




Financial Results of the Fiscal Year Ended September 2021 and Revision of the Mid-term Business Plan

CHANGE Inc.
Security Code: 3962

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



CHANGE
PEOPLE, BUSINESS, JAPAN

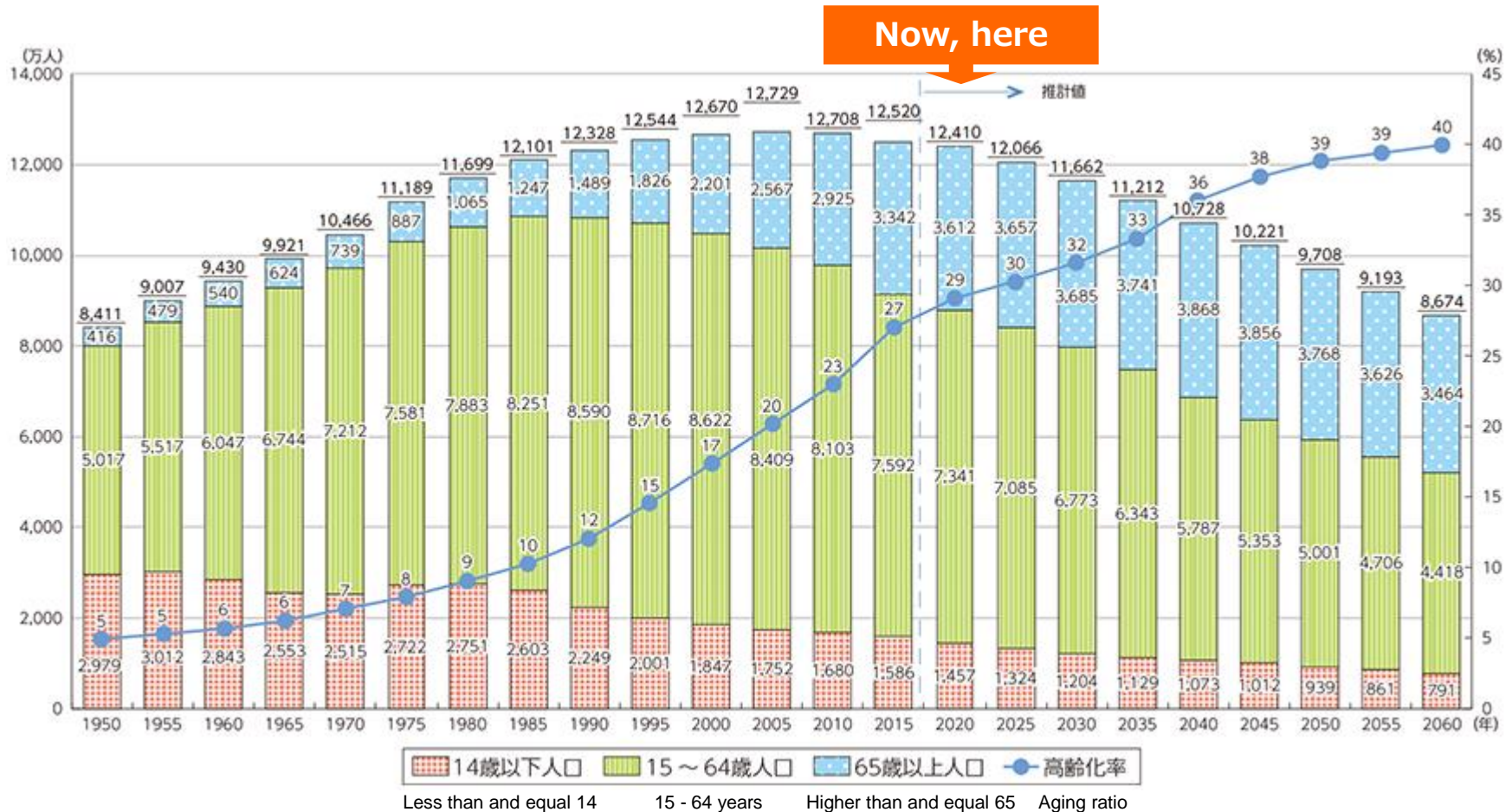
Our Mission

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



Our Issue

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




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

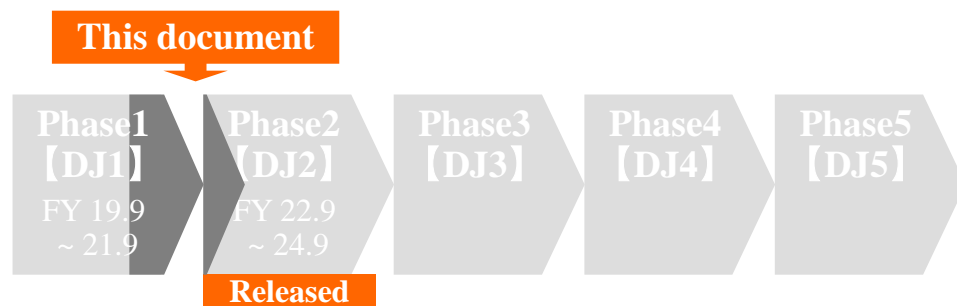
※based on data from the "Census" (MIC) until 2015 and the "forecasted population in Japan" (National Social Security and Population Problem Research Institute (2013 forecast)(median estimate for birth and death)

Our Path Drawn

||| **This fiscal year is the final year of Chapter 1 of our 15-year plan to establish a digital era in Japan.**



**Digitize
&
Digitalize Japan**



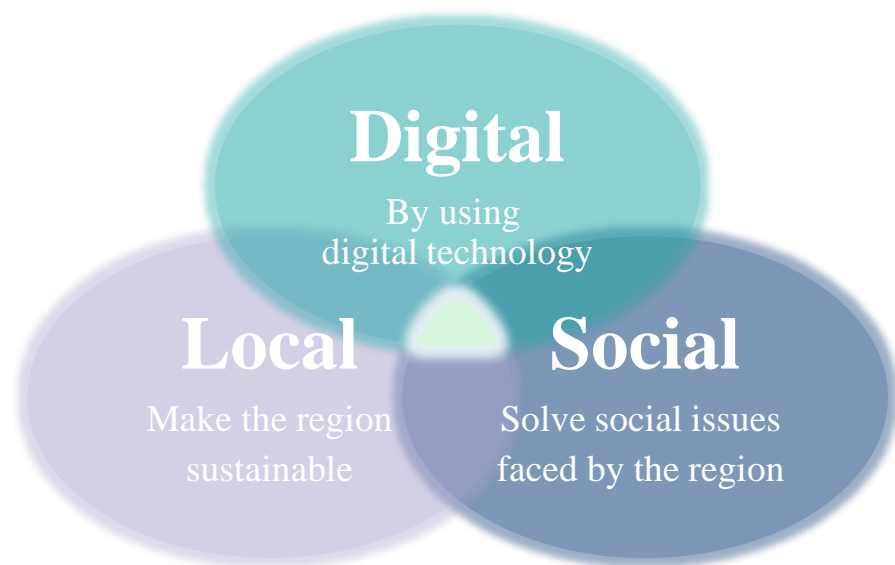
- ||| We will improve Japan’s productivity through the digitalization/digitization of business models and business processes and the development of digital human resources.
- ||| For achieving “Digitize & Digitalize Japan”, we will continue to work until the Phase 5, confront the social challenge of declining population, and will be a leader of overcoming the present national difficulty in spite.
- ||| We have so far released until Phase 2 of our Midterm Business Plan = [DJ2].

※ Please see here for details of Mid-term Business Plan [DJ2].
<https://ssl4.eir-parts.net/doc/3962/tdnet/1935387/00.pdf>

Focus Domain for “DJ2”

||| We are shifting to “Local” as preparation for [DJ2].

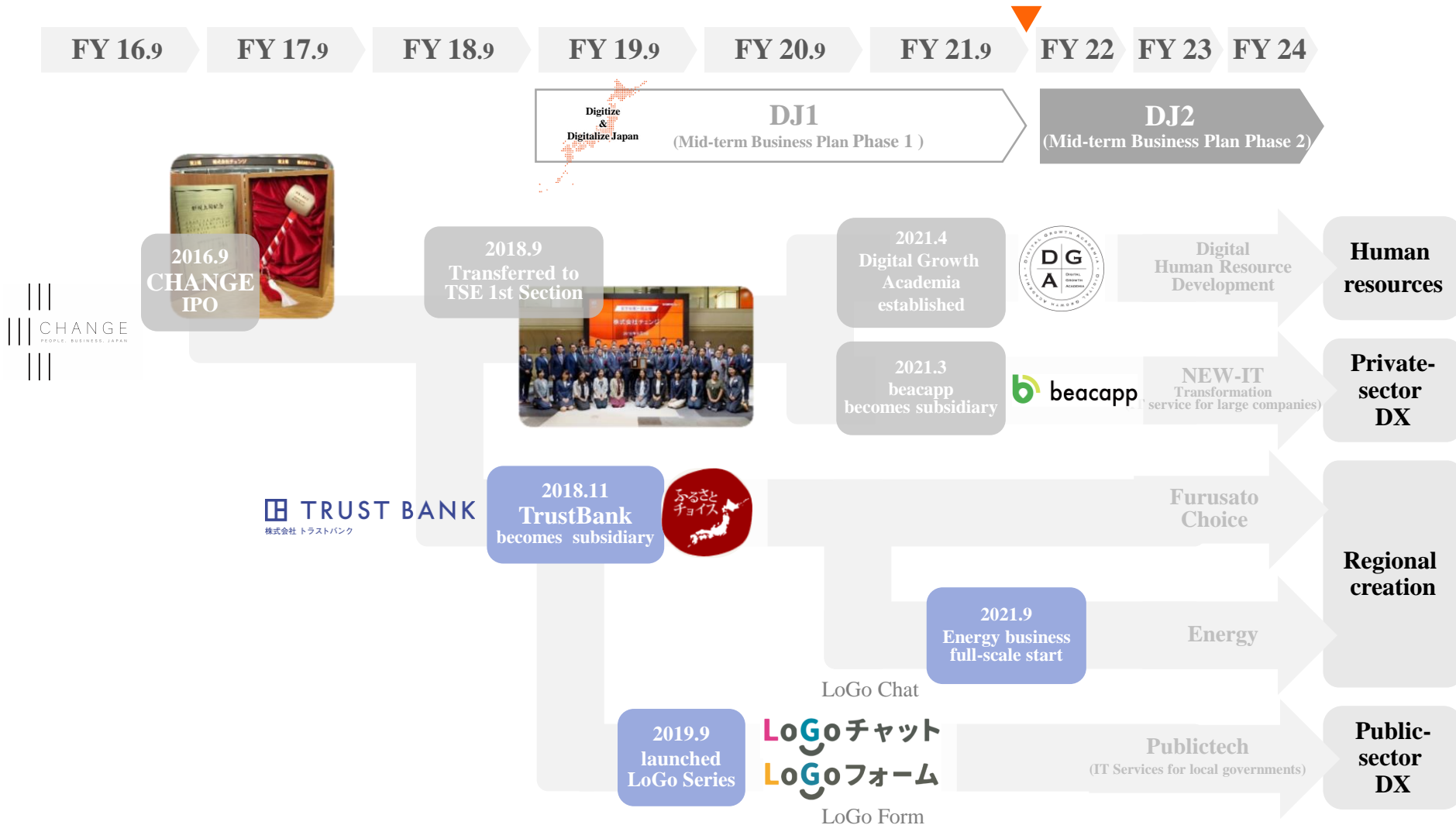
||| “DX × Regional Creation” is our sweet spot for Change Japan.



- ||| We will focus on “non-Tokyo area” which accounts for about 70% of GDP.
- ||| We will decide that the most important thing is to spread the benefits of digitalization to “Local”.
- ||| We will take on the challenge of solving critical and urgent regional issues that threaten sustainability.
- ||| We will remove the “human resource shortage” bottleneck in expanding DX in local areas.

Our Growth Story After Listing

||| Steadily creating new growth businesses since we listed on Mothers in FY 2016.

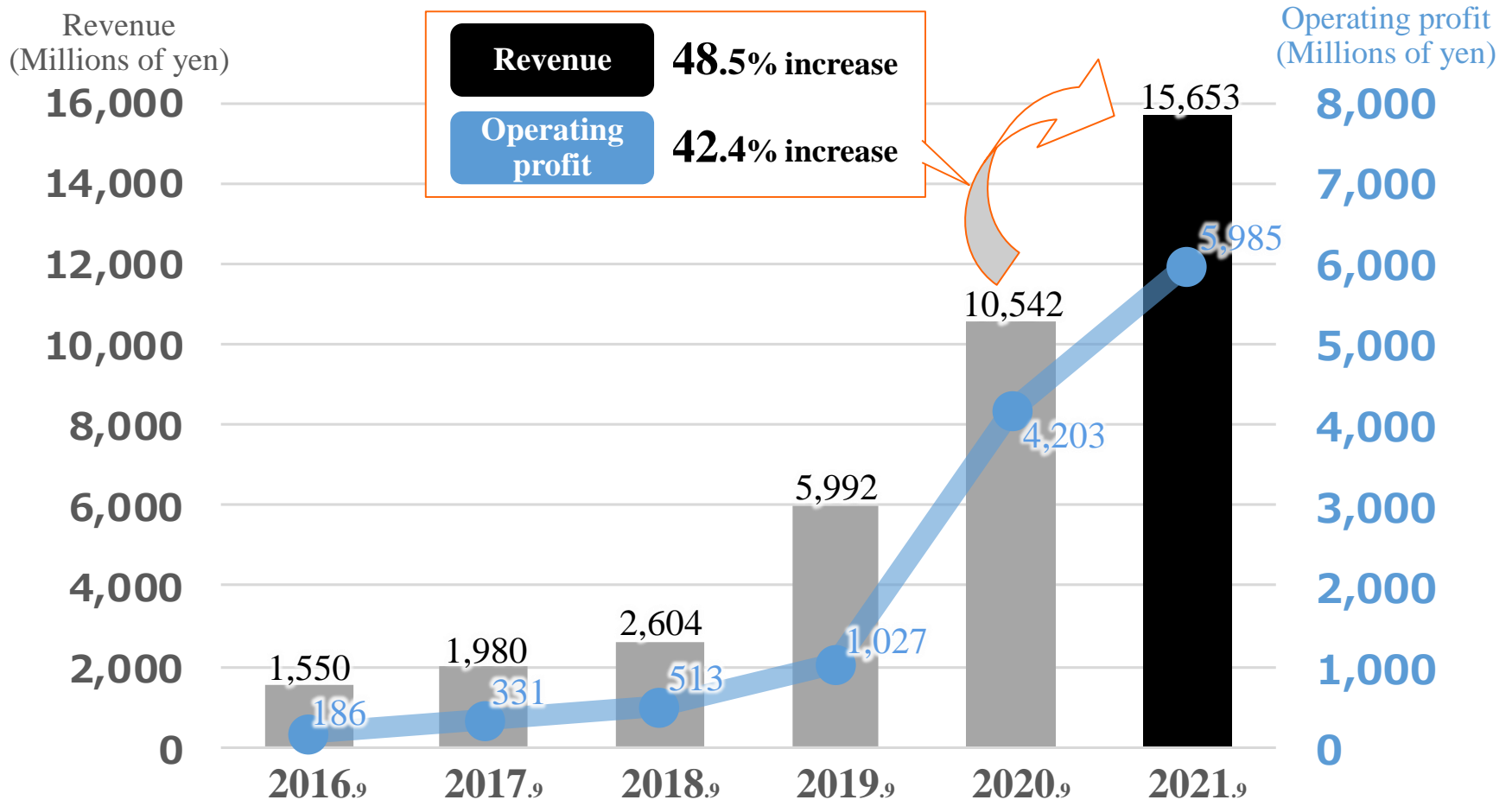


FY 2021 Overview

Revision of Mid-term Business Plan
and Policies for FY2022

Overview

||| **FY21 was a year of having achieved both successful growth and preparation for DJ2.**



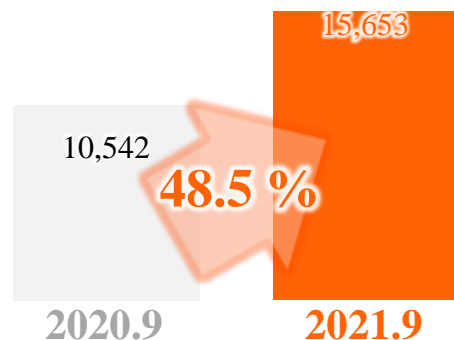
NOTE : Retrospectively calculated on consolidated and IFRS basis from the fiscal year ended Sept. 2019.
Figures for fiscal year ended Sept. 2018 and earlier are based on the former Japanese GAAP.
For the fiscal year ended Sept. 2019, contribution from Trustbank includes 10 months from Dec. 2018 to Sept. 2019

Overview ~ YoY Growth ~

- ||| YoY growth rates calculated on IFRS basis are as follows:
- ||| Profit attributable to owners of the parent improved significantly due to the conversion of TrustBank into a wholly owned subsidiary (in Oct. 2020).

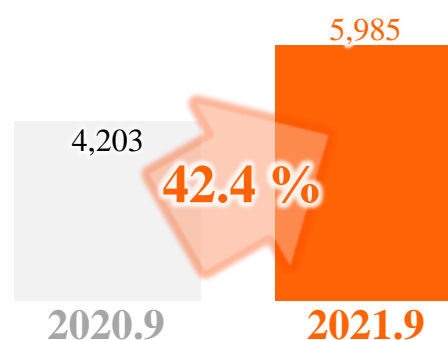
Revenue

Unit: million yen



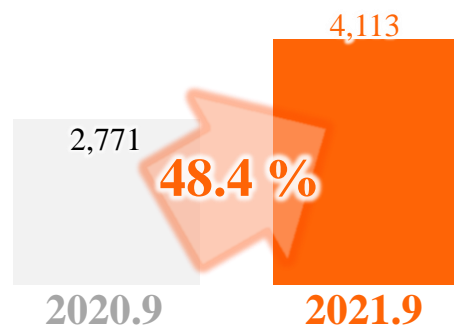
Operating profit

Unit: million yen



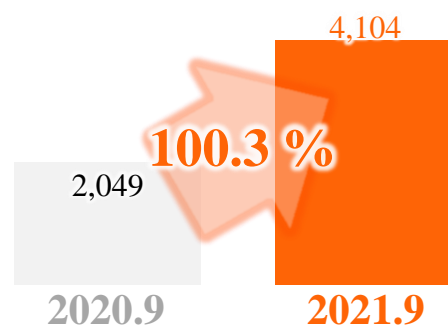
Net profit

Unit: million yen



Profit attributable to owners of the parent

Unit: million yen



※ All figures are based on IFRS. Those in FY2020 are retrospectively calculated for comparable purpose.

Overview ~ Income statement ~

||| Having achieved the highest profit, with a slight increase from the revised targets announced on August 10, 2021.

(Unit : million yen)	12.25 Revision (IFRS) Minimum target (consolidated)		8.10 Revised target (consolidated)		Full-year results (consolidated)	
	amount	%	amount	%	amount	%
Revenue	15,781	100.0%	15,500	100.0%	15,653	100.0%
Cost of sales	4,344	27.5%	4,080	26.3%	4,065	26.0%
Gross profit	11,436	72.5%	11,420	73.7%	11,588	74.0%
SG&A Expenses	6,364	40.3%	5,608	36.2%	5,603	35.8%
Operating profit	5,071	32.1%	5,812	37.5%	5,985	38.2%
Financial income	0	0.0%	2	0.0%	0	0.0%
Financial expenses	63	0.4%	65	0.4%	73	0.5%
Profit before taxes	5,008	31.7%	5,749	37.1%	5,911	37.8%
Income tax expense	1,736	11.0%	1,992	12.9%	1,798	11.5%
Net profit	3,272	20.7%	3,757	24.2%	4,113	26.3%
Profit attributable to owner of parent	3,296		3,769		4,104	
Loss attributable to non-controlling interests	△24		△12		8	
(ref) EBITDA	5,617	35.6%	6,479	41.8%	6,712	42.9%

Breakdown by business segment

(Reference)
Q1 to Q3 cumulative

(Unit : million yen)

	NEW-IT trans.	Investment	Publi-tech	Adjusted
Revenue	2,109	108	10,660	△3
└ External revenue	2,105	108	10,660	—
└ Inter-segment revenue	3	—	—	△3
Segment profit	763	92	6,066	△1,111

Full-year cumulative

(Unit : million yen)

	NEW-IT trans.	Investment	Publi-tech	Adjusted
Revenue	2,816	187	12,654	△5
└ External revenue	2,811	187	12,654	—
└ Inter-segment revenue	5	—	—	△5
Segment profit	927	166	6,666	△1776

※ Due to the rounding, the sum value may not match

※ Adjustments to Segment profit are mainly general and administrative expenses corresponding to corporate expenses.

||| Cumulative Segment Profit Growth Rate (YoY)

■ NEW-IT : Approx. **52.4%**

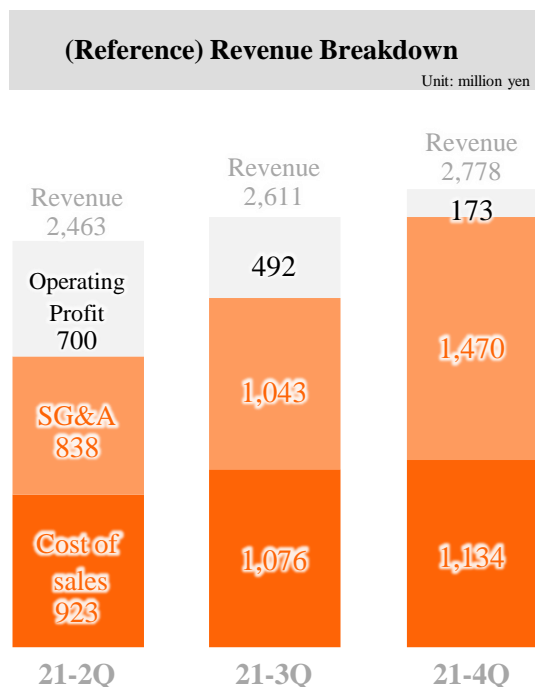
■ Publitech : Approx. **46.4%**

*In comparison to FY20 cumulative results after retrospectively applying to IFRS.

* Includes contribution of our subsidiary, beacapp Inc from FY20 Q3.

Overview ~ Supplementary ~

||| **Having made steady investments which will contribute to our growth in [DJ2]. (Total expensed cost : approx. 1.16 billion yen)**



Technology & Service Development	Approx. 590 million yen
Personnel recruitment & training	Approx. 520 million yen
M&A Sourcing & DD	Approx. 50 million yen

- ||| Developing new services providable at a low price for expanding sales in local areas
- ||| Exploring new alliance partners and developing joint proposal schemes, etc.

- ||| Recruiting personnel for nationwide business development
- ||| Expanding internal structure in order to continue improvement towards SaaS business model, etc.

- ||| Outsourcing for external advisory and due diligence services, etc.

Overview Summary of FY21

||| **A year of turning point as the final year of the Mid-term Business Plan [DJ1] and a step into our next growth phase.**

Completion of 【DJ1】

- ||| Close to completion of "DX-Promotional Equation"
 - Established DX transformation methodology based on DX human resource development as the first touch point
- ||| Progress of "Business Model Evolution"
 - Established SaaS business models, such as LoGo series and beacapp

Thorough preparation for 【DJ2】

- ||| Structure for exploring "Local" market
 - Progressed in "Gathering Partners" ahead of schedule
 - Improved management system, leveraging "Centrifugal Force" such as establishment of JV
- ||| Fundraising
 - Raised approx. 16.4 billion yen through overseas financing
 - Entered into Facility Agreement* with Sumitomo Mitsui Banking Corporation of 19.5 billion yen for M&A

*Special Overdraft Facility Agreement

Highlights of FY 2021 ~ NEW-IT Transformation ~

||| Making progress in development of structure and partner scheme in order to deliver benefits of DX nationwide.

**Digital Growth Academia
Established
(April)**

- ||| Expanded customer reach, including in local areas, through collaboration with KDDI
- ||| Established DX transformation methodology based on DX human resource development
- ||| Created a base model of “federation-type management” which leverages on the centrifugal force

**beacapp
becomes a subsidiary
(March)**

- ||| Developed solutions applying to new forms of office and workstyles under COVID-19 pandemic
- ||| Provided easy and inexpensive tools for “onsite visualization”, beginning with medical care and construction rooted in local communities

**“Gathering Partners”
steadily on progress**

- ||| Expanded direct reach to corporate management in the region who will be the key to promoting DX in collaboration with SMBC Group and Chiba Bank
- ||| Established many collaborations with solution partners

Highlights of FY 2021 ~ Publi-tech ~

||| **Established a business cycle which will lead to our next grooming business in public sector based on our strong relationship with local governments nationwide.**

Established new usage of Hometown tax payment scheme on such as COVID-19 and disaster support

- ||| Maintaining our position as a trustworthy service provider who work closely with front-line local governments
- ||| Having gained a position where we can clearly understand “common issues” of nationwide local governments based on our stronger relationship of trust with them

LoGo Series as a paid service (April)

- ||| Achieved an extremely high adoption rate by local government staffs even after shifting to paid service due to its convenience and efforts for catering to staffs’ needs
- ||| Established the foundation for SaaS-type model for local governments

Energy business sees a good start

- ||| Started a model project for regional microgrid powers with Akune City, Kagoshima Prefecture (in September 2021)*
- ||| Providing local communities the benefits of decarbonization, improvement of resilience, and regional reflux of electrical charges, etc. by enabling locally produced and consumed renewable energy system

*: Please refer to the TrustBank news release for more details.
<https://www.trustbank.co.jp/newsroom/newsrelease/press454/>

[Reference] Continuous Performance of LoGo Series

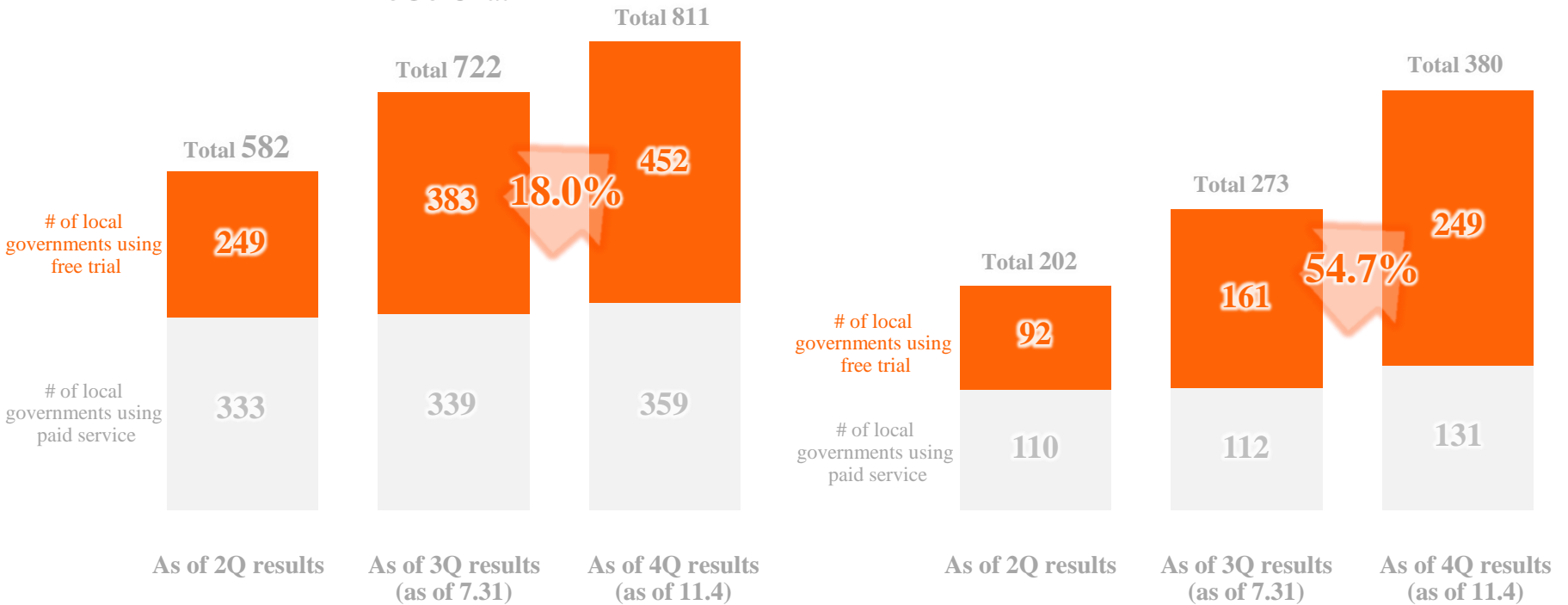
LoGo Series keeps its growth momentum due to its high reputation from the users.

LoGoチャット

LoGo Chat

LoGoフォーム

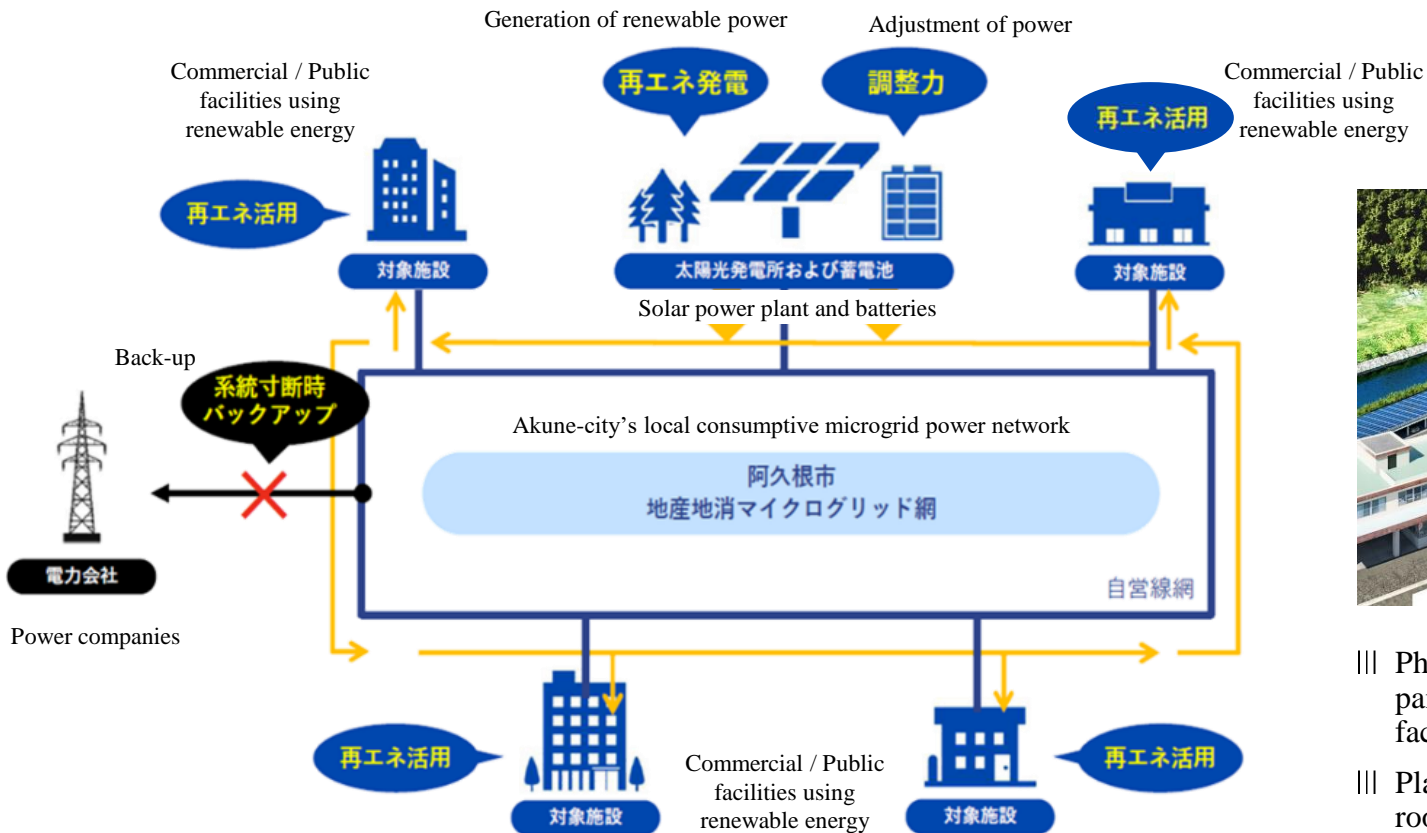
LoGo Form



* Including some related organizations

[Reference] Full-scale Start of Energy Business

- ||| Having started an initiative regional microgrid power model in Akune City, Kagoshima Prefecture (announced in September 2021).
- ||| Aiming to decarbonize, improve resilience, and recycle electrical charges in local communities



- ||| Photovoltaic power generation panels to be installed at city hall facilities (sample image)
- ||| Planning to install them on parking roof

* Please refer to TtrustBank news release for more details.
<https://www.trustbank.co.jp/newsroom/newsrelease/press454/>

Highlights of FY 2021 ~ Investment ~

||| **Having made investments in companies which have strong synergies with us to promote [DJ2]**

New investments

The logo for Writeup! features the word "Writeup!" in a red, cursive font. The "u" is stylized with a red underline that loops around the "p".

||| Invested in Writeup. Co., Ltd.
(2020.12)

The logo for LisB consists of the letters "LisB" in a bold, black, sans-serif font. The "i" is stylized with a red dot above it.

||| Invested in L is B Corp.
(2021.6)

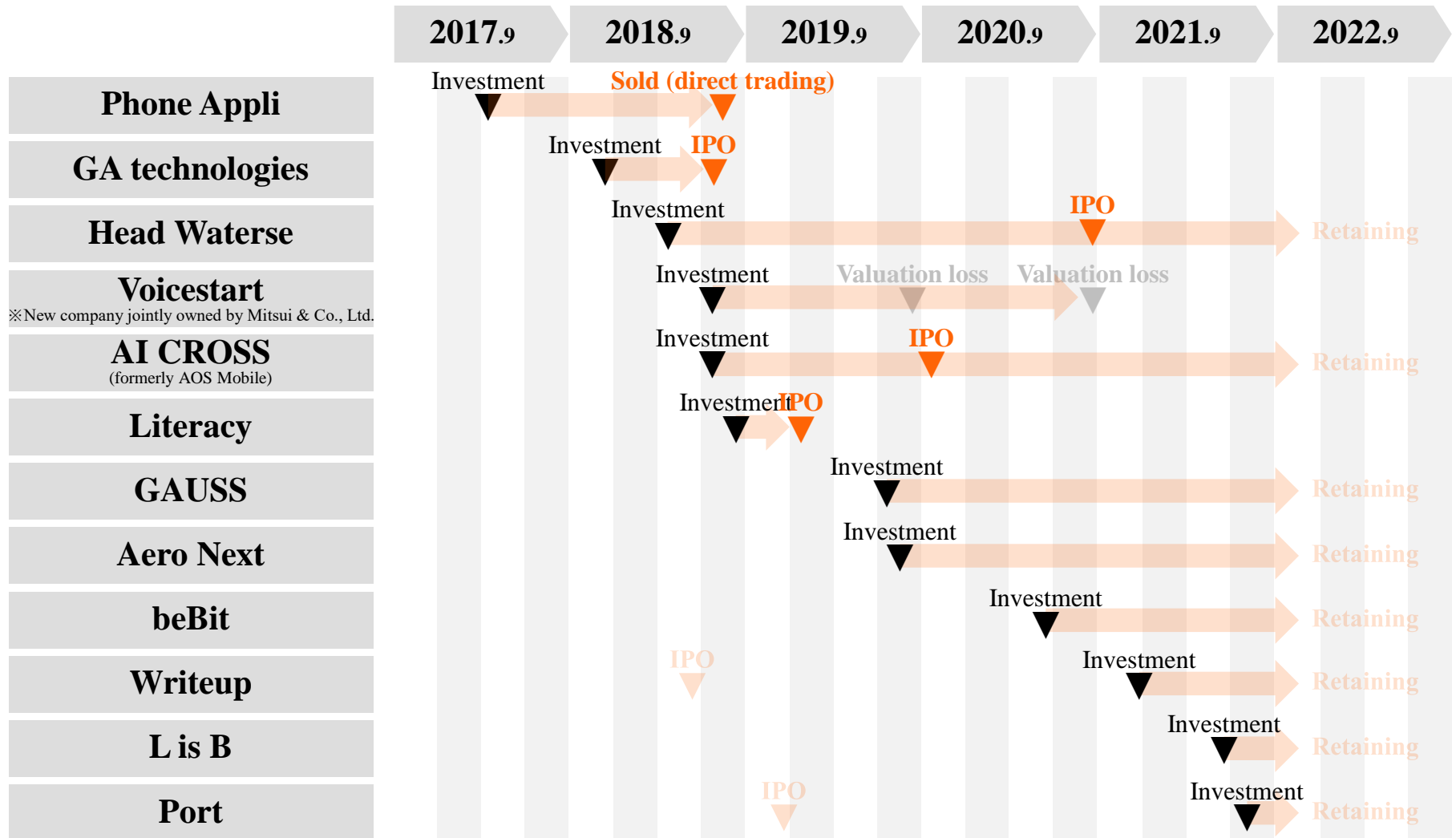
The logo for PORT INC. features the word "PORT" in a large, bold, black, sans-serif font, followed by "INC." in a smaller, bold, black, sans-serif font.

||| Invested in Port INC.
(2021.7)

*The logo is a trademark or registered trademark of each company.

[Reference] IPO Acceleration Program and Investment Projects

||| Having achieved overall good performances in investments to date since the program's launch in March 2017.



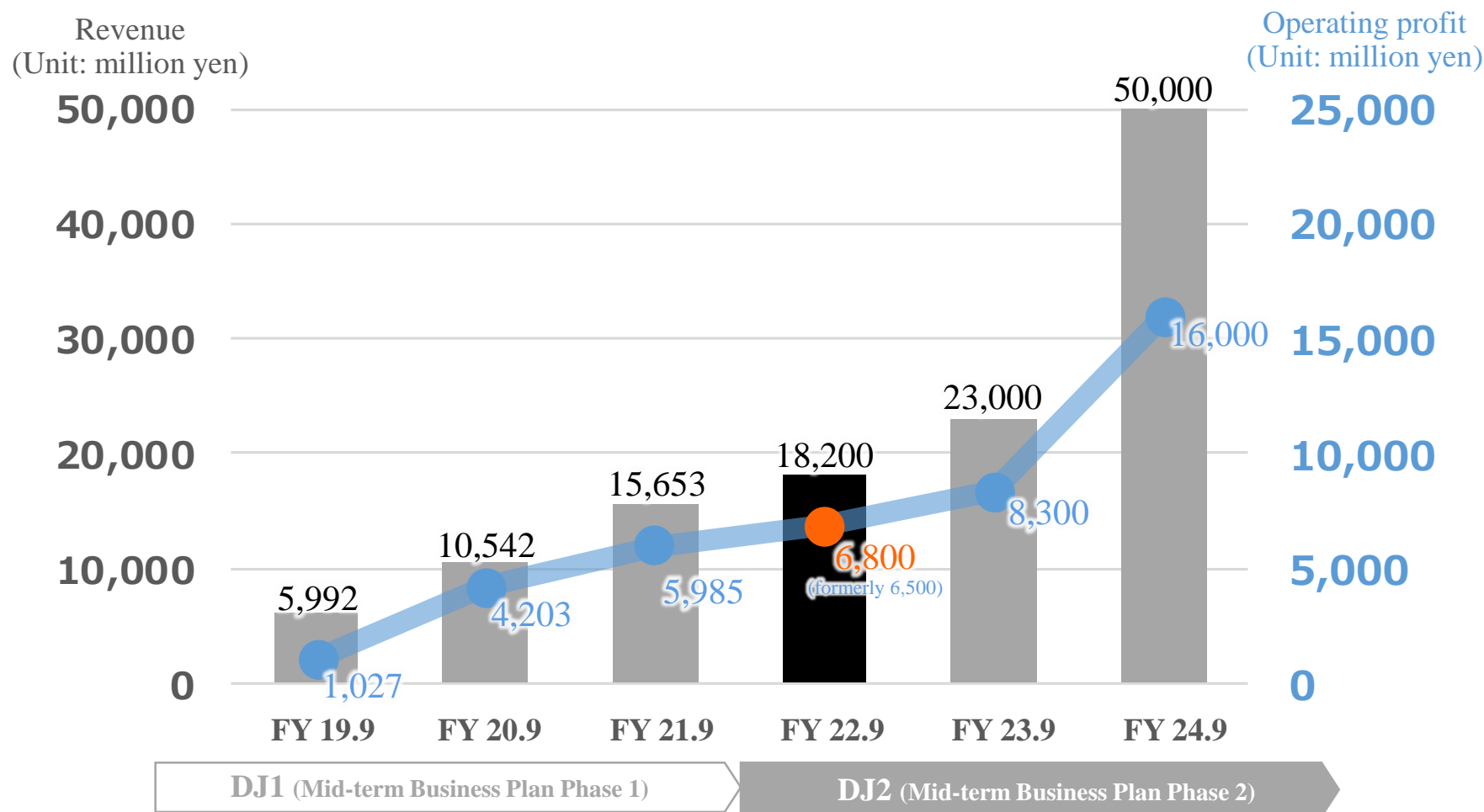
※New company jointly owned by Mitsui & Co., Ltd.

FY 2021 Overview

**Revision of Mid-term Business Plan
and Policies for FY of 2022**

Revision of Mid-term Business Plan Targets

- III Making upward revision of operating profit target for [DJ2] due to achievement of excess profit in the previous fiscal year(the revision is only for FY of 2022)



* All figures are based on IFRS. Figures prior to 2020.9 have been retrospectively calculated for comparison. Figures after 2022.9 are targets.

Mid-term Business Plan Revised Target

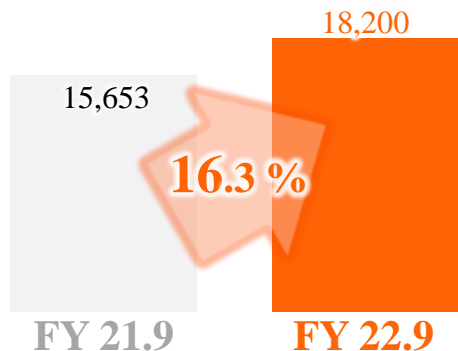
||| Revised targets for mid-term business plan are as follows:
(based on IFRS, Consolidated)

(Unit : million yen)	FY22.9 (old)		FY22.9 (revised)		FY23.9		FY24.9	
	amount	%	amount	%	amount	%	amount	%
Revenue	18,200	100.0%	18,200	100.0%	23,000	100.0%	50,000	100.0%
Cost of sales	5,345	29.4%	5,277	29.0%	7,078	30.8%	15,447	30.9%
Gross profit	12,854	70.6%	12,922	71.0%	15,921	69.2%	34,552	69.1%
SG&A Expenses	6,354	34.9%	6,122	33.6%	7,621	33.1%	18,766	37.5%
Operating profit	6,500	35.7%	6,800	37.4%	8,300	36.1%	16,000	32.0%
Financial income	0	0.0%	5	0.0%	0	0.0%	0	0.0%
Financial expenses	62	0.3%	34	0.2%	60	0.3%	55	0.1%
Profit before taxes	6,437	35.4%	6,771	37.2%	8,239	35.8%	15,944	31.9%
Income tax expense	2,242	12.3%	2,124	11.7%	2,860	12.4%	5,244	10.5%
Net profit	4,195	23.0%	4,647	25.5%	5,378	23.4%	10,700	21.4%
Profit attributable to owner of parent	4,096		4,522		5,238		10,576	
Loss attributable to non-controlling interests	99		124		140		123	
(ref) EBITDA	7,052	38.7%	7,215	39.6%	8,961	39.0%	16,906	33.8%

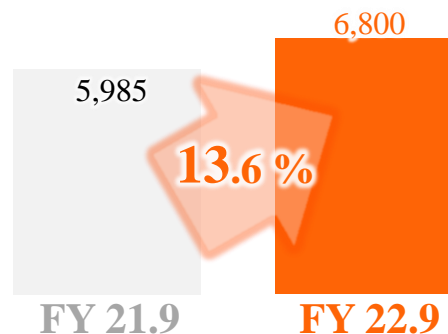
Consolidated Targets for FY 2022

||| **First year of DJ2 will be spent on establishing the foundation and ensuring the following three years' growth path.**

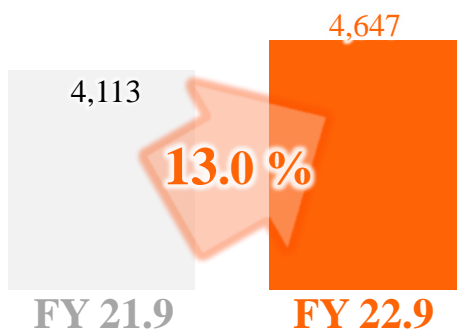
Revenue Unit: million yen



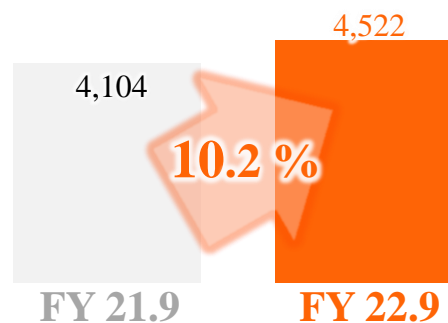
Operating profit Unit: million yen



Net profit Unit: million yen



Profit attributable to owners of parent Unit: million yen



Consolidated Targets for FY 2022

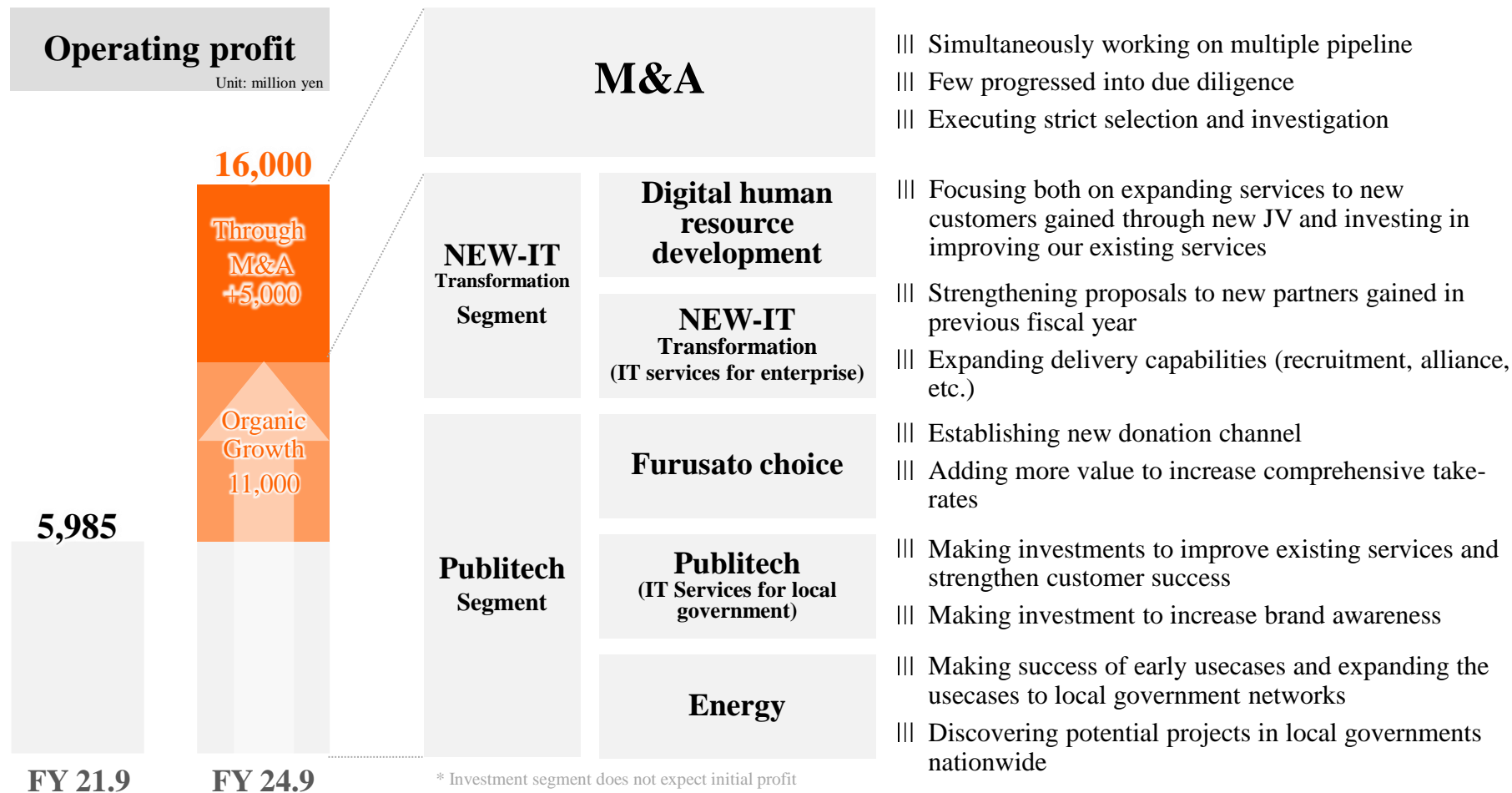
||| Details are as follows:

(Unit : million yen)	FY 21.9 Results (Consolidated)		FY 22.9 Targets (Consolidated)	
	Amount	%	Amount	%
Revenue	15,653	100.0%	18,200	100.0%
Cost of sales	4,065	26.0%	5,277	29.0%
Gross margin	11,588	74.0%	12,922	71.0%
SG&A Expenses	5,603	35.8%	6,122	33.6%
Operating profit	5,985	38.2%	6,800	37.4%
Financial income	0	0.0%	5	0.0%
Financial expenses	73	0.5%	34	0.2%
Profit before taxes	5,911	37.8%	6,771	37.2%
Income tax expense	1,798	11.5%	2,124	11.7%
Net profit	4,113	26.3%	4,647	25.5%
Profit attributable to owner of parent	4,104		4,522	
Loss attributable to non-controlling interests	8		124	
(ref) EBITDA	6,712	42.9%	7,215	39.6%

※ All figures are on IFRS basis.

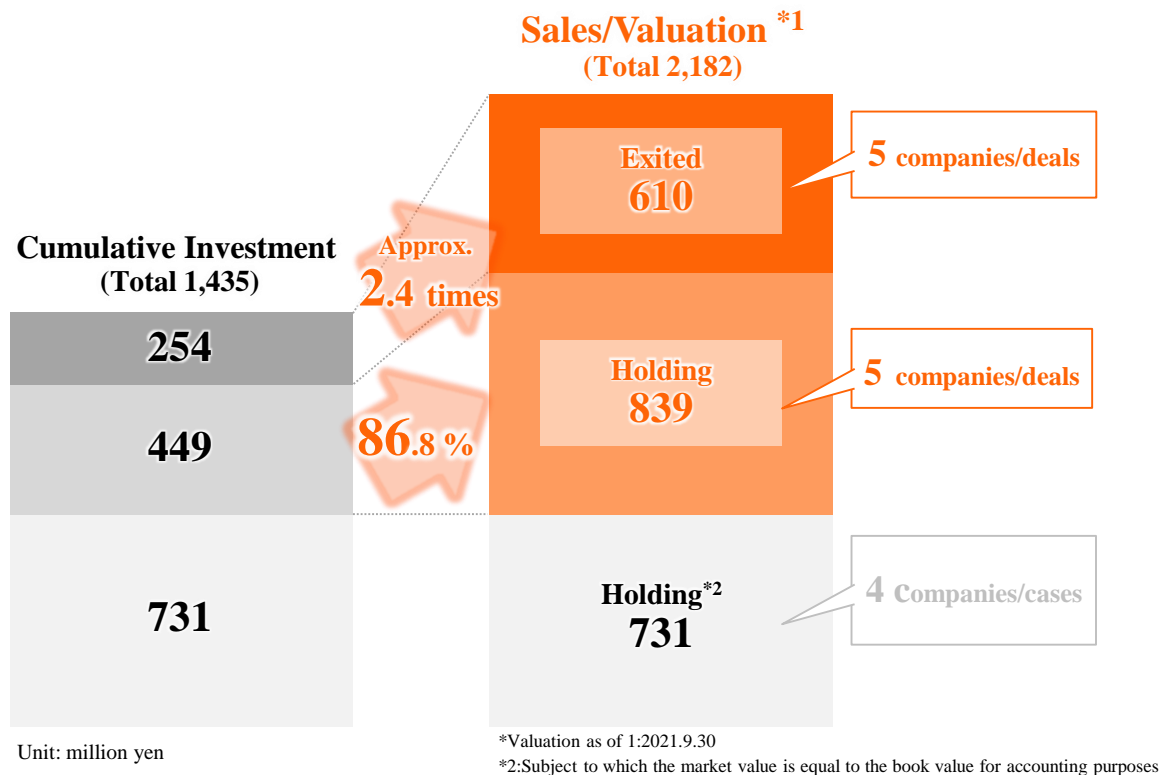
Focus Domain by Business Segments

||| Will make steady investments to leap from the base built in [DJ1] toward the next stage.



[Reference] Key of Investment Business

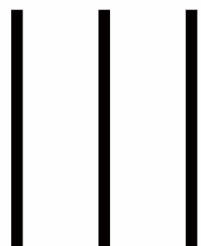
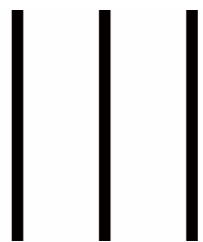
- Investment business has achieved successful performance in DJ1. In DJ2, it will focus more on creating new business synergies to the Group at a long term, rather than short-term profit contribution.



Will focus more on technologies with potential to be utilized in public sector business

Disclaimer

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



CHANGE

PEOPLE, BUSINESS, JAPAN

