



Financial Results
for FY2016

February 13, 2017
Livesense Inc.
(TSE1 : 6054)

Executive Summary

| Sales increased YoY and operating income increased substantially.

- **Net Sales** ¥5,365 million (YoY +¥296 million, 5.8%)
- **Operating Income** ¥515 million (YoY +¥508 million, 6550.9%)

| With prioritization of productivity improvement, Jobsense sales decreased, while Tenshoku Kaigi sales continued to increase.

As a result, HR business maintained its sales (YoY -0.3%), but monetization progressed in new business domains.

- Jobsense sales was YoY -10.4%, focusing on productivity resulting in more efficient ad spend
- Tenshoku Kaigi sales increased YoY +38.0% with new monetization measures, such as enterprise services, progressing
- Monetization progressed with IESHIL, our real estate information service, and Tenshoku Draft, our IT engineer competitive bidding service which launched in 2016. 1 in 4 - 5 new graduate job seekers have registered for Syukatsu Kaigi, the new graduate employment support service

| In addition to productivity improvement initiatives such as efficient ad spend and relocation/expansion of the Miyazaki Office, growth investments were made in 2H, including brand recognition measures. Advertising cost control is stricter, but improving productivity per employee continues to be a challenge.

- Advertising costs ¥1,132 million (YoY -27.9%)
- Personnel expenses ¥2,085 million (YoY +14.5%)

Agenda

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Financial Results for FY2016

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FY2017 Business Strategy and Financial Forecast

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1. Financial Results for FY2016

FY2016 Financial Results

- Sales increased while both operating income and ordinary income increased substantially with productivity improvement measures
- Net income was positive, despite a goodwill impairment loss (¥318 million).

(Millions of JPY)

	FY2016	FY2015	YoY
Net Sales	5,366	5,069	+5.9%
Gross Margin	4,858	4,636	+4.8%
SG&A Expenses	4,343	4,628	-6.2%
Operating Income	515	7	+6547.6%
Operating Margin(%)	9.6%	0.2%	+9.5pt
Ordinary Income	574	19	+2899.1%
Extraordinary Loss*	347	5	+6417.5%
Profit before income taxes	226	53	+324.5%
Profit attributable to owners of parent	28	10	+161.5%

* Goodwill impairment loss associated with consolidated subsidiary waja, etc.

Management Review for FY2016

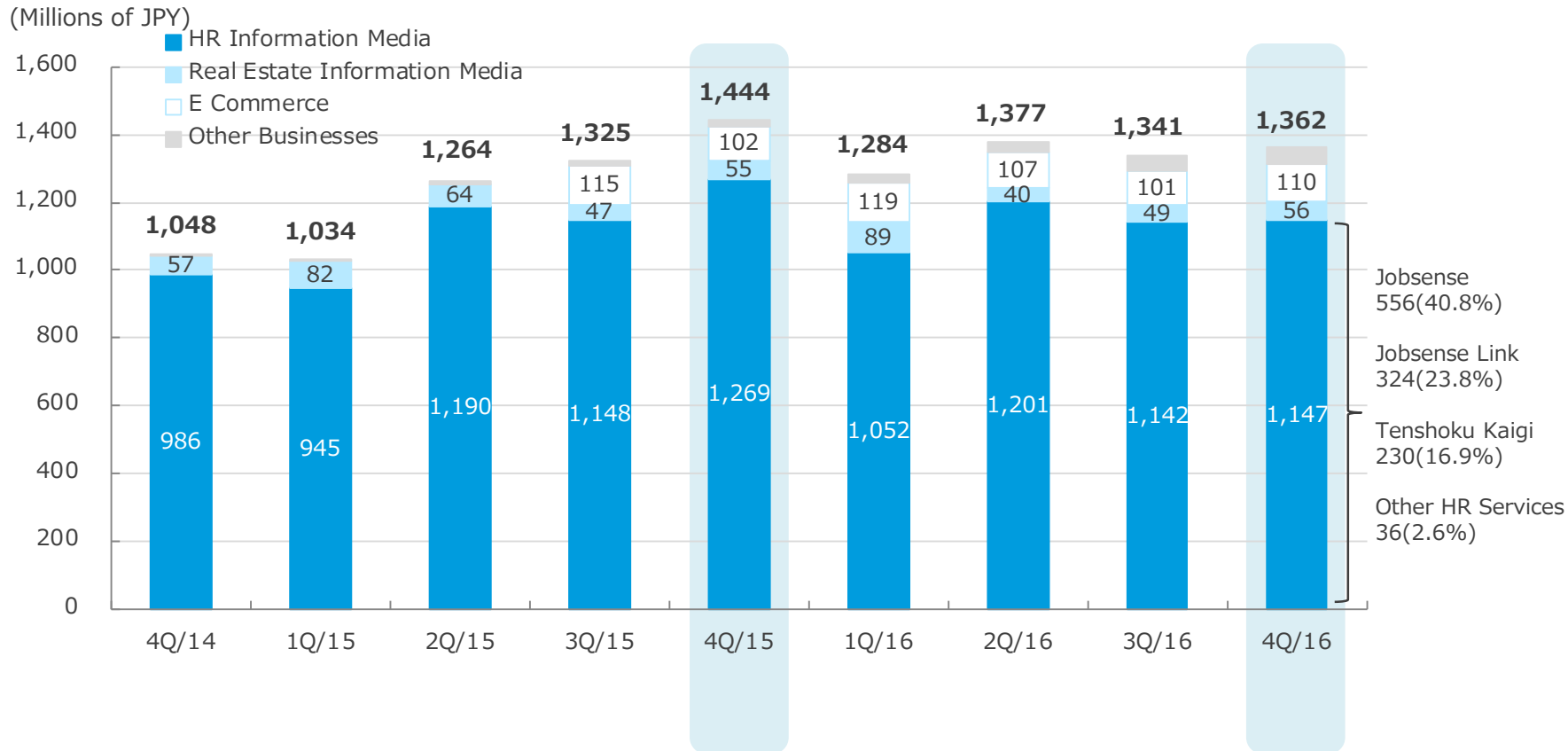
Company-wide		<ul style="list-style-type: none"> Stronger management structure and productivity achieved resulting from efficient ad spend and expansion of Miyazaki Office Proprietary analytics platform contributed greatly to business improvements, with further development and utilization planned
Human Resources	Jobsense	<ul style="list-style-type: none"> Focus on increasing number of job posts and users, utilizing strengths of success fee-based model, and implementing appropriate recommendations In 2H, focus was on investments and hypothesis testing, including test sales of new pricing plan
	Jobsense Link	<ul style="list-style-type: none"> Accuracy of job applicant and company matches in recommendations and job searches improved based on data analysis Improved productivity of job applicant telephone support at Miyazaki Office. Organizational cooperation strengthened with Jobsense
	Tenshoku Kaigi	<ul style="list-style-type: none"> Steady growth of lead generation to major job posting sites and recruitment agencies “Tenshoku Kaigi BUSINESS” services for enterprises released. Now possible for enterprises to approach potential career changers directly
	Syukatsu Kaigi	<ul style="list-style-type: none"> Improved content and site functionality. Number of entry sheets and other content improved to highest level in industry Cumulative number of members surpassed 140,000. 1 in 4 or 5 new graduate job seekers in 2017 have registered for Syukatsu Kaigi

Management Review for FY2016

Real Estate	DOOR Chintai	<ul style="list-style-type: none"> • New housing-related services (moving, etc.), optimization of monetary gifts (up to ¥40,000), and test sales of new pricing plans launched • Conducted feasibility study and various trials for future services
	IESHIL	<ul style="list-style-type: none"> • AI Advisor service where proprietary AI introduces real estate agencies based on user needs launched. New monetization measures implemented • Expanded real estate agency partner network. External network also strengthened, including participation of US-based Zillow at our co-hosted event
EC	waja (consolidate subsidiary)	<ul style="list-style-type: none"> • User acquisition through enhancement of web and e-mail marketing • Grew product lineup by enhancing support for major waja buyers • Increased product listings on REASON Outlet and acquired new brands
Others	New Businesses	<ul style="list-style-type: none"> • Chiryō Note: Unique users growing steadily. Patient-to-patient Q&A launched as new feature • Tenshoku Draft: Tenshoku Draft, which allows companies to bid on engineers, held three times Number of participants, companies and draft picks grew as planned • imitsu: Website fully redesigned in September. Number of corporate users surpassed 25,000, and total amount of orders surpassed ¥30 billion. Category expansion strengthened

Sales

Sales decreased in HR Information Media due to prioritization of productivity improvement. YoY -5.7%.

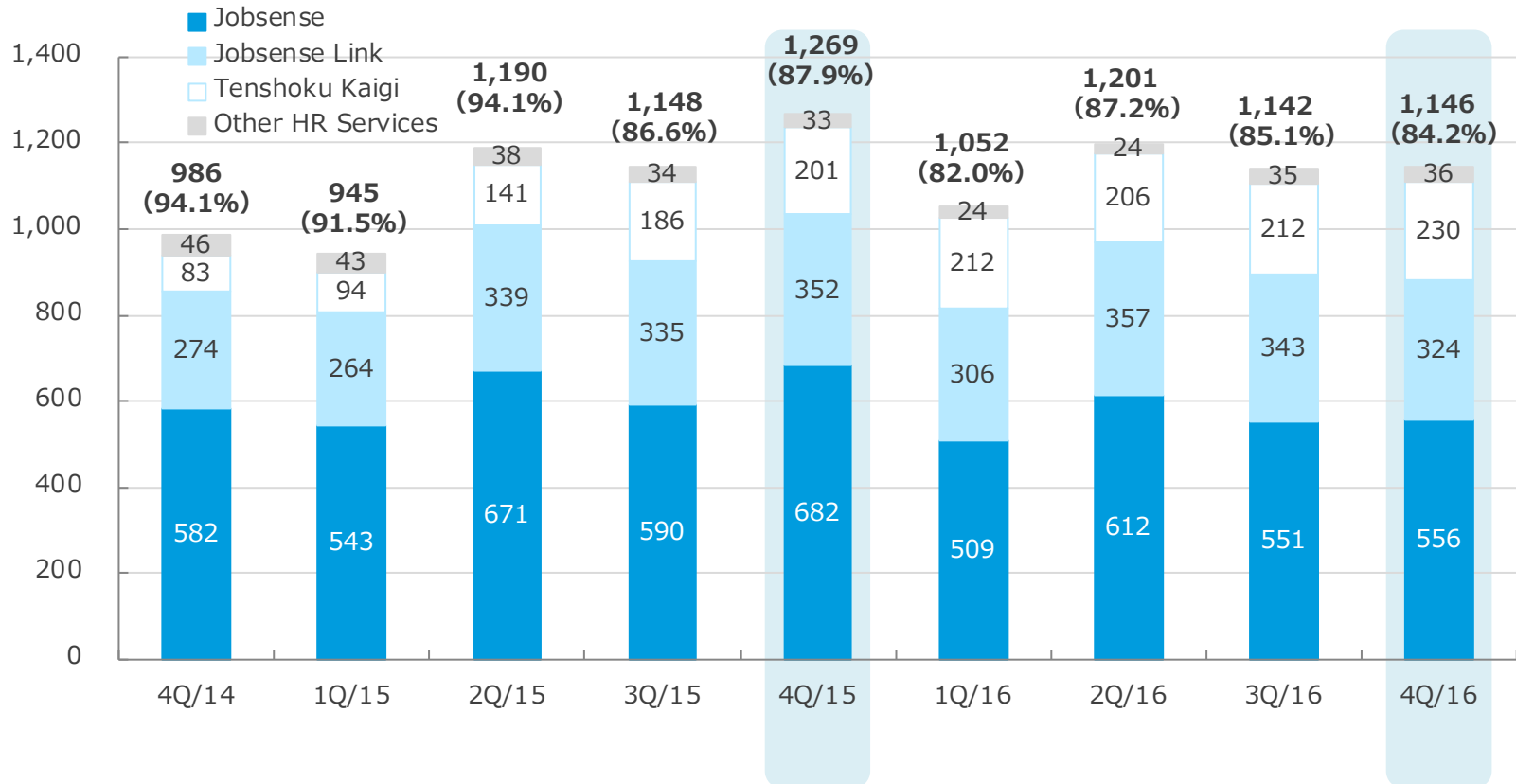


Sales Breakdown - HR Information Media

- Jobsense sales decrease continued due to prioritization of productivity improvement. YoY +18.4%.
- Continued progress on monetization measures for Tenshoku Kaigi resulted in 14.3% increase in sales YoY.

(Millions of JPY)

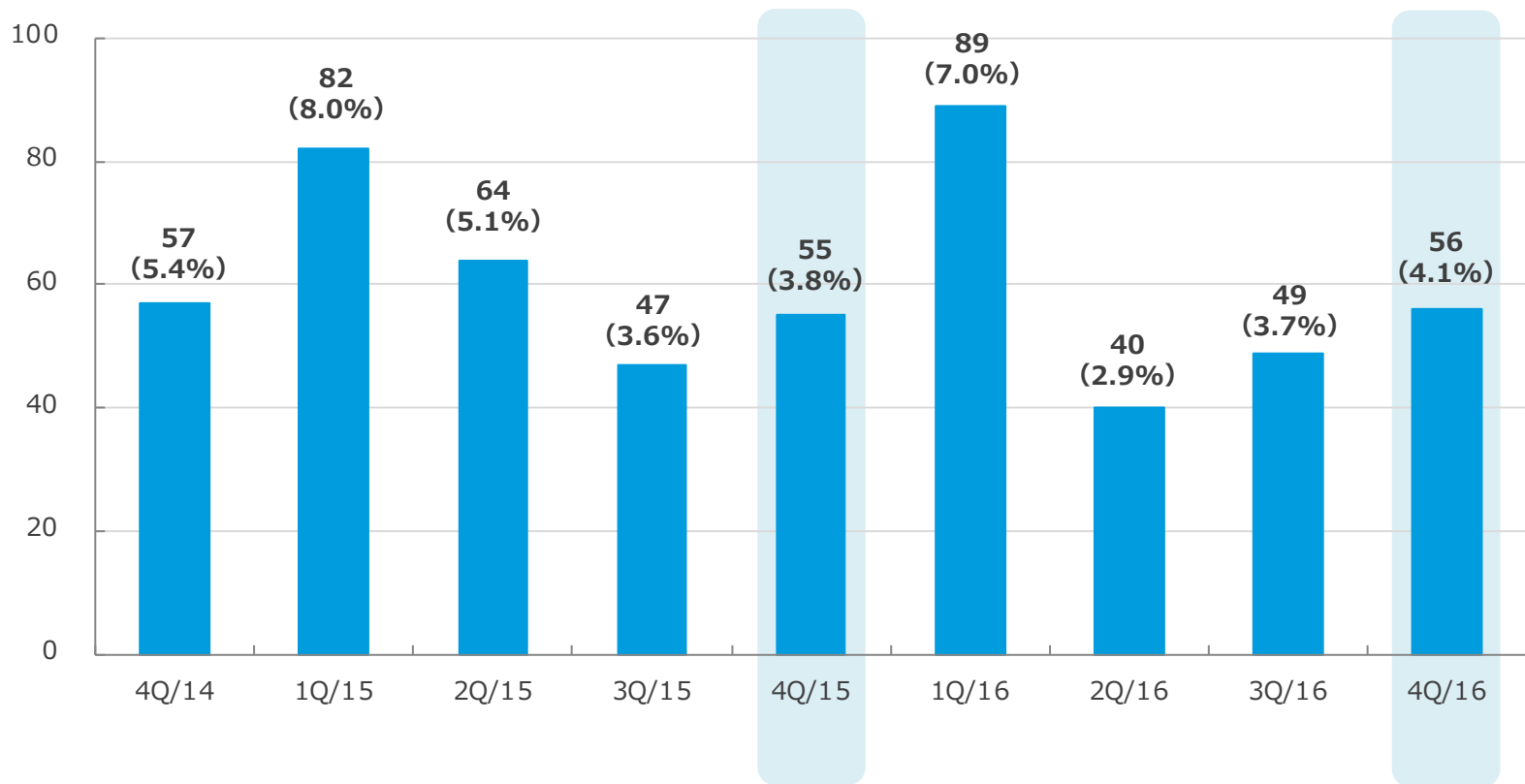
(%):percent of sales



Sales Breakdown - Real Estate Information Media

**Sales on recovery trend QoQ with launch of IESHIL monetization measures.
+1.3% YoY.**

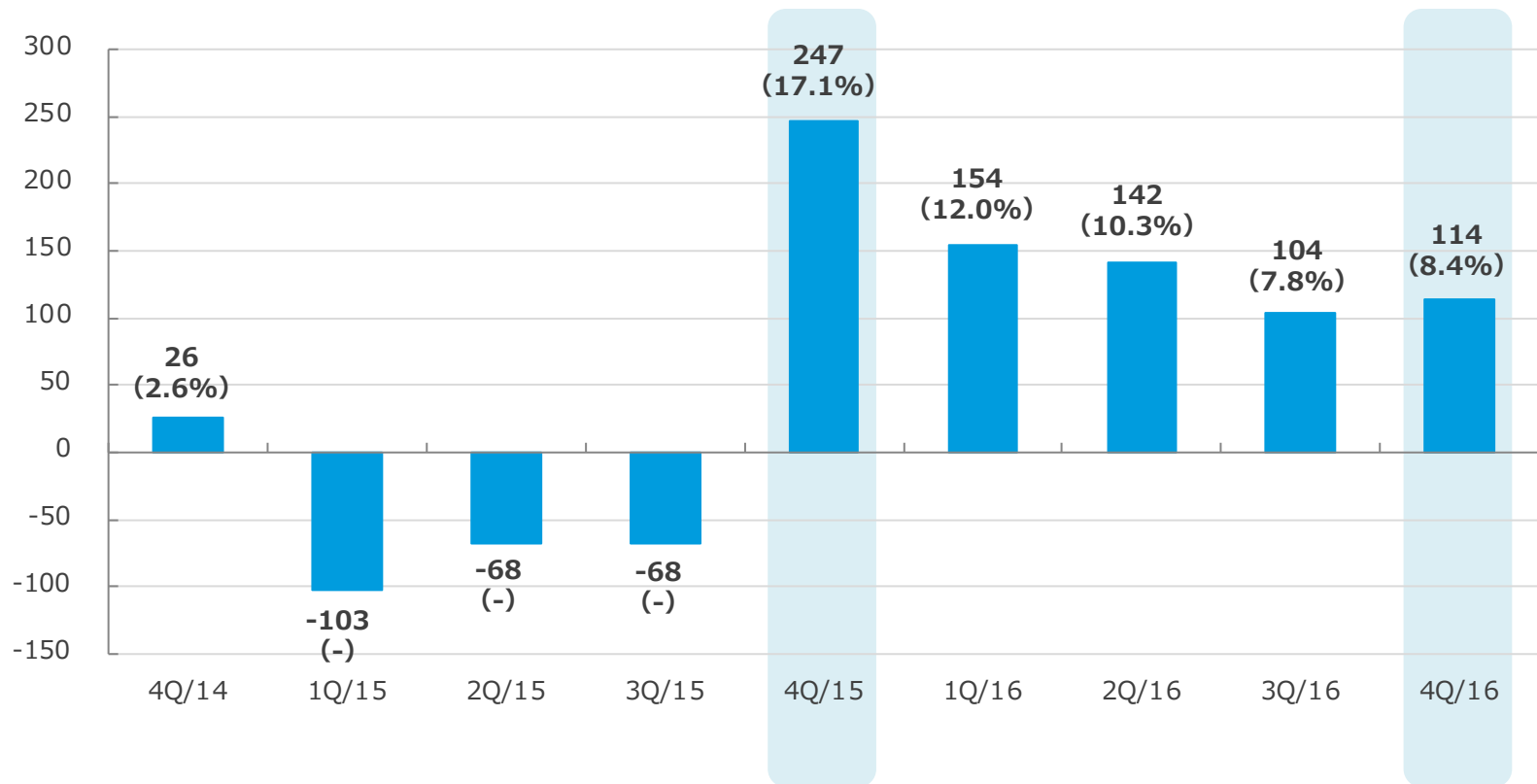
(Millions of JPY)
(%):percent of sales



Operating Income

Continued growth investments, but productivity improvement resulted in continued profitability. Year-on-year, profits were down.

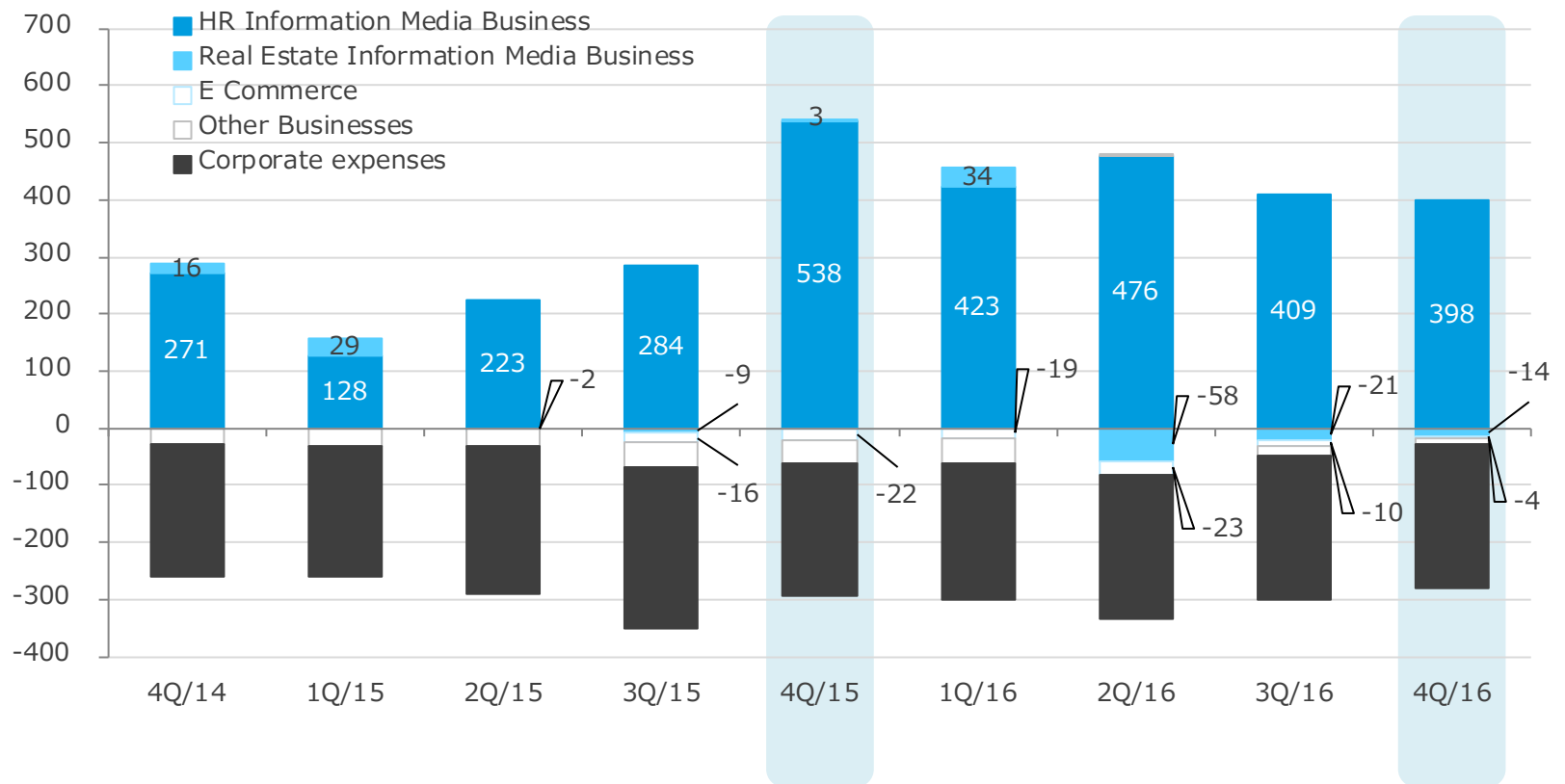
(Millions of JPY)
(%):percent of sales



Operating Income – By Segment

By segment, dependence on HR business for profit continued.

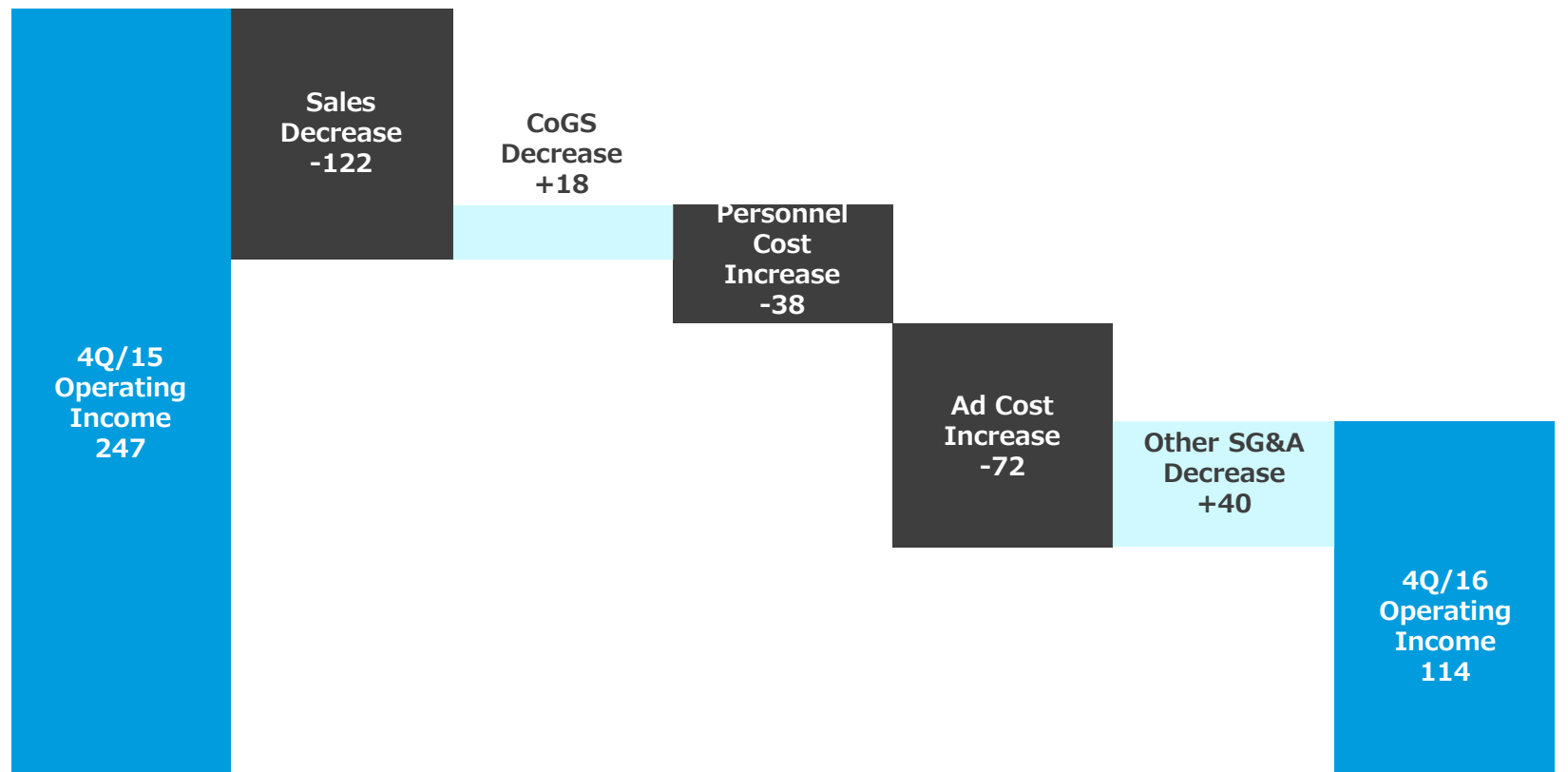
(Millions of JPY)



Operating Income - YoY Comparison, Quarterly

Profits decreased with decreased sales from prioritization of productivity improvement, and growth measures resulting in increased advertising and personnel costs.

(Millions of JPY)

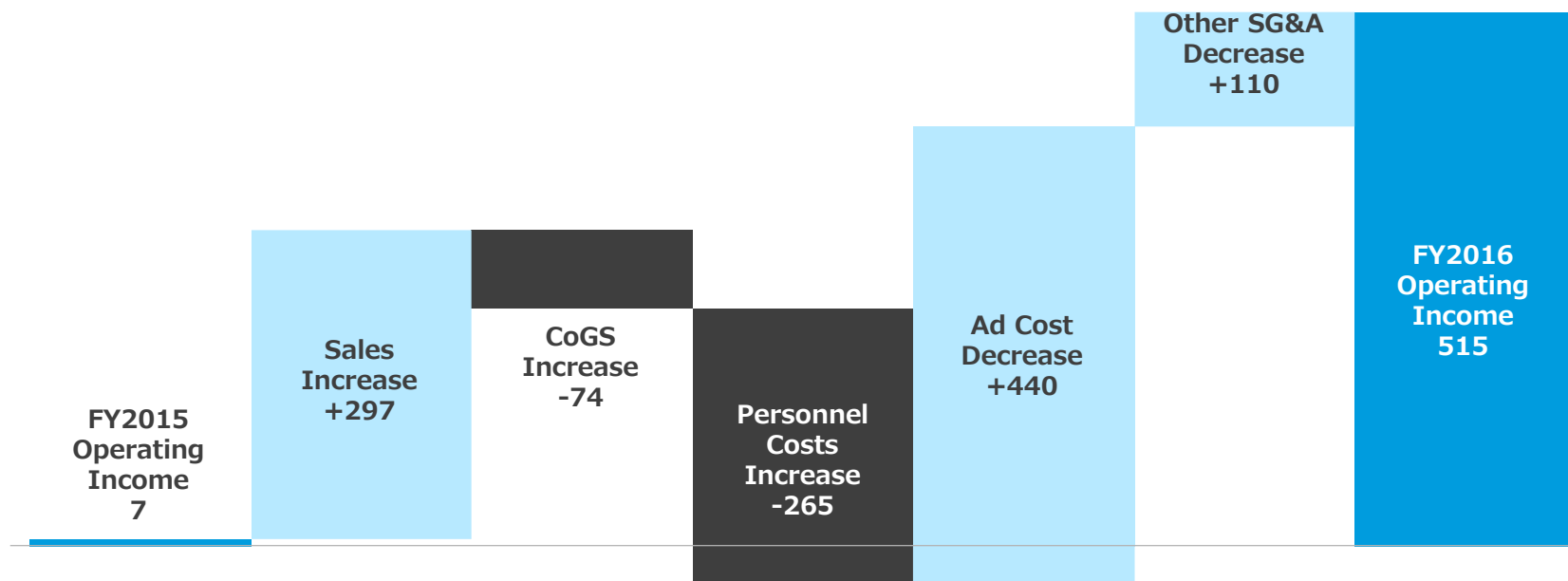


*Change in sales changed to total amount as of this consolidated 4Q

Operating Income - YoY Comparison, Cumulative

- | Sales increased as a result of waja contribution to full-year results.
- | With progress on measures to improve productivity, advertising costs were substantially reduced.

(Millions of JPY)



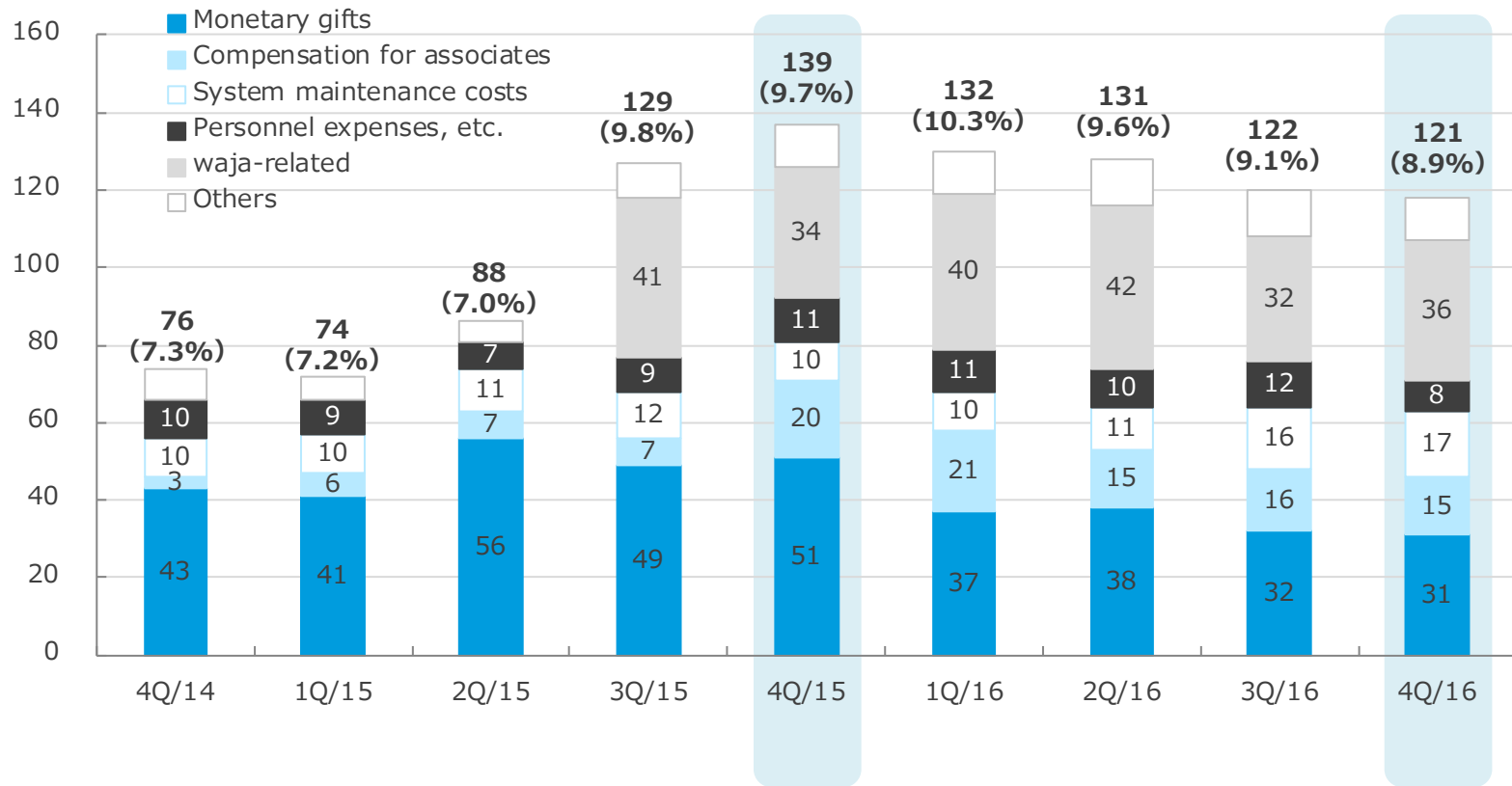
*1 Change in sales changed to total amount as of this consolidated 4Q

*2 waja P/L included in consolidated results as of 3Q 2015. Contributing to full-year results as of this year.

Sales Costs

Monetary gifts fluctuated, but other costs remained relatively stable.

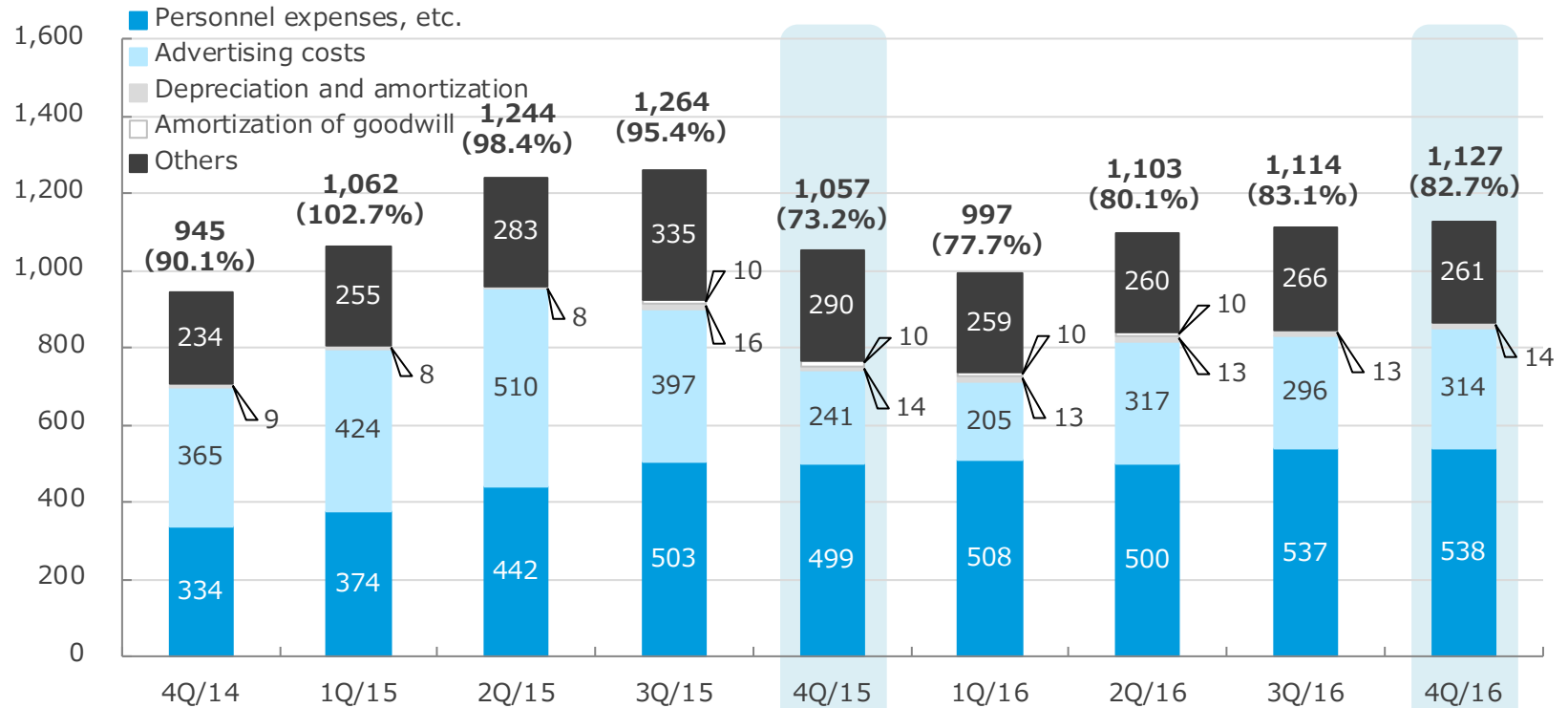
(Millions of JPY)
(%): percent of sales



SG&A Expenses

- Advertising costs increased 30.0% YoY for growth investments while optimizing ad spend.
- Other costs down 10.5% YoY with efficient management/reduction of administrative and other expenses.

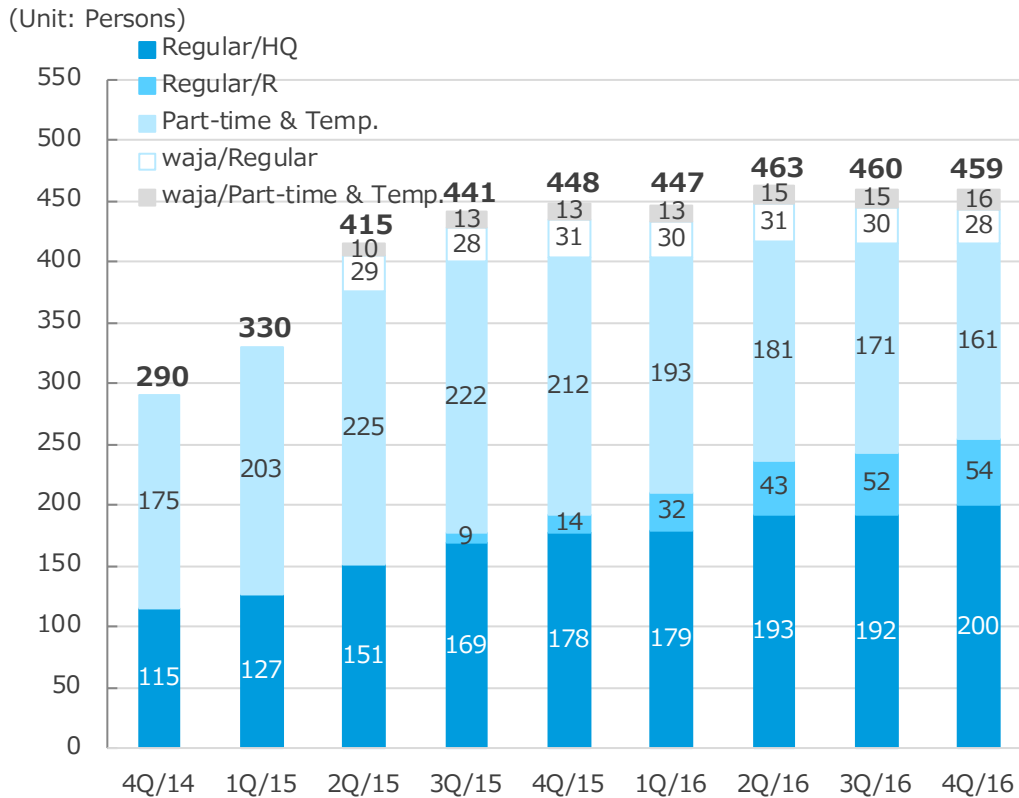
(Millions of JPY)
(%):percent of sales



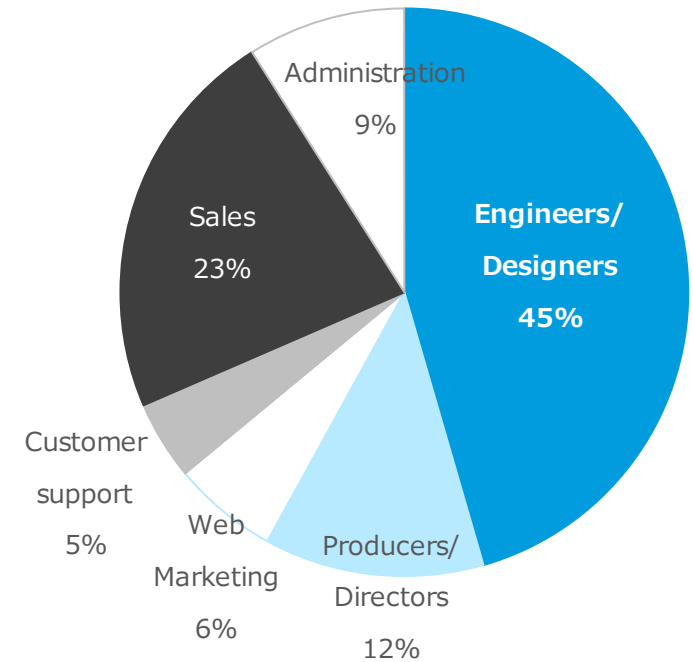
Employees

Local full-time employees (Miyazaki) hired primarily for customer support. Quality and Productivity improved with high loyalty.

No. of Employees (Consolidated)



Breakdown of Full-time Employees (Non-consolidated/excluding Miyazaki)



2. FY2017 Business Strategy and Financial Forecast

Management Approach for FY2017

Policy

Establish strength (competitive advantage) to create “the next common” as part of our corporate vision “Invent the next common”

- With 10 years past since establishment, the next 10 years positioned as “Decade of the organization”
Our people will be the core of competitive advantage through various initiatives, including strengthening of inter-business collaboration, self-career development and organizational PDCA cycle efforts
- Analyze big data such as user actions with proprietary analytics platform. Provide value in anticipation of latent demand and develop competitive advantage. Data analytics to be core competence

Measures

Invest in advertising, technology and human resources for medium-term growth

- Invest hundreds of millions of yen in future-oriented promotions and brand development costs not tied to current sales
- Establish a company-wide data analysis organization to accelerate data gathering and utilization
Strengthen organizational / personnel investment to make the organization the technical foundation of our future competitive advantage
- Continue local hiring of full-time employees at Miyazaki Office. Target double-digit hiring of new graduates and lateral hires at headquarters

Business Strategy for FY2017

Human Resources	Jobsense	<ul style="list-style-type: none">• Utilize strength of success fee-based model and "accuracy and speed" to be the overall concept. Make job searching and job experiences more fulfilling• Increase investment in areas where strengths of success fee-based model can be leveraged, such as increasing number of job posts and users, recommendations and optimization of monetary gifts
	Jobsense Link	<ul style="list-style-type: none">• Enhance usability(UI/UX), continue to increase job applicant / company matching accuracy utilizing data, and improve hiring rate• Further refine Miyazaki Office operations (coordination between Jobsense and Jobsense Link) and increase added value only a local facility can provide
	Tenshoku Kaigi	<ul style="list-style-type: none">• Roll out job recruiting services utilizing strength of reviews• Strengthen both lead generation to major job posting sites / recruitment agencies and business model of Tenshoku Kaigi Business service for enterprises
	Syukatsu Kaigi	<ul style="list-style-type: none">• Pursue original value together with profitability. Maximize influence with students as go-to site for job searching• Improve content and site functionality. Further refine original content

Business Strategy for FY2017

Real Estate	IESHIL DOOR Chintai	<ul style="list-style-type: none"> • Further improve and develop site value, including enhancement of data on living environments • Provide information based on user needs and increase matching with real estate agencies • Accumulate knowledge regarding site improvements and roll-out to other sites
EC	waja (consolidate subsidiary)	<ul style="list-style-type: none"> • Make a fresh start after impairment and redefine value proposition • Implement new strategies and initiatives such as “anshin guarantee” • Continue promoting REASON OUTLET and strengthen marketing
Others	New Businesses	<ul style="list-style-type: none"> • Chiryō Note: Gather patient experiences based on CGM and Q&A to establish business model • Tenshoku Draft: Make the job market transparent and a “world where talent is evaluated fairly” Increase number of drafts held, job categories and raise marketing efforts • imitsu: Continue to increase value of key categories Also focus on customer acquisition such as SEO

Financial Forecasts for first half of 2017FY

- Increased sales expected in 1H, but investment for medium-term growth will continue. Decline in profits and operating loss expected for 1H. Profits expected for full year.
- Aggressively invest* in advertising, technology and human resources to establish foundation for competitiveness.

(Millions of JPY)

	H1/17 (Forecasts)	H1/16 (Results)	YoY
Sales	3,000	2,661	+12.7%
Operating Income	-40	296	-

*See P19 for investment details.

Looking Ahead to Next 10 Years: Livesense's Origin

| Corporate vision

Invent the next common

| Story behind logo



"Ideas"

By questioning existing ordinary thinking, new ideas are born.



"Constant Effort"

As the Japanese proverb "falling rain drops carve out the rock" goes, falling drops express Livesense's constant and thorough effort. Through this effort, we will permeate society with new services and new ways of thinking and changing the way the world exists.



LIVESENSE

Invent the next common

3. Appendix

4QFY2016 Financial Results (consolidated)

(Millions of JPY)

	4Q/16	4Q/15	YoY	3Q/16	QoQ
Net Sales	1,363	1,444	-5.6%	1,341	+1.6%
Gross Margin	1,241	1,304	-4.8%	1,219	+1.8%
SG&A Expenses	1,127	1,057	+6.6%	1,114	+1.2%
Operating Income	114	247	-53.9%	104	+8.7%
Operating Margin(%)	8.4%	17.1%	-8.8pt	7.8%	+0.5pt
Ordinary Income	147	252	-41.6%	123	+19.0%
Extraordinary Loss	29	5	+452.1%	0	+12339.7%
Profit before income taxes	117	252	-53.3%	123	-4.6%
Profit attributable to owners of parent	80	166	-51.8%	77	+3.6%

Balance Sheet Statement

(Millions of JPY)

	4Q/16	4Q/15	YoY	3Q/16	QoQ
Current assets	3,511	2,785	+26.1%	3,288	+6.8%
Cash and deposits	2,734	1,954	+39.9%	2,493	+9.7%
Fixed assets	472	860	-45.1%	498	-5.3%
Tangible fixed assets	96	131	-26.4%	108	-10.9%
Intangible fixed assets	77	405	-80.9%	112	-30.8%
Investments and other assets	297	323	-7.8%	278	+7.1%
Total assets	3,983	3,645	+9.3%	3,787	+5.2%
Current liabilities	851	542	+57.1%	743	+14.6%
Fixed liabilities	6	3	+70.9%	6	-0.3%
Total liabilities	858	545	+57.2%	749	+14.5%
Common stock	232	232	+0.1%	232	+0.0%
Total Equity	3,125	3,099	+0.9%	3,037	+2.9%
Total liabilities and equity	3,983	3,645	+9.3%	3,787	+5.2%

Cash Flow Statement

(Millions of JPY)

	FY2016	FY2015
Cash flows from operating activities	879	-89
Profit before income taxes	226	53
Depreciation and amortization	74	52
Amortization of goodwill	21	21
Impairment loss	347	-
Decrease (increase) in notes and accounts receivable	91	-184
Increase (decrease) in accounts payable-other	68	-42
Income taxes paid	-40	-107
Income taxes refund	26	74
Cash flows from investing activities	-105	-402
Payments for purchase of tangible fixed assets	-26	-56
Payments for purchase of intangible fixed assets	-54	-61
Payments for purchase of investment securities	-33	-28
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	-268
Cash flows from financing activities	6	1
Net increase (decrease) in cash and cash equivalents	780	-490
Cash and cash equivalents, end of the period	2,724	1,944

Stock Information(As of Dec 31, 2016)

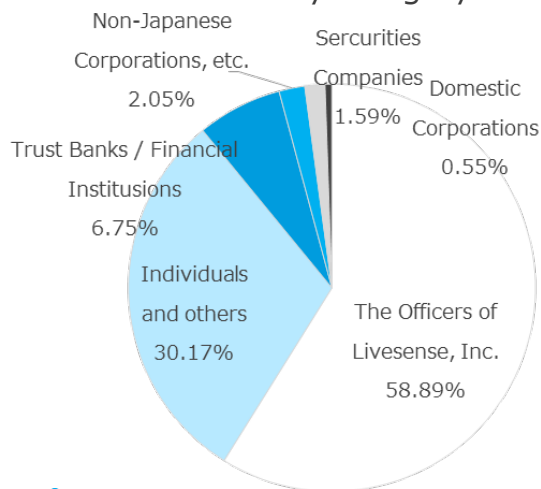
• Stock Price

- Lowest listed price : ¥237
(Feb. 12, 2016)
- Highest listed price : ¥3,255
(Jul. 2, 2013)
- Yearly low : ¥237
(Feb. 12, 2016)
- Yearly High : ¥564
(May. 16, 2016)
- Average volume : 188,076 Stock /day
(Jan.~Dec. 2015)

• Issued shares : 28,105,600

• Number of Shareholders: 8,780

• % of Shares by category



Name	Shares Owned	%
Taichi Murakami (President and Representative Director)	13,744,600	48.90%
Daisuke Katsura (Director)	2,698,000	9.59%
Japan Trustee Services Bank, Ltd. (Trust Account)	677,900	2.41%
The Master Trust Bank of Japan ,Ltd. (Trust Account)	367,500	1.30%
Kenta Iwami	209,200	0.74%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	196,900	0.70%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	172,800	0.61%
Yuichi Iwasaki	152,000	0.54%
Tadao Nakata	150,000	0.53%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	148,000	0.52%

Record of Recent Major Publicity Events

Jan. 24, 2017	iPhone app for Jobsense Link career change employment information site covered by Itmedia
Jan. 24, 2017	iPhone app for Jobsense Link career change employment information site covered by K-tai Watch
Jan. 18, 2017	Interview of representative posted on Itmedia Executive
Jan. 9, 2017	Interview of representative posted in Nikkei Business
Jan. 2, 2017	IESHIL real estate information service covered by Building Management Weekly
Dec. 20, 2016	Interview of representative posted in guidebook for Japan Chamber of Commerce and Industry's Official Business Skill Test in Book-keeping
Nov. 4, 2016	IT engineer career change website Tenshoku Draft covered by ITpro (Nikkei Computer)
Nov. 1, 2016	Interview of female engineer posted on RBB TODAY
Oct. 18, 2016	IESHIL real estate information service covered by The Remodeling Business Journal
Oct. 13, 2016	IESHIL real estate information service covered by CNET Japan
Oct. 13, 2016	IESHIL real estate information service covered by Nikkan Fudosan Keizai Tsushin
Oct. 9, 2016	IESHIL real estate information service covered by Nikkei Veritas
Oct. 3, 2016	Interview of representative posted on Miyazaki informational website "20do"
Sep. 15, 2016	IESHIL real estate information service covered by Nikkan Fudosan Keizai Tsushin
Sep. 5, 2016	IESHIL real estate information service covered by "Big Data, IoT, AI Overview 2016-2017"
Sep. 2, 2016	imitsu supplier search service covered by Nikkei Sangyo Shimbun
Sep. 2, 2016	imitsu supplier search service covered by THE BRIDGE

Corporate Profile

Company Name	Livesense Inc.
CEO/Founder	Taichi Murakami
Business Philosophy	Happiness Begetting Happiness.
Corporate Vision	Invent the next common.
Established	February 8, 2006
Date listed	TSE 1st Section : October 1, 2012 TSE Mothers : December 7, 2011
Number of Employees (Non-Consolidated)	Full-Time :254



LIVESENSE

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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.