

# FY2019 Financial Results

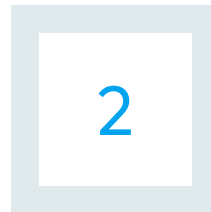
Livesense Inc. (TSE1: 6054)

February 14, 2020

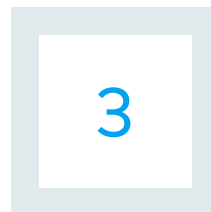
# Agenda



Financial Results



Business Overview



FY2020 Policy



Appendix

# 1. Financial Results

# Full Year Executive Summary

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

Sales down due to lower number of hires in HR Information Media business.

Extraordinary income recorded due to restructuring of business portfolio.

● Net sales	¥6,189 million	( YoY	-¥602 million	-8.9% )
● Operating income	-¥5 million	( YoY	-¥128 million	-% )
● Profit attributable to owners of parent	¥1,233 million	( YoY	+¥964 million	338% )

Machbaito growth resulted in highest-ever sales.

Sales down in both Tenshoku Navi and Tenshoku Kaigi due to lower number of hires and review of new sales, respectively.

- Machbaito sales increased, owing primarily to expansion of ad placements, maintaining advertising efficiency. App also received favorably
- Tenshoku Kaigi sales down due to review of new sales of Tenshoku Kaigi BUSINESS  
Progress made on media improvements for medium-to-long-term growth, including updating the corporate database and improving content
- Tenshoku Navi sales down due primarily to decrease in number of applications in conjunction with adjustment of ad placements and reduced hiring by some customers

Progress made on restructuring of business portfolio

- DOOR Chintai business transferred on December 1, 2019 and cash and human resources secured for business growth
- Business model other than those with a business model based on customer attraction via search traffic established as new investment area
- Efforts to optimize business portfolio to be accelerated in FY2020

# Full Year Financial Results Overview

(Millions of JPY)

	FY2018	FY2019	YoY
Net Sales	6,791	6,189	▲8.9%
Operating Income	122	▲ 5	—
Operating Margin(%)	1.8%	—	—
Ordinary Income	261	94	▲63.9%
Profit attributable to owners of parent	285	1,250	+338.3%

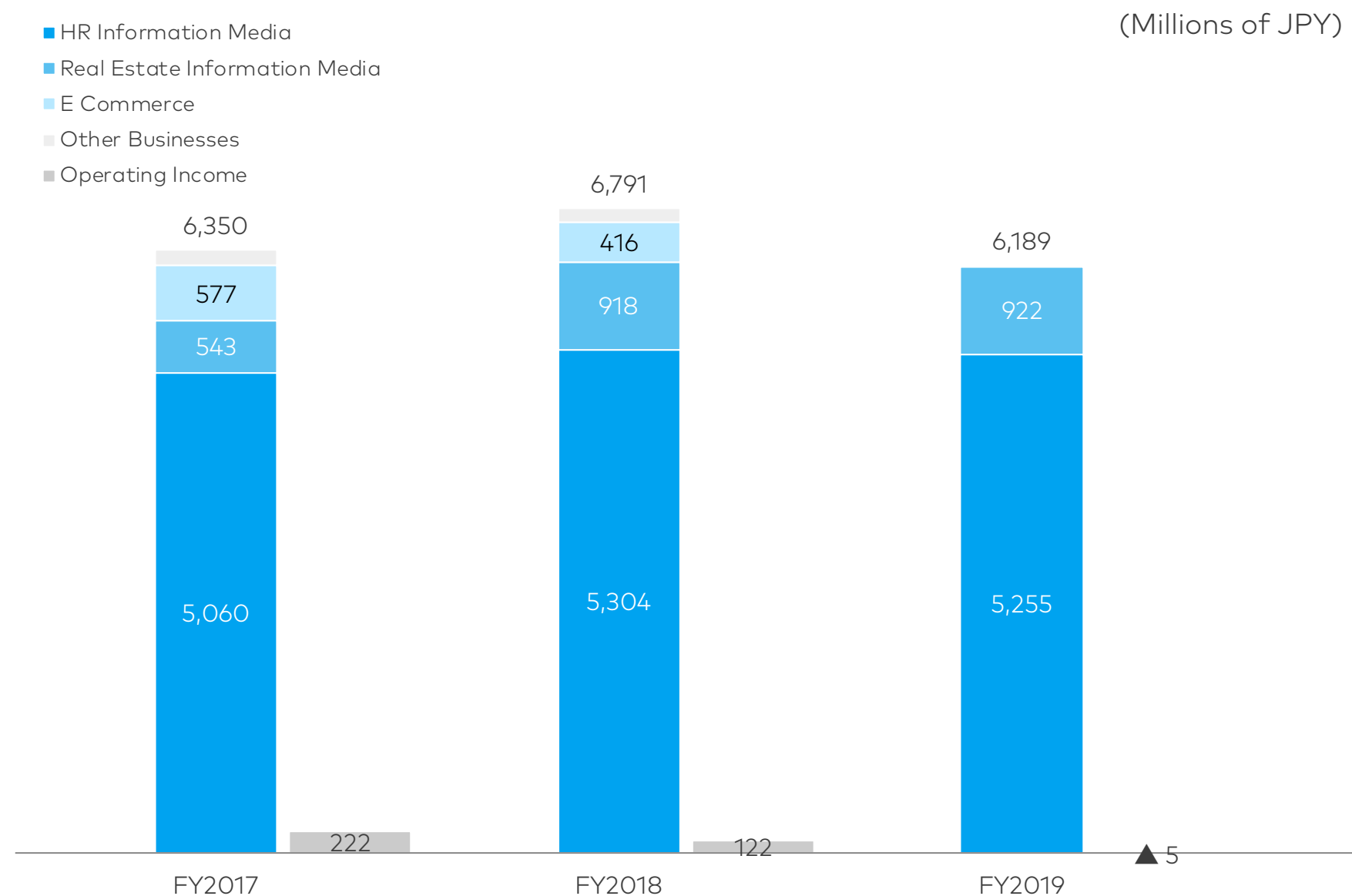
(Reference)

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

	FY2018	FY2019	YoY
Net Sales (Except for waja)	6,375	6,189	▲2.9%
Operating Income (Except for waja)	180	▲ 5	—

# Full Year Net Sales and Operating Income

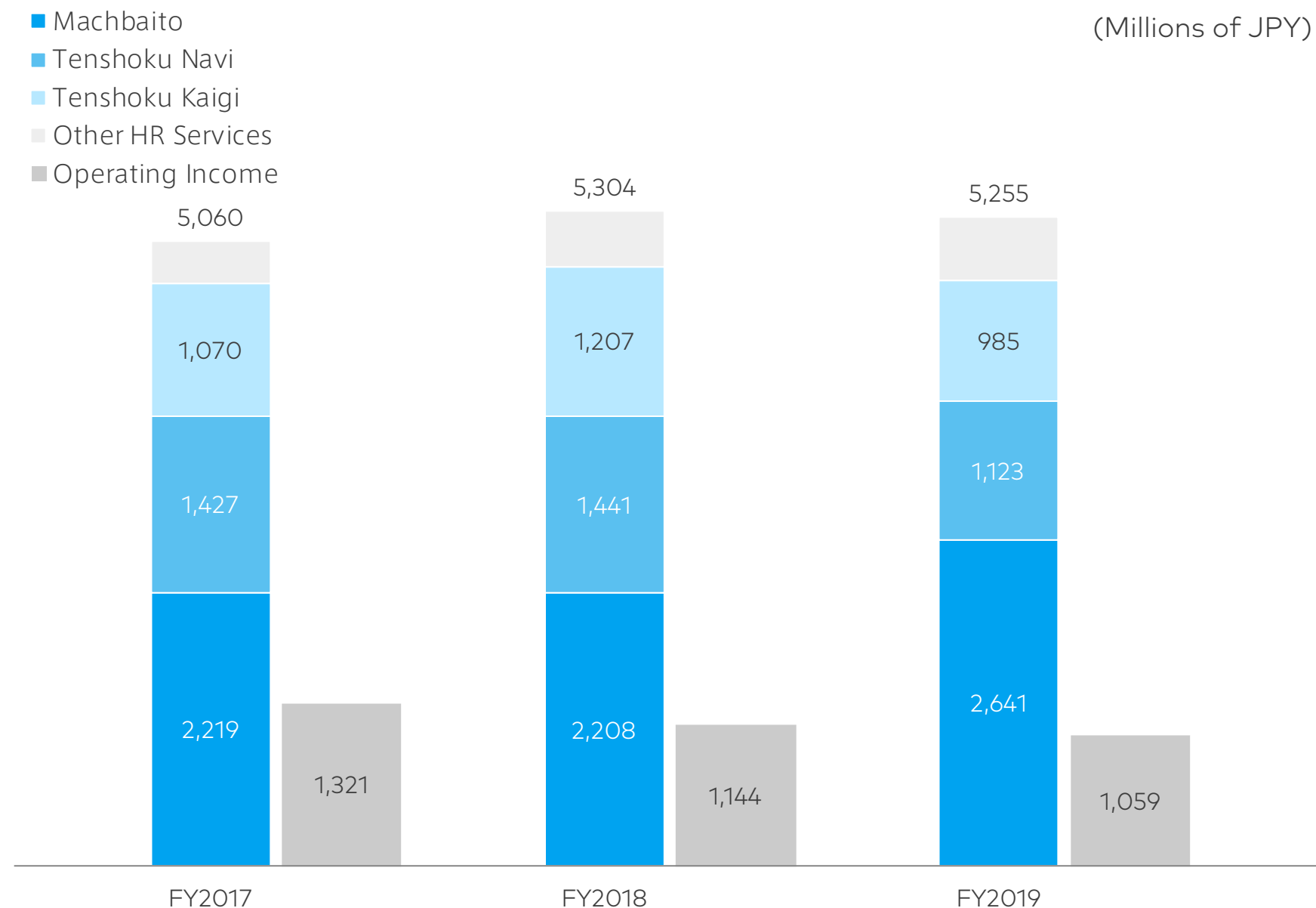
- Sales down in recruiting segment but up in real estate segment.
- Consolidated net sales down 8.9% YoY (2.9 % excluding impact of waja sale).
- Consolidated operating income down ¥128 million YoY (¥186 million excluding impact of waja sale) due mainly to Tenshoku Navi's lower number of hires and transfer of DOOR Chintai business during the period.



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

Machbaito and Syukatsu Kaigi sales up, but Tenshoku Navi sales down substantially.

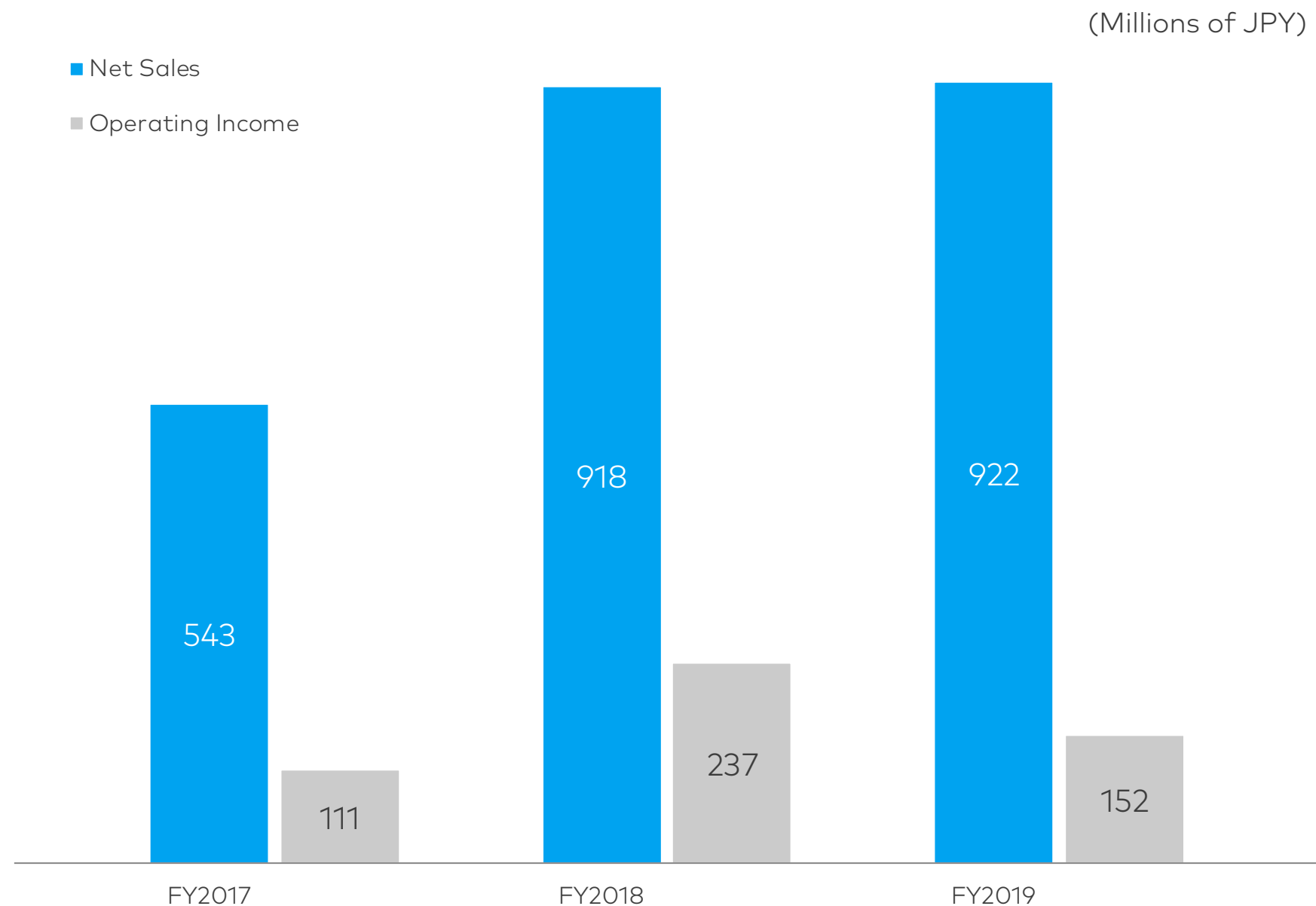
Decline in sales from review of new sales of Tenshoku Kaigi's Tenshoku Kaigi BUSINESS was mostly as expected. Sales remained mostly flat YoY excluding this product.



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

Income down primarily as result of DOOR Chintai sales not being recorded in December due to business transfer and aggressive investment in web advertising.

Progress made on efforts to improve IESHIL site value, including posting information on daycare centers and increasing assessment accuracy by upgrading price assessment engine.

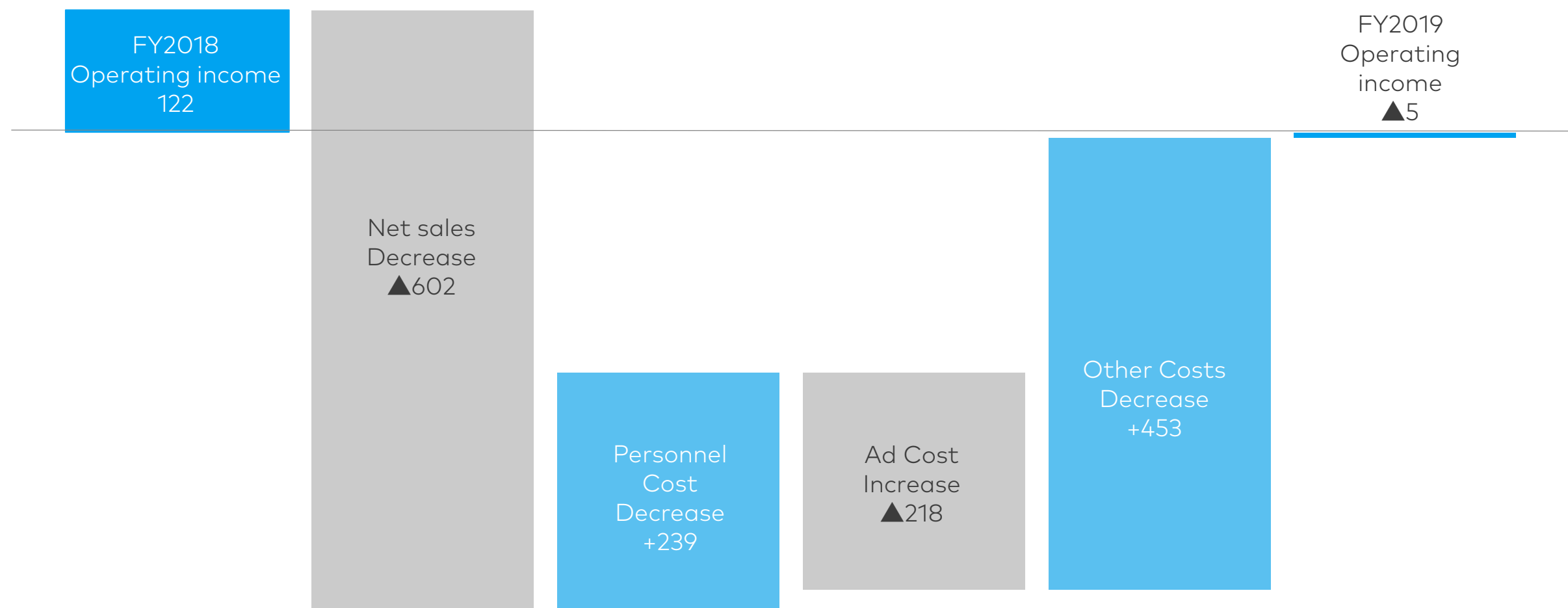




# Full Year Operating Income - YoY Comparison

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

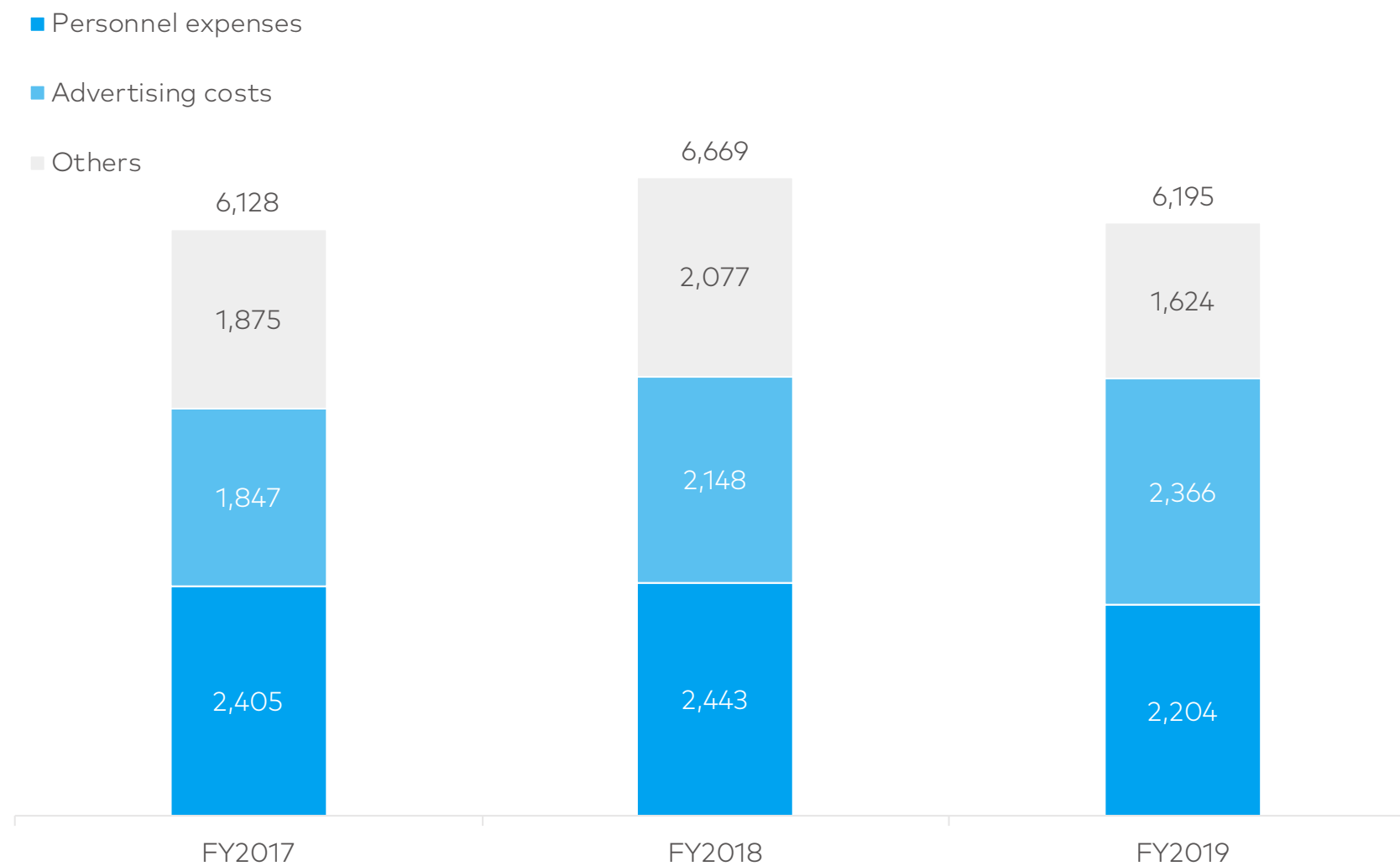
(Millions of JPY)



# Full Year Operating Expenses

- Personnel expenses and other costs were down ¥443 million with removal of subsidiary from scope of consolidation.
- Advertising costs increased ¥218 million due to aggressive investment in web advertising and promotions.

(Millions of JPY)



## **2. Business Overview**

## 2. Business Overview

FY2019 Summary




## | FY2019 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 improving media value in key businesses and on business selection and concentration.

Still, initial target level of performance not reached, so optimization of business portfolio and improvement of earnings structure remain as issues.

	Improvement of media value	<ul style="list-style-type: none"><li>Name recognition improved through promotions and site improvements made to improve user convenience</li></ul>
	Earnings structure reform and new business development for future growth	<ul style="list-style-type: none"><li>Progress made on business selection and concentration, but establishment of new growth businesses remains an issue</li></ul>
	Continue to invest in data serving as a foundation for growth	<ul style="list-style-type: none"><li>Optimize display order of job openings to improve user convenience and sales</li></ul>

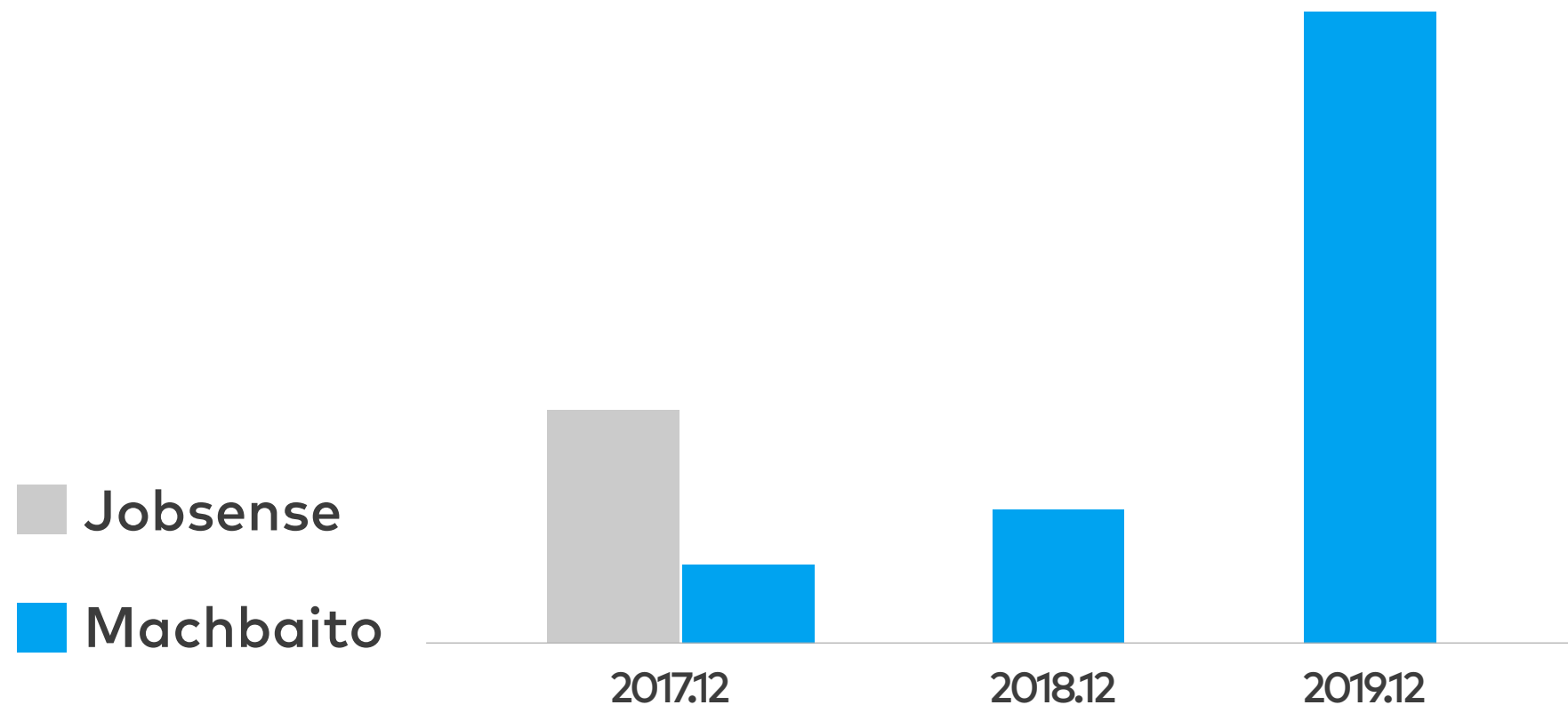
## 2. Business Overview

Looking Back by Business

# Machbaito: Increasing Name Recognition

- Rolled out promotion appealing to user value ("get 10,000 yen") via YouTube and other media.
- Name recognition improved as general part-time job posting site where you can get monetary gifts, primarily among young people.

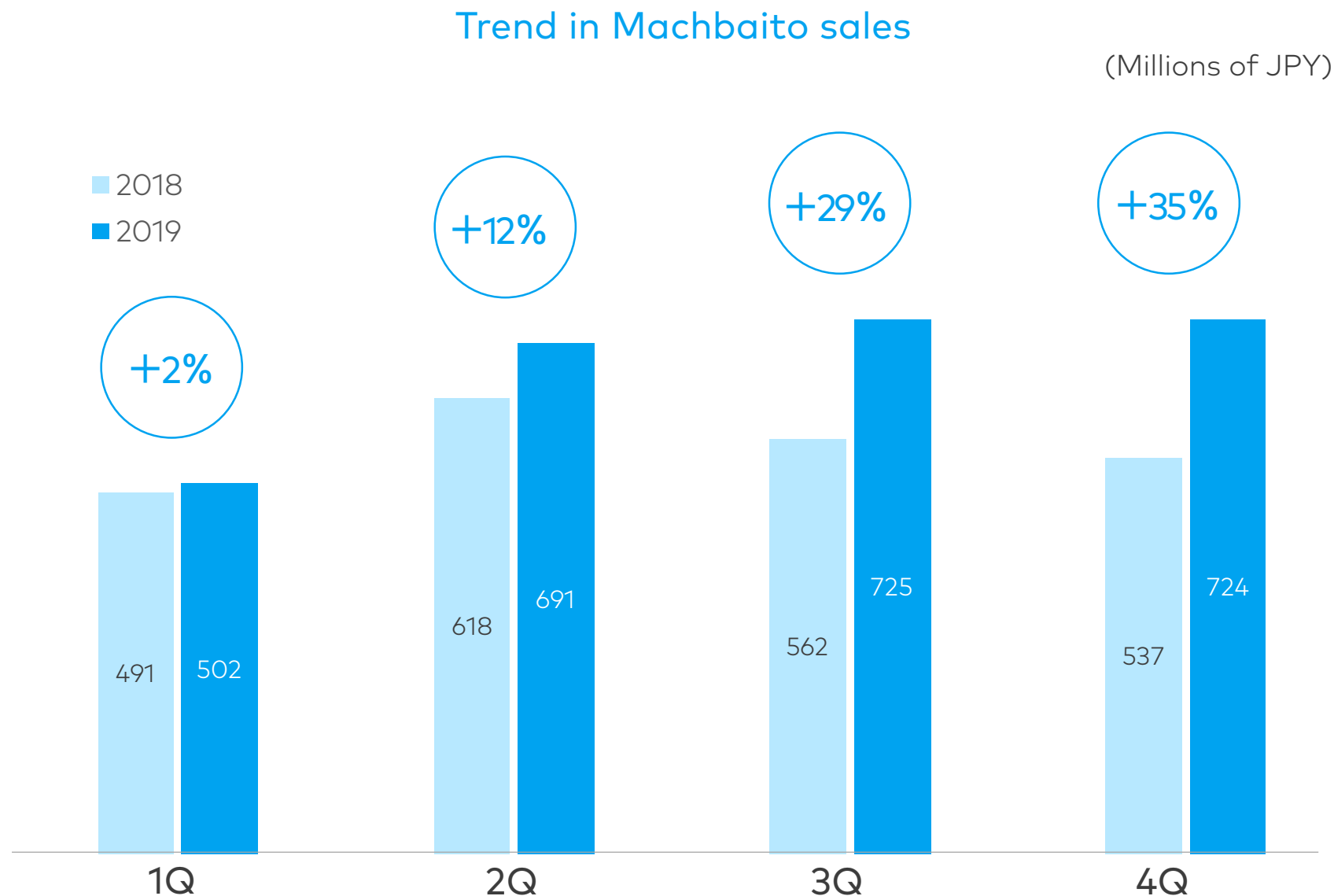
Trend in name recognition before and after service name change



\*Service name changed from "Jobsense" to "Machbaito" in September 2017

# Machbaito: Improving Earnings Structure

- Progress made on strengthening user inflow foundation by promoting expansion of customer attraction channels and optimization of ad placement.
- Rate of sales increase improved throughout the year, forming a growth trend.
- Income also improved.





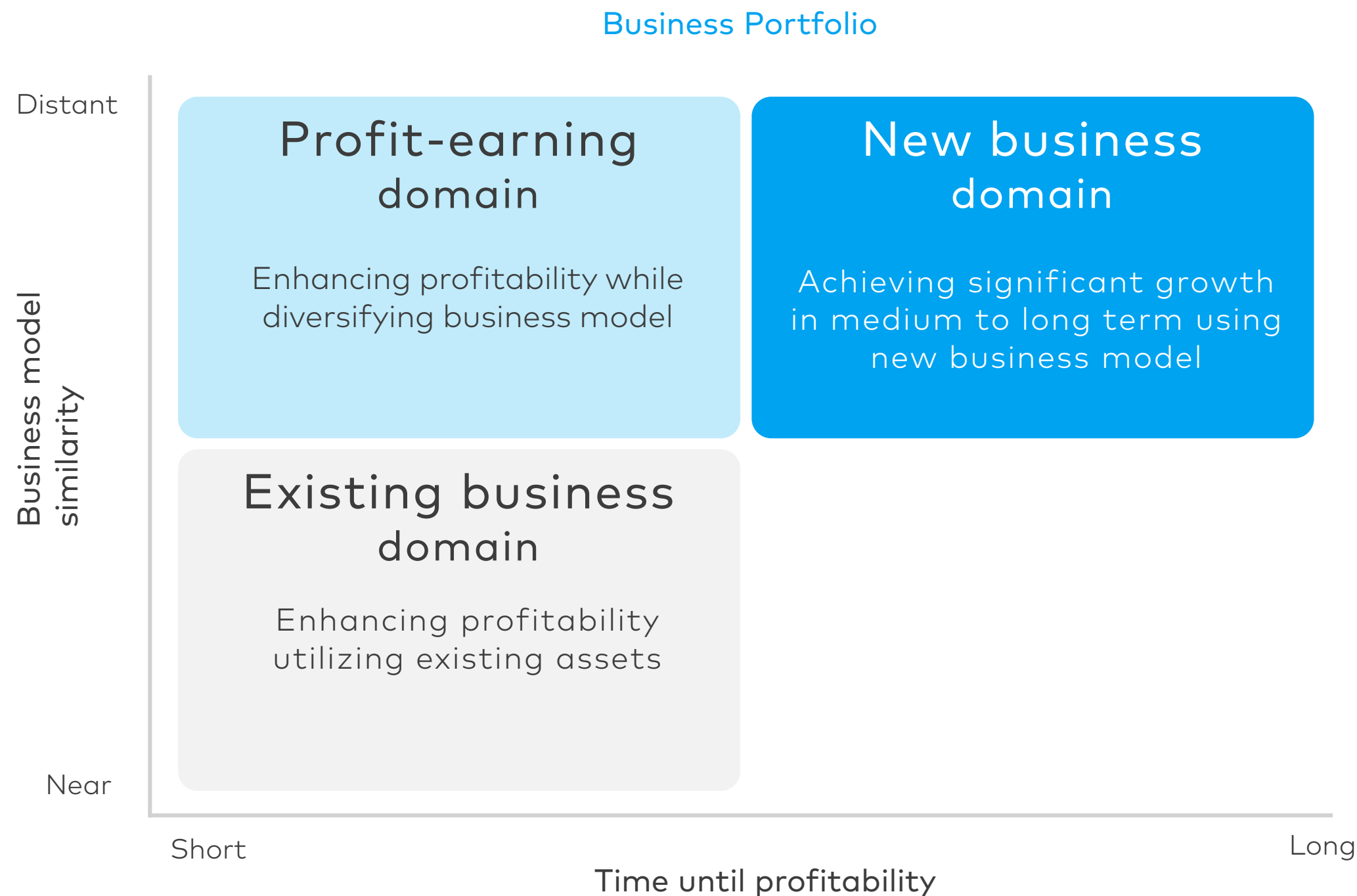
# Tenshoku Kaigi: Improving Media Value

Greatly improved quality and quantity of postings and user experience to improve media value. User navigation within site increased.

Improvement of information quality	<ul style="list-style-type: none"><li>Updated corporate database and improved completeness and accuracy of information</li></ul>
Increase in volume of information	<ul style="list-style-type: none"><li>Number of companies posting increased by around five times after upgrading corporate database</li><li>Posted reviews surpassed 3 million through ongoing improvements to posting form</li><li>Made company performance information available as new content</li></ul>
Improvement of user experience	<ul style="list-style-type: none"><li>Improved user experience by switching to SPA and increasing site speed</li></ul> <p>*SPA=Single Page Application</p>

# Optimizing Business Portfolio

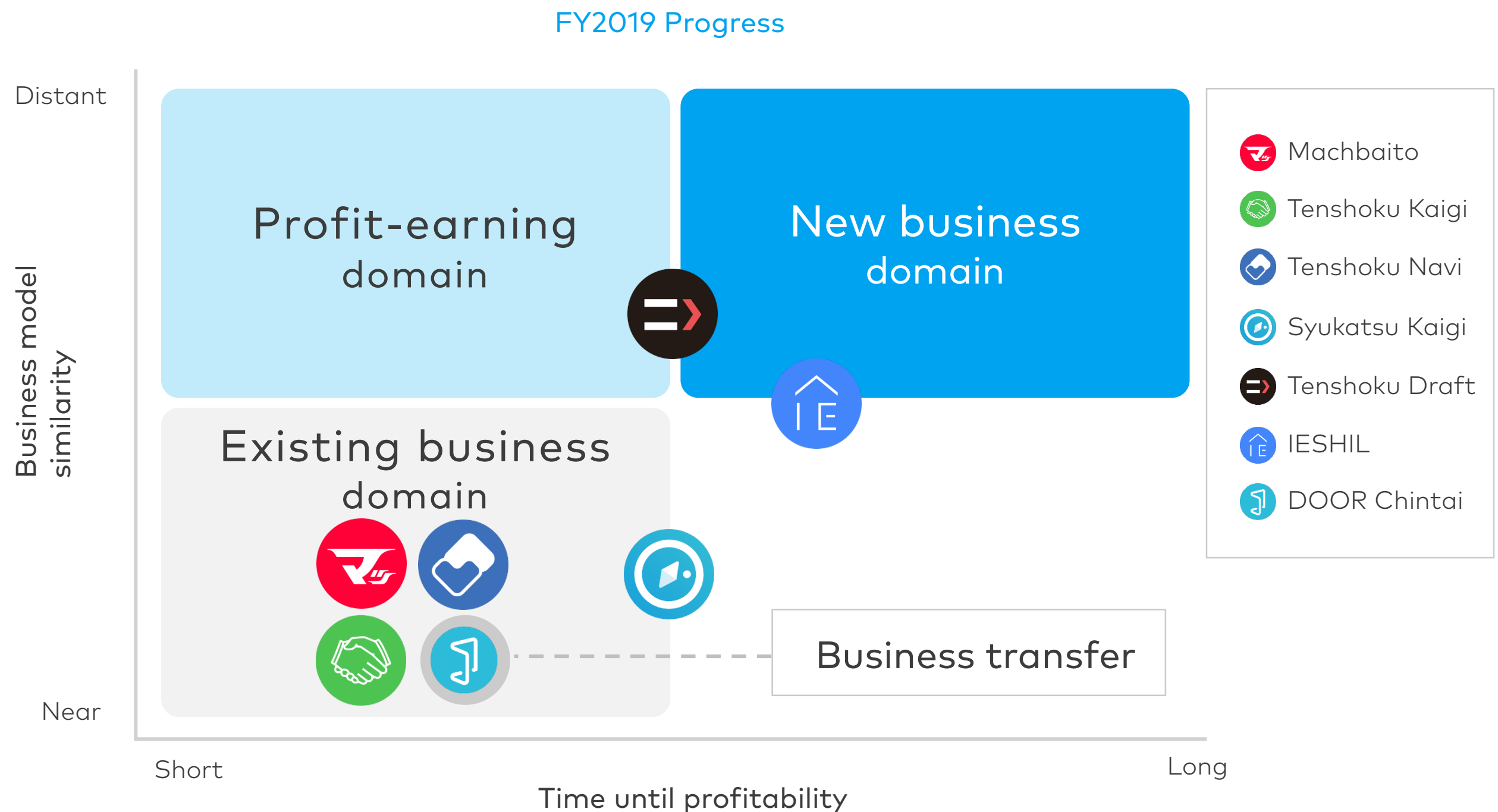
Business portfolio defined on two axes: Similarity to business model based on customer attraction via search traffic and time until profitability.



# Optimizing Business Portfolio

In existing business domains, Machbaito grew while DOOR Chintai business was transferred.

More cash and human resources were secured for business growth.



# Business Strategy for FY2019 and Progress

Human Resources	<ul style="list-style-type: none"> <li>· Machbaito</li> </ul>	<ul style="list-style-type: none"> <li>• Increased name recognition with promotions appealing to Mach Bonus and other user value</li> <li>• Sales up, owing to expansion of ad placements, maintaining advertising efficiency</li> </ul>
	<ul style="list-style-type: none"> <li>· Tenshoku Kaigi</li> </ul>	<ul style="list-style-type: none"> <li>• Shifted orientation from short-term business expansion through sales to medium-term, sustainable expansion through improved media value</li> <li>• Made progress on measures such as expanding posting information and content, and navigation increased</li> </ul>
	<ul style="list-style-type: none"> <li>· Tenshoku Navi</li> </ul>	<ul style="list-style-type: none"> <li>• Promoted optimization of media marketing using machine learning</li> <li>• Adjustment of ad placements resulted in lower number of hires and decrease in sales</li> </ul>
	<ul style="list-style-type: none"> <li>· Syukatsu Kaigi</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded functions aiming for site that allows gathering of information on employment support and searching/applying with companies that match personal preferences</li> </ul>
	<ul style="list-style-type: none"> <li>· TenshokuDraft</li> </ul>	<ul style="list-style-type: none"> <li>• Increased number of times Tenshoku Draft and Designer Draft held to increase career change opportunities for users</li> </ul>
Real Estate Information	<ul style="list-style-type: none"> <li>· DOOR Chintai</li> <li>· IESHIL</li> </ul>	<ul style="list-style-type: none"> <li>• DOOR Chintai business transferred on December 1, 2019</li> <li>• Promoted improvement of IESHIL site value by expanding data and content. Began providing information on daycare centers and improved accuracy of price assessment engine</li> <li>• With PHIL LIFE, use of face-to-face advisor services increased</li> </ul>

## **3. FY2020 Policy**

## | Policy:

Accelerate optimization of business portfolio to pursue our corporate vision "Invent the next common."

- **Enhance profitability of existing businesses**

- Achieve level of income that makes ongoing business investments possible.
- This year, continued growth of Machbaito and recovery of Tenshoku Navi are expected. Also consider M&A if opportunities arise (not included in this year's forecast)

- **Launch new businesses**

- Aim to launch several new businesses within next two years through proprietary development or M&A.

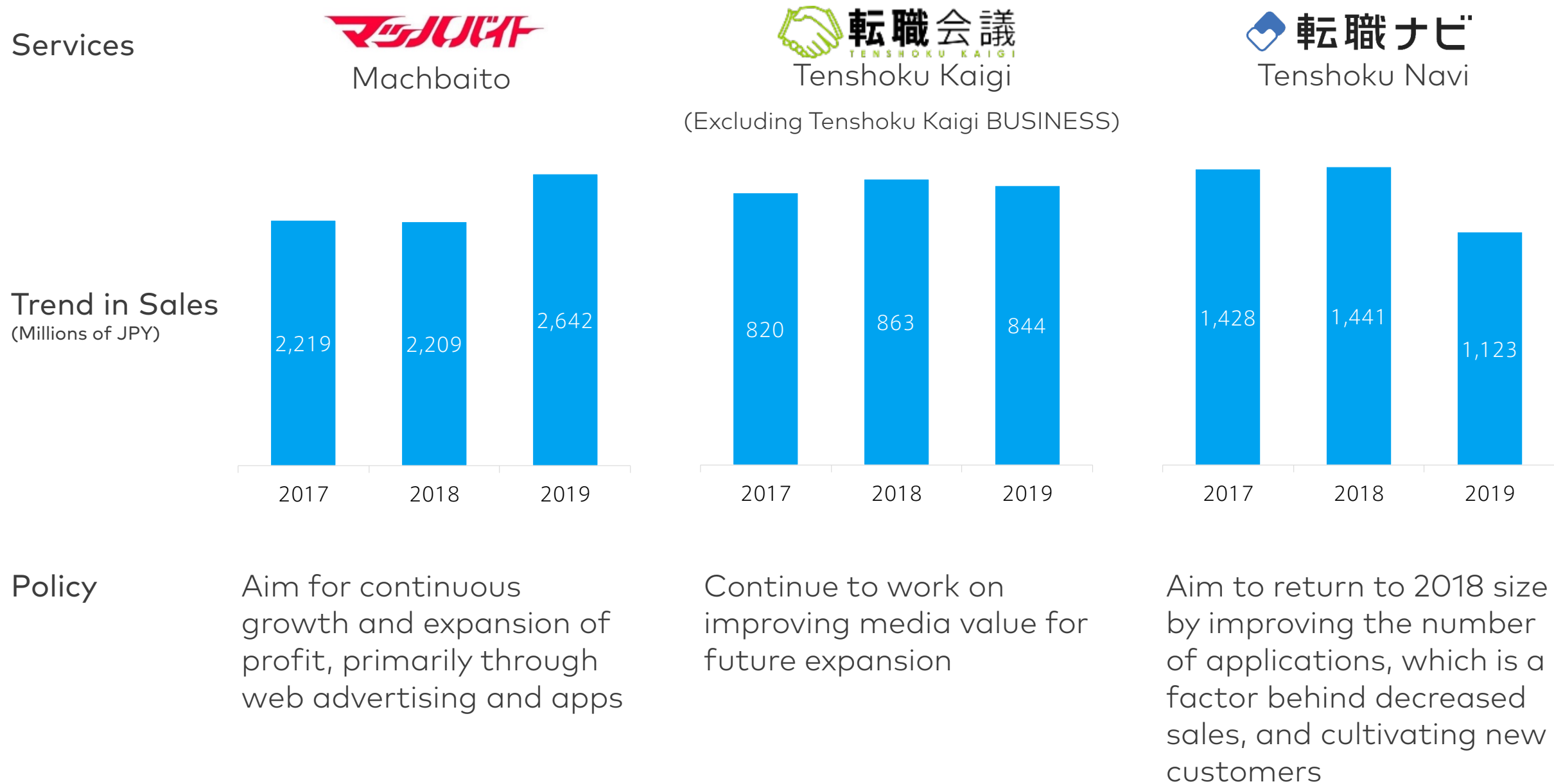
- **Continue to change to be a company that enjoys the continued support of society**

- Continuously update the organization based on our value standard of "Nine Guidelines for Change" and aim to continually improve corporate value and presence within society.

# Enhancing Profitability of Existing Businesses

Raise profit level through sales growth and streamlining of operations.

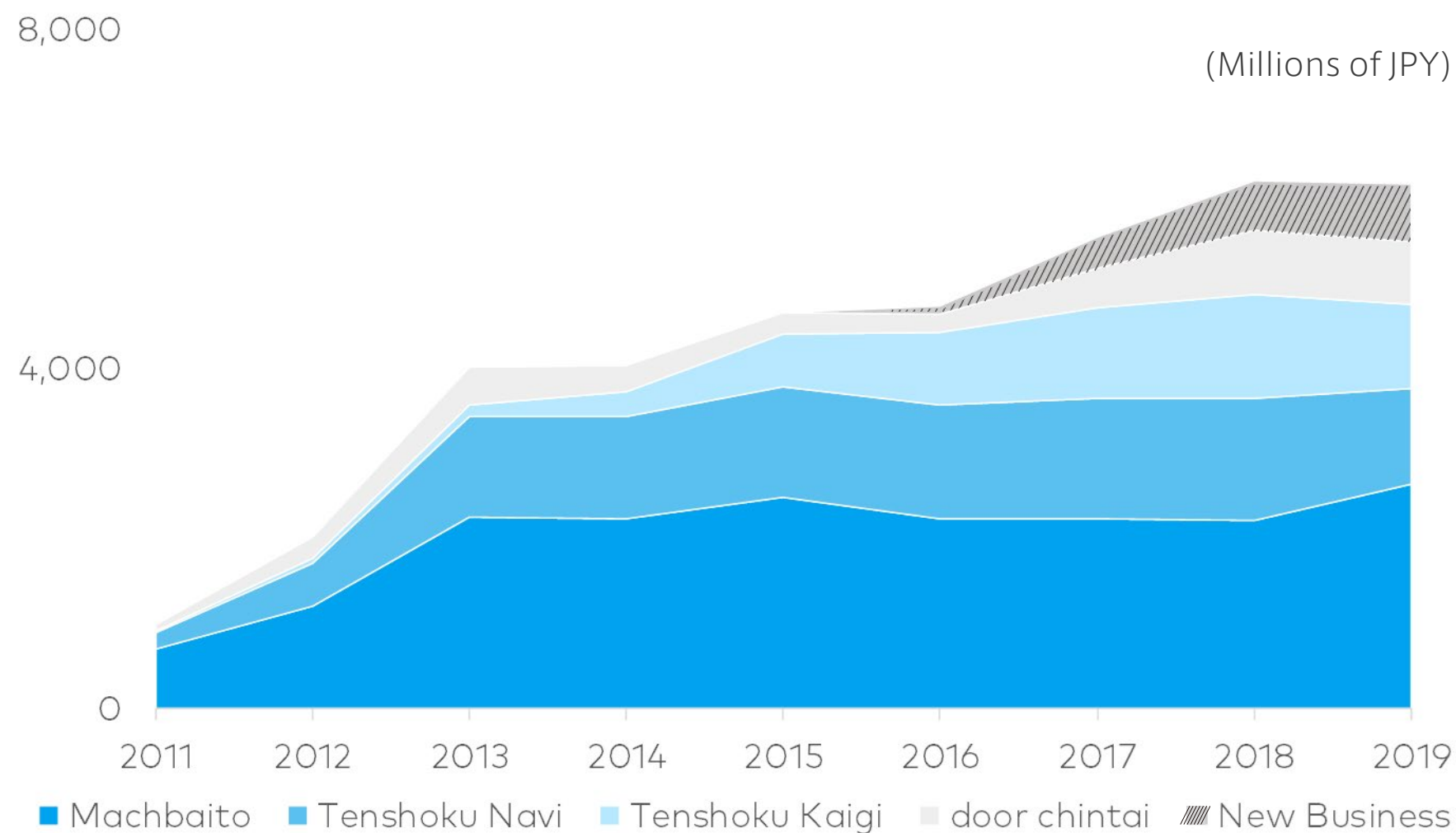
Aim to expand sales and profit in three major services, particularly Machbaito and Tenshoku Navi.



# Launching New Business

- Businesses started in recent years have not grown into pillars as of yet.
- Launch several new businesses within two years in the aim of establishing services that will serve as new pillars for the Company.
- Strengthen the proprietary development system and actively pursue business investments and M&A using around ¥5 billion in cash.

Trend in Sales of Major Businesses



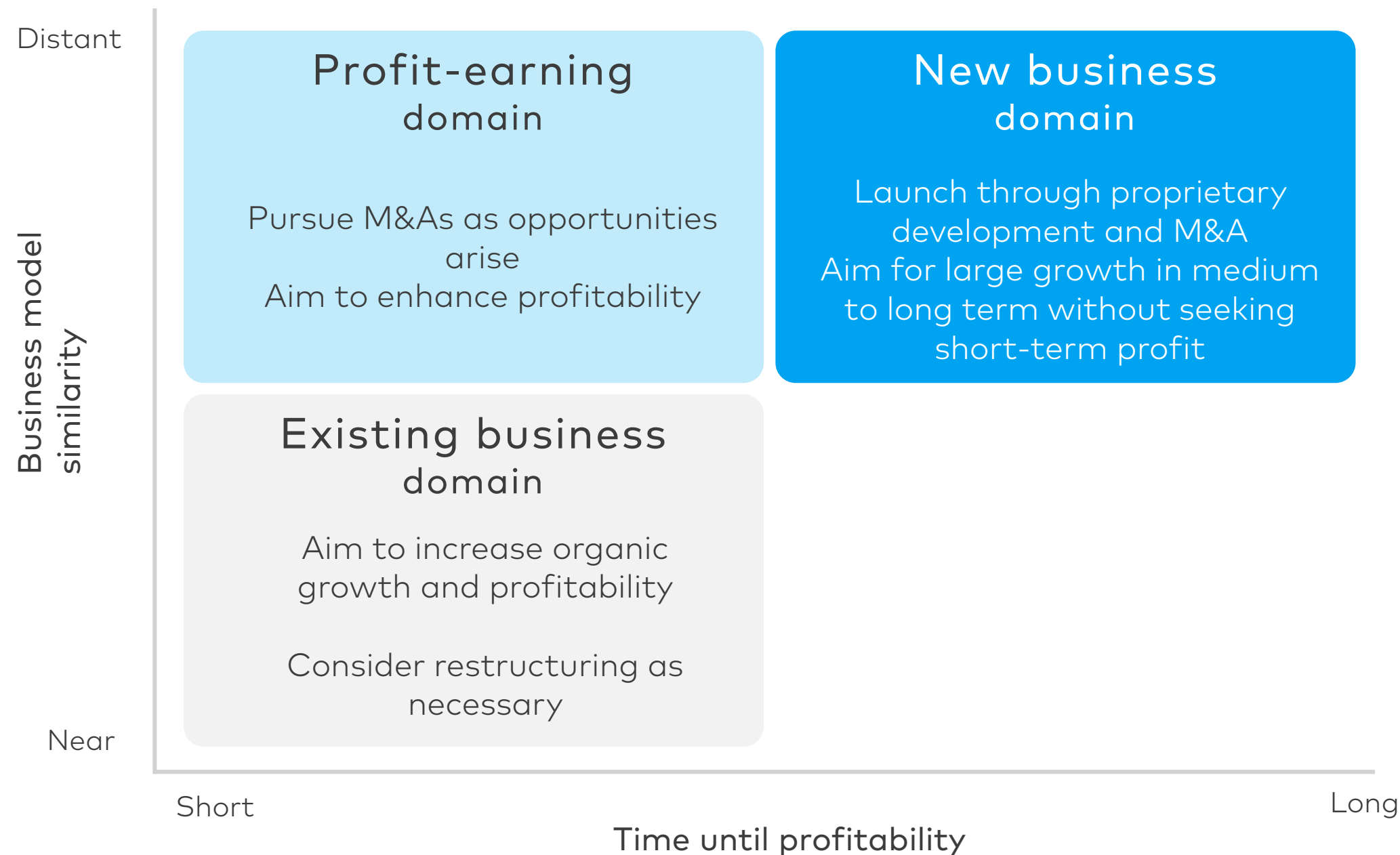
\*1. New businesses: Syukatsu Kaigi, Tenshoku Draft, IESHIL, PHIL LIFE

\*2. waja and other businesses have been omitted



# Optimizing Business Portfolio

- | Accelerate optimization of business portfolio and establish policies by domain.
- | Allow short-term negative P&L depending on progress in each domain.

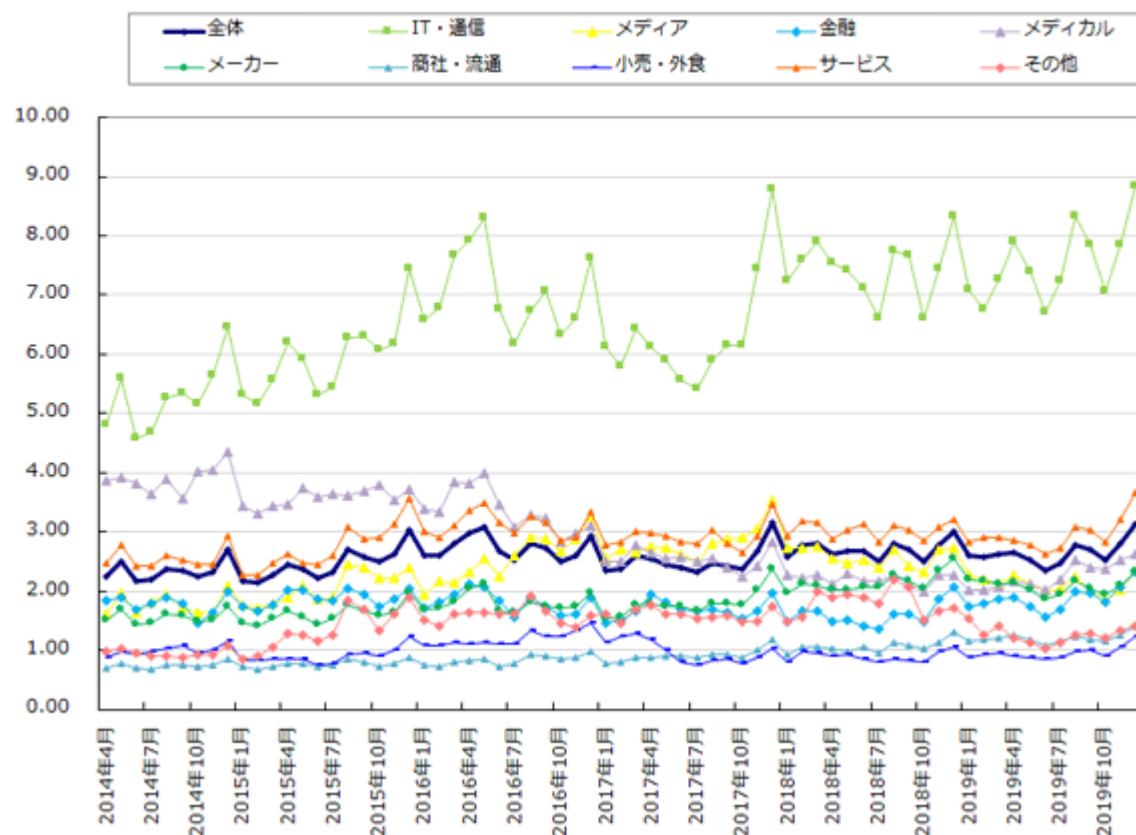


# Becoming a Company That Enjoys the Continued Support of Society

Continuously update the company stance to become a company that enjoys the continued support of society.

Develop meaning in working at Livesense and work on increasing our company's presence in the hiring market and employee engagement.

Job recruitment ratio by industry  
業種別の転職求人倍率



Source: doda Report on Career Change Job Opening-to-Application Ratio (December 2019)

[https://doda.jp/guide/kyujin\\_bairitsu/](https://doda.jp/guide/kyujin_bairitsu/)

※ IT / Telecommunications Industry

## Nine Guidelines for Change

- Do not rely on specific income
- Review business value repeatedly
- Promote learning and career advancement
- Provide opportunities that support taking up challenges
- Share information for autonomy
- Realize diverse work styles
- Eliminate discrimination and harassment and realize fairness
- Provide fair and unbiased evaluations
- Contribute to society in non-commercial ways

Continuously update ourselves and provide value to society and employees

Increase our presence in the hiring market

Increase employee engagement (eNPS)

Securing outstanding human resources and realizing a strong organization with consistent values

# Financial Forecasts for FY2020 (First Half)

Excluding the impact of the DOOR Chintai business transfer, sales will increase driven primarily by Machbaito and Tenshoku Navi.

Operating income expected to break even due primarily to prior investment in advertising to expand number of hires in second half.

(Millions of JPY)

	1H/19	1H/20	YoY
Net Sales	3,160		+1.2%
(reference) Except for DOOR Chintai	2,747	3200	+16.5%
Operating Income	121		—
(reference) Except for DOOR Chintai	▲ 45	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: 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 (*1)
		IESHIL: Real estate information service
Others		Chiryote: Medical information site (*2)

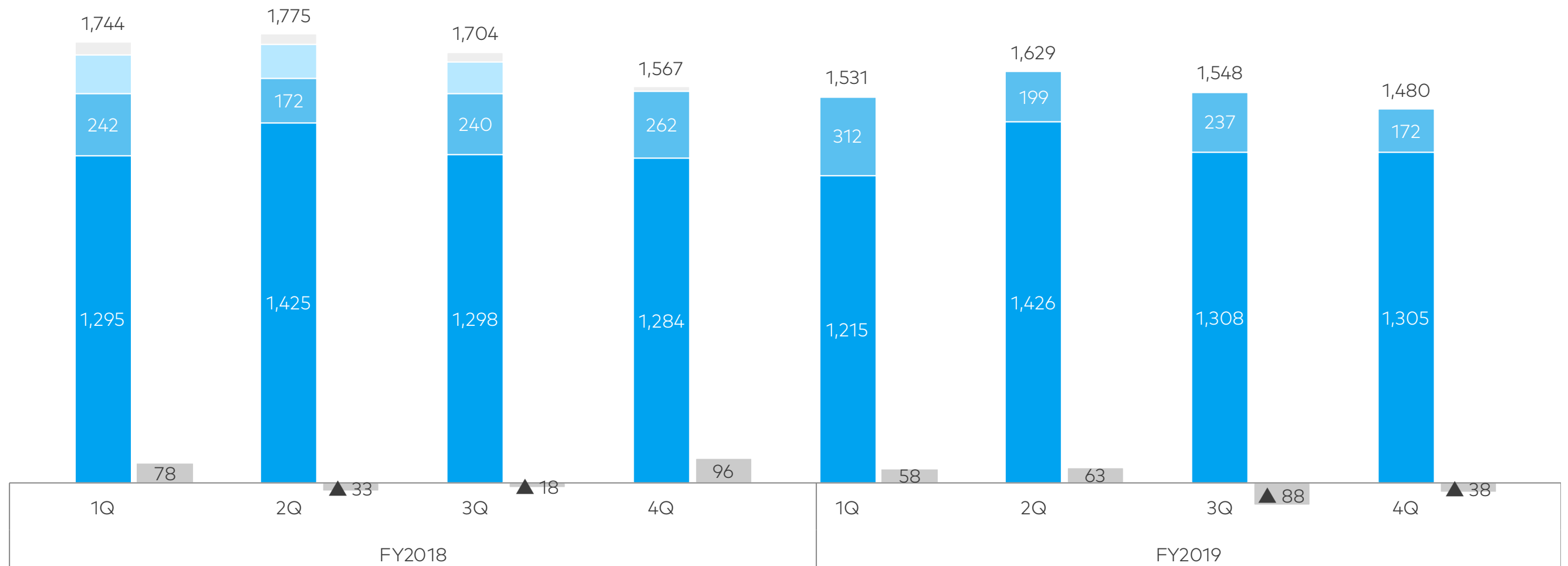
\*1. DOOR Chintai was transferred to CareerIndex Inc. on December 1, 2019

\*2. Chiryote was shut down as of January 30, 2020

# Quarterly Net Sales and Operating Income

- HR Information Media
- Real Estate Information Media
- E Commerce
- Other Businesses
- Operating Income

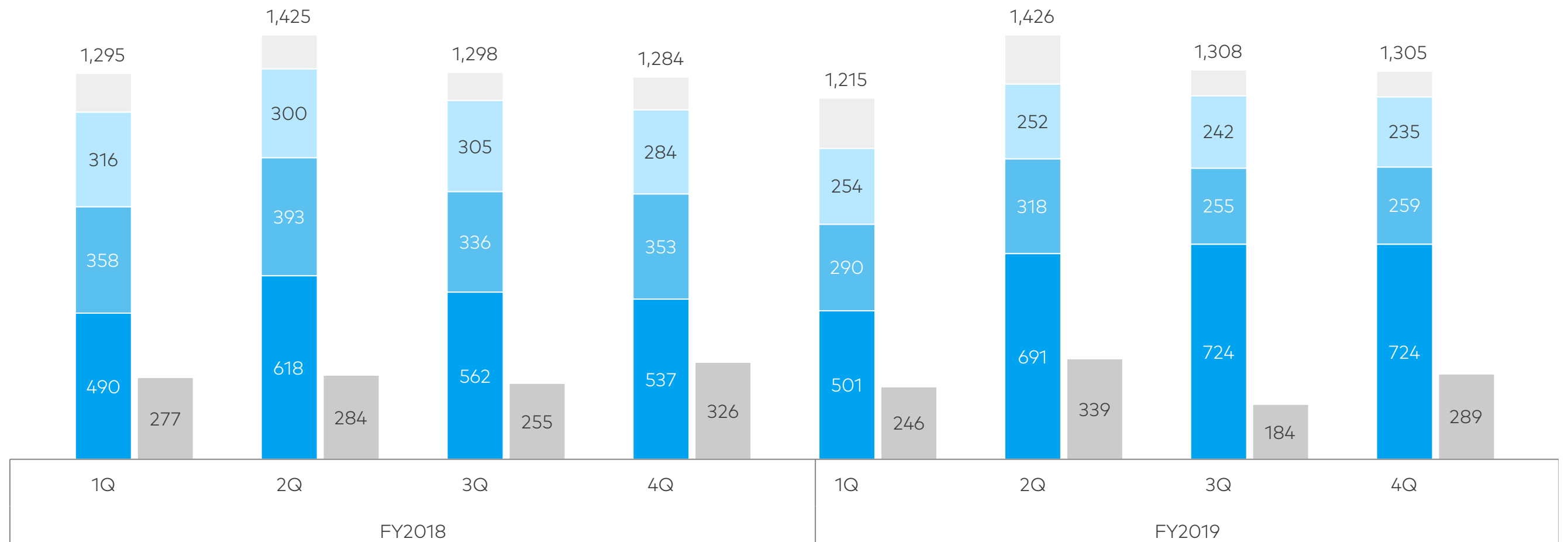
(Millions of JPY)



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

- Machbaito
- Tenshoku Navi
- Tenshoku Kaigi
- Other HR Services
- Operating Income

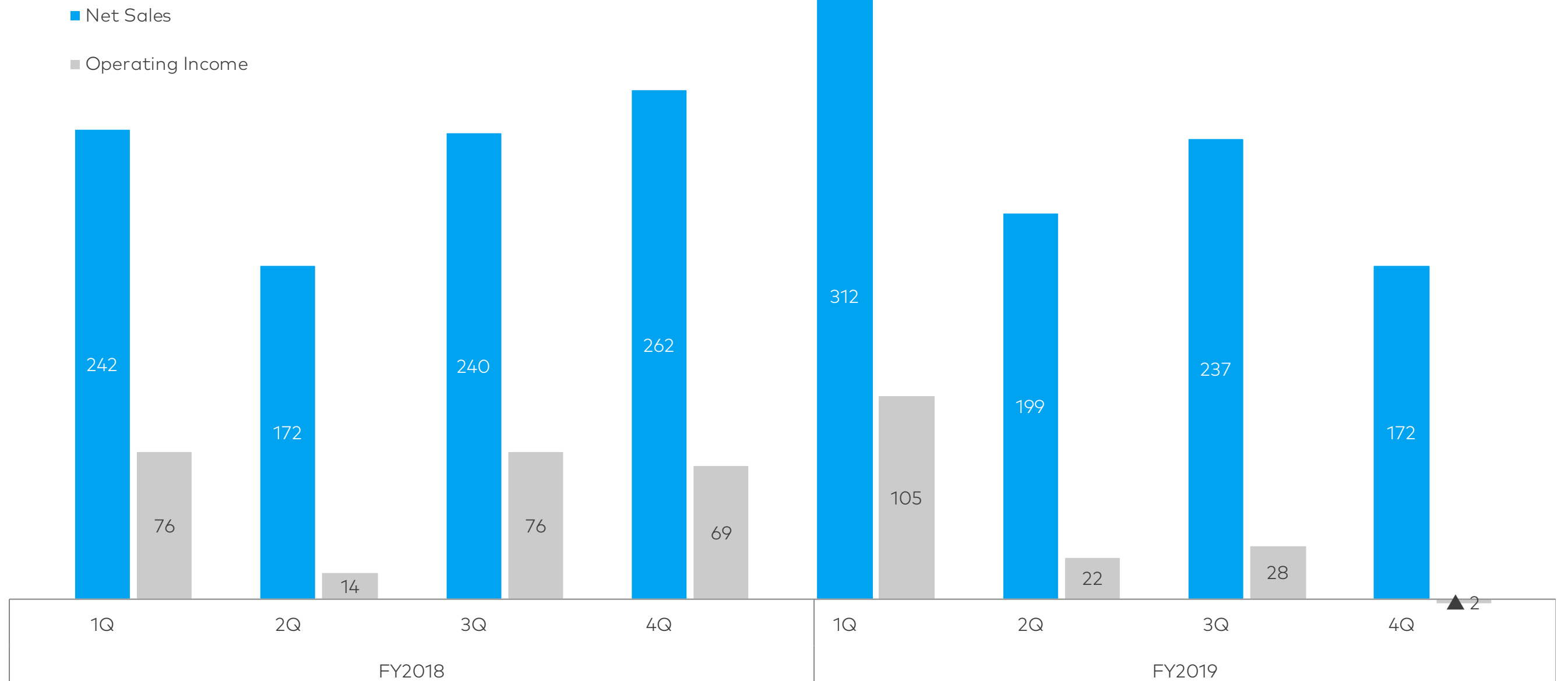
(Millions of JPY)





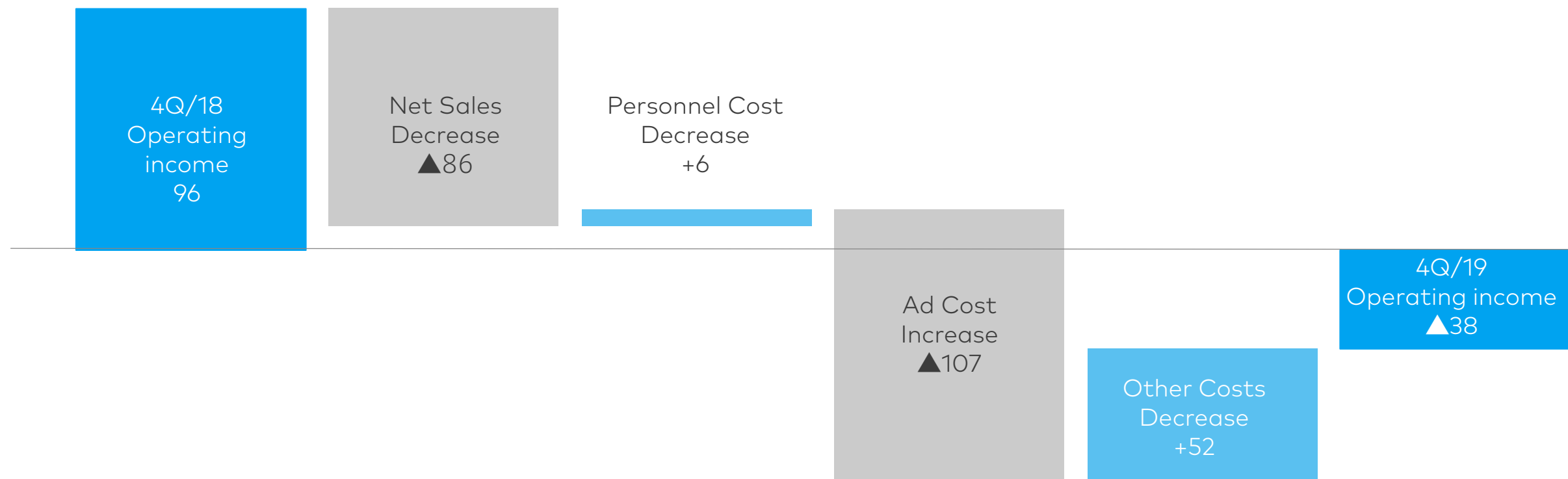
# Quarterly Segment Net Sales and Operating Income -Real Estate Information Media

(Millions of JPY)

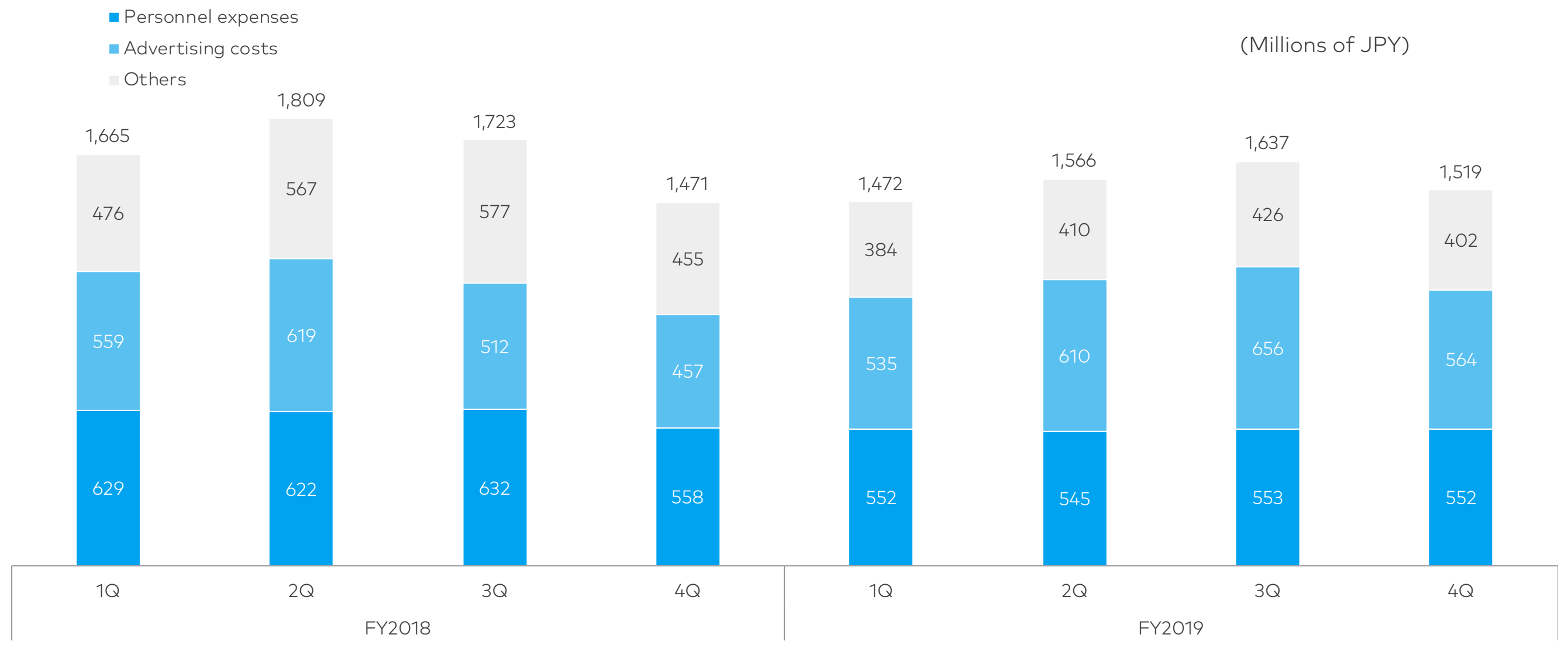


# Quarterly Operating Income -YoY Comparison

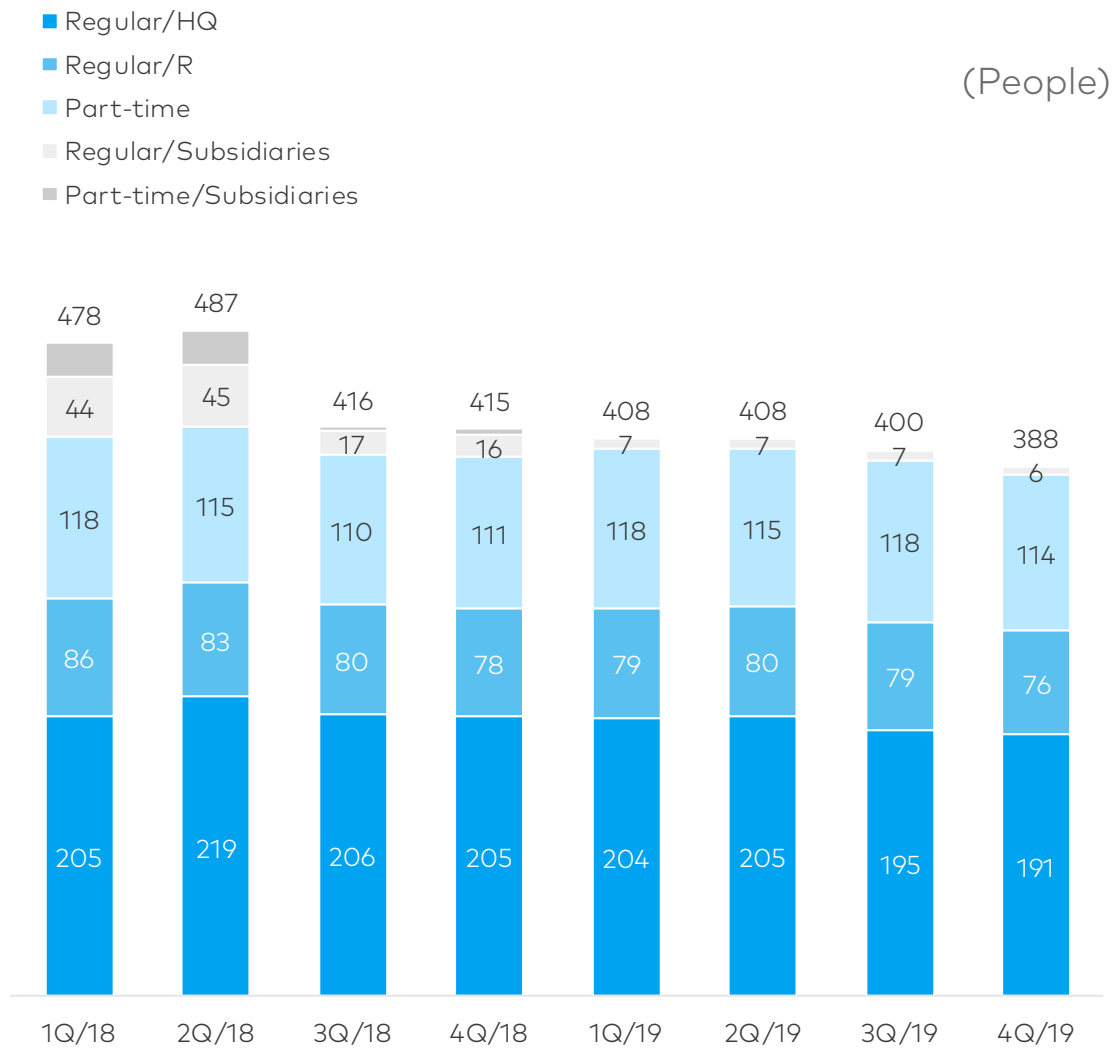
(Millions of JPY)



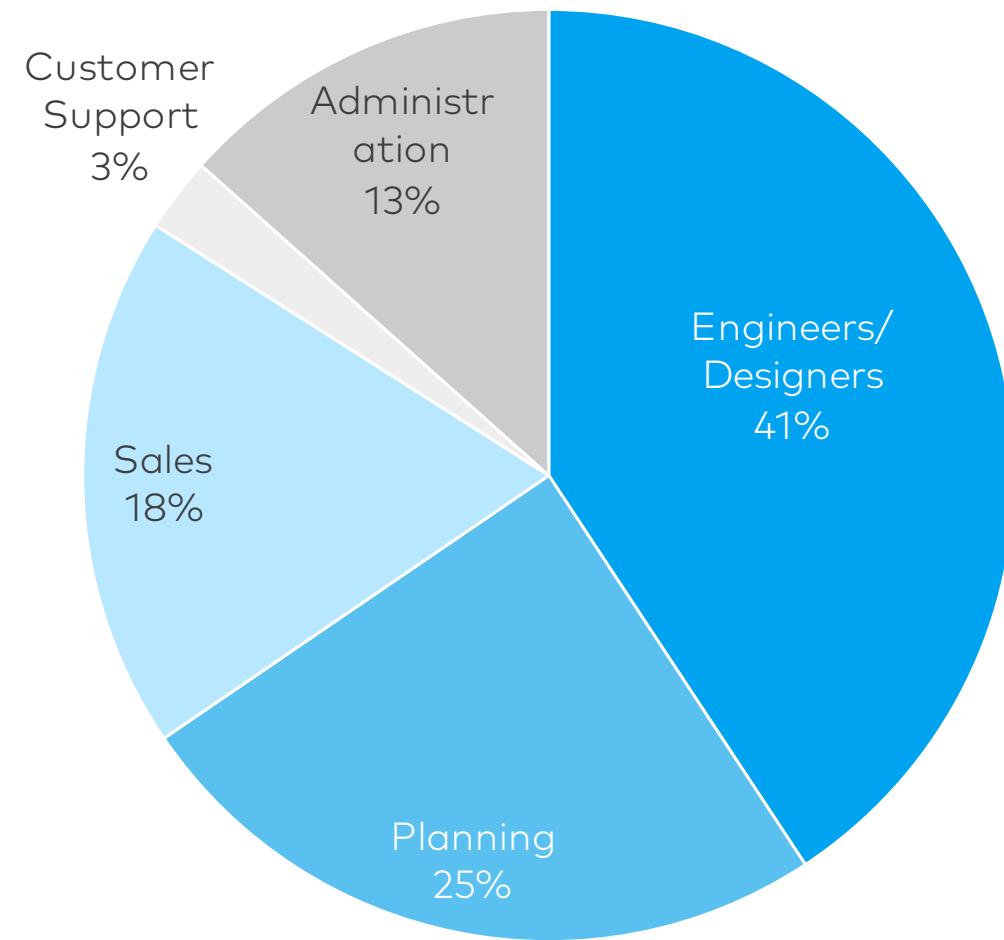
# Quarterly Operating Expenses



## 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

# Corporate Profile

<b>Company name</b>	Livesense Inc.
<b>CEO/Founder</b>	Taichi Murakami
<b>Business Philosophy</b>	Happiness Begetting Happiness.
<b>Corporate Vision</b>	Invent the next common.
<b>Established</b>	February 8, 2006
<b>Date listed</b>	TSE 1st Section: October 1, 2012 TSE Mothers: December 7, 2011
<b>Number of Employees (Non-Consolidated)</b>	Full-Time: 267 (as of December 31, 2019)
<b>Consolidated Subsidiaries</b>	LIVESENSE CONNECT Inc. / PHIL LIFE Inc.



# 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.