

September 26, 2023

Notice of Intention to Continue Listing on Prime Market and to Conform to Listing
Maintenance Criteria

We hereby announce that our Board of Directors has decided at a meeting held today to continue our efforts to comply with the listing maintenance criteria of the Prime Market, instead of choosing the Standard Market, as announced by the Tokyo Stock Exchange on April 1, 2023, when the opportunity to re-select listing on the Standard Market was made available.

1. Reasons for Continuing to Select the Prime Market

As announced on February 13, 2023 and March 29, 2023, our press releases titled "Progress Under Plan for Compliance with Listing Maintenance Criteria" (only available in Japanese), as of December 31, 2022, we did not meet the criteria for "total market capitalization of tradable shares." Meanwhile, our business activities are progressing in line with the plan announced on December 29, 2021, to comply with the criteria for maintaining our Prime Market listing, and the entire company is working together to achieve the mid-term goals set in the plan. The next fiscal year will be the final year of our mid-term goal, and we are preparing to realize further progress in the next mid-term goal period. In light of the current business environment and the upfront investments being made during the current medium-term target period, we have made this decision based on our belief that we can meet the criteria for total market capitalization of tradable shares by expanding our business performance and improving our stock price valuation.

2. Our Company's Compliance with Listing Maintenance Criteria

Our compliance with the criteria for maintaining its listing on the Prime Market, including trends

		No. of shares in circulation	Total market capitalization of tradable shares	Ratio of tradable shares
Our compliance status and its trends	As of June 30, 2021 *1	54,707 units	6.76 billion yen	47.3%
	As of December 31, 2022 *1	48,708 units *2	3.93 billion yen	41.6% *2
	Based on closing price on September 25, 2023 *3	50,190 units	4.82 billion yen	42.8%
Listing maintenance criteria		20,000 units	10 billion yen	35.0%
Compliance status		✓	✗	✓

*1 The calculation is based on the distribution of our company's shares, etc., as understood by the Tokyo Stock Exchange, Inc. as of the base date.

*2 The change from June 30, 2021 is mainly due to the acquisition of treasury stock (375,000 shares) and the number of shares held by directors of affiliated companies, which are excluded from the figures as of December 31, 2022.

*3 Number of shares in circulation calculated by our company based on the distribution of share certificates, etc., as of June 30, 2023, and our estimate based on the closing price (961 yen) on September 25, 2023.

3. Status of Implementation of Efforts to Comply with Listing Maintenance Criteria

In our written plan to comply with the criteria for maintaining our listing on the Prime Market, we have set medium-term targets of 17 billion yen in net sales, 1.2 billion yen in operating income, and 800 million yen in net income for the fiscal year ending December 31, 2024, and we are working on measures to achieve these targets by growing our business.

For the fiscal year ending December 31, 2023, our second quarter results were favorable, with net sales of 9.0 billion yen, operating income of 620 million yen, and net income of 400 million yen, compared to the full-year forecasts of 15.7 billion yen in net sales, 1.0 billion yen in operating income, and 670 million yen in net income. In addition, investments in strengthening the hiring and training of engineers, the development of new in-house products and services, and preparations for investments in business offices are progressing as planned.

4. Future Challenges and Initiatives

Although we have a certain number of shares, and maintain the number of shares in circulation, etc., we believe that the reason we do not meet the criteria for total market capitalization of shares in circulation is because our stock price, a key factor, has been stagnant, and we recognize that improving corporate value and obtaining proper valuation in the stock market is a challenge.

To address these issues, we will promote initiatives based on the plan with a strong will to meet the criteria for maintaining our listing on the Prime Market, achieve sustainable and accelerated growth to dramatically increase our corporate value, and further enhance our IR activities and corporate governance.