

## Company Report

December 15, 2025

Strategy Advisors Inc.

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## 56 Deal Referrals Secured Through Alliance with Major Financial Institution with Further Expansion in M&A Brokerage Expected

Change Holdings disclosed its FY3/26 H1 results on November 13, came in at revenue of ¥22.26 billion (+34.9% YoY) and operating profit of ¥2.5 billion (-34.4% YoY). Although profit declined due to the absence of the ¥1.56 billion revaluation gain on the equity-method investment in Digital Growth Academia recorded in FY3/25 H1, operating profit would have shown a modest increase of approximately ¥250 million on an underlying basis excluding this effect.

In the Hometown Tax Business, the Company underperformed its expectations as last-minute demand ahead of the ban on point rewards did not materialize to the extent anticipated, partly because its portal site is less dependent on point incentives compared with EC-based competitors. In addition, the performance of E-guardian (6050, TSE Prime) trended weakly, resulting in overall figures that fell somewhat short of the Company's internal forecasts.

On the other hand, a positive development was observed in the M&A brokering business, a key area of investor attention. Following the launch of a new alliance with a major financial institution in September, the Company received 56 deal referrals during the period. Assuming the Company receives approximately 300 deal referrals on a full-year basis, and that slightly more than 10% of these referrals convert into executed transactions, this could potentially translate into approximately 30–40 incremental new deals.

### Stock Price and Trading Volumes (Past Year)



Source: Strategy Advisors

### Key Indicators

Stock Price (12/12/25)	984
52-Week High (2/12/25)	1,512
52-Week Low (12/12/25)	984
Historical High (9/25/20)	6,185
Historical Low (9/28/16)	192.5
Number of Shares Issued (mn)	69.6
Market Capitalization (¥bn)	68.5
EV (FY3/25 Actual, ¥bn)	83.4
Equity Ratio (FY3/25 Actual, %)	34.9
ROE (FY3/25 Actual, %)	18.6
PER (FY3/26 CoE, Times)	8.7
PBR (FY3/25 Actual, Times)	1.7
Yield (FY3/26 CoE, %)	2.3

Source: Strategy Advisors

# CHANGE Holdings | 3962 (TSE Prime)

The share price has remained soft, with the PER falling below 10x. Investor concerns center on the slowdown and heightened regulation of the Hometown Tax Business, as well as the Company's limited progress in demonstrating tangible growth in its acquired M&A brokering and security businesses. Furthermore, a December 2 report in the Nikkei suggesting that the tax-deductible amount available under the hometown tax program may be capped exerted additional downward pressure on the stock price.

At Strategy Advisors, we believe the downside risk to the share price is limited when considering the shareholder benefit yield and dividend yield. If the Company can complete the groundwork for strengthening its alliances during FY3/26 H2 and subsequently demonstrate re-entry into a profit growth phase from FY3/27 onward, driven primarily by the M&A brokering business, the current valuation, which currently is at historically low levels, may have scope to recover.

IFRS- Consolidated	Sales (¥mn)	YoY Change (%)	Operating Profit (¥mn)	YoY Change (%)	Profit Before Tax (¥mn)	YoY Change (%)	Profit Attributable to Owners of Parent (¥mn)	YoY Change (%)	EPS (¥)	DPS (¥)
Fiscal Year-End										
3/25 H1	16,512	12.7	3,813	-11.9	3,453	-21.1	2,076	-33.7	29.4	0.0
3/26 H1	22,266	34.9	2,500	-34.4	2,744	-20.5	1,561	-24.7	22.5	0.0
3/23	20,021	—	5,730	—	5,653	—	3,856	—	53.3	10.0
3/24	37,015	84.9	7,383	28.8	7,250	28.3	4,262	10.5	58.9	18.7
3/25	46,387	25.3	13,515	83.1	12,745	75.8	7,532	76.7	107.5	20.9
3/26 CoE	55,000	18.6	14,000	3.6	13,223	3.8	7,904	4.9	113.6	23.0

Note: Due to a change in the fiscal year end, FY3/22 is now a 6-month period, so there is no YoY change for FY3/23

Source: Company Data. Compiled by Strategy Advisors.

## 1. FY3/26 H1 Recorded a Slight Increase in Profit Excluding One-Off Factors

### FY3/26 H1 Recorded a Modest Underlying Profit Increase

Change Holdings announced its results for FY3/26 H1 on November 13. Revenue was ¥22.26 billion (+34.9% YoY) and operating profit was ¥2.5 billion (-34.4% YoY). The decline in operating profit was attributable to the disappearance of an equity-method revaluation gain relating to 'Digital Growth Academia' (DGA) (¥1.56 billion recognized in FY3/25 H1). Excluding this effect, operating profit effectively increased slightly by ¥250 million.

### Pull-Forward Demand Ahead of Hometown Tax Rule Changes

The Company secured profit growth from customer pull-forward demand ahead of the ban on point awards in the Hometown Tax Business and from the consolidation impact of companies acquired in FY3/25, such as Toko Computer Service and fundbook.

## Impact of Government Change and Commitment to Continue Shareholder Benefits

However, overall results were somewhat disappointing: compared with EC-type portal sites, the Company's Hometown Tax Businesses are less dependent on points, so the pre-ban rush in point-awarding demand did not materialize to the extent anticipated. Additionally, E-guardian showed a weak performance. These factors left the full-period figures slightly below expectations.

At the earnings presentation, the Company also explained the expected impact of the inauguration of the new Takaichi administration and the Board's resolution regarding continuation of shareholder benefits. The former is expected to provide a tailwind for economic security and regional revitalization. In particular, in the area of defense, the Company has already won a Land Self-Defense Force DX support contract worth ¥1.1 billion; and with respect to regional revitalization it plans to support healthcare, education and town development using the hometown tax scheme, while promoting municipal DX and regional business-succession M&A. Regarding shareholder benefits, the Company committed to continue the benefit program through the end of June 2029, which should allay short-term concerns about the program's continuity.

**Figure 1. Quarterly Segment Income Statement (¥mn)**

(\$mn)	FY3/24				FY3/25				FY3/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenue	5,118	9,538	14,141	8,216	8,139	8,372	18,425	11,449	9,908	12,358		
(YoY)	85.3%	200.4%	47.6%	82.5%	59.0%	-12.2%	30.3%	39.4%	21.7%	47.6%		
NEW-IT Transformation	1,750	1,216	4,243	4,242	4,692	4,391	4,555	7,157	6,087	5,804		
Private-sector DX, M&A brokerage	1,750	1,216	4,024	3,967	3,998	3,685	3,765	6,290	5,319	4,989		
Cybersecurity	-	-	219	274	694	705	790	867	768	814		
Investment Business	127	-	-	-	-	-	-	-	-	-		
Publitech	3,243	8,328	9,906	4,037	3,537	4,175	13,991	4,456	3,955	6,751		
Regional Creation	2,864	7,886	9,349	2,375	2,814	3,572	13,033	2,833	2,968	5,264		
Public-sector DX	379	442	557	1,661	723	602	958	1,622	987	1,486		
Adjustment	-3	-6	-9	-63	-90	-193	-121	-164	-134	-197		
Operating profit	717	3,612	5,870	-2,816	2,345	1,467	9,231	375	606	1,893		
(YoY)	-	2556%	15.8%	-	227.1%	-59.4%	57.3%	-	-74.2%	29.0%		
NEW-IT Transformation	494	217	696	-1,315	2,478	698	843	1,965	833	770		
Investment Business	126	-	-	-	-	-	-	-	-	-		
Publitech	895	4,296	6,244	-400	1,053	2,086	9,819	86	1,180	2,615		
Adjustment	-799	-901	-1,071	-1,099	-1,185	-1,317	-1,431	-1,676	-1,407	-1,492		
Segment profit margin	14.0%	37.9%	41.5%	-34.3%	28.8%	17.5%	50.1%	3.3%	6.1%	15.3%		
NEW-IT Transformation	28.2%	17.9%	16.4%	-31.0%	52.8%	15.9%	18.5%	27.5%	13.7%	13.3%		
Investment Business	99.0%	-	-	-	-	-	-	-	-	-		
Publitech	27.6%	51.6%	63.0%	-9.9%	29.8%	50.0%	70.2%	1.9%	29.8%	38.7%		

Note 1: Sub-segment breakdown is unaudited.

Note 2: Investment Business was discontinued from April 2023.

Source: Company Data. Compiled by Strategy Advisors.

## 2. Accelerated Growth in NEW-IT Transformation Expected from Next Fiscal Year Onward

### New-IT Transformation Business Recorded a Substantial Profit Decline

The NEW-IT Transformation segment saw in FY3/26 H1 revenues of ¥11.89 billion (+30.9% YoY) and operating profit of ¥1.6 billion (-49.5% YoY). While consolidated inclusion of fundbook, which operates an M&A brokering business, drove a substantial increase in revenue, operating profit declined sharply due to the impact of an equity revaluation gain related to DGA.

### 4 fundbook Deals Were Deferred to a Later Period

fundbook's FY3/26 Q2 revenue came in at ¥1.42 billion, showing limited change following its consolidation from Q4 of the previous fiscal period. However, considering that 4 deals —amounting to ¥300 million in revenue—were deferred to FY3/26 Q3 due to clients avoiding September 30, a "Butsumetsu" day traditionally considered inauspicious for contract signing, overall performance can be regarded as solid.

### Expectations That fundbook Will Catch Up with Major Competitors

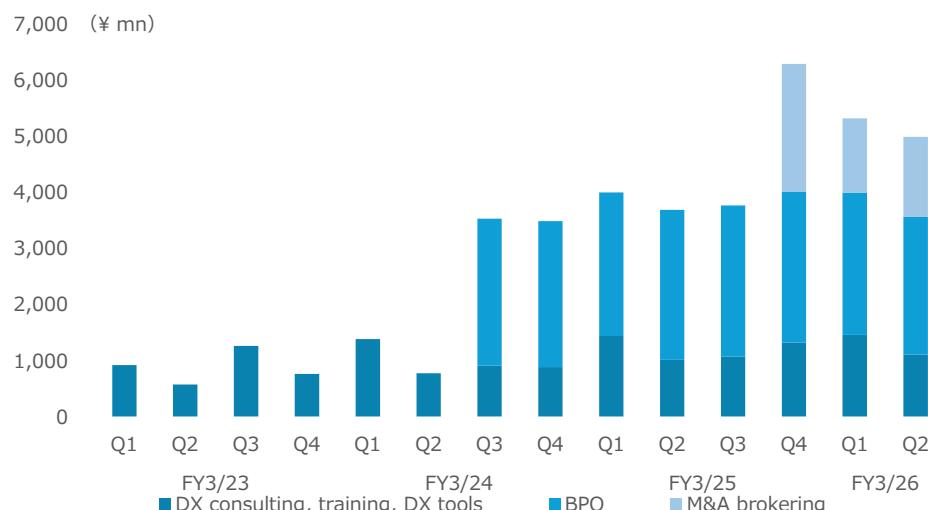
Strategy Advisors notes the alliance launched with a major financial institution in September, through which fundbook has already secured 56 deal referrals. Assuming the Company receives approximately 300 deal referrals on a full-year basis, and that slightly more than 10% of these referrals convert into executed transactions, this could potentially translate into approximately 30–40 incremental new deals. Should fundbook achieve 30–40 new client wins at its current scale, revenue growth comparable to competitors would be possible and despite being a later entrant it could be expected to catch up with the large incumbent players.

### BPO Business Was Weaker Than Expected

Meanwhile, the Q2 revenue from BPO services provided by E-guardian amounted to ¥2.45 billion, -8.2% YoY, resulting in a weaker-than-expected outcome. There are two main reasons for this: revenue from a large-scale social support project declined more than anticipated and the expansion of a major customer support project for consumer gaming that did not progress as expected. It should be noted that E-guardian's plan for FY9/26 (revenue of ¥12 billion and operating profit of ¥1.6 billion) assumes a 6.1% revenue increase, but revenue for the first half (October to March) is expected to decline by 2.2%.

In other words, it can be inferred that recovery will take roughly half a year. E-guardian explains that it will implement a revamp and strengthening of its sales structure (allocating sales teams by function and business domain) and reinforce its marketing efforts (lead acquisition and nurturing). While there are variations by domain, there are many growth areas such as e-commerce, flea-market platforms and fintech, and thus the establishment of a structure that can more carefully capture customer needs is expected.

**Figure 2. Sales Trends in Private-Sector DX, M&A Brokering Domain Business**



Note: Excluding Digital Growth Academia, which became an equity-method affiliate from FY3/25 Q1.

Source: Company Data. Compiled by Strategy Advisors.

### 3. Publitech Business to Benefit from Environmental Changes in The Hometown Tax Business

#### Publitech Business Achieved Revenue and Profit Growth

The Publitech segment reported FY3/26 H1 results of ¥10.70 billion in revenue (+38.8% YoY) and ¥3.79 billion in operating profit (+20.9% YoY), delivering both top and bottom-line growth. However, pull-forward demand ahead of regulatory changes for the Furusato Nozei program was weaker than anticipated. While Gross Merchandise Value (GMV) for the business surged 74.7% YoY in Q2, this fell slightly short of the Company's internal plan.

#### Expect Progress in The Hometown Tax Business Under a Healthier Competitive Environment

On the other hand, following the prohibition of point incentives in the hometown tax donation program, a more rational competitive environment is expected. One in which service quality, such as the breadth of listed products and the user-friendliness of portal sites, will be more rigorously tested. Accordingly, excessive concern over the shortfall against internal targets for FY3/26 H1, driven by the one-off event of front-loaded demand, appears unwarranted. The Company notes that, because there was little rush demand ahead of the ban, it expects the usual Q3-weighted performance profile. October got off to a good start, which supports a constructive outlook for full-year progress.

#### Jun Oi, Former DeNA CFO, Appointed as New President of Trust Bank

Separately, Trust Bank, which operates the Hometown Tax Business, appointed Jun Oi as its new president effective September 1. Mr. Oi has experience promoting local public finances and urban development at the Ministry of Internal Affairs and Communications and in his previous role at DeNA (2432, TSE Prime), he served as a director leading M&A and business-portfolio restructuring. Given his background at the Ministry, it is reasonable to expect that he will apply his management skills while keeping a close eye on developments in the overall hometown tax system.

**Figure 3. Biography of Jun Oi, President & CEO of Trust Bank**

April 1995	Entered Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications)
April 2011	Planning Director for Local Public Finance, Local Public Finance Division, Local Public Finance Bureau of MIAC
April 2013	Entered DeNA
August 2013	Head of External Affairs Office, Corporate Alliance Division of the Company
April 2014	Head of External Affairs Division, External Affairs Unit of the Company
January 2015	Head of Healthcare Business Division of the Company
April 2015	Executive Officer, Head of Healthcare Business Division of the Company
April 2018	Executive Officer, Head of Corporate Unit of the Company
April 2020	Managing Executive Officer, Chief Financial Officer (CFO), and Head of Corporate Unit of the Company
June 2021	Director, CFO, and Head of Corporate Unit of the Company
September 2025	Representative Director & President, CEO of Trustbank Senior Executive Officer of Change Holdings

Source: Company Data. Compiled by Strategy Advisors..

## Secured ¥1.08 Billion Contract for Japan Ground Self-Defense Force DX Support

The Public DX segment generally progressed in line with the company's plan, but the notable item was revenue recognition from a large central-government project for the Ground Self-Defense Force carried out by G-gravity (¥120 million). The backlog stands at ¥1.08 billion and is expected to be recognized as revenue across the fiscal years ending in both March 2026 and March 2027. Because the Ground Self-Defense Force is an organization within the Ministry of Defense, this project could serve as a catalyst for horizontal roll-outs across related agencies.

## Adoption of the LoGo Series is Progressing Smoothly

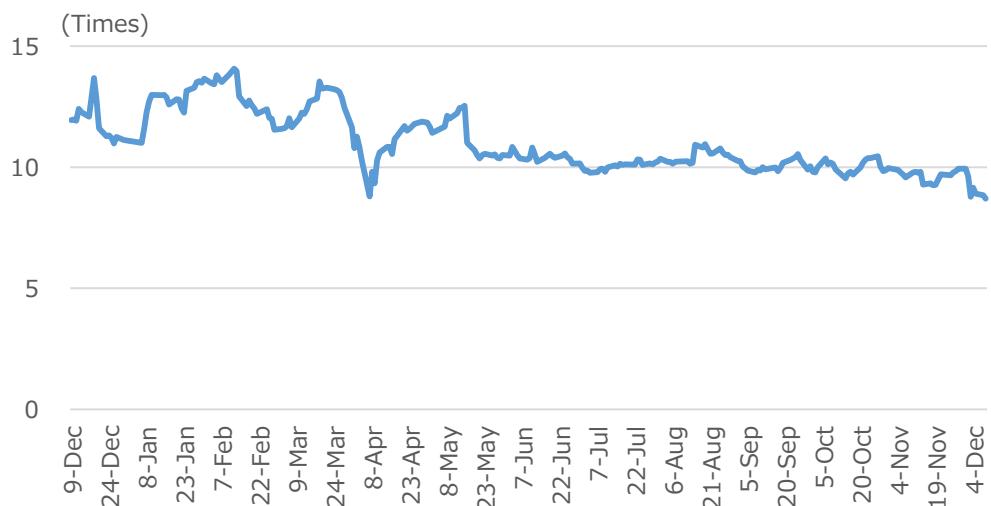
The LoGo series — a set of SaaS products that support municipal DX initiatives — showed mixed trends. Growth of LoGo Chat has eased somewhat, with LoGo Form performed solidly, and the number of paying municipalities increasing by 16.5%. Cross-selling of the LoGo AI Assistant is also expected to accelerate, supporting expectations for stable, high-margin recurring revenues.

## 4. If Organic Growth Can Be Demonstrated from FY3/27 Onward, Share Price Could Recover

## Valuation Trades at Historically Low Levels

The company's PER remains below 10x, with its valuation hovering at historically low levels. This reflects concerns over the slowing growth and tightening regulations in the hometown tax donation business, as well as the lack of visible growth in the acquired M&A brokerage and security businesses. In addition, a December 2 report in the Nikkei suggested that a cap may be introduced on the tax deduction available under the hometown tax donation program (followed by a December 10 report indicating a proposal to impose a deduction cap for individuals with annual income equivalent to ¥100 million or more), which further weighed on the share price.

**Figure 4. PER Trend Over the Past Year**



Source: SPEEDA Data. Compiled by Strategy Advisors.

## Acceleration of Growth Driven by New Growth Engines is Expected

Strategy Advisors expects an acceleration in growth driven by new engines centered on the M&A brokering business and is focused on how far the company can raise expectations for the next fiscal year over the course of the current one. As noted above, fundbook, a subsidiary of the Company, has already secured 56 referrals through alliances with major financial institutions launched in September. If the Company can demonstrate continued progress in such pipeline-building efforts, there is a meaningful possibility that the share price could reverse course from FY3/27 H2.

## The Company Needs to Transition from Hometown Tax Stock to Regional Revitalization Stock

The PER remains broadly in line with that of I-mobile (6535, TSE Prime), a competitor in the Hometown Tax Business. Looking ahead, attention will focus on whether the Company can move beyond its perception as a "hometown tax donation play" and instead be re-evaluated as a driver of regional revitalization through various angles—such as DX, security and M&A brokerage.

## Restoration of Healthy Competition in the Hometown Tax Business

We also pay attention to the ground-level competition in the Hometown Tax Business. Although regulatory tightening remains a risk, the prohibition on point-based incentives is expected to return the market to a healthier competitive environment—one in which service quality becomes paramount. Key differentiators will likely include the breadth of available thank-you gifts, portal usability, strengthening offline channels through partnerships with financial institutions and telecom operators, plus community-based donor acquisition. In this context, we expect the Company to leverage its core assets—namely, its networks with municipalities and local businesses—to expand the business.

# CHANGE Holdings | 3962 (TSE Prime)

## Possible Impact of the Activist Fund Shareholders Proposal to M&A Capital Partners

A recent hot topic in the sector is the shareholder proposal submitted to M&A Capital Partners (6080, TSE Prime) by activist fund, Panah Master Fund, which criticized the Company for holding excess cash relative to its market capitalization. Given that the M&A brokering business is fee-driven, highly capital-efficient and requires limited investment in fixed assets, any upward pressure on sector-wide valuation multiples triggered by external investor activism could serve as a tailwind for the Company's share price as well.

**Figure 5. Valuation List**

Company name	Ticker	Fiscal year	Stock price	Market cap	PER	PBR	ROE	Dividend yield	1-Yr return	3-Yr return
			12-Dec		CoE	Actual	CoE	CoE	12-Dec	12-Dec
			(Y)	(Y mn)	(Times)	(Times)	(%)	(%)	(%)	(%)
CHANGE Holdings	3962	Mar	984	72,671	8.66	1.66	19.16	2.34	-26.24	-60.40
<b>M&amp;A Brokerage</b>										
Nihon M&A Center Holdings	2127	Mar	722	243,334	20.83	4.86	23.31	4.02	9.06	-60.25
M&A Capital Partners	6080	Sep	3,290	104,487	14.44	2.41	16.67	2.08	18.30	-29.93
Strike	6196	Sep	4,090	78,540	13.69	3.66	26.72	4.40	7.92	-12.14
M&A Research Institute HD	9552	Sep	1,117	60,431	17.15	11.46	66.82	0.00	-43.18	-44.43
Average of 5 M&A brokerage companies					14.95	4.81	30.54	2.57	-6.83	-41.43
<b>Hometown tax donation portal site</b>										
i-Mobile	6535	Jul	491	28,550	8.82	1.70	19.31	5.50	-8.91	25.68
Average of two hometown tax donation portal sites					8.74	1.68	19.24	3.92	-17.57	-17.36
<b>Consulting</b>										
Accenture	ACN	Aug	272	179,325	19.70	-	-	-	-24.60	-7.11
Dream Incubator	4310	Mar	2,460	23,454	-	1.66	-	4.31	-28.49	-11.38
Sigmaxis Holdings	6088	Mar	810	69,660	15.42	4.75	30.81	3.21	-7.74	23.10
BayCurrent	6532	Feb	6,661	1,035,195	27.11	10.73	39.57	1.50	23.63	38.77
Rise Consulting Group	9168	Feb	794	19,620	11.63	3.06	26.28	2.64	14.24	-
Tanabe Consulting Group	9644	Mar	704	23,936	21.49	2.16	10.05	3.69	11.13	120.34
Funai Soken Holdings	9757	Feb	2,290	114,500	16.09	4.37	27.19	3.71	-5.53	-17.24
Average of 12 consulting and training companies					16.16	4.01	26.57	2.62	2.69	7.98
<b>Training Companies</b>										
Link and Motivation	2170	Dec	495	54,914	13.59	4.67	34.37	3.23	-15.67	-30.38
Insource	6200	Sep	827	70,496	15.00	5.56	37.09	3.57	-30.21	-44.96
Alue	7043	Dec	1,110	2,835	18.01	2.38	13.22	0.63	85.00	23.75
Shikigaku	7049	Feb	903	8,253	11.05	3.09	27.94	0.00	36.82	53.31
Average of 12 consulting and training companies					16.16	4.01	26.57	2.62	2.69	7.98
<b>Security</b>										
Eltes	3967	Feb	618	3,845	21.93	2.02	9.21	0.00	-11.97	-29.45
Amaya	4258	Dec	2,798	24,193	34.41	5.43	15.78	0.56	60.57	372.24
Global Security Expert	4417	Mar	3,070	46,986	32.58	14.97	45.95	1.07	25.31	30.50
Cybersecurity Cloud	4493	Dec	1,739	18,069	23.06	9.59	41.58	0.29	-8.95	-6.40
Trend Micro	4704	Dec	6,721	947,000	29.22	7.54	25.82	0.00	-20.83	2.61
E-Guardian	6050	Sep	1,622	19,356	18.15	1.56	8.60	2.34	-13.95	-40.61
<b>BPO</b>										
GigWorks	2375	Oct	236	5,222	472.00	1.73	0.37	0.85	-18.06	-28.70
Pole to Win HD	3657	Jan	312	11,905	-34.86	0.89	-2.54	5.13	-27.10	-63.64
Digital Hearts	3676	Mar	929	22,195	12.47	2.31	18.54	2.48	11.93	-51.82
Ururu	3979	Mar	403	11,164	22.30	0.92	4.13	0.68	18.62	4.61
Adish	7093	Dec	527	1,129	14.77	2.67	18.06	0.00	-7.54	-54.29
Average of 12 security and BPO-related companies					54.56	4.27	17.05	1.31	-1.52	6.22

Note: For Accenture, share price and market capitalization are in US dollars. PER and ROE are based on consensus rather than company forecasts.

Source: SPEEDA Data. Compiled by Strategy Advisors.

# CHANGE Holdings | 3962 (TSE Prime)

Figure 6. Income Statement (¥mn)

FY	FY9/20	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	CoE
<b>Total revenue</b>	<b>10,542</b>	<b>15,653</b>	<b>10,140</b>	<b>20,021</b>	<b>37,015</b>	<b>46,387</b>	<b>55,000</b>	
(YoY)	75.9%	48.5%	-35.2%	97.4%	84.9%	25.3%	18.6%	
NEW-IT Transformation	2,231	2,816	1,366	4,956	11,453	20,797	28,283	
Investment Business	198	187	-216	162	127	-	-	
Publitech	8,116	12,654	8,990	14,943	25,516	26,160	27,315	
Adjustment	-4	-5	-	-40	-82	-570	-598	
<b>Gross profit</b>	<b>7,950</b>	<b>11,588</b>	<b>7,974</b>	<b>12,522</b>	<b>23,041</b>	<b>25,888</b>		-
Gross profit margin	75.4%	74.0%	78.6%	62.5%	62.2%	55.8%		-
Selling, general and administrative expenses	3,757	5,543	3,327	7,168	12,256	13,360		-
<b>Operating profit</b>	<b>4,203</b>	<b>5,985</b>	<b>4,582</b>	<b>5,730</b>	<b>7,383</b>	<b>13,420</b>	<b>14,000</b>	
(YoY)	309.3%	42.4%	-23.4%	25.1%	28.8%	81.8%	4.3%	
Operating profit margin	39.9%	38.2%	45.2%	28.6%	19.9%	28.9%	25.5%	
NEW-IT Transformation	608	927	392	1,195	92	5,985	6,317	
Investment Business	177	166	-226	130	126	-	-	
Publitech	4,555	6,666	5,471	7,378	11,036	13,045	13,960	
Adjustment	-1,138	-1,776	-1,055	-2,973	-3,871	-5,611	-6,277	
Financial income	0	0	2	0	55	20		-
Financial cost	42	73	19	77	188	789		-
<b>Profit before tax</b>	<b>4,160</b>	<b>5,911</b>	<b>4,564</b>	<b>5,653</b>	<b>7,250</b>	<b>12,650</b>	<b>13,223</b>	
(YoY)	334.7%	42.1%	-22.8%	23.9%	28.3%	74.5%	4.5%	
Profit before tax margin	39.5%	37.8%	45.0%	28.2%	19.6%	27.3%	24.0%	
Income tax expense	1,389	1,798	1,408	1,743	2,874	4,701		-
Effective tax rate	33.4%	30.4%	30.9%	30.8%	39.6%	37.2%		-
<b>Profit</b>	<b>2,771</b>	<b>4,113</b>	<b>3,156</b>	<b>3,910</b>	<b>4,375</b>	<b>7,949</b>	<b>8,359</b>	
Non-controlling interests	722	9	63	54	113	480	455	
<b>Profit attributable to owners of parent</b>	<b>2,049</b>	<b>4,104</b>	<b>3,093</b>	<b>3,856</b>	<b>4,262</b>	<b>7,470</b>	<b>7,904</b>	
(YoY)	330.5%	100.3%	-24.6%	24.7%	10.5%	75.3%	5.8%	

Source: Company Data. Compiled by Strategy Advisors.

# CHANGE Holdings | 3962 (TSE Prime)

Figure 7. Key Financial Indicators

		FY9/20	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26 CoE
<b>EPS</b>	(Y)	<b>32.5</b>	<b>58.8</b>	<b>42.8</b>	<b>53.3</b>	<b>58.9</b>	<b>107.5</b>	<b>113.6</b>
<b>BPS</b>	(Y)	<b>126.1</b>	<b>419.0</b>	<b>0.0</b>	<b>499.9</b>	<b>541.9</b>	<b>558.6</b>	
<b>DPS</b>	(Y)	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>	<b>10.0</b>	<b>18.7</b>	<b>20.9</b>	<b>23.0</b>
Dividend Payout Ratio	(%)	0.0	0.0	10.5	18.8	31.7	19.4	20.2
<b>Last Price</b>	(Y)	<b>4,190</b>	<b>2,336</b>	<b>1,987</b>	<b>2,345</b>	<b>1,253</b>	<b>1,252</b>	
<b>PER</b>	(Times)	<b>128.8</b>	<b>39.7</b>	<b>46.4</b>	<b>44.0</b>	<b>21.3</b>	<b>11.6</b>	
<b>PBR</b>	(Times)	<b>33.2</b>	<b>5.6</b>	-	<b>4.7</b>	<b>2.3</b>	<b>2.2</b>	
Shares Outstanding at Fiscal Year-End	(Thousand Shares)	31,553	72,680	72,960	72,968	72,979	73,852	
Treasury Shares	(Thousand Shares)	0	623	623	623	623	4,273	
Shares Outstanding ex Treasury Shares	(Thousand Shares)	31,553	72,056	72,336	72,344	72,355	69,579	
<b>Market Capitalization (Adjusted for Treasury Shares)</b>	(Ymn)	<b>264,411</b>	<b>168,324</b>	<b>143,732</b>	<b>169,647</b>	<b>90,661</b>	<b>87,113</b>	
Equity Ratio	(%)	46.6	77.3	78.4	68.9	44.3	39.4	
Interest-Bearing Debt	(Ymn)	2,712	1,777	1,680	3,413	24,018	34,468	
D/E Ratio	(Times)	0.34	0.06	0.05	0.09	0.61	0.84	
Enterprise Value (EV)	(Ymn)	260,398	142,749	115,645	151,227	84,358	99,815	
EBITDA	(Ymn)	4,776	6,728	4,862	6,702	11,435	15,131	16,554
EV/EBITDA Multiple	(Times)	54.5	21.2	23.8	22.6	7.4	6.6	
<b>ROE</b>	(%)	<b>0.0</b>	<b>21.4</b>	<b>9.7</b>	<b>11.0</b>	<b>11.2</b>	<b>18.7</b>	<b>17.8</b>
ROIC - Invested Capital Basis	(%)	0.0	18.1	8.9	10.0	8.1	11.3	
ROIC - Operating Assets Basis	(%)	0.0	47.0	33.0	26.8	17.1	21.8	
<b>Number of Employees</b>	(People)	<b>220</b>	<b>305</b>	<b>328</b>	<b>475</b>	<b>1,069</b>	<b>1,448</b>	

Note: A 2-for-1 stock split was implemented on September 1, 2020, and an additional 2-for-1 stock split was implemented on January 1, 2021.

Source: Company Data. Compiled by Strategy Advisors.

# CHANGE Holdings | 3962 (TSE Prime)

Figure 8. Balance Sheet (¥mn)

	FY9/20	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25
Cash and cash equivalents	7,599	27,690	30,407	22,968	38,403	30,185
Trade and other receivables	2,921	3,226	3,430	10,331	13,699	17,760
Other current assets	786	2,040	1,824	3,400	3,989	1,878
<b>Total current assets</b>	<b>11,306</b>	<b>32,956</b>	<b>35,661</b>	<b>36,699</b>	<b>56,091</b>	<b>49,823</b>
Tangible fixed assets	189	183	423	2,170	1,080	1,152
Entitled assets	85	220	246	378	1,070	1,647
Goodwill	3,759	4,409	4,409	9,042	17,834	28,307
Intangible assets	1,499	1,288	1,432	2,219	9,735	9,472
Investments in certain entities, which are accounted for on the equity method	-	-	-	775	731	4,926
Other financial assets	218	160	208	785	5,229	7,460
Deferred tax assets	35	167	344	757	2,019	2,102
Other non-current assets	2	3	5	118	39	-28
<b>Total non-current assets</b>	<b>5,787</b>	<b>6,430</b>	<b>7,067</b>	<b>16,244</b>	<b>37,737</b>	<b>55,038</b>
<b>Total assets</b>	<b>17,093</b>	<b>39,386</b>	<b>42,728</b>	<b>52,943</b>	<b>93,828</b>	<b>104,861</b>
Trade and other payables	2,494	2,942	2,976	5,511	7,929	12,140
Short-term borrowings	356	277	277	1,261	3,652	5,838
Lease liabilities	66	128	126	242	633	882
Other current liabilities	2,238	2,198	2,494	2,637	8,684	4,551
<b>Total current liabilities</b>	<b>5,154</b>	<b>5,545</b>	<b>5,873</b>	<b>9,651</b>	<b>20,898</b>	<b>23,411</b>
Bonds and borrowings	2,286	1,290	1,162	1,786	19,286	26,883
Lease liabilities	3	82	115	124	447	865
Deferred tax liabilities	46	17	16	65	2,401	3,100
Other non-current liabilities	197	57	56	1,985	872	990
<b>Total non-current liabilities</b>	<b>2,532</b>	<b>1,446</b>	<b>1,349</b>	<b>3,960</b>	<b>23,006</b>	<b>31,838</b>
<b>Total liabilities</b>	<b>7,687</b>	<b>6,992</b>	<b>7,222</b>	<b>13,611</b>	<b>43,905</b>	<b>55,250</b>
Common stock	2,397	1,000	1,002	1,004	1,006	1,042
Capital surplus	1,892	23,086	23,016	22,480	22,048	22,081
Retained earnings	3,669	7,774	10,867	14,398	17,937	24,054
Own stock	0	-1,405	-1,405	-1,405	-1,405	-5,882
Other components of equity	0	-	-	-	-102	-104
Equity attributable to parent owners (total)	7,959	30,455	33,480	36,477	39,483	41,191
Non-controlling interests	1,447	1,939	2,026	2,854	10,439	8,419
<b>Total shareholders' equity</b>	<b>9,406</b>	<b>32,394</b>	<b>35,506</b>	<b>39,331</b>	<b>49,923</b>	<b>49,611</b>
<b>Total liabilities and equity</b>	<b>17,093</b>	<b>39,386</b>	<b>42,728</b>	<b>52,943</b>	<b>93,828</b>	<b>104,861</b>

Source: Company Data. Compiled by Strategy Advisors..

# CHANGE Holdings | 3962 (TSE Prime)

Figure 9. Cash Flow Statement (¥mn)

	FY9/20	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25
Profit before income taxes	4,160	5,911	4,564	5,653	7,250	12,650
Depreciation and amortization	572	743	280	972	1,823	2,482
Gain from loss of control of subsidiaries	-	-	-	-	-	-1,569
Share of loss of investments accounted for using equity method	-	-	-	0	-42	-191
Impairment losses	-	-	-	22	2,229	798
Increase (decrease) in inventory	-3	-29	-48	19	87	54
Increase (decrease) in trade and other receivables	-1,410	-251	-203	-6,206	-2,246	-4,016
Increase (decrease) in investment securities held as part of operations	-401	-1,029	214	-332	-127	-
Increase (decrease) in trade and other payables	1,663	419	33	2,393	2,087	3,587
Income taxes paid	-259	-2,210	-1,120	-3,578	-1,778	-5,111
Other	312	250	22	-86	2,786	-847
<b>Cash flows from operating activities</b>	<b>4,634</b>	<b>3,804</b>	<b>3,742</b>	<b>-1,143</b>	<b>12,070</b>	<b>7,836</b>
Purchases of property, plant, and equipment	-26	-142	-236	-2,244	-1,096	-184
Purchase of intangible assets	-254	-443	-487	-943	-1,127	-827
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-36	-660	-	-3,194	-9,337	-12,661
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-315	-	1,405
Purchase of investments accounted for using equity method	-	-	-	-774	-69	-100
Purchases of investment securities	-	-	-	-	-2,496	-988
Proceeds from sale of investment securities	-	-	-	-	280	-
Other	48	56	-60	-410	101	-724
<b>Cash flows from investing activities</b>	<b>-269</b>	<b>-1,189</b>	<b>-784</b>	<b>-7,882</b>	<b>-13,745</b>	<b>-14,081</b>
Net increase (decrease) in short-term borrowings	-	-	-	50	-50	-150
Proceeds from issuance of bonds and long-term borrowings	-	300	10	2,200	22,444	12,101
Repayments of long-term borrowings	-392	-1,501	-147	-487	-2,552	-3,997
Repayments of lease liabilities	-201	-144	-59	-224	-522	-801
Proceeds from issuance of shares	45	16,415	4	3	5	70
Purchase of treasury shares	0	-1,407	-	-	-	-4,485
Dividend payment	-	-	-	-324	-722	-1,351
Other	-1	3,813	-49	390	-776	-63
<b>Cash flows from financing activities</b>	<b>-549</b>	<b>17,476</b>	<b>-241</b>	<b>1,608</b>	<b>17,827</b>	<b>1,324</b>
Net increase in cash and cash equivalents	3,815	20,090	2,717	-7,416	16,152	-4,919
Cash and cash equivalents at beginning of period	3,784	7,599	27,690	30,407	22,968	38,403
Decrease in cash and cash equivalents due to exclusion of consolidated entities	0	0	0	0	-	-4,068
Cash and cash equivalents at end of period	7,599	27,690	30,407	22,968	38,403	30,185
<b>Free cash flows</b>	<b>4,365</b>	<b>2,615</b>	<b>2,958</b>	<b>-9,025</b>	<b>-1,675</b>	<b>-6,245</b>

Source: Company Data. Compiled by Strategy Advisors.

# CHANGE Holdings | 3962 (TSE Prime)

Figure 10. Quarterly Performance Trends (¥mn)

	FY3/24				FY3/25				FY3/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total revenue</b>	<b>5,118</b>	<b>9,538</b>	<b>14,141</b>	<b>8,216</b>	<b>8,139</b>	<b>8,372</b>	<b>18,425</b>	<b>11,449</b>	<b>9,908</b>	<b>12,358</b>		
(YoY)	85.3%	200.4%	47.6%	82.5%	59.0%	-12.2%	30.3%	39.4%	21.7%	47.6%		
<b>NEW-IT Transformation</b>	<b>1,750</b>	<b>1,216</b>	<b>4,243</b>	<b>4,242</b>	<b>4,692</b>	<b>4,391</b>	<b>4,555</b>	<b>7,157</b>	<b>6,087</b>	<b>5,804</b>		
(YoY)	69.6%	33.0%	148.4%	226.1%	168.1%	261.1%	7.4%	68.7%	29.7%	32.2%		
<b>Publitech</b>	<b>3,243</b>	<b>8,328</b>	<b>9,906</b>	<b>4,037</b>	<b>3,537</b>	<b>4,175</b>	<b>13,991</b>	<b>4,456</b>	<b>3,955</b>	<b>6,751</b>		
(YoY)	-72.6%	-259.6%	-26.3%	39.0%	9.1%	-49.9%	41.2%	10.4%	11.8%	61.7%		
Gross profit	2,715	7,237	9,720	3,368	3,251	3,917	13,521	5,197	4,526	6,499		
Gross profit margin	53.0%	75.9%	68.7%	41.0%	39.9%	46.8%	73.4%	45.4%	45.7%	52.6%		
Selling, general and administrative expenses	2,067	3,651	3,867	2,670	2,497	2,560	4,369	3,932	4,013	4,640		
Gain on loss of control of subsidiary	-	-	-	-	1,569	-	-	-	-	-		
Other income	59	20	19	16	21	89	26	66	125	13		
Other expenses	0	0	6	8	4	16	13	1,038	12	13		
Share of profit of investments accounted for using equity method	9	6	3	22	4	37	66	82	-19	33		
<b>Operating profit</b>	<b>717</b>	<b>3,612</b>	<b>5,870</b>	<b>729</b>	<b>2,345</b>	<b>1,467</b>	<b>9,231</b>	<b>375</b>	<b>606</b>	<b>1,893</b>		
(YoY)	- 2555.9%	15.8%	-	227.1%	-59.4%	57.3%	-	-74.2%	29.0%			
Operating profit margin	14.0%	37.9%	41.5%	8.9%	28.8%	17.5%	50.1%	3.3%	6.1%	15.3%		
<b>NEW-IT Transformation</b>	<b>494</b>	<b>217</b>	<b>696</b>	<b>-1,315</b>	<b>2,478</b>	<b>698</b>	<b>843</b>	<b>1,965</b>	<b>833</b>	<b>770</b>		
(YoY)	41.1%	-8.8%	78.0%	-	401.6%	221.7%	21.1%	-	-66.4%	10.3%		
<b>Publitech</b>	<b>895</b>	<b>4,296</b>	<b>6,244</b>	<b>-400</b>	<b>1,053</b>	<b>2,086</b>	<b>9,819</b>	<b>86</b>	<b>1,180</b>	<b>2,615</b>		
(YoY)	-103.9%	-614.8%	-15.1%	-	17.7%	-51.4%	57.3%	-	12.1%	25.4%		
Finance income/expense	419	48	-6	-133	-169	-190	-174	-237	212	33		
Profit before tax	1,136	3,241	5,816	-2,943	2,177	1,275	9,058	138	818	1,926		
Income tax expense	374	1,013	1,878	-391	723	485	2,818	673	402	737		
<b>Profit</b>	<b>762</b>	<b>2,227</b>	<b>3,937</b>	<b>-2,551</b>	<b>1,454</b>	<b>790</b>	<b>6,239</b>	<b>-535</b>	<b>416</b>	<b>1,188</b>		
Non-controlling interests	-93	-49	117	137	67	101	107	203	-6	49		
<b>Profit attributable to owners of parent</b>	<b>855</b>	<b>2,276</b>	<b>3,820</b>	<b>-2,688</b>	<b>1,386</b>	<b>689</b>	<b>6,132</b>	<b>-738</b>	<b>422</b>	<b>1,139</b>		

Source: Company Data. Compiled by Strategy Advisors.

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