



Daiwa Investment Conference
Tokyo 2017

February 27, 2017
Livesense Inc.
(TSE1 : 6054)

Agenda

- 1 About us
- 2 Business Description and Characteristics
- 3 Financial Highlights
- 4 Future Business Development

1. About us

The Origin of Company Name / Business Philosophy

| The Origin of Company Name

LIVE + SENSE

| Business Philosophy

Happiness Begetting Happiness.

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.

History : Background of Establishment

| 2005 (Taichi Murakami: Age 18/university freshman)

- Took the Entrepreneur Training Course at Waseda University
- Winner of the Business Plan Contest
- Internships at Daiwa Institute of Research and Internet-related ventures



The Business Plan Contest

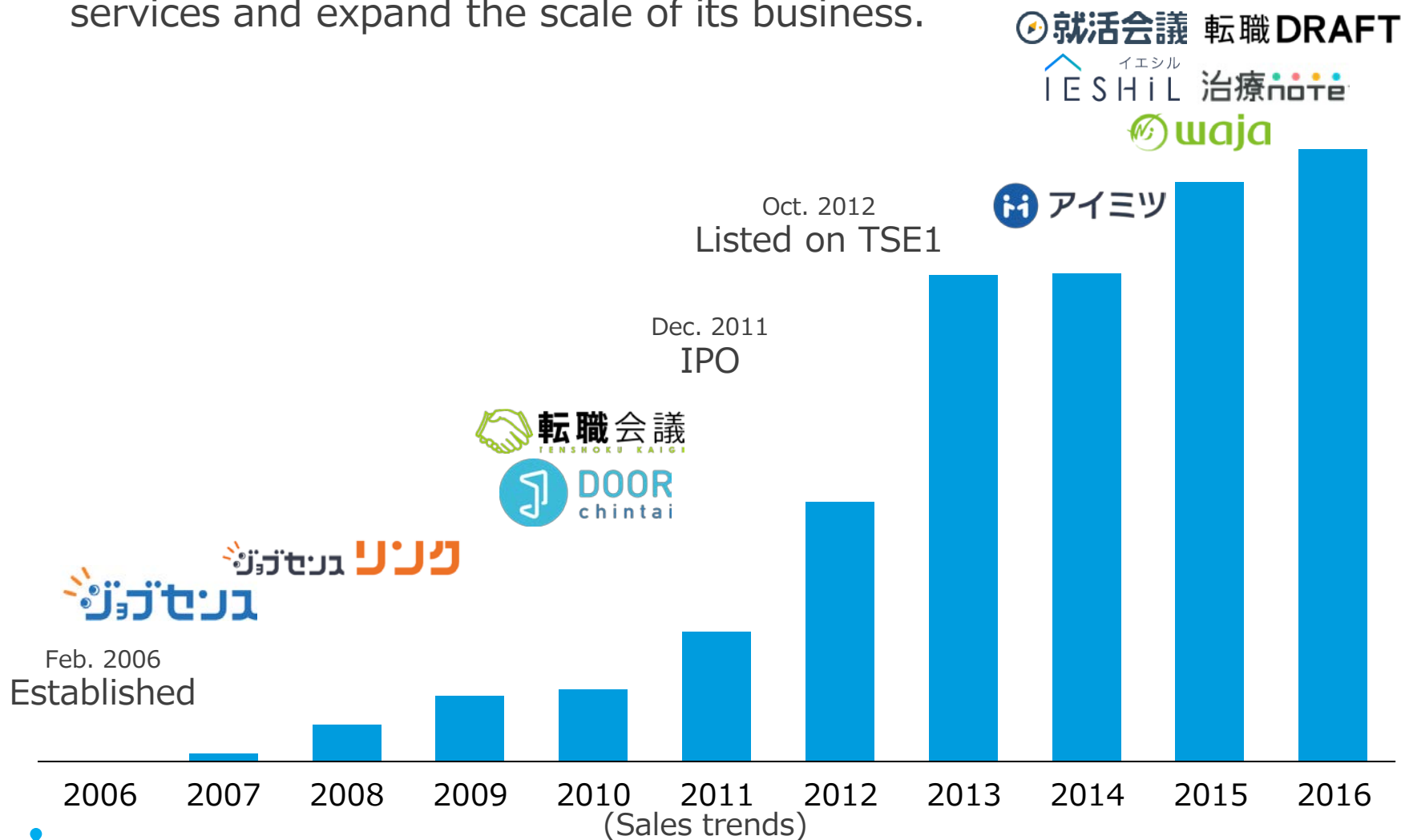
| 2006 Established Livesense Inc.



Livesense office at Waseda University

History

Since its establishment, LIVESENSE has continued to develop new services and expand the scale of its business.



2. Business Description and Characteristics

Our Business Portfolio

| Operation of online services, primarily in HR business and real estate domains.

HR Information Media



"Jobsense"
Part-time Job
Information Site



"Jobsense Link"
Full-time Job
Information Site



"Tenshoku Kaigi"
Company Review Site
(Word of mouth Site)



"Syukatsu Kaigi"
New Graduate Employment
Support Service etc

E Commerce



"waja" (*1)
Fashion EC Site

etc

Real Estate Information Media



"DOOR Chintai"
Home Rental
Information Site



"IESHIL"
Real Estate
Information Service

Others



"Chiryō Note"
Medical Information Site



"Tenshoku Draft"
Competitive Bidding-type
Career Change Service



"imitsu"(*2)
Service Comparison/Order
Information Site

etc

(*1) Operated by consolidated subsidiary waja Co., Ltd.

(*2) Operated jointly with unilabo Inc.

Jobsense / Jobsense Link

- "Jobsense" a part-time job information site and "Jobsense Link" a full-time job information site run under affiliate marketing business model.

Jobsense



- More than 130,000 job information postings, primarily in restaurant, apparel and retail categories, also includes reviews of part-time employers
- Monetary gift of up to 20,000 yen given to successful job applicants

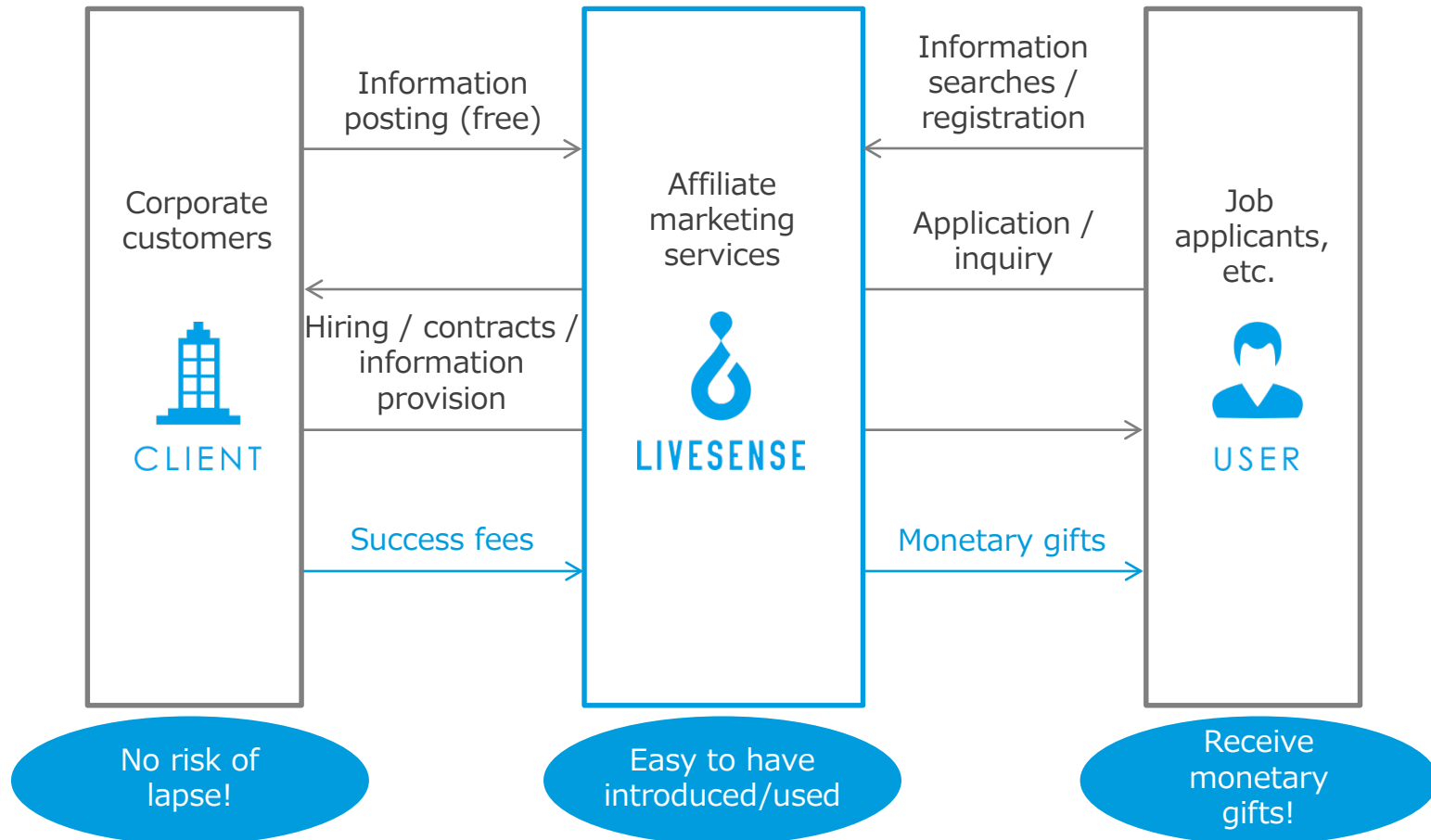
Jobsense Link



- Job information postings for several industry categories, and total of more than 1.5 million registered members
- Tenshoku Nakoudo telephone-based career change consultation service also offered to wide range of job applicants



Jobsense/Jobsense Link : Business Model

| Inventing “the next common” using success fee-based model.



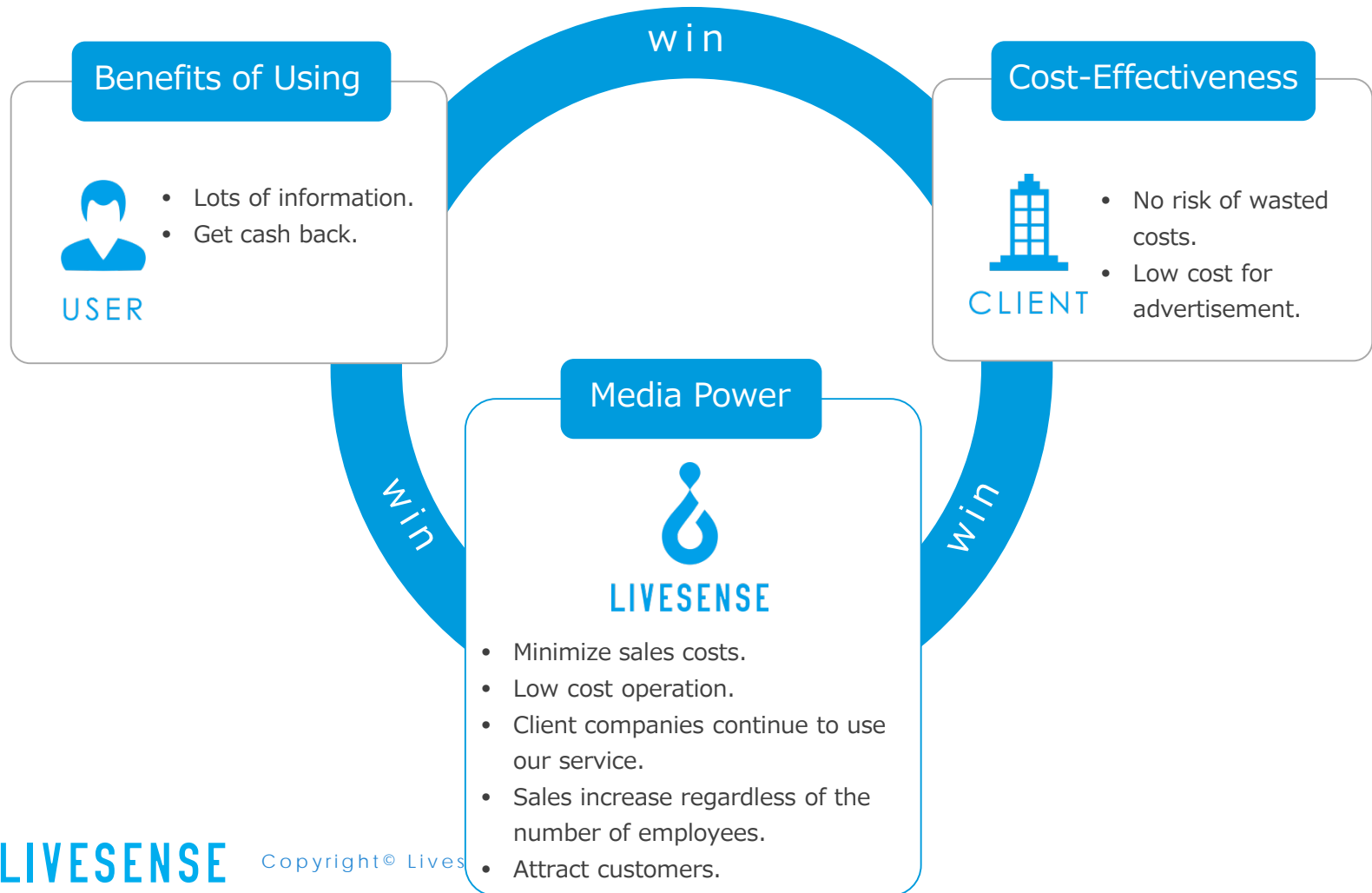
Jobsense/Jobsense Link : Business Model

- Information posting is free (success fees only), users receive monetary gifts.

		Traditional Model	Our Model
 CLIENT	Information Listing Fee (Upfront fees)	Cost occurs	Free (Success Fee Only)
	Monetary Gifts (Cash Back)	None	Receivable
 USER			

Jobsense/JobSense Link : Business Model

- Three-way satisfaction model:
Users (job applicants, etc.), corporate customers and Livesense.



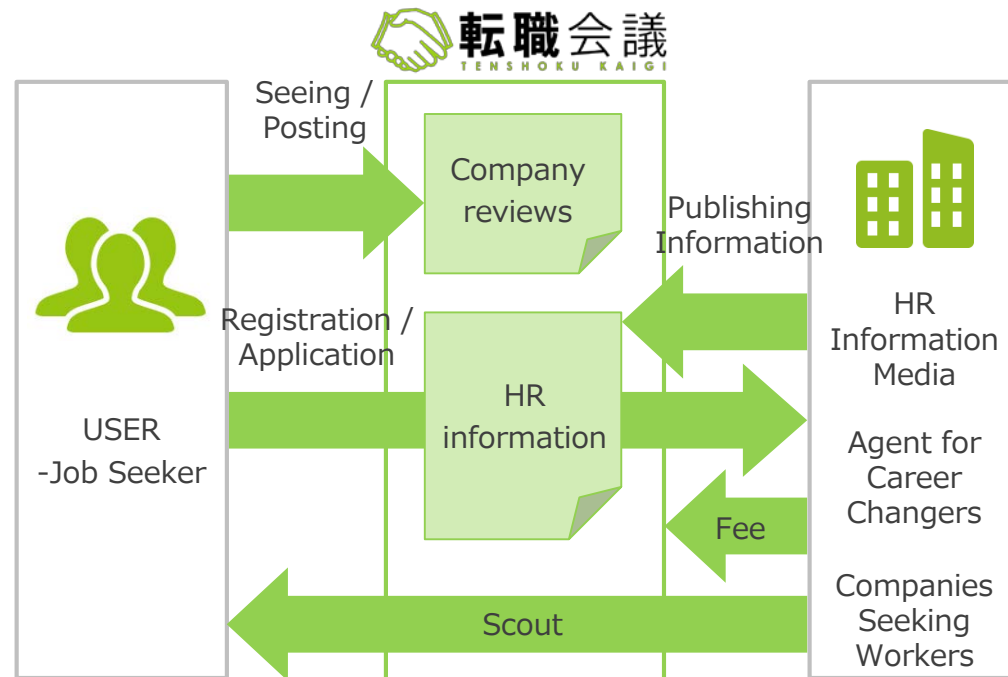
“Tenshoku Kaigi” Company Review Site

- Japan's largest company review site with 7.8 million reviews and total of 4.3 million registered members.
- Steady expansion of lead generation to employment information sites and recruitment agencies and services for enterprises.

Tenshoku Kaigi



Business Model



Tenshoku Kaigi : Website Image

| Browse original reviews collected from Tenshoku Kaigi members.

Ratings by Company



Word-of-Mouth Reviews



仕事のやりがい、面白み (全32件) ★★★★★
従業員 20代後半 男性 1年以内 プログラム(オープン系・WEB系)

【良い点】

職能の向上と、企業の成長がうまくマッチしている会社です。未経験でも違う職種へのジョブチェンジが頻繁に行われるなど、とてもチャレンジングな職場です。

それでいてワークライフバランスも整っており、学習意欲が高い人にとっては最高の職場です。

【気になること・改善したほうが良い点】

組織が大きくなるフェーズで、突貫工事なところは少しあります。しかし声を上げて意見をできれば、建設的な議論で改善可能です。

投稿日：2016年7月14日 投稿 ID：ans-2259934

- Visualization of company evaluations (scores) in eight categories, including work environment, collected from Tenshoku Kaigi members

- Various reviews of each company shown according to category

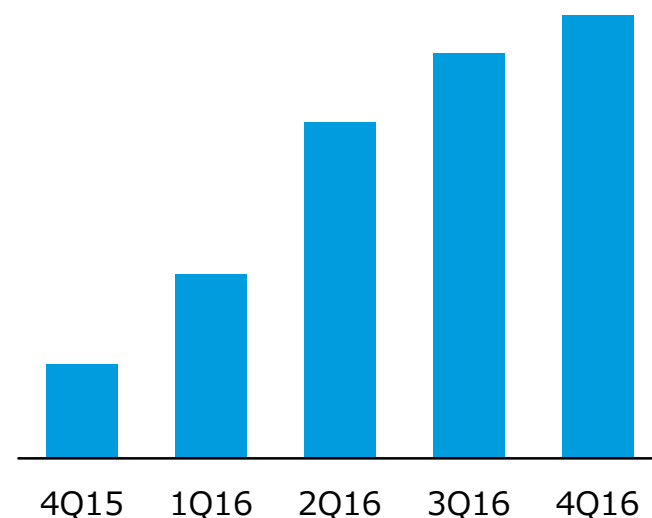
“Syukatsu Kaigi” New Graduate Employment Support Service

- Number of site members trending favorably thanks to collection and enhancement of original content, including reviews of company screening, since service was launched in April 2015.

Site Screenshot



No. of Registered Members (Cumulative)



- Cumulative number of registered members surpassed 170,000. About 1.5 years since launch of service, roughly $\frac{1}{4}$ of all job seekers using the service
- Accumulation of original content not available from other services, including approximately 12,000 registered entry sheets in company screening and roughly 30,000 screening experience notes (interview information)

"IESHIL" Real Estate Information Service

- Market price, price trends, etc. displayed by room for condominium properties throughout metropolitan area using proprietary price assessment engine (patent pending) utilizing big data.

Site Screenshot

IESHIL 伊勢シル

マンション検索 イエシルアドバイザー コラム

マンション名、駅名

ログイン 無料会員登録

マンション査定価格がいますぐわかる。

ビッグデータを利用したリアルタイム価格査定で、部屋ごとのマンション価格がわかる。

人気キーワード
恵比寿 品川 池袋 ブラウド

住所でさがす 駅名でさがす

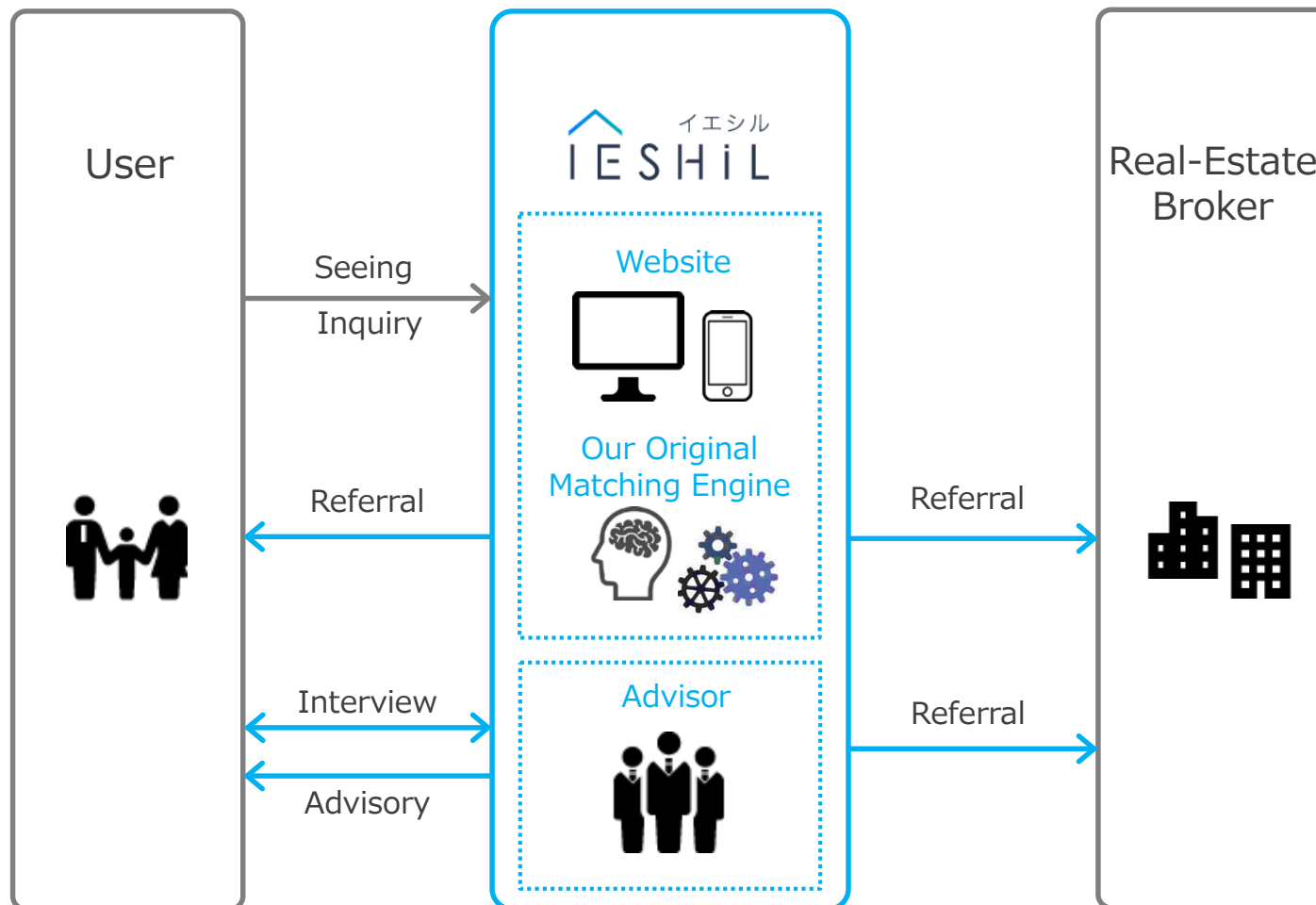
不動産売買をサポートするイエシルのサービス
IESHIL SERVICE

Market price and price trends displayed by room



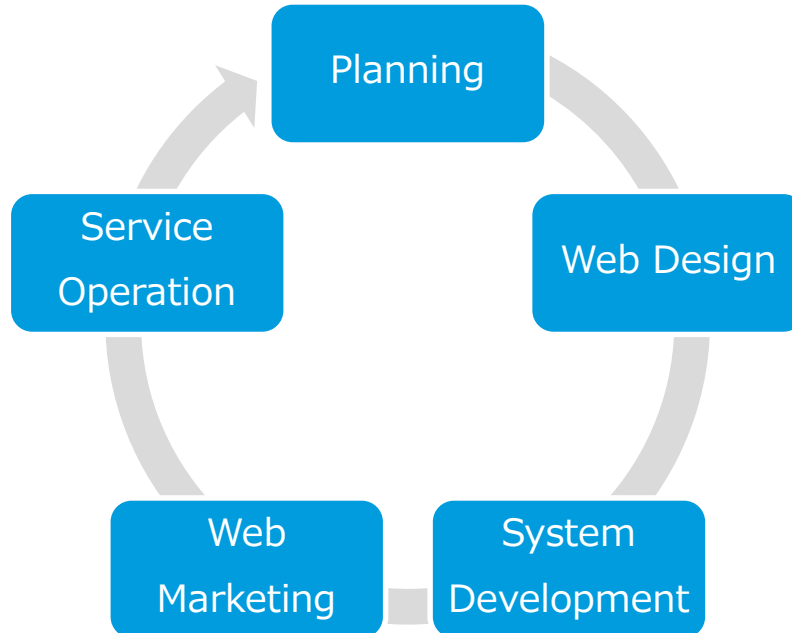
IESHIL : Business Model

- Model where we receive referral fees from partner real estate agencies and success fees when purchasing contracts are concluded.

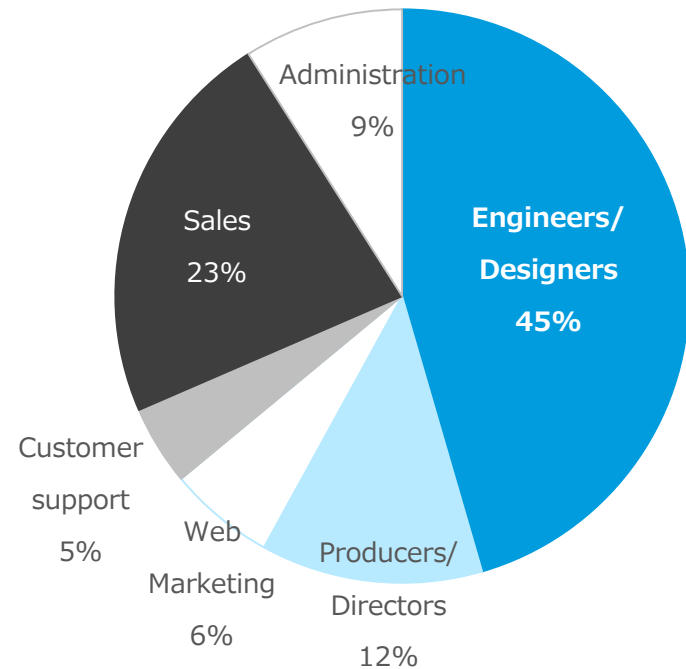


Competitive Advantage 1 : Service Development Ability

- Swift development/improvement of services and accumulation of knowledge made possible by bringing all processes in house.

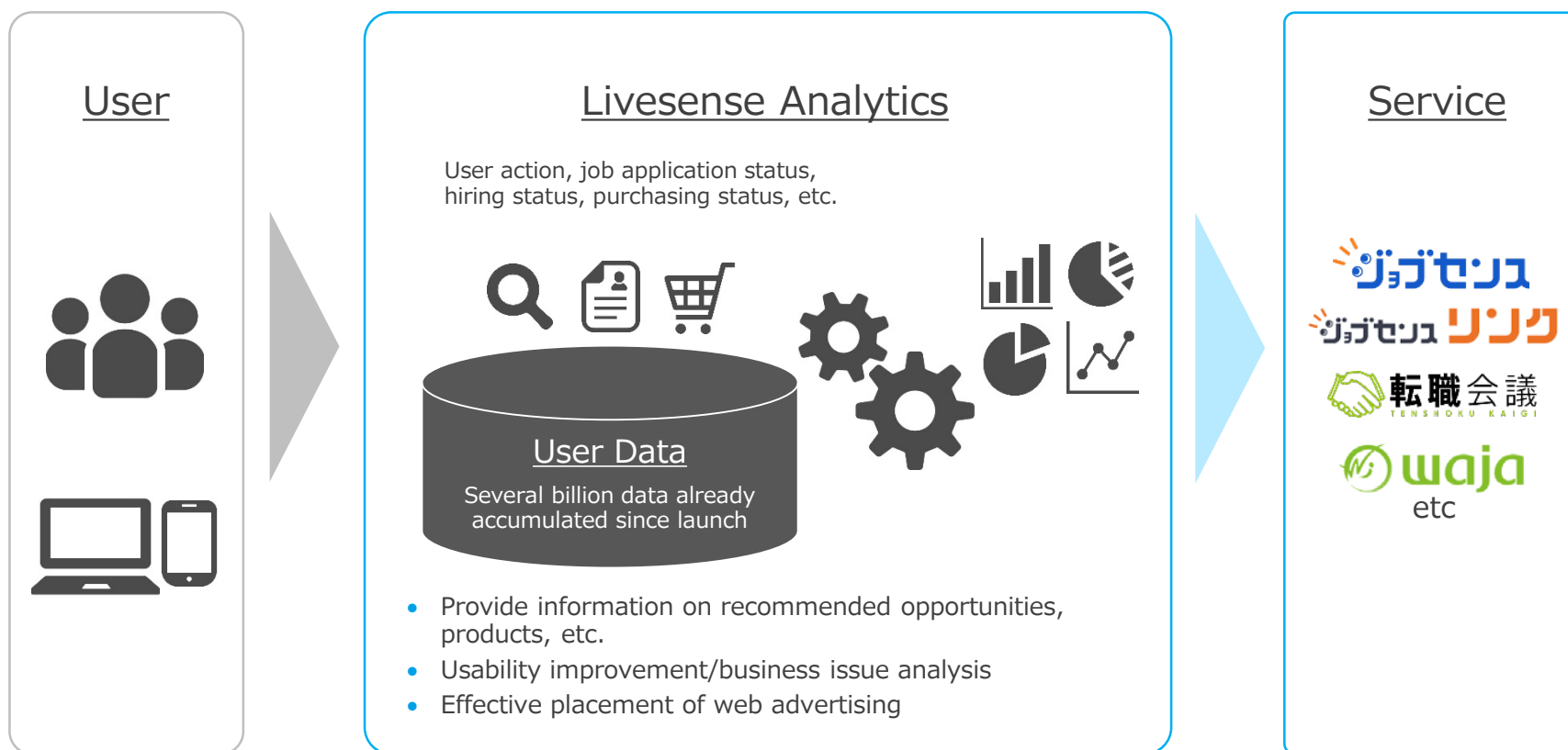


Breakdown of Full-time Employees
(Non-consolidated/excluding Miyazaki)



Competitive Advantage 2 : Liveness Proprietary Analytics Platform

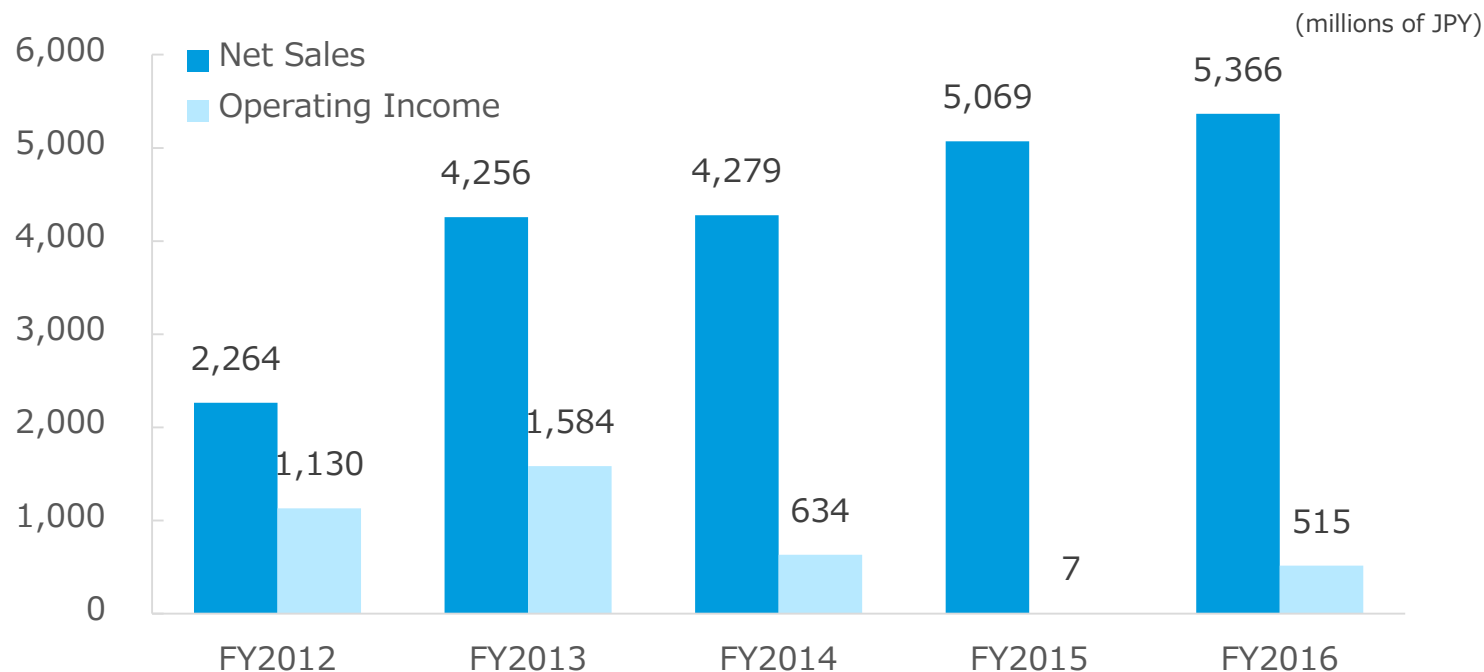
Collecting and analyzing big data, including user actions, utilizing proprietary analytics platform. Able to provide information anticipating latent user needs, enhancement of usability through improvements to site functionality and services, and highly cost-effective web advertising placement.



3. Financial Highlights

Net Sales / Operating Income

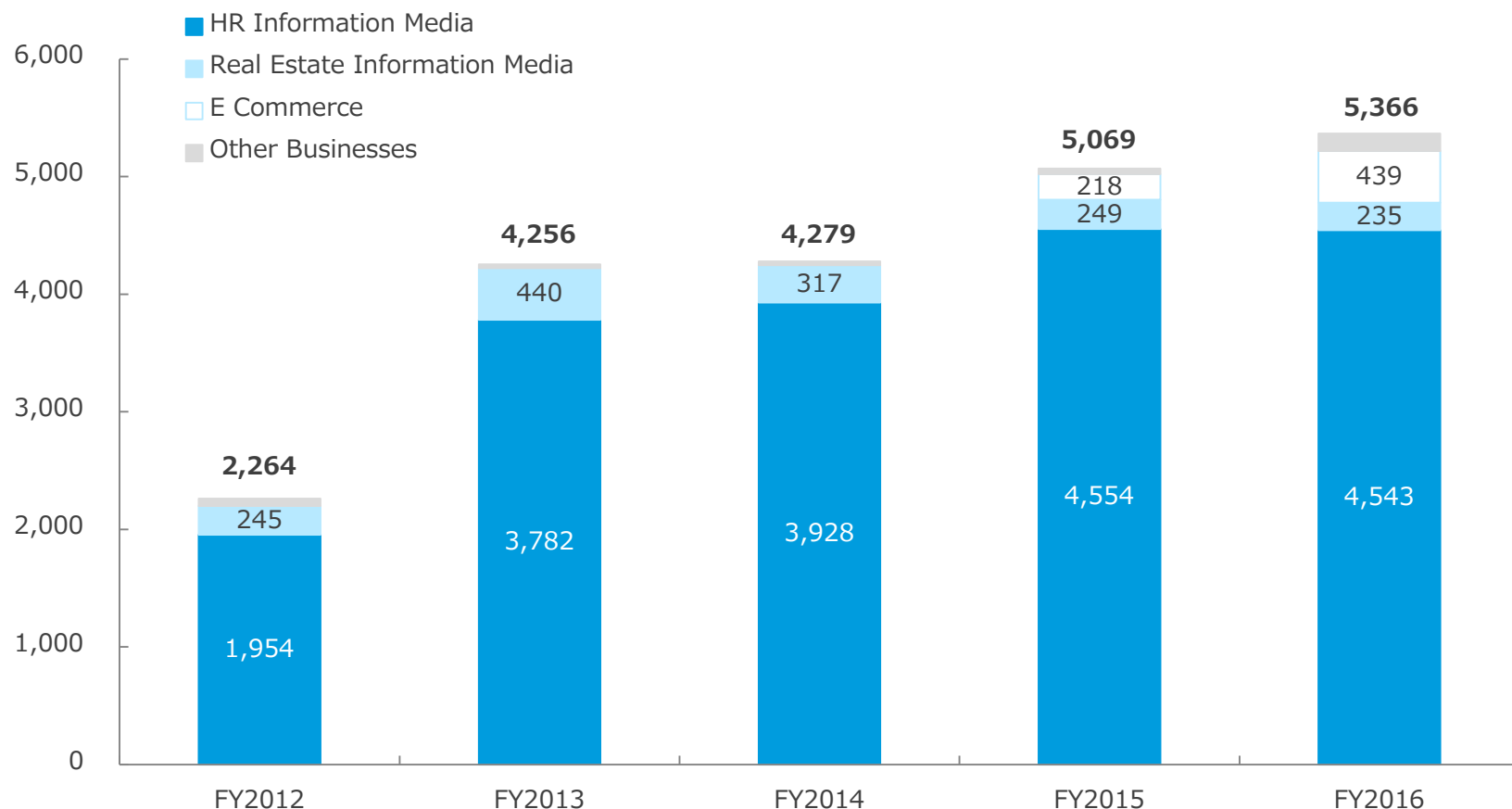
- In 2014, sales growth slowed as we struggled to attract visitors to site due to delay in web marketing measures. In 2015, profits declined as a result of forward-looking investments in advertising and personnel (while remaining in the black).
- In 2016, we achieved increased revenues and earnings, oriented toward strengthening of our business structure. At the same time, we began making growth investments, including brand recognition measures, in addition to continuation of measures in each business from the second half.



Net Sales – By Segment

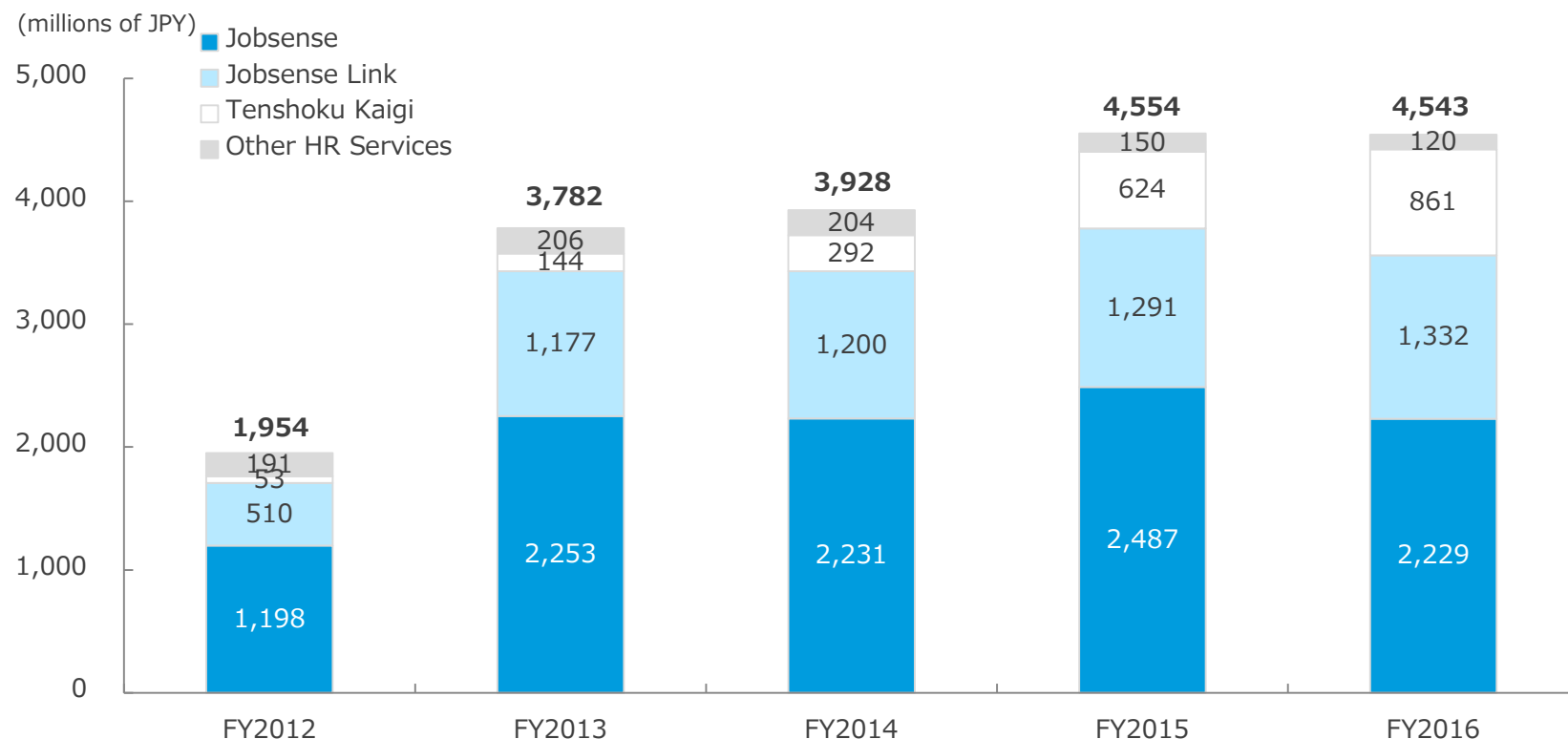
■ Growth achieved, especially in the HR Information Media. Accounts for roughly 80% of consolidated net sales.

(millions of JPY)



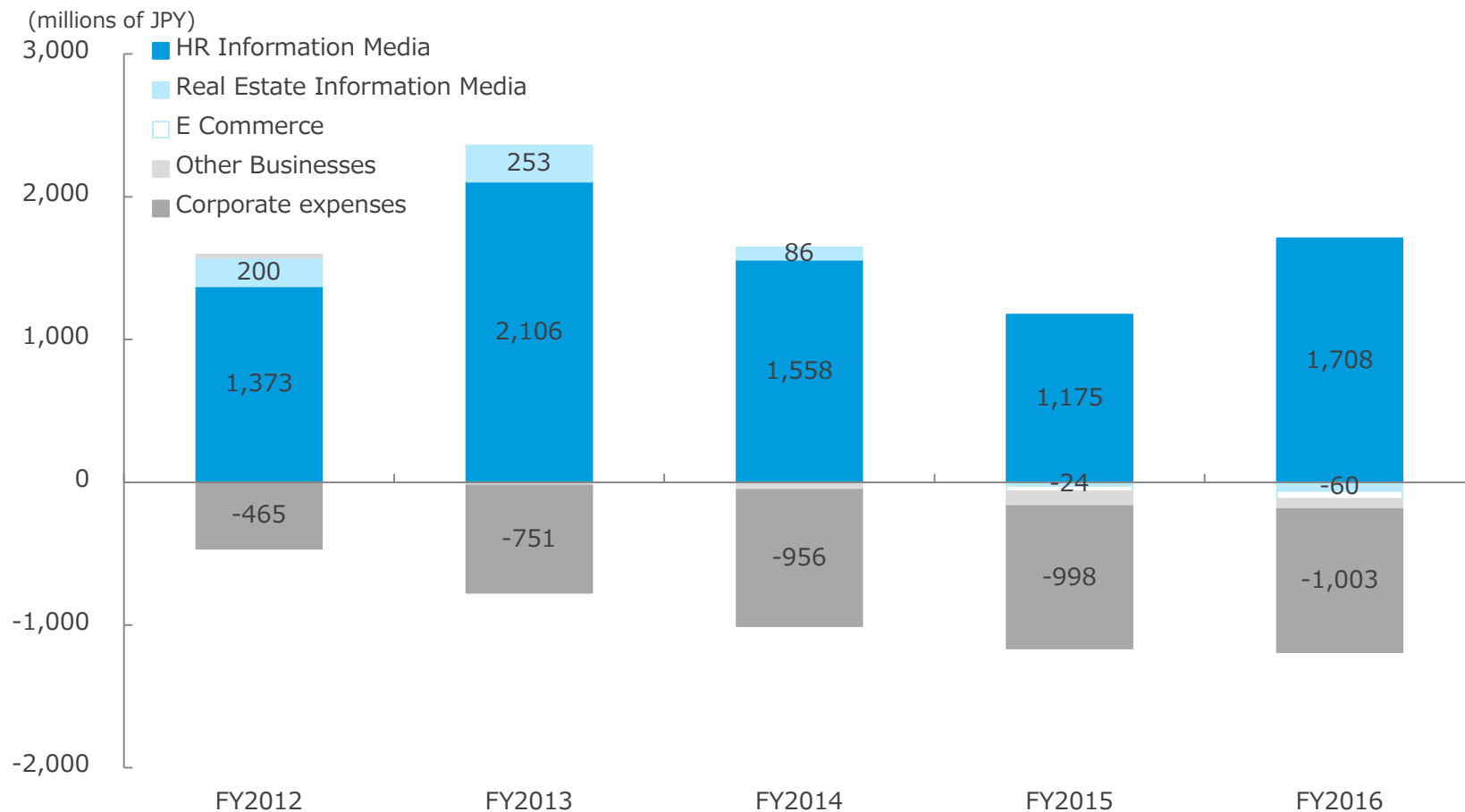
Sales Breakdown – HR Information Media

- Jobsense part-time employment remained flat. Great progress was made in full-time employee domain, including Tenshoku Kaigi, for growth trajectory overall.
- Priority was placed on improving productivity in FY2016, so segment net sales were same level as previous year.



Operating Income – By Segment

HR Information Media accounts for majority of profits.



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)

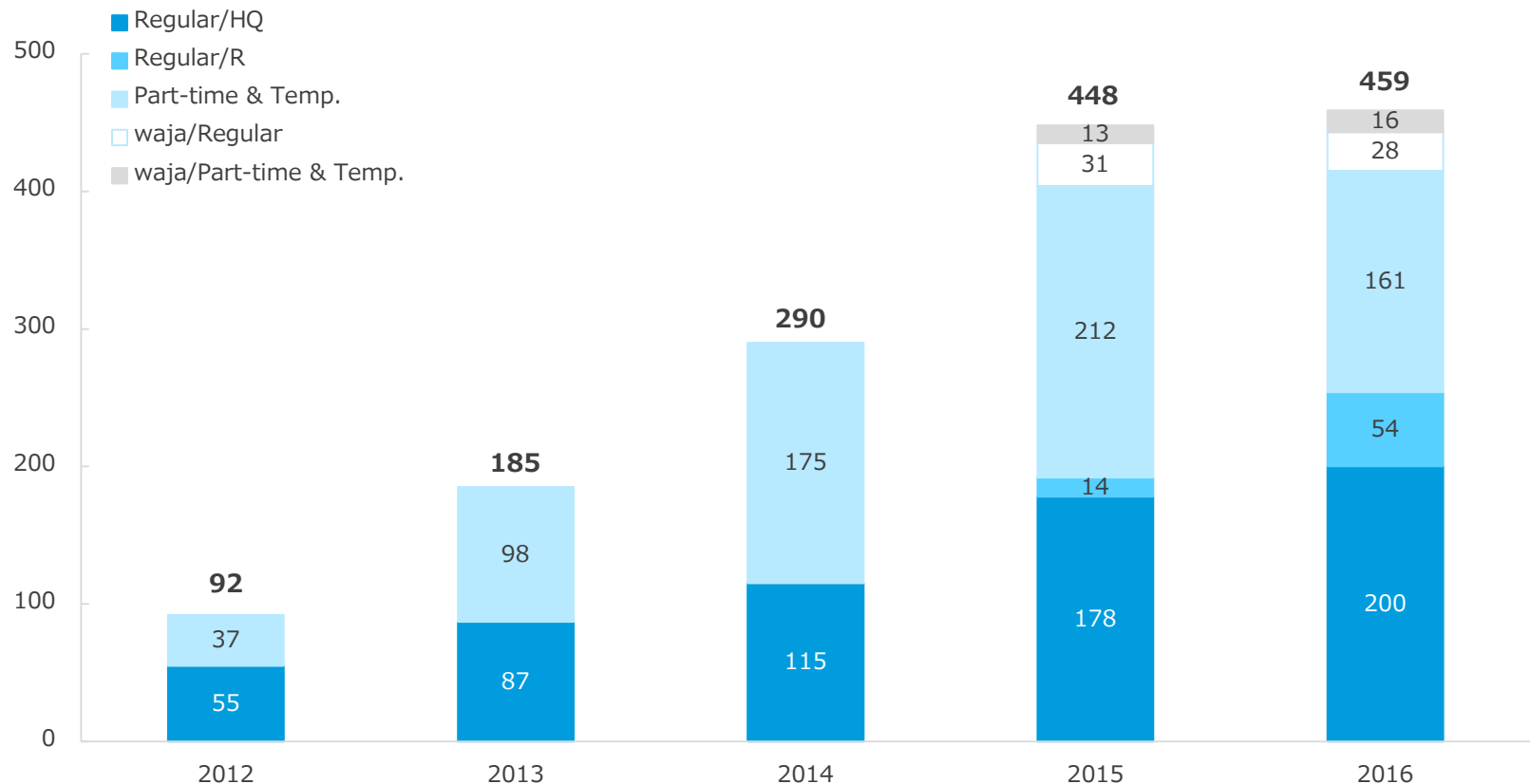
	FY2016	FY2015	YoY
Net Sales	5,366	5,069	+5.9%
Gross Margin	4,858	4,636	+4.8%
SG&A Expenses	4,343	4,628	-6.2%
Operating Income	515	7	+6547.6%
Operating Margin(%)	9.6%	0.2%	+9.5pt
Ordinary Income	574	19	+2899.1%
Extraordinary Loss *	347	5	+6417.5%
Profit before income taxes	226	53	+324.5%
Profit attributable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

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

Employees

- Number of employees increased with business growth.
- Miyazaki office opened in 2015 to improve productivity. Shift to local full-time employees was promoted, primarily for customer support.

(Unit : Persons)



4. Future Business Development

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"> • Chiryo 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	-



LIVESENSE

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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

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

Profile of Taichi Murakami, President and Representative Director



<Background>

- Oct. 1986 Born in Tokyo (October 27; 30 years old)
- Apr. 2002 Enrolled at Waseda University Senior High School
Began entrepreneurial preparations, such as participating in entrepreneurial events and gathering members
Obtained bookkeeping and system administrator qualifications
- Apr. 2005 Enrolled in Department of Economics at Waseda University School of Political Science and Economics
Took the Entrepreneur Training Course and won Business Plan Contest
- Feb. 2006 Established Livesense Inc. (university freshman)
Appointed President and Representative Director
- Mar. 2009 Graduated from Waseda University with degree in Economics
- Dec. 2011 Became youngest company president in history (25 years and 1 month old) to be listed on TSE Mothers
- Oct. 2012 Became youngest company president in history (25 years and 11 months old) to be listed on First Section of TSE

<Related Works>

- Sep. 2012 Livesense (The Meaning of Life): 25-year Old Taichi Murakami's Job of Making People Happy as Youngest Listed Company President
Written by Toru Uesaka, Published by Nikkei BP



LIVENSENSE

Invent the next common

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.