Financial Results for the 3rd Quarter of Fiscal Year Ending March 2025

CHANGE Holdings, Inc.
Security Code: 3962

February 13, 2025

CHANGE
HOLDINGS

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Group Mission

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Change People,

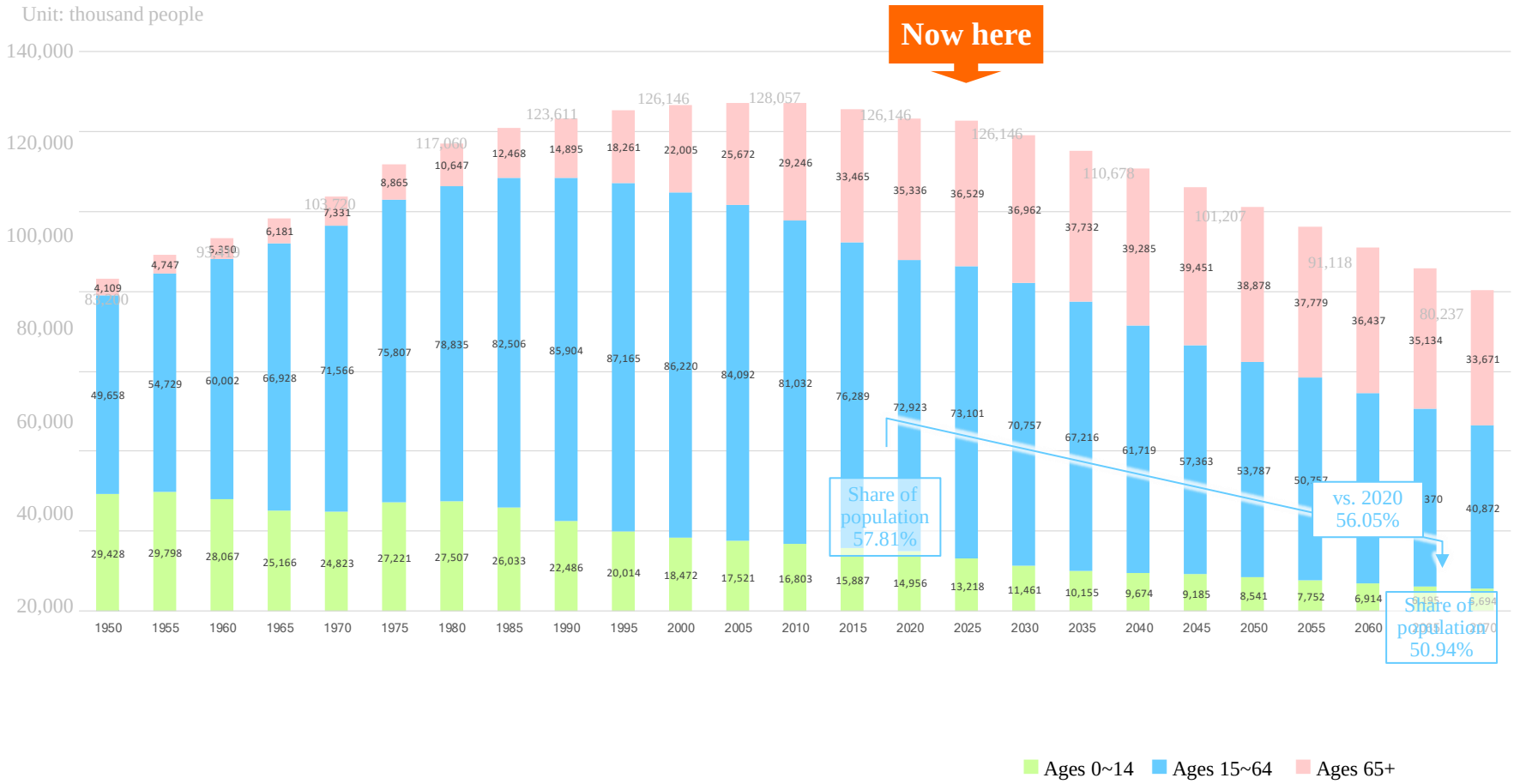
Change Business,

Change Japan.

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From Challenge to Crisis

Japan's working-age population will roughly halve in the next 50 years and fall to less than half of the total population.



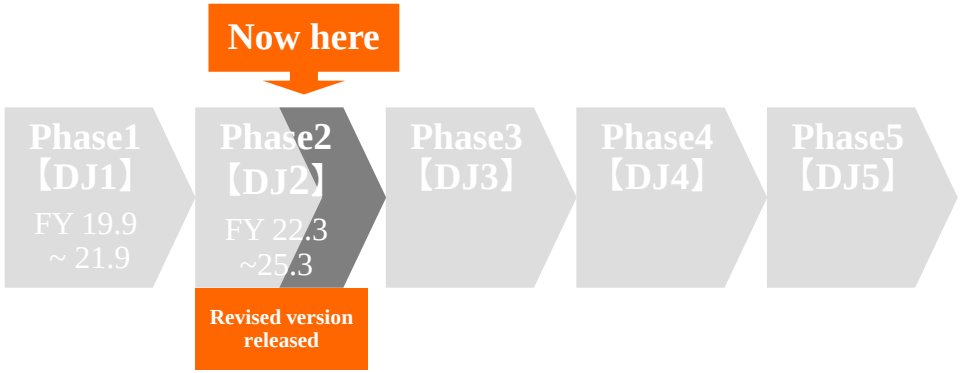
Source: National Institute of Population and Social Security Research "Population Projections for Japan (2023)" (https://www.ipss.go.jp/pp-zenkoku/j/zenkoku2023/pp2023_gaiyou.pdf)
【From 2025】Figure 1-3: "Total population by age group (0-14, 15-64, 65+) and age structure coefficient: low fertility (medium mortality) projection"
【To 2020】Compiled by CHANGE based on Table 1 "Total population by age group (0-14, 15-64, 65+) and age structure coefficient: 1950-2020"

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Our Path Drawn

Currently in the final year of Chapter 2, establishing a digital era in Japan.





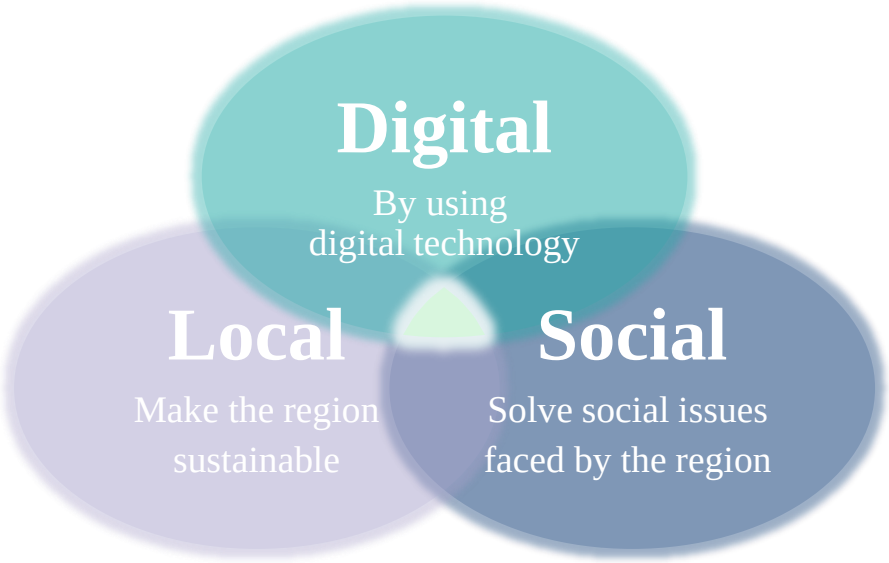
- We will improve Japan's productivity through the digitalization/digitization of business models and business processes and the development of digital human resources.
- For achieving "Digitize & Digitalize Japan", we will continue to work until Phase 5, confront the social challenge of declining population, and will be a leader in overcoming the present national difficulty in spite.
- We have released a revised version of the Mid-term Business Plan's current Phase 2, DJ2, which is now in its final year.

※The revised Mid-term Business Plan [DJ2] can be found here
https://ssl4.eir-parts.net/doc/3962/tdnet/2123311/00.pdf
※Some targets were revised at end of FY23.3. For details, please refer to the financial results materials
https://ssl4.eir-parts.net/doc/3962/ir_material_for_fiscal_ym/155926/00.pdf

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Focus Domain for “DJ2”

- **We are shifting to “Local” as preparation for [DJ2].**
- **“DX × Regional Creation” is our sweet spot for Change Japan.**



- We will focus on “non-Tokyo area” which accounts for about 70% of GDP.
- We will decide that the most important thing is to spread the benefits of digitalization to “Local”.
- We will take on the challenge of solving critical and urgent regional issues that threaten sustainability.
- We will remove the “human resource shortage” bottleneck in expanding DX in local areas.

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Our Group's Business Domains

The Group companies (consolidated subsidiaries) primarily involved in each business domain.

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NEW-IT Transformation

Labor Shortage Alleviation (tentative)

CHANGE

CHANGE PEOPLE BUSINESS JAPAN

People×Technology

- Private-sector DX
- Human resource development

fundbook

fundbook

DFA Robotics

DFA Robotics

beacapp

beacapp

Cybersecurity

CyLeague Holdings

CyLeague

E-Guardian

E-Guardian We Guard All

IdealRoute Consulting

IdealRoute Consulting Inc.

Publitech

Regional Creation

Trust Bank

TRUST BANK

- Hometown tax
- Publitech
- Tourism
- Carbon credits

Orb

orb

ふるさとチョイス

LoGoチャット LoGoフォーム

Travel Zip

Travel Zip

Public-sector DX

Up Close

アップクロース

Govmates

Govmates

Toko Computer Service

TCS 東光コンピュータ・サービス株式会社

Governance Technologies

GovernanceTechnologies

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FY25.3 Q3 Financial Results Summary

- **Revenue, operating profit, and profit before taxes all hit record highs for the April-December period.**
- **Capping off DJ2 with a successful final year, while also ensuring we are fully prepared for DJ3.**

Record profits	**Record profits, offsetting Q2 decline caused by special factors*** (100.9% progress, exceeded revised DJ2 final year target) *Revenues brought forward from FY24.3 Q3→Q2 ahead of 23.10.1 Hometown tax rule changes **Navigated Hometown tax peak period without notable issues**
Large-scale M&As	**Gained new colleagues in the M&A brokering sector, one of the next pillars of the Labor Shortage Alleviation domain (tentative)** **Combined with a major alliance in the Cybersecurity domain (announced in Q2), this lays the groundwork for DJ3 in the NEW-IT Transformation segment**

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Q3 Overview

Future Prospects

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Q3 Overview (Consolidated)

- **Significant profit increase in Q3, offsetting Q2 year-on-year decline due to special factors related to Hometown tax*.**
- **Exceeded full-year operating profit target.** **(Progress: 100.9 %)**

*Revenues brought forward from FY24.3 Q3→Q2 ahead of 23.10.1 Hometown tax rule changes

(Unit : million yen)	H1 (Apr~Sep) amount	H2 (Oct~Mar) amount	Full period targets amount	%	Q1-3 results amount	%
Revenue	16,500	28,500	45,000	100.0%	34,937	100.0%
Cost of sales	9,567	10,369	19,937	44.3%	14,247	40.8%
Gross profit	6,932	18,130	25,062	55.7%	20,690	59.2%
SG&A Expenses	4,932	7,130	12,062	26.8%	7,568	21.7%
Operating profit	2,000	11,000	13,000	28.9%	13,121	37.6%
Financial income	0	0	0	0.0%	7	0.0%
Financial expenses	94	89	184	0.4%	539	1.5%
Profit before taxes	1,905	10,910	12,815	28.5%	12,589	36.0%
Income tax expense	636	3,386	4,022	8.9%	4,054	11.6%
Net profit	1,268	7,523	8,792	19.5%	8,534	24.4%
Profit attributable to owner of parent	963	7,106	8,069		8,260	
Profit attributable to non-controlling interests	305	417	723		274	
(ref) EBITDA	2,950	12,011	14,961	33.2%	14,790	42.3%

Breakdown by business segment

(Ref.) H1 cumulative

(Unit : million yen)	NEW-IT Transformation	Publitech	Adjusted
Revenue	9,083	7,712	△284
└External revenue	8,826	7,685	—
└Inter-segment revenue	257	26	△284
Segment profit	3,212	3,139	△2,503

Q1-3 cumulative

(Unit : million yen)	NEW-IT Transformation	Publitech	Adjusted
Revenue	13,639	21,704	△406
└External revenue	13,272	21,664	—
└Inter-segment revenue	366	39	△406
Segment profit	4,097	12,958	△3,934

※ Due to the rounding, the sum value may not match
※ Adjustments to segment profit are mainly general and administrative expenses corresponding to corporate expenses

- Steady growth, offsetting H1 Y.o.Y decline
  - Revenue Y.o.Y approx. **21.3% increase**
  - Operating profit Y.o.Y approx **28.6% increase**

※Consolidation of fundbook, inc. scheduled to begin at end of Q3 for BS, Q4 for PL

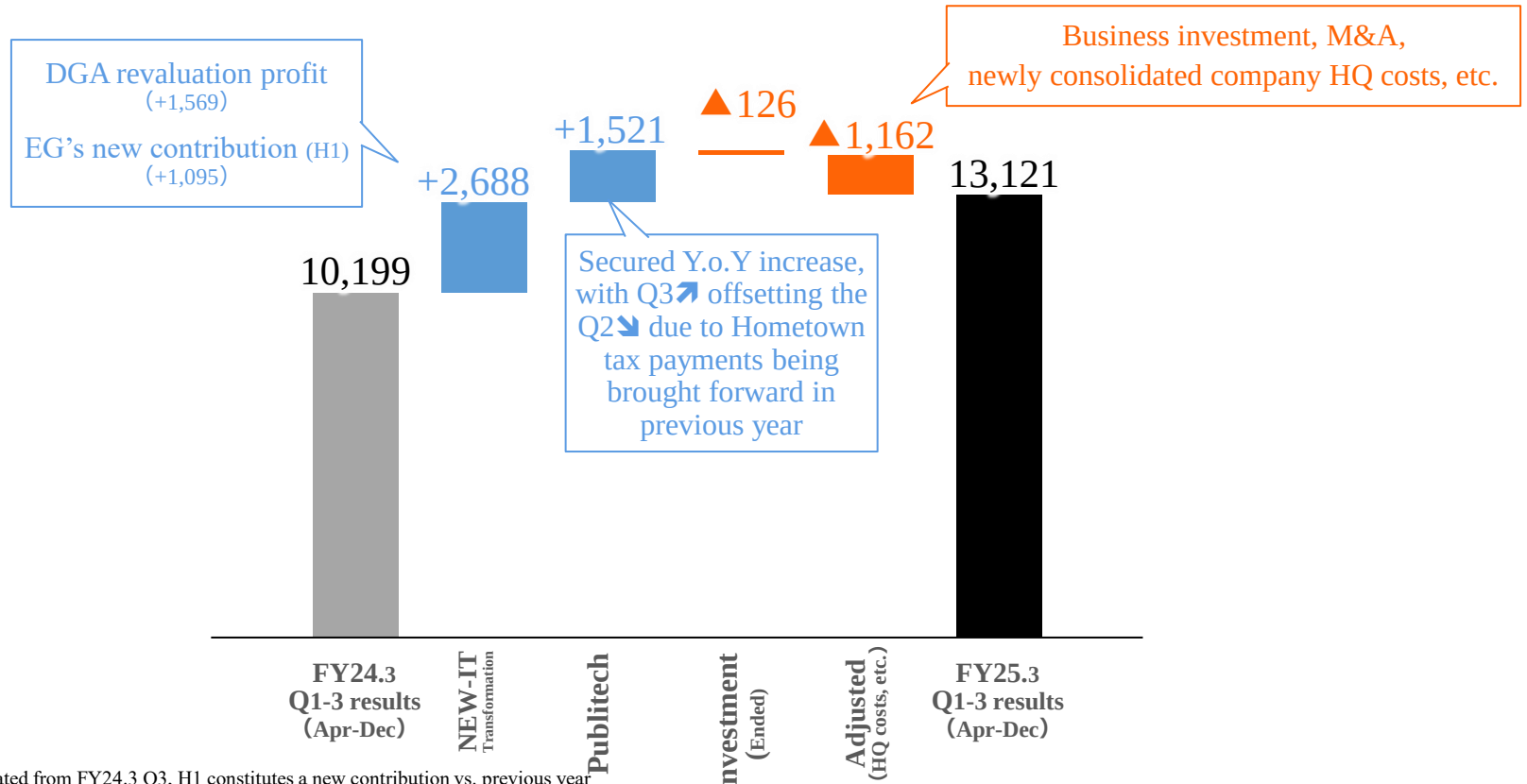
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Overview – Supplementary

- **Successfully navigated Q3, a peak Hometown tax period, securing increased profits to offset the Q2 decline.**
- **EG contribution and other factors led to significant overall profit increase.**

Year on year – Increase factors

※Operating profit
※Unit: million yen



※Since EG was consolidated from FY24.3 Q3, H1 constitutes a new contribution vs. previous year
※Figures for FY24.3 Q1-3 have been revised since the time of the results announcement after provisional accounting was finalized

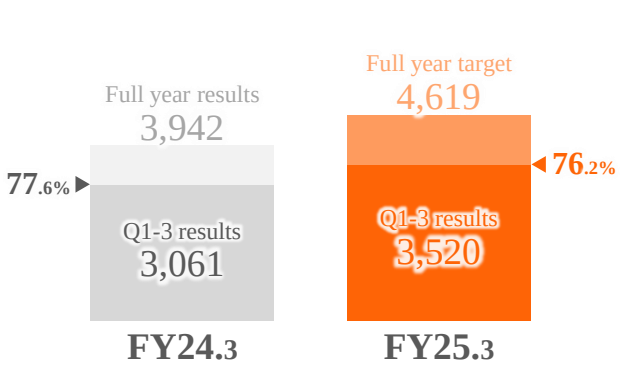
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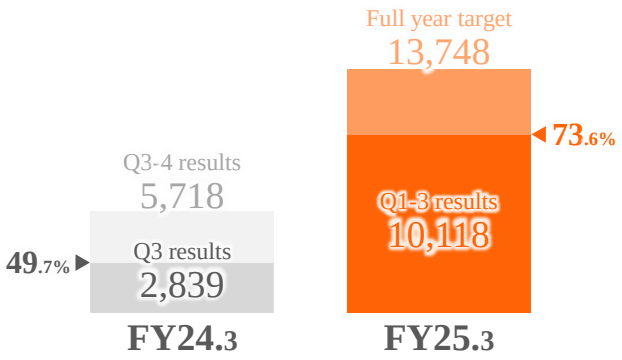
Overview – Supplementary ~Overview of 4 New Domains~

An overview of revenue in each of the four new domains.

NEW-IT Transformation

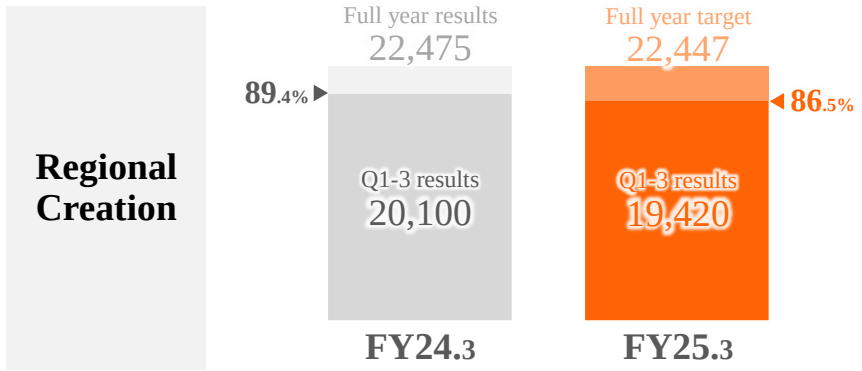
※Revenue
※Unit: million yen

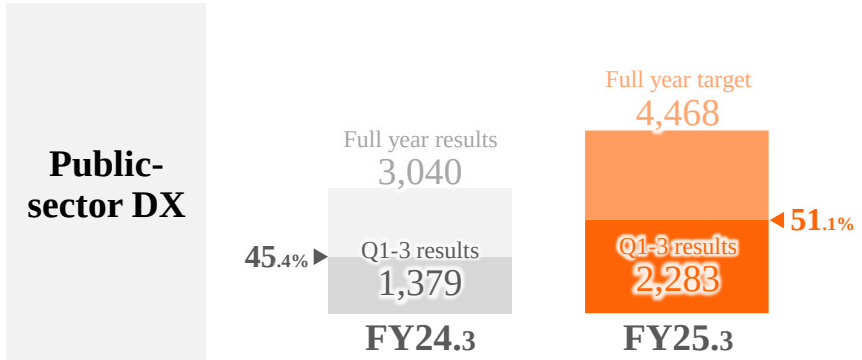




Publitech

※Revenue
※Unit: million yen





※Figures for FY24.3 were calculated by retroactively compiling results into the four new domains
※Labor Shortage Alleviation (tentative) domain figures for FY24.3 were calculated for comparison with DGA results subtracted
※Cybersecurity domain figures for FY24.3: as EG was consolidated from Q3, no results exist for Q1 & Q2

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Q3 Key Topics ~fundbook, inc. Becomes Wholly Owned Subsidiary ~

Acquired M&A brokerage fundbook as a wholly owned subsidiary. (announced 12.17)

Name	fundbook, Inc.
Business	M&A brokerage ※Registered under the Small and Medium Enterprise Agency's M&A support organization registration system
Location	25F Toranomon Hills Mori Tower 1-23-1 Toranomon, Minato-ku, Tokyo
Founded	August 2017

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Q3 Key Topics ~Furusato Choice Success in Peak Period~

Navigated smoothly through December, the time of year which draws the most donations.



※Finished airing as of February 13.

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Q3 Key Topics ~Collaboration with Experience Booking Site Asoview~

- Collaboration with the country's leading amusement/experience program booking site, Asoview.
- Seeking to further expand experience-based thank-you gifts that boost personal interaction with local regions.



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Q3 Key Topics ~Special Thank-You Gifts from Noto students~

- **Collaboration with Kanazawa College of Art students eager to contribute to their local community.**
- **Regional specialty products with packaging designed by the students are available exclusively via Choice.**

Zen no Sato wine	Noto specialty jam set	Choseimai & Notoji sake set







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Q3 Key Topics ~Fans & Furusato Choice~

- Launched tie-up campaigns targeting basketball, soccer, pop idol, and other fan bases.
- Pursuing strategies that appeal to communities with shared values, interests, lifestyles, etc.





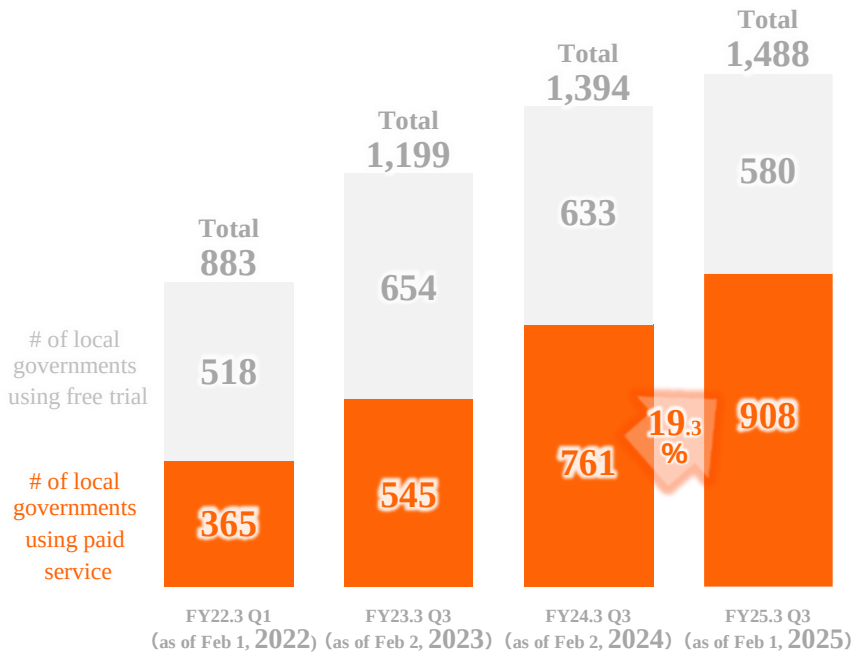


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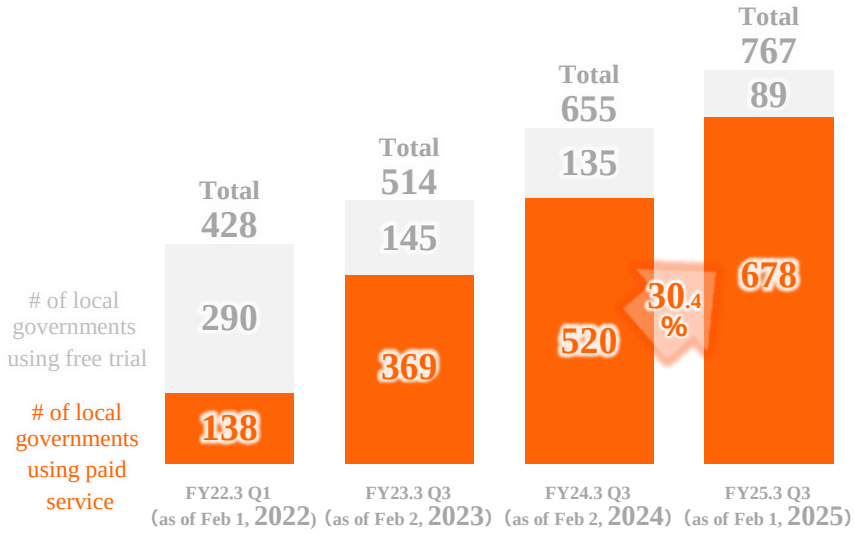
Q3 Key Topics ~LoGo Series' Continued Strong Performance~

- **Continuing to spread as core services for digitalizing local government operations.**
- **Benefits are also growing through network effects, including municipal partnerships led by prefectural governments.**

LoGoチャット LoGo Chat



LoGoフォーム LoGo Form



※ Including some related organizations
※ Due to a change in the fiscal year end, FY22.3 was an irregular six-month period ending after Q2

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Q3 Key Topics ~Launch of New Managed WAF Service~

- **EG Secure Solutions introduced a new plan in its SiteGuard Series, Japan's No.1 WAF by market share.**
- **Offering proxy operation and centralized management environment for hosted WAF.**

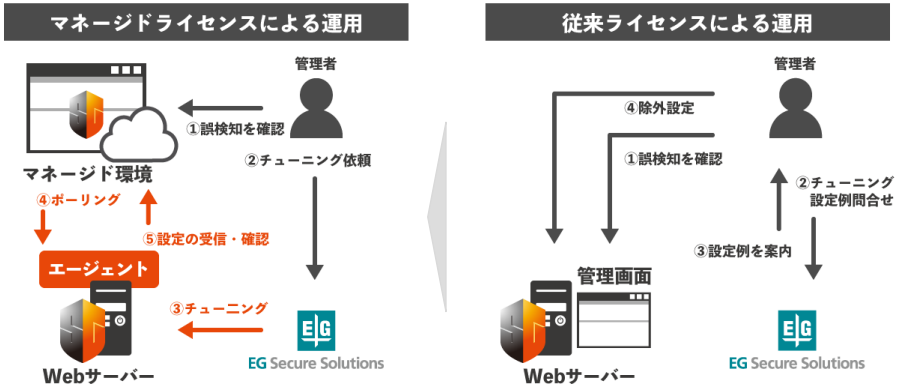
Genuine homegrown cloud- & software-based WAF

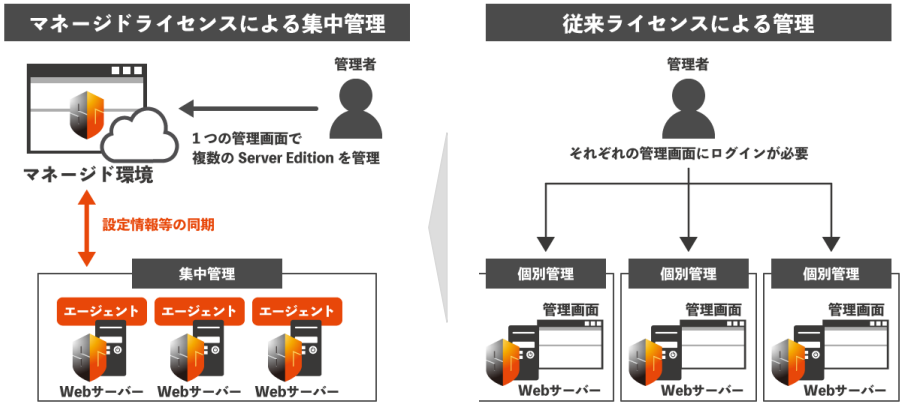
SITEGUARD



※2023年12月期_指定領域における市場調査
※調査機関：日本マーケティングリサーチ機構

- Protection for over 1.5 million sites
- Over 99% retention rate
- Domestic provider with 16+ years of sales dating back to the earliest days of the WAF market
- Trusted by public institutions (helping edit IPA's WAF Guidebook, etc.)
- Proven implementation record in wide-ranging environments, regardless of scale or industry type (public sector, financial institutions, etc.)
- Quality, reliable performance in large-scale environments, with hundreds of web servers and tens of thousands of VMs
- Adopted as the standard by many leading rental servers, which require high operability





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Q3 Overview

Future Prospects

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Labor Shortage Alleviation Domain (tentative)

~Purpose and Aims of M&A Brokering~

- **We regard business succession as an indispensable part of regional creation efforts.**
- **Striving to find solutions by leveraging the networks of trust we have established with local governments and regional financial institutions.**

Succession M&As not prevalent in regional areas

Threat of mass closures of valuable SMEs



※From SME Agency's "Comprehensive Support Package for Third-Party Succession"
(https://www.chusho.meti.go.jp/zaimu/shoukei/2020/200130shoukei.pdf)

Few M&As in regional areas

Tokyo	21.8	Tochigi	11.2	Ibaraki	10.0	Fukui	7.4
Toyama	13.3	Fukuoka	11.1	Hiroshima	9.9	Nara	7.3
Kanagawa	12.9	Ishikawa	11.1	Okinawa	9.7	Tokushima	7.3
Miyagi	12.8	Kumamoto	11.1	Nagasaki	9.7	Gifu	7.3
Aichi	12.6	Nagano	11.1	Akita	9.6	Kagoshima	7.0
Osaka	12.5	Kagawa	10.8	Miyazaki	9.1	Aomori	6.7
Hokkaido	12.4	Hyogo	10.4	Mie	9.0	Fukushima	6.4
Kyoto	12.3	Oita	10.3	Iwate	9.0	Yamagata	6.3
Shiga	12.1	Saitama	10.3	Gunma	8.5	Yamaguchi	5.9
Tottori	11.6	Saga	10.3	Kochi	8.5	Wakayama	5.3
Shizuoka	11.4	Okayama	10.2	Yamanashi	8.4	Shimane	3.1
Chiba	11.4	Niigata	10.1	Ehime	7.8		

※Number of M&As by prefecture (per 10,000 companies, FY2022)
From SME Agency's "Analysis of Current State and Future Direction of Efforts Related to Business Succession and M&As" (June 2024)
(https://www.meti.go.jp/shingikai/mono_info_service/textile_production_area/pdf/002_s01_00.pdf)

Regional areas need large companies

Central role in local economies

- Upon reaching a certain size, local companies bring in outside demand, and generate demand through local procurement
- Assisting the growth of '10-billion-yen companies' marks a new direction for SME policy

Need to concentrate resources on ambitious business leaders

- Although promising companies exist in regional areas, they lack growth opportunities and struggle to blossom
- Ambitious leaders are essential for growth
- Many companies have turned leadership changes into growth opportunities

※From "Research Group for Growth Management in SMEs – Second Interim Report" (June 2024)
(https://www.chusho.meti.go.jp/koukai/kenkyukai/seichoken/240628_report.pdf)

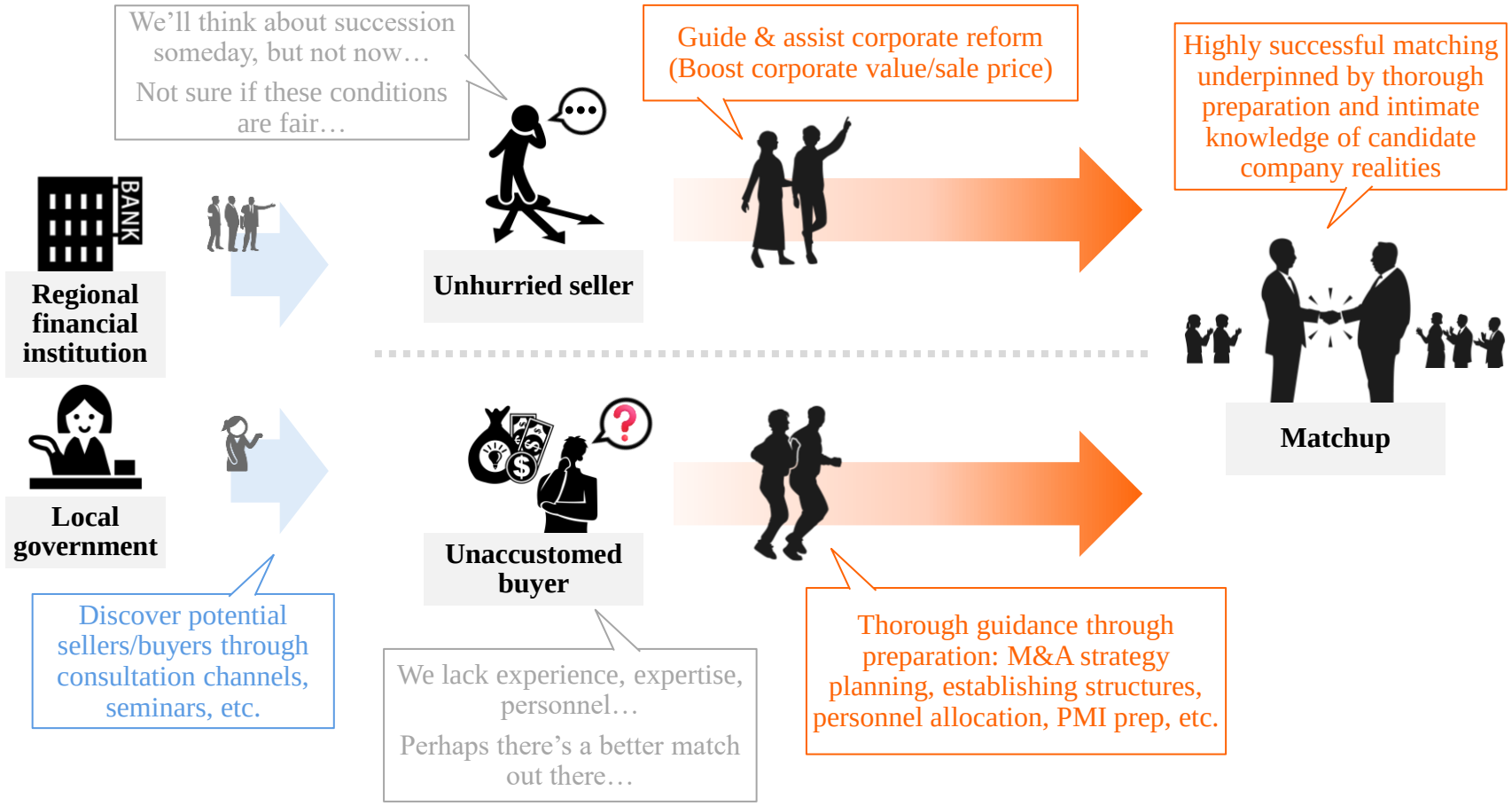
M&As will become an even more essential means of driving regional company growth and sustaining local economies

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Labor Shortage Alleviation Domain (tentative)

~Toward a New Style of M&A Brokering~

- **Guide those unserved by the value of brokering, such as unhurried sellers and unaccustomed buyers.**
- **Shift from conventional "deal-type" M&As to "value-creation" M&As.**



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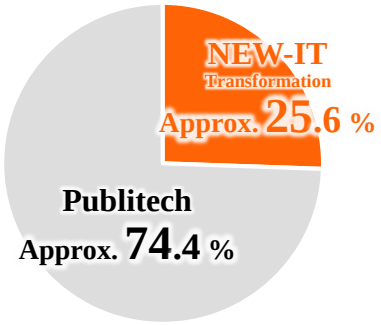
Labor Shortage Alleviation Domain (tentative)

~Improved Profit Weighting~

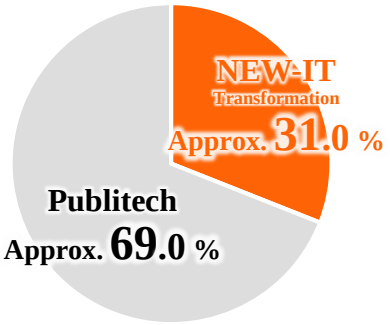
Addition of fundbook to NEW-IT Transformation is expected to improve the profit imbalance between segments.

※The figures below are mere estimates based on simple calculations that ignore differences in assumptions, adjustments, etc.

Composition by segment



※CHANGE Holdings FY24.3 Q4 + FY25.3 Q1-3 segment profit results (incl. EG contribution)
※ Calculated using only net profits from target segments, excluding Investment segment, adjusted figures, restructuring costs, etc.



※Simple addition of fundbook's FY24.3 operating profit results to NEW-IT segment

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