

:Atrae

Financial Results Explanatory Material

Financial Results for the 2nd Quarter of
Fiscal Year Ending September 30, 2020

Atrae, Inc. (TSE 1st Section : 6194)

Response to the infection of COVID-19

Building a solid financial base in case of emergency even before the COVID-19

While giving priority to profitability secureness, reviewing the pace of advertising investment and flexibly determining investment focusing on the enlarge of share after the COVID-19

Positive

全社

- Thorough "Autonomous Decentralized Organization" since establishment. Smooth transition into remote work.
- 4.0 billion Net Cash
- Commitment lines 600 million and overdraft limits 500 million

Green

- Expanding needs of job change online (the number of active users is steadily increasing)

wevox

- Attention is rising against the Employee Engagement due to the spread of remote work. The number of inquiries is increasing.

Negative

Green

- Down trend of recruitment needs of companies (Decline of initial sales and posts of job offers)
- Although transition of the interview process towards online progressed, delay is seen in the hiring process

wevox

- Due to the COVID-19, installation of wevox has been delayed for major companies.

Agenda

- 1. Company Overview**
- 2. Financial Highlights**
- 3. About Business**
- 4. References**

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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.

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”.



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First Half of FY2020

First Half of FY2020

Sales	1,753	Million yen	YoY +18.0	%	Progress 41.7	%
Operating Profit	259	Million yen	YoY △43.9	%	Progress 29.4	%

Business

Green Key Indicator YoY Active User Growth 34.3%

Due to the influence of COVID-19, although transition of the interview process towards online progressed, delay is seen in the hiring process

Down trend of recruitment needs of companies (Decline of initial sales and posts of job offers)

Monthly churn rate for wevox members is around 1%

Topics

Press Release of SMBC Introducing "wevox" company-wide

Inquiries for wevox from major companies have increased.

Quarterly Financial Highlights

Due to the influence of COVID-19 which led to the delay of the hiring process,
YonY sales growth rate of Q2 is 23.6%

The first half(Q2 cumulative) YonY sales growth rate is 18.0%

(Note: YonY sales growth rate of Q1 is 12.4%)

(Million yen)	FY2020 Q2	Y on Y		Q on Q		FY2020 First Half	Y on Y		Progress	
		FY2019 Q2	%	FY2020 Q1	%		FY2019 First Half	%	FY2020 Guidance	%
Sales	910	736	23.6%	843	7.9%	1,753	1,486	18.0%	4,200	41.7%
Green	804	681	18.1%	745	7.9%	1,549	1,386	11.8%	3,742	41.4%
wevox yenta	106	55	92.7%	98	8.2%	204	100	104.0%	458	44.5%
Operating Expense	847	499	69.7%	647	30.9%	1,494	1,024	45.9%	3,320	45.0%
Operating Profit	63	237	△73.4%	196	△67.9%	259	462	△43.9%	880	29.4%
Operating Margin	6.9%	32.2%	△25.3pt	23.3%	△16.4pt	14.8%	31.1%	△16.3pt	21.0%	-

YonY Comparison (sales)

TV CM released in mid February as scheduled
While giving priority to ensure the profitability, implementing
strategic advertisement focusing on the after COVID-19

			Y on Y						Y on Y		
(Million yen)	FY2020 Q2	% of Sales	FY2019 Q2	% of Sales	%	FY2020 First Half	% of Sales	FY2019 First Half	% of Sales	%	
Sales	910	100.0%	736	100.0%	23.6%	1,753	100.0%	1,486	100.0%	18.0%	
Operating Expense	847	93.1%	499	67.8%	69.7%	1,494	85.2%	1,024	68.9%	45.9%	
Cost of sales	14	1.5%	13	1.8%	7.7%	29	1.7%	27	1.8%	7.4%	
SG&A	Web Ad Spend	460	50.5%	298	40.5%	54.4%	860	49.1%	616	41.5%	39.6%
	TV Ad Spend	138	15.2%	0	0.0%	-	138	7.9%	0	0.0%	-
	Personnel Cost	137	15.1%	113	15.4%	21.2%	275	15.7%	220	14.8%	25.0%
	Other	98	10.8%	75	10.2%	30.7%	192	11.0%	161	10.8%	19.3%
Operating Profit	63	6.9%	237	32.2%	△73.4%	259	14.8%	462	31.1%	△43.9%	

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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

Point 1

The First Model in this industry

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

Point 2

Inexpensive uniform fixed price

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

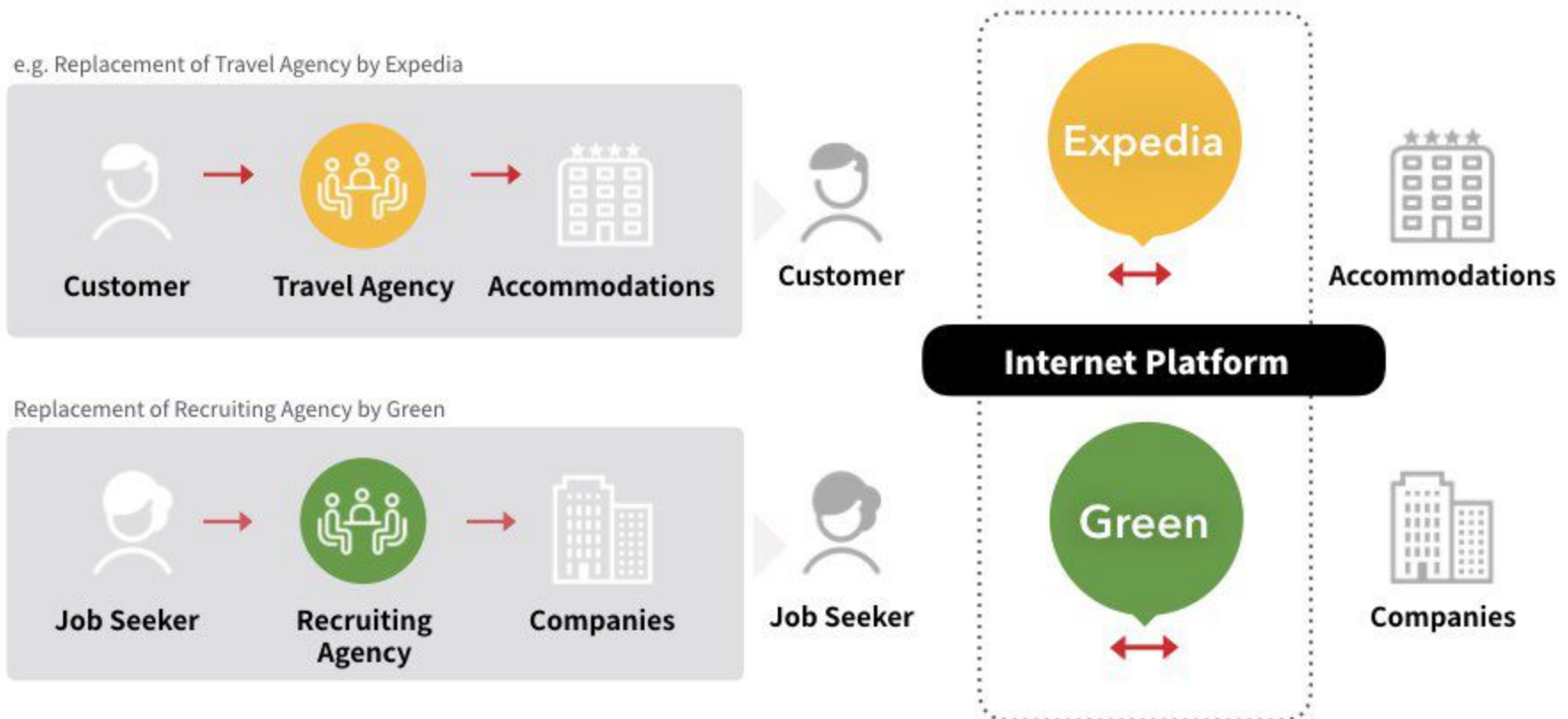
Point 3

Direct recruiting platform

Job seekers and companies can take action and communicate interactively.

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.



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 **7,000**

Number of Registered User ID

More than **720** thousand

High recognition among recruiting companies

※1 Action data, profile data, selection data

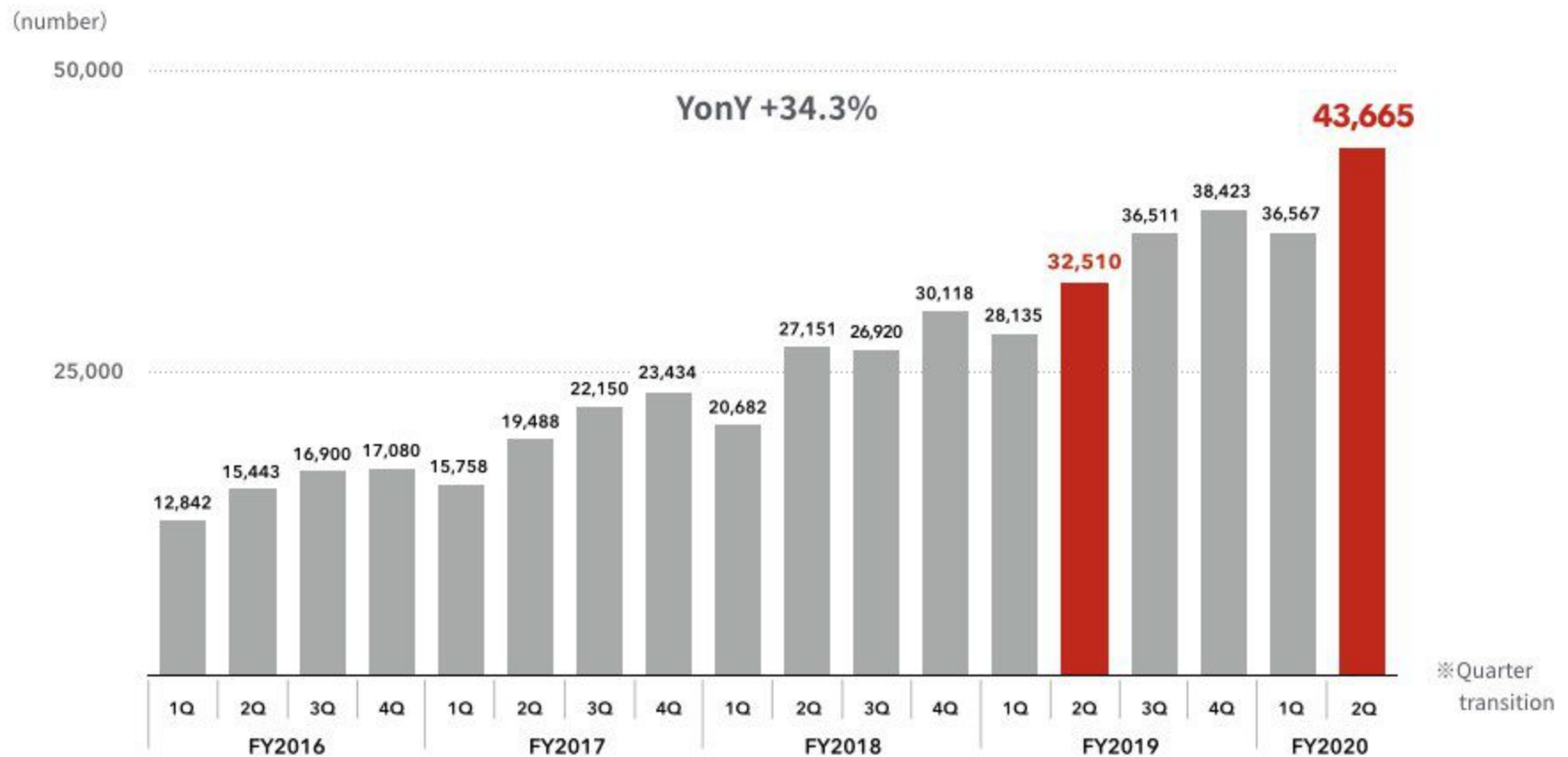
Companies from Various Industries Introduce Green

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.



The Number of Active Users

Due to the transition to remote work, needs of the job change online is increasing

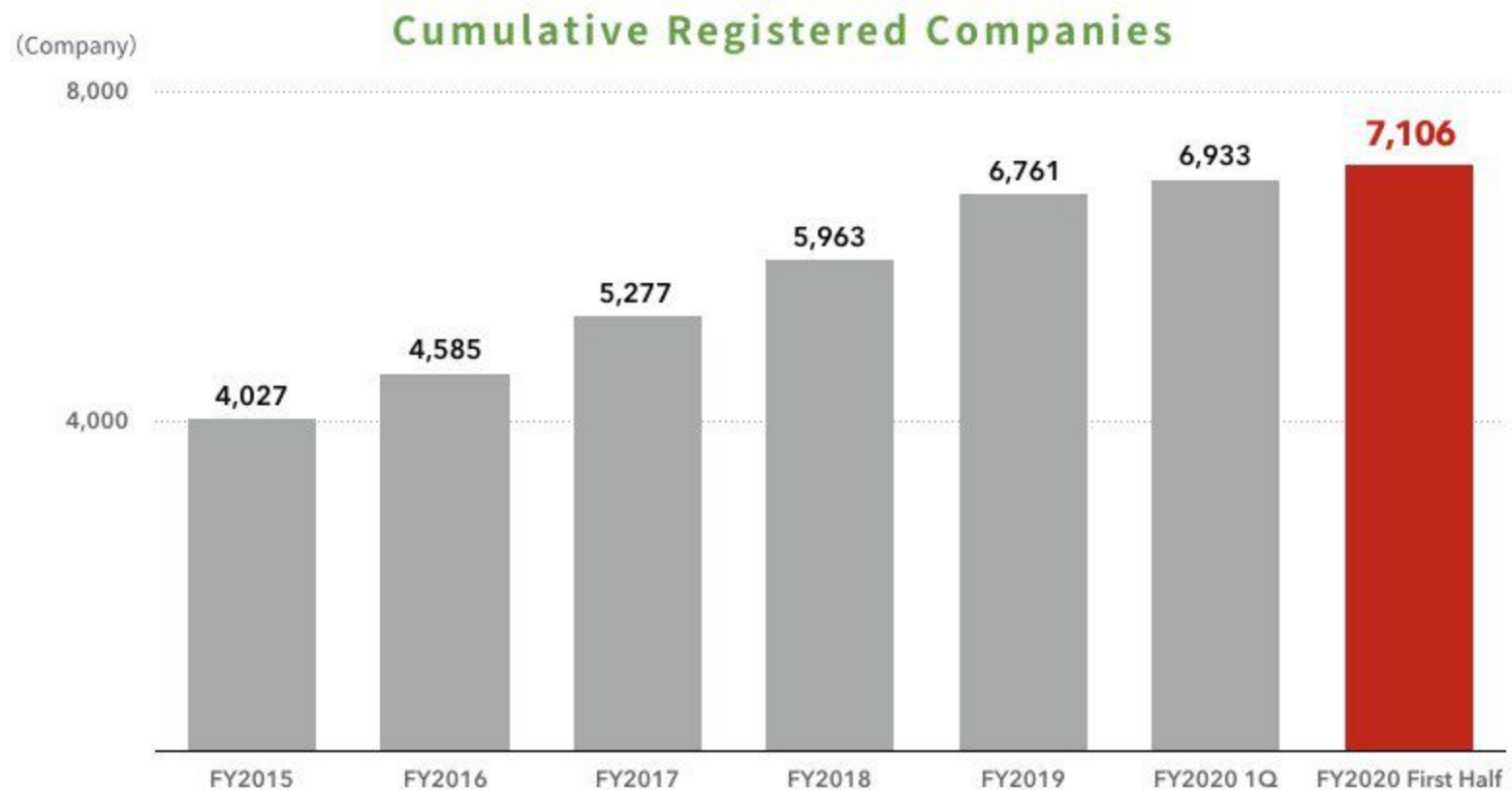


※1 Active user : Job seekers who log in at least once a month among job seekers who are registered with Green

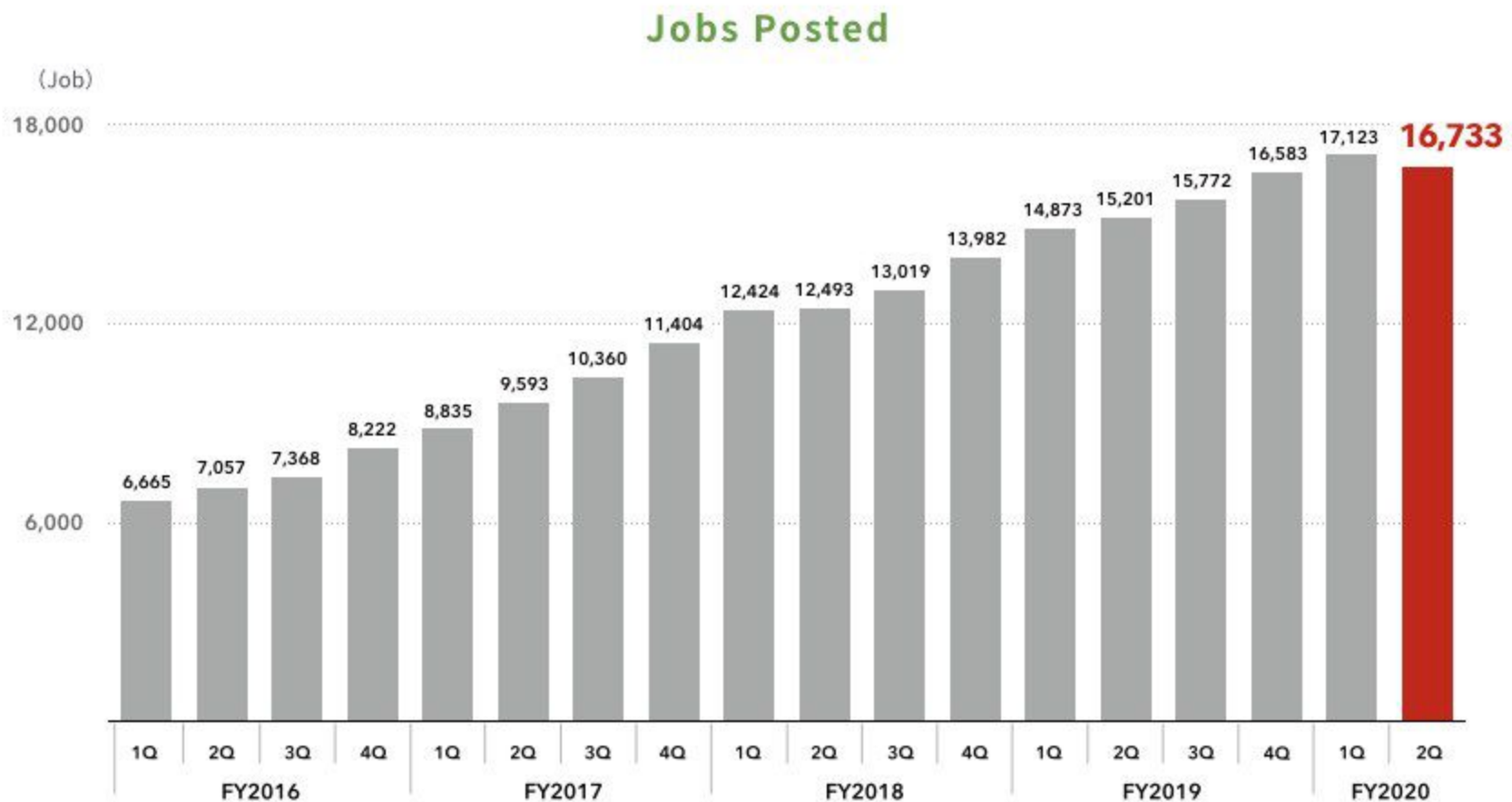
Delay is seen in the hiring process due to the COVID-19



Steady Increase of Newly Registered Companies



Posts of job offers slightly decreased due to the influence of COVID-19



※ Quarter transition

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	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)

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

Point 1 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

Point 2 Utilizing technology

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

Point 3 Affordable price with SaaS model

Offer a low price of ¥ 300 per employee per month

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)



3 Data analysis

Applying over 19 million responses to machine learning

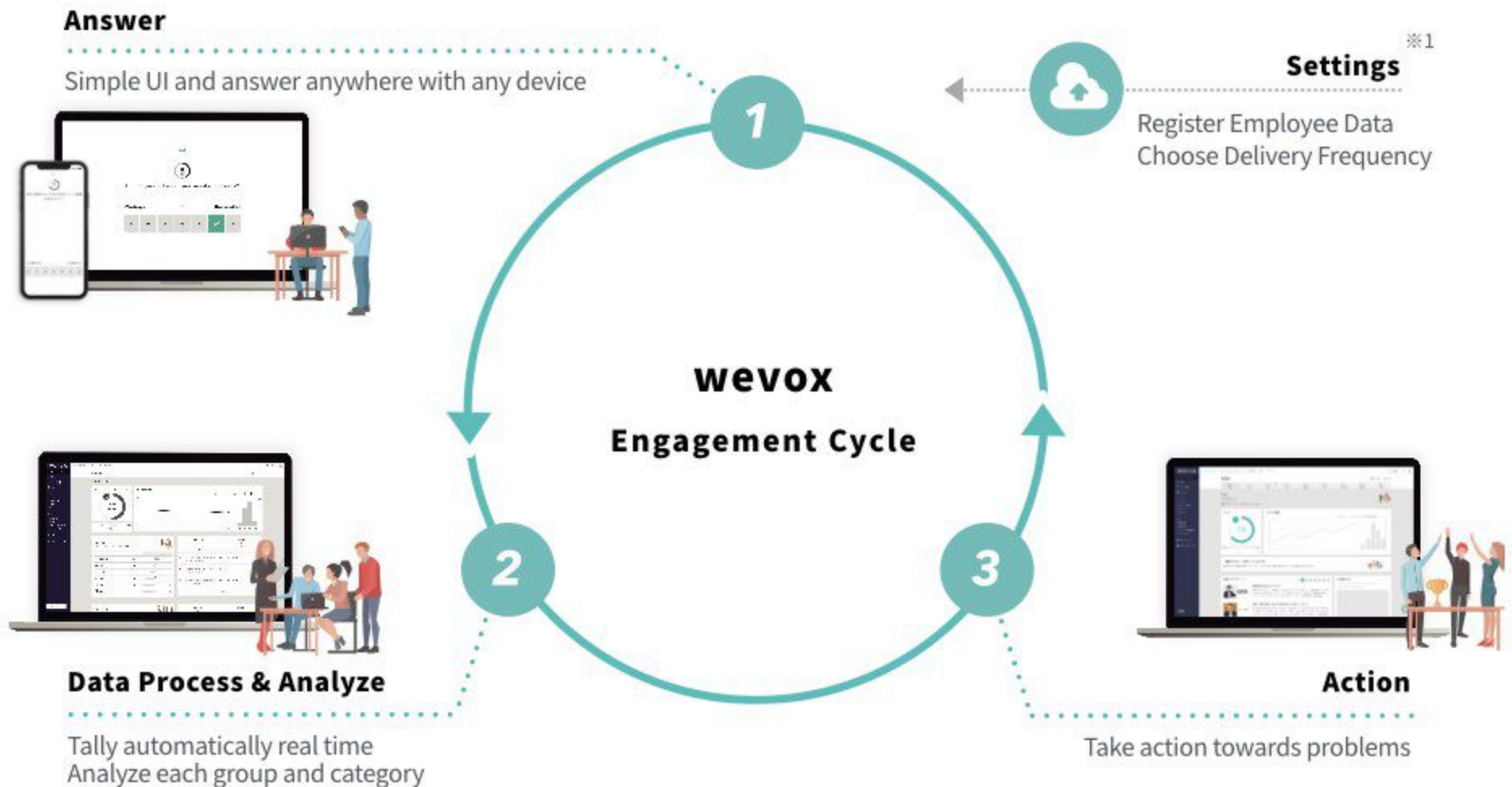


4 Academic basis

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



wevox Use Case



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

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)

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

wevox

メンタルヘルスや身体健康に
関するサーベイを追加!!



～エンゲージメントに加え、より深い「状態理解」を可能に～

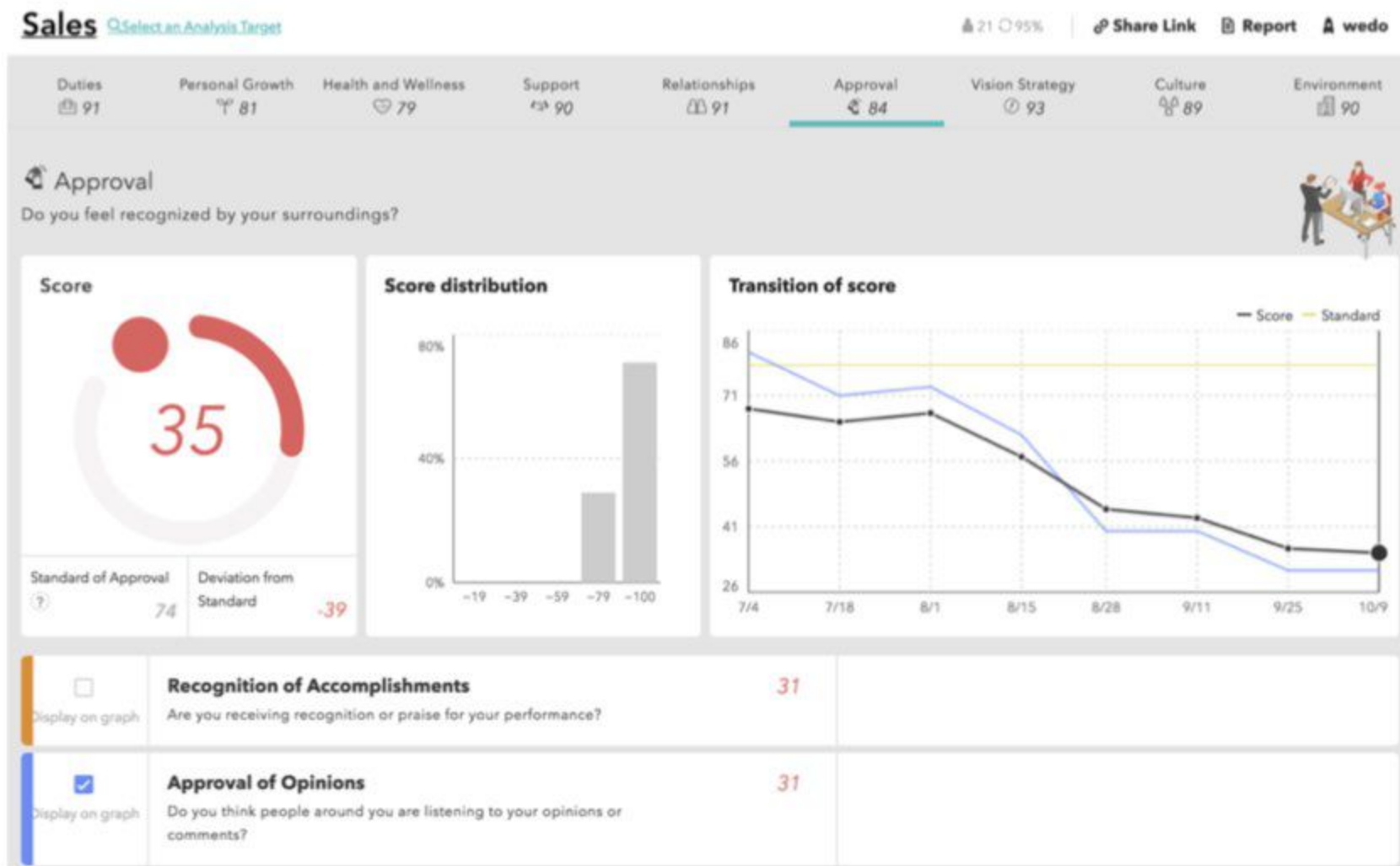
View results in real time

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			Rank			Duties			Personal Growth			Health and Wellness			Support		
Targeted Counts			Response rate			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					

Periodic observation by pulse survey

Enables detailed analysis through comparing with the past data



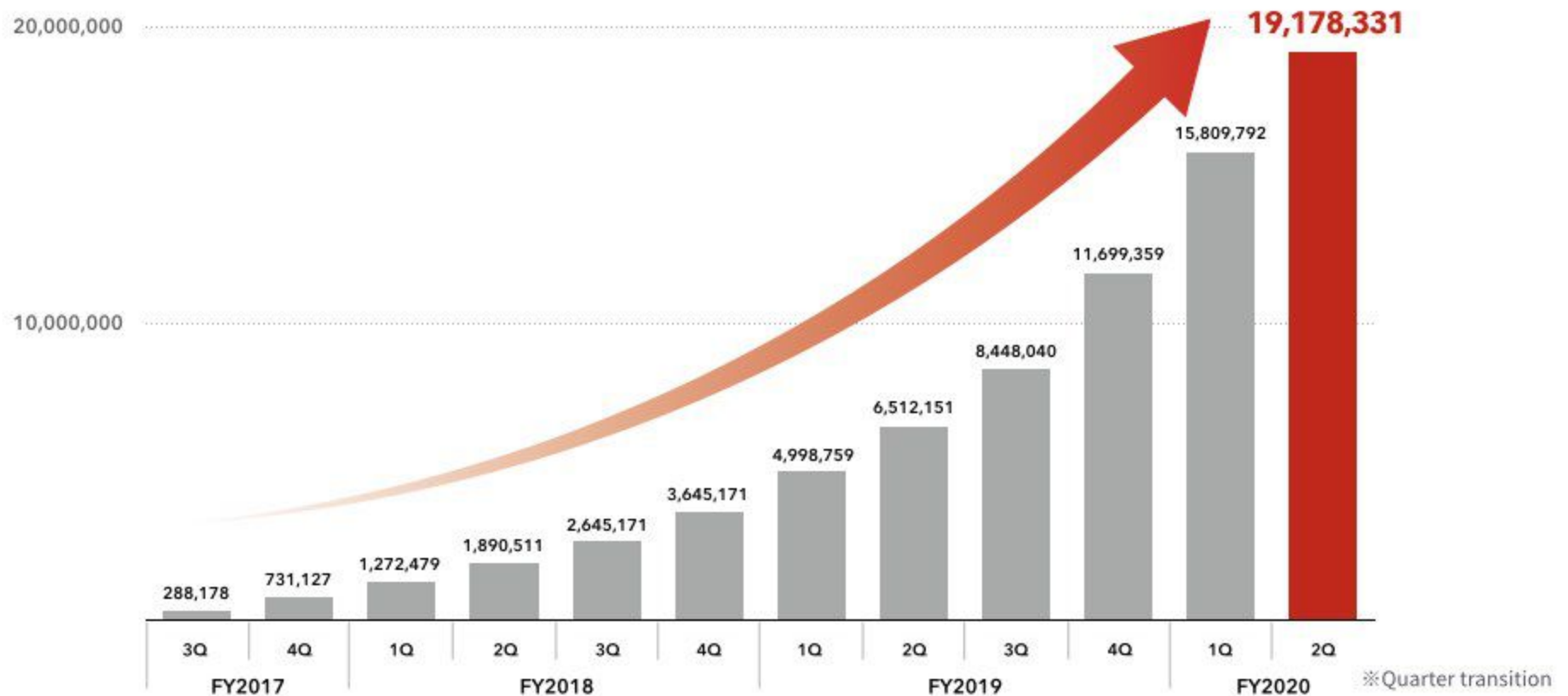
wevox has been introduced in many industries

Companies adopting wevox cover many different industries and sectors such as IT, securities, medical, food, Sports teams. Currently, wevox is adopted by more than **1,500** companies. Increase of users more than the growth of the companies and organizations introduced



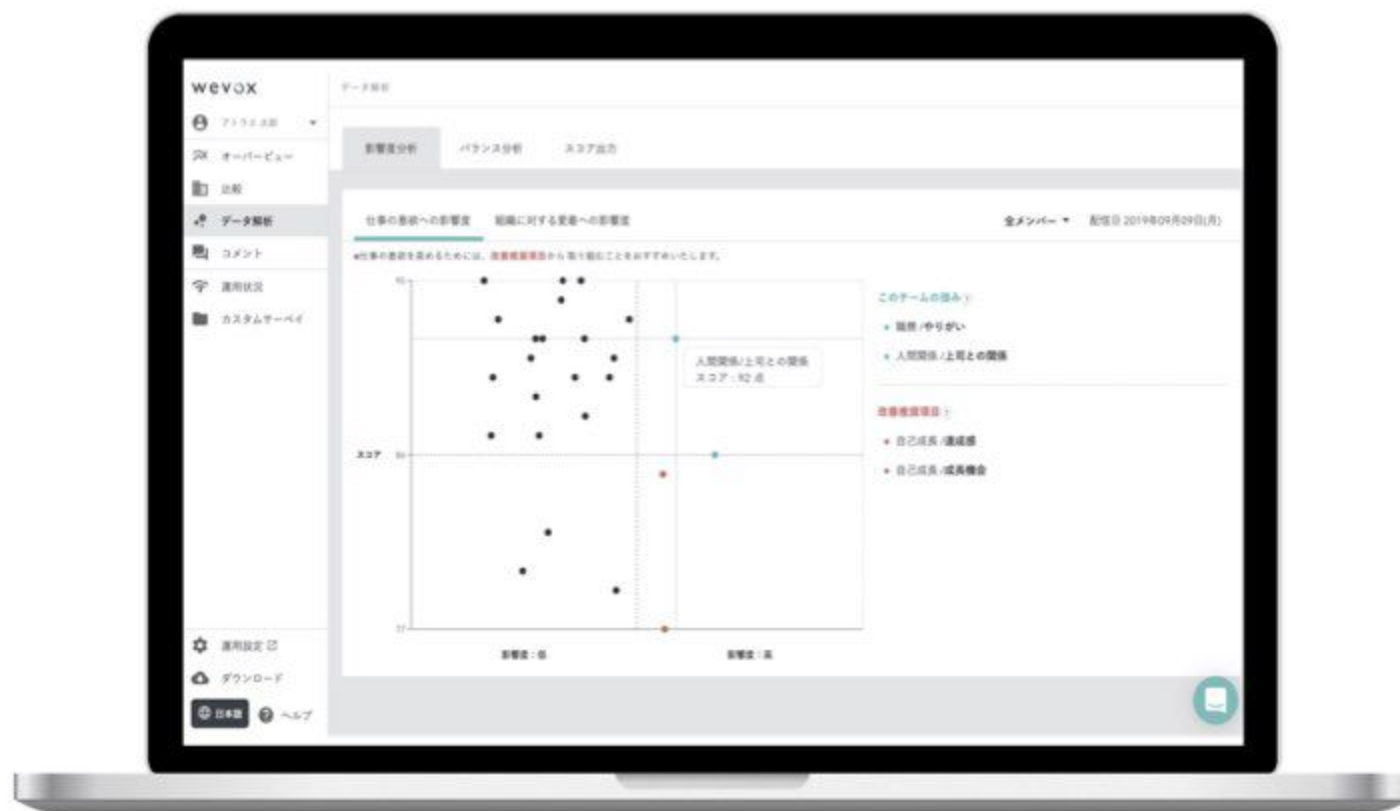
Increase of Answer Data

Continuously developing new features using response data to take competitive advantage



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



Potential Growth of wevox

Potential target

All Employed Persons

67.2M ^{※1}
People

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 × ¥300 per person × 12 months = ¥242B

yenta



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

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.



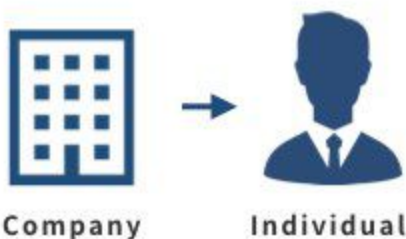
Co-founded a startup company

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.

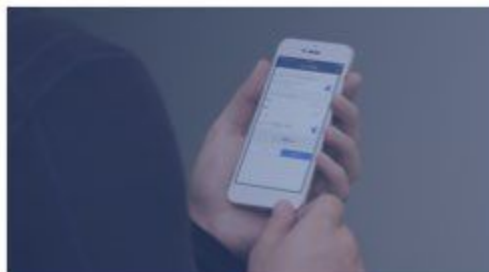
Potential Growth of yenta

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

wevōx

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

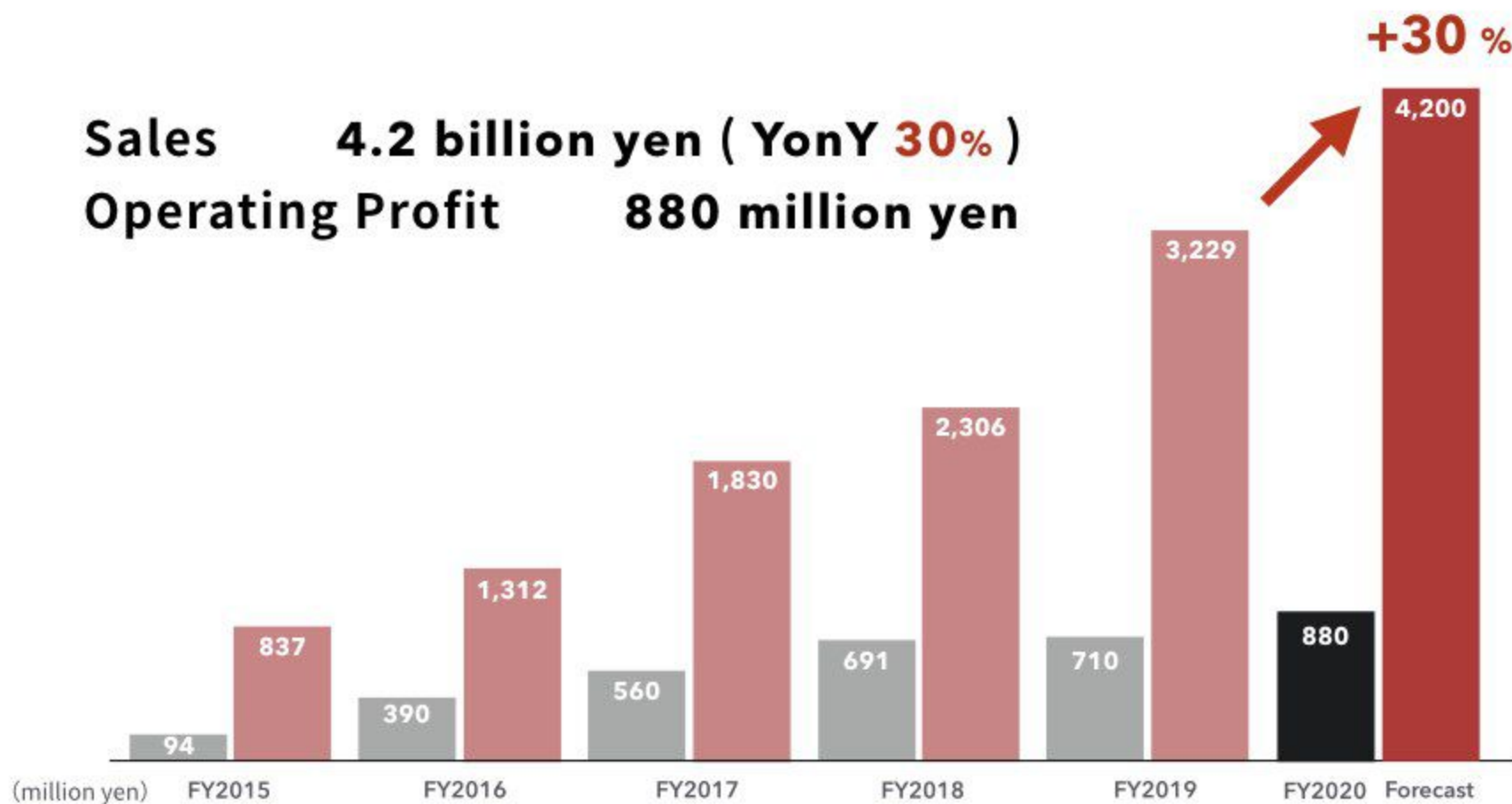
New Business

Challenging a new business within the People Tech
field

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 (YoY 30%)**
Operating Profit **880 million yen**

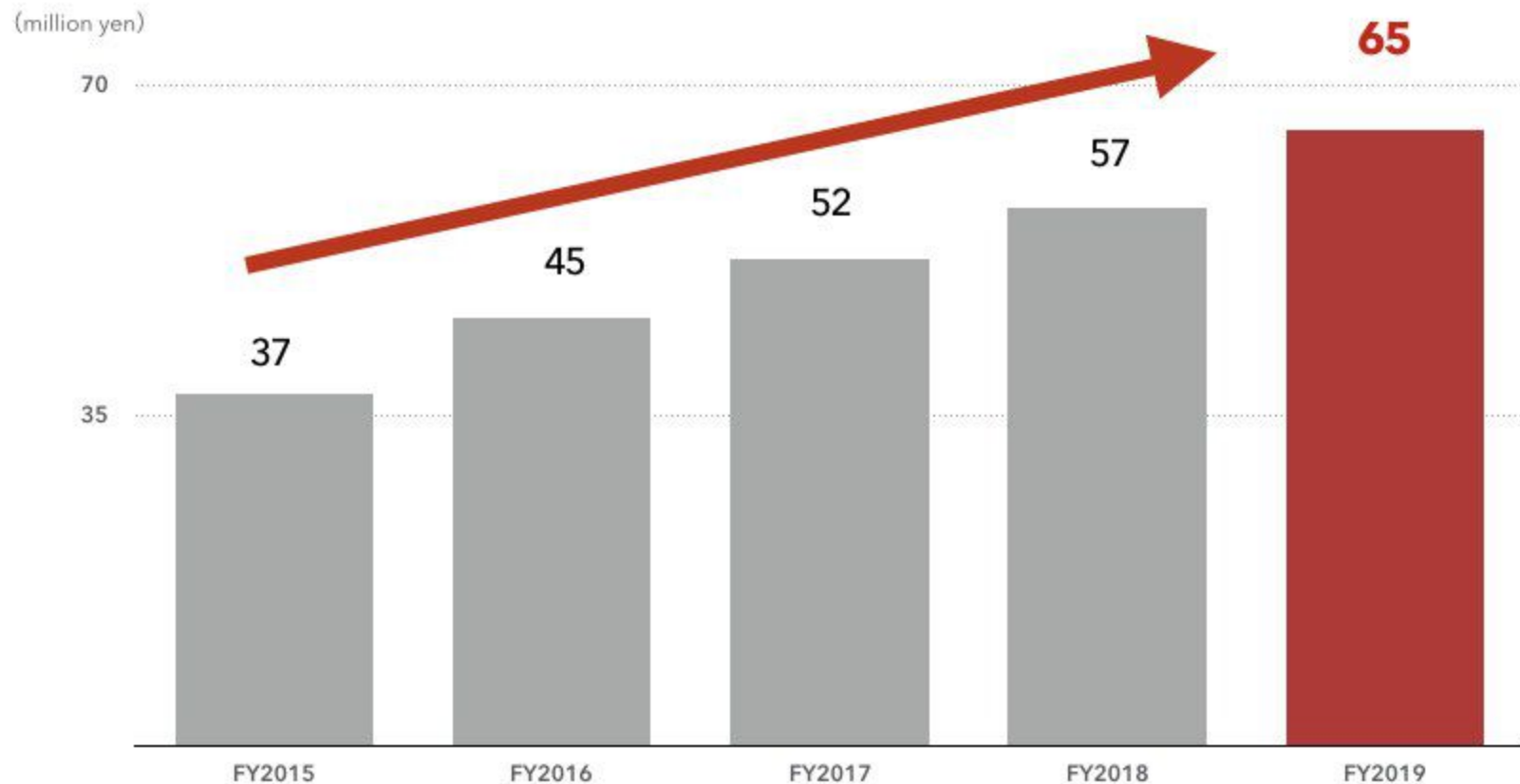


FY 2020 Guidance

(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%

Transition of Sales Per Employee

Updated our best productivity



Shareholding Structure

More than 50% owned by domestic and foreign institutional investors



:Atrae

Name	Atrae, Inc.
Business Outline	Green : a contingency fee basis job site wevox : a platform for organizational improvement yenta : a matching app for business professionals
Foundation	October, 2003
Management	Yoshihide Arai, Founder/CEO
Employee	55 (As of March, 2020)
Capital Stock	1,122 (in JPY MM)
Location	Minato-ku, Tokyo, Japan

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