



## Financial Results for 1Q FY2015

May 15, 2015  
Livesense Inc.  
(TSE : 6054)

# Agenda

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- 1 Financial Results for 1Q FY2015
- 2 Acquisition of Shares in waja Co., Ltd.
- 3 Medium-Term Business Plan
- 4 Reference Materials

## 1-1 1Q FY2015 Highlights

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**1Q results came in according to the original forecast. YoY sales increased owing to a recovery trend in the HR domain despite the recording of an operating loss due to forward-looking investments.**

- Net sales JPY 10.3 million (UP 4.7% YoY)
- Operating Loss JPY 1.0 million

**The focus is on increasing personnel and promotions to achieve the targets of Medium-Term Business Plan.**

- The company structure is being strengthened, centered on cultivation of corporate customers, including leading and local companies, promotion of use and job applicant support.
- We have improved website functionality and the effect of web marketing aiming to improve user traffic and application and employment rates of our major services.
- Campaign was launched in mid-March on “Jobsense” for university students to increase recognition and promote applications.

**We enter the EC (CtoC, Cross-Border) domain.**

- We acquired 71.7% of the total number of issued shares of waja Co., Ltd., which operates CtoC / Cross-Border EC\* businesses in the area of fashion. It is subject to consolidation starting in the 2Q.
- we allocated the entire amount of the acquisition funds (approx. JPY 390 million) from cash and deposits on hand

**The business profitability plan for the full year has been put on hold, despite continued forward-looking investments.**

\*Cross-border EC : EC (e-commerce) involving the buying and selling of products and services across national borders

## 1-2 1Q15 Financial Results

YoY sales grew up because of a recovery trend in the HR domain despite the recording of an operating loss due to forward-looking investments.

(Unit : Thousands of JPY)

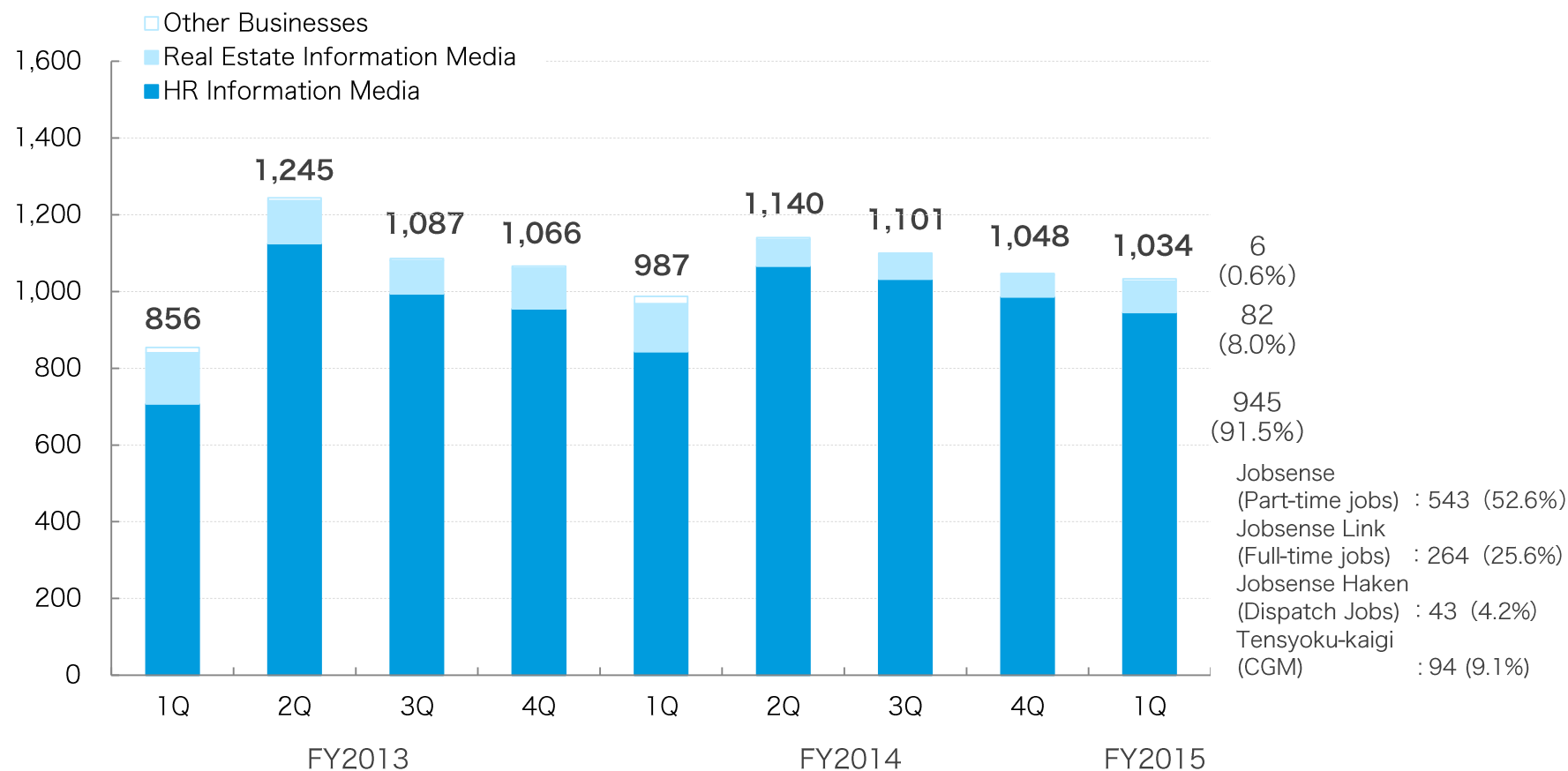
	1Q14	1Q15	YoY
Sales	987,730	<b>1,034,020</b>	+4.7%
Sales Cost	74,131	<b>74,929</b>	+1.1%
	7.5%	7.2%	(0.3%)
Gross Margin	913,598	<b>959,091</b>	+5.0%
	92.5%	92.8%	+0.3%
SG&A Expenses	776,440	<b>1,062,278</b>	+36.8%
	78.6%	102.7%	+24.1%
Operating Income	137,158	<b>(103,187)</b>	-
	13.9%	-	-
Ordinary Income	137,449	<b>(105,768)</b>	-
	13.9%	-	-
Current Net Pretax Profit	137,449	<b>(105,768)</b>	-
	13.9%	-	-
Current net profit	82,094	<b>(72,407)</b>	-
	8.3%	-	-

SG&A : Personnel expenses, etc. (+126 million JPY)  
: Advertising expenses (+74 million JPY)

## 1-3 Net Sales

There was a 12.1% sales increase owing to a recovery trend in HR domain.

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



## 1-4 Major Topics in HR Information Media Business

### Jobsense

- No. of information is increasing.
  - ✓ Cultivating leading companies.
  - ✓ Strengthening sales for existing customers.
  - ✓ Optional services are being expanded.
- Unique User of the site is improved.:
  - ✓ Enforcement of website functionality and web marketing, and increase of the No. information were successful.
- Taking action to raise user awareness and increase repeat use. :
  - ✓ Some campaigns for university students have been developed aimed at promoting use of services.

### Jobsense Link

- No. of information is increasing.
  - ✓ Strengthening approach to new customers, primarily local companies.
- No. of registered members is increasing steadily, surpassing one million in March.
  - ✓ Creative website display and strengthening of web marketing have been effective.

### Tensyoku Kaigi

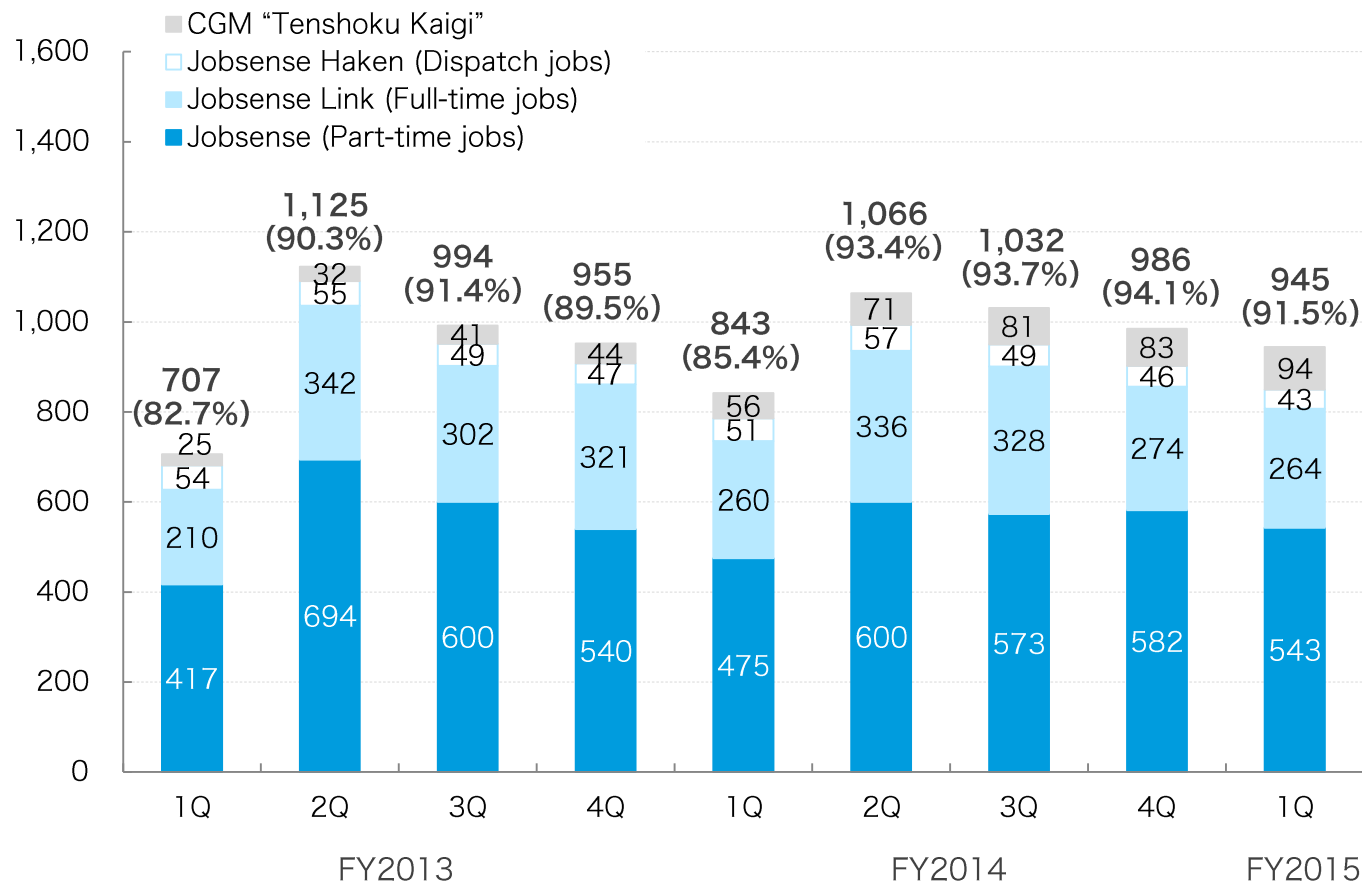
- No. of registered members is more than 1.4 million and continues to increase.
  - ✓ Concentrating on improving website image and functionality.
- Strengthening the channel of monetization.
  - ✓ No. of users(job seekers) sent to partner recruitment referral companies is steadily increasing.

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

**Sales increased by 12.1% YoY thanks to improved and increased website functionality, web marketing and optional services.**

(Unit : Millions of JPY)

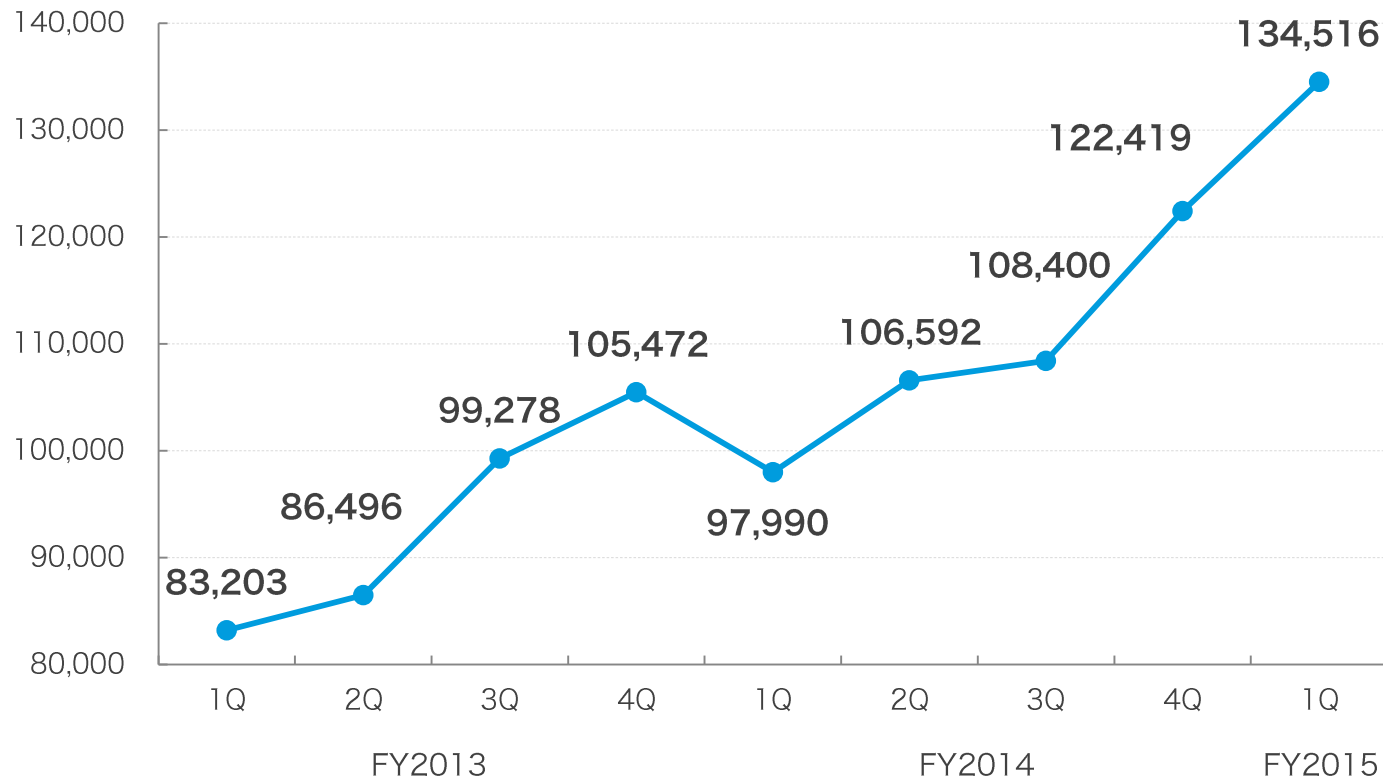
(%): Ratio to net sales



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

Repeat promotions and optional service proposals for existing listing customers were successful, and No. of information listings has grown steadily. No. of new corporate customers was 2,700.

(Unit : Listings)

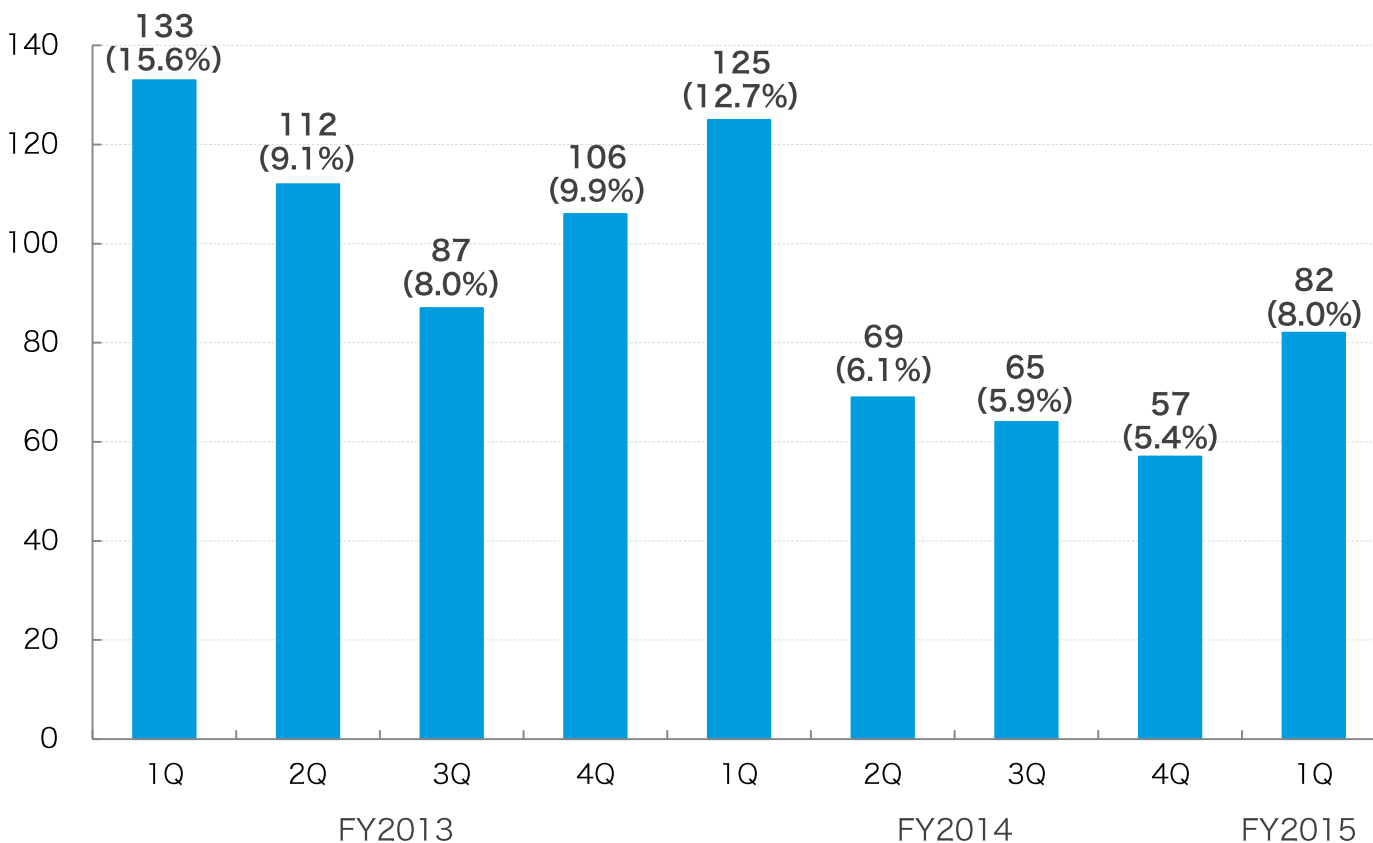




## 1-6 Real Estate Information Media Business (Sales)

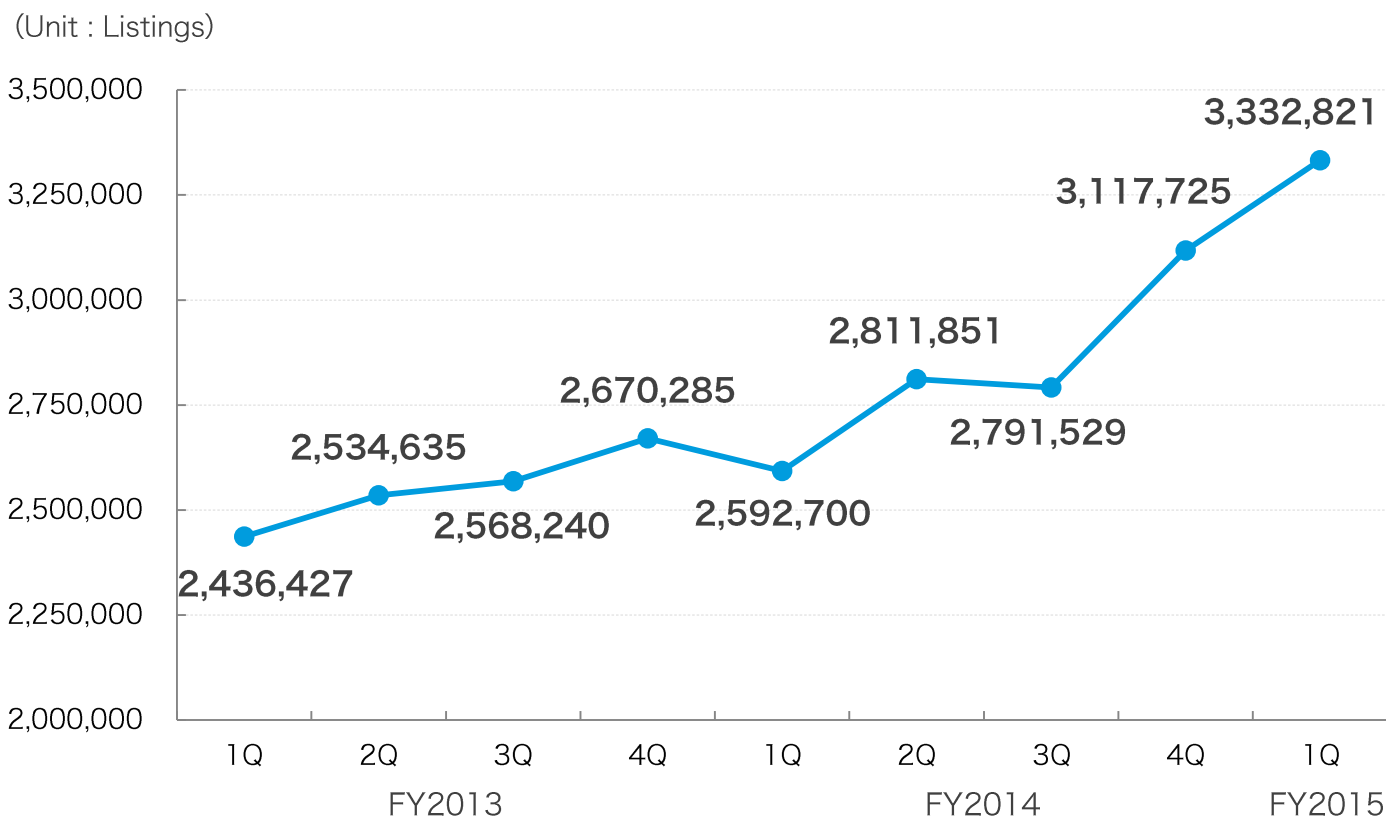
- Campaigns and e-mail magazine were focused in 1Q.
- We are going to expand this business to related-domain from 2Q.

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



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

- No. of information is steadily increasing.
- “CHINTAI”\* property information published in “door chintai” starting in January 2015.



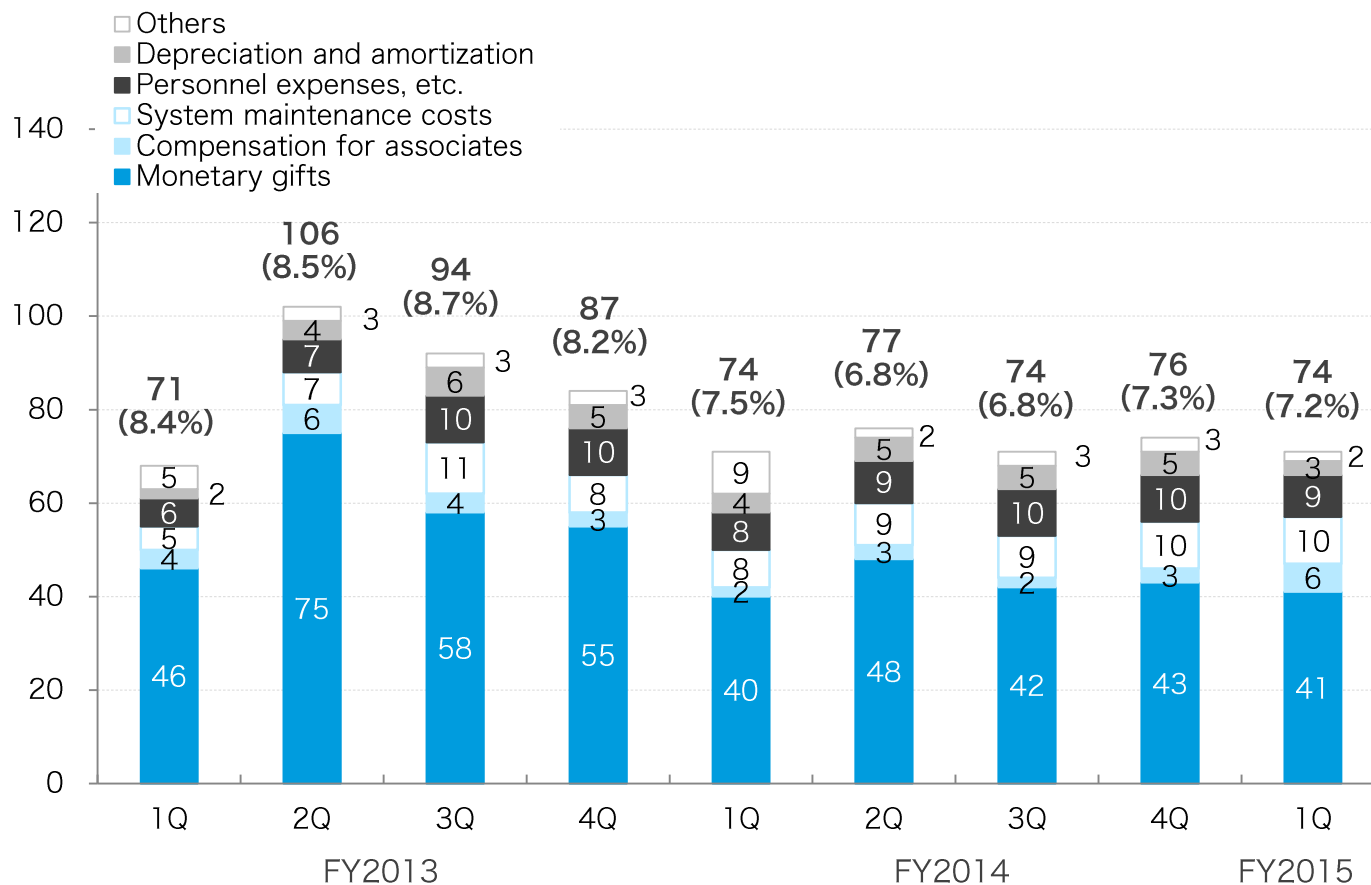
\* : This service is managed by CHINTAI Corp.

## 1-7 Sales Costs

### Sales costs rate was almost unchanged.

(Unit : Millions of JPY)

(%): Ratio to net sales

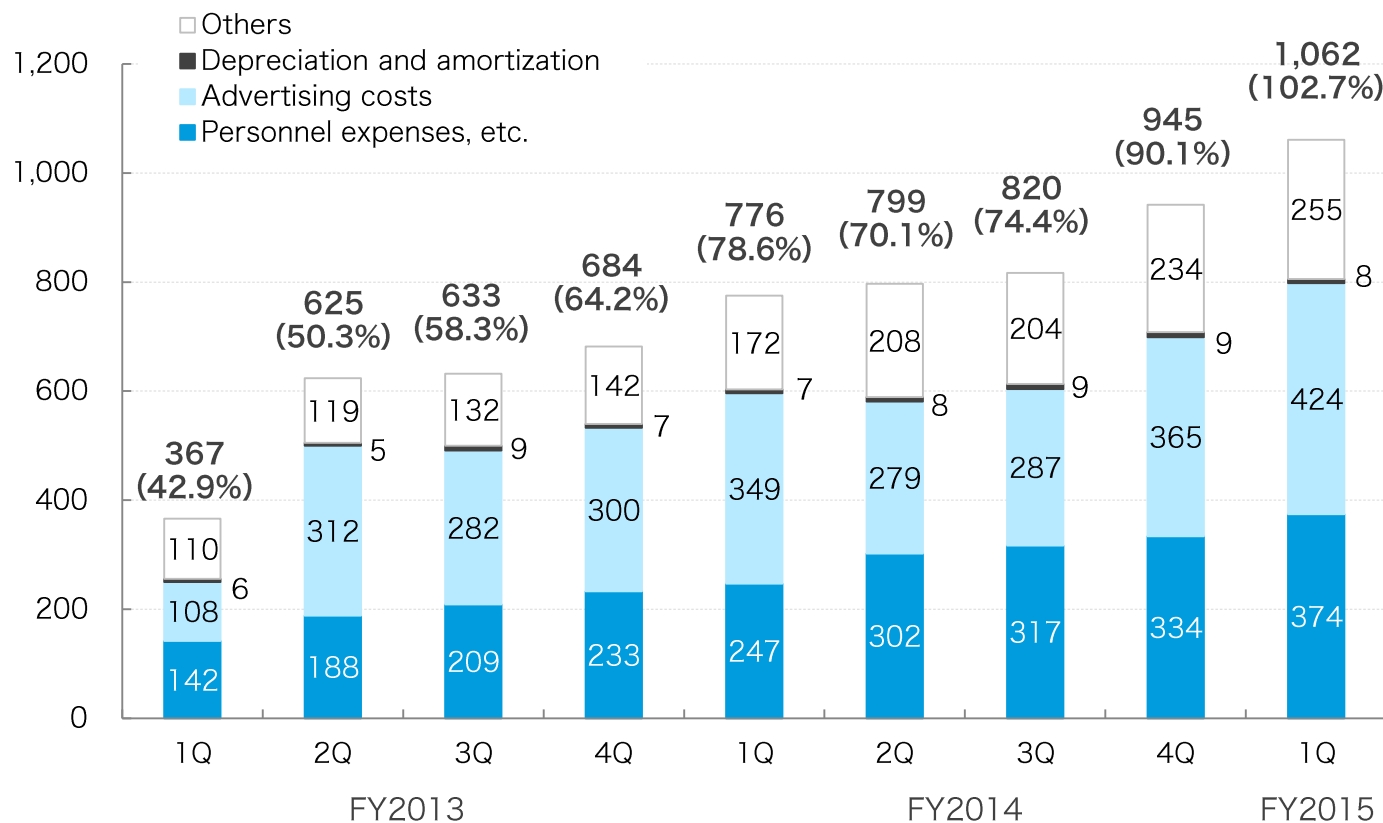


## 1-8 SG&A Expenses

Advertising costs have increased due to personnel costs associated with an increase in personnel, web promotions aimed at strengthening user traffic, etc.

(Unit : Millions of JPY)

(%): Ratio to net sales

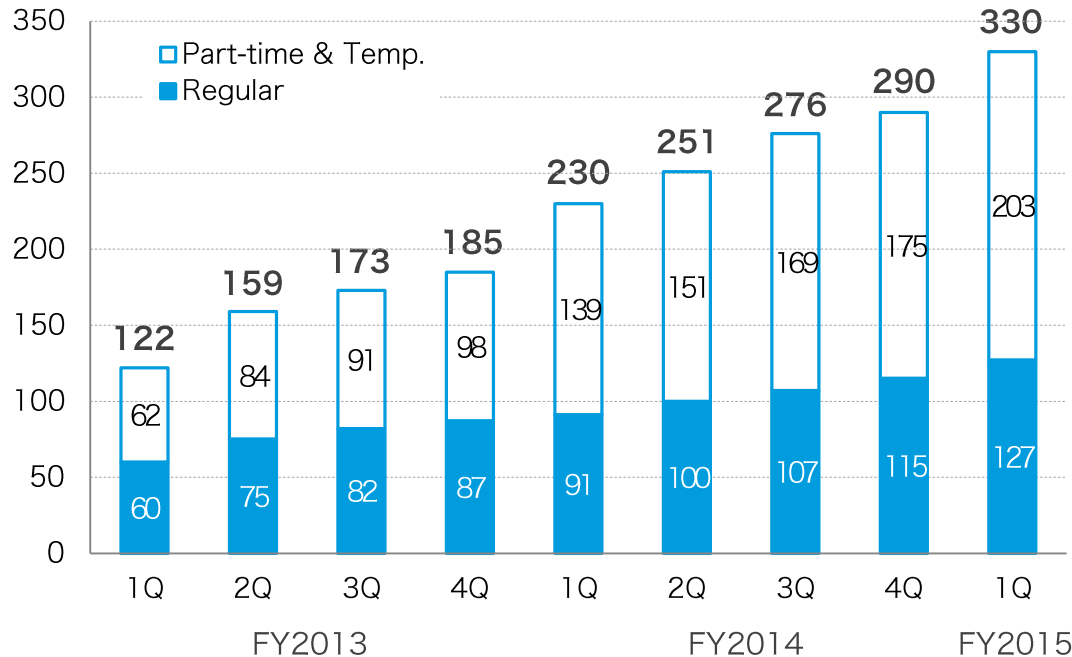


## 1-9 Number of Employees

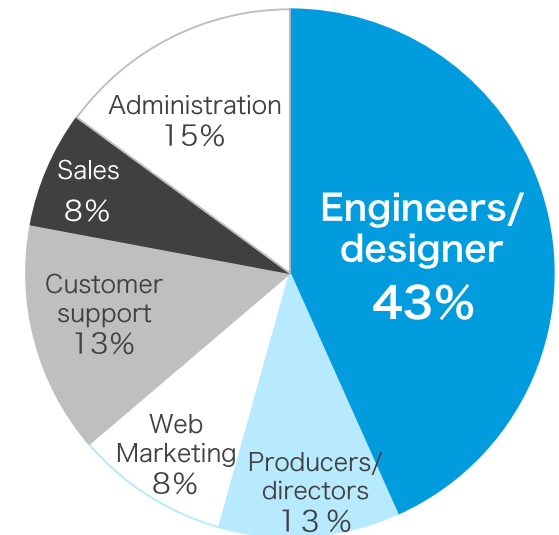
- No major changes have been made to the composition of personnel centered on engineers and designers.
- Company structure is being strengthened, centered on cultivation of leading and local companies, promotion of use and job applicant support. Added 12 full time employees and 28 part-time or temporary employees.

Number of employees

(Unit : Persons)



Breakdown of regular employees

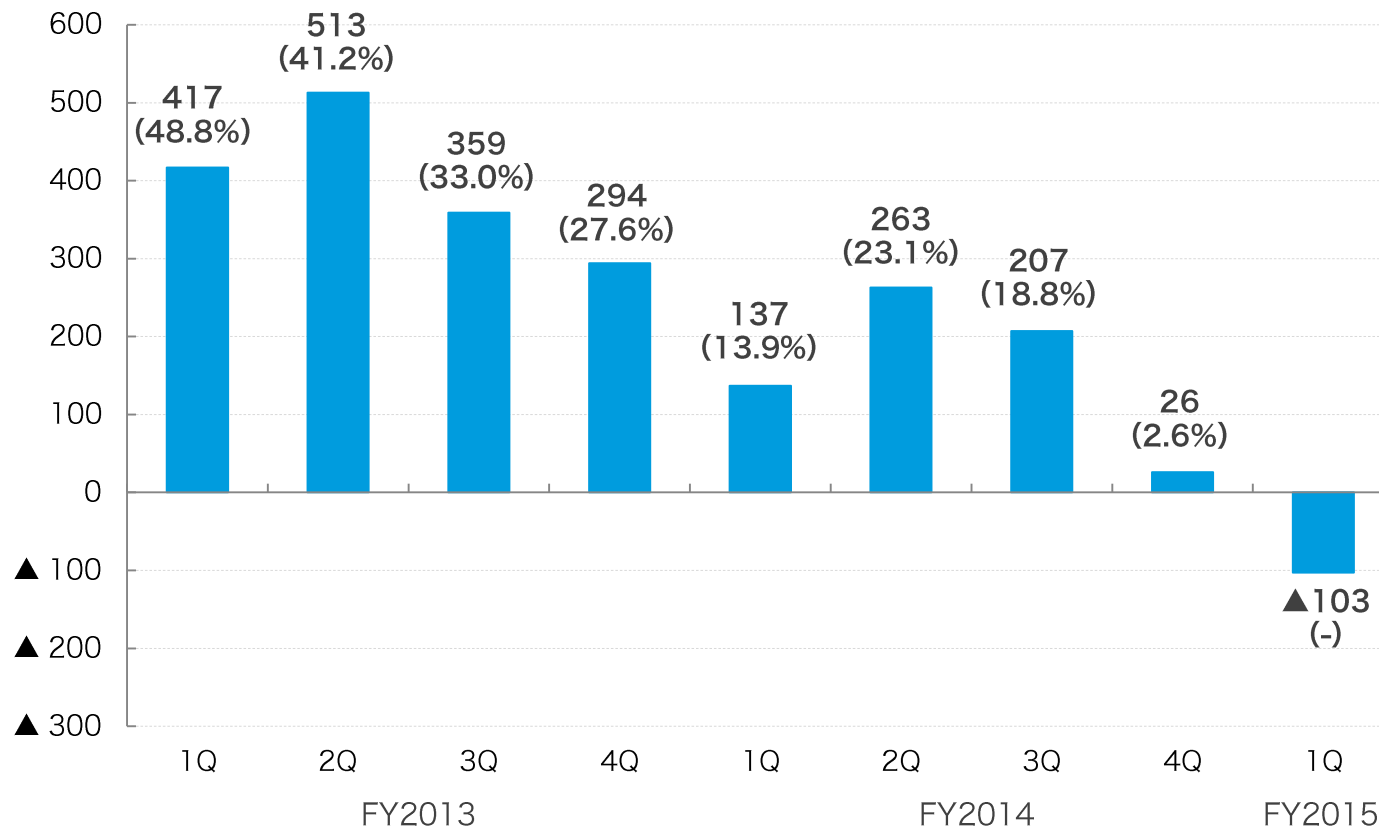


( As of March 2015 )

## 1-10 Operating Income

Recorded an operating loss due to increase of personnel and advertising costs.

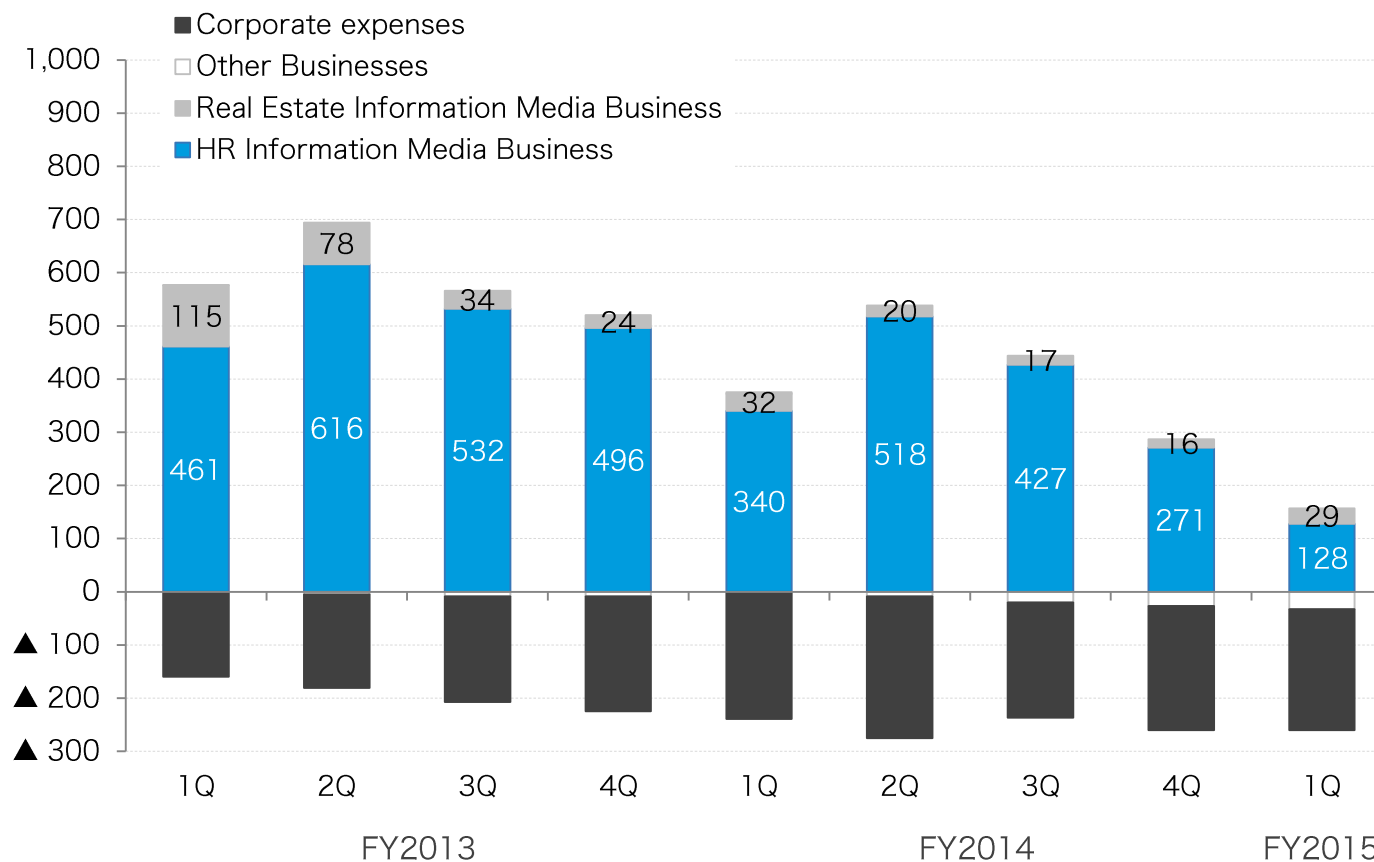
(Unit : Millions of JPY)  
(%) : Ratio to net sales



## 1-10 Operating Income (Segment)

Operating income decreased YoY due to forward-looking investments in HR Business.

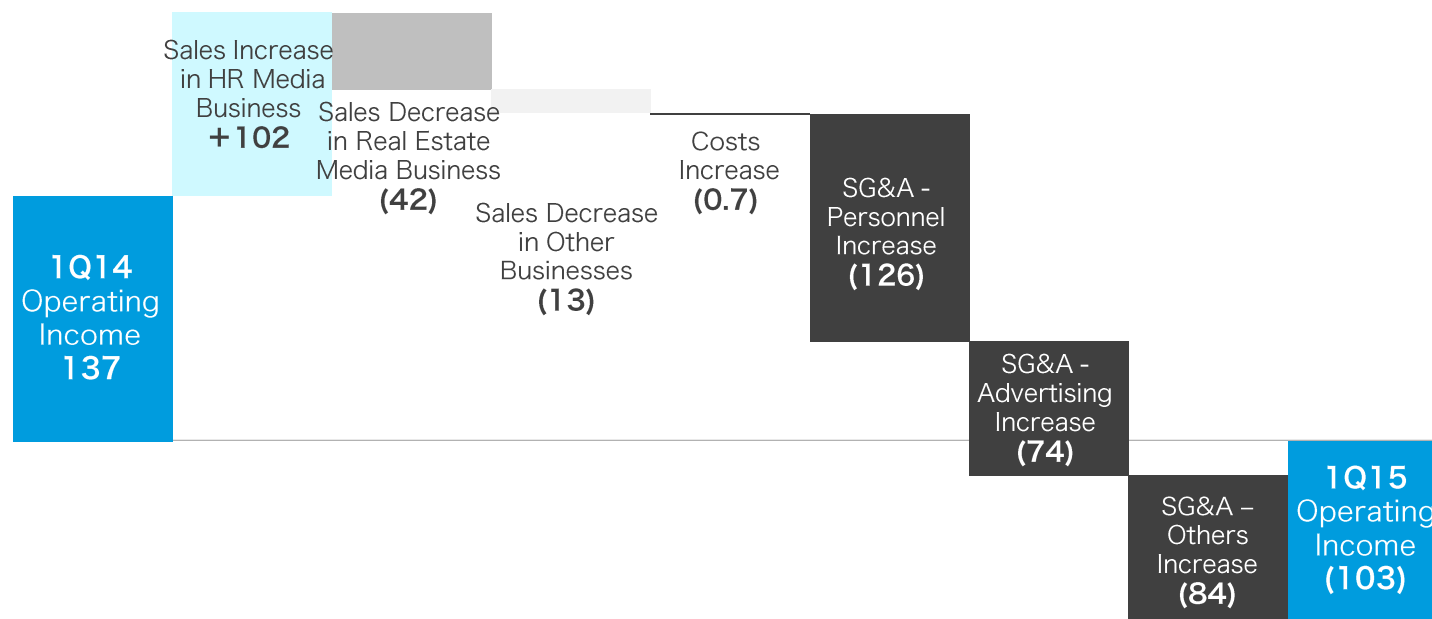
(Unit : Millions of JPY)



## 1-10 Operating Income (YoY Comparison)

- Recorded an operating loss due to increased personnel costs despite sales in HR Business increased.
- No. of employees has increased by 100 YoY (36 of these are full-time).

(Unit : Millions of JPY)

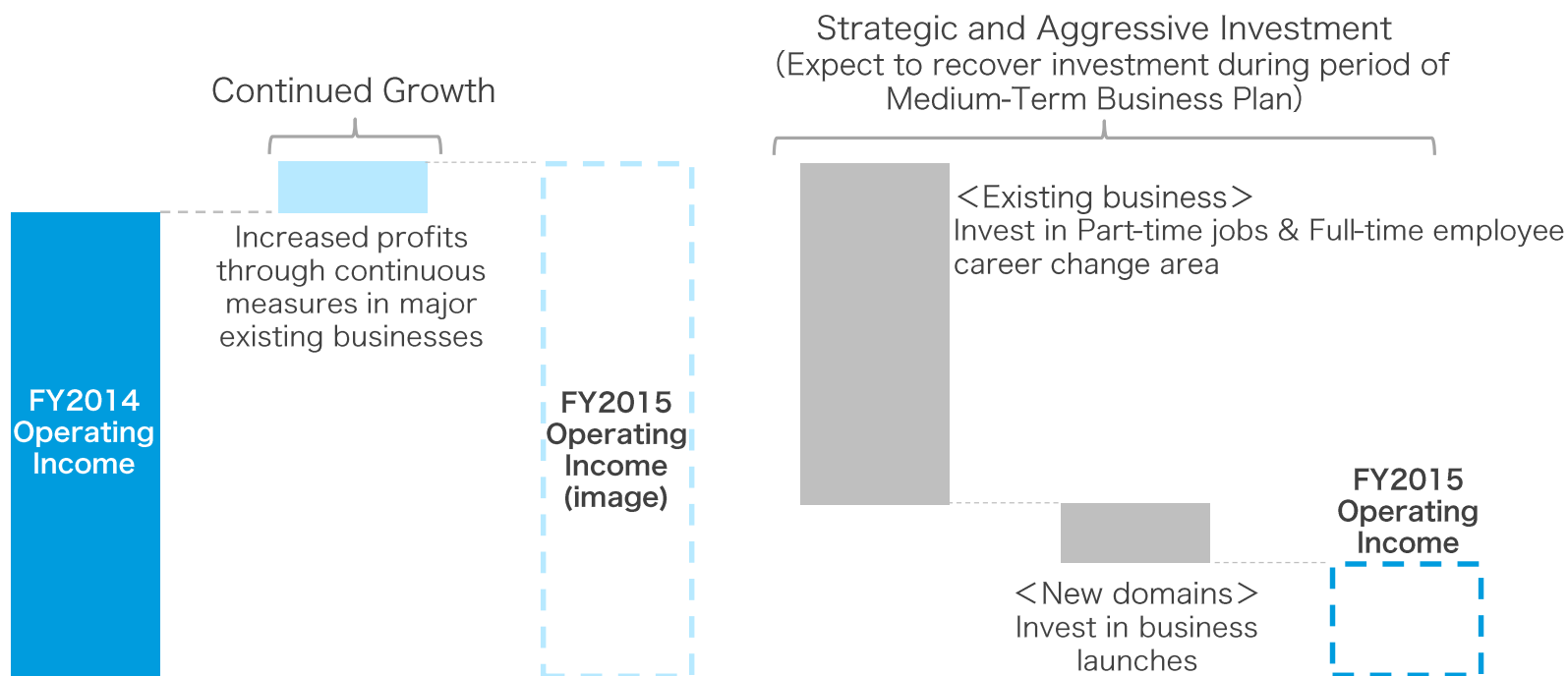




## 1-11 FY2015 Plan (Operating Income)

- FY2015 will be year of strategic and aggressive investment to achieve objectives of Medium-Term Business Plan.
- Net sales up 20-40% YoY, operating income expected to decline YoY due to increased costs associated with forward-looking investments.

### FY2015 Operating Income Image



## 1-12 Major approach of Part-time jobs area

- The first large-scale promotion since the launch of service is being rolled out to increase recognition of “Jobsense” and promote its use.

### New Promotion for University Students



#### 1st Campaign

Largest ever ¥10 million cash dividing promotion utilizing "monetary gifts for hiring" distinctive of an affiliate marketing model service.

From Mar.16 to Apr.30

#### 2nd Campaign

Promotion soliciting university students' dreams of what they would like to do or be on Twitter and making them happen in the form of part-time jobs.

From May.7 to May.31

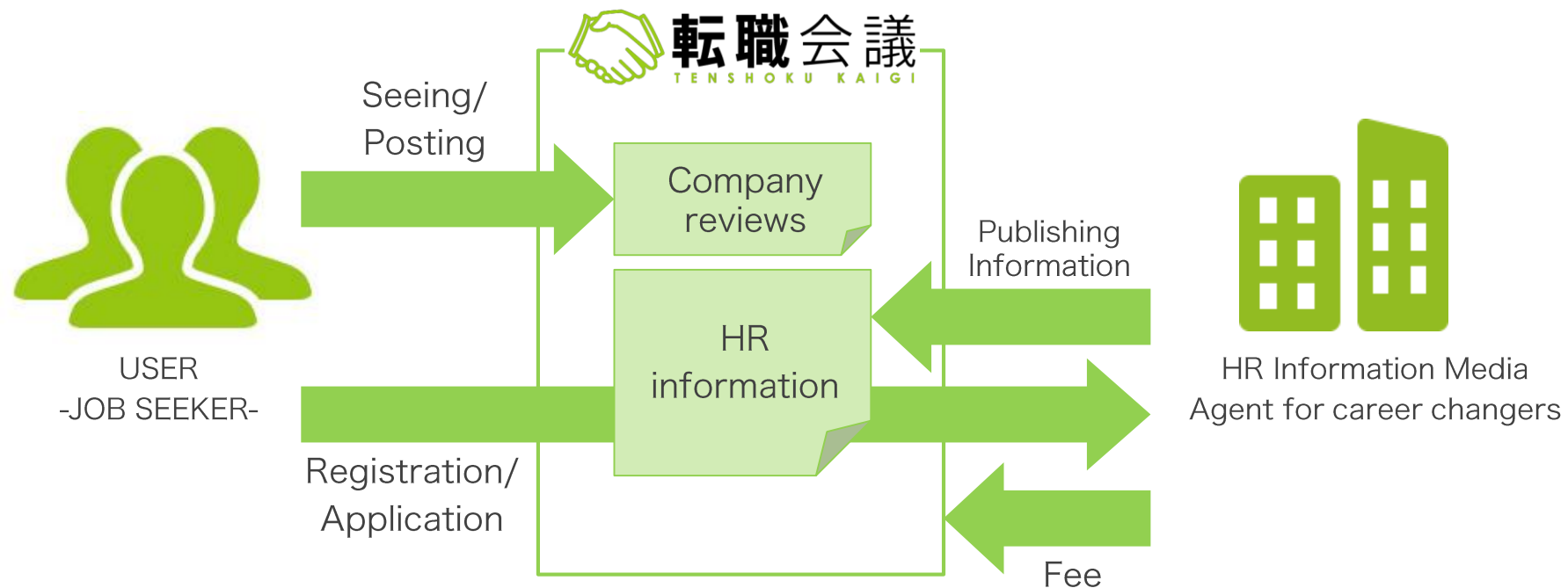
#### 3rd Campaign

Promotion offering ¥30,000 travel voucher gift to university students so they can have many experiences and make various discoveries through travel.

From May.13 to Jun.30

## 1-12 Major approach of Full-time employee career change area

- | Strengthening the channel of monetization of CGM “Tensyoku Kaigi” .
- | User can not only share information about businesses, including reviews and even rumors but also search HR information and registration / application owing to tie up with other “HR media” and “Agent for career changers”.



## 1-12 Major approach of the new graduates job hunting area

- Released a new "Syukatsu Kaigi  $\beta$  version" service in the new graduates job hunting domain.
- Job hunting to be visualized through function for browsing company reviews, and services to be expanded step by step. Aiming for elimination of inefficiencies and mismatches in job hunting.

Syukatsu Kaigi  $\beta$  ver



See  
company  
reviews



Research  
OB/OG  
information



Check  
other  
applicants



Browse  
company  
evaluation



Schedule  
Job hunting  
activity



Post  
experience

### **| Decide on first M&A as part of growth strategy aimed at achieving targets of Medium-Term Business Plan.**

- Review and promote internal development, investments, business partnerships and M&A starting in 2014 as a means of “cultivating and creating new markets,” which is the growth strategy for achieving the targets of the “Livesense 2018” Medium-Term Business Plan.
- The decision on the first M&A since establishment was made on March 25, 2015 and it is subject to consolidation starting in the 2Q.
- Livesense, Inc. allocated the entire amount of the acquisition funds (approx. ¥ 390 million) from cash and deposits on hand, and the shareholding ratio is expected to be 71.7%.

### **| We enter the EC (CtoC, cross-border) domain.**

- We had been exploring entry into the EC domain and now roll out new efforts having made waja Co., Ltd. our group company.
- We cultivate the CtoC/cross-border EC\* domain, which has many inconveniences and issues but a large potential market size, together with waja Co., Ltd., which has a high degree of originality and growth potential.

### **| We engage in business development leveraging our web marketing know-how (win-win coordination).**

- Livesense, Inc. provides web marketing know-how to waja Co., Ltd., which is facing the challenge of increasing their websites’ draw.
- This is the second example of business development leveraging our web marketing know-how, the first being with Unilabo (joint operation of business comparison and order placement website “imitsu”).

\*Cross-border EC : EC (e-commerce) involving the buying and selling of products and services across national borders

## 2-2 Company Profile

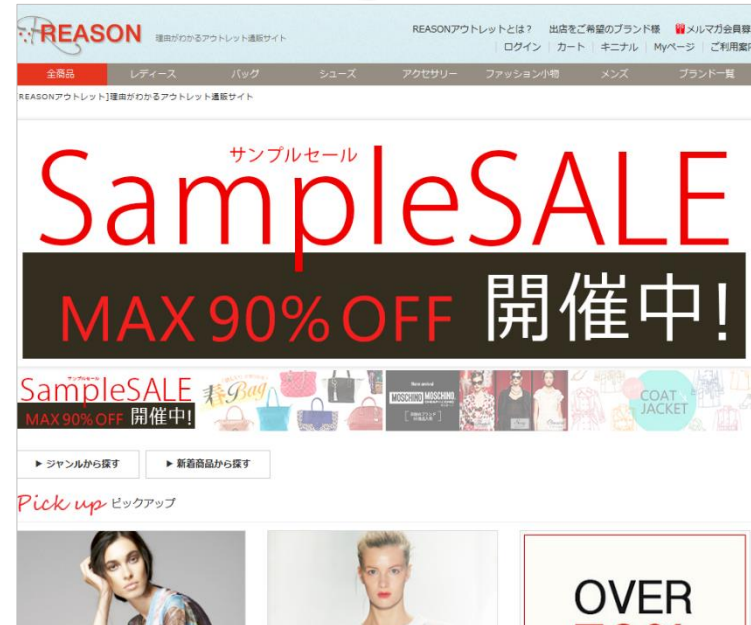
Company Name	waja Co., Ltd.
Business Objective	E-commerce media planning and development
Address	3-4-11 Azabudai, Minato-ku, Tokyo
Established	May 6, 2003
Management Team	Managing Director <ul style="list-style-type: none"> <li>• Koji Koyasu, Chairman, Representative Director &amp; CEO</li> <li>• Takahiro Murata, President, Representative Director &amp; COO</li> <li>• Taichi Murakami (Livesense Inc. / President, Representative Director)</li> </ul> Statutory Auditors <ul style="list-style-type: none"> <li>• Masahiro Ito, Lawer (UCHIDA &amp; SAMEJIMA Law Firm)</li> </ul>
Capital	¥150,100,000
Business Results	Net Sales : ¥456 million, Operating income : ¥11 million (as of September 30, 2014)
Number of Employees Number of Employees	34 (as of March 31, 2015)
Fiscal Term	September
Major Shareholders*	Livesense Inc. Koji Koyasu Takahiro Murata

## 2-3 Major Business Objectives

- Leading website “waja” sells unique products procured locally by buyers in around 60 countries. It carries roughly 2,300 brands and has an extensive lineup of products not yet available in Japan.



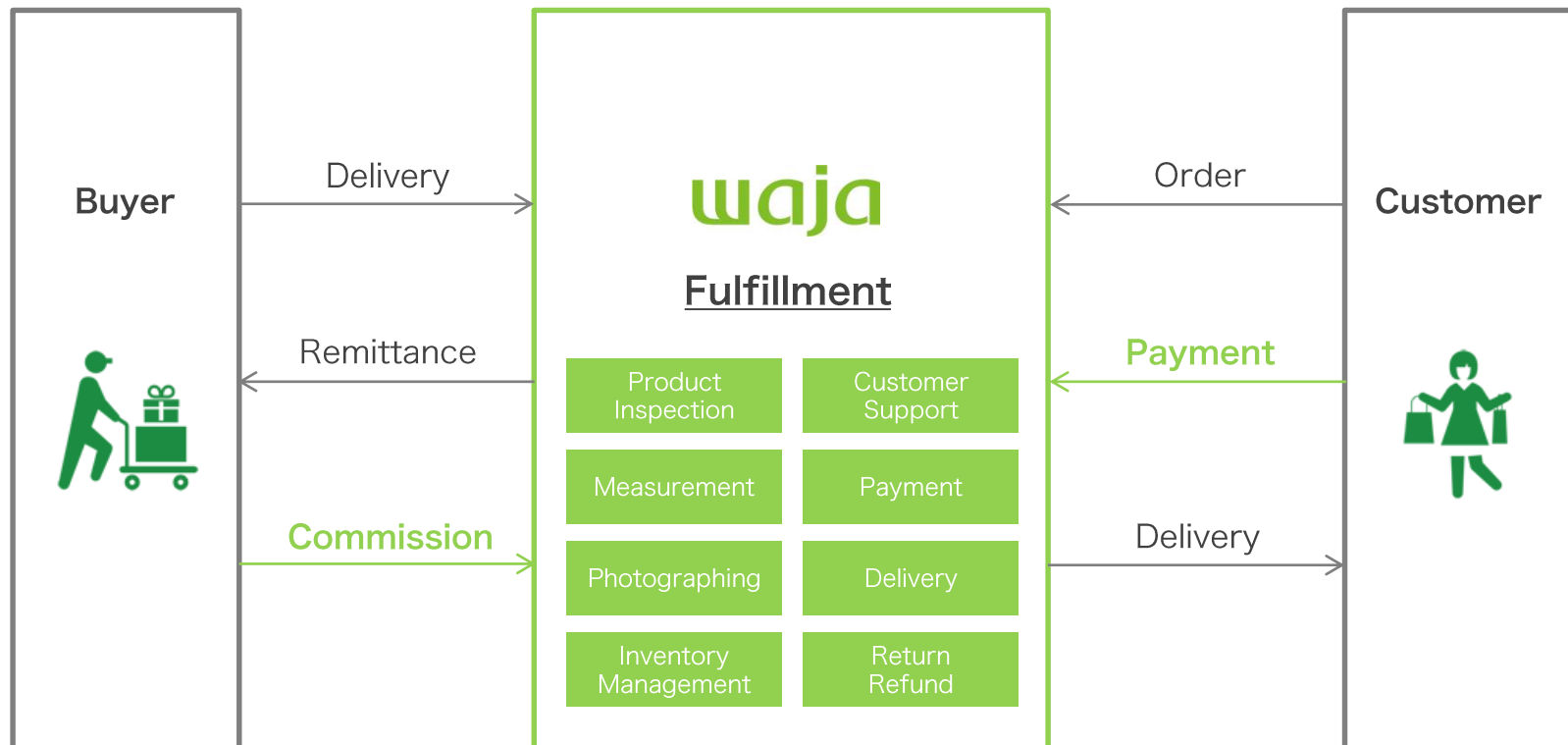
Cross-border Fashion EC Website  
“waja”



Clear reason for discount  
“REASON OUTLET”

## 2-4 Business Model

Owing to market place with fulfillment service, waja Co., Ltd. deliver a wide variety of products safely and quickly.



\*Fulfillment service: The series of processes in EC from order acceptance to packing, shipping, delivery and payment collection. In the case of waja Co., Ltd., all products shipped from sellers are inspected, measured and photographed for the website. It also includes photo processing, inventory management, customer support, payment processing and shipping. The integrated fulfillment service offered includes everything down to handling of returns and refunds.



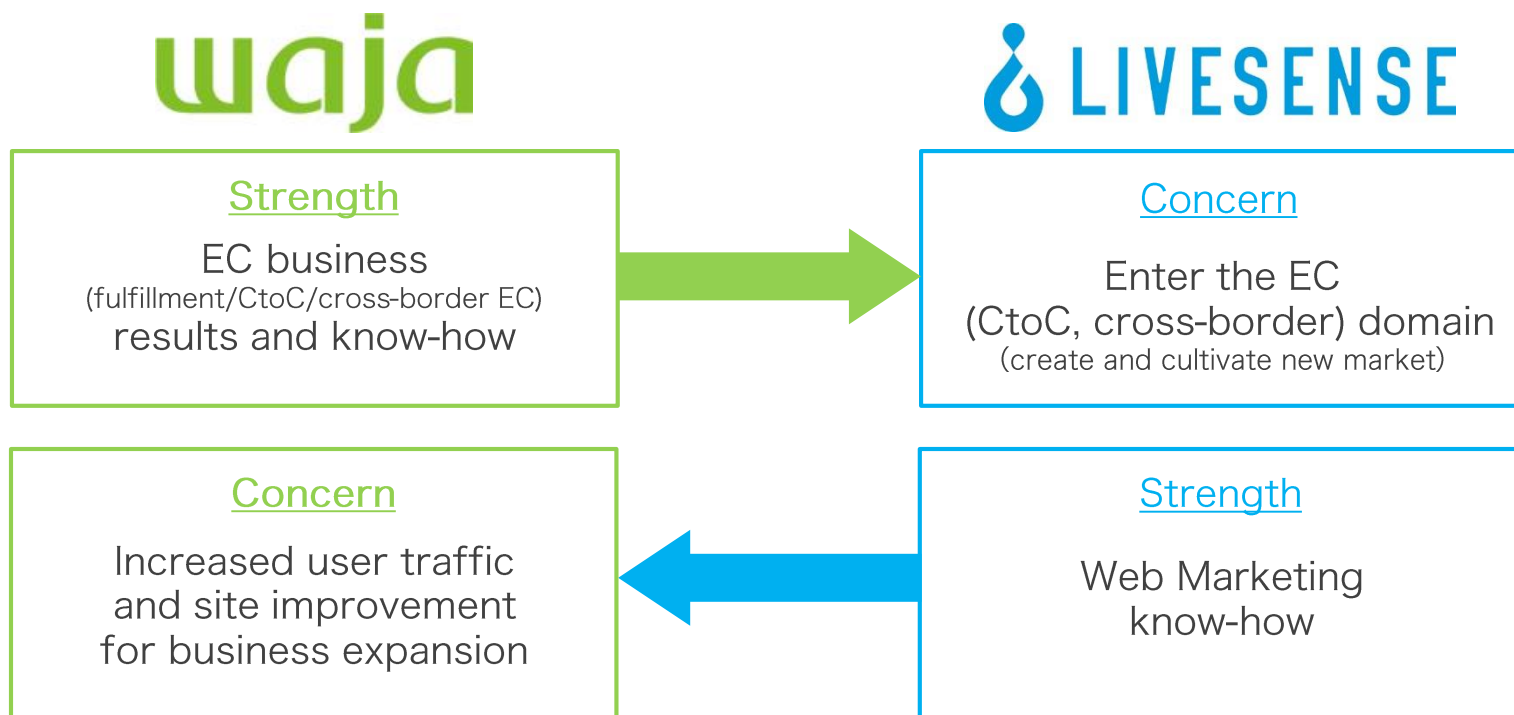
## 2-5 Positioning Map of EC business

waja Co., Ltd. is currently expanding its business with unique positioning leveraging the characteristics of fulfillment.



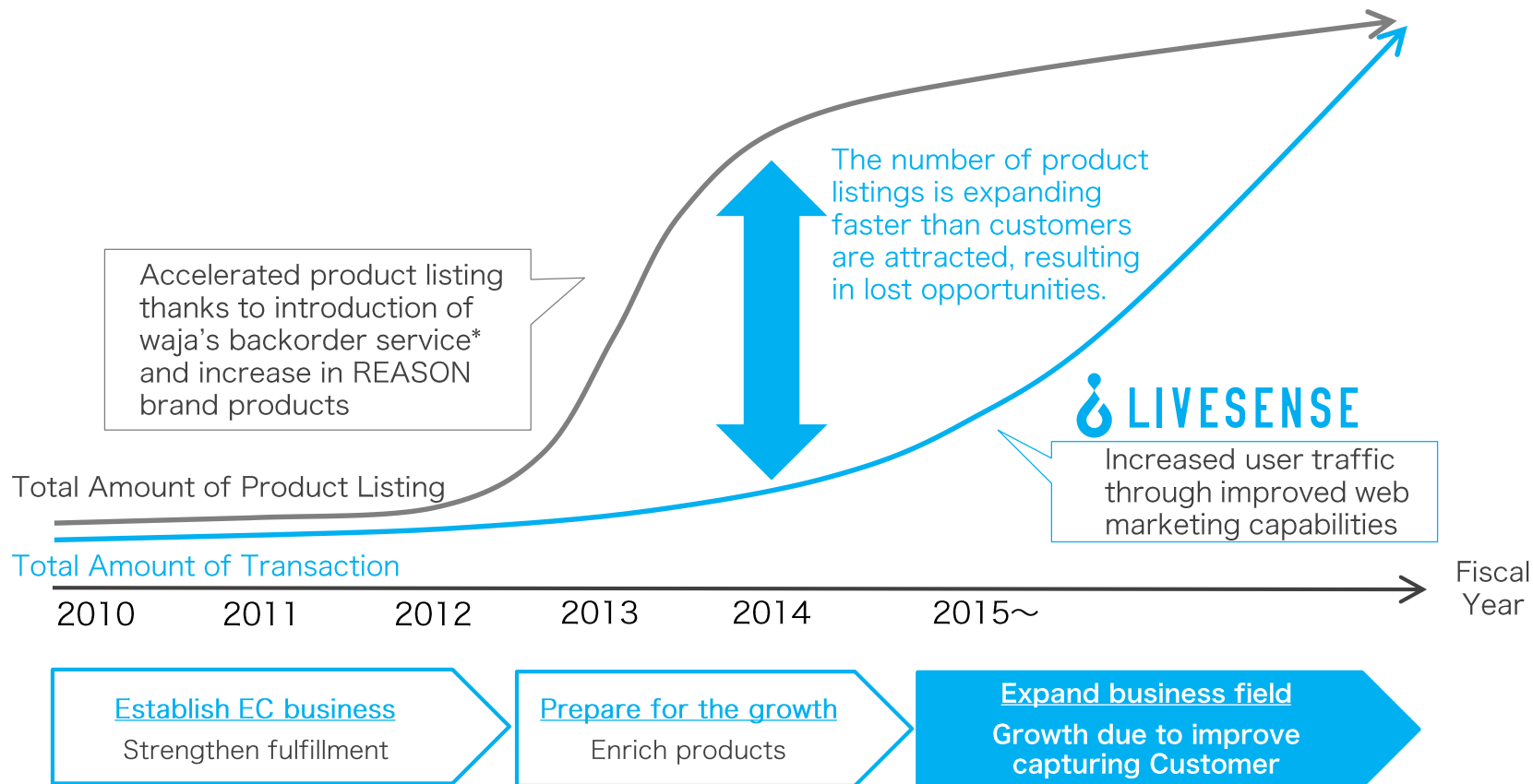
## 2-6 Synergy Effect between “waja” and “Livesense”

Win-win business development leveraging Livesense’s web marketing know-how.



## 2-7 Growth Strategy

In addition to an increase in new members thanks to Livesense's web marketing know-how, ongoing business growth can be expected from website improvements and enhancement of member services.

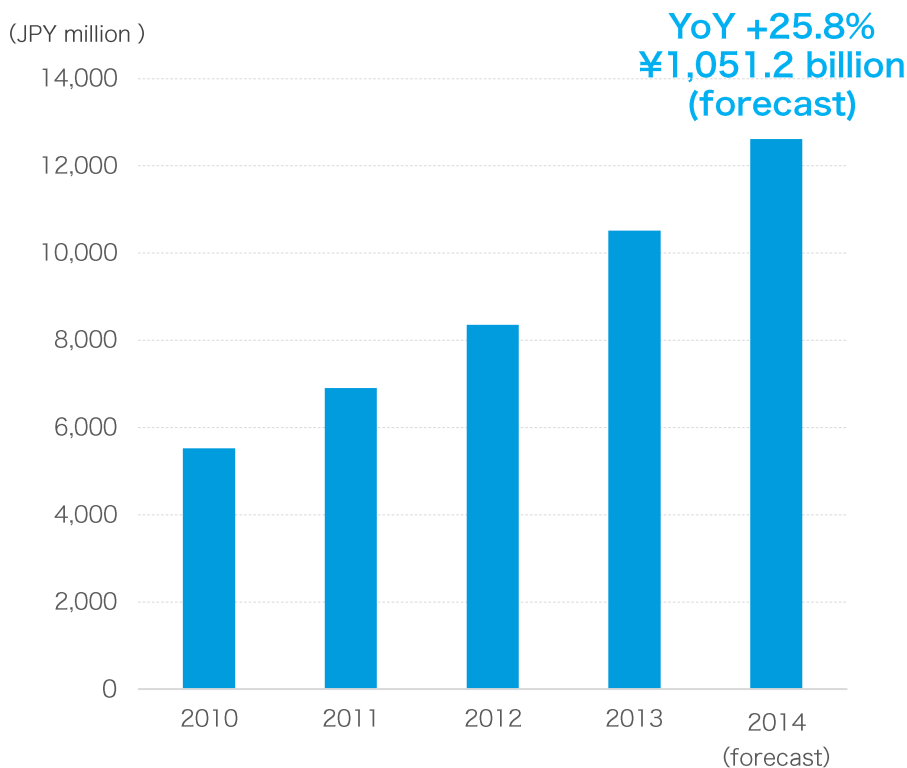


\*backorder service : Delivery service in which overseas buyers purchase products locally and ship them after the order is received from the customer and waja Co., Ltd. inspects them upon arrival in Japan

## 2-8 Market Size of EC Business

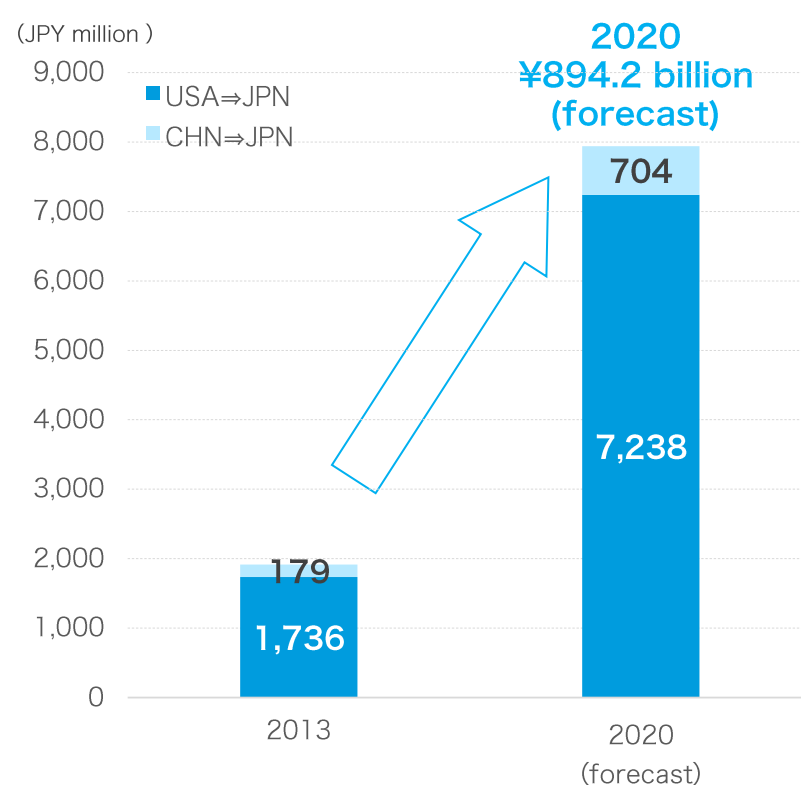
**EC market is huge and still has much room for growth, so overseas business expansion can also be expected.**

Market size of domestic fashion, interior and general goods EC



Source : "EC Market for Fashion/Interiors/Sundries in Japan: Key Research Findings 2014" by Yano Research Institute

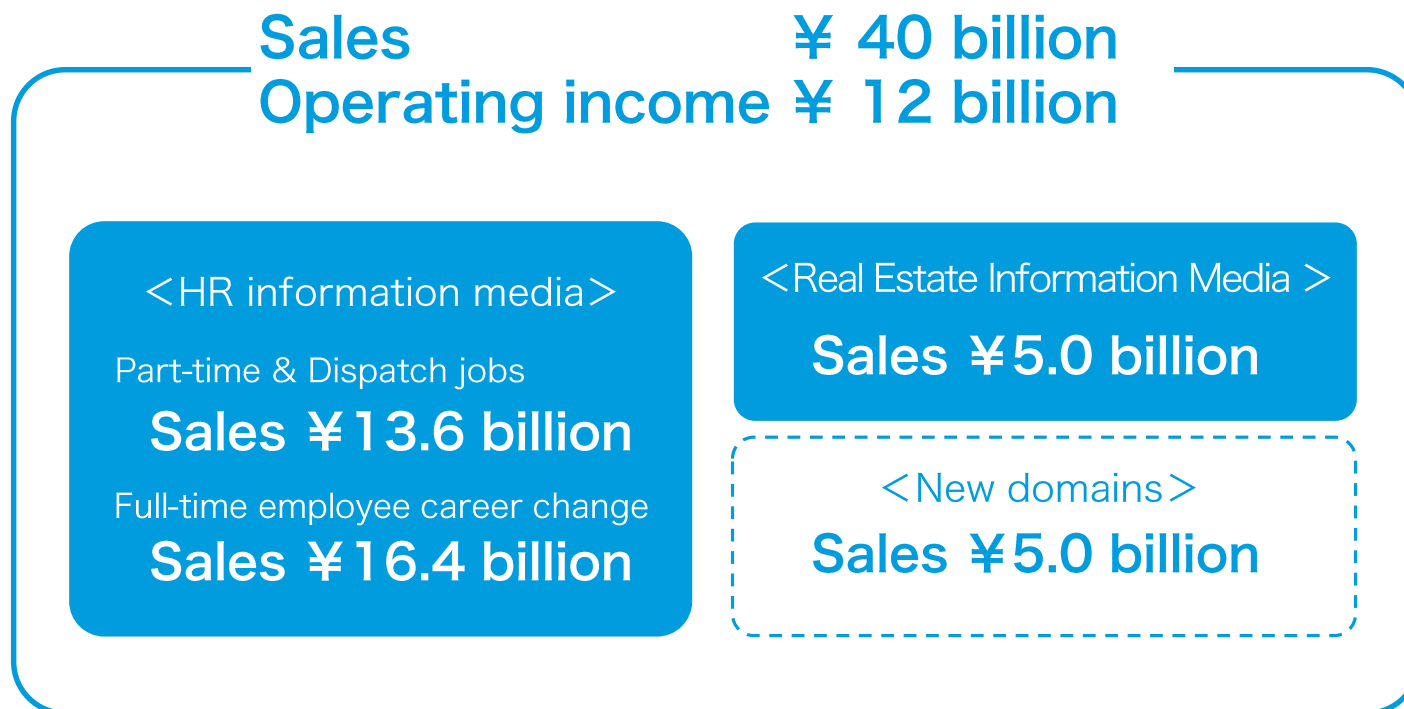
Potential market size of cross-border EC in Japan



Source : "Development of Infrastructure Related to Computerization and Shift to Service Economy in Japan's Economic System in 2013 (E-Commerce Market Survey)" by the Ministry of Economy, Trade and Industry

## 3-1 Medium-Term Business Plan (Earnings goals for FY2018)

- | Strategically and aggressively invest in FY2015 for recovery and target achievement.
- | No changes to earnings goals



## 3-2 Growth strategy for goal achievement

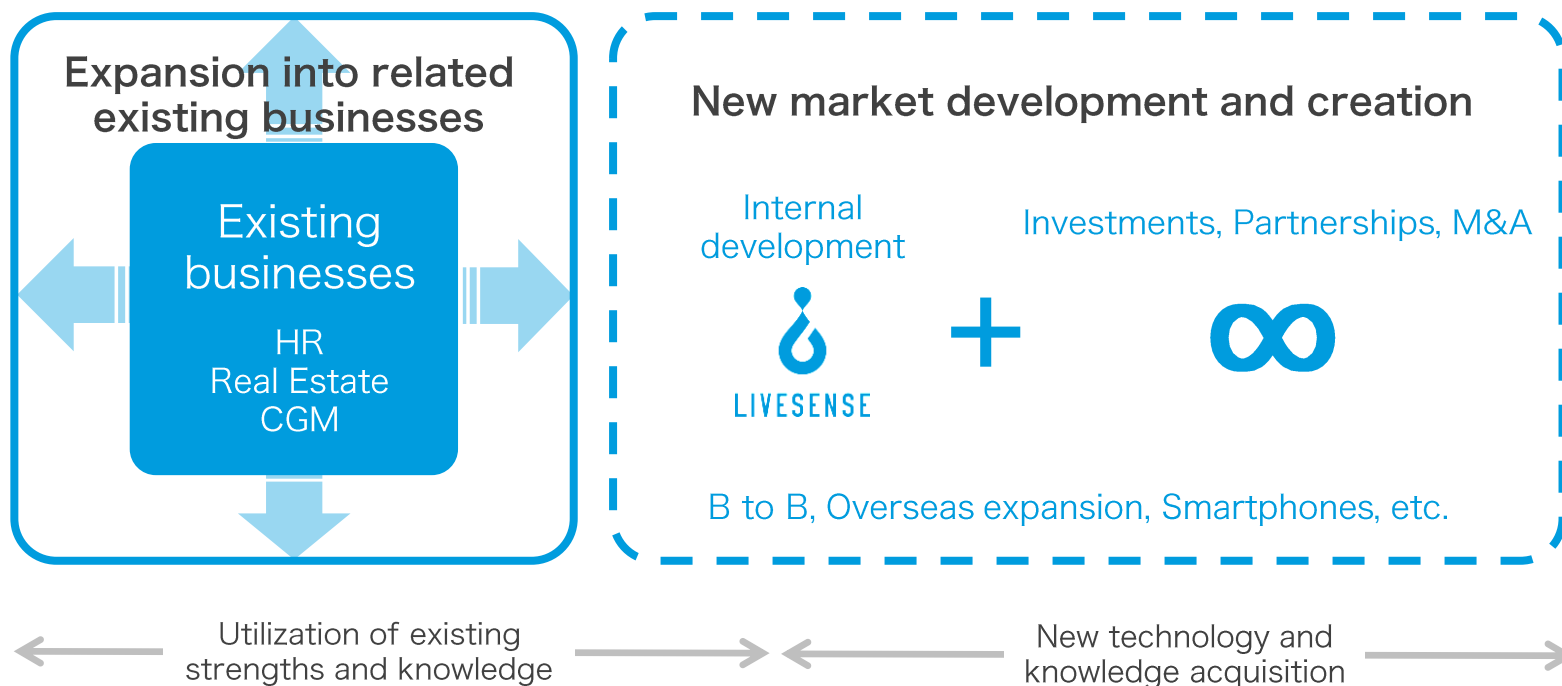
Reinforcement of major measures and distinction in our services to expand share and expand business segments by breaking into related domains in order to become "the next common" in the HR and real estate markets.



## 3-2 Growth strategy for goal achievement

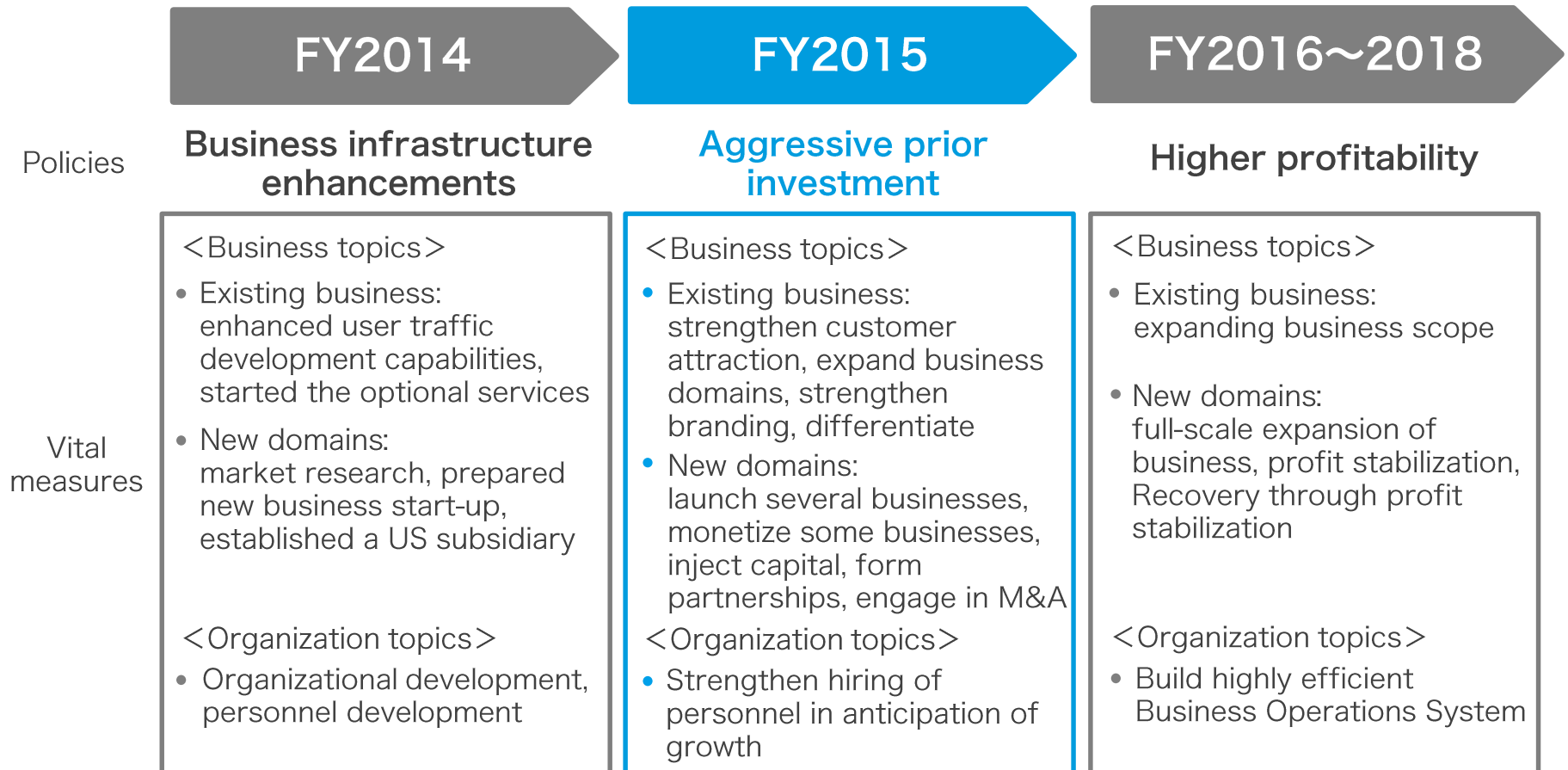
- In addition to internal development, we will use aggressive business investments, including capitalization, business partnerships, and M&A to create "the next common" and enhance our profit infrastructure.

### Our business domains



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

- | FY2015 is a year of implementation to achieve targets of plan.
- | Get on regrowth trajectory through strategic and aggressive investment, including new challenges.





## 4-1 Balance Sheet Statement

(Unit : Thousands of JPY)

	4Q14	1Q15	YoY
Current assets	3,003,451	<b>2,995,389</b>	▲0.3%
Cash and deposits	2,434,267	<b>2,320,134</b>	▲4.7%
Accounts receivable	448,854	<b>503,589</b>	+12.2%
Fixed assets	418,719	<b>441,354</b>	+5.4%
Tangible fixed assets	111,272	<b>113,053</b>	+1.6%
Intangible fixed assets	22,521	<b>21,007</b>	▲6.7%
Investments and other assets	284,925	<b>307,293</b>	+7.9%
Total assets	3,422,170	<b>3,436,744</b>	+0.4%
Current liabilities	347,130	<b>433,226</b>	+24.8%
Accounts payable	181,660	<b>313,008</b>	+72.3%
Fixed liabilities	-	-	-
Total liabilities	347,130	<b>433,226</b>	+24.8%
Shareholders' equity	3,046,081	<b>2,974,625</b>	▲2.3%
Capital	228,084	<b>228,560</b>	+0.2%
Capital reserve	213,084	<b>213,560</b>	+0.2%
Accumulated earnings	2,605,768	<b>2,533,361</b>	▲2.8%
Stock warrants	19,638	<b>19,840</b>	+1.0%
Total net assets	3,075,040	<b>3,003,517</b>	▲2.3%

## 4-2 Record of Recent Major Publicity Events

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2015.03.26	Nihon Keizai Shimbun morning edition
2015.03.25	TechCrunch Japan
2015.03.25	CNET Japan
2015.03.18	Nikkei MJ
2015.03.16	Nihon Keizai Shimbun morning edition
2015.02.03	NEWS PICKS
2015.01.21	Tokyo Calendar Mar. edition
2015.01.19	Shukan Jutaku Shimbun
2015.01.12	Zenkoku Chintai Jutaku Shimbun
2015.01.10	Nikkei Business Associé Feb. edition
2015.01.05	Zenkoku Chintai Jutaku Shimbun
2015.01.04	Gacchiri Monday (TBS)
2015.01.01	Nikkei top leaders Jan. edition
2014.10.10	THE21 Nov. issue
2014.09.29	Nikkei MJ
2014.09.10	THE21 Oct. issue
2014.09.08	Zenkoku Chintai Jutaku Shimbun
2014.09.08	Nikkei MJ
2014.09.05	Nihon Keizai Shimbun morning edition
2014.09.03	Nikkei MJ
2014.09.01	Shukan Jutaku Shimbun
2014.09.01	Nikkei Sangyo Shimbun

## 4-3 Corporate Profile (As of March 2015)

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  Tomoya Shibasaki  Shin Nakajima  Hiroyuki Honda (Outside Director)</p> <p>Statutory Auditors    Junichi Ehara  Mitsuru Ozaki (Outside Statutory Auditor)  Nao Yoshizawa (Outside Statutory Auditor)</p>
Capital	JPY228 million
Business Results	FY2014 Sales : JPY 4,279 million , OP: JPY 634million
Number of Employees	Full-time : 127, Part-time & Temp. : 203
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.