



August 12, 2020

For Immediate Release

Company	CHANGE Inc.
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TRUSTBANK, Inc became our wholly owned consolidated subsidiary through the share exchange transaction

At the Board of Directors' meeting held on August 12, 2020, CHANGE Inc (hereinafter, the "Company" or simply "we") resolved to implement a share exchange (hereinafter referred to as the "Share Exchange") with TRUSTBANK, Inc., which is our consolidated subsidiary (hereinafter referred to as "TRUSTBANK") so that TRUSTBANK will be our wholly owned subsidiary, and today we executed the share exchange agreement (hereinafter referred to as the "Share Exchange Agreement") with TRUSTBANK, of which the details are as follows:

The Share Exchange is subject to the approval of the shareholders of both the Company and TRUSTBANK.

Details

1. Purpose of the Share Exchange

Under the mission of "Change People, Change Business, Change JAPAN", we have been developing our businesses 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, TRUSTBANK was established in 2012 under the mission of "revitalizing local communities and seniors through ICT." The core business is the "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 diffusion of the hometown tax payment system. On November 30, 2018, the Company acquired its 60.11% shares with voting rights and made it our subsidiary with the aim of providing ICT services to local governments. The Company acquired additional voting rights on August 30, 2019, resulting in a voting interest of 70.23% at present.

Currently, the Company and TRUSTBANK have been smoothly expanding business through collaboration, and are accelerating the launch of new services aimed at enhancing the sustainability of regions in Japan. Under such circumstances, we believe that if the Company makes TRUSTBANK a wholly owned subsidiary this time, the Group 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 TRUSTBANK 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 (TRUSTBANK)	August 12, 2020
Share Exchange Sgreement Effective Date (both parties)	August 12, 2020
Date of the Extraordinary Shareholders Meeting (CHANGE)	October 5, 2020 (planned)
Date of Extraordinary Shareholders Meeting (TRUSTBANK)	October 5, 2020 (planned)
Effective Date of the Share Exchange	October 8, 2020 (planned)

(2) Share Exchange method

The Company will be the 100% owing parent company and TRUSTBANK will be 100% owned 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 Extraordinary Shareholders Meetings of both us and TRUSTBANK.

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

	CHANGE (Wholly Owing Parent)	TRUSTBANK (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")

The company will allocate and deliver 6,361.32 common shares to each common share of TRUSTBANK. However, the Company will not allocate the common share of TRUSTBANK (368 shares as of today) already held by it 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

The Company's common shares: 992,365 shares (planned)

(The Company 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

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

3. Basis of being the wholly owned subsidiary after the Share Exchange

(1) Grounds and reasons for the allotment

In determining the Share Exchange Ratio, the Company and TRUSTBANK requested SBI SECURITIES CO., LTD. (hereinafter, "SBI SECURITIES"), a third-party calculation institution, independent from the Company and TRUSTBANK, to calculate the Share Exchange Ratio in order to ensure its fairness and validity. Based on the results of the calculation submitted by SBI SECURITIES, the Company and TRUSTBANK have carefully considered,

discussed and negotiated the Share Exchange Ratio after comprehensively considering factors, such as the financial condition, asset status and future prospects of the two companies.

As a result, the Company and TRUSTBANK have agreed to implement the Share Exchange subject to this Share Exchange Ratio and have entered into the Share Exchange Agreement, as it is reasonable to follow the provisions of 2.

(3) Allotment Concerning Share Exchange and this will satisfy the interests of shareholders of both companies.

However, the Share Exchange Ratio may change after discussion by the parties in the event that a material change occurs.

(2) Matters concerning the calculation

(i) Name of the calculating party and the relationship between the Company and TRUSTBANK

SBI SECURITIES is a third-party calculation institution that is independent from the Company and TRUSTBANK, and is not a related party to the Company or TRUSTBANK, and does not have a significant interest in the Share Exchange.

(ii) Calculation overview

As the Company is a listed company and has a quoted stock price, SBI SECURITIES calculated it by using the market price average method (setting August 7 the calculation base date, based on the closing price on the same day, the simple average of the closing price for the last one month from July 8, 2020 to the calculation base date, and the simple average of the closing price for the last three months from May 8, 2020 to the calculation base date).

Since TRUSTBANK is not a listed company, SBI SECURITIES did not adopt the market average price method. To reflect the state of future business activities in the evaluation, it used the discounted cash flow method (hereinafter referred to as the "DCF method") for calculation.

The result of the calculation of the Share Exchange Ratio, assuming the value of our shares per share is 1, is as follows:

Adopted method		Calculation range of the Share Exchange Ratio
CHANGE	TRUSTBANK	
Market price valuation method	DCF method	5,881.27~9,088.76

SBI SECURITIES, in calculating the Share Exchange Ratio mentioned above, assumed that the information provided by both companies and publicly available information, etc. are all accurate and complete, and that all facts having a significant impact on the calculation of the Share Exchange Ratio have been disclosed to SBI SECURITIES. Therefore, SBI SECURITIES has not independently verified the accuracy and completeness of these materials and information. The calculation by SBI SECURITIES reflected information and economic conditions up to August 7, 2020. SBI SECURITIES also assumed that the business and financial outlooks of us and TRUSTBANK have been reasonably examined and prepared based on the best forecasts and judgments currently obtained by the management of both companies.

In addition, SBI SECURITIES adopted the forecasts of TRUSTBANK for the three fiscal years ending September 2020, 2021 and 2022 based on its most recent midterm business plan, and the business plan does not assume large fluctuations in profits during the same period.

However, regarding the calculation results of the Share Exchange Ratio, SBI SECURITIES, a third-party calculator, does not express any opinion on the fairness and validity of the Share Exchange Ratio.

(3) Possibility and causes that CHANGE will be unlisted

The DCompany will become the wholly-owning parent and TRUSTBANK will become the wholly-owned subsidiary after the Share Exchange, and TRUSTBANK is not a listed company, so there is neither such possibility nor cause.

(4) Measures to ensure fairness

In order to ensure the fairness of the calculation of the Share Exchange Ratio, we selected SBI SECURITIES, a third-party calculator independent from us and TRUSTBANK, and received the calculation report regarding the Share Exchange Ratio on August 7, 2020. For an overview of the calculation report, please refer to 3. (2) "Matters concerning the calculation", (ii) "Calculation overview."

On the other hand, we have not received an opinion (so-called fairness opinion) from the third party that the agreed Share Exchange Ratio is appropriate from the financial standpoint for each shareholder.

In addition, we have received the legal advice from Link and Partners Law Firm regarding the procedures and decision-making processes for the Share Exchange. The Link and Partners Law Firm is independent of the Company and TRUSTBANK and has no significant interest with either party.

(5) Measures to avoid conflicts of interest

The Company holds 368 common shares of TRUSTBANK (voting rights ratio: 70.23%) and TRUSTBANK is already our consolidated subsidiary. In addition, Hiroshi Fukudome, CEO and Yutaka Yamada, director and Mami Kizawa, our employee of the Company, concurrently serve as the directors of TRUSTBANK.

Considering the existence of such relationships, in order to eliminate the possibility of arbitrariness and conflicts of interest in the decision-making process for the Share Exchange and to ensure fairness, transparency and objectivity, the Board of TRUSTBANK reviewed and approved the Share Exchange only by two of the five members of the Board, excluding Hiroshi Fukudome, Yutaka Yamada, and Mami Kizawa.

Also, among 6 members of the Board of the Company held today, the Share Exchange was reviewed only by 4 members, excluding Hiroshi Fukudome and Yutaka Yamada, and resulting in unanimously approval.

	Wholly owing parent company after the Share Exchange	Wholly owned subsidiary after the Share Exchange
(1) Name	CHANGE Inc.	TRUSTBANK, Inc.
(2) Address	17-1, Toranomon 3-chome, Minato-ku, Tokyo	6-28, Aobadai 3-chome, Meguro-ku, Tokyo
(3) Title of Representative • Name	Representative Director, President, Chief Executive Officer Hiroshi Fukudome	Representative Director Kenichi Kawamura
(4) Description of Businesses	NEW-IT Transformation Business (services using state-of-the-art technologies, promotion of digital transformation through the development of digital human resources), and investment business	Publi-tech Business (operating and planning of Furusato (hometown) tax payment platform of "Furusato Choice", etc, and providing technology services for public offices)
(5) Paid-in Capital	2,392,081 thousand yen	7,740 thousand yen
(6) Foundation	April 10, 2003	April 2, 2012
(7) Number of shares outstanding	15,770,800 shares	524 shares
(8) Fiscal year end	Sept. 30	Sept. 30
(9) Number of employees	140 (as of September 30, 2019)	50 (as of September 30, 2019)
(10) Main customers	NTT DATA UNIVERSITY, Tokyo Metro Co., Ltd., ITOCHU	Local governments

	Techno-Solutions Corporation, Nomura Research Institute, Ltd., TOKYU RAILWAYS Co., Ltd.					
(11) Main banks	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd.		MUFG Bank, Ltd. Mizuho Bank, Ltd.			
(12) Major shareholders and percentage of shares	Yoshihisa Jimbo Hiroshi Fukudome Akira Ito Kenji Kaneda Tetsuya Ishihara Norimitsu Takahashi (As of March 31, 2020)	16.06% 8.42% 7.45% 7.07% 6.67% 5.32%	CHANGE Inc. 70.23% Tamayo Sunaga Tatsufumi Kamimura (The ownership share of Tamayo Sunaga and Tatsufumi Kamimura are not disclosed because of confidentiality.)			
(13) Relationship between the parties						
	Capital relationship	The Company owns 70.23% of the outstanding shares of TRUSTBANK.				
	Human relationships	Two directors and one empoloyee of the Company concurrently serve as directors of Trust TRUSTBANK. One auditor of the Company also serves concurrently as an auditor of TRUSTBANK.				
	Business relationship	Regarding the business between the Company and TRUSTBANK, the Company sells products and services to TRUSTBANK.				
	Status of relationship with related parties	TRUSTBANK is the consolidated subsidiary of the Company, so the Company and TRUSTBANK are related parties.				
(14) Results of operations and financial position for the most recent fiscal year						
Fiscal year end	CHANGE (consolidated) (Note1、 2)			TRUSTBANK (Non-consolidated) (Note3)		
	Sept FY2017	Sept FY 2018	Sept FY 2019	Sept FY2017	Sept FY 2018	Sept FY 2019
Net assets	1,088	1,655	6,267	1,136	1,620	1,856
Total assets	1,429	2,261	10,898	2,026	2,523	2,925
Net asset per share(yen) (Note4、 5)	167.48	122.94	353.80	4,546,488.94	6,483,816.34	3,543,103.64
Sales	1,980	2,604	7,054	6,048	6,141	5,755
Operating income	331	513	1,081	878	1,190	461
Ordinary income	325	513	959	873	1,185	487
Profit attributable to owners of parent (Note6)	229	343	378	558	825	235
Net income per share (yen) (Note4、 5)	35.75	25.65	26.15	2,233,387.36	3,301,274.08	448,763.78
Cash dividends per share (yen)	-	-	-	-	-	-

(Unit: Millions Yen, except where otherwise noted)

Note 1: Since we have prepared consolidated financial statements since the fiscal year ended September 2019, the

previous figures are calculated based on non-consolidated financial statements.

Note2: The Company applied the “Partial Amendment of the Accounting Standard for the Tax Effect Accounting”(Corporate Accounting Standard No.28 on February 16, 2018), etc. since the beginning of the fiscal year ended September 2019. So, the above major financial indexes in the fiscal year ended September 2018 are calculated assuming that the above accounting standard was applied retrospectively.

Note 3: The results of operations and financial position of TRUSTBANK are not included in the scope of the audit by the auditing firm.

Note 4: The Company conducted stock split which shall split common stock at a ratio of 1:2 as of the effective date of July 1, 2018. Net asset per share and net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended September 2017.

Note 5: 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. Net asset per share and net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended September 2018.

Note 6: Net income are described in the above for TRUSTBANK.

5. Status after the Share Exchange

	Wholly owing parent company after the Share Exchange
(1) Name	CHANGE Inc.
(2) Address	17-1, Toranomon 3-chome, Minato-ku, Tokyo
(3) Job Title/Name of Representative	Representative Director, President, Chief Executive Officer Hiroshi Fukudome
(4) Description of Businesses	NEW-IT transformation business (services using state-of-the-art technologies, promotion of digital transformation through the development of digital human resources), investing business and Publi-tech Business (operating and planning of hometown tax payment platform of "Furusato Choice", etc, and providing technology services for public offices)
(5) Paid-in Capital	Not fixed at present.
(6) Fiscal year end	Sept. 30
(7) Net assets	Not fixed at present.
(8) Total assets	Not fixed at present.

6. Outline of the accounting procedure

The Share Exchange is expected to fall under the category of "Transactions under Common Control" under the Accounting Standard for Business Combinations.

7. Future Outlook

Since the effective date of the Share Exchange is planned to be October 8, 2020, there will be no impact on our consolidated results for the period ending September 2020 as a result of the Share Exchange.

Please refer to "Revision of the Financial Forecasts regarding the Consolidated Fiscal Year" published today for the outlook for the fiscal year ending September 2020.

(Reference) Our forecast for consolidated results for September 2020 (Announced on August 12, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Per share net income
Full year	Millions of yen 11,000	Millions of yen 3,400	Millions of yen 3,405	Millions of yen 1,421	Yen 90.26