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Report for Compliance with Listing Maintenance Criteria for New Market Segment

The Company submitted an application today to select the Prime Market in conjunction with the restructuring of the Tokyo Stock Exchange scheduled for April 2022. As of the transition record date (June 30, 2021), we did not meet the listing criteria for the new market segment. As such, we have prepared a report for compliance with listing maintenance criteria for the new market segment as detailed below.

1. Status of compliance with listing maintenance criteria and planning period

The status of the Company's compliance with the listing maintenance criteria for the Prime Market as of the transition record date is outlined below. Two criteria, namely market cap and trading value, have not been met. The Company will work on various initiatives to meet the listing maintenance criteria by the fiscal year ending December 31, 2026.

	No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio	Daily Avg. Trading Value
The Company (As of transition record date)	135,435 units	¥3.1 billion	48.1%	¥6 million
Criteria	At least 20,000 units	At least ¥10 billion	At least 35%	At least ¥20 million
Included in report		✓		✓

*The status of compliance is calculated based on the distribution of the Company's shares known to the Tokyo Stock Exchange as of the record date.

2. Basic policy, challenges, and description of efforts for complying with listing criteria

a. Basic policy

Two criteria for maintaining a Prime Market listing, namely market cap and trading value, have not been met. To meet the listing maintenance criteria, it will be necessary to increase the stock price by improving corporate value through business growth and generation of profits and revitalize the Company's stock by improving its presence in the stock market through improvement of corporate value and other efforts.

Assuming that the number of tradable shares does not change, the price at which the tradable share market cap will meet the criteria is around 740 yen. This is around the level it was at from the end of 2014 to early 2015, and the 1 billion yen level of operating income from that time is a suitable reference.

In addition to returning consolidated operating income to the black within the next year or two, we will build a business portfolio capable of sustaining growth over the medium to long term by growing both existing and new businesses through aggressive business investments. In so doing, we will achieve the 1 billion yen level of operating income necessary for meeting the above criteria by the fiscal year ending December 31, 2026 and also create expectations among our shareholders and investors concerning the Company's growth. This will allow us to meet the criteria for maintaining the listing.

b. Challenges

The tradable share market cap consists of the elements of market cap and tradable share ratio. The sluggishness of the Company's market cap is a challenge, and the main factor behind this is that we have not met the level of performance sought by shareholders and investors. The low trading value is primarily due to the low market cap and sluggishness of the trade volume and stock price. We believe that there is room for improvement in name recognition and communication with the market through investor relations and other activities in this regard.

The Company recognizes that leaving behind the low-profit structure is an important management challenge. As such, the Company is working to optimize its business portfolio by engaging in selection and concentration of businesses and developing a new business model that differs from the one of the past. Progress is being made on optimizing the business portfolio, including transfer of businesses such as success fee-based real estate posting site DOOR Chintai and new graduate employment support service Syukatsu Kaigi and development of new businesses via a specialized organization.

Moreover, during this fiscal year, the Company is working on enhancing the earning power of existing businesses and launching new ones to realize profitability and continuous growth that do not depend on the external environment. The policy is to balance a return to profitability with the launching of new businesses that will become the pillars of the future in pursuit of the corporate vision of "Invent the next common." Although progress on enhancing earning power has been steady, further enhancement is necessary in order to return to profitability.

C. Description of efforts

On November 25, 2021, the Company published a "Notice of Measures to Improve Earning Power to Return to Profitability (Withdrawal from Some Businesses, Reduction of Fixed Costs, Investment in New Businesses, etc.)." By working on measures (1) and (2) below, we will realize a profit structure that does not depend on the external environment within the next one to two years.

At the same time, we will build a business portfolio capable of sustaining growth over the medium to long term by 2026, starting with measure (3) below, raise the level of profits, and bring about a situation of continuously increasing consolidated net sales. Specifically, in existing businesses, we will work on improving operational efficiency and developing and expanding new services, primarily for Machbaito, which continues to recover. We will also work on further enhancing the profitability of existing businesses, thereby facilitating ongoing business investments. By investing the income from existing businesses in developing new businesses, we will create new businesses on an ongoing basis and build a business portfolio capable of sustaining growth over the medium to long term.

In addition, by enhancing our investor relation activities such as online communication of information and promotion of talks with shareholders and investors, we will communicate the Company's strategies and growth potential in a proactive manner and realize constructive dialog for building long-term relationships with shareholders and investors.

(1) Withdrawal from unprofitable business

Tenshoku Navi is a success fee-based full-time job posting site. It supports the employment decision by publishing employment ads for full-time and contract employee jobs on the site, providing information to job seekers, and offering phone-based career-change advice.

Although the career change market is gradually recovering from COVID-19, the main users of this business are those who have not changed careers before. As such, it is likely to take some time for the business results to recover. Additionally, it will be difficult to establish a clear competitive advantage and create "the next common" in this business. The Company also determined that investing management resources into other businesses will contribute to company-wide growth. As a result, the decision was made to withdraw from the Tenshoku Navi business.

(2) Reduction of fixed costs

Most employees of the Company have been working from home company-wide since March 2020, and in October 2020, the offices were consolidated into one location in the Tokyo area. In addition, the "Invent our next work and life style" Project was launched to pursue and test out new work styles for the post-COVID-19 world. Based on these efforts, the Company decided to relocate its headquarters and Miyazaki Office and close its Kyoto Office, determining that this would facilitate both cost reduction and improvement of productivity.

At the same time, the contracts of some fixed-term employees and outsourcing operations will be revised.

(3) Ongoing investment in new businesses

The corporate vision of the Company is to "Invent the next common." Under this vision, the

Company is engaged in the development of new services to create the “next common” and solve the challenges faced by society.

During the current fiscal year, the Company has developed several new business proposals, including proposal-type matching service “knew” and online interview tool “batonn” in the aim of making them the next pillars.

By concentrating investment of the Company’s various resources such as cash and deposits and personnel, these new businesses will quickly be put on track, and the Company will work on developing new products and services in existing businesses without getting hung up on past services in order to bring about continuous growth.