



February 14, 2024

For Immediate Release

Company	CHANGE Holdings, Inc.
CEO	Hiroshi Fukudome (Code: 3962, Prime Market of the Tokyo Stock Exchange)
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**Announcement of the Acquisition regarding Shares of Digital Arts Consulting Inc.
(and the Consolidation thereafter)**

At the meeting of the Board of Directors held on February 14, 2024, we resolved to acquire shares of Digital Arts Consulting Inc. (hereinafter, “Digital Arts Consulting”) which is the subsidiary of Digital Arts Inc. (Code: 2326, Prime Market of the Tokyo Stock Exchange) and consolidate it into our subsidiary. The details are as follows:

1. Reason for acquiring its shares

Recently, it has been said that cyber security human resources are chronically insufficient in Japan. Under these circumstances, we already concluded a capital and business alliance with E-Guardian Inc. (hereinafter, “E-Guardian”) and made it our consolidated subsidiary. After that, we began to enter into the cybersecurity industry. The acquisition of shares of Digital Arts Consulting and the consolidation of it into our subsidiary this time will further accelerate our participation in the cybersecurity industry.

With the consolidation of Digital Arts Consulting into our Group, we will be able to provide services which can support both DX and security-related business strategies as well as IT strategy development and its implementation for our customers. Furthermore, Digital Arts Consulting, which has a proven track-record, including the introduction and operation of advanced cybersecurity products, will, as a new member of our Group, provide advanced and practical solutions for cybersecurity which will become increasingly important in the future.

Digital Arts Consulting has many experienced cyber security talents, and they have deep expertise and track-record in cyber security. As a result, our Group can leverage their capabilities to expand our influence on the market belonging to the cybersecurity domain. Although E-Guardian's subsidiaries already operate the cyber security business, the scope of their business does not overlap that of Digital Arts Consulting for the most part. Therefore, Digital Arts Consulting will be able to broaden the scope of our Group's business development in the cyber security field. In other words, Digital Arts Consulting will strengthen the diversity and coverage of our Group's human resources in the cyber security field, which will enable our Group to satisfy more broader range of customers' needs.

Digital Arts Consulting also provides IT consulting services that are not limited to the cyber security, and our Group provides similar consulting services as well. So, we believe that our Group will be able to acquire new projects not only by leveraging mutual strengths of our Group and Digital Arts Consulting but also by linking our IT consulting services with businesses of E-Guardian other than the cybersecurity.

The name of Digital Arts Consulting will be renewed after the share transfer date.

2. Overview of the subsidiary to be added

(1) Name	Digital Arts Consulting Inc.			
(2) Address	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo			
(3) Title/name of representative	Mr. Tadao Matsumoto, Representative Director and President			
(4) Description of Businesses	IT strategic consulting, information security consulting, etc.			
(5) Common stock	73 million yen			
(6) Date of Establishment	April, 2016			
(7) Major shareholders and percentage of shares	Digital Arts Inc.: 91.86% Mr. Tadao Matsumoto: 6.56%			
(8) The relationship with us	Capital relationship	Not applicable.		
	Personal relationship	Not applicable.		
	Business relationship	Not applicable.		
(9) Results of operations and financial position of the company for the past three years				
	Fiscal year end	FY2021/3	FY2022/3	FY2023/3
Net assets		153 million yen	227 million yen	254 million yen
Total assets		280 million yen	365 million yen	534 million yen
Net assets per share		20,255.00 yen	29,892.49 yen	33,391.74 yen
Net sales		839 million yen	1,106 million yen	1,663 million yen
Operating income		46 million yen	106 million yen	25 million yen
Ordinary income		47 million yen	108 million yen	33 million yen
Net income		29 million yen	73 million yen	26 million yen
Net income per share		3,834.34 yen	9,637.50 yen	3,449.37 yen
Dividend per share		-	-	-

3. Outline of the counterparty of this share acquisition transaction

(1) Name	Digital Arts Inc.	
(2) Address	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	
(3) Title/name of representative	Mr. Toshio Dogu, Representative Director and President	
(4) Description of Businesses	Planning, development and sale of internet security software and appliance products	
(5) Common stock	713 million yen	
(6) Date of Establishment	Jun, 1995	
(7) Net assets	14,173 million yen	
(8) Total assets	21,149 million yen	
(9) Major shareholders and percentage of shares	Toshio Dogu: 16.05% The Master Trust Bank of Japan, Ltd. (trust account) :11.75% The Custody Bank of Japan, Ltd. (trust account): 7.83%	
(10) The relationship with us	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Business relationship	Not applicable.
	Applicability to the “relevant party”	Not applicable.

4. Number of shares to be acquired, acquisition cost, and shares held before and after the acquisition

(1) Shares owned prior to the transaction	0 share (Number of voting rights: 0) (Percentage of voting rights: 0.00%)
(2) Total shares to be acquired	7,000 shares (7,000 shares of ordinary share) (Number of voting rights: 7,000)
(3) Acquisition cost	Ordinary shares of Digital Arts Consulting: 2,296 million yen Acquisition-related expenses (approximate amount): 38 million yen Total (approximate amount): 2,334 million yen
(4) Shares owned after the transaction	7,000 shares (Number of voting rights: 7,000) (91.86% of voting rights)

5. Schedule

(1) Date of resolution of the Board of Directors	February 14, 2024
(2) Execution date of the Agreement	February 14, 2024
(3) Execution date of share transfer	March 29, 2024 (planned)

6. Future Outlook

Following the acquisition of the shares, Digital Arts Consulting will become our consolidated subsidiary on the acquisition date of March 29, 2024. The impact of the acquisition of shares on our consolidated results for the year ending March 31, 2024 is currently under scrutiny, and we will promptly inform you of any issues that should be disclosed.

End

For Reference:

Forecast of our consolidated financial results for the current fiscal year (as announced on May 15, 2023) and consolidated results for the previous fiscal year

	Revenue	Operating profit	Net profit	Profit attributable to owners of the parent
Consolidated earnings forecast for the current fiscal year (year ending March 31, 2024)	34,000 million yen	11,000 million yen	7,516 million yen	7,211 million yen
Consolidated earnings results for the previous fiscal year (year ended March 31, 2023)	20,021 million yen	5,730 million yen	3,910 million yen	3,856 million yen