

FY2020 2nd Quarter Financial Results

Livesense Inc. (TSE1: 6054)

August 14, 2020

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1. Financial Results

Executive Summary for the 2nd Quarter

| Consolidated sales and income down due primarily to decreased corporate hiring activities as a result of novel coronavirus and impact of DOOR Chintai business transfer.

- Net sales ¥1,003 million (YoY -¥626 million -38.4%)
- Operating income -¥276 million (YoY -¥339 million -%)

| Machbaito sales were up in 1st half, but fell this quarter due to impact of novel coronavirus. Test marketing underway for multiple new business proposals.

- Machbaito: Sales were up in 1st half, but down in 2nd quarter due to impact of novel coronavirus. Applications and demand have recovered in some customer segments
- Tenshoku Navi: Hiring reduced due to impact of novel coronavirus and decrease in number of applications in conjunction with adjustment of ad placements, resulting in decrease in sales
- New business: Test marketing underway for multiple business proposals

| Syukatsu Kaigi transferred, and portfolio restructuring progressing. Acquisition of treasury shares also complete.

- Syukatsu Kaigi transferred on July 1, 2020. Gain on transfer to be recorded in 3rd quarter
- Acquired treasury shares. Acquisition of 740,000 shares complete (July 29)

Quarterly Financial Results Overview

(Millions of JPY)

	FY2019 2Q	FY2020 2Q	YoY
Net Sales	1,629	1,003	▲38.4%
Operating Income	63	▲ 276	—
Operating Margin(%)	3.9%	—	—
Ordinary Income	97	▲ 274	—
Profit attributable to owners of parent	69	▲ 274	—

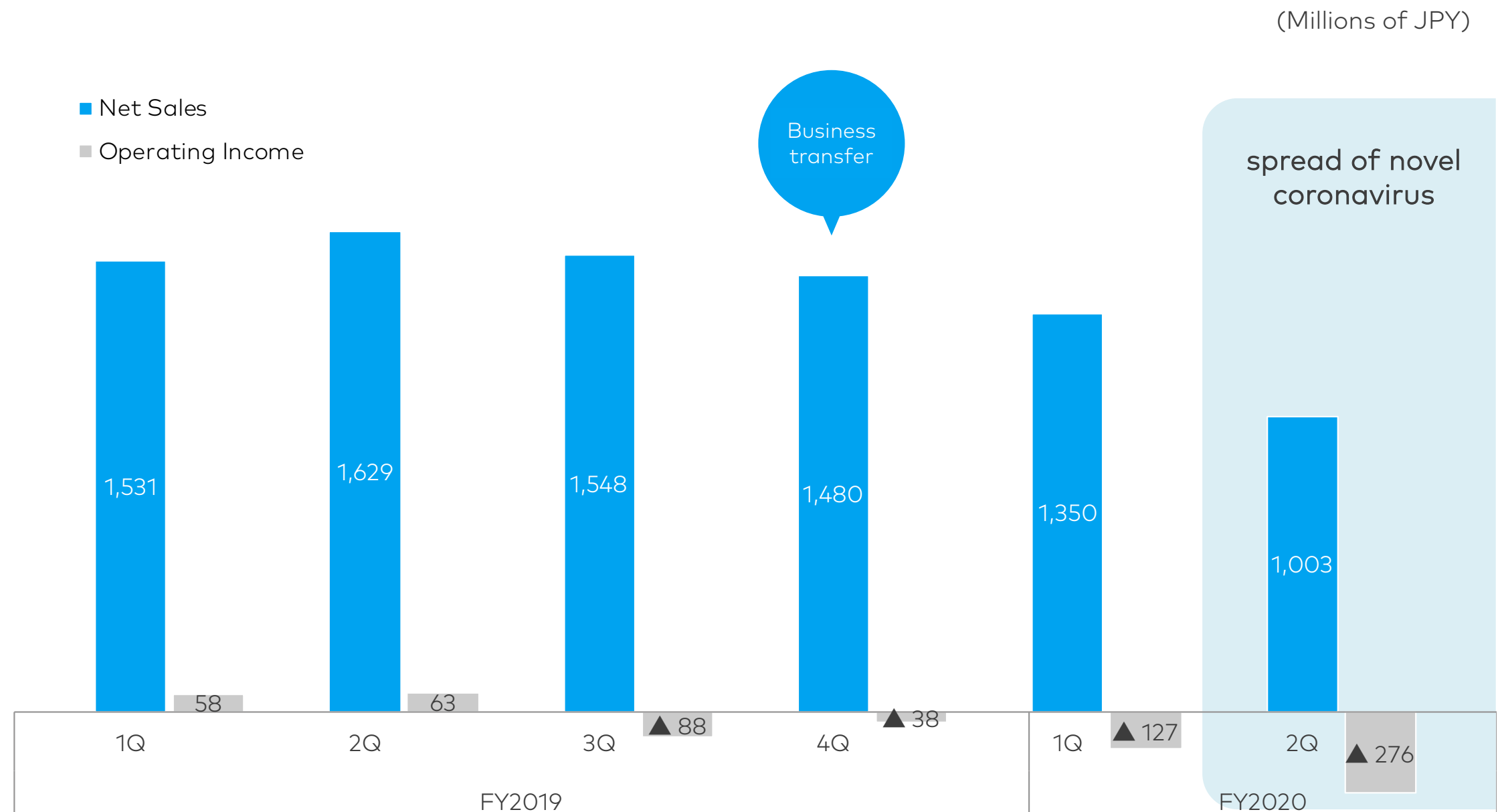
(Reference)

Quarterly Financial Results Overview Excluding Impact of DOOR Chintai Business Transfer

	FY2019 2Q	FY2020 2Q	YoY
Net Sales (Except for DOOR Chintai)	1,473	1,003	▲31.9%
Operating Income (Except for DOOR Chintai)	15	▲ 276	—

Net Sales and Operating Income

Consolidated net sales down 38.4% YoY, consolidated operating income down ¥339 million YoY due mainly to impact of novel coronavirus and transfer of DOOR Chintai business.

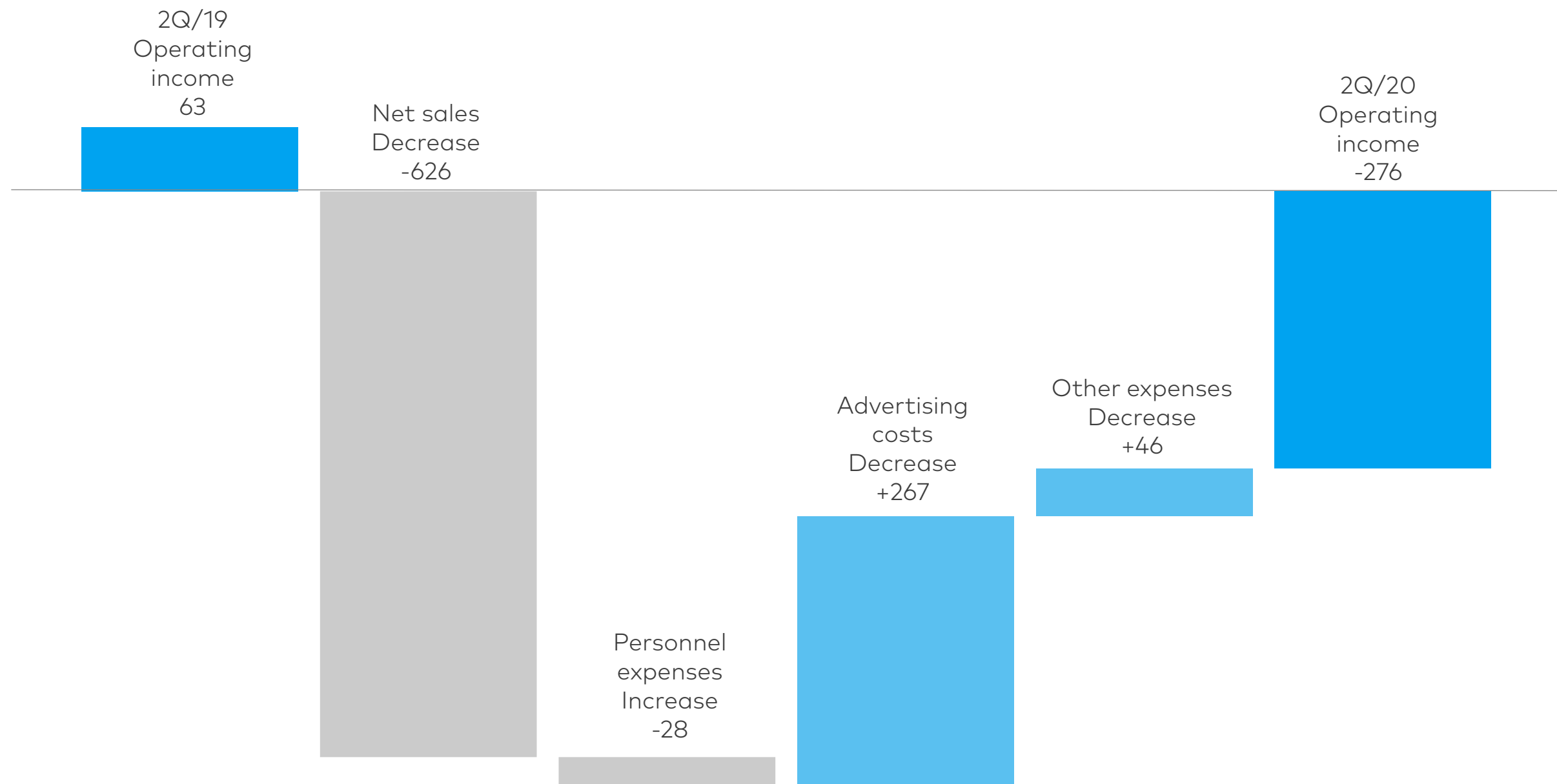


*DOOR Chintai was transferred to CareerIndex Inc. on December 1, 2019

Operating Income - YoY Comparison

Some ad placements adjusted in conjunction with decrease in net sales.

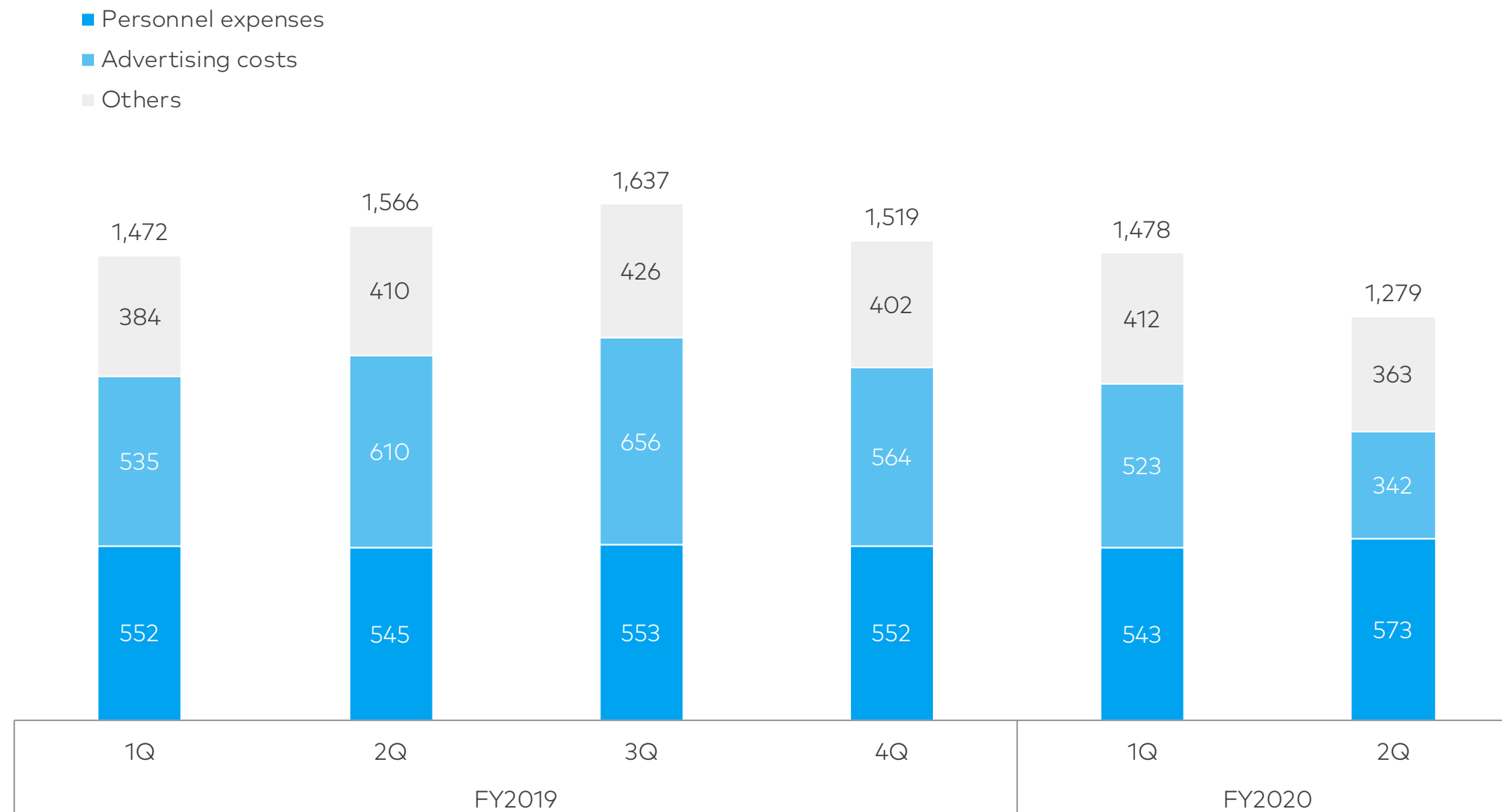
(Millions of JPY)



Operating Expenses

Advertising costs decreased ¥ 267 million as result of some ad placement adjustments in conjunction with decrease in net sales.

(Millions of JPY)



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

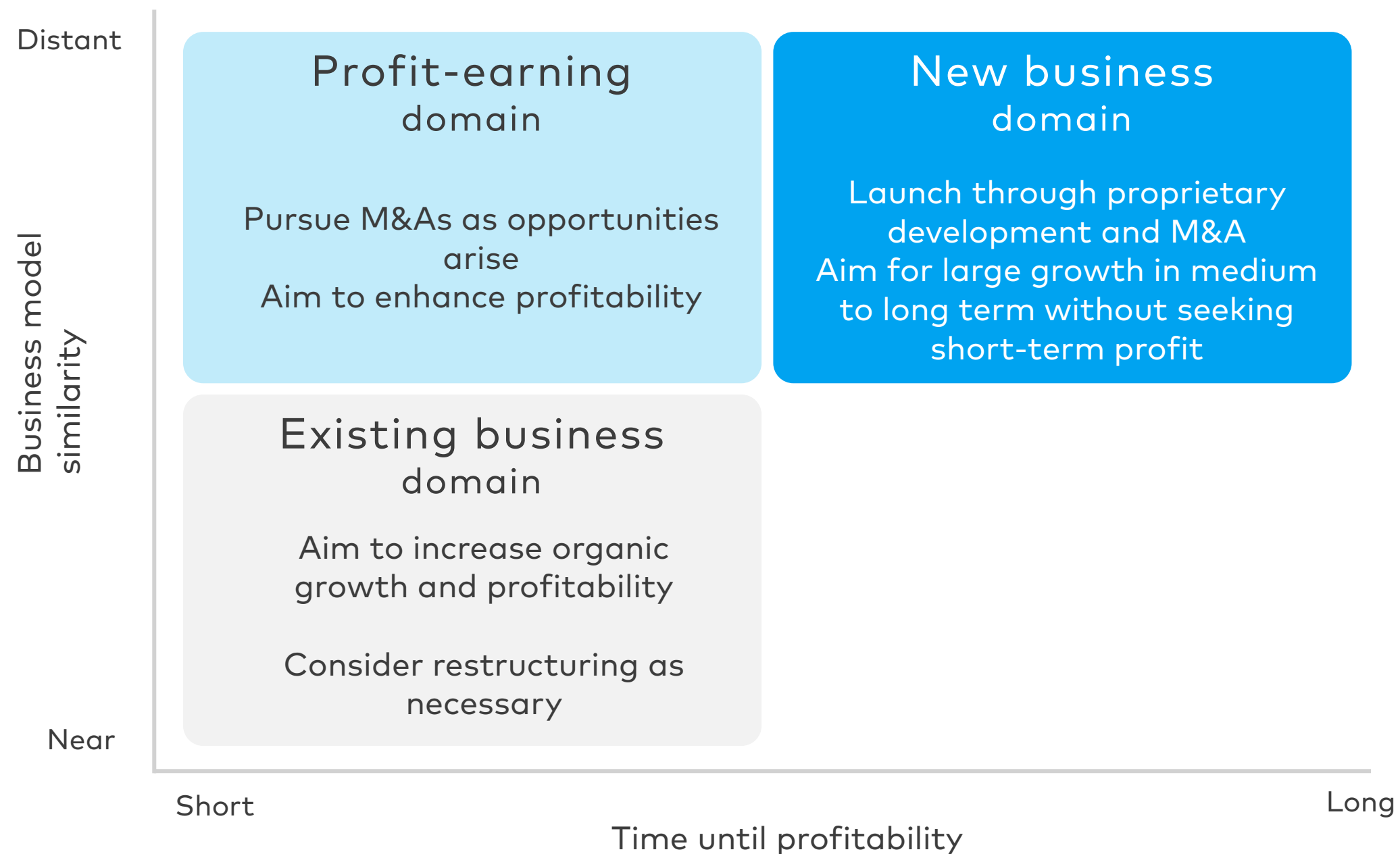
2nd Quarter Progress

Enhance profitability of existing businesses	<ul style="list-style-type: none">• Ascertained impact of novel coronavirus and reviewed prioritization of measures• Progress on media improvements to strengthen profitability and structure from medium- to long-term standpoint
Launch new businesses	<ul style="list-style-type: none">• Test marketing underway for multiple business proposals• Enhanced structure of specialized organizations
Continue to change to be a company that enjoys the continued support of society	<ul style="list-style-type: none">• Received award for excellence in HR management category at 9th Japan HR Challenge Awards

Optimization of Business Portfolio

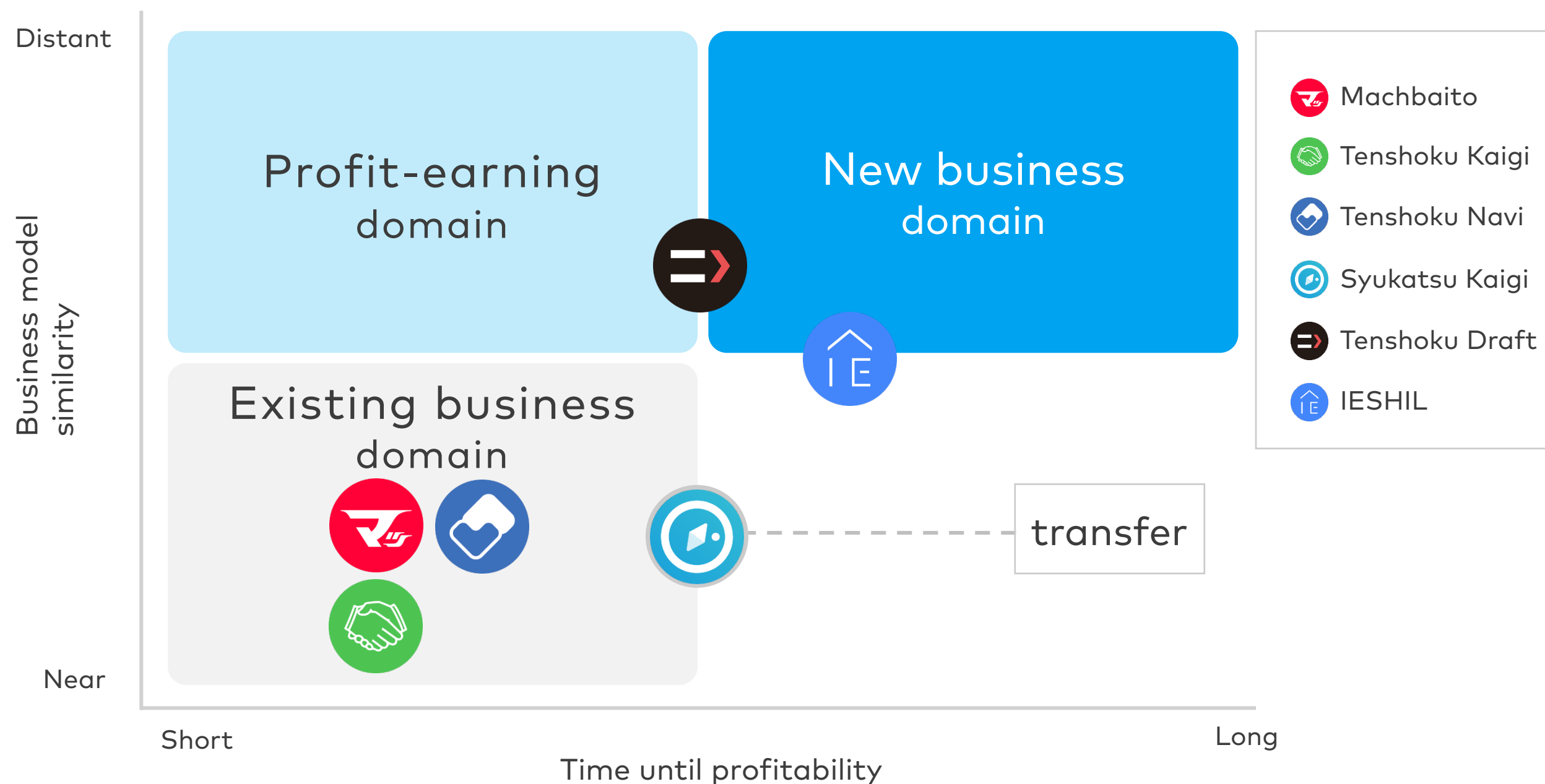
Business portfolio concept

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



Optimization of Business Portfolio Progress

- | Syukatsu Kaigi transferred on July 1, 2020, and progress made on optimization of business 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 ¥850 million.
- | Transfer price revised based on current situation. Price dropped from time of basic agreement, but priority placed on restructuring business portfolio.

Purpose of transfer	Restructuring our business portfolio through higher investment in new businesses and the requisite selection and concentration of existing businesses
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	¥850 million (paid in three annual installments)
Transfer date	July 1, 2020
Impact on this year's results	Under careful review

Acquisition of Treasury Shares

- | Acquisition of 740,000 treasury shares complete (July 29).
- | Swift implementation of a capital policy that addresses changes in the management environment now possible.

Type of shares acquired	Common shares
Total number of shares acquired	740,000 shares
Total value of shares acquired	¥206,031,100
Acquisition period	April 1 to July 29, 2020

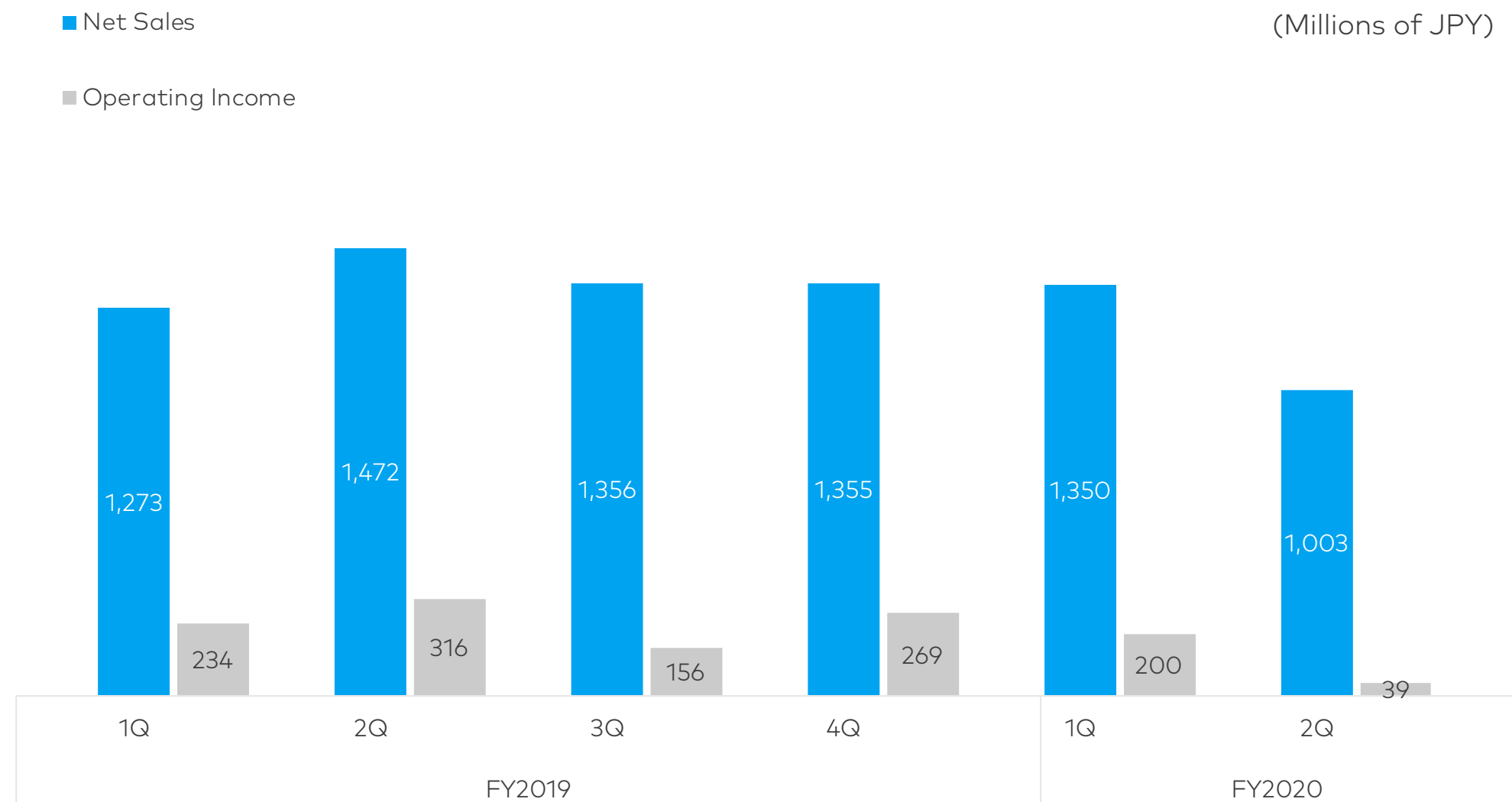
2. Progress

Existing Businesses

Net Sales and Operating Income of Existing Businesses

| Net sales down ¥469 million YoY due to impact of novel coronavirus.

| Operating income down ¥277 million YoY due to adjustment of ad placements in conjunction with decrease in net sales.



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

Major Media Topics

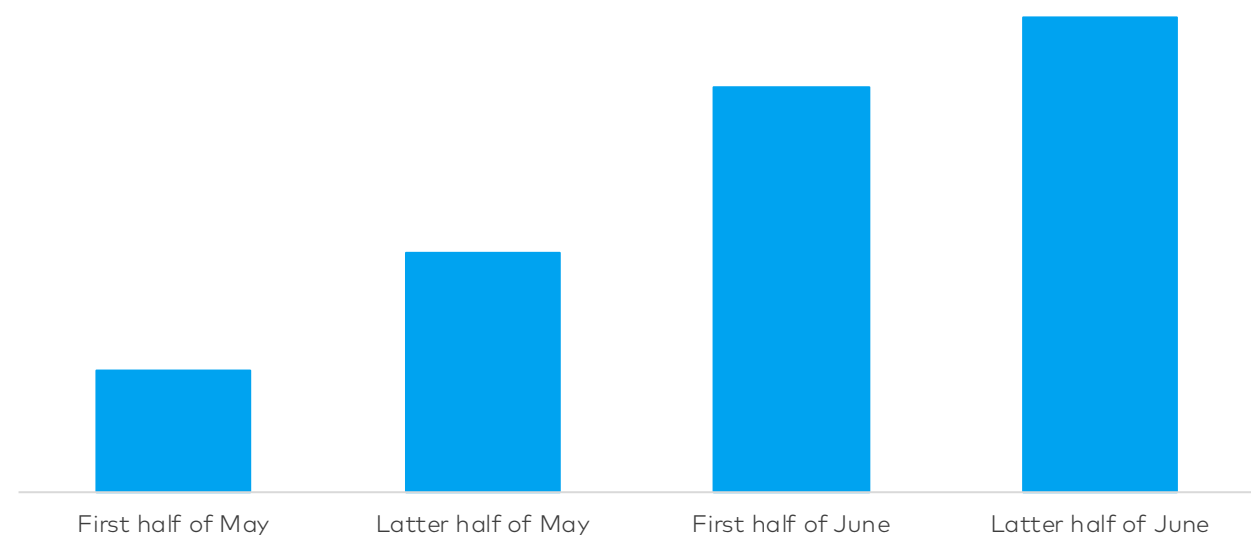
Machbaito

- | Sales were up in 1st half, but down in 2nd quarter due to impact of novel coronavirus.
- | Number of job openings down substantially overall. Meanwhile, no significant decrease in user job search demand observed, so matching promoted with companies with high demand for hiring.

Ran special feature on actively hiring part-time jobs



Trend in applications to companies with high demand for hiring



*Cumulative number of applications since May 7

Major Media Topics

Tenshoku Kaigi

Company information pages heavily revised to increase media value.

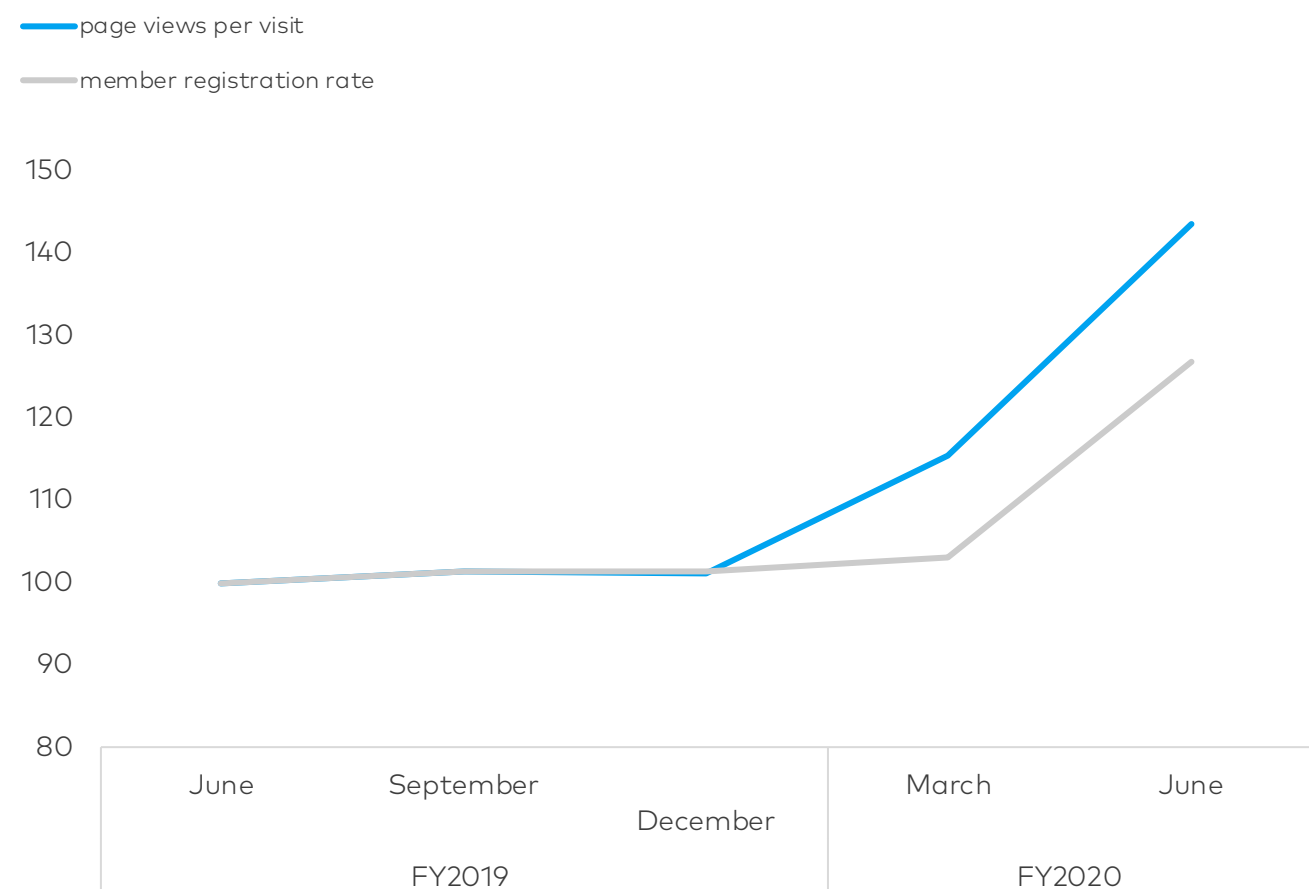
Site improvements resulted in substantial increase in page views per visit and member registration rate.

Revised company information page



Job category pages increased so users can check details for each job category

Trends in media indicators



*Monthly comparison with June 2019 indicators set at 100

2. Progress

New Businesses

Status of New Business Initiatives

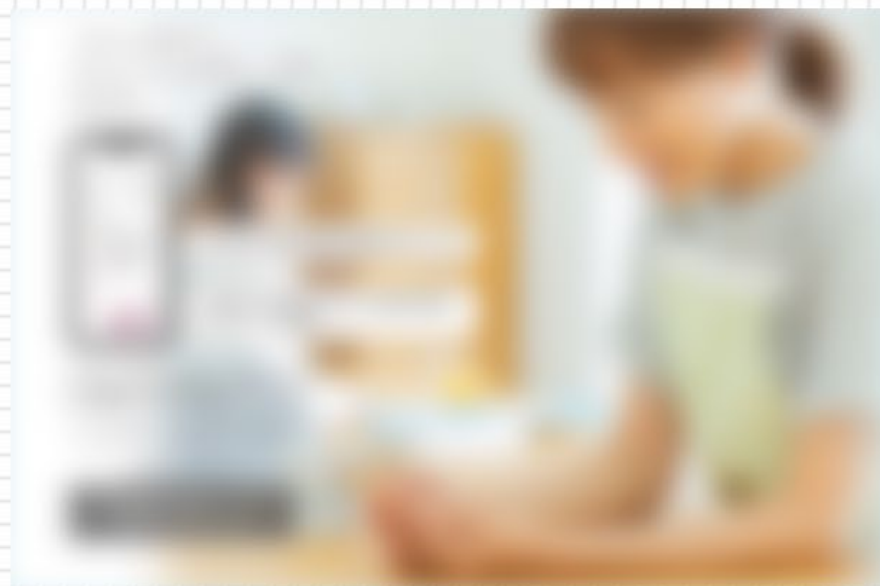
- | Aiming for business model not dependent on customer attraction via search traffic.
- | Multiple business proposals simultaneously being considered at specialized organizations. Aim is to launch several new businesses within two years.

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

| Test marketing and prototyping underway for multiple new business proposals. No change to investment plan despite impact of novel coronavirus.

New business proposals under development/consideration (example)



HR planning tech service
人事企画系HRテックサービス

HR hiring tech service
採用系HRテックサービス

Life event service
ライフイベントサービス

CtoC community service
CtoCコミュニティサービス

DX service for legacy domains
レガシー領域のDXサービス

*Each of these business proposals is under development/consideration. Not all will be commercialized.

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

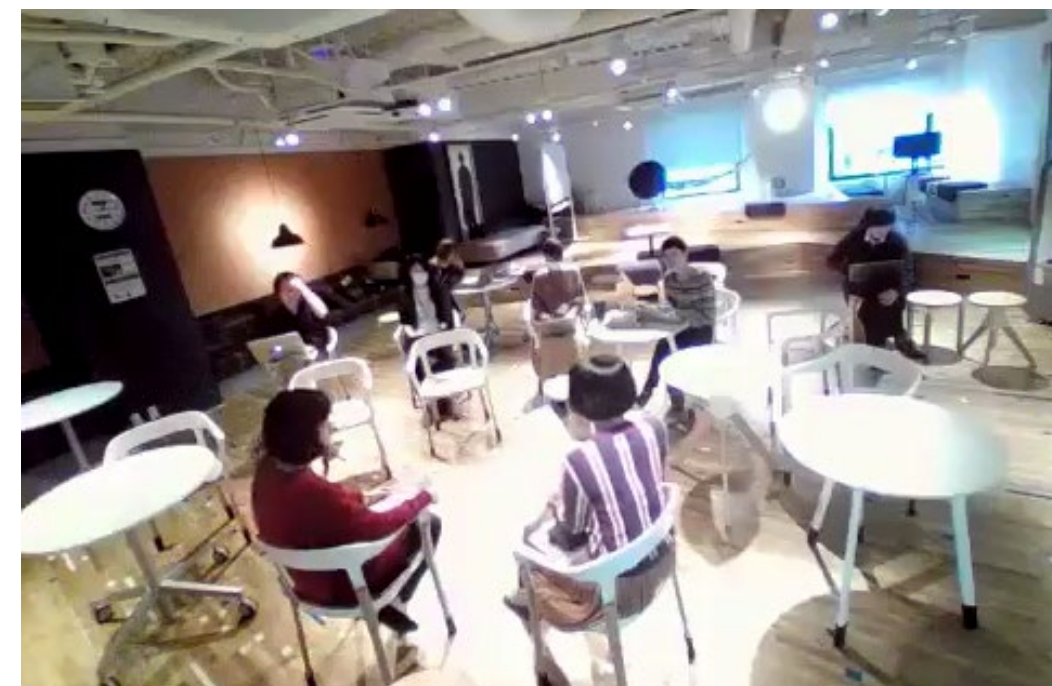
- ✓ Do not rely on specific income
- ✓ Review business value repeatedly
- ✓ Promote learning and career advancement
- ✓ Provide opportunities that support taking up challenges
- ✓ Share information for autonomy
- ✓ Realize diverse work styles
- ✓ Eliminate discrimination and harassment and realize fairness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

Becoming a Company That Enjoys the Continued Support of Society

- | Received award for excellence in HR management category at 9th Japan HR Challenge Awards for management/HR initiative tied to Management Design Project.
- | Work on Livesense identity clarification project begun in aim of establishing and spreading corporate branding.



Our initiative was recognized for its employee-oriented rather than top-down approach, and the design of the guidelines supported by both management and employees was called revolutionary.



Interviewed employees in various positions to learn how they see Livesense identity and good qualities of Livesense

3. Policy for 2H

| Policy: No changes

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 period's results impacted significantly by novel coronavirus.
Promote customer cultivation and improvement of services while monitoring situation in order to achieve continued growth of Machbaito and recovery of Tenshoku Navi post-corona.
- Also consider M&A if opportunities arise.

● Launch new businesses

- Aim to launch several new businesses within next two years through proprietary development or M&A.
- Enhance structure and accelerate development speed

● 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.

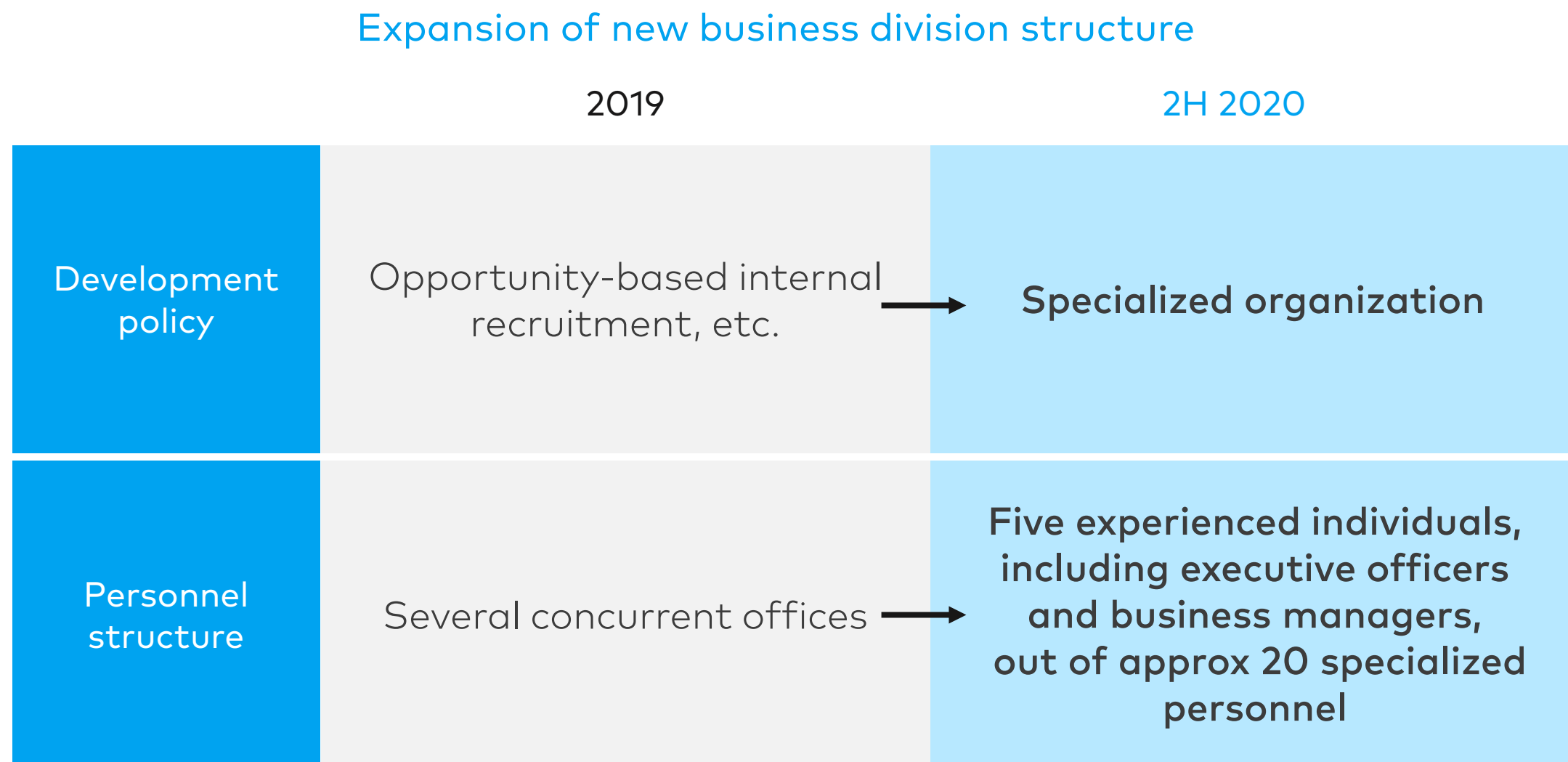
Enhancing Profitability of Existing Businesses

- | Aim to improve real business value without implementing temporary measures and cost reductions that will lead to loss of future business value. Allow results to deteriorate this period.
- | Work to strengthen structure peri-/post-corona through site improvements, expansion of ad placement space, diversification of customers and other measures.

	Do	Don't
Growth strategy	Measures to improve real business value in accordance with medium- to long-term growth strategy	Temporary measures leading to loss of future value
Cost strategy	Implement flexible measures in anticipation of trends and environmental changes arising from novel coronavirus	Overemphasis of short-term measures
Short-term response	Cost reduction and structural improvements leading to greater, sustainable profitability	Forced cost reductions focused on short-term profit and loss

Launching New Business

- | Expand specialized organizational structure and develop/consider multiple business proposals simultaneously.
- | Aim to improve development speed and success rate by transferring human resources secured through business selection and concentration, including multiple executive officers and business managers.



Becoming a Company That Enjoys the Continued Support of Society

- | Look for new work styles for peri-/post-corona situation.
- | Continue to consider better work style leading to maximization of productivity and results based on approach of freedom and self-control.

Aiming for new work styles based on freedom and self-control



- Hybrid of working from home and office
- Close some offices in Tokyo and consolidate into one location
- Review allowances and pay bonuses etc...



- ✓ Flexible work styles according to lifestyle and life stage
- ✓ Optimization of individual and team performance

Impact of Novel Coronavirus

| Shrinking of corporate hiring activities impacted existing businesses. No significant impact on new businesses or finances.

| Implement flexible measures in anticipation of future trends and environmental changes arising from novel coronavirus.

	Impact		Short-term policies	Medium- to long-term policies
Existing businesses	<ul style="list-style-type: none"> Shrinking of corporate hiring activities in conjunction with deterioration of business sentiment Changes in hiring needs in anticipation of peri-/post-corona situation People refraining from looking at real estate due to stay at home request 	→	<ul style="list-style-type: none"> ✓ Diversify customer industries ✓ Focus on support for actively hiring companies ✓ Shift to online interaction with customers and users 	<ul style="list-style-type: none"> ✓ Strengthen structure and improve business value in anticipation of peri-/post-corona situation
New businesses	<ul style="list-style-type: none"> No impact on business proposals under consideration Possible business opportunities arising from shift to new normal 	→	<ul style="list-style-type: none"> ✓ No change (look for more new business opportunities) 	<ul style="list-style-type: none"> ✓ No change (look for more new business opportunities)
Finance	<ul style="list-style-type: none"> No significant impact 	→	<ul style="list-style-type: none"> ✓ No change (Stable in terms of finances, including cash and cash equivalents) 	<ul style="list-style-type: none"> ✓ No change ✓ Consider raising funds if impact becomes protracted

Full-Year Financial Forecast for FY2020

- Financial forecast to be determined due to difficulty in reasonably calculating impact of novel coronavirus.
- Consolidated net sales and operating income both expected to be down YoY. Forecast to be announced as soon as appropriate and reasonable calculation is possible.

(Millions of JPY)

	FY2019	FY2020	YoY
Net Sales	6,189	—	—
(reference) Except for DOOR Chintai	5,459	—	—
Operating Income	▲ 5	—	—
(reference) Except for DOOR Chintai	▲ 251	—	—

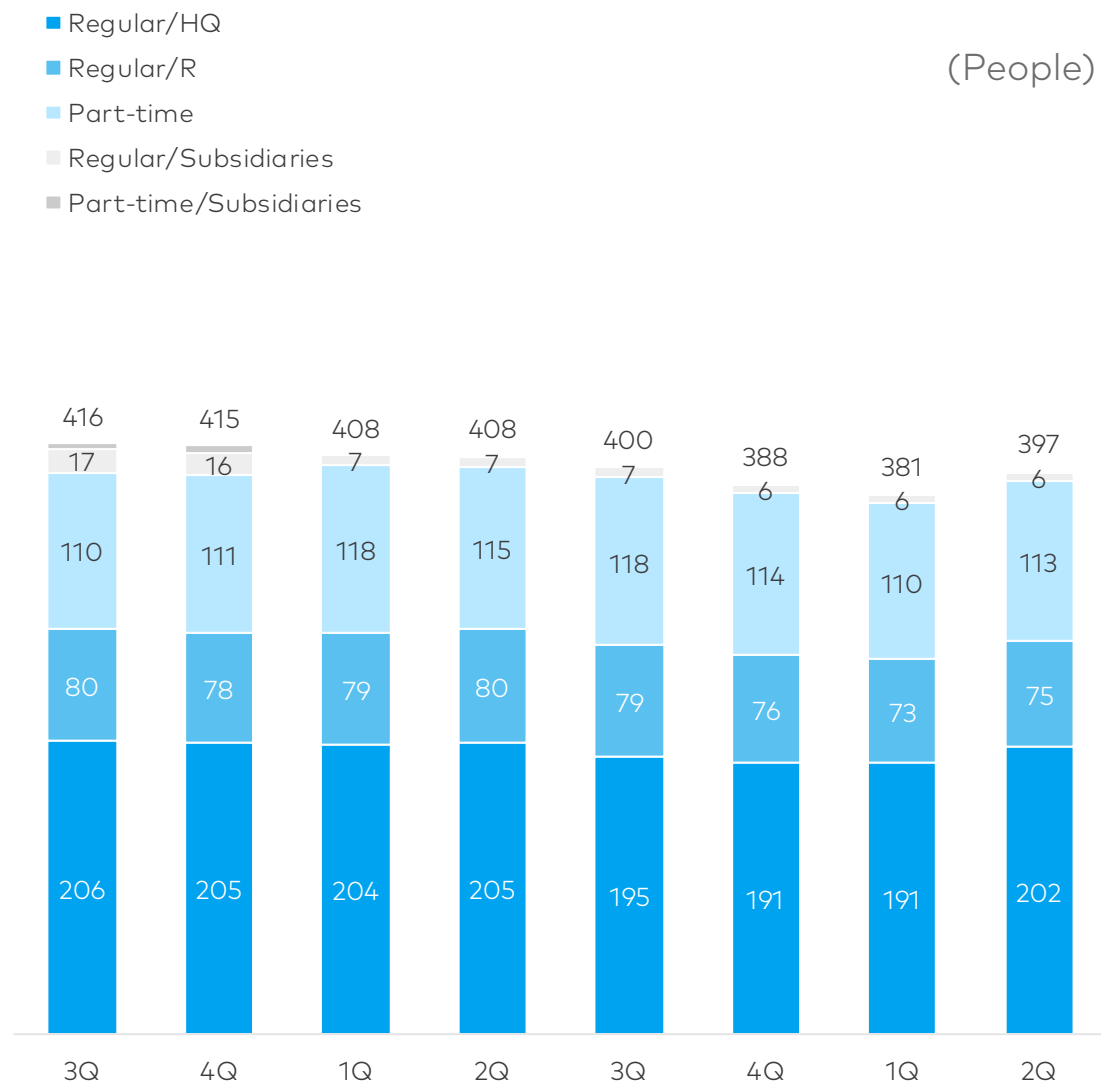
4. Appendix

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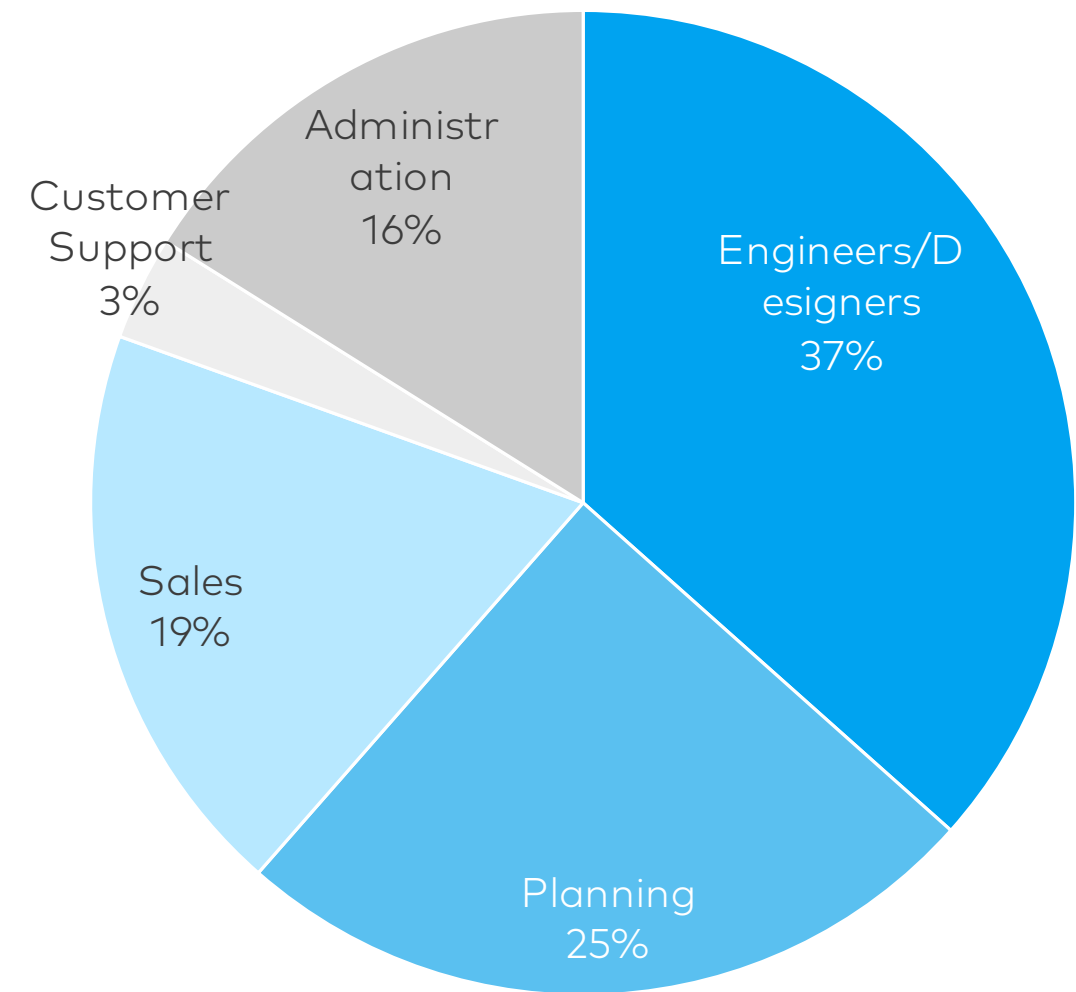
Corporate Profile

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: 277 (as of June 30, 2020)
Consolidated Subsidiaries	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: No changes

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

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● Launch new businesses

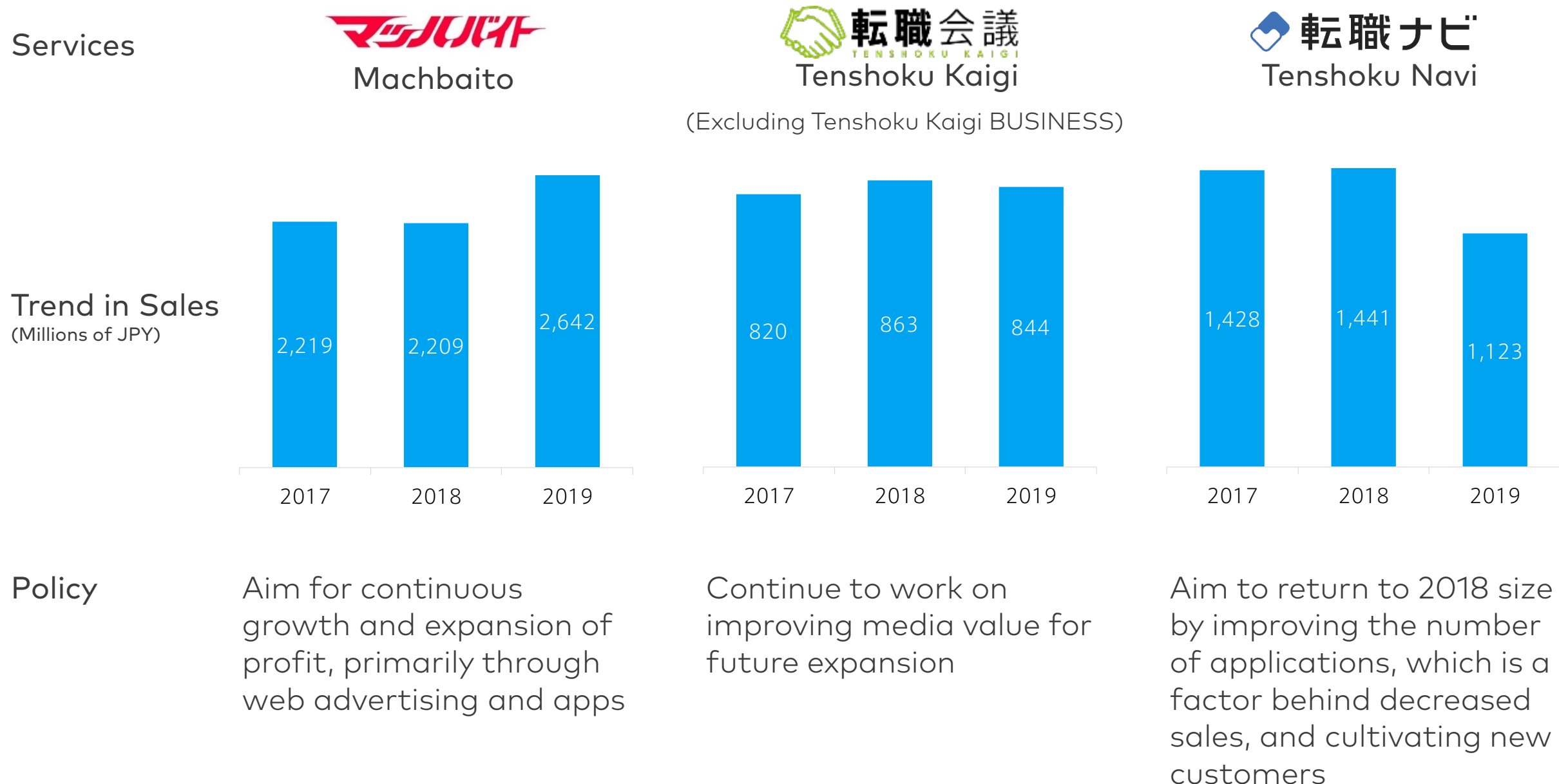
- Aim to launch several new businesses within next two years through proprietary development or M&A.
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● Continue to change to be a company that enjoys the continued support of society

- 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

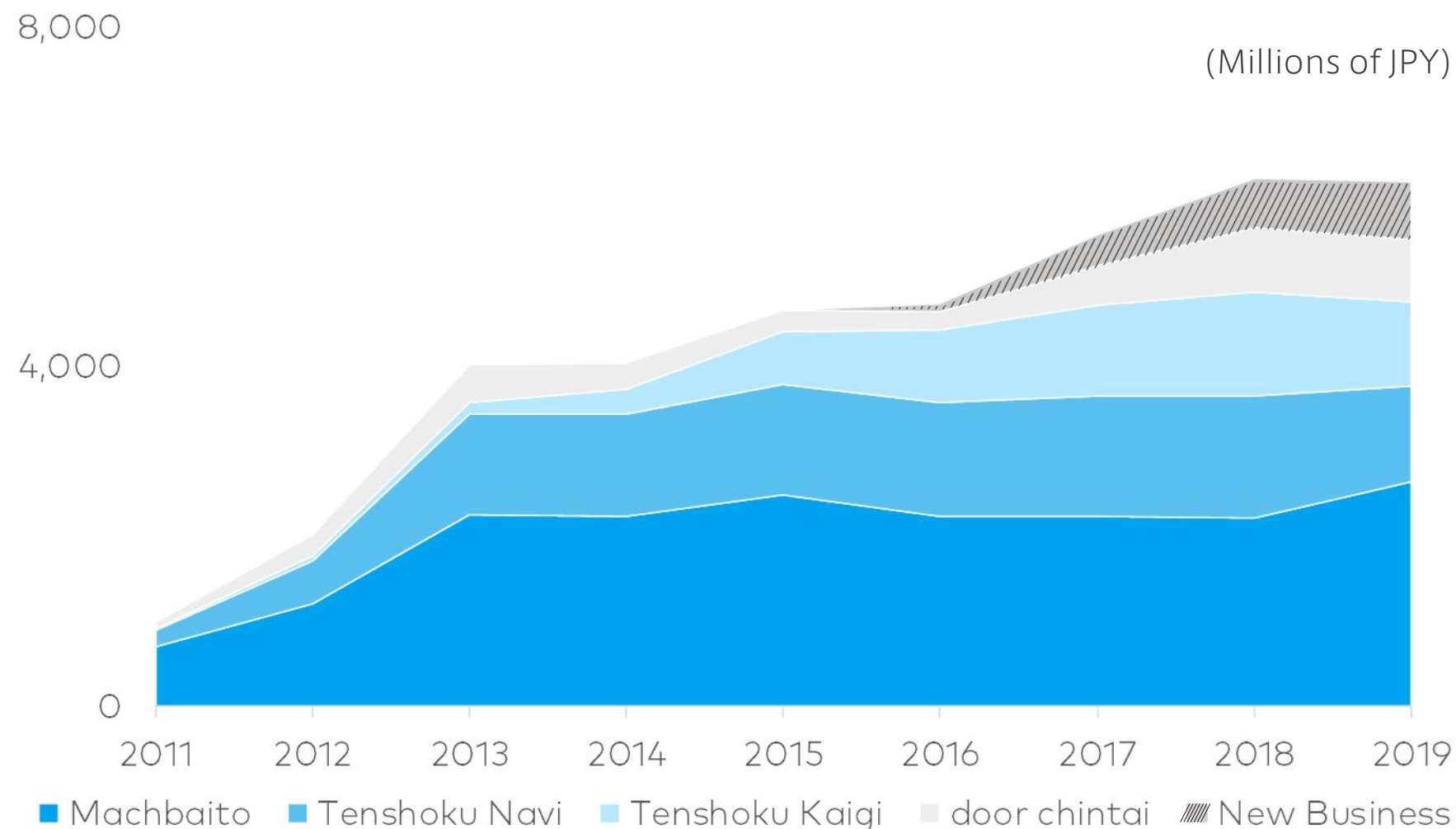
- Raise profit level through sales growth and streamlining of operations.
- Aim to expand sales and profit in three major services, particularly Machbaito and Tenshoku Navi.



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

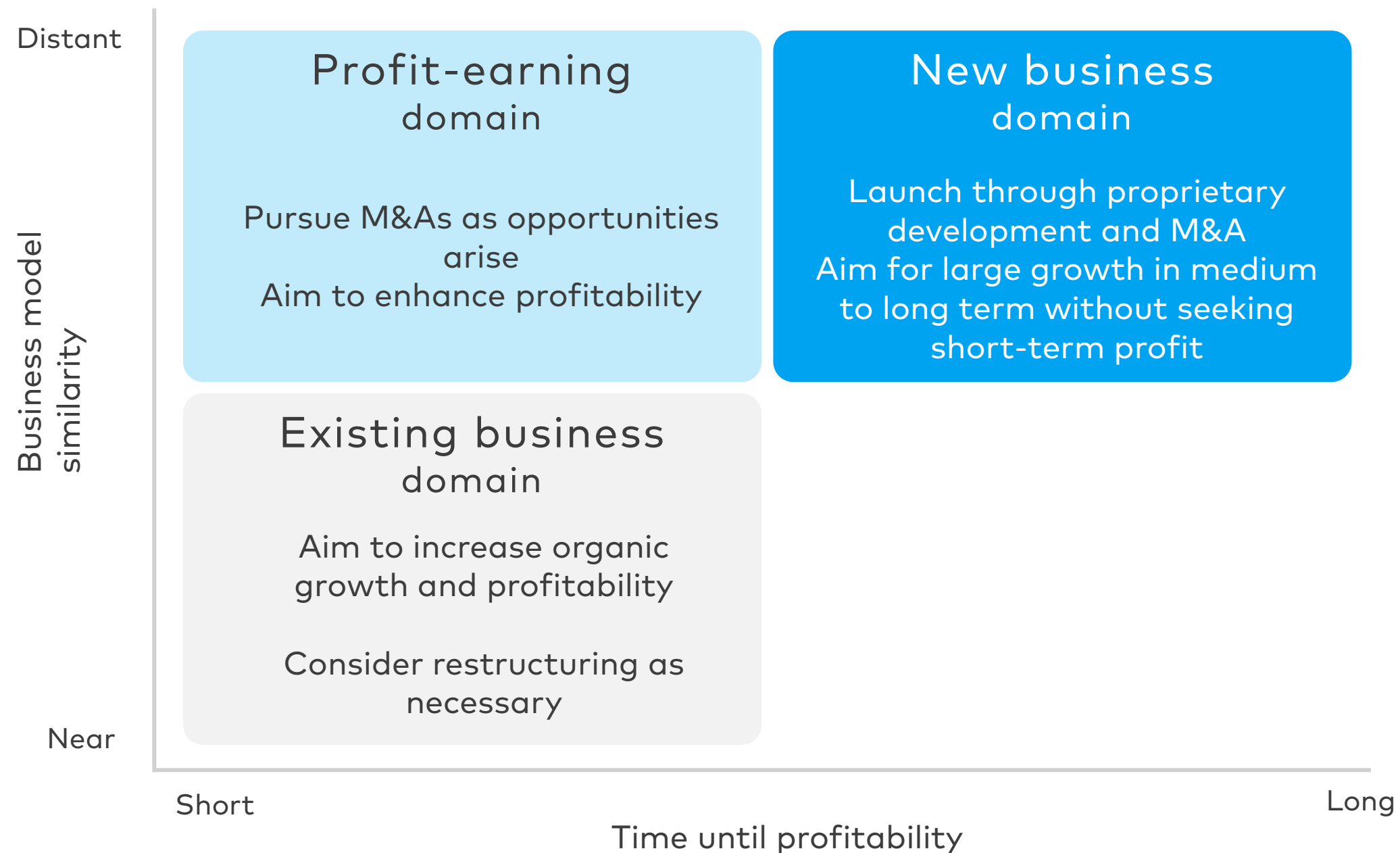


*1. New businesses: Syukatsu Kaigi, Tenshoku Draft, IESHIL, PHIL LIFE

*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.

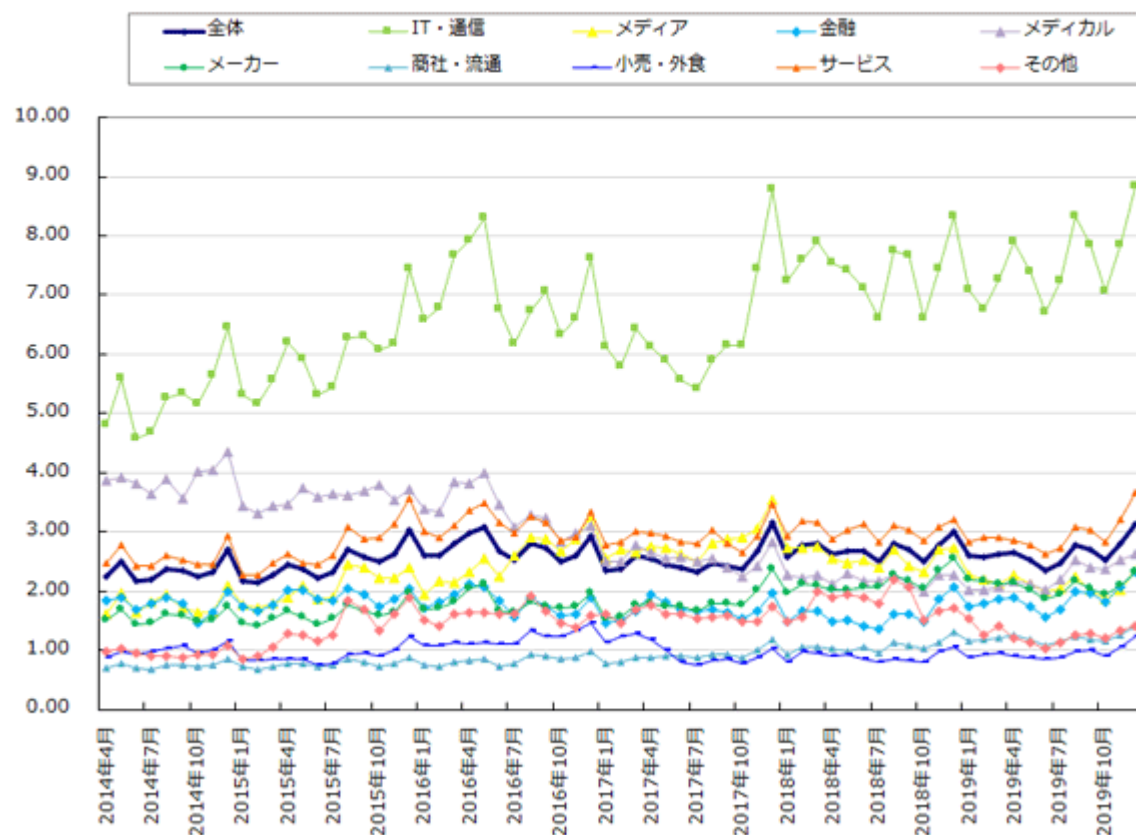


Becoming a Company That Enjoys the Continued Support of Society

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/2019/12.html

※ 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





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.