LIVESENSE

February 20, 2024

Company name	Livesense Inc.
Representative	Taichi Murakami, President, Representative Director and Executive Officer
(Code number: 6054; TSE Standard Market)	
Contact	Daisuke Katsura, Director and Executive Officer
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Notice of Disposal of Treasury Stock as Restricted Stock Compensation for Employees

The Company hereby announces that a resolution was passed at the Board of Directors meeting today to dispose of treasury stock as restricted stock compensation ("the Disposal").

1. Overview of the Disposal

(1) Payment date	May 29, 2024
(2) Number and type of shares	90,600 ordinary shares of the Company
(3) Price	234 yen per share
(4) Total amount	21,200,400 yen
(5) Allottee(s)	151 of the Company's employees (including executive officers who are employees): 90,600 shares

2. Purpose of and reasons for the Disposal

The Company decided on the Disposal in accordance with the recently introduced Liveshare restricted stock plan. Refer to the separate press release for the purpose, reasons, and plan details.

The Company resolved to grant a total of 21,200,400 yen in monetary claims to 151 employees of the Company (including executive officers who are employees) who meet the prescribed requirements (the "Eligible Employees"), which translates to 90,600 ordinary shares of the Company (the "Allotted Shares") as the Disposal. Each eligible employee will be granted 600 shares, the number of shares in six units of the Company's stock. In addition, a period of approximately five years has been set as the transfer restriction period for the Allotted Shares.

The Eligible Employees will pay all of the monetary claims provided to them as assets contributed in kind by way of subscription to the ordinary shares to be allocated by the Company through the Disposal. Furthermore, in conjunction with the Disposal, the Company will enter into a Restricted Stock Allotment Agreement with the Eligible Employees, the contents of which include the points outlined in "3. Overview of Allotment Agreement."

The Allotted Shares will be allocated only to those Eligible Employees who wish to subscribe.

3. Overview of Allotment Agreement

(1) Transfer restriction period

Eligible Employees shall not transfer, pledge, or otherwise dispose of the Allotted Shares during the period from May 29, 2024 (payment date) to February 1, 2029.

(2) Conditions for lifting of transfer restriction

The transfer restriction on all of the Allotted Shares shall be lifted upon the conclusion of the Restriction Period, provided that the Eligible Employee has continuously held the position of director, corporate auditor, executive officer, or employee of the Company or a subsidiary for a period of one year from the payment date (the "Term of Service"). However, in the event that the Eligible Employee loses their position as a director, corporate auditor, executive officer, or employee of the Company or a subsidiary during the Term of Service due to the expiration of the employment period (except in the case of reemployment after reaching retirement age, provided that the reemployment period has expired), or for any other reason deemed justifiable by the Board of Directors of the Company (excluding the loss of position due to the death of the Eligible Employee), the transfer restriction shall be lifted upon the conclusion of the Restriction Period. The number of Allotted Shares shall be calculated by dividing the number of months from the month including the payment date to the month including the date of said loss of position by 12, multiplied by the number of Allotted Shares (however, if the calculation results in a fraction of less than 100 shares, such fraction shall be rounded down, and if the rounding results in 0 shares, the number of shares shall be 100 shares). Furthermore, in the event that the Eligible Employee loses their position as a director, corporate auditor, executive officer, or employee of the Company or a subsidiary due to death during the Restriction Period, the transfer restriction on all of the Allotted Shares shall be lifted at the time of said loss of position.

(3) Acquisition by the Company without consideration

Naturally, the Company shall acquire the Allotted Shares for which the transfer restriction has not been lifted without consideration upon the conclusion of the Restriction Period.

(4) Share management

The Allotted Shares shall be managed in a dedicated account for restricted stock opened by the Eligible Employee with Daiwa Securities Co. Ltd. during the Restriction Period so that the Allotted Shares may not be transferred, pledged, or otherwise disposed of during the Restriction Period.

(5) Handling of organizational restructuring

In the event that a merger agreement under which the Company becomes defunct, a share exchange agreement under which the Company becomes a wholly owned subsidiary, a share transfer plan, or any other matters relating to organizational restructuring are approved at a General Meeting of Shareholders of the Company (or, if approval at a General Meeting of Shareholders of the Company is not required for such organizational restructuring, the Board of Directors of the Company) during the Restriction Period, the transfer restriction on all of the Allotted Shares shall be lifted as of the business day immediately preceding the effective date of such organizational restructuring upon resolution by the Board of Directors.

4. Basis and specifics for calculating the amount to be paid in

The Disposal is to be conducted with the monetary claims provided to the allottees as the assets to be contributed. The amount to be paid in is set at 234 yen, which is the closing price of the Company's ordinary stock on the Tokyo Stock Exchange on February 19, 2024 (the business day before the date of the Board of Directors resolution), to eliminate any arbitrariness. This is the market share price immediately prior to the date of the Board of Directors' resolution. In the absence of special circumstances indicating that the most recent share price cannot be relied upon, the Company believes that this is a reasonable price that appropriately reflects the Company's corporate value and is not particularly favorable to the Eligible Employees.

News Release

Tuesday, February 20, 2024 / Livesense Inc. (securities code: 6054)

Livesense Introduces Liveshare, Japan's First[*1] Restricted Stock Plan That Can Be Held After Retirement

Enhancing engagement of employees, including alumni, to promote stakeholder management

Livesense Inc. (President and Representative Director: Taichi Murakami; Headquarters: Minato-ku, Tokyo; Securities code: 6054) hereby announces the introduction of Liveshare, a first-of-its-kind-in-Japan restricted stock plan, on Tuesday, February 20, 2024.

■ Characteristics of the Plan

- Employees can continue to hold the restricted stock (RS[*2]) after retirement
- Every employee[*3] is granted a uniform number of shares of RS upon joining the Company
- Returns a portion of the Company's profits to employees every year

Liveshare is a plan that grants employees shares (RS) with a five-year restricted transfer period. The Plan consists of (1) shares granted upon joining the Company and (2) shares granted annually. All employees are granted a uniform number of shares upon joining the Company, making all employees both employees and shareholders. In addition, employees above a certain rank and position are granted shares based on their performance every year, and the Company returns a portion of the profits earned.

More and more companies are introducing RS in Japan. As of 2021, about 30%[*4] of listed companies have introduced RS. However, eligibility is typically limited to directors or some executives. In general, RS is also designed so that any shares that have not been released from transfer restrictions at the time of retirement are returned to the Company. Major characteristics of the Plan include that all employees are eligible regardless of their position or length of service and that they can continue to hold the shares even if they retire before the transfer restriction is lifted[*5]. In addition, granting RS reflecting the previous year's profits is common for executive compensation, but it is unique for employee compensation. This characteristic is designed to reflect our philosophy, including the aspect of "Happiness Begetting Happiness."

■ Background and purpose of introducing the Plan

In recent years, the importance of each stakeholder in corporate management, including stakeholder management and human capital management, has been attracting attention. Livesense believes that taking various stakeholders, including shareholders, users, and business partners, into consideration and earning the long-term trust of stakeholders is extremely important for a company to provide value to society and survive. In particular, the Company considers its employees, the source of its competitiveness, important stakeholders.

As such, the purpose of the Plan is to increase engagement with employees through the granting of RS and to allow the Company to grow together with its employees.

Compared to other stock-based compensation plans, such as stock options, RS is unique in that employees become direct shareholders and have the rights and sensibilities of shareholders. The Company expects this to result in employees taking an interest in improving corporate value not only from the standpoint of an employee but also from that of a shareholder.

Providing appropriate returns to the employees who drive the Company's change and growth is also essential. By using RS, the Company hopes to achieve long-term and sustainable growth and provide greater returns through higher stock prices and other means rather than short-term incentives like bonuses. The transfer restriction period for this RS is set at five years, which is relatively long. The Company was listed on TSE Mothers five years after its founding. The transfer restriction period reflects our desire to be aware of and pursue the future five years from now, considering that five years is enough time to take a business that was started from scratch to listing.

Furthermore, in principle, employees can continue to hold this RS even if they retire before the transfer restriction is lifted. RS is generally designed to be returned to the company upon retirement with the expectation that it will have a retention effect. However, the Company's objective in introducing the Plan is not to retain employees by avoiding losses but to increase employee engagement. As such, this RS is designed to be held even after retirement.

■ Overview of the Plan

	(1) RS granted upon joining the Company	(2) RS granted annually
Eligibility	All employees*3	All full-time employees above a certain rank and position
Number of shares granted	Equivalent to around 150,000 yen *A unit of shares equivalent to around 150,000 yen is granted based on the share price on the day before the resolution date	Granted according to the previous year's performance and rank/position *The previous year's operating profit multiplied by a specific coefficient (1-10%) is used as the basis, and the amount is granted according to rank and position.
Timing	Upon joining the Company	Once a year
Initial granting	May 2024 (tentative) (Will also be granted to all existing employees)	2025 (tentative), based on FY2024 operating profit
Transfer restriction period	Approx. 5 years	
Handling upon retirement	Continued holding	

■ Continued involvement with alumni*6 and community building

The IT industry is one with high labor mobility, and the movement of talent through job changes or entrepreneurship contributes to adaptability to change and innovation. At the Company, however, relationships between employees and alumni or between alumni often continue even after retirement, and more and more alumni are rejoining the Company later. The Company believes that such human connections and being a place people want to come back to are also crucial to achieving sustainable growth.

When employees who have joined the Company because they share its philosophy and vision depart for new places, the Company sends them off with gratitude for their past contributions. It also continues to be involved with them after retirement as individuals or shareholders. This is one of the forms of membership the Company pursues.

Going forward, the Company will also work on building a new community that includes alumni.

*1. Based on the Company's research as of February 20, 2024

*2. A plan in which a company grants shares free of charge to directors and employees as an incentive. However, the disposition or sale of such shares is restricted for a certain period, after which the restriction is lifted (often conditional on continued service). After the restriction is lifted, the shares can be sold for cash.

*3. Applies to indefinite-term full-time employees regardless of work location, job duties, or work hours.

*4. Source: "Short Review: Restricted Stock" by Nikko Research Review (https://www.nikko-research.co.jp/wp-content/uploads/2021/07/sr202107_0002.pdf)

*5. There are some exceptions regarding holding the shares after retirement.

*6. Former employees. In the human resources field, alumni refers to retirees other than those who have reached retirement age.

■ About Livesense Inc. (URL: https://en.livesense.co.jp/)

Livesense Inc. has developed various HR and real estate services under the corporate vision of "Invent the next common." It seeks to be a company that customers and society need by inventing "the next common."

・Company name: Livesense Inc.

・Address: 10F TOKYO PORT CITY TAKESHIBA, 1-7-1 Kaigan, Minato-ku, Tokyo

・Established: February 8, 2006

・Capital: 237 million yen

・Representative: Taichi Murakami, President and Representative Director

・Business description: Internet Media Management Business

■ Inquiries Concerning This Release

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