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January 30, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under IFRS)

Company name: Simplex Holdings, Inc.
Listing: Tokyo Stock Exchange
Securities code: 4373
URL: https://www.simplex.holdings/en/
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Scheduled date to commence dividend payments: –
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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	34,118	13.9	7,007	9.7	6,951	10.2	4,682	10.3
December 31, 2023	29,951	16.1	6,387	19.0	6,307	20.0	4,245	19.8

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2024	4,682	10.3	5,164	22.0	80.26	78.12
December 31, 2023	4,245	19.8	4,232	18.9	73.86	70.89

(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
December 31, 2024	79,246	50,023	50,023	63.1	854.77
March 31, 2024	79,248	47,089	47,089	59.4	809.33

2. Cash dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	42.00	42.00
Fiscal year ending March 31, 2025	–	0.00	–		
Fiscal year ending March 31, 2025 (Forecast)				50.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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
Fiscal year	46,800	15.0	10,600	19.8	10,554	20.7	7,280	17.5	7,280	17.5	123.97

Note: Revisions to the forecast of consolidated financial results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: 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 December 31, 2024	58,522,350 shares
As of March 31, 2024	58,182,950 shares

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

As of December 31, 2024	147 shares
As of March 31, 2024	147 shares

(iii) Average number of shares outstanding during the period

Nine months ended December 31, 2024	58,330,730 shares
Nine months ended December 31, 2023	57,472,119 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

We calculated basic earnings per share for the fiscal year specified in the forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) based on the assumption that the average number of shares outstanding during the period will increase by 541,084 shares from the total number of shares issued as of March 31, 2024 (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 nine months ended December 31, 2024 (the period under review) are summarized as follows:

Revenue	34,118	million yen	(up 13.9% year-on-year)
Operating profit	7,007	million yen	(up 9.7% year-on-year)
Profit before tax	6,951	million yen	(up 10.2% year-on-year)
Profit attributable to owners of parent	4,682	million yen	(up 10.3% year-on-year)

Matters worthy of note with respect to earnings for the period under review are as follows:

(i) Revenue significantly increased year-on-year to 34,118 million yen (up 13.9% from 29,951 million yen for the same period last year), the highest ever for both the third quarter alone and the period under review, driven by robust sales in System Integration and Operation Service and new contracts won by Strategy/DX Consulting.

While gross profit increased year-on-year to 13,890 million yen (up 7.0% from 12,979 million yen for the same period last year), the gross profit margin decreased year-on-year to 40.7% (compared with 43.3% for the same period last year).

Selling, general and administrative expenses increased year-on-year to 5,590 million yen (up 14.1% from 4,899 million yen for the same period last year) due mainly to the opening of a new office and the expansion of the existing one as well as the implementation of measures for strengthening mid-career recruitment. Research and development expenses decreased year-on-year to 1,222 million yen (down 9.8% from 1,354 million yen for the same period last year).

In addition, we recognized 117 million yen in amortization of identifiable assets (compared with 312 million yen for the same period last year), 310 million yen in other income, and 264 million yen in other expenses.

As a result, operating profit amounted to 7,007 million yen (up 9.7% from 6,387 million yen for the same period last year), and the operating profit margin came in at 20.5% (compared with 21.3% for the same period last year). Profit before tax increased year-on-year to 6,951 million yen (up 10.2% from 6,307 million yen for the same period last year), with 18 million yen, 144 million yen, and 70 million yen recognized as finance income, finance costs, and share of profit of investments accounted for using equity method, respectively.

Income tax expense amounted to 2,269 million yen (compared with 2,062 million yen for the same period last year) and profit attributable to owners of parent increased year-on-year to 4,682 million yen (up 10.3% from 4,245 million yen for the same period last year).

(ii) By service category, revenue from Strategy/DX Consulting amounted to 5,226 million yen, which significantly exceeded revenue of 3,008 million yen for the same period last year, and the gross profit margin was 49.4%, which also exceeded the margin of 49.1% for the same period last year.

Revenue from System Integration amounted to 18,870 million yen, which exceeded revenue of 17,940 million yen for the same period last year, but the gross profit margin was 39.1%, which significantly fell short of the margin of 44.4% for the same period last year, due mainly to the effect of accounting for the decision made in the second quarter to cancel an insurance system integration project.

Revenue from Operation Service amounted to 10,014 million yen, which exceeded revenue of 8,997 million yen for the same period last year, but the gross profit margin was 39.2%, the same level as the 39.3% for the same period last year.

(Reference)
Breakdown of revenue by service category

(Millions of yen, unless otherwise indicated)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)			Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)			
	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	YoY change
Strategy/DX Consulting	3,008	10.0	49.1	5,226	15.3	49.4	2,217
System Integration	17,940	59.9	44.4	18,870	55.3	39.1	930
Operation Service	8,997	30.0	39.3	10,014	29.4	39.2	1,017
Other	6	0.0	100.0	9	0.0	100.0	3
Total	29,951	100.0	43.3	34,118	100.0	40.7	4,167

(2) Financial position

(Assets)
Total assets as of December 31, 2024 amounted to 79,246 million yen (down 2 million yen from the end of the previous fiscal year). This is primarily attributable to decreases in right-of-use assets of 1,417 million yen due to depreciation and other financial assets of 825 million yen primarily due to the refund of leasehold and the sale of investment securities, which were partially offset by an increase in cash and cash equivalents of 2,457 million yen.

(Liabilities)
Total liabilities as of December 31, 2024 amounted to 29,223 million yen (down 2,936 million yen from the end of the previous fiscal year). This is primarily attributable to decreases in lease liabilities of 1,387 million yen due to the payment of fees, income taxes payable of 968 million yen primarily due to the payment of income taxes, and borrowings of 536 million yen due to the repayment.

(Equity)
Total equity as of December 31, 2024 amounted to 50,023 million yen (up 2,934 million yen from the end of the previous fiscal year) and the ratio of equity attributable to owners of parent came in at 63.1% (compared with 59.4% as of the end of the previous fiscal year).

(3) Cash flows

Cash and cash equivalents (“net cash”) as of December 31, 2024 amounted to 16,188 million yen (up 1,937 million yen year-on-year). The status of cash flows and reasons for changes during the nine months ended December 31, 2024 are as follows:

(Cash flows from operating activities)
Net cash provided by operating activities amounted to 6,066 million yen (compared with 5,595 million yen provided for the same period last year). This is primarily attributable to an increase in cash flow resulting from the recording of profit before tax of 6,951 million yen and amortization of 2,090 million yen, which was partially offset by a decrease in cash flow due to income taxes paid of 3,888 million yen.

(Cash flows from investing activities)
Net cash provided by investing activities amounted to 622 million yen (compared with 1,244 million yen used for the same period last year). This is primarily attributable to an increase in cash flow due to proceeds from sale of investment securities of 1,267 million yen and proceeds from refund of leasehold and guarantee deposits of 251 million yen, which was partially offset by a decrease in cash flow due to payments for purchase of property, plant and equipment of 885 million yen as a result of the opening of a new office and the expansion of the existing one.

(Cash flows from financing activities)
Net cash used in financing activities amounted to 4,237 million yen (compared with 2,941 million yen used for the same period last year). This is primarily attributable to cash dividends paid of 2,444 million yen, repayments of lease liabilities of 1,428 million yen, and the repayment of long-term borrowings of 570 million yen.

(4) Forward-looking information including consolidated earnings forecast

The consolidated earnings forecast announced on October 30, 2024 has remained unchanged. We will aim to achieve the published numerical targets by consistently implementing our management strategies.

2. Quarterly Condensed Consolidated Financial Statements and Major Notes

(1) Quarterly condensed consolidated statements of financial position

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Current period (as of December 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	13,731	16,188
Trade and other receivables	10,093	10,043
Inventories	1	0
Other current assets	1,787	1,302
Total current assets	25,611	27,532
Non-current assets		
Property, plant and equipment	1,521	1,859
Right-of-use assets	5,732	4,315
Goodwill	36,476	36,476
Intangible assets	317	148
Investments accounted for using equity method	1,859	1,929
Other financial assets	5,359	4,535
Deferred tax assets	1,510	1,643
Other non-current assets	863	809
Total non-current assets	53,637	51,714
Total assets	79,248	79,246
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,837	3,003
Borrowings	16,906	16,369
Lease liabilities	1,909	2,014
Other financial liabilities	2	35
Income taxes payable	2,243	1,274
Provisions	2,966	2,705
Other current liabilities	1,082	1,100
Total current liabilities	27,945	26,500
Non-current liabilities		
Lease liabilities	3,805	2,314
Provisions	408	409
Total non-current liabilities	4,214	2,723
Total liabilities	32,159	29,223
Equity		
Share capital	1,189	1,291
Capital surplus	27,153	27,301
Retained earnings	18,350	20,673
Treasury shares	(0)	(0)
Other components of equity	399	759
Total equity attributable to owners of parent	47,089	50,023
Total equity	47,089	50,023
Total liabilities and equity	79,248	79,246

(2) Quarterly condensed consolidated statements of profit or loss and quarterly condensed consolidated statements of comprehensive income

Quarterly condensed consolidated statements of profit or loss

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Revenue	29,951	34,118
Cost of sales	(16,972)	(20,228)
Gross profit	12,979	13,890
Amortization of identifiable assets	(312)	(117)
Selling, general and administrative expenses	(4,899)	(5,590)
Research and development expenses	(1,354)	(1,222)
Other income	37	310
Other expenses	(64)	(264)
Operating profit	6,387	7,007
Finance income	34	18
Finance costs	(121)	(144)
Share of profit of investments accounted for using equity method	7	70
Profit before tax	6,307	6,951
Income tax expense	(2,062)	(2,269)
Profit	4,245	4,682
Profit attributable to:		
Owners of parent	4,245	4,682
Profit	4,245	4,682
Earnings per share		
Basic earnings per share (Yen)	73.86	80.26
Diluted earnings per share (Yen)	70.89	78.12

Quarterly condensed consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Profit	4,245	4,682
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(18)	478
Total of items that will not be reclassified to profit or loss	(18)	478
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5	4
Total of items that may be reclassified to profit or loss	5	4
Other comprehensive income, net of tax	(13)	482
Comprehensive income	4,232	5,164
Comprehensive income attributable to:		
Owners of parent	4,232	5,164
Comprehensive income	4,232	5,164

(3) Quarterly condensed consolidated statements of changes in equity

Nine months ended December 31, 2023 (from April 1, 2023 to December 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, 2023	1,013	26,903	13,587	(0)	313
Profit	–	–	4,245	–	–
Other comprehensive income	–	–	–	–	–
Comprehensive income	–	–	4,245	–	–
Exercise and forfeiture of share acquisition rights	100	141	–	–	(40)
Dividends	–	–	(1,431)	–	–
Share-based payment transactions	–	–	–	–	6
Total transactions with owners	100	141	(1,431)	–	(34)
Balance at December 31, 2023	1,114	27,043	16,401	(0)	(279)

	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, 2023	25	143	481	41,984
Profit	–	–	–	4,245
Other comprehensive income	5	(18)	(13)	(13)
Comprehensive income	5	(18)	(13)	4,232
Exercise and forfeiture of share acquisition rights	–	–	(40)	201
Dividends	–	–	–	(1,431)
Share-based payment transactions	–	–	6	6
Total transactions with owners	–	–	(34)	(1,224)
Balance at December 31, 2023	30	126	434	44,992

Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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, 2024	1,189	27,153	18,350	(0)	250
Profit	–	–	4,682	–	–
Other comprehensive income	–	–	–	–	–
Comprehensive income	–	–	4,682	–	–
Exercise and forfeiture of share acquisition rights	103	148	–	–	(45)
Dividends	–	–	(2,444)	–	–
Share-based payment transactions	–	–	–	–	8
Transfer from other components of equity to retained earnings	–	–	85	–	–
Total transactions with owners	103	148	(2,358)	–	(37)
Balance at December 31, 2024	1,291	27,301	20,673	(0)	213

	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, 2024	37	111	399	47,089
Profit	–	–	–	4,682
Other comprehensive income	4	478	482	482
Comprehensive income	4	478	482	5,164
Exercise and forfeiture of share acquisition rights	–	–	(45)	205
Dividends	–	–	–	(2,444)
Share-based payment transactions	–	–	8	8
Transfer from other components of equity to retained earnings	–	(85)	(85)	–
Total transactions with owners	–	(85)	(122)	(2,230)
Balance at December 31, 2024	42	504	759	50,023

(4) Quarterly condensed consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before tax	6,307	6,951
Depreciation and amortization	442	532
Amortization of identifiable assets	312	117
Amortization of right-of-use assets	1,179	1,442
Finance income	(34)	(18)
Finance costs	121	144
Share of loss (profit) of investments accounted for using equity method	(7)	(70)
Decrease (increase) in trade and other receivables	46	50
Decrease (increase) in inventories	1	1
Increase (decrease) in trade and other payables	765	166
Increase (decrease) in provisions	(169)	(261)
Decrease (increase) in other current assets	(556)	485
Increase (decrease) in other current liabilities	(242)	18
Other	(967)	(59)
Subtotal	7,199	9,497
Interest and dividends received	34	17
Interest paid	(58)	(73)
Income taxes paid	(1,963)	(3,888)
Income taxes refund	383	514
Net cash provided by (used in) operating activities	5,595	6,066
Cash flows from investing activities		
Purchase of property, plant and equipment	(443)	(885)
Purchase of intangible assets	(4)	(9)
Purchase of investment securities	(200)	–
Proceeds from sale of investment securities	–	1,267
Payments of leasehold and guarantee deposits	(596)	(2)
Proceeds from refund of leasehold and guarantee deposits	–	251
Net cash provided by (used in) investing activities	(1,244)	622
Cash flows from financing activities		
Repayments of long-term borrowings	(570)	(570)
Repayments of lease liabilities	(1,140)	(1,428)
Proceeds from exercise of share acquisition rights	201	205
Cash dividends paid	(1,431)	(2,444)
Net cash provided by (used in) financing activities	(2,941)	(4,237)
Net increase (decrease) in cash and cash equivalents	1,411	2,451
Cash and cash equivalents at beginning of period	12,832	13,731
Effect of exchange rate changes on cash and cash equivalents	7	6
Cash and cash equivalents at end of period	14,250	16,188

(5)Notes to quarterly condensed consolidated financial statements

Going concern assumption

Not applicable

Segment information

(1) Overview of reportable segments

The Group's business consists primarily 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:

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	3,008	17,940	8,997	29,945	6	29,951
Gross profit	1,478	7,962	3,534	12,974	6	12,979

Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	5,226	18,870	10,014	34,110	9	34,118
Gross profit	2,582	7,373	3,927	13,882	9	13,890

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