

FY2021 Financial Results

Livesense Inc. (TSE1: 6054)

February 14, 2022

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1. Financial Results

Full Year Executive Summary

| Full-year net sales up despite impact of COVID-19. Operating loss remained flat. On quarterly basis, both net sales and operating loss improving.

- Net sales ¥4,179 million (YoY +¥100 million +2.5%)
- Operating income -¥1,112 million (YoY +¥16 million -%)

| Among existing businesses, Machbaito and Tenshoku Draft showed growth. Decision made to withdraw from Tenshoku Navi to restructure for profitability.

- Machbaito net sales up 10.2% YoY and Tenshoku Draft net sales up 62.3% YoY.
- Aiming to further enhance profitability, measures established to restructure for profitability, including withdrawal from Tenshoku Navi.

| Two new businesses in development and verification phase.

- Monthly membership function released for proposal-type matching service "knew."
- Beta version of online interview tool "batonn" released for companies participating in beta test.

Full Year Financial Results Overview

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(Millions of JPY)

	FY2020	FY2021	YoY
Net Sales	4,078	4,179	+2.5%
Operating Income	-1,129	-1,112	—
Operating Margin(%)	—	—	—
Ordinary Income	-1,032	-916	—
Profit attributable to owners of parent	-1,089	-943	—

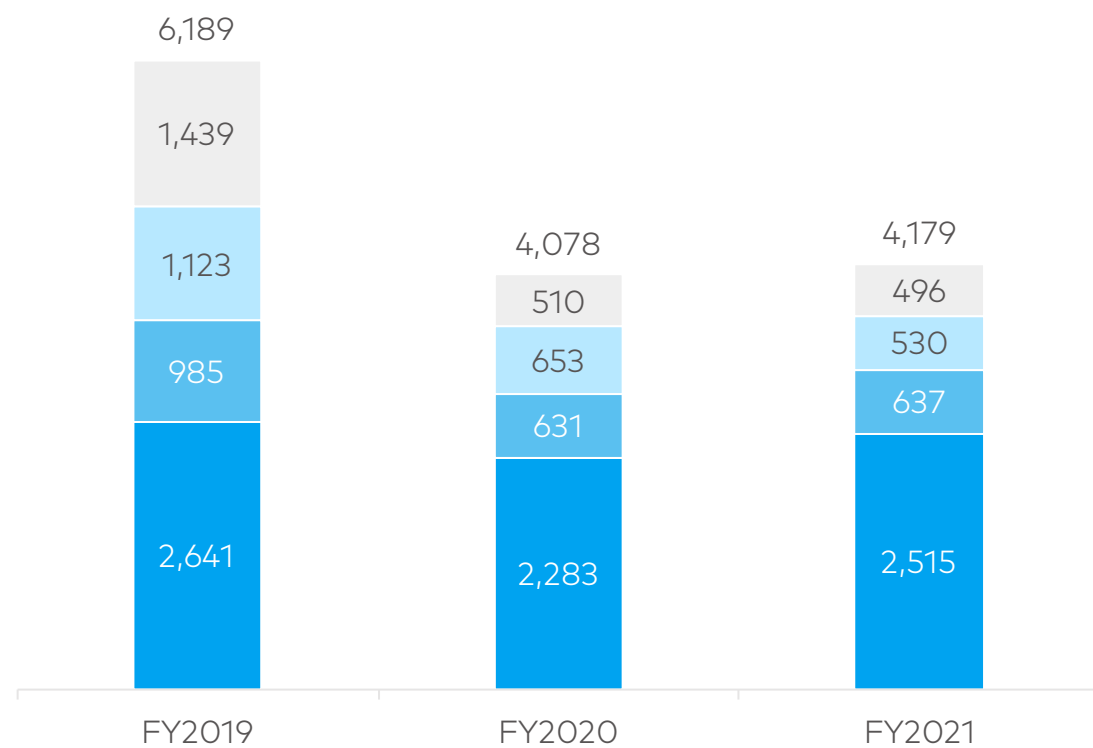
Full Year Net Sales and Operating Income

Sales up despite impact of COVID-19 and transfer of Syukatsu Kaigi, but operating income mostly flat. No substantial recovery.

Net Sales

(Millions of JPY)

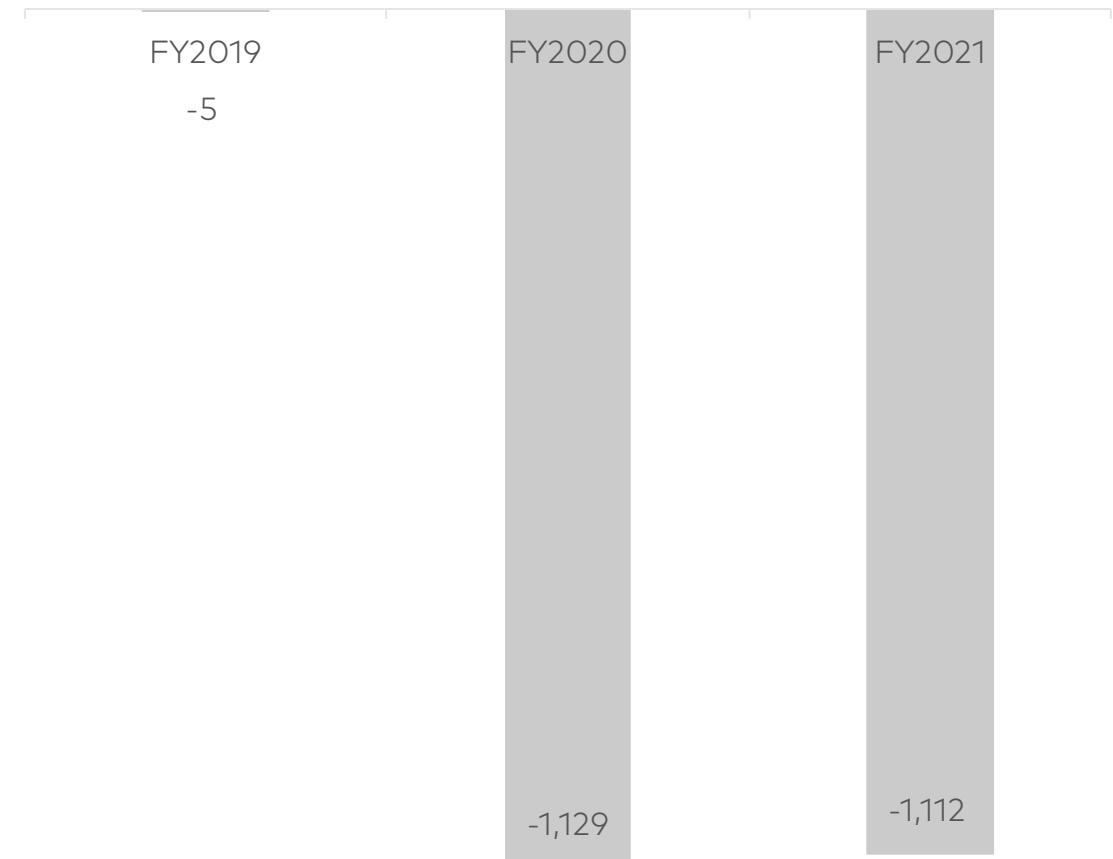
- Machabaito
- Tenshoku Kaigi
- Tenshoku Navi
- Other



Operating Income

(Millions of JPY)

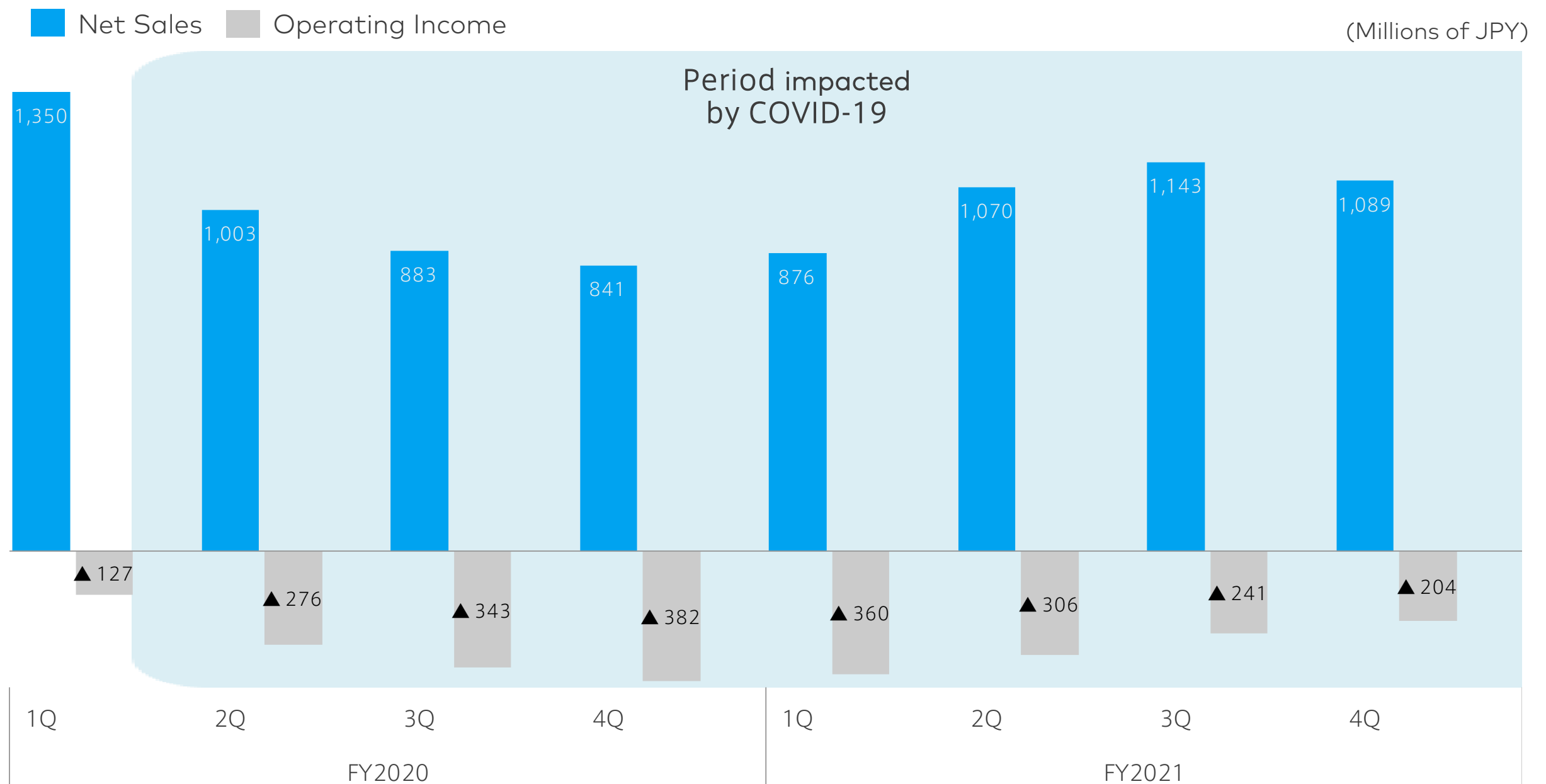
- Operating Income



*Syukatsu Kaigi transferred on July 1, 2020.

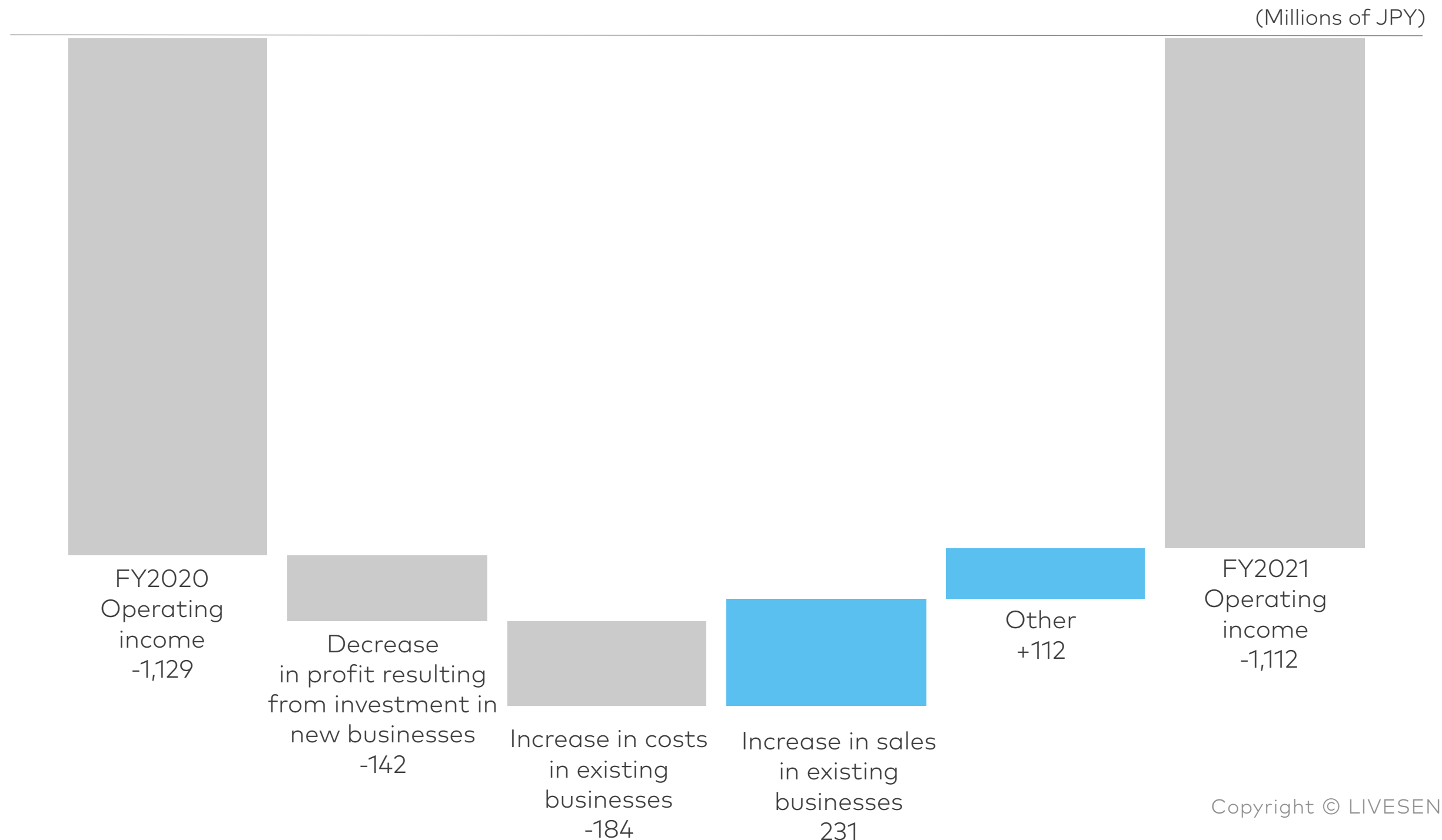
Quarterly Net Sales and Operating Income

Performance bouncing back since hitting bottom in FY2020/4Q. 4Q net sales and operating income up substantially YoY, ¥247 million and ¥177 million, respectively.



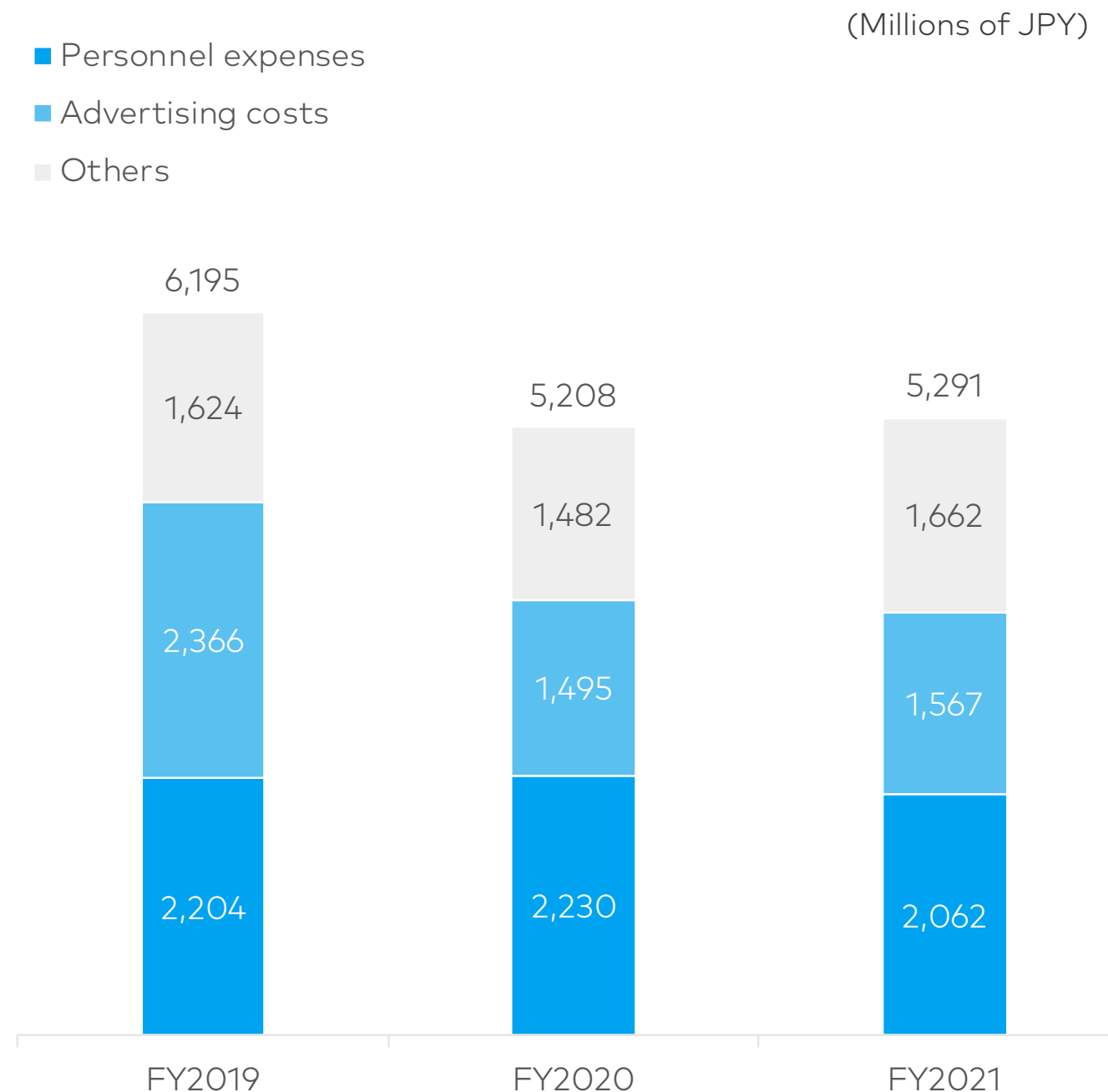
Full Year Operating Income -YoY Comparison

| Income improving steadily in existing businesses. Operating loss remained flat despite increased investment in new businesses.

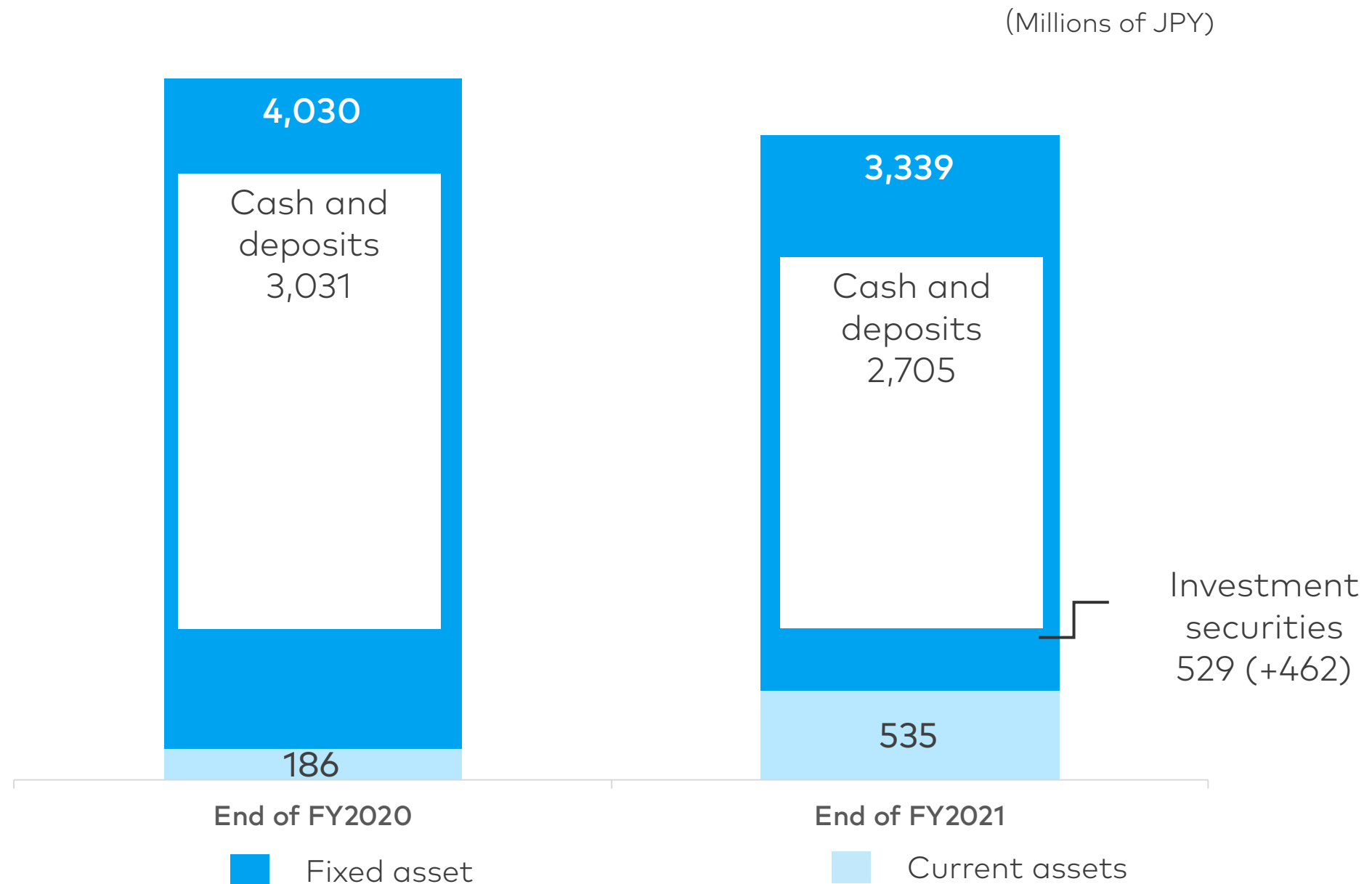


Full Year Operating Expenses

| Other expenses increased as a result of strengthening customer acquisition efforts. Personnel expenses decreased, but total costs stayed mostly the same.



- | Cash and deposits decreased due to operating loss, but no concerns over financial standing.
- | Investment securities (listed stock) increased from past investments.



2. FY2021 Summary

2. FY2021 Summary

Company-wide policy

| FY2021 Company-wide 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

- QoQ recovery continues, led by Machbaito and Tenshoku Draft.
- "Restructuring for profitability" will require further enhancement of earning power. Decision made to withdraw from unprofitable businesses and reduce fixed costs while growing businesses.

Launch new businesses

- Progress made on development and verification. Two businesses released beta versions.

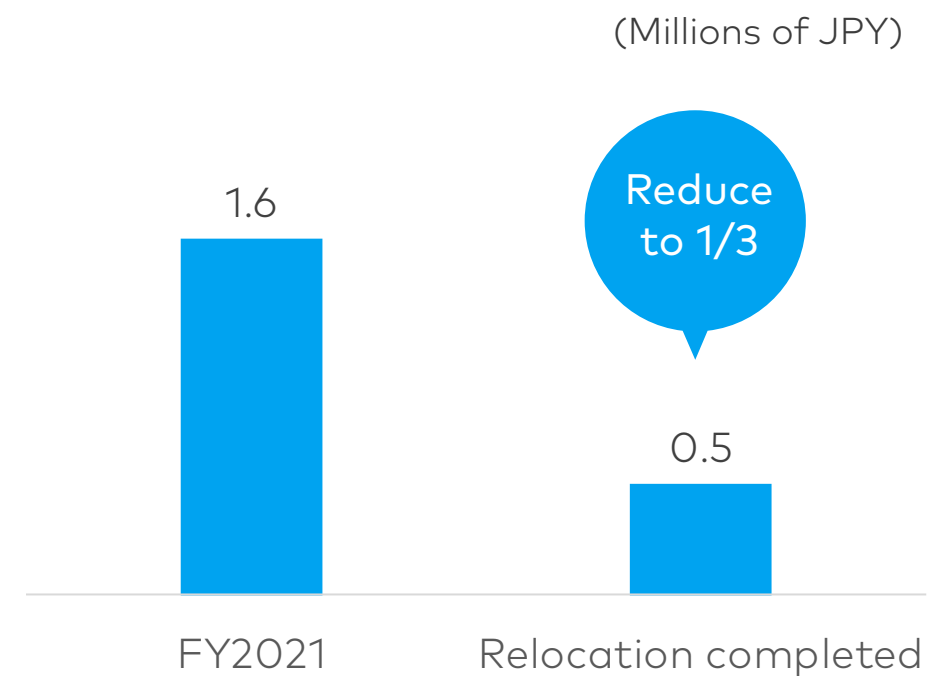
Reduction of Fixed Costs

- | New work styles such as remote work taking root.
- | Decision made to downsize, relocate or close all offices.
Reduce fixed costs while maintaining productivity.

Office Policy



Office Cost Calculation



*To be implemented in FY2022, so full-year contribution will be in FY2023.

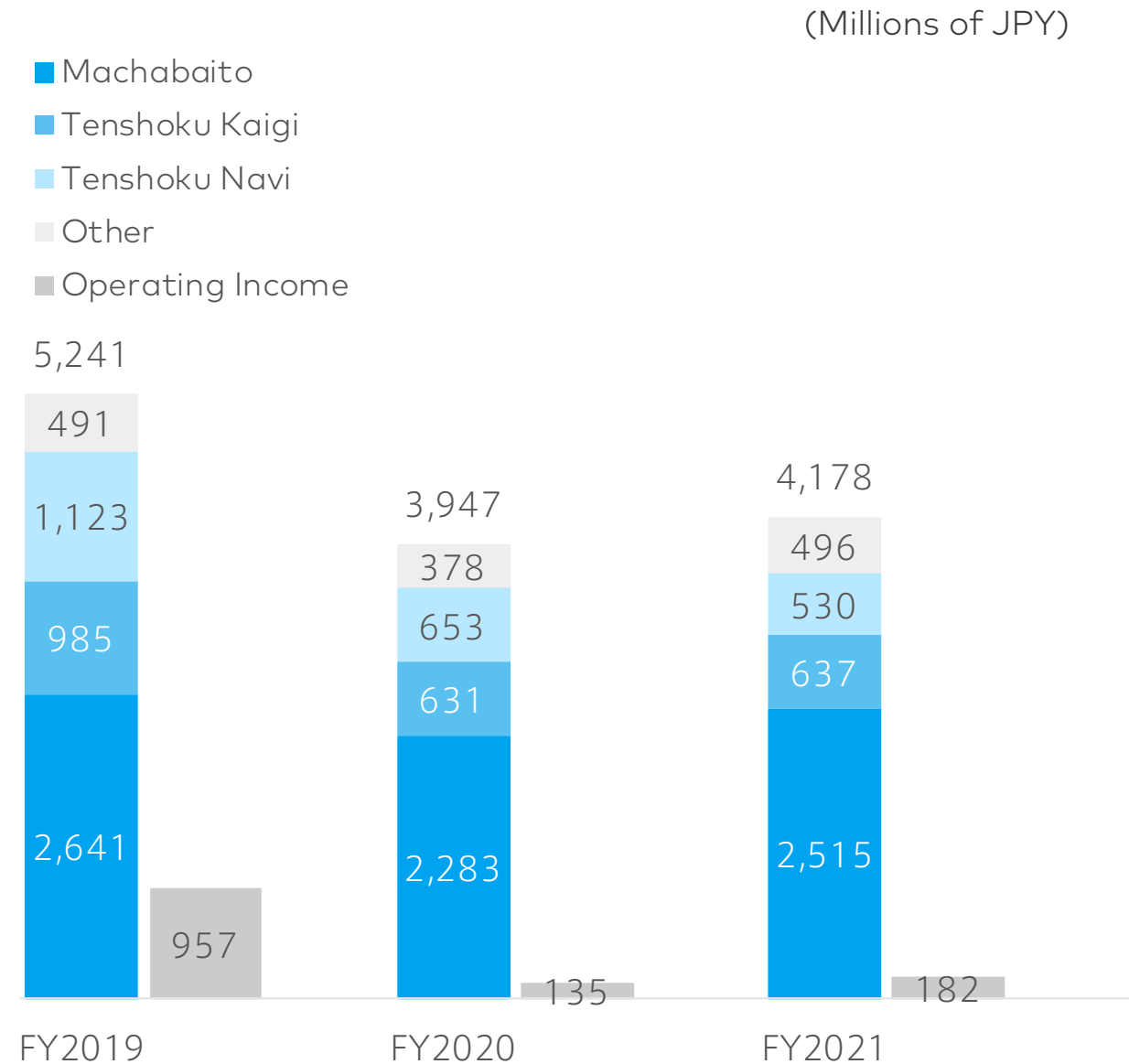
2. FY2021 Summary

Existing business

Full Year Net Sales and Operating Income of Existing Businesses

| Sales and income up in existing businesses.

| By business, Machbaito sales up 10.2% YoY.
Tenshoku Draft sales up substantially, 62.3% YoY.



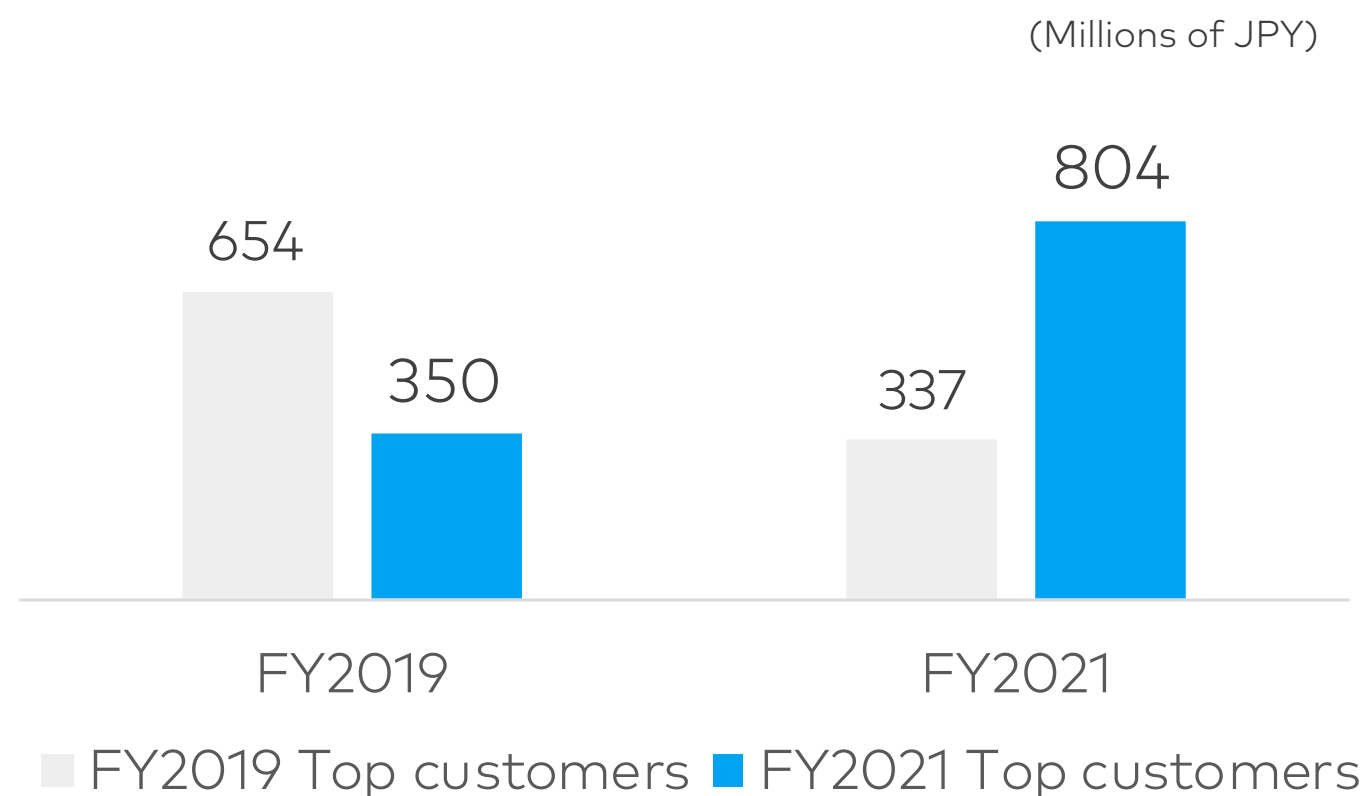
- Net sales and operating income of existing businesses other than transferred business, new business and corporate expenses

Machbaito

| Respond to changes in business environment and transform customer makeup.

| Seven out of 10 top customers in terms of sales changed in two years.

Top 10 Companies (Net Sales)



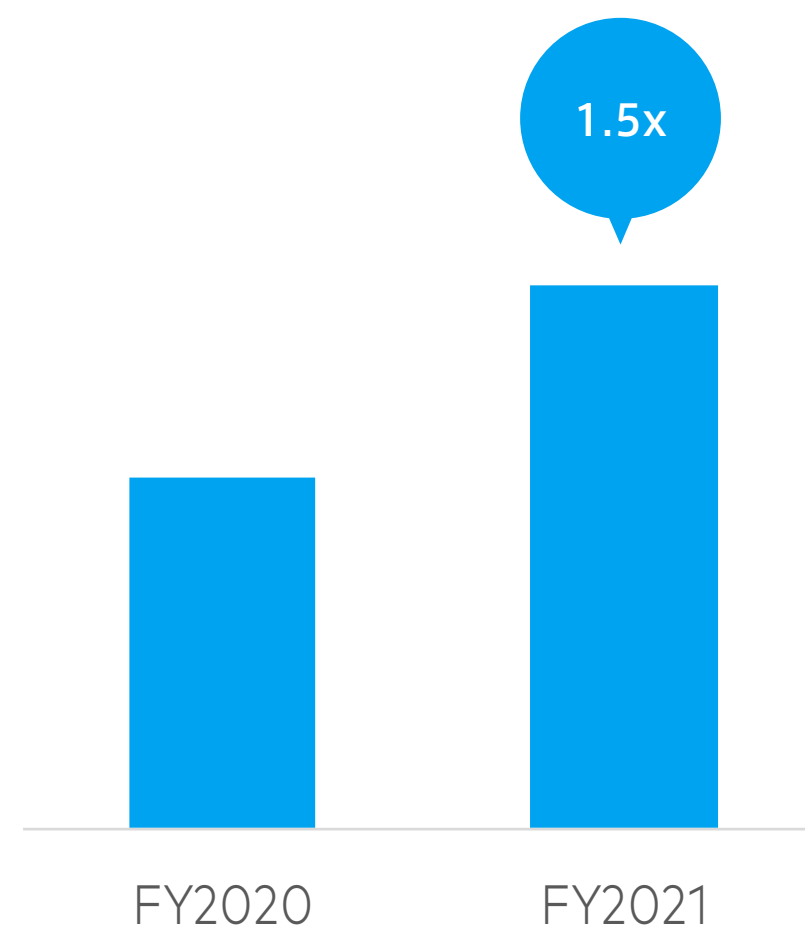
*Top 10 companies in FY2019 and FY2021

Machbaito

- | User experience and matching accuracy improved with utilization of user data. Significant increase in applications via app.
- | Will continue to make further improvements utilizing data and improve application rate.



Number of applications via app

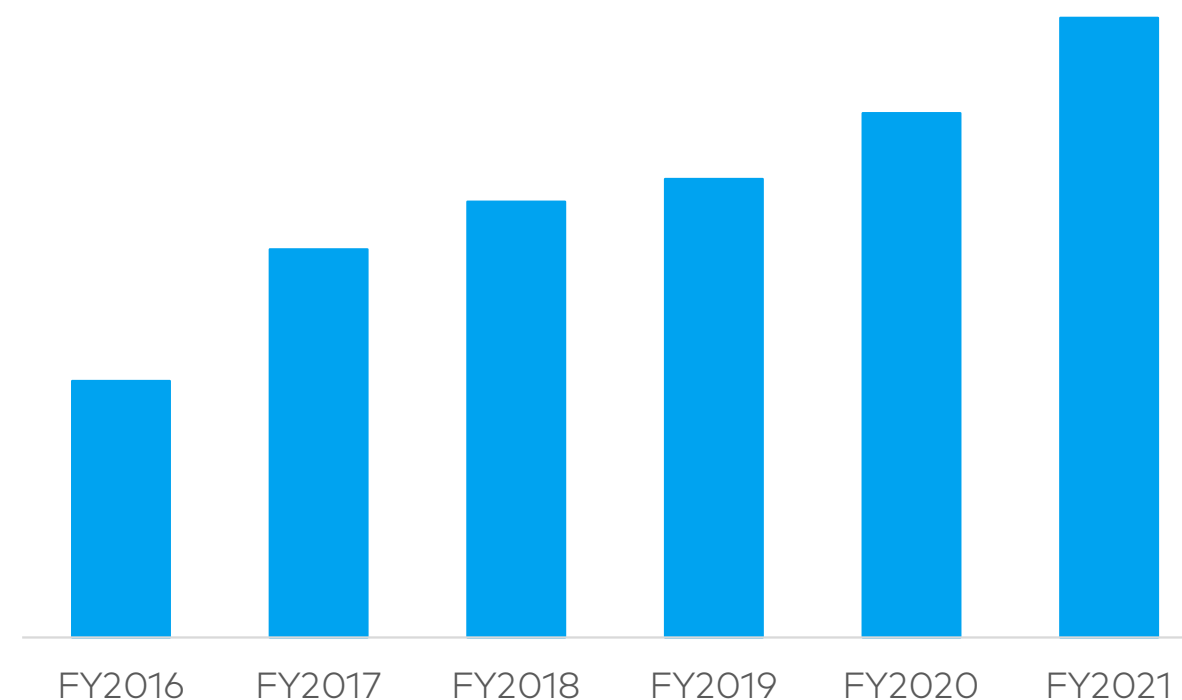
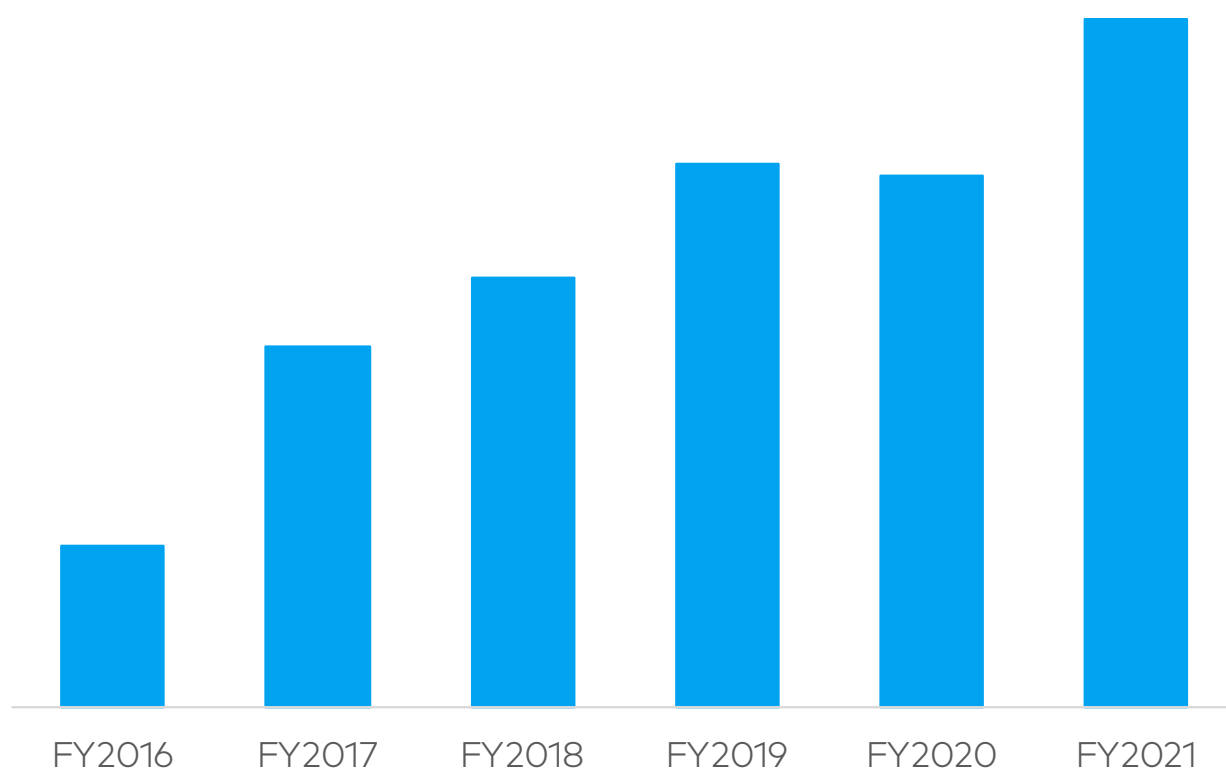


Tenshoku Draft

- | Established unique value in engineer career change market, where hiring needs are very strong.
- | Also achieved record high numbers of participating companies and members. Number of hires also up owing to enhanced recommendation logic.

Number of participating companies

Number of participating members

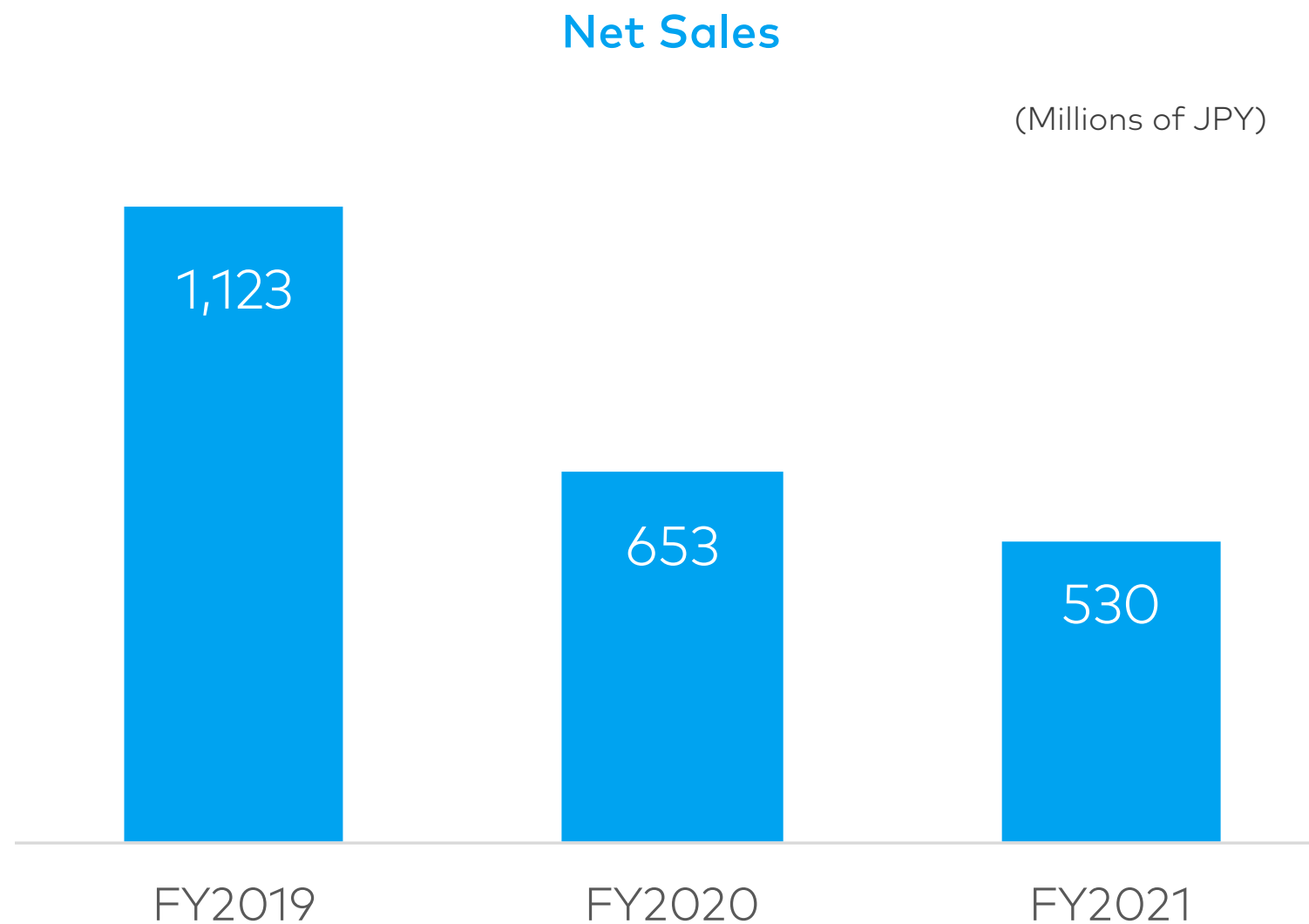


Withdrawal from Unprofitable Businesses

(Tenshoku Navi)

| Sales on the decline due to hiring constraints arising from COVID-19.

| Decision made to withdraw in light of time required for recovering performance and difficulty of establishing competitive advantage.



2. FY2021 Summary

New business



| Video chat utilization / proposal type new matching app "knew"

| Leveraging our data platform and matching know-how, which are our strengths, in the high-growth market of matching services, we aim to provide an advanced UX and achieve business growth.

Current state of matching service

Percentage of users experiencing matching app fatigue **80.6%**

- Percentage of users serious about meeting someone **79%**
- Time to start looking-to meet face-to-face **20**hours
- Percentage of feeling a mismatch in 5 minutes face-to-face **38%**

Source: In-house research

<https://www.livesense.co.jp/news/2021/05/20/3318/>
<https://www.livesense.co.jp/news/2021/12/16/3628/>

Our strengths

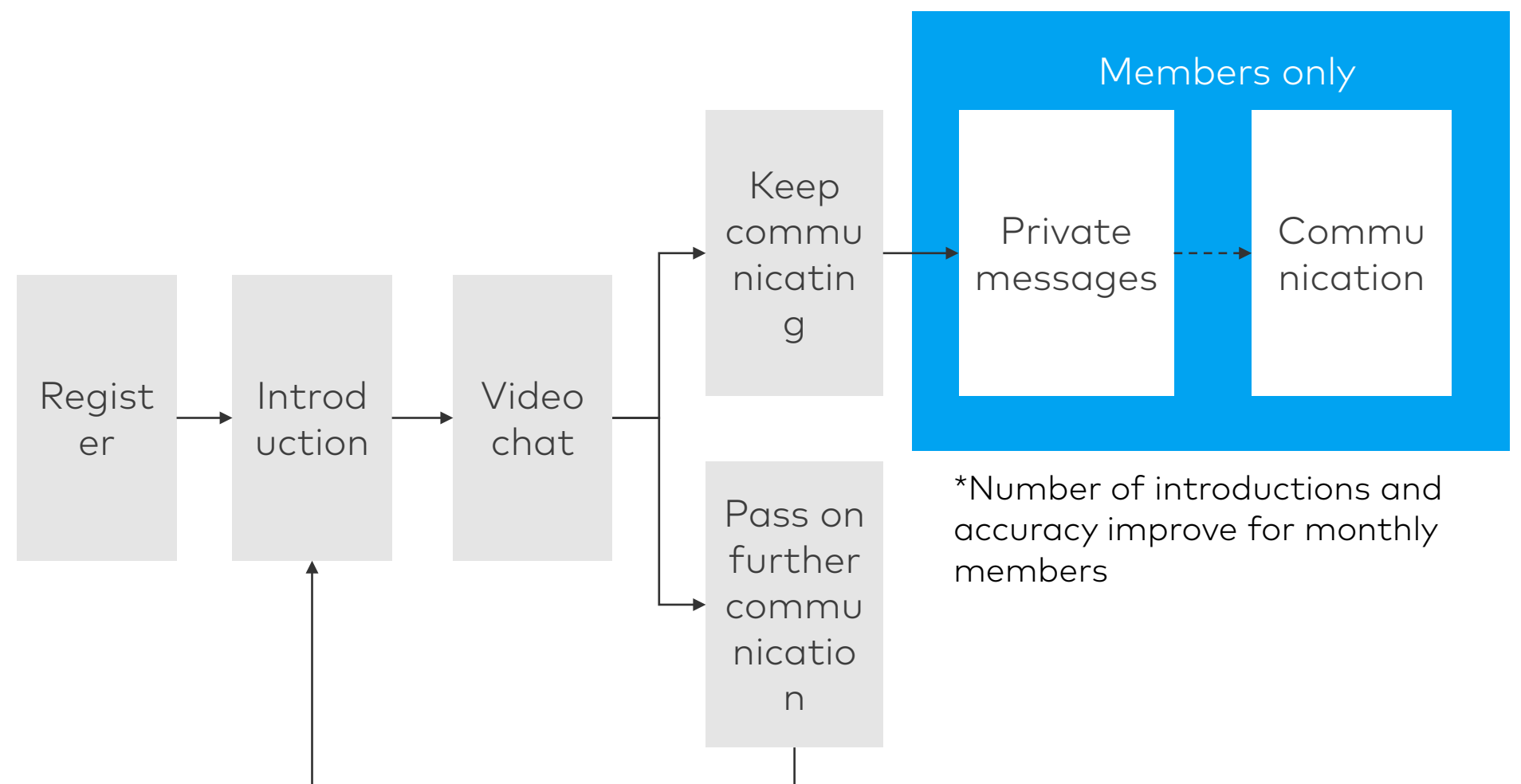
Highly efficient, highly accurate matching using data





| Launch of monthly member functions

| Everything up to introductions and video chat can be used free of charge. Charges only arise for continued communication, resulting in a high level of customer satisfaction.



batonn

- Eliminate the gap in evaluation between interviewers by converting online interviews into data and linking the post-interview evaluation with the rationale.
- Beta version released for companies participating in beta test. Structure strengthened for full-scale paid service roll-out in response to favorable reception by participating companies.

Recording and transcription



Sharing of evaluations



Visualization of interviews and efficient tracking

- Smooth video calls and recording function
- Highly accurate transcription function

Achieve evaluations based on objective facts

- Enter evaluation based on recordings and transcription data
- Link interactions serving as basis for evaluation
- Dashboard function for coordination between interviewers

3. FY2022 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

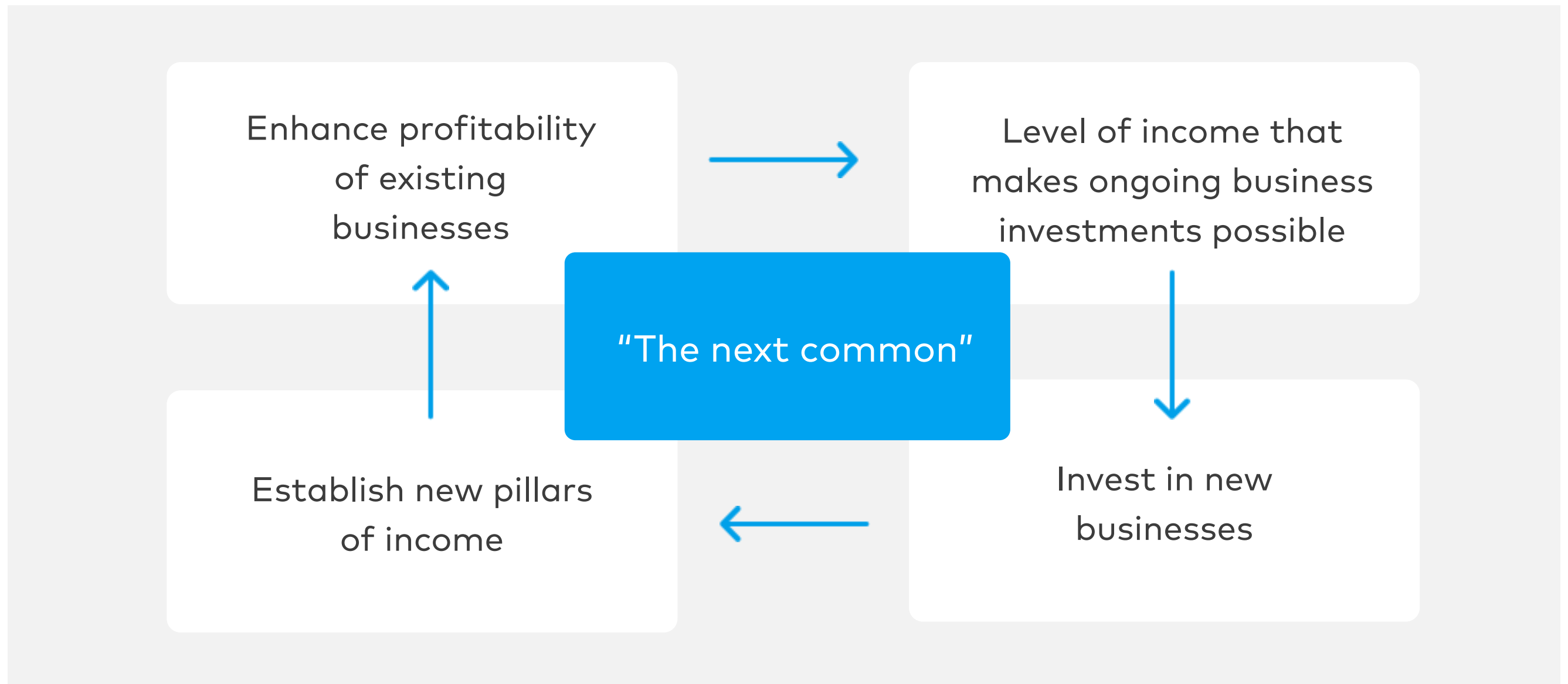


New businesses

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:

Establish foundation for restructuring for profitability and full-fledged growth of new businesses in pursuit of our corporate vision
"Invent the next common"

● Enhance profitability of existing businesses

- Further business growth of Machbaito and Tenshoku Draft
- Creation of new monetization points

● Establish foundation for new businesses

- knew: Establishment of customer attraction model capable of sustainable expansion
- batonn: Shift to paid services and acquisition of corporate customers

Enhance Profitability of Existing Businesses

- | Make Machbaito and Tenshoku Draft, which have clear strengths and achieved growth in FY2021, the main pillars of growth in FY2022.
- | Aim for business growth with high accuracy by polishing strengths.



<p>FY2021 growth (Net sales YoY)</p>	<p>+10.2% (4Q:+32.8%)</p>	<p>+62.3% (4Q:+101.2%)</p>
<p>Strengths</p>	<ul style="list-style-type: none"> • Highly accurate matching and generation of applications through linking sales, marketing and media • Incentives for users (Mach Bonus) 	<ul style="list-style-type: none"> • Unique model of limited tender career change service • Positive cycle of user acquisition and company hiring success through high-quality UX
<p>Growth strategy</p>	<ul style="list-style-type: none"> • Expansion of customer share and new cultivation via improved customer satisfaction through high-accuracy matching 	<ul style="list-style-type: none"> • Expansion of client companies and membership base • Increased hiring through reduction of operational burden for companies

- | Establish a foundation for business growth in aim of creating pillars of the future.
- | Begin full-scale expansion upon completion of verification of feasibility and profitability. Financial forecast for current year does not include significant growth or investment, but flexible action will be taken according to situation.

knew

batonn

New businesses of the future

	<i>knew</i>	batonn	New businesses of the future
Overview of service	Proposal-type matching service	Online interview tool	(Development and verification as necessary)
Challenges to address	Fewer opportunities to meet people Inefficient matching	Inefficient hiring processes Poor experience for candidates	Social problems
Profit model	Monthly subscription	Monthly subscription	Consider on case-by-case basis
FY2022 Policy	Establishment of customer attraction model capable of sustainable expansion	Shift to paid services and acquisition of corporate customers	Certain level of ongoing investment

Financial Forecasts for FY2022

- | Maintain and build upon FY2021 recovery and increase sales to cover with drawal from Tenshoku Navi.
- | Substantially improve operating loss. Achieve restructuring for profitability in FY2022 and return to full-year profitability in FY2023.

(Millions of JPY)

	FY2021	FY2022	YoY
Net Sales	4,179	4500	+7.7%
Operating Income	-1,112	▲ 280	—

*Does not factor in substantial changes in the market environment occurring as a result of an end to or resurgence of COVID-19, rapid growth of new businesses, or substantial changes in net sales/income from large-scale investments

| Transitioning to Prime Market in conjunction with market reorganization coming in April 2022.

| Listing requirements for new market not currently met. Aiming to meet them by FY2026.

Plan for Compliance with Listing Requirements for New Market Segment

Unmet requirements	Tradable share market cap	Daily avg. trading value
Requirement	At least ¥10 billion	At least ¥20 million
The Company*	¥3.1 billion	¥6 million

*Status as of transition record date

Basic policy	<ul style="list-style-type: none"> Achieve around ¥1 billion in operating income by FYE 12/2026 and give shareholders/investors expectations of the Company's growth
Challenges	<ul style="list-style-type: none"> Sluggish market cap due to not achieving level of performance sought by shareholders and investors Improvement of name recognition and market communication
Efforts	<ul style="list-style-type: none"> Achieve profitability within one to two years by withdrawing from unprofitable businesses, reducing fixed costs, and achieving growth of existing businesses Develop business portfolio capable of medium- to long-term growth Enhancement of IR activities



LIVESENSE

あたりまえを、発明しよう。

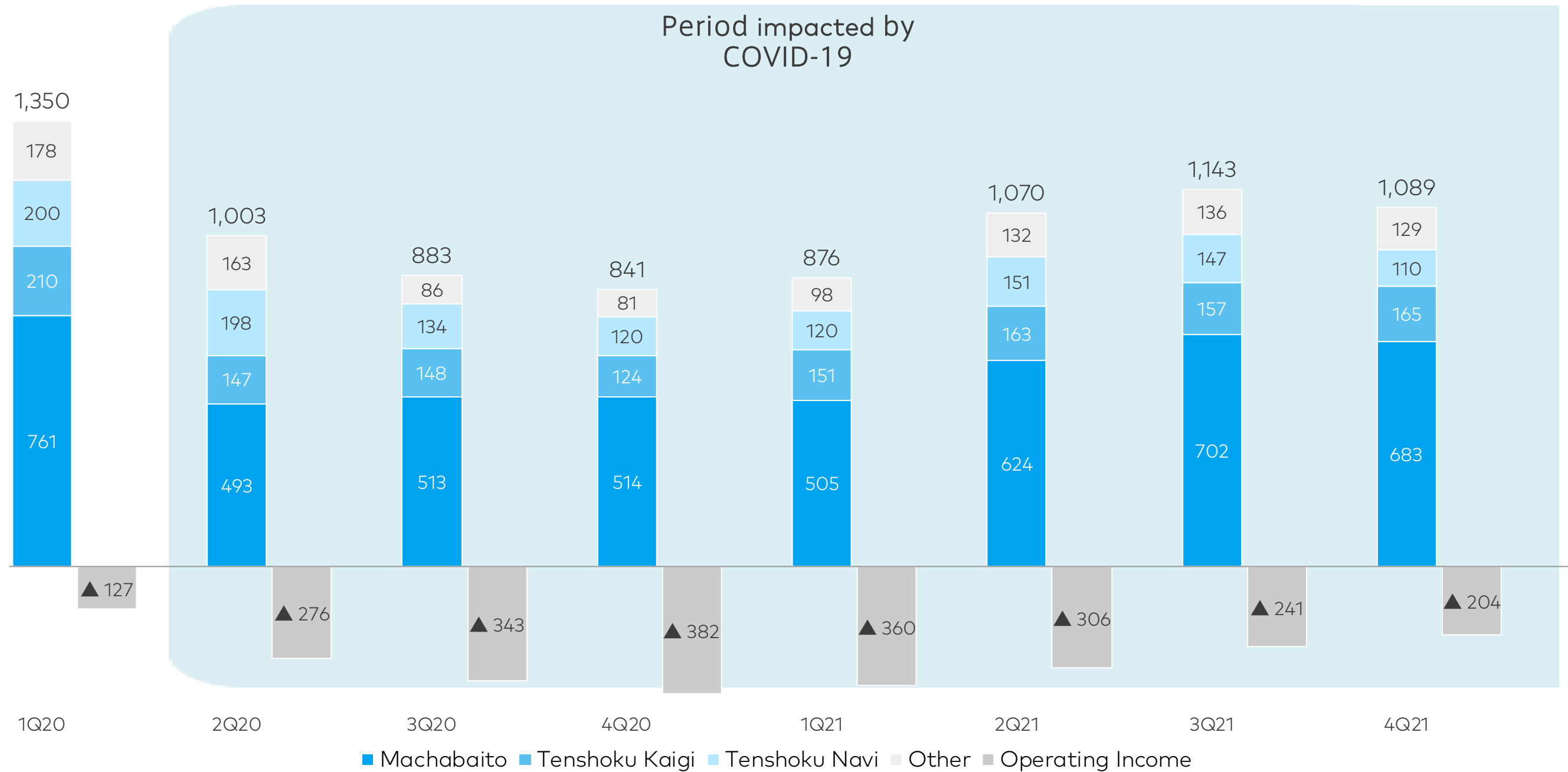
4. Appendix

4. Appendix

Quarterly results

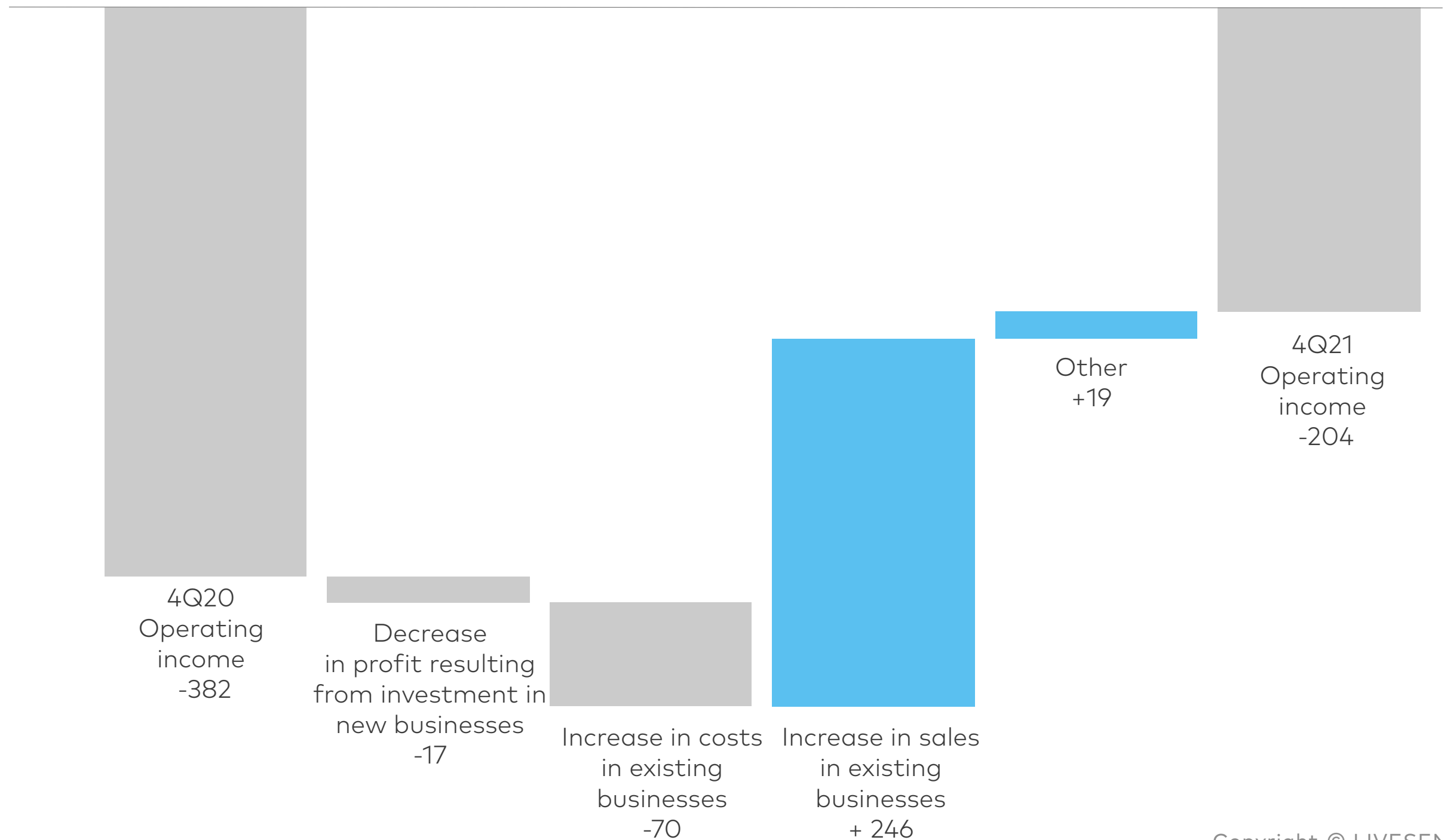
Quarterly Net Sales and Operating Income

(Millions of JPY)



Quarterly Operating Income -YoY Comparison

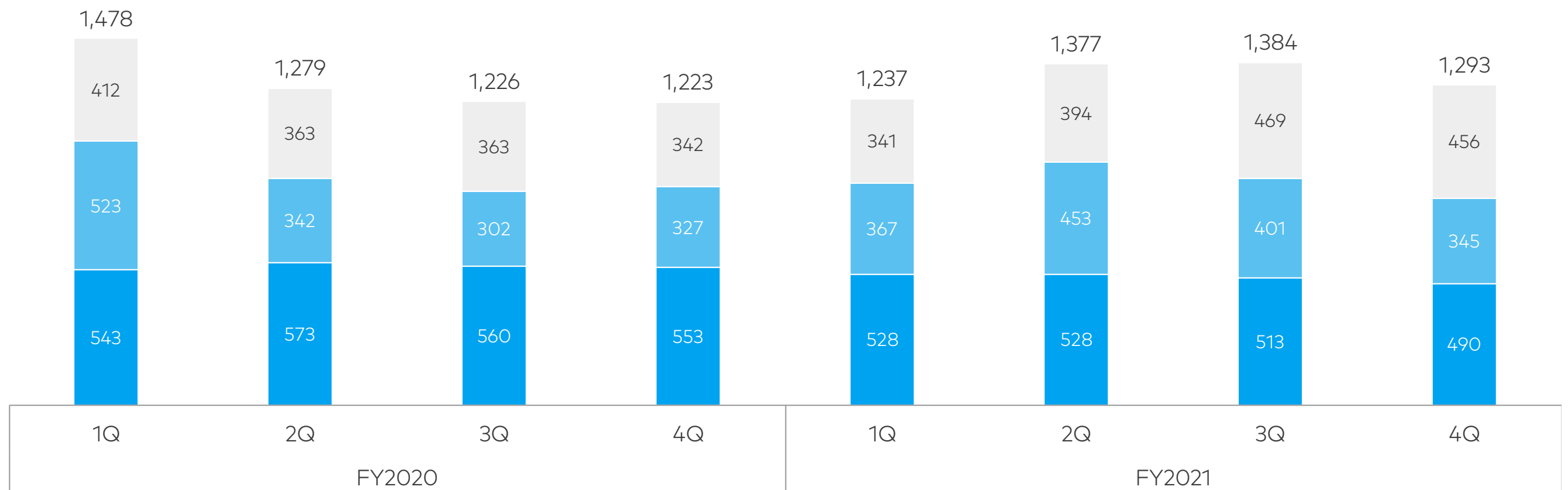
(Millions of JPY)



Quarterly Operating Expenses

(Millions of JPY)

- Personnel expenses
- Advertising costs
- Others



4. Appendix

Company overview

Origin of the company name /Business Philosophy

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| Origin of the company name

LIVE + SENSE

| Business Philosophy

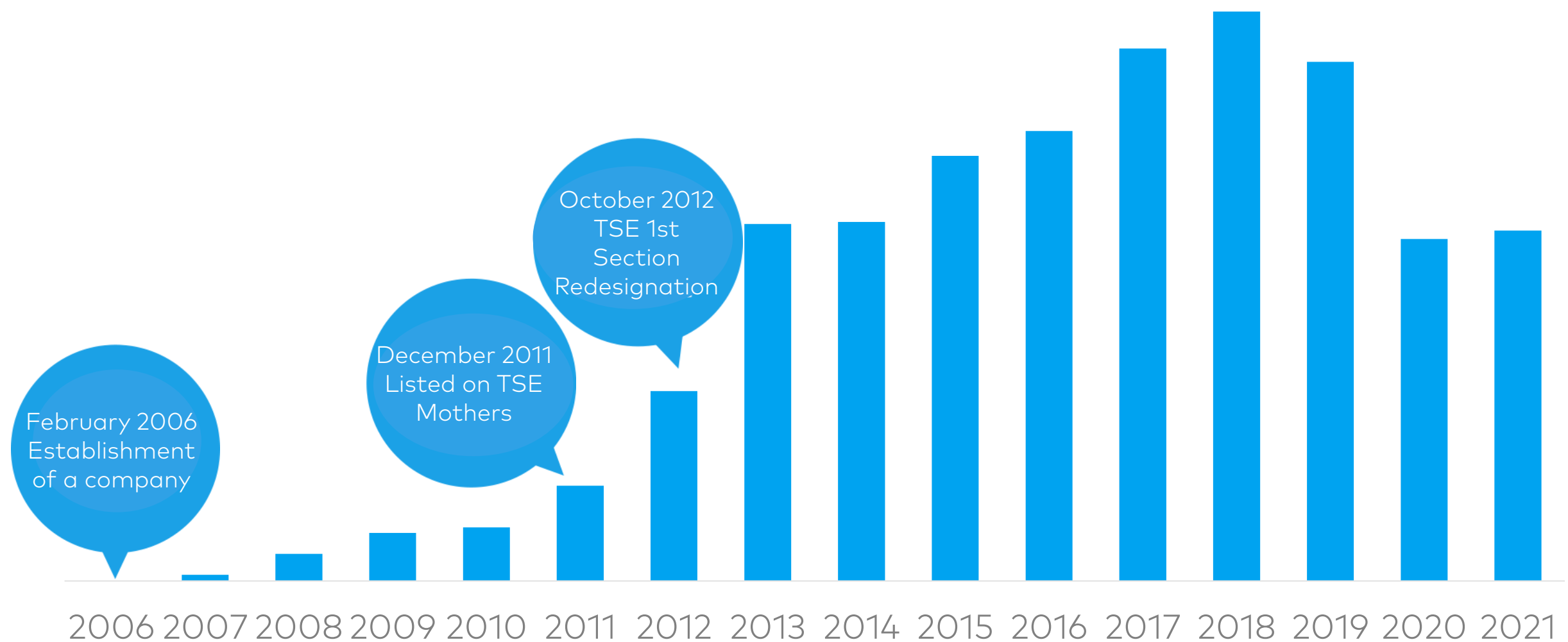
Happiness Begetting
Happiness.

| Corporate Vision

Invent the next common.

Corporate History

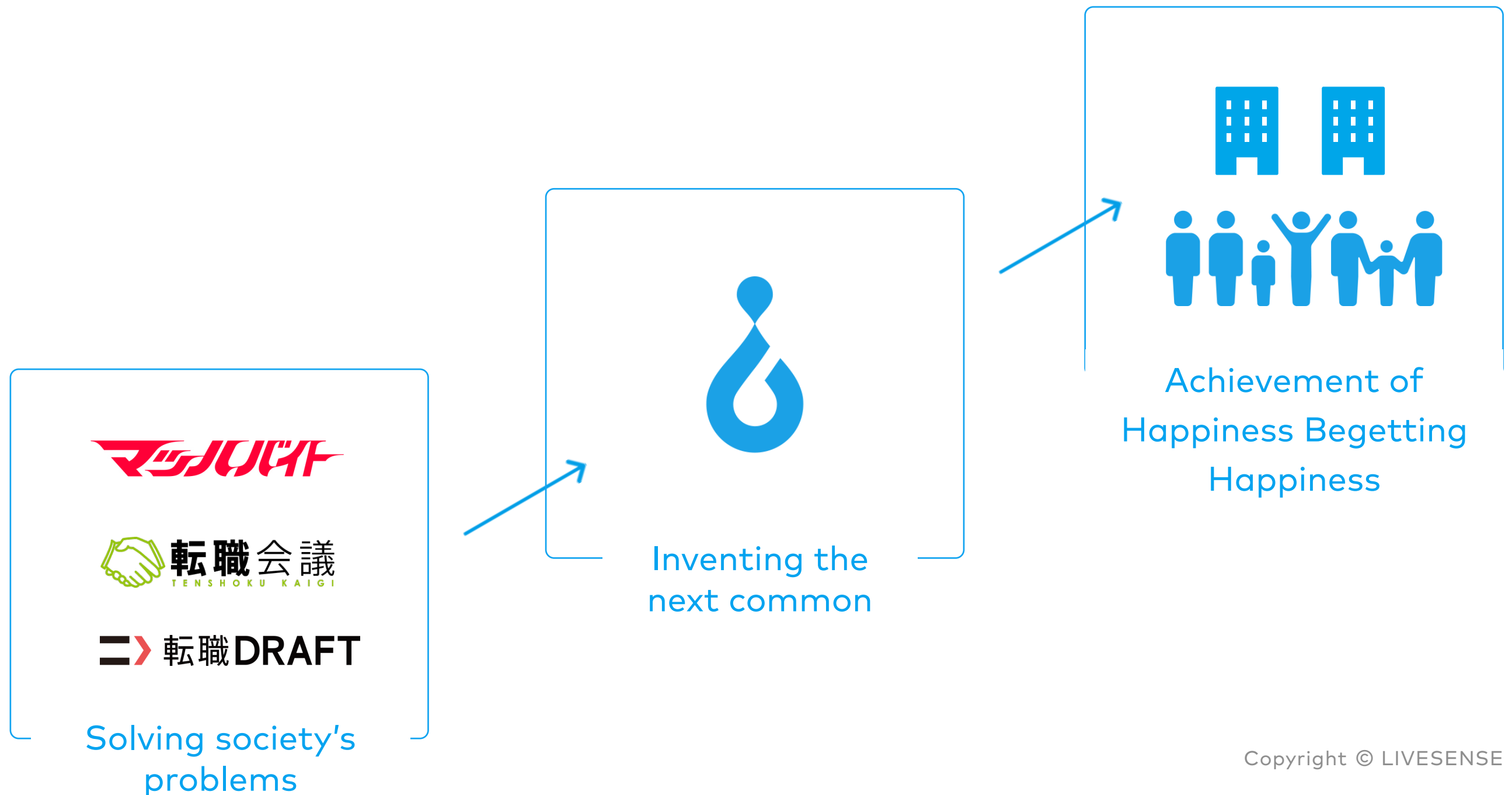
Providing various services to solve problems and inconveniences since founding.



Consolidated sales

Basic Philosophy of Service Operations

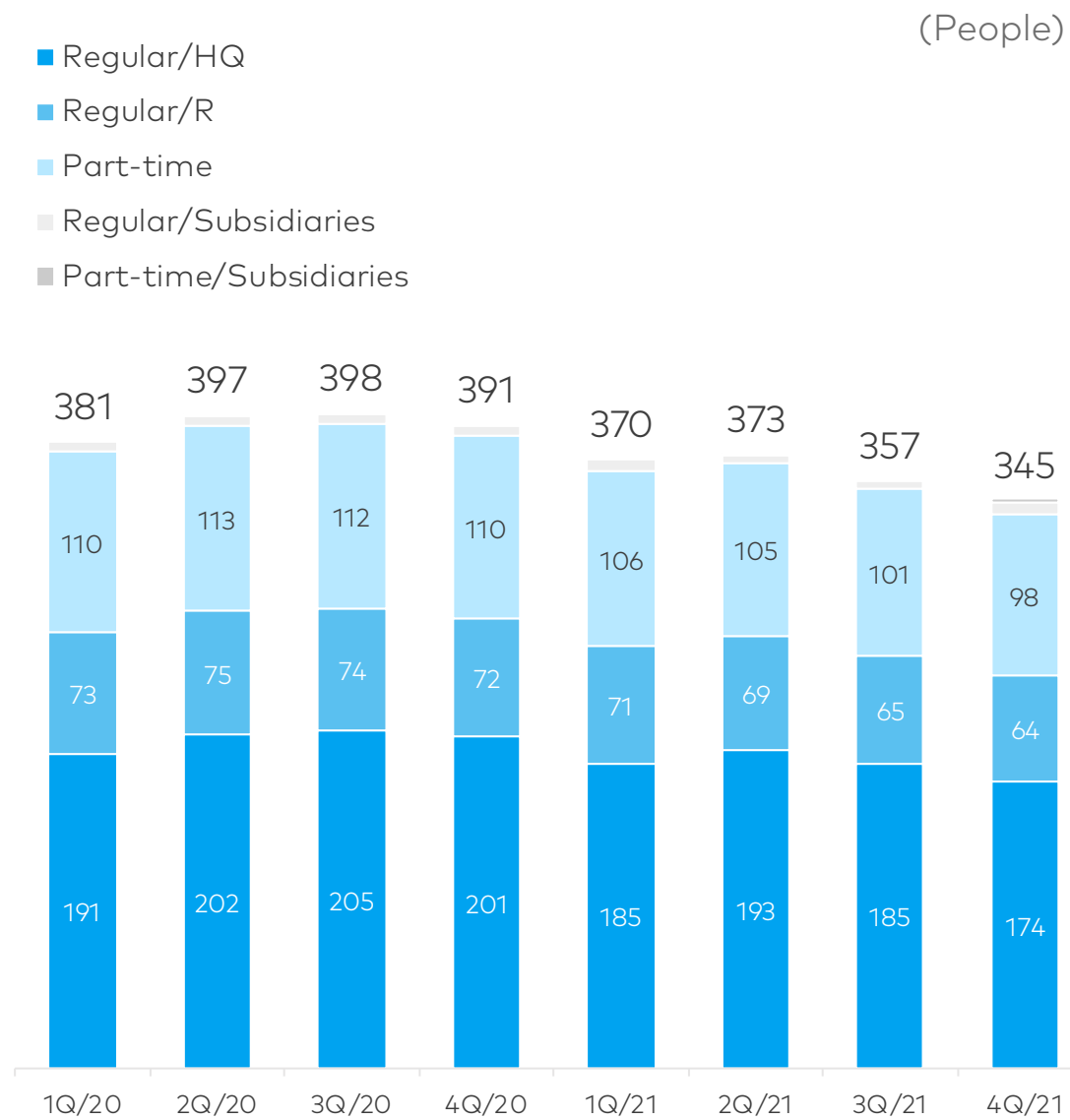
- | Operate services to solve society's problems.
- | Aim to solve problems faced by many users and bring about their happiness by having Livesense services become "the next common."



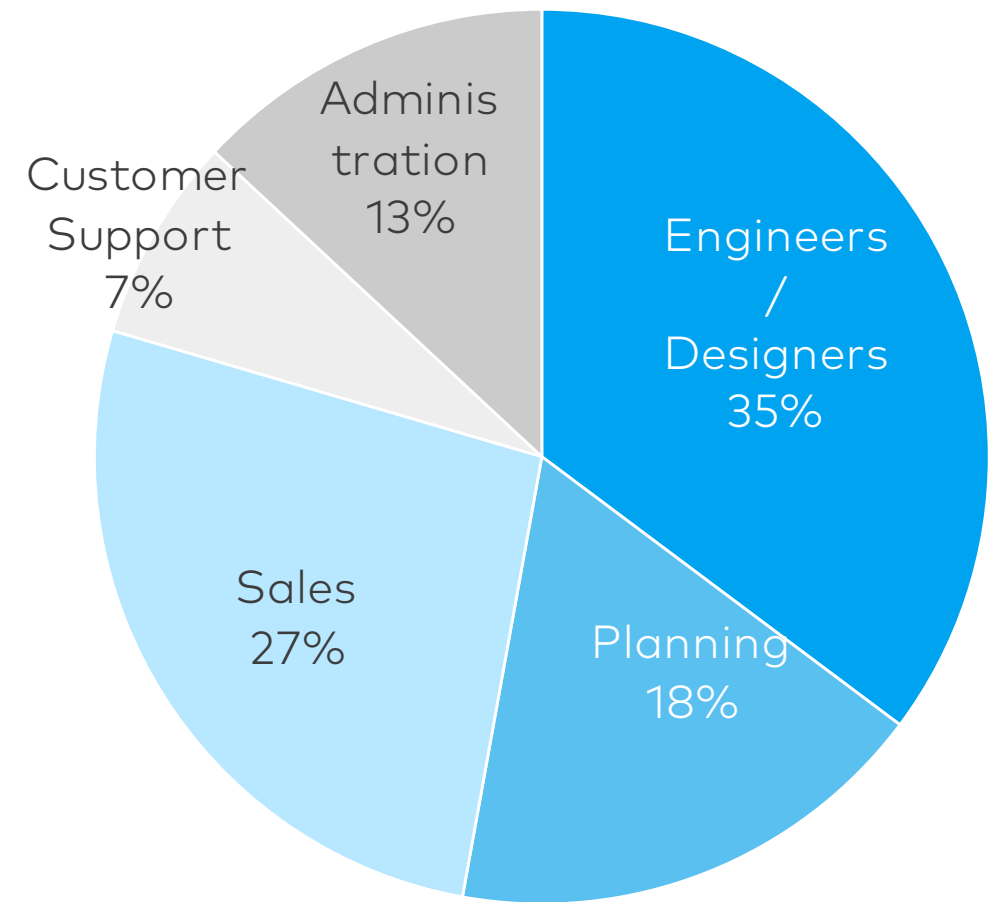
Corporate Profile

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: 240 (as of December 31, 2021)
Consolidated Subsidiaries	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.