

FY2020 3rd Quarter Financial Results

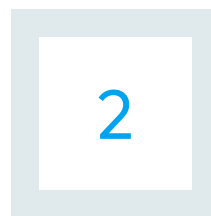
Livesense Inc. (TSE1: 6054)

November 13, 2020

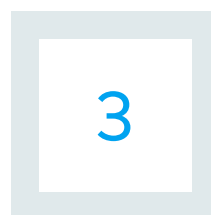
Agenda



Financial Results



Progress



Appendix

1. Financial Results

| 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 ¥883 million (YoY -¥665 million -43.0%)
- Operating income -¥343 million (YoY -¥254 million -%)

| Market environment remains weak due to impact of novel coronavirus. Review customer makeup in each business and promote measures for site improvements, etc.

- Financial results not expected to recover in short term. Focus is on strengthening basic profitability and medium- to long-term measures for regrowth following market recovery
- Continued to cultivate customers with hiring needs and made progress on optimizing matching utilizing machine learning, etc.
- Optimized costs for improved profitability next year and beyond

| Syukatsu Kaigi transfer is complete. Progress made on strengthening resources for launch of new businesses, etc.

- Reallocated human resources to new businesses and existing key businesses. Accelerated portfolio optimization and growth
- Launched the "Invent our next work and life style" project for new work styles
Try out optimal work styles for the new normal and tie them into enhancement of our appeal as a company

Quarterly Financial Results Overview

(Millions of JPY)

	FY2019 3Q	FY2020 3Q	YoY
Net Sales	1,548	883	▲43.0%
Operating Income	▲ 88	▲ 343	—
Operating Margin(%)	—	—	—
Ordinary Income	▲ 69	▲ 290	—
Profit attributable to owners of parent	▲ 49	▲ 357	—

*Supplemental information for accounting treatment of transfer of Syukatsu Kaigi

In relation to transfer of Syukatsu Kaigi, we have concluded share transfer agreement with Port as well as licensing agreement concerning use of Tenshoku Kaigi reviews within Syukatsu Kaigi. Five years' worth of agreement is included in transfer price, so will be recorded for 5 years from transfer date as non-operating income

(Reference)

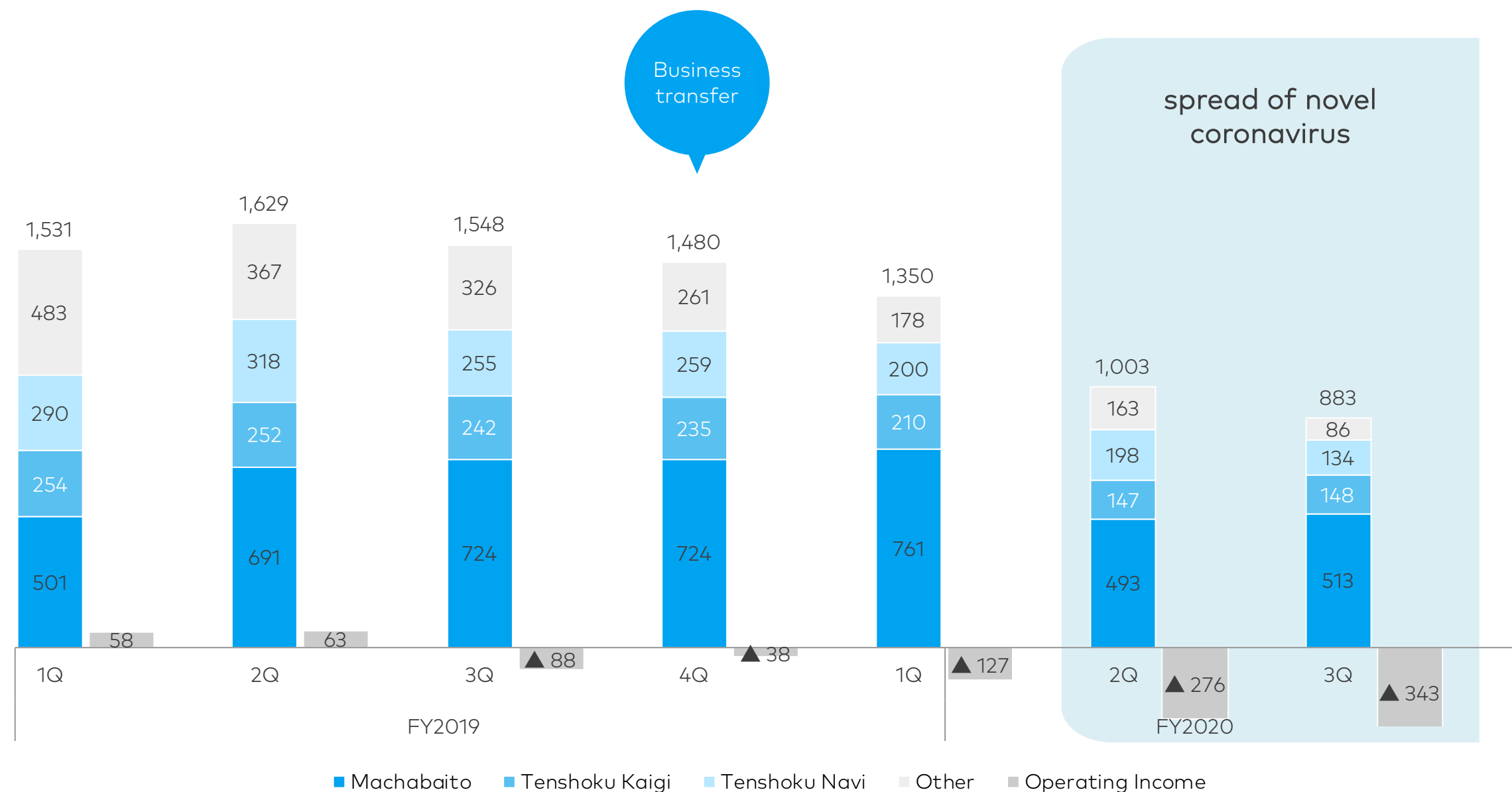
Quarterly Financial Results Overview Excluding Impact of DOOR Chintai Business Transfer

	FY2019 3Q	FY2020 3Q	YoY
Net Sales (Except for DOOR Chintai)	1,356	883	▲34.9%
Operating Income (Except for DOOR Chintai)	▲ 147	▲ 343	—

Net Sales and Operating Income

Consolidated net sales down 43.0% YoY, consolidated operating income down ¥254 million YoY due mainly to impact of novel coronavirus and transfer of DOOR Chintai business.

(Millions of JPY)

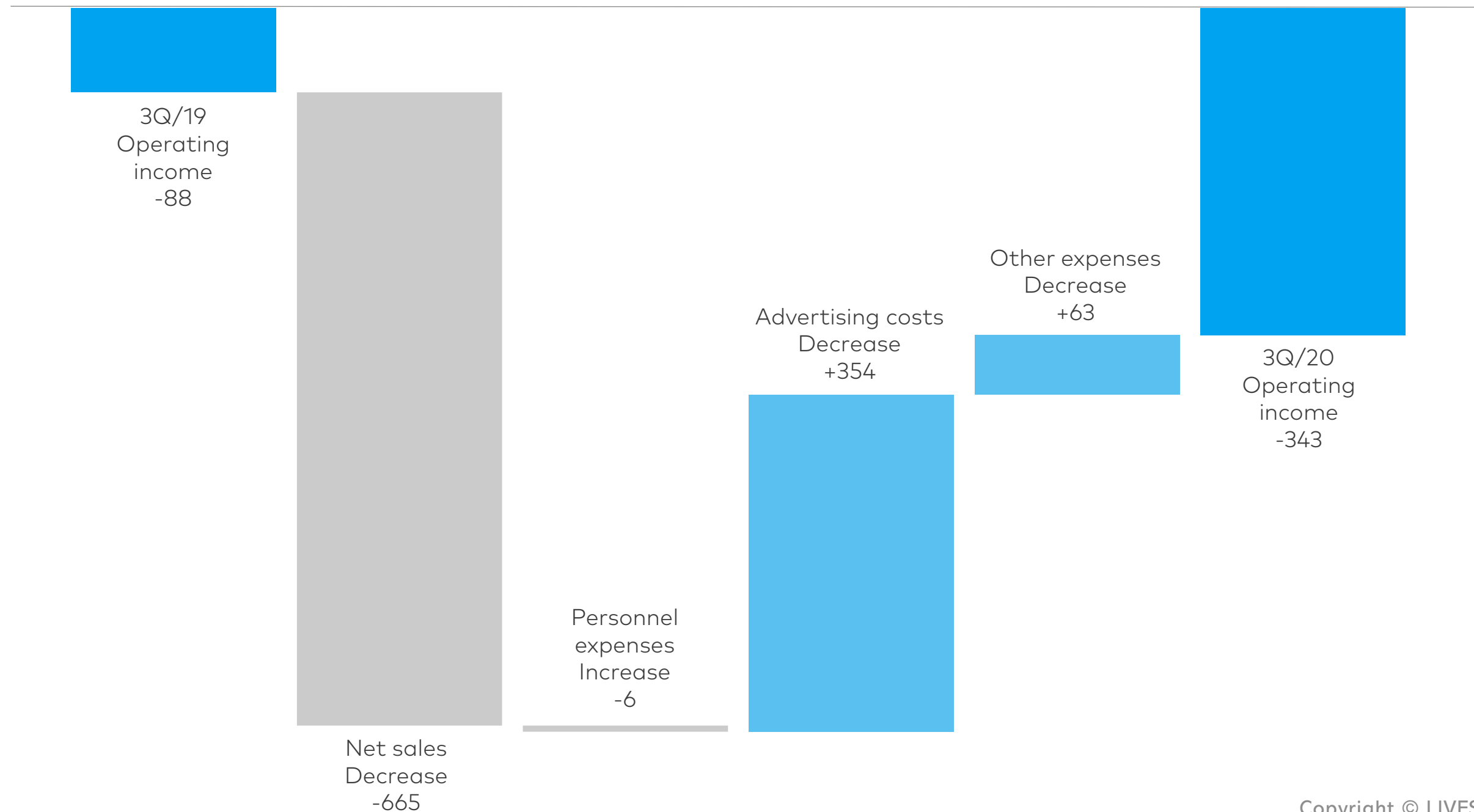


* DOOR Chintai was transferred to Career Index Inc. on December 1, 2019

Operating Income - YoY Comparison

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

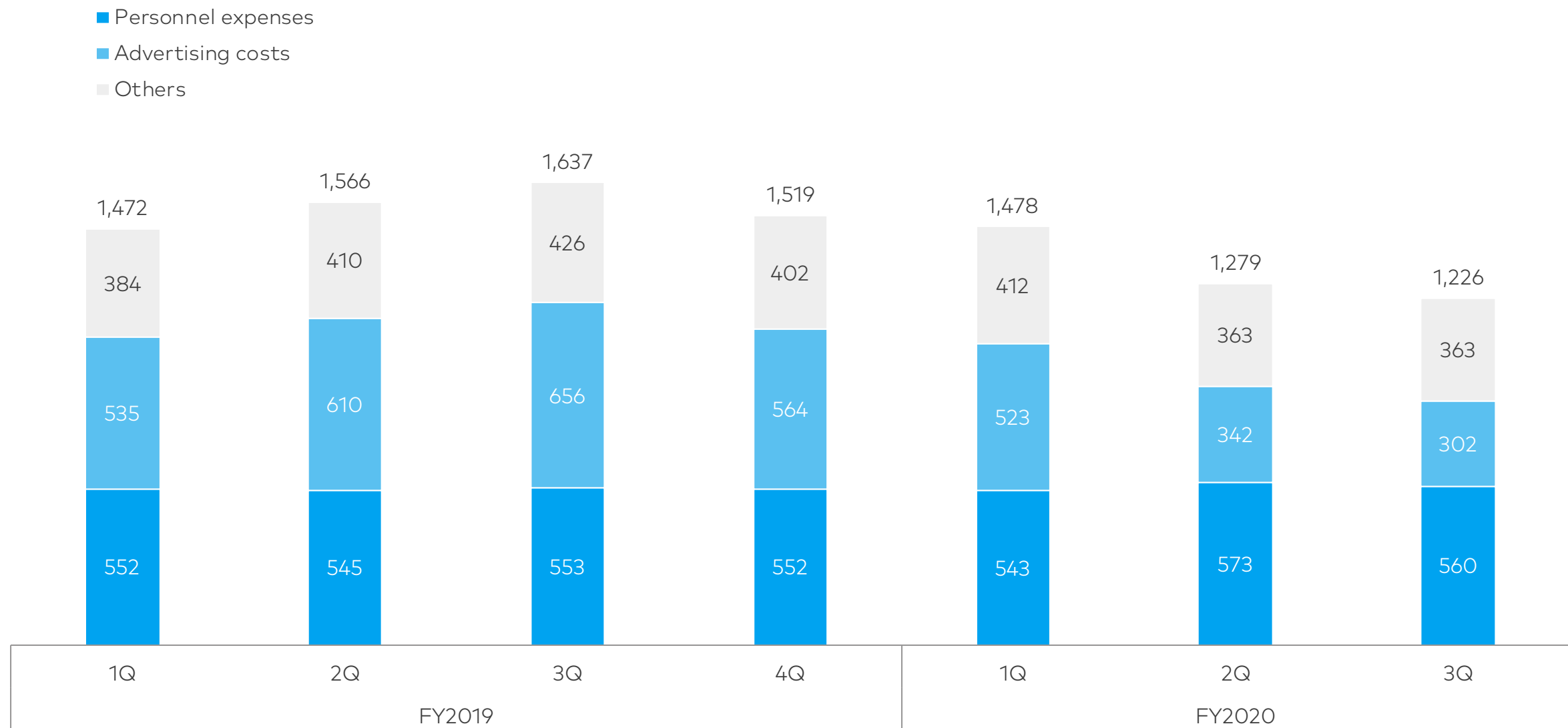
(Millions of JPY)



Operating Expenses

Some ad placement adjustments continued. Expenses almost unchanged from previous quarter.

(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

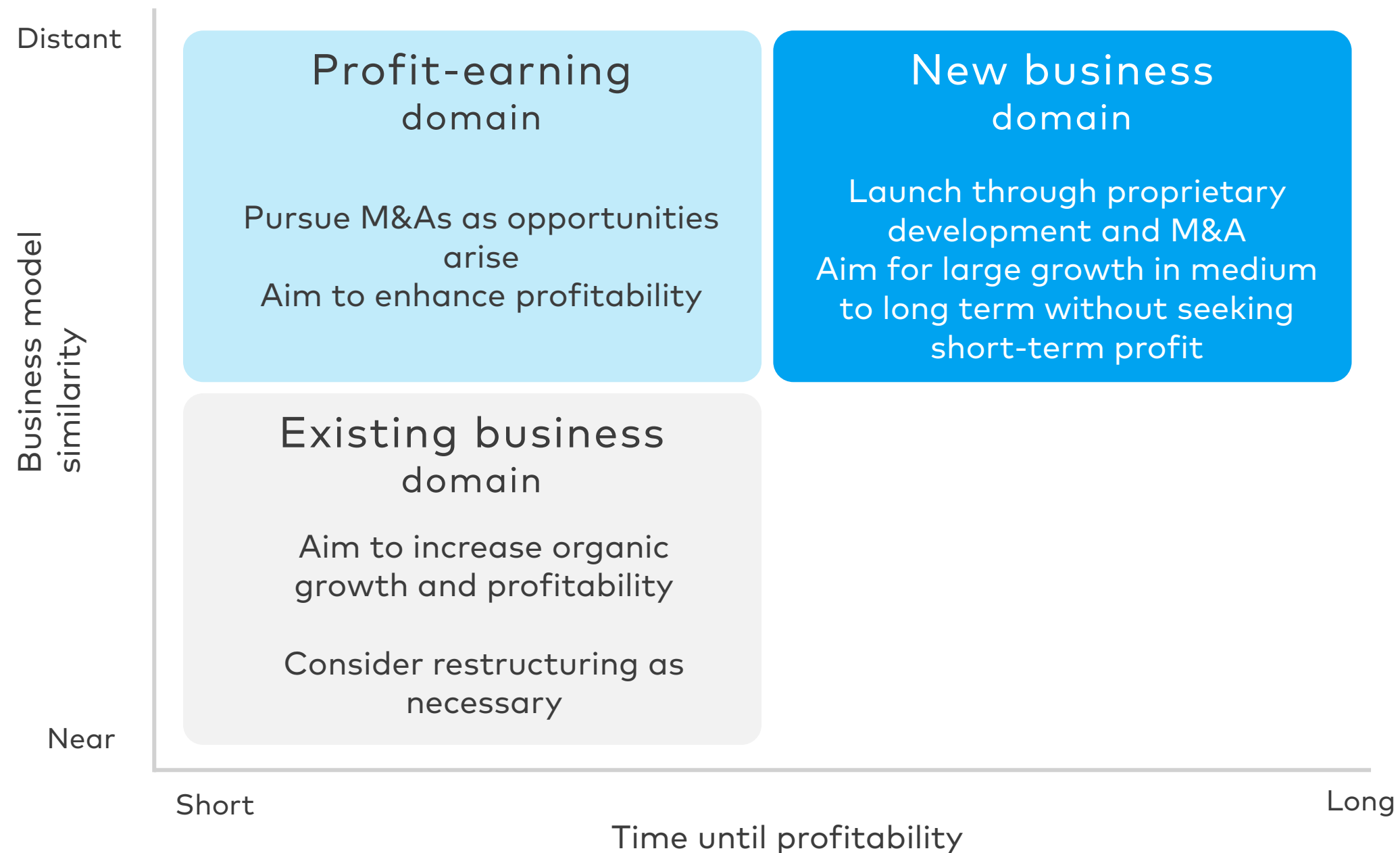
3rd Quarter Progress

Enhance profitability of existing businesses	<ul style="list-style-type: none">• Financial results flat due to novel coronavirus• 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
Continue to change to be a company that enjoys the continued support of society	<ul style="list-style-type: none">• Launched "Invent our next work and life style" project for reviewing and trying out new work styles

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.



Progress on Restructuring Business Portfolio

Two businesses transferred in last year. Progress being made on securing human resources for growth.

Among existing businesses, Machbaito performing well*, focus on new businesses.

*Prior to spread of novel coronavirus. 1Q/20 net sales up 51.8% YoY



Impact of Novel Coronavirus

| Novel coronavirus situation not improving; shrinking of corporate hiring activities will continue.

| Market environment not expected to return to normal in near future. No change to overall policy of focusing on medium- to long-term growth.

	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 Real estate market has almost returned to pre-corona levels 	→	<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

2. Progress

Existing Businesses

Enhance Profitability of Existing Businesses

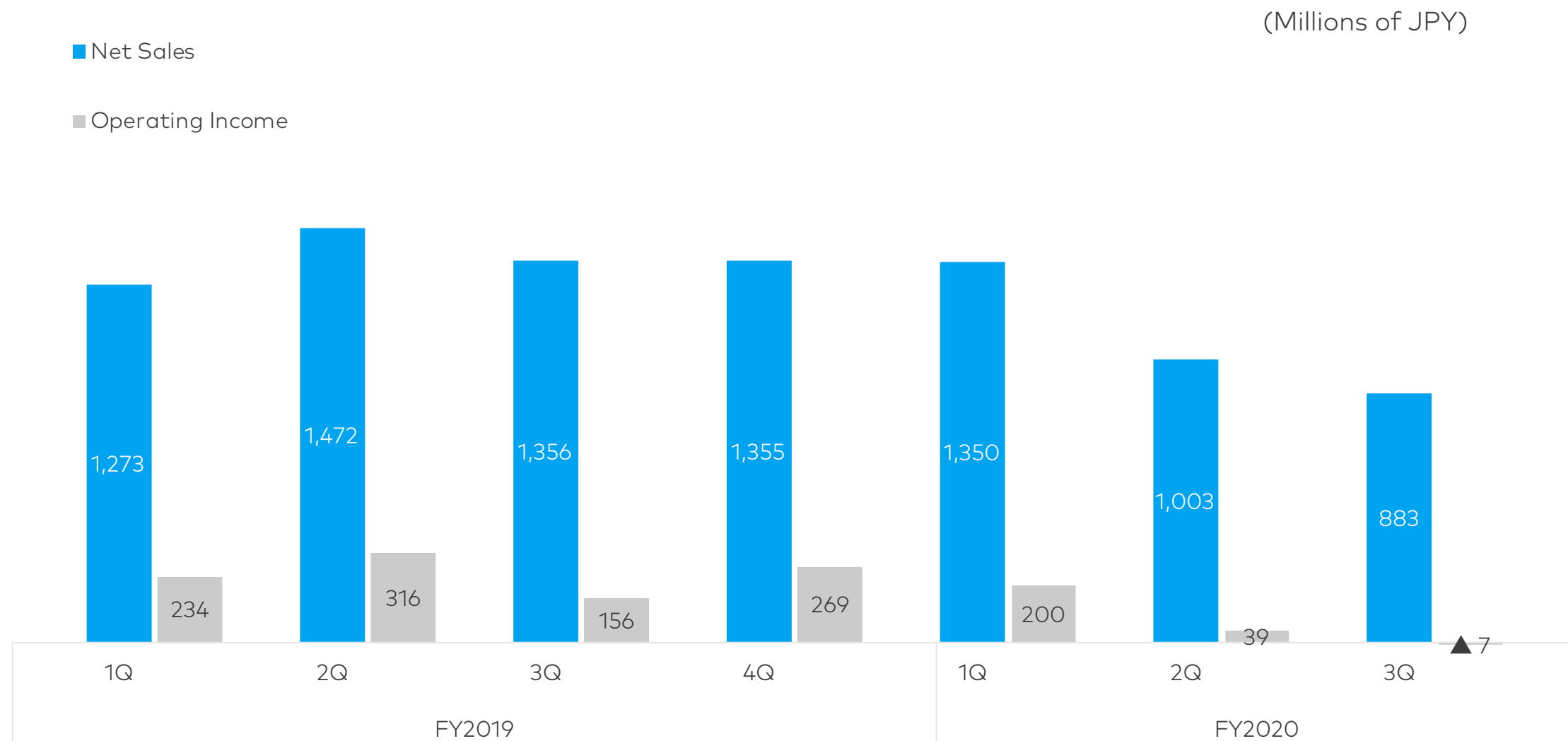
- | Aim to improve real business value without implementing temporary measures and cost reductions that will lead to loss of future business value. Allow results to deteriorate this period.
- | Work to strengthen structure peri-/post-corona through site improvements, expansion of ad placement space, 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	Cost reduction and structural improvements leading to greater, sustainable profitability	Forced cost reductions focused on short-term profit and loss
Short-term response	Implement flexible measures in anticipation of trends and environmental changes arising from novel coronavirus	Overemphasis of short-term measures

Net Sales and Operating Income of Existing Businesses

| Net sales down ¥473 million YoY due to impact of novel coronavirus.

| Timing of hiring decisions and recording of sales differ with success fee-based products, so sales fell short of previous quarter, which included pre-corona numbers.



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

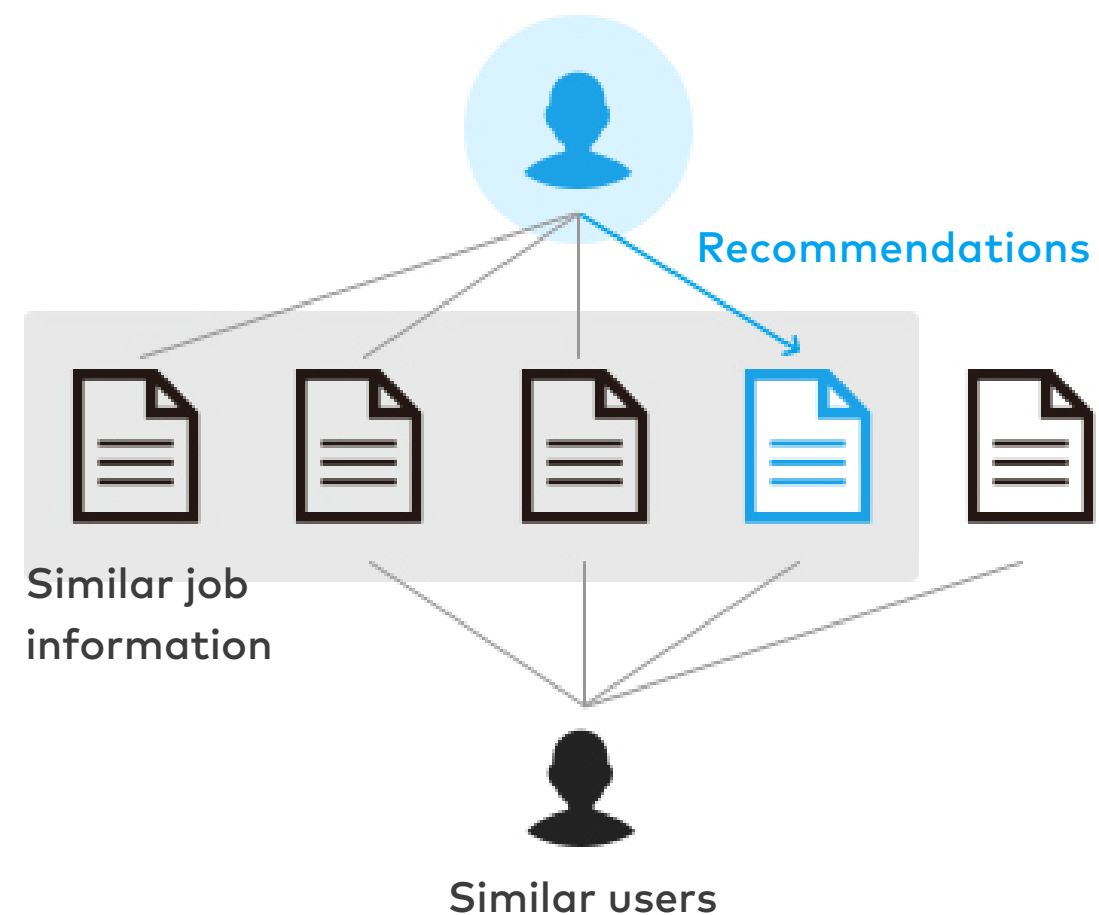
Machbaito

- | Recommendation function with new recommendation algorithm released.
- | Jobs closely reflecting user preferences recommended with high accuracy by combining user behavior history with natural language processing of job information.

Recommendation screen in app



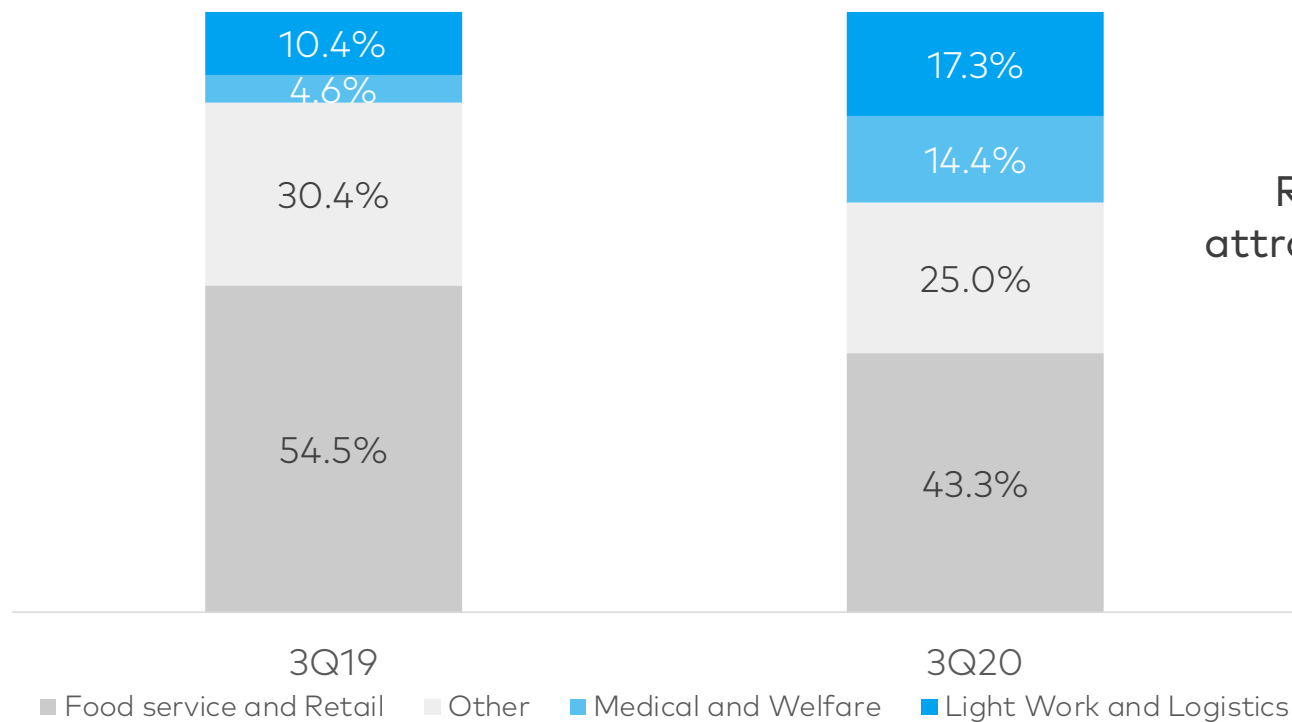
Recommendation algorithm



Machbaito

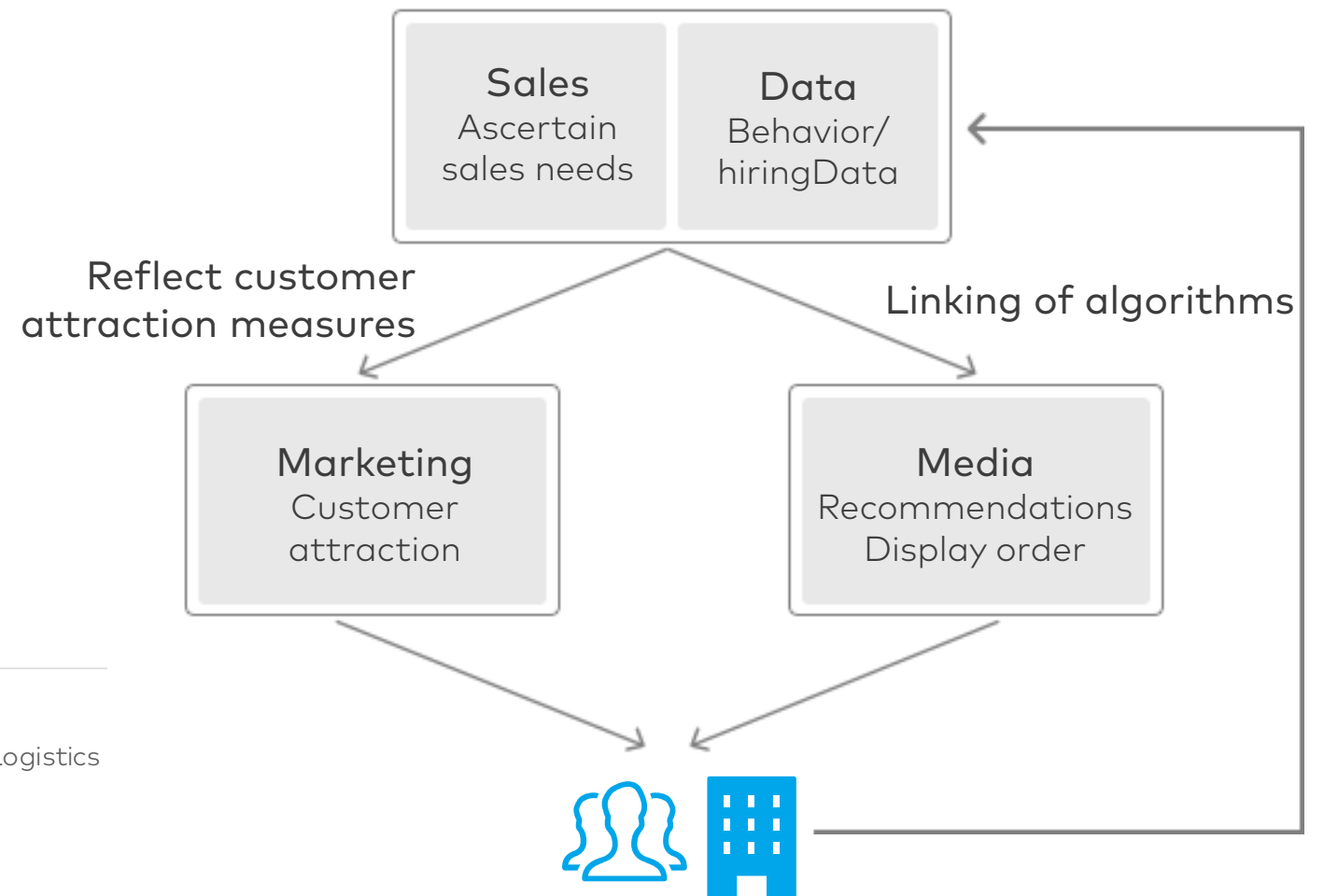
- | Cultivate customers with steady hiring needs even in midst of novel coronavirus situation.
- | Work on efficient monetization by matching job applicants with customers having substantial hiring needs through linking of sales, marketing and media.

Changes in customer makeup



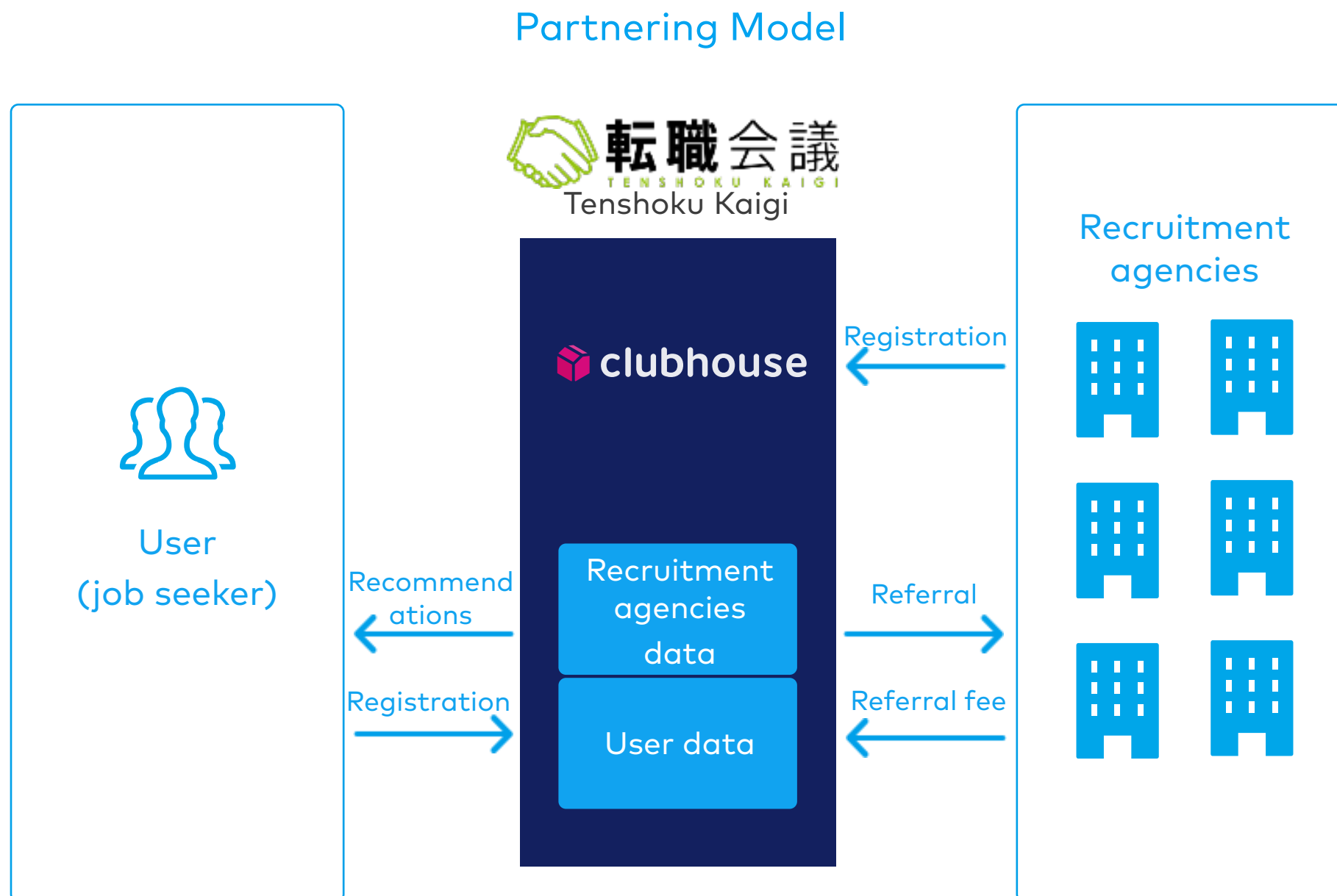
*Number of postings at end of each fiscal year

Matching model



Tenshoku Kaigi

- | Clubhouse partnering system released to expand partners.
- | Promote matching of users and recruitment agencies by substantially lowering costs for becoming new partner.



Optimization of Costs According to Changes in Environment

- | Optimize costs for shift to new work styles and strengthening of profitability.
- | Costs to be reduced by more than 100 million yen/year next year and beyond.

Major items

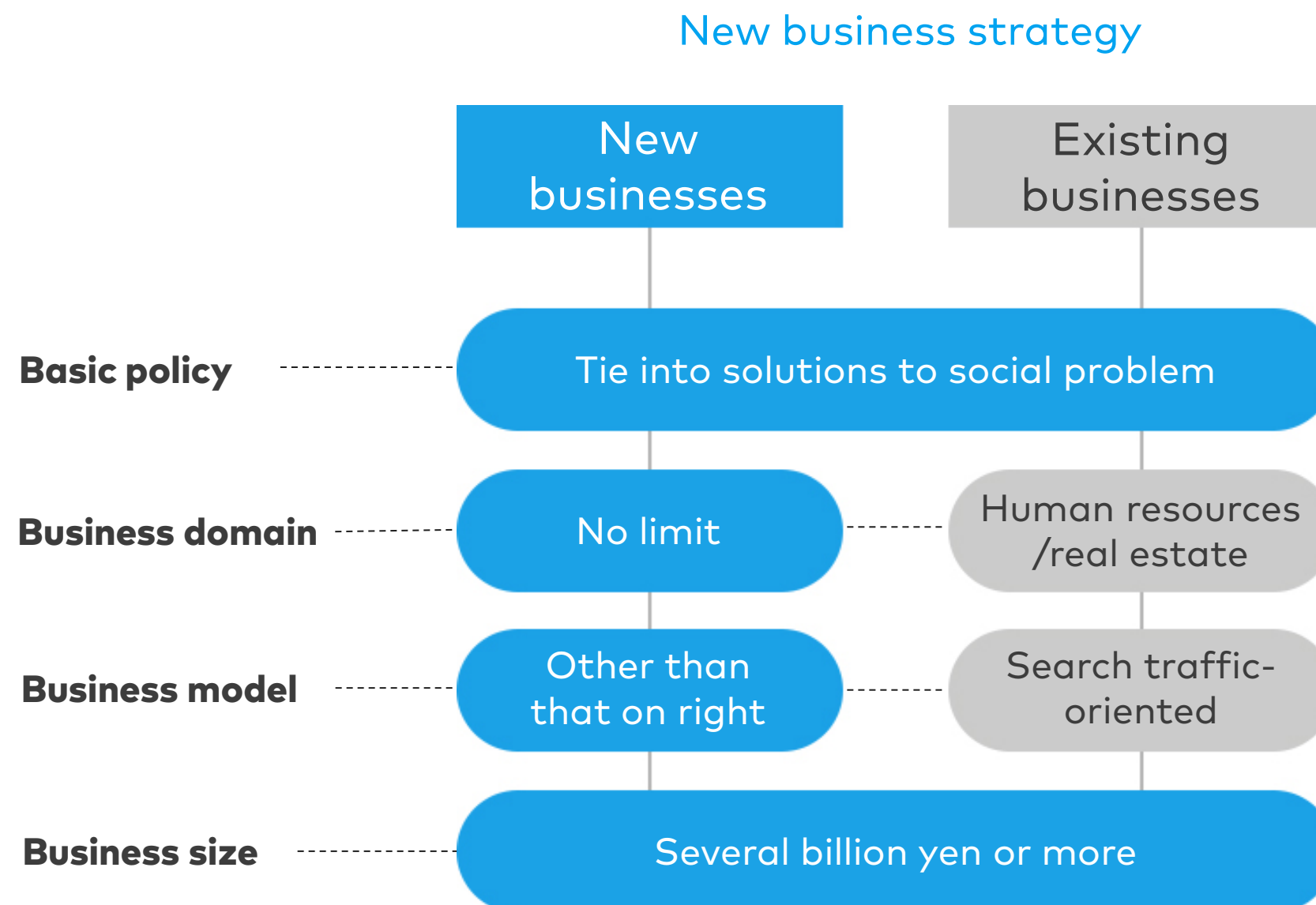
- ✓ Cancellation of contracts with existing offices in conjunction with shift to new work styles
 - ✓ Review of allowances in conjunction with shift to new work styles (*Changes to be made)
 - ✓ Identify tools and review contracts
 - ✓ Review of hiring methods
- Etc...

2. Progress

New Businesses

Launching New Business

- | Aim for different model than existing businesses to diversify business models.
- | Multiple business proposals simultaneously being considered at specialized organizations.
Aim is to launch several new businesses within two years.



| 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

"Invent our next work and life style" Project

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- | Launched "Invent our next work and life style" project for reviewing and trying out new work styles.
- | Look for better work style and company ideals in aim of maximizing productivity and results.

Basic policy

Balance freedom and self-control at a high level

- When basing things on freedom and self-control, what are Livesense's ideals as a community?
- What is the role of the office when working a hybrid schedule of remote and on-site?
- What is the necessary system and what elements are insufficient to maintain and strengthen competitiveness in the medium to long term?

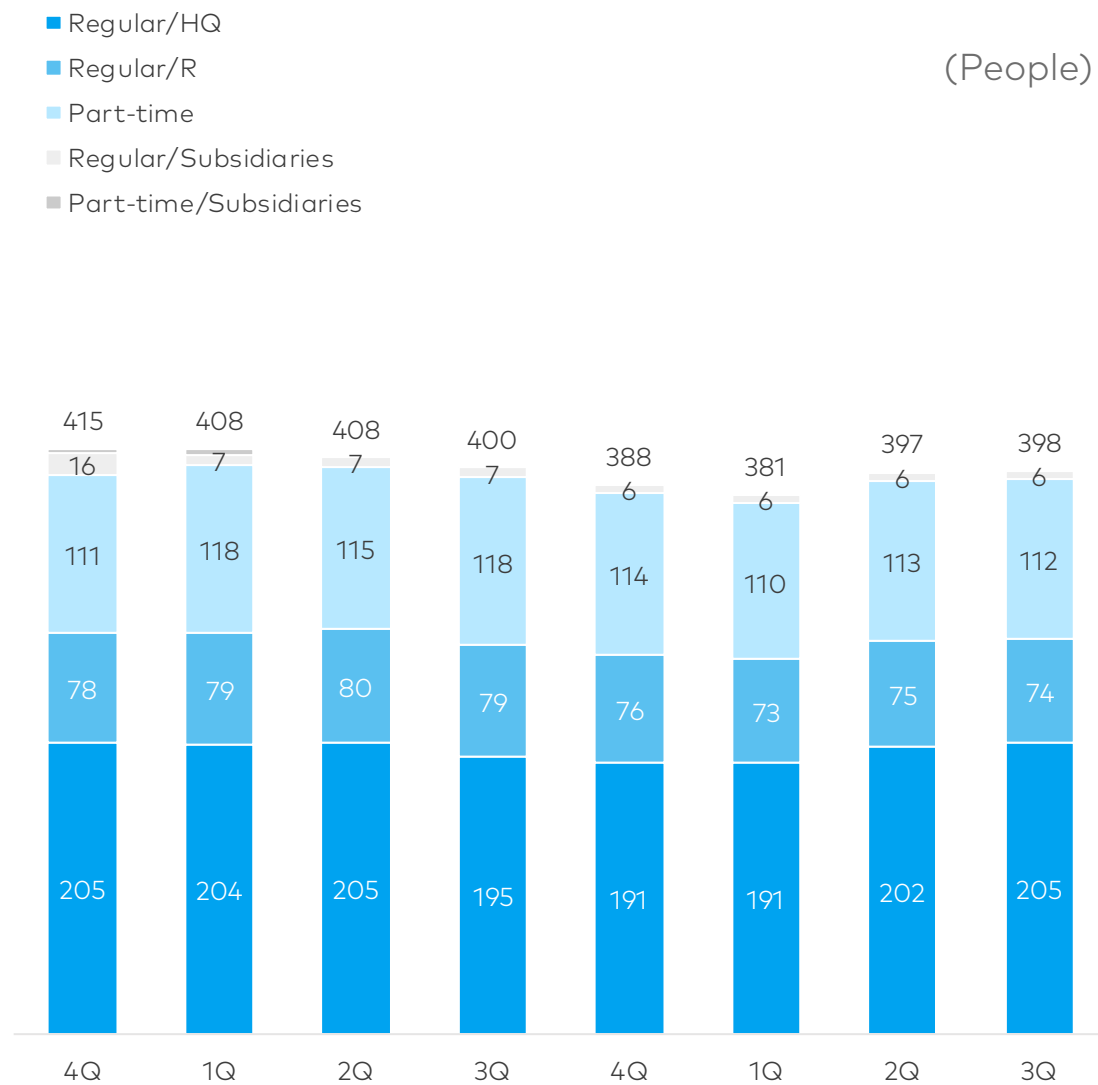
3. Appendix

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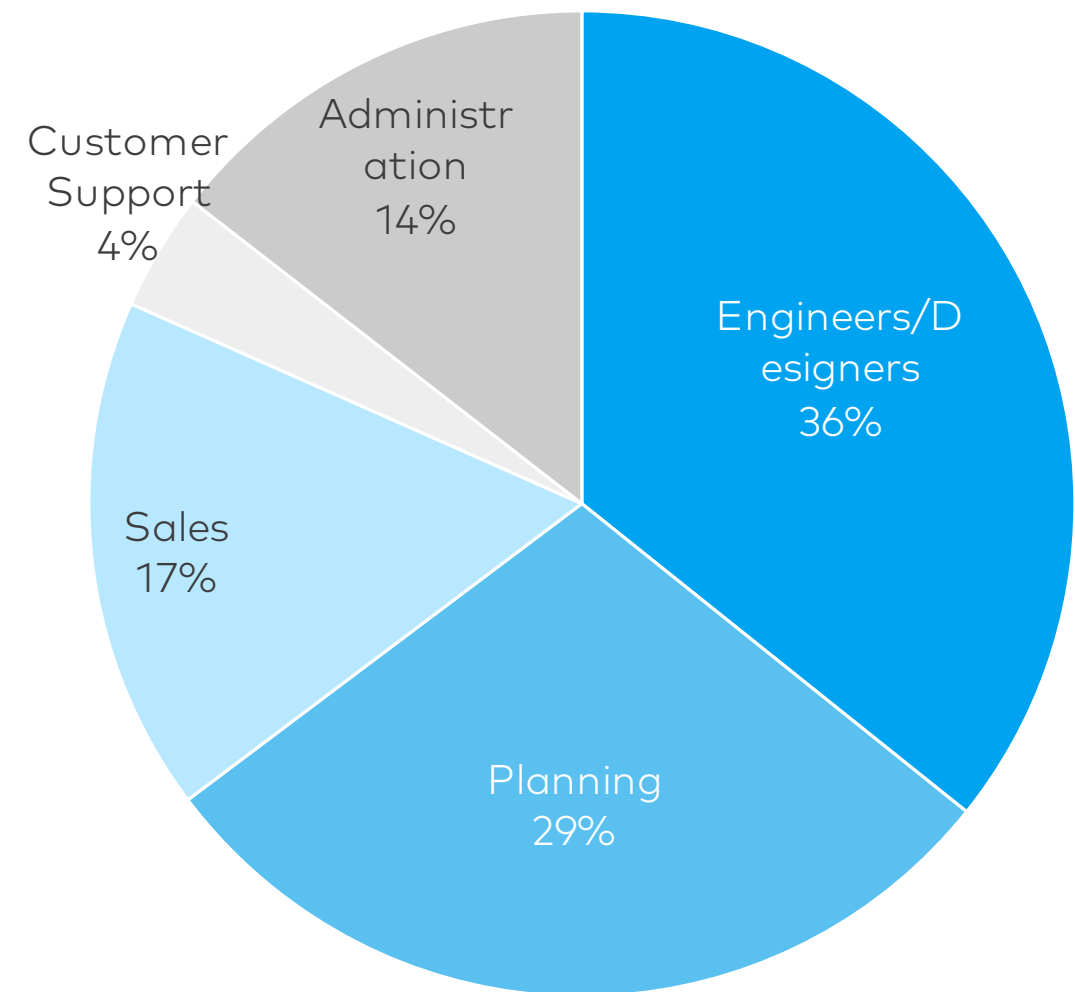
Corporate Profile

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: 279 (as of September 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

3. Appendix

Our Strategy for FY2020

| 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.

- | Raise profit level through sales growth and streamlining of operations.
- | Aim to raise probability and speed of growth by rolling out successful strategies and measures.

Services



(Excluding Tenshoku Kaigi BUSINESS)



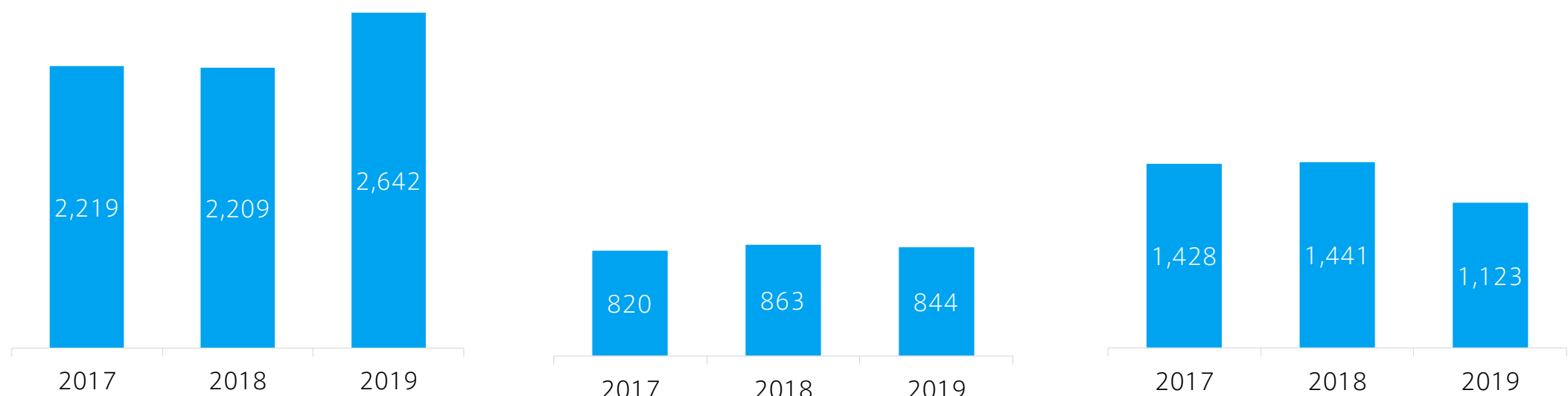
Policy

Aim for continuous growth and expansion of profit, primarily through web advertising and apps

Work on improving media value for future expansion

Aim to return to 2018 size by improving profit-decreasing factors

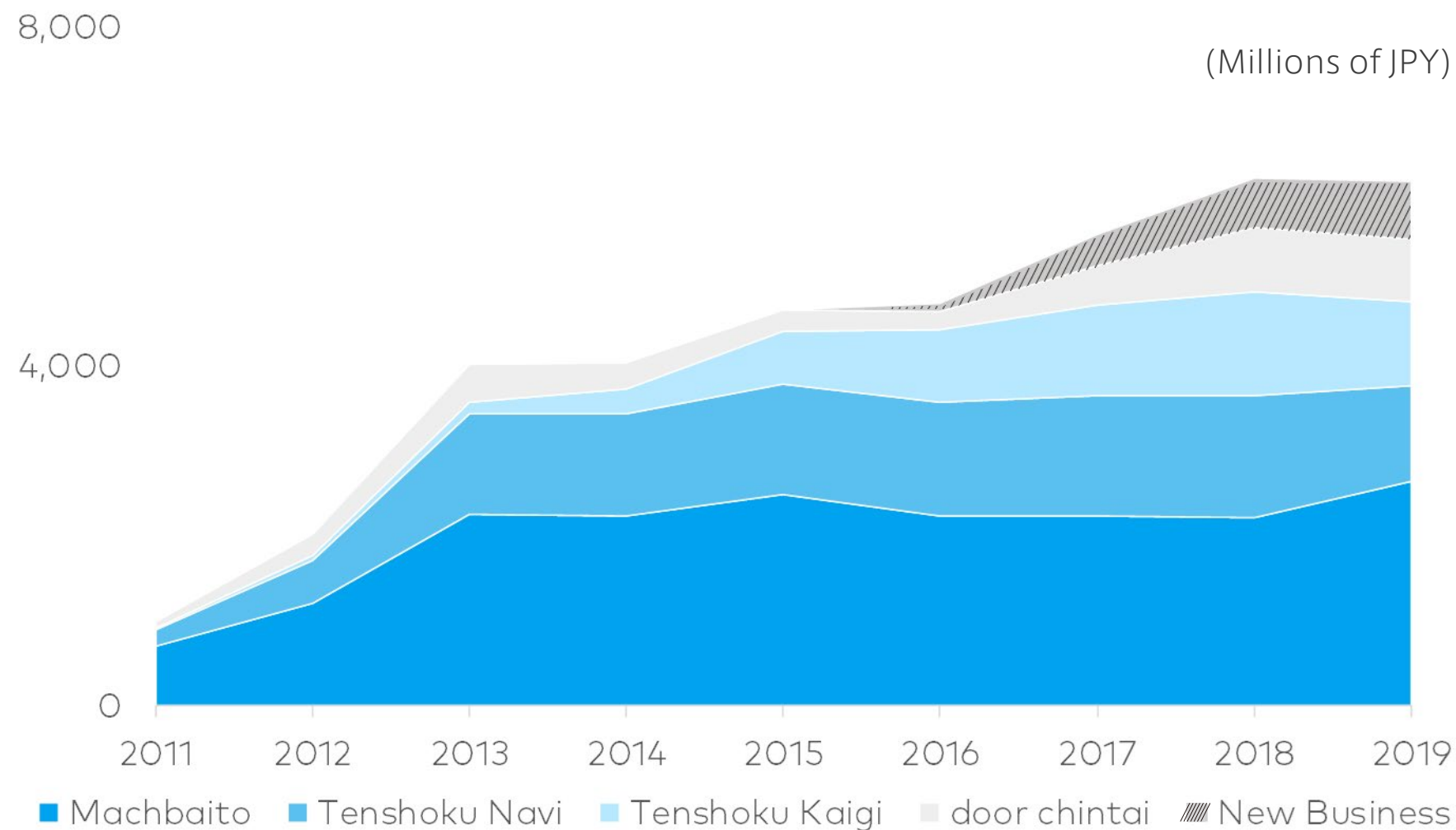
Trend in Sales
(Millions of JPY)



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 ¥3 billion in cash.

Trend in Sales of Major Businesses

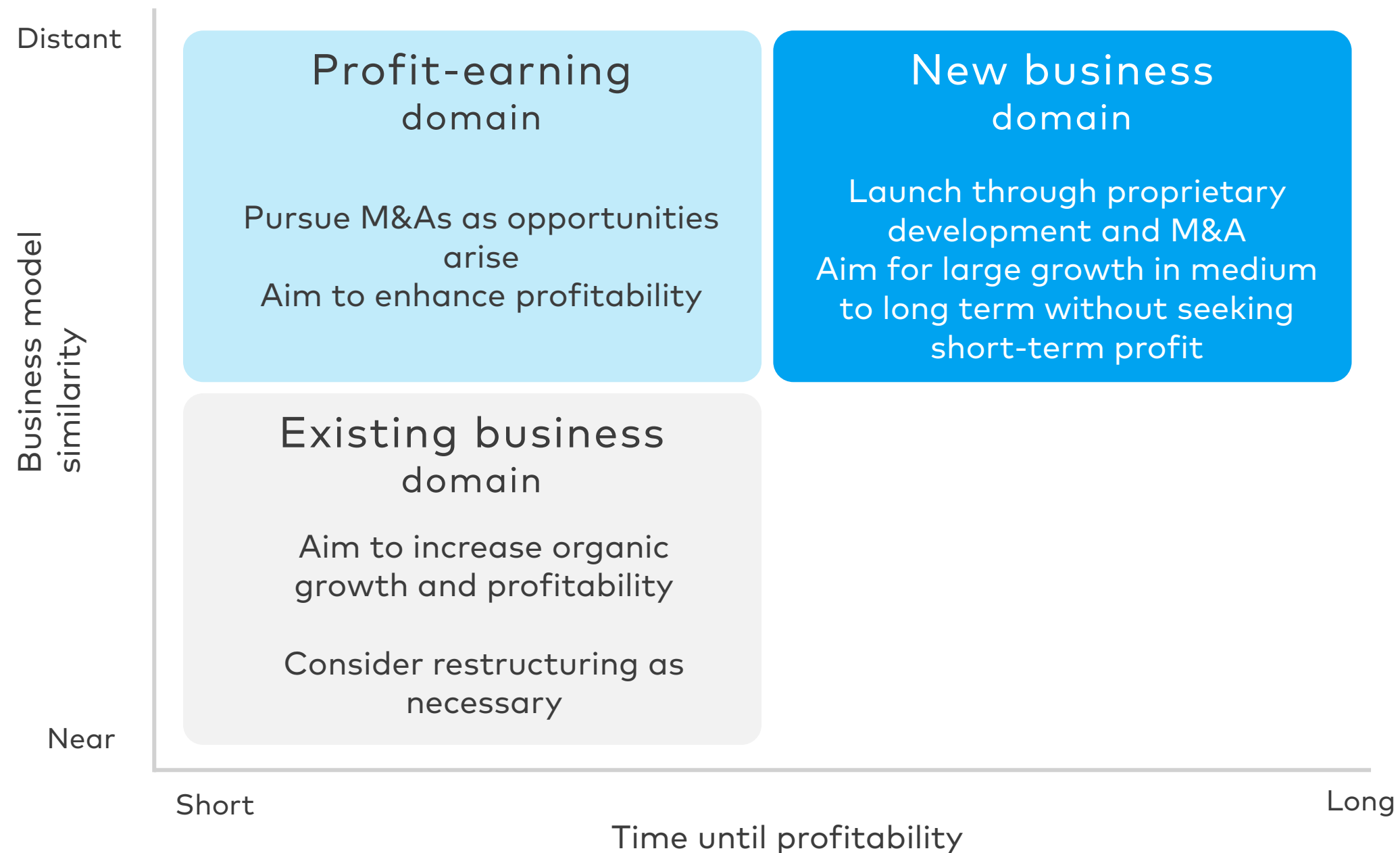


*1. New businesses: Syukatsu Kaigi, Tenshoku Draft, IESHIL, PHIL LIFE

*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.

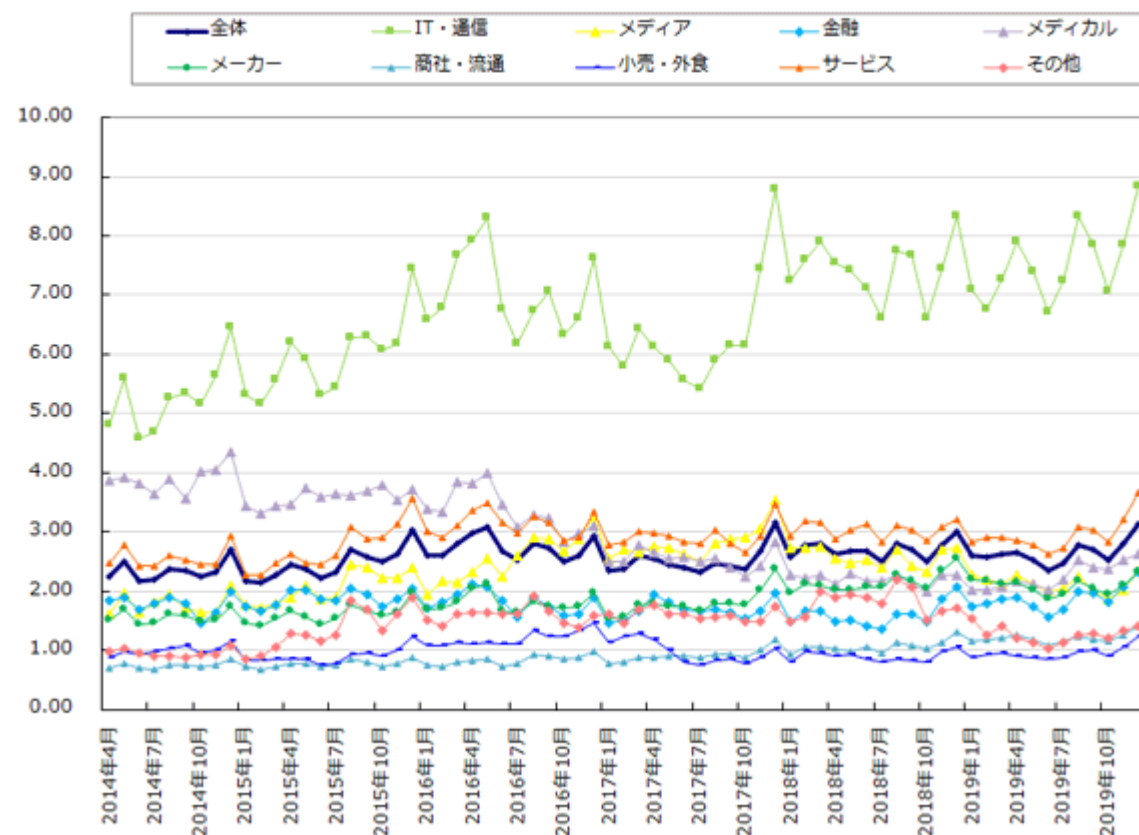


Becoming a Company That Enjoys the Continued Support of Society

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.