



FY2016 3rd Quarter
Financial Results

November 14, 2016
Livesense Inc.
(TSE1: 6054)

Executive Summary

Sales grew slightly YoY and operating income increased substantially. Productivity improvement measures, including streamlining ad spend, progressed.

- **Net sales** ¥1,341 million (up ¥15 million, 1.2% YoY)
- **Operating income** ¥104 million (up ¥172 million YoY)

Jobsense sales decreased with a focus on improving productivity, but monetization measures for Tenshoku Kaigi continued its progress. New business contribution is also within range.

- Sales decreased 6.6% YoY due to streamlining of Jobsense ad spend, with a focus on improving productivity
- Continued progress on monetization measures for Tenshoku Kaigi resulted in a 13.4% sales increase YoY
- Real Estate Information Media sales up 4.1% YoY with the launch of IESHIL monetization measures

Full-year financial forecasts are unchanged. In the 4Q, focus will continue to be on preparation for growth in the next fiscal year, including ongoing measures by each business and consideration of branding initiatives.

- **Progress rate:** Net sales 72.8% Operating income 89.2% Ordinary income 91.9%

Agenda

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1. Financial Results

3Q FY2016 Financial Results Overview

- Net sales increased YoY. Profits up substantially with productivity improvement initiatives, including streamlining ad spend.
- Profits up substantially QoQ, due in part to impact of goodwill impairment loss in previous quarter.

(Unit: Millions of JPY)

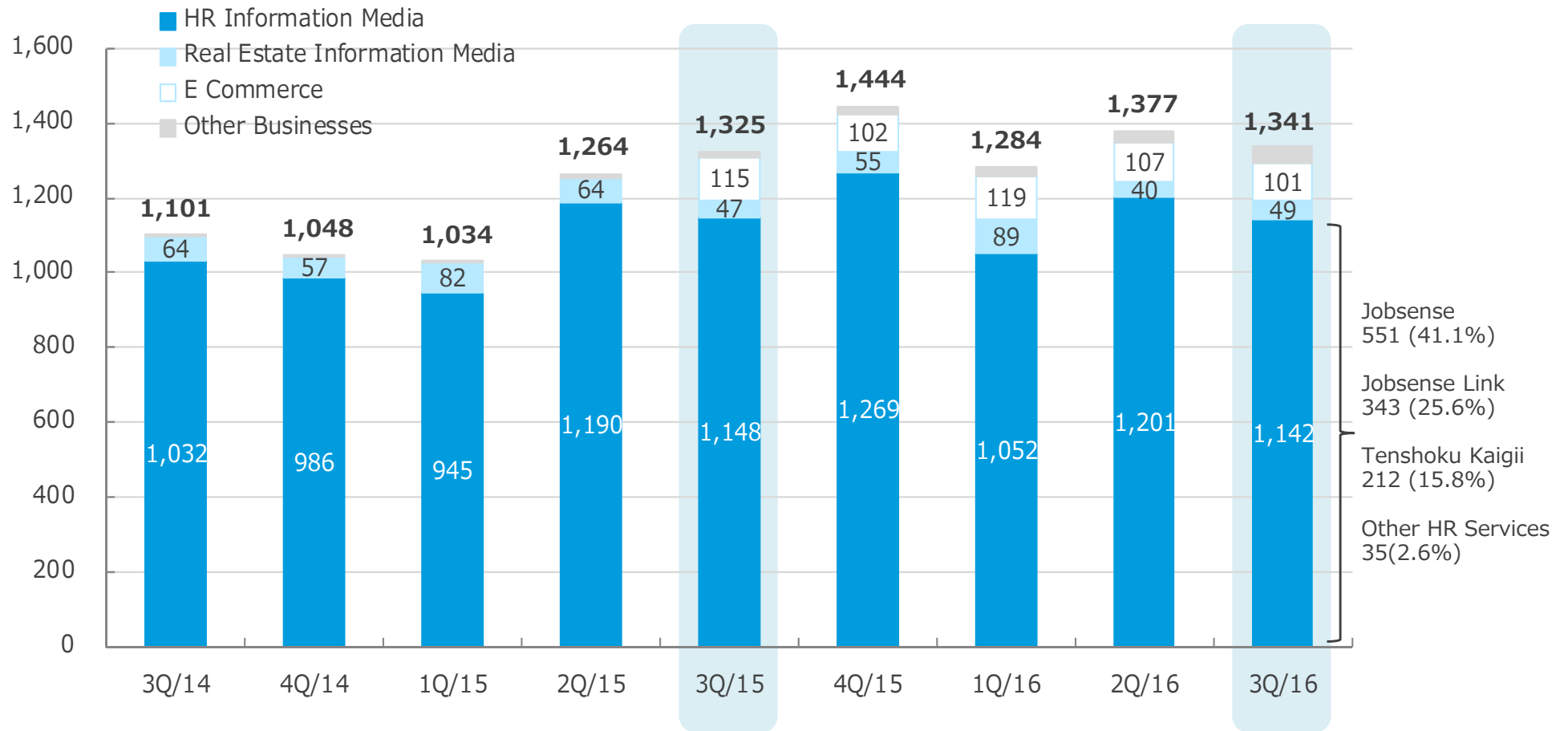
	3Q/16	3Q/15	YoY	2Q/16	QoQ
Net Sales	1,341	1,325	+1.2%	1,377	▲2.6%
Gross Margin	1,219	1,196	+1.9%	1,246	▲2.1%
SG&A Expenses	1,114	1,264	▲11.9%	1,103	+1.0%
Operating Income	104	▲ 68	-	142	▲26.4%
Operating Margin(%)	7.8%	-	-	10.3%	▲2.5pt
Ordinary Income	123	▲ 59	-	147	▲16.1%
Extraordinary Loss	0	-	-	318	▲99.9%
Net Pretax Profit	123	▲ 59	-	▲ 170	-
Net income	77	▲ 39	-	▲ 226	-

* Goodwill impairment loss associated with consolidated subsidiary waja, etc.

Net Sales

HR Information Media sales down slightly due to prioritization of improving productivity, but other new businesses (imitsu, Tenshoku Draft) contributed to 1.2% increase in sales YoY.

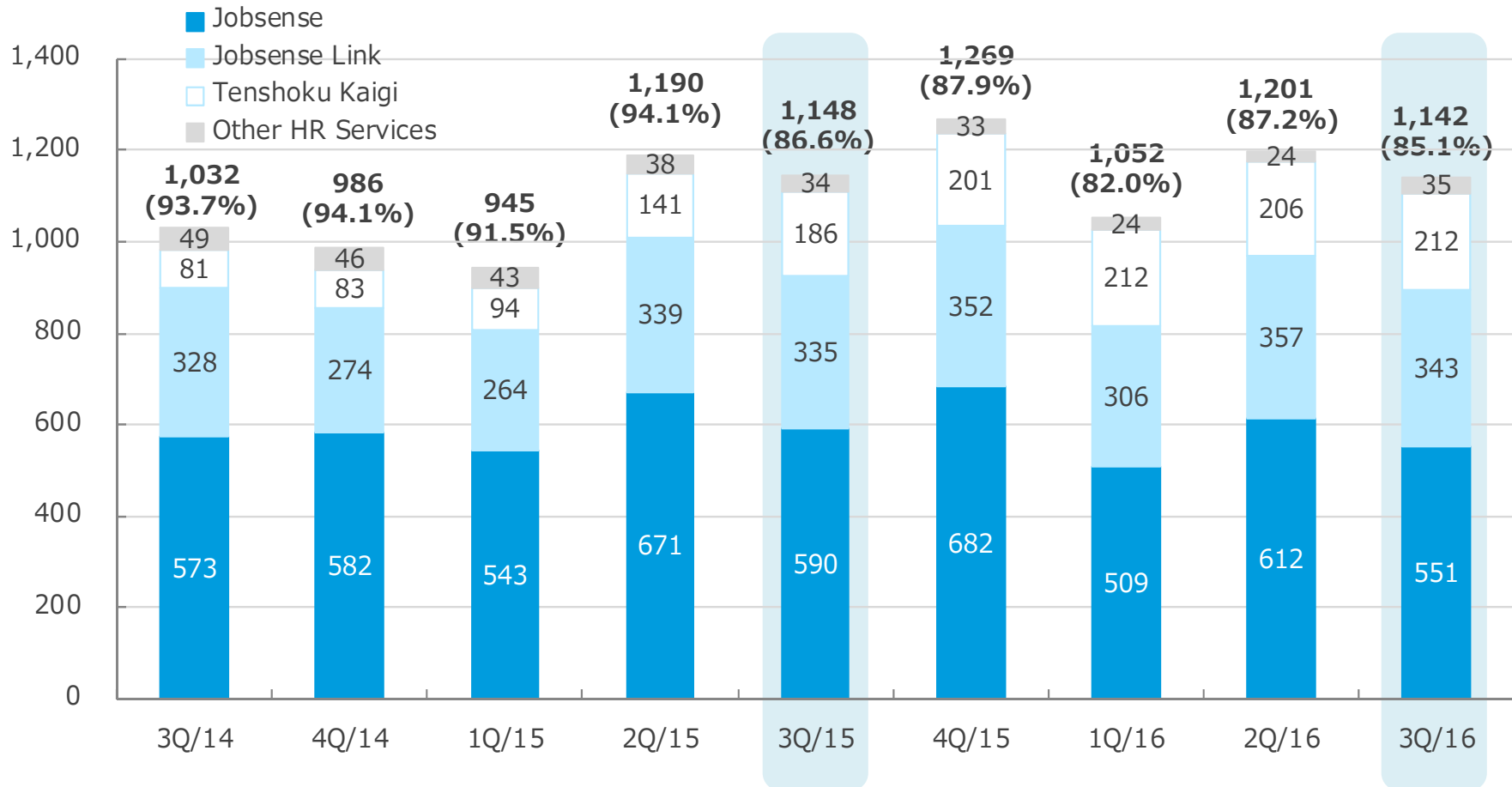
(Unit: Millions of JPY)



Net Sales Breakdown - HR Information Media

- Sales down 6.6% YoY due to streamlining of Jobsense ad spend; focus was on improving productivity.
- Continued progress on monetization measures for Tenshoku Kaigi resulted in 13.4% increase in sales YoY.

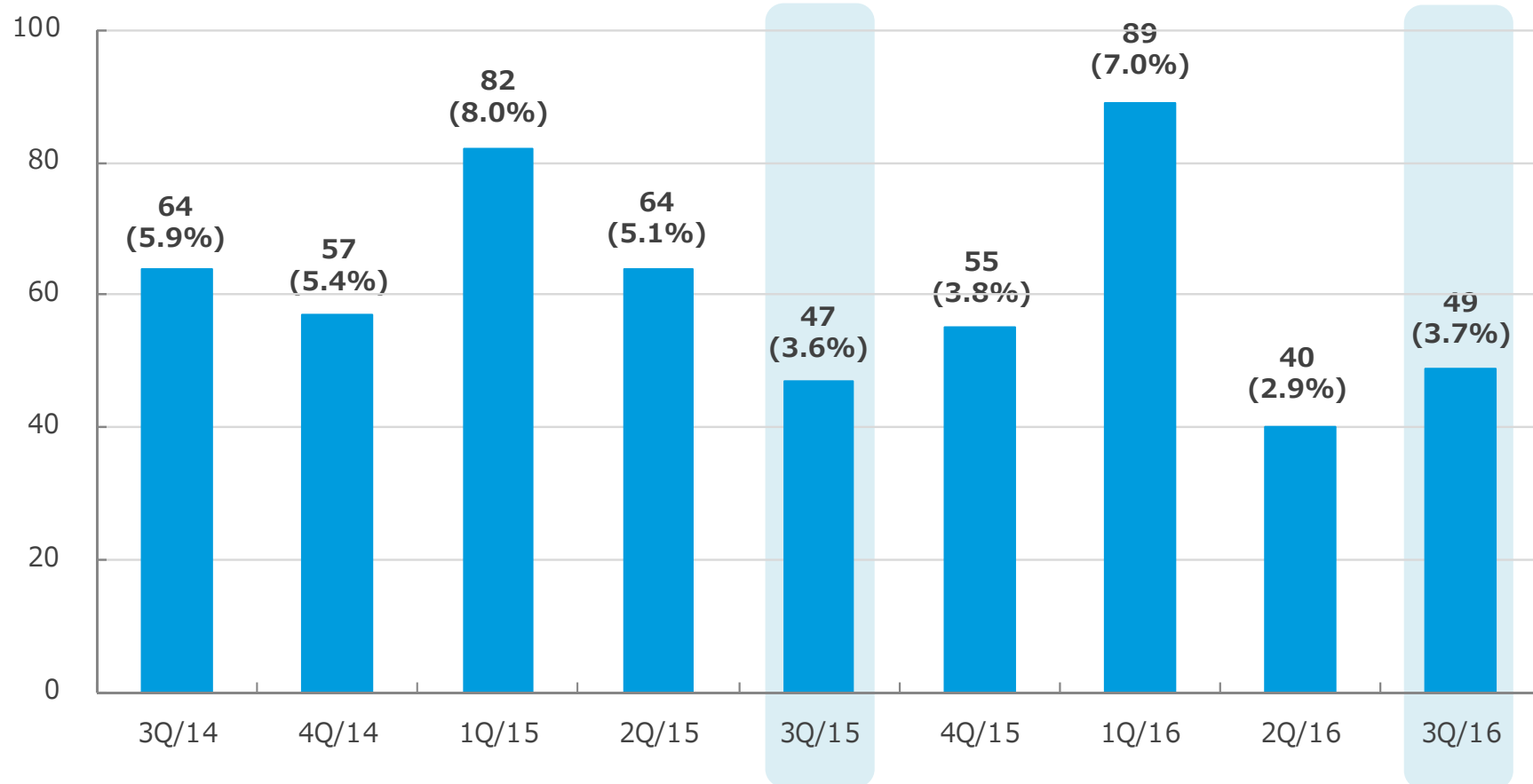
(Unit: Millions of JPY)
 (%): Ratio to net sales



Net Sales Breakdown - Real Estate Information Media

Door chintai continued to struggle, but sales were up 4.1% YoY with launch of IESHIL monetization measures.

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

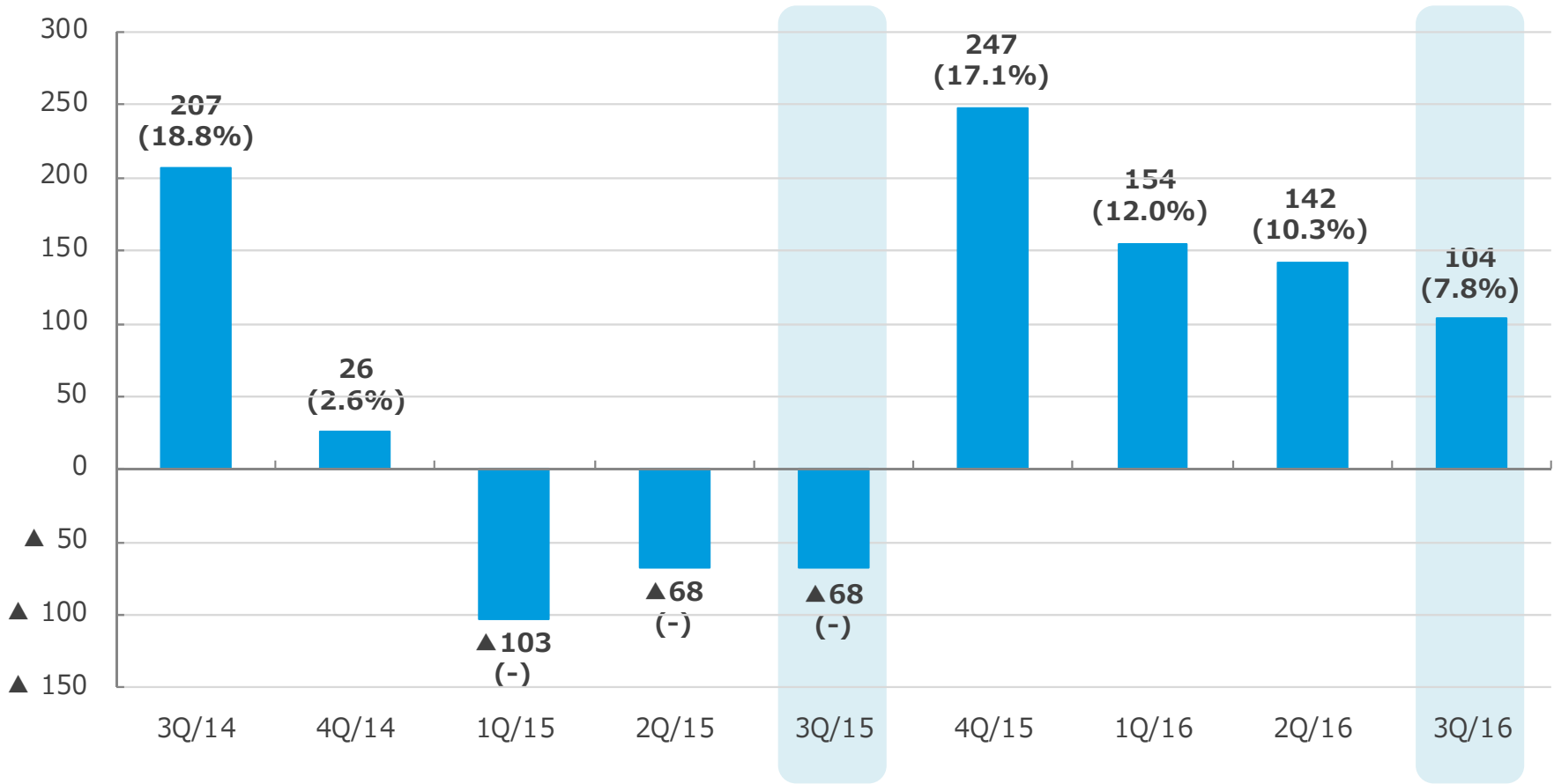


*IESHIL real estate information service categorized under Real Estate Information Media as of 2Q/16.

Operating Income

Progress continued on measures to improve productivity, resulting in substantial increase in profits YoY.

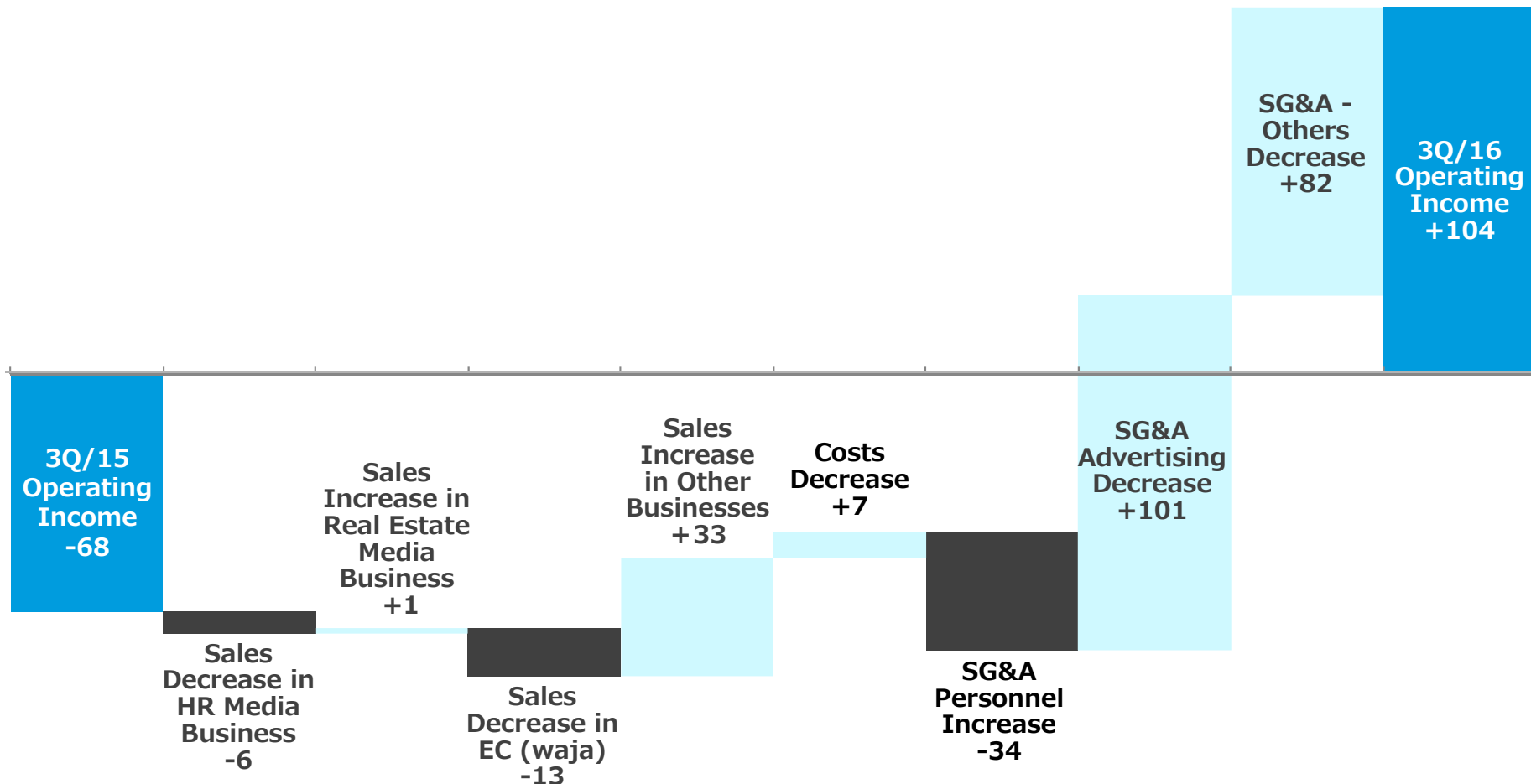
(Unit: Millions of JPY)
 (%): Ratio to net sales



Operating Income - YoY Comparison

With progress on measures to improve productivity, existing media sales were down slightly, but advertising costs and various SG&A expenses were substantially reduced. Expansion of other businesses (imitsu, Tenshoku Draft) also contributed to increased operating income.

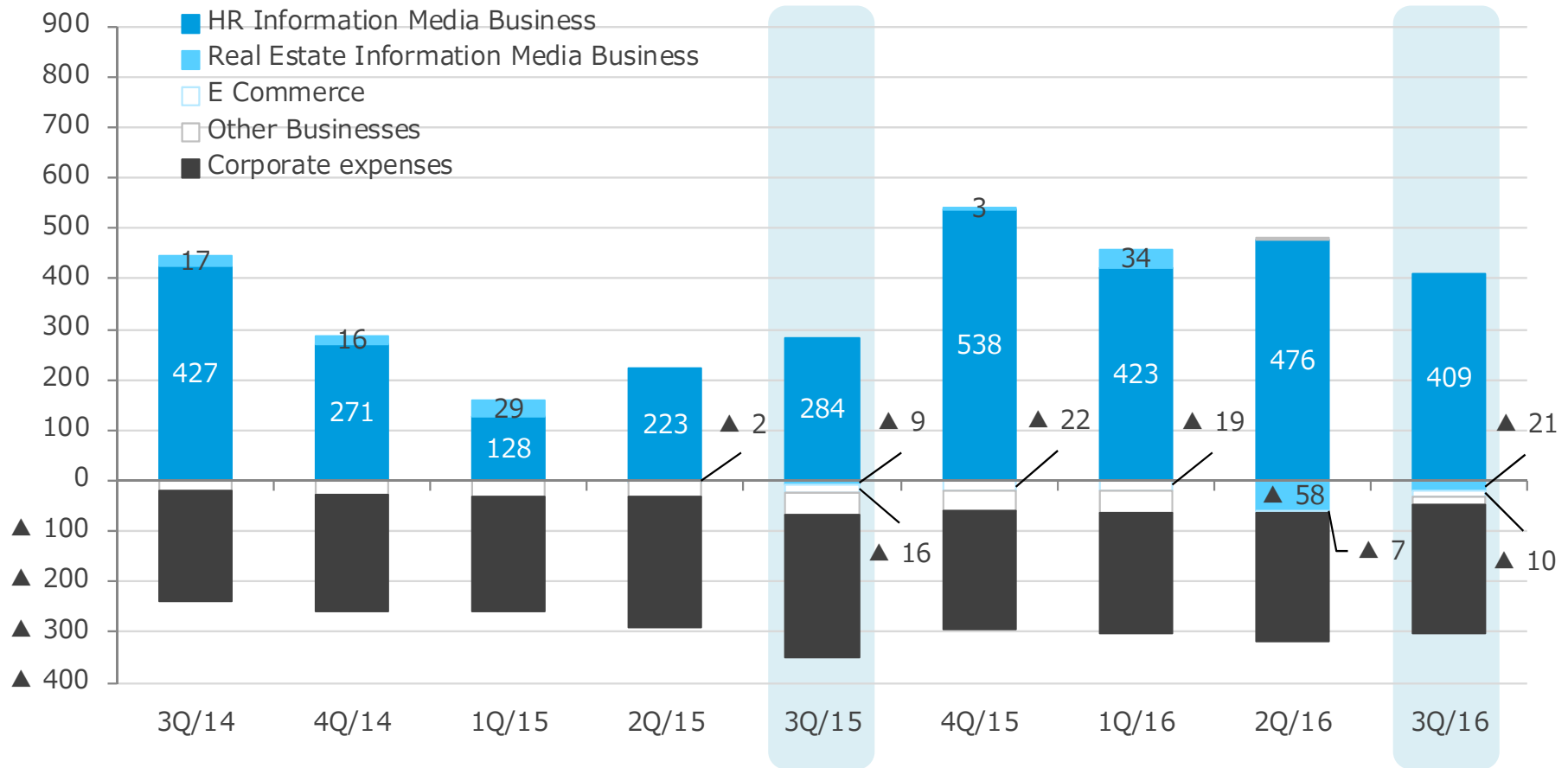
(Unit: Millions of JPY)



Operating Income – By Segment

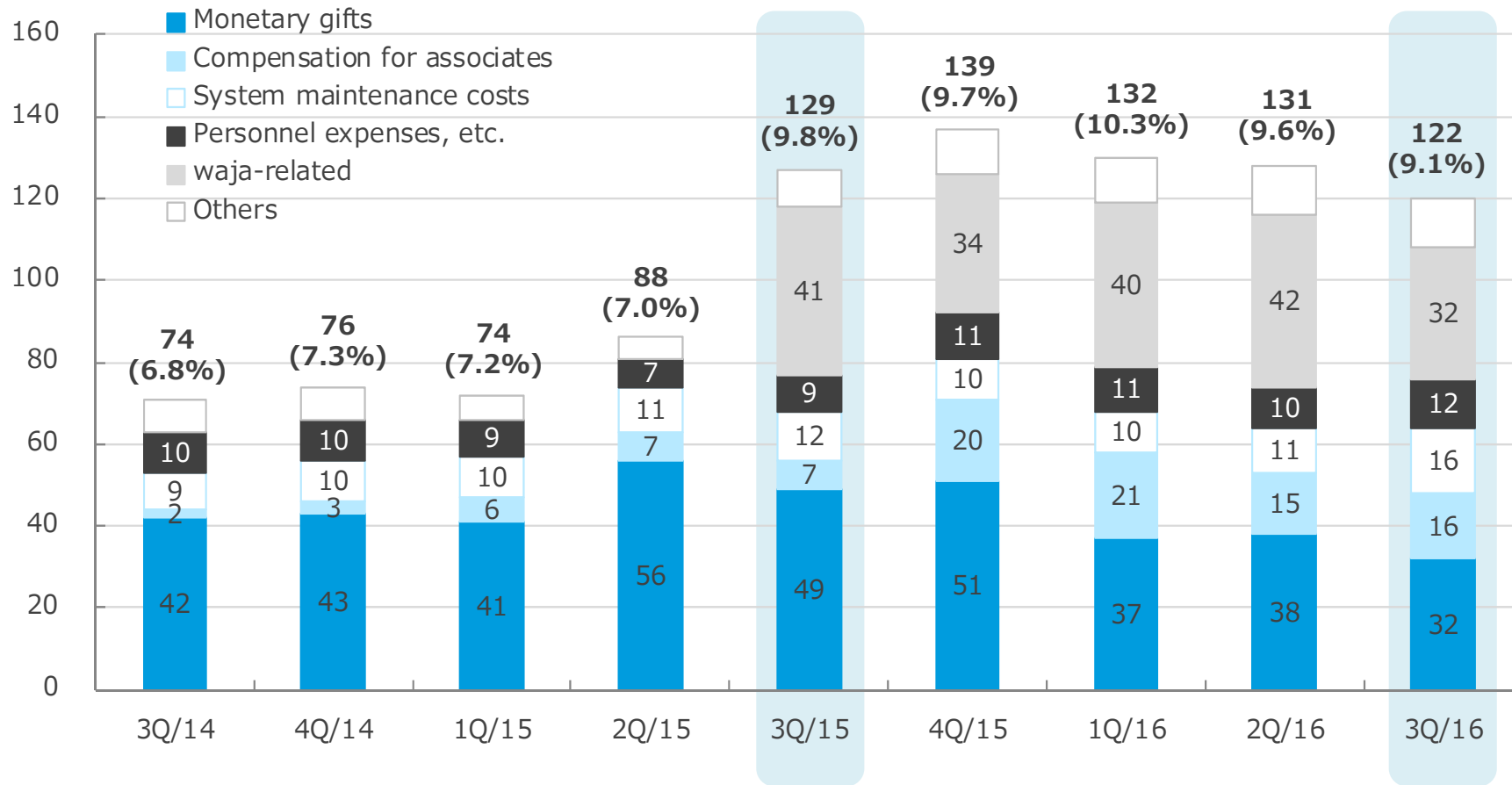
HR business profits increased 44.1% with streamlining of ad spend.

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



| No substantial change in cost structure YoY or QoQ.

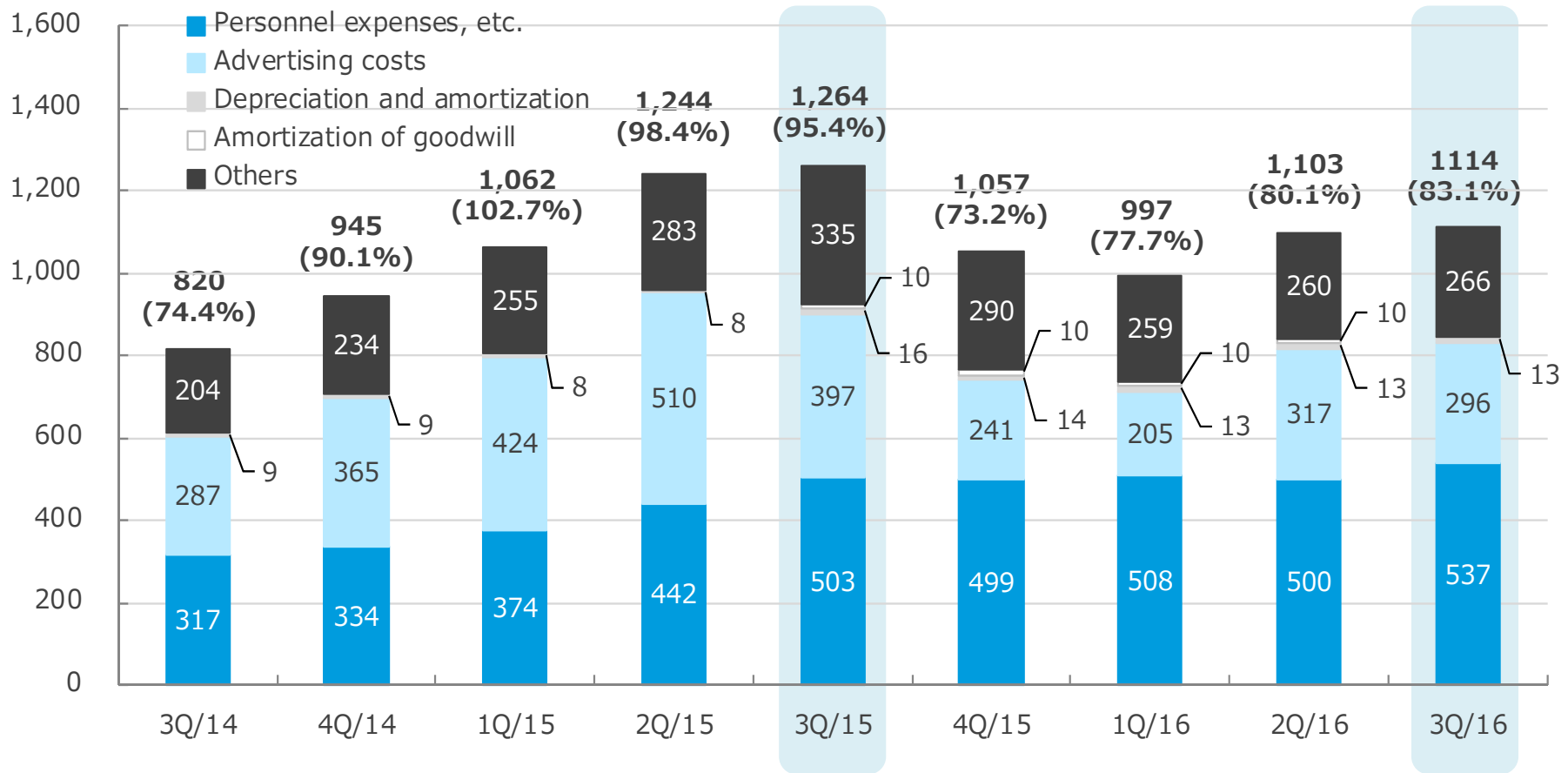
(Unit: Millions of JPY)
 (%): Ratio to net sales



SG&A Expenses

Sales and marketing costs decreased 25.5% YoY with streamlining of ad spend. Other costs decreased 20.5% with efficient management/reduction of administrative and other expenses.

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

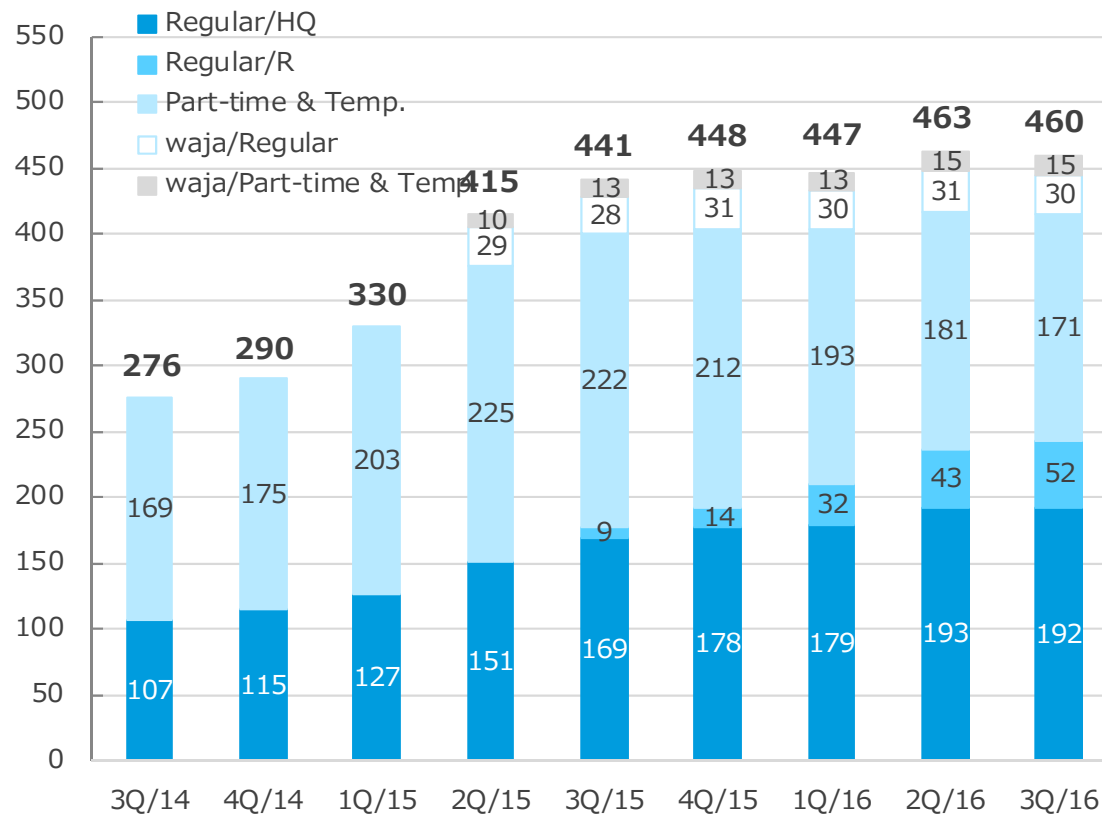


Employees

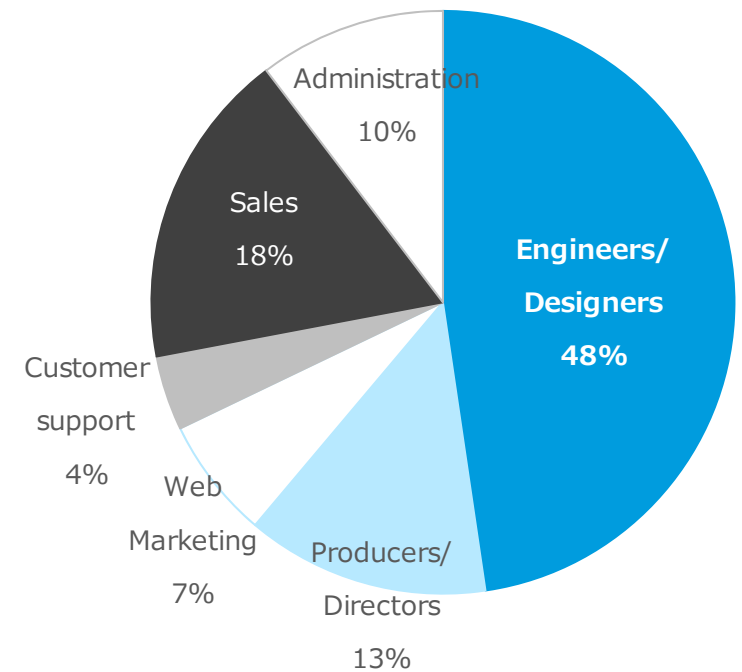
Local full-time employees (Miyazaki) hired primarily for customer support. Productivity was improved with high loyalty.

No. of Employees (Consolidated)

(Unit: Persons)



Breakdown of Full-time Employees (Non-consolidated/excluding Miyazaki)



2. Business Overview & FY2016 Initiatives

Business Strategy for FY2016 and Progress

Company-wide		<ul style="list-style-type: none"> • Made steady progress on a robust management system and productivity with contribution of streamlining of ad spend and expansion of Miyazaki Office (relocated to new office in September). Achieved solid profitability • Proprietary analytics platform contributed greatly to business improvements, and further development planned
Human Resources	Jobsense	<ul style="list-style-type: none"> • Focus on increasing number of job posts and users, utilizing strengths of success fee-based model, and implementing appropriate recommendations • Began test sales of new pricing plan
	Jobsense Link	<ul style="list-style-type: none"> • Improvement of job matching rate by recommendations (e-mail magazine, etc.) based on ease of acceptance and adjustment of display location on website • Improved productivity of job applicant telephone support at Miyazaki Office
	Tenshoku Kaigi	<ul style="list-style-type: none"> • Steady growth of lead generation to major job posting sites and recruitment agencies • "Tenshoku Kaigi BUSINESS" services for enterprises released. Now possible for enterprises to approach potential career changers directly
	HR New Businesses	<ul style="list-style-type: none"> • Syukatsu Kaigi: Improved content and site functionality. Cumulative number of members surpassed 140,000 • Tenshoku Draft: Second draft held in July. Number of participating individuals and companies both more than doubled, and total number of draft picks tripled. Third draft held in October

Business Strategy for 3Q FY2016 and Progress

Real Estate	door chintai	<ul style="list-style-type: none"> • New housing-related services (moving, etc.) launched, optimization of monetary gifts (up to ¥40,000), launch of test sales of new pricing plans • Implementation of feasibility study and various trials for next year
	IESHIL	<ul style="list-style-type: none"> • AI Advisor service where proprietary artificial intelligence introduces real estate agencies based on user needs launched in August. New monetization measures implemented • Expansion of network of partner real estate agencies. At event held in September, external networking was also strengthened, including participation of US-based Zillow Group
EC	waja (consolidate subsidiary)	<ul style="list-style-type: none"> • User attraction through enhancement of web and e-mail marketing • Grew product lineup 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: Number of unique users growing steadily. Patient-to-patient Q&A launched as new feature • imitsu: Website fully redesigned in September. Number of corporate users surpassed 25,000, and total amount of requests surpassed ¥30 billion. Categories expanded and enhanced

Business Topics: Tenshoku Kaigi BUSINESS Released (Tenshoku Kaigi)

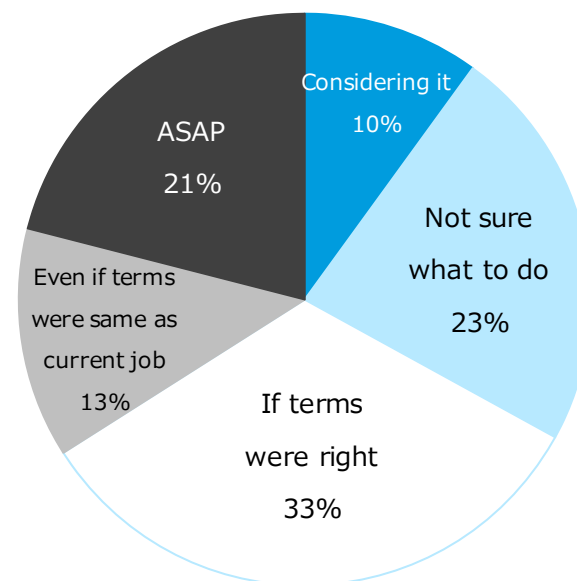
New service launched where companies can send direct scouting e-mails and post employment advertisements to Tenshoku Kaigi members, including potential career changers (66%), who are normally hard to approach.

Site Screenshot



- Simultaneously satisfies requests of companies wishing to approach potential career changers directly and of Tenshoku Kaigi members wishing to apply after comparing company reviews and employment information
- Reduces post-hiring mismatches because users apply after ascertaining the corporate culture and work environment through reviews

Career Change Intentions among Tenshoku Kaigi Members (Livesense Survey)



Business Topics: AI Advisor Released (IESHIL)

- AI Advisor service launched where proprietary artificial intelligence introduces real estate agencies according to user needs.



Business Topics: New Business (Shukatsu Kaigi)

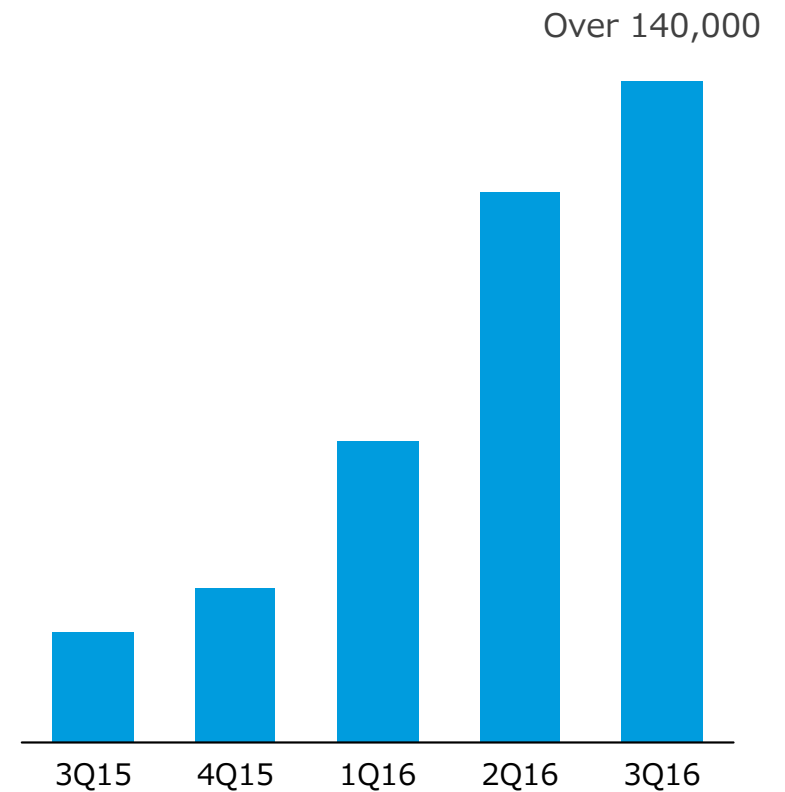
Number of site members trending favorably thanks to collection and enhancement of original content, including reviews of company screening, since service was launched in April 2015.

Site Screenshot



- Cumulative number of registered members surpassed 140,000. About 1.5 years since launch of service, roughly 1/4 of all job seekers using the service
- Accumulation of original content not available from other services, including approximately 12,000 registered entry sheets in company screening and roughly 30,000 screening experience notes (interview information)

No. of Registered Members (Cumulative)



Business Topics: New Business (Tenshoku Draft)

Around 900 IT engineers submitted entries in first draft (held in April).*

In second draft (held in July), number of participants and companies both more than doubled, and total number of draft picks tripled.

Site Screenshot



- Tenshoku Draft, first domestic career change service where companies bid on IT engineers, held in April and July (Third draft to be held in October)
- 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 Designations
235	17	393

The 2nd draft (held in July, 2016)

No. of Applicants*	No. of Companies	No. of Designations
493	45	1,316

* Only registered IT engineers who pass document screening of Tenshoku Draft Office based on experience and desire to change careers participate in Tenshoku Draft

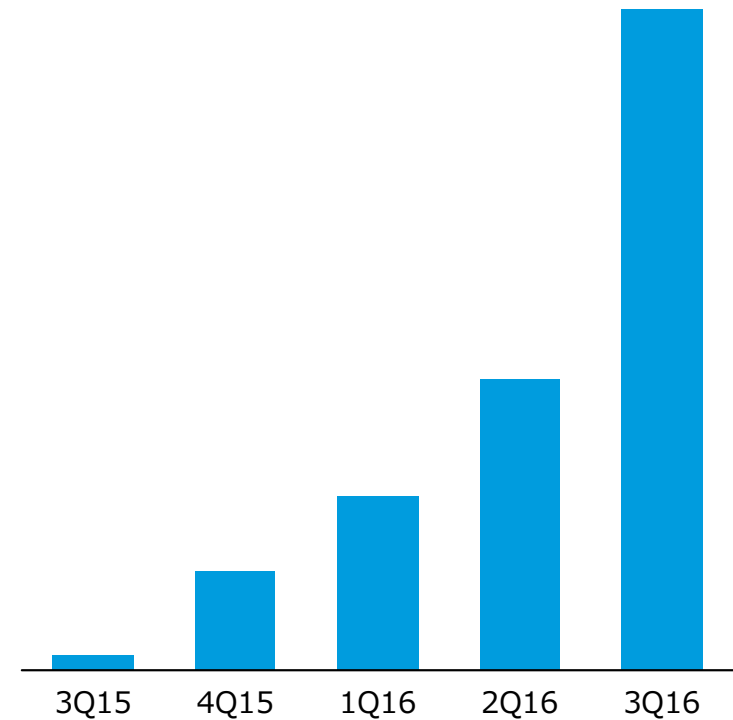
Business Topics: New Business (Chiryō Note)

- Strong growth trend in number of unique users.
- Patient-to-patient Q&A launched as new feature.

Site Screenshot

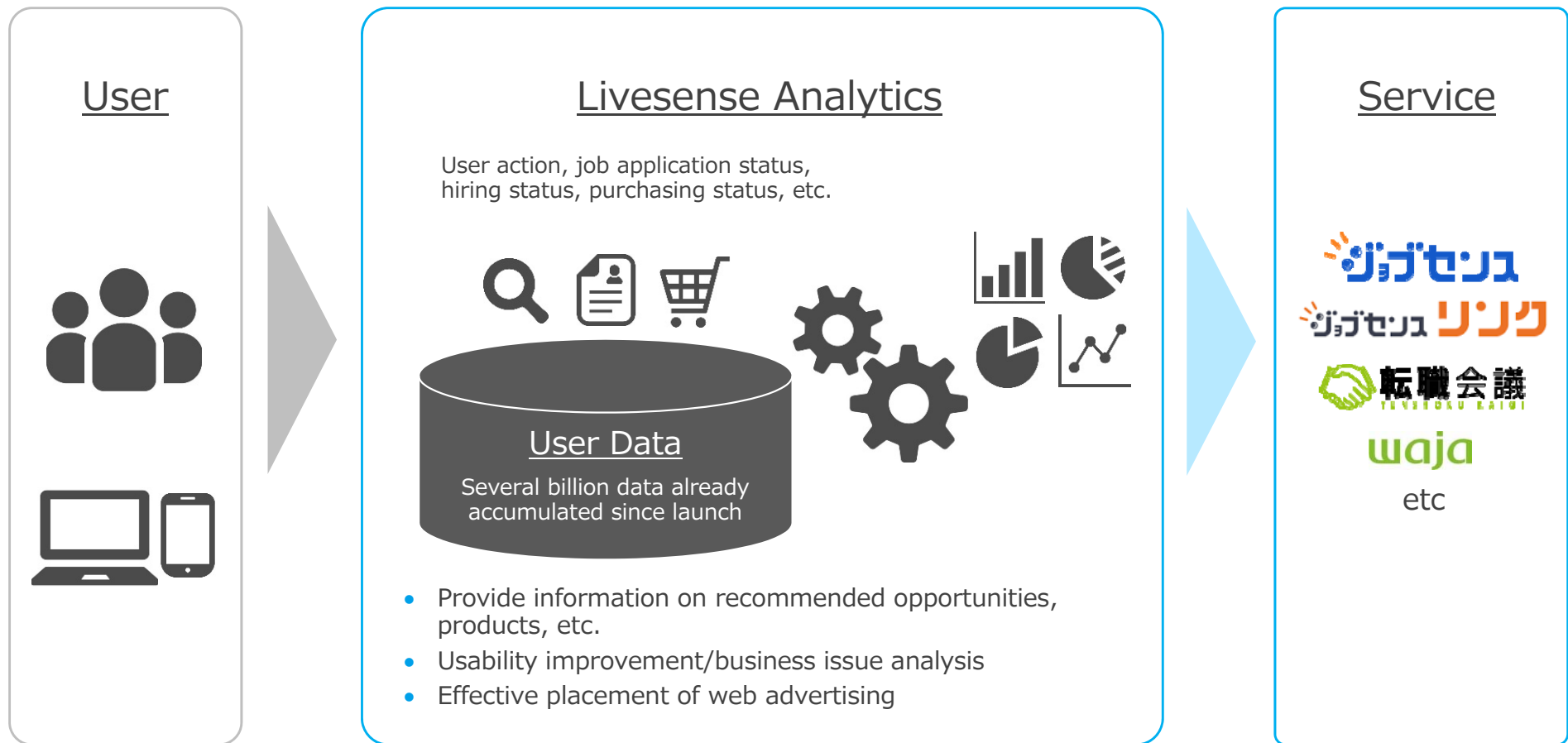


Trend in Number of Unique Users (Quarterly)



Looking Ahead to Next 10 Years: Livesense Proprietary Analytics Platform

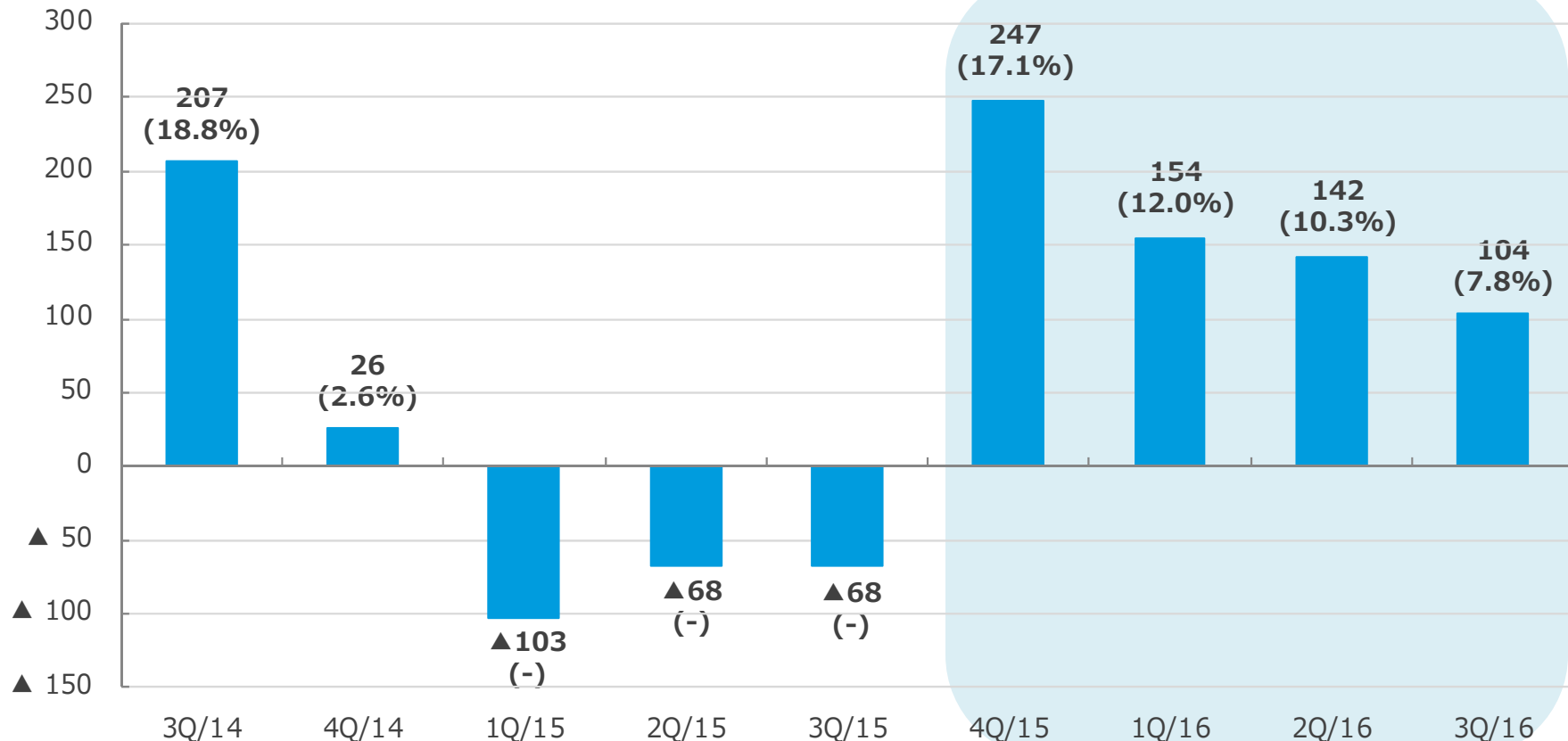
Collecting and analyzing big data, including user actions, utilizing proprietary analytics platform. Able to provide information anticipating latent user needs, enhancement of usability through improvements to site functionality and services, and highly cost-effective web advertising placement.



Looking Ahead to Next 10 Years: Vision

Through the 3Q, now a lean and profitable organization, targeted since the beginning of the year. In the 4Q, further preparation to achieve strong growth from next fiscal year will continue, including review of recognition/branding measures.

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



Looking Ahead to Next 10 Years: Livesense's Starting Point

| Corporate vision

Invent the next common

| Story behind logo



"Ideas"

By questioning existing ordinary thinking, new ideas are born.



"Constant Effort"

As the Japanese proverb "falling rain drops carve out the rock" goes, falling drops express Livesense's constant and thorough effort. Through this effort, we will permeate society with new services and new ways of thinking and changing the way the world exists.

3. Appendix

Balance Sheet Statement

(Unit: Millions of JPY)

	3Q/16	3Q/15	YoY	2Q/16	QoQ
Current assets	3,288	2,723	20.7%	3,184	3.3%
Cash and deposits	2,493	1,823	36.8%	2,415	3.2%
Fixed assets	498	856	▲41.7%	508	▲2.0%
Tangible fixed assets	108	146	▲25.9%	113	▲4.1%
Intangible fixed assets	112	392	▲71.5%	111	0.7%
Investments and other assets	278	316	▲12.2%	284	▲2.1%
Total assets	3,787	3,579	5.8%	3,693	2.5%
Current liabilities	743	635	16.9%	727	2.2%
Fixed liabilities	6	3	70.2%	3	75.0%
Total liabilities	749	639	17.2%	730	2.6%
Common stock	232	231	0.3%	232	0.0%
Total Equity	3,037	2,940	3.3%	2,962	2.5%
Total liabilities and equity	3,787	3,579	5.8%	3,693	2.5%

Record of Recent Major Publicity Events

2016.10.18	IESHIL real estate information service covered by The Remodeling Business Journal
2016.10.13	IESHIL real estate information service covered by CNET Japan
2016.10.13	IESHIL real estate information service covered by Nikkan Fudosan Keizai Tsushin
2016.10.09	IESHIL real estate information service covered by Nikkei Veritas
2016.10.03	Interview of representative posted on Miyazaki informational website "20do"
2016.09.15	IESHIL real estate information service covered by Nikkan Fudosan Keizai Tsushin
2016.09.05	IESHIL real estate information service covered by "Big Data, IoT, AI Overview 2016-2017"
2016.09.02	imitsu supplier search service covered by Nikkei Sangyo Shimbun
2016.09.02	imitsu supplier search service covered by THE BRIDGE
2016.08.22	IESHIL real estate information service covered by Shukan Jutaku Shinbun
2016.08.22	IESHIL real estate information service covered by Shukan Diamond magazine
2016.08.18	IESHIL real estate information service covered by Nihon Keizai Shimbun
2016.08.18	IESHIL real estate information service covered by Nikkan Kogyo Shimbun
2016.08.18	IESHIL real estate information service covered by CNET Japan
2016.08.12	IT engineer career change website Tenshoku Draft covered by Nikkei Sangyo Shimbun
2016.08.09	IESHIL real estate information service covered by Jutaku Shimpo
2016.07.21	IT engineer career change website Tenshoku Draft covered by Nikkei Computer magazine
2016.07.12	IT engineer career change website Tenshoku Draft covered by ITpro (Nikkei Computer)
2016.07.04	IT engineer career change website Tenshoku Draft covered by ITpro (Nikkei Computer)
2016.07.02	IT engineer career change website Tenshoku Draft covered by Nihon Keizai Shimbun morning edition

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 :244



LIVESENSE

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.