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February 14, 2025

To whom it may concern

Name of company	SAAF Holdings Co., Ltd.	
Representative	Representative Director and President	Toshimori Mae
	(Ticker code: 1447, Tokyo Stock Exchange, Growth Market)	
Inquiry	Senior Executive Officer, General Manager of Management Headquarters and CFO	Takashi Noma

（MAIL: info@saaf-hd.co.jp）

Notice regarding revision of full-year performance forecast and year-end dividend forecast (no dividend) and reduction in executive remuneration

We would like to inform you that we have decided to revise the full-year performance forecast and year-end dividend forecast for the fiscal year ending March 2025, which were announced on May 15, 2024.

We hereby would like to inform you in addition to the above matter, we have decided to reduce executive compensation in order to clarify management responsibility regarding this matter.

Details

1. Revision of full-year earnings forecast

(1) Contents of revision of full-year earnings forecast

Revision of full-year consolidated earnings forecast for the fiscal year ending March 2025
(April 1, 2024, to March 31, 2025)

	Sales	Operating profit	Ordinary profit	Net profit attributable to owners of parent company	Net income per share (EPS)
	JPY million	JPY million	JPY million	JPY million	JPY
Previously announced forecast (A)	31,300	1,090	970	280	11.45
Forecast revised this time (B)	29,000	390	200	△400	△16.36
Increase/decrease amount (B-A)	△2,300	△700	△770	△680	-
Increase/decrease rate (%)	△7.3	△64.2	△79.4	-	-
(Reference) Actual result of previous fiscal year (fiscal year ended March 2024)	29,270	713	767	183	7.59

(2) Reason for revision of full-year earnings forecast

Regarding the full-year performance forecast for the fiscal year ending March 2025, the Company's Corporate Planning Office, in consultation with the representatives of each group company, has formulated an achievable budget based on the market environment and the performance of each group company, using the bottom-up budgeting method that has been adopted since the fiscal year ended March 2023. In addition, this is a place for managing budgets and actual results, and we have been promoting a system to discuss and implement countermeasures at the Group Management Meeting which is held monthly. However, at the Group Management Meeting held in January 2025, it became clear that there was a significant discrepancy from the planned figures, and we have decided to revise our full-year business forecasts based on the results in the "Third Quarter Financial Results for the Fiscal Year Ending March 2025 (Japanese Standards) (Consolidated)", which was separately disclosed today.。

The main reasons for each segment are as follows. Please note that differences from the figures on Appendix P43 of the timely disclosure dated September 2, 2024, 【About updates and corrections to “Matters regarding consolidated financial results and business plan growth potential for the fiscal year ended March 2024”】 are listed stated regarding the difference in planned values listed for each segment.

<Overseas Business> (Difference from planned value - sales: JPY approx.△560 million, Segment profit: JPY approx.△190 million)

Due to the serious shortage of sand (embankment materials) in Vietnam, large-scale projects (civil engineering works) with long construction periods are experiencing construction delays caused by soaring material costs and delivery delays. Although it was clear as of the second quarter that there was a possibility of a recovery from the second half onward, we had decided not to revise the full-year earnings forecast, but we have determined that it will be difficult to recover this fiscal year at this point. Currently, we are shifting our sales activities from civil engineering projects that require large quantities of embankment materials to orders for ground improvement work and embankment reinforcement work.

In addition, after it became clear that there was a serious sand shortage in Vietnam, issues were brought to light in terms of management ability, such as not being able to give prompt instructions and responses to on-site staff, and in construction cost control due to response delays and soaring material costs. We are currently taking measures such as establishing clear procedure manuals and reporting flows, reviewing our personnel structure, and introducing a management system.

<Human Resources Business> (Difference from planned value - sales: JPY approx.△680 million, Segment profit: JPY approx.△130 million)

In the engineer dispatch business, which dispatches SE (system engineers) among the human resources business due to the recent shortage of IT human resources, recruitment of dispatched staff has not progressed, affecting the acquisition of projects, and sales are expected to fall below the initial plan.

In addition, in the human resources dispatch business, which focuses on manufacturing and logistics-related industries, and the educational human resources dispatch business, which focuses on private educational institutions and incorporated educational institutions, although performance is strong, securing dispatched personnel is lower than planned, and sales are expected to fall below the initial plan.

<Ground Investigation and Improvement Business> (Difference from planned value - sales: JPY approx.△270 million, Segment profit: JPY approx.△70 million)

Traditionally, we have focused on relatively small-scale ground investigation and ground improvement for single-family homes, low-rise condominiums, commercial facilities, etc., but as the number of new housing starts in Japan decreases year by year, we have been working to shift to larger-scale construction. We have been steadily preparing to enter the earth drill method (cast-in-place concrete pile method), which is used for ground improvement of mid-to-high-rise condominiums, etc., and have incorporated it into our plans for the fiscal year ending March 2025. However, as a result, although sales increased compared to the previous fiscal year, sales channels for the earth drill method did not expand as planned, and sales are expected to fall short of the initial plan. Additionally, in terms of profits, we incurred higher than expected hiring costs to deal with overtime work due to the application of Agreement 36 (Labor-Management Agreement based on Article 36 of the Labor Standards Act) to the construction industry from April 2024, and the unit price negotiations to address rising costs due to soaring material costs, but unit price negotiations did not progress as expected, resulting in a reduction in profits.

The earth drill method is a construction method that YUSIN Co., Ltd. (hereinafter referred to as “YUSIN”) specializes in, as stated in the timely disclosure dated November 26, 2024, “Notice Regarding Acquisition of Shares of YUSIN Co., Ltd. (Consolidated Subsidiary) and Changes in Specified Subsidiaries.” Going forward, we will leverage group synergies to sell the earth drill method and strengthen our cast-in-place concrete pile construction business. In addition, we will continue to negotiate unit prices, and as a new sales strategy, we are planning to sell a set of site survey and ground survey using 4Dkankan, a 3D surveying device sold by our consolidated subsidiary GeoSign Co., Ltd. Surveying using 4Dkankan allows for efficient surveying, and we aim to expand our sales network by selling sets to house builders, etc., and to increase orders for ground improvement.

<Consulting Business> (Difference from planned value - sales: JPY approx.△220 million, Segment profit: JPY approx.△100 million)

As a means of expanding our business, we have been working to strengthen our recruitment of consultants by increasing the number of recruiters. However, hiring consultants with IT-related knowledge has not progressed as planned compared to the initial plan, partly due to the recent shortage of IT personnel. For this reason, although there are abundant opportunities to receive consulting orders, we are forced to give up such orders due to a lack of consultants. As a result, sales are expected to be lower than the initial plan.

We are currently planning to expand our consulting business not only in the IT field, but also in the education and disaster prevention fields. By expanding our field, we aim to increase opportunities to receive orders, promote high utilization of consultants, and increase profits.

<Other Business> (Difference from planned value - sales: JPY approx.△290 million, Segment profit: JPY approx.△80 million)

In the drone business and industrial innovation business, we were increasing personnel in order to expand the business, but due to delays in establishing a sales structure, the number of orders received was lower than both the initial plan and the previous year's level, resulting in SG&A expenses being incurred ahead of schedule. Additionally, due to the loss of orders for projects that were expected to be received from the second half onward, sales are expected to fall below the initial plan.

Regarding the M&A advisory business, although the business environment for M&A is strong, we are unable to reach agreement on the conclusion of contracts, and sales are expected to fall below the initial plan.

In accordance with our group’s rules, we plan to consider whether or not the above-mentioned businesses can continue as part of our review of our business portfolio.

The Company's operating profit, ordinary profit, and net profit attributable to owners of the parent company decreased due to a decrease in consolidated sales. In addition, as for YUSIN, we took into consideration the amount (approximately JPY △70 million) after subtracting advisory costs related to stock acquisition and goodwill amortization from the expected operating profit for the fourth quarter, which incorporates the company's business results into the consolidated results. As a result of these factors, we have revised our business forecasts as business results are expected to be lower than our initial expectations.

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2. Revision of year-end dividend forecast for the fiscal year ending March 2025

(1) Content of revision

	Annual dividend (JPY)		
	End of second quarter	End of fiscal year	Total
Previous forecast	JPY	JPY 6.00	JPY 6.00
Forecast revised this time		0.00	0.00
Actual results for the current period	0.00		
Actual results for the previous fiscal year (FY ended March 2024)	0.00	0.00	0.00

(2) Reason for revision

The Company strives to maintain a stable business foundation and recognizes the return of profits to shareholders as one of the important management issues. Regarding profit distribution, our basic policy is to pay dividends to shareholders by comprehensively considering business performance, business conditions, etc., while working to strengthen our financial position and increase internal reserves in preparation for future business development.

Since shifting to the profit-oriented management, we have secured profits for two consecutive years in the fiscal year ended March 2023 and March 2024, and have put in place a structure to do so. We also planned to pay our first dividend as SAAF Holdings in the fiscal year ending March 2025. However, in line with the revision of our full-year earnings forecast, we regret to inform you that we have revised the dividend per share from the previous forecast of JPY 6 to JPY 0.

We would like to express our deepest apologies to our shareholders and ask for your continued support as we strive to pay dividends as soon as possible.

3. Regarding reduction of executive compensation

We take seriously the revisions to our full-year business forecasts and dividend forecasts, and in order to clarify our management responsibilities, we have decided to reduce executive compensation.

(1) Details of reduction of executive compensation

Representative Director and President: 30% reduction in monthly compensation
Executive Vice President: 10% reduction in monthly compensation
Managing Director: 10% reduction in monthly compensation
※Appropriate measures will also be considered for directors of subsidiaries whose results at the end of the current fiscal year are in the red or have a large deviation from planned values.

(2) Period subject to the reduction of executive compensation

February 2025 - April 2025 (3 months)

(Note) The above performance forecasts and dividend forecasts have been prepared based on currently available information, and actual performance and dividends may differ from the forecast numbers due to various factors in the future.