

**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022**  
**(Six Months Ended December 31, 2021)**

[Japanese GAAP]

February 14, 2022

Company name: HOPE, INC.

Listing: TSE-Mothers/FSE Q-Board

Stock code: 6195

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Scheduled date of filing of Quarterly Report:

February 14, 2022

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022**  
**(July 1, 2021 to December 31, 2021)**

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec. 31, 2021	24,546	74.8	(6,982)	-	(7,026)	-	(7,044)	-
Six months ended Dec. 31, 2020	14,044	-	259	-	243	-	158	-

Note: Comprehensive income (millions of yen)

Six months ended Dec. 31, 2021: (7,044) (-%)

Six months ended Dec. 31, 2020: 159 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2021	(738.62)	-
Six months ended Dec. 31, 2020	26.29	24.16

Note: Diluted net income per share is not presented because net loss was posted although there were outstanding dilutive shares for the six months ended December 31, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2021	10,624	(8,047)	(75.9)
As of Jun. 30, 2021	10,964	(2,498)	(23.1)

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2021: (8,061)

As of Jun. 30, 2021: (2,530)

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2021	-	0.00	-	0.00	0.00
Fiscal year ending Jun. 30, 2022	-	0.00			
Fiscal year ending Jun. 30, 2022 (forecast)			-	-	-

Notes: 1. Revisions to the most recently announced dividend forecast: None

2. The dividend forecast for the fiscal year ending June 30, 2022 is to be determined.

**3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,850	0.7	-	-	-	-	-	-	-

Note: Revisions to the most recently announced earnings forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 2 (JICHITAI AD, INC., JICHITAI WORKS, INC.) Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to the section "2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies, Application of the Accounting Standard for Revenue Recognition" on page 12 of the attachments for further information.

(4) Number of shares outstanding (common shares)

1) Number of outstanding shares as of the end of the period (including treasury shares)

As of Dec. 31, 2021:	11,236,700 shares	As of Jun. 30, 2021:	7,775,100 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2021:	24,981 shares	As of Jun. 30, 2021:	24,981 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2021:	9,536,797 shares	Six months ended Dec. 31, 2020:	6,031,488 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

- Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of HOPE at the time these materials were prepared. Actual results of operations may differ from forecasts due to uncertainty involving these judgments and assumptions or to changes in business operations and market conditions. HOPE does not guarantee the certainty of any forward-looking statements.

- Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements" on page 6 of the attachments regarding preconditions or other related matters for the forecasts.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The COVID-19 pandemic continued to severely impact the Japanese economy during the first half of the current fiscal year. There are expectations for a slow recovery as economic activity resumes as more people receive vaccinations and government measures to support the economy produce benefits. Despite these positive signs, the outlook for the economy remains unclear, due in part to the rapid increase in infections caused by the omicron variant.

Translating the HOPE Group's corporate philosophy into actions and achieving more growth of corporate value will require an intent focus on our relationships with local governments. We have been using our business activities since our inception to increase the number of these relationships, which are a key strength of ours. Our objectives are the growth of existing businesses and creation of new businesses in two ways. The first is creating new businesses that can be easily reproduced in many fields while accurately responding to new and amended laws. The second is the easy reproduction of business expansion in the local government business domain. Taking these actions will allow us to support local governments as they create a self-reliant and sustainable social framework that utilize the distinctive strength and characteristics of individual communities. Moreover, we believe these actions will result in the realization of the HOPE Group's corporate philosophy accompanied by the growth of corporate value.

On August 11, 2020, HOPE started HOPE NEXT 3, a three-year medium-term management plan beginning in the fiscal year that ended in June 2021. To accomplish the goals of this plan, many business activities with the aim of medium-term growth are under way. Between the middle of December 2020 and late January 2021, the price of electricity on the Japan Electric Power Exchange (JEPX) was very high. This big increase in the cost of electricity had an enormous negative impact on the performance of the energy business, which is the HOPE Group's largest business segment. There was negative equity of about 2.4 billion yen at the end of June 2021. Negative equity decreased by about 700 million yen during the first quarter to 1.7 billion yen at the end of September 2021. In December 2021, we completed making imbalance fee payments of about 6.5 billion yen, including taxes, to electric utilities. These fees resulted mainly from the inability of HOPE to supply the required amount of electricity in January 2021, resulting in the purchase of electricity from a utility. These payments were the primary cause of the negative equity. Since October 2021, the price of electricity on the JEPX has been higher than we expected and negative equity increased to more than 8 billion yen as of the end of December 2021. Due to the high cost of electricity, as was announced on November 15, 2021 in a release titled "Notice concerning Consolidated Forecast for the Fiscal Year Ending June 2022," we decided not to announce some parts of the earnings for fiscal year results of operations until a reliable forecast can be determined. In addition, because payments of amounts owed by the energy business have increased much more than anticipated, some bank loan repayments that were planned for the end of January 2022 have not yet been made. Activities are under way with the goal of completing these delayed payments by no later than the end of February 2022.

Business operations have been reorganized for the purposes of maintaining speed and agility and of establishing a management framework that can allocate the HOPE Group's resources in a suitable manner and implement strategies involving finances and equity. One step was the transfer on December 1, 2021 of the electricity retail sales business to wholly owned subsidiary HOPE ENERGY, INC. Another step was the establishment on December 1, 2021 of two subsidiaries to operate businesses transferred from HOPE. JICHITAI AD, INC. is now operating the advertising business and JICHITAI WORKS, INC. is now operating the Jichitai Works business. Due to the spinoff of these businesses, HOPE became a holding company on December 1, 2021. As the HOPE Group's holding company, HOPE handles fund procurement activities and measures to provide funds required by group companies, such as relationships with business partners and the establishment of equity and business alliances. Activities for returning to positive equity are the highest priority. While taking actions to accomplish this goal, HOPE will also work on the establishment of a new HOPE NEXT 3 business plan.

We continue to position the advertising business as a profit-generating business of the HOPE Group and are continuing to work on achieving the proper size of this business to improve profitability. One goal is reducing over the medium term the high percentage of fiscal year earnings of this business in the fourth quarter. These

steps are aimed at making the advertising business more cost efficient and receiving higher rates for advertising services. In the energy business, we will continue our policy of not submitting bids for public-sector electricity supply contracts in order to prevent any further increase in exposure to risk to buy electricity. We plan to downsize the energy business by lowering the amount of electricity supplied. In the Jichitai Works business, the market for promotions targeting local governments still has much potential for more public-private sector collaboration and measures to increase competition. Our goal is to position ourselves at the very top of upstream information flows in order to capitalize on opportunities involving this potential. This business is upgrading content, strengthening information dissemination capabilities and reinforcing the ability to keep up with the latest information. The objective is firmly establishing the value of the Jichitai Works brand in order to stimulate more growth of the market for promotions targeting local governments. In addition, we believe that these activities will make possible even more public-private sector collaboration based on government information circulation centered on the HOPE Group as well as the use of local government information databases for strengthening, supporting and creating business activities. We will use many activities to accomplish these goals. These measures will include upgrading and expanding our content production capabilities, increasing activities for B-to-G solutions (former B-to-G marketing) and making extensive use of Jichitai Works HA×SH, which is an internet platform for supporting public-private sector collaboration.

In the first half, net sales were 24,546 million yen, up 74.8% year on year. The operating loss was 6,982 million yen, compared with 259 million yen a profit one year earlier, the ordinary loss was 7,026 million yen, compared with a 243 million yen profit one year earlier and there was a loss attributable to owners of parent of 7,044 million yen, compared with a 158 million yen profit one year earlier.

Business segment performance was as follows.

#### 1) Advertising Business

In this business, the Smart Resource service purchases a variety of advertising space from local governments by submitting competitive bids and then sells this space to companies. The Smart Creation service jointly produces with local governments Machilet publications for residents at no cost and sells advertising space in these publications to companies. As was explained earlier, activities are under way to achieve the proper size of this business in order to improve profitability. Machilet, which is a major medium of the HOPE Group, is published in all areas of Japan with content centered mainly on six themes: marriage, raising children, senior nursing care, abandoned houses, end-of-life messages, and condolence messages.

In November 2021, the advertising business started operating on a trial basis the Jichitai Design Consultation Office. Local governments throughout Japan can use this office to receive information and services at a fixed price for designs of publications. This business will continue to seek more ways to broaden its lineup of services for local governments.

Segment sales were 615 million yen, down 6.5% year on year and the segment profit was 53 million yen, up 138.5% from one year earlier.

#### 2) Energy Business

This business operates the retail sale of electricity and has the goal of reducing the expenses of local governments by providing new forms of value based on the concept of electricity as a generic product. On October 22, 2020, HOPE established wholly owned subsidiary HOPE ENERGY, INC. with the goals of the growth of the energy business, more business flexibility concerning various transactions, and conducting activities involving clean energy. As was explained earlier, there was a big increase in the price of electricity on the JEPX between the middle of December 2020 and late January 2021. After this spike in the cost of electricity had largely ended, we determined measures to take for the stability of energy business earnings, stronger governance and other revisions to the framework for operating this business. One measure was the transfer of the electricity retail sales business to HOPE ENERGY, INC. on December 1, 2021. This was announced on August 11, 2021 in a news release titled “Notice of Company Split (Absorption-type Split).” We believe HOPE ENERGY, INC. should directly operate all

energy operations because of the quantitative and qualitative importance of the energy business and the specialized knowledge required by this business. In addition, the spinoff of the retail electricity gives the HOPE Group a management structure with more speed and flexibility that is expected to contribute to the group's sustained growth and the medium to long-term growth of corporate value. However, the JEPX price of electricity again increased more than we expected starting in October 2021 and the high cost of purchasing electricity again had a severe impact on business operations. We have decided to suspend our participation in bidding for local government electricity supply contracts to preserve our financial soundness. Although we are not seeking new contracts, the business climate for the energy business remained continued to be challenging in the second quarter of this fiscal year.

Segment sales were 23,785 million yen, up 78.6% year on year and the segment loss was 6,843 million yen, compared with a 390 million yen profit one year earlier.

HOPE ENERGY, INC. will continue to operate the electricity retail sales business and, to prevent an increase in risk exposure concerning the cost of purchasing electricity, plans to reduce the amount of electricity supplied by no longer submitting bids for new contracts and using other measures. In addition, we believe that we need to perform a thorough study to determine if we should continue to operate the energy business.

### 3) Jichitai Works Business

The media business was renamed the Jichitai Works business beginning with the first quarter of the current fiscal year. This For about four years, this business has been distributing Jichitai Works magazine, which is the HOPE Group's original publication. This publication contains information, recommendations, ideas, stories about innovations and other useful information for local government employees. As these activities have made the Jichitai Works name well known among these employees, the decision was made to change the name of this business to more clearly reflect the nature of its operations.

Jichitai Works is positioned as a brand that encompasses a variety of HOPE Group's services for facilitating cooperation between the public and private sectors based on the concept of "invigoration for experiences and people concerning local government jobs."

In addition to the Jichitai Works magazine, this business has three order-made media to meet the budgets and requirements of individual companies: (1) Special editions; (2) PICKS; and (3) INFO. This diversity allows us to offer a broad range of advertising media to private-sector companies with products and services for local governments. Another important element of this business is B-to-G solutions (formerly B-to-G marketing), which uses our relationships with local governments to match the needs of these governments and companies.

Two issues of Jichitai Works magazine, volumes 16 and 17, were issued during the second quarter of the fiscal year. In addition, as part of B-to-G solution activities, this business started a service that uses a short message service (SMS, see note) to assist local governments with pandemic safety and response operations. The new service is provided with partner companies media4u inc. and CENTRIC Co., Ltd. This service helps local governments be prepared for a possible new wave of COVID-19 cases. Support for monitoring the health of people recovering at home and others can reduce the volume of work by government employees for these types of tasks.

Segment sales were 143 million yen, up 104.2% year on year and the segment profit was 36 million yen, up 196.1% from one year earlier.

Note: A short message service is a service for exchanging brief text messages between smartphones and other mobile devices.

### 4) Other businesses

There are several new services in this segment: One is a corporate version of the hometown tax payment support service. This service raises awareness among companies of this tax system and has information about local governments that handle these payments. Another example of a new service is the "akisol" comprehensive

platform, which has started on a trial basis with the goal of providing solutions for problems concerning vacant and abandoned houses. Other businesses include Machihiro, Jichitai Works HA×SH and other services that are not part of the reportable segments. Jichitai Works HA×SH has been operated by the Jichitai Works business but this activity is included in this category because Jichitai Works HA×SH is still in the investment phase.

Segment sales were 1 million yen, down 5.7% year on year and the segment loss was 46 million yen, compared with a 17 million yen loss one year earlier.

## **(2) Explanation of Financial Position**

### Assets

Total assets amounted to 10,624 million yen at the end of the second quarter of the current fiscal year, a decrease of 339 million yen from the end of the previous fiscal year. Current assets amounted to 10,419 million yen, an increase of 22 million yen from the end of the previous fiscal year. This was mainly due to increases of 211 million yen in cash and deposits, 336 million yen in accounts receivable-trade and contract assets, and 5 million yen in work in process, while there were decreases of 208 million yen in merchandise and finished goods and 325 million yen in other under current assets. Non-current assets amounted to 205 million yen, a decrease of 362 million yen from the end of the previous fiscal year. This was mainly due to an increase of 18 million yen in intangible assets and a decrease of 379 million yen in leasehold and guarantee deposits.

### Liabilities

Liabilities totaled 18,672 million yen, an increase of 5,209 million yen over the end of the previous fiscal year. Current liabilities amounted to 18,210 million yen, an increase of 5,330 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,442 million yen in accounts payable-trade, while there were decreases of 49 million yen in current portion of long-term borrowings and 40 million yen in other under current liabilities. Non-current liabilities amounted to 461 million yen, a decrease of 121 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 121 million yen in long-term borrowings.

### Net assets

At the end of the second quarter, there were negative net assets of 8,047 million yen while there was a decrease of 5,549 million yen from the end of the previous fiscal year. This was mainly due to increases of 756 million yen in share capital and 756 million yen in legal capital surplus resulting from issuance of shares through third-party allotment and exercise of share acquisition rights, while there was the loss attributable to owners of parent of 7,044 million yen.

## **Cash flows**

Cash and cash equivalents (hereinafter “net cash”) at the end of the second quarter amounted to 2,133 million yen. The cash flow components and the main reasons for changes are as described below.

### Cash flows from operating activities

Net cash used in operating activities totaled 1,066 million yen. The main factors include loss before income taxes of 7,026 million yen and an increase of 336 million yen in trade receivables, while there were decreases of 203 million yen in inventories and 384 million yen in sales deposit, and increases of 5,442 million yen in trade payables and 201 million yen in consumption taxes receivable/payable.

### Cash flows from investing activities

Net cash used in investing activities totaled 23 million yen. This was mainly due to purchase of intangible assets of 22 million yen.

### Cash flows from financing activities

Net cash provided by financing activities totaled 1,301 million yen. This was mainly due to proceeds from issuance of shares of 150 million yen and proceeds from issuance of shares resulting from exercise of share acquisition rights of 1,332 million yen, while there were repayments of long-term borrowings of 171 million yen and dividends paid of 21 million yen.

### **(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

As was announced on November 15, 2021 in a release titled “Notice concerning Consolidated Forecast for the Fiscal Year Ending June 2022,” HOPE no longer has fiscal year forecasts for earnings at all levels and earnings per share. This decision was made because it is not possible at this time to determine a reliable forecast because the price of electricity on the JEPX has been far higher than we anticipated since October 2021.

The cost of electricity is still high. Also, at an extraordinary shareholders meeting to be held on March 24, 2022, we plan to submit a proposal for amendments to the Articles of Incorporation. One amendment, if approved by shareholders, will change the fiscal year end from June 30 to March 31. This would result in a transitional nine-month fiscal period beginning on July 1, 2021 and ending on March 31, 2022.

A forecast will be announced promptly when it becomes possible to determine a reliable forecast due to the confirmation of these amendments and other items affecting business operations in this fiscal year.



**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/21 (As of Jun. 30, 2021)	Second quarter of FY6/22 (As of Dec. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,932,991	2,144,823
Notes and accounts receivable-trade	7,336,855	-
Trade receivables and contract asset	-	7,673,844
Merchandise and finished goods	427,497	218,666
Work in process	1,717	7,604
Supplies	193	94
Other	701,753	375,982
Allowance for doubtful accounts	(4,012)	(1,527)
Total current assets	10,396,997	10,419,488
Non-current assets		
Property, plant and equipment	18,912	17,756
Intangible assets	83,881	102,007
Investments and other assets		
Leasehold and guarantee deposits	458,279	79,061
Other	18,330	18,945
Allowance for doubtful accounts	(11,864)	(12,491)
Total investments and other assets	464,745	85,515
Total non-current assets	567,539	205,278
Total assets	10,964,536	10,624,767
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	11,290,446	16,732,923
Short-term borrowings	950,000	950,000
Current portion of long-term borrowings	366,952	316,972
Income taxes payable	42,242	31,887
Advances received	71,367	-
Contract liabilities	-	60,073
Other	159,036	118,890
Total current liabilities	12,880,045	18,210,747
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term borrowings	482,658	361,408
Deferred tax liabilities	221	217
Total non-current liabilities	582,879	461,625
Total liabilities	13,462,924	18,672,372
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,959,676	2,716,164
Capital surplus	1,913,476	2,669,964
Retained earnings	(6,333,191)	(13,377,226)
Treasury shares	(70,902)	(70,902)
Total shareholders' equity	(2,530,939)	(8,061,999)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	504	496
Total accumulated other comprehensive income	504	496
Share acquisition rights	32,047	13,897
Total net assets	(2,498,387)	(8,047,605)
Total liabilities and net assets	10,964,536	10,624,767

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Six-month Period)**

(Thousands of yen)

	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Net sales	14,044,510	24,546,047
Cost of sales	13,306,014	30,987,909
Gross profit (loss)	738,495	(6,441,862)
Selling, general and administrative expenses	479,427	540,664
Operating profit (loss)	259,068	(6,982,526)
Non-operating income		
Interest income	10	8
Subsidy income	1,034	-
Penalty income	860	3,216
Gain on sale of investment securities	-	2,621
Interest on tax refund	-	2,339
Other	250	1,079
Total non-operating income	2,155	9,265
Non-operating expenses		
Interest expenses	4,073	26,978
Commission expenses	1,347	4,858
Share issuance costs	10,481	21,226
Other	1,403	65
Total non-operating expenses	17,306	53,129
Ordinary profit (loss)	243,917	(7,026,390)
Profit (loss) before income taxes	243,917	(7,026,390)
Income taxes-current	75,946	17,643
Income taxes-deferred	9,383	-
Total income taxes	85,329	17,643
Profit (loss)	158,587	(7,044,034)
Profit (loss) attributable to owners of parent	158,587	(7,044,034)

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Profit (loss)	158,587	(7,044,034)
Other comprehensive income		
Valuation difference on available-for-sale securities	561	(8)
Total other comprehensive income	561	(8)
Comprehensive income	159,148	(7,044,043)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	159,148	(7,044,043)
Comprehensive income attributable to non-controlling interests	-	-

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	243,917	(7,026,390)
Depreciation	8,708	8,170
Loss (gain) on sale and valuation of investment securities	1,394	(2,621)
Share-based payment expenses	2,221	1,265
Increase (decrease) in allowance for doubtful accounts	(2,304)	(1,857)
Interest and dividend income	(10)	(8)
Interest expenses	4,073	26,978
Share issuance costs	10,481	21,226
Decrease (increase) in trade receivables	(117,501)	(336,989)
Decrease (increase) in advance payments to suppliers	225,466	(46,060)
Decrease (increase) in inventories	152,329	203,044
Decrease(increase) in sales deposit	272,067	384,687
Increase (decrease) in trade payables	1,962,583	5,442,476
Increase (decrease) in accrued expenses	(115,644)	(49,104)
Increase (decrease) in advances received	(15,718)	(11,293)
Decrease/increase in consumption taxes receivable/payable	(129,983)	201,486
Other, net	(12,140)	30,296
Subtotal	2,489,941	(1,154,693)
Interest and dividends received	9	8
Interest paid	(4,008)	(26,088)
Income taxes refund (paid)	(287,121)	114,648
Other, net	2,107	(846)
Net cash provided by (used in) operating activities	2,200,928	(1,066,972)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,499)	(3,167)
Purchase of intangible assets	-	(22,539)
Purchase of investment securities	(282)	-
Proceeds from sale of investment securities	-	2,621
Proceeds from collection of long-term loans receivable from employees	117	-
Proceeds from refund of leasehold and guarantee deposits	4	16
Net cash provided by (used in) investing activities	(2,660)	(23,069)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(433,000)	-
Repayments of long-term borrowings	(231,230)	(171,230)
Proceeds from issuance of bonds	-	1,000,000
Redemption of bonds	-	(1,000,000)
Proceeds from issuance of shares	-	150,079
Payments for issuance of shares	(10,481)	(21,226)
Proceeds from issuance of share acquisition rights	6,653	12,050
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,617,070	1,332,200
Purchase of treasury shares	(75)	-
Dividends paid	(89,491)	-
Net cash provided by (used in) financing activities	859,445	1,301,873
Net increase (decrease) in cash and cash equivalents	3,057,713	211,832
Cash and cash equivalents at beginning of period	1,289,856	1,921,974
Cash and cash equivalents at end of period	4,347,569	2,133,807

#### (4) Notes to Quarterly Consolidated Financial Statements

##### Going Concern Assumption

Operating cash flows of the HOPE Group have been negative every year since the fiscal year that ended in June 2017. In addition, due to a very large increase in the JEPX price of electricity between the middle of December 2020 and late January 2021, there was a 6,895 million yen operating loss and 6,978 million yen loss attributable to owners of parent in the previous fiscal year and negative equity of 2,498 million yen at the end of June 2021. Furthermore, since October 2021, the price of electricity on the JEPX has been higher than we expected, there was a 6,982 million yen operating loss and 7,044 million yen loss attributable to owners of parent in the first half months of the current fiscal year. As a result, HOPE continued to record a negative equity of 8,047 million yen at the end of December 2021. Due to these events, the much larger than expected level of payments for amounts owed by the energy business has resulted in the delay of some bank loan repayments scheduled for the end of January 2022. Consequently, there are reasons for significant doubts about the going concern assumption.

The HOPE Group is taking the following actions to end these problems.

##### 1. Minimization of risk in the energy business

The performance of the energy business is extremely vulnerable to changes in the price of electricity on the JEPX. Furthermore, changes in the performance of this business directly affect the results of operations and financial condition of the HOPE Group. We plan to take the following actions with regard to this issue.

The energy business is an important component of the HOPE Group in qualitative and quantitative terms. Moreover, this business requires considerable specialized knowledge. As a result, the decision was made to use wholly owned subsidiary HOPE ENERGY, INC. to operate this business. Resolutions for the transfer of this business to HOPE ENERGY, INC. were approved on August 11 by the HOPE Board of Directors and on September 28 at the annual general meeting of shareholders. On December 1, 2021, HOPE spun off the energy business and the business was transferred to HOPE ENERGY, INC.

The HOPE Group has no electricity generation facilities. As a result, this business is vulnerable to changes in the cost of electricity. As a surge in the market prices in the previous fiscal year caused a significant capital deficit, many actions have been taken in order to reduce exposure to this price volatility risk. Major initiatives include establishing new risk management policies and adjusting the amount of electricity purchased by using the JEPX and one-to-one transactions for each area and season. Since October 2021, prices on the JEPX have been consistently higher than we anticipated. Furthermore, it is currently difficult to purchase the expected amount of electricity in line with our risk management policy by using direct purchases from suppliers. One reason for this difficulty is the inability to make these direct purchases while using payment terms that meet our requirements. Due to this situation, we have stopped submitting bids for local government electricity supply contracts in order to preserve the soundness of our business operations. Although we suspended bids, the business climate for this business is still extremely challenging because of the large volume of electricity we are required to supply based on existing contracts.

We will continue to operate the energy business, which is now managed by HOPE ENERGY, INC. We plan to continue the suspension of bids for new contracts and reduce the volume of electricity we supply in order to prevent a further increase in risk exposure involving the procurement of electricity. Furthermore, due to the difficulty of the current business climate, we believe that we need to perform a thorough study to determine if we should continue to operate the energy business.

##### 2. Procurement of funds

HOPE is maintaining sound relationships with financial institutions, primarily its main banks, and management believes these institutions will continue to provide assistance. Furthermore, HOPE received proceeds of approximately 2.2 billion yen as of August 31, 2021 due to the May 17, 2021 sale of stock through a third-party allotment and the exercise of the ninth share acquisition rights with an exercise price adjustment clause and proceeds of about 150 million yen from the September 21, 2021 issuance of new shares through third-party allotment and 780 million yen from the exercise of the eleventh share acquisition rights with an exercise price

adjustment clause. However, the exercise of the eleventh share acquisition rights has not been progressing because the price of HOPE stock has been below the exercise price since early December 2021. Consequently, we plan to conduct studies and discussions concerning a variety of fund procurement methods, including new loans from banks, in order to procure the funds required to continue business operations.

The HOPE Group's advertising business and Jichitai Works business were each spun off and transferred to separate newly established wholly owned subsidiaries on December 1, 2021. Based on the assumption that we will continue to operate these businesses, we plan to use equity and business 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.

All of these initiatives are still under way or have just started. As of the date the second quarter business report was submitted, there were no specific plans concerning the procurement of funds. We have been working hard on finding ways to use loans from financial institutions and other channels to procure the funds required for the repayment of about 5.8 billion yen of the energy business debt on the consolidated balance sheet at the end of the second quarter. However, we may not be able to make full repayments of loans that become due beginning in the middle of March 2022. There are no guarantees or other forms of supplementary backing for this debt. In addition, as of the day the second quarter business report was submitted, we do not expect that negative equity will end within a short time. Consequently, the HOPE Group believes that there are significant uncertainties about the going concern assumption.

The going concern assumption was used as the basis for the quarterly consolidated financial statements and these statements do not reflect the significant uncertainties concerning this assumption.

### **Changes in the Scope of Consolidation or Application of the Equity Method**

Important changes in the scope of consolidation

Newly established subsidiaries JICHITAI AD, INC. and JICHITAI WORKS, INC. were included in the scope of consolidation beginning on December 1, 2021.

### **Significant Changes in Shareholders' Equity**

In the first half, share capital and legal capital surplus increased by 756 million yen each due to the issuance of new shares through third-party allotment and the issuance of shares due to the exercise of the second share acquisition rights (stock options) and the ninth and eleventh share acquisition rights with exercise price adjustment clause in the fiscal year 2018. As a result, share capital was 2,716 million yen and legal capital surplus was 2,669 million yen at the end of the second quarter.

In the first half of the current fiscal year, there was a net loss attributable to owners of parent of 7,044 million yen because of the severe negative impact of the high price of electricity on the JEPX. Due to this loss, there was negative equity of 8,047 million yen at the end of December 2021.

### **Changes in Accounting Policies**

Application of the Accounting Standard for Revenue Recognition

HOPE has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. In the energy business, fees received from customers as part of their electricity bills for supporting the development of renewable energy sources are classified as money collected for a third party. Accordingly, these fees were included in net sales in prior years and payments based on the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources were recorded as cost of sales. However, this fee is now not included in transaction prices based on the new revenue recognition standard and the corresponding payments are deducted from the cost of sales.

As a result, net sales and cost of sales for the first half of the current fiscal year decreased by 5,628 million yen each, but there was no change in operating profit, ordinary profit and profit before income taxes. In addition, there is no cumulative effect of the application of this standard on retained earnings at the beginning of the fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, “Accounts receivable-trade” that was presented in the current assets section of the consolidated balance sheet in the previous fiscal year is presented as “Accounts receivable-trade and contract assets,” and “Advances received” that was presented in the current liabilities section is presented as “Contract liabilities” from the first quarter of the current fiscal year.

In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), HOPE has not presented information on revenue from contracts with customers broken down for the first half of the previous fiscal year.

#### Application of the Accounting Standard for Fair Value Measurement

HOPE has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies in the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of this standard on the quarterly consolidated financial statements.

#### Additional Information

##### Progress with Plan for Elimination of Negative Equity

###### 1. Basic policy for the elimination of negative equity

In the fiscal year that ended in June 2021, the HOPE Group recorded an ordinary loss of 6,935 million yen because of a big increase in the cost of sales in the energy business caused by high electricity on the JPEX between the middle of December 2020 and late January 2021. As a result, there was negative equity of 2,498 million yen at the end of June 2021. As was announced by HOPE Group on September 27, 2021 in a new release titled “Measures to End Negative Equity,” we are implementing a number of equity-related measures along with actions for improving business operations in order to stabilize earnings. Our goal is to end negative equity by the end of the current fiscal year. However, JEPX prices have been higher than the group anticipated since October 2021. Consequently, the business climate for the energy business is still challenging.

The HOPE Group has established the basic policy of ending negative equity by taking the following actions: perform a thorough study to determine if the group should continue to operate the energy business, minimize exposure to electricity price volatility risk, and the business value of other growing businesses will be increased. In addition, equity financing will be used to procure the funds required to restore the group’s financial soundness, which declined during the previous fiscal year.

Since October 2021, the JEPX price of electricity has again been much higher than we anticipated. As a result, the operating loss was 6,982 million yen, the ordinary loss was 7,026 million yen and loss attributable to owners of parent was 7,044 million yen. Negative equity was 8,047 million yen at the end of the second quarter.

###### 2. Activities based on the basic policy and schedule

###### (1) Equity financing

HOPE received proceeds of approximately 2.2 billion yen as of August 31, 2021 due to the May 17, 2021 sale of stock through a third-party allotment and the exercise of the ninth share acquisition rights with an exercise price

adjustment clause. On September 21, 2021, HOPE procured about 150 million yen by selling stock through a third-party allotment. There are also proceeds of about 780 million yen from the exercise of the eleventh share acquisition rights with exercised price adjustment clause.

(2) Establishment of subsidiaries using spinoffs and activities for possible alliances and other measures

The advertising business and Jichitai Works business of the HOPE Group were spun off on December 1, 2021 and transferred to two newly established wholly owned subsidiaries. Based on the assumption that we will continue to operate these businesses, we plan to use equity and business 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.

(3) Management improvements for stability of earnings

a. Reduce risk in the electricity retail sales business and take actions concerning business risk

Currently, there is an excessive level of risk (determination of a suitable risk appetite using VaR and EaR for assessing risk is not possible at this time) due to the negative equity from the standpoint of achieving the proper balance in the future between capital and the risk appetite of the HOPE Group concerning business operations. To prevent a further increase in market risk in the electricity retail sales business involving purchases of electricity using the JEPX, the amount of electricity supplied will be reduced. Furthermore, we will adjust the balance between electricity purchased by using the JEPX and one-to-one transactions in different areas and seasons. All these measures are aimed at reducing exposure to market price volatility risk. As was explained before, the JEPX price of electricity has been higher than we anticipated since October 2021 and we have often been unable to purchase electricity using terms that match our requirements. As a result, the use of one-to-one transactions to purchase the amount of electricity originally planned is currently difficult. For these reasons, in order to prevent any further increases in market risk and working capital as equity remains negative, the electricity retail sales business will not participate in bidding 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 HOPE's business operations. In fact, the submission of bids is currently suspended. Taking these actions will lower the demand for working capital for purchasing electricity and reduce the level of exposure to market risk. In addition, due to the difficulty of the current business climate, we believe that we need to perform a thorough study to determine if we should continue to operate the energy business.

b. Use of a spinoff and absorption to transfer the electricity retail sales business to a subsidiary

In addition to these measures to reduce risk involving electricity retail sales by downsizing this business, we transferred this business to wholly owned subsidiary HOPE ENERGY, INC. on December 1, 2021. This action was taken following the approval of a resolution for this transfer at the annual general meeting of shareholders held on September 28, 2021.

The HOPE Group is taking actions for transitioning to a framework for business operations with speed and flexibility. These actions will be accompanied by measures to control business risk as much as possible to prevent this risk from becoming excessive in relation to the level of liquidity. Our priorities are the timely and proper management of risk involving business operations and the efficient and effective allocation of the group's resources.

c. Earnings of current and new businesses

The advertising business and Jichitai Works business are consistently profitable and there are many activities in the current fiscal year with the goal of ensuring that these two businesses generate earnings as planned. There are also numerous activities for starting new businesses that can contribute to earnings. One example is the establishment on August 27, 2021 of an equity and business alliance with media4u inc. (Head office: Chuo-ku, Tokyo; President: Masahiko Okuoka) concerning a short message service (see note) for local governments.

Note: A short message service is a service for exchanging brief text messages between smartphones and other mobile devices.



On January 31, 2022, the HOPE Board of Directors approved a resolution to submit at an extraordinary shareholders meeting to be held on March 24, 2022 a proposal for amending the Articles of Incorporation. If shareholders approve this proposal, HOPE plans to change its fiscal year. The HOPE Group transitioned to a holding company structure on December 1, 2021. In conjunction with this change, there were measures to establish internal systems and management frameworks for the entire group. This process led to the conclusion that, 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, which are the primary users of HOPE Group products and services. Furthermore, this change will result in the conformity of employee evaluation and other internal systems. Consequently, we believe the new fiscal year will facilitate the establishment of an infrastructure for strengthening business activities and the management of business operations. 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. By continuing initiatives to increase equity and improve business operations to increase financial soundness and profitability, we are determined to return to positive equity.

## Segment and Other Information

### Segment information

#### 1. Overview of reportable segment

##### (1) Method for identifying reportable segments

Segments used for financial reporting are HOPE's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

There are three reportable segments: advertising, energy, and Jichitai Works, which are based on HOPE's core advertising, energy, and Jichitai Works businesses.

##### (2) Types of products and services in each reportable segment

Products and services in the reportable segments are as follows.

Reportable segments	Products and services
Advertising	Smart Resource service Ads in public info publications, banner ads, etc.
	Smart Creation service Machilet
Energy	Electricity retail sales business
Jichitai Works	Jichitai Works, B-to-G solutions

#### 2. Information related to net sales and profit or loss for each reportable segment

I First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Advertising	Energy	Jichitai Works	Subtotal				
Net sales								
External sales	657,736	13,314,990	70,423	14,043,150	1,360	14,044,510	-	14,044,510
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	657,736	13,314,990	70,423	14,043,150	1,360	14,044,510	-	14,044,510
Segment profit (loss)	22,576	390,726	12,275	425,579	(17,444)	408,134	(149,065)	259,068

Notes: 1. Other consists of the businesses which are not included in any of the reportable segments and mainly includes Machihiro and Jichitai Works HA×SH services.

2. The negative 149,065 thousand yen adjustment to segment profit (loss) is corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to any of the reportable segments.
3. Segment profit (loss) is adjusted to be consistent with operating loss shown on the quarterly consolidated statement of income.

## II First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Advertising	Energy	Jichitai Works	Subtotal				
Net sales								
External sales	615,167	23,785,796	143,800	24,544,765	1,282	24,546,047	-	24,546,047
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	615,167	23,785,796	143,800	24,544,765	1,282	24,546,047	-	24,546,047
Segment profit (loss)	53,839	(6,843,585)	36,347	(6,753,398)	(46,534)	(6,799,932)	(182,594)	(6,982,526)

Notes: 1. Other consists of the businesses which are not included in any of the reportable segments and mainly includes Machihiro and Jichitai Works HA×SH services.

2. The negative 182,594 thousand yen adjustment to segment profit (loss) is corporate expenses that are not allocated to any of the reportable segments. Corporate expenses mainly consist of selling, general and administrative expenses that are not attributable to any of the reportable segments.
3. Segment profit (loss) is adjusted to be consistent with operating loss shown on the quarterly consolidated statement of income.

## 3. Information related to changes in reportable segments, etc.

## Change in segment name

From the first quarter of the current fiscal year, the previous Media business segment has been changed to the Jichitai Works business segment. There is no effect on the segment information because only the segment name has been changed. The segment information for the first half of FY6/21 is prepared and disclosed using the new segment name.

## Application of the Accounting Standard for Revenue Recognition

As described in Changes in Accounting Policies, HOPE has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit or loss has been changed as well. Compared with the previous method, net sales decreased 5,628 million yen in the energy business in the first half of the current fiscal year.

**Business Combinations**

## Conversion to a holding company structure using a divestiture

In accordance with a resolution approved by the HOPE Board of Directors on August 11, 2021, an absorption-type spinoff agreement was signed with wholly owned subsidiary HOPE ENERGY, INC. for the transfer of the electricity retail sales business from HOPE to HOPE ENERGY, INC. on December 1, 2021. This transfer was approved by shareholders at the General Meeting of Shareholders on September 28, 2021 and the spinoff and transfer took place on December 1.

On October 26, 2021, the HOPE Board of Directors approved a resolution for the spinoff and transfer of the advertising business to JICHITAI AD, INC., a newly established wholly owned subsidiary, and the spinoff and transfer of the Jichitai Works business to JICHITAI WORKS, INC., a newly established wholly owned subsidiary. The spinoff and transfer of these two businesses took place on December 1, 2021.

Due to the transfer of these two businesses to subsidiaries, HOPE became a holding company on December 1, 2021.

## 1. Overview of business transaction

### (1) Transferred businesses and activities

Electricity retailer business: Purchase and sale of electricity and other energy

Advertising business: Advertising business and other activities to generate revenue and reduce expenses for local governments

Jichitai Works business: Issuance of publications, support for promotions and other activities to facilitate public-private sector cooperation and cooperation among local governments

### (2) Date

December 1, 2021

### (3) Legal form of acquisition

A spinoff and absorption was used for the transfer of the electricity retail sales business from HOPE to wholly owned subsidiary HOPE ENERGY, INC. A simple spinoff with the establishment of new companies was used for the transfer of the advertising business and Jichitai Works business to wholly owned subsidiaries JICHITAI AD, INC. and JICHITAI WORKS, INC. Businesses were transferred to the following companies.

Electricity retail sales business: HOPE ENERGY, INC.

Advertising business: JICHITAI AD, INC.

Jichitai Works business: JICHITAI WORKS, INC.

### (4) Other information

These businesses were transferred in order to establish a management framework for enabling the appropriate allocation of the resources of the HOPE Group and the implementation of financial strategies and equity policies.

## 2. Summary of accounting method

Accounting methods as a transaction under common control are based on “Accounting Standard for Business Combination“ (Accounting Standards Board of Japan (ASBJ) Statement No. 21, January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.” (ASBJ Statement No. 10, January 16, 2019).

### **Material Subsequent Events**

Start of preparations for a change in the fiscal year (fiscal year end)

On January 31, 2022, the HOPE Board of Directors approved a resolution to submit a proposal at the extraordinary shareholders meeting to be held on March 24, 2022 for amending the Articles of Incorporation. The proposed amendments include a change in the fiscal year.

#### 1. Reason for change in the fiscal year

HOPE plans to change its fiscal year from July 1 to June 30 of the following year to April 1 to March 31 of the following year for the purpose of increasing the efficiency of business operations by improving the HOPE Group’s management and administrative activities. The HOPE Group transitioned to a holding company structure on December 1, 2021. In conjunction with this change, there were measures to establish internal systems and management frameworks for the entire group. This process led to the conclusion that, 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, which are the primary users of HOPE Group products and services. Furthermore, this change will result in the conformity of employee evaluation and other internal systems. Consequently, we believe the new fiscal year will facilitate the establishment of an infrastructure for strengthening business activities and the management of business operations.

## 2. Change in the fiscal year

Current fiscal year end: June 30

New fiscal year end: March 31

The fiscal year ending on March 31, 2022 is a 9-month transitional fiscal period due to the change in the fiscal year.

## 3. Partial revision to the Articles of Incorporation

## (1) Reason for amendments

The proposed amendments are for the purposes of revising the fiscal year and the business activities (to include management and other activities for subsidiaries, etc.). There is also a supplementary rule as a transitional measure for changing to the new fiscal year.

## (2) Articles to be amended

(The underlined parts indicate the proposed amendments.)

Current Articles of Incorporation	Proposed Changes
(Purposes) Article 2. The purposes of the Company are to engage in the following business activities:  Articles (1) to (12) (Omitted)	(Purposes) Article 2. The purposes of the Company are to engage in the following business activities <u>and to support and administer the business activities of other companies, etc. (including foreign companies), which are engaged in these business activities, in which the Company owns stock or other ownership interest.</u> Articles (1) to (12) (No changes)
(Business Year) Article 42. The business year of the Company is a one-year period starting on <u>July 1</u> of each year and ending on <u>June 30</u> of the following year.	(Business Year) Article 42. The business year of the Company is a one-year period starting on <u>April 1</u> of each year and ending on <u>March 31</u> of the following year.
(Interim Dividends) Article 44. The Company may pay dividends to shareholders or registered pledgees of shares recorded in the shareholder registry as of the last day of <u>December 31</u> each business year in accordance with resolutions by the Board of Directors.	(Interim Dividends) Article 44. The Company may pay dividends to shareholders or registered pledgees of shares recorded in the shareholder registry as of the last day of <u>September 30</u> each business year in accordance with resolutions by the Board of Directors.
(Newly established)	(Supplementary Provision) <u>Article 1. Irrespective of the provisions of Article 42 (Business year), the 29th business year is a 9-month transitional fiscal period from July 1, 2021 to March 31, 2022.</u>  <u>Article 2. Irrespective of the provisions of Article 44 (Interim Dividends), the record date for the interim dividend of the 29th business year is December 31, 2021.</u>  <u>Article 3. These supplementary provisions will be deleted at the conclusion of the Company's 29th annual general meeting of shareholders.</u>

## (3) Schedule

General Meeting of Shareholders to approve revisions to the Articles of Incorporation (tentative): Thursday, March 24, 2022

Effective date of revisions to the Articles of Incorporation (tentative): Thursday, March 24, 2022

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*