



FY2016 2nd Quarter Financial Results

August 12, 2016
Livesense Inc.
(TSE1 : 6054)

Agenda

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- 2 Business Overview & Approach for 2H FY2016
- 3 Financial Forecasts
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Financial Results

2Q FY2016 Financial Results Overview

- Sales and operating income both up YoY. Profits up substantially owing to measures to improve productivity, including streamlining of advertising placement.
- Net Income negative due to posting of extraordinary loss associated with waja goodwill impairment.

(Unit : Millions of JPY)

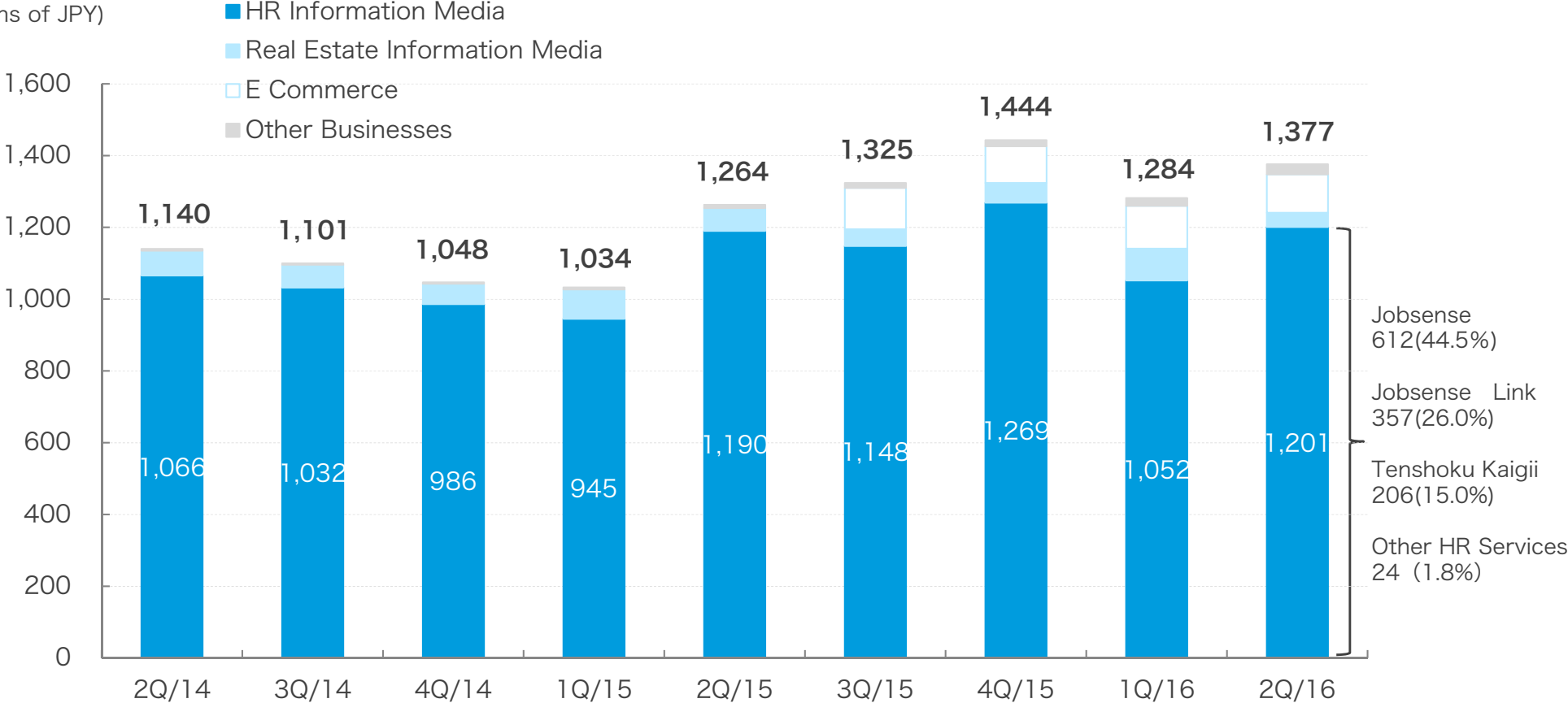
	2Q/16	2Q/15	YoY	1Q/16	QoQ
Net Sales	1,377	1,264	+8.9%	1,284	+7.3%
Gross Margin	1,246	1,176	+5.9%	1,151	+8.2%
SG&A Expenses	1,103	1,244	-11.3%	997	+10.6%
Operating Income	142	(68)	-	154	-7.6%
Operating Margin(%)	10.3%	-	-	12.0%	-1.7pt
Ordinary Income	147	(67)	-	156	-
Extraordinary Income	0	34	-	0	-
Extraordinary Loss *	318	0	-	0	-
Net Pretax Income	(170)	(33)	-	156	-
Net income	(226)	(43)	-	97	-

* : A goodwill impairment loss associated with consolidated subsidiary waja

Net Sales

Growth of Tenshoku Kaigi and making waja subsidiary contributed to 8.9% increase in sales YoY.

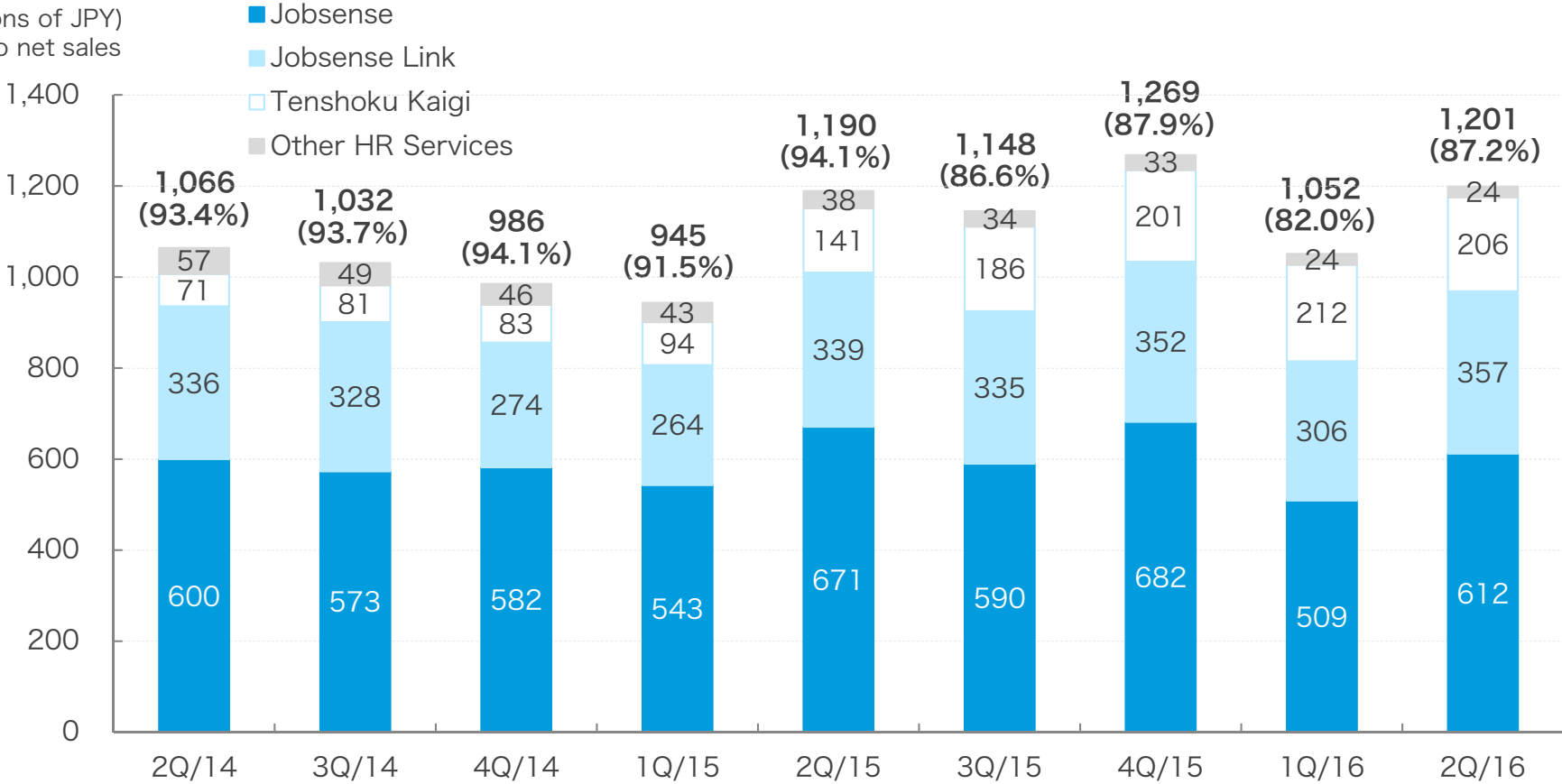
(Unit : Millions of JPY)



Net Sales Breakdown – HR Information Media

- Sales down 8.8% YoY due to streamlining of Jobsense advertising placement; focus was on improving productivity.
- Continued progress on monetization measures for Tenshoku Kaigi resulted in 46.0% increase in sales YoY.

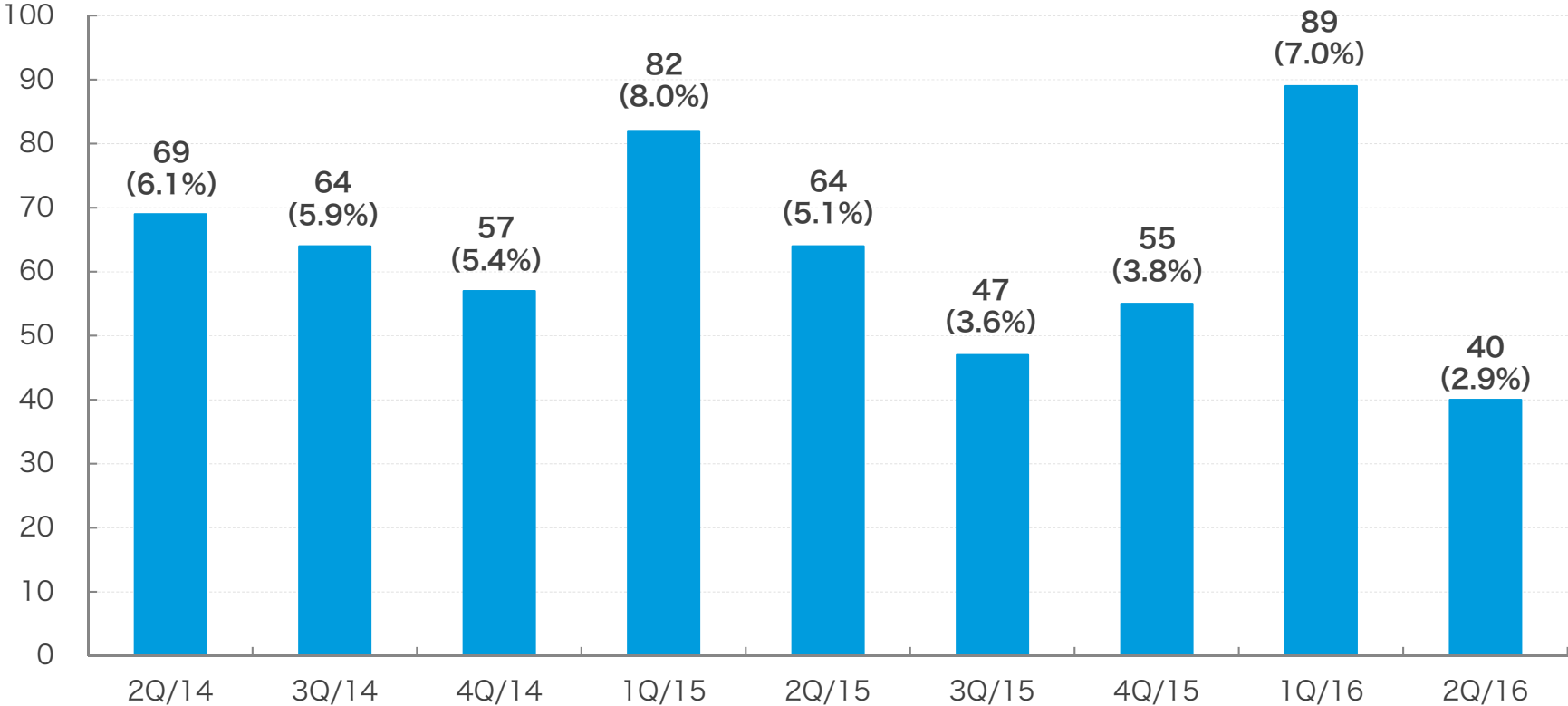
(Unit : Millions of JPY)
 (%): Ratio to net sales



Net Sales Breakdown – Real Estate Information Media

Door chintai sales down 39.9% YoY due in part to revision of contracts with some customers for property information postings.

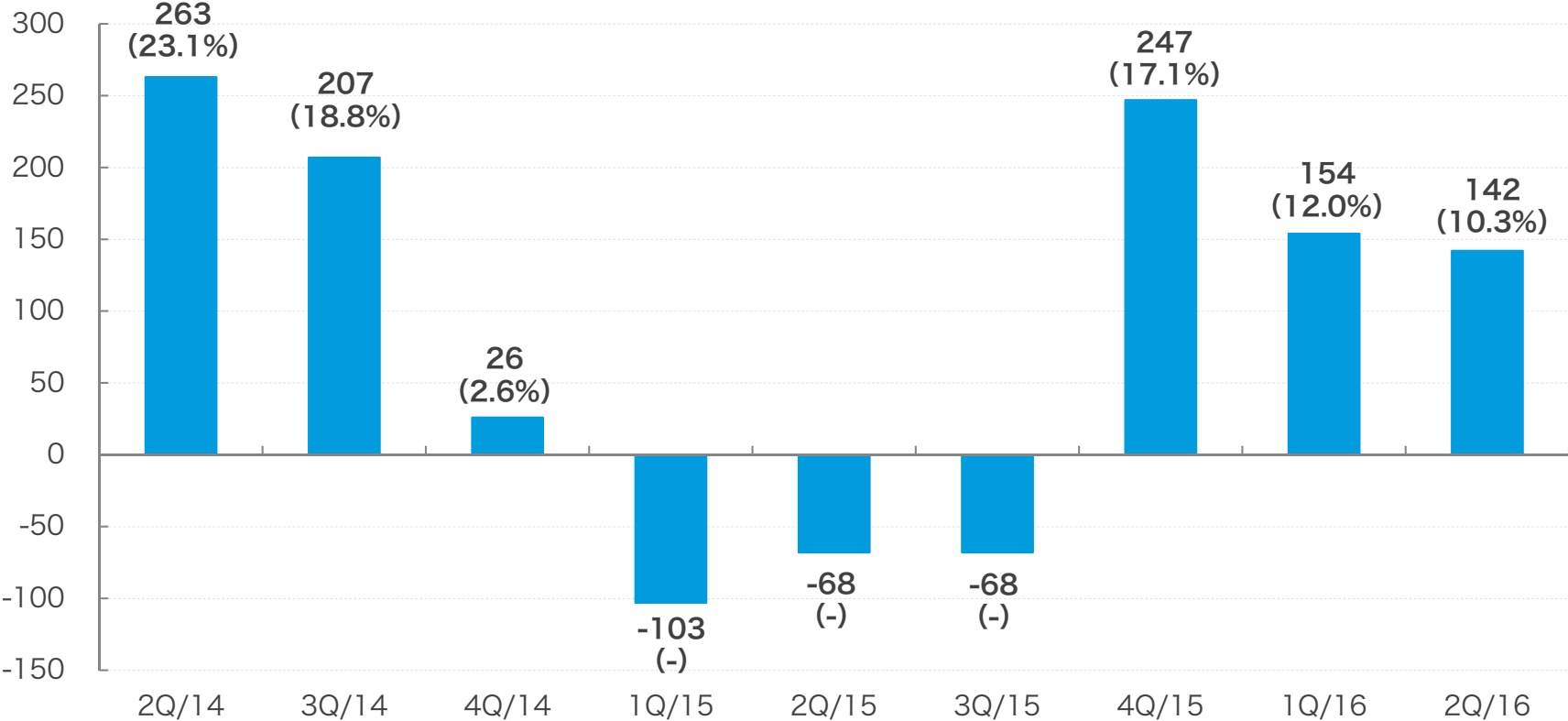
(Unit : Millions of JPY)
(%): Ratio to net sales



Operating Income

Effective measures to improve productivity in 1H produced substantial increase in profits YoY.

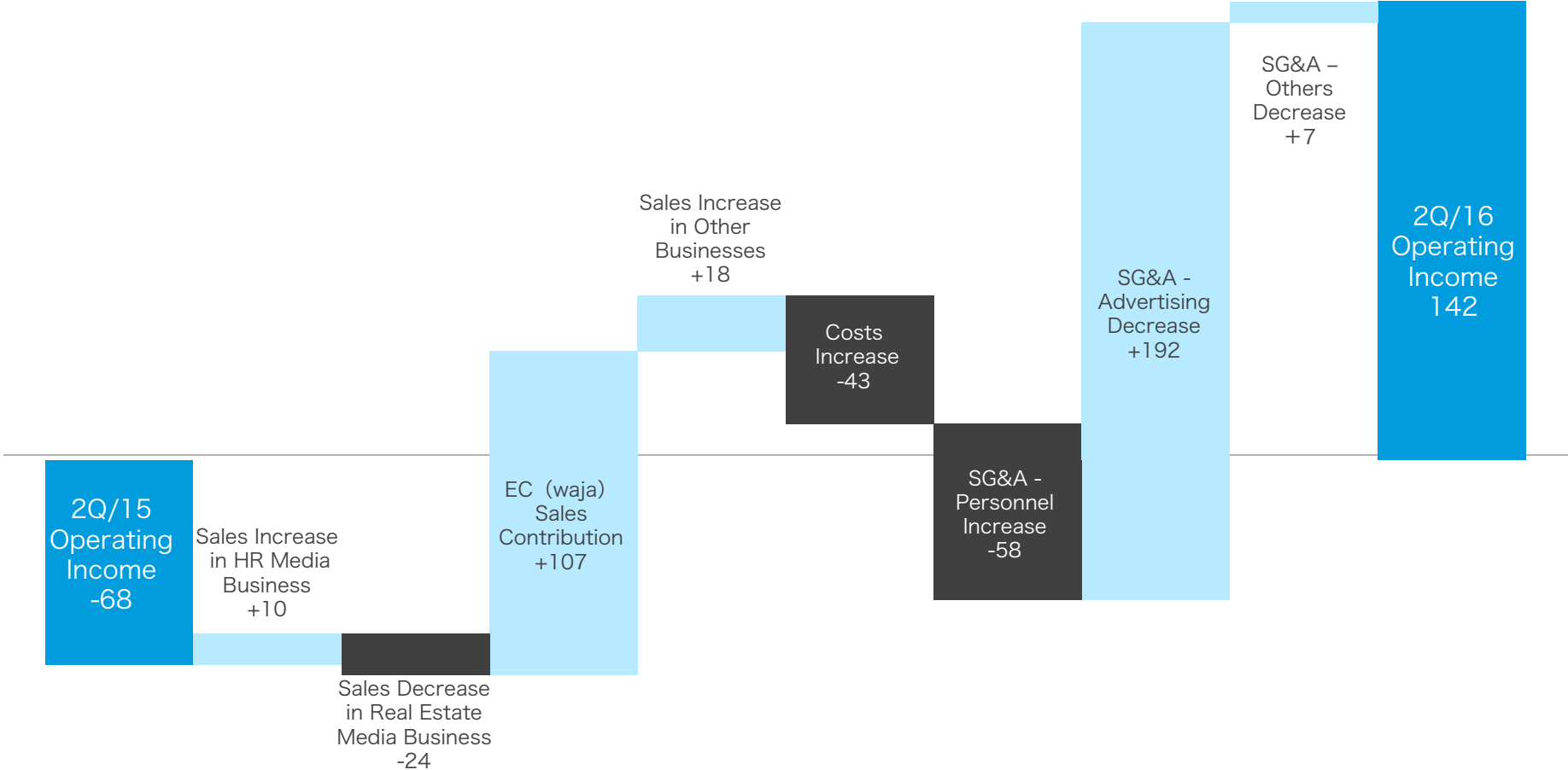
(Unit : Millions of JPY)
(%): Ratio to net sales



Operating Income - YoY Comparison

Increased income company-wide and streamlining of advertising placement contributed significantly to increased operating income YoY.

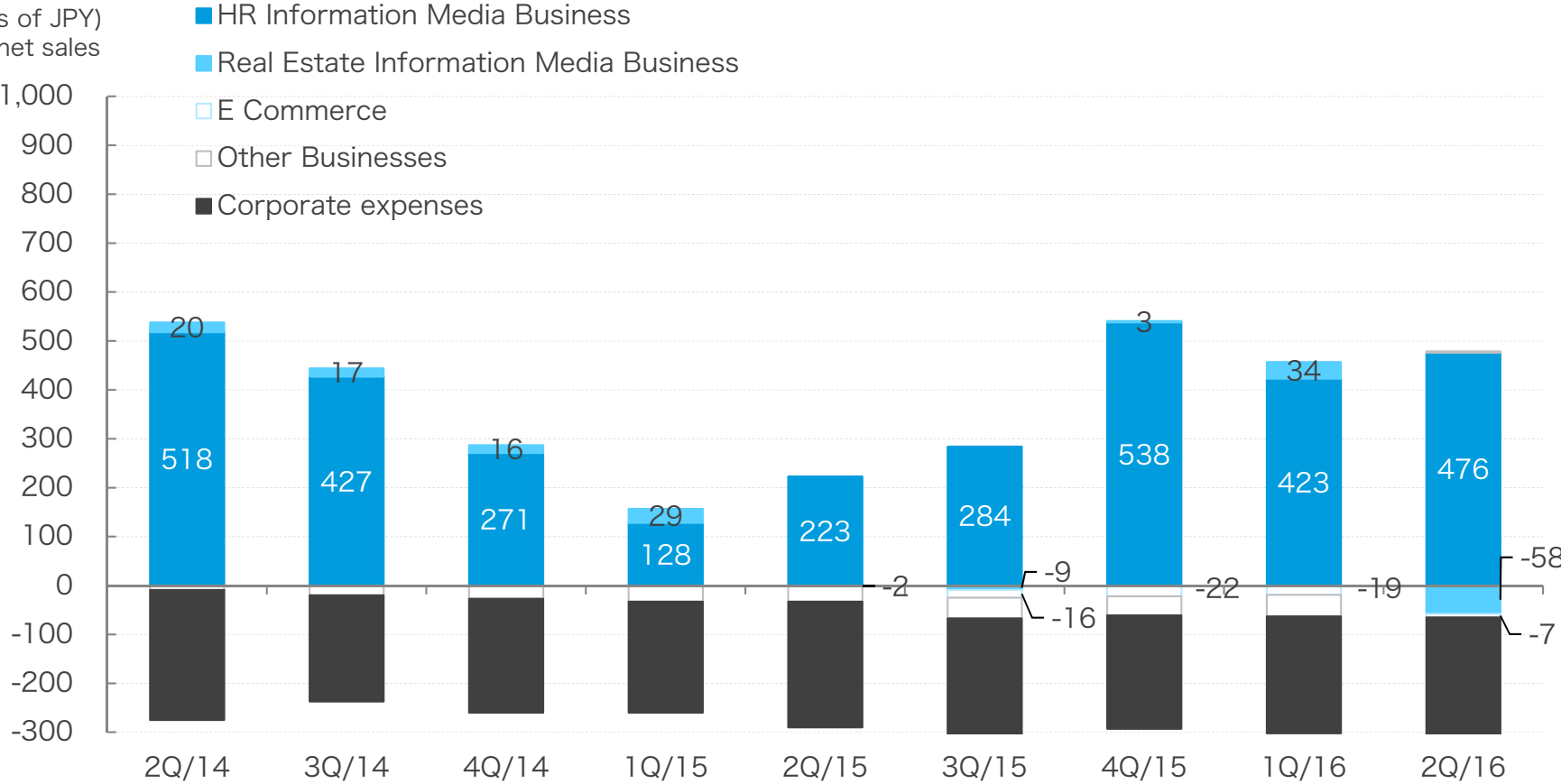
(Unit : Millions of JPY)



Operating Income

Profits in the HR Information Media Business up 112.9% owing primarily to streamlining of advertising placement.

(Unit : Millions of JPY)
(%) : Ratio to net sales

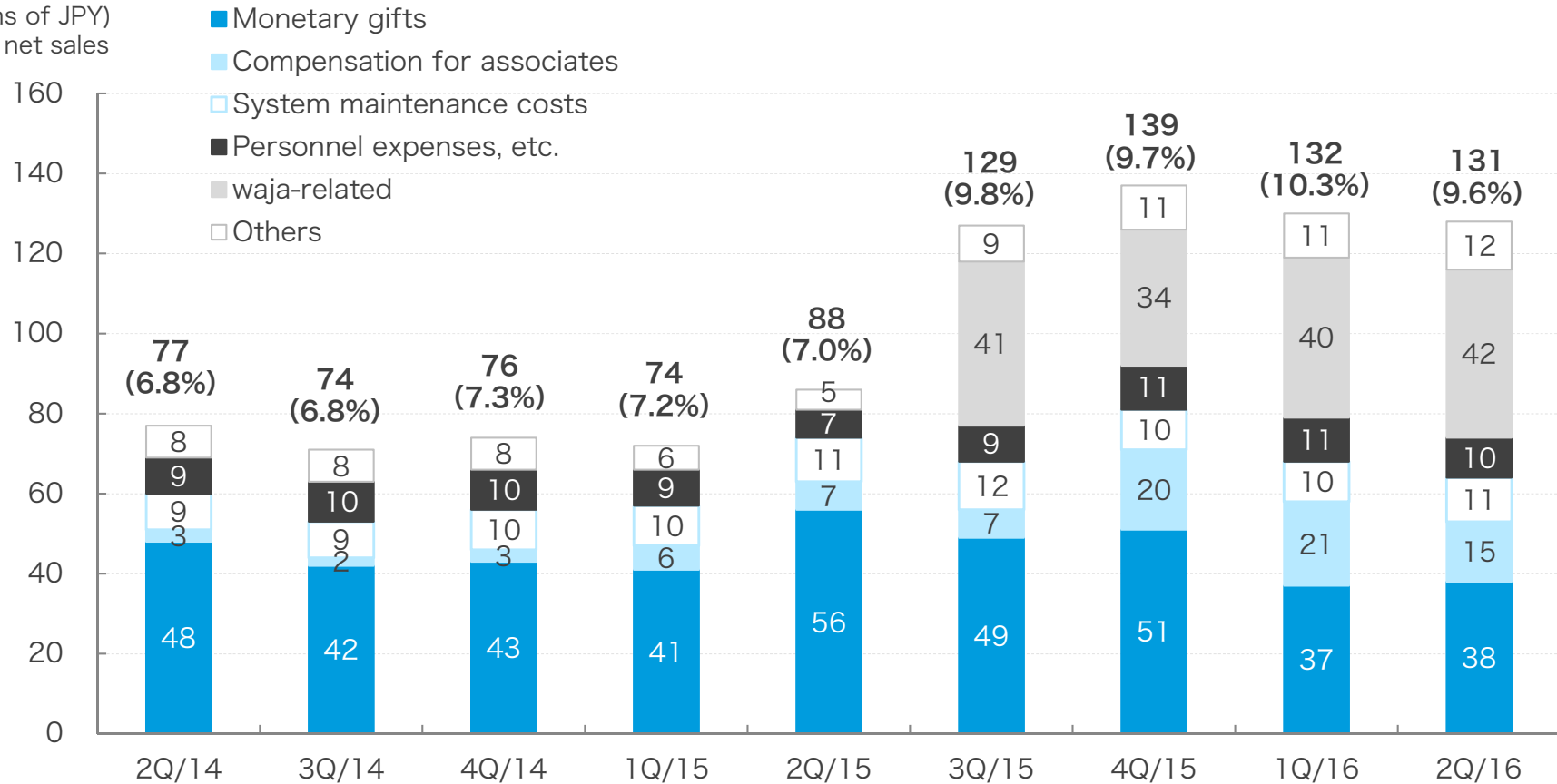


Sales Costs

No change in cost structure QoQ.

Increased amount of monetary gifts with some campaigns posted to promotional costs.

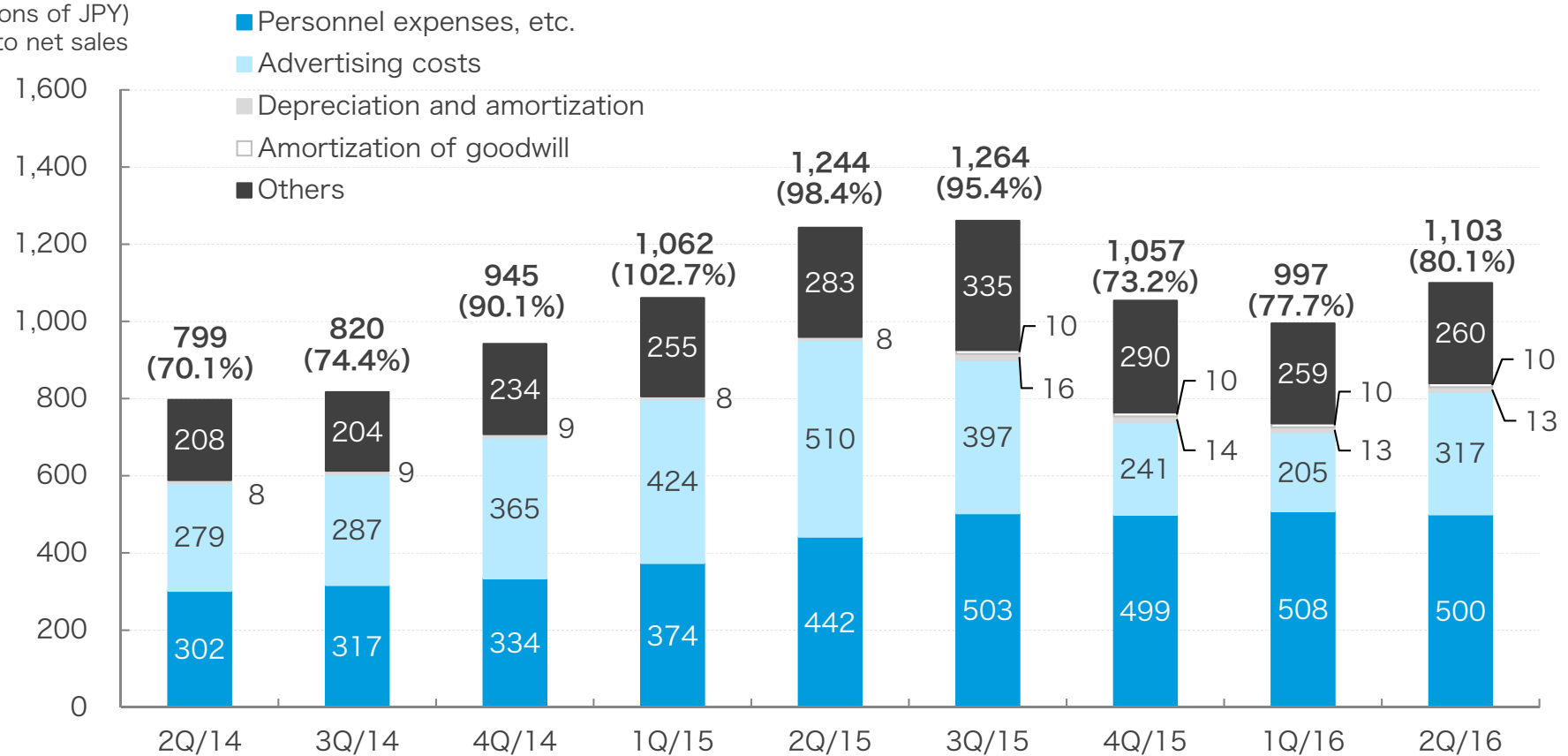
(Unit : Millions of JPY)
(%) : Ratio to net sales



SG&A Expenses

Advertising costs down 37.8% YoY owing primarily to effective use of web advertising.

(Unit : Millions of JPY)
(%) : Ratio to net sales

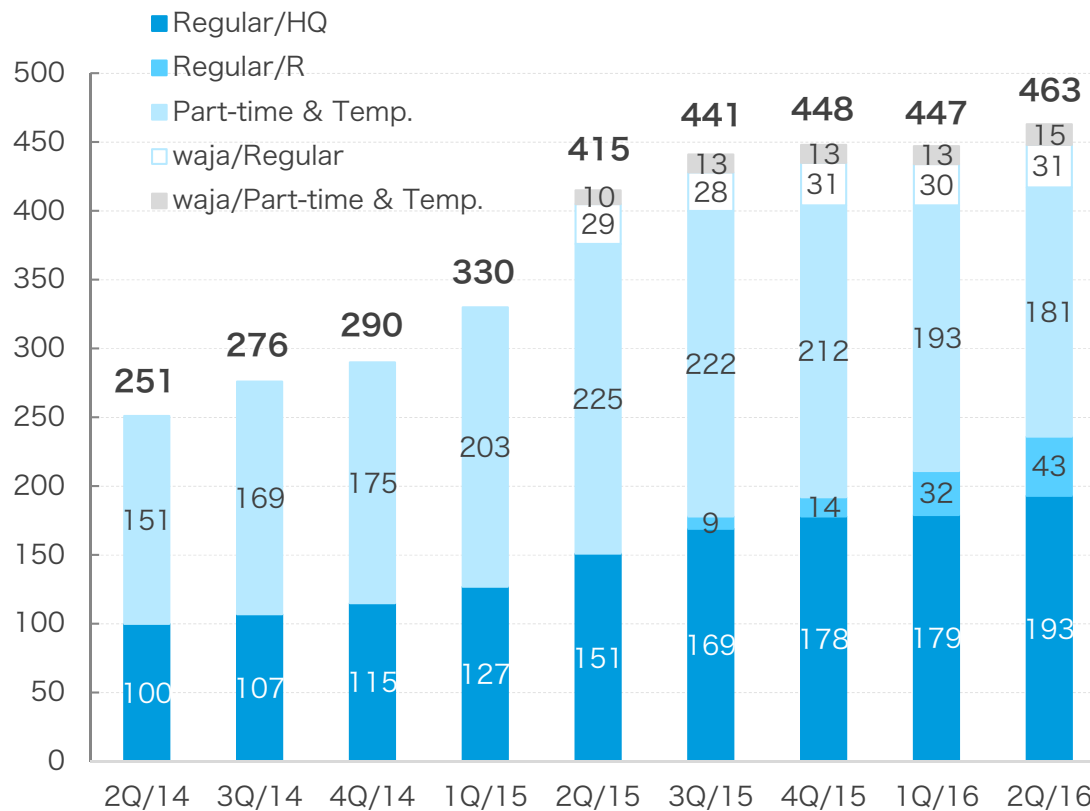


Employees

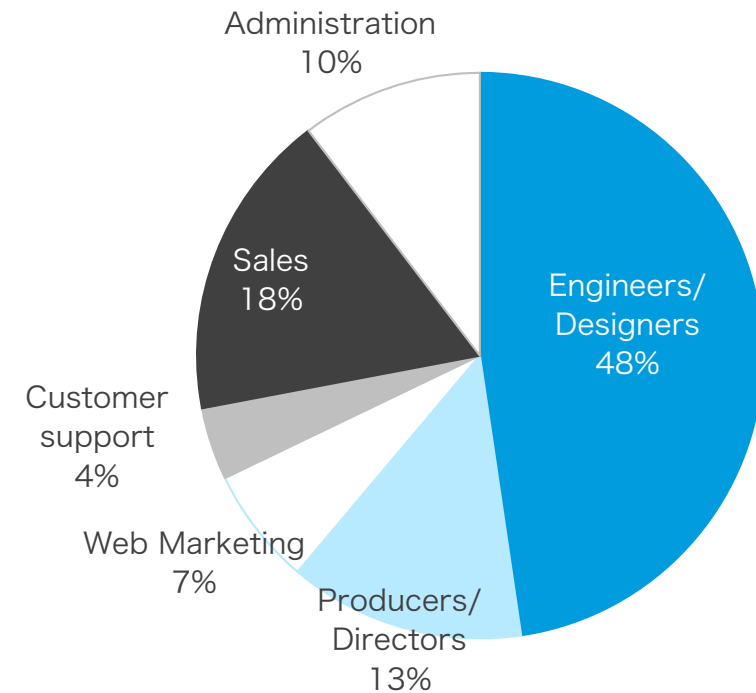
■ Promotion of use of local regular employees for customer support (Miyazaki) and adjustment of personnel distribution.

No. of Employees (Consolidated)

(Unit : Persons)



Breakdown of regular employees (Non-consolidated/Only HQ)



(As of June 30, 2016)

Extraordinary loss due to goodwill impairment

- Posted goodwill impairment loss (approx. ¥320 million) associated with waja, made a consolidated subsidiary in April 2015 (decided on one-time amortization in 2Q after careful consideration).

Reason for impairment (divergence from initial business plan)

- Delay in acquisition of new brands to list on REASON Outlet e-Commerce website for official sales of import brands and other products
- Delay in measures to attract customers, especially web marketing



Key focal points for improving financial results

- Attract users through enhancement of web and e-mail marketing
- Promote listing of several newly acquired import brands on REASON Outlet and acquire more new brands
- Expand goods by enhancing support for major waja buyers

Business Overview & Strategy for 2H FY2016

Business Overview for 1H FY2016

<h2>Corporate Policy</h2>		<ul style="list-style-type: none"> • Building of robust management system (including streamlining of advertising placement) • Improving of employee productivity (optimization of organizational system, personnel distribution, etc.)
<h2>Human Resources</h2>	<h3>Jobsense</h3>	<ul style="list-style-type: none"> • Expansion of site functionality to improve user application and employment rates (e.g.: telephone application function and function to display recommended opportunities) • Streamlining of advertising placement using proprietary analytics platform
	<h3>Jobsense Link</h3>	<ul style="list-style-type: none"> • Expansion of site functionality to improve user application and employment rates • Improved productivity of job applicant telephone support at Miyazaki Office
	<h3>Tenshoku Kaigi</h3>	<ul style="list-style-type: none"> • Steady expansion of collaboration with major employment information sites and recruitment agencies • Improvement of websites using proprietary analytics platform
	<h3>HR New Businesses</h3>	<ul style="list-style-type: none"> • Shukatsu Kaigi: Expansion of content and site functionality (number of members surpassed 120,000) • TenshokuDraft: Holding of first draft (17 participating companies, approx. 900 engineer entries)

Business Overview for 1H FY2016

Real Estate	door chintai	<ul style="list-style-type: none"> Improved website traffic through enhancement of web marketing Improved user application rate for property information thanks to enhancement of smartphone website, campaigns, etc.
	IESHIL	<ul style="list-style-type: none"> Expansion of target area for market appraisals of properties (23 wards of Tokyo -> whole metropolitan area) Launch of IESHIL advisory service (Offering of neutral purchasing advice and referral to real estate agencies suited to each customer)
EC	waja	<ul style="list-style-type: none"> Improved website traffic through enhancement of marketing Acquisition of several new brands to list through transfer of PREMIUM BRAND Avenue business on REASON Outlet
Others	New Businesses	<ul style="list-style-type: none"> Chiryō Note : Collection of treatment experiences by illness (more than 10,000 stories) imitsu : Expansion of information in main categories and strengthening of monetization (profitable on monthly basis)

- Implementation of measures to improve user application and employment rates utilizing characteristics made possible by affiliate marketing model.

Recommendation System about Job



Jobsense Link 職種から探す 地域から探す 気になるリスト スカウト求

転職/求人情報ならJobsenseリンク > 東京都の転職/求人 > 渋谷区の転職/求人 >

成長企業での **スタッフ募集!**

受かりやすさ	★★★★★ 5.0
職種	事務・経営管理系
給与	月給 18万円～
勤務地	東京都 渋谷区
応募資格	未経験者歓迎

未経験者歓迎 契約社員 転勤なし 服装自由 ペンチャー企業 上場企業 残業なし 長期休暇あり 第2新卒歓迎 プ

交通費支給

求人情報 企業情報

- Addition of function to display recommended opportunities based on user preferences, data on action history and probability of being hired by company

Campaign about Monetary Gift



Jobsense Link @jsenjp

【お得なボーナスタイム♪】
＼今日6/1の18時まで! /
バイトが決まった全員に現金ボーナス5000円プレゼント!

このチャンスを逃さずに、いいバイトを見つけてね(・∀・)
j-sen.jp/c/bonustt

Jobsense Link

ボーナスタイム開催中!!
本日18時までに応募したバイト限定
かならずもらえる
5000円

- Implementation of campaign offering additional monetary gifts for applying within time limit

Business Topics – Shukatsu Kaigi

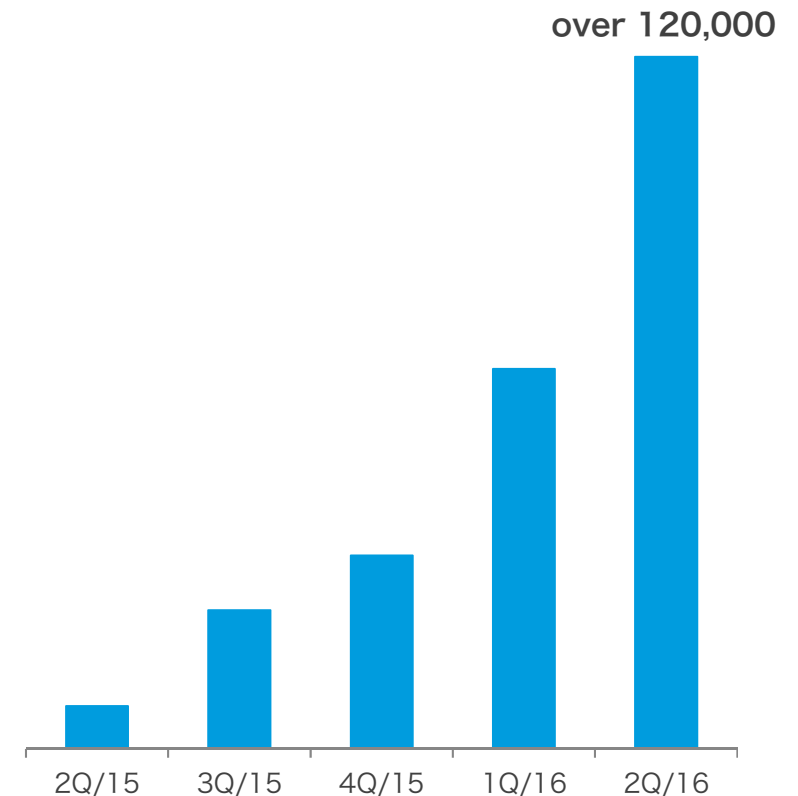
- Number of site members trending favorably thanks to collection and enhancement of original content, including reviews of company screening, since service was launched in April 2015.

Site Image



- Number of registered members is over 120,000, accounting for roughly 1/4 of all student job seekers (as of June 2016)
- Accumulation of original content not available from other services, including around 8,000 registered entry sheets in company screening and roughly 20,000 screening experience notes (interview information)

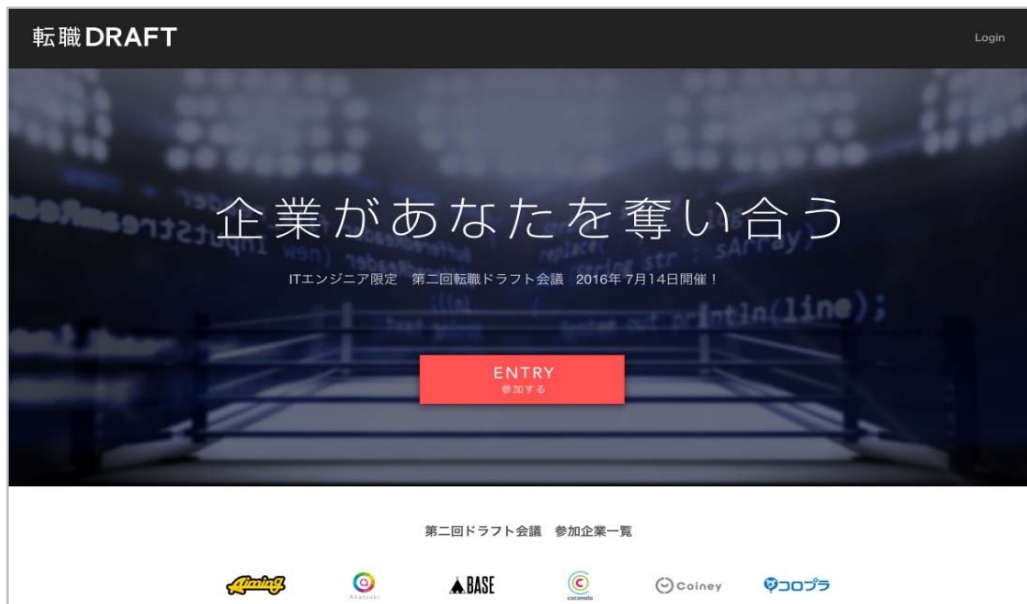
No. of registered members (Cumulative)



Business Topics – Tenshoku Draft

- Around 900 IT engineers submitted entries in first draft (held in April). In second draft (held in July), number of participating individuals and companies both more than doubled, and total number of designations tripled.

Site Image



- Tenshoku Draft, first domestic career change service where companies bid on IT engineers, held in April and July
- New service allowing IT engineers to ascertain their market value leading to career advancement and improved skills

Status of Service

The 1st draft (held in April,2016)

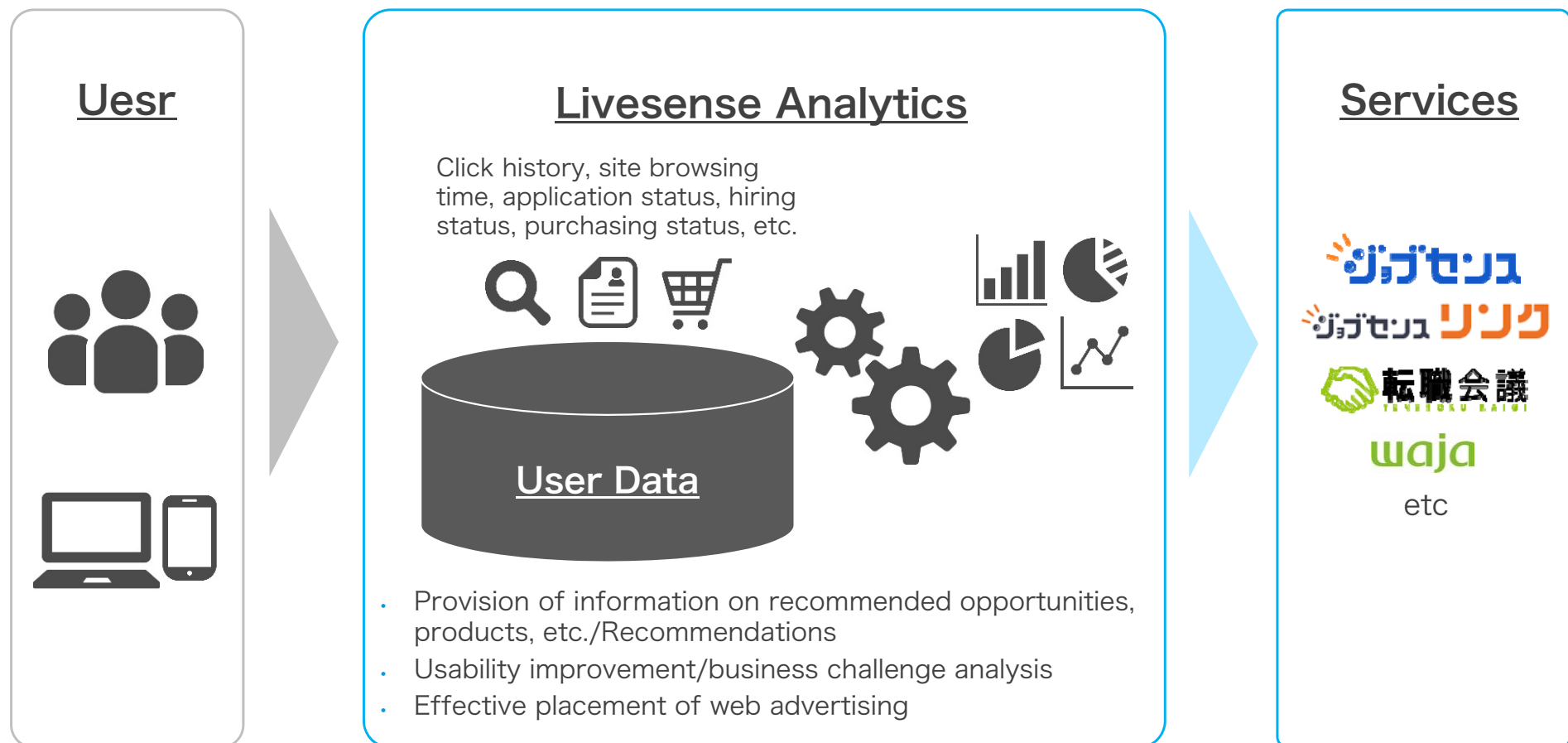
No. of Applicants	No. of Companies	No. of Designation
235	17	393

The 2nd draft (held in July,2016)

No. of Applicants	No. of Companies	No. of Designation
493	45	1,316

Business Topics – Proprietary Analytics Platform

- Large amount of accumulated user data analyzed using proprietary analytics platform.
- Provision of information anticipating latent user needs, enhancement of usability through improvements to site functionality and services, and highly cost-effective web advertising placement.



Business Strategy for 2H FY2016

Corporate Policy		<ul style="list-style-type: none"> • Further promotion of business improvements utilizing proprietary analytics platform • Review/preparation of marketing measures to increase recognition of service
Human Resources	Jobsense	<ul style="list-style-type: none"> • Enhancement of recruitment services/differentiation made possible by affiliate marketing model • Implementation of measures to improve usability based on analysis of accumulated user data
	Jobsense Link	<ul style="list-style-type: none"> • Enhancement of recruitment services/differentiation made possible by affiliate marketing model • Further improvement of level of service/productivity of telephone support for job applicants
	Tenshoku Kaigi	<ul style="list-style-type: none"> • Expansion of services for major employment information sites and recruitment agencies • Launch of services for enterprises
	HR New Businesses	<ul style="list-style-type: none"> • Syukatsu Kaigi : Implementation of monetization measures utilizing total membership of over 120,000 • Tenshoku Draft : Service expansion and 2-3 events planned for 2H

Business Strategy for 2H FY2016

Real Estate	door chintai	<ul style="list-style-type: none"> Expansion of member functions for users and strengthening of marketing Establishment of new monetization channels for real estate agencies
	IESHIL	<ul style="list-style-type: none"> Expansion of content related to living environment, market prices in property area, etc. Provision of information/new functions useful for real estate purchases and sales Expansion of network of excellent real estate agent partners
EC	waja	<ul style="list-style-type: none"> User Attraction through enhancement of web and e-mail marketing Expand goods by enhancing support for major waja buyers Promotion of product listings on REASON Outlet and acquisition of new brands
Others	New Businesses	<ul style="list-style-type: none"> Chiryō Note : Addition of useful functions for choosing treatment methods imitsu : Expansion of service provider search/comparison functionality and further improvement of main categories

Financial Forecasts

Financial Forecasts for FY2016

- Operating income and ordinary income revised upward from previous forecasts* based on 1H results. Net Income revised downward due to posting of temporary extraordinary loss (goodwill impairment loss).
- Carefully selected investments planned in main businesses in 2H to achieve medium- to long-term growth.

(Unit : Millions of JPY)

		FY2015 Results	FY2016 Previous Forecasts*		FY2016 Revised Forecasts	FY2016 2Q Cumulative	Progress Rate
Net Sales	—	5,069	5,500 ~	5,800	5,500	2,661	48.4%
Operating Income	↑	7	100 ~	150	450	296	65.9%
Ordinary Income	↑	19	115 ~	165	465	303	65.3%
Net Income	↓	10	60 ~	95	(60)	(128)	-
EPS(JPY)		0.39	2.14 ~	3.38	(2.14)	(4.59)	-

* : Previous forecasts(announced , February 12 2016)

Appendix

Balance Sheet Statement

(Unit : Millions of JPY)

	2Q/16	2Q/15	YoY	1Q/16	QoQ
Current assets	3,184	2,879	10.6%	2,957	7.7%
Cash and deposits	2,415	2,110	14.4%	2,130	13.3%
Fixed assets	508	800	-36.4%	862	-41.0%
Tangible fixed assets	113	120	-5.7%	136	-16.7%
Intangible fixed assets	111	372	-70.1%	427	-73.9%
Investments and other assets	284	307	-7.6%	299	-5.1%
Total assets	3,693	3,680	0.4%	3,819	-3.3%
Total liabilities	730	697	4.7%	621	17.6%
Current liabilities	727	694	4.8%	617	17.7%
Fixed liabilities	3	3	-3.4%	3	-1.5%
Total Equity	2,962	2,982	-0.6%	3,198	-7.4%
Common stock	232	231	0.3%	232	0.0%
Total liabilities and equity	3,693	3,680	0.4%	3,819	-3.3%

Cash Flow Statement

(Unit : Millions of JPY)

	2Q/16 Cumulative	2Q/15 Cumulative
Cash flows from operating activities	526	(41)
Income before income taxes	(14)	(139)
Depreciation and amortization	35	20
Amortization of goodwill	21	-
Impairment loss	318	-
Decrease (increase) in notes and accounts receivable	35	(125)
Increase (decrease) in accounts payable-other	70	183
Income taxes paid	(3)	(13)
Income taxes refund	26	74
Cash flows from investing activities	(71)	(293)
Payments for purchase of tangible fixed assets	(17)	(11)
Payments for purchase of intangible fixed assets	(45)	(1)
Payments for purchase of investment securities	(17)	(23)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(268)
Cash flows from financing activities	6	1

Record of Recent Major Publicity Events

2016.07.21	Nikkei Computer
2016.07.12	IT Pro
2016.07.04	IT Pro
2016.07.02	Nihon Keizai Shimbun morning edition
2016.06.02	Nihon Keizai Shimbun morning edition
2016.05.23	Shukan Diamond
2016.05.12	Nikkei Business Online
2016.04.28	Fudosan Keizai Tsushin
2016.04.25	Shukan Jutaku Shimbun
2016.04.25	Nikkei Business Online
2016.03.24	Nihon Keizai Shimbun E Version
2016.03.09	CNET Japan
2016.03.07	Mainichi Shimbun
2016.02.29	Nihon Keizai Shimbun E Version
2016.02.25	Forbes
2016.02.25	Nikkei Sangyo Shimbun
2016.02.22	Shukan Jutaku Shimbun
2016.02.18	Nikkei Sangyo Shimbun
2016.02.08	Nikkei Business Online
2016.02.05	Fuji TV
2016.01.20	Nikkei BP
2016.01.19	FBS Fukuoka
2016.01.18	Shukan Jutaku Shimbun
2016.01.18	Nikkei Business
2016.01.09	THE21 Jan. issue

Corporate Profile

Company Name	Livesense Inc.
CEO/Founder	Taichi Murakami
Business Philosophy	Happiness Begetting Happiness.
Vision	Invent the next common.
Established	February 8, 2006
Date listed	TSE 1st Section :October 1, 2012 TSE Mothers :December 7, 2011
Number of Employees (Non-Consolidated)	Full-Time :236 * : As of June 30, 2016



Invent the next common

Livesense Inc. (below, the Company) has prepared this material to provide current information about the Company. The Company prepared this material using generally known information about social and economic conditions and certain assumptions that we deemed to be reasonable. The information found in this material is subject to change without notice due to changes in business conditions or for other reasons. This material contains forward-looking statements, which are based on current expectations, forecasts and assumptions that involve risks. These forward-looking statements contain uncertainties, and actual results may differ substantially from these statements. These risks and uncertainties include general industry and market conditions as well as general Japanese and international economic conditions such as changes in interest rates and exchange rates. The Company has no obligation to update or correct the forward-looking statements contained in this material, regardless of any new information, future events, etc. In light of the above, investors are advised to use their own judgment when making investments.