



Mid-term Business Plan (Rev. 2022.5.13)
~ Digitize & Digitalize Japan (Phase2)~



CHANGE Inc.
Security Code: 3962



CHANGE
PEOPLE, BUSINESS, JAPAN

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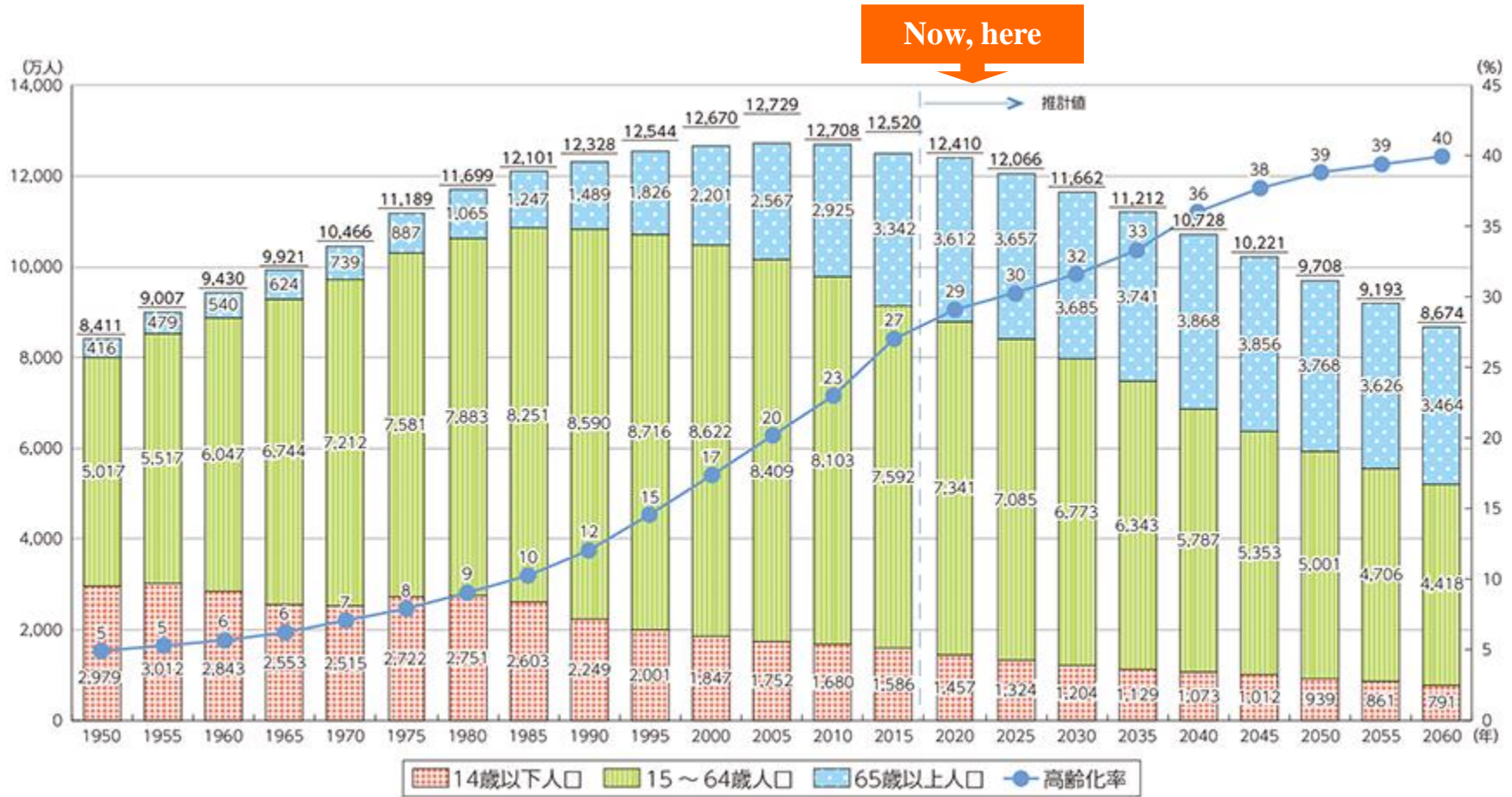
Our Mission

||| **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)

Changing Productivity

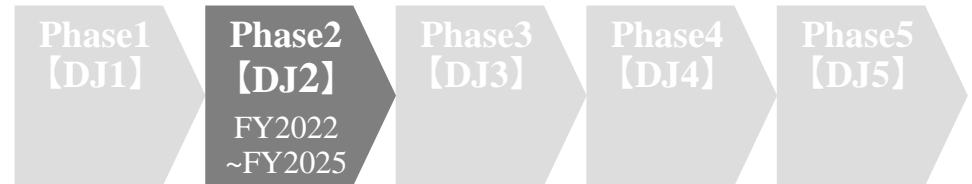
Human x Tech

(Education & Training)

(NEW-IT)

Positioning of the Current Mid-term Business Plan

||| **We have entered Phase 2 of our Mid-term Business Plan, in which we will create the digital age in Japan within 15 years.**



- ||| 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 Phase 5, confront the social challenge of declining population, and will be a leader of overcoming the present national difficulty in spite.
- ||| We are in Phase 2 of the Current Mid-term Plan.

Positioning of this Revision

||| **This revision** (released on May 13) **was undertaken mainly to accompany the change in fiscal year** (September → March).



Note: In general, future use of “FY” will refer to the period from April to the following March (e.g. FY2022 = April 2022 to March 2023).

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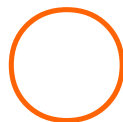
3. Mid-term Targets

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Review of Previous Mid-term Business Plan [DJ1]

||| Summary of the previous Mid-term Plan [DJ1], spanning FY2019 to FY2021.

Quantitative



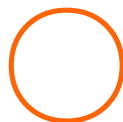
- Once the plan had been revised downward, but we eventually attained.
- We have resulted in 54% excessive operating profit in FY2020 over the initial target.
- We focused on building a foundation for [DJ2] in the final fiscal year.

Completed the business model



- We mostly completed the DX promotion in a winning pattern.
- We have clear focus on where to input resources, including M&A.
- We identified the development path which will lead to DJ 3, 4, and 5 stages.

Strengthening the management base



- We enhanced mobility and flexibility by making TrustBank our wholly-owned subsidiary.
- We improved mobility for M&A by shifting to IFRS and expanded overseas IR.
- We have prepared for full remote service delivery.

Speed of the business development

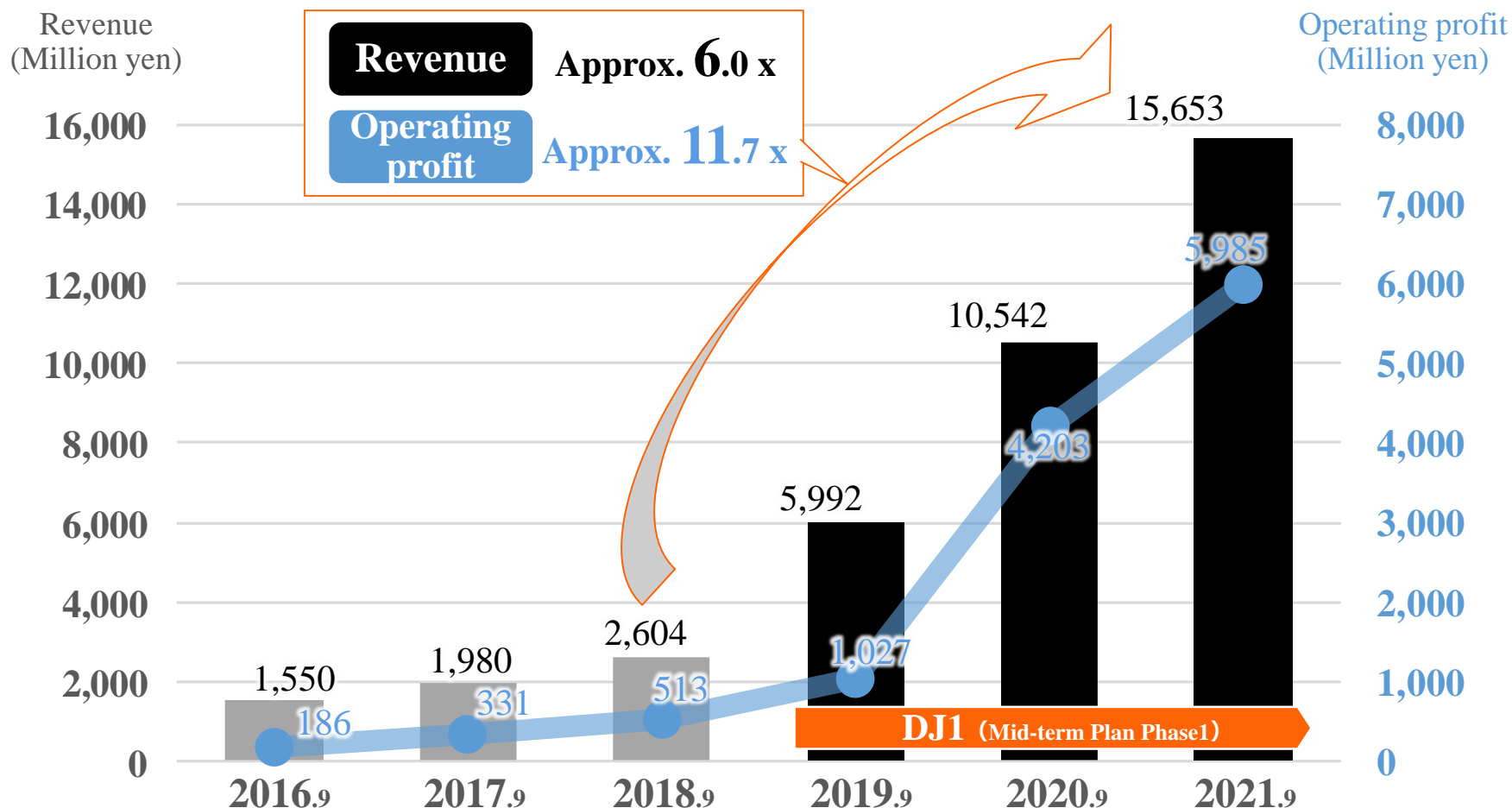


- Some activities are rapidly expanding (digital human resources development, LoGo series, etc.)
- We are still making many efforts to complete a uniform “business model” because we have to deal with projects case by case.
- Increasing resources speedily may be a restraint to our growth.

→ We need to strengthen focus on “common issues” and secure resources both internally and externally

Three Years of [DJ1] Growth

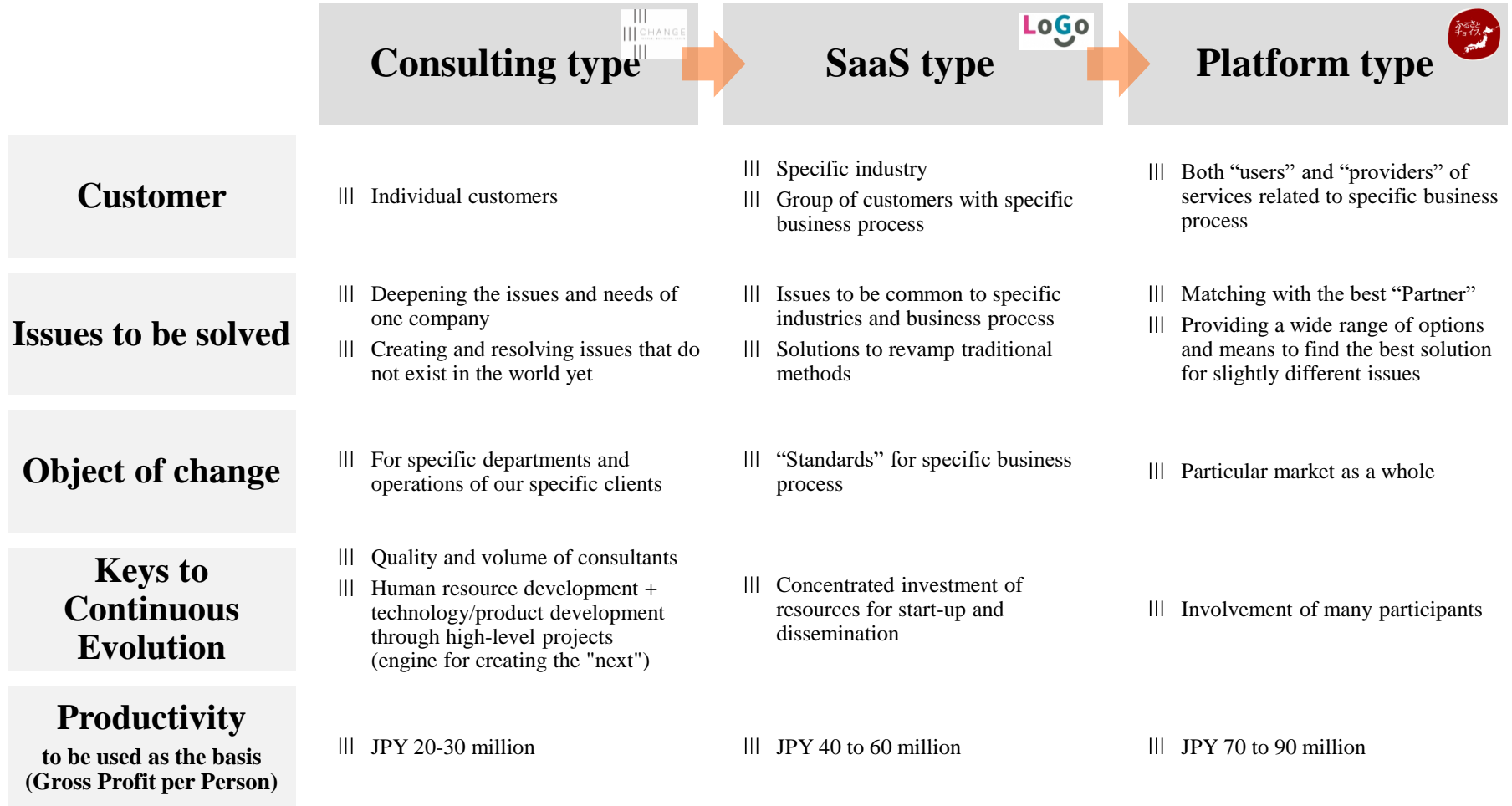
||| We steadily achieved growth targets that were initially regarded as “overly ambitious.”



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

Continuous Evolution of the Business Model

- ||| The successful verification of the DX-Promotional Equation is the biggest performance of [DJ1].
- ||| We always create new seeds and create dynamics that drive continuous evolution.



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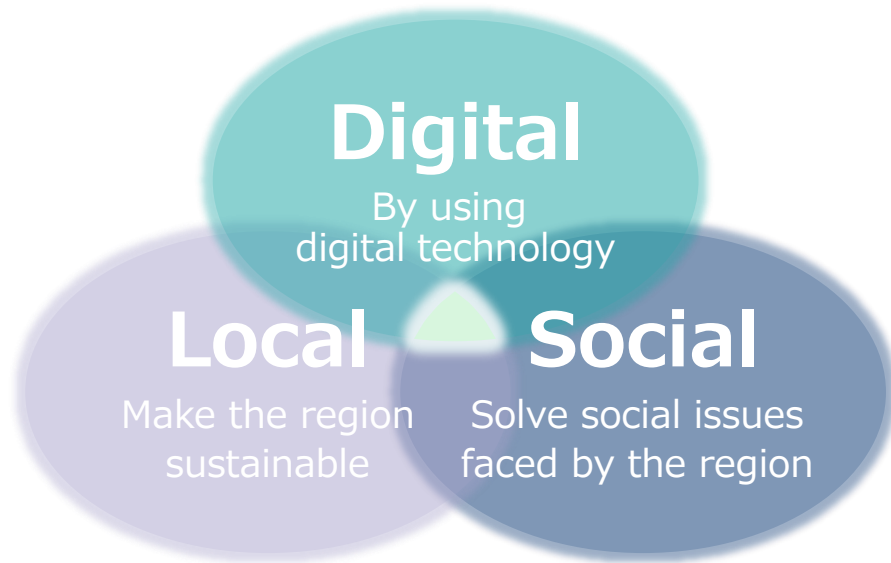
2. Concept for the Current Mid-term Business Plan [DJ2]

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Business Domain in [DJ2]

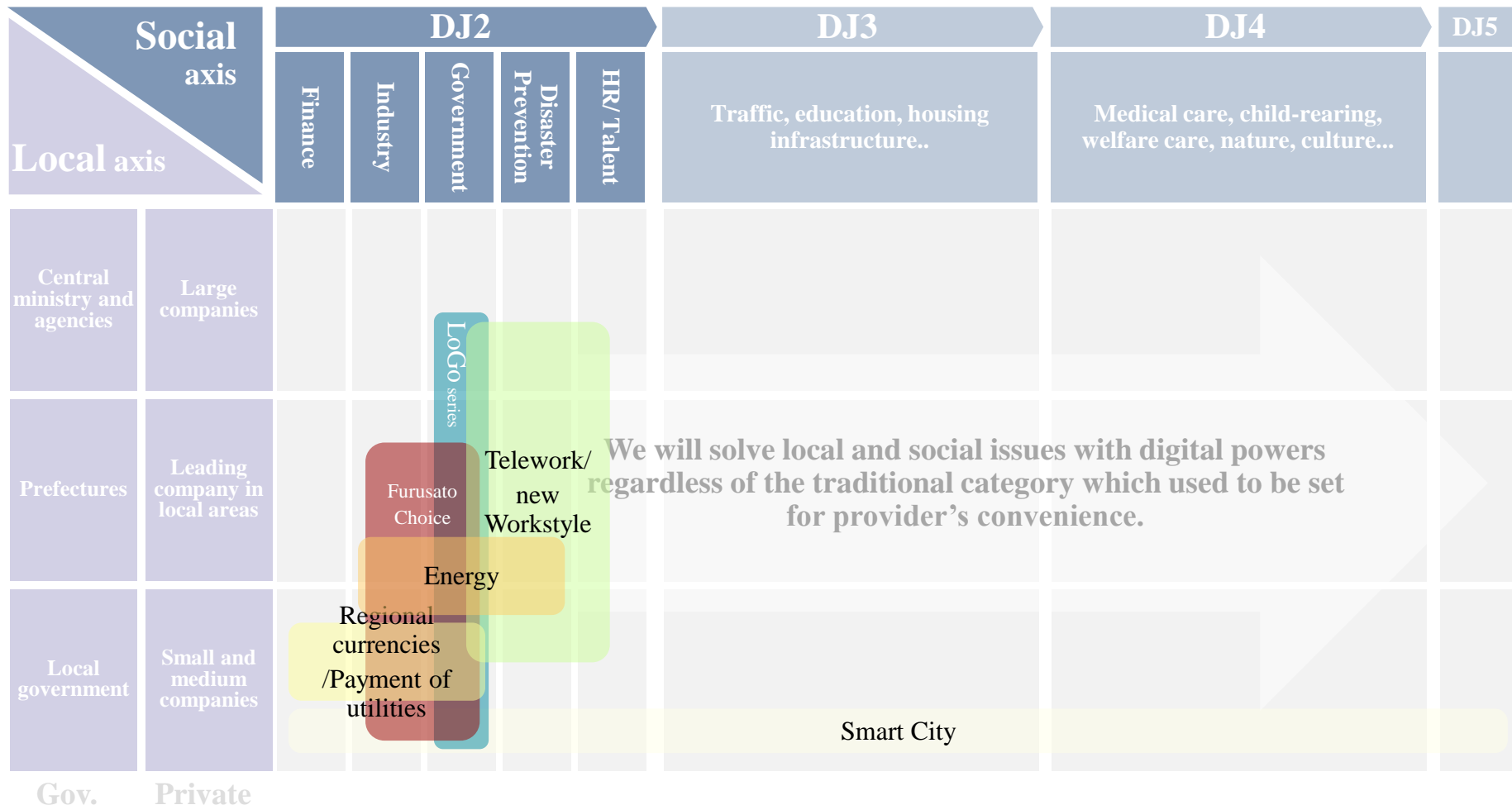
||| Setting the sweet spot for “Change Japan”.



- ||| 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.

Strategy Map

||| We will also extend the benefits of DX to the approximately 390 trillion-yen economical area outside the Tokyo Metropolitan Area.



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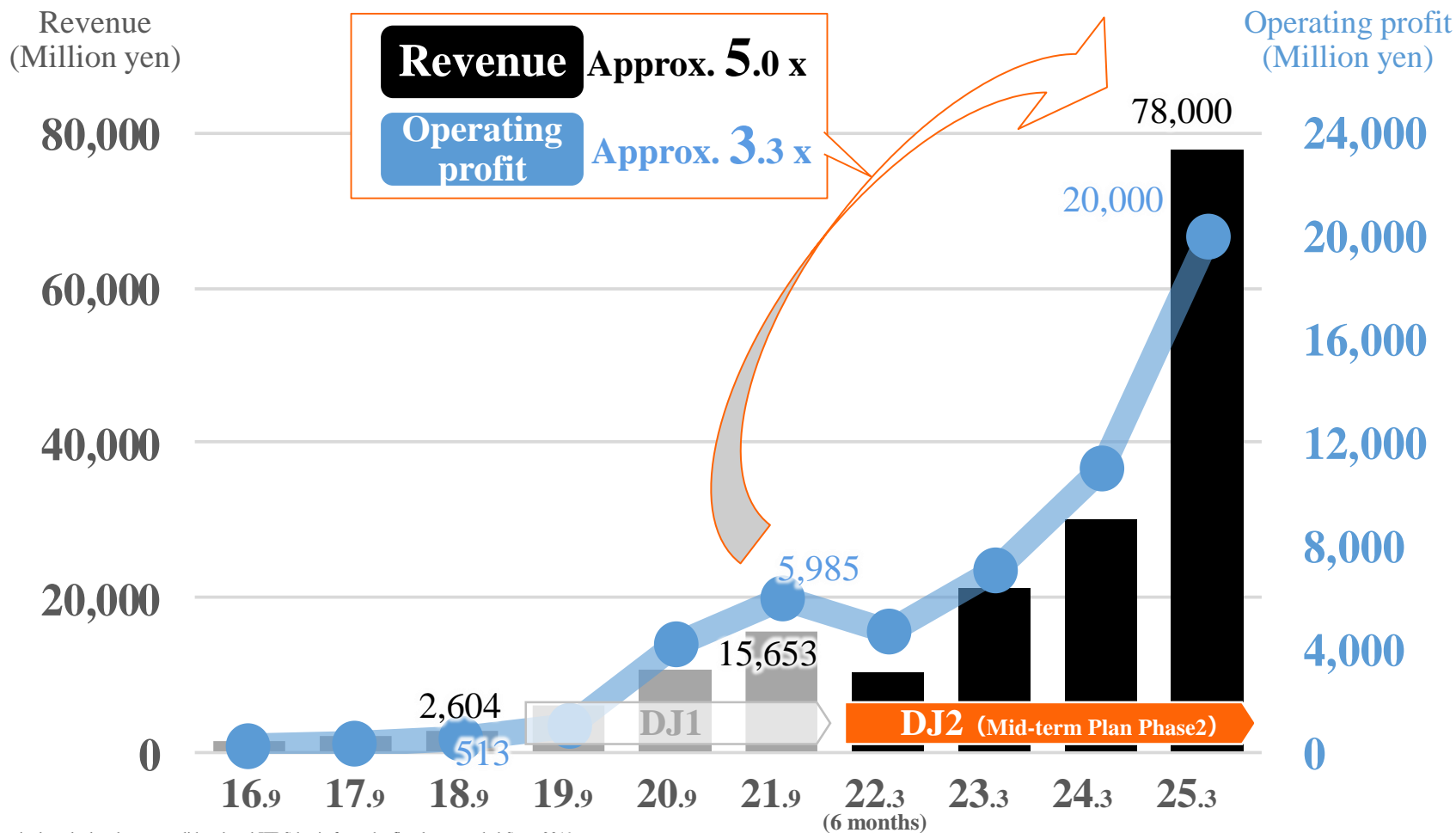
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3.5 Years of [DJ2] Growth

||| As in DJ1, we will continue to set ambitious targets.



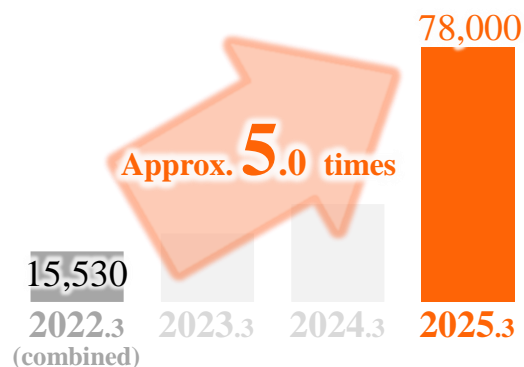
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Three-Year Growth Targets

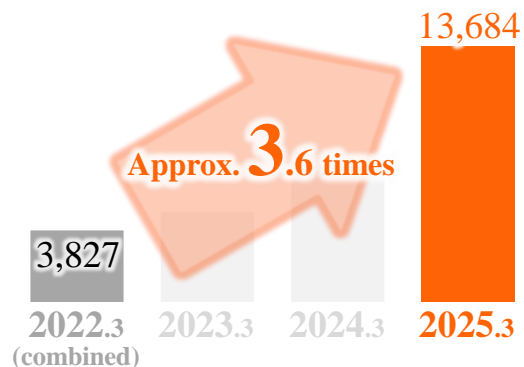
||| Three-year growth rates compared to the most recent 12 months*

*: Calculated by combining the irregular six-month FY2022.3 (Oct-Mar) with the preceding second half of FY2021.9 (Apr-Sep)

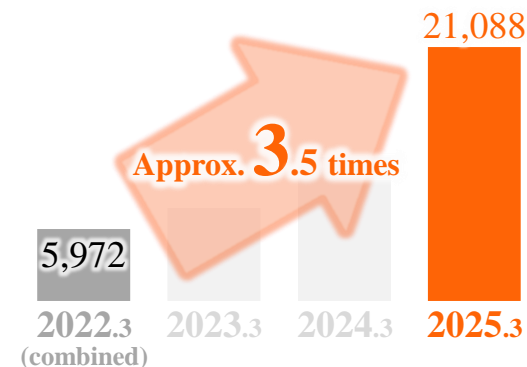
Revenue Unit: million yen



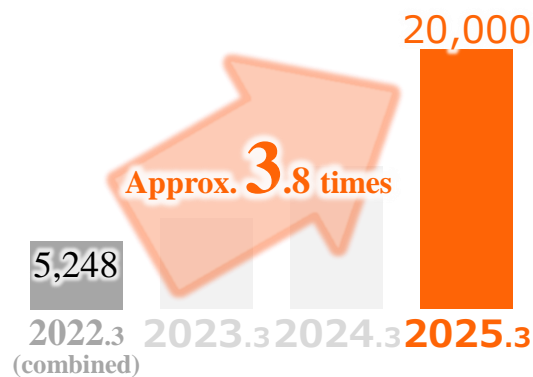
Profit Unit: million yen



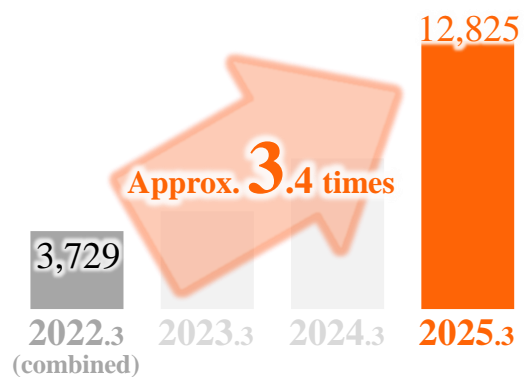
EBITDA Unit: million yen



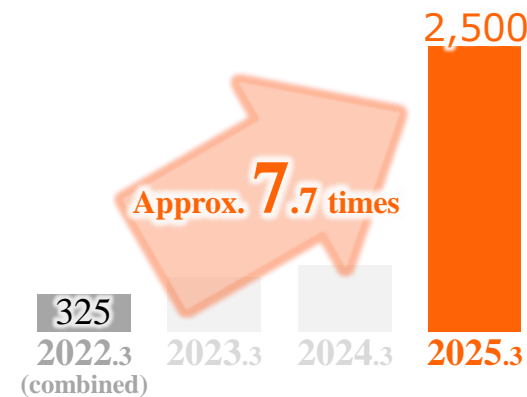
Operating profit Unit: million yen



Profit attributable to owners of parent Unit: million yen



Number of employees Unit: Person



※1: Figures are based on IFRS ※2: The number of employees is calculated based on the number of full-time employees at the end of the fiscal year + the number of temporary employees converted to full-time.

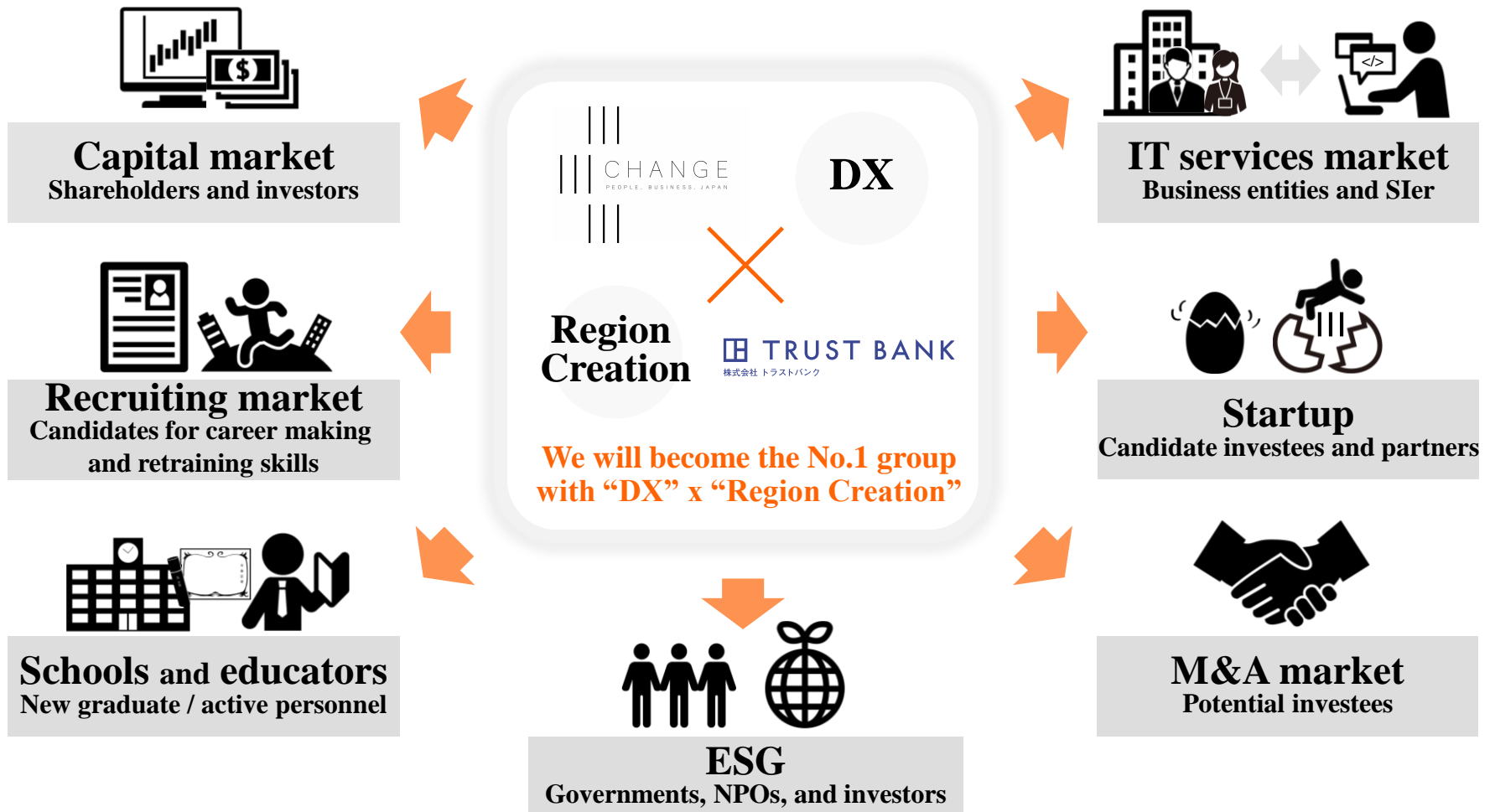
Three-Year Growth Targets ~ Profit and loss ~

||| Given the difficulty of predicting timing, M&A contributions are recorded under the fiscal year ending March 2025 (Figures are based on IFRS)

| (Unit : million yen) | 2023.3 (consolidated) | | 2024.3 (consolidated) | | 2025.3 (consolidated) | | (ref)25.3 excl. M&A | |
|--|-----------------------|--------|-----------------------|--------|-----------------------|--------|---------------------|--------|
| | amount | % | amount | % | amount | % | amount | % |
| Revenue | 21,000 | 100.0% | 30,000 | 100.0% | 78,000 | 100.0% | 38,000 | 100.0% |
| Cost of sales | 7,373 | 35.1% | 9,667 | 32.2% | 39,665 | 50.9% | 11,665 | 30.7% |
| Gross profit | 13,626 | 64.9% | 20,332 | 67.8% | 38,334 | 49.1% | 26,334 | 69.3% |
| SG&A Expenses | 6,626 | 31.6% | 9,332 | 31.1% | 18,334 | 23.5% | 11,334 | 29.8% |
| Operating profit | 7,000 | 33.3% | 11,000 | 36.7% | 20,000 | 25.6% | 15,000 | 39.5% |
| Financial income | 0 | 0.0% | 0 | 0.0% | 1 | 0.0% | 1 | 0.0% |
| Financial expenses | 32 | 0.2% | 30 | 0.1% | 109 | 0.1% | 109 | 0.3% |
| Profit before taxes | 6,967 | 33.2% | 10,970 | 36.6% | 19,891 | 25.5% | 14,891 | 39.2% |
| Income tax expense | 2,161 | 10.3% | 3,407 | 11.4% | 6,207 | 8.0% | 4,676 | 12.3% |
| Net profit | 4,806 | 22.9% | 7,562 | 25.2% | 13,684 | 17.5% | 10,215 | 26.9% |
| Profit attributable to owner of parent | 4,669 | | 7,195 | | 12,825 | | 9,356 | |
| Profit attributable to non-controlling interests | 137 | | 367 | | 859 | | 859 | |
| (ref) EBITDA | 7,720 | 36.8% | 11,914 | 39.7% | 21,088 | 27.0% | 16,088 | 42.3% |

Qualitative Objectives

- ||| We will aim to establish brands in various areas for further growth in the next [DJ3].
- ||| Higher awareness in the market will attract people and partners who will aim for the great challenge together with us



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Strategy for Achieving the Plan ~ Overall Policy ~

- ||| We began DJ2 with the following as overarching policies for all business areas across the entire group.
- ||| The first six months have already produced striking progress.

Continuous Evolution of the Business Model

Concentration
(Focus on common issues)

Collaboration
(Gathering partners)

Confederation
(Federal-style management)

- ||| We aim to evolve into a business model that can deliver the benefits of digital to a wider range of customers. (Consulting type → SaaS type → Platform type)
- ||| We will change ourselves quickly to meet customers' needs.
- ||| We will focus on identifying and narrowing down common issues.
- ||| We will more focus on getting insights into specific industries/business processes, and developing human resources, technologies and products through works with our clients.
- ||| We will gather partners who aspire “regional revitalization” and “resolving social issues” and make cocreation.
- ||| We will solve the bottleneck of resources in an evolving manner through close collaboration with other companies.
- ||| We will not stick to past successful experiences regarding large companies in the Tokyo Metropolitan area.
- ||| We aim to conduct businesses that leverage “centrifugal force” (expanding to local area) through alliances and M&A.

Strategy for Achieving the Plan

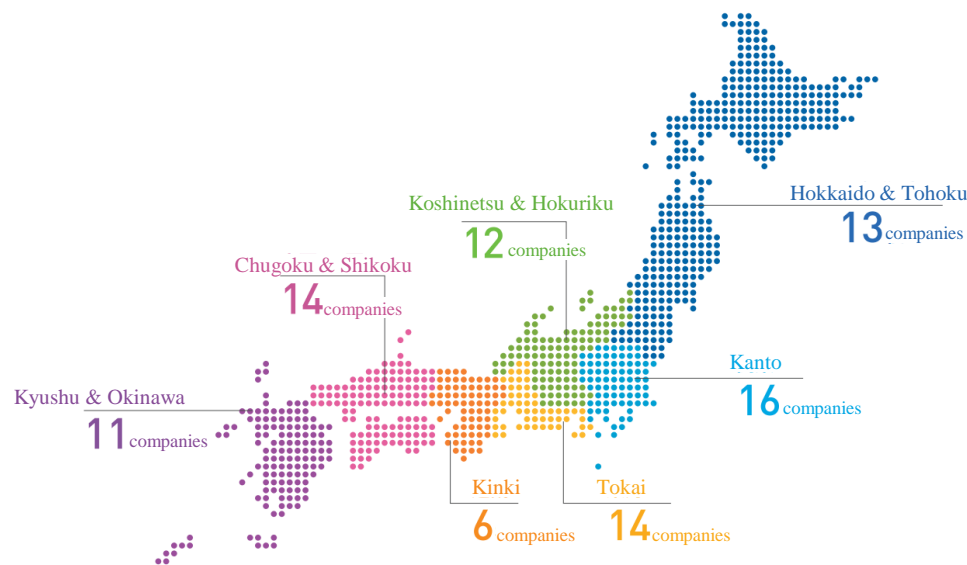
~ Access to 390 trillion-yen economical area ~

- ||| Our alliance with the SBI Group further solidifies our foothold in a 390 trillion-yen economical area.
- ||| We will also draw in regional financial institutions as part of our efforts to achieve genuine regional creation.



Alliances with the SBI Group's Regional Financial Institutions

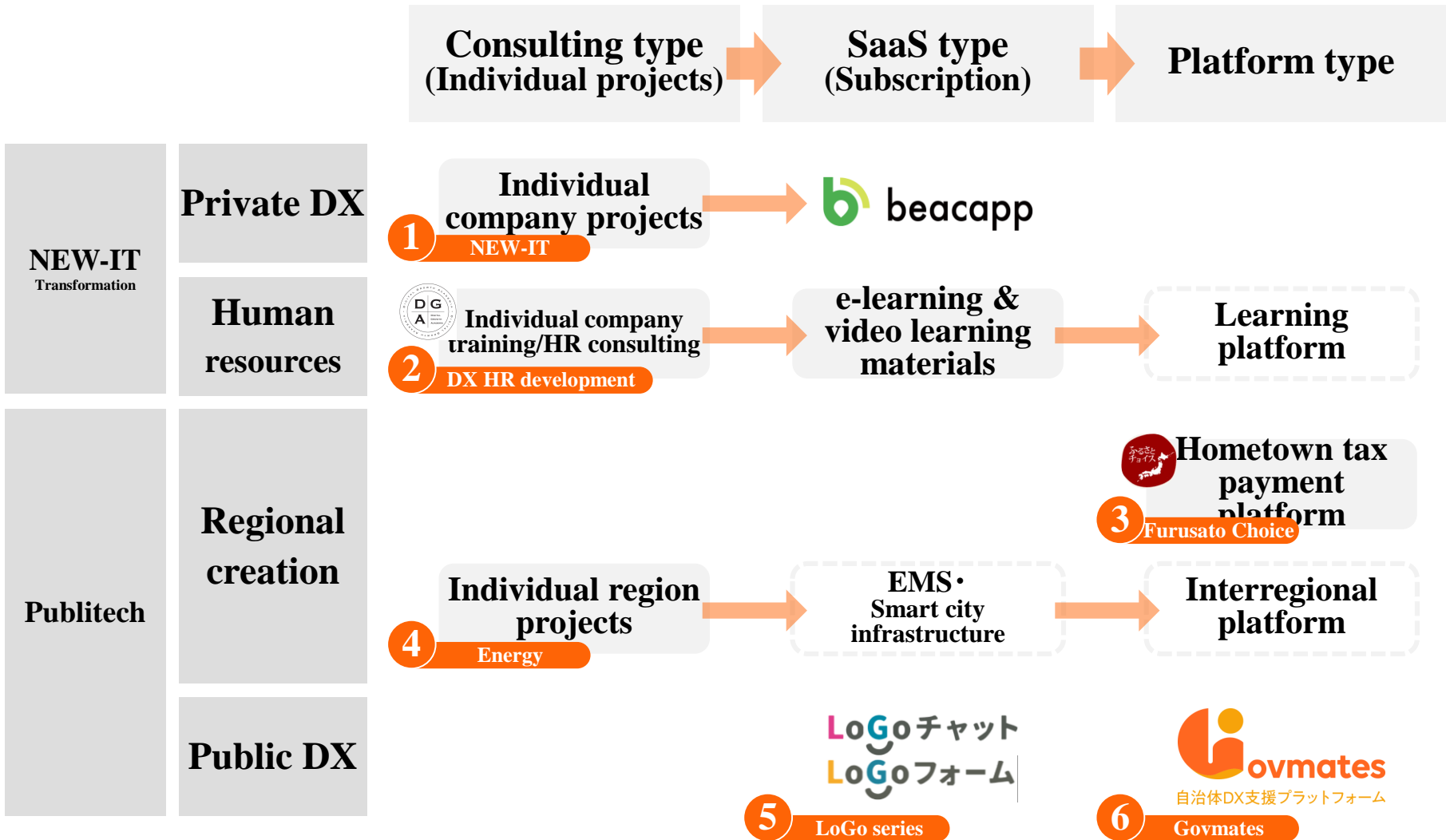
※ As of June 30, 2020



Source: SBI TODAY Interim Report For The Six Months Ended September 30, 2020 (p6)
https://www.sbigroup.co.jp/investors/library/report/pdf/2021_interim_report.pdf

Strategy for Achieving the Plan ~ Business model evolution ~

||| Strong dynamics drive continuous business model evolution.



① NEW-IT Transformation

||| This area serves as a source of personnel for the Change Group while generating new initiatives that grow to shape our future direction.



- Following consolidation through M&As, we will shift their business model from conventional System Integrator approach and shifting personnel to the latest projects
- Continue to produce leading DX personnel through Change Group internal training and OJT

② DX Human Resource Development

- ||| In DX human resource development, we are shifting from “creators” to “users,” from “D talent” to “X talent.”
- ||| We will further strengthen collaboration between DGA and our LX unit, which is mainly focused on business skills.



Collaboration

Learning eXperience
(Business skills training unit)

DGA ■ e-learning
■ Digital literacy courses

ワカル、カワル

KaWaL

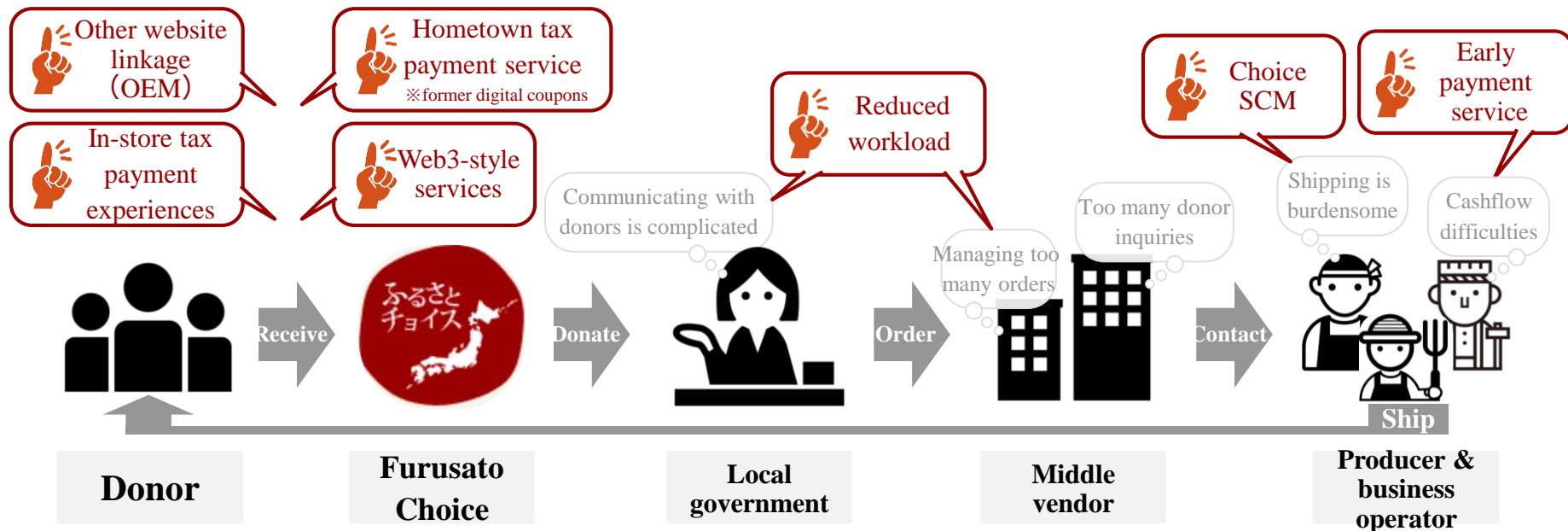
eLearning

**Shift to
learning
platform service**

- Urgently shift to “diffusion model” for high-quality content developed for large corporations
- Continue to serve as the catalyst facilitating the “first step” of customer DX initiatives

③ Furusato Choice

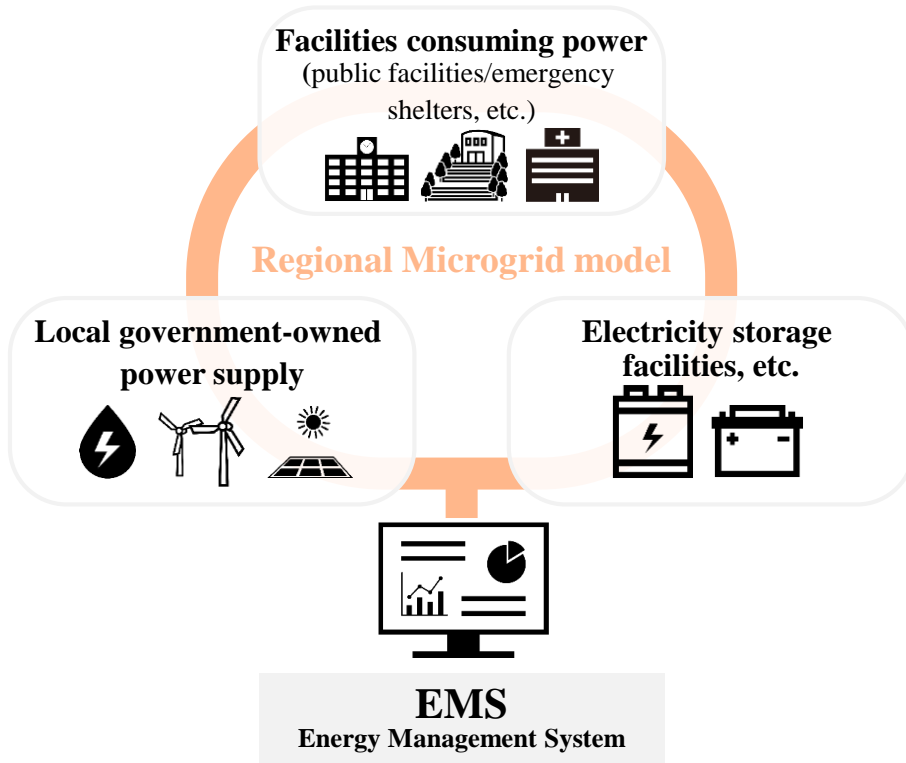
- ||| We will pursue various initiatives to provide even greater added value in all aspects related to hometown tax payments.
- ||| We will reduce the cost/effort for all parties and create new ways to offer value.



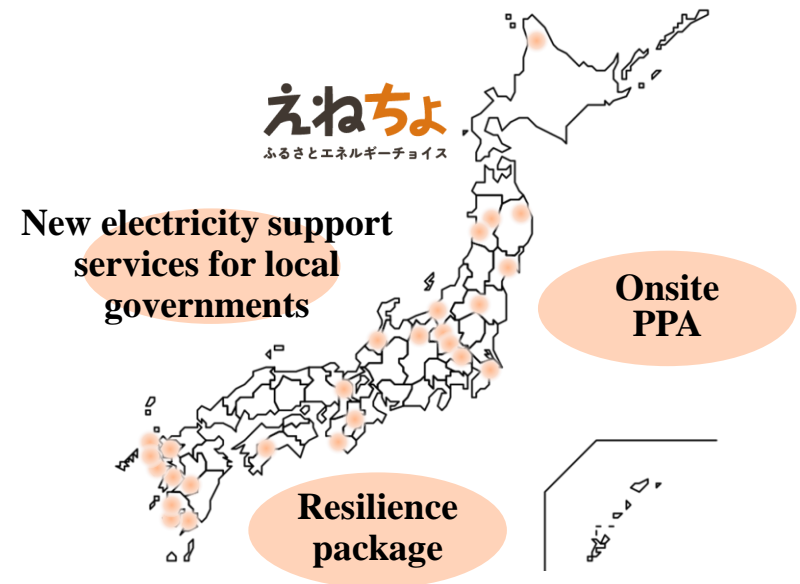
- Improve overall take rate in line with the greater value provided
- Leverage improved take rate as capital for boosting returns to both donors and communities

④ Energy

- ||| We will pursue localized energy production for local use, an essential part of regional sustainability.
- ||| According to local needs, we will work on greening, strengthening resilience, and curbing electricity outflows from the region.



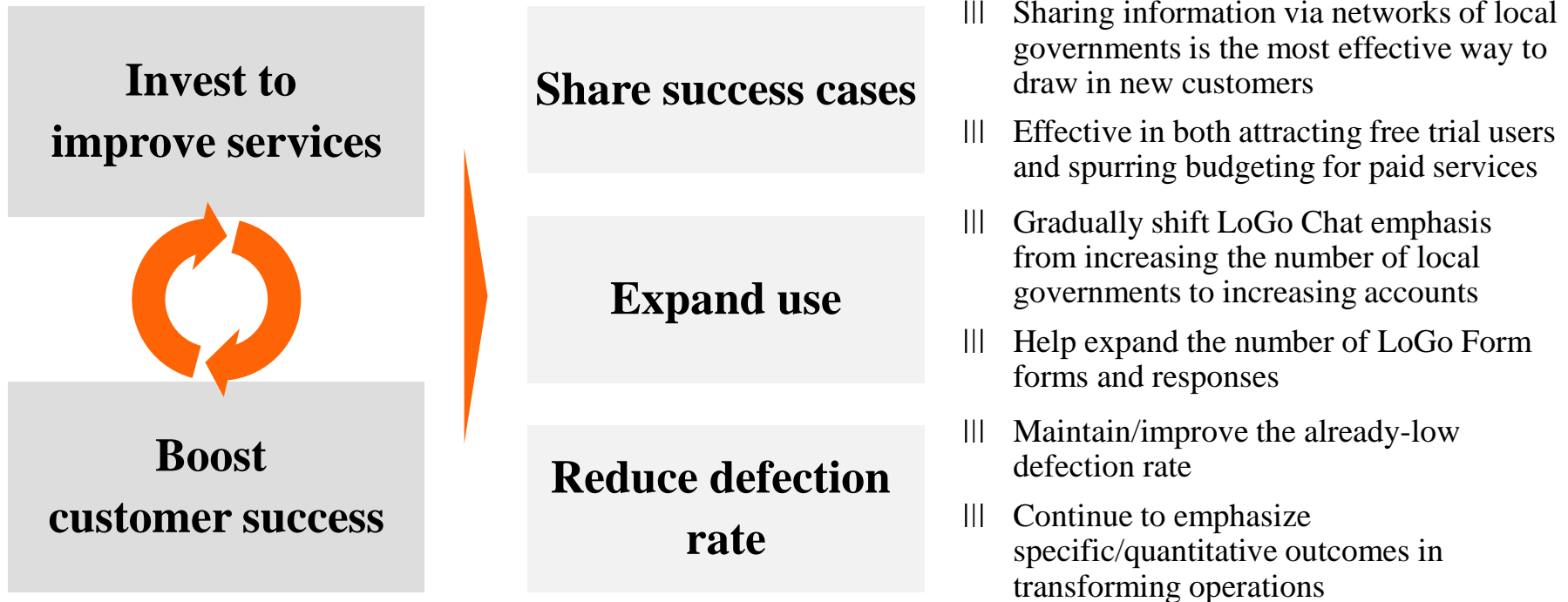
Expanding the project pipeline through our expertise in tackling local challenges



- Finding and arranging projects requires close relationships with individual local governments and regional financial institutions
- Working to become an interregional platform at the heart of regional smart city development

⑤ LoGo Series

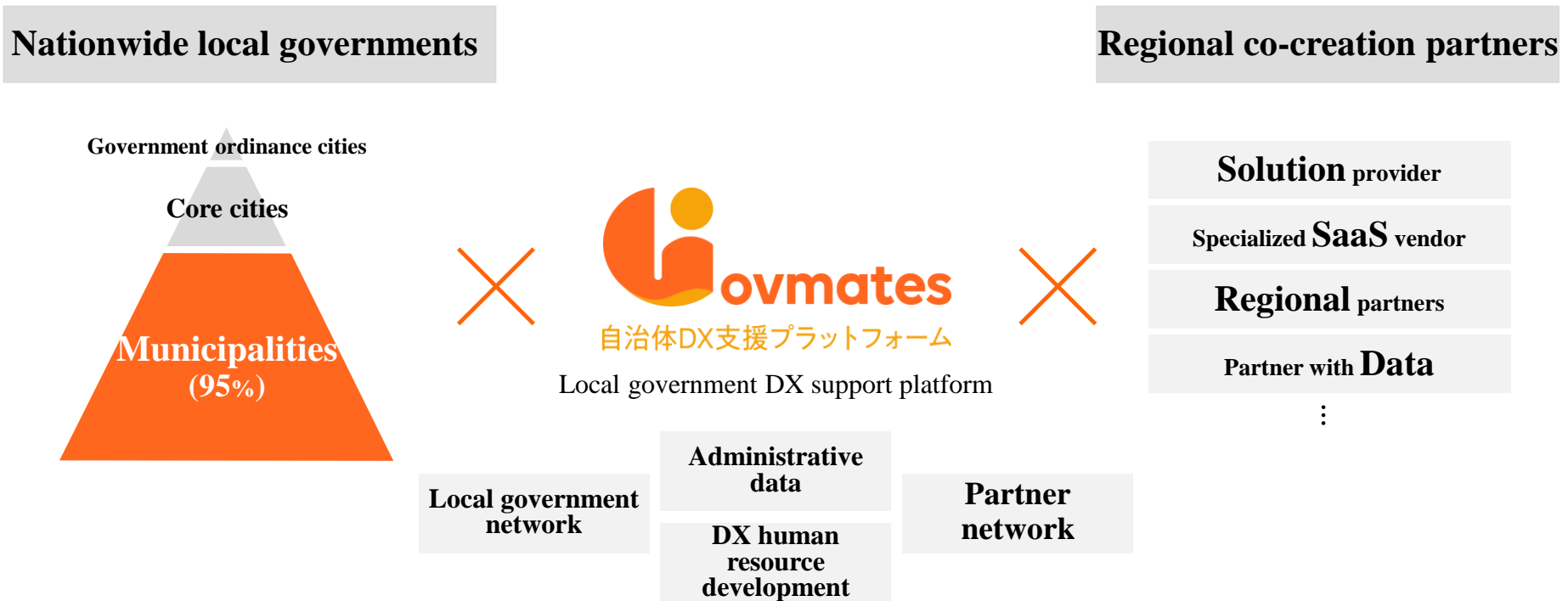
||| **We will further solidify the position we are establishing as the infrastructure for “digitizing local government operations.”**



- As virtually the sole provider of SaaS for local governments, stay on the offensive without easing up on investment
- Aim for an upward spiral of genuine operational transformation and increased use

⑥ Govmates

||| A platform to aid the digitalization of local governments throughout Japan.

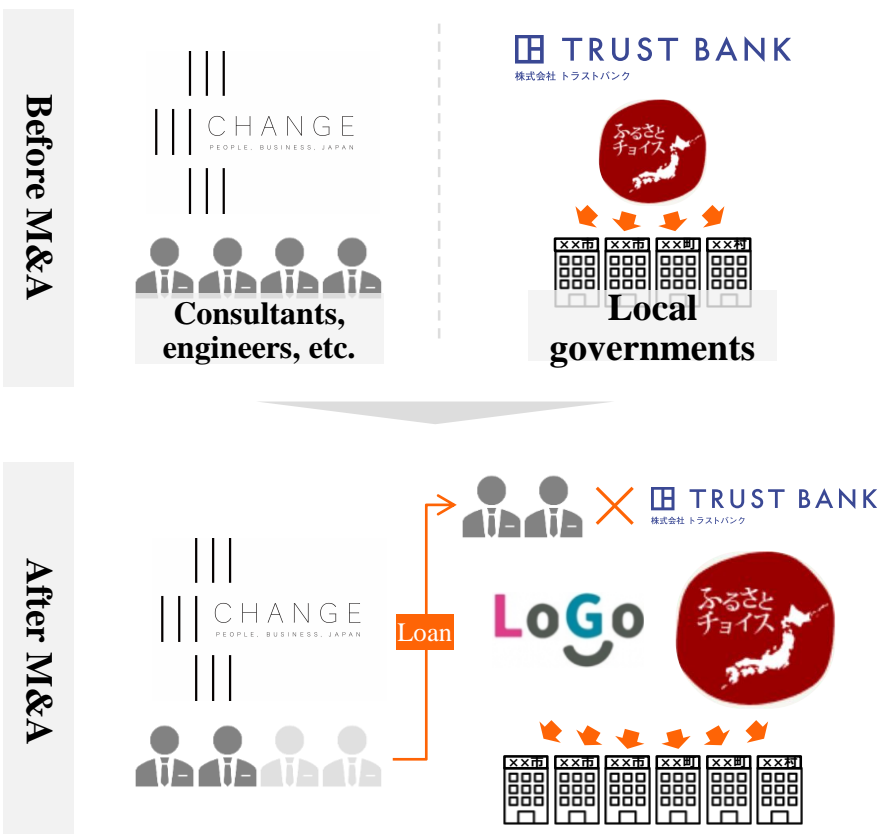


- Fully utilize local government administrative data classified by population size
- Working to become an unrivalled solution that can identify the key challenges in local government digitalization and overcome the obstacle of talent shortages

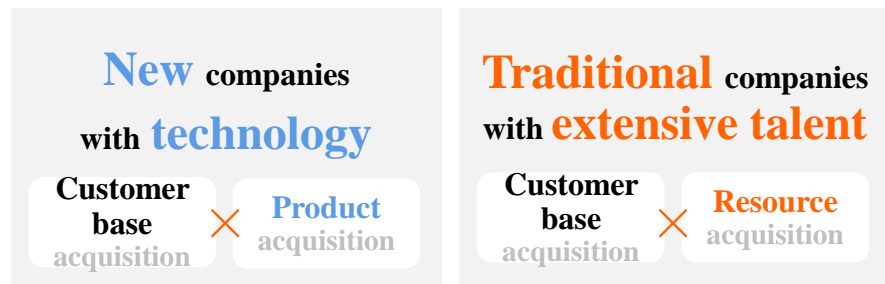
M&A Approach

- ||| We will apply TrustBank's successful model to other similar projects.
- ||| Working with the SBI Group, we will closely examine further prospective candidates, including business succession mergers.

TrustBank's Model (Customer-base acquisition type)



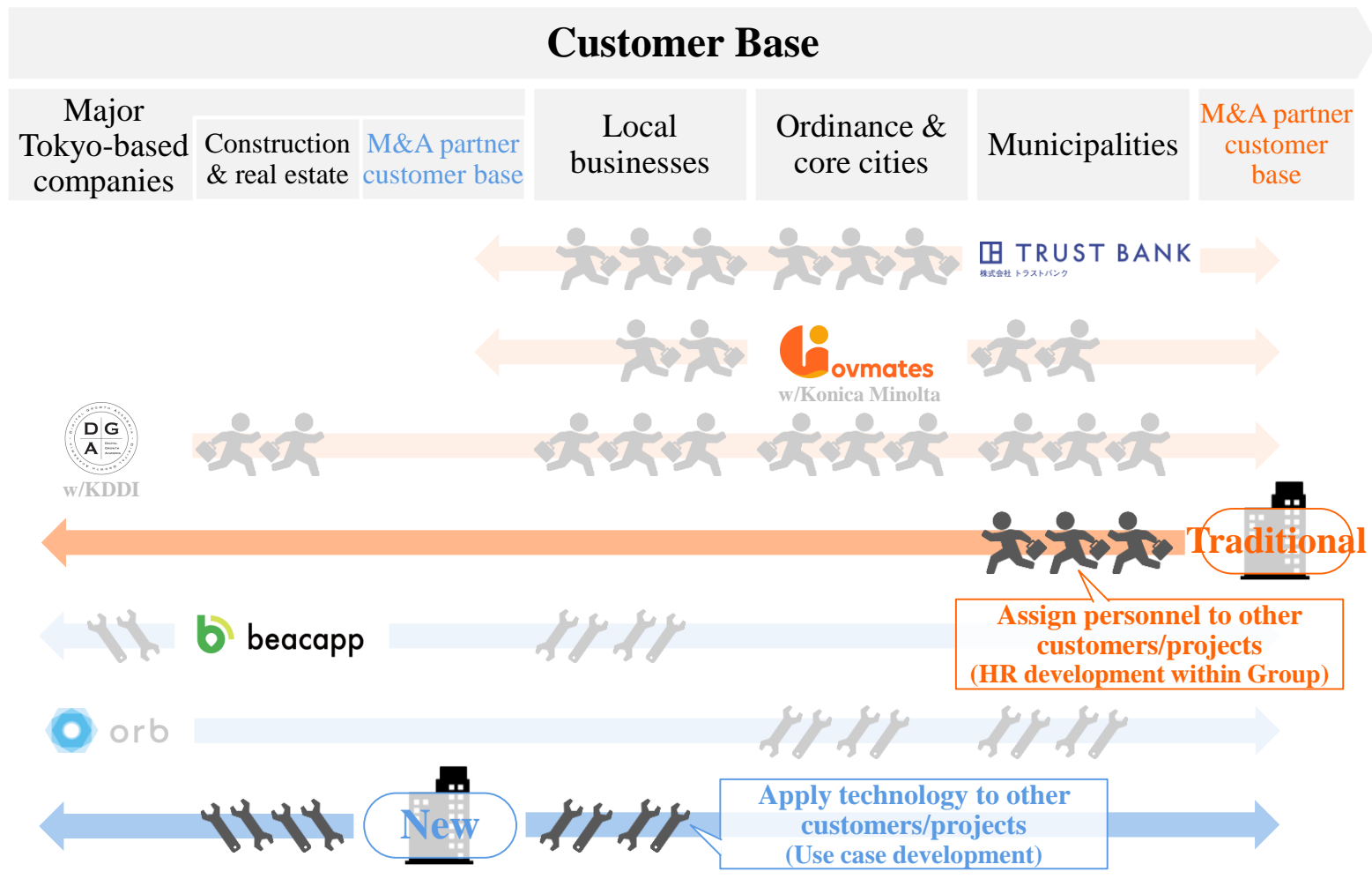
M&A Targets in [DJ2]



- ||| Further refine the target profile in the existing candidate examination process
- ||| As a PMI scenario, focus on candidates that offer a clear vision for cross-deployment within our group

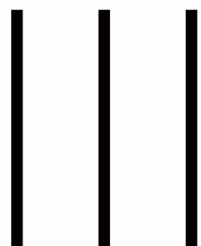
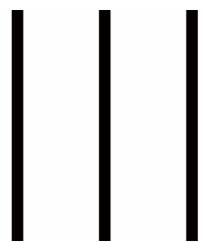
M&A Approach ~ Cross-deployment within the Group ~

- ||| We deploy M&A partner personnel and technology to areas and customers where they can generate greater value.
- ||| M&A partner customer bases serve as targets for new expansion, including of existing services.



Disclaimer

- ||| All future forecasts, estimates, etc. appearing in this document were determined by us based on information available at the time of preparing these materials, and may contain a degree of uncertainty.
- ||| Actual future performance depends on various factors, and may differ significantly from any forecasts, etc. herein.



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