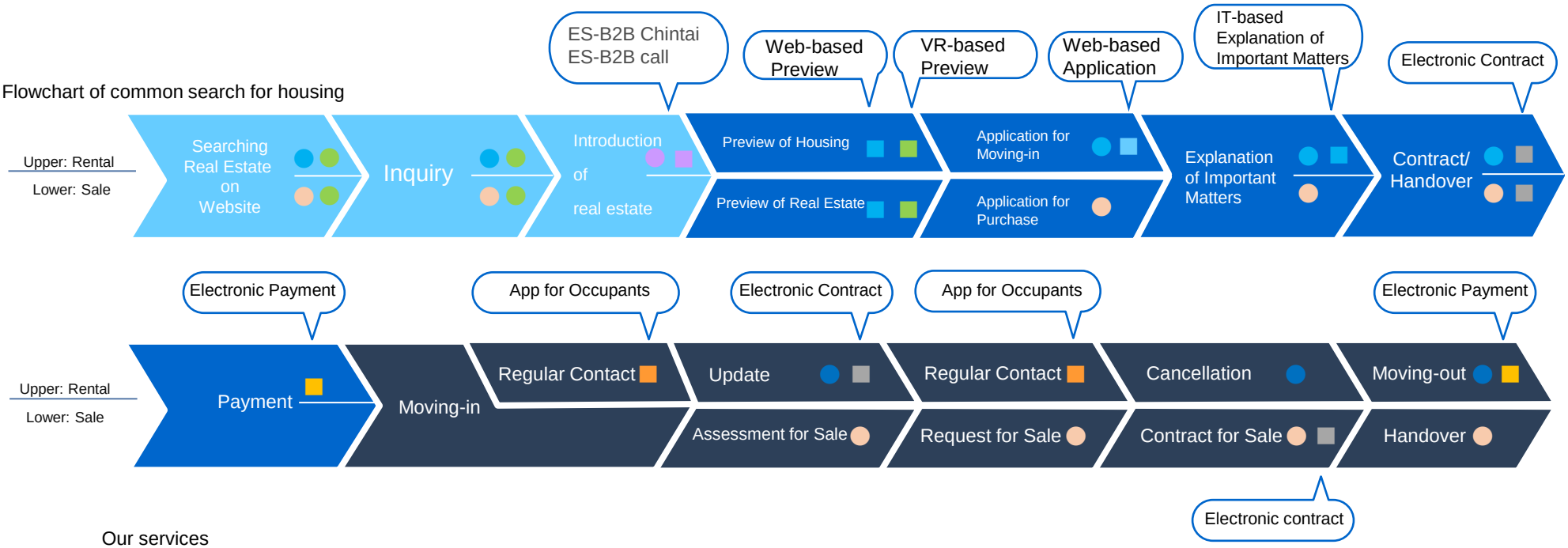
Promotion of digital transformation (DX) of the real estate market

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

Flowchart of common search for housing



Our services



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Website functions were significantly upgraded to support digital marketing in the real estate industry

いい生活

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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Sumai Entry (service for online booking room previews and applying for move-in)



- To automate the operation of the application for booking room previews and the acceptance of applications between brokerage companies and management companies. Available 24 hours a day, 365 days a year.
- Users can apply for move-in with a smartphone. To make the tasks of accepting and screening applications paperless
- Linked with real estate data of “ES e-Bukken One” and “ES-B2B Rent,” streamlining all business processes at once.
- Information linkage with rental guarantee companies is planned, to save labor in all processes.

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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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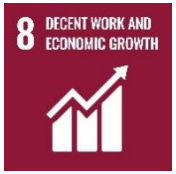
Efforts for attaining SDGs

e-Seikatsu will tackle various social issues through business, and contribute to solving them.

Materiality of e-Seikatsu	Related goals
Creation of personnel who would trigger changes ・Creation of advanced IT personnel ・Promotion of new workstyles ・To provide a wide range of personnel with opportunities to flourish	  
To offer innovative, high-quality services that would bring added value to society ・Creation of services with high added social value ・Continuous improvement in quality ・Emphasis on information security	 
Contribution to the residential environment through business ・Formation of the appropriate real estate market by adopting IT ・To secure the appropriate accessibility to the market for all people by rationalizing the market ・To contribute to the development of the real estate market as a base for supporting people and society in cooperation with stakeholders	
To actualize an environmentally-friendly, affluent, sustainable society with IT and DX ・To execute business operations with low environmental burdens ・To contribute to the online market and the environmentally-friendly real estate industry in cooperation with stakeholders ・To contribute to the sound development of local communities in cooperation with stakeholders throughout Japan	  

*“SDGs” stands for Sustainable Development Goals. International goals for realizing a sustainable, better world by 2030, adopted at the UN Summit in Sep. 2015. Composed of 17 goals and 169 targets.

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Company Profile

Established ：	January 21, 2000
Paid-in capital ：	628,411,540 yen (As of the end of September 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 ：	174 (As of the end of September 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.

To subscribe to “IR News Mail,” which will inform you of a variety of IR info on our company, access the following URL.
https://www.e-seikatsu.info/IR/irNewsMail/irNewsMail_inquiry.html

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