



June 25, 2024

For Immediate Release

Company CHANGE Holdings, Inc.  
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### **Measures to Realize Management with an Awareness of the Cost of Capital and Share Price**

We hereby announce that we have analyzed the current situation and formulated a policy for initiatives to increase corporate value with regard to the realization of management that is conscious of the cost of capital and share price.

For details, please refer to the attached material entitled " Measures to Realize Management with an Awareness of the Cost of Capital and Share Price."

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[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 25, 2024

**CHANGE**  
**HOLDINGS**

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Analysis of Current Status

Measures and Initiatives for Enhancing Corporate Value

Dialogue with Shareholders and Investors

[Notes of caution]

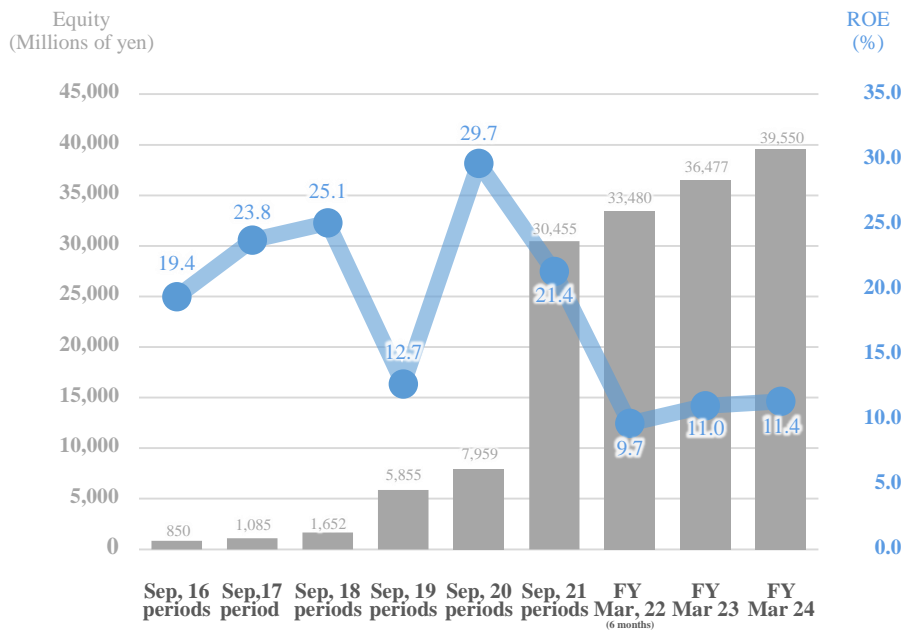
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# Current Analysis ~ ROE and PER ~

||| **ROE has been more than 11%\* since the listing while PER has been on a downward trend.**

\*: Excluding FY ended March 2022 which was an irregular 6-month period

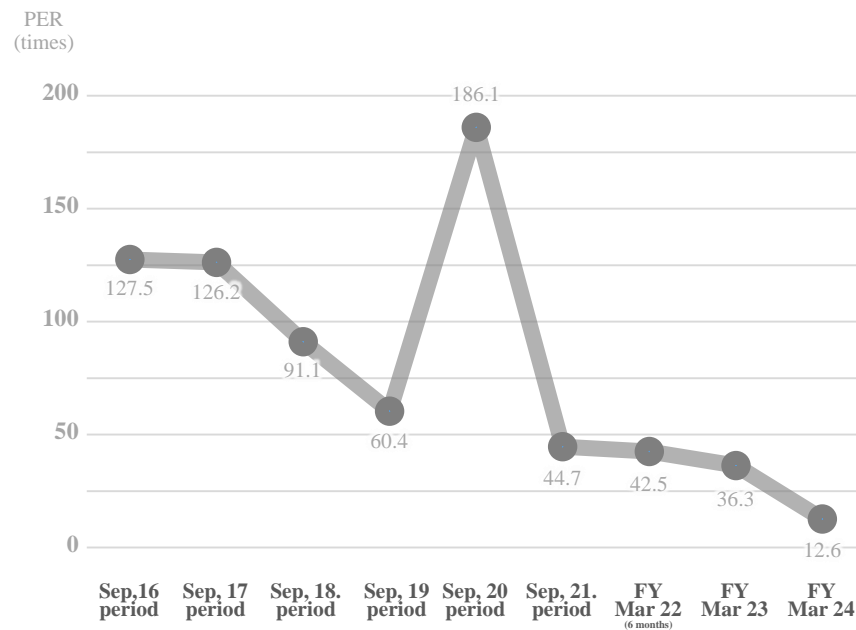
## Equity and ROE



※1: For the fiscal year ended March 2022 which was the six-month period, profit (the numerator's) is also calculated by 6 months, so the result was very low.

※2: ROE is calculated by dividing profit attributable to owners of parent by the average amount of the equity at the beginning of the fiscal year and the end thereof.

## PER



※3: PER is calculated based on the share price at the end of the fiscal year and our announced financial forecast at that time.

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# Analyze Current Status ~ PER Analysis ~

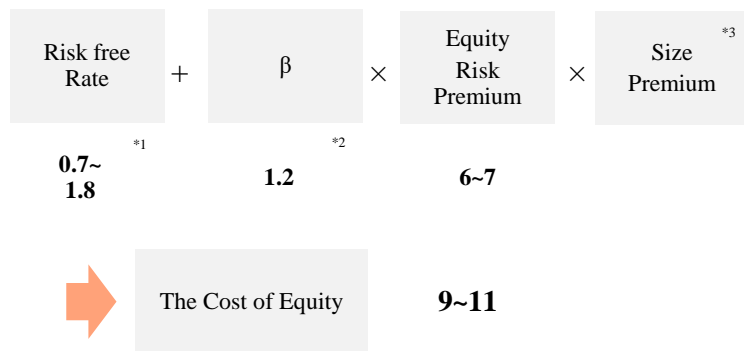
||| **Based on interviews with institutional investors, if we assume the cost of equity to be around 10%, the expected earnings growth rate implied in our share price has declined to around 2.0%.**

## Assumption of the cost of equity

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

➔ **Estimated to be about 10%.**

### Calculation by CAPM

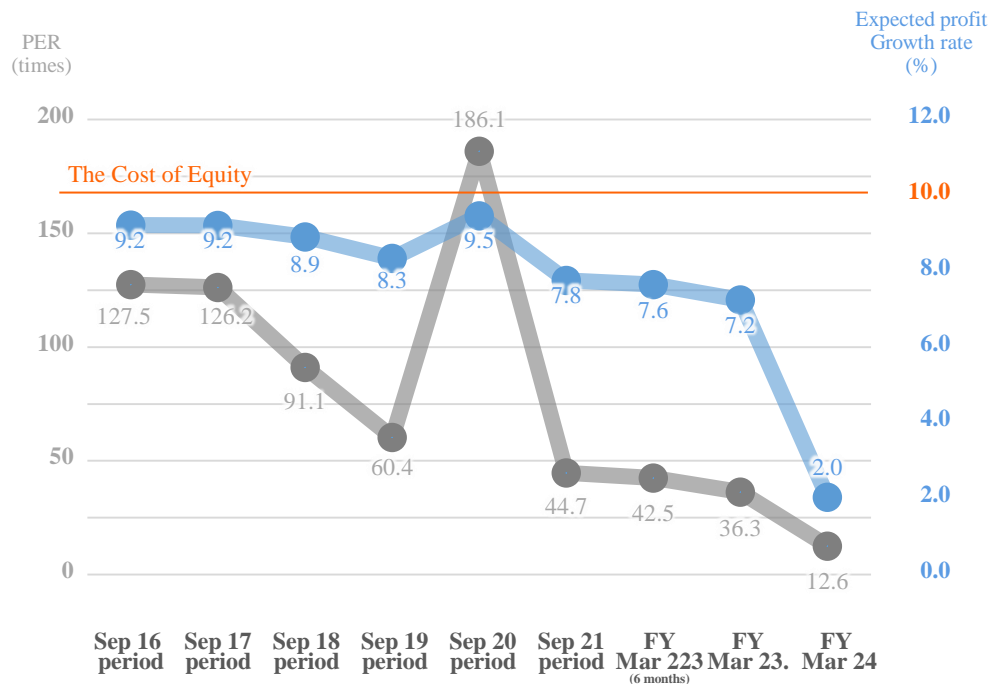


\*1: Calculated using 10-year and 30-year JGB yields (as of the end of March 2024)

\*2: Calculation based on industry type beta in the information service industry

\*3: Additional risk premium for small firm stocks

## PER and expected earnings-growth rate

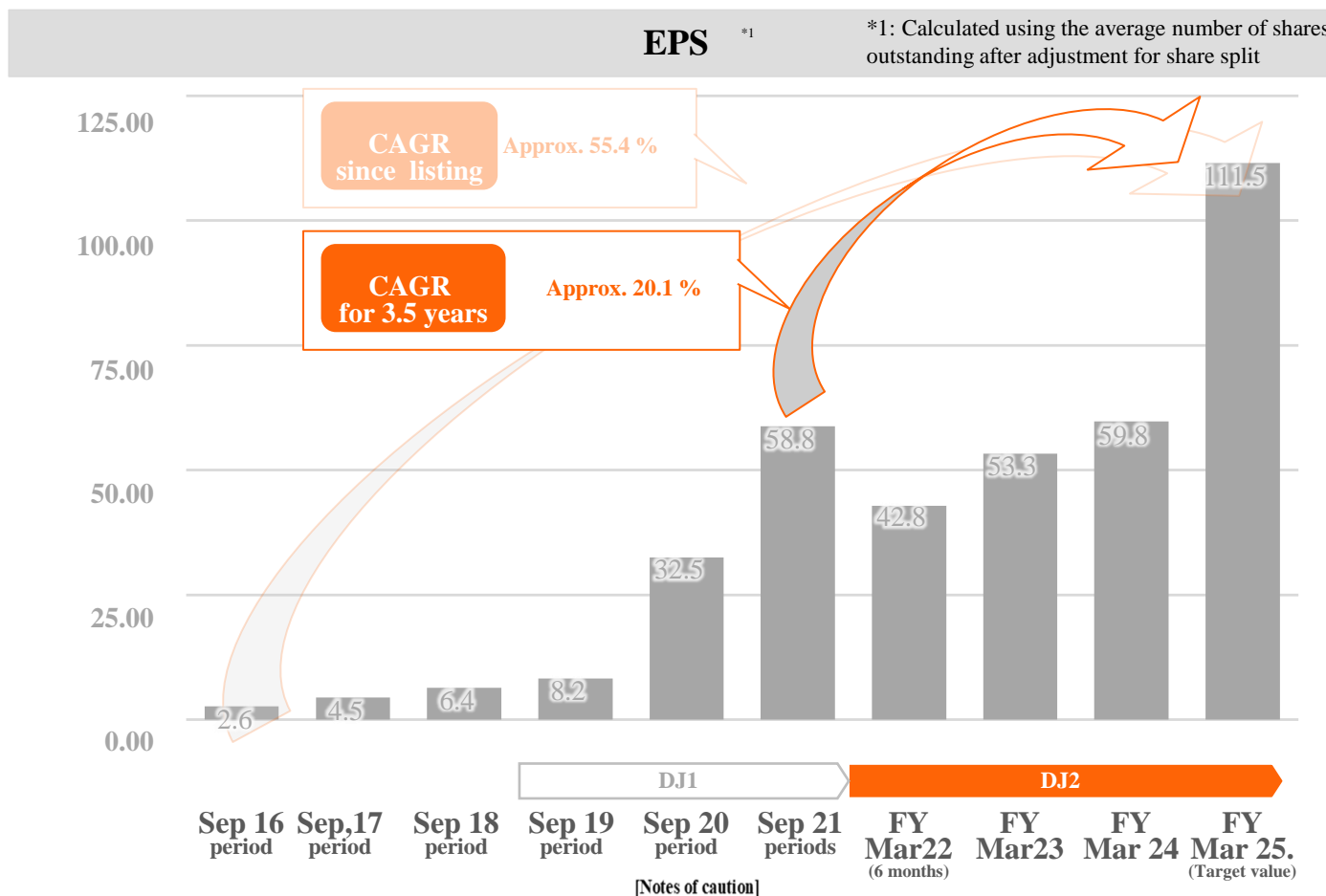


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# Analysis of Current Status ~ Discussion of Profit Growth Expectations ~

- ||| EPS's growth rate is about 55% since the listing and about 20% even from the recent fiscal year ended Sept 2021.
- ||| There is a large divergence from the current expected PER, and we should strive to gain confidence from investors for our growth potential.

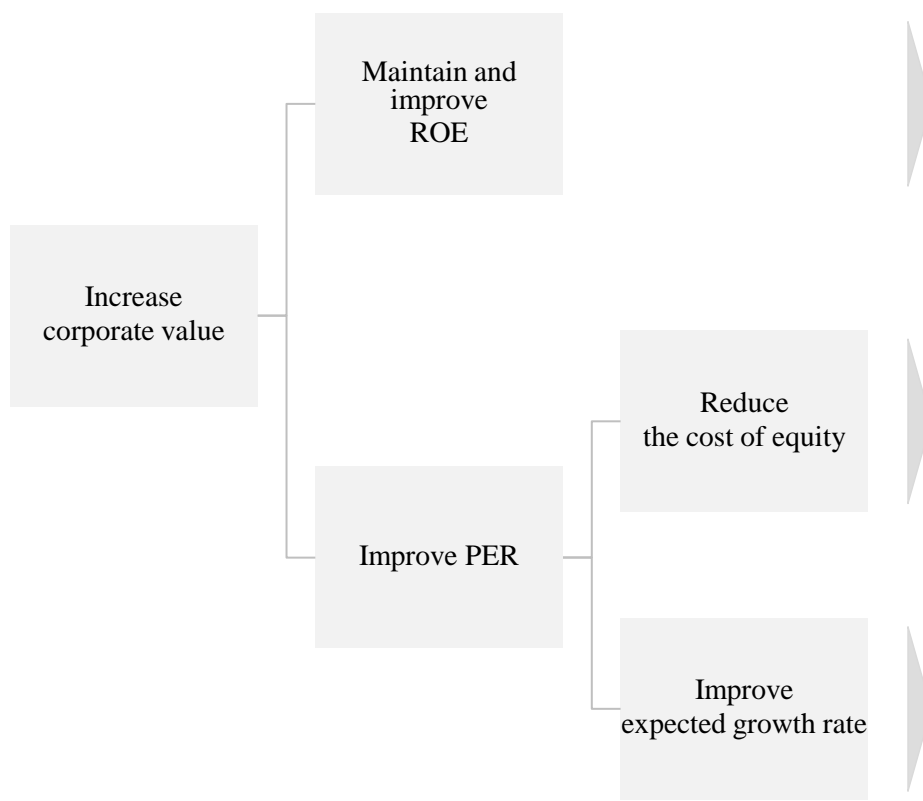


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# Measures and Initiatives for Enhancing Corporate Value

||| We should pursue the following measures to increase our corporate value.

## Overview of measures to increase corporate value



## Details of measures

- ||| Implementing business monitoring and portfolio management with an awareness of capital efficiency
- ||| Utilization of surplus funds (balancing investment and shareholder return)
- ||| Disciplined financial leverage
  
- ||| Reducing performance volatility by strengthening budgeting and management
- ||| Enhancement of information disclosure leading to reduction of information asymmetry
  
- ||| Formulation of next Mid-term Business Plan (DJ3) and explanation to the market
- ||| Strengthening IR to foster expectations for our future growth

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# Dialogue with shareholders and investors

- ||| **The following activities are ongoing in order to reflect the opinions of shareholders and investors in our overall management.**
- ||| **Compiled by the IR division, regularly reported to management, and shared and linked with related departments and companies.**

## General Meeting of Shareholders

- ||| Hosting in a hybrid format, using the venue and online
- ||| Thinking direct dialogues and receiving feedback as an important chance
- ||| After the meeting, we hold a dialogues with our shareholders and hold a careful online dialogues with participants from remote places.

## Dialogue with Individual investors

- ||| Conducting four quarterly financial results briefings (webinars)
- ||| As a general rule, attended by the Representative Director and CEO, and Director, Executive Officer and CFO
- ||| Answering questions online and releasing QA at a later date

## Dialogue with Institutional investors

- ||| Holding briefings and interviews with domestic and overseas institutional investors and analysts
- ||| Results for the year ended March 31, 2024 are as follows:
  - Financial Results Briefing (Webiner): 4 times every quarter
  - Individual interview (online/in-person): Approximately 180 times

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- ||| *This material is intended to provide information on our "measures to realize management with an awareness of the cost of capital and share price."*
- ||| *Forward-looking statements in this document are based on information available to us at the time the document was prepared, and include uncertainties.*
- ||| *Actual results may differ significantly from these forecasts due to various factors.*

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