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January 30, 2024

## Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under IFRS)

Company name: Simplex Holdings, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4373  
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 Scheduled date to file Quarterly Securities Report: January 30, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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, 2023 (from April 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	29,951	16.1	6,387	19.0	6,307	20.0	4,245	19.8
December 31, 2022	25,808	10.9	5,367	4.2	5,254	4.6	3,544	5.2

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%	Yen		Yen	
Nine months ended								
December 31, 2023	4,245	19.8	4,232	18.9	73.86		70.89	
December 31, 2022	3,544	5.2	3,559	(7.8)	63.49		59.56	

#### (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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2023	73,602	44,992	44,992	61.1	780.14
March 31, 2023	70,266	41,984	41,984	59.7	733.34

### 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, 2023	—	0.00	—	25.00	25.00
Fiscal year ending March 31, 2024	—	0.00	—		
Fiscal year ending March 31, 2024 (Forecast)				30.00	30.00

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, 2024  
(from April 1, 2023 to March 31, 2024)**

(Percentages indicate year-on-year changes.)

Fiscal year	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
	40,000	14.5	8,800	18.1	8,667	18.8	5,920	9.0	5,920	9.0	102.64

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

**\* 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: Yes

(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, 2023	57,671,800 shares
As of March 31, 2023	57,250,675 shares

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

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

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	57,472,119 shares
Nine months ended December 31, 2022	55,815,113 shares

\* Quarterly financial results reports are exempt from quarterly review 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 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 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. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Operating results

Operating results for the nine months ended December 31, 2023 (the period under review) are summarized as follows:

Revenue	29,951 million yen (up 16.1% year-on-year)
Operating profit	6,387 million yen (up 19.0% year-on-year)
Profit before tax	6,307 million yen (up 20.0% year-on-year)
Profit attributable to owners of parent	4,245 million yen (up 19.8% year-on-year)

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

- i) Revenue reached a record high of 29,951 million yen (up 16.1% from 25,808 million yen for the same period last year), driven by strong sales in System Integration and Operation Service and new contracts won by Strategy/DX Consulting.

Gross profit increased year-on-year to 12,979 million yen (up 21.5% from 10,685 million yen for the same period last year), significantly exceeding the results for the same period last year, with the gross profit margin of 43.3% (compared with 41.4% for the same period last year).

Selling, general and administrative expenses increased year-on-year to 4,899 million yen (up 21.8% from 4,023 million yen for the same period last year) due primarily to factors such as higher personnel expenses resulting from the increase in new graduate employees and enhancement of recruitment and training. Research and development expenses increased year-on-year to 1,354 million yen (up 25.8% from 1,076 million yen for the same period last year).

In addition, we recognized 312 million yen in amortization of identifiable assets (compared with 335 million yen for the same period last year), 37 million yen in other income, and 64 million yen in other expenses.

As a result, operating profit amounted to 6,387 million yen (up 19.0% from 5,367 million yen for the same period last year), and the operating profit margin came in at 21.3% (compared with 20.8% for the same period last year). Profit before tax increased year-on-year to 6,307 million yen (up 20.0% from 5,254 million yen for the same period last year), with 34 million yen, 121 million yen, and 7 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 2,062 million yen (compared with 1,710 million yen for the same period last year) and profit attributable to owners of parent increased year-on-year to 4,245 million yen (up 19.8% from 3,544 million yen for the same period last year).

- ii) By service category, revenue from Strategy/DX Consulting amounted to 3,008 million yen (compared with 1,487 million yen for the same period last year), significantly exceeding the results for the same period last year, and the gross profit margin was 49.1% (compared with 49.1% for the same period last year), which was the same as the results for the same period last year.

Revenue from System Integration amounted to 17,940 million yen (compared with 16,075 million yen for the same period last year), and the gross profit margin was 44.4% (compared with 42.1% for the same period last year), both having increased year-on-year.

Revenue from Operation Service amounted to 8,997 million yen (compared with 8,240 million yen for the same period last year), and the gross profit margin was 39.3% (compared with 38.7% for the same period last year), both having increased year-on-year.

(Reference)

Breakdown of revenue by service category

(Millions of yen, unless otherwise indicated)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)			Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)			
	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	YoY change
Strategy/DX Consulting	1,487	5.8	49.1	3,008	10.0	49.1	1,521
System Integration	16,075	62.3	42.1	17,940	59.9	44.4	1,865
Operation Service	8,240	31.9	38.7	8,997	30.0	39.3	757
Other	6	0.0	100.0	6	0.0	100.0	0
Total	25,808	100.0	41.4	29,951	100.0	43.3	4,144

## **(2) Financial position**

### **(Assets)**

As of the end of the period under review, total assets amounted to 73,602 million yen (up 3,336 million yen from the end of the previous fiscal year). This is primarily attributable to increases in cash and cash equivalents of 1,418 million yen; other financial assets of 765 million yen due to payments of leasehold and guarantee deposits associated with office expansion; and property, plant and equipment of 488 million yen due to purchases of facilities.

### **(Liabilities)**

As of the end of the period under review, total liabilities amounted to 28,610 million yen (up 328 million yen from the end of the previous fiscal year). This is primarily attributable to an increase in trade and other payables of 765 million yen due to purchases of facilities associated with office expansion, which was partially offset by a decrease in borrowings of 534 million yen due to repayment.

### **(Equity)**

As of the end of the period under review, total equity amounted to 44,992 million yen (up 3,008 million yen from the end of the previous fiscal year) and the ratio of equity attributable to owners of parent came in at 61.1% (compared with 59.7% as of the end of the previous fiscal year).

## **(3) Cash flows**

Cash and cash equivalents (“net cash”) as of the end of the period under review amounted to 14,250 million yen (up 2,414 million yen year-on-year). The status of cash flows and reasons for changes during the nine months ended December 31, 2023 are as follows:

### **(Cash flows from operating activities)**

Net cash provided by operating activities amounted to 5,595 million yen (compared with 1,512 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 6,307 million yen and a decrease in cash flow resulting from an increase in other current assets of 556 million yen in conjunction with the payment of maintenance expenses for purchased facilities associated with office expansion.

### **(Cash flows from investing activities)**

Net cash used in investing activities amounted to 1,244 million yen (compared with 972 million yen used for the same period last year). This is primarily attributable to payments of leasehold and guarantee deposits associated with office expansion of 596 million yen and purchase of property, plant and equipment of 443 million yen.

### **(Cash flows from financing activities)**

Net cash used in financing activities amounted to 2,941 million yen (compared with 2,678 million yen used for the same period last year). This is primarily attributable to cash dividends paid of 1,431 million yen, repayments of lease liabilities of 1,140 million yen, and repayments of long-term borrowings of 570 million yen.

## **(4) Forward-looking information including consolidated earnings forecast**

The consolidated earnings forecast announced on April 27, 2023 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, 2023)	Current quarter (as of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,832	14,250
Trade and other receivables	8,820	8,774
Inventories	17	16
Other current assets	1,245	1,801
Total current assets	22,915	24,841
Non-current assets		
Property, plant and equipment	978	1,466
Right-of-use assets	3,327	3,367
Goodwill	36,476	36,476
Intangible assets	721	324
Investments accounted for using equity method	98	105
Other financial assets	4,465	5,230
Deferred tax assets	953	1,024
Other non-current assets	333	769
Total non-current assets	47,351	48,761
Total assets	70,266	73,602
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	2,335	3,100
Borrowings	1,140	1,140
Lease liabilities	1,249	1,505
Other financial liabilities	1	25
Income taxes payable	911	1,310
Provisions	2,610	2,422
Other current liabilities	956	714
Total current liabilities	9,203	10,216
Non-current liabilities		
Borrowings	16,858	16,324
Lease liabilities	2,009	1,837
Provisions	213	233
Total non-current liabilities	19,080	18,394
Total liabilities	28,282	28,610
Equity		
Share capital	1,013	1,114
Capital surplus	26,903	27,043
Retained earnings	13,587	16,401
Treasury shares	(0)	(0)
Other components of equity	481	434
Total equity attributable to owners of parent	41,984	44,992
Total equity	41,984	44,992
Total liabilities and equity	70,266	73,602

**(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, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Revenue	25,808	29,951
Cost of sales	(15,122)	(16,972)
Gross profit	10,685	12,979
Amortization of identifiable assets	(335)	(312)
Selling, general and administrative expenses	(4,023)	(4,899)
Research and development expenses	(1,076)	(1,354)
Other income	148	37
Other expenses	(33)	(64)
Operating profit	5,367	6,387
Finance income	14	34
Finance costs	(127)	(121)
Share of profit of investments accounted for using equity method	-	7
Profit before tax	5,254	6,307
Income tax expense	(1,710)	(2,062)
Profit	3,544	4,245
Profit attributable to:		
Owners of parent	3,544	4,245
Profit	3,544	4,245
Earnings per share		
Basic earnings per share (Yen)	63.49	73.86
Diluted earnings per share (Yen)	59.56	70.89



Quarterly condensed consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Profit	3,544	4,245
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	6	(18)
Total of items that will not be reclassified to profit or loss	6	(18)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9	5
Total of items that may be reclassified to profit or loss	9	5
Other comprehensive income, net of tax	15	(13)
Comprehensive income	3,559	4,232
Comprehensive income attributable to:		
Owners of parent	3,559	4,232
Comprehensive income	3,559	4,232

**(3) Quarterly condensed consolidated statements of changes in equity**

Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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	–	–	3,544	–	–
Other comprehensive income	–	–	–	–	–
Comprehensive income	–	–	3,544	–	–
Exercise and forfeiture of share acquisition rights	116	162	–	–	(46)
Dividends	–	–	(1,277)	–	–
Share-based payment transactions	–	–	–	–	18
Total transactions with owners	116	162	(1,277)	–	(29)
Balance at December 31, 2022	930	26,785	11,699	(0)	332

	Equity attributable to owners of parent			
	Other components of equity			Total
	Exchange differences on translation of foreign operations	Financial assets measured at fairvalue through other comprehensive income	Total	
Balance at April 1, 2022	16	50	427	37,294
Profit	–	–	–	3,544
Other comprehensive income	9	6	15	15
Comprehensive income	9	6	15	3,559
Exercise and forfeiture of share acquisition rights	–	–	(46)	231
Dividends	–	–	–	(1,277)
Share-based payment transactions	–	–	18	18
Total transactions with owners	–	–	(29)	(1,028)
Balance at December 31, 2022	25	56	413	39,825

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

	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 fairvalue 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

**(4) Quarterly condensed consolidated statements of cash flows**

(Millions of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before tax	5,254	6,307
Depreciation and amortization	406	442
Amortization of identifiable assets	335	312
Amortization of right-of-use assets	1,036	1,179
Finance income	(14)	(34)
Finance costs	127	121
Share of loss (profit) of investments accounted for using equity method	-	(7)
Decrease (increase) in trade and other receivables	(1,699)	46
Decrease (increase) in inventories	4	1
Increase (decrease) in trade and other payables	8	765
Increase (decrease) in provisions	(722)	(169)
Decrease (increase) in other current assets	(451)	(556)
Increase (decrease) in other current liabilities	(392)	(242)
Other	36	(967)
Subtotal	3,927	7,199
Interest and dividends received	14	34
Interest paid	(61)	(58)
Income taxes paid	(2,676)	(1,963)
Income taxes refund	307	383
Net cash provided by (used in) operating activities	1,512	5,595
Cash flows from investing activities		
Purchase of property, plant and equipment	(215)	(443)
Purchase of intangible assets	(158)	(4)
Purchase of investment securities	(600)	(200)
Payments of leasehold and guarantee deposits	-	(596)
Net cash provided by (used in) investing activities	(972)	(1,244)
Cash flows from financing activities		
Repayments of long-term borrowings	(570)	(570)
Repayments of lease liabilities	(1,062)	(1,140)
Proceeds from exercise of share acquisition rights	231	201
Cash dividends paid	(1,277)	(1,431)
Net cash provided by (used in) financing activities	(2,678)	(2,941)
Net increase (decrease) in cash and cash equivalents	(2,138)	1,411
Cash and cash equivalents at beginning of period	13,966	12,832
Effect of exchange rate changes on cash and cash equivalents	9	7
Cash and cash equivalents at end of period	11,836	14,250

**(5) Notes to quarterly condensed consolidated financial statements**

(Going concern assumption)

Not applicable

(Changes in accounting policies)

The Group's significant accounting policies applied in these quarterly condensed consolidated financial statements are the same as those for the previous fiscal year except for IAS 12 *Income Taxes* (clarification of accounting for deferred tax related to assets and liabilities arising from a single transaction). These accounting policies have no material impact on the Group's quarterly condensed consolidated financial statements.

(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:

Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022) (Millions of yen)

	Service category				Other	Total
	Strategy/DX Consulting	System Integration	Operation Service	Total		
Revenue	1,487	16,075	8,240	25,802	6	25,808
Gross profit	730	6,762	3,188	10,680	6	10,685

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

\* 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.