

FY2019 2nd Quarter Financial Results

Livesense Inc. (TSE1: 6054)

August 14, 2019

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1. Financial Results

Executive Summary for the 2nd Quarter

Sales down due primarily to removing E-commerce business from scope of consolidation by selling shares in subsidiary.

Income up owing primarily to decrease in operating expenses in conjunction with shift in policy of Tenshoku Kaigi.

- Net sales ¥1,629 million (YoY -¥146 million -8.3%)
- Operating income ¥63 million (YoY +¥97 million -)

Progress made on efforts to improve media value and user experience in each business. Machbaito grew in terms of performance.

- Tenshoku Kaigi implemented media improvements for medium-to-long-term growth, including updating the corporate database
Sales down due to suspension of new sales in Tenshoku Kaigi BUSINESS
- Machbaito sales increased, owing primarily to expansion of ad placements. iOS app also received favorably

Focus will continue to be on media improvements to increase intrinsic value of services and building foundation for future growth in 2H.

- No change to policy for current year. Priority is on establishment of real competitive advantage and profit infrastructure rather than short-term income

Quarterly Financial Results Overview

(Millions of JPY)

	FY2018 2Q	FY2019 2Q	YoY
Net Sales	1,775	1,629	▲8.3%
Operating Income	▲ 33	63	—
Operating Margin(%)	—	3.9%	—
Ordinary Income	▲ 16	97	—
Profit attributable to owners of parent	▲ 13	69	—

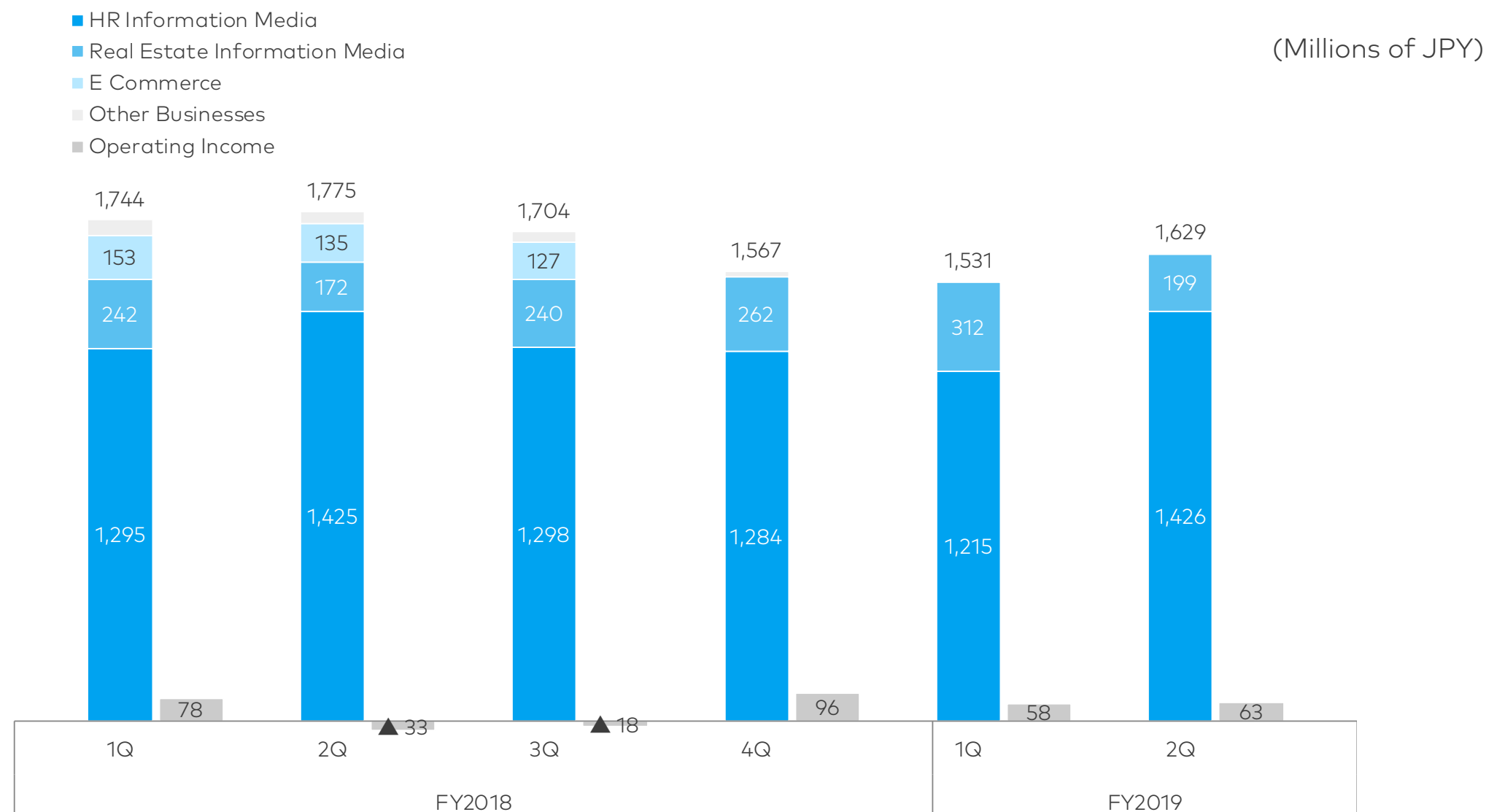
(Reference)

Quarterly Financial Results Overview Excluding Impact of Removing Subsidiary (waja) from Scope of Consolidation Through Sale of Shares

	FY2018 2Q	FY2019 2Q	YoY
Net Sales (Except for waja)	1,640	1,629	▲0.7%
Operating Income (Except for waja)	▲ 19	63	—

Net Sales and Operating Income

- Sales down 8.3% YoY due primarily to removal of subsidiary from scope of consolidation.
(Flat YoY if impact of removing subsidiary from scope of consolidation excluded)
- Income up ¥97 million, owing primarily to decrease in operating expenses.

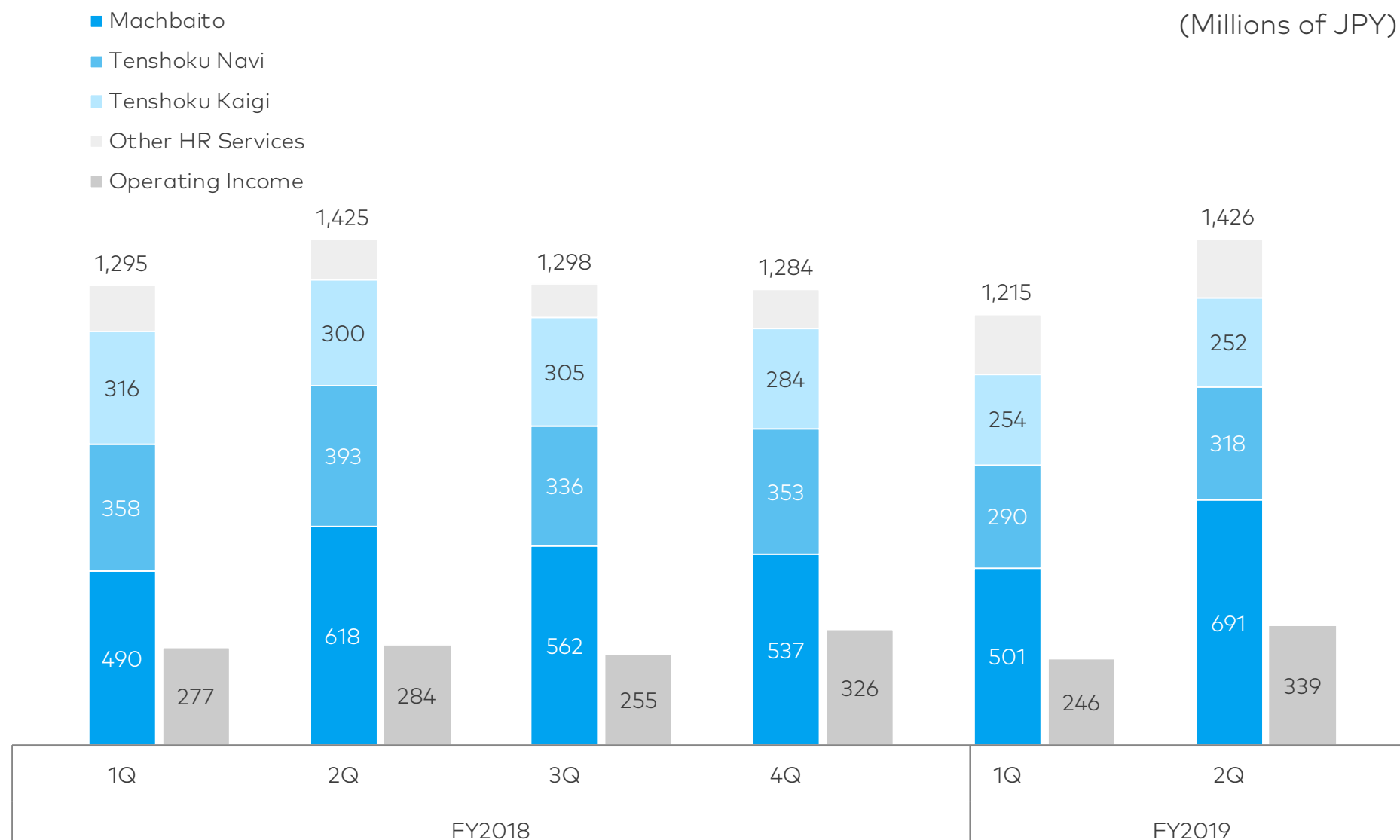


Segment Net Sales and Operating Income - HR Information Media

Machbaito sales up 11.8% YoY, owing primarily to expansion of ad placements, maintaining advertising efficiency.

Tenshoku Kaigi sales down due to partial suspension of new sales in conjunction with shift in business policy.

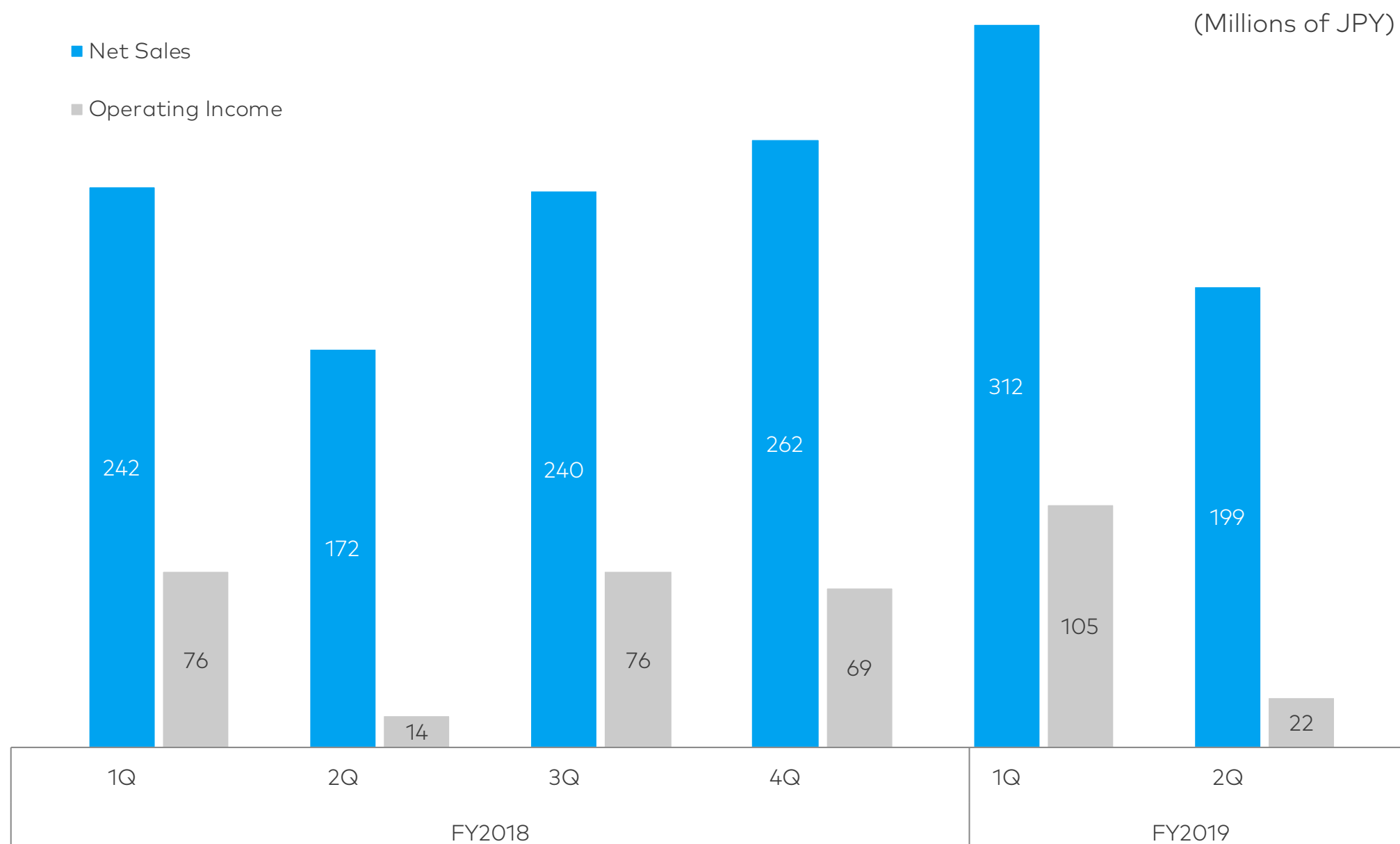
Tenshoku Navi sales down due to decrease in number of registered members and applications in conjunction with adjustment of ad placements.



Segment Net Sales and Operating Income -Real Estate Information Media

DOOR CHINTAI continued to attract more customers as result of aggressively investing in web advertising.

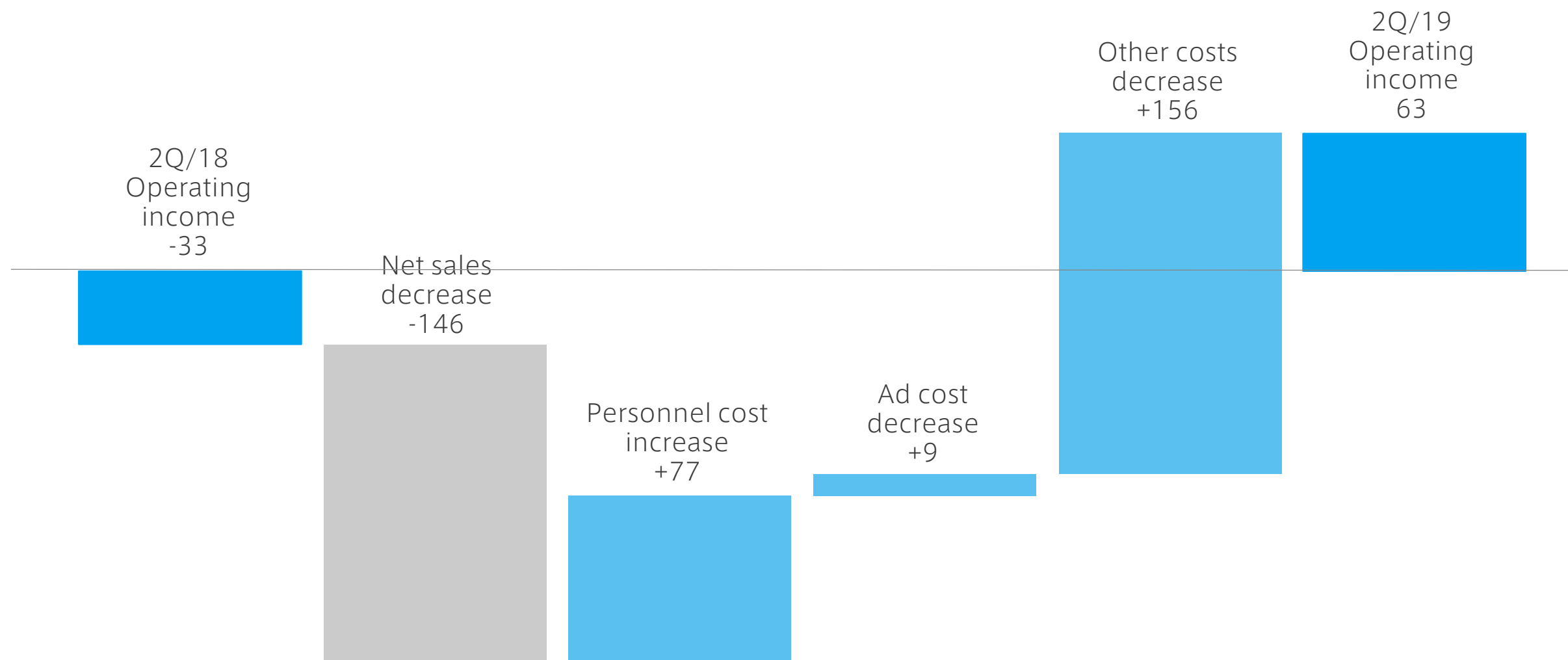
IESHIL improved accuracy of assessment engine to improve media value.



Operating Income -YoY Comparison

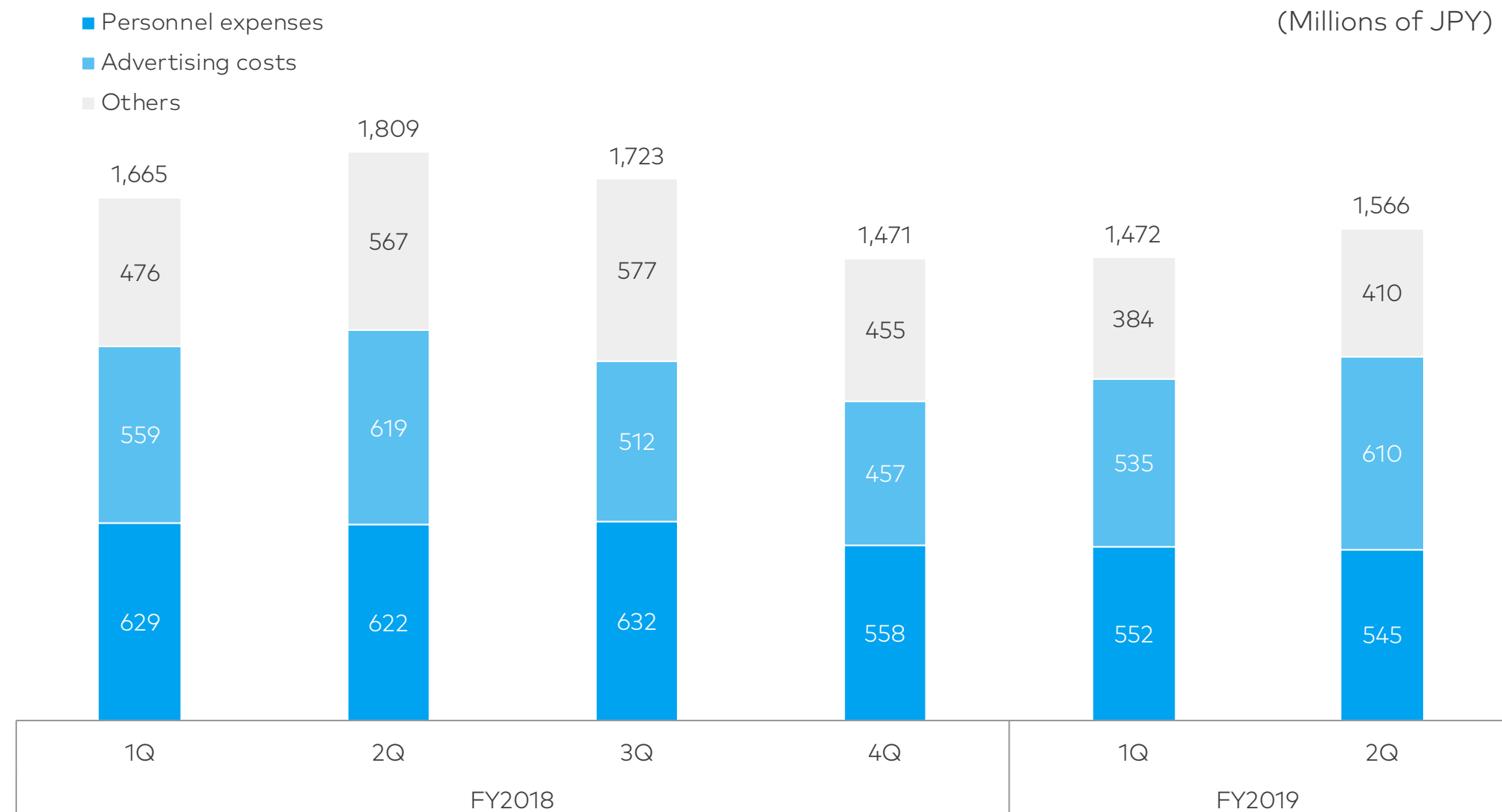
Net sales and related costs down due primarily to removal of subsidiary from scope of consolidation and shift in business policy of Tenshoku Kaigi.

(Millions of JPY)



Operating Expenses


Expenses decreased substantially with exclusion of subsidiary from scope of consolidation (-¥150 million) and decrease in Livesense Connect expenses (-¥55 million) in conjunction with shift in business policy of Tenshoku Kaigi.











2. Business Overview

Machbaito: Improvement of User Experience

- ✓ Took 1st place overall among part-time job information sites in 2019 Oricon Customer Satisfaction® rankings.
- ✓ First in four out of five categories with monetary gifts (Mach Bonus) being rated highly. Improved user experience, one of the priority goals.



第1位
オリコン
顧客満足度
アルバイト情報サイト
2019

Ranking by Item		User Feedback (excerpts)
Ease of registration		 I was very happy when I received 10,000 yen from Machbaito as a bonus after I was hired.
Volume and ease of understanding of information		
Ease of searches		 I was feeling nervous about going back to work after nearly 20 years of being a housewife, but the bonus gave me the push I needed to apply. I'm thankful for the result.
Search results		
Ease of use of site/app		 I was contacted right away, and it led to a job, so I'm happy.

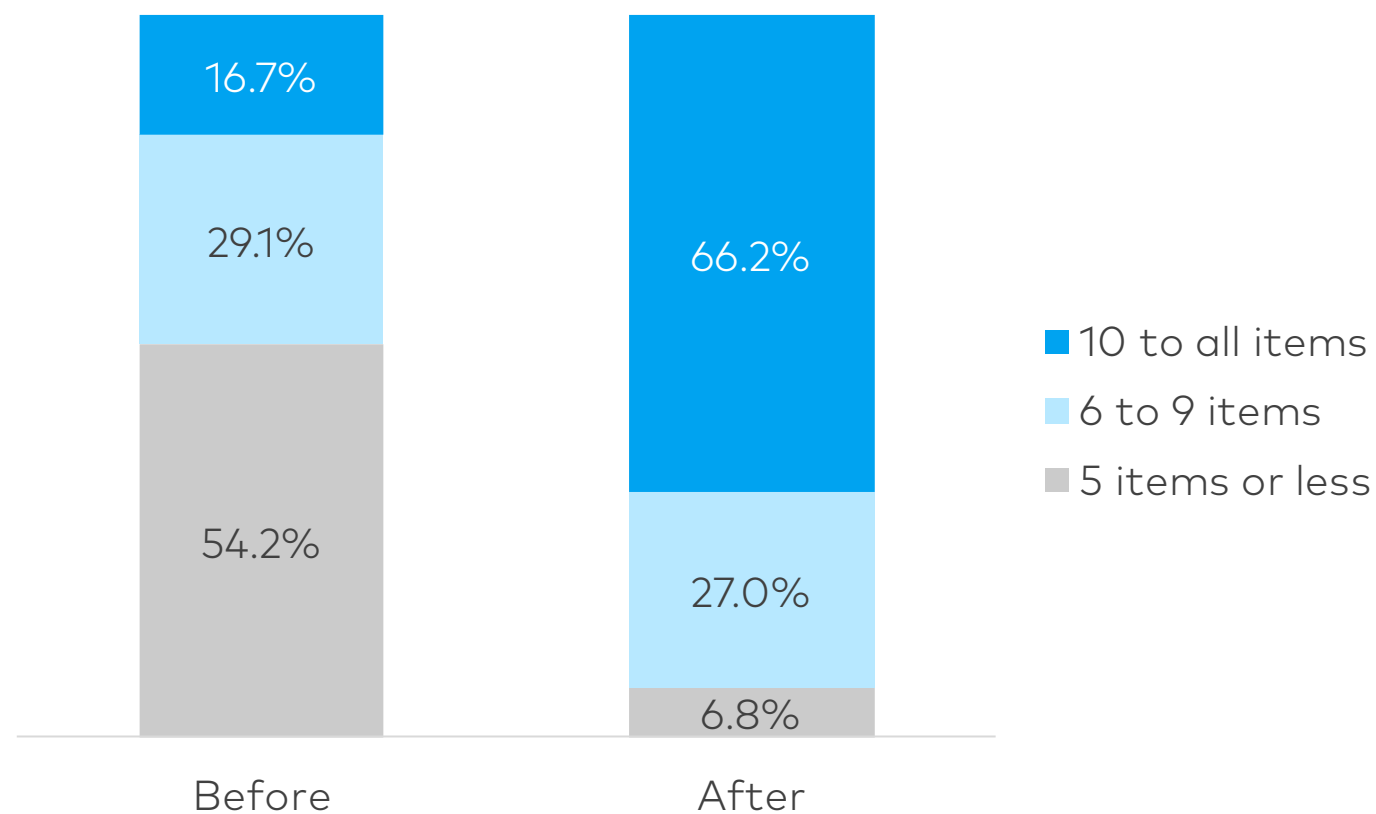
Source: 2019 Oricon Customer Satisfaction Survey - Part-time Job Information Site Rankings
<https://career.oricon.co.jp/rank-arbeit/company/j-sen/>

Tenshoku Kaigi: Improved Media Value

Updated corporate database and improved completeness and accuracy of information.

Work on enhancing various information necessary for changing careers, including not just qualitative information from reviews but also official information from companies and quantitative information.

Holding of Corporate Information on Major Companies

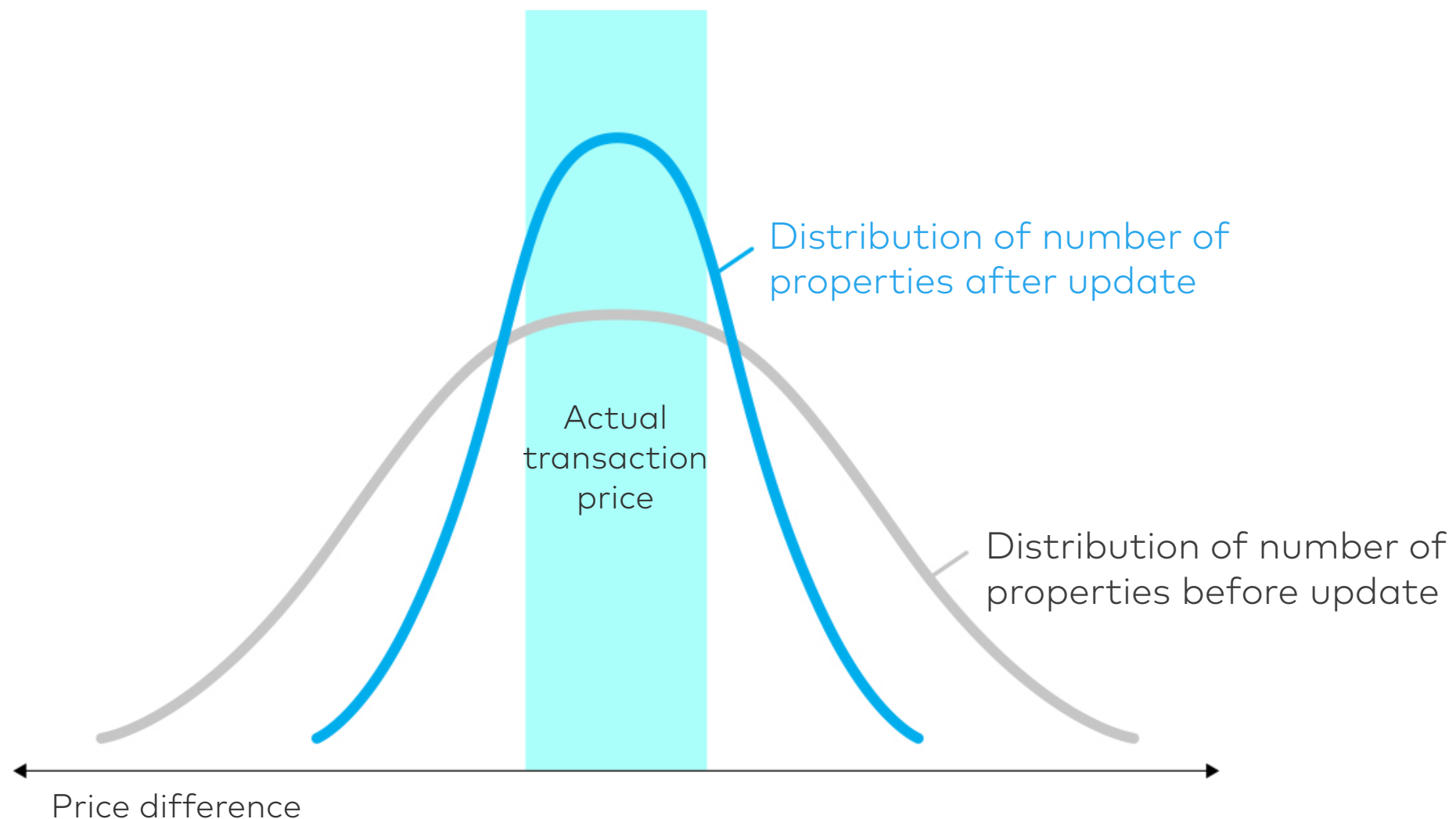


*Comparing data held in company overview section for companies in top 50% in terms of number of visits on Tenshoku Kaigi

Improved Accuracy of Price Assessment Engine

- Substantially improved price assessment engine for calculating condominium prices by room.
- New algorithm using machine learning improved accuracy of price assessments, a core competence of IESHIL.

Illustration of Assessment Accuracy



Business Strategy for FY2019 and Progress

Human Resources	<ul style="list-style-type: none"> • Machbaito 	<ul style="list-style-type: none"> • Ongoing promotions to increase name recognition. In addition to service names, promoted Mach Bonus and other user value • Favorable number of iOS app installations. Continue to promote use
	<ul style="list-style-type: none"> • Tenshoku Kaigi 	<ul style="list-style-type: none"> • Shifted orientation from short-term business expansion through sales to medium-term, sustainable expansion through improved media value • Implemented media improvements, including site UI/UX improvements and enhancement of information
	<ul style="list-style-type: none"> • Tenshoku Navi 	<ul style="list-style-type: none"> • Promoted optimization of media marketing using machine learning
	<ul style="list-style-type: none"> • Syukatsu Kaigi 	<ul style="list-style-type: none"> • Expanded functions aiming for site that allows gathering of information on employment support and searching/applying with companies that match personal preferences • Released iOS app to promote use by users
	<ul style="list-style-type: none"> • Tenshoku Draft 	<ul style="list-style-type: none"> • Increased number of times Tenshoku Draft and Designer Draft held to increase career change opportunities for users
Real Estate Information	<ul style="list-style-type: none"> • DOOR Chintai • IESHIL 	<ul style="list-style-type: none"> • Increased DOOR Chintai income by aggressively investing in web advertising during particularly busy seasons • Promoted improvement of IESHIL site value by expanding data and content. Began providing information on daycare centers and improved accuracy of price assessment engine • With PHIL LIFE, use of face-to-face advisor services increased

3. Policy for 2H

| Policy: No changes

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.

- Continue to focus on improving media value
 - Achieve medium-term, sustainable expansion by improving Tenshoku Kaigi user experience and media value
 - Promote use through Machbaito name recognition and highlighting of user value
- Improve earnings structure and develop new businesses for future growth
 - Improve profitability by improving media value and enhancing advertising and natural inflow, etc.
 - Accelerate development of new businesses to establish growth businesses of the future
- 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

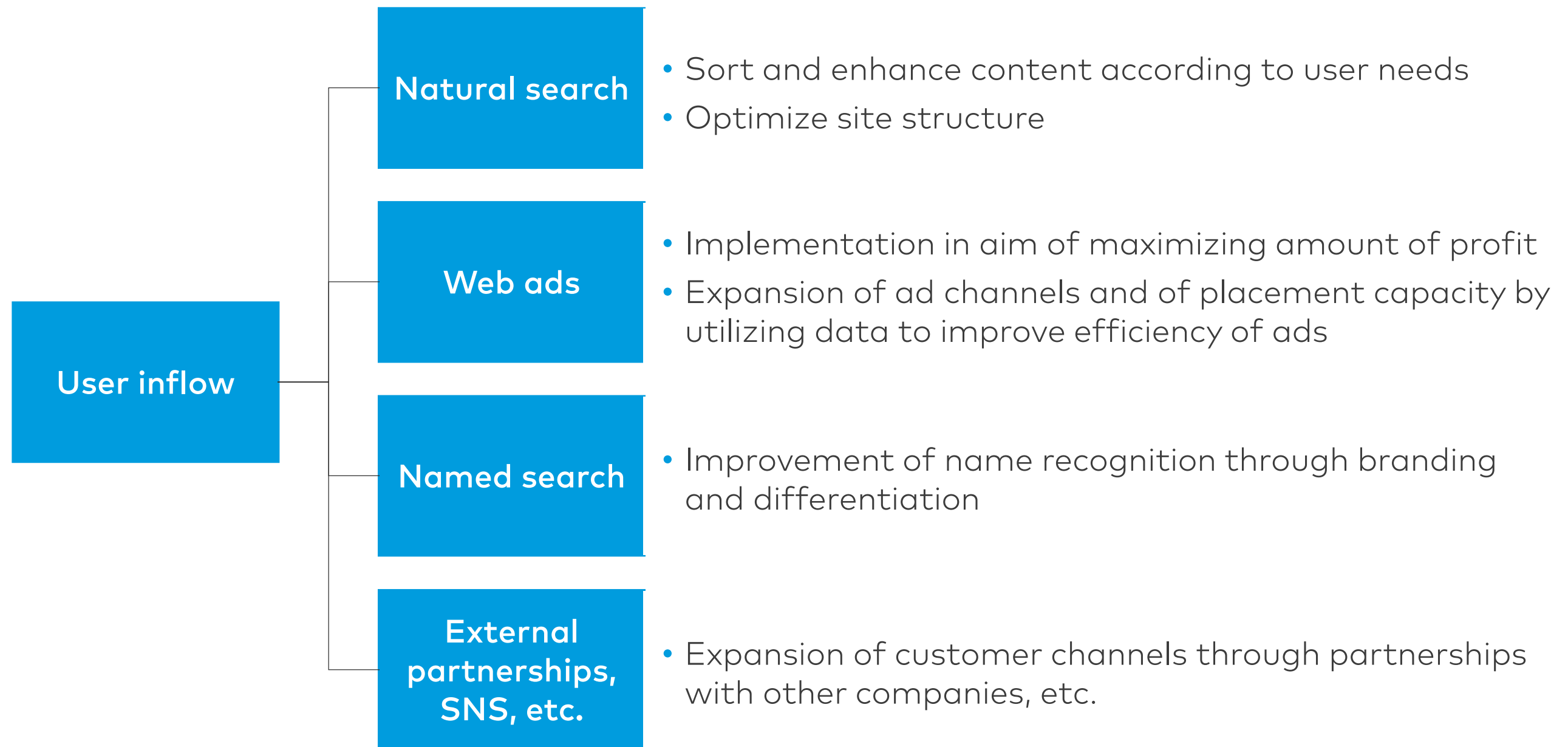
Policy for 2H: Machbaito

- Continue promotions aimed at drawing attention to site name and monetary gifts (Mach Bonus) of high value to users.
- Create video ads using new mascots and start running them on YouTube, etc.



Policy for 2H: Improve Profitability by Expanding Inflow

Strengthen user foundation by expanding inflow and work on improving profitability.



Full-Year Financial Forecast for Year Ending December 31, 2019

Sales will increase and income will decrease in real terms excluding impact of removing E-commerce business from scope of consolidation. Machbaito is expected to grow, and operating expenses are expected to decrease, but operating income is expected to decrease, due primarily to decrease in Tenshoku Navi sales and spending on promotions.

(Millions of JPY)

	FY2018	FY2019	YoY
Net Sales	6,791	6500	▲4.3%
(reference) Except for waja	6,375		+2.0%
Operating Income	122	150	+22.6%
(reference) Except for waja	180		▲17.0%



LIVESENSE

あたりまえを、発明しよう。

3. Appendix

3. Appendix

Corporate Profile

Corporate Profile

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: 289 (as of June 30, 2019)
Consolidated Subsidiaries	LIVESENSE CONNECT Inc. / PHIL LIFE Inc.

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

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.

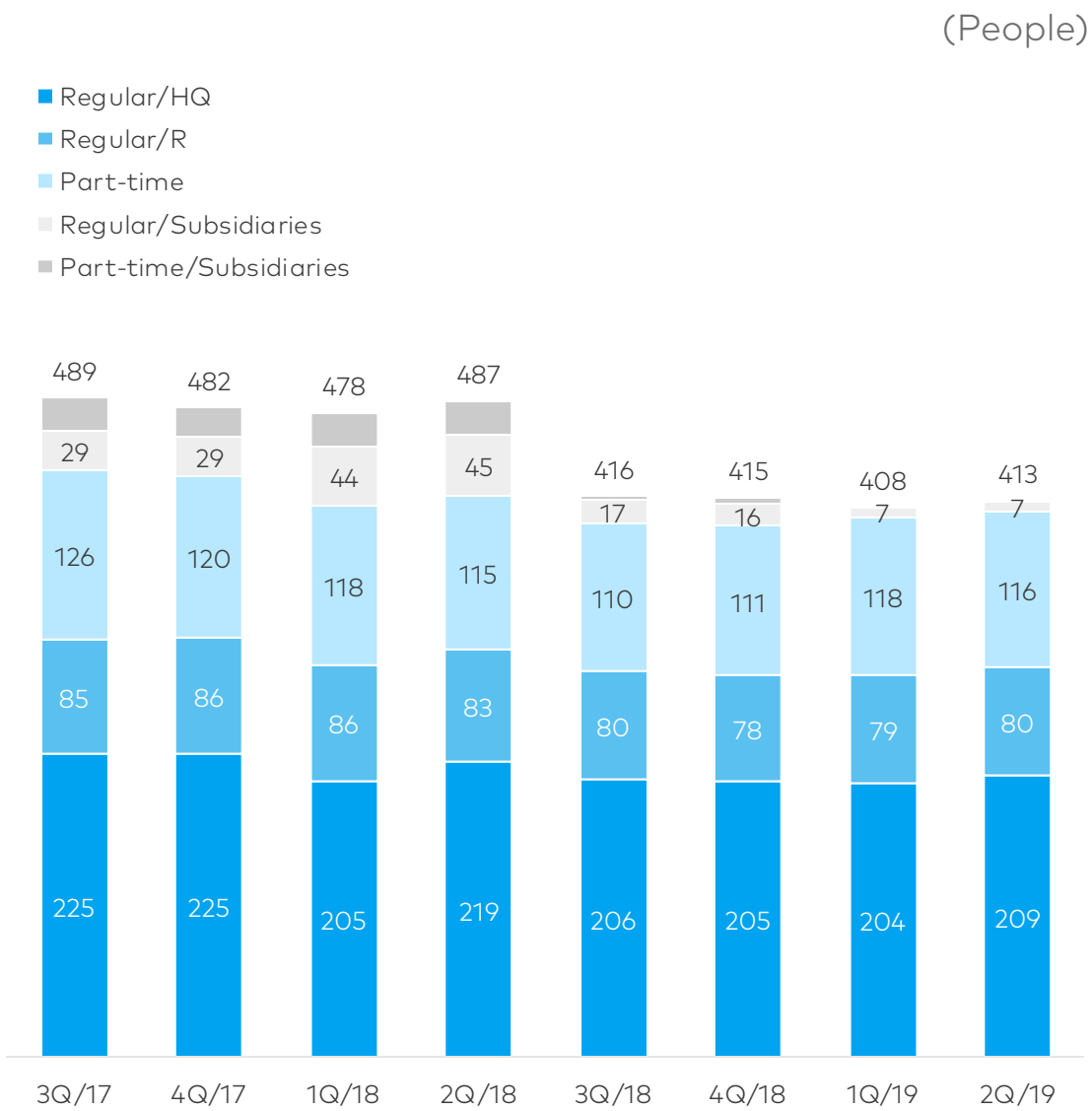


Through this effort, we will permeate society with new services and new ways of thinking and changing the way the world exists.

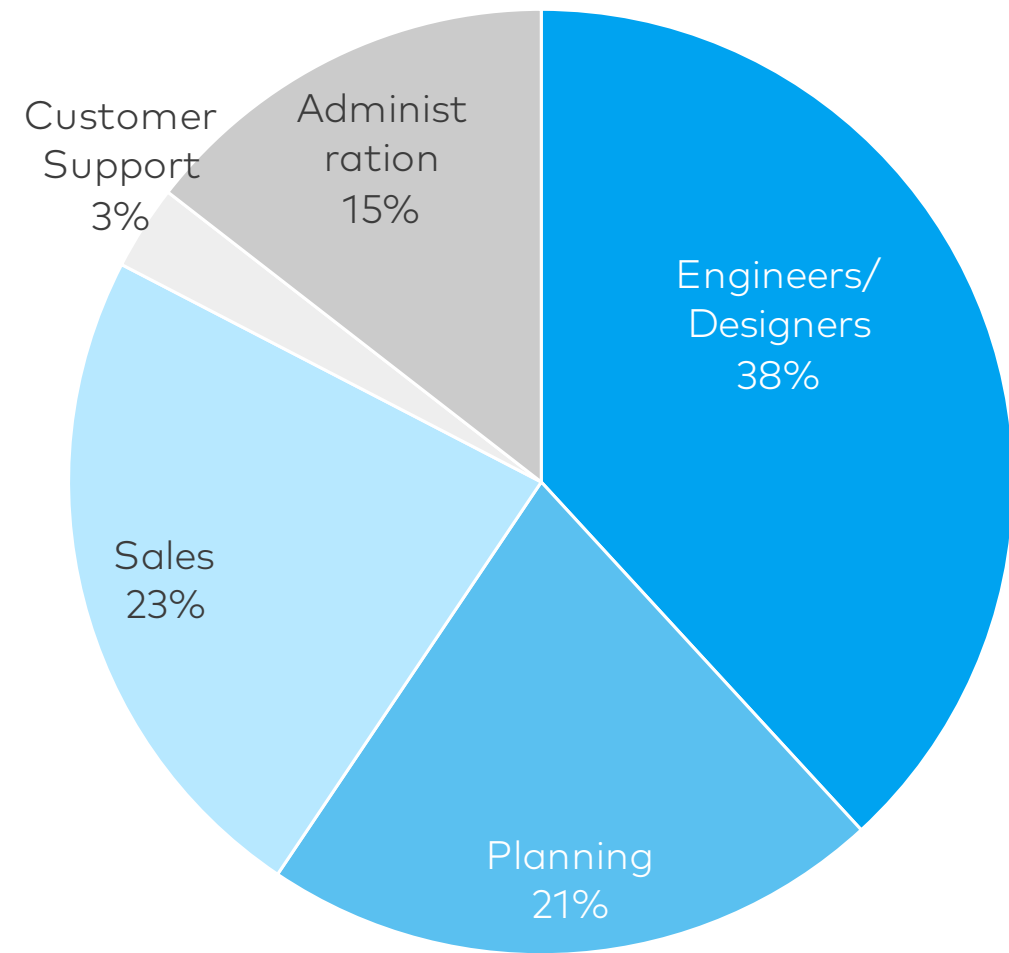
Segments and Core Media

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
Others		Chiryote Note: Medical information site

No. of Employees (Consolidated)



Breakdown of Full-time Employees



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

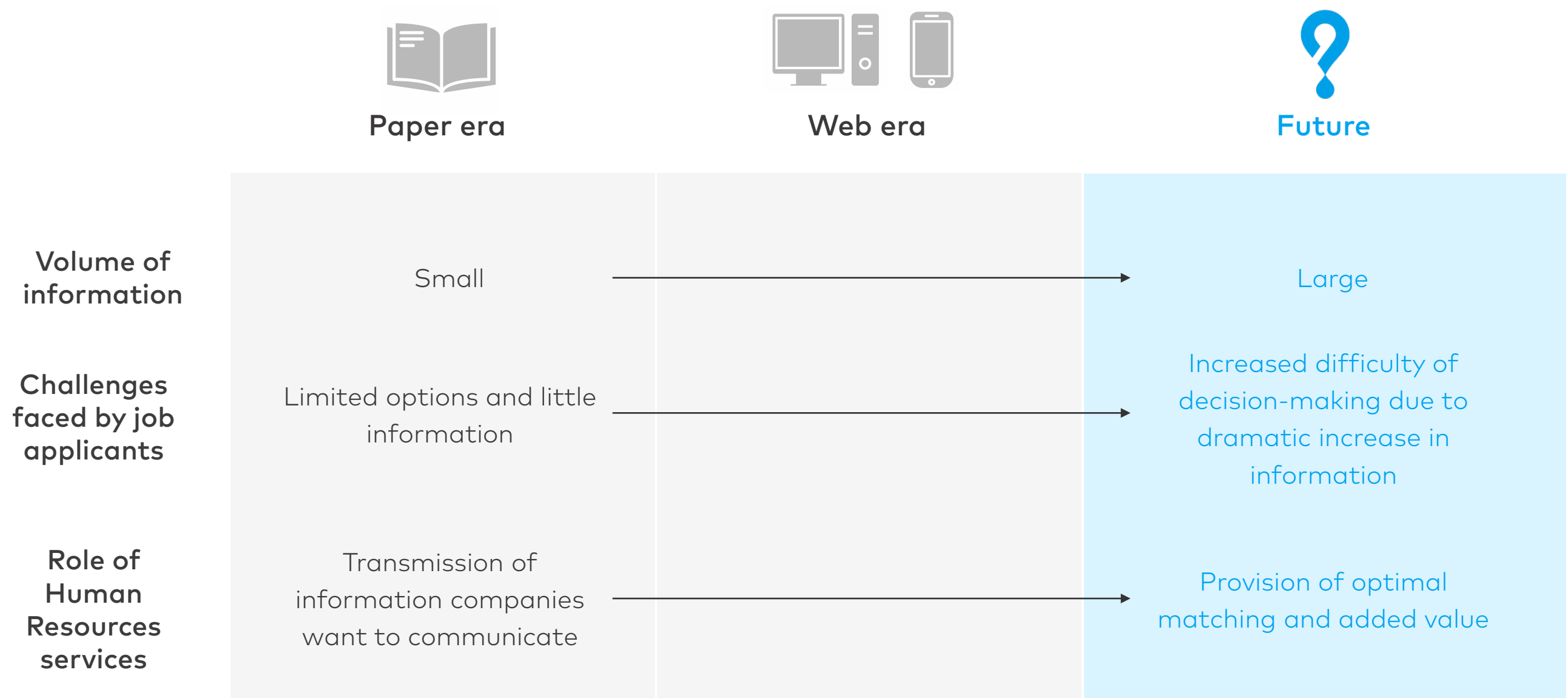
*Local full-time employees primarily in charge of customer support and sales

3. Appendix

Our Strategy

Changes in Market for Human Resources Information Services

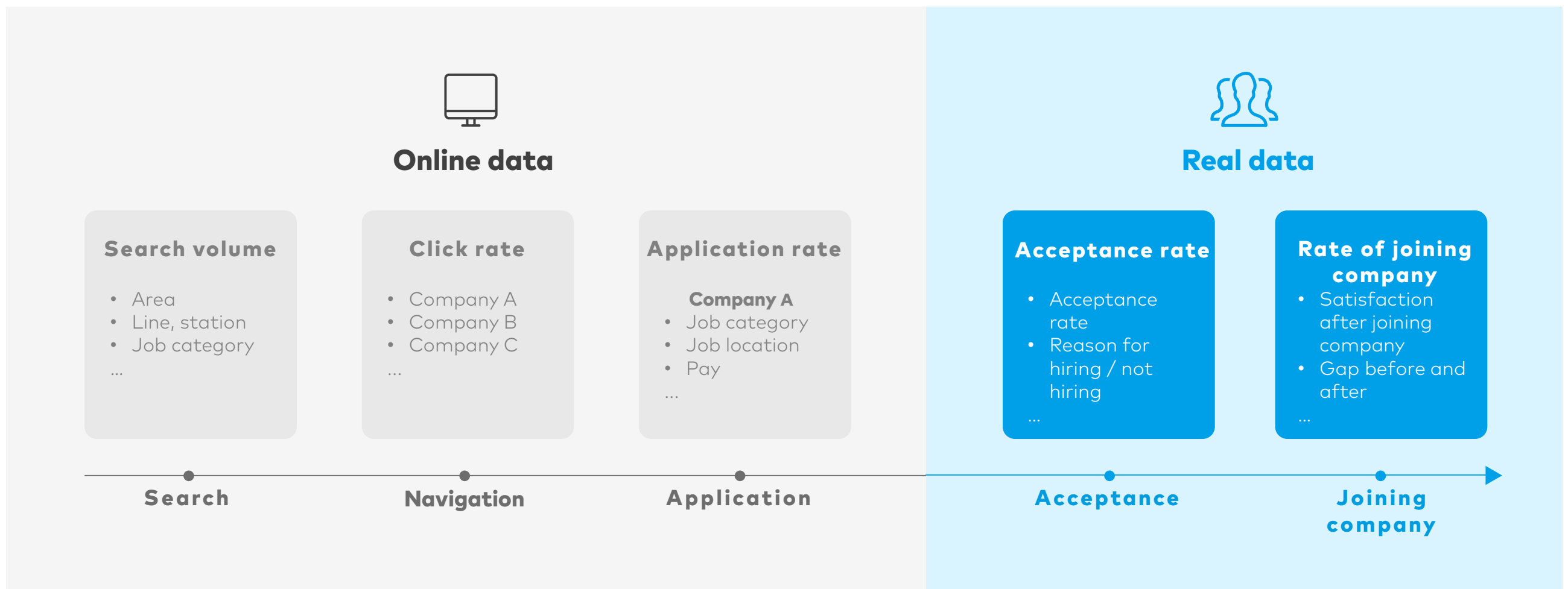
- Volume of information has increased dramatically, and new players continue to enter market, including search engines.
- Value of Human Resources service shifting from transmission of information to provision of optimal matching and added value.



Our Strategy : Real Data Engineering

Data associated with provision of intrinsic service value and not available online is called "real data."

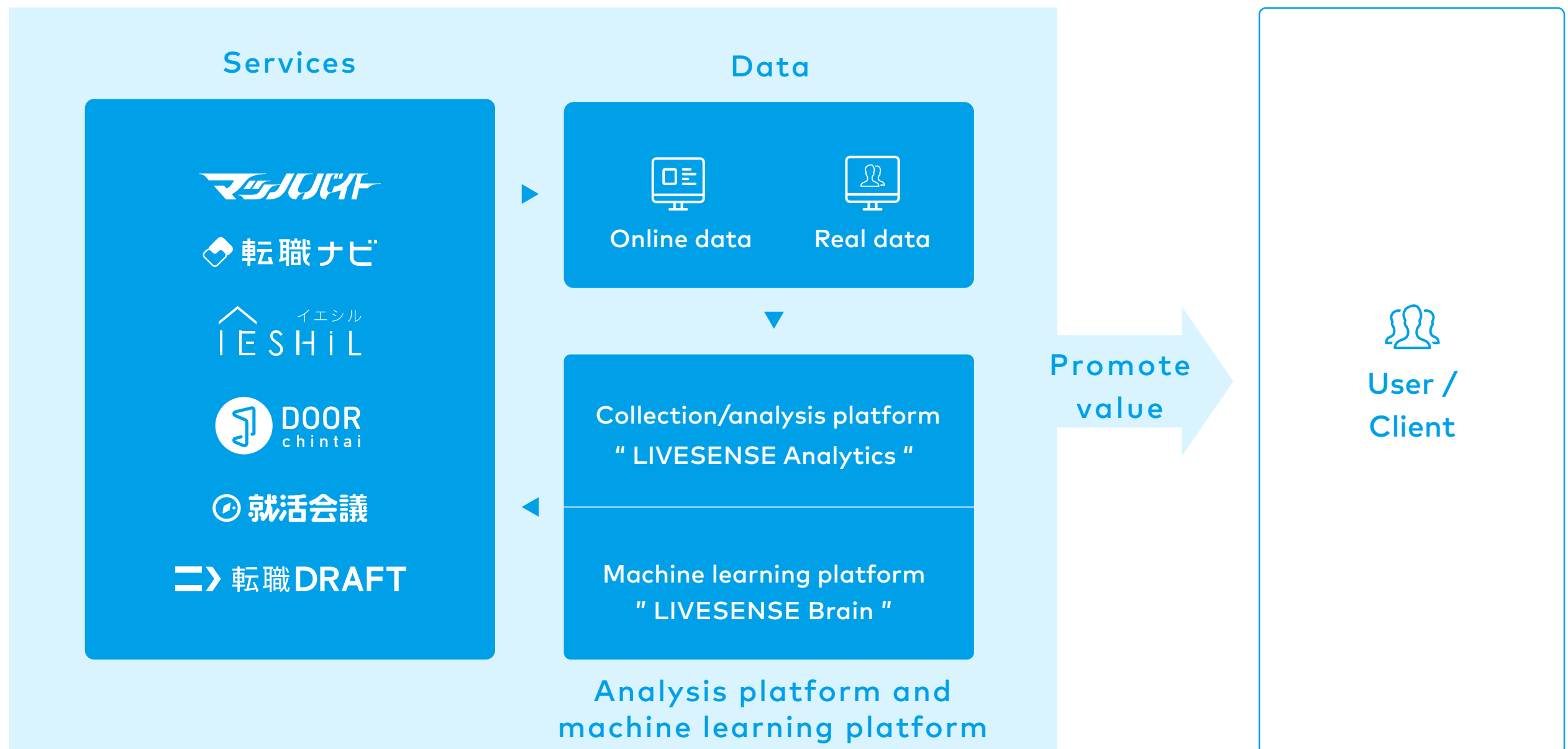
Services designed based on value and "real data."



- 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"

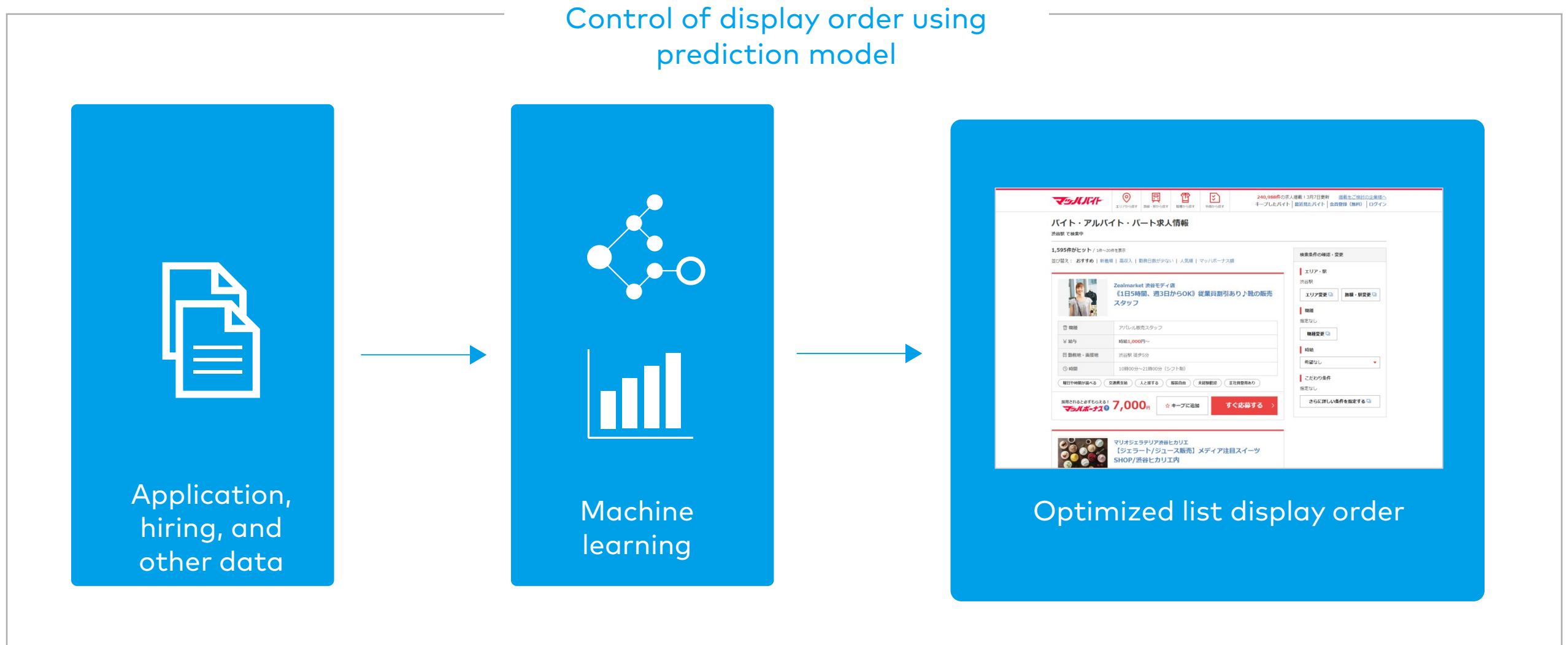
Our Strategy : Real Data Engineering

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



Examples of Service Improvements with Utilization of Data

- Changed logic of display order on site using prediction model for application rate, hiring rate, etc.
- Job openings closer to the user's preferences with a greater chance of success are displayed first, resulting in improved user experience and profitability.





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.