

August 12, 2016

Company Name	Livesense, Inc.
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Notice Concerning Posting of Extraordinary Loss and Revision to Full-Year Earnings Forecast

In the second quarter of the fiscal year ending December 31, 2016, we posted an extraordinary loss (goodwill impairment loss) as described below. We also revised the full-year consolidated earnings forecast for the year ending December 31, 2016 announced on February 12, 2016.

1. Posting of extraordinary loss (goodwill impairment loss)

In regards to the goodwill arising from acquisition of shares in our consolidated subsidiary, waja Co., Ltd. (waja), the financial results of the company are trending below the initial plan, so after careful consideration, we decided on a one-time amortization of unamortized goodwill and posted an impairment loss of ¥318 million in the consolidated financial statement.

Waja operates its main C-to-C overseas fashion EC site, “waja,” and others including EC site “REASON Outlet,” an official sales outlet for import brands. It is increasing the number of products it carries by leveraging its proprietary fulfillment* system. However, acquisition of new brands to list on REASON Outlet and customer attraction measures like web marketing took longer than initially planned, so the business plan had to be substantially revised. In the future, we will focus on attracting users through enhancement of web and e-mail marketing, promotion of listing of several import brands most recently acquired and acquisition of more new brands, enhancement of support for major waja buyers and other efforts to expand the business and improve the results.

2. Revision to Full-Year Consolidated Earnings Forecast for Year Ending December 31, 2016(January 1, 2016-December 31, 2016)

(Unit : Millions of JPY)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Parent Company Shareholders	EPS
Previously announced forecast (A)	5,500-5,800	100-150	115-165	60-95	yen 2.14-3.38
Revised forecast (B)	5,500	450	465	(60)	(2.14)
Amount of change (B-A)	-	300-350	300-350	(120)-(155)	(4.28)-(5.52)
Percentage change (%)	-	200.0-350.0	181.8-304.3	-	-
(Reference) Previous year's results (Year ended December 31, 2015)	5,069	7	19	10	0.39

3. Reasons for revisions

In the fiscal year ending December 31, 2016, we worked to improve productivity in the first half, and the plan for the second half is to engage in business investments for the purpose of expanding our main services in the medium to long term. Since the beginning of the year, we have been working on streamlining advertising placement and other efforts to improve productivity. As a result, second quarter cumulative (first half) operating income and recurring income were significantly higher than the full-year consolidated earnings forecast, so we have revised the forecast upward based on recent performance trends.

At the same time, as described in 1. above, we posted an extraordinary loss in the second quarter financial statement, so we have revised net profit attributable to parent company shareholders and earnings per share downward.

In the second half, we will make efforts to achieve the numerical targets of the forecast by engaging in selected investments in our main businesses such as career change discussion site “Tenshoku Kaigi” and part-time employment information site “Jobsense” in anticipation of medium- to long-term growth and working to make new businesses profitable as quickly as possible and strengthen our collaboration with consolidated subsidiary Waja.

*Fulfillment:

The series of processes in EC from product storage to order acceptance, shipment and delivery. Waja's fulfillment system goes beyond these to include inspection and measurement of all products consigned by sellers, taking and editing of photographs to be published on the site, customer support, payment processing and handling returns and refunds.