

# FY2018 2nd Quarter Financial Results

Livesense Inc. (TSE1: 6054)

August 14, 2018

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# 1. Financial Results

# Executive Summary for the 2nd Quarter

Net sales up 3.6% YoY. 1H went according to plan.

Operating income negative for quarter, but 1H results surpassed forecast to turn profit.

- Net sales                      ¥1,775 million ( YoY      +61 million      +3.6% )
- Operating income            -¥33 million ( YoY      -195 million      — )

Real estate segment contributed to results.

Focus was on increasing Machbaito name recognition and improving user experience along with expanding Tenshoku Kaigi.

- DOOR Chintai ad-based customer attraction continued favorably from 1Q. Greatly contributed to investment capital
- After last year's re-branding, focus in Machbaito has been on increasing name recognition and improving user experience  
Reflection in performance is expected to take some time
- Tenshoku Kaigi progress slower than expected despite increased sales of main Tenshoku Kaigi Business product

Continue to focus on improving Machbaito and Tenshoku Kaigi in 2H.

- No change to company-wide policy. Strengthen promotions and sales with Machbaito and Tenshoku Kaigi as key businesses
- Positive full-year operating income expected

# Quarterly Financial Results Overview

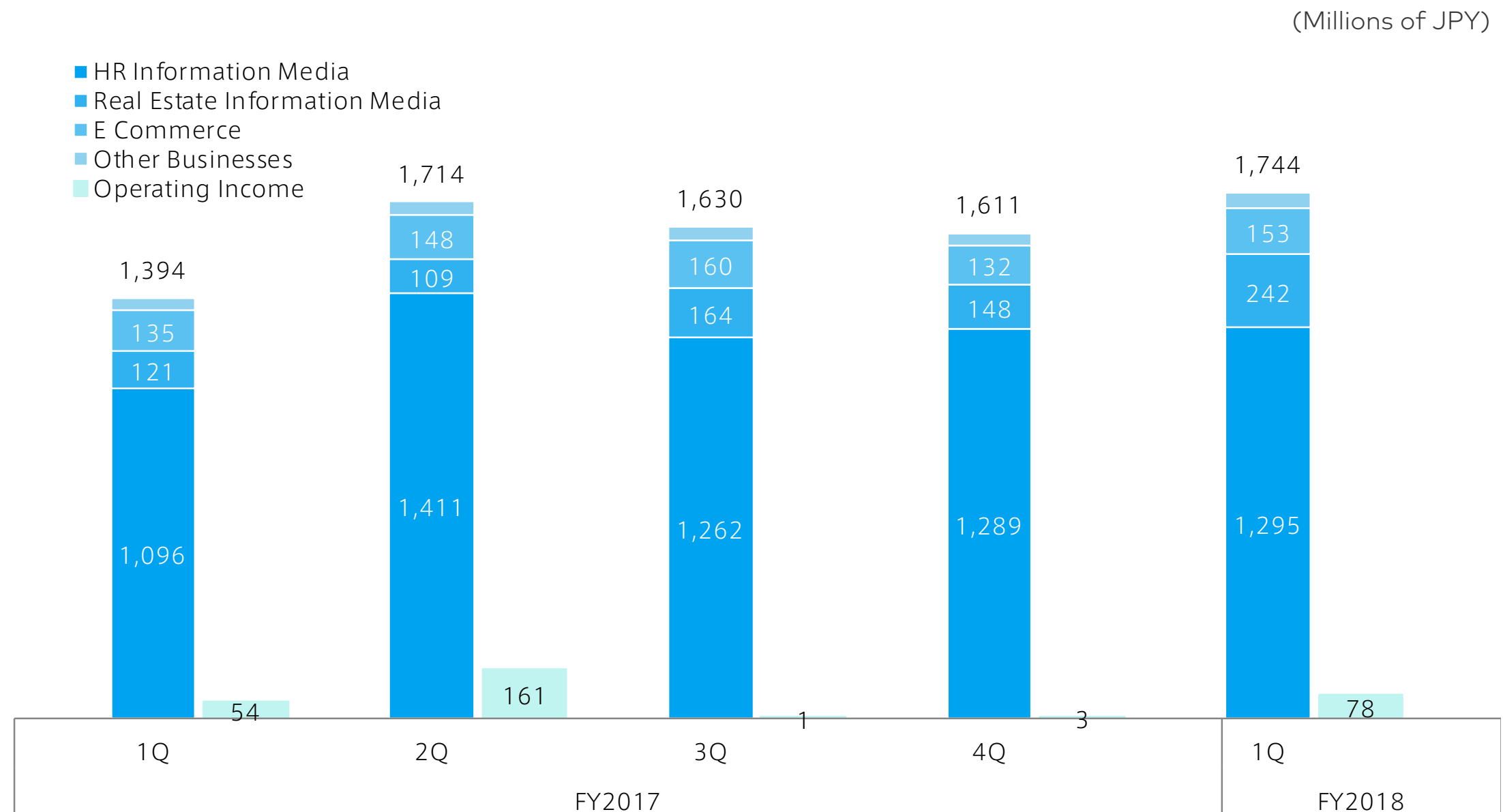
(Millions of JPY)

	FY2017 2Q	FY2018 2Q	YoY
Net Sales	1,714	1,775	+3.6%
Operating Income	161	▲ 33	—
Operating Margin(%)	9.4%	—	—
Ordinary Income	216	▲ 16	—
Profit attributable to owners of parent	146	▲ 13	—

# Net Sales and Operating Income

| Net Sales up 3.6% YoY due to increased sales in real estate segment, etc.

| Continued to focus investment on recruiting segment. 1H exceeded forecast.



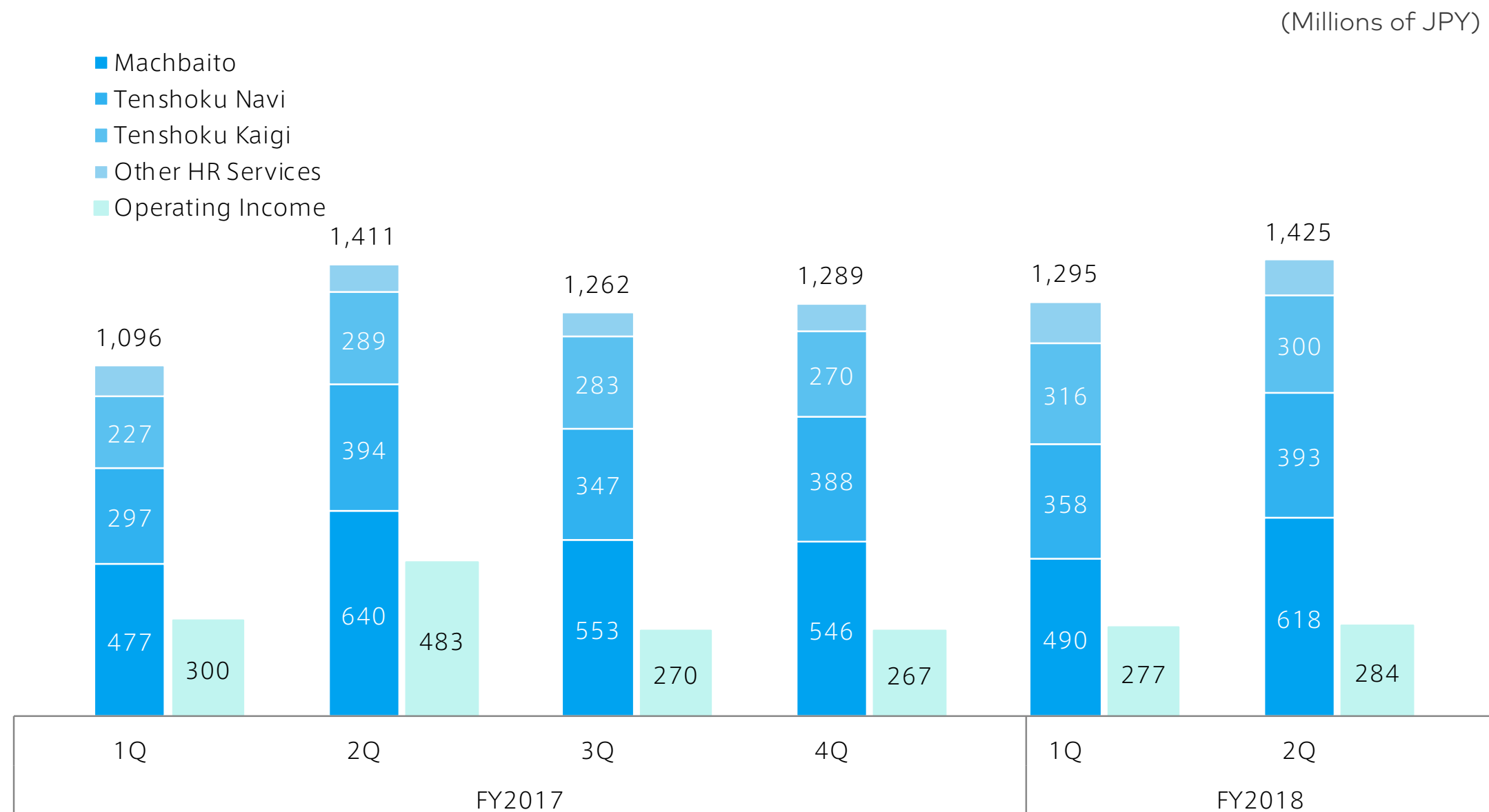
\*Tenshoku Draft categorized as HR Information Media as of this year. Past results changed to reflect this (same applies hereinafter).

# Segment Net Sales and Operating Income

## -HR Information Media

Tenshoku Kaigi progress slower than expected, resulting in QoQ decrease in sales despite YoY increase. Continued to focus on expansion.

Focus in Machbaito continued to be increasing name recognition and improving user experience.

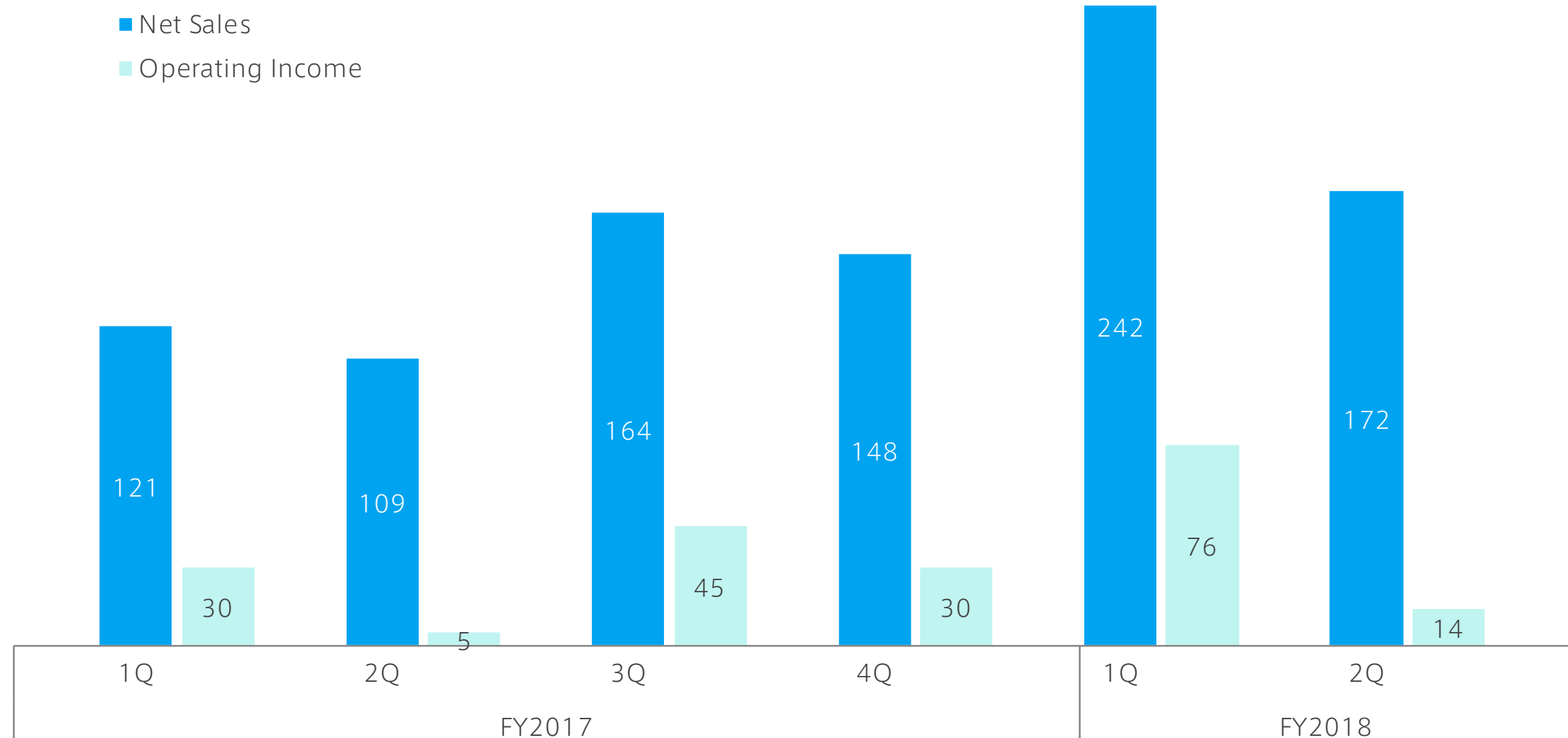


# Segment Net Sales and Operating Income -Real Estate Information Media

Measures for customer attraction, including web advertising, strengthened in DOOR Chintai. Substantially increased sales and profits.

Progress made on efforts to improve IESHIL site value.

(Millions of JPY)





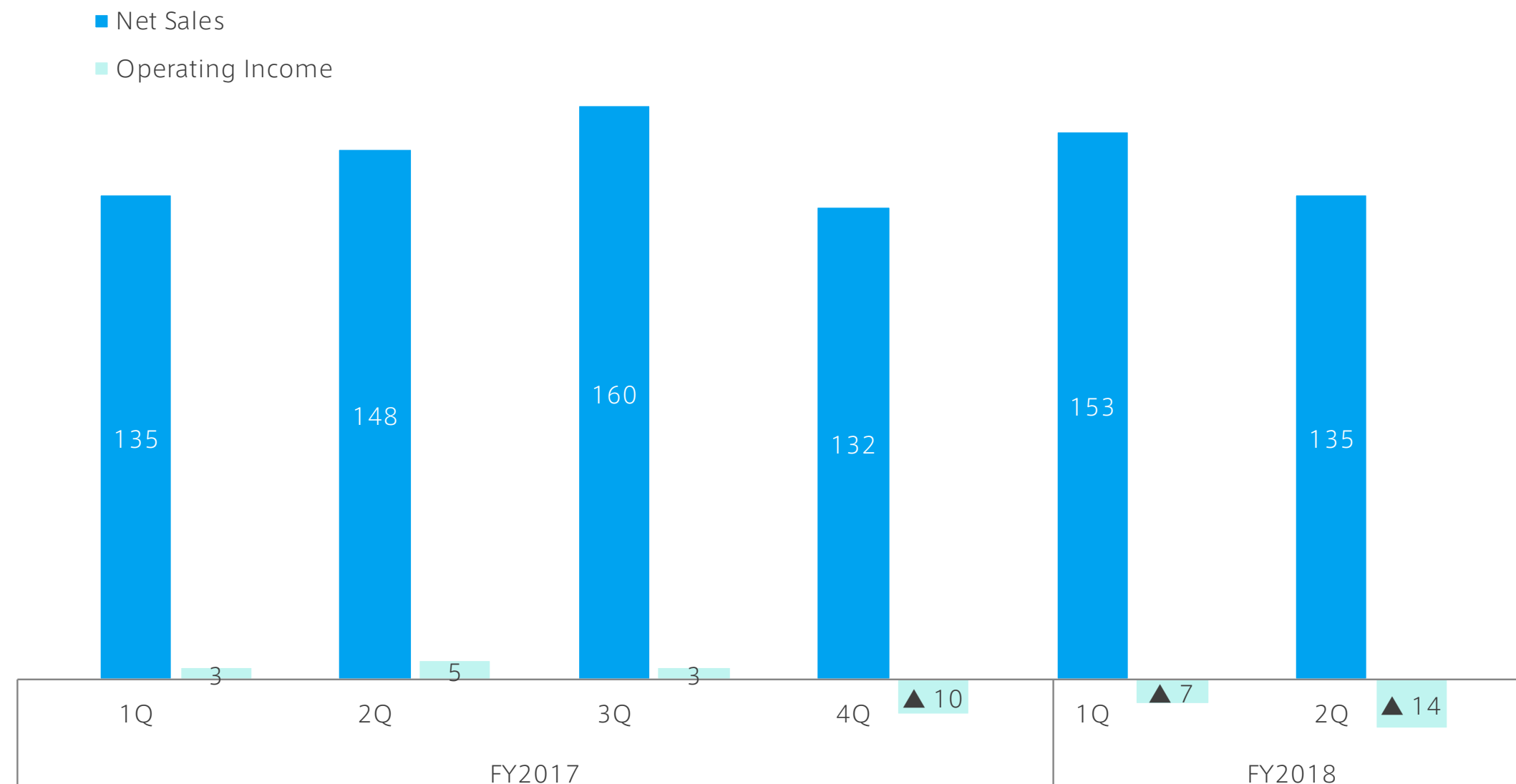
# Segment Net Sales and Operating Income

## -E-Commerce

Released proprietary fulfillment system as SaaS-type cloud-based service "PANAMA Studio."

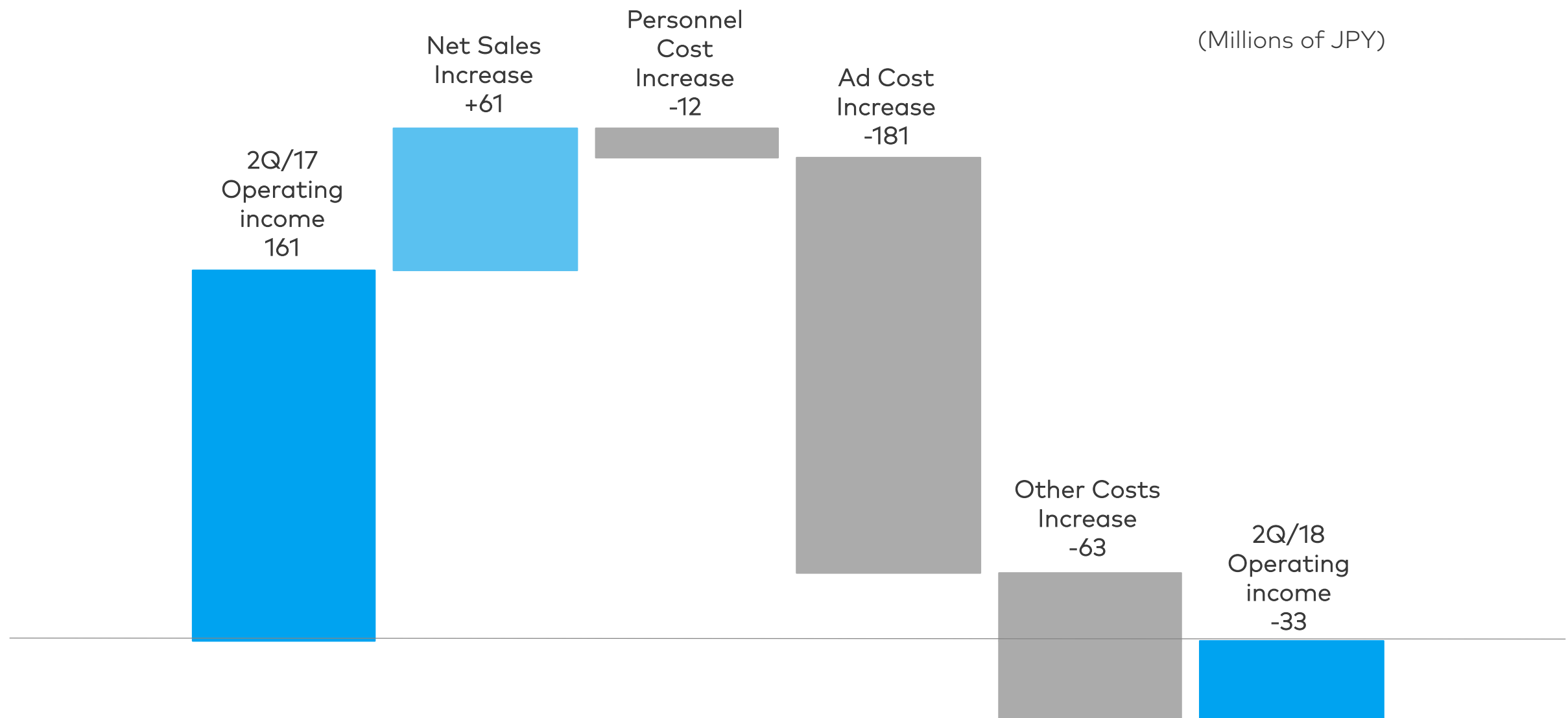
"PANAMA Studio" to be pillar of future growth of waja. Development costs exceeded revenue at first.

(Millions of JPY)



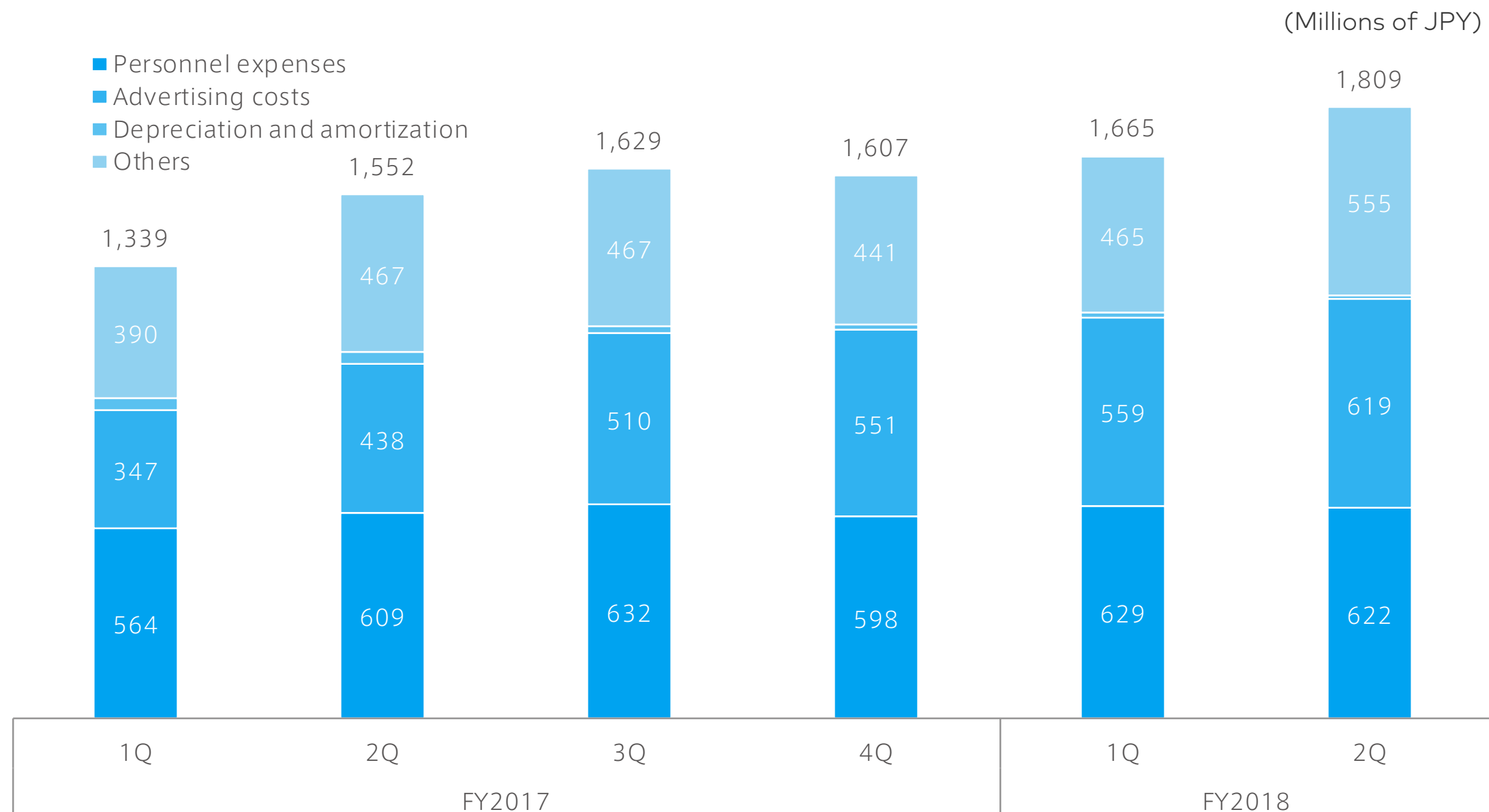
# Operating Income -YoY Comparison

Quarterly operating income down substantially due to increase in web advertising-based customer attraction, monetary gifts for hiring (Mach Bonus), etc.



# Operating Expenses

- Advertising costs up substantially due to web advertising, monetary gifts for hiring(\*), etc.
- Under other expenses, operating costs, media development-related costs and others increased.



\*Monetary gifts include some that were changed from "Others" to "Advertising costs" category

## **2. Business Overview**

## 2. Business Overview

Progress on Key Businesses

# Machbaito: Increasing Name Recognition

| Released "Kami-Machbaito" promotion.

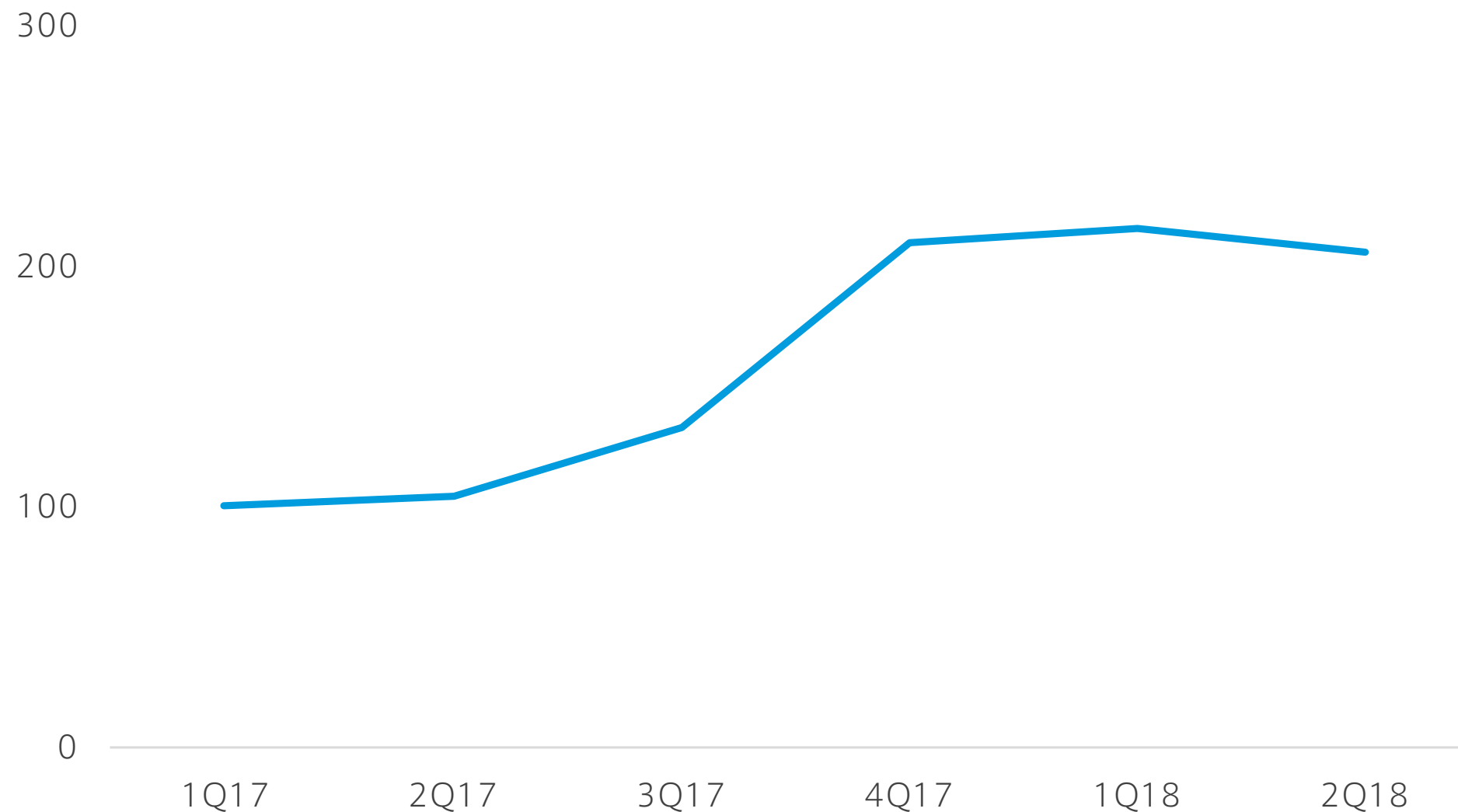
| Updated popular "Hyperreal Machbaito" and made it permanent.



# Tenshoku Kaigi: Progress on Tenshoku Kaigi BUSINESS

- Number of companies using Tenshoku Kaigi BUSINESS remained flat.  
Progress slower than expected.
- In addition to education of sales personnel, measures to increase number of user companies being implemented on trial basis.

Trend in Number of Companies Using Tenshoku Kaigi BUSINESS



\*Presented as a comparison with 1Q/17 as 100

## 2. Business Overview

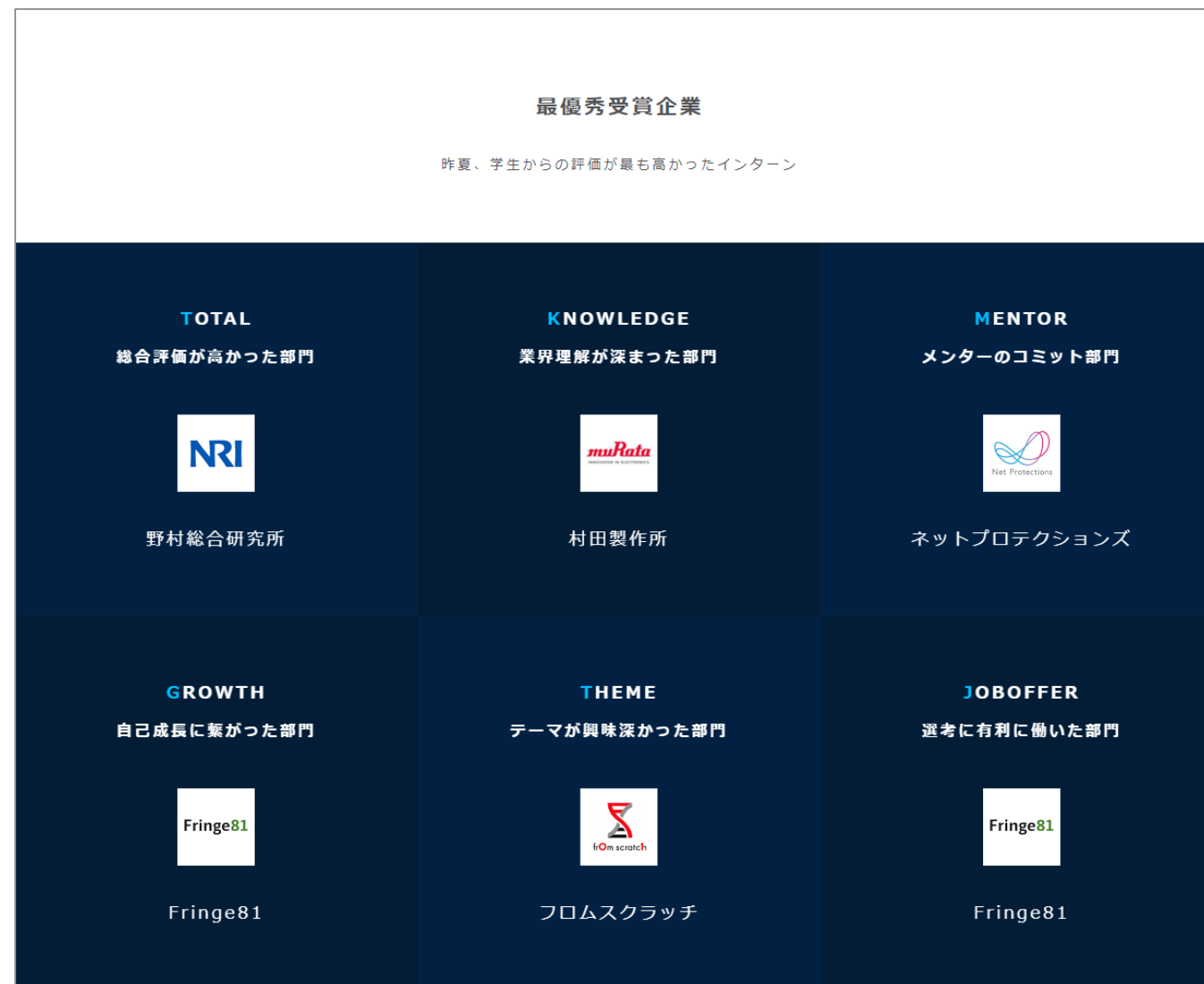
Other Business Topics and Progress



# Syukatsu Kaigi: Internship Awards

Awards presented for "truly worthwhile internships" with Syukatsu Kaigi based on student reviews.

Improve quality of internships and Syukatsu Kaigi recognition.



# IESHIL: Provision of Information on Disaster Risk and School Zones

| IESHIL launched provision of information on disaster risk and school zones.

| Site value improved by enhancing condominium-related information.

The screenshot displays the IESHIL website interface for a specific condominium project. At the top, there is a search bar and navigation links. The main content area is divided into several sections:

- IESHILマンション**: Total rating of 4.65 stars.
- 参考相場価格**: 5,612万円~8,282万円 (Unit price: 318~381万円/坪, Last updated: 2018年07月29日).
- 参考相場**, **災害リスク** (highlighted), **対象学区**, and **空室物件** (0 units).
- 想定震度マップ**: A map showing seismic risk levels. The map is color-coded by seismic intensity, with a legend indicating levels from 5弱 to 7. The map shows the project location in the center, surrounded by various districts.
- 売却をご検討中の方へ**: A section for potential buyers, stating that IESHIL is a leading real estate company with a limit of 20 introductions per day. It includes the same price information and a **売却相談する(無料)** button.
- 地震への安全性**: 2.7 (City/Town/Village average: 2.3).
- 想定震度**: 震度6強 (想定地震: 元禄関東地震).

# waja: Launch of "PANAMA Studio"

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Waja launched SaaS-type cloud-based "PANAMA Studio" service specializing in photography, measurements and manuscripts.

Adopted by Daiwa House Group's "Intelligent Logistics Center PROTO".



The screenshot shows the landing page for PANAMA Studio. At the top left is the PANAMA logo. The main heading is "バナマ ササゲするなら、PANAMA". Below this is a paragraph of Japanese text: "PANAMA (バナマ) はササゲに特化したSaaS型のサービスです。商品撮影から、画像加工、サーバーアップロードまで一貫して行うことができ、今までのササゲ処理をスマートにします。自社ECサイトでの運用実績があるからこそ、自信を持ってご提供。新たなアプリも開発中で、PANAMAは日々進化を続けています。" In the center is a teal button with the text "オタメシ登録 (無料)" and a downward arrow. At the bottom, it states "PANAMAスタジオで、撮影人件費が80%削減されました。"

# Business Strategy for FY2018 and Progress

Human Resources	• Machbaito	<ul style="list-style-type: none"><li>• Promote improved user experience by making "right away" service concept</li><li>• Continue to conduct promotion to increase name recognition</li></ul>
	• Tenshoku Kaigi • Tenshoku Navi	<ul style="list-style-type: none"><li>• With Tenshoku Kaigi, full-scale roll-out of career services utilizing reviews</li><li>• Promote development of corporate sales infrastructure and education of sales personnel to further expand "Tenshoku Kaigi BUSINESS". Aim to increase number of user companies</li><li>• Expand Tenshoku Navi customer attraction through aggressive investment in web advertising</li></ul>
	• Syukatsu Kaigi	<ul style="list-style-type: none"><li>• Launch provision of original functions for determining "degree of match with corporate culture" and "level of difficulty of screening"</li><li>• Present awards for "truly worthwhile internships" based on student reviews</li></ul>
	• Tenshoku Draft	<ul style="list-style-type: none"><li>• Change "Tenshoku Draft" to bimonthly. Participating companies also steadily increase</li><li>• Hold the 3rd "Designer Draft" and "Web Expert Draft"</li></ul>

# Business Strategy for FY2018 and Progress

Real Estate Information	<ul style="list-style-type: none"><li>• DOOR Chintai</li><li>• IESHIL</li></ul>	<ul style="list-style-type: none"><li>• Increase DOOR Chintai income by aggressively investing in web advertising during particularly busy seasons</li><li>• IESHIL launched provision of information on disaster risk and school zones Promote improvement of IESHIL site value by expanding data and content</li><li>• Launch PHIL LIFE. Strengthen face-to-face information provision and matching functions</li></ul>
EC	<ul style="list-style-type: none"><li>• waja</li></ul>	<ul style="list-style-type: none"><li>• Launch "PANAMA Studio" SaaS utilizing proprietary fulfillment system</li><li>• Inflow decreased. Continue to work on strengthening customer attraction through web marketing</li></ul>
Others	<ul style="list-style-type: none"><li>• New businesses</li></ul>	<ul style="list-style-type: none"><li>• Train product managers through launch of small-scale media</li><li>• Aim to expand use of services and establish position in current new businesses by re-designing user value and business expansion process</li></ul>

### **3. Policy for 2H**

| No change to full-year policy.

| Continue to focus on improving Machbaito and Tenshoku Kaigi in 2H.

## Policy

- Focus on establishing competitive advantage. Promote data collection and utilization necessary for pursuing intrinsic value in each business and providing value based on theme of "real data engineering"

## Measures

- Strengthen promotions and sales with Machbaito and Tenshoku Kaigi as key businesses
- Strengthen development structure and product management structure in aim of improving value of media
- Further strengthen investment in data technology, such as proprietary machine learning platform
- Focus own resources on functions centered on media development  
Accelerate growth of some functions by utilizing outside resources through joint ventures and other efforts



# Policy for 2H: Machbaito

- Continue conducting promotions to increase name recognition, focusing on social networking sites and videos.
- Strengthen customer attraction by improving user experience with Mach Bonus, media development, etc.





# Policy for 2H: Tenshoku Kaigi

Improve and strengthen media as career change service with reviews.

Enhance product lineup, including addition of function to disseminate information from recruiting companies, additional options for charging formats, etc. Aim to expand number of user companies.

**株式会社リブセンス** +フォローする クチコミを書く

★★★★★ 3.9 クチコミ投稿数: 652件  
東京都品川区 / WEB・インターネット

TOP 評判 280 年収 352 面接 20 求人情報 15

総合評価 ★★★★★ 3.9 / 5.0 (68人)

企業の成長性、将来性  
教育、研修制度  
福利厚生  
入社難易度  
企業の理念と浸透性  
企業の安定性  
給与水準  
仕事のやりがい

仕事が多い ● ○ ● ● ● 仕事が少ない  
実力主義 ● ● ○ ● ● 年功序列  
トップダウン ● ○ ● ● ● ボトムアップ  
チーム重視 ● ● ○ ● ● 個人重視

評点をもっと見る >

**企業からのメッセージ**

株式会社リブセンスは、日常の「？」から、社会の本質的な課題を見出し、仕組みとテクノロジーで解決する【社会課題解決企業】です。

「働いてみたら、想像していた職場と大きなギャップがあった。」  
「本当にマッチする求人と出会えない。」  
「人生で最も大切な買い物である住宅。価格や地盤、治安や教育など正しい情報にアクセス

続きをみる v

# Full-Year Financial Forecast for Year Ending December 31, 2018

- | Sales will increase 10.2% YoY, primarily due to growth of Tenshoku Kaigi.
- | Continue to invest in medium-to-long-term growth, including launch of Livesense Connect and increasing Machbaito name recognition. Aim to ensure positive operating income.

(Millions of JPY)

	2017FY	2018FY	YoY
Net Sales	6,350	6,900	+8.6%
Operating Income	222	0	—



**LIVESENSE**

あたりまえを、発明しよう。

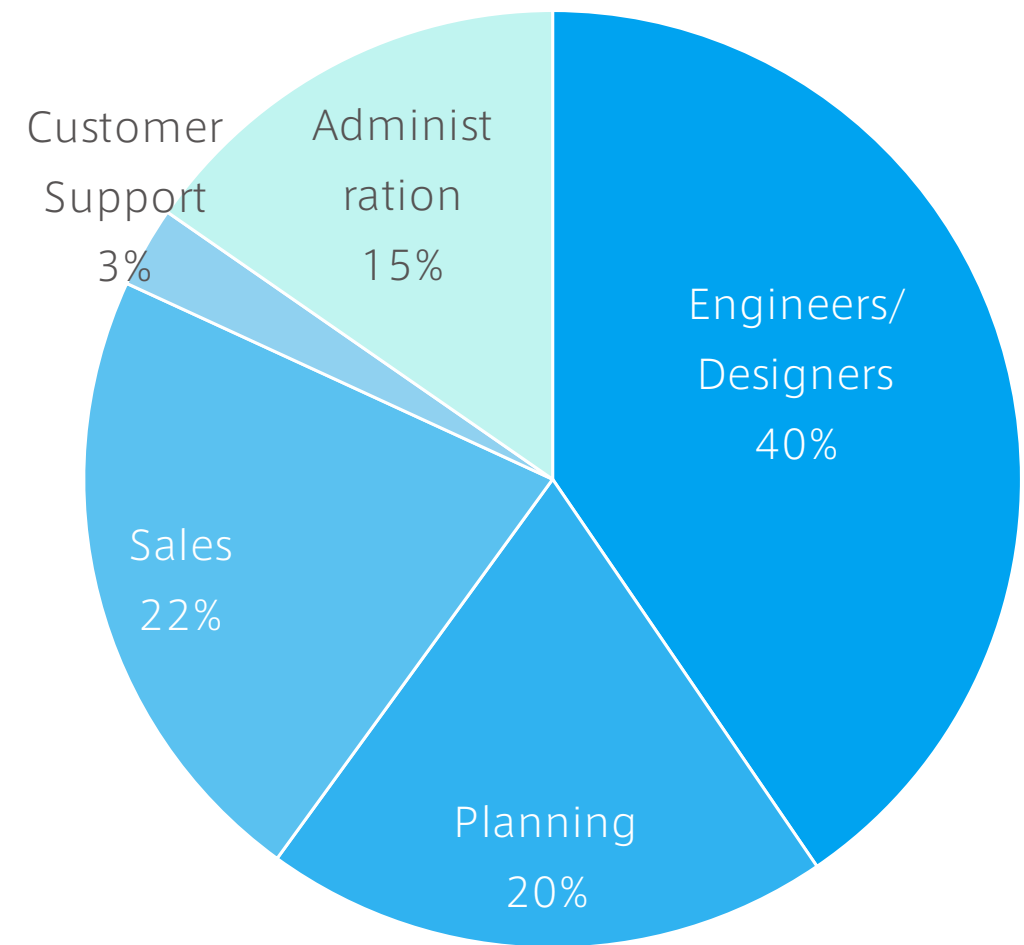
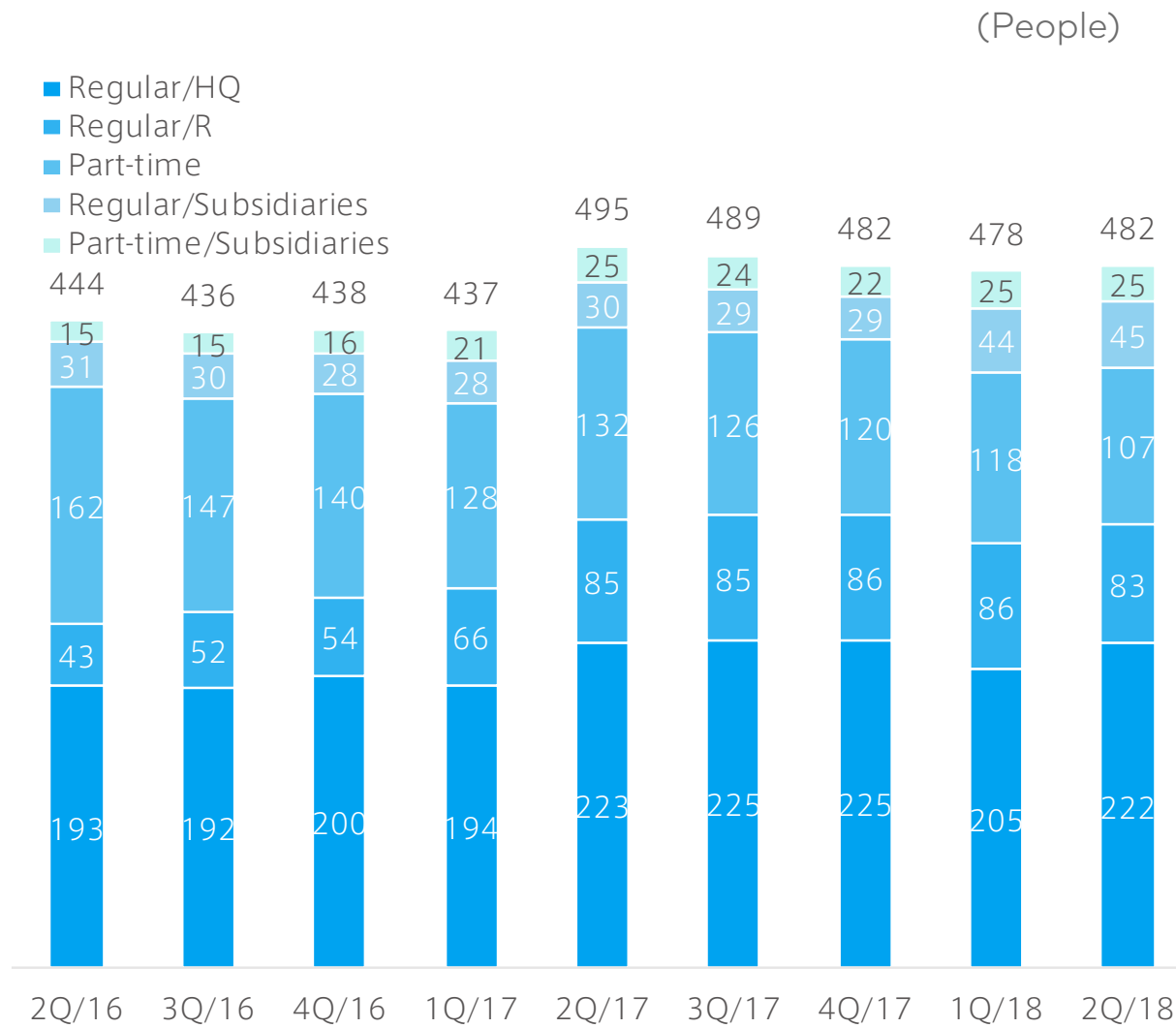
## **4. Appendix**

# Segments and Core Media

Human Resources	 Machbaito: Success fee-based part-time job posting site  Tenshoku Kaigi: Employer review site  Tenshoku Navi: Success fee-based full-time job posting site  Syukatsu Kaigi: New graduate employment support service  Tenshoku Draft: Competitive bidding-type career change service
Real Estate	 DOOR Chintai: Success fee-based real estate posting site  IESHIL: Real estate information service
EC	 waja: Overseas fashion EC site
Others	 Chiryote: Medical information site  Imitsu: BtoB service comparison/order information site

No. of Employees (Consolidated)

Breakdown of Full-time Employees



\*Non-consolidated, head office full-time employees only

\*Local full-time employees primarily in charge of customer support and sales

# Record of Recent Major Publicity Events

Jun. 11, 2018	Interview of representative posted in Nikkei Top Leader
May 14, 2018	Interview of representative posted in Toyo Keizai
May 1, 2018	IESHIL real estate information service covered by Jutaku Shimpo
Apr. 23, 2018	IESHIL real estate information service covered by risktaisaku.com
Apr. 20, 2018	Interview of head of Real Estate Unit posted on Cnet Japan
Apr. 18, 2018	Tenshoku Navi full-time job posting site covered by Koureisha Jutaku Shimbun
Apr. 11, 2018	Real estate tech media SUMAVE representative appeared for interview on NHK BS1's "Kokusai Hodo 2018"
Apr. 4, 2018	Syukatsu Kaigi covered by Nikkei MJ
Apr. 2, 2018	Company employee appeared for interview on NHK's "Asaichi"
Apr. 2, 2018	Interview of PHIL LIFE representative posted in Zenkoku Chintai Jutaku Shimbun
Mar. 29, 2018	Interview of representative posted in Nikkei Sangyo Shimbun
Mar. 27, 2018	Interview of PHIL LIFE representative posted in Jutaku Shimpo
Mar. 25, 2018	Machbaito part-time employment service promotion covered by Nikkei Digital Marketing (print version)
Mar. 6, 2018	Interview of PHIL LIFE representative posted in Kentsu Shimbun
Mar. 1, 2018	Machbaito part-time employment service promotion covered by Nikkei Digital Marketing (online version)

Company name	Livesense Inc.
CEO/Founder	Taichi Murakami
Business Philosophy	Happiness Begetting Happiness.
Corporate Vision	Invent the next common.
Established	February 8, 2006
Date listed	TSE 1st Section: October 1, 2012 TSE Mothers: December 7, 2011
Number of Employees (Non-Consolidated)	Full-Time: 305 (as of June 30, 2018)
Consolidated Subsidiaries	Waja Co., Ltd. / LIVESENSE CONNECT Inc. / PHIL LIFE Inc.





# LIVENSENSE

あたりまえを、発明しよう。

Livesense Inc. (below, the Company) has prepared this material to provide current information about the Company. The Company prepared this material using generally known information about social and economic conditions and certain assumptions that we deemed to be reasonable. The information found in this material is subject to change without notice due to changes in business conditions or for other reasons. This material contains forward-looking statements, which are based on current expectations, forecasts and assumptions that involve risks. These forward looking statements contain uncertainties, and actual results may differ substantially from these statements. These risks and uncertainties include general industry and market conditions as well as general Japanese and international economic conditions such as changes in interest rates and exchange rates. The Company has no obligation to update or correct the forward-looking statements contained in this material, regardless of any new information, future events, etc.

In light of the above, investors are advised to use their own judgment when making investments.