

# FY2020 1st Quarter Financial Results

Livesense Inc. (TSE1: 6054)

May 15, 2020

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# Changes to Disclosure Segments

Segment classification and nomenclature has changed as of fiscal year under review.

Before change (FY2019)



After change (FY2020)



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

\*2. A basic agreement was reached with Port Inc. for transfer of Syukatsu Kaigi on March 17, 2020

# 1. Financial Results

# Executive Summary for the 1st Quarter

Consolidated sales and income down due primarily to impact of DOOR Chintai business transfer.

Impact of novel coronavirus on this quarter was limited.

- Net sales                                    ¥1,350 million ( YoY -¥180 million -11.8% )
- Operating income                        -¥127 million ( YoY -¥185 million        -% )

Machbaito sales remain favorable, up 51.8% YoY.

Sales down in Tenshoku Navi due primarily to impact of lower number of hires.

Strengthened organizational system of new business.

- Machbaito: Sales up owing to strengthened sales and marketing
- 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 with stricter hiring criteria
- New business: Strengthened organizational system. Will aggressively promote test marketing in future

Had employees begin working from home early on in response to spread of novel coronavirus. Also provided user and corporate services according to changes in market.

- Ongoing work on environment contributed so that employees were able to begin working from home mid-February  
Business operations have not slowed, so almost all employees working from home
- Promoted new functions, media releases, etc. in each business in response to novel coronavirus
- Impact on results to be disclosed when determined

# Quarterly Financial Results Overview

(Millions of JPY)

	FY2019 1Q	FY2020 1Q	YoY
Net Sales	1,531	1,350	▲11.8%
Operating Income	58	▲ 127	—
Operating Margin(%)	3.8%	—	—
Ordinary Income	86	▲ 132	—
Profit attributable to owners of parent	56	▲ 229	—

(Reference)

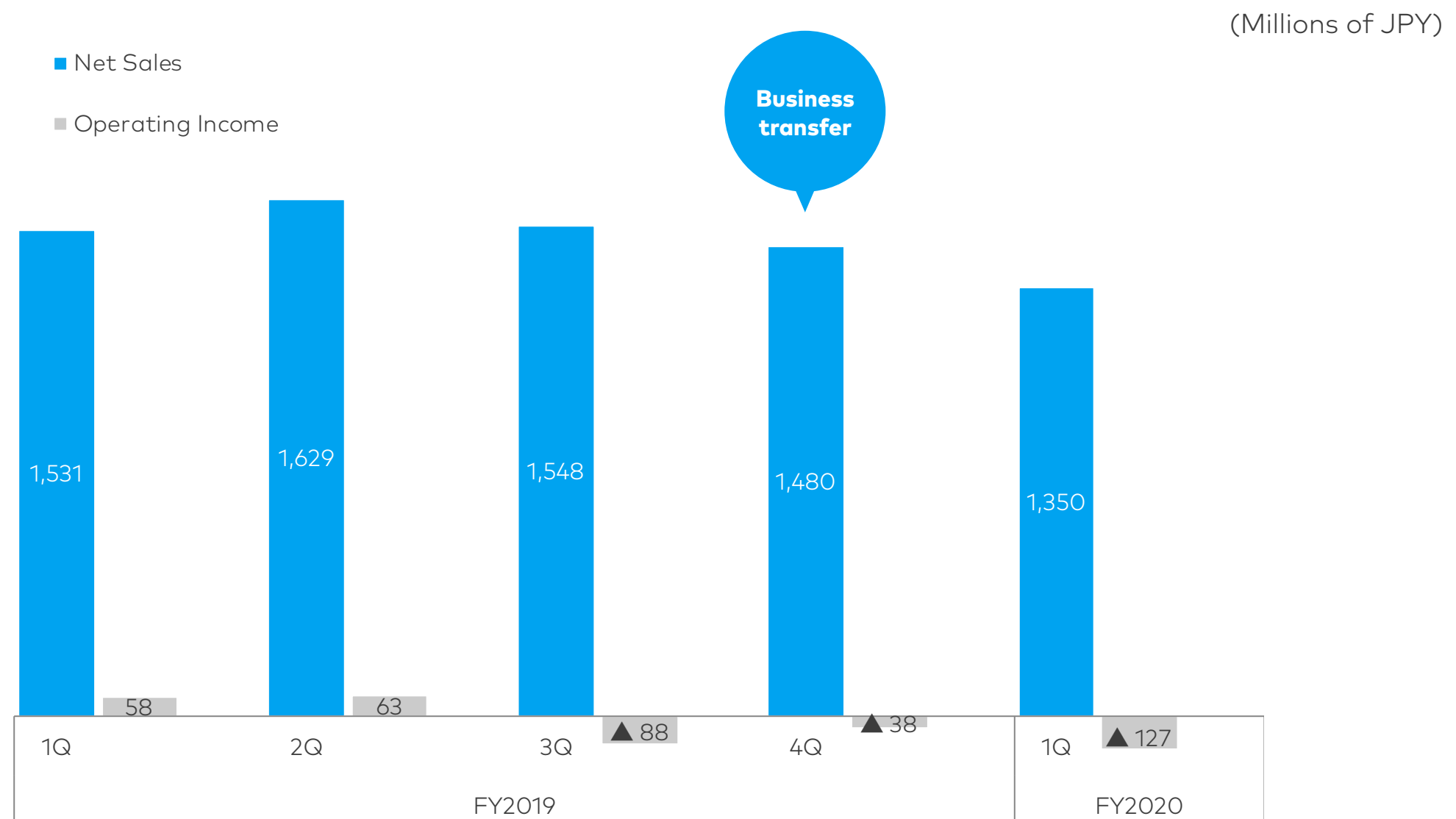
Quarterly Financial Results Overview Excluding Impact of DOOR Chintai Business Transfer

	FY2019 1Q	FY2020 1Q	YoY
Net Sales (Except for DOOR Chintai)	1,274	1,350	+6.0%
Operating Income (Except for DOOR Chintai)	▲ 61	▲ 125	—

# Net Sales and Operating Income

Consolidated net sales down 11.8% YoY, consolidated operating income down ¥185 million YoY due mainly to transfer of DOOR Chintai business and Tenshoku Navi's lower number of hires.

Excluding impact of transfer of DOOR Chintai business, consolidated net sales up 6.0% YoY, consolidated operating income down ¥64 million YoY.

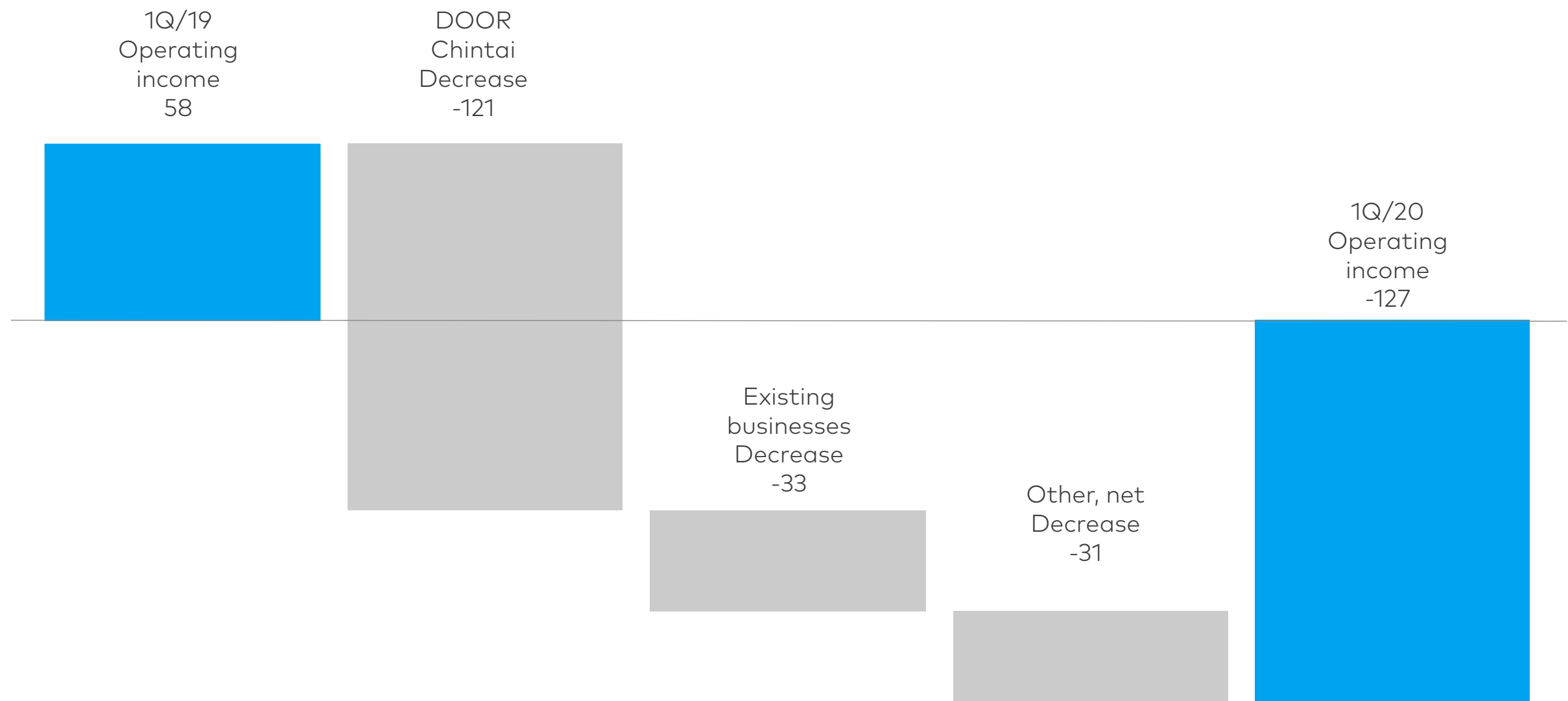


\*1 DOOR Chintai was transferred to CareerIndex Inc. on December 1, 2019

# Operating Income -YoY Comparison

Income down due primarily to impact of DOOR Chintai business transfer.

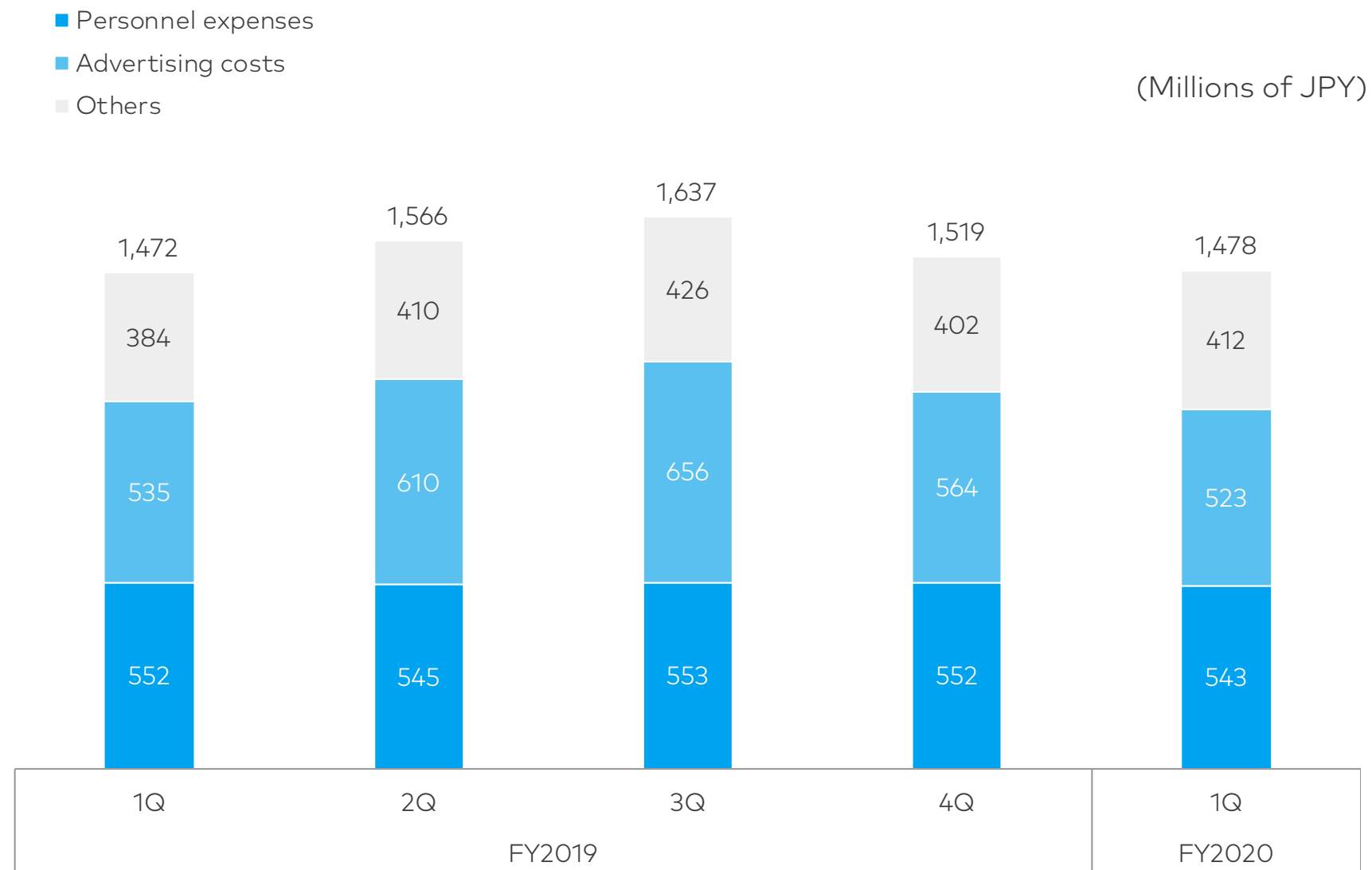
(Millions of JPY)





# Operating Expenses

| Total expenses almost unchanged.



## **2. Progress**

## 2. Progress

Company-wide Policy

## | FY2020 Company-wide Policy

Accelerate optimization of business portfolio to pursue our corporate vision

"Invent the next common."

### Business Strategy

### 1st Quarter Progress

Enhance profitability of existing businesses

- Machbaito continuing to do well owing to strengthened sales and marketing
- Tenshoku Navi sales down, but internal improvements have put main KPI on recovery track

Launch new businesses

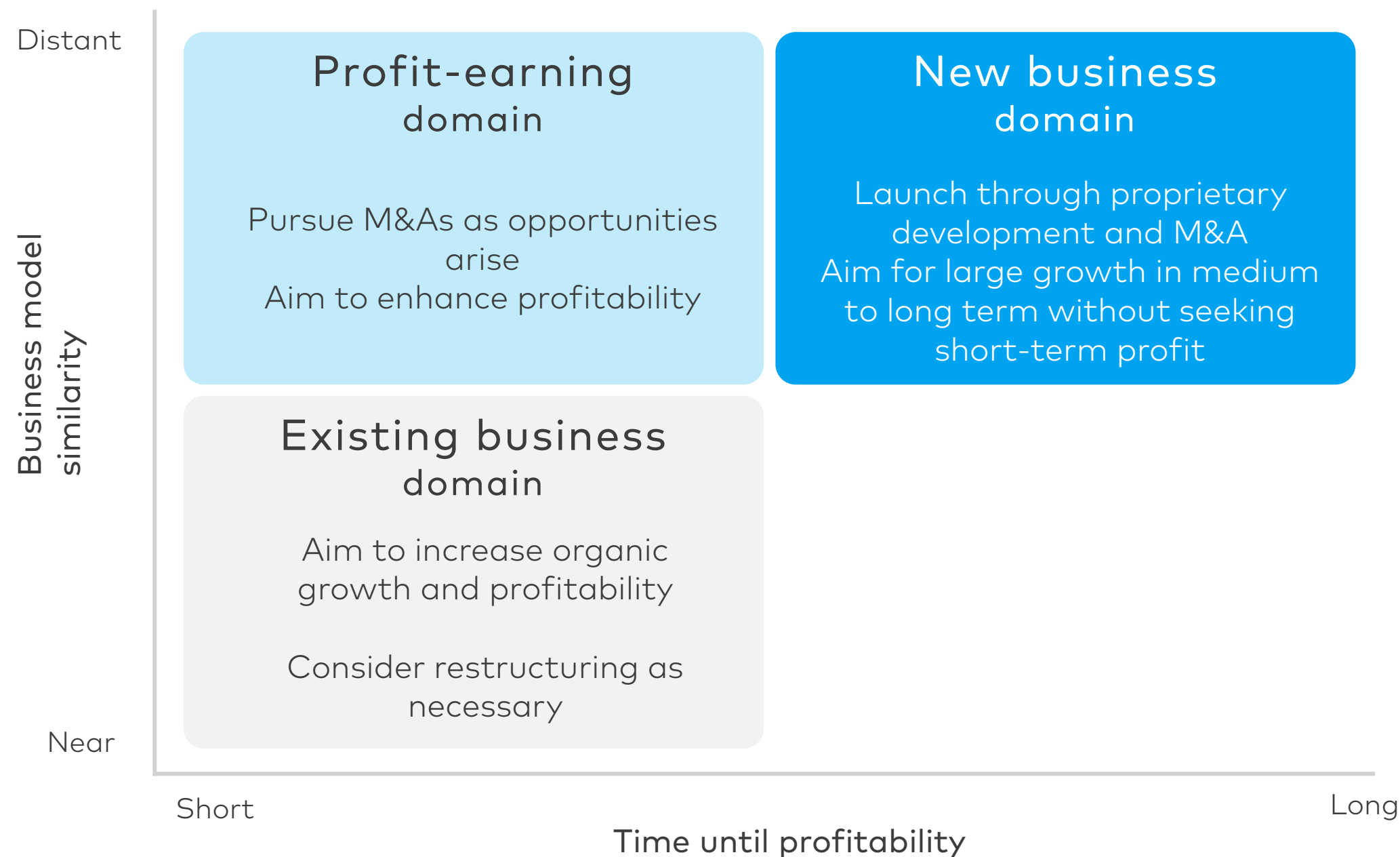
- Deployed specialized members to strengthen organizational system. Will promote further strengthening
- Considering multiple business proposals. Prototype development has started for some business proposals

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

- Carrying out multiple initiatives based on our value standard of "Nine Guidelines for Change"

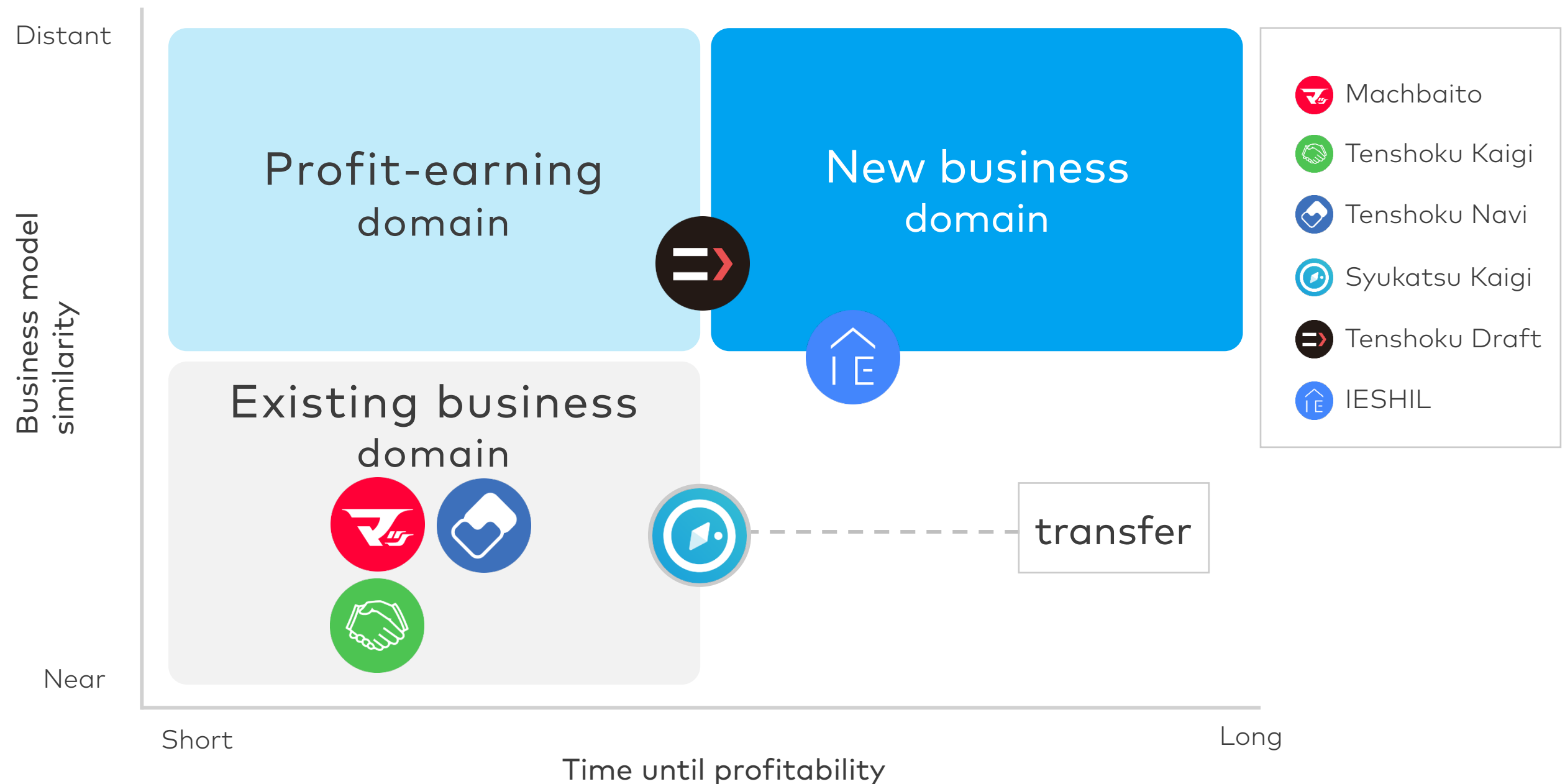
# (Reference) Business portfolio concept

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



# Progress on Optimization of Business Portfolio

- Basic agreement reached for transfer of Syukatsu Kaigi on March 17, 2020 and progress made on optimization of portfolio.
- Will continue to pursue M&As in profit-earning domain as opportunities arise.



# Optimization of Business Portfolio

## Syukatsu Kaigi Transfer

- Transfer to Port Inc., which operates "Career Park!" and other services.  
Transfer price of ¥1.5 billion.
- Date of transfer, accounting treatment, and other details to be disclosed when determined.

Purpose of transfer	Restructuring our business portfolio through higher investment in new businesses that will become the next common and the requisite selection and concentration of existing businesses are necessary in the current phase
Scope of transfer	Syukatsu Kaigi new graduate employment support service (employees not included)
Transfer scheme	Company split (simple incorporation-type company split) + transfer of all shares
Transferee	Port Inc.
Transfer price	¥1.5 billion
Transfer date	TBD
Impact on income	Under careful review

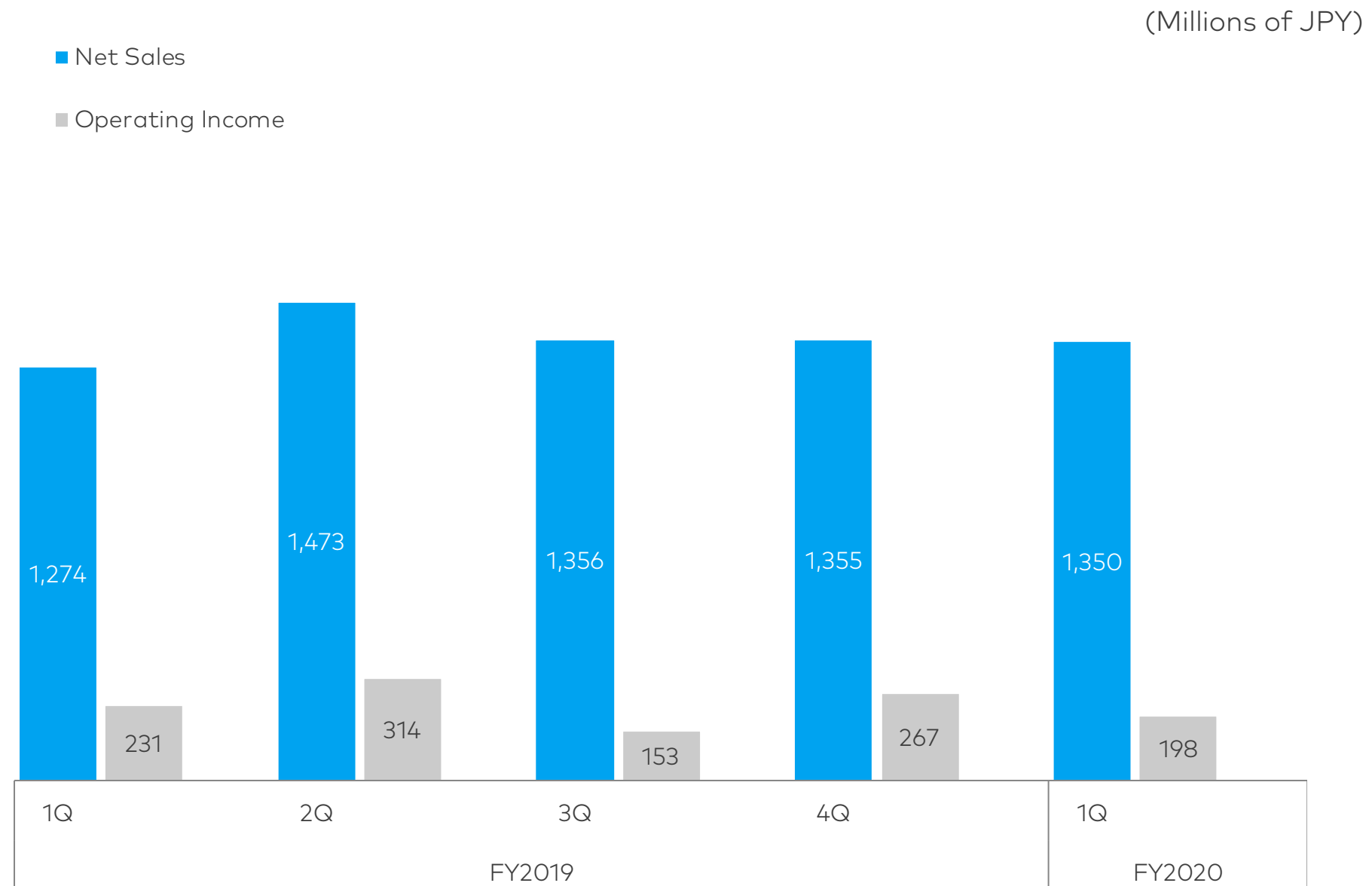
## 2. Progress

Existing Businesses



# Net Sales and Operating Income of Existing Businesses

Net sales up 6.0% YoY. Operating income down 14.4% YoY due primarily to decrease in Tenshoku Navi sales.

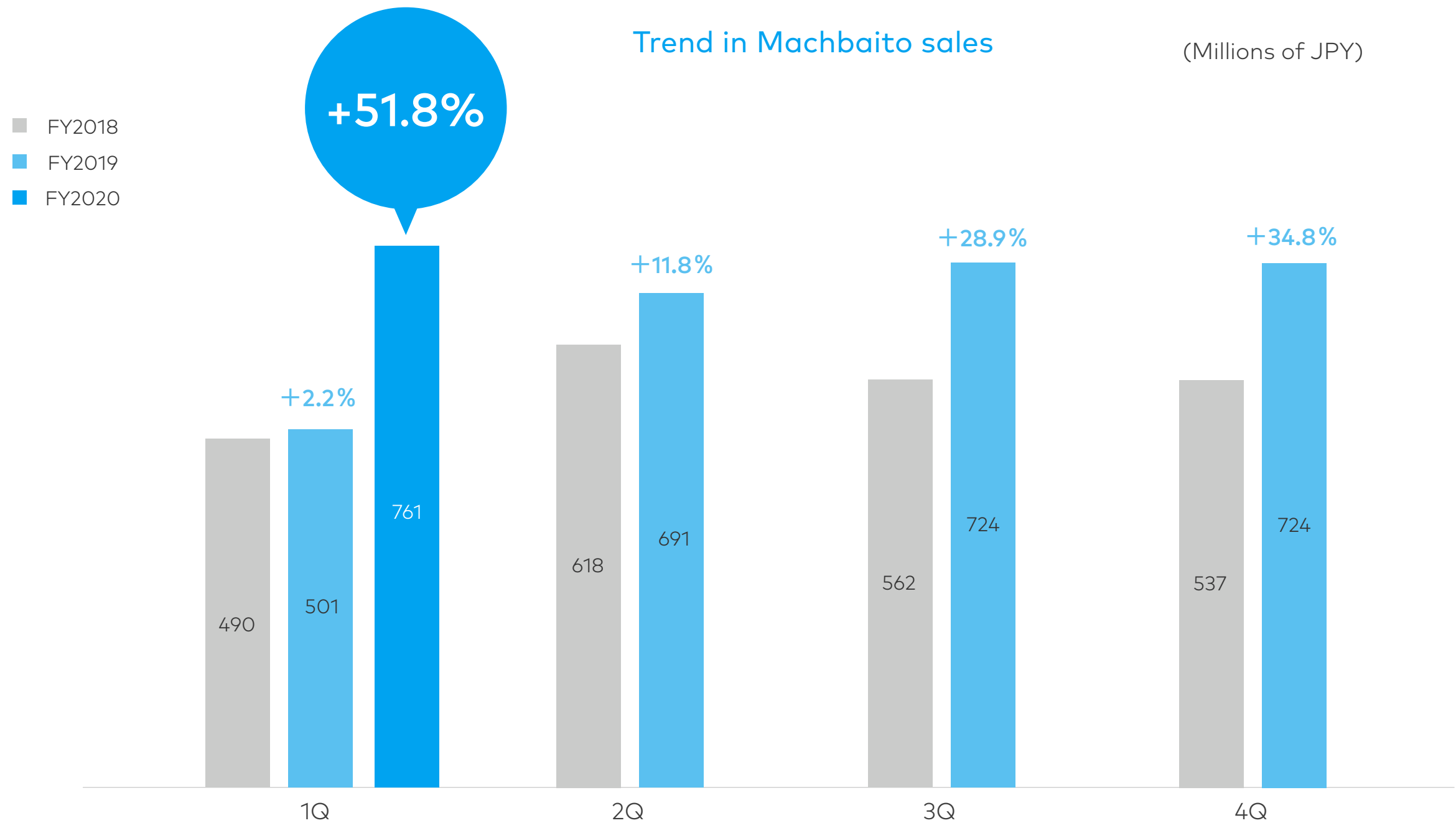


\*Net sales and operating income of existing businesses excluding DOOR Chintai

## Machbaito

Machbaito sales up 51.8% YoY in 1st quarter.

Recorded highest ever quarterly sales owing to strengthened sales and marketing.



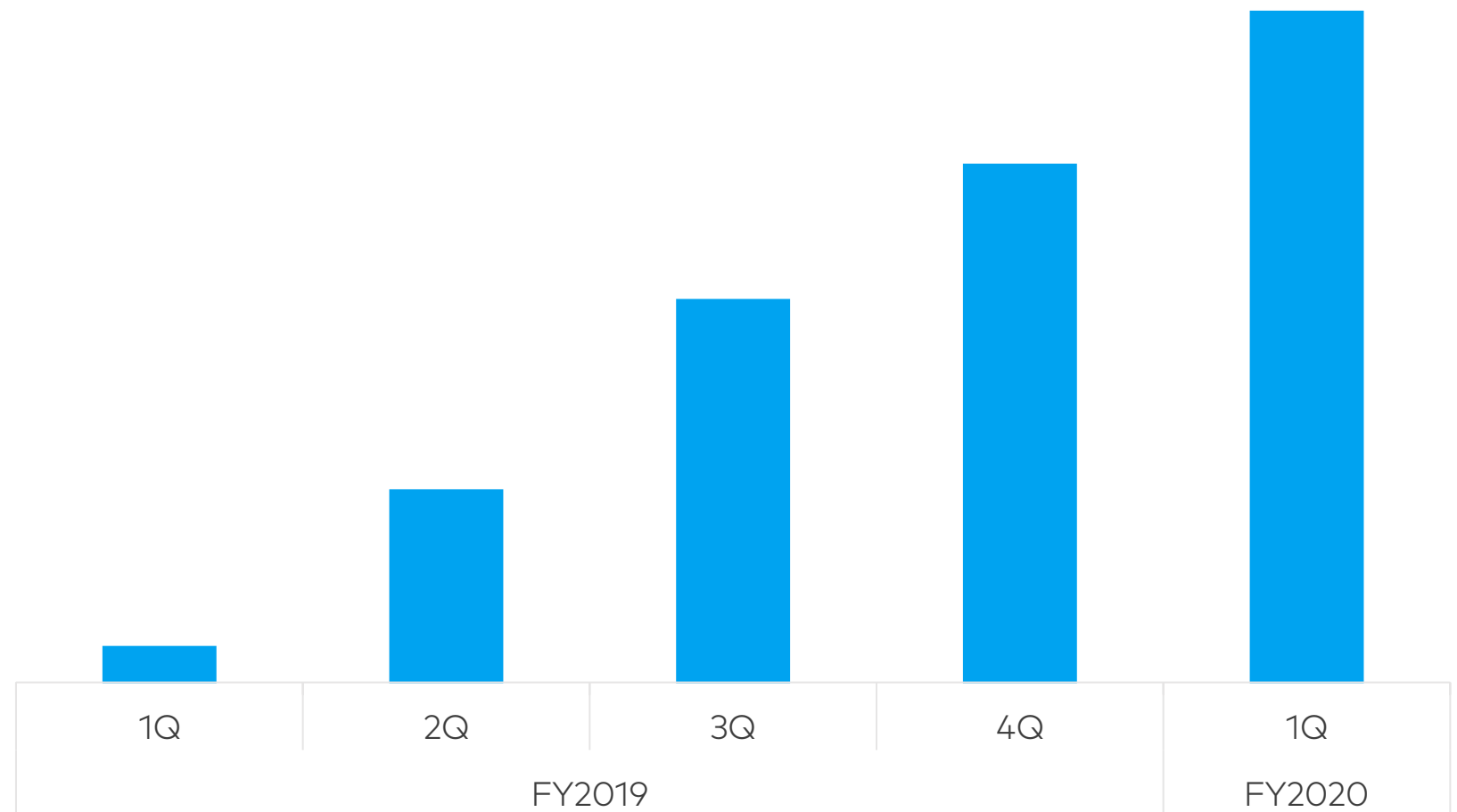
## Machbaito

iOS and Android apps released in February 2019 and February 2020, respectively. MAU also increasing steadily.

Machbaito App



Trend in MAU

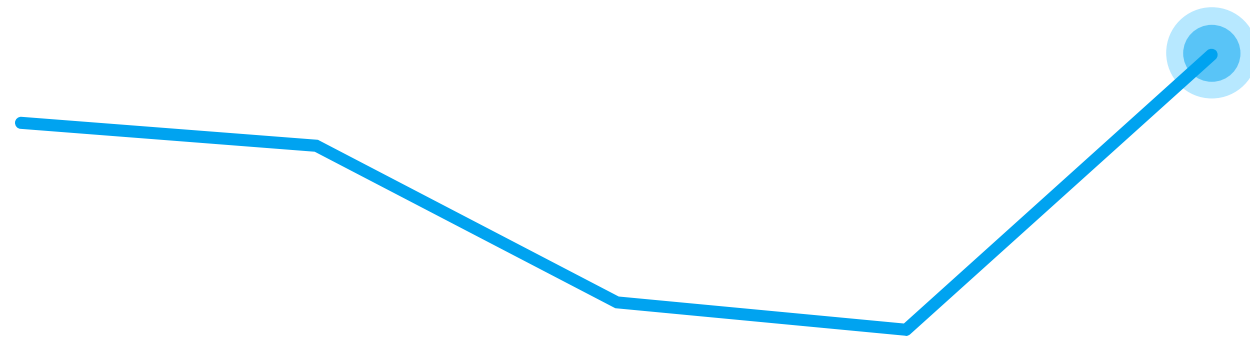


\*MAU in final month of each quarter

## Tenshoku Navi

Media improvements started in previous year succeeded in raising member registration rate above previous year's level.

Trend in Member Registration Rate



Tenshoku Navi



1Q	2Q	3Q	4Q	1Q
FY2019				FY2020

## 2. Progress

New Businesses

# Status of New Business Initiatives

- | Aiming for business model not dependent on customer attraction via search traffic.
- | Progress made on strengthening organizational system. Will continue promoting reinforcement of personnel and test marketing. No changes to investment plan despite "Corona Shock."

## New business strategy

Basic policy	Tie into solutions to social problems
Business domain	Go beyond existing business domains
Business model	Business model not dependent on customer attraction via search traffic
Business size	A business that can become a new pillar of the Company

## 2. Progress

Organization

# Becoming a Company That Enjoys the Continued Support of Society

- Continuing initiatives from previous year based on "Nine Guidelines for Change."
- Aiming to develop meaning in working at Livesense, securing outstanding human resources and realizing a strong organization with consistent values.

## 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



## Initiatives for Employees

Implement education and training to "eliminate discrimination and harassment and realize fairness."

Work on transparency of processes and results in aim of "providing fair and unbiased evaluations." Expand scope of disclosure of evaluation results.

Example initiative to "eliminate discrimination and harassment and realize fairness"



Joint design of workshop to consider bias and stereotypes with NPO soar and Mimicry Design Inc.  
Also invite outside guest speakers.

Example initiative to "provide fair and unbiased evaluations"

### **Non-personally identifiable statistical information on personnel evaluations to be provided to all employees**

- ✓ Distribution of individual performance evaluations
- ✓ Highest and median salary increases
  - ✓ Distribution of pay range
- ✓ Survey on employee satisfaction with evaluations

Etc...

# Becoming a Company That Enjoys the Continued Support of Society

## Initiatives for Society

26

Launch of partnership with volunteer recruitment site activo. Create opportunities for employees to actively participate in social activities.

volunteer recruitment site activo

activo

最近見た募集0 お気に入り0

企業CSR・人事・広報担当者様へ

掲載希望の方へ

会員登録

# たくさんの“ありがとう”に出逢おう。

activoは国内最大級のNPO・社会的企業のボランティア・職員/バイトの募集サイトです。

ボランティアを探す 職員/バイトを探す

エリアを選択 ▼ テーマを選択 ▼ 対象年齢を選択 ▼ 検索する(1027件)

## 注目ボランティア

### **3. Response to Novel Coronavirus**

## Actions Taken for Employees

Implemented measures including transition to work from home in mid-February to ensure employee safety and prevent spread as a member of society.

Will also look into new work styles in anticipation of long-term environmental changes while maintaining existing support system for diverse work styles as foundation.

### Support for working safely and with peace of mind

- Guarantee salary of employees facing difficulty in performing duties due to childcare, etc.
- Flexible start and end times for employees working fixed hours
- Free support for online counseling

### Support for environment development and maintaining/improving productivity

- Development of work from home environment for all employment types and job categories
- Subsidization of work from home
- Lending of displays, office chairs, and other equipment
- Lending of mobile routers



### Almost all operations have been taken online

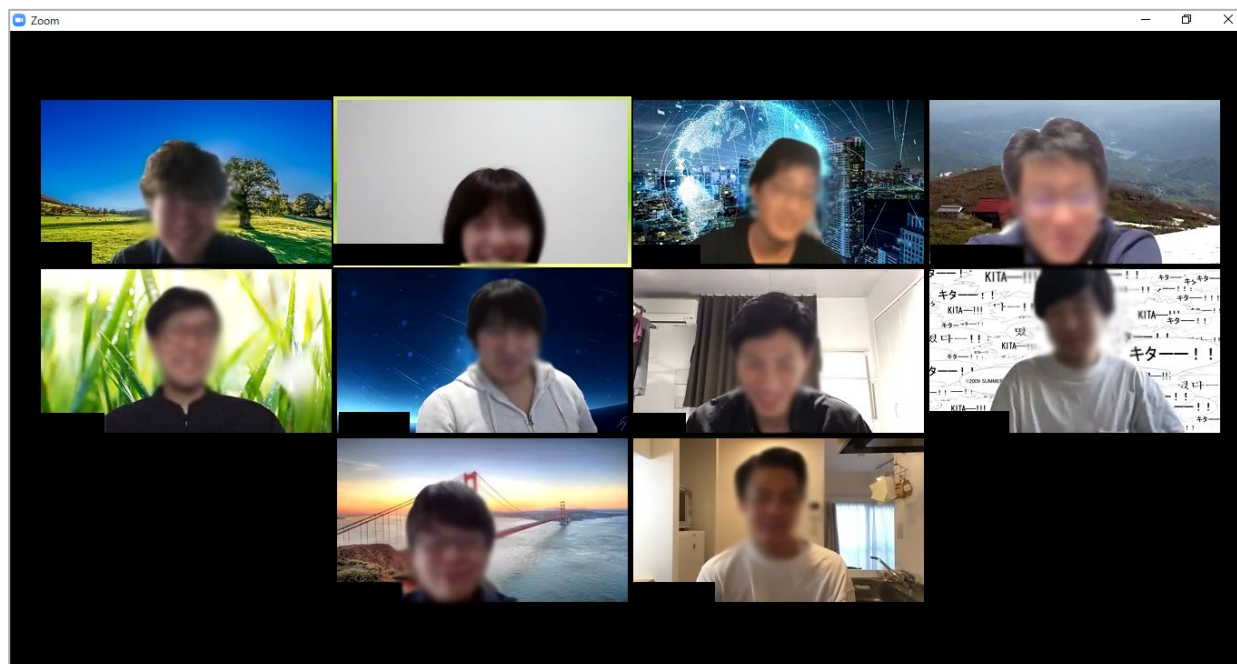
- Media development
- Business talks with trading partners
- Customer support
- Hiring activities
- Internal events and meetings (Welcoming ceremony, training, company-wide meetings, etc.)

### Almost all employees continuing to work from home

## Actions Taken for Employees (Example)

Online training for new employees

Free support for online counseling by cotree



All events and training programs for new employees, including welcoming ceremony on April 1, held online

Free support provided to those requesting it for online counseling. Promoting creation of environment in which employees can work with peace of mind

## Actions Taken in Terms of Service

Added related functions and information in each service in light of changes in environment and needs in response to spread of novel coronavirus.

### Tenshoku Draft

#### Release of interview method setting function

\* 気軽にお互いのことを話し合ってください。職務経歴書などの提出要求は禁止です。選考しても、百官の通知は禁止です。の選考への案内は可能です。

会に行くかはメッセージで相談してから決めたい

\* 会うか会わないか、会うならどのような条件で会うのかを含めて、まずはメッセージ上で双方ご相談ください

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提示面談場所 (初回)

ユーザが希望する面談手段を選択しますので、対応可能な範囲で選択してください

来社

オンライン上 (ビデオ会議など)

応相談

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カード

[カードについて](#)

<input type="checkbox"/> 他社選考待ちOK	<input type="checkbox"/> 土日面談OK
<input type="checkbox"/> 平日夜の面談OK	<input type="checkbox"/> スtockオプションあり
<input type="checkbox"/> 100%提示年収保証	<input type="checkbox"/> 電話面談OK
<input type="checkbox"/> 面談の交通費相談可	<input type="checkbox"/> 土日祝日の面談OK

Desired method of interview, such as online interview, can be selected by companies and users

### Machbaito

#### Launch of information media related to novel coronavirus


**マッハ × コロナ対策**

じゅうきょかくほきゅうふきん

# 住居確保給付金

離職や休業などによって  
家賃を払えなくなった人に  
**国や自治体の家賃を支給する制度**  
(原則として3カ月、最長で9カ月)

マッハで  
解説!



Established media to explain individual support system for users whose income has decreased due to impact of novel coronavirus

## Impact on Performance

- | Impact on 1Q results was limited, but impact from reduction of corporate hiring activities expected in 2Q and beyond. Forecast to be disclosed when impact is determined.
- | Financial impact is tolerable at current point in time. No change in policy of identifying threats and opportunities from situation becoming protracted and investing in growth.

Impact on business/ P&L	Short term	<ul style="list-style-type: none"><li>• Impact on 1Q results was limited. Impact will come in 2Q and beyond</li><li>• This will include decreased corporate hiring activities and more people refraining from looking at real estate</li></ul>
	Medium to long term	<ul style="list-style-type: none"><li>• If situation becomes protracted, there could be major impact from shrinking of hiring market, etc.</li><li>• Will also focus on market opportunities arising from changes in work styles</li></ul>
Financial impact		<ul style="list-style-type: none"><li>• Stable in terms of finances, including cash and cash equivalents. No immediate concerns.</li><li>• No change in policy of investing in development of new businesses, M&amp;A, etc.</li></ul>
1H forecast		<ul style="list-style-type: none"><li>• Overall forecast is difficult at present</li><li>• Impact to be disclosed when determined</li></ul>

## **4. Appendix**

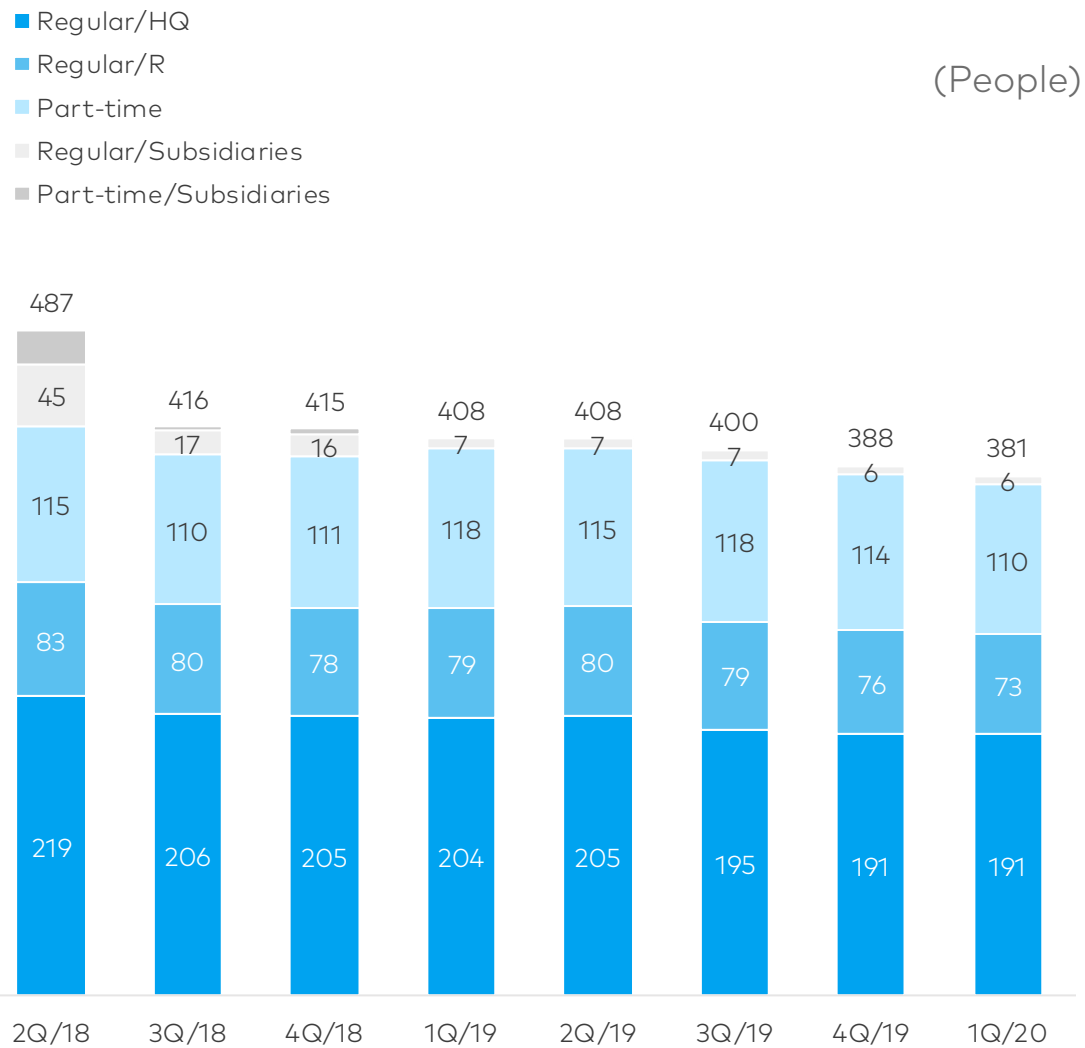


# 4. Appendix

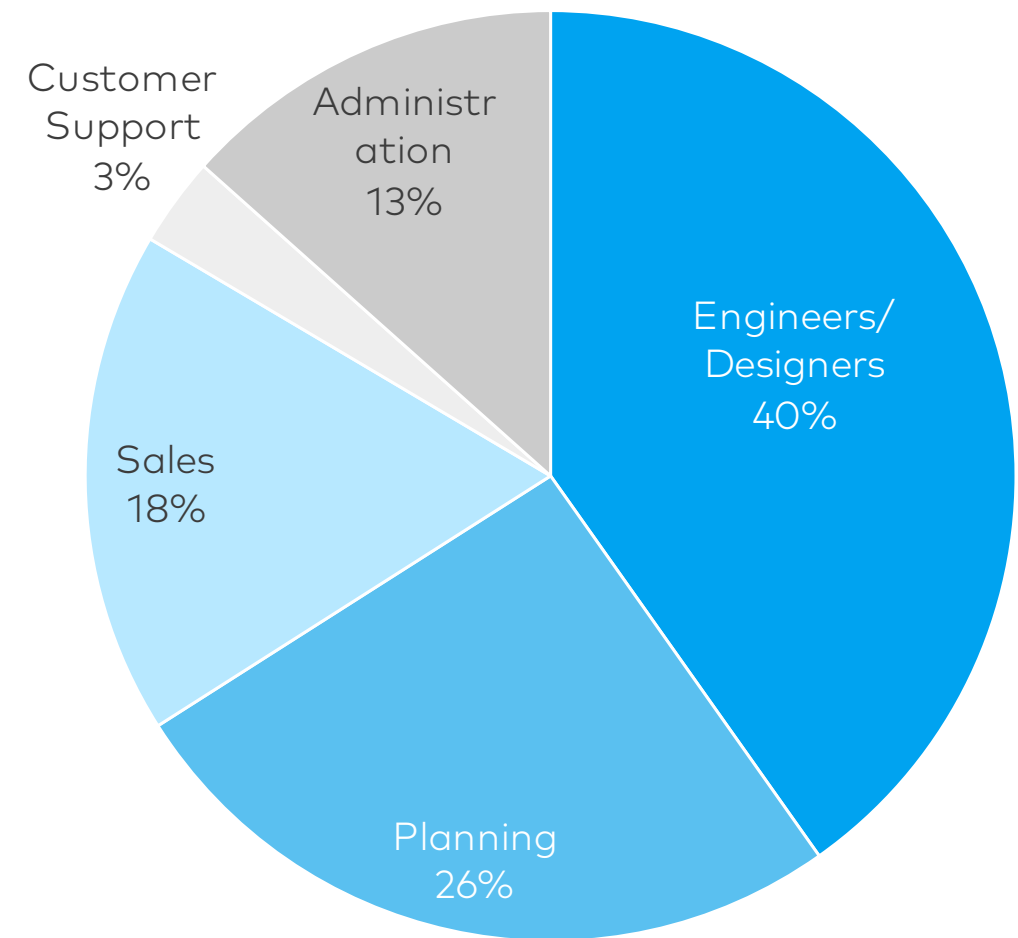
Corporate Profile

<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: 264 (as of March 31, 2020)
<b>Consolidated Subsidiaries</b>	LIVESENSE CONNECT Inc. / PHIL LIFE Inc.

### 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

# 4. Appendix

Our Strategy for FY2020

## | 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.

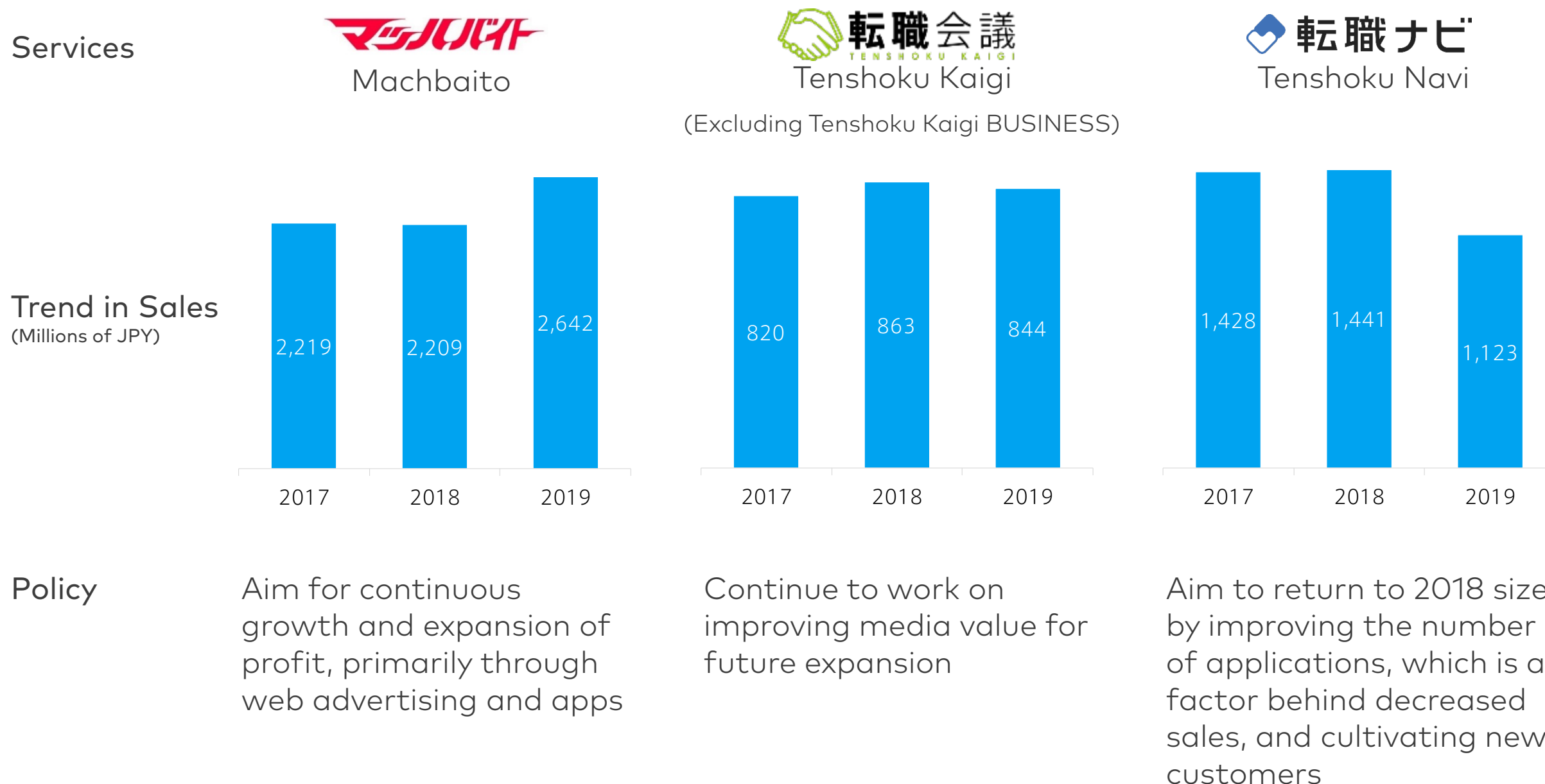
- **Continue to change to be a company that enjoys the continued support of society**

- 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.

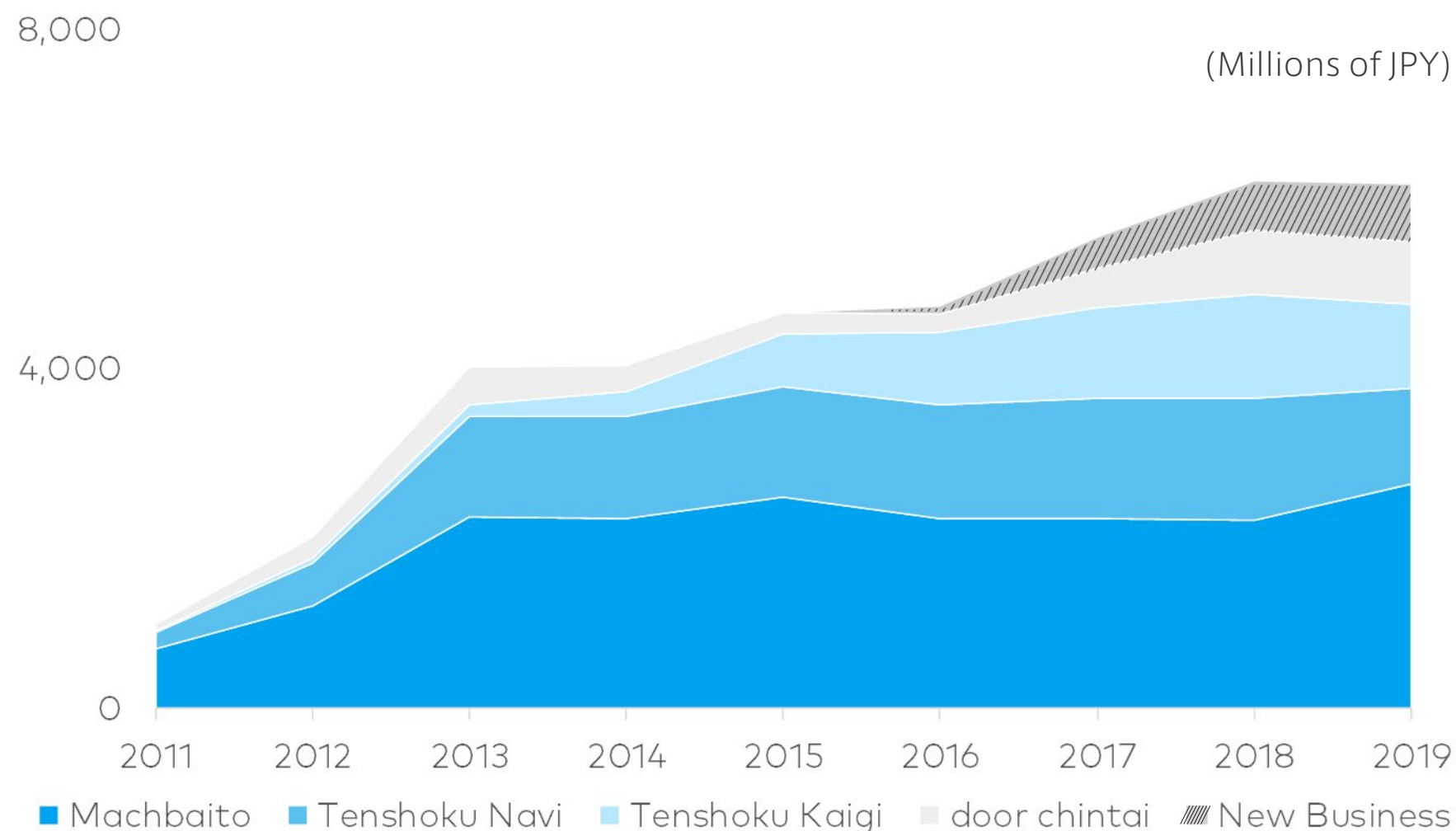
Aim to expand sales and profit in three major services, particularly Machbaito and Tenshoku Navi.



# 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

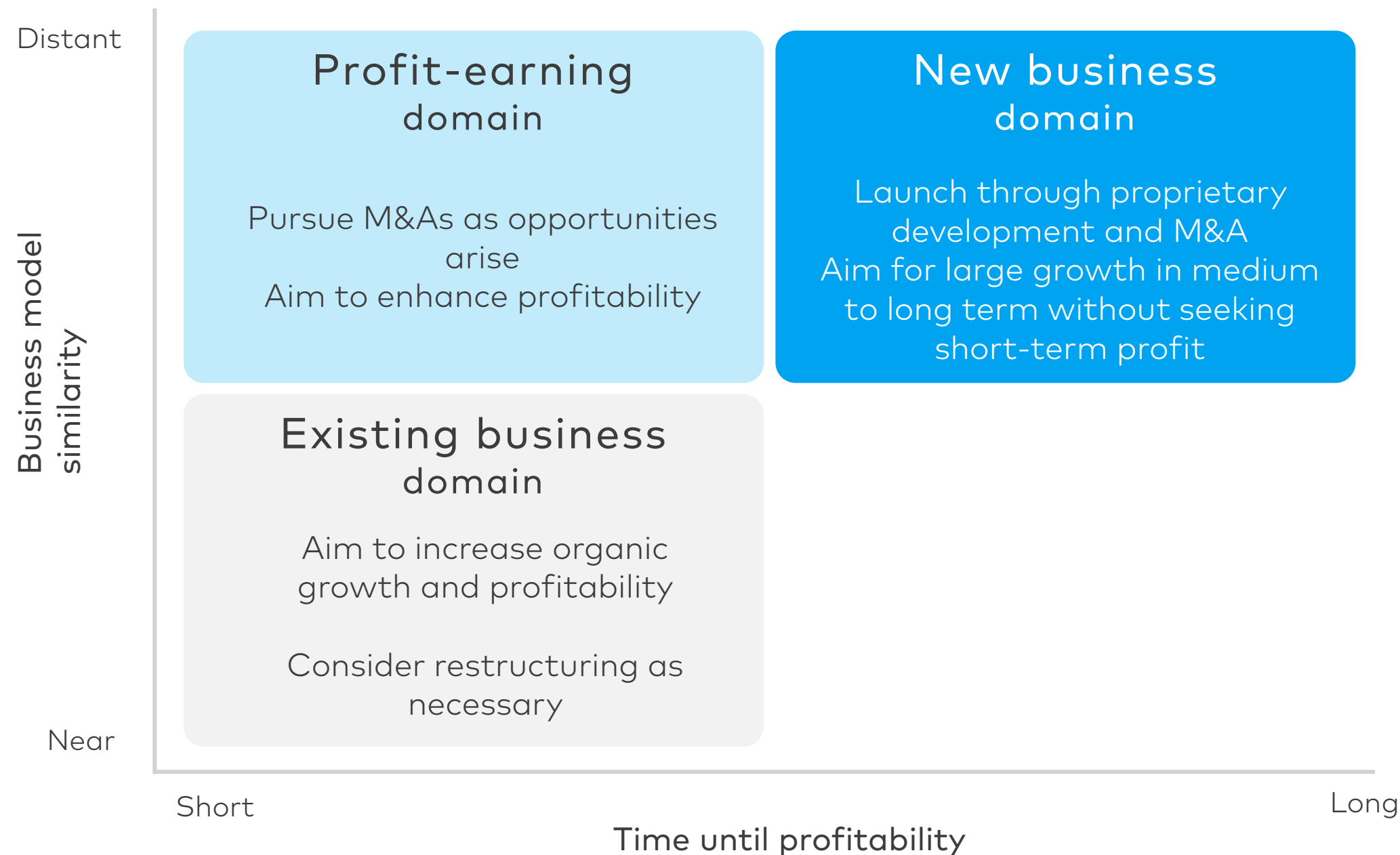


\*1. New businesses: Syukatsu Kaigi, Tenshoku Draft, IESHIL, PHIL LIFE

\*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.



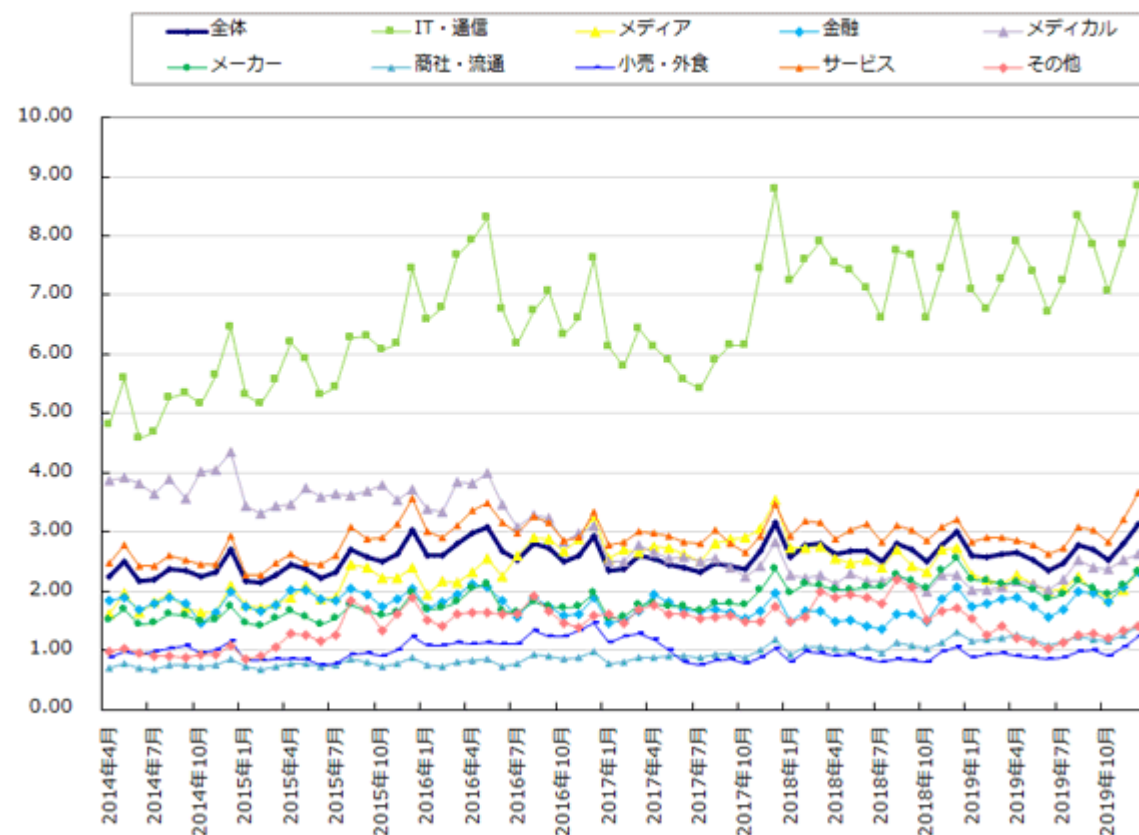


# Becoming a Company That Enjoys the Continued Support of Society

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



# 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.