

# **Daiwa Investment Conference Tokyo 2019**

Livesense Inc. (TSE1: 6054)

March 8, 2019

# Agenda

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About us

2

Business Description and  
Characteristics

3

Financial Highlights

4

Future Business Development

# **1. About us**

# The Origin of Company Name / Business Philosophy

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| The Origin of Company Name

**LIVE + SENSE**

| Business Philosophy

**Happiness Begetting Happiness**

# Corporate vision : LIVESENSE's Origin

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## | Corporate vision

Invent the next common.

## | Story behind logo



### "Ideas"

By questioning existing ordinary thinking, new ideas are born.



### "Constant Effort"

As the Japanese proverb "falling rain drops carve out the rock" goes, falling drops express LIVESENSE's constant and thorough effort.

Through this effort, we will permeate society with new services and new ways of thinking and changing the way the world exists.

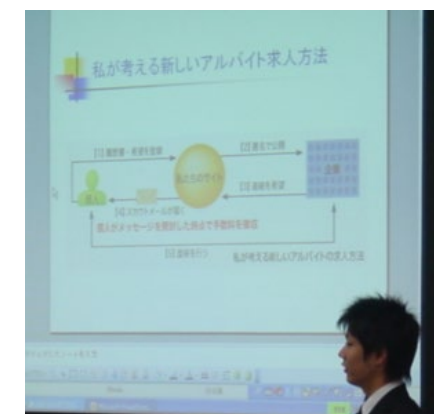
# History : Background of Establishment

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| 2005 (Taichi Murakami: Age 18/university freshman)

- Took the Entrepreneur Training Course at Waseda University
- Winner of the Business Plan Contest
- Internships at Daiwa Institute of Research and Internet-related ventures

The Business Plan Contest



| 2006 Established LIVESENSE Inc.

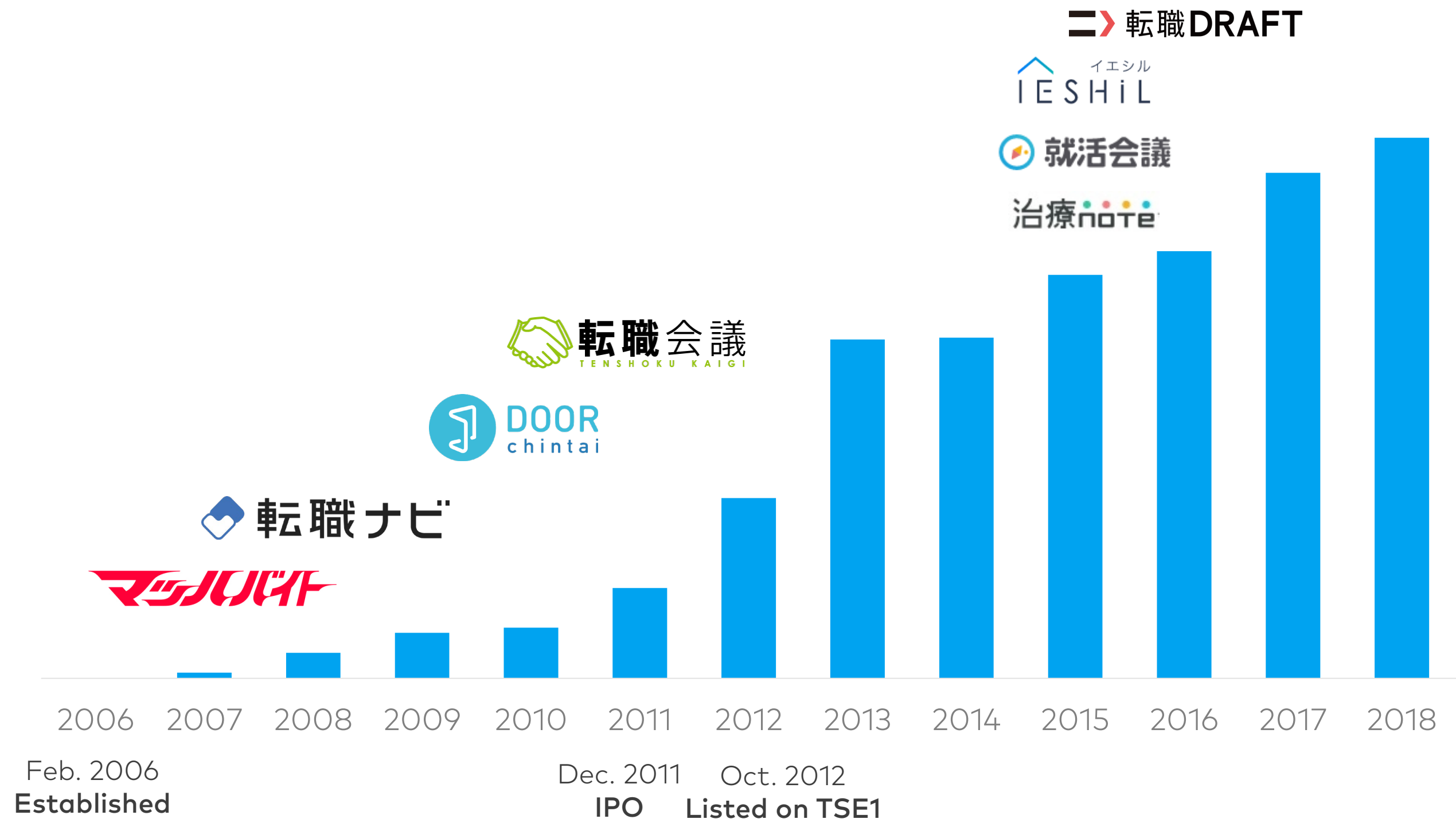
Livesense office at Waseda University



# History

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Since its establishment, LIVESENSE has continued to develop new services and expand the scale of its business.



## **2. Business Description and Characteristics**



## **2. Business Description and Characteristics**

Description of Main Businesses

# Our Business Portfolio

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| Operation of online services, primarily in HR business and real estate domains.

## HR Information Media



"Machbaito"  
Part-time Job  
Information Site



"Tenshoku Navi"  
Full-time Job  
Information Site



"Tenshoku Kaigi"  
Career Change Service  
with Reviews



"Syukatsu Kaigi"  
New Graduate Employment  
Support Service



"Tenshoku Draft"  
Competitive Bidding-type  
Career Change Service

etc

## Real Estate Information Media



"DOOR Chintai"  
Home Rental  
Information Site



"IESHIL"  
Real Estate  
Information Service etc

## E Commerce



"waja" (\*1)  
Fashion EC Site

etc

## Others



"Chiryo Note"  
Medical Information Site



"imitsu" (\*2)  
Service Comparison/Order  
Information Site

etc

(\*1) Excluded from scope of consolidation as of September 30, 2018

(\*2) Joint operation ended as of October 31, 2018

# Machbaito / Tenshoku Navi

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"Machbaito" a part-time job information site and "Tenshoku Navi" a full-time job information site run under affiliate marketing business model.

## Machbaito



- About 250,000 job information postings, primarily in restaurant, apparel and retail categories
- Monetary gift of up to 10,000 yen presented to successful job applicants as "Mach bonus"
- Aim for user experience differentiated based on concept of "right away"

## Tenshoku Navi

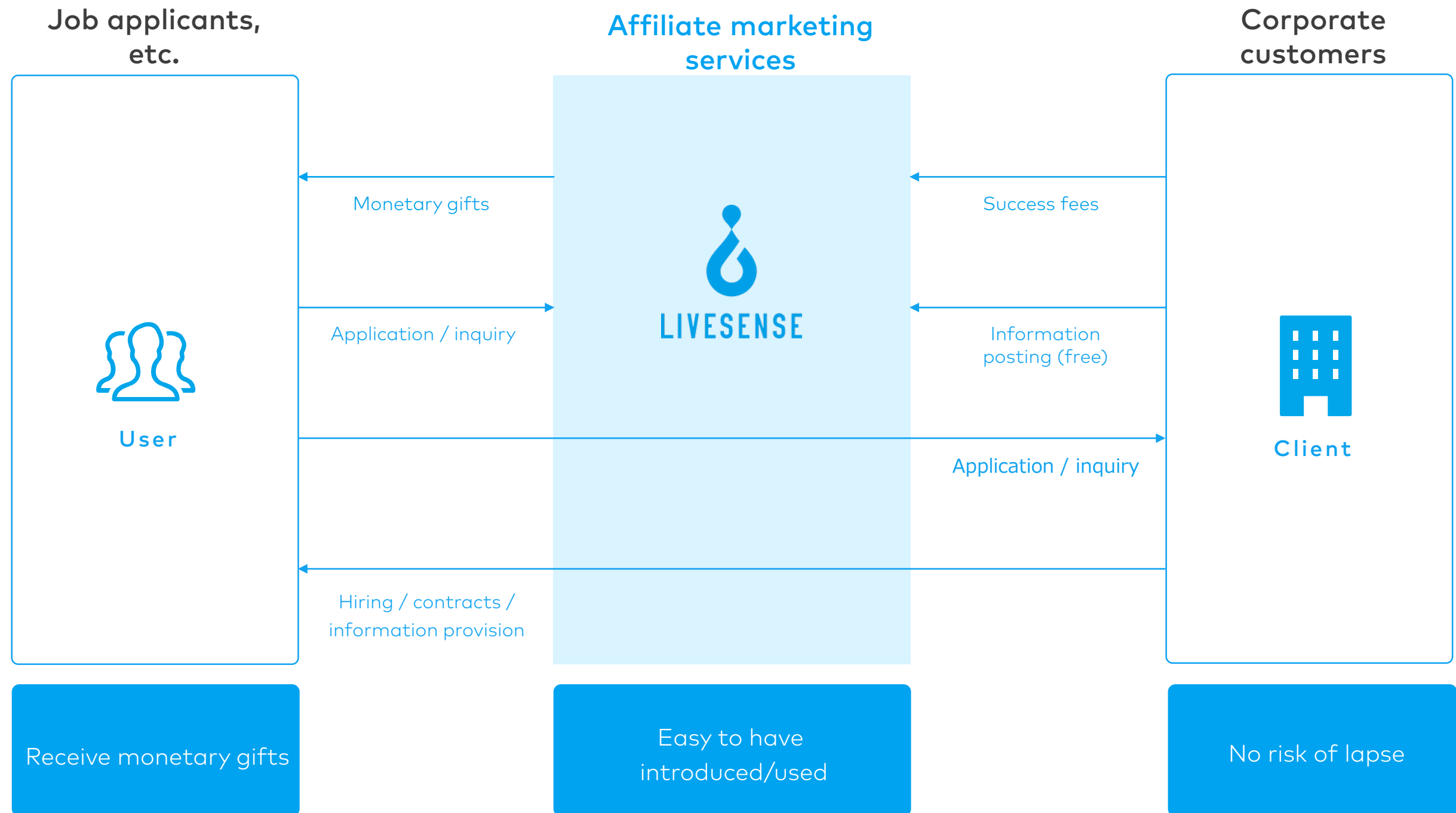


- Job information postings for several industry categories, and total of more than 2 million registered members
- Tenshoku Nakoudo telephone-based career change consultation service also offered to wide range of job applicants

# Machbaito / Tenshoku Navi : Business Model



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| Inventing "the next common" using success fee-based model.



# Machbaito / Tenshoku Navi : Business Model

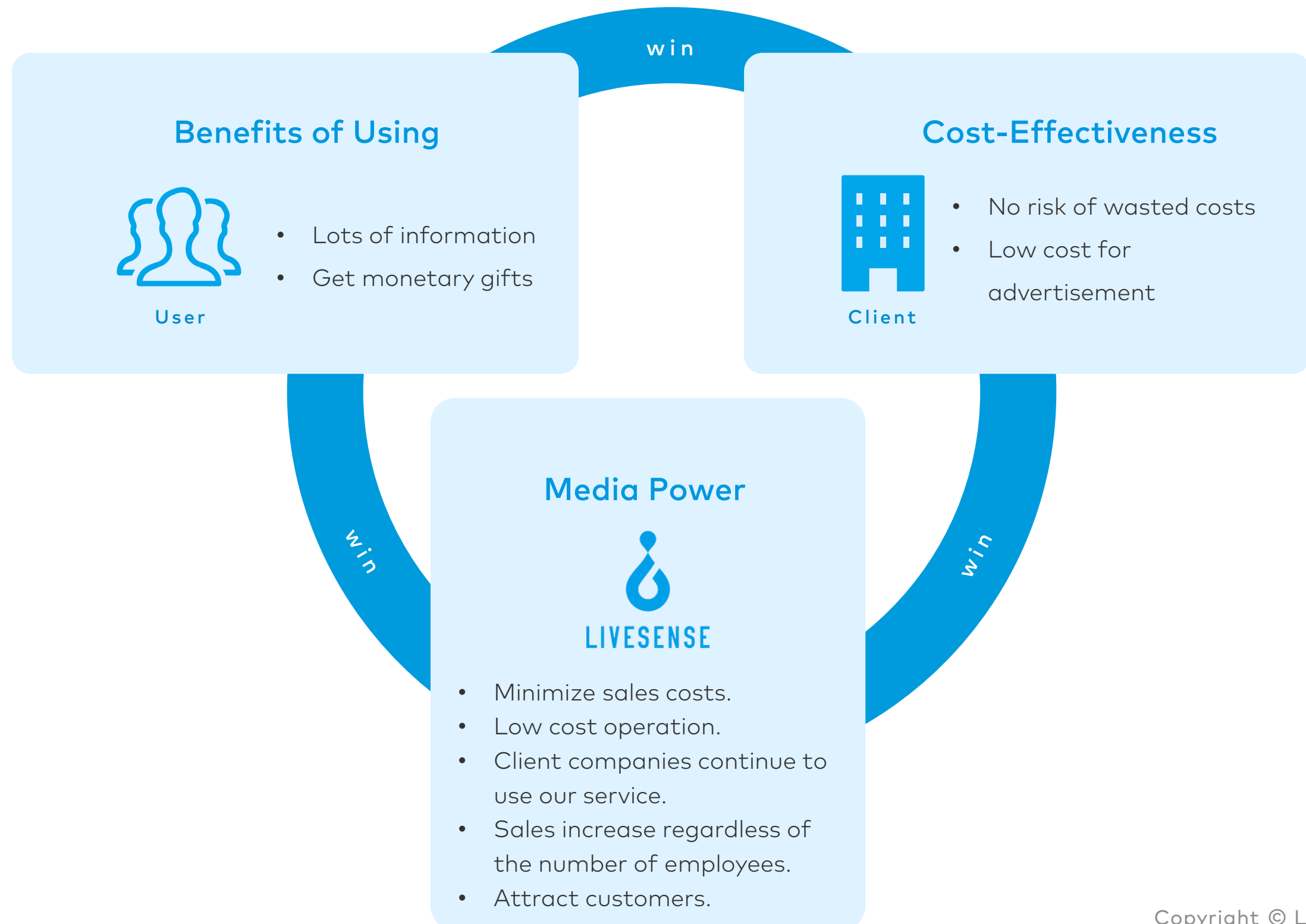
Information posting is free (success fees only), users receive monetary gifts.

		Traditional Model	Our Model
 CLIENT		Publishing Charge System	Affiliate (Success Fee) System
	Information Listing Fee (Upfront fees)	Cost occurs	Free (Success Fee Only)
 USER	Monetary Gifts	None	Receivable

# Machbaito / Tenshoku Navi : Business Model

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| Three-way satisfaction model:  
Users (job applicants, etc.), corporate customers and Livesense.



# "Tenshoku Kaigi" Career Change Service with Reviews

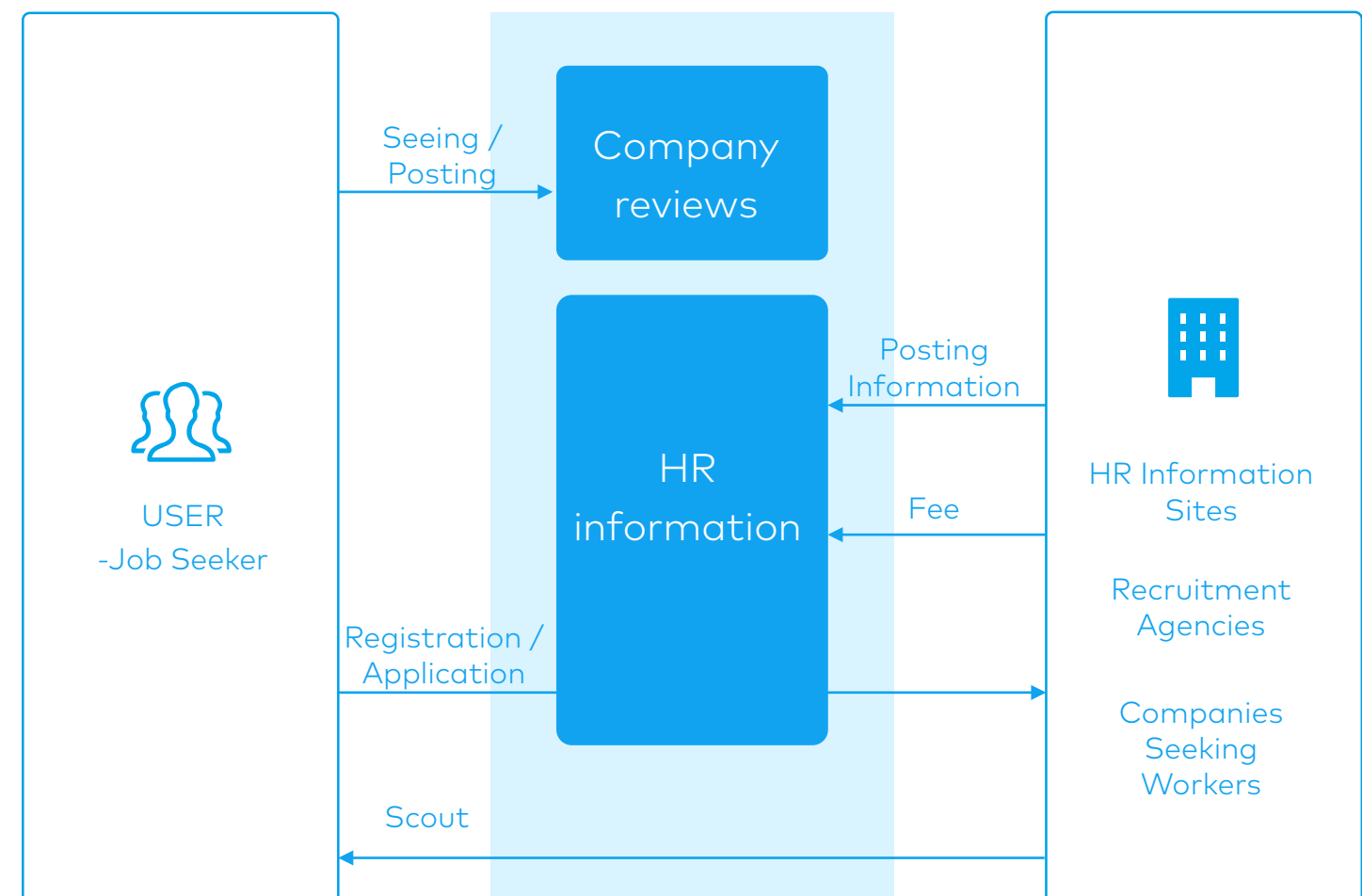
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- Japan's largest company review site with 2.5 million valid reviews and total of 6 million registered members.
- Steady expansion of lead generation to employment information sites and recruitment agencies and services for enterprises.

## Tenshoku Kaigi



## Business Model





Browse original reviews collected from Tenshoku Kaigi members.

## Ratings by Company



- Visualization of company evaluations (scores) in eight categories, including work environment, collected from Tenshoku Kaigi members

## Word-of-Mouth Reviews



- Various reviews of each company shown according to category



# "Syukatsu Kaigi" New Graduate Employment Support Service

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Posting original content, including reviews, entry forms, and interview information for company screening. Used by around 1/3 of all new grads.

Promoting efficient job searching without mismatches, including addition of functions for determining degree of match with corporate culture and level of difficulty of screening based on new grad intent and company reviews.

## Syukatsu Kaigi



## Determining Degree of Match



# "IESHIL" Real Estate Information Service

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Market price, price trends, etc. displayed by room for condominium properties throughout metropolitan area using proprietary price assessment engine (patent pending) utilizing big data.

## IESHIL



The screenshot shows the IESHIL homepage. At the top, there's a navigation bar with the IESHIL logo and a search bar. Below the search bar, there's a large banner with the text "マンション査定価格がいますぐわかる。" (Condo appraisal price is known immediately). The banner includes a search bar and buttons for "検索" (Search) and "住所で探す" (Search by location). Below the banner, there's a section titled "不動産売買をサポートするイエシルのサービス" (Services supported by IESHIL for real estate transactions). This section features three icons and their corresponding services: "リアルタイム査定" (Real-time appraisal), "不動産アドバイザーサービス" (Real estate advisor service), and "中立なレーティング" (Neutral rating).

## Market price and price trends displayed by room

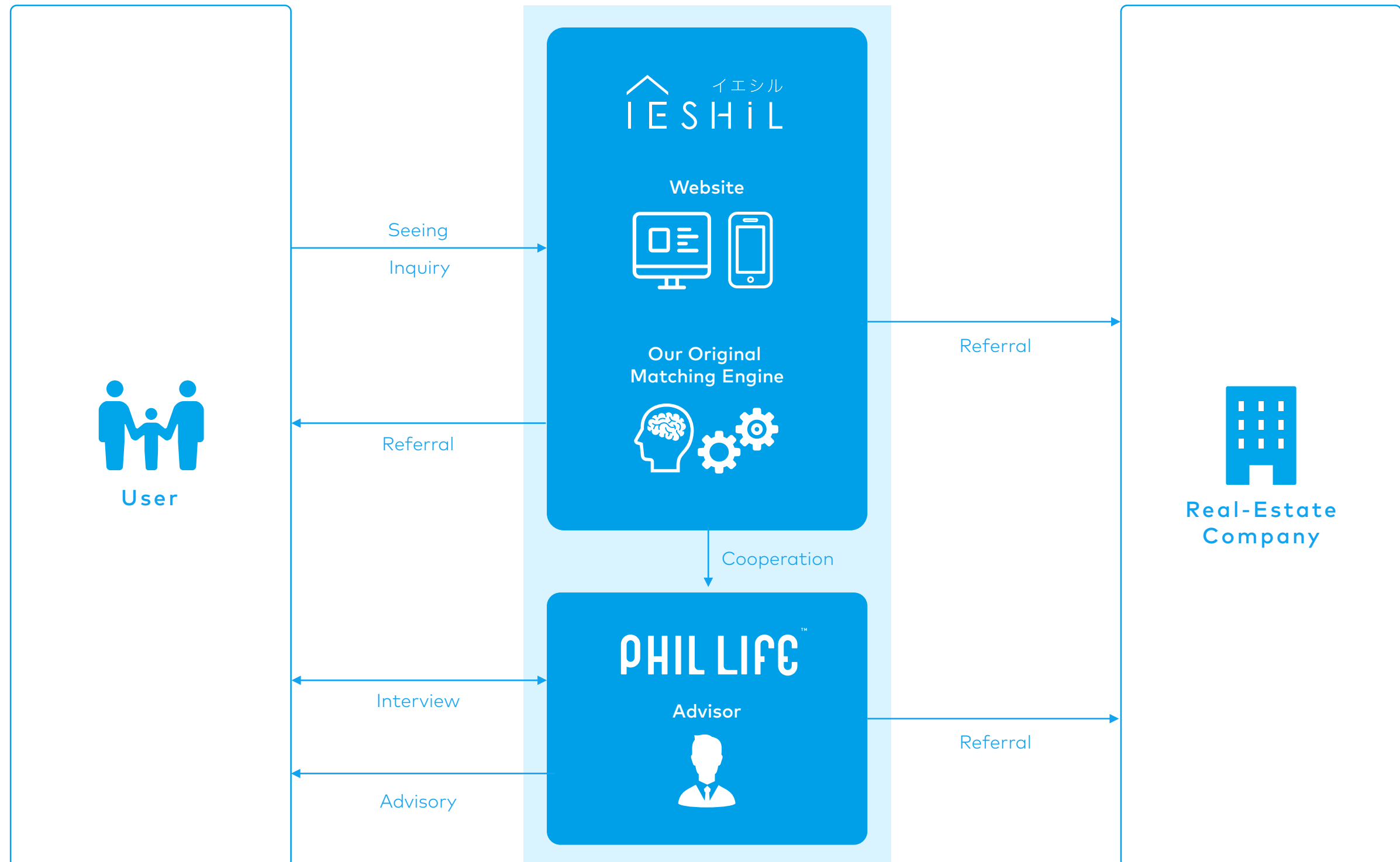


The screenshot shows a detailed view of the market price and price trends for a specific room. The top section displays the room details: "4階 / 58階 401 3LDK | 99.02m<sup>2</sup>". It also shows the "参考相場価格" (Reference market price) of 8,502万円, along with other metrics like "新築時価格" (New construction price), "想定賃料" (Estimated rent), and "想定表面利回り" (Estimated surface yield). Below this, there's a line graph showing the price trend from 2008/10/1 to 2018/12/1. The graph compares the price of the 401st room (blue line) with the average price of the 23 districts in Tokyo (green line). The price of the 401st room shows a significant increase over time, reaching a peak around 2016/10/1 before declining. The right side of the page features a section titled "売却をご検討中の方へ" (For those considering selling), which includes information about "THE TOKYO TOWERS SEA TOWER" and a "売却相談する(無料)" (Consult for sale (free)) button. At the bottom, there's a section titled "災害で資産価値が下がる可能性があることをご存知ですか?" (Are you aware that there is a possibility that the asset value will decrease due to disaster?), which includes a "災害リスクレポートを見る" (View disaster risk report) button.

# IESHIL : Business Model

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Model where we receive referral fees from partner real estate companies and success fees when purchasing contracts are concluded.



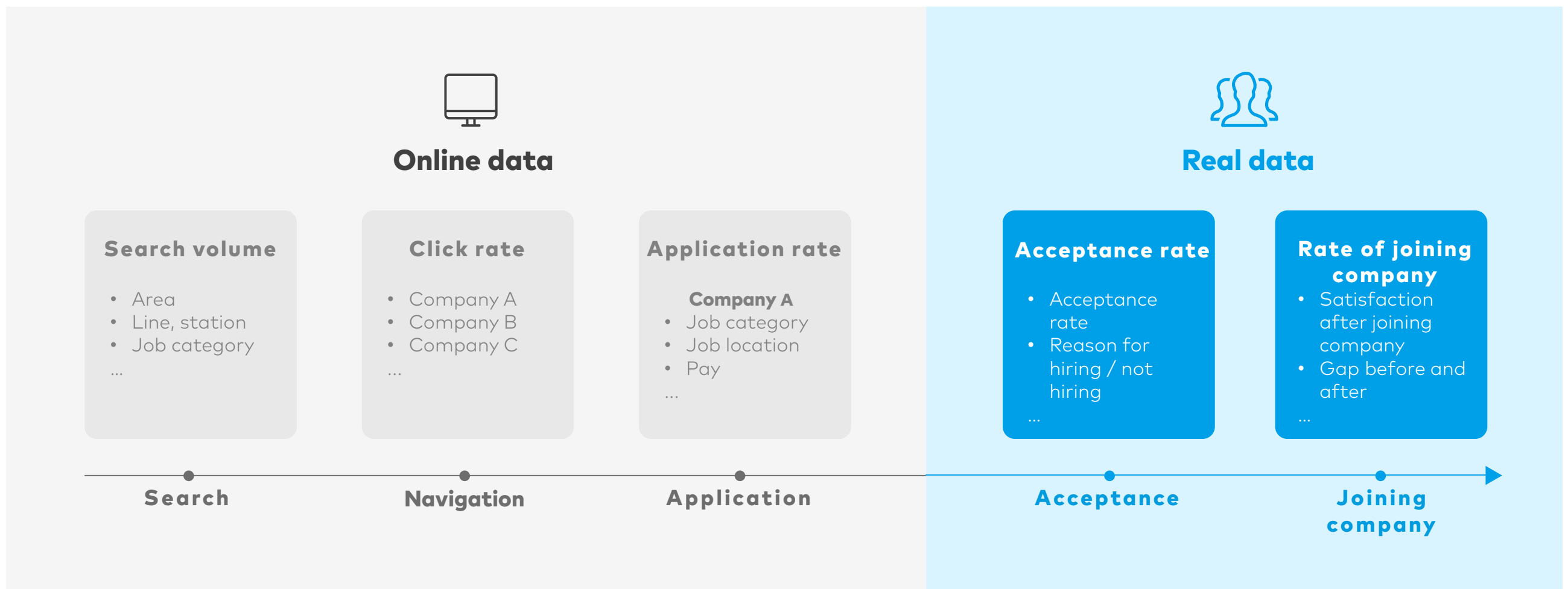
## **2. Business Description and Characteristics**

Our Strategy and Strengths

# Strategy : Real Data Engineering

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

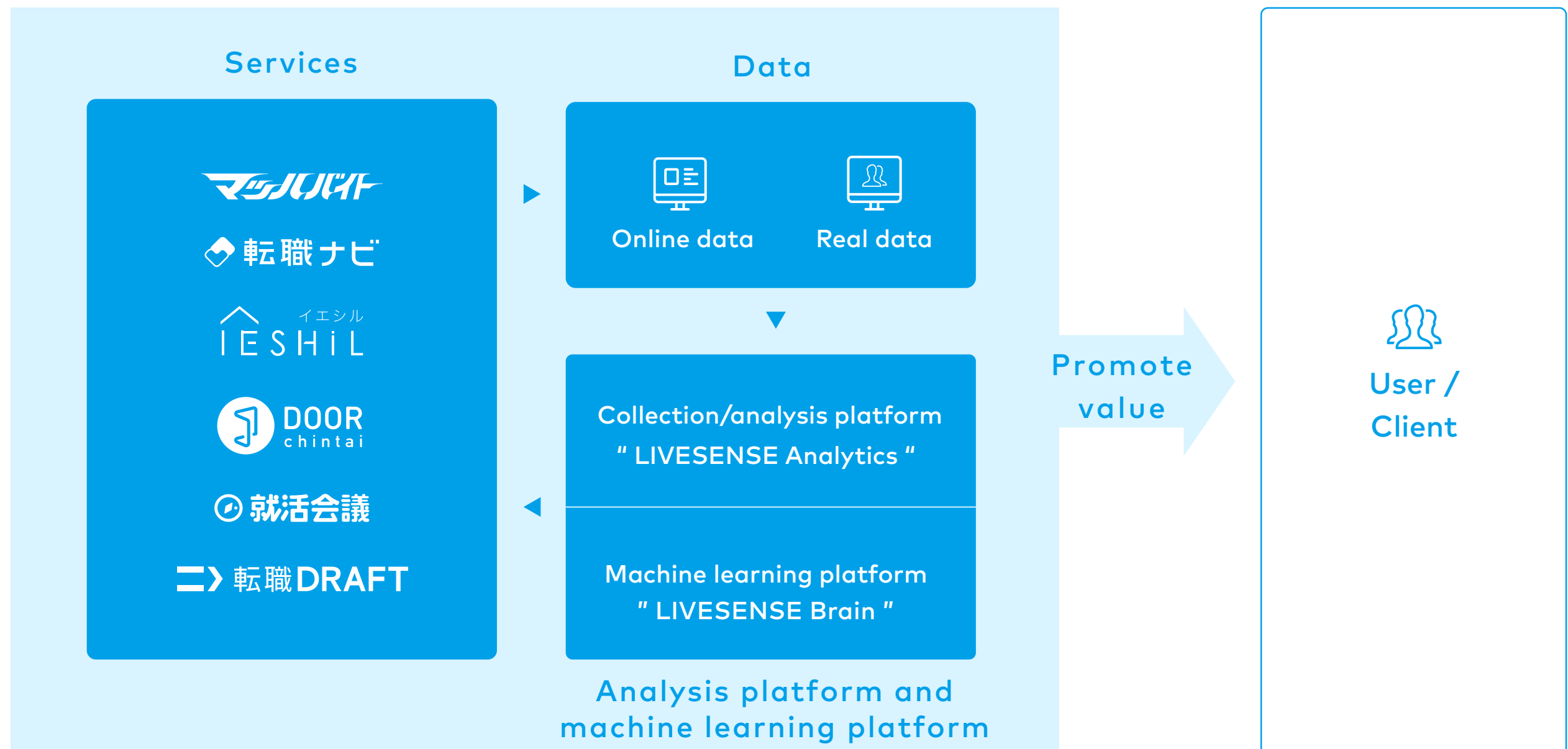


- Intrinsic value of career services is success in career change and success after joining company, not applying on site  
-> KGI (rate of joining company, satisfaction after joining company, etc.) showing intrinsic value not yet sufficiently made available for online use and data contributing to improvement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

# Strategy : Real Data Engineering

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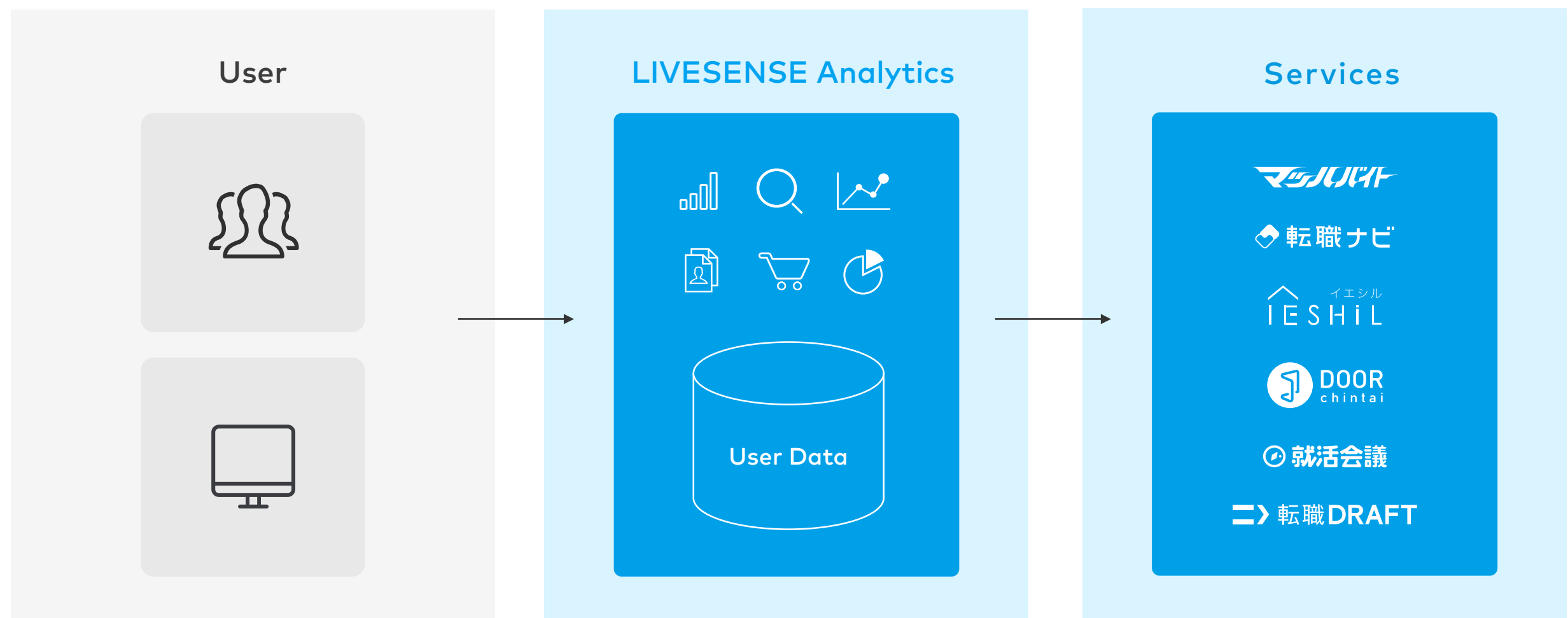
Promote conversion from data to value using proprietary analytics platform "LIVESENSE Analytics" and machine learning platform "LIVESENSE Brain".



# Competitive Advantage 1 : Data Technology

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- Accumulate and analyze big data such as user behavior history with proprietary analytics platform (LIVESENSE Analytics).
- 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.



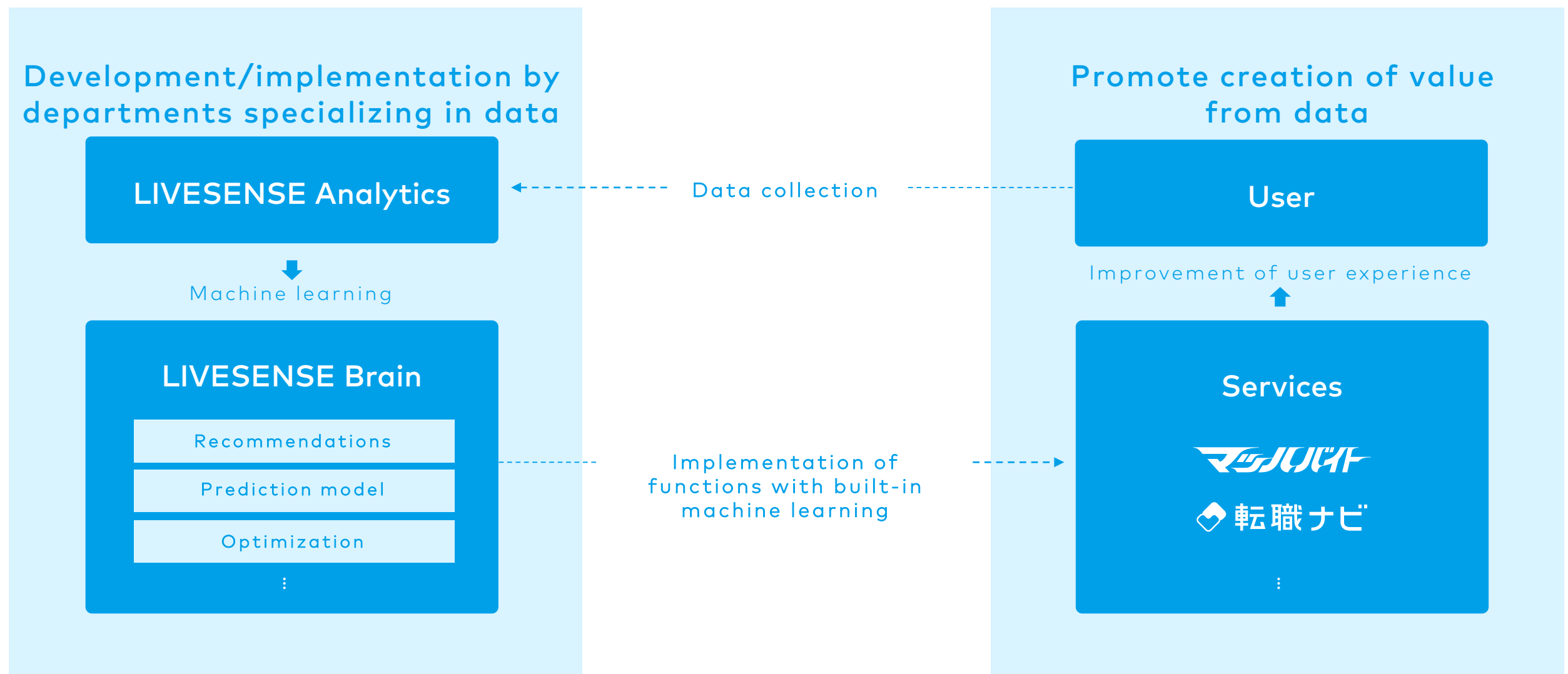
Click history, site browsing time, application status, hiring status, purchasing status, etc.

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

# Competitive Advantage 1 : Data Technology

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- Developed proprietary platform (LIVESENSE Brain) for utilizing accumulated data in machine learning.
- Accumulate company-wide machine learning know-how and algorithms to achieve improved user experience with each service.



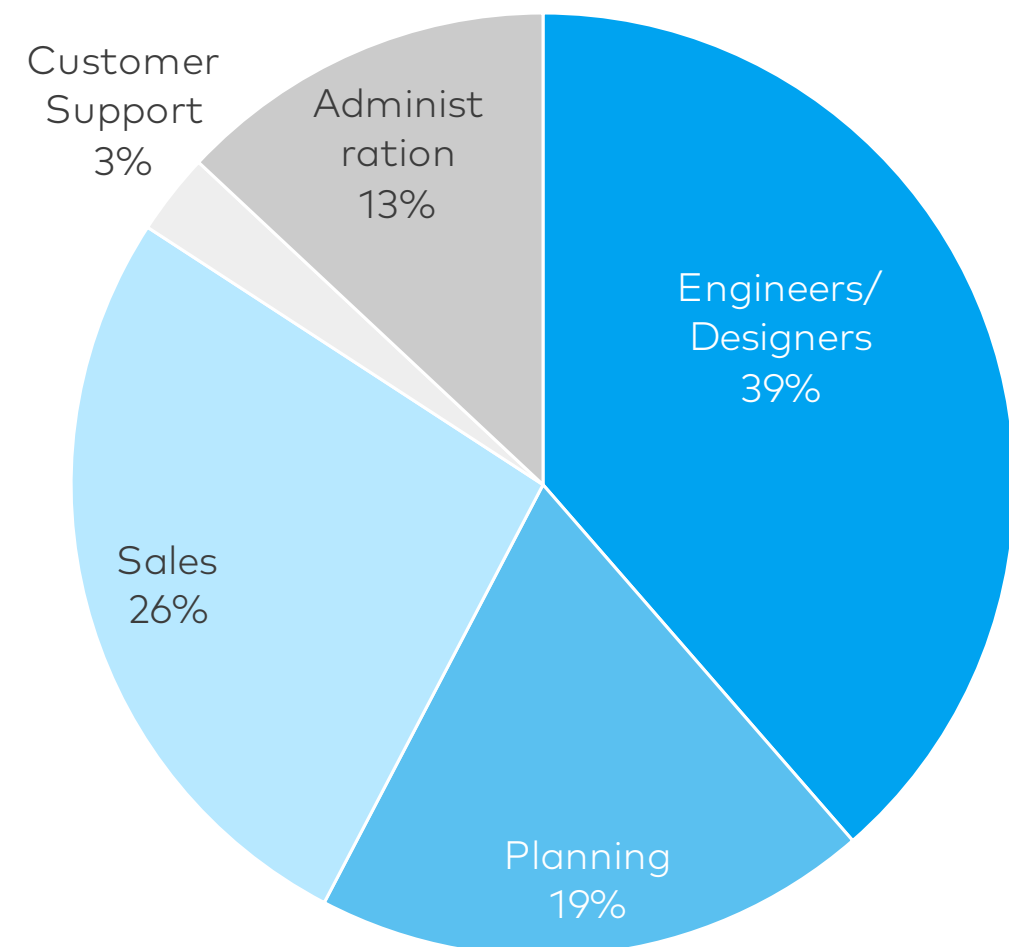
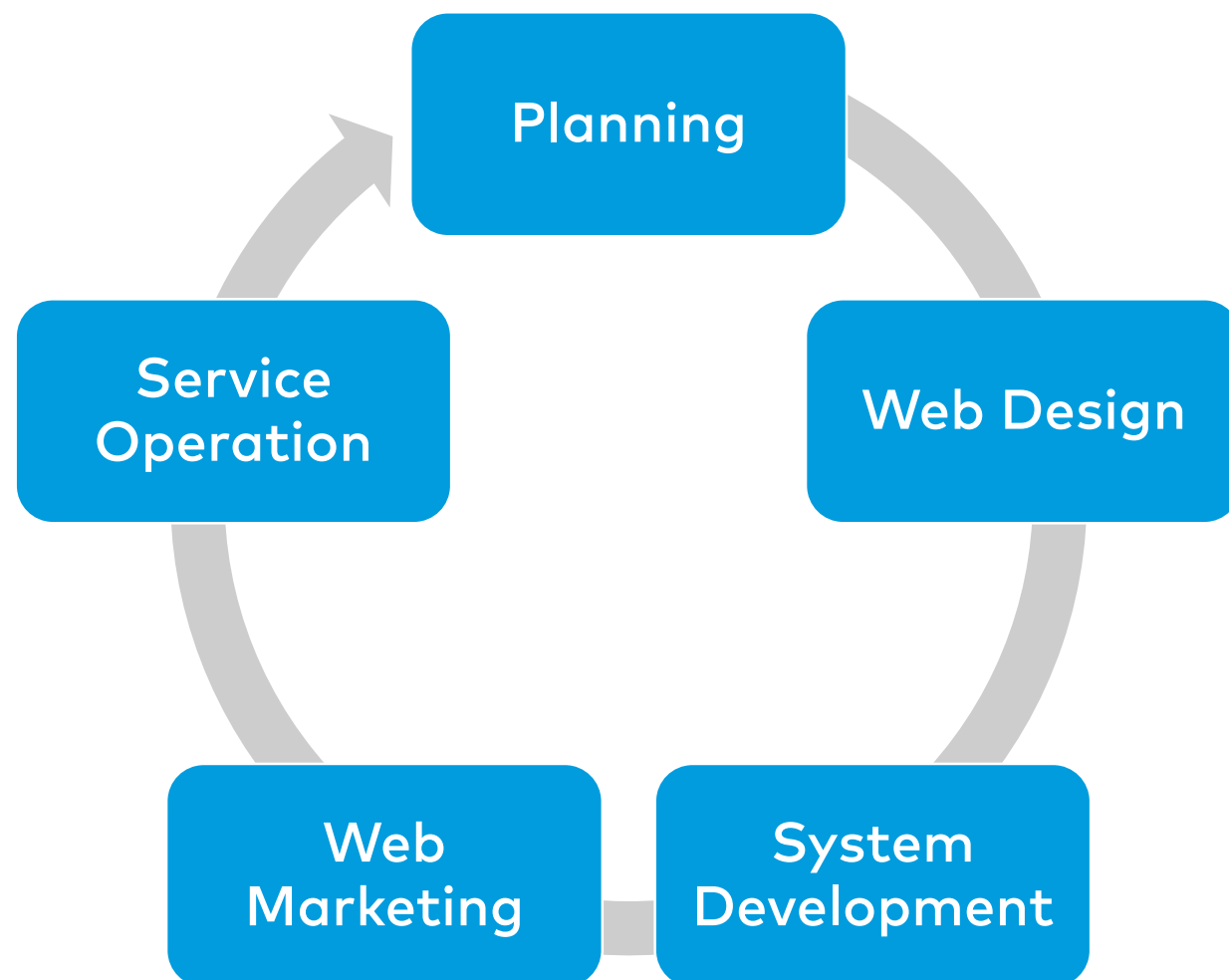


# Competitive Advantage 2 : Service Development Ability

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| All processes related to media development and operations in-house, enabling close cooperation between processes, quick development and improvement of services and accumulation of knowledge

Breakdown of Full-time Employees



\*As of December 31, 2018

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

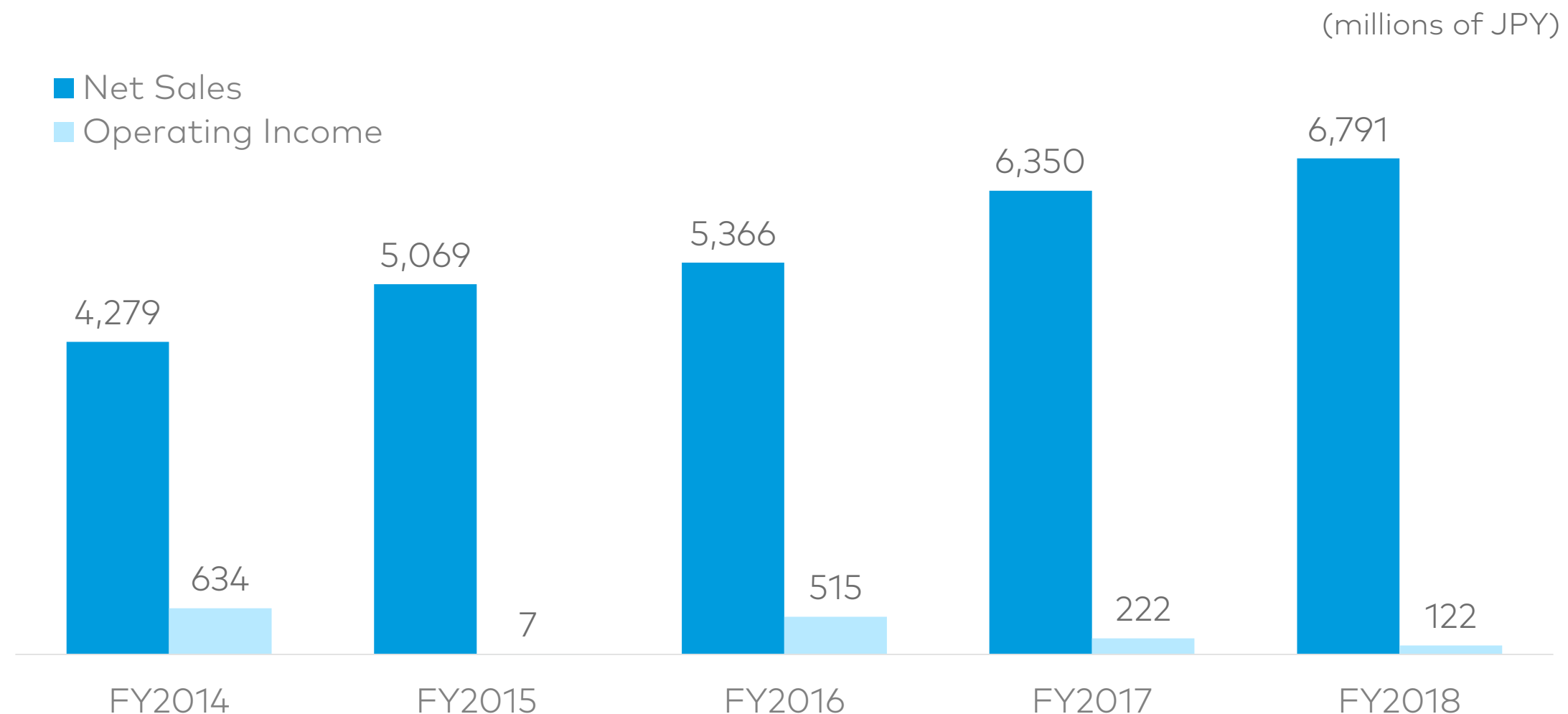
\*Local full-time employees primarily in charge of customer support and sales

### **3. Financial Highlights**

# Net Sales / Operating Income

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- Made forward-looking investments in 2014-2015 in advertising and personnel in conjunction with difficulties attracting customers to site due to delay in web marketing measures.
- In 2016, focus on structural enhancement led to increases in both sales and income. Promoted improved service value and growth investments to re-establish competitive advantage since 2017.

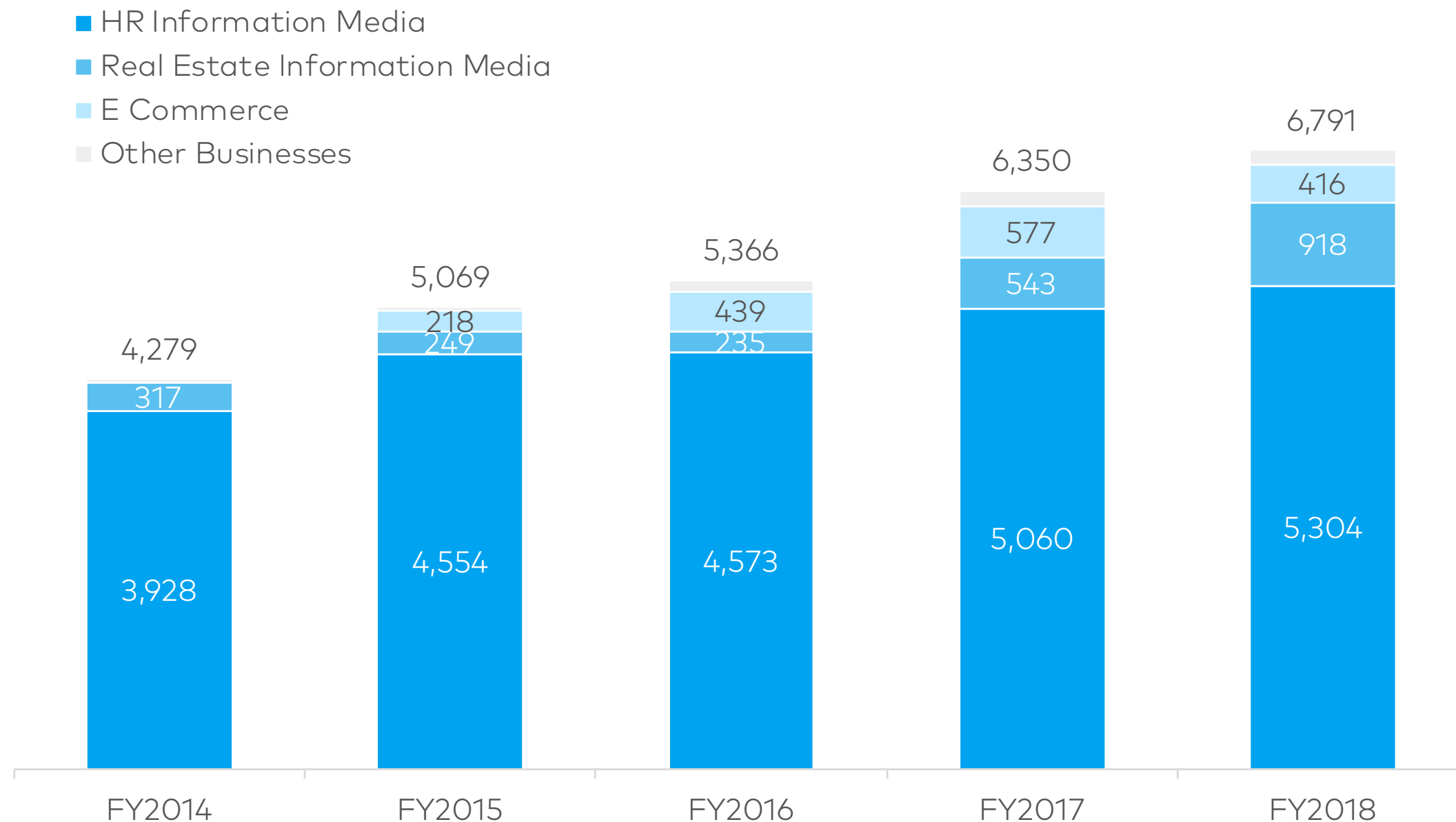


# Net Sales – By Segment

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HR Information Media accounts for roughly 80% of consolidated sales. Real Estate Information Media also growing in recent years.

(millions of JPY)

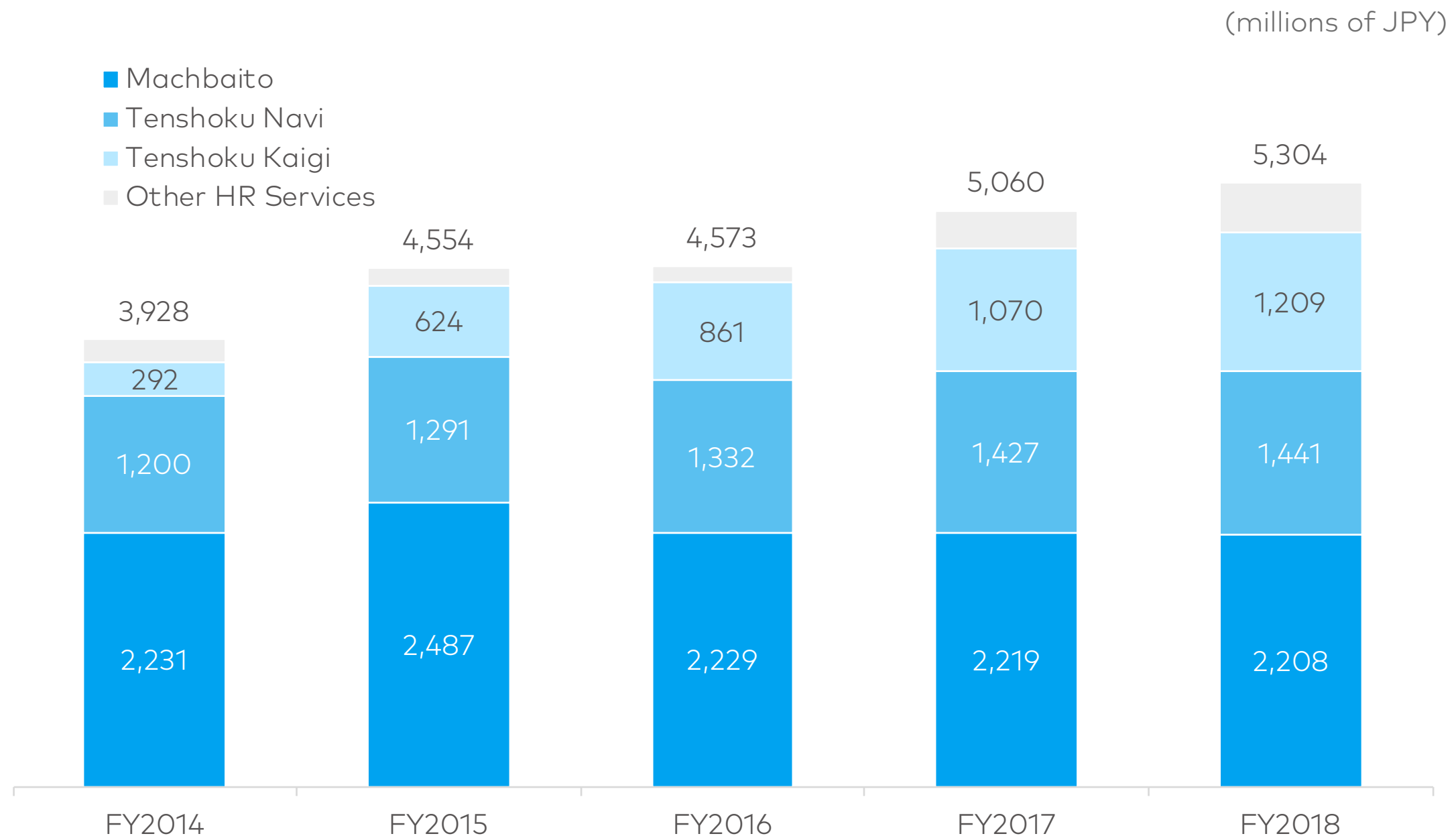


\*waja removed from scope of consolidation as of September 30, 2018, so E-commerce results are through September 30, 2018 (same applies hereinafter).

# Sales Breakdown – HR Information Media

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Part-time employment information service Machbaito results remained flat. Sales increased in full-time employment domain, including Tenshoku Kaigi, resulting in overall growth.

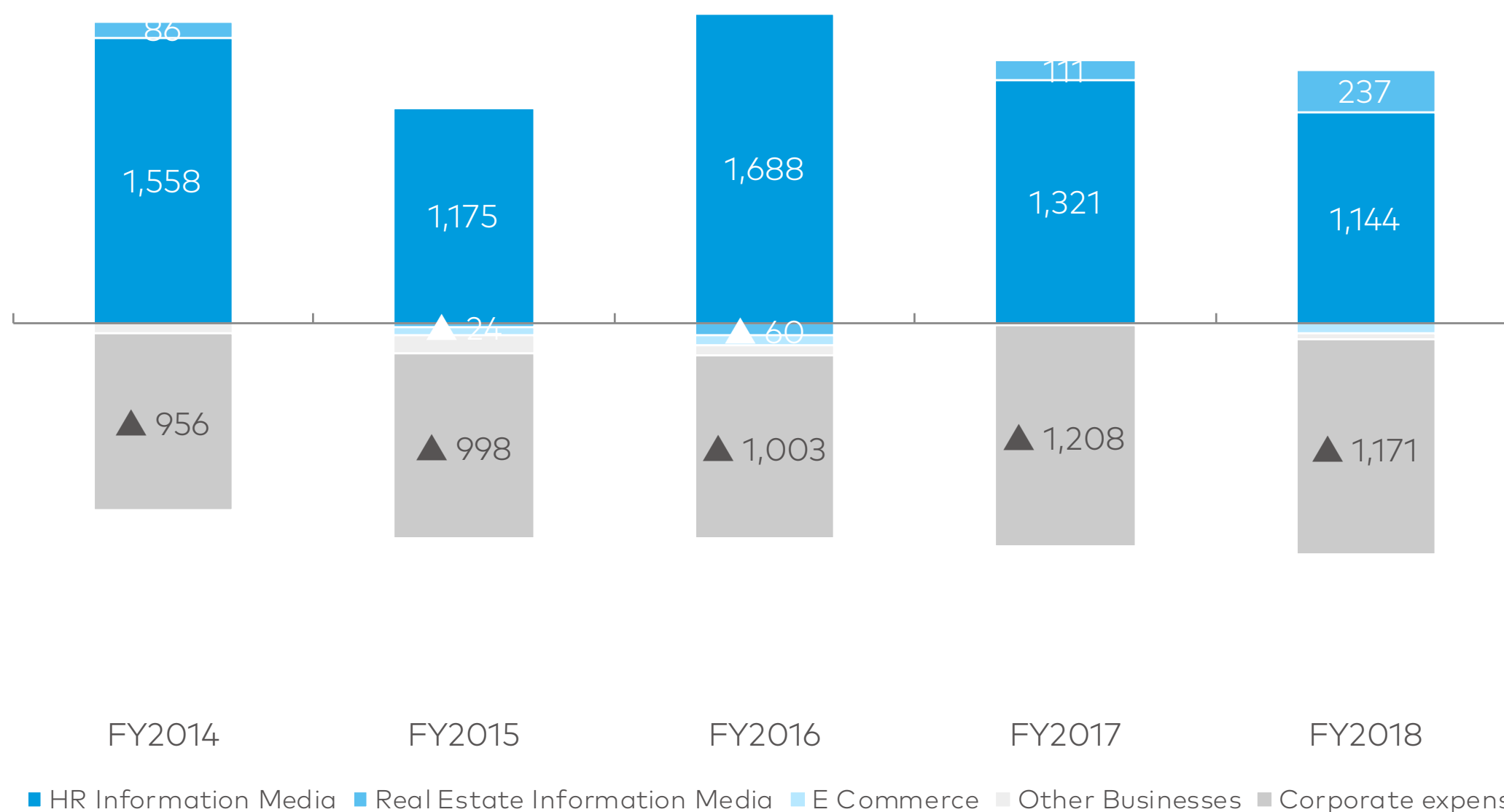


# Operating Income –By Segment

30

Profits down in HR Information Media, which accounts for largest portion of profits, due primarily to investment in promotions and sales. Profits rising in Real Estate Information Media.

(millions of JPY)



# FY2018 Financial Results

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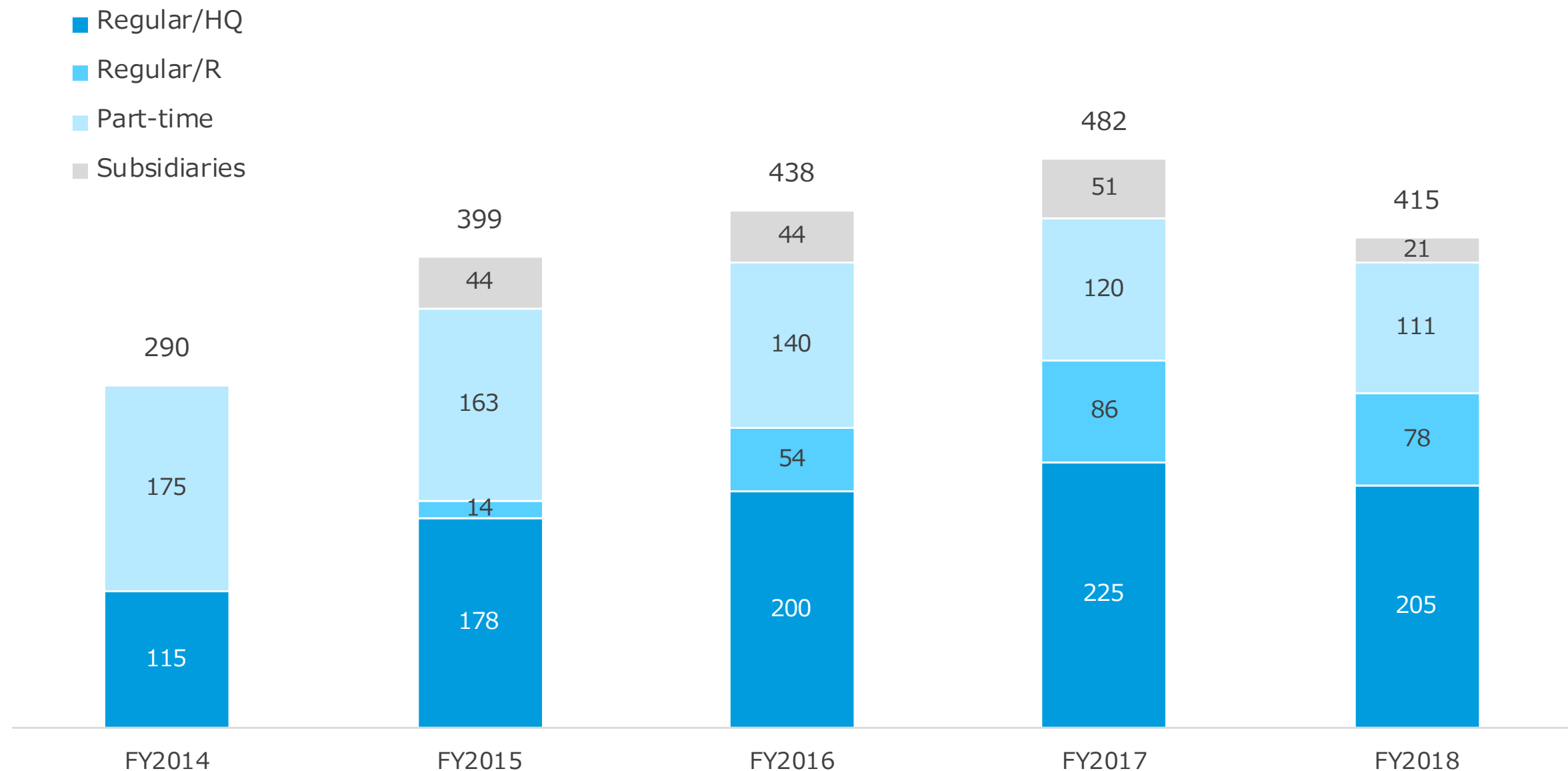
- Sales increased in recruiting and real estate segments. Consolidated net sales up 6.9% YoY
- Consolidated operating income down 44.9% YoY due mainly to investment in Machbaito and Tenshoku Kaigi and cost of establishing joint ventures.

(millions of JPY)

	FY2017	FY2018	YoY
Net Sales	6,350	6,791	+6.9%
Gross Margin	5,756	6,106	+6.1%
SG&A Expenses	5,534	5,983	+8.1%
Operating Income	222	122	-44.9%
Operating Margin(%)	3.5%	1.8%	-1.7pt
Ordinary Income	457	261	-42.8%
Profit before income taxes	434	288	-33.8%
Profit attributable to owners of parent	306	285	-7.1%

- Number of employees increased with business growth. Number has decreased recently due to removal of waja from scope of consolidation.
- Miyazaki office opened in 2015 to improve productivity. Shift to local full-time employees was promoted, primarily for customer support.

(Persons)





## **4. Future Business Development**

## | 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
  - 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.
  - Partially adjust scenario of short-term business expansion through sales and shift to medium-term/ongoing expansion through improvement of media value
- Promote Machbaito name recognition and user value
  - Site renewed in 2017, including new name
  - 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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Value of recruitment services shifting from communication of information to provision of optimal matching and added value as volume of information increases dramatically and new players, including search engines, continue to enter market.

Aim to establish competitive advantage through utilization of data, including real data engineering (\*), and pursuit of added value such as Match bonuses.

\*See pp. 21-24



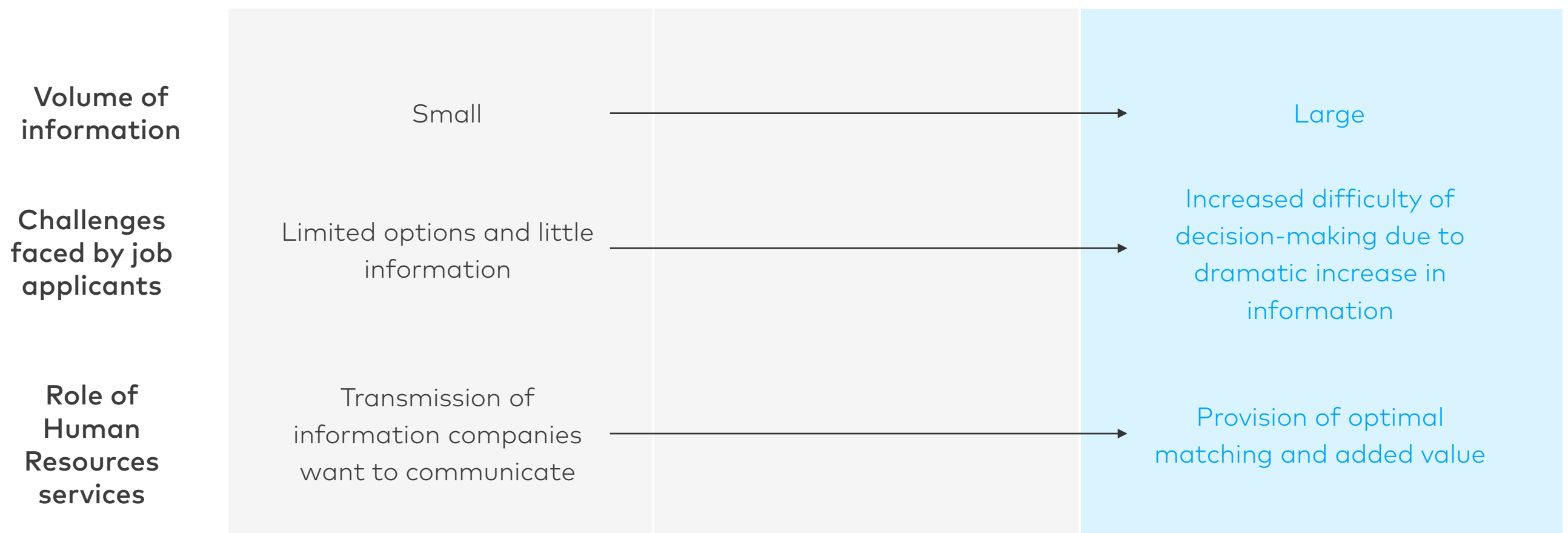
Paper era



Web era



Future

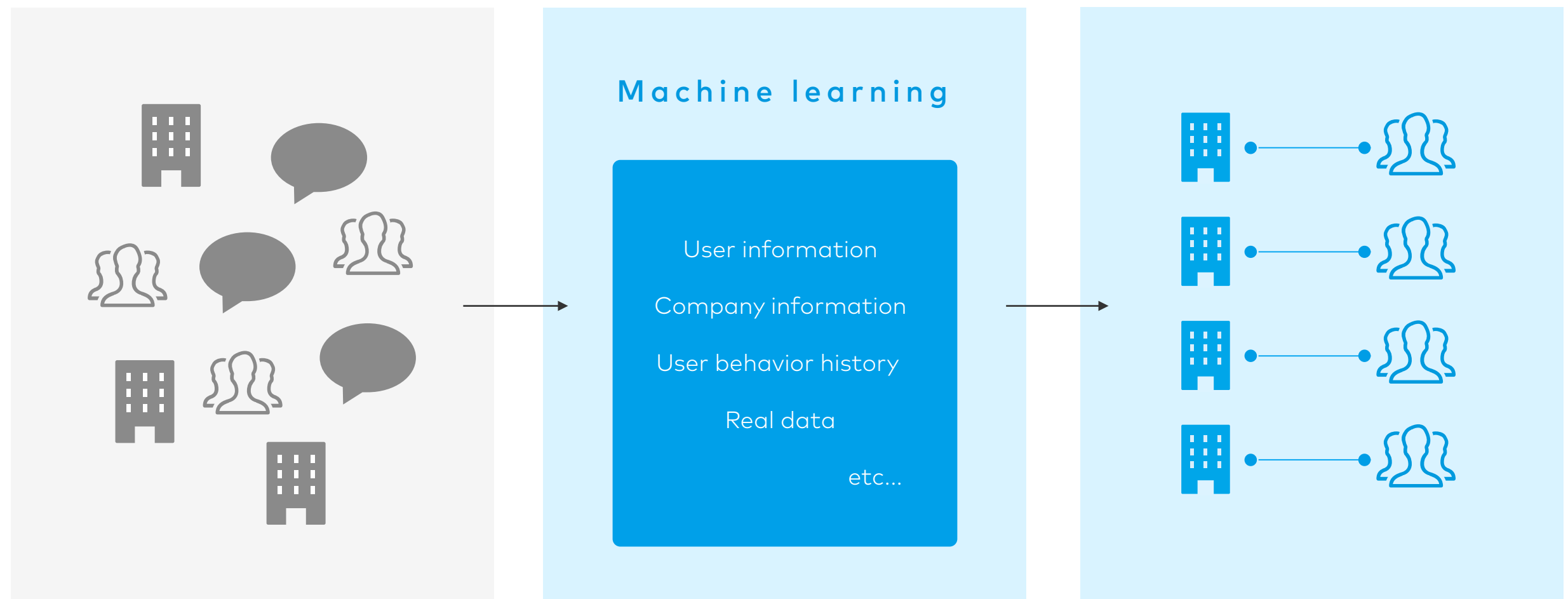


# Utilization of Machine Learning: LIVESENSE Brain

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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)

- Sales and profits down in 1H due to partial change to sales-based growth scenario. 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	3100	▲11.9%
(reference) Except for waja	3,231		▲4.1%
Operating Income	44	0	—
(reference) Except for waja	66		—



**LIVESENSE**

あたりまえを、発明しよう。

# Appendix

# Balance Sheet Statement

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(millions of JPY)

	FY2017	FY2018	YoY
Current assets	3,911	3,949	+1.0%
Cash and deposits	3,083	3,235	+4.9%
Fixed assets	436	372	-14.6%
Tangible fixed assets	99	81	-18.4%
Intangible fixed assets	55	22	-59.5%
Investments and other assets	281	269	-4.5%
Total assets	4,348	4,322	-0.6%
Current liabilities	900	612	-32.0%
Fixed liabilities	6	2	-56.3%
Total liabilities	906	615	-32.2%
Common stock	235	235	+0.0%
Total Equity	3,441	3,707	+7.7%
Total liabilities and equity	4,348	4,322	-0.6%



# Cash Flow Statement

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(millions of JPY)

	FY2017	FY2018
Cash flows from operating activities	450	135
Profit before income taxes	434	288
Depreciation and amortization	97	42
Subsidy income	-10	-59
Decrease (increase) in notes and accounts receivable	-53	56
Increase (decrease) in accounts payable-other	178	-80
Income taxes paid	-268	-96
Cash flows from investing activities	-101	-53
Payments for purchase of tangible fixed assets	-79	-15
Cash flows from financing activities	0	79
Proceeds from share issuance to non-controlling shareholders	—	79
Net increase (decrease) in cash and cash equivalents	349	161
Cash and cash equivalents, end of the period	3,073	3,235

# 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 Shimpo

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.

# Profile of Taichi Murakami, President and Representative Director

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## Background

<b>Oct. 1986</b>	Born in Tokyo
<b>Apr. 2002</b>	Enrolled at Waseda University Senior High School Began entrepreneurial preparations, such as participating in entrepreneurial events and gathering members Obtained bookkeeping and system administrator qualifications
<b>Apr. 2005</b>	Enrolled in Department of Economics at Waseda University School of Political Science and Economics Took the Entrepreneur Training Course and won Business Plan Contest
<b>Feb. 2006</b>	Established Livesense Inc. (university freshman) Appointed President and Representative Director
<b>Mar. 2009</b>	Graduated from Waseda University with degree in Economics
<b>Dec. 2011</b>	Became youngest company president in history (25 years and 1 month old) to be listed on TSE Mothers
<b>Oct. 2012</b>	Became youngest company president in history (25 years and 11 months old) to be listed on First Section of TSE



## Related Works

<b>Sep. 2012</b>	Livesense (The Meaning of Life): 25-year Old Taichi Murakami's Job of Making People Happy as Youngest Listed Company President Written by Toru Uesaka, Published by Nikkei BP
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# LIVESENSE

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.