

Company Information and Description of Business**Q1) Tell me about the history of Livesense.**

A1) Taichi Murakami presented his business plan at a business plan contest held as part of the “Entrepreneur Training Course” held during his freshman year at Waseda University. Murakami received an excellence award for his business plan, which would become the base for affiliate marketing model part-time employment information site “JOBSENSE”, currently operated by this company. Later, after experiencing internships at Daiwa Institute of Research Holdings, Ltd. and at an internet-related venture business, Murakami established Livesense in February 2006 (at the time, Murakami was age 19 and a university freshman).

Q2) What is the meaning of the company name Livesense?

A2) The name Livesense is based on the words live and sense.
Please see this page (<http://en.livesense.co.jp/company/sense.htm>) concerning the philosophy behind the company name and our management philosophy.

Q3) Tell me about your employees.

How many employees are there and how is your company division structured?

What is the average employee age and what are your future hiring plans?

A3) As of March 2013, we had 60 full-time employees and 62 part-time and contract employees. The employee breakdown by division is systems engineers, programmers and designers: 42%, producers and directors: 22%, customer support: 18%, sales: 5%, and management: 13%. A characteristic of our company is that our technology division is large and our sales division is small. The average age of full-time employees is 29.9 years. Concerning future hiring, we believe that securing elite personnel is a key to growth and thus we aggressively conduct recruiting. In general, we plan to maintain the personnel structures of each division while hiring some 20-30 people (approximately three new graduates) per year. Company hiring information can be found here.

Q4) As a company, what does Livesense do?

A4) Livesense manages internet media primarily in the HR information and real estate fields. Click here for details. (<http://en.livesense.co.jp/service/index.htm>)

Q5) There are many websites publishing the same kind of content in the employment information and real estate fields but what sets Livesense apart?

A5) Sites operated by Livesense are unique for being based on an “affiliate marketing” business model. There are no up-front fees for placing ads on our employment or real estate advertising services. A success fee is charged only when the advertiser gets results, such as

hiring an employee or getting an inquiry on a property. Also, a portion of success fees are returned in the form of monetary gifts or cash back for users who are successful with hiring or a tenant agreement.

Click here for details. (<http://en.livesense.co.jp/service/model.htm>)

Q6) What benefits does the “affiliate marketing model” provide the company listing information?

A6) Typical fee-based advertising sites require payment of fees simply for publishing an advertisement regardless of whether or not that listing results in success in the form of employee hiring or real estate inquiries. As such, there is a risk to the company that expenses paid will be wasted.

However, with the “affiliate marketing model,” there is no risk of wasted expenses, meaning that a company can publish more listings until it gets results. Also, Livesense has developed a highly efficient business operations system that does not rely on the number of its sales force by taking advantage of the ability to draw in users in the sites we operate. The savings we achieve in sales costs are reflected in our moderate-fee plan, allowing us to provide a service with significant merits for our business customers.

Q7) With the “affiliate marketing model,” what merits are there for the users who use the site?

A7) The Livesense framework is one whereby since site allows business customers to list information based on a low-risk, low-price model, it is easier to get more information listed on the site. As such, users are able to select employment or real estate information based on their own needs from a larger pool of information.

Furthermore, we provide "job placement monetary gifts" and "cash back" to users who use Livesense sites to respond to employment information or search for real estate, etc., and decide on employment or housing offered by our business customers.

Q8) What are the strengths of Livesense?

A8) In addition to our unique business model, the “affiliate marketing model,” Livesense possesses two technological strengths.

The first is our “web marketing technology” centered on SEO (search engine optimization). This involves working to ensure our company services are displayed at the top of results when an internet user performs a keyword search on a search engine such as Google or Yahoo! Japan, which in turn results in efficient access on our company website by a larger number of users.

Our web marketing technology enables us to acquire new corporate customers without incurring massive advertising costs and while maintaining the minimum number of sales staff. Overall, we are able to provide services that are highly cost competitive.

The second is our “service development capabilities.”

Livesense conducts all service-related processes in-house, from service planning to site

design, system development, and customer support. We constantly consider the perspective of the user to ascertain their needs, maintain a dedication to the smallest specification details, and through trial and error create each service from scratch.

This internalized production leads to the accumulation of service development know-how and has allowed us to create a system for creating new services with efficiency and speed.

Q9) Tell me about the pricing system for your services.

A9) Pricing (success fees) for services provided by Livesense is as follows:

- Part-Time employment information site “JOBSENSE”: 1 person hired - from 30,000 yen
- Full-time employment information site “JOBSENSE Link”: 1 person hired - from 20% of annual salary
- Temp job information site “Jobsense Haken”: 1 registration - from 5,000 yen
- Real estate home rental information site “DOOR Chintai”: 1 inquiry - from 4,000 yen

Furthermore, conditions vary depending on the service. For example, increasing the service rate changes the listing priority within the site and highest possible setting for monetary gifts to users.

Q10) Tell me about the number and types of business customers using your services.

A10) As of March 2013, Livesense had a total of approximately 36,000 business customers using our services.

At present, due to the large number of customers using our part-time employment information site “JOBSENSE,” a relatively large ratio of our customers are sales and service industries such as hospitality and apparel. We have business customers from a wide range of fields include office positions, mass communications, creative, and manufacturing.

Q11) Tell me about the number and characteristics of users using your site.

A11) As of March 2013, the number of Livesense users was approximately 10 million people (monthly unique site visitors).

At present, the characteristics of site users for the employment information media site “JOBSENSE” are as follows: Approximately 70% are age 25 and younger, 60% are female, and 70% are from the Kanto region. The regional breakdown for our real estate information media is 40% are for Kanto and 25% are for the Kansai region.

Livesense will work to strengthen our employment and real estate information listings for areas outside of Kanto so that we may respond to the needs of an even wider range of users.

Q12) In terms of the terminals users use to access your sites, what is the ratio of PC to mobile and what about compatibility for smartphones?

A12) As of March 2013, the PC : mobile ratio for the HR information media site “JOBSENSE” was 45% : 55% and a 70% : 30% PC to mobile ratio for real estate information media. Furthermore, all our services can be viewed from a smartphone. Smartphone usage ratios are approximately 40% for the HR information media site “JOBSENSE” and 25% for real estate information media.

Q13) Tell me about future business expansion.

A13) Livesense will strive to increase medium to long-term corporate value primarily through initiatives for two growth measures.

Click here for details. (<http://en.livesense.co.jp/company/plan.htm>)

Financial results, etc.**Q1) When is your accounting period?**

A1) Financial accounting is conducted in December.

Q2) Tell me about past performance trends.

A2) Click here for information on past results. (<http://en.livesense.co.jp/ir/highlight.htm>)

Q3) When will you next Announce financial results?

A3) Click here for information regarding the next announcement for financial results.
(<http://en.livesense.co.jp/ir/calendar.htm>)

Q4) Tell me about financial results projections for the current period.

A4) Financial results projections for the period ending December 2013 are as follows.

- Net sales: 3,307 million yen (year on year increase of 46.1%)
- Operating income: 1,509 million yen (year on year increase of 33.5%)
- Ordinary income: 1,150 million yen (year on year increase of 35.6)
- Term net profit: 834 million yen (year on year increase of 39.7%).

Q5) Give me a breakdown of segment-based sales.

A5) The breakdown of segment-based sales for period ending December 2012 is as follows.

- HR information media business: 83.9% (JPY 1,900,457 thousand)
- Real estate information media business: 10.9% (JPY 245,959 thousand)
- Other businesses: 5.2% (JPY 117,626 thousand)

Furthermore, we expect to see increased sales contributions from new media including “DOOR Chintai,” the affiliate marketing model home rental information site started in April 2010, and expect the medium to long-term breakdown of net sales to become more dispersed.

Q6) Are there seasonal trends with sales?

A6) Seasonal trends for Livesense sales vary depending on the segment.

With the HR information media business, we tend to see a slight increase in HR information listings and users during the periods from March through May and September through October when generally there is more activity in terms of personnel movements.

With our real estate information media business, there is a trend towards increases in both real estate listing and the number of users between January and March when is typically considered moving season.

Q7) Are sales dependent on any specific corporate customers?

A7) As of March 2013, Livesense services are used by over 36,000 business customers. We have no dependency on any specific business customer and the net sales dependency ratio on our top 10 customers is less than 20%.

Q8) What is “associate fees” recorded under cost of sales?

A8) Livesense enlists the assistance of external companies for a portion of business customer referrals. These expenses are recorded under sales costs as “associate fees.”

Q9) What were the reasons for the slowdown in growth during the period ended December 2010?

A9) Since our founding in 2006, Livesense has conducted business management centered on company president Murakami but in 2009, as part of an expansion of business scope, we began hiring personnel and worked on the development on an organization structure. During the first-half of the period ended December 2010, efforts toward measures to increase sales by securing new business customers was delayed due to the fact that we were building a framework for customer support and other business systems in order to enable us to develop a wider range of customers. Also, following the period ended December 2010 we established our organizational structure and since then have recorded steady increases in business results.

Q10) Do you have bank loans and other interest-bearing liabilities?

A10) Since our founding, we have taken on no bank loans or other interest-bearing liabilities.

Q11) On which indexes does management focus most?

A11) Livesense strives to build a highly efficient business operations system and rapidly improve quality for existing services and develop new services. As such, management will continue to expand the scope of business in a way that focuses not only sales growth but also on operating income profitability and employee per capita operating income.

Stock, shareholder returns, IR activities**Q1) What is your securities code.**

A1) 6054

Q2) What is the purpose of your going public?

A2) Livesense believes that recognition of our company and the services we offer by as many people as possible to promote use by new customers and the ability to secure elite personnel are vital to achieving business growth and the ability to develop and provide better services. As such, we listed our company stock on the TSE Mothers market for the purpose of increasing our brand recognition and sense of trust within society and securing the capital required to achieve continued business growth.

Furthermore, on October 1, 2012 the market on which we are listed was changed to the First Section of the Tokyo Stock Exchange.

Q3) Tell me about your policy for shareholder returns (dividend strategy).

A3) We recognize that shareholder returns are a vital topic for management and we intend to decide on profit return strategy based on considerations given to our financial status, operating results, and cash flow status.

However, as the company currently is in a growth period, we believe that striving to increase corporate value by enhancing internal reserves and investments toward business growth will lead to the greatest returns for our shareholders.

Q4) Do you have a hospitality plan for shareholders?

A4) We do not.

Q5) Tell me about past transitions in capital (status of capital increases).

A5) Transitions in capital since our first business period are as follows.

1st period: 3 million yen2nd period: 3 million yen3rd period: 15 million yen (increased capital by 12 million yen on October 15, 2008)4th period: 15 million yen5th period: 15 million yen6th period: 219.93 million yen (increased capital by 204.93 million yen on December 7, 2011)7th period: 219.93 million yen**Q6) Tell me about past stock splits.**

A6) The status of stock splits since our founding is as follows.

- November 7, 2009 - 1:50 (Issued shares 15,000)
- September 28, 2011 - 1:200 (Issued shares 3,000,000)
- July 1, 2012 - 1:2 (Issued shares 6,900,000)

Q7) What is the Percentage of shares owned by executive officers and founding members?

A7) As of December 31, 2012, the Percentage of shares owned by executive officers and founding members was 66.2% (4,572,100).

Q8) Who is the Shareholder registry administrator?

A8) Mitsubishi UFJ Trust and Banking Corporation.

Q9) Tell me about your IR activities schedule.

A9) Click here to confirm the Livesense IR schedule. (<http://en.livesense.co.jp/ir/calendar.htm>)

Q10) Do you have plans to hold IR conferences for individual investors?

A10) Livesense is planning to hold company seminars for individual investors after each quarterly earnings announcement for the purpose of helping a greater number of investors understand and support our company. We also will provide video streaming of IR conferences on our home page for investors who are unable to attend. (Japanese only)
Details for IR conferences will be provided with notifications regarding our IR schedule.

Q11) Do you have a quiet period?

A11) The period from the day after the final day of the accounting term to the day prior to the announcement of financial results is established as our quiet period, during which we cannot response to inquiries concerning financial results. We thank you for your understanding and cooperation.

Q12) To whom do I inquire regarding IR information?

A12) Inquiries to the Livesense IR staff can be made via the inquiry form on our website.
The website inquiry form can be found here.
(<https://en.livesense.co.jp/support/contact.htm>)