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For Immediate Release

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### Progress on Plan for Compliance with Prime Market Listing Maintenance Criteria as well as Application for Standard Market and Compliance Status

On February 13, 2023, the Company submitted and disclosed the progress of its plan to comply with the listing maintenance criteria for the Prime Market.

Following amendments to the rules of the Tokyo Stock Exchange that took effect on April 1, 2023, the Company has been presented with the opportunity to select the Standard Market for its listing. Therefore, the Company hereby announces that a resolution was passed by the Board of Directors at a meeting held today to select and apply for the Standard Market.

#### 1. Trend of the Company's compliance with the listing maintenance criteria of the Prime Market and planning period

The status of the Company's compliance with the listing maintenance criteria for the Prime Market as of December 31, 2022 was released in the timely disclosure entitled "Progress on Plan for Compliance with Listing Maintenance Criteria" on February 13, 2023. The status of compliance, including trend, is outlined in the table below (same table from the timely disclosure).

		No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio	Daily Average 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 the listing maintenance criteria for the Prime Market**

The Company has worked on two areas in order to meet the listing maintenance criteria related to tradable share market cap and daily average trading value; namely, increasing the stock price by improving corporate value through business growth and generation of profits and revitalizing the Company's stock by improving its presence in the stock market through improvement of corporate value and other efforts.

As a result, as of December 31, 2022, the Company had met the daily average trading value criterion. Investors noticed and appreciated our return to profitability in FY 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.

## **3.Reasons for selection of Standard Market**

Following the recent revision of the rules, the Company carefully considered whether aiming to fulfill the listing maintenance criteria for the Prime Market or shifting to the Standard Market would be the best choice for shareholders and other stakeholders in terms of the Company's growth and enhancement of corporate value in the future. As a result, the Company selected the Standard Market for the following three reasons.

(1) Uncertainty whether listing maintenance criteria for tradable share market cap can be achieved  
The Company's business performance for FY 2023 has generally trended as planned, and steady progress is being made toward achieving the plan for compliance with listing maintenance criteria. However, tradable share market cap, the criteria which the Company has yet to achieve, includes elements that cannot be achieved by the Company's own efforts and performance alone, and the impact of the external environment such as financial markets must be considered. Additionally, the risk of breaching the criteria at the end of the transitional measures may itself hinder the proper formation of share price.

(2) Uncertainty whether listing maintenance criteria can be achieved continuously  
The listing maintenance criteria for the Prime Market in terms of tradeable share market cap and others will be determined each year. Even if the Company's meets the criteria during the transitional measures, the Company may not be able to achieve the listing maintenance criteria in the future if it is unable to maintain these criteria in a stable and continuous manner due to the Company's business performance and the impacts of the external environment. To address this risk, it is necessary not only to meet the listing maintenance criteria, but also to achieve a share price level that significantly exceeds the criteria.

(3) Concentration of management resources  
Based on (1) and (2) above, it will cost a considerable amount to meet and maintain the listing maintenance criteria for the Prime Market based on the current plan. At present, the Company believes that concentrating its limited management resources on the further growth of business and strengthening earnings power aligns with the interests of stakeholders.

After considering these circumstances, the Company has determined that it is important to develop an environment in which shareholders can hold and trade our shares with peace of mind and to focus on business growth, and thus, the Company decided to shift to the Standard Market, for which it already meets the listing maintenance criteria as shown in the table below.

In addition, with an eye toward re-establishing its listing on the Prime Market in the future, the Company will strive to increase corporate value and earn the trust of shareholders and investors so that it can meet the listing maintenance criteria for the Prime Market in a stable and continuous manner.

#### 4. Status of compliance with the listing maintenance criteria for the Standard Market

The Company's tradable share market cap, which did not comply with the listing maintenance criteria for the Prime Market as of December 31, 2022, and the status of its compliance with the listing maintenance criteria for the Standard Market are presented in the table below. Since the monthly average trading volume criteria for the first half of this fiscal year (January to June 2023) was at least 10 units, the Company complies with all listing maintenance criteria for the Standard Market.

	No. of Tradable Shares	Tradable Share Market Cap	Tradable Share Ratio
Status of compliance (As of December 31, 2022)	108,538 units	¥3.11 billion	38.5%
Listing maintenance criteria for the Standard Market	At least 2,000 units	At least ¥1.0 billion	At least 25%

\*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.

Since the Company complies with all of the listing maintenance criteria for the Standard Market at the time of electing to apply for listing on the Standard Market, the Company does not need to disclose a plan for compliance with the listing maintenance criteria for the Standard Market as long as the Company complies with either of listing maintenance criteria as of the record date for each item.