

FY2020 Financial Results

Livesense Inc. (TSE1: 6054)

February 12, 2021

Agenda



Financial Results



FY2020 Summary



FY2021 Policy



Appendix

1. Financial Results

Full Year Financial Results Overview

(Millions of JPY)

	FY2019	FY2020	YoY
Net Sales	6,189	4,078	0
Operating Income	-5	-1,129	—
Operating Margin(%)	—	—	—
Ordinary Income	94	-1,032	—
Profit attributable to owners of parent	1,250	-1,089	—

* 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

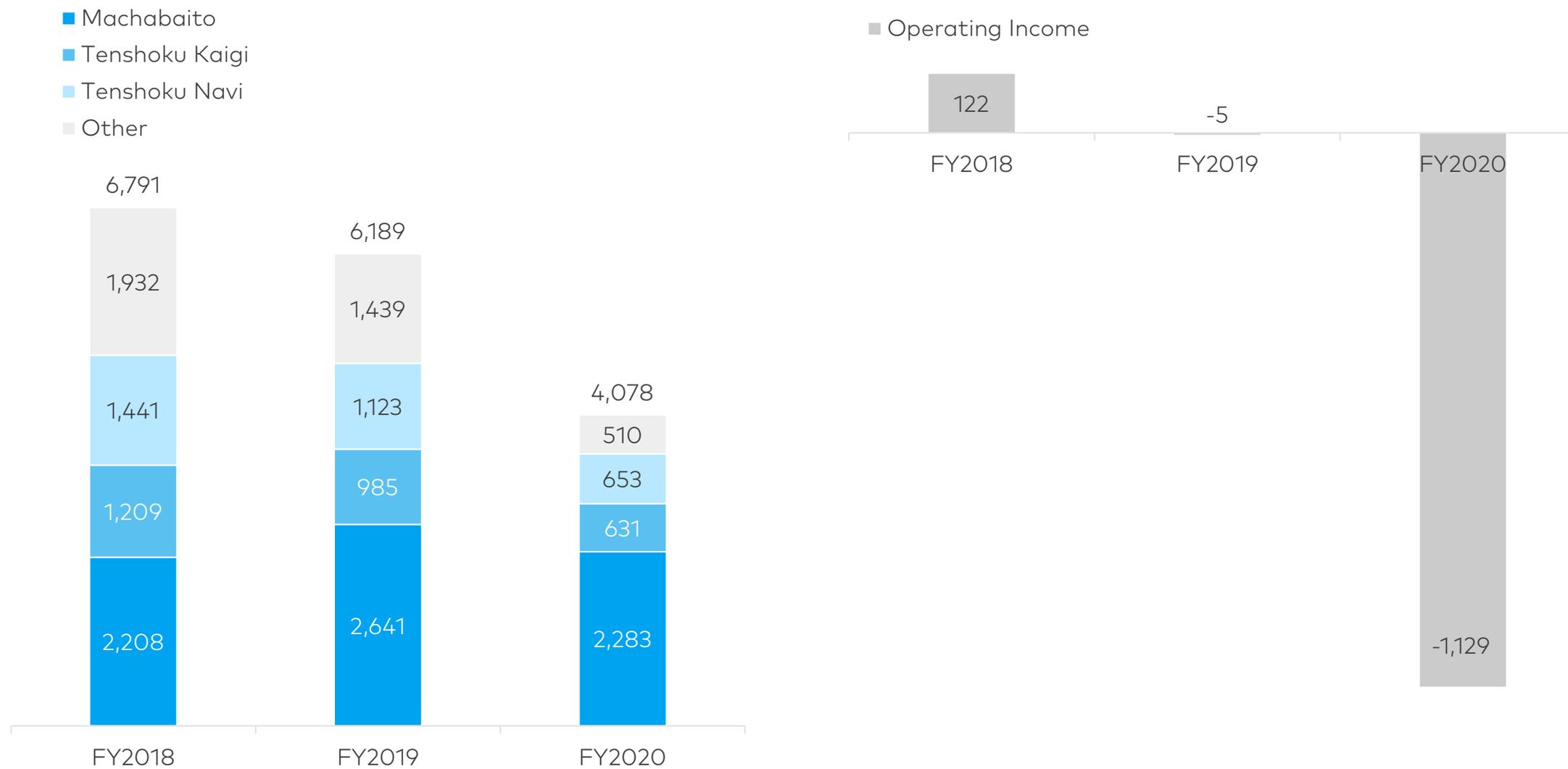
(Reference) Quarterly Financial Results Overview Excluding Impact of DOOR Chintai Business Transfer

	FY2019	FY2020	YoY
Net Sales (Except for DOOR Chintai)	5,459	4,078	0
Operating Income (Except for DOOR Chintai)	-251	-1,127	—

Full Year Net Sales and Operating Income

Consolidated net sales down 34.1% YoY, consolidated operating income down ¥1,123 million YoY due mainly to impact of COVID-19 and transfer of DOOR Chintai.

(Millions of JPY)

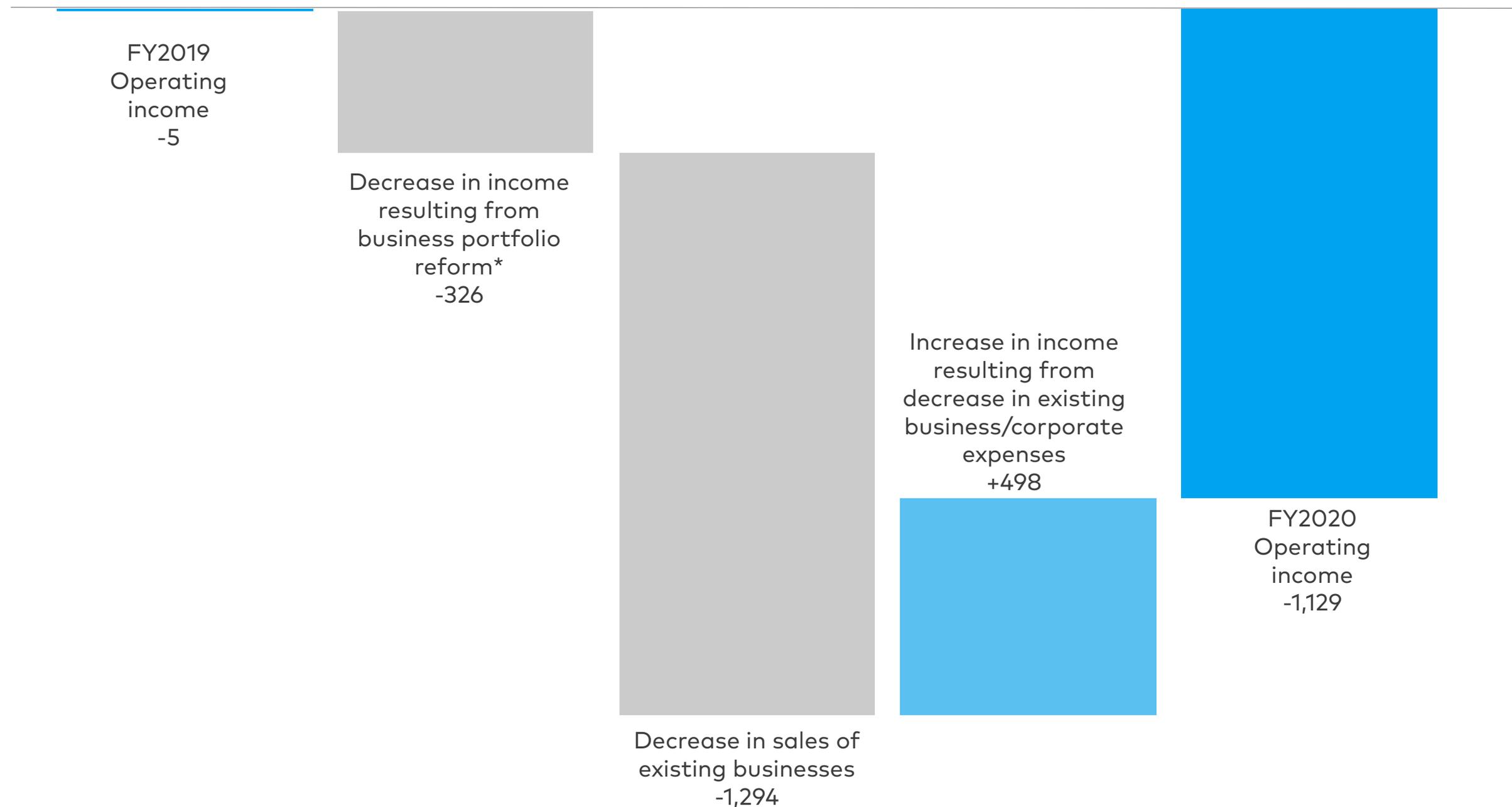


* DOOR Chintai was transferred to Career Index Inc. on December 1, 2019

Full Year Operating Income -YoY Comparison

Promoting reform of business portfolio pushed income down ¥320 million.
COVID-19 and other factors pushed income down ¥790 million.

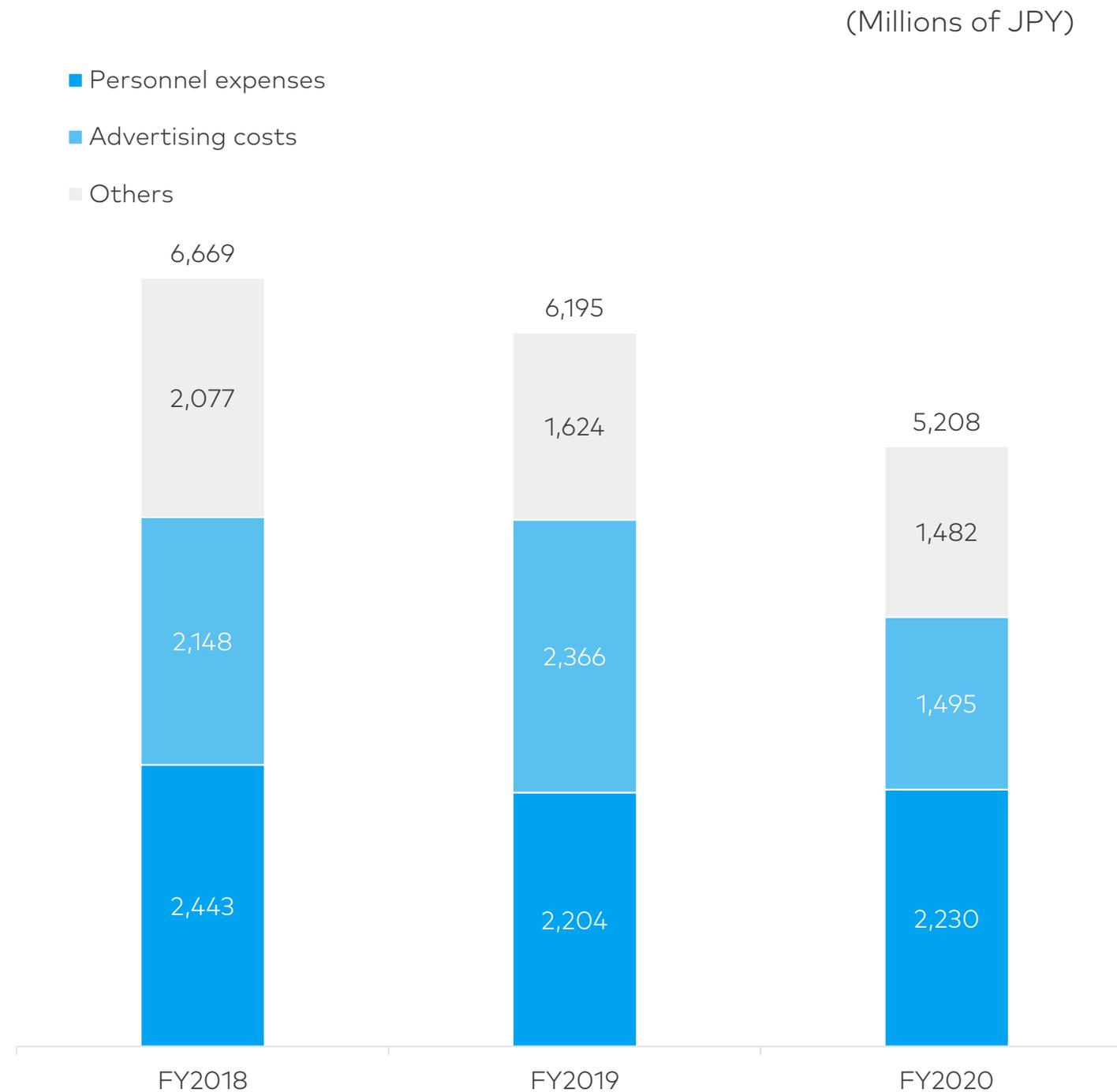
(Millions of JPY)



* Impact of DOOR CHINTAI/Syukatsu Kaigi transfer + new business investments

Full Year Operating Expenses

Some ad placements adjusted and administrative expenses optimized in conjunction with decrease in net sales.



2. FY2020 Summary

2. FY2020 Summary

Company-wide policy

| FY2020 Company-wide Policy

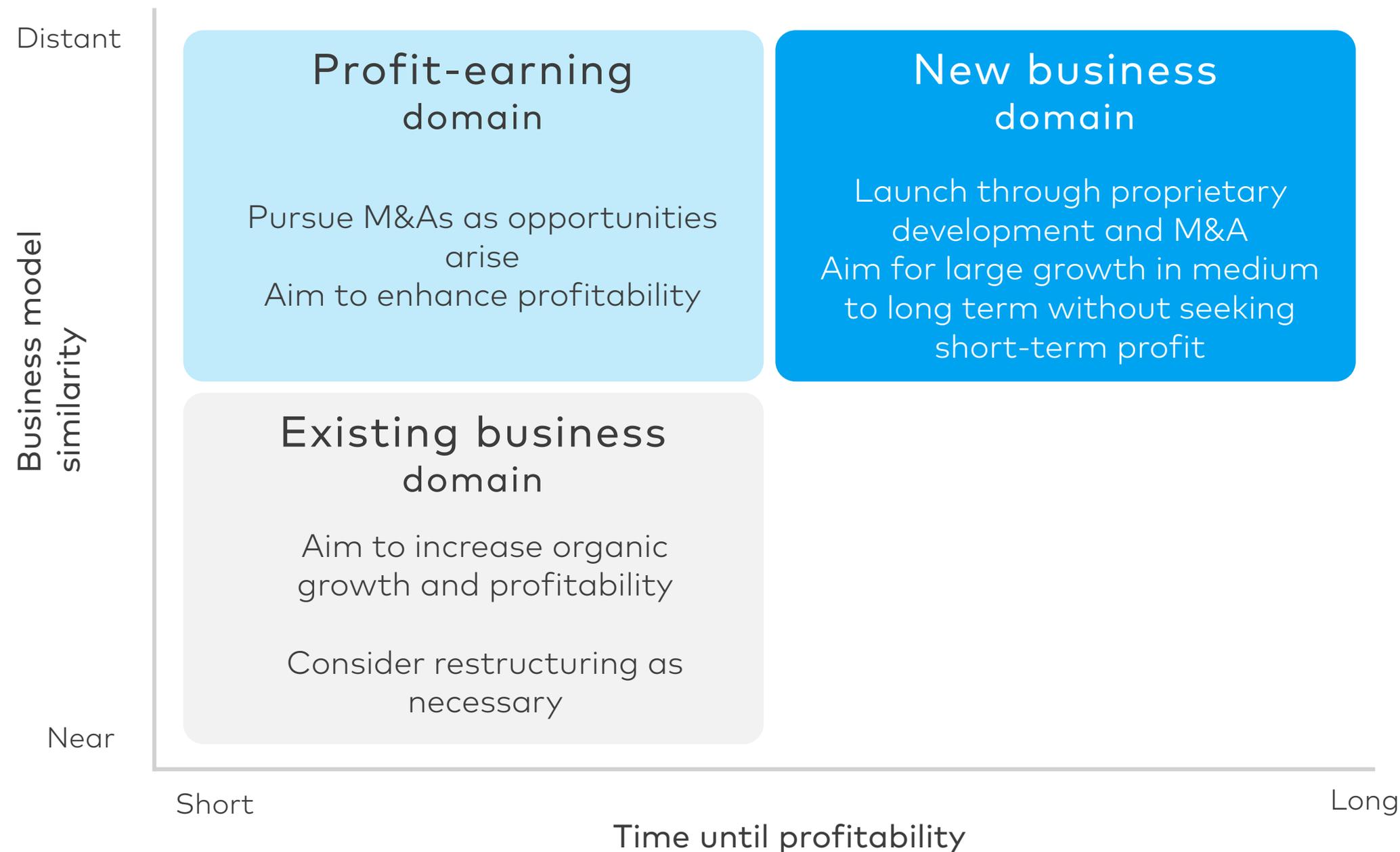
Accelerated optimization of business portfolio to pursue our corporate vision "Invent the next common."

Enhance profitability of existing businesses	Bad	<ul style="list-style-type: none">• Substantial decrease in sales and income due to COVID-19• Progress made on media improvements and business model restructuring in some businesses
Launch new businesses	Good	<ul style="list-style-type: none">• Implemented substantial organizational strengthening• Steady progress made ahead of launch of multiple businesses in FY2021
Continue to change to be a company that enjoys the continued support of society	Neutral	<ul style="list-style-type: none">• Launched "Invent our next work and life style" project for reviewing and trying out new work styles• Rolled out measures for organizational change and establishment of corporate branding. Specific effects expected in medium term

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.

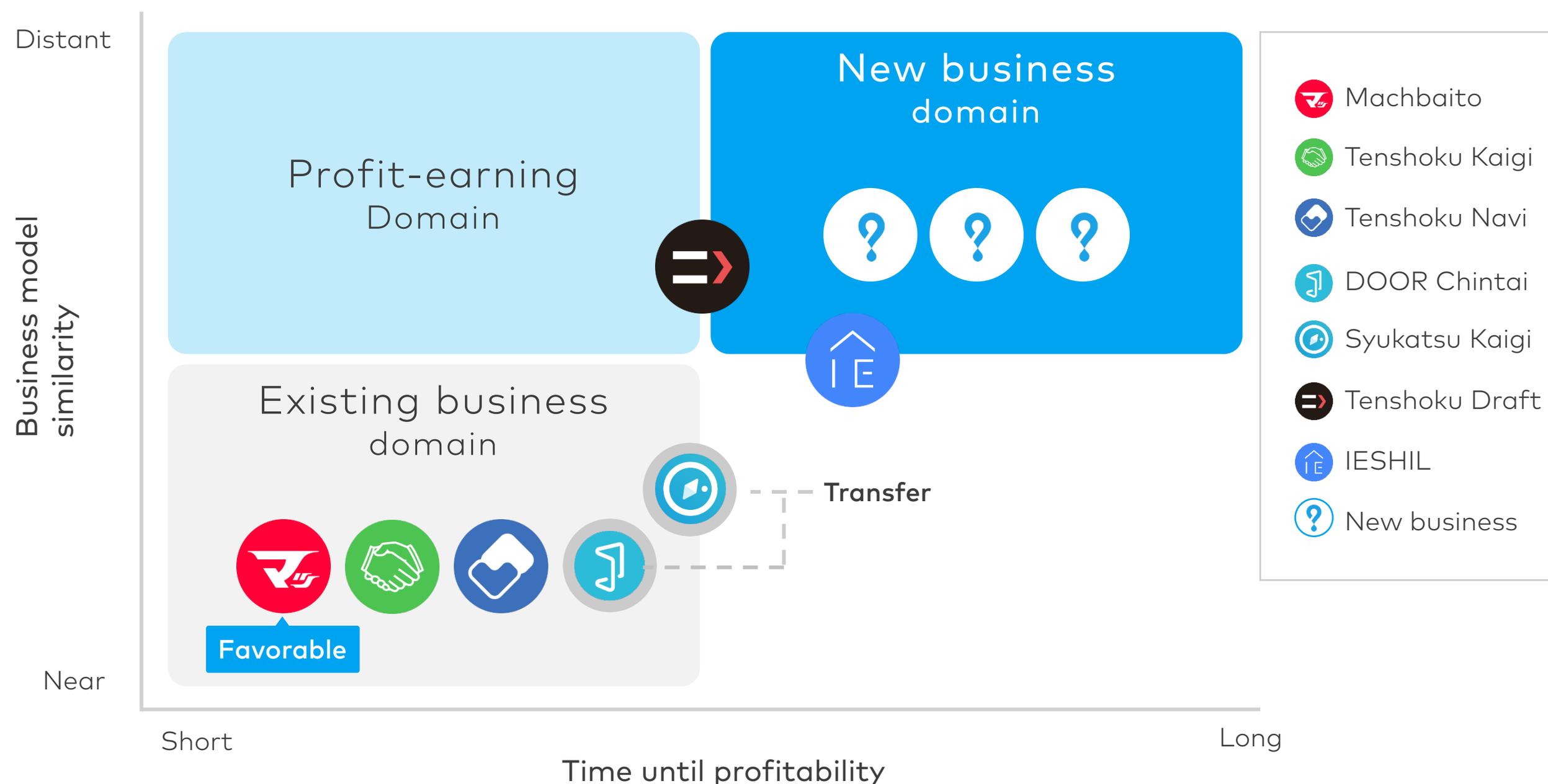


Progress on Restructuring Business Portfolio

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 COVID-19. 1Q/20 net sales up 51.8% YoY



Impact of COVID-19

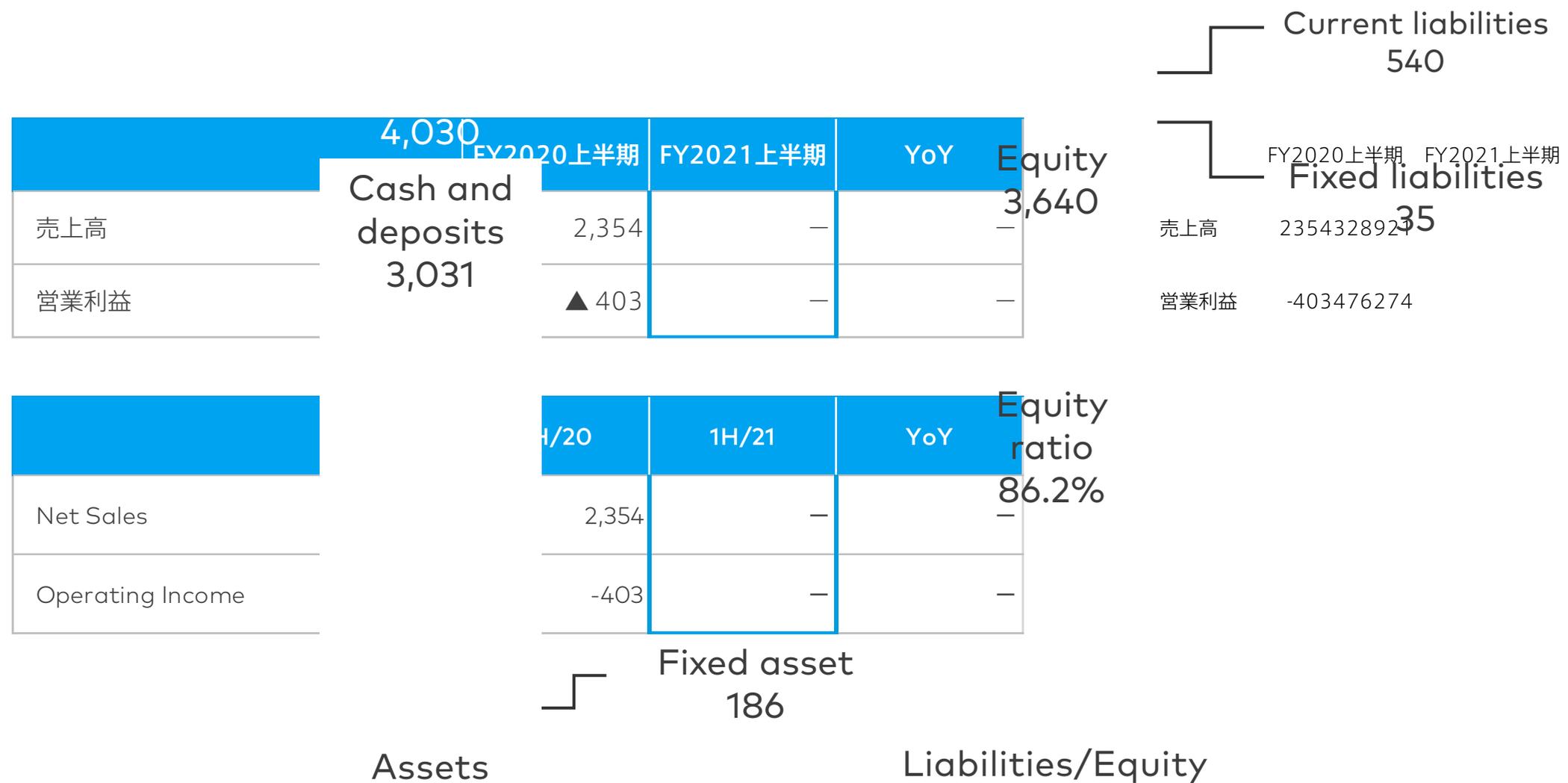
- Domestic COVID-19 situation not improving; shrinking of corporate hiring activities will continue.
- Market environment not expected to return to normal in near future, but No change to overall policy of focusing on medium-to long-term growth.

	Impact		Short-term policies	Medium- to long-term policies
Existing businesses	<ul style="list-style-type: none"> Shrinking of corporate hiring activities will continue Hiring needs changing in each industry Real estate market has almost returned to pre-corona level 	→	<ul style="list-style-type: none"> ✓ Diversify customer industries ✓ Focus on support for actively hiring companies ✓ Improve efficiency of business operations 	<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

Impact of COVID-19

No concerns over financial standing. Continuing to invest in growth, including new businesses.

Balance sheet statement (December 31, 2020)



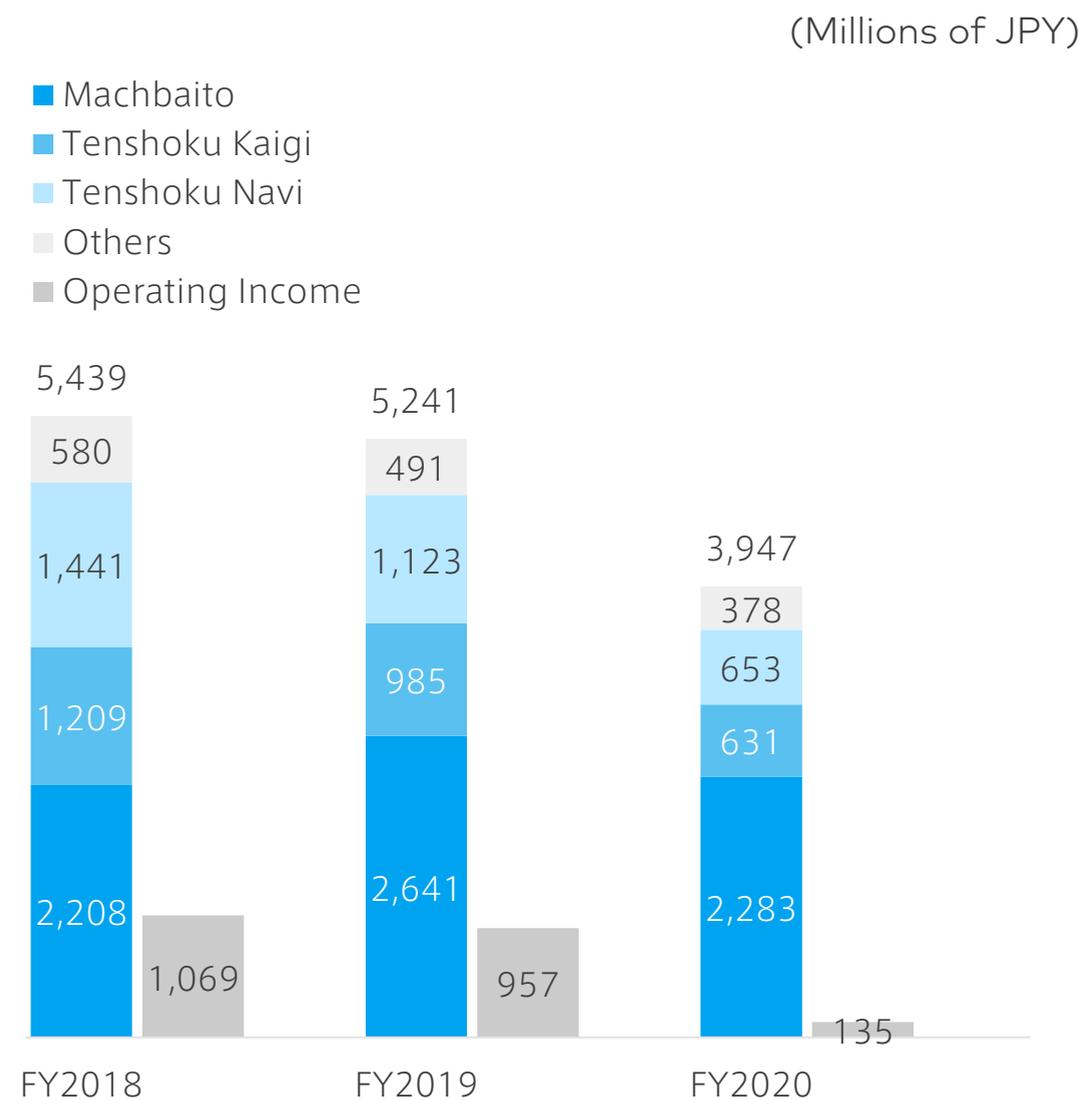
2. FY2020 Summary

Existing business

Full Year Net Sales and Operating Income of Existing Businesses

Net sales down ¥1,294 million and operating income down ¥822 million YoY in existing businesses due to COVID-19 and other factors.

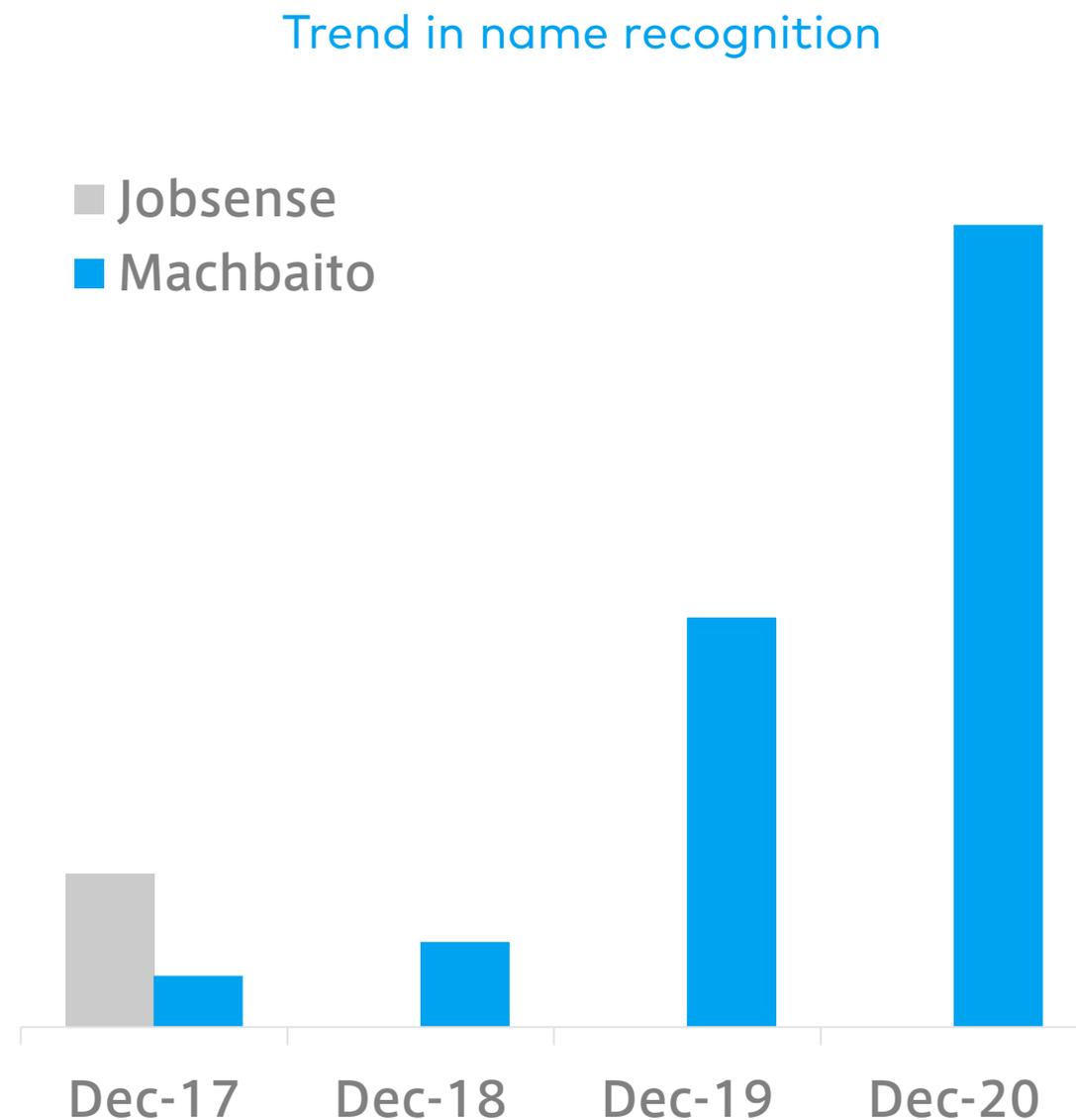
Individually, Tenshoku Navi sales down a substantial 41.8% YoY.



* Net sales and operating income of existing businesses other than waja, Door Chintai, and Syukatsu Kaigi

Machbaito: Increasing Name Recognition

| Name recognition rising steadily owing to YouTube and other promotions.



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

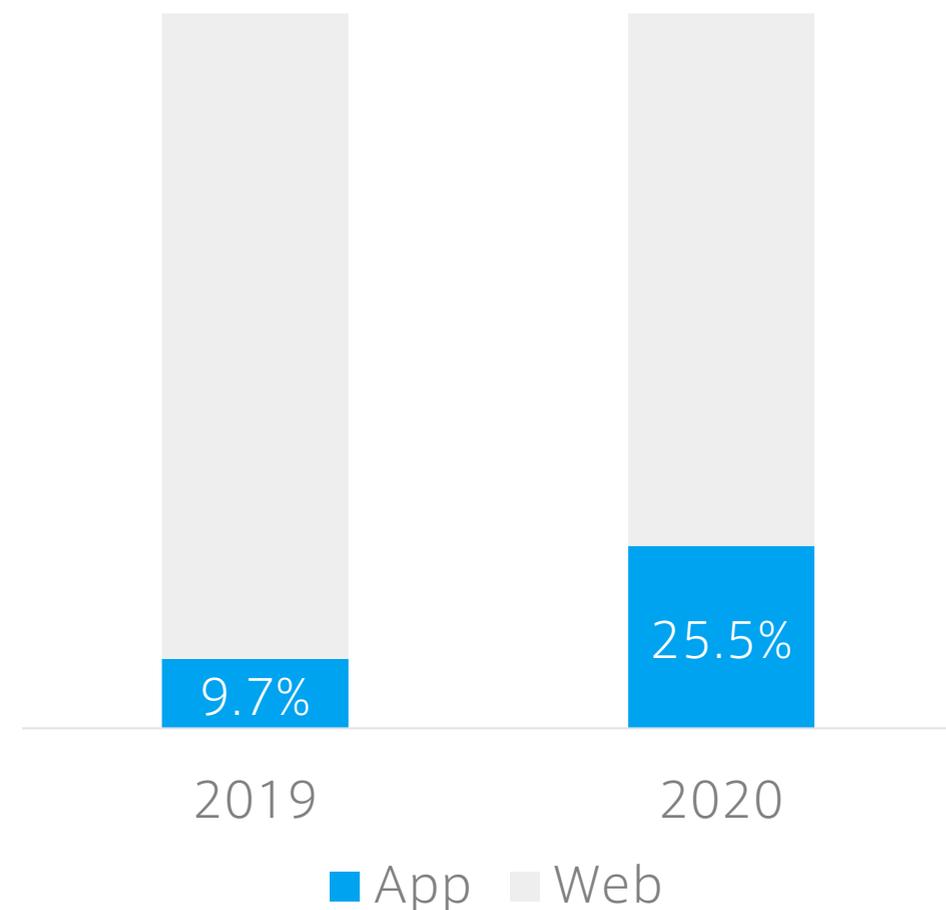
Machbaito: Expanding App Use

- | Percentage of applications via app more than doubled over 1 year.
- | Aiming for ongoing app use through UX improvements, etc.

Machbaito App



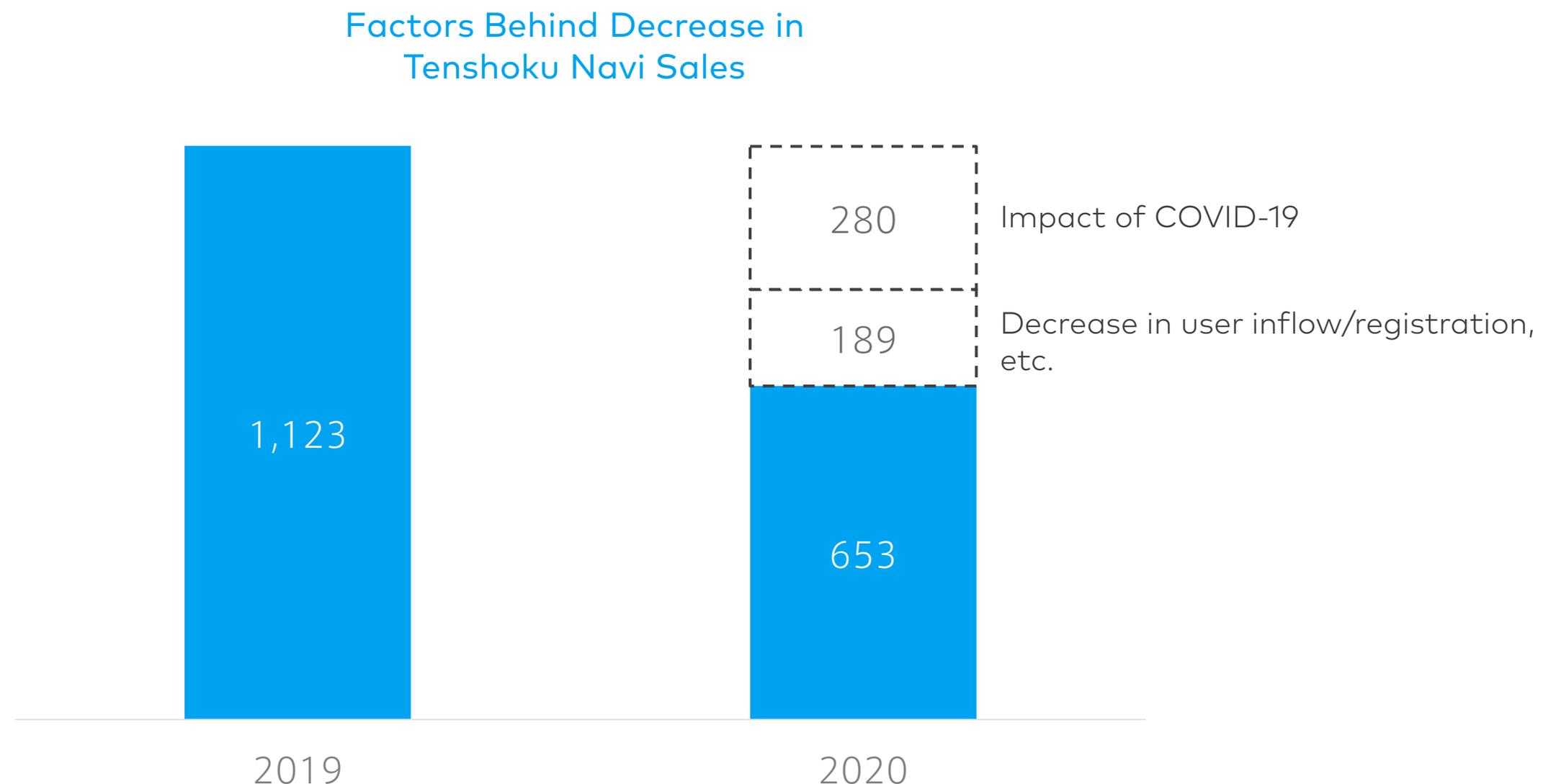
App usage



* Share of applications in December of each year

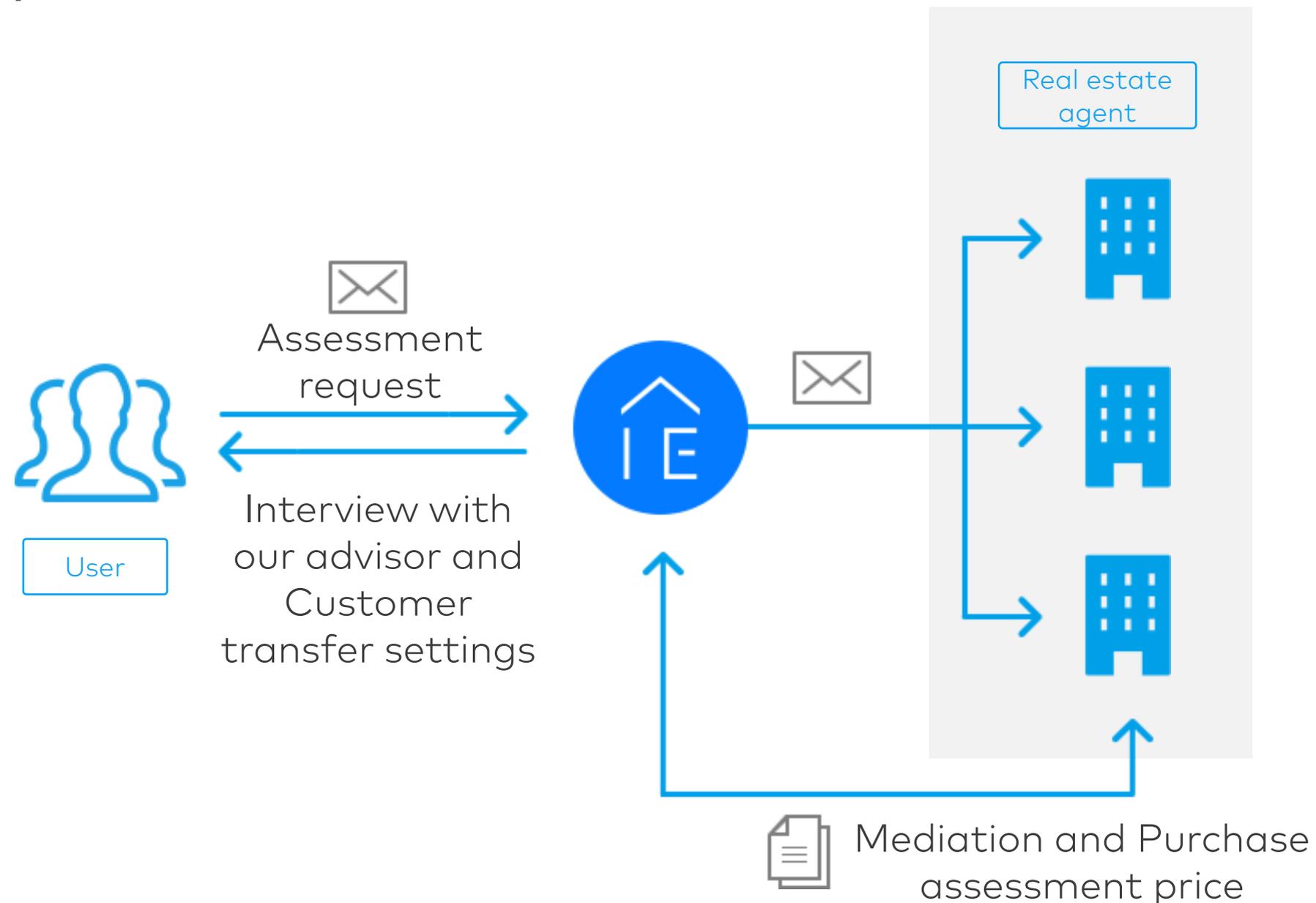
Tenshoku Navi: Implementation of early improvement

- | Substantial drop in sales due to decrease in hiring activities at major customers and decrease in user inflow and registration as a result of COVID-19.
- | Work on early improvements by rolling out successful measures from other businesses.



Real Estate: Launch of IESHIL Assessments

- | Launched IESHIL Assessments, a one-stop assessment service for real estate sales.
- | Improving efficiency of real estate sales and supporting sales at fair prices by leveraging customer attraction of IESHIL and expert knowledge and neutrality of PHIL LIFE.



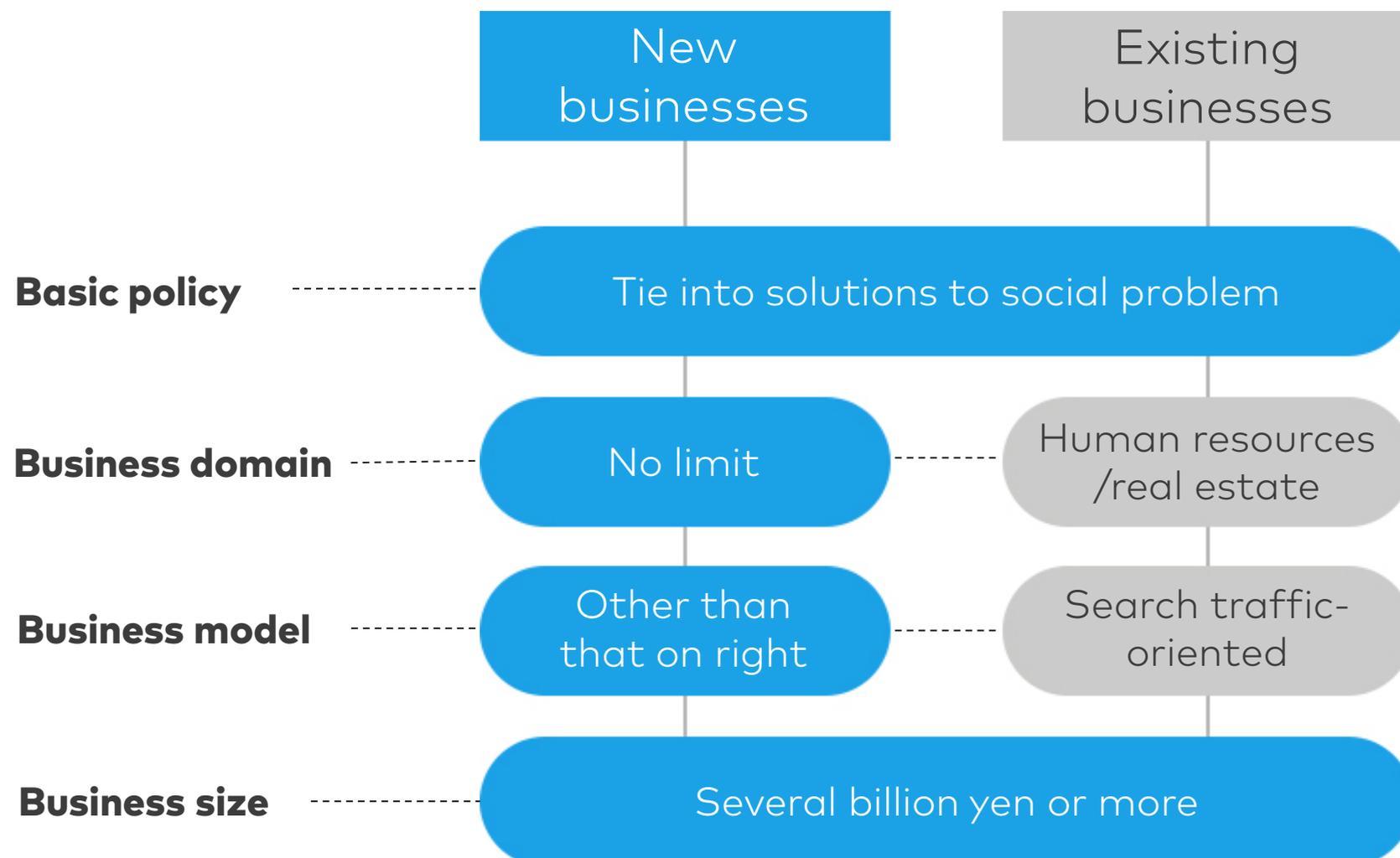
2. FY2020 Summary

New business

Launching New Business

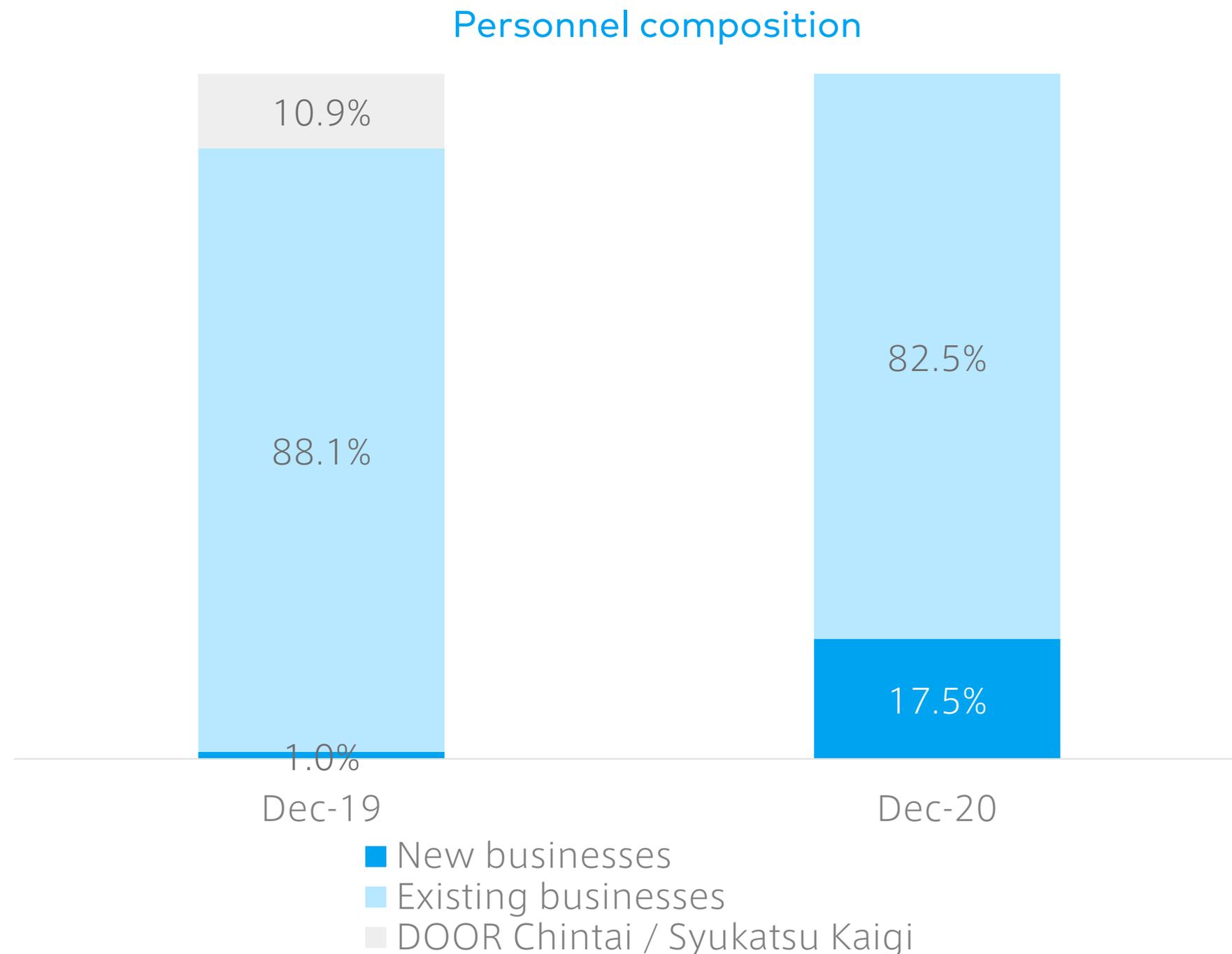
- | Aim for different model than existing businesses to diversify business models.
- | Multiple business proposals simultaneously being considered at specialized organizations.
Aim is to launch several new businesses within two years.

New business strategy



Strengthening of Development System

| Strengthened new business development system through business selection and concentration.



* Personnel composition (creators/planners) of full-time employees in Tokyo area belonging to business divisions

Status of New Business Initiatives

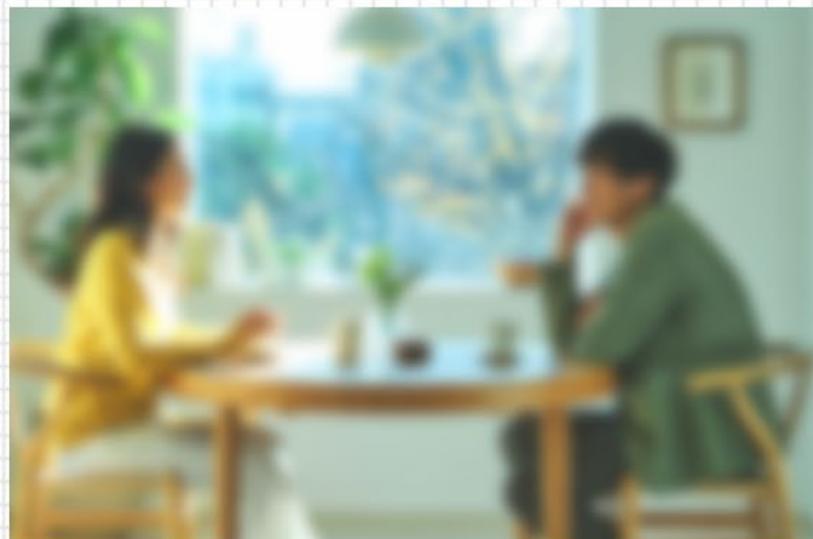
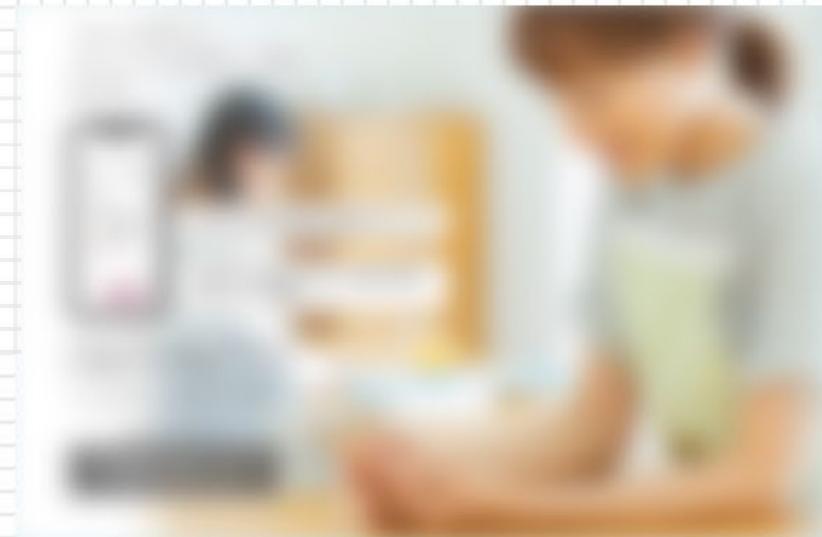
- | Test marketing and prototyping underway for multiple new business proposals. No change to investment plan despite impact of novel coronavirus.

New business proposals under development/consideration (example)

HR planning tech service

HR hiring tech service

CtoC community service



Matching service

Remote work support tool

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

2. FY2020 Summary

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

Efforts for New Work Styles

- | Transitioned to company-wide work from home to prevent the spread of COVID-19. Most recent average percentage of employees at offices is less than 10%.
- | Aiming to maximize productivity and results in a new normal, launched "Invent our next work and life style" project.



- | As a company that solves society's problems, we engage in efforts to discover and solve biases and distortions in society outside of our business as well.
- | Our aim is to share values with each of our stakeholders and establish our branding.

Efforts to eliminate discrimination



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

Discovering issues and providing perspective

エンジニアに男性、CSに女性が多いのはなぜ？
ニシブマリエ

次の文章を、状況を想像しながら読んでみてほしい。

「路上で交通事故がありました。大型トラックが、父親とその息子をひき、父親は即死しました。息子が意識不明の重体で病院に運ばれると、手術に当たろうとした外科医が『これは私の息子！』と叫んだのです」

さて、どういうことか、すんなり理解できただろうか。父親は亡くなったはずなのに、どうして？

これは、ジェンダーステレオタイプを試すアクティビティ。外科医と聞くと、直感的に男性を思い浮かべる人が多数だろう。しかし「外科医が母親だった」と分かると意味が通る。

厚生労働省の二〇一八年の調査によると、病院勤務の外科の女性割合は七・一％と実際に少ない。そのため「外科医＝男性」と考えることは合理的とも言える。しかし、そうではないケースに気付かなかった人は、ステレオタイプから抜け出しづらい思考をしているかもしれない。

(本筋から逸れるが、この列文はもう一つのステレオタイプも

Launched company blog "Q by Livesense" to pose problems to society and within the Company.

3. FY2021 Policy

What Livesense is aiming for

| Become a company that can continue to pursue our corporate vision "Invent the next common." through our business portfolio.

Becoming a company that continues to "Invent the next common."

Optimization of Business Portfolio



Existing businesses

Strengthen profitability
and establish
competitive advantage

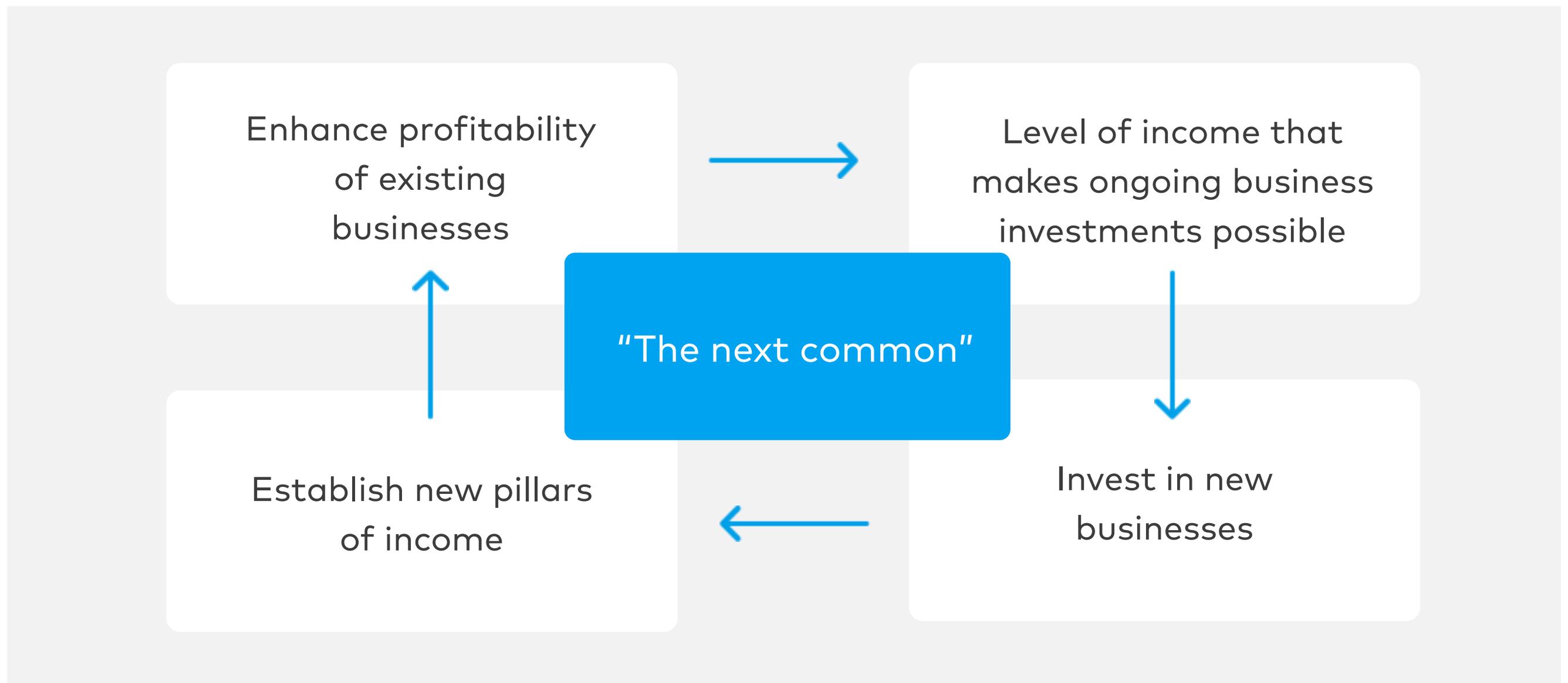


New businesses

Diversify business models
and create next pillars

What Livesense is aiming for

| Focus on enhancing profitability of existing businesses. Invest profits from existing businesses into new businesses in the aim of establishing new pillars of income.



| Policy:

Balance restructuring for profitability with launching new businesses to become pillars of the future in pursuit of our corporate vision "Invent the next common."

- **Enhance profitability of existing businesses**

- Restructure to be able to create profits even if COVID-19 pandemic continues
- Get each business back on track for growth as quickly as possible by rolling out know-how from Machbaito to other businesses

- **Launch new businesses**

- Aim to launch several new businesses within the year through proprietary development or M&A

Enhancing Profitability of Existing Businesses: Business Model

| Main format is success fee-based.

| Key to growth is user acquisition and accuracy of matching.

Differences in sales models by fee format

Success fee-based

Machbaito/Tenshoku Navi



User acquisition and matching are important

Posting fee-based

Regular job posting sites



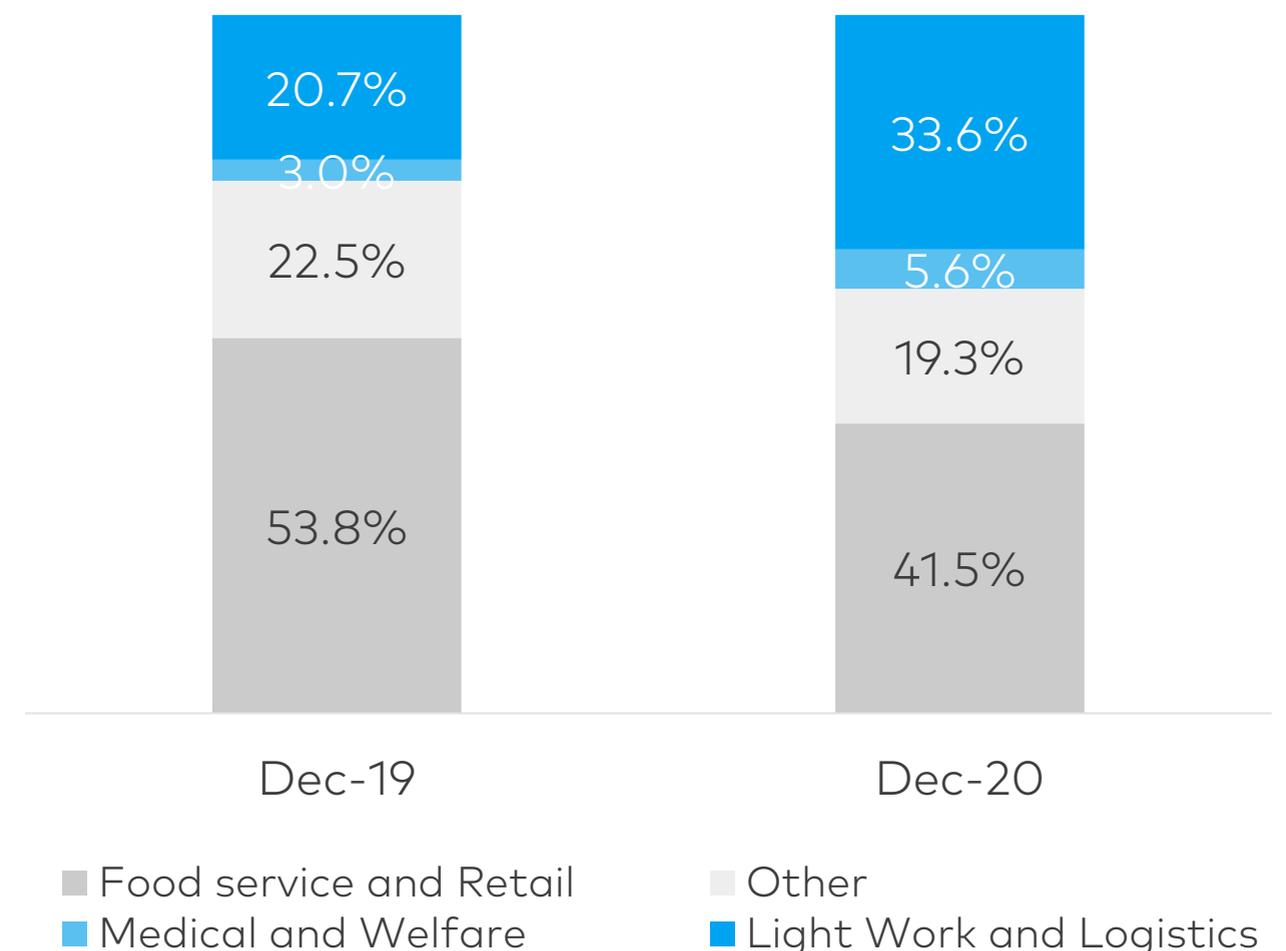
Sales to acquire corporate customers are important

Enhancing Profitability of Existing Businesses: Growth Strategy

- Promote efficient customer attraction and matching through linking of sales, marketing and media.
- Accelerate growth by rolling out business model of Machbaito, which has had some success, to Tenshoku Navi, which has similar business model.



Change in sales composition (Machbaito)



Number of users

No negative impact from COVID-19
Utilize data to efficiently attract users with greatest needs

Hiring rate

Large disparity in needs depending on industry/job category
Cultivate companies with hiring needs and High accuracy matching utilizing large volumes of data

Enhancing Profitability of Existing Businesses: Cost Strategy

- | Work on cost reduction leading to greater, sustainable profitability.
- | Consolidate offices in Tokyo area and review positioning.
Limit job types for mid-career hiring and work on streamlining business operations.

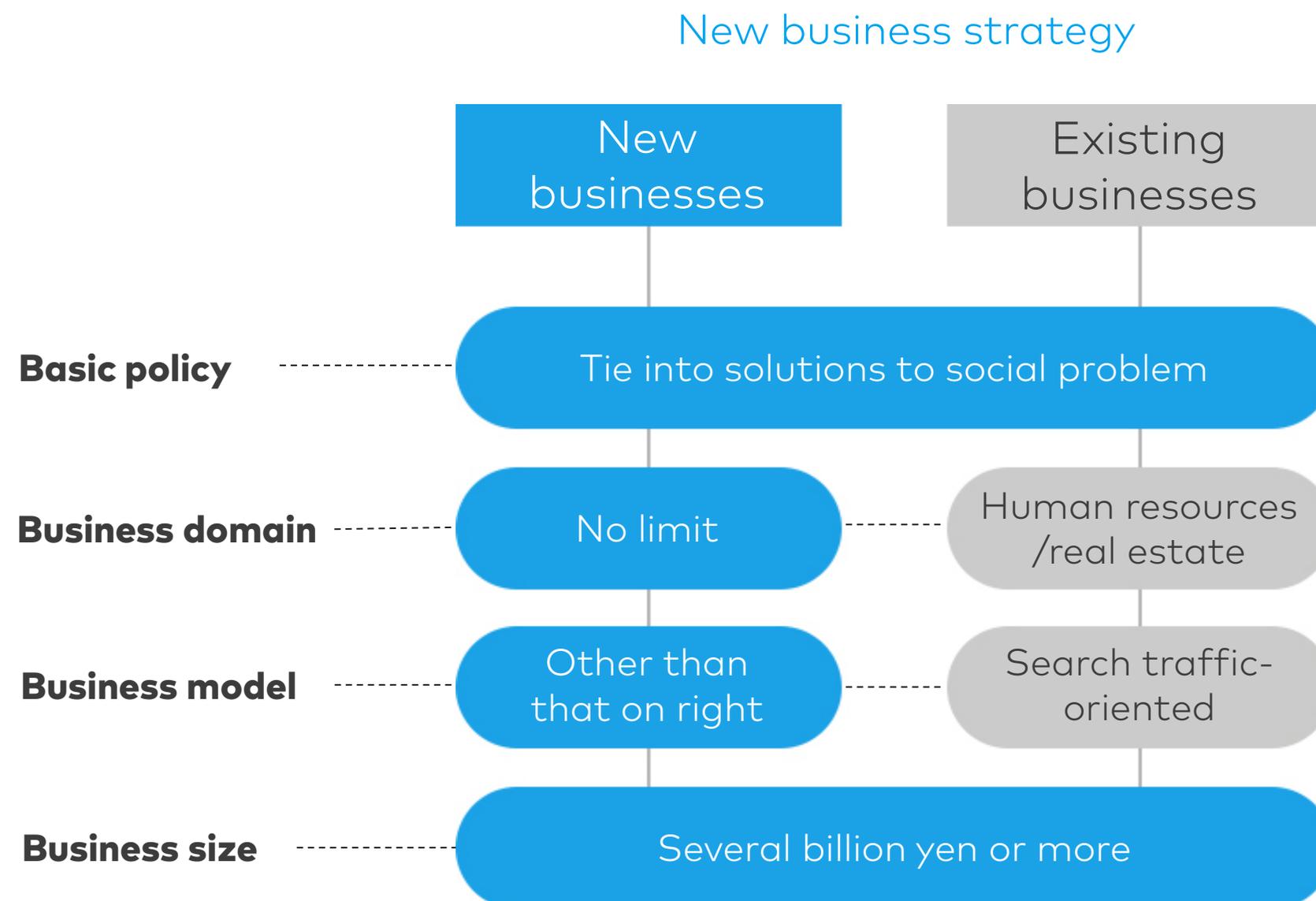
- ✓ Aim for working a hybrid schedule of on-site and remote to maximize productivity based on the theme of freedom and self-control
- ✓ Position offices as "cultural facilities" and redefine the role. Consolidate offices in the Tokyo area
- ✓ Thoroughly review system of business operations and transform into a robust business structure



Launching New Business

| Aim to launch several new businesses in FY2021.

| Test marketing underway for multiple proposals. Expect to invest more than previous year.



Financial Forecasts for FY2021

- Financial forecast to be determined due to difficulty in reasonably calculating impact of COVID-19.
- Work on restructuring to be able to create profits quickly even if COVID-19 pandemic continues.

(Millions of JPY)

	1H/20	1H/21	YoY
Net Sales	2,354	—	—
Operating Income	-403	—	—



LIVENSENSE

あたりまえを、発明しよう。

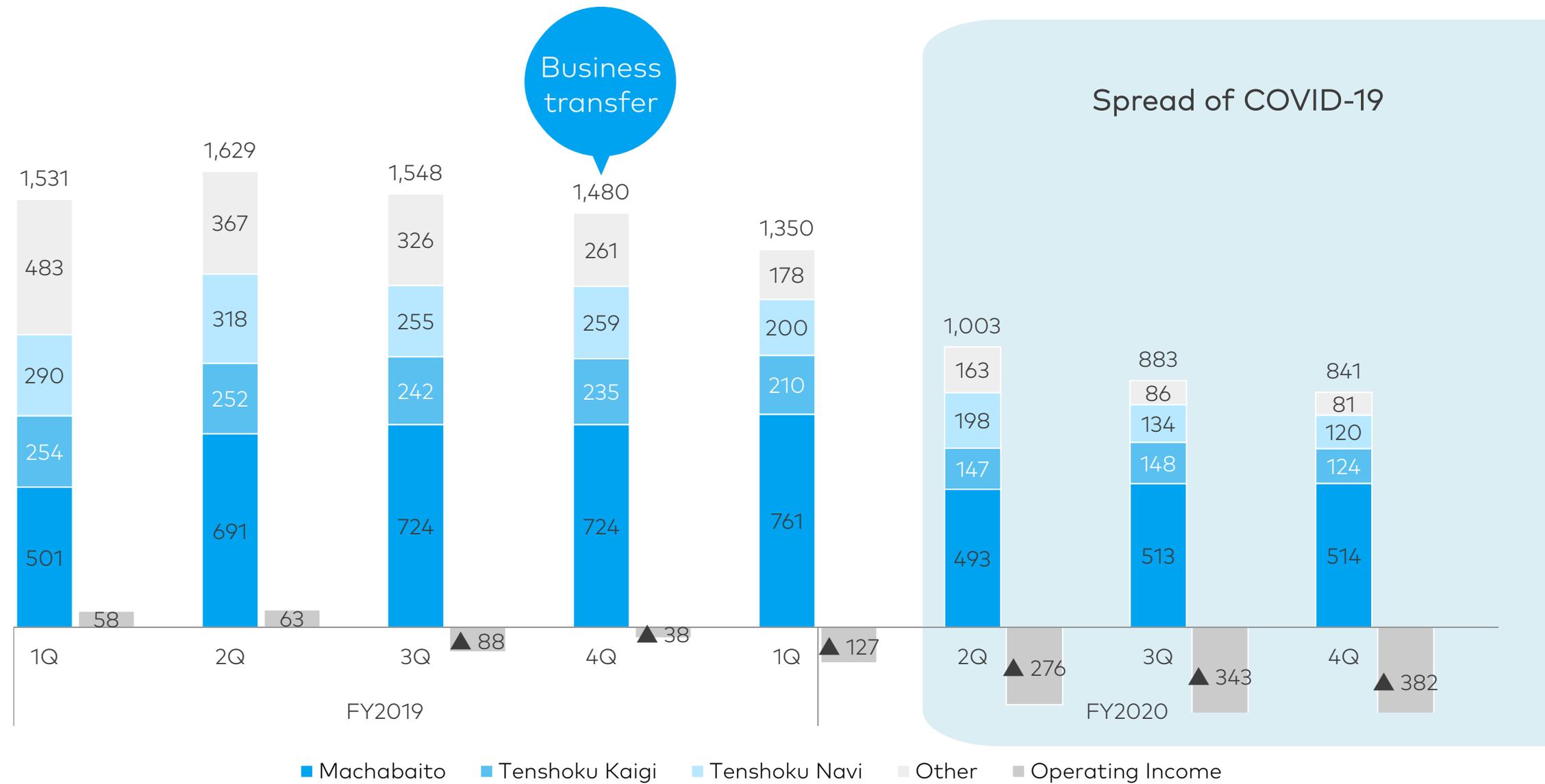
4. Appendix

4. Appendix

Quarterly results

Quarterly Net Sales and Operating Income

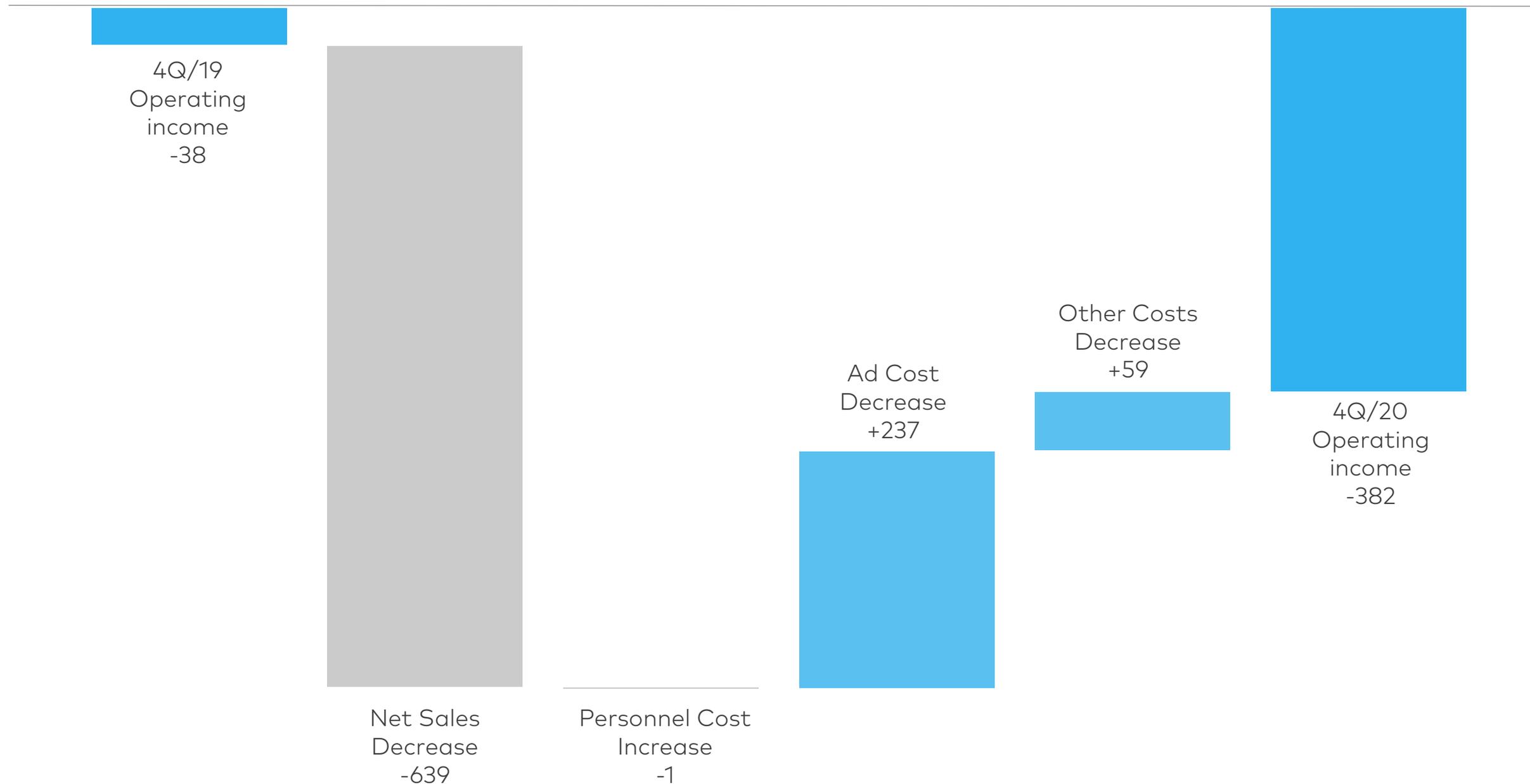
(Millions of JPY)



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

Quarterly Operating Income -YoY Comparison

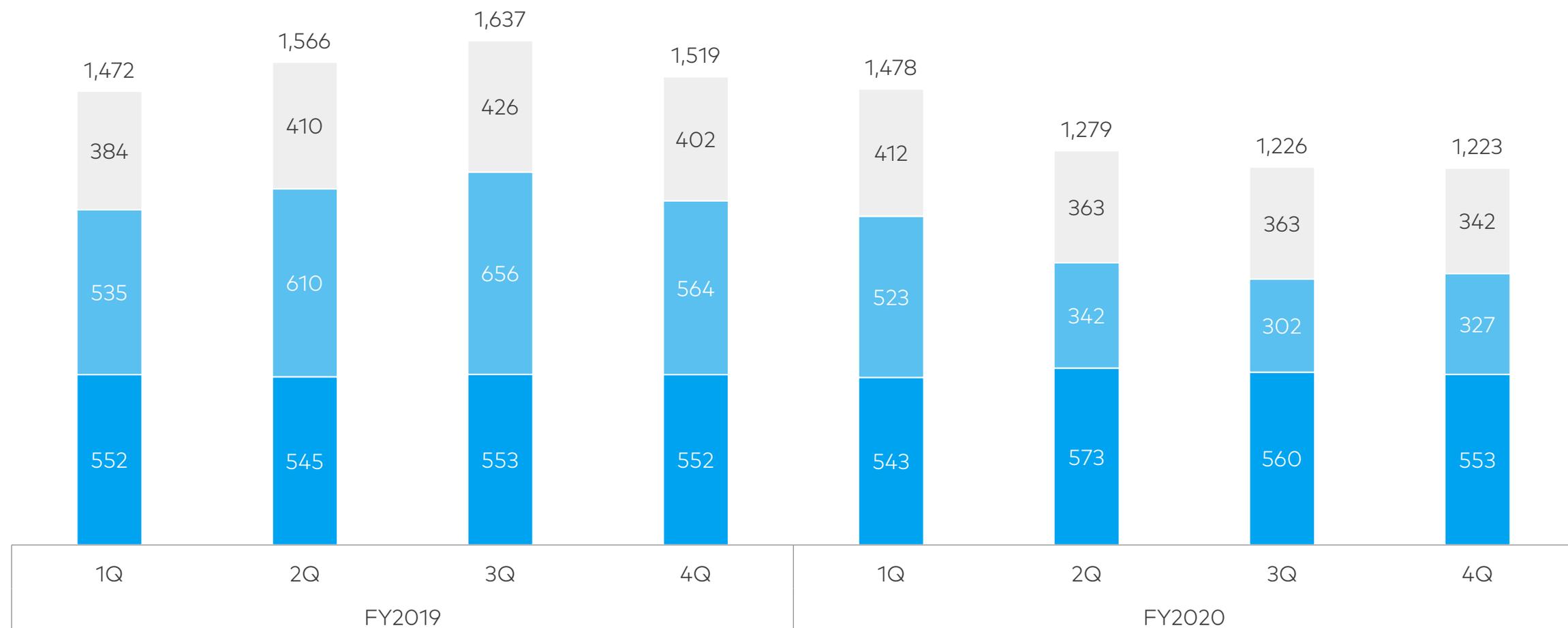
(Millions of JPY)



Quarterly Operating Expenses

(Millions of JPY)

- Personnel expenses
- Advertising costs
- Others



4. Appendix

Company overview

Origin of the company name /Business Philosophy

46

| Origin of the company name

LIVE + SENSE

| Business Philosophy

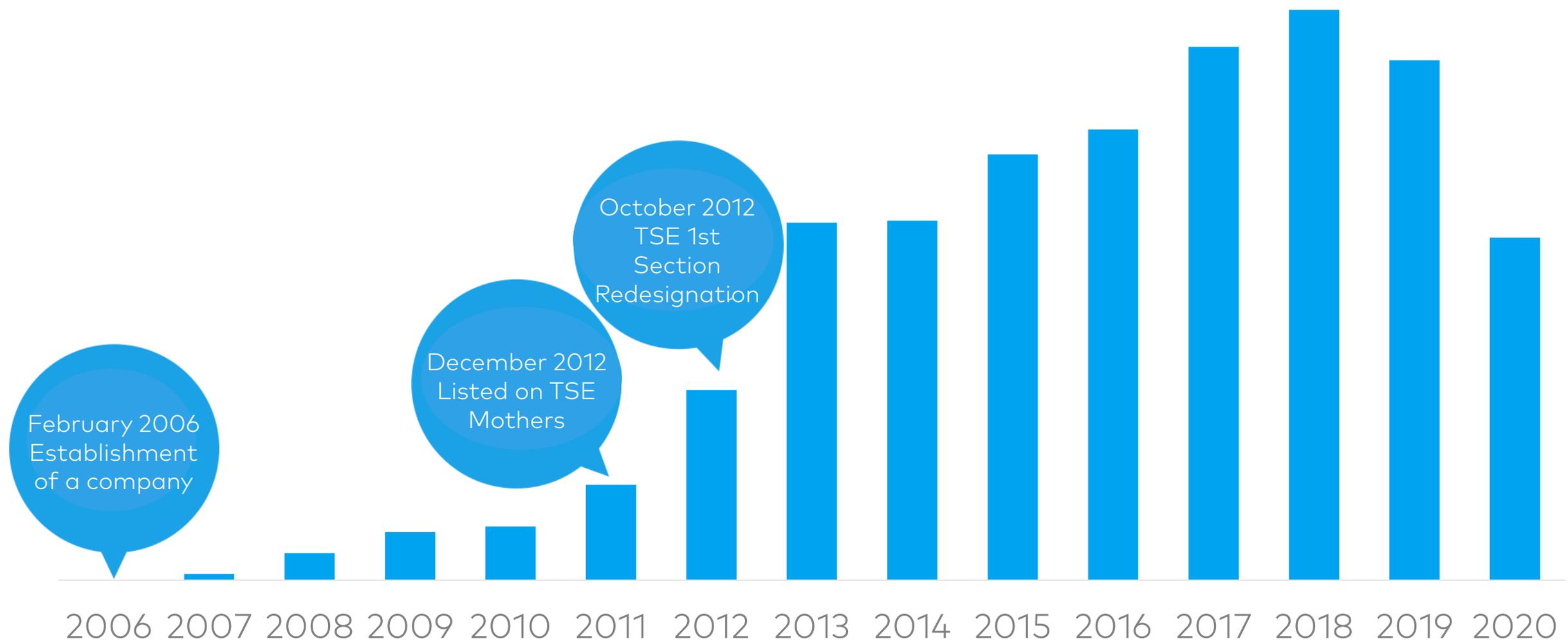
Happiness Begetting
Happiness.

| Corporate Vision

Invent the next common.

Corporate History

Providing various services to solve problems and inconveniences since founding.

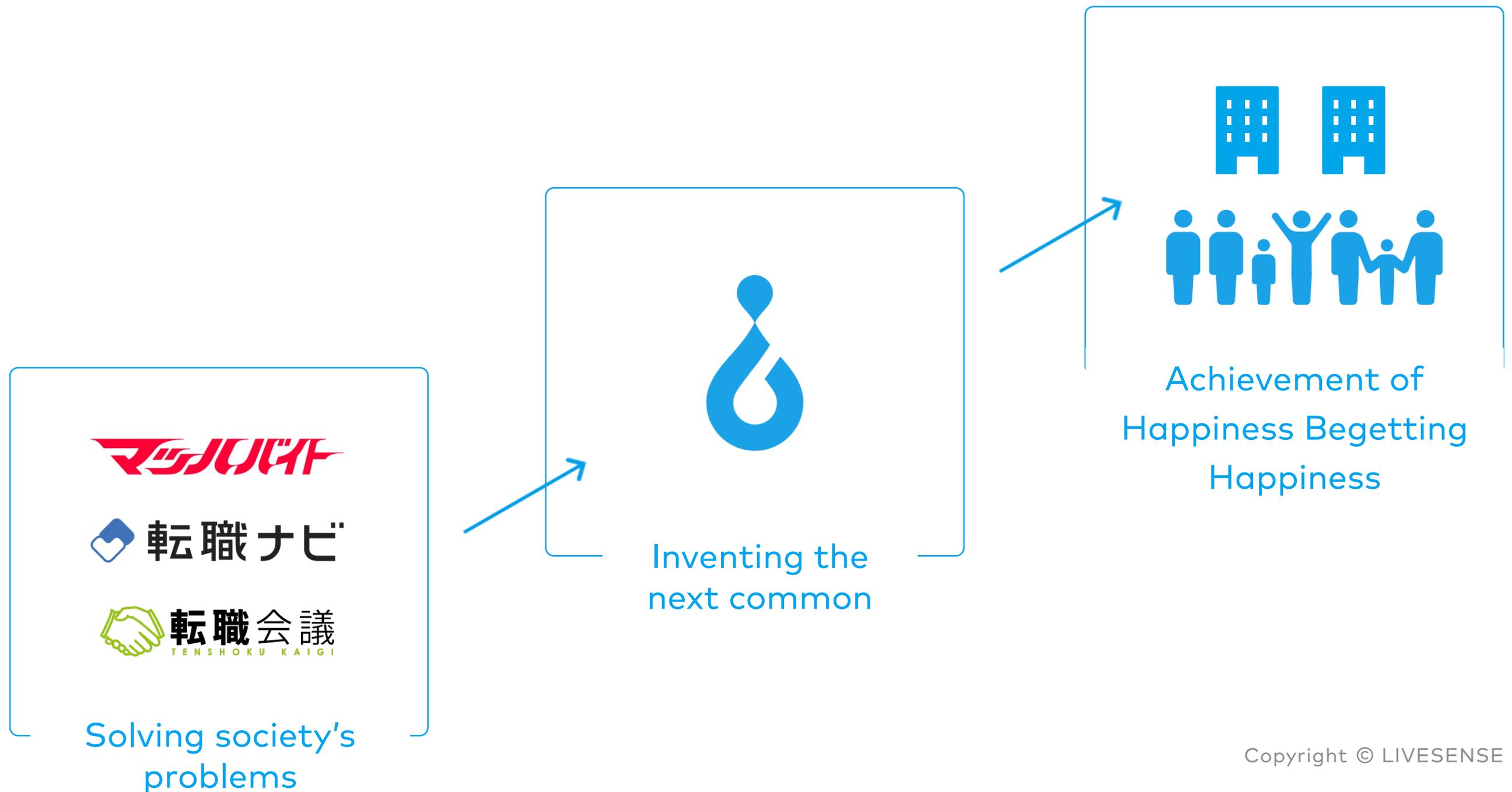


* Services below are currently operated by other companies due to transfer or have been ended:

waja, imitsu, Door Chintai, Chiryō Note, Syukatsu Kaigi

Basic Philosophy of Service Operations

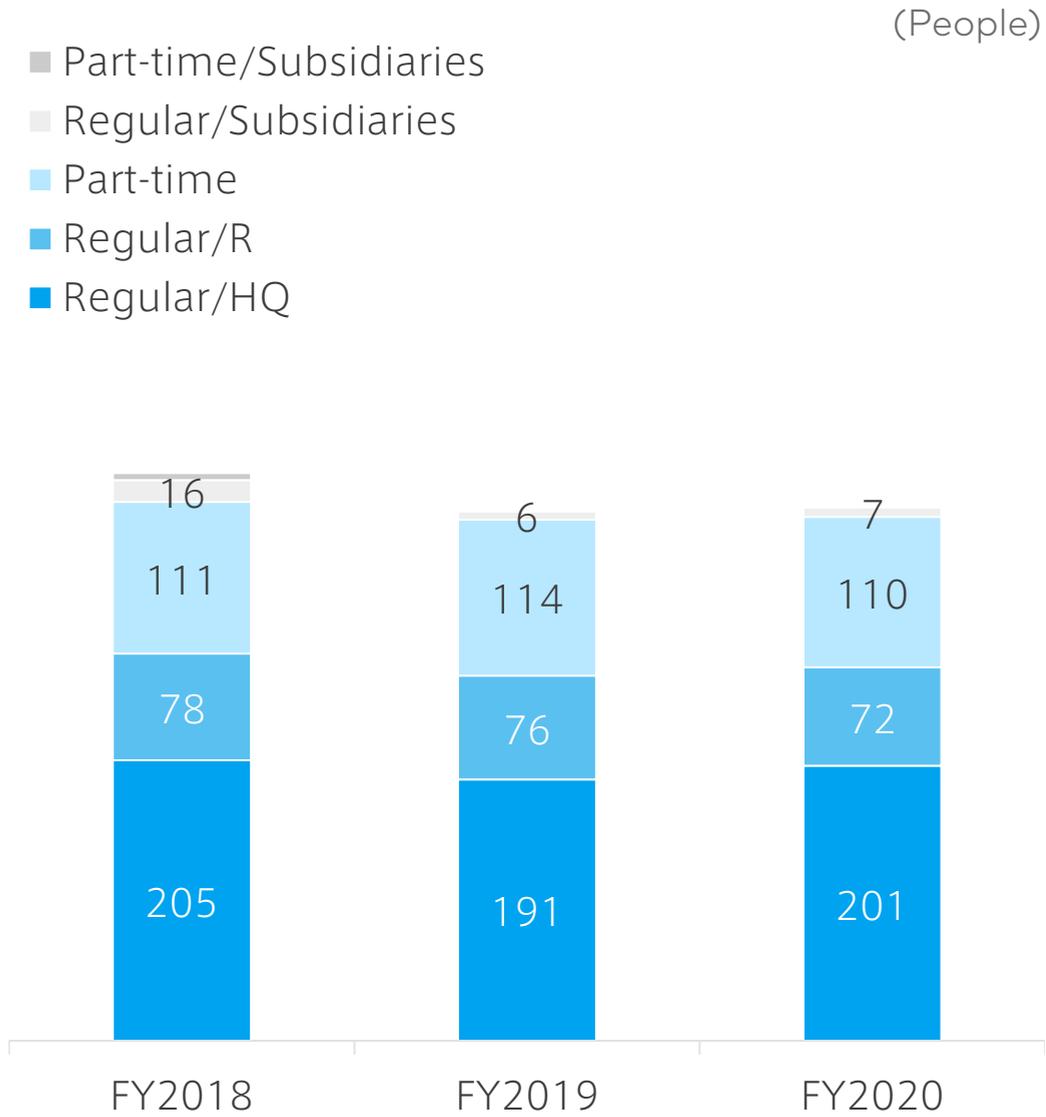
- | Operate services to solve society's problems.
- | Aim to solve problems faced by many users and bring about their happiness by having Livesense services become "the next common."



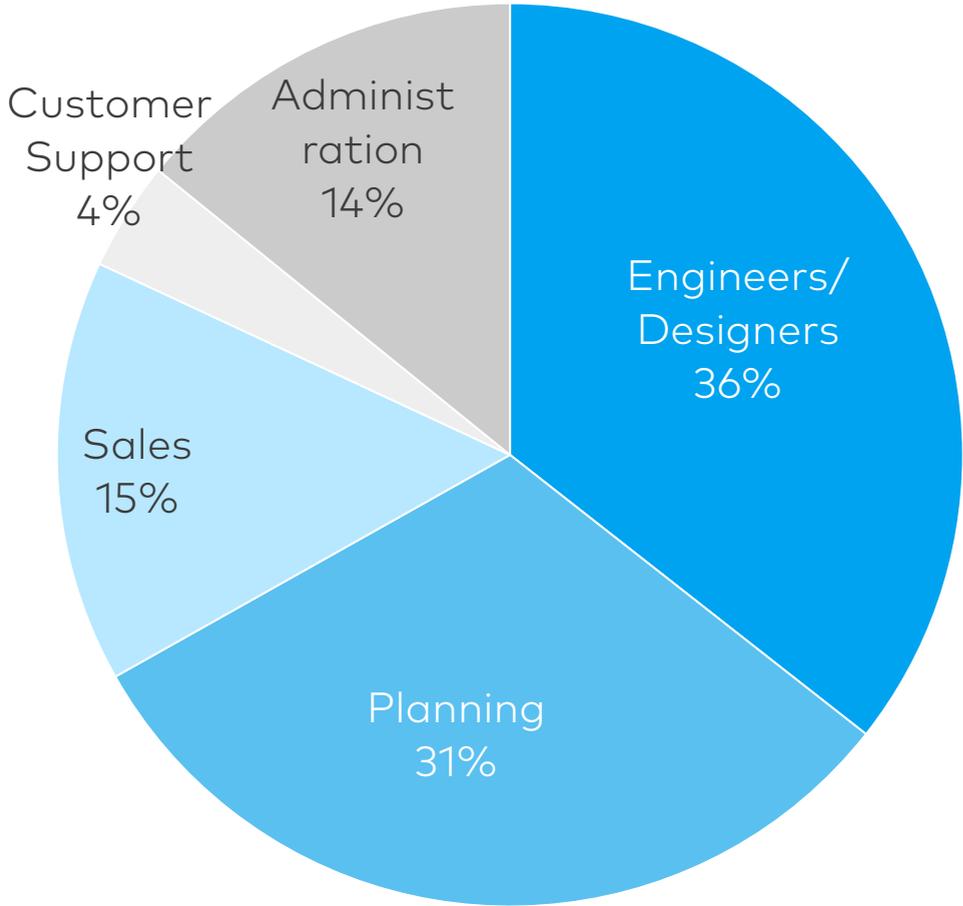
Corporate Profile

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: 273 (as of December 31, 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



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.