

First Quarter of the Fiscal Year Ending June 30, 2022 (FY2022)

Results of Operations

Explanatory Material

November 15, 2021

HOPE, INC.

[6195]

Corporate Philosophy

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

Company name HOPE, INC.

Established Feb. 2005 (fiscal year-end: Jun.)

Representative Takayasu Tokitsu, CEO

Securities code 6195 (listed on the TSE-Mothers/FSE Q-Board on Jun. 15, 2016)

Employees
(consolidated) 163 (as of the end of Sep. 2021, including temporary employees)

Business Services created specifically for local governments
(Advertising Business, Energy Business, Jichitai Works Business)

Head office MG Yakuin Building 1-14-5, Yakuin, Chuo-ku, Fukuoka, Japan

History

Feb. 2005 | Founded

Jun. 2006 | Launched SMART RESOURCE SERVICE

Sep. 2013 | Launched SMART CREATION SERVICE
"Machilet"

Jul. 2014 | Launched "Machihiro," an app that connects
local governments and local residents

Aug. 2014 | Started B-to-G solutions business

Jun. 2016 | Listed on TSE-Mothers and FSE Q-Board

Dec. 2017 | Issued the first edition of "Jichitai Works"

Mar. 2018 | Registered as an electricity retailer
and launched "GENEWAT"

May 2020 | Started Jichitai Works HAxSH

Oct. 2020 | Established a wholly owned
subsidiary HOPE ENERGY, INC.

Nov. 2020 | Developed AI for forecasting market prices
of electricity (Energy Business)

Mar. 2021 | Announced participation in the private-sector
trainee program of the city of Shijonawate
in Osaka prefecture

Jun. 2021 | Launched SMART FR CONSULTING SERVICE
Launched the Jichitai Works Free Name Card service

Sep. 2021 | Announced actions for ending negative equity

I. 1Q FY2022 Financial Highlights

II. Topics

III. FY2022 Outlook

IV. Business Environment and Growth Strategies

V. 2020 VISION

VI. Appendices

I. 1Q FY2022 Financial Highlights

Application of the netting method in the Energy Business

- From FY2022, all figures in this presentation use the netting method* due to the application of the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29).
- Both net and gross figures are shown for figures until 4Q FY2021. Please refer to net figures in prior years when making comparisons.
- The differences of the netting and gross recognition methods have no effect on earnings at all levels.

*With the netting method, in accordance with the renewable energy feed-in tariff system in Japan, fees received from customers (sales) and payments to the cost adjustment organization (cost of sales), which are equal to fees received, offset each other, resulting in the recognition of net revenue. Figures that do not use netting are designated in this presentation as using the gross recognition method.

Start of consolidated financial statements

- Due to the establishment of HOPE ENERGY, INC., which is a wholly owned subsidiary, HOPE, INC. changed from non-consolidated to consolidated financial statements beginning with the second quarter of the fiscal year ended in Jun. 2021. As a result, this presentation has both consolidated and non-consolidated financial information.
- Numbers are rounded down and percentages are rounded up or down to the first decimal place.
- All documents referenced in the following pages are in Japanese version only.

Response 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/Jichitai Works 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

Although the downturn in the demand for electricity associated with temporary closings of schools and other public-sector buildings has stopped, the COVID-19 crisis may continue to have effects on electricity demand and the purchases of electricity.

1Q FY2022 Results (consolidated)

Sales were up 114.4% from one year earlier to an all-time high
Operating profit was ¥(126) million, in line with our plan

■ Net sales

¥12,978 million (up 114.4% YoY)

■ Operating profit

¥(126) million (¥686 million in 1Q FY2021)

Advertising Business

Aim for higher productivity through measures for the proper size of this business

■ Net sales

¥272 million (down 8.6% YoY)

■ Segment profit

¥7 million (¥(2) million in 1Q FY2021)

Energy Business

Record-high volume of electricity supplied due to winning bids in FY2021; plan to downsize this business

■ Net sales

¥12,651 million (up 121.1% YoY)

■ Segment profit

¥(41) million (¥762 million in 1Q FY2021)

Jichitai Works Business

Sales and earnings growth due to an increase in B-to-G solutions orders

■ Net sales

¥53 million (up 66.6% YoY)

■ Segment profit

¥8 million (up 71.6% YoY)

Income Statement Highlights

(Millions of yen)	1Q FY2021		1Q FY2022		
	Results (non-consolidated)	Comp.	Results (consolidated)	Comp.	YoY change
Net sales	6,052 <7,167>	—	12,978	—	+114.4%
Gross profit	921	15.2%	123	1.0%	(86.5)%
SG&A expenses	234	3.9%	250	1.9%	+6.7%
Operating profit	686	11.3%	(126)	(1.0)%	—
Ordinary profit	676	11.2%	(136)	(1.1)%	—
Profit attributable to owners of parent	483	8.0%	(143)	(1.1)%	—

* < > is figures using the gross recognition method.

HOPE, INC. is using the new revenue recognition standard starting in FY2022, so gross figures are not shown for FY2022.

- Sales increased 114.4% YoY because of an increase in the volume of electricity sold in the Energy Business due to winning bids in FY2021.

Up
114.4%
YoY



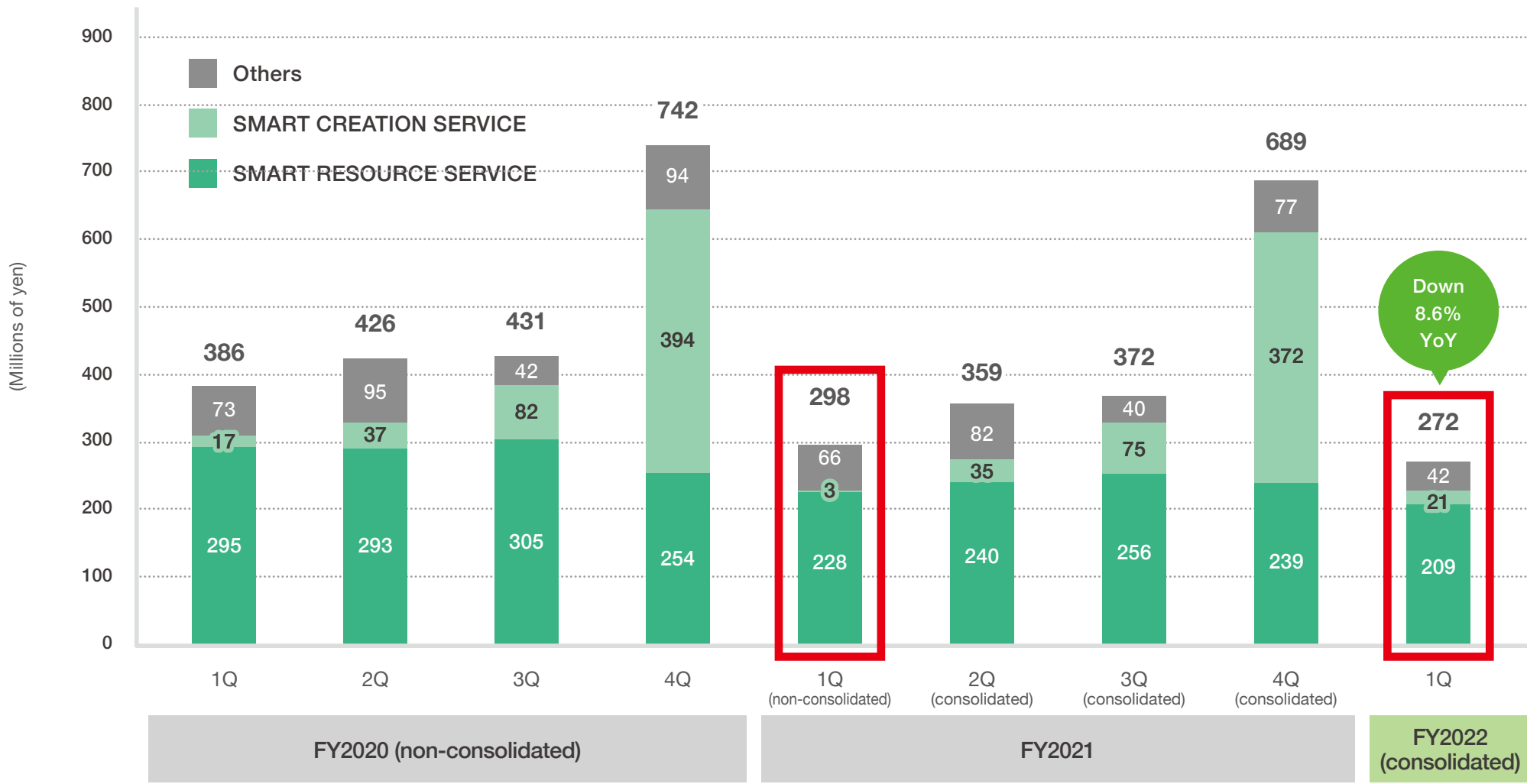
- The Advertising Business was profitable in the 1Q and the Jichitai Works Business is continuing to perform well.
- The Energy Business cost of sales was as expected. (The 1Q FY2021 cost of electricity was less than expected.)

(Millions of yen)	FY2020 (non-consolidated)				FY2021				FY2022 (consolidated)
	1Q	2Q	3Q	4Q	1Q (non-consolidated)	2Q (consolidated)	3Q (consolidated)	4Q (consolidated)	1Q
Advertising Business	(4)	13	51	244	(2)	25	59	245	7
Energy Business	19	79	149	808	762	(371)	(7,513)	197	(41)
Jichitai Works Business	(2)	2	(3)	42	5	7	1	44	8
Others	(2)	(1)	0	(7)	(9)	(8)	(8)	(21)	(23)
Adjustments (corporate expenses)	(66)	(76)	(74)	(150)	(68)	(80)	(75)	(85)	(77)
Total	(56)	16	122	937	686	(427)	(7,535)	381	(126)

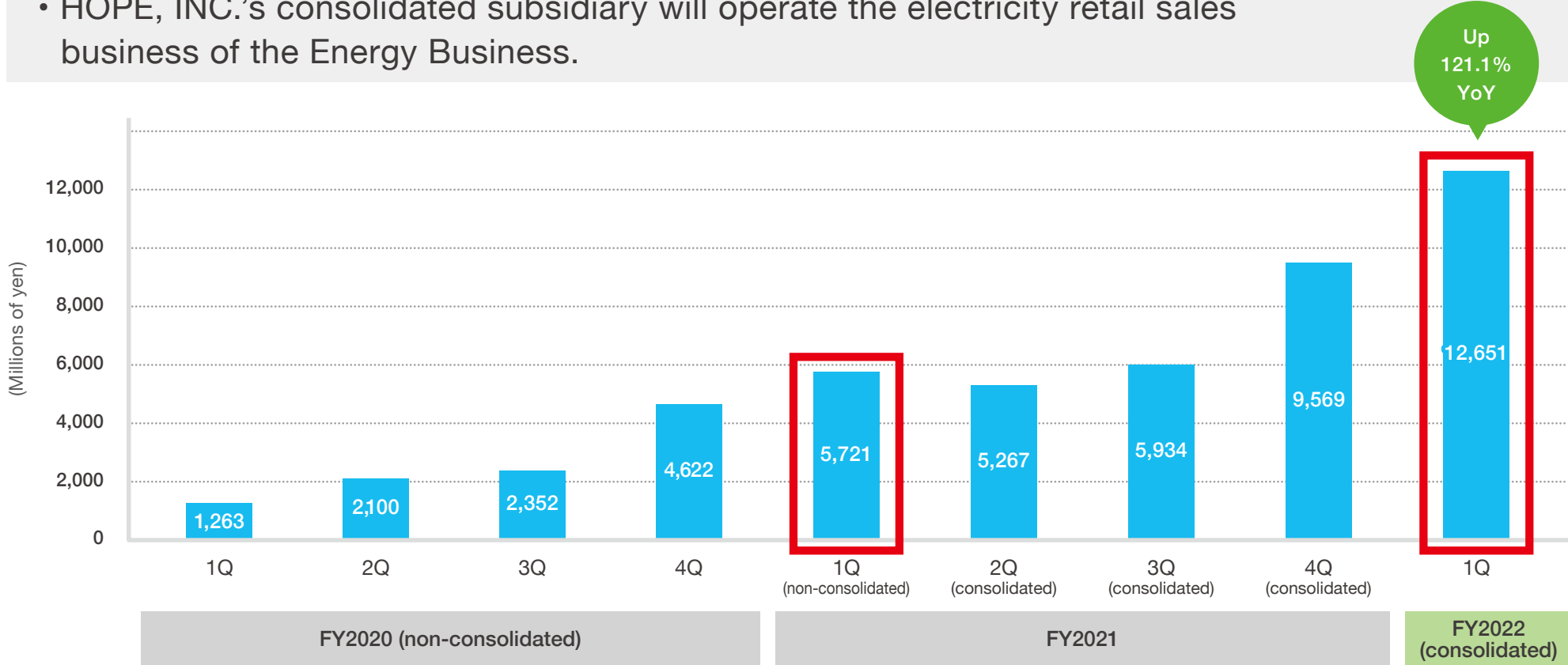
*Standards for the allocation of corporate expenses were revised to more accurately show segment earnings.

As a result, segment earnings and corporate expenses have changed beginning with 1Q FY2020. The new standards have no effect on total earnings.

- Sales were lower but productivity continued to improve because of measures to achieve the proper size of this business; activities were strengthened for development of new services



- The Energy Business has stopped bidding on new contracts and has switched to a stance of reducing the level of future risk exposure.
- HOPE, INC.'s consolidated subsidiary will operate the electricity retail sales business of the Energy Business.

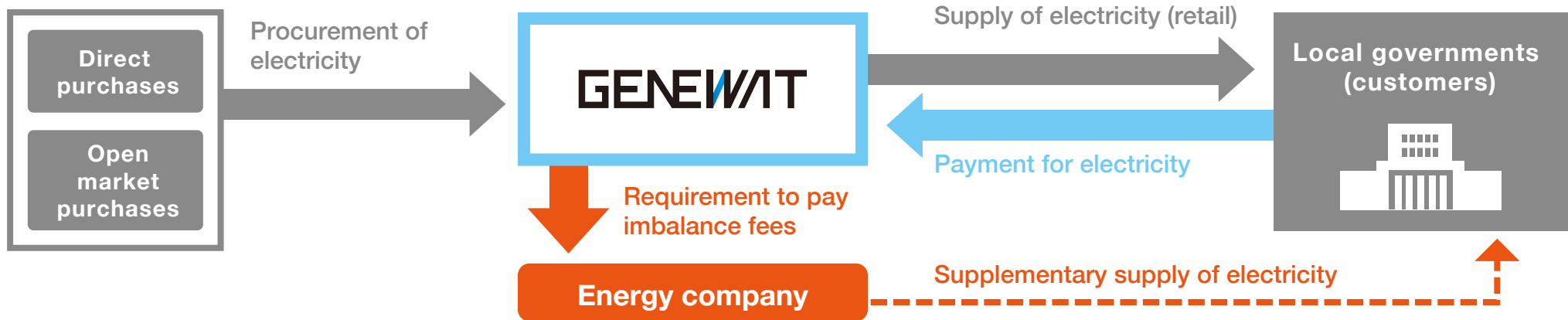


Winning Bids

*As of confirmation of result of bids

	1Q (Jul.-Sep.)	2Q (Oct.-Dec.)	3Q (Jan.-Mar.)	4Q (Apr.-Jun.)	Total
FY2019	Not disclosed	Not disclosed	Not disclosed	Not disclosed	142
FY2020*	70	96	337	77	580
FY2021*	177	201	426	55	859
FY2022*	39	—	—	—	39

- The high market price of electricity in 2020 winter and the January imbalance fee of about ¥6.5 billion (including tax) resulted in a higher cost of purchasing electricity.



How the energy business electricity

(1) Direct purchases

Uses fixed-rate agreements with suppliers of electricity for the supply of electricity in the future. The cost of this electricity is usually higher than market prices.

(2) Open market purchases using the JEPX

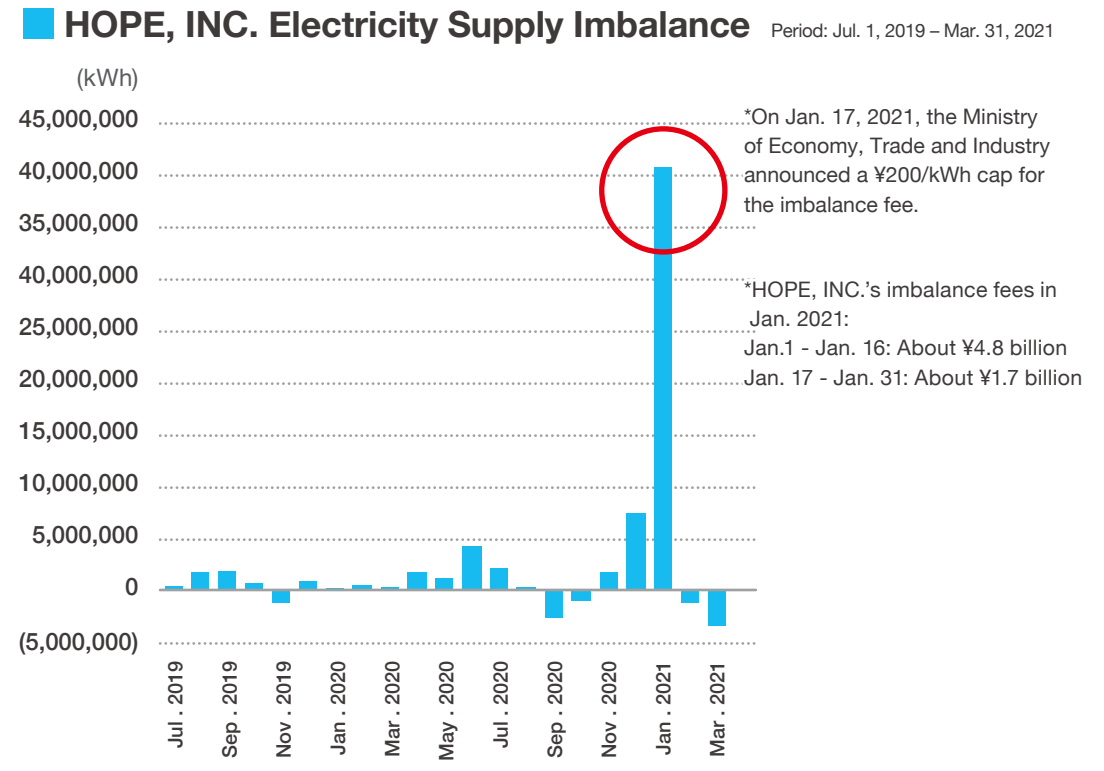
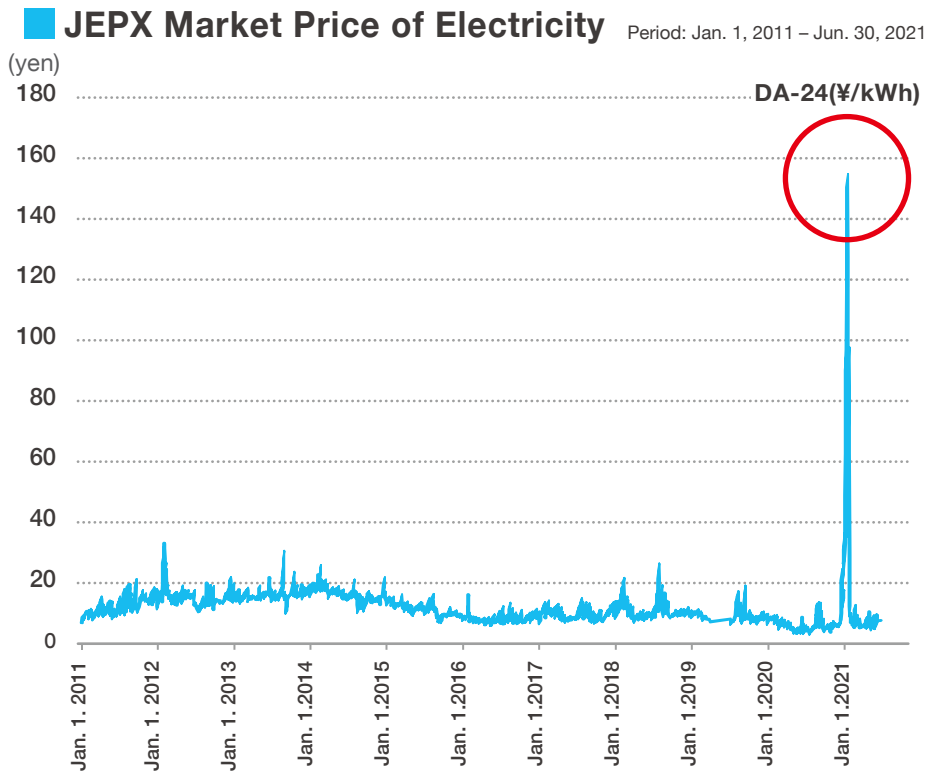
Electricity is purchased on the JEPX and prices are determined by seasonal factors as well as the weather and other considerations.

How shortfall imbalance fees are triggered

When the demand for electricity at a customer exceeds the amount of electricity provided by the retailer of electricity, the company distributing electricity covers the shortfall. If this happens, the retailer of electricity is required to pay an imbalance fee to the electricity distribution company to cover the cost of electricity purchased to cover the shortfall.

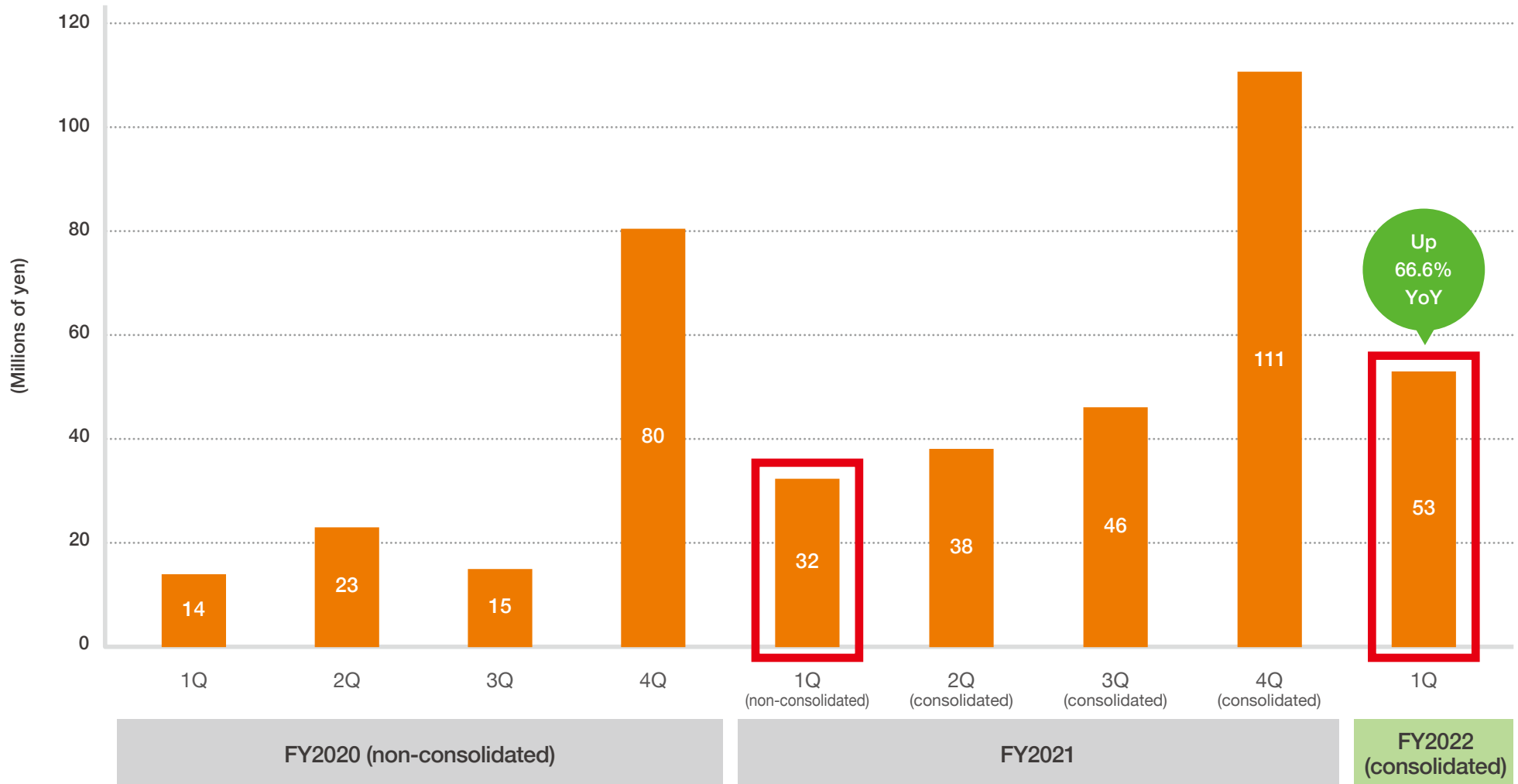
Electricity retailers purchase and sell electricity based on forecasts for the power requirements of their customers. Imbalance fees are normally very small but can be incurred at any time. The large imbalance fee in FY2021 occurred because of the difficulty of open market electricity purchases and the effects of market prices and the tight supply of electricity on the cost of electricity.

- The high market price of electricity affected the cost of procuring electricity and the imbalance fee rate and volume



(Reference) Ministry of Economy, Trade and Industry
 Special approval for an imbalance fee rate cap of ¥200/kWh in response to the rapid increase in the wholesale market price of electricity was announced on Jan. 15, 2021.
<https://www.meti.go.jp/press/2020/01/20210115007/20210115007.html>

- Consistently high levels of Jichitai Works advertisements and B-to-G solution orders



*The first issue of Jichitai Works magazine was Dec. 22, 2017 and the magazine's new design and format started in Jun. 2020.

- Negative equity at the end of 1Q FY2022 was ¥1,701 million, about ¥796 million less than negative equity of ¥2,498 million at the end of FY2021.
- YoY comparisons were used in prior years due to seasonal factors. In these highlights, prior-quarter comparisons are shown to facilitate comparisons of negative equity.

(Millions of yen)	4Q FY2021 (consolidated)		1Q FY2022 (consolidated)		
	Results	Comp.	Results	Comp.	Change
Cash and deposits	1,932	17.6%	2,542	20.7%	+609
Trade receivables and contract assets	7,336*	66.9%	8,286	67.5%	+949
Inventories	429	3.9%	321	2.6%	(107)
Current assets	10,396	94.8%	11,545	94.0%	+1,148
Non-current assets	567	5.2%	733	6.0%	+166
Total assets	10,964	100.0%	12,279	100.0%	+1,314
Accounts payable-trade	11,290	103.0%	10,925	89.0%	(365)
Short-term borrowings	950	8.7%	950	7.7%	+0
Current portion of bonds	—	—	775	6.3%	+775
Current portion of long-term borrowings	366	3.3%	336	2.7%	(30)
Current liabilities	12,880	117.5%	13,469	109.7%	+589
Bonds payable	100	0.9%	100	0.8%	+0
Long-term borrowings	482	4.4%	410	3.3%	(71)
Non-current liabilities	582	5.3%	511	4.2%	(71)
Total liabilities	13,462	122.8%	13,980	113.9%	+518
Total net assets	(2,498)	(22.8)%	(1,701)	(13.9)%	+796
Total liabilities and net assets	10,964	100.0%	12,279	100.0%	+1,314

* Notes and accounts receivable-trade in 4Q FY2021

* For information about FY2021 4Q figures, see the news release dated Aug. 24, 2021 concerning corrections to consolidated financial results for the fiscal year ended Jun. 30, 2021.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2019249/00.pdf>

- Many activities are under way to return to positive equity.
- Initiatives to increase equity and improve business operations have the goals of increasing financial soundness and profitability.

■ Third-party allotment of stock and share acquisition rights

On August 27, 2021, HOPE, INC. used a third-party allotment to sell stock and the 11th share acquisition rights with an exercise price adjustment clause. At the end of September 2021, net assets totaled negative ¥1,701 million, ¥796 million less than negative ¥2,498 million at the end of June 2021.

■ Used spinoffs to establish subsidiaries; considering business/capital alliance or other measures for these businesses (see page 19 for more information)

■ Management improvements for stability of earnings

(1) Reduce risk in the electricity retail sales business and take actions concerning business risk

- In the electricity retail sales business, HOPE, INC. will not submit bids for selling electricity to local governments until this business has clearly reached the point where JEPX market risk no longer has a significant effect on the business operations of HOPE, INC. (39 bids were submitted for electricity contracts during 1Q FY2022 and then the Energy Business stopped all bids for these contracts.)
- Plan to conduct a thorough study to determine whether to continue the Energy Business, including the option of significantly downsizing this business.

(2) Use of a spinoff and absorption to transfer the electricity retail sales business to a subsidiary

- On September 28, 2021, shareholders approved this spinoff and the spinoff is to take place on December 1, 2021.

(3) Profitability of existing and new businesses

- 1Q FY2022 earnings of the existing Advertising and Jichitai Works businesses were as planned.
- Continuing activities for the launch of new businesses to create more sources of earnings.

(Reference) The Sep. 27, 2021 news release concerning measures to end negative equity <https://ssl4.eir-parts.net/doc/6195/tdnet/2026961/00.pdf>

II. Topics

- Announced the conversion of the Advertising and Jichitai Works businesses into subsidiaries.
- Subsidiaries are to be established on December 1, 2021, by using a company split (simple spinoff).
- Considering alliances and other types of partnerships with other companies, including the sale of some stock of these subsidiaries, to procure funds for the entire group.

■ Purpose of becoming a holding company

- The holding company structure will increase the speed and agility of business operations, enable the proper allocation of the group's resources, and provide a framework for overseeing financial strategies and actions involving equity.
- The holding company will consider alliances and other types of partnerships with other companies.

■ Rights and obligations transferred to the new subsidiaries

- The two new subsidiaries will receive all assets, liabilities, and contractual and other rights and obligations involving the Advertising and Jichitai Works businesses.
- Employees of these businesses will continue to be employed by HOPE, INC. and will be seconded to these subsidiaries.



Name	JICHITAI AD, INC.	HOPE ENERGY, INC.	JICHITAI WORKS, INC.
Representative	Takayasu Tokitsu, CEO	Takayasu Tokitsu, CEO	Takayasu Tokitsu, CEO
Business	Advertising Business	Energy Business	Jichitai Works Business
Capital	¥10 million	¥10 million	¥10 million
Established	Dec. 1, 2021 (scheduled)	Oct. 22, 2020	Dec. 1, 2021 (scheduled)
Major shareholder	HOPE, INC. 100%	HOPE, INC. 100%	HOPE, INC. 100%
Sales (Pct. of total HOPE, INC. sales) (FY2021)	¥1,719 million (6.0%)	¥26,493 million (93.1%)	¥228 million (0.8%)

* On September 28, 2021, shareholders approved a resolution for the spinoff of the electricity retail sales business and absorption by HOPE ENERGY, a wholly owned subsidiary of HOPE, INC., on December 1, 2021 (tentative).

(Reference) For more information, see the news release dated Oct. 26, 2021 concerning the company split (simple spinoff) of the Advertising and Jichitai Works businesses and establishment of subsidiaries.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2035126/00.pdf>

- Started monthly summary of Energy Business results (preliminary) in July 2021

Reason for monthly announcements

- HOPE, INC. is reducing risk exposure in this business by suspending the submission of bids for new contracts and downsizing this business. In FY2022, the Energy Business is expected to continue to account for a significant percentage of total sales due to contractual obligations to current customers. Monthly announcements will be made to provide detailed and timely information.

FY2022	Forecast for avg. cost of purchasing electricity (Yen/kWh)	Actual avg. cost of purchasing electricity (Yen/kWh)	Avg. selling price of electricity (Yen/kWh)	Electricity supplied (approx.) (million kWh)
Jul. 2021	9.82	9.38	15.70	360
Aug. 2021	10.69	10.17	15.75	350
Sep. 2021	9.50	9.20	15.92	320
Oct. 2021	8.09	14.60	15.28	290
Nov. 2021	8.30	—	—	—
Dec. 2021	9.84	—	—	—
Jan. 2022	11.07	—	—	—
Feb. 2022	8.39	—	—	—
Mar. 2022	7.47	—	—	—
Apr. 2022	7.28	—	—	—
May 2022	7.65	—	—	—
Jun. 2022	7.75	—	—	—

(Reference) Notice Concerning Monthly Summary of Energy Business Results for the Fiscal Year Ending Jun. 30, 2022 (Preliminary Report), Oct. 7, 2021
<https://ssl4.eir-parts.net/doc/6195/tdnet/2030462/00.pdf>

(Reference) Notice Concerning Monthly Summary of Energy Business Results for Oct. (Preliminary Report), Nov. 15, 2021

III. FY2022 Outlook

- There are no earnings forecasts at this time because the rapid increase in JEPX market prices that started in October makes it difficult to determine a reliable estimate.

	FY2020	FY2021	FY2022	
	Results (non-consolidated)	Results (consolidated)	Plan (consolidated)	YoY change
Net sales	12,470 (14,407)	28,444 (34,615)	34,850	+22.5%
Gross profit	2,261	(5,841)	—	—
SG&A expenses	1,240	1,053	—	—
Operating profit	1,020	(6,895)	—	—
Ordinary profit	1,012	(6,935)	—	—
Profit attributable to owners of parent	665	(6,978)	—	—
Net income per share	117.97yen*	(1,109.09)yen	—	—

* For information about FY2021 figures, see the news release dated Aug. 24, 2021 concerning corrections to consolidated financial results for the fiscal year ended Jun. 30, 2021.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2019249/00.pdf>

* For more information about the forecast, see the news release dated Nov. 15, 2021 concerning the FY2022 forecast for consolidated sales and earnings.

* < > is figures using the gross recognition method. HOPE, INC. is using the new revenue recognition standard starting in FY2022, so gross figures are not shown for FY2022.

* Net income per share is adjusted to reflect the 1-to-4 stock split effective on Jan. 1, 2020.

- For the FY2022 earnings forecast, out estimates for major variable items in the Energy Business are as follows.

Estimated regional composition of energy to be supplied

Hokkaido	Tohoku	Tokyo	Chubu	Hokuriku	Kansai	Chugoku	Shikoku	Kyushu	Total
12.34%	4.32%	26.48%	35.30%	1.51%	7.33%	8.91%	2.62%	1.19%	100.00%

1 Cost of open market purchases of electricity

- Forecast for cost of electricity purchased on the JEPX

These estimates are weighted averages using the expected electricity prices and amount purchased by customers of HOPE, INC. in each region

Market price forecast (Yen/including tax)	2021						2022					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
	9.82	10.69	9.50	8.09	8.30	9.84	11.07	8.39	7.47	7.28	7.65	7.75

2 Fuel cost adjustment

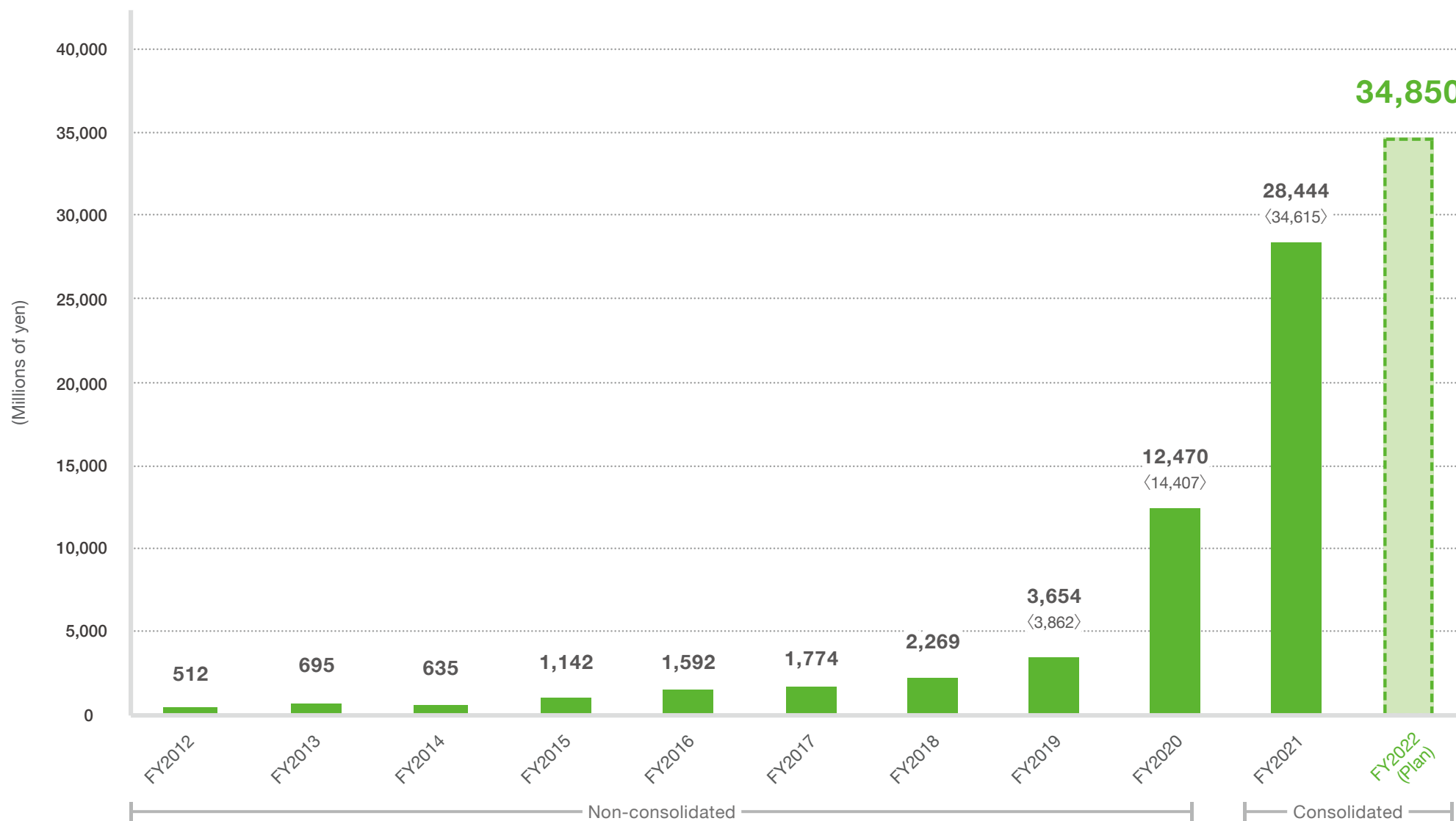
- Forecast for the fuel cost adjustment

These estimates are weighted averages using the expected electricity prices and amount supplied to customers of HOPE, INC. in each region

*The fuel cost adjustment allows revising electricity rates paid by customers in order to reflect an increase or decrease in the cost of imported fuel used at thermal power plants. The adjustment is based on the difference between the average price of fuel (using 3-month trade statistics for prices of crude oil, LNG and coal) and reference fuel prices.

Weighted average fuel cost adjustment (Yen/including tax)	2021						2022					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
	(2.73)	(2.65)	(2.57)	(2.46)	(2.38)	(2.29)	(2.21)	(2.13)	(2.06)	(1.91)	(1.92)	(1.91)

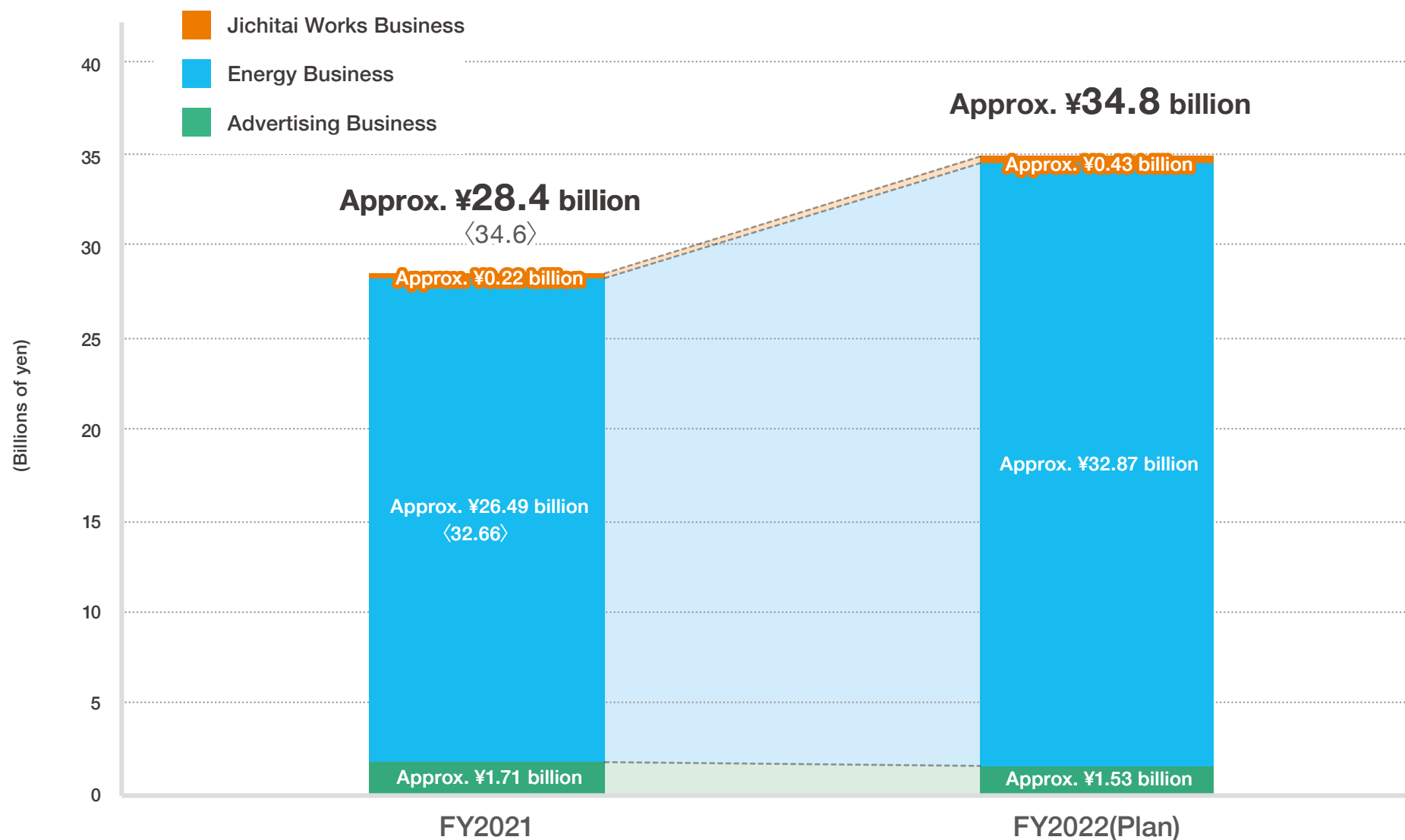
Consistent Sales Growth



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

* < > is figures using the gross recognition method.

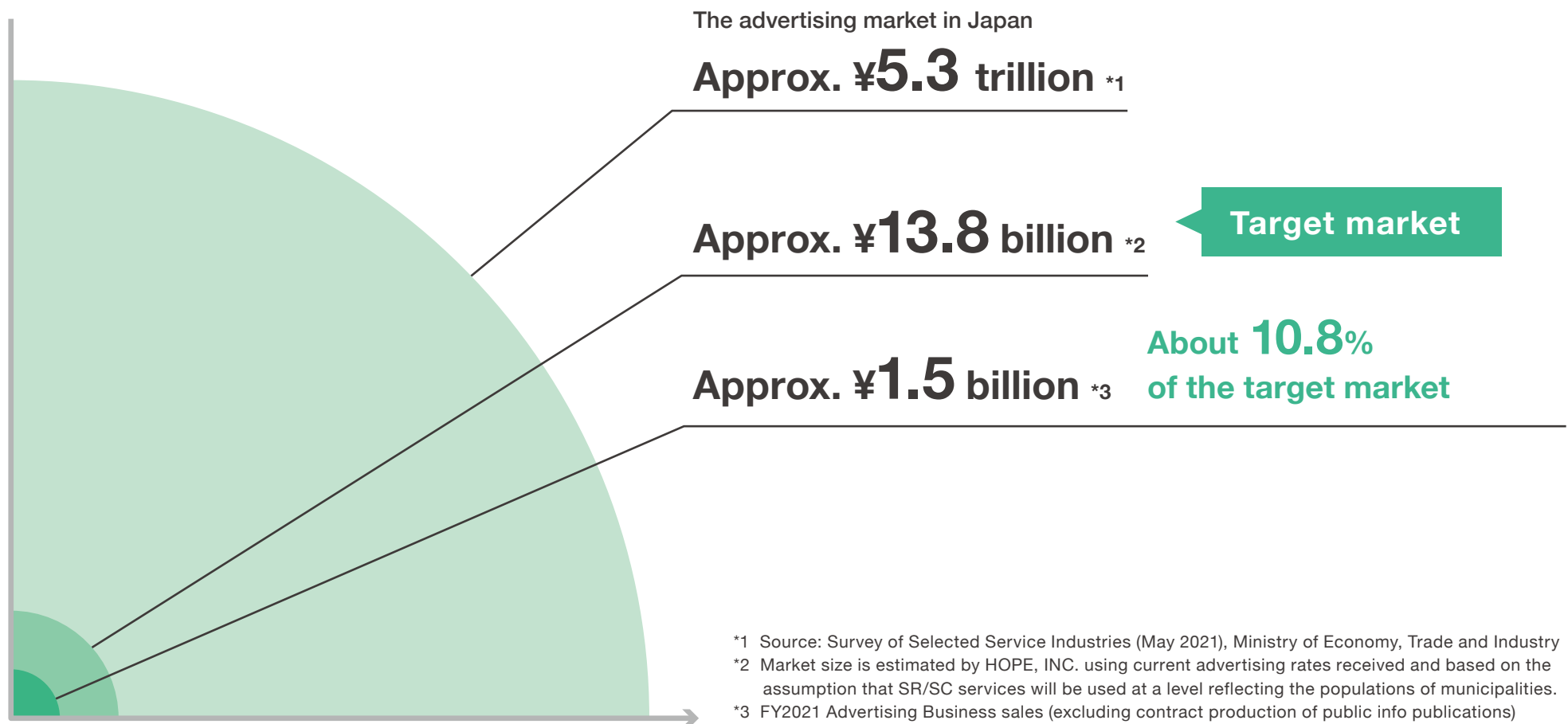
* For information about FY2021 figures, see the news release dated Aug. 24, 2021 concerning corrections to consolidated financial results for the fiscal year ended Jun. 30, 2021.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2019249/00.pdf>



* 〈 〉 is figures using the gross recognition method.

IV. Business Environment and Growth Strategies

- 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 16 years.
- HOPE, INC.'s share of this market is about 10.8%.

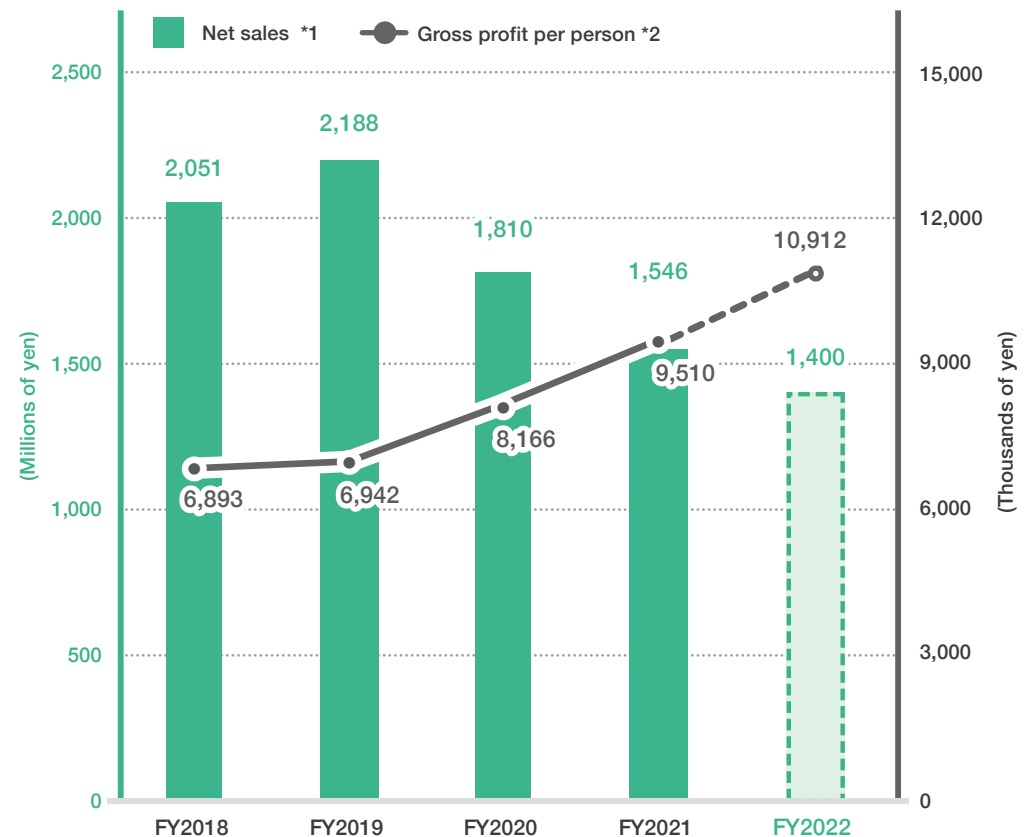


- Improve profitability by positioning this business as a profit-generation business and achieving the proper size of this business
- Aim for consistent earnings by raising productivity per employee while holding sales steady at an appropriate level

Strategies for a Mature Market

- HOPE, INC. already has more than 10% of the local government ad market in Japan with annual revenue of about ¥13.8 billion. → The goal is a higher profit margin rather than sales growth.
- Reduce the seasonality of this business to build a stronger profit structure by cutting expenses and raising efficiency.
- To increase profitability, improve productivity with measures targeting the new performance indicator of gross profit per person

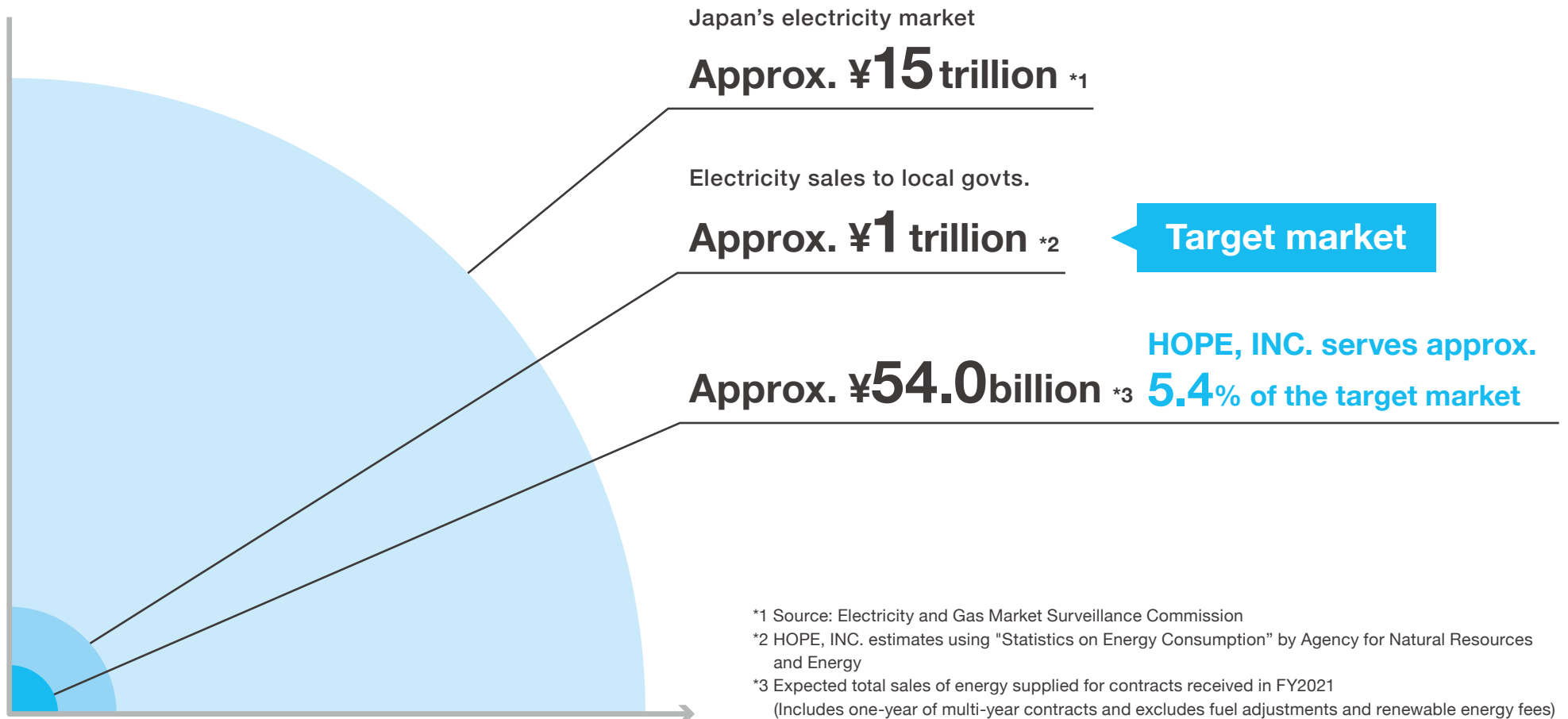
Gross profit per person in the Advertising Business



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

*2 Number of advertising employees is the average for every year and excludes advertisement designers

- Rapid growth since the launch of this business in 2018 that used HOPE, INC.'s expertise involving bidding on public-sector contracts
- Expect electricity supplied to reach a record high in FY2022, but have stopped bidding on new contacts (see page 30 for more information)



- Downsize operations to reduce business risk exposure

■ Assumptions

- 1) Electricity prices are usually low in the spring and fall (including October) but in 2021, JEPX prices were higher than expected.
- 2) HOPE, INC. was unable to purchase the expected volume of electricity by using direct one-to-one transactions because payment terms did not match the HOPE Group's desired terms.
- 3) There are concerns about a tight supply of electricity during the winter of 2021-2022 too.

■ Continuation of the suspension of submitting bids

The Energy Business is a large percentage of total sales. Due to the substantial market risk in this business, HOPE, INC. will not submit bids in the electricity retail sales business for new electricity supply contracts with local governments in order to improve the soundness of business operations. This suspension will continue until it becomes clear that this market risk will no longer have a significant effect on business operations.

■ Purpose of the spinoff of the electricity retail sales business to HOPE ENERGY, INC.

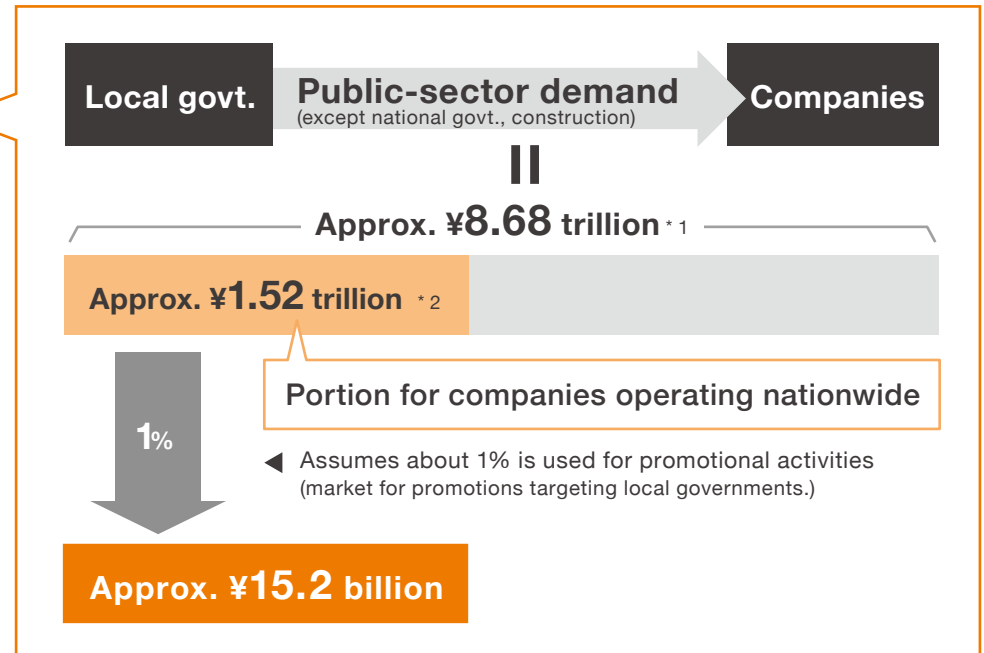
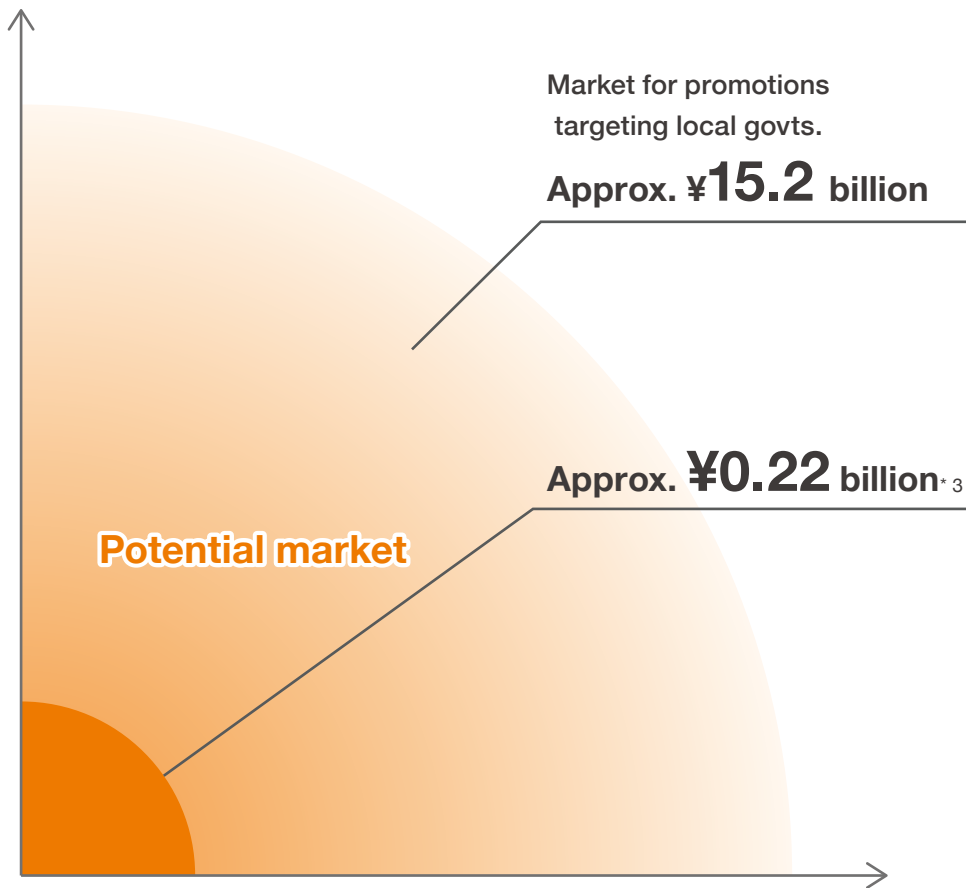
- The electricity retail sales business will continue at HOPE ENERGY and actions will be taken to reduce risk exposure by downsizing this business in a manner that reflects the business climate.
- The shift to a group management structure with more speed and flexibility will better facilitate the timely and proper management of risk and the best possible allocation of the HOPE Group's resources.

(Reference) For more information, see the Sep. 27, 2021 news release concerning measures to end negative equity. <https://ssl4.eir-parts.net/doc/6195/tdnet/2026961/00.pdf>

For more information, see the Aug. 11, 2021 news release concerning the spinoff of the electricity retail sales business. <https://ssl4.eir-parts.net/doc/6195/tdnet/2014535/00.pdf>

• 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

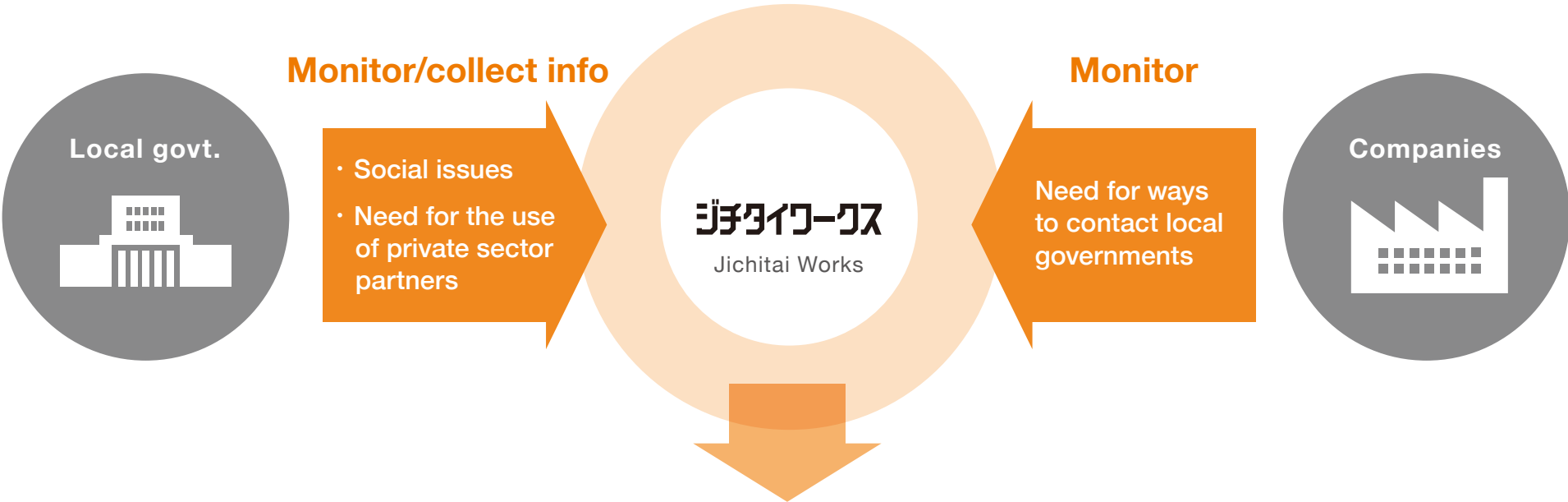


*1 Calculated by HOPE, INC. using Summary of Guide to Contracts in the Public Sector – FY2018, The Small and Medium Enterprise Agency
 *2 HOPE, INC. estimates based on FY2018 Administrative Project Review, Ministry of Internal Affairs and Communications
 *3 FY2021 Jichitai Works Business sales

Become a link for public-private sector collaboration and ties among local governments based on the concept of energizing “experiences and people” at local governments.

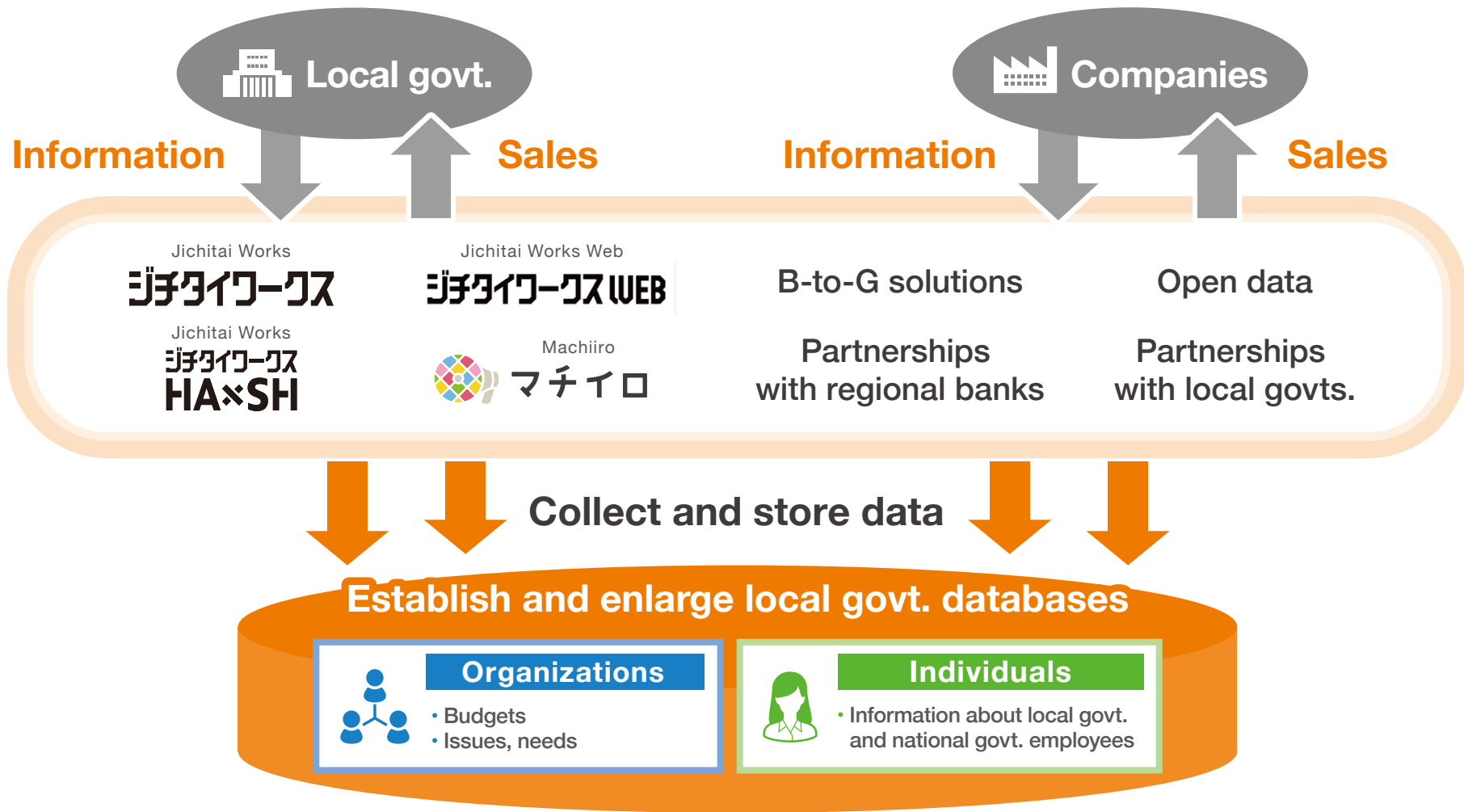


Contribute to market growth

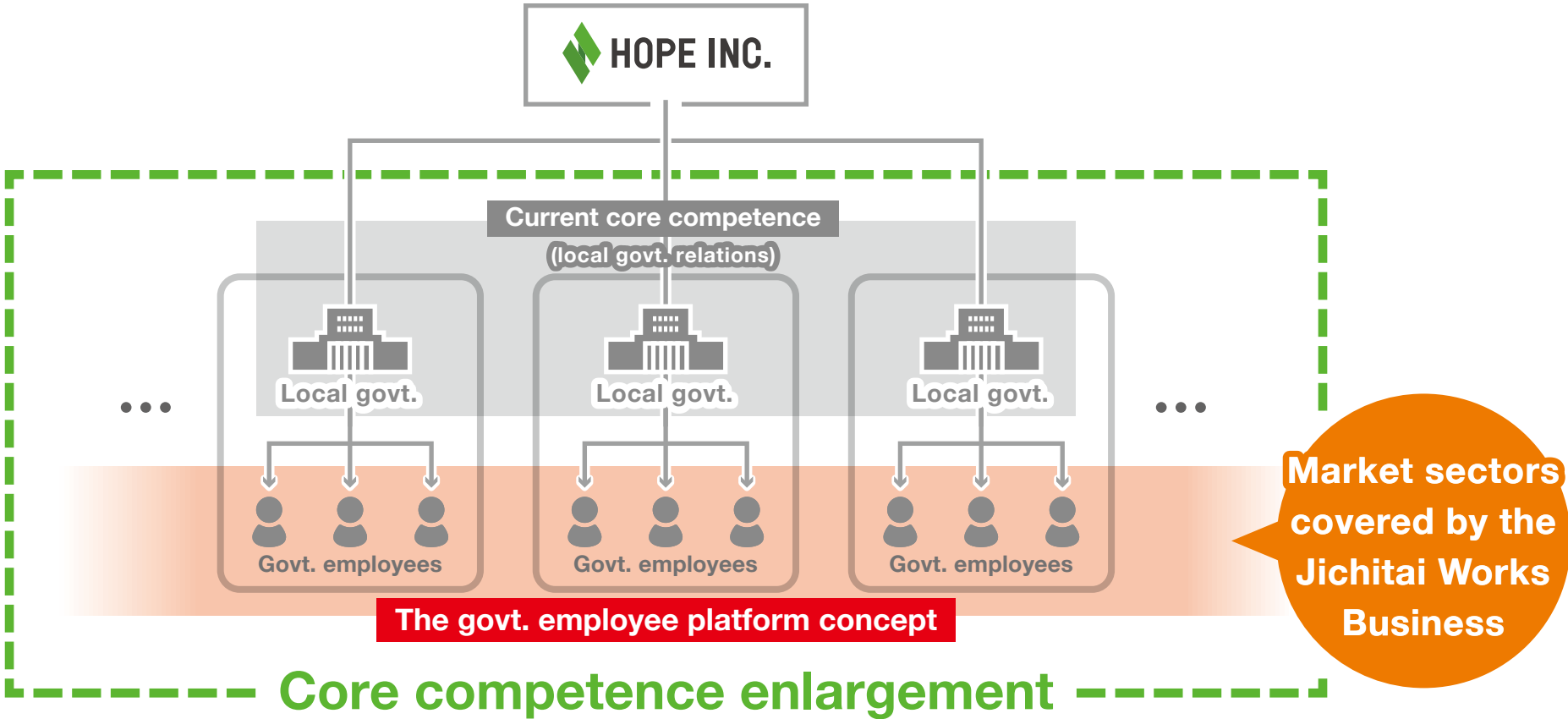


- Provide many types of services**
- Broad range of activities using the Jichitai Works brand
 - More matching by using the internet, telemarketing and other methods

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



- The government employee platform concept :
Enlarge business operations to cover the government employee sector in order to become the leader in businesses and services for local governments.
- The government employee sector will be a growing market for the Jichitai Works Business.



- Reestablish HOPE NEXT 3 based on the elimination of negative equity
- The goal is to eliminate negative equity by the end of June 2022

■ Assumptions

- The original medium-term plan made the Energy Business a large share of sales and earnings.
- We reexamined the business portfolio, including new businesses, to establish a strategy for growth.

■ Timing for establishing a new plan

- In FY2022, we are focusing on making steady progress with measures to eliminate negative equity and achieving this goal by the end of June 2022.
- A new medium-term plan will be established after equity becomes positive.

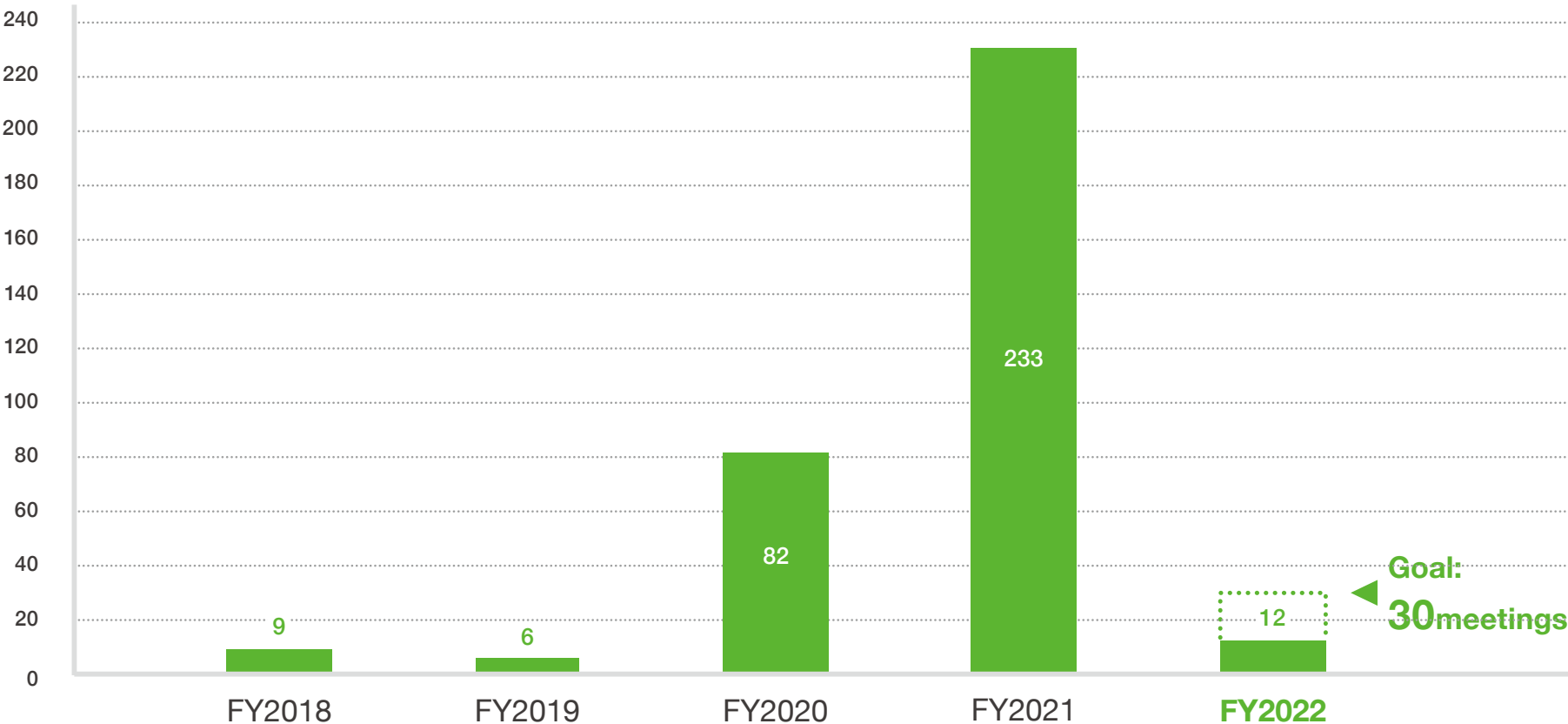
■ Other items

- There is no change at this time in the 2020 VISION goals for FY2030: sales of ¥100 billion, operating profit of ¥10 billion, and a business portfolio with at least 10 services.
- There are no revisions to the expected business environment changes or business policies regarding the Advertising Business and the Jichitai Works Business.

(Reference) Information about the Medium-term Management Plan before the reexamination is in “Medium-term Management Plan HOPE NEXT 3” announced on Aug. 11, 2020.
<https://ssl4.eir-parts.net/doc/6195/tdnet/1873672/00.pdf>

- Plan to continue increasing the number of meetings with institutional investors by using online meetings and expanding English-language disclosure activities.
- Also plan to hold meetings during FY2022 when requested.

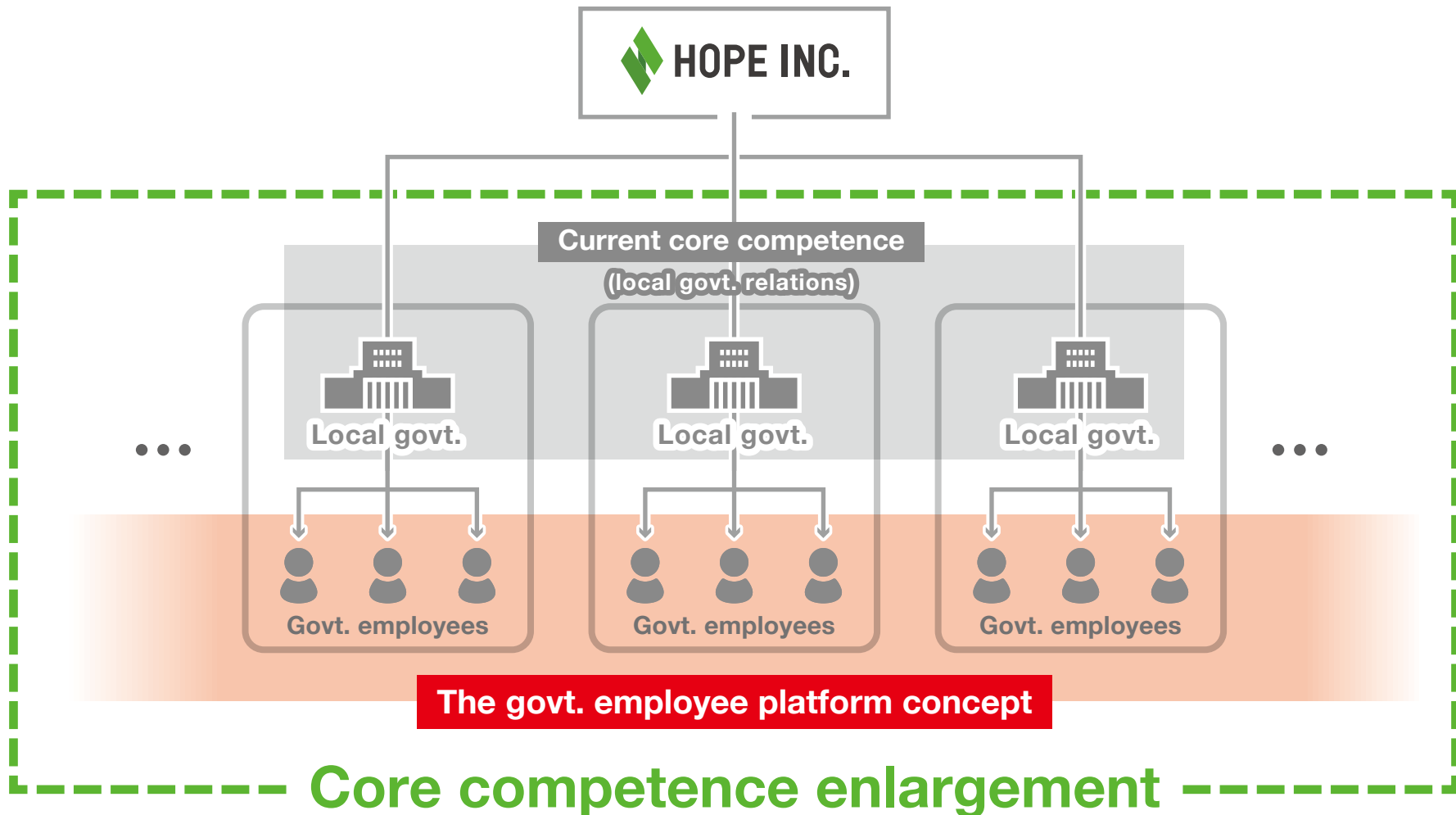
■ Number of institutional investor meetings

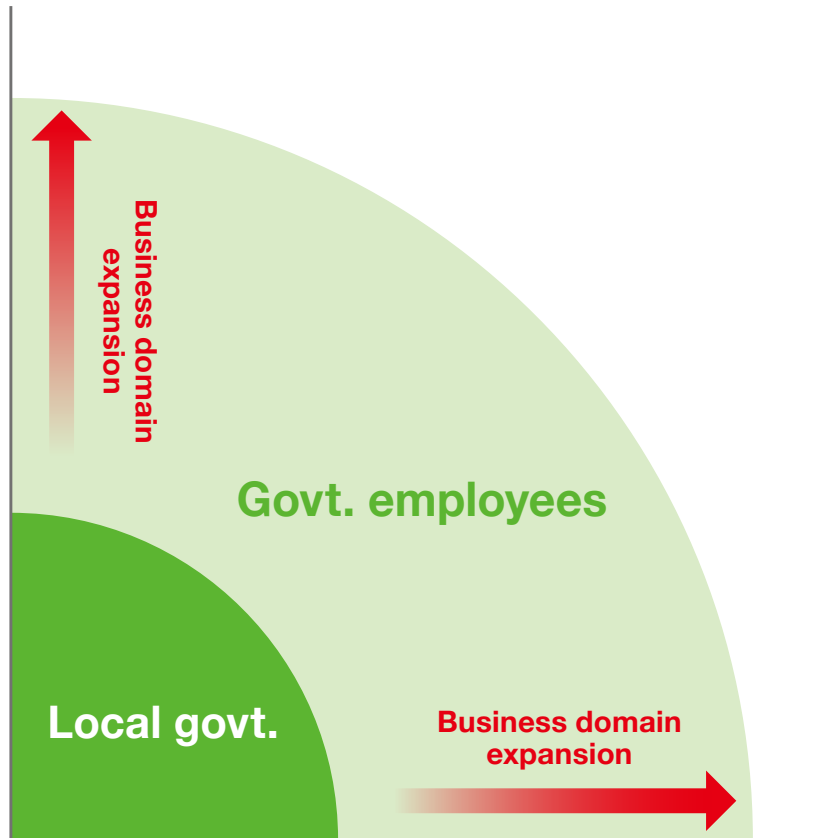


*Includes online meetings and telephone calls

V. 2020 VISION

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

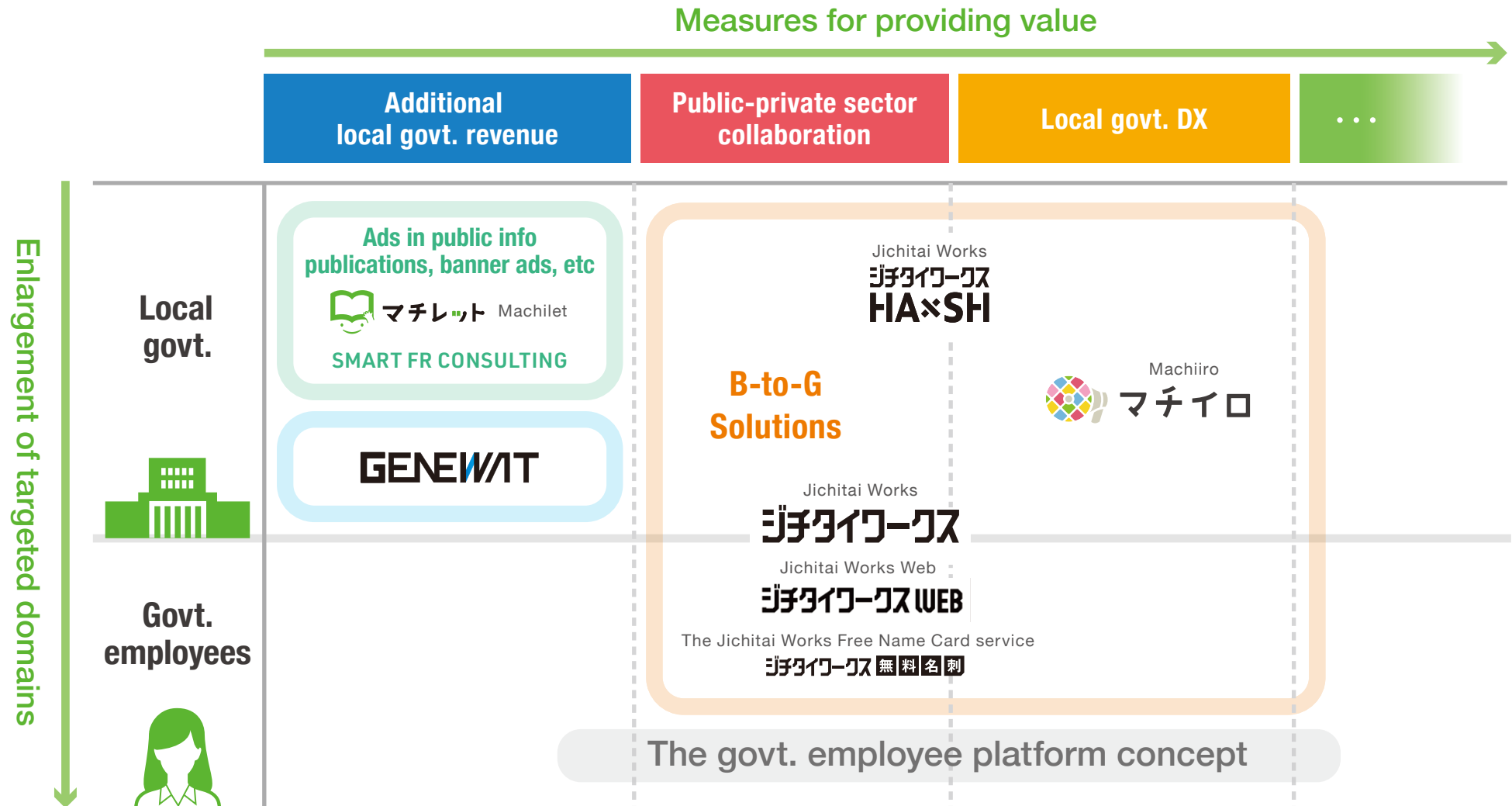




Use the enlargement of the core competence for the diversification of business activities in a domain expanded to include the government employee sector

Become the leader in businesses and services for local governments

- Enlarge every business domain and increase actions for the expansion of HOPE, INC.'s core competence.



FY2030

Net sales

¥100 billion

Operating profit

¥10 billion

Services

10 services

- Start and implement initiatives for accomplishing the FY2030 goals of the 2020 VISION: Sales of ¥100 billion, operating profit of ¥10 billion and a business portfolio with at least 10 services.



Actions

- Improve profitability of existing businesses
- Develop new businesses
- Use all existing businesses as a base for new businesses
- M&A
- Financial and investment strategies

VI. Appendices

Advertising Business

SMARE RESOURCE SERVICE

Ads in public info publications,
banner ads, etc.

SMART CREATION SERVICE



Energy Business

GENEWAT

Jichitai Works Business

Jichitai Works

じちたいワークス

Jichitai Works Web

じちたいワークスWEB

B-to-G Solutions

Jichitai Works

じちたいワークス
HA×SHI

Machihiro



*Beginning with FY2020, Machihiro has been moved from the Jichitai Works segment to others.

Corporate Philosophy

Providing new value to citizens through local governments



Additional local govt. revenue

- Public info publications, local government websites
- Information distributed to residents

- Use of media space
- Free joint publications by local governments and HOPE, INC.



Local governments sell ad space in their publications

A new source of revenue for local governments

Business model



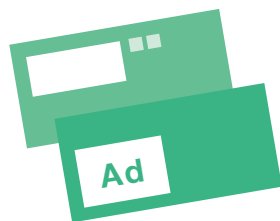
Examples of media



Public info publications



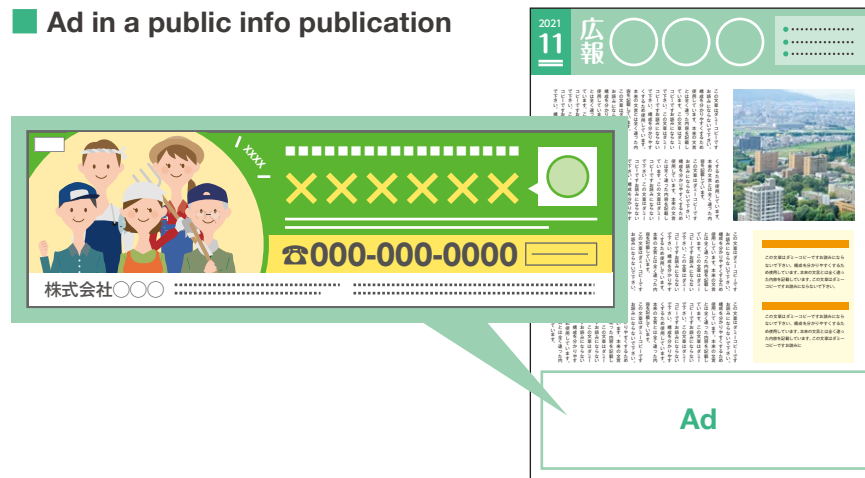
Website banner



Payslips for government employees

Others

Ad in a public info publication



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

Free joint production of pamphlets with even more useful info

Business model



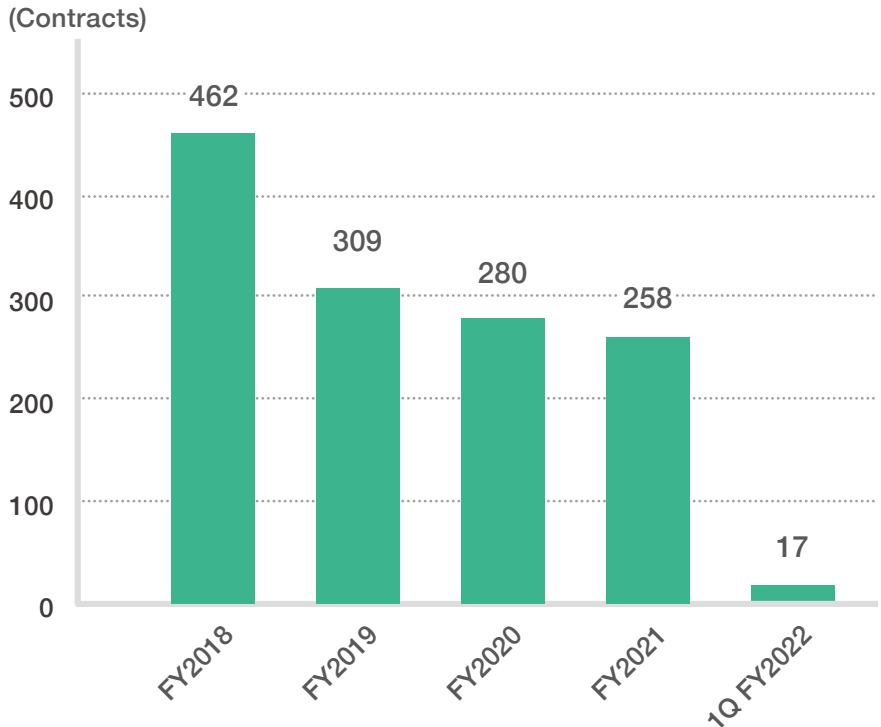
Examples of pamphlets



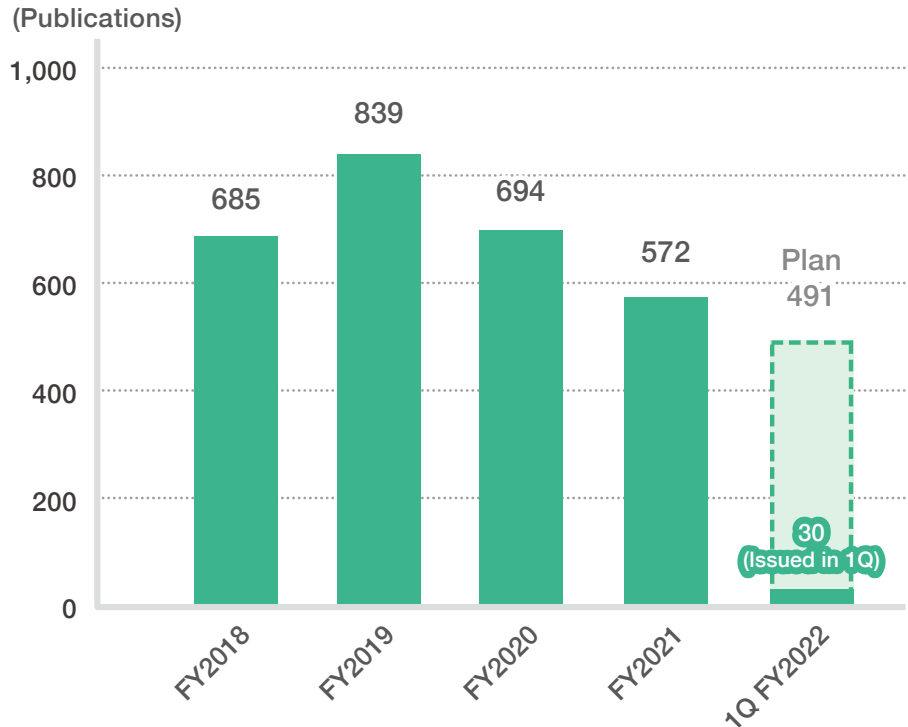
Ad in a pamphlet (child care information)



SMART RESOURCE SERVICE



SMART CREATION SERVICE (Machilet)



*For two or more different contracts with the same local government, each contract is counted separately.
 *The SMART CREATION SERVICE includes conventional pamphlets (Machilet) as well as Clear File and other special publications issued in each fiscal year. A revised definition is used for the actual number of these publications from FY2018 and these figures have been revised accordingly.

SMART FR CONSULTING SERVICE

Two local governments are using this new service that was launched in July 2021.

(Reference) For more information, see the news release dated Jul. 29, 2021 concerning the start of providing this new consulting service for Fukuoka city; estimated effect of advertising revenue will contribute to effective and sustainable business operations of local governments.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2005240/00.pdf>

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 SERVICE purchases are single transactions for an entire year (Apr. to Mar.), resulting in risk for holding large inventories

- 3 Effect on the next fiscal year**
 - Most purchases using bids submitted during the peak season for government contract bids will have an effect on the next fiscal year all the way to Mar.

SMART CREATION SERVICE (Machilet)

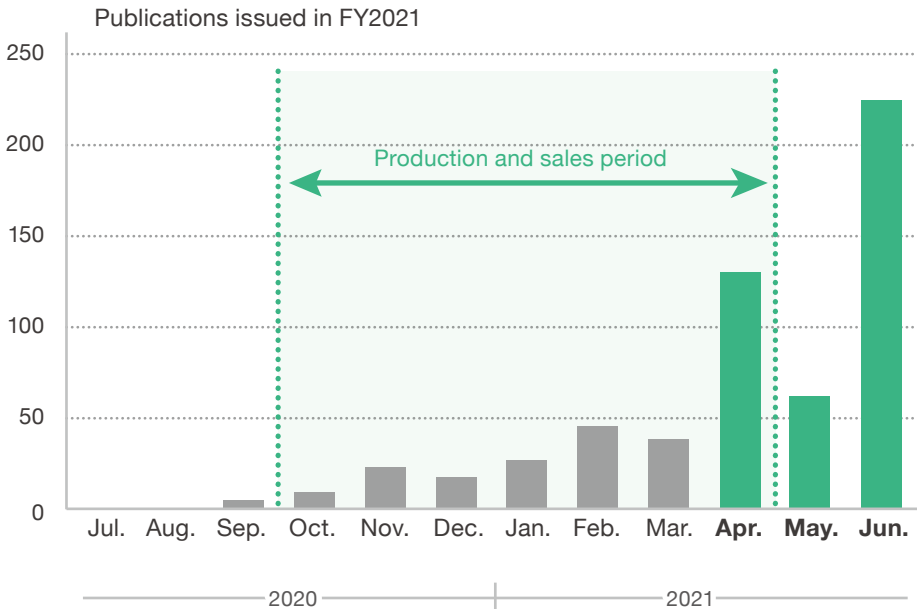
- 1 Most production and sales at the same time of the year**

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

- 2 Large pct. of sales in the fourth quarter**

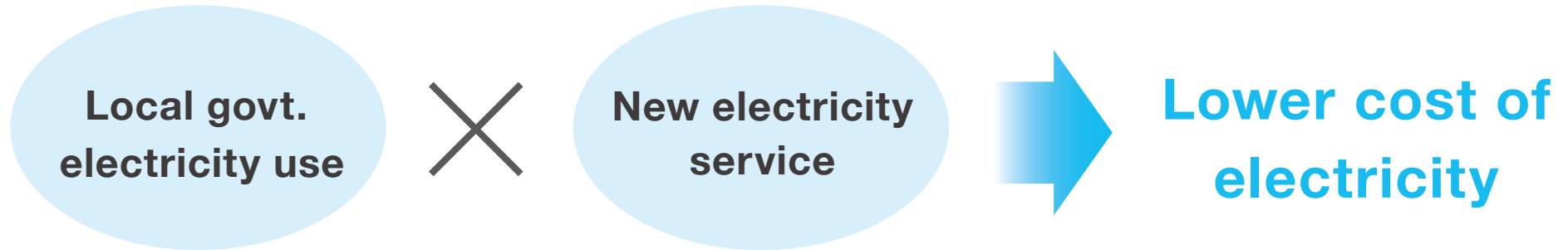
About 70% of publications are issued between Apr. and Jun.

 - ▶ Most sales and cost of sales are recorded in the fourth quarter



Corporate Philosophy

Providing new value to citizens through local governments



Value provided



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



Electricity



- Sale of electricity
- *Business does not include generation and distribution

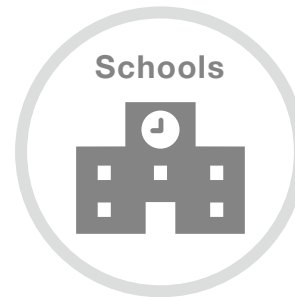
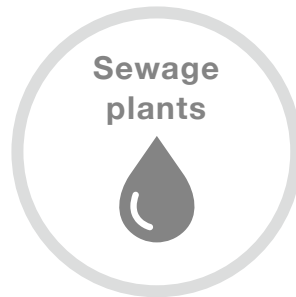


Payments



- HOPE, INC. posts sales/cost of sales based on monthly utilization

GENEWAT users (mainly local governments)



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

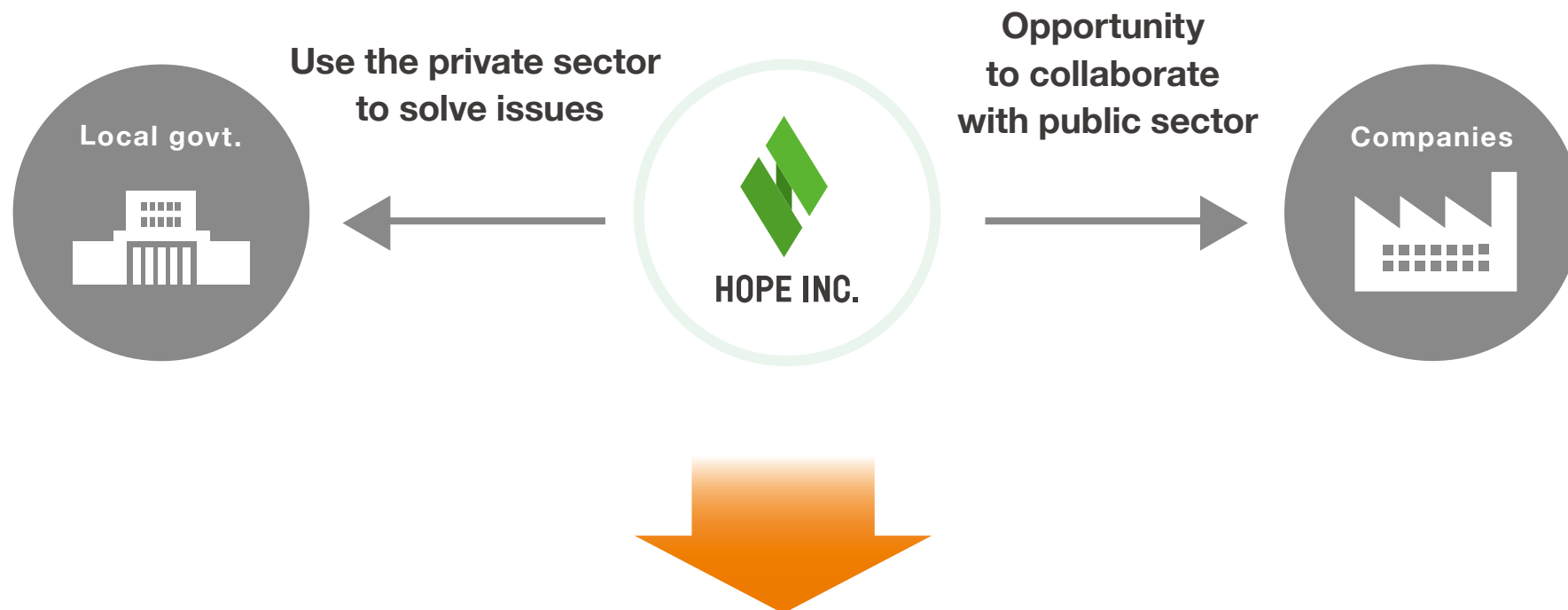
- Electricity sales may vary depending on the health of the economy, unseasonable summer or winter weather, and other weather events
- Wholesale prices of electricity may vary depending on the cost of buying electricity, the cost of fuel, and the balance between the supply and demand of electricity

3 A low-cost business

- When determining bids, the Energy Business utilizes bidding expertise acquired over many years in the Advertising Business

Corporate Philosophy

Providing new value to citizens through local governments



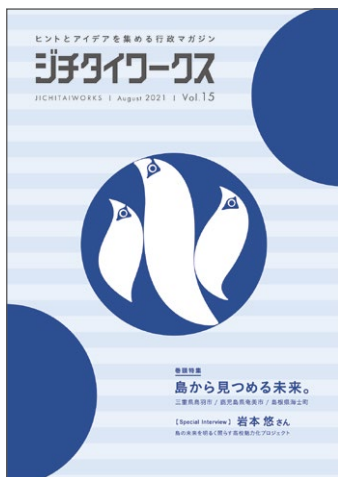
Public-private sector collaboration

- Use of advertisements to monetize publications
- Starting in FY2022, increased to three the types of publications with all advertisements by a single advertiser; selling these publications as a B-to-G solution

A HOPE, INC. publication with useful info and ideas for the jobs of local government employees



Issued six times every year 《Standard Jichitai Works》



1 One of the largest circulations in Japan

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

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 government services throughout Japan

Issued as needed (Special issues / PICKS / INFO)

Publications with a single advertiser. Layout created specifically for each advertiser; three types depending on the number of pages

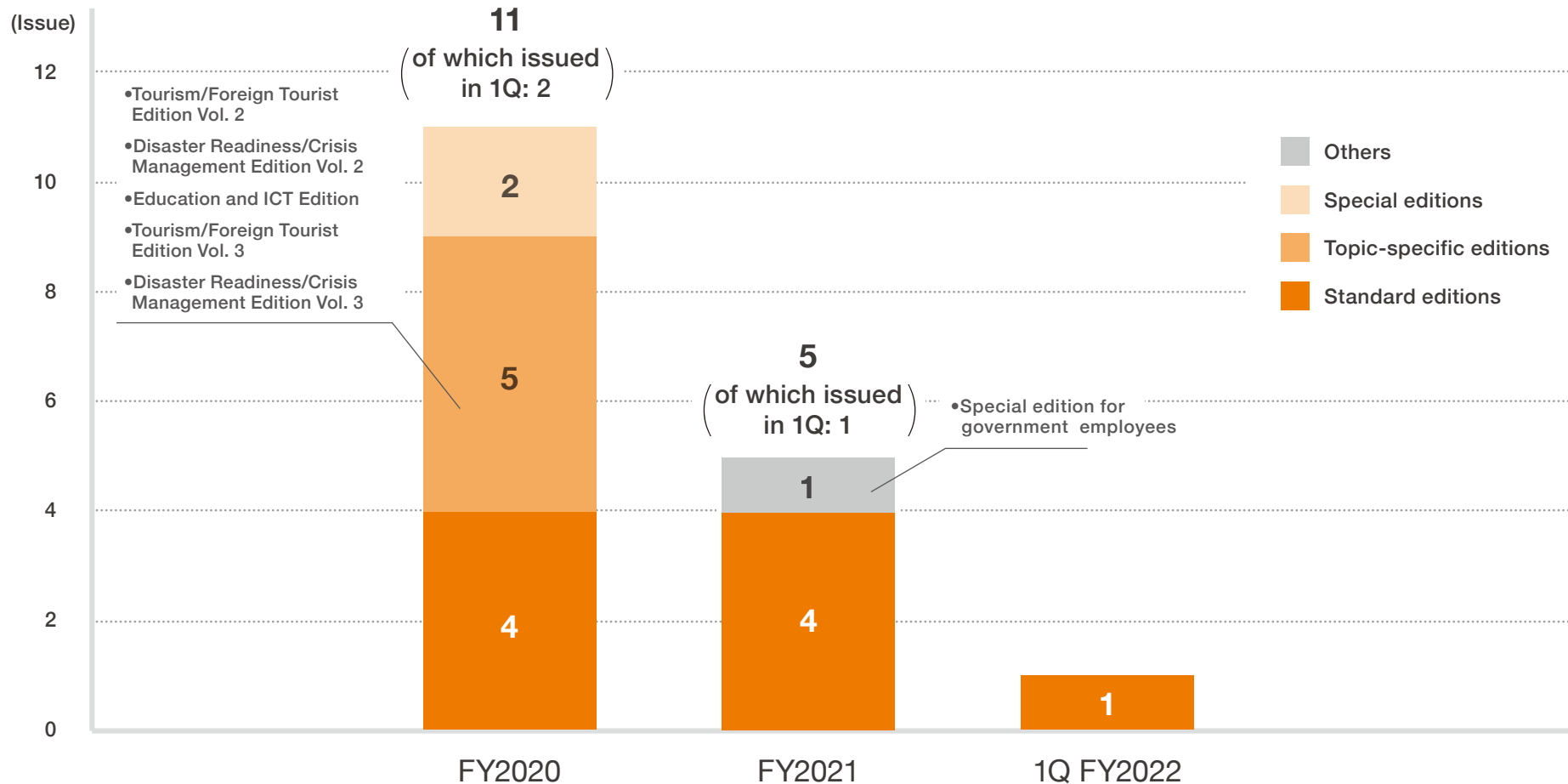


Jichitai Works Web

Articles in the printed edition of Jichitai Works magazine are also posted on the internet.



- In FY2021, the number of pages increased with every issue and content of the magazines was expanded and upgraded.
- In FY2022, we are increasing the staff of the Jichitai Works Business with the goal of raising the number of magazines issued while maintaining the high quality of these publications.



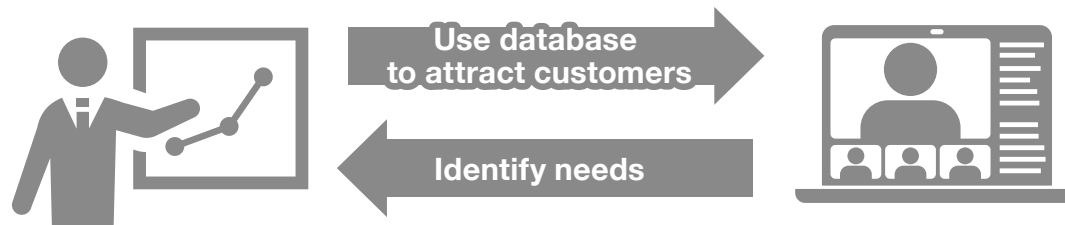
- In the B-to-G solutions, local government relationships are used for surveys to identify needs and for holding seminars, and other activities.
In addition, sales promotion and other promotion fees from companies and a revenue sharing model will be used for monetization.

Support for marketing and promotional activities of companies with products and services for local governments



Contracted service orders received

- Seminars for local government employees and other service



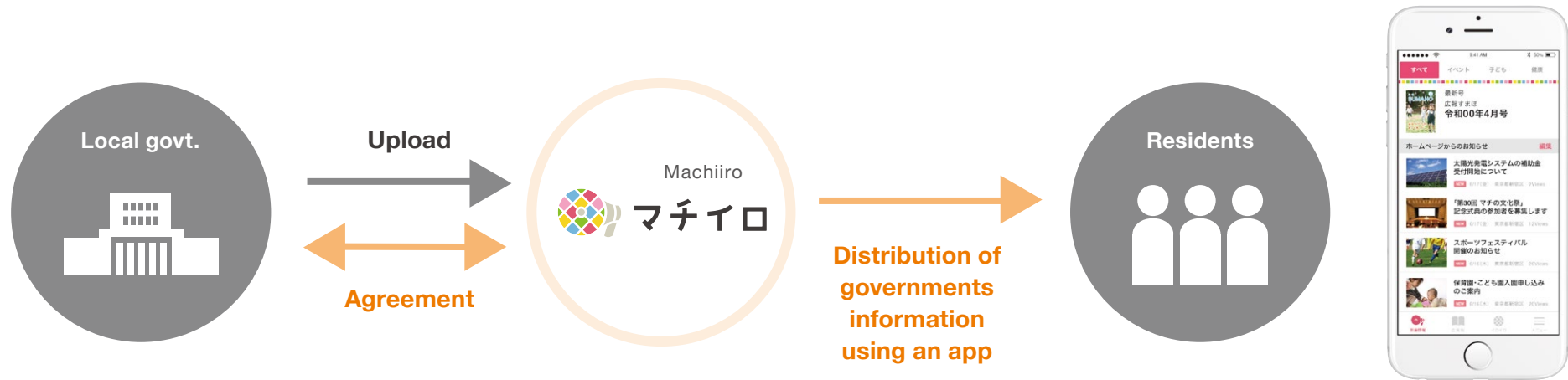
- Direct mail marketing
- Telemarketing
- Others

* B-to-G solutions has two components: (1) B-to-G promotions (formerly B-to-G marketing), which receives orders that generate promotion fees, and (2) B-to-G comprehensive support, which receives orders with a revenue sharing structure.

- A joint assistance platform for local governments and companies



- The app provides the latest info from registered local governments by giving users access to public info publications of local governments nationwide.
- Distribution of content for local governments and regions



*Machihiro screen sample

743,735
cumulative downloads

945 cumulative
local government contracts

Local governments
share of about **52.9%**

*Total as of Sep. 30, 2021

■ Since HOPE, INC.'s inception, the Advertising Business has generated revenue of about **¥ 8.83 billion** for clients

- SMART RESOURCE SERVICE has paid local governments about **¥ 7.94 billion**
- Machilet has reduced local government costs by about **¥ 0.88 billion**

(From HOPE, INC.'s inception through 1Q FY2022)

■ Cost reduction of about **¥ 32.8 billion** since the start of the Energy Business

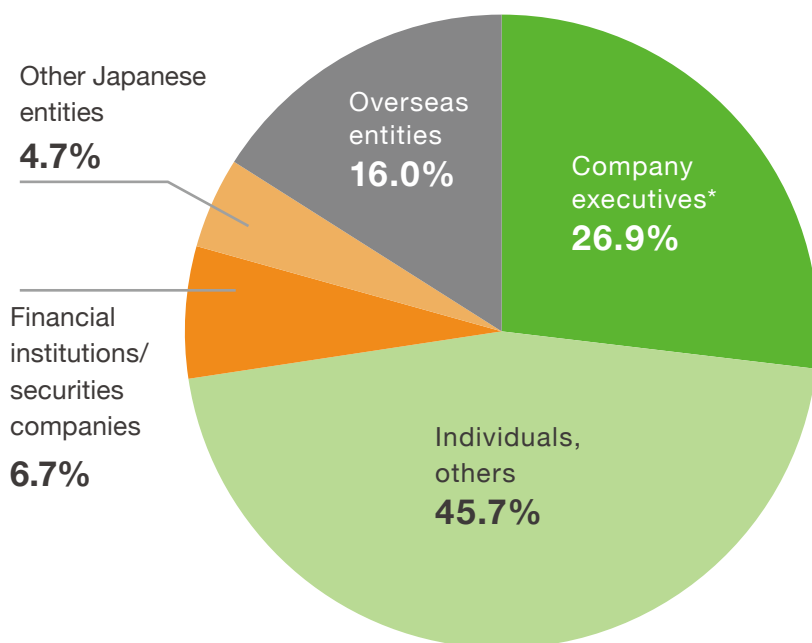
(Estimated cost reduction during the entire length of all current contracts)

(As of Sep. 30, 2021)

Number of shares and shareholders

Total number of authorized shares	27,950,000 shares
Number of shares issued	9,360,100 shares
Number of shareholders (with voting rights)	5,895

Shareholder distribution by category



* 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	1,027,400 shares
3	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	418,455 shares
4	GOLDMAN SACHS INTERNATIONAL	348,897 shares
5	MACQUARIE BANK LIMITED DBU AC	324,500 shares
6	Individual shareholder	247,800 shares
7	Custody Bank of Japan, Ltd. (Trust Account)	234,400 shares
8	JAPAN SECURITIES FINANCE CO., LTD.	203,200 shares
9	Triple One Investment Partnership	184,600 shares
10	Individual shareholder	160,200 shares

Period	Jun. 15, 2016 to Sep. 30, 2021
IPO price	¥350
Initial price	¥805 (Jun. 15, 2016)
Highest price since IPO*	¥7,910 (Nov. 11, 2020)
Lowest price since IPO*	¥220 (Dec. 25, 2018)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
ROE	23.7%	23.9%	3.2%	(25.4)%	15.7%	75.4%	—

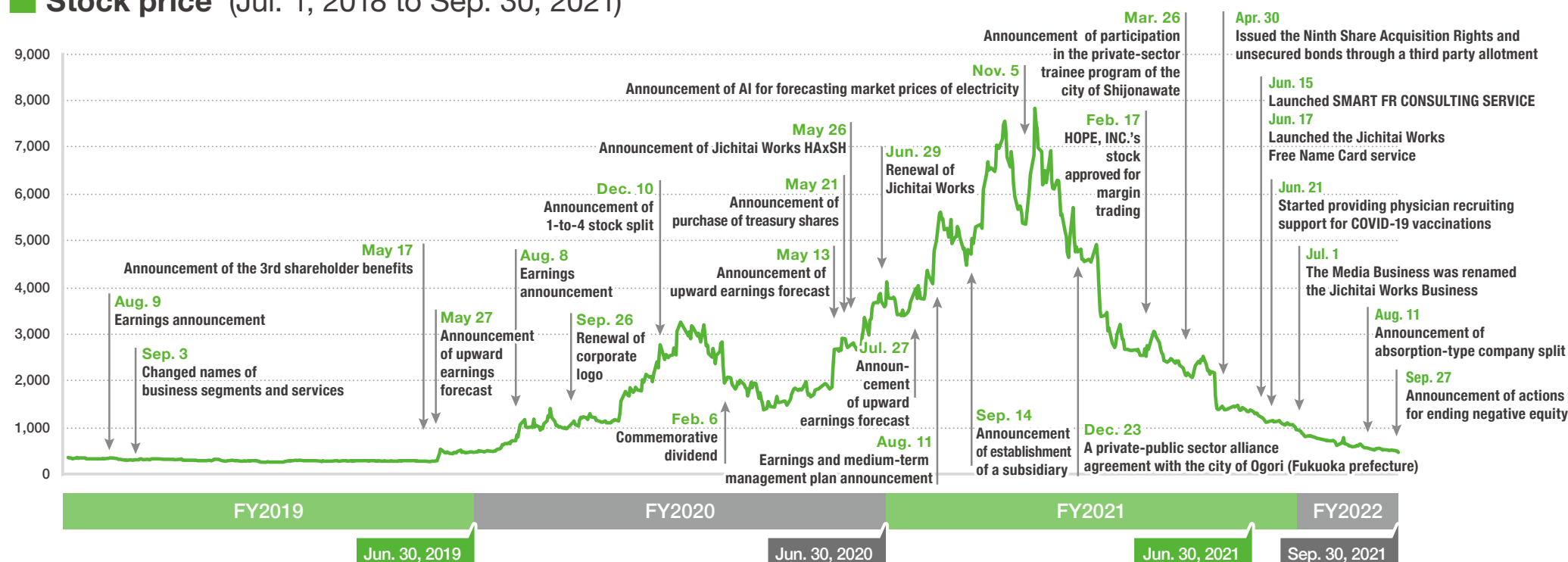
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
PER*	27.9x	116.3x	—	32.3x	30.5x	—

* Including stock prices during trading hours.

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

* Calculated based on the stock price at the end of each fiscal year.

Stock price (Jul. 1, 2018 to Sep. 30, 2021)



Date	Summary
Jun. 7, 2016	Investment Information – New IPO Stocks, Nihon Keizai Shimbun
Sep. 1, 2016	Included in an article in the Oct. issue of Project Design magazine
Sep. 25, 2016	Information about HOPE, INC. on the TBS TV program Gacchiri Monday!
Nov. 7, 2016	Interview with the HOPE, INC. president in Michishirube, Nihon Keizai Shimbun
Jan. 10, 2017	Interview with the HOPE, INC. president in Dash Venture, Nihon Sangyo Shimbun
Jan. 16, 2017	Interview with the HOPE, INC. president in Fuji Sankei Business i.
Feb. 23, 2017	Interview with the HOPE, INC. president in God of Happiness Diary, Kabushiki Shimbun
Mar. 24, 2017	Included in The First Companies 2017, an article about newly listed companies
May 12, 2017	Included in Gatchiri Monday! The Secret of Making Money on 40 Little Known Companies
Aug. 3, 2017	Interview with the HOPE, INC. president in CEOs Explain Management Strategies, Nikkei Sangyo Shimbun

Date	Summary
Aug. 7, 2017	Information about HOPE, INC. in Japan Digest, Nihon Keizai Shimbun
Jan. 18, 2018	Information about HOPE, INC's electricity sales business in the economy section of the Yomiuri Shimbun
Feb. 15, 2018	Information about the Machihiro app for checking how much money is coming, Nonstop TV program of Fuji Television
Apr. 23, 2018	Information about HOPE, INC. on the TV Asahi Bakumon Fund! Money Success Graph
May 21, 2018	HOPE, INC. president featured in a daily column on business executives in the Nihon Keizai Shimbun
Oct. 31, 2018	Information about a HOPE, INC.'s Halloween event on NHK TV programs Rokuichi! Fukuoka, NHK News 7, News Watch 9, and News 11
Dec. 1, 2019	Information about HOPE, INC. in an article about innovative companies in Nikkei Veritas
Jan. 31, 2020	Information about the condolence guidebook of HOPE, INC's Machilet, Chunichi Shimbun
Sep. 4, 2020	Interview with the HOPE, INC. president on the Nikkei CNBC program Hiru Express

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.

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