

Fiscal Year Ended June 30, 2020 (FY2020)

# **FY2020 Results**

# **Briefing Material and**

# **Business Plan**

---

August 11, 2020

HOPE, INC.

[6195]

## Corporate Philosophy

Providing new value to citizens through local governments, and promoting growth of the company and its people

<b>Company name</b>	HOPE, INC.	
<b>Established</b>	February 2005 (fiscal year-end: June)	
<b>Representative</b>	Takayasu Tokitsu, CEO	
<b>Securities code</b>	6195 (listed on the TSE-Mothers/FSE Q-Board on June 15, 2016)	
<b>Employees</b>	167 (as of the end of June 2020, including temporary employees)	
<b>Business</b>	Services created specifically for local governments (Advertising Business, Energy Business, Media Business)	
<b>Head office</b>	MG Yakuin Building 1-14-5, Yakuin, Chuo-ku, Fukuoka, Japan	
<b>History</b>	Feb. 2005   Founded	Aug. 2014   Started B-to-G marketing business
	Jun. 2006   Launched Smart Resource service	Jun. 2016   Listed on TSE-Mothers and FSE Q-Board
	Sep. 2013   Launched Smart Creation Service "Machilet"	Dec. 2017   Issued the first edition of "Jichitai Works"
	Jul. 2014   Launched "Machihiro," an app that connects local governments and local residents	Mar. 2018   Registered as an electricity retailer and launched "GENEWAT"
		May 2020   Started Jichitai Works HAXSH

- The impact of COVID-19 is negligible and there are no significant problems concerning the continuation of business operations.

## Responses to COVID-19

### ■ Started a COVID-19 Response Team

Monitors health of employees and makes preparations for responses to outbreaks.

### ■ Established a teleworking infrastructure

Created an environment that facilitates teleworking for a broad range of tasks.

### ■ Online activities and no outings for business

As a rule, the internet is used for all meetings with people outside the company.

---

## Effect on business operations

### ■ Advertising/Media Business

No significant effect at this time, but some companies may start to reduce their advertising activities. There is also a risk that financial difficulties at advertisers may delay payments for some receivables or make it impossible to collect some receivables.

### ■ Energy Business

This business sells electricity to facilities operated by local governments. There may be declines in sales and the cost of sales, although not substantial, resulting from a smaller amount of electricity purchased for elementary schools and other schools that are closed because of the COVID-19 crisis.

**I . Business Profile**

**II . FY2020 Financial Highlights**

**III . FY2021 Outlook**

**IV . Medium-term Management Plan  
[HOPE NEXT 3]**

**V . Appendices**

# I. Business Profile

## Advertising Business

### Smart Resource Service

Ads in public info publications,  
banner ads, etc.

### Smart Creation Service



## Energy Business

**GENEWAT**

## Media Business

**ジチタイワークス**  
Jichitai Works

Jichitai Works  
**HA×SHI**

B-to-G Marketing

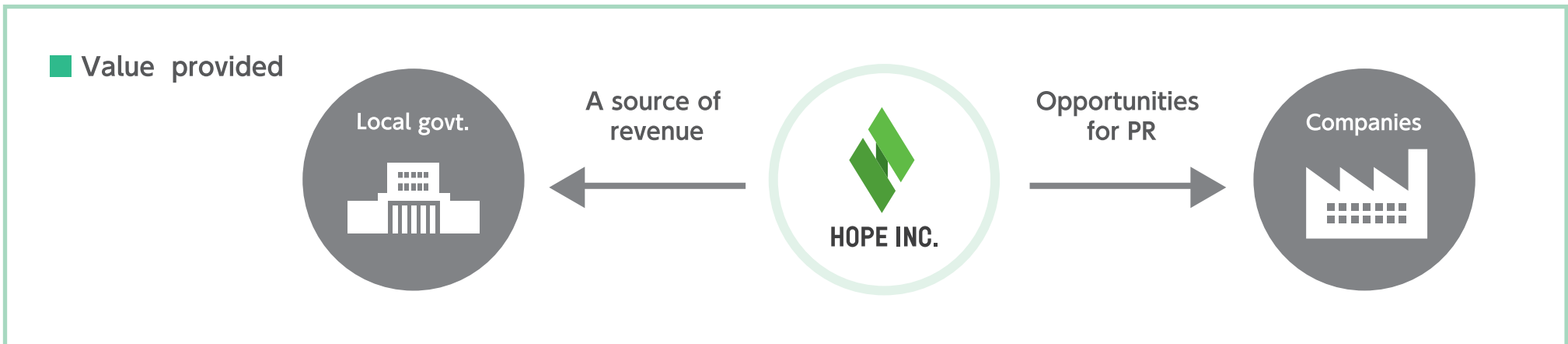


**マチイロ**  
Machihiro

\*Beginning with FY2020, Machihiro has been moved from the media segment to others.

## Corporate Philosophy

### Providing new value to citizens through local governments





Local governments sell ad space in their publications

# A new source of revenue for local governments

## Business model



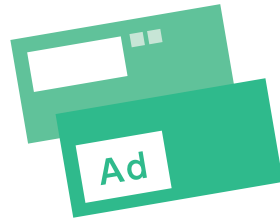
## Examples of media



Public info publications



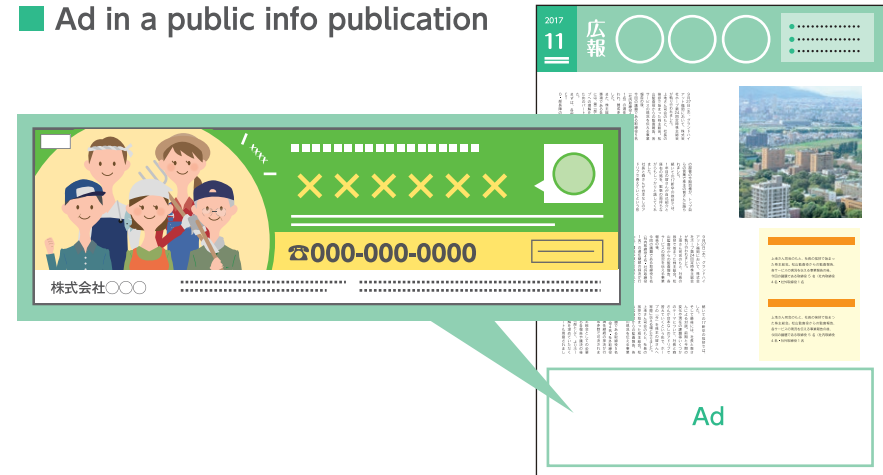
Website banner



Payslips for local governments employees

Others

## Ad in a public info publication



Production and supply of local governments pamphlets for various fields with space for ads

Free joint production of pamphlets with even more useful info

Business model



Examples of pamphlets

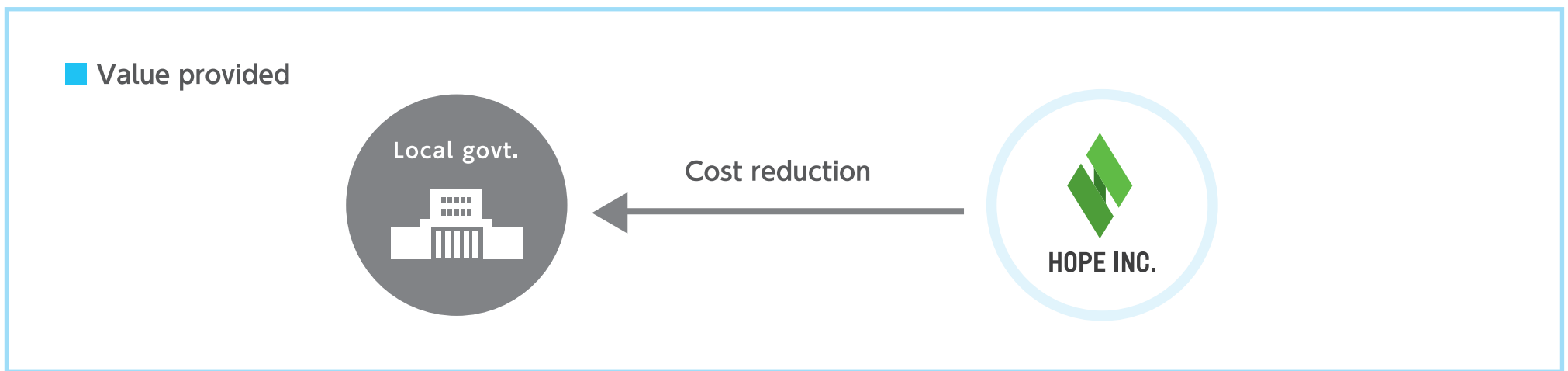
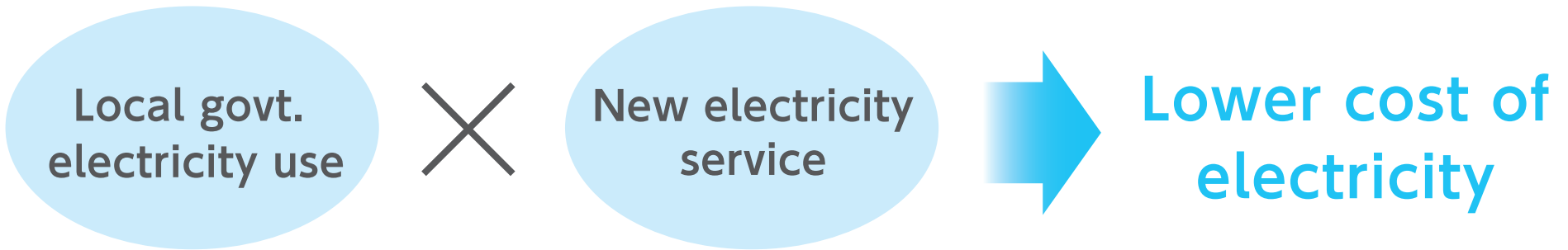


Ad in a pamphlet (child care information)



Corporate Philosophy

Providing new value to citizens through local governments

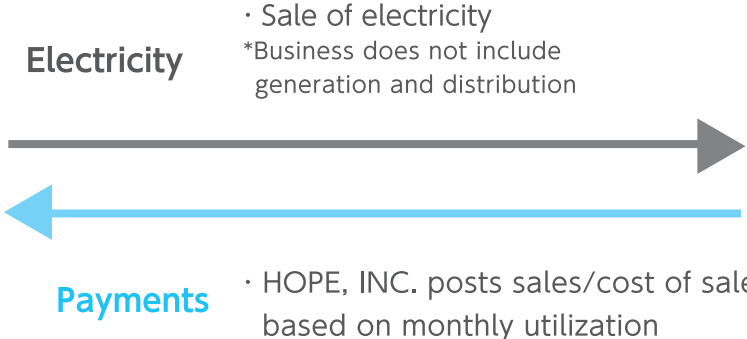


## Start of the electricity sales business

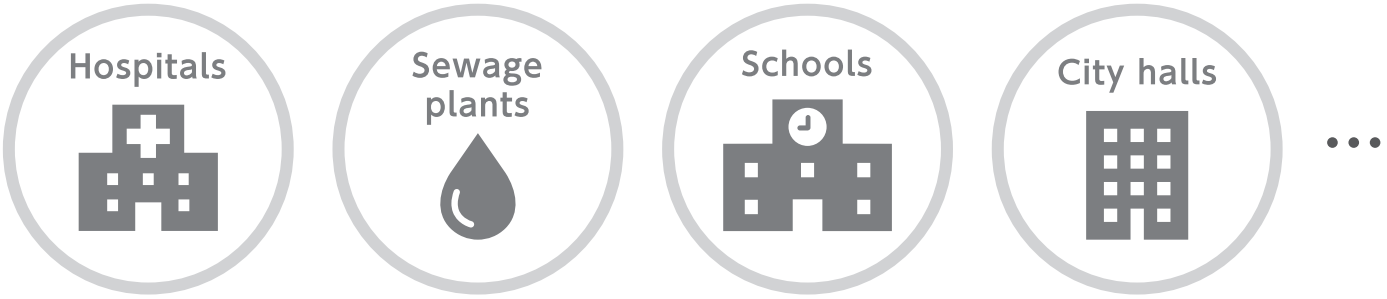


GENEWAT uses the new perception of “electricity as a generic product” for supplying electricity at a lower price in order to help local governments reduce costs.

### Business model



### GENEWAT users (mainly local governments)



Corporate Philosophy

Providing new value to citizens through local governments



A govt. magazine with new info and ideas

自治体ワークス

Jichitai Works

A HOPE, INC. publication with useful info and ideas relating for jobs for local governments employees



Issued four times every year (Standard editions)

1 One of the largest circulations in Japan

A comprehensive info magazine for local governments employees; circulation of up to 70,000, one of the largest in Japan

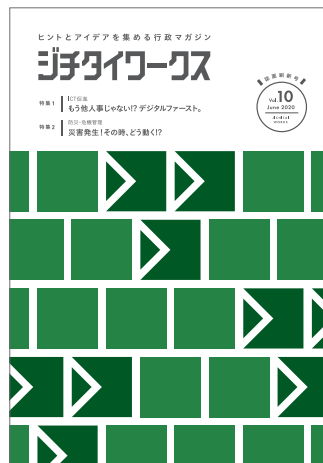
2 Extensive coverage

Distributed at no charge to 1,788 municipalities and all 47 prefectural governments

3 Upgrading sharing of knowledge

Magazines include examples of innovative ideas, a variety of know-how and other content for improving governments services throughout Japan

Major redesign starting with Vol. 10



Contains two feature sections for ways to solve social issues and local governments issues while retaining the original concept of functioning as a governments services magazine with many useful info and ideas

Issued as needed



(Topic-specific editions)

Highly specialized content for a specific subject



(Special editions)

Each special edition has a single advertiser and all content involves the advertiser's products and services

# A joint assistance platform for local governments and companies



Companies providing services

Register their own services

Sharing of information of person who downloaded their documents

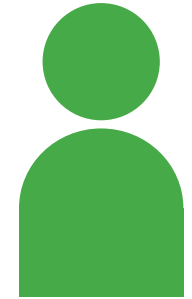
Payment of fees



Service searches and examinations

Download documents about services of interest

Register contact and other information



Local governments personnel

Collaboration with local governments creates new opportunities

Solve problems by using private-sector services

Market need survey and sales services for local governments

## Leveraging our relationships with local governments

Support for companies with products and services for local governments



### Contracted Services

- Direct marketing telemarketing
  - ..... 100 municipalities x 18 times, 150, 80, 61 municipalities x 1 time
- Distribution of marketing materials
  - ..... 1,741 municipalities
- Distribution of e-magazines
  - ..... 500 municipalities x 2 times

- Employee communication tool sales agent
  - ..... 764 municipalities
- Sales agent for educational materials and tools
  - ..... 332 municipalities



# An app linking local governments and residents



- Nationwide local governments public info publications
- Sends the latest info from the registered local governments
- Content for local governments and regions



578,674 cumulative downloads

905 cumulative local governments contracts

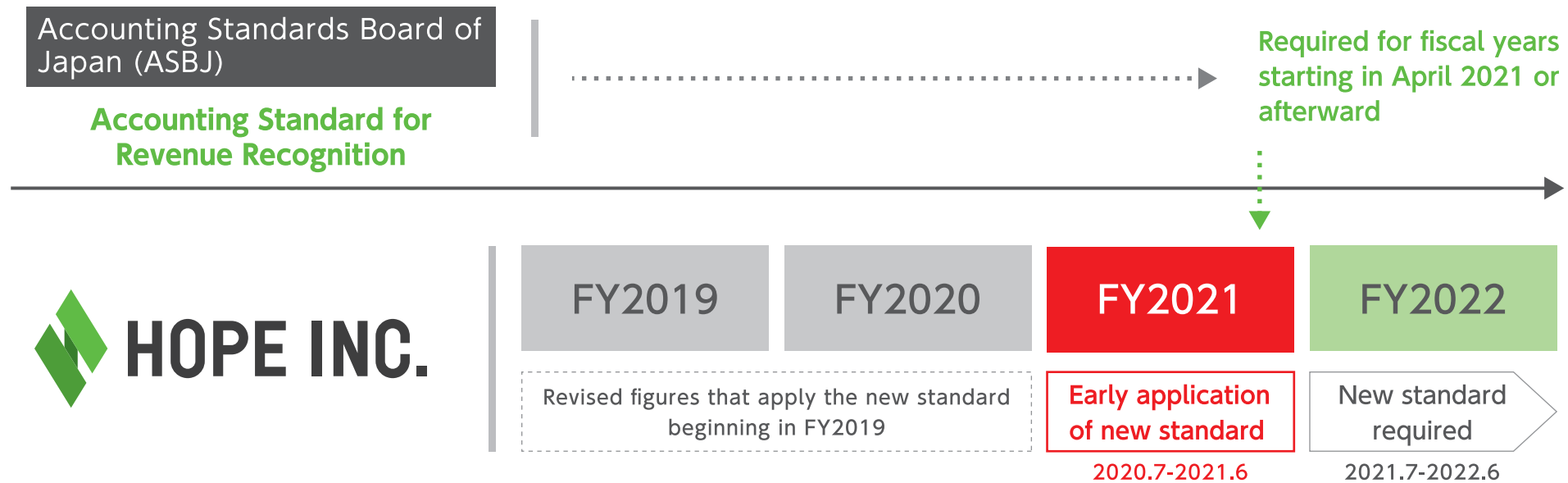
Local governments share of about



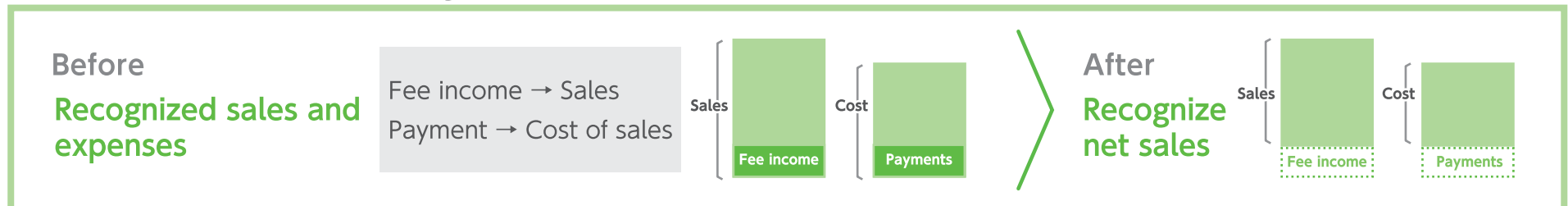
\*Machihiro screen sample

## II. FY2020 Financial Highlights

- Netting of feed-in tariff revenue will become mandatory in FY2022 due to a change in accounting standard. HOPE, INC. is applying this new standard in **FY2021, one year earlier than required.**
- To facilitate prior-year comparisons, financial data will be revised as if this new standard had been used beginning in FY2019.



## Revision of the accounting standard



## FY2020 Results

Sales were up more than 200% and surpassed ¥10 billion.  
All-time high earnings

Net sales  
**¥12,470** million\*1  
(up 241.2% YoY)

Operating profit  
**¥1,020** million  
(¥87 million in FY2019)

## Advertising Business

Sales down due to measures to achieve the proper size of this business but segment profit increased

Net sales  
**¥1,987** million (down 15.3% YoY)

Segment profit  
**¥314** million (up 10.7% YoY)

## Energy Business

Larger than planned earnings growth as COVID-19 held the cost of purchasing energy below the expected level

Net sales  
**¥10,340** million\*2 (¥1,203 million in FY2019)

Segment profit  
**¥1,068** million (¥94 million in FY2019)

## Media Business

Higher sales and earnings mainly because of the success of the newly designed Jichitai Works magazine

Net sales  
**¥133** million (up 30.0% YoY)

Segment profit  
**¥40** million (¥11 million in FY2019)

\*1 Numbers are rounded down and percentages are rounded up or down to the first decimal place.

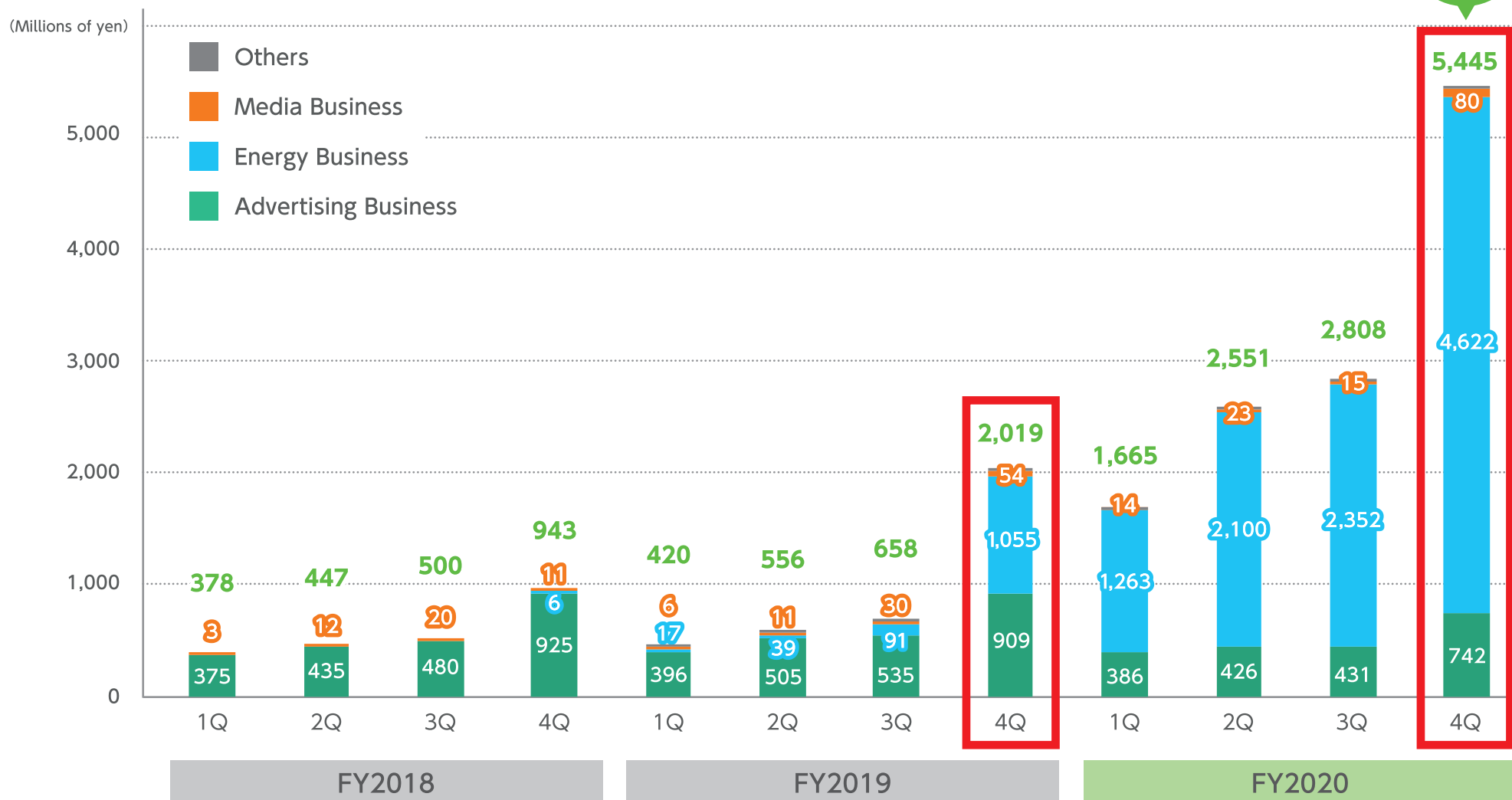
\*2 As explained on page 19, energy sales use netting. (The same shall apply to total and energy business sales and cost of sales in FY2019 and FY2020.)

# FY2020 Income Statement Highlights

(Millions of yen)	FY2019	FY2020	
	Results	Results	YoY change
Net sales	<b>3,654</b>	<b>12,470</b>	+241.3%
Gross profit	<b>1,039</b>	<b>2,261</b>	+117.5%
SG&A expenses	<b>952</b>	<b>1,240</b>	+30.3%
Operating profit	<b>87</b>	<b>1,020</b>	+1072.7%
Ordinary profit	<b>95</b>	<b>1,012</b>	+961.9%
Profit	<b>75</b>	<b>665</b>	+779.9%

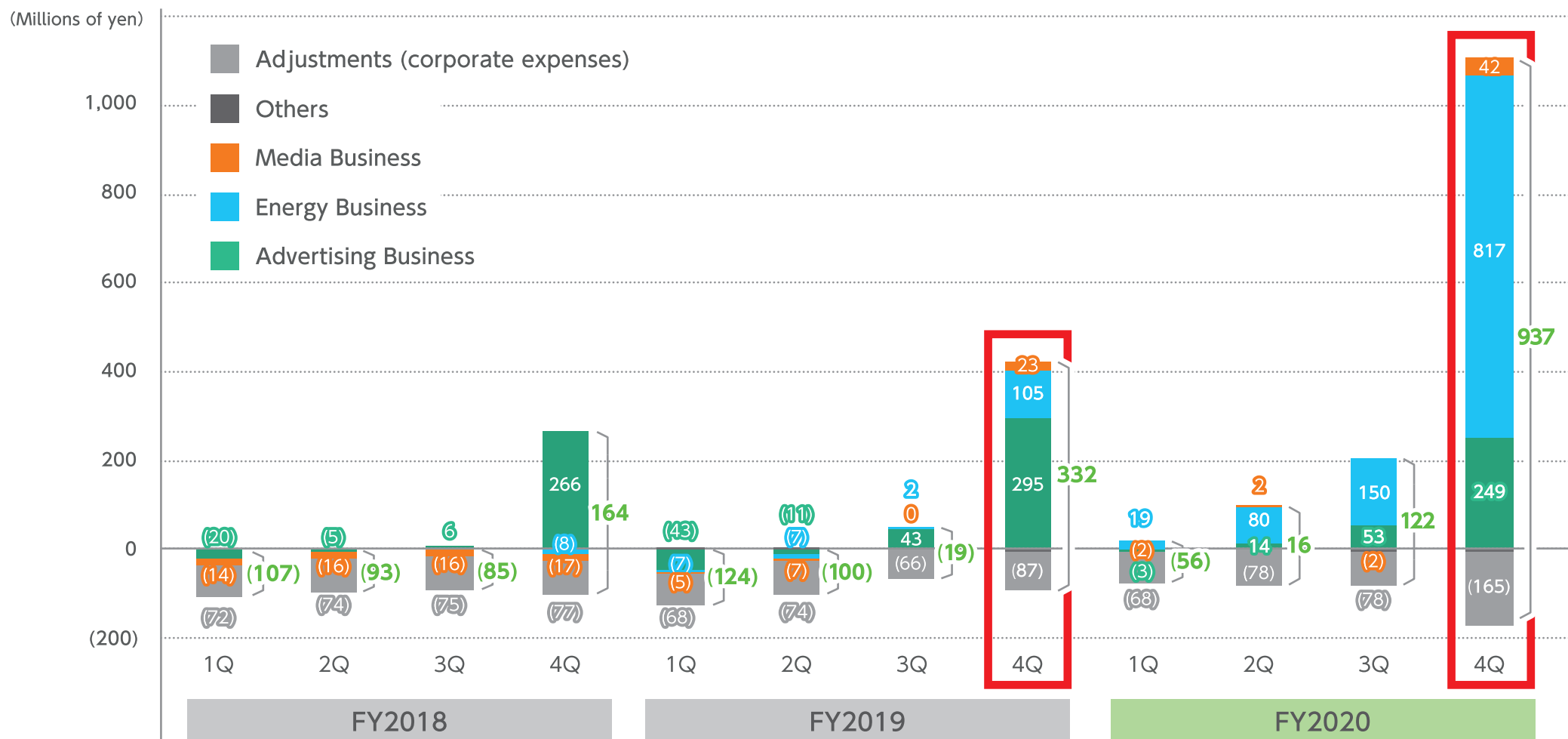
• Sales increased +169.6% YoY due to the growth in the energy business.

Up  
169.6%  
YoY

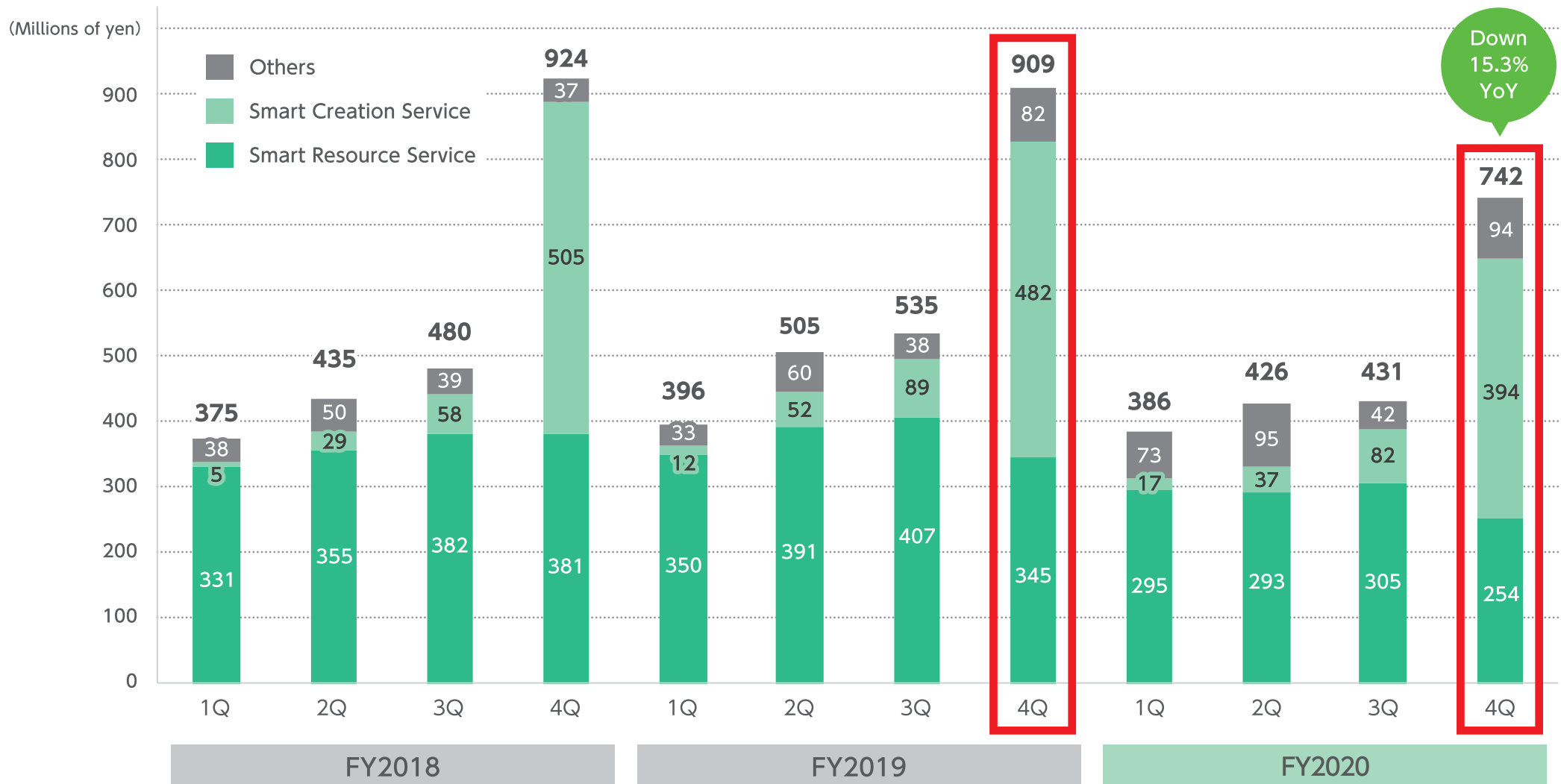


# Quarterly Operating Profit

- Record-high earnings because of energy business growth
- One-time increase in FY2020 4Q corporate expenses was mainly for year-end bonuses and changes to office configurations.

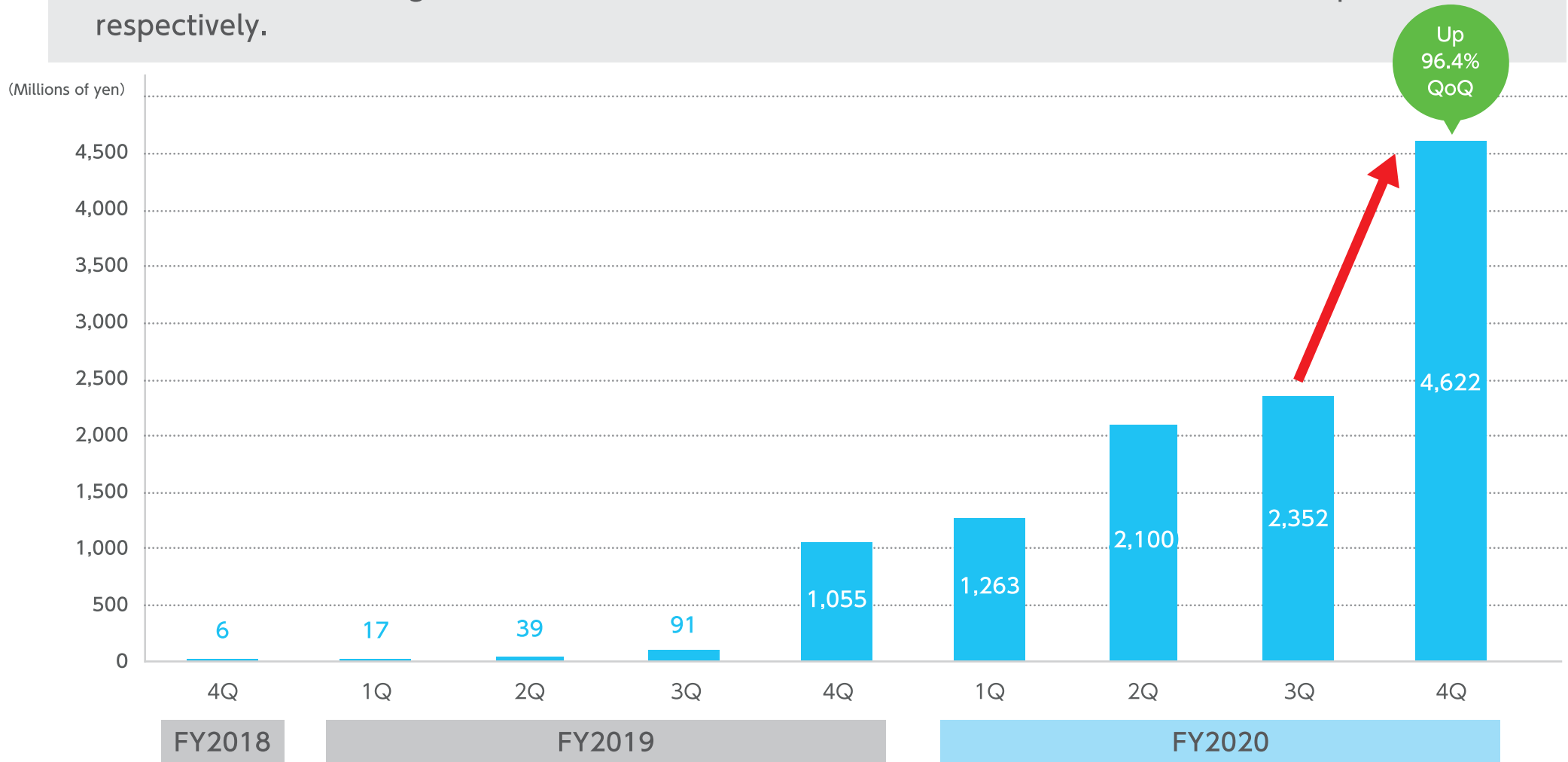


• Sales continued to decline due to measures to achieve the proper size of this business in order to become more profitable.



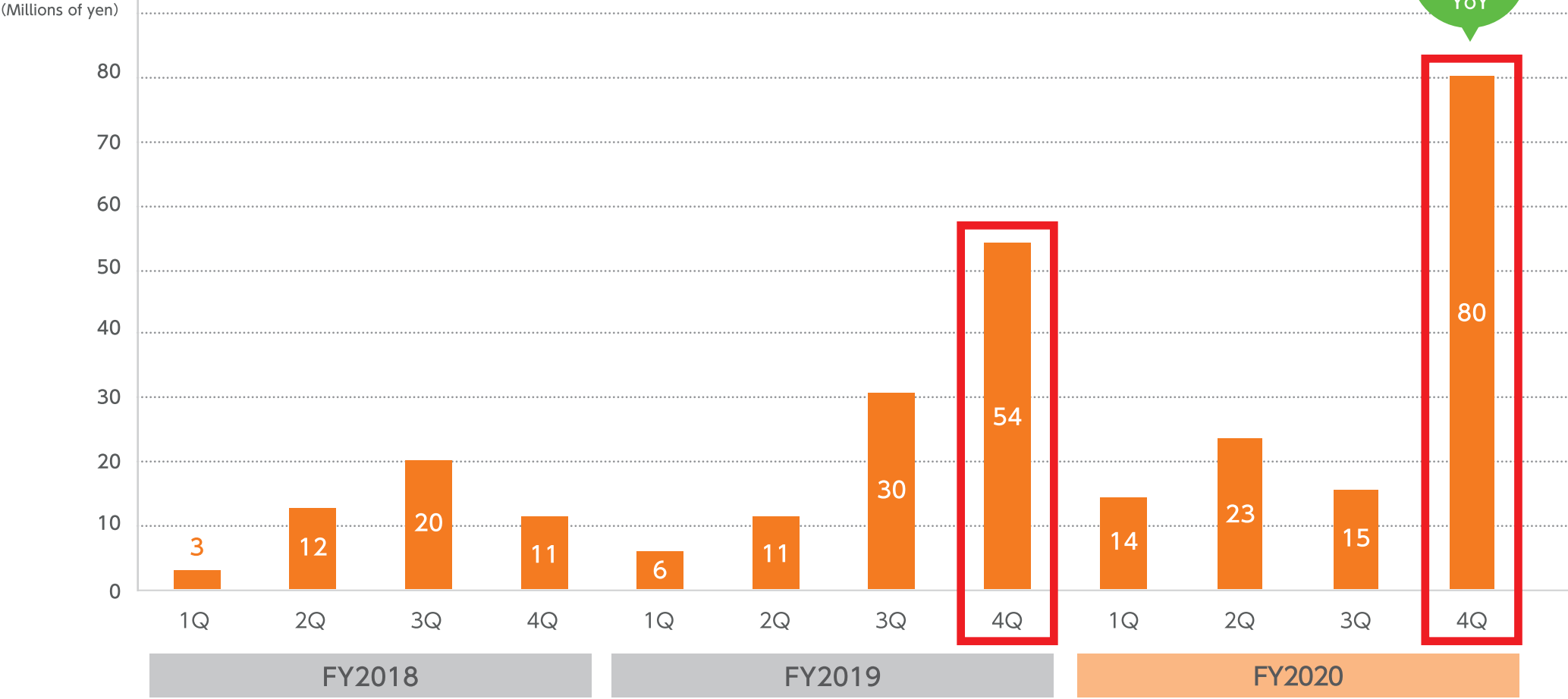


- Big increase in FY2020 4Q sales from 3Q, 96.4% higher, because most new contracts received in the 3Q start producing sales in the 4Q
- The number of winning bids was 70, 96, 337 and 77\* in the first, second, third and fourth quarters, respectively.



\*Prior-year figures have been revised due to the change to counting winning bids as of the time the results of the bidding are confirmed.

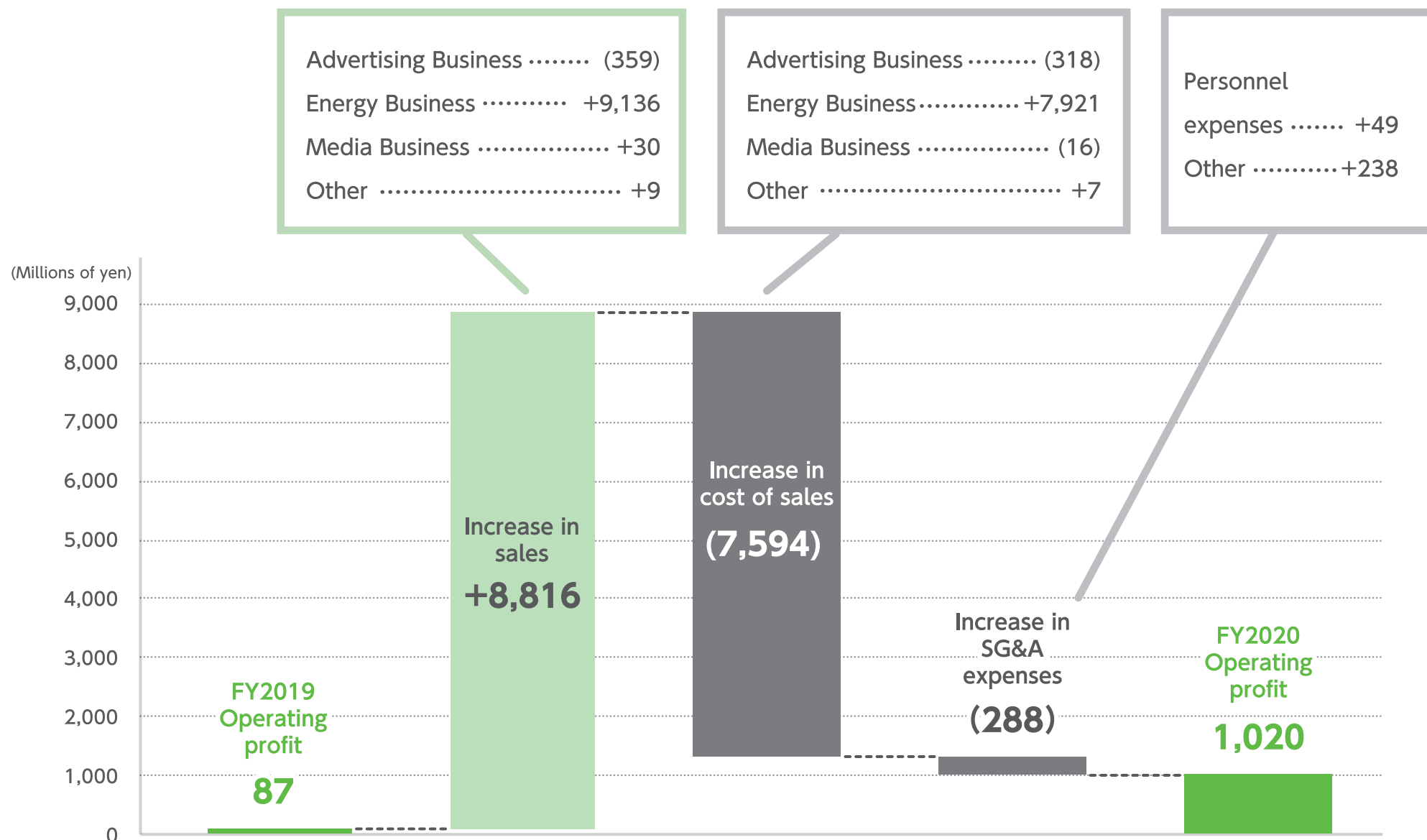
- More actions for stronger branding, including a new format for Jichitai Works magazine
- Received orders from companies that conduct marketing activities when local governments are determining their new budgets.



\*The first issue of Jichitai Works magazine was December 22, 2017 and the magazine’s new design and format started in June 2020.

# Components of Changes in Operating Profit

## Major components of changes



# FY2020 Balance Sheet Highlights

(Millions of yen)	FY2019		FY2020		
	Results	Comp.	Results	Comp.	Change
Cash and deposits	494	18.0%	1,300	20.0%	+806
Accounts receivable - trade	1,077	39.3%	3,629	55.7%	+2,552
Inventories	629	22.9%	477	7.3%	(152)
<b>Current assets</b>	<b>2,283</b>	<b>83.2%</b>	<b>5,750</b>	<b>88.2%</b>	<b>+3,466</b>
Non-current assets	460	16.8%	769	11.8%	+308
<b>Total assets</b>	<b>2,743</b>	<b>100.0%</b>	<b>6,519</b>	<b>100.0%</b>	<b>+3,775</b>
Accounts payable - trade	1,370	49.9%	2,747	42.1%	+1,376
Short-term borrowings	200	7.3%	433	6.6%	+233
Current portion of long-term borrowings	86	3.2%	386	5.9%	+300
<b>Current liabilities</b>	<b>1,979</b>	<b>72.1%</b>	<b>4,485</b>	<b>68.8%</b>	<b>+2,505</b>
Bonds payable	—	—	100	1.5%	+100
Long-term borrowings	236	8.6%	674	10.3%	+437
<b>Non-current liabilities</b>	<b>236</b>	<b>8.6%</b>	<b>774</b>	<b>11.9%</b>	<b>+537</b>
<b>Total liabilities</b>	<b>2,216</b>	<b>80.8%</b>	<b>5,259</b>	<b>80.7%</b>	<b>+3,043</b>
<b>Total net assets</b>	<b>527</b>	<b>19.2%</b>	<b>1,259</b>	<b>19.3%</b>	<b>+732</b>
<b>Total liabilities and net assets</b>	<b>2,743</b>	<b>100.0%</b>	<b>6,519</b>	<b>100.0%</b>	<b>+3,775</b>

Increase due to more local governments receivables, which have minimal credit risk

Increase in energy business transaction security deposits

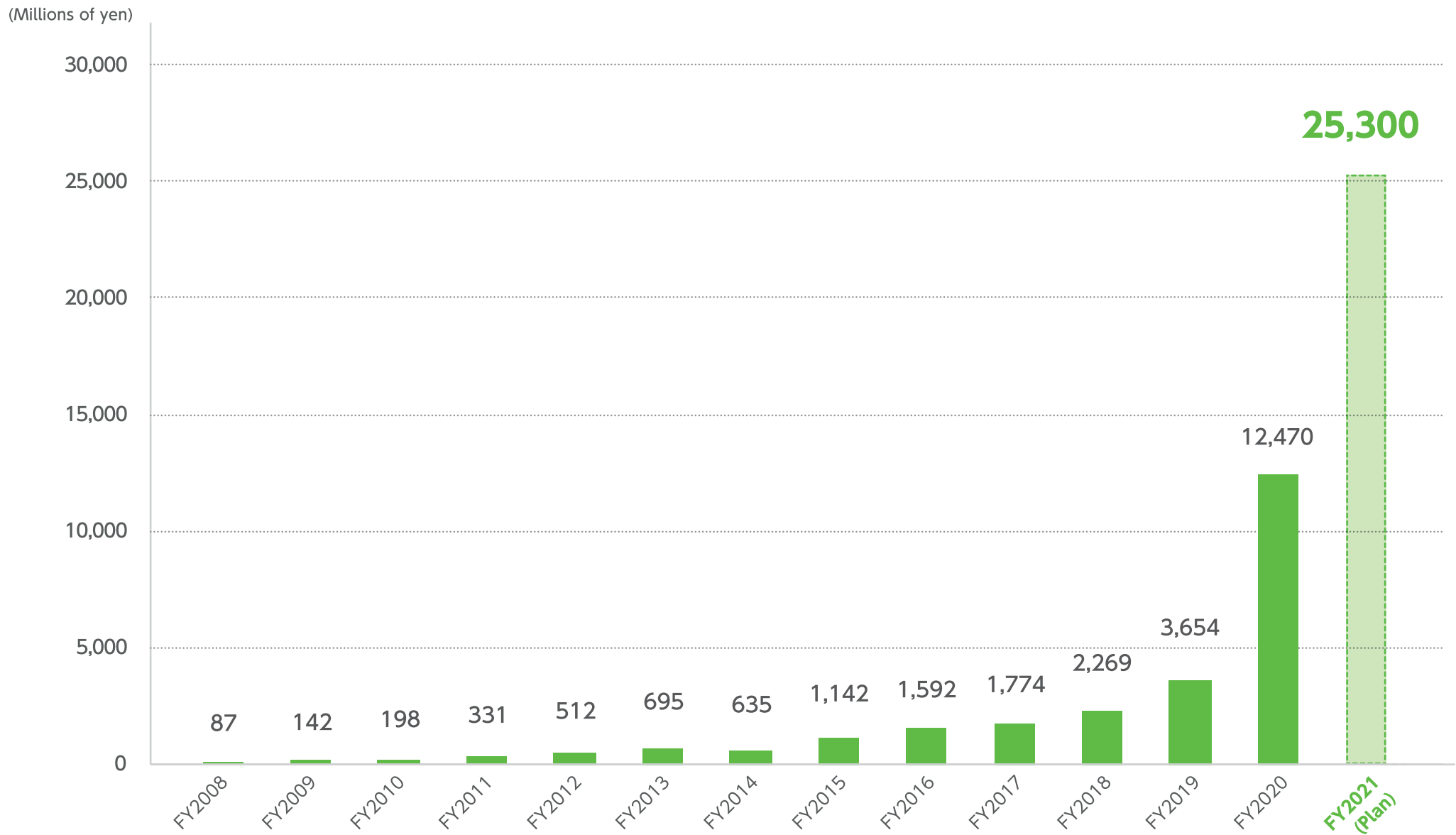
Funds procured for the growth of working capital and other reasons

## III. FY2021 Outlook

# FY2021 Plan (Income Statement)

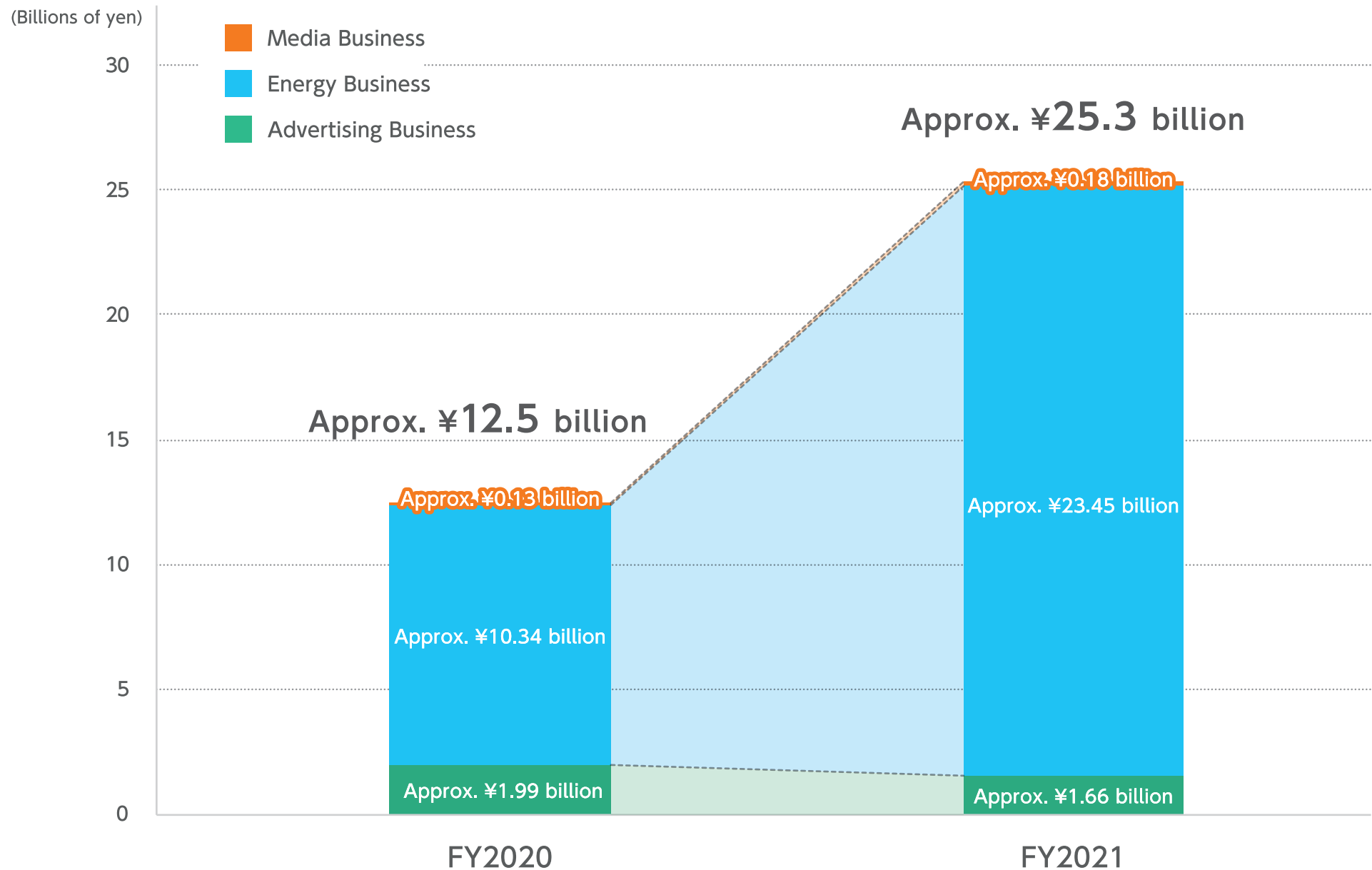
	FY2019	FY2020	FY2021	
	Results	Results	Plan	YoY change
(Millions of yen)				
Net sales	<b>3,654</b>	<b>12,470</b>	<b>25,300</b>	+102.9%
Gross profit	<b>1,039</b>	<b>2,261</b>	—	—
SG&A expenses	<b>952</b>	<b>1,240</b>	—	—
Operating profit	<b>87</b>	<b>1,020</b>	<b>1,250 - 1,750</b>	+22.5% - 71.5%
Ordinary profit	<b>95</b>	<b>1,012</b>	<b>1,230 - 1,730</b>	+21.5% - 70.9%
Profit	<b>75</b>	<b>665</b>	<b>830 - 1,170</b>	+24.8% - 75.9%
Net income per share	<b>13.55</b> yen	<b>117.97</b> yen	<b>138.85 - 195.72</b> yen	—

# Consistent Sales Growth



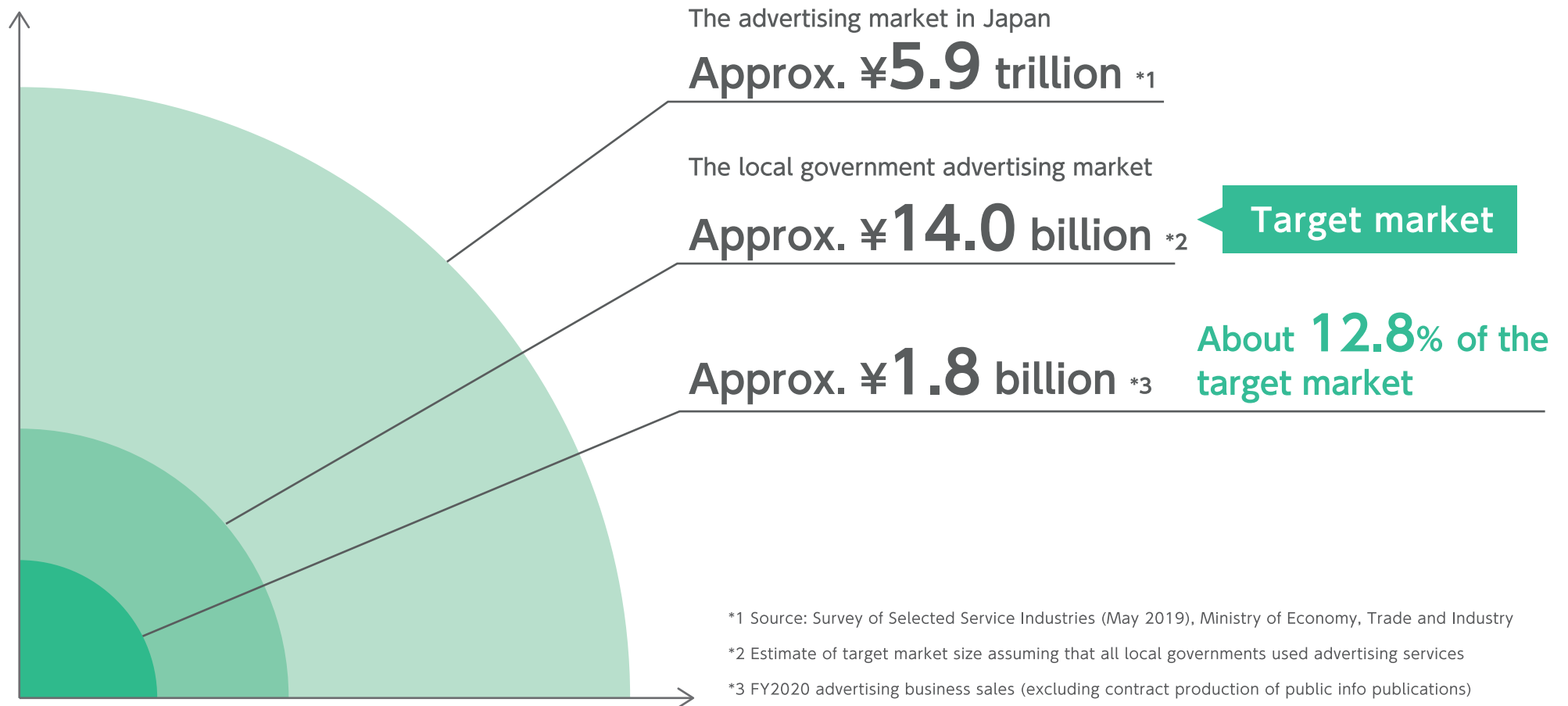
\*FY2014 was an irregular nine-month period because of a change in fiscal year-end.

# FY2021 Business Segment Sales Plan



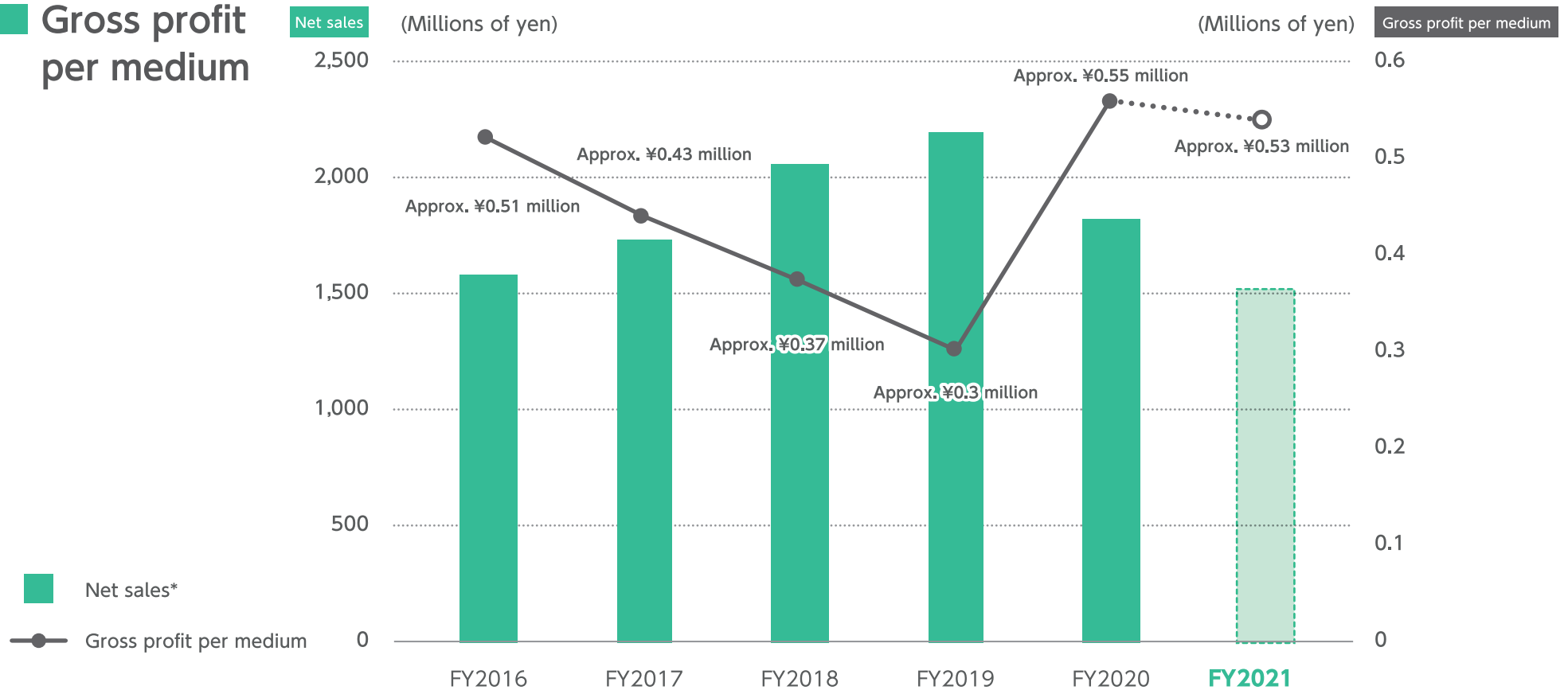


- HOPE, INC created a new market with its advertising business, the company's original activity, and has provided advertising services to local governments for about 15 years.
- HOPE, INC's share of this market is about 12.8%.



- Continuing to achieve the proper size of this business to make advertising a profit-generating business.
- Gross profit per medium is decreasing, but the goal is to use SG&A expenses more efficiently.

## Gross profit per medium

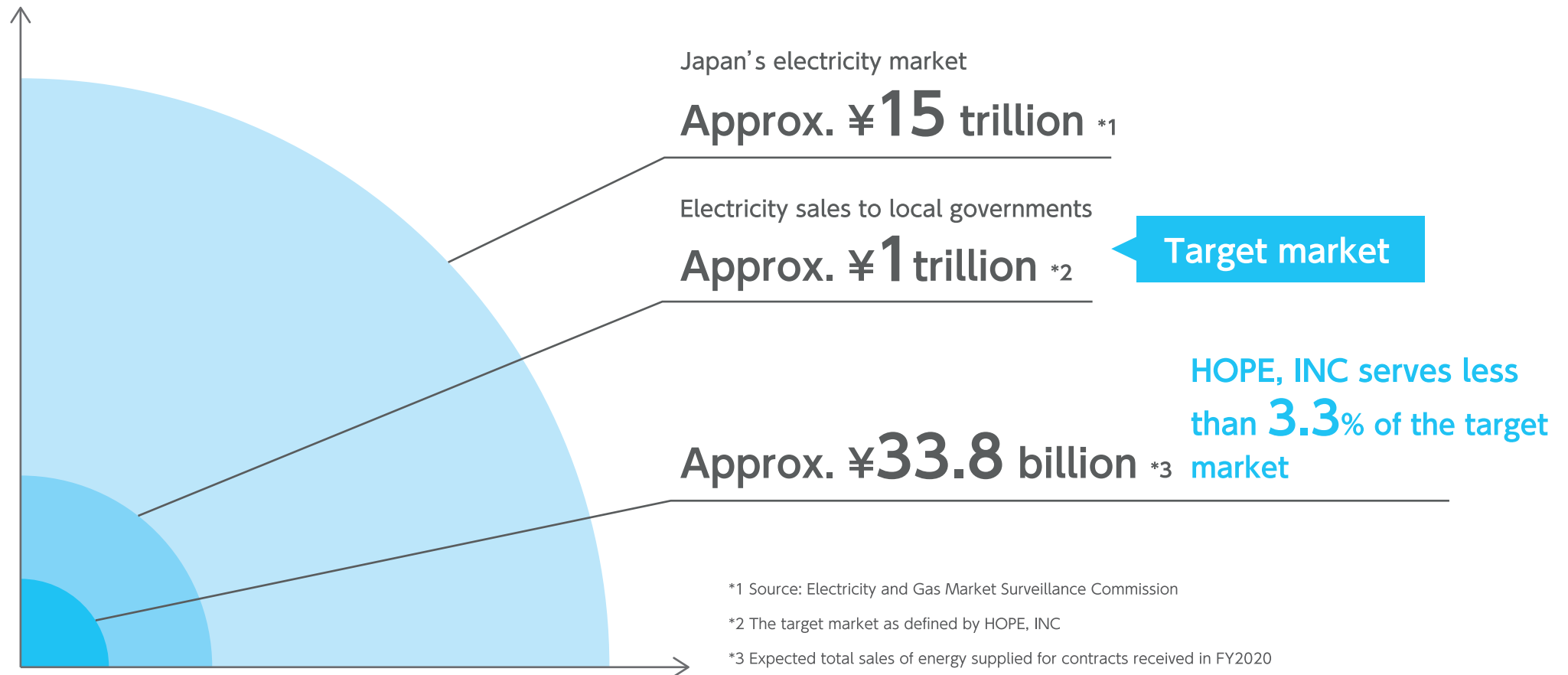


\*Advertising business sales (excluding contract production of public information publications)

•Energy business is the driver of growth – The goals are more business volume growth and consistent profitability

## + Leverage current business with local governments

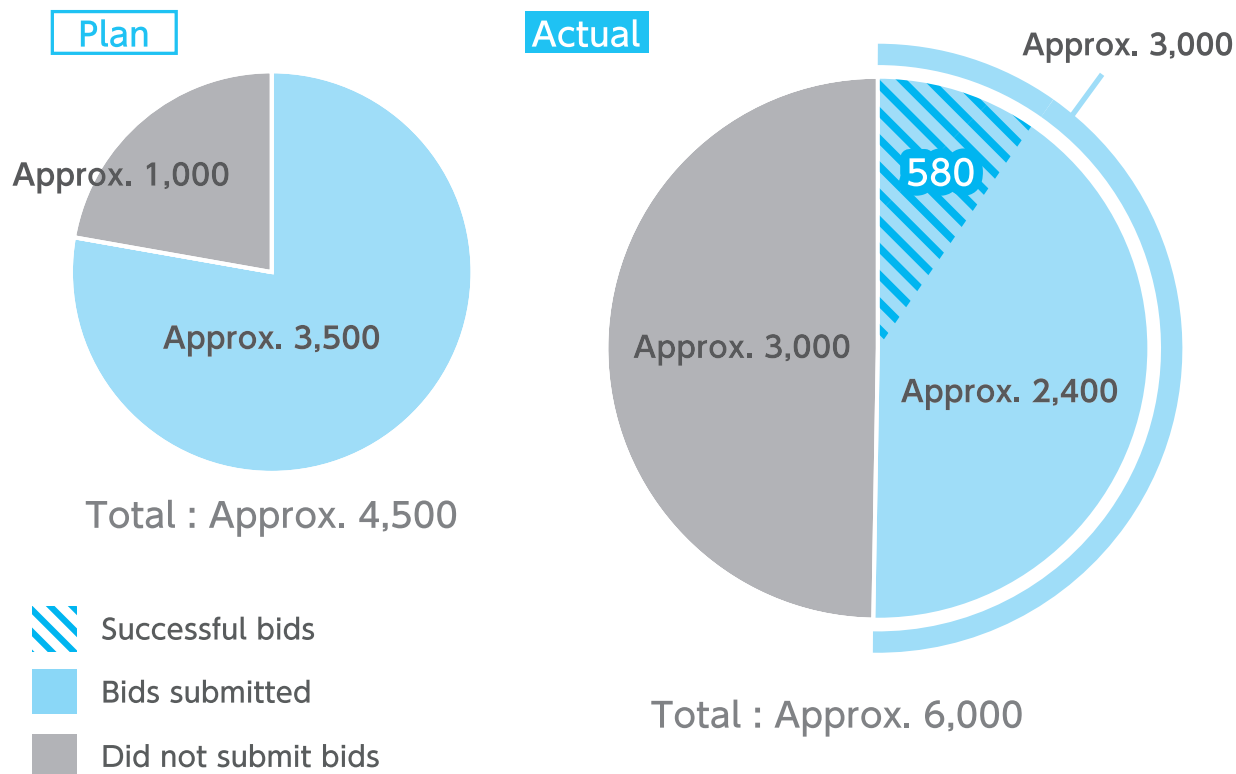
▶ Submit bids for many new contracts by taking advantage of existing vendor registrations with the local governments and other measures



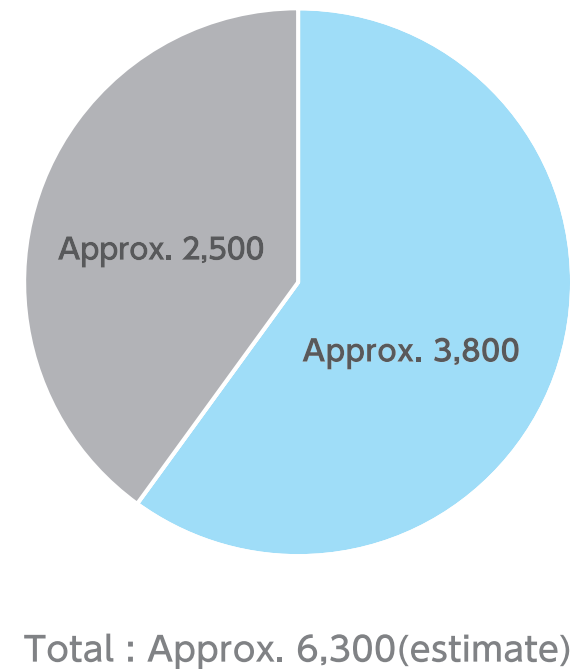
- In FY2020, the number of energy contracts open for bidding was much higher than expected.
- In FY2021, we expect only a small increase in the number of energy contracts open for bidding but plan to increase both bids submitted and successful bids.

## ■ Number of bids submitted (only contracts where HOPE, INC. was eligible)

FY2020 plan/actual (contracts)

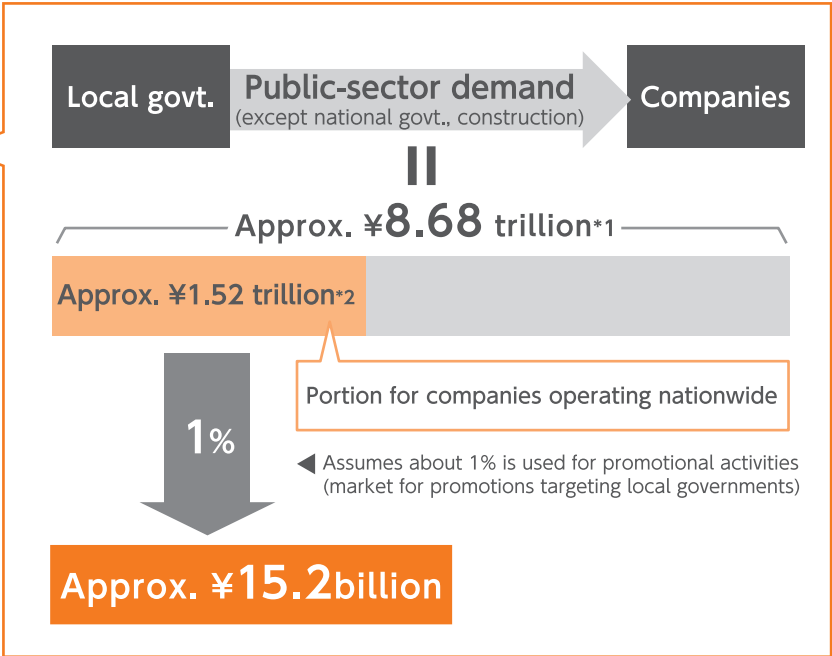
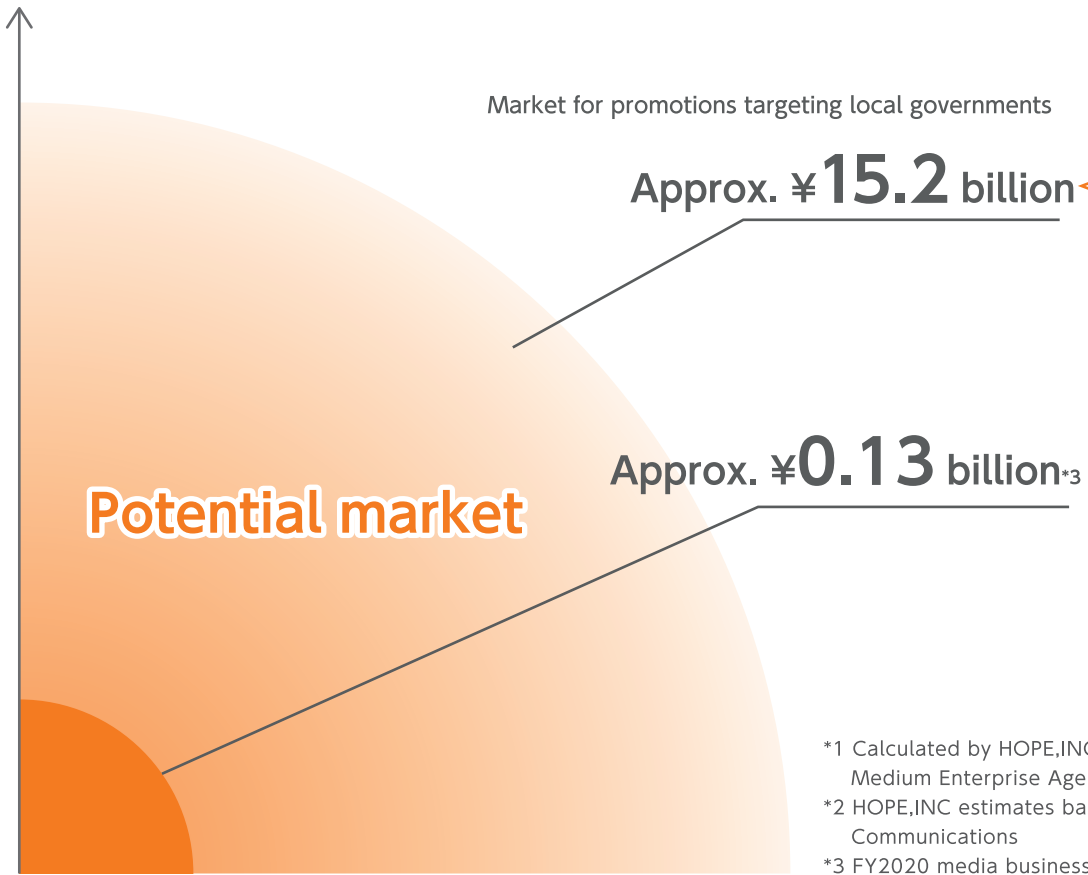


FY2021 plan (contracts)



•Substantial public-sector demand and still considerable growth potential

The market for promotions targeting local governments still has much more potential, including public-private sector matching and measures to become more competitive



\*1 Calculated by HOPE,INC. using Summary of Guide to Contracts in the Public Sector – FY2018, The Small and Medium Enterprise Agency

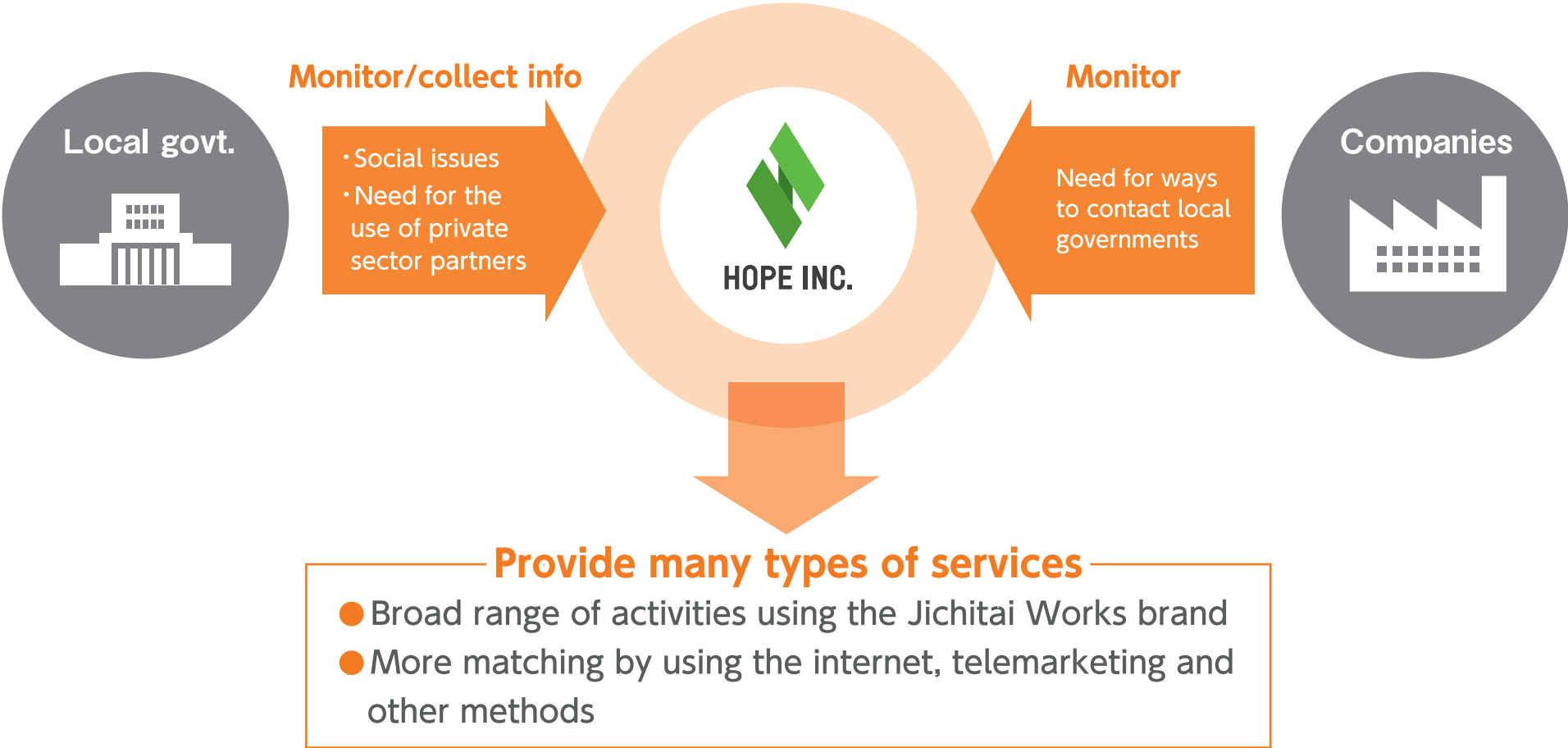
\*2 HOPE,INC estimates based on FY2018 Administrative Project Review, Ministry of Internal Affairs and Communications

\*3 FY2020 media business sales

Position this business at the very top of upstream information flows to serve as a link for public-private sector collaboration and for ties between local governments

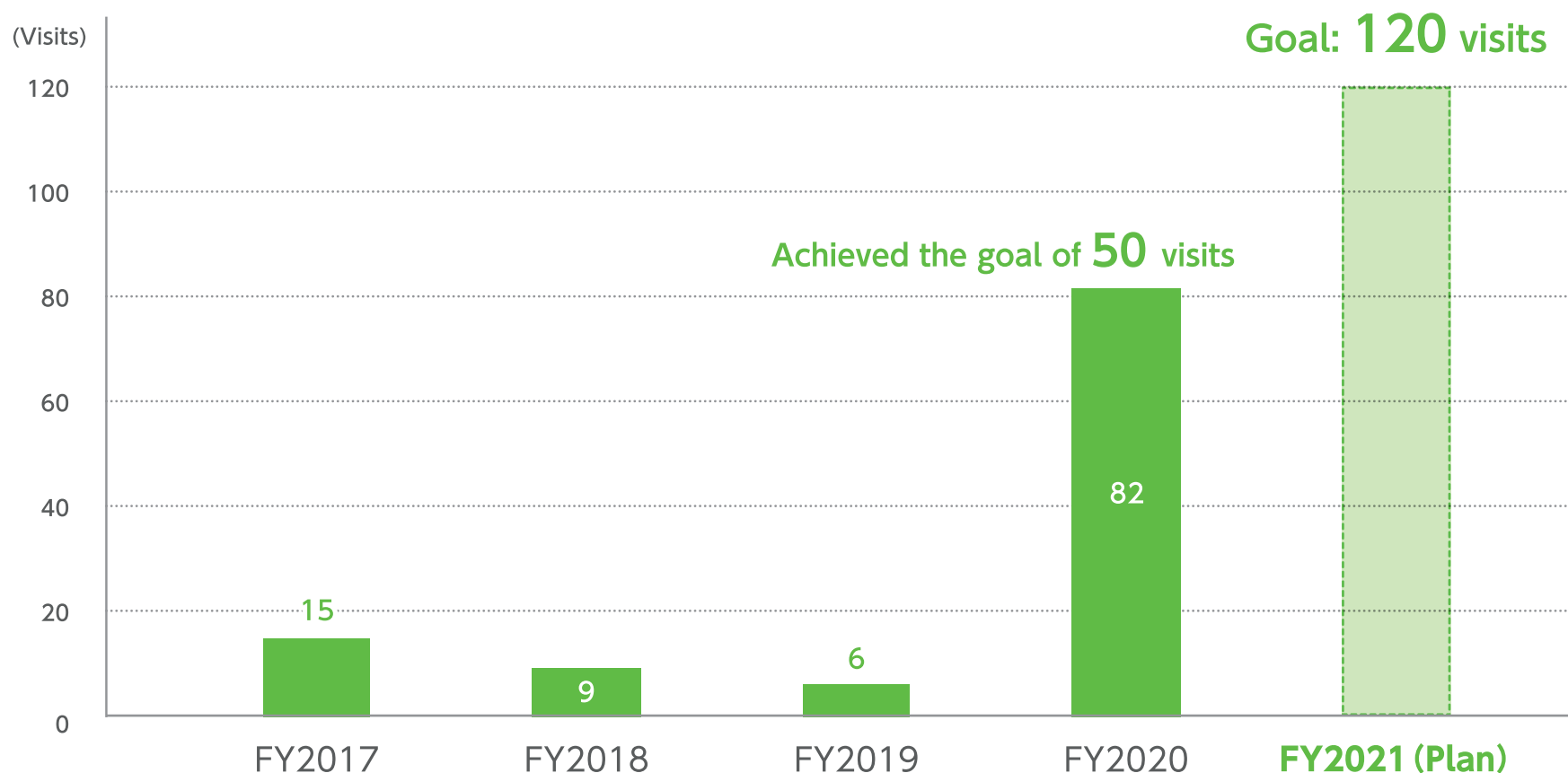


**Contribute to market growth**



- Plan to continue increasing the number of meetings with institutional investors despite COVID-19 by using online meetings and expanding English-language disclosure activities

## ■ Number of institutional investor visits



\*Includes telephone calls

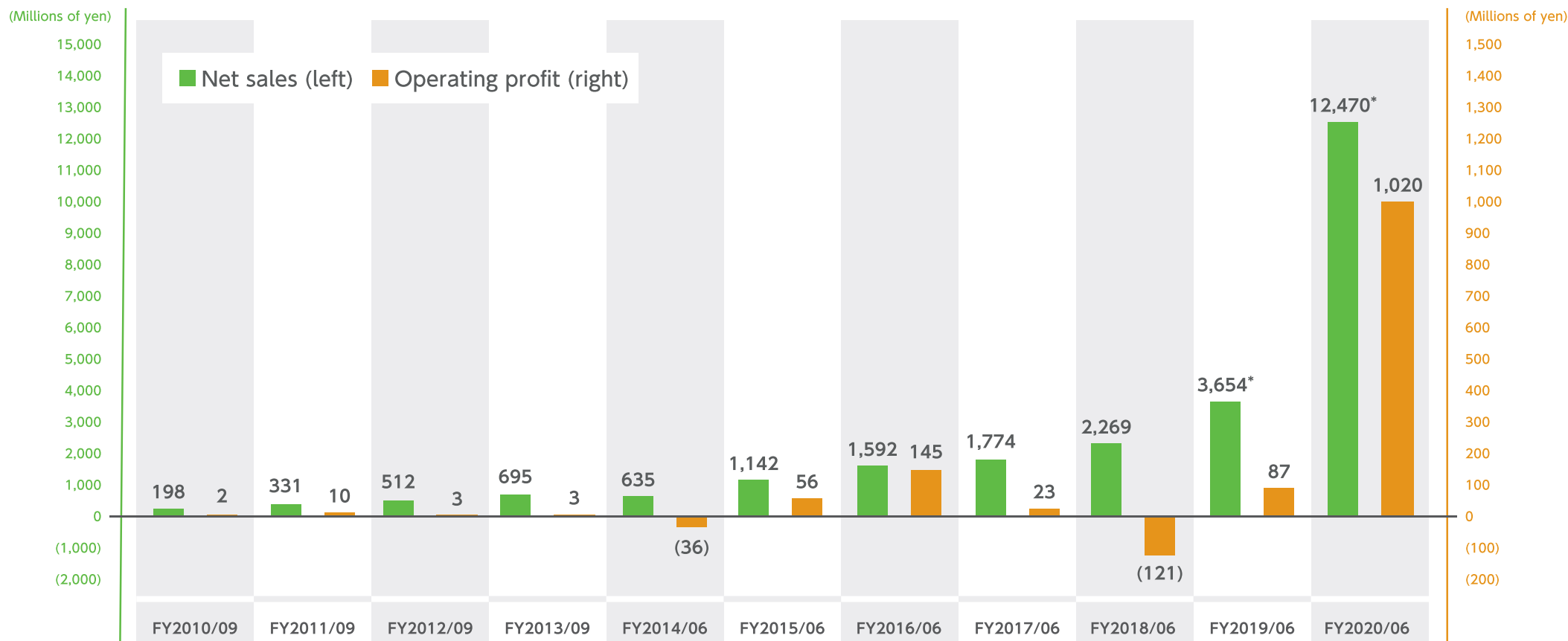
# IV. Medium-term Management Plan [HOPE NEXT 3]



- 1 . Management Strategy**
- 2 . Business Strategy**
- 3 . Investment Strategy**
- 4 . Financial Strategy**
- 5 . Organizational Strategy**
- 6 . 2020 VISION**

# 1 . Management Strategy

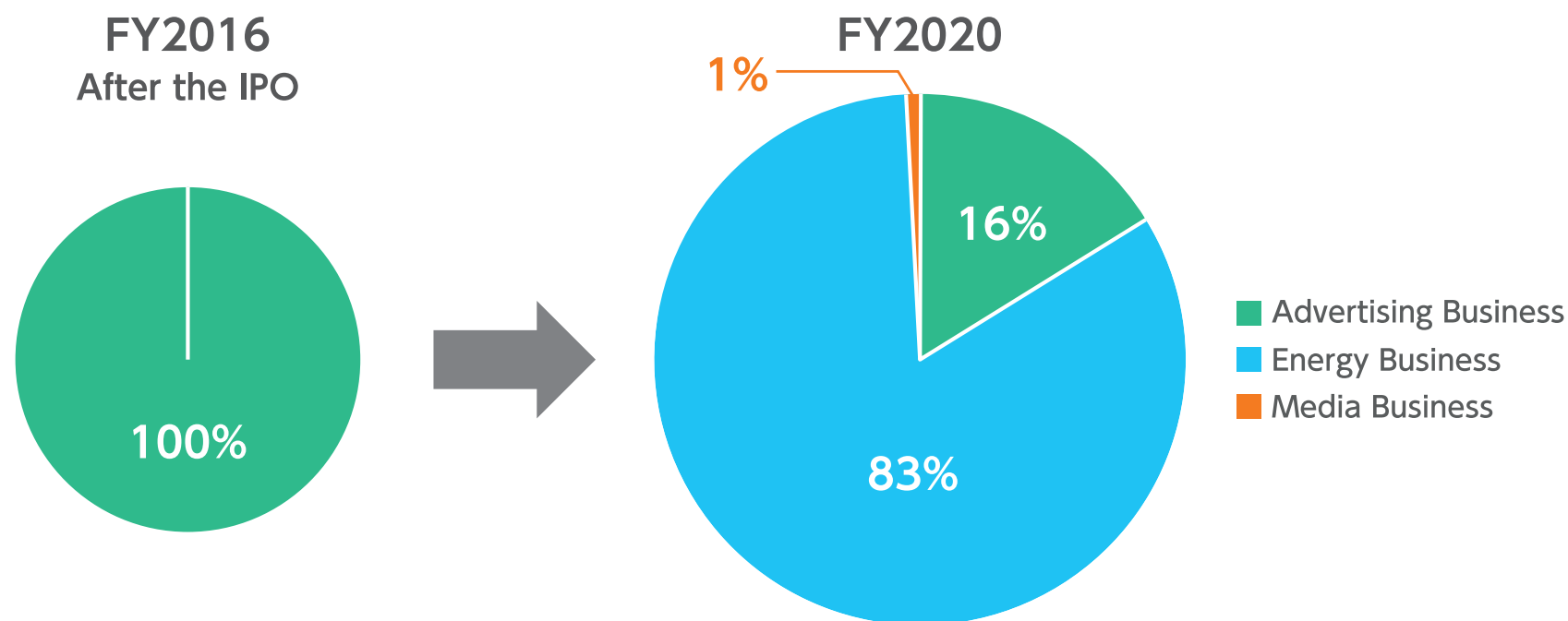
- Sales have increased consistently
- Much faster growth in FY2020 with sales of ¥12.4 billion and operating profit of ¥1.0 billion



\* In prior years, for the renewable energy feed-in tariff system, fees received from customers and payments to the cost adjustment organization (same as the fees received) were recognized separately as sales and cost of sales, respectively. In accordance with paragraph 47 of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), the use of net figures for this fee income and payments is expected to become mandatory starting in FY2022. HOPE, INC. plans to early adopt this new standard in FY2021 and the forecast for FY2021 uses this standard. To facilitate prior-year comparisons, sales in FY2019 and FY2020, which are the years when this new standard affects HOPE, INC.'s sales, have been calculated by using the netting method. The use of the new standard reduced sales and the cost of sales by ¥208 million in FY2019 and ¥1,937 million in FY2020.

- Starting in FY2019, sales growth accelerated because of the rapid growth of the energy business.
- Due to energy business growth and other reasons, the composition of HOPE, INC's sales has changed significantly since the IPO.

### ■ Change in sales composition



## 2010 VISION

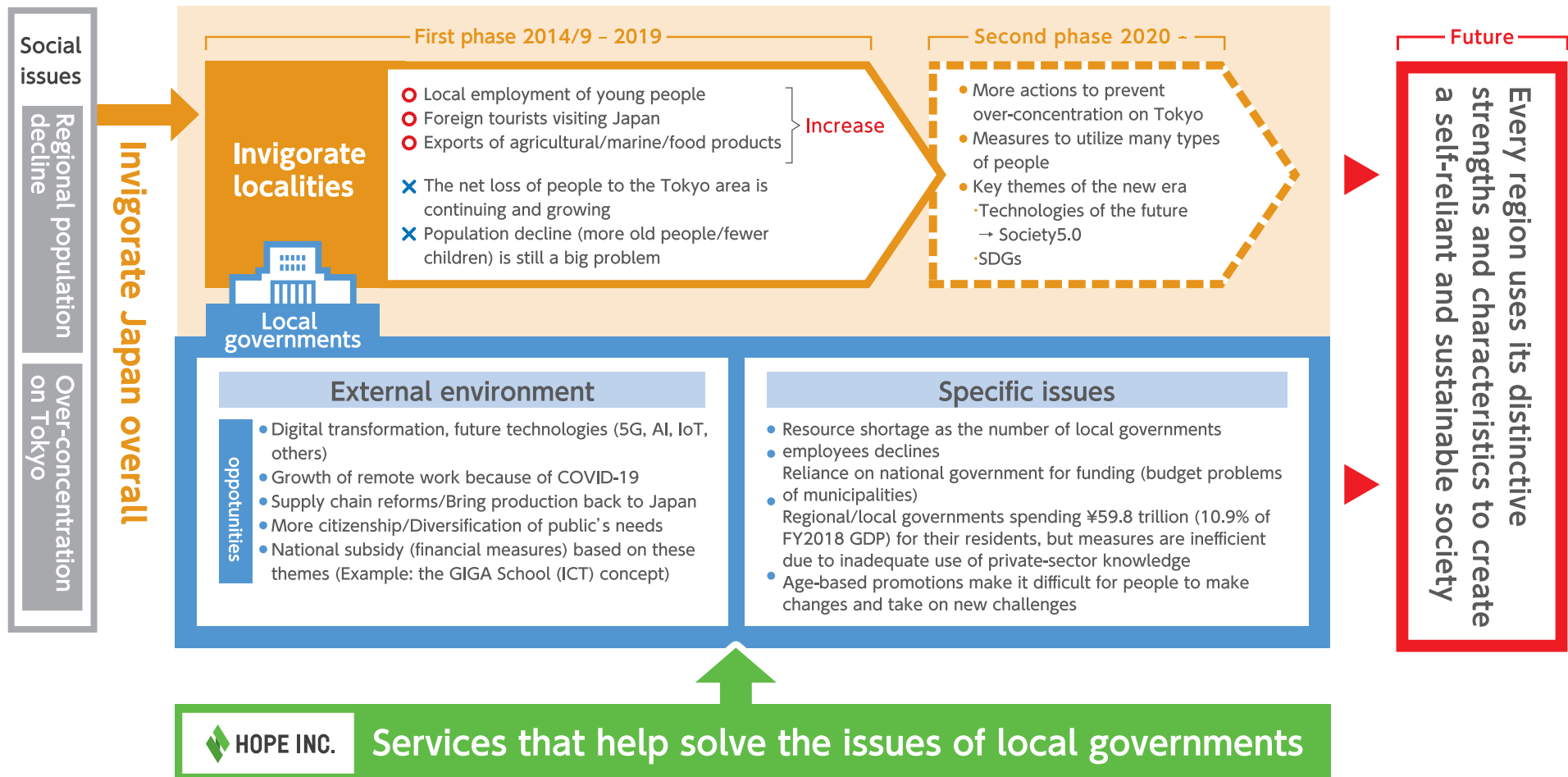
Sales of **¥10** billion and an operating margin of **5%** by **2022**



## 2020 Results

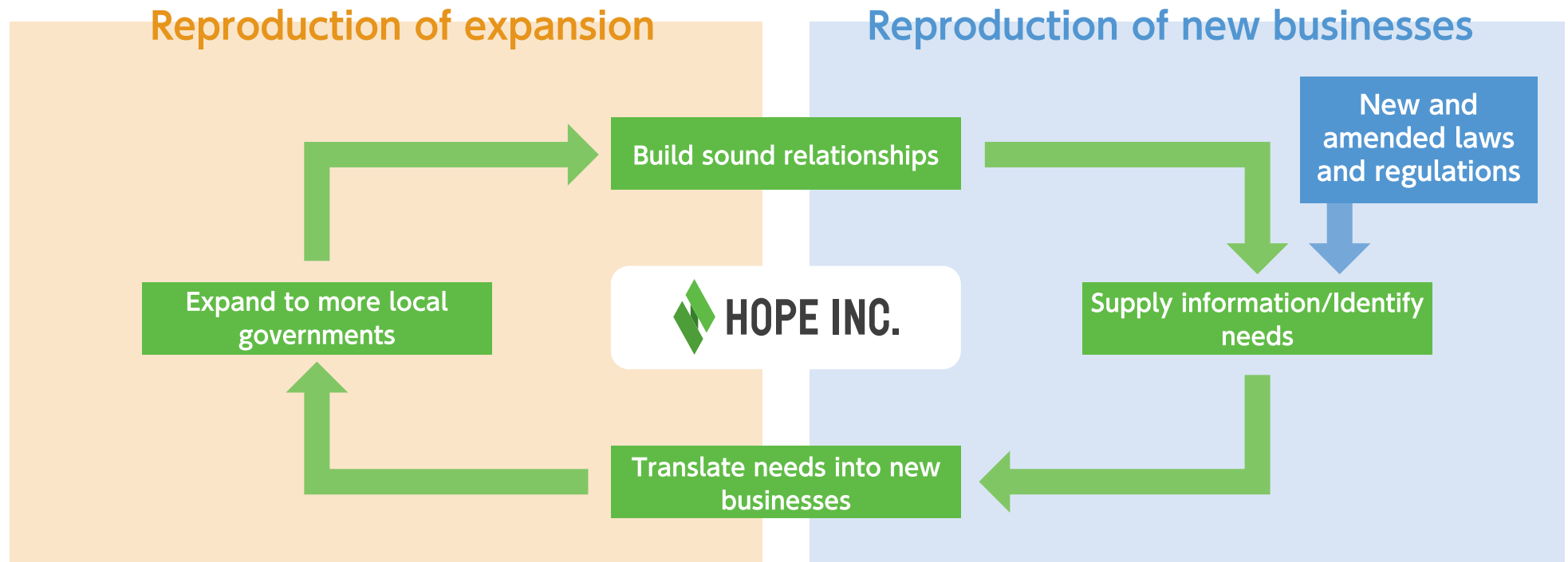
Sales of **¥12.4** billion and operating profit of **¥1.0** billion

- Many activities to invigorate localities are creating big opportunities in the municipality services market
- Success will require constantly identifying changes and issues involving this market



The core strengths of HOPE, INC.

- New businesses that can be **easily reproduced in a broad range of fields** based on our local government relations resulting from years of business activities in this market sector and a legal framework consisting of new and amended laws and regulations
  - **Easy reproduction of business expansion** in the local government business domain
- The ability to use these two phases for growth and the creation of new businesses



# Targets for the Fiscal Year Ending in June 2023



## Targets for the Fiscal Year Ending in June 2023

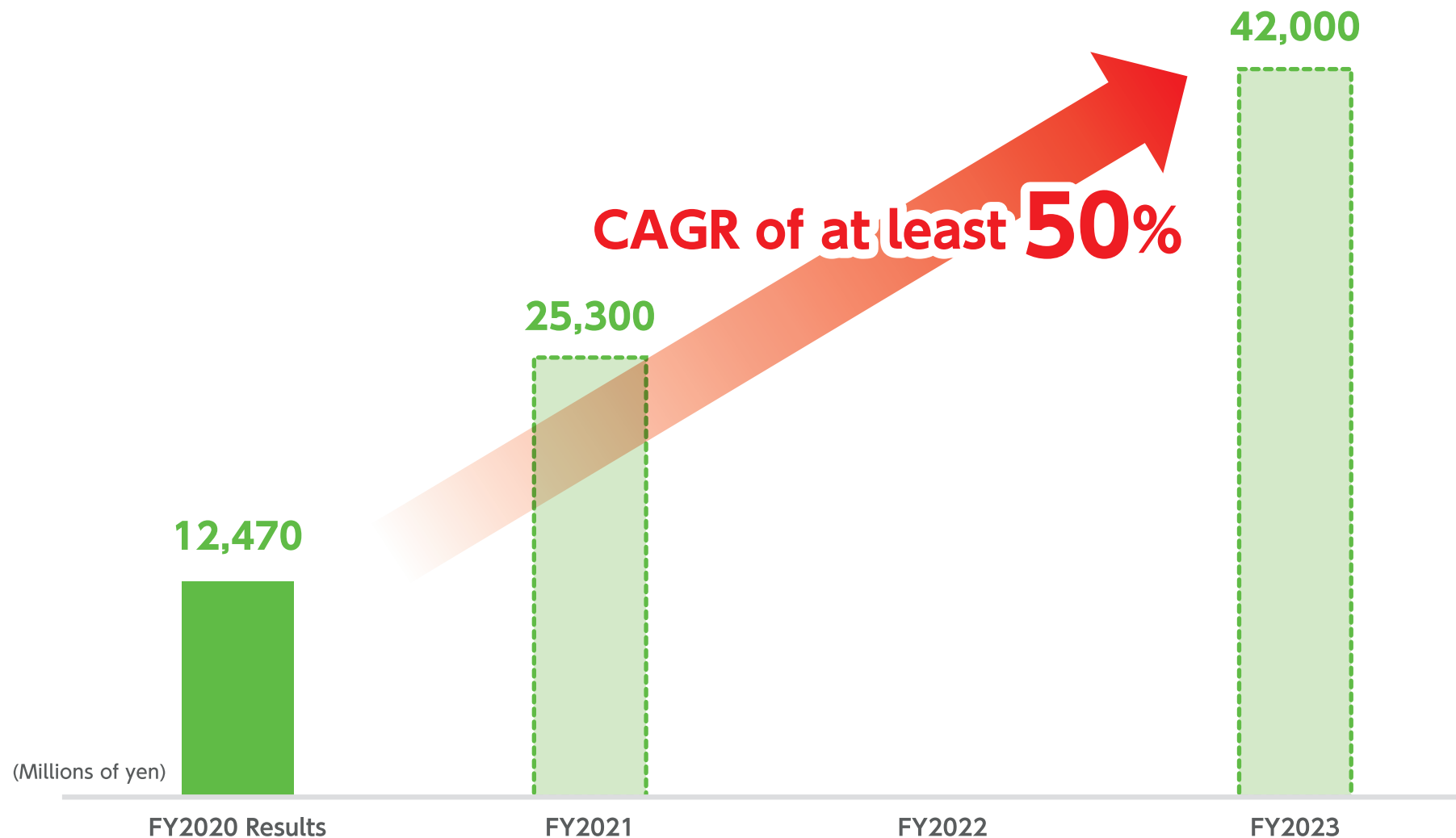
Net sales

¥42.0 billion

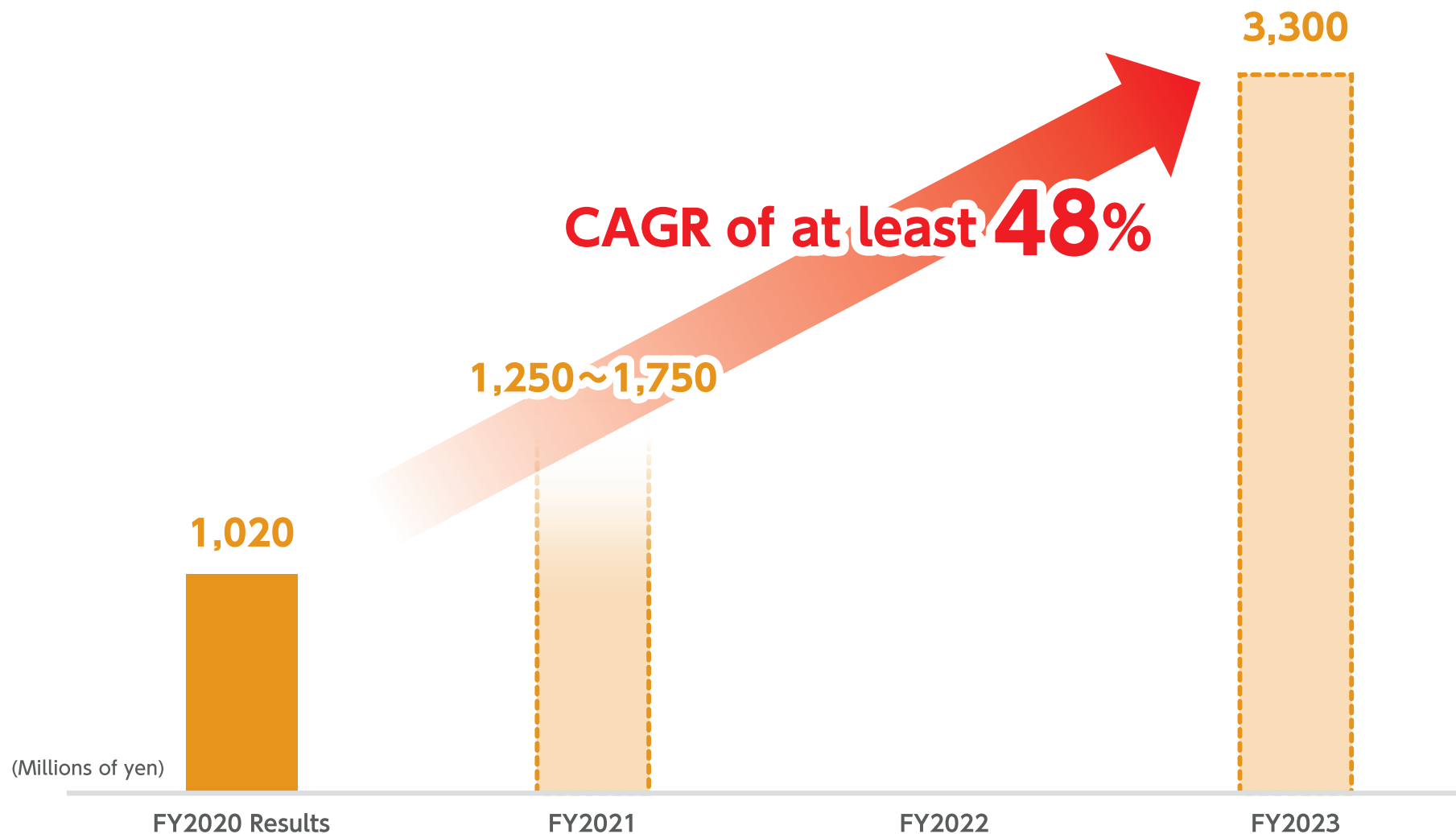
Operating profit

¥3.3 billion

- Maintain rapid sales growth: Target is a CAGR of at least 50% vs. FY2020



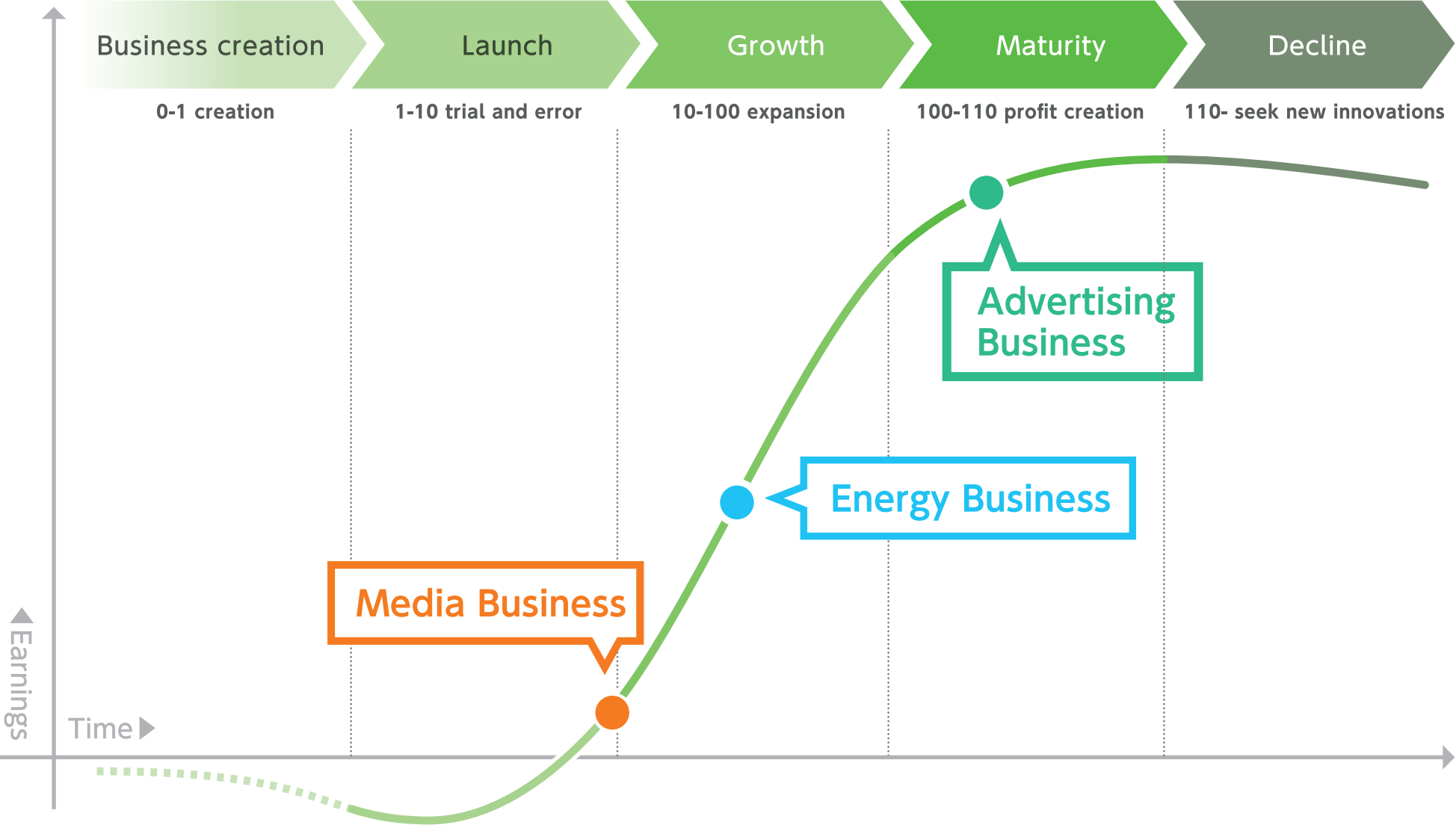
- Aim for rapid operating profit growth: Target is a CAGR of at least 48% vs. FY2020



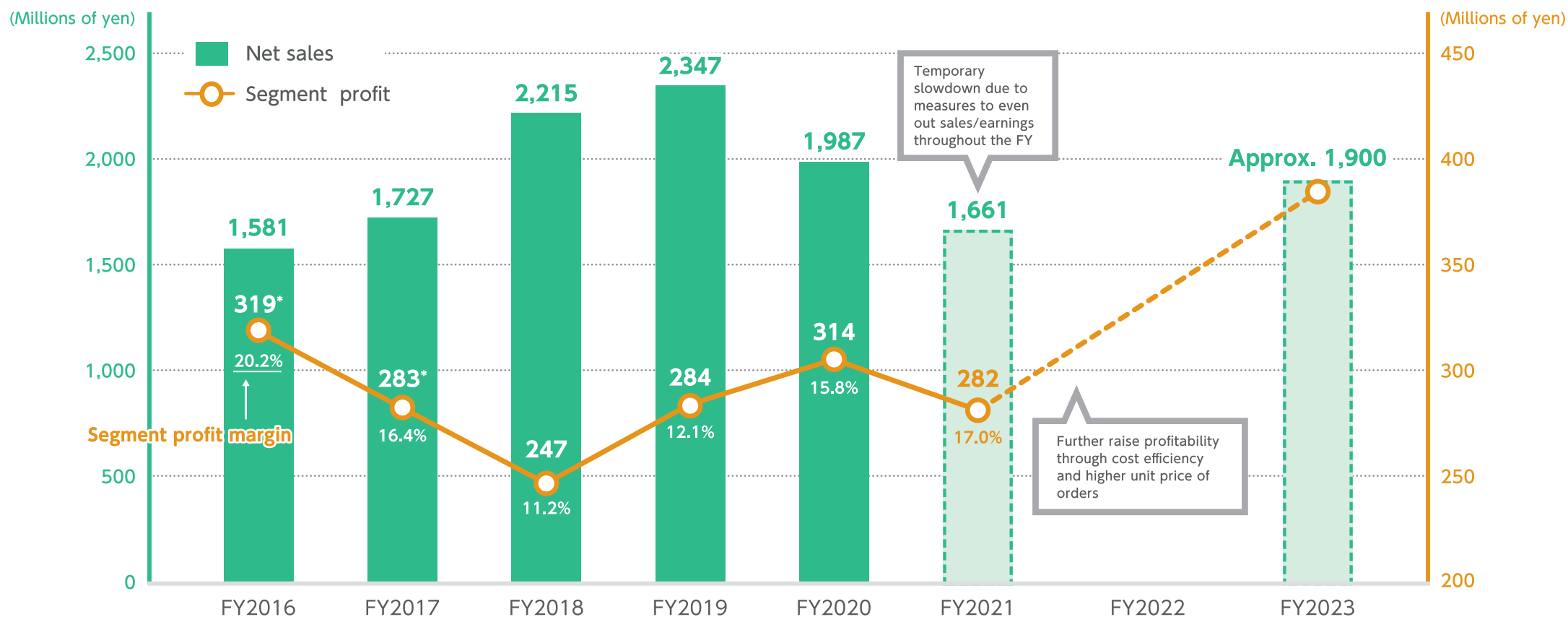
## 2. Business Strategy

# 2. Business Strategy

## ① Business Development and Growth Phases

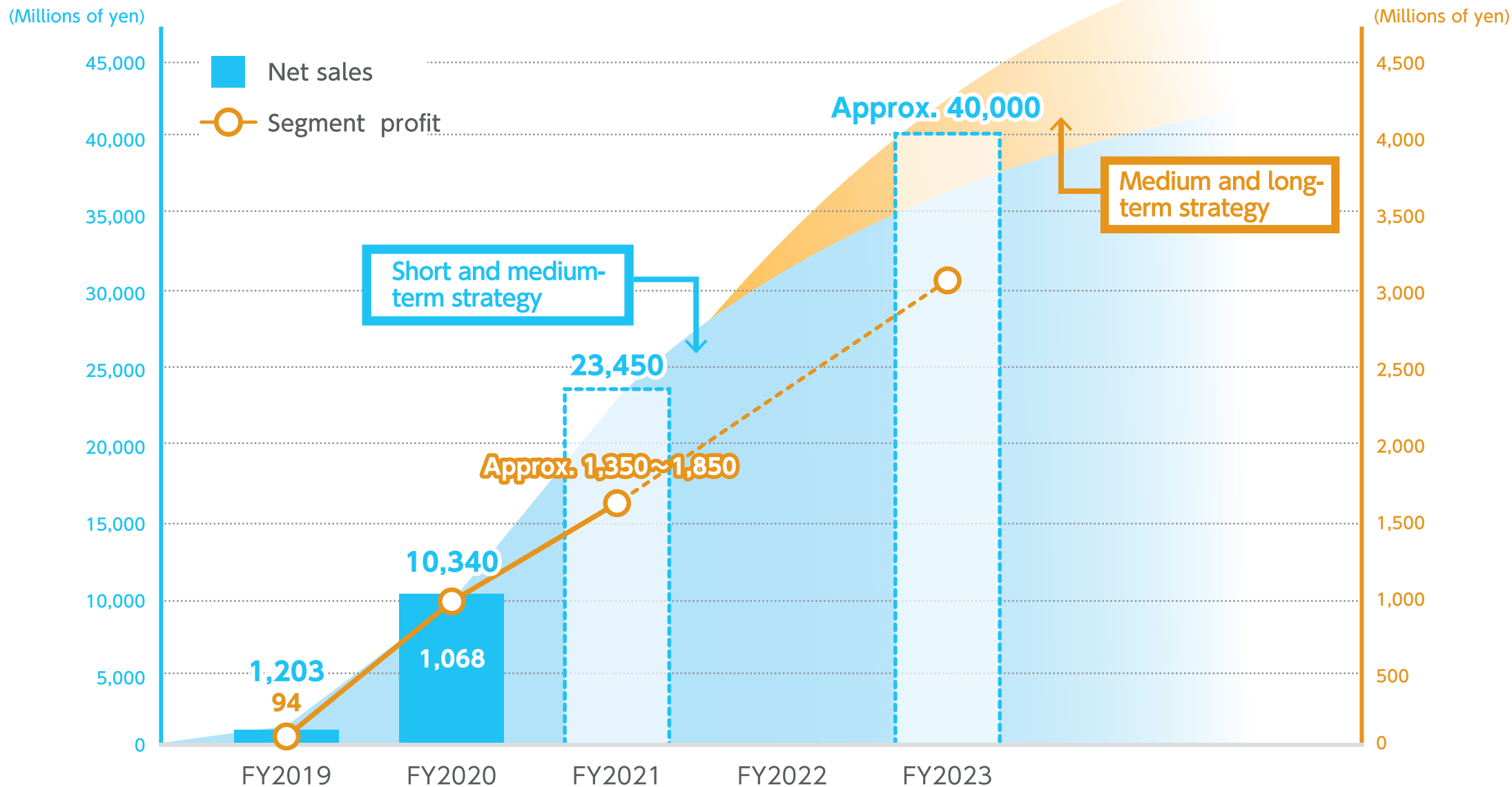


- Achieve the proper size of this business (sales, people) to continue improving profitability → Make advertising a profit-generating business
- Over a medium term, reduce the tendency for the 4Q to account for most sales and earnings, use expenses more efficiently, and increase the unit price of individual orders in this business



\*FY2016 and FY2017 segment profit are provisional figures using the same basis as for the current segment profit because no segment profit was announced in these two fiscal years.

# 2. Business Strategy ③ Energy Business



\* In prior years, for the renewable energy feed-in tariff system, fees received from customers and payments to the cost adjustment organization (same as the fees received) were recognized separately as sales and cost of sales, respectively. In accordance with paragraph 47 of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), the use of net figures for this fee income and payments is expected to become mandatory starting in FY2022. HOPE, INC. plans to early adopt this new standard in FY2021 and the forecast for FY2021 uses this standard. To facilitate prior-year comparisons, sales in FY2019 and FY2020, which are the years when this new standard affects HOPE, INC.'s sales, have been calculated by using the netting method. The use of the new standard reduced sales and the cost of sales by ¥208 million in FY2019 and ¥1,937 million in FY2020.

### Strong short and medium-term growth

More progress with the current growth strategy

- Organic growth by continuing the current strategy of focusing on bids to capture more orders

### Medium to long-term creation of added value

Establish a subsidiary to clearly divide clean energy business roles between this company and the parent company

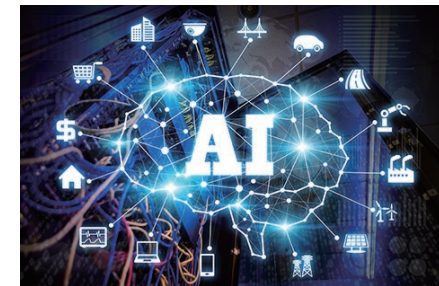
- Sell electricity generated using renewable energy sources to local governments, thereby contributing to the greater use of clean energy, which is one of the Sustainable Development Goals. HOPE, INC. acts as a leader to promote the use of electricity generated by renewable energy sources

Affordable and clean energy

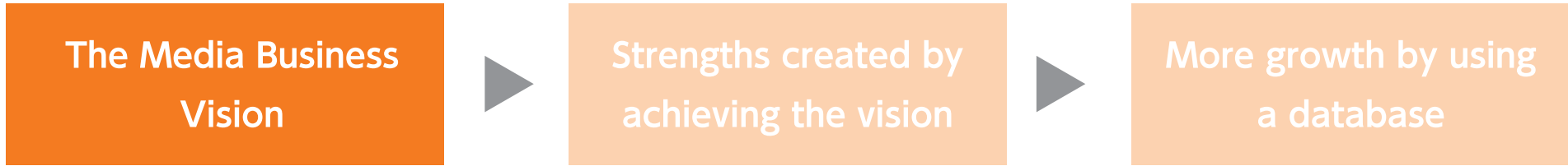


Develop our unique algorithms for AI cost pre-

- Analyze multiple factors that influence market prices in order to create unique algorithms for the purpose of generating highly accurate long-term price forecasts

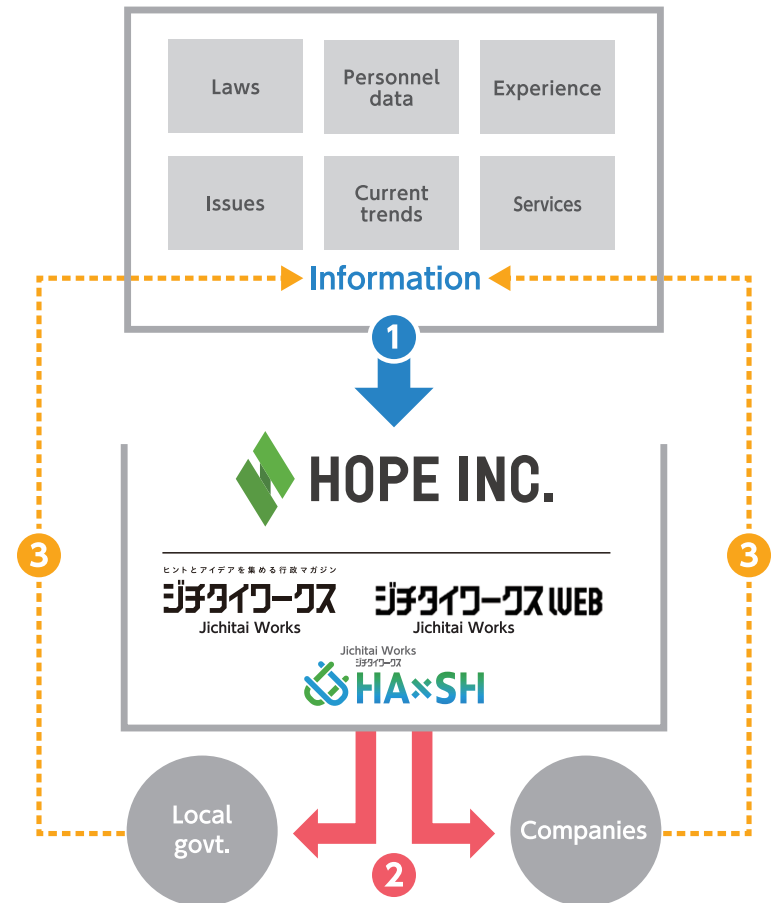


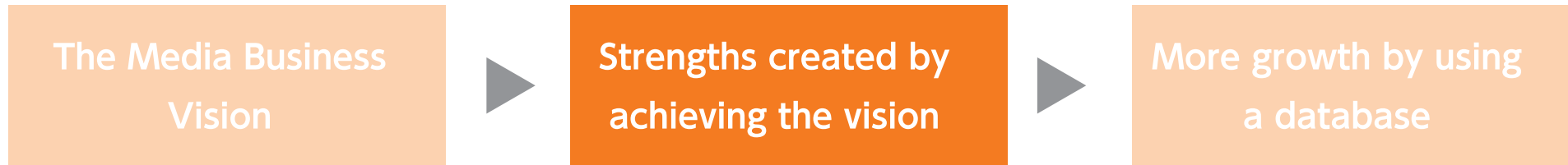




**The preeminent upstream source of local governments information**

- 1 Collect local government information**  
Ahead of competitors in terms of information collection speed and volume
- 2 Use the Jichitai Works brand for information dissemination**  
Information with the greatest speed and ease of understanding
- 3 Information circulation**  
Use the powerful Jichitai Works brand to create an infrastructure for the passive collection of information





### Database for local government information



#### ■ Budgets

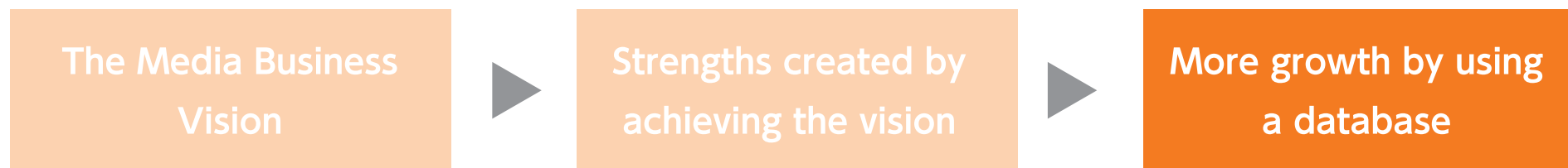
#### ■ Issues, needs

- National laws/regulations and trends
- Local governments, issues and outlook
- Innovative local governments initiatives
- Innovative services of companies



#### ■ Information about local governments and national government employees

- People who make decisions, people in charge of specific govt. operations



**Business strengthening, support and creation made possible by the local governments database**

**Strengthening**

**Make the media business more powerful**

Higher quality and speed of public-private sector collaboration; stronger market presence

**Support**

**Support for marketing activities for all HOPE, INC. services**

Enter new markets even faster

**Creation**

**Create new businesses**

Develop businesses that accurately target opportunities; diversify business operations

# 3. Investment Strategy

### ■ Make investments needed to target every opportunity

(Internal growth, M&A, alliances and other actions)

---

### ■ Established a team for new business development starting in FY2021

---

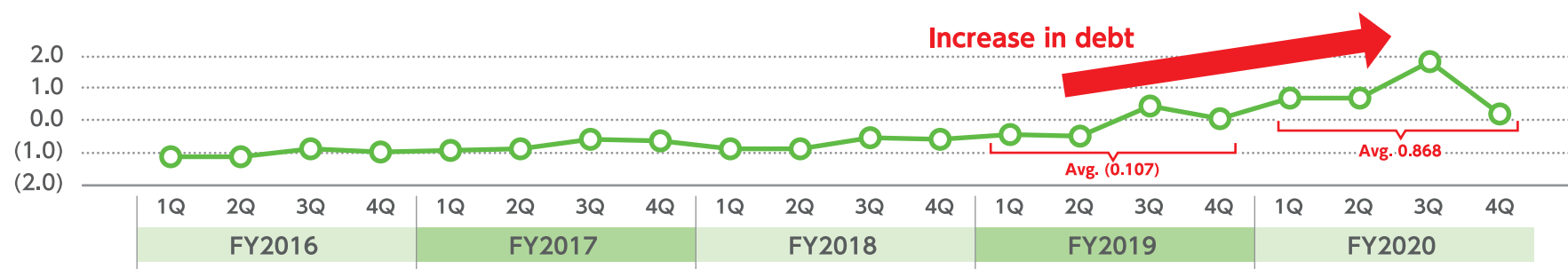
### ■ Maximum of ¥100 million for investment expenses on the FY2021 income statement

# 4 . Financial Strategy

### Net debt/equity ratio

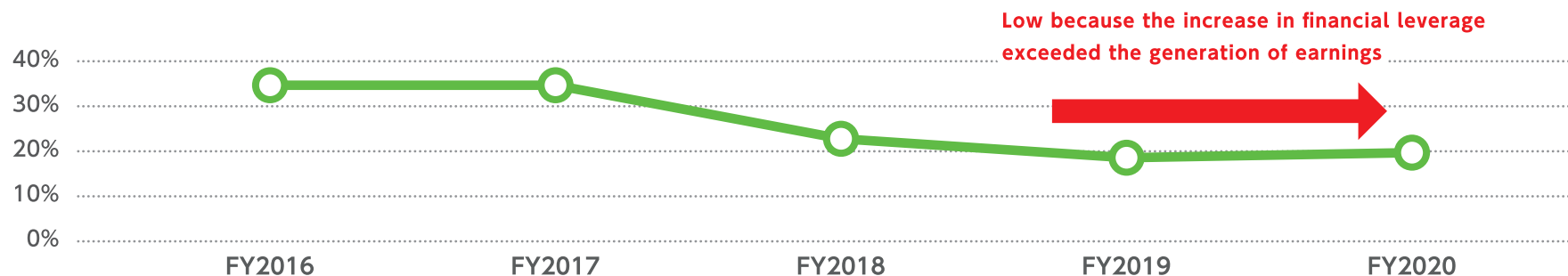
\*Net debt/equity ratio = Interest bearing liabilities - Cash and deposits / Net assets

- Cash requirements were low for the first 3 years after the IPO. Recently, the net debt/equity ratio has increased because of debt financing to procure funds for working capital needed for growth of the energy business.



### Equity ratio

- Currently about 20% because of the increase in financial leverage



- Maintain suitable leverage → A net debt/equity ratio of about one
- Use equity and debt financing to procure funds needed for growth
- As a rule, there will be no ordinary dividend
- Consider shareholder distributions while aiming for a three-year average ROE of at least 30%
- Achieve a prime market listing



### Funding using share acquisition rights through third-party allotment

## Strengthen financial position to achieve management goals

- The expansion of the energy business has led to a significant increase in demand for funds, and financial leverage has increased due to the expansion of bank borrowings. We will raise the funds necessary for our growth strategy to strengthen our financial position and lead to further development and increased corporate value.

### Use of proceeds

\*1 Amounts are determined using the initial exercise price when using the closing price on the trading day immediately prior to the date of resolution for the issuance.

#### Energy business working capital (electricity procurement) ▶

¥1.19 billion \*1

Expenditure for electricity procurement is currently approx. ¥1.7 billion per month  
Expenditure is expected to increase with future business expansion

#### Guarantee deposits in the energy business ▶

¥0.5 billion \*1

The current guarantee deposits are ¥0.77 billion.  
Guarantee deposits are expected to increase proportionally with business growth

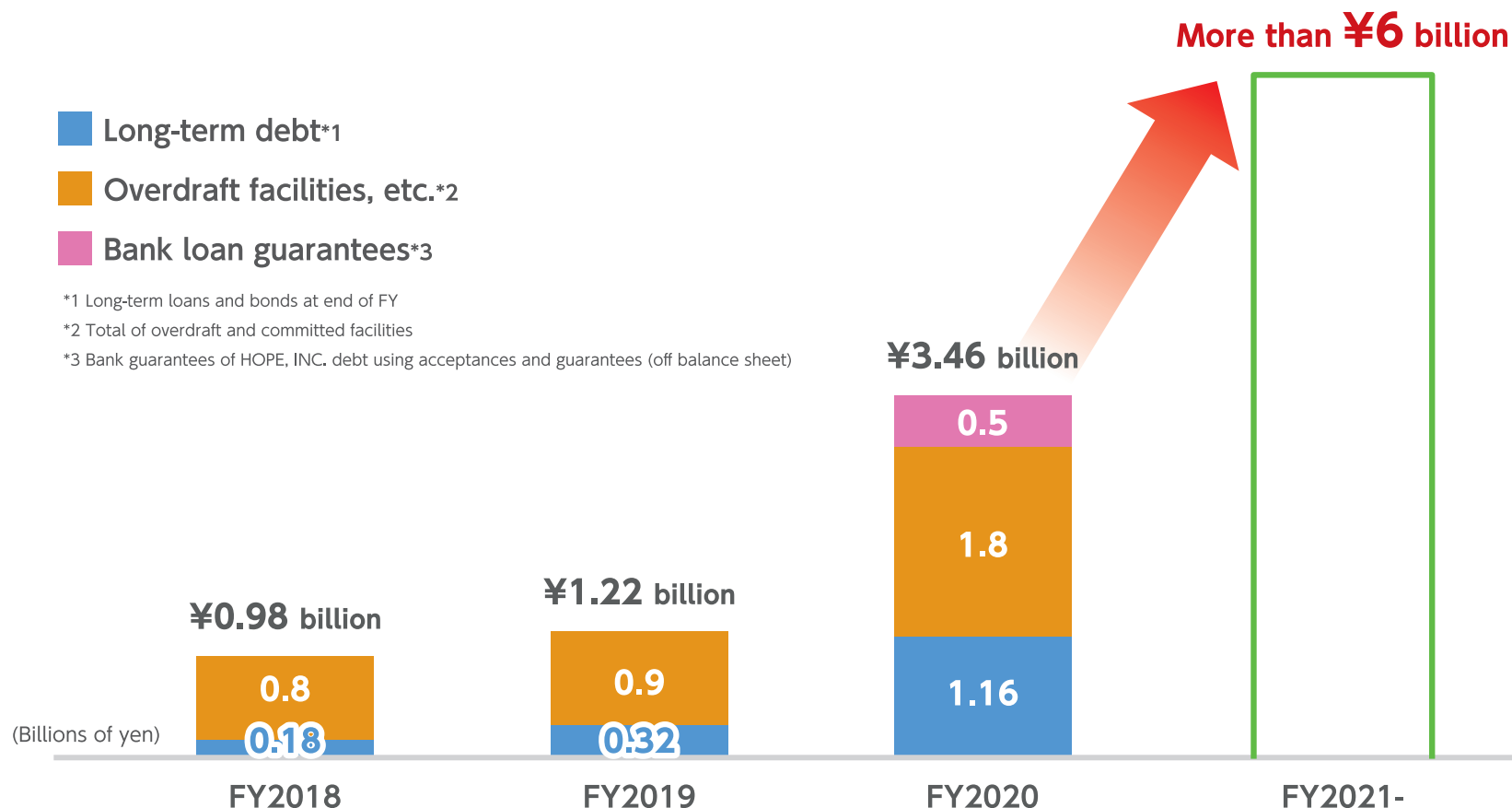
### Summary

\*2 Amounts are determined using the initial exercise price when using the closing price on the trading day immediately prior to the date of resolution for the issuance.

Estimated amount of funds raised *2	Approx. ¥1.69 billion	
No. of potential shares/dilution	No. of potential shares: 400,000 shares / Rate of dilution (vs. total votes): 6.69% (Total votes: 59,760 units as of June 30, 2020)	
Exercise period	2 years (from September 3, 2020 to September 2, 2022)	
Exercise price	Initial	The higher of ¥4,235 or closing price on the trading day immediately prior to the date (August 17 or 18, 2020) of determination of terms
	Upper limit	None
	Lower limit	The higher of ¥2,965 or 60% of the closing price on the trading day immediately prior to the date (August 17 or 18, 2020) of determination of terms
	Amendment to exercise	92% of the closing price on the immediately prior to the trading day
Exercise permission clause	The allottee cannot exercise this share acquisition rights without HOPE' INC.' s permission	

For more details, please refer to the press releases "Issuance of the Seventh Share Acquisition Rights through the Third-party Allotment (with exercise price amendment and exercise permission clauses)" and "Funding using the Seventh Share Acquisition Rights through the Third-party Allotment" which were announced today (Japanese only).

- Use retained earnings and equity financing to increase equity and leverage equity in a suitable manner to actively procure funds needed for growth
- Use long-term debt, overdraft facilities, bank loan guarantees and other fund procurement schemes while properly managing interest rates (cost of debt)



# 5 . Organizational Strategy

• HOPE, INC.'s most valuable asset is people → The growth of people (employees) = The growth of HOPE, INC.

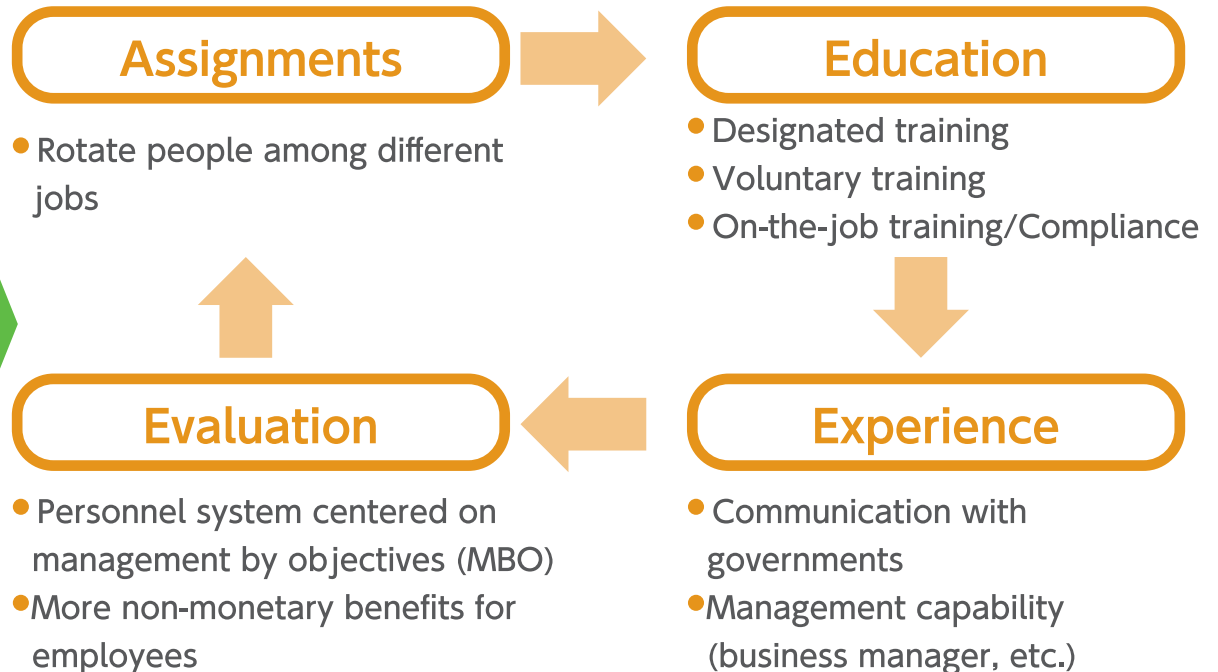
## Medium-term recruiting strategy

### ① Recruit people with public-sector job experience

(local governments employees, local governments elected officials, etc.)

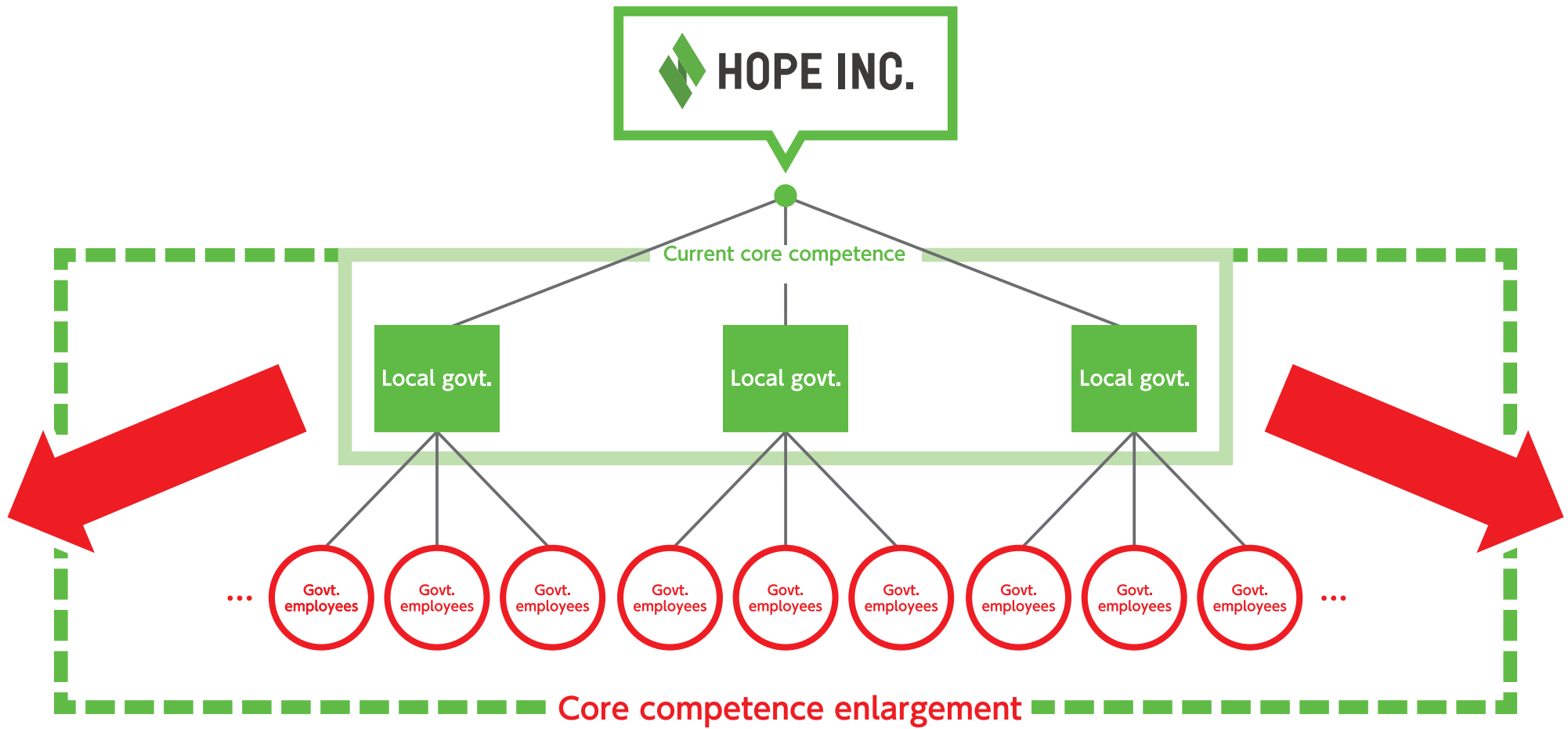
### ② Recruit people with professional skills

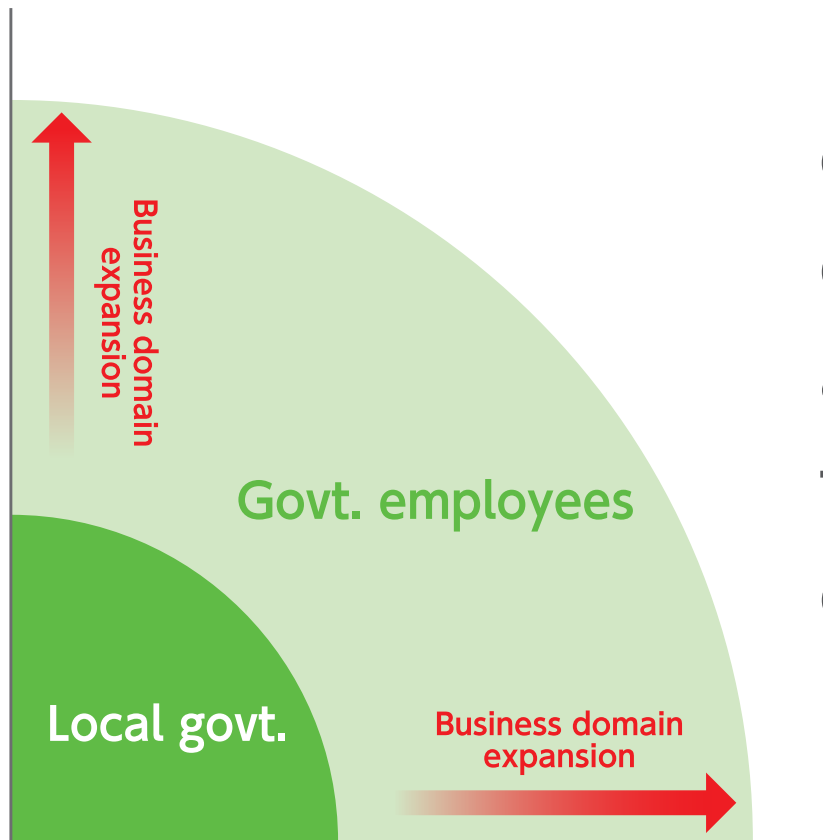
Acquire knowledge for entering a variety of business fields



# 6 . 2020 VISION

- Enlarge local government relations, HOPE, INC.'s core competence, to encompass the entire governments employee sector





Use the enlargement of the core competence for the diversification of business activities in a domain expanded to include the government employee sector

**Become the leader in businesses and services for local governments**

# FY2030

**Net sales**

**¥100 billion**

**Operating profit**

**¥10 billion**

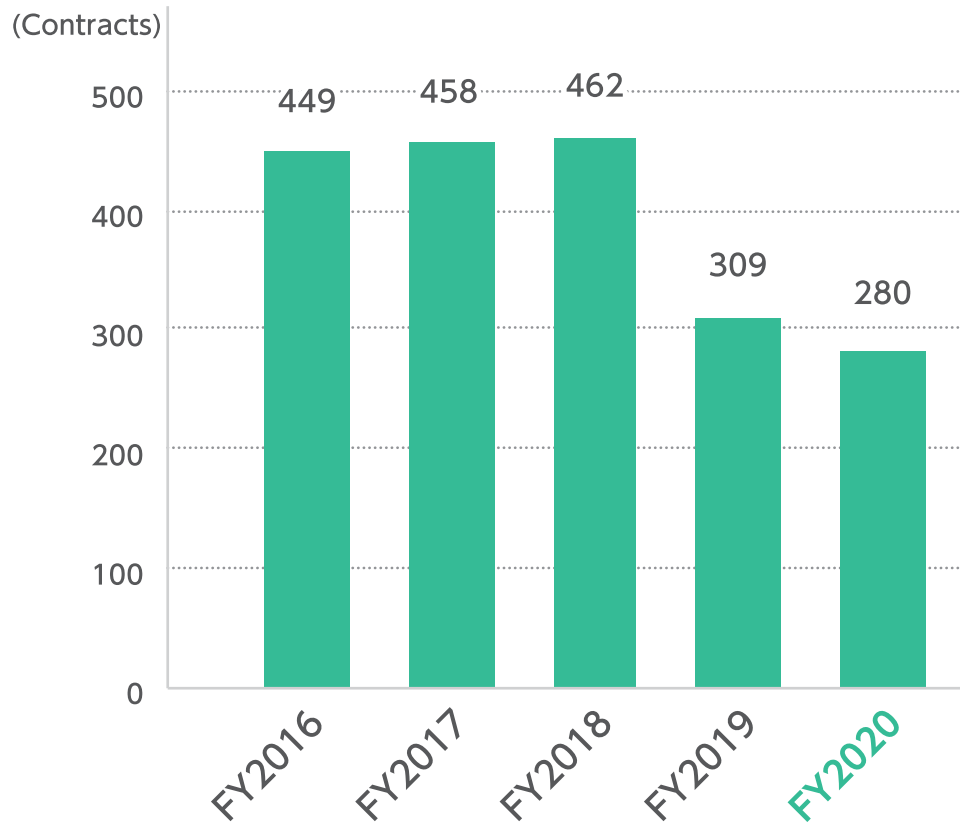
**Services**

**10 services**

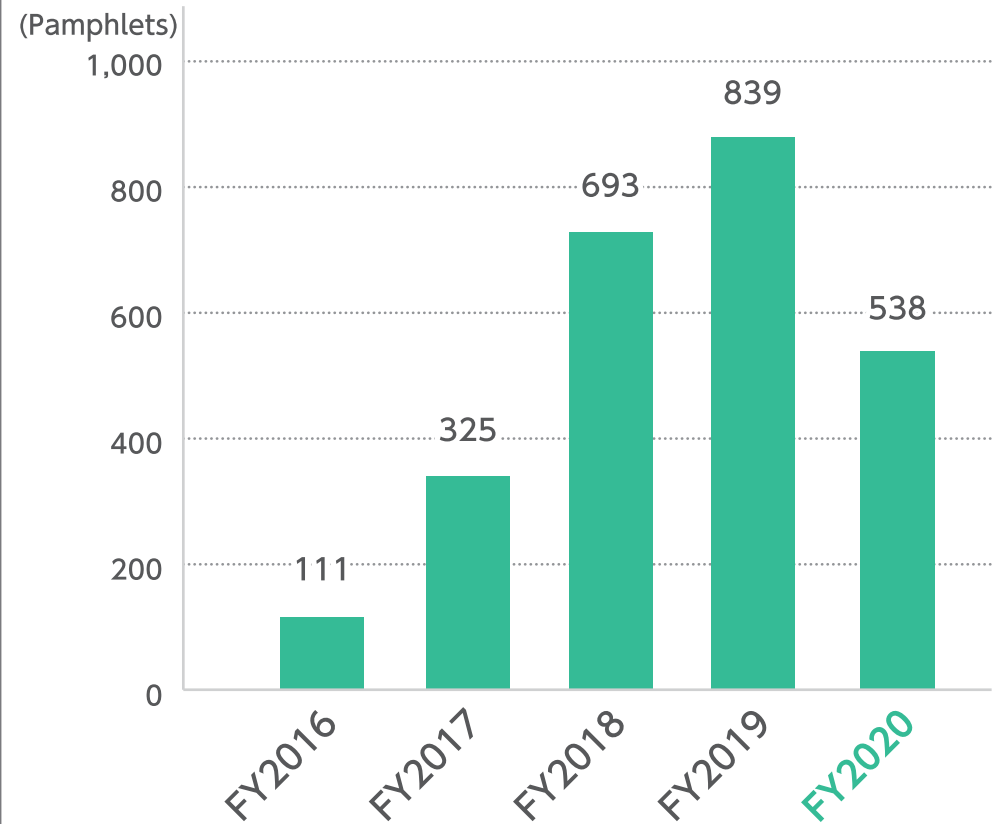


# V. Appendices

### Smart Resource Service



### Smart Creation Service (Machilet)



\*For two or more different contracts with the same local government, each contract is counted separately.

\*The number of Machilet pamphlets is the number issued during each fiscal year.

## Smart Resource Service

### 1 Bids used to purchase products

- Big swings in bids (cost of purchases)
- Risk of inability to purchase a sufficient volume due to bids of other companies, etc.

### 2 Seasonal nature of purchases and inventory risk

- Most Smart Resource purchases are single transactions for an entire year (April to March), resulting in risk for holding large inventories

### 3 Effect on the next fiscal year

- Most purchases using bids submitted during the peak season for governments contract bids will have an effect on the next fiscal year all the way to March

## Smart Creation Service (Machilet)

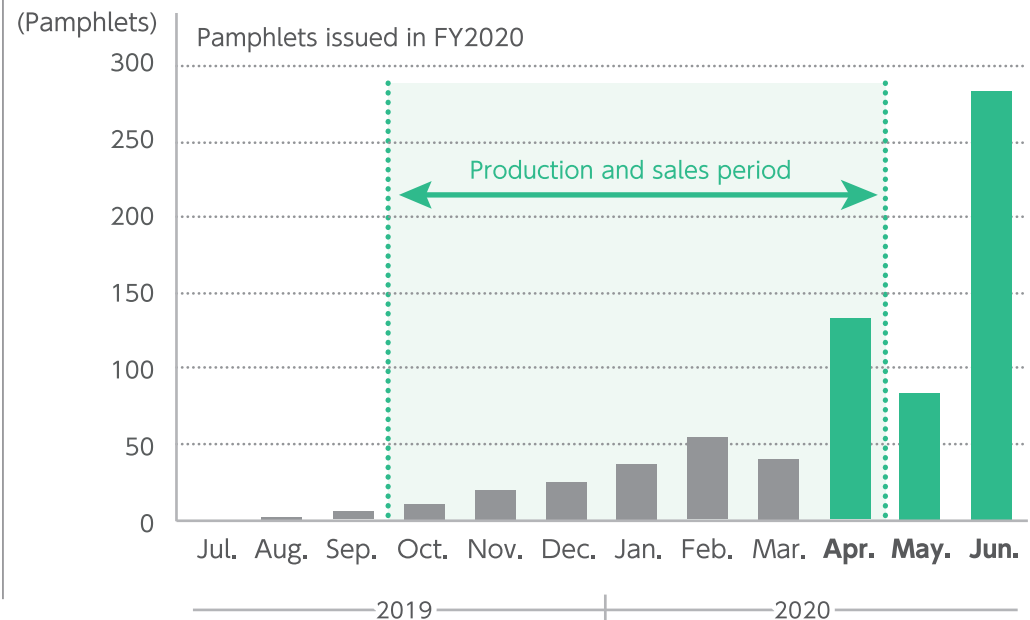
### 1 Most production and sales at the same time of the year

The production and sales period starts after signing contracts with local governments

### 2 Large pct. of sales in the fourth quarter

About 80% of pamphlets are issued between April and June

► Most sales and cost of sales are recorded in the fourth quarter



## 1 Contracts are received by submitting bids

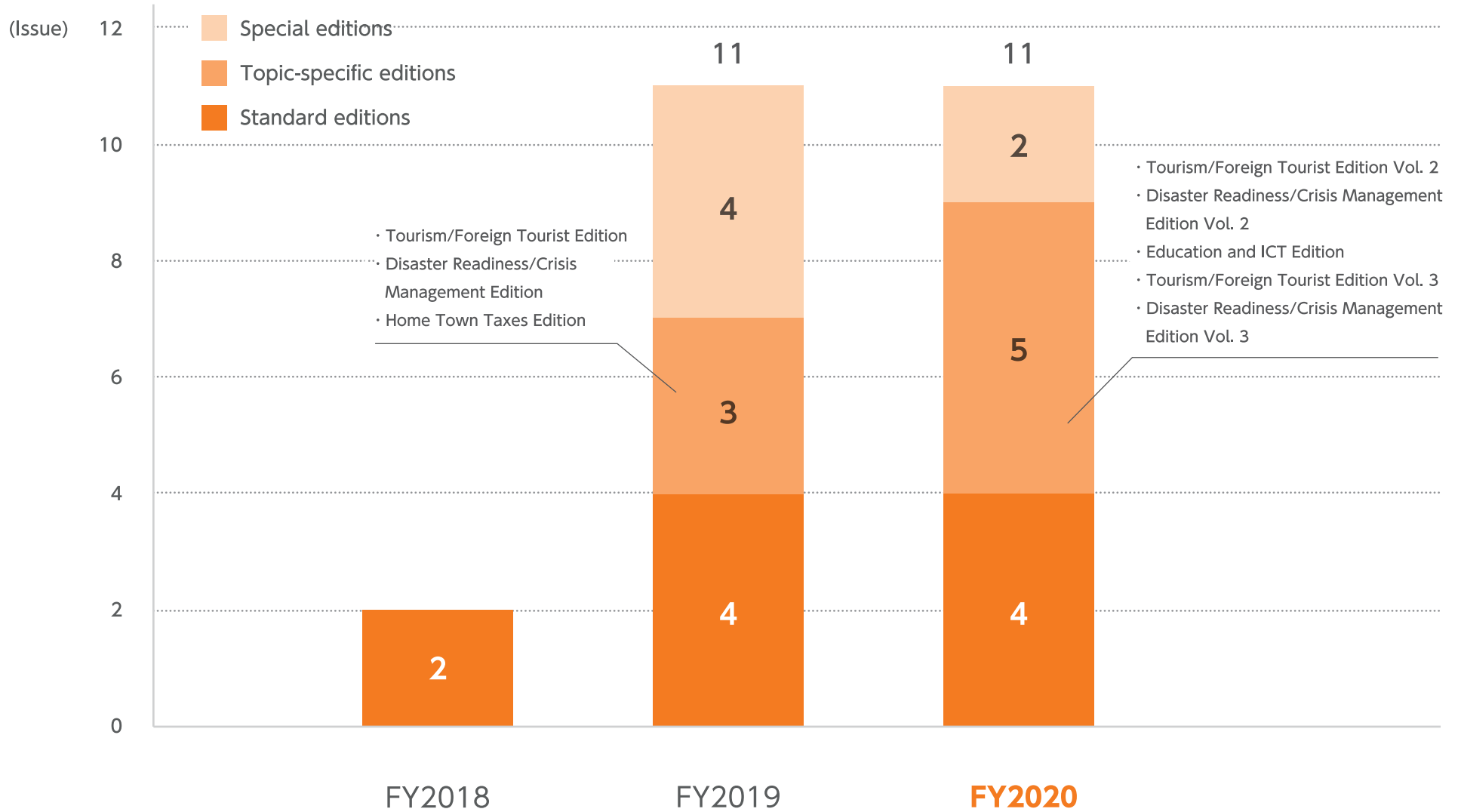
- Business may be lost to competing bids of other companies when new bidding takes place every year

## 2 Vulnerability to the economy and weather

- Electricity sales may vary depending on the health of the economy, unseasonable summer or winter weather, and other weather events
- Wholesale prices of electricity may vary depending on the cost of buying electricity, the cost of fuel, and the balance between the supply and demand of electricity

## 3 A low-cost business

- When determining bids, the energy business utilizes bidding expertise acquired over many years in the advertising business



■ Since HOPE, INC.'s inception, the advertising business has generated revenue of about **¥8.02 billion** for clients

- Smart Resource Service has paid local governments about **¥7.27 billion**
- Machilet has reduced local governments costs by about **¥0.75 billion**

(From HOPE, INC.'s inception through FY2020)

■ Cost reduction of about **¥11.9 billion** since the start of the energy business

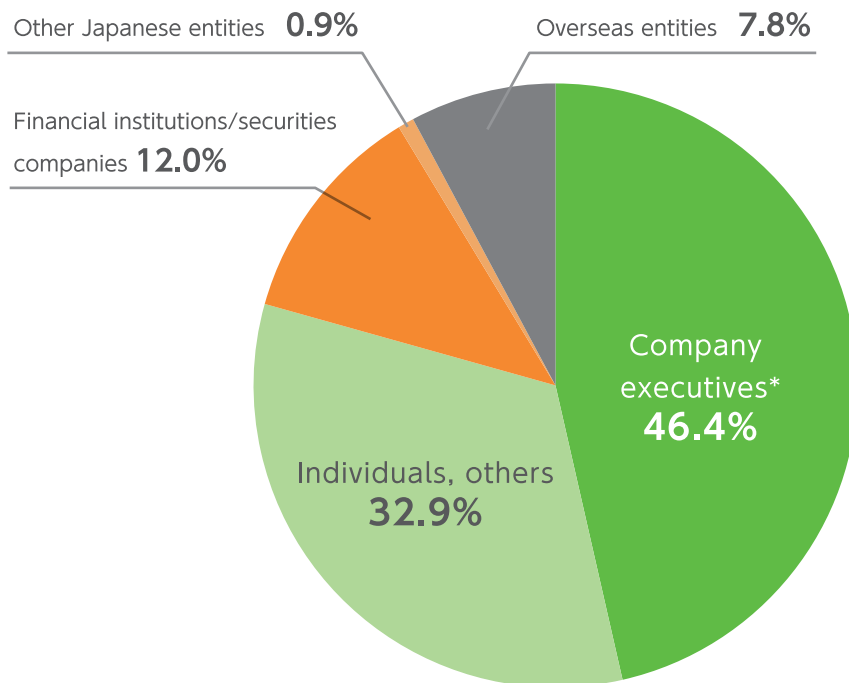
(Estimated cost reduction during the entire length of all current contracts)

(As of the end of FY2020)

## Number of shares and shareholders

Total number of authorized shares	18,848,000 shares
Number of shares issued	6,002,800 shares
Number of shareholders (with voting rights)	2,027

## Shareholder distribution by type of shareholders



\* Includes their private asset managers

## Top 10 shareholders

No.	Name of shareholders	Number of shares held
1	E.T. Co., Ltd.	1,340,000 shares
2	Takayasu Tokitsu	1,293,000 shares
3	Masaki Kuge	286,000 shares
4	Japan Trustee Services Bank, Ltd. (Trust Account)	206,500 shares
5	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	178,145 shares
6	Individual shareholder	120,800 shares
7	Shimpei Mori	119,000 shares
8	Matsui Securities Co., Ltd.	110,600 shares
9	Individual shareholder	97,500 shares
10	BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	90,200 shares

# Apx.7 Stock Information

**Period** June 15, 2016 to June 30, 2020

**IPO price** ¥350

**Initial price** ¥805 (June 15, 2016)

**Highest price since IPO\*** ¥3,945 (June 26, 2020)

**Lowest price since IPO\*** ¥220 (December 25, 2018)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
ROE	23.7%	23.9%	3.2%	(25.4)%	15.7%	75.4%

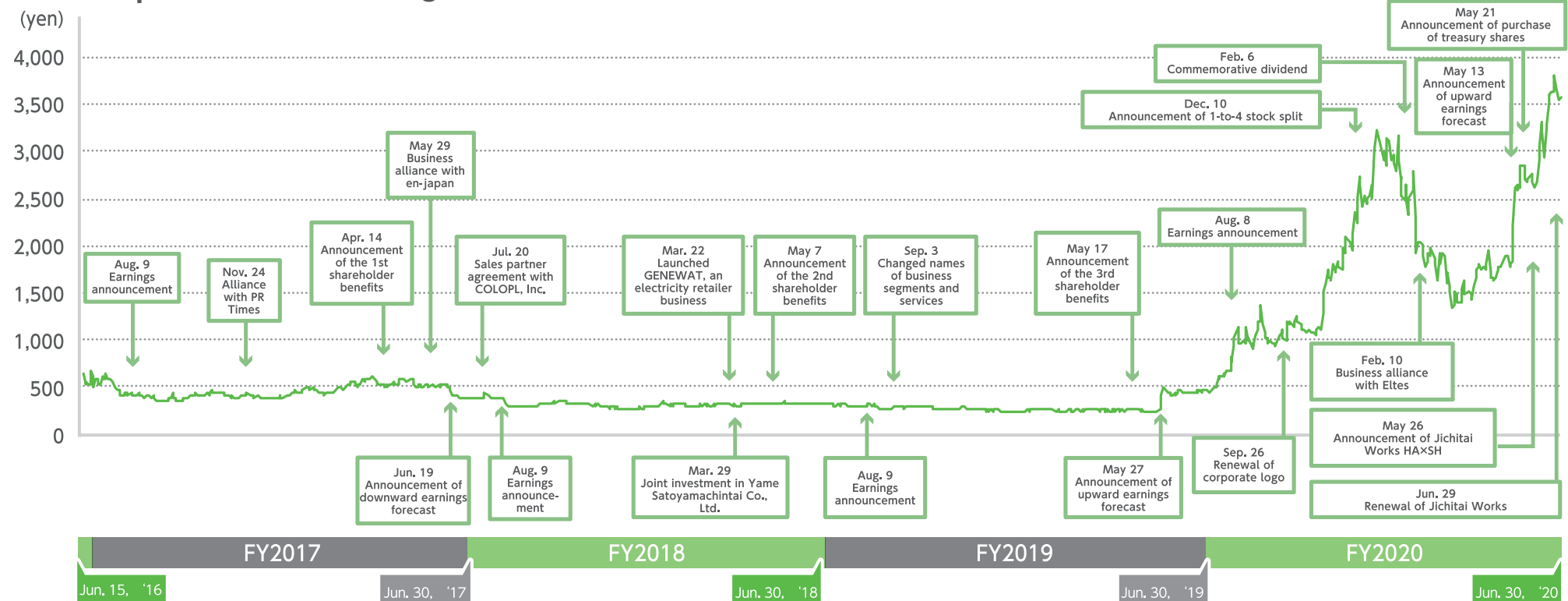
	FY2016	FY2017	FY2018	FY2019	FY2020
PER*	27.9x	116.3x	—	32.3x	30.5x

\* Including stock prices during trading hours.

\* Stock prices are adjusted to reflect a 1-to-4 stock split.

\* Calculated based on the stock price on the settlement date.

## Stock price (from the listing date to June 30, 2020)





# Apx.8 HOPE, INC. Major Media Exposure

Date	Summary	Date	Summary
Jun. 7, 2016	<b>Investment Information - New IPO Stocks, Nihon Keizai Shimbun</b>	Aug. 7, 2017	Information about HOPE, INC. in <b>Japan Digest, Nihon Keizai Shimbun</b>
Sep. 1, 2016	Included in <b>an article in the October issue of Project Design magazine</b>	Jan. 18, 2018	Information about HOPE, INC.'s electricity sales business in <b>the economy section of the Yomiuri Shimbun</b>
Sep. 25, 2016	Information about HOPE, INC. on <b>the TBS TV program Gacchiri Monday!</b>	Feb. 15, 2018	Information about the Machihiro app for checking how much money is coming, <b>Nonstop TV program of Fuji Television</b>
Nov. 7, 2016	Interview with the HOPE, INC. president in <b>Michishirube, Nihon Keizai Shimbun</b>	Apr. 23, 2018	Information about HOPE, INC. on <b>the TV Asahi Bakumon Fund! Money Success Graph</b>
Jan. 10, 2017	Interview with the HOPE, INC. president in <b>Dash Venture, Nihon Sangyo Shimbun</b>	May 21, 2018	HOPE, INC. president featured in a daily column on <b>business executives in the Nihon Keizai Shimbun</b>
Jan. 16, 2017	Interview with the HOPE, INC. president in <b>Fuji Sankei Business i.</b>	Oct. 31, 2018	Information about a HOPE, INC. Halloween event on <b>NHK TV programs Rokuichi! Fukuoka, NHK News 7, News Watch 9, and News 11</b>
Feb. 23, 2017	Interview with the HOPE, INC. president in <b>God of Happiness Diary, Kabushiki Shimbun</b>	Dec. 1, 2019	Information about HOPE, INC. in <b>an article about innovative companies in Nikkei Veritas</b>
Mar. 24, 2017	Included in <b>The First Companies 2017, an article about newly listed companies</b>	Dec. 31, 2019	Included in an article about companies with the biggest market cap increases of 2019, <b>Nihon Keizai Shimbun</b>
May 12, 2017	Included in <b>Gatchiri Monday! The Secret of Making Money on 40 Little Known Companies</b>	Jan. 31, 2020	Information about the condolence guidebook of HOPE, INC.'s Machilet, <b>Chunichi Shimbun</b>
Aug. 3, 2017	Interview with the HOPE, INC. president in <b>CEOs Explain Management Strategies, Nikkei Sangyo Shimbun</b>		

Information in this presentation includes forward-looking statements that are based on the current outlook, forecasts and assumptions vulnerable to risk factors. As a result, this information incorporates uncertainties that may cause actual performance to differ from these statements.

Risk factors and uncertainties include economic trends in Japan and other countries, such as changes in industries and markets, interest rates, and foreign exchange rates.

HOPE, INC. has no obligation to update or revise forward-looking statements in this presentation even in the event of new information or events.

**— IR contact —**

HOPE, INC.

E-Mail: [ir@zaigenkakuho.com](mailto:ir@zaigenkakuho.com)

URL: <https://www.zaigenkakuho.com>