

# FY2018 Financial Results

Livesense Inc. (TSE1: 6054)

February 14, 2019

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Financial Results

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# **1. Financial Results**

# Full Year Executive Summary

4

| Net sales up 6.9% YoY due to increased sales in recruiting and real estate segments. Operating income exceeded earnings forecast despite being down.

- Net sales                      ¥6,791 million ( YoY    +¥441 million    +6.9% )
- Operating income            ¥122 million ( YoY    -¥99 million    -44.9% )

| Progress made on business scale expansion in key business, Tenshoku Kaigi, as well as media improvements. Focus in Machbaito has been on increasing name recognition and improving user experience.

- Tenshoku Kaigi BUSINESS sales expanded through Livesense Connect. Website improvements to be made and product appeal enhanced in 2H
- After last year's re-branding of Machbaito, promotions to increase name recognition and measures to improve user experience, including Mach Bonus, were implemented. Reflection in performance is expected to take some time
- DOOR Chintai ad-based customer attraction continued favorably and contributed as investment capital

| Business portfolio reorganized for growth and synergy of each business.

- Livesense Connect and PHIL LIFE joint ventures established in January
- Some waja shares transferred at end of September, removing it from scope of consolidation
- Joint operation of imitsu ended as of end of October. Unilabo shares transferred, support to be provided in future as shareholder

# Full Year Financial Results Overview

(Millions of JPY)

	FY2017	FY2018	YoY
Net Sales	6,350	6,791	+6.9%
Operating Income	222	122	▲44.9%
Operating Margin(%)	3.5%	1.8%	▲1.7pt
Ordinary Income	457	261	▲42.8%
Profit attributable to owners of parent	306	285	▲7.1%

(Reference)

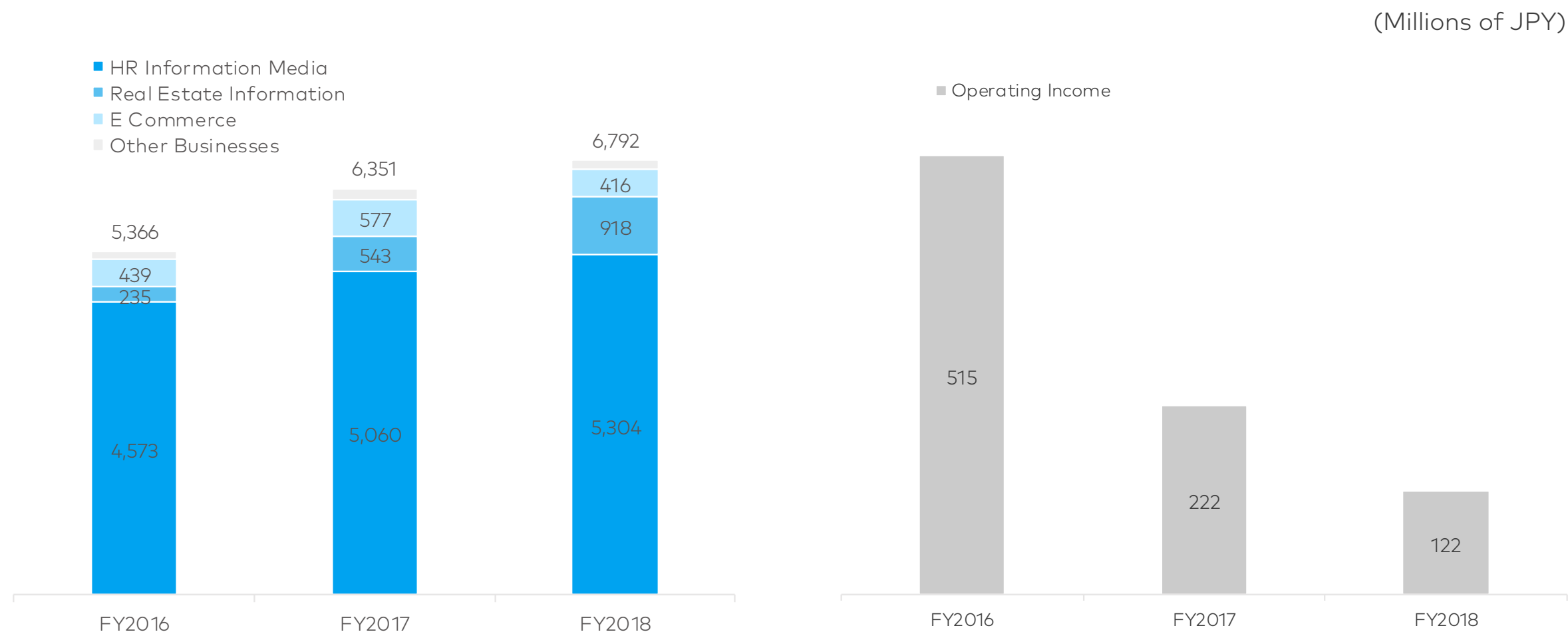
Full Year Financial Results Overview Excluding Impact of Removing waja from Scope of Consolidation

	FY2017	FY2018	YoY
Net Sales (Except for waja)	5,773	6,375	+10.4%
Operating Income (Except for waja)	219	180	▲17.7%

# Full Year Net Sales and Operating Income

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- Sales increased in recruiting and real estate segments. Consolidated net sales up 6.9% YoY (10.4% excluding impact of waja sale).
- Consolidated operating income down 44.9% YoY (17.7% excluding impact of waja sale) due mainly to investment in Machbaito and Tenshoku Kaigi and cost of establishing joint ventures.



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

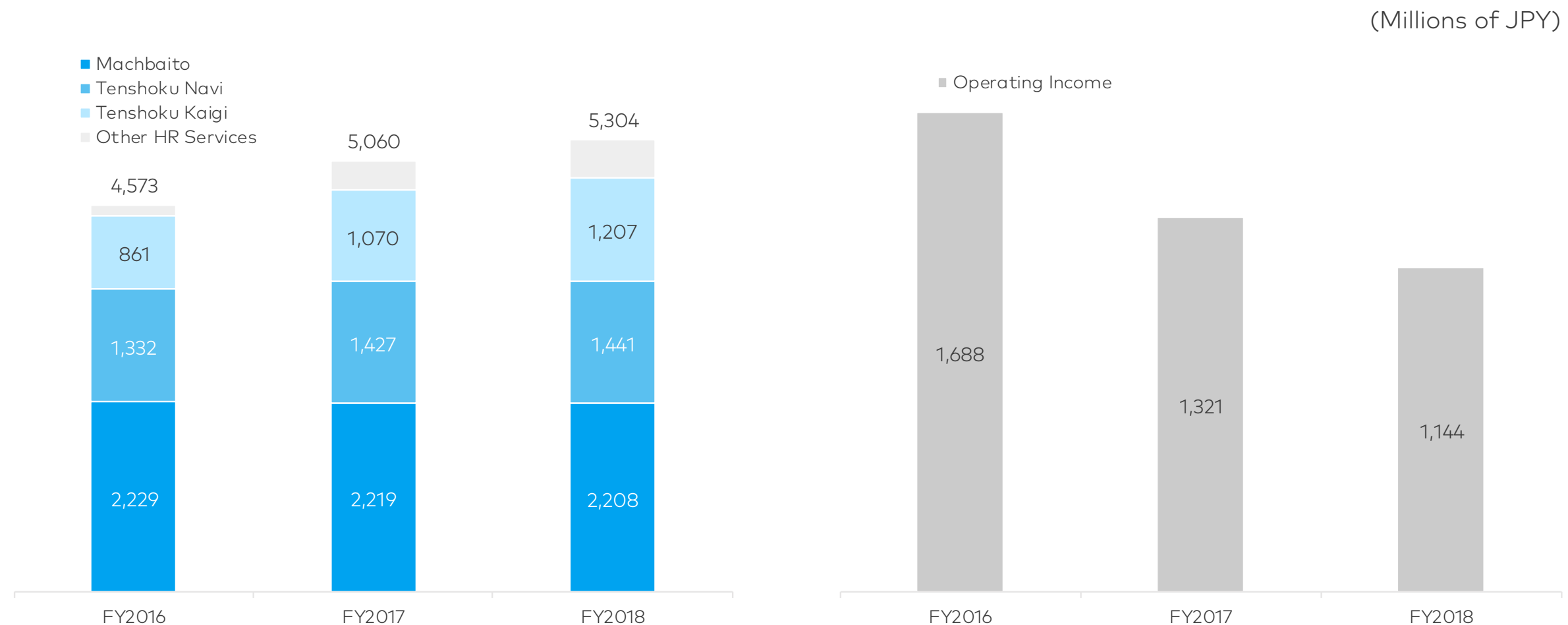
# Full Year Segment Net Sales and Operating Income

## - HR Information Media

7

Sales up 4.8% YoY due to increase in both Tenshoku Kaigi and Tenshoku Draft sales.

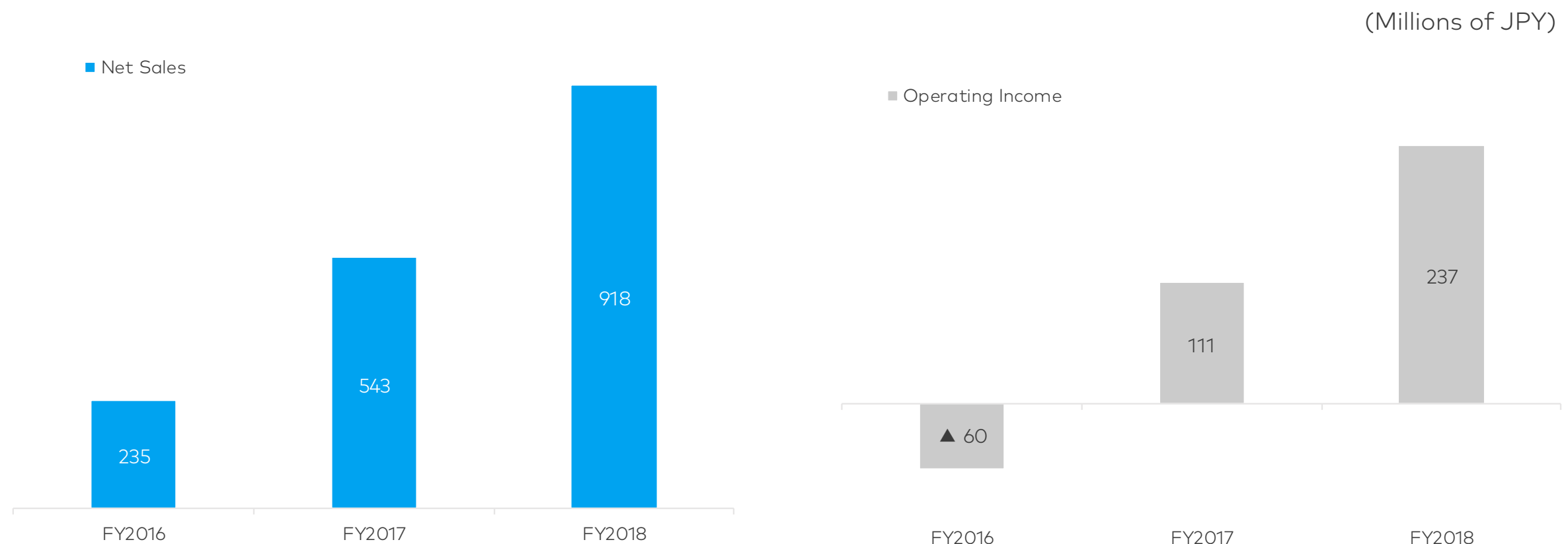
Focus in Machbaito has been on increasing name recognition and improving user experience.



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

8

- Measures for customer attraction successful with DOOR Chintai for substantially increased sales and income.
- Number of IESHIL properties and listings substantially increased. Progress made on improving site value.

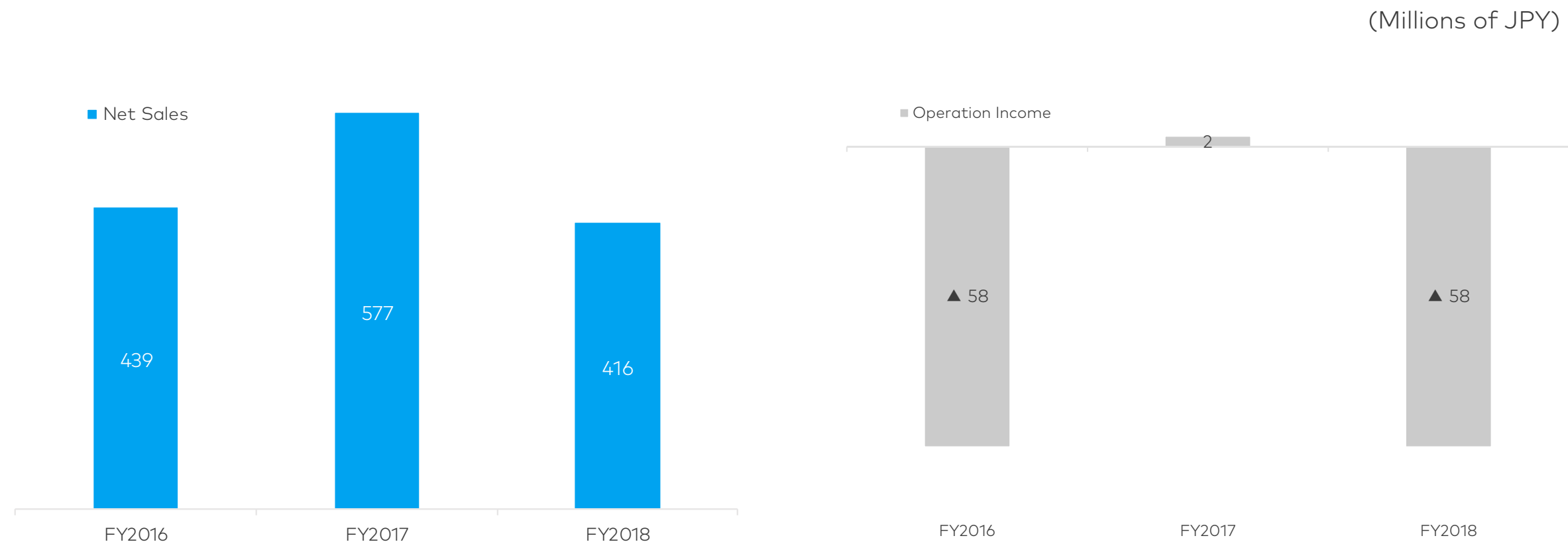




# Full Year Segment Net Sales and Operating Income -E-Commerce

9

Transferred some waja shares to management in conjunction with shift in strategy, removing waja from scope of consolidation.

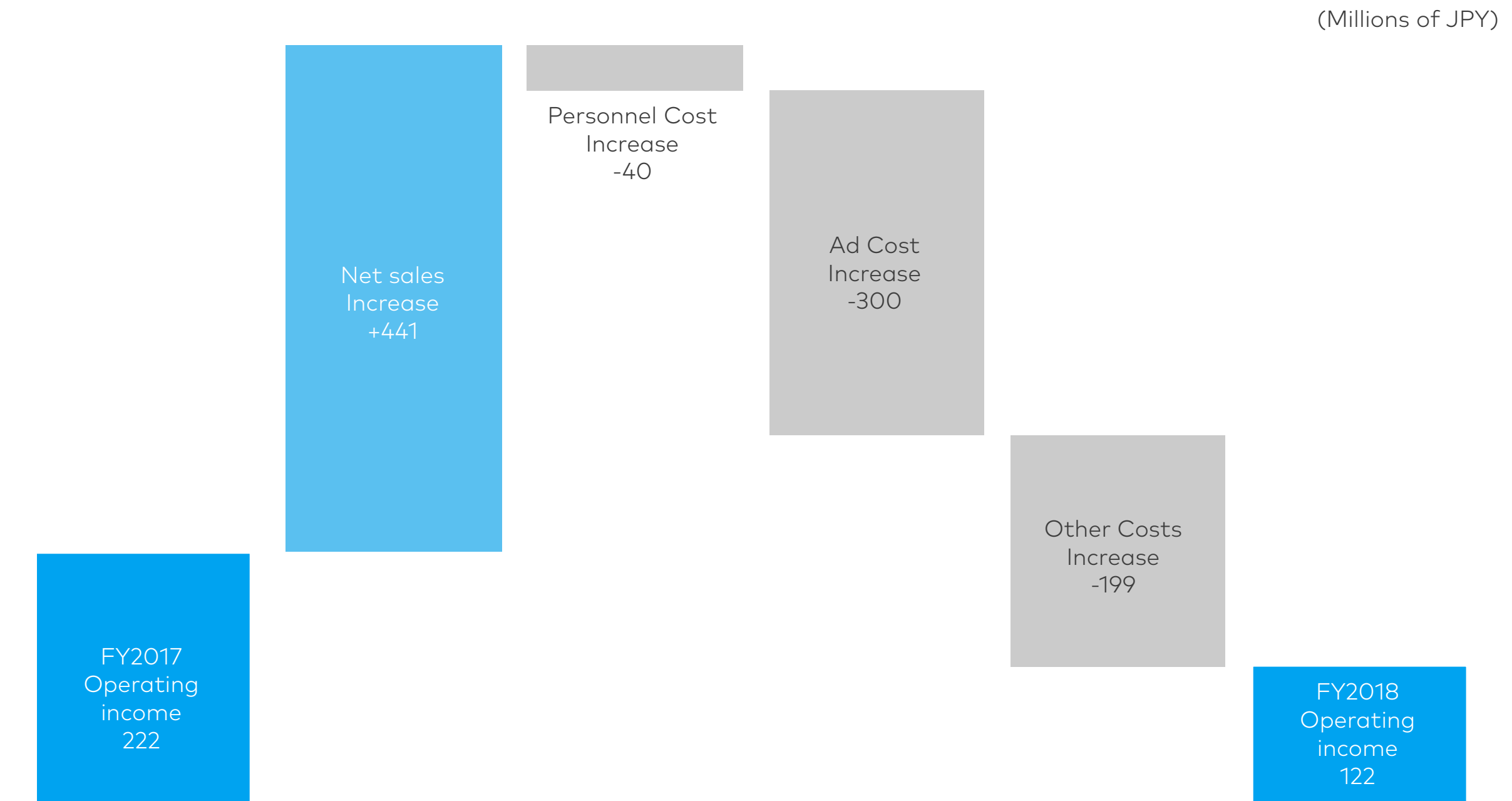


\*The E-commerce business is a segment consisting only of waja, so the numbers from the results reflect a nine-month period

# Full Year Operating Income -YoY Comparison

10

Operating income down due to increase in advertising and other costs despite ¥440 million increase in consolidated net sales.

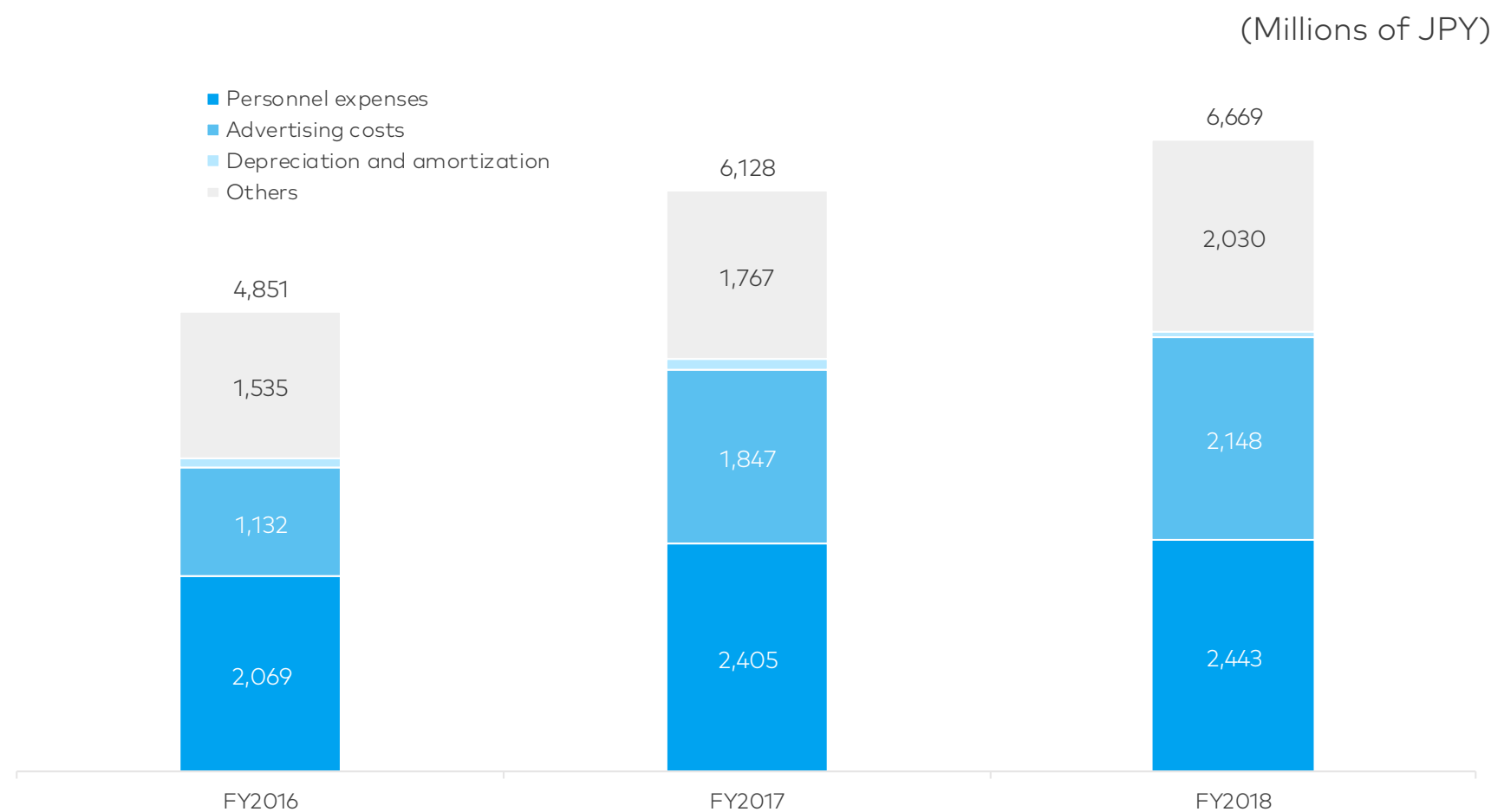


# Full Year Operating Expenses

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| Advertising costs up due to web advertising, monetary gifts for hiring\*, etc.

| Under other expenses, operating costs, media development-related costs and others increased to expand Tenshoku Kaigi BUSINESS sales.



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

## **2. Business Overview**

## 2. Business Overview

Overview of key businesses

# Machbaito: Increasing Name Recognition

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- Over 80,000 cumulative applications via "Kami-Machbaito" promotion.
- Progress also made on corporate collaborations and media exposure, increasing name recognition.

## Collaboration on "Nisekoi" film



## Main media and research covering Kami-Machbaito

### CODE Award 2018

Received "Best Online Film"

### Nippon TV

"Kotoge Hello Work"

### GYAO!

"News na Joshi Daisei to Kato Koji"

### Nikkei Digital Marketing

"Livesense rebrands website and runs interesting video ads to increase name recognition"

### Nikkei MJ

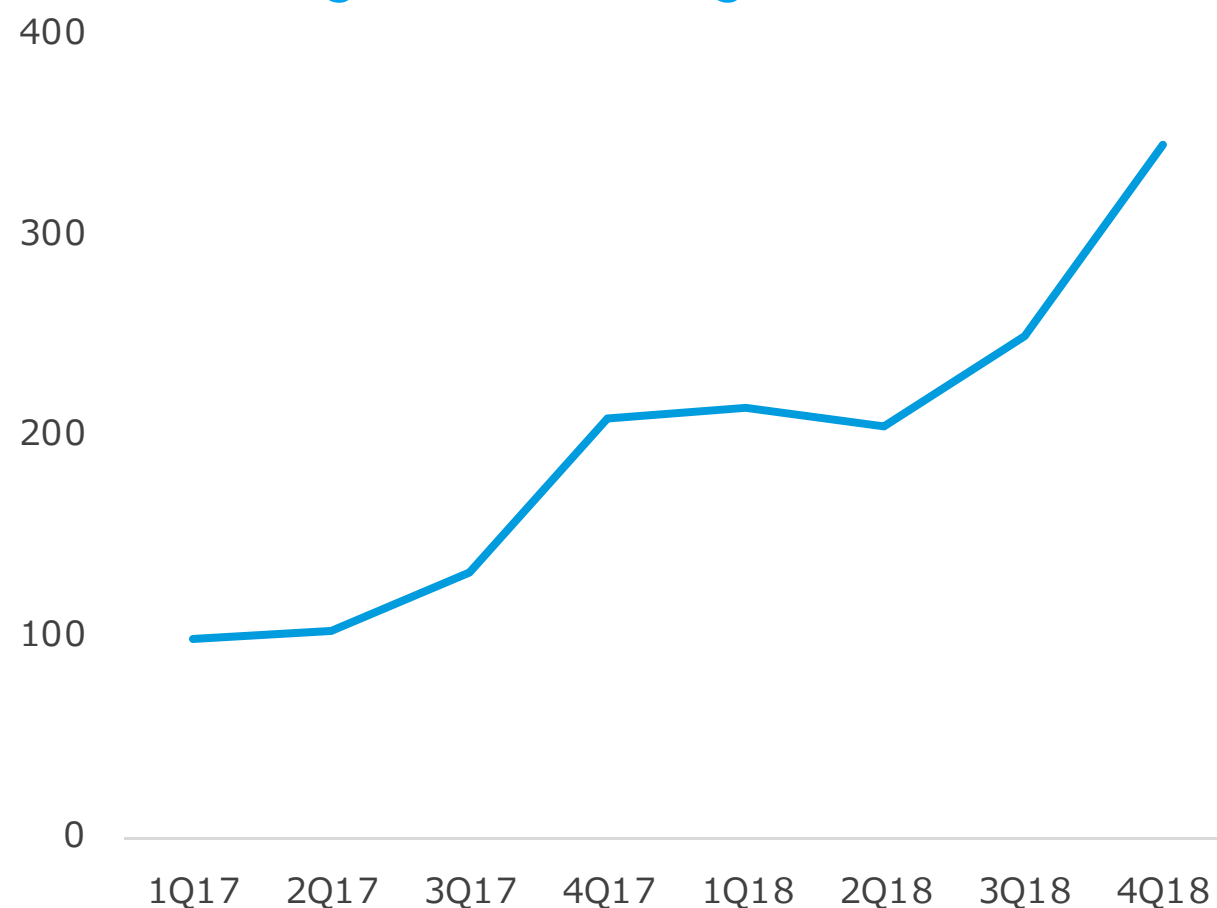
"Trend: The Byosoku Shoku (Shock)!"

# Tenshoku Kaigi: Progress on Tenshoku Kaigi BUSINESS

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- Progress slower than expected due to changes to product mix despite substantial increase in number of user companies.
- Aim for site that not only allows browsing of reviews but also provides seamless process from company search to career change, and promote improved user experience.

Trend in Number of Companies  
Using Tenshoku Kaigi BUSINESS



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

Tenshoku Kaigi



## 2. Business Overview

Other Business Topics and Progress

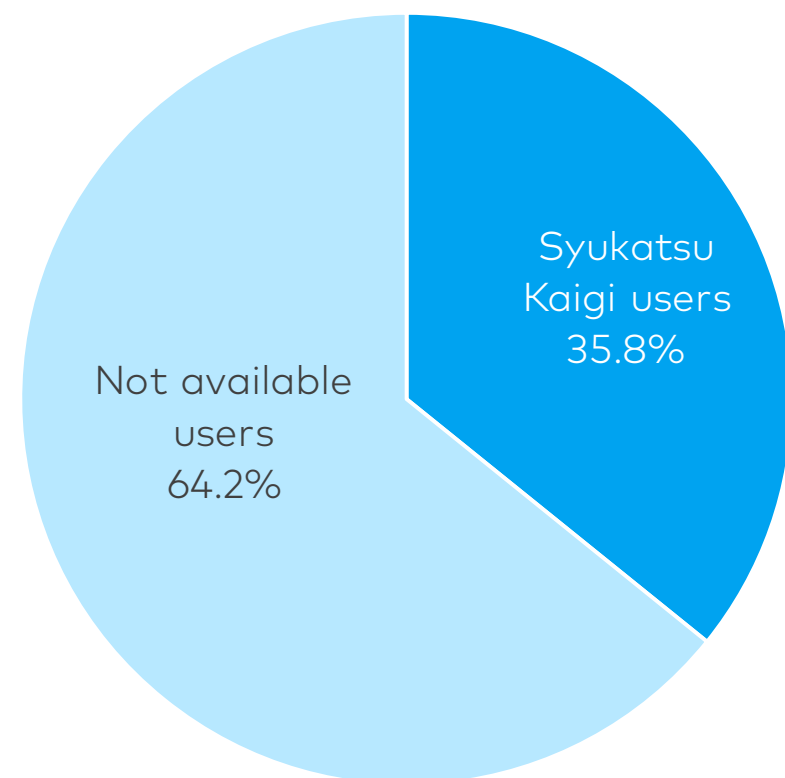


# Syukatsu Kaigi: Expanding Use by New Grads

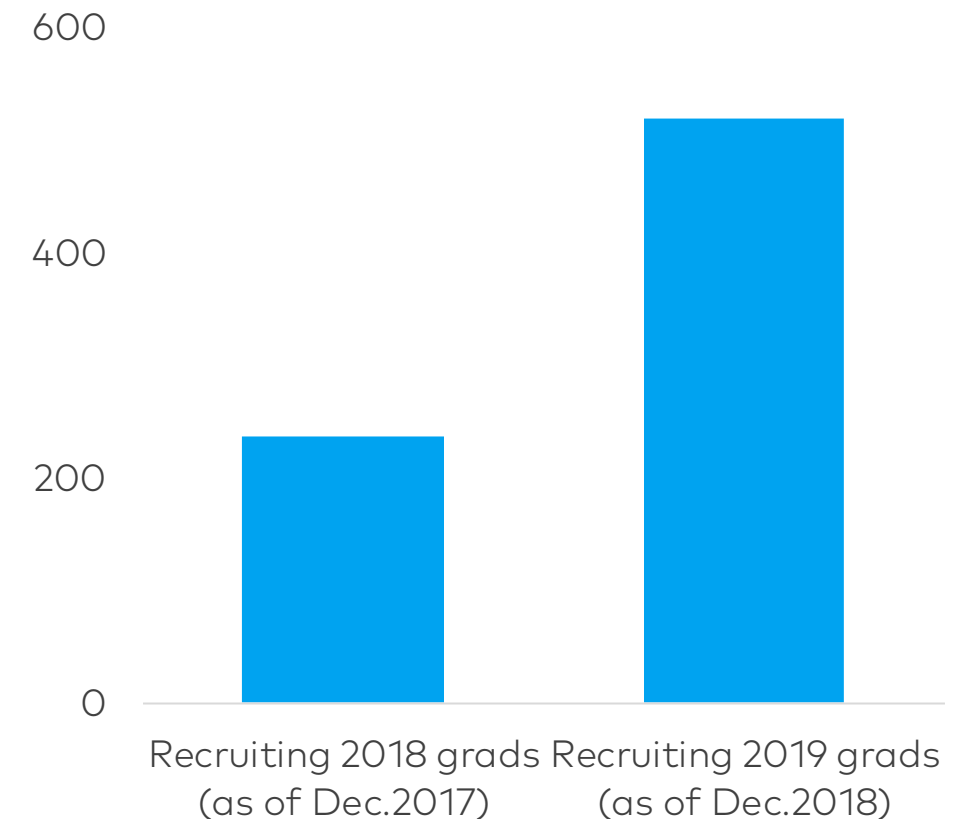
17

- Number of registrations by 2019 graduates surpassed 150,000. One in three new grads using site.
- Number of companies, including major corporations, using success fee-based Syukatsu Kaigi Recruiting service increased.

Percentage of Syukatsu Kaigi Users  
Among 2019 New Grads



Number of Companies Using  
Syukatsu Kaigi Recruiting



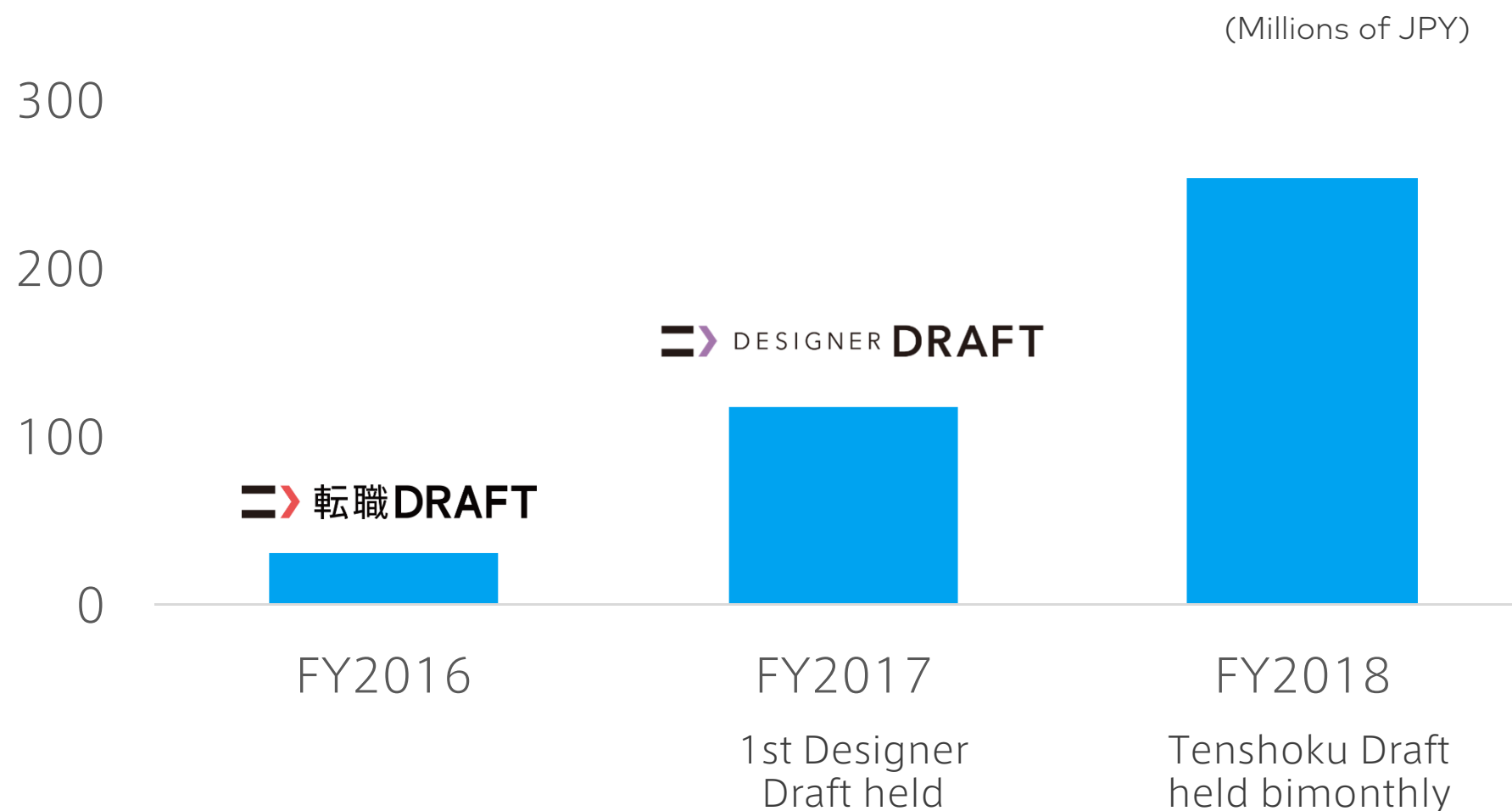
\*Prepared in-house based on "35th Works College Graduates Job Opening Survey (2019 Graduates)" by Recruit Works Institute

# Tenshoku Draft: Expansion of Use

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- Progress made on expanding job categories and business in 2.5 years since launch of service.
- Developing unique position by launching Designer Draft for designers on heels of Tenshoku Draft for web engineers.

Trend in Net Sales



# IESHIL: Enhancement of Real Estate-related Information

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- Promoted provision of building-related information, including disaster risk and school zones.
- Aiming for improved user value and transparency/revitalization of real estate market by promoting further enhancement of real estate-related information.

The screenshot displays the IESHIL website interface. At the top, there is a search bar and navigation links. The main content area features a property listing for 'イエシルマンション' (IESHIL Mansion) with a price range of 5,612万円 to 8,282万円. Below this, there are tabs for '参考相場' (Reference Price), '災害リスク' (Disaster Risk), '対象学区' (Target School District), and '空室物件' (Vacant Properties). The '災害リスク' tab is active, showing a '想定震度マップ' (Estimated Seismicity Map) with various disaster types like '地震' (Earthquake), '洪水' (Flood), '液状化' (Liquefaction), '津波' (Tsunami), '土砂災害' (Landslide), and '避難場所' (Evacuation Site). The map shows the surrounding area with color-coded seismicity levels. To the right of the map, there is a section for '売却をご検討中の方へ' (For those considering sale) with a red button labeled '売却相談する (無料)' (Consult for sale (free)).

## Main Functional Enhancements in 2018 and Later

- |              |  |
|--------------|--|
| April 2018   | Provision of information on disaster risk and school zones             |
| June 2018    | Increased number of listed buildings (240,000 -> 730,000)              |
| July 2018    | Listing of leasehold properties  |
| August 2018  | Provision of detailed information on properties available for purchase |
| August 2018  | Provision of disaster risk reports                                     |
| January 2019 | Provision of information on nursery schools                            |

# imitsu: End of Joint Operation and Transfer of Shares

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- Joint operation with unilabo ended. Imitsu now independently operated by unilabo.
- Growth of imitsu business accelerated by improving speed of decision-making. Livesense supports imitsu and unilabo as shareholder.

アイミツ あなたの発注コンシェルジュ 0120-917-819 営業時間 平日 10:00~19:00 ログイン 会員登録

日本最大級の **完全無料** 発注業者 比較サイト

掲載社数 **69,933** 社

名刺から大規模システムまで **1,109** カテゴリ

まずはご相談から！

優良業者で一括見積もりをしたい

例：佐藤一郎

例：03-5475-5350

例：info@imitsu.jp

次へ

お問い合わせで 無料査定中 完全保存版 見積もり・発注 サポートブック

利用実績 5万社突破！

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アイミツアワード 2019 受賞企業はこちら ▶

5,000を超えるアイミツの登録業者から選出されたイチオシの優良企業を発表しています！

カテゴリを探す

システム開発	情報システム	ITサービス
ホームページ制作 (10,606)	勤怠管理システム (1,251)	決済代行 (381)
システム開発 (12,082)	グループウェア (122)	風評被害対策 (218)
アプリ開発 (2,566)	WEB会議・テレビ会議 (113)	レコメンドエンジン (20)
ECサイト構築 (693)	オンラインストレージ (273)	eラーニングシステム (86)
フリーランスデザイナー (354)	SFA・CRM (164)	デバッグ代行 (50)

## | FY2018 Company-wide Policy:

Establish strength (competitive advantage) to create "the next common" as part of our corporate vision "Invent the next common"

## | Summary:

Progress made on investing resources in key businesses and reorganizing business portfolio.

At same time, results have not been at target level, so challenge continues to be establishing competitive advantage

- Resources invested in Machbaito promotions and improving user experience as well as Tenshoku Kaigi BUSINESS sales. Target level not reached despite achieving certain level of results
- Progress made on reorganizing business portfolio by establishing joint ventures, transferring waja shares, etc.
- Progress made on strengthening structure for enhancing data technology and developing/utilizing machine learning platform, including establishment of Kyoto Office

# Full Year Summary by Business

Human Resources	Machbaito	<ul style="list-style-type: none"><li>Implemented promotion to increase name recognition. "Kami-Machbaito" continued to be talked about on SNS, and corporate collaborations also increased</li></ul>
	Tenshoku Kaigi Tenshoku Navi	<ul style="list-style-type: none"><li>Promoted increase in user companies through corporate marketing as well as enhanced user attraction and increase in applications through renewal of site design for full-scale development of Tenshoku Kaigi into career change service that leverages the strengths of reviews</li><li>With Tenshoku Navi, promoted more efficient online advertising operations</li></ul>
	Syukatsu Kaigi	<ul style="list-style-type: none"><li>Launched provision of original functions for determining "degree of match with corporate culture" and "level of difficulty of screening"</li><li>Presented awards for "truly worthwhile internships" based on student reviews</li></ul>
	Tenshoku Draft	<ul style="list-style-type: none"><li>Promoted diverse matching of users and companies, including self-recommendation function and function to specify preferred contract type</li></ul>

# Business Strategy for FY2018 and Progress

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Real Estate Information	DOOR Chintai IESHIL	<ul style="list-style-type: none"> <li>Increased DOOR Chintai income by aggressively investing in web advertising and other means</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	waja	<ul style="list-style-type: none"> <li>Launched "PANAMA Studio" SaaS utilizing proprietary fulfillment system</li> <li>Some waja shares transferred, removing it from scope of consolidation as of end of 3Q</li> </ul>
Others	New businesses	<ul style="list-style-type: none"> <li>Trained product managers through launch of small-scale media</li> <li>Joint operation of "imitsu" ended as of end of October. Now independently operated by unilabo. Unilabo shares transferred</li> </ul>

### **3. FY2019 Policy**



## | Policy:

Establish strength (competitive advantage) to create "the next common" as part of our corporate vision "Invent the next common."

## | Focus on media improvements to increase intrinsic value of services and building foundation for future growth.

- Invest resources in key Tenshoku Kaigi business
  - Make partial change to growth scenario focused on Livesense Connect
  - Shift orientation from short-term business expansion through sales to medium-term, sustainable expansion through improved media value
- Promote Machbaito name recognition and user value
  - In addition to service names, promote Mach Bonus and other user value to promote use
- Continue to invest in data serving as a foundation for growth
  - Promote enhancement and utilization of LIVESENSE Analytics data analysis platform and LIVESENSE Brain machine learning platform
  - Strengthen human resources, including utilization of Kyoto Office

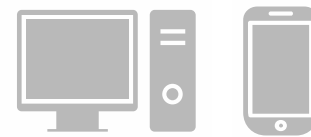
# Changes in Market for Human Resources Information Services

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- Volume of information has increased dramatically, and new players continue to enter market, including search engines.
- Value of Human Resources service shifting from transmission of information to provision of optimal matching and added value.



Paper era



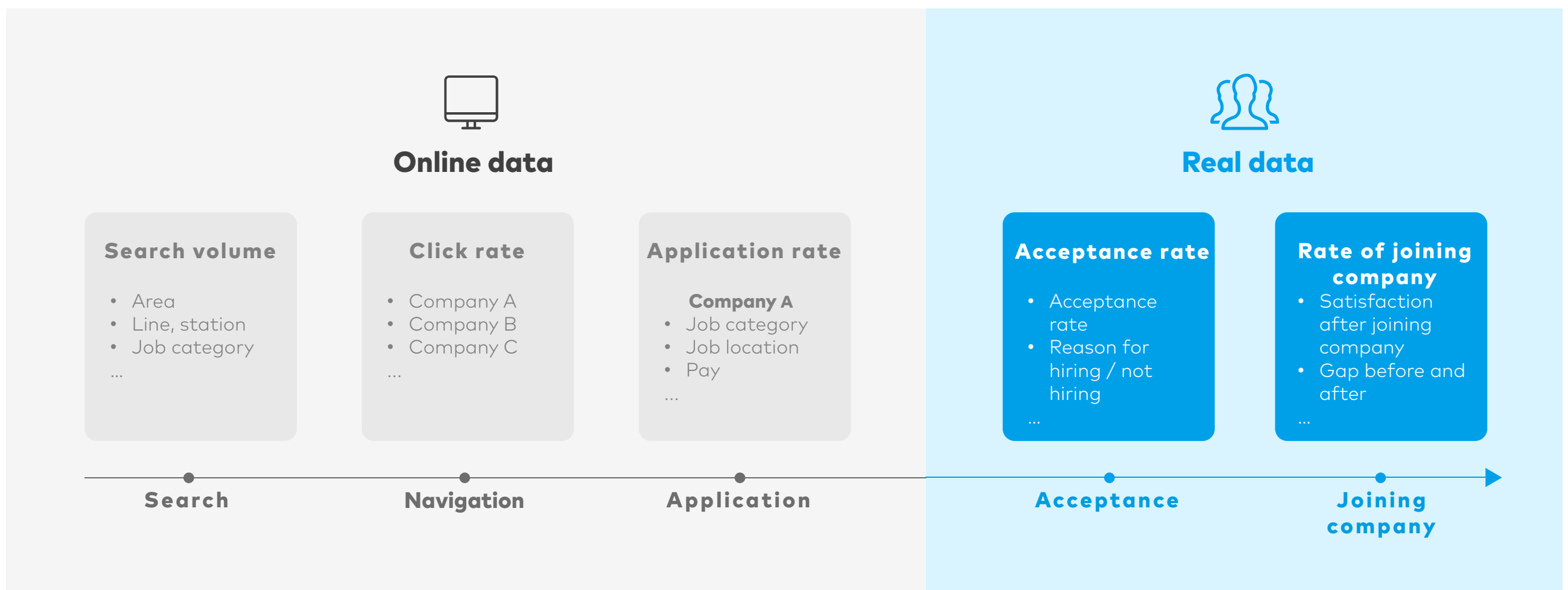
Web era



Future



- | Data associated with provision of intrinsic service value and not available online is called "real data."
- | Services designed based on value and "real data."

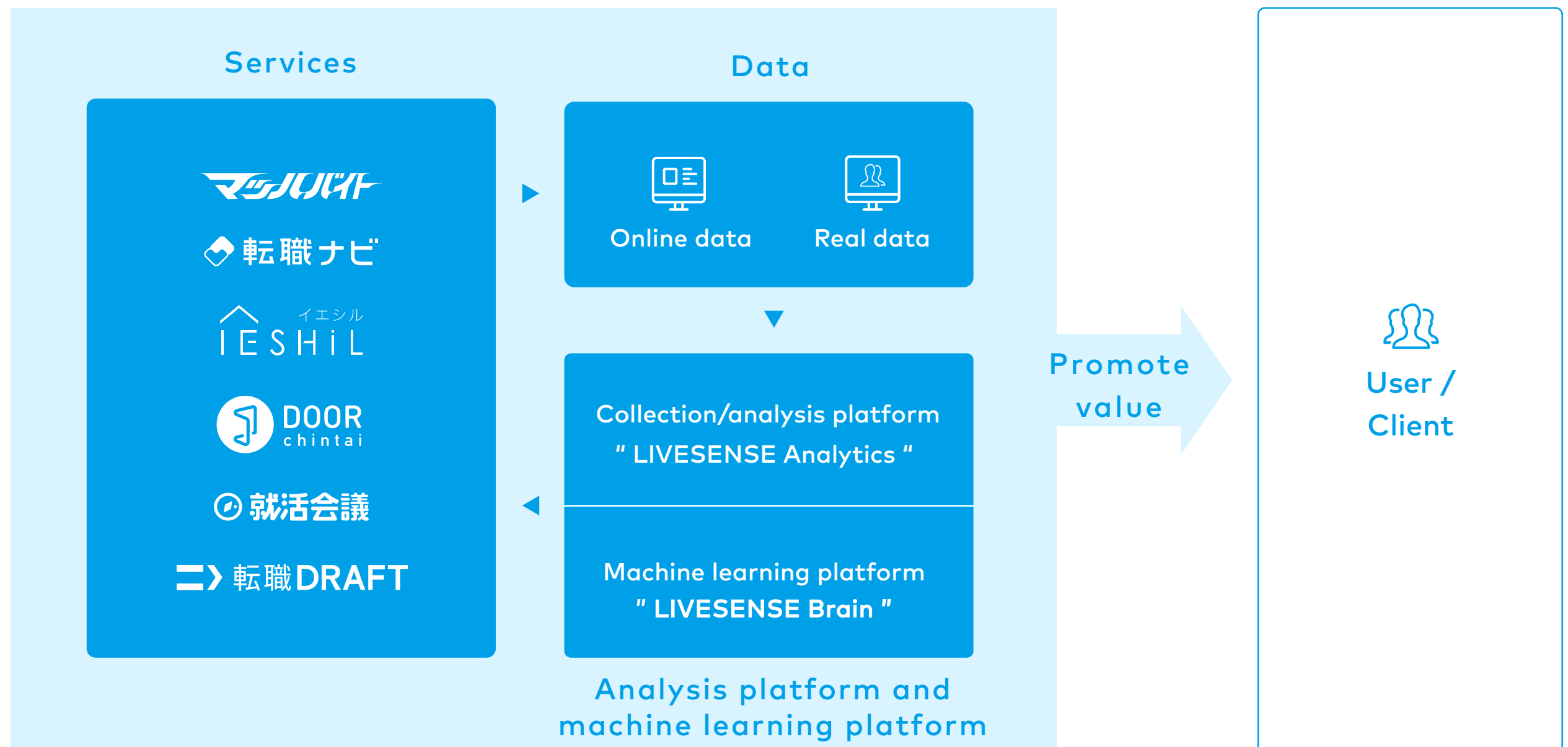


- Intrinsic value of career services is success in career change and success after joining company, not applying on site  
-> KGI (rate of joining company, satisfaction after joining company, etc.) showing intrinsic value not yet sufficiently made available for online use and data contributing to improvement of KGI are called "real data"

# Real Data Engineering

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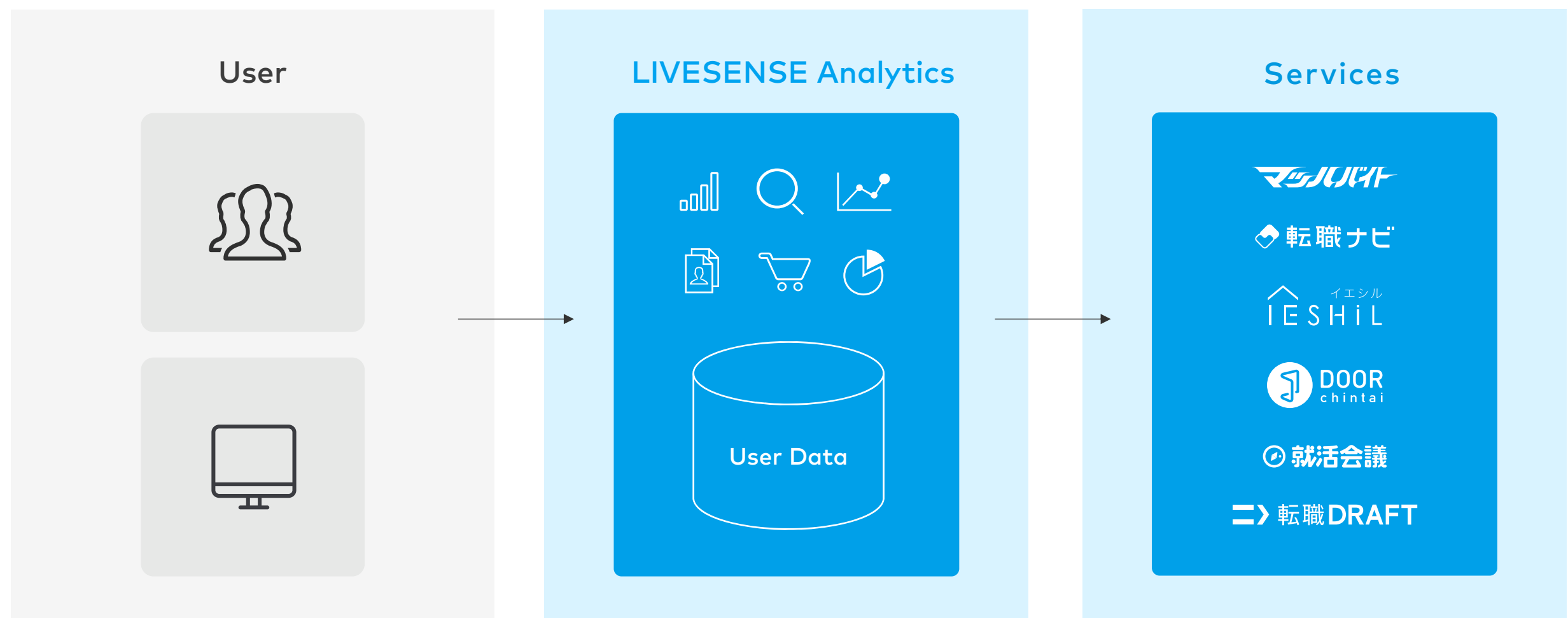
Promote conversion from data to value using proprietary analytics platform "LIVESENSE Analytics" and machine learning platform "LIVESENSE Brain".



# Data Analysis Platform: LIVESENSE Analytics

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- Accumulate and analyze big data such as user behavior history with proprietary analytics platform.
- Realize that provision of information anticipating latent user needs, enhancement of usability through improvements to site functionality and services, and highly cost-effective web advertising placement.



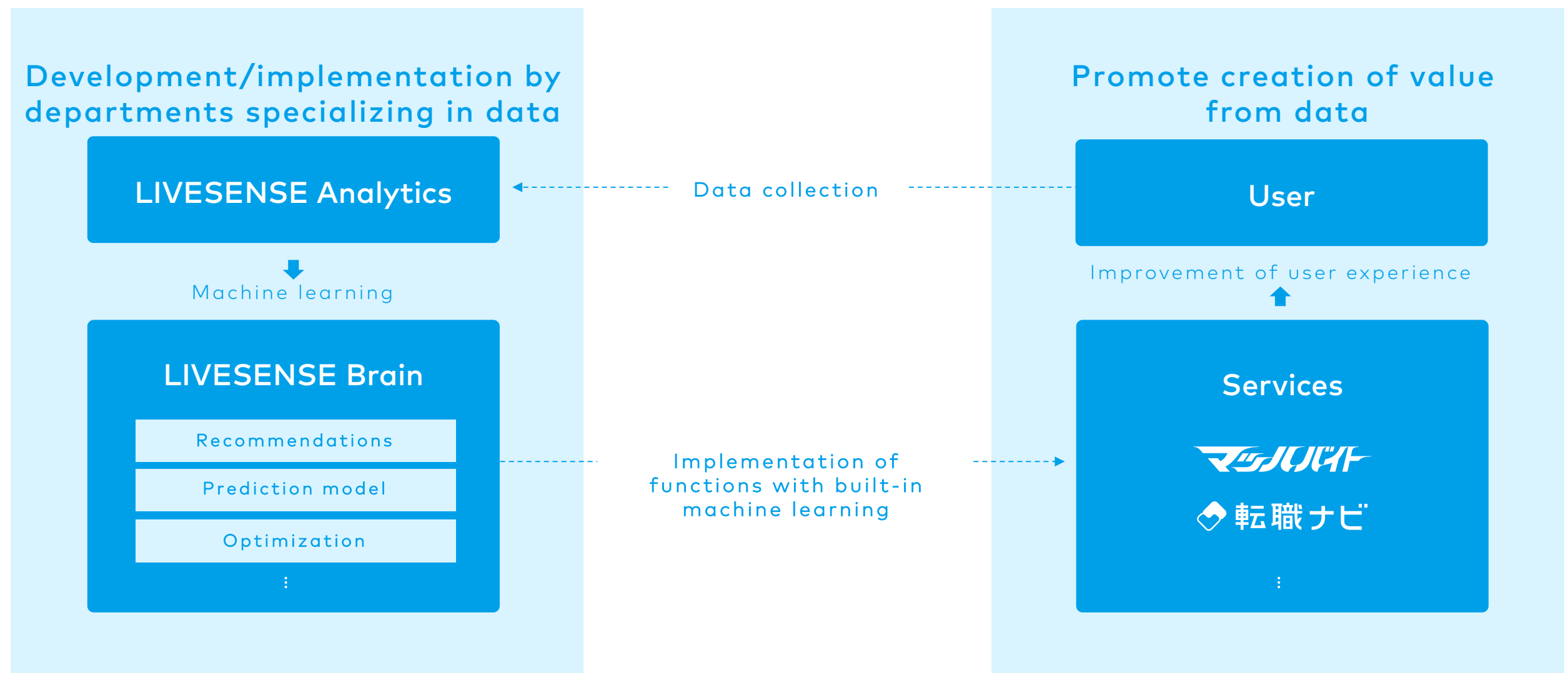
Click history, site browsing time, application status, hiring status, purchasing status, etc.

- Usability improvement
- business challenge analysis
- Effective placement of web advertising

# Machine Learning Platform: LIVESENSE Brain

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- | Develop proprietary platform to utilize accumulated data in machine learning.
- | Accumulate company-wide machine learning know-how and algorithms to achieve improved user experience with each service.

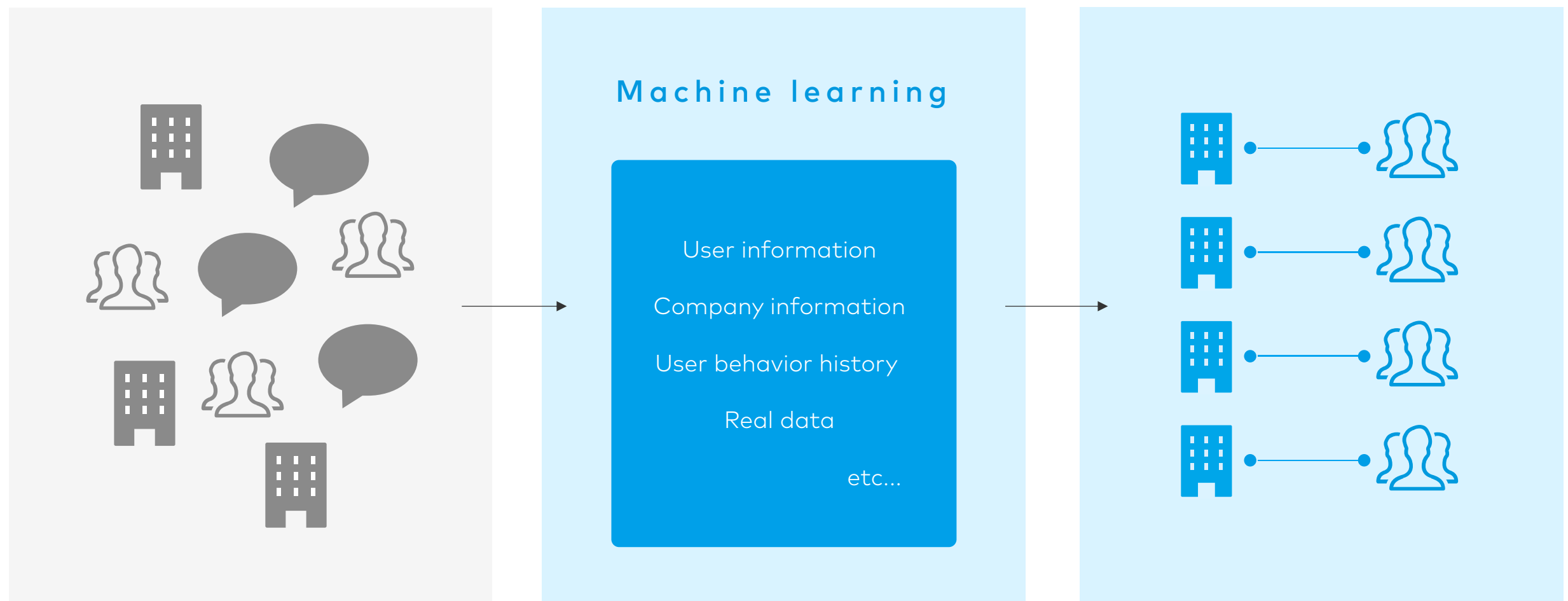


# Utilization of Machine Learning: LIVESENSE Brain

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Promote utilization of LIVESENSE Brain machine learning platform in each service this fiscal year.

- Optimization of employment information list/search results  
Job openings closer to the user's preferences with a greater chance of success are displayed first using internal site data such as application rates and real data such as hiring rates
- Enhancement of recommendation algorithm  
Recommend more personalized job openings by reflecting real data such as reviews and user intentions in algorithm



# Financial Forecasts for FY2019 (First Half)

- Make partial change to growth scenario focused on LIVESENSE Connect.  
Sales and income decrease in first half. Aim for full-year profitability.
- Prioritize improving intrinsic value of services and laying foundation for future growth over monetizing for short term.

(Millions of JPY)

	1H/18	1H/19	YoY
Net Sales	3,520		▲6.3%
(reference) Except for waja	3,231	3300	+2.1%
Operating Income	44		—
(reference) Except for waja	66	▲ 100	—





**LIVENSENSE**

あたりまえを、発明しよう。

## 4. Appendix

# Segments and Core Media

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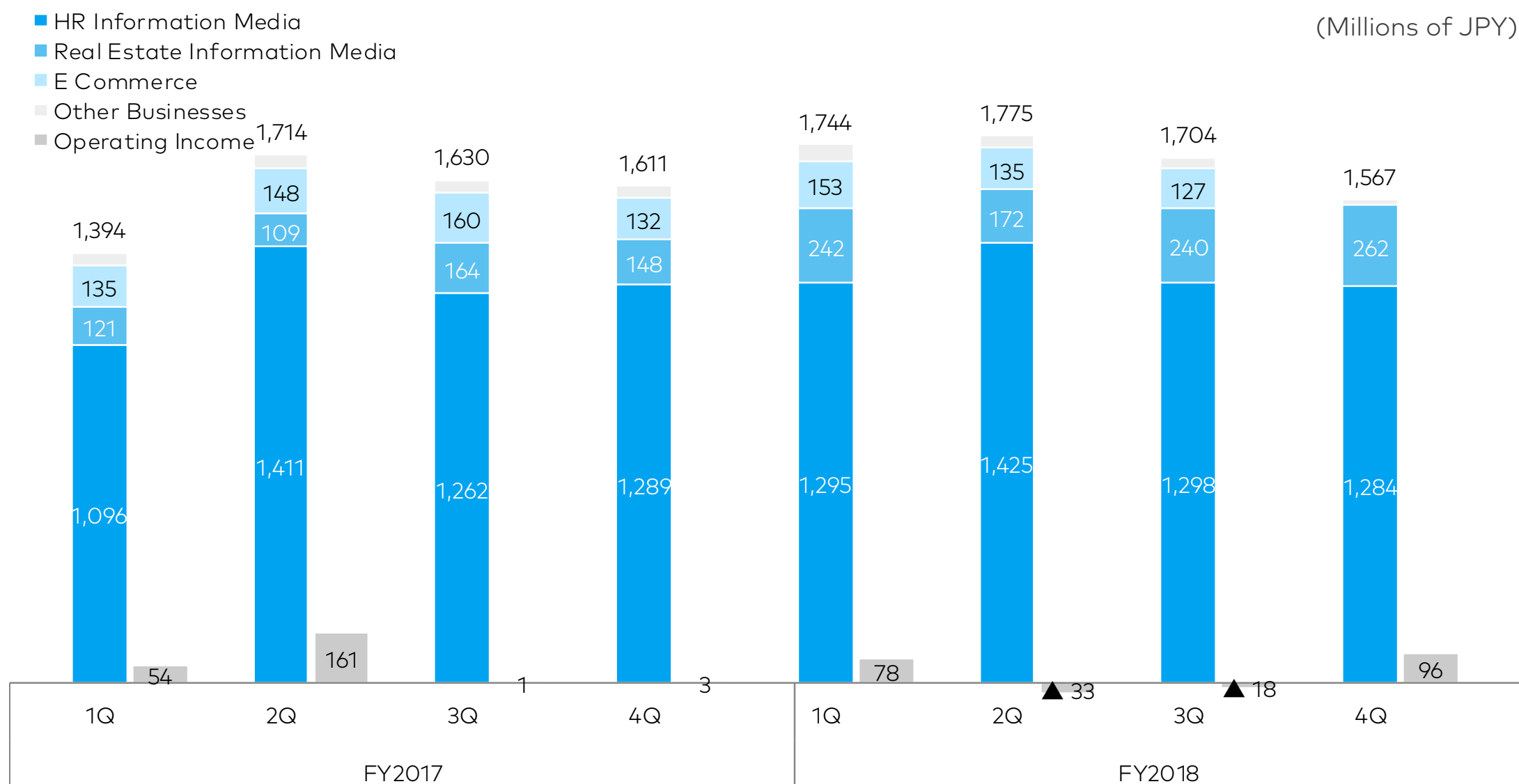
Human Resources		Machbaito: Success fee-based part-time job posting site
		Tenshoku Kaigi: Career change service with reviews
		Tenshoku Navi: Success fee-based full-time job posting site
		Syukatsu Kaigi: New graduate employment support service
		Tenshoku Draft: Competitive bidding-type career change 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

\*waja excluded from scope of consolidation as of end of 3Q.

\*Joint operation of "imitsu" ended as of end of October. Now independently operated by unilabo.

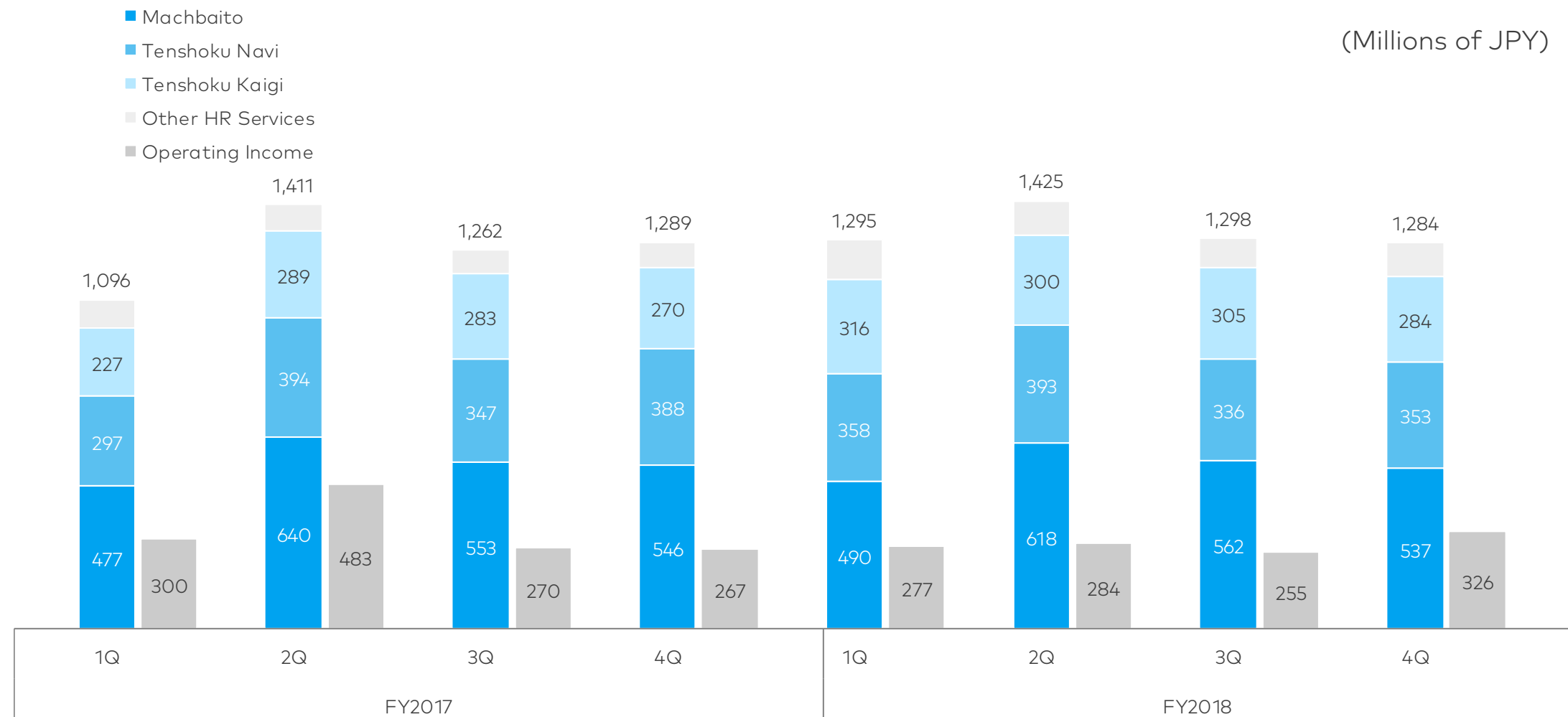
# Quarterly Net Sales and Operating Income

36



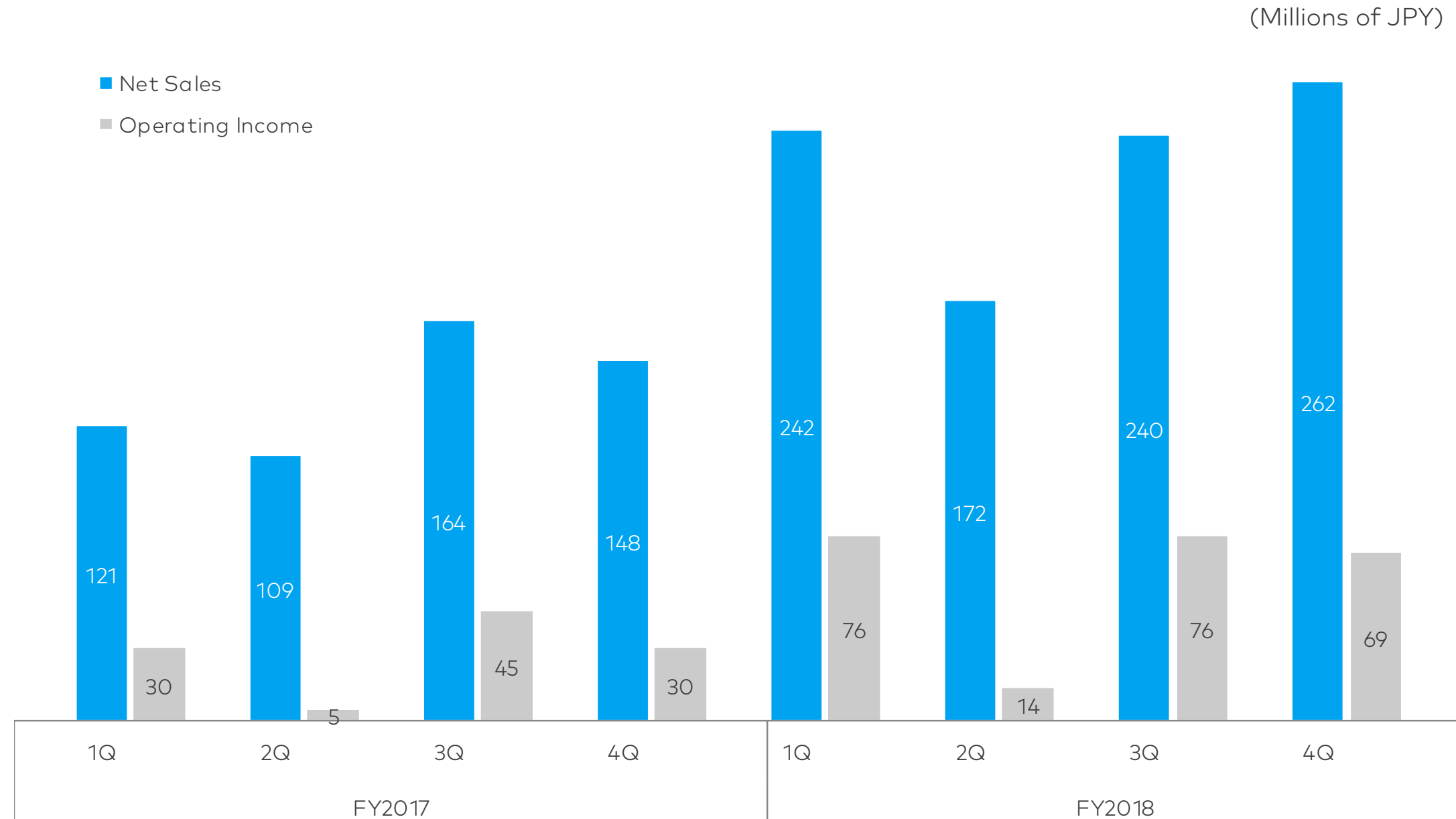
# Quarterly Segment Net Sales and Operating Income -HR Information Media

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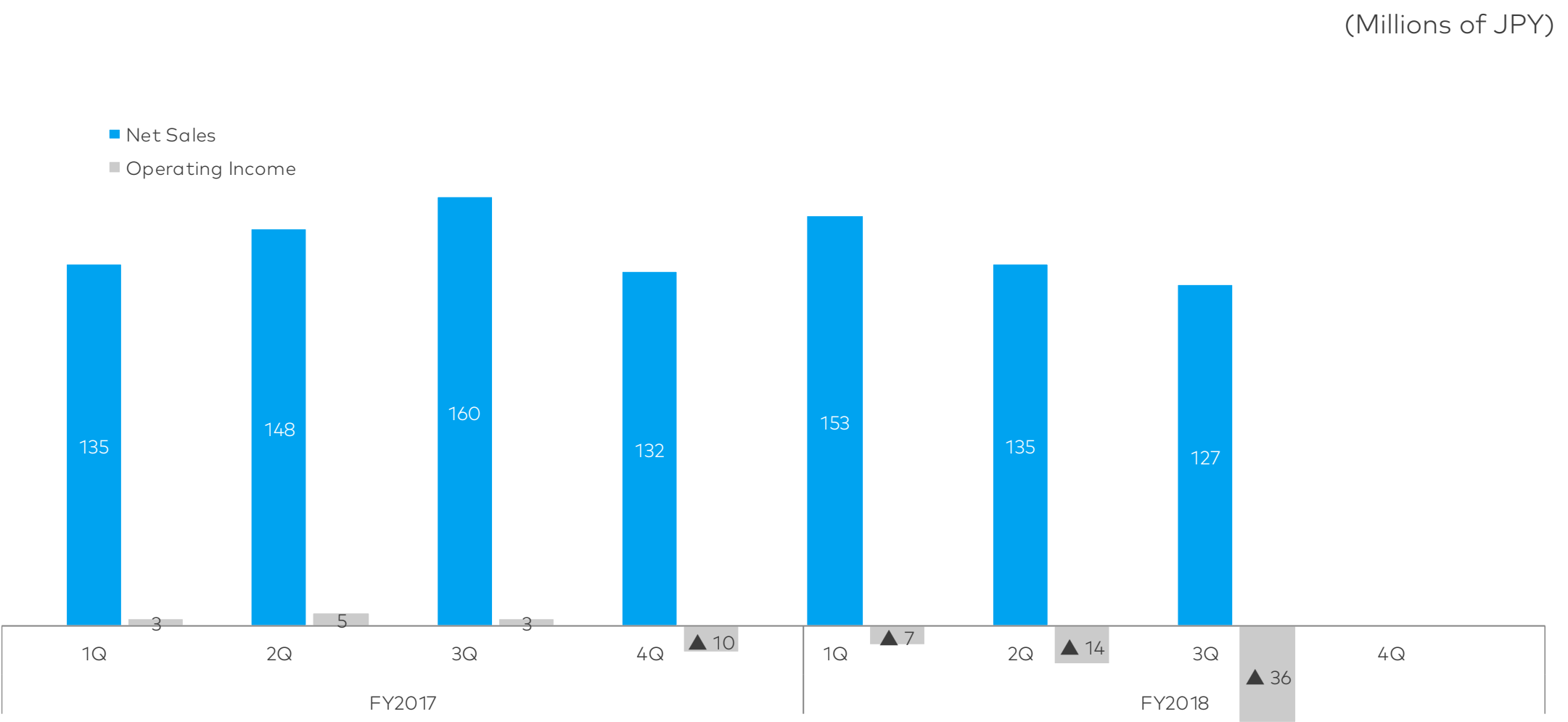


# Quarterly Segment Net Sales and Operating Income -Real Estate Information Media

38



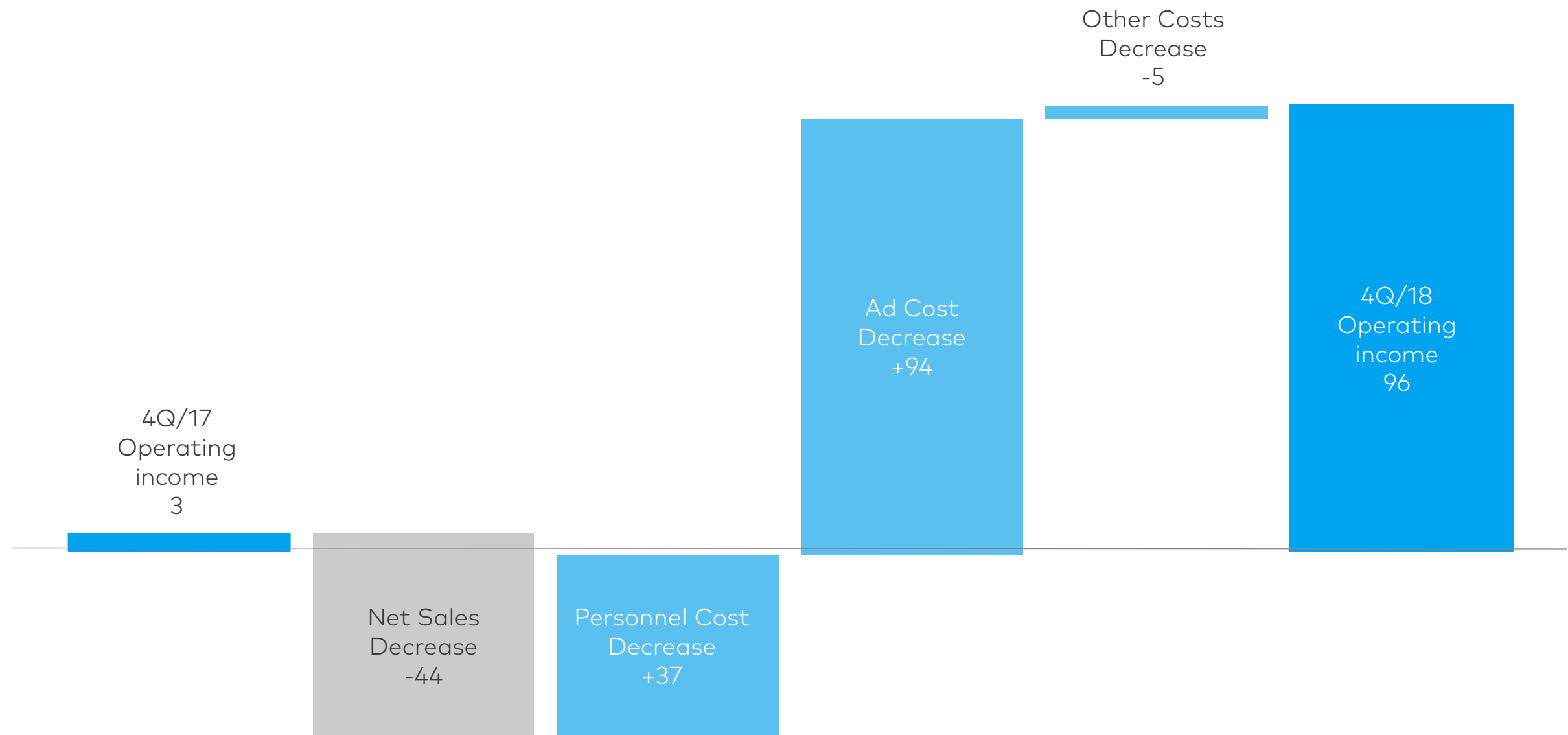
# Quarterly Segment Net Sales and Operating Income -E-Commerce



# Quarterly Operating Income -YoY Comparison

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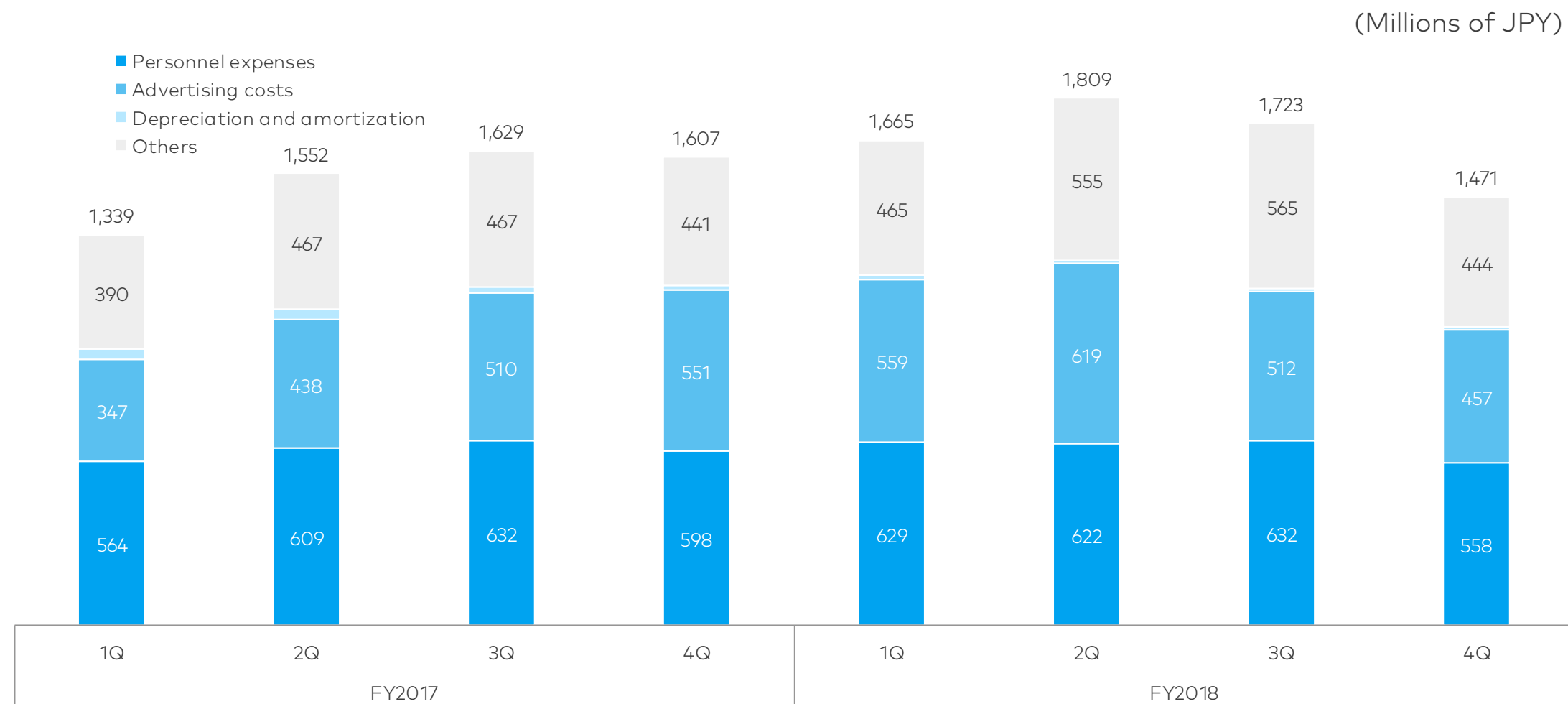
(Millions of JPY)



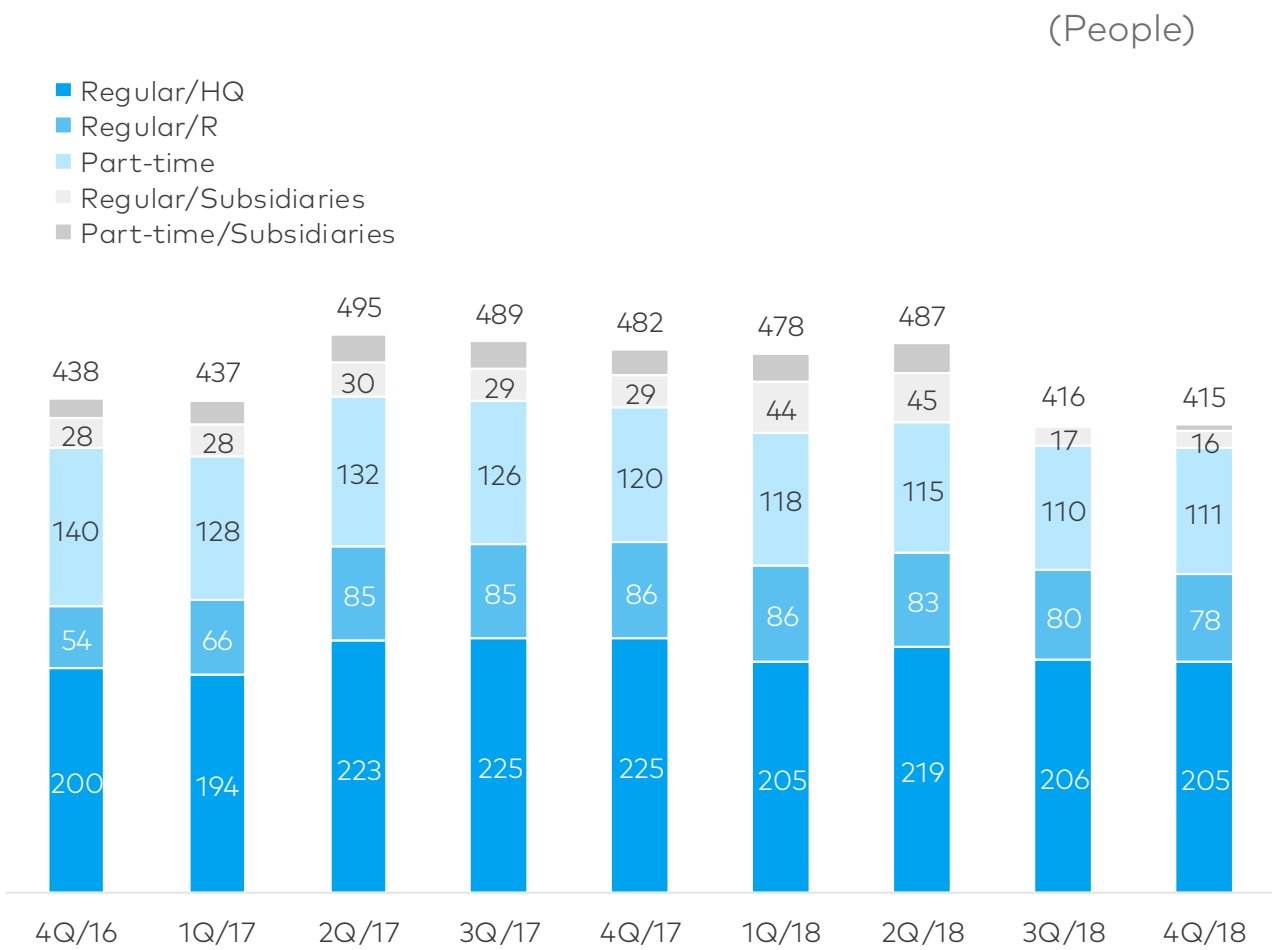


# Quarterly Operating Expenses

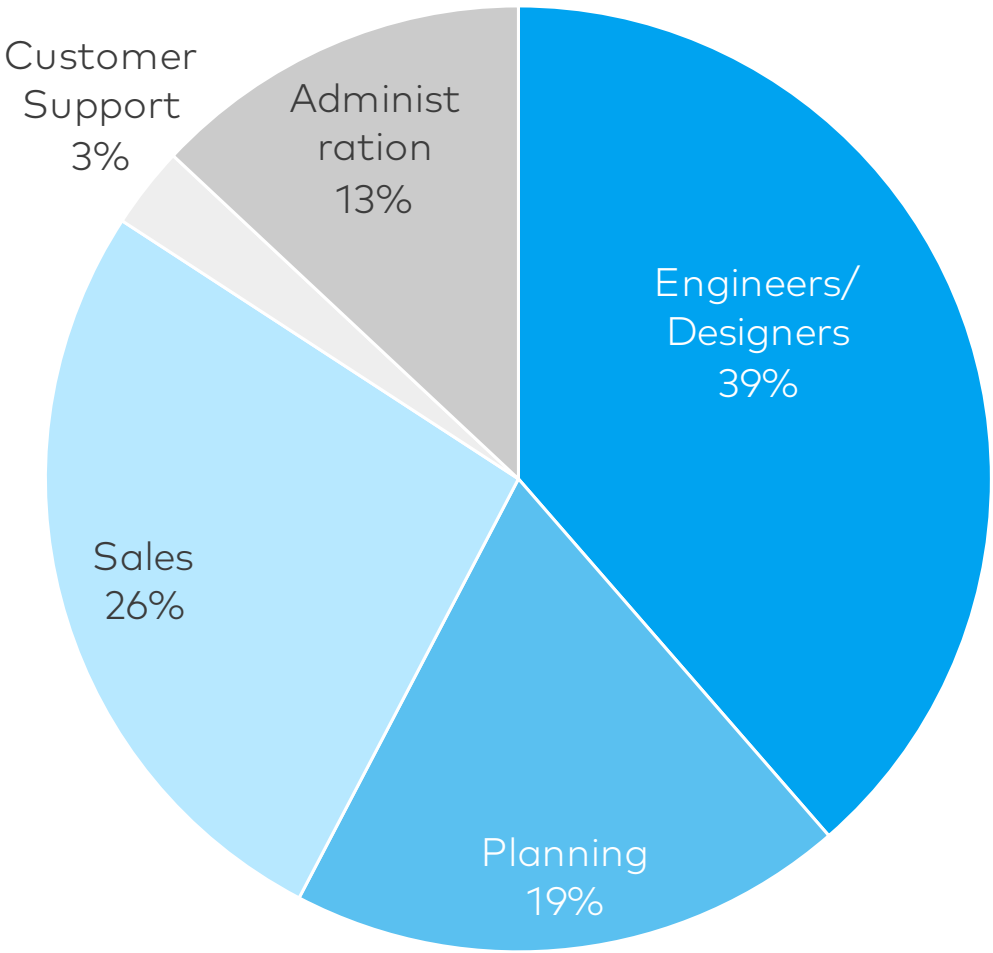
41



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

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<b>Jan. 20, 2019</b>	Kami-Machbaito introduced on Nippon TV's program "Kotoge Hello Work"
<b>Dec. 25, 2018</b>	Interview of representative posted in Shukan Gendai combined January 5 and 12 issue
<b>Dec. 6, 2018</b>	Kami-Machbaito covered on "News na Joshi Daisei to Kato Koji" on GYAO!
<b>Oct. 30, 2018</b>	Halloween-based communication measure of Miyazaki Office introduced on Miyazaki Broadcasting's news
<b>Oct. 25, 2018</b>	Round-table interview with representative posted in December issue of GQ
<b>Oct. 5, 2018</b>	Company employee appeared for interview on Nippon Television's "ZIP!"
<b>Oct. 5, 2018</b>	Interview of representative posted in FRIDAY
<b>Sep. 28, 2018</b>	Tenshoku Kaigi employer review site introduced in Oggi as useful service for career change activities
<b>Aug. 20, 2018</b>	Interview of representative (Part 2) posted in NIKKEI STYLE
<b>Aug. 13, 2018</b>	Interview of representative (Part 1) posted in NIKKEI STYLE
<b>Aug. 9, 2018</b>	Syukatsu Kaigi new graduate employment support service covered by Toyo Keizai Online
<b>Jul. 24, 2018</b>	Interview of company employee posted in Amusement Press Japan
<b>Jun. 11, 2018</b>	Interview of representative posted in Nikkei Top Leader
<b>May 14, 2018</b>	Interview of representative posted in Toyo Keizai
<b>May 1, 2018</b>	IESHIL real estate information service covered by Jutaku Shimpō

# Corporate Profile

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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: 283 (as of December 31, 2018)
Consolidated Subsidiaries	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.