
Financial Results for the 3rd Quarter of Fiscal Year Ending March 2024

CHANGE Holdings, Inc.
Security Code: 3962

February 14, 2024

CHANGE
HOLDINGS

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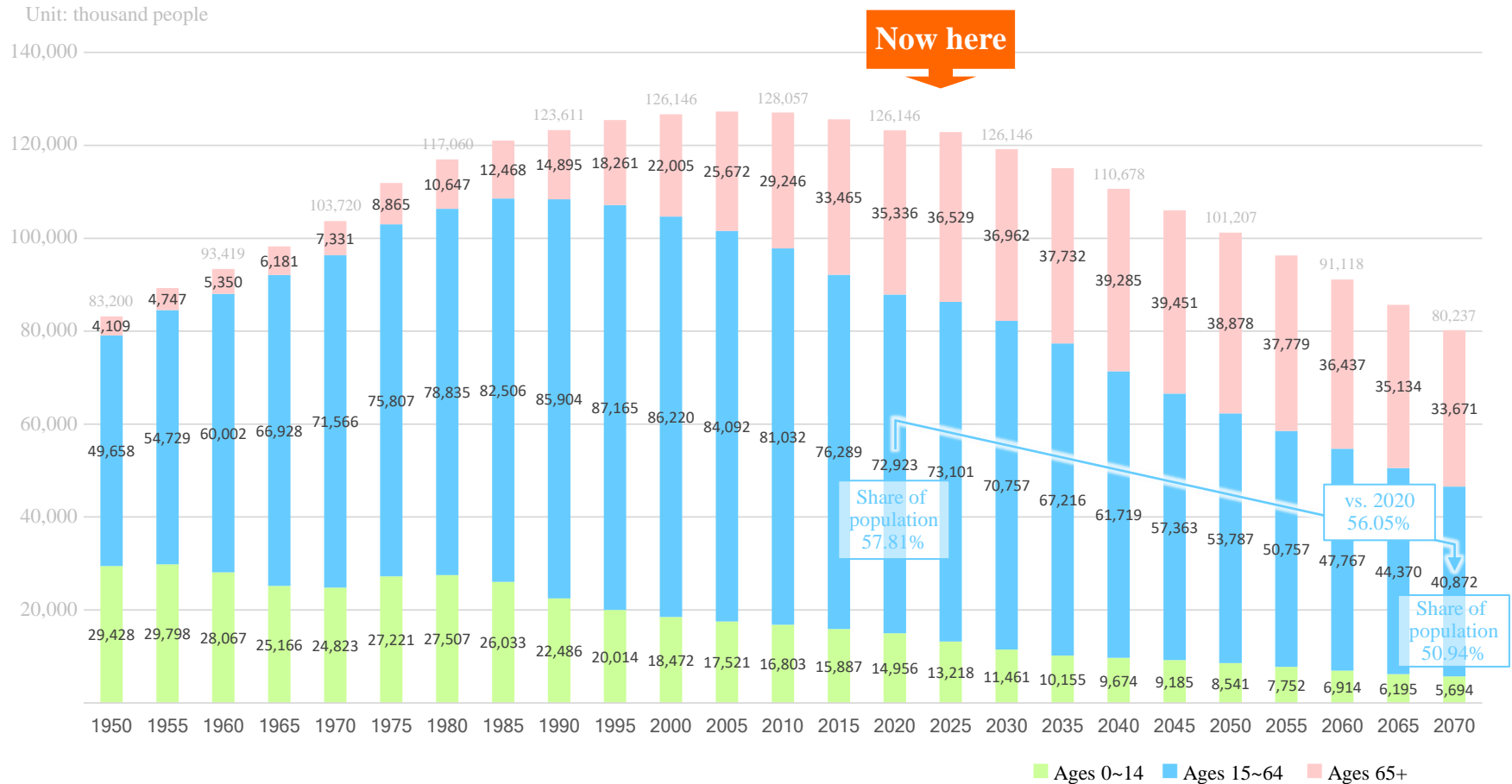


CHANGE
HOLDINGS

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

From Challenge to Crisis

||| **Japan's working-age population will roughly halve in the next 50 years and fall to less than half of the total population.**



Source: National Institute of Population and Social Security Research "Population Projections for Japan (2023)" (https://www.ipss.go.jp/pp-zenkoku/j/zenkoku2023/pp2023_gaiyou.pdf)

【From 2025】 Figure 1-3: "Total population by age group (0-14, 15-64, 65+) and age structure coefficient: low fertility (medium mortality) projection"

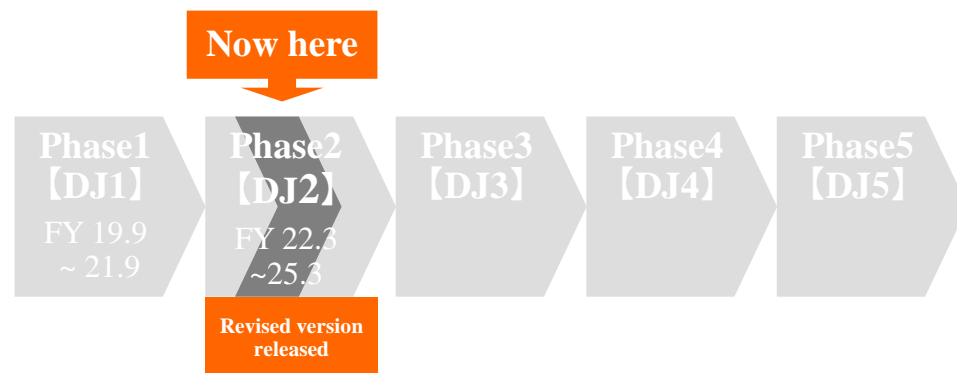
【To 2020】 Compiled by CHANGE based on Table 1 "Total population by age group (0-14, 15-64, 65+) and age structure coefficient: 1950-2020"

Our Path Drawn

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



**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 Phase 5, confront the social challenge of declining population, and will be a leader in overcoming the present national difficulty in spite.
- ||| Due to the change in fiscal year end, we have released a revised version of the Mid-term Business Plan's current Phase 2, DJ2.

※The revised Mid-term Business Plan [DJ2] can be found here

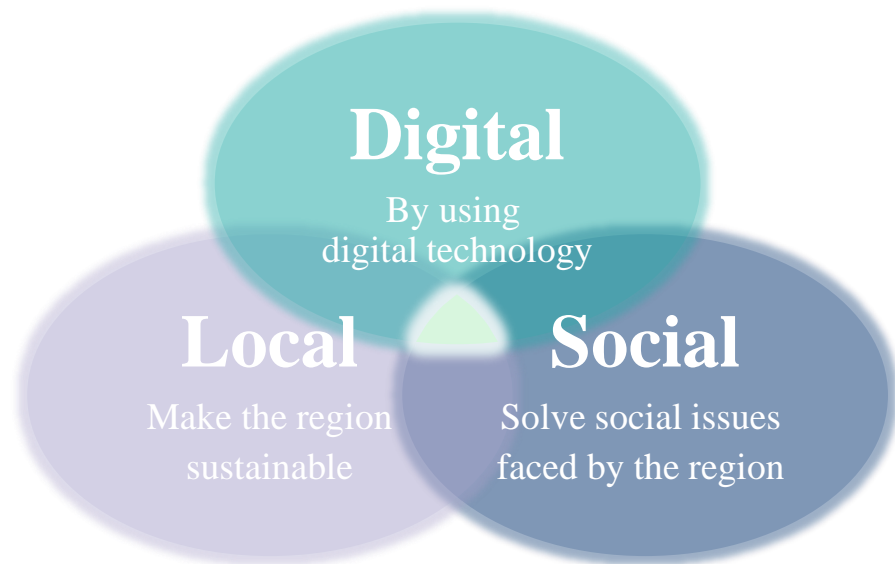
<https://ssl4.eir-parts.net/doc/3962/tdnet/2123311/00.pdf>

※Some targets were revised at end of FY23.3. For details, please refer to the financial results materials

<https://ssl4.eir-parts.net/doc/3962/tdnet/2281114/00.pdf>

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 Group's Business Domains

||| Comprises two primary domains: **NEW-IT Transformation (private sector)** and **Publitech (public sector)**



NEW-IT Transformation

Publitech

Private-sector DX

Human resources

Regional creation

Public-sector DX

DFA Robotics



beacapp



E-Guardian



CHANGE



People×Technology

Public-sector DX

Human resource development



Digital Growth Academia



Logosware



Trust Bank



Hometown tax

Energy

Publitech

Orb



Governance Technologies



GovernanceTechnologies

Travel Zip



Govmates



FY24.3 Q3 Financial Results Summary

- ||| **Revenue, operating profit, and profit before taxes all hit record highs for the April-December period.**
- ||| **We began reorganizing our business to cap off DJ2 with a successful final year.**

Sustaining record-pace profits

- ||| **Maintained record-high profits, with Choice limiting the slowdown in payments on the back of H1 surge**
(93.5% progress; on track to ambitious profit target (approx. 92% increase))
- ||| **With EG's consolidation, both newly consolidated and existing businesses are performing well.**
(Y.o.Y increase: revenue approx. 85.6%, operating profit approx. 98.3%)

Embarked on business domain consolidation

- ||| **Began reorganizing the fronts expanded through emphasis on "Local"**
- ||| **Concentrating on security reorganization and public-sector DX, where we have almost become the de facto standard**
- ||| **While focusing on the final DJ2 year, also building a revenue base to lead into DJ3**

Q3 Overview

Future Prospects

Q3 Overview (Consolidated)

- Managed to sustain strong performance by limiting the slowdown in Hometown tax payments following a surge in H1, contributing to record-high profits.
- Attained 93.5% of full-year target.(based on operating profit)

(Unit : million yen)	H1 (Apr~Sep)	H2 (Oct~Mar)	Full period targets		Q1-3 results	
	amount	amount	amount	%	amount	%
Revenue	11,139	22,860	34,000	100.0%	28,798	100.0%
Cost of sales	4,838	6,514	11,352	33.4%	9,126	31.7%
Gross profit	6,300	16,346	22,647	66.6%	19,672	68.3%
SG&A Expenses	5,808	5,868	11,677	34.3%	9,383	32.6%
Operating profit	500	10,500	11,000	32.4%	10,289	35.7%
Financial income	0	0	0	0.0%	74	0.3%
Financial expenses	15	13	29	0.1%	80	0.3%
Profit before taxes	484	10,486	10,970	32.3%	10,283	35.7%
Income tax expense	153	3,300	3,454	10.2%	3,293	11.4%
Net profit	331	7,185	7,516	22.1%	6,989	24.3%
Profit attributable to owner of parent	406	6,805	7,211		6,982	
Loss attributable to non-controlling interests	△75	380	304		6	
(ref) EBITDA	907	10,995	11,903	35.0%	11,408	39.6%

Breakdown by business segment

(Ref.) H1 cumulative
(Unit : million yen)

	NEW-IT Transformation	Investment	Publitech	Adjusted
Revenue	2,967	127	11,572	△9
└ External revenue	2,957	127	11,572	—
└ Inter-segment revenue	9	—	—	△9
Segment profit	711	126	5,192	△1,700

Q1-3 cumulative
(Unit : million yen)

	NEW-IT Transformation	Investment	Publitech	Adjusted
Revenue	7,211	127	21,479	△19
└ External revenue	7,192	127	21,479	—
└ Inter-segment revenue	19	—	—	△19
Segment profit	1,497	126	11,437	△2,772

※ Due to the rounding, the sum value may not match
 ※ Adjustments to segment profit are mainly general and administrative expenses corresponding to corporate expenses

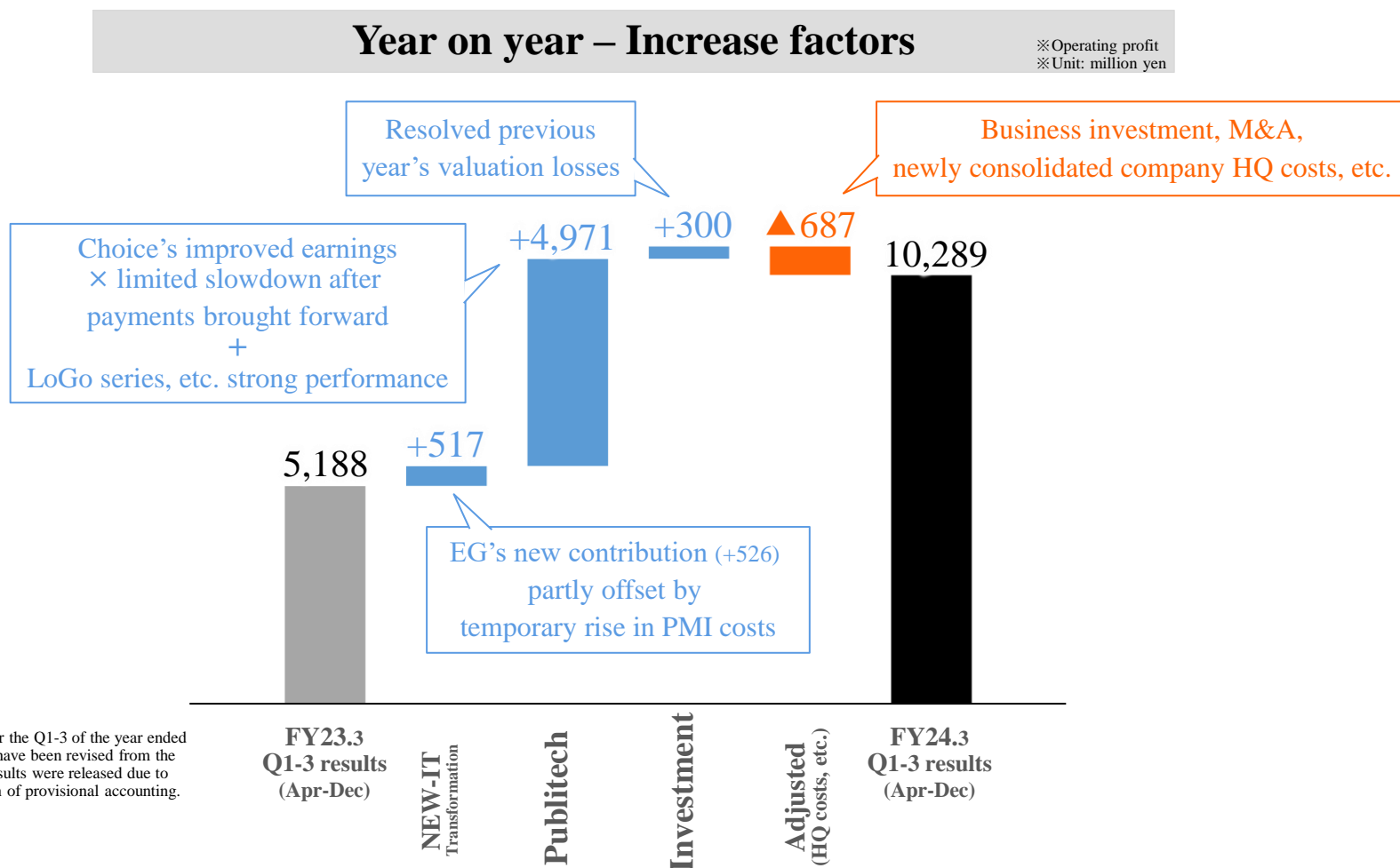
- On track toward ambitious operating profit target (approx. 92% increase Y.o.Y)

- Revenue **+85.6%** vs. previous Q1-3
- Operating profit **+98.3%** vs. previous Q1-3

※ Although the decision to discontinue the Investment segment is finalized, these figures include the first 13 days of the quarter (up to April 13, the day before the board resolution)

Overview – Supplementary

- ||| Maintained strong performance by limiting the slowdown in Hometown tax payments after many were brought forward in H1.
- ||| E-Guardian’s new contribution was partly offset by a temporary rise in PMI costs.



||| **We completed the establishment of an intermediate holding company to consolidate our previously disclosed cybersecurity-related businesses.**

Name

||| CyLeague Holdings, Inc.

Business

||| Cybersecurity and digital transformation-related business
||| Shareholding and support/management of companies engaged in these activities

Location

||| TOKYU REIT Toranomon Building 6F,
Toranomon 3-17-1, Minato-ku, Tokyo

Founded

||| December 2023

Representative

||| Yasuhisa Takatani

Ownership

||| 100.0% ※Voting rights basis

Q3 Key Topics ~ Digital Arts Consulting becomes subsidiary~

||| **We anticipate Digital Arts Consulting to be take part in the second phase of our security sector reorganization.**

||| **Speed up consolidation of domestic capabilities and specialized personnel.**

※Expected to join in March 2024

Name

||| Digital Arts Consulting Inc.

Business

||| IT strategy consulting

||| Information security consulting, etc.

Location

||| Otemachi First Square West Tower 14F,
1-5-1 Otemachi, Chiyoda-ku, Tokyo,

Founded

||| April 2016

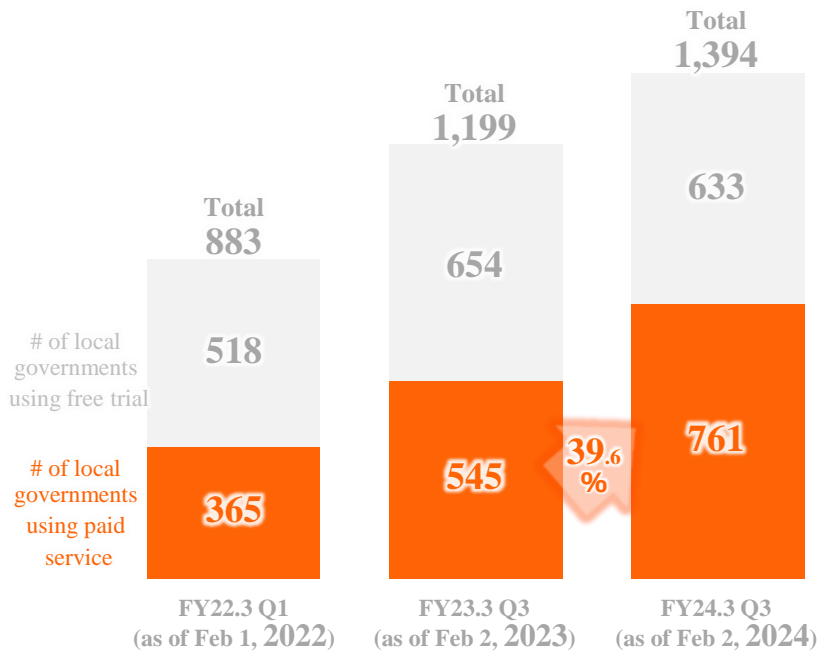
Ownership

||| 91.86% ※Voting rights basis

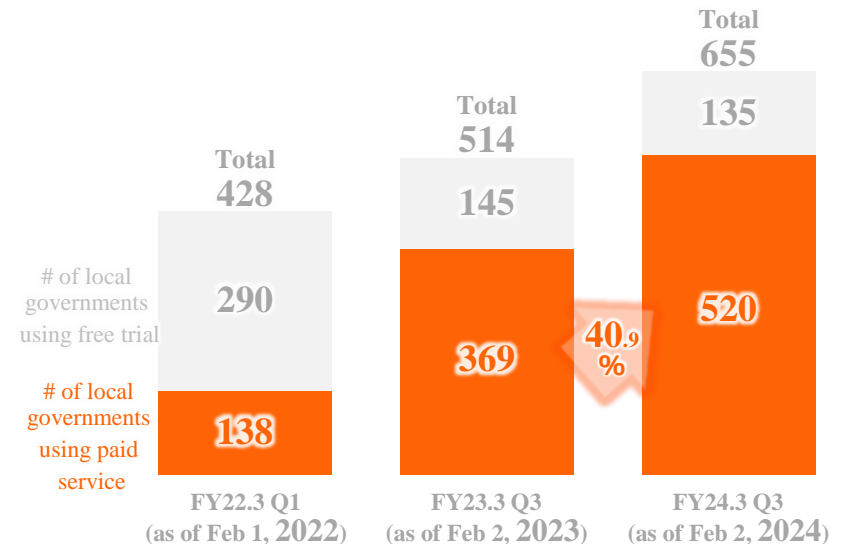
Q3 Key Topics ~ LoGo series' continued strong performance ~

- ||| Continuing to spread as core services for digitalizing local government operations.
- ||| Benefits are also growing through network effects, including municipal partnerships led by prefectural governments.

LoGoチャット LoGo Chat



LoGoフォーム LoGo Form



※ Including some related organizations

※ Due to a change in the fiscal year end, FY22.3 was an irregular six-month period ending after Q2

LoGo series widely adopted as indispensable tools for municipal operations, becoming part of society's infrastructure.

Ishikawa Governor on visiting affected areas



Governor Hase
of Ishikawa
Prefecture

Even when touring affected areas, I can approve decisions via LoGo Chat. Since I can increasingly do this via LoGo Chat, in the coming weeks I want to visit all the towns and cities one by one, as much as time allows.

(Response to question at press conference)

※ (Source)Yahoo! News/Hokuriku Broadcasting article
<https://news.yahoo.co.jp/articles/26d9d30d8d8f40e015aa6493a7716a7900f08a16>

Miyazu City staff mobilization drills



Staff mobilization
notification

Please use department/group LoGo Chat talk rooms to share information about mobilizing personnel, and confirm mobilization plans, individual safety, etc. (From in-drill “Staff Mobilization Email”)



Organizing staff

We used a staff information sharing tool (LoGo Chat) to verify the communication structures for each department/group. We will continue to improve our training accuracy through diverse, realistic disaster scenarios, enabling a prompt initial response. (Employee comment after drills)

※ (Source)Miyazu City press release
<https://www.city.miyazu.kyoto.jp/site/press/20884.html>

Q3 Key Topics ~ UPclose established ~

- ||| We gain the input of a top local government policy expert who shares our public-sector DX vision.
- ||| First step in welcoming like-minded individuals moving from national government to tackle challenges through the private sector.



Name	UPclose, Inc.
Business	Solutions to wide-ranging local government issues, in domains ranging from DX to information security
Location	TOKYU REIT Toranomon Building 6F, Toranomon 3-17-1, Minato-ku, Tokyo
Founded	November 2023
Representative	Takejiro Baba
Ownership	100% ※Voting rights basis

Representative's career summary

- ||| 1988 Graduated from University of Tokyo (Faculty of Law)
Entered Ministry of Home Affairs
- ||| 1993~96 Director, Iwate Prefecture Planning & Coordination Division,
Municipalities Division
- ||| 2002~06 Chief, Saitama Prefecture Industry & Labor Department,
General Affairs Department
- ||| 2007 Secretary General, National Governors' Association
- ||| 2009 Deputy Mayor of Yokkaichi, Mie Prefecture
- ||| 2014 Deputy Governor, Tochigi Prefecture
- ||| 2016 Director, General Affairs Division, Minister' Secretariat,
Ministry of Internal Affairs and Communications (MIC)
- ||| 2017 Deputy Director-General for Okinawa Affairs, Cabinet Office
- ||| 2019 Executive Director, Pension Fund Association for Local
Government Officials
- ||| 2020 Deputy Director-General for Fiscal Affairs, MIC
- ||| 2021 Deputy Director-General for Regional Vitalization, MIC
- ||| 2022 Managing Director, Fund for Local Government Employees'
Accident Compensation
- ||| 2023 Retired from Ministry of Internal Affairs and Communications
- ||| Appointed representative of UPclose Inc.

Q3 Key Topics ~ Choice exceeds 1,700 municipalities ~

- ||| Encompasses nearly all of Japan's municipalities, securing a position to tackle various issues large and small.
- ||| Serving as a nationwide platform for driving digitalization as a core element in ensuring sustainability.



- Launched in 2012 as Japan's first comprehensive Hometown tax website, helping boost awareness of the Hometown tax system
- One of the country's largest catalogues of thank-you gifts, exceeding 550,000 items (as of Sep 2023)
- Developed services including Government Crowdfunding®, which uses Hometown taxes to raise funds for tackling local issues, and Disaster Relief, for donating to disaster-stricken municipalities
- Offers donors the option of selecting Hometown tax recipients by purpose, rather than merely thank-you gifts
- Focusing efforts on the system's original purpose (developing local industries, solving local issues), ahead of tighter regulations from the Ministry of Internal Affairs and Communications
- Working with municipalities across Japan to promote local attractions and initiatives, Choice has exceeded 1 trillion yen in donations to date

||| **The day after the earthquake, we launched a dedicated site that offered one of the fastest, most direct ways of delivering assistance.**

ふるさとチョイス災害支援

- Able to provide swift assistance for disaster-affected areas through Hometown tax.
- Enables donations directly to affected areas or proxy municipalities.
- Furusato Choice Disaster Relief receives no website usage fees from local governments for processing donations.
- Since these donations are for disaster relief, in general municipalities do not provide thank-you gifts.
- Through the proxy system, municipalities not impacted by the disaster process donations on behalf of affected areas, thereby greatly reducing the workload of those local governments.

令和6年能登半島地震 災害支援・寄付 2024 Noto Peninsula earthquake disaster relief donations

Assistance overview

支援状況概要

Total amount donated (number of donations)		yen	donations
合計寄付金額(件数)	1,767,655,601	円	(89,004件)
Amount donated to affected municipalities (number of donations)			
内当該自治体の寄付金額(件数)	371,242,464	円	(18,131件)
Amount donated to proxy municipalities (number of donations)			
内代理自治体の寄付金額(件数)	1,396,413,137	円	(70,873件)

※ As of Feb 13

Q3 Key Topics ~ Inter-municipal support via proxy donations ~

||| Also seeing growing support between municipalities nationwide, reducing workloads through proxy donations ※130 proxy donations processed as of Feb 9

<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：熊本県熊本市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：熊本県熊本市</p> <p>2,166,500円 144件</p> <p>令和6年能登半島地震により石川県珠洲市で大きな被害が発生しています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：神奈川県横浜須賀野市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：神奈川県横浜須賀野市</p> <p>1,113,500円 46件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：神奈川県横浜須賀野市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：神奈川県横浜須賀野市</p> <p>1,351,000円 81件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：神奈川県横浜須賀野市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：神奈川県横浜須賀野市</p> <p>930,000円 43件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：茨城県八千代町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：茨城県八千代町</p> <p>1,097,600円 36件</p> <p>令和6年能登半島地震により石川県珠洲市で大きな被害が発生しています。令和6年1月1日に発生...</p>	<p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：福島県伊達市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：福島県伊達市</p> <p>544,000円 15件</p> <p>令和6年1月1日に発生した能登半島地震により、大きな被害が出ています。令和6年1月1日に発生...</p>	<p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：高知県須崎市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：高知県須崎市</p> <p>170,000円 7件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年(2023年)1月1日に発生した...</p>	<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：奈良県五條市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：奈良県五條市</p> <p>1,576,000円 90件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：栃木県足利市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県羽咋市</p> <p>代理：栃木県足利市</p> <p>395,000円 30件</p> <p>令和6年1月1日に発生した能登半島地震により、大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>富山県氷見市</p> <p>代理：岐阜県関市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>富山県氷見市</p> <p>代理：岐阜県関市</p> <p>1,316,000円 44件</p> <p>令和6年能登半島地震により被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>
<p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：滋賀県日野町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：滋賀県日野町</p> <p>213,000円 15件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：滋賀県日野町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：滋賀県日野町</p> <p>833,000円 13件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：滋賀県日野町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：滋賀県日野町</p> <p>314,000円 24件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：北海道木古内町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：北海道木古内町</p> <p>210,000円 9件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県宝達志水町</p> <p>代理：岐阜県下呂市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県宝達志水町</p> <p>代理：岐阜県下呂市</p> <p>441,000円 21件</p> <p>令和6年能登半島地震により被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県中能登町</p> <p>代理：高知県須崎市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県中能登町</p> <p>代理：高知県須崎市</p> <p>146,000円 12件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年(2023年)1月1日に発生した...</p>	<p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：奈良県五條市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：奈良県五條市</p> <p>414,000円 27件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：奈良県五條市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：奈良県五條市</p> <p>446,000円 26件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県穴水町</p> <p>代理：岡山県倉敷市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県穴水町</p> <p>代理：岡山県倉敷市</p> <p>4,108,500円 200件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：岡山県倉敷市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：岡山県倉敷市</p> <p>4,953,210円 264件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>
<p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：静岡県御前崎市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：静岡県御前崎市</p> <p>142,000円 13件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：大分県由布市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：大分県由布市</p> <p>872,000円 34件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：山形県酒田市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：山形県酒田市</p> <p>312,000円 13件</p> <p>1月1日に発生した能登半島地震により、石川県志賀町で大きな被害が発生しています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：茨城県八千代町</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県能登町</p> <p>代理：茨城県八千代町</p> <p>698,200円 33件</p> <p>令和6年能登半島地震により石川県能登町で大きな被害が発生しています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県穴水町</p> <p>代理：奈良県五條市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県穴水町</p> <p>代理：奈良県五條市</p> <p>487,000円 36件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：新潟県柏崎市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県志賀町</p> <p>代理：新潟県柏崎市</p> <p>652,000円 30件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県庁</p> <p>代理：秋田県仙北市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県</p> <p>代理：秋田県仙北市</p> <p>18,143,039円 744件</p> <p>1月1日に発生した能登半島地震により、大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県津幡町</p> <p>代理：熊本県球磨村</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県津幡町</p> <p>代理：熊本県球磨村</p> <p>295,000円 21件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した令和6年能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：岡山県倉敷市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県七尾市</p> <p>代理：岡山県倉敷市</p> <p>2,902,000円 130件</p> <p>令和6年能登半島地震により被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>	<p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：岡山県倉敷市</p> <p>【支援寄附金受付】</p> <p>令和6年能登半島地震</p> <p>石川県珠洲市</p> <p>代理：岡山県倉敷市</p> <p>19,566,500円 807件</p> <p>令和6年能登半島地震により大きな被害が出ています。令和6年1月1日に発生した能登半島地震により...</p>

||| **Government Crowdfunding, which provides assistance through NPOs and other organizations with personnel and equipment, has also attracted many donations.**



- Government Crowdfunding is a Furusato Choice program for crowdfunding through the Hometown tax system.
- It tackles local government challenges by allocating Hometown tax donations to more specific projects, encouraging donations from those who endorse a particular project.



Saga Prefecture
NPO support
×

CIVIC FORCE



Jinsekikogen,
Hiroshima Prefecture
×




||| Growth in initiatives to develop local products and sales channels via our Meibutsu Choice e-commerce service, which launched on October 25.

Imari (Saga) & Trust Bank collaboration agreement (product development support, etc.)

Announced partnership to provide local product development support and sales channels, promoting independent, sustainable business operations



<Agreement details>

- Assist the development, refinement, and discovery of new offerings harnessing local products
- Expand sales channels through Trust Bank's e-commerce service, Meibutsu Choice
- Collaborate on promotions, etc. within Furusato Choice, Trust Bank's comprehensive Hometown tax website

Obihiro Shinkin Bank & Trust Bank collaboration agreement (sales channel development support, etc.)

Announced partnership to offer businesses product development support and sales channel development through the Meibutsu Choice e-commerce site, promoting independent, sustainable business operations



<Agreement details>

- Assist Obihiro Shinkin Bank's efforts to promote development of local products
- Expand sales channels for local products through Trust Bank's e-commerce service, Meibutsu Choice
- Assist local businesses with listing products on Furusato Choice, Trust Bank's comprehensive Hometown tax website

Hamada (Shimane) & Trust Bank collaboration agreement (product development support, etc.)

Partnership to provide local product development support and sales channels, promoting independent, sustainable business operations in the city



<Agreement details>

- Assist the development, refinement, and discovery of new offerings harnessing local products
- Expand sales channels through Trust Bank's e-commerce service, Meibutsu Choice
- Collaborate on promotions, etc. within Furusato Choice, Trust Bank's comprehensive Hometown tax website

Q3 Key Topics ~ Investment in Japan DX ~

- Investing to establish partnership with Japan DX, whose business targets foreign tourists.
- Anticipate business in the tens of billions of yen, in the form of “souvenir support” with specialty products from around Japan, duty free-related DX, etc.

JAPAN DX

Traffic from overseas

Ctrip
Trip.com
⋮

Customers
400 million

Comprehensive services site for foreign visitors

Duty-free goods
Regional specialty products
Travel insurance
Cross-border e-commerce ...

Collaborate → Duty free DX

Provide products/information
500,000 products

Haneda Airport
(Japan Airport Terminal Co.)



CHANGE HOLDINGS

Specialty products from around Japan

ふるさとチョイス
ふるさと納税総合サイト

めいぶつチョイス
つくり手のこだわりを買う

Local government tourism support

Travel Zip

Assist
Product development
Duty free



Producers/businesses

Assist
Information
Attract visitors



Local government

||| From November 30, we began offering an efficiency boosting platform powered by generative AI.

Efficiency boosting platform NexEmbark

Standard mode (AI-generated responses)

- ||| Generates responses based on user input (information they are seeking, etc.)

Internal document search mode

- ||| AI generates responses based on information contained in company documents stored on the Azure service in advance
- ||| Potential for significant time savings when employees search for labor-related matters, company rules, etc.

Graphing mode

- ||| Generate graphs from pre-defined reference data
- ||| Generate graphs by simply typing “Tell me/I want to know information on XX” or similar chat prompts
- ||| Can be used without knowledge of database architecture or data science

- ||| **Launched Beacapp Tag, which visually tracks the locations of objects.**
- ||| **Reduces time spent searching for items or taking inventory in various workplaces and enables analysis of operating status.**

モノの所在地を可視化する

Beacapp Tag



At the office

- Items circulated among multiple employees (internal notices, important documents, etc.)
- Computers, tablets, or other devices shared by multiple employees

At hospital

- Ventilators, wheelchairs, stretchers, etc.
- Items used throughout the hospital, across different departments and doctors/patients

In the warehouse

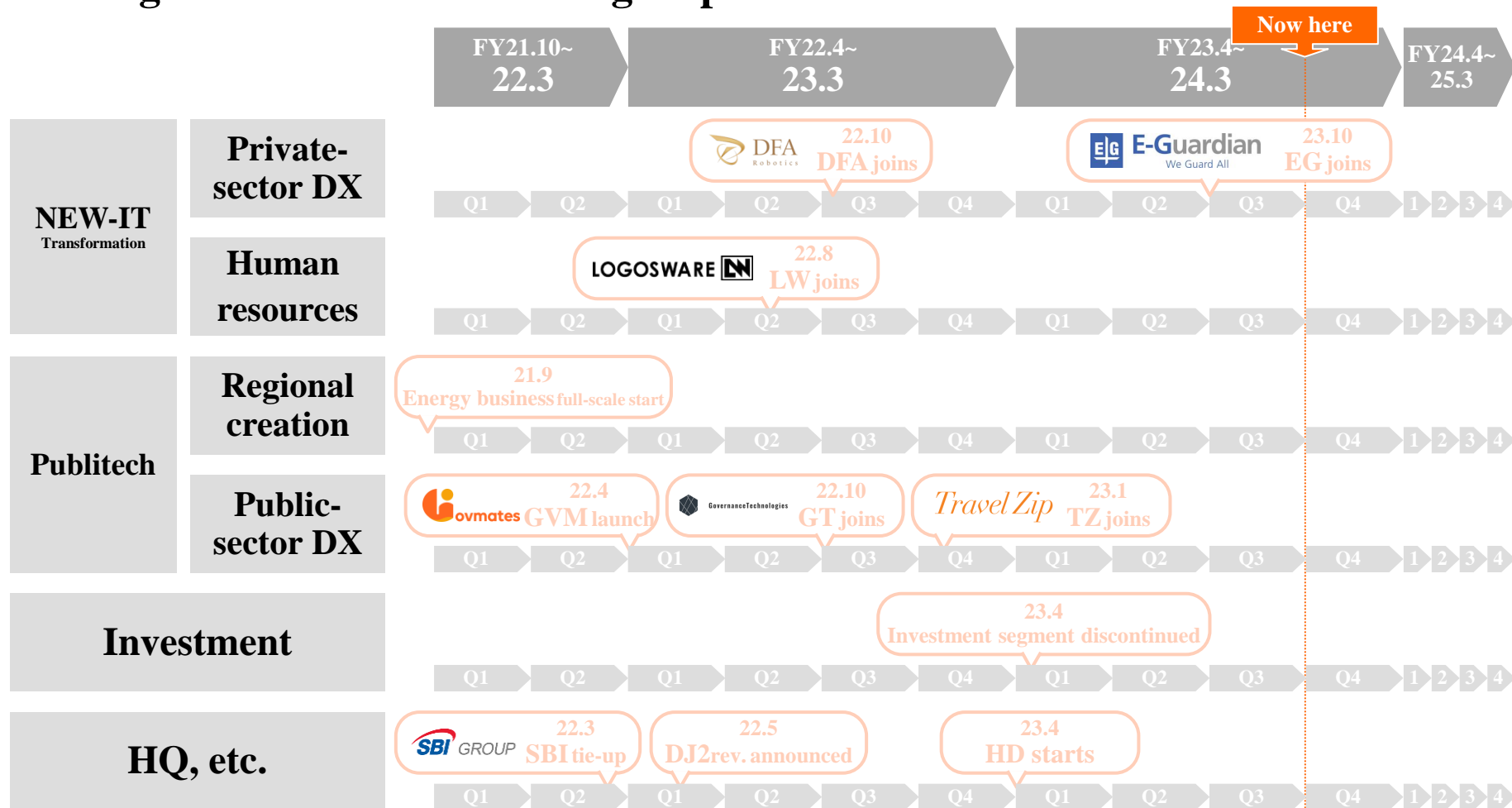
- Equipment used by multiple workers (trolleys, pallets, etc.)
- Machinery that must be tracked to ensure safety (forklifts, elevated work vehicles, etc.)

Q3 Overview

Future Prospects

Business Domain Evolution in DJ2

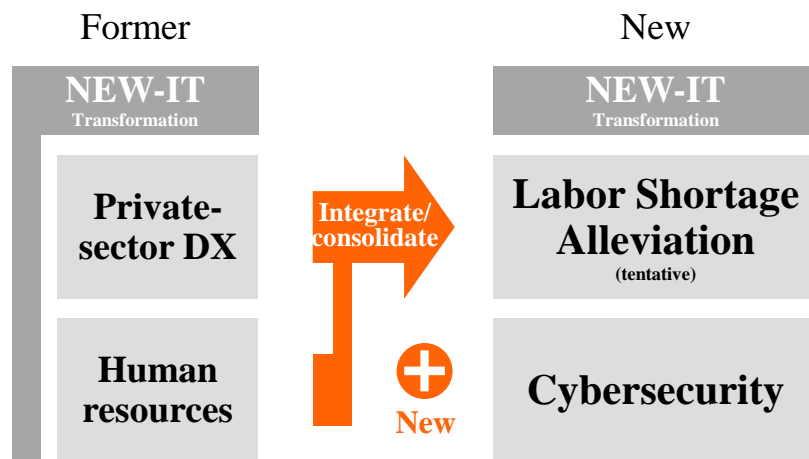
- ||| Since start of DJ2, we have pursued various “Local” oriented endeavors.
- ||| Despite achieving certain results overall, we are seizing the initiative to reorganize in line with shifting emphasis.



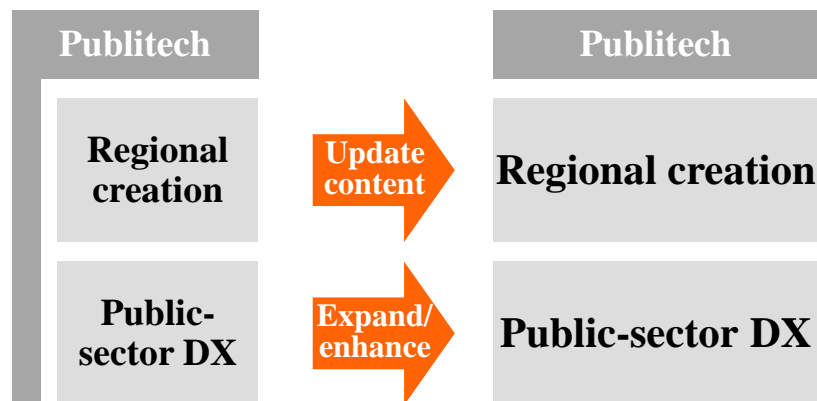
※ Due to a change in the fiscal year end, FY22.3 was an irregular six-month period, with DJ2 revised accordingly to 3.5 years

Direction of Business Domain Reorganization

- ||| With the boundaries between Private-sector DX and Human Resources disappearing, they combine as a business offering comprehensive solutions to personnel shortages.
- ||| In Regional Creation, we will gradually scale down and replace the energy business.



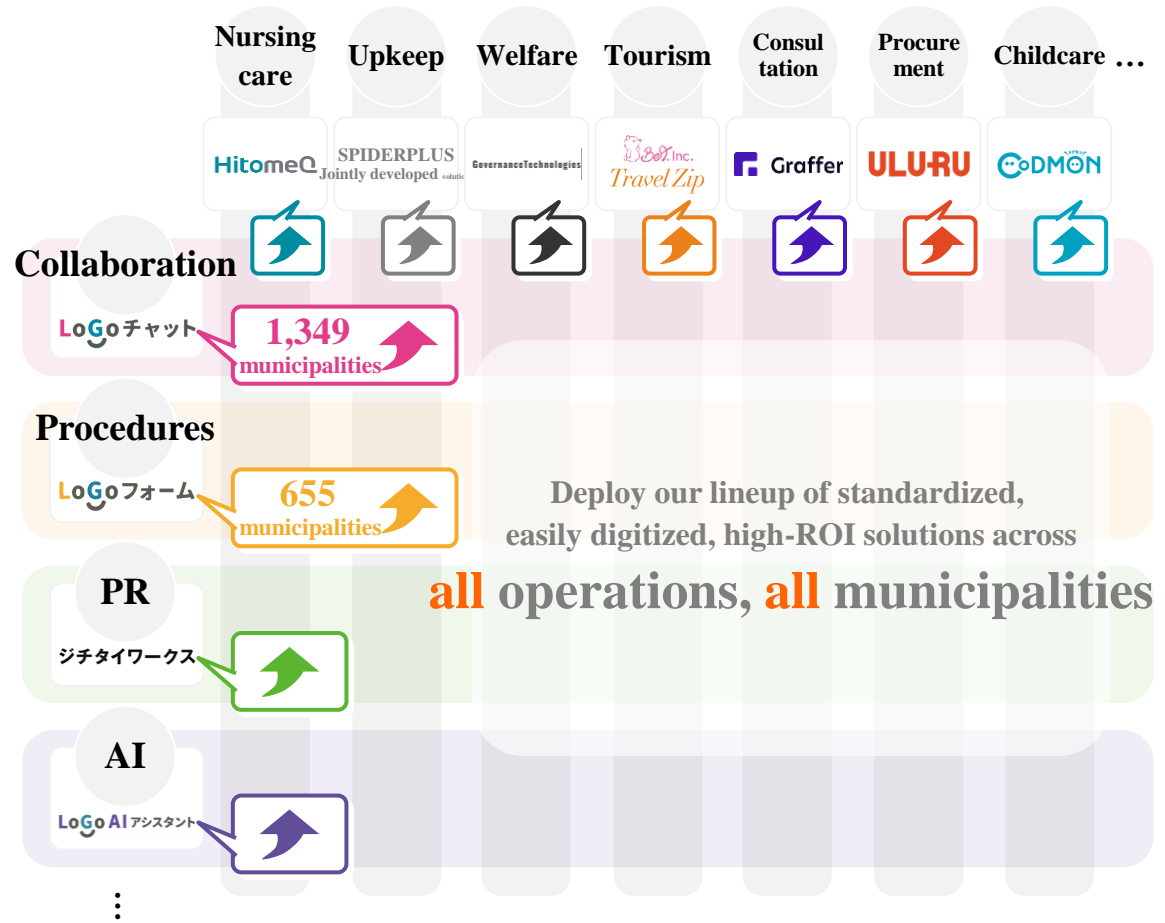
- ||| Comprehensively address the increasingly common staffing shortages
- ||| Create system to propose optimal means of tackling shortages, whether human, material, financial, or information-driven
- ||| Bring together wide-ranging experts from around the country
- ||| Curb digital deficit by building a robust industry foundations with domestic solutions



- ||| Scale back slow-moving, asset-heavy energy business
- ||| Promote tourism as the alternative that truly invigorates regions
- ||| Combine Furusato Choice's "all municipalities" network with Govmates' coverage of "all operations"
- ||| Harness Group strengths and partners to encompass all domains

Public DX Domain ~ Digitalizing all operations, all municipalities ~

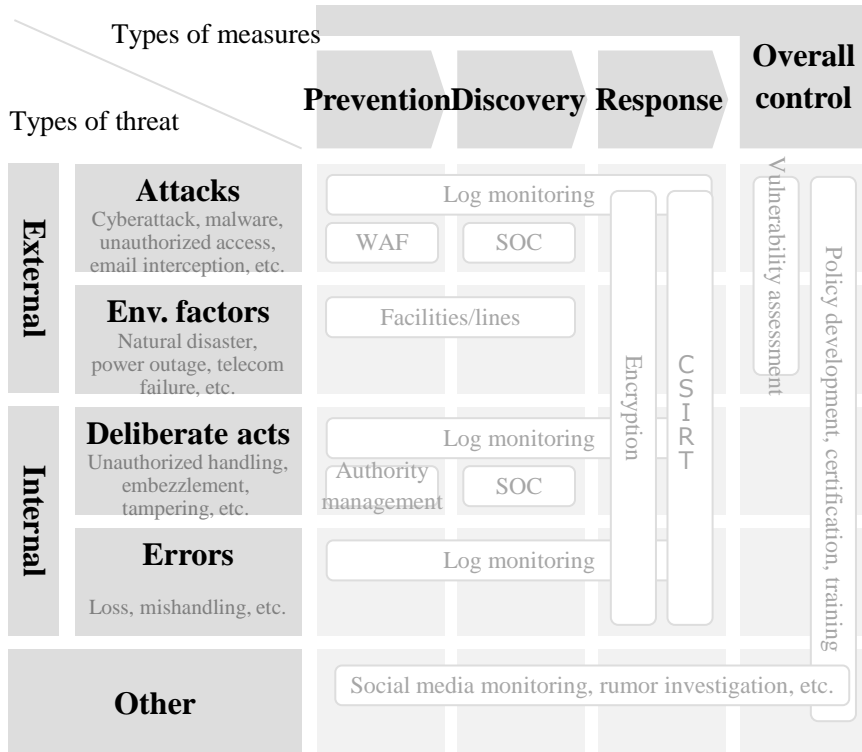
- ||| Govmates now covers all municipal operations, developing templates as intellectual property.
- ||| Sell all types of solutions across Furusato Choice's base of nationwide municipalities.



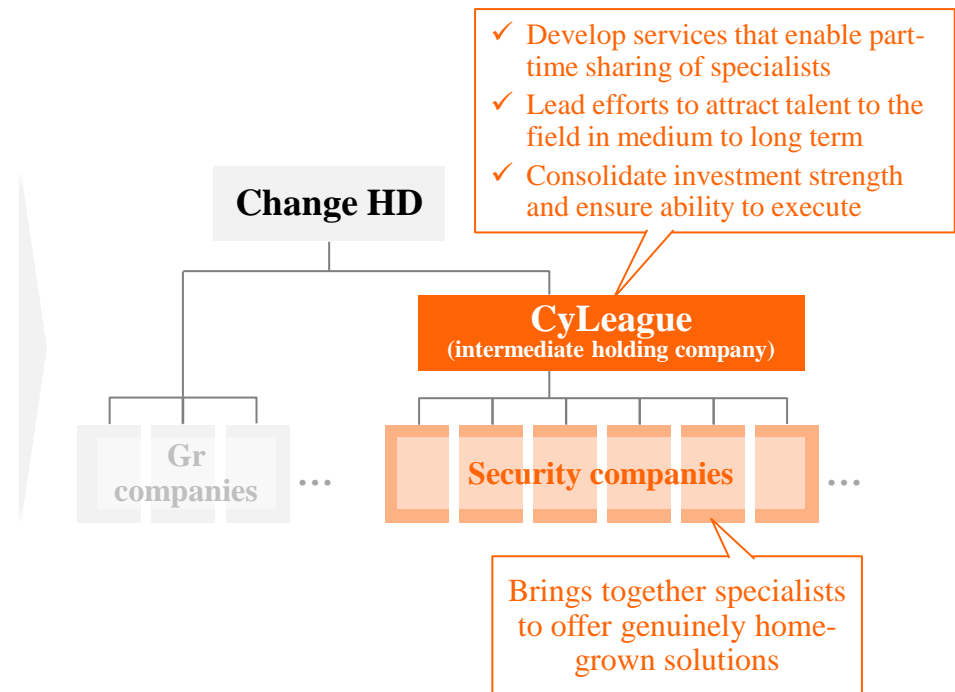
Cybersecurity Domain ~ Consolidating domestic talent and capabilities ~

- ||| **Bring together and train/strengthen domestic security personnel to alleviate the drastic shortage.**
- ||| **Marshall domestic capabilities and create systems to curb digital deficit and over-reliance on foreign services.**

Solutions must cover many elements, while specialists are widely spread



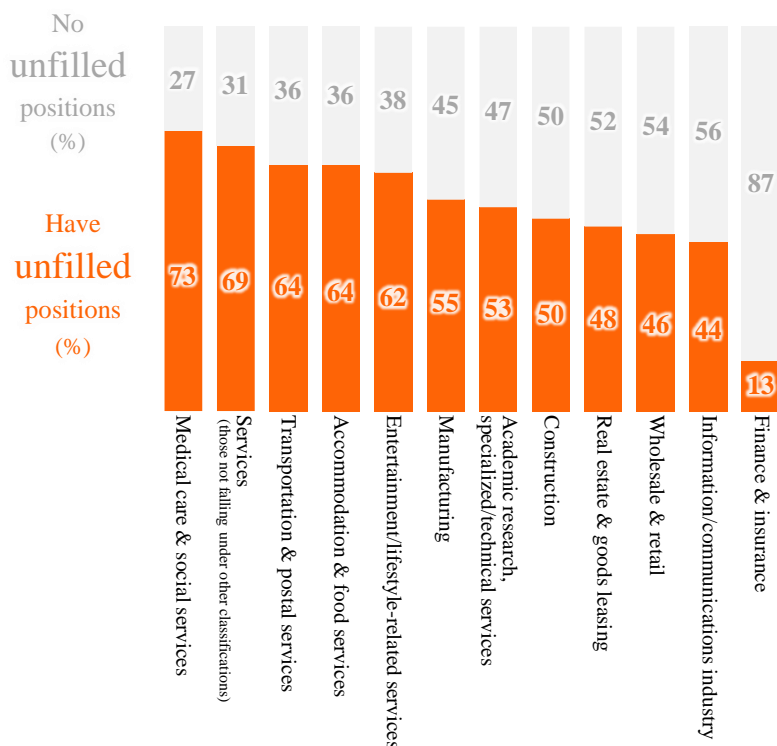
Bring together/strengthen domestic specialists



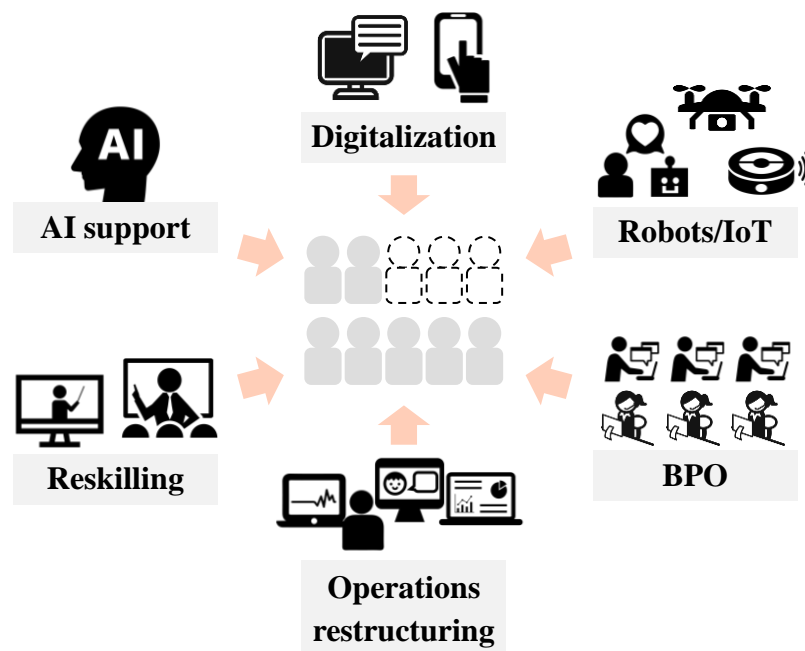
Labor Shortage Alleviation Domain ~ Reorganizing service lineup ~

- ||| The HR demand-supply gap has grown particularly acute post-pandemic, with a wide array of companies routinely unable to fulfill hiring plans.
- ||| We will reconfigure our service lineup to enable us to offer integrated solutions for addressing personnel shortages.

Hiring problems becoming norm in many industries



Hiring/staffing costs → Labor-saving investment

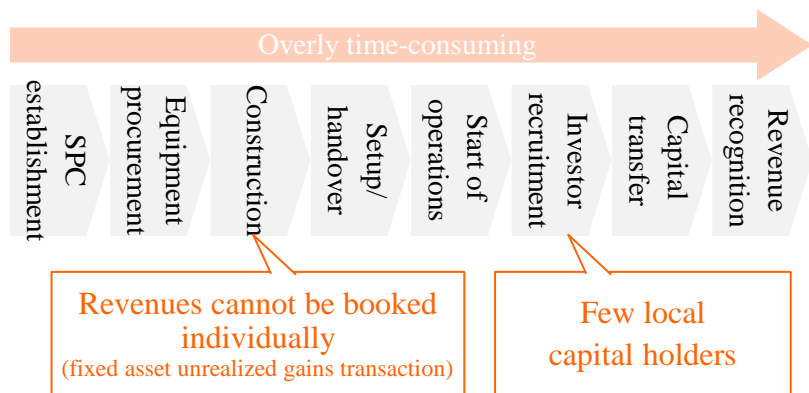


※ Compiled based on Table 7 “Proportion of businesses with unfilled positions & vacancy rate, by industry” from Ministry of Health, Labour and Welfare Survey on Labour Economy Trend summary (November 2023) <https://www.mhlw.go.jp/toukei/itiran/roudou/koyou/keizai/2311/dl/4kekagaiyo.pdf>

Regional Creation Domain ~ Downsizing/replacing energy business ~

- ||| **Scaling back energy business due to the longer-than-anticipated timeframe for posting consolidated revenues.**
- ||| **Replace with projects in sectors that can stimulate regions more quickly, such as tourism.**

Energy business is slow-moving, asset-heavy

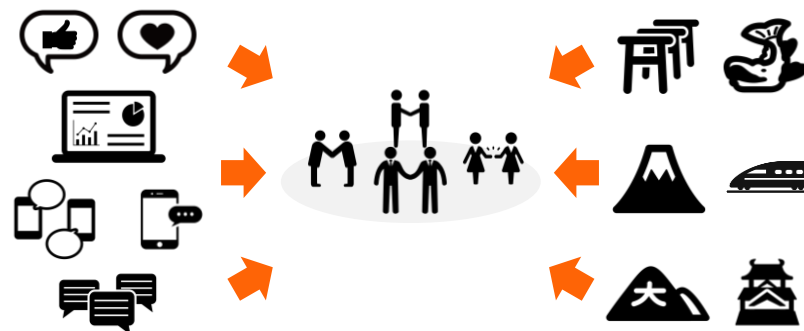


- 🔦 Slow revenue recognition, contrary to initial business design
- 🔦 Transfer to local capital also made difficult by lack of candidates
- 🔦 Results in large asset holdings that serve as a drag on capital efficiency

Create platforms that bring in existing assets

Tourism demand

Tourism resources



- 👍 In current post-pandemic circumstances, tourism holds greatest potential for enriching regions
- 👍 With our regional customer base, our Group is well placed to engage players with existing assets and establish platforms
- 👍 Non-tourism alternatives include carbon credit trading, etc.

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.



CHANGE
HOLDINGS
