

Company Report

September 30, 2026

Strategy Advisors Inc.
Kenichi Ito



Expecting Accelerated Growth at Two Strategic Subsidiaries

CHANGE Holdings disclosed its Q1 FY3/27 financial results (April–June) on August 13, with revenue of JPY 10.88bn (+9.9% YoY) and operating profit of JPY 0.49bn (-19.0% YoY). Although operating profit dropped sharply, excluding the impact of JPY 0.27bn in shareholder benefit program costs, profit was up 26.0% YoY, representing a start roughly in line with plan.

The NEW-IT Transformation Business reported revenue of JPY 6.21bn (+2.1% YoY) and operating profit of JPY 0.41bn (+44.6% YoY), achieving a significant profit increase. The main driver was modest revenue growth in each of the relatively high-profitability businesses, such as DX tools, M&A brokerage, and Cybersecurity. Meanwhile, strategic subsidiaries E-Guardian and fundbook achieved year-over-year revenue growth, it appears that their revenue fell slightly short of budget targets; attention will now focus on whether they can make up the shortfall from Q2 onward.

The Publitech Business performed solidly, with revenue of JPY 4.73bn (+19.8% YoY) and operating profit of JPY 0.92bn (+15.9% YoY). While the overall hometown tax donation market for January–June is estimated to have contracted by 15–20% YoY due to the impact of the ban on reward points, the Company's GMV for Furusato Choice in Q1 declined by only 7.3% YoY, suggesting a possible relative expansion in market share.

PER continues to trade around 10x, reflecting a stock price that has yet to fully demonstrate a departure from an earnings structure reliant on the hometown tax donation business. The Company aims to raise the share of operating profit from NEW-IT Transformation Business to 25% by FY3/30, making whether it can leverage its municipal network to grow M&A brokerage, security, and BPO services will be the most crucial point for a stock price re-rating.

Stock Price and Trading Volumes (Past Year)



Source: Strategy Advisors.

Key Indicators

Stock Price (09/29/26)	989
52-Week High (10/27/25)	1,187
52-Week Low (07/01/26)	893
Historical High (09/25/20)	6,185
Historical Low (09/28/16)	193
Number of Shares Issued (mn)	69.6
Market Capitalization (¥bn)	68.8
EV (¥bn)	80.1
Equity Ratio (FY6/26 Actual, %)	45.6
ROE (FY3/26 Actual, %)	15.8
PER (FY3/27 CoE, Times)	9.8
PBR (FY3/26 Actual, Times)	1.5
Dividend Yield (FY3/27 CoE, %)	2.6

Source: Strategy Advisors.

CHANGE Holdings | 3962 (TSE Prime)

Regarding the Company's full-year FY3/27 targets (revenue of JPY 57.82bn–59.00bn, operating profit of JPY 11.5bn–12.5bn), it could reach the upper bound of the target range comes into view depending on progress in Q3 (October–December), when donations are expected to concentrate even more heavily than in typical years. To achieve the Medium-term Business Plan, we will focus on three key points: 1) maintaining growth in the hometown tax donation business, 2) accelerating growth at strategic subsidiaries fundbook and E-Guardian, and 3) expanding new growth drivers such as central government ministry consulting.

IFRS-Consolidated	Sales	YoY Change	Operating Profit	YoY Change	Profit Before Tax	YoY Change	Profit Attributable to Owners of Parent	YoY Change	EPS	DPS
Fiscal Year-End	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥)	(¥)
FY03/26 Q1	9,908	21.7	606	-74.1	818	-62.4	422	-69.5	6.1	-
FY03/27 Q1	10,887	9.9	491	-19.0	402	-50.9	98	-76.7	1.4	-
FY03/24	37,015	84.9	7,383	28.8	7,250	28.3	4,262	10.5	58.9	18.7
FY03/25	46,387	25.3	13,420	81.8	12,650	74.5	7,470	75.3	106.6	20.9
FY03/26	52,827	13.9	11,225	-16.4	11,020	-12.9	6,937	-7.1	99.7	23.0
FY03/27 CoE	57,823 to 59,000	9.5 to 11.7	11,500 to 12,500	2.4 to 11.4	10,773 to 11,773	-2.2 to 6.8	6,690 to 7,311	-3.6 to 5.4	99.3 to 108.5	26.0

Source: Company Data. Compiled by Strategy Advisors.

1. Q1 Results Within Expectations, Showing Slight Signs of Improvement

Q1 Operating Profit Up 26% Excluding Shareholder Benefit Costs, Off to a Start Roughly in Line with Plan

CHANGE Holdings disclosed its Q1 FY3/27 financial results (April–June) on August 13, with revenue of JPY 10.88bn (+9.9% YoY) and operating profit of JPY 0.49bn (-19.0% YoY). Although operating profit dropped sharply, excluding the impact of JPY 0.27bn in shareholder benefit program costs, profit was up 26.0% YoY, representing a start roughly in line with plan.

By segment, the hometown tax donation business within Publitech drove growth. Due to the impact of the ban on reward points, cases of donations being made at the end of the year appear to be increasing, resulting in soft performance across companies during January–June. The Company's GMV for Furusato Choice in Q1 also fell 7.3% YoY. However, an increased take rate resulting from a decline in OEM—which was heavily impacted by the reward points ban—along with a YoY decrease in marketing costs, contributed to profit growth on a basis excluding shareholder benefit program costs.

Signs of Improvement across Group Companies; Consulting for Ministries Expanding Steadily

Another key point in these financial results is likely that slight signs of improvement were confirmed across group companies. BPO at E-Guardian (6050, TSE Prime) returned to revenue growth YoY, showing signs of emerging from a declining revenue trend. In M&A brokerage as well, the number of new advisory agreements—a leading indicator—reached 163 in Q1 (vs. 138 in Q1 of the previous year and 147 in Q4 of the previous year), establishing an upward trend. Furthermore, in Cybersecurity, IdealRoute Consulting (hereinafter, IDR) grew 13.5% YoY and EG Secure Solutions (hereinafter, EGSS) grew 28.7% YoY, driving growth. Strategy Advisors views accelerating growth at the two strategic subsidiaries (fundbook and E-Guardian) as essential for the Company's stock price to turn upward, and confirming signs of this was positive. In addition, consulting for central government ministries saw revenue growth of JPY 0.51bn, with the order backlog at the end of Q1 maintaining a high level at JPY 1.8bn. Against the backdrop of rapidly expanding IT investment in the Ministry of Defense and security domain, as well as an increasing number of SI companies winning large orders driven by the Government Cloud migration, the contents offer encouraging prospects for the future.

Figure 1. Quarterly Segment Income Statement

		FY3/26Q1	FY3/27Q1	FY3/27		vs. Forecast		YoY
		Actual	Actual	Min.	Max	Min.	Max	
Total revenue	¥mn	9,908	10,887	57,823	59,000	18.8%	18.5%	+9.9%
NEW-IT Transformation	¥mn	6,086	6,214	25,792	25,792	24.1%	24.1%	+2.1%
Publitech	¥mn	3,955	4,738	32,783	33,959	14.5%	14.0%	+19.8%
EBITDA	¥mn	1,288	1,200	14,118	15,118	8.5%	7.9%	-6.8%
EBITDA margin	%	13.0%	11.0%	24.4%	25.6%	-	-	-2.0%
Operating profit	¥mn	606	491	11,500	12,500	4.3%	3.9%	-19.0%
NEW-IT Transformation	¥mn	287	415	1,977	1,977	21.0%	21.0%	+44.6%
Publitech	¥mn	799	927	12,474	13,474	7.4%	6.9%	+15.9%
Operating profit margin	%	6.1%	4.5%	19.9%	21.2%	-	-	-1.6%
NEW-IT Transformation	%	4.7%	6.7%	7.7%	7.7%	-	-	+2.0%
Investment Business	%	20.2%	19.6%	38.1%	39.7%	-	-	-0.6%
Profit attributable to owners of parent	¥mn	422	98	6,690	7,311	1.5%	1.3%	-76.7%
Profit margin	%	4.3%	0.9%	11.6%	12.4%	-	-	-3.4%
EPS	¥	6.07	1.41	99.33	108.55	1.4%	1.3%	-76.8%

Note: EBITDA is calculated as operating profit plus depreciation and impairment losses.

Source: Company Data. Compiled by Strategy Advisors.

2. NEW-IT Transformation Business Gives Impression of Struggling Slightly

NEW-IT Business Sees Operating Profit Up 44.6% Driven by Revenue Growth in High-Profitability Businesses

The NEW-IT Transformation Business reported revenue of JPY 6.21bn (+2.1% YoY) and operating profit of JPY 0.41bn (+44.6% YoY), achieving a significant profit increase. The main driver was modest revenue growth in each of the relatively high-profitability businesses, such as DX tools, M&A brokerage, and Cybersecurity. Meanwhile, although strategic subsidiaries E-Guardian and fundbook achieved revenue growth, it appears that their revenue fell slightly short of budget targets attention will now focus on whether they can make up the shortfall from Q2.

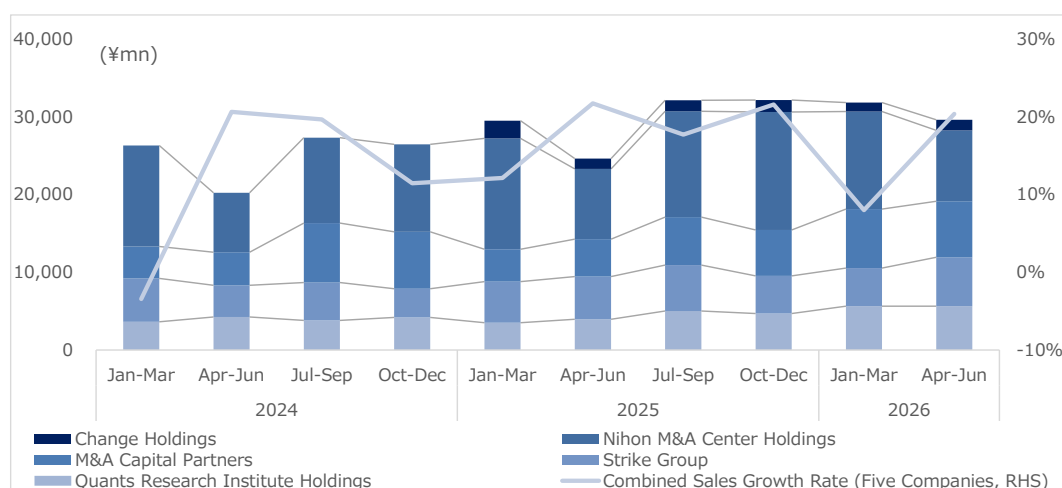
fundbook New Engagements Expand, but Growth Relative to Competitors Remains a Challenge

At fundbook, the number of M&A advisory agreements signed with companies seeking a sale (new advisory agreements) came to 163, representing a significant increase from 147 in the preceding quarter. In addition, the frontline sales headcount increased by 13 persons compared to the end of the same period of the previous fiscal year to 155 persons, indicating ongoing scale expansion. Furthermore, there was one deal closing via financial institution alliances—an area of focus since the previous fiscal year—demonstrating that business acquisition through new channels led to tangible results.

Regarding deal sourcing through major financial institution alliances, the initial KPI was based on the number of referrals. However, the focus is reportedly shifting to quality, with an emphasis on securing introductions to deals with high probability of closing. In the current quarter, the Company changed its disclosed metric from "number of referrals" to the more emphasized "number of advisory agreements executed."

In addition, total revenue for the five M&A brokerage companies during April–June rose 20.3% YoY. With M&A Capital Partners (6080, TSE Prime) and Quant Research (9552, TSE Prime) performing extremely well with YoY growth of 40–50%, fundbook's relatively unsatisfactory growth rate (+2.4% YoY) can be cited as a major challenge. In particular, it lags behind the two leading companies in terms of hiring and closing high-unit-price large deals, making whether it can catch up with competitors in both quality and quantity a key point for the future.

Figure 2. Combined Revenue and Revenue Growth Rate of 5 M&A Brokerage Companies



Note: Revenue for M&A Capital Partners and Quants Research Holdings is based on IFRS from the October–December 2025 period onward due to a change in accounting standards, and on Japanese GAAP for earlier periods. Figures for Change Holdings represent revenue from the M&A brokerage business.

Source: Company Data. Compiled by Strategy Advisors.

E-Guardian's BPO Business Returns to Revenue Growth; Profitability Bottoms in Q1 Toward Renewed Growth

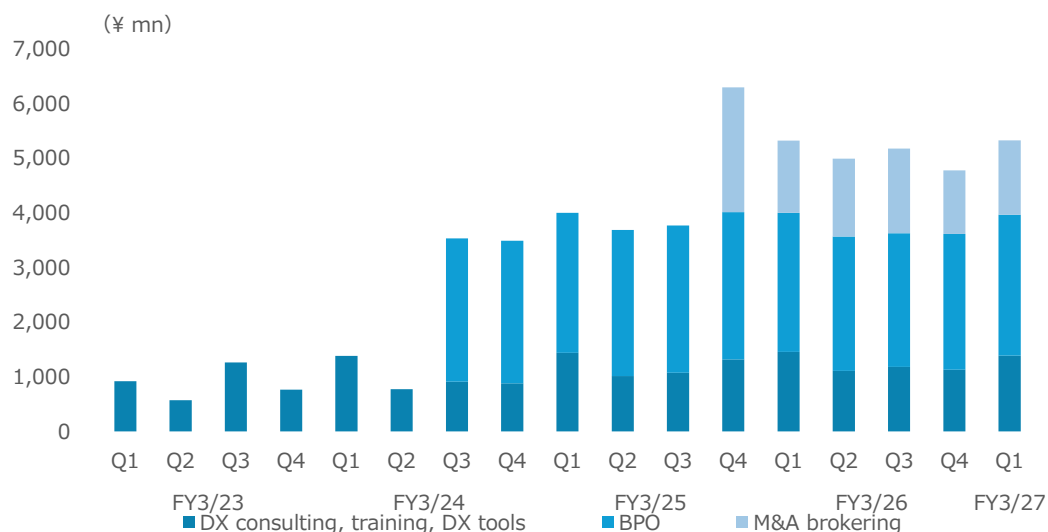
Revenue for the BPO business provided by E-Guardian came to JPY 2.57bn (+1.4% YoY) in Q1 (April–June), returning to growth. The main driver was solid performance in Social Support, where business conditions had been deteriorating, with revenue reaching JPY 1.88bn (+7.0% YoY). In addition to the downsizing of projects from large clients reaching a bottom, confirming a recovery among key clients in the e-commerce and flea market business can be viewed positively.

In addition, Game Support was flat QoQ due to large projects in the previous fiscal year as well as a reduction in customer support for console games, but a sense of bottoming out was confirmed. A specialized team was established for this domain starting this fiscal year to drive sales activities, and performance is expected to turn toward recovery from the next fiscal year onward. On the other hand, Ad Process recorded revenue of JPY 0.27bn (–13.6% YoY), continuing to see revenue decline. With the rise of AI-powered ad screening tools and other technologies, unit price declines appear to be becoming pronounced.

E-Guardian's gross profit margin in Q1 came to 28.2%. It declined from 30.0% in Q4 of the previous fiscal year, mainly due to temporary overlap in labor costs resulting from center consolidation under structural reforms, as well as human resource investments in the AI field. The gross profit margin is expected to bottom in Q1 and head toward improvement from Q2 onward. Furthermore, the AI-BPO model on which the company focuses is structured so that profitability improves over time as AI accuracy increases and human-intervened portions shrink. Consequently, profitability is projected to improve fundamentally from the next fiscal year onward.

In addition, results from the renewal and strengthening of the sales structure (deploying sales personnel by function x domain) and enhanced marketing (lead generation and nurturing) are materializing, with large-scale order wins also appearing to have been secured. Since the acquisition of E-Guardian, business performance has been soft due to the rise of generative AI, but a return to a growth trajectory is expected.

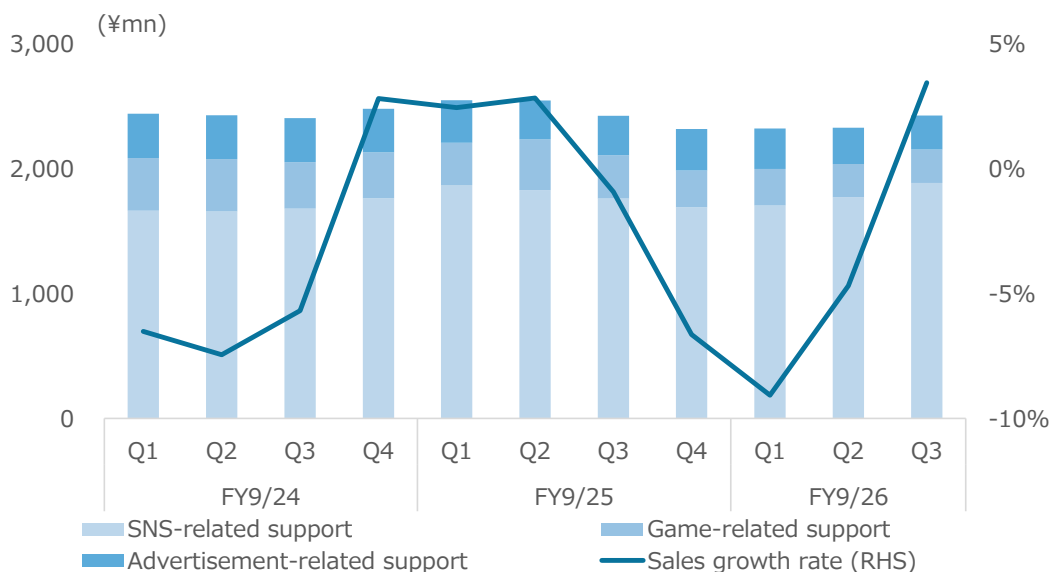
Figure 3. Sales Trends in Private-Sector DX, M&A Brokering Domain



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

Source: Company Data. Compiled by Strategy Advisors.

Figure 4. Sales Trends of E-Guardian by Business Category



Note: Excludes the Cybersecurity and Other Business categories

Source: Company Data. Compiled by Strategy Advisors.

Cybersecurity Domain Revenue Up 16.5%, Breakthrough Growth Expected from New AI Services, Etc.

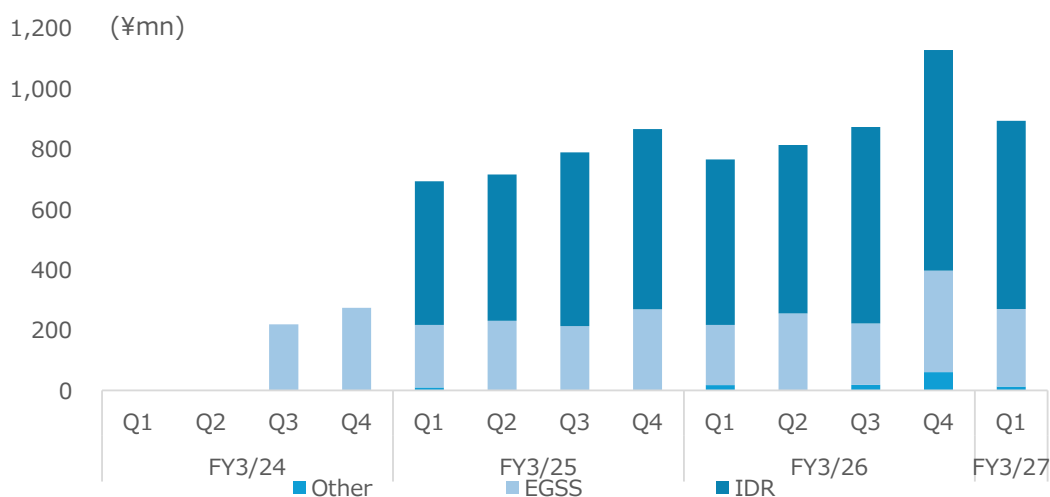
Revenue in the Cybersecurity domain in Q1 came to JPY 0.89bn (+16.5% YoY), performing solidly. The main driver was that, in addition to progress in multi-year bundle licensing contracts and upselling at IDR, projects addressing risk governance—such as cyber risk regulatory compliance—increased.

Meanwhile, BayCurrent (6532, TSE Prime), the largest IT consulting firm, announced in May that it would establish a security support structure of around 200 personnel by utilizing security certification courses for engineers provided by Global Security Experts (4417, TSE Growth). As demand for security expands more than ever with the rise of generative AI, considering competitor trends, Strategy Advisors views the business environment as also providing a tailwind for IDR.

Revenue for E-Guardian's cybersecurity business (EGSS) was strong at JPY 0.25bn (+28.7% YoY), mainly driven by strong sales of Web Application Firewalls (WAF). The ARR (Annual Recurring Revenue) for "Kogeki Shadan-kun"—a WAF provided by Cyber Security Cloud (4493, TSE Growth), Japan's largest domestic WAF manufacturer—also performed solidly at +6% YoY as of the end of June 2026, indicating an ongoing expansion trend for the industry as a whole.

In addition, CyLeague Holdings, an intermediate holding company for cybersecurity, will offer "Cyber Attack Response Navi"—an AI-assisted service co-developed with SMBC CyberFront—starting in October. Centered on IDR, services are expected to be provided on both fronts—offense and defense—through the promotion of AI utilization and the strengthening of security-focused governance. Expanded sales leveraging the SMBC Group's network are also anticipated, and the service is expected to make a leap in the future to become a core service of the Company's cybersecurity business.

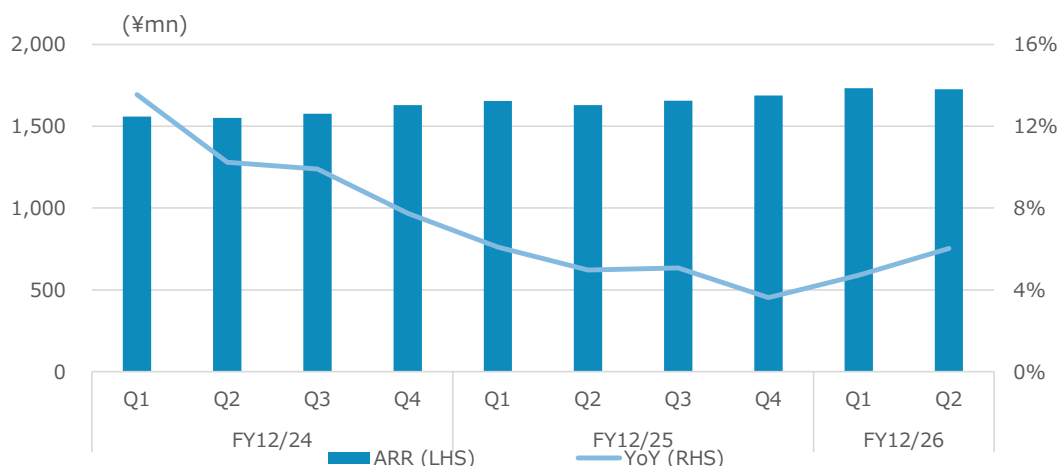
Figure 5. Sales Trends in Cybersecurity Domain



Note: EG Secure Solutions has been consolidated since 3Q FY3/24 and IDR has been consolidated since 1Q FY3/25.

Source: Company Data. Compiled by Strategy Advisors.

Figure 6. Revenue Trend of the WAF Service (Shadan-Kun) Provided by Cyber Security Cloud



Source: Company Data. Compiled by Strategy Advisors.

3. Hometown Tax Donation Business Relatively Solid Following Ban on Reward Points

Publitech Business Sees Higher Revenue and Profit; Market Share Expansion Expected in Hometown Tax Donation

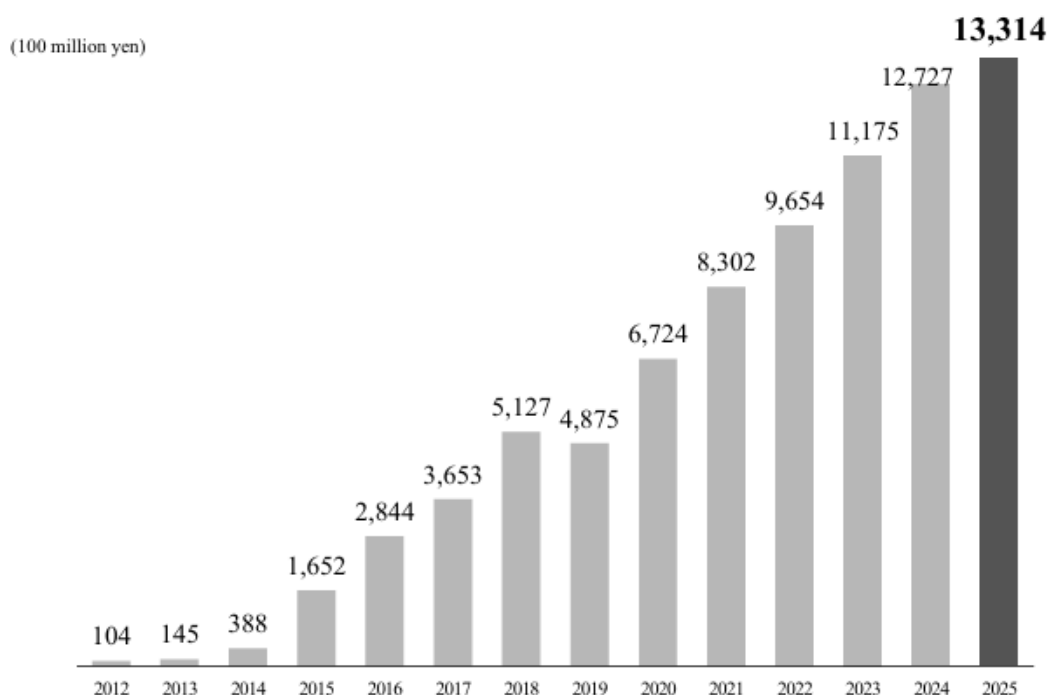
Publitech Business Q1 FY3/27 financial results were solid, with revenue of JPY 4.73bn (+19.8% YoY) and operating profit of JPY 0.92bn (+15.9% YoY). In addition to the consolidation impact of Onwords and Field X and a JPY0.51bn revenue boost from central government ministry consulting, profit increased by JPY 0.25bn, driven by an improved product mix of the hometown tax donation business.

In the hometown tax donation business, due to the impact of the ban on reward points, users no longer wait for opportunities such as point-up campaigns, and payments this year are expected to concentrate in December, the payment deadline, even more than in typical years. According to the Company's estimates, the hometown tax donation market for January–June appears to have contracted by 15–20% YoY, and considering that GMV for Furusato Choice in Q1 declined by only 7.3% YoY, it suggests a possible relative expansion in market share.

Direct competitor i-mobile (6535, TSE Prime), in its earnings targets for FY7/27 announced on September 10, projected consumer business (hometown tax donation business) revenue to decrease 2.8% YoY. Initial fiscal year plans from competitors also suggest that companies struggled during January–June, but Furusato Choice is viewed as having performed relatively solidly. On the other hand, with payments expected to be even more heavily weighted toward December than usual and performance across companies remaining soft, caution is warranted regarding the possibility of a short-term marketing war unfolding, such as companies deploying larger-than-initially-expected budgets for marketing investments in December.

The size of the hometown tax donation market itself continues to expand. Furthermore, as factors such as the number of return gifts and portal site usability become key variables following the ban on reward points, Strategy Advisors views the market as having the potential to shift toward greater oligopoly among top players than before. The Company, as a long-established hometown tax donation portal operator, is expected to see a continuous rise in market share.

Figure 7. Hometown Tax Market Size



Source: Company Material.

**Consulting for Ministries
Generates JPY 0.51bn
Revenue Increase;
Expansion in Public DX
Expected**

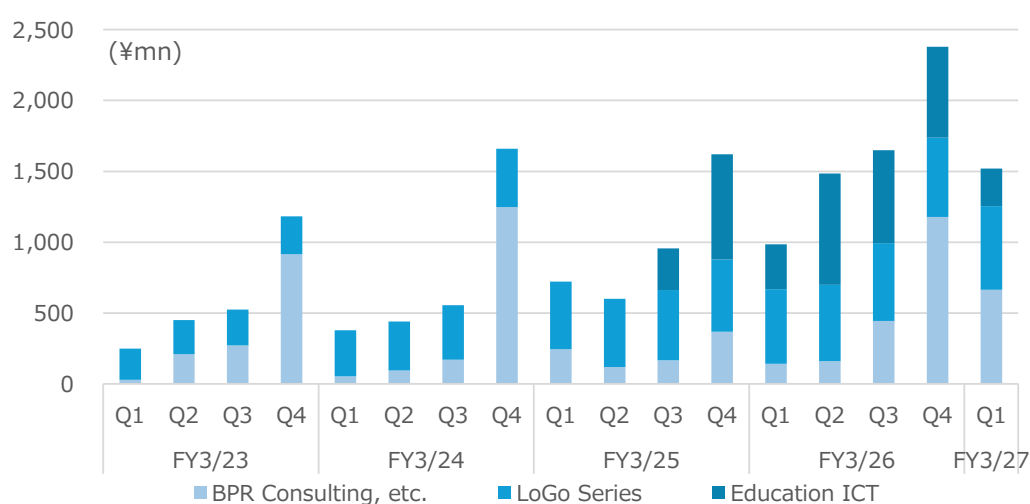
In the Public DX domain, in addition to the LoGo series (SaaS services for local governments) continuing to perform solidly, BPR/consulting, etc., secured a YoY revenue increase of JPY 0.51bn in consulting for central government ministries. Furthermore, regarding projects for central government ministries, system integration companies are also making progress in winning large orders, and projects are expected to continue materializing going forward. Considering that the Company's founding business was a consulting business established by Accenture (US) alumni, it can be said to have ample potential to expand business in this domain.

Educational ICT was off to a start with a 16.5% YoY revenue decline due to the rebound decline following the GIGA School Concept, but delivery of already-booked large-scale projects is expected to ramp up from Q2 onward, meaning there is no particular need for concern.

In addition, the Company was awarded a bear-deterrent drone demonstration project by Akita Prefecture. Services are expected to be provided by leveraging the Group's combined strengths (CHANGE Holdings x regional subsidiary Toko Computer Service x portfolio company Aeronext). This can be cited as a prime example illustrating the model of regional creation the Company seeks to embody. As a project where demonstrating results in Akita Prefecture creates expectations for rollout to other prefectures, developments warrant attention going forward.

Strategy Advisors views one factor behind the Company's sluggish valuation as its inability to fully demonstrate its envisioned model case for regional creation. Taking the aforementioned bear countermeasures as an example, attention will be focused on whether the Company can continue to actively develop services unique to itself going forward and expand its business to realize the grand cause of regional creation.

Figure 8. Revenue Trend of the Public-Sector DX Business



Source: Company Material.

4. Share Price Remains in Wait-and-See Mode, but Re-rating Expected with Accelerated Growth at Strategic Subsidiaries and Q3 Progress

Share Price Remains in Wait-and-See Mode, but Re-rating Expected with Accelerated Growth at Two Major Strategic Subsidiaries

Following the earnings announcement, the stock price has remained largely flat, continuing a wait-and-see stance. As we have previously pointed out, the inability to fully demonstrate accelerated growth at fundbook and E-Guardian is reflected in the stock price trend. Meanwhile, PER continues to trade around 10x, representing an evaluation roughly on par with i-mobile, a competitor in the hometown tax donation business.

The average PBR in M&A brokerage and the security/BPO domains stands at around 4.0x. If the Company can demonstrate accelerated growth at fundbook and E-Guardian, valuation expansion beyond earnings growth can be expected. The Company aims to raise the NEW-IT Transformation Business's share of operating profit to 25% by FY3/30 (vs. 9% in FY3/26). Whether the Company can depart from an earnings structure reliant on the hometown tax donation business is the single most crucial point in forecasting the stock price.

The Company's equity story is to leverage its municipal network cultivated in the hometown tax donation business to grow M&A brokerage, security, and BPO, evolving into a corporate entity capable of comprehensively solving local government issues. We intend to closely watch whether the signs of improvement seen in Q1 financial results will continue and whether the Company can fundamentally return to a growth trajectory from the next fiscal year onward.

Q3 Financial Results Are Short-term Focus

In the short term, the stock price could fluctuate significantly depending on trends in Q3 results. As mentioned above, hometown tax donations this fiscal year are expected to concentrate in December. If the Company can maintain a high market share during this period, it would substantiate that oligopoly is progressing further amid headwinds from regulatory changes, transforming into a favorable business environment for established companies with first-mover advantages like the Company.

Reaching Upper Bound of Guidance in View Depending on Q3 Progress; Accelerated Growth Key to Achieving Medium-term Business Plan

The FY3/27 earnings forecast (revenue of JPY 57.82bn–59.00bn, operating profit of JPY 11.5bn–12.5bn) is disclosed as a range, assuming profit growth of +2.4% (lower limit) to +11.4% (upper limit). Taking into account that progress in the hometown tax donation business is slower than in typical years, the Company set a somewhat conservative lower limit. Reaching the upper bound of the guidance comes into view depending on progress in Q3, suggesting that the stock price could perform somewhat firmly from H2 onward.

On the other hand, a concern is that progress at fundbook and E-Guardian has fallen slightly short of budget since Q1. In particular, since fundbook has a high marginal profit ratio business model centered on commission fees, revenue shortfalls have a major impact on profits. Given that competitors are performing solidly, it is essential for the Company to present a fundamental growth strategy for accelerating growth and develop a differentiated business model unique to itself by leveraging group synergies.

Toward achieving the Medium-term Business Plan, Strategy Advisors focuses on: 1) maintaining growth in the hometown tax donation business through market share recovery under healthy competition and new initiatives (strengthening Government Cloudfunding, municipal-led marketing services, and corporate hometown tax donation), 2) accelerating growth at strategic subsidiaries fundbook and E-Guardian, and 3) expanding new growth drivers such as central government ministry consulting. Toward the grand cause of regional creation, we focus on whether the Company can continuously create new growth pillars unique to itself, such as bear countermeasures, while promoting the provision of cross-group value-add alongside accelerating the growth of each subsidiary.

CHANGE Holdings | 3962 (TSE Prime)

Figure 9. Valuation List

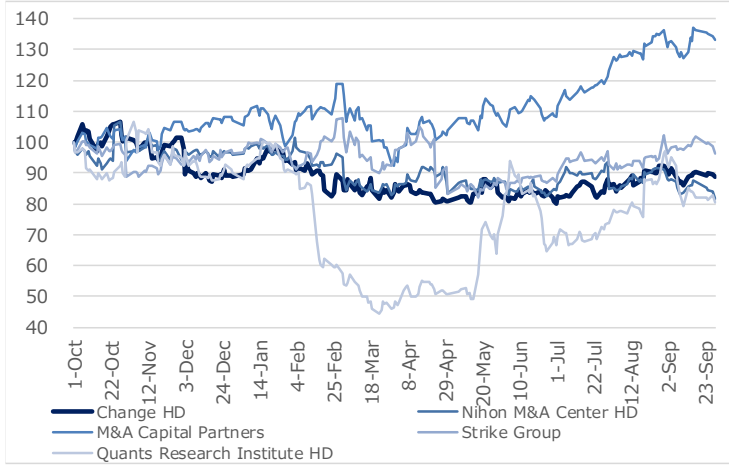
Company name	Ticker	Fiscal year	Stock price 29-Sep (Y)	Market cap (Y mn)	PER CoE (Times)	PBR Actual (Times)	ROE CoE (%)	Dividend yield CoE (%)	1-Yr return (%)	3-Yr return (%)
CHANGE Holdings	3962	Mar	989	68,813	9.83	1.47	14.78	2.63	-12.09	-43.84
M&A Brokerage										
Nihon M&A Center Holdings	2127	Mar	615	207,148	14.67	3.89	26.50	4.72	-16.98	-14.55
M&A Capital Partners	6080	Sep	4,200	133,486	18.45	3.08	16.70	1.63	33.33	56.72
Strike Group	6196	Sep	1,374	79,155	13.89	1.23	8.85	4.73	-5.46	22.86
Quants Research Institute HD	9552	Sep	1,015	51,456	16.11	10.75	66.70	0.00	-21.74	-70.49
Average of 5 M&A brokerage companies					14.59	4.08	26.71	2.74	-4.59	-9.86
Hometown tax donation portal site										
i-Mobile	6535	Jul	497	28,899	8.93	1.72	19.31	5.43	-22.83	12.87
Average of two hometown tax donation portal sites					9.38	1.60	17.05	4.03	-17.46	-15.48
Consulting										
Accenture	ACN	Aug	174	106,766	12.57	-	-	-	-29.36	-43.19
Dream Incubator	4310	Mar	2,546	24,274	-	1.92	-	5.38	-1.58	-4.11
SIGMAXYZ HD	6088	Mar	578	49,708	10.57	3.31	31.27	4.50	-36.69	-26.51
BayCurrent	6532	Feb	7,596	1,141,126	23.46	9.86	42.01	1.71	-10.11	51.98
Rise Consulting Group	9168	Feb	429	10,723	15.77	1.44	9.14	4.90	-56.88	-54.70
Tanabe Consulting Group	9644	Mar	712	24,208	19.79	2.17	10.94	4.07	1.28	26.35
Funai Soken Holdings	9757	Feb	1,173	117,300	16.28	4.27	26.23	4.09	-9.21	-10.11
Training Companies										
Link and Motivation	2170	Dec	660	73,218	20.61	5.39	26.14	2.48	24.06	52.07
Insource	6200	Sep	661	56,346	12.62	4.45	35.23	4.46	-29.83	-36.14
Alue	7043	Dec	946	2,421	9.76	1.70	17.47	1.16	6.29	-10.59
Shikigaku	7049	Feb	772	7,055	-	2.35	-	0.00	-8.96	23.92
Average of 12 consulting and training companies					15.13	3.48	23.69	3.22	-13.59	-6.24
Security										
Eltes	3967	Feb	572	3,558	35.09	1.90	5.43	0.00	-16.98	-38.36
Amiya	4258	Dec	5,580	49,274	54.84	16.79	30.62	0.00	50.00	378.15
Global Security Expert	4417	Mar	5,460	83,590	41.13	18.67	45.40	0.90	65.71	146.50
Cybersecurity Cloud	4493	Dec	1,927	20,023	22.83	4.48	19.62	0.31	10.87	-15.48
Trend Micro	4704	Dec	6,530	920,087	23.32	6.69	28.70	-	-20.21	15.21
E-Guardian	6050	Sep	1,705	20,347	19.08	1.64	8.60	2.23	-14.88	-36.12
BPO										
GiGWorks	2375	Oct	204	4,514	81.27	1.50	1.84	0.98	-17.07	-45.74
Pole to Win HD	3657	Jan	358	13,660	18.07	1.50	8.32	4.47	0.56	-32.07
Digital Hearts	3676	Mar	1,049	25,061	12.64	2.43	19.21	2.38	2.74	4.59
Uluru	3979	Mar	465	12,881	16.50	3.48	21.10	0.92	2.88	-7.60
Adish	7093	Dec	605	1,309	21.21	2.37	11.18	0.00	-3.82	-50.08
Average of 12 security and BPO-related companies					29.65	5.24	17.90	1.35	3.98	22.93

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

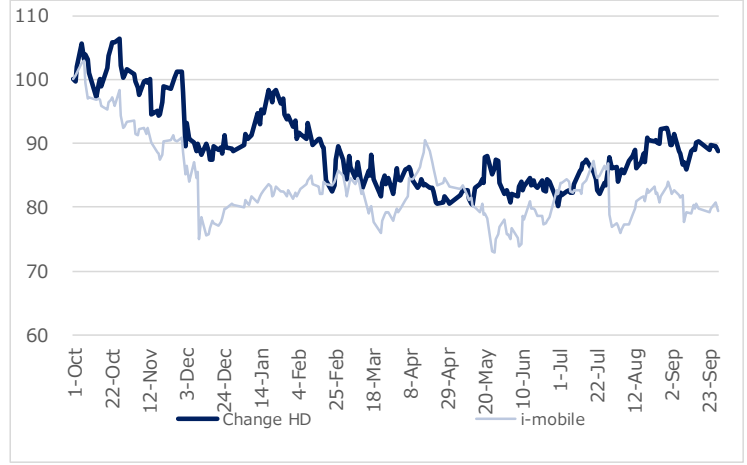
Source: Strategy Advisors.

Figure 10. Relative Share Price Performance by Subcategory

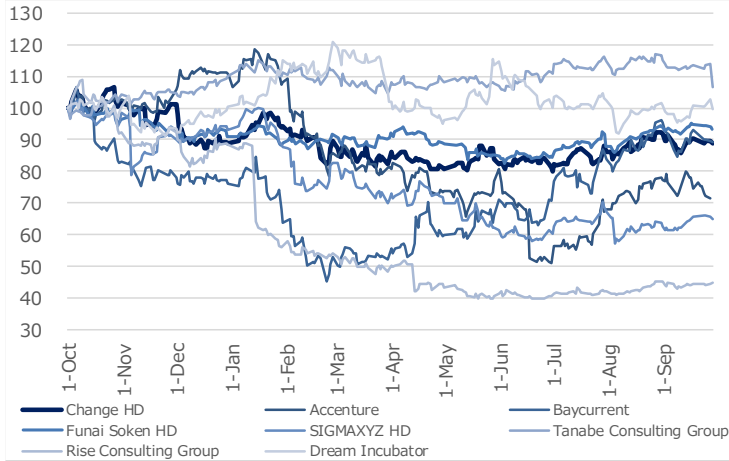
M&A Brokerage



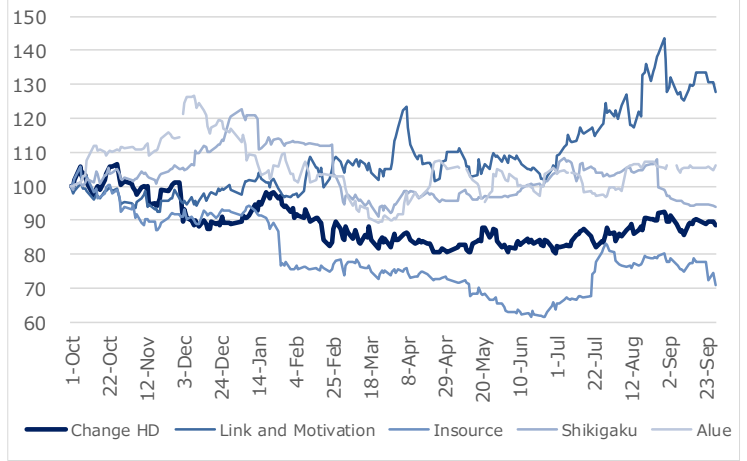
Hometown tax donation portal site



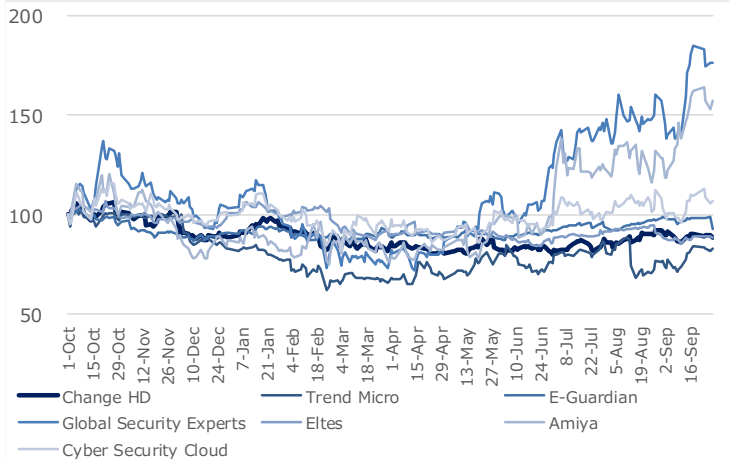
Consulting



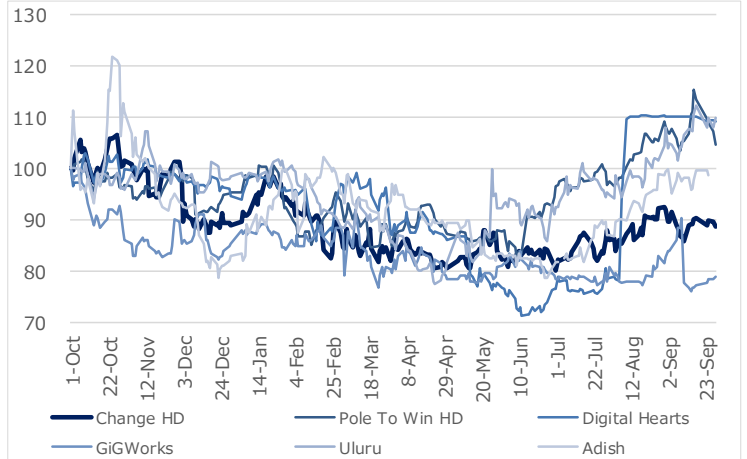
Training Companies



Security



BPO



Source: Strategy Advisors.

CHANGE Holdings | 3962 (TSE Prime)

Figure 11. Income Statement (¥mn)

FY	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27 CoE	FY3/30 Target
Total revenue	10,140	20,021	37,015	46,387	52,827	57,823 to 59,000	70,000
(YoY)	-35.2%	97.4%	84.9%	25.3%	13.9%	9.5 to 11.7%	7.3%
NEW-IT Transformation	1,366	4,956	11,453	20,797	23,841	25,792	31,166
Investment Business	-216	162	127	-	-	-	-
Publitech	8,990	14,943	25,516	26,160	29,591	32,783 to 33,959	39,767
Adjustment	-	-40	-82	-570	-605		
Gross profit	7,974	12,522	23,041	25,888	28,832		
Gross profit margin	78.6%	62.5%	62.2%	55.8%	54.6%		
Selling, general and administrative expenses	3,327	7,168	12,256	13,360	17,766		
Operating profit	4,582	5,730	10,928	13,420	11,225	11,500 to 12,500	18,000
(YoY)	-23.4%	25.1%	90.7%	22.8%	-16.4%	2.4 to 11.4%	12.5%
Operating profit margin	45.2%	28.6%	29.5%	28.9%	21.2%		
NEW-IT Transformation	392	1,195	92	5,985	3,257	1,977	5,391
Investment Business	-226	130	126	-	-	-	-
Publitech	5,471	7,378	11,036	13,045	14,156	12,474 to 13,474	16,005
Adjustment	-1,055	-2,973	-3,871	-5,611	-6,187		
Financial income	2	0	55	20	356		
Financial cost	19	77	188	789	561		
Profit before tax	4,564	5,653	7,250	12,650	11,020	10,773 to 11,773	
(YoY)	-22.8%	23.9%	28.3%	74.5%	-12.9%	-2.2% to 6.8%	
Profit before tax margin	45.0%	28.2%	19.6%	27.3%	20.9%		
Income tax expense	1,408	1,743	2,874	4,701	3,840		
Effective tax rate	30.9%	30.8%	39.6%	37.2%	34.8%		
Profit	3,156	3,910	4,375	7,949	7,180		
Non-controlling interests	63	54	113	480	243		
Profit attributable to owners of parent	3,093	3,856	4,262	7,470	6,937	6,690 to 7,311	11,000
(YoY)	-24.6%	24.7%	10.5%	75.3%	-7.1%	-3.6% to 5.4%	12.2%

Source: Company Data. Compiled by Strategy Advisors.

CHANGE Holdings | 3962 (TSE Prime)

Figure 12. Key Financial Indicators

		FY9/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27 CoE
EPS	(Y)	58.8	42.8	53.3	58.9	106.6	99.7	99.33 to 108.55
BPS	(Y)	422.7	462.8	504.2	545.7	592.0	672.0	
DPS	(Y)	0.0	4.5	10.0	18.7	20.9	23.0	26.0
Dividend Payout Ratio	(%)	0.0	-	18.8	31.7	19.3	23.1	26.2 to 24.0
Last Price	(Y)	2,336	1,987	2,345	1,253	1,252	930	
PER	(Times)	39.7	-	44.0	21.3	11.7	9.3	
PBR	(Times)	5.5	-	4.7	2.3	2.1	1.4	
Shares Outstanding at Fiscal Year-End	(Thousand Shares)	72,680	72,960	72,968	72,979	73,852	73,852	
Treasury Shares	(Thousand Shares)	623	623	623	623	4,273	4,273	
Shares Outstanding ex Treasury Shares	(Thousand Shares)	72,056	72,336	72,344	72,355	69,579	69,579	
Market Capitalization (Adjusted for Treasury Shares)	(Ymn)	168,324	143,732	169,647	90,661	87,113	64,708	
Equity Ratio	(%)	77.3	78.4	68.9	42.1	39.3	44.3	
Interest-Bearing Debt	(Ymn)	1,777	1,680	3,413	24,018	34,468	29,119	
D/E Ratio	(Times)	0.06	0.05	0.09	0.61	0.84	0.62	
Enterprise Value (EV)	(Ymn)	142,749	115,645	151,227	84,358	99,815	75,671	
EBITDA	(Ymn)	6,728	4,862	6,702	11,435	15,131	13,928	14,118 to 15,118
EV/EBITDA Multiple	(Times)	21.2	23.8	22.6	7.4	6.6	5.4	
ROE	(%)	21.4	9.7	11.0	11.2	18.5	15.8	13.9 to 15.0
ROIC - Invested Capital Basis	(%)	18.1	8.9	10.0	8.1	11.3	8.8	
ROIC - Operating Assets Basis	(%)	47.0	33.0	26.8	17.1	20.6	14.6	
Number of Employees	(People)	305	328	475	1,069	1,448	1,439	

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 13. Balance Sheet (¥mn)

	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Cash and cash equivalents	27,690	30,407	22,968	38,403	30,185	26,181
Trade and other receivables	3,226	3,430	10,331	13,699	17,760	21,363
Other current assets	2,040	1,824	3,400	3,989	1,878	1,795
Total current assets	32,956	35,661	36,699	56,091	49,823	49,339
Tangible fixed assets	183	423	2,170	1,080	1,152	1,371
Entitled assets	220	246	378	1,070	1,647	1,295
Goodwill	4,409	4,409	9,042	17,834	28,307	29,267
Intangible assets	1,288	1,432	2,219	9,735	9,472	8,799
Investments in certain entities, which are accounted for on the equity method	-	-	775	731	4,926	5,118
Other financial assets	160	208	785	5,229	7,460	8,355
Deferred tax assets	167	344	757	2,019	1,987	2,018
Other non-current assets	-	2	116	35	84	39
Total non-current assets	6,430	7,067	16,244	37,737	55,038	56,265
Total assets	39,386	42,728	52,943	93,828	104,861	105,605
Trade and other payables	2,942	2,976	5,511	7,929	12,140	12,493
Short-term borrowings	277	277	1,261	3,652	5,838	5,989
Lease liabilities	128	126	242	633	882	832
Other current liabilities	2,198	2,494	2,637	8,684	4,551	5,414
Total current liabilities	5,545	5,873	9,651	20,898	23,411	24,728
Bonds and borrowings	1,290	1,162	1,786	19,286	26,883	21,782
Lease liabilities	82	115	124	447	865	516
Deferred tax liabilities	17	16	65	2,401	3,100	3,287
Other non-current liabilities	57	56	1,985	872	990	510
Total non-current liabilities	1,446	1,349	3,960	23,006	31,838	26,095
Total liabilities	6,992	7,222	13,611	43,905	55,250	50,824
Common stock	1,000	1,002	1,004	1,006	1,042	1,042
Capital surplus	23,086	23,016	22,480	22,048	22,081	21,906
Retained earnings	7,774	10,867	14,398	17,937	24,054	29,538
Own stock	-1,405	-1,405	-1,405	-1,405	-5,882	-5,882
Other components of equity	-	-	-	-102	-104	151
Equity attributable to parent owners (total)	30,455	33,480	36,477	39,483	41,191	46,755
Non-controlling interests	1,939	2,026	2,854	10,439	8,419	8,025
Total shareholders' equity	32,394	35,506	39,331	49,923	49,611	54,781
Total liabilities and equity	39,386	42,728	52,943	93,828	104,861	105,605

Source: Company Data. Compiled by Strategy Advisors.

Figure 14. Cash Flow Statement (¥mn)

	FY9/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Profit before income taxes	5,911	4,564	5,653	7,250	12,650	11,020
Depreciation and amortization	743	280	972	1,823	2,482	2,647
Gain from loss of control of subsidiaries	0	0	0	-	-1,569	-
Share of loss of investments accounted for using equity method	-	-	0	-42	-191	-192
Impairment losses	-	-	22	2,229	798	55
Increase (decrease) in inventory	-29	-48	19	87	54	-77
Increase (decrease) in trade and other receivables	-251	-203	-6,206	-2,246	-4,016	-2,204
Increase (decrease) in investment securities held as part of operations	-1,029	214	-332	-127	-	-
Increase (decrease) in trade and other payables	419	33	2,393	2,087	3,587	69
Income taxes paid	-2,210	-1,120	-3,578	-1,778	-5,111	-3,803
Other	250	22	-86	2,786	-847	-261
Cash flows from operating activities	3,804	3,742	-1,143	12,070	7,836	7,253
Purchases of property, plant, and equipment	-142	-236	-2,244	-1,096	-184	-377
Purchase of intangible assets	-443	-487	-943	-1,127	-827	-527
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-660	-	-3,194	-9,337	-12,661	-981
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	-961
Proceeds from sale of investment securities	-	-	-	280	-	-
Other	56	-60	-410	101	-724	3
Cash flows from investing activities	-1,189	-784	-7,882	-13,745	-14,081	-2,844
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	1,423
Repayments of long-term borrowings	-1,501	-147	-487	-2,552	-3,997	-6,517
Repayments of lease liabilities	-144	-59	-224	-522	-801	-1,063
Proceeds from issuance of shares	16,415	4	3	5	70	-
Purchase of treasury shares	-1,407	-	-	-	-4,485	-
Dividend payment	-	-	-324	-722	-1,351	-1,454
Other	3,813	-49	390	-776	-63	-804
Cash flows from financing activities	17,476	-241	1,608	17,827	1,324	-8,415
Net increase in cash and cash equivalents	20,090	2,717	-7,416	16,152	-4,919	-4,007
Cash and cash equivalents at beginning of period	7,599	27,690	30,407	22,968	38,403	30,185
Decrease in cash and cash equivalents due to exclusion of consolidated entities	0	0	0	-	-4,068	-
Cash and cash equivalents at end of period	27,690	30,407	22,968	38,403	30,185	26,181
Free cash flows	2,615	2,958	-9,025	-1,675	-6,245	4,409

Source: Company Data. Compiled by Strategy Advisors.

CHANGE Holdings | 3962 (TSE Prime)

Figure 15. Quarterly Performance Trends (¥mn)

	FY3/24				FY3/25				FY3/26				FY3/27
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total revenue	5,118	9,538	14,141	8,216	8,139	8,372	18,425	11,449	9,908	12,358	19,260	11,299	10,887
(YoY)	85.3%	200.4%	47.6%	82.5%	59.0%	-12.2%	30.3%	39.4%	21.7%	47.6%	4.5%	-1.3%	9.9%
NEW-IT Transformation	1,750	1,216	4,243	4,242	4,692	4,391	4,555	7,157	6,086	5,804	6,045	5,904	6,214
(YoY)	69.6%	33.0%	148.4%	226.1%	168.1%	261.1%	7.4%	68.7%	29.7%	32.2%	32.7%	-17.5%	2.1%
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	5,170	4,774	5,319
Cybersecurity	-	-	219	274	694	705	790	867	768	814	874	1,129	894
Publitech	3,243	8,328	9,906	4,037	3,537	4,175	13,991	4,456	3,955	6,751	13,356	5,527	4,738
(YoY)	-72.6%	-259.6%	-26.3%	39.0%	9.1%	-49.9%	41.2%	10.4%	11.8%	61.7%	-4.5%	24.0%	19.8%
Regional Creation	2,864	7,886	9,349	2,375	2,814	3,572	13,033	2,833	2,968	5,264	11,706	3,146	3,217
Public-sector DX	379	442	557	1,661	723	602	958	1,622	987	1,486	1,650	2,381	1,521
Gross profit	2,715	7,237	9,720	3,368	3,251	3,917	13,521	5,197	4,526	6,499	13,014	4,791	5,043
Gross profit margin	53.0%	75.9%	68.7%	41.0%	40.0%	46.8%	73.4%	45.4%	45.7%	52.6%	67.6%	42.4%	46.3%
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	4,895	4,217	4,580
Gain on loss of control of subsidiary	-	-	-	-	1,569	-	-	-	-	-	-	-	-
Other income	59	20	19	16	21	89	26	66	125	13	8	1	22
Other expenses	0	0	6	8	4	16	13	1,038	12	13	92	63	4
Share of profit of investments accounted for using equity method	9	6	3	22	4	37	66	82	-19	33	50	127	9
Operating profit	717	3,612	5,870	729	2,345	1,467	9,231	375	606	1,893	8,086	639	491
(YoY)	-	2555.9%	15.8%	-	227.1%	-59.4%	57.3%	-	-74.2%	29.0%	-12.4%	70.4%	-19.0%
Operating profit margin	14.0%	37.9%	41.5%	8.9%	28.8%	17.5%	50.1%	3.3%	6.1%	15.3%	42.0%	5.7%	4.5%
NEW-IT Transformation	494	217	696	-1,315	2,478	698	843	1,965	287	269	373	332	415
(YoY)	41.1%	-8.8%	78.0%	-	401.6%	221.7%	21.1%	-	-88.4%	-61.5%	-55.8%	-83.1%	44.6%
Publitech	895	4,296	6,244	-400	1,053	2,086	9,819	86	799	2,220	8,442	976	927
(YoY)	-103.9%	-614.8%	-15.1%	-	17.7%	-51.4%	57.3%	-	-24.1%	6.4%	-14.0%	1034.9%	16.0%
Finance income/expense	419	48	-6	-133	-169	-190	-174	-237	212	33	-59	-391	-89
Profit before tax	1,136	3,241	5,816	-2,943	2,177	1,275	9,058	138	818	1,926	8,027	247	402
Income tax expense	374	1,013	1,878	-391	723	485	2,818	673	402	737	2,666	33	272
Profit	762	2,227	3,937	-2,551	1,454	790	6,239	-535	416	1,188	5,360	214	130
Non-controlling interests	-93	-49	117	137	67	101	107	203	-6	49	40	160	32
Profit attributable to owners of parent	855	2,276	3,820	-2,688	1,386	689	6,132	-738	422	1,139	5,320	54	98

Source: Company Data. Compiled by Strategy Advisors.

Disclaimer

This report is published by Strategy Advisors Inc. (hereinafter referred to as the "Publisher ") and was prepared primarily by external partner companies and analysts.

The purpose of this report is to introduce and explain the target companies using a different approach than usual. In principle, the issuer does not review or approve the contents of the report (however, the issuer will point out to the author only if there are obvious errors or inappropriate expressions)

The Issuer may have received compensation, directly or indirectly, from the Target Company for planning, proposing and providing the infrastructure for issuing this report.

The external partners and analysts who write this report may receive compensation directly or indirectly from the subject company for activities other than preparing this report. In addition, the external partners and analysts who write this report may have or may in the future have transactions in the securities of the subject company.

This report has been prepared solely for the purpose of providing information to serve as a reference for investment decisions, and is not intended as a solicitation for securities or other transactions. Investors should make final decisions regarding securities and other transactions at their own discretion and responsibility.

In preparing this report, the authors received information through interviews with the target companies, etc. However, the hypotheses and opinions expressed in this report are not those of the target companies but are the result of the authors' analysis and evaluation.

This report is based on information that the author believes to be reliable, but does not guarantee its accuracy, completeness or timeliness. The views and forecasts contained in this report are the judgment of the author at the time of publication of this report and are subject to change without notice.

Neither the issuer nor the authors shall be liable for any direct, indirect, incidental or special damages which an investor may suffer as a result of placing reliance on the information or analysis contained in this report.

In principle, the copyright of this report belongs to the publisher. It is prohibited by law to copy, sell, display, distribute, publish, modify, distribute or use for commercial purposes any information provided in this report without the publisher's consent.



Strategy Advisors

Address: Central Building 703, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061

