



2Q FYE Dec. 2014
Financial Results

Aug. 14, 2014
Livesense Inc.
TSE : 6054

Agenda

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

| Lower profits on higher incomes year on year. 2Q earnings fell below our original plan

- Net Sales JPY2,128 million (up 1.3% YoY)
- Operating income JPY400 million (down 57.0% YoY)

| Full-year earnings forecast revised, will enhance business and earnings management

- Continued lack of applicants, particularly for part-time positions. Weaker website traffic due to delay in implementing web market measures caused 2Q earnings to significantly underperform our original plan and resulted in revision to full-year earnings forecast
- Implement enhanced progress management for earnings and measures outlined for each business

| Improving website traffic through enhanced web marketing and promotions

- Provisional implementation of website marketing measures is complete, now focus on site improvements
- Continued web promotions and operating efficiency to improve traffic and disperse site traffic channels

| Decided to establish consolidate subsidiary in the USA as the first stage of overseas expansion

- Established subsidiary in California this summer as the first stage of overseas expansion outlined in our Medium-Term Business Plan
- Beginning with internet service market surveys and business network development, as a medium-term strategy we are planning to develop a new service

1-2 2Q FY2014 Financial Results (Cumulative)

Lower profits on higher incomes year on year. 2Q earnings fell below our original plan

(Thousands of JPY)

	2Q13	2Q14	YoY
Sales	2,101,911	2,128,716	+1.3%
Sales Cost	177,941	151,962	(14.6%)
	8.5%	7.1%	(1.3%)
Gross Margin	1,923,970	1,976,754	+2.7%
	91.5%	92.9%	+1.3%
SG&A Expenses	993,054	1,576,324	+58.7%
	47.2%	74.1%	+26.8%
Operating Income	930,916	400,430	(57.0%)
	44.3%	18.8%	(25.5%)
Ordinary Income	931,761	400,732	(57.0%)
	44.3%	18.8%	(25.5%)
Net Pretax Profit	927,961	400,732	(56.8%)
	44.1%	18.8%	(25.3%)
Net profit	520,854	243,739	(53.2%)
	24.8%	11.5%	(13.3%)

SG&A : Personnel expenses, etc. (+ JPY 221 million), advertising expenses (+ JPY 208 million), sales promotion expense (+ JPY 63 million)

1-2 2Q FY2013 Financial Results (Quarter)

Lower profits on lower income year on year. 2Q earnings fell below our original plan

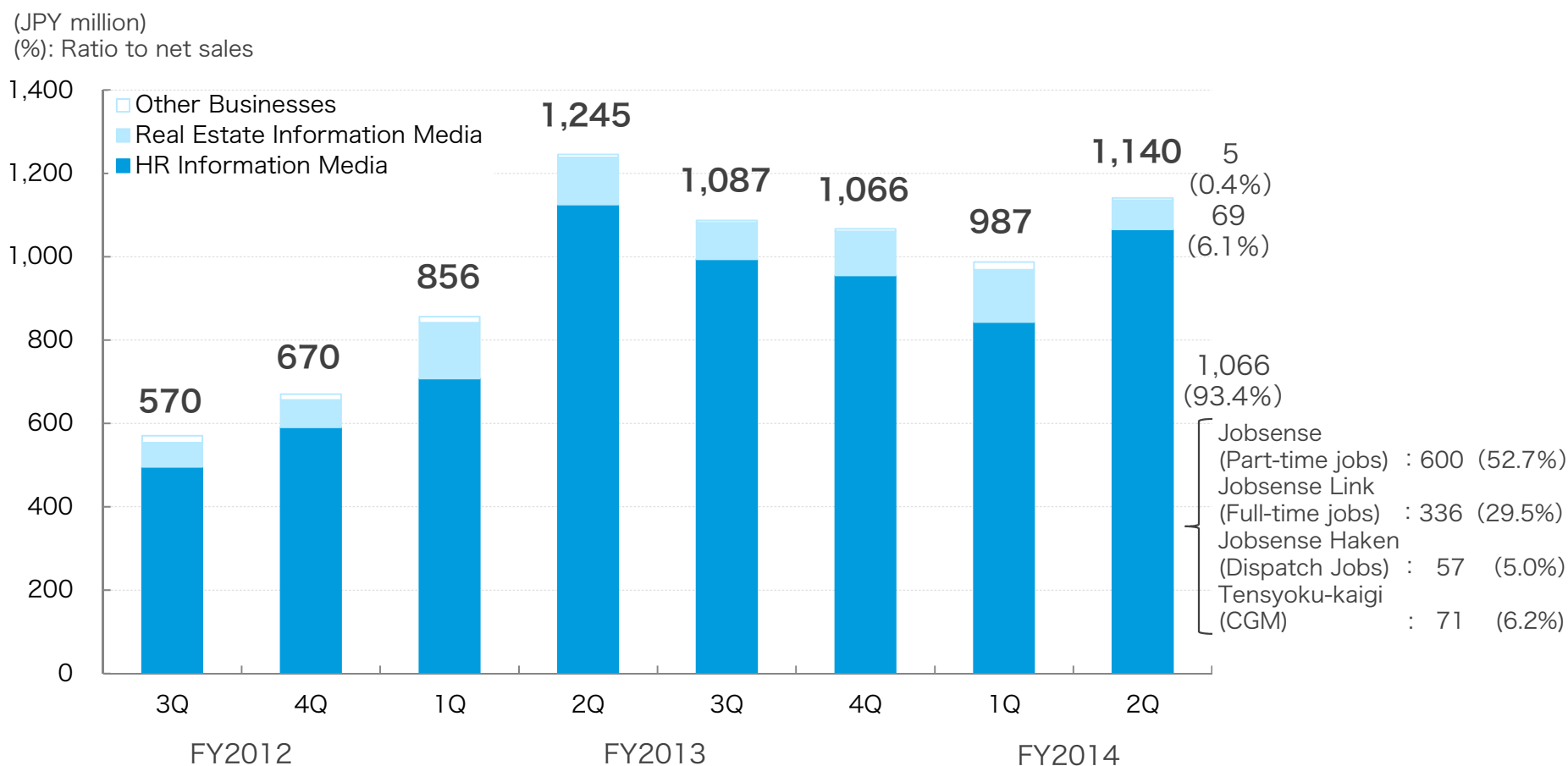
(Thousands of JPY)

	2Q13	2Q14	YoY
Sales	1,245,442	1,140,986	(8.4%)
Sales Cost	106,299	77,830	(26.8%)
	8.5%	6.8%	(1.7%)
Gross Margin	1,139,143	1,063,155	(6.7%)
	91.5%	93.2%	+1.7%
SG&A Expenses	625,917	799,883	+27.8%
	50.3%	70.1%	+19.8%
Operating Income	513,225	263,271	(48.7%)
	41.2%	23.1%	(18.1%)
Ordinary Income	513,311	263,283	(48.7%)
	41.2%	23.1%	(18.1%)
Current Net Pretax Profit	513,311	263,283	(48.7%)
	41.2%	23.1%	(18.1%)
Current net profit	286,117	161,645	(43.5%)
	23.0%	14.2%	(8.8%)

SG&A : Personnel expenses, etc. (+ JPY 116 million), sales promotion expense (+ JPY 38 million), office rent and purchase of equipment expenses (+ JPY 20 million)

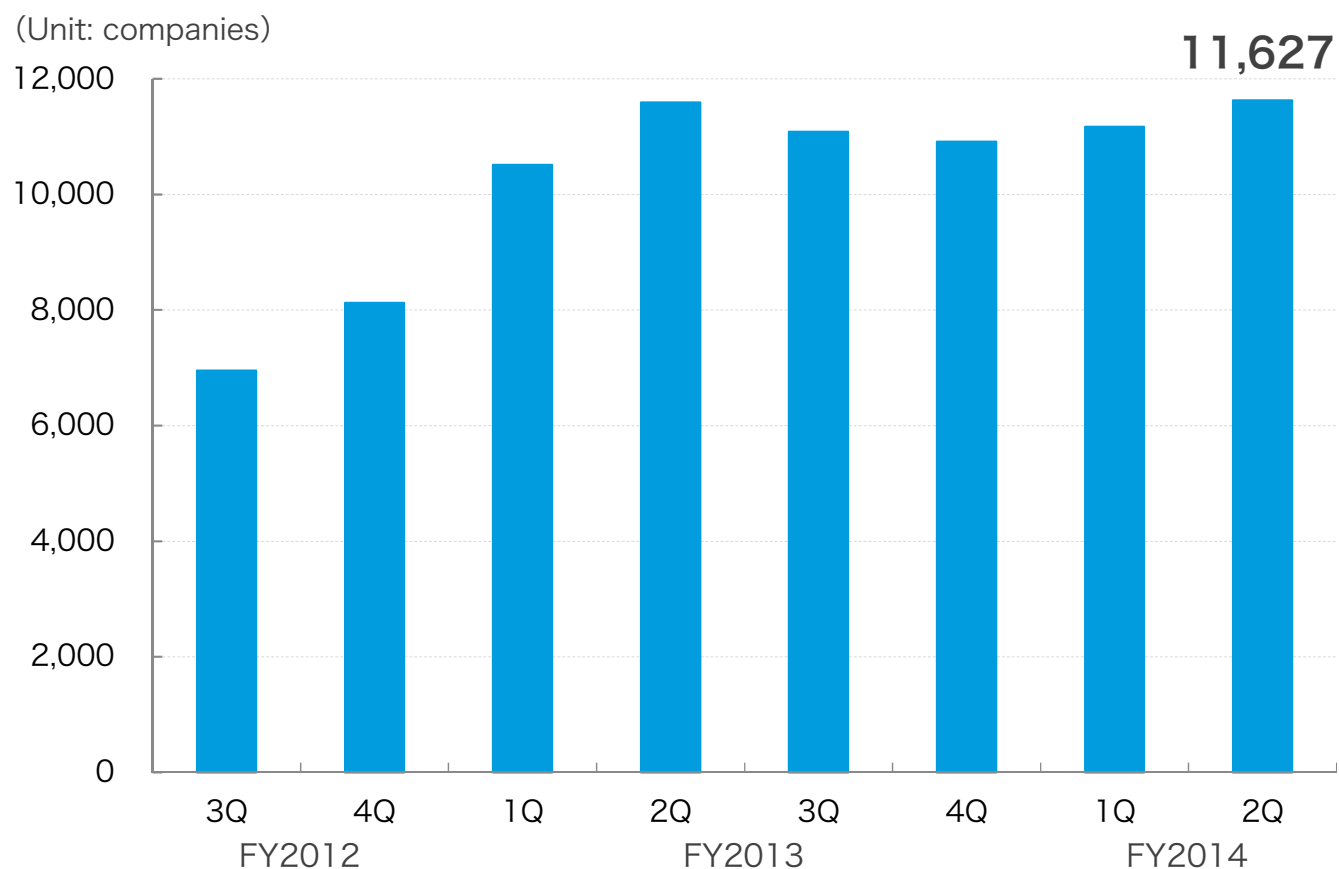
1-3 Net Sales

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



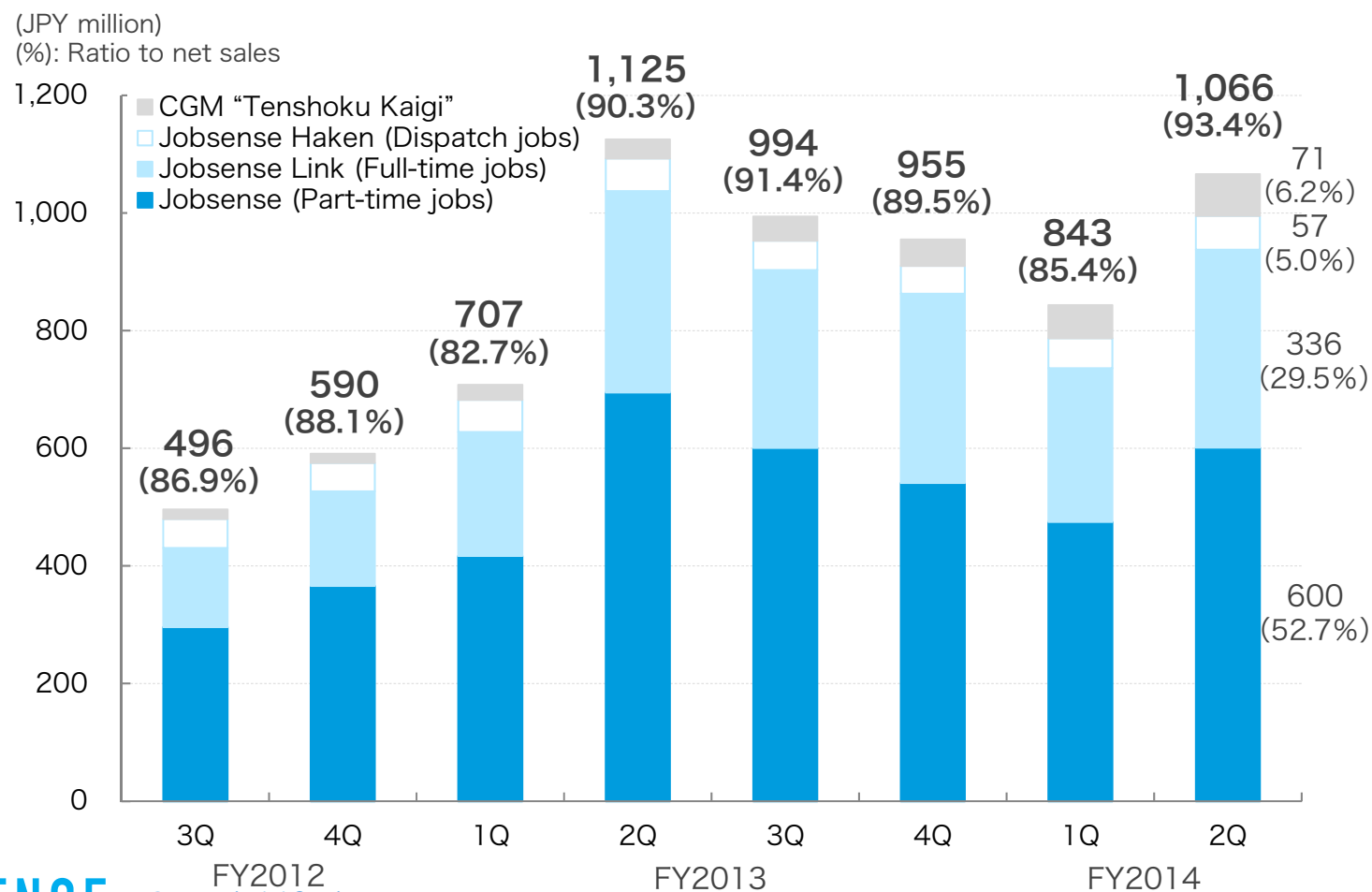
1-4 Number of Actively Listing Companies

- 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



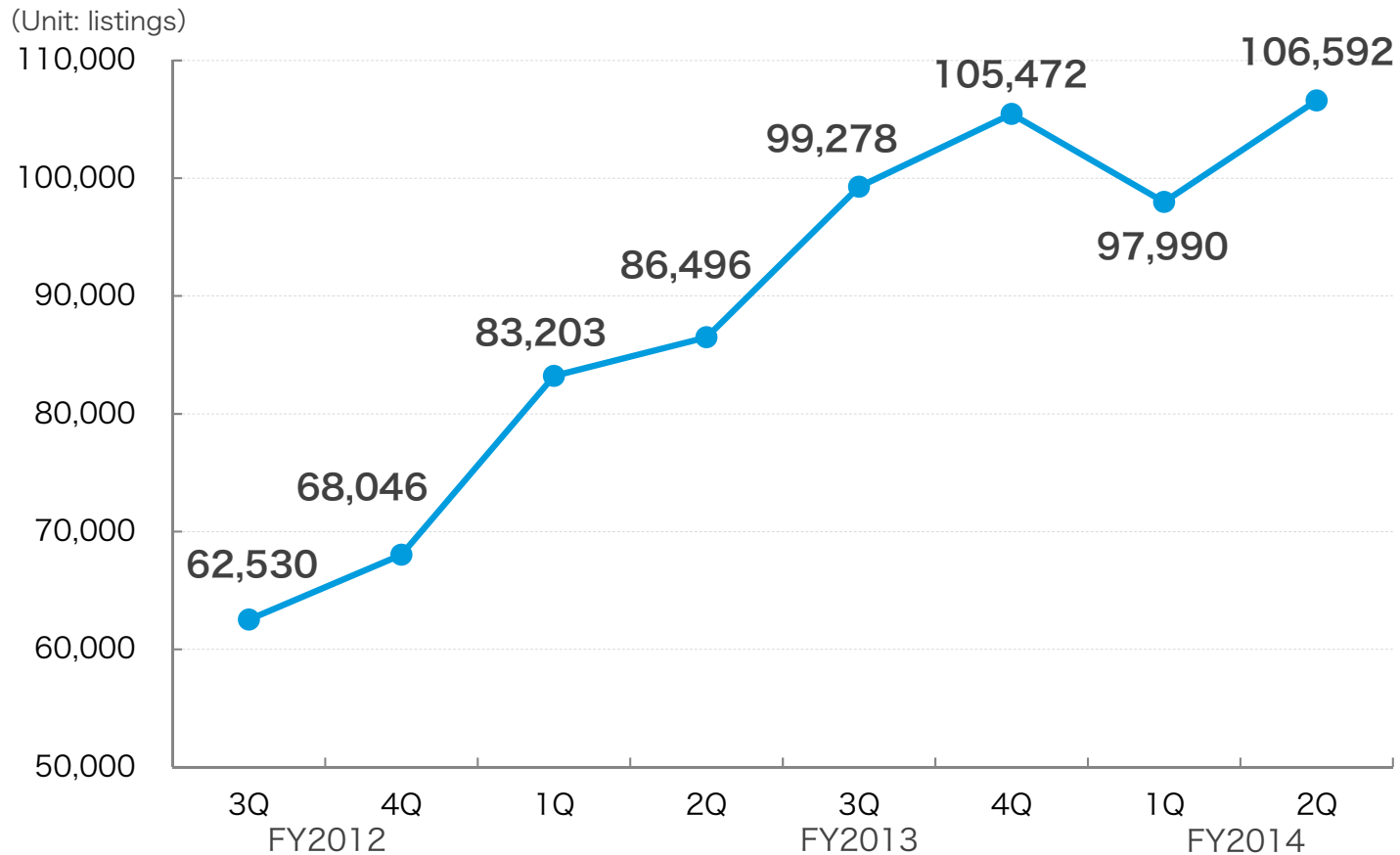
1-5 HR Information Media Business (Sales)

- 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



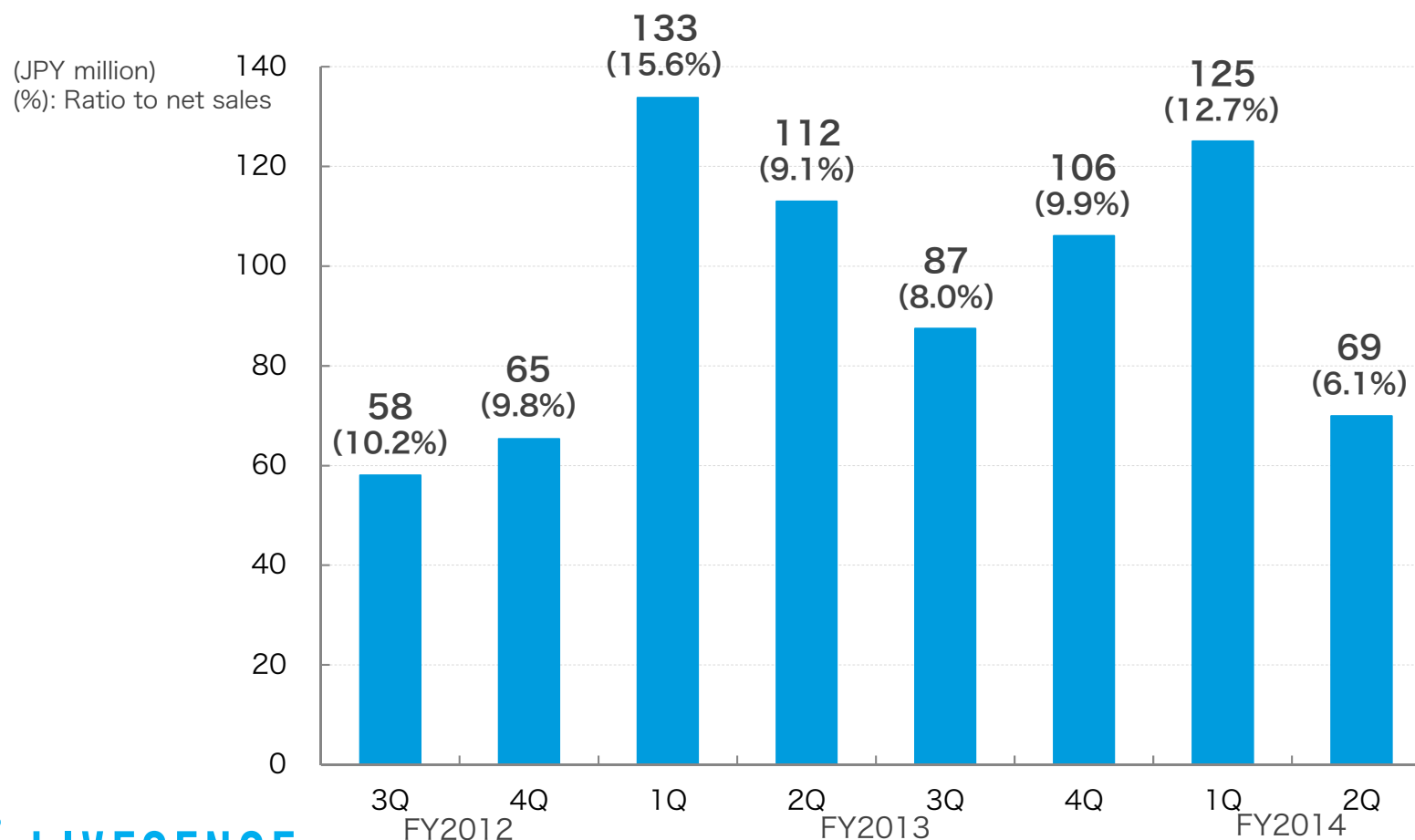
1-5 HR Information Media Business (No. of information)

- 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



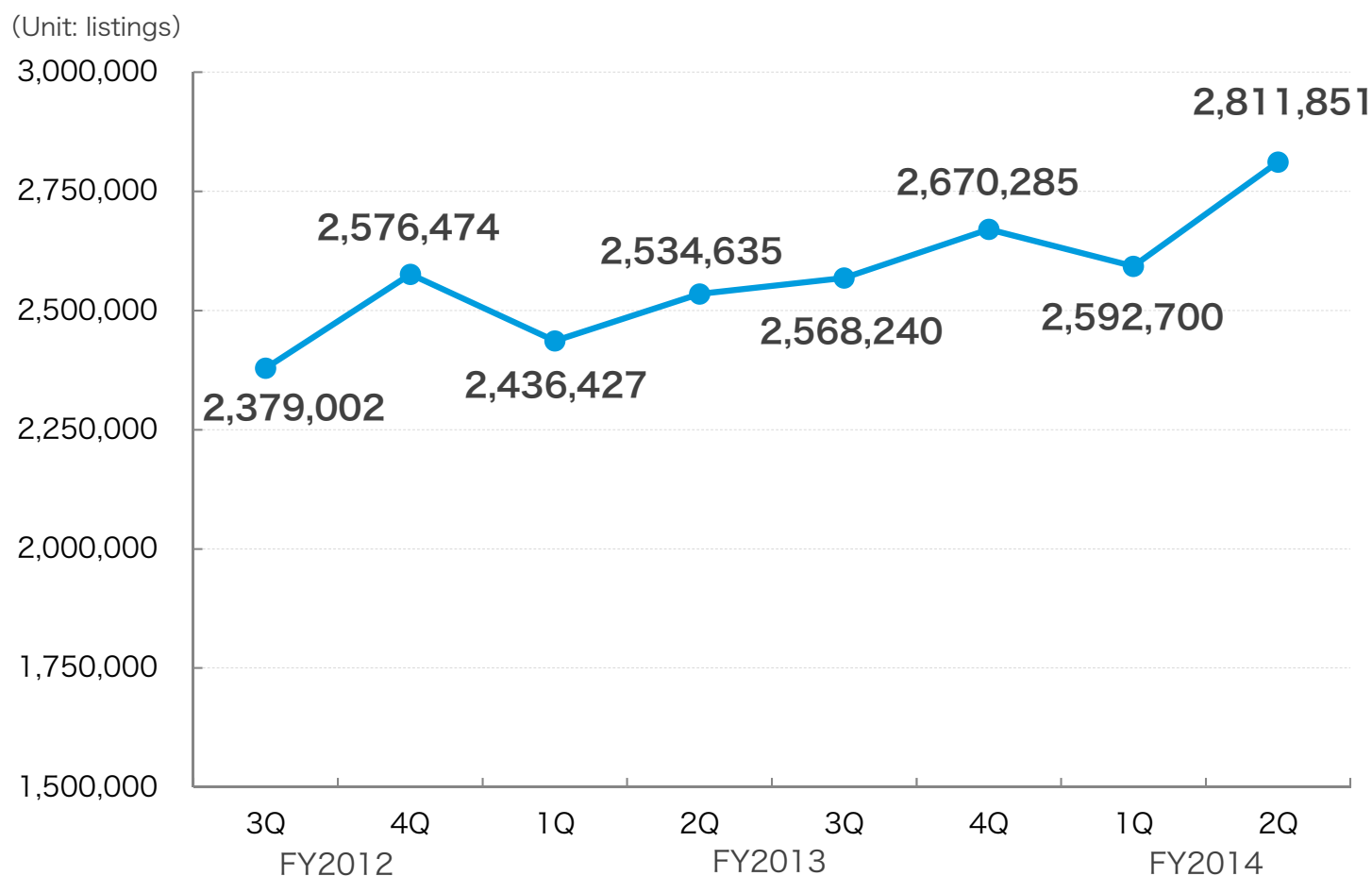
1-6 Real Estate Information Media Business (Sales)

- 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



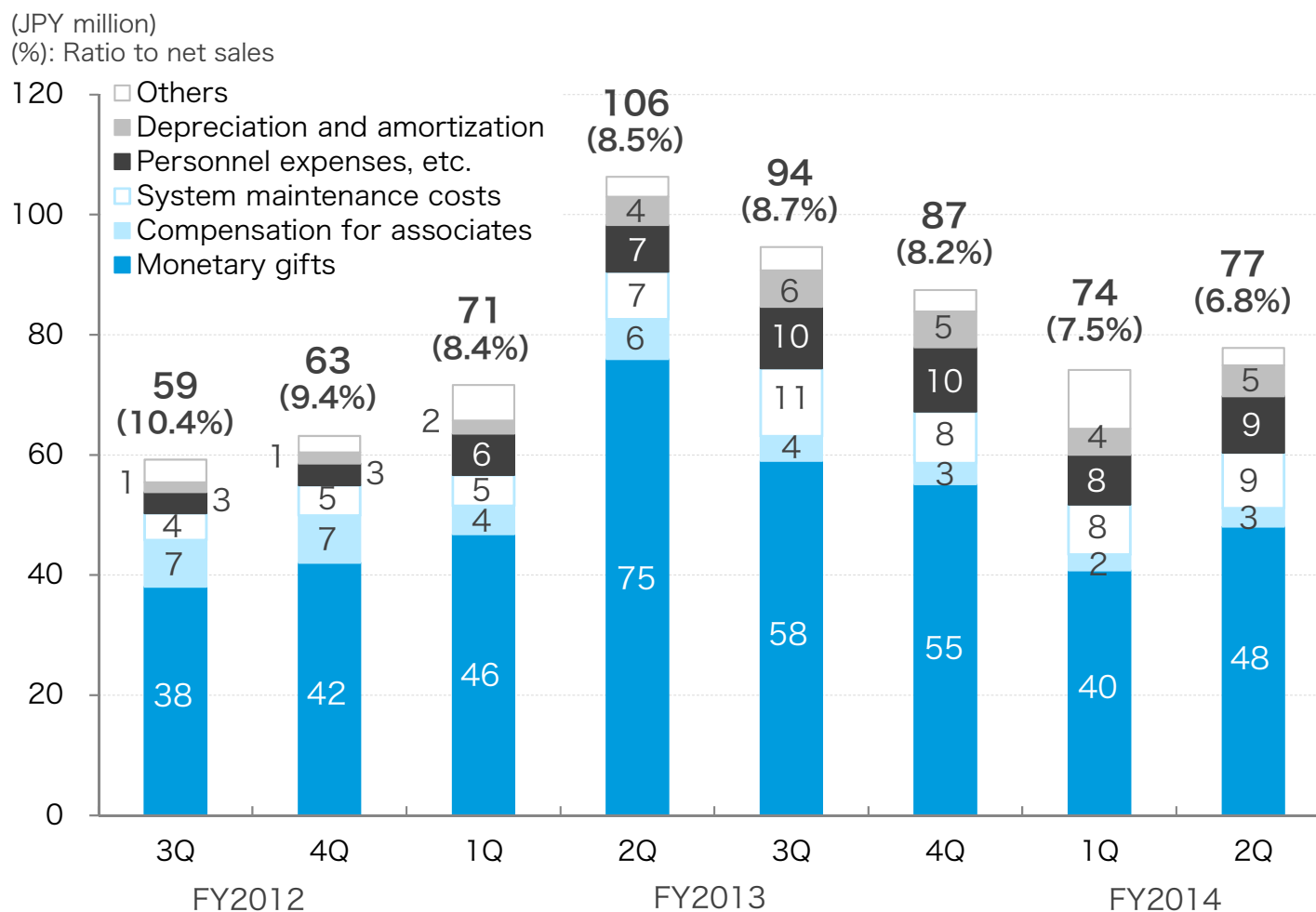
1-6 Real Estate Information Media Business (No. of information)

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



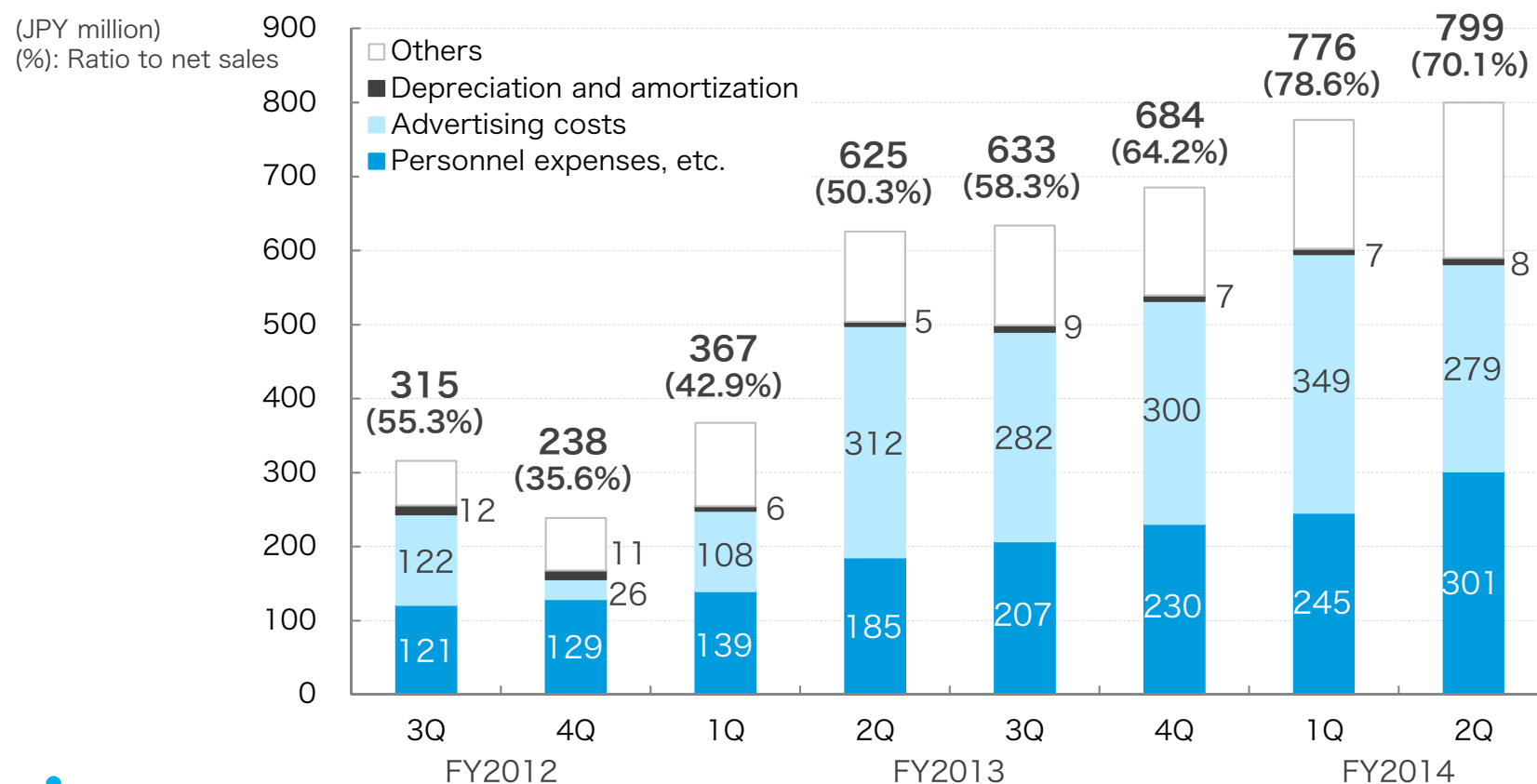
1-7 Sales Costs

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



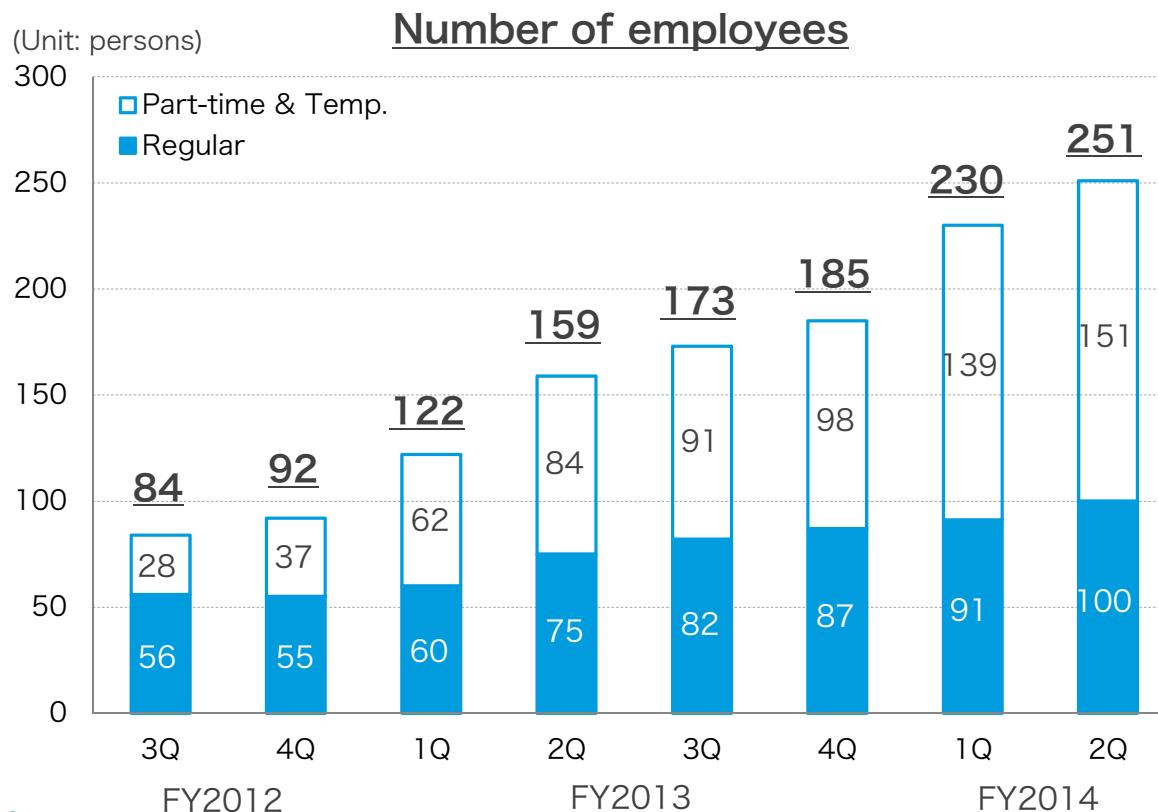
1-8 SG&A Expenses

- 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

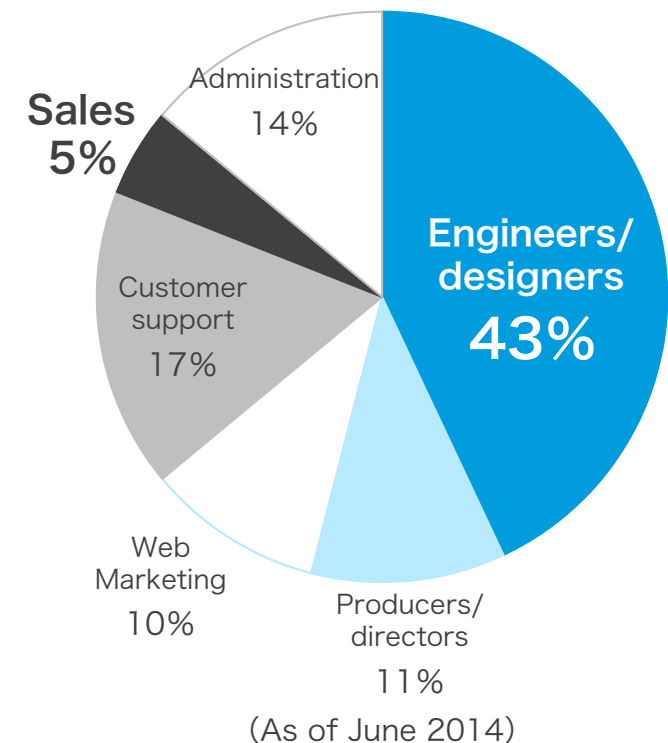


1-8 SG&A Expenses (Number of Employees)

- 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

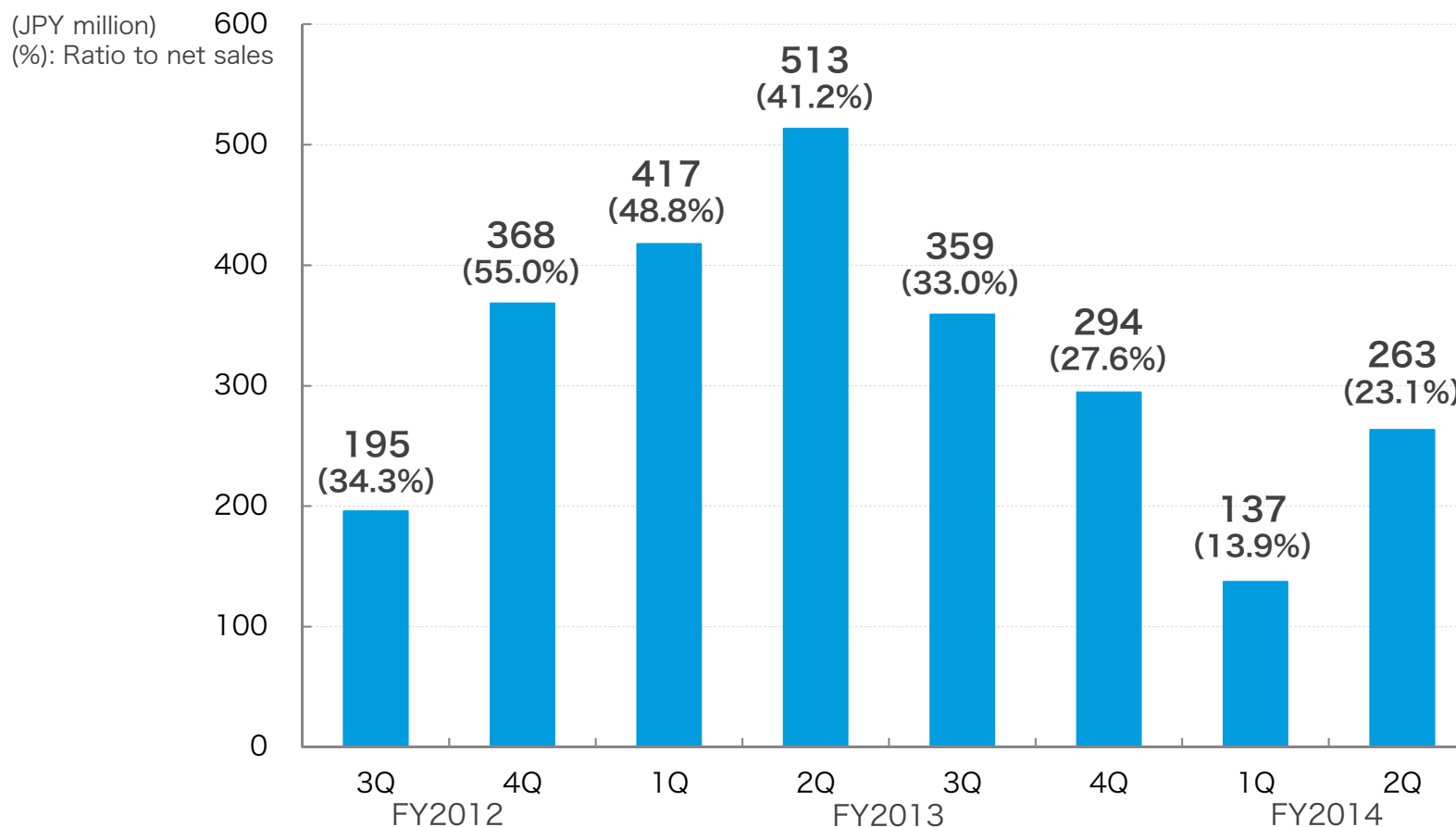


Breakdown of regular employees



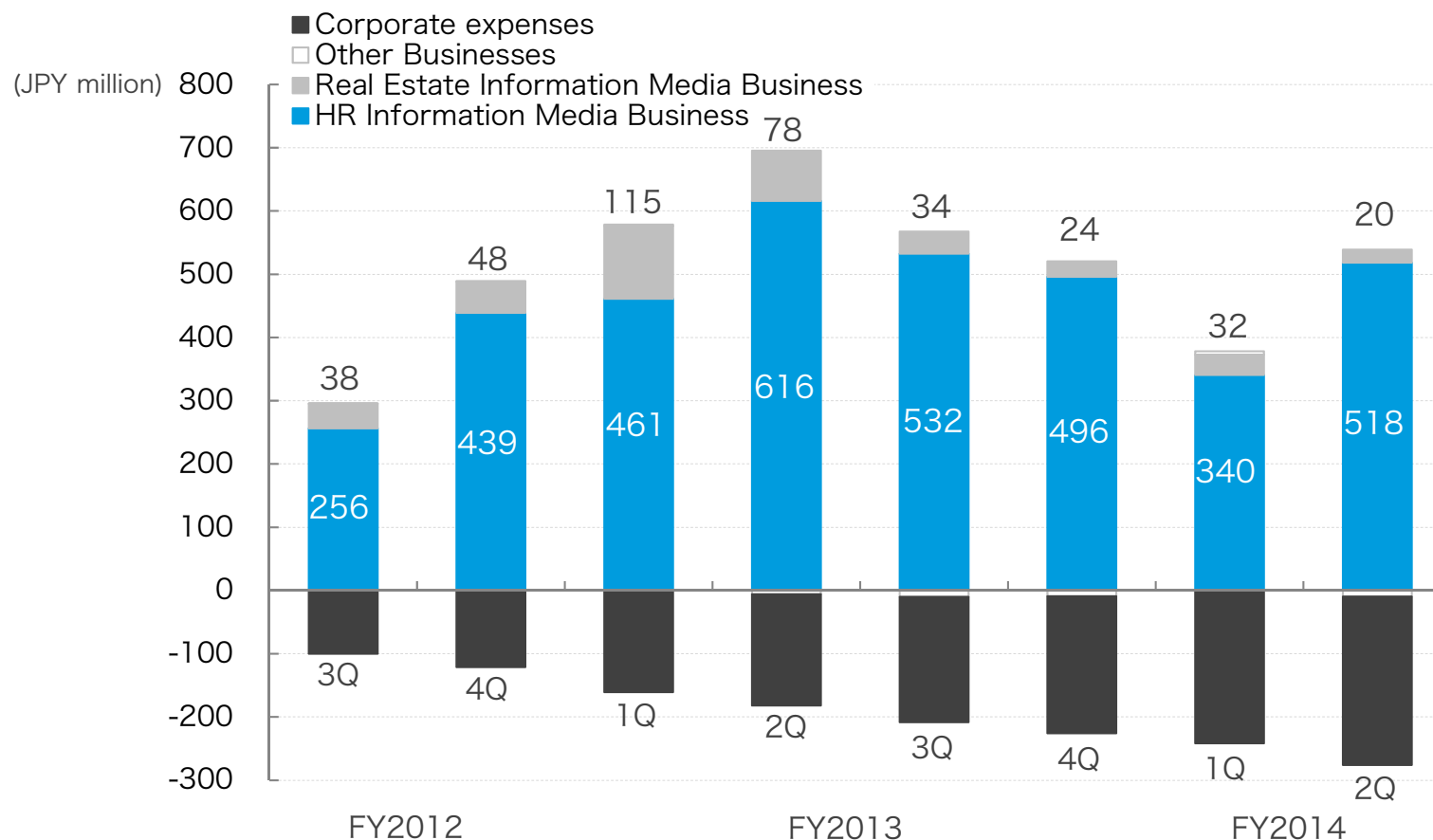
1-9 Operating Income

- 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



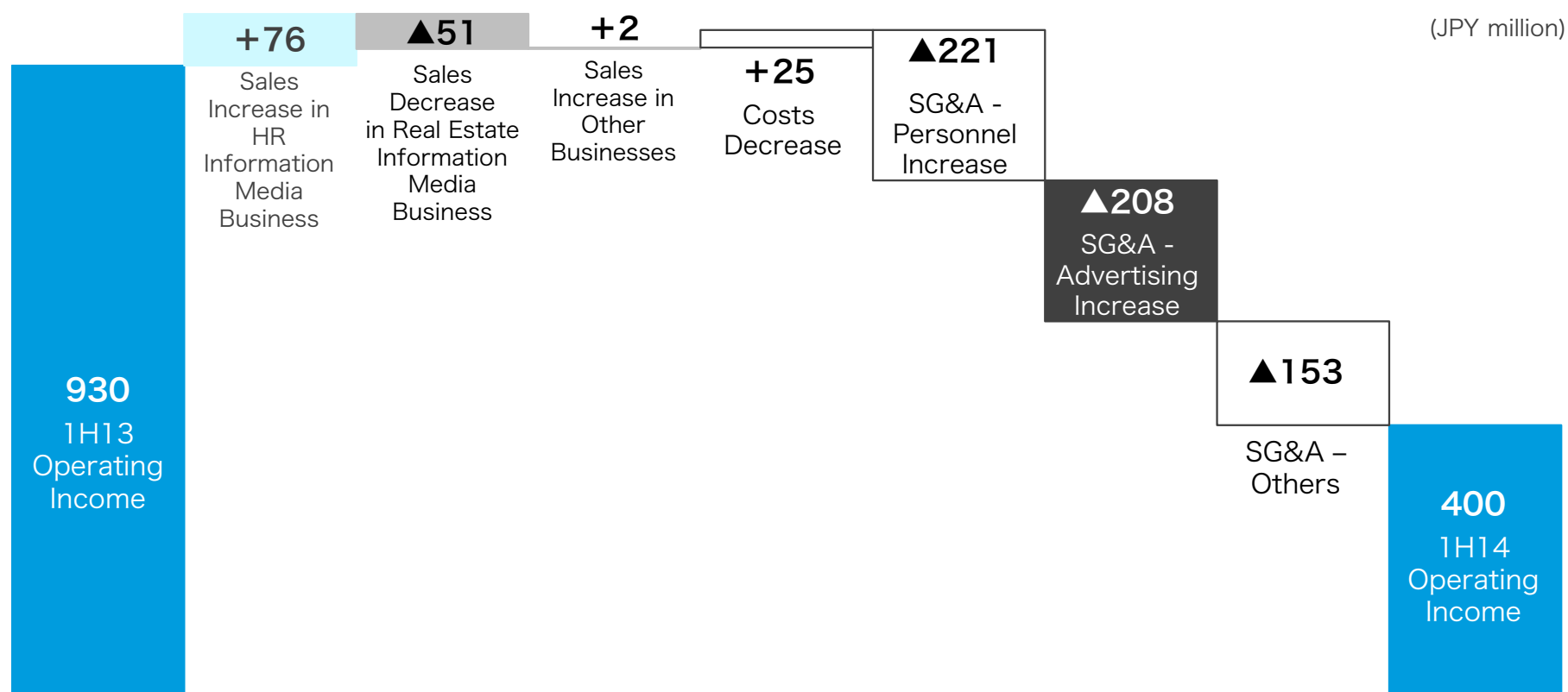
1-9 Operating Income (Segment)

- 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



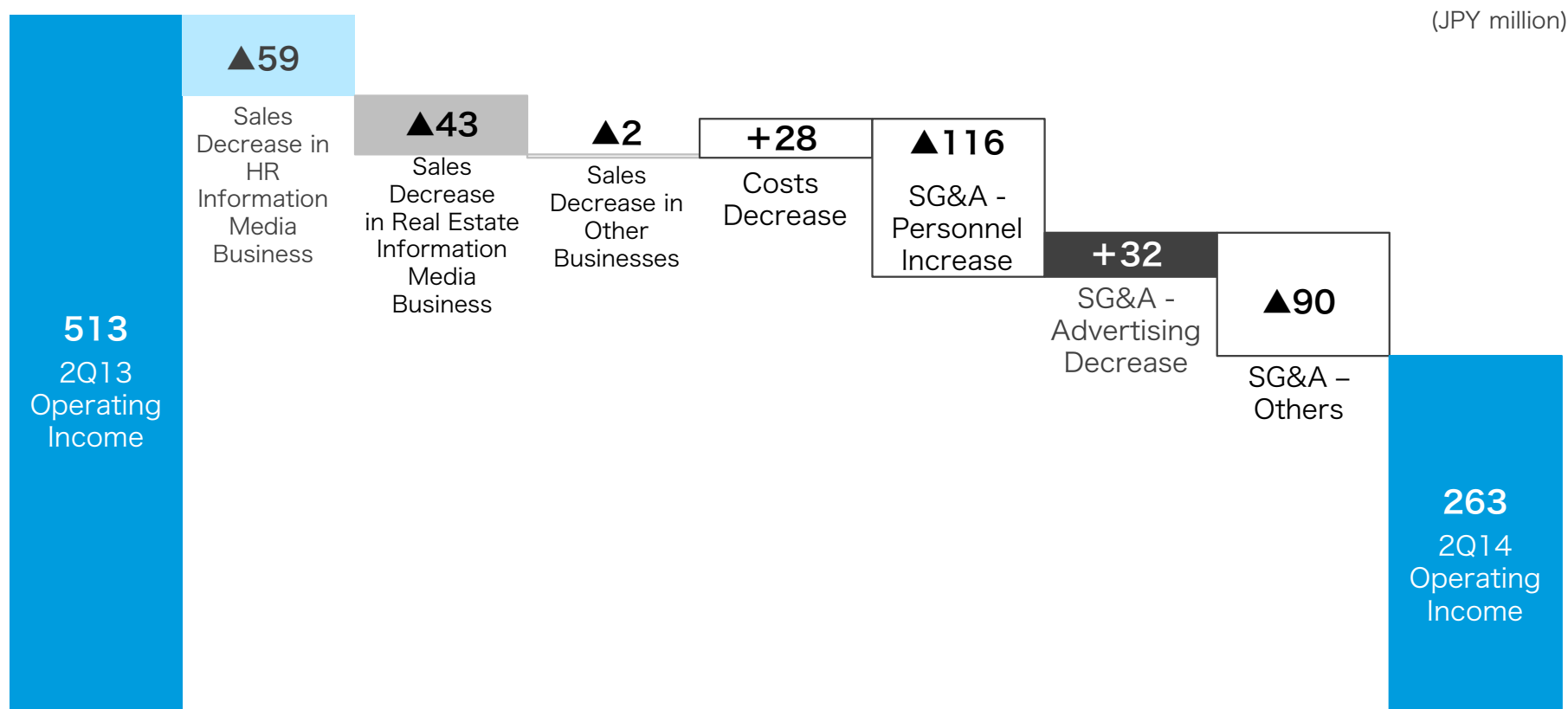
1-9 Operating Income (1H YoY comparison)

Unable to absorb increases in personnel expenses, etc., advertising costs, sales and promotion expenses, and expenses related to an increase in office space, which resulted in a decline in operating income



1-9 Operating Income (2Q YoY comparison)

I A decline in operating income was the result of a decline in net sales, as well as increases in personnel expenses, etc., sales and promotion expenses, and expenses related to an increase in office space



2-1 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

2-2 Key Points to Focus Efforts on in 2nd Half, FY2014

| 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**

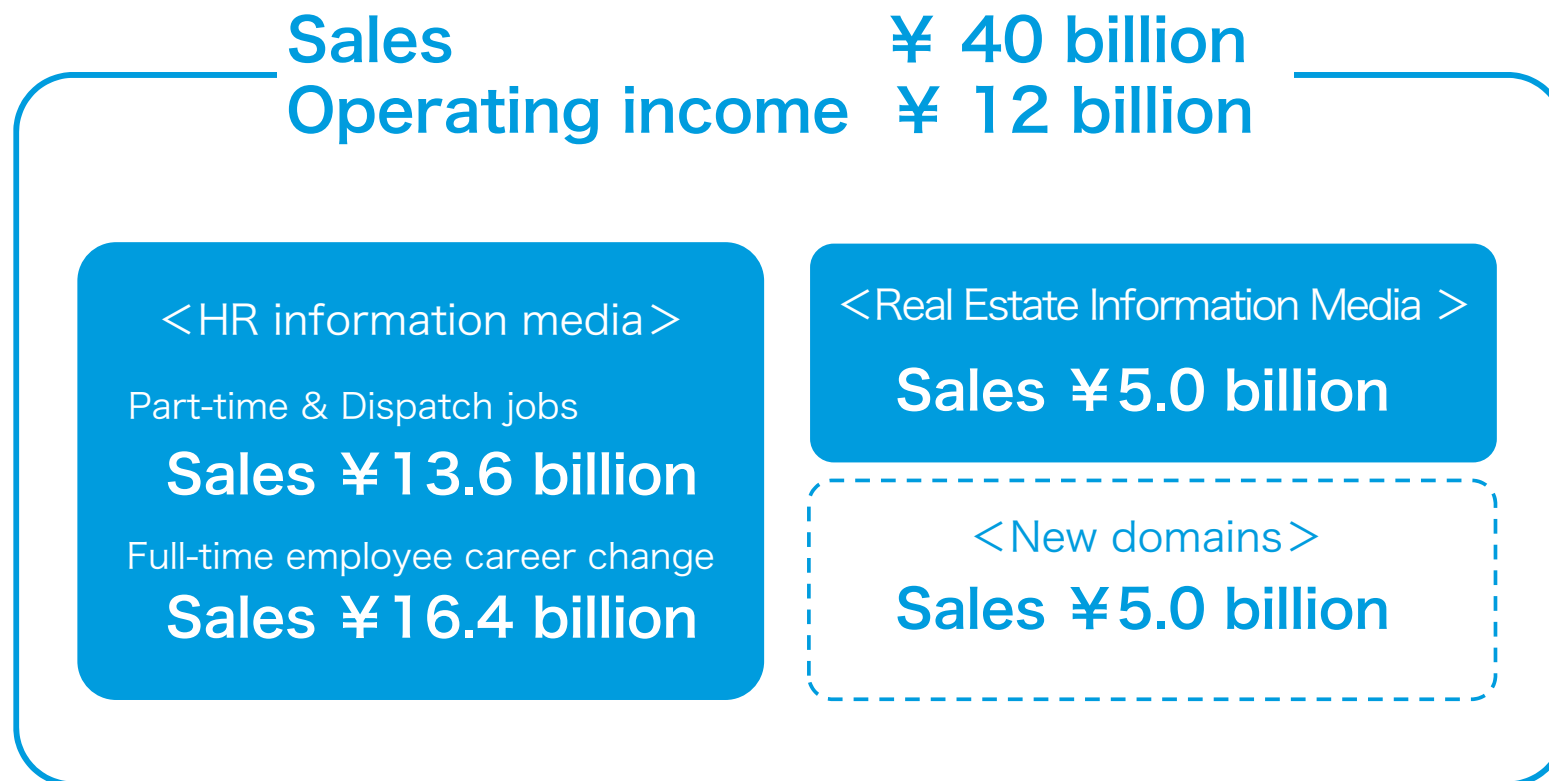
- Increase usability through improved and increased website functionality

**Development
of new revenue
sources**

- Prepare new service launch related to real estate domain

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

- Though a difficult start to the year, we will accelerate recovery and target achievement measures.
No changes to earnings goals.



3-2 Growth strategy for goal achievement (existing business)

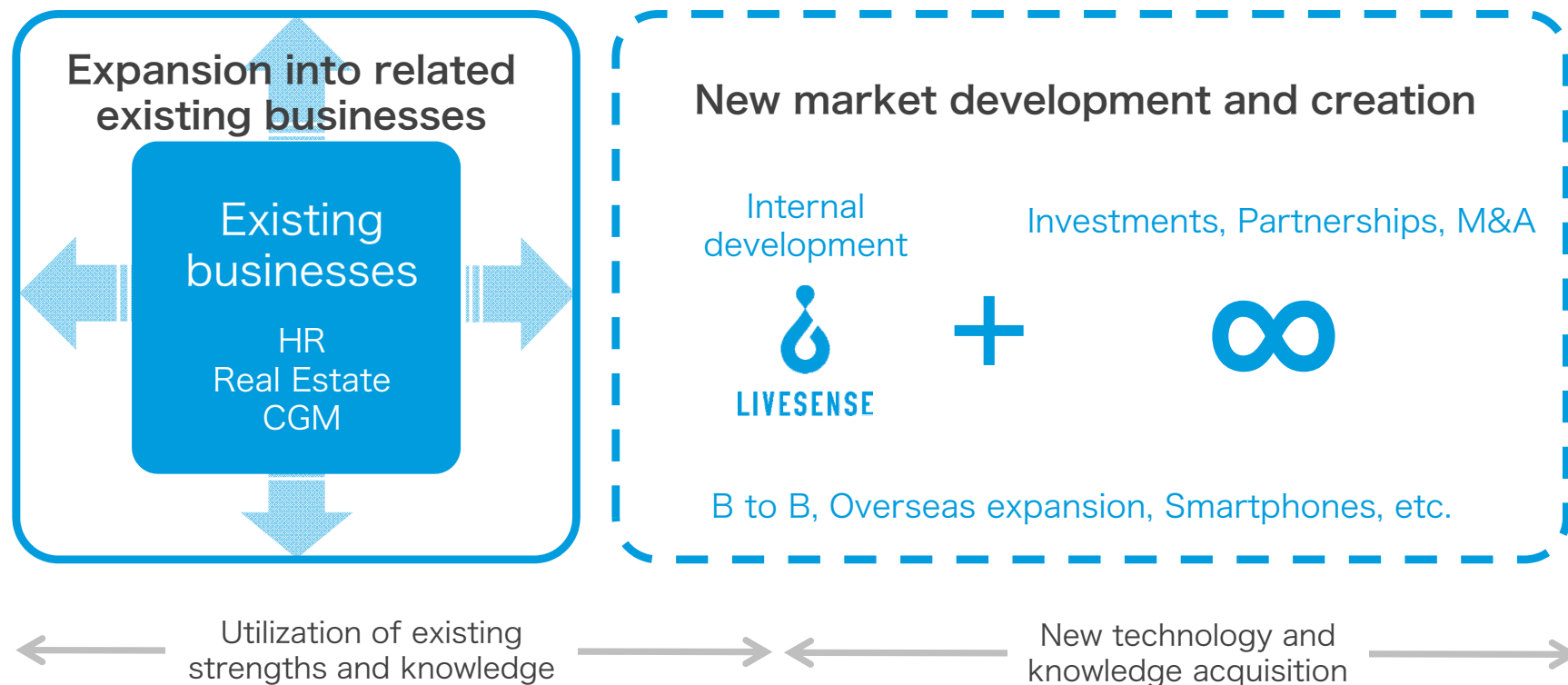
I Reinforcement of major measures and distinction in our services to expand share and expand business segments by breaking into related domains in order to become "the next common" in the HR and real estate markets



3-2 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



3-3 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>

3-4 New subsidiary in the United States

Planning to establish first Livesense 100% consolidated subsidiary, Livesense America Inc., in late August 2014 (announced on June 12, 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)



4-1 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%

4-2 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	-

4-3 Record of Recent Major Publicity Events

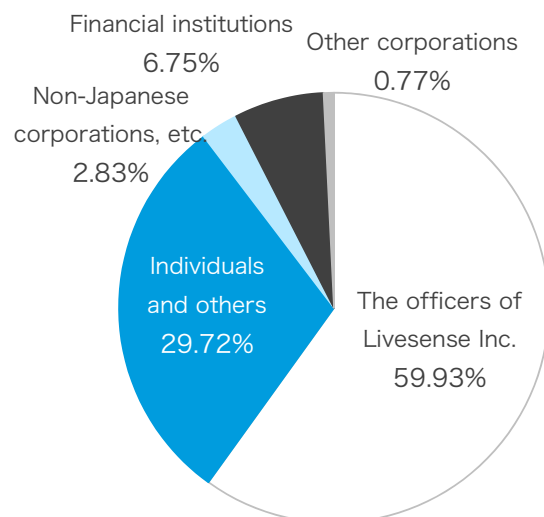
2014.07.25	Magazine BIG tomorrow Sep. edition
2014.07.23	Nikkei Sangyo Shimbun
2014.07.11	Nikkei Sangyo Shimbun
2014.07.03	World Business Satellite (TV Tokyo)
2014.06.25	Nikkei Sangyo Shimbun
2014.06.07	Nihon Keizai Shimbun morning edition
2014.05.21	Magazine ZAi July edition
2014.04.20	WEDGE (on sale 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

4-4 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

4-5 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



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.