

Livesense Inc. (TSE Standard Market : 6054)

FY2024 2nd Quarter Financial Results

August 14, 2024



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2. Progress on Business Policy
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1. Financial Results



Quarterly Performance

Net Sales | ¥1,678 million YoY +¥183 million (+12.3%)

- Sales up due to growth at Machbaito and IESHIL purchase and reselling business.
- Tenshoku Draft sales down due to decrease in contingency fee.

Operating Income | ¥108 million YoY -¥67 million (-38.3%)

- Operating Income down due to increase in personnel and recruiting expenses for the reinforcement of organizational structure and decrease in sales of high-margin businesses.

Progress on Business Policy

- Machbaito achieved record-high quarterly net sales. Growth rate was lower than expected due to delays in building sales structure and adjustments to advertising; however, the impact is expected to be temporary.
- Efforts to create new revenue streams continue. Decision made to invest brand recognition.

Second Half Policy

- The progress rate towards financial forecasts is 47.7% for sales and 112.7% for operating profit.
- Company-wide policies and forecasts remain unchanged. Additional investments are planned. We will judge whether or not to revise the forecast based on the progress of business performance and investments.

Financial Results | Overview of Quarterly Performance



(Millions of JPY)

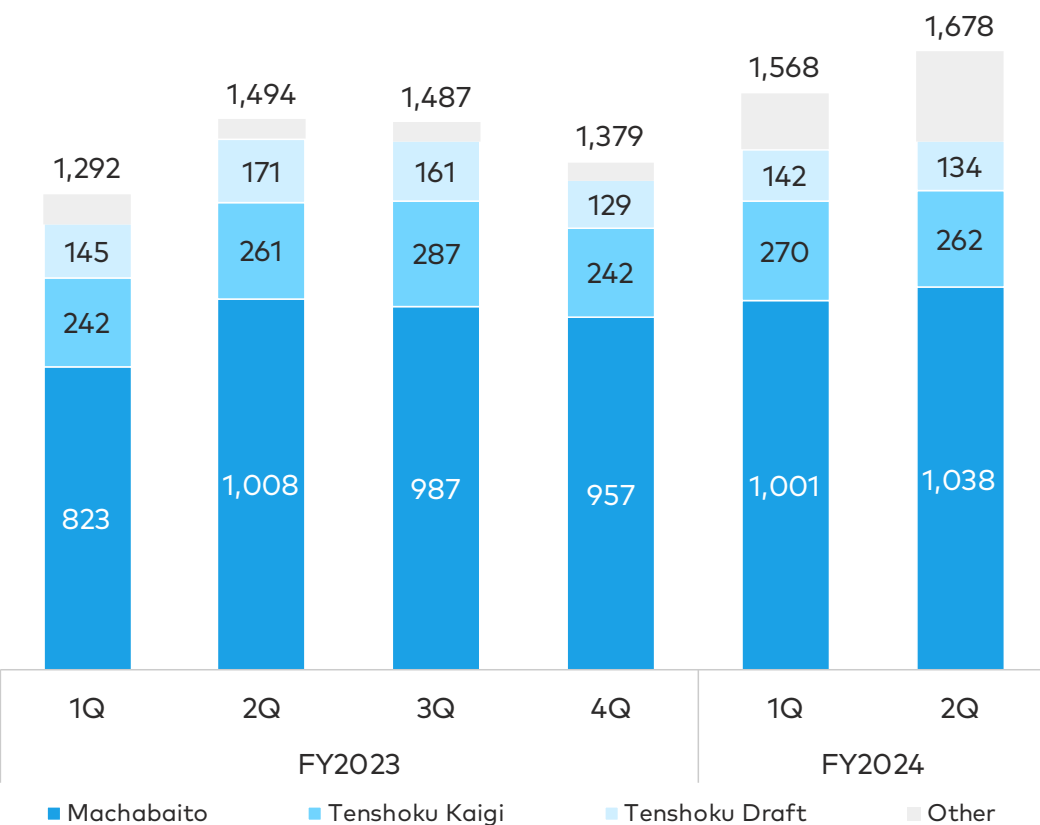
	2Q			2Q cumulative total			Progress towards financial forecasts
	FY2023	FY2024	YoY	FY2023	FY2024	YoY	
Net sales	1,494	1,678	+12.3%	2,787	3,246	+16.5%	47.7%
Cost of sales	230	439	+90.3%	446	793	+77.7%	-
SG&A Expenses	1,087	1,130	+4.0%	2,116	2,227	+5.3%	-
Operating income	175	108	-38.3%	223	225	+0.7%	112.7%
Ordinary income	217	143	-34.3%	306	298	-2.6%	83.0%
Quarterly net income attributable to owners of parent	218	143	-34.2%	291	277	-4.7%	79.3%

Financial Results | Quarterly Net Sales and Operating Income

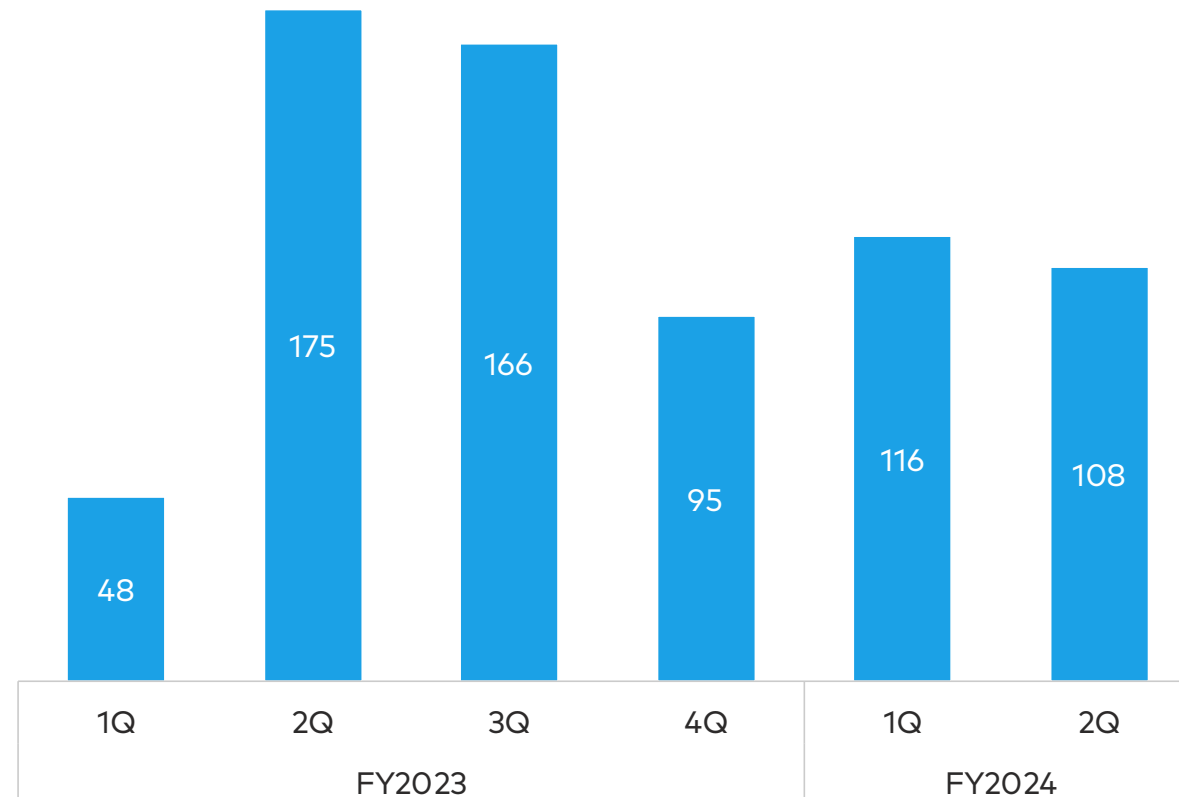


Sales up due to business growth at Machbaito and IESHIL purchase and reselling business.
 Decrease in due to reinforcement organizational structure and changing sales composition.

Net sales
(Millions of JPY)



Operating income
(Millions of JPY)



※Others include sales from real estate purchase and resale business.

Financial Results | Operating Expenses

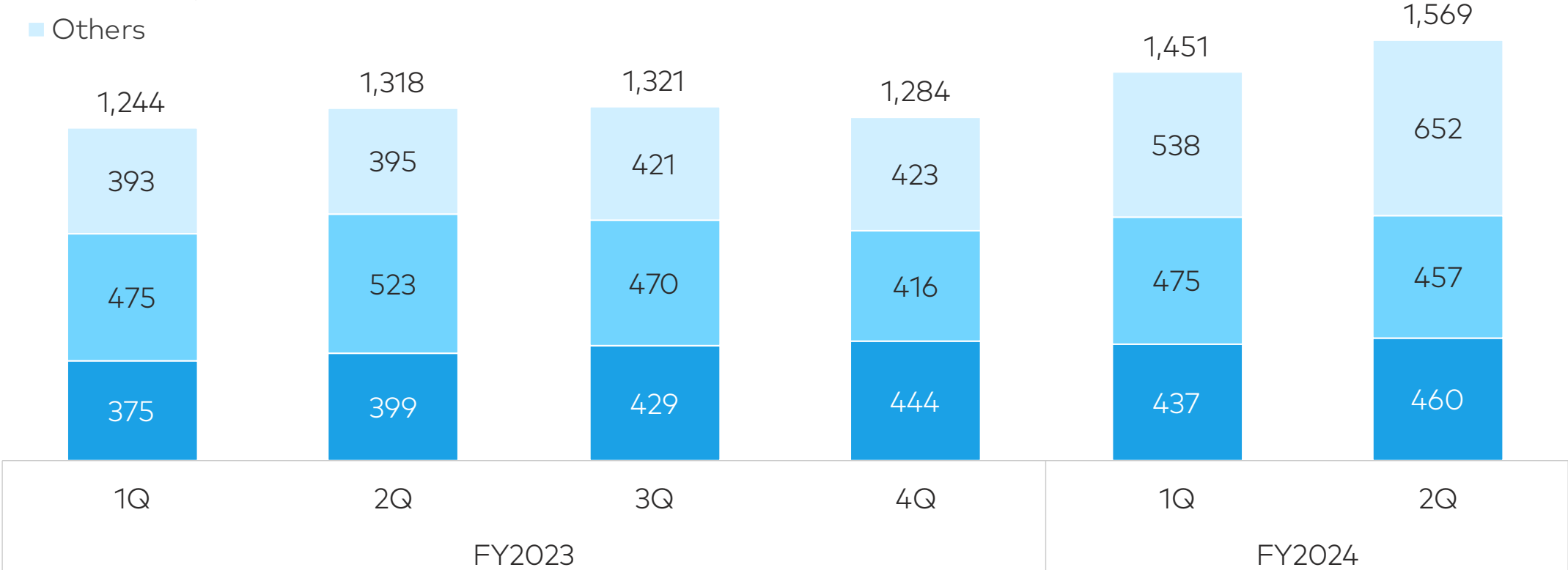


Personnel expenses up. Under other items, cost of real estate sales increased.

Advertising costs decreased due to temporary adjustment in advertising volume, in consideration of profitability.

- Personnel expenses
- Advertising costs
- Others

(Millions of JPY)

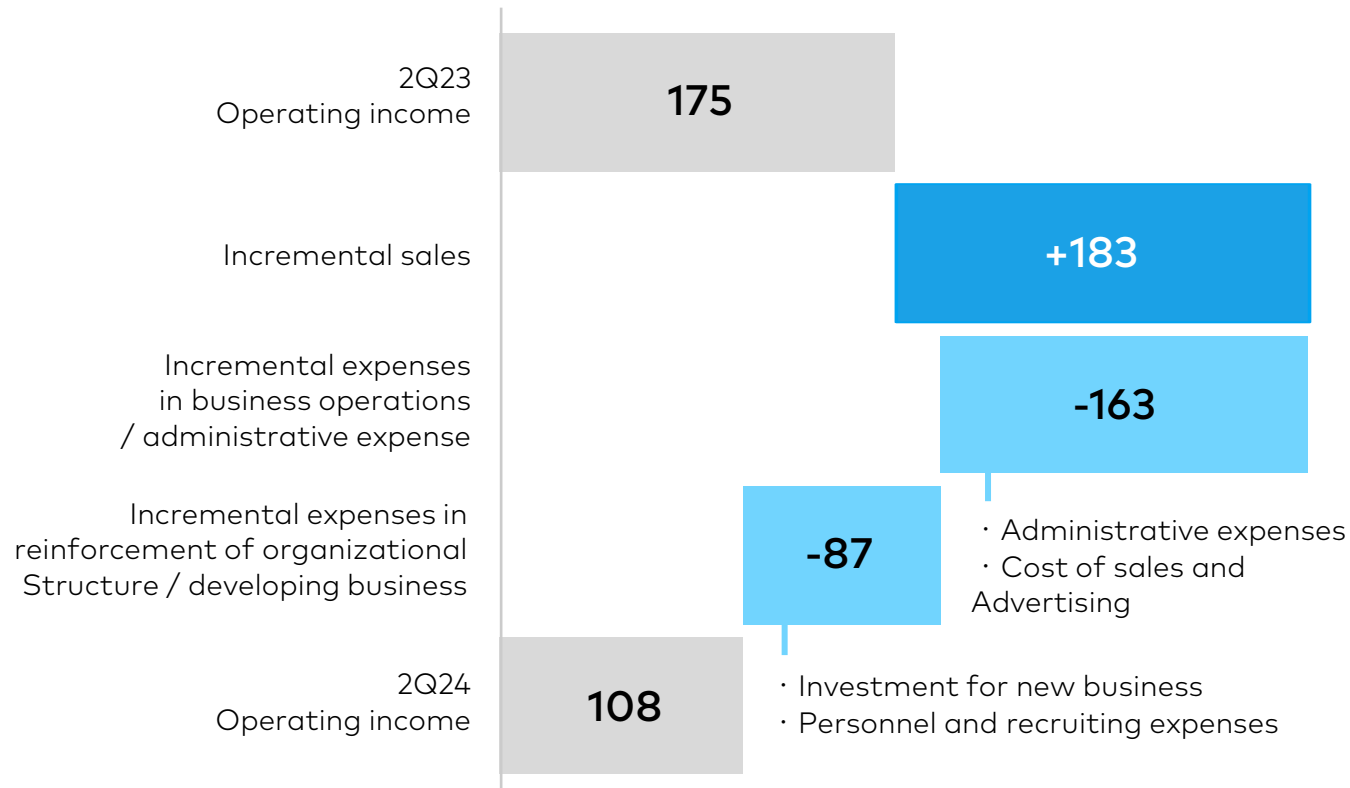




Although net sales increased, operating income decrease due to increase in operational / administrative expenses and personnel and recruiting expenses.

Factors affecting operating

(Millions of JPY)



Business operational / administrative expenses

-¥163 million

Cost of real estate sales increased. Customer acquisition costs also up slightly with Machbaito growth. Advertising costs decreased due to temporary adjustment in advertising volume, in consideration of profitability.

Reinforcement of organizational structure / business investment

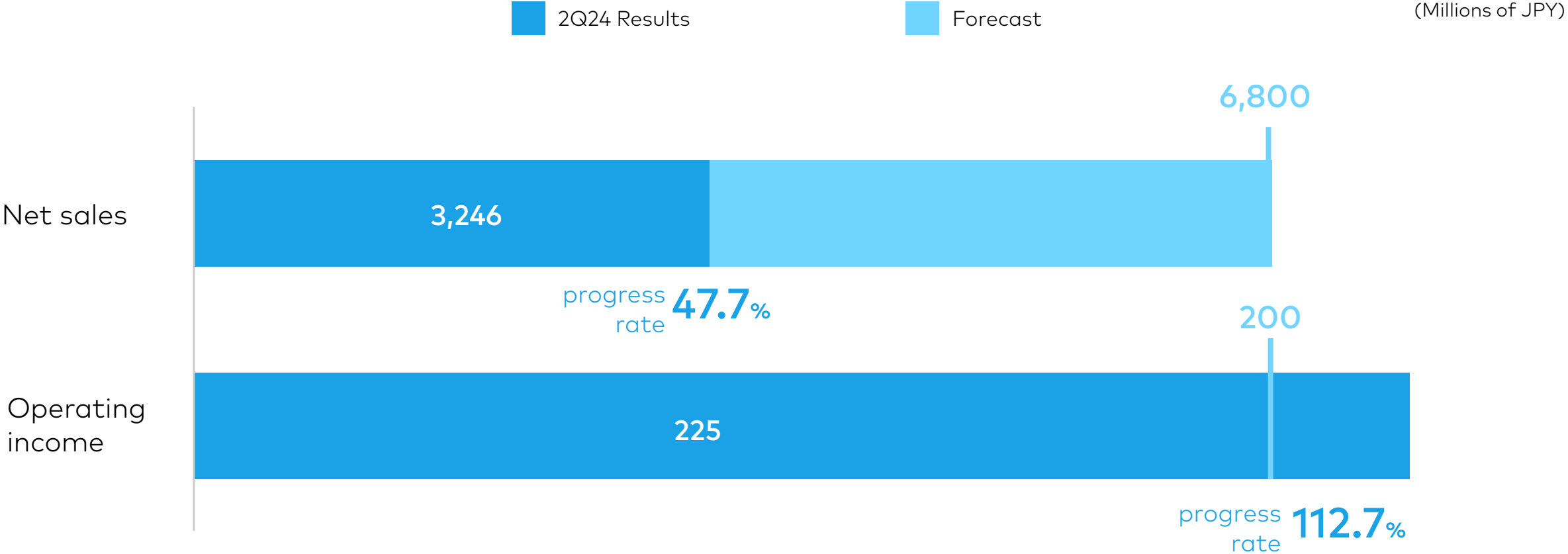
-¥87 million

Increase in personnel and recruiting costs due to increased recruitment of full-time employees. Last year's revision of compensation system also had impact

Financial Results | Progress Towards Financial Forecasts



Sales are progressing roughly in line with the initial plan. Operating income is progressing at over 100%. Additional business and human capital investments are being planned for the second half of the year.



2. Progress on Business Policy



Company-wide Policy:

Investment in strengthening the foundation and creating new revenue streams to achieve sustainable growth

Strengthening investment to accelerate Machbaito growth

- Expand sales system to promote growth strategy
- Promote system infrastructure development and UX improvements to accelerate growth next fiscal year and beyond

Creating new revenue streams

- Develop new products and services utilizing existing assets
- Realize PMF quickly in "knew" and "batonn"

* PMF refers to product market fit. State where the service is accepted by customers in a particular market.

- Despite recording record-high quarterly net sales, growth rate was lower than expected due to delays in building sales structure and temporary adjustments to advertising

Develop new products and services utilizing existing assets

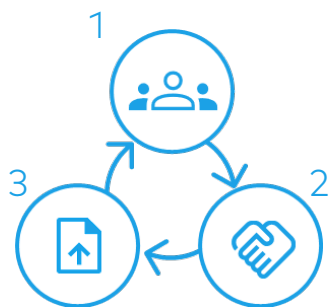
- Developing the system for Tenshoku Draft to provide broader career support. Planning investment in growing name recognition and strengthening customer attraction in Tenshoku Draft Agent
- Establish system for purchasing properties at IESHIL and verify value that it provides

Realize PMF quickly in "knew" and "batonn"

- Promote verification for PMF in knew, including review of position
- Develop introduction / utilization support patterns and usage experience in batonn



Promote expansion of transactions with major customers and cultivation of new customer groups. To achieve this, Strengthen sales system to accelerate growth.



1. Investment in advertising
2. Expansion of transactions
3. Enhancement of customer attraction

Expansion of transactions with major customers

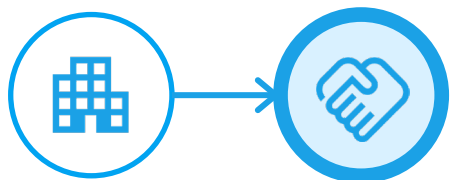
Earning trust from customers by increasing number of applications in advance. Aiming for sustainable growth by using revenue from transaction expansion in business investments. Progressing steadily since starting in FY2023. Will continue promoting it as there is still plenty of room for growth.

 Starting from FY2024



Reinforcement of sales

Because we have confirmed validity of the strategy, we will now strengthen sales system to further promote customer acquisition and business expansion.



Cultivation of new customers

Expansion of transactions

Cultivation of new customers

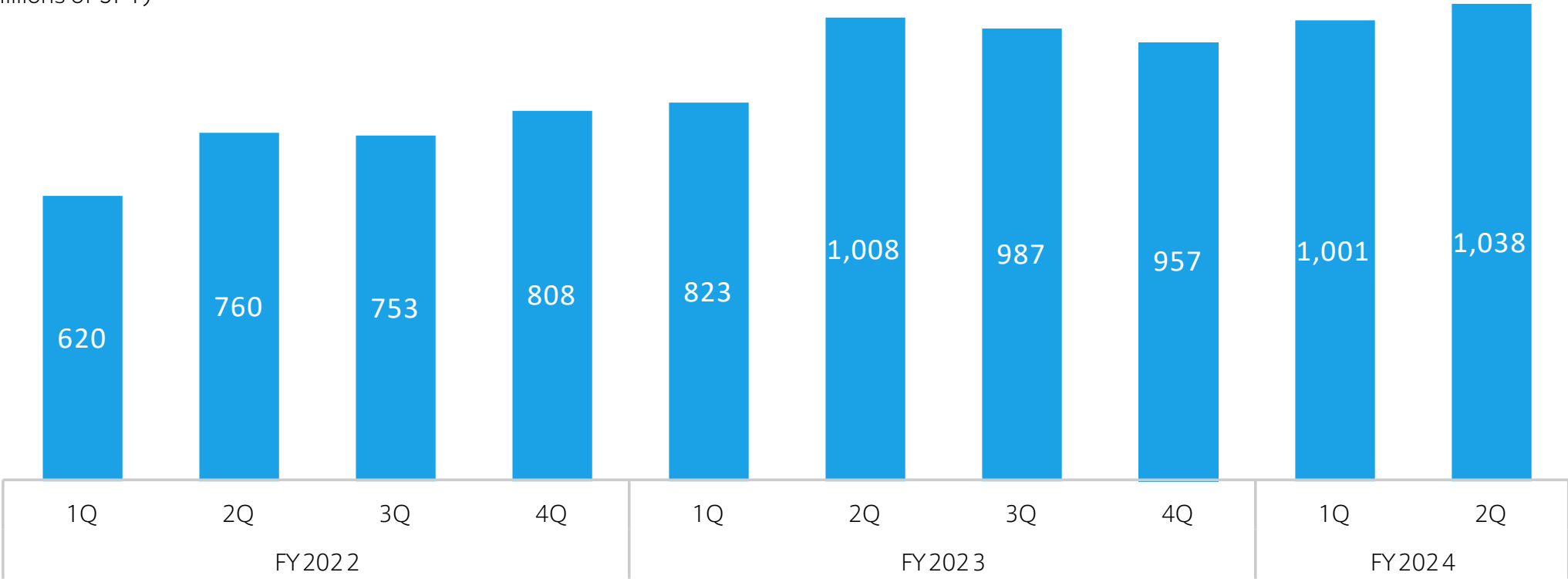
Setting new business development sales targets based on profitability and other factors. Cultivating industries and occupations that were not traditionally main targets, aiming to expand customer base. Customers cultivated will lead to cycle of expanding transactions to also increase sales and profitability per customer.

Progress on Business Policy | Strengthening Investment to Accelerate Machbaito Growth (2) Progress on Strategy



Machbaito achieved record-high quarterly net sales. Growth rate was lower than expected due to delays in building sales structure and adjustments to advertising; however, the impact is expected to be temporary.

Net sales
(Millions of JPY)



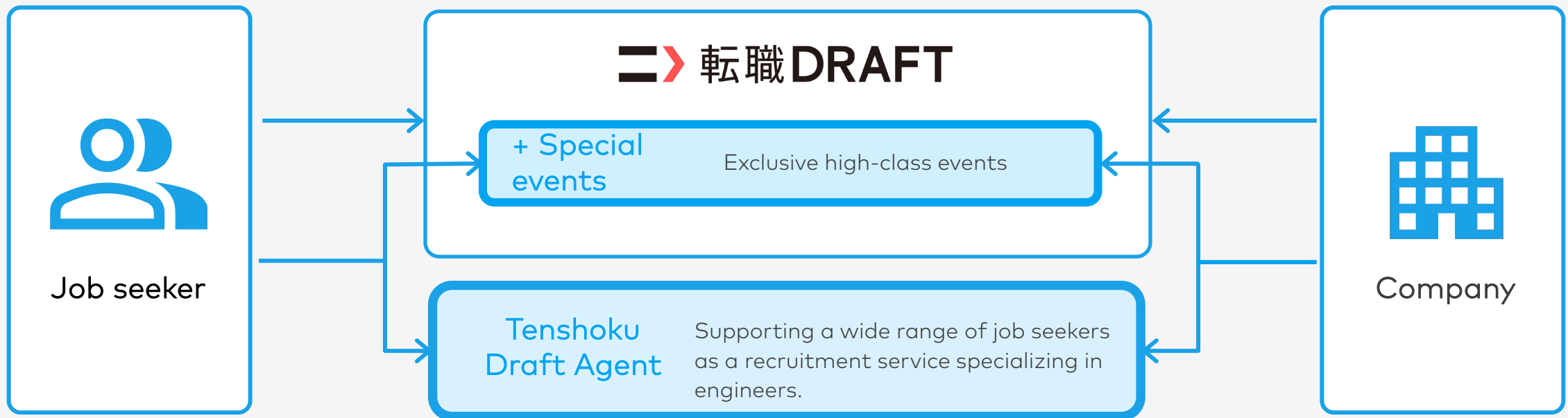


Developing system to provide broader career support to establish position.

Planning investments in brand recognition and customer attraction in Tenshoku Draft Agent in 2H.

 Starting from FY2024

Increasing options will help recruit job seekers who have not previously been hired





IESHIL condominium purchase and resale business for members under verification
Several sales made

 Under validation



Progress on Business Policy | Creating New Revenue Streams (3) Implement PMF for "knew" and "batonn"



"batonn" patenting core functions. continue to build introduction and utilization support and usage experiences.

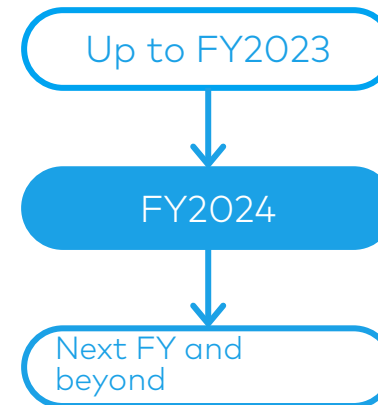
Interview Optimization Tool **batonn**

Acquire patents for some core functions



Acquire patent for function that picks out important parts from interview summaries and adds labels and comments.

Future policy



Accumulate examples of use by increasing number of companies participating in trial.

Develop introduction & utilization support patterns and usage experience / Realize PMF.

Expand sales.

Change video call platform to improve UX develop introduction / utilization support patterns and usage experience.

3. Policy for 2H

Second Half Policy



Company-wide policy unchanged. For growth in the coming years, additional investments are under planning. Investment in strengthening the foundation and creating new revenue streams to achieve sustainable growth

Policy unchanged, continue focus

Focus 1

Strengthening investment to accelerate Machbaito growth

- Expand sales system to promote growth strategy
- Promote system infrastructure development and UX improvements to accelerate growth next fiscal year and beyond

Focus 2

Creating new revenue streams

- Develop new products and services utilizing existing assets
- Realize PMF quickly in knew and batonn

Additional Investments

Investment 1

Further acceleration of hiring

- Strengthen recruitment of core personnel to plan and promote business strategy

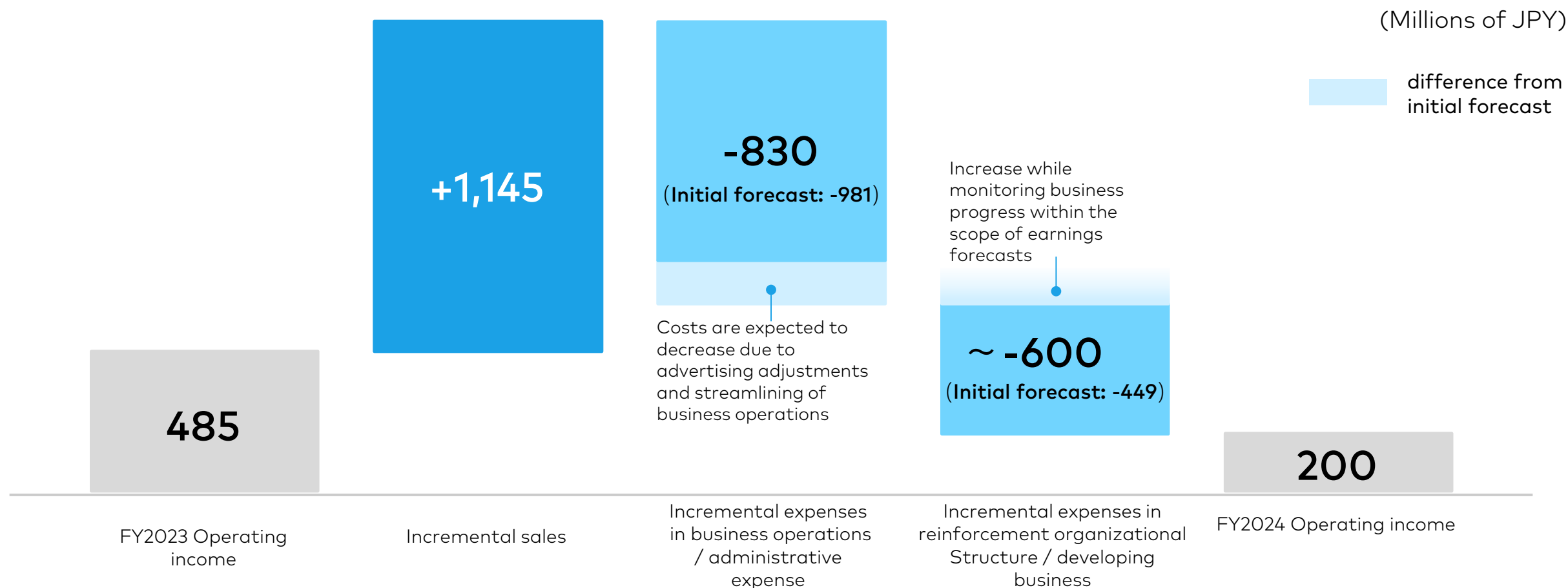
Investment 2

Enhanced promotion of Tenshoku Draft

- Strengthen advertising and other measures to increase brand recognition
- Strengthen customer attraction to expand usage scale of human resource referral service
+ other investments being planned



Operational / administrative expenses are expected to decrease compared to initial forecasts due to advertising adjustments and streamlining business operations. Plan to strengthen organizational structure and increase business investment within the range of performance forecasts.



Second Half Policy | Forecasts



As we plan to make additional business and human capital investments in the second half, we have not revised our earnings forecast. Going forward, we will judge whether or not revisions are necessary based on performance and investment progress.

(Millions of JPY)

	FY2023 Results	FY2024 Financial forecasts	YoY	Amount of change	2Q24 Cumulative results	2Q24 Progress rate
Net Sales	5,654	6,800	+20.3%	+1,145	3,246	47.7%
Operating Income	485	200	-58.8%	- 285	225	112.7%
Ordinary Income	649	360	-44.6%	- 289	298	83.0%
Profit attributable to owners of parent	716	350	-51.1%	- 366	277	79.3%



LIVESENSE

4. Appendix



Origin of the company name

LIVE + SENSE

Business Philosophy

Happiness Begetting
Happiness.

Corporate Vision

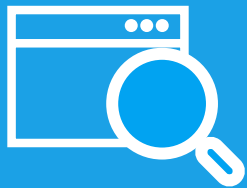
Invent the next common.



Basic Philosophy

We will view structural distortions preventing optimal choices as social issues to be solved with technology.

Three business themes based on basic philosophy



System Innovation through DX

Improve convenience and efficiency by updating old system and solving issues and distortions in each field



High Transparency

Realize society where better choices can be made by eliminating asymmetry of information



Respect for Humanity

Increase satisfaction with choices through matching that incorporates diverse preferences and values, breaking free from excessive mechanization



Improve convenience and efficiency of everyday life and business by updating old system and solving issues of inconvenience and inefficiency.



Old system

Inconveniences remain due to overlooking DX delays and system that is dependent on people



Updated system

Improve convenience through system innovation and make everyday life and business situations smarter and more efficient

Business Examples



Promoted digitalization in the part-time job industry in which paper-based job listings were the norm.

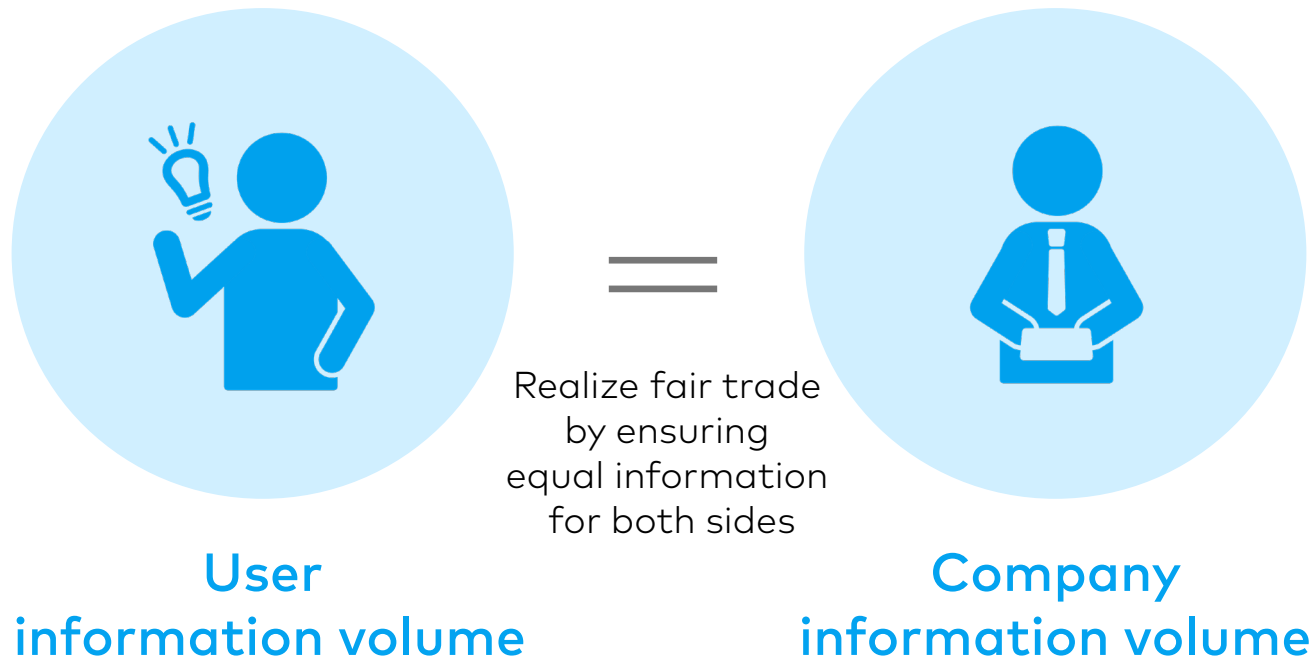
Made it easier to find part-time jobs.



Eliminated dependence on people and omissions through digitalization of interview content and evaluations and functions to attract candidates. Aiming to realize efficient hiring with fewer mismatches.



Reduce mismatches by eliminating asymmetry of information and realize a society with better choices for individuals and organizations.



Business Examples



転職会議

Provides reviews of more than 240,000 companies and visualizes working conditions at companies to deliver optimal support for job changes.



転職DRAFT

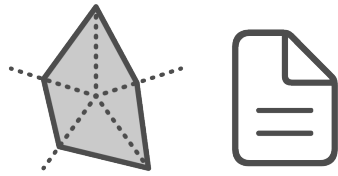
Promotes fairness in job changes through a system that shows annual income and position before selection.



Promotes transparency in real estate transactions by providing users with information such as new construction prices, foundation safety, and disaster risk.



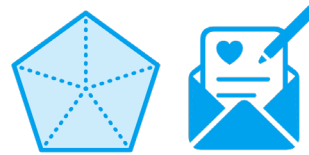
Increase satisfaction with choices through matching that incorporates diverse preferences and values, breaking free from excessive mechanization.



- Matching via one-sided information
- Boilerplate scouting

Overly mechanical matching

Although mechanization has increased the volume of information, this sometimes makes it difficult to reach the best decision



- Matching that also considers personality and values
- Individualized scouting

Personalized matching

Increase satisfaction in decision-making through matching that reflects individual diversity and individualized proposals

Business Examples

⇒ 転職DRAFT

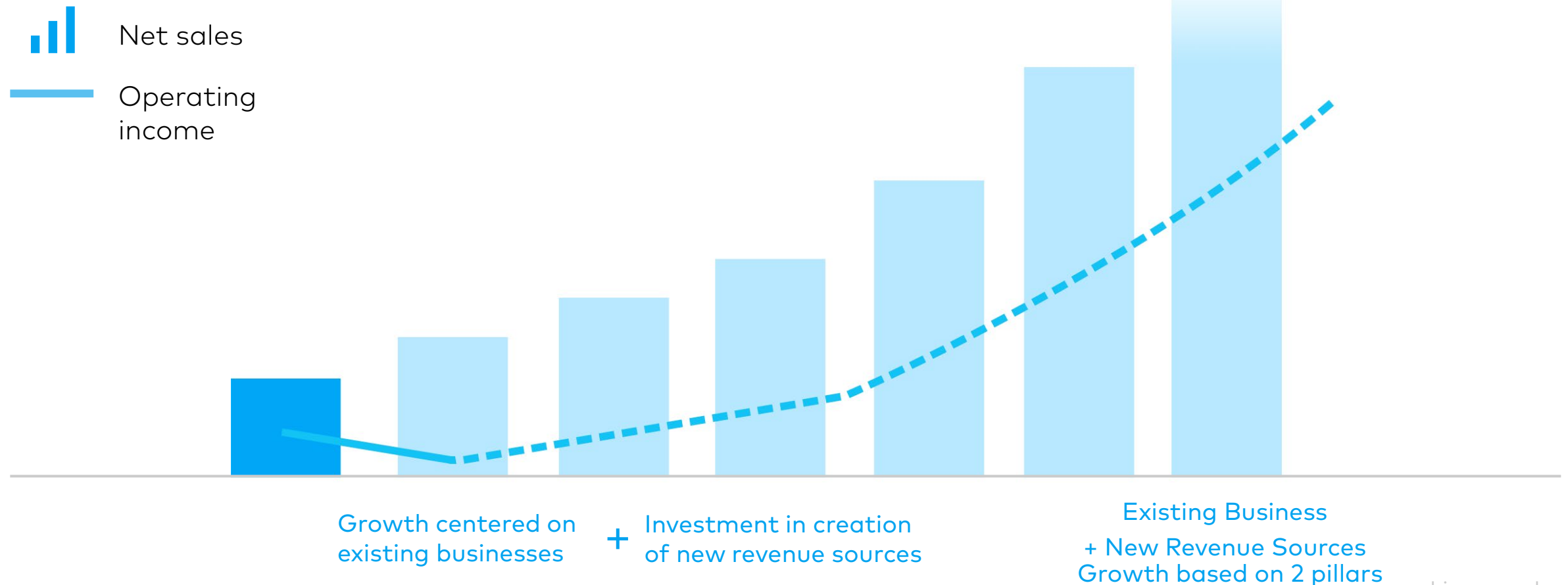
Individualized scouting by companies based on resume content made it easier for job applicants to find a job matching their preferences.



Partners are proposed based on the entered preferences, making it possible to match users according to overall preferences.



Achieve growth centered on existing businesses in short term. Actively invest in creating new revenue streams at same time. Expand both sales and profit in medium term by adding growth from new revenue streams.





Company-wide Policy

Investment in strengthening the foundation and creating new revenue streams to achieve sustainable growth

Focus ①

Strengthening investment to accelerate Machbaito growth

- Expand sales system to promote growth strategy
- Promote system infrastructure development and UX improvements to accelerate growth next fiscal year and beyond

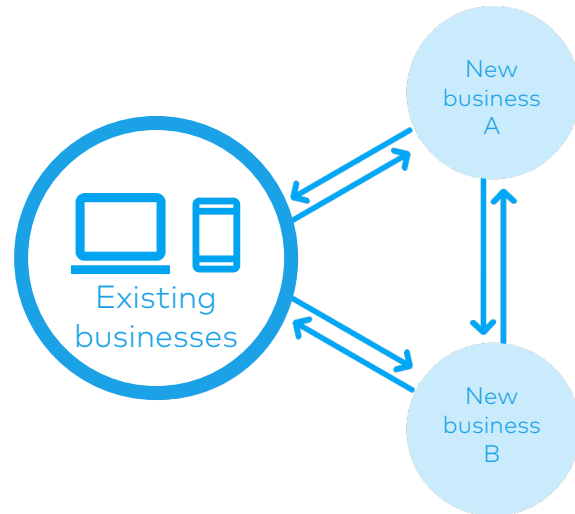
Focus ②

Creating new revenue streams

- Develop new products and services utilizing existing assets
- Realize PMF quickly in knew and batonn



Create products and businesses that will become new revenue streams based on two perspectives.



knew batonn

Create revenue streams linked to existing businesses

Develop new products and services utilizing strengths and assets of existing businesses. Generate new revenue and strengthen business foundation through synergy such as expanded customer contact and higher barriers to entry

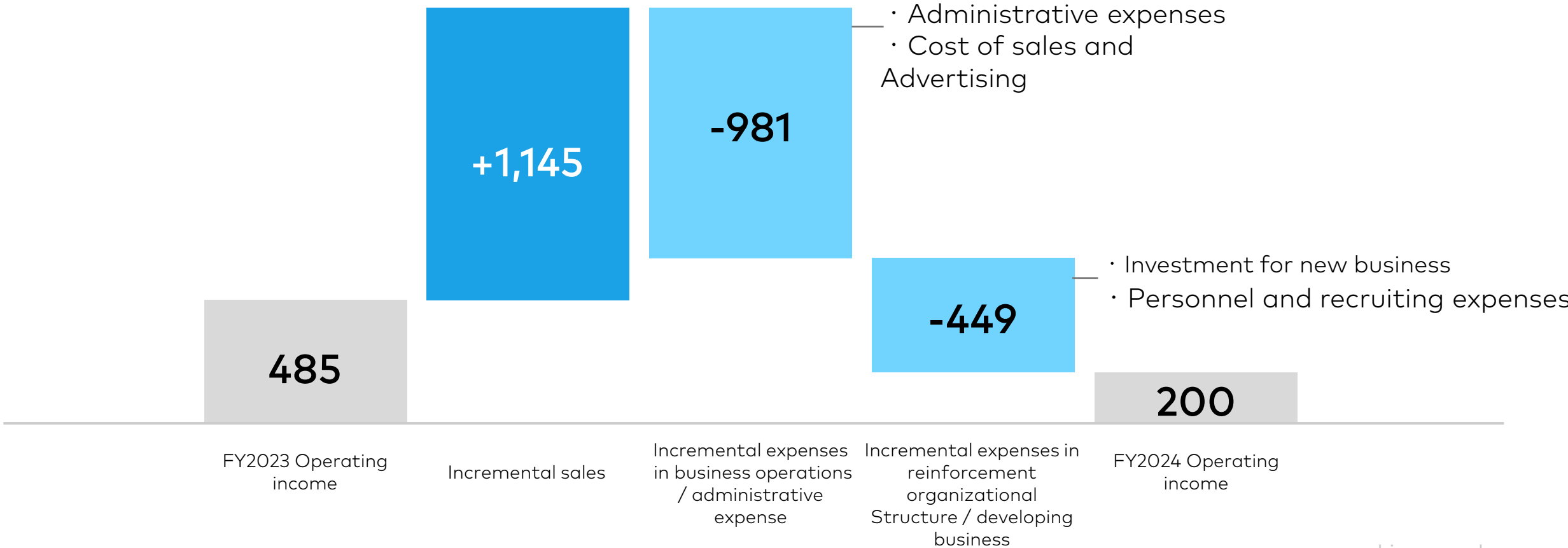
Create new businesses

Create new businesses not confined to existing business domains. Recent focus is on achieving PMF quickly in *knew* and *batonn*, which are under verification



Cost of sales and advertising costs increase in tandem with sales growth. Expect to increase spending by approximately 450 million yen due to strengthening organizational structure and business investment

(Millions of JPY)



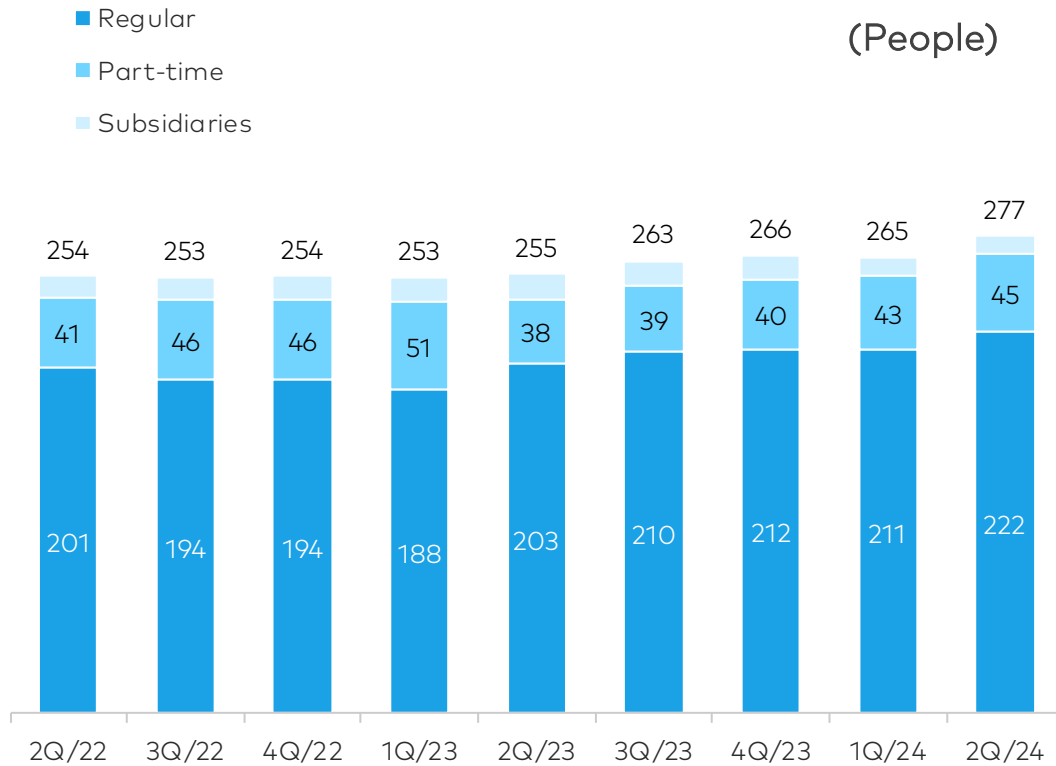


Company name	Livesense Inc.
CEO/Founder	Taichi Murakami
Business Philosophy	Happiness Begetting Happiness.
Corporate Vision	Invent the next common.
Established	February 8, 2006
Listing Market	Tokyo Stock Exchange Prime Market (Securities code: 6054)
Number of Employees (Non-Consolidated)	Full-Time: 222 (as of June 30, 2024) *Aggregation criteria changed from the first quarter of FY2024.
Consolidated Subsidiaries	PHIL LIFE Inc.



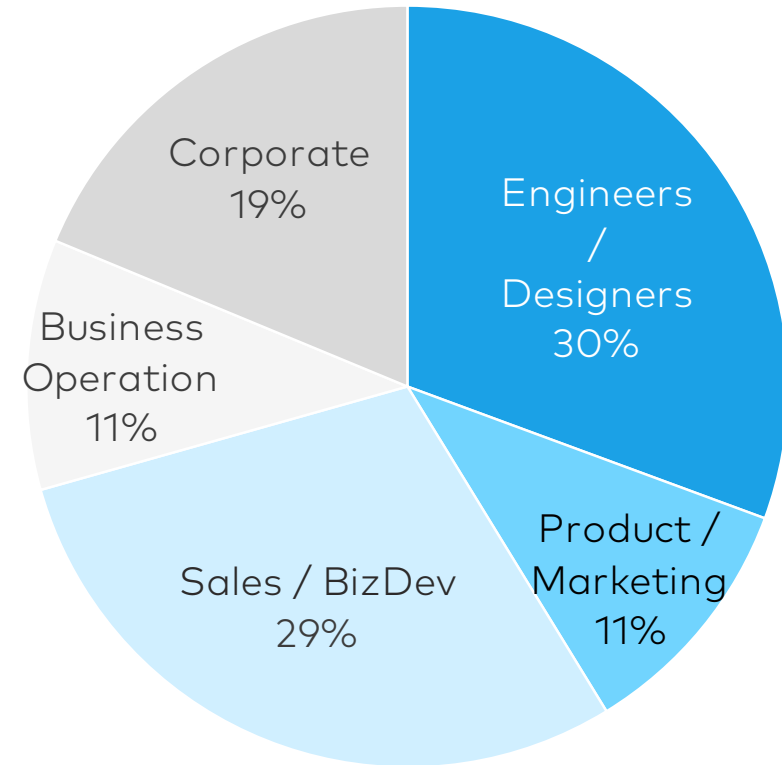


No. of Employees (Consolidated)



*Aggregation standards have been changed from the first quarter of FY2024. The number of employees in the past has been retroactively adjusted.

Breakdown of Full-time Employees



*Change in job classification from the first quarter of FY2024
 *Only for non-consolidated and head office regular employees
 Full-time regular employees are mainly responsible for customer support and sales.



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.



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