



1Q FYE Dec. 2014  
Financial Results

May. 15, 2014  
Livesense Inc.  
TSE : 6054

# Agenda

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- 1 Financial Results, 1Q FY2014
- 2 Progress of medium-term business plan
- 3 Reference Materials

### **| Targets of corporate plan barely missed, with income up and profit down year on year**

- Net sales JPY 987 million (up 15.3% year-on-year)
- Operating income JPY 137 million (up 67.2% year-on-year)

### **| Aggressive promotions facilitated improvement in ability to attract customers**

- Use SEO + Web promotion to focus on generating greater customer traffic and expand medium-term share
- Jobsense TV commercials aired in multiple suburban cities to increase visibility of service

### **| Two new services launched through business tie-up**

- Joint management of business comparison and order placement website "imitsu" launched in February
- Joint management of furniture and interior mail order website "kagūno" launched in April

### **| Efforts launched to solidify business foundation for the first year of medium-term business plan**

- On business side, focus was on increasing ability of existing major services to attract customers and strengthening customer support system
- On organization side, work was begun to enhance hiring, maintain organization and develop human resources

## 1-2 1Q14 Financial Results

### Targets of corporate plan barely missed, with income up and profit down year on year

(Thousands of JPY)

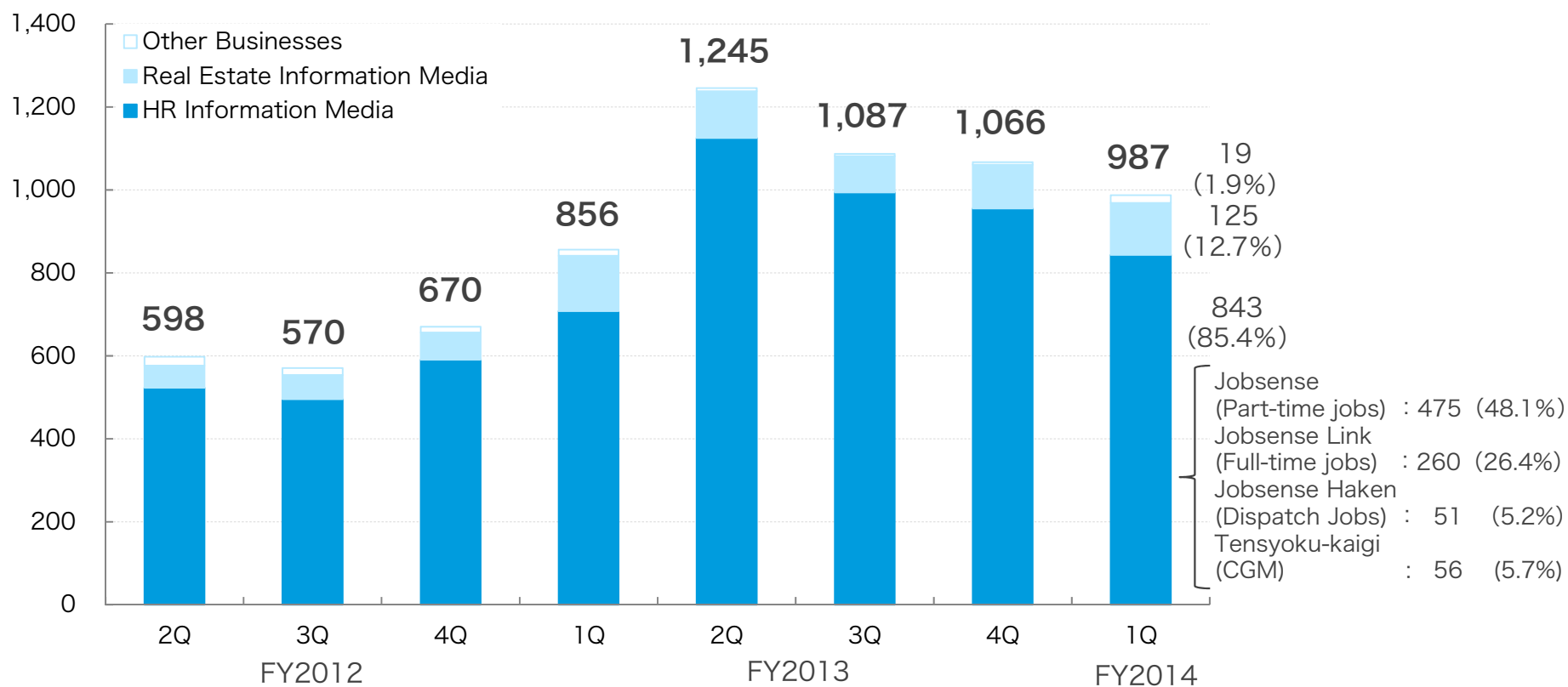
	1Q13	1Q14	YoY
Sales	856,469	<b>987,730</b>	+15.3%
Sales Cost	71,642	<b>74,131</b>	+3.5%
	8.4%	7.5%	(0.9%)
Gross Margin	784,827	<b>913,598</b>	+16.4%
	91.6%	92.5%	+0.9%
SG&A Expenses	367,136	<b>776,440</b>	+111.5%
	42.9%	78.6%	+35.7%
Operating Income	417,690	<b>137,158</b>	(67.2%)
	48.8%	13.9%	(34.9%)
Ordinary Income	418,450	<b>137,449</b>	(67.2%)
	48.9%	13.9%	(34.9%)
Current Net Pretax Profit	414,650	<b>137,449</b>	(66.9%)
	48.4%	13.9%	(34.5%)
Current net profit	234,736	<b>82,094</b>	(65.0%)
	27.4%	8.3%	(19.1%)

SG&A : Increases of advertising costs (+ JPY 240 million) resulting from promotions and personnel expenses, etc. (+ JPY 105 million) due to business expansion.

## 1-3 Net Sales

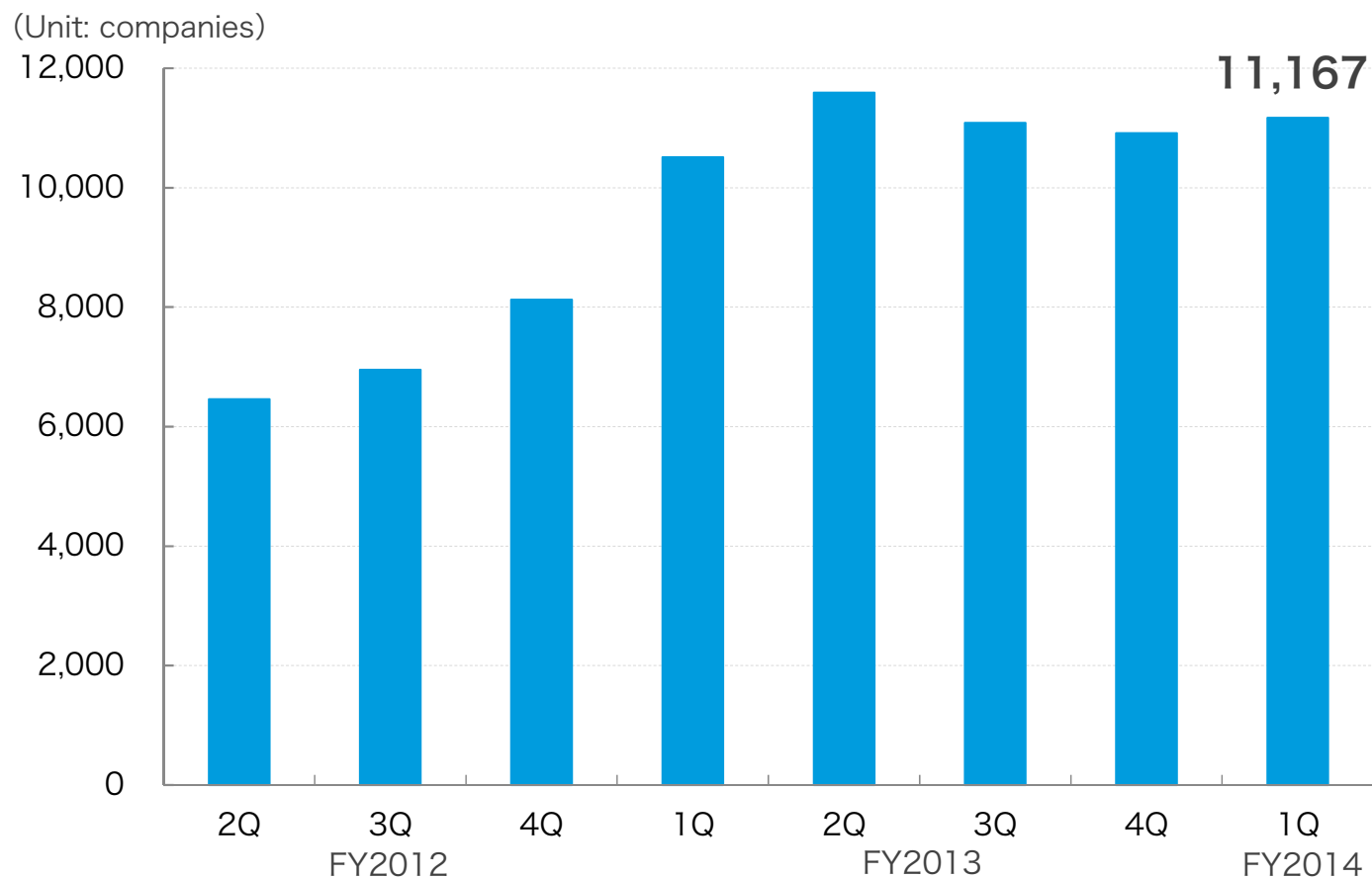
### Employment and real estate business results just below targets of corporate plan

(JPY million)  
(%): Ratio to net sales



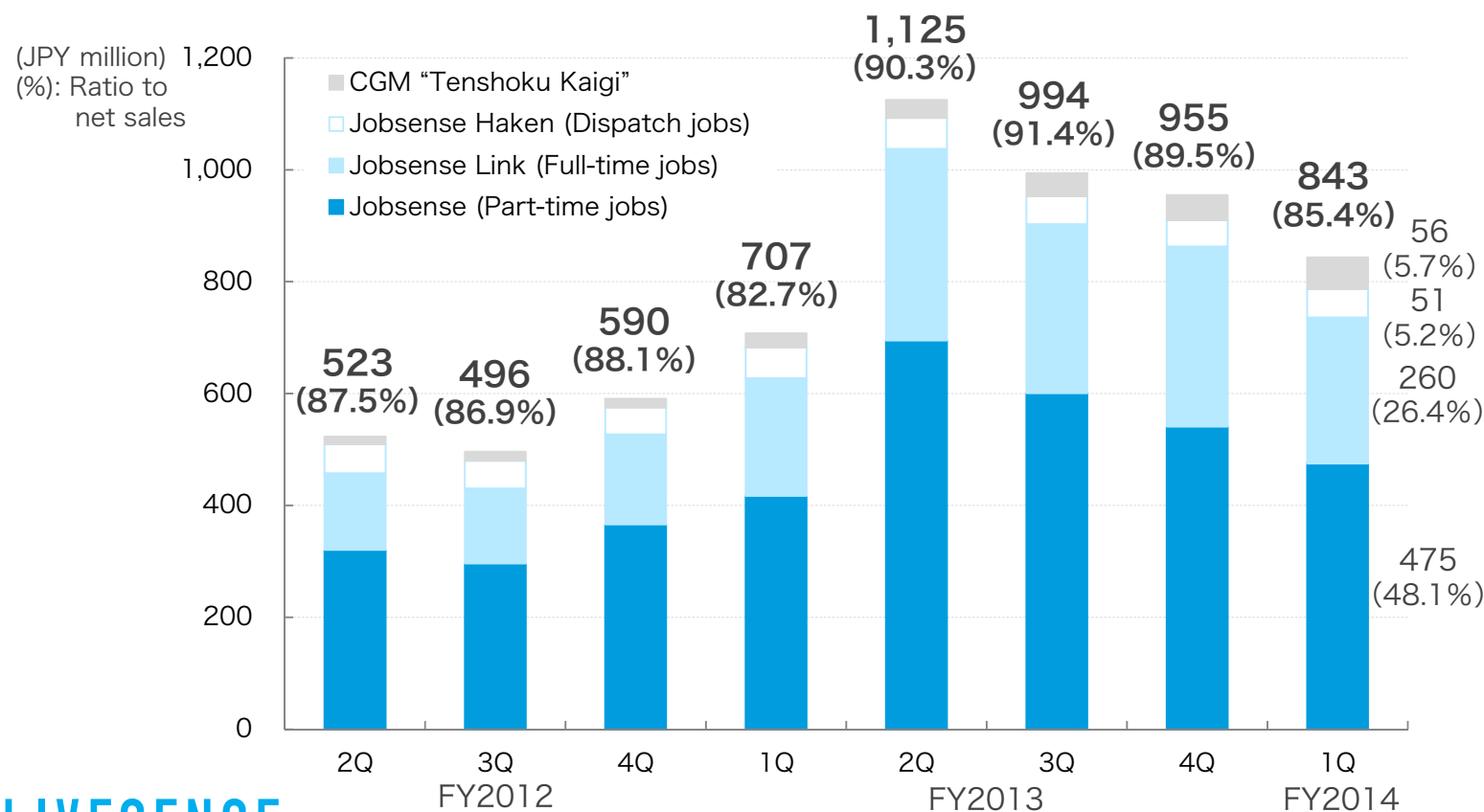
## 1-4 Number of Actively Listing Companies

- | 2,805 newly listing companies in 1Q FY2014
- | Emphasis placed on promoting use among companies already using services in addition to encouraging new adoption



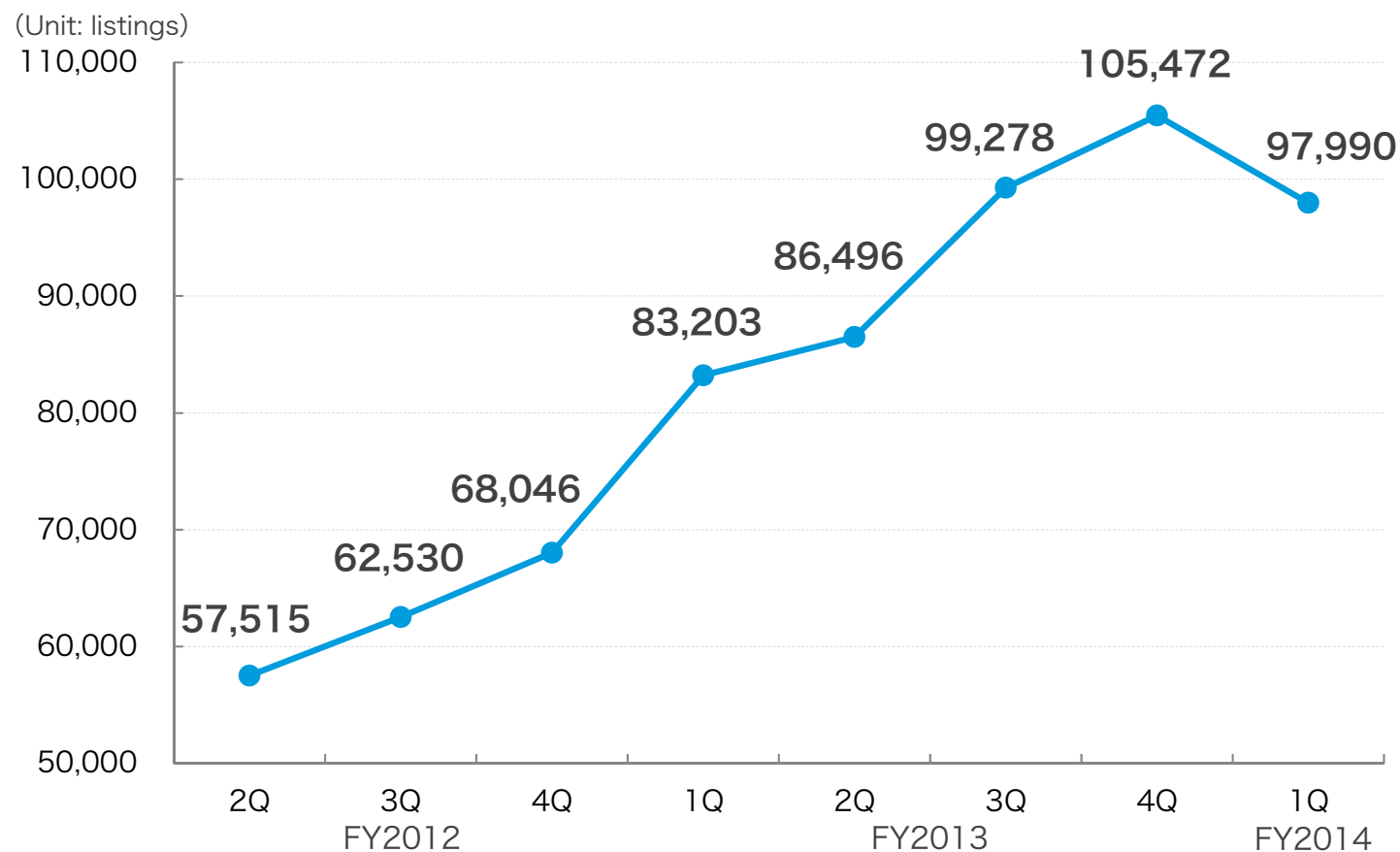
## 1-5 HR Information Media Business (Sales)

- Growth was sluggish compared to 1Q13 due to strain on labor market, primarily part-time jobs, continuing from second half of last year, and sales decreased compared to 4Q13 due to seasonal effects
- Focus on improving ability to attract customers through web promotions and Jobsense TV CM in suburban areas and improving application and hiring rates through strengthening of support for job applicants



## 1-5 HR Information Media Business (No. of information)

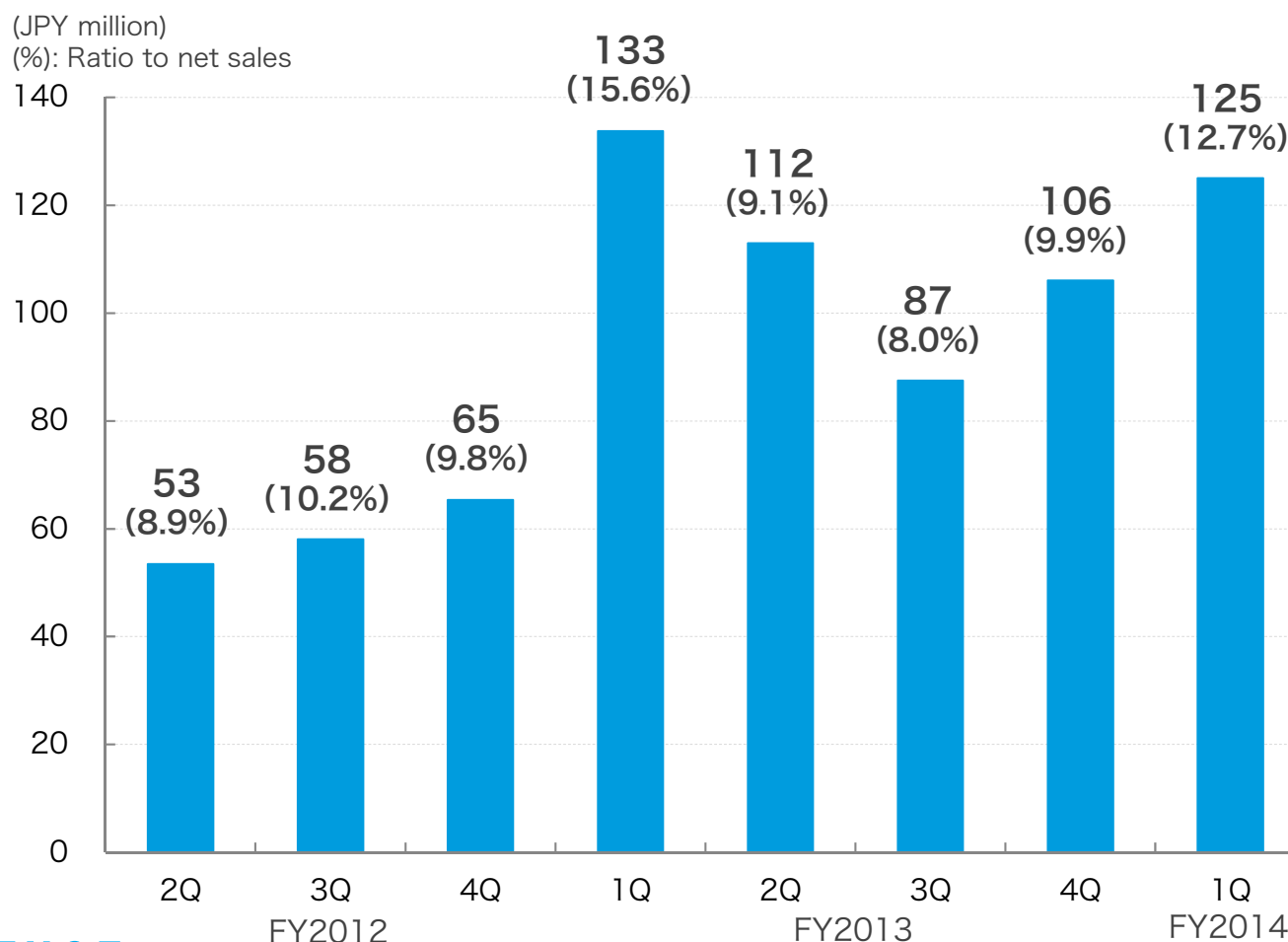
- Number of listings down from 4Q13 due to impact of change in prices for service provision
- Focus on marketing in regions with low usage levels and increasing number of listings through expansion of services matching company needs





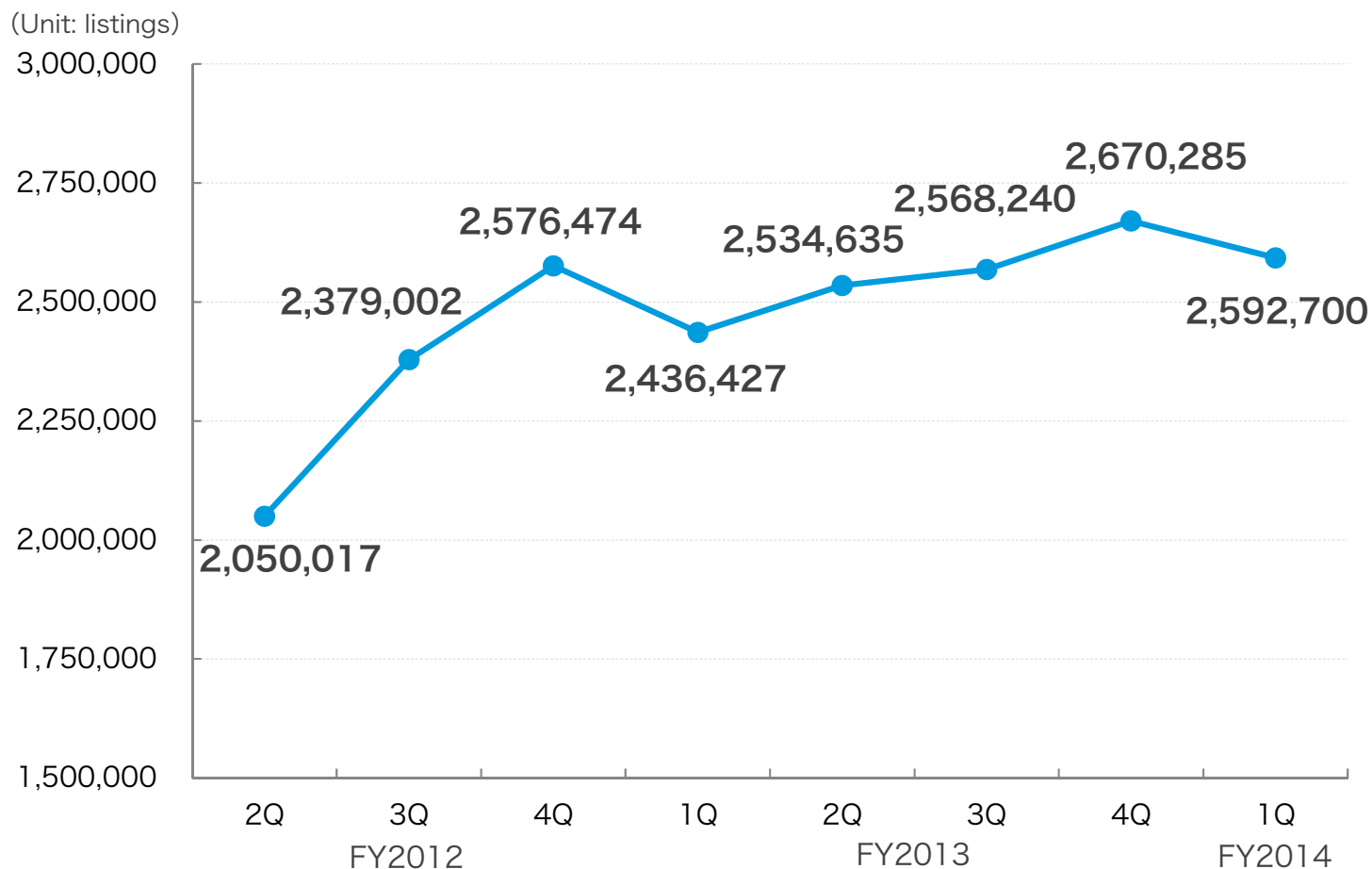
## 1-6 Real Estate Information Media Business (Sales)

- Sales declined compared to 1Q13 due to factors such as closing of website for feature phones and lack of man-power arising from development of internal management system in anticipation of future expansion of business scale



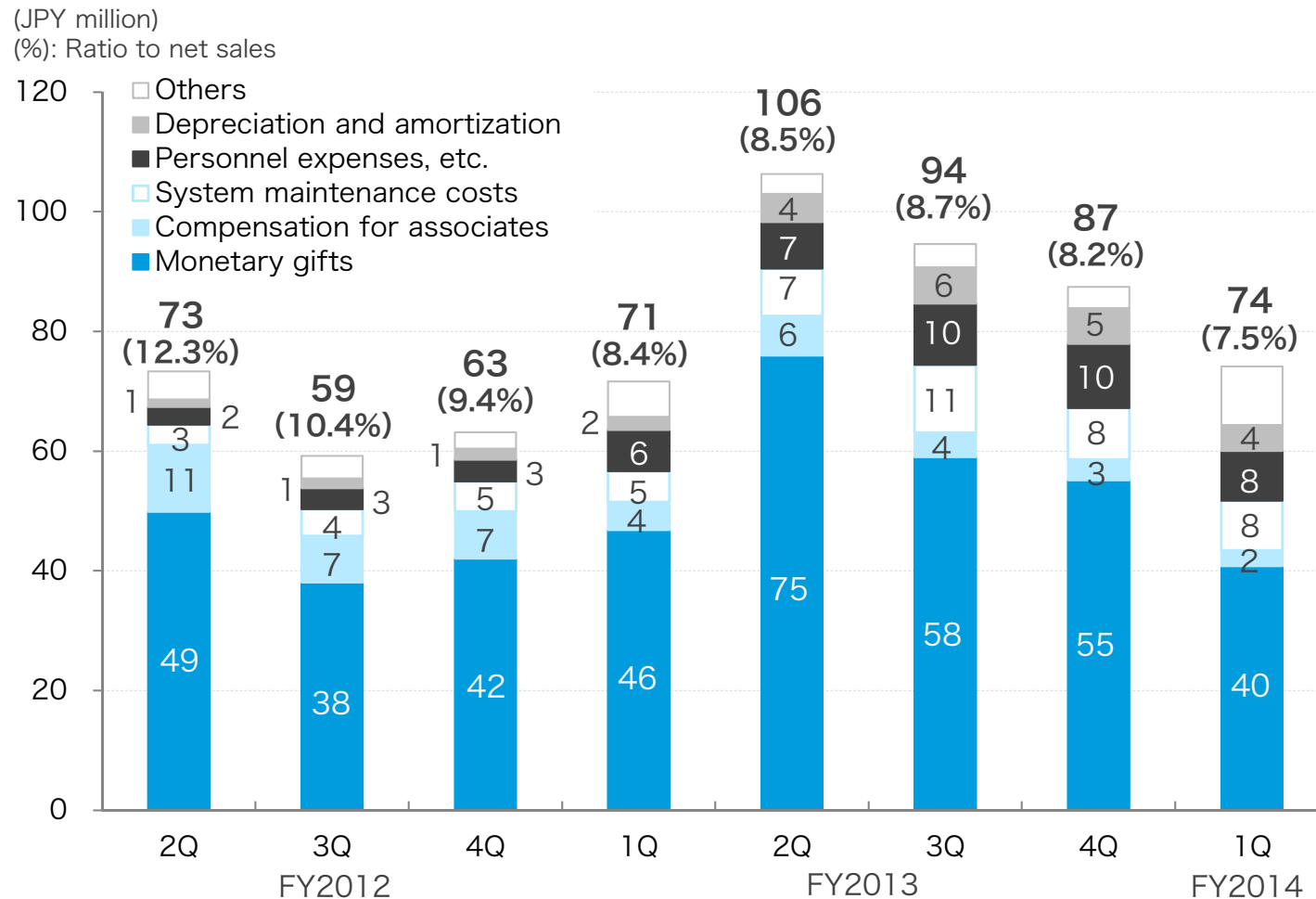
## 1-6 Real Estate Information Media Business (No. of information)

- Number of listings down compared to 4Q13 due in part to seasonal factors
- Improvement of service management system and strengthening of marketing targeting new adoption



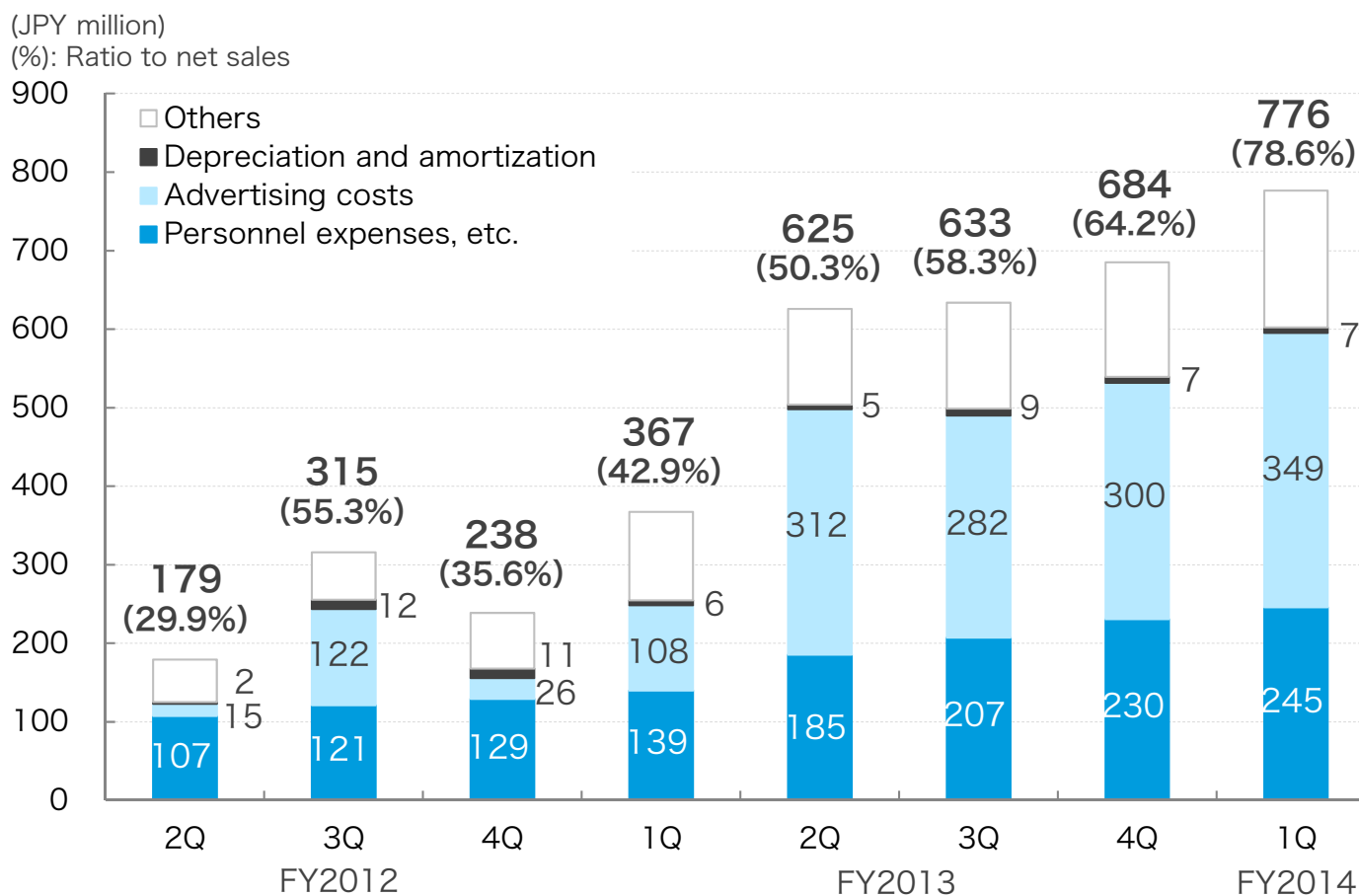
## 1-7 Sales Costs

### Monetary gifts for hiring decreased in conjunction with shrinking employment-related sales



## 1-8 SG&A Expenses

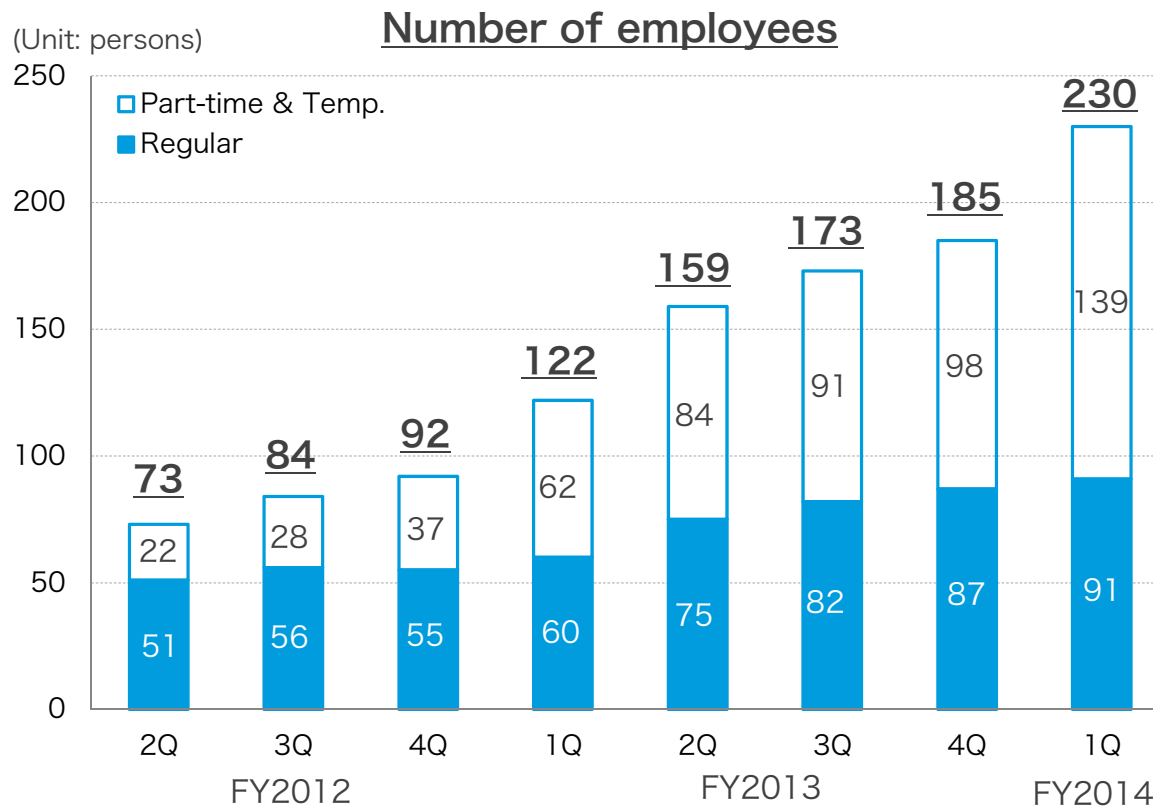
- Personnel expenses, etc. continued to increase with personnel increases
- Advertising costs increased due to airing of Jobsense TV commercials in addition to continued web promotions carried out for the purpose of attracting job applicants and other users



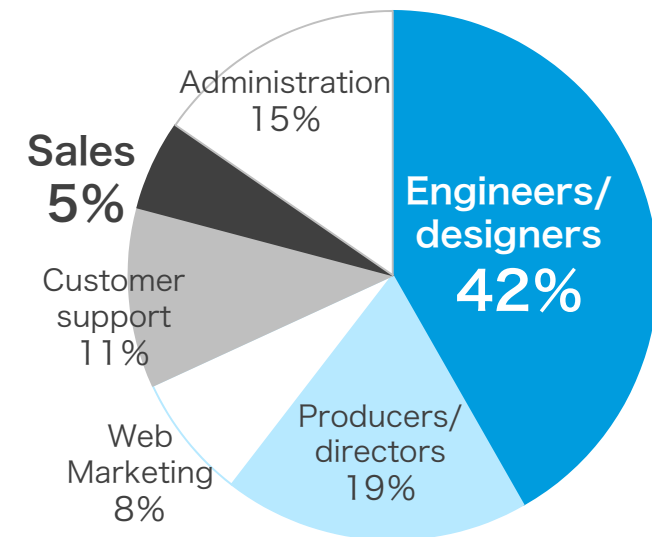
## 1-8 Trends in SG&A Expenses

**We will maintain our focus on efficient business operations while continuing to hire in order to increase the speed of business development**

**During 1Q, we hired 4 full-time employees and 41 part-time or temporary employees who support for job applicants**



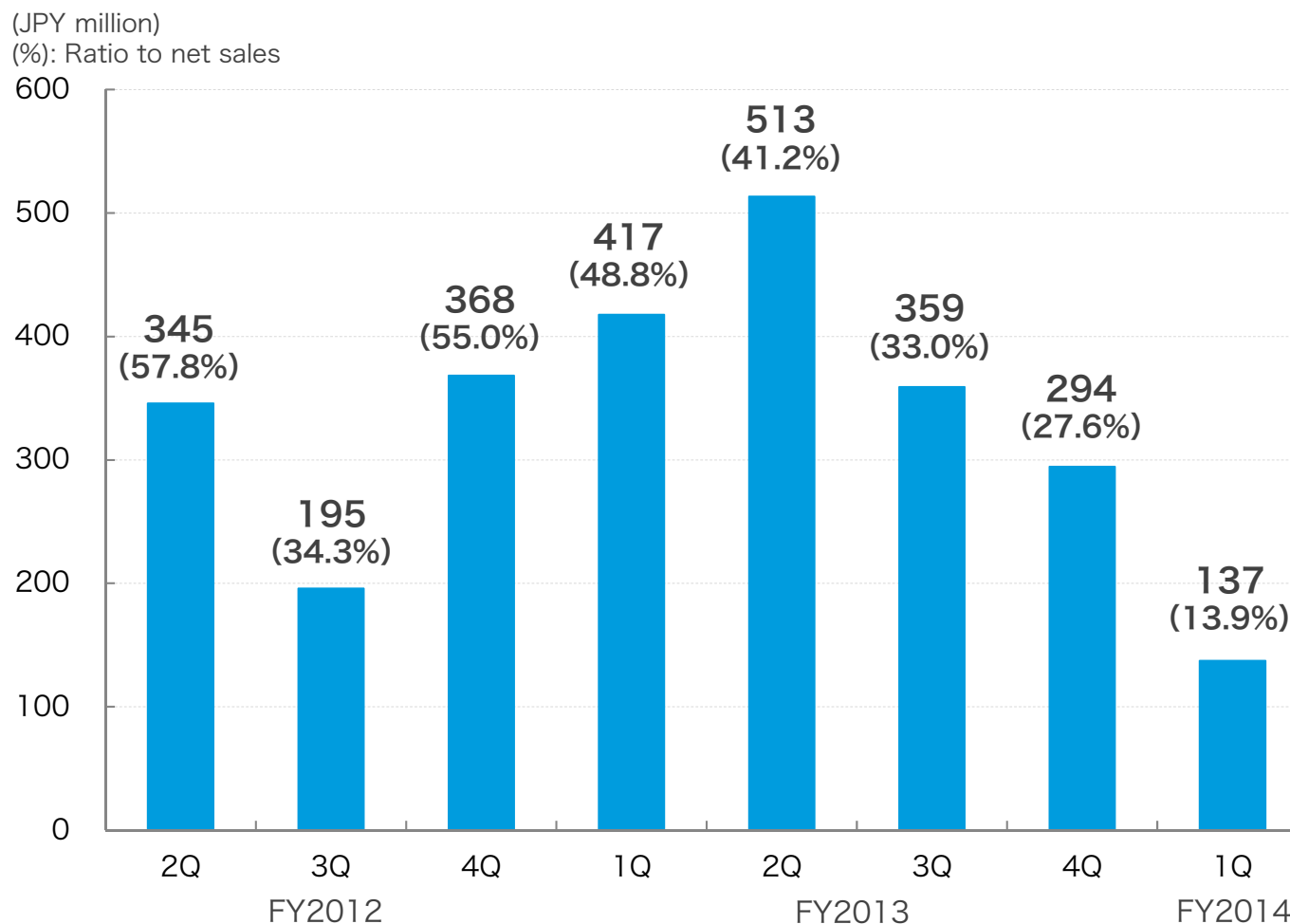
**Breakdown of regular employees**



(As of March 2014)

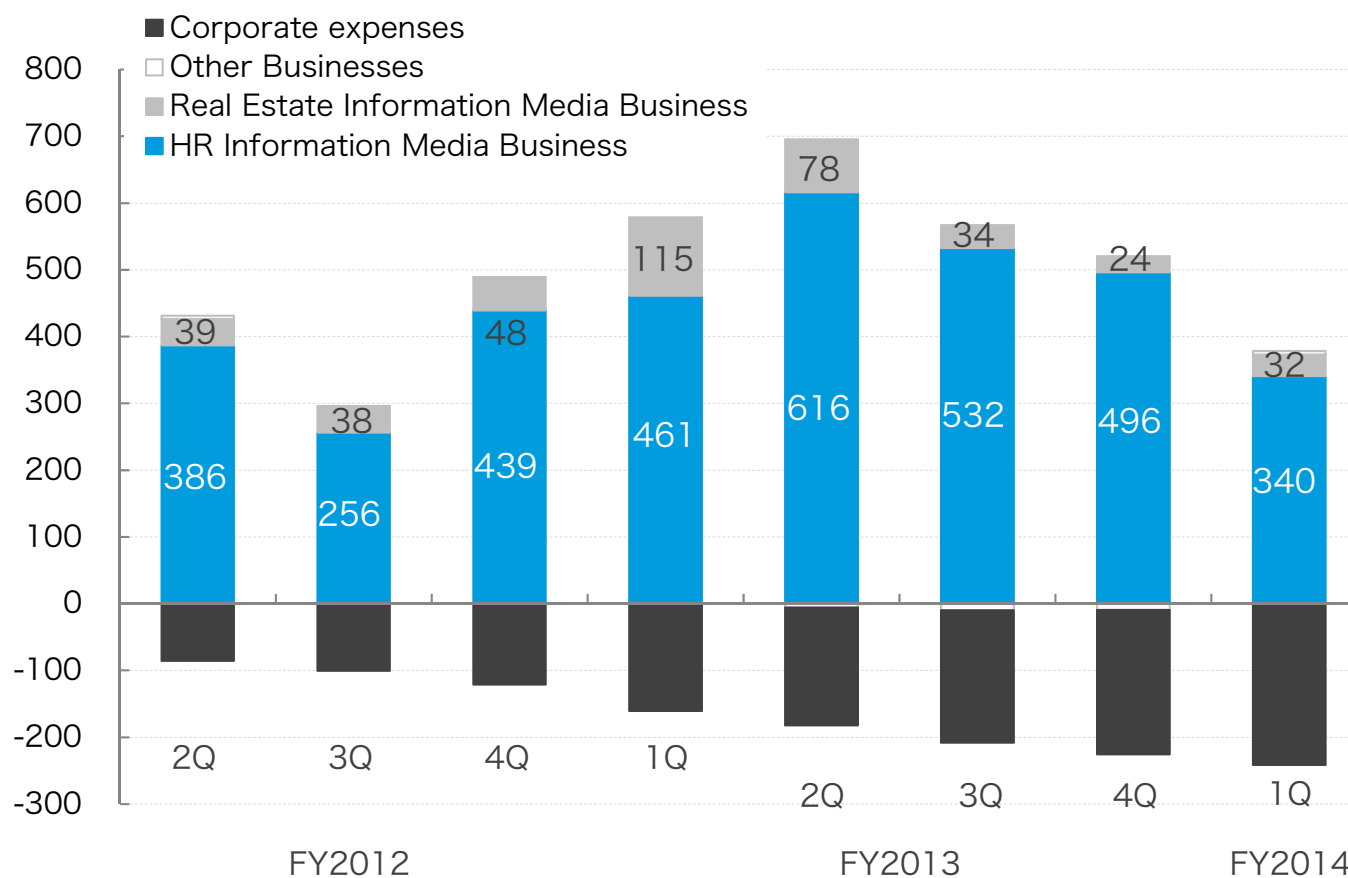
## 1-9 Operating Income

- Sales fell just below target of plan while operating income decreased due to increase in advertising costs and personnel expenses, etc.



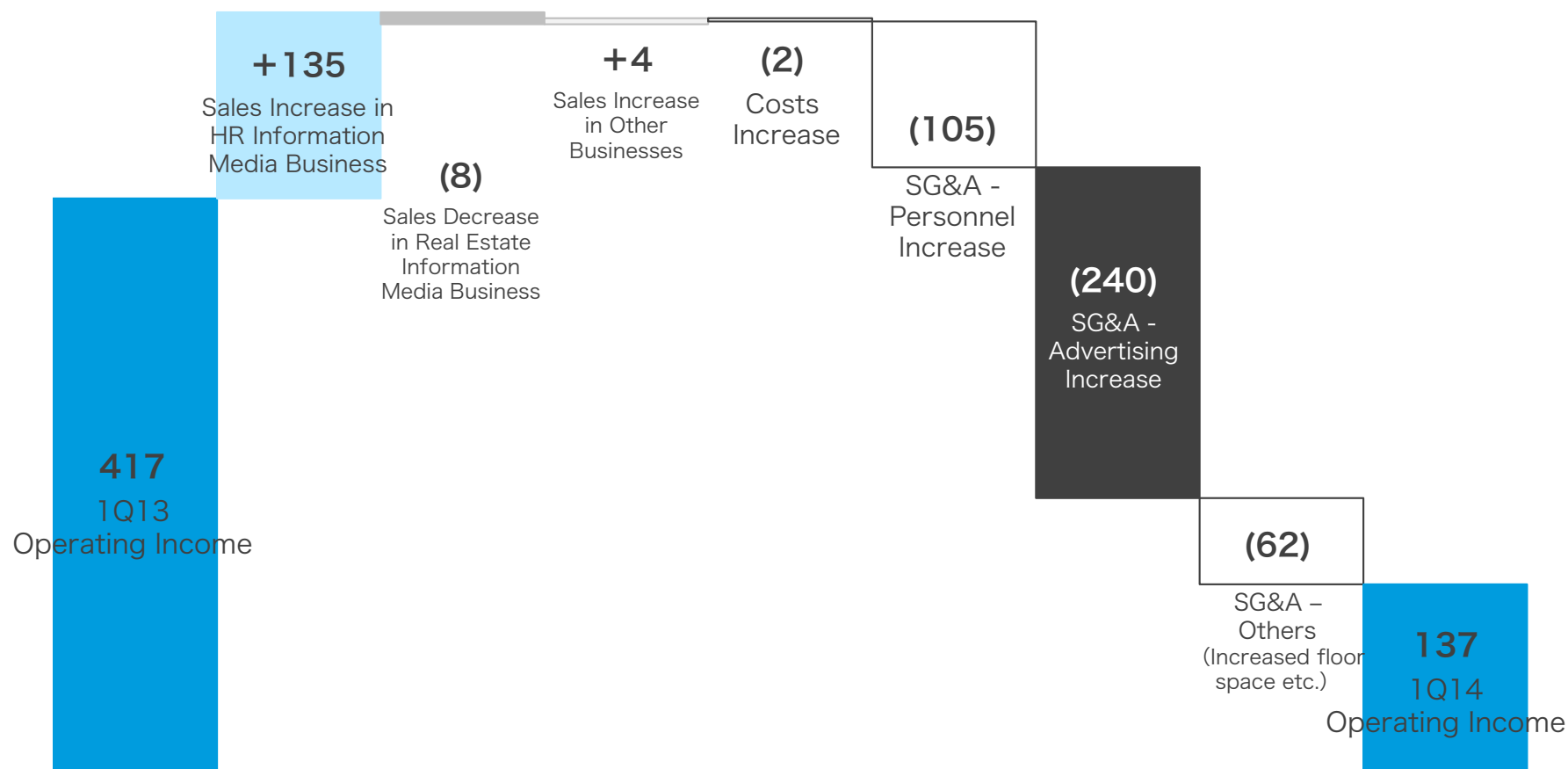
## 1-9 Operating Income (Segment)

Operating income from employment and real estate businesses decreased due to increases in advertising costs and personnel expenses



## 1-9 Operating Income (YoY comparison)

Operating income decreased year on year due to inability to absorb increases in personnel expenses, etc. and other various expenses associated with full-scale investment in advertising and expansion of company compared to 1Q13





## 1-10 FY2014 Plan (No change)

- FY2014 will be a year during which we solidify our foundation for medium-term growth (forward-looking investments)**
- We will enhance promotions (TV CM, Web Ads, etc.) aimed at increasing share in our existing HR and real estate businesses while also using site functionality improvements and service quality improvements to increase matching efficiency**
- We are planning to make approximately 70 new hires, mainly engineers, as we place our medium-term focus on the aggressive development of new businesses.**

(Thousands of JPY)

	FY2013	FY2014			
	Results	Forecast	(YoY)	1Q Results	(Progress Rate)
Sales	4,256,153	<b>6,649,679</b>	56.2%	<b>987,730</b>	14.9%
Operating Income	1,584,478	<b>1,950,301</b>	23.1%	<b>137,158</b>	7.0%
	37.2%	29.3%	-	13.9%	-
Ordinary Income	1,585,828	<b>1,950,735</b>	23.0%	<b>137,449</b>	7.0%
	37.3%	29.3%	-	13.9%	-
Net Profit	983,830	<b>1,219,514</b>	24.0%	<b>82,094</b>	6.7%
	23.1%	18.3%	-	8.3%	-
EPS (JPY)	35.58	<b>43.95</b>	23.5%	<b>2.96</b>	6.7%

## 1-10 FY2014 Plan (Main Points of Focus in 2Q and Beyond)

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### **| Part-time jobs area**

- Improvement of ability to attract users (job applicants) through further enhancement of web marketing
- Improvement of application and hiring rates through thorough strengthening of job applicant support and website improvements
- Increasing of number of job information postings through strengthening of support for existing corporate customers and marketing targeting local companies

### **| Full-time employee career change area**

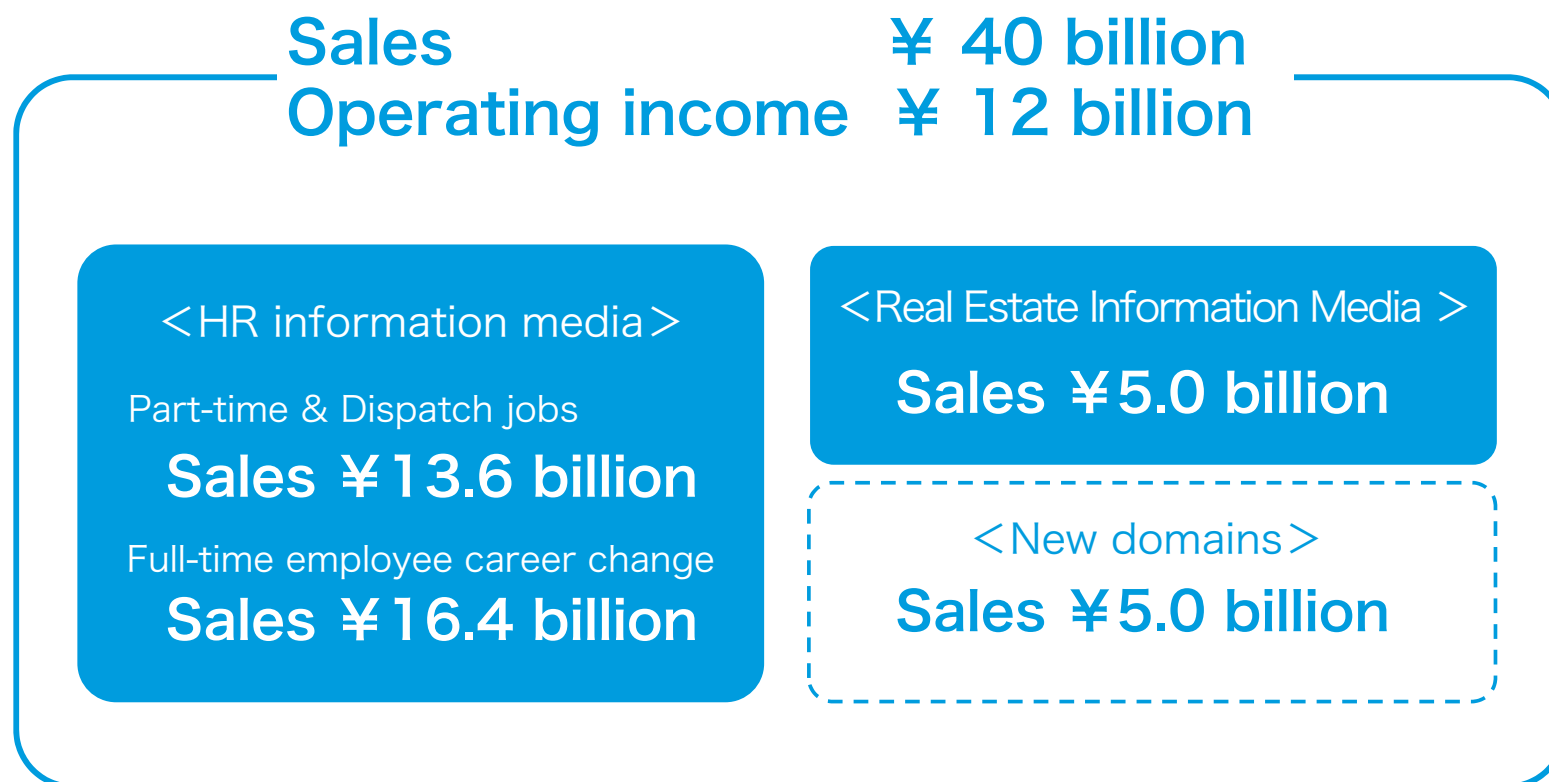
- Increasing of number of hires through full-scale operation of job applicant support (human resource referral service)
- Increasing of number of job information postings through marketing targeting untapped companies and strengthening of support for existing corporate customers
- Improvement of ability to attract users (job applicants) through enhancement of web marketing

### **| Real Estate area**

- Increasing of number of leasehold property listings through marketing targeting untapped companies and strengthening of management system
- Increase usability and matching rate by strengthening site functions and adding contents
- Improvement of ability to attract users (People who are looking for a home) through enhancement of web marketing

## 2-1 Medium-Term Business Plan (Earnings goals for FY2018)

| In 5-year period, aim "add another zero" to profit scale



## 2-2 Growth strategy for goal achievement (existing business)

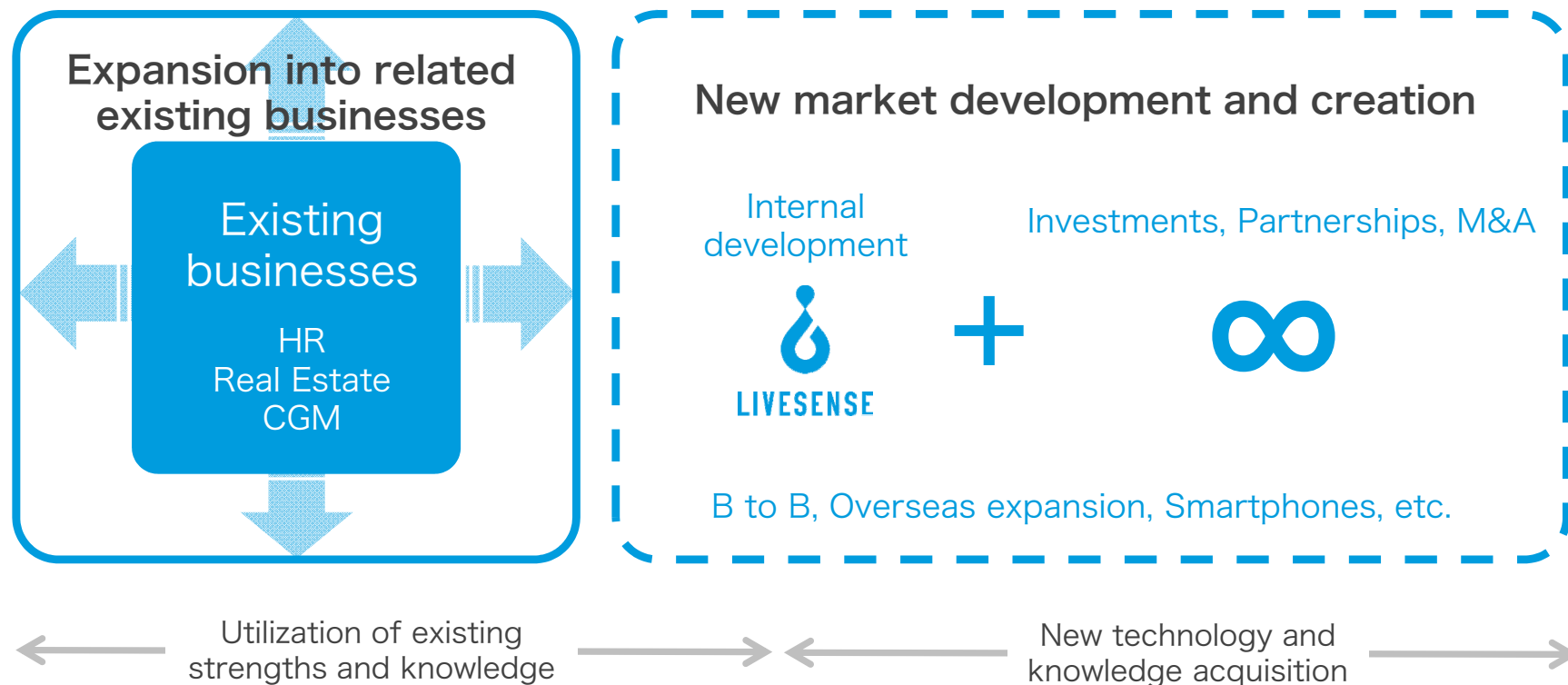
**I Reinforcement of major measures and distinction in our services to expand share and expand business segments by breaking into related domains in order to become "the next common" in the HR and real estate markets**



## 2-2 Growth strategy for goal achievement (new domains)

In addition to internal development, we will use aggressive business investments, including capitalization, business partnerships, and M&A to create "the next common" and enhance our profit infrastructure

### Our business domains



## 2-3 Medium-Term Business Plan (Schedule)

**Continue with infrastructure enhancements and aggressive investments need to achieve long-term growth**

	FY2014	FY2015	FY2016~2018
Policies	<b>Business infrastructure enhancements</b>	<b>Business portfolio enhancements</b>	<b>Higher profitability</b>
Vital measures	<p>&lt;Business topics&gt; Existing business: enhance user traffic development capabilities</p> <p>&lt;Organization topics&gt; Increased hiring, organizational development, personnel development</p>	<p>&lt;Business topics&gt; Existing business: expanding business domains</p> <p>New domains: development of multiple businesses, test runs, begin overseas expansion</p>	<p>&lt;Business topics&gt; Existing business: expanding business scope</p> <p>New domains: full-scale expansion of business, profit stabilization</p>
Investments	<p>Existing business: M&amp;A in related domains</p> <p>New domains: market research, planting seeds</p>	<p>New domains: internal development, investments, partnerships, M&amp;A, overseas expansion</p>	<p>Recovery through profit stabilization</p>

## 2-4 FY2014 Q1 Initiatives Targeting Our Mid-Term Plan

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### | Business initiatives

- Strengthening customer acquisition for existing main businesses  
Continue strengthening web marketing, adding new features to service sites, online promotions, in addition to airing TV commercials for part-time job seekers in suburban cities
- Strengthening customer support  
HR business: Strengthened telephone support job seekers to increase job application rate and hiring rate  
Real Estate business: Marketing to new client users to increase listings and raising operational efficiency

### | Organizational Initiatives

- Strengthening recruiting  
Set up a recruiting team specifically targeting engineers, to hire the best people
- Organizational changes  
Changed organizational structure in Units to improve services and increase growth speed
- Training personnel  
Changed evaluation to reflect goals and long-term skill enhancement, and strengthened internal training program such as new business development

# (Reference) Introduction of New Services

## Business Comparison and Order Site “imitsu”

- Began operation through alliance with unilabo Inc. in February 2014
- B2B service providing easy comparison and ordering services for running your business

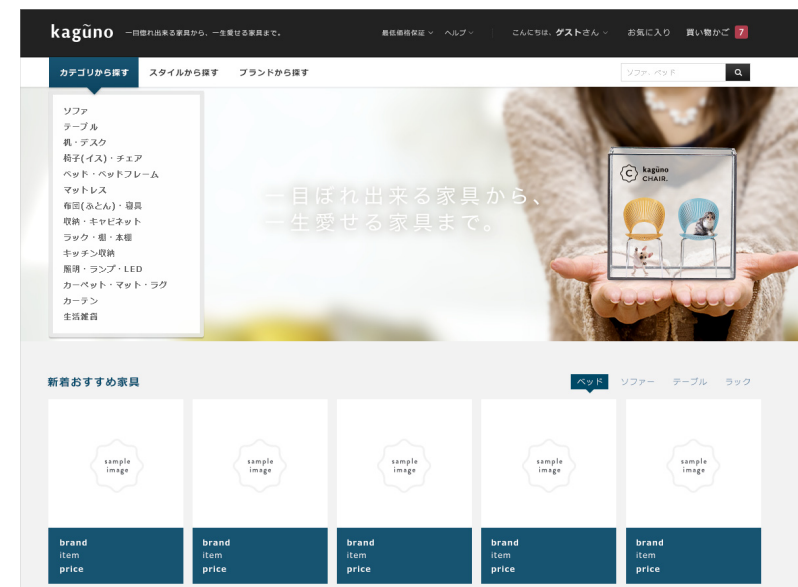
(URL <http://imitsu.jp/>)



## Furniture and Interior E-commerce Site “kagūno”

- Began operation through alliance with Otsuka Kagu, Co., Ltd. in April 2014
- Entered EC domain utilizing our web service development skills

(URL <https://kaguno.com/>)





## 3-1 Balance Sheet Statement

(Thousands of JPY)

	4Q13	1Q14	QoQ
<b>Current assets</b>	3,035,601	<b>2,677,485</b>	(11.8%)
Cash and deposits	2,541,453	<b>2,206,409</b>	(13.2%)
Accounts receivable	437,560	<b>444,042</b>	+1.5%
<b>Fixed assets</b>	347,595	<b>392,454</b>	+12.9%
Tangible fixed assets	116,787	<b>123,933</b>	+6.1%
Intangible fixed assets	32,504	<b>34,748</b>	+6.9%
Investments and other assets	198,303	<b>233,772</b>	+17.9%
<b>Total assets</b>	3,383,196	<b>3,069,940</b>	(9.3%)
<b>Current liabilities</b>	726,115	<b>328,699</b>	(54.7%)
Accounts payable	201,225	<b>197,605</b>	(1.8%)
Income taxes payable	385,611	<b>39,942</b>	(89.6%)
<b>Fixed liabilities</b>	-	-	-
<b>Total liabilities</b>	726,115	<b>328,699</b>	(54.7%)
<b>Shareholders' equity</b>	2,638,521	<b>2,720,519</b>	+3.1%
Capital	221,901	<b>221,901</b>	+0.0%
Capital reserve	206,901	<b>206,901</b>	+0.0%
Accumulated earnings	2,210,478	<b>2,292,572</b>	+3.7%
Stock warrants	18,559	<b>20,721</b>	+11.6%
<b>Total net assets</b>	2,657,081	<b>2,741,240</b>	+3.2%

## 3-2 Record of Recent Major Publicity Events

2014.04.20	WEDGE (on sale Apr. 20)
2014.04.10	THE21 May issue
2014.04.03	Nikkei Sangyo Shimbun
2014.03.29	Global debate WISDOM (NHK-BS1)
2014.03.10	Magazine WIRED Mar. 10 edition
2014.02.24	AERA Feb. 24 edition
2014.02.21	Nikkei Money Apl. Edition
2014.02.15	Okane-sama (Nippon Television)
2014.01.30	Tokyo Mayokara (TV Tokyo)
2014.01.27	Nihon Keizai Shimbun morning edition
2014.01.27	Magazine PRESIDENT (on sale Dec. 27)
2014.01.20	Shukan Jutaku Shimbun
2014.01.13	Zenkoku Chintai Jutaku Shimbun
2014.01.03	SANKEI Shimbun
2013.12.29	Gacchiri Monday (TBS)
2013.12.26	Nikkei top leaders (on sale Dec. 26)
2013.12.11	TV Future heritage (TBS)
2013.12.03	SANKEI Shimbun
2013.11.25	AERA Nov. 25 edition
2013.11.22	Magazine Ascii cloud Jan. issue
2013.11.01	AERA Nov. 1 edition
2013.11.01	Monthly magazine business concept Dec. issue
2013.10.10	Nikkei Business Associé Nov. edition
2013.10.07	Magazine Shukan Economist (on sale Oct. 7)
2013.08.16	Magazine DIME Oct. edition
2013.08.15	Nihon Keizai Shimbun morning edition
2013.07.27	Tokyo Shimbun
2013.07.22	Shukan Toyo Keizai July 22 issue
2013.07.22	Magazine PRESIDENT (on sale July 22)
2013.07.15	Zenkoku Chintai Jutaku Shimbun
2013.07.02	Shukan Jutaku Shimbun
2013.07.01	Zenkoku Chintai Jutaku Shimbun

### 3-3 Company Profile (As of March 2014)

Company Name	Livesense Inc.
Business Objective	Internet Media Management Business
Address	5th Floor, Shin-meguro Tokyu Building, 2-25-2 Kamiosaki, Shinagawa-ku, Tokyo
Established	February 8, 2006
President	Taichi Murakami
Management Team	<p>Managing Director    Daisuke Katsura                                            Yuichi Iwasaki                                            Tomoya Shibasaki                                            Shin Nakajima                                            Hiroyuki Honda (Outside Director)</p> <p>Statutory Auditors    Junichi Ehara                                            Misao Akutsu (Outside Statutory Auditor)                                            Mitsuru Ozaki (Outside Statutory Auditor)</p>
Capital	JPY221 million
Business Results	FY2013 Sales : JPY 4,256 million, OP: JPY 1,584 million
Number of Employees	Full-time : 91, Part-time & Temp. : 139
Fiscal Term	December
Date listed	October 1, 2012 (TSE 1st Section) December 7, 2011 (TSE Mothers)
Auditing Firm	Deloitte Touche Tohmatsu LLC



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.