

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

Results of Operations

Explanatory Material

February 14, 2022

HOPE, INC.

[6195]

Group 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 Dec. 2021, including temporary employees)	
Business	Services created specifically for local governments (Group companies: JICHITAI AD, INC. (Advertising Business), HOPE ENERGY, INC. (Energy Business), JICHITAI WORKS, INC. (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 Oct. 2021 Announced launch of corporate version of the hometown tax payment support service Announced launch of “akisol” comprehensive platform for solving abandoned house problems Started a service using an SMS to assist local governments with pandemic safety and response operations Nov. 2021 Announced the opening of Jichitai Design Consultation office Dec. 2021 Transitioned to a holding company structure using a divestiture

I. 2Q FY2022 Financial Highlights

II. Topics

III. FY2022 Outlook

IV. Business Environment and Growth Strategies

V. 2020 VISION

VI. Appendices

I. 2Q FY2022 Financial Highlights

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. In addition, HOPE, INC. established JICHITAI AD, INC. and JICHITAI WORKS, INC. on Dec. 1, 2021. As a result, the consolidated financial statements for 1H FY2022 include these three companies.
- 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.
- Some 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 AD, INC.) / Jichitai Works Business (JICHITAI WORKS, INC.)

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 (HOPE ENERGY, INC.)

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.

- Transitioned to a holding company structure with three group companies on December 1, 2021

1H FY2022 Results (consolidated)

Sales were up 109.5% from one year earlier to an all-time high
Operating profit was ¥(6,982) million

■ Net sales

¥24,546 million (up 109.5% YoY)

■ Operating profit

¥(6,982) million (¥259 million in 1H FY2021)

Advertising Business (JICHITAI AD, INC.)

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

■ Net sales

¥615 million (down 6.5% YoY)

■ Segment profit

¥53 million (up 138.5% YoY)

Energy Business (HOPE ENERGY, INC.)

Record-high volume of electricity supplied due to winning bids in FY2021; no submission of bids for new contracts in 2Q

■ Net sales

¥23,785 million (up 116.5% YoY)

■ Segment profit

¥(6,843) million (¥390 million in 1H FY2021)

Jichitai Works Business (JICHITAI WORKS, INC.)

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

■ Net sales

¥143 million (up 104.2% YoY)

■ Segment profit

¥36 million (up 196.1% YoY)

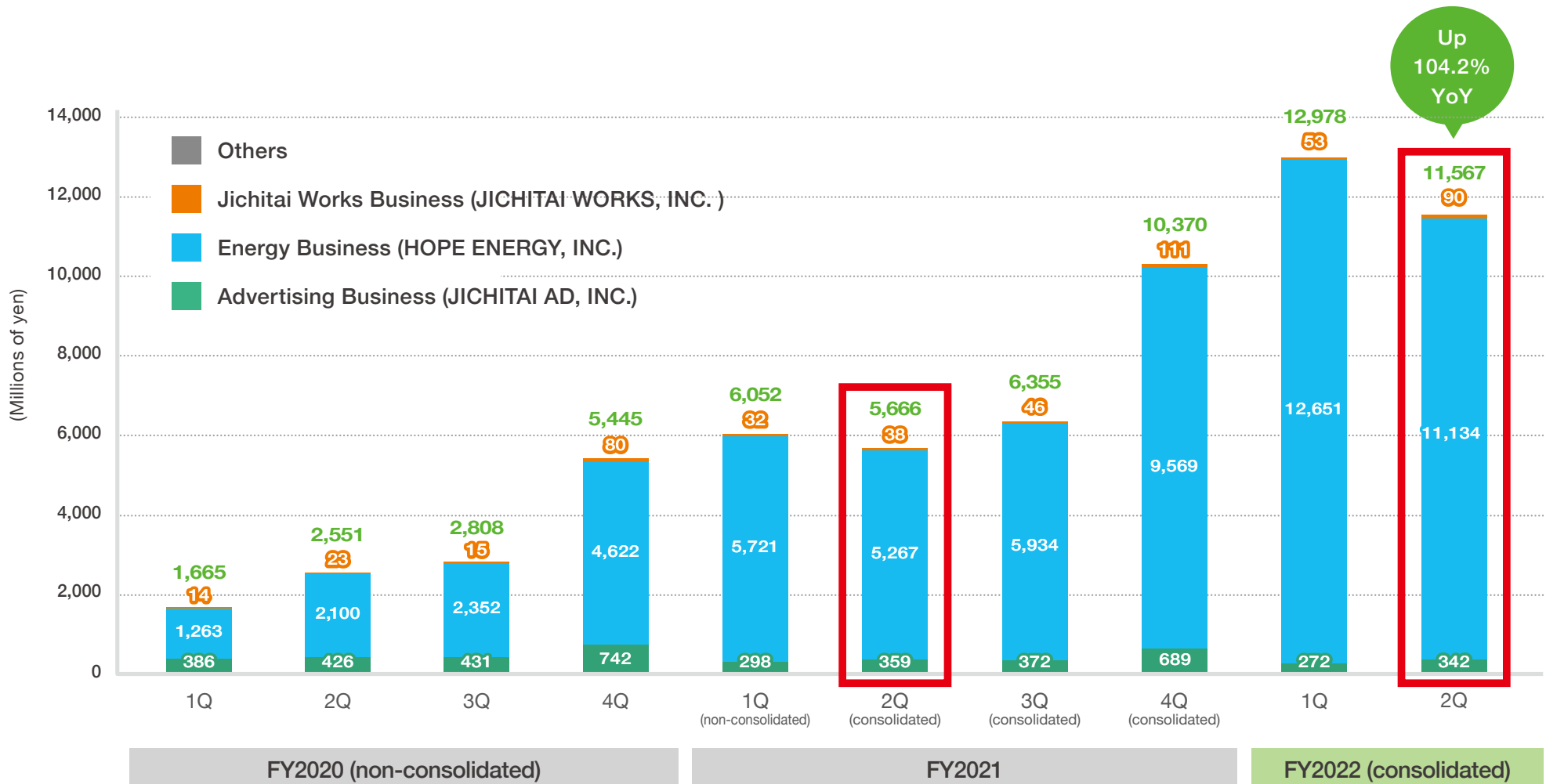
1H FY2022 Income Statement Highlights (Vs. 1H FY2021)

(Millions of yen)	1H FY2021 (consolidated)		1H FY2022 (consolidated)		
	Results	Comp.	Results	Comp.	YoY change
Net sales	11,718	—	24,546	—	+109.5%
Gross profit	738	6.3%	(6,441)	(26.2)%	(972.3)%
SG&A expenses	479	4.1%	540	2.2%	+12.8%
Operating profit	259	2.2%	(6,982)	(28.4)%	—
Ordinary profit	243	2.1%	(7,026)	(28.6)%	—
Profit attributable to owners of parent	158	1.4%	(7,044)	(28.7)%	—

- Between October and December 2021, the price of electricity on the Japan Electric Power Exchange (JEPX) remained high. The sharp increase in the cost of sales had an enormous negative impact on the 1H results.

	1H FY2022 (consolidated)	
	Results	Initial forecasts (announced on August 11, 2021)
(Millions of yen)		
Net sales	24,546	22,126
Gross profit	(6,441)	—
SG&A expenses	540	—
Operating profit	(6,982)	(46)
Ordinary profit	(7,026)	(82)
Profit attributable to owners of parent	(7,044)	(95)
Net income per share	(738.62)yen	(9.72)yen

- In the first quarter, we stopped submitting bids for local government electricity supply contracts. We are continuing to supply based on existing contracts.
- Sales of the Advertising Business are stable and Jichitai Works Business is on a growth track.

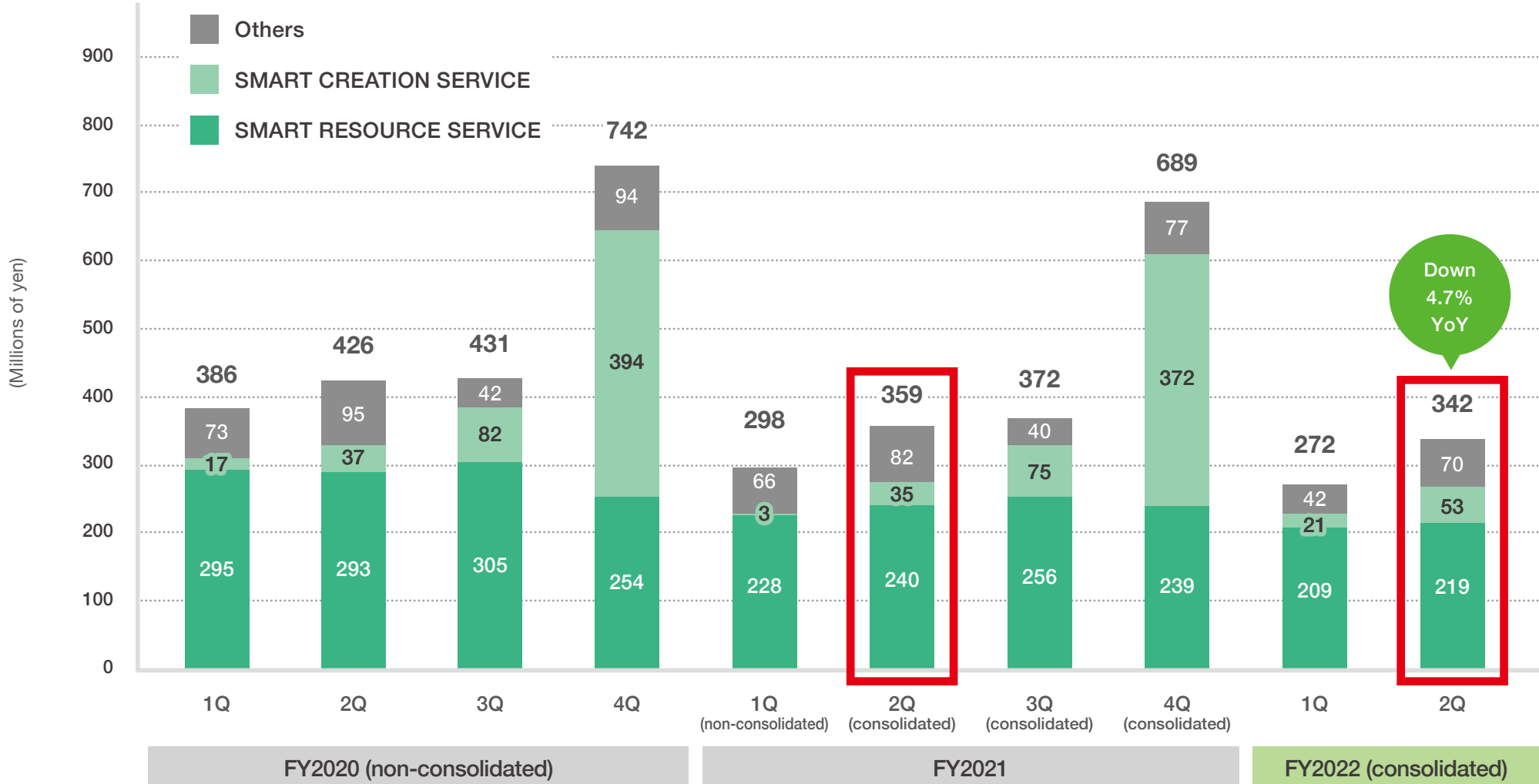


- Between October and December 2021, the price of electricity on the JEPX remained high, significantly affecting the 2Q Energy Business earnings.

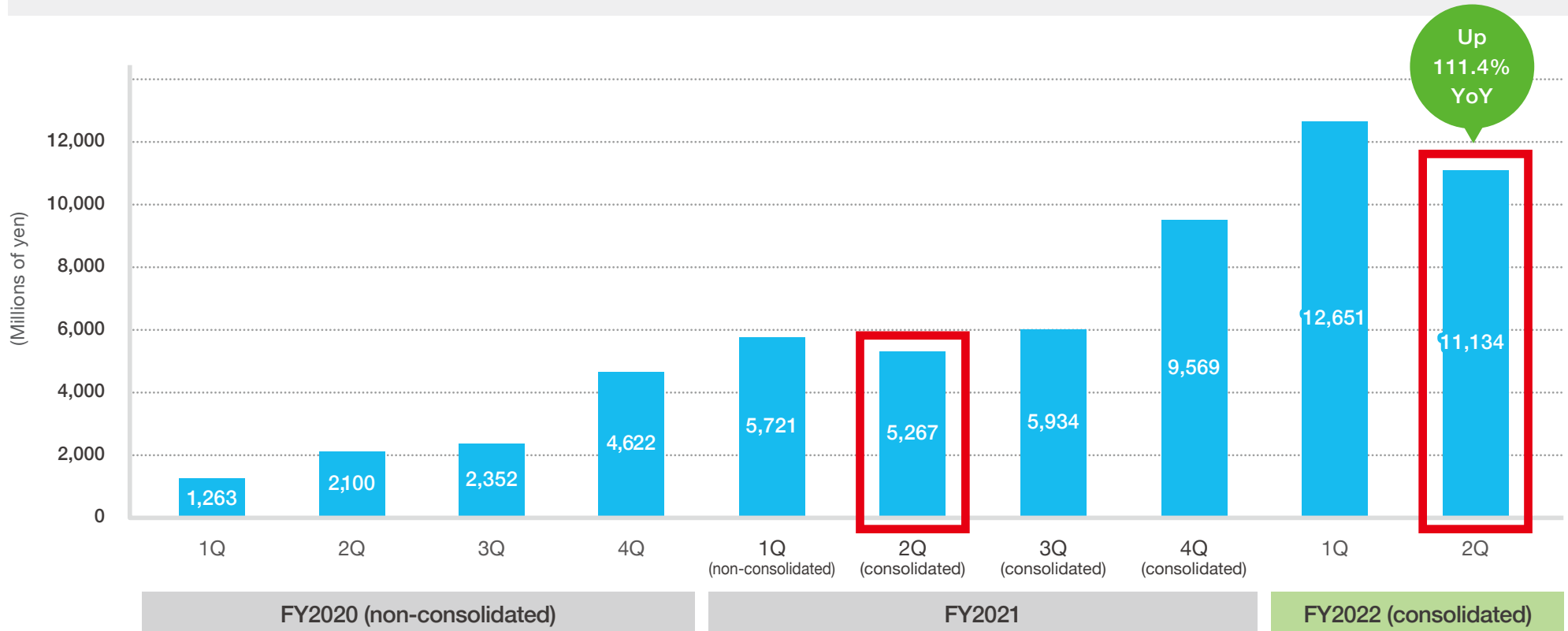
(Millions of yen)	FY2020 (non-consolidated)				FY2021				FY2022 (consolidated)	
	1Q	2Q	3Q	4Q	1Q (non-consolidated)	2Q (consolidated)	3Q (consolidated)	4Q (consolidated)	1Q	2Q
Advertising Business (JICHITAI AD, INC.)	(4)	13	51	244	(2)	25	59	245	7	46
Energy Business (HOPE ENERGY, INC.)	19	79	149	808	762	(371)	(7,513)	197	(41)	(6,802)
Jichitai Works Business (JICHITAI WORKS, INC.)	(2)	2	(3)	42	5	7	1	44	8	27
Others	(2)	(1)	0	(7)	(9)	(8)	(8)	(21)	(23)	(22)
Adjustments (corporate expenses)	(66)	(76)	(74)	(150)	(68)	(80)	(75)	(85)	(77)	(105)
Total	(56)	16	122	937	686	(427)	(7,535)	381	(126)	(6,856)

*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 to reduce the level of future risk exposure.
- During the beginning of the 2nd quarter (October) and December 31, we had completed roughly 10% of electricity supply contracts but the volume of electricity supplied was high because of winter weather.

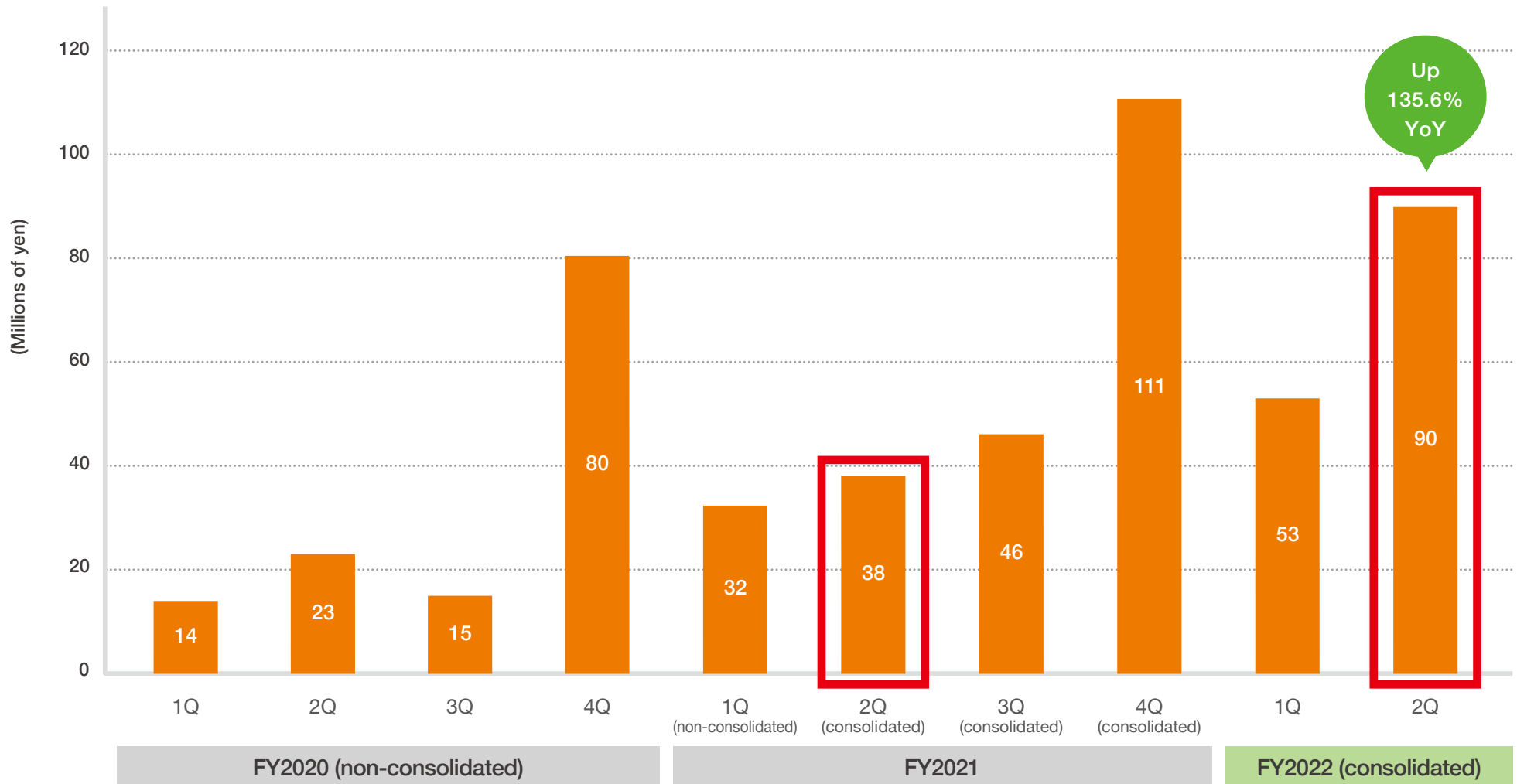


Winning Bids

*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	0	—	—	39

- 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 2Q FY2022 was ¥8,047 million due to 1H operating loss
- In December 2021, we completed making payments of about ¥6.5 billion for imbalance fee incurred in January 2021 to electric utilities.
- Beginning 1Q FY2022, prior-quarter comparisons are shown to facilitate comparisons of negative equity.

(Millions of yen)	1Q FY2022 (consolidated)		2Q FY2022 (consolidated)		
	Results	Comp.	Results	Comp.	Change
Cash and deposits	2,542	20.7%	2,144	20.2%	(397)
Trade receivables and contract assets	8,286	67.5%	7,673	72.2%	(612)
Inventories	321	2.6%	226	2.1%	(95)
Current assets	11,545	94.0%	10,419	98.1%	(1,126)
Non-current assets	733	6.0%	205	1.9%	(528)
Total assets	12,279	100.0%	10,624	100.0%	(1,654)
Accounts payable-trade	10,925	89.0%	16,732	157.5%	+5,807
Short-term borrowings	950	7.7%	950	8.9%	—
Current portion of long-term borrowings	336	2.7%	316	3.0%	(19)
Current liabilities	13,469	109.7%	18,210	171.4%	+4,740
Bonds payable	100	0.8%	100	0.9%	—
Long-term borrowings	410	3.3%	361	3.4%	(49)
Non-current liabilities	511	4.2%	461	4.3%	(49)
Total liabilities	13,980	113.9%	18,672	175.7%	+4,691
Total net assets	(1,701)	(13.9)%	(8,047)	(75.7)%	(6,346)
Total liabilities and net assets	12,279	100.0%	10,624	100.0%	(1,654)

(Reference) For more information, see the news release dated Dec. 8, 2021 concerning completion of payments for imbalance fee incurred in Jan. 2021 (Japanese version only).
<https://ssl4.eir-parts.net/doc/6195/tdnet/2057262/00.pdf>

- Many activities are under way to increase equity and improve business operations; goals are to increase financial soundness and profitability.

■ Third-party allotment of stock and share acquisition rights

On August 27, 2021, HOPE, INC. raised funds by a third-party allotment to sell stock and the 11th share acquisition rights with an exercise price adjustment clause.

■ Used spinoffs to establish subsidiaries; considering business/capital alliance or other measures for these businesses

On December 1, 2021, HOPE, INC. established JICHITAI AD, INC. and JICHITAI WORKS, INC. through spinoffs. The two newly formed companies succeeded our respective businesses. Based on the assumption that we will continue to operate these businesses, we plan to use business and capital alliances and other forms of partnerships with companies that can help these businesses create even more value. These partnerships will also contribute to increasing the HOPE Group's equity.

■ 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 the HOPE Group. This will reduce the demand for working capital required for purchasing electricity and reduce risk exposure. We have completed roughly 10% as of December 31, 2021 (compared to October 1, 2021) of the electricity supply contracts and expect to complete 60% by the end of March 2022.
- Based on the current challenging business climates, we recognize the need to carefully consider whether to continue the electricity retail 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 took place on December 1, 2021.

(3) Profitability of existing and new businesses

- 1H 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) 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 (Japanese version only) (<https://ssl4.eir-parts.net/doc/6195/tdnet/2035126/00.pdf>) and the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending Jun. 30, 2022, dated Feb. 14, 2022.

II. Topics

- This service raises awareness among companies of the hometown tax payment system and submits proposals to companies for these payments (donations) based on outsourcing agreements with local governments

■ Purpose

- This service creates ties between local governments and companies and promotes donations that have benefits for local governments and companies. The aim is to create more opportunities for public-private sector collaboration and to help energize communities and regions throughout Japan.

■ Advantages

- We use skills acquired over many years for selling products and services for companies to contact companies about using the hometown tax payment system on behalf of local governments that asked HOPE, INC. for this service.
- Enable to conduct sales activities based on links between company's businesses and a local government.



(Reference) For more information, see the news release dated Oct. 11, 2021 concerning this service (Japanese version only). <https://ssl4.eir-parts.net/doc/6195/tdnet/2031095/00.pdf>

- “akisol” is a matching service for owners of abandoned houses who contact HOPE, INC. directly or after receiving information about this service from a local government. Homeowners can use “akisol” to identify issues and locate a suitable private-sector company for resolving these issues.

■ Purpose

- We are using its expertise as a hub for public-private sector collaboration for the provision of a nationwide service for owners of abandoned houses in order to identify individual issues and determine ideas for actions for resolving these issues.

■ Advantages

- “akisol” is capable of determining solutions for owners of abandoned houses even for difficult situations that cannot be solved by using Japan’s Abandoned House Bank system or government demolition subsidies.



(Reference) For more information, see the news release dated Oct. 17, 2021 concerning this service (Japanese version only). <https://ssl4.eir-parts.net/doc/6195/tdnet/2035615/00.pdf>

- This service uses an SMS (see note) to send to people who are staying at home with minor COVID-19 symptoms or because of close contact with an infected individual a URL for reporting information about their health.
- The use of phone calls for reporting health information is also possible. Using this reporting system can reduce the volume of work needed for monitoring infected people who have only minor symptoms.

Purpose

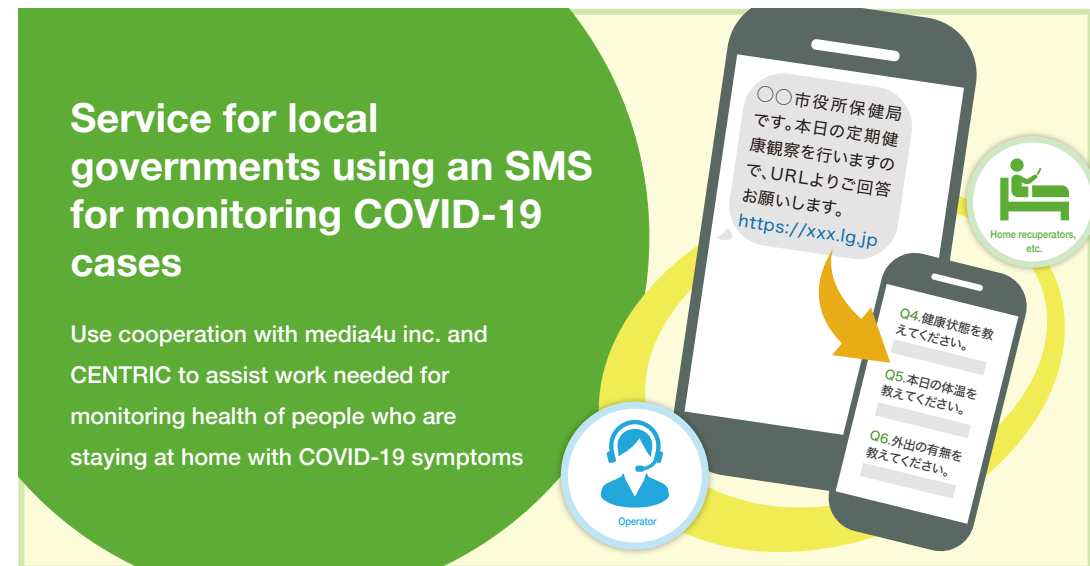
- This service reduces the volume of work required by local governments involving the COVID-19 pandemic.

Advantages

- A SMS can be used for many other government services, such as sending messages to remind people about tax payments and health checkups.
- This service is compatible with LGWAN (Local Government Wide Area Network), which is used exclusively by local governments.
- This service is provided by using alliances with media4u inc. and CENTRIC Co., Ltd.

Service for local governments using an SMS for monitoring COVID-19 cases

Use cooperation with media4u inc. and CENTRIC to assist work needed for monitoring health of people who are staying at home with COVID-19 symptoms



*A short message service (SMS) is a service for exchanging brief text messages between smartphones and other mobile devices.

(Reference) For more information, see the news release dated Oct. 28, 2021 concerning this service (Japanese version only). <https://ssl4.eir-parts.net/doc/6195/tdnet/2036511/00.pdf>

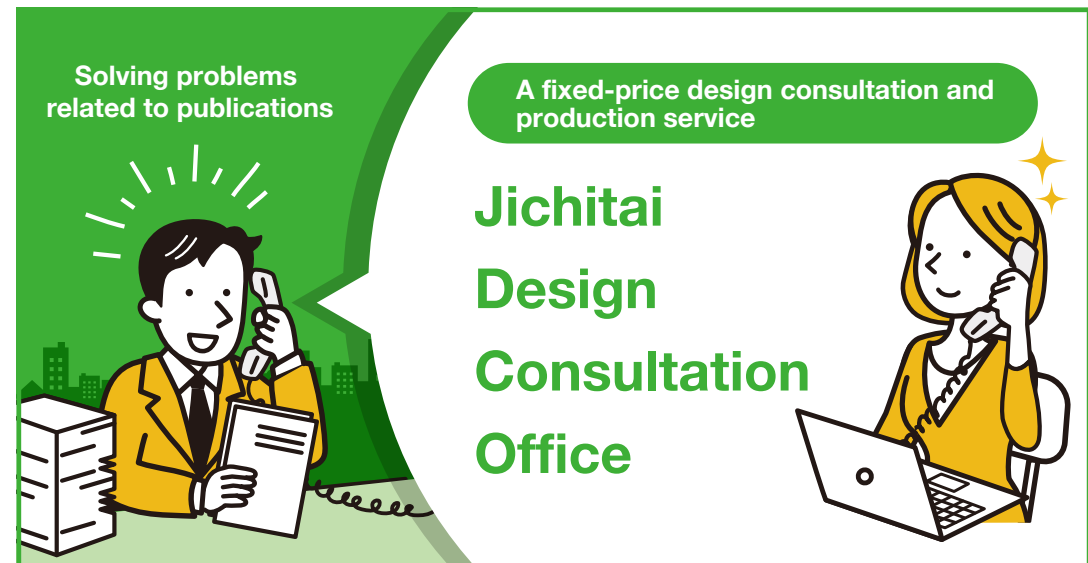
- A fixed-price design consultation and production service for better quality publications of local governments

■ Purpose

- Many local governments have difficulty determining ways to produce publications for their residents by using a format that makes information easy to see and understand. There are very few services that can meet this need.
- Offering a fixed-price consulting service for publications for residents allows local governments to quickly complete tasks required when there is a sudden need for a publication for residents.

■ Advantages

- This service, which has started on a trial basis, uses our expertise in the Advertising Business to provide a service structured to help local governments solve their advertising issues.



(Reference) For more information, see the news release dated Oct. 11, 2021 concerning this service (Japanese version only). <https://ssl4.eir-parts.net/doc/6195/tdnet/2031095/00.pdf>

- Started monthly summary of Energy Business results (preliminary) operated by our subsidiary HOPE ENERGY, INC.

Reason for monthly announcements

- HOPE, INC. is reducing risk exposure in this business by suspending the submission of bids for new contracts and down-sizing 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	21.64	15.34	270
Dec. 2021	9.84	20.34	15.13	300
Jan. 2022	11.07	26.81	14.94	310
Feb. 2022	8.39	—	—	—
Mar. 2022	7.47	—	—	—
Apr. 2022	7.28	—	—	—
May 2022	7.65	—	—	—
Jun. 2022	7.75	—	—	—

(Reference) For more information, see the news release dated Feb. 10, 2022 concerning Monthly Summary of Energy Business Results for Jan. (Preliminary Report) (Japanese version only).
<https://ssl4.eir-parts.net/doc/6195/tdnet/2083828/00.pdf>

- We plan to change the fiscal year end from June 30 to March 31, subject to the approval for partial amendments to the Articles of Incorporation at an extraordinary shareholders meeting to be held on March 24, 2022

■ Purpose

- Increase the efficiency of business operations by improving the HOPE Group's management and administrative activities
- Promote to establish an infrastructure for strengthening business activities and the management of business operations. To operate our businesses more effectively, we should change the fiscal year for consistency of our business management and group budgeting and oversight with the activities and budgeting and operation cycles of local governments in Japan. Furthermore, this change will result in the conformity of employee evaluation and other internal systems.

■ Outlook

- FY2022 will include nine months from July 1, 2021 to March 31, 2022
- The consolidated earnings forecast (nine-month period) for the fiscal year ending March 31, 2022 will be announced promptly when it is calculated after the approval of resolution at an extraordinary shareholders meeting and a close examination of the impact of the change in fiscal year-end.
- If shareholders approve the proposal at the extraordinary shareholders meeting, we believe that the probation period for delisting our stock due to negative equity will be extended to March 31, 2023, which is the last day of the first fiscal year following the change in the fiscal year.

(Reference) For more information, see the news release dated Jan. 31, 2022 concerning a change of the fiscal year end, partial amendments to the Articles of Incorporation, and establishment of a record date for convocation of an extraordinary shareholders meeting (Japanese version only). <https://ssl4.eir-parts.net/doc/6195/tdnet/2073827/00.pdf>

III. FY2022 Outlook

- There are no earnings forecasts at this time because the rapid increase in JEPX market prices that started in October 2021 makes it difficult to determine a reliable estimate.
- The consolidated earnings forecast for FY3/2022 will be announced promptly when it is calculated after the approval of resolution at the March 24 extraordinary shareholders meeting and a close examination of the impact of the change in fiscal year-end.

	FY2020 (non-consolidated)	FY2021 (consolidated)	FY2022 (consolidated)	
	Results	Results	Plan	YoY change
Net sales	12,470	28,444	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	117.97 _{yen} *	(1,109.09) _{yen}	—	—

(Reference) For more information, see the news release dated Aug. 24, 2021 concerning corrections to consolidated financial results for the fiscal year ended June 30, 2021 (<https://ssl4.eir-parts.net/doc/6195/tdnet/2022430/00.pdf>) and the news release dated Nov. 15, 2021 concerning the FY2022 forecast for consolidated sales and earnings (<https://ssl4.eir-parts.net/doc/6195/tdnet/2050565/00.pdf>) (Japanese version only).

* 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 (as of August 2021)

These estimates are weighted averages using the expected electricity prices and amount purchased by customers of the HOPE Group 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

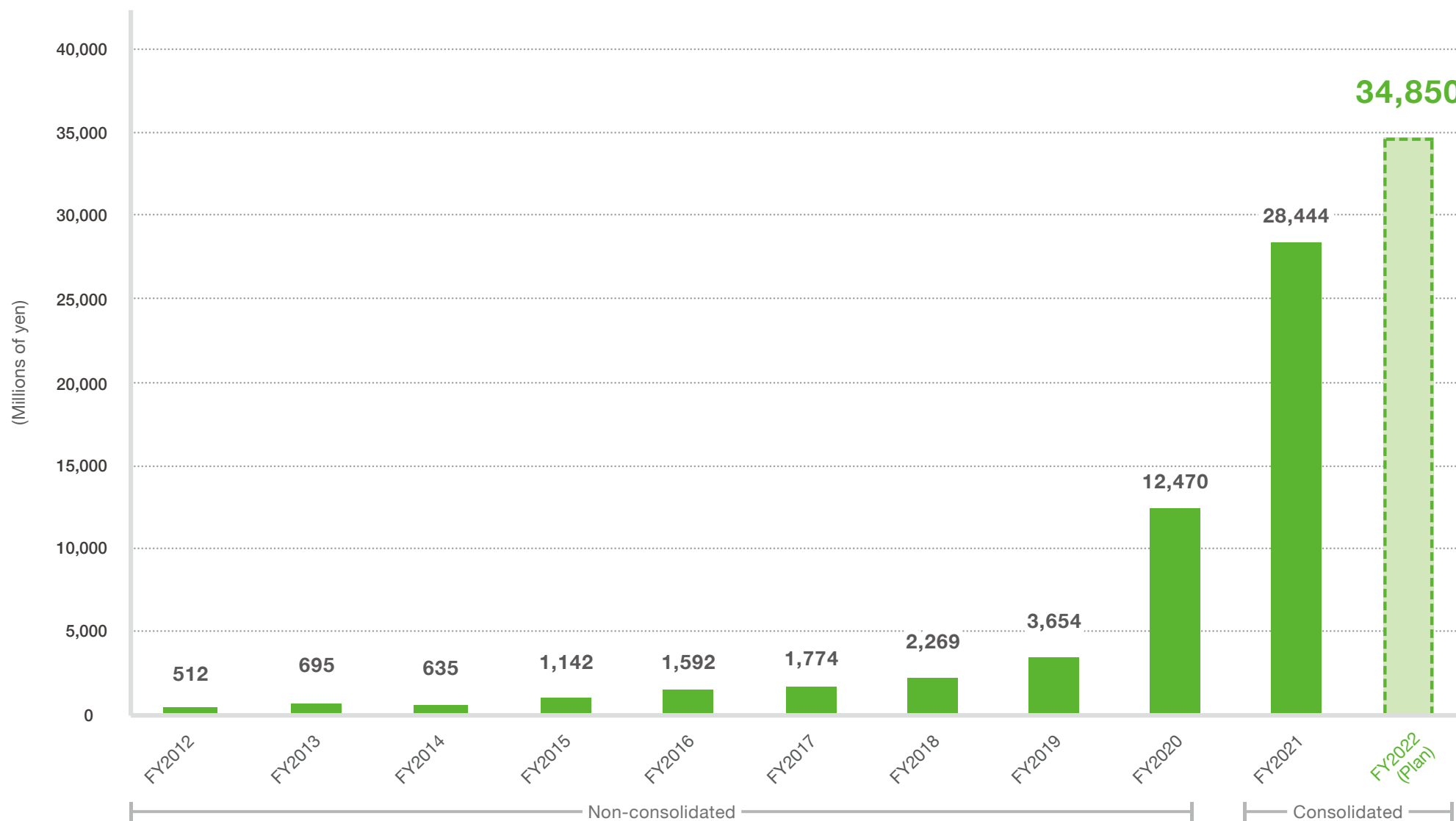
These estimates are weighted averages using the expected electricity prices and amount supplied to customers of the HOPE Group in each region

*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)

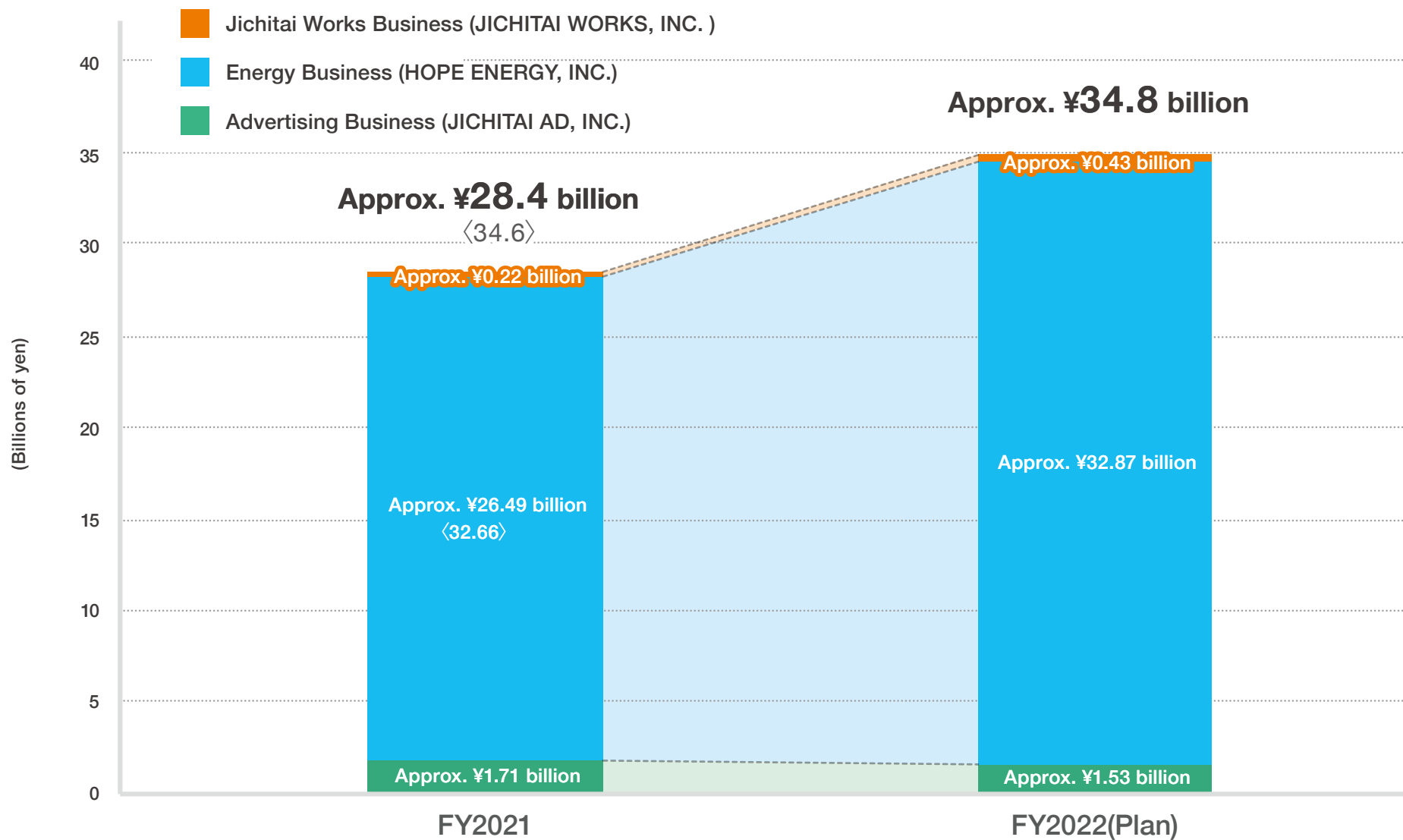
(Reference) For more information, see the news release dated Oct. 7, 2021 concerning monthly summary of Energy Business results (preliminary) for FY2022 (Japanese version only).
<https://ssl4.eir-parts.net/doc/6195/tdnet/2030462/00.pdf>

Consistent Sales Growth



(Reference) For more information, see the news release dated Aug. 24, 2021 concerning corrections to consolidated financial results for the fiscal year ended June 30, 2021.
<https://ssl4.eir-parts.net/doc/6195/tdnet/2022430/00.pdf>

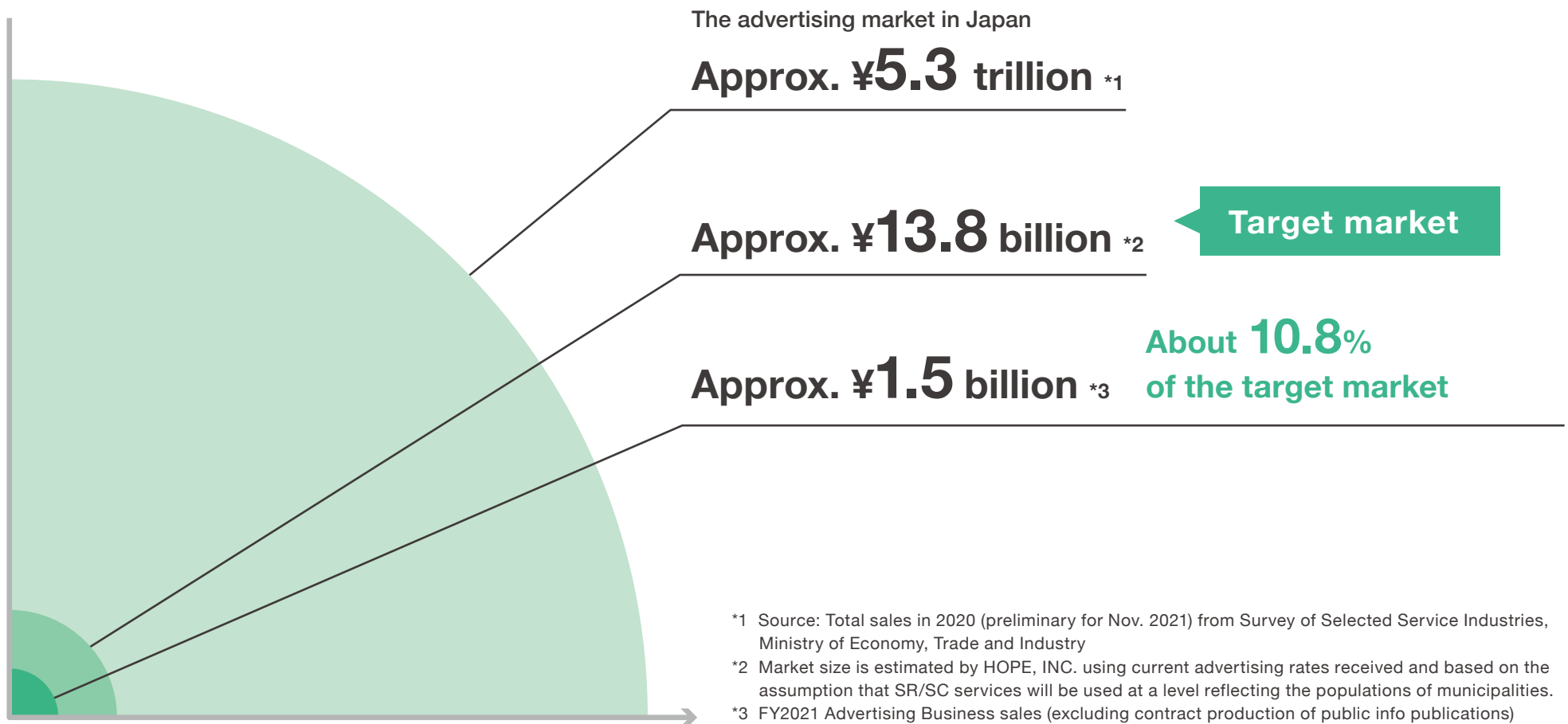
* FY2014 was an irregular nine-month period because of a change in fiscal year-end.



* 〈〉 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%.

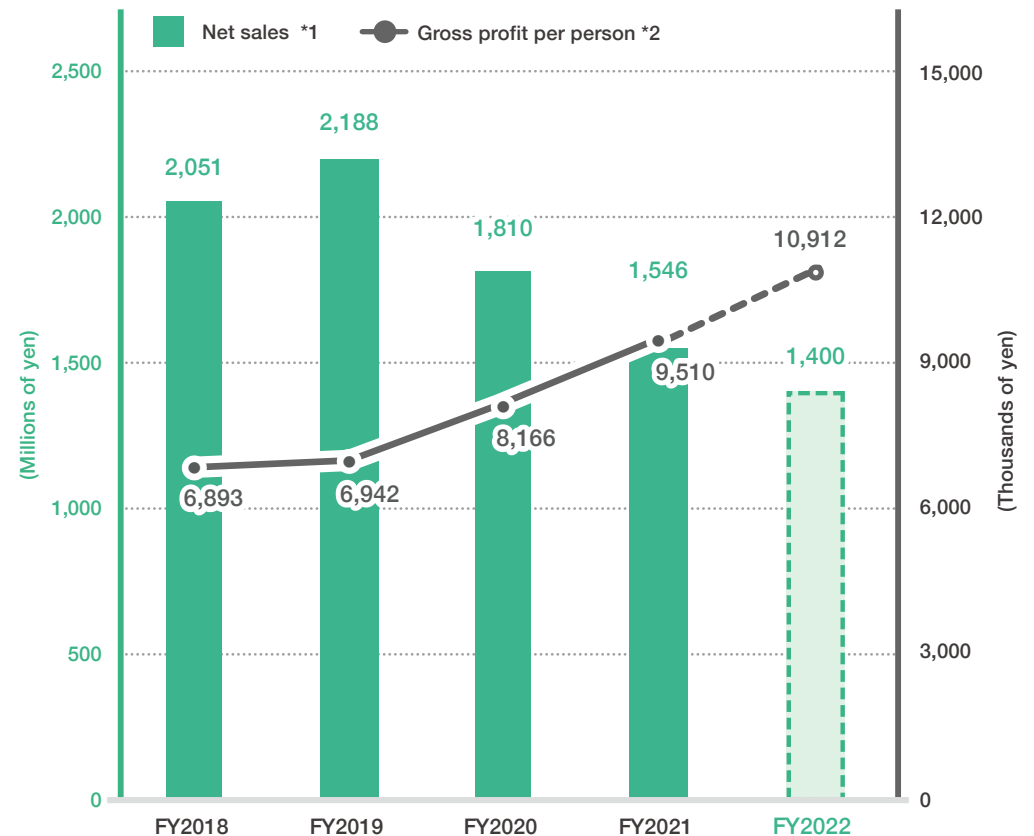


- Improve profitability by positioning this business as a profit-generation business and achieving the proper size of this business
- Aim for consistent earnings by raising productivity per employee while holding sales steady at an appropriate level

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

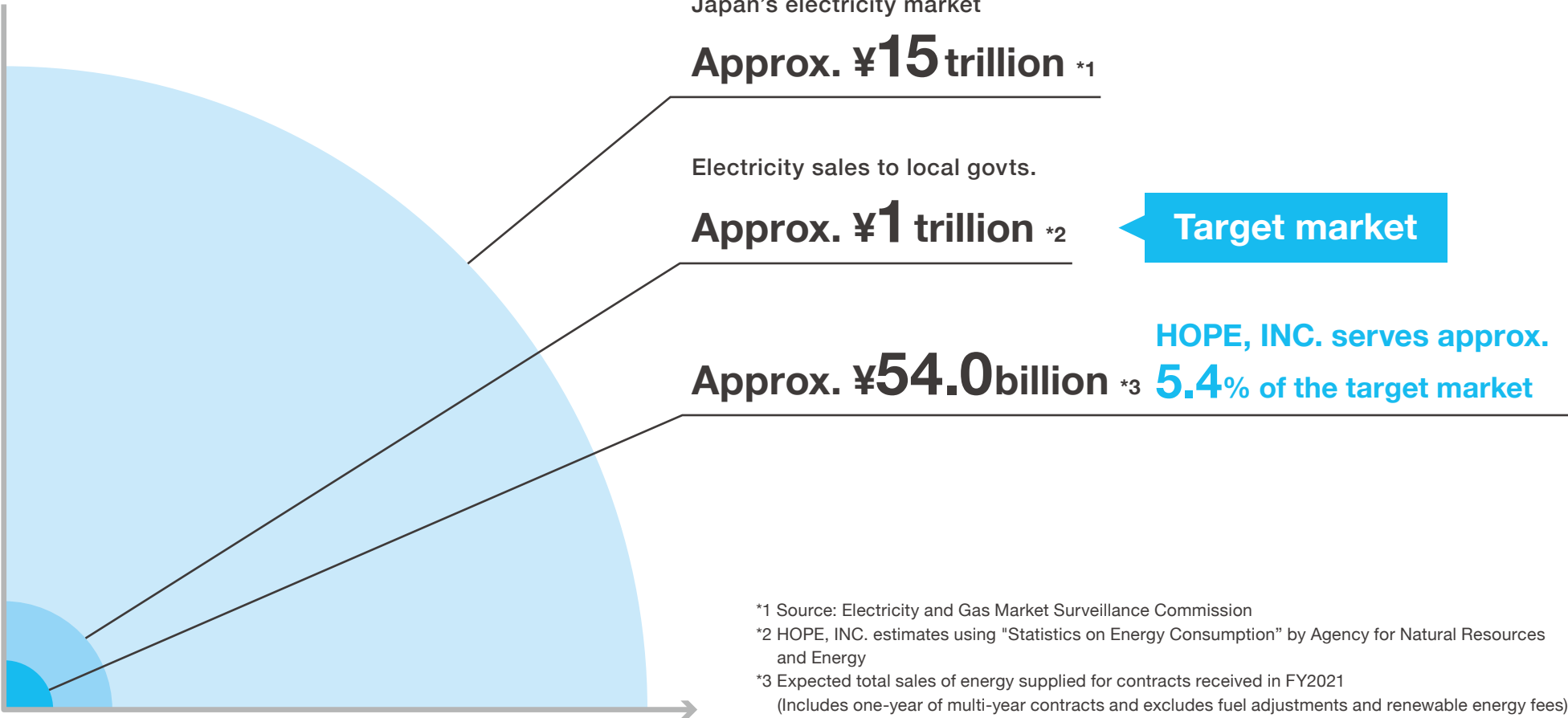
Gross profit per person in the Advertising Business



*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 33 for more information)



- Downsize operations to reduce business risk exposure

■ Assumptions

- 1) Electricity prices are usually low in the spring and fall 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) The Energy Business is facing a challenging business climate even now although we stopped submitting bids

■ Continuation of the suspension of submitting bids

The Energy Business is a large percentage of consolidated 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 the Group's 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, INC. 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.

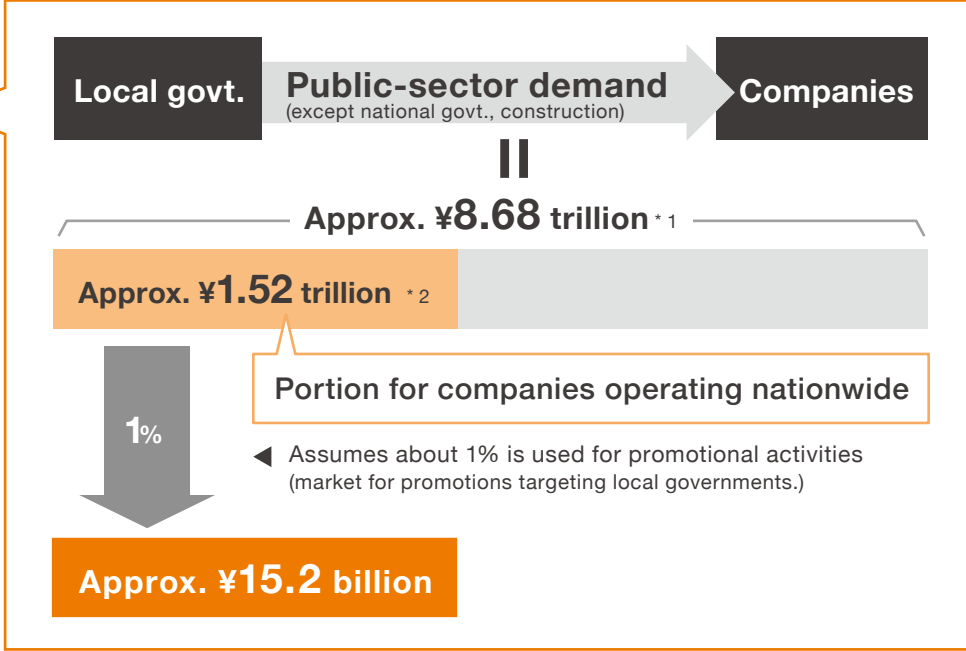
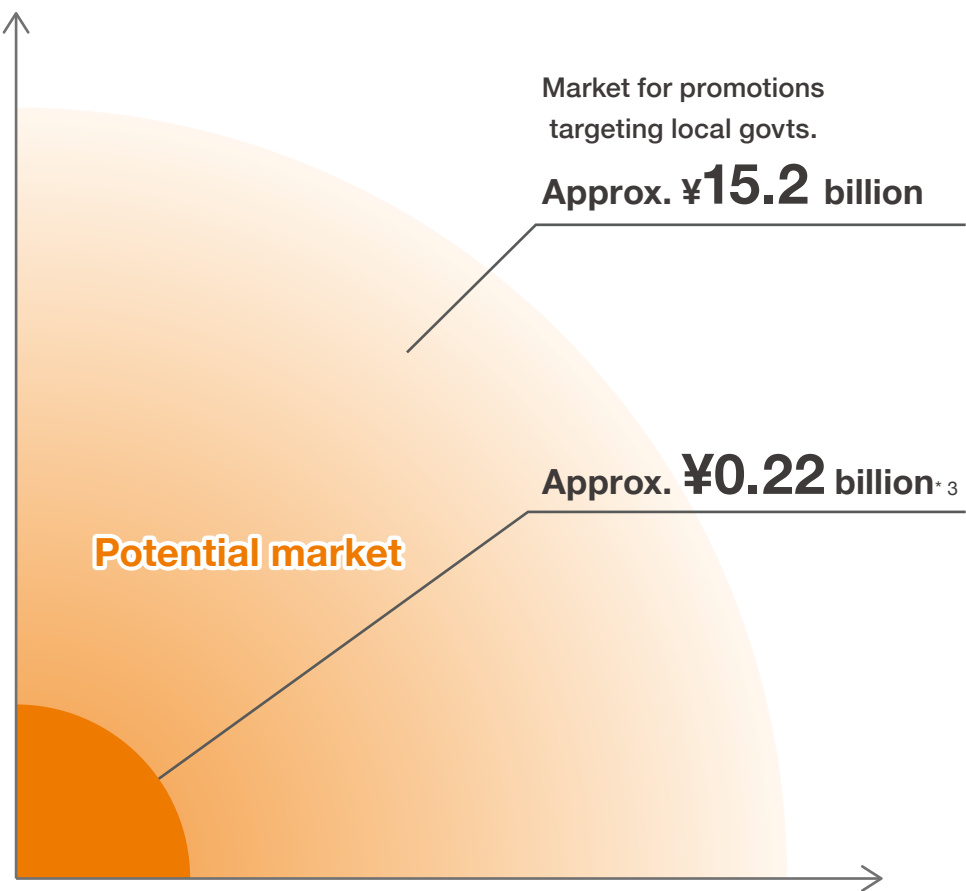
■ Business continuity

- We recognize the need to carefully consider whether to continue the electricity retail business.

(Reference) For more information, see the news release dated Aug. 11, 2021 concerning the absorption-type company split (<https://ssl4.eir-parts.net/doc/6195/tdnet/2014535/00.pdf>) (Japanese version only) and the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022 dated Feb. 14, 2022.

• 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

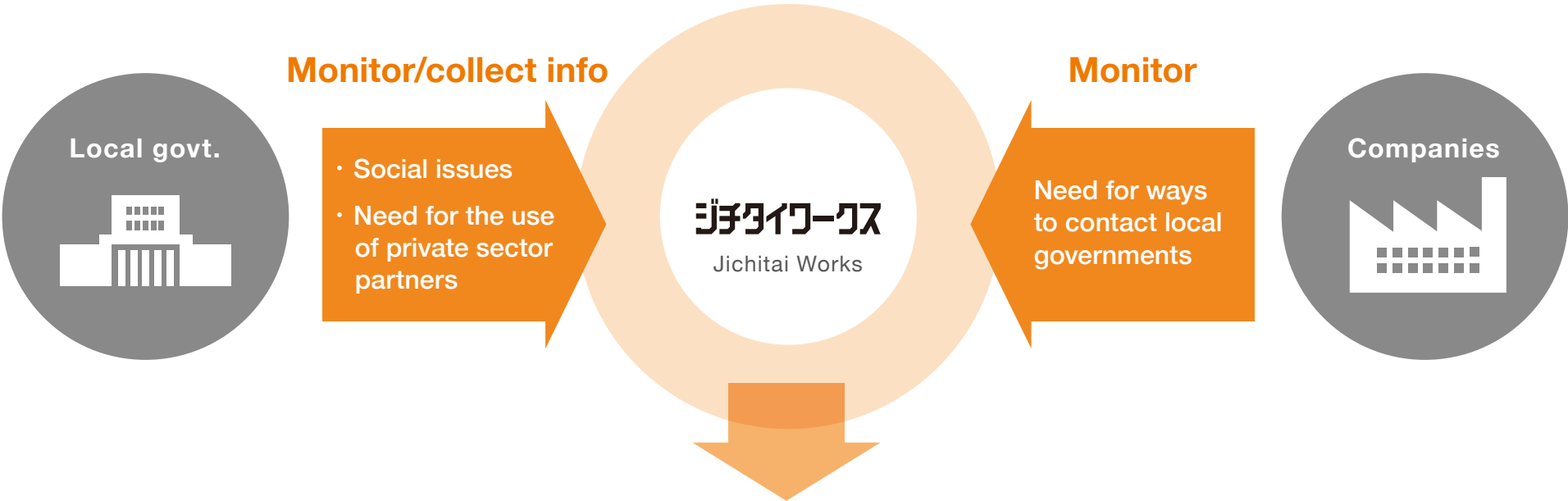


*1 Calculated by HOPE, INC. using Summary of Guide to Contracts in the Public Sector – FY2018, The Small and Medium Enterprise Agency
 *2 HOPE, INC. estimates based on FY2018 Administrative Project Review, Ministry of Internal Affairs and Communications
 *3 FY2021 Jichitai Works Business sales

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.

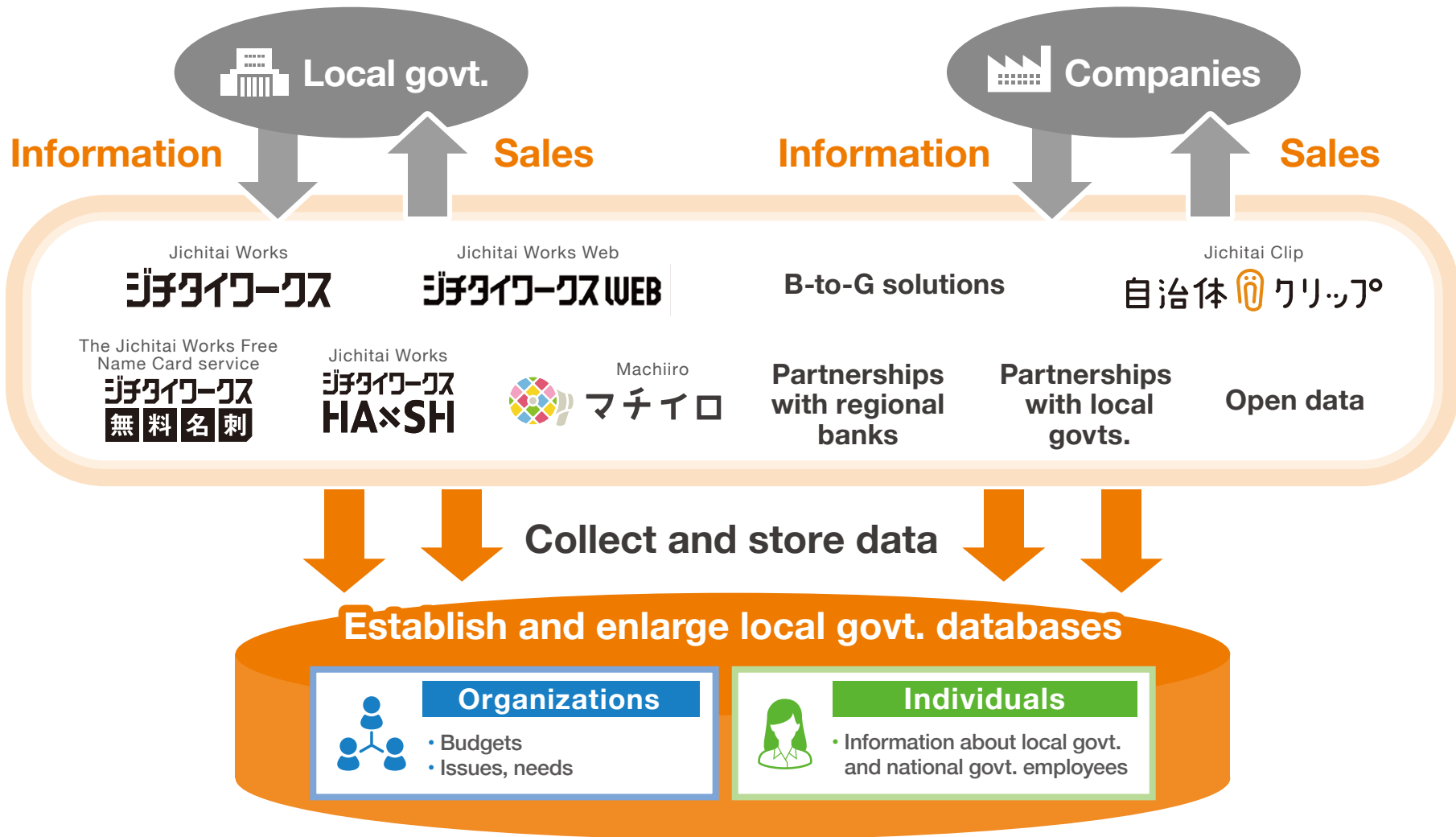


Contribute to market growth

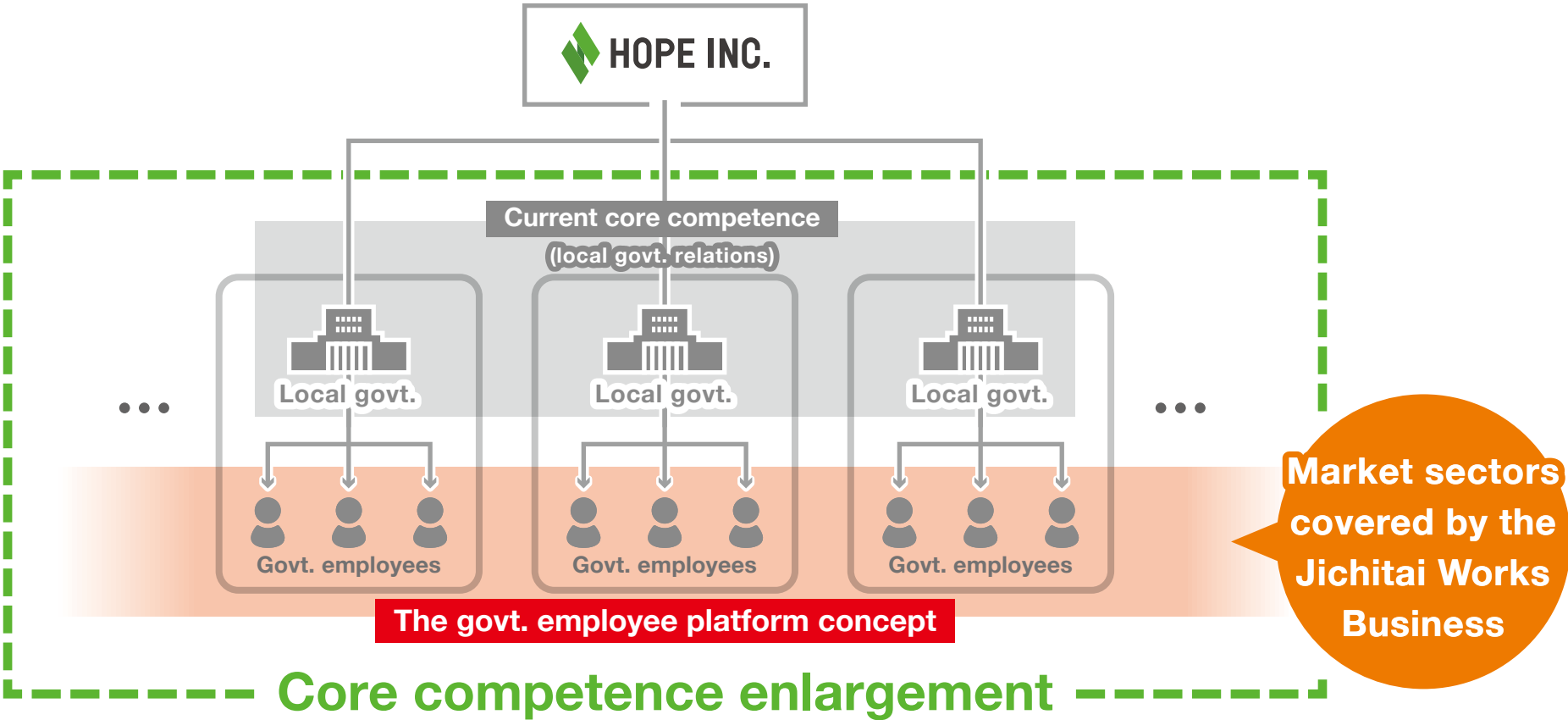


- Provide many types of services**
- Broad range of activities using the Jichitai Works brand
 - More matching by using the internet, telemarketing and other methods

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

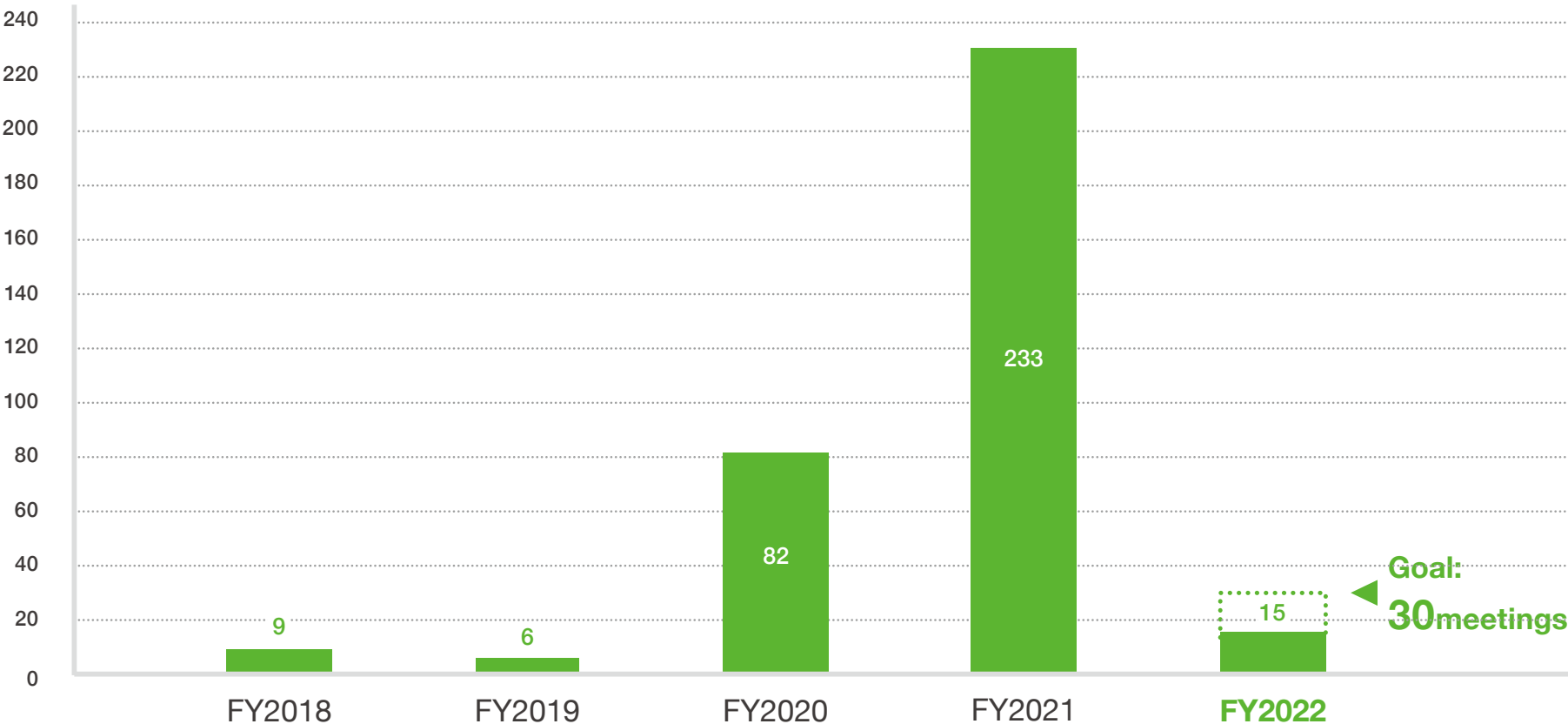


- The government employee platform concept :
Enlarge business operations to cover the government employee sector in order to become the leader in businesses and services for local governments.
- The government employee sector will be a growing market for the Jichitai Works Business.



- 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.

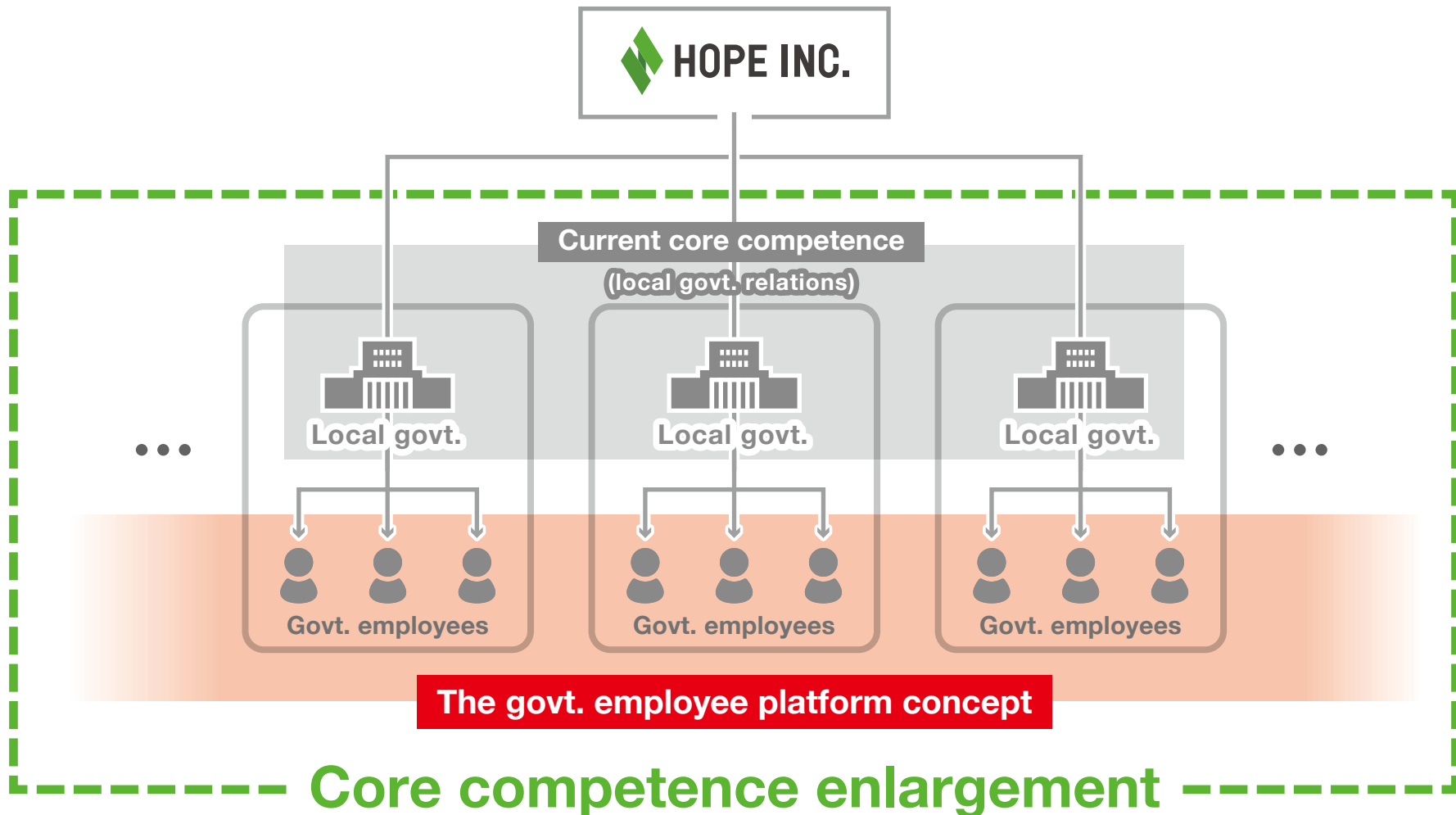
■ Number of institutional investor meetings

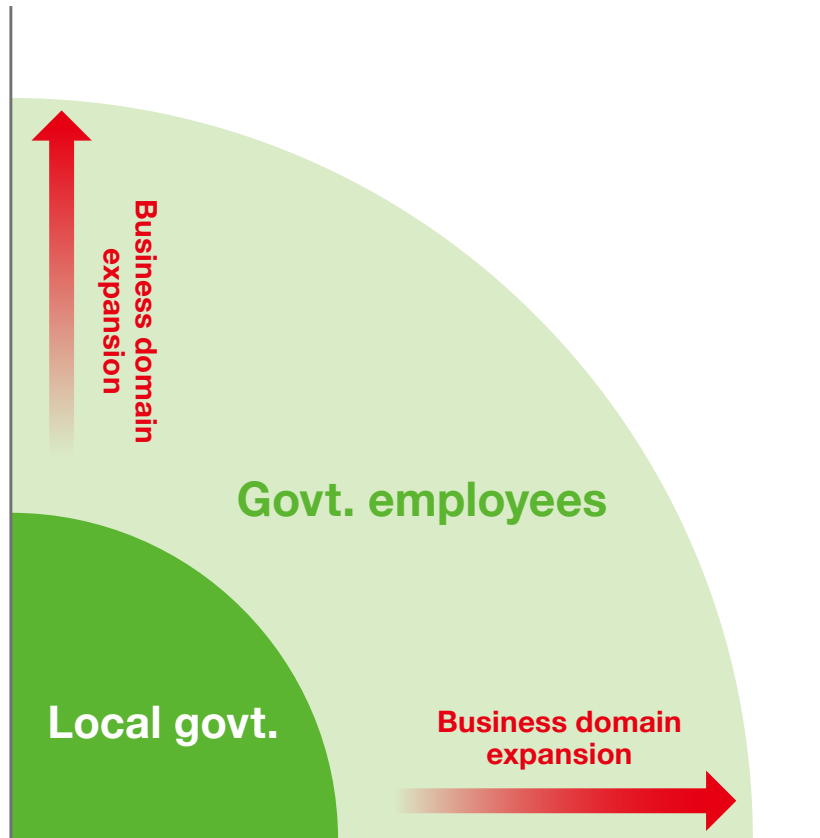


*Includes online meetings and telephone calls

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

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



etc.

Energy Business

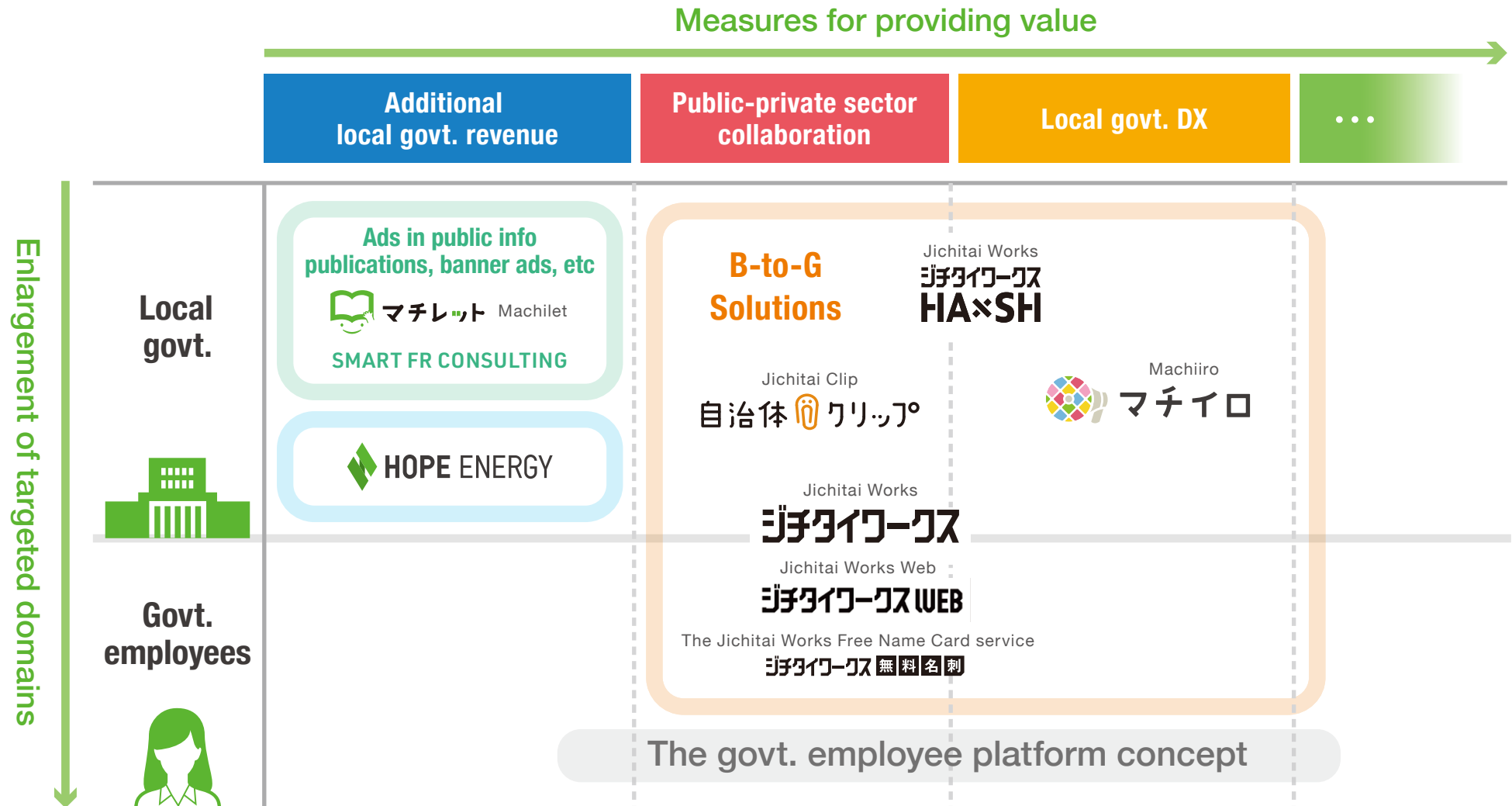


Jichitai Works Business

<p>Jichitai Works</p> <p>じちたいワークス</p> <p>The Jichitai Works Free Name Card service</p> <p>じちたいワークス 無料名刺</p>	<p>Jichitai Works Web</p> <p>じちたいワークスWEB</p> <p>B-to-G Solutions</p>	<p>Jichitai Clip</p> <p>自治体  クリップ</p>
<p>Jichitai Works</p> <p>じちたいワークス</p> <p>HA×SHI</p>	<p>Machihiro</p> <p> マチイロ</p>	

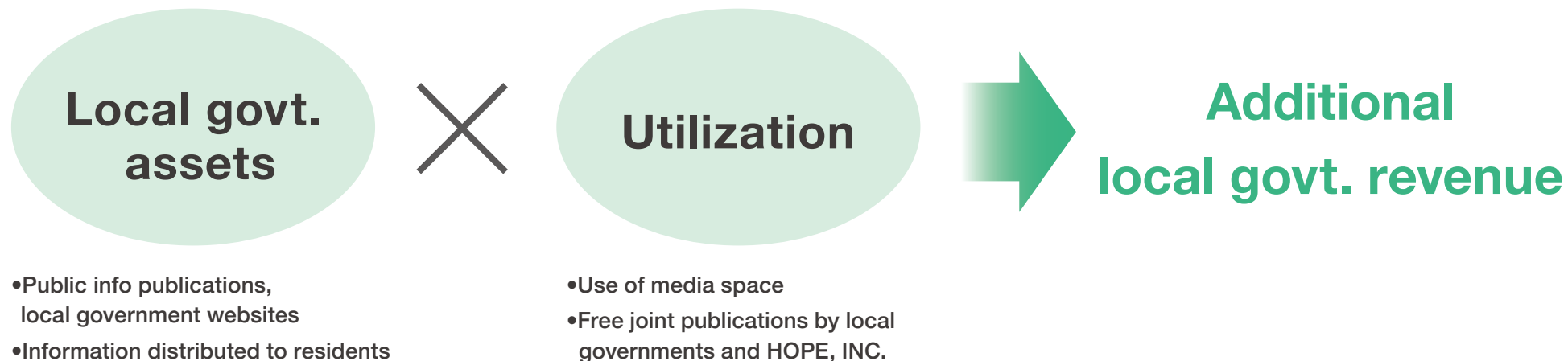
*Beginning with FY2020, Machihiro has been moved from the Jichitai Works segment to others.

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



Group Corporate Philosophy

Providing new value to citizens through local governments



Value provided



Local governments sell ad space in their publications

A new source of revenue for local governments

Business model



Examples of media



Public info publications



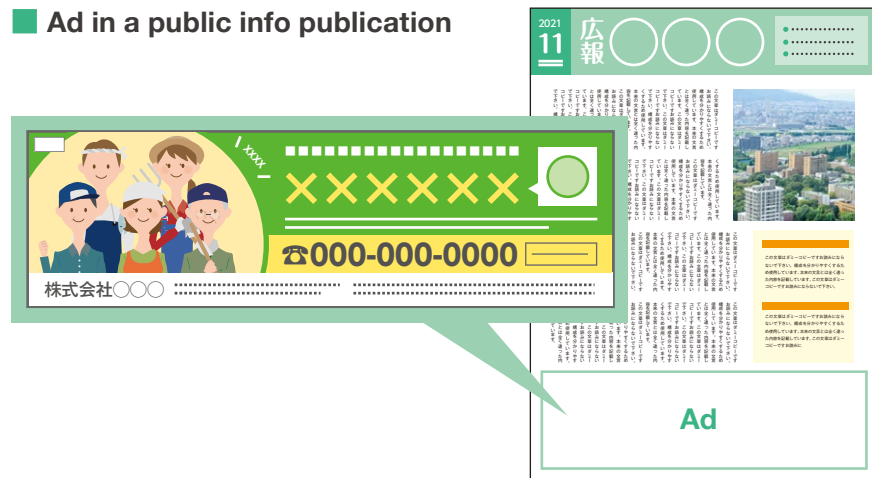
Website banner



Payslips for government employees

Others

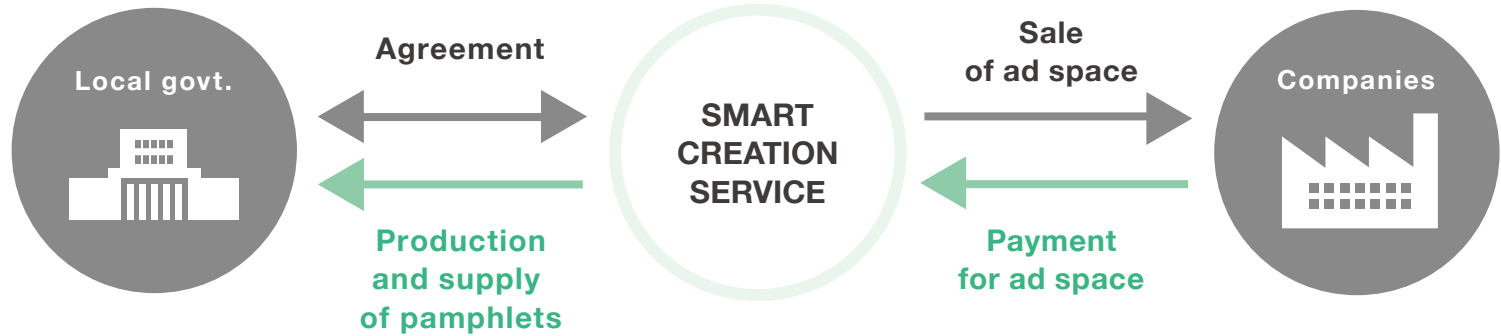
Ad in a public info publication



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



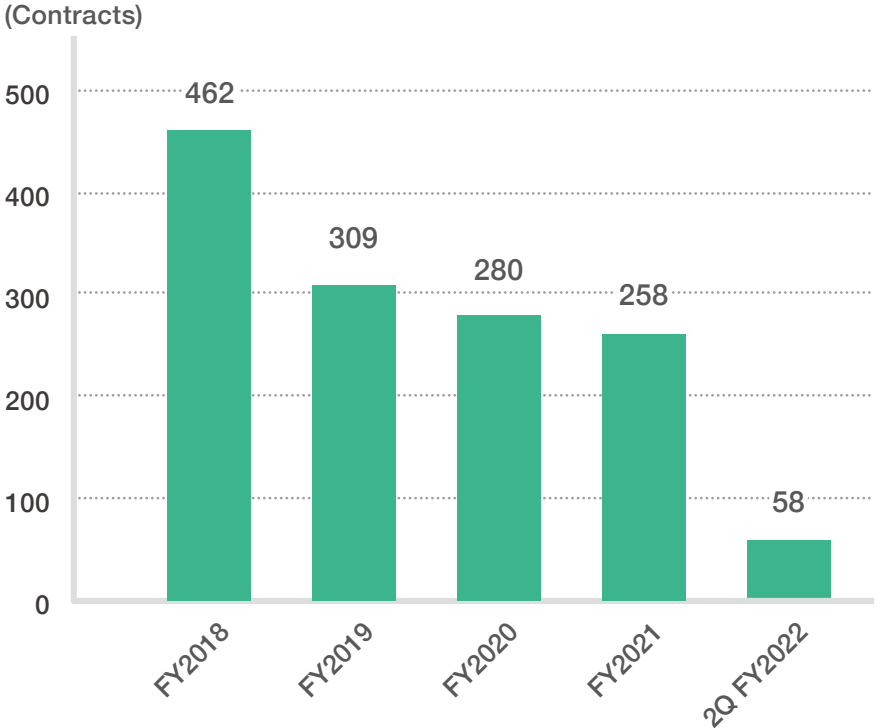
Examples of pamphlets



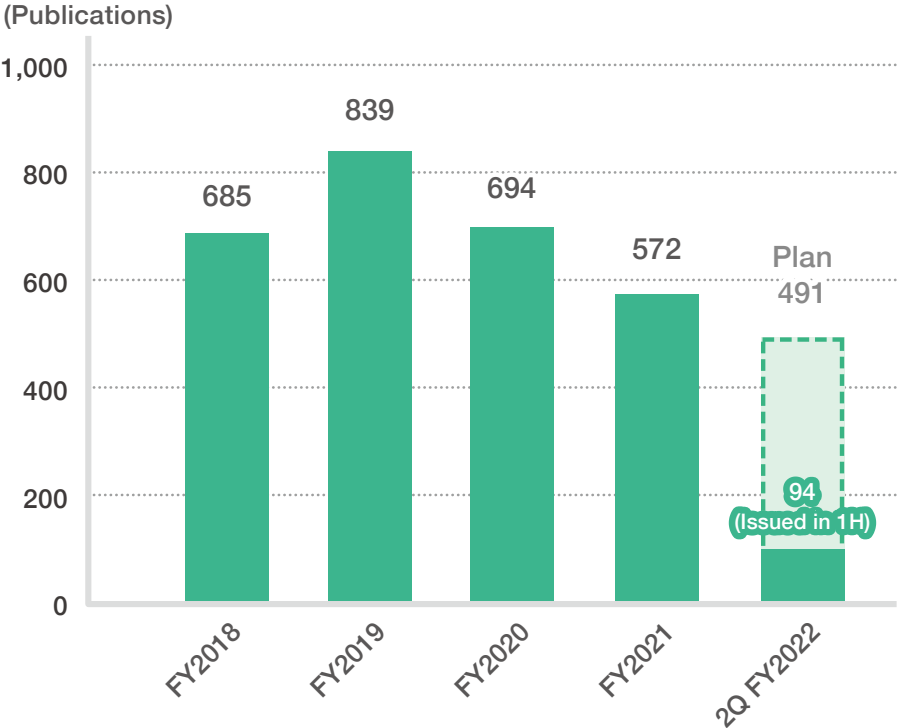
Ad in a pamphlet (child care information)



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 (Japanese version only).
<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)

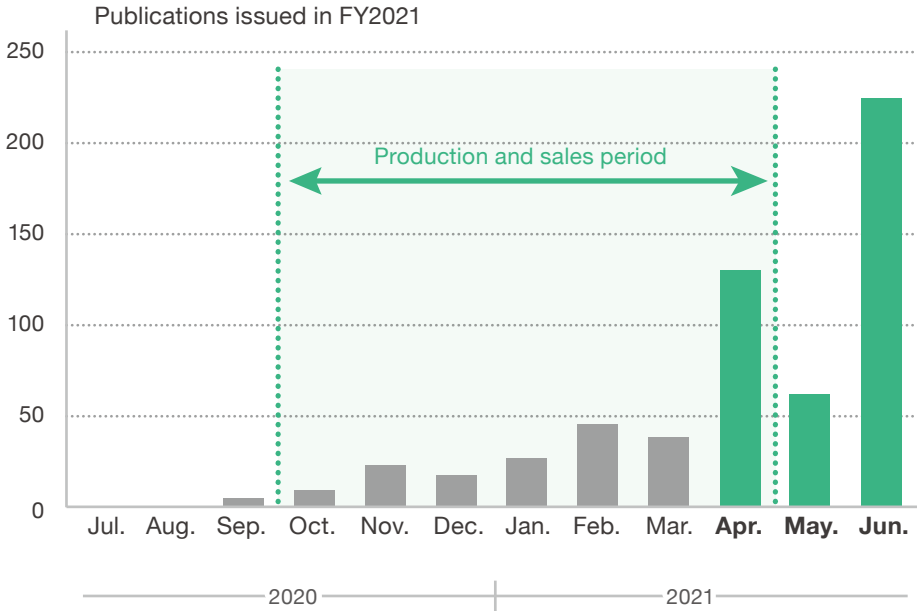
- 1 Most production and sales at the same time of the year**

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

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

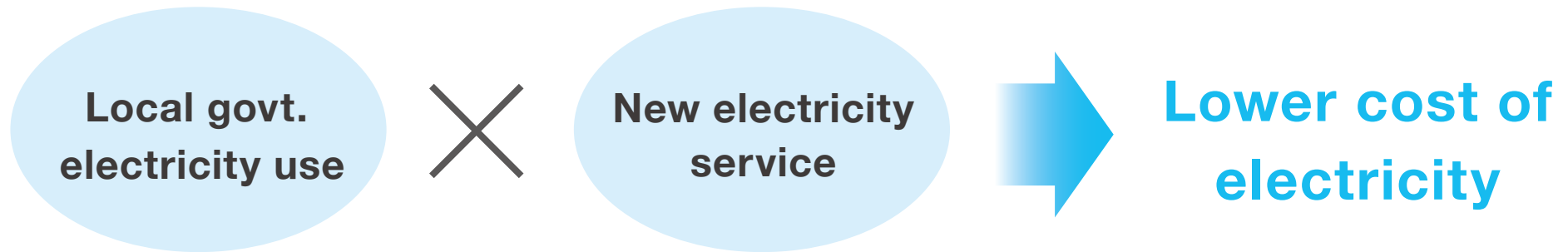
About 70% of publications are issued between Apr. and Jun.

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

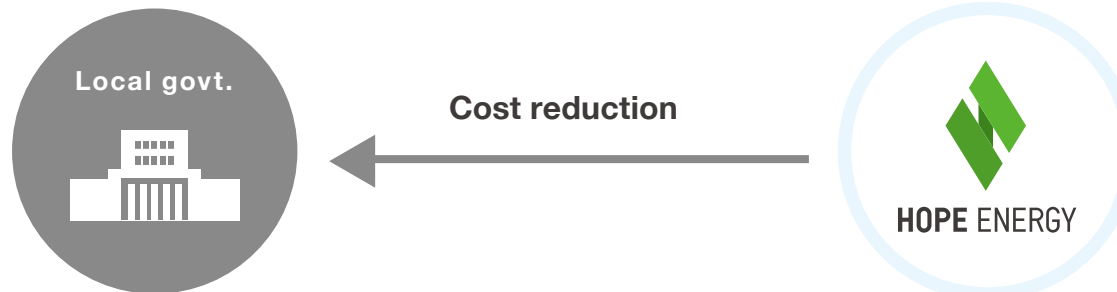


Group Corporate Philosophy

Providing new value to citizens through local governments



Value provided



Electricity sales business



Support local governments for reducing costs

Business model



Electricity



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

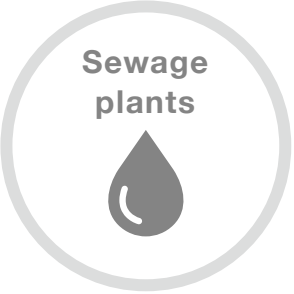


Payments

- 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

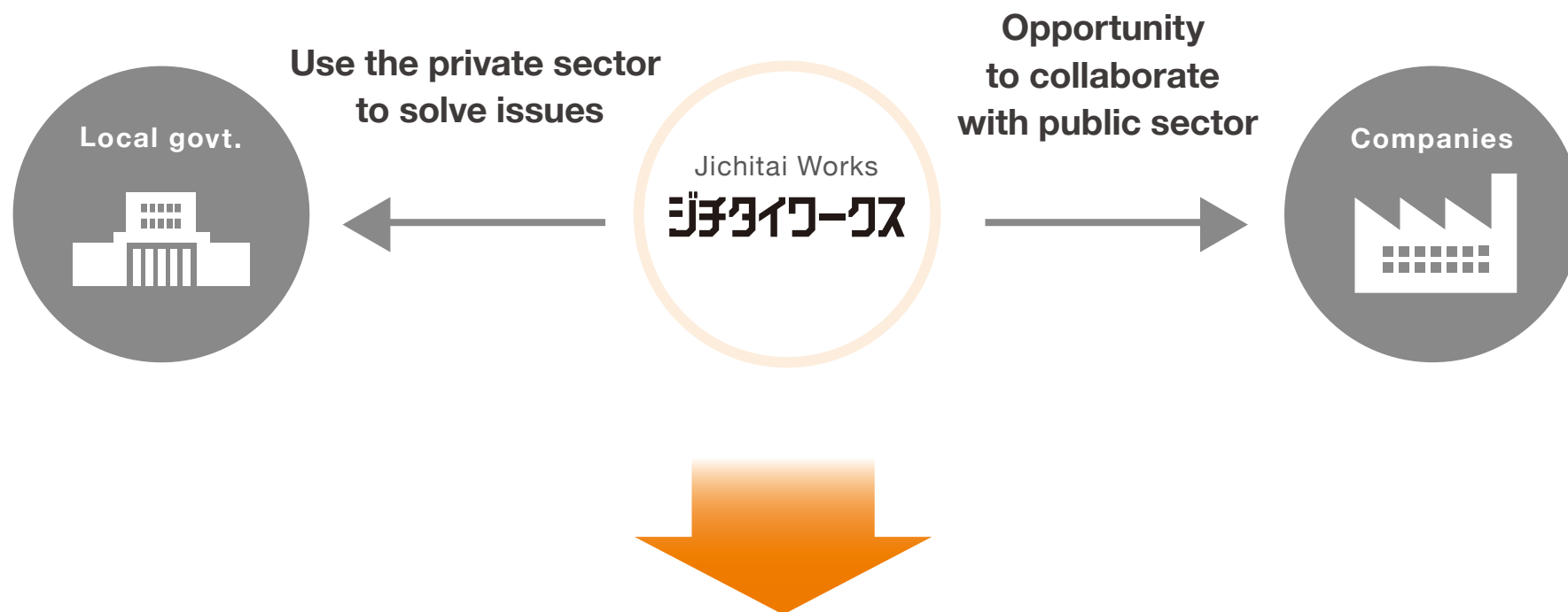
- Electricity sales may vary depending on the health of the economy, unseasonable summer or winter weather, and other weather events
- Wholesale prices of electricity may vary depending on the cost of buying electricity, the cost of fuel, and the balance between the supply and demand of electricity

3 A low-cost business

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

Group 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

《Additional issues/PICKS/INFO》

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

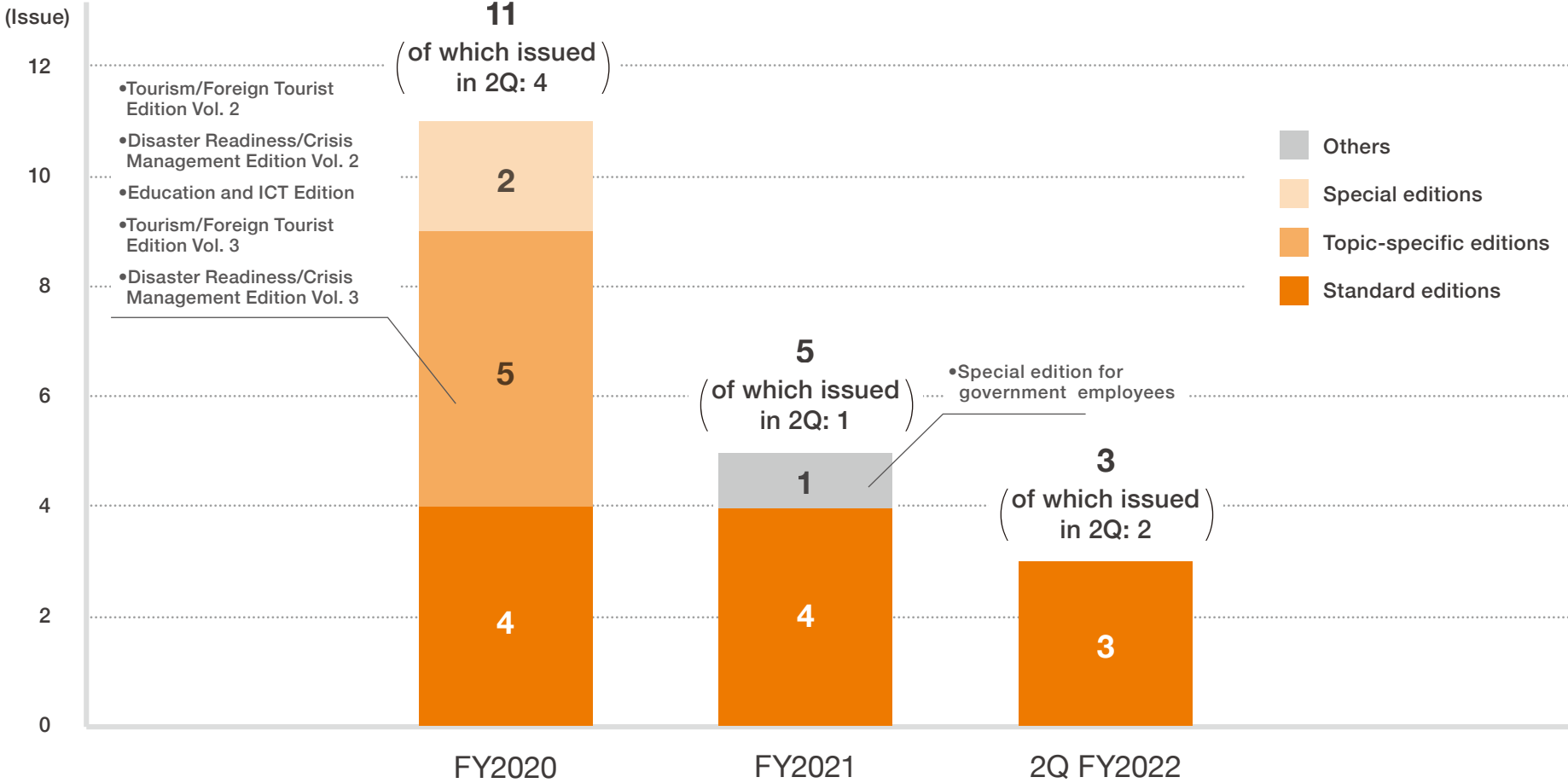


Jichitai Works Web

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



• In 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.



* Number of Jichitai Works magazine issued as owned media; Excludes exclusive advertising projects which are included in the B-to-G solutions menu.

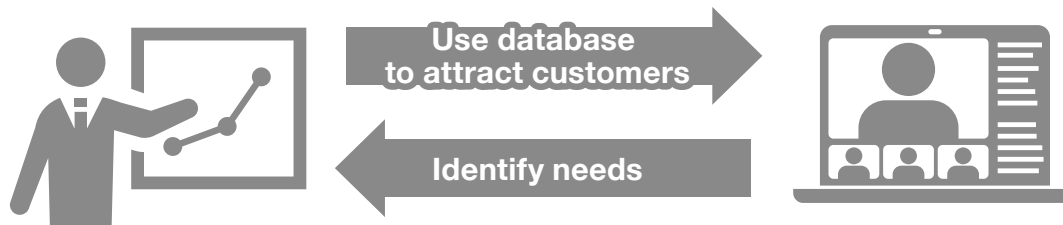
- In the B-to-G solutions, local government relationships are used for surveys to identify needs and for holding seminars, and other activities.
In addition, sales promotion and other promotion fees from companies and a revenue sharing model will be used for monetization.

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



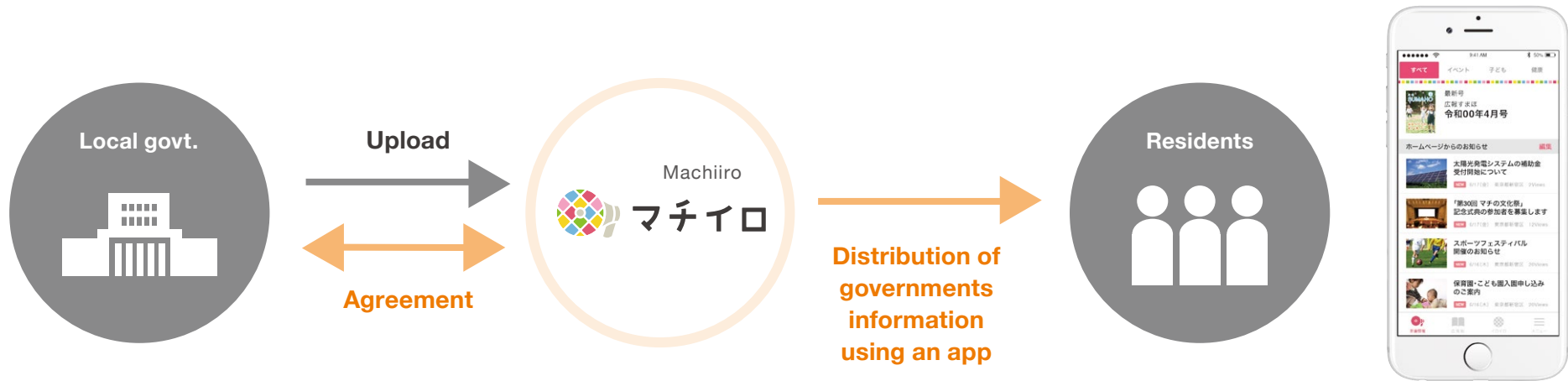
- Direct mail marketing (including Jichitai Works INFO and PICKS)
- Telemarketing
- Others

* 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 platform for supporting public-private sector collaboration to provide one-stop access to all services for local governments from searching for information on services to request for documents.



- 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

776,155
cumulative downloads

947 cumulative
local government contracts

Local governments share of about **53.0%**

*Total as of Dec. 31, 2021

■ Since HOPE, INC.'s inception, the Advertising Business has generated revenue of about **¥ 8.98 billion** for clients

- SMART RESOURCE SERVICE has paid local governments about **¥ 8.09 billion**
- Machilet has reduced local government costs by about **¥ 0.89 billion**

(From HOPE, INC.'s inception through 2Q FY2022)

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

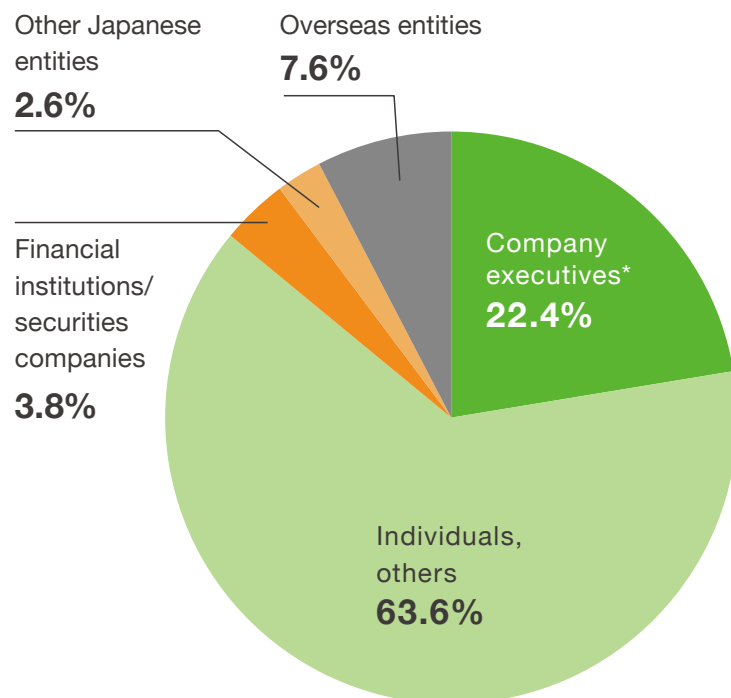
(Estimated cost reduction during the entire length of all current contracts; total for the period from the start of the service to 1Q FY2022)

(As of Dec. 31, 2021)

Number of shares and shareholders

Total number of authorized shares	27,950,000 shares
Number of shares issued	11,236,700 shares
Number of shareholders (with voting rights)	7,714

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	MACQUARIE BANK LIMITED DBU AC	300,000 shares
4	Individual shareholder	247,800 shares
5	Custody Bank of Japan, Ltd. (Trust Account)	236,200 shares
6	Individual shareholder	235,900 shares
7	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	198,552 shares
8	Individual shareholder	190,800 shares
9	Individual shareholder	185,800 shares
10	Individual shareholder	177,900 shares

Period	Jun. 15, 2016 to Dec. 30, 2021
IPO price	¥350
Initial price	¥805 (Jun. 15, 2016)
Highest price since IPO*	¥7,910 (Nov. 11, 2020)
Lowest price since IPO*	¥205 (Nov. 18, 2021)

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

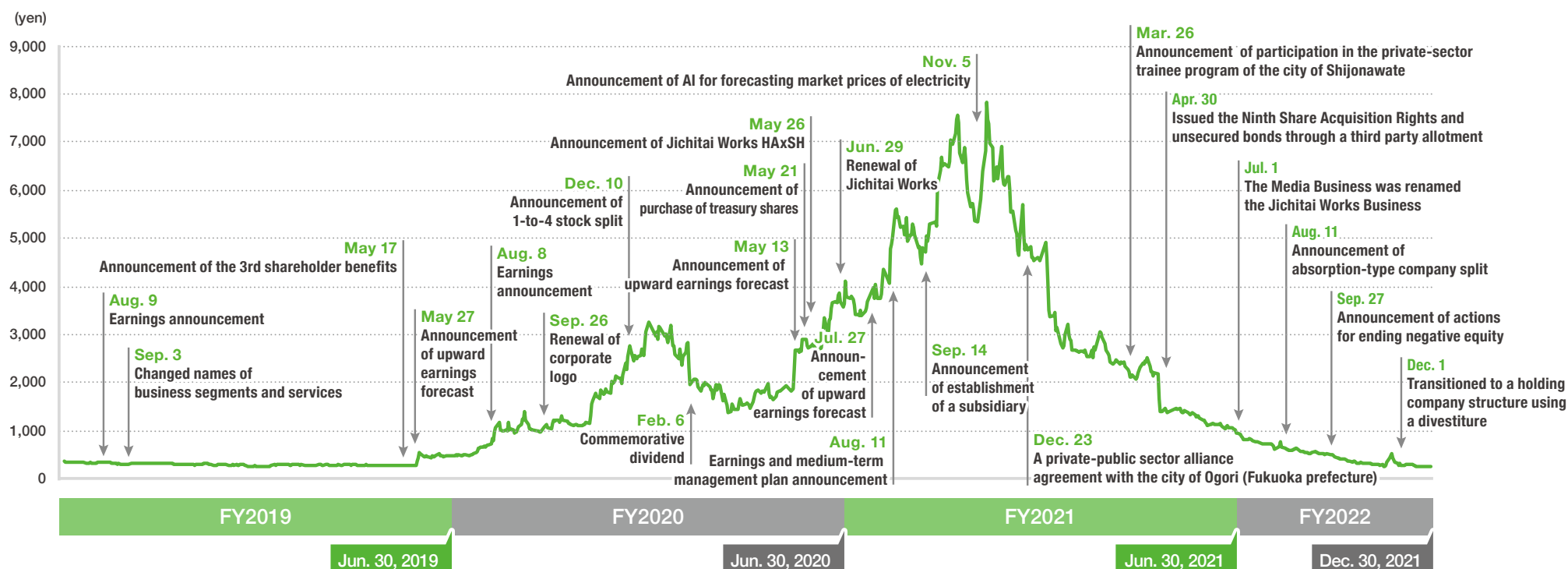
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
PER*	27.9x	116.3x	—	32.3x	30.5x	—

* 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 Dec. 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.

- IR contact -

HOPE, INC.

E-Mail: ir@zaigenkakuho.com

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