Financial Results for the Fiscal Year Ending March 2025

CHANGE Holdings, Inc.
Security Code: 3962

May 15, 2025

CHANGE HOLDINGS

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1 FY2025 Full-Year Results

2 FY2026 Full-Year Forecast

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Executive Summary

Overview

Achieved target with 13.5 billion yen in operating profit, and welcomed fundbook as one of the Group's growth pillars, establishing the foundations for growth in DJ3

FY25/3 results summary (Unit: million yen)

Revenue	Operating profit	EPS	ROE	Dividend per share
46,387	13,515	107.49	18.7%	20.9 yen
YoY +25.3% Vs. Forecast 103%	YoY +83.1% Vs. Forecast 104%	YoY +82.5% Vs. Forecast 96%	Previous year 11.2%	Previous year 18.7 yen, Initial forecast 14.5 yen

- Aided by contributions from EG, fundbook, IDR, and other subsidiaries*1, we achieved our targets for revenue and operating profit, both of which rose significantly
- EPS was slightly short of the target but increased significantly year-on-year, with ROE rising to 18.7%
- Based on a new policy for shareholder returns, dividend per share was increased by 6.4 yen from the initial forecast, resulting in an ordinary dividend of 20.9 yen (DOE 3.6%)

NEW-IT Transformation

Revenue	Operating profit
20,797	6,080
YoY +81.6% Vs. Forecast 113%	YoY 6461.4% Vs. Forecast 142%

Private-sector DX, M&A brokerage

Revenue 17,740※2
YoY +61.9% Vs. Forecast 120%

- Acquired M&A brokerage firm fundbook, began PL consolidation in Q4.
- After recording impairment losses in FY24/3, DFA has completed structural reforms, accelerating growth
- Changed domain name from the tentative "Labor Shortage Alleviation" to "Private-sector DX, M&A brokerage"

Cybersecurity

Revenue 3,056※2
YoY +519.1% Vs. Forecast 87%

- Continuing to establish unique sales channels, including alliances with SMBC CyberFront and PRONEXUS
- Also steadily expanding solution offerings, and sales/service capabilities ahead of DJ3

Publitech

Revenue	Operating profit
26,160	13,045
YoY +2.5% Vs. Forecast 97%	YoY +18.2% Vs. Forecast 94%

Regional creation

Revenue 22,254
YoY -1.0% Vs. Forecast 99%

- Secured stable operating profits in the Hometown tax business, with our OEM strategy helping to sustain the value of donations handled at last year's level
- Preparing new businesses that leverage regional resources (tourism, carbon credits)

Public-sector DX

Revenue 3,906
YoY +28.5% Vs. Forecast 87%

- LoGo series saw steady user growth, revenue up 34%
- Acquired subsidiary TCS, which is engaged in the local government/education ICT business
- Revised Govmates strategy to focus on BPR consulting, shifting resources toward serving central government agencies

※1 For subsidiary abbreviations, see "List of Group Companies" in the Appendix
※2 From this fiscal year, EG's BPO business revenue is included in the Private-sector DX, M&A brokerage domain, while EG Secure Solutions (EGSS) revenue falls under the Cybersecurity domain.
YoY and Vs. Forecast figures are calculated by adjusting the FY24/3 results and FY25/3 forecast in the same way

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Business Results Summary

■ **Full-year operating profit reached 13.5 billion yen. While EPS fell short of the forecast (96%), this marked a significant year-on-year increase of 82.5%**

■ **Main factors behind the EPS shortfall were increased financial expenses resulting from losses on the valuation of investment securities, and an increased tax burden due to the reversal of deferred tax assets**

(Unit: million yen)	FY24/3 Results	FY25/3 Forecast	FY25/3 Actual	Vs. Forecast	Year on Year	(Ref.) Q4 Results FY24/3	(Ref.) Q4 Results FY25/3
Revenue	**37,015**	**45,000**	**46,387**	**103%**	**+25.3%**	**8,216**	**11,449**
■ NEW-IT Transformation	11,453	18,367	20,797	113%	+81.6%	4,242	7,158
■ Publitech	25,516	26,916	26,160	97%	+2.5%	4,037	4,456
EBITDA※1	11,435	13,780	15,131	110%	+32.3%	27	1,909
EBITDA margin	30.9%	30.6%	32.6%	-	+1.7%	0.3%	16.7%
Operating profit	**7,383**	**13,000**	**13,515**	**104%**	**+83.1%**	**-2,816**	**446**
■ NEW-IT Transformation	92	4,277	6,080	142%	+6461.4%	-1,315	2,036
■ Publitech	11,036	13,878	13,045	94%	+18.2%	-400	86
Operating profit margin	19.9%	28.9%	29.1%	-	+9.2%	-34.3%	3.9%
■ NEW-IT Transformation	0.8%	23.3%	29.2%	-	+28.4%	-31.0%	28.5%
■ Publitech	43.3%	51.6%	49.9%	-	+6.6%	-9.9%	1.9%
Profit attributable to owner of parent	4,262	8,069	7,532	93%	+76.7%	-2,688	-691
Profit margin	11.5%	17.9%	16.2%	-	+4.7%	-32.7%	-6.0%
EPS	**58.91**	**111.52**	**107.49**	**96%**	**+82.5%**	**-**	**-**
ROE	**11.2%**	**-**	**18.7%**	**-**	**-**	**-**	**-**

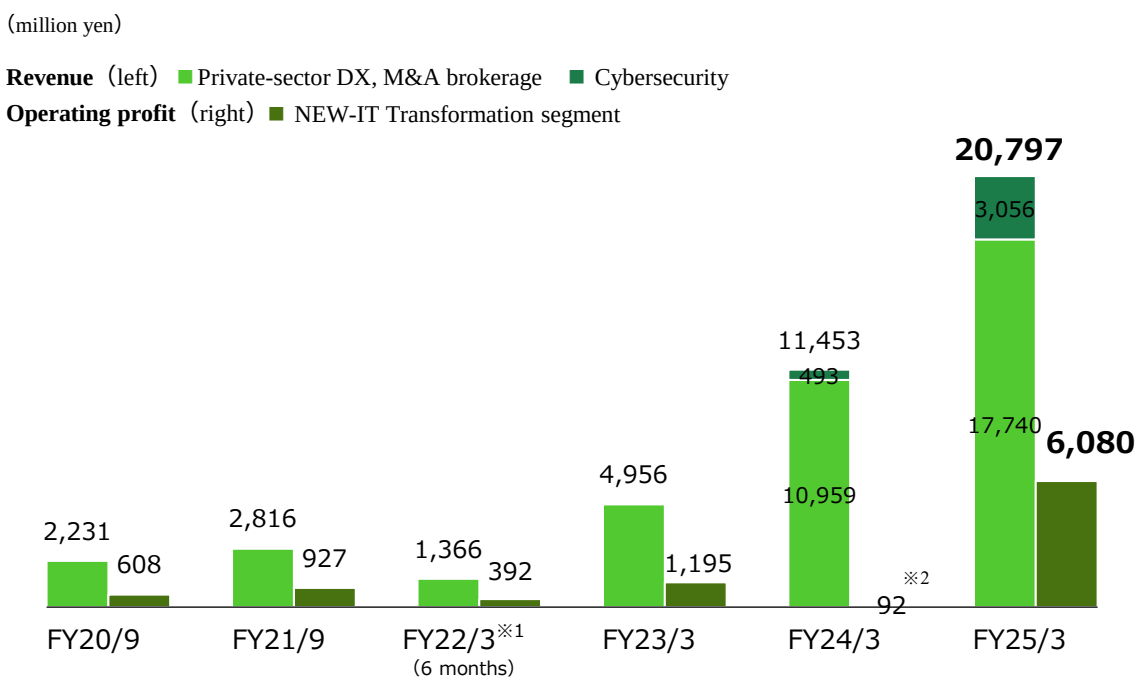
※1 Calculated by adding depreciation and impairment losses to operating profit. For FY25/3, however, DGA equity method revaluation gains (1.56 billion yen) are subtracted as a non-cash item.

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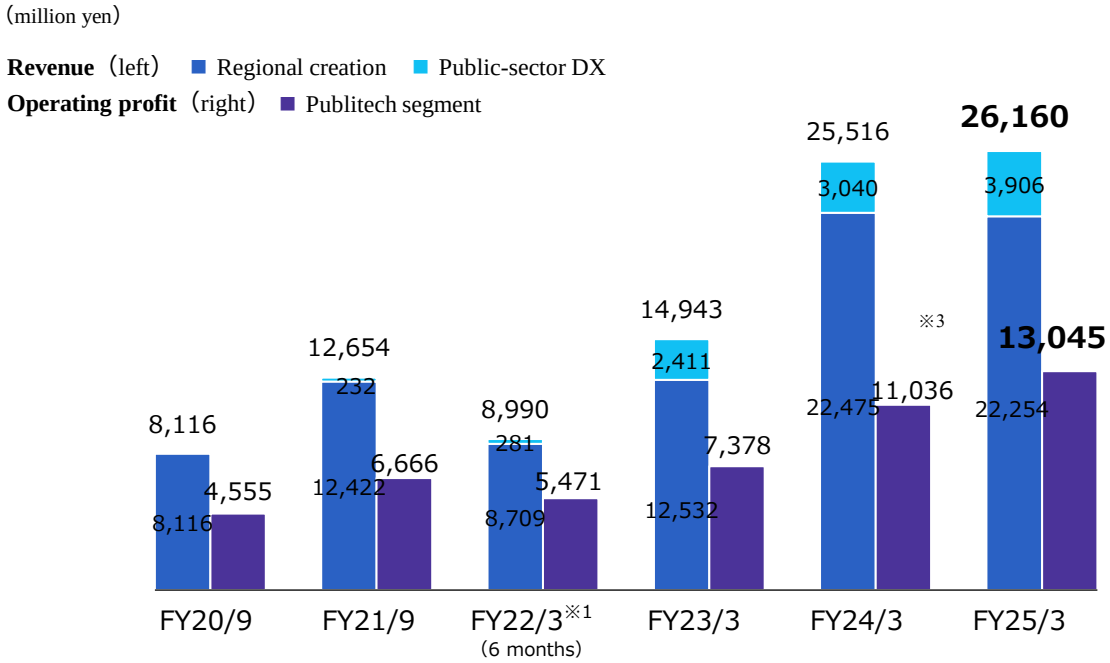
Revenue & Operating Profit by Segment

■ Growth led by expansion of NEW-IT Transformation business

NEW-IT Transformation



Publitech

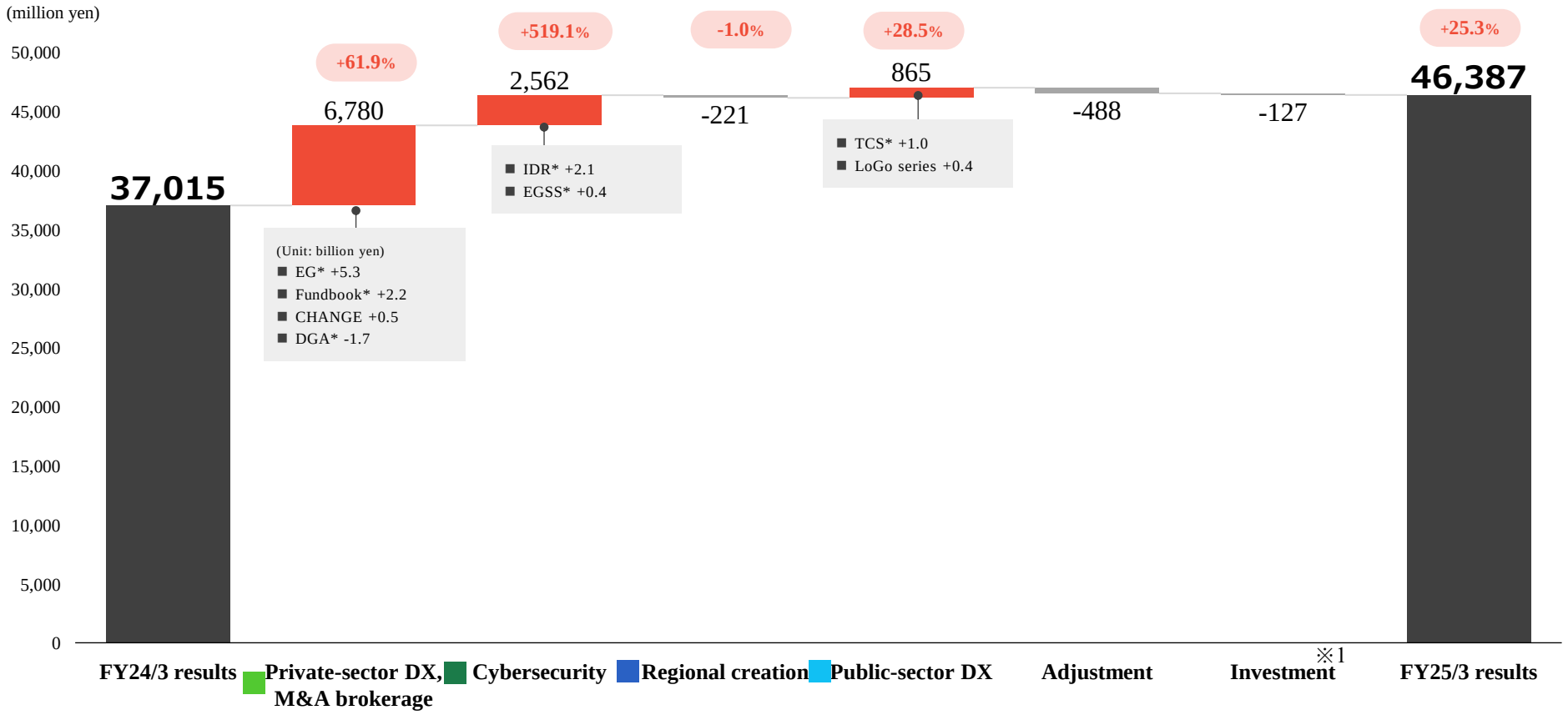


※1 FY2022/3 was an irregular six-month period
※2 Impacted by recording 1.95 billion yen in structural reform expenses
※3 Recorded 1.58 billion yen in structural reform expenses
※4 Includes 1.56 billion yen in revaluation gains from DGA becoming an equity method affiliate
※5 Factbook (Excel format):https://ssl4.eir-parts.net/doc/3962/ir_material_for_fiscal_ym/178038/00.xlsx

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Revenue Growth/Decline Factors

■ Revenue is growing mainly through the impact of new consolidation (EG, IDR, TCS, fundbook)



***Ref.: Consolidated period**

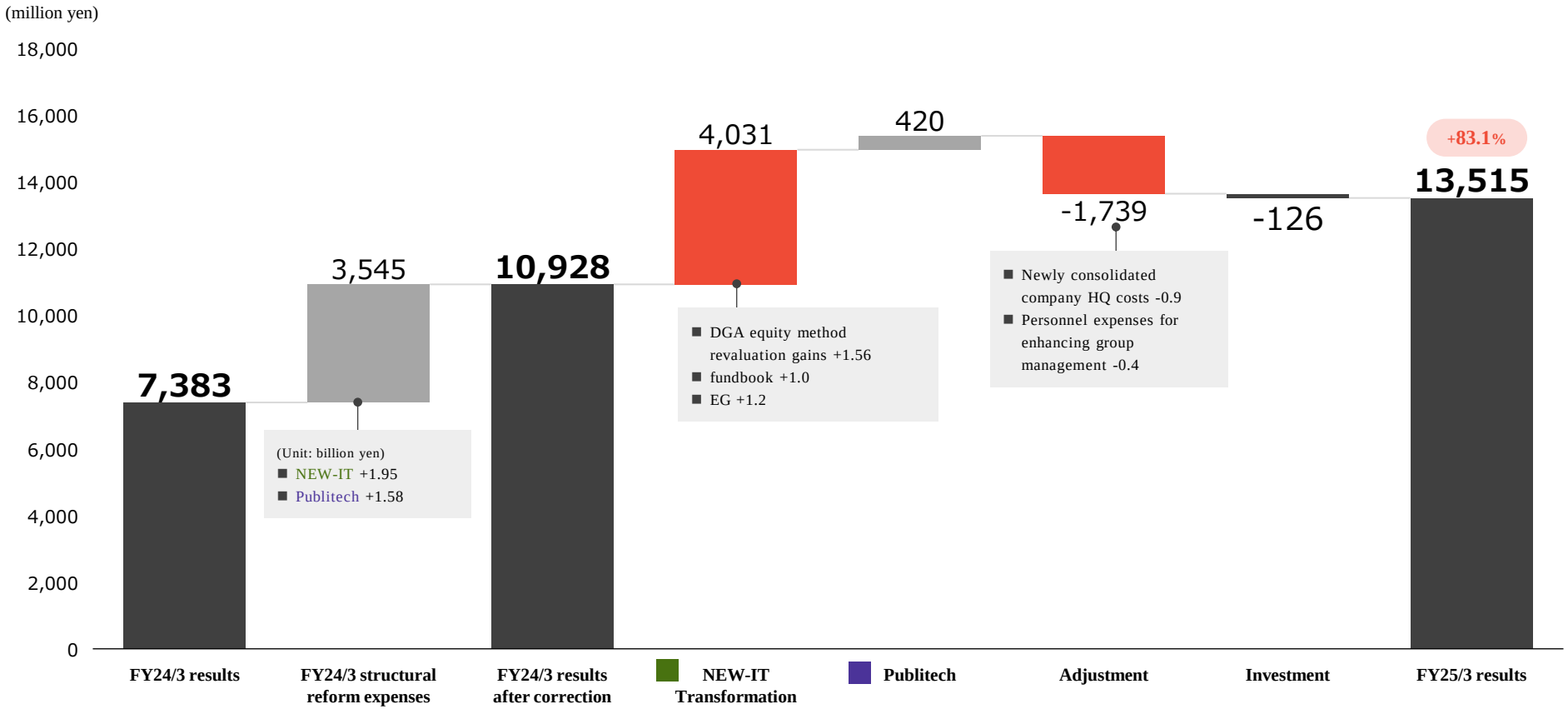
	FY24/3	FY25/3
New addition EG	6 months	12 months
Shift to equity method DGA	12 months	– ※2
New addition IDR	–	12 months
New addition TCS	–	6 months
New addition fundbook	–	3 months

※1 Segment discontinued in FY24/3
※2 When DGA become an equity method affiliate in April 2024 accounting procedures were changed, with revenue no longer consolidated

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Operating Profit Growth/Decline Factors

■ **After recording 3.54 billion yen in structural reform expenses in FY24/3, profit rose by 83.1% in FY25/3, including the impact of newly consolidated fundbook/EG, and 1.56 billion yen in revaluation gains from DGA becoming an equity method affiliate**



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Consolidated Balance Sheet

■ **Even with conservative debt financing rules, we have ample funding capacity**

■ **Although the risk assets-to-shareholder equity ratio is temporarily near our limit following the fundbook M&A, we expect it to recover with profits from FY26/3**

		FY2024/3*1	FY2025/3
Total assets		**93,828**	**104,790**
Current assets		56,091	49,823
Cash and cash equivalents		38,403	30,185
Non-current assets		37,737	54,967
Goodwill		17,834	28,881
Intangible assets		9,735	8,711
Total liabilities		**43,905**	**55,116**
Current liabilities		20,898	23,411
Short-term interest-bearing debt※2		4,286	6,721
Non-current liabilities		23,006	31,705
Long-term interest-bearing debt※3		19,734	27,748
Total equity		**49,923**	**49,673**
Total equity attributable to owner of parent	**a**	39,483	41,254
Risk assets (goodwill/intangible assets total)	**b**	27,569	37,592
Net interest-bearing debt (negative means effectively no debt)	**c**	-14,382	4,283
EBITDA (based on next period)	**d**	15,131	16,554

Debt financing rules

Net debt/ EBITDA ratio c/d	**0.26** (company rule: 2 or lower)
Net debt/ shareholder equity c/a	**10%** (company rule: 50% or lower)

Investment rules

Risk assets/ shareholder equity b/a	**91%** (company rule: 100% or lower)

※1 In FY25/3, we finalized the provisional accounting procedures for business combination, and the consolidated figures for FY24/3 reflect the finalized accounting method
※2 Total short-term borrowing and lease liabilities (current liabilities) on consolidated balance sheet
※3 Total bonds, borrowing, and lease liabilities (non-current liabilities) on consolidated balance sheet

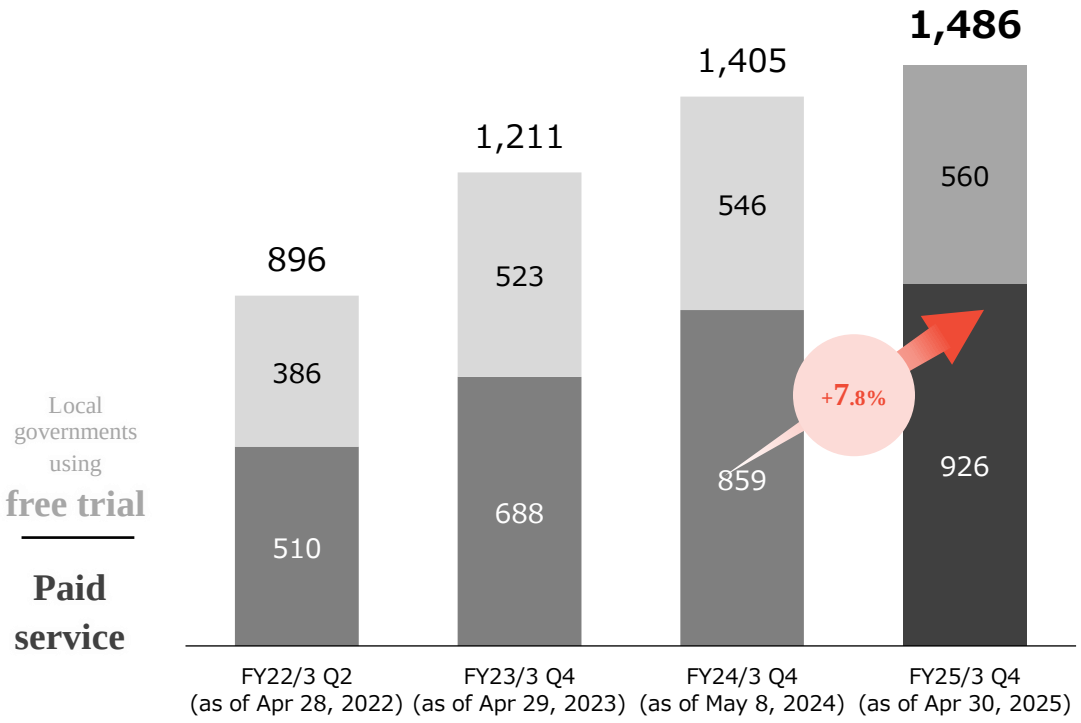
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LoGo Series Uptake

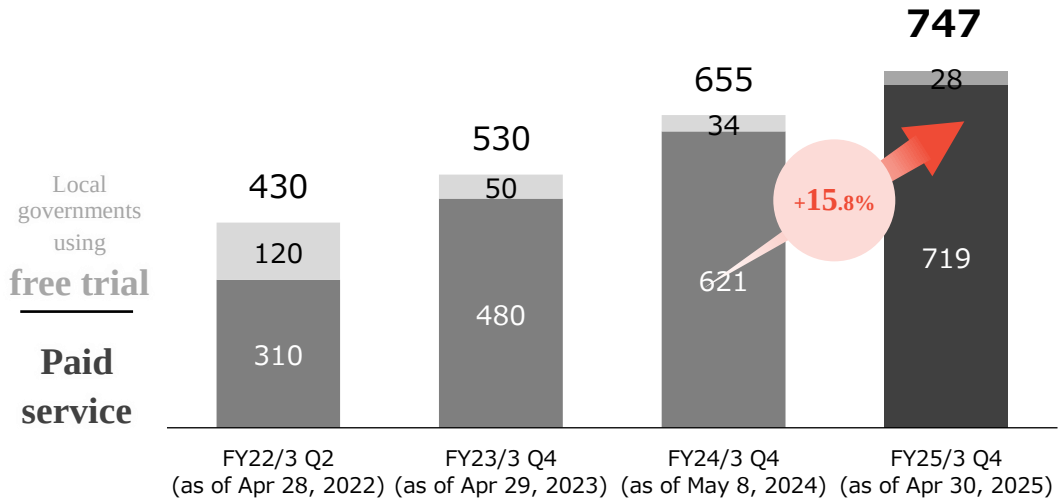
■ **Continuing to spread as core services for digitalizing local government operations**

■ **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



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

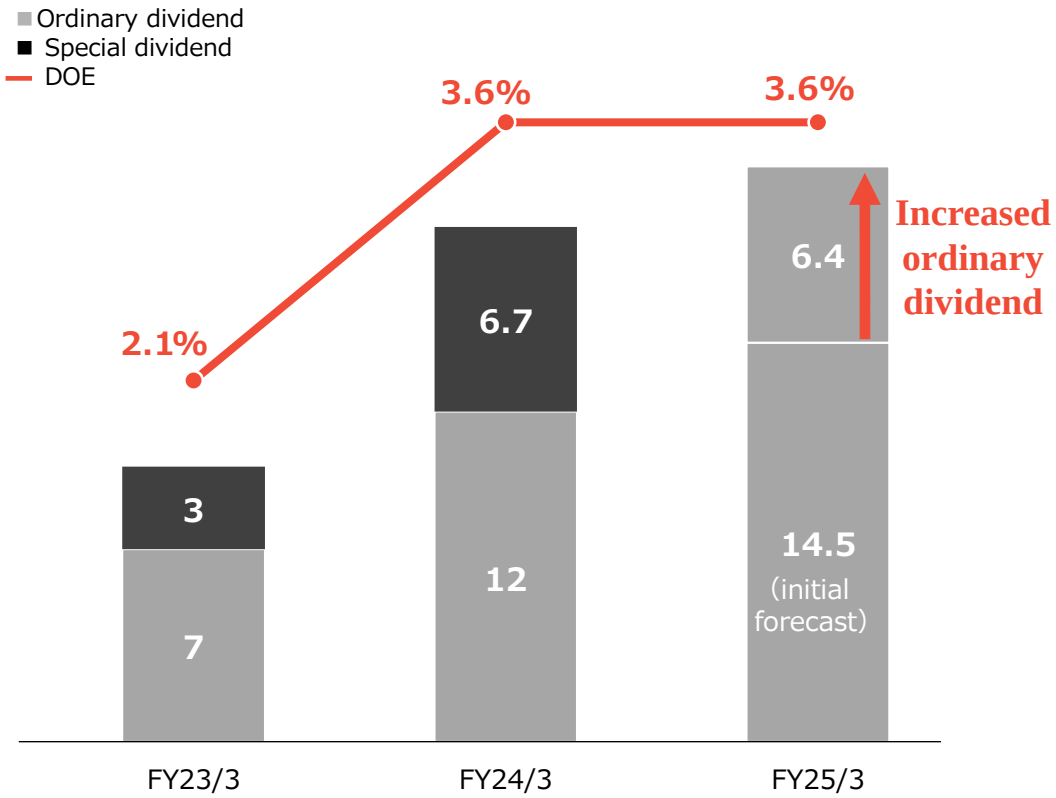
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FY2025/3 Dividends

- **With an emphasis on achieving balanced investments-returns and stable dividends, our dividend policy for DJ3 will be to maintain a DOE of 3.6% (minimum dividend payout ratio of 15%)**
- **Against an initial FY2025/3 forecast of 14.5 yen per share, we now plan to pay an ordinary dividend of 20.9 yen. Expect to continue increasing dividends in line with EPS growth**

		FY2023/3	FY2024/3	FY2025/3 New revision
Ordinary dividend	a	7	12	20.9
Special dividend	b	3	6.7	0
Dividend total	**c=a+b**	**10**	**18.7**	**20.9**
EPS	d	53.31	59.78※1	107.49
Dividend payout ratio	**e=c/d**	**18.8%**	**31.3%**	**19.4%**
ROE	f	11.0%	11.4%※1	18.7%
DOE	**g=e x f**	**2.1%**	**3.6%**	**3.6%**

※1 Figures stated in the financial results summary for FY2024/3



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1 FY2025 Full-Year Results

2 FY2026 Full-Year Forecast

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Forecast for the Fiscal Year Ending March 2026

■ **Operating profit expected to rise by 3.6% to 14 billion yen and EPS by 5.7% to 113.6 yen**

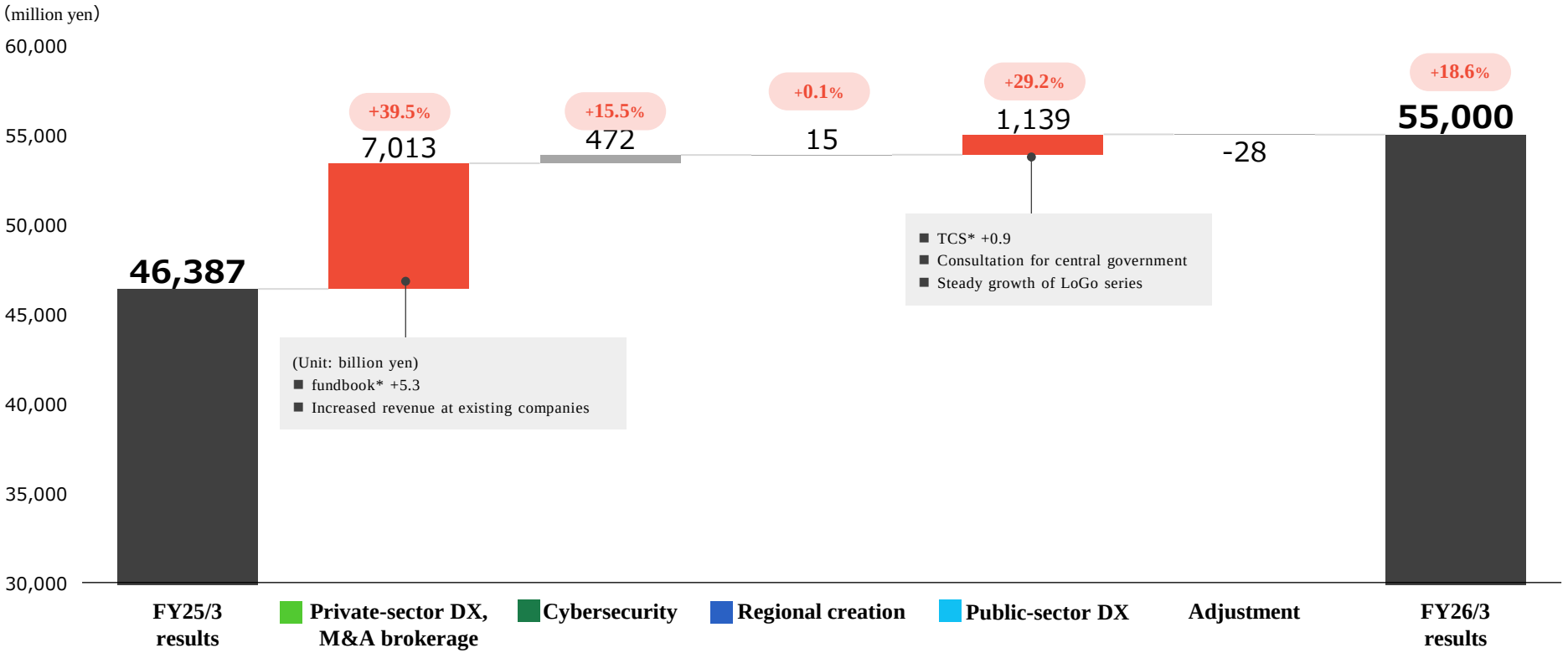
■ **Forecast ROE of 17.8%; based on a DOE of 3.6%, we plan to to increase dividend per share by 2.1 yen to 23 yen**

(Unit: million yen)	FY2025/3 Full year results	FY2026/3 Forecast	Year on Year
Revenue	**46,387**	**55,000**	**+18.6%**
■ NEW-IT Transformation	20,797	28,283	+36.0%
■ Publitech	26,160	27,315	+4.4%
EBITDA	15,131	16,554	+9.4%
EBITDA margin	32.6%	30.1%	-2.5%
Operating profit	**13,515**	**14,000**	**+3.6%**
■ NEW-IT Transformation	6,080	6,317	+3.9%
■ Publitech	13,045	13,960	+7.0%
Operating profit margin	29.1%	25.5%	-3.7%
■ NEW-IT Transformation	29.2%	22.3%	-6.9%
■ Publitech	49.9%	51.1%	+1.2%
Profit attributable to owner of parent	7,532	7,904	+4.9%
Profit margin	16.2%	14.4%	-1.9%
EPS	**107.49**	**113.60**	**+5.7%**
ROE	**18.7%**	**17.8%**	**-0.9%**
Dividend payout ratio	19.4%	20.2%	+0.8%
Dividend per share	**20.9円**	**23.0円**	**+2.1円**

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Revenue Growth Factors

- Anticipate +18.6% overall growth, with newly consolidated fundbook & TCS adding to organic growth in existing businesses
- Expect the Regional Creation domain to level off, given the risk of marketing offensives by competitors before the prohibition on intermediary websites offering points goes into effect in October



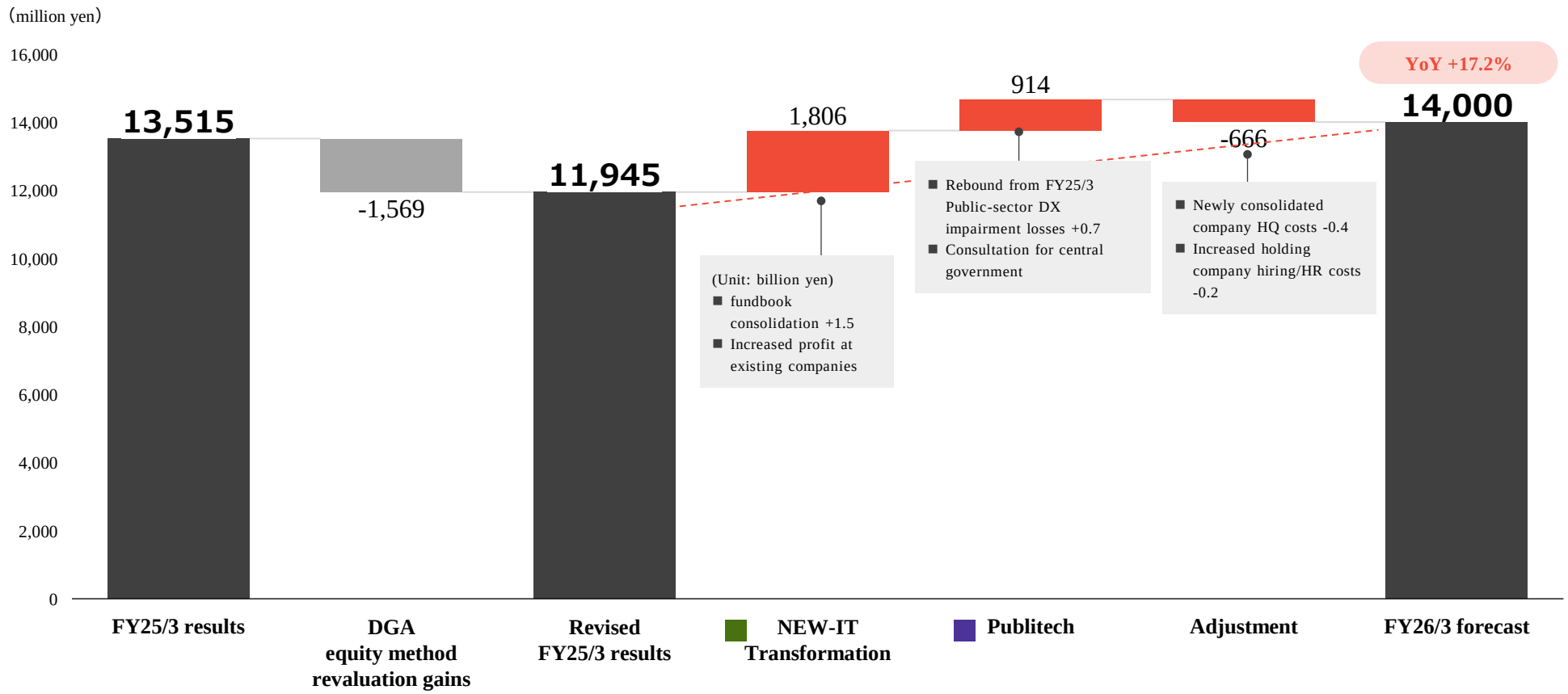
***Ref.: Consolidated period**

	FY25/3	FY26/3
New addition TCS	6 months	12 months
New addition fundbook	3 months	12 months

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Operating Profit Growth Factors

■ **With NEW-IT Transformation driving profit increases, we anticipate 17.2% growth from the FY25/3 results (excl. the one-off DGA equity method revaluation gains)**

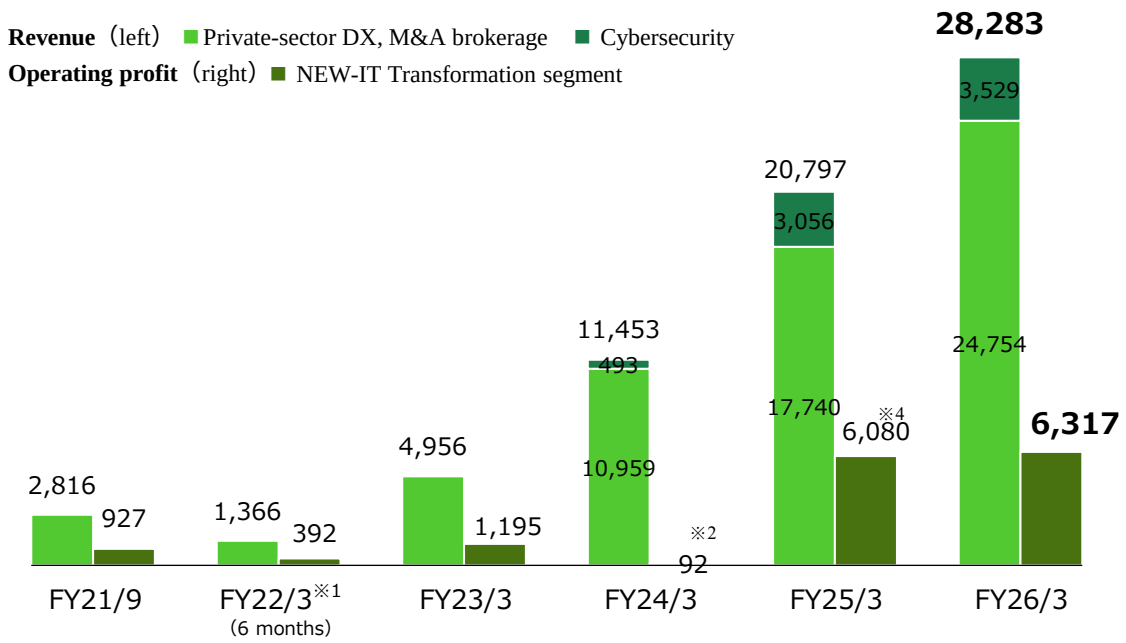


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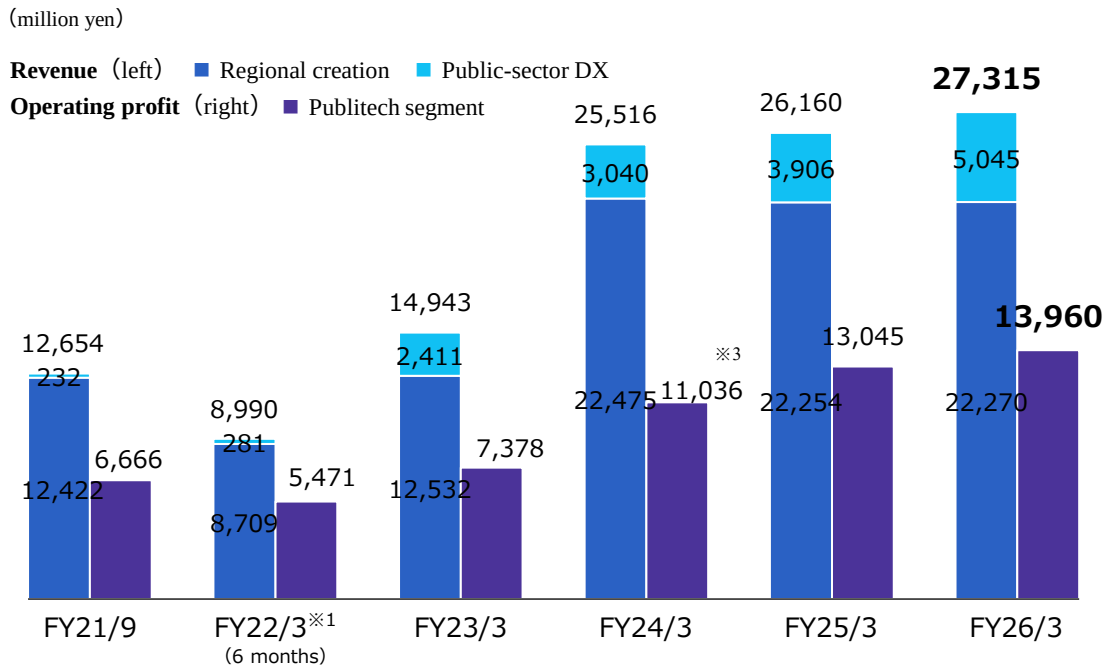
Revenue & Operating Profit by Segment

■ NEW-IT Transformation driving growth

NEW-IT Transformation



Publitech



※1 FY22/3 was an irregular six-month period
※2 Recorded 1.95 billion yen in structural reform expenses
※3 Recorded 1.58 billion yen in structural reform expenses
※4 Includes 1.56 billion yen in revaluation gains from DGA becoming an equity method affiliate

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Initial Plan Assumptions (Business Strategies for the Four Domains)

NEW-IT Transformation

Revenue
28.2 billion yen
YoY +36.0%

Operating profit
6.3 billion yen
YoY +3.9%

Private-sector DX, M&A brokerage

Revenue
24.7 billion yen
YoY +39.5%

Cybersecurity

Revenue
3.5 billion yen
YoY 15.5%

BPO	Growth in social support domain, where BPO needs are strong, and expand customers through joint proposals
M&A brokerage	Acquire quality leads by strengthening collaboration with financial institutions, improve contract rate by reviewing education/evaluation systems
Training & consulting	Capture the consulting needs of Group company service users
DX tools	Anticipate increase in sales volumes by expanding service offerings
Enhanced sales channels	Along with SMBC CyberFront, also began working with PRONEXUS. Strive to expand customer base by continuing to develop partnerships
Enhanced service line	
DevSecOps※1 compatibility	In addition to investing in SaaS solution provider IssueHunt, also strengthen collaboration with other related companies
Addressing new risks	Support adoption of threat intelligence services and launch vulnerability assessment services to handle new risks, such as generative AI
Operation, monitoring	Enhance services through partnership with S&J

Publitech

Revenue
27.3 billion yen
YoY +4.4%

Operating profit
13.9 billion yen
YoY +7.0%

Regional creation

Revenue
22.2 billion yen
YoY +0.1%

Public-sector DX

Revenue
5 billion yen
YoY +29.2%

Hometown tax business	The prohibition on intermediary websites offering points, coming into effect from October, marks a return to a healthy competitive market and a positive step for Furusato Choice, which has honed its advantage through products and leads the industry in listings. However, given the possibility of advertising offensives by competitors, expectations for direct channels are conservative
Logistics-related business	As a separate entity with the operating flexibility to meet diverse needs, aim to speed up growth by increasing contracting municipalities
Tourism	Embarked on inbound tourism promotion business with WAmazing, anticipating losses in the tens of millions before becoming profitable in FY27/3 and beyond
LoGo series	Continue growing the number of paid accounts & contracting organizations (total contracting organizations up 10% from previous year)
BPR	Focus on establishing standalone revenue structure and maintaining/strengthening the customer base for the next fiscal year and beyond
Consulting	Boost acquisition of central government projects (as of March 2025: awarded 3 projects worth 1.3 billion)
Education ICT (TCS)	Solid growth in local government ICT sales business, which accounts for 80% of revenue

※1 Integrating security measures into every stage of the process, from development to operations

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DFA×beacapp Joint Solutions for Hospitals

Blooming synergy between robotics and location information services, with collaboration to accelerate in DJ3

Issue

- A legal revision addressing long working hours for doctors and nurses was enacted in April 2024, spurring a need for productivity improvements in medical care
- With 644 beds, Jikei University Kashiwa Hospital faces chronic staff shortages

Proposed solution

Set up “Beacapp Here” location information service within the hospital to visualize and analyze the behavior of doctors and nurses, which revealed that much time is spent transporting samples and medicines

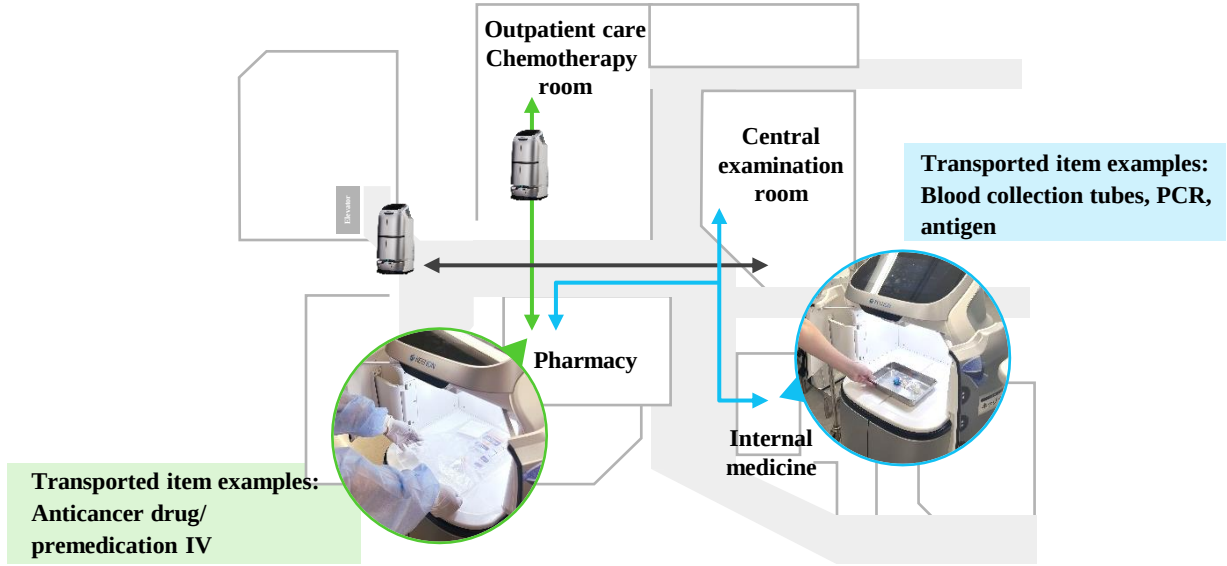
Proposed using robots to transport samples and medicines, and conducted trials

Confirmed that introducing robots halved sample/drug transporting frequency and time for nursing support staff

Full-scale adoption

Outcome

Nurses and support staff are able to focus on primary care duties, creating an environment where a small number of staff can still provide high quality medical care



User’s Voice

Dr. Kohei Takeshita, Assistant Professor,
Division of Innovation for Medical Information Technology,
Research Center for Medical Sciences,
Jikei University Kashiwa Hospital

I feel that we now have more time to spend with patients, since blood samples no longer need to be transported manually, and the robot also sparks more conversation between staff and patients. Some people have also told us they find the robot’s words comforting. Moving forward, we hope to obtain more quantitative data and expand the scope of use.



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Cybersecurity: S&J Corp. Partnership to Enhance Service Line

- **Expand service quality and scope by partnering with S&J, whose experience and track record in operational services is unmatched in Japan**
- **Start by launching joint services for SOC/IR (incident response)※1※2. Plan to offer various other joint services in the future**

Combined assets

EG Secure Solutions　CyLeague　IdealRoute Consulting Inc.

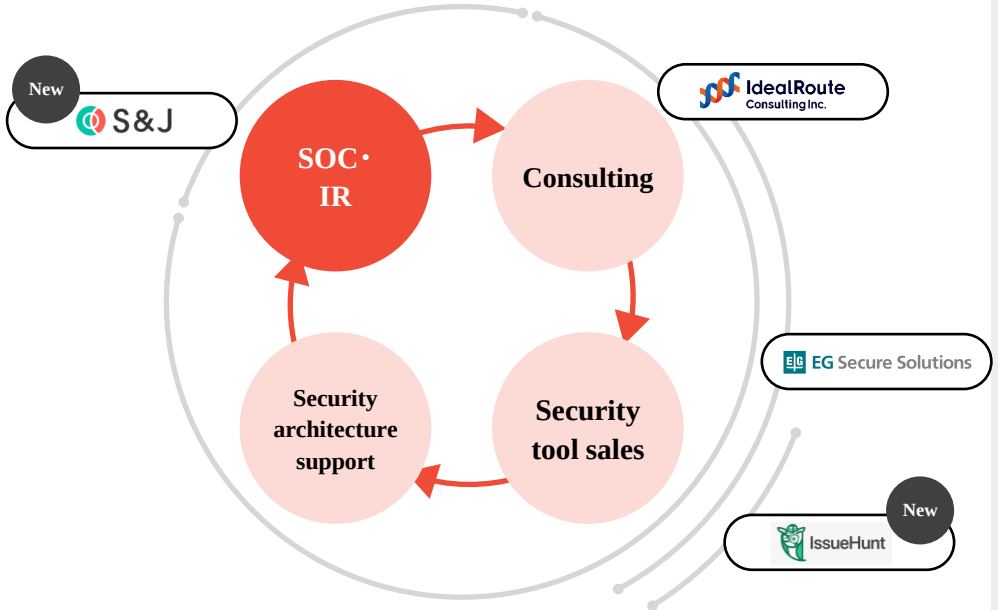
- Unique sales channels (SMBC CyberFront, PRONEXUS, etc.)
- IDR consulting expertise
- BPO systems that can be leveraged for SOC services

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S&J

- Unmatched domestic track record in delivering operational services

Enhanced service line



※1 Details to be announced at the CyLeague strategy briefing to be held on May 20, 2025.
※2 Services providing rapid containment, investigation, and diffusion support in the event of a cyber attack or other security incident

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Establishment of Logistics-Related Business, Grivity

Seeking to accelerate logistics-related growth by spinning off Trustbank's SCM business to enable more flexible decision-making

Issue

- Hometown tax payments exceed 1 trillion yen, with an estimated 50 million thank-you gifts sent out
- The "50% rule," which limits thank-you gifts, shipping costs, and other expenses to 50% of the donation amount, places a large burden on the delivery operations of local governments

Company strengths

President Matsuzaki's **track record of delivering solutions to tens of thousands of companies at Yamato System Development**, **along with the former carrier** and Yamato Group members' **expertise/network spanning logistics, IT, and payment schemes**

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Development and provision of systems to support the entire process of sending Hometown tax thank-you gifts, **operational efficiency through a high degree of automation, and a user base that currently includes some 300 local governments and 15,000 businesses** across Japan

Future strategies

Short term Support local governments chiefly through logistics-related businesses, seeking to expand functions and service offerings (e.g. services addressing the need for designated deliveries, etc.)

Mid/long term Leverage logistics-related expertise & networks to go beyond the Hometown tax domain, developing into a Regional Creation business that supports regional economic flows

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Appendix

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List of Group Companies

Segment	Domain	Company Name	Abbr.	Business	Stake	Start of PL Consolidation
NEW-IT Transformation	Private-sector DX, M&A brokerage	CHANGE, Inc.	–	Training (digital talent development, etc.) and DX consulting	100%	–
		E-Guardian Inc.（BPO business)	EG	Extensive BPO offerings (social media post monitoring, ad screening, CS support, etc.)	50.4%	Oct 2023
		fundbook, Inc.	–	M&A brokerage	100%	Jan 2025
		DFA Robotics, Inc	DFA	Provision of robotic solutions (serving robots, etc.)	79.2%	Oct 2022
		beacapp Inc.	–	Services utilizing beacons and sensors to provide visual location information	71.3%	Mar 2021
		Digital Growth Academia Group	DGA	DX talent development for companies (training, e-learning, etc.)	49.9% (equity method)	Feb 2021 Apr 2024
	Cybersecurity	Cyleague Holdings, Inc	CyLeague	Intermediate holding company dedicated to the cybersecurity business	100%	Dec 2023
		EG Secure Solutions Inc.	EGSS	Provision of cybersecurity solutions (self-developed WAF, vulnerability assessment, etc.)	50.4%	Oct 2023
		IdealRoute Consulting Inc.	IDR	DX consulting and consulting-based comprehensive cybersecurity solutions	91.8%	Apr 2024

※Includes main consolidated subsidiaries and affiliates

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List of Group Companies

Segment	Domain	Company Name	Abbr.	Business	Stake	Start of PL Consolidation
Publitech	Regional creation	TRUSTBANK, Inc.	–	Businesses specialized in regional creation (Hometown tax payments, etc.)	100%	Nov 2018
		Travel Zip Co., Ltd.	–	Local government tourism website production, tourism consulting, etc.	65.0%	Feb 2023
		Grivity	–	Hometown tax-related logistics	100%	–
		Orb, Inc.	–	Development and provision of Orb DLT distributed ledger technology	95.2%	Feb 2020
		CHANGE Kagoshima, Inc.	–	Investment in startups that solve social issues and contribute to regional sustainability	35.0% (equity method)	Jul 2022
	Public-sector DX	Govmates, Inc	–	Local government DX support (municipal BPR consulting, etc.)	100%	Apr 2022
		Toko Computer Service Co., Ltd.	TCS	ICT for local governments/education, sale of systems for forestry cooperatives	100%	Oct 2024
		Upclose, Inc.	–	Local government DX support, leveraging extensive national & municipal administrative experience	100%	Nov 2023
		Governance Technologies, inc.	–	Technology company promoting local government DX	64.3%	Apr 2023
		HOPE, INC.	–	Operation of apps for sharing local government information and media for municipal employees, support for local government sales activities by private companies	16.6% (equity method)	Jan 2023

※Includes main consolidated subsidiaries and affiliates

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