:Atrae

Financial Results Explanatory Material

Financial Results for the 3rd Quarter of Fiscal Year Ending September 30, 2020

Atrae,Inc.（TSE 1st Section：6194）

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Response to the infection of COVID-19

Reviewing the pace of advertising investment and preparing for aggressive investment with an eye on the increasing market share of after the COVID-19, while prioritizing a secure profitability
Building a solid financial base in case of emergency even before the COVID-19

Positive	Overall	• Thorough "Autonomous Decentralized Organization" since establishment, which lead to the smooth transition into remote work. • 3.9 billion Net Cash • Commitment lines 600 million and overdraft limits 700 million (QonQ+2million)
	Green	• Expanding needs of job change online (the number of active users at the highest level)
	wevox	• Attention is rising against the Employee Engagement due to the spread of remote work. The upward trend in inquiries continues.
Negative	Green	• Down trend of recruitment needs of companies (although the decrease of the number of jobs posted bottomed out at the end of Q3). • Although transition of the interview process towards online progressed, selection delays and tighter hiring practices continue
	wevox	• There is a noticeable tendency for the introduction of wevox to be pushed back due to the companies' busyness for responding to the COVID-19. The current pace of introduction has returned to the pre-COVID-19 level

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Agenda

1. Company Overview
2. Financial Highlights
3. Revision of Financial Forecast
4. 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's global company.

Japan's First

People Tech Company

Redefined our company with a hope for
"Creating business that expands people's possibility through technology".

What We Value

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 “human capital”

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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Financial Results for FY2020 Q3

FY2020 Q1-Q3

Sales	2,628	Million yen	YonY	+14.5	%	Progress	62.6 %
Operating Profit	568	Million yen	YonY	△12.3	%	Progress	64.5 %

Business

Green's Key Indicator, the number of active users grew by 20.9% YonY (number of active users at the highest level)

The COVID-19 has led to a shift to online interviews, but selection delays and stricter hiring practices continue

Down trend of recruitment needs of companies (although the decrease of the number of jobs posted bottomed out at the end of Q3).

Monthly churn rate for wevox users remains steady (around 1%)

Topics

Major Japanese companies are adopting wevox

Attention is rising against the Employee Engagement due to the spread of remote work. The upward trend in inquiries continues.

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Quarterly Financial Highlights

Despite the impact of the COVID-19, secures YonY revenue and profit growth in Q3

Operating profit margin of 35.4% in Q3 realized by spending on advertising expenses with a focus on profitability

Continuing to explore the timing of investments to increase market share

(Million yen)		FY2020 Q3	FY2019 Q3	Y on Y %	FY2020 Q2	Q on Q %	FY2020 Q1-Q3	FY2019 Q1-Q3	Y on Y %
Sales		**875**	**811**	**7.9%**	**911**	**△4.0%**	**2,628**	**2,296**	**14.5%**
	Green	758	751	0.9%	804	△5.7%	2,307	2,136	8.0%
	wevox & yenta	117	60	95.0%	107	9.3%	321	160	100.6%
Operating Expense		**565**	**624**	**△9.5%**	**848**	**△33.4%**	**2,060**	**1,648**	**25.0%**
Operating Profit		**310**	**187**	**65.8%**	**63**	**392.1%**	**568**	**648**	**△12.3%**
Operating Margin		**35.4%**	**23.1%**	**12.3pt**	**6.9%**	**28.5pt**	**21.6%**	**28.2%**	**△6.6pt**

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YonY Comparison (sales)

Continuing to invest in advertising with an emphasis on ROI

(Million yen)			FY2020 Q3	% of Sales	FY2019 Q3	% of Sales	Y on Y %	FY2020 1Q-3Q	% of Sales	FY2019 1Q-3Q	% of Sales	Y on Y %
Sales			**875**	**100.0%**	**811**	**100.0%**	**7.9%**	**2,628**	**100.0%**	**2,296**	**100.0%**	**14.5%**
Operating Expense			**565**	**64.6%**	**624**	**76.9%**	**△9.5%**	**2,060**	**78.4%**	**1,648**	**71.8%**	**25.0%**
	Cost of sales		10	1.1%	15	1.8%	△33.3%	39	1.5%	41	1.8%	△4.9%
	SG&A	Web Ad Spend	302	34.5%	348	42.9%	△13.2%	1,162	44.2%	963	41.9%	20.7%
		TV Ad Spend	0	0.0%	50	6.2%	-	138	5.3%	50	2.2%	176.0%
		Personnel Cost	147	16.8%	129	15.9%	14.0%	421	16.0%	348	15.2%	21.0%
		Other	106	12.1%	82	10.1%	29.3%	300	11.4%	246	10.7%	22.0%
Operating Profit			**310**	**35.4%**	**187**	**23.1%**	**65.8%**	**568**	**21.6%**	**648**	**28.2%**	**△12.3%**

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For Reference：Quarterly Financial Highlights

(Million yen)			FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3
Sales			**749**	**736**	**811**	**933**	**842**	**911**	**875**
	Green		704	681	751	837	745	804	758
	wevox & yenta		45	55	60	96	97	107	117
Operating Expense			**524**	**500**	**624**	**871**	**647**	**848**	**565**
	Cost of sales		14	12	15	16	15	14	10
	SG&A	Web Ad Spend	317	298	348	460	399	461	302
		TV Ad Spend	0	0	50	131	0	138	0
		Personnel Cost	107	112	129	153	137	137	147
		Other	86	78	82	111	96	98	106
Operating Profit			**225**	**236**	**187**	**62**	**195**	**63**	**310**
Operating Margin			**30.0%**	**32.1%**	**23.1%**	**6.6%**	**23.2%**	**6.9%**	**35.4%**

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Revision of FY2020 Full-Year Forecast

Taking the decrease of the demand of hiring of companies due to the impact of the COVID-19 into account.
Green's decline in job postings bottomed out at the end of Q3.
Seeking to expand market share through Green's rare position in the online job market.
wevox is progressing within the scope of our initial expectations.

		Revised Forecast	Previous Forecast (Released on November 12, 2019)			Revised Forecast / FY2019 Actual	
(Million yen)		FY2020 full-year	FY2020 full-year	Variance	%	FY2019 full-year	%
Sales		**3,300**	**4,200**	**△900**	**△21.4%**	**3,229**	**2.2%**
	Green	2,860	3,742	△882	△23.6%	2,973	△3.8%
	wevox & yenta	440	458	△18	△3.9%	256	71.9%
Operating Expense		**2,630**	**3,320**	**△690**	**△20.8%**	**2,519**	**4.4%**
Operating Profit		**670**	**880**	**△210**	**△23.9%**	**710**	**△5.6%**
Operating Margin		**20.3%**	**21.0%**	**-**	**△0.7pt**	**22.0%**	**△1.7pt**

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Our People Tech Business

Job offer media with contingency fee

Advancing the mobility of human resources and energizing people and organizations through optimal matching between job seekers and employers.



Engagement Analysis Tool

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

Business Networking App

Accelerate business with a valuable match between persons

Job Search Website for IT Industry with Contingency Fee

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".

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.

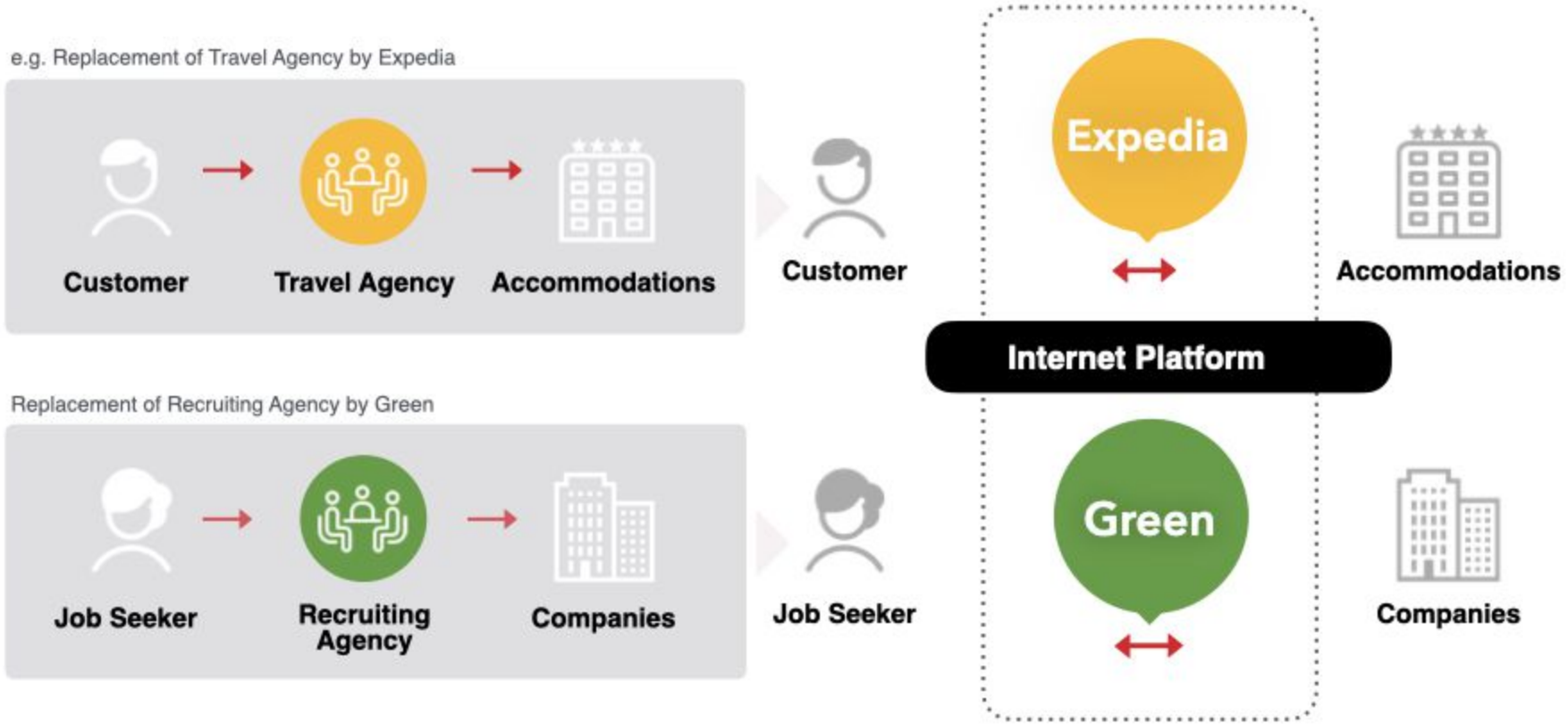
Point3 **Direct recruiting platform**

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 through IT.



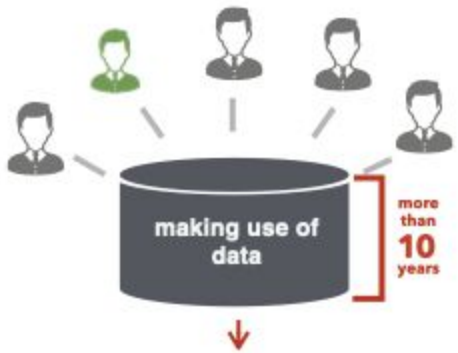
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Green Established a Unique Position

Technology × Low Cost × Superiority

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 **7,200**

Number of Registered User ID

More than **750** 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.

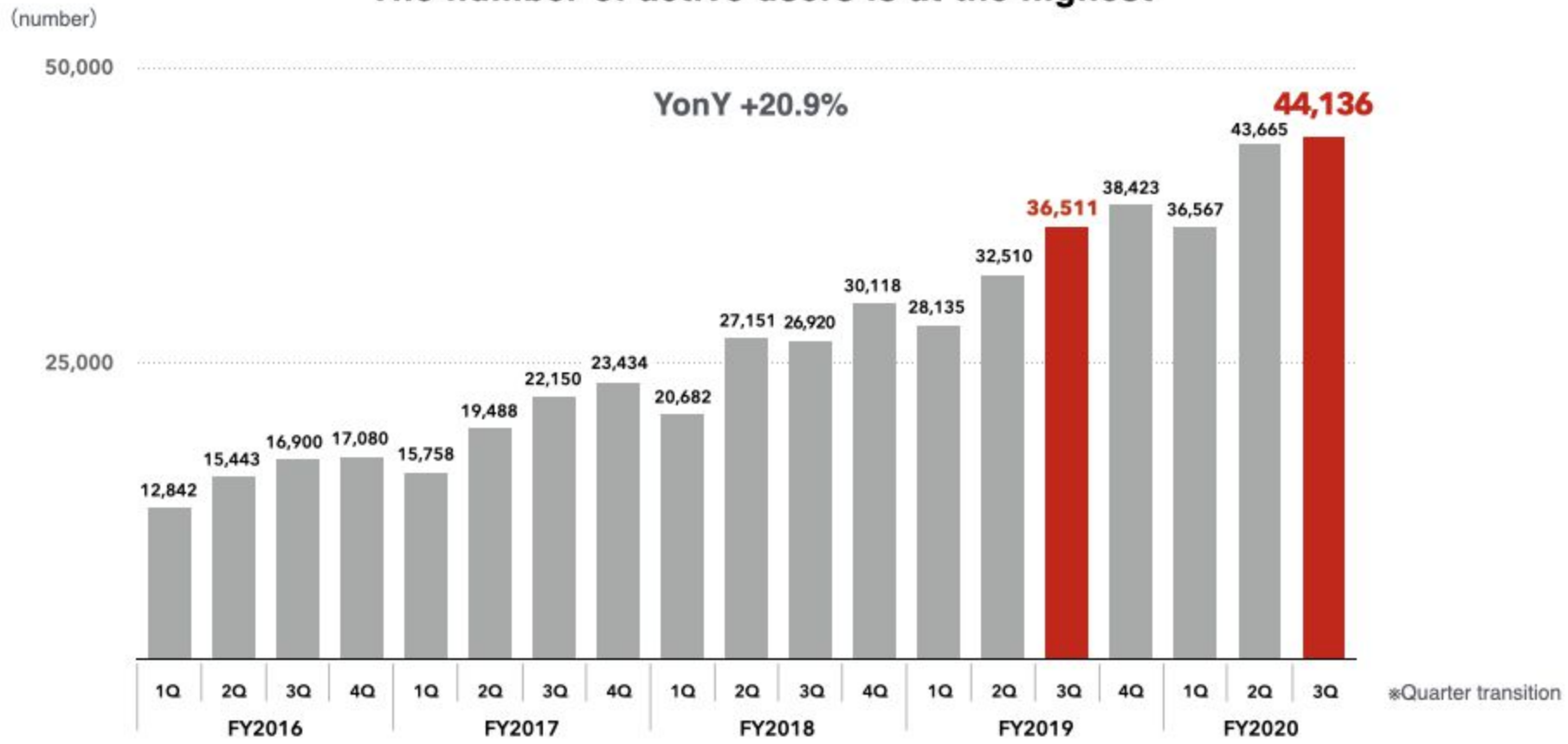


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The Number of Active Users

The shift to remote work has led to an increase in the demand of online job search

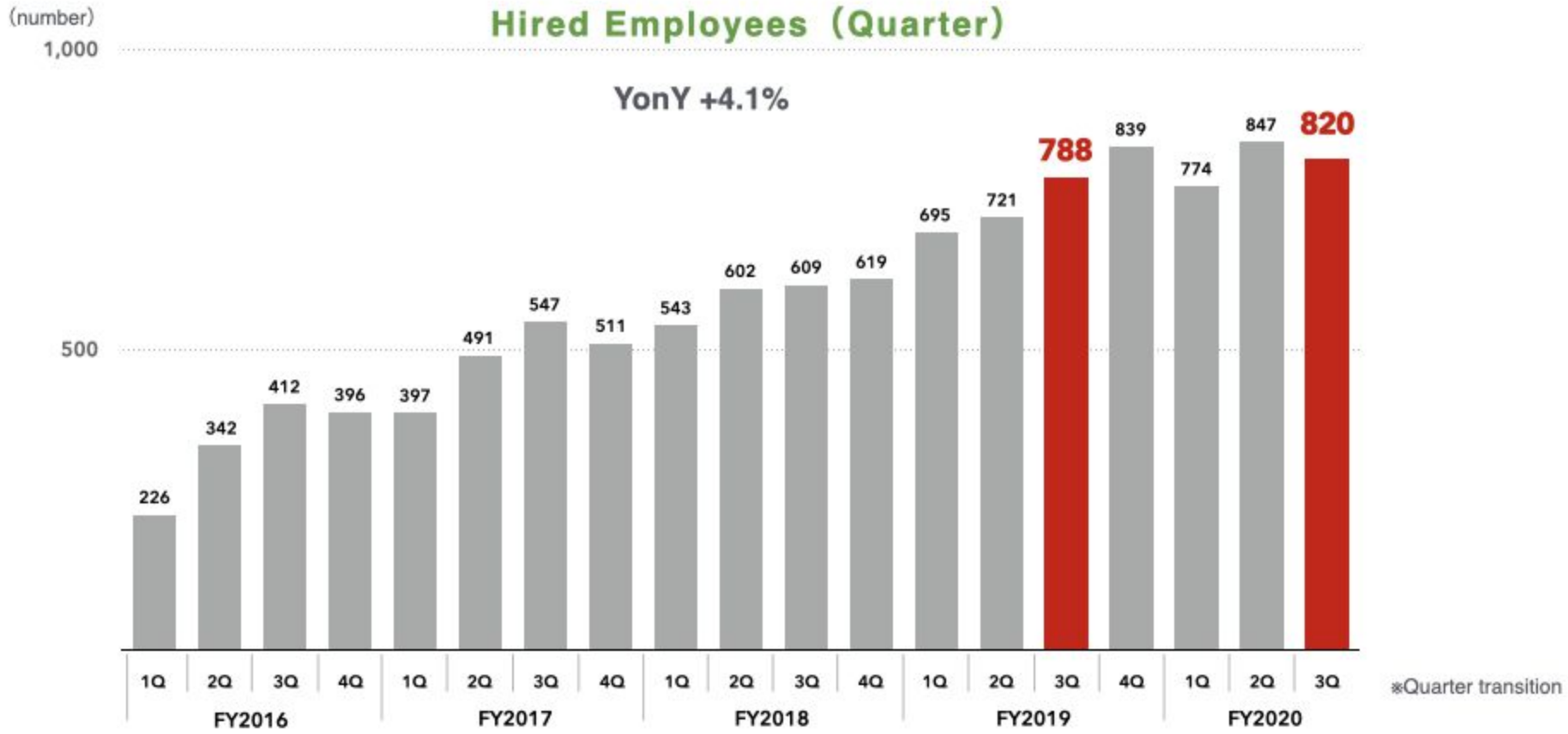
The number of active users is at the highest



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

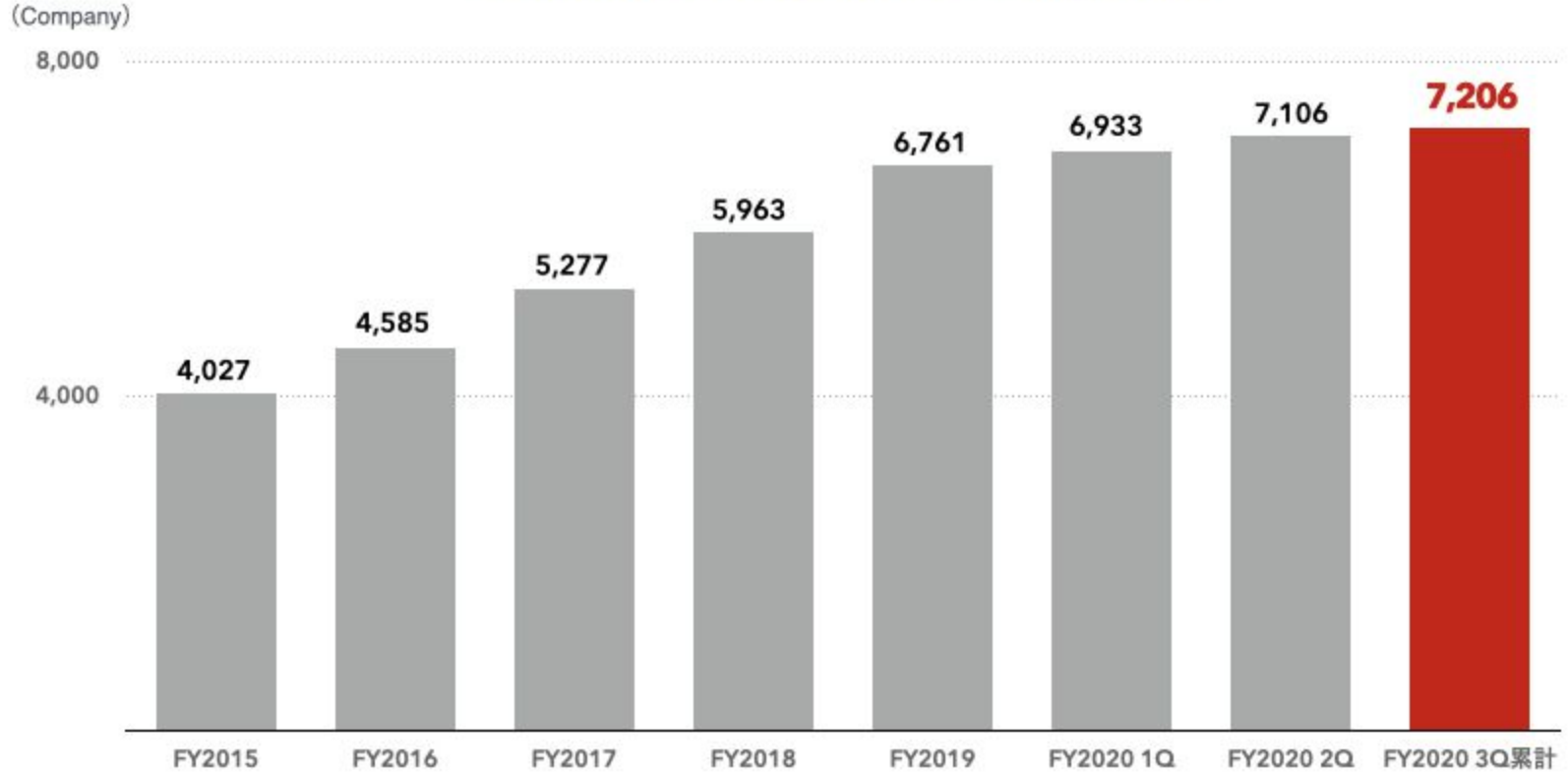
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Despite the shift to online interviews, selection delays and tighter hiring practices continue



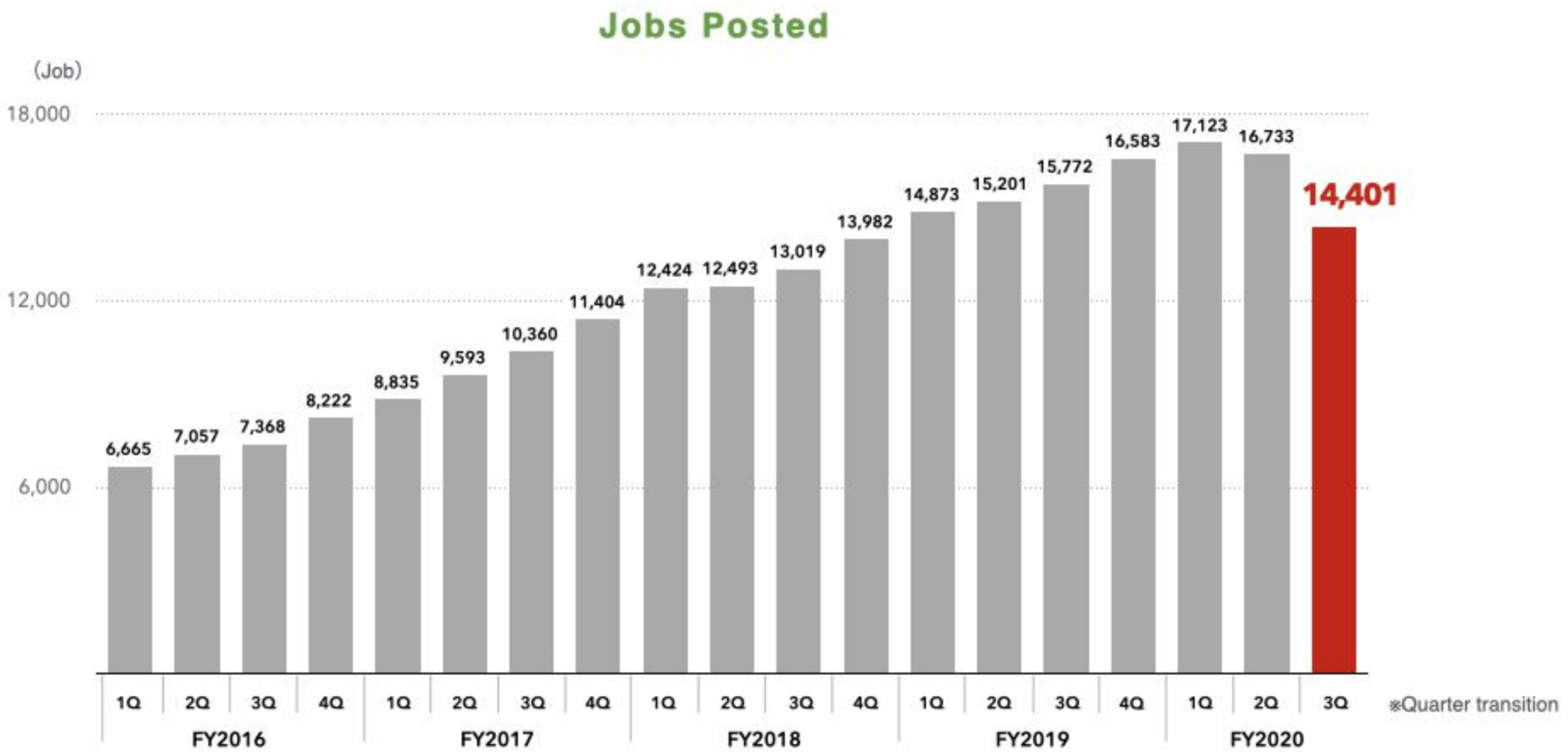
Steady Increase of Newly Registered Companies

Cumulative Registered Companies



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The decrease of the number of jobs posted bottomed out at the end of Q3



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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, meaning there is huge potential of growth.

	Recruitment Market Size	Green's Market Size ※3	Green's Occupancy ※4
All Industry	303 B yen ※1	181 B yen	1.7%
IT Industry	90 B yen ※2	54 B yen	5.9%

※1 Yano Research Institute "Current Status and Future of Human Resource Business 2019 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%
※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



HR Award 2017

GOOD DESIGN AWARD 2019

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.

Engagement Analysis Tool utilizing pulse survey and machine learning

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 24 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



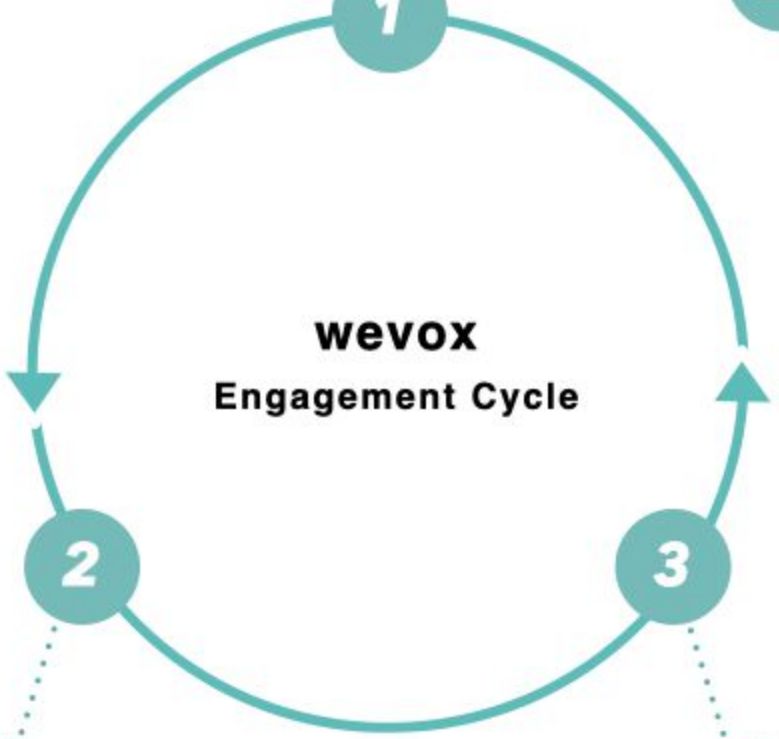
Data Process & Analyze

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 ※1



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

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Adapted the needs to visualize the condition of organizations due to COVID-19

Facing difficulty to grasp the employees' condition due to remote work

Released a new survey that enables to grasp both physical and mental health of the employees



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View results in real time

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

Absolute Value | Relative Value | Deviation from Standard

Important variation: Rising, Descent

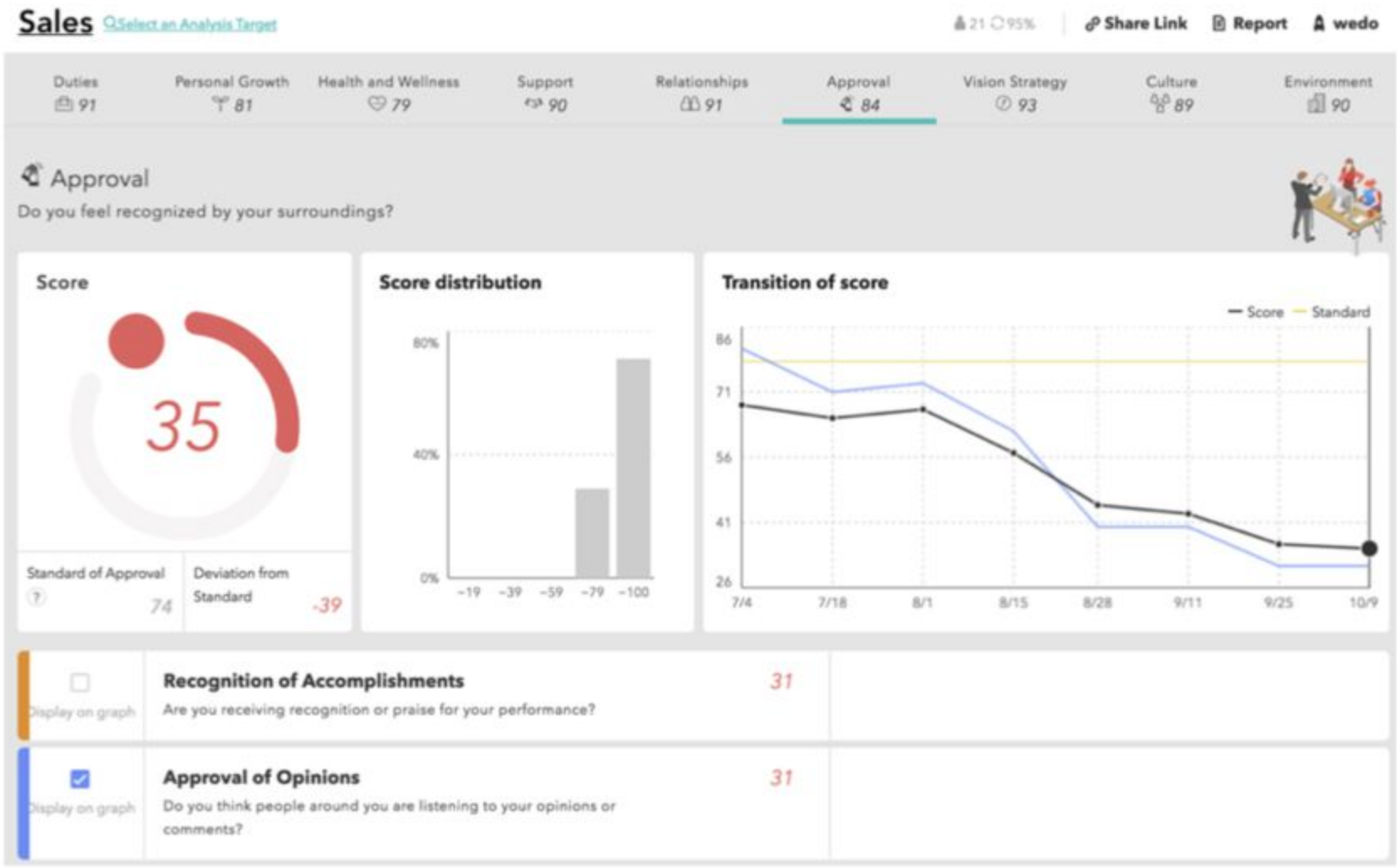
Updated summary object | Export Score Data

Group / Targeted Counts / Response rate	Rank	Duties	Personal Growth	Health and Wellness	Support	Relationships	Approval	Vision Strategy	Culture	Environment
All Members (41, 0%)	C+	66	66	65	68	69	63	74	73	70
Sales (4, 0%)	B-	79	73	71	39	75	76	76	76	70
Administration (6, 0%)	C+	70	66	70	74	71	35	77	73	75
Client Support (10, 0%)	C+	56	62	69	67	68	69	73	72	73
System Development (15, 0%)	C+	65	64	70	58	68	69	73	72	68
Human Resource (16, 0%)	B-	65	67	60	73	68	67	74	72	71
Finance Division (4, 0%)	B-	73	73	74	60	76	76	79	76	73
General Affairs (28, 0%)	C+	66	65	64	66	68	66	74	72	68

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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, bank, medical, food, sports teams. Currently, wevox is adopted by more than 1,550 companies.Increase of users more than the growth of the companies and organizations introduced

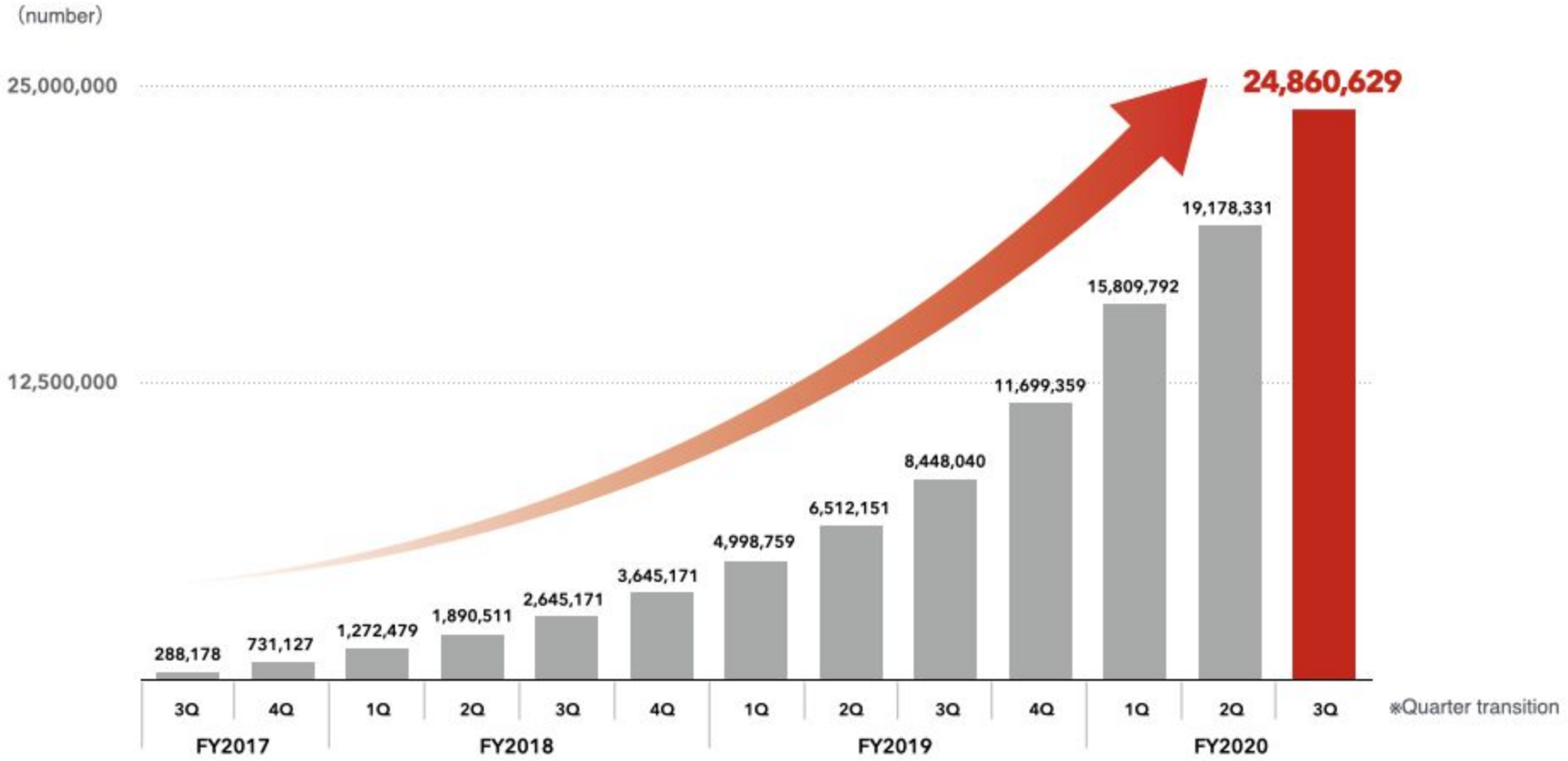


Reference from wevox homepage

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Increase of Answer Data

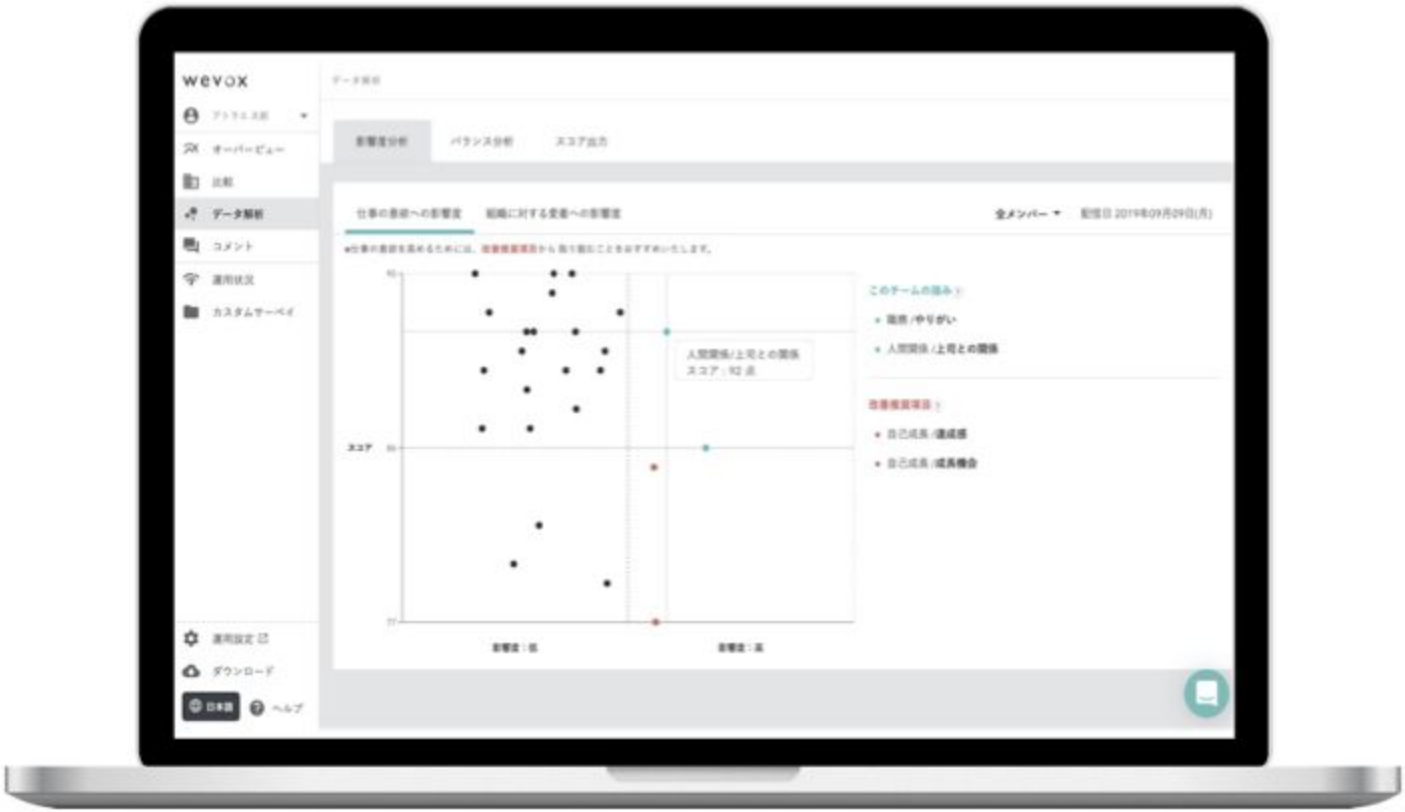
Continuously developing new features using response data to take competitive advantage



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Improvement of additional value through the accumulation and analysis of data

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	Price Competitiveness	Potential Market size
All Employed Persons		More than
67.2M People ※1	¥ 300 per month	240B ※2 yearly
Wide range of industries including sports and educational organizations	Targeting wide range of clients via SaaS model	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

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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 matches

Point3 **High user satisfaction**

★4.2 (644 responds)

Most responds are positive with a high satisfaction rate

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User Cases



Capital and business alliance

An entrepreneur and Venture Capitalist from the same Tokyo Tech University met through yenta and concluded a capital and business alliance.



Obtained work

Used to actively job hunt and freelance at the same time, but met people via yenta and obtained work from more than 7 companies. This led to having the confidence in continuing as a freelancer.



Co-founded a startup company

An architect who worked overseas became co-founder of a real estate startup with the people they met via yenta.
Making use of the skills as an architect, created a new business in Japan despite the lack of network.

Other than listed above, realized recruitment and meeting mentors 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 meetups 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 engagement analysis tool, contributed to improving engagement of many organizations

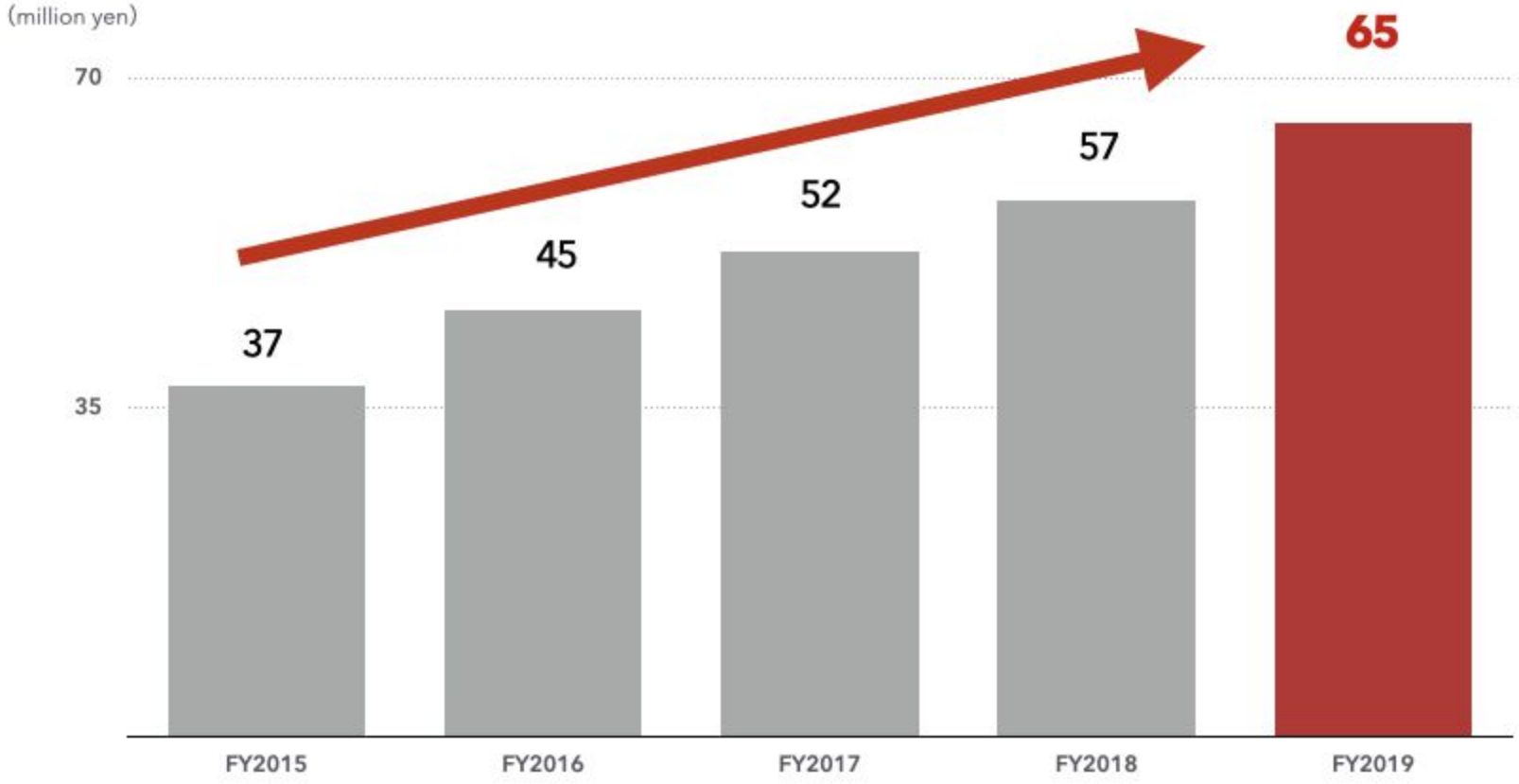
yenta
With a valuable matching experience, become a must-have app throughout the world

New Business
Challenging a new business within the People Tech field

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Transition of Sales Per Employee

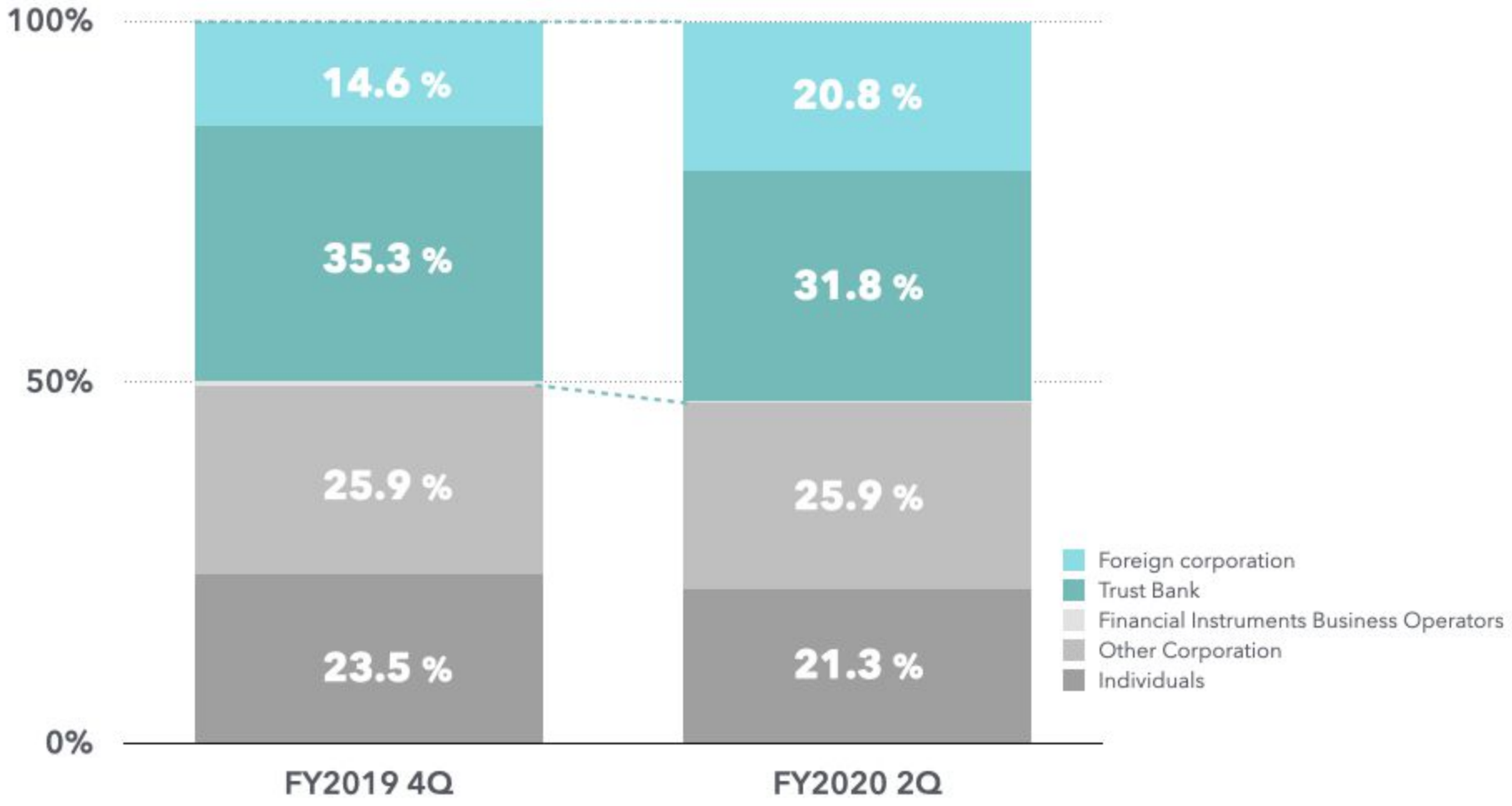
Updated our best productivity



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Shareholding Structure

More than 50% owned by domestic and foreign institutional investors



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Name	Atrae,Inc.
Business Outline	Green : a contingency fee basis job site wevox : an engagement analysis tool yenta : a matching app for business professionals
Foundation	October, 2003
Management	Yoshihide Arai, President & CEO
Employee	63 (As of June, 2020)
Capital Stock	1,122 (in JPY MM)
Location	Minato-ku, Tokyo, Japan

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