:Atrae

Financial Results Explanatory Material

Financial Results for the 4th Quarter of Fiscal Year Ending September 30, 2020

Atrae,Inc.（TSE 1st Section：6194）

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Agenda

1. Company Overview
2. FY2020 Financial Highlights
3. FY2021 Guidance
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 expanding the circle of people involved,
we will pursue the creation of a sustainable organization and 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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FY 2020 Full-Year Financial Results

FY2020 Full-Year

Sales	3,430	Million yen	YonY	+6.2	%	Progress*	103.9	%
Operating Profit	732	Million yen	YonY	+3.1	%	Progress*	109.3	%

Business

Active users, Green's Key Indicator grew by 26.2% YonY.
(The number of active users continues to be at an all-time high.)

The number of recruits fell by 17.2% YonY due to stricter hiring impacted by the COVID-19.

The downward trend in hiring needs among companies seeking workers bottomed out at the end of the third quarter and has been recovering since the fourth quarter.

Monthly churn rate of users for wevox remains steady (less than 1%)

Topics

Number of major companies adopting wevox is accelerating

The shift to remote work has increased the focus on engagement.
The number of inquiries for wevox continues to increase.

* vs revised forecast disclosed on August 12, 2020

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Quarterly Financial Highlights

Landed in line with revised forecast

Sales and profits increased for the full year despite the impact of the COVID-19

(Million yen)		FY2020 Q4	Y on Y FY2019 Q4	Y on Y %	Q on Q FY2020 Q3	Q on Q %	FY2020 full-year	Y on Y FY2019 full-year	Y on Y %	Actual vs Forecast FY2020 revised forecast*	Actual vs Forecast %
Sales		**802**	**933**	**△14.0%**	**875**	**△8.3%**	**3,430**	**3,229**	**6.2%**	**3,300**	**103.9%**
	Green	655	837	△21.7%	758	△13.6%	2,962	2,973	△0.4%	2,860	**103.6%**
	wevox & yenta	147	96	53.1%	117	25.6%	468	256	82.8%	440	**106.4%**
Operating Expens		**638**	**871**	**△26.8%**	**565**	**12.9%**	**2,698**	**2,519**	**7.1%**	**2,630**	**102.6%**
Operating Profit		**164**	**62**	**164.5%**	**310**	**△47.1%**	**732**	**710**	**3.1%**	**670**	**109.3%**
Operating Margin		**20.4%**	**6.6%**	**13.8pt**	**35.4%**	**15.0pt**	**21.3%**	**22.0%**	**△0.7pt**	**20.3%**	**△1.0pt**

* revised forecast disclosed on August 12, 2020

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YonY Comparison (sales)

Sales of YonY declined in Q4 due to stricter hiring of companies caused by the COVID-19.

We will continue to invest heavily in advertising with an emphasis on ROI.

(Million yen)			FY2020 Q4	% of Sales	FY2019 Q4	% of Sales	Y on Y %	FY2020 full-year	% of Sales	FY2019 full-year	% of Sales	Y on Y %
Sales			**802**	**100.0%**	**933**	**100.0%**	**△14.0%**	**3,430**	**100.0%**	**3,229**	**100.0%**	**6.2%**
Operating Expense			**638**	**79.6%**	**871**	**93.4%**	**△26.8%**	**2,698**	**78.7%**	**2,519**	**78.0%**	**7.1%**
	Cost of sales		13	1.6%	16	1.7%	△18.8%	52	1.5%	57	1.8%	△8.8%
	SG&A	Web Ad Spend	288	35.9%	460	49.3%	△37.4%	1,450	42.3%	1,423	44.1%	1.9%
		TV Ad Spend and Other	57	7.1%	131	14.0%	△56.5%	195	5.7%	181	5.6%	7.7%
		Personnel Cost	145	18.1%	153	16.4%	△5.2%	566	16.5%	501	15.5%	13.0%
		Other	135	16.8%	111	11.9%	21.6%	435	12.7%	357	11.1%	21.8%
Operating Profit			**164**	**20.4%**	**62**	**6.6%**	**164.5%**	**732**	**21.3%**	**710**	**22.0%**	**3.1%**

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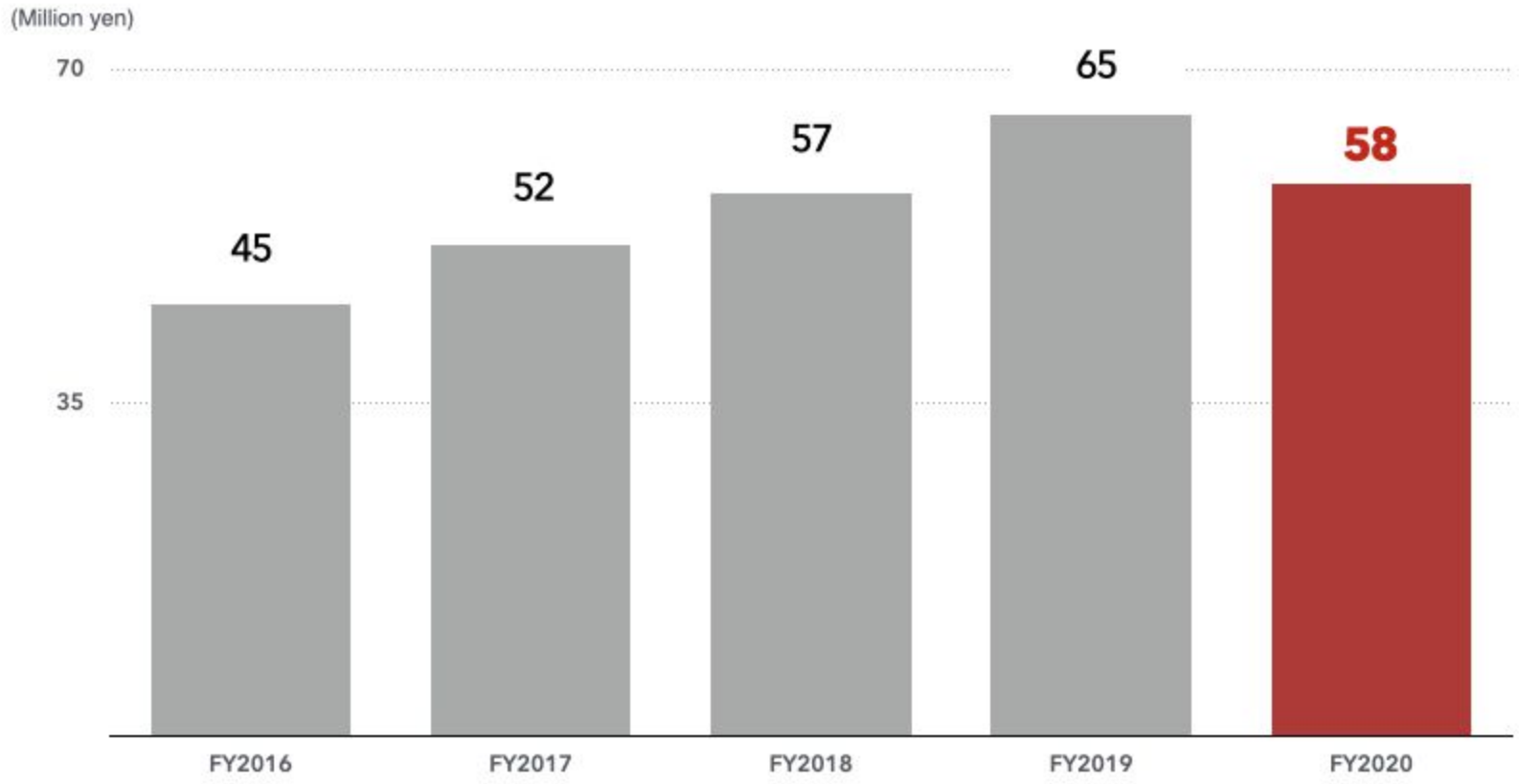
For Reference：Quarterly Financial Highlights

(Million yen)			FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4
Sales			**749**	**736**	**811**	**933**	**842**	**911**	**875**	**802**
	Green		704	681	751	837	745	804	758	655
	wevox & yenta		45	55	60	96	97	107	117	147
Operating Expense			**524**	**500**	**624**	**871**	**647**	**848**	**565**	**638**
	Cost of sales		14	12	15	16	15	14	10	13
	SG&A	Web Ad Spend	317	298	348	460	399	461	302	288
		TV Ad Spend and Other	0	0	50	131	0	138	0	57
		Personnel Cost	107	112	129	153	137	137	147	145
		Other	86	78	82	111	96	98	106	135
Operating Profit			**225**	**236**	**187**	**62**	**195**	**63**	**310**	**164**
Operating Margin			**30.0%**	**32.1%**	**23.1%**	**6.6%**	**23.2%**	**6.9%**	**35.4%**	**20.4%**

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Transition of Sales Per Employee

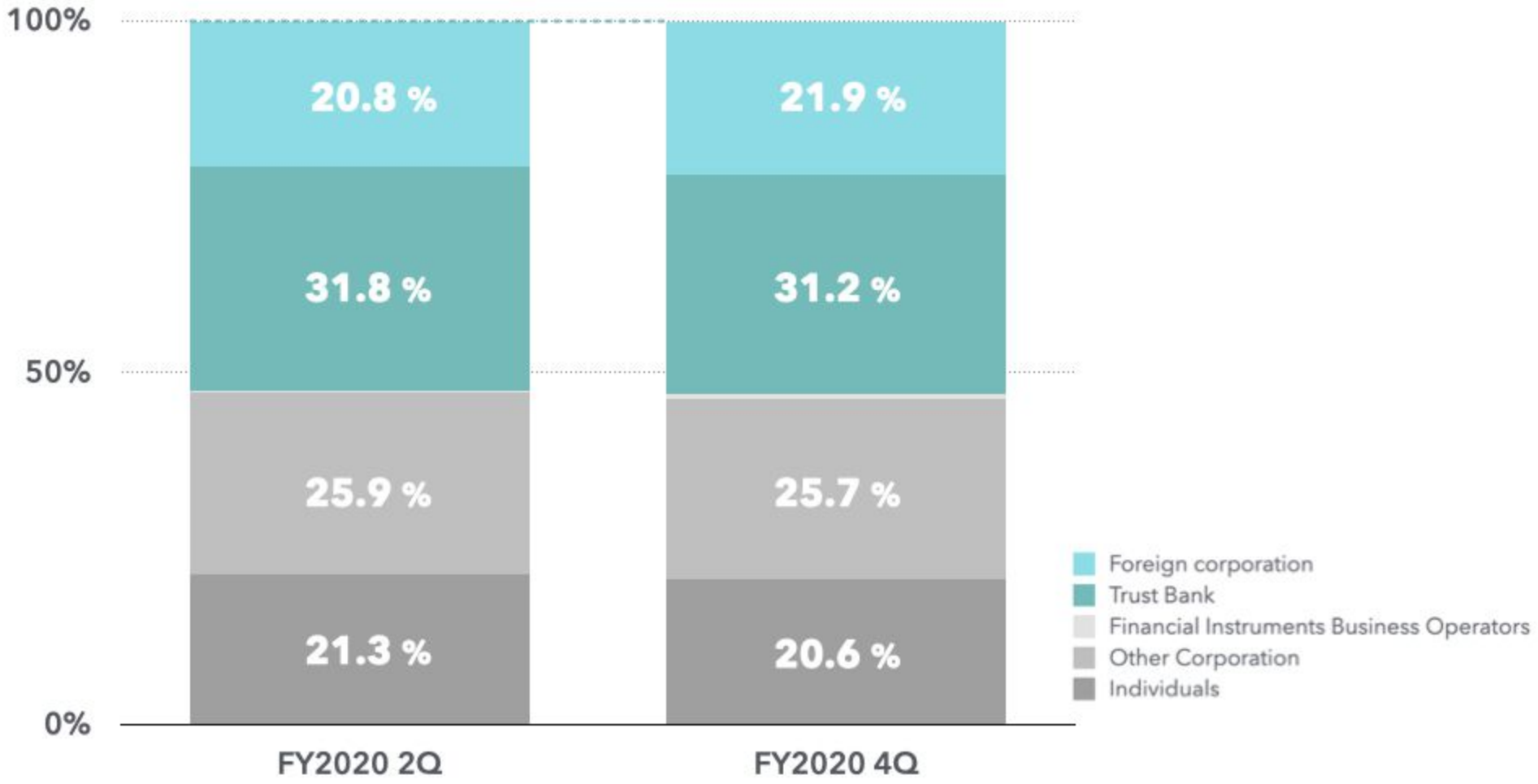
Despite the decrease of productivity due to the impact of the COVID-19, productivity improvements will be focused as a key management indicator.



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Shareholding Structure

More than 50% owned by domestic and foreign institutional investors



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View of FY2021 Forecast

Sales

Business	Assumptions / Considerations
Green	• The number of active users remains high due to the expansion of online job search needs • We expect a full-scale recovery in hiring needs from the second half of the year
wevox	• The shift to remote working has increased the focus on engagement • Accelerate growth by implementing major companies
new businesses	• Create and monetize new businesses

Investments

Business	Assumptions / Considerations
Green	• Continue to invest in advertising with an emphasis on ROI • Exploring the timing of investment with an eye on expanding the market share of after the COVID-19
wevox	• Strengthen customer success to accelerate adoption by large enterprises
new businesses	• Maintained controlled growth investment while keeping an eye on ROI

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FY2021 Full-Year Forecast

Pursuing to expand market share by leveraging Green's competitive advantage in the job market

Strategic investments planned to accelerate wevox's growth

Create and monetize new businesses in order to sustain long-term growth

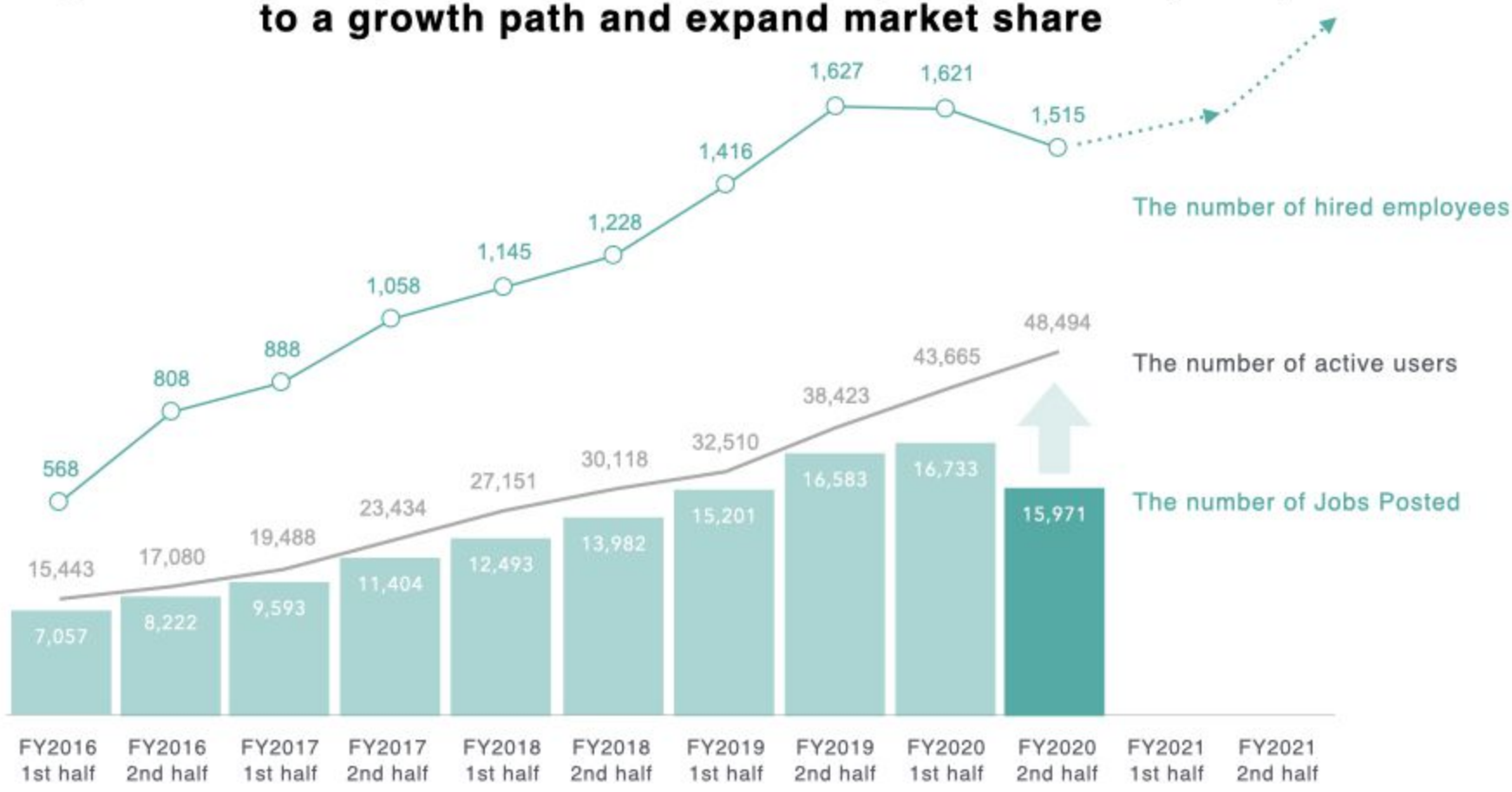
(Million yen)		Consolidated FY2021 full-year	Parent-only FY2020 full-year	Variance	%
Sales		**3,700**	**3,430**	**270**	**7.9%**
	Green	2,970	2,962	8	0.3%
	wevox	700	416	284	68.3%
	new businesses (yenta)	30	52	△22	△42.3%
Operating Expense		**3,200**	**2,698**	**502**	**18.6%**
	Stock-based compensation expense	*100*	*35*	*65*	*185.7%*
Operating Profit		**500**	**732**	**△232**	**△31.7%**
Operating Margin		**13.5%**	**21.3%**	**-**	**△7.8pt**

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View of FY2021 Green Forecast

Employers' willingness to hire is expected to recover gradually in the second half of FY2021

Leverage Green's competitive advantage in the job market to quickly return to a growth path and expand market share



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

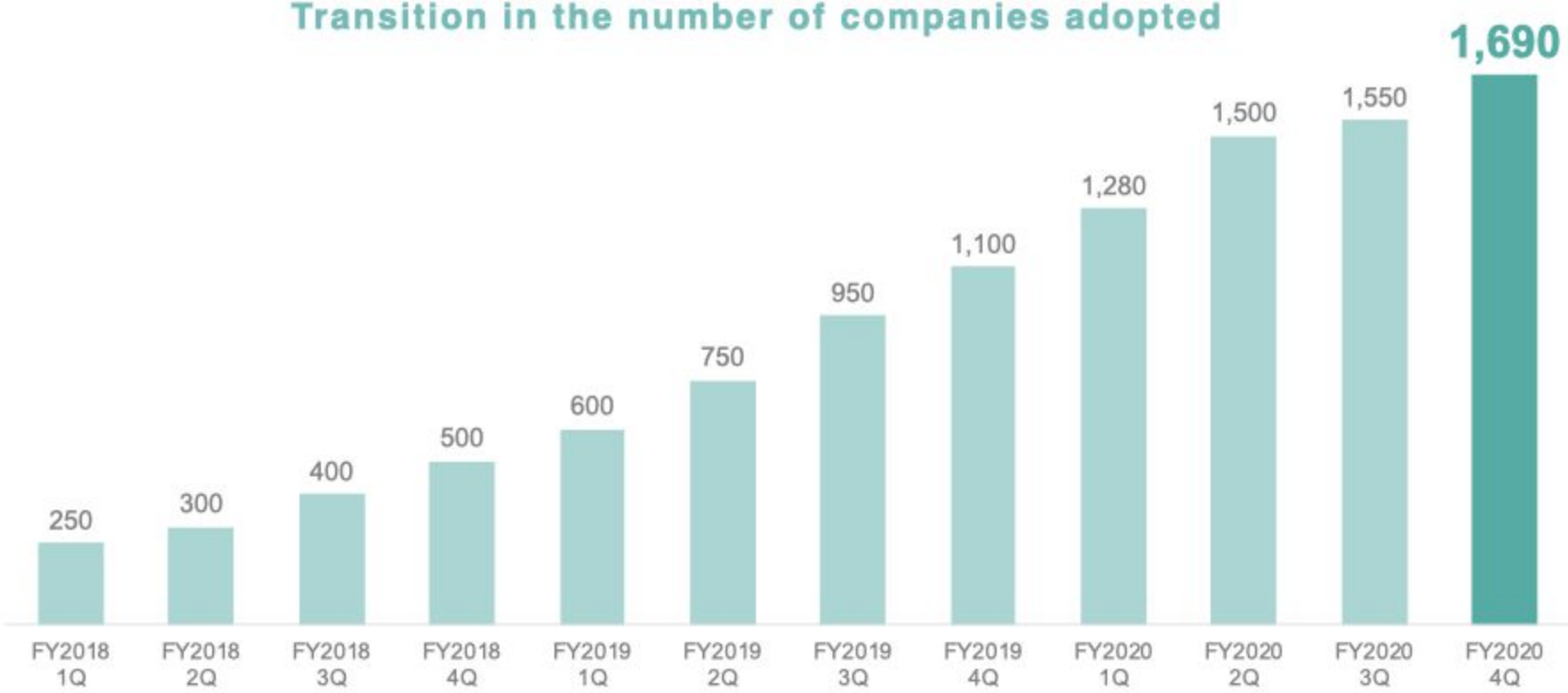
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View of FY2021 wevox Forecast

Series of major companies introduced wevox in FY2020.

Strengthen customer success in FY2021 to further accelerate adoption by major companies.

Transition in the number of companies adopted



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Strengthening People Tech with Sports Tech

The challenge of creating new value in the sports industry

Engagement x Sports x Technology

2018	2019	2020	
wevox for sports Joint research with Aoyama Gakuin University	**Capital and business alliance with Mito Hollyhock in the J2 League**	**Capital and business alliance with Euphoria Co.**	**Founded a professional basketball club scheduled to enter B League**
		EUPHORIA beyond the happiness	ALTIRI CHIBA
Analyzing the relationship between engagement scores and athletic performance in the sports field	Sponsorship, capital and business alliance with Mito Hollyhock in the J2 League	Capital alliance with Sports Tech company aiming to improve performance of all kinds of sports teams	Founded ALTIRI CHIBA, a professional basketball club. Aim to enter B3 League in 2021-22 season

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The concept of equity incentives

Issuance of tax-qualified stock options in replace of the issuance of restricted stock

Purpose	• All executives and employees will pursue the medium- to long-term enhancement of corporate value from the same perspective as our shareholders. • Since officers and employees became shareholders with voting rights through the issuance of restricted stock after the listing, we will use a combination of employee stock ownership plans and tax-qualified stock options.
Structure	• Tax-qualified stock options • Grantee：Directors(excluding audit and supervisory committee member and outside directors)※ & Employees • Scheduled allocation date：February 2021 ※To be submitted to the annual shareholders' meeting in December 2020
Dilution effect	• As of September 30, 2020, the ratio of dilutive shares was about 0.5% (63,000 stock options ÷ 13,362,600 shares outstanding), which is low compared to other growth companies.

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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

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.

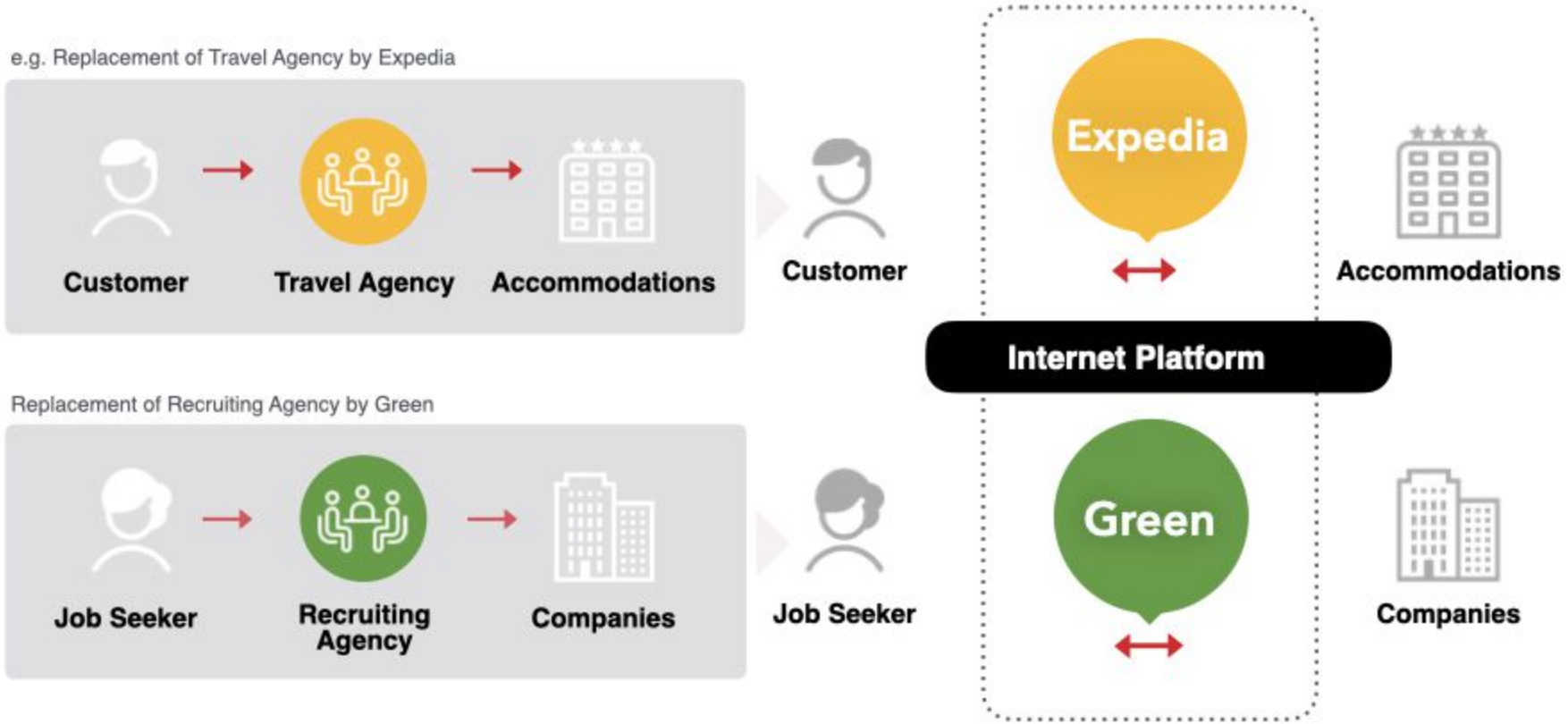
Point3 **Direct recruiting platform**

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 through IT.



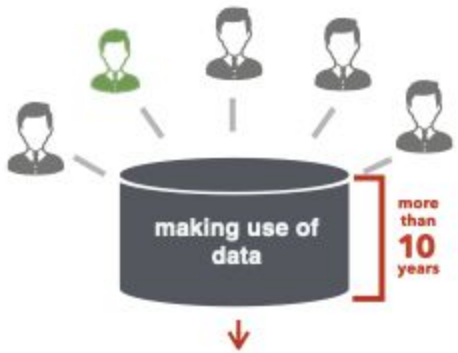
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Green Established a Unique Position

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 **7,300**

Number of Registered User ID

More than **790** thousand

High recognition among recruiting companies

※1 Action data, profile data, selection data

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Companies from Various Industries Introduce Green

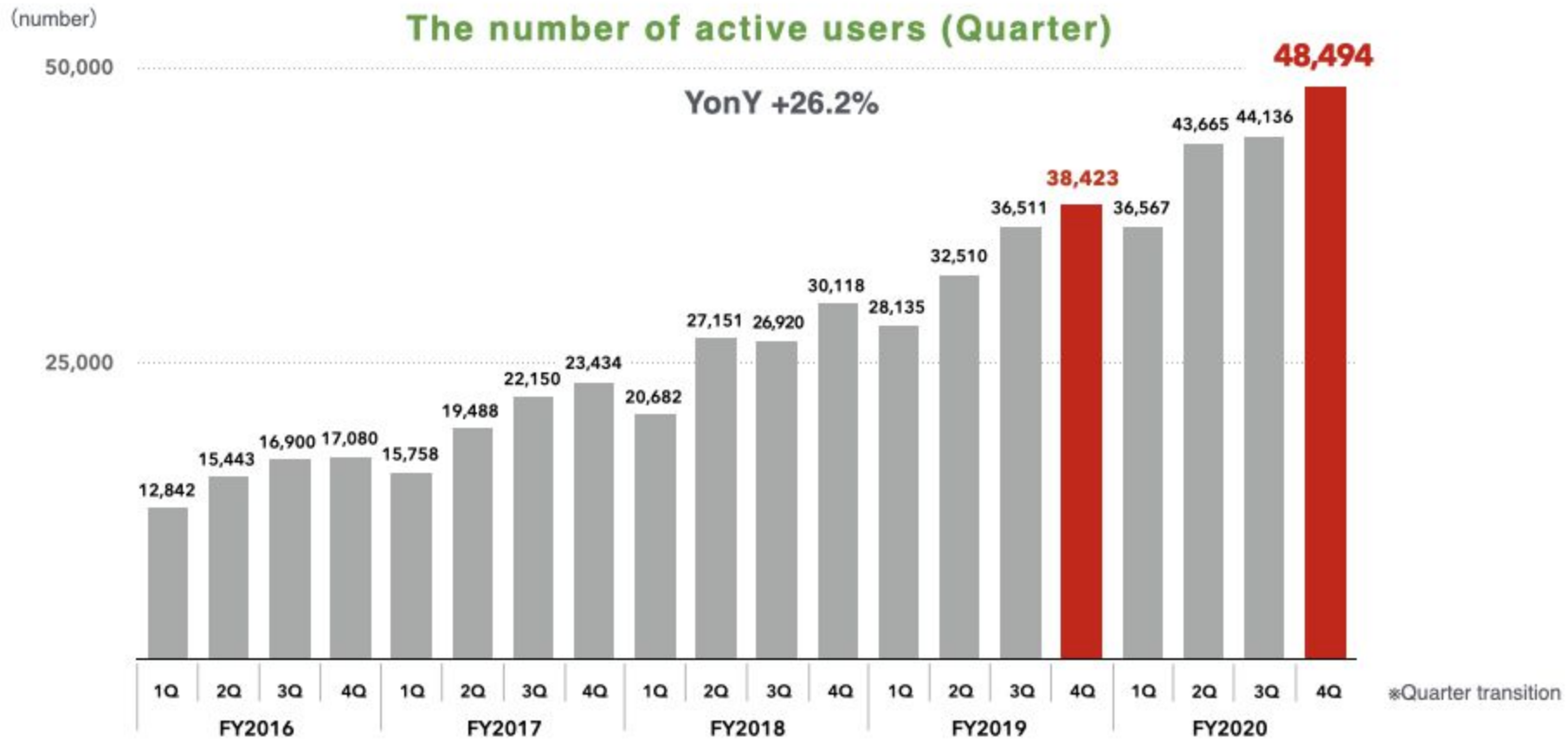
Though companies adopting Green is mostly in the IT/Web industry, digitalization is taking part in many industries. With the raise of credibility and recognition due to the market change to 1st section of TSE, many prominent companies have introduced Green.



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The number of active users is at an all-time high

The need to change jobs online continues to increase due to the shift to remote working



※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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Client companies continue to tighten hiring due to the impact of the COVID-19 and the number of new hires is in down trend.



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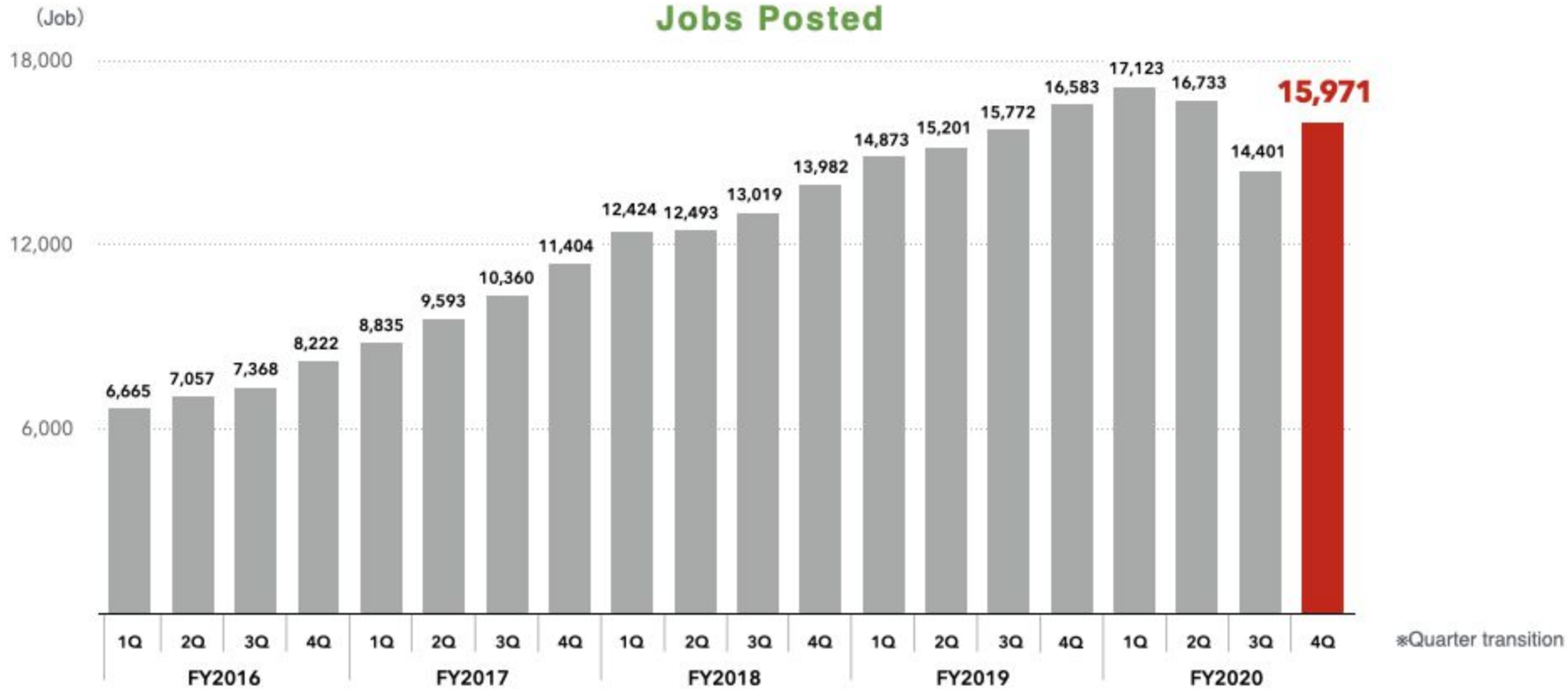
Steady Increase of Newly Registered Companies

Cumulative Registered Companies



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The decline in the number of jobs posted bottomed out at the end of the third quarter and is recovering in the fourth quarter and beyond



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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	1.3%
IT Industry	90 B yen ※2	54 B yen	4.6%

※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 2.5 B yen (FY2020 Actual)

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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.

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 32 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 Answer → 2 Data Process & Analyze → 3 Action → 1



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・LINE WORKS・Workplace)

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

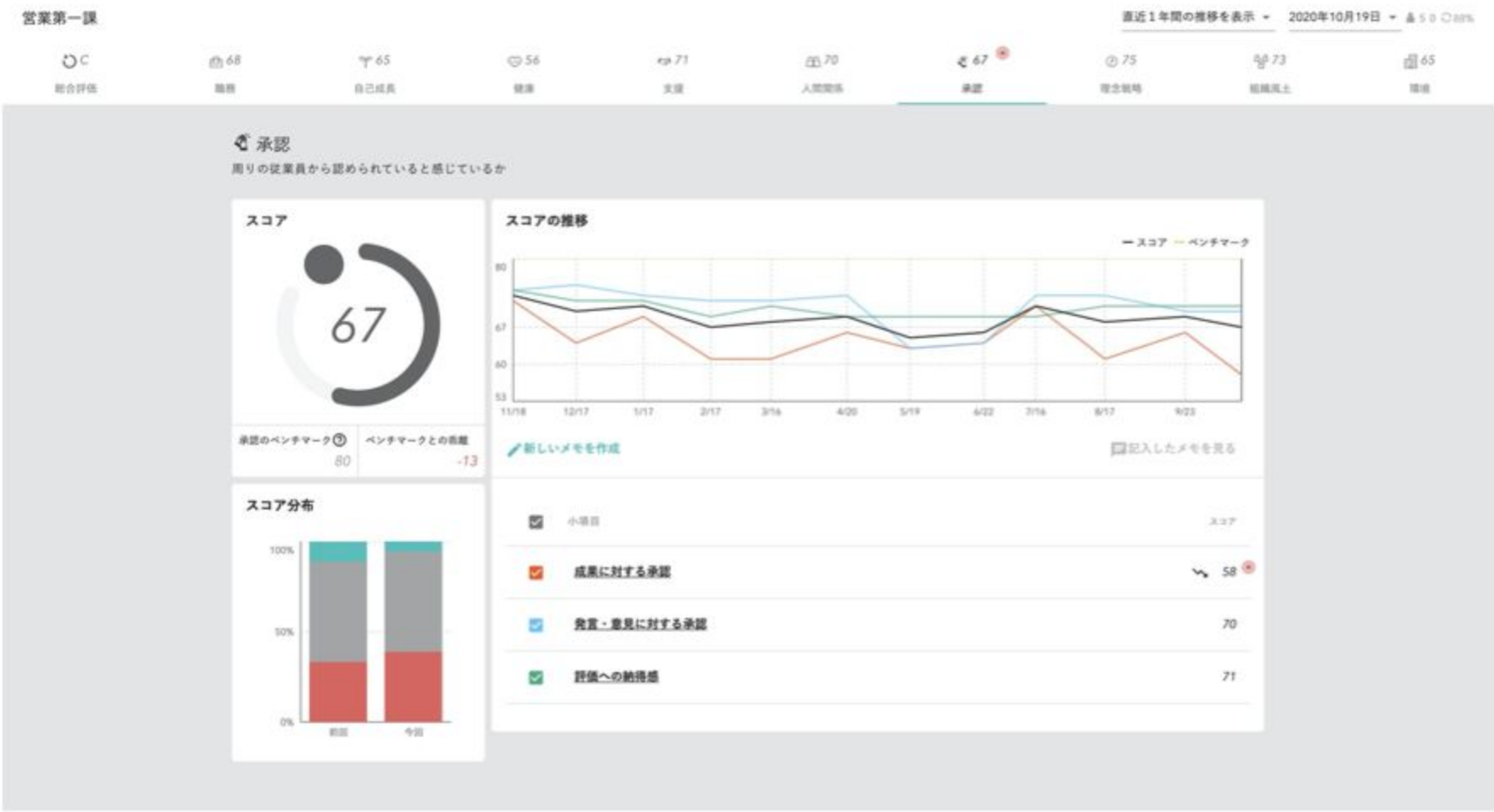
Analyze by various attributes such as department, position, year of joining, new graduate / mid-career



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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 1,690 companies. Increase of users more than the growth of the companies and organizations introduced.

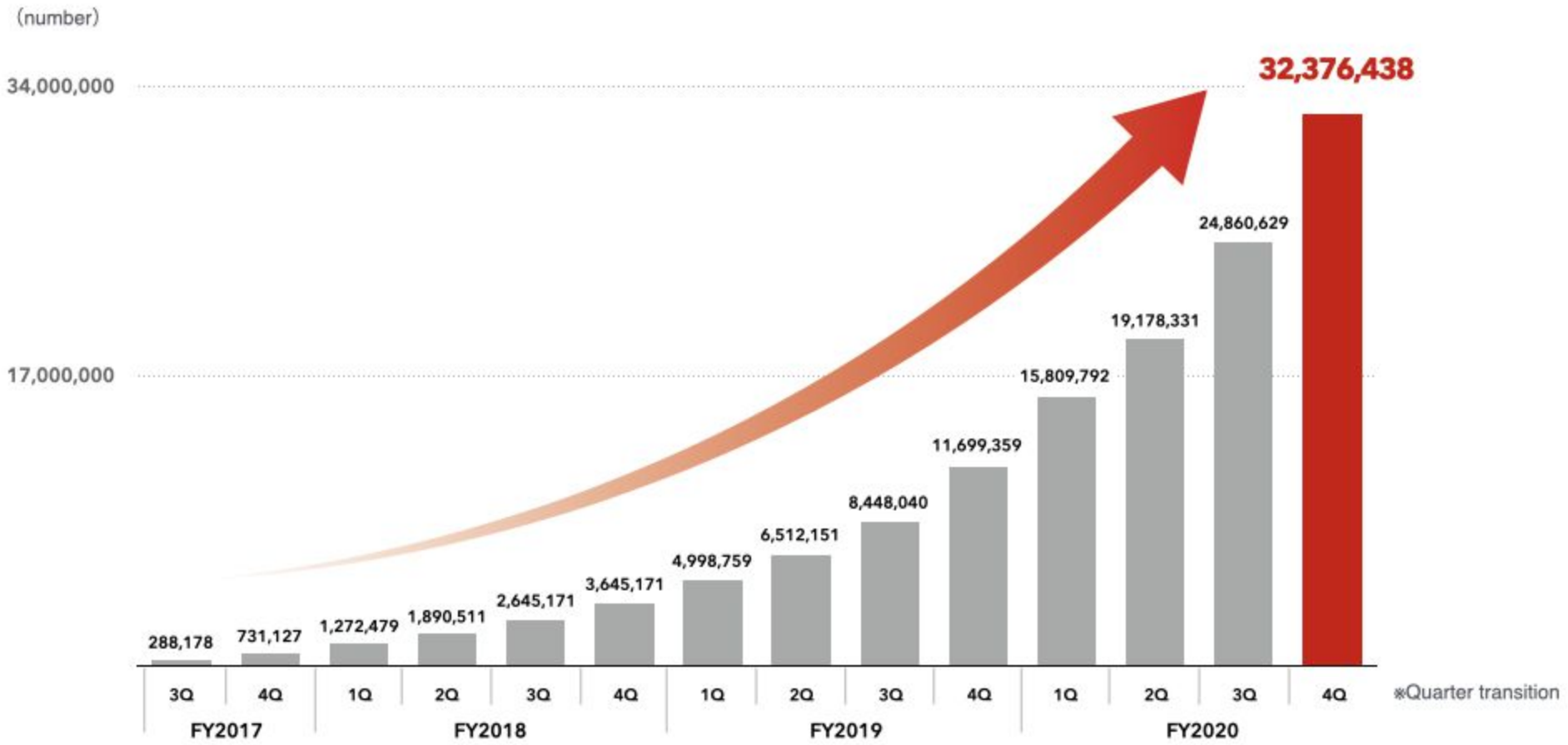


Reference from wevox homepage

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Increase of Answer Data

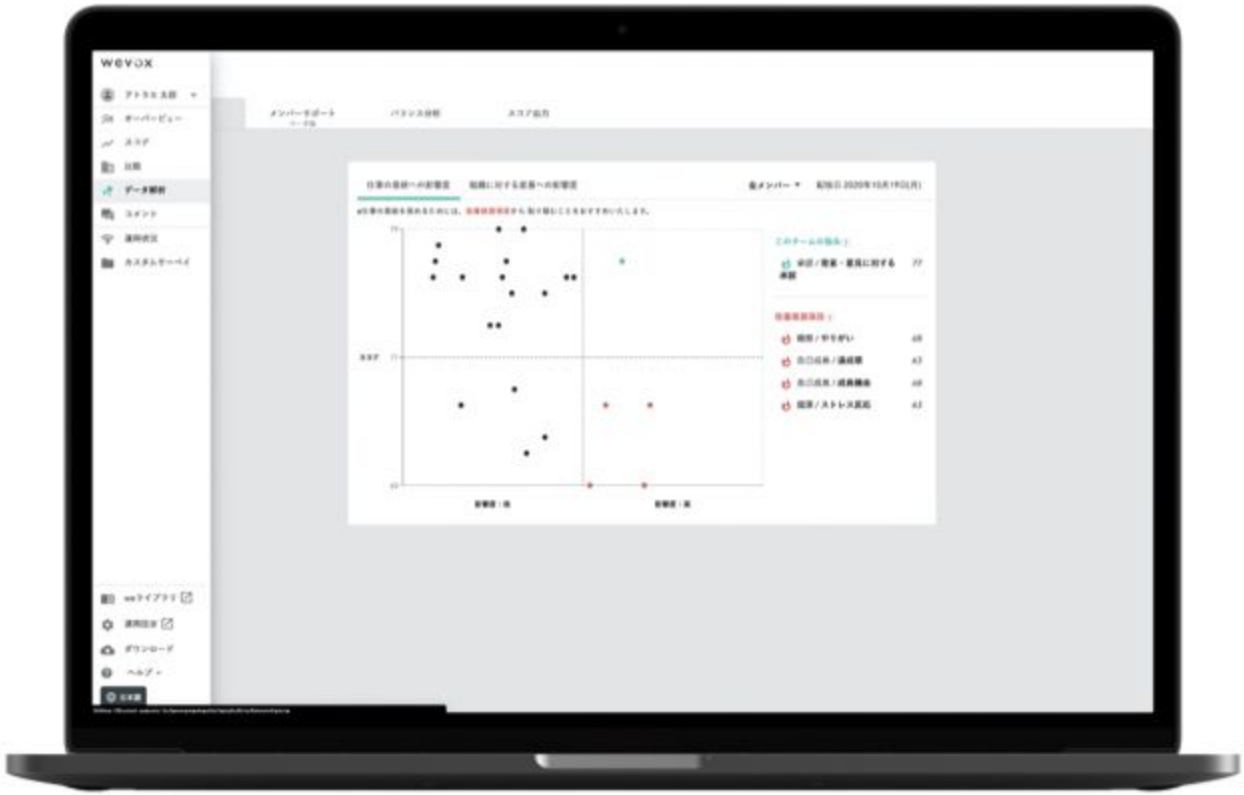
Continuously developing new features using response data to take competitive advantage



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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**

★4.1 (880 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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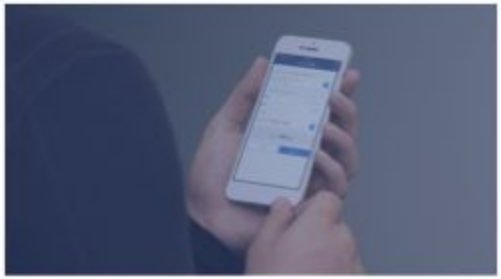
Potential Growth of yenta

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. The national version was released in Japan in May 2020.
The global version was released in India, the first country to launch the app globally in August 2020.

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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 September, 2020)
Capital Stock	1,123 (in JPY MM)
Location	Minato-ku, Tokyo, Japan

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