



Financial Results for FY2015

February 12, 2016
Livesense Inc.
(TSE1 : 6054)

Agenda

- 1 Financial Results for FY2015
- 2 Financial Forecasts for FY2016
- 3 Reference Materials

1-1 Executive Summary

Operating income dropped substantially as result of forward-looking investments despite double-digit increase in earnings YoY (company forecast* achieved)

- Net sales : ¥5,069 million (up 18.5% YoY)
- Operating income : ¥7 million (down 98.8% YoY) *Announced on Nov 13, 2015

HR Information Media Business revenue was up 15.9% YoY “Jobsense”: up 11.5%, “Tenshoku Kaigi”: substantially up 113.4%

- Jobsense : User application rate increased thanks to efforts such as campaigns and improvement of websites
: Optional service sales to corporate customers also favorable
- Tenshoku Kaigi : Steady expansion of monetization channel, including collaboration with recruitment agencies

Advertising costs and personnel expenses increased YoY as forward-looking investment

- Advertising costs : ¥1,573 million (up 22.6% YoY)
- Personnel expenses : ¥1,819 million (up 51.3% YoY)

Current medium-term business plan dropped

- After carefully reviewing changes in the business environment and progress on the plan, the decision was made to drop the performance targets (net sales: ¥40,000 million; OP: ¥12,000 million) for which the year ending Dec 31, 2018 is the final year.
- We will focus on improving the competitiveness of existing businesses, quickly increasing earnings in new businesses and strengthening business management functions as we seek early regrowth.

1-2 FY2015 Financial Results(full-year)(consolidated)

Operating income dropped substantially despite 18.5% increase in net sales YoY, due in part to impact of forward-looking investments

(Unit : Millions of JPY)

	FY2014	FY2015	YoY
Sales	4,279	5,069	+18.5%
Sales Cost	303	433	+42.9%
	7.1%	8.5%	+1.5%
Gross Margin	3,976	4,636	+16.6%
	92.9%	91.5%	-1.5%
SG&A Expenses	3,341	4,628	+38.5%
	78.1%	91.3%	+13.2%
Operating Income	634	7	-98.9%
	14.8%	0.1%	-14.7%
Ordinary Income	638	19	-97.0%
	14.9%	0.4%	-14.5%
Net Pretax Profit	632	53	-91.6%
	14.8%	1.0%	-13.7%
Net profit	395	10	-97.5%
	9.2%	0.2%	-9.0%

SG&A : Advertising expenses +¥290 million
: Personnel expenses, etc. +¥617 million

1-3 Management Review for FY2015

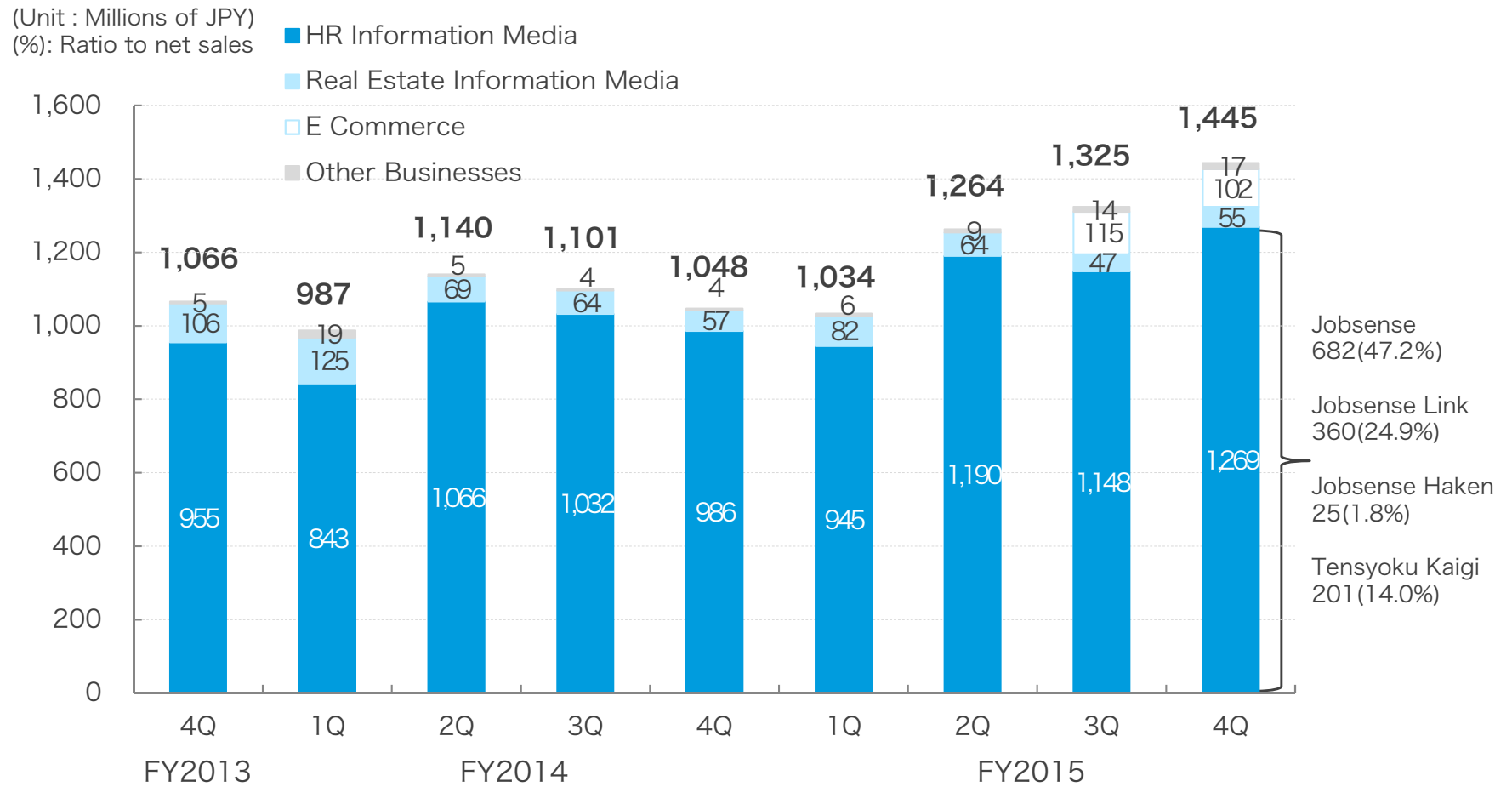
	Subject	Review
Results	Ascertainment of effect of user attraction measures	<ul style="list-style-type: none"> • Verification/adjustment of ROI for various campaign measures, web advertising, etc.
	Improvement of convenience of website/services	<ul style="list-style-type: none"> • Improvement of websites, including smartphone websites • Strengthening of telephone-based job applicant support
	Creation of new growth businesses	<ul style="list-style-type: none"> • Substantial growth from expansion of “Tenshoku Kaigi” monetization channel
Issues	Points of differentiation with other media	<ul style="list-style-type: none"> • Delay in repeat user measures utilizing monetary gifts, etc. • Lack of original services/functions not available with other media
	Business management system	<ul style="list-style-type: none"> • Estimated and actual results in existing businesses, KPI monitoring method/accuracy
	Employee productivity	<ul style="list-style-type: none"> • Delay in improvement of productivity with respect to forward-looking investment in personnel increase (ROI)

1-4 Business Topics for FY2015

Jobsense	<ul style="list-style-type: none">• Rollout of various campaigns (increasing recognition among university students, increased monetary gifts, etc.)• Addition of sharing reviews, such as companies reputation and telephone application function,etc• Expansion/sales of optional services to corporate customers going favorably
Jobsense Link	<ul style="list-style-type: none">• Productivity of “telephone supporter” for job applicants improved• Shift to local regular employees for “telephone supporter” for job applicants (9/2015: Opening of Miyazaki Branch)
Tensyoku Kaigi	<ul style="list-style-type: none">• Number of members surpassed 1.9 million• Steady expansion of monetization channel (e.g.: collaboration with recruitment agencies)
door chintai	<ul style="list-style-type: none">• Number of property information postings grew substantially due to expanding alliance• Improvement of websites to increase user traffic
Other Businesses	<ul style="list-style-type: none">• Release of “IESHIL” existing house information service, “Syukatsu Kaigi” new graduate employment support service, etc.• M&A of fashion EC site management company “waja”• Record of monthly surplus of “imitsu” (managed jointly with Unilabo)

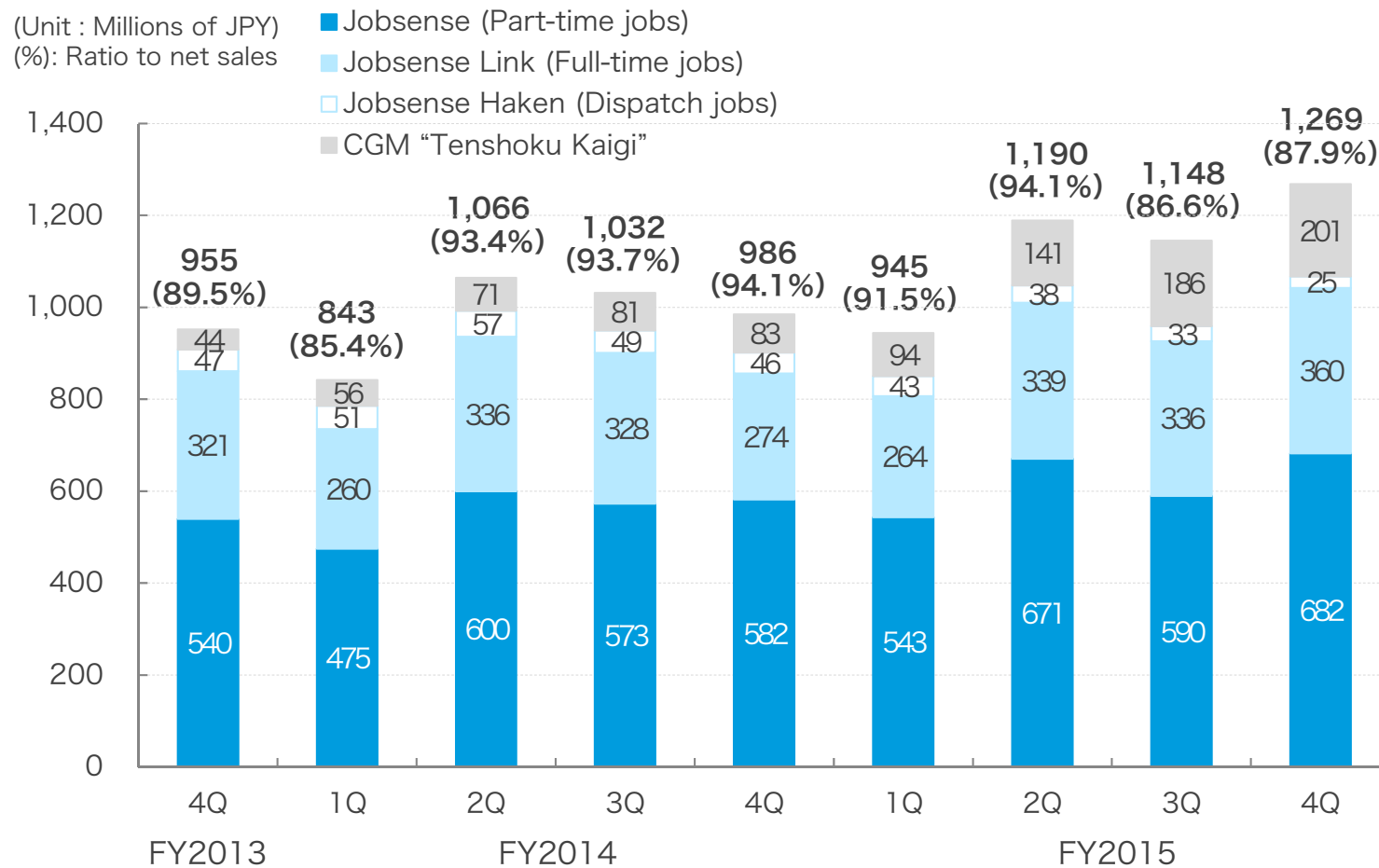
1-5 Net Sales

Net sales reached all-time high on quarterly basis



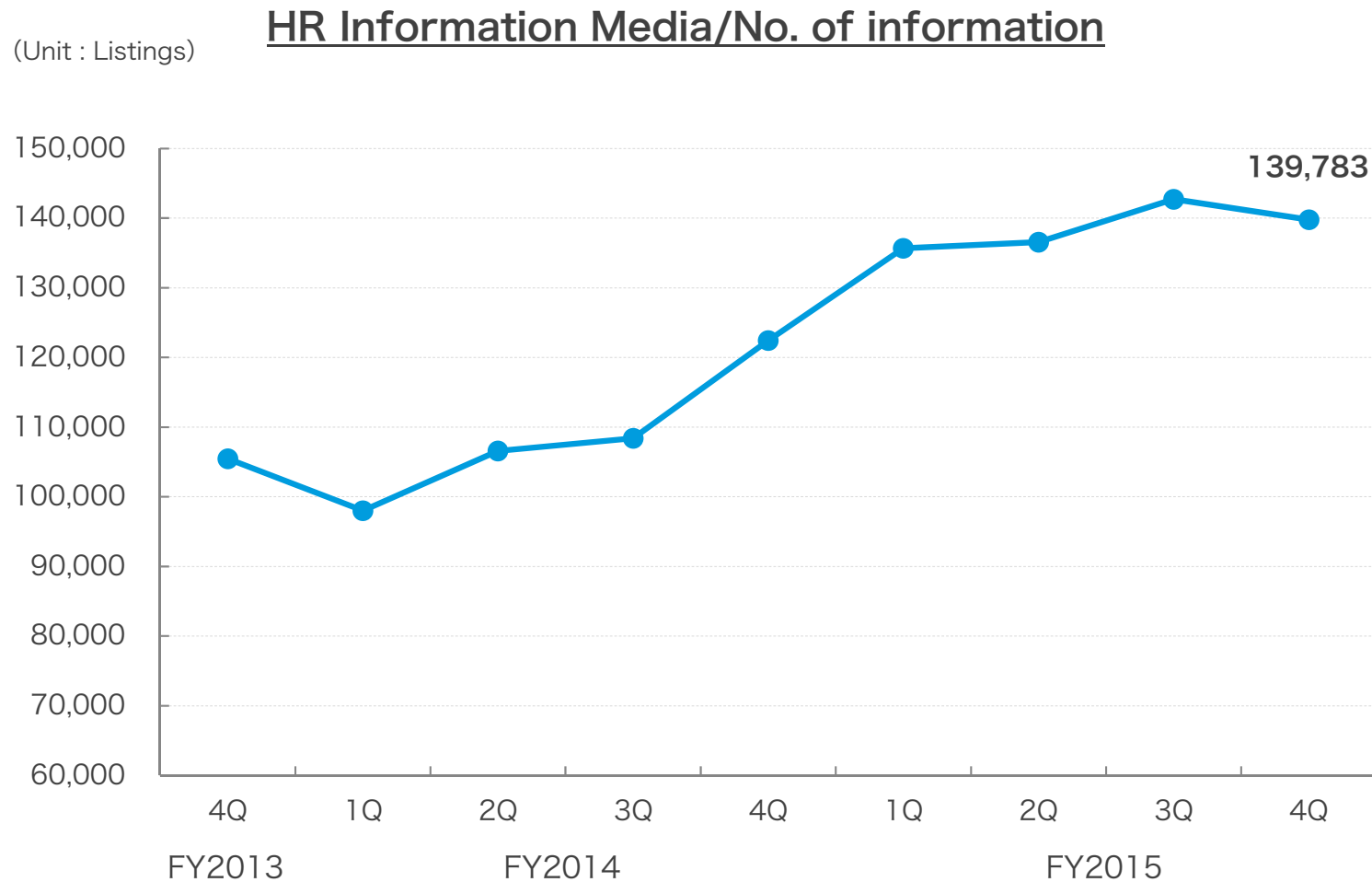
1-6 HR Information Media Business - Sales

Substantial growth of “Jobsense”(up 17.1% YoY)
and “Tenshoku Kaigi” (up 140.2% YoY)



1-7 HR Information Media Business - No. of information

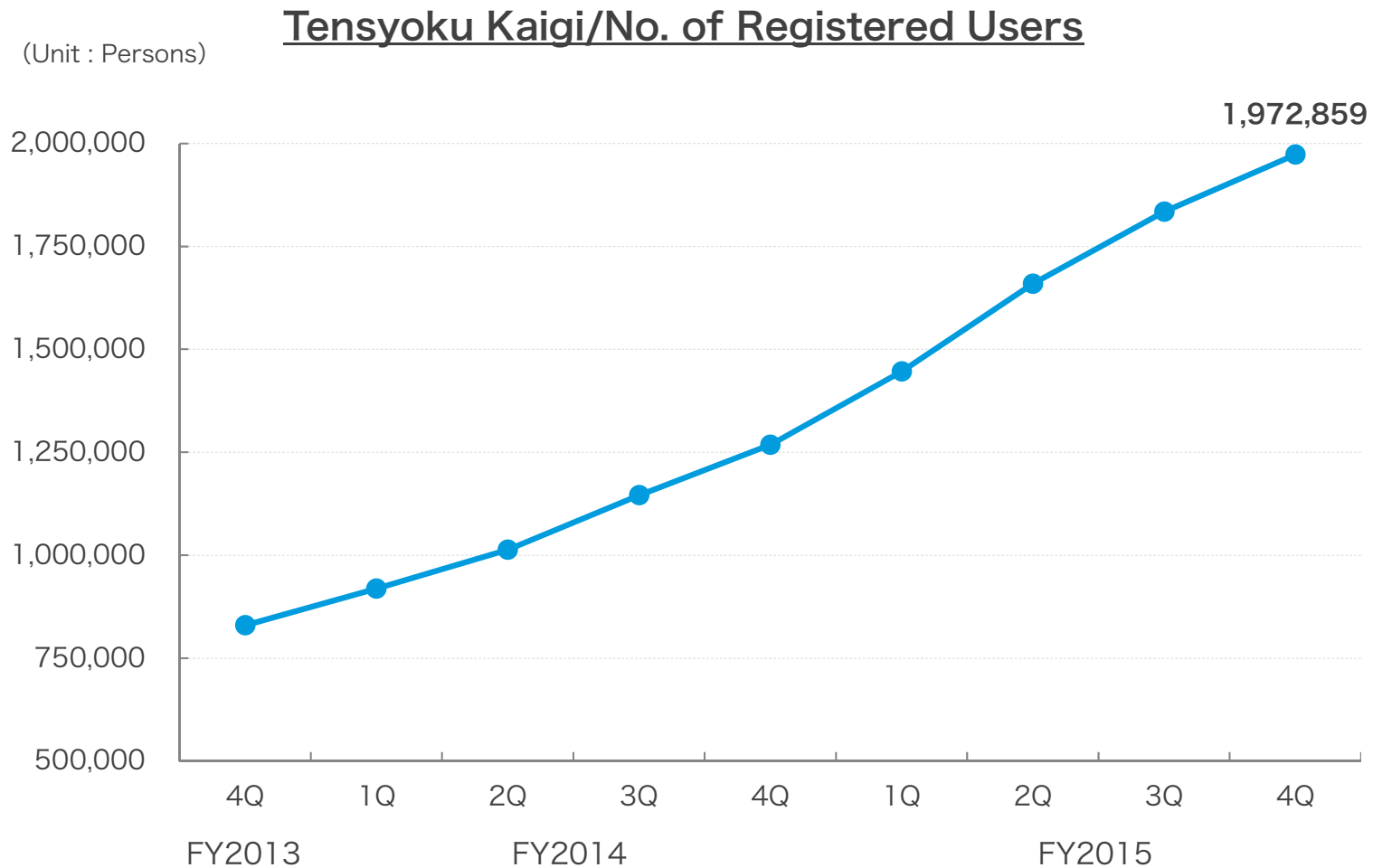
14.2% increase YoY thanks in part to expansion of optional services despite slight decrease QoQ



* No. of information is the total number of 3 HR Information media which are Jobsense, Jobsense Link and Jobsense Haken

1-8 HR Information Media Business - Tensyoku Kaigi

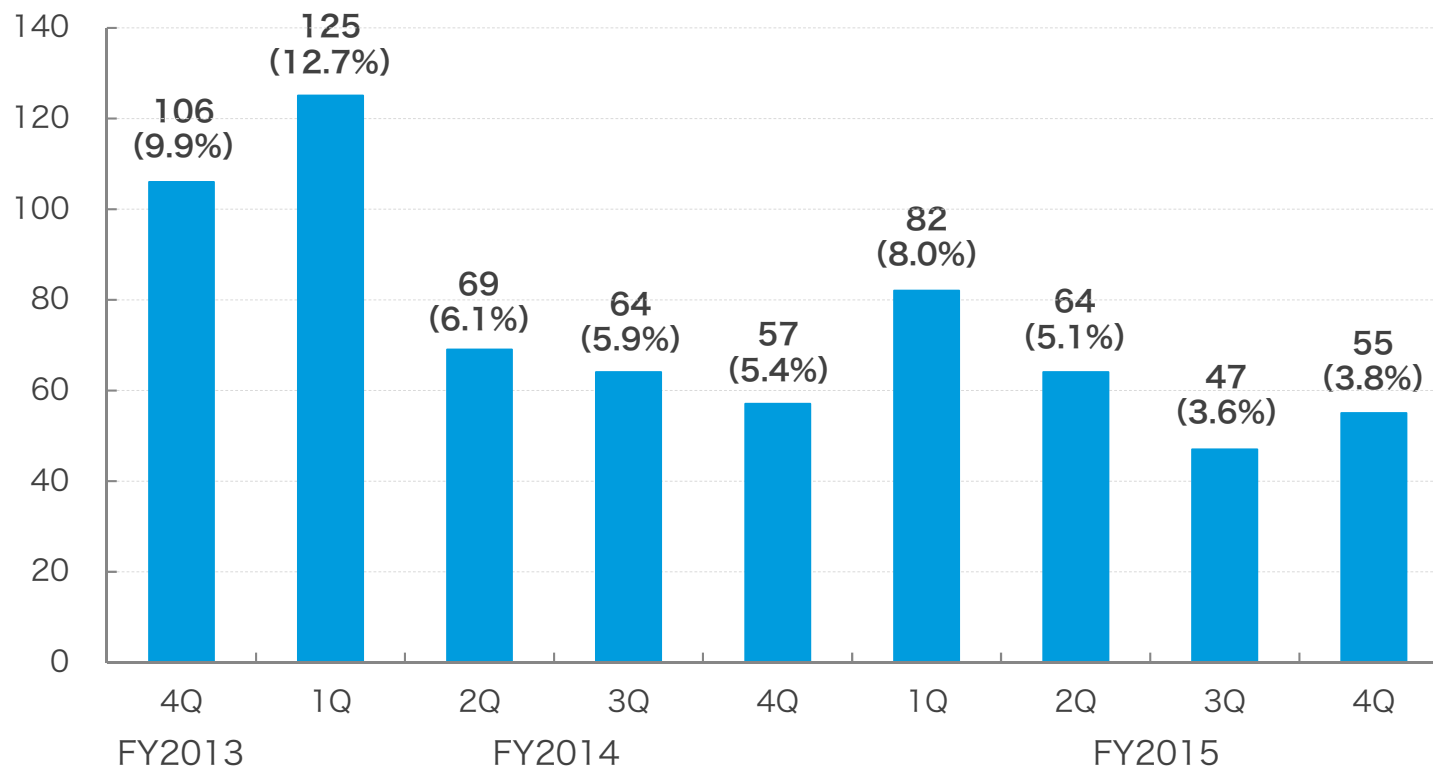
Number of companies with reviews increasing steadily (more than 100,000 companies), total number of members increased to surpass 1.9 million



1-9 Real Estate Information Media Business - Sales

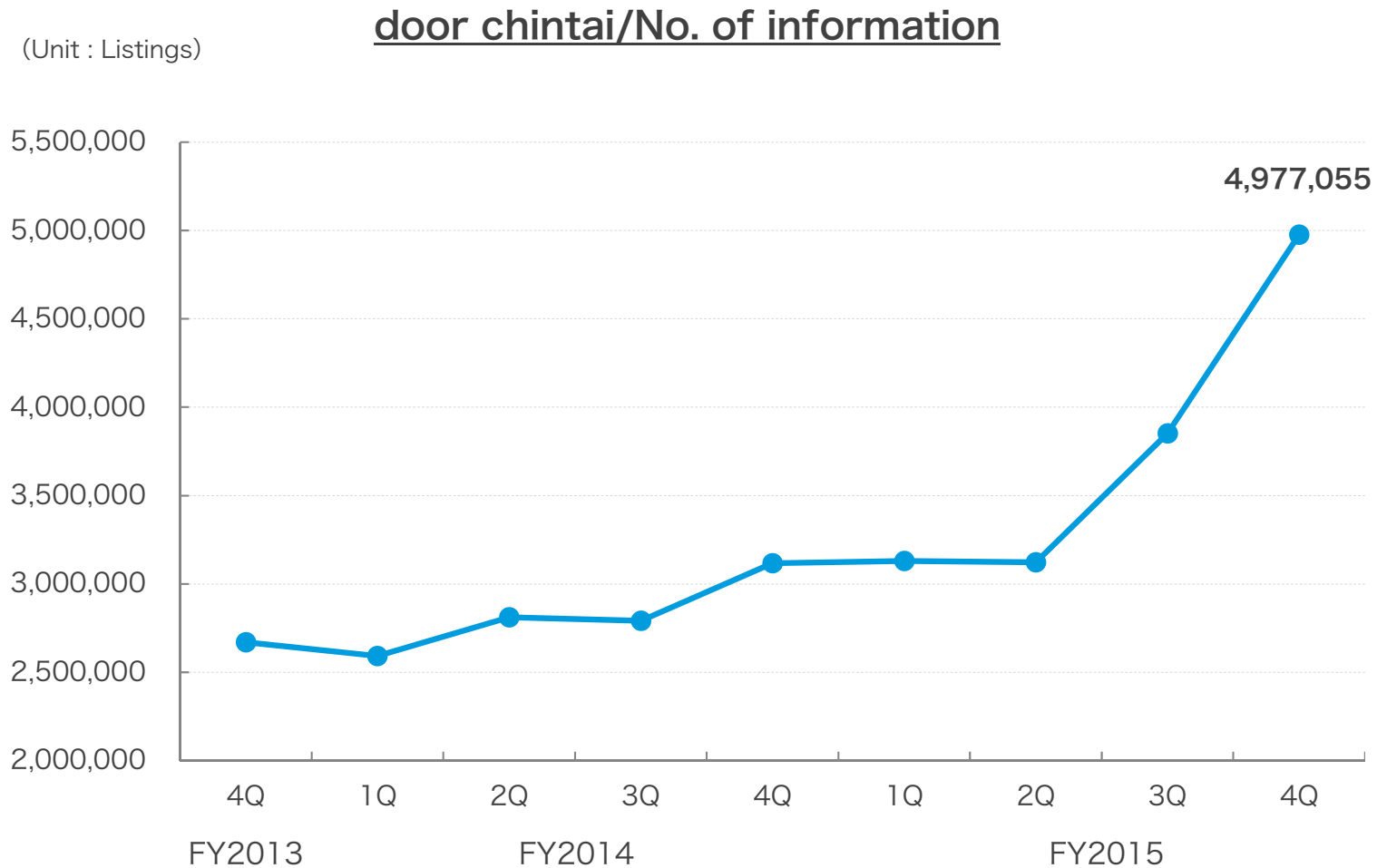
Increased earnings QoQ thanks in part to increase in number of information postings and improved website draw

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



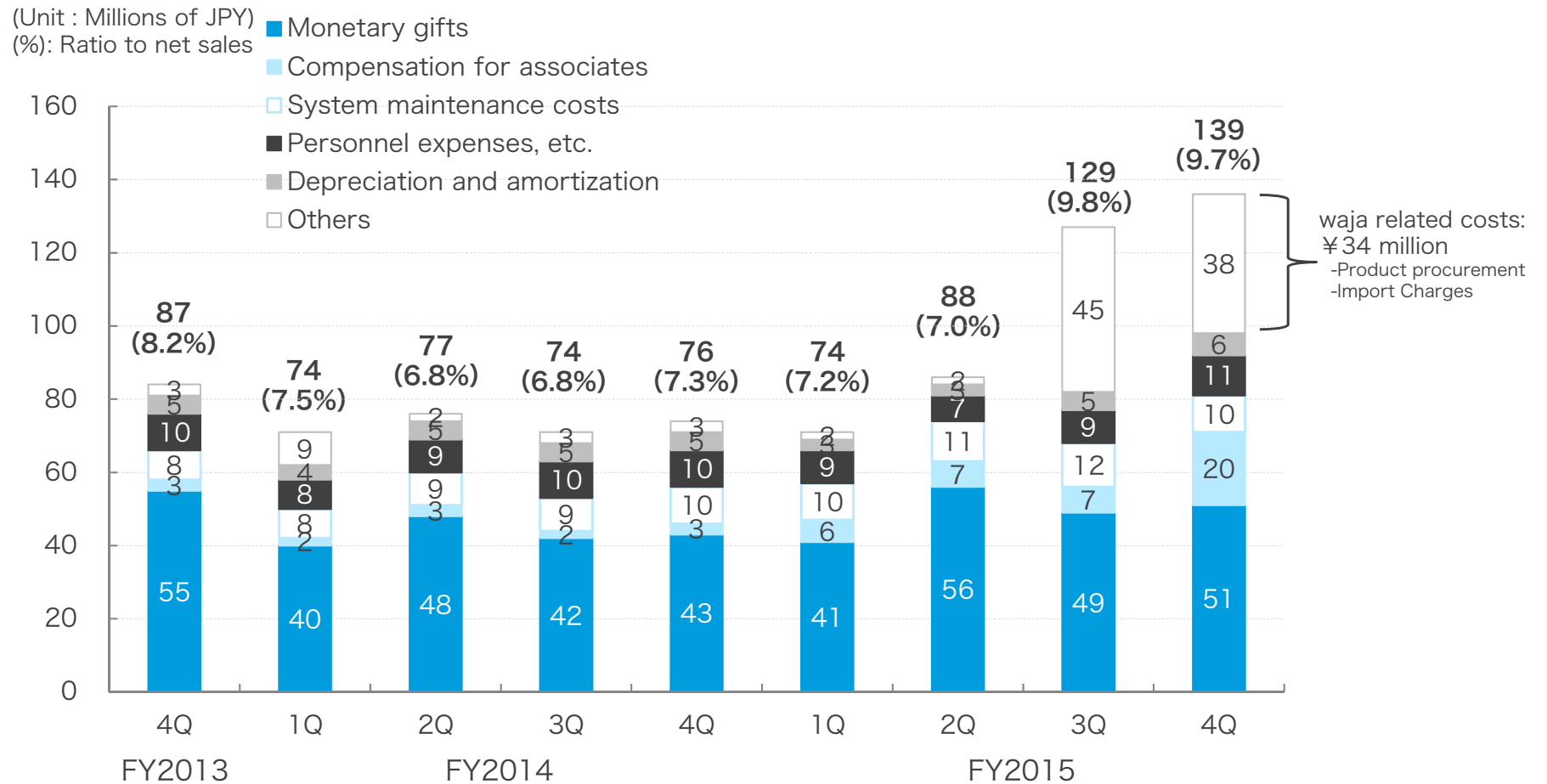
1-10 Real Estate Information Media Business - No. of information

Number of property information postings grew substantially due to expanding alliance (Surpassed 5 million as of Jan 7, 2016)



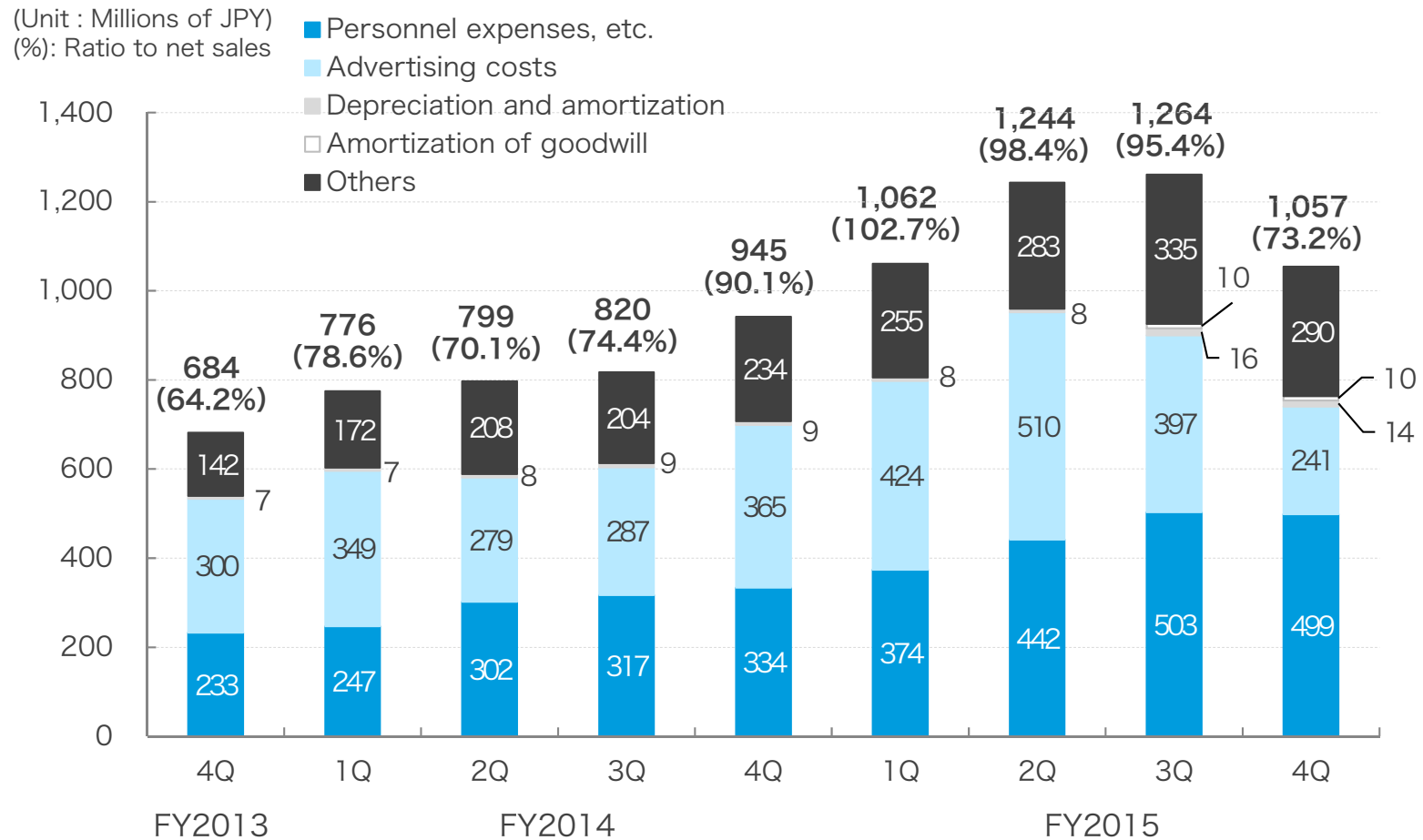
1-11 Sales Costs

No significant change in cost to sales ratio



1-12 SG&A Expenses

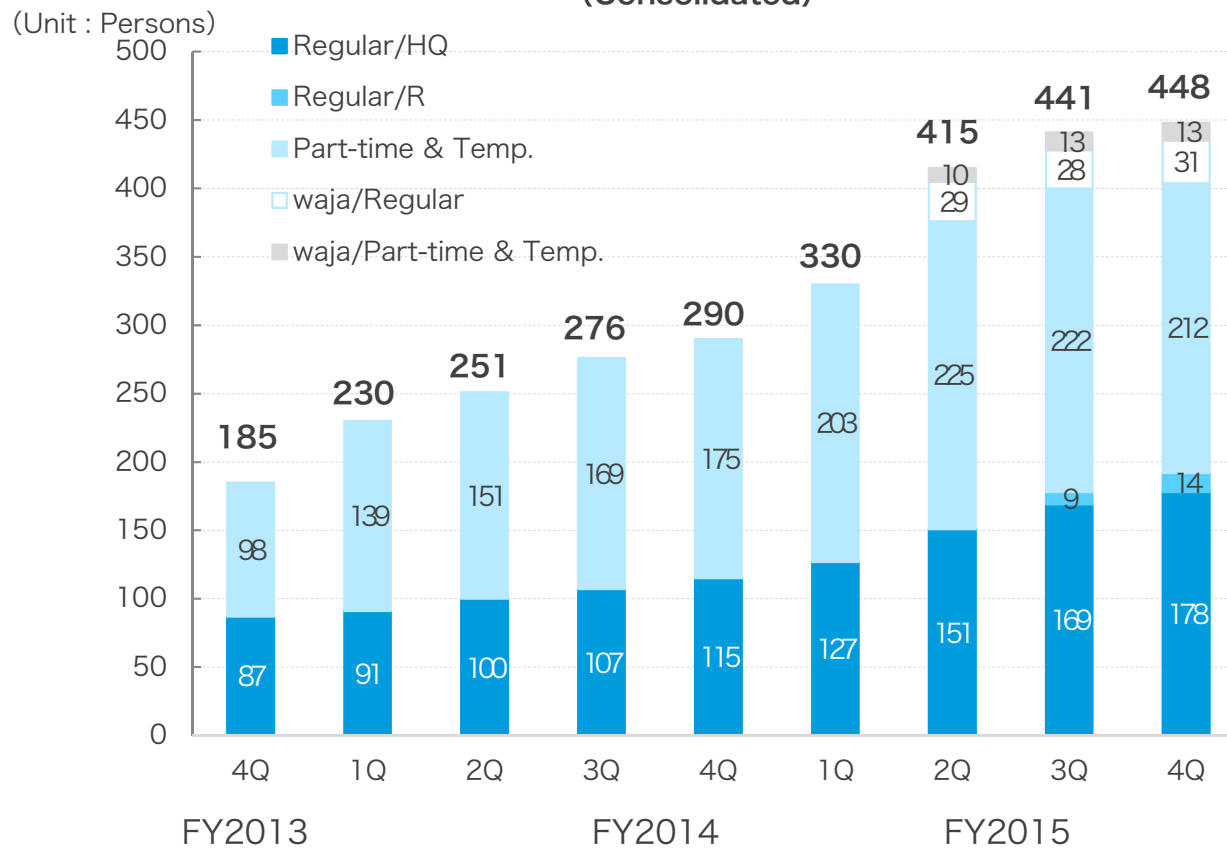
Thorough cost control in 4Q centered on advertising costs
 SG&A expenses dropped to 73.2% of net sales



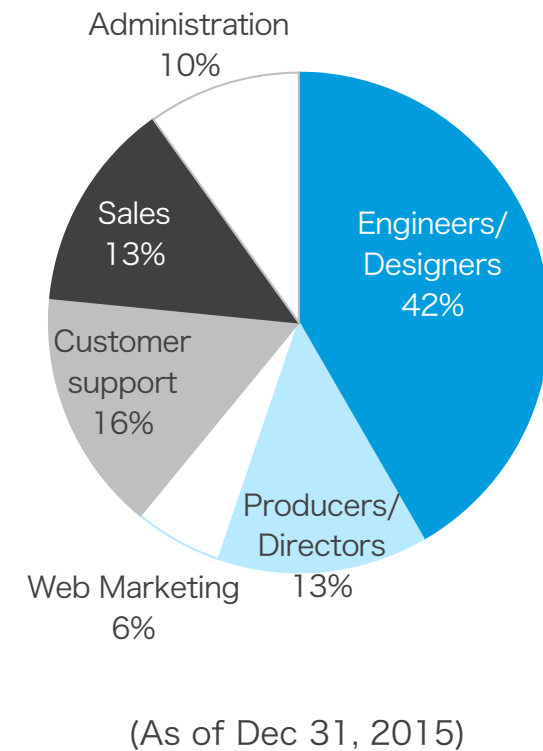
1-13 Employees

Promotion of use of local regular employees for customer support (Miyazaki) and adjustment of personnel distribution

No. of Employees
(Consolidated)



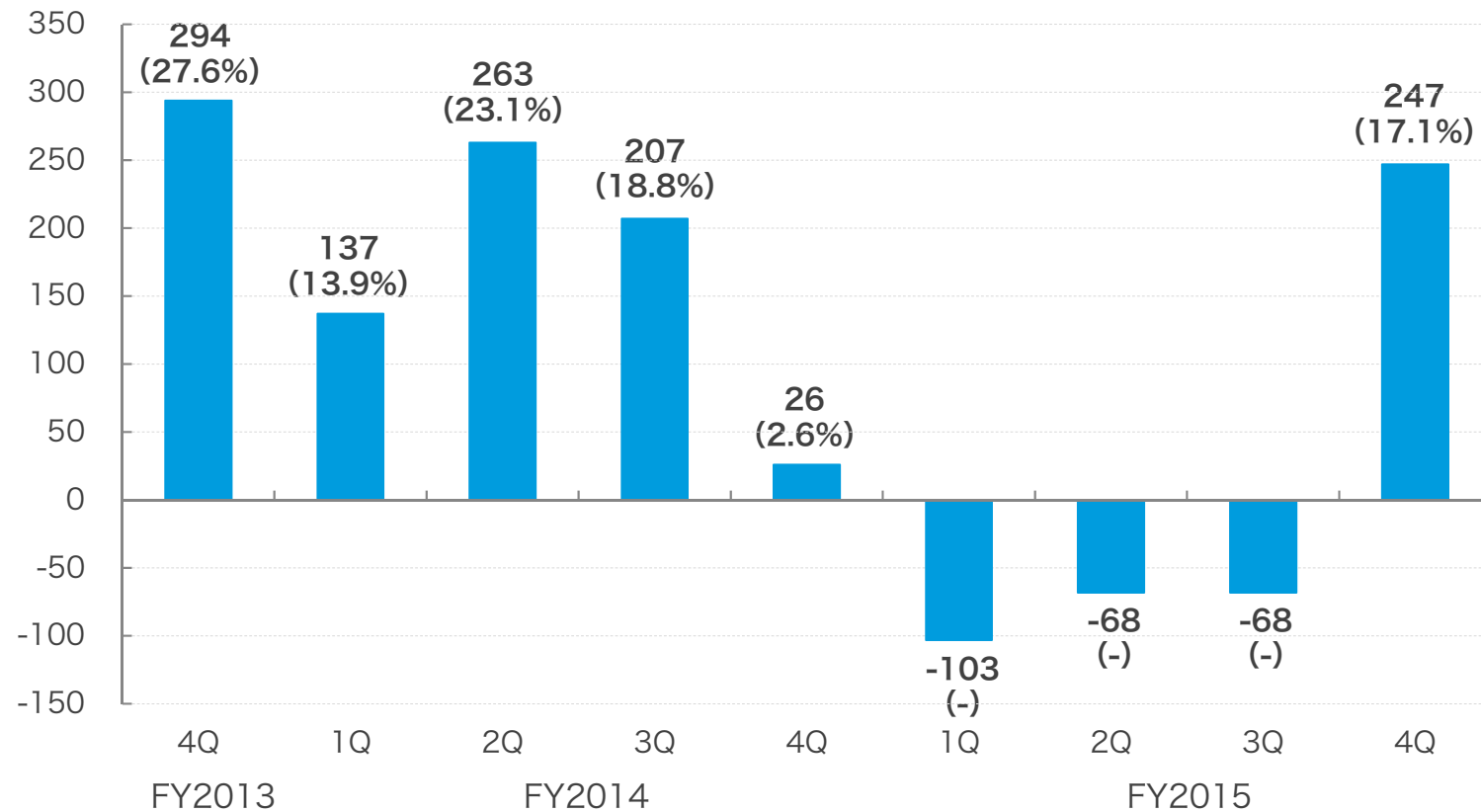
Breakdown of regular employees
(Non-consolidated)



1-14 Operating Income

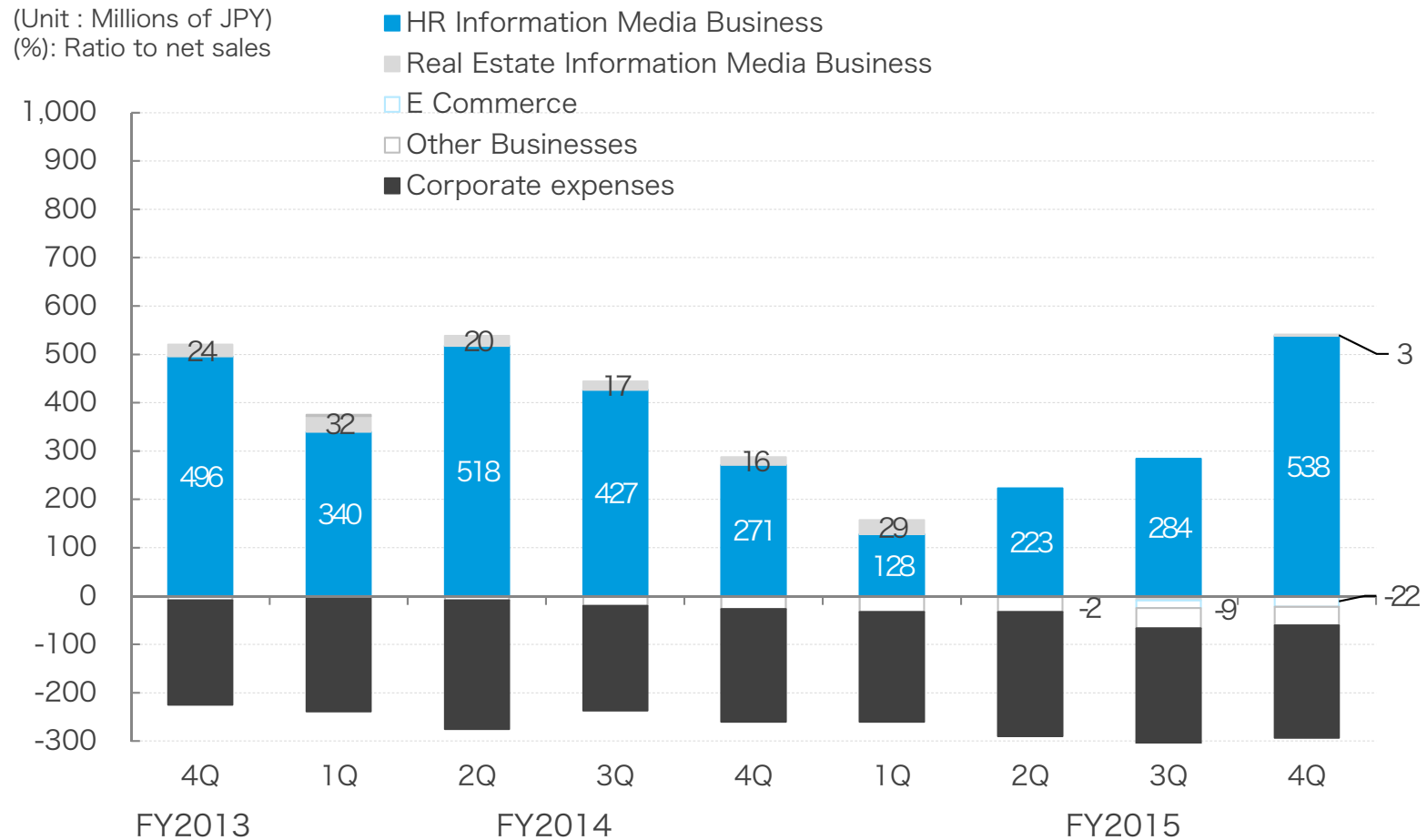
SG&A expenses were successfully controlled and adjusted in 4Q, making up for total operating loss from 1Q to 3Q

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



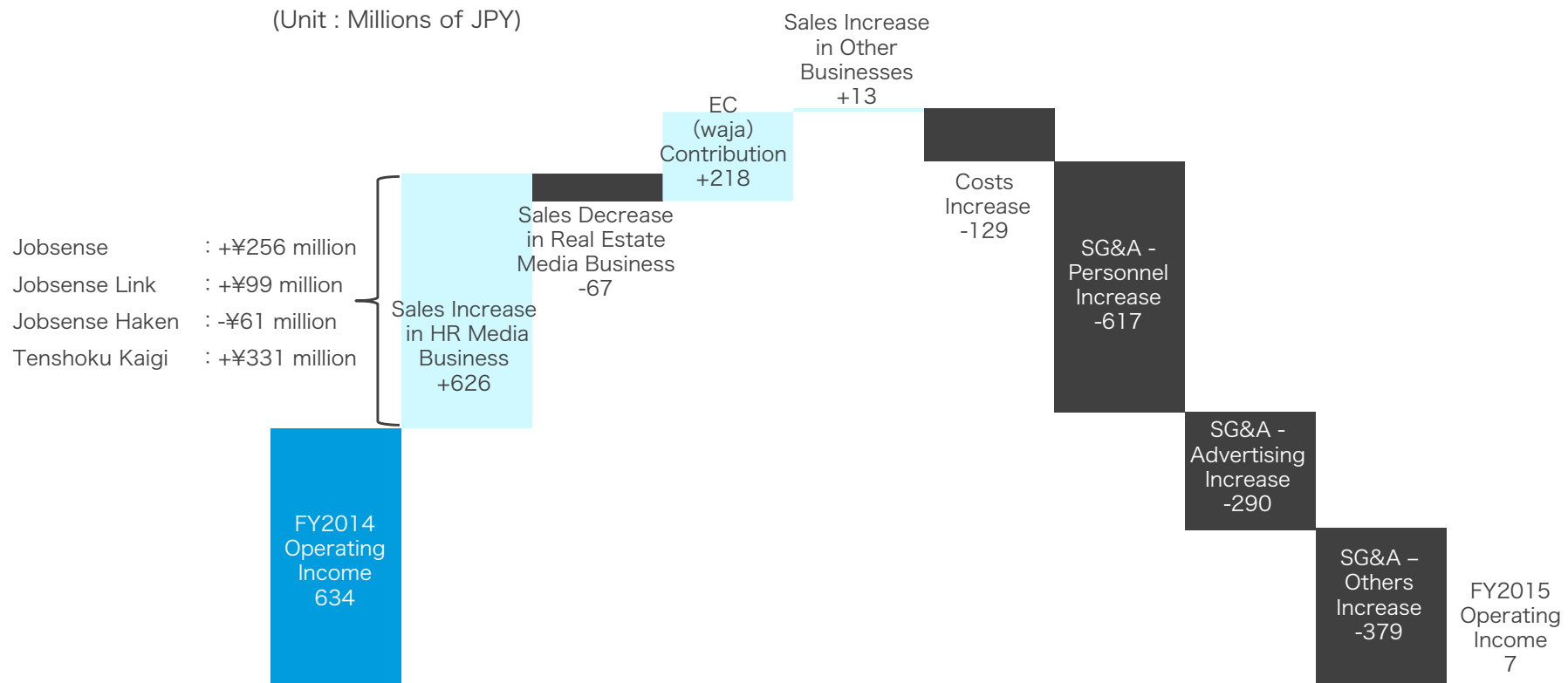
1-14 Operating Income (Segment)

SG&A expenses were successfully controlled and adjusted in 4Q, and profit increased QoQ driven by HR Information Media Business



1-14 Operating Income (YoY Comparison, Cumulative)

Operating income dropped significantly due to increase in personnel and other costs despite increase in earnings in HR Information Media Business and contribution of “waja” to consolidated results



2-1 Management Approach for FY2016

Subject	Approach
Points of differentiation with other media	<ul style="list-style-type: none">• Strengthening of user retention utilizing proprietary setup, including monetary gifts and function of sharing corporate reputation(word-of-mouth communication)• Expansion of service lineup and fee plans for corporate customers
Business management system	<ul style="list-style-type: none">• Careful examination of progress on estimated and actual results in existing businesses and strengthening of KPI monitoring• Change to organizational system/director in charge• Withdrawal from new businesses/establishment of reinvestment criteria
Employee productivity	<ul style="list-style-type: none">• Adjustment of personnel distribution in new organization• Introduction of well-balanced personnel/evaluation system based on performance, Strengthening of cultivation HR• Trial transfer of some operations to rural area (Miyazaki)

2-2 Business Approach for FY2016

Jobsense	<ul style="list-style-type: none">• Strengthening of user retention utilizing proprietary setup, including monetary gifts and function of sharing corporate reputation• Strengthening of membership and recommendation functions• Strengthening of corporate relations (expansion of optional services and improvement of operational efficiency)
Jobsense Link	<ul style="list-style-type: none">• Strengthening of existing key monetization channels (for recruitment agencies)• Creation of new monetization points (for business companies and others)• Enrichment of Miyazaki Branch
Tensyoku Kaigi	<ul style="list-style-type: none">• Strengthening of existing key monetization channels (for recruitment agencies)• Creation of new monetization points (for business companies and others)
door chintai	<ul style="list-style-type: none">• Increasing of property information postings due to expanding alliance• Creation of new profit channels
Other Businesses	<ul style="list-style-type: none">• New internal businesses : Early monetization, withdrawal/establishment of reinvestment criteria• waja (consolidated subsidiary) : Strengthening of business management functions, improvement of website• imitsu (managed jointly with Unilabo) : Strengthening of highly profitable categories

2-3 Financial Forecasts for FY2016

- Increase in income and profit forecasted in fiscal year ending Dec 31, 2016
- Determine whether or not to make medium- to long-term growth investments based on performance by business and progress on KPI during year

(Unit : Millions of JPY)

	FY2015 (Results)	FY2016 (Forecasts)		YoY
Sales	5,069	5,500 ~	5,800	+8.5% ~ +14.4%
Operating Income	7	100 ~	150	+1189.6% ~ +1834.4%
	0.1%	-	-	-
Ordinary Income	19	115 ~	165	+500.2% ~ +761.2%
	0.4%	-	-	-
Net profit	10	60 ~	95	+452.5% ~ +774.8%
	0.2%	-	-	-
EPS (JPY)	0.39	2.14 ~	3.38	+448.7% ~ +766.7%

3-1 4QFY2015 Financial Results (consolidated)

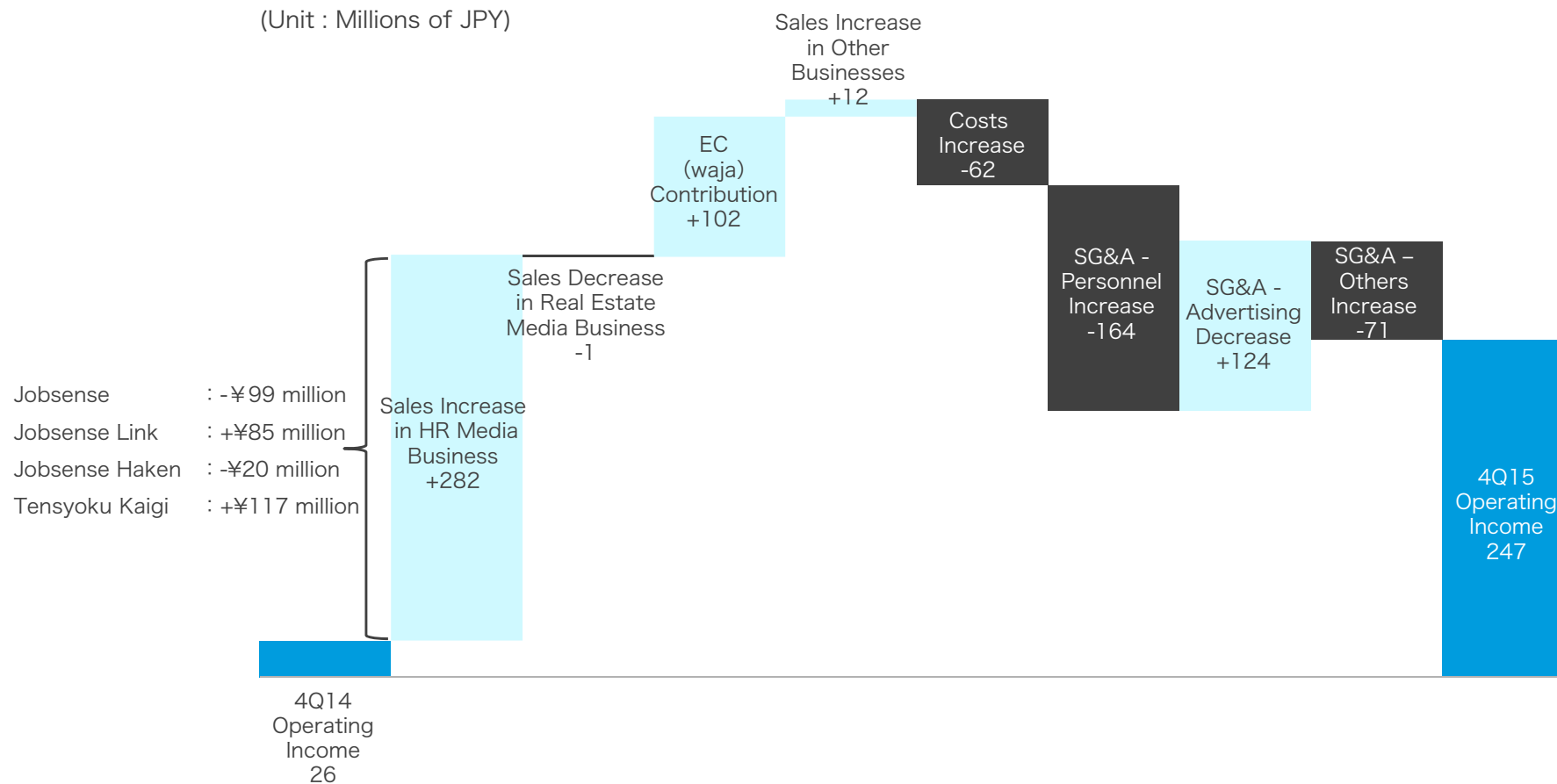
(Unit : Millions of JPY)

	4Q14	4Q15	YoY
Sales	1,048	1,444	+37.8%
Sales Cost	76	139	+82.9%
	7.3%	9.6%	+2.4%
Gross Margin	972	1,304	+34.2%
	92.7%	90.3%	-2.4%
SG&A Expenses	945	1,057	+11.9%
	90.2%	73.2%	-17.0%
Operating Income	26	247	+850.0%
	2.5%	17.1%	+14.6%
Ordinary Income	30	252	+740.0%
	2.9%	17.5%	+14.6%
Net Pretax Profit	30	252	+740.0%
	2.9%	17.5%	+14.6%
Net profit	31	166	+435.5%
	3.0%	11.5%	+8.5%

SG&A : Advertising expenses : -¥124 million
: Personnel expenses, etc. : +¥617 million

3-2 Operating Income (YoY Comparison, Quarterly)

Operating income increased substantially YoY thanks to increased earnings in HR Information Media Business and contribution of efforts to control and adjust advertising costs



3-3 Balance Sheet Statement

(Unit : Millions of JPY)

	FY2014	FY2015	YoY
Current assets	3,003	2,785	-7.3%
Cash and deposits	2,434	1,954	+19.7%
Accounts receivable	448	625	-39.5%
Fixed assets	418	860	-105.7%
Tangible fixed assets	111	131	-18.0%
Intangible fixed assets	22	405	1,036.1%
Investments and other assets	284	323	-13.7%
Total assets	3,422	3,645	-6.5%
Current liabilities	347	542	-56.2%
Accounts payable	181	174	+3.9%
Fixed liabilities	0	3	-
Total liabilities	347	545	-57.1%
Shareholders' equity	3,046	3,064	-0.6%
Capital	228	232	-1.8%
Capital reserve	213	217	-1.9%
Accumulated earnings	2,605	2,616	-0.4%
Stock warrants	19	13	+31.6%
Total net assets	3,075	3,099	-0.8%

3-4 Cash Flow Statement

(Unit : Millions of JPY)

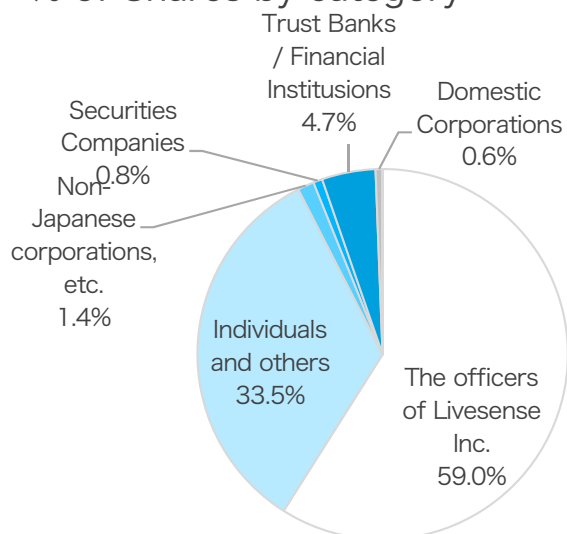
	FY2014	FY2015
Cash flows from operating activities	10	-89
Income before income taxes	632	53
Depreciation and amortization	47	52
Decrease (increase) in notes and accounts receivable	-4	-184
Increase (decrease) in accounts payable	-19	-42
Income taxes paid	-665	-107
Cash flows from investing activities	-131	-402
Payments for purchase of tangible fixed assets	-33	-56
Payments for purchase of intangible fixed assets	-4	-61
Payments for purchase of investment securities	-41	-28
Proceeds from sales of investment securities	-	53
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	-268
Cash flows from financing activities	8	1

3-5 Record of Recent Major Publicity Events

2016.01.20	Nikkei BP
2016.01.19	FBS Fukuoka
2016.01.18	Shukan Jutaku Shimbun
2016.01.18	Nikkei Business
2016.01.09	THE21 Jan. issue
2015.12.25	Sankei Shimbun
2015.12.18	SoftwareDesign Jan. issue
2015.12.03	NEWS ZERO (Nihon TV)
2015.12.03	N Sta(TBS)
2015.11.27	Fuji Sankei Business Eye
2015.11.14	AERA with Kids
2015.11.09	Shukan Jutaku Shimbun
2015.10.31	Nihon Keizai Shimbun
2015.10.23	CNET Japan
2015.10.13	Reform Sangyo Shimbun
2015.10.10	THE21 Oct. issue
2015.10.10	Nikkei Big Data
2015.09.14	Shukan Jutaku Shinbun
2015.09.11	Syukatsu no Ou (Tokyo FM)
2015.09.10	Nikkei Sangyo Shimbun
2015.09.06	Nikkei Veritas
2015.08.31	Shukan Jutaku Shinbun
2015.08.28	Nihon Fudosan Keizai Tushin
2015.08.28	Nikkei MJ
2015.08.27	Nihon Keizai Shimbun morning edition
2015.08.01	Nikkei top leaders Aug. edition
2015.08.01	Miyazaki NichiNichi Shimbun edition
2015.07.10	THE21 Jul. issue

3-6 Stock Information (As of Dec 31, 2015)

- Stock Price
 - Lowest listed price : 223円
(Dec. 7, 2011)
 - Highest listed price : 3,255円
(Jul. 2, 2013)
 - Yearly low : 325円
(Dec.25, 2015)
 - Yearly High : 792円
(Feb. 12, 2015)
 - Average volume : 127,280 Stock /day
(Jan.-Dec. 2015)
- Issued shares : 28,096,000
- Number of Shareholders : 10,179
- % of Shares by category



Name	Shares owned	%
Taichi Murakami (President and Representative Director)	13,744,600	48.92%
Daisuke Katsura (Director)	2,698,000	9.60%
Japan Trustee Services Bank, Ltd. (Trust Account)	386,400	1.38%
Tadao Nakata	200,000	0.71%
Yuichi Iwasaki	152,000	0.54%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	147,200	0.52%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	143,500	0.51%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	142,300	0.51%
Japan Trustee Services Bank, Ltd. (Trust Account 3)	140,600	0.50%
Japan Trustee Services Bank, Ltd. (Trust Account 2)	136,100	0.48%

3-7 Corporate Profile

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	Managing Director <ul style="list-style-type: none"> • Taichi Murakami • Daisuke Katsura • Shin Nakajima • Hiroyuki Honda (Outside Director) Statutory Auditors <ul style="list-style-type: none"> • Junichi Ehara • Mitsuru Ozaki (Outside Statutory Auditor) • Nao Yoshizawa (Outside Statutory Auditor)
Capital	¥232 million (As of Dec 31, 2015)
Business Results (Consolidated)	FY2015 Net Sales : ¥5,069 million , OP : ¥7million
Number of Employees (Non-consolidated)	Full-time : 192, Part-time & Temp. : 212 (As of Dec 31, 2015)
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.