

The page features several vertical black bars of varying heights and positions. Three bars are located in the top left quadrant. Three bars are located in the middle left quadrant, partially overlapping the text area. Three bars are located in the bottom left quadrant, also partially overlapping the text area.

Financial Results for the 2nd Quarter of Fiscal Year Ending March 2023

CHANGE Inc.
Security Code: 3962

CHANGE
PEOPLE, BUSINESS, JAPAN

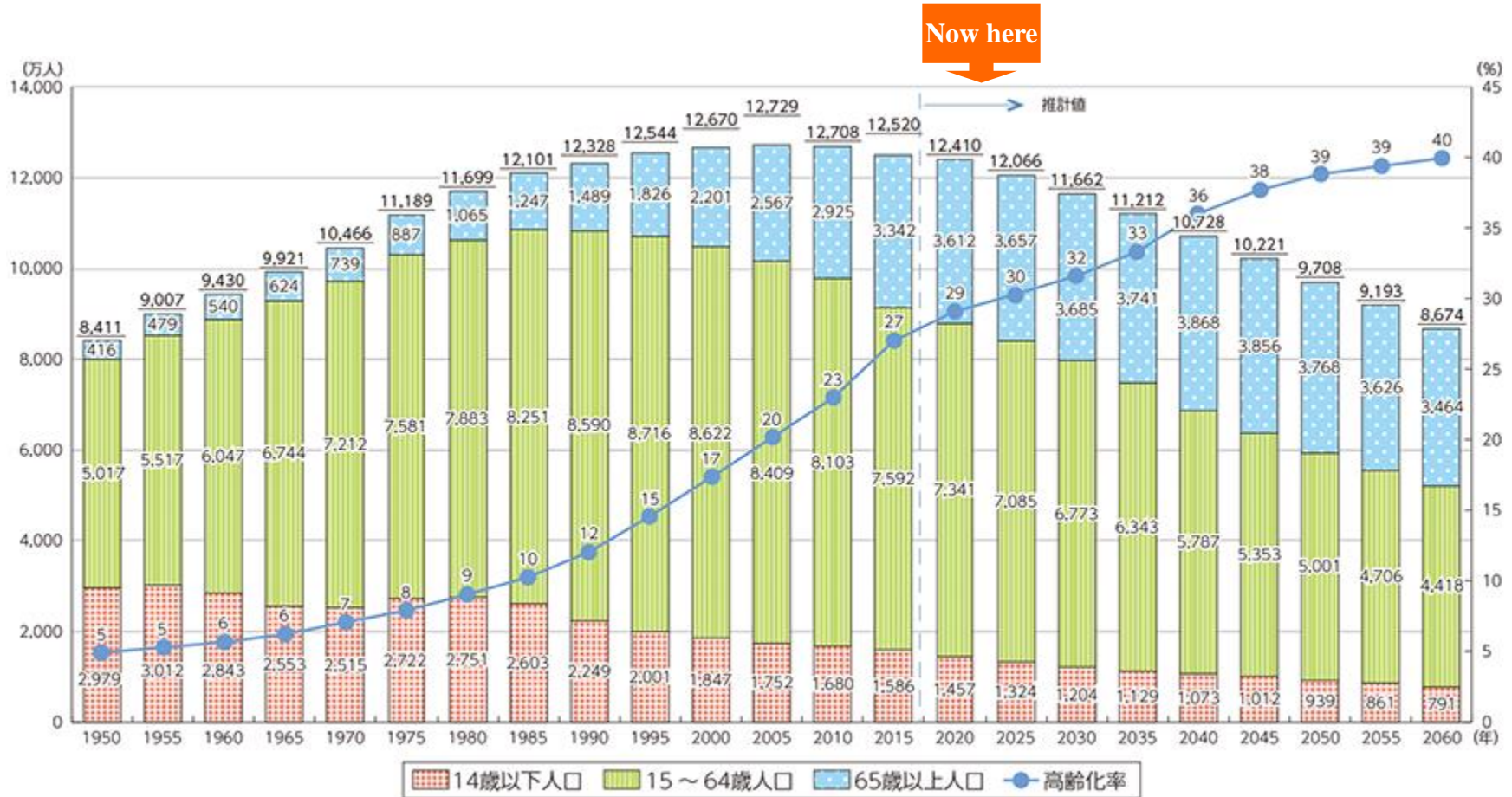
Our Mission

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



Our Issue

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



Source: "Table 1-1-1-1 Japan's population transition" White Paper Information and Communication in 2016 MIC

<http://www.soumu.go.jp/johotsusintokei/whitepaper/ja/h28/html/nc111110.html>

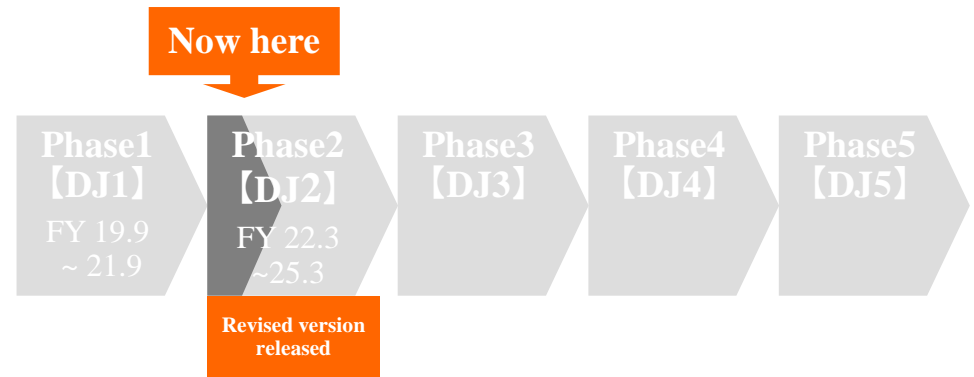
※based on data from the "Census" (MIC) until 2015 and the "forecasted population in Japan" (National Social Security and Population Problem Research Institute (2013 forecast)(median estimate for birth and death)

Our Path Drawn

||| Currently in Chapter 2 of establishing a digital era in Japan.



**Digitize
&
Digitalize Japan**

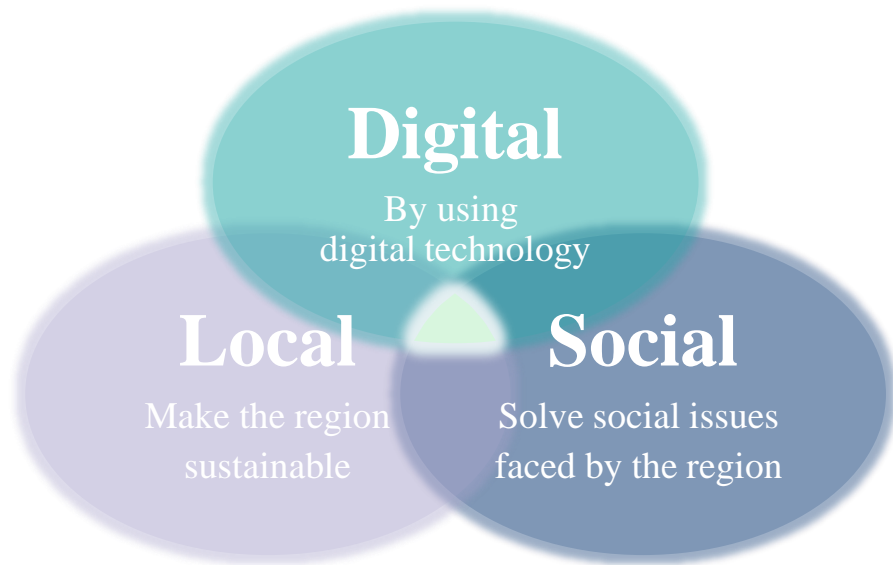


- ||| We will improve Japan's productivity through the digitalization/digitization of business models and business processes and the development of digital human resources.
- ||| For achieving “Digitize & Digitalize Japan”, we will continue to work until the Phase 5, confront the social challenge of declining population, and will be a leader of overcoming the present national difficulty in spite.
- ||| Due to the change in fiscal year end, we have released a revised version of the Mid-term Business Plan's current Phase 2, DJ2.

※The revised Mid-term Business Plan [DJ2] can be found here
<https://ssl4.eir-parts.net/doc/3962/tdnet/2123311/00.pdf>

Focus Domain for “DJ2”

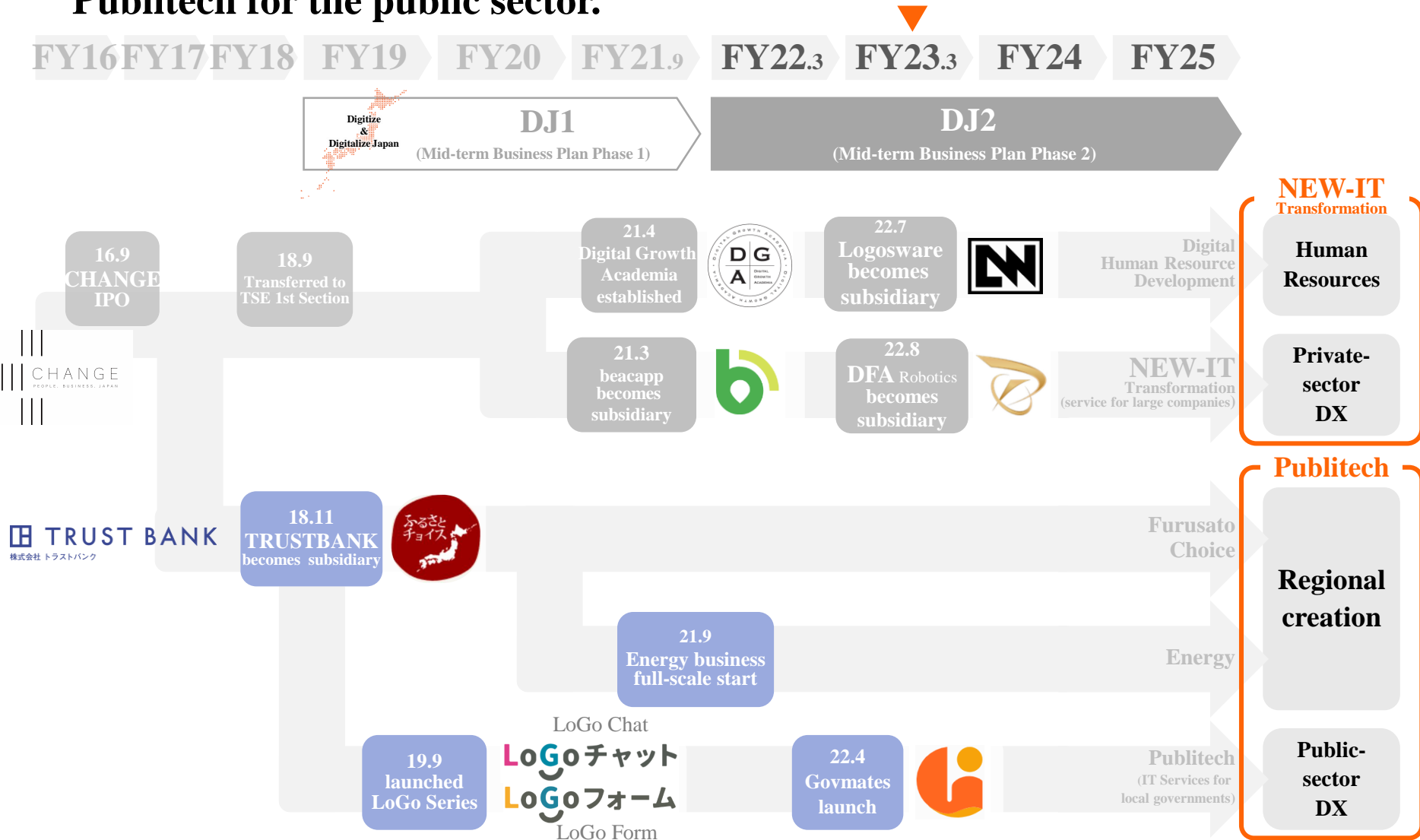
- ||| We are shifting to “Local” as preparation for [DJ2].
- ||| “DX × Regional Creation” is our sweet spot for Change Japan.



- ||| 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 Business

||| Comprises 2 key domains: private-sector NEW-IT Transformation and Publitech for the public sector.



FY23.3 Q2 Financial Results Summary

- ||| **As in Q1, investment costs and growing valuation losses have led to a challenging short-term position.**
- ||| **At the same time, prior investments are steadily taking shape, with a positive outlook for FY24.3 and beyond.**

Profits hit by investment costs and growing valuation losses

- ||| **Continuing from Q1 with high level of investment in recruitment, system development, M&As, etc.**
(YoY + approx. 1.07b yen in costs/investments)
- ||| **Pursuing business model evolution & strategy shift in private DX domain** (From approx. 80m yen below target to 200m below)
- ||| **Growing valuation losses on stock holdings**
(From approx. 150m below target to 190m below)

Mid-term plan outlook positive

- ||| **Furusato Choice upturn became even more notable, with solid outlook for both GMV and take rate in FY24.3 and beyond**
- ||| **Prior investments in the public DX domain continue to take shape, making positive returns achievable in FY24.3 and beyond**
- ||| **Began transition to pure holding company to further leverage M&As**

Q2 Overview

Future Prospects

Q2 Overview (Consolidated)

- ||| Maintained business investment despite valuation losses in the investment segment continuing to grow from Q1.
- ||| With mid-term plan progress as the top priority, business activities have made significant strides.

| (Unit : million yen) | H1 (Apr~Sep) | H2 (Oct~Mar) | Full period targets | | H1 results | |
|--|-----------------|-----------------|---------------------|--------|------------|--------|
| | amount | amount | amount | % | amount | % |
| Revenue | 6,411 | 14,588 | 21,000 | 100.0% | 5,937 | 100.0% |
| Cost of sales | 3,054 | 4,319 | 7,373 | 35.1% | 3,051 | 51.4% |
| Gross profit | 3,357 | 10,268 | 13,626 | 64.9% | 2,885 | 48.6% |
| SG&A Expenses | 2,724 | 3,902 | 6,626 | 31.6% | 2,750 | 46.3% |
| Operating profit | 633 | 6,366 | 7,000 | 33.3% | 135 | 2.3% |
| Financial income | 0 | 0 | 0 | 0.0% | 6 | 0.1% |
| Financial expenses | 16 | 16 | 32 | 0.2% | 21 | 0.4% |
| Profit before taxes | 617 | 6,350 | 6,967 | 33.2% | 120 | 2.0% |
| Income tax expense | 178 | 1,983 | 2,161 | 10.3% | 57 | 1.0% |
| Net profit | 439 | 4,367 | 4,806 | 22.9% | 63 | 1.1% |
| Profit attributable to owner of parent | 532 | 4,136 | 4,669 | | 168 | |
| Loss attributable to non-controlling interests | △93 | 230 | 137 | | △105 | |
| (ref) EBITDA | 968 | 6,752 | 7,720 | 36.8% | 532 | 9.0% |

Breakdown by business segment

(Ref.) Q1
(Unit : million yen)

| | NEW-IT Transformation | Investment | Publitech | Adjusted |
|-------------------------|-----------------------|------------|-----------|----------|
| Revenue | 1,032 | △147 | 1,879 | △1 |
| └ External revenue | 1,031 | △147 | 1,879 | — |
| └ Inter-segment revenue | 1 | — | 0 | △1 |
| Segment profit | 351 | △158 | 437 | △649 |

H1 cumulative
(Unit : million yen)

| | NEW-IT Transformation | Investment | Publitech | Adjusted |
|-------------------------|-----------------------|------------|-----------|----------|
| Revenue | 1,947 | △192 | 4,196 | △12 |
| └ External revenue | 1,935 | △192 | 4,194 | — |
| └ Inter-segment revenue | 11 | — | 1 | △12 |
| Segment profit | 605 | △208 | 1,040 | △1,302 |

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

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

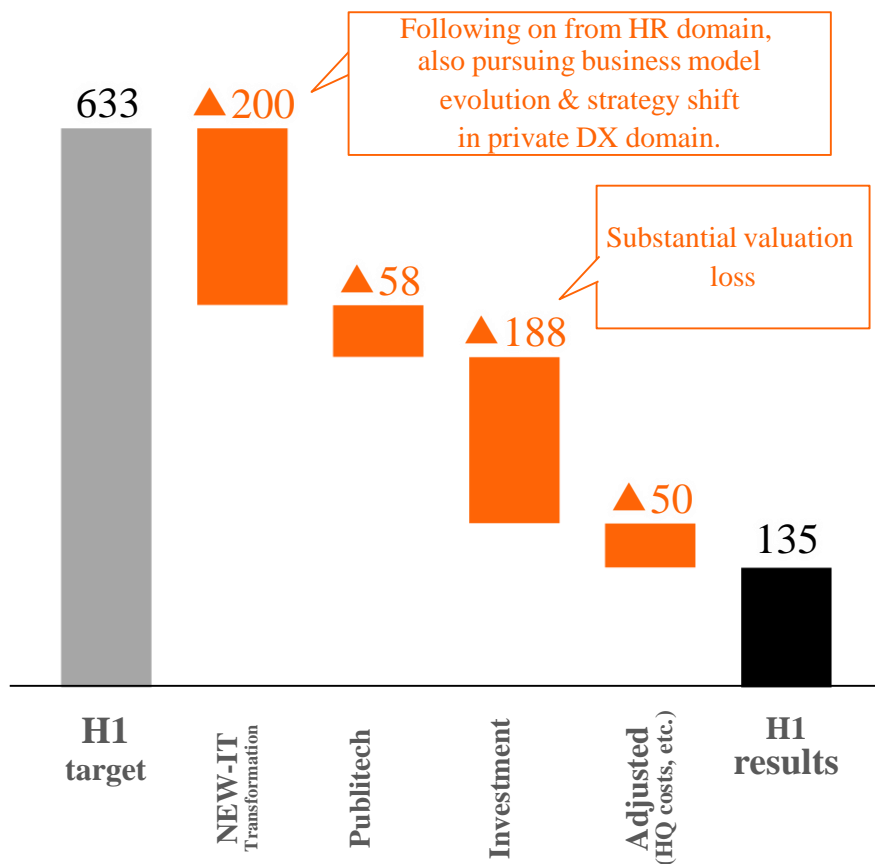
- ||| Solid revenues outside curbed projects (Approx. 95% of target if investment segment losses are excluded)
- ||| Ongoing investment in launching Govmates
- ||| Investment segment write-downs also increased

Overview – Supplementary

- ||| Continuing to curb immediate projects to prioritize mid-term plan progress.
- ||| Looking to achieve steady/accelerated pay off on significant prior investments.

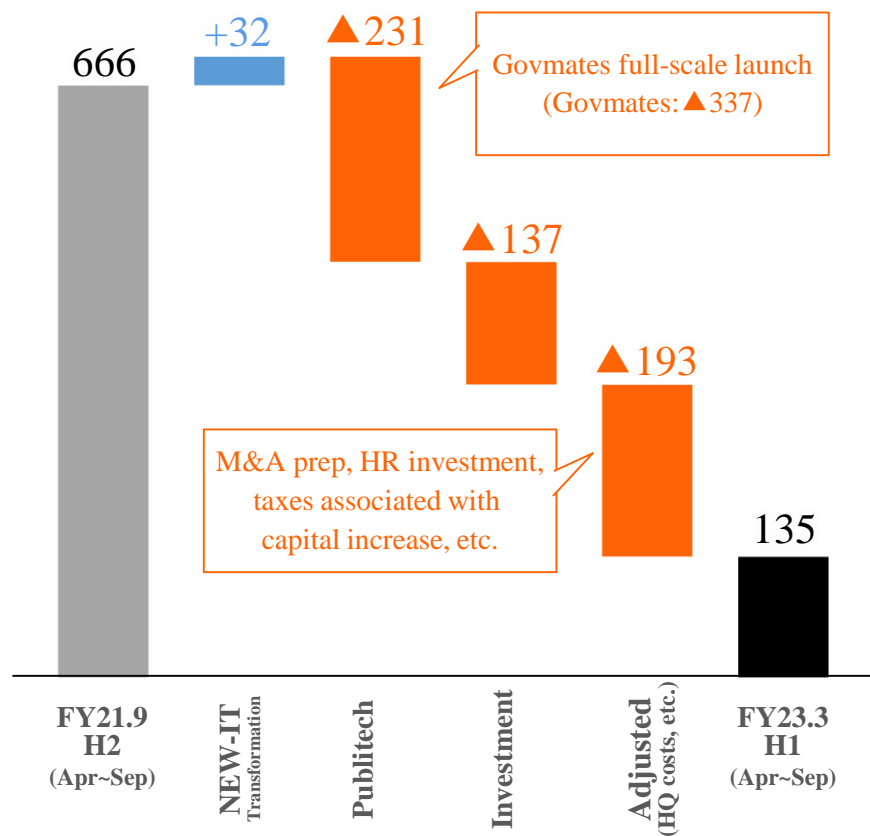
Vs. target – Shortfall factors

※Operating profit
※Unit: million yen



Year on year – Decline factors

※Operating profit
※Unit: million yen



* Due to a change in the fiscal year end, FY22.3 is an irregular six-month period. As such, comparisons are based on the preceding year's H2.

Q2 Key Topics ~ Began exploring transition to pure holding company ~

||| We will explore transiting to a pure holding company structure to further the overall policies for DJ2, including Collaboration and Confederation.

(Announced 11.11)

Centrifugal and centripetal forces

- ||| Need for a management structure that brings out the full potential of our growing roster of partners with diverse specialties
- ||| Encourage agile decision-making and autonomous operations in individual businesses, attract and develop the managerial talent to oversee them
- ||| At the same time, create optimal solutions that marshal group capabilities

Nimbleness for continued M&As

- ||| M&As will remain a powerful driver of growth, not only in achieving DJ2 but also for DJ3 and beyond
- ||| Establish foundations for swiftly welcoming new partners to the group and bringing out their potential

Q2 Key Topics ~ TRUSTBANK no.1 in customer satisfaction ~

- ||| **TRUSTBANK topped a customer satisfaction survey that included private-sector demand.**
- ||| **Nurtured by local government workers around Japan, it has grown into an indispensable tool for promoting government DX.**



グループウェア/ビジネスチャット部門

Nikkei Computer September 1, 2022 –
Customer Satisfaction Survey 2022-2023
No.1 in Groupware/Business Chat category

※ The Customer Satisfaction Survey 2022-2023 ranks levels of satisfaction with IT vendors across 25 categories of business IT products and services, as assessed by those responsible for implementing such products and services, including chief information officers (CIOs) and information system managers (organized/conducted by Nikkei Business Publications *Nikkei Computer*).

For details, see <https://xtech.nikkei.com/atcl/nxt/news/18/13289/>

LoGoチャット

- Despite being exclusively for local government use, LoGo Chat was no.1 in overall satisfaction rankings that included private-sector demand
- After finishing the previous survey outside the top rankings, jumped straight to No.1 in first appearance
- Surpassed the average for all companies in each of the five rating criteria (Performance & functionality, reliability, operability, cost, support)

※From Nikkei xTECH article (Japanese)
<https://xtech.nikkei.com/atcl/nxt/column/18/02175/082400004/>

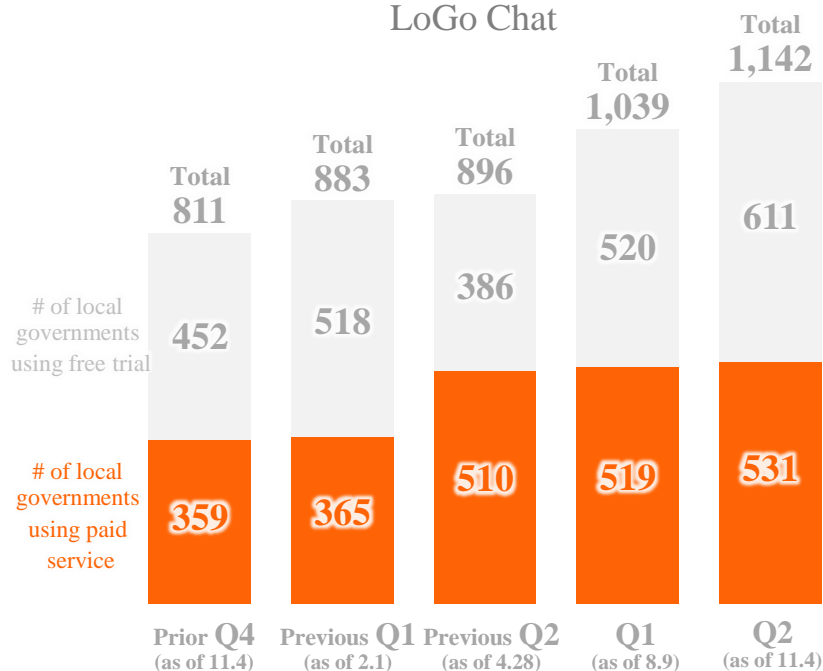
Q2 Key Topics ~ LoGo series' continued strong performance ~

||| Free trial use rising steadily as success stories are shared among local governments.

||| Growing user base leads to further success stories, creating a virtuous cycle.

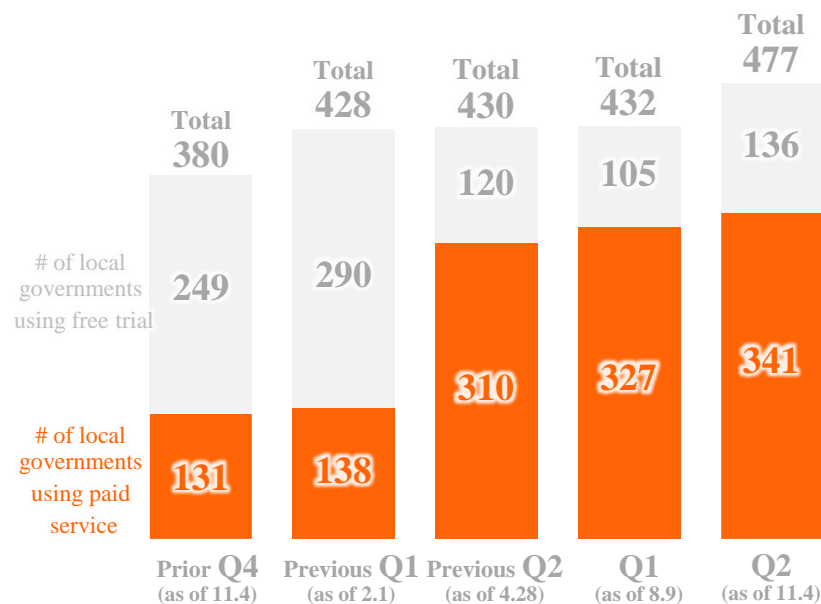
LoGoチャット

LoGo Chat



LoGoフォーム

LoGo Form



* Including some related organizations

* For the previous Q2, the number of paid service local governments included those expected to conclude contract procedures by the end of May.

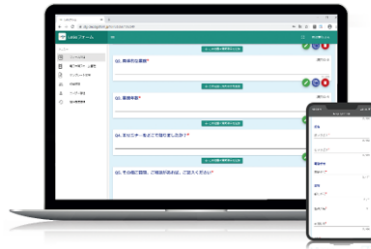
* Due to a change in the fiscal year end, the previous fiscal year was an irregular six-month period ending after Q2

Q2 Key Topics ~ LoGo Form first DX promotion pack~

||| **Building on the LoGo Series' real-world track record, we are launching a range of packaged services that enable local governments to easily adopt DX initiatives with proven effectiveness.**

LoGoフォーム

はじめての DX推進パック



- Selection of best practices from over 400 local governments nationwide
- Solves the problem of how to proceed with local government DX
- Particularly suited to small municipalities with limited budgets/personnel



Also supports nationally-mandated processes



Water connection /disconnection



Dog registration, etc.



Bulk waste applications



Recruitment exam applications



Simple procedures, available any time



My Number receipt booking



Public vehicle driving log



Event/course registrations



Various surveys



Effective application procedures



COVID-related procedures



Childcare-related procedures



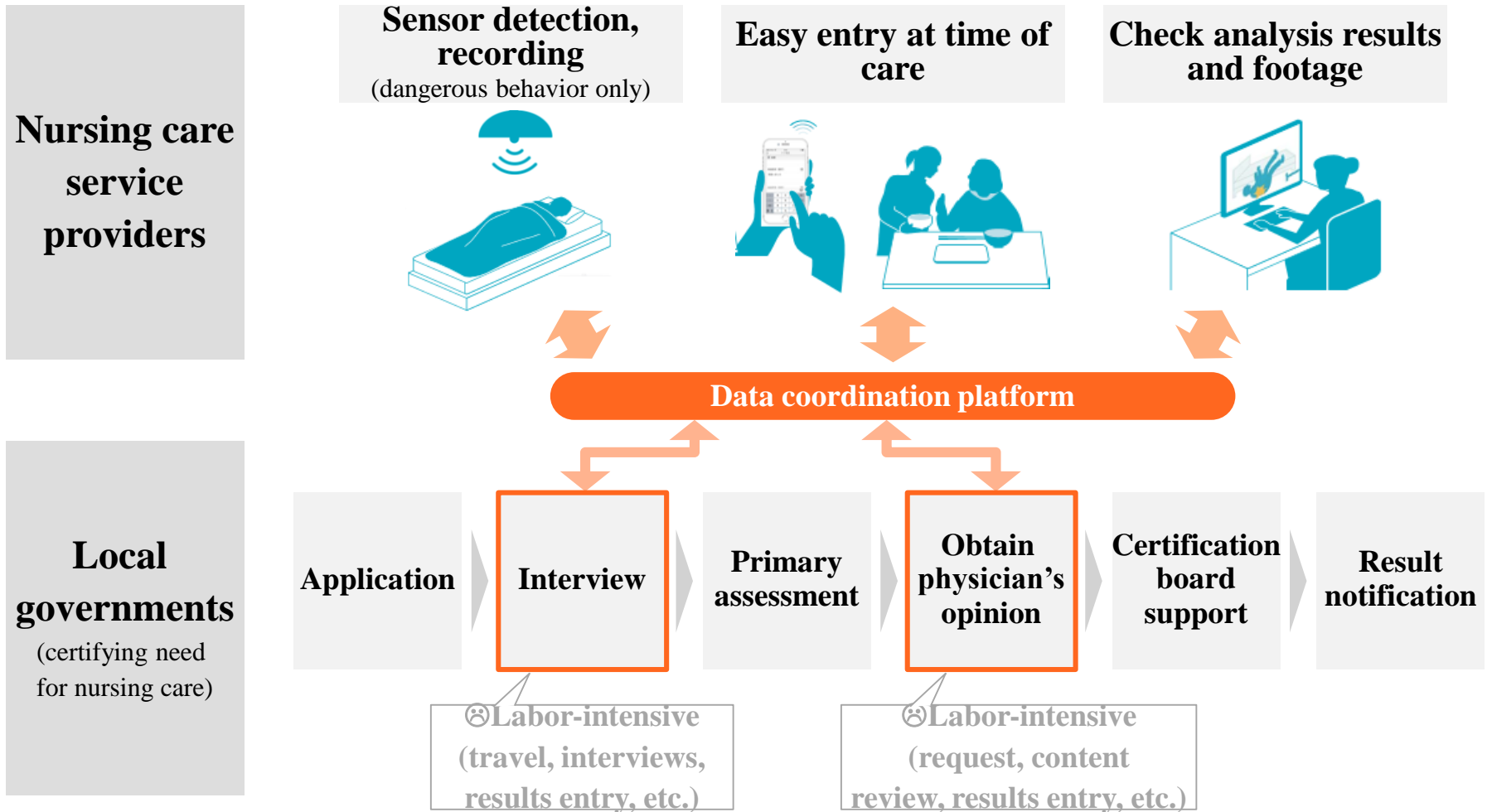
Subsidy applications



Health checkup appointments

Q2 Key Topics ~ Support for digitization of nursing care tasks ~

- ||| An initiative by Govmates and Ehime Prefecture has identified areas of highly effective improvement in the field of welfare/nursing care.
- ||| We will create a digitization model for solving this universal issue faced by regional cities with aging populations.
※Ehime Prefecture project selected for the government's Vision for a Digital Garden City Nation grants (Type 2), implemented as part of initiatives at Imabari City.



Q2 Key Topics ~ Capital & business alliance with Governance Technologies ~

||| Partnering with Governance Technologies, with its strengths in SaaS for governments, further strengthens our ability to provide comprehensive solutions to our local government customer base.



GovernanceTechnologies

行政のあらゆる課題を
テクノロジーの力で解決する。

Name

||| Governance Technologies inc.

Business

||| Local government DX, system development, and operations consulting

Location

||| 302 Maison Akashi
||| 7-3-24 Roppongi, Minato-ku, Tokyo

Founded

||| December 2020

Q2 Key Topics ~ Choice Pay starts strong ~

||| Launched on September 1, Choice Pay is off to a good start.

||| Creates new in-person Hometown tax experiences and promotes further value-adding.

Tax payments with a sense of region



Select what you want on the spot, just like everyday shopping.



Exchange points for specialty products at antenna shops and product fairs



Can also be used when traveling, to eat, stay, and have fun

Successful first tie-up project

**Takashimaya
Hokkaido
exhibition
(10.5~)**

Month-on-
Month
donations
※target
municipalities



Extensive media exposure

- | | |
|---------------------------|--------------------------------|
| 9.1 Nihon Keizai Shimbun | 10.26 TV Asahi Super J Channel |
| 9.2 Nihon Keizai Shimbun | 10.26 Fuji TV LiveNews It! |
| 9.5 Chiba Nippo | 10.26 TBS N-st |
| 9.7 Nikkei Sangyo Shimbun | 10.27 TBS Hiruobi! |
| 9.14 Niigata Nippo | 11.2 TBS N-st |
| 10.6 Hokkaido Shimbun | 11.2 Nippon TV news every. |
| 10.7 Payment Navi | 11.2 Nippon TV news zero |
| 10.12 Mezamashi 8 | 11.2 Nippon TV news |
| 10.17 Yokohama LOVEWalker | 11.3 Nippon TV zip |

Q2 Key Topics ~ Metaverse trials with Chiba Bank ~

- ||| **In collaboration with partner Chiba Bank, this leading-edge initiative creates the seeds for new models that enable financial service providers to offer customers value through non-financial offerings and the power of digital technology.**



- ||| **Planned/held events in the GAIA TOWN metaverse space**

- First event for individuals with informal job offers from Chiba Bank (8.31)
- Second round of sessions for local governments (10.24 11.4)
- To be expanded for bank customers in future



- ||| **Comprehensively explore the metaverse's potential as a next-generation channel**
- ||| **CHANGE handles planning/design, operations support, attracting participating companies, etc.**

Q2 Other Topics ~ CHANGE ~

||| Numerous regional collaborative efforts and initiatives aimed at business model evolution.

July to September 2022 (2nd Quarter)

- ||| **07.07** Began offering "Everyone's Data," a new platform for learning specializing in "Digital Human Resources Development"
- ||| **07.29** Acquisition of Logosware Co., Ltd. stock in a Subsidiary (making it a Subsidiary)
- ||| **08.02** Started offering Snow Peak Business Solutions and Enterprise Outdoor Training Program RE in September
- ||| **08.03** Supporting Tokio Marine and Nichido's efforts to upgrade the Disaster Experience AR using open data from local governments
- ||| **08.04** Jointly developed with Chiba Bank and began offering DX Human Resource Development Program for local government employees
- ||| **08.09** Used in JPX Nikkei Index 400
- ||| **08.09** Signed a business agreement with Spider Plus to promote local government DX
- ||| **08.15** Acquired shares of DFA Robotics Co., Ltd. (made a subsidiary)
- ||| **08.19** Began offering new services for learningBOX and e-learning materials
- ||| **08.22** In the Trust Bank's Group Wear and Business Chat division of the Nikkei Computer Customer Satisfaction Survey 2022-2023
Ranked No. 1 in customer satisfaction
- ||| **09.01** Implementation of demonstration experiments with Chiba Bank and Gaiarink using the metaverse space
- ||| **09.12** Launch of Second-Term Business Recruitment for "Marugata Digital" as a Verification Project Operator in Hidaka Village, Kochi Prefecture
- ||| **09.12** Began offering the first DX Promotion Pack to support local government DX using trust banks and LoGo forms
- ||| **09.26** Trust Bank, "NIKKEI BP Governance Technology Local Governments IT Satisfaction Survey 2022-2023"
Groupware/
Top position in business chat division

Q2 Other Topics ~ CHANGE ~

||| (Cont.)

October 2022 ~

- ||| **10.07** Achieve data linkage between Gameitz and care services and support the digitization of care services undertaken by Ehime Province
- ||| **10.14** Capital and business alliance with Governance Technologies, Inc.
- ||| **10.20** Start of external events in demonstration experiments using metaverse space
~ Events for local governments "speaking of rural creation x digital in metaverse space" ~
- ||| **10.27** Began offering KaWaL Diagnostics, a new subscription-type e-Learning service called KaWaL
-Started application of the objective diagnosis tool for the basic human skills as the first part ~
- ||| **11.01** Trust Bank invests in BeA, which conducts domestic migration and inbound business
-Strengthen business support for companies involved in local government and regional creation through the sending of customers from both domestic and foreign countries to local areas ~
- ||| **11.02** Trust Bank announces the launch of Meitsu Choice, a EC service for Furusato Choice in the Spring of 2023

Q2 Other Topics ~ TRUSTBANK ~

||| Many initiatives rooted in and supporting local communities, including disaster assistance over the summer.

July to September 2022 (2nd Quarter)

- ||| 07.01 Reduce the workload of local governments on payments related to thanks, and start offering integrated billing service to local governments
- ||| 07.07 Furusato Choice Disaster Support began accepting donations for Reiwa Fourth Typhoon 4
- ||| 07.13 Began accepting donations for recordable torrential rain damage with Furusato Choice Disaster Support
- ||| 07.15 Started accepting donations for damage caused by torrential rain in Miyazaki Prefecture in support of hometown Choice disaster
- ||| 07.19 Started accepting donations to Osaki City and Kami Town in Miyagi Prefecture, which were damaged by record-breaking heavy rain due to hometown Choice disaster support
- ||| 07.19 Bonchi Hometown Tax Payment website was established to enable hometown tax payment through direct purchasing from EC websites for the first time in.
- ||| 07.20 Launched a "delegated donation" service in Osaki, Miyagi, which was affected by a heavy rain in July 2022 through Furusato Choice Disaster Support
- ||| 07.21 Corona Donation Project and sixth Support Location Determined
~Collecting donations totaling more than 400 million yen in about two years since the project's inception, and supporting 236 companies, organizations, and individuals~
- ||| 07.22 Began accepting applications for "Furusato Box", a thanks product packaged with Shimane Kaisha Town and Oki Island Town, and the ocean and mountain "Yuki"
- ||| 07.25 Began providing OEM services that link au PAY Furusato Tax Payment with thanks to tax payments and local government data
- ||| 08.01 Sakurai City, Nara Prefect., Governance Cloud Funding utilizing the Furusato Tax Payment System, Sakurai City's entrance "Sakurai Ekimae"
Started raising 2 million yen to revitalize
- ||| 08.01 The Fujimaki Department Store Collaboration Project "The Japanese Excellence 2022" of Japan, a charismatic buyer selected from among the custom-made items of Fujimaki Department Store.
Excellent items appear in the thanks for taxation.
- ||| 08.01 We launched five projects in government crowdfunding utilizing the Hometown Tax Payment System in Sumida-ku, Tokyo,
Started raising funds for a total target donation of about 45 million yen
- ||| 08.03 Began accepting applications for collaborative return gifts by Kaiji-cho, Misato-cho, Shimane's Umi-no-cho and Yamano-cho
- ||| 08.03 More than half of the surveys on awareness of local life among young people in the trust bank and Tokyo area are interested in local life.
~Popular No.1 is the younger people who are highly aware of social issues in Hokkaido, the stronger their desire to live in rural areas~
- ||| 08.04 Began receiving donations to Mutsu City, Aomori Prefect., and Murakami City, Niigata Prefect., which were affected by heavy rain due to Furusato Choice Disaster Support
- ||| 08.04 Nanyo City and Oguni Town in Yamagata Prefecture, which were hit by record-breaking heavy rain due to hometown choice disaster support, were added to recipients of donations.

Q2 Other Topics ~ TRUSTBANK ~

||| (Cont.)

July to September 2022 (2nd Quarter)

- ||| 08.05 Donations received by 11 local governments in 4 provinces affected by the heavy rain in various locations.
- ||| 08.10 Began reception of 30 local governments in 6 provinces for home and tax disaster support in August and subsequent regions due to record-breaking rains
- ||| 08.15 Introduction of LoGo Chatting, a Business Chat for Local Governments, surpassed 1000 Local Governments
- ||| 08.22 Ranked No. 1 in customer satisfaction in the groupware/business chat category in the Nikkei Computer Customer Satisfaction Survey 2022-2023
- ||| 08.24 "Survey on Digitization of Administrative Procedures" was conducted.
~[Survey of 1065 persons nationwide] About 40% of online applications for administrative procedures "experienced"~
- ||| 09.01 Began offering "Furusato Tax Payment Choice Pay"
- ||| 09.01 Hometown Choice x Fujimaki Department Store Collaboration Project "The Japanese Excellent Product 2022"
~ Japanese miscellaneous items selected by Carisma Bayer from the special order items of the Fujiroll Department Store appear in the thanks to Tax Payment ~
- ||| 09.01 Miyaki Town, Saga, begins introduction of digital regional currency
- ||| 09.09 Hokkaido Chomabe Town, Governance Cloud Funding Utilizing the Furusato and Tax Payment System, Due to Spurring Pledges Offering donations for measures against murmurs and spouting water started
- ||| 09.12 Launched the first DX Promotion Pack to support local government DX using LoGo Form
- ||| 09.15 Adoption of digital regional currency begins in Adobe City, Hyogo Prefect.
- ||| 09.15 Awareness survey on agriculture was carried out, food self-sufficiency rate "anxiety" was 76%, and "world and social situation in the past" was over 9th percentile in the background.
- ||| 09.15 "Furusato Choice Award 2022" presents one of Japan's biggest home and tax best practices online
- ||| 09.20 Furusato Choice Disaster Support begins accepting home and tax donations to the affected area by the Reiwa Fourth Typhoon 14.
- ||| 09.20 Availability of Choice Pay on the Hokkaido Product Exhibition of the First Takashimaya Department Store
- ||| 09.21 Furusato Choice Disaster Assistance launches home and tax donations from two local governments in Kagoshima Province that were affected by Typhoon 14.
- ||| 09.26 Nikkei BP Governance Technology Local Governments IT System Satisfaction Survey 2022-2023 Groupware/Business Chat Acquire the top position in the division
- ||| 09.26 Furusato Choice Disaster Support begins accepting home and tax donations to the affected area by the Reiwa Fourth Typhoon 15.

Q2 Other Topics ~ TRUSTBANK ~

III (Cont.)

October 2022 ~

- III 10.01 Began introducing digital regional currency in Mima, Tokushima
- III 10.01 Introduction of digital regional currency begins in Ota, Gunma
- III 10.03 Funding begins at ¥10 million to create attractiveness through Kosuge Mura, Yamanashi, and a new kraft beer plant.
- III 10.03 Began publishing the plan of Shubian II, a Japanese representative luxurious cruiser, as thanks to Yokohama and Kobe cities.
- III 10.03 Introduction of digital regional points started in Osaka-Sayama City, Osaka
- III 10.03 Hometown Choice x Fujimaki Department Store Collaboration Project "The Japanese Excellence 2022" [Third Part]
"-Charismatic buyers carefully select from custom-made items, and thank you gifts appear on the theme of ""Home Time"" to create a high-quality relaxation~"
- III 10.07 Initially adopted as a standalone application by private companies for the Public Offering of Fund Distribution Organizations under the Dormant Deposit Utilization Method <Regular Tier>
- III 10.12 Japan's biggest home tax event, the "Furusato Choice Great thanks Festival," was decided to hold for the first time in three years.
- III 10.13 Rare Traditional Crafts of Living National Treasures through cooperation with Wajima City, Ishikawa Prefecture, Uji City, Kyoto Prefecture, Bizen City, Okayama Prefecture, and Asuka Cruise
Begin publishing
- III 10.17 Received more than ¥18 million donations to 22 local governments in both Miyazaki and Kagoshima Prefectures to support typhoon 14 in the Reiwa Fourth Year
- III 10.20 Starting payments in PayPay
- III 10.24 Top Award of the Furusato Choice Award 2022, one of the largest home homemakers of the Furusato Tax Award
~Yoshino-machi, Nara Prefecture, Border Town, Ibaraki Prefecture (2 categories) Kobayashi City, Miyazaki Prefecture receives the highest award in each category~
- III 10.27 Participation-type NFT collections that collaborate with Tono City, Iwate, and link with the local community using myth as a subject.
Began offering "Game of the Lotus Tono Ren Story"
- III 11.01 Government Crowd Funding® utilizing the Furusato tax payment system in Kanzaki City, Saga Prefecture. Women's students at Nishi-Kyushu University
Solicit Costs for Cosmetics Development
- III 11.01 Fujimaki Department Store Collaboration Project "The Japanese Excellence 2022" [Fourth]
"-From specially-ordered products, charismatic buyers advance along with the history of the carefully-selected region, with the theme of ""specialties with stories"" as their thank-you gifts appearing~"
- III 11.01 Invested in BeA, a company engaged in domestic migration and inbound business
- III 11.02 Announced the launch of the Meitsu Choice, a EC service for Furusato Choice around Spring 2023

[Reference] Status of the IPO Acceleration Program

||| We continue to hold the following companies as of November 11, 2022.

| Investment Portfolio | Time | Main Businesses and Services | Main Purpose | Trend after investment |
|---|---------------|--|---|---|
| Head Waters | 2018.4 | Providing applications for humanoid, building AI platforms for communication robots, and providing solutions coordinated with smartphones and IoT devices | Providing new services (integrating their apps and our knowhows) and doing joint marketing activities | 2020.9 Listed on TSE Mothers (We continue to hold) |
| AI CROSS (formerly AOS Mobile) | 2018.7 | Providing B2B mobile communication services, such as “In Circle” or AI based business chat and “AOSSMS” or two-way SMS for entities | Providing and developing services and businesses based on AI and supporting a public sector’s efficient operations | 2019.10 Listed on TSE Mothers (We continue to hold) |
| GAUSS | 2019.7 | Providing general purpose AI engines based on its own algorithms and developing comprehensive platforms necessary for continuous integration of AI | Developing use cases of various fields, including forecasting, image recognition, natural language processing, and analyzing voices | We continue to hold (2022.9 valuation loss booked) |
| AeroNext | 2019.8 | Promoting advanced research on drone architecture and developing license business of its unique gravity-center control technology globally | Promoting full-fledged social implementation of industrial drone through their DaaS* development and drone ecosystem construction * Drone as a service | We continue to hold |
| beBit | 2020.6 | Its motto is “the essence of the digital age is the UX,” and supports DX/UX of large corporations. Providing UX-Team Cloud product, “USERGRAM”, in addition to domestic and overseas consulting services | Providing new services (integrating their apps and our knowhow) and doing joint marketing activities | We continue to hold |

[Reference] Status of the IPO Acceleration Program

||| (continued)

| Investment Portfolio | Time | Main Businesses and Services | Main Purpose | Trend after investment |
|--|----------------|--|--|---|
| Writeup | 2020.12 | With the vision of “Changing All Small and Medium-Sized Enterprises Into Profitable”, it provides a variety of DX services, including support for the use of subsidies and benefits. | Realizing regional creation based on DX and DX platforms in the area of DX-related subsidy, and grant for small and medium-sized enterprises | We continue to hold *Acquired after listing on TSE Mothers |
| L is B | 2021.6 | Providing DX support solutions such as “direct”, a business chat, and “AI-FAQ Bot”, a FAQ solution equipped with its proprietary AI-engines. | Strengthening LoGo series-service and Accelerating development of services for local areas | We continue to hold |
| Port | 2021.7 | With the mission of “Providing Usualness and Happiness around the world”, developing online-media focused on specific area, such as jobs, card loans, and house-renovations. | Introducing Internet-based customer-attraction models for local companies and promoting DX in regional employment markets | We continue to hold *Acquired after listing on TSE Mothers |
| New learningBOX, Inc. | 2022.11 | Seeking to “change the world with the power of EdTech,” the company offers learning management systems, quiz/question creation tools, web-based memorization cards, etc. | Offering services that integrate the expertise of both companies and promoting sales through joint marketing | We continue to hold |

[Reference] Status of the IPO Acceleration Program

||| Market values at the end of Q2 as reflected in listed stocks, etc.

| Investment Portfolio | Time | Unit cost* (yen) | Shares held* (shares) | Acquisition cost (thousand yen) | Prev. Q value (thousand yen) | Q2 end value (thousand yen) | Change (thousand yen) |
|--|---------|---------------------|--------------------------|------------------------------------|---------------------------------|--------------------------------|--------------------------|
| Head Waters | 2018.4 | 1,875 | 16,400 | 30,750 | 52,316 | 61,910 | +9,594 |
| AI CROSS (formerly AOS Mobile) | 2018.7 | 900 | 22,250 | 20,025 | 19,046 | 17,600 | ▲1,446 |
| GAUSS*2 | 2019.7 | 142,000 | 211 | 29,962 | 29,962 | 2,649 | ▲27,312 |
| Writeup | 2020.12 | 1,502 | 116,120 | 174,455 | 185,211 | 107,295 | ▲77,917 |
| Port | 2021.7 | 743 | 269,100 | 199,941 | 192,944 | 244,612 | +51,667 |
| Total | | | | 455,091 | 479,480 | 434,066 | ▲45,414 |

*1: Adjusted values for splits, etc.

*2: While GAUSS is unlisted, in September a valuation loss was recorded based on fair value measurement, since more than 2 years had passed since the most recent financing

Q2 Overview

Future Prospects

Public DX Domain ~ Strategic foundations nearly complete ~

- ||| Of the board's four corners, "Customer Base" and "Business Knowledge" are essentially covered.
- ||| Progressive deployment of "Products & Technologies" and "Partners & Resources" will steadily bear fruit.

① Customer Base



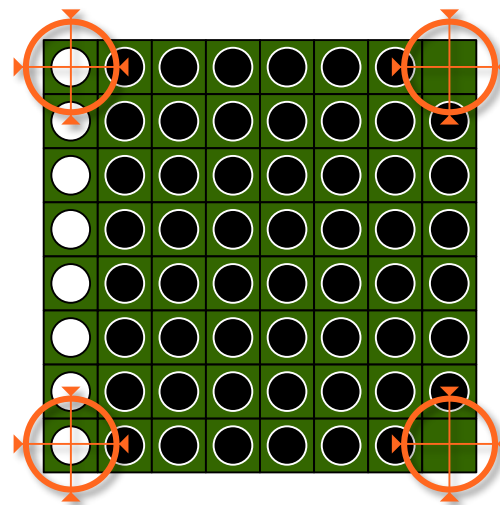
➡ Widely deliver the benefits of standardization and commonality

② Business Knowledge

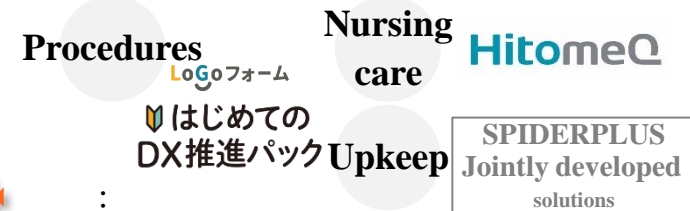


- ✓ Over 140 municipalities 3 million workload data points across all government departments
- ✓ Expertise over thousands of classifications
- ✓ Over 8,000 operating procedures
- ✓ Scalable Ehime model

➡ Identify areas that yield large improvements



③ Products & Technologies



➡ Introduce products in order of effectiveness

④ Partners & Resources



GovernanceTechnologies

SBI Group × Regional bank network

➡ Collaborate with partners working toward public DX

Regional Creation Domain ~ Furusato Choice ~

- ||| **As the various measures adopted so far begin to materialize, GMV also recovering.**
- ||| **Shift to higher value-added offerings is laying the groundwork for substantial take rate improvement.**

Improved take rate

- ||| Shifting to higher value-added measures, including diversification of payment methods and increased donor touchpoints (OEM, etc.) for contracted municipalities
- ||| Pursuing activities aimed at substantially improving the take rate from next year's contracts

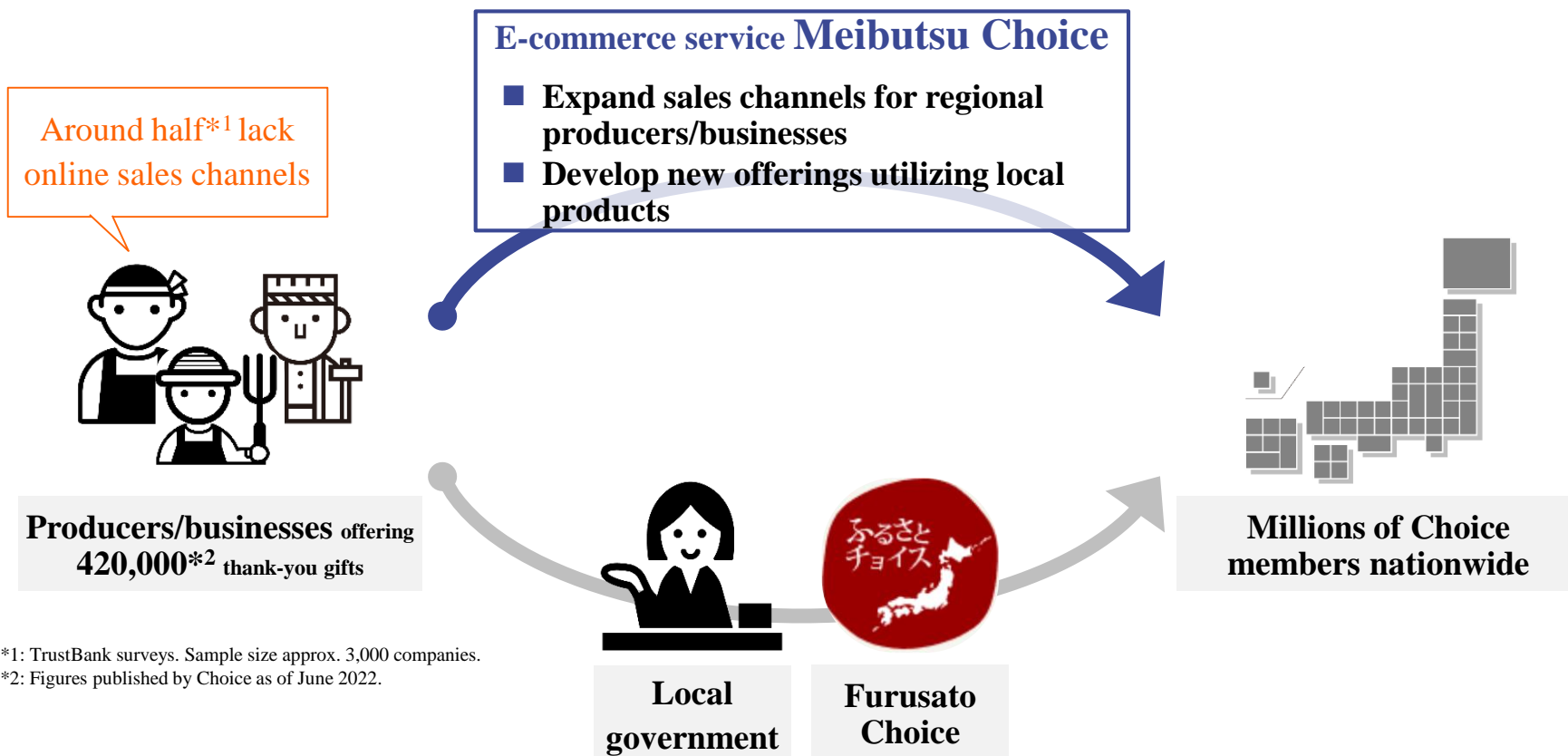
Reward points

- ||| In national policy discussions, doubts/concerns over promotions based on reward points are becoming more prominent
- ||| Our group will continue to carefully seek a balance between adhering to the system's purpose and pursuing competitive measures

Regional Creation Domain ~ Furusato Choice ~

- ||| Expanding our capabilities in sharing regional appeal, cultivated through Choice, to offerings beyond Hometown tax.
- ||| Aiming to boost regional “earning power” while creating synergies by making new products available via Choice.

※Service start planned for spring 2023

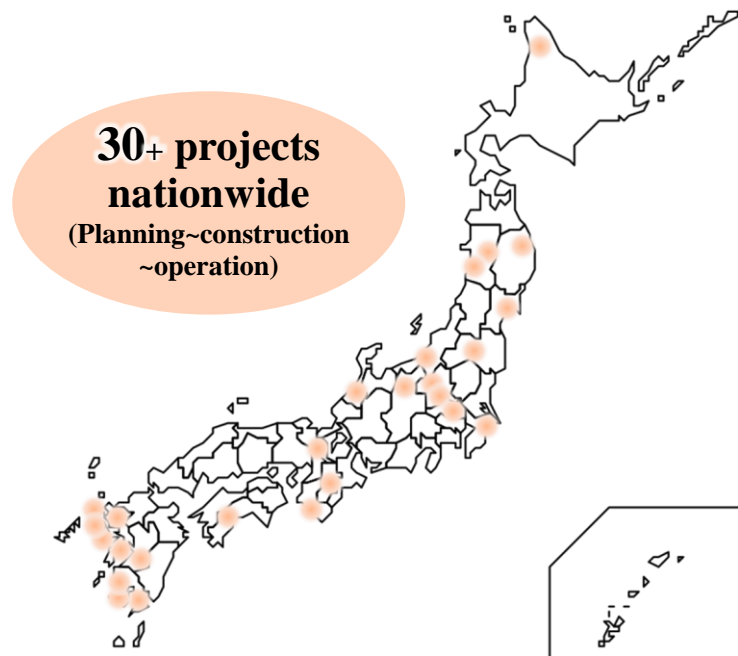
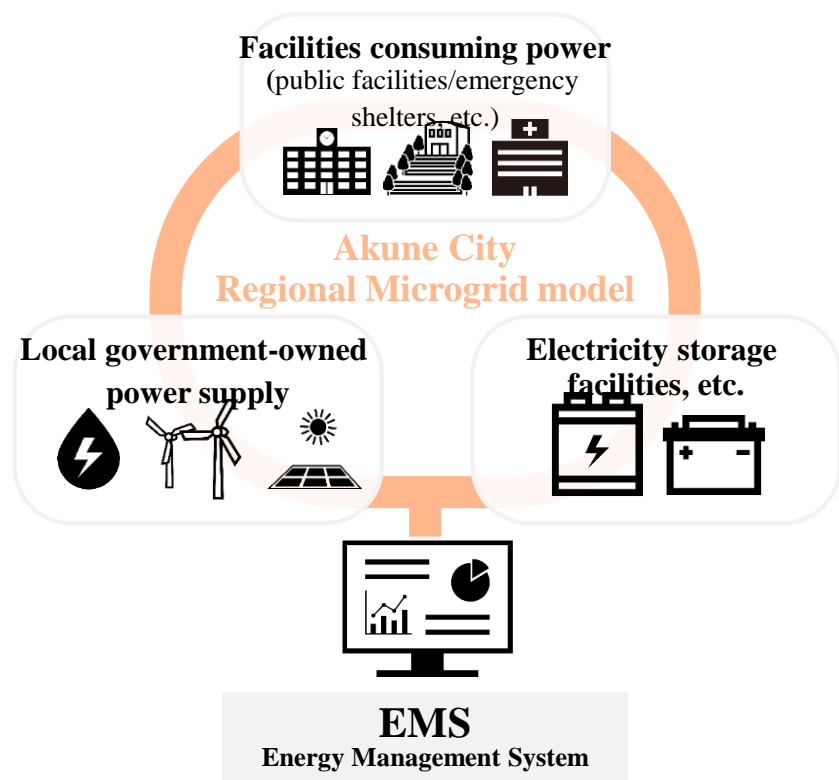


*1: TrustBank surveys. Sample size approx. 3,000 companies.

*2: Figures published by Choice as of June 2022.

Regional Creation Domain ~ Energy ~

- ||| **Steadily expanding the Akune City (Kagoshima) model to other areas.**
- ||| **Infrastructure platform taking shape as more shared challenges are identified.**



➔ Align with the Ministry of the Environment's Decarbonization Frontier Regions (begun in 2022), with plans for further acceleration

Private DX Domain ~ beacapp × medical care ~

- ||| beacapp's solutions are spreading rapidly as the market prepares for coming medical work reforms (2024.4).
- ||| Establishing systems to support regional sustainability from a medical care perspective.



Location tracking

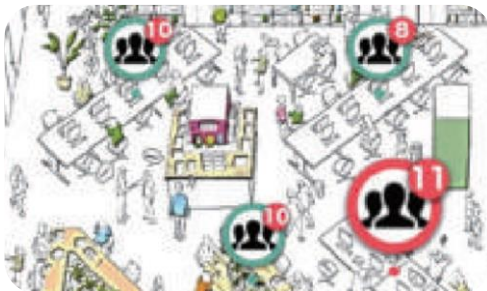
- ||| Check doctor/nurse locations
- ||| Check medical equipment location/inventory

Short-term surveys

- ||| Analyze doctor/nurse behavior
- ||| Survey night shift/on-duty behavior

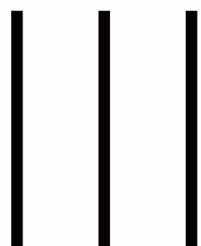
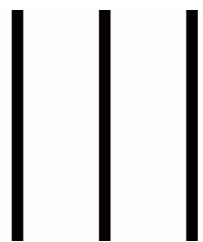
Attendance tracking

- ||| Automated recording without clocking in/out
- ||| Automated preparation of work rosters



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.



CHANGE

PEOPLE, BUSINESS, JAPAN

