

Notice of the 19th Ordinary General Meeting of Shareholders

Date and time

December 24, 2021 (Friday)
1:00 p.m. (Entry start: noon)

Venue

B-2 Hall of the Machinery Promotion
Association Building
(*kikai-shinko-kaikan*)
Machinery Promotion Association,
General Incorporated Foundation
5-8, Shiba-koen 3-chome, Minato-ku,
Tokyo

Matters to be resolved

- Proposal 1 Partial Amendment to the
Articles of Incorporation
Proposal 2 Election of Six Directors

CHANGE Inc.
Security Code 3962

Security Code 3962
December 3, 2021

To the Shareholders

17-1, Toranomom 3-chome, Minato-ku, Tokyo
CHANGE Inc.

Representative director and President Hiroshi Fukudome

Notice of Convocation for the 19th Ordinary General Meeting of Shareholders

We hereby notify you that we will hold the 19th ordinary general meeting of shareholders (hereinafter, the "Meeting") in accordance with the following:

Recently, the new corona virus infection (COVID-19) has been prevalent, and there is a continuing need to refrain from unnecessary outing. In response to this situation, we have carefully examined how to hold the Meeting.

Then, we have decided to physically hold the Meeting after carefully preparing appropriate measures to prevent the infection. However considering the situation, we strongly recommend that you exercise prior voting rights related to the Meeting in writing or on the Internet to the extent possible to prevent the spread of the infection, and that you refrain from visiting the physical Meeting even if you are healthy. Please see the reference documents for the Meeting attached hereto.

Following the guidance on exercising voting rights on page 5, please exercise the voting rights by 6:00 p.m. on Thursday, December 23, 2021.

On the day, you will be able to watch the Meeting through Zoom Webinar at home. In addition, in order to answer your questions, the Company will keep on holding dialogs with you through Zoom Webinar even after the Meeting.

Sincerely

Details

1. Date and time December 24, 2021 (Friday) 1:00 p.m. (The reception opens at 12:00 p.m.)
2. Venue 5-8, Shiba koen 3-chome, Minato-ku, Tokyo
B-2 Hall of the Machinery Promotion Association Building (kikai-shinko-kaikan)
Machinery Promotion Association,
(Please refer to the location guide at the end.)
3. Purpose
Matters to be reported
 1. Business report, consolidated financial statements, and auditing results by the accounting auditor, and the board of auditors regarding the 19th accounting period (from October 1, 2020 to September 30, 2021)
 2. Report of the financial statements regarding the 19th accounting period (from October 1, 2020 to September 30, 2021)
Matters to be resolved
 - Proposal 1 Partial Amendment to the Articles of Incorporation
 - Proposal 2 Election of Six Directors

End

- ◎ Among the documents to be provided in this convocation notice (hereinafter, the "Notice"), the following documents are not included herein because they are posted on our website (<https://www.change-jp.com/>) according to laws and regulations and on the provision of Article 14 of our Articles of Incorporation: "Principal place of business," "Status of employees," "Status of major lenders," "Status of stock acquisition rights, etc.," "Status of accounting auditors," "Overview of the system to ensure the appropriateness of business operations and the status of its operation" related to the business report, and "consolidated statements of changes in equity" and "notes to consolidated financial statements" related to consolidated financial statements, and "financial statements of changes in shareholders' equity" and "notes to nonconsolidated financial statements" related to nonconsolidated financial statements. Consequently, the business report, consolidated financial statements, and nonconsolidated financial statements contained herein are part of those documents that were audited by the accounting auditor or auditor when they prepared the accounting audit report or the audit report.
- ◎ If any modification is made to the reference documents for the Meeting, business report, consolidated financial statements, and nonconsolidated financial statements, we will post the revised information on our website (<https://www.change-jp.com/>).
- ◎ For those attending, please present the enclosed "Voting Right Exercise Form" at the reception desk upon arrival at the Meeting. Please also bring the Notice to the Meeting with you for saving paper resources.
- ◎ Please wear a face mask when you physically attend the Meeting on the day.
- ◎ Since the seats for shareholders are placed at regular intervals in front, back, left, and right, entry may be restricted due to a drastic decrease in the number of seats. Please be aware of this treatment in advance.
- ◎ Officers and the Meeting-related staff will attend the Meeting wearing face masks.
- ◎ Please agree that some officers will attend the Meeting online.
- ◎ Please be aware that the contents of the Meeting will be recorded and posted on our website at a later date.

<How to Join Online>

- ◎ Please participate in the Meeting online through Zoom Webinar. For details of the participation procedure, please refer to the enclosed "Information on Online Distribution regarding the Meeting" in the Notice.
- ◎ Please agree that you cannot ask questions, propose a motion, or vote on a motion when you participate in the Meeting online. Shareholders who want to submit a motion are kindly requested to physically attend the Meeting.
- ◎ If you participate online, you may use the Q&A function to make comments, but please note that your questions using the Q&A function will not have any legal effect. However, we may adopt your comments related to the proposal during the Meeting at our discretion.
- ◎ When you make comments, please enter your shareholder number and name as indicated on the Voting Right Exercise Form.

<Online Dialogue with Shareholders>

- ◎ After the Meeting, we will continue to hold "dialogs with shareholders" through Zoom Webinar.
- ◎ During the dialogue with shareholders, you can ask questions using chat function. However, please be aware in advance that we may not be able to answer all your questions due to the time limit.
- ◎ When asking questions, please enter the shareholder number and name on the Voting Right Exercise Form. Please be aware that we cannot answer any questions from the shareholder whose name is not listed in the shareholder number or the shareholder register.

Guidance on the Exercise of Voting Rights

Exercising voting rights at the Meeting is an important right for shareholders.

Please exercise your voting rights after reviewing the reference documents for the Meeting enclosed herein.

You can exercise your voting rights in the following three ways:

Exercise of Voting Rights by Attending the Meeting



Please submit the enclosed Voting Right Exercise Form to a receptionist at the venue.

Date: December 24, 2021 (Friday), 1:00 p.m. (Entry start: noon)

Exercise of Voting Rights in Writing (by mail)



Please indicate your approval and disapproval of the proposal on the enclosed Voting Right Exercise Form and post it without putting a stamp.

Voting deadline: Votes must arrive no later than 6:00 p.m. on December 23, 2021 (Thursday)

Exercise of Voting Rights via the Internet



Please access our website for exercising your voting rights: (<https://soukai.mizuho-tb.co.jp/>) from your PC or smartphone and log in by entering the voting right exercise code (ID) and the password shown on back side of the right margin of the enclosed Voting Right Exercise Form, and follow the instructions on the screen to vote for or against the proposals.

You need to change the password immediately after your first login.

Voting deadline: Votes must be entered no later than 6:00 p.m. on December 23, 2021 (Thursday)

- * If you exercise your voting right both in writing (by mail) and via the Internet, we will consider only the vote cast via the Internet as valid.
- * If you exercise your voting right more than once via the Internet, we will consider only the last vote as valid.

How to Vote via the Internet, etc.

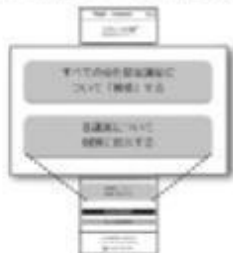
Exercising voting rights by scanning the login QR code "Smart Exercise"

You can log in the website for exercising your voting rights without entering your voting right exercise code and password.

- 1 Please scan the QR code indicated on the lower right of the enclosed Voting Right Exercise Form.



- * "QR code" is the registered trademark of Denso Wave Incorporated.
- 2 Please enter your approval or disapproval in accordance with instructions on the screen.



You can exercise your voting rights using "Smart Exercise" **once only**.

If you want to change your vote after exercising your voting rights, please access the website for PCs and log in by entering the voting right exercise code and password indicated on the Voting Right Exercise Form to exercise your voting rights again.
* If you scan the QR code again, you will be automatically transferred to the website for PCs.

If you are uncertain to operate your PC, smartphone, or mobile phone by exercising your voting rights via the Internet, please contact the number on the right.

Exercising voting rights by entering your voting right exercise code and password

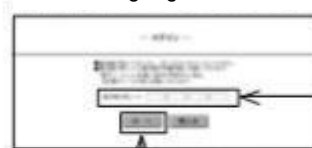
Website for exercising your voting rights <https://soukai.mizuho-tb.co.jp/>

- 1 Please access to our website for exercising



Click "Proceed."

- 2 Please enter the voting right exercise code indicated on the Voting Right Exercise Form.



Enter the voting right exercise code.

Click "Proceed."

- 3 Please enter the password indicated on the Voting Right Exercise Form.



Enter the password.

Please set up a new password to use when exercising your voting rights.

Click "Register."

- 4 Please enter your approval or disapproval in accordance with instructions on the screen.

* The images do not reflect the real screens.

Internet Help Dial, Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.

☎ 0120-768-524

(Service hours: 9:00 a.m. to 9:00 p.m. excluding new year holidays)

If you are an institutional investor, you can exercise your voting rights using an electronic voting platform for institutional investors operated by ICJ, Inc.

Referential materials for the Meeting

Proposal 1	Partial Amendment to the Articles of Incorporation
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1. Reasons for proposal

The business(fiscal) year of the Company currently starts on October 1 each year and ends on September 30 the following year. We propose to change it to start on April 1 each year and to end on March 31 the following year in order to ensure efficient business execution in business management, etc. of the Group. To implement this change, we propose to amend Article 46 and Article 47 of the current Articles of Incorporation.

As a result of the proposed change in fiscal year, the fiscal year for the 20th fiscal term of the Company will be a six-month period from October 1, 2021 to March 31, 2022. For this reason, we propose to add transitional provisions as supplementary provisions.

2. Amendment to the Articles of Incorporation

Details of the amendment are as follows:

(Underlines indicate changes)

Current Articles of Incorporation	Following the Amendment
<p>(Business Year) Article 46 The business year of the Company shall be one year from <u>October 1</u> of each year to <u>September 30</u> of the following year, and the settlement date shall be the last day of the business year.</p> <p>(Record Date for Dividends) Article 47: 1. The Company may pay dividends to the shareholders or pledgees of shares entered or recorded as of <u>September 30</u> of each year on our register of shareholders by resolution of the General Meeting of Shareholders.</p> <p>2. The Company may pay dividends to the shareholders or pledgees of shares entered or recorded as of <u>March 31</u> of each year on our register of shareholders by resolution of the Board of Directors in accordance with Paragraph 5 of Article 454 of the Companies Act.</p>	<p>(Business Year) Article 46 The business year of the Company shall be one year from <u>April 1</u> of each year to <u>March 31</u> of the following year, and the settlement date shall be the last day of the business year.</p> <p>(Record Date for dividends) Article 47 1. The Company may pay dividends to the shareholders or pledgees of shares entered or recorded as of <u>March 31</u> of each year on our register of shareholders by resolution of the General Meeting of Shareholders.</p> <p>2. The Company may pay dividends to the shareholders or pledgees of shares entered or recorded as of <u>September 30</u> of each year on our register of shareholders by resolution of the Board of Directors in accordance with Paragraph 5 of Article 454 of the Companies Act.</p>

[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.

Current Articles of Incorporation	Following the Amendment
(New provision)	<p>(Supplementary Provisions)</p> <p><u>Article 1</u> Notwithstanding the provisions of Article 46 (Business Year), the 20th business year shall be six months from October 1, 2021 to March 31, 2022.</p> <p><u>Article 2</u> Notwithstanding the provisions of Paragraph 2 of Article 47 (Record Date for Dividend s), the record date for the interim dividend for the 20th business year shall be December 31, 2021.</p> <p><u>Article 3</u> These Supplementary Provisions shall be deleted at the conclusion of the Ordinary General Meeting of Shareholders for the 20th business year.</p>

Proposal 2 Election of Six Directors

At the close of this Meeting, the terms of office of all six incumbent Directors will expire. Therefore, we propose the election of six Directors.

The director candidates are as follows:

Candidate No.	Name	Current position and responsibilities at the Company	
1	Yoshihisa Jimbo	Representative director and Chairman	Reelection
2	Hiroshi Fukudome	Representative director and President	Reelection
3	Akira Itoh	Director and Executive Vice President General manager of NEW-IT unit	Reelection
4	Yutaka Yamada	Director and CFO General manager of Corporate unit	Reelection
5	Hiroshi Fujiwara	External Director	Reelection External Independent
6	Eriko Hayashi	External Director	Reelection External Independent

Reelection Director candidate for reelection

External External director candidate Independent Independent officer in accordance with the provisions of the relevant stock exchange

Candidate No. **1**

**Yoshihisa
Jimbo**

Reelection

Date of birth
June 17, 1970

Number of the Company's shares held
9,490,800 shares

Years in office
18 years and 8 months

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

April 1994 Joined Andersen Consulting Japan Ltd. (currently Accenture Japan Ltd.)
September 1999 Joined J-World Corporation (currently SCSK Corporation)
August 2001 Founder and Representative of Jimbo Consulting Office
April 2003 Founder and Representative Director and CEO of the Company
December 2015 Representative Director and Chairman of the Company (present post)

Candidate No. **2**

**Hiroshi
Fukudome**

Reelection

Date of birth
March 25, 1976

Number of the Company's shares held
5,314,000 shares

Years in office
18 years and 8 months

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

April 1998 Joined Andersen Consulting Japan Ltd. (currently Accenture Japan Ltd.)
August 2002 Founder and Representative of Fukudome Management Research Institute
April 2003 Founder and Representative Director and COO of the Company
December 2015 Representative Director and President of the Company (present post)
December 2018 Director of TRUST BANK, Inc. (present post)
December 2018 External Director of Hachimenroppi, Inc. (present post)
September 2019 External Director of ROXX INC. (present post)
March 2020 Director of Orb, Inc. (present post)
April 2021 Director of Digital Growth Academia, INC. (present post)
July 2021 Management Advisor of PORT INC. (present post)

Candidate No. **3**

Akira Itoh

Reelection

Date of birth
March 8, 1976

Number of the Company's shares held
4,702,400 shares

Years in office
18 years and 8 months

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

April 1998 Joined Andersen Consulting Japan Ltd. (currently Accenture Japan Ltd.)
April 2003 Founder and Director of the Company
December 2015 Director and Executive Vice President, General manager of Mobile & Sensing Application unit of the Company
October 2018 Director and Executive Vice President, General manager of NEW-IT unit of the Company (present post)
March 2021 Director of beacapp Inc.
September 2021 Director and Executive Vice President of beacapp Inc. (present post)

Candidate No. **4**

Yutaka Yamada

Reelection

Date of birth
May 9, 1970

Number of the Company's shares held
594,500 shares

Years in office
7 years and 6 months

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

April 1997 Joined Yauchi Motowaki Accounting Firm
October 2007 Joined the Company
June 2014 Director of the Company
December 2015 Director and CFO, General manager of Control & Management unit of the Company
October 2018 Director and CFO, General manager of Corporate unit of the Company (present post)
December 2018 Director of TRUST BANK, Inc. (present post)

Candidate No. **5**

**Hiroshi
Fujiwara**

Reelection

External

Independent

Date of birth
September 26, 1954

Number of the Company's shares held
-shares

Years in office
4 years

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

April 1977 Joined IBM Japan, Ltd.
 December 1977 Joined HITACHI Engineering Co., Ltd.
 February 1985 Joined ASCII Corporation
 February 1987 Seconded to Graphics Communication Technologies Ltd. as Director and General Manager of the R&D Division
 September 1988 Visiting Research Fellow, Bell Communications Research (Bellcore) in the U.S.
 April 1991 Seconded to GC Technology Ltd.
 March 1993 Seconded to Graphics Communication Laboratories Ltd. as Managing Director and General Manager of the R&D Division
 June 1993 Director of ASCII Corporation
 December 1996 Founder and President of Internet Research Institute, Inc. (present post)
 July 2008 President NANO OPT Media, Inc.
 April 2012 Chairman and CEO of Broadband Tower, Inc. (present post)
 June 2015 President of Internet Association Japan (present post)
 July 2015 President of BBTOWER SAN DIEGO INC. (present post)
 August 2017 Chairman & CEO of Internet Research Institute Ltd. (present post)
 October 2017 Representative Director of IoT Square, Inc. (currently ECBO Square, Inc.)
 December 2017 External Director of the Company (present post)
 June 2018 External Director of SKY Perfect JSAT Holdings Inc. (present post)
 June 2018 Chairman and CEO of Japan Cable Cast Inc.
 August 2018 External Director of ALAXALA Networks Corporation (present post)
 October 2018 Chairman of YAJIN Board, Inc. (present post)
 June 2019 External Director of Tokai Tokyo Financial Holdings, Inc. (present post)
 June 2019 President of TSS LINK, Inc. (present post)
 September 2019 Director of IoT Square, Inc. (currently ECBO Square, Inc.) (present post)
 October 2019 External Director of Empty Eye Co., Ltd. (present post)
 December 2019 External Director of Gaiatec Co., Ltd. (present post)
 March 2020 Chairman, President and CEO of Japan Cable Cast Inc. (present post)
 July 2021 Chairman of NANO OPT Media, Inc. (present post)

Reason for choosing this candidate to be elected as an external director and outline of expected roles

Hiroshi Fujiwara has been involved in Internet-related businesses and research for many years and has extensive experience and a wide range of insight as a senior management executive. We request the reelection of him as an external director as we expect that the Board of Directors can incorporate an outsider's perspective based on his knowledge and experience to ensure objectivity and neutrality of the management supervisory function and expect him to contribute to further growth of the Group and improvement of its corporate governance.

Candidate No. **6**

Eriko Hayashi

Reelection
External
Independent

Date of birth
August 14, 1976

Number of the Company's shares held
-shares

Years in office
2 years

Board of Directors meeting attendance
14/14

Brief personal history, position and responsibility at the Company, and important concurrent position

October 2001 Registered as a lawyer
October 2001 Joined OH-EBASHI LPC & PARTNERS
May 2006 Graduated from the New York University School of Law (LL.M.)
September 2006 Joined Bingham McCutchen (currently Morgan, Lewis & Bockius)
June 2007 Registered as a lawyer in the State of New York
January 2010 Partner of OH-EBASHI LPC & PARTNERS
June 2010 Chief Representative of Shanghai Office, OH-EBASHI LPC & PARTNERS
March 2019 External Auditor of Kaizen Platform, Inc. (present post)
October 2019 Founder and Representative of ERI LAW OFFICE (present post)
December 2019 External Director of the Company (present post)
August 2021 Representative Partner of ERIO Limited Liability Company (present post)

Reason for choosing this candidate to be elected as an external director and outline of expected roles

Eriko Hayashi has thorough knowledge of corporate legal affairs as a licensed lawyer and has broad knowledge of legal affairs. We request the reelection of her as an external director as we expect that the Board of Directors can incorporate an outsider's perspective based on her knowledge and experience to ensure objectivity and neutrality of the management supervisory function and expect her to contribute to further growth of the Group and improvement of its corporate governance.

- (Note) 1. There is no special interest between any of the candidates and the Company.
2. Hiroshi Fujiwara and Eriko Hayashi are external director candidates.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Hiroshi Fujiwara and Eriko Hayashi to limit their liability for damages arising from a failure to carry out their duties prescribed in Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under these agreements is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act. If the reelection of each candidate is approved, the Company will continue the agreements with them.
4. Hiroshi Fujiwara and Eriko Hayashi satisfy the requirements of independent officer under the provisions of the Tokyo Stock Exchange, and the Company has designated them as independent officers of the Company and notified the Exchange of the designation.
5. The Company has entered into an officers' liability insurance contract with an insurance company in accordance with the provisions of laws and regulations. The insured persons under this contract include directors, auditors, executive officers, and management employees (meaning employees other than executive officers who have been appointed as "important employees" under the Companies Act by the resolution of the Board of Directors). The insurance contract is to reimburse any costs, such as damages and litigation costs, incurred by the insured persons in relation to a claim for damages brought against them based on an act (including omission) engaged by them while acting in the capacity of an officer, etc. of the Company. The Company bears the full amount of insurance premiums on behalf of the insured persons. If the election of director candidates is approved, they will be included among the insured persons under this insurance contract. The Company plans to renew the insurance contract during their terms of office under the same terms and conditions that are currently in force.

End

(Documents to be Provided)

Business Report
(From October 1, 2020
to September 30, 2021)

1. Current Status of Corporate Group

(1) Overview of Operating Results for the Current Fiscal Year

(i) Operating Results for the Current Fiscal Year

In the future, it is predicted that about 1 out of 2.6citizens will be older than 65 in 2060, resulting in a world of super-aged society. In recent years, as a result of the spread of new corona viruses, it was found that Japanese digital transformation (hereinafter, “DX”) is becoming increasingly behind the world. Therefore, in the stock market, there is a clear bipolarization between companies adaptive and evolving to DX and other companies. As a result, it is urgently necessary for surviving companies to respond to, transform, and invest in DX. In addition, it is also inevitable for local governments who are facing with the challenge of severe financial conditions and population decline and whose workloads are increasing despite the declining number of employees to improve operational efficiency through DX.

Under such circumstances, the Group (or simply, “we”) has been developing businesses such as digitization of business models and business processes and support for the development of digital human resources in order to dramatically improve Japanese productivity with "People multiplied by Technology" and to make Japan a sustainable society with a decreasing population under the vision of "Change Productivity" under the mission of "Change People, Change Business, Change Japan". Since its inception, we have provided solutions to the digitization needs of many customers. We have been achieving steady growth in sales and profit every year since the listing of our shares in September 2016. Specifically, we are developing and expanding our business in three areas: NEW-IT Transformation Business, which supports the development of digital human resources, innovations in business processes, and digitization; Investment Business, which is investing in businesses that are synergistic with NEW-IT Transformation Business, to be responsible for creating new businesses and building business models; and the Publitech Business, which is committed to promoting DX-based regional creation.

Operating results for the current consolidated fiscal year are as follows:

On February 15, 2021, we announced our new Mid-term Business Plan of "Digitize & Digitalize Japan (Phase2)" in which we define the key areas of "Local" × "Social" × "Digital", and we conducted equity financing in overseas markets in March 2021 and succeeded in raising 16.384 billion yen as growth funds in order to lead the Japanese DX. In addition, from the third quarter, we have been accelerating growth investment, including technology and service development, human resource recruitment, training, and M&A preparation.

Regarding the NEW-IT Transformation Business, we are pushing ahead with digitization projects for large corporations and government agencies while expanding projects related to digital human resource development. In addition, we established Digital Growth Academia INC., a joint venture with KDDI Corporation, to jointly implement digital human resource development, included beacapp Inc., a beacon-related solution provider in our subsidiaries, collaborated with Sumitomo Mitsui Banking Corporation and began providing DX support services for their major clients, and formed a business alliance with The Chiba Bank, Ltd. aiming at DX promotion in their region. Through these M&A, joint ventures, collaborations, and business alliances, we are accelerating the DX strategy.

Regarding the Investment Business, we have been accelerating collaborations with investees in the DX domain, and the share prices of listed companies in which we invested are steadily moving.

Regarding the Publitech Business, revenues increased significantly due to factors, such as an increase in the commission rate of the hometown tax payment platform business from April 2020. In April 2021, we began charging for LoGo Chat and LoGo Form, our SaaS business for local governments. This business has been well accepted by users and is steadily expanding. In the new energy-related field, we are making steady progress in developing unprecedented projects which will lead the market.

As a result, in the current consolidated fiscal year, revenue was 15,653 million yen (up 48.5% year on year), operating profit was 5,985 million yen (up 42.4% year on year), profit before taxes was 5,911 million yen (up 42.1% year on year), and profit attributable to owners of parent was 4,104 million yen (up 100.3% year on year).

Pursuant to the provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, the Group prepares its consolidated financial statements in compliance with the International Financial Reporting Standards (hereinafter, "IFRS") for fiscal years starting on or after October 1, 2020. For the purpose of year-on-year comparison of operating results shown in the business report, figures are presented on an IFRS basis.

Results by business segment are as follows.

(I) NEW-IT Transformation Business

Regarding the NEW-IT Transformation Business, we are pushing ahead with digitization projects for large corporations and government agencies, while expanding projects related to digital human resource development.

In the second quarter of the current fiscal year, we established Digital Growth Academia INC., a joint venture with KDDI Corporation, to jointly implement digital human resource development, and included beacapp Inc, a beacon-related solution provider which leads the domestic market, in our subsidiaries. Since the third quarter, they started contributions to the Group's profit. In this way we have been accelerating our DX strategy through joint ventures and M&A. In the fourth quarter of the fiscal year, we collaborated with Sumitomo Mitsui Banking Corporation to provide DX support services to their major corporate clients, and made an alliance with The Chiba Bank, Ltd. aiming at DX promotion in their region. Through collaborations and business alliances, we have been expanding the DX strategy.

As a result, in the current fiscal year, revenue in the NEW-IT Transformation Business was 2,816 million yen (up 26.2% year on year) and segment profit was 927 million yen (up 52.4% year on year).

(II) Investment Business

Regarding the Investment Business, we have accelerated collaborations in the DX domain with investees, and the share prices of listed companies in which we invested have been steadily moving. In the first quarter of the current fiscal year, the Company invested in Writeup co., Ltd. which provides various DX services under the vision of "Making All Nationwide Small and Medium sized Companies Profitable", and in the third quarter, invested in L is B Corp which provides DX support solutions such as direct business chat platform in order to strengthen the services of LoGo Series and accelerate the development of other services for local communities, and in the fourth quarter, invested in PORT INC which develops businesses to support user decision-making by digitizing (DX) users/operators matching in areas, such as recruitment, house renovation, and financing.

As a result, in the current fiscal year, revenue in the Investment Business was 187 million yen (down 5.5% year on year) and segment profit was 166 million yen (down 6.1% year on year).

(III) Publitech Business

Regarding the Publitech Business, local governments briskly took initiatives to utilize the hometown

tax payment system in response to New Corona Viruses, so our revenues increased significantly along with an increase in the commission rate in Furusato Choice, our hometown tax payment platform, from April 2020. In addition, in April 2021 we began shifting LoGo Chat and LoGo Form services, SaaS businesses for local governments, to fee basis. These services have been well accepted by customers and are steadily expanding. In the new energy-related field, we have steadily started initiatives in developing unprecedented projects which will lead the market.

As a result, revenue in the Publitech Business for the current fiscal year was 12,654 million yen (up 55.9% year on year), and segment profit was 6,666 million yen (up 46.4% year on year).

- (ii) Capital expenditures
During the current consolidated fiscal year, the Group's capital expenditures totaled 691 million yen, with the main items being the right-of-use assets pertaining to lease agreements.
- (iii) Financing activities
Pursuant to the resolution of the Board of Directors passed at its meeting held on March 12, 2021, the Company raised 16,384 million yen through the issuance of new shares in overseas markets (excluding the U.S. and Canadian markets.), the subscription payment due date of which was March 29, 2021.
- (iv) Status of the business transfer, absorption-type merger or incorporation-type demerger
Effective April 1, 2021, the Company carried out a simplified absorption-type demerger to have Digital Growth Academia, INC., a subsidiary of the Company, succeed to the digital human resource development business, which was part of the NEW-IT Transformation Business.
- (v) Status of acquisition of business of other companies
Not applicable.
- (vi) Status of succession of rights and obligations related to the business of another entities, etc. through absorption-type merger or absorption-type demerger
Not applicable.
- (vii) Status of acquisition or disposition of shares, other equity interests, or stock options, etc. of other companies
Effective October 8, 2020, the Company carried out a share exchange with TRUST BANK, Inc. As a result, TRUST BANK, Inc. became a wholly-owned subsidiary of the Company.
The Company has made a decision to operate Digital Growth Academia, INC., which was founded on February 16, 2021, as a joint venture company with KDDI CORPORATION from April 1, 2021 onwards. The Company owns 50.01% of shares and 50.03% of voting rights of the company.
On March 19, 2021, the Company acquired shares of beacapp Inc., which became a subsidiary of the Company.

(2) Trend of assets and profit and loss in the preceding 3 business years

Classification	16th period (Fiscal year ended September 2018)	17th period (Fiscal year ended September 2019)	18th period (Fiscal year ended September 2020)		19th period (Current fiscal year) (Fiscal year ended September 2021)
	Japanese Accounting Standards	Japanese Accounting Standards	Japanese Accounting Standards	IFRS	IFRS
Net sales or revenue (Million yen)	-	7,054	11,692	10,542	15,653
Operating profit (Million yen)	-	1,081	3,626	4,203	5,985
Net profit attributable to owners of parent or profit attributable to owners of parent (Million yen)	-	378	1,547	2,049	4,104
Net profit per share or basic profit per share (Yen)	-	6.54	24.57	32.53	58.79
Total assets (Million yen)	-	10,898	16,386	17,093	39,386
Net assets per share or equity attributable to owners of parent per share (Yen)	-	88.45	115.30	126.13	422.66
Net assets or total equity (Million yen)	-	6,267	8,733	9,406	32,394

- (Note) 1. On January 1, 2019, September 1, 2020, and January 1, 2021, the Company divided its one common share into two, respectively (1:2 stock split). Net profit per share or basic profit per share and net assets per share or equity attributable to owners of parent per share are calculated based on the assumption that those stock splits were made at the beginning of the 17th fiscal term.
2. Net profit per share or basic profit per share is calculated based on the average number of shares outstanding during the period after deducting treasury stocks. Net assets per share or equity attributable to owners of parent per share is calculated based on the total number of shares outstanding at the end of the period after deducting treasury stocks.
3. No consolidated financial information is presented for the 16th fiscal term as the Company has prepared consolidated financial statements from the 17th fiscal term onwards.
4. The Company has prepared its consolidated financial statements in compliance with IFRS from the 19th fiscal term onwards. For your information, the figures for the 18th fiscal term are presented on an IFRS basis.

(3) Status of significant parent company and subsidiaries

(i) Status of the parent company

Not applicable.

(ii) Status of significant subsidiaries

Company Name	Capital	% of our voting right	Main business
TRUST BANK, Inc.	122 million yen	100%	Publitech business
Orb Inc.	75 million yen	71.76%	Publitech business
beacapp Inc.	9 million yen	71.3%	New-IT Transformation Business
Digital Growth Academia, INC.	10 million yen	50.03%	New-IT Transformation Business

(4) Issues to be addressed

In order to achieve the goals of the new mid-term business plan "Digitize & Digitalize Japan (Phase 2)" to accelerate further business expansion and growth, the Group will work on the following issues, recognizing them as important issues to be addressed:

(i) Impact of new corona viruses on our Group

In response to the new corona virus, the Group has set out our strategic objectives: "we will directly and indirectly contribute to fulfilling our social responsibilities and preventing the spread of new corona viruses, thereby protecting the health of employees and other stakeholders. At the same time, we will take steps to continue and develop our business and attain the growth curve outlined in the mid-term business plan ahead of schedule. In line with them, we are continuing measures to improve productivity through changes caused by the new corona virus, such as establishing a new working style of four-day teleworking and one-day office working out of a week. In the NEW-IT Transformation Business, under the circumstances in which there is a clear bipolarization between companies adaptive and evolving to DX and other companies, and it is urgently necessary for surviving companies to respond to, transform, and invest in DX, we have been revamping our service structure, including switching digital human resources education to online, and developing our customers who are rapidly digitizing, such as local government agencies, central ministries and agencies, education, financial services, and information and communications, etc. by reviewing our customer portfolio. In this way, we have been capturing the digitization demands accelerated by the corona pandemic. In the Publitech Business, our supports for measures by local governments against corona regarding various matters ranging from support for local providers and producers, medical support, to the revitalization of local economies, have been successful and grown dramatically. In the medium to long term, we will search for new ways of working that are not constrained by conventional wisdom, find optimal solutions, and push forward the digital transformation of Japan.

(ii) Enhancing the NEW-IT Transformation Business

Regarding the NEW-IT Transformation Business, we will extend our business opportunities and push digital transformation in Japan by enhancing our library of algorithms and digital human resource development programs, including AI/voice Internet, mobility, IoT, big data, cloud, and security. To this end, we will expand our business volume along with the trend of business and business model transformation of our corporate customers that utilizes NEW-IT, provide applications and services that increase added value in line with the deepening of usage of our products by customers, strengthen the system that enables one-stop provision of NEW-IT utilization, catch up new technologies, and strengthen collaboration with many partners that will support our provision of various services.

(iii) Strengthening the Publitech Business

Regarding our Group's Publitech Business, we will increase the added value of Furusato Choice, a hometown tax payment platform operated by Trust Bank, our subsidiary, further expand awareness of this platform by potential customers, and lead the sound development of hometown tax payment culture in Japan. In addition, we will push ahead with new initiatives, such as energy business. We will also push for a digital transformation in regions by help accelerating the introduction of digitization services by local governments with the purpose of regional creation that are in a declining population.

(iv) Enhancing capabilities and the recruitment of superior human resources

Our Group believes it is necessary to enhance the capabilities of the entire Group, especially expanding and strengthening those for organization, sales, and development, and ensure growth. In addition, in order to accelerate growth, we consider that employing talented human resources with expertise matching the culture of the Group and raising the skills of existing employees are the most important issues. Our Group will actively recruit talented digital personnel while at the same time provide trainings to existing employees to deeply instill the Group's Mission Values among them and to raise the level of individual skills.

(v) Enhancing internal control system

As the Group's business grows and the scale of operations expands, the scope of management functions required for the internal control system expands, and more specialized and sophisticated skills and knowledge are needed. In order to build a solid internal control system that supports the sustainable growth of the Group, we will recruit human resources with a high level of expertise and abundant knowledge, and improve the skills of our employees by actively participating in internal and external training courses.

(5) Major businesses (as of September 30, 2021)

Based on our mission of "Change People, Change Business, Change Japan" and our vision of "Change Productivity," we are developing our businesses to make Japan a sustainable society in a declining population.

Our specific group businesses are divided into the following three categories: The first is NEW-IT Transformation Business, which supports the development of digital human resources, innovations in business processes, and digitization. The second is the Investment Business, which is investing in businesses that are synergistic with NEW-IT Transformation Business, to be responsible for creating new businesses and building business models. Lastly, under the mission of the promotion of regional revitalization, the Publitech Business is centered on TRUST BANK, our subsidiary, whose main business is Japan's largest Hometown Tax Payment platform business called "Furusato Choice."

2. Current state of the Company

(1) Share information (as of September 30, 2021)

- (i) Total number of authorized shares 184,320,000 shares

(Note) The total number of shares authorized was increased by 92,160,000 shares as a result of the stock split conducted on January 1, 2021 (1 to 2 stock split).

- (ii) Total number of shares issued 72,679,562 shares

- (Note) 1. The exercise of the stock option increased the total number of shares issued by 215,200 shares.
2. The total number of shares authorized was increased by 1,984,731 shares as a result of the issuance of ordinary shares through a share exchange on October 8, 2020, in which the Company became the wholly-owning parent company and TRUST BANK, Inc. became a wholly-owned subsidiary.
3. The total number of outstanding share was increased by 33,563,931 shares as a result of the stock split conducted on January 1, 2021 (1 to 2 stock split).
4. Pursuant to the resolution of the Board of Directors passed at its meeting held on March 12, 2021, the Company carried out the issuance of new shares in overseas markets (excluding the U.S. and Canadian markets.), the subscription payment due date of which was March 29, 2021. As a result, the total number of outstanding share was increased by 5,362,900 shares.

- (iii) Number of Shareholders 30,804 people

(iv) 12 major shareholders

Name of Shareholder	Number of Shares (Shares)	Percentage of Shares Held (%)
Yoshihisa Jimbo	9,490,800 shares	13.17%
Hiroshi Fukudome	5,314,000	7.37
Akira Itoh	4,702,400	6.52
Kenji Kaneda	4,172,600	5.79
Tetsuya Ishihara	3,941,100	5.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,277,700	4.54
Norimitsu Takahashi	3,145,400	4.36
Tamayo Sunaga	2,707,892	3.75
UNION BANCAIRE PRIVEE	2,400,000	3.33
THE BANK OF NEW YORK MELLON SA/NV 10	2,000,000	2.77
Custody Bank of Japan, Ltd. (Trust Account)	1,845,400	2.56
GIC PRIVATE LIMITED - C	1,334,000	1.85

- (Note) 1. The ownership percentage is calculated by deducting 623,235 shares of treasury stock.
2. Because Jun Emi, a major shareholder, is a resident abroad, Jun Emi's stocks are included in UNION BANCAIRE PRIVEE. Jun Emi's holding shares were unchanged from the time of the listing, except for increases through stock splits, and is not expected to sell shares as a long-term stable shareholder. Jun Emi is a major shareholder and has not lent any shares and has no plan to do so in the future like all of our directors and executive officers.

(v) Other important matters concerning shares

The Company resolved on the following matters concerning the acquisition of treasury shares at the Board of Directors meeting held on July 21, 2021, pursuant to the provisions of Article 156 of the Companies Act as applied with the rewording prescribed in Article 165, Paragraph 3 of the Companies Act, and acquired the following shares:

- A. Class of shares to be acquired: Common shares of the Company
- B. Total number of shares acquired: 622,800 shares
- C. Acquisition cost: 1,405,306,800 yen
- D. Acquisition date: From August 16, 2021 through August 31, 2021 (trade date basis)
- E. Reason for acquisition: To enhance shareholder return and to implement future investment strategies and capital policies expeditiously through M&A, alliance, etc., using treasury shares.

(2) Status of corporate officers

(i) Directors and auditors (as of September 30, 2021)

Position in the Company	Name	Responsibilities and important concurrent occupations
Representative Director and Chairman	Yoshihisa Jimbo	
Representative Director and President	Hiroshi Fukudome	Director of TRUST BANK, Inc. Director of Orb, Inc. External Director, Hachimenroppi, Inc. External Director, ROXX INC. Director of Digital Growth Academia, Inc. Management Advisor of PORT INC.
Director and Executive Vice President	Akira Itoh	General manager of NEW-IT unit Director and Executive Vice President of beacapp Inc.
Director and CFO	Yutaka Yamada	General manager of Corporate unit Director of TRUST BANK, Inc.
Director	Hiroshi Fujiwara	President, Internet Research Institute, Inc. Chairman and CEO, Broadband Tower, Inc. President of Internet Association Japan BBTOWER SAN DIEGO INC. President Internet Research Institute Ltd. Chairman&CEO External Director, SKY Perfect JSAT Holdings Inc. Chairman and CEO of Japan Cable Cast Inc. ALAXALA Networks Corporation, External Director Chairman of YAJIN Board, Inc. Tokai Tokyo Financial Holdings, Inc. External Director President, TSS LINK, Inc. Director of ECBO Square, Inc. External Director of Empty Eye Co., Ltd. External Director, Gaiatec Co., Ltd. Chairman of NANO OPT Media, Inc.
Director	Eriko Hayashi	External Auditor of Kaizen Platform, Inc. Representative of ERI LAW OFFICE Representative Partner of ERIO Limited Liability Company
Standing Auditor	Seiki Tanaka	Auditor of TRUST BANK, Inc.
Auditor	Kei Koderu	External Director of Good Planning Co., Ltd.
Auditor	Fumio Ikeda	Executive Vice President of WISE RESEARCH INSTITUTE (CO-OP) Auditor, Towa House Co., Ltd. Chairman of the Board, Filter Japan, Co., Ltd.

- (Note) 1. Hiroshi Fujiwara and Eriko Hayashi are external directors.
2. Seiki Tanaka, Kei Koderu, and Fumio Ikeda of the Board of Auditors are external auditors.

3. Seiki Tanaka, Standing Auditor, has considerable knowledge of finance and accounting from his experiences in the management of large companies as CFO.
4. We have designated all external directors and external auditors as independent directors and auditors in accordance with the provisions of the Tokyo Stock Exchange and have filed with it.
5. In order to execute business quickly and efficiently, we have introduced the executive officer system. There are 10 members, including directors mentioned above, Kenji Kaneda as the director and executive officer (in charge of NEW-IT), Tetsuya Ishihara as the executive officer (in charge of Next Learning Experience), Norimitsu Takahashi as the executive officer (in charge of NEW-IT), Tomohiro Noda as the executive officer (in charge of Next Learning Experience), Masumi Kizawa as the executive officer (in charge of Publitech), and Naruto Yoshimaru as the executive officer (in charge of Publitech).

(ii) Summary of the limited liability agreement

The Articles of Incorporation stipulate that we may enter into agreements with directors (excluding those who are managing directors) and auditors to limit their liability for damages as stipulated in Paragraph 1 of Article 423 of the Companies Act. In accordance with the terms and conditions of the Articles of Incorporation, we have entered into a limited responsibility agreement with all external directors, namely, Hiroshi Fujiwara and Eriko Hayashi and external auditors. The maximum amount of liability for damages under the applicable agreements is the minimum amount of liability as set forth in Paragraph 1 of Article 425 of the Companies Act.

(iii) Matters concerning officers' liability insurance contract

The Company has entered into an officers' liability insurance contract with an insurance company.

A. Scope of insured persons of the officers' liability insurance contract

Directors, auditors, executive officers, management employees (Note), directors and auditors seconded to other companies, and retired directors and auditors of the Company and all its consolidated subsidiaries

(Note) Employees other than executive officers who have been appointed as "important employees" under the Companies Act by the resolution of the Board of Directors

B. Outline of the officers' liability insurance contract

The insurance contract is to reimburse any costs, such as damages and litigation costs, incurred by the insured persons in relation to a claim for damages brought against them based on an act (including omission) engaged by them while acting in the capacity of an officer, etc. of the Company as defined in A. above. However, measures are taken to ensure that the appropriateness of the execution of duties by officers, etc. will not be undermined by excluding from the coverage any damage, etc. to those officers, etc. who have engaged in any criminal offence, such as bribery, or illegal act intentionally. The insurance premiums of this contract are fully borne by the Company.

(iv) Remunerations for directors and auditors

A. Total remuneration for the current fiscal year

Classification	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type of remuneration (Million yen)			Number of directors and auditors
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (of which external directors)	164 (7)	79 (7)	85 (-)	- (-)	6 (2)
Auditors (of which external auditors)	15 (15)	15 (15)	- (-)	- (-)	3 (3)
Total (of which external officers)	179 (22)	94 (22)	85 (-)	- (-)	9 (5)

- (Note) 1. The amount of remuneration, etc. for the directors does not include the salary as the employee if they concurrently are employees.
2. The amount of the above remuneration includes the following items:
Retirement benefit of 1 million yen in the current fiscal year

B. Officers' retirement benefits paid during the current fiscal year
Not applicable.

C. Resolutions of the general meeting of shareholders on the remuneration, etc. for directors and auditors
At the 18th Ordinary General Meeting of Shareholders held on December 25, 2020, the maximum amount of remuneration for directors was resolved not to exceed 500 million yen per year. As at the close of the general meeting of shareholders, the number of directors who were incumbent was six (including two external directors).

At the 12th Ordinary General Meeting of Shareholders held on December 19, 2014, the maximum amount of remuneration for auditors was resolved not to exceed 30 million yen per year. As at the close of the general meeting of shareholders, the number of auditors who were incumbent was two.

D. Policy on determining the amount of remuneration, etc. for directors and auditors or the calculation method thereof

At its meeting held on December 15, 2020, the Board of Directors of the Company passed a resolution on the policy on determining the remuneration, etc. for individual directors. The Board of Directors sought and received advice on the relevant matter from the Remuneration Advisory Committee before passing this resolution.

The Board of Directors concluded that the remuneration, etc. for individual directors for the current fiscal is in line with the determination policy approved by the Board of Directors after confirming that the method of determination of remuneration, etc. and the remuneration, etc. determined were consistent with the determination policy and that the advice of the Remuneration Advisory Committee was duly respected by the Board of Directors.

(a) Contents of the policy

a. Policy on basic remuneration

The remuneration of the directors (excluding external directors) consists of fixed remuneration and performance-linked remuneration. Fixed remuneration is determined based on a comprehensive judgment that takes into consideration the job responsibilities, roles, and degree of contribution, etc., of the execution of duties by each director. As consideration for the execution of duties in the current fiscal year, performance-linked remuneration is determined based on profit attributable to owners of parent (consolidated performance) and net profit of the Company (non-consolidated performance). As for remuneration linked to mid- to long-term performance, all directors other than external directors currently hold a sufficient number of shares of the Company, from which they are considered to receive sound incentives for achieving sustainable growth.

The remuneration of external directors consists only of fixed remuneration from the perspective of prioritizing independence from management and objectivity, and their remuneration is determined based on a comprehensive judgment that takes into consideration their management responsibilities as directors, financial performance of the Company, general business conditions, etc.

The remuneration of auditors consists only of fixed remuneration from the perspective of prioritizing independence from management and objectivity.

b. Policy on performance-linked remuneration

Indicators pertaining to performance-linked remuneration are profit attributable to owners of parent (consolidated performance) and net profit of the Company (non-consolidated performance). These indicators are easy to understand in that they influence the funding source for growth investment and stock price. As such, they draw much attention in the stock market, and the Company regards them as the most important indicators.

c. Policy on determining the percentage of performance-linked remuneration to total remuneration

The remuneration of directors of the Company consists of fixed remuneration and performance-linked remuneration, and the latter is determined for the purpose of providing sound incentives for achieving the performance targets of the Group and the Company for each fiscal year. The remuneration of external directors consists only of fixed remuneration.

- d. Policy on determining the timing or conditions for the payment of remuneration, etc. to directors and auditors

The fixed remuneration of directors and auditors is fixed monetary remuneration paid on a monthly basis. The amount of basic remuneration of each auditor is determined by consultation among auditors at the meeting of the Board of Auditors within the total amount of remuneration approved by the general meeting of shareholders.

The performance-linked remuneration of directors is paid annually within one month from the close of the ordinary general meeting of shareholders pertaining to each fiscal year.

- e. Matters concerning the delegation of the determination of remuneration, etc.

The Board of Directors of the Company has not delegated the determination of remuneration, etc. of individual officers.

- (b) Method of calculating performance-linked remuneration for the current fiscal year

The amount of performance-linked remuneration for the current fiscal year will be determined and paid based on the following calculation method after the figures of the performance-linked indicators are finalized.

- a. Total amount of remuneration to be paid

The amount of remuneration to be paid is the total amount of (A) and (B) in b. Amounts to be paid to individual directors below (subject to the upper limit of 101,000,000 yen).

- b. Amounts to be paid to individual directors

Specific formulas for calculating the amount of remuneration of each director are as follows:

- (A) Performance-linked remuneration based on consolidated performance

Performance-linked indicator: Profit attributable to owners of parent before recognizing performance-linked remuneration (Note 1)

Total amount of performance-linked remuneration based on consolidated performance = $B \times C$

A = Profit attributable to owners of parent before recognizing performance-linked remuneration for FY2021 ÷ Profit attributable to owners of parent for FY2021 (the lower limit figure in the range of performance forecasts announced on December 25, 2020).

B = 5,000,000 yen

C = $(A - 1.03) \times 100$ (round down to the nearest whole number, subject to the upper limit of 17)

Basis for calculating amount to be paid to each director = Total amount of performance-linked remuneration based on consolidated performance × Executive position points ÷ Total applicable executive position points

Executive position points are as follows:

Representative Director and President	Representative Director and Chairman	Director and Executive Vice President	Director and CFO
80	10	5	5

- (B) Performance-linked remuneration based on non-consolidated performance of the Company
 Performance-linked indicator: Non-consolidated net profit of the Company before recognizing performance-linked remuneration (Note 2)

Total amount of performance-linked remuneration based on non-consolidated performance of the Company = B × C

A = Non-consolidated net profit of the Company before recognizing performance-linked remuneration for FY2021 ÷ Net profit for FY2021 (performance forecast figure announced at the beginning of FY2021: 831,278,051 yen)

B = 800,000 yen

C = (A - 1.00) × 100 (round down to the nearest whole number, subject to the upper limit of 20)

Basis for calculating amount to be paid to each director = Total amount of performance-linked remuneration based on non-consolidated performance of the Company × Executive position points ÷ Total applicable executive position points

Executive position points are as follows:

Representative Director and President	Representative Director and Chairman	Director and Executive Vice President	Director and CFO
30	30	20	20

- (Note 1) Profit attributable to owners of parent before recognizing performance-linked remuneration

Profit attributable to owners of parent + (Total amount of performance-linked remuneration × (1 - Statutory effective tax rate))

- (Note 2) Non-consolidated net profit of the Company before recognizing performance-linked remuneration

Non-consolidated net profit of the Company + (Total amount of performance-linked remuneration × (1 - Statutory effective tax rate))

(c) Performance indicators and their actual figures

(Unit: million yen)

Performance indicators	Target for the current fiscal year	Actual performance for the current fiscal year	Total amount of performance-linked remuneration based on the formulas above
Performance-linked remuneration based on consolidated performance	3,296	4,163	85
Performance-linked remuneration based on non-consolidated performance of the Company	831	458	-

E. Total amount of directors' remuneration, etc. received as external directors of the parent company, etc. or a subsidiary etc. of the parent company, etc.
Not applicable.

(v) Information on external officers

1. Status of important concurrent occupations of other entities, etc. and the relationship between us and the other entities, etc.

Position in the Company and name	Concurrent position and position	Relationship between us and important concurrent positions
External Director Hiroshi Fujiwara	Internet Research Institute, Inc. Representative director and general manager	There is no special relationship with us.
	Broadband Tower, Inc. Chairman & CEO	There is no special relationship with us.
	Internet Association Japan President	There is no special relationship with us.
	BBTOWER SAN DIEGO INC. President	There is no special relationship with us.
	Internet Research Institute Ltd. Chairman&CEO	There is no special relationship with us.
	SKY Perfect JSAT Holdings Inc. External Director	There is no special relationship with us.
	Japan Cable Cast Inc. Chairman & CEO	There is no special relationship with us.
	ALAXALA Networks Corporation External Director	There is no special relationship with us.
	Chairman of YAJIN Board, Inc.	There is no special relationship with us.
	External Director, Tokai Tokyo Financial Holdings, Inc.	There is no special relationship with us.
	TSS LINK, Inc. President and Representative Director	There is no special relationship with us.
	Director of ECBO Square, Inc.	There is no special relationship with us.
	External Director of Empty Eye Co., Ltd.	There is no special relationship with us.
	External Director, Gaiatec Co., Ltd.	There is no special relationship with us.
NANO OPT Media, Inc. Chairman	There is no special relationship with us.	
External Director Eriko Hayashi	Kaizen Platform, Inc. External auditor	There is no special relationship with us.
	Representative of ERI LAW OFFICE	There is no special relationship with us.
	Representative Partner of ERIO Limited Liability Company	There is no special relationship with us.

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Position in the Company and name	Concurrent position and position	Relationship between us and important concurrent positions
External auditor Seiki Tanaka	TRUST BANK, Inc. Auditor	The company is a wholly-owned subsidiary of the Company
External auditor Kei Kodera	Good Planning Co., Ltd. External Director	There is no special relationship with us.
External auditor Fumio Ikeda	Executive Vice President of WISE RESEARCH INSTITUTE (CO-OP)	There is no special relationship with us.
	Auditor, Towa House Co., Ltd.	There is no special relationship with us.
	FILTER JAPAN, INC. Chairman of the Board	There is no special relationship with us.

2. Major activities during the year

	Attendance and comments at meetings and outline of duties executed in relation to roles expected of external directors
External Director Hiroshi Fujiwara	He attended all 14 meetings of the Board of Directors held in the current fiscal year. Based on his extensive experience and broad insight as an executive, he provided supervision and advice from the perspective of overall management and otherwise to play an appropriate role to ensure the validity and appropriateness of decision making. He also serves as a member of the Remuneration Advisory Committee and attended the two meetings of the Committee held during the current fiscal year, bearing the supervisory function in the process of determining the remuneration, etc. of directors of the Company from an objective and impartial standpoint.
External Director Eriko Hayashi	She attended all 14 meetings of the Board of Directors held in the current fiscal year. Based on her extensive experience and broad insight as a lawyer, she provided supervision and advice from the perspective of overall management and otherwise to play an appropriate role to ensure the validity and appropriateness of decision making. She also serves as a member of the Remuneration Advisory Committee and attended the two meetings of the Committee held during the current fiscal year, bearing the supervisory function in the process of determining the remuneration, etc. of directors of the Company from an objective and impartial standpoint.
External auditor Seiki Tanaka	He attended all 14 meetings of the Board of Directors and all 13 meetings of the Board of Auditors held during the current fiscal year. At meetings of the Board of Directors, he has provided advice from an overall management perspective based on his abundant experiences and broad insights as an executive as well as a finance and accounting specialist.
External auditor Kei Kodera	He attended all 14 meetings of the Board of Directors and all 13 meetings of the Board of Auditors held during the current fiscal year. At the Board of Directors, he makes appropriate comments from the perspective of overall management based on his extensive experiences and broad insights as an executive.
External auditor Fumio Ikeda	He attended all 14 meetings of the Board of Directors and all 13 meetings of the Board of Auditors held during the current fiscal year. At meetings of the Board of Directors, he has provided advice from an overall management perspective based on his practical experiences at a financial institution and his extensive experiences and broad insight as an executive of multiple companies.

- (Note) 1. In addition to the number of meetings of the Board of Directors mentioned above, there were 10 written resolutions deemed to have been adopted by the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 26 of our Articles of Incorporation.
2. At meetings of the Board of Auditors, each member develops audit policies and plans, exchanges opinions on the results of audits, discusses important audit-related matters, and makes comments as necessary.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(As of September 30, 2021)

(Unit: million yen)

Subject (Assets)	Amount	Subject (Liabilities)	Amount
Current assets	32,956	Current liabilities	5,545
Cash and cash equivalents	27,690	Trade and other payables	2,942
Trade and other receivables	3,226	Short-term borrowings	277
Inventories	46	Lease liabilities	128
Investment securities held as part of operations	1,571	Other financial liabilities	57
Other financial assets	30	Income taxes payable	1,317
Other current assets	390	Allowances	24
Non-current assets	6,430	Other current liabilities	797
Property, plant and equipment	183	Non-current liabilities	1,446
Right-of use asset	220	Bonds and borrowings	1,290
Goodwill	4,409	Lease liabilities	82
Intangible assets	1,288	Provisions	23
Other financial assets	160	Deferred tax liabilities	17
Deferred tax assets	167	Other non-current liabilities	31
		Total liabilities	6,992
		(Share capital)	
		Equity attributable to owners of parent	30,455
		Share capital	1,000
		Capital surplus	23,086
		Retained earnings	7,774
		Treasury shares	△1,405
		Non-controlling interests	1,939
		Total equity	32,394
Total assets	39,386	Total liabilities and equity	39,386

(Note) Any fractional sum of less than one million yen was truncated for presentation.

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CONSOLIDATED STATEMENTS OF INCOME

(From October 1, 2020
to September 30, 2021)

(Unit: million yen)

Subject	Amount
Revenue	
Revenue from contracts with customers	15,465
Revenue from investment securities held as part of operations	187
Total revenue	15,653
Cost of sales	4,065
Gross profit	11,588
Selling, general and administrative expenses	5,543
Other income	10
Other costs	70
Operating profit	5,985
Financial income	0
Financial costs	73
Profit before taxes	5,911
Income tax expense	1,798
Net Profit	4,113
Profit attribution to:	
Owners of parent	4,104
Non-controlling interests	8
Net Profit	4,113

(Note) Any fractional sum of less than one million yen was truncated for presentation.

[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.

Balance sheet
(As of September 30, 2021)

(Unit: million yen)

Subject (Assets)	Amount	Subject (Liabilities)	Amount
Current assets	17,772	Current liabilities	1,043
Cash and deposits	15,333	Accounts payable	125
Accounts receivable	670	Current portion of long-term debt	284
Operational investment securities	1,571	Accounts payable - other and accrued expenses	184
Inventories	1	Accrued expenses	12
Advance payment	38	Deposits received	14
Prepaid expenses	42	Income taxes payable	310
Others	113	Lease obligations	1
Fixed assets	24,054	Provision for shareholder benefits	24
Tangible fixed assets	57	Others	85
Buildings	24	Long-term liabilities	1,164
Tools, furniture and fixtures	32	Long-term debt	1,132
Intangible fixed assets	15	Lease obligations	4
Softwares	14	Deferred tax liabilities	7
Others	0	Asset retirement obligations	18
Investments and other assets	23,982	Others	0
Investments in affiliates	23,931	Total liabilities	2,207
Lease deposits	50	(Net Assets)	
Deferred assets	94	Shareholders' Equity	39,442
Share delivery expenses	94	Share capital	1,000
		Capital surplus	37,787
		Capital reserve	1,000
		Other capital surplus	36,787
		Retained earnings	2,060
		Other retained earnings	2,060
		Retained earnings carried forward	2,060
		Treasury shares	△1,405
		Accumulated other comprehensive income	269
		Valuation difference on available-for-sale securities	269
		Stock option	2
Total assets	41,922	Total net assets	39,714
		Total liabilities and net assets	41,922

(Note) Any fractional sum of less than one million yen was truncated for presentation.

[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.

Statement of Income

(From October 1, 2020
to September 30, 2021)

(Unit: million yen)

Subject	Amount	
Net sales		3,072
Cost of sales		1,449
Gross profit		1,623
Selling, general and administrative expenses		998
Operating profit		624
Non-operating income		
Interest income	0	
Outsourcing service income	9	
Others	2	12
Non-operating expenses		
Interest expense	9	
Amortization of stock issuance costs	30	
Share delivery expenses	11	
Others	1	53
Ordinary profit		583
Extraordinary losses		
Loss on retirement/abandonment of non-current assets	10	
Others	0	10
Profit before income taxes		573
Income taxes	247	
Income taxes-deferred	△73	174
Net profit		399

(Note) Any fractional sum of less than one million yen was truncated for presentation.

Audit Report of the Board of Auditors

Audit Report

Based on the audit reports prepared by each statutory auditor (hereinafter simply as "Auditors"), the Board of Auditors has prepared this audit report regarding the execution of the duties of the directors in the 19th financial period from October 1, 2020 to September 30, 2021, and the details are as follows:

1. Methods and Contents of the Audit by Auditors and the Board of Auditors

(1) The Board of Auditors determined the audit policy and division of duties, received reports on the status and results of the audit from each Auditors, received reports on the status of the execution of their duties from the directors, etc. and the accounting auditor, and requested an explanation as necessary.

(2) In accordance with the audit standards set by the Board of Auditors, each auditor communicated with the directors, the internal audit department, and other employees in accordance with the audit policy and the division of duties, and strived to collect information and maintain an audit environment and implemented the following audits:

(i) We attended meetings of the Board of Directors and other important meetings, received reports on the status of execution of their duties from the Board of Directors and employees, asked them to explain when necessary, inspected important approval documents, etc., and examined the status of business and assets. In addition, regarding subsidiaries, we communicated with the board members, auditors, and employees of the subsidiaries, and received business reports from them as necessary.

(ii) Regarding the resolution made by the Board of Directors on the establishment of the system for ensuring that the execution of the director's duties as described in the business report comply with the laws and regulations as well as the Articles of Incorporation and necessary for ensuring the proper operations of the corporate group consisting of the Company and its subsidiaries which are specified in Paragraph 1 and 3 of Article 100 of the Enforcement Regulations of the Companies Act and the actual system that was already in place based on the resolution (the internal control system), we were regularly reported from the board members and employees on the status of the establishment and maintenance of it, and asked for explanations as necessary, and expressed opinions.

(iii) We monitored and verified that our accounting auditors are in an independent position and conduct appropriate audits. In addition, we received a report from our accounting auditors on the status of the execution of their duties and requested them to explain as necessary.

(iv) The accounting auditors notified that the system for ensuring proper execution of duties (the items listed in each item of Article 131 of the Company Computing Rule) has been established in accordance with the Quality Control Standards for Audits (Business Accounting Committee, October 28, 2005), and requested them to explain when necessary.

Based on the above methods, we examined the business report and its supplementary reports, financial statements (balance sheet, income statement, statement of changes in shareholders' equity, and notes thereto), the annexed detailed statements thereof, and the consolidated financial statements (consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity, and notes to consolidated financial statements) for the current fiscal year.

2. Audit Results

(1) Audit Results concerning the Business Report, etc.

(i) We recognize that the business report and its annexed schedules appropriately indicate the company's situation in accordance with the laws, regulations, and the Articles of Incorporation.

(ii) We recognize that there were no improper acts concerning the execution of duties by directors or material facts in violation of laws and regulations or the Articles of Incorporation.

(iii) We recognize that the resolution on the internal control system is reasonable. In addition, there are no issues to be pointed out regarding the contents of the business report concerning the internal control system and the execution of the duties of the directors.

(2) Audit Results concerning Nonconsolidated Financial Statements and Supplementary Documents

We recognize that the audit methods and results of Ernst & Young Shin Nihon LLC are reasonable.

(3) Audit Results of Consolidated Financial Statements

We recognize that the audit methods and results of Ernst & Young Shin Nihon LLC are reasonable.

November 22, 2021

Board of Auditors of CHANGE Inc.

Standing Auditor
(External Auditor) Seiki Tanaka (Seal)

External auditor Kei Koderu (Seal)

External auditor Fumio Ikeda (Seal)

End

Venue

B-2 Hall of the Machinery Promotion Association Building

(*kikai-shinkio-kaikan*)

Machinery Promotion Association,

General Incorporated Foundation

5-8, Shiba-koen 3-chome, Minato-ku, Tokyo

TEL 03-3434-8216



[Traffic guidance]

8-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line
(from Exit No. 1 toward Tokyo Tower and Shibakoen area)

10-minute walk from Akabanebashi Station on the Toei Subway Oedo Line
(from Exit toward Akabane Bridge)

8-minute walk from Onarimon Station on the Mita Line of the Toei Subway
(A1 Exit toward Shiba koen 3 or 4-chome, Zojoji Temple, or Tokyo Tower)

[Request]

We do not offer parking lots, so please refrain from coming by car.