[Notes of caution]

This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

Measures to Realize Management with an Awareness of the Cost of Capital and Share Price

CHANGE Holdings, Inc.
Securities code: 3962

June 26, 2026

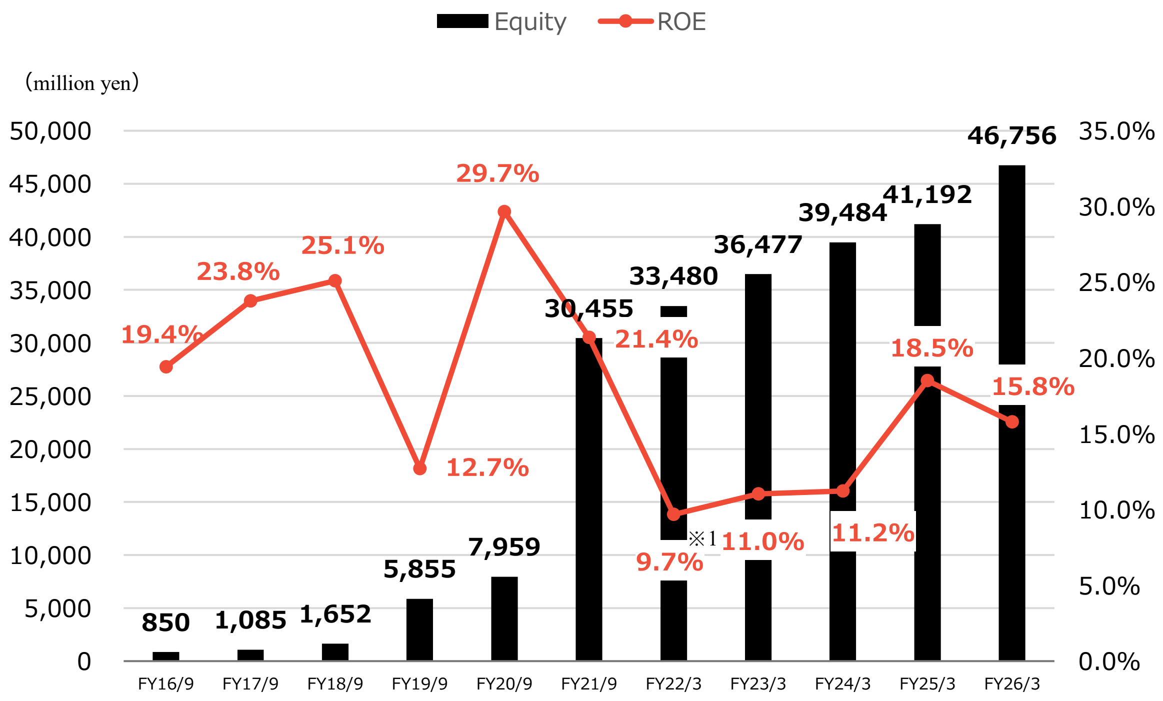
CHANGE
HOLDINGS

Index

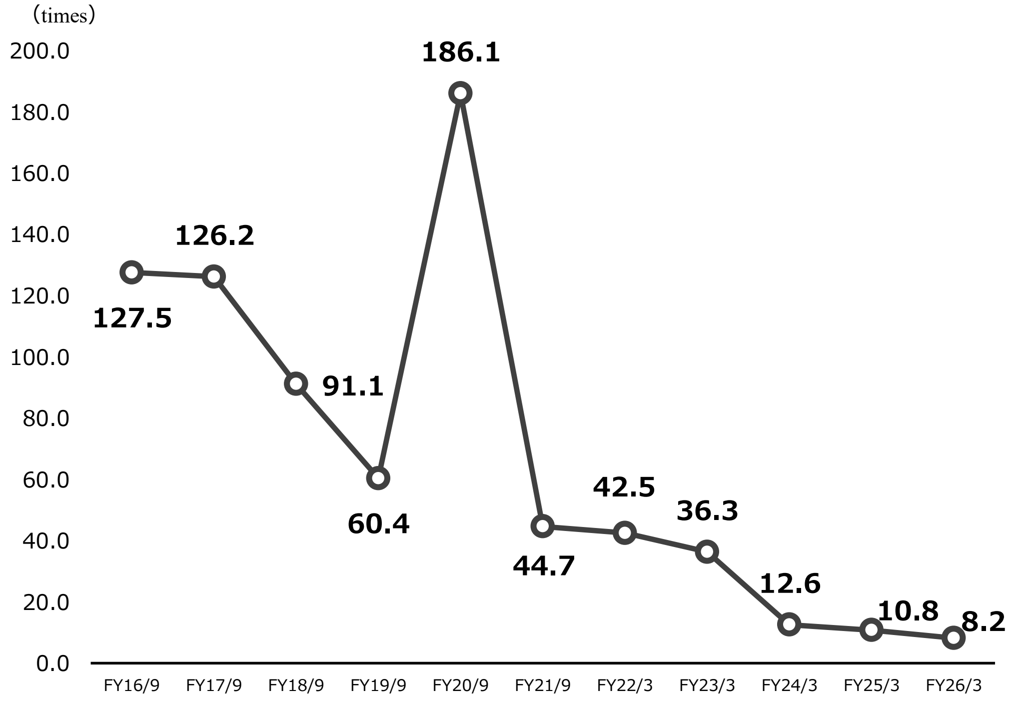
ROE and PER

■ Except for the irregular six-month fiscal period ending March 2022, ROE has consistently remained above 11% since listing, while the PER has shown a declining trend

株主資本とROE



PER



※1：For the six-month fiscal period ended March 2022, net income reflects only half-year performance, resulting in a lower figure.

※3：PER is calculated using the share price as of the fiscal year-end and the Company's earnings forecast disclosed at that time.

PER Analysis

- Based on hearings with institutional investors and interest rate trends, the cost of equity is estimated at approximately 13%. This implies that the expected growth rate embedded in the share price as of end-March 2026 has declined to near zero, suggesting that the market has priced in the earnings deceleration resulting from tightened regulations on the Furusato Nozei (hometown tax donation) program.

Estimation of the cost of equity

$$\text{PER} = \frac{1}{\text{The cost of equity} - \text{expected growth rate}}$$

Estimated to be about 13%

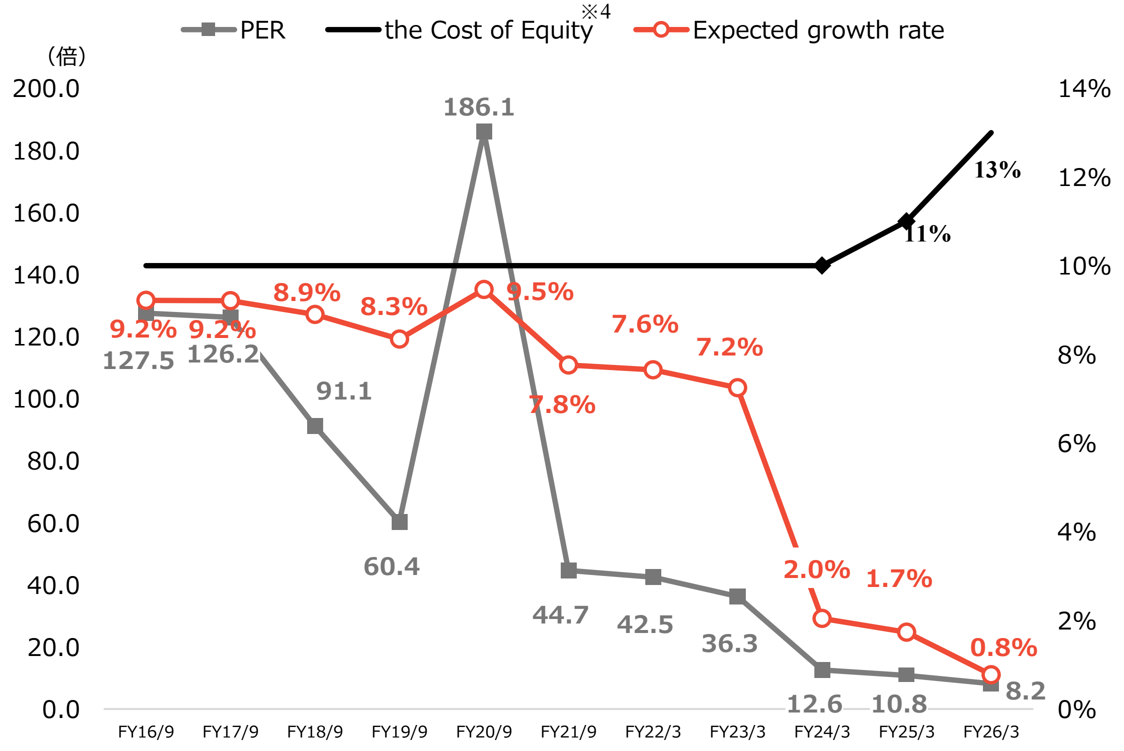
Calculation by CAPM

Risk free Rate		β		Equity Risk Premium		Size Premium※3
2.4～3.6※1	+	1.2※2	×	6～7	+	

The Cost of Equity	12.1～14.5

※1：Calculated using 10-year and 30-year JGB yields (as of the end of March 2026)
※2：Calculation based on industry type beta in the information service industry
※3：Additional risk premium for small firm stocks

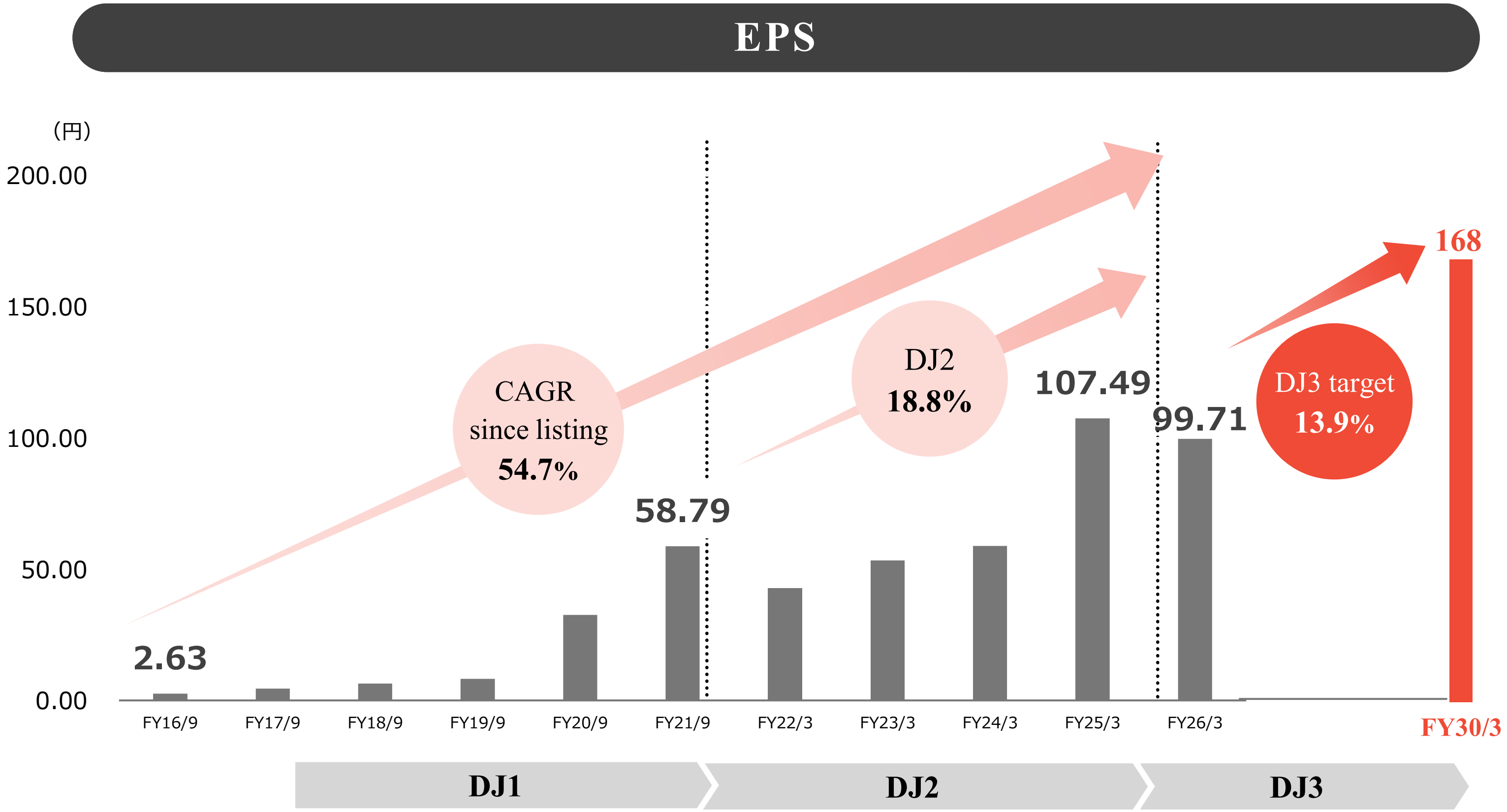
PER and expected growth rate



※4：The cost of equity for FY3/24 and prior periods was calculated at 10%, based on an estimate as of the end of FY3/24. For FY3/25, the estimate derived from the CAPM shown on the left.

Our View on Growth Expectations

■ **With a target EPS of ¥168 for FY30/3 and a projected CAGR of 13.9%, the Company aims to foster investor confidence in its growth potential by demonstrating a proven track record of earnings growth.**



※1：DJ2 refers to the second mid-term management plan. “DJ” stands for “Digitize & Digitalize Japan,” and the same naming convention applies to DJ2 and subsequent plans.

DJ3 Revised Financial Targets

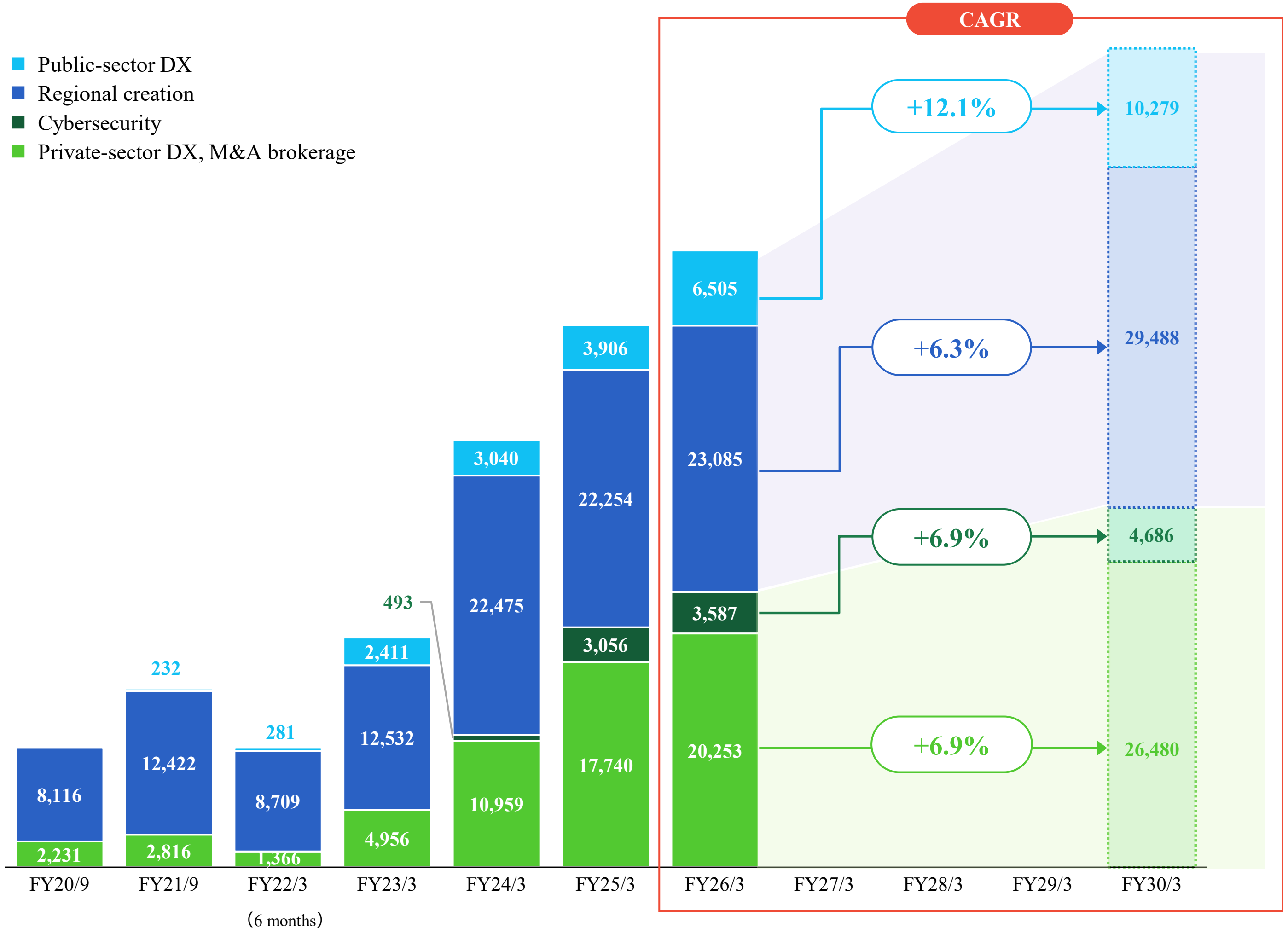
■ **Aiming to improve NEW-IT Transformation segment profitability to ensure that operating profit reaches ¥18 billion**

(million yen)	FY26/3※ Results	FY30/3 Target	4-year CAGR (profit margin = difference)
Revenue	**52,827**	**70,000**	**+7.3%**
■ NEW-IT Transformation	23,841	31,166	+6.9%
■ Publitech	29,591	39,767	+7.7%
Operating profit	**11,225**	**18,000**	**+12.5%**
■ NEW-IT Transformation	1,263	5,391	+43.7%
■ Publitech	12,439	16,005	+6.5%
Operating profit margin	21.2%	25.7%	+4.5%
■ NEW-IT Transformation	5.3%	17.3%	+12.0%
■ Publitech	42.0%	40.2%	-1.8%
Profit attributable to owner of parent	6,937	11,000	+12.2%
EPS	**99.71**	**168**	**+13.9%**
ROE	**15.8%**	**16.5%**	
Dividend per share	**¥23.0**	**¥36.7**	

※Segments compiled using new calculation method

Financial Target Assumptions —Revenue Growth by Domain—

■ Raising Publitech growth targets



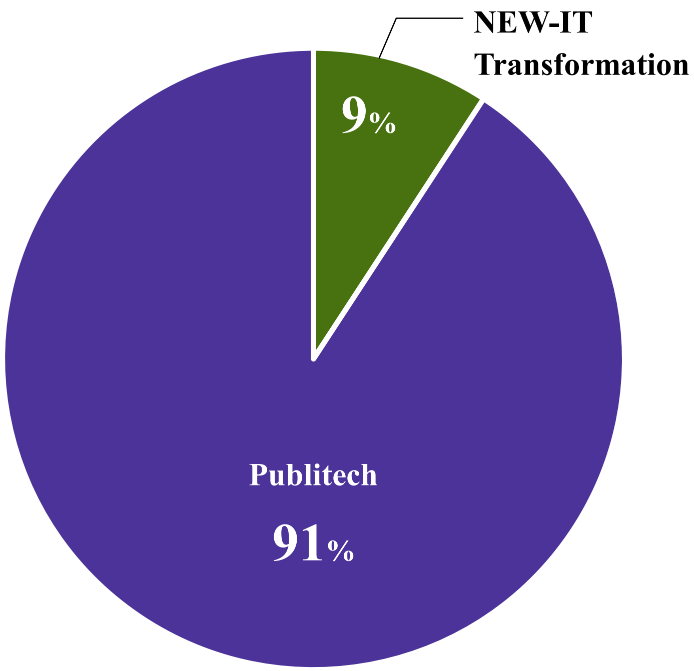
Domain	Business growth outlook
Public-sector DX	✓ Growth led by strong demand in central government consulting ✓ Additional growth from consulting services leveraging IT system BPO and our local government operations data platform (Govmates Pit)
Regional creation	✓ Growth from recovering market share in Hometown tax ✓ Additional growth from new businesses (inbound tourism marketing, carbon credits, etc.)
Cybersecurity	✓ Leverage alliances to strengthen sales channels and solutions ✓ Lower priority of M&As
Private-sector DX, M&A brokerage	✓ Lower fundbook growth targets based on PMI progress ✓ Seek to improve profit margins by completing PPA amortization and strengthening financial management in existing businesses

※1Factbook (Excel format): https://ssl4.eir-parts.net/doc/3962/ir_material_for_fiscal_ym/203291/00.xlsx

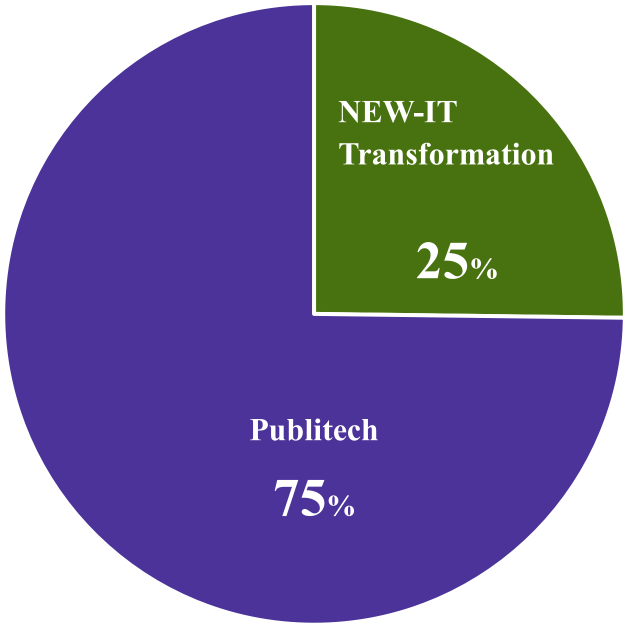
Change in Operating Profit Composition

■ Aim to have NEW-IT Transformation segment account for a quarter of operating profit by improving margins

FY26/3

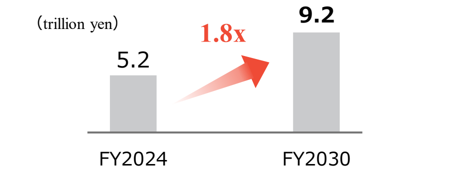
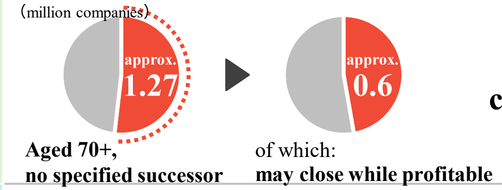
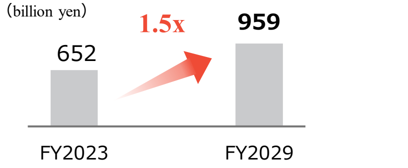
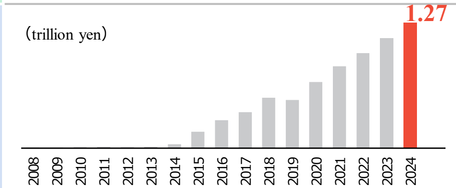
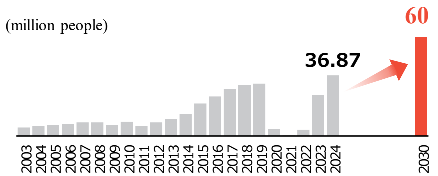


FY30/3



Key Market Outlook

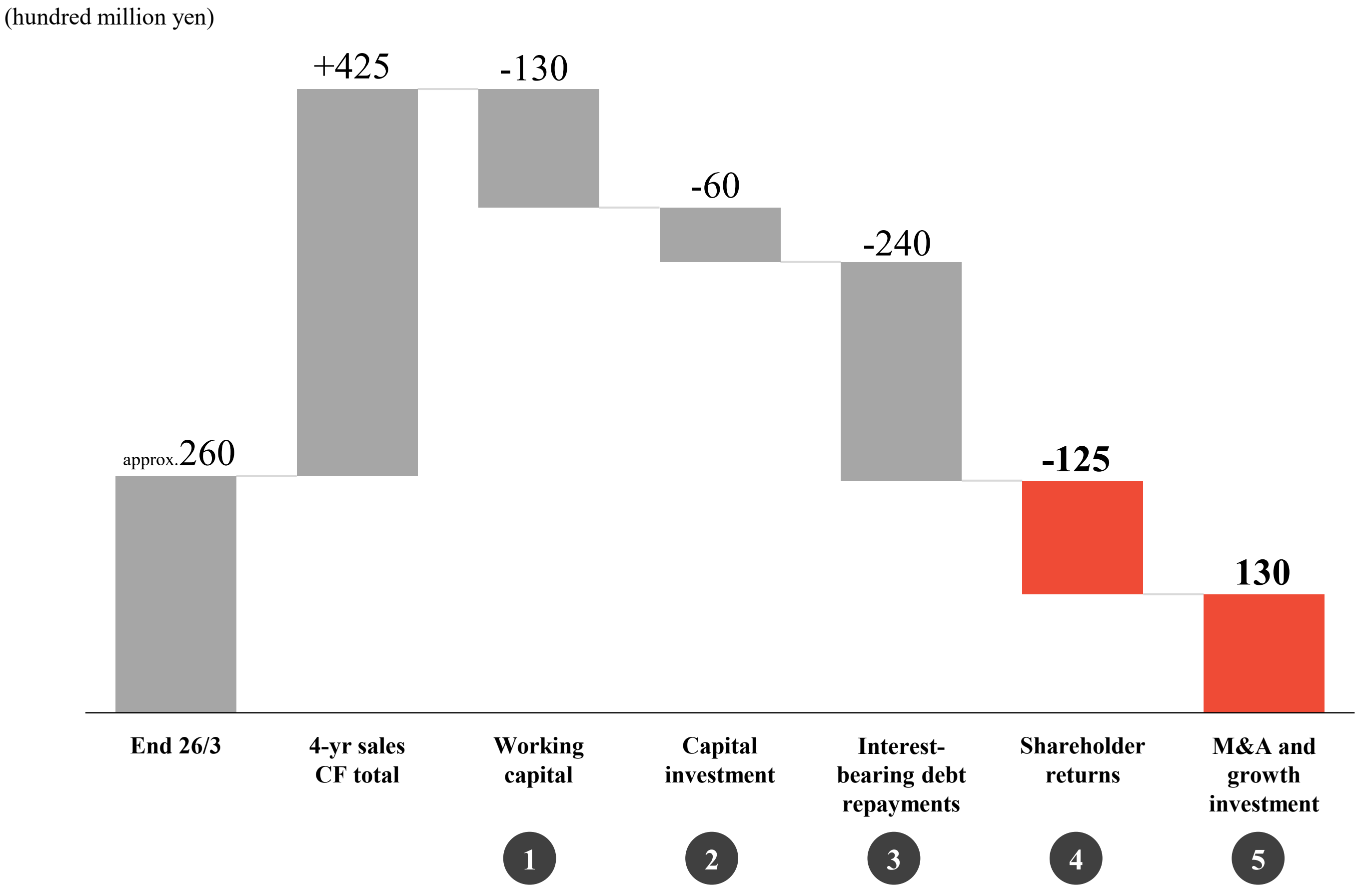
The main markets in which our Group operates are still developing, creating a favorable business environment

Industry	Data	Key Points	Explanation
Domestic DX market		Domestic DX-related investment to reach **¥9.2 trillion**※1	Domestic DX investment is projected to continue expanding against a backdrop of personnel shortages
M&A brokerage		**600,000** profitable companies may close due to lack of successors※2	As many as 600,000 companies may cease to operate while still profitable due to a lack of successors. Some 6,000 M&As are conducted annually for the purpose of business succession※3, and this number is expected to increase further.
Cybersecurity		Security investment to reach **¥1 trillion**※4	Security investment is rising, with investment by small and midsize companies also expected to ramp up
Hometown tax		Room to grow by **more than ¥1 trillion**	The potential size of donation deductions is ¥2.7 trillion※5, with vast room for expansion in Hometown tax payments, which currently total approx. ¥1.2 trillion※6
Inbound tourism		36.87 million visitors※7 →**60 million**	As part of its goal of making Japan a major tourist destination, the national government has set a target of 60 million foreign visitors by 2030

※1 From Fuji Chimera Research Institute press release on "2025 Digital Transformation Market Future Outlook – Market Edition" (2025/4/24)
※2 From SME Agency, "Comprehensive Support Package for Third-Party Succession"
※3 Combined total of actual 2023 M&As announced by the Organization for Small & Medium Enterprises and Regional Innovation and FY2023 M&As announced by the SME Agency
※4 From Fuji Chimera Research Institute report, "2024 Network Security Business Survey Overview – Market Edition"
※5 Calculated as 20% of individual inhabitant tax receipts in FY2024/3, from "White Paper on Local Public Finance, 2025"
※6 From Local Tax Bureau, "Hometown Tax Survey Results (FY2026/3)"
※7 From Japan National Tourism Organization (JNTO), "Japan Tourism Statistics"

Capital Allocation Policy

- **Focusing on faster growth in existing businesses, we have de-prioritized M&As and scaled down our ¥30 billion M&A quota**
- **Seeking to boost shareholder returns by allocating ¥5 billion for share repurchasing, and strengthen our financial standing by repaying interest-bearing debt**



※1 Lease liabilities consist mostly of office rental, and are expected to be approx. 3.7 billion yen
※2 M&A quotas may be flexibly revised if financial metrics or market assumptions vary significantly from current levels

Core concepts

- Given our business situation and undervalued stock price, shareholder returns (share repurchasing, etc.) are a greater priority than M&As
- Plan to review M&A quotas based on business situation around the end of FY28/3

1. Secure necessary cash reserves as working capital
2. Capital investment in software, offices, etc.
3. Estimated repayments of existing loans and lease liabilities ※1
4. - Dividends **based on 3.6% DOE**, approx. ¥7.5b
   - **Share repurchasing ¥5b**
5. Reduce from ¥30b to ¥13b

Consolidated Balance Sheet

■ **In FY26/3, securities acquisitions (incl. M&As) were held at ¥2.5 billion, boosting investment capacity and financial soundness.**

		FY25/3	FY26/3
Total assets		**104,861**	**105,605**
Current assets		49,823	49,339
Cash and cash equivalents		30,185	26,181
Non-current assets		55,038	56,265
Goodwill		28,307	29,267
Intangible assets		9,472	8,799
Total liabilities		**55,250**	**50,824**
Current liabilities		23,411	24,728
Short-term interest-bearing debt※1		6,721	6,822
Non-current liabilities		31,838	26,095
Long-term interest-bearing debt※2		27,748	22,298
Total equity		**49,611**	**54,781**
Total equity attributable to owner of parent	**a**	41,191	46,755
Risk assets (goodwill/intangible assets total)	**b**	37,779	38,067
Net interest-bearing debt (negative means effectively no debt)	**c**	4,283	2,939
EBITDA (based on next FY)	**d**	13,928	15,118

Debt financing rules

Net debt/ EBITDA ratio c/d	**0.2** (company rule: 2 or lower)
Net debt/ shareholder equity c/a	**6%** (company rule: 50% or lower)

投資規律

Risk assets/ shareholder equity b/a	**81%** (company rule: 100% or lower)

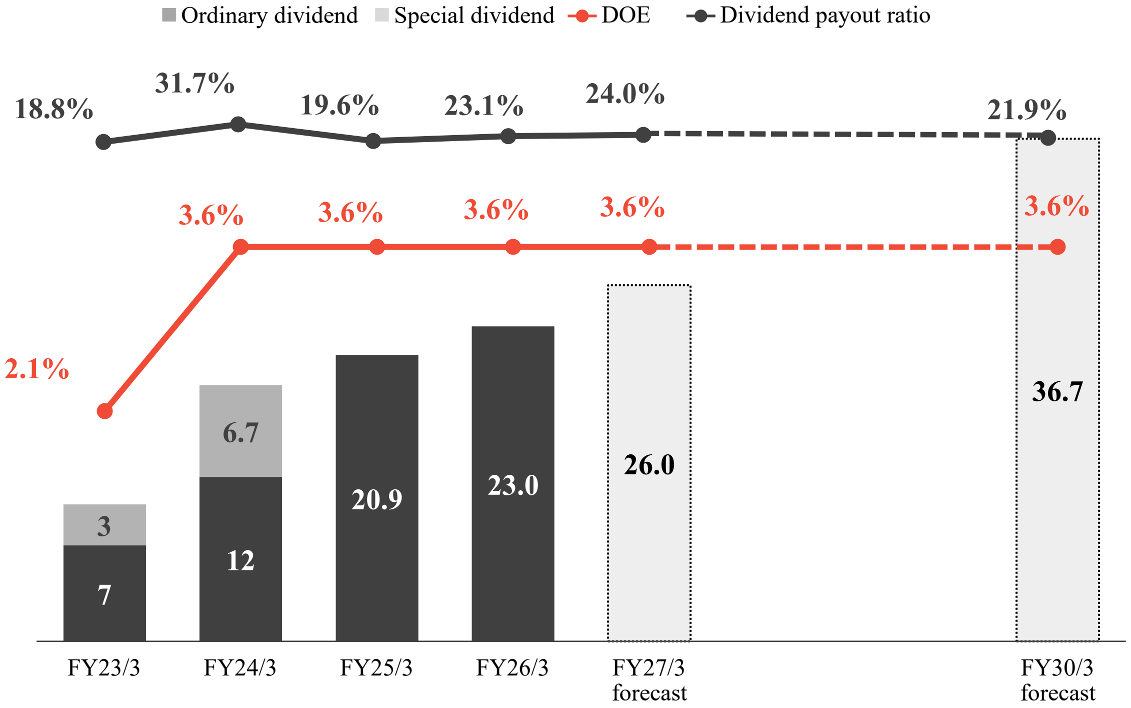
※1 Total short-term borrowing and lease liabilities (current liabilities) on consolidated balance sheet
※2 Total bonds, borrowing, and lease liabilities (non-current liabilities) on consolidated balance sheet
※3 In FY26/3, we finalized the provisional accounting procedures for the business integration of fundbook, and the consolidated figures for FY25/3 reflect the finalized accounting method

Dividend Policy & Shareholder Benefits

■ Implement a dividend policy based on a DOE of 3.6% and shareholder benefits totaling up to ¥20,000 annually in Digital Gifts®

Dividend policy

- Plan to issue dividends based on **DOE of 3.6%** (minimum dividend payout ratio 15%)
- At an ROE of 15%, the dividend payout ratio would be 24%



Shareholder benefit program

- Twice a year, **present Digital Gifts® totaling up to ¥20,000**
- Maximum benefit yield 7.2%※1. Combined with a dividend yield of 2.8%※1,2, makes for a **total yield of 10.1%**
- Various methods for receiving gifts (Amazon gift cards, PayPay Money Lite, QUO Card Pay, d Points, etc.)
- Board has resolved not to discontinue benefits prior to the record date of June 30, 2029

Record date	Eligible shareholders	Continuous holding period※3		
		Less than 1 year	Between 1 - 2 years	2 years+
June 30	300+ shares	¥7,500	¥8,500	¥10,000
December 31	300+ shares	¥7,500	¥8,500	¥10,000
Annual amount		**¥15,000**	**¥17,000**	**¥20,000**
Benefit yield		**5.4%**	**6.2%**	**7.2%**

※1 Calculated based on the closing price of ¥921 on May 8, 2026 ※2 Calculated based on dividend forecast of ¥26 per share for FY27/3

※3 Continuous holding is defined as holding at least 300 shares under the same shareholder number on the record date (June 30 and December 31 each year) and being consecutively listed or recorded in the company's shareholder register on the preceding dates of June 30 and December 31 (incl. the record date in question). Two or fewer consecutive entries indicate a period of less than 1 year; 3 to 4 entries a period between 1 and 2 years; and 5 or more entries a period of 2 years or longer

Measures and Initiatives for Enhancing Corporate Value

To enhance corporate value, we are implementing and strengthening the following initiatives

Overview of measures to increase corporate value			Details of measures
Increase corporate value	Maintain and improve ROE		▪ Implementing business monitoring and portfolio management with an awareness of capital efficiency ▪ Utilization of surplus funds (balancing investment and shareholder return) ▪ Disciplined financial leverage
	Improve PER	Reduce the cost of equity	▪ Reducing performance volatility by strengthening budgeting and management ▪ Enhancement of information disclosure leading to reduction of information asymmetry
		Improve expected growth rate	▪ Strengthening IR to foster market expectations for future growth ▪ Enhancing IR activities to increase institutional investor ownership

Dialogue with shareholders and investors

- **To ensure that shareholder and investor feedback is reflected in overall management, the following activities are being carried out**
- **The IR division consolidates input, reports regularly to the Board, and shares it with relevant departments and group companies**

1 General Meeting of Shareholders

- Held in a hybrid format combining in-person and online participation
- Valued as an important opportunity to meet directly and hear shareholder opinions
- Post-meeting “Dialogue with Shareholders” session conducted, allowing conversations even with participants joining remotely

2 Dialogue with Individual investors

- Four financial results briefings (webinars) held annually (once per quarter)
- CEO and CFO attend the sessions
- Recordings and transcripts of briefings are disclosed
- Online Q&A sessions are conducted, and responses are published afterward

3 Dialogue with Institutional investors

- Briefings and meetings held with domestic and international institutional investors and analysts
- Results of FY26/3

Financial Results Briefing (Webinar)	4 times (quarterly)
1-on-1 meetings (online or in-person)	Approximately 100 times

Disclaimer

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■All forecasts and estimates related to the company's future performance reflect our judgments based on information available at the time of preparing this document, and CHANGE cannot guarantee their reliability, accuracy, or completeness. Actual performance is subject to various risk factors and uncertainties, including social and economic conditions.

■CHANGE assumes no obligation to release revisions of the forecasts and estimates in this document based on future events or newly available information.

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