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Financial Results of the 2nd Quarter of Fiscal Year Ending September 2021

CHANGE Inc.
Security Code: 3962

[Notes of caution] This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

CHANGE
PEOPLE, BUSINESS, JAPAN

Our Mission

||| **Change People, Change Business, Change Japan.**



Our Issue

||| Change People, Change Business, Change Japan.



Source : "Table 1-1-1-1 Japan's population transition" White Paper Information and Communication in 2016 MIC <http://www.soumu.go.jp/johotsusintokei/whitepaper/ja/h28/html/nc111110.html>

※based on data from the "Census" (MIC) until 2015 and the "forecasted population in Japan" (National Social Security and Population Problem Research Institute (2013 forecast)(median estimate for birth and death)

Changing Productivity

Human **x** **Tech**
(Education & Training) (NEW-IT)

2nd Quarter Overview

Overseas Finance Summary

Overview of Cumulative 2nd Quarter Results (Consolidated)

- Operating profit progressed **104.9%** compared with the lower range of the full-year target.
- Full-year baseline target has been achieved even excluding the segment profit of Investment business (equivalent to **100.2%**).

*Targets figures were revised based on IFRS on December 25, 2020.

(unit: million yen)	12.25 IFRS version correction Full-year targets (consolidated)		~	12.25 IFRS version correction Full-year targets (consolidated)		2Q Cum. Results (consolidated)	
	amount	%		amount	%	amount	%
Revenue	15,781	100.0%	~	16,281	100.0%	10,262	100.0%
Cost of sales	4,344	27.5%	~	4,344	26.7%	1,854	18.1%
Gross margin	11,436	72.5%	~	11,936	73.3%	8,408	81.9%
SG&A Expenses	6,364	40.3%	~	6,364	39.1%	3,089	30.1%
Operating profit	5,071	32.1%	~	5,571	34.2%	5,319	51.8%
Financial income	0	0.0%	~	0	0.0%	0	0.0%
Financial expenses	63	0.4%	~	63	0.4%	54	0.5%
Profit before taxes	5,008	31.7%	~	5,508	33.8%	5,264	51.3%
Income tax expense	1,736	11.0%	~	1,909	11.7%	1,822	17.8%
Profit	3,272	20.7%	~	3,599	22.1%	3,441	33.5%
Profit attributable to owner of parent	3,296		~	3,623		3,467	
Loss attributable to non-controlling interests	△24		~	△24		△25	
(Reference) EBITDA	5,617	35.6%	~	6,117	37.6%	5,718	55.7%

Breakdown by business segment

(Reference) 1st quarter
(unit: million yen)

	NEW-IT trans.	Investment	Publi-tech	Adjusted
Revenue	473	72	7,253	—
└ External revenue	473	72	7,253	—
└ Inter-segment revenue	—	—	—	—
Segment profit	136	67	4,771	△357

2nd quarter cumulative
(unit: million yen)

	NEW-IT trans.	Investment	Publi-tech	Adjusted
Revenue	1,110	247	8,904	—
└ External revenue	1,110	247	8,904	—
└ Inter-segment revenue	—	—	—	—
Segment profit	354	237	5,394	△667

* Sums may differ due to rounding fractions.

* "Adjusted" is mainly related to whole group's selling, general, administrative expenses.

- Q2 Cumulative Segment Profit Growth Rate (YoY)

■ NEW-IT : Approx. **33.7%**

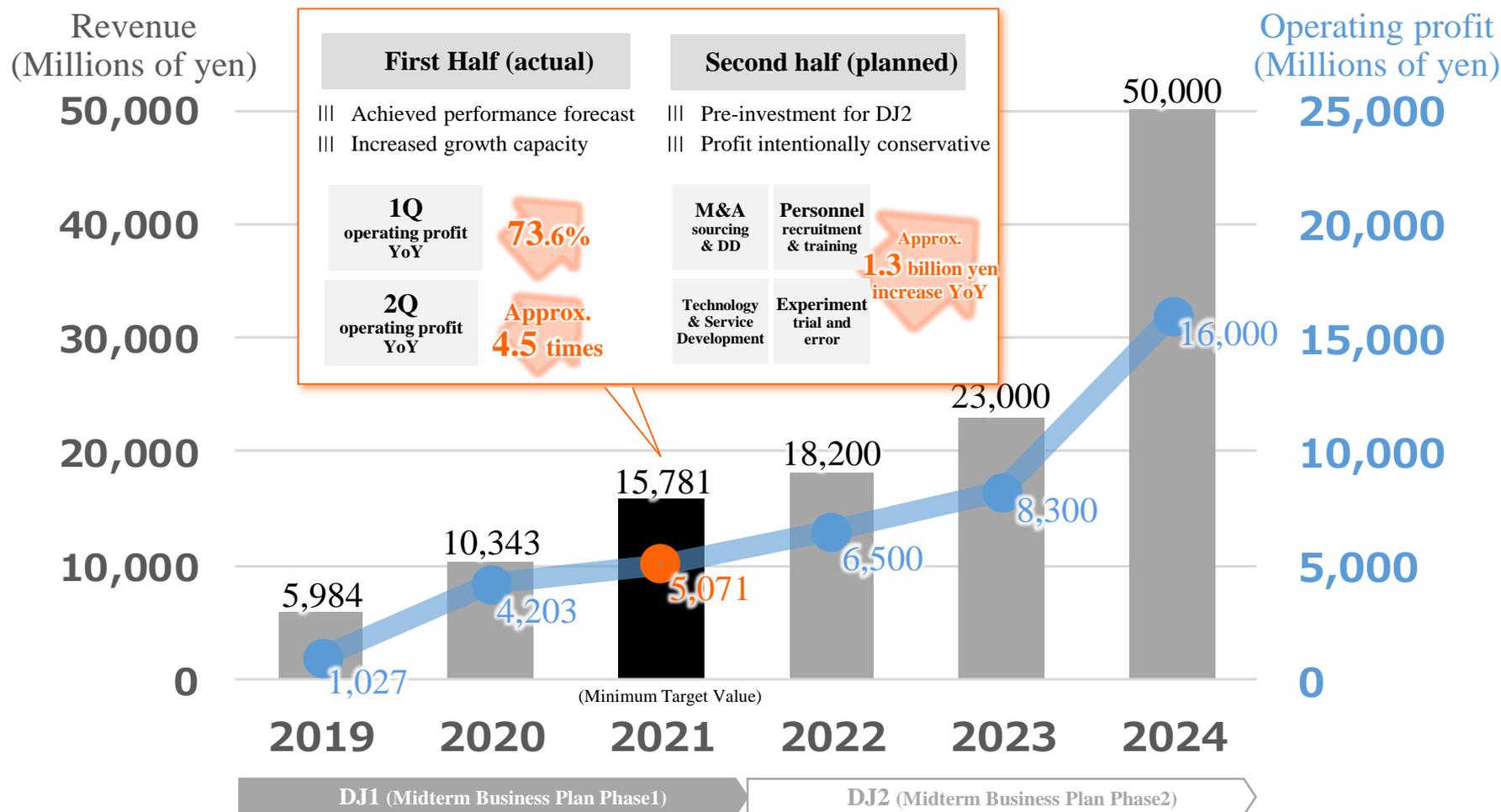
■ Publitech : Approx. **77.5%**

*In comparison to same period of FY20 after retrospectively applying to IFRS.

* Revenue contribution of our newly announced subsidiary, BCAP Co., Ltd will start from Q3.

Overview of Cumulative 2nd Quarter Results - Supplementary

||| In second half of FY21, we will focus on preparation for DJ2, as we have already reached our target for this fiscal year.



* All figures are based on IFRS. Figures prior to 2020.9 have been compared retrospectively. All figures after 2021.9 are target basis.

Major Topics for the 2nd Quarter

~ Overseas Finance ~

- ||| **On March 12, 2021, we announced issuance of new stocks and sales of existing stocks in the overseas market.**
- ||| **Details and results are to be described later in this material.**

Joint bookrunner and joint lead managers

- ||| SMBC Nikko Capital Markets Limited
- ||| SBI Securities (Hong Kong) Limited
- ||| Credit Suisse (Hong Kong) Limited

Offering form

- ||| International offering (Reg.S only)

Schedule

- ||| Resolution date: March 12, 2021
- ||| Condition determination date: March 23, 2021
- ||| Delivery date: March 30, 2021

Offering quantity

- ||| Total: 6,971,700 shares
- ||| Issuance of new shares: 5,362,900 shares
- ||| Sale by OSO*: 1,608,800 shares

Payment amount

- ||| Approx. 16.5 billion yen (Price: 3,077.2 yen)

Dilution rate

- ||| 7.4%

Discount rate

- ||| 4.01% (Tentative condition: 4 to 6%)

*: Acronym for Owner's Selling Option. It is an option to make additional offerings from existing stockholders as the seller only if substantial excess demand can be expected.

Major Topics for the 2nd Quarter

~ Launch of Digital Growth Academy ~

||| **Joint venture with KDDI announced on January 27 was established and launched its business on April 1.**



DIGITAL GROWTH ACADEMIA

デジタルを武器に、人と企業が成長し、日本に変革をもたらす。

Name

||| Digital Growth Academia Inc.

Description of Business

||| Development of digital human resources (DX human resources) to promote DX for companies and local governments

Address

||| 3-17-1 Toranomom, Minato-ku, Tokyo
TOKYU REIT Toranomom Building 6th Floor

Established

||| February 2021 (Business started on April 1)

Capital

||| 1.919 billion yen

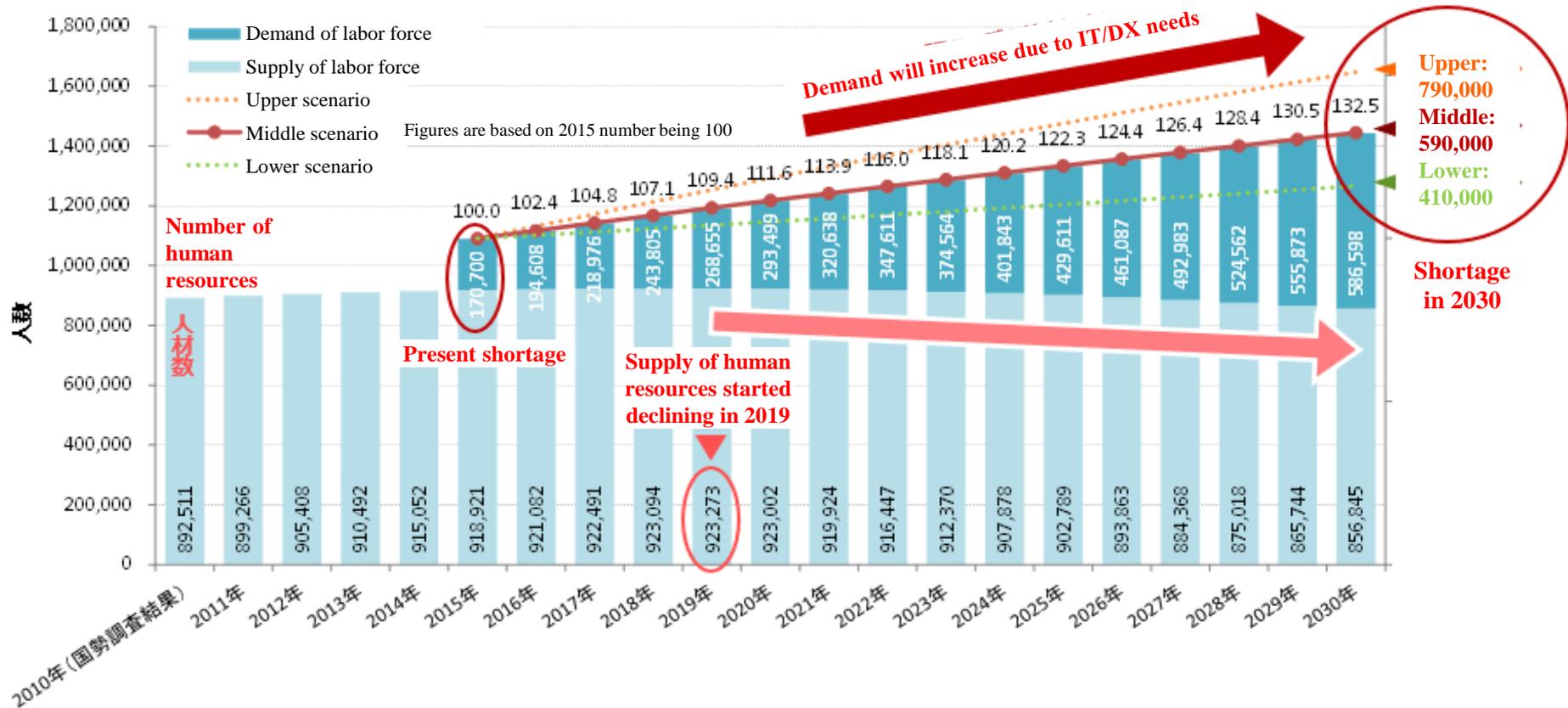
Shareholder

||| CHANGE Inc. 50.03%
||| KDDI Corporation 49.97%

Major Topics for the 2nd Quarter

~ Launch of Digital Growth Academy ~

||| In order to spread the benefits of digitalization to areas outside of Tokyo, it is imminent to tackle one of the biggest bottleneck which is “the lack of human resources”.



Source: METI “Research report on trend and future projection of IT human resource” (outsourced to Mizuho Information & Research Institute, Inc.)

Major Topics for the 2nd Quarter

~ Acquisition of beacapp Inc. ~

- ||| **Change acquired beacapp Inc., a leading company of beacon-related solutions in Japan and made it our subsidiary (announced on Mar 5).**
- ||| **The acquisition enhances the core function of DX, using its technology to visualize and measure the movement of people and objects quantitatively.**



Visualizing all working sites

Name

- ||| beacapp Inc.

Description of business

- ||| Development, sales, and operation of visualization solution “Beacapp HERE”
- ||| Development, sales, and operation of beacon management platform “Beacapp”
- ||| Application development by utilizing beacons and various sensors etc.

Address

- ||| Nihonbashi Ningyocho Place 7th Floor
- ||| 1-13-7, Nihonbashi Kakigara-cho, Chuo-ku, Tokyo

Foundation

- ||| December 2018.

Ownership

- ||| 71.3% *based on voting rights

Major Topics for the 2nd Quarter

~ Acquisition of beacapp Inc. ~

||| Its strength to provide IoT services in “easy” and “inexpensive” way is particularly inevitable in order to spread DX into local area.



- Visualizes the work site “real-time” by using beacons, sensors, and smartphones
- Changing the high-cost, time consuming IoT market by promoting services that can be easily and inexpensively adopted

- ||| It has the largest track record in the field of development, installation, and operation of beacon utilized apps in Japan.
- ||| Adopted in a wide range of industries, such as real estate, finance, manufacturers, etc.
- ||| No.1 in terms of numbers of installations of “Location Services for Offices”
※According to research by Tokyo Shoko Research, Ltd. as of December 2020
- ||| Equivalent to “Product Acquisition-type” M&A in DJ2
- ||| Joining our Group will accelerate access to field-related use cases and local market, in addition to the current market of large sized companies and offices.

Major Topics for the 2nd Quarter

~ LoGo Series – highly rated even after start of paid service ~

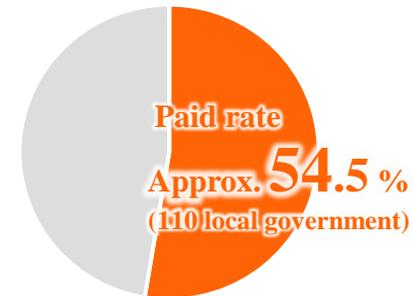
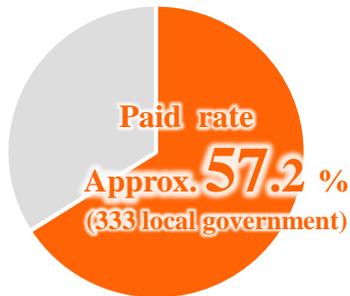
- ||| **LoGo Series, which began charging for its licenses from April 2021, continues to hold strong support from the users.**
- ||| **Users have highly rated its benefits over its costs, leading a path for sustainable product enhancement.**



- ||| Business chat available for both LGWAN and the Internet
- ||| Quick and comprehensive coverage of extensive information within the local government
- ||| Helped increase response speeds under the shift to telework by government staffs
- ||| Also serves as a platform for sharing knowledge across multiple local governments



- ||| Online form tool available both for LGWAN and the Internet
- ||| Can be created quickly and easily by staff without special knowledge or skills
- ||| Forms created on this tool (= knowledge) can be shared between local governments
- ||| Used by many local governments for Covid-19 related operation, such as paying benefits

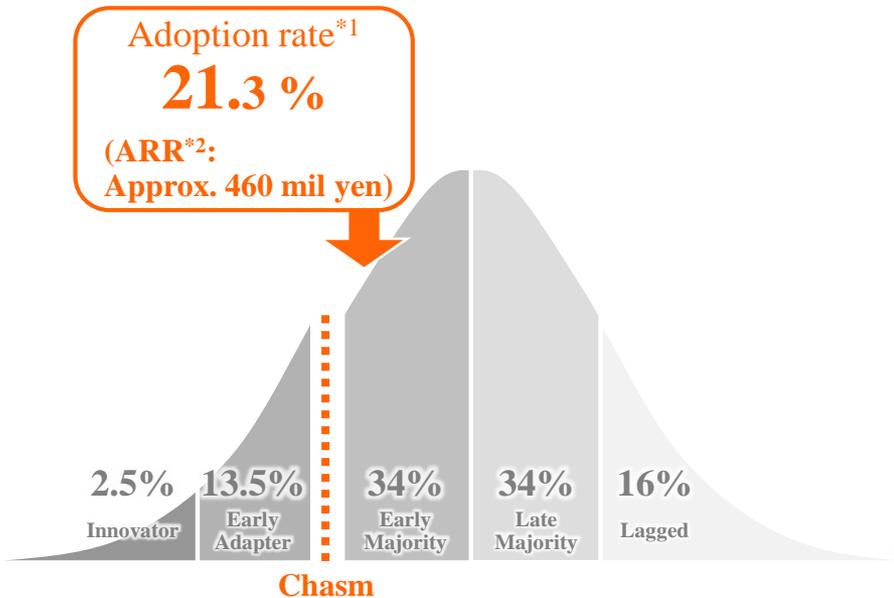


* Ratio shows the number of local governments and accounts which went into paid services, out of those using free trial.
* Free trial data for LoGo Chat and for Logo Form are based on Feb 1 and Feb 15, respectively, for convenience.
* Paid service figures are as of April 30 (Includes temporary orders for which contract procedures are expected to be completed in May).
* The number of local governments includes the number of related organizations.

Major Topics for the 2nd Quarter

~ LoGo Series – highly rated even after start of paid service ~

- ||| LoGo Series crossed the “Chasm” and has entered stage of diffusion.
- ||| Using the network effects created by collaboration among local governments, we will continue to enhance its values.



*1: Adoption rate = percentage of local governments that have paid for either or both of LoGo series. The number of local governments includes some related organizations, but the denominator is calculated by 1,788 local governments for convenience. (Includes temporary orders for which contract procedures are expected to be completed in May)

*2: ARR= Annual Recurring Revenue

Strong support from onsite staffs led to positive response for paid service

High adoption rate

- ||| High evaluation for product functions and benefits, which have been enhanced from feedback received from the end users
- ||| Almost all local governments that were able to secure their budget have chosen to use our service

Joint procurement budgeting

- ||| 22 cities and towns in Osaka jointly procured this product.*³
- ||| Aims to improve information sharing and collaboration among local governments by using the same tool
- ||| Contributing to their tight budget under corona pandemic by cutting down on operating expenses with scale economy

*3: Refer to News Release on April 27 for more details.
<https://www.trustbank.co.jp/newsroom/newsrelease/press422/>

Major Topics for the 2nd Quarter

~ LoGo Series – market response and development of use cases ~

- ||| Positive comments and case studies from local government staffs who are struggling on the front line of the corona pandemic.
- ||| The product contributes to information sharing and collaboration among local governments, and can expect further expansion of its usages.

Visualizing each other and increase the quantity and speed of information



Tsubame City Hall,
Niigata Prefect.
Naoaki Ogawa (left)
Takashi Ito (right)

- ||| In Tsubame City government, the staff of the General Affairs Division are concurrently responsible for all hometown taxation work, and everybody is constantly moving around.
- ||| For this reason, **we had trouble sharing information with others who work separately**, but thanks to “LoGo Chat”, **we are now able to “visualize” each other’s situation**.
- ||| During the busy season at the end of the year, we were using a whiteboard in the office in the same way as the notebook function, **but the amount of information and speed are incomparable to those before using “LoGo Chat”**. We now have meaningful conversations outside of meetings. It also doesn’t require facilitation skills because we can chat in a casual style.
- ||| We hopes that “LoGo Chat” will continue to enhance communication among various staff members.

Enabling information sharing without stress or trouble



Sakai City Hall,
Fukui Prefect.
Yutaro Kodama

- ||| Sakai City government uses **chat-based business communication with intermediate companies, delivery companies, system developers, and others in the hometown tax payment business**.
- ||| Until now, we have been communicating via telephone or e-mail, but after moving to chat, we feel that **the response is faster**. In addition, since there is no evidence left for business contact by telephone, **trouble of “saying or not listening”** had occurred from time to time, but it **has completely disappeared**.
- ||| Because we **can share information with many people at the same time**, we can share real-time progress management including with superiors, such as development status of return products, portal page improvement status, complaint response, etc.
- ||| Moreover, the mobile app allows us to share information even if we are not in the office, so it is **extremely useful when we are not in the office or when we work at home**. It’s so helpful that **we can’t do it without LoGo chat anymore**.

Surprising reductions in miscellaneous workloads

- ||| As a start, we were feeling the need to improve productivity using ICT to tackle labor shortage in which we expect to face in the future.
- ||| **After examining the benefits and effects of other local governments** that introduced it on a trial basis, we started to consider introducing the system in the hope that it might have similar effects in the city.
- ||| Although we were not aware of any issues in daily operation, after seeing the reduction effects of other municipalities, **we realized that phone calls and e-mails are inconvenient in some ways**.
- ||| Other business chats are basically used in the Internet environment, but we found it easy to use in our daily work because LoGo chat can be used in LGWAN (Local Government Wide Area Network).
- ||| LoGo chat is also **used to communicate with health centers for corona related work**. Some reporting operation have been eliminated thanks to Logo Chat.



Hokkaido Asahikawa
City Hall
Takuya Aoba
Yusuke Aizu

- ||| In addition, the mobile app is also used by around 500 staff members, and they say that it **became easier to keep in touch with sections that often go to the site**, such as civil engineering, agricultural policy, and firefighting.
- ||| We have seen reduction in workload by 18.1 minutes per person per day, or **about 73 hours per year**. Telephone calls and e-mails related work accounted for about 13 hours each per year.
- ||| In terms of labor costs, this **equals to reduction of about 150,000 yen per person per year**, which was a big surprise.
- ||| Once we get used to chatting, we don’t want to use email...
- ||| Initially, **we started out small**, by using 100 accounts in General Administration Department only. By next month, **we started using it in all departments** with approximately 2,100 accounts.
- ||| We feel that LoGo Chat is effective for **the promotion of paperless operation**, so we are considering whether LoGo Chat can be utilized with simple decision-making within the agency.
- ||| In addition, **we can exchange information with local government staffs nationwide** via LoGo Chat, so we would like to use this information to promote administrative reforms while referring to the efforts of other cities.

Major Topics for the 2nd Quarter

~ LoGo Series – market response and development of use cases ~

III Case studies of local governments using LoGo Form.

Corona measures; Application for Safe and Secure Restaurant Certification

- III Hamamatsu City government has launched a **new system to certify safe and secure restaurants that meet dozens of infection control standards for the coronavirus pandemic**. It was necessary to prepare an application system, including schedule reservations for on-site inspections to check countermeasure standard items.
- III By utilizing the LoGo Form, the following effects were obtained:
 - The city was able to accept applications online and **avoid the Three Cs at city office**.
 - Because of its intuitive interface, the city was able to create form from scratch in a few days.
 - It has **prevented errors of omission and misrepresentations** which reduced the workload of application processing significantly.
 - **Automatic aggregation** made it possible to **process the certification quickly**.
 - It has enabled the City to start **accepting applications on holidays**.
- III Since the system was launched, **more than 550 applications have been received** in three months **and about 470 of them were submitted online**, which has significantly reduced the workload and allowed minimum number of staff to respond.



Hamamatsu City,
Shizuoka prefect.

Road and Park Defect Reporting System

- III Sanda City government has been promoting digitalization under the banner of "Sanda Satoyama Smart City".
- III One of the projects is the realization of "Smart City Hall", so it started the operation of the electronic application system. One example is the "Road and Park's Defect Reporting System".
- III When residents find damage or defects on roads or parks, it is sometimes **difficult to know the exact location or the status of the damage when reported by phone**. LoGo Form has helped solve this problem.
- III Residents can take a picture of the damage site and send it to the city online. In addition, since location information can be measured and sent along, it is possible to grasp the exact location of the site.
- III From a citizen's point of view, it is less difficult and more convenient to report online 24 hours a day, 7 days a week, compared to making a phone call or visiting a counter.
- III In addition, by actively receiving contact from residents in this way, the city can expect the effect of improving the management, landscape, and disaster prevention awareness of the residents.



Sanda City, Hyogo
prefect.

Major Topics for the 2nd Quarter

~ LoGo Series – media coverage ~

III Efforts to utilize LoGo Chat to share knowledge across local governments in response to Corona Virus measures have attracted media attention.

Nihon Keizai Shimbun March 11, 2011



**Local government shares knowledge on chat
CHANGE acquires 0.3 mil users**

- Local governments that suffer from unprecedented operations such as corona vaccination utilize LoGo Chat.
- There are two strengths that competitors do not have: (i) LoGo Chat can be used in LGWAN and shared between local governments, and (ii) the track record and brand trust of Furusato Choice.
- Since this service is for free at present, the company will face a challenge to maintain its user base after monetization.

Source: <https://www.nikkei.com/article/DGXZQODZ240CD0U1A220C200000/>

Asahi Shimbun May 7, 2021



**Local government staffs utilize chat
“How to handle vaccine?”**

- Local governments in charge of responding to corona vaccination are using it for "underwater assistance".
- “Corona Vaccination” user group was organized when local governments were informed of the shocking fact that vaccination system needed to be prepared on their own, which was highly valued.
- User groups have been launched on more than 100 topics, such as teleworking and DX, and knowledge is exchanged within the group daily.

Source: <https://www.asahi.com/articles/ASP574G9NP4ZULFA00K.html>

Major Topics for the 2nd Quarter

~ LoGo Series – future development ~

- ||| **In addition to launch of new series, we are also planning to release additional features on existing product series.**
- ||| **By maintaining sustainability through paid service, we aim to further enhance customer success.**

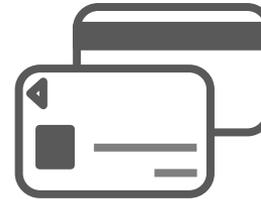
LoGo Chatbot (Launched on April 20)



LoGoチャットボット

- ||| Launch a bot service that automatically aggregates answers to questions and other posting on LoGo Chat
- ||| Enables real-time tabulation and progress monitoring
- ||| Also allows answers using location information and photos
- ||| Expands utilization of LoGo Chat, such as emergency response in event of disaster

Online payment (New feature on LoGo Form)



- ||| Enables online payment via credit card when using application form on LoGo Form
- ||| Municipal procedures that involves payment can now be completed online
- ||| Utilizes payment settlement system on Furusato Choice, which has a track record of being used by 1,500 local governments
- ||| Scheduled to be released around July

Other Topics in the 2nd Quarter

~ CHANGE ~

||| “Ecosystem Building” continued to progress, which will lead to the rocket start of the next Midterm Business Plan [DJ2].

2021 January~ March (2Q)

- ||| 01.06 Started providing e-learning services to effectively promote remote work and telework under a state of emergency.
- ||| 01.19 Launching of the Business Standardization AI for Local Government DX ~ Collaborative solution by Konica Minolta Inc. and Change Inc.~
- ||| 01.27 Notice of company split (absorption-type split) of our digital human resources development business and making it our consolidated subsidiary and conclusion of a joint venture agreement with KDDI Corporation.
- ||| 02.15 Announced the medium-term management plan.
- ||| 02.18 TRUSTBANK began to support reservation and management forms for new corona vaccination with "LoGo Form", an administrative procedure digitalization service used by over 200 municipalities.
- ||| 03.05 Notice of acquisition of shares of Beacapp Inc. (making it a subsidiary).
- ||| 03.12 Notice of issuance of new shares and secondary offering of shares in overseas markets
- ||| 03.15 Joint development of the Digital Change Program for all employees of SMBC Group with Sumitomo Mitsui Banking Corporation
- ||| 03.23 Notice of determination of issue price, secondary offering price, etc. and number of shares to be sold for issuance of new shares and secondary offering of shares in overseas markets.
- ||| 03.29 Notice on adjustment for the exercise price of our stock options
- ||| 03.31 Notice on the Sixth Anniversary Symposium of the End-of-Life Care Association

2021 April ~

- ||| 04.01 Digital Growth Academia Inc., a new company that provides one-stop support for DX human resource development, began operations on April 1, 2021.
- ||| 04.07 Started collaboration with M3 Group to provide services for establishing new corona vaccination system to local governments nationwide.
- ||| 04.26 Developed and provided “customer information apps” to the Tokyo Subway Co., Ltd. to guide customers using wheelchairs, etc.
- ||| 04.27 23 local governments in Osaka area decided to adopt “LoGo Chat“, a business chat tool dedicated to administration provided by TRUSTBANK, through joint procurement method.
- ||| 05.10 In collaboration with Headwaters Co. Ltd., strengthening the service lineup to promote “Super City”

Other Topics in the 2nd Quarter

~ TRUSTBANK ~

III Use of hometown tax and Publitech services have expanded due to measures against corona virus and disaster support.

2021 January ~ March (2Q)

- III 01.18. Corona Benefit Donation Project selects individuals, companies, and organizations who are eligible to receive donation grants.
- III 01.22 Started alliance with EX Research Institute Ltd. and Orbital Net Inc. to provide visualization service of solar power generation facilities in the region using AI analysis.
- III 01.26 "Enecho", a service that allows users to donate surplus electricity after the end of the "Feed-in tariffs" scheme received the Director-General's Award from the Agency for Natural Resources and Energy in relation to the New Energy Awards.
- III 02.05 "Awareness Survey on Disaster Relief through Hometown Tax" was released.
About 60% of the respondents "know about it" and one in five of them "has donated to it".
- III 02.15 TRUSTBANK began accepting donations for "East Japan Fukushima Prefecture Off coast Earthquake 2021" through Furusato-choice Disaster Relief.
- III 02.18 TRUSTBANK began to support reservation and management forms for new corona vaccination in "LoGo Form", an administrative procedure digitalization service used by over 200 municipalities.
- III 02.18 TRUSTBANK and Kamakura City, Kanagawa Prefecture, started accepting donations on behalf of Shinchi City, Fukushima Prefecture, which was damaged by the "Off the Coast of Fukushima Prefecture Earthquake", through the "Furusato Choice Disaster Relief" program.
- III 02.24 TRUSTBANK and Kamakura City, Kanagawa Prefecture began accepting donations on behalf of Ashikaga City, Tochigi Prefecture, which was damaged by "Ashikaga City Forest Fire", through the "Furusato Choice Disaster Relief" program.
- III 03.01 TRUSTBANK and Numata City in Gunma Prefecture started cashless payment of fees for issuing resident certificates or other documents using digital local currency "Tengoo".
- III 03.03 TRUSTBANK, using "LoGo Form", a service for digitizing administrative procedures, supports Uki City, Kumamoto Prefecture, to raise the efficiency of procedures for the death registration counter and water supply usage.
- III 03.04 TRUSTBANK started accepting donations for the 2021 "Itoigawa City Landslide Disaster" through "Furusato Choice Disaster Relief".
- III 03.10 Furusato Choice launched "Challenge for Cheering Products", a project to support businesses in areas affected by the new coronavirus.
- III 03.25 Furusato Choice started delivering local newspapers that can be read through hometown tax payment, and other community-based news across the country, which enable people to be interested in the hometown even if they are far away.
- III 03.30 Furusato Choice released the results of the "Survey of 836 Municipalities Nationwide", a survey on 2020 hometown tax payments. More than 70% municipalities resulted in an increase in their donations from the previous year.

2021 April ~

- III 04.01 Furusato Choice in Bizen City, Okayama Prefecture, started "Furusato Choice Electronic Thanksgiving Ticket"
- III 04.01 TRUSTBANK launched a payment infrastructure for digital regional currency platform service "Chiica" with blockchain technology.
- III 04.27 23 local governments in Osaka area decided to adopt "LoGo Chat", a business chat tool dedicated to administration provided by TRUSTBANK, through joint procurement method.
- III 05.07 Hometown Choice Disaster Assistance Starts Accepting Donations for Reiwa 3rd Year Shizuoka Tornado (Gust) Disaster Hometown Tax Payment

[Reference] Status of the IPO Acceleration Program

||| We continue to hold the following companies as of May 13, 2021

Investment portfolio	Time	Main Businesses and Services	Main purpose	Trend after investment
Headwaters	2018.4	Providing applications for humanoids, building AI platforms for communication robots, and providing solutions coordinated with smartphones and IoT devices	Providing new services (integrating this and our knowhows) and doing joint marketing activities	2020.9 Listed on TSE Mothers (We continue to hold)
AI CROSS (formerly AOS Mobile)	2018.7	Providing B2B mobile communication services, such as “In Circle” or AI based business chat and “AOSSMS” or two-way SMS for entities	Providing and developing services and businesses based on AI and supporting a public sector’s efficient operations	2019.10 Listed on TSE Mothers (We continue to hold)
GAUSS	2019.7	Providing general purpose AI engines based on its own algorithms and developing comprehensive platforms necessary for continuous integration of AI	Developing use cases of various fields, including forecasting, image recognition, natural language processing, and analyzing voices	We continue to hold
Aeronext	2019.8	Promoting advanced research on drone Architecture and developing license business of its unique gravity-center control technology globally	Promoting full-fledged social implementation of industrial drone through their DaaS* development and drone ecosystem construction * Drone as a service	We continue to hold
beBit	2020.6	Its motto is “the essence of the digital age is the UX,” and supports DX/UX of large corporations. Providing UX-Team Cloud product, “USERGRAM”, in addition to domestic and overseas consulting services	Providing new services (integrating this and our knowhow) and doing joint marketing activities	We continue to hold
Writeup	2020.12	With the vision of “Changing All Small and Medium-Sized Enterprises Into Profitable”, it provides a variety of DX services, including support for the use of subsidies and benefits.	Realizing regional creation based on DX and DX platforms in the area of DX-related subsidy, and grant for small and medium-sized enterprises	We continue to hold. ※ Acquired after listing on TSE Mothers

2nd Quarter Overview

Overseas Finance Summary

Overview of Oversea Finance (Aforementioned)

||| The overseas finance was made in the following way:

Joint bookrunner and joint lead managers

- ||| SMBC Nikko Capital Markets Limited
- ||| SBI Securities (Hong Kong) Limited
- ||| Credit Suisse (Hong Kong) Limited

Offering form

- ||| International offering (Reg.S only)

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Dilution rate

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Discount rate

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*: Acronym for Owner's Selling Option. It is an option to make additional offerings from existing stockholders as the seller only if substantial excess demand can be expected.

Objectives and Uses of Funds

||| The purpose of the offering and the use of funds are as previously reported on March 12th.

Purpose

Business growth acceleration

- ||| Acceleration of business growth based on the Midterm Business Plan published in Feb 15, 2021 with “DX × Local Community” as focus area

Diversification of shareholders

- ||| Diversification of shareholder composition and further improvement of corporate governance
- ||| Increase in stock liquidity due to increase in shares outstanding

Use of funds

M&A fund for accelerating business growth

8.19 billion yen

Increased personnel expenses due to business expansion

2.87 billion yen

System development and IT investment cost

4.09 billion yen

Marketing cost

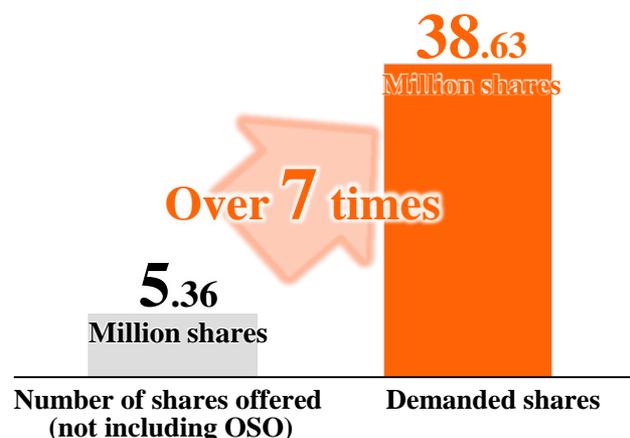
1.23 billion yen

* Amount is based on net income estimation after condition determination on March 23.

Overview of Demand and Allocation

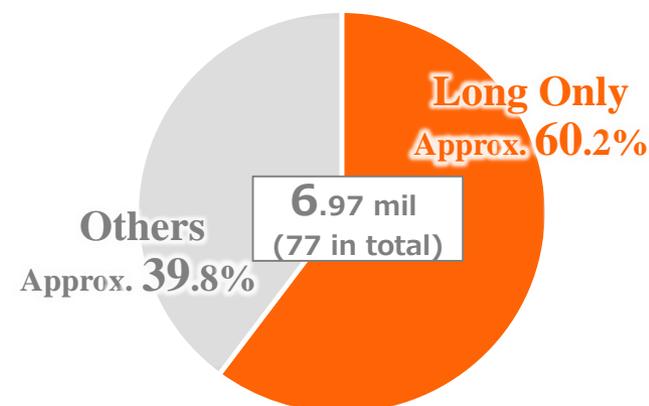
- ||| The growth story of midterm plan “DJ2” was highly evaluated and led to high demand.
- ||| Stocks were mainly allocated to investors having expectations for medium-to long-term growth.

Demand trends



- ||| Approximately 80 participations for book building
- ||| Received demand of more than 7 times the offering
- ||| All shares of OSO's offering were sold

Allocation



- ||| Allocated around 60% to long-only
- ||| Since sovereign funds and global growth funds in Asia and Europe made large bids, 75% of the total were allocated to the top 10 investors

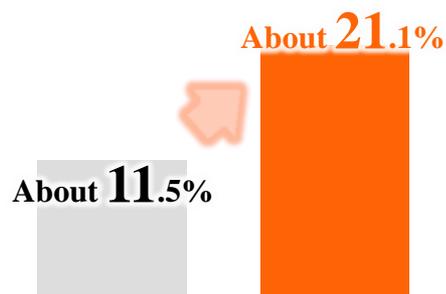
*: Over 5 times for the number of stock offerings including OSO

Shareholders Composition after the Finance

* Based on Shareholder Registry as of March 31

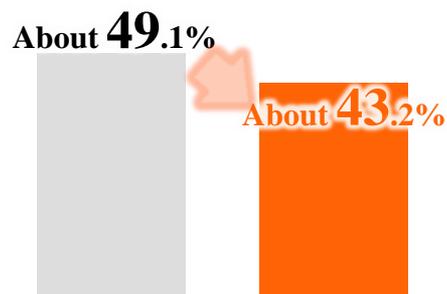
||| The objective of "diversification of shareholders composition" and "improvement of stock liquidity" were largely achieved.

Ownership of Overseas Corporations etc. (based on the number of shares)

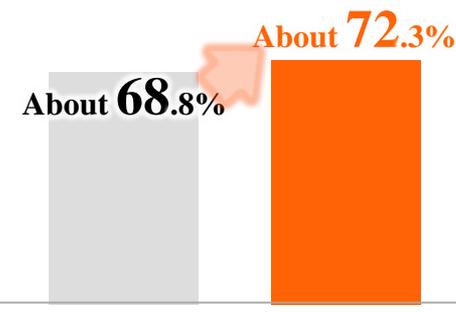


(Note) When overseas institutional investors acquire or hold shares through domestic bases, they may not be included here.

Ownership of Executive Officers



Ratio of shares in circulation (TSE standard)



(Note) Calculated based on the number of listed shares- (Directors ownership + Treasury stock + 10% or more major shareholders). To be precise, please see TSE definitions

*Comparative data are from the shareholders' register as of end of December 2020

Overview of the Feedback from Shareholders

||| Some of the feedbacks received from overseas investors are as follows:

Business Model

- ||| Target markets and medium-to long-term growth stories are clear, unique, and very interesting
- ||| Felt interested compared to other growth and SaaS stocks
- ||| Regional DX has a significant social impact
- ||| Bit concerned about the intensifying competition for hometown tax platform

M&A

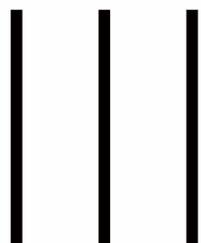
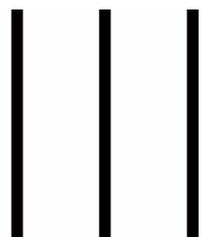
- ||| M&A of Trust Bank is producing very good results and can expect for a “next” seed
- ||| Can highly evaluate clear and disciplined M&A strategy
- ||| Big investment on M&A makes it difficult for us to invest without knowing what you will buy

Valuation

- ||| Even considering growth potential excluding M&A, it is not so expensive
- ||| Great growth story, but difficult to evaluate if the valuation is reasonable

Disclaimer

- ||| *Any forecasts, estimates, etc. in the future appearing on this material were decided by us based on available information when we prepared this material, so they may be uncertain.*
- ||| *Actual performances in the future may depend on various factors, so they may largely differ from any forecasts, etc. herein.*



CHANGE

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