

The page features several vertical black bars of varying heights and positions. Three bars are in the top left, three in the middle left, and three in the bottom left. The title is positioned to the right of the middle-left bars.

# Financial Results of the 3rd Quarter of Fiscal Year Ending September 2020

**CHANGE Inc.**  
**Security Code: 3962**

[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.

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)

## Changing Productivity

**Human**      **x**      **Tech**  
(Education & Training)      (NEW-IT)

# Efforts for ESG

- ||| **Our mission of “Productivity Innovation” is to change Japan sustainable.**
- ||| **In considering long-term sustainability, the ESG perspective is essential.**



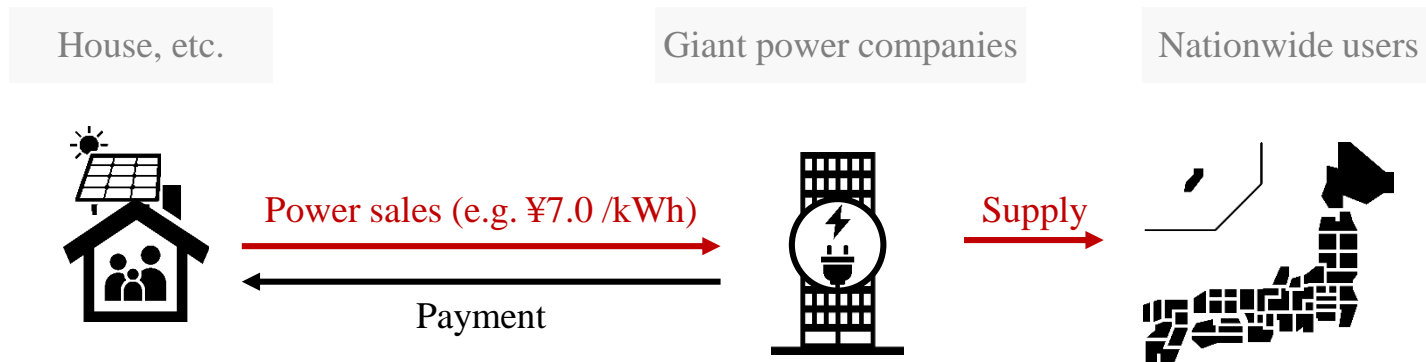
ESG is the very center of the business theme we pursue.  
We will change how to do business so that the business will be sustainable.

# Efforts for ESG

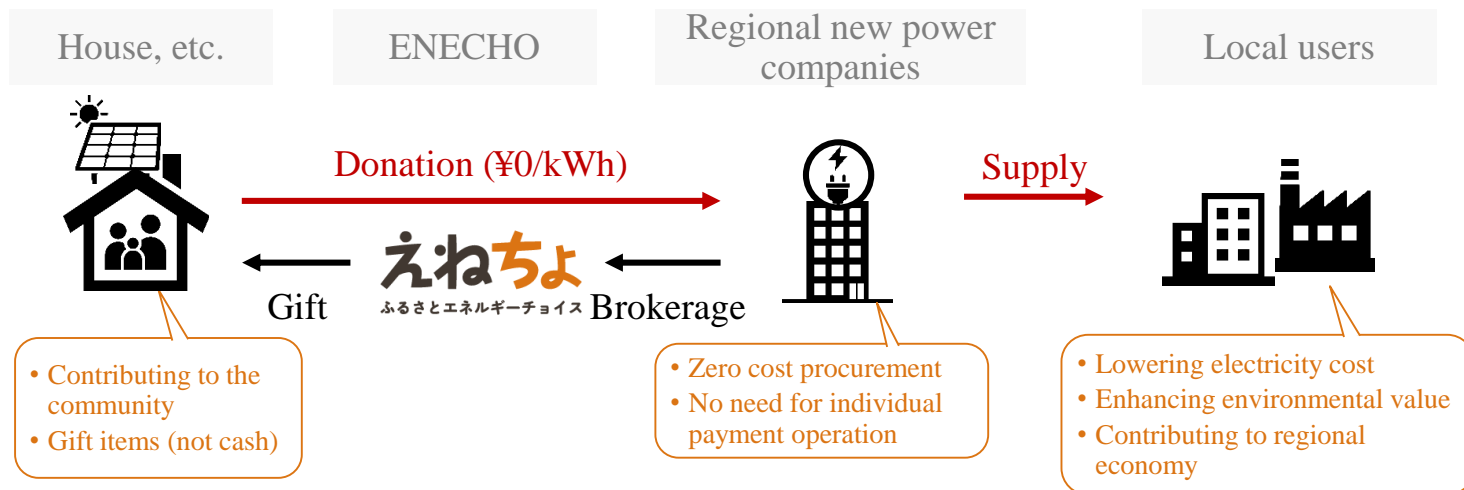
~ [E] Local Production and Local Consumption of Electric Power and Donation of FIT Electric Power ~

||| We provide a system in which people can donate and consume electricity generated and not used in individual houses, such as photovoltaic power.

Usual  
purchase for  
surplus  
electricity



Donation  
through  
“Enecho”  
(energy choice)





# Efforts for ESG

~ [E][S] Crowd-funding through Donations to Solve Community Issues ~

||| We provide frameworks to find solutions for issues in local communities through the power of people's empathy and donations.



||| Local governments become the main body for crowd-funding

||| Creating "projects" for approaching to the issues in local communities

||| More specify the "usage" of donations collected through hometown tax payment system to "projects"

||| A system to collect donations from people who feel empathy to the project

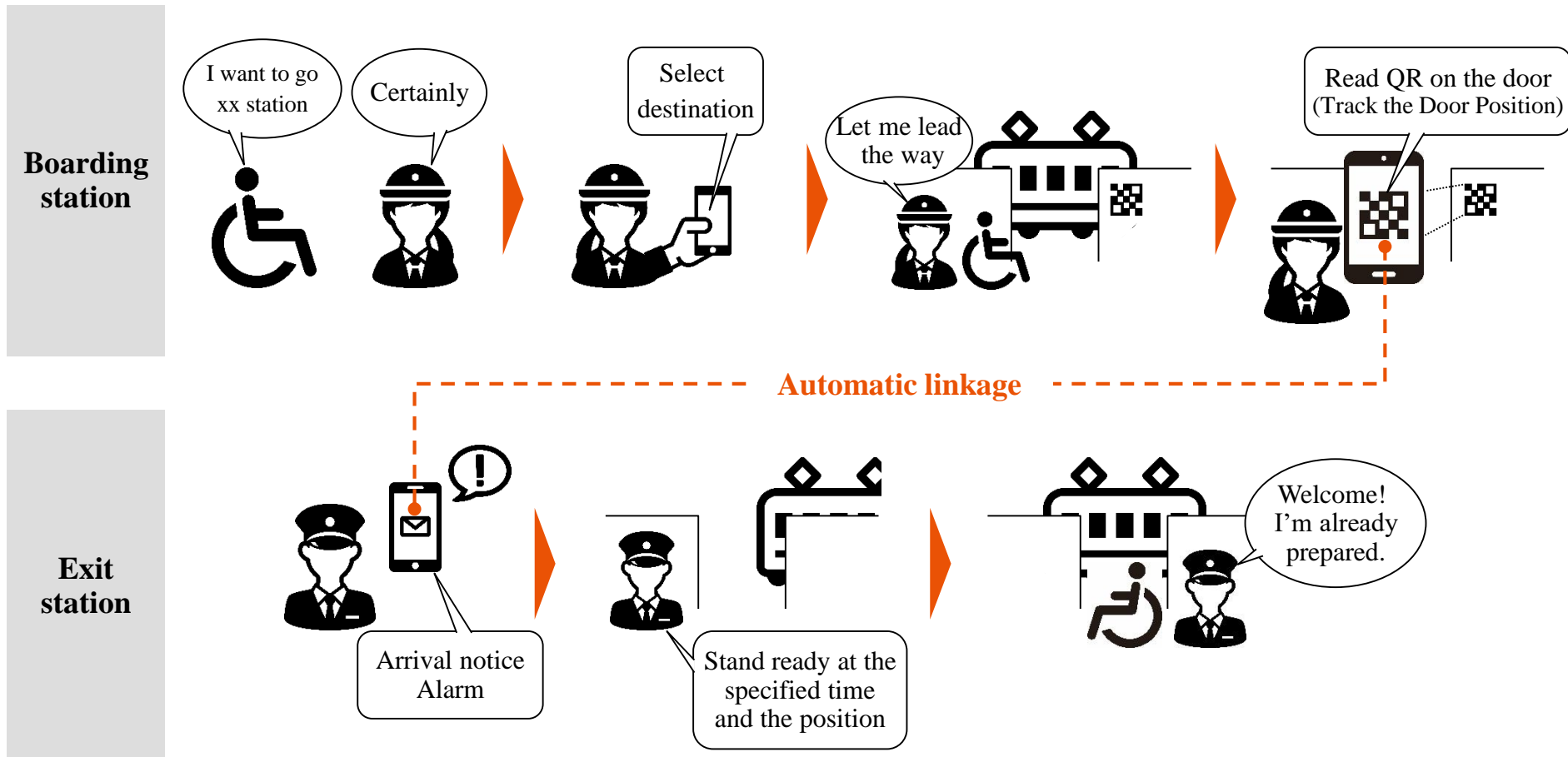
||| Total donations (cumulative) Exceed 7.9 billion yen



# Efforts for ESG

~ [S] Smoothly Assisting Handicapped Passengers Getting On and Off the Train with the “Barrier-free app” ~

- ||| We created the app which streamlines station staff’s assistance for handicapped passengers, enabling their smooth guidance without errors, which had been carried out by phone call in the past.

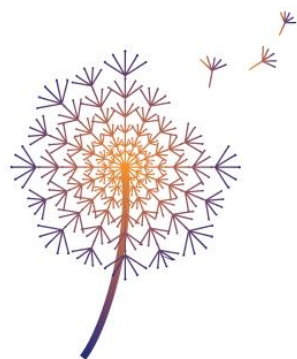




# Efforts for ESG

~ [S] Human resource development and comprehensive regional care in the Super-aging society ~

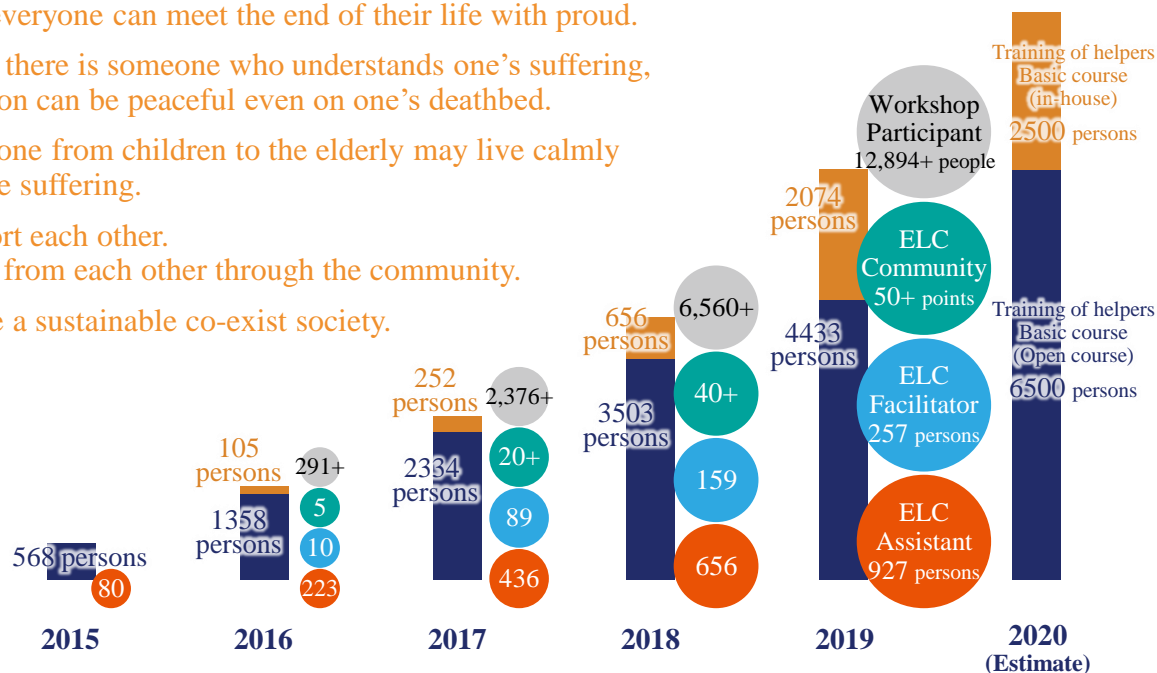
- III In the future, it will be difficult for many elderly people to be on their deathbed in the hospital. So, we will accumulate “nursing” knowledge and human resources doing the service to meet their needs for terminal-care in their homes and nursing care facilities.



一般社団法人  
エンドオブライフ・ケア協会  
End-of-Life Care Association of Japan

What can you do for a person who is on one's deathbed?  
Let's change from feeling awkward to having confidence for end-of-life treatment.

May everyone can feel, “I'm glad I've been alive.”  
May everyone can meet the end of their life with proud.  
When there is someone who understands one's suffering, a person can be peaceful even on one's deathbed.  
Everyone from children to the elderly may live calmly despite suffering.  
Support each other.  
Learn from each other through the community.  
Create a sustainable co-exist society.



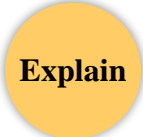

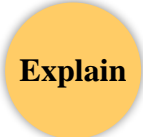



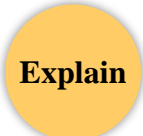

Japan is facing the super-aging society, in which many elderly people are supported by a small number of working-age population. As social resources become ubiquitous and people's bondages in local areas become scarce, more and more people will suffer in obscurity. Consequently, there are limits regarding what traditional social security systems can solve.

In particular, in the face of the suffering of people and their families who have reached the final stage of their lives, various measures have been taken so far, but the current situation is that no drastic solution has been reached. In the future, it will be difficult to be in the hospital until the end, and it will be necessary to be at home or in nursing care facilities. In fact, the number of people who want to stay at home or in nursing care facilities is increasing, but not all hope will come true for the reasons of limited environment and resources. It is expected that there will be an increasing number of working generations who suffer for balancing work and home nursing care, as well as people who are less connected to the local community and have isolation and fears in their individual lives.

# Efforts for ESG

~ [G] Full compliance to the Corporate Governance Code ~

||| In this FY, we will fully satisfy the four pending issues regarding the compliance matter in FY 2019.

	FY2019		FY2020
English Disclosure	     Although we already disclosed some of our financial statements in English, we did not disclose securities reports, convocation notices, or other disclosure documents in English.		We will satisfy the requirements for English disclosure. We will translate and disclose the summary regarding the financial report, securities reports and the convocation notices in English as soon as possible after the release of the Japanese original.
Planning Successor	     We did not prepare a successor plan regarding CEO.		We first describe our requirements (personality, quality, skills, etc.) for the successor before preparing it
Performance-based compensation	     We have not adopted performance-based remuneration.		We will introduce performance-based compensation since FY 2021.
Valuation on the board effectiveness	     We did not regularly analyze and evaluate the board of directors.		We will implement evaluation on effectiveness of the board of directors.

## 3rd Quarter Overview

Future prospects

# The 3rd Quarter Results (Consolidated)

||| Although we revised the forecasts upward in the first half period of this fiscal year, performances of the Group are further growing mainly in the Publi-tech business.

(unit : million yen)	5.12 Revised full-year target (Consolidated)		1-3Q performance (Consolidated)	
	amount	%	amount	%
Net sales	10,500	100.0%	8,762	100.0%
Cost of goods sold	3,674	35.0%	2,604	29.7%
Gross profit	6,825	65.0%	6,157	70.3%
SG&A expenses	4,205	40.1%	2,870	32.8%
└ goodwill among them	374	3.6%	277	3.2%
Operating income	2,619	24.9%	3,286	37.5%
Non-operating income	22	0.2%	24	0.3%
Non-operating expenses	18	0.2%	14	0.2%
Ordinary income	2,623	25.0%	3,296	37.6%
Pre tax income	2,623	25.0%	3,296	37.6%
Coreporate taxes	1,062	10.1%	1,239	14.1%
Net income	1,561	14.9%	2,057	23.5%
Profit attributable to parent shareholders	1,022		1,412	
Profit attributable to uncontrolling shareholders	539		644	
(reference) EBITDA	3,283	31.3%	3,816	43.6%

## Breakdown for business segment

(Reference)  
1<sup>st</sup> Half Cumulative

(unit : million yen)

	NEW-IT Transformation	Investment	Publi-tech	Adjusted
Net sales	1,412	—	4,772	—
└ Sales to customers	1,412	—	4,772	—
└ Between segments	—	—	—	—
Segment profit	263	△10	2,861	△505

1-3Q Cumulative

(unit : million yen)

	NEW-IT Transformation	Investment	Publi-tech	Adjusted
Net sales	2,143	0	6,623	△4
└ Sales to customers	2,138	0	6,623	—
└ Between segments	4	—	—	△4
Segment profit	449	△15	3,648	△796

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

※ Adjustments to segment income are primarily general and administrative expenses related the whom group.

- ||| Regarding NEW-IT, we are rapidly reviewing and upgrading services and customer portfolio(supplemented on the next page).
- ||| Regarding, investment, no EXIT in this quarter.
- ||| Regarding Publi-tech, we are further support local governments for their countermeasures against the Covid-19 (supplemented on next page).

# Supplement to Summary of Activities

~ NEW-IT Transformation Business ~

||| We quickly revised the “winning strategy” prepared before the Covid-19, and the positive results have already begun to arise.

## Review the service systems

### Before the Covid-19 spread

Human resource development  
Hands-on type Workshop

Startup support  
organized by DX

Creation of PJ  
organized by DX  
organizations

- ||| A positive cycle in which trainees of training services become new "buyers" in the customer's organization
- ||| Traditional thick training services of a classroom type with an "entry" function became unavailable.

### After the Covid-19 spread

- ||| Focus on complete online form by digitizing the entire services
- ||| “Introduction” is replaced and enhanced through E-learning and open-type webinars.
- ||| Not starting from DX promotion but we reached customers who are working as an urgent issue to promote remote setting and transformation under the Covid-19.

## Replace Customer Portfolio

### Before the Covid-19 spread

Transportation industry

■ Railway ■ Aircraft

Retail trade

■ Department store ■ Fashion

Commercial

■ General trading company  
■ Wholesaling

Manufacturing industry

■ Automotive  
■ Heavy machine industries  
■ Office equipment ■ Chemicals

### After the Covid-19 spread

Public offices

■ Central Government  
■ Education ■ Local government  
■ Public entities

Finance

■ Life and non-life insurance  
securities ■ Securities

Information and communications

■ SI ■ Telecom carriers  
■ Cloud services

- ||| Focus on industries that maintain comparatively strong investment under the Covid-19, and projects are progressing.

# Supplement to Summary of Activities

## ~ Publi-tech Business ~

### III We support local governments who are committed to responding to the Covid-19 disaster in all directions, including financial, industrial, and business operations.



- Crowd-funding that has been projected more concretely for the “usage” of donations using our “Furusato” (hometown) tax system
- A number of Covid-19-related projects launched nationwide and collected a number of donations.



- Enterprise applications series that can be used through LGWAN, an integrated administrative network for dedicated administrative lines.
- Promoting the prompt transmission, sharing and collecting of information required to respond the Covid-19 and support decision making.

**FASHION  
CHARITY  
PROJECT**

- Furusato (hometown) tax payment donating clothes or bags that users no longer wear or carry
- Commonly known as the “Dan Chari Project” (Decluttering (*Danshari*) + Charity)
- New Furusato tax payment that leads to support local governments through donating disused articles



- Support producers of regional staples which have no way to go because the food-service industry has dropped due to Covid-19.
- More “return gifts” can be received for now by making good use of the subsidy system supported by the Ministry of Agriculture, Forestry and Fisheries.



- Platform services for local governments to manage local currency
- Nishi-Izu city government (Shizuoka) announced that it distributes 10,000 yen of the local currency, “Sunset Coin”, to all citizens.

# Major Topics in the 3rd Quarter

~ Support Customer's DX which Help Promote their Telework Environments to Prepare for the 2nd Wave of the Covid-19 ~

- ||| Taking advantage of the lessons learned when responding to the Covid-19 First Wave, we have packaged a telework environment that meets the requirements of “Secure”, “Simple”, and “BYOD”

## Cloud collaboration

- ||| Stay productive with teamwork, even remotely



## Easy Telework environment

- ||| Use office PCs and virtual desktops securely, even remote from home



## Measures against cyber-attacks

- ||| Protect home PC usage that is vulnerable to attacks



## Data leakage prevention

- ||| Reduce the risk of “absent-minded” leakage in confidential documents



## Non-touching PC deployment

- ||| Complete kitting without touching (zero touch)



## Basic consulting

- ||| Support of environment equipment, security, rules, usage, etc. entirely



※ The logo is a trademark or registered trademark of each company.



# Major Topics in the 3rd Quarter

~ Analyzing Data regarding Telework Productivity ~

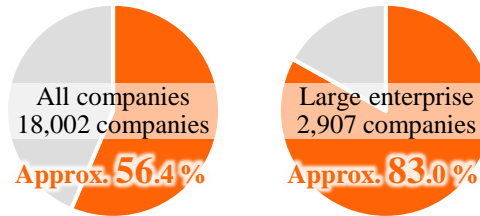
- ||| We originally developed this service for the retail industry, and we renovated and provided them even for telework.

**Rapid  
diffusion of  
Telework**



**Personnel  
and labor  
issues**

## Adoption rate



※Source: Shoko Research 2020.6.16 5th Survey on the Covid-19, "Did you perform telecommuting and remote work?"

- ||| Difficulty in managing employee work status...
- ||| Unable to assess job performance properly...
- Difficulties due to "not be able to see" each other's work are obvious

## Analysis of measurement data regarding productivity

**For Retail  
trade  
(conventional  
service)**

- ||| Compound analysis of POS data and attendance data
- ||| Visualization of individual contribution of gross profit including backyard employees
- ||| Proper recruitment and evaluation of human resources

**For  
Telework  
(newly  
established)**

- ||| Analysis of log data of PCs and internal systems
- ||| Visualization of the content based on the "atmosphere" in the traditional workplace by means of data
- ||| Bringing the problem encountered by employees in unfamiliar telework environment into the open

# Major Topics in the 3rd Quarter

~ Investing in beBit, Inc.~

- ||| We invested in beBit, Inc, which provides DX/UX support for large companies.  
(Announcement on July 27)

# beBit

## Name

||| beBit, Inc

## Businesses

||| UX Intelligence business  
||| UX design consulting  
||| UX Growth Hack support service

## CEO

||| Naoki Endo

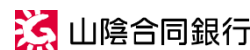
## Address

||| 10th floor of the Shin-Otemachi Building  
2-1,Otemachi 2-chome, Chiyoda-ku, Tokyo

## Foundation

||| March 2000

## Investors (this time) (Unordered)



※ The logo is a trademark or registered trademark of each company.

# Major Topics in the 3rd Quarter

## ~ Aid for Torrential Rain Disasters in July ~

- III Even after the torrential rain disaster that hit various places in July, many donations and cheers gathered at the earliest opportunity.



Furusato Choice's  
support for disasters



- III The “Application Form for Emergency Donation for Disaster” was established in July 4, 2020 to support disaster-stricken areas.
- III Reached to 100 million yen in four days after the start of the application.
- III Total donations exceeded 560 million yen \*as of August 11.
- III 230 million yen or more was donated by proxy donation \*as of August 11.
- III Accepting donations to 62 provinces and cities of Kumamoto, Kagoshima, Miyazaki, Nagasaki, Fukuoka, Oita, Saga, Gifu, Shimane, Nagano and Yamagata \* as of July 30.

### Proxy Donation

- III Proxy donation is the system that greatly reduces the workload of local governments affected by the disaster, and promptly delivers the support of public to the disaster area, by accepting donations on behalf of local governments that are not affected by the disaster.

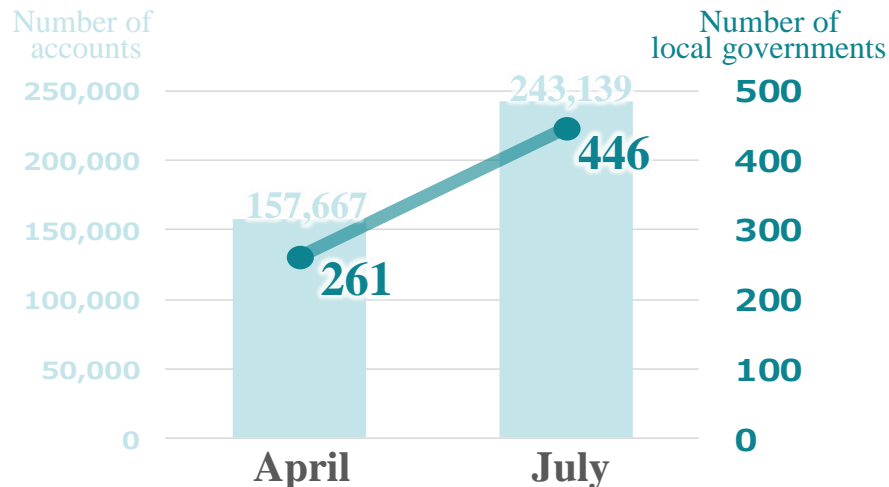
# Major Topics in the 3rd Quarter

## ~ LoGo Series Supporting the Covid-19 Measures ~

||| While local governments are busily working on the Covid-19 measures, digitization is rapidly progressing due to necessity.

### Number of “LoGo Chat” introduced

- ||| Business chat for both LGWAN and the Internet
- ||| Quick and leak-free coverage of extensive information within governmental offices
- ||| Increase response speeds with the shift to teleworking for governmental staff
- ||| It also serves as a platform for sharing knowledge across multiple local governments.
- ||| Work volume reduction equivalent to 98 hours per employee per year. (due to reducing coordination for a series of reports and meetings, and reducing e-mail responses, etc.)



※ Figures are at the end of the month  
※ Include the number of relevant organizations

### “LoGo Form” used for the Covid-19 Measures

- ||| Form tools used for both LGWAN and the Internet
- ||| No knowledge or skills are needed, and staffs can create them quickly and easily
- ||| Forms (= Knowledge) can be shared between multiple local governments
- ||| 71 local governments introduced this Form from the start of our service on March 2 to August 7.
- ||| Many local governments utilize the Form for operations regarding the Covid-19 related 100,000yen subsidy.
- ||| Speed of payment improved through the check functions, etc.



Hamamatsu City  
(Shizuoka) Staff

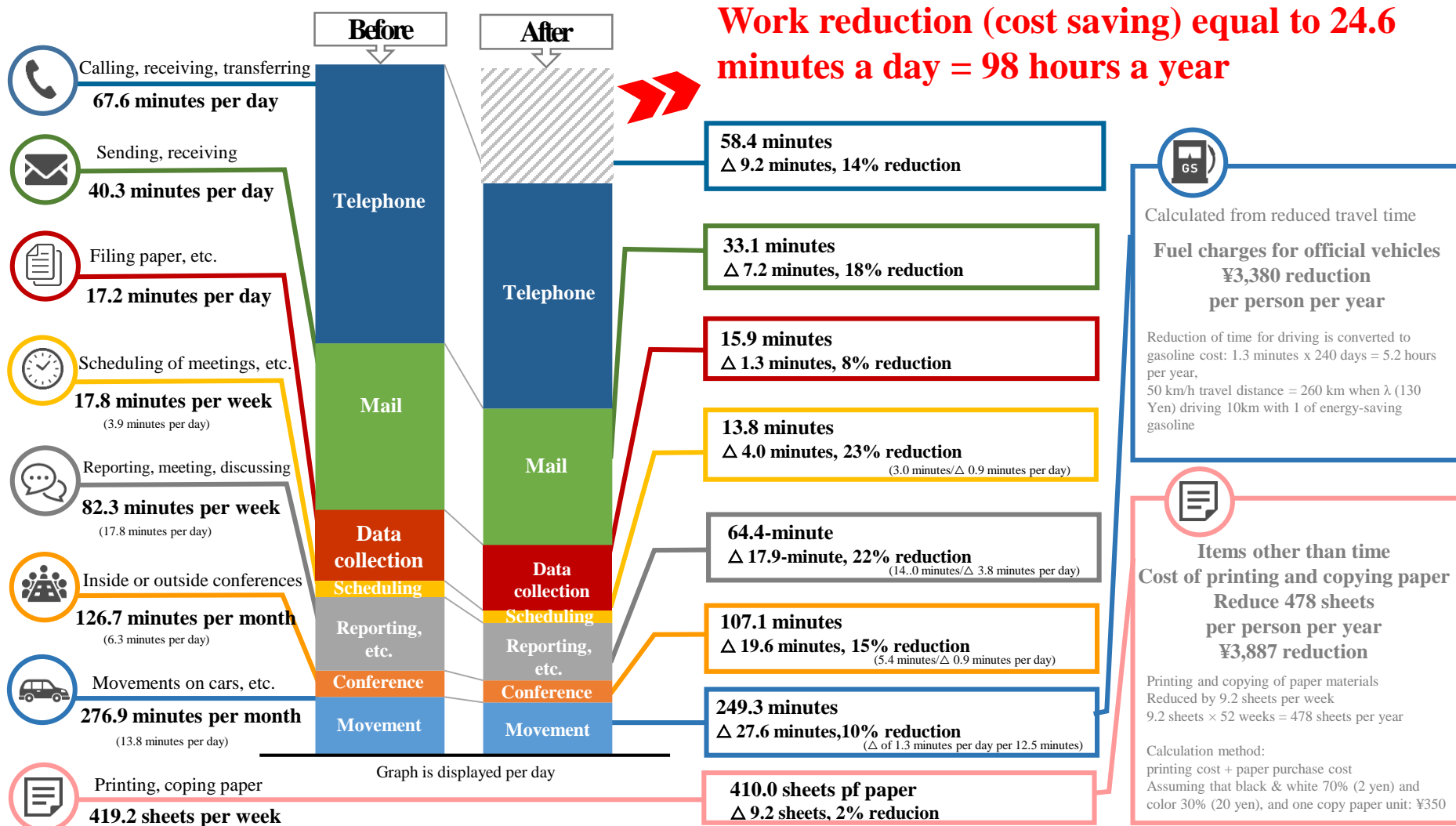
" LoGo Form's agile style has enabled us to release production environments in just four days from the start of construction. LoGo Form enables multiple-entries, so simultaneous inputs of account information from several ward offices have been carried smoothly.

In addition, we were able to reject the input regarding "No one-byte character and lowercase" in the JBA format, which dramatically improved the granularity and accuracy of the transfer data. In addition, the risk of double payments can be reduced by the multiple input check function, and we can enter data safely.

# Major Topics in the 3rd Quarter

## ~ Effects of Cost Saving due to LoGo Chat ~

||| We conducted a survey on approximately 1,300 local government employees. Amid they are extremely with the Covid-19 measures, we can see that they select LoGo Chat as a truly effective NEW-IT solution.



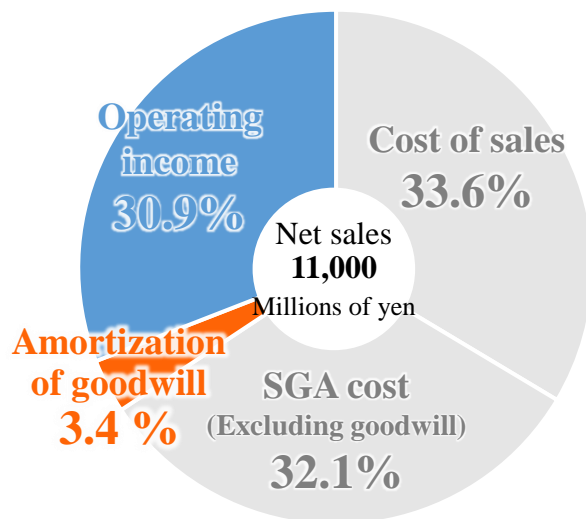


# Major Topics in the 3rd Quarter

## ~ Progress in Preparation for Transition to IFRS ~

- ||| We made further progress in transition to IFRS which we started preparation since we adopted the consolidation in December 2018.
- ||| We will prepare securities reports for financial results of the fiscal year ending September 2020 in accordance with IFRS at the earliest.

### Profit/sales ratio



※ Calculated based on the revised target later to be explained

### Initial purpose for adopting IFRS

- ||| To mitigate the impact of goodwill amortization
- ||| In order to make it easier to select M&A as an effective management tool in the future
- ||| As part of our efforts to enhance IR for overseas investors

➔ **In the current environment where we more advanced our operations, the shift to IFRS is more important.**

# Other Topics in the 3rd Quarter ~ CHANGE ~

||| We quickly reviewed our services in order to respond to the urgent challenges of customers.

## April to Jun. 2020 (3Q)

- ||| 04.06 We developed and provided the application dedicated for Tokyo Metro Co., Ltd. for sharing information during an emergency.
- ||| 04.08 Reacting to the COVID-19 emergency declaration by the government, we started to provide the "telework start-up integrated package" for companies who are at an early stage for adopting telework systems.
- ||| 04.16 We started providing solutions of full online shift for training sessions by companies.
- ||| 04.22 We officially started selling the "StructionSite", or the 360 degrees image solution to promote DX for construction companies, which is titled ~ Special free trial of this product as a measure for preventing infection by the COVID-19 ~.
- ||| 04.28 We started providing online training for companies that continue closure after May due to the COVID-19.
- ||| 05.11 We recommend the "Zero Touch Kitting", a non-contact type PC deployment method, to promote telework and protect employees.
- ||| 05.14 We were designated by the IPAS to make research of the "diffusion of DX use case and improvement of DX promotion model" and released the results.
- ||| 05.27 We allied with TrustBank to promote the digitization of administration by using Blockhive and knowhow of Estonia (the electronic nation).
- ||| 05.28 We reported the progress of the Group's business development toward the realization of the Super City.
- ||| 06.01 We announced the extension of the available period for shareholder benefits.
- ||| 06.02 We began to provide the E-learning named "basics of learning 5G for the first time" that can be learned in a short-term intensive manner.  
~ Expansion of E-learning content to promote understanding of digital utilization in businesses ~
- ||| 06.04 We launched the "DX human resource development system consulting package" to build a DX human resources in a short period of time.
- ||| 06.19 Key points of DX-based telework environments that support the way we work after/with Covid-19 in preparation for the second wave  
~ We provide a secure telework environment in one-stop manner from now to after-sales. You are not late ~.
- ||| 06.24 We start data analysis service for productivity-measurement in telework.

## From July 2020

- ||| 07.14 We announced share splits and a partial amendment to the Articles of Incorporation and the Shareholder Benefit System.
- ||| 07.27 We invested in beBit, Inc. which has an overwhelming strength in the UX design consulting market.



# Other Topics in the 3rd Quarter ~ TRUSTBANK ~

## ||| As the effects of the Covid-19 infection spread, we keep on providing supports for local governments and local industries.

### April to Jun 2020 (3Q)

- ||| 04.13 200 local governments (amounting to 100,000 accounts) have adopted the “LoGo Chat”, our chat system using the LGWAN dedicated for them.
- ||| 04.21 The Fukaya city government in Saitama Prefecture announced the cost saving effect is about 44 hours a year per an employee by adopting the “LoGo Chat”.
- ||| 04.27 Regarding the Hokkaido government’s fund-raising for regional medical care related to the COVID-19 through our hometown tax (donation) payment system (hereinafter, the “Furusato Choice System”), they succeeded in raising ¥50 million (the goal) only in a day.
- ||| 04.28 We started a campaign in which we would give JTB travel tickets equivalent to yen10,000 to 100 persons who would be chosen by drawing when they “stay home” during the Golden Week.
- ||| 04.29 We urgently held a free online hometown tax seminar for the first time since we started the Furusato Choice.
- ||| 04.30 We launched the “wide area allied local governments cloud funding” using the Furusato Choice System.
- ||| 04.30 We broadcasted live programs through the “Furusato Choice Cannel”, our official Youtube channel from May 1 for 5 consecutive days.
- ||| 05.01 We started the new initiative to support major industries that are affected of the COVI-19 through the Furusato Choice System.
- ||| 05.01 We started the “Kizuna (bonds of people) PJ connected by Matsuzaka Beef” to protect livestock farmers and brands affected by the COVID-19 in Taki-cho in Mie Prefecture through the Furusato Choice System.
- ||| 05.01 We started services for supporting local restaurant measures and other economic measures taken by the Fukaya city government in Saitama Prefecture to prevent expansion of the COVID-19.
- ||| 05.01 The Kamakura city government in Kanagawa Prefecture started fund-raising of ¥10 million to support regional industries affected by the COVID-19 through the Furusato Choice.
- ||| 05.01 The Takashima city government in Shiga Prefecture started the project for sharing rice in accordance with their win (buyer)-win (seller)-win (local community) culture.
- ||| 05.01 We completed registration for starting electricity retailer business with the Ministry of Economy, Trade and Industry.
- ||| 05.07 The Sakaimachi town government in Ibaraki Prefecture and Gigi are developing a nationwide project to “convert local restaurants” into restaurants for children by utilizing the Furusato Choice System.
- ||| 05.08 We, the Committee to realize donating the COVID-19-related subsidy of ¥100,000, public resources, and Yahoo Japan opened special websites to search the place to which people donate their money.
- ||| 05.15 The Kanagawa prefecture government started to accept donation through the Furusato Choice System for support for workers engaged in healthcare, elderlcare, and well-being and volunteer groups working on the forefront against the Covid-19.
- ||| 05.18 The Nishi-Izu cho government in Shizuoka Prefecture started to distribute regional currencies to all citizens and local businesses affected by Covid-19 as financial support measures.
- ||| 05.21 The Shizuoka prefecture government started to accept donation for support for workers engaged in healthcare, elderlcare and welfare.
- ||| 05.26 The Hamamatsu city government in Shizuoka Prefecture succeeded in efficient transfer of subsidy(¥100,000) to all citizens by using our LoGo Form, a tool for creating document form.
- ||| 05.26 Nationwide local government officials participated in the “TrustBank Academia”.
- ||| 05.27 We allied with Blockhive which is promoting GovTech and Estonia (E-Nation) to promote the digitization of administration using their know-how.
- ||| 05.29 We launched the “Niihama Akagane Point”, digital money that can be used in local member stores in Niihama City in Ehime Prefecture.

# Other Topics in the 3rd Quarter ~ TRUSTBANK ~

## III (continued)

### April to Jun 2020 (3Q)

- III 06.01 300 local governments have adopted the “LoGo Chat”, our chat system using the LGWAN dedicated for them.
- III 06.02 We and JA Group expanded the primary industry support project affected by the Covid-19 and launched the second campaign.
- III 06.04 The total of donations of the Covid-19 related subsidy and other donations related to countermeasures against the Covid-19 reached ¥100 million.
- III 06.04 We began the fashion charity project and services in which people can donate in-kind (other than money) to local government working for Covid-19 prevention.
- III 06.09 The Maibara city government in Shiga Prefecture started fund-raising to support the Covid-19 countermeasure project by utilizing our Furusato Choice System
- III 06.12 We started receiving an application for a new gift from Higashikawa -cho government in Hokkaido named the “Luxurious gourmet gift consisting of Higashikawa rice and grilled eels”, an irregular collaboration between the North and South.
- III 06.15 The Kamakura city government in Kanagawa Prefecture attained ¥10 million funding through the Furusato Choice for support for Covid-19 affected businesses.
- III 06.15 The Hanman city government in Osaka released a special page about the “return list thanks to collaboration” to support businesses affected by Covid-19.
- III 06.23 We announced questionnaires whether interested in living in local areas. 56% of 1000 males and females in their 20’s or higher in Tokyo area surveyed :“interested.”
- III 06.24 The Nishi Izu cho government in Shizuoka Prefecture announced support by using the digital regional currency “Sunset Coin” for economic revitalization in collaboration with the “My Number Point” business
- III 06.25 Regarding the Covid-19 related subsidy donation project, we decided individuals, companies, and organizations who helped collecting ¥100 million.
- III 06.30 Awa City and Yoshinogawa city governments in Tokushima Prefecture began accepting hometown tax payment for returning the “Shine Muscats” raised by high school students as the “common gift” for the first time.

### From July 2020

- III 07.01 Regarding the Covid-19 related subsidy donation project, we began the second public invitation for support in four areas, including the medical care, small and medium-sized businesses, etc.
- III 07.03 The Hokkaido government begins raising ¥100 million to protect Hokkaido’s cultural, arts, and entertainment activities by using the Furusato Choice System.
- III 07.04 Through the Furusato Choice Disaster Support, we began accepting donations for the Kumamoto and Kagoshima Prefectures’ heavy rain disasters in 2020.
- III 07.07 The Furusato Choice Disaster Support reached ¥100 million related to the above Kumamoto and Kagoshima heavy rain disasters.
- III 07.07 400 local governments have adopted the “LoGo Chat”, our chat system using the LGWAN dedicated for them.
- III 07.07 Natural Lawson launched the “Travel Aid” project to support local agricultural producers affected by the Covid-19.
- III 07.14 Our Furusato Choice Disaster Support through Furusato Choice System exceeded ¥300 for the heavy rain disasters which occurred in Kyushu in July.
- III 07.22 We launched the “Niconico (smiling) yale products” project to support agricultural producers in areas affected by the Covid-19.
- III 07.29 The LoGo Chat calculated the effect of cost saving equal to 98 hours per employee per year [Survey from approximately 1300 local government employees].
- III 07.30 Our Furusato Choice Disaster Support through Furusato Choice System exceeded ¥500 for the heavy rain disasters which occurred in Kyushu in July
- III 07.31 The Fukaya city government in Saitama Prefecture adopted “Chiica”, digital currency for local areas, to support families having small children.

# [Reference] Status of the IPO Acceleration Program

||| We announced on July 27 that we invested in beBit, Inc.

Investment portfolio	Time	Main Businesses and Services	Main purpose	Trend after investment
<b>Headwaters</b>	<b>2018.4</b>	Providing applications for humanoids, building AI platforms for communication robots, and providing solutions coordinated with smartphones and IoT devices	Providing new services (integrating this and our knowhows) and doing joint marketing activities	We continue to hold.
<b>Voistart</b> ※ Joint ownership with Mitsui & Co., Ltd. Creation of a new company	<b>2018.7</b>	Developing and providing services based on AI (smart) speakers especially for senior people (supporting their daily lives and communications with their family and community)	Proving and developing services and businesses (integrating this and our knowhows) and creating a synergy in public and regional revitalization	2019.9 we recognized the valuation loss in Sept.2019. We continue to support
<b>AI CROSS</b> (formerly AOS Mobile)	<b>2018.7</b>	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)
<b>GAUSS</b>	<b>2019.7</b>	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.
<b>Aeronext</b>	<b>2019.8</b>	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.
<b>New</b> <b>beBit</b>	<b>2020.6</b>	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 this and our knowhows) and doing joint marketing activities	We continue to hold.

## 3rd Quarter Overview

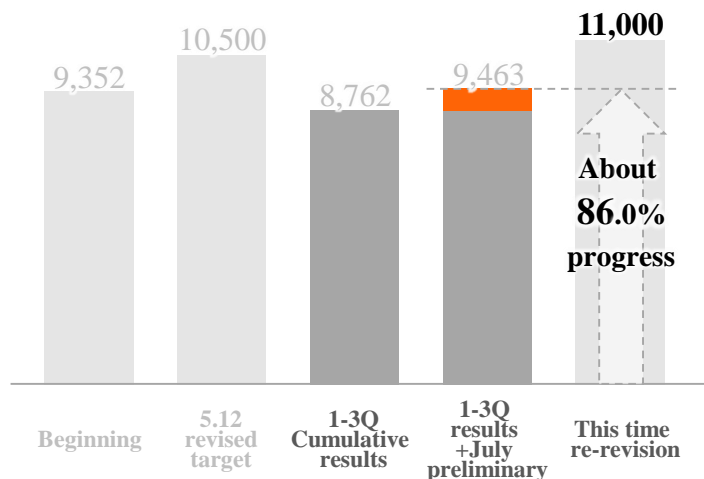
## Prospects

# Basic Thought for Revising Forecasts for the Fiscal Year Ending September 2020

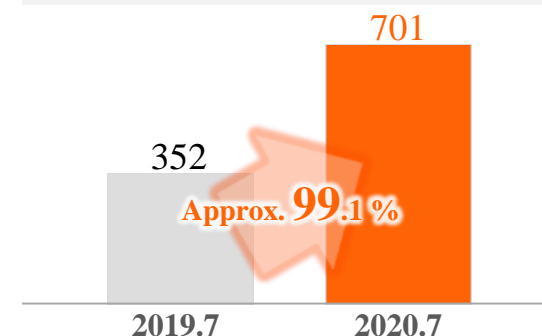
- ||| We are confident that we will achieve the mid-term business plan\* ahead of schedule due to significant improvements in the monthly figures in July. (\*Operating income base)
- ||| Regarding this 3<sup>rd</sup> time revision this year, we conservatively revised it to be achievable within the remaining period in this fiscal year.

## Net sales

※ Millions of yen

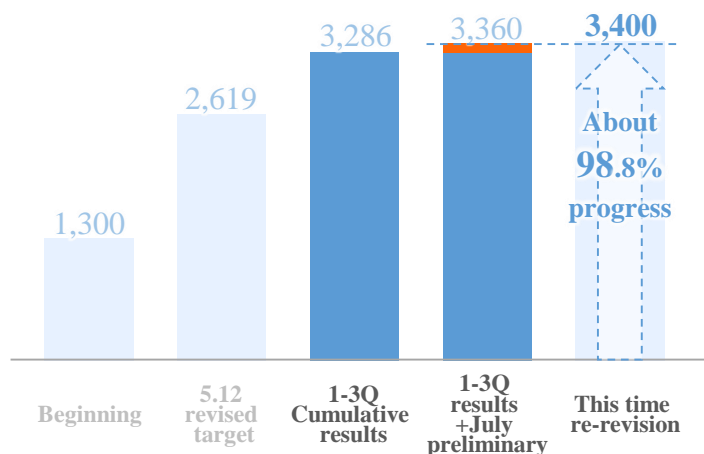


## July Monthly\*Preliminary Report



## Operating income

※ Millions of yen



## July Monthly\*Preliminary Report



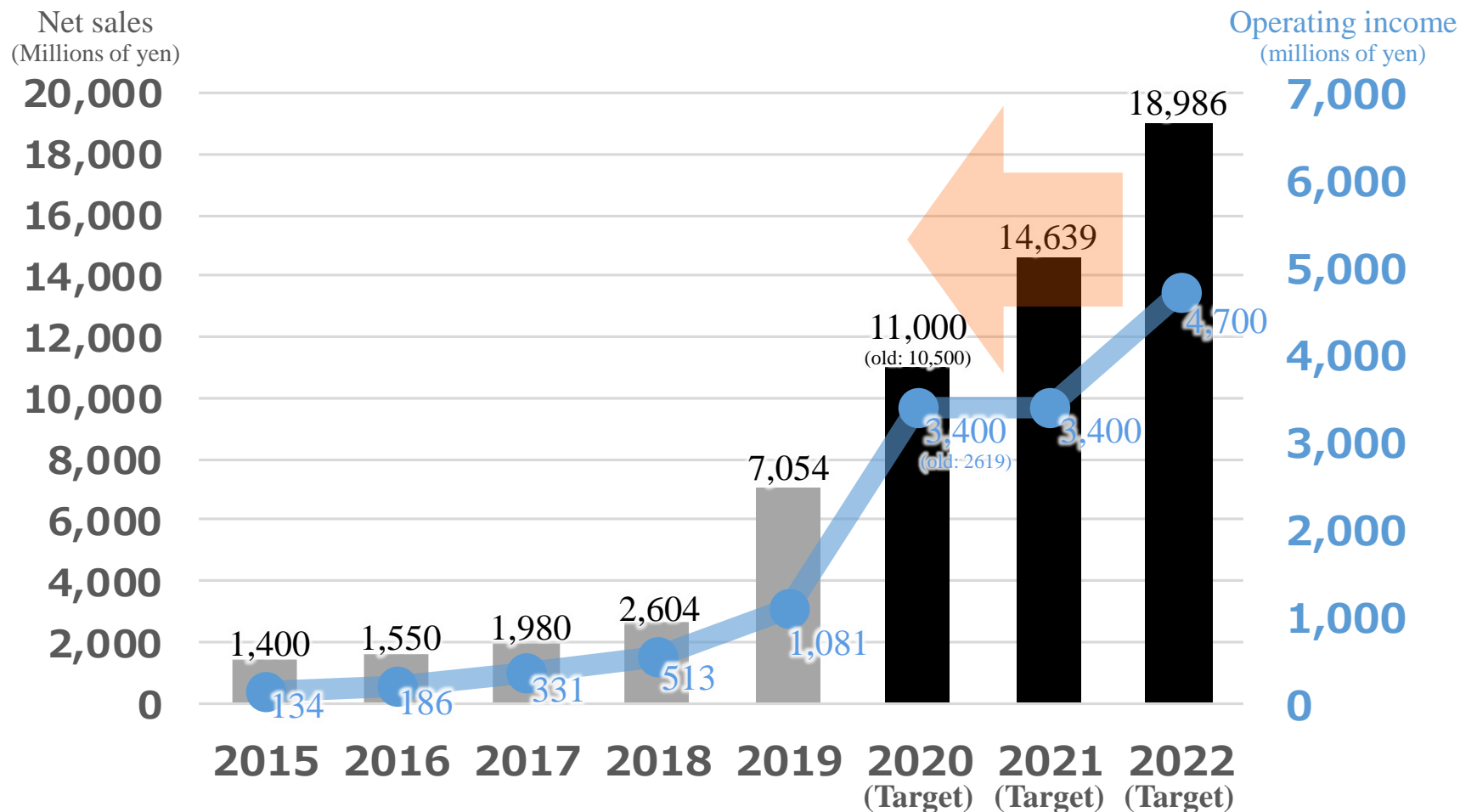
# After-revised Target for the Fiscal Year Ending September 2020

||| We revised the target as follows:

(unit : million yen)	FY09/2020 Initial target (consolidation)		5.12 revised target (Consolidated)		This time revised target (Consolidated)		This time increase (decrease) from 5.12	Change in %
	amount	%	amount	%	amount	%		
Net sales	9,352	100.0%	10,500	100.0%	11,000	100.0%	500	4.8%
Cost of goods sold	3,640	38.9%	3,674	35.0%	3,694	33.6%	20	0.5%
Gross profit	5,711	61.1%	6,825	65.0%	7,305	66.4%	479	7.0%
SG&A expenses	4,411	47.2%	4,205	40.1%	3,905	35.5%	△300	△7.1%
└goodwill among them	362	3.9%	374	3.6%	374	3.4%	0	0.0%
Operating income	1,300	13.9%	2,619	24.9%	3,400	30.9%	780	29.8%
Non-operating income	0	0.0%	22	0.2%	24	0.2%	1	7.7%
Non-operating expenses	18	0.2%	18	0.2%	19	0.2%	0	4.3%
Ordinary income	1,281	13.7%	2,623	25.0%	3,405	31.0%	781	29.8%
Pre tax income	1,281	13.7%	2,623	25.0%	3,405	31.0%	781	29.8%
Corporate taxes	558	6.0%	1,062	10.1%	1,322	12.0%	259	24.5%
Net income	723	7.7%	1,561	14.9%	2,082	18.9%	521	33.4%
Profit attributable to parent shareholders	520		1,022		1,421		399	39.1%
Profit attributable to uncontrolling shareholders	203		539		661		122	22.7%
(reference) EBITDA	1,942	20.8%	3,283	31.3%	4,076	37.1%	792	24.1%

# Progress of the Medium-Term Business Plan

- ||| We will achieve the target one year ahead of schedule on operating income level.
- ||| We will consider revising the medium-term business plan at the time for preparing the fiscal year ending September 2020.



N.B.: TrustBanks made a full contribution from the 2020.9 period



# TRUSTBANK Became Our Wholly-owned Subsidiary

- ||| **The Board of Directors decided to organize TrustBank as the wholly-owned subsidiary through a share exchange in order to accelerate the growth of Publi-tech business (\*subject to the approval of extraordinary shareholders meetings of both companies).**

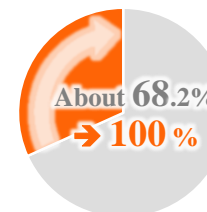


Decrease of EPS due to new issue of shares

Increase of EPS due to the increase in profit attributable to owners of parent



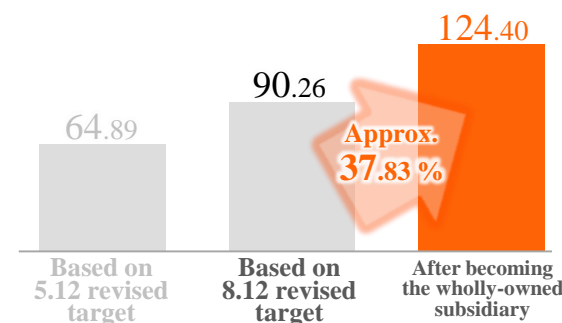
Approx.  
5.93 %



Approx.  
46.51 %

- ||| Current ownership of voting rights is 70.23%.
- ||| Steady progress in business expansion through collaboration of two companies
- ||| By making TrustBank a wholly-owned subsidiary, we will further improve the agility and flexibility of the Group's management structure and realize sustainable business growth and enhancement of corporate value.
- ||| We eliminated the deduction of non-controlling interests in our consolidated results and will contribute to the improvement of consolidated net income from the next fiscal year.
- ||| We requested SBI SECURITIES CO., LTD., an independent third-party calculation institution, to calculate the share exchange ratio.

Total impact on EPS

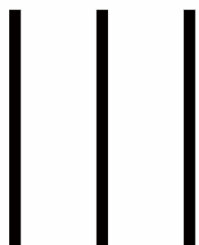
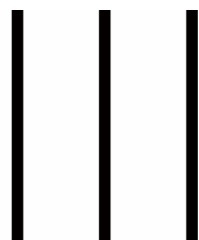


Approx.  
37.83 %

- ※ EPS = Profit attributable to owners of parent / number of shares
- ※ Profit is estimated by applying the revised forecasts for FY2020 announced on May 12 and this time.
- ※ The number of shares is calculated by applying the weighted-average number of shares (after deducting treasury shares) for FY2020 estimated on the above days when we revised financial forecasts.
- ※ The current percentage of profit attributable to owners of the parent does not match the simple percentage of shareholding due to the attribution of costs related to the acquisition of shares of TrustBank.

# Disclaimer

- ||| *Any forecasts, estimates, etc. in the future appearing on this material were decided by us based on available information when we prepared this material, so they may be uncertain.*
- ||| *Actual performances in the future may depend on various factors, so they may largely differ from any forecasts, etc. herein.*



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