



Dec 23, 2022

For Immediate Release

Company	CHANGE Inc.
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**Announcement on the Capital and Business Alliance with HOPE, INC
and Underwriting of Third-Party Allotment of its Shares
(Becoming our Equity-Method Applied Affiliate)**

On December 23, 2022, our Board of Directors decided to enter into a capital and business alliance agreement with HOPE, INC. (hereinafter referred to as "HOPE") and to underwrite a third-party allotment of their new shares. The details are as follows:

1. Purpose of the Capital and Business Alliance

With “Change People, Change Business, Change Japan” as our mission, and based on the vision of “Change Productivity”, CHANGE Group (or simply, “we”) have been developing businesses such as digitization of business models and business processes and support for the development of digital human resources in order to dramatically improve Japanese productivity through “People × Technology” and to make Japan a more sustainable society in the face of population reduction. Since inception, we have been providing solutions to the digitization needs of many customers.

We have been accelerating investments in order to lead the public DX in three key areas: the NEW-IT Transformation Business, which supports the development of digital human resources, innovates business processes, and digitizes business processes; the Investment Business, which creates new businesses and builds business models by investing in businesses with which we have synergies; and the Publitech Business, which is tasked with promoting regional creation through digital transformation ("DX"), by setting our priority area as "Local × Social × Digital" in our mid-term business plan called the "Digitize & Digitalize Japan (Phase2)."

Meanwhile, HOPE's corporate philosophy is to "provide new value to people through local governments and pursue the growth of local companies and their employees." Based on this philosophy, HOPE has been consistently developing services specializing in local governments from the perspective of solving problems faced by them. Currently, it has been engaged in the advertising business for local governments called “Jichitai Ad” and publishing business for them called “Jichitai Works”. Over 17 years since its founding, it has a strong track record of contracts with local governments nationwide as well as accumulation of know-how and good relationships. It also has strengths in marketing to private-sector companies. With its magazine for local governments called "Jichitai Works", it has strengths both in the brand power of its own media and in marketing power to private-sector companies that want to sell their products to local governments.

We are currently developing and expanding our DX services and products for the public sector, such as LoGo chat and LoGo forms, which are SaaS-based services for local governments, and we believe it is urgent that we shall accelerate our business expansion by further strengthening our sales and marketing capabilities. Therefore, to enter into

this capital and business alliance with HOPE, which has strengths in sales and marketing to local governments and private-sector companies nationwide, and to expand sales of our DX services and products by leveraging HOPE's marketing and sales capabilities for local governments will accelerate the promotion of the municipal DX that both companies are aiming for and further contribute to enhancing mutual corporate value since we believe that synergies between the two companies' businesses are extremely high in terms of multiplying our respective strengths.

We and HOPE have already been collaborating to support the program for local governments through the adoption of doctors for combating with new corona virus. However, based on this new capital and business alliance, our relationship will be more robust since we and HOPE can leverage respective strengths under a further cooperative structure to expand and improve mutual businesses for local governments. In the future, We and HOPE will serve as the forefront of local government DX and regional creation. We and HOPE will cooperate together to accelerate changes in local governments.

2. Details of the Capital and Business Alliance

(1) Scope of the Alliance

- CHANGE Group ("our Group") aims to expand sales of digital transformation services and products for local governments and realize DX platforms for them in the future by leveraging the marketing and sales capabilities of HOPE and its subsidiaries ("Hope Group").
- Our Group will promote the transformation and evolution of the Hope Group's business model based on digital technologies by assisting it with our DX knowhows.
- Our Group will pursue collaboration in the hometown tax donation platform business for corporate customers by leveraging the marketing and sales capabilities of the Hope Group and our knowledge of it.
- Our Group will create new businesses and services related to local governments by actively promoting people-to-people exchanges between our Group and the Hope Group.

(2) Capital Alliance

- We underwrite 2,585,000 of HOPE's ordinary shares through a third-party allotment.

(3) Dispatch of a Director

- We intend to designate one person from us as a candidate director of HOPE in order to promote this partnership, on condition that this decision shall be approved at HOPE's General Shareholders Meeting, which will be held for the first time after the underwriting of the third-party allotment of shares.

(4) Equity-method Affiliate

- Although we are scheduled to hold only less than 20% of HOPE's voting rights after the underwriting of its third-party allotment of new shares. HOPE will be our affiliate because we plan to designate one as a candidate director of HOPE and have an important influence on HOPE's management and a significant impact on its operating and financial policies.

3. Overview of the Equity-Method Applied Affiliate (HOPE) as of September 30,2022

(1)	Name	HOPE, INC	
(2)	Address	MG Yakuin Building, Yakuin 1-14-5, Chuo-ku, Fukuoka-shi	
(3)	Job title/Name of Representative	President and Representative Director Takayasu Tokitsu	
(4)	Description of Businesses	Services specific for local governments	
(5)	Ordinary shares	94,478,000 yen	
(6)	Date of incorporation	October 1993 (foundation: February 2005)	
(7)	Major shareholders and percentage of shares	Kabushiki-kaisha E.T. :	11.32%
		Takayasu Tokitsu:	8.68%

This English translation is for reference purposes only. In the event a difference or inconsistency arises regarding the meaning herein, the original Japanese version shall prevail as the official version.

	MACQUARIE BANK RIMITED DBU AC (Standing proxy: Citibank, N.A. Tokyo Branch) 2.53% Shohei Saito 2.16% Hiroshi Fukudome 2.09%	
(8) Our relationship with this company	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Business relationship	Not applicable.

(9) Consolidated results of operations and financial position of HOPE for the most recent and the past three years				
Fiscal year end	FY 2020/6	FY 2021/6	FY2022/3	FY2023/1-2Q (cumulative)
Consolidated net assets	1,259 million yen	▲ 2,498 million yen	▲ 5,602 million yen	▲ 406 million yen
Consolidated total assets	6,519 million yen	10,964 million yen	1,432 million yen	1,640 million yen
Consolidated net assets per share	208.57 yen	▲ 326.50 yen	▲ 500.72 yen	-
Consolidated sales	14,407 million yen	34,615 million yen	35,630 million yen	1,177 million yen
Consolidated operating profit (or loss in ▲)	1,020 million yen	▲ 6,895 million yen	▲ 16,651 million yen	223 million yen
Consolidated ordinary profit (or loss in ▲)	1,012 million yen	▲ 6,935 million yen	▲ 16,731 million yen	217 million yen
Net profit attributable to owners of parent (or loss in ▲)	665 million yen	▲ 6,978 million yen	▲ 19,730 million yen	5,028 million yen
Consolidated net profit per share (or loss in ▲)	117.97 yen	▲ 1,109.09 yen	▲ 1,952.73 yen	446.33 yen
Dividend per share	15.00 yen	-	-	-

(Note) FY2020/6 shows non-consolidated financial results, and FY2021/6, FY2022/3 and FY2023/1-2Q (cumulative) show consolidated financial results.

(Note) FY2022/3 was an irregular nine-month period due to a change in the fiscal year-end.

(Note) Consolidated net assets per share are not disclosed in the 2023/1-2Q (cumulative).

(Note) Net profit attributable to owners of parent (or loss in ▲) for 2023/1-2Q (cumulative) is the cumulative quarterly net profit (or loss in ▲) attributable to owners of parent, and consolidated net profit per share (or loss in ▲) for 2023/1-2Q (cumulative) is the cumulative quarterly net profit (or loss in ▲) per share.

3. Number of Shares Acquired, Acquisition Cost, and Status of Shares Held Before and After the Acquisition

(1) Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (0.00% of voting rights)
(2) Shares acquired	2,585,000 shares (Number of voting rights: 25,850)
(3) Acquisition cost	Ordinary share of HOPE: 584 million yen Advisory Expenses, etc. (Approximate amount): 20million yen Total (Approximate amount): 604million yen
(4) Shares owned after the transaction	2,585,000 shares (Number of voting rights: 25,850) (Percentage of voting rights: 17.94%)

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5. Schedule

(1)	Date of resolution of the Board of Directors	December 23, 2022
(2)	Date for executing Agreement	December 23, 2022
(3)	Date of stock transfer	January 10, 2023 (planned)

6. Future Outlook

As a result of this transaction, HOPE will become our equity-method applied affiliate. Regarding the impact of this capital and business alliance on our business results, we are currently examining it closely and will promptly disclose any matters that should be disclosed.

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