



Merrill Lynch Japan Conference 2014
Presentation Material

September 8, 2014
Livesense Inc.
(TSE : 6054)

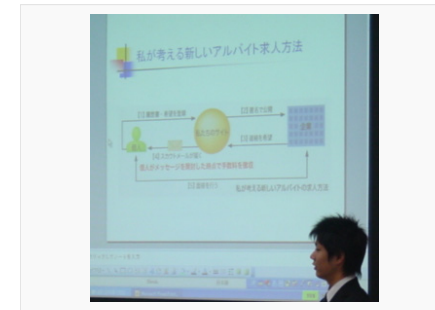
Company Profile (As of June 2014)

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	JPY223 million
Business Results	FY2013 Sales : JPY 4,256 million, OP: JPY 1,584 million
Number of Employees	Full-time : 100, Part-time & Temp. : 151
Fiscal Term	December
Date listed	October 1, 2012 (TSE 1st Section) December 7, 2011 (TSE Mothers)
Auditing Firm	Deloitte Touche Tohmatsu LLC

1-1. About Us (Background of Establishment)

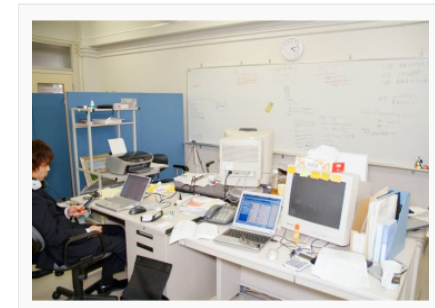
| 2005 (Taichi Murakami: Age 18/university freshman)

- Took the Entrepreneur Training Course at Waseda University.
- Winner of the Business Plan Contest.
- Internships at Daiwa Institute of Research and Internet-related ventures.



The Business Plan Contest

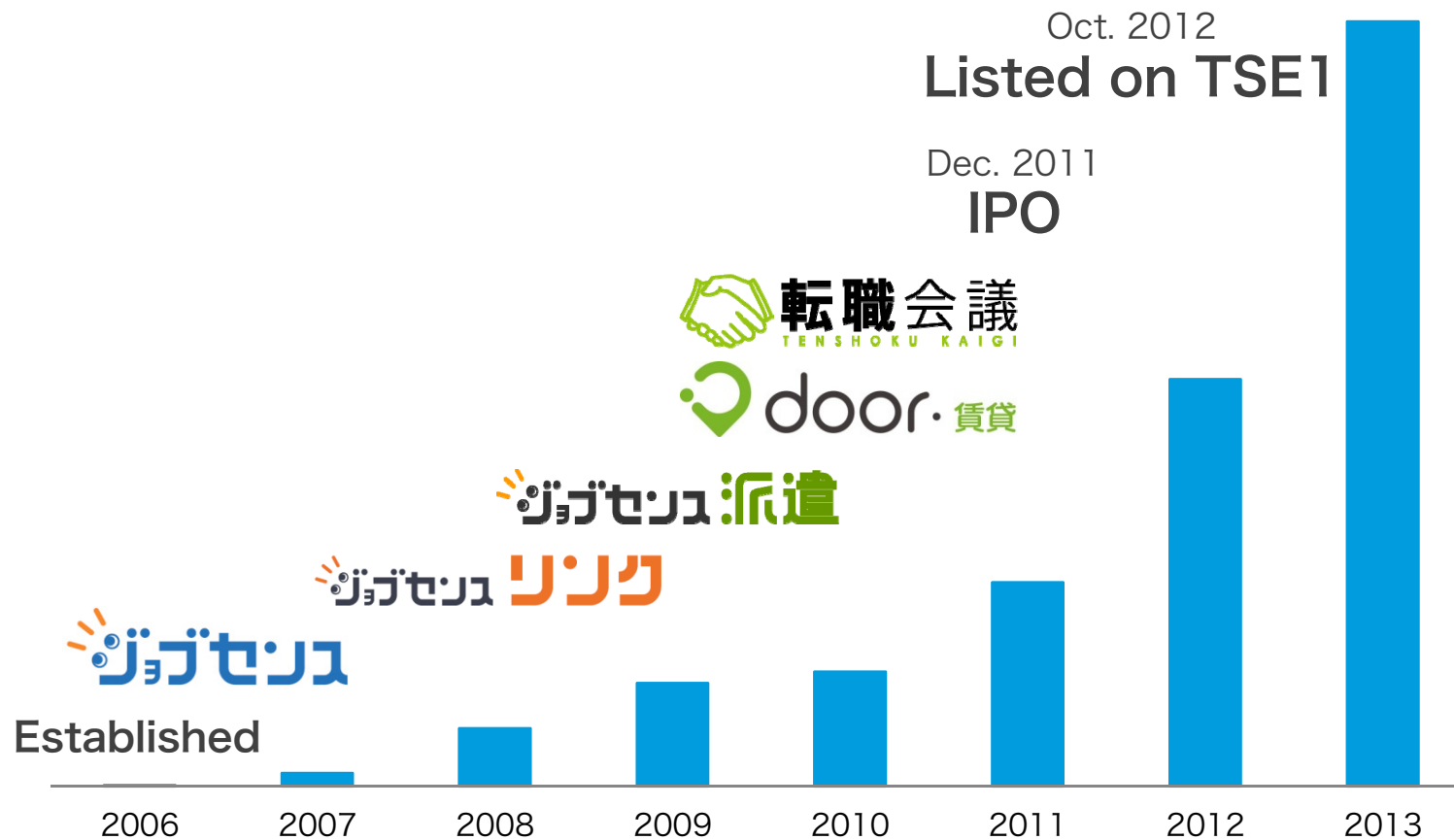
| 2006 Established Livesense Inc.



Livesense office at Waseda University

1-2. About Us (History)

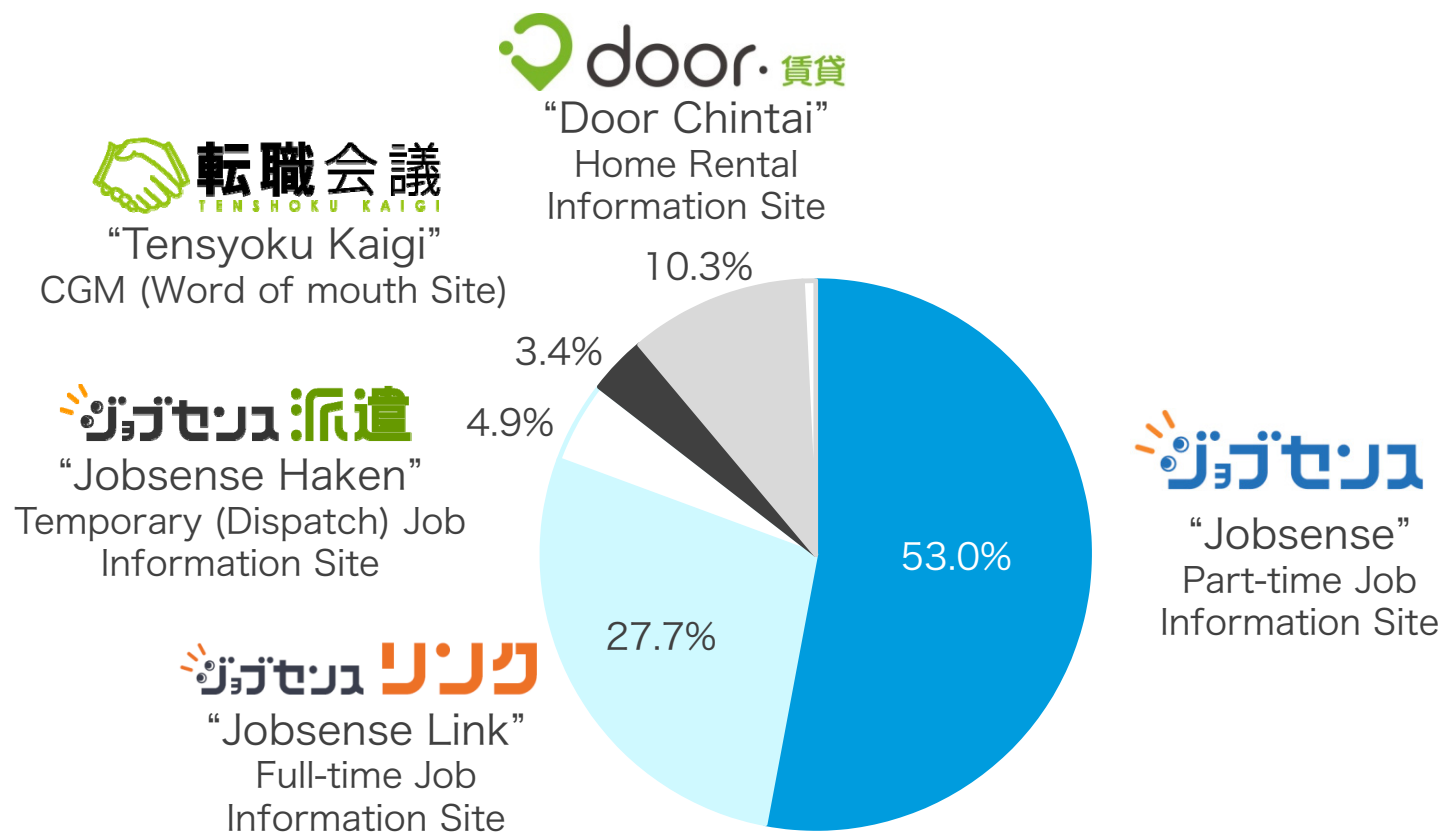
- Since its establishment, Livesense has steadily continued to develop services and expand the scale of its business.



< Sales Trends >

2-1. Our Business (Sales Composition)

! We manage 5 internet services in the business areas of HR and real estate.



<FY2013>

2-2. Our Business (Business Model)

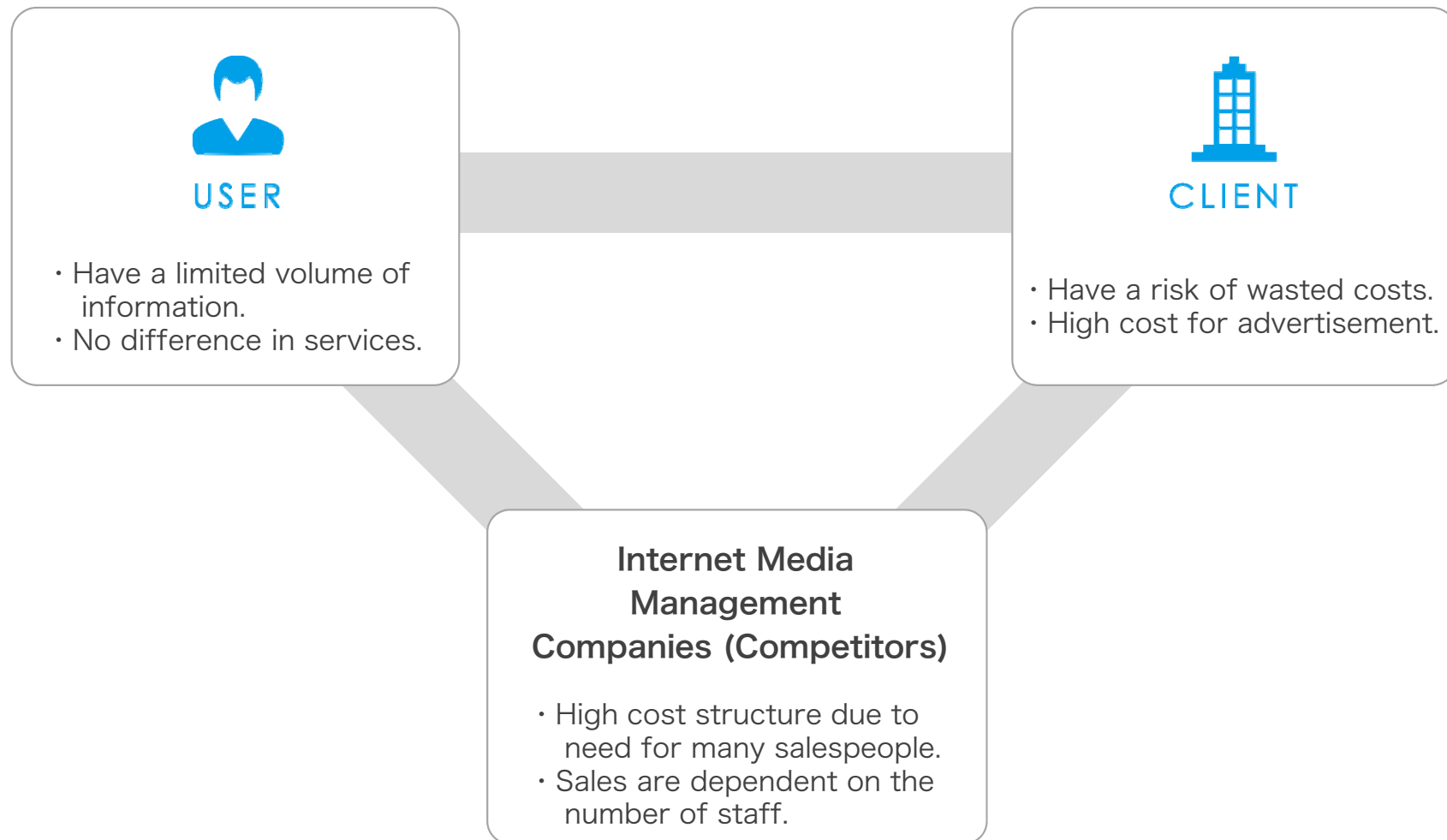
| Business Model by Affiliate (Success fee) System

Our business model

	Publishing charge system	Affiliate system
Information listing Fee (Upfront fees)	Cost occurs	Free (Success fee only)
Monetary gifts, Cash back	None	Receivable

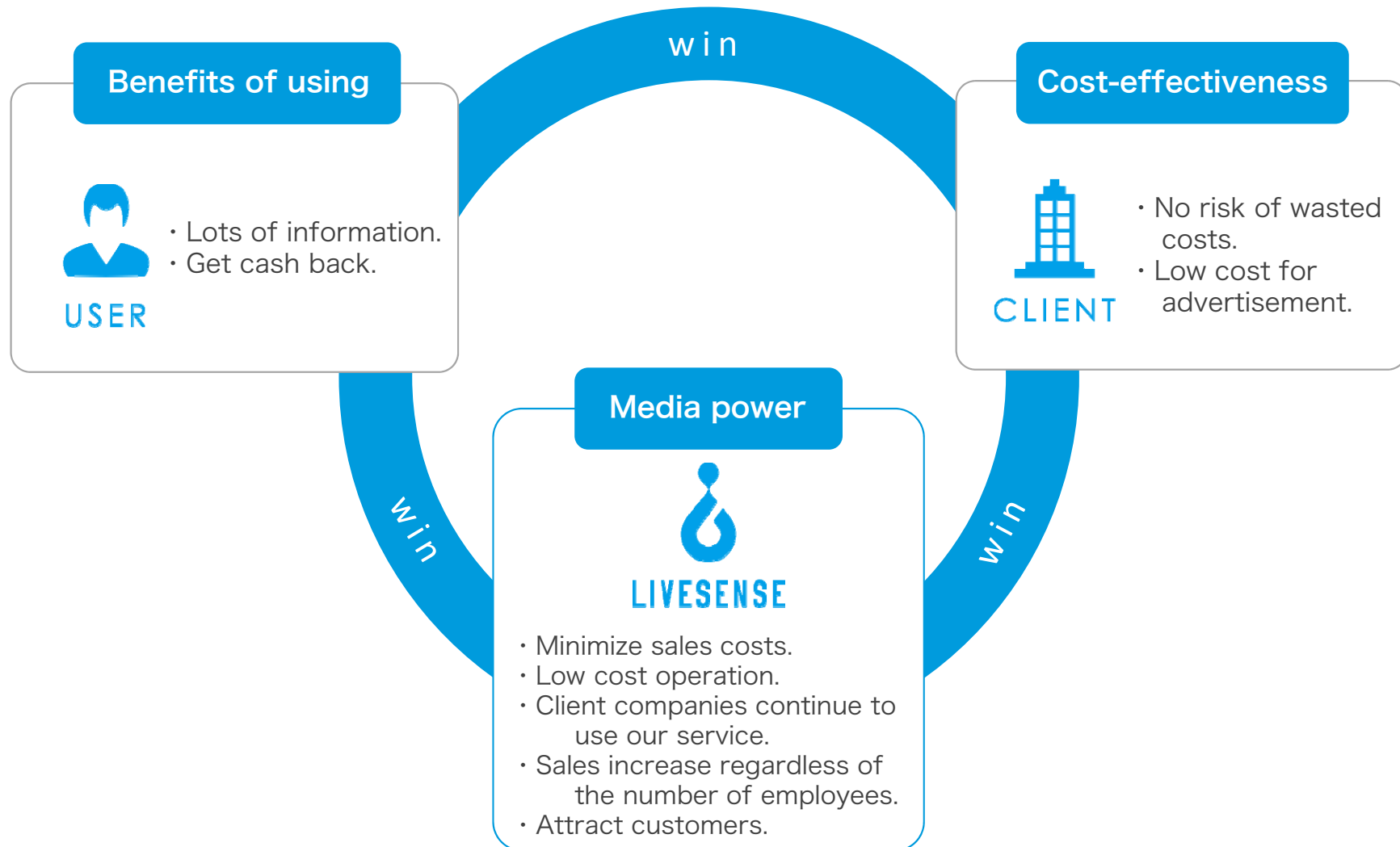
2-3. Our Business (Business Model)

| Disadvantages of the conventional business model (publishing charge system)



2-4. Our Business (Business Model)

| Our business model (affiliate system) creates a virtuous cycle



3-1. A Key Characteristic of Livesense

The virtuous circle model

| Business Model by Affiliate model

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Our strengths

| Service Development Technology

(Full internalized production, from planning to web marketing)

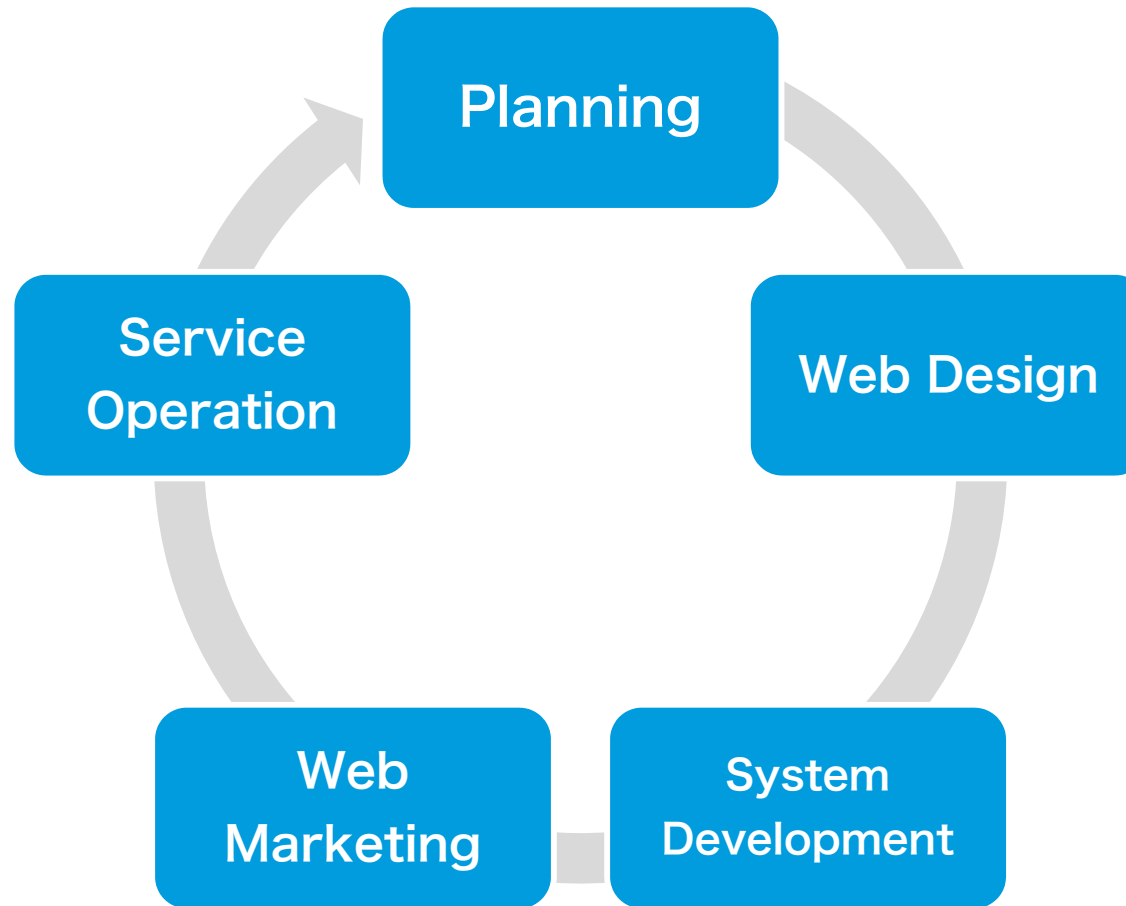
||

Our characteristic

| Efficient Business Management Structure

3-2. A Key Livesense Strength

- | In-house service development enables consistency and efficiency. Utilize accumulated know-how to focus on new business development.



3-3. A Key LIVESENSE Strength (Web Marketing Technique)

- Focused on web marketing since company establishment. Since 2013, we have strengthened our SEO and web promotions.

SEO (Search Engine Optimization)



Efficiently attracting users from search engines such as Google and Yahoo!



Web Promotions

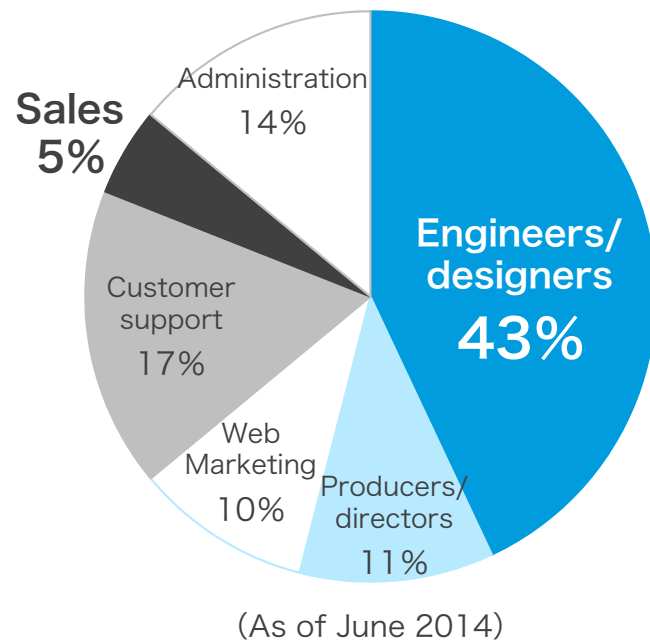


Attracting users from a wide range of sites through web advertising strategies including listings and retargeting.

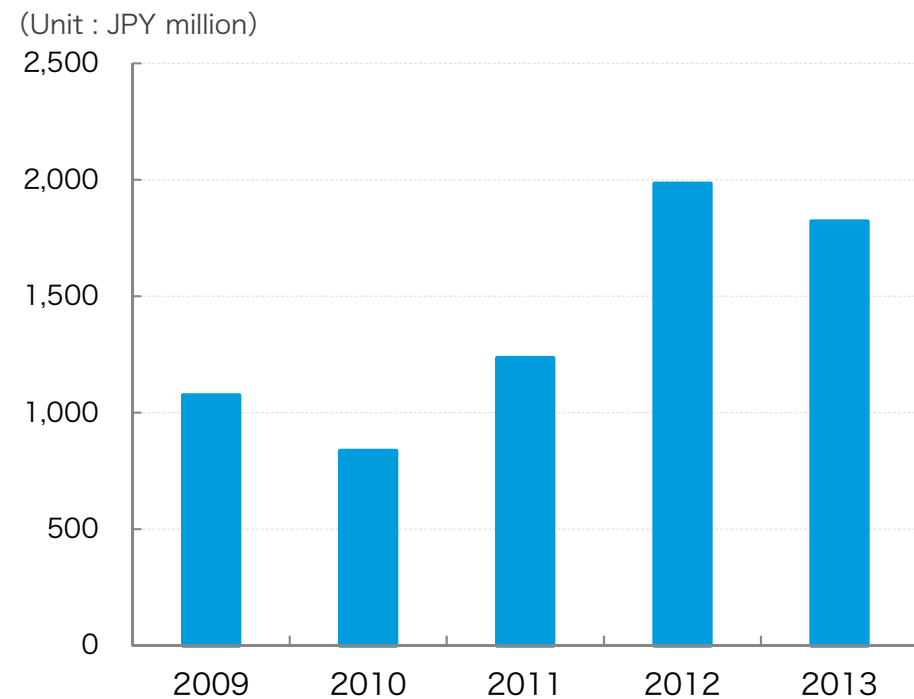
3-4. Efficient Business Management Structure

- High profitability due to our business model, high drawing power and in-house development style.

Breakdown of regular employees

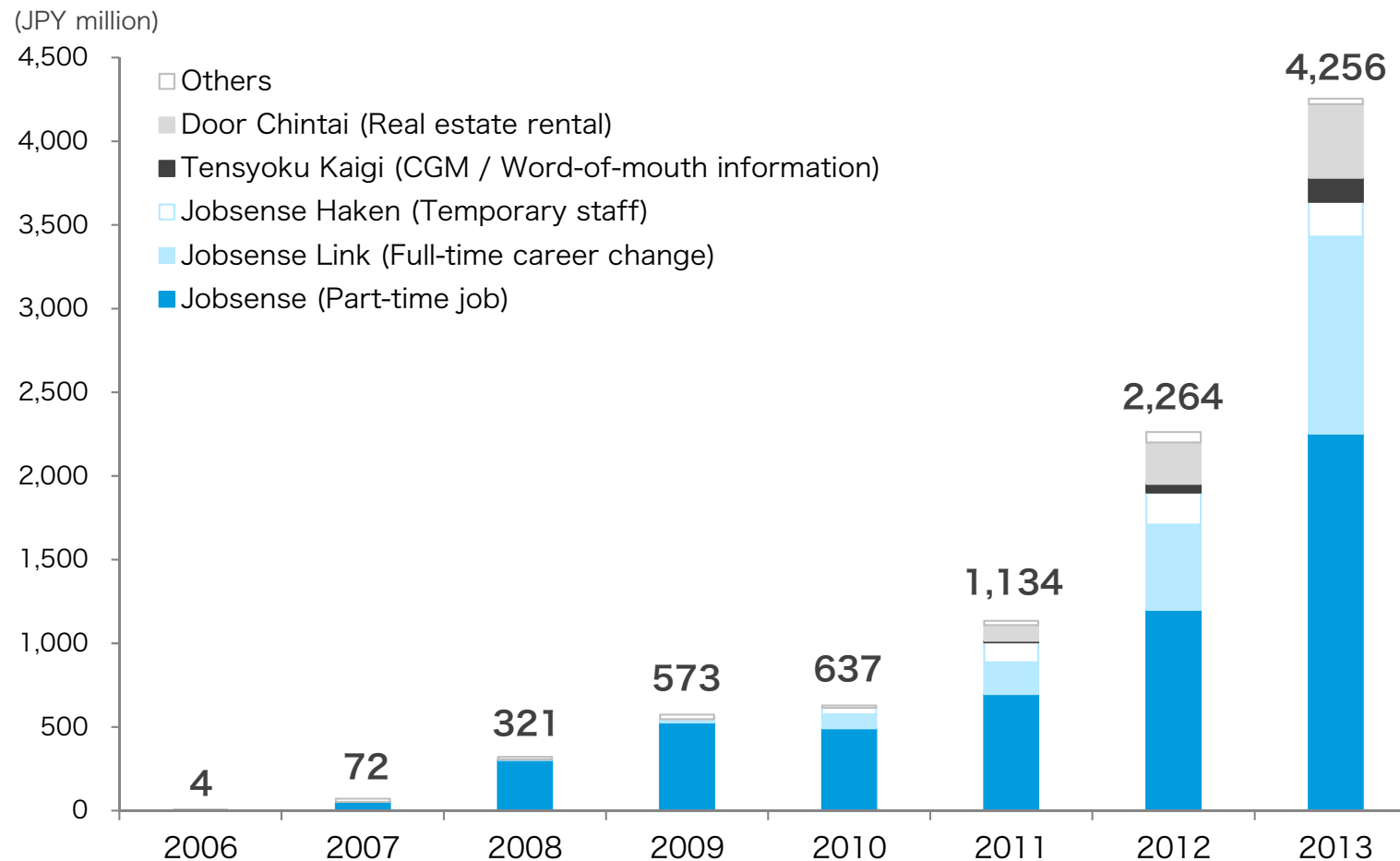


Transitions in operating income per employee



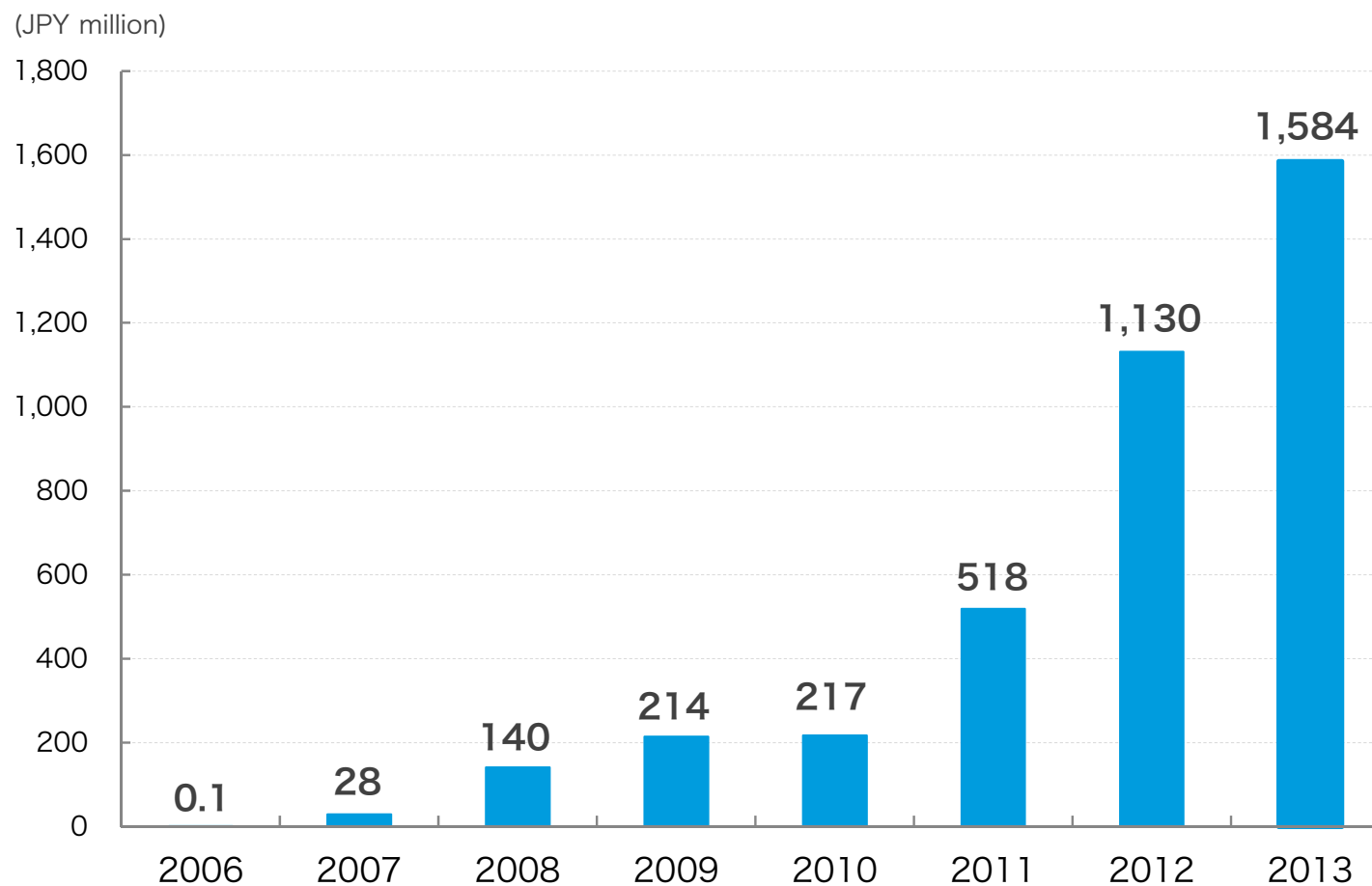
4-1. Sales

Services other than Jobsense are also enjoying strong sales growth.



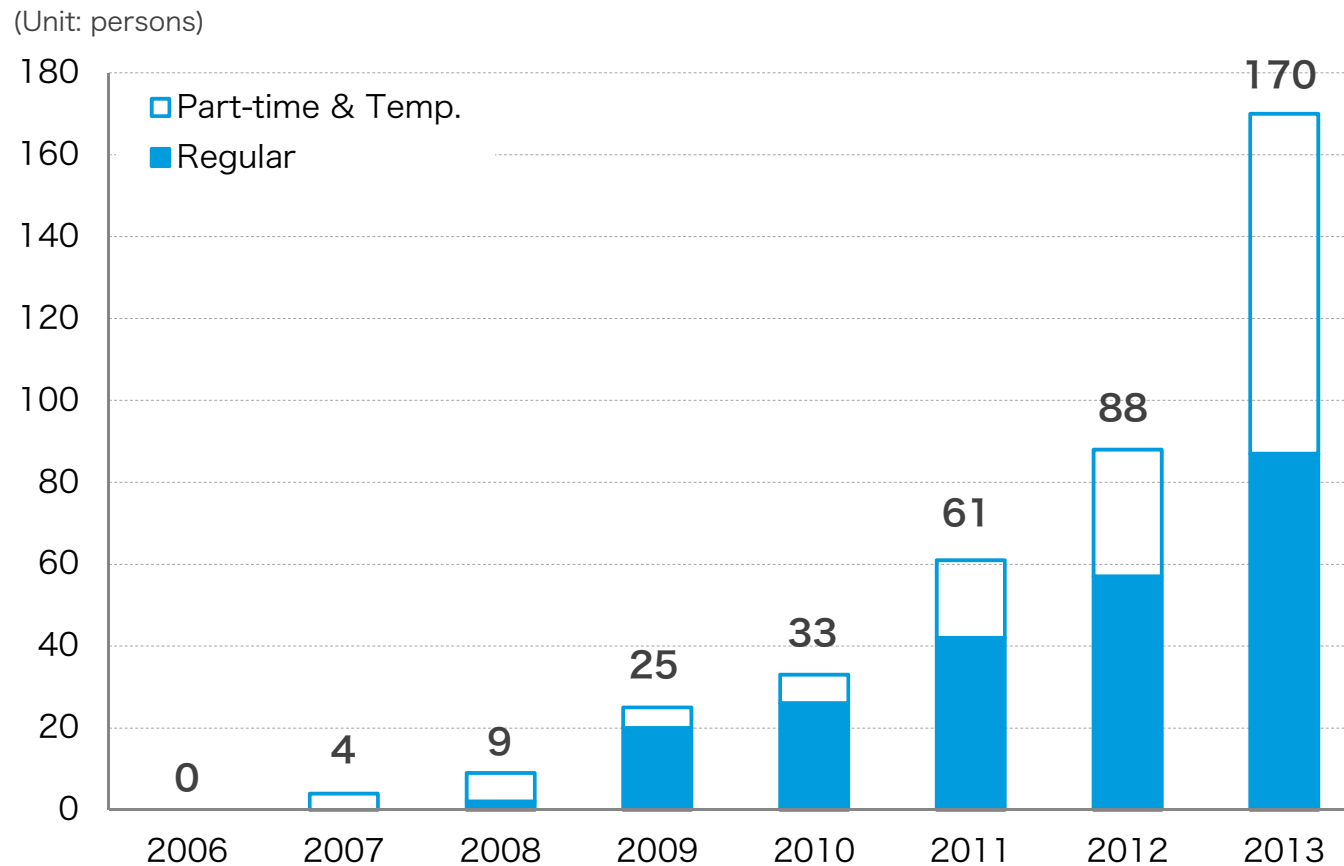
4-2. Operating Income

While investing for mid-term and long-term growth, we expand our profits steadily.



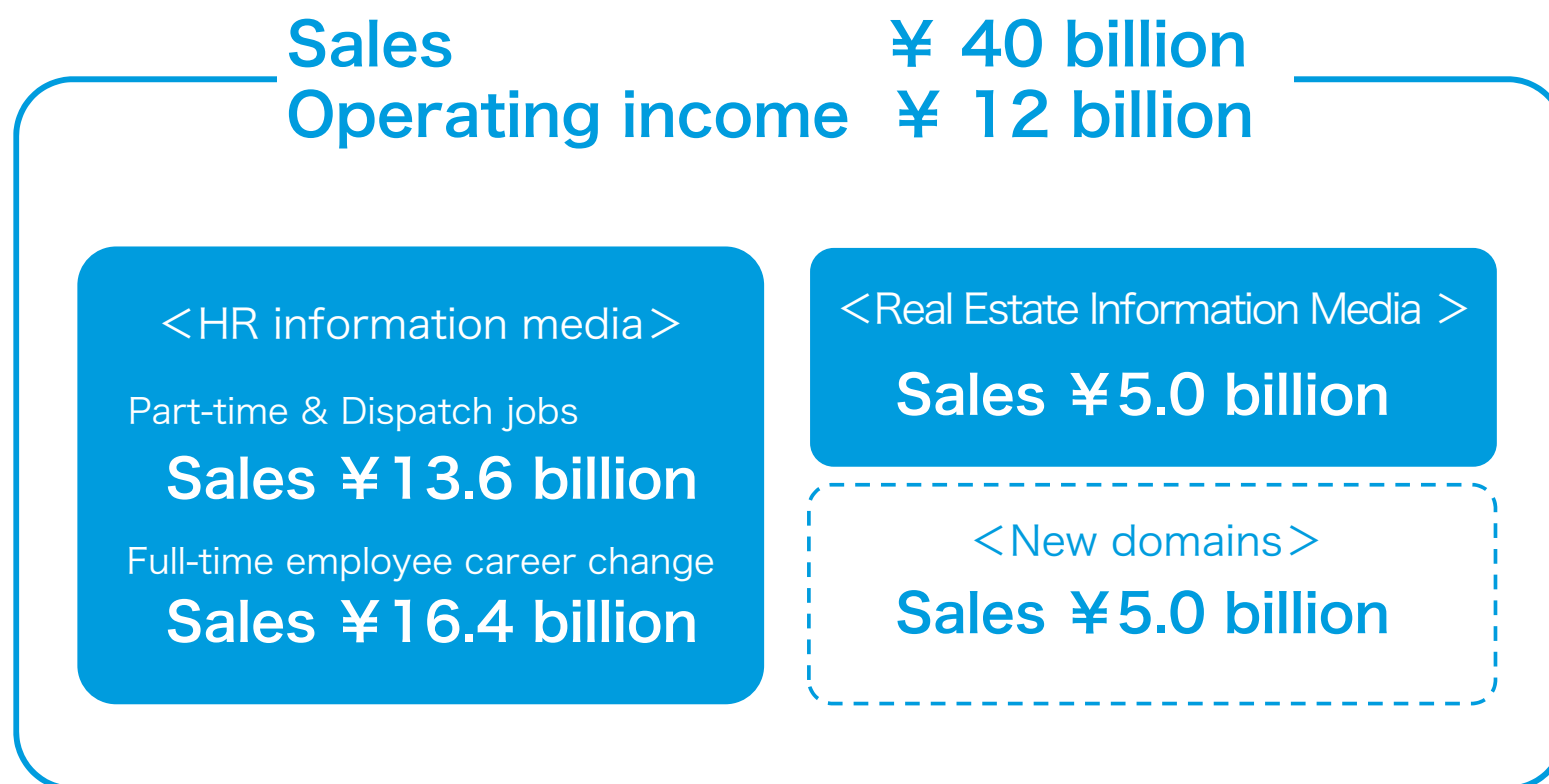
4-3. Number of Employees

| We will maintain our focus on efficient business operations while continuing to hire in order to increase the speed of business development. We hire part-time and temporary employees for customer support.



5-1. Medium-Term Business Plan (Earnings goals for FY2018)

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

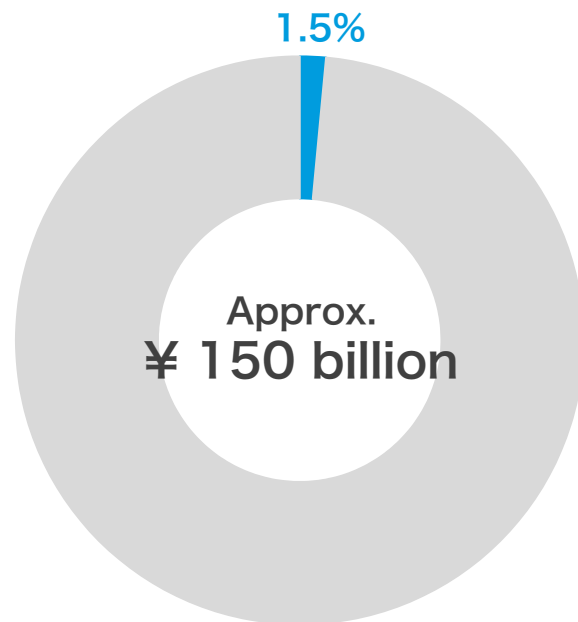


→ Issue commercial stock options that can be executed with achievement of earnings goals

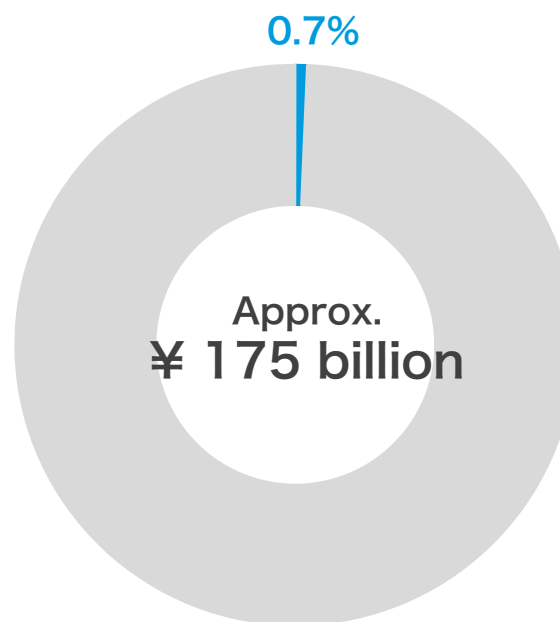
5-2. Market environment (existing business – our share)

Despite the existence of various business models, based on the sheer scale of the market in terms of net sales, we believe our share of the market is relatively small and that there is still significant room for growth

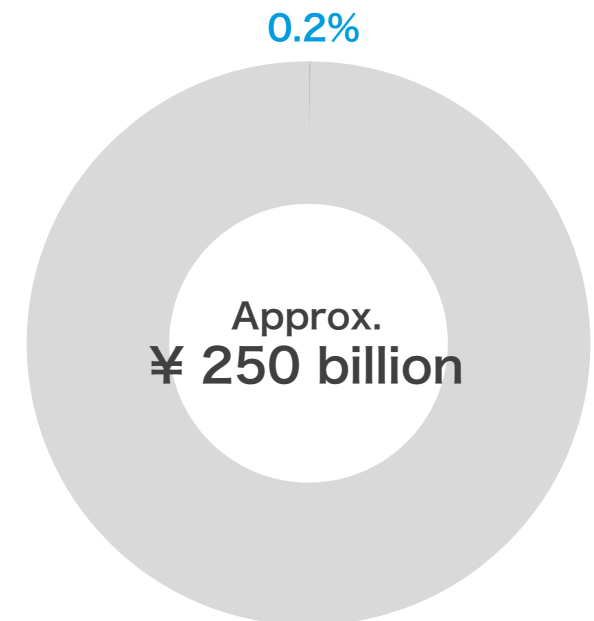
Part-time job information advertising market



Full-time employee career change market



Rental real estate market



(Note) Market scale data figures are estimated based on our research.

5-3. Growth strategy for goal achievement (existing business)

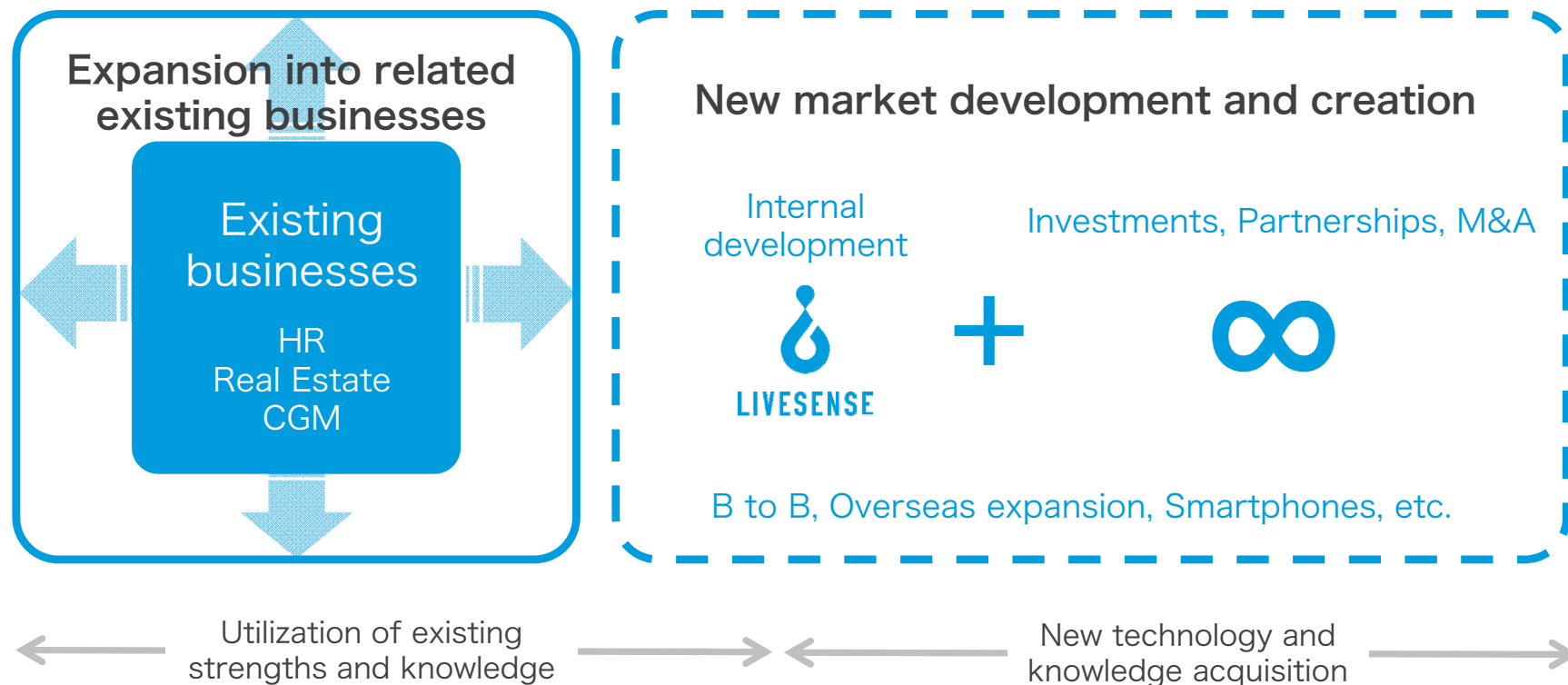
I Reinforcement of major measures and distinction in our services to expand share and expand business segments by breaking into related domains in order to become "the next common" in the HR and real estate markets



5-4. 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



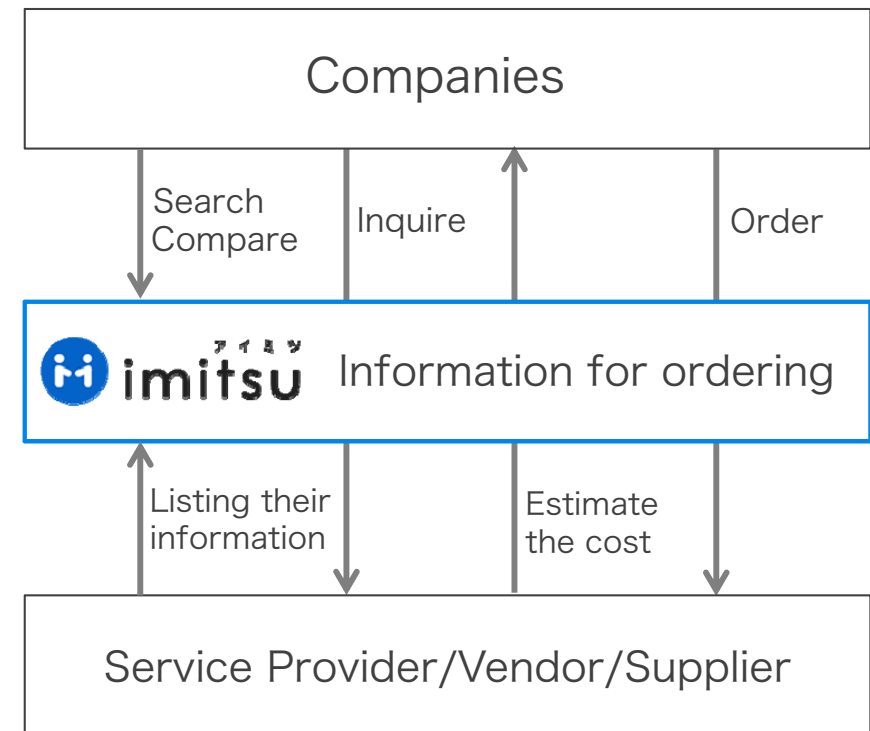
5-5. Introduction of New Services

| 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/>)

The screenshot shows the homepage of the imitsu website. At the top, there is a navigation bar with the imitsu logo and the text "日本最大級の発注業者データベース" (Japan's largest order provider database). Below this, there is a search bar and a list of service categories including IT, HR, and Marketing. The main content area features a large heading "日本最大級の発注業者データベース" and a search bar. A central banner highlights the site's features: "圧倒的15万社以上の業者掲載" (Over 150,000 companies listed), "人力調査で徹底比較" (Thorough comparison through manual investigation), and "公正中立な情報で広告無し" (Fair and neutral information, no ads). The bottom section displays "最近のお問い合わせ状況" (Recent inquiry status) with a table of categories and counts, and a "発注先を探す" (Find order provider) section with search filters.



5-6. New subsidiary in the United States

Planning to establish first Livesense 100% consolidated subsidiary, Livesense America Inc., in August 19, 2014

- Establishing new subsidiary to focus on market research on the latest internet-related services, local business network building, and medium-term new service development

< Summary of Subsidiary >

- Name Livesense America Inc.
- Address California, United States
- Representative Tomoya Shibasaki
- Stated Capita \$0.6 million
- Fiscal Year End December 31
- Major Businesses Internet Services

※ Beginning from the third quarter earnings for FY2014, financial results announcements will be consolidated (planned for mid-November)



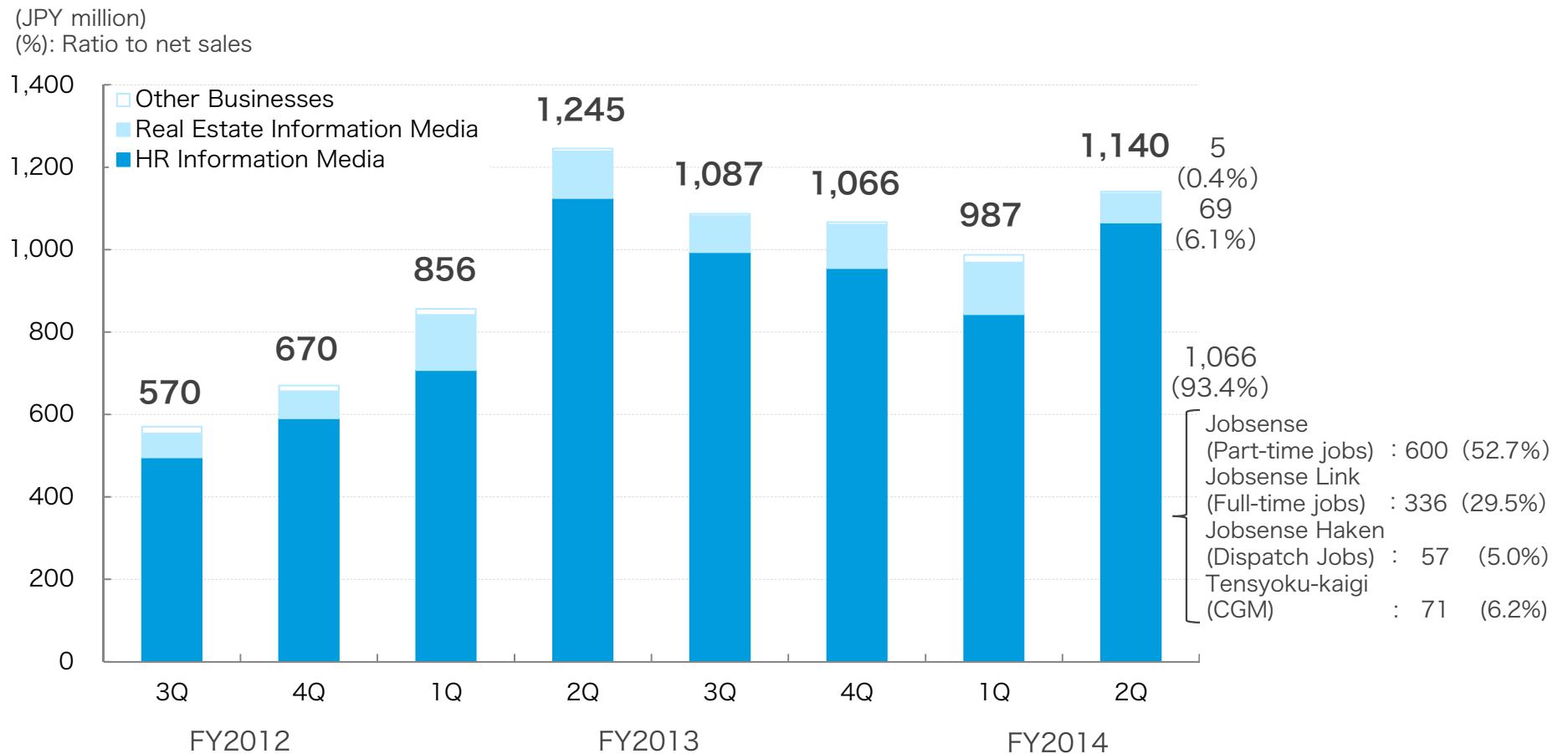
5-7. Medium-Term Business Plan (Schedule)

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

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

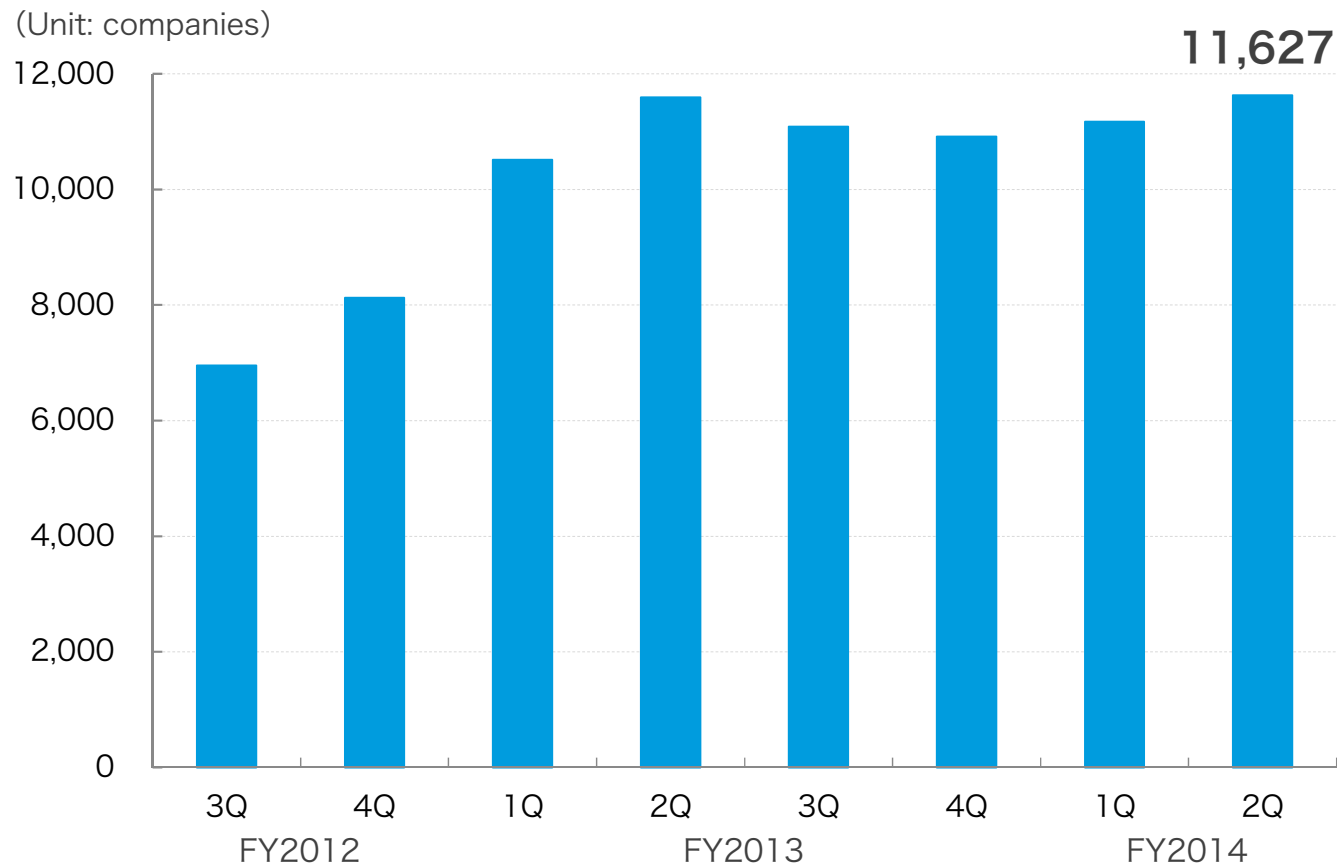
6-1. FY2014 2Q - Net Sales

Job information sales underperformed the previous year due to continued lack of workers and delay in web marketing measures. Quarter results improved due to seasonal characteristics



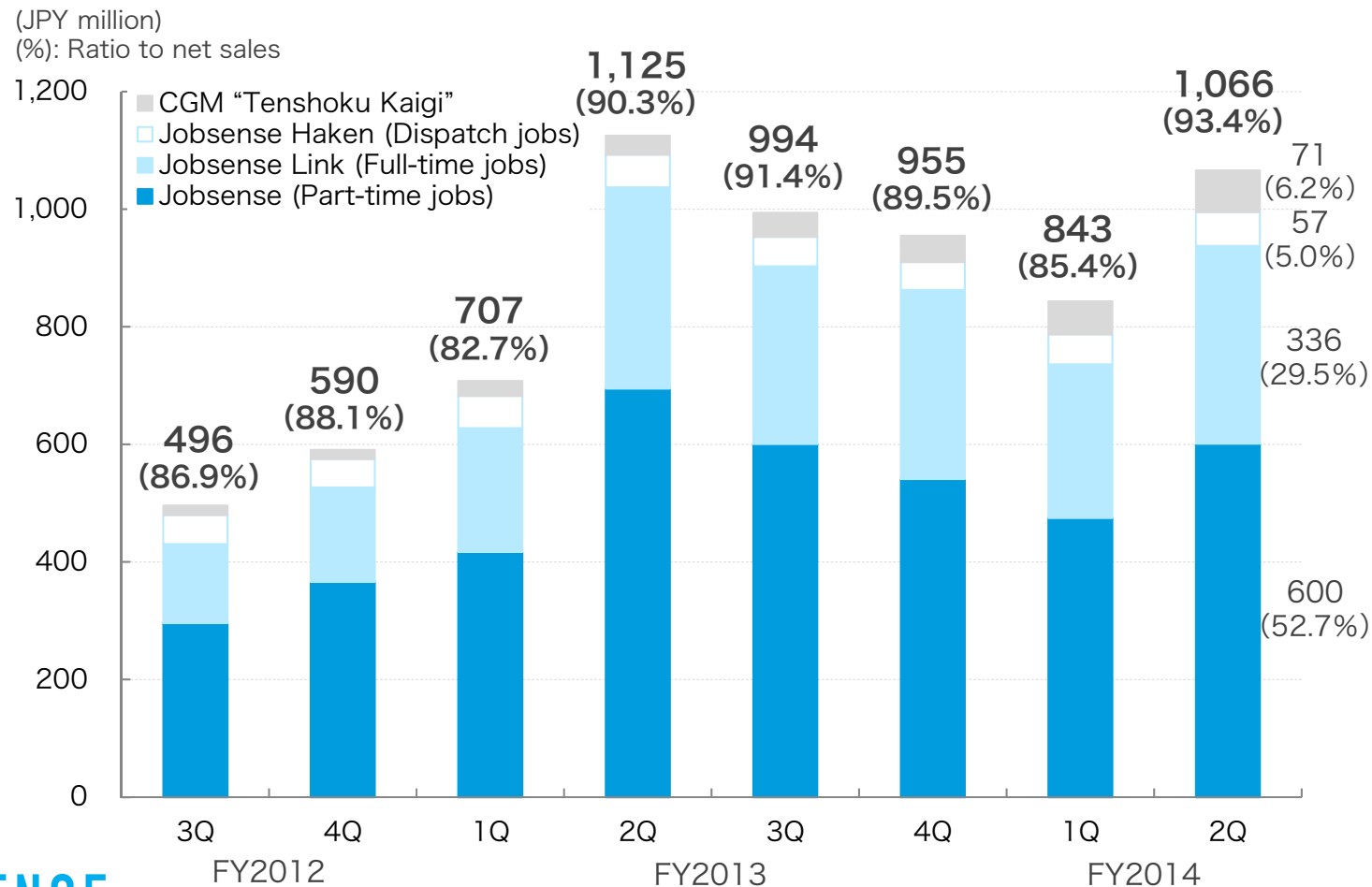
6-2. FY2014 2Q - Number of Actively Listing Companies

- | Number of new corporate customers in 2Q14: 2,477
- | In addition to focus on new customers, we are focusing on promoting use among existing corporate customers



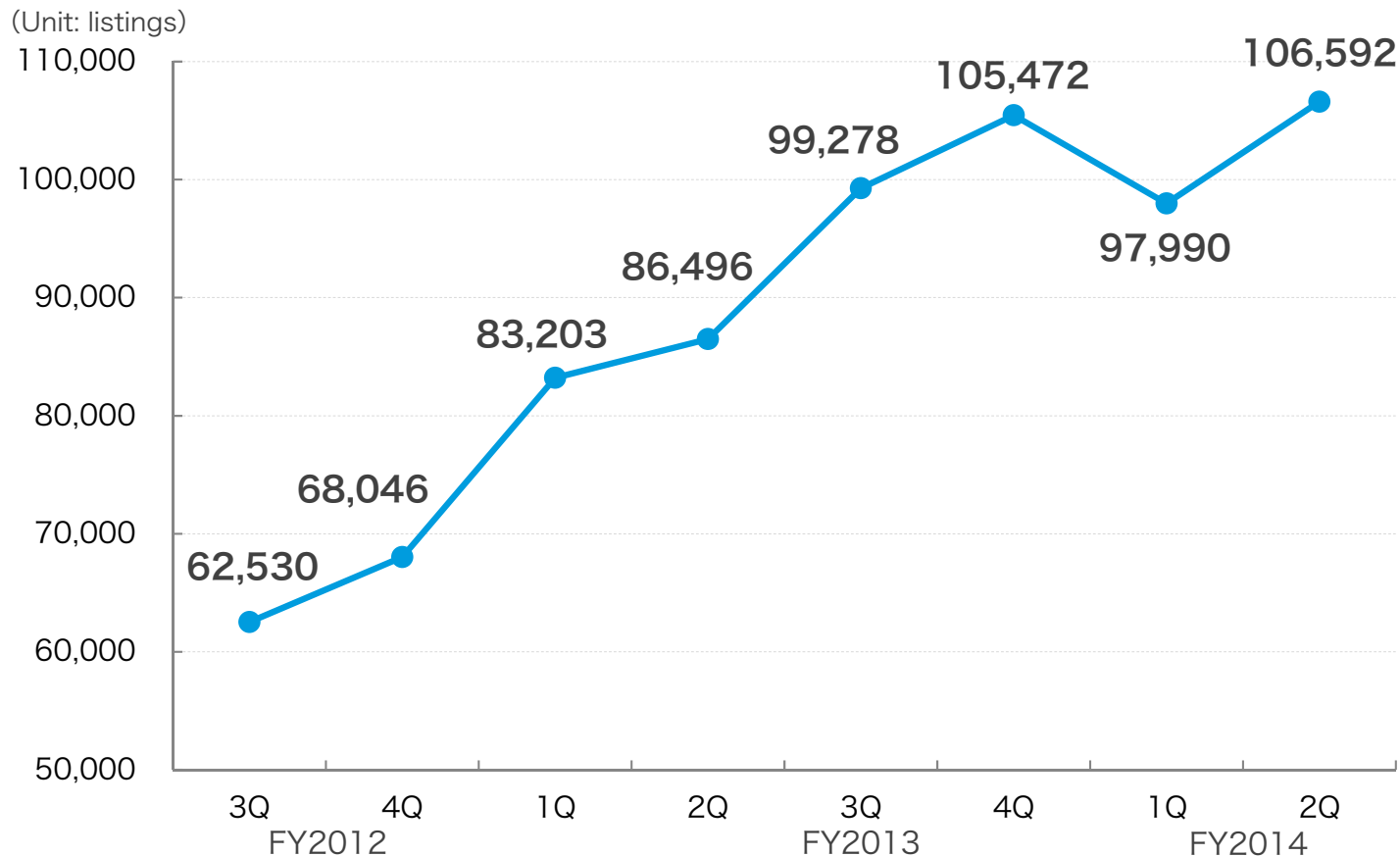
6-3. FY2014 2Q - HR Information Media Business (Sales)

- Underperformed 2Q13 due to lack of part-time workers continuing since the 2H of last year and delay in web marketing measures
- Improving job applicant support and continuing to focus on website improvements in order to increase application and hiring rates



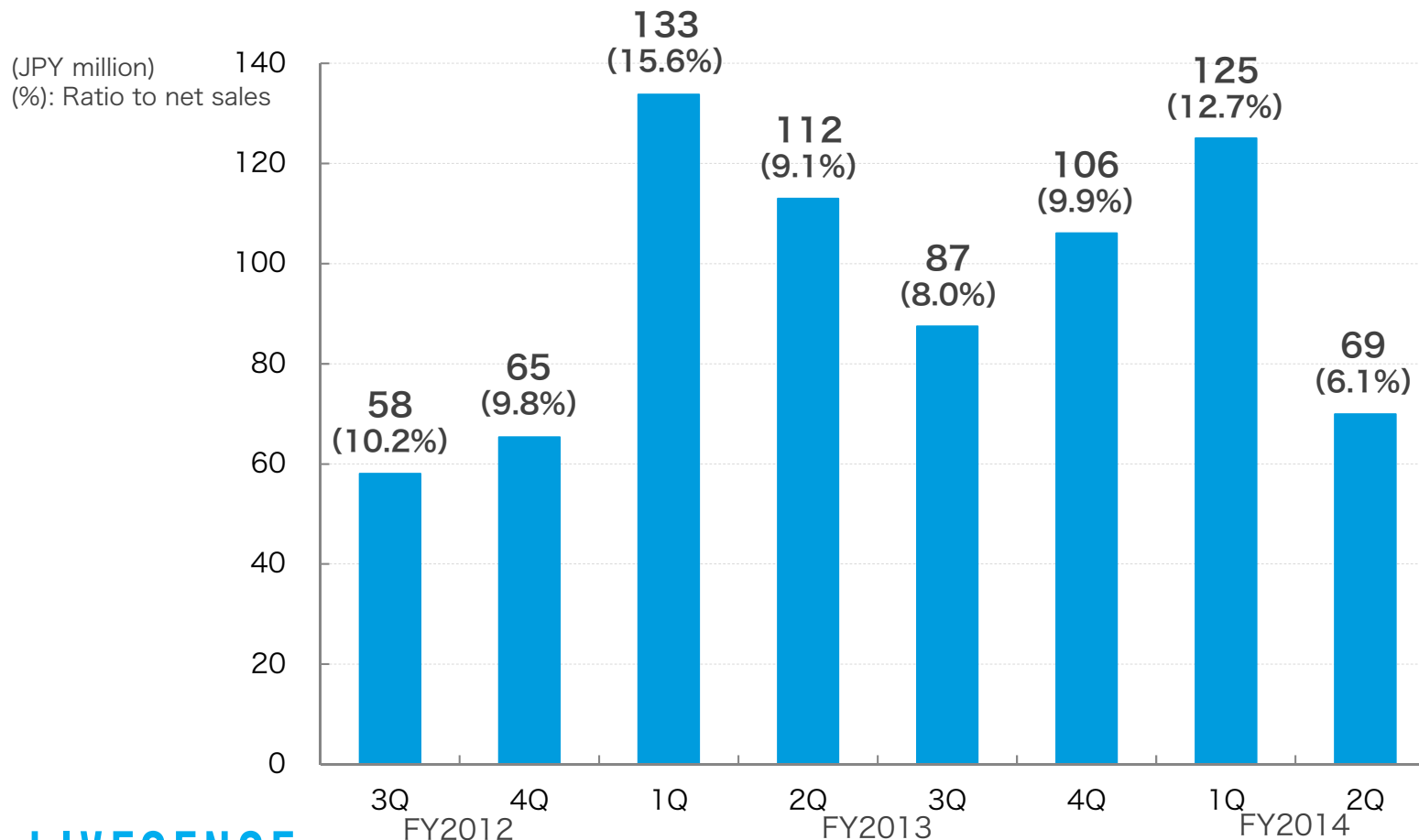
6-4. FY2014 2Q - HR Information Media Business (No. of information)

- Improved use among existing corporate customers through promotions
- Focus on service enhancements to suit needs of corporate customers and marketing in regions with low usage levels to improve the number of listings



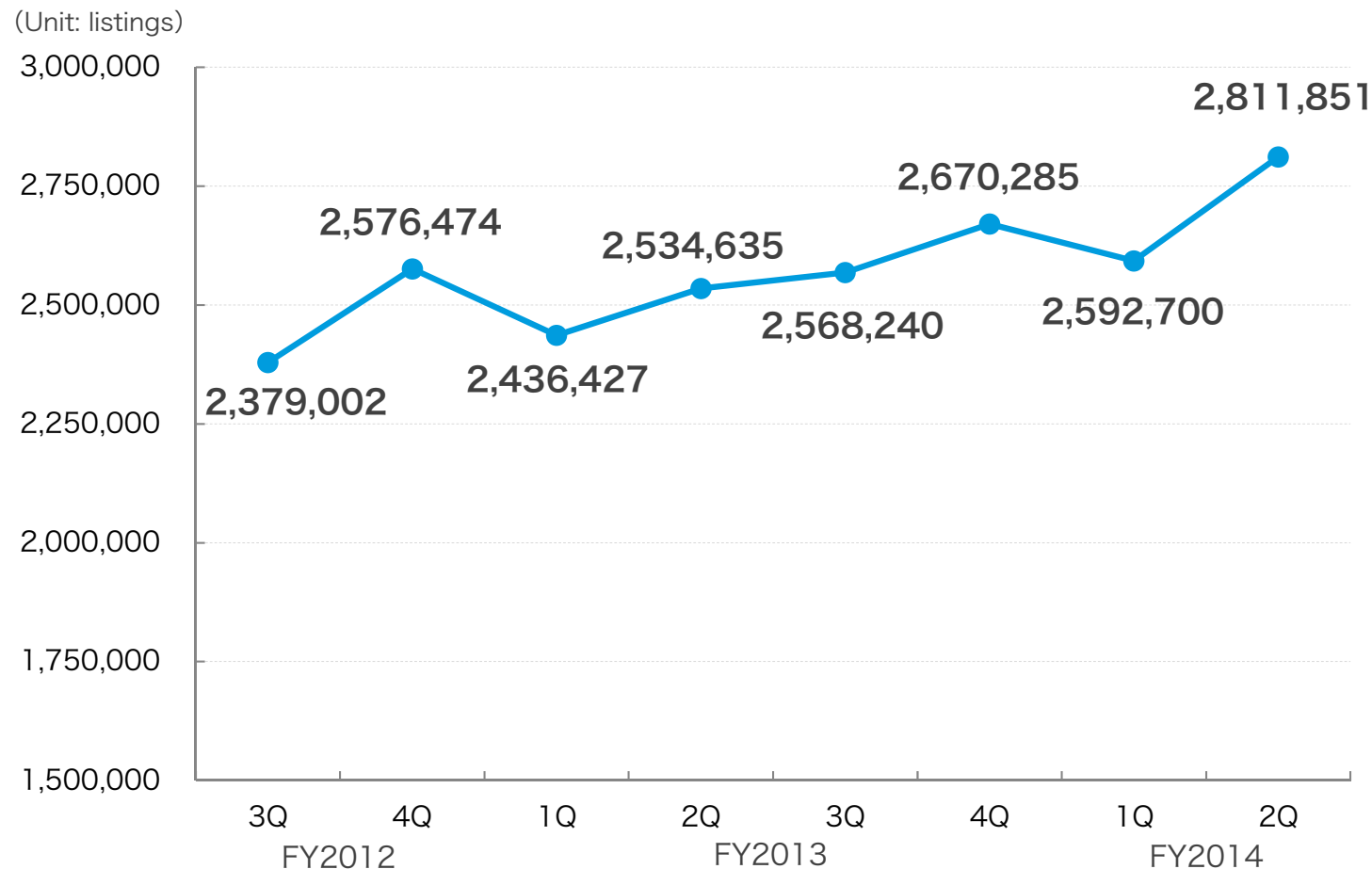
6-5. FY2014 2Q - Real Estate Information Media Business (Sales)

- Decreased due to seasonality and the extension of internal management system development aimed at addressing future expansion of business scope
- Enhance the property number of listings and other content as well as site improvements and management efficiency



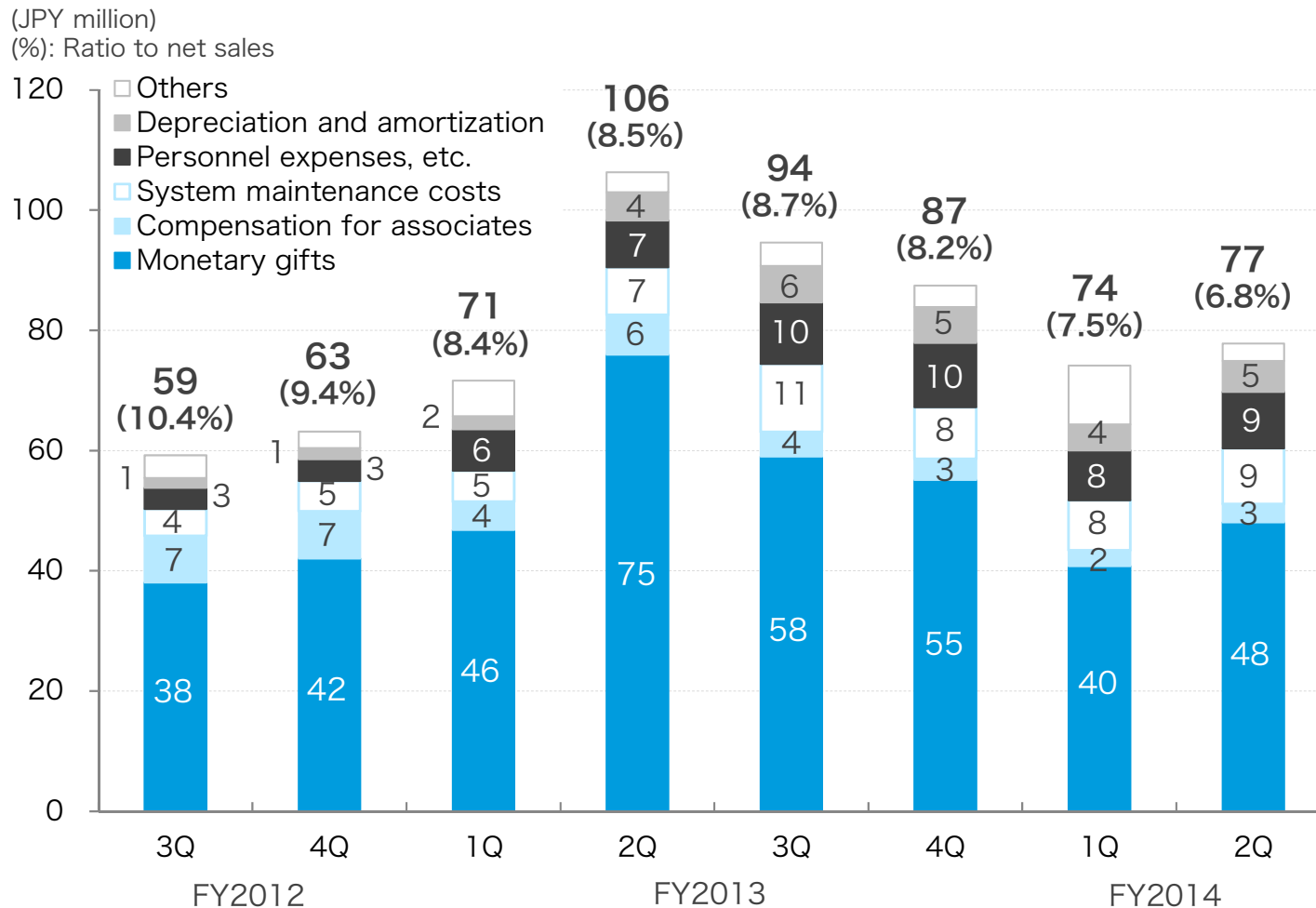
6-6. FY2014 2Q - Real Estate Information Media Business (No. of information)

- Enhance new listing approach to achieve steady increases
- Establish service management system to further increase the number of listings and media capabilities



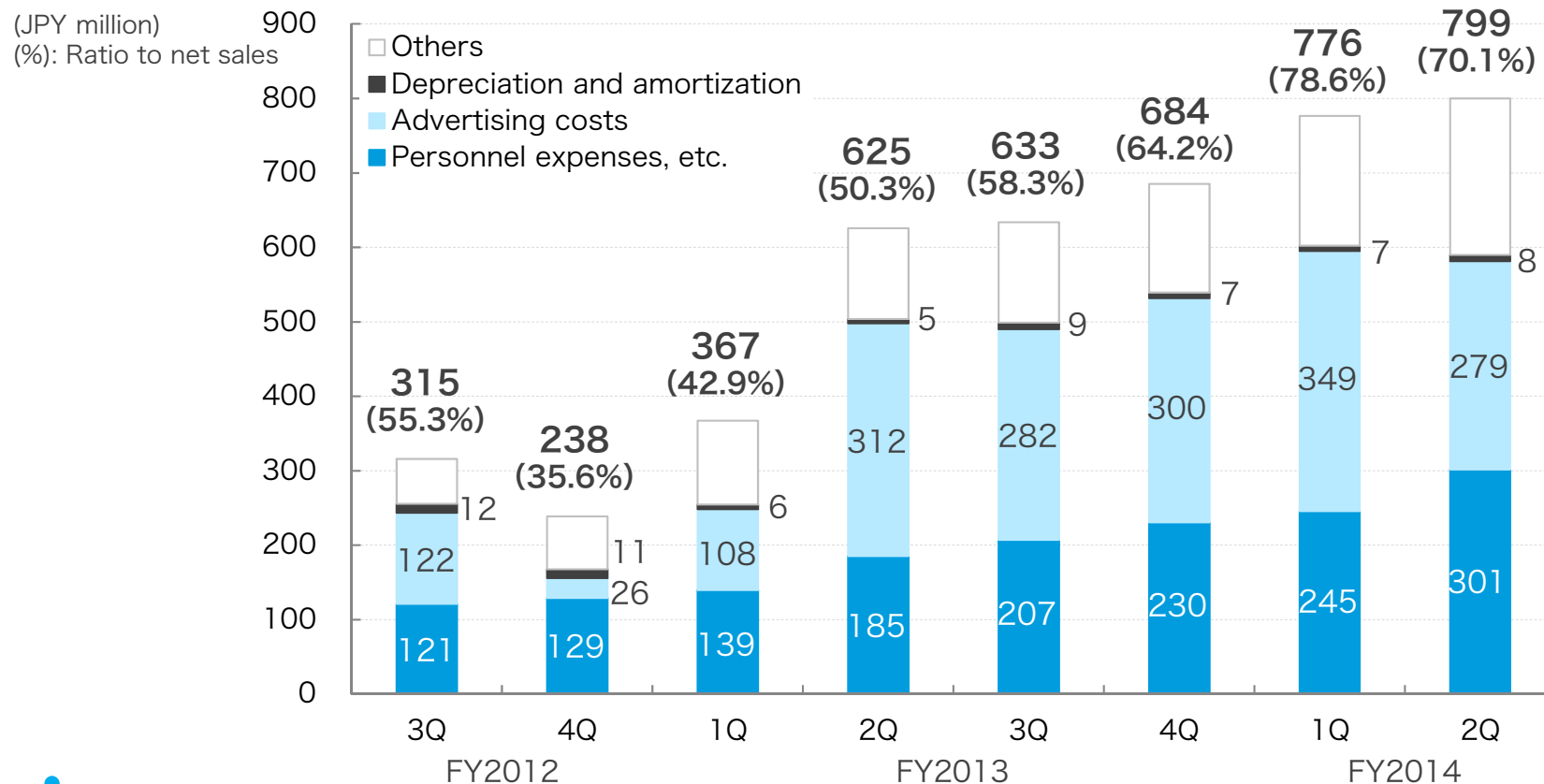
6-7. FY2014 2Q - Sales Costs

Monetary gifts for hiring increased compared to 1Q14 due to increase in job information sales

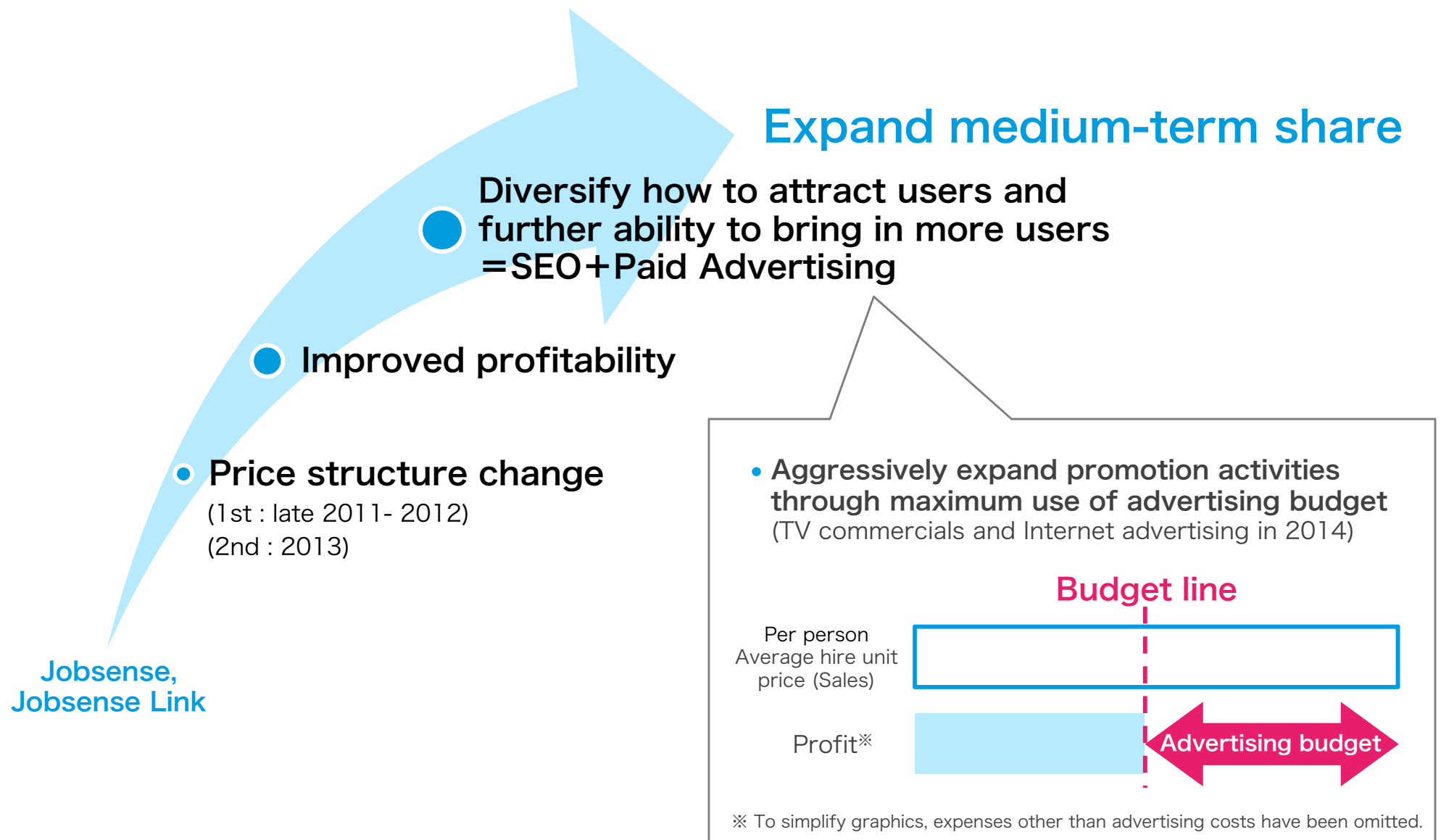


6-8. FY2014 2Q - SG&A Expenses

- Personnel expenses, etc. continued to increase with the increase in personnel
- For advertising costs, will continue web promotions aimed at increasing user traffic while analyzing cost performance in order to achieve more efficient management

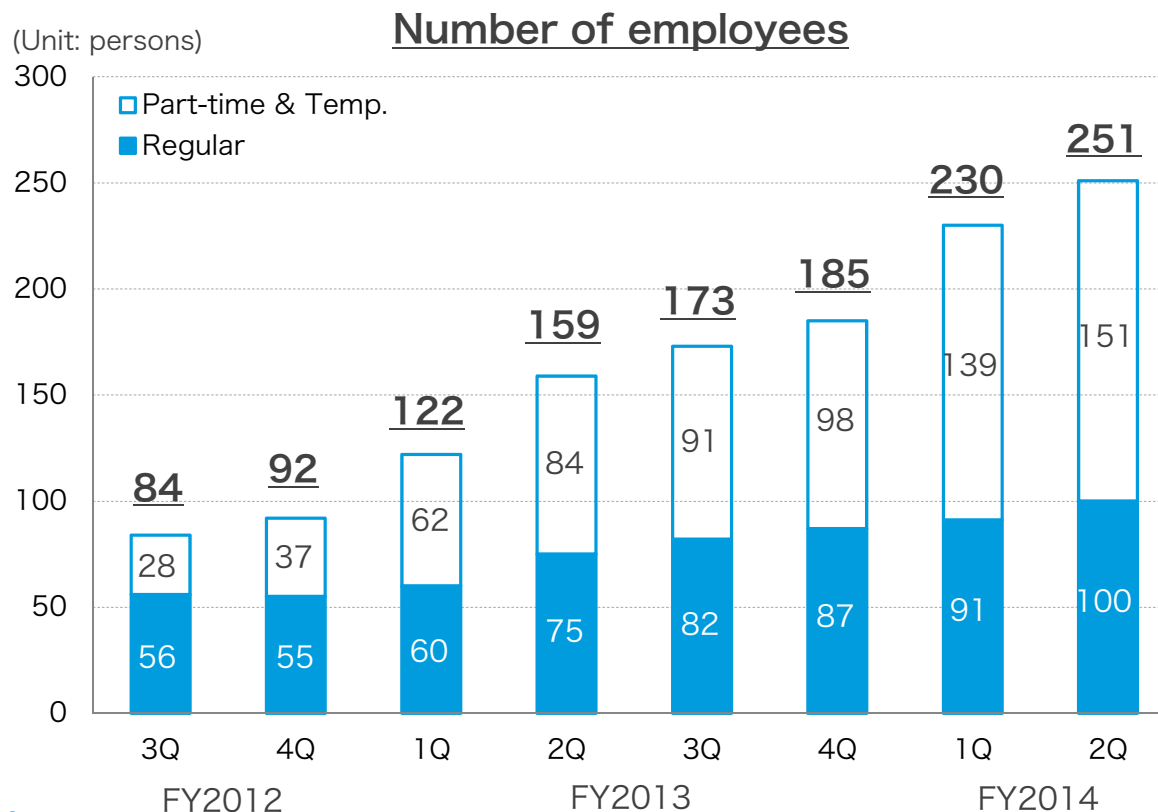


6-9. Fee Revision and Paid Advertising Strategies

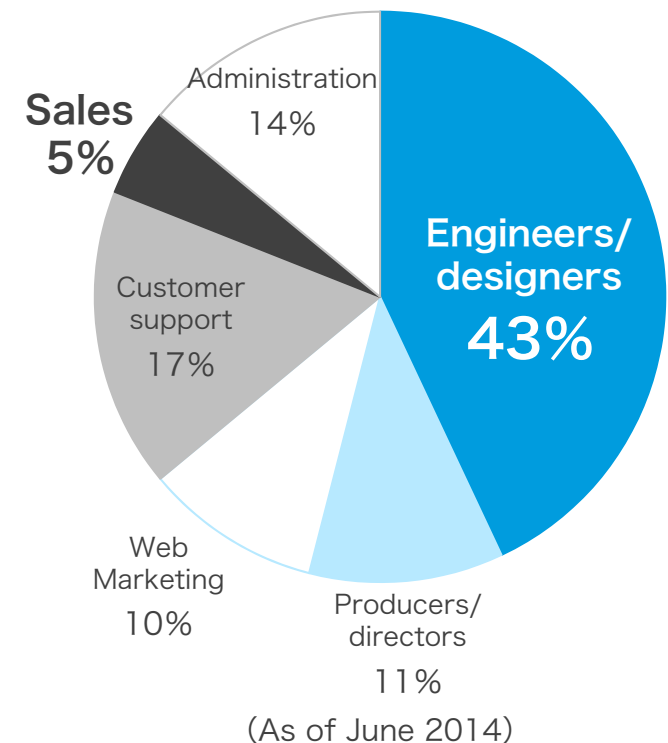


6-10. Number of employees

- Added 9 full time employees (including 4 new graduates) and 12 part-time or temporary employees who support for job applicants, increased personnel in line with measures for existing and new businesses during 2Q
- The structural change to a system of units to maximize business efficiency

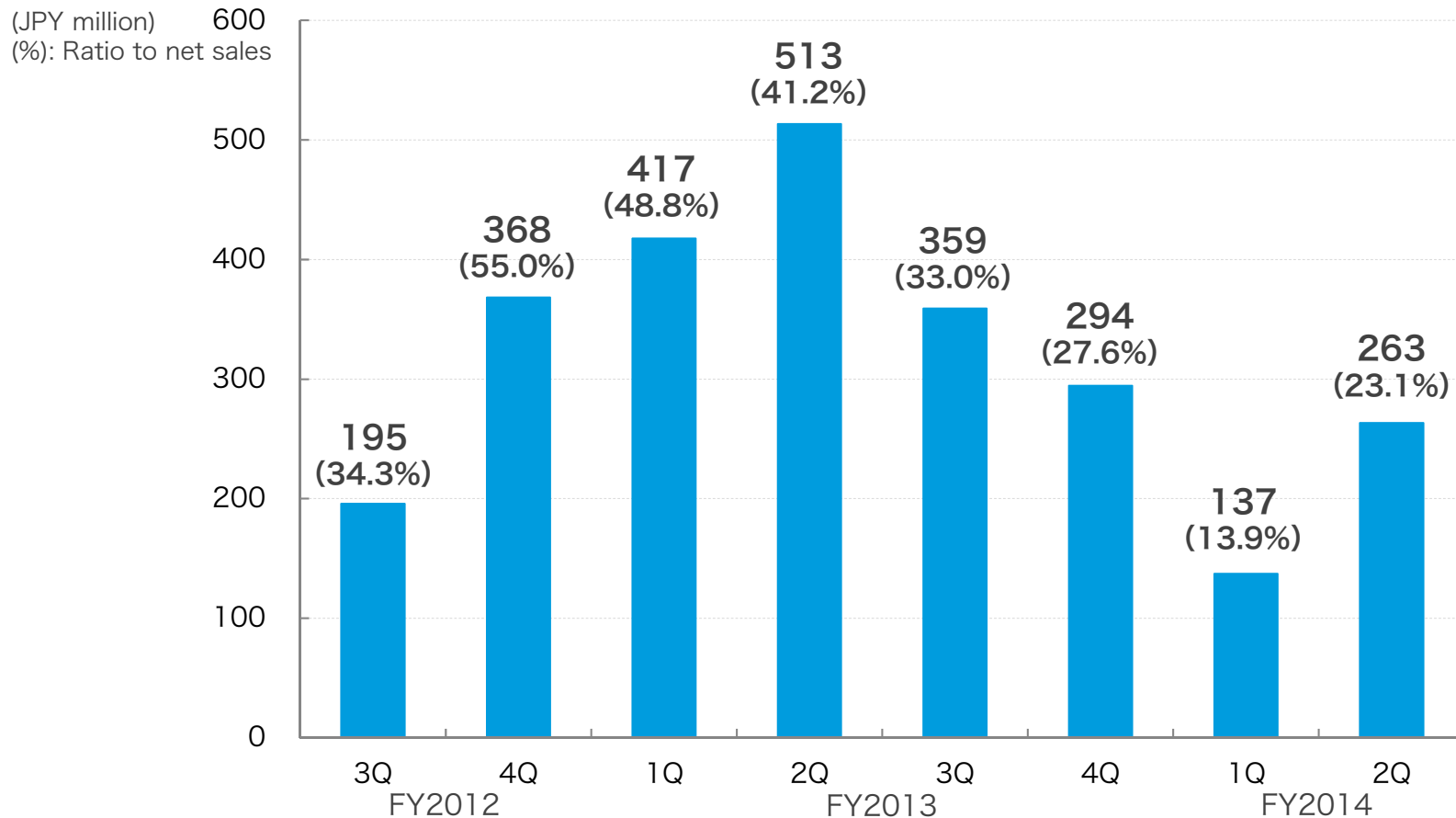


Breakdown of regular employees



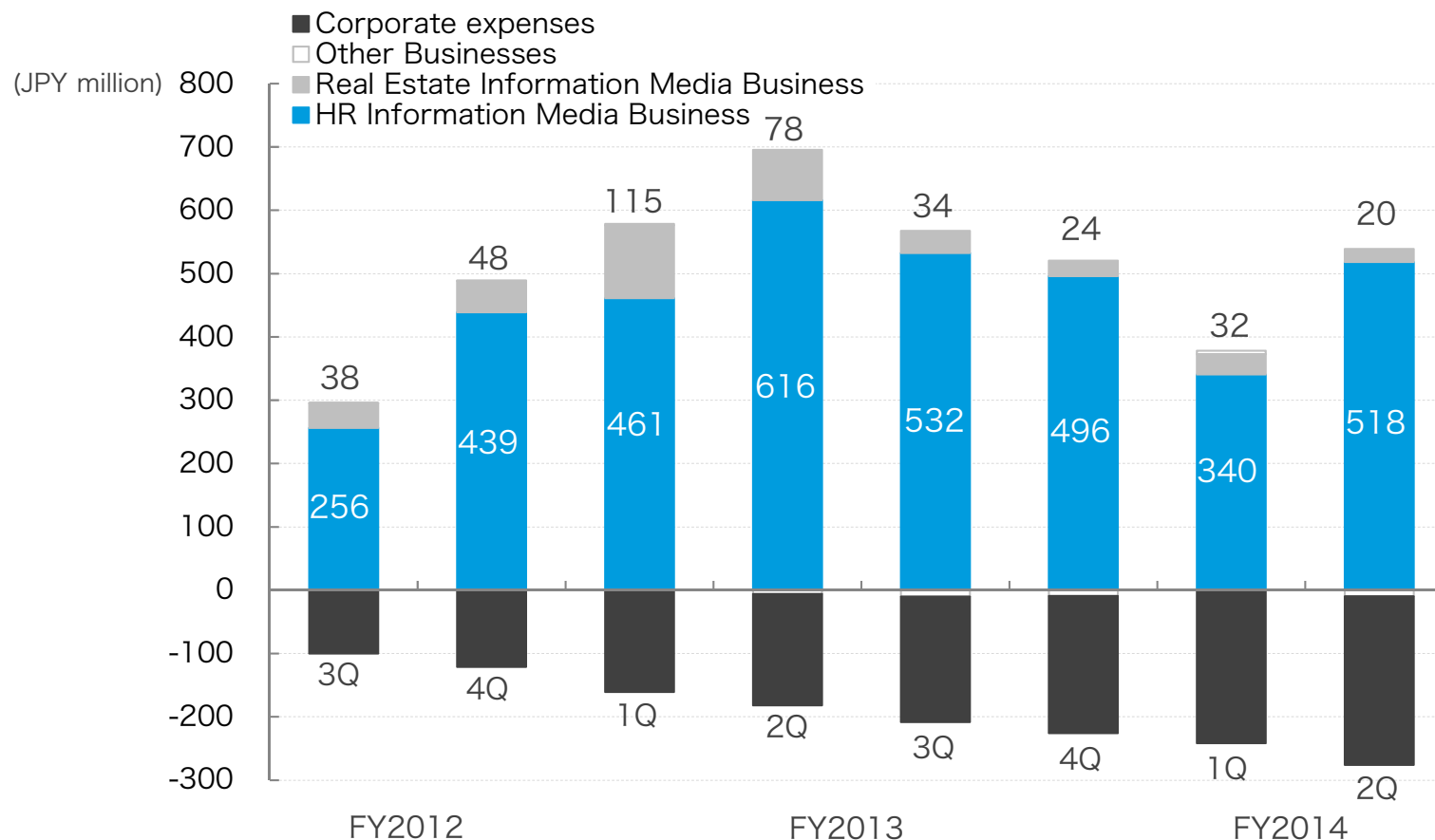
6-11. FY2014 2Q - Operating Income

Operating income declined compared to 2Q13 due to increased personnel expenses, etc. related to the expansion of business scope, sales and promotion expenses related to the use of an external call center, and increases in rent and equipment expenses due to an office expansion



6-12. FY2014 2Q - Segment profits

- Job information income increased on a quarterly basis due to increased sales
- Real estate information income was impacted by increased expenses due to improvements to our operating structure



6-13. FY2014 Plan (Revised on August 13)

- With 2Q earnings falling below our original plan due to a lack of part-time workers and delays in the implementation of web marketing measures, we revised our full-year earnings forecast
- Implement enhanced progress management for earnings and measures outlined for each business
- Solidify foundation for medium-term growth and control hiring and advertising based on performance and business conditions

(Thousands of JPY)

	FY2013	FY2014			
	Results	Forecast	(YoY)	2Q Results	(Progress Rate)
Sales	4,256,153	4,280,199	0.6%	2,128,716	49.7%
Operating Income	1,584,478	517,991	(67.3%)	400,430	77.3%
	37.2%	12.1%	-	18.8%	-
Ordinary Income	1,585,828	517,991	(67.3%)	400,732	77.4%
	37.3%	12.1%	-	18.8%	-
Net Profit	983,830	330,480	(66.4%)	243,739	73.8%
	23.1%	7.7%	-	11.5%	-
EPS (JPY)	35.58	11.91	(66.5%)	8.78	73.7%

I Part-time jobs area

Increase in applicants rate & hiring rate

- Strengthening telephone support for job applicants (optimized and increased operations)
- Improve website functionality especially on smartphones
- Decrease job matching opportunity loss through published job ad reviews

Improving ability to attract site user

- Further improve web marketing
- Optimize of web advertisements
- Further differentiation through initiatives such as monetary gifts

Increase number of listings

- Promote usage by existing clients
- Increased sales & marketing to new prospective clients

Establishment of a new revenue pillars

- Provide optional services based on client demand

I Full-time employee career change area

**Increase in
applicants rate
& hiring rate**

- Strengthening job applicants (registered users) support (optimized and increased operations)
- Improve website functionality

**Improving
ability to attract
site user**

- Further improve web marketing
- Optimize web advertisements

**Increase
number of
listings**

- Provide services in cooperation with CGM "Tenshoku Kaigi"
- Promote usage by existing clients
- Increased sales & marketing to new prospective clients

**Establishment
of a new
revenue pillars**

- Strengthening monetization of CGM "Tenshoku Kaigi"
- Provide optional services based on client demand

| Real Estate area

**Increase
number of
listings**

- Begin operation of internal management system (September-end)
- Strengthening new client acquisitions

**Improving
ability to attract
site user**

- Improve web marketing
- Increase real estate rent content

**Increase in
inquiry rate**

- Increase usability through improved and increased website functionality

**Development
of new revenue
sources**

- Prepare new service launch related to real estate domain

6-17. Balance Sheet Statement

(Thousands of JPY)

	2Q13	2Q14	YoY
Current assets	2,545,016	2,956,864	+16.2%
Cash and deposits	1,974,719	2,455,327	+24.3%
Accounts receivable	530,311	449,517	(15.2%)
Fixed assets	310,597	413,571	+33.2%
Tangible fixed assets	117,994	124,509	+5.5%
Intangible fixed assets	38,471	32,802	(14.7%)
Investments and other assets	154,131	256,259	+66.3%
Total assets	2,855,613	3,370,435	+18.0%
Current liabilities	669,753	466,465	(30.4%)
Accounts payable	130,852	195,822	+49.7%
Income taxes payable	423,913	154,840	(63.5%)
Fixed liabilities	-	-	-
Total liabilities	669,753	466,465	(30.4%)
Shareholders' equity	2,172,361	2,885,282	+32.8%
Capital	219,930	223,460	+1.6%
Capital reserve	204,930	208,460	+1.7%
Accumulated earnings	1,747,501	2,454,217	+40.4%
Stock warrants	13,498	19,043	+41.1%
Total net assets	2,185,859	2,903,969	+32.9%

6-18. Cash Flow Statement

(Thousands of JPY)

	2Q13	2Q14	YoY
Cash flows from operating activities	388,891	(4,792)	(101.2%)
Depreciation and amortization	18,141	22,133	+22.0%
Increase (decrease) in allowance for doubtful accounts	2,913	2,482	(14.8%)
Stock compensation expenses	5,061	3,037	(40.0%)
Decrease (increase) in notes and accounts receivable	(260,158)	(16,681)	(93.6%)
Decrease (increase) in inventories	-	3,109	-
Increase (decrease) in reserve for bonuses	-	18,499	-
Increase (decrease) in accounts payable	84,456	(11,182)	(113.2%)
Increase (decrease) in accrued consumption taxes	(9,530)	(44,245)	+364.3%
Income taxes paid	(417,138)	(374,126)	(10.3%)
Cash flows from investing activities	(100,078)	(81,801)	(18.3%)
Payments for purchase of tangible fixed assets	(105,250)	(20,236)	(80.8%)
Payments for purchase of investment securities	-	(36,025)	-
Payments for purchase of intangible fixed assets	(29,840)	(4,137)	(86.1%)
Payments for lease and guarantee deposits	-	(21,402)	-
Cash flows from financing activities	-	468	-

| Measures to increase employees motivation to their work

- Stock option
 - Effective personnel evaluation system
 - MVP award system
 - Internal exchange events, Department gathering
 - Qualification support system
 - Engineers workshop
- Etc.



| Awarded in a variety of fields from external organizations



Awarded for 4 consecutive years in terms of sales growth rate ranking of technology companies in Japan and Asia-Pacific.



Ranked in the upper level in Great Place to Work 2013.

Started a program to support start-up companies and entrepreneurs

- Start-up companies and entrepreneurs brush up their business plans by a discussion with representatives of COOKPAD Inc. and Livesense Inc.



(<http://www.startup50.jp/>)

Lecture for university students wanting to be entrepreneurs

- Lecture about our experience at some universities in order to help students wanting to be entrepreneurs.
- Cooperation in entrepreneur support activities of Japanese government.



Hold constantly IR briefings for investors

- We hold IR briefings 8 times per year in Tokyo, Osaka and Nagoya for individual investors.
- Actively hold briefings, small meetings, 1on1 meeting, conference call for institutional investors.

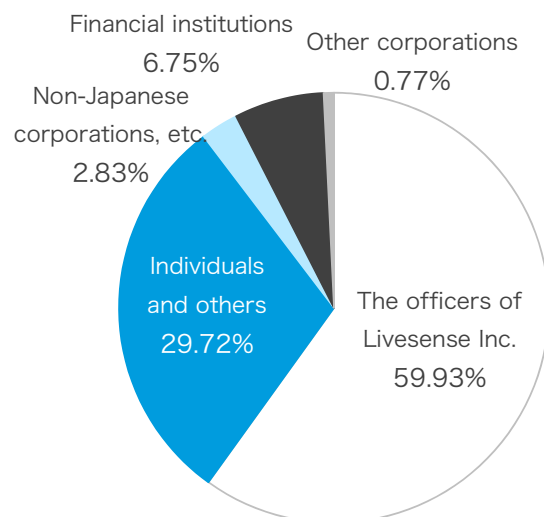


Reference - Stock Information (As of June 2014)

- Stock Price

- Lowest listed price : ¥223
(Dec. 7, 2011)
- Highest listed price : ¥3,255
(Jul. 2, 2013)
- Yearly low : ¥633
(May 21, 2014)
- Yearly high : ¥2,586
(Jan. 6, 2014)
- Average volume : 981,166 stock/day
(Jan. – Jul. 2014)

- Issued shares : 27,758,400
- Number of Shareholders : 12,328
- % of Shares by category



- Major Shareholders

Name	Shares owned	%
Taichi Murakami (President and Representative Director)	13,744,600	49.51
Daisuke Katsura (Directors)	2,698,000	9.71
Japan Trustee Services Bank, Ltd. (Trust Account)	297,000	1.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	238,700	0.85
Tadao Nakata	208,700	0.75
Nomura Securities Co.,Ltd.	156,200	0.56
JPMCB : CREDIT SUISSE SECURITIES EUROPE-JPY 1007760	122,668	0.44
Japan Trustee Services Bank, Ltd. (Trust Account 1)	114,400	0.41
Japan Trustee Services Bank, Ltd. (Trust Account 6)	107,800	0.38
Japan Trustee Services Bank, Ltd. (Trust Account 5)	107,200	0.38



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.