FY2021 Full-term Results Presentation Material

May 13, 2021

e-Seikatsu Co., Ltd.

Securities code: 3796

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1. Summary of Full-term Results for FYE March 31, 2021

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Highlights

ARR / Sales

ARR : **2,009** million yen
(Up 3.4% YOY)

Sales : **2,214** million yen
(Up 4.3% YOY)

Ratio of sales from subscription services: **91.3**%
(91.6% in the previous term)

Number of Fee-paying Client Companies

1,427 companies
（Down 22 companies from March of the previous year）

ARPU（Average Revenue Per User）

Approx. **121** thousand yen
（About 112 thousand yen in Mar. in the previous term)

EBITDA / Operating Income

EBITDA : **510** million yen
(Down 7.7% YOY)

Operating income : **69** million yen
(Down 43.6% YOY)

Subscription Gross Profit Margin

55.6%
(62.6% in the previous term)

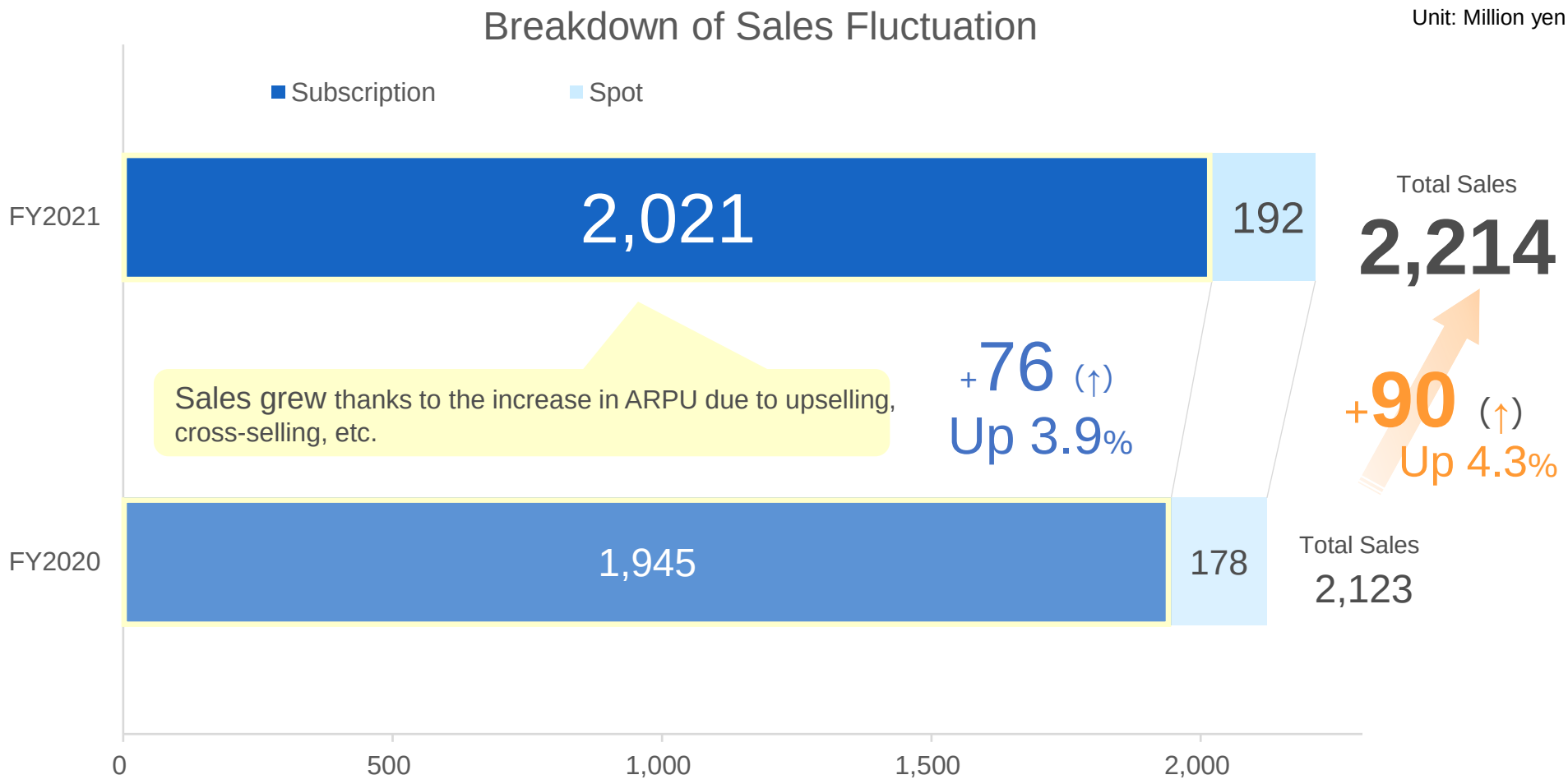
MRR Churn rate

-0.06%
※This value becomes negative, when the increase in MRR due to up-selling 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 Mar. 2021 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 Mar. 2021 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 Churn rate is the number of MRRs (including existing changes) lost in Mar. 2021 divided by the MMR of Feb. 2021. *8 EBITDA = Operating income + Depreciation

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Subscription sales 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.

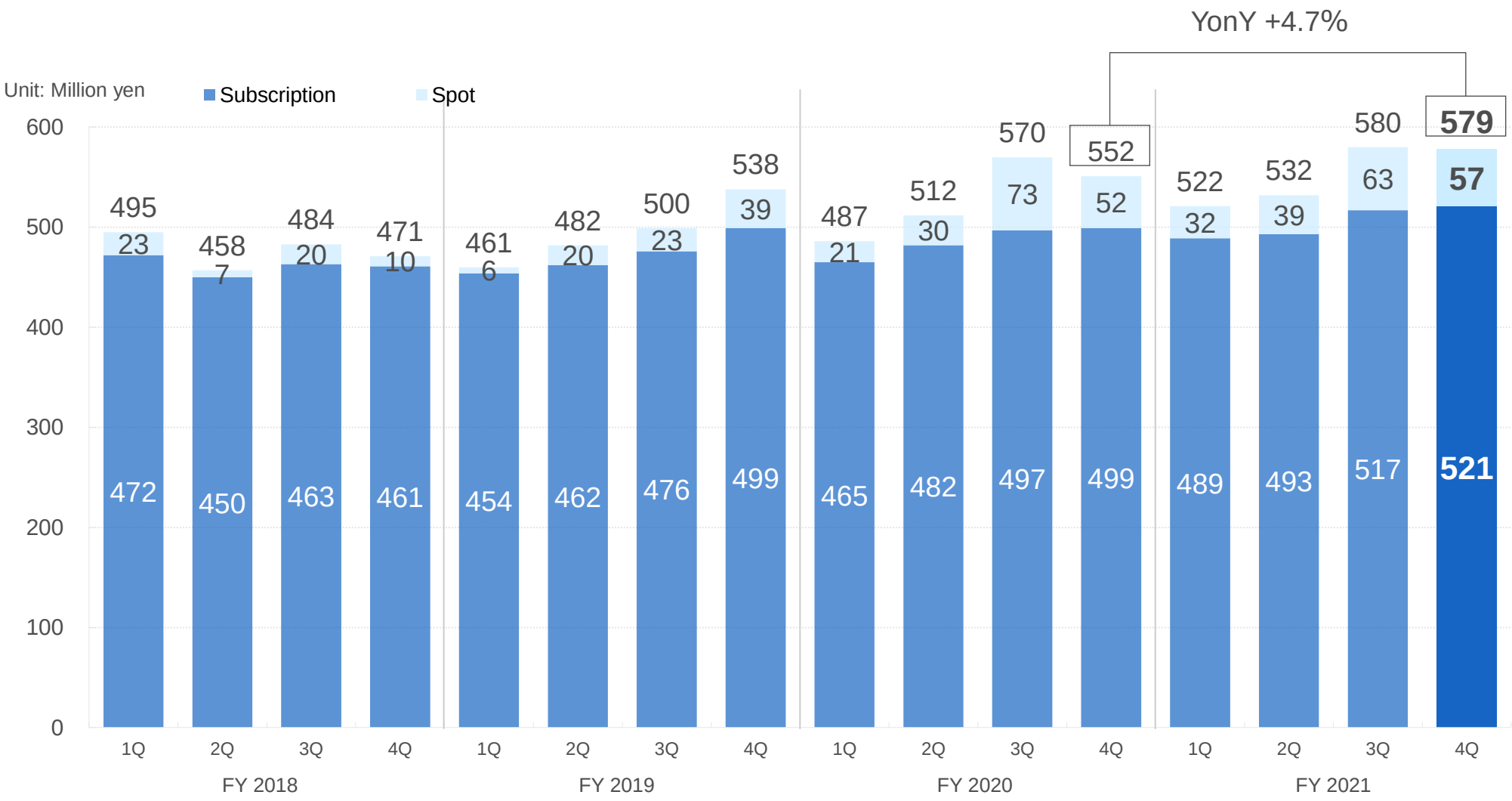
＊In order to provide information that can be easily understood by everyone, we reviewed the sales disclosure categories from FYE March 31, 2021, and displayed them as two categories: subscription/spot.

＊Figures rounded down to the nearest million yen.

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Quarterly sales grew steadily

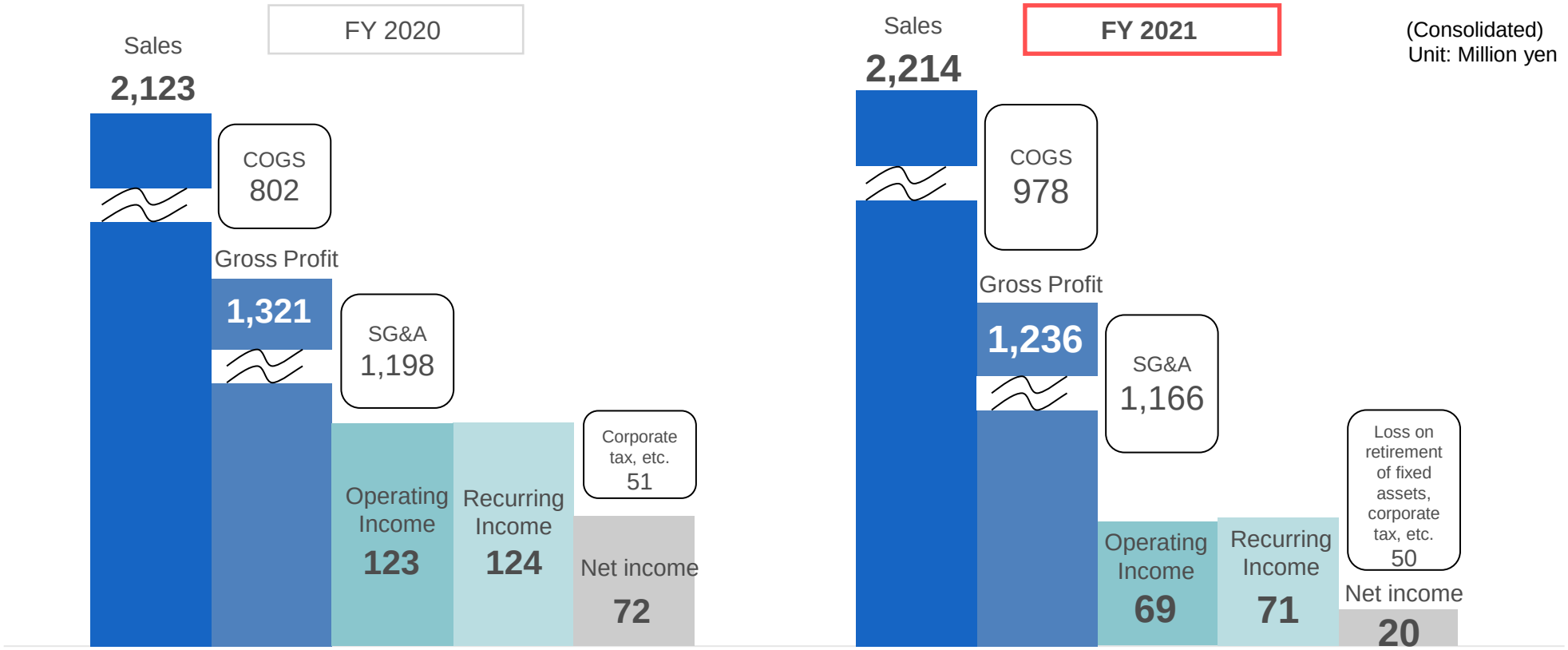
Variation in Sales (Cloud Solution Business)



＊Figures rounded down to the nearest million yen.

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Full renewal of the foundation of services was completed, and a system for further growth was established



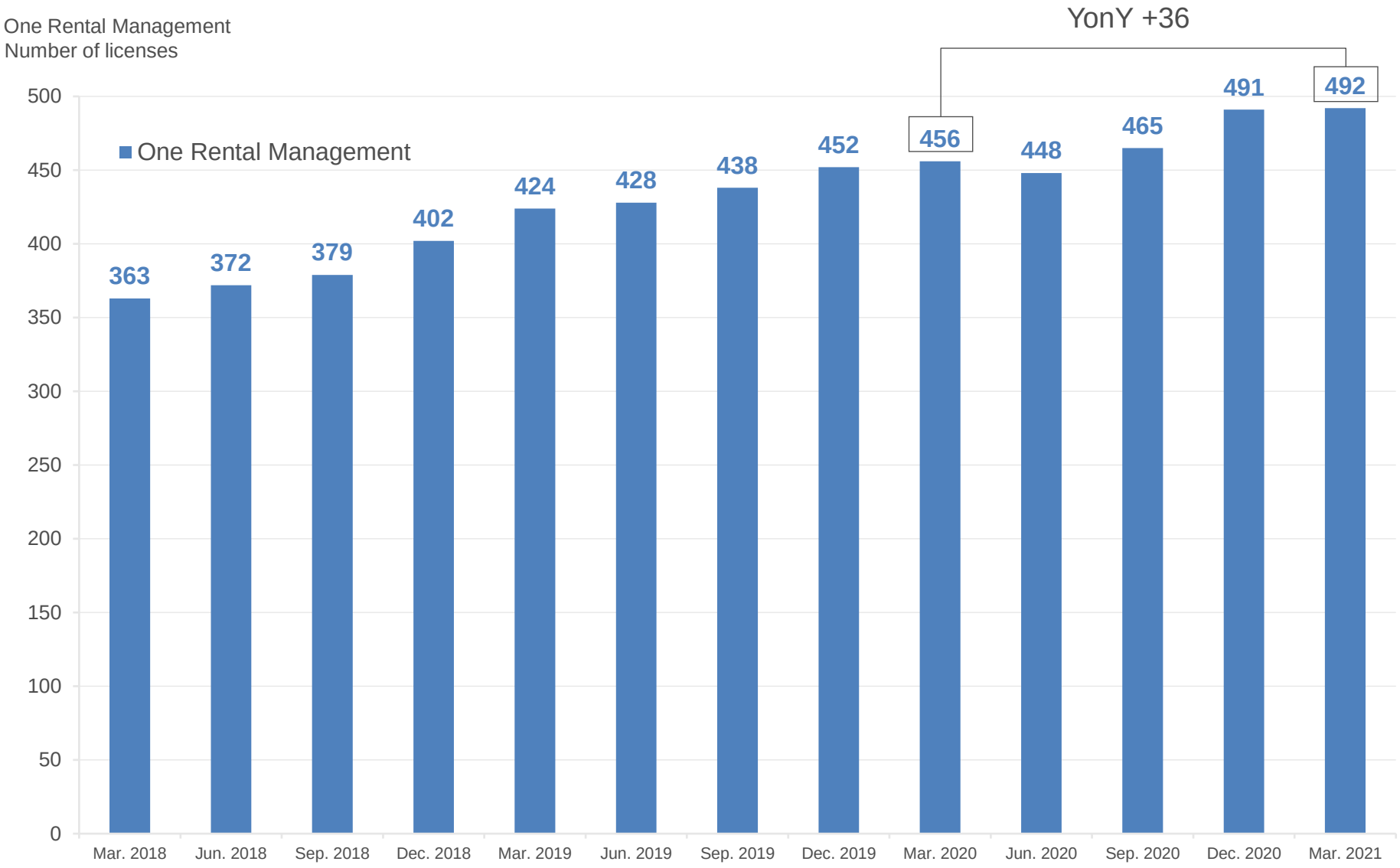
(Consolidated)
Unit: Million yen

- We made new transactions healthily through marketing activities, mainly online, and increased sales.
- COGS: As we have shifted to IaaS (Infrastructure as a Service), the charges for using IaaS, etc. augmented. We also incurred the expenses for the existing data center of our company, which is still in operation, but to be discontinued this term. (The operation of the old system was terminated at the end of that term as planned.)
- SG&A: Streamlined through the establishment of a sales support system centered on online support.

＊Figures rounded down to the nearest million yen.

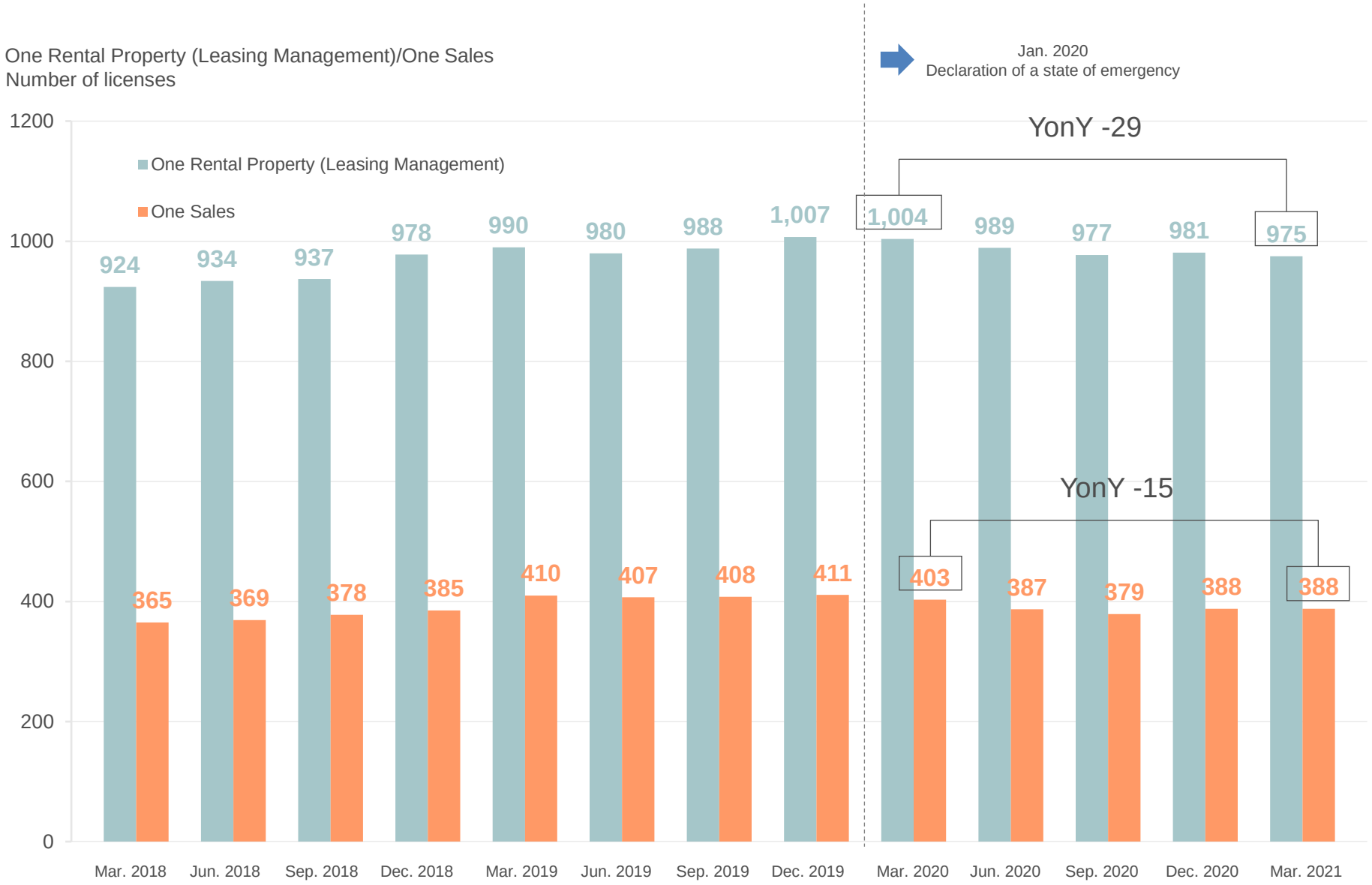
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Cloud and SaaS services utilization by rental properties management companies, which is strategically important, was strong



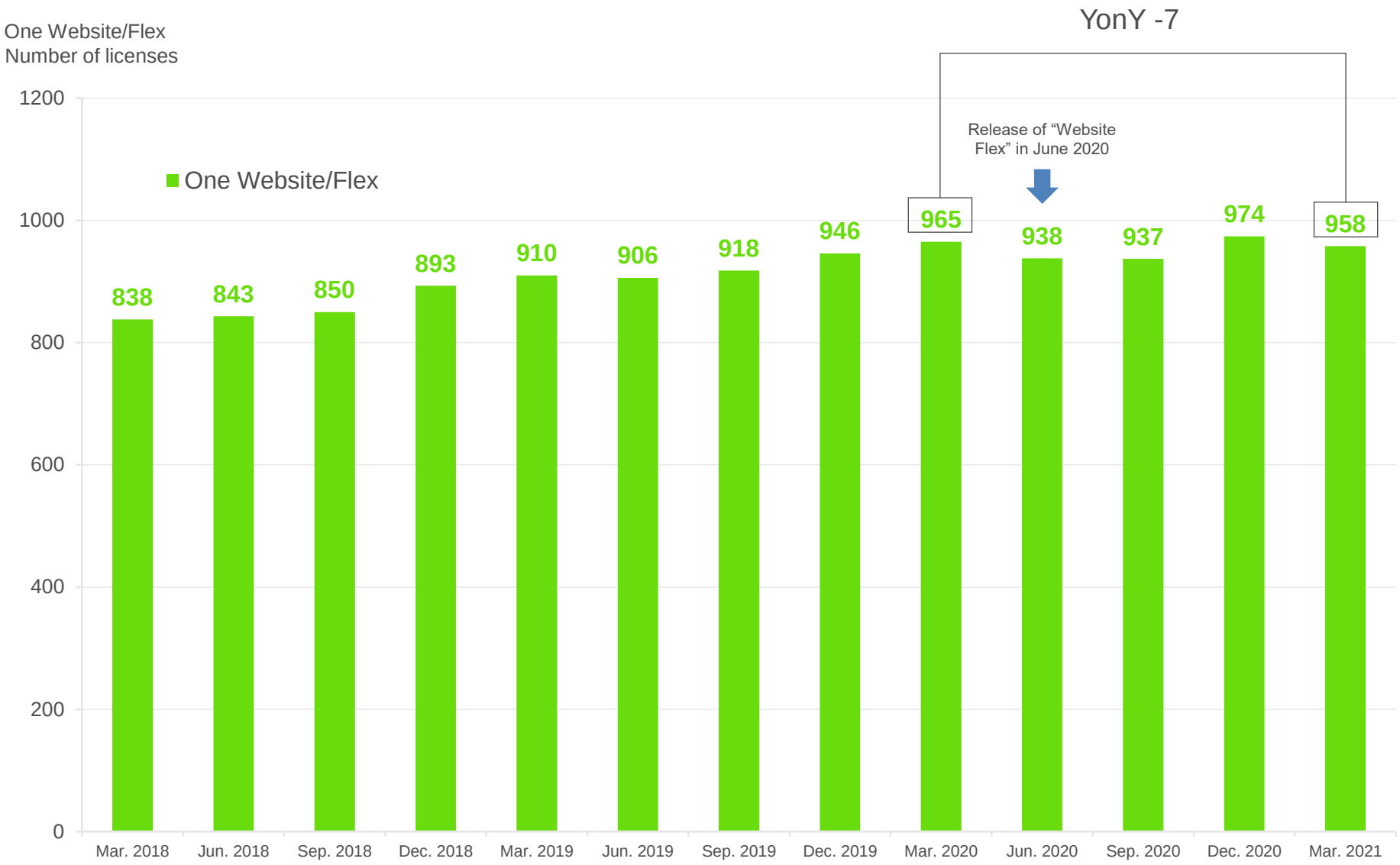
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The number of customers of cloud and SaaS services for brokerage of lease and sale is stable



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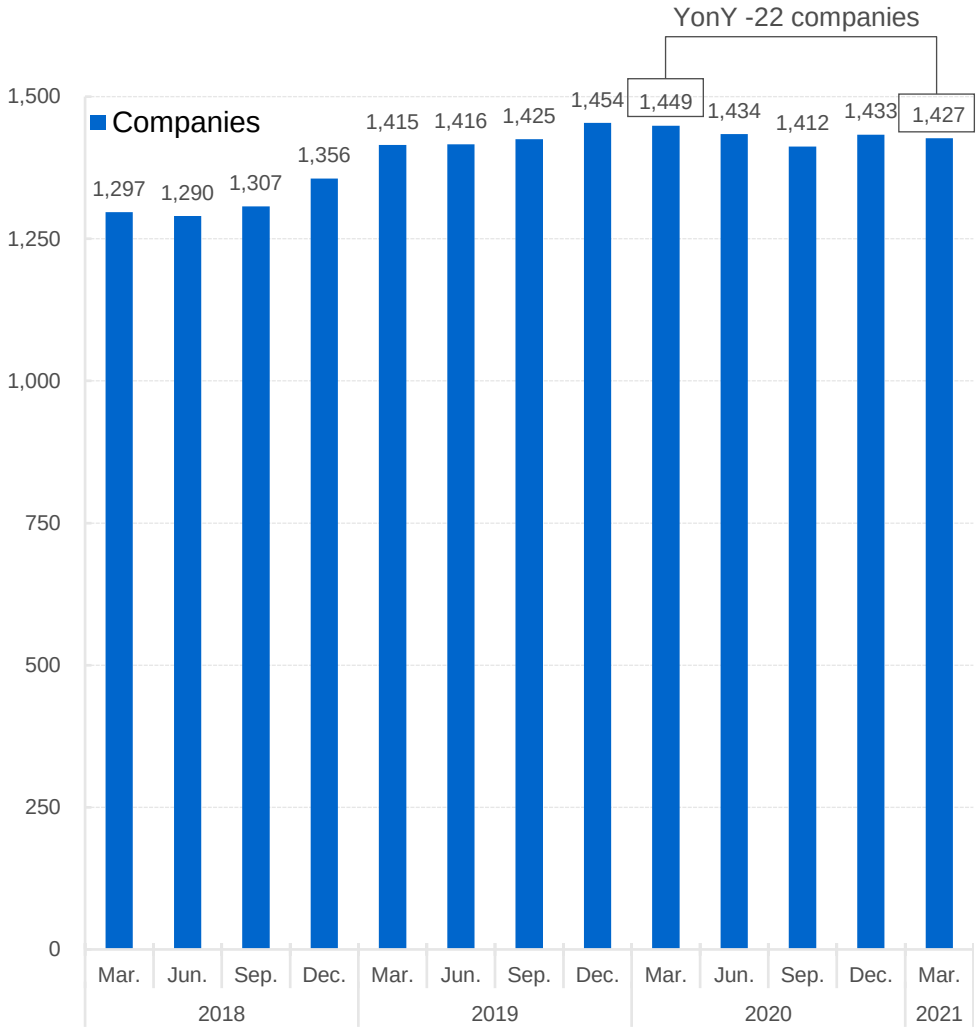
We released new services of digital marketing SaaS and offered them healthily



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The merit of cloud and SaaS services is the efficient management of multiple stores in a unified manner

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



Variation in the Number of Stores Using Our Services

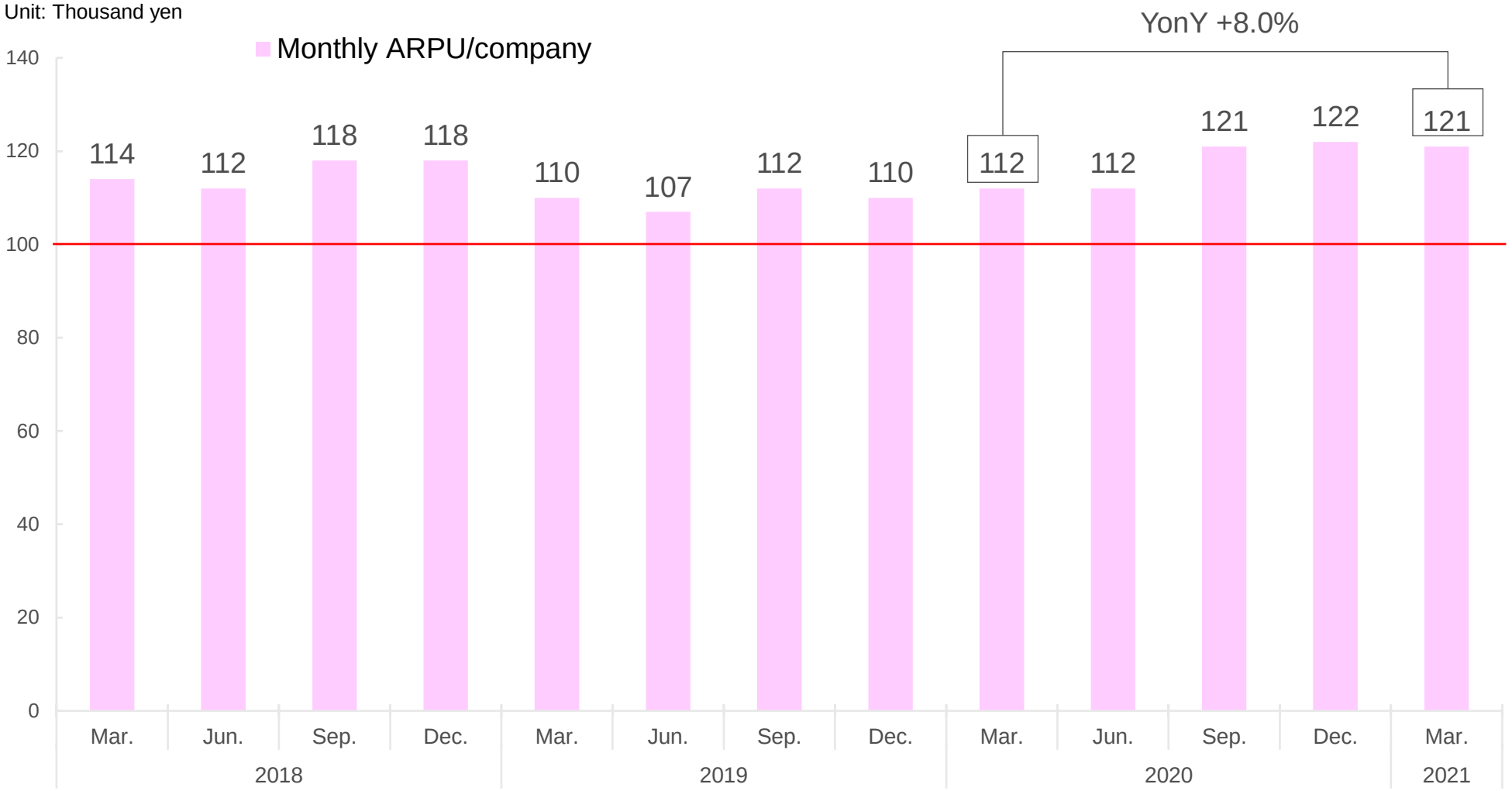


＊As for ES e-Bukken One, contracts are established and fees are charged for individual corporations. As for the number of stores, the total number of stores registered by clients for use (real estate companies) was counted.

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ARPU has been stable

Unit: Thousand yen

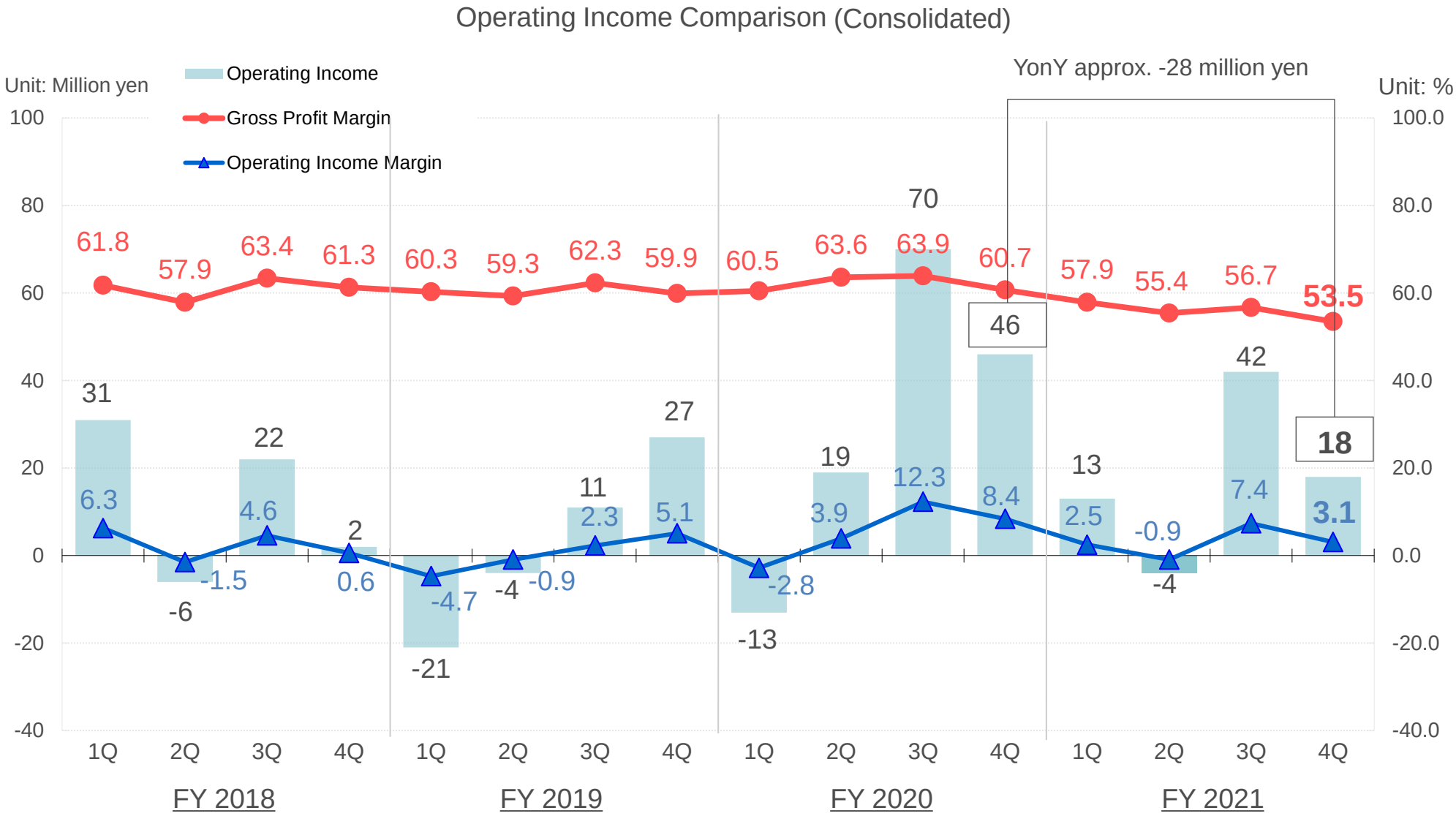


＊The unit price before the fourth quarter of FY 2021 is the value obtained by dividing the “cloud service sales for the month” by the “number of cloud service customers (the number of corporations) for the month” and rounded down to the nearest thousand yen.

＊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 of the fourth quarter of FY 2021 is approximately 118 thousand yen when calculated based on the definition before the fourth quarter of FY 2020.

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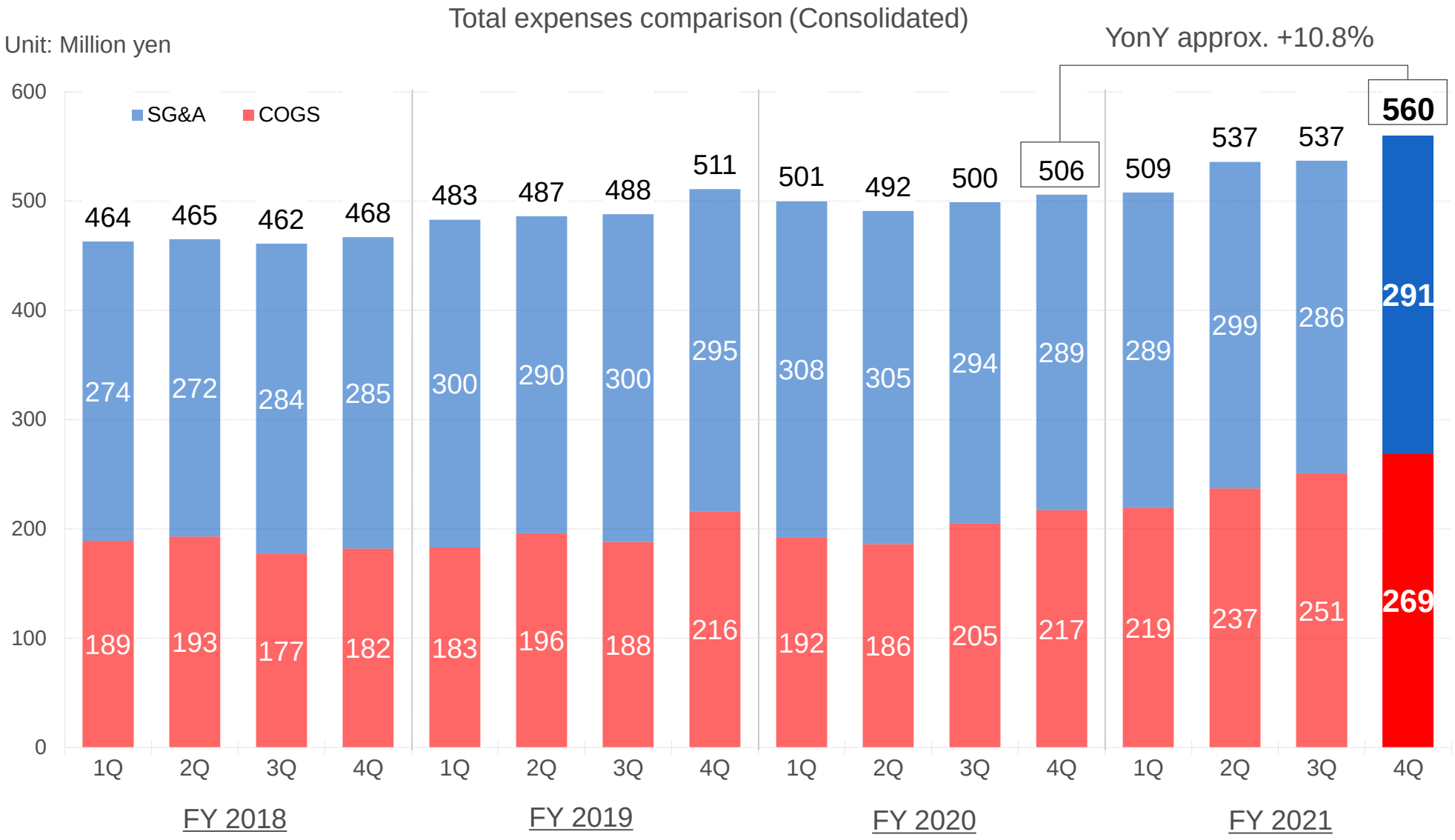
The temporary rise in costs due to the shift to IaaS ended in FY 2021



∗ Figures rounded down to the nearest million yen.

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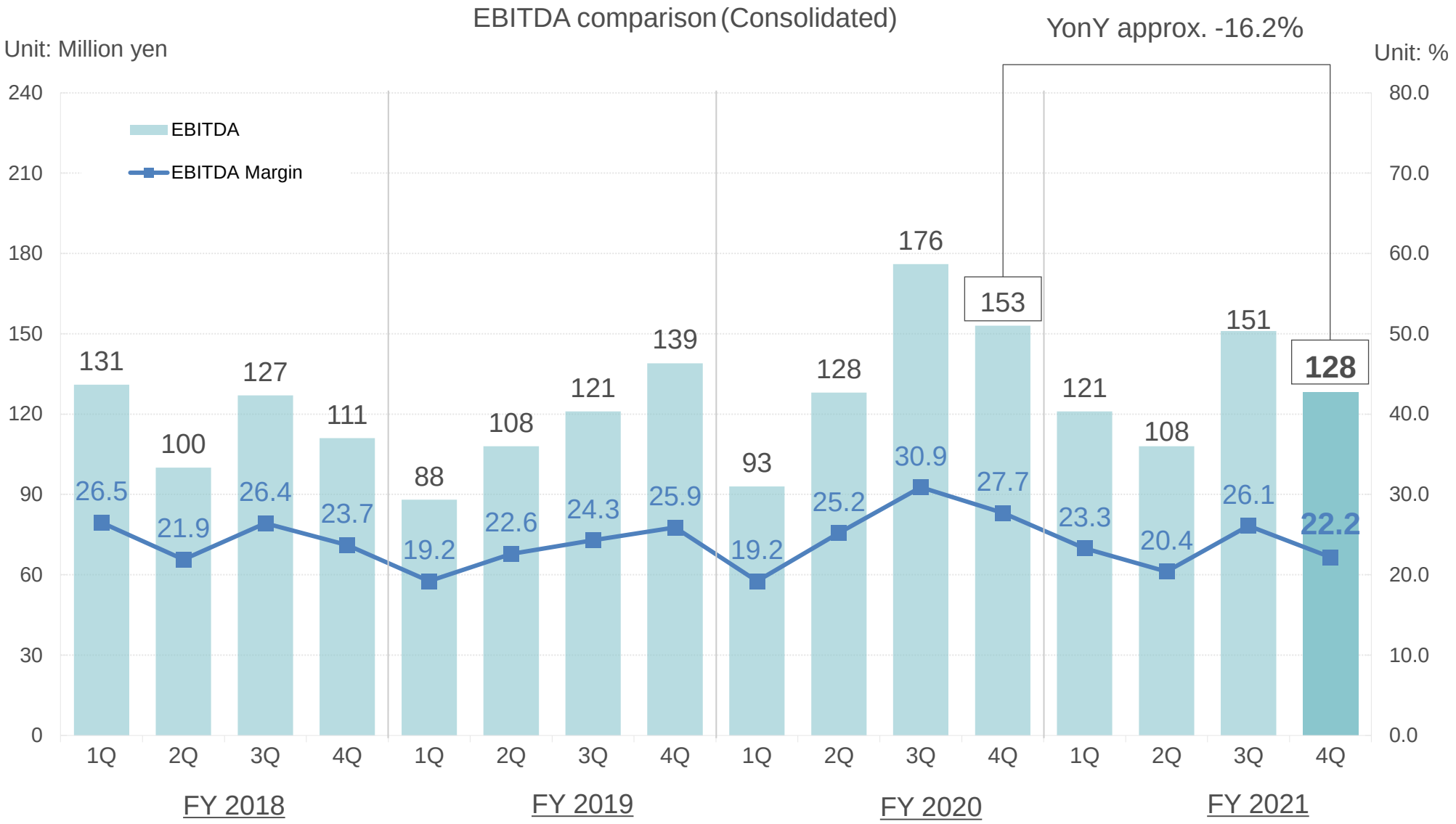
SGA dropped from the previous term, while COGS augmented temporarily due to the shift to IaaS



∗ Figures rounded down to the nearest million yen.

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EBITDA is earned stably



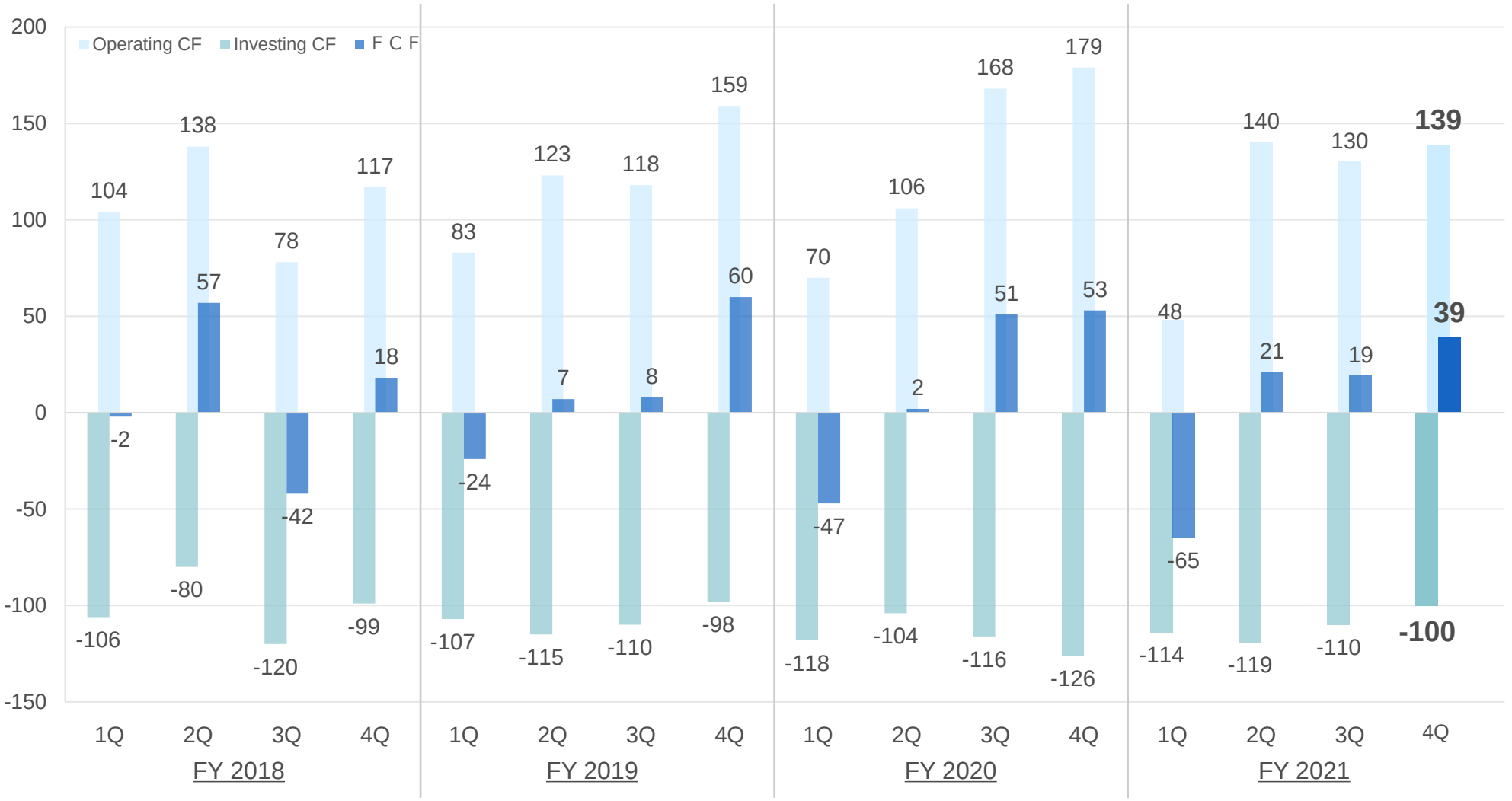
∗ Figures rounded down to the nearest million yen.

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While securing FCF, we continued investment for developing SaaS to maintain long-term competitiveness

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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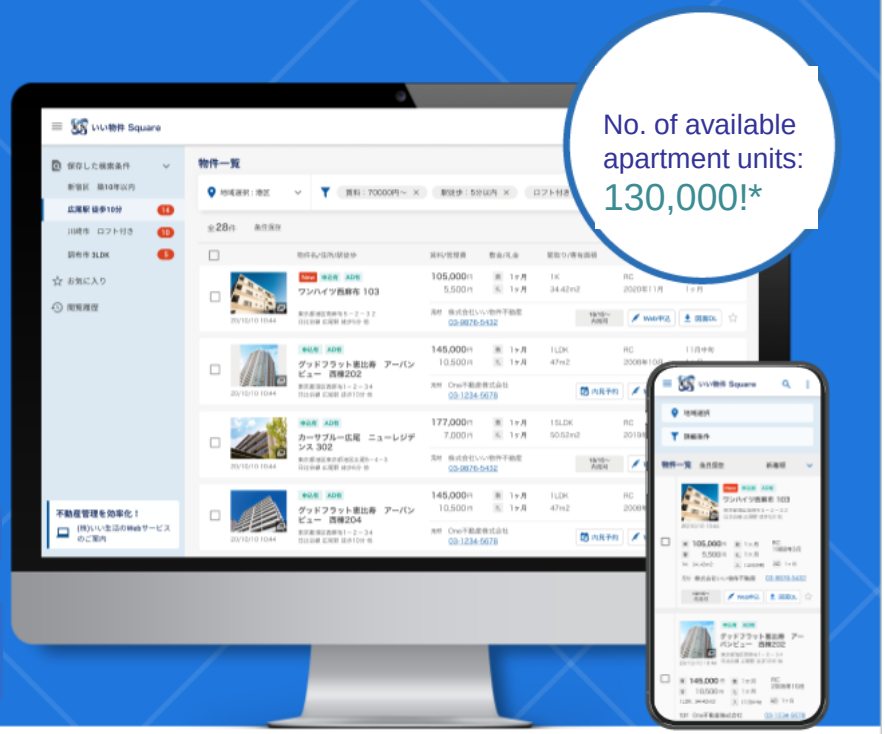
Officially released the new BtoB platform, e-Bukken Square (Feb. 2021)

E-Seikatsu site for trade among rental service providers

E-Bukken Square

- Account registration is free of charge
- Real-time linkage with ES e-Bukken One

Total number of accounts: 13,377!*



*As of May 7, 2021

Produced by e-Seikatsu, a leading company offering cloud services for realty tasks

- A new BtoB platform for facilitating the BtoB distribution of real estate for rental.
- It offers mainly information on real estate handled by medium and large-sized real estate companies that have multiple shops, which are our main clients.
- It offers vacancy information, which is updated on a real-time basis, to SaaS users and also other real estate companies, and promote them to adopt our cloud and SaaS services through product marketing.

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The real estate business will be non-face-to-face and paperless operation with Sumai Entry, a service of online application for moving in

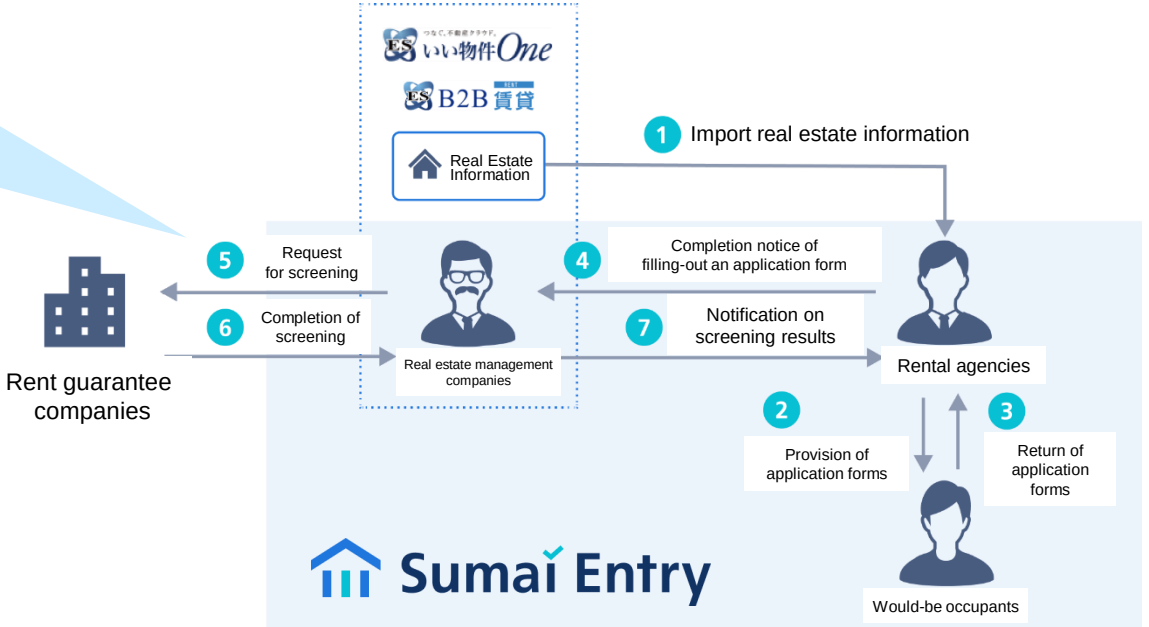
Rent guarantee companies with which we can share information

Press release	Corporate name
Nov. 10, 2020	EPOS Card Co., Ltd.
Nov. 11, 2020	Anshin Guarantor Service Co., Ltd.
Nov. 12, 2020	Orico Forrent Insure Co., Ltd.
Nov. 13, 2020	J-lease Co., Ltd.
Nov. 16, 2020	Global Trust Networks Co., Ltd.
Nov. 17, 2020	Zenhoren Co., Ltd.
Nov. 18, 2020	Casa Inc.

※ From the administrative window of Sumai Entry, we will provide rent guarantee companies with application information via Internet fax (We are planning for API linkage).



We started sharing information by Sumai Entry with leading rent guarantee companies.
It has evolved into a service connecting real estate management companies, rental agencies, and rent guarantee companies.

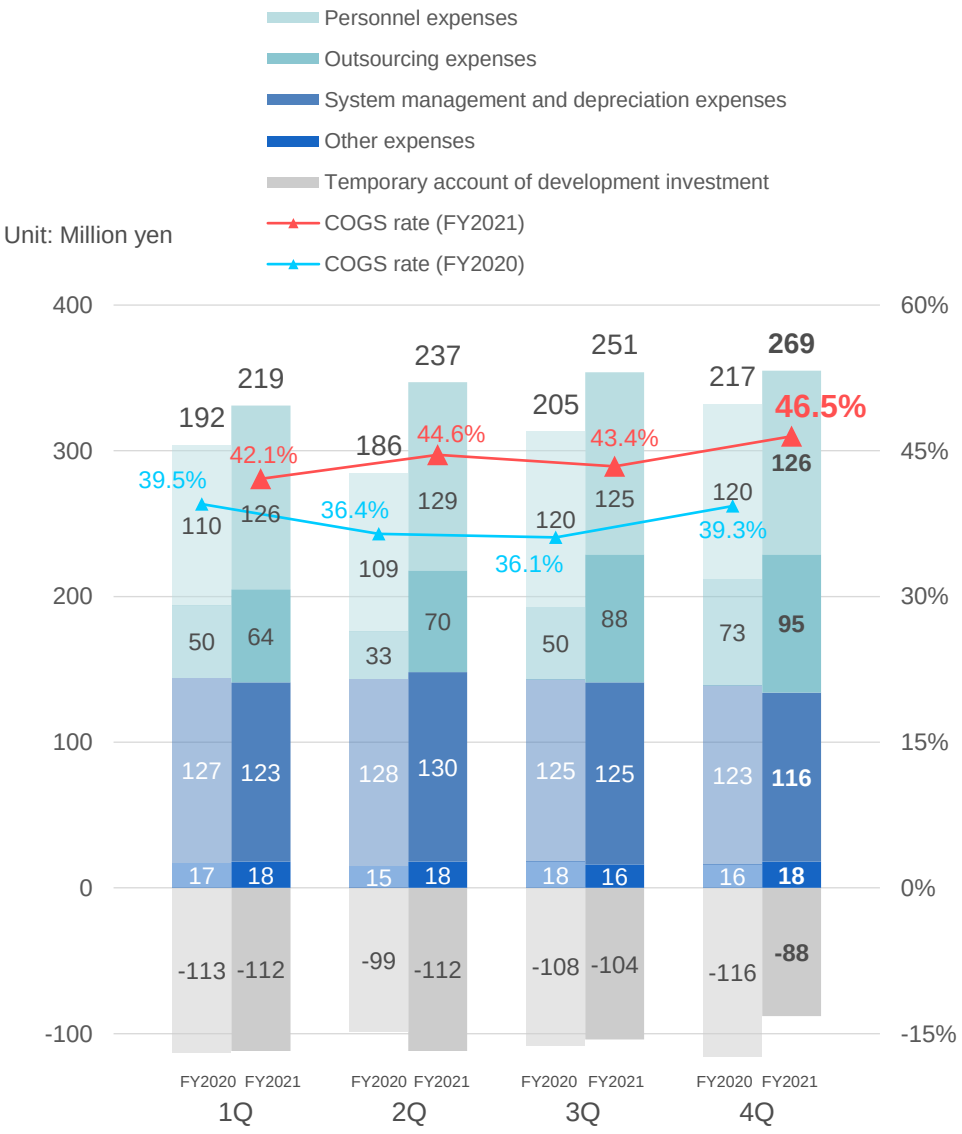


- Would-be occupants can apply in a non-face-to-face manner by using Sumai Entry, a service of online application for moving in.
- Send application info to rent guarantee companies in just one click for screening. ⇒ Completion notice
- By realizing non-face-to-face, paperless application for moving and paperless operations related to rent guarantee, we will help optimize the entire process.

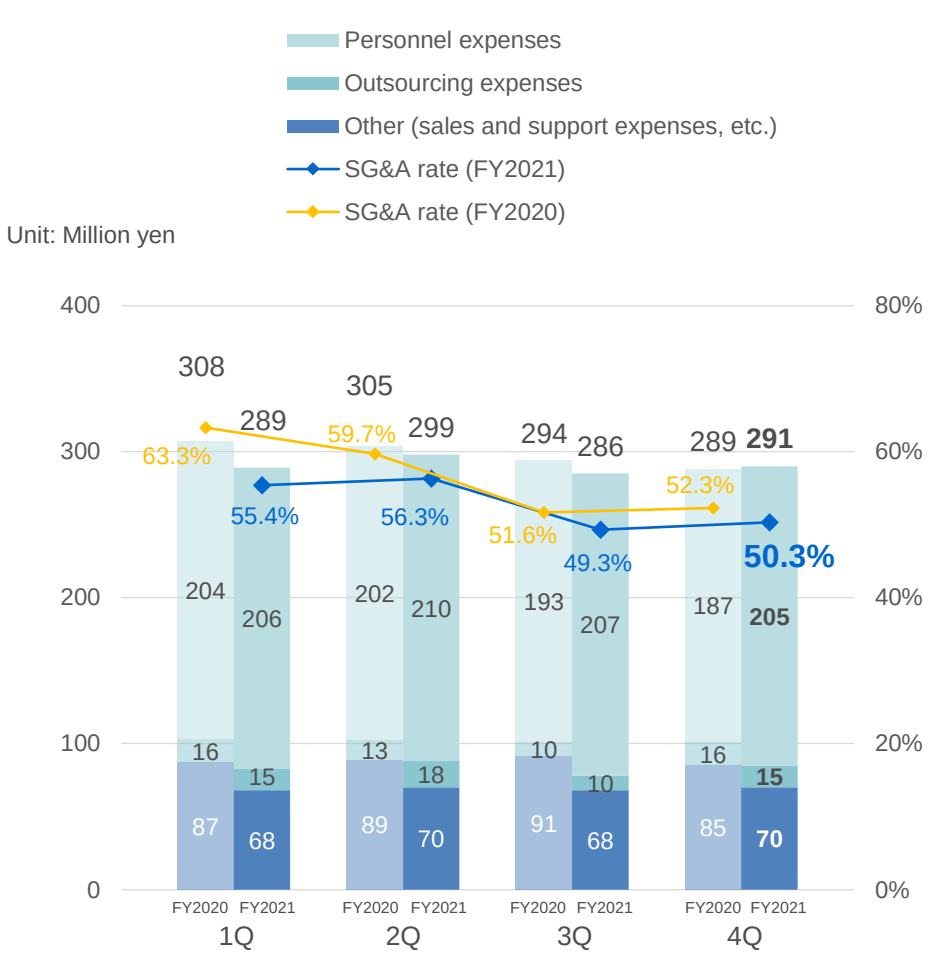
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Cost structure: We have established an online-centered sales and support system

COGS (Consolidated)



SG&A (Consolidated)



＊(COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, SaaS and IaaS charges, etc.
System management costs and depreciation: Depreciation of software/hardware, our own data center costs, etc.
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.

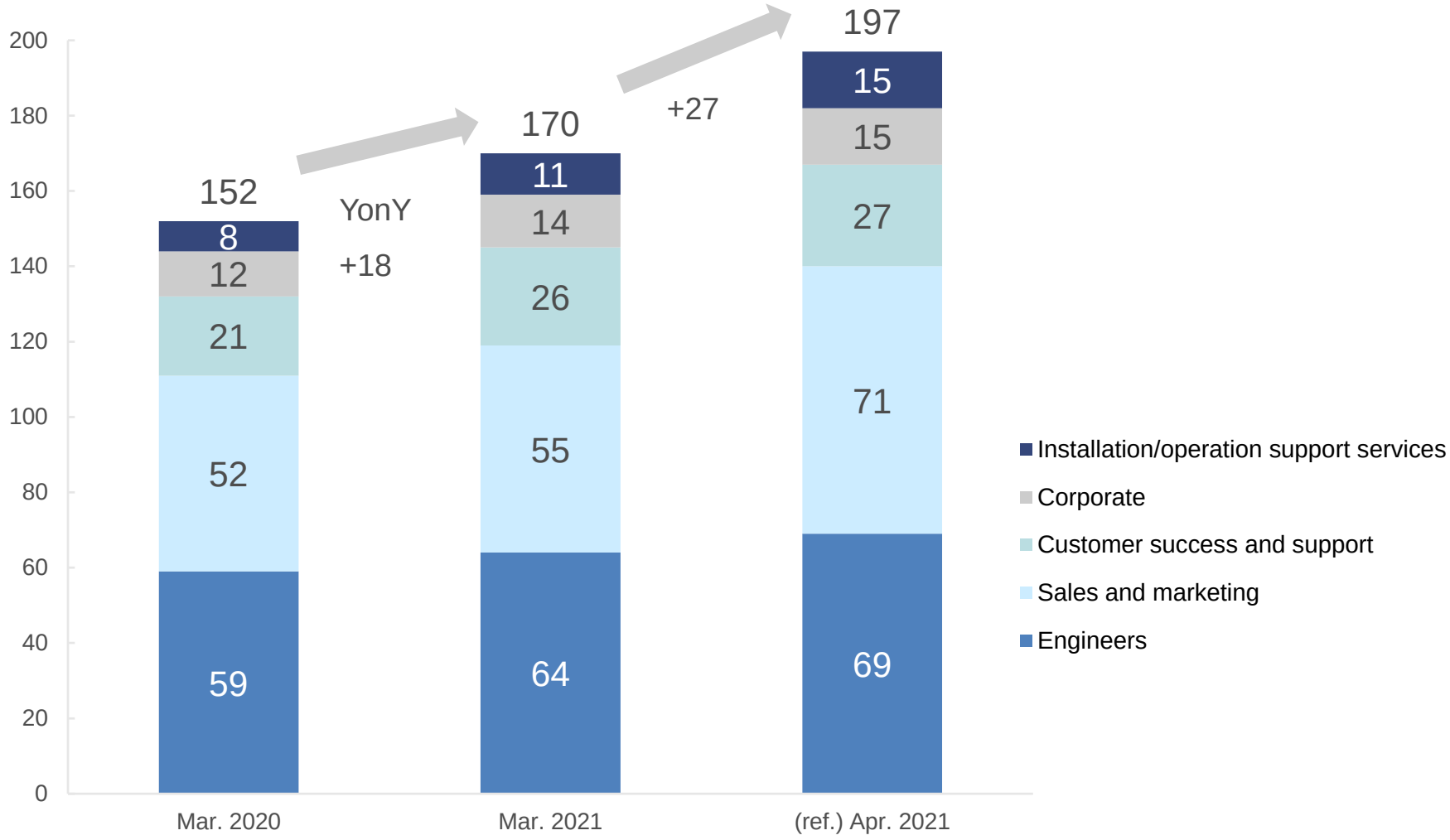
＊(SG&A) Outsourcing expenses: Advertising expenses, recruitment related expenses, consultant fees, payment commission, etc.

＊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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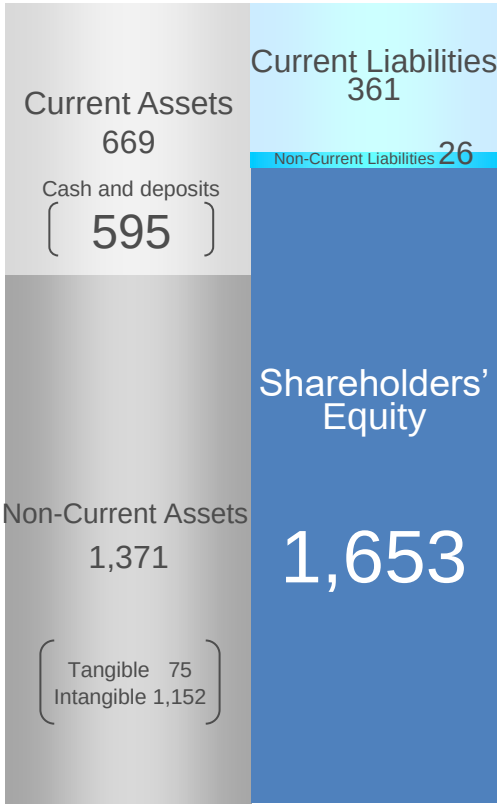
We fortified B/S through the shift to IaaS, to prepare for investment for growth

Consolidated Balance Sheet Comparison

Unit: Million yen

As of the end of March, 2020

Current ratio
185.0%

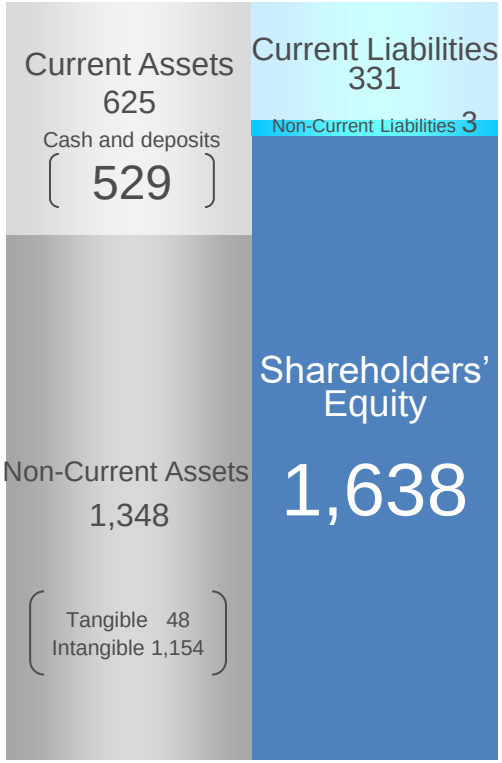


Capital-Asset ratio
81.0%

Assets 2,041 | Liabilities and Equity 2,041

As of the end of March, 2021

Current ratio
188.9%



Capital-Asset ratio
83.0%

Assets 1,973 | Liabilities and Equity 1,973

*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, 2022

Impact of the novel coronavirus pandemic (COVID-19)

- Considering the trend in the previous term, we forecast that the pandemic will affect mainly relative small-sized real estate firms that rely on one-shot revenues from lease brokerage, etc. and the impact on our company, whose major clients conduct the medium or large-size realty business earning mainly recurring revenues, will be limited.
- We will maintain the remote marketing sales support system centered on online support, which was established in the previous term, and aim to achieve continuous growth.
- Through the activities in the previous term, we accumulated the data of successful cases in which real estate firms continued business amid the coronavirus pandemic by promoting DX. We will introduce such successful cases at seminars for marketing, and aim to increase prospective customers.

Earnings forecast for FYE March 31, 2022 (Consolidated)

- Sales are estimated to grow about 184 million yen up approx. 8.3% year on year to 2,398 million yen.
  Sales growth is expected, due to the rise in ARPU through upselling and cross-selling of new services, a low cancellation rate, stable recurring revenues, etc.
- We strengthened the staff of the development section and drastically reformed the organizational structure for triggering innovation. On the other hand, the cost for our own data centers, whose operation was discontinued in the previous term, disappeared, so cost is estimated to augment about 47 million yen from the previous term.
- We strengthened sales & marketing staff for increasing sales further. The efficient marketing & sales system centered on online operations was maintained. SG&A is estimated to augment about 104 million yen from the previous term.
- As a result, operating income is estimated to be about 101 million yen, as sales and total costs are projected to grow about 184 million yen and about 152 million yen, respectively.
- 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, 2022.

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Earnings forecast for FYE March 31, 2022

Consolidated (million yen)	FYE 2022 Full-term Forecast	Previous year (FYE 2021) Results Amount	YOY Change	YOY Change (%)
Sales	2,398	2,214	184	8.3%
Operating income	101	69	31	45.9%
Recurring income	100	71	29	41.3%
Net Income	68	20	48	238.3%

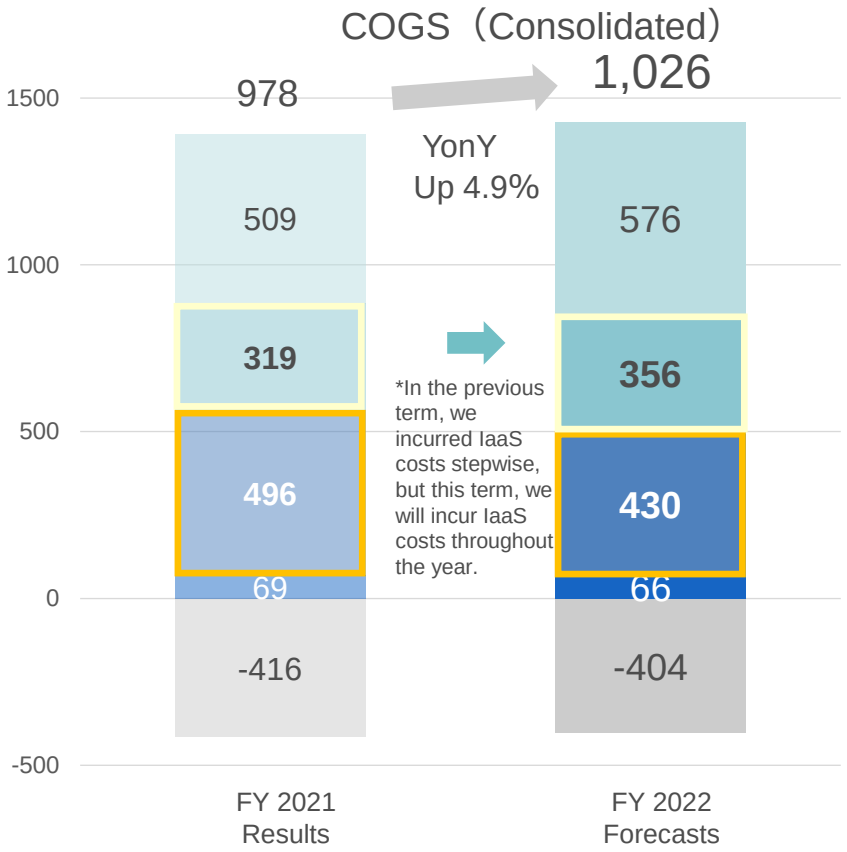
	Dividend per share
Full-term dividend (forecast) (FYE March 2022)	5.00 yen
Full-term dividend (plan) (FYE March 2021)	5.00 yen

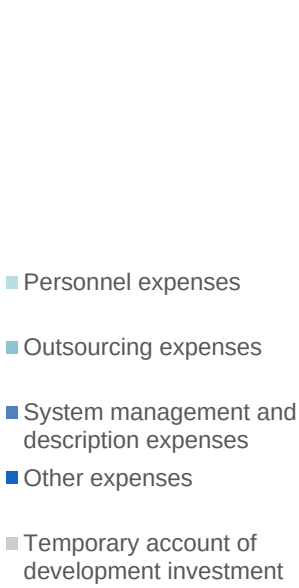
* Forecast figures are based on information available at the time of this announcement, and includes uncertainty. Actual results may differ materially from the forecast figures.

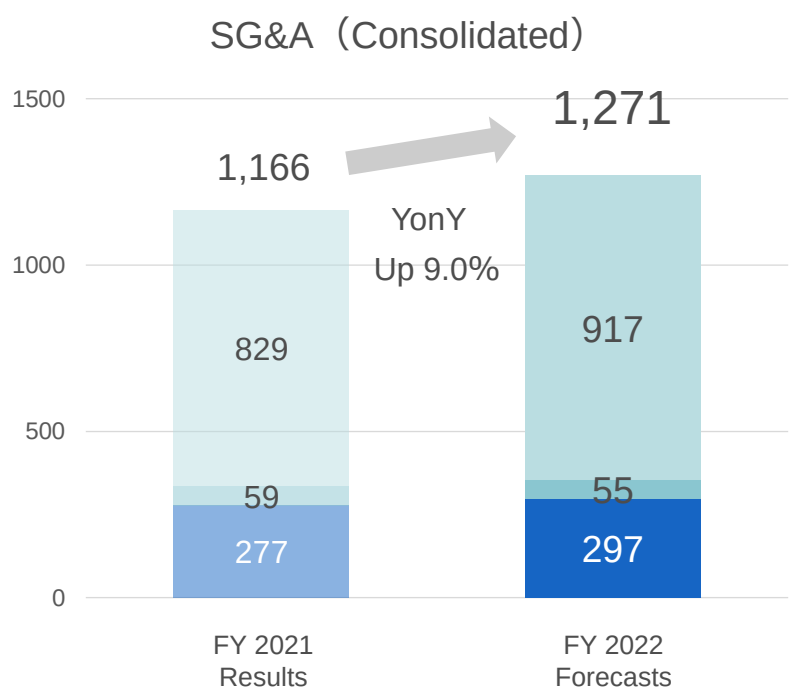
* Figures rounded down to the nearest million yen.

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Full-year earnings forecast: Estimation of costs







＊(COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, SaaS and IaaS charges, etc.
System management costs and depreciation: Depreciation of software/hardware, our own data center costs, etc.
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.

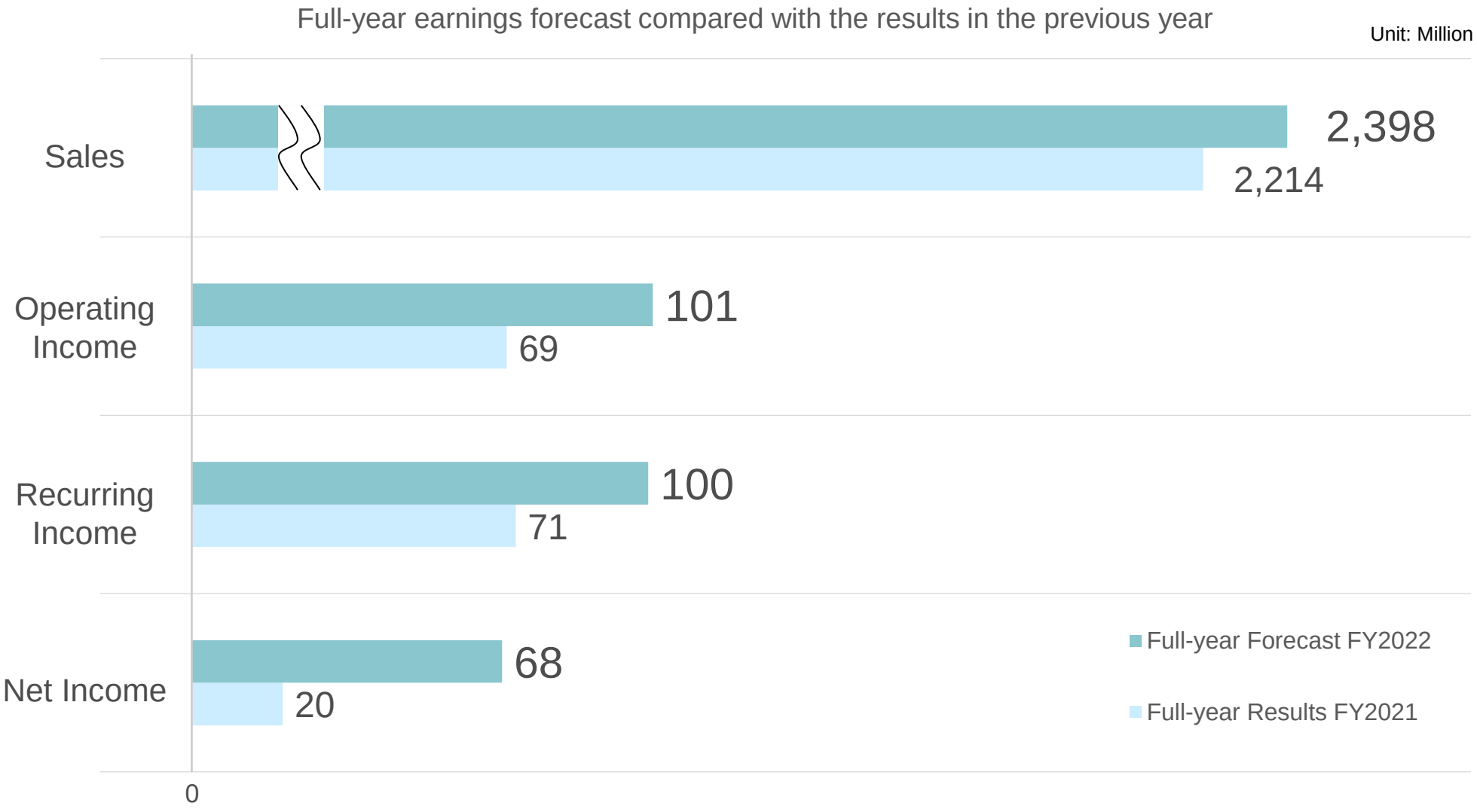
＊Figures rounded down to the nearest million yen.

- COGS: Due to the shift to IaaS, IaaS charges included in Outsourcing Expenses will augment. Expenses for existing data centers, which are included in System Management Costs and Depreciation, will not be posted in the next term, in which the operation of the centers will be discontinued.
- SG&A: Operating expenses (included in Other) are projected to decline, as sales and support systems will be mainly online.

＊Figures rounded down to the nearest million yen.

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Full-year earnings forecast compared with the results in the previous year



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

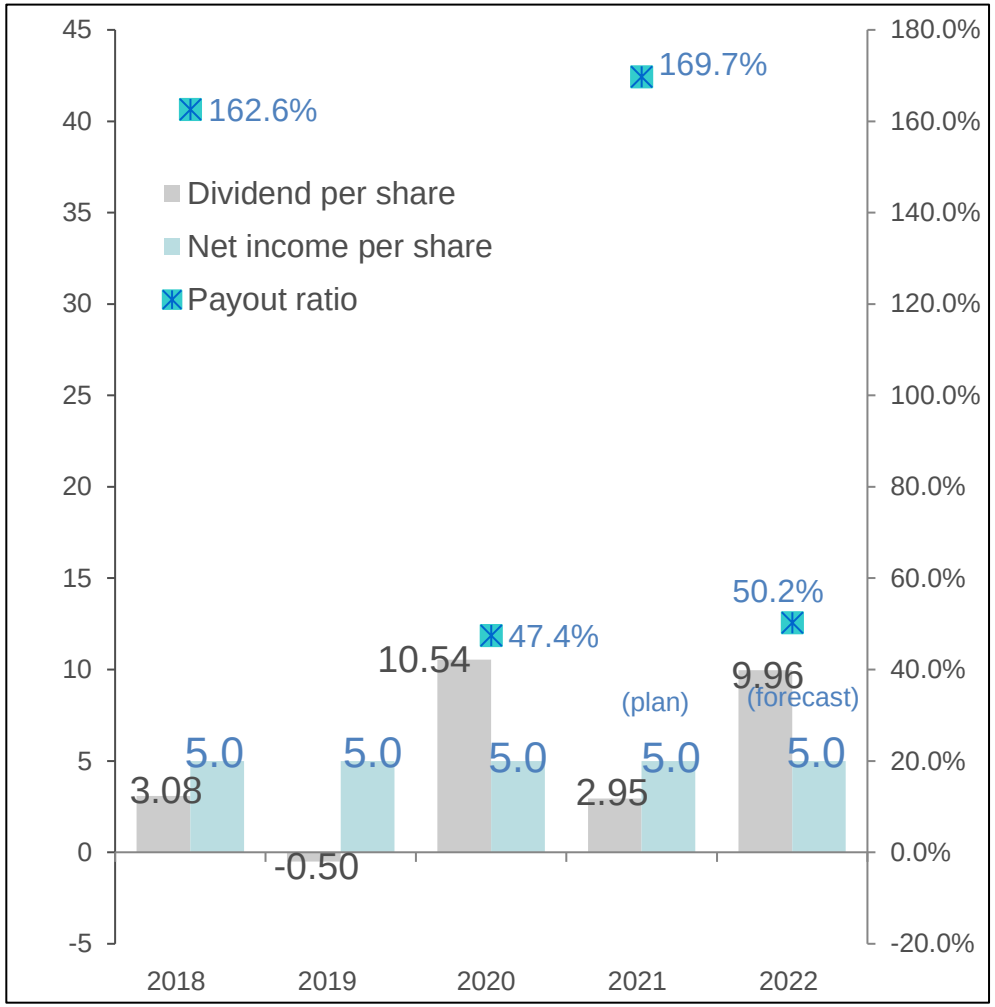
* Figures rounded down to the nearest million yen.

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

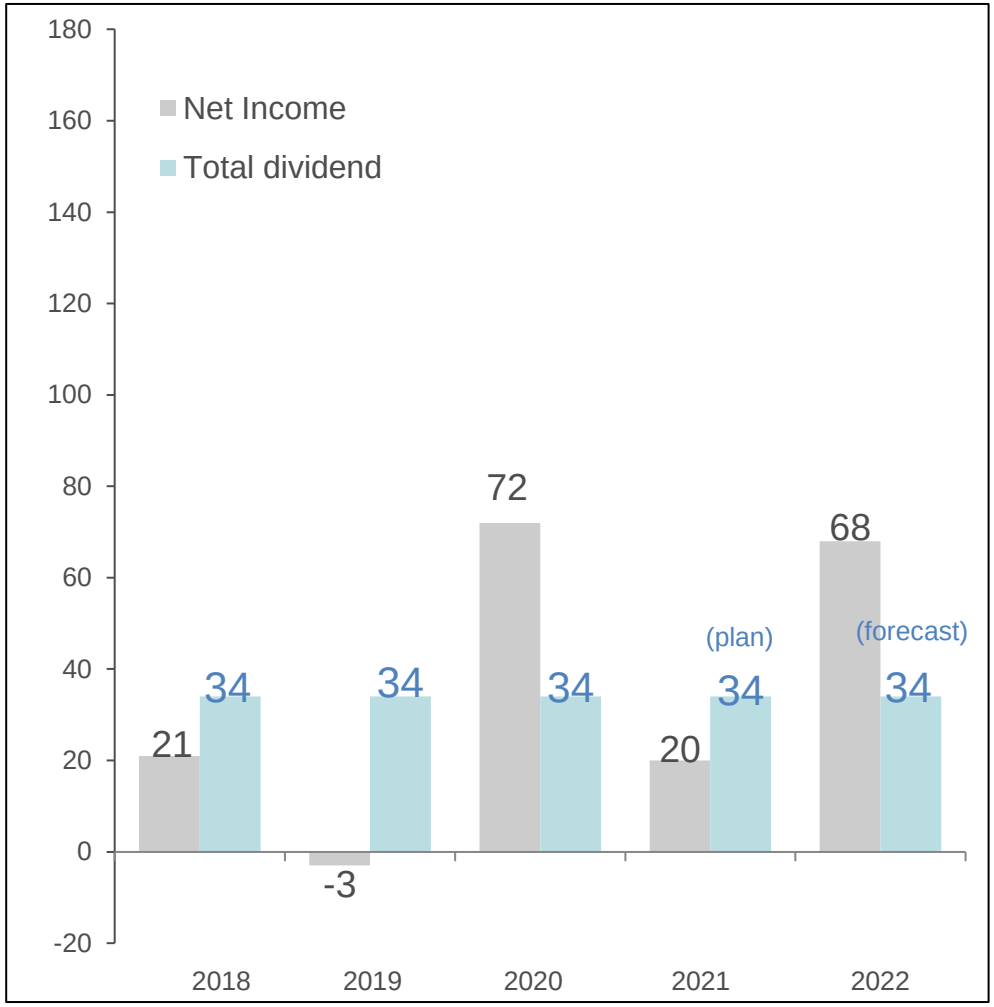
Information per share

（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**
- 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. 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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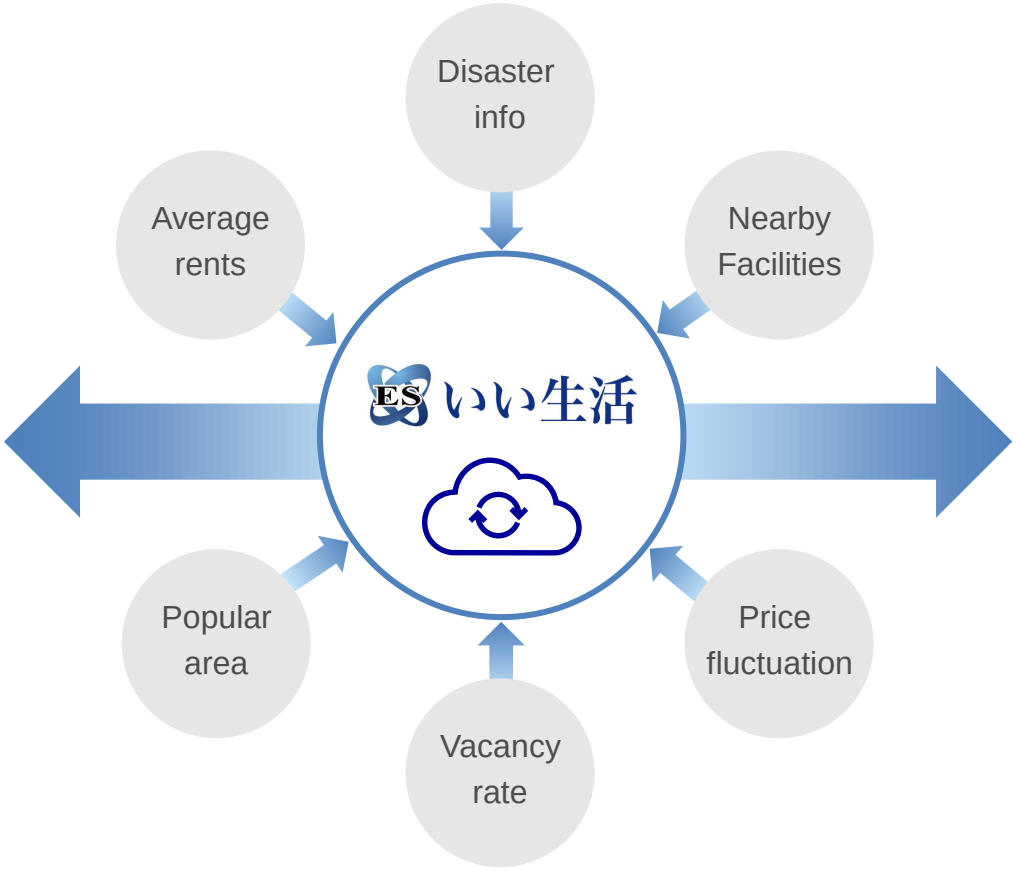
To build a platform that collects all kinds of data on real estate

End users

・Procedures for finding housing will become easier and convenient, with Application for moving in with smartphones

・Users can look for housing freely and smartly, by using Online Preview

・Transformation of the housing market with digital technology



Real estate companies

・To support the development of a management structure with an effective BCP that can adapt to New Normal in the post-pandemic era

・By streamlining back-office operations, more focus will be placed on the support for their customers such as occupants and owners.

・To support decision making and designing managerial strategies based on collected data and facts.

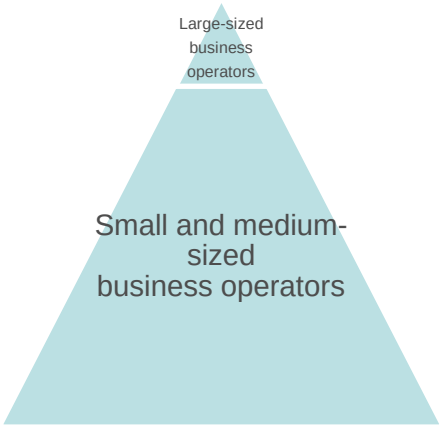
- To develop a cloud based data platform to collect all kinds of data on real estate via cloud and SaaS services for supporting business operations.
- To offer various digital technology-based services to users and real estate companies, to promote the digital transformation (DX) of the entire real estate market, and to improve the satisfaction level of all stakeholders.

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

Characteristics of the real estate market

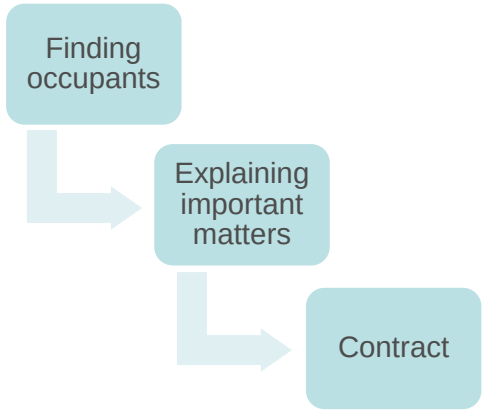
Overwhelming majority is small and medium-sized business operators



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

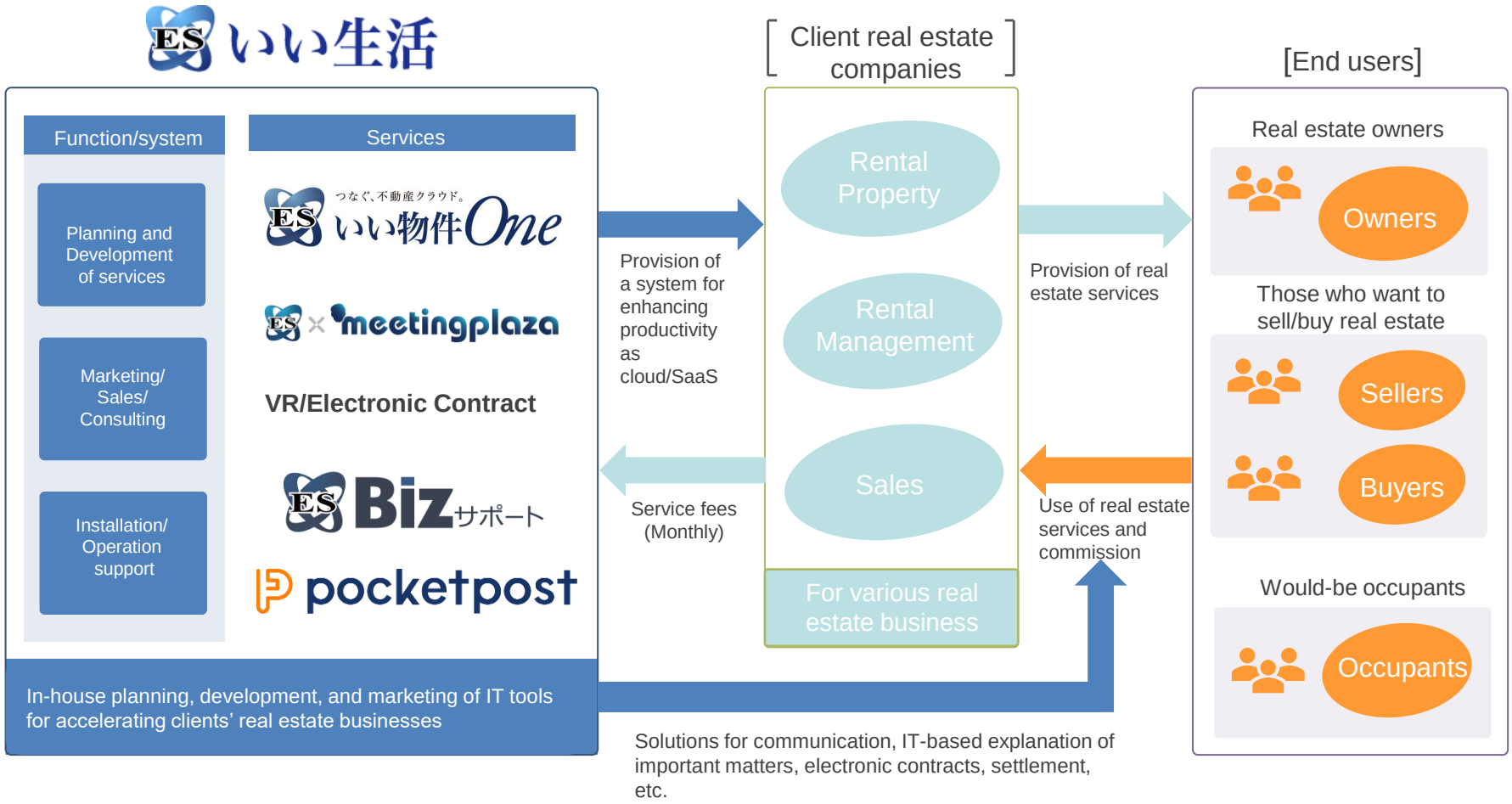
- Support for installing and operating our cloud/SaaS (BPO)
- Consigned development of systems and applications
- Agency sales of other companies' services.

➢ 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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To support DX in real estate firms and remove paint points in real estate transactions

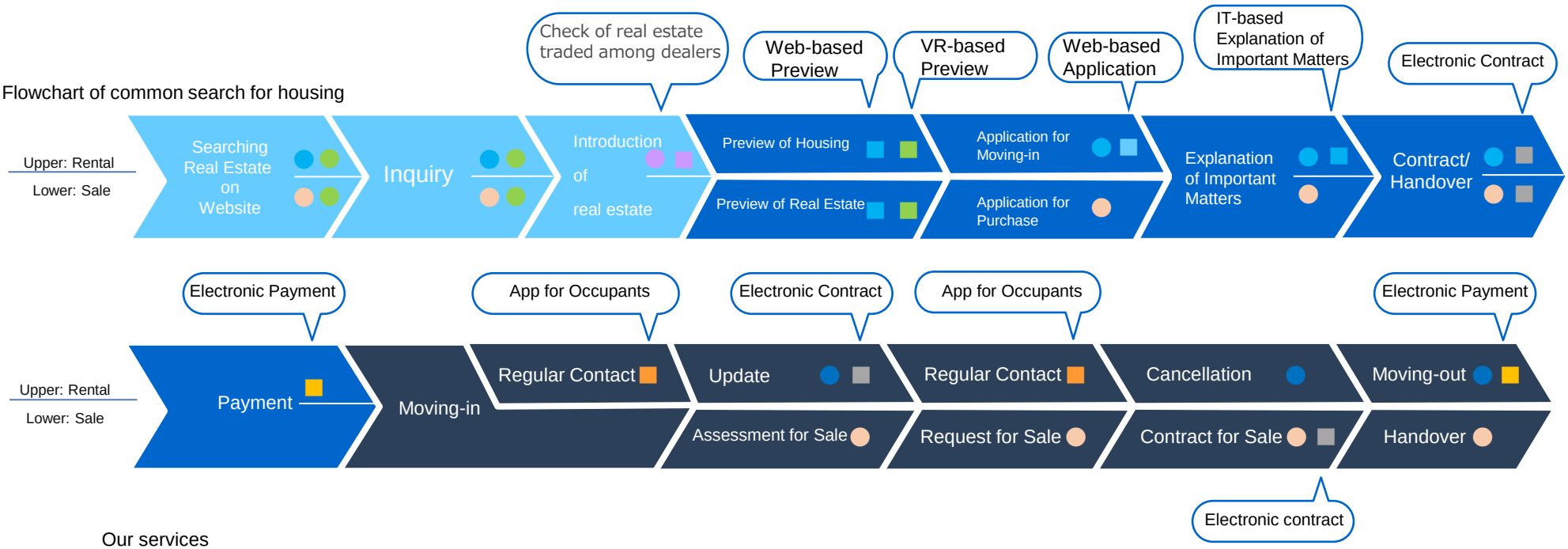


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To offer a full lineup of vertical SaaS services covering real estate business operations

To offer SaaS that will be used seamlessly in every real estate scene

Flowchart of common search for housing

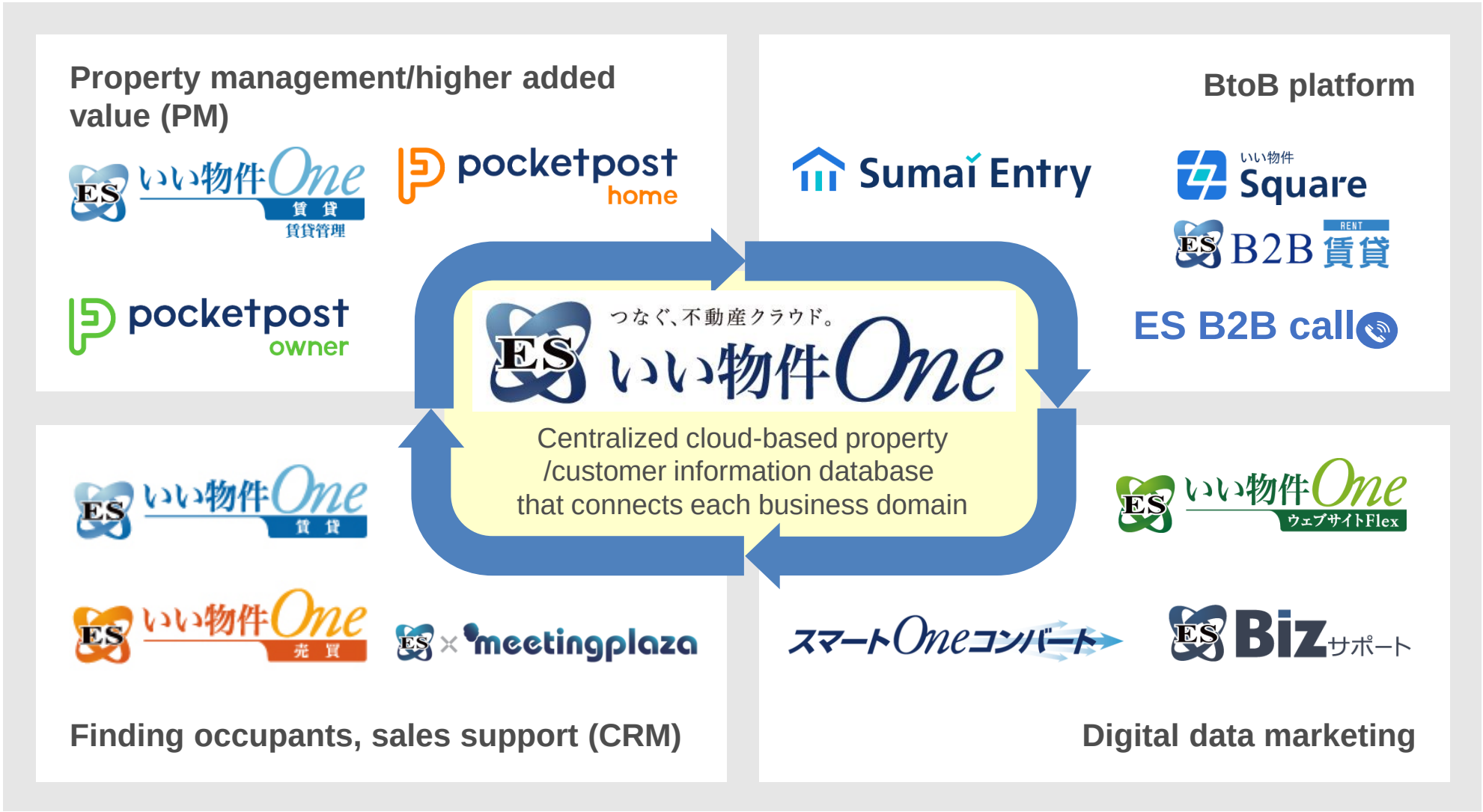


Our services

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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To provide integrated business support cloud/SaaS Portfolio 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.

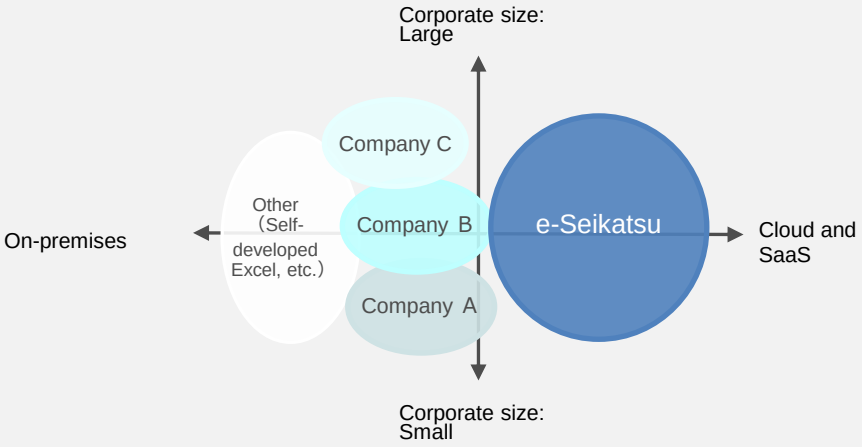
*CRM = Customer Relationship Management. A method for collecting and analyzing customer information to improve the efficiency of sales activities.

*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

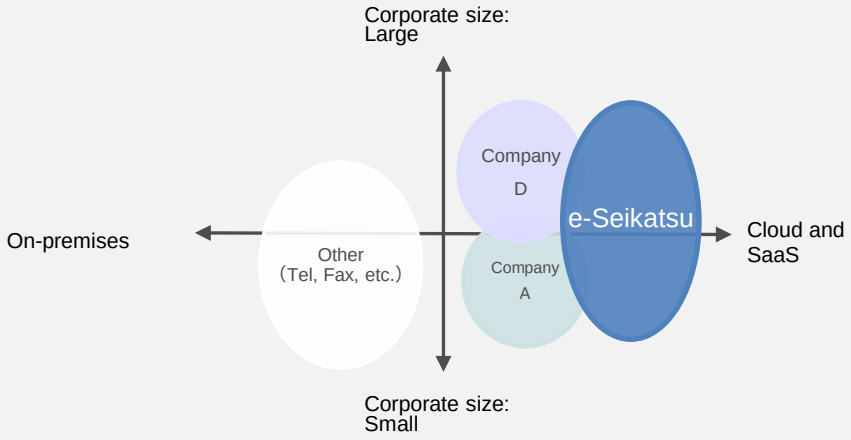
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Positioning of our cloud and SaaS services in each domain

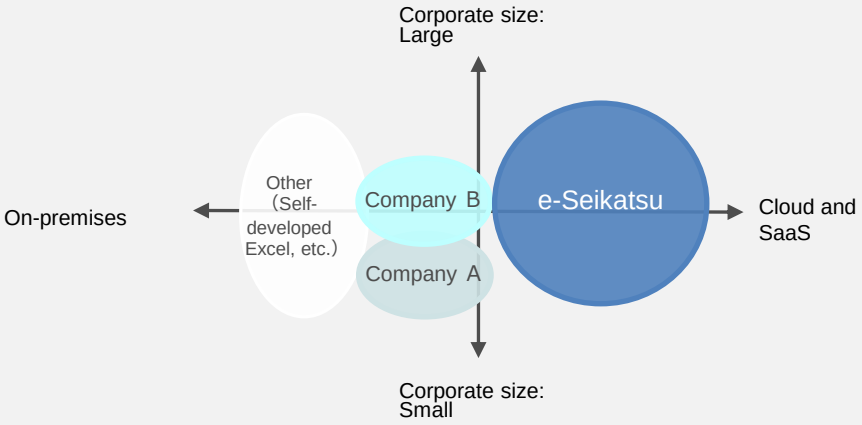
Property management/higher added value (PM)



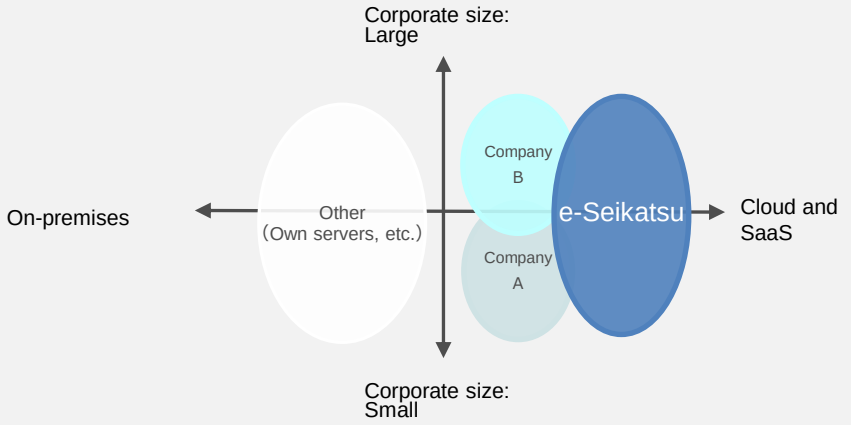
BtoB platform



Finding occupants, sales support (CRM)



Digital data marketing

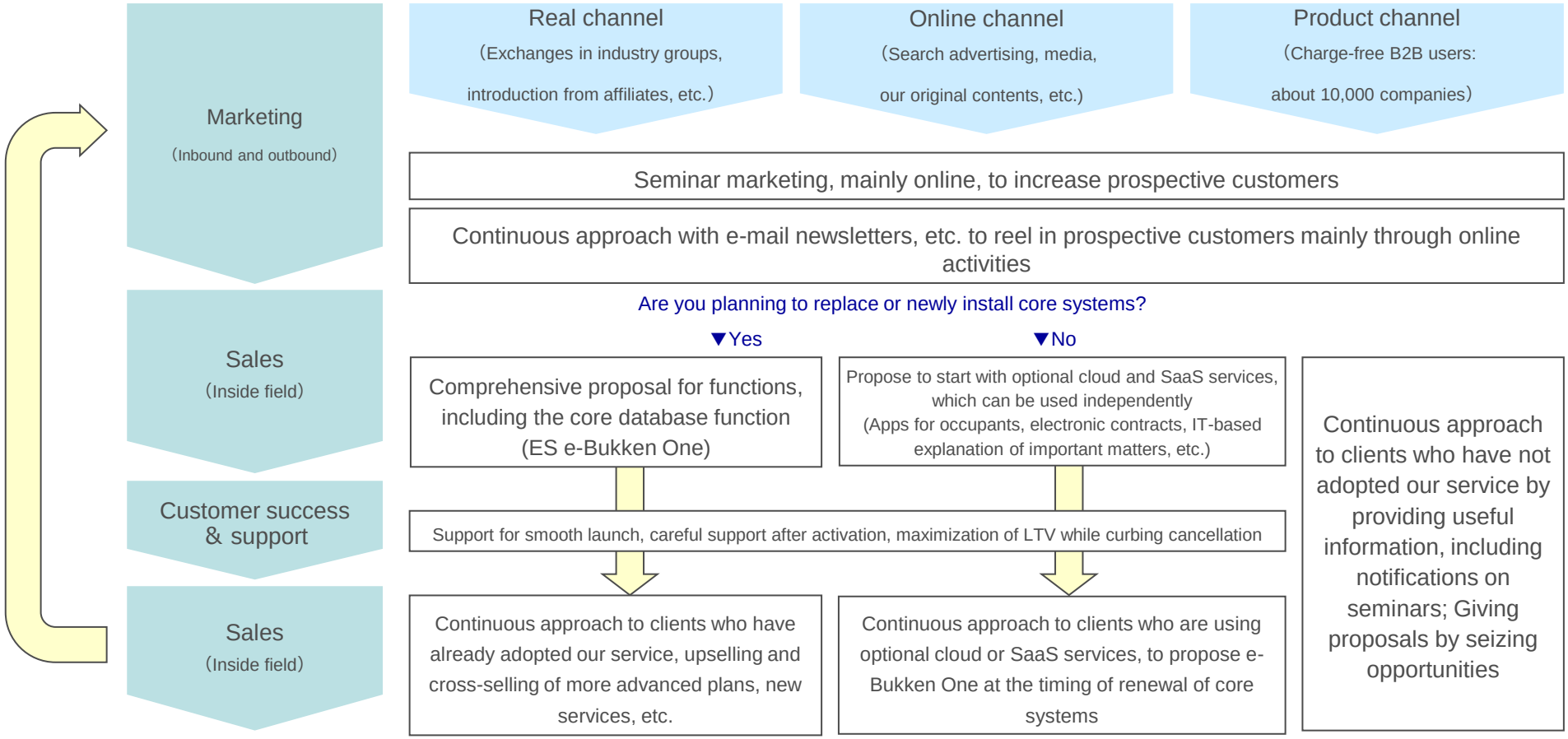


Vertical axis: Scale of the target enterprise
Horizontal axis: System provision type

Note: These are schematic diagrams produced after our analysis based on publicly available information, so they may be different from actual situations.

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Sustainable cycle for increasing customers



- Pinpointed efficient marketing suited for cloud and SaaS services specialized in this industry
- Sustainable growth cycle in which marketing, inside & field sales, customer success & support are interconnected, and upselling and cross-selling to existing customers are included.

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Competitive advantage of e-Seikatsu

Specialize in the field of real estate and aim for industry-focused vertical SaaS and offer a comprehensive service portfolio (pursuing LTV)

Our engineering team which is versed in real estate businesses develop in-house products.
Swift cycle of grasping needs → planning → development → release

Our direct sale system and dedicated marketing sales consultation team maintain tight relationship with clients and in-depth industry knowledge

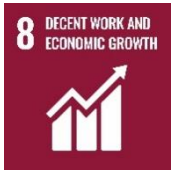
Obtained the certificates of international standards for IT service management and cloud service information security management, and maintained high service level and customer satisfaction

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 March 2021)
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 ：	170 (As of the end of March 2021)
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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