



August 12th, 2020

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third Quarter of the Fiscal Year Ending September 30, 2020

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 Scheduled filing date of quarterly report: August 12, 2020
 Scheduled commencement date of dividend payments: -
 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: Yes

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending September 30, 2020 (October 1, 2019 to June 30, 2020)

(1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
June 30, 2020	8,762	64.4	3,286	306.8	3,296	377.5	1,412	418.8
June 30, 2019	5,329	-	807	-	690	-	272	-

Note: Comprehensive Income: Third Quarter of the Fiscal Year Ending September 30, 2020: ¥ 2,075 million (757.6 %)
 Comprehensive Income: Third Quarter of the Fiscal Year Ended September 30, 2019: ¥ 241 million -%)

	Profit per share (basic)	Profit per share (diluted)
	¥	¥
Third Quarter of Fiscal Year Ending September 30, 2020	89.74	87.45
Third Quarter of Fiscal Year Ended September 30, 2019	19.39	18.48

Note 1. Previous term year-on-year changes are not disclosed since the Group started preparing its quarterly consolidated financial statements from first quarter of the fiscal year ending September 30, 2019.

2. The Company conducted stock split which shall split common stock at a ratio of 1:2 as of the effective date of January 1, 2019. Profit per share (basic and diluted) is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

3. This figure reflects a significant revision to the amount initially allocated for acquisition costs as a result of the finalization of provisional consolidated accounting treatment for the business mergers conducted during first quarter of the fiscal year ended September 2019.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2019	14,979	8,375	46.8
As of September 30, 2019	10,898	6,267	50.9

Reference: Shareholders' equity: As of June 30, 2020: 7,005 million yen

Shareholders' equity: As of September 30, 2019: 5,542 million yen

Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	¥	¥	¥	¥	¥
Fiscal year ended September 30, 2019	-	0.00	-	0.00	-
Fiscal year ending September 30, 2020	-	0.00	-		
Fiscal year ending September 30, 2020 (Forecast)				0.00	0.00

Note: Revisions to dividend forecasts published most recently: None

[Notes of caution]

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2. Consolidated Performance Forecasts for the Fiscal Year Ending September 30, 2020 (October 1, 2019 – September 30, 2020)

(The percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	11,000	55.9	3,400	214.3	3,405	254.7	1,421	276.0	90.26

Notes: Revisions to financial forecasts published most recently: Yes

Please see the "Announcement regarding change of our financial forecasts announced on today (August 12, 2020) for details.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New company (company name) Orb, Inc.

Excluded company (company name) None

(2) Adoption of special accounting methods for quarterly consolidated financial statements: Yes

(NOTE) For details, please refer to "2. Notes to Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Processes Specific to Preparation of Quarterly Consolidated Financial Statements)" on page 8 of the attached material.

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies due to revisions to accounting standards, etc.: No

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: No

(iv) Corrections be described: None

(4) Number of shares outstanding (common shares)

(i) Number of shares outstanding at the end of the period (including treasury stock)	FY2020 3Q	15,769,600 shares	At the end of FY2019	15,664,400 shares
(i) Number of shares outstanding at the end of the period (including treasury stock)	FY/2020 3Q	97 shares	At the end of FY 2019	72 shares
(ii) Number of treasury shares at the end of the period	FY/2020 3Q	15,742,036 shares	FY2019 3Q	14,044,485 share

(NOTE) We conducted a 2-for-1 stock split on January 1, 2019. The number of shares outstanding (common stock) is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

※ Quarterly results are not subject to quarterly review by certified accountants or audit corporations.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

The earnings forecasts and other forward-looking statements contained in this report are prepared based on information currently available to the Company and on certain assumptions deemed to be reasonable, but they are not promised by the Company regarding future performance. Actual results may differ significantly from these forecasts due to various factors. For future forecasts and assumptions, please refer to "1. Qualitative information on the current quarter results, (3) Explanation on future forecast information such as the forecast of the consolidated results" on page 4 of the attached document.

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Qualitative Information regarding the Current Quarter Financial Statements

(1) Explanation about the Operating Results

In the future, Japan is expected to become an unparalleled super-aging society in the world, with one in every 2.5 people to be aged 65 or older in 2060. Under these circumstances, the Group has been developing businesses to make Japan a sustainable society amid a declining population, based on our mission of "Change People, Change Business, Change Japan" and our vision of "Change Productivity."

Specifically, the Group businesses can be divided into the following three categories. First, the NEW-IT transformation business promotes digital transformation through providing services and training for digital human resources by utilizing libraries and platform-technologies consisting of a variety of algorithms including AI/voice Internet, mobility, IoT, big data, cloud, and security, etc. Next, the Group invests in IT companies that have already entered the IPO preparation stage and aim to increase corporate value through business collaboration with us. Finally, in order to strengthen services for public sectors through the NEW-IT transformation business, the Group is engaged in the "Publi-tech Business" under the mission of "Enhancing the Vitality of Local Communities and Seniors through ICT.", and provide services through Trust Bank, Inc.(our subsidiary, hereinafter, "Trust Bank"), which owns the Japan's largest hometown tax payment platform called "Furusato Choice".

The Group, under the mid-term business plan called "Digitize & Digitalize Japan", has been providing various services especially for big companies and government agencies in Japan so that the Group can help reshape their operations and business models and help increase their productivity through the equation of "Human Resources Multiplied Technology".

Operating results for the cumulative third quarter of the current consolidated fiscal year were as follows.

During the first quarter of the current fiscal year, the Group made a strong start, with the expansion of projects related to digital transformation and digital human resource development, and Trust Bank handles the higher-than-expected amount of donations. While the second quarter of the current fiscal year was also on a steady track, the Covid-19 negatively impacted our business due to self-refrains and stagnation of economic activities in Japan. Meanwhile, in order to achieve the goals of Digitize & Digitalize Japan described in our medium-term business plan, the Group implemented measures as planned, such as recruiting human resources and investing in Orb Inc., which specializes in blockchain technology. In mid-March 2020, the Group began full-fledged measures to combat the Covid-19 problem, and swiftly shifted to teleworking to ensure the safety of our Group employees and other new measures to survive with the Covid-19.

During the third quarter of the current consolidated fiscal year, the Group rapidly took measures to minimize the impact of the Covid-19, including shifting human development programs to online, and obtaining more projects from governmental sectors through reviewing its customer portfolios. The Group has been largely expanding the Publi-tech business due to the success in supporting many counter Covid-10 projects on various themes from business/producer support, medical support to revitalizing local economies. In addition, the Company invested in beBit, Inc, a leading UX design consulting company in Japan.

As a result, net sales for the cumulative third quarter of the current consolidated fiscal year were 8,762,300 thousand yen (64.4% up from the same period of the previous year), operating profit was 3,286,478 thousand yen (306.8% from that of the previous year), ordinary profit was 3,296,721 thousand yen (377.5% from that of the previous year), and net profit attributable to owners of the parent company was 1,412,648 thousand yen (418.8% from that of the previous year).

Operating results by business segment are as follows.

(I) NEW-IT transformation business

In NEW-IT transformation business, while the Group had steadily been expanding projects of human resource development promoting digital transformation and business digitization projects using new technology, the Covid-19 negatively impacted its businesses due to self-refrains and stagnation of economic activities in Japan. However, the Group rapidly took measures to minimize the impact of the Covid-19, including shifting human development programs to online, and obtaining more projects from governmental sectors through reviewing its customer portfolios. In addition, the Group not only expanded digitization services through teleworking environments but also started to provide data-analysis services to measure productivity related to teleworking.

As a result, sales in NEW-IT Transformation business for the cumulative third quarter of the current consolidated fiscal year were 2,143,556 thousand yen (7.5% up from that of the last year) and the segment profit was 449,303 thousand yen (23.0% down from that of the last year).

(II) Investment business

During the third quarter of the current fiscal year, the Company invested in beBit, Inc, the leading UX design consulting company in Japan.

As a result, during the cumulative third quarter of the current consolidated fiscal year, sales in the investment business were 227 thousand yen (99.9% of that of the same period of the previous year) and the segment loss was 15,117 thousand yen (230,489 thousand yen in the same period of the previous year).

(III) Publi-tech business

The Group has been largely expanding the Publi-tech business due to the success in supporting many counter Covid-10 projects on various themes from business/producer support, medical support to revitalizing local economies. to revitalizing local economies. Trust Bank, as the leader in the hometown tax payment system in Japan, has been trying to diffuse a “donation culture” throughout Japan where people do not simply wish gifts in return for their donations but they more actively make donations. Also, it has been rapidly expanding ICT services for supporting operations of local governments by providing the “LoGo Chat”, the business chat system dedicated to local governments.

As a result, net sales of the Public-tech business for cumulative third quarter of the current consolidated fiscal year were 6,623,202 thousand yen (122.2% up from that of the previous year), and the segment profit was 3,648,886 thousand yen (504.3% up from that of the previous year).

[Notes of caution]

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(2) Explanation of Financial Position

Assets

At the end of the third quarter of the current consolidated fiscal year, current assets were 9,732,879 thousand yen, an increase of 3,958,219 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of 2,982,482 thousand yen. Fixed assets increased by 129,218 thousand yen from the end of the previous consolidated fiscal year to 5,230,630 thousand yen. This was mainly due to 275,596 thousand yen increase in other intangible assets.

As a result, total assets increased by 4,081,069 thousand yen from the end of the previous consolidated fiscal year to 14,979,076 thousand yen.

(Liabilities)

At the end of the third quarter of the consolidated fiscal year, current liabilities were 3,613,604 thousand yen, an increase of 2,039,056 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to 954,588 thousand yen increase in income taxes payable. Long-term liabilities decreased by 66,221 thousand yen from the end of the previous consolidated fiscal year to 2,989,508 thousand yen. This was mainly due to 285,003 thousand yen decrease in long-term loans payable.

As a result, total liabilities increased by 1,972,834 thousand yen from the end of the previous consolidated fiscal year to 6,603,112 thousand yen.

(Net assets)

Net assets at the end of the third quarter of the consolidated fiscal year increased by 2,108,235 thousand yen from the end of the previous fiscal year to 8,375,964 thousand yen. This was mainly due to 1,412,648 thousand yen increase in retained earnings resulting from the posting of profit attributable to owners of parent.

(3) Explanation of Consolidated Earnings Forecasts and Other Forecasts

For the forecasts, please refer to the "Revision of the Financial Forecasts regarding the Consolidated Fiscal Year" announced today (August 12, 2020).

These forecasts are based on information available as of the date of publication of this document. Actual amounts may differ from the forecasts due to a variety of factors.

2. Quarter Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Unit: thousand yen)

	Previous consolidated fiscal year (As of September 30, 2019)	3rd quarter consolidated accounting period (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	3,814,287	6,796,770
Accounts receivable	1,526,886	2,426,443
Operational investment securities	136,394	365,254
Inventories	8,469	10,371
Others	288,621	134,038
Total current assets	5,774,659	9,732,879
Fixed assets		
Property, plant and equipment	211,564	201,761
Intangible assets		
Goodwill	3,318,510	3,214,114
Others	1,275,035	1,550,631
Total intangible assets	4,593,546	4,764,746
Investments and other assets	296,300	264,121
Total non-current assets	5,101,411	5,230,630
Deferred assets		
Share delivery expenses	21,935	15,567
Total deferred assets	21,935	15,567
Total assets	10,898,007	14,979,076
Liabilities		
Current liabilities		
Accounts payable	242,818	109,806
Current portion of long-term loans payable	392,296	380,004
Income taxes payable	154,252	1,108,840
Allowance for bonus	-	15,102
Provision for shareholder benefits	30,823	2,461
Others	754,358	1,997,388
Total current liabilities	1,574,548	3,613,604
Long-term liabilities		
Bonds payable	-	150,000
Long-term loans payable	2,611,659	2,326,656
Provision for directors' retirement benefits	112,083	-
Asset retirement obligations	96,938	97,010
Others	235,049	415,841
Total long-term liabilities	3,055,730	2,989,508
Total liabilities	4,630,278	6,603,112
Net assets		
Shareholders' equity		
Capital	2,374,409	2,390,981
Capital surplus	1,772,812	1,789,385
Retained earnings	1,394,965	2,807,613
Treasury shares	-174	-227
Total shareholders' equity	5,542,012	6,987,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	18,015
Total accumulated other comprehensive income	-	18,015
Stock options	3,463	3,189
Non-controlling interests	722,253	1,367,006
Total net assets	6,267,729	8,375,964
Total liabilities and net assets	10,898,007	14,979,076

[Notes of caution]

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(2) Quarter Consolidated Statement of Income and Comprehensive Profit

(Quarter Consolidated Profit and Loss statement)

(The third quarter consolidated cumulative accounting period)

(Unit: thousand yen)

	Previous 3rd quarter consolidated cumulative accounting period (Oct. 1, 2018 To June 30, 2019)	Current 3rd quarter consolidated cumulative accounting period (Oct. 1, 2019 To June 30, 2020)
Net sales	5,329,459	8,762,300
Cost of sales	1,912,092	2,604,843
Gross profit	3,417,366	6,157,457
Selling, general and administrative expenses	2,609,486	2,870,978
Operating income	807,880	3,286,478
Non-operating income		
Interest income	14	25
Dividends income	675	-
Surrender value of insurance	18,218	21,798
Others	933	2,817
Total non-operating income	19,841	24,640
Non-operating expenses		
Interest expenses	10,784	8,004
Financing expenses	125,000	-
Amortization of share issuance cost	1,415	6,368
Others	67	25
Total non-operating expenses	137,266	14,397
Ordinary profit	690,454	3,296,721
Extraordinary loss		
Loss on retirement of noncurrent assets	413	-
Total extraordinary loss	413	-
Net income before income taxes	690,041	3,296,721
Income taxes	302,953	1,239,320
Net profit	387,088	2,057,401
Profit attributable to non-controlling interests	114,823	644,753
Profit attributable to owners of parent	272,265	1,412,648

(Quarterly comprehensive statements of comprehensive income)
(The 3rd quarter consolidate cumulative accounting period)

(Unit: thousand yen)

	Previous 3rd quarter consolidated cumulative accounting period (Oct. 1, 2018 To June 30, 2019)	Current 3rd quarter consolidated cumulative accounting period (Oct. 1, 2019 To June 30, 2020)
Net profit	387,088	2,057,401
Other comprehensive income		
Valuation difference on available-for-sale securities	-145,097	18,015
Total of other comprehensive income	-145,097	18,015
Comprehensive income	241,991	2,075,416
(Breakdown)		
Comprehensive income attributable to owners of parent	127,168	1,430,663
Comprehensive income attributable to non-controlling interests	114,823	644,753

[Notes of caution]

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(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries during the Current Quarter)

In the second quarter of the current fiscal year, we acquired shares of Orb Inc. and made it a consolidated subsidiary. As a result, Orb was included in the scope of consolidation.

(Application of Special Accounting Processes for the Preparation of Quarterly Consolidated Financial Statements)

Regarding tax expense, we reasonably estimate the effective tax rate after applying tax effect accounting for the net income before income taxes for the fiscal year including the current third quarter consolidated accounting period, and multiply the net income before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment Information]

I Previous 3rd Quarter consolidated cumulative period (From October 1, 2018 to June 30, 2019)

1. Information on net sales and profits or losses by reportable segment

(Unit: thousand yen)

	Reportable segments				Adjusted amount (NOTE) 1	Total (Note 2)
	NEW-IT transformation business	Investment business	Publi-tech business	Total		
Net sales						
Sales to customers	1,989,248	359,290	2,980,920	5,329,459	-	5,329,459
Intersegment sales	4,827	-	-	4,827	-4,827	-
Total	1,994,075	359,290	2,980,920	5,334,286	-4,827	5,329,459
Segment profit	583,817	230,489	603,868	1,418,175	-610,295	807,880

(NOTE) 1. The adjusted amount of segment profit of -610,295 thousand yen is the corporate expenses of -610,295 thousand yen not allocated to any of the reportable segments, and mainly consists of general and administrative expenses not attributable to any of the reportable segments.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

2. Information related to assets by reportable segment

In the first quarter of the current fiscal year, we acquired shares of TRUST BANK, Inc., and newly included it in the scope of consolidation.

As a result, compared with the end of the previous consolidated fiscal year, the amount of assets of the reportable segments for the third quarter of the current consolidated fiscal year increased by 5,557,573 thousand yen in the “Publi-tech Business”.

II Current 3rd Quarter consolidated cumulative period (Oct. 1, 2019-Jun. 30, 2020)

1. Information on net sales and profits or losses by reportable segment

(Unit: thousand yen)

	Reportable segments				Adjusted amount (NOTE) 1	Total (Note 2)
	NEW-IT transformation business	Investment business	Publi-tech business	Total		
Net sales						
Sales to customers	2,138,870	227	6,623,202	8,762,300	-	8,762,300
Intersegment sales	4,686	-	-	4,686	-4,686	-
Total	2,143,556	227	6,623,202	8,766,986	-4,686	8,762,300
Segment profit Or loss (-)	449,303	-15,117	3,648,886	4,083,072	-796,594	3,286,478

(NOTE) 1. The adjustment to segment profit of -796,594 thousand yen for segment profit (loss) is -796,594 thousand yen for corporate expenses not allocated to any reportable segment, and mainly consists of general and administrative expenses not attributable to any reportable segment.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated income statement.

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(Business Combinations)

Significant revision of the initial allocation of acquisition costs in comparative information

The business combination with TRUST BANK Inc., which took place on November 30, 2018, was provisionally accounted for in the third quarter of the previous fiscal year but was finalized at the end of the previous fiscal year.

Following the finalization of this provisional accounting treatment, a significant change in the initial allocation of the acquisition cost was reflected in the comparative information included in the consolidated financial statements for the first nine months of the current fiscal year.

As a result, operating income, ordinary income, and quarter net income before income taxes decreased by 33,631 thousand yen in the third quarter consolidated cumulative income statement for the previous fiscal year. Quarter cumulative net profit and quarter cumulative net profit attributable to non-controlling interests decreased by 14,457 thousand yen, respectively.

(Significant Subsequent Events)

(A stock split and partial amendment to the Articles of Incorporation related to a stock split)

At the meeting of the Board of Directors held on July 14, 2020, we resolved to implement a stock split and partial amendment of the Articles of Incorporation.

(1) Purpose of the stock split

By implementing the stock split and reducing the amount per investment unit, we aim to create an environment that makes it easier for investors to invest in, thereby improving the liquidity of our shares and expanding the investor base.

(2) Outline of stock split

i Split method

We will split two (2) shares of common stock owned by the shareholder recorded in the final shareholder register on August 31, 2020.

ii Increase in number of shares due to stock split

Total number of issued shares before split	15,769,600 shares
Increase in the number of shares due to the stock split:	15,769,600 shares
Total number of issued shares after stock split	31,539,200 shares
Total number of authorized shares after stock split	92,160,000 shares

(NOTE) Regarding the total number of issued shares before the stock split, the number of shares to be increased by the stock split, and the total number of issued shares after the stock split, the number of shares may be changed depending on the shares issued by the exercise of the new stock options in the future.

iii Split schedule

Record date public notice date:	August 1, 2020 (Saturday)
Record date:	August 31, 2020 (Monday) scheduled
Effective date:	September 1, 2020 (Tuesday) scheduled

iv Impact on the information related to profit per share

Assuming that the stock split was made at the beginning of the previous fiscal year, the profit per share is as follows:

	Cumulative third quarter of the previous fiscal year (October 1, 2018 to June 30, 2019)	Cumulative third quarter of the current fiscal year (October 1, 2019 to June 30, 2020)
Quarter net income per share	9.69 yen	44.87 yen
Quarter net income per share after adjusting dilutive potential shares	9.24 yen	43.72 yen

(3) Partial change in Articles of Incorporation upon the stock split

i Reason for amendment to the Articles of Incorporation

In accordance with the provisions of Article 184, Paragraph 2 of the Companies Act, we change the total number of shares issuable under Article 5 of the Articles of Incorporation on September 1, 2020.

ii Amendments to the Articles of Incorporation

The contents of the change are as follows.

(Underlines indicate changed parts.)

Current Articles of Incorporation	Proposed change
(Total number of authorized shares) Article 5 The total number of shares authorized to be issued by the Company shall be as follows: <u>46,080,000</u> shares.	(Total number of authorized shares) Article 5 The total number of shares authorized to be issued by the Company shall be as follows: <u>92,160,000</u> shares.

iii Schedule of amendment to the Articles of Incorporation

[Notes of caution]

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Effective date September 1, 2020 (Tuesday)

(4) Other

i Alteration in the amount of the Capital

The amount of the capital stock remains unchanged at the time of the stock split.

ii Adjustment of the exercise price of the stock options

In accordance with this stock split, the exercise price of the stock options exercised after September 1, 2020 is adjusted as follows.

Name	Date of the resolution of the general meeting of shareholders, or the date of resolution of the board of directors	Exercise price before adjustment	Exercise price after adjustment
First stock option offering	September 23, 2014	17 yen	9 yen
Second stock option offering	October 14, 2015	63 yen	32 yen
Third stock option offering	August 14, 2017	1,815 yen	908 yen

(Making Trust Bank our wholly owned subsidiary through the Share Exchange)

At a meeting of the Board of Directors held on August 12, 2020, the Company resolved to implement a share exchange with our consolidated subsidiary, Trust Bank, Inc (hereinafter, "Trust Bank") in which we become the wholly owning parent company and Trust Bank becomes the wholly owned subsidiary after the share exchange (the "Share Exchange"). The Company entered into the Share Exchange Agreement on August 12, 2020, and the actual Share Exchange is scheduled on October 8, 2020 subject to the approval of the shareholders meetings of both companies.

1. Purpose of the Share Exchange

Under the mission of "Change People, Change Business, Change JAPAN", we have been developing our business to improve productivity in Japan by developing new IT-related technologies and human resources. Since in Japan, it is expected to see a significant decrease in workforces in the future, we are carrying out these business activities based on the idea that promoting the use of digital technology and developing human resources who promote such technology will make our society more sustainable. In addition, in order to change Japan, each region must change, and such regional revitalization is the basis of our business.

At the same time, Trust Bank was established in 2012 under the mission of "revitalizing local communities and seniors through ICT." The core business is "Furusato Choice", which is a portal site for hometown tax payment system. It has signed contracts with over 1,500 local governments and has contributed to the spread of the hometown tax payment system. On November 30, 2018, we acquired its 60.11% shares with voting rights and made it our subsidiary with the aim of providing ICT services to local governments. We acquired additional voting rights on August 30, 2019, resulting in a voting interest of 70.23% at present.

Currently, business expansion is smoothly proceeding through our business collaboration, and we are accelerating the launch of new services aimed at enhancing the sustainability of regions in Japan. Under such circumstances, we believe that if we make Trust Bank our wholly owned subsidiary this time, we can further enhance the mobility and the flexibility of the Group management, and realize sustainable growth, and enhance our corporate values by utilizing our management resources among the Group.

In addition, as a result of making Trust Bank our wholly owned subsidiary, we no longer need to recognize profits attributable to non-controlling shareholders in our consolidated results of operations. Therefore, the Share Exchange is expected to contribute to the improvement of the consolidated profit from the next fiscal year.

2. Summary of the Share Exchange

(1) Share Exchange schedule

Standard Date of the Extraordinary Shareholders Meeting (CHANGE)	August 31, 2020
Resolution Date by the Board of Directors (ditto)	August 12, 2020
Resolution Date by the Board of Directors (Trust Bank)	August 12, 2020
Share Exchange Agreement Effective Date (both parties)	August 12, 2020
Date of the Extraordinary Shareholders Meeting (CHANGE)	October 5, 2020 (planned)
Date of Extraordinary Shareholders Meeting (Trust Bank)	October 5, 2020 (planned)
Effective Date of the Share Exchange	October 8, 2020 (planned)

(2) Share Exchange method

We will be the 100% parent company and Trust Bank will be 100% subsidiary through the Share Exchange. The Share Exchange is scheduled to take effect on October 8, 2020 with the approval of the Share Exchange Agreement by the resolution of the General Meeting of Shareholders of both us and Trust Bank.

(3) Details of the allotment pertaining to the Share Exchange

	CHANGE (Wholly Owning Parent)	Trust Bank (Wholly Owned Subsidiary)
Details of the allotment pertaining to the Share Exchange	1	6,361.32
Number of shares to be issued through the Share Exchange	Common shares: 992.365 shares (planned)	

(Note 1) Allocation ratio for the Share Exchange (hereinafter referred to as "Share Exchange Ratio")

We will allocate and deliver 6,361.32 shares of our common shares to each share of the common share of Trust Bank. However, we will not allocate the shares of common share of Trust Bank (368 shares as of today) already held by us through the Share Exchange.

However, the Share Exchange Ratio is subject to change after discussion and agreement between the parties if a significant change occurs to the conditions on which the calculation is based.

(Note 2) Number of new shares issued by the Share Exchange

Our common share: 992.365 shares (planned)

(We will issue new 992.365 shares in this Share Exchange.)

(4) Treatment of stock options and bonds with stock option in connection with the Share Exchange

Trust Bank did not issue any stock options or bonds with stock option, so it is irrelevant.

3. Grounds and reasons for the allocation related to the Share Exchange

In determining the Share Exchange Ratio described in the above 2 (3), we and Trust Bank requested SBI SECURITIES CO., LTD. (hereinafter, "SBI SECURITIES"), a third-party calculation institution, independent from us and

[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.

Trust Bank, to calculate the Share Exchange Ratio. Based on the results of the calculation submitted by SBI SECURITIES, we and Trust Bank have decided the Share Exchange Ratio after discussion.

4.Outline for the related accounting treatment

We will treat the Share Exchange as a transaction under common control based on the “Accounting Standard of Business Combination” (Corporate Accounting Standard No. 21. on January 16, 2019) and the “Accounting Standard for Business Divestitures and the related Implementation Guidance” (Application Guideline for the Accounting Standard No.10 on January 16, 2019)