Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 28, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under IFRS)

Company name: Simplex Holdings, Inc.
Listing: Tokyo Stock Exchange
Securities code: 4373
URL: https://www.simplex.holdings/en/
Representative: Hideki Kaneko, Representative Director, President and CEO
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Scheduled date to hold ordinary general meeting of shareholders: June 21, 2022
Scheduled date to commence dividend payments: June 7, 2022
Scheduled date to file Annual Securities Report: June 22, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Amounts less than a million yen are rounded off to the nearest million yen.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	30,579	11.1	6,362	41.1	6,191	43.2	4,205	41.4
March 31, 2021	27,532	7.9	4,510	269.0	4,324	481.8	2,974	297.0

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share (Note)	Diluted earnings per share (Note)
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2022	4,204	40.9	4,718	125.4	83.06	71.74
March 31, 2021	2,984	293.7	2,093	586.7	61.80	53.97

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Operating profit margin
Fiscal year ended	%	%	%
March 31, 2022	12.2	9.6	20.8
March 31, 2021	9.8	7.0	16.4

Reference: Share of profit (loss) of investments accounted for using equity method
Fiscal year ended March 31, 2022: –
Fiscal year ended March 31, 2021: –
EBITDA*: Fiscal year ended March 31, 2022: 7,342 million yen (32.8%)
Fiscal year ended March 31, 2021: 5,530 million yen (148.4%)
*The Company uses EBITDA as a key performance indicator.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share (Note)
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2022	66,934	37,294	37,294	55.7	671.83
March 31, 2021	61,678	31,462	31,457	51.0	651.40

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	7,561	(328)	(1,346)	13,966
March 31, 2021	5,255	(234)	(2,348)	8,068

Note: In accordance with a resolution of the Board of Directors' meeting held on June 24, 2021, the Company conducted a 100-for-1 stock split of ordinary shares effective on July 10, 2021. Basic earnings per share, diluted earnings per share, and equity attributable to owners of parent per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

2. Cash dividends

	Annual dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	Q1-end	Q2-end	Q3-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
March 31, 2022	–	0.00	–	23.00	23.00	1,277	27.7	3.5
Fiscal year ending March 31, 2023 (forecast)	–	0.00	–	25.00	25.00		31.2	

Note: The year-end dividend for the fiscal year ended March 31, 2022 will be proposed for approval at the Board of Directors' meeting to be held on May 25, 2022.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	16,293	4.3	2,890	(18.6)	2,805	(18.9)	1,946	(15.7)	1,946	(15.7)	34.51
Fiscal year	33,700	10.2	6,777	6.5	6,610	6.8	4,586	9.1	4,586	9.1	80.10

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
  (i) Changes in accounting policies required by IFRS: None
  (ii) Changes in accounting policies due to reasons other than (i) above: None
  (iii) Changes in accounting estimates: None

(3) Number of shares issued (ordinary shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	55,511,550 shares
As of March 31, 2021	48,291,800 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	113 shares
As of March 31, 2021	– shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	50,618,831 shares
Fiscal year ended March 31, 2021	48,291,800 shares

Note: In accordance with a resolution of the Board of Directors' meeting held on June 24, 2021, the Company conducted a 100-for-1 stock split of ordinary shares effective on July 10, 2021. The total number of shares issued at the end of the period, the number of treasury shares at the end of the period and the average number of shares outstanding during the period were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentage indicates year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	4,026	125.2	1,243	366.2	1,242	353.8	1,219	–
March 31, 2021	1,788	7.0	267	6.9	274	8.6	(118)	–

	Basic earnings (loss) per share (Note)	Diluted earnings per share (Note)
Fiscal year ended	Yen	Yen
March 31, 2022	24.08	20.80
March 31, 2021	(2.44)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share (Note)
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	29,444	28,624	97.2	515.65
March 31, 2021	26,978	26,348	97.7	545.60

Reference: Equity (Shareholders' equity + Valuation and translation adjustments)
As of March 31, 2022: 28,624 million yen As of March 31, 2021: 26,348 million yen

Note: In accordance with a resolution of the Board of Directors' meeting held on June 24, 2021, the Company conducted a 100-for-1 stock split of ordinary shares effective on July 10, 2021. Basic earnings per share, diluted earnings per share, and net assets per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

Diluted earnings per share for the fiscal year ended March 31, 2021 is not presented because basic loss per share was recorded.

* A financial results report is exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecast, and other special matters
We calculated basic earnings per share for the first six months and fiscal year specified in the forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023) based on the assumption that the average number of shares outstanding during the period will increase by 872,141 shares for the first six months and by 1,744,282 shares for the fiscal year from the total number of shares issued as of March 31, 2022 (excluding treasury shares) through the exercise of share acquisition rights.

The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, the Company does not guarantee the achievement of the forecast, and the actual results may differ materially due to various factors.

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1. Overview of Operating Results

(1) Overview of operating results for the current fiscal year

Operating results for the fiscal year ended March 31, 2022 (the current fiscal year) are summarized as follows:

Revenue	30,579	million yen	(up 11.1% year-on-year)
Operating profit	6,362	million yen	(up 41.1% year-on-year)
Profit before tax	6,191	million yen	(up 43.2% year-on-year)
Profit attributable to owners of parent	4,204	million yen	(up 40.9% year-on-year)

Note that EBITDA, which is operating profit before depreciation and amortization (excluding amortization of identifiable assets) and amortization of identifiable assets, representing cash flows generated from business operations, amounted to 7,342 million yen (up 32.8% from 5,530 million yen for the previous fiscal year).

* Operating profit = Gross profit – Amortization of identifiable assets – Selling, general and administrative expenses – Research and development expenses + Other income – Other expenses
EBITDA = Operating profit + Depreciation and amortization + Amortization of identifiable assets

Matters worthy of note with respect to earnings for the current fiscal year are as follows:

i) Revenue significantly increased year-on-year to achieve the record high of 30,579 million yen (up 11.1% from 27,532 million yen for the previous fiscal year). This was driven mainly by strong sales from System Integration and new contracts won by Strategy/DX Consulting.

Gross profit increased markedly year-on-year to 13,016 million yen (up 21.0% from 10,757 million yen for the previous fiscal year) with the gross profit margin of 42.6% (compared with 39.1% for the previous fiscal year), backed primarily by the improved profit margin in System Integration.

Selling, general and administrative expenses increased year-on-year to 5,209 million yen (up 29.9% from 4,011 million yen for the previous fiscal year) due primarily to more active recruiting efforts, enhanced talent development initiatives, and strengthened sales activities for winning Strategy/DX Consulting contracts besides the recognition of listing expenses of 157 million yen. By contrast, research and development expenses decreased year-on-year to 1,241 million yen (down 34.1% from 1,883 million yen for the previous fiscal year).

In addition, we recognized 446 million yen in amortization of identifiable assets (unchanged year-on-year), 303 million yen in other income, and 60 million yen in other expenses.

As a result, operating profit amounted to 6,362 million yen (up 41.1% from 4,510 million yen for the previous fiscal year), and the operating profit margin came in at 20.8% (compared with 16.4% for the previous fiscal year). Profit before tax increased significantly year-on-year to 6,191 million yen (up 43.2% from 4,324 million yen for the previous fiscal year), with 7 million yen and 178 million yen recognized as finance income and finance costs, respectively.

Income tax expense amounted to 1,986 million yen (compared with 1,350 million yen for the previous fiscal year) and profit attributable to owners of parent significantly increased year-on-year to 4,204 million yen (up 40.9% from 2,984 million yen for the previous fiscal year).

ii) By service category, Strategy/DX Consulting, launched in full scale during the current fiscal year, has performed very strongly, generating revenue of 1,094 million yen with the gross profit margin of 45.8%.

Revenue from System Integration amounted to 19,085 million yen (compared with 17,657 million yen for the previous fiscal year) with the gross profit margin of 43.3% (compared with 37.6% for the previous fiscal year), both having significantly exceeded the results for the previous fiscal year.

Revenue from Operation Service increased year-on-year to 10,372 million yen (compared with 9,867 million yen for the previous fiscal year), but the gross profit margin was 40.8%, which was largely the same as 41.7% for the previous fiscal year.

Simplex Group regards adjusted operating profit, adjusted EBITDA, adjusted profit attributable to owners of parent, and adjusted basic earnings per share as key performance indicators (KPIs), besides those set out under IFRS. This is aimed at providing investors with useful financial information by eliminating the impact of certain non-recurring expenses not considered as those incurred in the normal course of business so that they can more accurately assess the Group's performance and build a pure growth scenario for estimating the corporate value.

<Reconciliations to adjusted operating profit and adjusted EBITDA>

(Millions of yen)

Fiscal year	Fiscal year ended March 31, 2021 (actual)	Fiscal year ended March 31, 2022 (actual)	Fiscal year ending March 31, 2023 (forecast)
Operating profit	4,510	6,362	6,777
(Adjustment) + Listing expenses (Note)	30	157	–
Adjusted operating profit	4,540	6,520	6,777
(Adjustments) + Depreciation and amortization + Amortization of identifiable assets	 574 446	 533 446	 501 446
Adjusted EBITDA	5,561	7,499	7,725

<Reconciliations to adjusted profit attributable to owners of parent and adjusted basic earnings per share>

(Millions of yen, unless otherwise indicated)

Fiscal year	Fiscal year ended March 31, 2021 (actual)	Fiscal year ended March 31, 2022 (actual)	Fiscal year ending March 31, 2023 (forecast)
Profit attributable to owners of parent	2,984	4,204	4,586
(Adjustment) + Listing expenses (Note)	30	157	–
Related tax adjustment	(9)	(48)	–
Adjusted profit attributable to owners of parent	3,005	4,314	4,586
Adjusted basic earnings per share (Yen)	62.23	85.22	80.10

Note: Listing expenses consist of one-time expenses associated with our listing on stock exchange, including legal fees for listing, advisory fees on listing preparation, expenses for listing examination, and audit fee for an offering circular in English, and fees to audit firms.

Note that we do not expect any non-recurring expenses to be incurred in the forecast of consolidated financial results for the fiscal year ending March 31, 2023.

(Reference)

Breakdown of revenue by service category

(Millions of yen, unless otherwise indicated)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)			Current fiscal year (from April 1, 2021 to March 31, 2022)			
	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	YoY change
Strategy/DX Consulting	–	–	–	1,094	3.6	45.8	1,094
System Integration	17,657	64.1	37.6	19,085	62.4	43.3	1,428
Operation Service	9,867	35.8	41.7	10,372	33.9	40.8	505
Other	8	0.0	100.0	28	0.1	100.0	20
Total	27,532	100.0	39.1	30,579	100.0	42.6	3,047

(2) Overview of financial position for the current fiscal year

(Assets)
As of the end of the current fiscal year, total assets amounted to 66,934 million yen (up 5,256 million yen from the end of the previous fiscal year). This is primarily attributable to increases in cash and cash equivalents of 5,898 million yen and other financial assets of 904 million yen mainly as a result of fair value measurement, which were partially offset by decreases in intangible assets of 568 million yen mainly due to amortization and trade and other receivables of 554 million yen.

(Liabilities)
As of the end of the current fiscal year, total liabilities amounted to 29,640 million yen (down 576 million yen from the end of the previous fiscal year). This is primarily attributable to a decrease in borrowings of 1,086 million yen due to the repayment, which was partially offset by an increase in trade and other payables of 570 million yen mainly due to capital investment for the expansion of office space.

(Equity)
As of the end of the current fiscal year, total equity amounted to 37,294 million yen (up 5,832 million yen from the end of the previous fiscal year), and the ratio of equity attributable to owners of parent came in at 55.7% (compared with 51.0% as of the end of the previous fiscal year).

(3) Overview of cash flows for the current fiscal year

Cash and cash equivalents ("net cash") as of the end of the current fiscal year amounted to 13,966 million yen (up 5,898 million yen from the end of the previous fiscal year). The status of cash flows and reasons for changes during the current fiscal year are as follows:

(Cash flows from operating activities)
Net cash provided by operating activities amounted to 7,561 million yen (compared with 5,255 million yen provided for the previous fiscal year). This is primarily attributable to the recognition of profit before tax of 6,191 million yen and amortization of right-of-use assets of 1,209 million yen.

(Cash flows from investing activities)
Net cash used in investing activities amounted to 328 million yen (compared with 234 million yen used for the previous fiscal year). This is primarily attributable to payments of leasehold and guarantee deposits of 186 million yen resulting from the expansion of office space and purchase of property, plant, and equipment of 134 million yen resulting mainly from the acquisition of hardware for in-house development.

(Cash flows from financing activities)
Net cash used in financing activities amounted to 1,346 million yen (compared with 2,348 million yen used for the previous fiscal year). This is primarily attributable to proceeds from exercise of share acquisition rights of 1,058 million yen, repayments of lease liabilities of 1,259 million yen, and repayments of long-term borrowings of 1,140 million yen.

(4) Future outlook

The consolidated earnings forecast for the fiscal year ending March 31, 2023 is as follows:

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2022 (actual)	Fiscal year ending March 31, 2023 (forecast)	YoY change	YoY Change (%)
Revenue	30,579	33,700	3,121	10.2
Operating profit	6,362	6,777	415	6.5
Equity attributable to owners of parent	4,204	4,586	382	9.1

Along with the development and spread of digital technologies, it has become an urgent task to respond to Digital Transformation (DX), which uses technology to change business models across all industries. Investing in technology is expected to continue to increase in the future. In line with these social trends, the Group will promote a growth strategy with a focus on deep diving into the existing business domains and at the same time developing and expanding new business domains. In the fiscal year ending March 31, 2023, we expect to increase revenue to be generated from a cross-solution approach by expanding the business domain of Strategy/DX Consulting, launched in the fiscal year ended March 31, 2022, because such consulting services will generate synergies within the Group.

We also expect Retail Financial Solutions and Insurance Solutions to become drivers of revenue growth.

To accelerate a medium- to long-term growth, we also have already started measures to improve labor share in order to enhance and improve human capital. We will continue to promote initiatives such as aggressive recruitment of talents and reinforcement of their development measures. Furthermore, we will continue to invest aggressively in R&D in business domains that are expected to grow in the future and work to build a foundation for growth.

As a result, for the fiscal year ending March 31, 2023, we forecast revenue of 33,700 million yen (up 10.2% year-on-year), operating profit of 6,777 million yen (up 6.5% year-on-year), and profit attributable to owners of parent of 4,586 million yen (up 9.1% year-on-year), with both revenue and profit expected to increase despite continued active investment.

(Disclaimer)
Note that the future outlook above is merely based on our judgment or view at the time of preparation of this document. Actual results of operations, financial position, and other results of the Group may differ materially from those implied by this document due to various factors, including changes in economic conditions in Japan and overseas, changes in the market environment, and competition with other companies.

(5) Basic policy on the distribution of profits and dividends for the current and next fiscal years

The Company's basic policy on the distribution of dividends of surplus is to constantly pay stable dividends while securing internal reserves necessary for further developing its business in the future and strengthening its management culture. The Company plans to pay dividends with a target dividend payout ratio of 30% of profit attributable to owners of parent.

Based on the above basic policy, the Company decided to pay 23 yen per share as the year-end dividend for the fiscal year ended March 31, 2022. The Company also plans to pay 25 yen per share as the year-end dividend for the fiscal year ending March 31, 2023, with a target dividend payout ratio of 30%.

(Note) The year-end dividend for the fiscal year ended March 31, 2022 will be proposed for approval at the Board of Directors' meeting to be held on May 25, 2022.

2. Basic Policy on the Selection of Accounting Standards

Simplex Group has adopted International Financial Reporting Standard (IFRS) to improve international comparability and usefulness of financial information in capital markets.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated statements of financial position

(Millions of yen)

	Previous fiscal year (as of March 31, 2021)	Current fiscal year (as of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	8,068	13,966
Trade and other receivables	6,297	5,743
Inventories	7	8
Other current assets	550	913
Total current assets	14,921	20,630
Non-current assets		
Property, plant and equipment	1,456	1,325
Right-of-use assets	3,269	2,660
Goodwill	36,476	36,476
Intangible assets	1,726	1,158
Other financial assets	2,562	3,466
Deferred tax assets	993	910
Other non-current assets	274	309
Total non-current assets	46,756	46,304
Total assets	61,678	66,934
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,708	2,278
Borrowings	1,140	1,140
Lease liabilities	1,193	1,407
Other financial liabilities	1	1
Income taxes payable	1,085	1,485
Provisions	2,675	2,921
Other current liabilities	1,110	1,014
Total current liabilities	8,912	10,246
Non-current liabilities		
Borrowings	19,034	17,947
Lease liabilities	2,042	1,182
Provisions	223	264
Deferred tax liabilities	4	–
Total non-current liabilities	21,304	19,394
Total liabilities	30,216	29,640
Equity		
Share capital	285	814
Capital surplus	25,833	26,622
Retained earnings	5,227	9,431
Treasury shares	–	(0)
Other components of equity	112	427
Total equity attributable to owners of parent	31,457	37,294
Non-controlling interests	5	–
Total equity	31,462	37,294
Total liabilities and equity	61,678	66,934

(2) Consolidated statements of profit or loss and consolidated statements of comprehensive income

Consolidated statements of profit or loss

(Millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Revenue	27,532	30,579
Cost of sales	(16,775)	(17,563)
Gross profit	10,757	13,016
Amortization of identifiable assets	(446)	(446)
Selling, general and administrative expenses	(4,011)	(5,209)
Research and development expenses	(1,883)	(1,241)
Other income	135	303
Other expenses	(42)	(60)
Operating profit	4,510	6,362
Finance income	7	7
Finance costs	(192)	(178)
Profit before tax	4,324	6,191
Income tax expense	(1,350)	(1,986)
Profit	2,974	4,205
Profit attributable to:		
Owners of parent	2,984	4,204
Non-controlling interests	(10)	0
Profit	2,974	4,205
Earnings per share		
Basic earnings per share (Yen)	61.80	83.06
Diluted earnings per share (Yen)	53.97	71.74

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Profit	2,974	4,205
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(881)	506
Total of items that will not be reclassified to profit or loss	(881)	506
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1	8
Total of items that may be reclassified to profit or loss	1	8
Other comprehensive income, net of tax	(880)	514
Comprehensive income	2,093	4,718
Comprehensive income attributable to:		
Owners of parent	2,104	4,718
Non-controlling interests	(10)	0
Comprehensive income	2,093	4,718

(3) Consolidated statements of changes in equity

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Equity attributable to owners of parent				
				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at April 1, 2020	285	25,833	2,243	470	8
Profit	–	–	2,984	–	–
Other comprehensive income	–	–	–	–	1
Comprehensive income	–	–	2,984	–	1
Share-based payment transactions	–	–	–	89	–
Total transactions with owners	–	–	–	89	–
Balance at March 31, 2021	285	25,833	5,227	560	8

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total		
	Financial assets measured at fair value through other comprehensive income	Total			
Balance at April 1, 2020	425	903	29,264	15	29,279
Profit	–	–	2,984	(10)	2,974
Other comprehensive income	(881)	(880)	(880)	–	(880)
Comprehensive income	(881)	(880)	2,104	(10)	2,093
Share-based payment transactions	–	89	89	–	89
Total transactions with owners	–	89	89	–	89
Balance at March 31, 2021	(456)	112	31,457	5	31,462

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at April 1, 2021	285	25,833	5,227	–	560	8
Profit	–	–	4,204	–	–	–
Other comprehensive income	–	–	–	–	–	8
Comprehensive income	–	–	4,204	–	–	8
Exercise and forfeiture of share acquisition rights	529	790	–	–	(261)	–
Purchase of treasury shares	–	–	–	(0)	–	–
Changes due to additional acquisitions of interests in subsidiaries	–	–	–	–	–	–
Share–based payment transactions	–	–	–	–	62	–
Total transactions with owners	529	790	–	(0)	(199)	–
Balance at March 31, 2022	814	26,622	9,431	(0)	360	16

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity		Total		
	Financial assets measured at fair value through other comprehensive income	Total			
Balance at April 1, 2021	(456)	112	31,457	5	31,462
Profit	–	–	4,204	0	4,205
Other comprehensive income	506	514	514	–	514
Comprehensive income	506	514	4,718	0	4,718
Exercise and forfeiture of share acquisition rights	–	(261)	1,058	–	1,058
Purchase of treasury shares	–	–	(0)	–	(0)
Changes due to additional acquisitions of interests in subsidiaries	–	–	–	(5)	(5)
Share-based payment transactions	–	62	62	–	62
Total transactions with owners	–	(199)	1,119	(5)	1,114
Balance at March 31, 2022	50	427	37,294	–	37,294

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before tax	4,324	6,191
Depreciation and amortization	574	533
Amortization of identifiable assets	446	446
Amortization of right-of-use assets	1,193	1,209
Finance income	(7)	(7)
Finance costs	192	178
Decrease (increase) in trade and other receivables	(594)	554
Decrease (increase) in inventories	(7)	(1)
Increase (decrease) in trade and other payables	(235)	570
Increase (decrease) in provisions	460	287
Increase (decrease) in other current liabilities	495	(96)
Retirement of intangible assets	139	–
Other	184	(149)
Subtotal	7,164	9,715
Interest and dividends received	6	7
Interest paid	(127)	(120)
Income taxes paid	(1,788)	(2,041)
Net cash provided by (used in) operating activities	5,255	7,561
Cash flows from investing activities		
Purchase of property, plant and equipment	(208)	(134)
Purchase of intangible assets	(26)	(7)
Payments of leasehold and guarantee deposits	–	(186)
Net cash provided by (used in) investing activities	(234)	(328)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,140)	(1,140)
Repayments of lease liabilities	(1,208)	(1,259)
Proceeds from exercise of share acquisition rights	–	1,058
Additional acquisitions of interests in subsidiaries	–	(5)
Purchase of treasury shares	–	(0)
Net cash provided by (used in) financing activities	(2,348)	(1,346)
Net increase (decrease) in cash and cash equivalents	2,673	5,888
Cash and cash equivalents at beginning of period	5,393	8,068
Effect of exchange rate changes on cash and cash equivalents	2	10
Cash and cash equivalents at end of period	8,068	13,966

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable

(Segment information)

(1) Overview of reportable segments

The Group's business consists mainly of providing IT solutions related to system consulting, system development, and system operation and maintenance for success of our clients. Because there are no separate segments into which the business should be classified, there is only one reportable segment.

(2) Information concerning revenue and gross profit by service category

Our services are categorized into Strategy/DX Consulting, System Integration, and Operation Service. Revenue and gross profit from each of these services are as follows:

Previous fiscal year (from April 1, 2020 to March 31, 2021) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	–	17,657	9,867	27,524	8	27,532
Gross profit	–	6,631	4,119	10,749	8	10,757

Current fiscal year (from April 1, 2021 to March 31, 2022) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	1,094	19,085	10,372	30,551	28	30,579
Gross profit	501	8,260	4,228	12,988	28	13,016

* System Integration includes system engineering and other services.
Operation Service includes operation and maintenance, common interests services, and licensing.
Other consists primarily of the sale of goods, such as hardware and middleware.

(Per share information)

Basic earnings per share and diluted earnings per share are calculated based on the following.

(Millions of yen, unless otherwise indicated)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent	2,984	4,204
Adjusted amount of profit	–	–
Profit used for the calculation of diluted earnings per share	2,984	4,204
Average number of shares outstanding during the period (Shares)	48,291,800	50,618,831
Increase in shares		
Share acquisition rights (Shares)	7,006,300	7,983,289
Average number of diluted shares outstanding during the period (Shares)	55,298,100	58,602,120
Basic earnings per share (Yen)	61.80	83.06
Diluted earnings per share (Yen)	53.97	71.74

Note: In accordance with a resolution of the Board of Directors' meeting held on June 24, 2021, the Company conducted a 100-for-1 stock split of ordinary shares effective on July 10, 2021. Basic earnings per share and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the previous year.

(Significant subsequent events)

Not applicable