

The page features several vertical black bars of varying heights and positions. Three bars are located in the top left quadrant, three in the middle left, and three in the bottom left. These bars are part of a decorative design.

Financial Results for the Fiscal Year Ending March 2022

CHANGE Inc.
Security Code: 3962

※Due to a change in the fiscal year end, the fiscal year ending March 2022 will be an irregular six-month period spanning October 2021 to March 2022. Please refer to timely disclosure documents for more details.
<https://ssl4.eir-parts.net/doc/3962/tdnet/2052563/00.pdf>

CHANGE
PEOPLE, BUSINESS, JAPAN

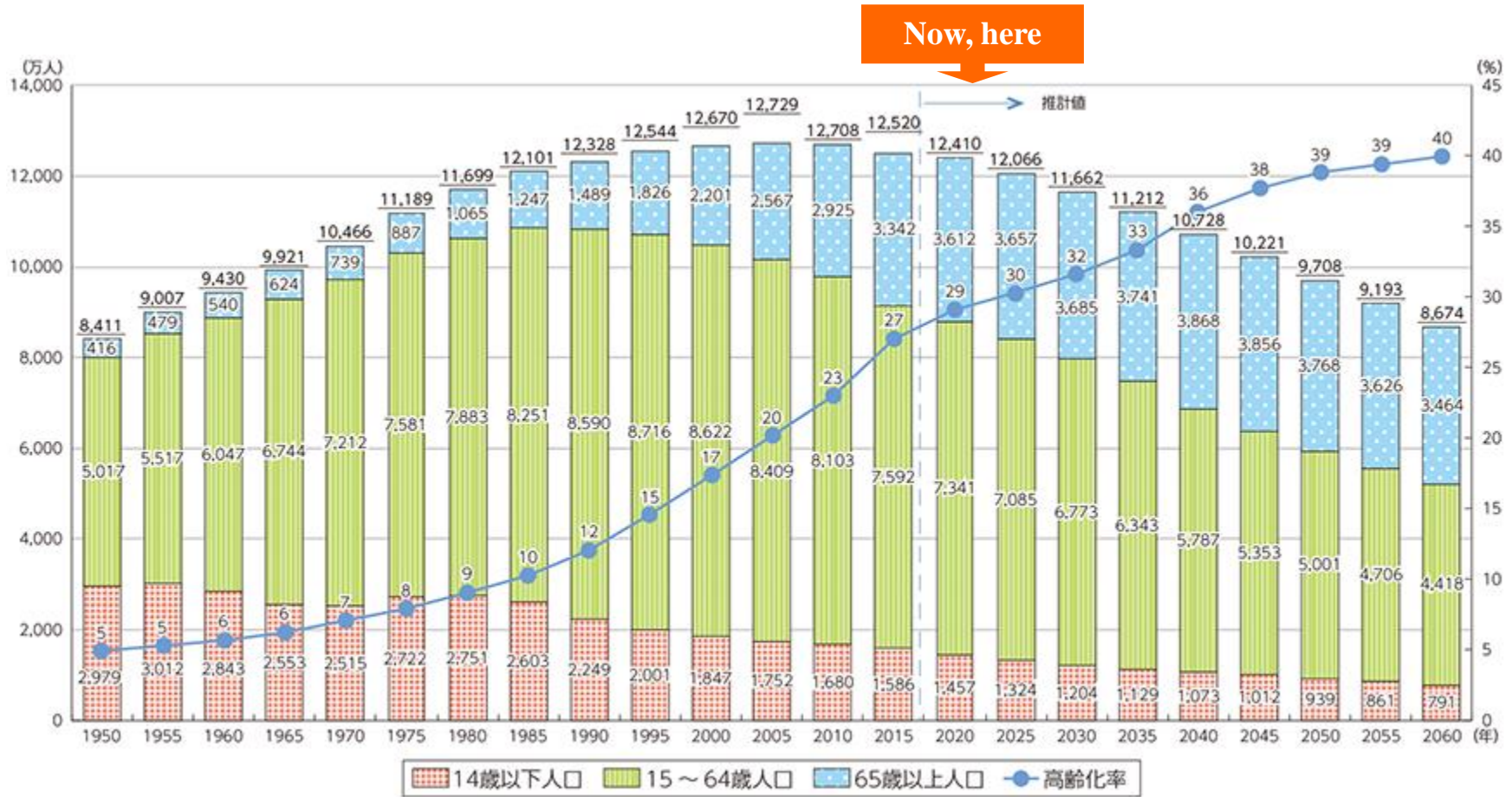
Our Mission

||| **Change People, Change Business, Change Japan.**



Our Issue

||| Change People, Change Business, Change Japan.



Source: “Table 1-1-1 Japan’s population transition” White Paper Information and Communication in 2016 MIC

<http://www.soumu.go.jp/johotsusintokei/whitepaper/ja/h28/html/nc111110.html>

※based on data from the “Census” (MIC) until 2015 and the “forecasted population in Japan” (National Social Security and Population Problem Research Institute (2013 forecast)(median estimate for birth and death)

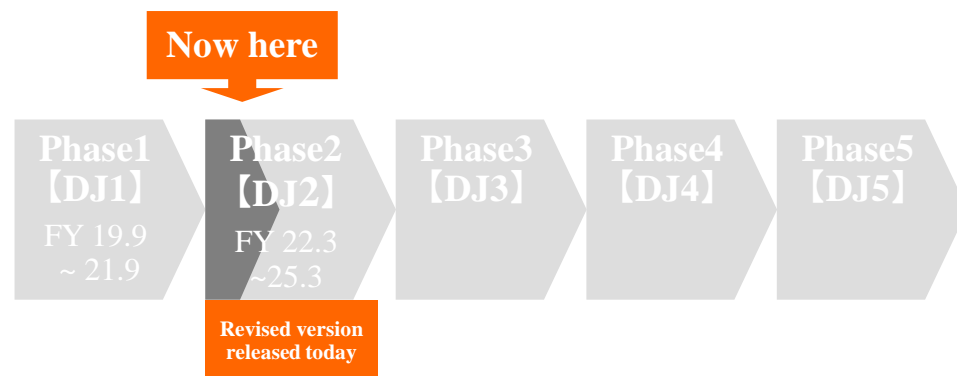
Our Path Drawn

||| Currently in Chapter 2 of establishing a digital era in Japan.

※ Revised version released today



**Digitize
&
Digitalize Japan**

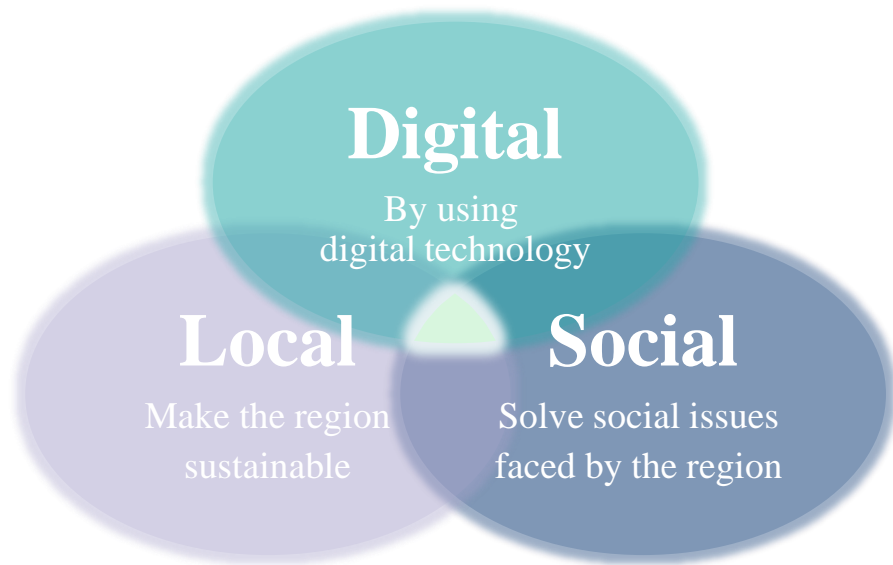


- ||| We will improve Japan's productivity through the digitalization/digitization of business models and business processes and the development of digital human resources.
- ||| For achieving “Digitize & Digitalize Japan”, we will continue to work until the Phase 5, confront the social challenge of declining population, and will be a leader of overcoming the present national difficulty in spite.
- ||| Due to the change in fiscal year end, we are releasing a revised version of the Mid-term Business Plan's current Phase 2, DJ2.

※ For the revised Mid-term Business Plan [DJ2], please see separate materials released on the same day

Focus Domain for “DJ2”

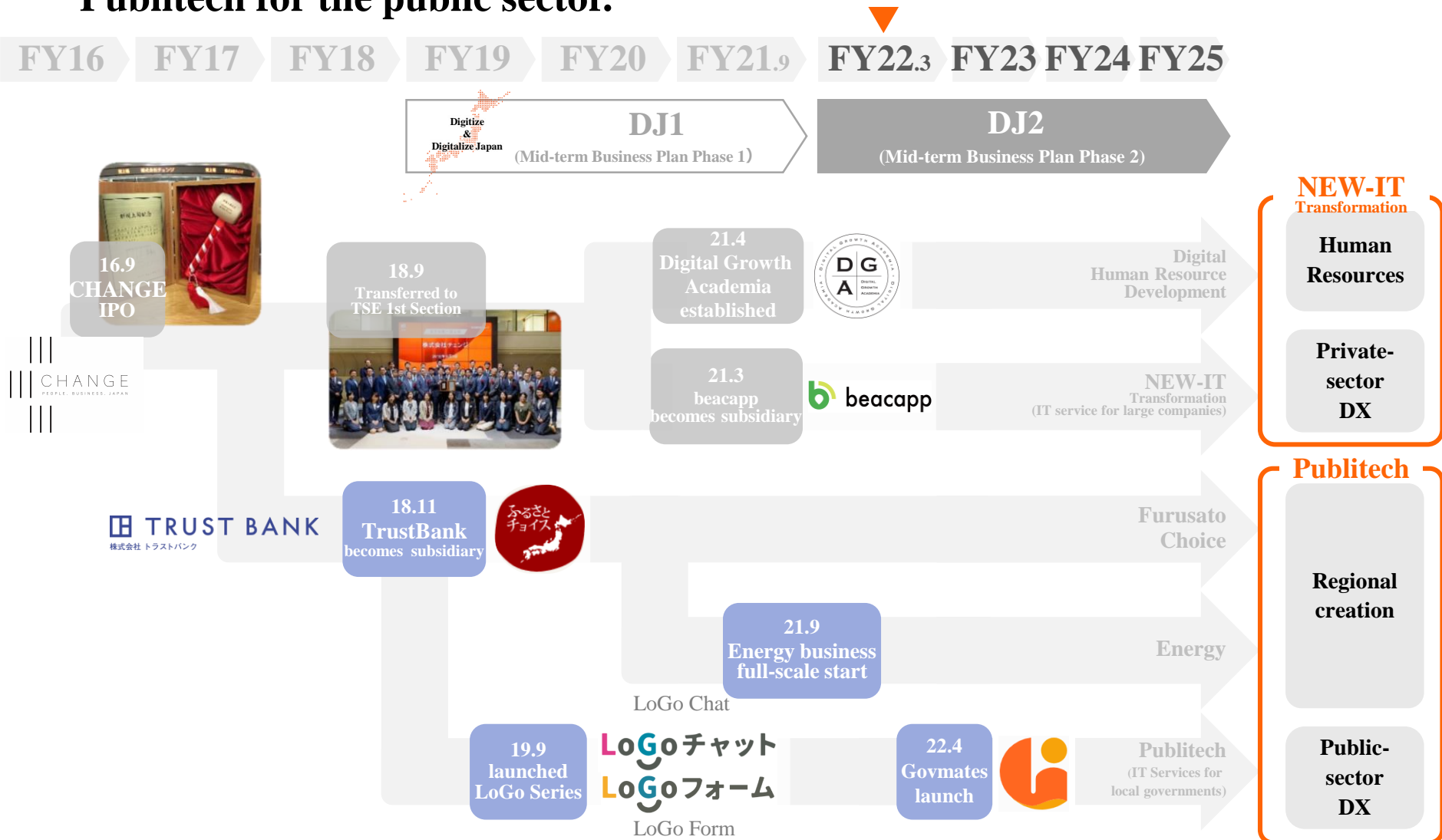
- ||| We are shifting to “Local” as preparation for [DJ2].
- ||| “DX × Regional Creation” is our sweet spot for Change Japan.



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

Our Business

||| Comprises 2 key domains: private-sector NEW-IT Transformation and Publitech for the public sector.



FY ending March 2022 Overview

Direction for FY ending March 2023
& Mid-term Business Plan revision

Overview (Consolidated)

||| Attained 91.6% of the operating profit target for the irregular six-month period based on the accounting period change.

||| Profits also decreased 13.9% year-on-year.

※ Revised target values were released on December 14, 2021

(Unit : million yen)	Target before period change (12m: ~22.9)		Target after period change (6m: ~22.3)		Full period results (6m, consolidated)	
	amount	%	amount	%	amount	%
Revenue	18,200	100.0%	11,000	100.0%	10,140	100.0%
Cost of sales	5,277	29.0%	2,384	21.7%	2,166	21.4%
Gross profit	12,922	71.0%	8,615	78.3%	7,974	78.6%
SG&A Expenses	6,122	33.6%	3,615	32.9%	3,392	33.5%
Operating profit	6,800	37.4%	5,000	45.5%	4,582	45.2%
Financial income	5	0.0%	2	0.0%	2	0.0%
Financial expenses	34	0.2%	17	0.2%	19	0.2%
Profit before taxes	6,771	37.2%	4,985	45.3%	4,564	45.0%
Income tax expense	2,124	11.7%	1,543	14.0%	1,408	13.9%
Net profit	4,647	25.5%	3,441	31.3%	3,156	31.1%
Profit attributable to owner of parent	4,522		3,380		3,093	
Profit attributable to non-controlling interests	124		61		63	
(ref) EBITDA	7,215	39.6%	5,184	47.1%	4,862	48.0%

Breakdown by business segment

(Reference) Q1

(Unit : million yen)	NEW-IT Transformation	Investment	Publitech	Adjusted
Revenue	653	24	7,254	—
└ External revenue	653	24	7,254	—
└ Inter-segment revenue	—	—	—	—
Segment profit	203	19	5,087	△528

Full period (6m) cumulative

(Unit : million yen)	NEW-IT Transformation	Investment	Publitech	Adjusted
Revenue	1,366	△216	8,990	—
└ External revenue	1,366	△216	8,990	—
└ Inter-segment revenue	—	—	—	—
Segment profit	392	△226	5,471	△1,055

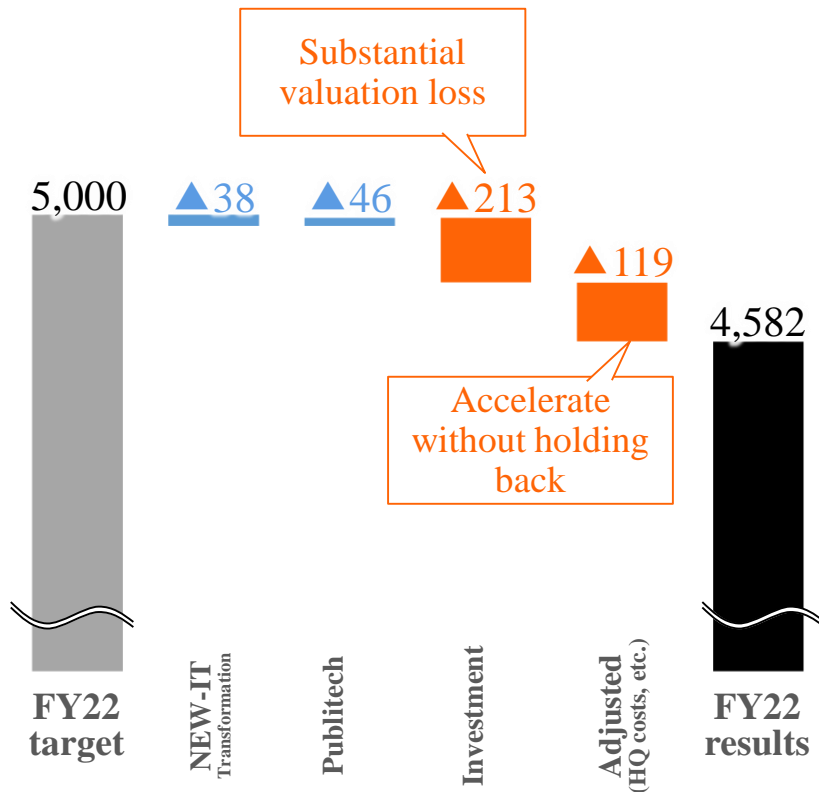
※ Due to the rounding, the sum value may not match

※ Adjustments to Segment profit are mainly general and administrative expenses corresponding to corporate expenses

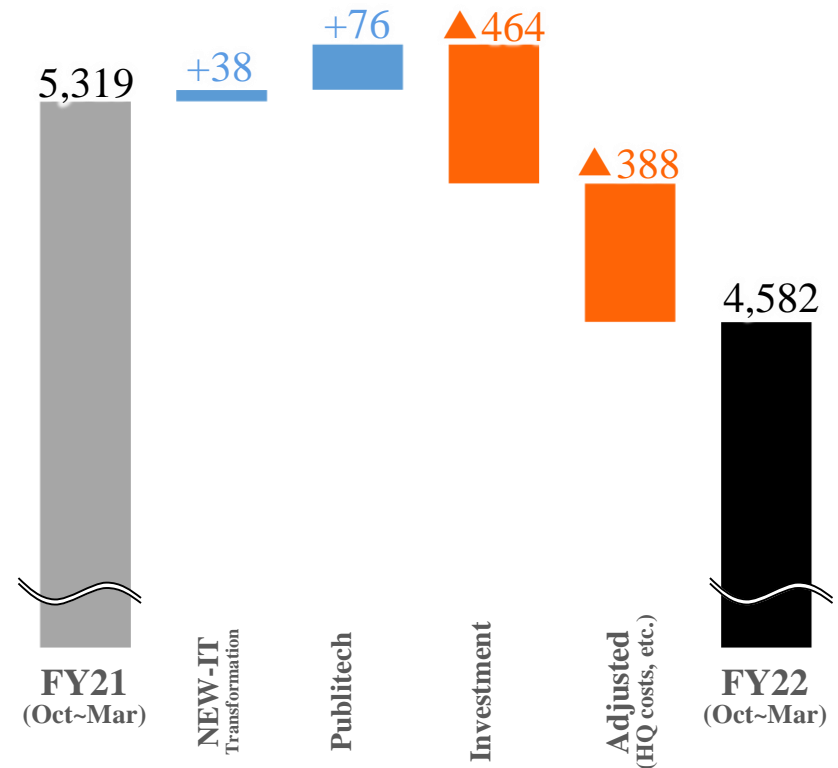
Overview ~ Supplementary ~

||| **The main factors behind the operating profit shortfall and profit decline stemmed from valuation losses on listed shares in the investment segment and increased head office costs related to business investments, etc.**

Vs. target – Shortfall factors



Year on year – Decline factors



Overview ~ Supplementary ~

||| Details for each segment are as follows.

		FY ending March 2022 (Oct~Mar)			FY21 H1 results (Oct~Mar)	Change	Summary
		Target	Actual	Diff.			
Consolidated	Revenue	11,000	10,140	△859	10,262	△123	Focused all resources on business investment and development
	Operating profit	5,000	4,582	△417	5,319	△737	
NEW-IT Transformation	Revenue	1,722	1,366	△355	1,110	256	Reduced contracted projects and focused greater-than-planned effort on Govmates launch
	Segment profit	431	392	△38	354	38	Concentrated on high-margin projects to efficiently secure profits
Investment	Revenue	0	△216	△216	247	△464	Wrote down loss from valuation of weakening listed stocks
	Segment profit	△13	△226	△213	237	△464	
Publitech	Revenue	9,277	8,990	△287	8,904	85	Strengthened cost controls with Choice GMV matching previous year
	Segment profit	5,518	5,471	△46	5,394	76	Absorb Non-Choice investments
Adjusted	Segment profit	△936	△1,055	△119	△667	△388	Increased growth investment Increased tax burden due to JV formation, M&A preparation, HR investment, capital increase, etc.

Overview Summary of FY ending March 2022

- ||| **Despite being an irregular six months, as the start of DJ2 this period strengthened confidence in our strategy and boosted the likelihood of success in three years.**

**Smooth start for
【DJ2】**

**Gaining an even
firmer footing**

- ||| **Efforts to explore “Local” market bear fruit**

- Established model for collaboration between local governments, regional banks, and local companies
- Leap forward in “gathering partners” and “federation-type management”

- ||| **Buoyed by policy tailwinds**

- Under the Vision for a Digital Garden City Nation, policy is focused on “digital human resources” and “solving rural issues,” areas in which our Group is a leader

- ||| **Capital and business tie-up with SBI Group**

- Collaborating with SBI’s initiatives to strengthen regional finance and industry
- Leveraging the power of finance to scale/speed up initiatives

- ||| **First dividend payments**

- Began paying dividends to facilitate shareholder endorsement of business expansion with a medium- to long-term perspective

||| Various initiatives tackling social issues through synergy between “digital, regional, and human resources”

Local government, regional bank & local company collaboration

- ||| Smooth progress in establishing a collaborative model between Chiba Bank, local companies, and local governments in Chiba Prefecture
- ||| Collaborating with SBI Group, which is closely connected to regional banks around Japan, to apply the successful model elsewhere

Tokyo Metropolitan Government DX Support Project

- ||| Jointly awarded to four companies: KDDI, Konica Minolta, Change, and DGA
- ||| Initiative praised for transferring skills, knowledge, and expertise to ward/municipal staff
- ||| Project involvement enabled practical development of DX human resources
※ See next page

[Reference] Tokyo Metropolitan Government DX Support Project

||| **Developed digital human resources by instilling skills, knowledge, and expertise through the experience of working with ward/municipal staff on actual DX projects.**

Project name	Project to Support DX for Ward/Municipal Offices in Tokyo	Purpose	Enable ward/municipal staff to understand the steps of business process re-engineering (BPR) and acquire the skills to carry out BPR in their organizations
Period	October 6, 2021 ~ March 31, 2022		Enable ward/municipal staff to experience the development process , from selecting to implementing DX tools, and acquire the necessary expertise
Tasks	Together with ward/municipal staff, explore effective measures for boosting efficiency, using frameworks for improving processes, etc.		Enable ward/municipal staff to assess the effectiveness of tools for implementing DX
	Help develop feasible steps by working backward from the final goal Help staff to independently pursue DX by providing tools for referring to successful examples by other municipalities		Enable the Tokyo Metropolitan Government to compile project outcomes and assessment results into a case report and share the knowledge with ward/municipal offices in Tokyo

||| Establishing firm foundations that offer regions true sustainability.

Govmates launch

- ||| Rather than merely introducing digital tools, pursue municipality DX tailored to local circumstances
- ||| Establishing JVs allows the system to grow rapidly, offering the benefits of standardization and sharing through widespread collaboration and nationwide expansion

LoGo Series spread & shift to paid services

- ||| Backed by strong customer successes, SaaS for municipalities growing with unprecedented speed
- ||| Past results and word-of-mouth among local governments are driving a steady shift to paid services, included in FY2022 budgets ※See next page

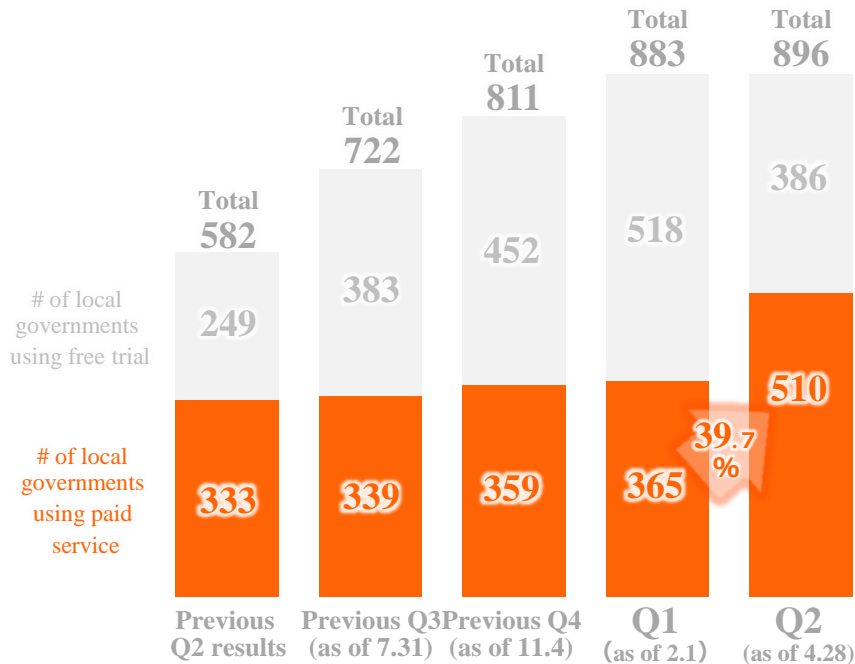
Energy business acceleration

- ||| Regional microgrid model in Akune City (Kagoshima Prefecture) making solid progress
- ||| Continued efforts to adopt the model in other regions and establish smart city infrastructure

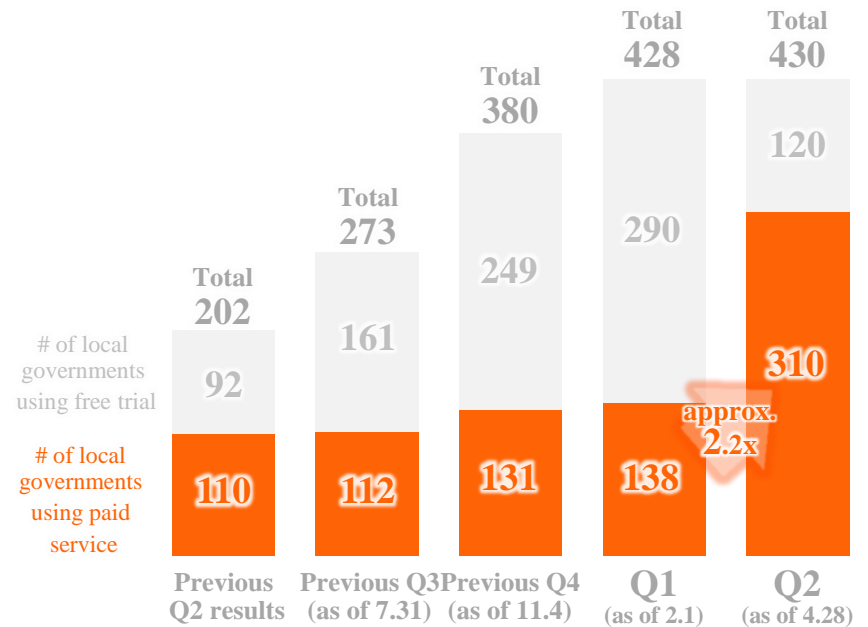
[Reference] LoGo series shift to paid service

||| Strong customer successes and growing recognition accompanied by shift to paid services in new fiscal year.

LoGoチャット LoGo Chat



LoGoフォーム LoGo Form

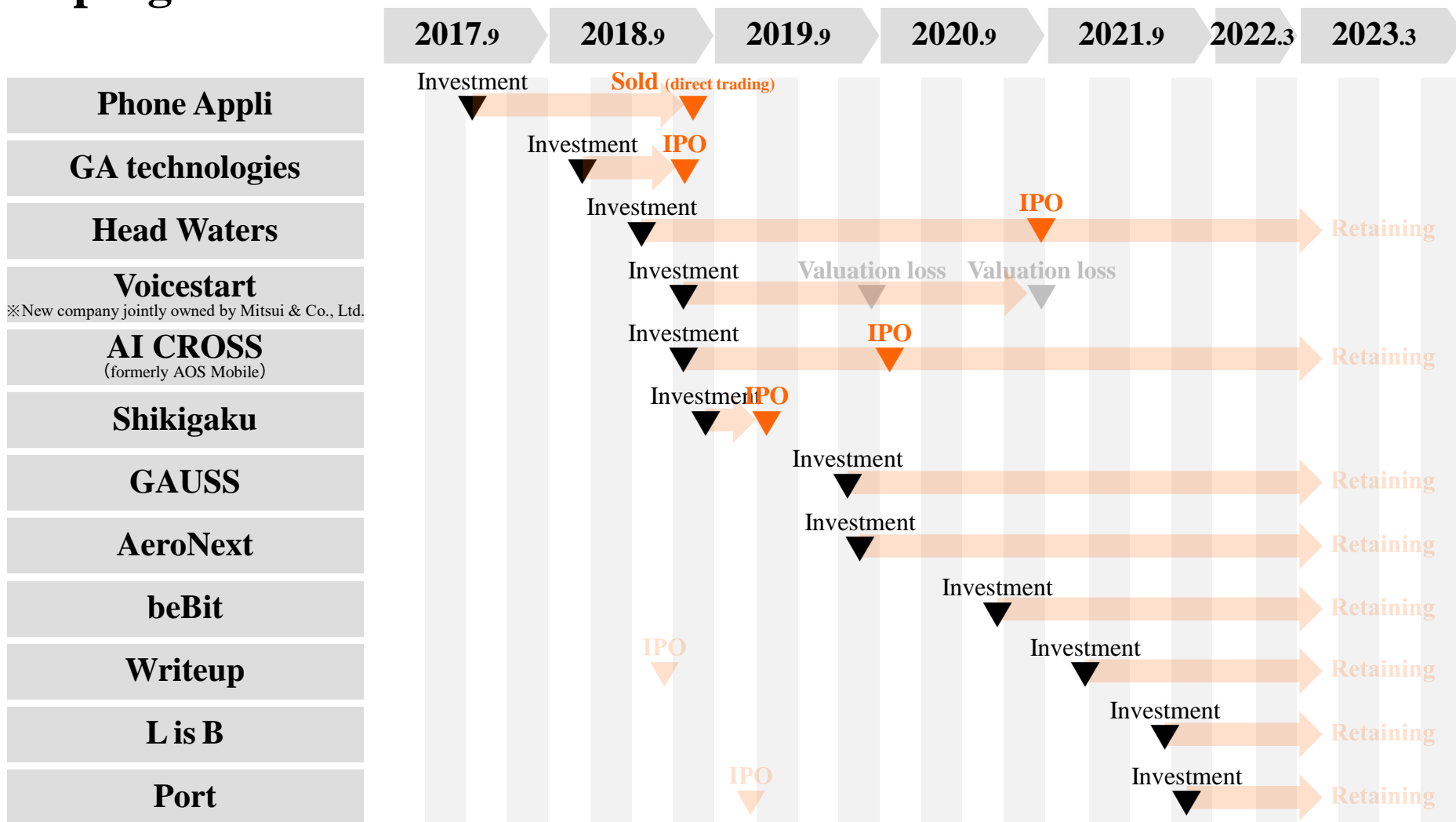


* Including some related organizations

* For the current Q2, the number of paid service local governments includes those expected to conclude contract procedures by the end of May.

[Reference] IPO acceleration program & State of investment projects

||| The course of investment projects since the start of the program in March 2017.



FY ending March 2022 Overview

**Direction for FY ending March 2023
& Mid-term Business Plan revision**

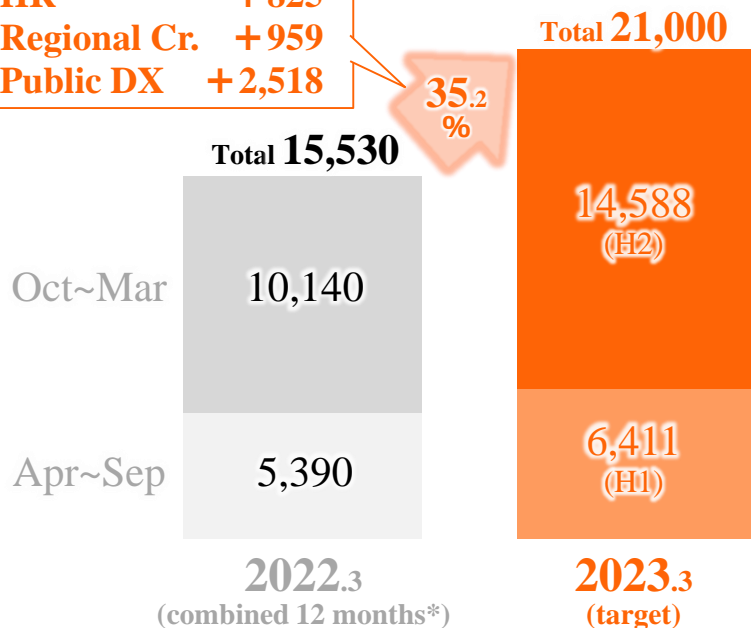
Consolidated Targets for FY ending March 2023

- ||| In FY ending March 2023, we expect to reap the fruits of prior investments as part of our “Local” strategy.
- ||| As we continue to make upfront investments, we expect to book profits primarily in the second half.

Revenue

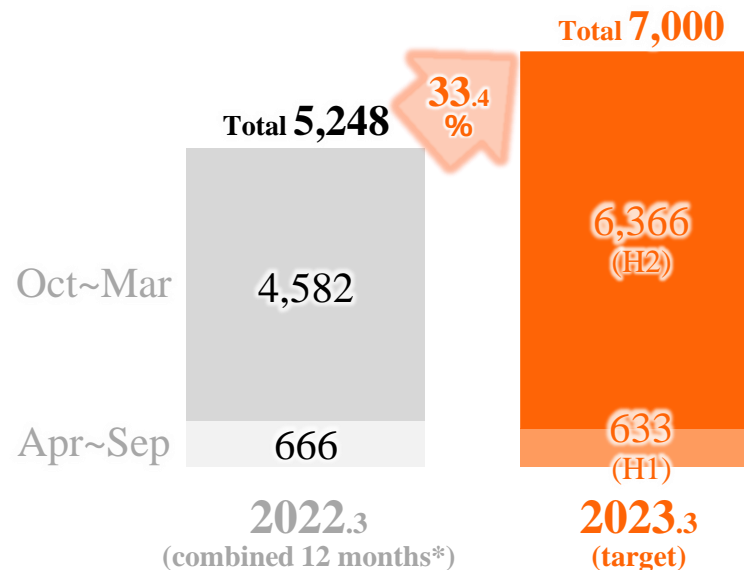
(Unit: million yen)

Private DX +892
 HR +825
 Regional Cr. +959
 Public DX +2,518



Operating Profit

(Unit: million yen)



*For comparison, calculated by combining the irregular six-month FY2022.3 (Oct-Mar) with the preceding second half of FY2021.9 (Apr-Sep)

Consolidated Targets for FY ending March 2023

||| Detailed targets are outlined below.

(Unit : million yen)	FY21 H2 (Apr~Sep)	FYE 22.3 (Oct~Mar)	Combined 12-month* results		H1 (Apr~Sep)	H2 (Oct~Mar)	Target FYE 23.3	
	amount	amount	amount	%	amount	amount	amount	%
Revenue	5,390	10,140	15,530	100.0%	6,411	14,588	21,000	100.0%
Cost of sales	2,210	2,166	4,377	28.2%	3,054	4,319	7,373	35.1%
Gross profit	3,179	7,974	11,153	71.8%	3,357	10,268	13,626	64.9%
SG&A Expenses	2,513	3,392	5,905	38.0%	2,724	3,902	6,626	31.6%
Operating profit	666	4,582	5,248	33.8%	633	6,366	7,000	33.3%
Financial income	0	2	2	0.0%	0	0	0	0.0%
Financial expenses	19	19	38	0.2%	16	16	32	0.2%
Profit before taxes	647	4,564	5,212	33.6%	617	6,350	6,967	33.2%
Income tax expense	-24	1,408	1,384	8.9%	178	1,983	2,161	10.3%
Net profit	671	3,156	3,827	24.6%	439	4,367	4,806	22.9%
Profit attributable to owner of parent	636	3,093	3,729		532	4,136	4,669	
Profit/loss attributable to non-controlling interests	34	63	98		△93	230	137	
(ref) EBITDA	994	4,927	5,972	37.7%	968	6,752	7,720	36.8%

*For comparison, calculated by combining the irregular six-month FY2022.3 (Oct-Mar) with the preceding second half of FY2021.9 (Apr-Sep)

Dividend Forecast for FY ending March 2023

||| **Our basic policy is to make ongoing dividend payments while continuing to prioritize investment in business expansion.**

**Increase dividends
from
4.5 to 7.0 yen
per share**

- ||| Based on our financial targets, we expect annual dividends of 7.0 yen per share
- ||| Dividend payout ratio increase from 10.5% at the time of initial dividend to 10.8%

Mid-term Business Plan revision

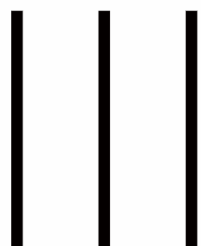
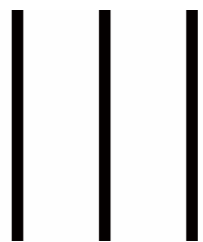
||| **Refer to the separate Mid-term Business Plan (revised version).**

**Mid-term
Business Plan
【DJ2】
(Revised ver.)**

||| **Released a revised mid-term plan for
FY2022.3~2025.3
(separate document)**

Disclaimer

- ||| All future forecasts, estimates, etc. appearing in this document were determined by us based on information available at the time of preparing these materials, and may contain a degree of uncertainty.
- ||| Actual future performance depends on various factors, and may differ significantly from any forecasts, etc. herein.



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