:Atrae

Financial Results Explanatory Material

Financial Results for the 1st Quarter of Fiscal Year Ending September 30, 2020

Atrae,Inc.（TSE 1st Section：6194）

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Agenda

1. Company Overview
2. Financial Highlights
3. About Business
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Our Vision

Create the Company that Attracts People in the World.

We stick to creating a company and our services we are proud of to continue being an attractive company that people want to cheer for.
We will become an essential company in the world as Japan'd global company.

First time in Japan

People Tech Company

Redefined our company with a hope for
“Creating business that expands people’s possibility through technology”.

What is “Company” ?

Company = Making people who are involved happy



Employees Clients Stockholders Partners … and Society

Value Cycle of “Making People Happy”

By keeping this cycle and have more people get involved, we will achieve our vision to “**Create the Company that Attracts People in the World**”.

The most competitive advantage in the intellectual industrial society is “manpower”

Pursue employees’ happiness and make them feel rewarded which will lead to hiring capable members and making an environment for them to flourish



Providing value through business we believe in

Increase of the stock value through the growth of sales and profit

Even more investment for business expansion and social contribution through patronage, employment, tax

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Q1 Cumulative（Oct-Dec）

FY2020 Q1

Sales	842	Million yen	YonY	+12.4	%	Progress	20.1 %
Operating Profit	195	Million yen	YonY	△13.2	%	Progress	22.2 %

Business

Green Key Indicator YonY Active User Growth 30%

Green's number of employees has slowed down toward the end of the year, but has remained as expected since the new year

Companies adopting wevox **Significant increase (More than 1,280)**

Monthly churn rate for wevox members is around 1%

Topics

New business sales growth rate is 113.9% （YonY）

Wevox is accelerating the trend from major departments to corporate adoption

Strengthening People Tech through capital and business alliance with Sports Tech's Euphoria

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Quarterly Financial Highlights

YonY's sales growth rate in the 1Q of 2020 will be 12.4% due to the predominance of Green employees in the 4Q of 2019.
Each KPI since the beginning of the year has changed as expected

(Million yen)	FY2020 Q1	FY2019 Q1	YonY	FY2019 Q4	QonQ
Sales	842	749	12.4%	933	△9.7%
Operating Expense	647	524	23.3%	870	△25.7%
Operating Profit	195	225	△13.2%	62	212.8%
Operating Margin	23.2%	30.0%	△ 6.8pt	6.7%	16.5pt

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YonY Comparison (sales)

Invest advertising costs on schedule

(Million yen)	FY2020 Q1 Actual	FY2020 Q1 % of Sales	FY2019 Q1 Actual	FY2019 Q1 % of Sales	YonY	YonY %	YonY % of Sales	
Sales	842	100.0%	749	100.0%	+92	+12.4%	-	
Operating Expense	647	76.8%	524	70.0%	+122	+23.3%	+6.8pt	
(Ad Spend)	(399)	(47.4%)	(317)	(42.4%)	(+81)	+25.7%	(+5.0pt)	Q1 focuses on web advertising
(Personnel Cost)	(137)	(16.3%)	(107)	(14.3%)	(+30)	+28.4%	(+2.0pt)	Hire considering productivity
(Other)	(109)	(13.0%)	(99)	(13.3%)	(+10)	+10.2%	(△ 0.3pt)	Development costs etc
Operating Profit	195	23.2%	225	30.0%	△ 29	△13.2%	△6.8pt	

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Our People Tech Business

Job offer media with contingency fee

Attain locating the right person in the right place via suitable matching between company and job seeker



Organizational Improvement Platform

Visualize employee engagement in order to activate organization, utilize and nurture sustainment of personnel via SaaS model

Business Networking App

With a valuable match between persons, accelerate business

Green



The origin of the name “Green”

Traffic light "green light" means that we can go. The site “Green" means that job seekers can find their own "green light”.

Job Search Website for IT Industry with Contingency Fee

Point1 **The First Model in this industry**

High recognition from both users and clients due to the leading advantage.

Point2 **Inexpensive uniform fixed price**

Comparing with competitive services, low cost of hiring excellent talent without risk.

Point3 **Direct recruiting platform**

Job seekers and companies can take action and communicate interactively.

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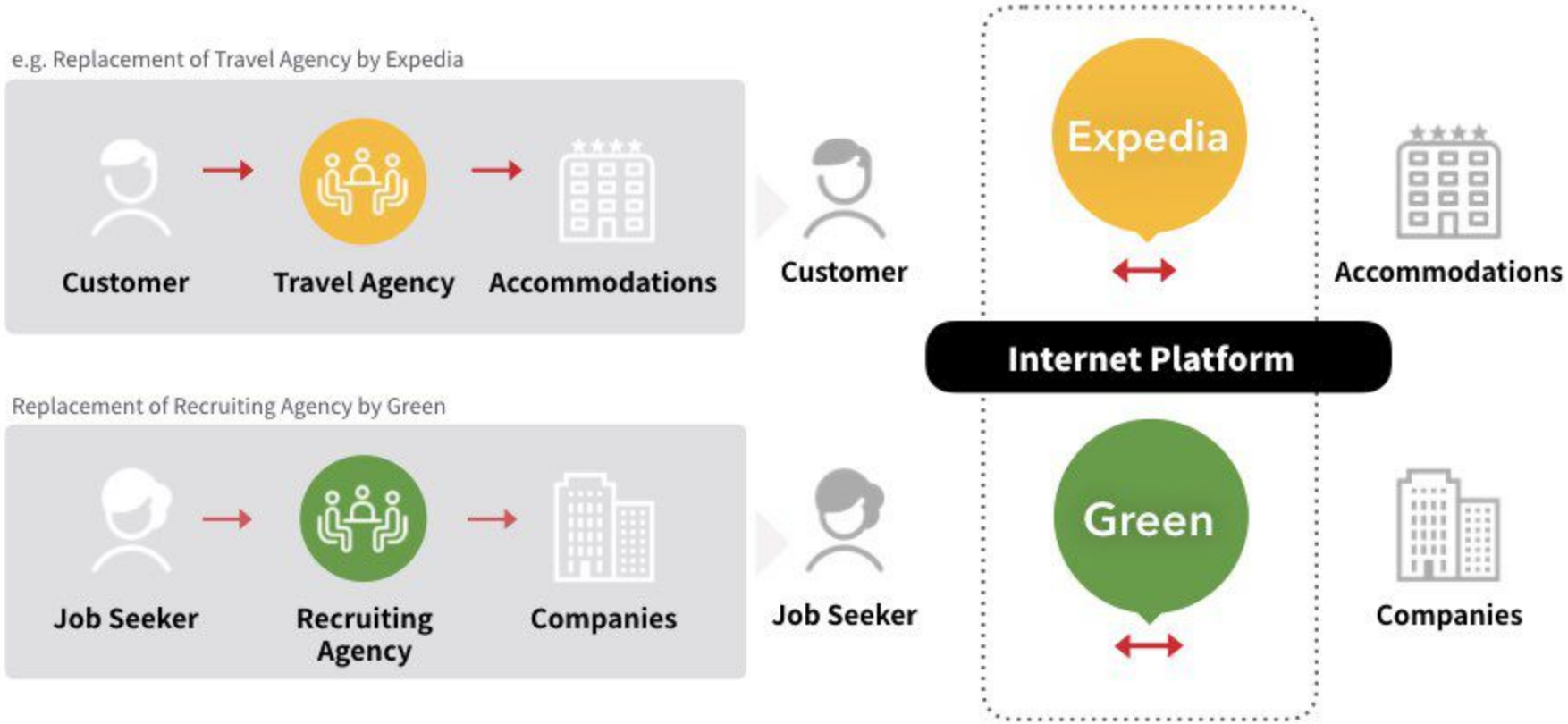
Attain Efficient Matching Via Technology

Labor intensive business model is being replaced by IT in many industries.
Green is replacing recruiting agencies by matching job seekers and companies with IT.



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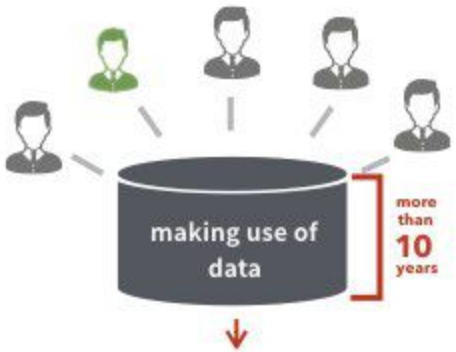
Green Established an Unique Position

Superiority × Low Cost × Technology

Stock and Use of Big Data

Stocking and making use of data via Green ※1



High precision within the use of big data

Price Competitiveness

Low price due to no need of advisers and facility cost



Professional Adviser



Counseling Facility

Business with no fixed cost High competitiveness in terms of cost

Predominant Superiority

Pioneer of Contingency fee model（over 10 years）

Number of Cumulative Registered Company

More than **6,900**

Number of Registered User ID

More than **690** thousand

High recognition among recruiting companies

※1 Action data, profile data, selection data

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Companies from Various Industries Introduce Green

Though companies adopting Green is mostly in the IT/Web industry, digitalization is taking part in many industries. With the raise of credibility and recognition due to the market change to 1st section of TSE, many prominent companies have introduced Green.



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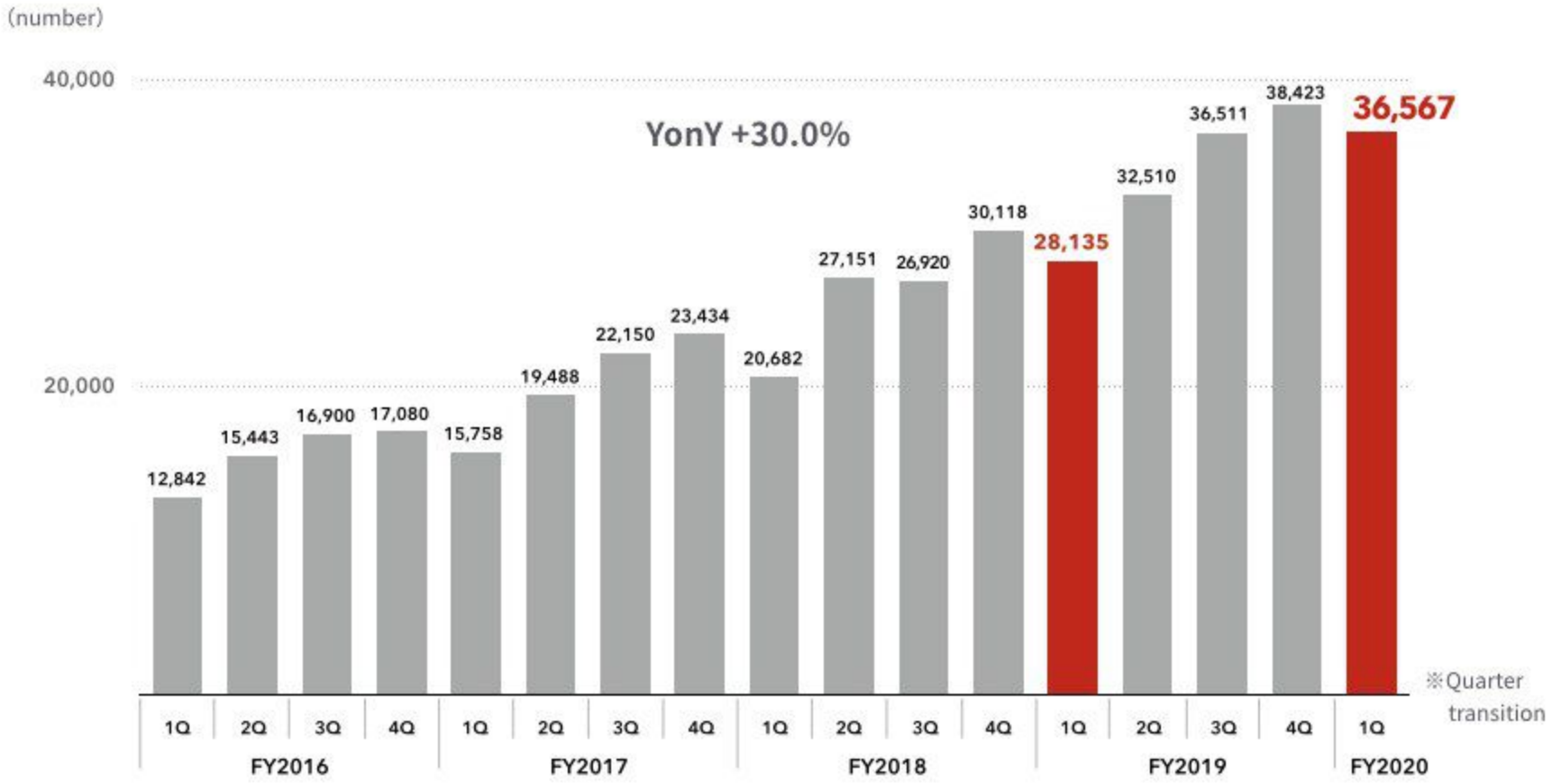
The Number of Active Users

Active users, a leading indicator of the number of new employees, grew 30% in YonY



※1 Active user：Job seekers who log in at least once a month among job seekers who are registered with Green

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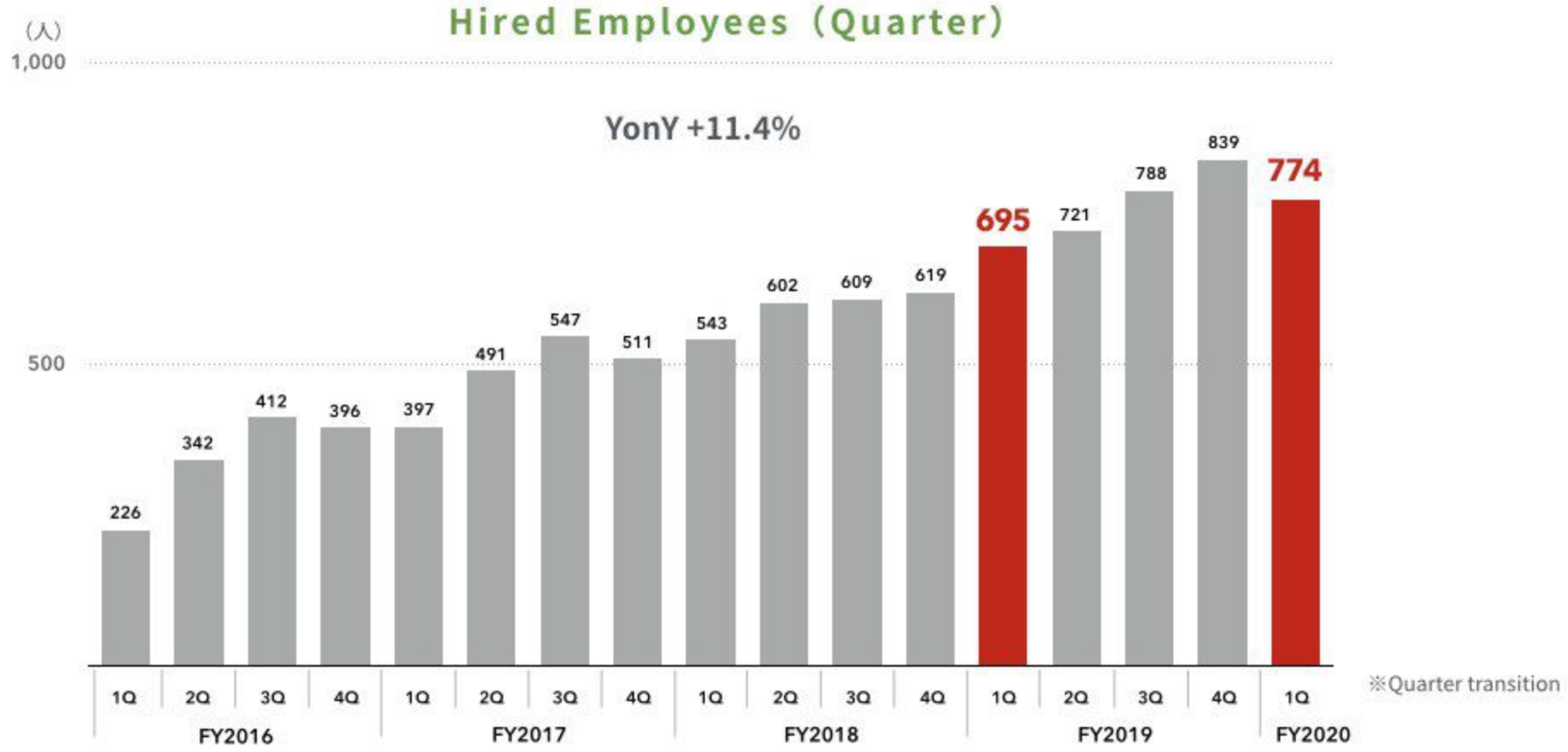
Number of employees hired through Green

Deceleration toward the end of the year, but as expected since the beginning of the year



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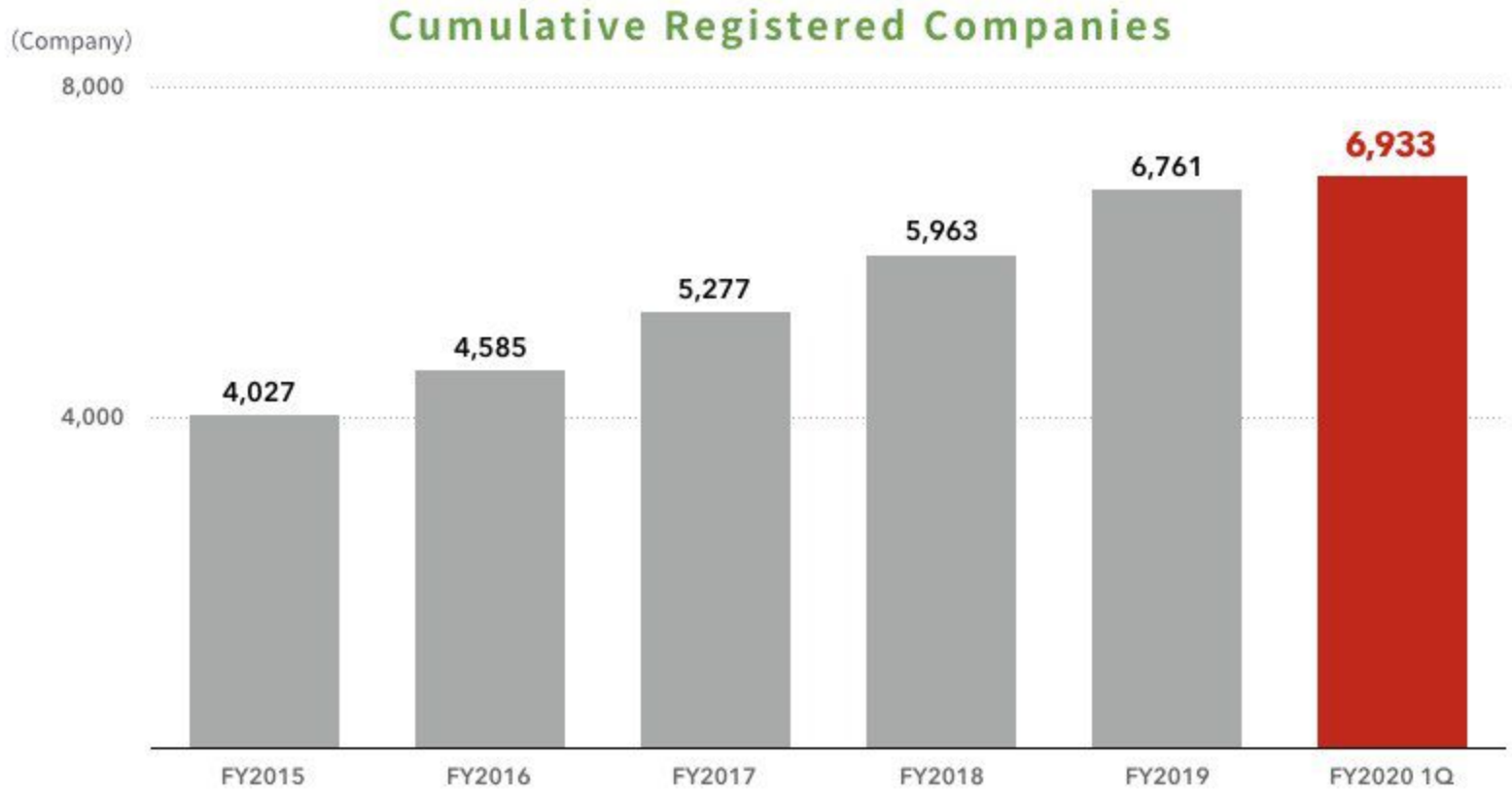
Steady Increase of Newly Registered Companies



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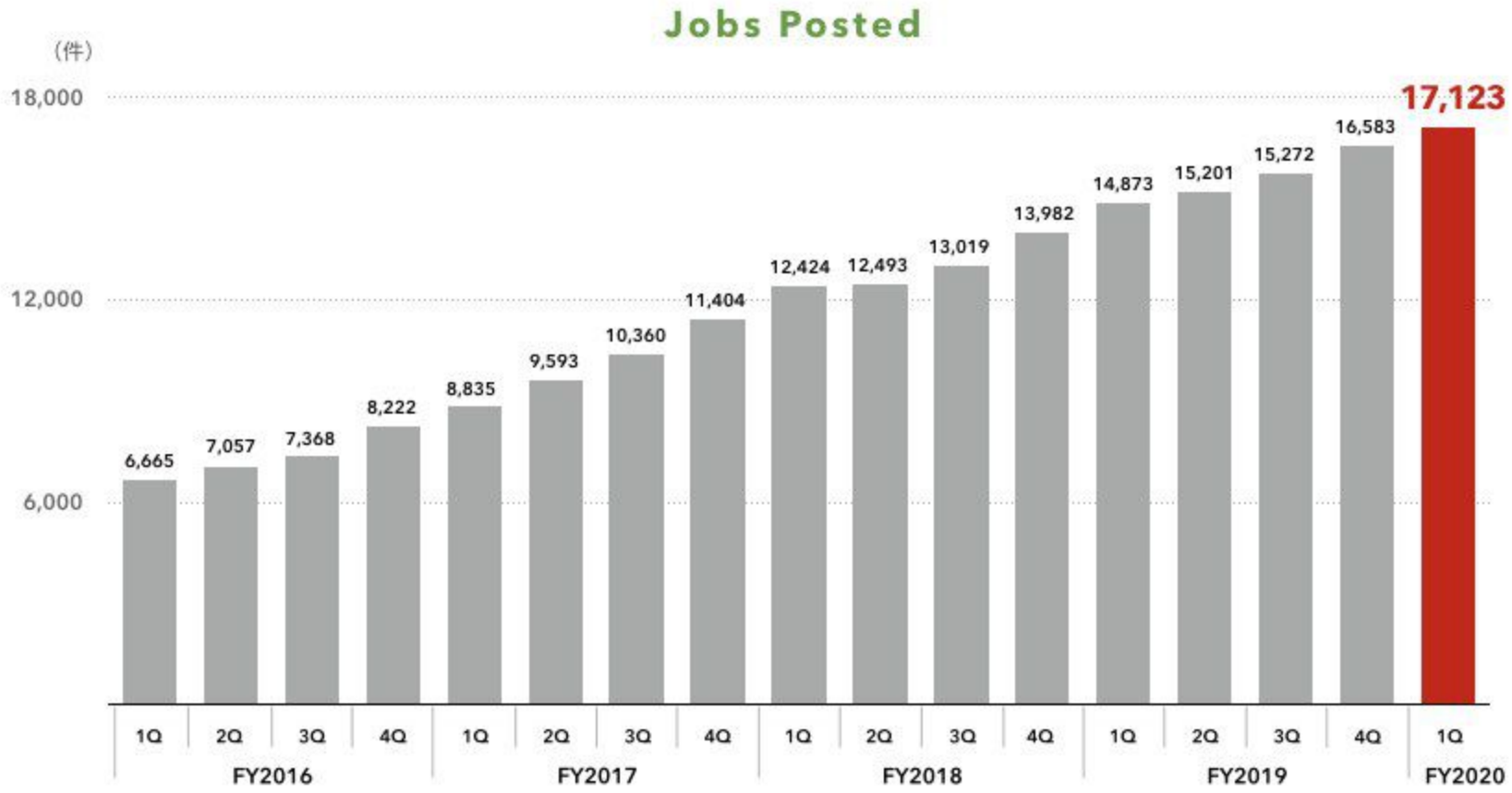
Increase of Jobs Posted Due to Increase of Registered Companies



※Quarter transition

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Potential Growth of Green

Green covers not only IT industry but also sales, accounting, and more
Occupancy of Green towards the market size is insignificant, huge potential of growth remains.

	Recruitment Market Size	Green's Market Size ※3	Green Occupancy ※4
All Industry	286 B yen ※1	170 B yen	1.8%
IT Industry	86 B yen ※2	51 B yen	6.2%

※1 Yano Research Institute "Current Status and Future of Human Resource Business 2018 Edition
※2 DODA job change job offer magnification report (July 2018) figures calculated for how many candidates for mid-career recruitment are applied to one job applicant
※3 Green is a discounted model of Recruitment Agency by 60% The market size is estimated 170 B yen
※4 Green's sales calculated as 3.2 B yen (FY2020 Guidance)

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組織力を見える化し、成長を加速させる

wevox

Energize your team with honest communication cycle



Engagement

Index to measure the understanding and contribution of each employees for the company's strategy or goal.
Causal relationship with performance is academically proven.

Platform for Organizational Improvement

Point1 **Visualization of engagement score**

The first platform to visualize engagement in Japan, supervised by professor Shimazu of Keio University, a leading expert in the country

Point2 **Utilizing technology**

Automatically analyze the huge amount of data collected and enables immediate grasp of the organization's issues

Point3 **Affordable price with SaaS model**

Offer a low price of ¥ 300 per employee per month

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Wevox's competitive advantage

1 Pulse survey

Monthly periodic observation enables real-time understanding of organization issues

2 Usability

Easy -to-use design for various devices (PC/tablet-type device/smartphone)

GOOD DESIGN AWARD 2019



3 Data analysis

Applying over 15 million responses to machine learning



4 Academic basis

Supervised by Professor Akito Shimazu, Keio University, a leading expert in the engagement research



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wevox Use Case

Answer

Simple UI and answer anywhere with any device



Settings ※1

Register Employee Data
Choose Delivery Frequency

wevox

Engagement Cycle

1 → 2 → 3



Data Process & Analyze

Tally automatically real time
Analyze each group and category



Action

Take action towards problems

※1 wevox introduces “pulse survey” that is a simple questionnaire which repeats every 1-2 months

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Continuous improvement of UI / UX

Built an algorithm based on the user's response record and provides high usability.
High response rate by easy user interface



Compatible with various communication tools and various devices
(e-mail・Slack・LINEWORKS・Workplace)

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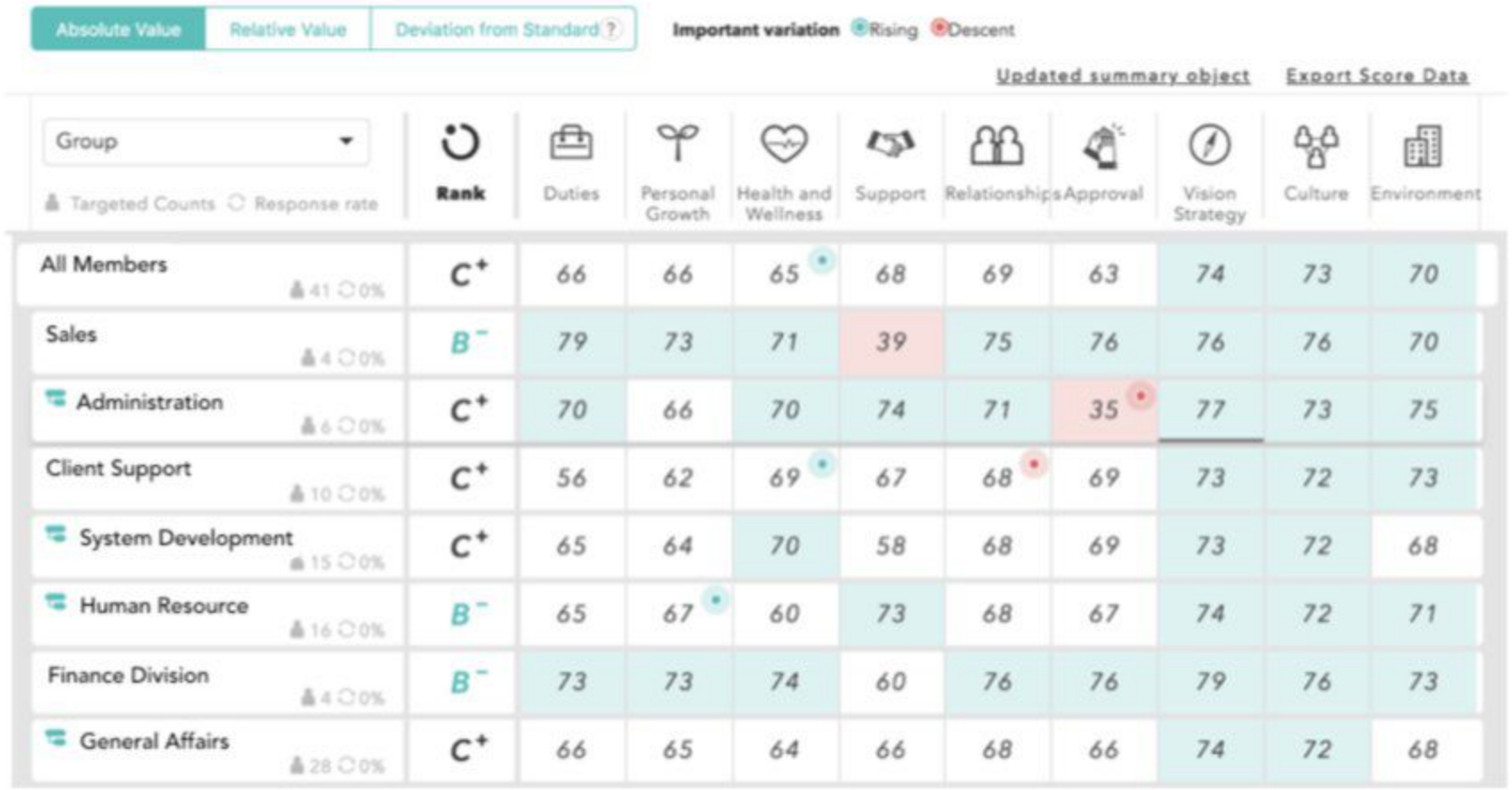
View results in real time

Analyze by various attributes such as department, position, year of joining, new graduate / mid-career



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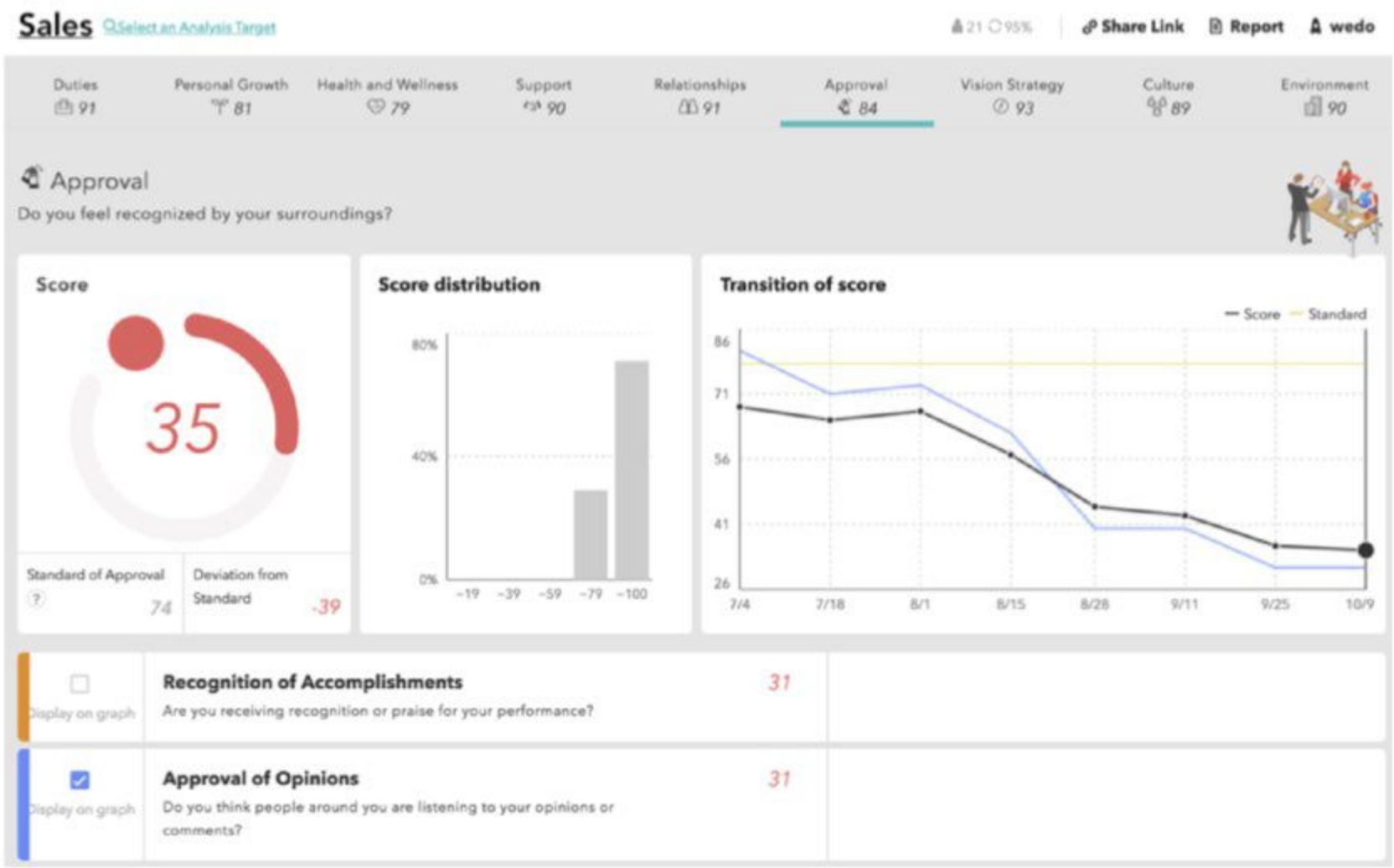
Periodic observation by pulse survey

Enables detailed analysis through comparing with the past data



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wevox has been introduced in many industries

Companies adopting wevox cover many different industries and sectors such as IT, securities, medical, food, Sports teams. Currently, wevox is adopted by more than **1,280** companies.Increase of users more than the growth of the companies and organizations introduced（As of February 12, 2020）



Reference from wevox homepage

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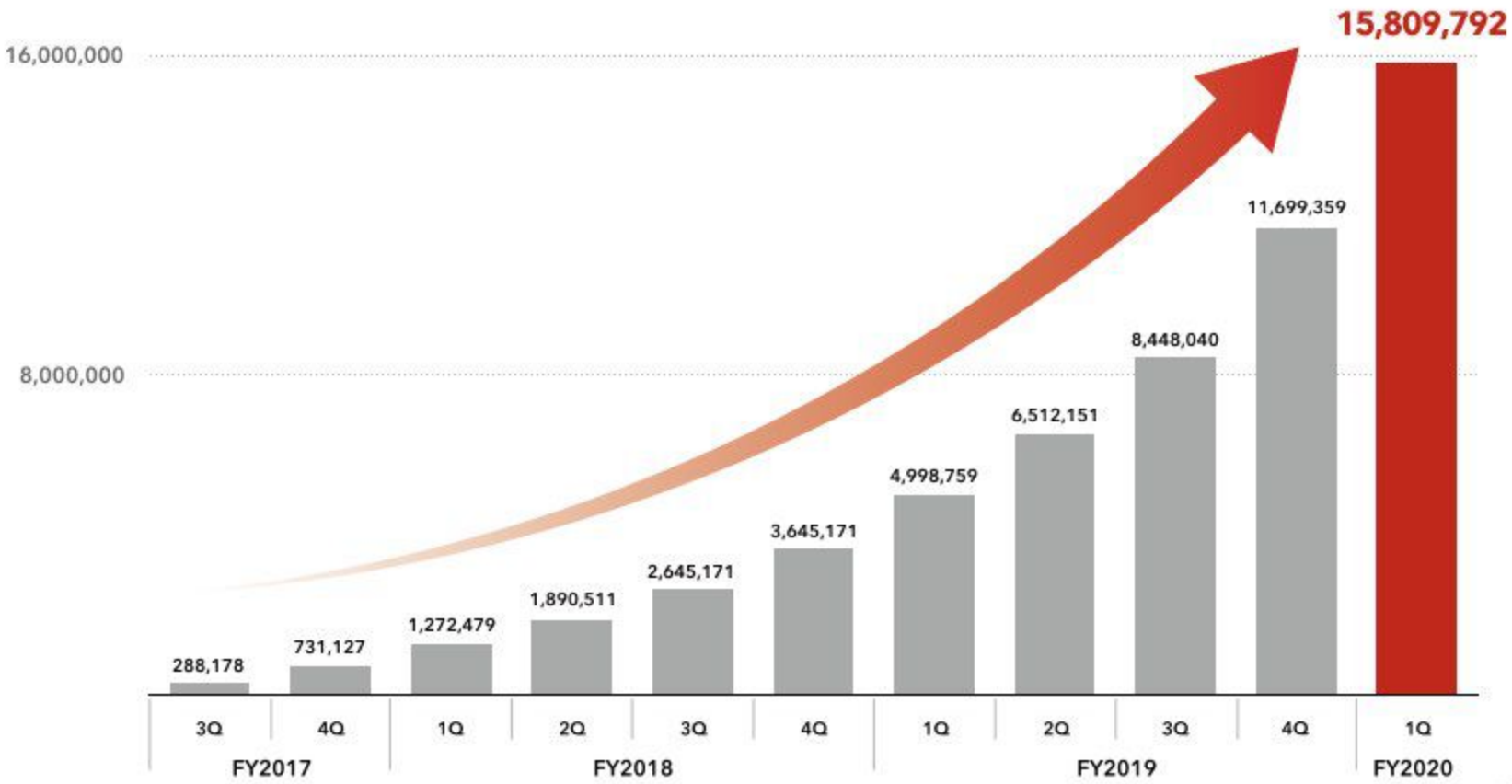
Increase of Answer Data

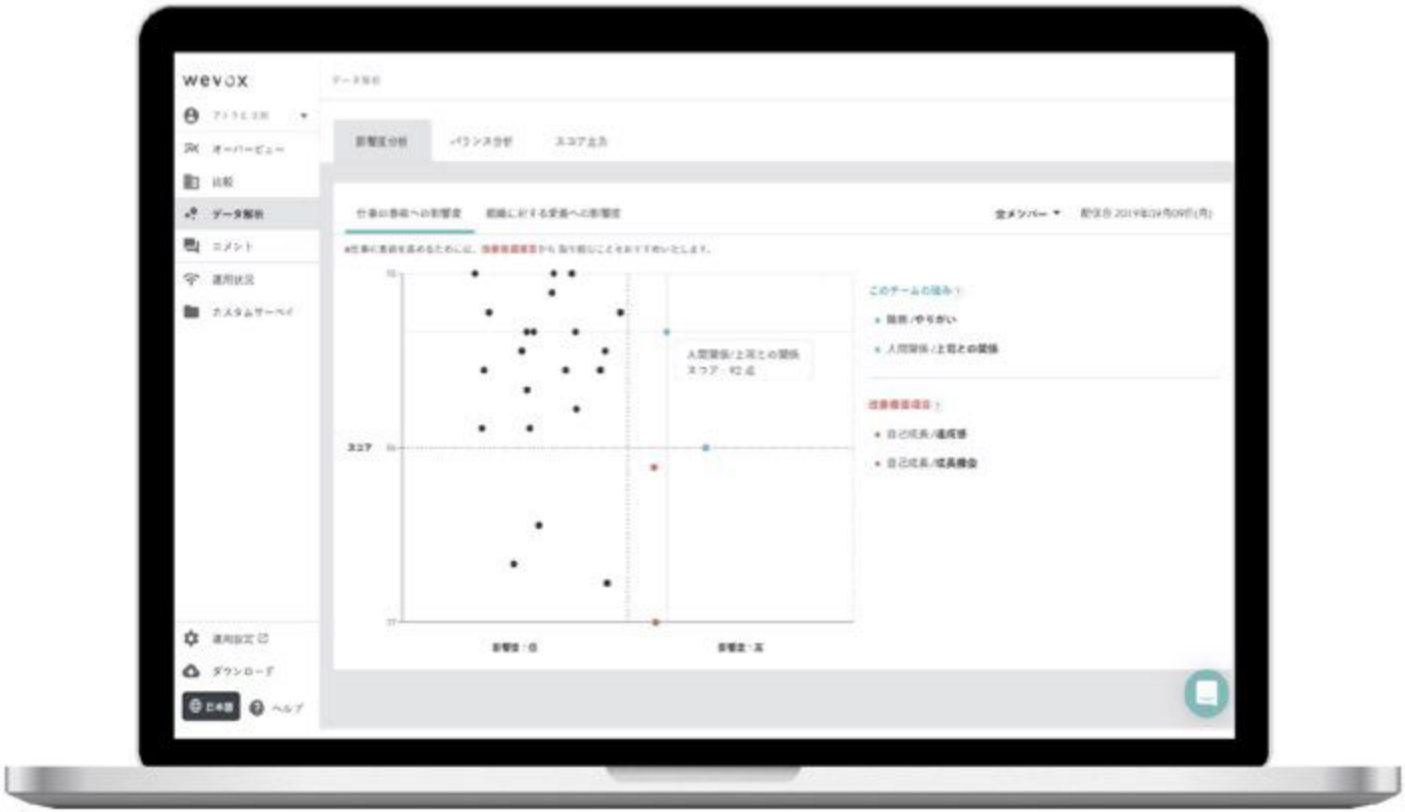
Continuously developing new features using response data to take competitive advantage



※Quarter transition

New feature release through data analysis

Visualize the degree of influence of each factor on engagement by analyzing accumulated data. Enables effective organizational improvements based on data



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Potential Growth of wevox

Potential target

All Employed Persons

67.2M People ※1

Wide range of industries including sports and educational organizations

Price Competitiveness

¥ **300** per month

Targeting wide range of clients via SaaS model

Potential Market size

More than **240B** ※2 yearly

Pursuit the expansion of the market size by rising wevox's pricing

※1 Ministry of Internal Affairs and Communications Statistics Bureau

※2 Calculation : Number of Employed Person 67.25M people×¥300per person×12months=¥242B

yenta



App Store からダウンロード

Google Play で手に入れよう

Professional Networking App to Create “Encounters for Accelerating Business”

Point1 **Create an attractive encounter beyond organizational boundaries**

Promote open innovation, diversification of working methods, productivity improvement, etc.

Point2 **Utilizing technology**

Artificial intelligence realizes large number of matching

Point3 **High user satisfaction**

★**4.2** (644 responds)
Most responds are positive with a high satisfaction rate

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Matching Cases

Originally from Nomura Securities Co., Ltd. × Originally from SONY CORPORATION

Encounter through yenta led to starting a new business



Takushi, originally from Nomura Securities Co., Ltd. and Takeda, originally from SONY CORPORATION met through yenta, and a few months later, they started a business. They grew up to be a startup which realizes fund raising 3 billion yen within 2 years after the company established in the Fintech field.

Taking yenta as a opportunity, realized a ¥60M fund raise.



Ishigame who established Infostellar, a company that challenges to build on of the largest communication infrastructure in space, and Akashi, a prominent engineer met through yenta. Akashi was attracted by how passionate Ishigame was and decided to join this project even though it was still in the conceptual phase.

Realized recruitment, meeting mentors, and project acquisition for freelancers through yenta.

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Potential Growth of yenta

Shifting from companies to individuals



Platforms such as SNS or Crowdfunding have expanded and widened individuals' stages, which led to an era independent from companies and organizations.

High Active Rate



Currently, yenta has a high active rate despite saving on advertisement expenses.
In the future, yenta will start strategic advertisement and aim to obtain more users by expanding areas.

Expansion based on cities



Since yenta is an app, it is relatively easy to expand both domestically and globally. Especially in South East Asia, there is a high demand on meet ups between business persons.

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With our highly engaged organization, we challenge in creating business to expand people's possibilities

Green
Creating job satisfaction via suitable matching
Continuous growth exceeding the market growth

wevox
As one and only platform for organizational improvement, contributed to improving engagement of many organizations

yenta
With a matching experience, becoming a must-have app throughout the world

New Business
Challenging a new business within the People Tech field

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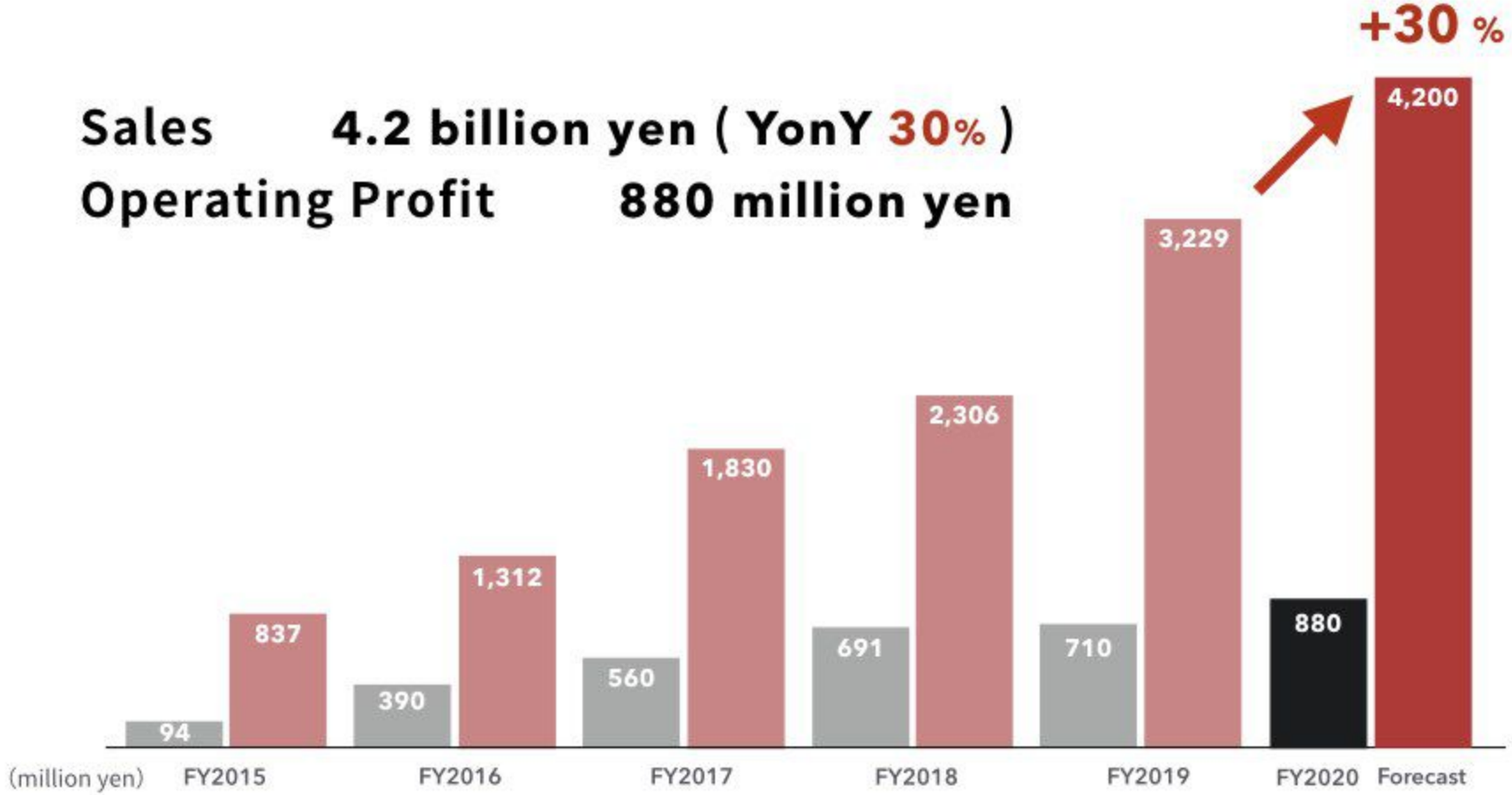
FY 2020 Guidance

Continue to grow more than 30% of sales

Aiming to expand profits in FY2021 (next fiscal year)

Sales 4.2 billion yen (YonY 30%)

Operating Profit 880 million yen



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FY 2020 Guidance

(million yen)	FY2019	FY2020	YonY
Sales	3,229	4,200	+30.1%
Operating Profit	710	880	+23.8%
Ordinary profit	713	870	+21.9%
Net Income	502	543	+8.0%

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Transition of Sales Per Employee

Updated our best productivity



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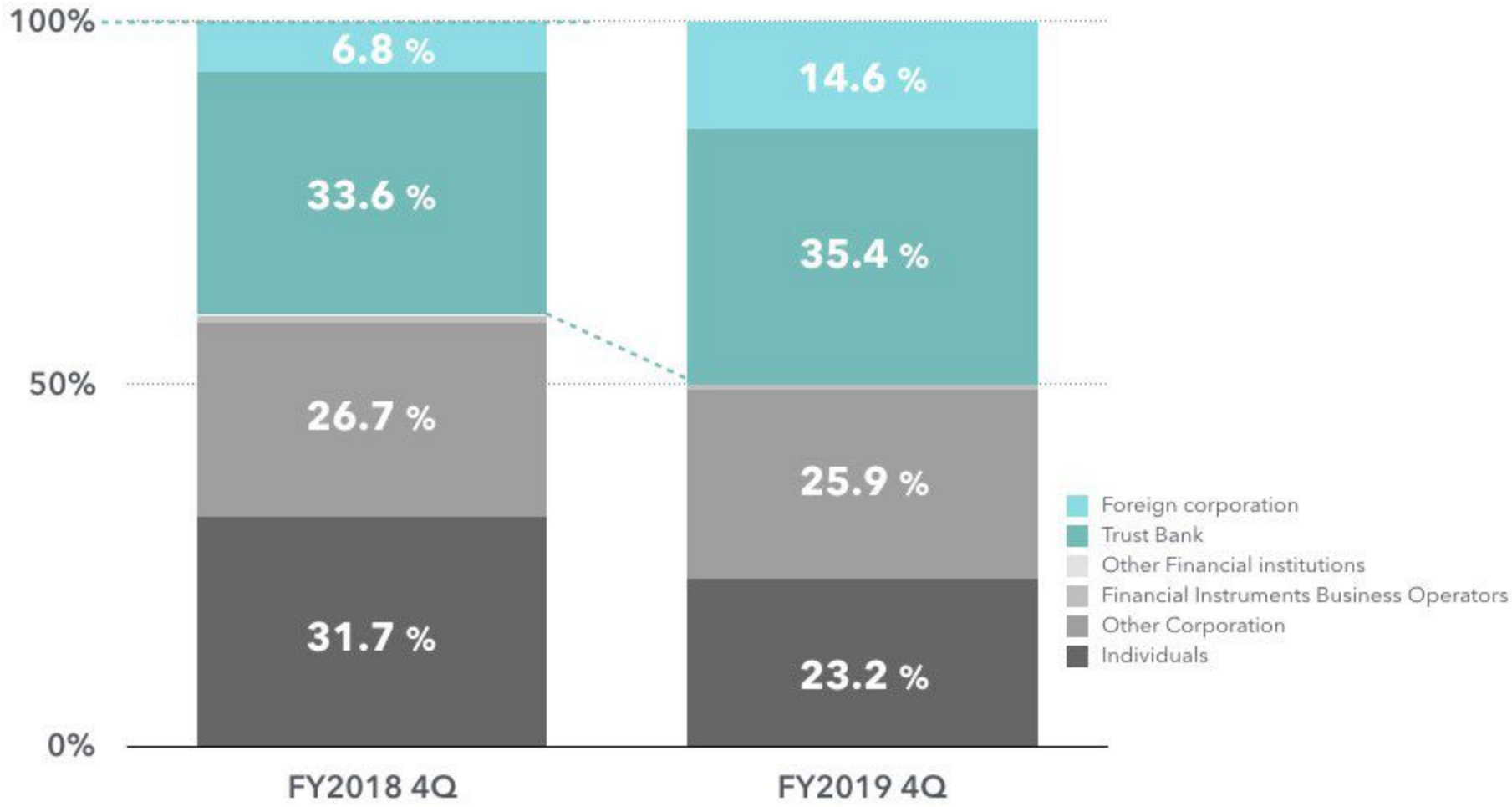
Shareholding Structure

50% owned by domestic and foreign institutional investors



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Name	Atrae,Inc.
Business Outline	Green : a contingency fee basis job site yenta : a matching app for business professionals with an AI based recommending system wevox : a platform for organizational improvement
Foundation	October, 2003
Management	Yoshihide Arai, Founder/CEO
Employee	54 (As of December, 2019)
Capital Stock	1,098 (in JPY MM)
Location	Minato-ku, Tokyo, Japan

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