

Notice of the 20th Ordinary General Meeting of Shareholders

Date and time

June 27, 2022 (Monday)
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 | Appropriation of Retained Earnings |
| Proposal 2 | Partial Amendment to the Articles of Incorporation |
| Proposal 3 | Election of Two Auditors |

CHANGE Inc.
Security Code 3962

Security Code 3962
June 10, 2022

To the Shareholders

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

Representative director and President Hiroshi Fukudome

Notice of Convocation for the 20th Ordinary General Meeting of Shareholders

We hereby notify you that we will hold the 20th Ordinary General Meeting of Shareholders (hereinafter, the "Meeting") in accordance with the following:

From the viewpoint of preventing the spread of the COVID-19 pandemic, we strongly recommend that you exercise your voting rights in advance in writing or via the Internet as much as possible and refrain from coming to the site of the General Meeting on the day of the meeting irrespective of your condition.

Please refer to the reference documents for the General Meeting mentioned below and exercise your voting rights by 6:00 p.m. on Friday, June 24, 2022 following the guidance on exercising voting rights on Page 5.

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 June 27, 2022 (Monday) 1:00 p.m. (The reception opens at noon.)
(The reason this General Meeting takes place on a day far from the day when it would if based on the previous one is that starting from the 20th term (current term), the Company changed the last day of its business year from September 30 to March 31.)
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
 1. Business report, consolidated financial statements, and report on the results of audit by the accounting auditors and the Board of Auditors for the 20th accounting period (from October 1, 2021 to March 31, 2022)
 2. Report on the financial statements regarding the 20th accounting period (from October 1, 2021 to March 31, 2022)

Matters to be resolved

Proposal 1	Appropriation of Retained Earnings
Proposal 2	Partial Amendment to the Articles of Incorporation
Proposal 3	Election of Two Auditors

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 bring the Notice of the 20th Ordinary General Meeting of Shareholders with you in order to conserve 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.
- ◎ It should be noted that proceedings of the General Meeting will be recorded to open questions and answers to the public later.

[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.

<How to Join Online>

- ◎ Please participate in the Meeting online through Zoom Webinar. For details of procedures for participation, please refer to the Information on Online Distribution of the 20th Ordinary General Meeting of Shareholders of the Company as attached to this 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 the Q&A 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: June 27 , 2022 (Monday) 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.

Votes must arrive no later than 6:00 p.m. on Friday, June 24, 2022.

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.

Votes must arrive no later than 6:00 p.m. on Friday, June 24 , 2022 .

* 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 about how to operate your PC, smartphone, or mobile phone to exercise your voting rights via the Internet, please contact the number on the right.

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

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)

Referential materials for the Meeting

Proposal 1 Appropriation of Retained Earnings

The Company recognizes that returning profits to shareholders is an important management issue, and its basic policy is to pay dividends continuously while taking financial results in each business year into consideration. It will appropriate retained earnings at the end of the current term in the form of dividends as follows:

Matters regarding year-end dividends

- (1) Type of dividend property
 - Cash
- (ii) Matters regarding the allotment of dividend property and its total amount
 - The dividend will be 4.50 yen per the Company's common share.
 - In this case, the total of dividends will be 325,513,472 yen.
- (iii) Day when the appropriation of retained earnings takes effect
 - June 28, 2022

Proposal 2

Partial Amendment to the Articles of Incorporation

1. Reasons for proposal

Because the amended proviso of Article 1 of the Supplementary Regulations of the "Law for Partial Amendment to the Companies Act" (Law No. 70 of 2019) comes into effect on September 1, 2022, we will amend our Articles of Incorporation as follows in preparation for the introduction of the electronic provision system regarding materials to be provided for general meetings of shareholders:

- (1) Paragraph 1 of Article 14 of the Amended Articles of Incorporation stipulates that we will take electronic measures to provide information to be contained in reference documents for general meetings of shareholders, etc.
- (2) Paragraph 2 of Article 14 thereof stipulates that we may set forth any provisions for limiting the scope of items to be stated in a document to be delivered to shareholders who have made a request for delivery in form of a document.
- (3) It is no longer necessary for us to keep the provision that a disclosure is deemed to have been appropriately made as long as we provided reference documents, etc. for general meetings of shareholders on the Internet (Article 14 of the current Articles of Incorporation). Therefore, this provision will be deleted.
- (4) Along with the addition and deletion of the above-mentioned provisions, we will set forth additional rules regarding the effective date, etc. But we will delete this new supplementary provision after the due date expires.

At the 19th General Meeting of Shareholders held on December 24, 2021, we changed the fiscal year-end from September 30 to March 31 starting from the fiscal year ending March 31, 2022 based on the approval of the "Partial Amendment to the Articles of Incorporation" thereby. Accordingly, we will delete the Supplementary Rules regarding the transitional measures related to the 20th fiscal year at the conclusion of the 20th Ordinary General Meeting of Shareholders in accordance with Article 3 of the Supplementary Rules.

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 style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p><u>(Provision regarding the Deemed Disclosure of Reference Documents for Shareholders Meetings, etc. on the Internet)</u></p> <p><u>Article 14</u> <u>We may be deemed to have appropriately disclosed information to shareholders as long as we have provided any information to be stated or indicated in business reports, financial statements and consolidated financial statements and other reference documents for general meetings of shareholders on the Internet.</u></p> <p style="text-align: center;">(New provision)</p>	<p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p style="text-align: center;">(Deletion)</p> <p style="text-align: center;">(Electronic Provision Measures, etc.)</p> <p><u>Article 14</u></p> <ol style="list-style-type: none"> 1. <u>The Company shall, at the time of convening a general meeting of shareholders, take electronic measures to provide the information to be contained in reference documents for general meeting of shareholders, etc.</u> 2. <u>With respect to all or part of the items for which the above Electronic Provision Measures are to be taken as prescribed by the applicable Ordinance of the Ministry of Justice, the Company may omit to state such items in the documents to be delivered to the shareholders who have requested the delivery of such documents by the record date for voting rights.</u>

Current Articles of Incorporation	Following the Amendment
<p>(Supplementary Rules)</p> <p><u>Article 1</u> <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.</u></p> <p><u>Article 2</u> <u>Notwithstanding the provisions of Paragraph 2 of Article 47 (Record Date for Paying Dividends), the record date for the interim dividend for the 20th fiscal year shall be December 31, 2021.</u></p> <p><u>Article 3</u> <u>These Supplementary Rules shall be deleted at the conclusion of the Ordinary General Meeting of Shareholders for the 20th fiscal year.</u></p>	<p>(Supplementary Provisions)</p> <p>(Deletion)</p>

Current Articles of Incorporation	Following the Amendment
<p>(New provision)</p>	<p><u>(Transitional Measures Concerning Electronic Provision Measures, etc.)</u></p> <p><u>Article 1</u></p> <ol style="list-style-type: none"> 1. <u>The deletion of Article 14 (Provision regarding the Deemed Disclosure of Reference Documents for Shareholders Meetings, etc. on the Internet) of the Articles of Incorporation before the Amendment and the addition of Article 14 (Electronic Provision Measures, etc.) thereof after the Amendment shall become effective from September 1, 2022, the same date as the enforcement of the amended proviso of Article 1 of the Supplementary Regulations of the Law for the Partial Amendments of the Companies Act (Law No. 70 of 2019).</u> 2. <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the Articles of Incorporation before the Amendment shall remain in force with respect to the general meeting of shareholders whose date shall be within six months from September 1, 2022.</u> 3. <u>These Supplementary Rules shall be deleted after the date on which six months have elapsed from September 1, 2022, or three months have elapsed from the date of the Ordinary General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u>

Proposal 3 Election of Two Auditors

Mr. Seiki Tanaka and Mr. Kei Kodera will retire as auditors at the conclusion of the forthcoming Ordinary General Meeting of Shareholders. Therefore, we ask you to elect two new auditors.

Mr. Takehiko Kubo, a candidate for auditorship, is a supplementary candidate for the auditor Mr. Seiki Tanaka, and Ms. Akiko Sueoka, a candidate for auditorship, is a supplementary candidate for the auditor Mr. Kei Kodera, and in accordance with the provision of Article 34 Paragraph 2 of the Company's Articles of Incorporation, Mr. Kubo's term of office and Ms. Sueoka's term of office will expire at the conclusion of the 21st Ordinary General Meeting of Shareholders to be held in June 2023, when Mr. Tanaka's term of office and Mr. Kodera's term of office expires, respectively.

This proposal has obtained the consent of the Board of Auditors.

Candidates for auditorship are as follows:

Candidate No.	Name	Current position at the Company		
1	Takehiko Kubo	-	New	External
2	Akiko Sueoka	-	New	External
New	Candidate for a new auditor	External	Candidate for an external auditor	

Candidate No. **1**

**Takehiko
Kubo**

New
External

Date of birth
January 6, 1960

Number of the Company's shares held
-shares

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

- April 1983 Joined the Sumitomo Bank, Ltd. (currently the Sumitomo Mitsui Banking Corporation, hereinafter "SMBC"))
- April 2005 Chief of the Financial Crime Response Office of SMBC
- April 2010 General Manager, Tokyo Sales Department of SMBC
- April 2011 General Manager, Sales Dept of Head Office and Tokyo Sales Dept of SMBC
- April 2013 General Manager, Human Resources Development Dept of SMBC
- April 2017 Executive Officer and General Manager, Human Resources Dept, the Japan Research Institute, Limited (hereinafter, "JRI")
- April 2018 Senior Executive Officer, General Manager of Human Resources Dept of JRI
- April 2020 Senior Managing Executive Officer of JRI
- June 2020 Director and Senior Managing Executive Officer of JRI (current)
- June 2020 Outside Director of JAIS, Limited (current)

(Important concurrent positions)

Director, Senior Executive Officer of JRI

Outside Director of JAIS, Limited

Reason for being chosen as a candidate for an external auditor

Mr. Takehiko Kubo has considerable knowledge of compliance, internal control, risk management, finance and accounting due to his management experience at a large company and long-term experiences at a financial institution. He is expected to conduct effective audits while sufficiently cooperating with other part-time auditors in order to ensure the soundness of the Group's management and increase the corporate value over the medium to long term.

We hope that he will participate in important meetings, including the Board of Directors, as part of his audit activities and provide us with an independent and objective view for our decision-making process. We also hope that he will actively express his honest opinions covering not only legitimacy but also appropriateness regarding various management issues.

For the above reasons, we have elected him for a candidate for the Outside Auditor because we can expect that he will be able to properly perform his duties as the Outside Auditor.

Mr. Kubo plans to retire as director of the Japan Research Institute, Limited and external director of JAIS, Limited on June 29, 2022.

Candidate No. **2**

Akiko Sueoka

New
External

Date of birth
October 31, 1971

Number of the Company's shares held
-shares

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

April 1994 Joined the Ministry of Health and Welfare, currently the Ministry of Health, Labor and Welfare

April 2000 Admitted as an attorney-at-law in Japan
Joined Mori Sogo (currently Mori, Hamada & Matsumoto)

June 2003 Graduated from Harvard Law School (LL.M.)

Sep. 2003 Simpson Thacher & Bartlett (New York Office)

March 2004 Admitted as an attorney-at-law in the State of New York, U.S.

Oct. 2004 Pavia e Ansaldo (Rome Office)

July 2005 Seconded to the Corporate System Division of the Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry

Jan. 2009 Partner of Mori, Hamada & Matsumoto (current)

June 2009 Member of International Committee of Tokyo Bar Association (current)

April 2016 Member of the Investment Project Promotion Committee of Tohoku University (current)

April 2017 Member of the Committee for the Promotion of Commercialization through Industry-University Joint Research of Tohoku University (current)

June 2019 Outside Director (Auditor Committee Member) of Hakudo Co., Ltd. (current)

June 2020 Outside Auditor of Japan Investment Corporation (current)

Sep. 2021 Member of the Expert Committee for System Design under the Electricity and Gas Market Surveillance Commission, the Ministry of Economy, Trade and Industry (current)

Nov. 2021 Member of the Tokyo Metropolitan Pharmaceutical Affairs Council (current)

(Important concurrent positions)

Partner of Mori, Hamada & Matsumoto

Outside Director (Auditor Committee Member) of Hakudo Co., Ltd.

Outside Auditor of Japan Investment Corporation

Reasons for being chosen as a candidate for an external auditor

Ms. Akiko Sueoka has a wealth of experience and extensive knowledge as an attorney and is familiar with corporate legal issues. In order to ensure the soundness of the management of the Group and increase the corporate value over the medium to long term, we expect that she will conduct effective audits, particularly in the legal field, based on her own knowledge, experience, etc., while sufficiently cooperating with the full-time Auditor.

We hope that she will participate in important meetings, including the Board of Directors, as part of her audit activities and provide us with an independent and objective view for our decision-making process. We also hope that she will actively express her honest opinions covering not only legitimacy but also appropriateness regarding various management topics.

Although she has not been directly involved in corporate management other than the way of being an outside officer, we have elected her as a candidate for the Outside Auditor because we can expect that she will be able to properly perform her duties as the Outside Auditor for the above reasons.

- (Notes)
1. There are no interests between each candidate and the Company.
 2. Mr. Takehiko Kubo and Ms. Akiko Sueoka are candidates for external auditors.
 3. In accordance with the provision of Article 427 Paragraph 1 of the Companies Act, the Company has concluded a contract with each auditor to limit his/her liability for compensation for damage as stipulated in Article 423 Paragraph 1 of the Act. The amount of limit to liability for compensation for damage based on the contract is the minimum amount of limit to liability stipulated in Article 425 Paragraph 1 of the Act, and if the election of each candidate is approved, the Company plans to enter into a contract with each candidate to limit his/her liability in a similar way.
 4. As stipulated by laws and ordinances, the Company has concluded a contract with an insurance firm to insure its executives and other personnel, including directors, auditors, executive officers, and employees in managerial positions (employees elected by a resolution of the Board of Directors as "important employees" under the Companies Act except for executive officers) against liability for compensation. 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 each candidate is approved, he or she will be included in the insured under the 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 of the notice

(Documents to be Provided)

Business Report
(From October 1, 2021
to March 31, 2022)

By a resolution of the 19th Ordinary General Meeting of Shareholders on December 24, 2021, the Company changed the last day of its business year from the previous September 30 to March 31. With this change, the 20th term (current consolidated fiscal year), which was a transitional period, saw an irregular settlement of accounts for the Company and its subsidiaries that covered a six-month consolidated period from October 1, 2021 to March 31, 2022, and therefore, the business report for the current consolidated fiscal year omits descriptions of year-on-year changes in financial results.

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 2.6 citizens will be older than 65 in 2065, 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.

In this environment, under the vision of "Change Productivity" and with "Change People, Change Business, Change Japan" as its mission, the Group has been developing business such as the 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. Thus, since its inception, we have provided solutions to the digitization needs of many customers. 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 "Digitize & Digitalize Japan (Phase 2)" in which we defined the key areas of "Local" × "Social" × "Digital," and in March 2022, in order to lead the Japanese DX, we formed a capital and business alliance with SBI Holdings, Inc. to accelerate initiatives for regional revitalization, employ and train human resources, establish joint-venture firms, and step up growth investments such as M&A preparation.

In the NEW-IT Transformation Business, we have accelerated DX in Japan through initiatives to solve social issues using the equation of "Digital" × "Local" × "Human Resources," and efforts included working with local governments, regional banks, and local enterprises and helping digitize administrative procedures.

In the Investment Business, the prices of shares in some of the listed companies in which we mainly held growth shares continued to be bearish.

In the Publitech Business, on March 28, 2022, we established Govmates, Inc., a joint-venture firm with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. to jointly promote DX for local governments, and as Logo Chat and Logo Form, both SaaS business services for local governments, continued to be highly rated by users and expanded steadily, we have stepped up our initiatives to promote DX for local governments. Furthermore, initiatives which represented early examples of business in the new energy-related field have started smoothly.

As a result, revenue for the current consolidated fiscal year was 10,140 million yen, operating profit was 4,582 million yen, and profit before taxes was 4,564 million yen with profit attributable to owners of parent being 3,093 million yen.

Results by business segment are as follows.

(I) NEW-IT Transformation Business

In the NEW-IT Transformation Business, we have accelerated DX in Japan through initiatives to solve social issues using the equation of "Digital" × "Local" × "Human Resources," and efforts included working with local governments, regional banks, and local enterprises and helping digitize administrative procedures.

As a result, revenue for the NEW-IT Transformation Business during the current consolidated fiscal year was 1,366 million yen, and segment profit was 392 million yen.

(II) Investment Business

In the Investment Business, the prices of shares in some of the listed companies in which we mainly held growth shares continued to be bearish.

As a result, revenue for the Investment Business during the current consolidated fiscal year was △216 million yen, and segment loss was 226 million yen.

(III) Publitech Business

In the Publitech Business, on March 28, 2022, we established Govmates, Inc., a joint-venture firm with Konica Minolta, Inc. and Konica Minolta Publitech, Inc. to jointly promote DX for local governments, and as Logo Chat and Logo Form, both SaaS business services for local governments, continued to be highly rated by users and expanded steadily, we have stepped up our initiatives to promote DX for local governments. Furthermore, initiatives which represented early examples of business in the new energy-related field have started smoothly.

As a result, revenue for the Publitech Business during the current consolidated fiscal year was 8,990 million yen, and segment profit was 5,471 million yen.

- (ii) Capital expenditures
The total amount of capital investments made by the Group during the current consolidated fiscal year was 764 million yen, and the major investments concerned power generation equipment in the energy-related field.
- (iii) Financing activities
Not applicable.
- (iv) Status of the business transfer, absorption-type merger or incorporation-type demerger
Not applicable.
- (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
Not applicable.

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

Classification	17th period (Fiscal year ended September 2019)	18th period (Fiscal year ended September 2020)		19th period (Fiscal year ended September 2021)	20th period (Current fiscal year (Fiscal year ended March 2022))
	Japanese Accounting Standards	Japanese Accounting Standards	IFRS	IFRS	IFRS
Net sales or revenue (Million yen)	7,054	11,692	10,542	15,653	10,140
Operating profit (Million yen)	1,081	3,626	4,203	5,985	4,582
Net profit attributable to shareholders of parent or net profit attributable to owners of parent (million yen)	378	1,547	2,049	4,104	3,093
Net profit per share or basic profit per share (Yen)	6.54	24.57	32.53	58.79	42.81
Total assets (Million yen)	10,898	16,386	17,093	39,386	42,728
Net assets per share or equity attributable to owners of parent per share (Yen)	88.45	115.30	126.13	422.66	462.84
Net assets or total equity (Million yen)	6,267	8,733	9,406	32,394	35,506

- (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. Since the 19th fiscal term, consolidated financial statements have been prepared based on IFRS. For your information, the figures for the 18th fiscal term are presented on an IFRS basis.
4. With the change of the account settlement day, the 20th fiscal term covered six months from October 1, 2021 to March 31, 2022.

(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	95.2%	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

(Note) The status of specified wholly owned subsidiaries during the current business year is as follows:

Name of the specified wholly owned subsidiary	TRUST BANK, Inc
Address of the specified wholly owned subsidiary	24-12, Shibuya 2-chome, Shibuya-ku, Tokyo
Book value of shares in the specified wholly owned subsidiary among the Company and its wholly owned subsidiaries	23,246 million yen
The Company's total assets	39,489 million yen

(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 business so that the growth curve aimed at in the Mid-Term Business Plan can be achieved earlier than initially planned." 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 March 31, 2022)

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 March 31, 2022)

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

(ii) Total number of shares issued 72,959,562 shares

(Note) The total number of shares issued has been increased by 280,000 shares due to the exercise of stock options.

(iii) Number of Shareholders 30,735

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(iv) Major shareholders (top ten)

Name of Shareholder	Number of Shares (Shares)	Percentage of Shares Held (%)
SBI Holdings, Inc.	14,300,000	19.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,785,500	6.61
Yoshihisa Jimbo	4,697,300	6.49
Hiroshi Fukudome	3,868,400	5.34
Tamayo Sunaga	2,707,892	3.74
UNION BANCAIRE PRIVEE	2,400,000	3.31
Akira Itoh	2,327,600	3.21
THE BANK OF NEW YORK MELLON SA/NV 10	2,100,000	2.90
Kenji Kaneda	2,065,400	2.85
Tetsuya Ishihara	1,950,700	2.69

(Note) When the percentage of shares held is calculated, 623,235 shares in treasury stock are deducted.

(2) Status of corporate officers

(i) Directors and auditors (as of March 31, 2022)

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, ROXX INC. Director of Digital Growth Academia, Inc. Management Advisor of PORT INC. External Director of COMIX, Inc. Representative Director and President of SBI Regional Revitalization Services Co., Ltd.
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. Representative Director of Digital Denentoshi Kokkakoso Oendan
Director	Eriko Hayashi	External Auditor of Kaizen Platform, Inc. Representative of ERI LAW OFFICE Representative Partner of ERIO Limited Liability Company External Auditor of Mujin, Inc.
Standing Auditor	Seiki Tanaka	Auditor of TRUST BANK, Inc.
Auditor	Kei Kodera	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. Auditor Seiki Tanaka, Auditor Kei Kodera, and Auditor Fumio Ikeda 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 directors' 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	43	43	-	-	6
(of which external directors)	(4)	(4)	(-)	(-)	(2)
Auditors	7	7	-	-	3
(of which external auditors)	(7)	(7)	(-)	(-)	(3)
Total	51	51	-	-	9
(of which external officers)	(12)	(12)	(-)	(-)	(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 0 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.

In its meeting on December 24, 2021, the Board of Directors resolved to change the performance-linked remuneration policy so that in the term ended March 2022 and thereafter, only net profit attributable to owners of parent (consolidated) should be used for an indicator of performance-linked remuneration.

(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, the degree of contribution, etc. in the execution of duties by each director, and as consideration for the performance of duties in the current fiscal year, performance-linked remuneration is determined based on profit attributable to owners of parent (consolidated). 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

Net profit attributable to owners of parent (consolidated) is used for an indicator of performance-linked remuneration. 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 total amount of remuneration to be paid is the sum of amounts to be paid to individual directors as specified in b (A) below (The upper limit is 42,500,000 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

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 fiscal year ended March 2022 ÷ Profit attributable to owners of parent for fiscal year ended March 2022 (3,380,795,136 yen)

B = 2,500,000 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

(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	3,380	3,093	-

E. Total amount of directors' remuneration, etc. received by external directors from subsidiaries
Not applicable.

(v) Information on external officers

A. 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.
Representative Director of Digital Denentoshi Kokkakoso Oendan	There is no special relationship with us.	
External Director Eriko Hayashi	External Auditor of Kaizen Platform, Inc.	There is no special relationship with us.
	Representative of ERI LAW OFFICE	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
	Representative Partner of ERIO Limited Liability Company	There is no special relationship with us.
	External Auditor of Mujin, Inc.	There is no special relationship with us.
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.

B. Major activities during the year

		Attendance, comments at meetings, and outline of duties performed in relation to roles expected of external directors
External Director	Hiroshi Fujiwara	He attended all 11 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 served as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee and attended all one meeting of the Nomination Advisory Committee and all two meetings of the Remuneration Advisory Committee, fulfilling the supervisory function in the process of electing candidates for directors of the Company and determining the remuneration, etc. of its directors from an objective and impartial standpoint.
External Director	Eriko Hayashi	She attended all 11 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 served as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee and attended all one meeting of the Nomination Advisory Committee and all two meetings of the Remuneration Advisory Committee, fulfilling the supervisory function in the process of electing candidates for directors of the Company and determining the remuneration, etc. of its directors from an objective and impartial standpoint.
External auditor	Seiki Tanaka	He attended all 11 meetings of the Board of Directors and all ten meetings of the Board of Auditors held in 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 11 meetings of the Board of Directors and all ten meetings of the Board of Auditors held in 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 11 meetings of the Board of Directors and all ten meetings of the Board of Auditors held in 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 five 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 the Company's 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 March 31, 2022)

(Unit: million yen)

Subject	Amount	Subject	Amount
(Assets)		(Liabilities)	
Current assets	35,561	Current liabilities	5,873
Cash and cash equivalents	30,407	Trade and other payables	2,976
Trade and other receivables	3,430	Short-term borrowings	277
Inventories	95	Lease liabilities	126
Investment securities held as part of operations	1,356	Other financial liabilities	47
Other financial assets	30	Income taxes payable	1,713
Other current assets	341	Allowances	29
Non-current assets	7,067	Other current liabilities	703
Property, plant and	423	Non-current liabilities	1,349
Right-of use asset	246	Bonds and borrowings	1,162
Goodwill	4,409	Lease liabilities	115
Intangible assets	1,432	Allowances	22
Other financial assets	208	Deferred tax liabilities	16
Deferred tax assets	344	Other non-current liabilities	31
Other non-current assets	2	Total liabilities	7,222
Total assets	42,728	(Share capital)	
		Equity attributable to owners of parent	33,480
		Capital	1,002
		Capital surplus	23,016
		Retained earnings	10,867
		Treasury shares	△ 1,405
		Non-controlling interests	2,026
		Total equity	35,506
		Total liabilities and equity	42,728

(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, 2021
to March 31, 2022)

(Unit: million yen)

Subject	Amount
Revenue	
Revenue from contracts with customers	10,356
Revenue from investment securities held as part of operations	△216
Total sales revenue	10,140
Cost of sales	2,166
Gross profit	7,974
Selling, general and administrative expenses	3,327
Other income	10
Other costs	75
Operating profit	4,582
Financial income	2
Financial costs	19
Profit before taxes	4,564
Income tax expense	1,408
Current Profit	3,156
Profit attribution to:	
Owners of parent	3,093
Non-controlling interests	63
Current Profit	3,156

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

Balance sheet

(As of March 31, 2022)

(Unit: million yen)

Subject	Amount	Subject	Amount
(Assets)		(Liabilities)	
Current assets	17,060	Current liabilities	707
Cash and deposits	14,894	Accounts payable	119
Accounts receivable	607	Current portion of long-term debt	284
Investment securities held as part of operations	1,356	Accounts payable - other and accrued expenses	132
Inventories	9	Accrued expenses	11
Advance payment	43	Deposits received	17
Prepaid expenses	57	Income taxes payable	58
Others	90	Lease obligations	1
Fixed assets	24,199	Provision for shareholder benefits	29
Property, plant and equipment	92	Others	55
Buildings	57	Long-term liabilities	1,013
Tools, furniture and fixtures	35	Long-term debt	990
Intangible fixed assets	40	Lease obligations	4
Softwares	10	Asset retirement obligations	18
Others	30	Others	0
Investments and other assets	24,066	Total liabilities	1,721
Investments in affiliates	23,931	(Net Assets)	
Lease deposits	98	Shareholders' Equity	39,489
Deferred tax assets	36	Capital	1,002
Deferred assets	71	Capital surplus	37,790
Share delivery expenses	71	Capital reserve	1,002
Total assets	41,331	Other capital surplus	36,787
		Retained earnings	2,102
		Other retained earnings	2,102
		Retained earnings carried forward	2,102
		Treasury shares	△ 1,405
		Valuation and conversion differences, etc.	119
		Other differences from valuation of securities	119
		Stock option	1
		Total net assets	39,610
		Total liabilities and net assets	41,331

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

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Statement of Income

(From October 1, 2021
to March 31, 2022)

(Unit: million yen)

Subject	Amount	
Net sales		1,286
Cost of sales		653
Gross profit		633
Selling, general and administrative expenses		551
Operating profit		82
Non-operating income		
Interest income	0	
Outsourcing service income	9	
Others	6	15
Non-operating expenses		
Interest expense	8	
Amortization of stock issuance costs	22	31
Ordinary profit		66
Extraordinary profit		
Gain on reversal of stock options	1	1
Extraordinary losses		
Loss on disposal of fixed assets	1	1
Profit before income taxes		66
Income taxes	1	
Income taxes-deferred	21	23
Net income		42

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 report prepared by each statutory auditor, the Board of Auditors has examined the execution of duties by the directors in the 20th financial period from October 1, 2021 to March 31, 2022 and prepared this audit report, 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 the auditors, received reports on the status of the execution of duties from the directors, etc. and the accounting auditor, and requested an explanation as required.

(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 strove 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 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 directors' 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 operation of the corporate group consisting of the Company and its subsidiaries which are specified in Article 100 Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act and the actual system that was already in place based on the resolution (internal control system), we received regular reports from the board members and employees on the status of the establishment and maintenance of it, asked for explanations as necessary, and expressed our opinions.

(iii) We monitored and verified that our accounting auditors are in an independent position and conduct appropriate audits, and 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 us 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 we 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, regulations, or the Articles of Incorporation.

(iii) We recognize that the resolution of the Board of Directors 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.

May 30, 2022

Board of Auditors of CHANGE Inc.

Standing Auditor
(External Auditor) Seiki Tanaka (Seal)

External auditor Kei Koderu (Seal)

External auditor Fumio Ikeda (Seal)

End