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For Immediate Release

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## Progress on Plan for Compliance with Listing Maintenance Criteria

On December 13, 2021, the Company submitted and disclosed its plan to comply with the listing maintenance criteria for the Prime Market.

A progress report on the plan as of December 31, 2022 is provided 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 December 31, 2022 is outlined below. The daily average trading value criterion has been met, but the tradable share market cap criterion has not. The Company will continue working on various initiatives to meet the listing maintenance standards by the fiscal year end of month.

		No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio	Daily Avg. Trading Value
Compliance status and trend	As of June 30, 2021 (Transition record date)	135,435 units	¥3.1 billion	48.1%	¥6 million
	As of December 31, 2022	108,538 units	¥3.11 billion	38.5%	¥97 million
Criteria		At least 20,000 units	At least ¥10 billion	At least 35%	At least ¥20 million
Status of compliance as of December 31, 2022		✓	×	✓	✓
Planning period provided in initial plan			FY 2026		FY 2026

\*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.

\*The decrease in the number of tradable shares and the tradable share ratio is a result of removing the portion owned by major shareholder and founder Daisuke Katsura in conjunction with his appointment as director.

## **2. Status and evaluation of efforts for achieving compliance with listing maintenance criteria (January - December 2022)**

The Company has made steady progress on compliance with the listing maintenance criteria based on its initial plan and has determined that there is no need to make any changes at this time. The status of progress on and evaluation of the basic policy, challenges, and efforts disclosed in the plan are as follows:

### **a. Basic policy**

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. It will also require revitalizing 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 ¥920. This is around the level it was at in early 2013, and the ¥1 billion level of operating income from that time is a suitable reference.

As of December 31, 2022, the Company has met the daily average trading value criterion. Investors noticed and appreciated our return to profitability in the fiscal year ended December 31, 2022, leading to an increase in our trading volume and stock price. From June 30, 2021 to December 31, 2022, our stock price rose 24% from ¥225 to ¥279. However, because the number of tradable shares decreased, the tradable share market cap remained around the same as it was on the transition record date, so that criterion still has not been met.

Going forward, 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 level of operating income necessary for meeting the above criterion 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 standards for maintaining the listing.

Note: The initial plan referred to a stock price around what it was between the end of 2014 and the beginning of 2015. However, the Company has revised the reference period after reexamining the target stock price level and the required operating income in conjunction with the fluctuation in the tradable share ratio, determining that a stock price level around where it was in early 2013 when it was on the rise is more appropriate.

### **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 Company recognizes that leaving behind the low-profit structure is an important management challenge. As such, we will optimize our business portfolio by engaging in the selection and concentration of businesses and developing a new business model that differs from the past. Progress is being made on optimizing the business portfolio, including the transfer of businesses such as success fee-based real estate posting site DOOR Chintai and new graduate job search service Syukatsu Kaigi, withdrawal from success fee-based full-time job posting site Tenshoku Navi, and the development of new businesses via a specialized organization.

Moreover, during this fiscal year, the Company promoted efforts based on a policy of enhancing the earning power of existing businesses and establishing the foundation for new ones in pursuit of the corporate vision of "Invent the next common." As a result, existing businesses grew significantly, and we achieved a return to profitability with operating income of ¥284 million. However, we recognize the necessity of further enhancing profitability centered on existing businesses to achieve compliance with the listing maintenance criteria.

### **c. Description of efforts**

Since the fiscal year ended December 31, 2021, the Company has been promoting measures (1) to (3) below, completing (1) and (2) in the fiscal year ended December 31, 2022.

Going forward, we will build a business portfolio capable of sustaining growth over the medium to long term by 2026 through the implementation of measure (3) below, raising the level of profits and bringing about a situation of continuously increasing consolidated net sales.

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

(2) Reduction of fixed costs

In the fiscal year ended December 31, 2022, the Company withdrew from Tenshoku Navi, relocated and closed offices, and revised contracts for some fixed-term employees and outsourcing work. These efforts contributed around ¥600 million to income in the fiscal year ended December 31, 2022.

(3) Establishment of foundation for sustainable growth and ongoing investment in new businesses

The Company's corporate vision 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.

Our aim will be to achieve continuous improvement of corporate value through the creation of "the next common" and the solving of social issues. First, we will work on increasing sales and income through measures to increase the number of users and sales in existing businesses where we expect growth and contribution to income in the short term, thereby creating a situation that allows for ongoing investment in businesses. We will invest the earnings generated from existing businesses in the creation of new sources of revenue and the development of new businesses in order to continue to create new businesses and build a business portfolio capable of sustaining growth over the medium to long term.

During the current fiscal year, the Company has developed several new business proposals, including referral type matching service "knew" and interview optimization tool "batonn" with the aim of making them the next pillars.