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 27, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (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 16, 2023
Scheduled date to commence dividend payments: June 2, 2023
Scheduled date to file Annual Securities Report: June 16, 2023
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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	34,946	14.3	7,451	17.1	7,298	17.9	5,432	29.2
March 31, 2022	30,579	11.1	6,362	41.1	6,191	43.2	4,205	41.4

	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, 2023	5,432	29.2	5,535	17.3	96.91	91.23
March 31, 2022	4,204	40.9	4,718	125.4	83.06	71.74

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Operating profit margin
Fiscal year ended	%	%	%
March 31, 2023	13.7	10.6	21.3
March 31, 2022	12.2	9.6	20.8

Reference: Share of profit (loss) of investments accounted for using equity method
Fiscal year ended March 31, 2023: –
Fiscal year ended March 31, 2022: –
EBITDA*: Fiscal year ended March 31, 2023: 8,569 million yen (16.7%)
Fiscal year ended March 31, 2022: 7,342 million yen (32.8%)
* 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
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	70,266	41,984	41,984	59.7	733.34
March 31, 2022	66,934	37,294	37,294	55.7	671.83

(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, 2023	3,733	(1,441)	(3,435)	12,832
March 31, 2022	7,561	(328)	(1,346)	13,966

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 fiscal year ended March 31, 2022.

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, 2022	–	0.00	–	23.00	23.00	1,277	27.7	3.5
March 31, 2023	–	0.00	–	25.00	25.00	1,431	25.8	3.6
Fiscal year ending March 31, 2024 (forecast)	–	0.00	–	30.00	30.00		29.2	

Note: The year-end dividend for the fiscal year ended March 31, 2023 will be proposed for approval at the Board of Directors' meeting to be held on May 24, 2023.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	19,350	14.7	3,627	8.3	3,565	9.0	2,435	10.3	2,435	10.3	42.42
Fiscal year	40,000	14.5	8,800	18.1	8,667	18.8	5,920	9.0	5,920	9.0	102.64

*** 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, 2023	57,250,675 shares
As of March 31, 2022	55,511,550 shares

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

As of March 31, 2023	113 shares
As of March 31, 2022	113 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	56,059,053 shares
Fiscal year ended March 31, 2022	50,618,831 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 average number of shares outstanding during the period was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2022.

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	5,700	41.6	2,554	105.5	2,699	117.3	2,599	113.2
March 31, 2022	4,026	125.2	1,243	366.2	1,242	353.8	1,219	–

	Basic earnings per share (Note)	Diluted earnings per share (Note)
Fiscal year ended	Yen	Yen
March 31, 2023	46.35	43.64
March 31, 2022	24.08	20.80

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	31,845	30,345	95.3	530.04
March 31, 2022	29,444	28,624	97.2	515.65

Reference: Equity (Shareholders' equity + Valuation and translation adjustments)
As of March 31, 2023: 30,345 million yen As of March 31, 2022: 28,624 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 and diluted earnings 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, 2022.

* 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, 2024 (from April 1, 2023 to March 31, 2024) based on the assumption that the average number of shares outstanding during the period will increase by 146,667 shares for the first six months and by 424,768 shares for the fiscal year from the total number of shares issued as of March 31, 2023 (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 Consolidated Financial Results

(1) Operating results

Operating results for the fiscal year ended March 31, 2023 (the current fiscal year) are summarized as follows:

Revenue	34,946	million yen	(up 14.3% year-on-year)
Operating profit	7,451	million yen	(up 17.1% year-on-year)
Profit before tax	7,298	million yen	(up 17.9% year-on-year)
Profit attributable to owners of parent	5,432	million yen	(up 29.2% 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 8,569 million yen (up 16.7% from 7,342 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 34,946 million yen (up 14.3% from 30,579 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 also increased significantly year-on-year to 14,597 million yen (up 12.1% from 13,016 million yen for the previous fiscal year) with the gross profit margin of 41.8%, which was largely the same as 42.6% for the previous fiscal year.

Selling, general and administrative expenses increased year-on-year to 5,374 million yen (up 3.2% from 5,209 million yen for the previous fiscal year) due primarily to further strengthening of recruitment strategies. Research and development expenses increased year-on-year to 1,438 million yen (up 15.8% from 1,241 million yen for the previous fiscal year).

In addition, we recognized 446 million yen in amortization of identifiable assets (unchanged year-on-year), 148 million yen in other income, and 37 million yen in other expenses.

As a result, operating profit amounted to 7,451 million yen (up 17.1% from 6,362 million yen for the previous fiscal year), and the operating profit margin came in at 21.3% (compared with 20.8% for the previous fiscal year). Profit before tax increased year-on-year to 7,298 million yen (up 17.9% from 6,191 million yen for the previous fiscal year), with 14 million yen and 166 million yen recognized as finance income and finance costs, respectively.

Income tax expense amounted to 1,866 million yen (compared with 1,986 million yen for the previous fiscal year) and profit attributable to owners of parent increased year-on-year to 5,432 million yen (up 29.2% from 4,204 million yen for the previous fiscal year).

ii) By service category, revenue from Strategy/DX Consulting amounted to 2,172 million yen (compared with 1,094 million yen for the previous fiscal year) with the gross profit margin of 50.6% (compared with 45.8% for the same period last year), both having significantly exceeded the results for the previous fiscal year.

Revenue from System Integration amounted to 21,712 million yen (compared with 19,085 million yen for the same period last year), which was higher than the same period last year, but the gross profit margin was 42.4%, which was largely the same as 43.3% for the previous fiscal year.

Revenue from Operation Service increased year-on-year to 11,056 million yen (compared with 10,372 million yen for the previous fiscal year), but the gross profit margin decreased year-on-year to 38.7% (compared with 40.8% 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, 2022 (actual)	Fiscal year ended March 31, 2023 (actual)
Operating profit	6,362	7,451
(Adjustment) + Listing expenses (Note)	157	–
Adjusted operating profit	6,520	7,451
(Adjustments) + Depreciation and amortization + Amortization of identifiable assets	 533 446	 672 446
Adjusted EBITDA	7,499	8,569

<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, 2022 (actual)	Fiscal year ended March 31, 2023 (actual)
Profit attributable to owners of parent	4,204	5,432
(Adjustment) + Listing expenses (Note)	157	–
Related tax adjustment	(48)	–
Adjusted profit attributable to owners of parent	4,314	5,432
Adjusted basic earnings per share (Yen)	85.22	96.91

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, audit fee for an offering circular in English, and fees to audit firms.

Note that we do not factor in any non-recurring expenses in the forecast of consolidated financial results for the fiscal year ending March 31, 2024.

Reference: Breakdown of revenue by service category

(Millions of yen, unless otherwise indicated)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)			Current fiscal year (from April 1, 2022 to March 31, 2023)			
	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	2,172	6.2	50.6	1,078
System Integration	19,085	62.4	43.3	21,712	62.1	42.4	2,627
Operation Service	10,372	33.9	40.8	11,056	31.6	38.7	684
Other	28	0.1	100.0	7	0.0	100.0	(21)
Total	30,579	100.0	42.6	34,946	100.0	41.8	4,368

(2) Financial position

Assets

As of the end of the current fiscal year, total assets amounted to 70,266 million yen (up 3,333 million yen from the end of the previous fiscal year). This is primarily attributable to a temporary increase in trade and other receivables of 3,078 million yen due to several large projects completed at the end of the fiscal year, an increase of other financial assets of 999 million yen due mainly to capital contribution, and an increase of right-of-use assets of 667 million yen as a result of measuring the effect of office relocation and space expansion in the future. These increases were partially offset by a decrease in cash and cash equivalents of 1,133 million yen.

Liabilities

As of the end of the current fiscal year, total liabilities amounted to 28,282 million yen (down 1,357 million yen from the end of the previous fiscal year). This is primarily attributable to decreases in borrowings of 1,089 million yen due to the repayment, income taxes payable of 574 million yen, and provisions of 362 million yen, which were partially offset by an increase in lease liabilities of 668 million yen corresponding to an increase in right-of-use assets.

Equity

As of the end of the current fiscal year, total equity amounted to 41,984 million yen (up 4,690 million yen from the end of the previous fiscal year), and the ratio of equity attributable to owners of parent came in at 59.7% (compared with 55.7% as of the end of the previous fiscal year).

(3) Cash flows

Cash and cash equivalents (“net cash”) as of the end of the current fiscal year amounted to 12,832 million yen (down 1,133 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 3,733 million yen (compared with 7,561 million yen provided for the previous fiscal year). This is primarily attributable to an increase in cash flow resulting from the recording of profit before tax of 7,298 million yen and amortization of right-of-use assets of 1,411 million yen, and a decrease in cash flow resulting from an increase in trade and other receivables of 3,078 million yen, and income taxes paid of 2,676 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 1,441 million yen (compared with 328 million yen used for the previous fiscal year). This is primarily attributable to purchase of investment securities of 600 million yen, as well as purchase of property, plant, and equipment of 320 million yen and payments of leasehold and guarantee deposits of 265 million yen, both resulting from office relocation and space expansion.

Cash flows from financing activities

Net cash used in financing activities amounted to 3,435 million yen (compared with 1,346 million yen used for the previous fiscal year). This is primarily attributable to repayments of lease liabilities of 1,417 million yen, cash dividends paid of 1,277 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, 2024 (from April 1, 2023 to March 31, 2024) is as follows:

(Millions of yen, unless otherwise indicated)

	Fiscal year ended March 31, 2023 (actual)	Fiscal year ending March 31, 2024 (forecast)	YoY change	YoY Change (%)
Revenue	34,946	40,000	5,054	14.5
Operating profit	7,451	8,800	1,349	18.1
Profit attributable to owners of parent	5,432	5,920	487	9.0

Along with the development and spread of digital technologies, investing in technology is expected to continue to increase in the future to respond to Digital Transformation (DX), which uses technology to change business models across all industries. 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, 2024, we expect to increase revenue to be generated from new business domains by continuing from the previous fiscal year to expand the business domain of Strategy/DX Consulting because such consulting services will generate synergies within the Group and by launching projects that go beyond mere consignor/consignee relationships with clients as symbolized by the capital and business alliance formed with the SBI Group.

In the existing business domains, 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 fully 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, reinforcement of their development measures, and lowering of our employee turnover rate. Meanwhile, we aim to increase sales by aggressively investing in R&D in business domains that are expected to grow in the future.

Based on the above, for the fiscal year ending March 31, 2024, we forecast revenue of 40,000 million yen (up 14.5% year-on-year), operating profit of 8,800 million yen (up 18.1% year-on-year), and profit attributable to owners of parent of 5,920 million yen (up 9.0% year-on-year), with both revenue and profit expected to increase even under the situation where we will make aggressive investments.

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 competitive landscape.

(5) Basic policy on the distribution of profits and dividends

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. Taking into comprehensive consideration, the Company decides 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 has decided to pay 25 yen per share as the year-end dividend for the fiscal year ended March 31, 2023, and plans to pay 30 yen per share as the year-end dividend for the fiscal year ending March 31, 2024.

Note: The year-end dividend for the fiscal year ended March 31, 2023 will be proposed for approval at the Board of Directors' meeting of the Company to be held on May 24, 2023.

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, 2022)	Current fiscal year (as of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	13,966	12,832
Trade and other receivables	5,743	8,820
Inventories	8	17
Other current assets	913	1,245
Total current assets	20,630	22,915
Non-current assets		
Property, plant and equipment	1,325	978
Right-of-use assets	2,660	3,327
Goodwill	36,476	36,476
Intangible assets	1,158	721
Investments accounted for using equity method	–	98
Other financial assets	3,466	4,465
Deferred tax assets	910	953
Other non-current assets	309	333
Total non-current assets	46,304	47,351
Total assets	66,934	70,266
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,278	2,335
Borrowings	1,140	1,140
Lease liabilities	1,407	1,249
Other financial liabilities	1	1
Income taxes payable	1,485	911
Provisions	2,921	2,610
Other current liabilities	1,014	956
Total current liabilities	10,246	9,203
Non-current liabilities		
Borrowings	17,947	16,858
Lease liabilities	1,182	2,009
Provisions	264	213
Total non-current liabilities	19,394	19,080
Total liabilities	29,640	28,282
Equity		
Share capital	814	1,013
Capital surplus	26,622	26,903
Retained earnings	9,431	13,587
Treasury shares	(0)	(0)
Other components of equity	427	481
Total equity attributable to owners of parent	37,294	41,984
Total equity	37,294	41,984
Total liabilities and equity	66,934	70,266

(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, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Revenue	30,579	34,946
Cost of sales	(17,563)	(20,349)
Gross profit	13,016	14,597
Amortization of identifiable assets	(446)	(446)
Selling, general and administrative expenses	(5,209)	(5,374)
Research and development expenses	(1,241)	(1,438)
Other income	303	148
Other expenses	(60)	(37)
Operating profit	6,362	7,451
Finance income	7	14
Finance costs	(178)	(166)
Profit before tax	6,191	7,298
Income tax expense	(1,986)	(1,866)
Profit	4,205	5,432
Profit attributable to:		
Owners of parent	4,204	5,432
Non-controlling interests	0	–
Profit	4,205	5,432
Earnings per share		
Basic earnings per share (Yen)	83.06	96.91
Diluted earnings per share (Yen)	71.74	91.23

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Profit	4,205	5,432
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	506	94
Total of items that will not be reclassified to profit or loss	506	94
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8	9
Total of items that may be reclassified to profit or loss	8	9
Other comprehensive income, net of tax	514	102
Comprehensive income	4,718	5,535
Comprehensive income attributable to:		
Owners of parent	4,718	5,535
Non-controlling interests	0	–
Comprehensive income	4,718	5,535

(3) Consolidated statements of changes in equity

Previous 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

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity
					Share acquisition rights
Balance at April 1, 2022	814	26,622	9,431	(0)	360
Profit	–	–	5,432	–	–
Other comprehensive income	–	–	–	–	–
Comprehensive income	–	–	5,432	–	–
Exercise and forfeiture of share acquisition rights	199	280	–	–	(81)
Dividends	–	–	(1,277)	–	–
Share-based payment transactions	–	–	–	–	33
Total transactions with owners	199	280	(1,277)	–	(48)
Balance at March 31, 2023	1,013	26,903	13,587	(0)	313

	Equity attributable to owners of parent			
	Other components of equity			Total
	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Total	
Balance at April 1, 2022	16	50	427	37,294
Profit	–	–	–	5,432
Other comprehensive income	9	94	102	102
Comprehensive income	9	94	102	5,535
Exercise and forfeiture of share acquisition rights	–	–	(81)	399
Dividends	–	–	–	(1,277)
Share-based payment transactions	–	–	33	33
Total transactions with owners	–	–	(48)	(845)
Balance at March 31, 2023	25	143	481	41,984

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before tax	6,191	7,298
Depreciation and amortization	533	672
Amortization of identifiable assets	446	446
Amortization of right-of-use assets	1,209	1,411
Finance income	(7)	(14)
Finance costs	178	166
Decrease (increase) in trade and other receivables	554	(3,078)
Decrease (increase) in inventories	(1)	(9)
Increase (decrease) in trade and other payables	570	57
Increase (decrease) in provisions	287	(362)
Decrease (increase) in other current assets	(364)	(332)
Increase (decrease) in other current liabilities	(96)	(58)
Other	214	(0)
Subtotal	9,715	6,199
Interest and dividends received	7	14
Interest paid	(120)	(111)
Income taxes paid	(2,041)	(2,676)
Income taxes refund	–	307
Net cash provided by (used in) operating activities	7,561	3,733
Cash flows from investing activities		
Purchase of property, plant and equipment	(134)	(320)
Purchase of intangible assets	(7)	(158)
Purchase of investments accounted for using equity method	–	(98)
Purchase of investment securities	–	(600)
Payments of leasehold and guarantee deposits	(186)	(265)
Net cash provided by (used in) investing activities	(328)	(1,441)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,140)	(1,140)
Repayments of lease liabilities	(1,259)	(1,417)
Proceeds from exercise of share acquisition rights	1,058	399
Additional acquisitions of interests in subsidiaries	(5)	–
Purchase of treasury shares	(0)	–
Cash dividends paid	–	(1,277)
Net cash provided by (used in) financing activities	(1,346)	(3,435)
Net increase (decrease) in cash and cash equivalents	5,888	(1,142)
Cash and cash equivalents at beginning of period	8,068	13,966
Effect of exchange rate changes on cash and cash equivalents	10	9
Cash and cash equivalents at end of period	13,966	12,832

(5) Notes to consolidated financial statements

Going concern assumption

Not applicable

Segment information, etc.

(1) Overview of reportable segments

The Group's business consists 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, 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

Current fiscal year (from April 1, 2022 to March 31, 2023) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	2,172	21,712	11,056	34,940	7	34,946
Gross profit	1,099	9,208	4,284	14,590	7	14,597

* 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, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent	4,204	5,432
Adjusted amount of profit	–	–
Profit used for the calculation of diluted earnings per share	4,204	5,432
Average number of shares outstanding during the period (Shares)	50,618,831	56,059,053
Increase in shares		
Share acquisition rights (Shares)	7,983,289	3,487,771
Average number of diluted shares outstanding during the period (Shares)	58,602,120	59,546,824
Basic earnings per share (Yen)	83.06	96.91
Diluted earnings per share (Yen)	71.74	91.23

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 fiscal year.

Subsequent events

Not applicable