



3Q FYE Dec. 2014  
Financial Results

November 14, 2014  
Livesense Inc.  
TSE : 6054

# Agenda

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

## 1-1 3Q FY2014 Highlights (Cumulative)

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### | Lower profits on higher incomes year on year

- Net Sales JPY 3,230 million (up 1.3% YoY)
- Operating income JPY 607 million (down 52.9% YoY)

### | Full-year earnings forecast revised upwards

- 3Q sales were generally inline with our forecast, on the other hand, earnings forecast announced on August 13 revised due to change in timing of recruitment plan
- No significant changes yet observed in lack of applicants/recruiting difficulties, which are primarily affecting part-time jobs

### | Usage promotion measures such as renewal and optional services being promoted

- Optional services launched including posting-based billing on JOBSENSE
- Efforts poured into improving application and hiring rates by strengthening telephone support for job applicants
- Design of “imitsu” business comparison and order placement website updated (September 5)
- Design of “JOBSENSE Link” career change website updated (September 11)

### | Financial statements prepared on consolidated basis starting in 3Q14

- US consolidated subsidiary Livesense America established on August 19

## 1-2 3Q FY2014 Financial Results (Cumulative)

### Lower profits on higher incomes year on year

(Thousands of JPY)

	3Q13	3Q14	YoY
Sales	3,189,223	<b>3,230,616</b>	+1.3%
Sales Cost	272,524	<b>226,609</b>	(16.8%)
	8.5%	7.0%	(1.5%)
Gross Margin	2,916,698	<b>3,004,006</b>	+3.0%
	91.5%	93.0%	+1.5%
SG&A Expenses	1,626,767	<b>2,396,329</b>	+47.3%
	51.0%	74.2%	+23.2%
Operating Income	1,289,931	<b>607,676</b>	(52.9%)
	40.4%	18.8%	(21.6%)
Ordinary Income	1,291,129	<b>608,373</b>	(52.9%)
	40.5%	18.8%	(21.7%)
Net Pretax Profit	1,287,329	<b>602,319</b>	(53.2%)
	40.4%	18.6%	(21.7%)
Net profit	724,072	<b>363,875</b>	(49.7%)
	22.7%	11.3%	(11.4%)

SG&A : Personnel expenses, etc. (+ JPY 331 million), advertising expenses (+ JPY 213 million), sales promotion expense (+ JPY 89 million)

## 1-2 3Q FY2013 Financial Results (Quarter)

### Lower profits on higher incomes year on year

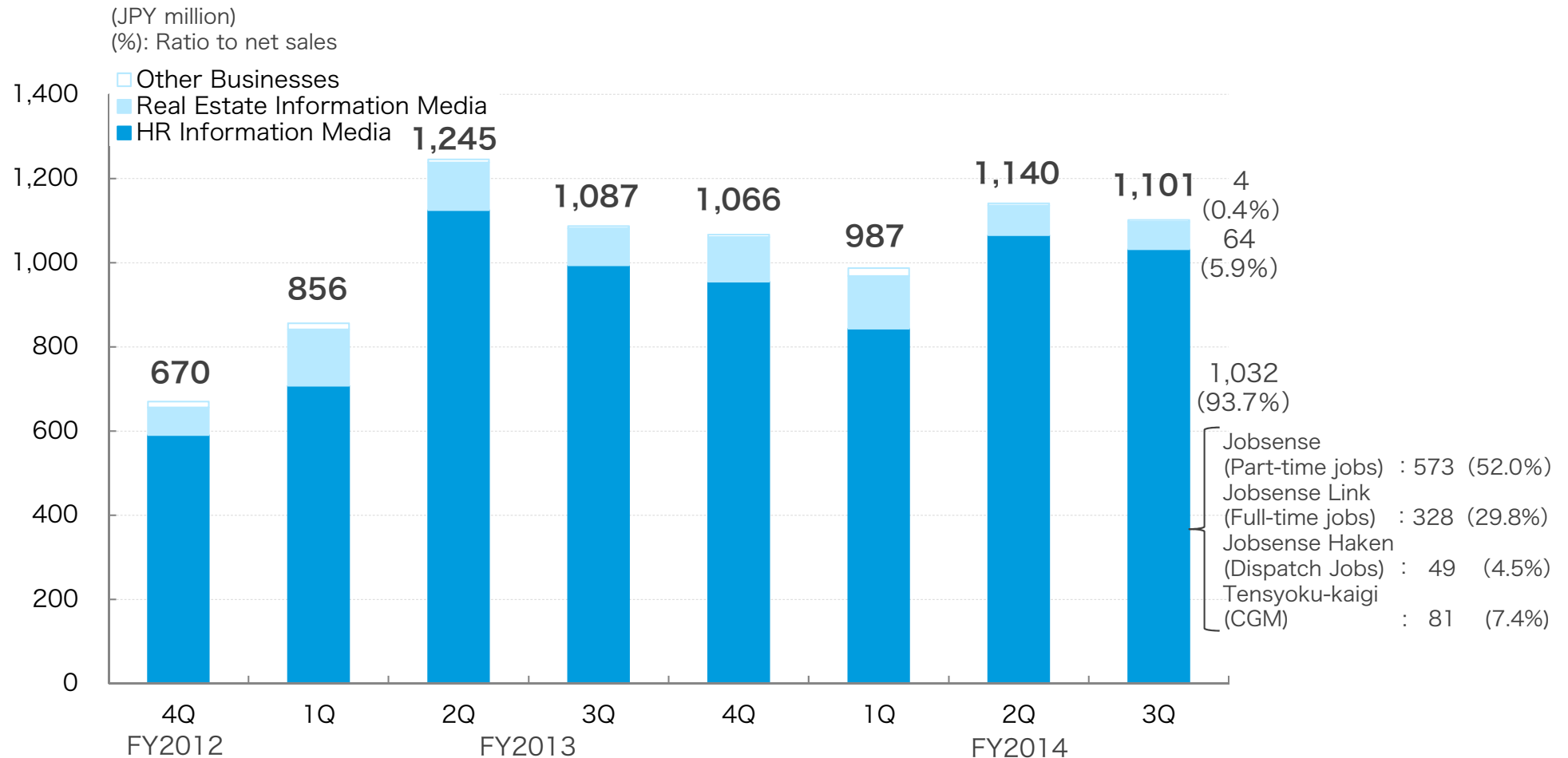
(Thousands of JPY)

	3Q13	3Q14	YoY
Sales	1,087,311	<b>1,101,899</b>	+1.3%
Sales Cost	94,583	<b>74,647</b>	(21.1%)
	8.7%	6.8%	(1.9%)
Gross Margin	992,728	<b>1,027,252</b>	+3.5%
	91.3%	93.2%	+1.9%
SG&A Expenses	633,713	<b>820,005</b>	+29.4%
	58.3%	74.4%	+16.1%
Operating Income	359,014	<b>207,246</b>	(42.3%)
	33.0%	18.8%	(14.2%)
Ordinary Income	359,368	<b>207,640</b>	(42.2%)
	33.1%	18.8%	(14.2%)
Current Net Pretax Profit	359,368	<b>201,586</b>	(43.9%)
	33.1%	18.3%	(14.8%)
Current net profit	203,218	<b>120,135</b>	(40.9%)
	18.7%	10.9%	(7.8%)

SG&A : Personnel expenses, etc. (+ JPY 109 million), sales promotion expense (+ JPY 25 million), payment fees (+ JPY 39 million)

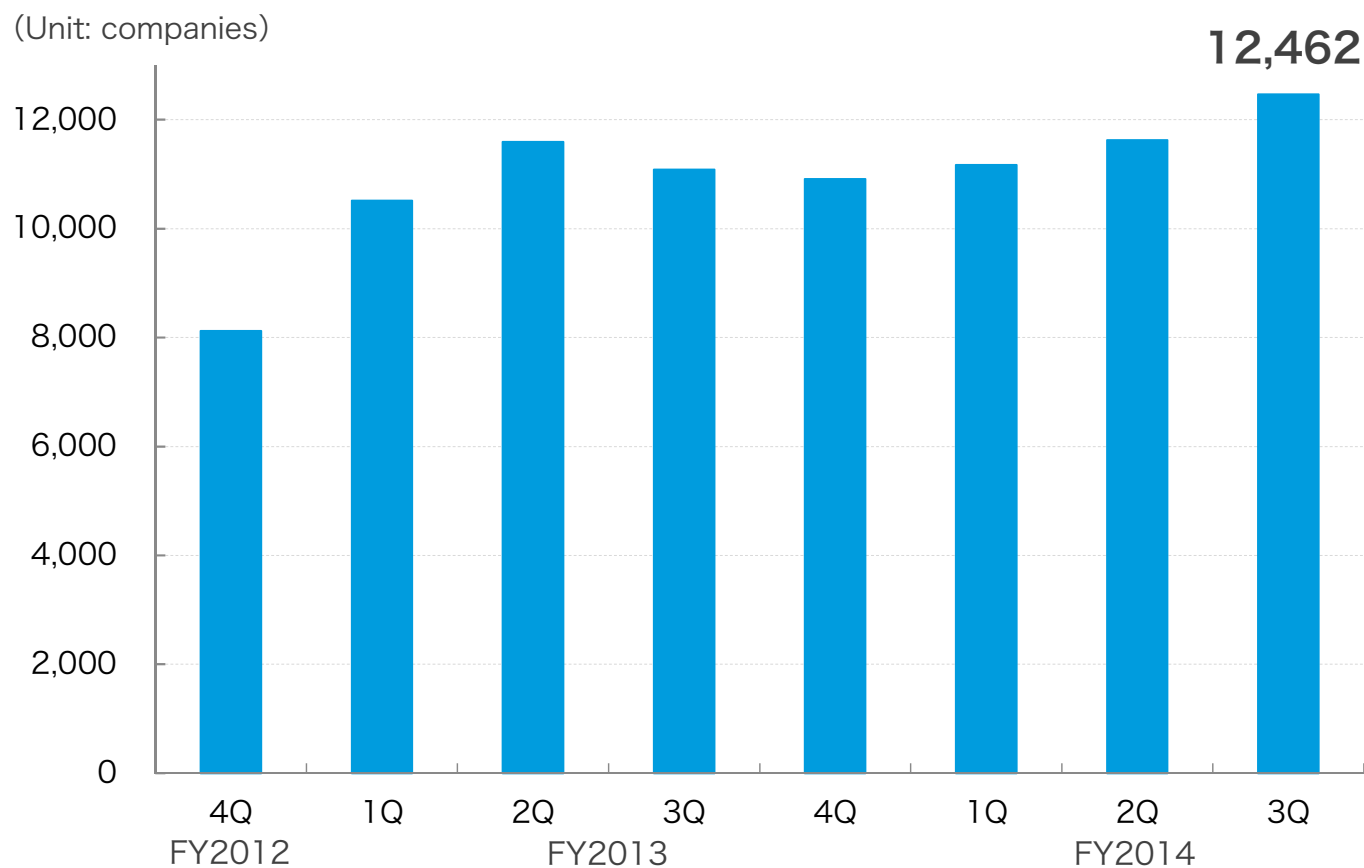
## 1-3 Net Sales

**Job information sales up YoY despite continued lack of workers  
3Q sales were generally inline with our forecast**



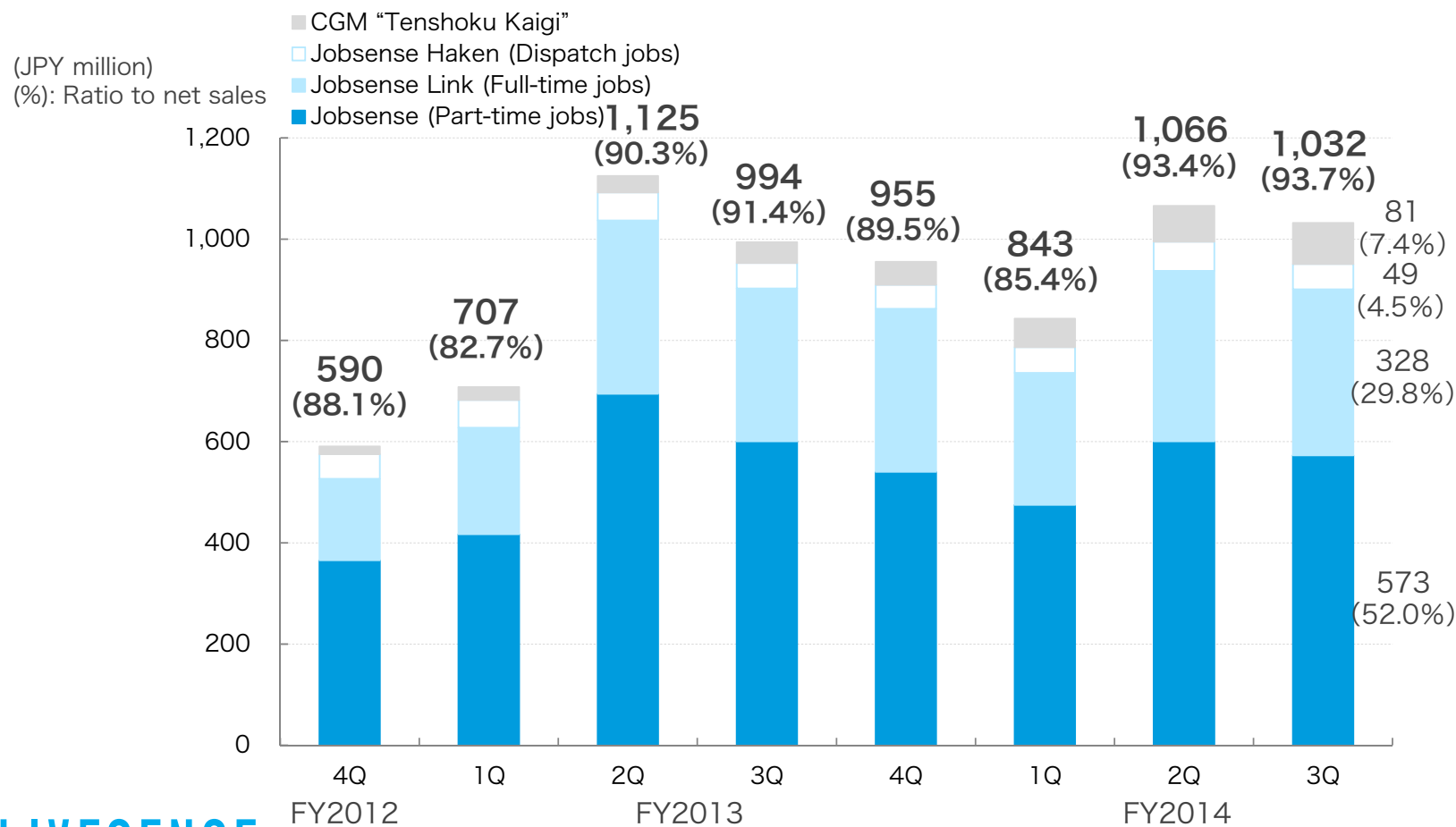
## 1-4 Number of Actively Listing Companies

- As of 3Q14, there are 12,462 company listings and 2,272 new corporate customers
- In addition to focus on new customers, we are focusing on promoting use among existing corporate customers



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

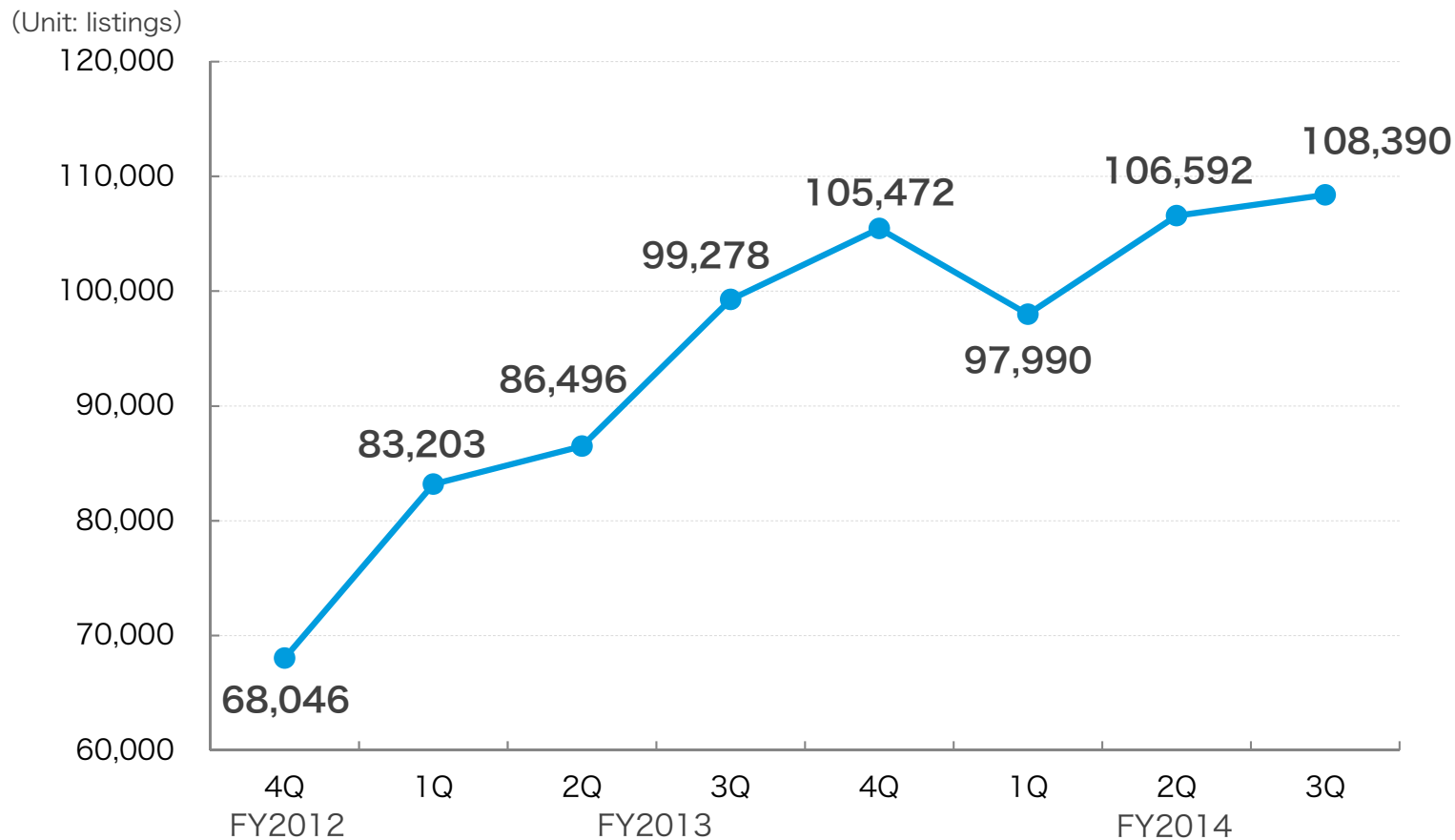
- Job information sales overall are up year on year despite lack of part-time workers
- Improving job applicant support and continuing to focus on website improvements in order to increase application and hiring rates





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

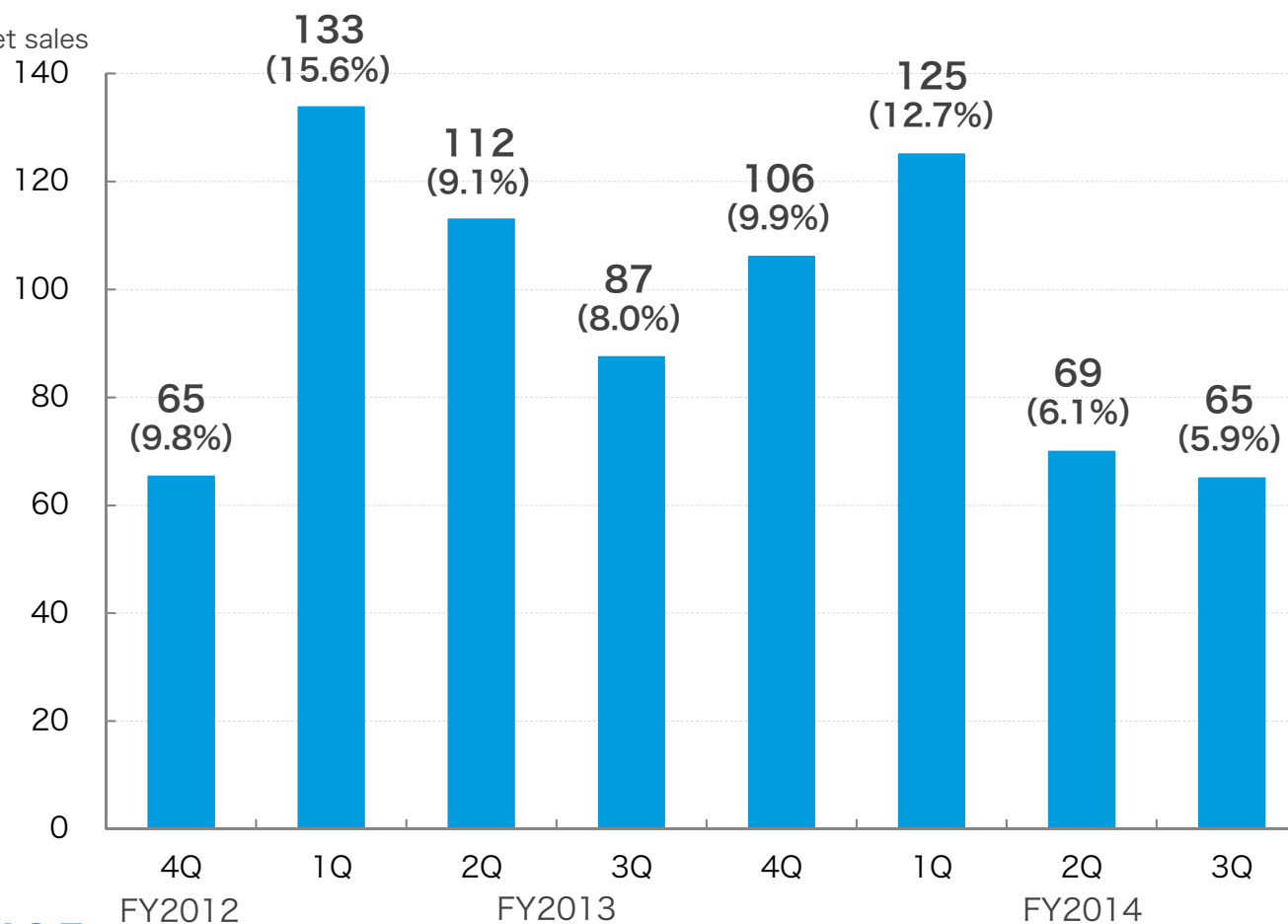
- Improving number of listings resulted from promotions through expansion of services matching corporate customers' needs
- Measures were implemented to reduce job matching opportunity loss through published job ad reviews, and total increase was at 1,798 compared to previous quarter



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

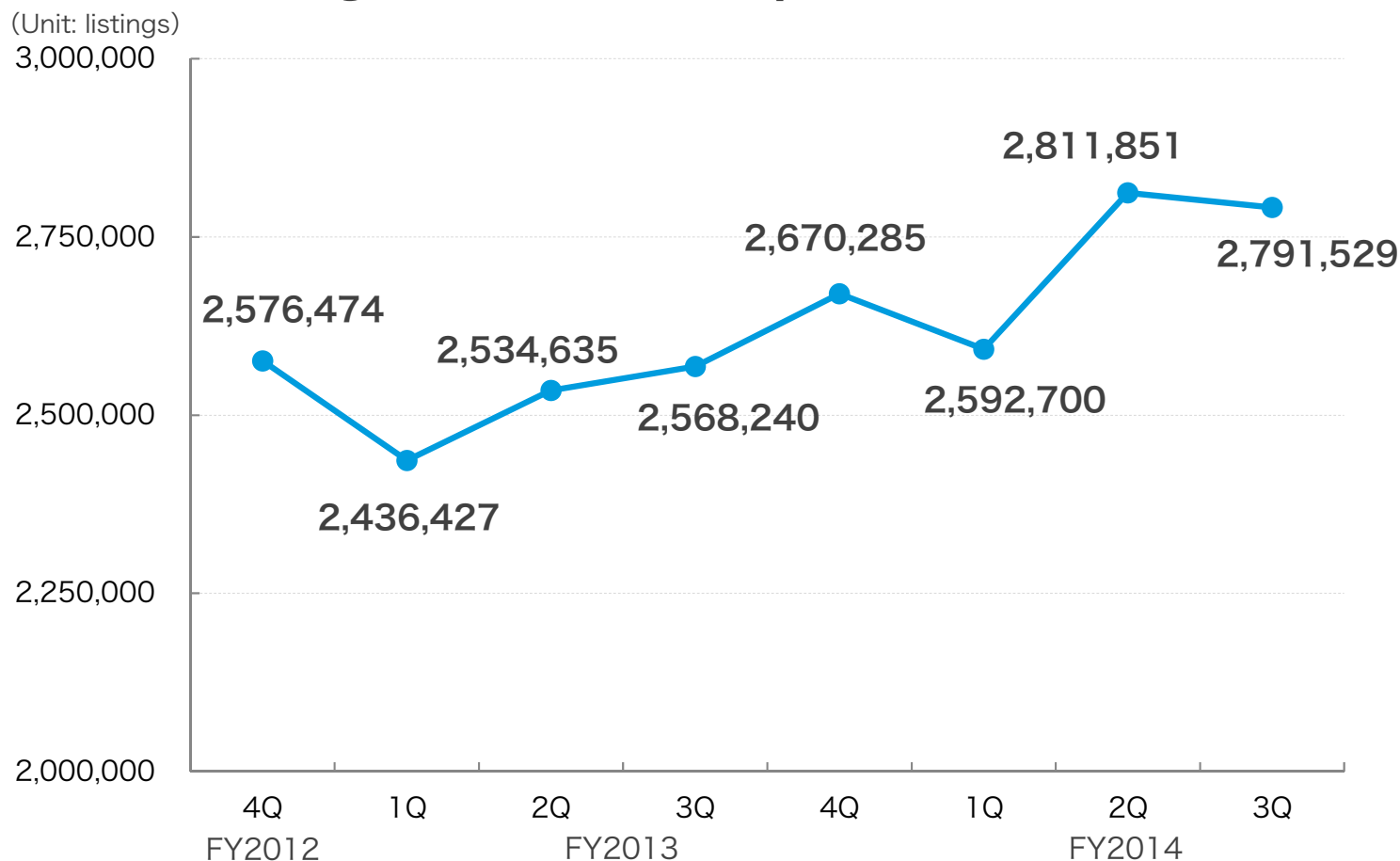
- Development of internal management system completed in September. Efforts being made to improve user-friendliness for adopting companies
- Continued promotion of content enhancement, website improvement and management efficiency

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



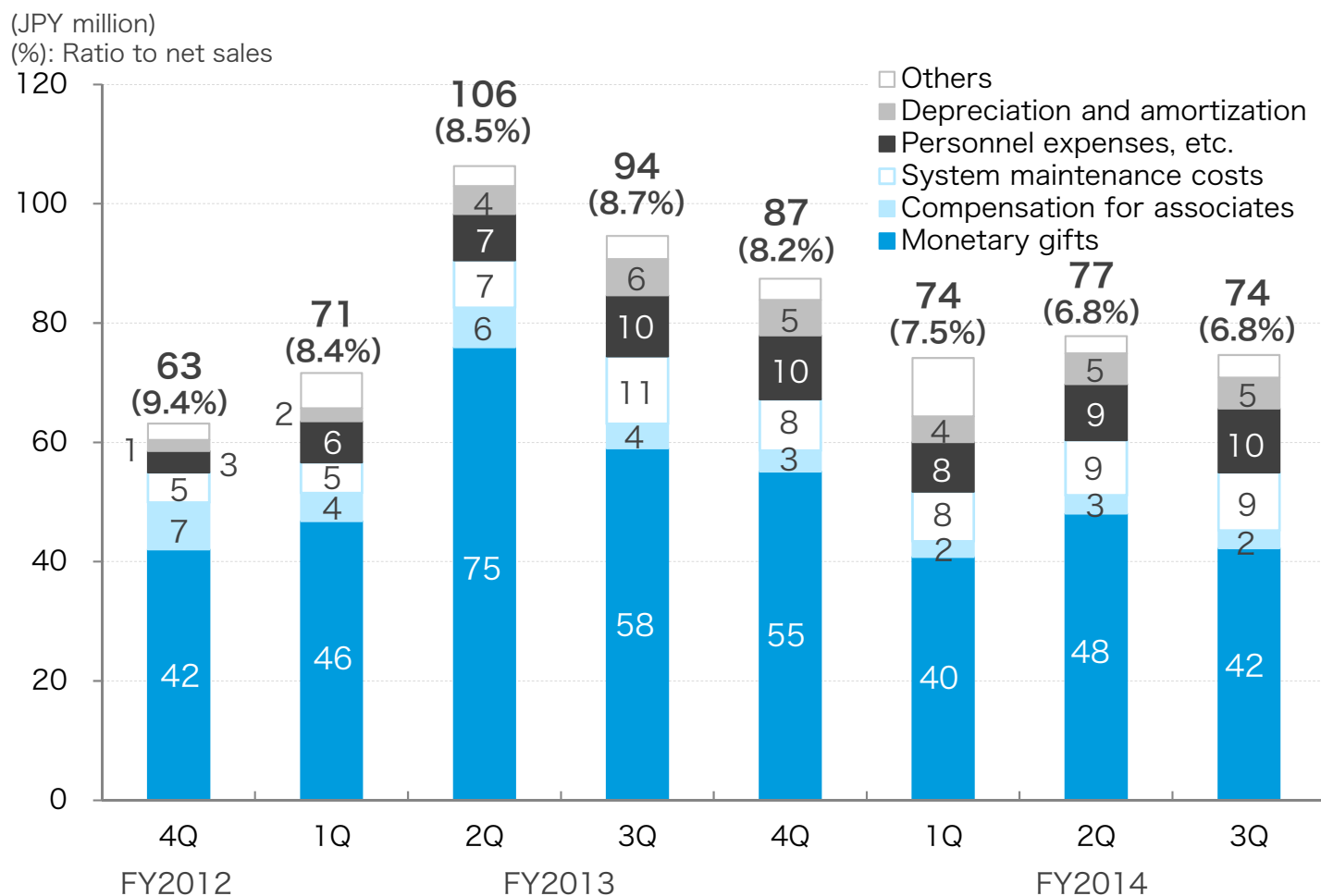
## 1-6 Real Estate Information Media Business (No. of information)

- Number of properties surpassed 3 million in August, but as of end of September, number was slightly down compared to previous quarter due to shuffling of partner postings among other things
- Establish service management system to further increase the number of listings and media capabilities



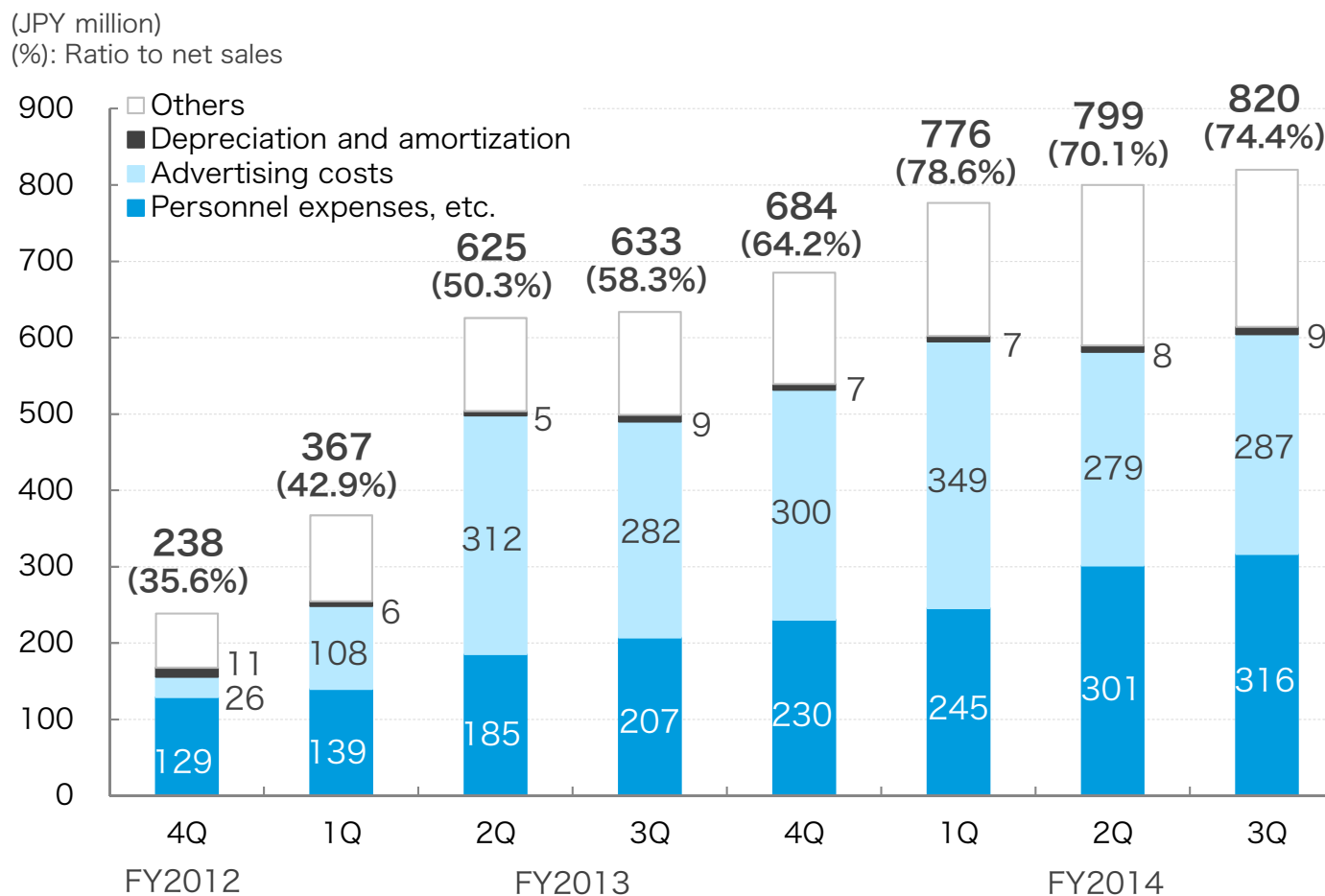
## 1-7 Sales Costs

Monetary gifts for hiring decreased compared to 2Q14 due to decrease in job information sales



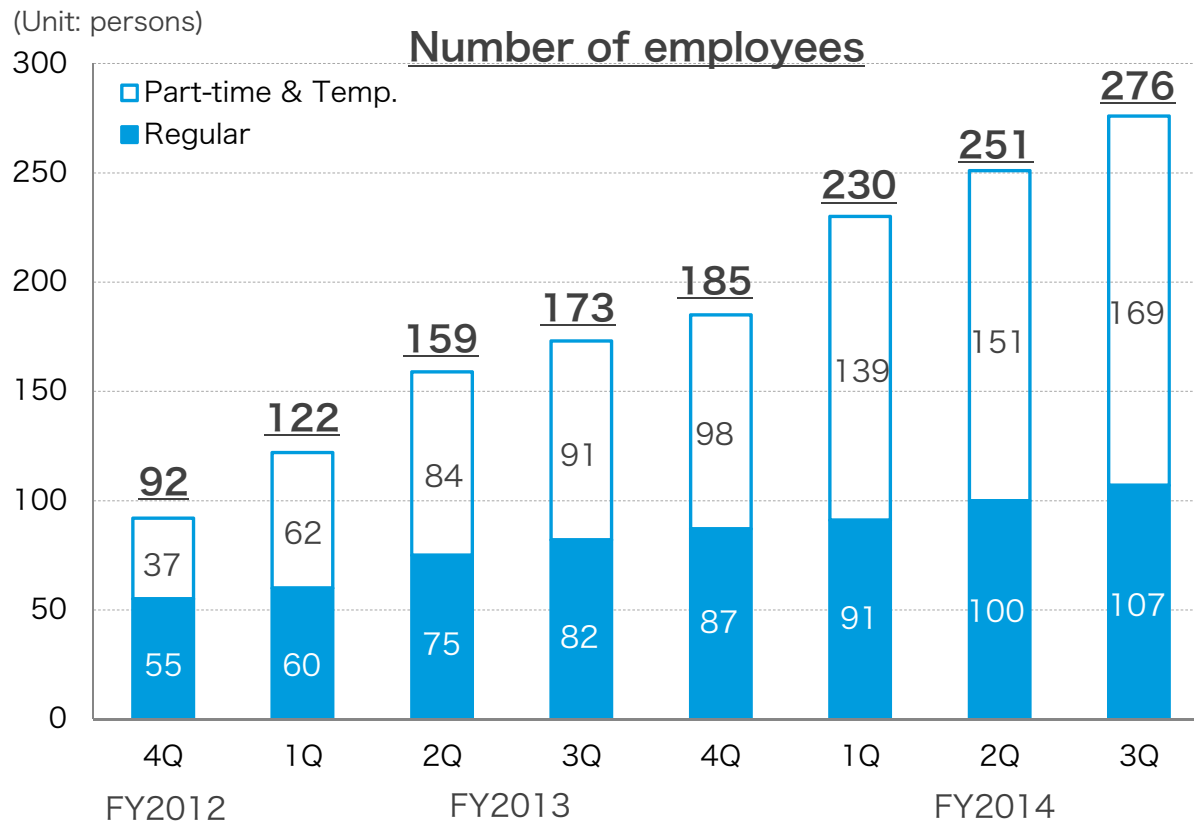
## 1-8 SG&A Expenses

- Personnel expenses, etc. continue to increase with increase in personnel
- For advertising costs, will continue web promotions aimed at increasing user traffic while analyzing cost performance

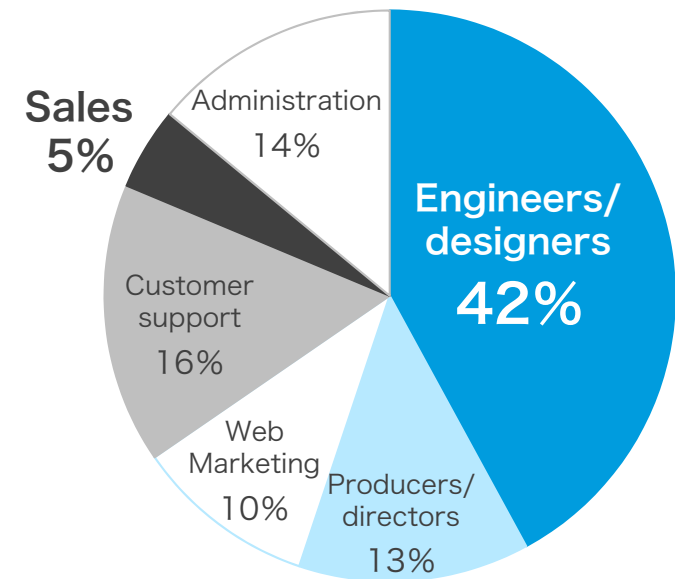


## 1-8 SG&A Expenses (Number of Employees)

- Added 7 full time employees and 18 part-time or temporary employees who support for job applicants during 3Q
- Personnel system expanded while considering medium- to long-term measures for new and existing businesses



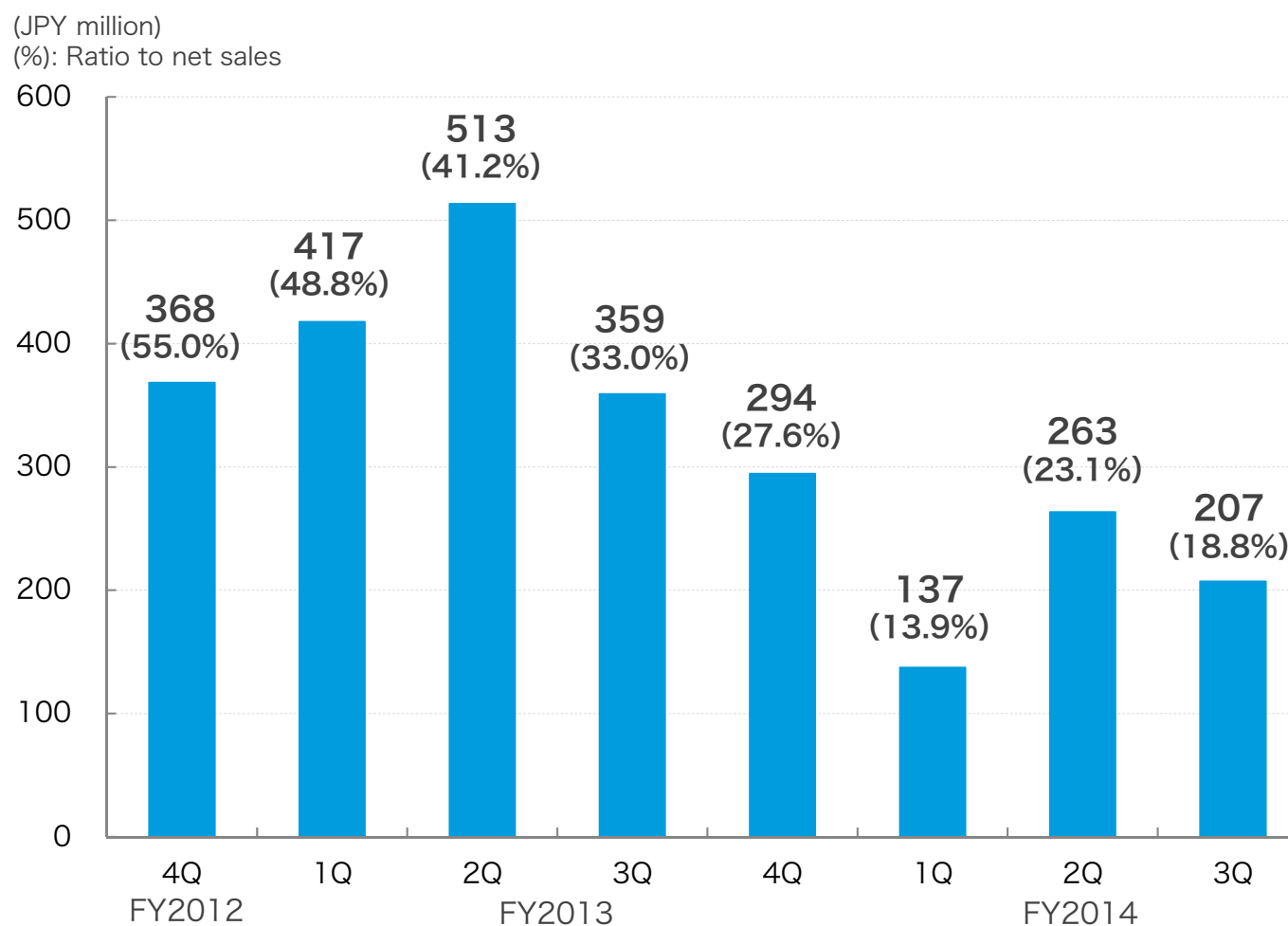
**Breakdown of regular employees**



(As of September 2014)

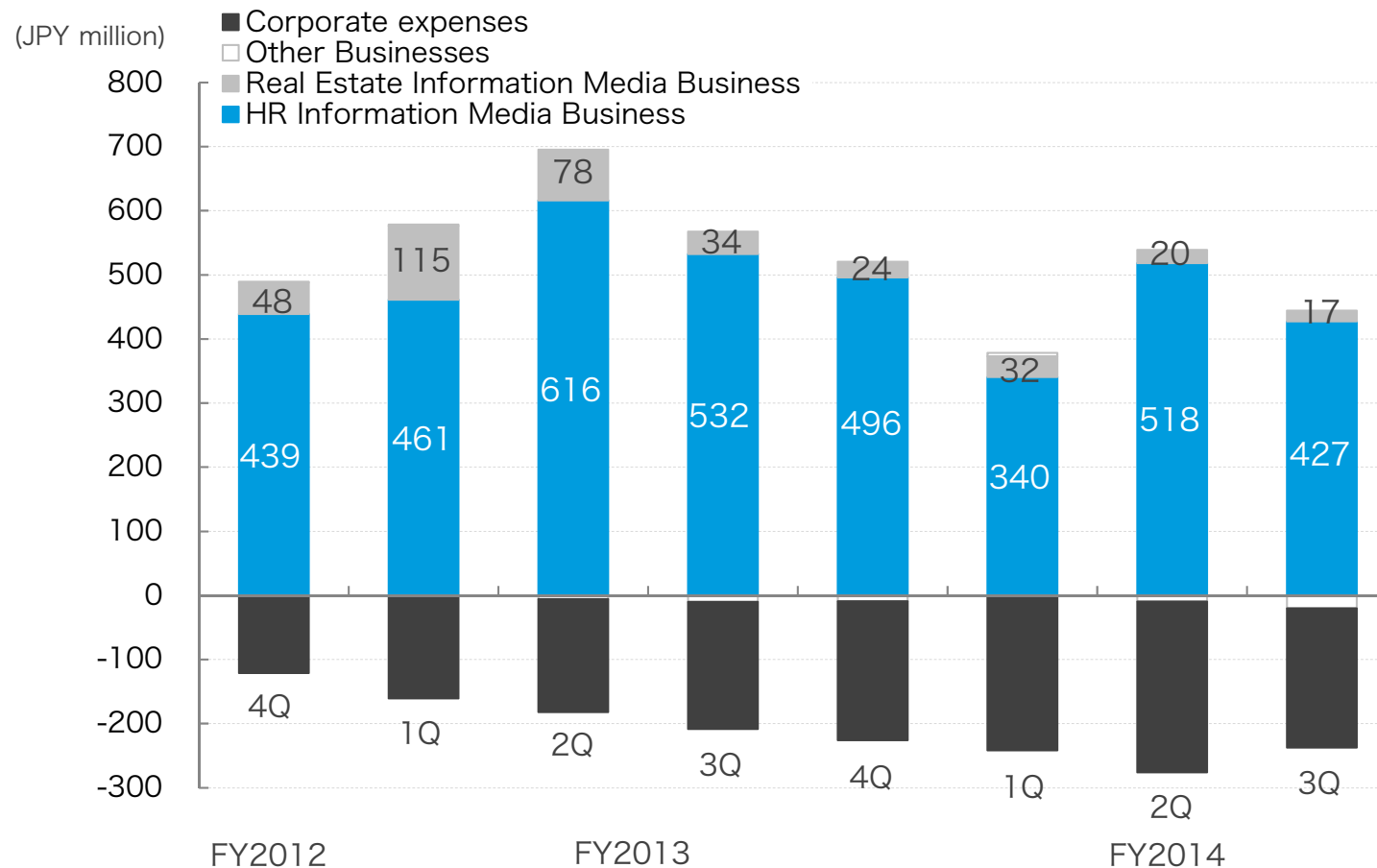
## 1-9 Operating Income

- Operating income decreased YoY, due to increased in personnel expenses, etc. related to the expansion of business scope, sales promotion expenses and payment fees related to the use of an external call center



## 1-9 Operating Income (Segment)

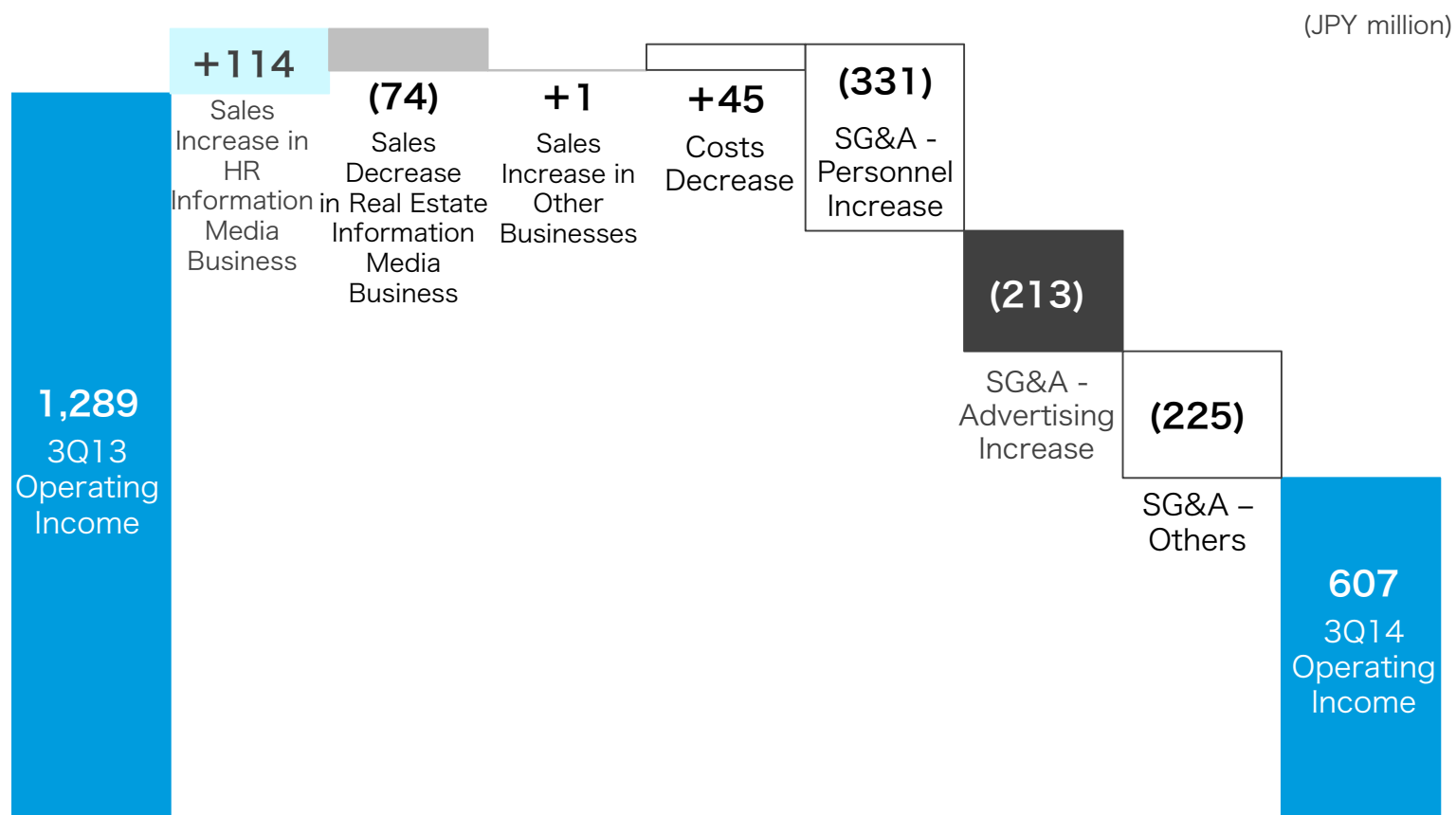
- Job information income declined year on year in conjunction with an increase in expenses
- Real estate information income declined due to a decline in sales





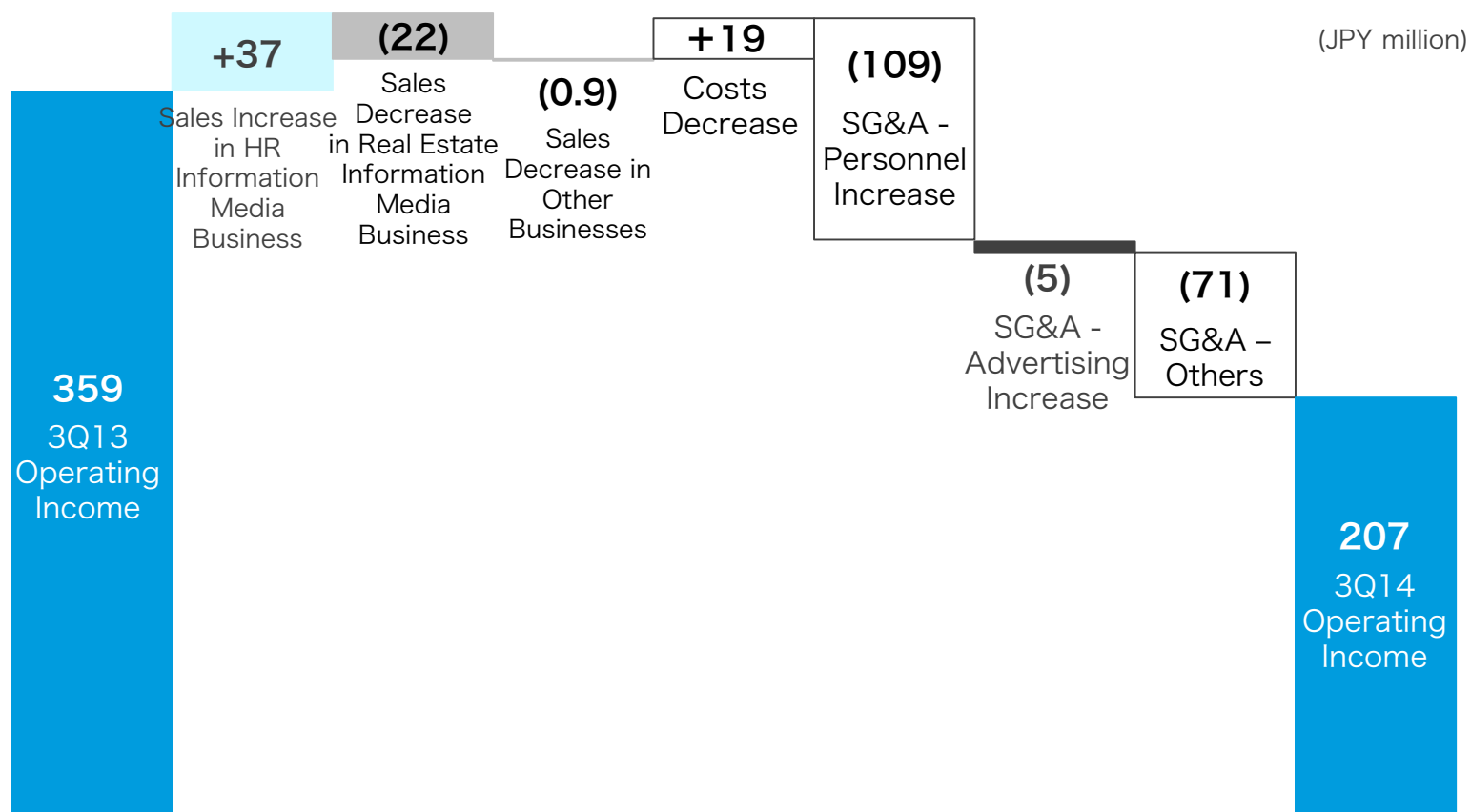
## 1-9 Operating Income (Cumulative based YoY comparison)

Operating income declined due to an increase in personnel expenses, advertising costs, sales promotion expenses and payment fees



## 1-9 Operating Income (Quarter based YoY comparison)

Operating income declined due to an increase in personnel expenses, sales promotion expenses and payment fees



## 2-1 FY2014 Plan (Revised on November 14)

- | No significant changes have yet been observed in the labor shortage and recruitment difficulties affecting part-time jobs in particular, so the sales forecast has not been changed
- | 3Q sales were generally inline with our forecast, on the other hand, earnings forecast announced on August 13 revised due to change in timing of recruitment plan
- | Efforts continuing to be poured into measures for main businesses, and strengthen the organizational system

(JPY million)

	FY2013	FY2014				
	Results	Previous Forecast	Revised Forecast	(YoY)	3Q Results	(Progress Rate)
Sales	4,256	4,280	<b>4,280</b>	0.6%	<b>3,231</b>	75.5%
Operating Income	1,584	517	<b>661</b>	(58.3%)	<b>608</b>	91.9%
	37.2%	12.1%	<b>15.4%</b>	-	<b>18.8%</b>	-
Ordinary Income	1,586	517	<b>662</b>	(58.3%)	<b>608</b>	91.9%
	37.3%	12.1%	<b>15.5%</b>	-	<b>18.8%</b>	-
Net Profit	984	330	<b>409</b>	(58.4%)	<b>364</b>	89.0%
	23.1%	7.7%	<b>9.6%</b>	-	<b>11.3%</b>	-
EPS (JPY)	35.58	11.91	<b>14.63</b>	(58.9%)	<b>13.10</b>	89.5%

### I Part-time jobs area

**Increase in applicants rate & hiring rate**

**Improving ability to attract site user**

**Increase number of listings**

**Establishment of a new revenue pillars**

- 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
- Further improve web marketing
- Optimize of web advertisements
- Further differentiation through initiatives such as monetary gifts
- Promote usage by existing clients
- Increased sales & marketing to new prospective clients
- 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 (Completed in September, operating from October)
- Strengthening new client acquisitions

**Improving  
ability to attract  
site user**

- Improve web marketing
- Increase real estate rent content

**Increase in  
inquiry rate**

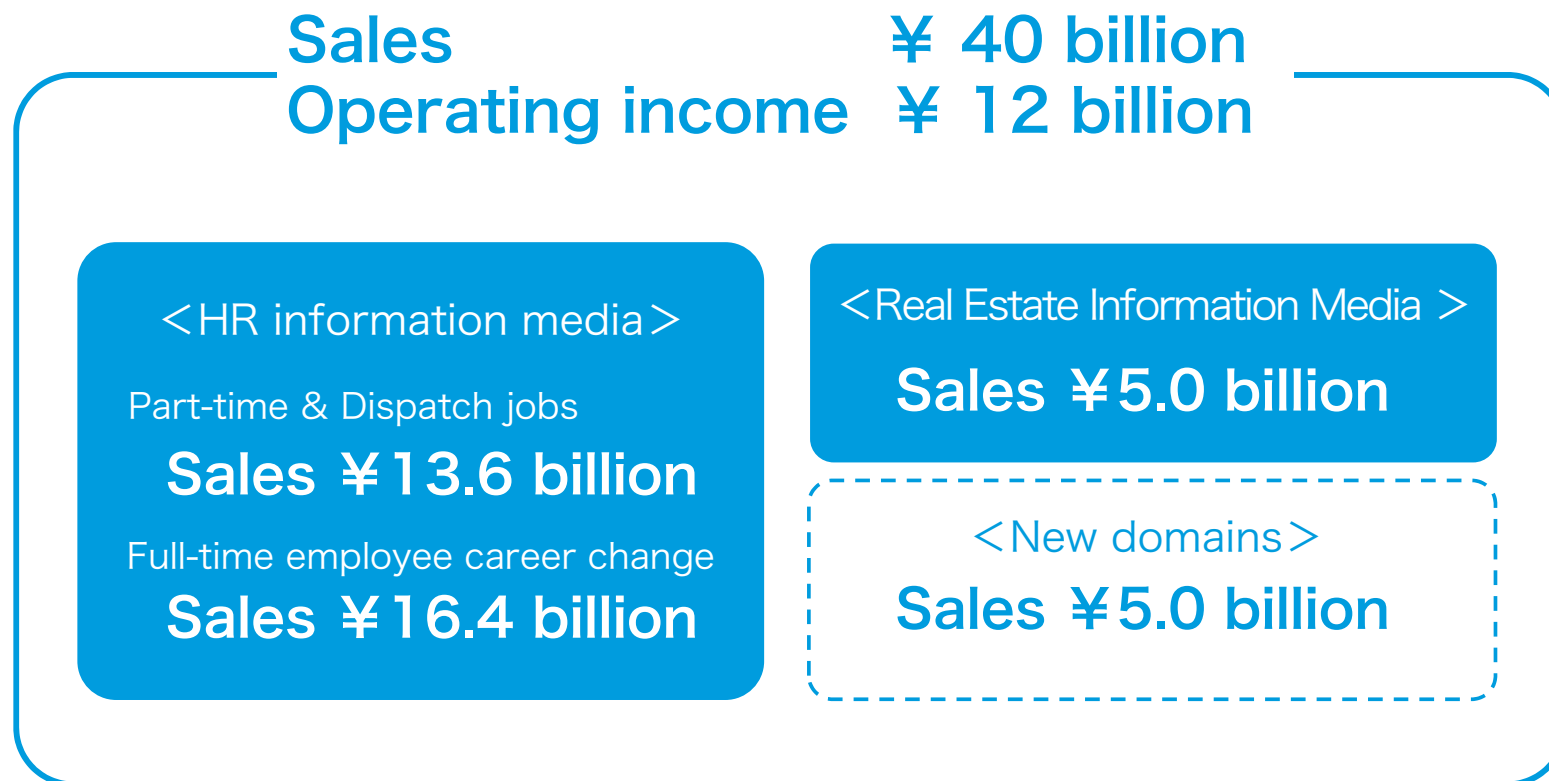
- Increase usability through improved and increased website functionality

**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**

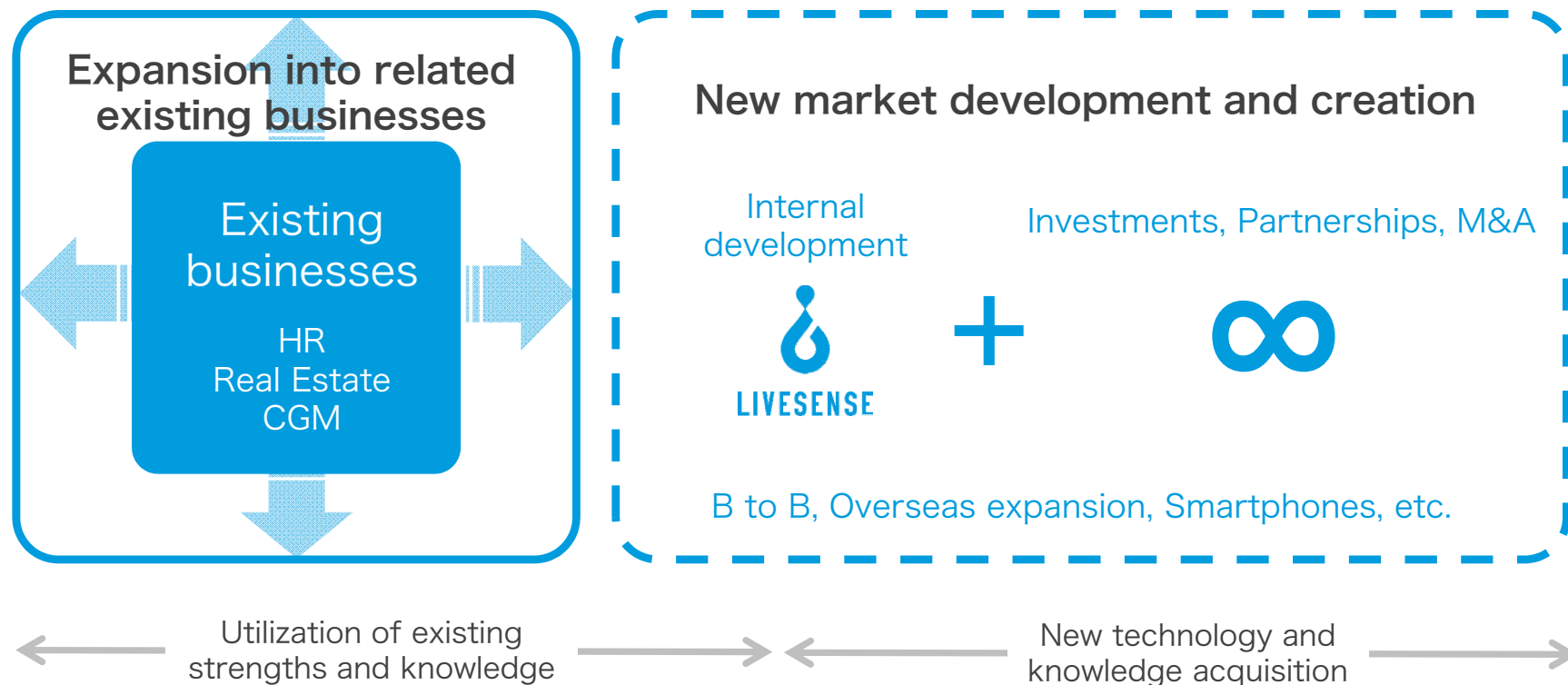




## 3-2 Growth strategy for goal achievement (new domains)

- 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	<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>

## 3-4 New subsidiary in the United States

### Established first Livesense 100% consolidated subsidiary, Livesense America on 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



## 4-1 Balance Sheet Statement

(Thousands of JPY)

	3Q13	3Q14	YoY
Current assets	2,686,938	<b>2,918,502</b>	+8.6%
Cash and deposits	2,230,409	<b>2,341,605</b>	+5.0%
Accounts receivable	419,546	<b>450,520</b>	+7.4%
Fixed assets	356,372	<b>437,345</b>	+22.7%
Tangible fixed assets	123,495	<b>116,662</b>	(5.5%)
Intangible fixed assets	36,514	<b>24,412</b>	(33.1%)
Investments and other assets	196,362	<b>296,270</b>	+50.9%
Total assets	3,043,310	<b>3,355,847</b>	+10.3%
Current liabilities	649,027	<b>323,961</b>	(50.1%)
Accounts payable	197,482	<b>201,398</b>	+2.0%
Income taxes payable	341,079	<b>14,748</b>	(95.7%)
Fixed liabilities	-	-	-
Total liabilities	649,027	<b>323,961</b>	(50.1%)
Shareholders' equity	2,378,254	<b>3,011,380</b>	+26.6%
Capital	221,647	<b>226,441</b>	+2.2%
Capital reserve	206,647	<b>211,441</b>	+2.3%
Accumulated earnings	1,950,720	<b>2,574,353</b>	+32.0%
Stock warrants	16,028	<b>19,579</b>	+22.2%
Total net assets	2,394,283	<b>3,031,886</b>	+26.6%

## 4-2 Record of Recent Major Publicity Events

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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
2014.08.28	Nihon Keizai Shimbun evening edition
2014.08.26	Nikkei Sangyo Shimbun
2014.08.25	Shukan Toyo Keizai August 30 issue
2014.08.20	Nikkei MJ
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

## 4-3 Company Profile (As of September 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	<table> <tr> <td>Managing Director</td> <td>Daisuke Katsura Tomoya Shibasaki Shin Nakajima Hiroyuki Honda (Outside Director)</td> </tr> <tr> <td>Statutory Auditors</td> <td>Junichi Ehara Misao Akutsu (Outside Statutory Auditor) Mitsuru Ozaki (Outside Statutory Auditor)</td> </tr> </table>	Managing Director	Daisuke Katsura Tomoya Shibasaki Shin Nakajima Hiroyuki Honda (Outside Director)	Statutory Auditors	Junichi Ehara Misao Akutsu (Outside Statutory Auditor) Mitsuru Ozaki (Outside Statutory Auditor)
Managing Director	Daisuke Katsura Tomoya Shibasaki Shin Nakajima Hiroyuki Honda (Outside Director)				
Statutory Auditors	Junichi Ehara Misao Akutsu (Outside Statutory Auditor) Mitsuru Ozaki (Outside Statutory Auditor)				
Capital	JPY226 million				
Business Results	FY2013 Sales : JPY 4,256 million, OP: JPY 1,584 million				
Number of Employees	Full-time : 107, Part-time & Temp. : 169				
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.