



Announcement of  
Acquisition of Shares in  
waja Co., Ltd.

March 25, 2015  
Livesense Inc.  
(TSE : 6054)

# Agenda

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- 1 Executive Summary
- 2 About waja Co., Ltd.
- 3 Background of the share acquisition
- 4 Effectiveness of the share acquisition
- 5 Growth Strategy

## 1. Executive Summary

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### **| Decide on first M&A as part of growth strategy aimed at achieving targets of Medium-Term Business Plan.**

- Review and promote internal development, investments, business partnerships and M&A starting in 2014 as a means of “cultivating and creating new markets,” which is the growth strategy for achieving the targets of the “Livesense 2018” Medium-Term Business Plan.
- The decision on the first M&A since establishment was made on March 25, 2015 and it will be subject to consolidation starting in the second quarter.
- Livesense, Inc. will allocate the entire amount of the acquisition funds (approx. ¥ 390 million) from cash and deposits on hand, and the shareholding ratio is expected to be 71.7%.

### **| We will enter the EC (CtoC, cross-border) domain.**

- We had been exploring entry into the EC domain and will now roll out new efforts having made waja Co., Ltd. our group company.
- We will cultivate the CtoC/cross-border EC\* domain, which has many inconveniences and issues but a large potential market size, together with waja Co., Ltd., which has a high degree of originality and growth potential.

### **| We will engage in business development leveraging our web marketing know-how (win-win coordination).**

- Livesense, Inc. will provide web marketing know-how to waja Co., Ltd., which is facing the challenge of increasing their websites’ draw.
- This is the second example of business development leveraging our web marketing know-how, the first being with Unilabo (joint operation of business comparison and order placement website “imitsu”).

\*Cross-border EC : EC (e-commerce) involving the buying and selling of products and services across national borders

## 2. About waja Co., Ltd. ①Company Profile

Company Name	waja Co., Ltd.
Business Objective	E-commerce media planning and development
Address	3-4-11 Azabudai, Minato-ku, Tokyo
Established	May 6, 2003
Management Team	Managing Director • Koji Koyasu, Chairman, Representative Director & CEO • Takahiro Murata, President, Representative Director & COO • Taichi Murakami (Livesense Inc. / President, Representative Director) Statutory Auditors • Masahiro Ito, Lawer (UCHIDA & SAMEJIMA Law Firm)
Capital	¥150,100,000
Business Results	Net Sales : ¥456 million, Operating income : ¥11 million
Number of Employees Number of Employees	34 (as of March 31, 2015)
Fiscal Term	September
Major Shareholders*	Livesense Inc. Koji Koyasu Takahiro Murata

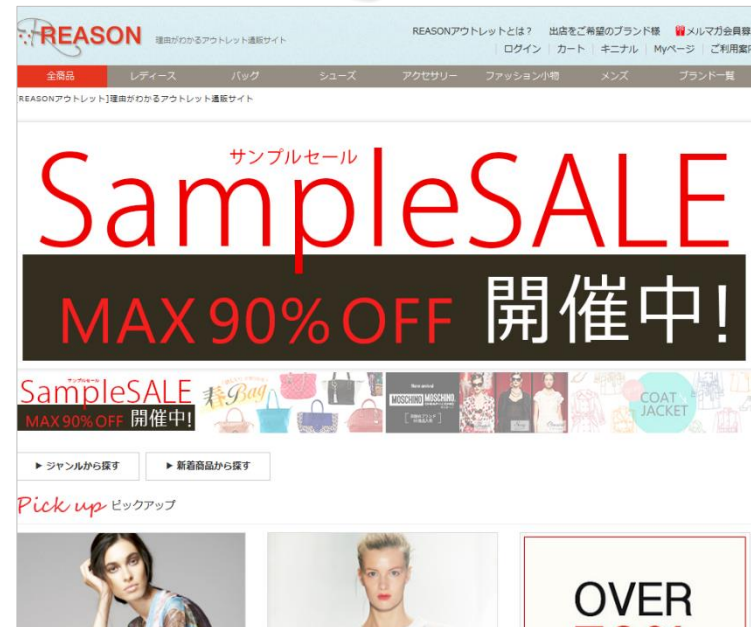
\*scheduled, after date of execution of share acquisition

## 2. About waja Co., Ltd. ②Major Business Objectives

- Leading website “waja” sells unique products procured locally by buyers in around 60 countries. It carries roughly 2,300 brands and has an extensive lineup of products not yet available in Japan.



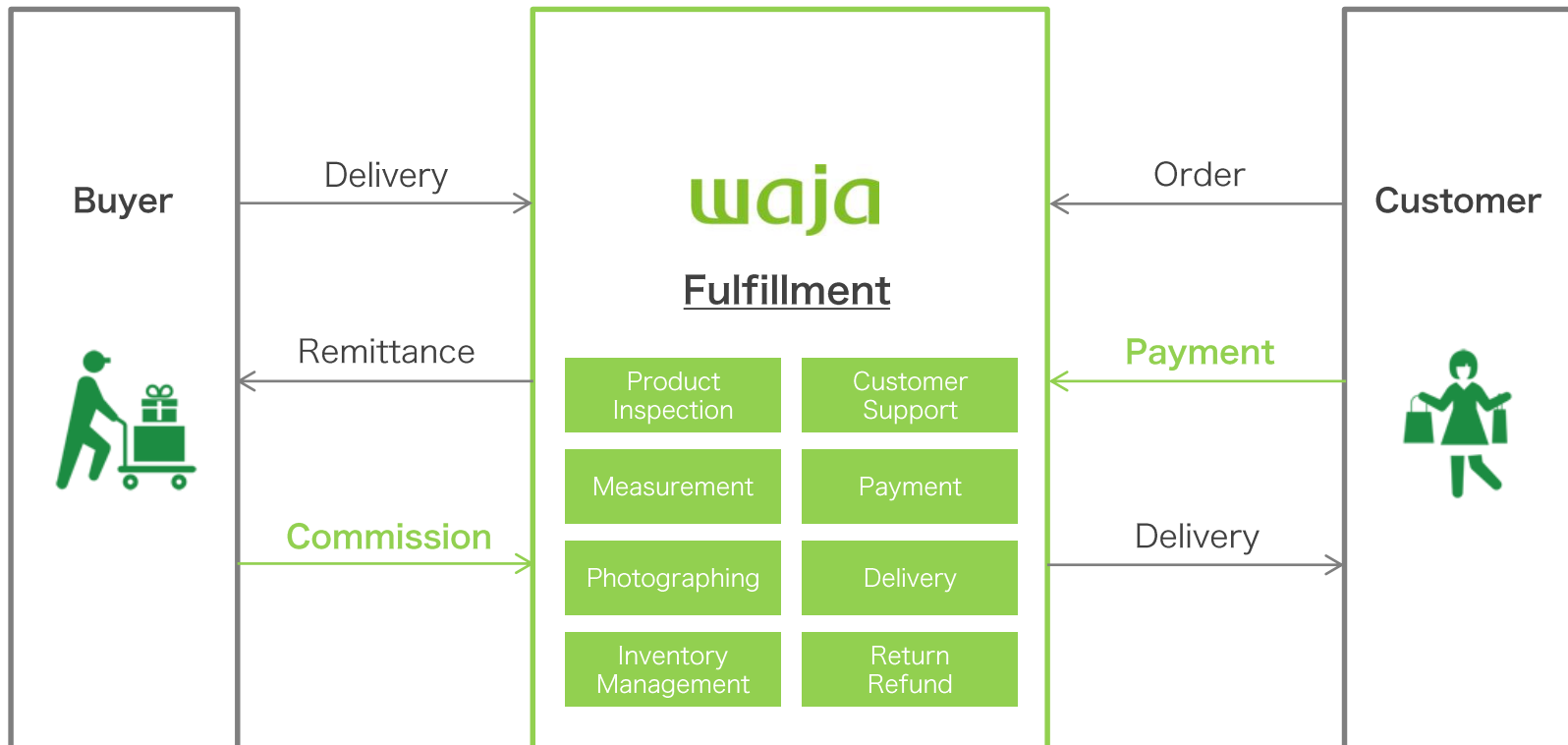
Cross-border Fashion EC Website  
“waja”



Clear reason for discount  
“REASON OUTLET”

## 2. About waja Co., Ltd. ③Business Model

- Owing to market place with fulfillment service, waja Co., Ltd. deliver a wide variety of products safely and quickly.



\*Fulfillment service: The series of processes in EC from order acceptance to packing, shipping, delivery and payment collection. In the case of waja Co., Ltd., all products shipped from sellers are inspected, measured and photographed for the website. It also includes photo processing, inventory management, customer support, payment processing and shipping. The integrated fulfillment service offered includes everything down to handling of returns and refunds.

## 2. About waja Co., Ltd. ④Fulfillment

**waja Co., Ltd. offers highly efficient fulfillment starting from one item and delivers goods reliably, conveniently and in a timely fashion in the CtoC/cross-border EC domain.**

	Concerns about CtoC/Cross-Border EC	Approach of waja Co., Ltd.
Safety	What if it's a counterfeit?	Inspect all products in Japan.
	Quality is a concern.	
	No returns.	Handle product returns and refunds.
	What if it's a money scam?	Handle payment processing.
	Personal information is a concern.	Manage Personal information strictly.
Convenience	The sizes are different from Japan, so it's hard to choose.	Perform measurements and provide Japanese size equivalents.
	The photographs vary from product to product making it difficult to compare.	Photograph the products and process them for publishing.
Speed	It takes a long time for the product to arrive after ordering.	Manages inventory and can do same-day delivery for orders received by 1 p.m. on a weekday.

### 3. Background of the share acquisition ①Affinity

- ! The management policies and philosophy of waja Co., Ltd. line up with and are complementary to Livesense's corporate vision.

waja

#### Traditional common sense

- CtoC EC with fulfillment service doesn't meet the cost because of many one of a kind goods.



#### Challenges to create new common sense

- Thorough improvement and increased fulfillment efficiency from the standpoint of workers on the front lines and users.
- Creation of an original market leveraging fulfillment.

#### Business Philosophy "TSUNAGU"

- Provide convenience and peace of mind to sellers and buyers and connect many people and things all over the world.



LIVESENSE

Invent the next common

#### "Drips": Falling drips carve out the rock

The ancient Japanese proverb says "falling drips carve out the rock," and those falling drips express Livesense's daily and thorough efforts. Through them we will permeate society with new services and new ways of thinking and even change the way the world exists.

#### "?": Question ordinary thinking, and constantly ask yourself questions.

By questioning ordinary thinking, we display the attitude that gives birth to new essentials and spawns new ideas.



### 3. Background of the share acquisition ②Effectiveness

- Making waja Co., Ltd. a part of the group matches with Livesense's basic policy on M&A and is expected to be very effective.

#### Basic Policy on M&A

##### ① Acceleration of expansion of existing businesses

Tie in to acceleration of expansion of existing businesses for companies/businesses in the periphery of existing businesses such as HR information and real estate information.

##### ② Consistency with four (4) business policies

It is consistent with Livesense's four (4) business policies\*, and it is a business for which Livesense needs to cultivate and create new markets.

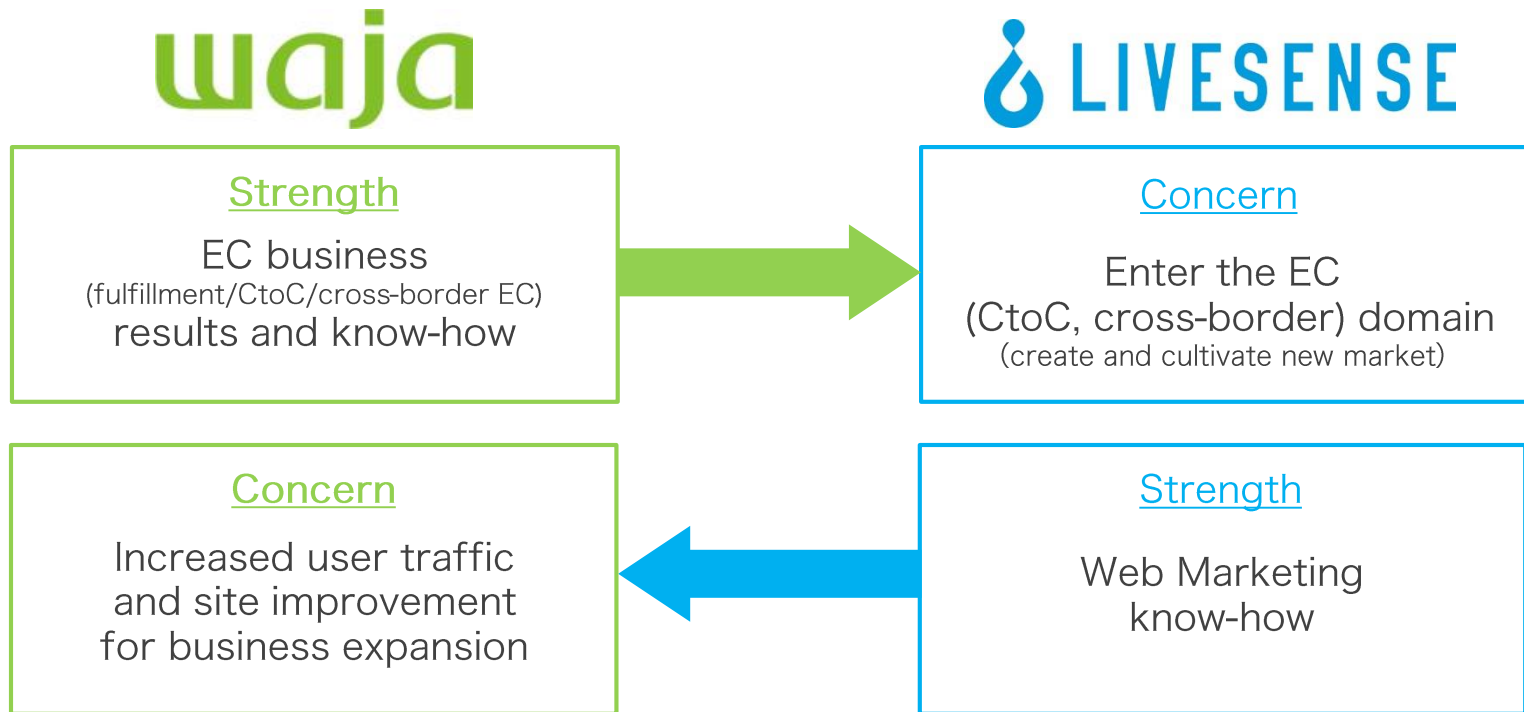
##### ③ win-win Relationship

Growth of the company/business can be expected from the provision of Livesense's strengths and know-how, and at the same time, Livesense will be able to acquire new knowledge and technology from the company/business.

\*four (4) business policies : Please refer to the page 18

## 4. Effectiveness of the share acquisition ① Synergy

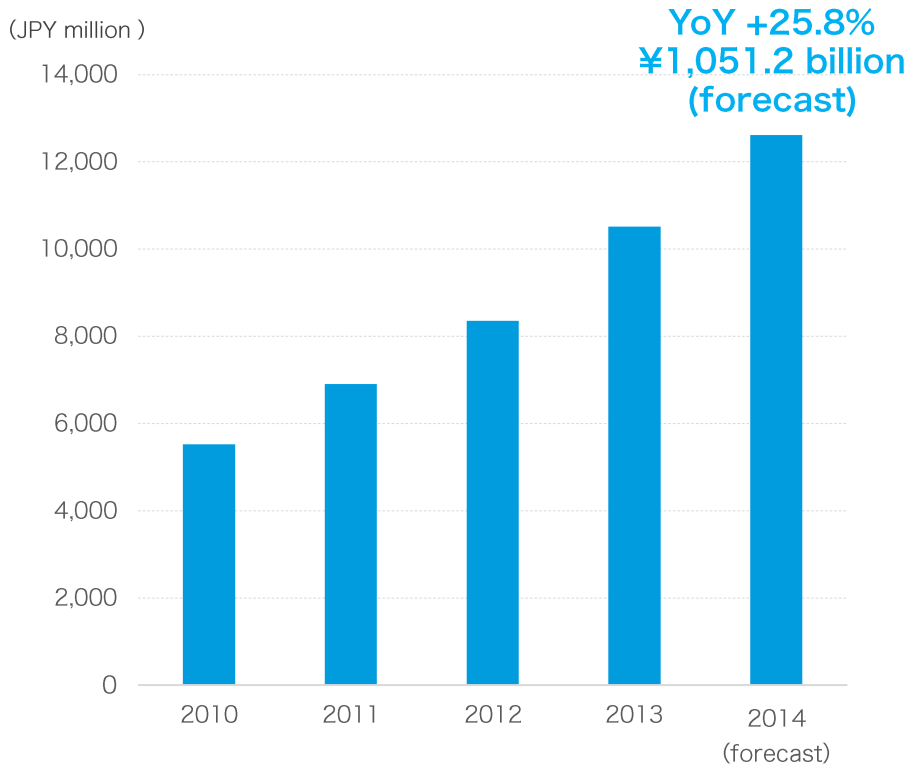
- Win-win business development leveraging Livesense's web marketing know-how.



## 4. Effectiveness of the share acquisition ②Growth

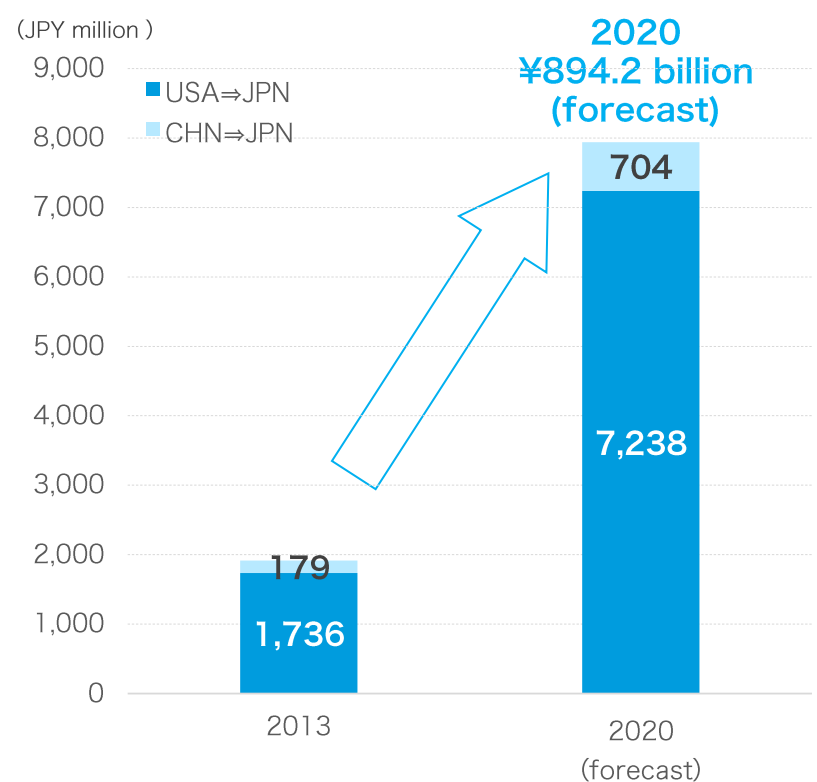
■ The EC market is huge and still has much room for growth, so overseas business expansion can also be expected.

Market size of domestic fashion, interior and general goods EC



Source : "EC Market for Fashion/Interiors/Sundries in Japan: Key Research Findings 2014" by Yano Research Institute

Potential market size of cross-border EC in Japan



Source : "Development of Infrastructure Related to Computerization and Shift to Service Economy in Japan's Economic System in 2013 (E-Commerce Market Survey)" by the Ministry of Economy, Trade and Industry

## 4. Effectiveness of the share acquisition ③Originality

waja Co., Ltd. is currently expanding its business with unique positioning leveraging the characteristics of fulfillment.

	MALL	Fulfillment
C to C	ヤフオク! BUYMA mercari LINE MALL	
B to C	RAKUTEN	 amazon ZOZOTOWN

#### 4. Effectiveness of the share acquisition ④Superiority

- | The average annual purchase amount per active user is high (approx. ¥55,000) owing to waja Co., Ltd.'s unique advantage secured by solving the inconveniences and issues of CtoC/cross-border EC.

Peace of mind, easy selection and speed  
made possible by fulfillment

Unique product selection from roughly 3,000 buyers  
in about 60 countries around the world

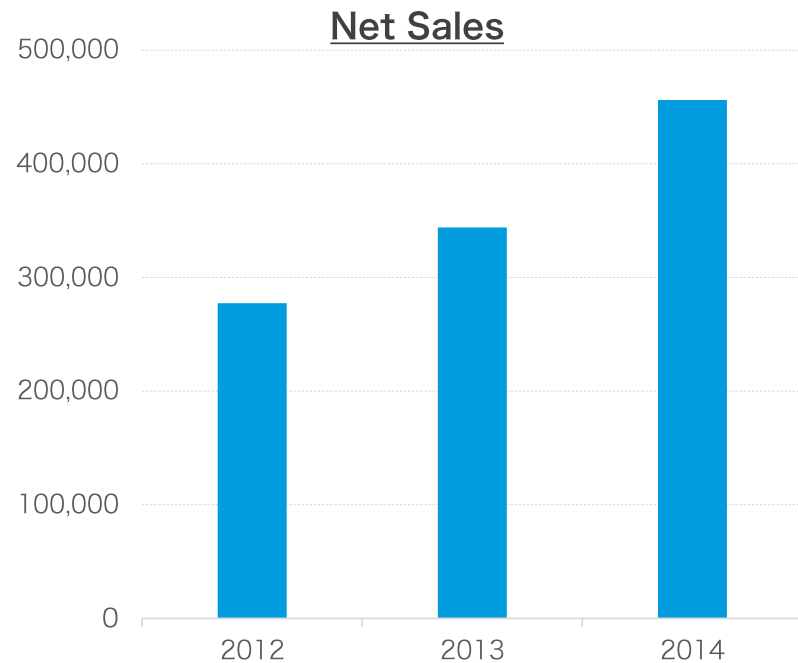
About 2,300 brands carried,  
including ones not yet available in Japan

Strong buyer advantage (reduction of cost and hassle  
through waja Co., Ltd. agreement/consolidated shipping)

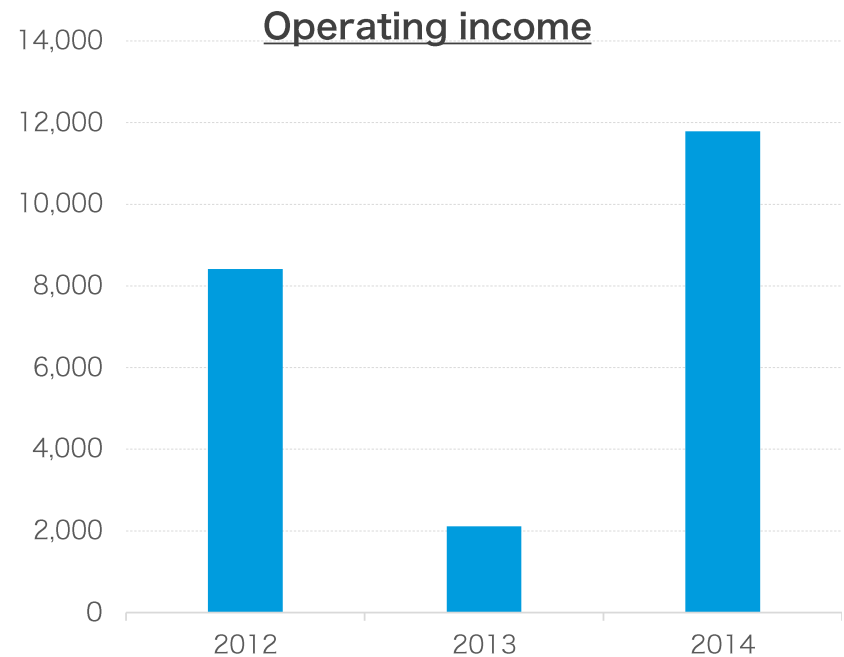
## 4. Effectiveness of the share acquisition ⑤ Financial Results

Net sales increased steadily. Operating income increased drastically. Inclusion in Livesense Inc. consolidated statements starting with 2Q15 (April-June)

(JPY thousand)

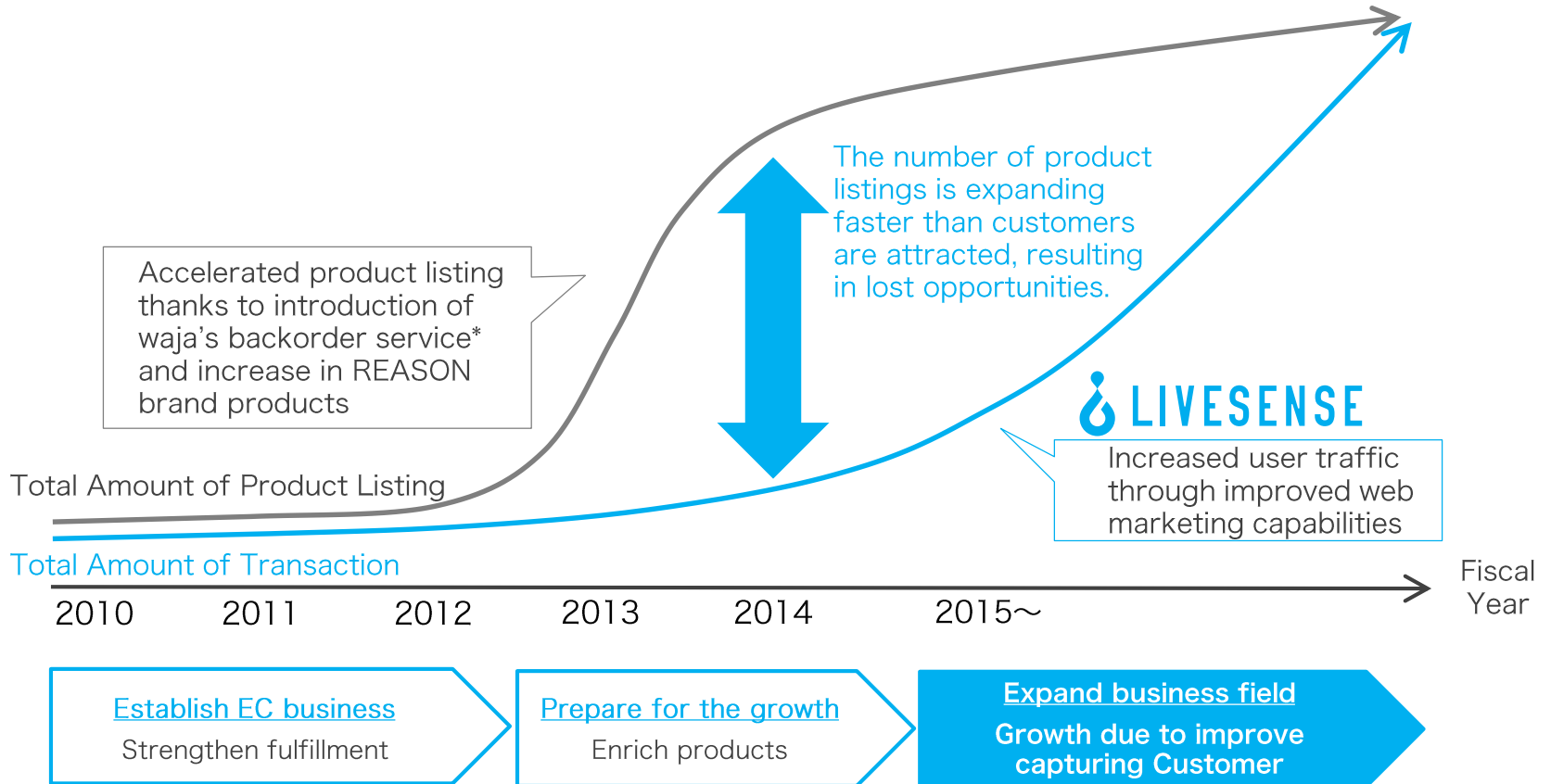


(JPY thousand)



## 5. Growth Strategy ① Approach to develop major business

In addition to an increase in new members thanks to Livesense's web marketing know-how, ongoing business growth can be expected from website improvements and enhancement of member services.



\*backorder service : Delivery service in which overseas buyers purchase products locally and ship them after the order is received from the customer and waja Co., Ltd. inspects them upon arrival in Japan

## 5. Growth Strategy ②New Approach

- Actively promote development of new businesses leveraging two strengths of waja Co., Ltd..  
Engage in the creation of new value in cross-border EC

Original  
Fulfillment System

Network of roughly 3,000  
buyers in about 60 countries  
around the world



Create new marketplace, starting with expansion of new mail order fashion website “FCP” that allows social contribution through both donations and shopping.

Accelerate overseas business expansion



## Appendix : Corporate History (waja Co., Ltd.)

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Date	Content
5/2003	wadachi Japan Inc. founded
12/2004	Change corporate name into waja Co., Ltd. Headquarters moved to Ichikawa-shi, Chiba
8/2006	EC website“waja” begins service
5/2007	Capital increased to ¥38,500,000 by way of third-party allotment
6/2007	Headquarters moved to Minato-ku, Tokyo
5/2008	Capital increased to ¥94,100,000 by way of third-party allotment
6/2009	Capital increased to ¥150,100,000 by way of third-party allotment
10/2012	EC website“REASON OUTLET” begins service
7/2014	EC website “FASHION CHARITY PROJECT” begins service

## Appendix : Our approach to business

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Business able to contribute to social development and problem resolution

Business loved by many people for all time

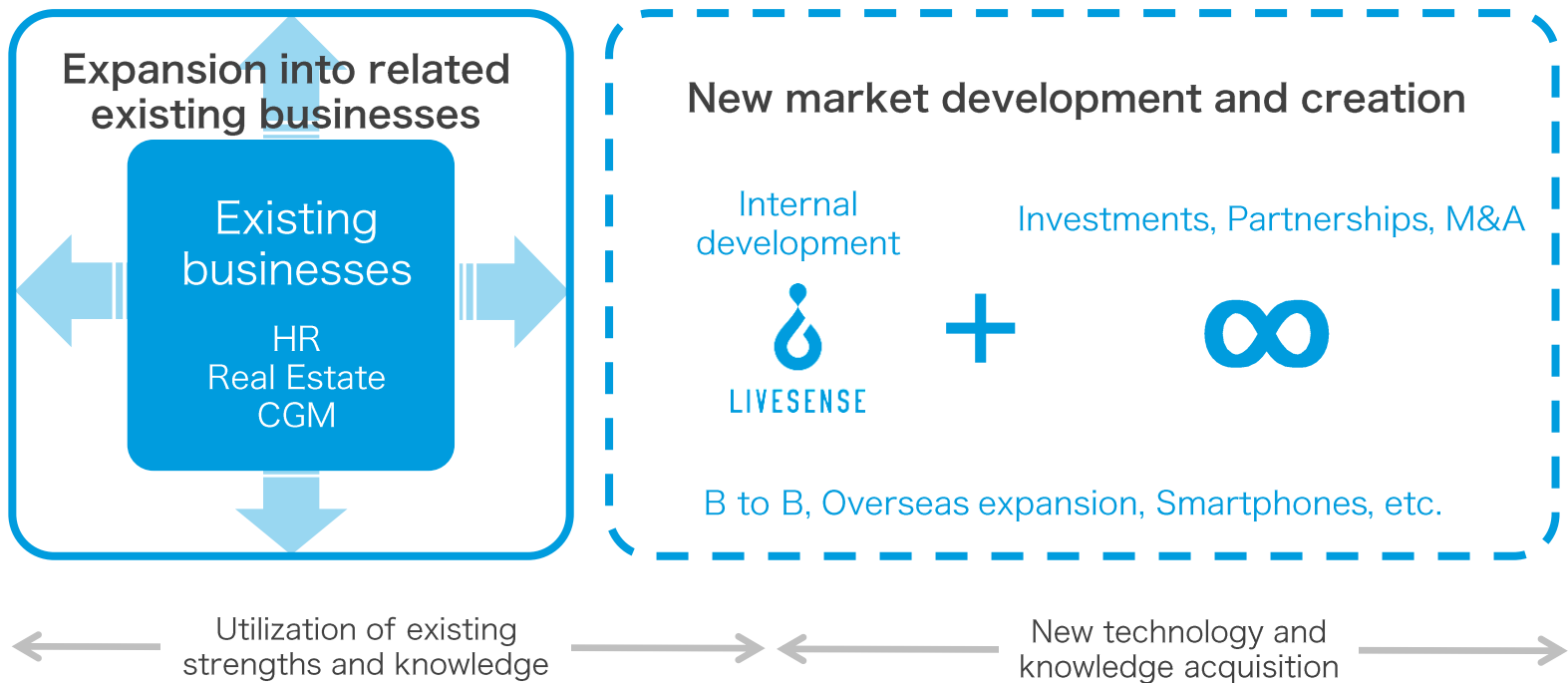
Business in which Livesense can become No. 1

Business able to achieve sales of 50 billion yen in a 10-year span

## Appendix : Growth strategy for goal achievement

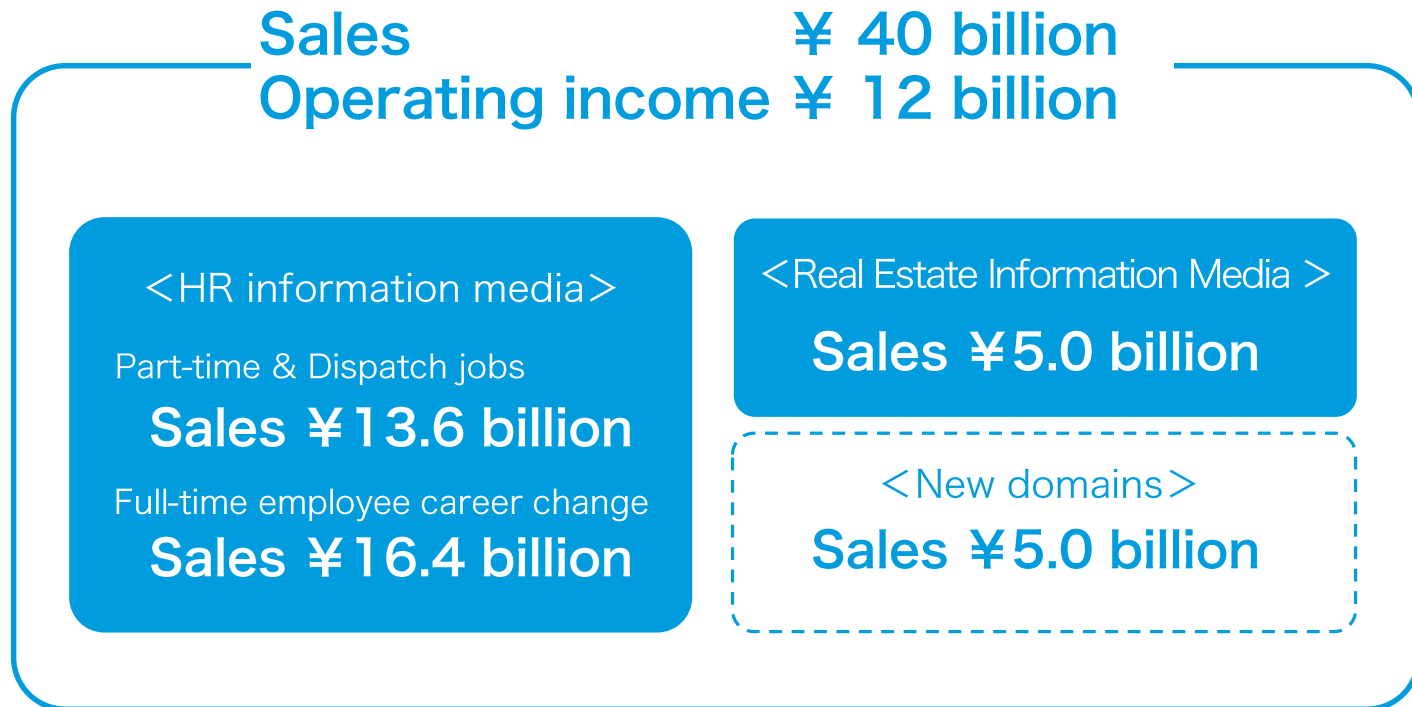
In addition to internal development, we will use aggressive business investments, including capitalization, business partnerships, and M&A to create "the next common" and enhance our profit infrastructure

### Our business domains



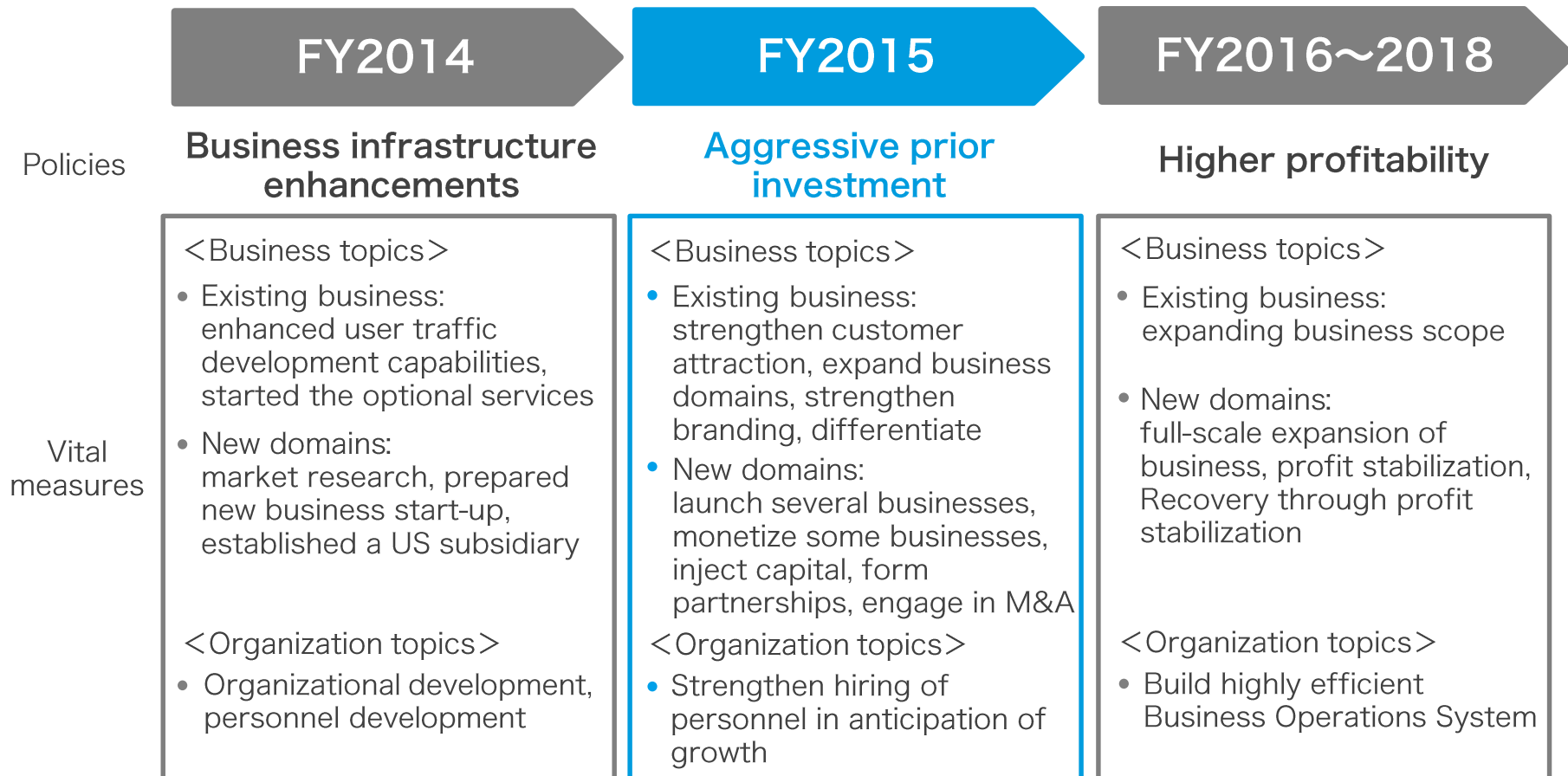
## Appendix : Medium-Term Business Plan (Earnings goals for FY2018)

- Strategically and aggressively invest in FY2015 for recovery and target achievement  
No changes to earnings goals



## Appendix : Medium-Term Business Plan (Schedule)

**FY2015 is a year of implementation to achieve targets of plan  
Get on regrowth trajectory through strategic and aggressive  
investment, including new challenges**



## Appendix : Corporate Profile (Livesense Inc.)

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  Tomoya Shibasaki  Shin Nakajima  Hiroyuki Honda (Outside Director)</p> <p>Statutory Auditors    Junichi Ehara  Mitsuru Ozaki (Outside Statutory Auditor)  Nao Yoshizawa (Outside Statutory Auditor)</p>
Capital	JPY228 million
Business Results	FY2014 Sales : JPY 4,279 million , OP: JPY 634million
Number of Employees	Full-time : 115, Part-time & Temp. : 175
Fiscal Term	December
Date listed	October 1, 2012 (TSE 1st Section) December 7, 2011 (TSE Mothers)
Auditing Firm	Deloitte Touche Tohmatsu LLC



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