

August 27, 2024

For Immediate Release

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Notice on the Impact of Tightened Regulations on Job Information Services and Our Response

On August 21, 2024, the Ministry of Health, Labour and Welfare announced a draft amendment titled “Partial Revision of Guidelines for Appropriate Measures by Employment Placement Service Providers, Job Posters, Persons Recruiting Workers, Commissioned Recruiters, Persons Offering the Service of Providing Recruitment/Candidate Information, Providers of Worker Supply Services, and Persons Intending to Receive Worker Supply Regarding Their Responsibilities” (the “Draft Amendment”). The Draft Amendment is expected to be finalized, approved, and implemented after a period of public comments. While the content may still be changed going forward, we would like to outline its potential impact on the Company and the actions we intend to take.

1. Summary of the Draft Amendment and Its Relevance to the Group’s Business

The Draft Amendment proposes a general prohibition on providing monetary or other rewards within job information services. While not legally binding, this regulation aims to ban the use of so-called “monetary gifts” offered to job seekers through recruitment media. For the Group, this includes the Mach Bonus associated with part-time employment information site Machbaito.

In the paid employment placement business, high-value recruitment bonuses are already prohibited to prevent excessive job-change inducements. However, due to numerous violations and a few cases of dishonest practices involving monetary gifts in job information services, the scope of regulation is now being expanded.

2. The Company’s Opinion and Planned Response to the Draft Amendment

We recognize that excessive monetary gifts can undermine the long-term career prospects of job seekers and disrupt the operational stability of hiring companies. As such, we believe that appropriate regulation is needed.

At the same time, however, monetary gifts play a key role in preventing fraud in the provision of success fee-based services. A complete ban could necessitate the discontinuation or restructuring of these services, increasing costs for hiring companies. For job seekers, these bonuses often provide financial support until they receive their first paycheck.

For these reasons, we believe that a blanket prohibition on monetary gifts is highly likely to disadvantage small and medium-sized enterprises that cannot bear the risk of non-recoverable costs as

well as non-regular job seekers with limited financial resources.

In response to this matter, we plan to submit recommendations during the public comment period to ensure the regulations are implemented within a reasonable scope. Additionally, we are exploring new service frameworks and business models that align with the intent of the regulations, should they be enacted.

3. Impact on the Group's Business Performance

This matter will have no impact on our performance for the fiscal year ending December 31, 2024.

Furthermore, if monetary gifts were to be abolished in the future, there would be no significant short-term impact on the Group's profits as Machbaito already offers alternative payment methods beyond the success fee-based model, and the associated costs of monetary gifts would decrease. On the other hand, we believe there may be an opportunity to adjust the business model and reorganize the business portfolio over the long term.

If any matters requiring disclosure arise in the future, we will promptly provide the necessary information.