

Company Name: Linical Co., Ltd.

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President & CEO

(TSE code: 2183)

September 26, 2023

Company's Status of Compliance with the Prime Market Continued Listing Criteria (Changes) and Application for Selection for and Compliance with the Standard Market

Linical Co., Ltd. (the "Company") hereby announces that, at a meeting of its Board of Directors held on September 26, 2023, the Company resolved to apply for selection for the Standard Market in light of the revision of the rules of the Tokyo Stock Exchange effective April 1, 2023 and the Company's status of compliance with the current Prime Market continued listing criteria.

The reasons for selecting the Standard Market and the status of compliance with the Standard Market continued listing criteria are as follows.

1. Changes in Company's status of compliance with Prime Market continued listing criteria and plan period

The Company's status of compliance with the criteria for continued listing on the Prime Market as of March 31, 2023, including the changes, is as follows. "Market capitalization of tradeable shares" does not meet the criteria.

		No. of shareholders	Number of tradeable shares	Market capitalization of tradeable shares	Ratio of Tradeable shares	Average daily trading value
Compliance status and changes *1	As of the end of June 2021 (Transition Base Date)	3,869 people	105,486 units	8.13 billion yen	42.6%	31 million yen
	As of the end of March 2023 (Reference Date)	3,767 people	99,553 units	6.95 billion yen	40.2%	24 million yen *2
	As of the end of June 2023 (Reference)	3,544 people	99,548 units	7.50 billion yen	40.2%	21 million yen *3
Continued listing criteria		800 people	20,000 units	10 billion yen	35%	20 million yen

Compliance status	Compliant	Compliant	Non-compliant	Compliant	Compliant
Plan period stated in the initial plan	-	-	End of March 2025	-	-

*1 Figures as of the end of June 2021 and March 2023 concerning our compliance have been calculated based on the distribution of Company share certificates, etc. as of the Tokyo Stock Exchange reference date. Further, figures as of the end of June 2023, concerning our compliance have been calculated based on the same method.

*2 The continued listing criteria for "trading value" are based on the daily average trading value of listed share certificates, etc. for the one-year period prior to the last day of December of each year, and is based on the notification of review results from the Tokyo Stock Exchange.

*3 The average daily trading value as of June 2023 is an amount estimated by the Company based on information available on the average daily trading value between July 2022 and June 2023.

2. Implementation and evaluation of initiatives to comply with Prime Market continued listing criteria

In the plan released on December 27, 2021, the Company set forth its basic policy, issues and initiatives to comply with the Prime Market continued listing criteria (criteria for market capitalization of tradable shares), and set forth its basic policy to (i) increase share price and (ii) increase the number of tradable shares with the aim of increasing the market capitalization of tradable shares. In terms of (i) increasing share price, an initiative at the core of these efforts, the Company aims to increase the market capitalization of tradable shares by enhancing corporate value by (1) enhancing profitability, (2) strengthening corporate governance, and (3) increasing corporate accountability.

The specific status of the implementation and evaluation of initiatives from January 2022 to March 2023 and at the time of disclosure (June 23, 2023) are described in "Progress Based on the Plan for Compliance with Continued Listing Criteria" announced on June 23, 2023.

After this announcement, as announced in the "Notice Concerning Revision of Corporate Governance System" on July 31, 2023, the Company has decided to appoint a portion of the current directors (excluding directors who are Audit and Supervisory Committee Members and Outside Directors) as executive officers (who do not concurrently serve as directors), so that the Board of Directors will consist of (1) a majority of Outside Directors and (2) a female director ratio of 30% or more. Following consultation with the Nominations Committee, the Board of Directors will make a resolution on specific executive appointments in late March 2024, and will submit the decision at the 19th Annual General Meeting of Shareholders to be held in late June 2024. In addition, we will ensure objectivity, transparency, and fairness regarding personnel and compensation in the same manner as directors by making the scope of responsibility and authority of executive officers more clear and making personnel and compensation subject to consultation by the Nominations Committee and the Compensation Committee. These revisions are expected to further strengthen corporate governance in terms of (1) strengthening the governance and supervisory functions of the Board of

Directors by having the majority of the Board of Directors become outside directors, (2) improving the speed and effectiveness of business execution by expanding the executive officer system, and (3) ensuring the appropriate size and diversity of the Board of Directors.

3. Reasons for selecting the Standard Market

The recent revision of the TSE rules clarifies the handling of transitional measures following a violation of the continued listing criteria. The Company prepared a "Plan for Compliance with Continued Listing Criteria for New Market Categories," announced on December 27, 2021, with the aim of complying with the continued listing criteria for the Prime Market. However, the TSE rule revision effective April 1, 2023, provided the Company with the opportunity to re-select the Standard Market. As a result, the Company is also considering selection for the Standard Market.

The market capitalization of tradeable shares that does not meet the criteria for continued listing on the Prime Market includes many factors that cannot be achieved through our efforts alone. Furthermore, even if we meet the criteria for continued listing on the Prime Market during the transitional period, there is always the risk that we may fail to meet the criteria for continued listing until we grow to a size that can maintain stable and continuous compliance with the criteria. In light of these circumstances, the Board of Directors carefully deliberated and concluded that it is of utmost importance to ensure an environment in which shareholders can continue to hold and buy shares of the Company. In addition, the Company has decided to apply for selection for the "Standard Market" at this time, based on our judgment that the focused allocation of our limited management resources to improving profitability and sustainable growth over the medium- to long-term, rather than falling into management from a short-term perspective in order to satisfy the criteria for maintaining listing on the Prime Market, will contribute to improving our corporate value.

Following the transition to the Standard Market, we will continue initiatives aimed at improving corporate value, fulfilling our social responsibilities as a company with high credibility among shareholders and investors, and will aim for a new listing on the Prime Market.

4. Compliance with Standard Market continued listing criteria

The following table shows the status of compliance with Standard Market continued listing criteria as of March 31, 2023. All criteria for listing on the Standard Market have been satisfied.

		No. of shareholders	Number of tradeable shares	Market capitalization of tradeable shares	Ratio of tradeable shares	Average monthly trading volume
Compliance status *1	As of the end of March 2023 (Reference Date)	3,767 people	99,553 units	6.95 billion yen	40.2%	5,939 units *2

Continued listing criteria	400 people	2,000 units	1 billion yen	25%	10 units
Compliance status	Compliant	Compliant	Compliant	Compliant	Compliant

*1 Figures concerning compliance status have been calculated based on the distribution of company share certificates, etc. as of the reference date of the Tokyo Stock Exchange.

*2 Average monthly trading volume has been calculated based on the average trading volume over the six months from January 2023 to June 2023.

5. Currently disclosed compliance plan

Based on the fact that the Company complies with the continued listing criteria for Standard Market at the time of the application for selection for the same market, the Company is not obligated to disclose a "Plan for Compliance with the (Standard Market) Continued Listing Criteria" if the Company does not fail to comply with any of the continued listing criteria for the Standard Market at the time of the judgment reference date for each criteria.

Although we will apply for re-selection for the Standard Market, there will be no change to initiatives in the "Plan for Compliance with Continued Listing Criteria for New Market Categories" submitted on December 27, 2021. We will continue to strive to improve profitability, maintain and improve our high corporate governance standards, actively disclose information, and work to achieve sustainable growth and increase corporate value.

6. Expected date of transition to Standard Market

The transition to the standard market will take place on October 20, 2023. Following this date, trading of Company shares will move to the Standard Market and trading will continue in that market.

End

Notes: This is a translation of the press release originally drafted in Japanese for the disclosure required in compliance with the TSE regulations.