



FY2018 Full-term Results  
Presentation Material

---

May 10, 2018  
e-Seikatsu Co., Ltd.  
Securities code: 3796

# Table of Contents

1. Summary of Full-term Results for FYE March 31, 2018
2. Earnings Forecast and Goals
3. Summary of Recent Business Results

# 1. Summary of Full-term Results for FYE March 31, 2018

While the contract for specific clients was terminated, we invested in the growth (human resources) of new businesses.

- Consolidated sales: 1,909 million yen (FY2017 1,986 million yen, YOY change -76 million yen, -3.9%)
  - Cloud Service revenue: 1,814 million yen (FY2017 1,894 million yen, YOY change -79 million yen, -4.2%)
  - **Including monthly recurring revenue of Turnkey services: 1,709 million yen (FY2017 1,713 million yen, YOY change -4 million yen, -0.3%)**
- Consolidated operating income: 49 million yen (FY2017 153 million yen, YOY change -103 million yen, -67.7%)
- Net income: 21 million yen (FY2017 88 million yen, YOY change -67 million yen, -76.0%)
- As of the end of Mar. 2018, the number of client companies is 1,297 (FY2017 1,266), and the number of stores is 3,567 (FY2017 3,330)
  - Monthly ARPU: approx. 114,300 yen/company ※as of the end of Mar. 2018  
FY2017 approx. 122,800 yen/company ※as of the end of Mar. 2017

We promoted the utilization of IT in real-estate transactions, such as the explanation of important matters by IT, and released new services.

- As the system for explanation of important matters by IT was started on a full-scale basis on Oct. 2017, we held seminars around Japan, and promoted the tools for online conferences and our cloud services.
- We developed the new service “pocketpost,” which is a platform for communication between real estate management companies and occupants, and released the β version. (The complete version was released on Apr. 1.) to expand the service lineup for real estate management companies.

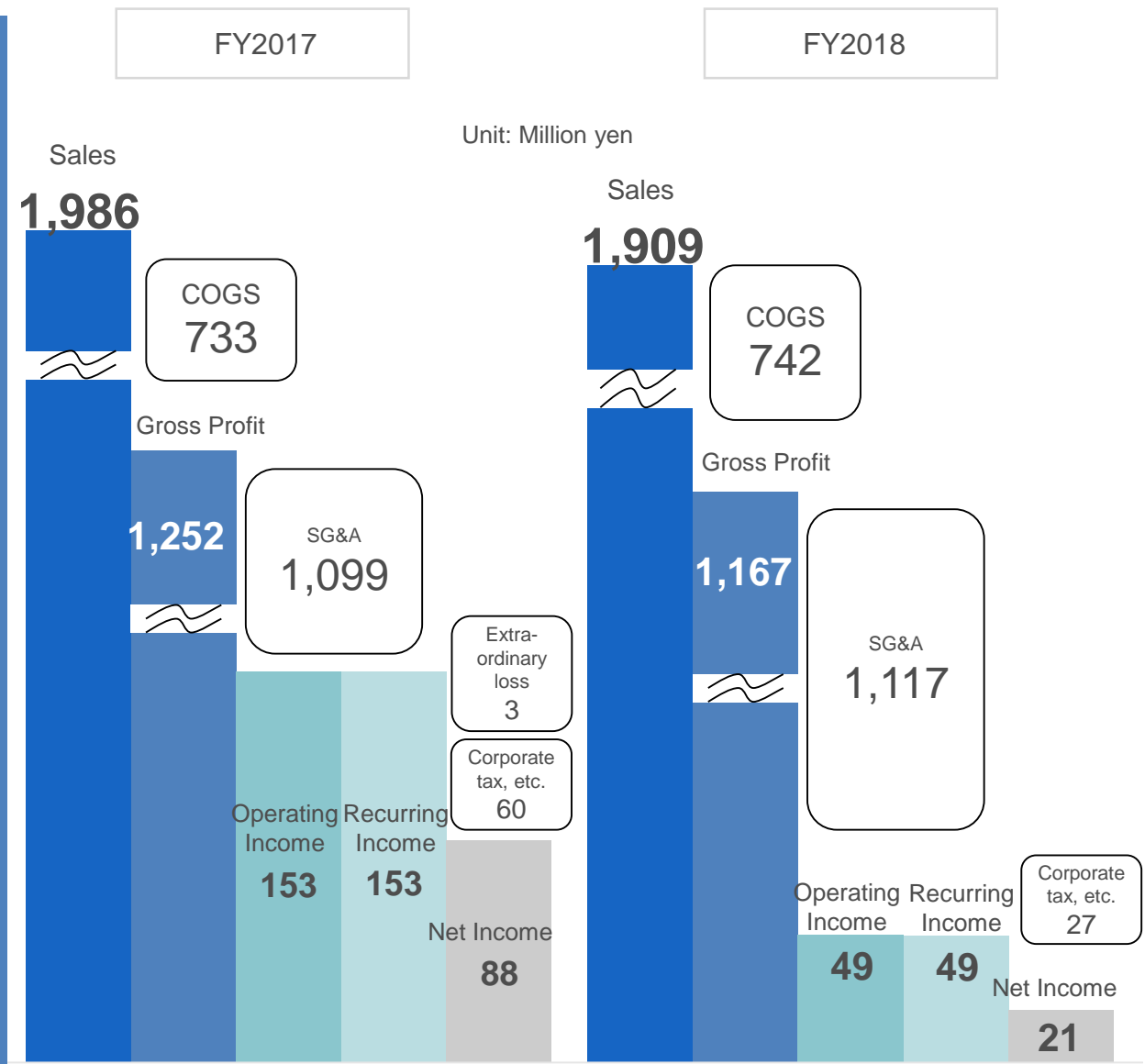
\* Cloud Service revenue figures have not been adjusted for internal transactions.

\* Figures rounded down to the nearest million yen.

\* Ratios rounded to the nearest decimal place.

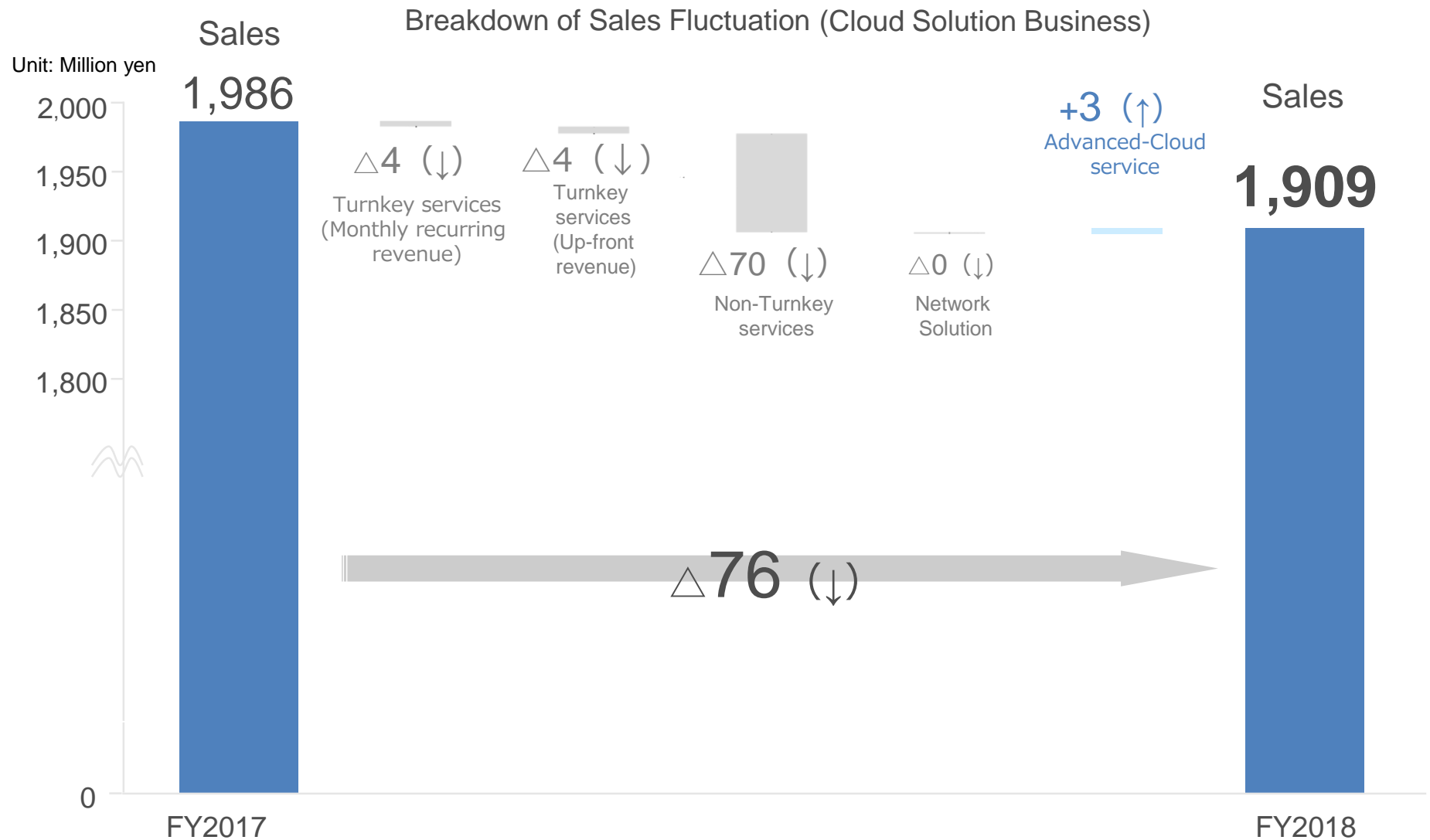
- Personnel expenses for engineers required for developing new services, such as “pocketpost” and upgrading the functions of “ES e-Bukken One Rental Management” and development cost associated with the favorable sales of the advanced cloud service increased.

- SGA augmented, as we improved staffing for planning and launching new services and expanding the customer base for “ES e-Bukken One Rental Management” and conducted recruitment activities actively.



\* Figures rounded down to the nearest million yen.

# The termination of the contract for specific clients caused sales to drop.



\* Cloud Solution Business sales figures have not been adjusted for internal transactions.

\* '-' indicates zero yen, '0' indicates an amount less than one million yen.

\* Figures rounded down to the nearest million yen.

# Cloud solution business revenues by product

Item (Million yen)	FY2017	FY2018	YOY change	YOY change (%)
Cloud Service	1,894	1,814	△79	△4.2%
Turnkey services *	1,764	1,755	△9	△0.5%
Up-front revenue	50	46	△4	△8.7%
Monthly recurring revenue	1,713	1,709	△4	△0.3%
Non-turnkey services *	129	58	△70	△54.7%
Network Solution	34	33	△0	△2.4%
Advanced-Cloud Service	57	61	3	6.8%
Total	1,986	1,909	△76	△3.9%

\* Turnkey services ..... Suite of standard system applications with up-front and monthly recurring revenue.

Non-turnkey services ..... Customized system applications with one-time and monthly recurring revenue.

\* Cloud Solution Business sales figures have not been adjusted for internal transactions.

\* '-' indicates zero yen, '0' indicates an amount less than one million yen.

\* Figures rounded down to the nearest million yen.

\* The sales of "Advanced-Cloud Service" have been broken down to the sales of "ad-related services" and of "system development," but those sales have been summed up, and disclosed as the sales of "Advanced-Cloud Service" from the term ending Mar. 2018, from the viewpoint of importance of disclosure.

## Occupants

Questions about contracts  
Noise troubles  
Request for repair, etc...

It is cumbersome  
to communicate  
by phone,  
mail, bulletin board, ...

## Real estate management companies

Notice on contract renewal  
Notice on equipment inspection  
Posting on notice boards, etc...

Customer service available anywhere

App that makes the living in a rental house/apartment a little more comfortable

To smooth the communication between you and a real estate management company

You can quickly check the current state of the real estate you rent.

The notification function will prevent you from missing important notices.

It will answer your questions about the real estate you rent.

App based on invitations

Inquiry

Notice board

Message

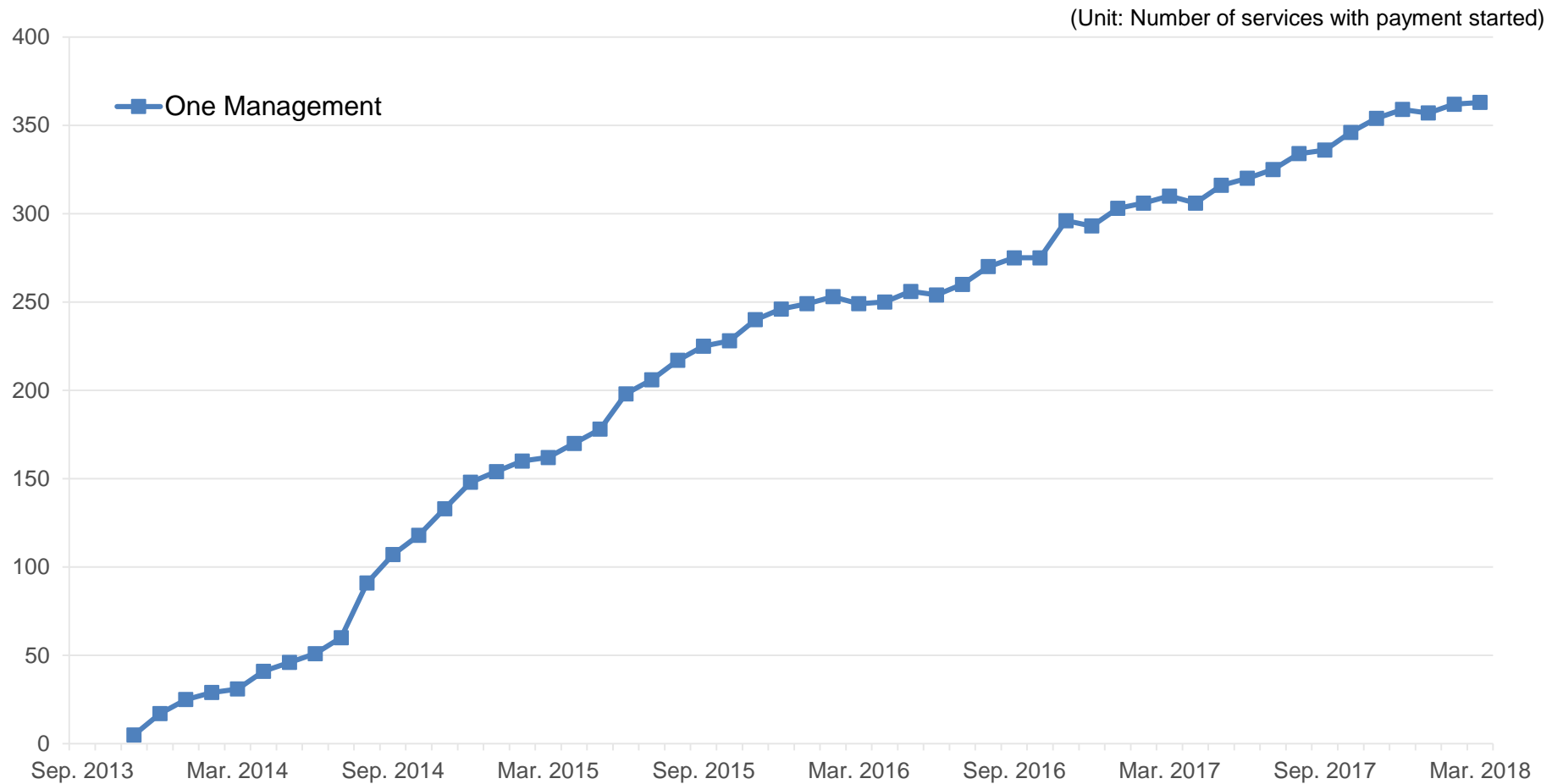
pocket post

- The smartphone app “pocketpost” for connecting real estate management companies and occupants
- New communication tool that would replace conventional ones, such as telephone, mails, and bulletin boards
- Linked also with “ES e-Bukken One.” The complete version released in Apr. 2018.

To develop the information base holding “high added value” information in the real estate market



# The customer base of “ES e-Bukken One Rental Management,” which is strategically important, is expanding.



\* The number means the sum of the number of new contracts and the number of shifts from existing services.

\* The total number of “One Rental (management option),” “One Rental (full-time management),” and “One Rental (rent management)” is expressed by “One Management.”

# The number of licenses provided is increasing steadily

## Transition of Number of Licenses by Service

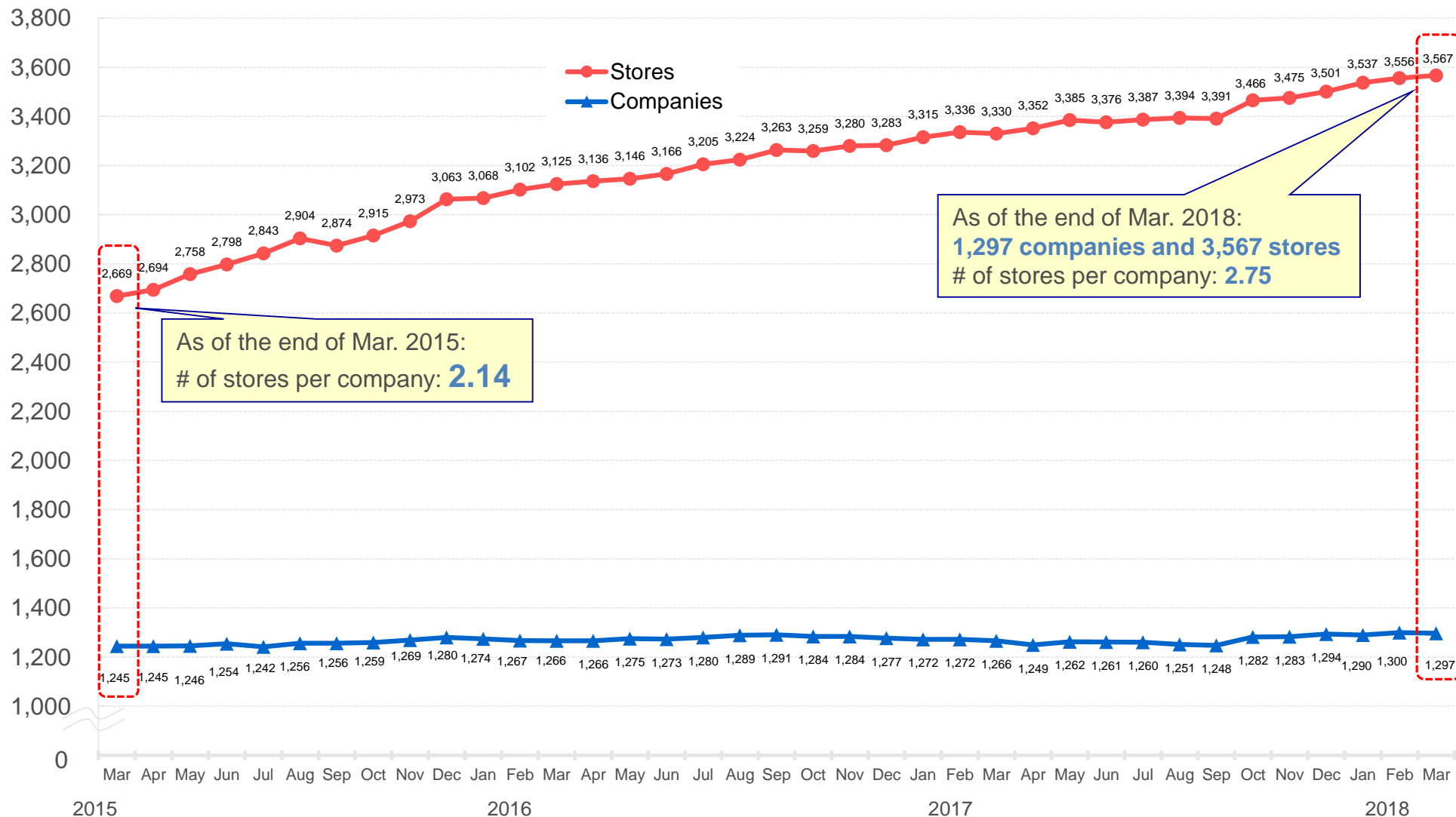
(Unit: Number of services with payment started)



\* The number means the sum of the number of new contracts and the number of shifts from existing services.

# The number of stores using our services is increasing.

Transition of Number of Companies and Stores Using Our Services



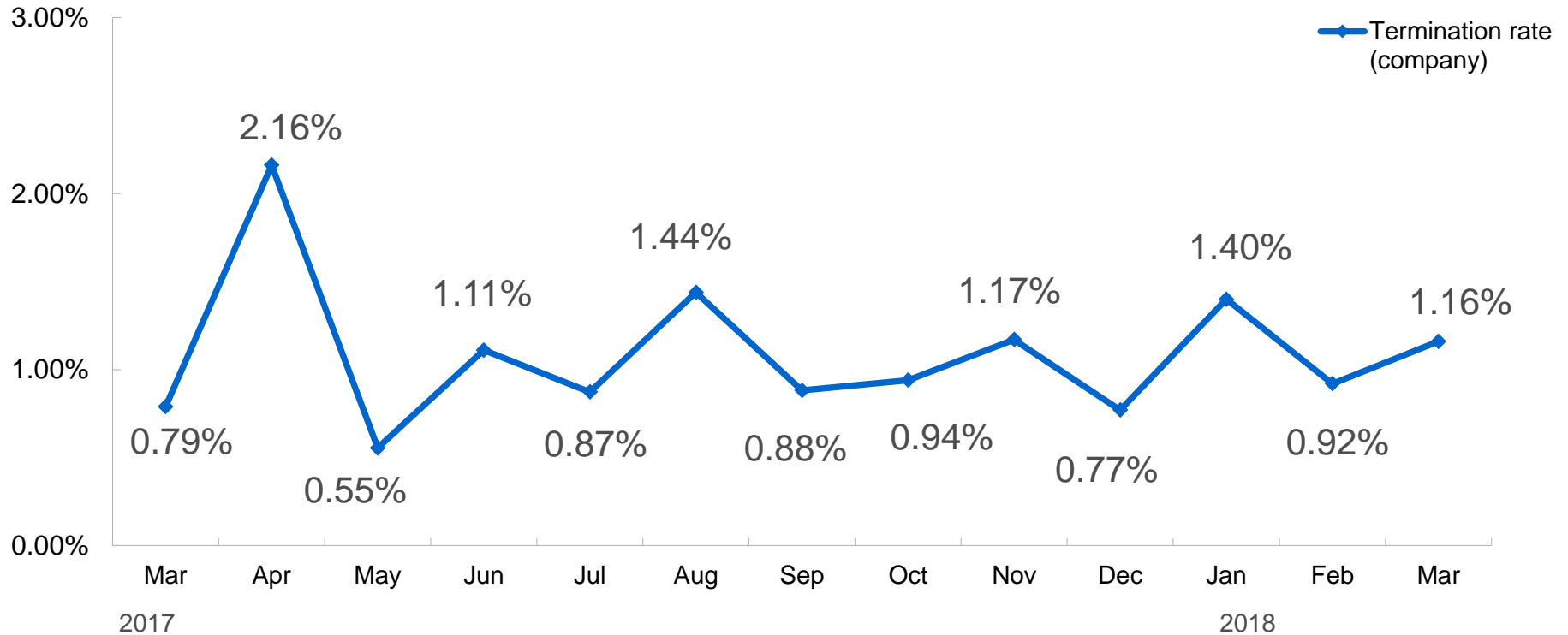
As of the end of Mar. 2018:  
**1,297 companies** and **3,567 stores**  
 # of stores per company: **2.75**

As of the end of Mar. 2015:  
 # of stores per company: **2.14**

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

# The quality of support systems and services was enhanced, for raising customer retention rate

Transition of Termination Rate



Unit: companies

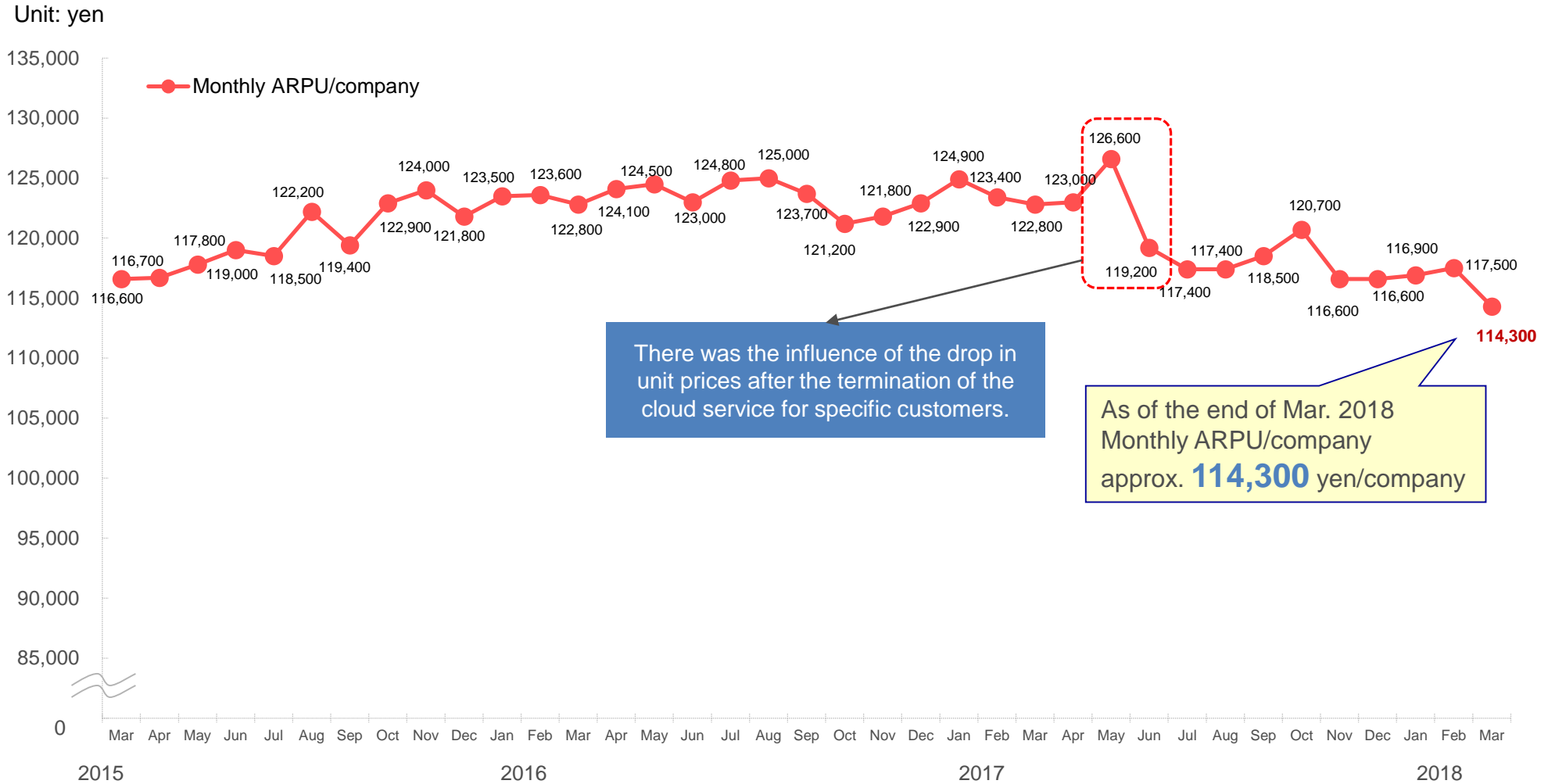
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Ave.
# of companies	10	27	7	14	11	18	11	12	15	10	18	12	15	13.8

\* Termination rate is obtained by dividing the number of companies that have cancelled our service in each month by the number of companies whom we have charged.

\* "# of companies" means the number of companies that have cancelled our service and are no longer charged in the month concerned.

# Monthly ARPU maintained over 100 thousand yen

## Transition of Monthly ARPU



There was the influence of the drop in unit prices after the termination of the cloud service for specific customers.

As of the end of Mar. 2018  
Monthly ARPU/company  
approx. **114,300** yen/company

\* Monthly ARPU = 
$$\frac{\text{Cloud Service revenue in a given month}}{\text{The number of companies 'Billed Clients' in a given month}}$$

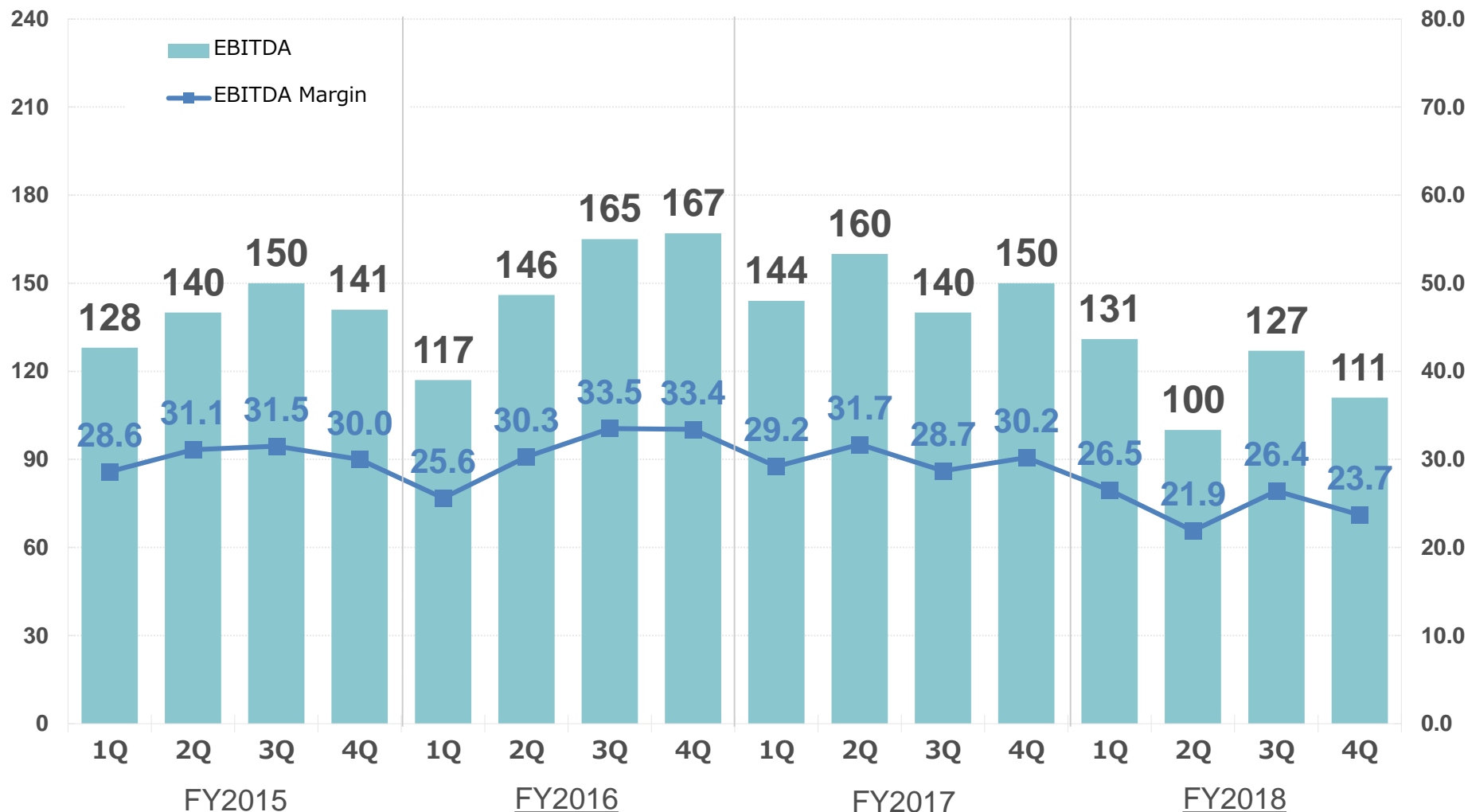
\* Figures rounded down to the nearest hundred yen.

# EBITDA (operating Income + depreciation) remains stable

## Transition of EBITDA (Consolidated)

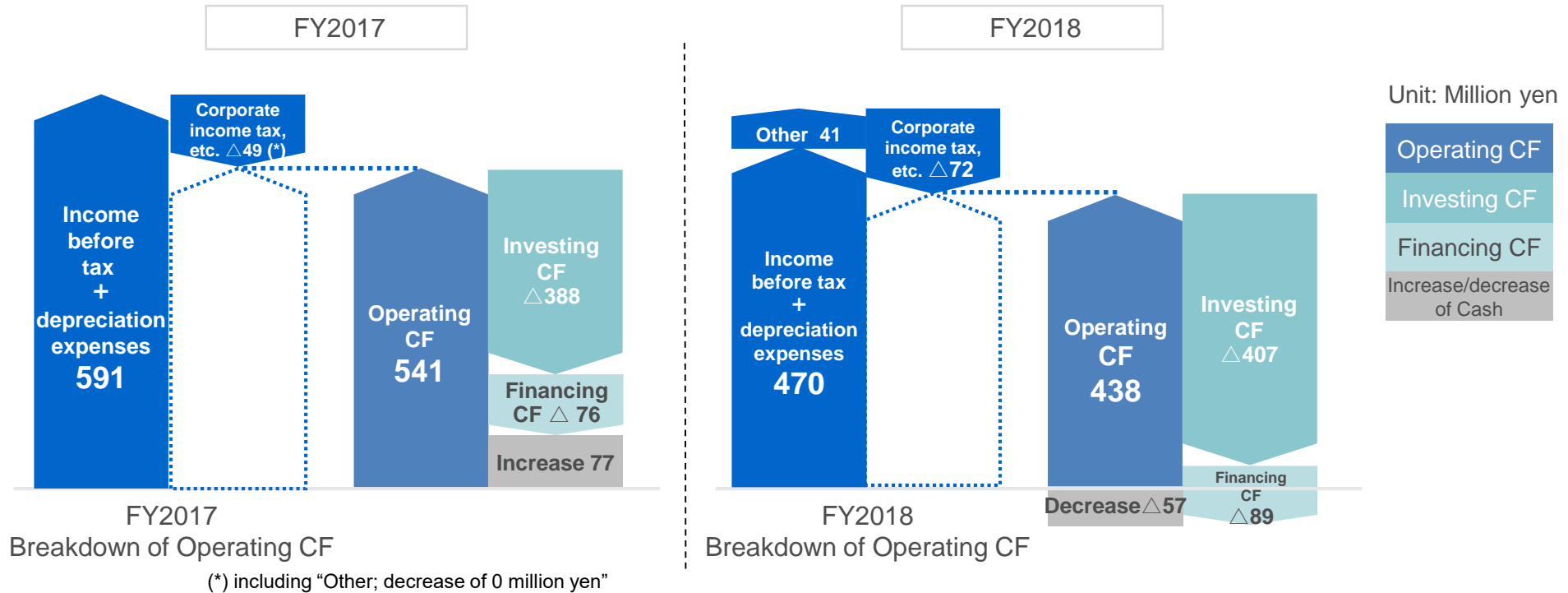
Unit: Million yen

Unit: %



\* Figures rounded down to the nearest million yen.

## Cash Flow Statement (Consolidated)



<Major breakdown items>	FY2017	FY2018
Operating Activities ① Income before tax + depreciation expenses	591M yen	470M yen
② Payment of corporate income tax, etc. (Δ)	Δ49M yen	Δ72M yen
Investing Activities ③ Expenses in development such as services (Δ)	Δ344M yen	Δ380M yen
④ Purchase of fixtures and furnitures, etc. (Δ)	Δ13M yen	Δ1M yen
⑤ Expenses due to the purchase of assets (HW/SW) (Δ)	Δ6M yen	Δ25M yen
Financing Activities ⑥ Payment of year-end dividend (Δ)	Δ27M yen	Δ34M yen
⑦ Expenses due to repayment of lease obligations (Δ)	Δ48M yen	Δ54M yen

\* Figures rounded down to the nearest million yen.

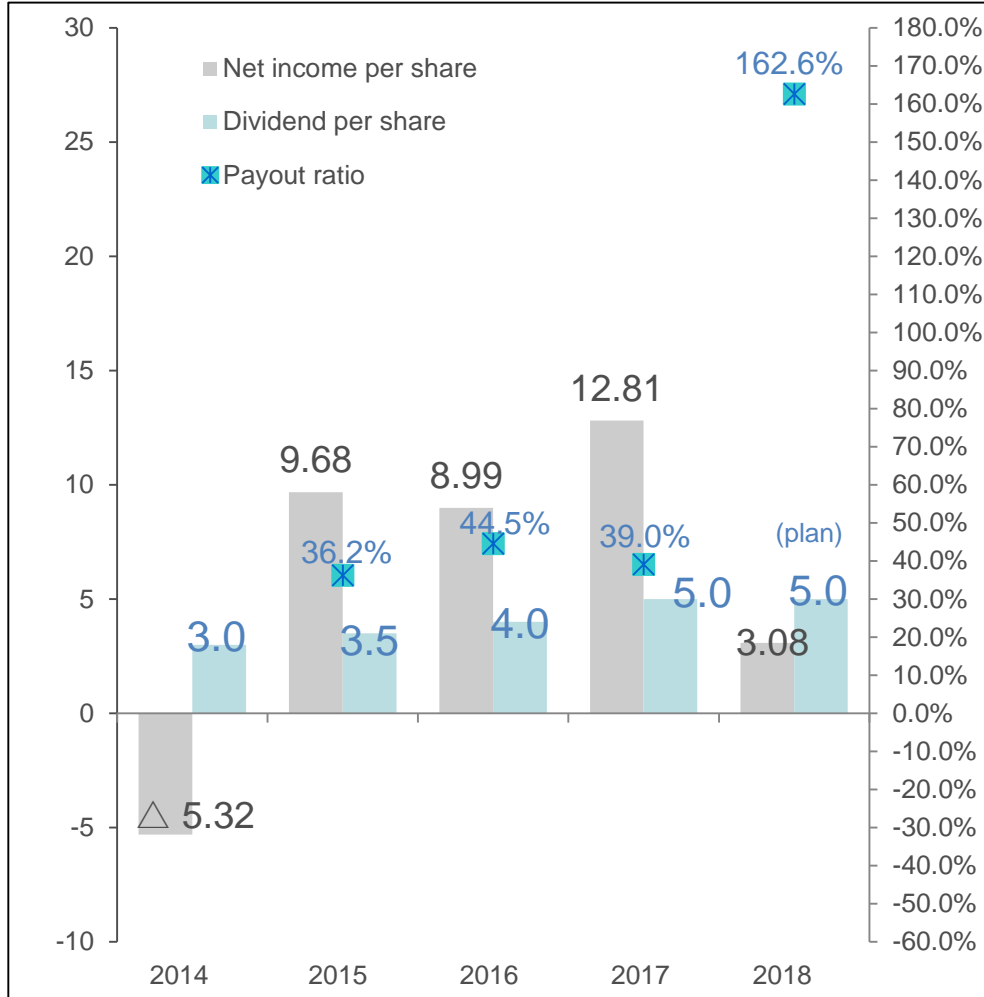
\* '0' indicates an amount less than one million yen.

# Continuing return to shareholders through dividends, with 19th term's dividend being 5 yen per share

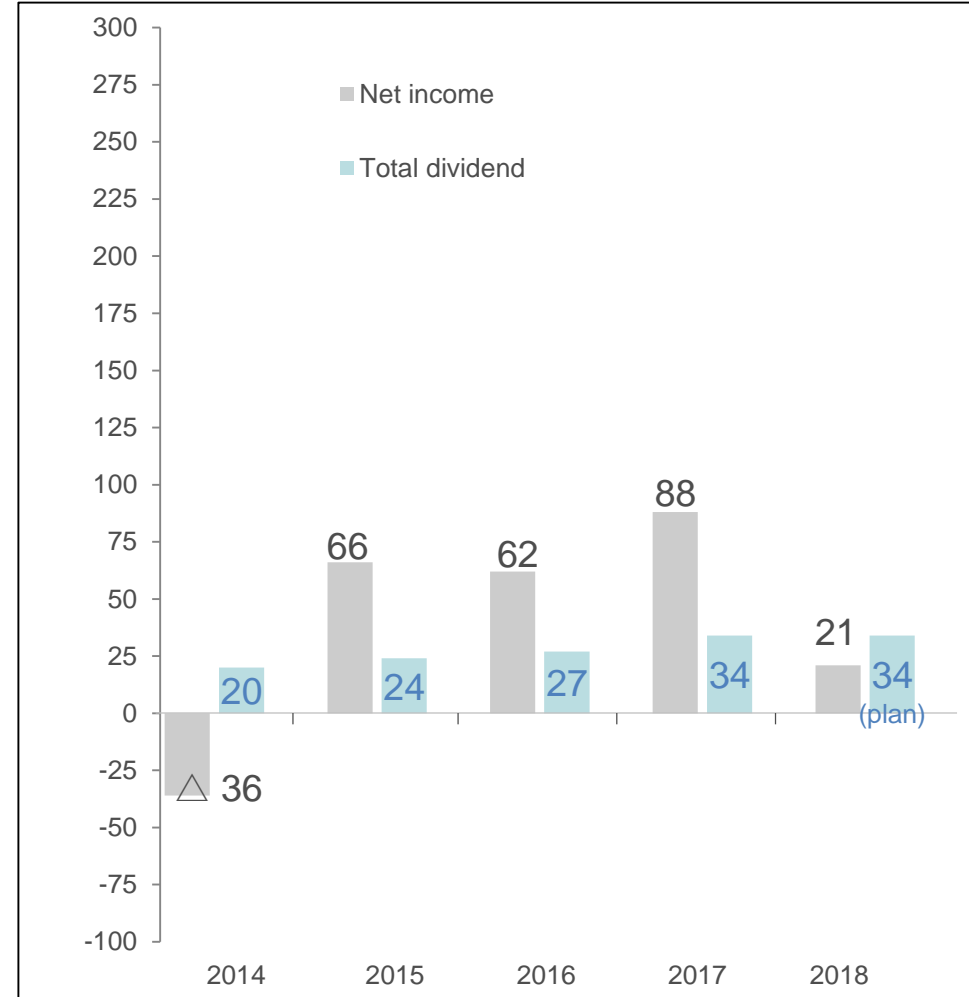
## Per Share Information

## Total Payout

Unit: yen



Unit: Million yen



\* We conducted a 1:100 stock split of common stocks as of October 1, 2013.

\* Figures are rounded down to the nearest million yen.



## 2. Earnings Forecast and Goals

## Revenue, Cost, Profit, Dividend

- Sales are estimated to increase to 2,002 million yen, an increase of 92 million yen from 1,909 million yen in the previous term. Utilizing the “system for subsidizing the installation of IT” in fiscal 2018, we will concentrate on the sale of “ES e-Bukken One,” which is a core turnkey service, and sales are estimated to grow.
- The total cost (sum of COGS and SG&A) is estimated to be 1,971 million yen, an increase of approx. 111 million yen from 1,859 million yen in the previous term. The augmentation of COGS and SG&A is due to the rise in investment in human resources, who will support the future growth.
- Annual operating income is estimated to decrease by about 18 million yen from 49 million yen in the previous term to 31 million yen, as sales are projected to increase about 92 million yen and total cost is forecasted to augment about 111 million yen.
- Maintains year-end dividend of 5 yen per share (prior year forecast 5 yen per share).

## Marketing strategy

- To promote “ES e-Bukken One Rental Management,” which is a strategically important one among cloud services, and boost sales
- To promote “ES e-Bukken One” and tools of online conferences for explaining important matters base on IT, which are subject to the system for subsidizing the installation of IT, and increase new customers
- To conduct marketing and sales promotion for the new service “pocketpost”

## Cloud service development strategy

- To continue development activities for enriching the functions of the strategic core products: “ES e-Bukken One Rental Management” and “pocketpost”

\* Forecast figures are based on information available at the time of announcement.  
Actual results may differ materially from the forecast figures.

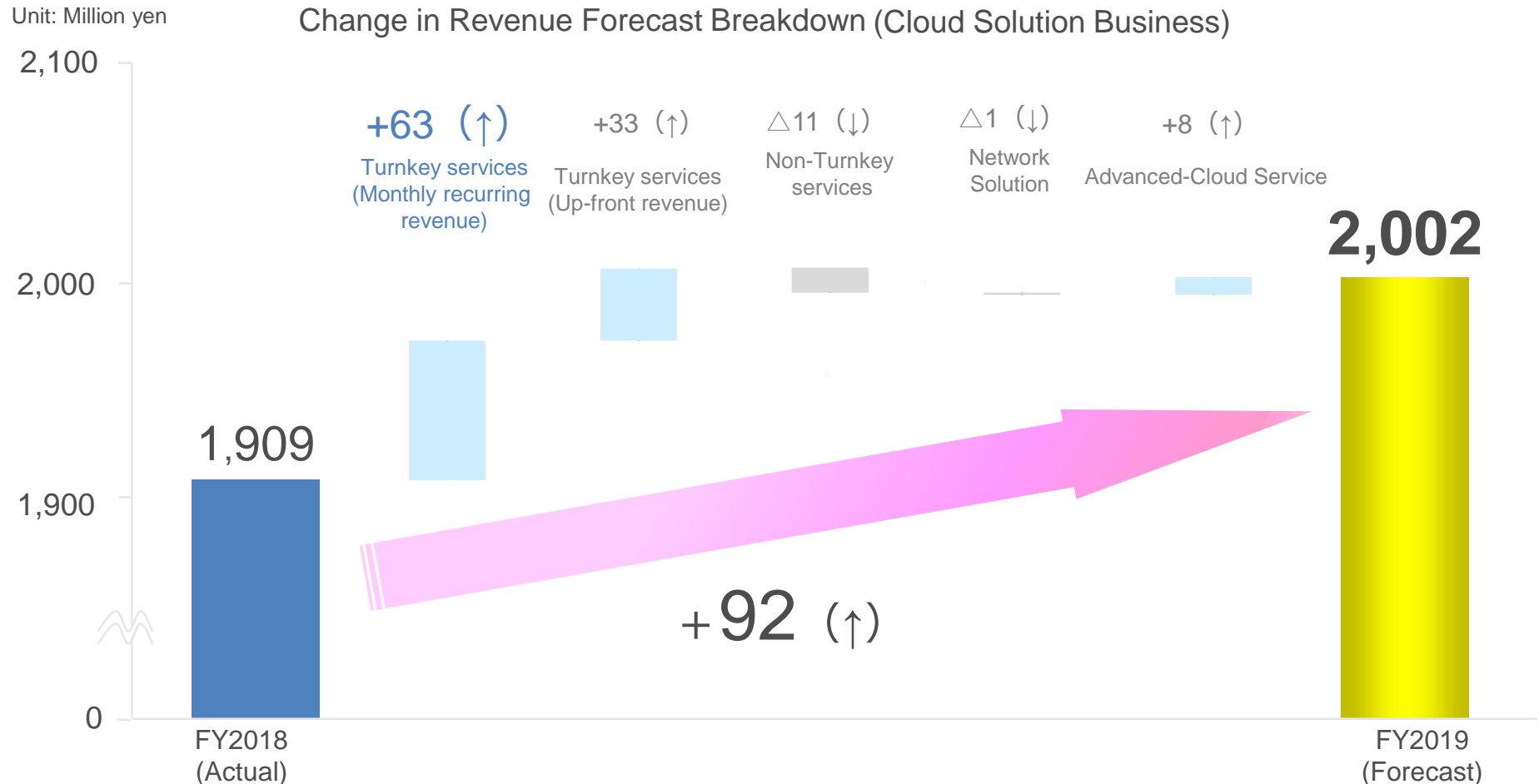
\* Revenue, cost, and profit figures rounded down to the nearest million yen.

(Million yen)	Full-term Forecast FY2019	Full-term Results FY2018	Difference	YOY change (%)
Sales	2,002	1,909	92	4.9%
Operating income	31	49	△18	△37.5%
Recurring income	30	49	△19	△38.8%
Net Income	11	21	△9	△45.2%

	Dividend per share
Full-term dividend (forecast) (FYE March 2019)	5.00 <sub>yen</sub>
Full-term dividend (plan) (FYE March 2018)	5.00 <sub>yen</sub>

- \* Forecast figures are based on information available at the time of this announcement.  
Actual results may differ materially from the forecast figures.
- \* Figures rounded down to the nearest million yen.

# Revenue forecast: Sales estimated to rise through the continuous growth of cloud services



#### <Key Points>

We will promote “ES e-Bukken One,” a convenient cloud service for explanation of important matters by IT. The sales of Turnkey services (Monthly recurring revenue) are estimated to grow about 63 million yen from the term ended Mar. 2018, and the total sales of the cloud solution business are projected to increase by about 92 million yen.

- \* Cloud Solution Business sales figures have not been adjusted for internal transactions.
- \* Figures rounded down to the nearest million yen.

# Cloud solution business revenue forecast breakdown

Item (Unit: million yen)	FY2018	FY2019	YOY change	YOY change (%)
Cloud Service	1,814	1,899	85	4.7%
Turnkey services *	1,755	1,852	96	5.5%
Up-front revenue	46	79	33	71.6%
Monthly recurring revenue	1,709	1,772	63	3.7%
Non-turnkey services *	58	47	△11	△19.8%
Network Solution	33	32	△1	△3.3%
Advanced-Cloud Service	61	70	8	13.8%
<b>Total</b>	<b>1,909</b>	<b>2,002</b>	<b>92</b>	<b>4.9%</b>

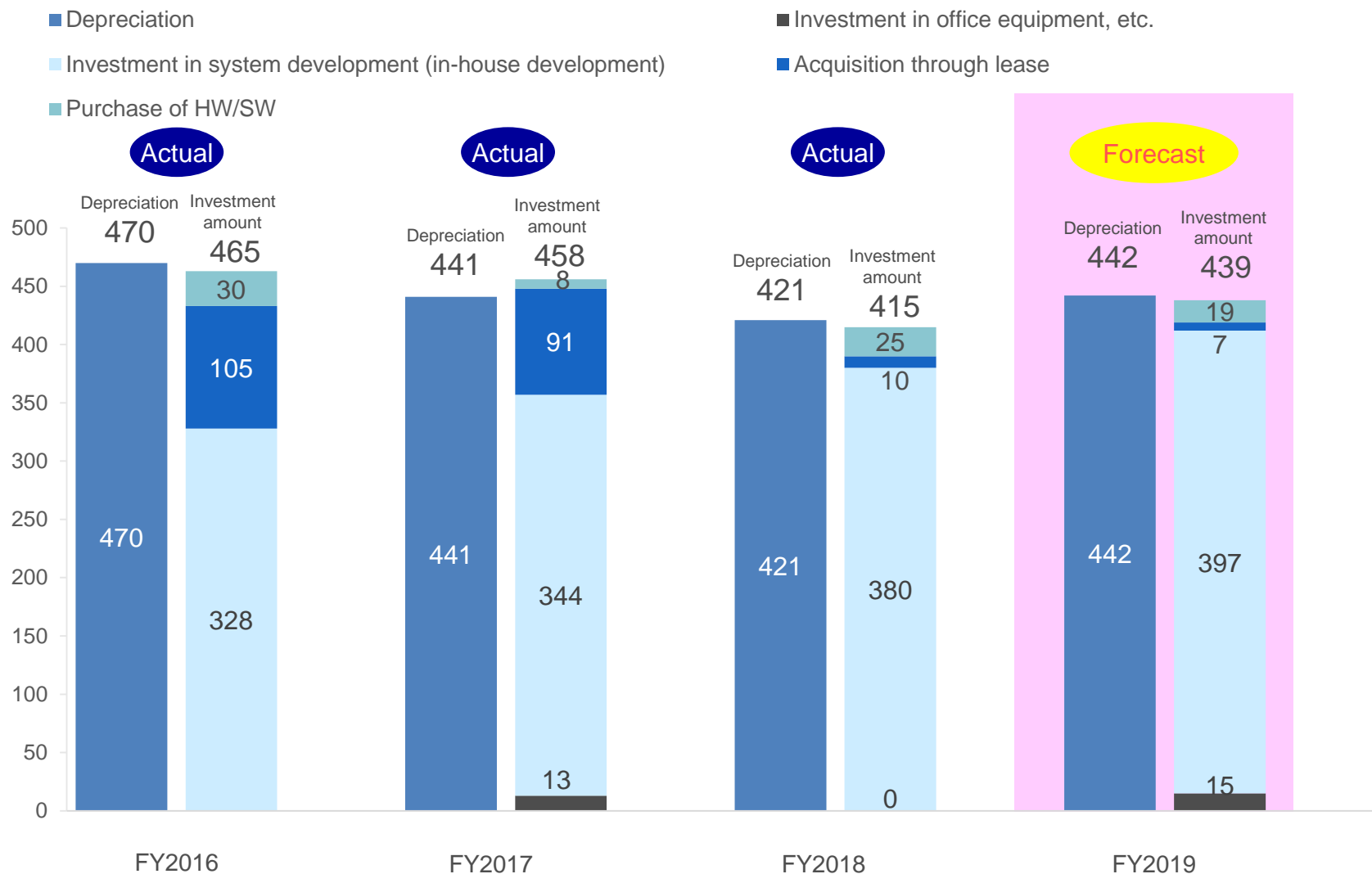
\* Turnkey services ..... Suite of standard system applications with up-front and monthly recurring revenue.  
 Non-turnkey services ... Customized system applications with one-time and monthly recurring revenue.

\* The above forecast figures are based on information available at the time of this announcement. Actual results may differ materially from the forecast figures.

\* Cloud Solution Business sales figures have not been adjusted for internal transactions.

\* Figures rounded down to the nearest million yen.

# Investment for growth based on stable cash flow



\* Figures rounded down to the nearest million yen.  
 \* '0' indicates an amount less than one million yen.  
 \* Investment plan with regards to the Cloud Solution Business.

## Target Index

➤ Number of clients

**5,000** companies

➤ Monthly ARPU

more than **¥100,000**

➤ Gross profit margin on Cloud Service

more than **70%**

## Expand and grow our client base

To keep increasing clients by evolving services and enriching the systems for the support for installation and clients

## Improve sales and operation efficiency

To increase the average spending per client by improving additional values and lengthen the period of use by upgrading services

## Future growth

To evolve ES e-Bukken One to real estate trade platforms



## Real estate database

- Layout info
- Addresses, latitude/longitude info
- Equipment info
- Images
- ⋮



## Contract database

- Lease contracts
- Management entrustment contracts
- ⋮



## Database of organizations and employees

- Names or corporations and organizations
- Employees' names, numbers, and posts
- Contact info (email addresses and telephone numbers)
- ⋮



## Customer database

- Customer categories (renting, lending, selling, or buying)
- Names, contact info, etc.
- Family structures
- Annual income and bank account info
- ⋮



## Database of income, expenditure, and sales

- Rents and security deposits
- Deposit category
- Accounts
- ⋮

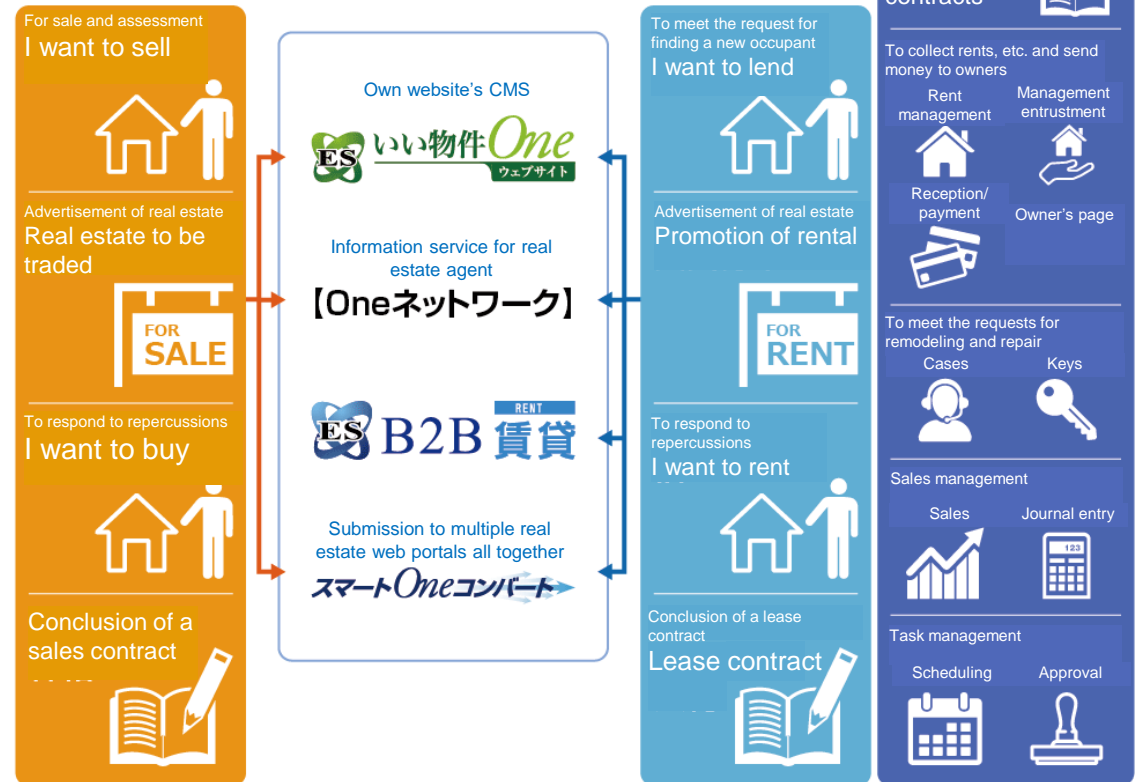
**More than 4,000 items  
can be stored.**



Business activities for real estate to be traded



Business activities for real estate for rental

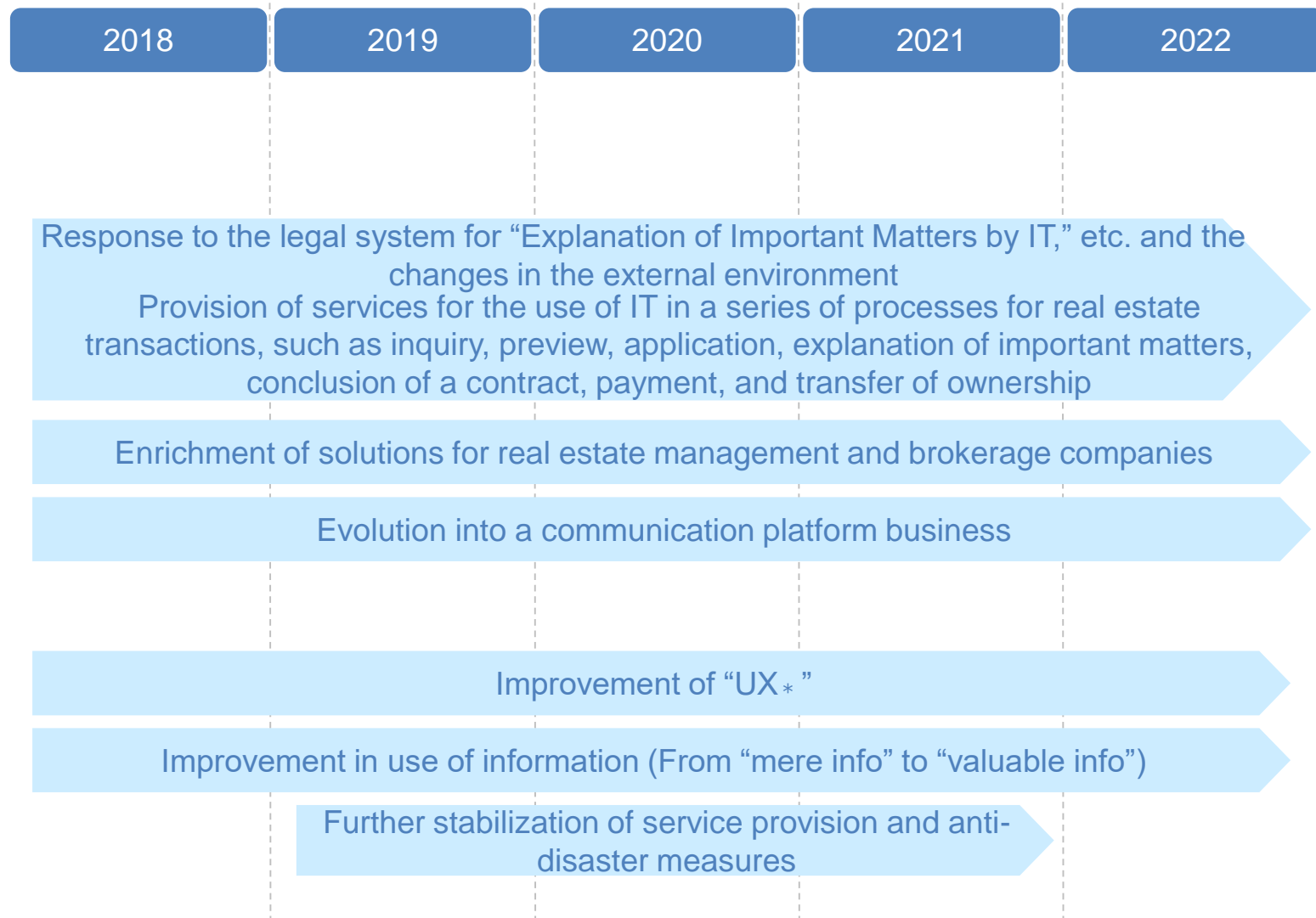






Expansion of Service Line-Up and Function Reinforcement

Service Quality Improvement and Capacity Increase

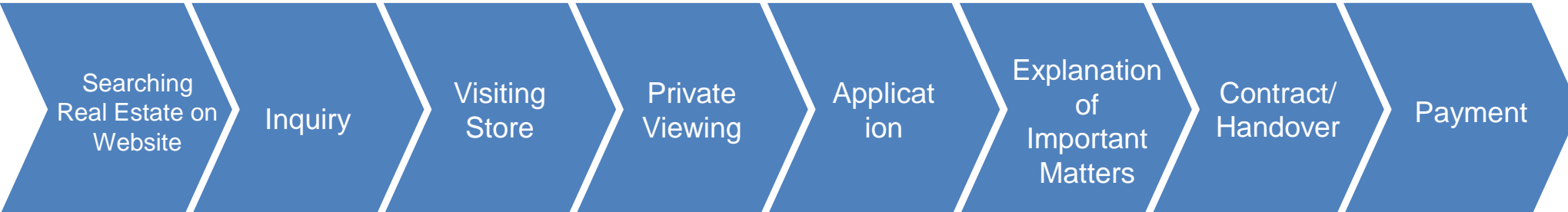
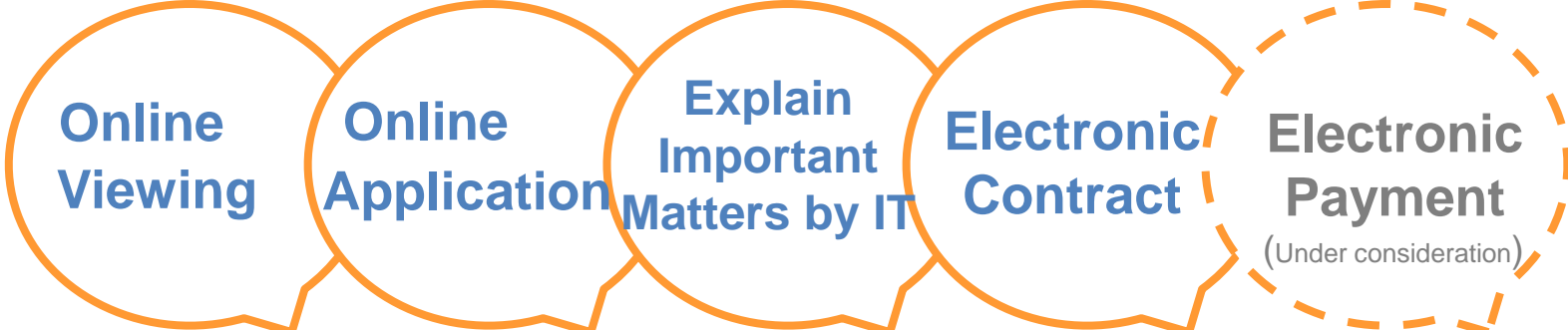


\* “UX” is the abbreviation of User Experience, which means the experience users get by using our systems, services, etc.

We aim to produce services customers want to use more by improving UX.

\* The above schedule is a plan at the present moment and is subject to change.

We are promoting the utilization of IT in a series of processes for real estate transactions, including search, preview, explanation of important matters, conclusion of a contract, and payment.



## What is the “Explanation of Important Matters by IT”?

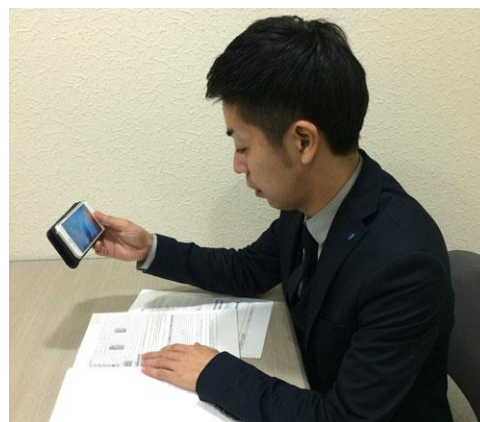
The current Building Lots and Buildings Transaction Business Act obliges real estate brokers to explain important matters to buyers face to face, but it will become possible to explain them online by using a “TV conference system,” etc.

## What are the advantages of the “Explanation of Important Matters by IT”?

For consumers, it would save the time and cost for visiting the real estate. For real estate companies, it would appeal to consumers through the improvement of convenience.



Customers can confirm the real estate transaction expert license through a camera.

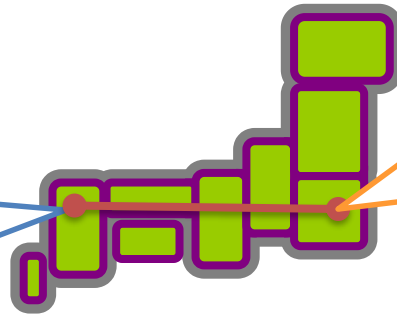


The scenes from the "Explain Important Matters by IT" seminar.



Yes, I can hear you.  
I'd appreciate your cooperation today.

Customer (living in Fukuoka)



Then, I'll explain important matters about the real estate.  
Can you hear me?

Real estate company (in Tokyo)

1. Introduction of real estate

2. Description of real estate

3. Explanation of important matters

Online customer services



To introduce real estate to customers at distant places “face to face”

Online preview



You can check the inside of real estate in your free time.

Explanation of important matters by IT



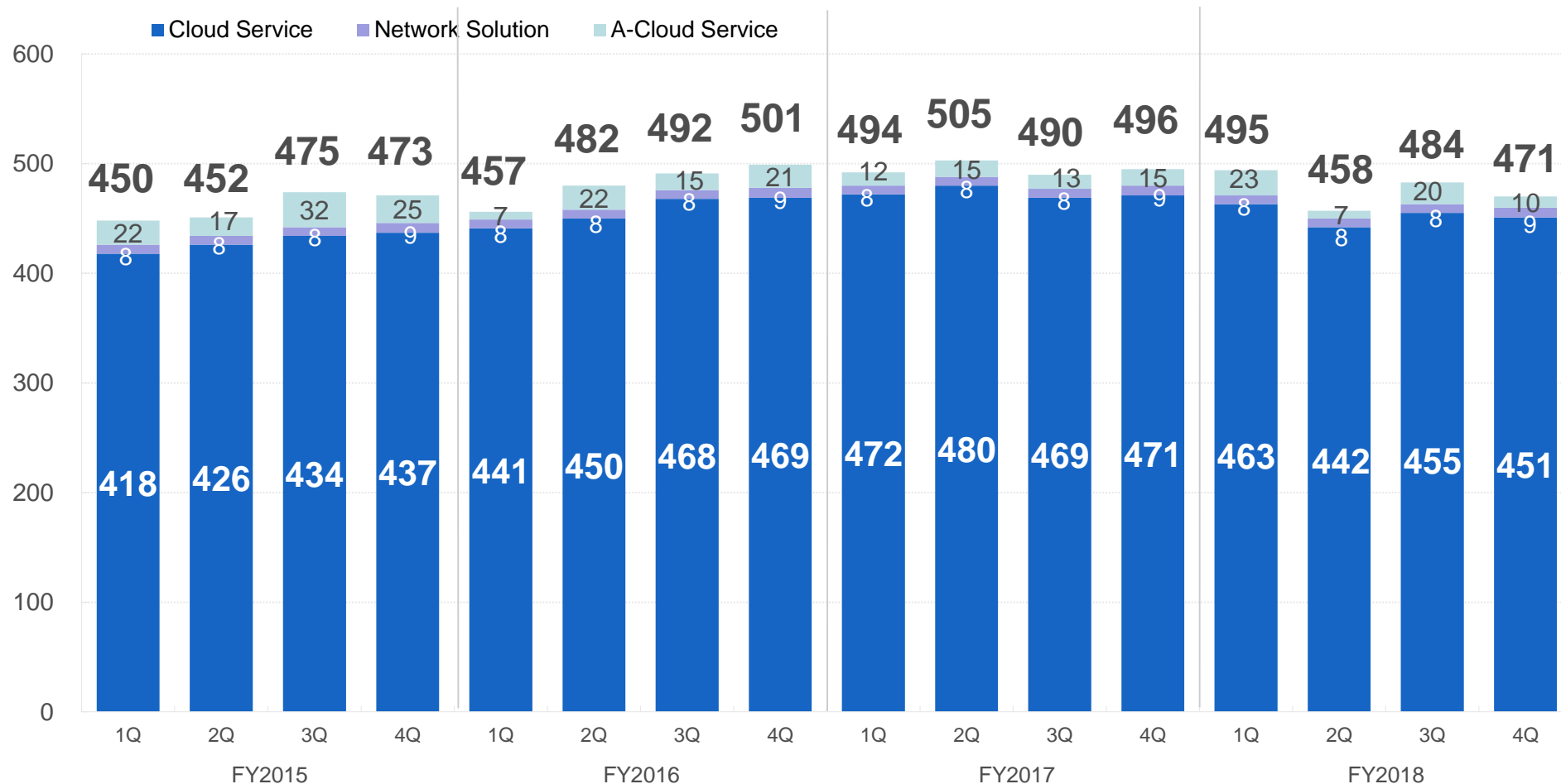
You can explain important matters with smartphones or tablet PCs.

# 3. Summary of Recent Business Results

# The sales of cloud services are the pillar of growth.

Unit: Million yen

## Transition of Sales by Item (Cloud Solution Business)



\* Cloud Solution Business sales figures have not been adjusted for internal transactions.

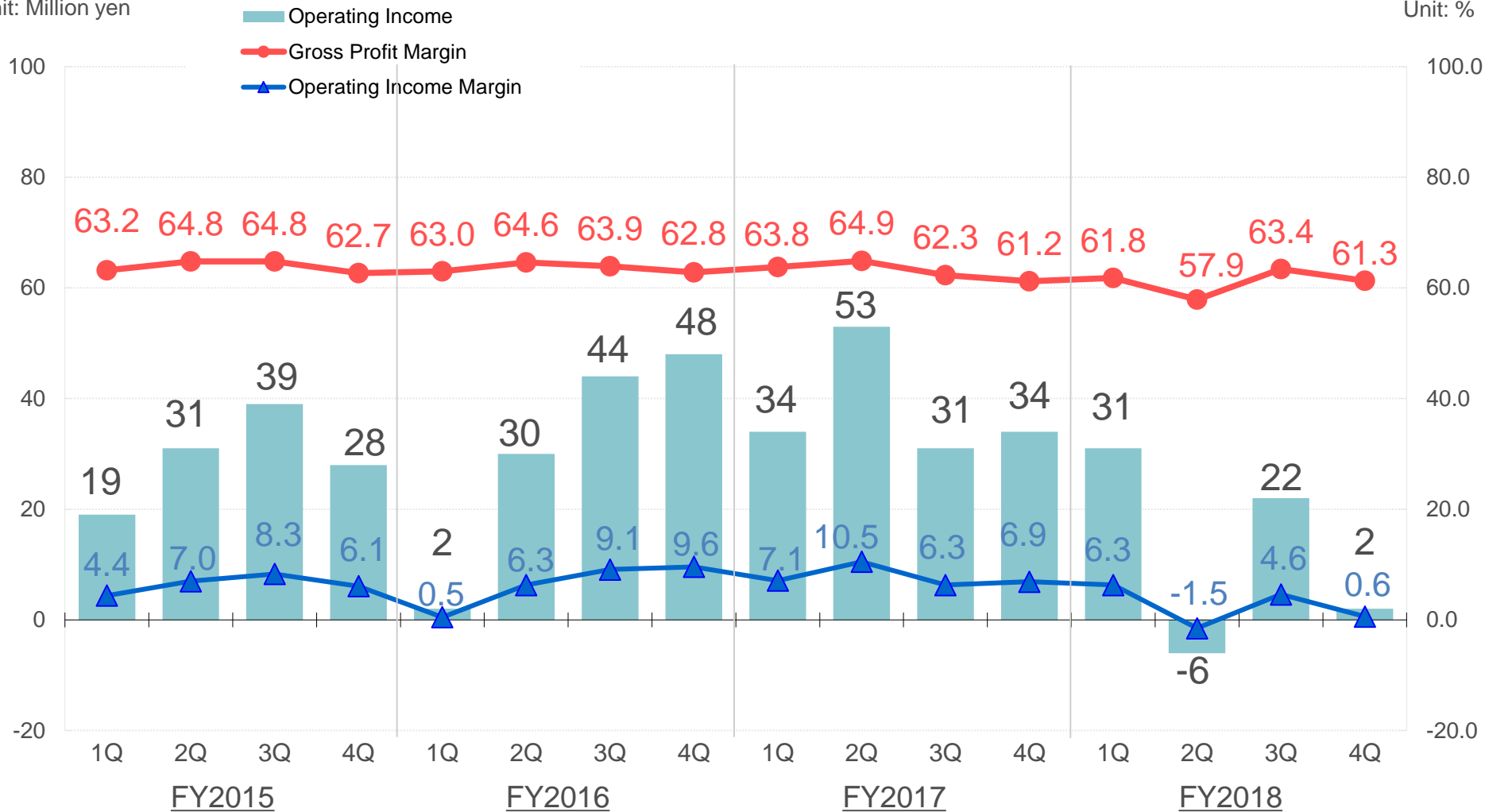
\* Figures rounded down to the nearest million yen.

# Influenced by the drop in sales after the termination of contract for specific customers.

## Transition of Operating Income (Consolidated)

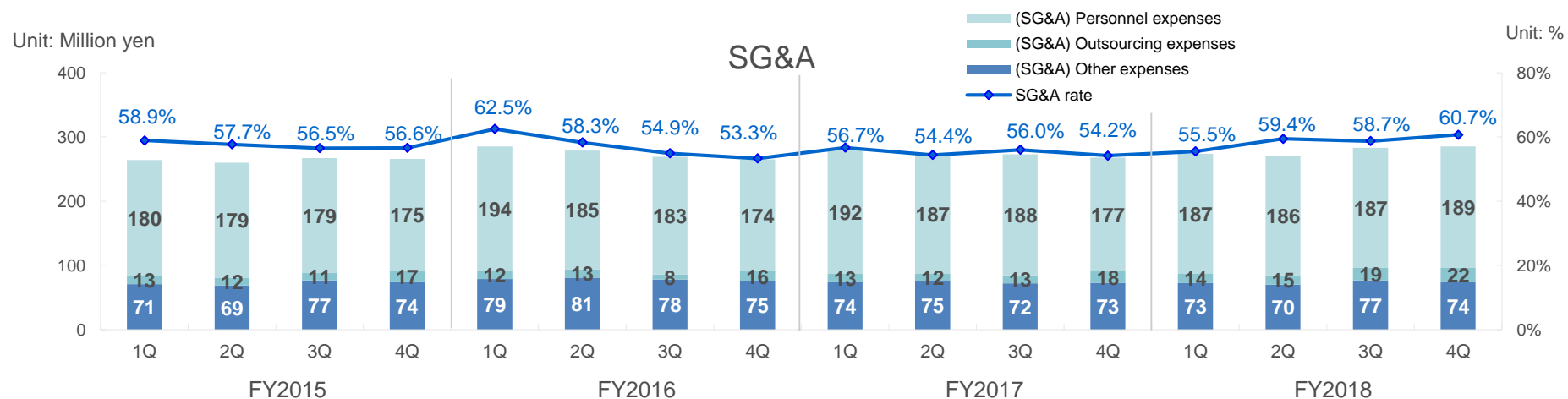
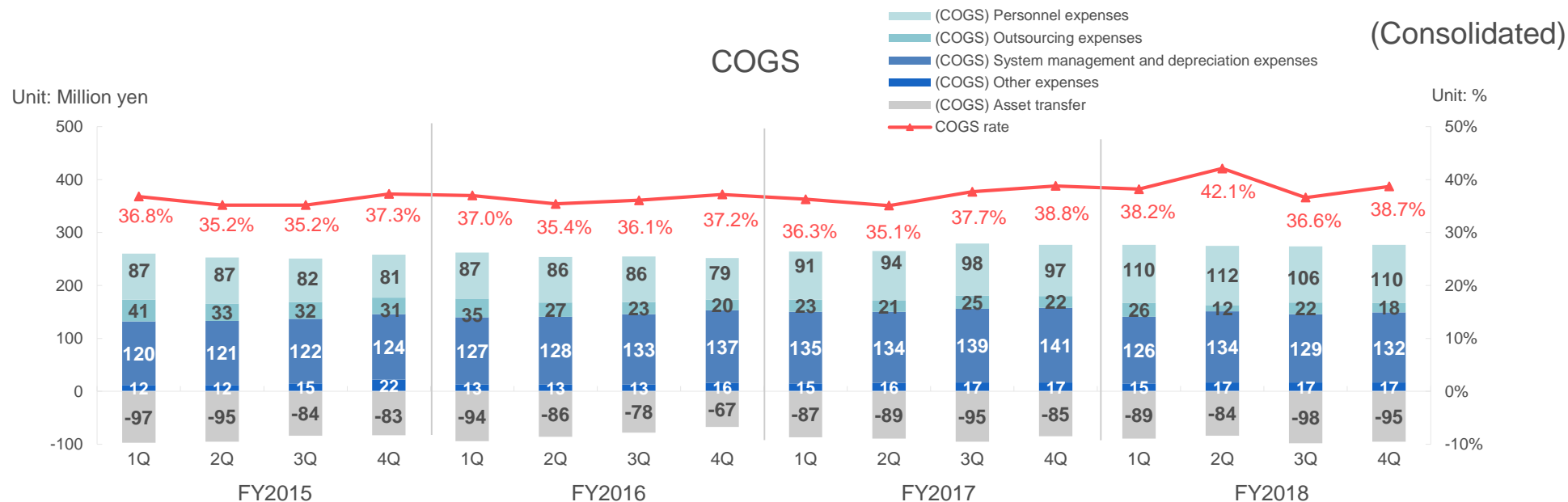
Unit: Million yen

Unit: %



\* Figures rounded down to the nearest million yen.

# Total expenses are under control



\* (COGS) Outsourcing expenses: Outsourcing expenses, temporary recruitment expenses, procurement expenses, system usage expenses, etc.

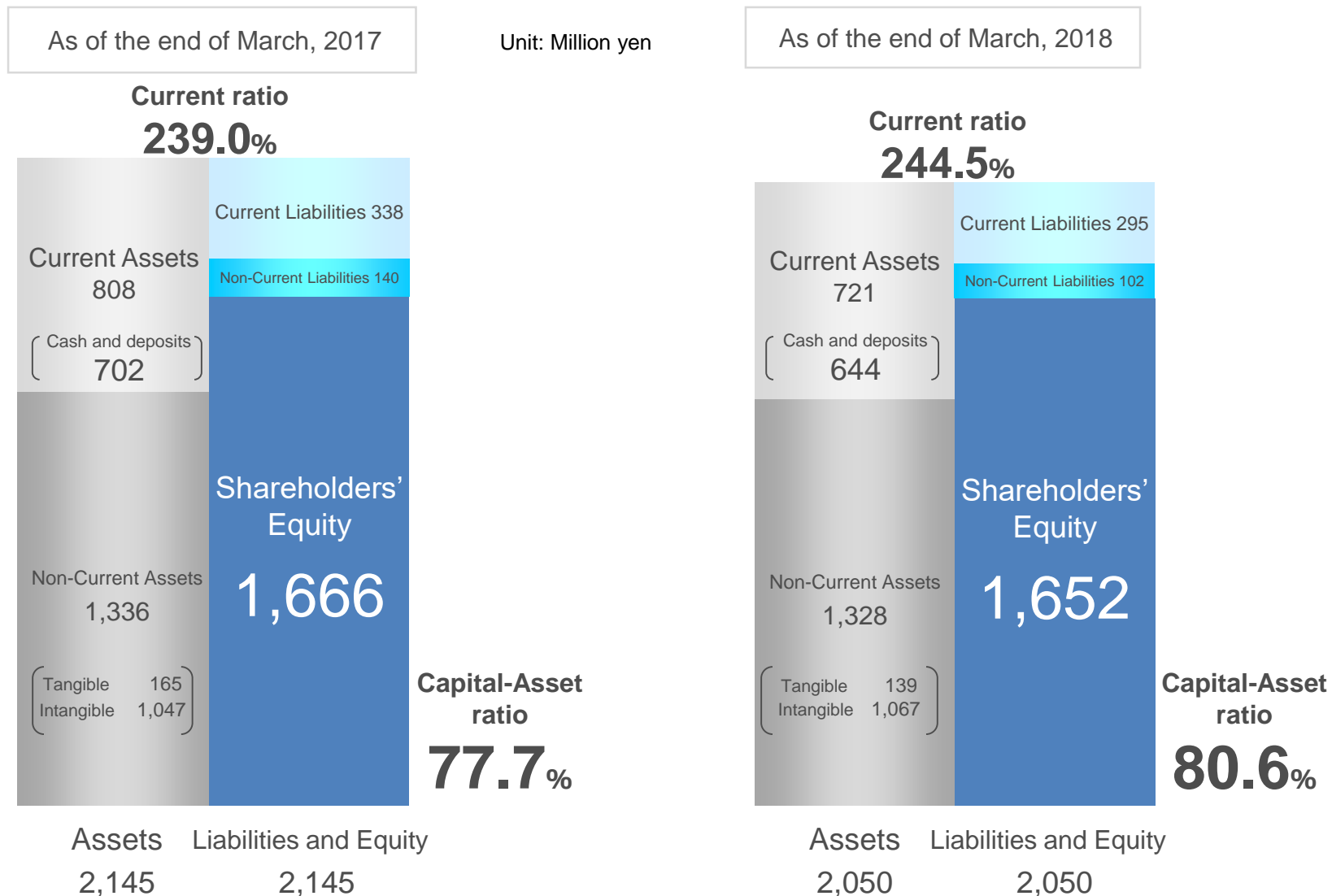
(COGS) Asset transfer: Inventory assets(goods in process), portion allowances for software under development listed under COGS

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

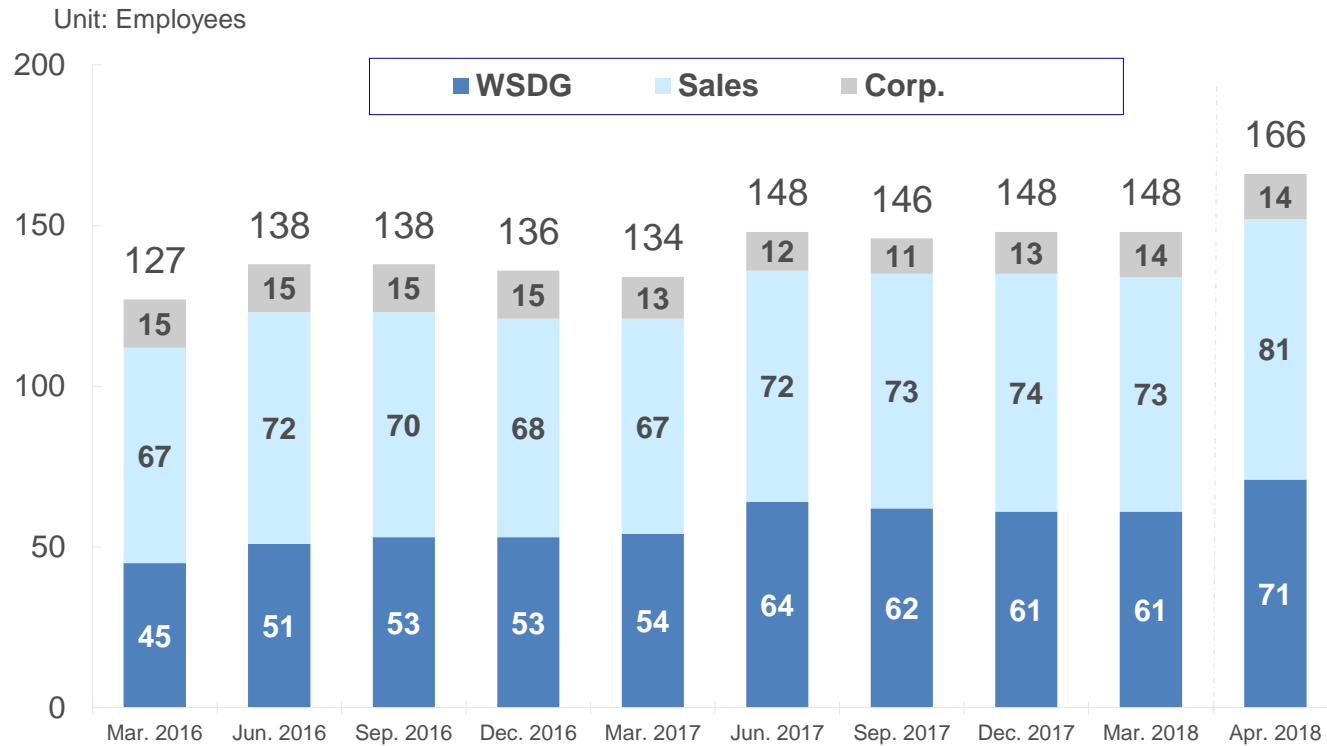
\* Figures rounded down to the nearest million yen.



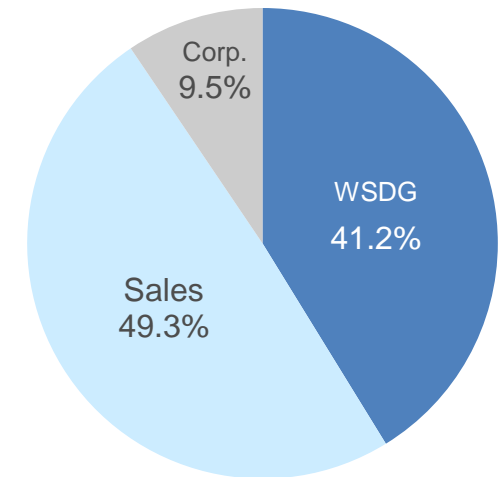
## Consolidated Balance Sheet YOY Comparison



\* Figures rounded down to the nearest million yen.



Number of Employees



Breakdown by Division  
(March, 2018)

\* Excluding directors, advisors, and part-time workers.

\* WSDG: Web Solution Development Group, Sales: Sales & Sales Planning Group, Corp: Corporate staff

\* "Management Group" was renamed "Corporate Group" in Apr. 2017.

## Mission

**To create a market with high degree of satisfaction and reliability for all participants by enhancing the transparency of the market.**

## Vision

**To become an essential integral information infrastructure for the real estate market, where a variety of information on real estate is put together.**

**To pursue the real estate field, and offer “indispensable” cloud systems**

**Our development staff who are versed in real estate businesses develop systems (accumulating know-how).**

**Direct sales force = tight relationship with clients, deep industry knowledge**

**Swift cycle of “grasping needs → planning → development → release”**

**Obtained the certificates of international standards for IT service management and cloud service information security management in order to improve our service level and customer satisfaction further.**

**No bank borrowing and financially sound**

**Established :** January 21, 2000

**Paid-in capital :** 628,411,540 yen (As of the end of March 2018)

**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 :** 148 (As of the end of March 2018)

**Governance System :** Company with Audit Committee

<b>Officers :</b>	President & CEO	Kiyotaka Nakamura	Outside Director, Auditor (Full-Time)	Akira Hirano
	Executive Vice President & Co-CEO	Zenichi Maeno	Outside Director, Auditor	Masahito Omachi
	Executive Vice President & CFO	Hiroyuki Shiokawa	Outside Director, Auditor	Shinichi Shamoto
	Executive Vice President & COO	Hiroyoshi Kitazawa	Outside Director, Auditor	Masayasu Takahara
	Managing Director, CTO	Akira Matsuzaki		

**Audit Corporation :** Kisaragi Audit Corporation

<b>Offices :</b>	Headquarters	〒106-0047	2-32, Minamiazabu 5-chome, Minato-ku, Tokyo
	Osaka office	〒530-0011	4-20 Ofukacho, Kita-ku, Osaka
	Fukuoka office	〒810-0001	11-17, Tenjin 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka
	Nagoya office	〒450-6490	28-12, Meieki 3-chome, Nakamura-ku, Nagoya-shi, Aichi



# Technology × Real Estate Field

e-Seikatsu is a “Real estate tech” company that aims to realize a better real estate market by technology.

Statements made at the meeting or included in this document that are not historical facts are forward looking statements about the future performance of e-Seikatsu Co., Ltd. You are cautioned that a number of factors could cause actual results to differ materially from those discussed in the forward looking statements.