

Annual Securities Report

(Report pursuant to Article 24, paragraph (1) of the
Financial Instruments and Exchange Act)

For the 16th fiscal year From April 1, 2023
to March 31, 2024

This document is the English translation of the legal disclosure material in Japanese released on June 26, 2024. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.

SIGMAXYZ Holdings Inc.

4-1-28 Toranomon, Minato-ku, Tokyo, Japan

(E30130)

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[Audit Report]

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Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 26, 2024
Fiscal year	The 16th term (from April 1, 2023 to March 31, 2024)
Company name	株式会社シグマクシス・ホールディングス (Kabushiki Kaisha SIGMAXYZ Holdings)
Company name in English	SIGMAXYZ Holdings Inc.
Title and name of representative	Hiroshi Ota, Representative Director and President
Address of registered head office	4-1-28 Toranomom, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6430-3400 (main switchboard)
Name of contact person	Shinya Tabata, Representative Director and CFO
Nearest place of contact	4-1-28 Toranomom, Minato-ku, Tokyo, Japan
Telephone number	+81-3-6430-3400 (main switchboard)
Name of contact person	Shinya Tabata, Representative Director and CFO
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Company Information

I. Overview of Company

1. Key financial data

(1) Key financial data of group

Term	The 12th term	The 13th term	The 14th term	The 15th term	The 16th term
Fiscal year-end	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenue (Thousands of yen)	16,003,192	14,024,337	15,654,373	17,334,289	22,410,611
Ordinary profit (Thousands of yen)	2,164,434	1,797,699	2,764,993	3,265,047	4,338,231
Profit attributable to owners of parent (Thousands of yen)	1,407,362	1,210,026	1,664,390	2,204,098	3,232,107
Comprehensive income (Thousands of yen)	1,407,362	1,210,026	1,672,833	2,516,248	3,141,181
Net assets (Thousands of yen)	5,036,581	5,462,704	10,302,554	10,878,288	13,193,616
Total assets (Thousands of yen)	9,669,373	10,283,891	14,656,922	14,461,633	18,295,625
Net assets per share (Yen)	131.91	143.80	242.92	261.53	312.18
Profit per share (Yen)	36.44	31.66	39.63	52.32	76.62
Diluted profit per share (Yen)	36.29	31.63	–	–	–
Shareholders' equity ratio (%)	52.1	53.1	70.3	75.2	72.1
Rate of return on equity (%)	29.3	23.0	21.1	20.8	26.9
Price-earnings ratio (Times)	17.1	29.4	29.1	21.7	22.8
Cash flows from operating activities (Thousands of yen)	2,335,942	1,598,103	2,506,041	2,085,443	3,119,274
Cash flows from investing activities (Thousands of yen)	(2,947)	285,102	(546,247)	(4,684)	(1,035,397)
Cash flows from financing activities (Thousands of yen)	34,842	(783,648)	474,165	(2,696,554)	(2,016,104)
Cash and cash equivalents at end of period (Thousands of yen)	4,175,567	5,275,769	7,721,528	7,093,890	7,171,106
Number of employees (Persons)	524	554	560	595	665

- Notes:
- In calculating "net assets per share," the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) introduced from the 8th term and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan introduced from the 9th term were included in treasury shares excluded from the number of shares issued as of the end of the period. In addition, in calculating "profit per share" and "diluted profit per share," the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period.
 - Diluted profit per share for the 14th term, the 15th term and the 16th term is not stated because there were no dilutive shares.
 - The Company carried out a two-for-one split of its common stock effective April 1, 2022. The figures for "net assets per share," "profit per share" and "diluted profit per share" were calculated on the assumption that the stock split was conducted at the beginning of the 12th term.
 - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 14th term, and the key financial data for the 14th term onwards are those after applying the accounting standard and relevant ASBJ regulations.

(2) Key financial data of reporting company

Term	The 12th term	The 13th term	The 14th term	The 15th term	The 16th term
Fiscal year-end	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenue (Thousands of yen)	15,797,061	13,736,438	9,632,673	5,833,000	5,226,400
Ordinary profit (Thousands of yen)	2,359,273	1,792,089	2,099,120	2,612,654	1,823,010
Profit (Thousands of yen)	1,433,174	1,247,543	1,260,242	1,870,921	1,702,948
Share capital (Thousands of yen)	2,842,098	2,848,506	4,626,881	3,000,000	3,000,000
Total number of issued shares (Shares)	21,068,300	21,104,300	23,154,300	46,308,600	45,000,000
Net assets (Thousands of yen)	4,951,613	5,415,253	9,842,513	9,796,956	10,813,945
Total assets (Thousands of yen)	9,556,944	10,193,022	12,834,417	12,258,601	12,791,376
Net assets per share (Yen)	129.68	142.55	232.07	235.53	255.87
Dividend per share (Yen)	22.00	22.00	26.00	16.00	27.00
[Interim dividend paid per share]	[-]	[-]	[-]	[-]	[-]
Profit per share (Yen)	37.10	32.64	30.01	44.41	40.37
Diluted profit per share (Yen)	36.96	32.61	-	-	-
Shareholders' equity ratio (%)	51.8	53.1	76.7	79.9	84.5
Rate of return on equity (%)	30.5	24.1	16.5	19.1	16.5
Price-earnings ratio (Times)	16.8	28.5	38.4	25.5	43.3
Payout ratio (%)	29.65	33.70	43.32	36.03	66.88
Number of employees (Persons)	517	548	73	68	75
Total shareholder return (%)	121.8	183.4	228.5	228.1	351.7
[Comparison benchmark: TOPIX] (%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price (Yen)	2,365	1,993	1,184 [3,335]	1,446	1,852
Lowest share price (Yen)	1,007	1,089	1,127 [1,788]	923	1,018

- Notes:
- In calculating "net assets per share," the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) introduced from the 8th term and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan introduced from the 9th term were included in treasury shares excluded from the number of shares issued as of the end of the period. In addition, in calculating "profit per share" and "diluted profit per share," the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period.
 - From April 4, 2022, the highest and lowest share price are those recorded on the Tokyo Stock Exchange Prime Market, and before that date, the prices are those recorded on the Tokyo Stock Exchange First Section. Regarding our share price for the 14th term, the highest share price and the lowest share price after the ex-rights from the stock split on April 1, 2022 are provided, and the figures in brackets indicate the highest share price and lowest share price prior to the ex-rights from the stock split.
 - Diluted profit per share for the 14th term, the 15th term and the 16th term is not stated because there were no dilutive shares.
 - The Company carried out a two-for-one split of its common stock effective April 1, 2022. The figures for "net assets per share," "profit per share" and "diluted profit per share" were calculated on the assumption that the stock split was conducted at the beginning of the 12th term. Furthermore, in the "dividend per share," the actual value of the dividends prior to the stock split is provided for the period prior to the year-end dividend for the 14th term. Moreover, "total shareholder return" is calculated considering the impact of the stock split.
 - On October 1, 2021, the Company conducted a company split and transitioned to a holding company. As a result, there is significant variance when comparing financial data from the 14th term onward with those before the 13th term.
 - The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 14th term, and the key financial data for the 14th term onwards are those after applying the accounting standard and relevant ASBJ regulations.

2. History

Date	Description
May 2008	Established in Akasaka, Minato-ku, Tokyo as a joint venture of Mitsubishi Corporation and RHJ International S.A. to strengthen the IT and consulting services of the Mitsubishi Corporation group
Sept. 2008	Moved the head office to Toranomon, Minato-ku, Tokyo
Sept. 2013	To strengthen collaboration in IT consulting services, capital participation from Internet Initiative Japan Inc. To strengthen collaboration in IT services, capital participation from INTEC Inc.
Dec. 2013	Listed on Mothers market of the Tokyo Stock Exchange
Oct. 2014	To strengthen the M&A advisory business, the Company acquired shares of SXA Inc. (formerly T-Model Investment Inc.) and made it a consolidated subsidiary
Sept. 2016	Started a capital and business alliance with SX Capital, Inc.
Nov. 2017	Change in stock market listing to the First Section of the Tokyo Stock Exchange
July 2018	Changed corporate philosophy
Feb. 2019	Established SXF Inc.
Apr. 2019	Introduced an executive officer system
Apr. 2021	Established SIGMAXYZ Investment Inc. Concluded an alliance agreement with ITOCHU Corporation
June 2021	Transferred Investment Business to SIGMAXYZ Investment Inc.
Oct. 2021	Transitioned to a holding company system, changed trade name to SIGMAXYZ Holdings Inc. Established SIGMAXYZ Inc. and transferred Consulting Business
Jan. 2022	Obtained B Corporation Certification
Apr. 2022	Transferred from the First Section to the Prime Market of the Tokyo Stock Exchange
Jan. 2023	SXA Inc. removed from the scope of consolidation

3. Description of business

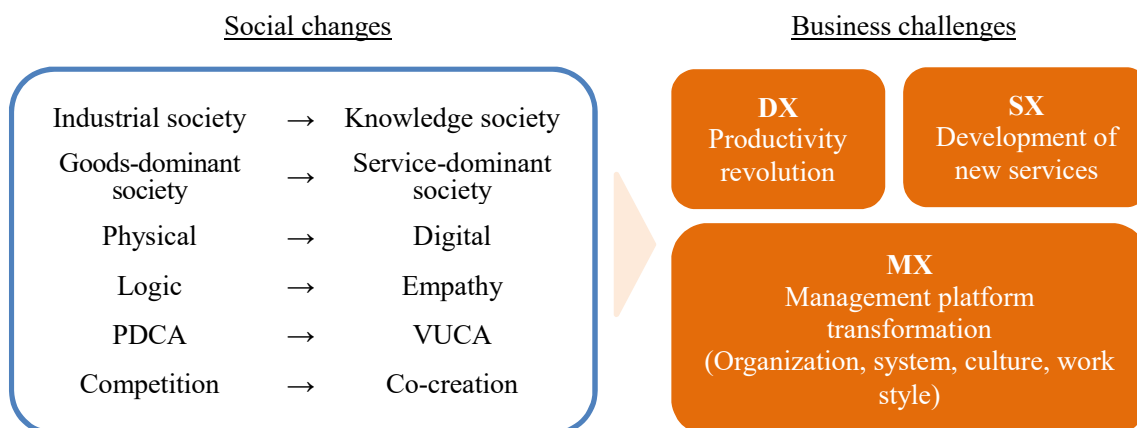
We have organized the significant features of the Group’s services as follows.

- Supporting the “Three Innovations” of companies as professionals in a broad range of fields

Under our Purpose, “Create a Beautiful Tomorrow Together,” and our Mission, “Promote transformation in companies and contribute to attaining the SDGs together with clients and partners,” we propel our business with a dedication to promote corporate transformations and to create a beautiful society of tomorrow. In addition, with Group-wide effort we aim to achieve “Three Innovations,” the key transformations that companies must address in the digital economy, defined as follows:

**“Three Innovations,” the key transformations
that companies must address in the digital economy**

- **Management Transformation (MX)**
Build a platform that ensures the autonomy and psychological safety of people involved in the business, improves engagement, creates continuous innovation, and enables rapid individual-client interaction
- **Digital Transformation (DX)**
Transform the core business model and achieve significant performance improvements through a productivity revolution
- **Service Transformation (SX)**
Build a business model that will serve as a new growth engine in growth markets

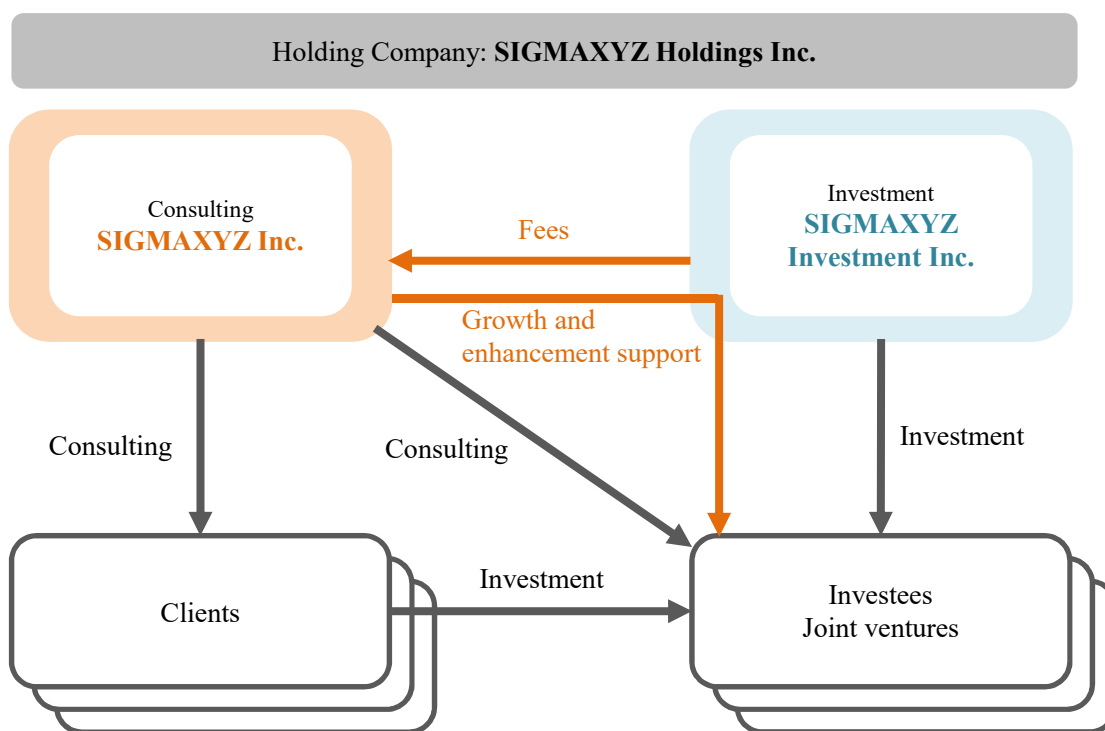


- Consulting × Investment

With a synergy between the Consulting Business (SIGMAXYZ Inc.) and the Investment Business (SIGMAXYZ Investment Inc.), the SIGMAXYZ Group creates value in a wide range of industries and companies and creates new markets and businesses that solve social issues.

In addition to promoting the Three Innovations (MX, DX, SX), our consulting company, SIGMAXYZ, has a diverse range of capabilities including program and project management, core systems cloud migration, business process transformation, multi-side platform construction, and new business development and operations. No limited to consulting for simple issue resolution, SIGMAXYZ acts as a central party in creating new businesses that cut across companies and industries, sharing business functions among companies, and cooperating with the investments made by SIGMAXYZ Investment to create value. In addition to ensuring full-fledged investment activities, SIGMAXYZ Investment uses the capabilities of SIGMAXYZ to add value to investee companies.

Innovation is born through networking and collaboration among people and organizations. The SIGMAXYZ Group adeptly combines its consulting capabilities and investing capabilities to meet our objective, and by utilizing the broad networking capabilities possessed by the Group companies, works to create new value.



■ Achieve goals through collaboration as a Sherpa

The Company aims to be a “Sherpa” for client. Sherpas accompany climbers up and down Mount Everest and share their success in reaching the summit as well as their risks. We believe that this is the same process as creating corporate value. To resolve the major issues faced by management, the Group establishes and formulates business strategies, designs business models, and designs, builds and introduces business operation platforms, realizing results together with the client through collaboration that utilizes their mutual capabilities and strengths. Furthermore, with the purpose of increasing the level and speed of the resolution of management issues faced by the client company, professionals with diverse skills form a single team to carry out projects.

■ Driving innovation with a sense of speed

In developing new businesses, products, and services using new technologies, we engage in repeated small-scale trials of business ideas with the inclusion of our client and business partners. At the same time, through an approach focused on speed to transform the idea into a real business, we support innovation that responds to changes in the market environment.

■ Business investment and operations utilizing alliance network

Using the knowledge, experience, and networks cultivated through our consulting services, we engage in business investment in the form of joint ventures, joint businesses, and incubation through joint investment with other companies and business partners. By investing not only capital but also human assets and knowhow while also participating in the operations of the business we establish, in addition to creating new value in the market, we create opportunities for our consulting professionals to cultivate experience in business investment and management.

■ Building ecosystems through aggregation and maximizing value

To produce results, we acquire and combine the necessary abilities from both internal and external sources regardless of the company or individual to form optimized project teams both flexibly and quickly. The Group formulates innovation scenarios aimed at realizing business models. At the same time, using networks that include internal and external sources such as the company itself, business partners, client companies and investees, we implement consulting services through strong leadership and utilize alliance networks to further expand our networks and build ecosystems.

We also envision innovation scenarios for the entire industry and operate business communities with the goal of creating innovation and resolving social issues through collaboration among companies.

We have organized the main skill sectors in the Group’s consulting services as follows. We assemble professionals with the necessary skills and create and execute projects in response to the topics being pursued by our client companies.

- Industry Sherpa (Understands industry characteristics and business processes, and draws transformation scenarios)
 - Retail
 - Pharmaceutical
 - Insurance and healthcare
 - System assembly
 - Manufacturing
 - Communication and platforms
 - Banking
 - Trading
 - Logistics and aviation

- Program management Sherpa (Realizes corporate transformations through planning and execution ability)

- SaaS Sherpa (Drives corporate transformation with SaaS)

- 3X Sherpa (Resolves CxO agenda with the Three Innovations)

- Advanced Technology Sherpa (Applies advanced technologies to business)

- Digital Manufacturing (Enhances manufacturing industries with digital technologies)

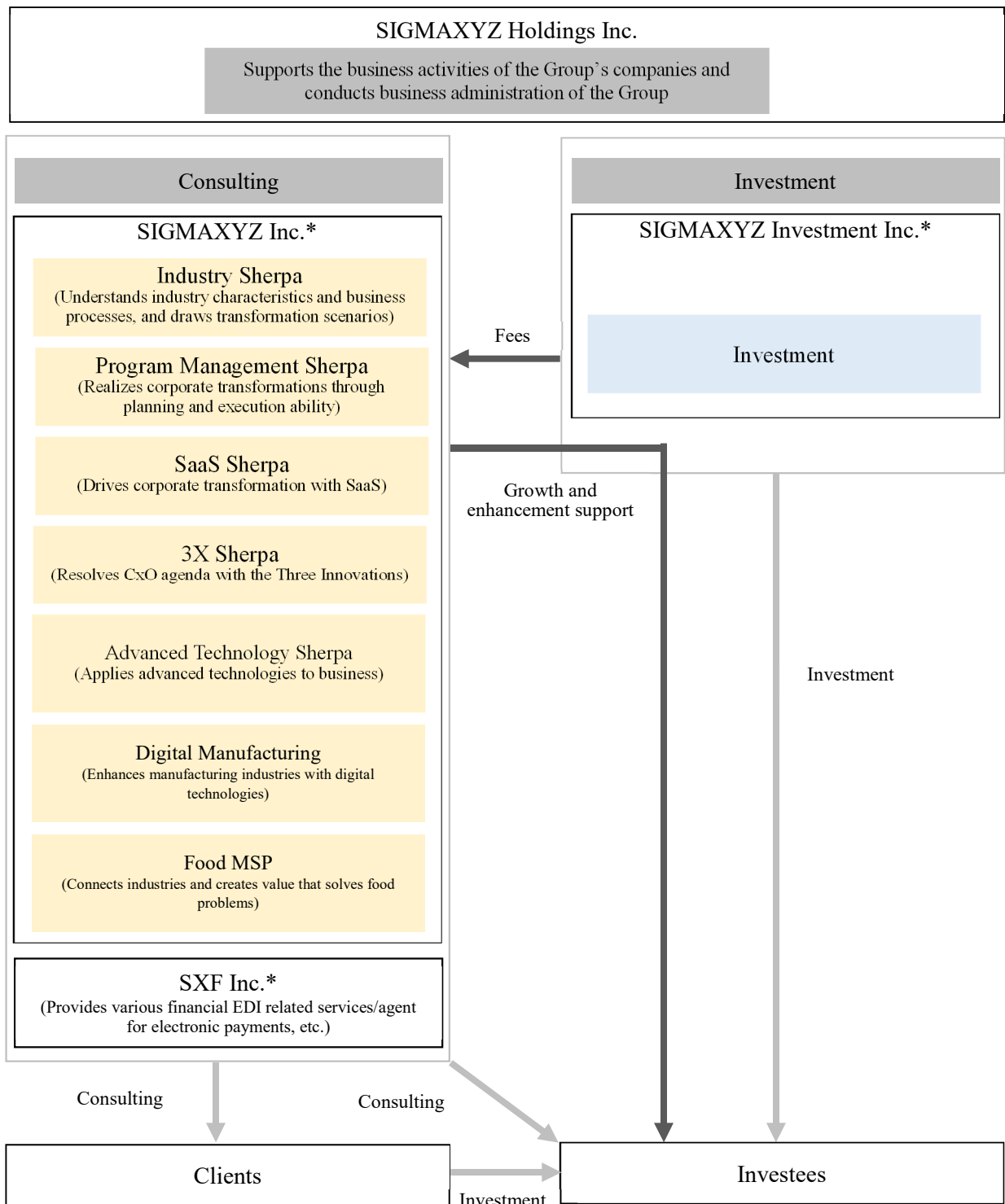
- Food MSP (Connects industries and creates value that solves food problems)

- Investment Business
 - Investment in stocks and debentures, etc.
 - Investment and management of the assets of investment partnerships
 - Consulting related to corporate management and M&A
 - Overall investment operations supporting value creation

- Other
 - Global financial management services

Business structure chart

Business structure of the Company is as follows:



Note: * Consolidated subsidiaries

4. Subsidiaries and other affiliated entities

Name	Address	Share capital (Millions of yen)	Primary business	Percentage of voting rights holding (held) (%)	Relationship
(Consolidated subsidiaries)					
SIGMAXYZ Inc. (Note 1)	Minato-ku, Tokyo	200	Consulting Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SIGMAXYZ Investment Inc. (Note 2)	Minato-ku, Tokyo	425	Investment Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SXF Inc. (Note 3)	Minato-ku, Tokyo	50	Agency service for electronic payment and others	100 (100)	Providing back office services, etc. Concurrent service by officers: None

Notes: 1. Revenue of SIGMAXYZ Inc. (excluding internal revenue among consolidated companies) exceed 10% of the consolidated revenue.

Key profit/loss information	(1) Revenue	¥22,036,295 thousand
	(2) Ordinary profit	¥3,696,995 thousand
	(3) Profit	¥2,660,362 thousand
	(4) Net assets	¥3,165,112 thousand
	(5) Total assets	¥6,734,636 thousand

2. The company is classified as a specified subsidiary.

3. Figures in parentheses under “percentage of voting rights holding (held)” represent the percentage of voting rights held indirectly.

5. Employees

(1) Information about group

As of March 31, 2024

Segment name	Number of employees (Persons)
Consulting Business	584
Investment Business	6
The Corporate Group (Common)	75
Total	665

- Notes:
- The number of employees represents those at work.
 - The number of employees listed as “The Corporate Group (Common)” is the number of employees belonging to administrative divisions that cannot be classified into specific businesses.

(2) Information about reporting company

As of March 31, 2024

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
75	45.9	9.2	11,335,628

Segment name	Number of employees (Persons)
The Corporate Group (Common)	75

- Notes:
- The number of employees represents those at work.
 - The number of employees listed as “The Corporate Group (Common)” is the number of employees belonging to administrative divisions that cannot be classified into specific businesses.
 - Average annual salary includes extra wages, etc.

(Reference information) Average age and other information at consolidated companies

As of March 31, 2024

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
665	36.0	5.5	12,138,389

- Notes:
- The number of employees represents those at work.
 - Average annual salary includes extra wages, etc.

(3) Labor unions

No labor union has been formed, but labor-management relations are stable.

(4) Proportion of female in management positions, proportion of male employees taking childcare leave, and gender pay gap

Reporting company

As of March 31, 2024					Supplementary explanation
Proportion of female in management positions (%) (Note 1)	Proportion of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Note 3)			
		All employees	Full-time employees	Part-time /fixed-term employees	
56.4	–	–	–	–	–

- Notes:
- Calculated based on the provisions in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 - As disclosing the proportion of male employees taking childcare leave is not mandated by the provisions in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) or the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures have not been provided.
 - As disclosing the gender pay gap is not mandated in the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015), the figures have not been provided.

Consolidated subsidiaries

As of March 31, 2024						Supplementary explanation
Name	Proportion of female in management positions (%) (Note 1)	Proportion of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Note 1)			
			All employees	Full-time employees	Part-time /fixed-term employees	
SIGMAXYZ Inc.	14.0	–	78.9	78.9	85.2	The criteria for determining class and pay are the same for both male and female.

- Notes:
1. Calculated based on the provisions in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 2. As disclosing the proportion of male employees taking childcare leave is not mandated by the provisions in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) or the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures have not been provided.

II. Overview of Business

1. Management philosophy, business environment, issues to address

Forward-looking statements contained herein are determined by the Group at the end of the fiscal year ended March 31,2024.

(1) Management philosophies

In the fiscal year ended March 31,2024, the Group established the below “Purpose,” “Vision,” “Mission,” and “Value” demonstrating our corporate philosophy and promoted our business activities with these as our management guidelines.

- Purpose

“Create a Beautiful Tomorrow Together”

The concept of social capital based on the 3 axes of “trust,” “standards of reciprocities,” and “bonds,” and the importance of them being widely permeated, are being reevaluated in countries around the world.

Further, we believe that these social relationship assets themselves are the identity that we have cultivated in Japan and the beauty of society.

We aim to contribute to the creation of such a beautiful society.

A society in which we respect each other beyond generations and personalities and everyone can live and thrive comfortably with hope in daily life.

The SIGMAXYZ Group cooperates with clients, partners, and various individuals and organizations to create value as Sherpas.

We start with taking one step at a time for a more beautiful tomorrow.

- Vision | What We Want To Be

“LOVED by EVERYONE”

With us...

You can meet friends.

You can expand your opportunities.

You can take on challenges.

You can grow and be more capable.

You can contribute to society.

You can enrich your life.

- Mission | Our Social Duty

“Promote transformation in companies and contribute to attaining the SDGs together with clients and partners.”

- Value | What We Treasure

Human Value

“Openness & Trust”

Open ourselves, then trust our partners.

“Sincerity”

Be earnest about everything.

“Hospitality”

Carefully consider our partners’ thoughts and feelings before taking action.

“Sense of Beauty”

Strive to be esthetically beautiful.

“Respect for Difference”

Know, understand and respect a diverse range of values.

“Camaraderie”

Respect and help partners.

Business Value

“Sharing Thoughts”

Understand partners’ real intentions, and communicate our real intentions.

“Collaboration”

Share goals beyond differences in position, and create high value.

“Aggregation”

Combine all people, products, and experiences to create new value.

“Sherpa”

Act together all the way to completion.

“Agility & Speed”

Sense and respond to changes quickly.

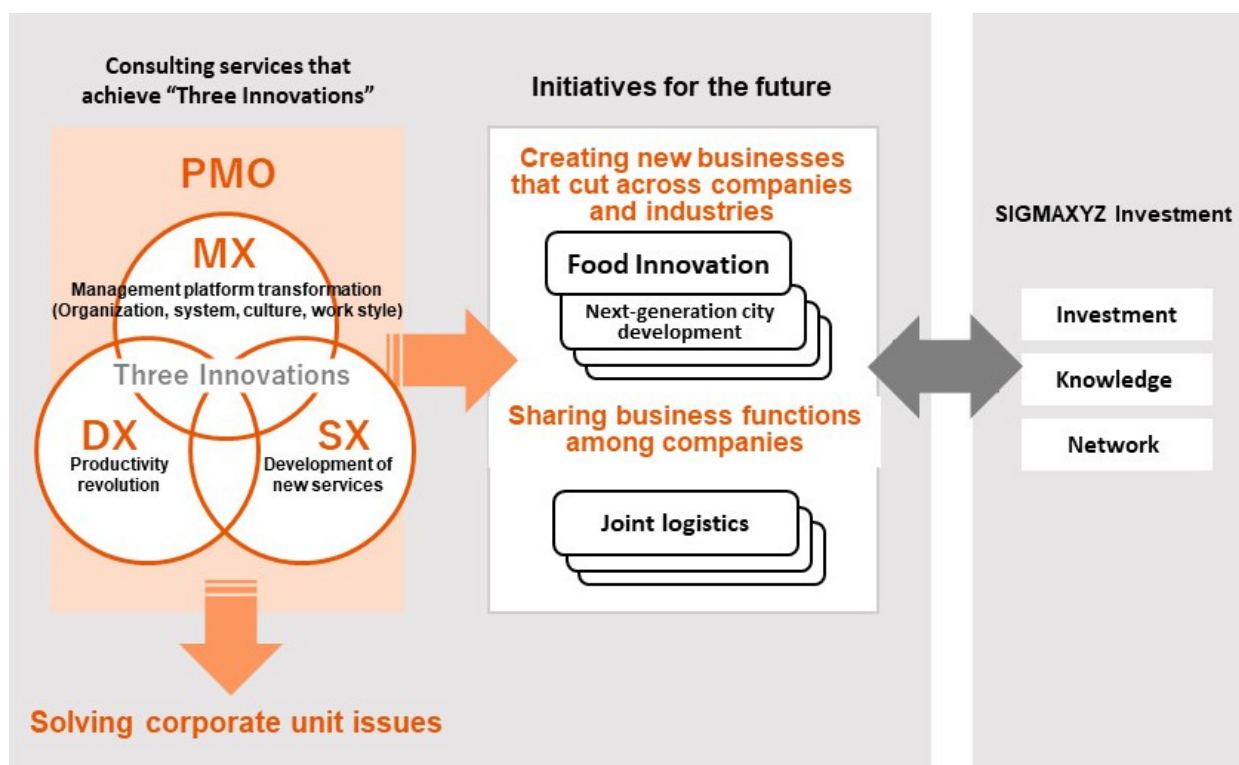
“Intellectual Fight”

Pursue outstanding quality without compromise.

(2) Management strategies, etc.

• Consulting Business

SIGMAXYZ offers consulting services that combine diverse capabilities with the aim of achieving the “Three Innovations” of a company. We also work with clients and partners to create new value by drawing scenarios for collaboration among companies and joint ventures, and by cooperating with the Investment Business. We also envision the future of industry and society together with companies that aim for or have achieved the “Three Innovations,” and work to create new businesses that cut across companies and industries, and to share business functions among companies.



• Investment Business

Focusing on investment projects in the Regenerative & Well-being area (enriching people's lives while regenerating the earth's resources), we will pursue investment activities while pursuing our agenda in the following domains. In addition, we support the growth and enhancement of our investee companies' corporate value through the linkage with our consulting business, and also promote joint investments with our clients.

[Domains]

- City (how do you create cities where people can meet, enjoy life, and that are resistant to natural disasters?)
- Infrastructure (what kind of infrastructure can sustainably support a city while taking declining populations and environmental concerns into account?)
- Mobility (how do "connecting," "transporting," and "moving" change depending on purpose?)
- Earth (how do you create value sustainably while circulating the earth's resources?)
- Digital/AI (can existing industries evolve by utilizing advanced technologies?)
- Virtual space (what is a world where various people become creators by utilizing digital space?)
- Food (how do you combine taste, enjoyment, and health through food experiences?)
- Health and longevity (how do you achieve longevity through exercise, sleep, and other habits, as well as various types of support?)
- Learning and working (how do you respond to social changes and continue to change ways of life in a flexible manner throughout our lives?)
- Mind (how do you nurture the richness and maturity of minds?)

(3) Business environment

The Japanese economy is gradually recovering, although momentum appears to have stalled for the moment. In terms of future prospects, amid the improvements in employment and personal income situations, a gradual recovery is expected to continue owing to the effects of various policies. However, there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy, notably with reference to the impact of monetary tightening worldwide, and concerns over the outlook for the Chinese economy, etc. In addition, sufficient heed must be paid to impacts caused by rising prices, changes in the financial and capital markets, etc.

In such an environment, with a synergy between the Consulting Business and the Investment Business, the Group creates value in a wide range of industries and companies and creates new markets that solve social issues. In the Consulting Business, we define the key three transformations that companies must address in the digital economy as; "Digital Transformation" to achieve significant performance improvements through a productivity revolution, "Service Transformation" to build a business model that will serve as a new growth engine in growth markets, and "Management Transformation" to build a management platform. We have professionals with diverse skills who are working to solve corporate issues, create new value, and co-create new businesses

and industries through collaboration among companies. In the Investment Business, the focus is on the Regenerative & Well-being area, such as city development, food, and wellness. Through the linkage with our consulting business, we support the growth and enhancement of our investee companies' corporate value.

(4) Business and financial issues of priority

We will accelerate the growth of both our consulting and investment businesses and promote our business in order to realize our "Blueprint" toward the fiscal year ending March 31, 2026, which is the Group's medium- to long-term growth vision.

Specifically, we will take actions in the following areas.

- (i) Cultivation of deep client relationships
 - Building strong relationships
 - Discovering issues with an eye on the future
- (ii) Implementation of blueprint proposals
 - Understanding the factors that drive change and presenting countermeasures
 - Proposing improvement of business value by leveraging investment
- (iii) Improvement of service value
 - Developing capabilities
 - Recruitment of personnel
 - Network expansion and ecosystem formation
- (iv) Improvement of productivity
 - Facilitating knowledge sharing
 - Utilizing advanced technologies

Additionally, how we use our ample capital is positioned as a financial issue, and uses of capital include (ii) Implementation of blueprint proposals - Proposing improvement of business value by leveraging investment, (iii) Improvement of service value - Developing capabilities/Recruitment of personnel, and (iv) Improvement of productivity - Utilizing advanced technologies above.

(5) Objective indicators, etc. for judging the achievement of management targets

To increase profitability while pursuing continuous growth, the Group has established management indicators including ordinary profit to revenue ratio, number of consultants and project satisfaction level in the Consulting Business, and investment balance in stocks and investment partnerships in the Investment Business. Project satisfaction level is an important indicator in continuously receiving orders from our client companies.

2. Approach to and initiatives for sustainability

The Group's approach to and initiatives on sustainability are as follows.

Forward-looking statements contained herein are based on assumptions that are deemed to be reasonable as of the filing date of this report, and actual results may differ as a consequence of numerous factors.

The Group believes that the value of a company is a synthesis of financial and non-financial value, and place importance on Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) factors in promoting our business. In our "Basic Sustainability Policy" that was established in 2021, we define our aim to create a sustainable and beautiful society through embodying "Create a Beautiful Tomorrow Together," the Group's "Purpose," and are pursuing a contribution to solving social issues through our business activities.

Furthermore, we position human assets as one of the most important management resources. The Group believes that value co-creators responsible for co-creating value represent the source of the Group's business growth and ability to create a sustainable and beautiful society of tomorrow, and in 2023 we established a Human Assets Development Policy and are progressing with various initiatives.

All group employees will strive to realize a high level of governance and solve social issues through value co-creation activities based on collaboration that combines diverse human assets, knowledge, capabilities, and technology. The Group believes that the value of a company is a synthesis of financial and non-financial value, and based on our Basic Sustainability Policy, the Group places importance on Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) factors in promoting business.

Basic Sustainability Policy

**We aim to create a sustainable and beautiful society through embodying
"Create a Beautiful Tomorrow Together."**

(Established in December 2021)

(1) Governance

The Group's Sustainability Committee is strengthening our efforts to address ESG and SDGs challenges by examining the key issues related thereto and by monitoring risks and opportunities, and regularly reporting to the Board of Directors. A summary of the Sustainability Committee's operations is as follows.

- The Sustainability Committee is chaired by the Directors who execute operations and comprises Executive Officers responsible for their respective business segments. It also examines important issues from the three ESG criteria of "Environmental," "Social," and "Governance" (consideration of global environmental issues such as climate change, human assets and fair and appropriate treatment, fair and appropriate transactions with business partners, crisis response to natural disasters, etc.).
- Important issues related to sustainability initiatives are deliberated by the Management Meeting, and reported and supervised by the Board of Directors.
- The Sustainability Committee meets regularly to discuss initiatives to address issues surrounding sustainability. The Committee also examines measures to tackle sustainability issues and monitors the progress thereof.

Risks concerning human assets, an important issue of the Group, are identified and managed by the Risk Management Committee chaired by the Representative Director and CFO. In turn, the committee reports and provides recommendations to the Board of Directors. The identified human assets risks are addressed by having the Sustainability Committee examine measures and monitor the progress of these measures. With regard to other matters such as legal compliance, the Compliance Committee, chaired by the Executive Officer and CCO conducts supervision and examines measures.

As for climate related risks, the Sustainability Committee explores ways to address risks associated with the transition to a decarbonized society, risks concerning greenhouse gas reduction, and risks associated with the physical impacts of climate change.

Furthermore, the overview of corporate governance of the Company is stated in "IV. Information About Reporting Company, 4. Corporate governance, (1) Overview of corporate governance."

(2) Strategies

(i) Human assets

The Group's "Purpose" is to "Create a Beautiful Tomorrow Together," and through different people and organizations starting with our clients and partners working together, we hope to contribute to creating a society full of beauty. The Group has established the Mission to "Promote transformation in companies and contribute to attaining the SDGs together with clients and partners." Through value creation with a wide range of stakeholders, we are focused on creating new markets to resolve social issues, aiming to contribute to the realization of a sustainable society through our businesses themselves.

Based on this approach, the Group has positioned a "Value Co-Creator" as our most important management assets in business growth and creating a beautiful society in the future, and has arranged various environments and systems that support professionals' activities, promoting value co-creation with clients. In addition, the Group's work style is characterized as "Professional & Collaboration," and we have created an environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation with clients in their own way, while growing sustainably.

Our specific policies and initiatives related to human assets are as follows.

- a. Human Assets Development Policy (Established in March 2023)

Employees are human assets, not human resources

The growth and value creation of employees is the source of the organization’s growth.

In other words, employees are assets.

SIGMAXYZ Group aims to establish a work environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

In addition, in April 2024, we have established “SIGMAXYZ Group Human Rights Policy” to promote a work environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

The Group is advancing human rights initiatives in line with this policy.

- b. Work environment supporting value co-creation (policy for improving the internal environment)

The Group’s work style is characterized as “Professional & Collaboration,” and we have created an environment where diverse human assets can demonstrate their abilities with high motivation, and work on value creation in their own way, while growing sustainably.

<p>Holacracy-based organization Network-type organization emphasizing the autonomy of every individual</p>	<p>Capability development framework (CDF) Sustainable growth through work and learning based on personalized career plan</p>	<p>Learning program Access to various training opportunities internally and externally according to individual learning plans in a cafeteria-type format</p>
<p>Knowledge-sharing system Sharing of information, knowledge and experiences, and growing together</p>	<p>Professional personnel system Evaluate based on the performance they demonstrated, not the time they took on work</p>	<p>Digital and mobile workplace Fully digital environment allowing employees to freely select where and when they work</p>
<p>Free address system Work spaces emphasizing collaboration and value creation</p>	<p>Health management program Provision of various programs empowering employees to acquire health knowledge, know themselves, and take required actions autonomously</p>	<p>Benefits program Various programs allowing employees to concentrate on value creation while achieving life-work balance</p>

◆ Learning program

At the Group, which considers human assets the source of our value creation, we focus on providing learning opportunities and offer a wide variety of training in the form of cafeteria plans (a system in which members select and acquire skills that are useful for their work).

Cafeteria Training

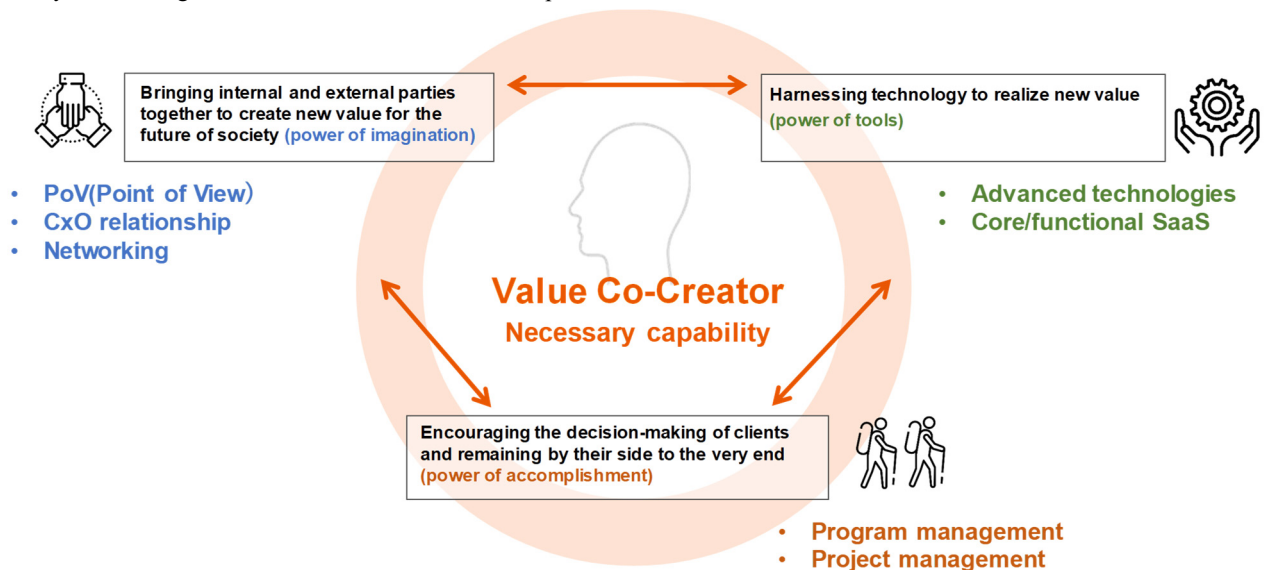
- **Classroom sessions**
Sessions conducted in classroom-styles. For 30 or more days every year, SIGMAXYZ Group provides programs to enhance skills required to work in the Company, such as problem-solving capabilities, chart formulation capabilities, business strategy models, financial analysis, and data science.
- **Online training**
Employees are able to freely undertake various internal and external training courses online.

Knowledge Sharing / Learn from External Professionals

- **Knowledge fair**
In this event, internal professionals share within the Company, knowledge they have acquired through their projects or proposals, new services they have developed, and the latest information they have brought home from overseas events. The fair is held several times a month, and professionals are free to attend events related to themes they are interested in.
- **External professional sessions (High-Touch Program)**
These sessions provide opportunities for professionals to come into direct contact with the insights and experience of leading authorities in various fields, including academia, culture, and sports, to expand their knowledge, change their mindset, and elevate themselves.

◆ **Capability development framework (CDF)**

We have defined the personnel capability categories in the consulting business. We are designing our evaluation framework based on the three elements of the power of imagination, the power of accomplishment, and the power of tools, with a view to nurturing the human assets (Value Co-Creators) that can take charge of creating new markets and businesses to solve issues in society and creating value for various industries and companies.



◆ **Health management program**

The SIGMAXYZ Group regards “human assets,” the source of our value creation, as our most important management assets. We focus on our employees’ health management and have established a variety of environments and systems.

Under our health management program, we encourage employees to receive regular health checkups, provide optional subsidies for employees to offset some of the costs of gynecological exams, have a full system of industrial physicians and public health nurses, offer unlimited stress checks, and a health support system that allows employees to check their health checkup results online.

In 2023, we further enhanced measures to support the health management cycle by providing health-related information, subsidies for the cost of genetic testing, subsidies for the cost of gynecological examinations and tumor marker options with the eligible population expanded to those in their 20s when receiving health checkups, subsidies for medical expenses including those of family members, and support through coupons when visiting medical institutions, among other measures.

c. **Diversity maximizes the value of collaboration**

The Group values human assets with high aspirations to grow professionally who respect their own values and abilities. The more human assets with these qualities that join an organization, the more diverse that organization will become. By admitting and respecting differences among people, and creating value out of the collaboration, the Group believes that we can create significant value. The Group believes that only when there is a culture where employees embrace it will we become an organization where not only female and international personnel, but also human assets with diverse personalities, gather and thrive.

(ii) **Climate change**

The SIGMAXYZ Group aims to create a sustainable and beautiful society by proactively participating in green transformation (realizing a decarbonized society by 2050) through educational and outreach activities to companies and industries and development of aggregator human assets, and by supporting advanced products and services that contribute to improving the global environment through our clients/partnerships and community.

Specific initiatives related to climate change are as described below.

a. We are supporting new approaches to city development that include regional energy design. We are working to build a next-generation resilient town in Obuse Town, Nagano Prefecture, and working alongside community members, companies, and governments to create resource recycling and regional co-prosperity mechanisms through a partnership with Tokyu Corporation in the Tama Denentoshi area.

b. In the Investment Business, SIGMAXYZ Investment Inc. has positioned the area of Regenerative & Well-being as an investment area, and is promoting investment operations that support value creation. In the renewable energy field, we invest in and support the business operations of SHIZEN ENERGY Inc., Forest Energy Inc. and iGrid Solutions Inc.

- c. We disseminate information through media requests of energy analysts specializing in decarbonization, appearances at seminars, and advisory meetings with local governments.
- d. The entire Group is promoting efforts to go paperless for internal communication. Furthermore, we are implementing initiatives for green purchasing by no longer offering beverages in plastic (PET) bottles and switching clear folders made of plastic to paper-based ones in the Group’s business premises. In addition to this, we are accelerating decarbonization initiatives, including switching to renewable electricity by procuring FIT Non-Fossil Certificates and completely switching over to LED ceiling lighting.

(3) Risk management

(i) Human assets

Risks and opportunities concerning human assets, an important issue of the Group, are identified and managed by the Risk Management Committee chaired by a Director who execute operations. In turn, the committee reports and provides recommendations to the Board of Directors. The identified human assets risks and opportunities are addressed by having the Sustainability Committee examine measures and monitor the progress of these measures. With regard to other matters such as legal compliance, the Compliance Committee, chaired by the Chief Compliance Officer conducts supervision and examines measures.

We established and announced an “Anti-Bribery Policy” in September 2023. By prohibiting bribery and declaring our initiatives to prevent bribery, we will strive to detect and prevent fraudulent acts. Further, we established a “Human Rights Policy” in April 2024.

(ii) Climate change

As for climate related risks, the Group’s Sustainability Committee explored ways to address risks associated with the transition to a decarbonized society, risks concerning greenhouse gas reduction, and risks associated with the physical impacts of climate change, and conducted scenario analysis for our main business, the Consulting Business.

Risks include the possibility of negative impacts due to macroeconomic stagnation caused by the introduction of carbon pricing (carbon taxes, etc.) and large-scale natural disasters caused by climate change.

The main opportunity is assumed to be increased demand for consulting support for the transition to a decarbonized society and adaptation to climate change.

(4) Indicators

(i) Human assets

Based on the Group’s Human Assets Development Policy, we have set indicators related to human assets and diversity.

Item		Indicator	FY 2021	FY 2022	FY 2023	Target
						FY 2030
Human assets	Workstyle	Proportion of employees taking childcare leave (Group)	–	53%	50%	100%
		Proportion of female in management positions (Group)	43 persons 19%	50 persons 20%	54 persons 21%	25%
Diversity		Proportion of mid-career personnel recruited in management positions (Group)	198 persons 85%	202 persons 82%	217 persons 82%	80%
		Proportion of foreigners in management positions (Group)	2 persons 0.9%	1 person 0.4%	1 person 0.4%	2.5%

- Notes:
1. The figures for each indicator are for the consolidated Group.
 2. Each indicator is calculated based on the provisions in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
 3. Targets for FY2030 were set following deliberation at a Management Meeting of the reporting company held on April 25, 2023, and reports given at a meeting of the Board of Directors held on April 26, 2023.

For human assets indicators, additional items such as indicators related to employee engagement and capability development are being considered for inclusion in the future.

(ii) Climate change

The Group has established the following targets with respect to greenhouse gas emissions when assessing climate-related risks.

Scope 1, 2: Reduce greenhouse gas emissions 50% compared to FY 2021 by FY 2030

Net-zero by FY 2050

Scope 3: We will refine calculations and work toward establishing targets going forward.

KPI	FY 2020	FY 2021	FY 2022	FY 2023	Target (FY 2030)	Target (FY 2050)
Scope 1, 2 t-CO2e	147.44t	148.57t	127.91t	61.09t	50% reduction compared to FY 2021	Net-zero

Note: Scope 1: Direct greenhouse gas emissions by the business itself; Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies; Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)

B Corporation Certification

We obtained “B Corporation Certification,” which is based on the international certification system established by B Lab, a non-profit organization in the U.S., for the business and activities of the Group (as of March 31, 2024).

B Corporation Certification is a system for certifying companies with excellent public interest in terms of environmental and social performance, management transparency, and business sustainability, etc. The Group is the first listed company in Japan to obtain this certification.



3. Business risks

Of the items related to the overview of business and financial information mentioned in this report, the main risks recognized by management that could have a significant impact on the financial position, operating results, and cash flows of our consolidated companies are as follows.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

Shared group risk

(1) Risks relating to the macro-economic environment

The Group's main clients are leading companies in various industries, mostly major companies that conduct business in Japan and overseas. An economic downturn in Japan or overseas significantly impacting the management conditions or operating results of these main clients could also impact the Group's operating results. In this event, we will enact policies such as controlling costs to minimize the impact on the Group's operating results.

(2) Business continuity risk

The Group's business activities are not limited to Japan and also include the globalization of operations overseas and the development of information networks. The scale of potential damage is increasing every year for large-scale natural disasters, the spread of infectious diseases, large-scale systems disruptions, and other unforeseen events. As such, as a company we are called on to strengthen our initiatives further with respect to our crisis management systems and business continuity.

Given these conditions, to prepare for large-scale natural disasters, the spread of infectious diseases, and large-scale systems disruptions, the Group is building a crisis management system and strengthening our systems platform. The Group is also building and utilizing digital workplaces in various fields involved with business operations to ensure the smooth continuity of our business activities.

However, while we believe that the possibility of occurrence is extremely unlikely, if a special event or circumstances develop that cannot be controlled by a single company, it could make business continuity impossible.

(3) Market risk

The Group owns assets such as debentures that are impacted by price fluctuations in the process of fund management. Decision-making for fund management is implemented in accordance with internal regulations. While we strive to manage risk after owning assets, if the price of each managed asset drops significantly and recovery seems unlikely, the Group may record valuation losses due to impairment, potentially impacting the Group's financial position and operating results.

(4) Information management risk

There are cases where the Group must acquire and use the confidential information and personal information of our clients when providing services. Given this, the Group is under the obligation of confidentiality by concluding confidentiality agreements with clients and relevant companies.

The Group ensures compliance with our confidentiality obligations by Group officers and employees as well as the careful management of confidential information and personal information. However, in the event, for whatever reason, that this information leaks externally, the Group could experience the loss of trust or claims for compensation for damages.

(5) Compliance risk

To ensure that our legal compliance system is effective, we have established the Compliance Code of Conduct. We have also selected a Chief Compliance Officer, and through his/her direction, we are creating awareness of legal compliance among our Directors and employees. At present, no specific risks have materialized.

However, in the unlikely event that the Group's officers or employees engage in acts that violate compliance, the Group could experience the loss of trust and cause a decline in revenue.

(6) Legal risk

When determining contract conditions with our clients and business partners, the Group manages conditions in accordance with our internal regulations to avoid bearing risks of claims for significant compensation for damages, etc.

However, if for whatever reason a lawsuit is filed by another company for claims for compensation for damages, the Group could experience the loss of trust or claims for compensation for damages.

(7) Credit risk

The Group's main clients are leading companies in various industries, mostly major companies that conduct business in Japan and overseas. Therefore, in principle the possibility of an inability to collect receivables is low. Furthermore, when concluding agreements with new counterparties, we manage credit and check for links to organized crime according to our internal regulations before beginning transactions. In this way, the Group carefully and precisely manages our transactions.

However, if we are unable to collect receivables for whatever reason such as the client company experiencing declining operating results or bankruptcy, it could impact the Group's operating results.

(8) Reputation risk

The Group engages in sound corporate management through initiatives including providing high quality services, ensuring legal compliance among its officers and employees, practicing stringent information management, and building compliance systems.

However, if a third party acting with malice intentionally spreads inaccurate information such as rumors, speculation, or reputation, or if misunderstanding, mistaken impressions, or exaggerated beliefs about the Group are created, resulting in direct or indirect damage to the Group's business, it could impact the operating results of the Group.

(9) Risks relating to systems

The Group builds system platforms and manages wide range of data within data centers starting with the clients data and internal management of financial data, and personnel data. As such, it is essential for the Group to use the information within the system platform for everyday operations.

However, if a natural disaster, accident, or fire exceeding the Group's assumptions occurs and causes significant damage to our system facilities, or if a large-scale system failure occurs for some other reason and time is required until recovery, delays could occur in the consulting services provided to our clients or in our internal operations, which could lead to a decline in the Group's revenue or large-scale costs for recovery.

Risks relating to Consulting Business

(10) Risks associated with using new technology

To encourage transformation among our client companies, the Group provides consulting services using new technologies such as AI.

However, as the technologies that we use include technologies in fields that are yet to be understood fully, unpredicted malfunctions could result in a slowdown in providing our consulting services and damages to our client companies, which could lead to a decline in the Group's revenue or claims for compensation for damages.

By acquiring and developing human assets who are well-versed in these new technologies and working to reduce the materialization of these risks while establishing contract conditions with client companies in which we do not bear responsibility for significant compensation for damages, we are working to minimize the impact should these risks materialize.

(11) Risks relating to securing consultants

The high-level knowledge and expertise possessed by individual consultants is the source of the high added-value services provided to our clients. Because of this, by hiring and developing excellent human assets with high-level knowledge and expertise and ensuring suitable positions and an appropriate salary structure, we are working to build a human resource platform.

However, if the hiring and development of excellent human assets that meet the standards demanded by the Group does not progress according to the Group's plan, or if we cannot secure sufficient human assets due to excellent personnel leaving by changing jobs, etc., it could impact the operating results of the Group. Furthermore, there is the possibility of rising costs for human assets investment in the future.

(12) Risks relating to outsourcing

To utilize the knowledge and knowhow of external experts or to increase productivity, the Group outsources part of our consulting operations.

We work to ensure a stable supply of excellent outsourcing contractors by performing regular reviews of quality standards and management systems and by providing guidance for improvement where necessary.

However, if unforeseen events occur at our outsourcing contractors, resulting in increased costs to maintain quality or delays in delivery, this could result in compensation for damages to clients, which could impact the operating results of the Group.

Risks relating to Investment Business

(13) Investment risk

The Group invests in companies both in Japan and overseas. However, depending on the business development and operating results of the investee companies, the Group may not see a return on its investment.

There can also be other restrictions on sales themselves such as reduced liquidity for stocks or the existence of lockup conditions. In these cases, where there is the possibility that the expected capital gains may not be realized, the invested funds may not be recovered, and loss on sales or valuation losses may be incurred, it could impact the Group's financial position and operating results.

We work to reduce investment risk through examination by our Investment Committee.

4. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

The following describes an overview of the financial position, operating results, and cash flows (“operating results, etc.”) of the Group for the fiscal year ended March 31, 2024.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

(i) Financial position and operating results

The Group’s revenue for the fiscal year ended March 31, 2024 amounted to ¥22,410 million (up 29.3% year on year).

Cost of revenue stood at ¥12,400 million (up 38.4% year on year). In a response to strong demand, outsourcing expenses increased.

Selling, general and administrative expenses were ¥5,777 million (up 12.4% year on year) due to the increase in sundry expenses and recruiting expenses associated with the increase in the number of personnel and the revived face-to-face activities.

Due to an increase in revenue, gross profit increased by ¥1,635 million to ¥10,009 million (up 19.5% year on year), operating profit increased by ¥997 million to ¥4,232 million (up 30.8% year on year), and ordinary profit increased by ¥1,073 million to ¥4,338 million (up 32.9% year on year).

Profit before income taxes came to ¥4,338 million (up 32.9% year on year), and profit attributable to owners of parent came to ¥3,232 million (up 46.6% year on year). Also, comprehensive income attributable to owners of parent came to ¥3,141 million (up 24.8% year on year).

Operating results for each segment are as follows.

Consulting Business

The financial results of the Consulting Business for the fiscal year ended March 31, 2024 show revenue of ¥22,203 million (up 28.6% year on year) and segment profit of ¥6,109 million (up 21.4% year on year). The Consulting Business was driven by projects supporting the introduction of SaaS core systems, the promotion of digital transformation, the launch of new services and the compliance with regulations for clients targeted by industry, mainly in the transportation, finance, information communication, trading, retail, and manufacturing industries.

On the hiring of human assets, the Consulting Business hired 73 mid-career recruits and 61 new graduates in the current fiscal year. New graduates have started working on their project delivery in October. The number of consultants was 571 as of the end of March 2024. Project satisfaction remained high at 93 points.

Investment Business

The financial results of the Investment Business for the fiscal year ended March 31, 2024 show revenue of ¥345 million (up 106.6% year on year), and segment loss of ¥117 million (compared to a segment loss of ¥130 million in the previous fiscal year) as a result of recognizing an impairment loss for listed shares held in the second quarter.

In the current fiscal year, the Company sold all shares in PROGRIT Inc. in April 2023. In July 2023, we made new investments amounting to approximately ¥900 million in GVA TECH, Inc., which provides legal tech services, and iGrid Solutions Inc., which operates a solar power generation business and a GX solutions business. In addition to this, we made additional investments in existing investees. In December, we made a new investment of approximately ¥400 million in Social Interior Inc., which is developing a market place for furniture and interiors. In January 2024, we made a new investment in EUCALIA Inc., which provides hospital management support and services for the elderly, and the cumulative investment balance as of the end of March, including the valuation difference, was approximately ¥3.7 billion. We continue to promote investments contributing to social value creation.

In March, we concluded a capital and business alliance agreement with Syuppin Co., Ltd. (TSE Prime: Securities code 3179, hereinafter referred to as Syuppin). With an investment of approximately ¥500 million by SIGMAXYZ Investment Inc. and business support by SIGMAXYZ Inc., including the secondment of consulting personnel, we will accompany Syuppin as its Sherpa towards the realization of strengthening Syuppin’s foundation for sustainable growth and transformation into a technology company.

Financial position as of March 31, 2024 were as follows.

Total assets as of March 31, 2024 amounted to ¥18,295 million, up ¥3,833 million compared to the end of the previous fiscal year. Total liabilities as of March 31, 2024 amounted to ¥5,102 million, up ¥1,518 million compared to the end of the previous fiscal year.

Total net assets as of March 31, 2024 amounted to ¥13,193 million, up ¥2,315 million compared to the end of the previous fiscal year.

(ii) Status of cash flows

Cash and cash equivalents (hereinafter “net cash”) as of March 31, 2024 stood at ¥7,171 million (up ¥77 million from the previous fiscal year).

Cash flows from operating activities

Net cash provided by operating activities totaled ¥3,119 million (versus ¥2,085 million provided in the previous fiscal year). This mainly reflected ¥4,338 million in profit before income taxes, a ¥1,880 million change in operational investment securities, and a ¥803 million change in accounts payable - other.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥1,035 million (versus ¥4.6 million used in the previous fiscal year). This is attributable mainly to purchase of investment securities of ¥1,207 million.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,016 million (versus ¥2,696 million used in the previous fiscal year). This is attributable mainly to ¥1,301 million in purchase of treasury shares.

The Group’s funds are procured in principle mainly from equity capital. Furthermore, the Company’s Board of Directors recognizes ROE as an important management indicator in terms of capital profitability. In addition to investing capital acquired through operating activities to capture future earnings and achieving profit growth, we engage in proactive shareholder returns through dividends and treasury share acquisitions. ROE was 26.9% in the fiscal year ended March 31, 2024, and we are aiming to raise this to 30% by the fiscal year ending March 31, 2030.

(iii) Production, orders received and revenue

a. Production

Not applicable, as the Company does not engage in production activities.

b. Orders received

Orders received in the fiscal year ended March 31, 2024 are as follows:

Service name	Orders received (Thousands of yen)	Year-on-year change (%)	Backlog of orders received (Thousands of yen)	Year-on-year change (%)
Consulting Business	23,243,091	130.7	5,050,663	129.7
Investment Business	285,204	194.8	27,000	180.0
Total	23,528,295	131.2	5,077,663	129.9

Note: Inter-segment transactions are offset and eliminated.

c. Revenue

Revenue results for the fiscal year ended March 31, 2024 are as follows:

Service name	Revenue (Thousands of yen)	Year-on-year change (%)
Consulting Business	22,203,735	128.6
Investment Business	345,709	206.6
Total	22,549,444	129.4

Notes: 1. Inter-segment transactions are not offset or eliminated.

2. In the two most recent fiscal years, there is no transaction partner that makes up more than 10% of gross revenue.

(2) Analyses and examinations concerning the operating results, etc. from the viewpoint of the management

Recognitions, analyses and examinations concerning the Group's operating results, etc., from the viewpoint of management are as follows.

Forward-looking statements contained herein are determined by the Group as of the filing date of this report.

(i) Recognitions, analyses and examinations concerning the financial position and operating results

a. Operating results, etc.

i) Financial position

Assets

Current assets as of March 31, 2024 stood at ¥14,463 million (up ¥2,450 million from the previous fiscal year), mainly reflecting ¥7,171 million in cash and deposits and ¥3,735 million in operational investment securities. Non-current assets came to ¥3,831 million (up ¥1,383 million from the previous fiscal year), mainly comprising ¥1,831 million in investment securities and ¥329 million in software.

Liabilities

Current liabilities as of March 31, 2024 totaled ¥3,913 million (up ¥1,935 million from the previous fiscal year), mainly reflecting ¥1,785 million in accounts payable - other and ¥1,012 million in income taxes payable. Non-current liabilities came to ¥1,188 million (down ¥416 million from the previous fiscal year), mainly comprising ¥595 million in provision for share awards for directors (and other officers).

Net assets

Net assets as of March 31, 2024 amounted to ¥13,193 million (up ¥2,315 million from the previous fiscal year), mainly reflecting ¥3,151 million in capital surplus, ¥9,283 million in retained earnings, and ¥2,470 million in treasury shares.

ii) Operating results

Revenue

Revenue for the fiscal year ended March 31, 2024 amounted to ¥22,410 million (up 29.3% year on year). This is mainly due to continued orders received for consulting service projects.

Cost of revenue

Cost of revenue for the fiscal year ended March 31, 2024 amounted to ¥12,400 million (up 38.4% year on year). This is mainly due to personnel expenses and outsourcing expenses for consultants.

Selling, general and administrative expenses

Selling, general and administrative expenses for the fiscal year ended March 31, 2024 amounted to ¥5,777 million (up 12.4% year on year). This is mainly due to remuneration for Directors and personnel expenses in the administrative divisions.

Non-operating income/expenses

Non-operating income for the fiscal year ended March 31, 2024 amounted to ¥119 million (up 82.5% year on year). This is mainly due to lectures fee income. Non-operating expenses for the fiscal year ended March 31, 2024 amounted to ¥13 million (down 60.9% year on year). This is attributable mainly to loss on investment securities.

As a result of the above, operating profit for the fiscal year ended March 31, 2024 amounted to ¥4,232 million (up 30.8% year on year), ordinary profit amounted to ¥4,338 million (up 32.9% year on year), and profit attributable to owners of parent amounted to ¥3,232 million (up 46.6% year on year).

b. Recognitions, analyses and examinations concerning the operating results, etc.

The Japanese economy is gradually recovering, although momentum appears to have stalled for the moment. In terms of future prospects, amid the improvements in employment and personal income situations, a gradual recovery is expected to continue owing to the effects of various policies. However, there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy, notably with reference to the impact of monetary tightening worldwide, and concerns over the outlook for the Chinese economy, etc. In addition, sufficient heed must be paid to impacts caused by rising prices, changes in the financial and capital markets, etc.

In such an environment, with a synergy between the Consulting Business and the Investment Business, the Group creates value in a wide range of industries and companies and creates new markets that solve social issues. As provided in "II. Overview of Business, 3 Business risks," we recognize many risk factors that could have a significant impact on the Group's operating results, including economic volatility, the use of new technologies, investment, information management, compliance and internal management systems, the hiring and loss of human assets, and system malfunctions.

Therefore, the Group diversifies the risk factors that could have a significant impact on operating results by creating internal management systems, ensuring laws and regulations and other compliance, hiring and developing excellent human assets, and strengthening our system platform, working to limit and appropriately respond to risk.

c. Recognitions, analyses and examinations concerning the financial position and operating results by segment
Consulting Business

The Consulting Business was driven by projects supporting the introduction of SaaS core systems, the promotion of digital transformation, the launch of new services and the compliance with regulations, which had segment revenue of ¥22,203 million and a segment profit rate of 27.5%. By industry, demand for consulting services was extremely strong in the transportation, finance, information and telecommunications, trading, retail, and manufacturing industries, and we achieved a capacity ratio that exceeded our targets as well as an increase in operating profit.

Hiring of mid-career recruits is progressing steadily, and the number of consultants, one of our key performance indicators (KPI), increased from the previous year.

Investment Business

In the Investment Business, the Regenerative & Well-being area is positioned as our investment area, in which we implement focused, direct investment. In the fiscal year ended March 31, 2024, the Group invested approximately ¥2.0 billion in new projects. Segment revenue was ¥345 million, mainly due to gain on the sales of shares, primarily of PROGRIT Inc., and support for our investees. Segment loss of ¥117 million (compared to a segment loss of ¥130 million in the previous fiscal year) as a result of recognizing an impairment loss for listed shares held in the second quarter.

d. Objective indicators for judging the achievement of management philosophy, strategies, and targets

Objective indicators are provided in “II Overview of Business, 1. Management philosophy, business environment, issues to address, (5) Objective indicators, etc. for judging the achievement of management targets.”

The Group’s consolidated ordinary profit to revenue ratio of 19.4% (18.8% in the previous fiscal year) was the highest ever. This was mainly due to an increase in the capacity ratio of our Consulting Business in response to robust client demand.

In the Consulting Business, the number of consultants rose to 571 (511 at the end of the previous fiscal year). This was mainly due to our aggressive hiring activities resulting in the hiring of 73 mid-career recruits and 61 new graduates. Furthermore, we maintained a high project satisfaction level among our clients of 93 (93 at the end of the previous fiscal year), and we expect to continue to win project orders by providing high-quality consulting services.

Our investment balance in our Investment Business as of March 31, 2024 was approximately ¥3.7 billion.

Based on our strategies, we will continue to work to ensure that these indicators remain at appropriate levels.

(ii) Analysis and examinations of cash flows and information on capital resources and liquidity of funds

Analysis and examinations of cash flows and information on capital resources and liquidity of funds are described in “(1) Overview of operating results, etc., (ii) Status of cash flows.”

(iii) Significant accounting estimates and assumptions used therein

The Group’s consolidated financial statements are prepared using accounting standards generally accepted in Japan. The preparation of consolidated financial statements requires management’s selection and application of accounting policies and estimates by management that affect the reported amounts and disclosures of assets and liabilities and income and expenses. These estimates have been made based on reasonable standards.

Items requiring accounting estimates that can have a material impact on the Group’s financial position and operating results are as follows.

a. Valuation of securities and operational investment securities

The Group owns securities for the purposes of business investment and asset management, as well as operational investment securities for the purposes of pure investment. These are appraised quarterly. The valuations of these securities are impacted by the management conditions of their issuers.

b. Valuation of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are depreciated according to their useful lives.

Furthermore, the Group makes decisions on impairment at least once a year for property, plant and equipment and intangible assets, and where impairment has occurred, impairment losses are recognized. We recognized no issues with the recorded amounts in the end of the fiscal year ended March 31, 2024. However, given the dramatic progress in digital technologies, there is the risk particularly for software of sudden, functional depreciation.

We estimate costs to restore offices to their original conditions and their periods of use in recording expenses. Assumptions are used for the estimated amount by the real estate owner in costs to restore offices to their original conditions and for the remaining period in the real estate leasing agreement in the period of use. Therefore, there is the possibility of fluctuation in the costs to restore offices to their original conditions caused by fluctuations in construction costs, as well as the possibility of variance in the recorded amount of expenses (recorded in response to the period of extension when the office leasing agreement is extended) due to changes in the planned period of use (extending the office leasing agreement, etc.).

c. Valuation of deferred tax assets

Deferred tax assets are recognized for recoverable temporary differences for tax purposes. At the end of the fiscal year, the Group determines recoverability based on the assumption that taxable income will be generated over a certain period in the future.

Going forward, where sufficient taxable income is not expected to be produced, there is the risk of the need for a reversal of deferred tax assets.

d. Provision for share awards

Directors, Executive Officers, and employees can be compensated with the Company's shares, and provision for share awards is recorded for these payments obligations. Shares are provided to Directors and employees through a method using a trust, and the amount of provisions can fluctuate with changes in the unit price of the shares held in the trust through an addition to the trust. Furthermore, we have recorded an amount of provisions that assume that those receiving shares will fulfill the conditions to do so, as there is a low possibility of them not fulfilling these conditions. However, if those receiving shares do not fulfill the conditions to receive them, the share awards may not be able to be granted.

5. Material contracts, etc.

No applicable matters to report.

6. Research and development activities

No applicable matters to report.

III. Information About Facilities

1. Overview of capital expenditures

In the fiscal year ended March 31, 2024, the Group carried out ¥141 million in capital expenditure. This mostly went to ¥56 million in development expenses for internal systems with the purpose of facilitating internal information sharing and streamlining operations for the Corporate Group (Common).

2. Major facilities

(1) Reporting company

As of March 31, 2024

Name of office (location)	Segment name	Description	Carrying amount (Thousands of yen)					Number of employees (Persons)
			Buildings	Tools, furniture and fixtures	Leased assets	Software	Total	
Head office (Minato-ku, Tokyo)	The Corporate Group (Common)	Headquarters office	159,921	58,085	5,136	–	223,143	75
	The Corporate Group (Common)	Internal systems	–	–	–	329,793	329,793	

Notes: 1. Headquarters offices are entirely rented. Furthermore, the breakdown of the above buildings mostly includes fixtures and furnishings.

2. Currently, none of our major facilities are idle.

(2) Domestic subsidiaries

The information is omitted as it is immaterial.

(3) Overseas subsidiaries

No applicable matters to report.

3. Planned addition, retirement, and other changes of facilities

(1) Additions, etc. of significant facilities

No applicable matters to report.

(2) Retirement, etc. of significant facilities

No applicable matters to report.

IV. Information About Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Total number of authorized shares (Shares)
Common stock	144,000,000
Total	144,000,000

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (Shares) (March 31, 2024)	Number of issued shares as of filing date (Shares) (June 26, 2024)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	45,000,000	45,000,000	Tokyo Stock Exchange, Inc. (Prime Market)	These are shares with full voting rights, which are standard shares of the Company with no limits on rights. Number of shares in a trading unit is 100 shares.
Total	45,000,000	45,000,000	—	—

(2) Share acquisition rights

(i) Employee share option plans

As of the end of the fiscal year ended March 31, 2024, all of the 1st share acquisition rights issued based on the resolution at the Board of Directors meeting held on August 27, 2013 have been exercised.

(ii) Rights plans

No applicable matters to report.

(iii) Share acquisition rights for other uses

No applicable matters to report.

(3) Exercises of moving strike convertible bonds, etc.

No applicable matters to report.

(4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
From April 1, 2019 to March 31, 2020 (Note 1)	100,400	21,068,300	17,871	2,842,098	17,871	1,092,098
From April 1, 2020 to March 31, 2021 (Note 1)	36,000	21,104,300	6,408	2,848,506	6,408	1,098,506
May 10, 2021 (Note 2)	2,050,000	23,154,300	1,778,375	4,626,881	1,778,375	2,876,881
April 1, 2022 (Note 3)	23,154,300	46,308,600	–	4,626,881	–	2,876,881
July 29, 2022 (Note 4)	–	46,308,600	(1,626,881)	3,000,000	(1,626,881)	1,250,000
February 29, 2024 (Note 5)	(1,308,600)	45,000,000	–	3,000,000	–	1,250,000

Notes: 1. This is due to exercise of share acquisition rights.

2. Capital increase with compensation through third-party allotment of shares

Allottee

ITOCHU Corporation

Price of issue

¥1,735

Amount incorporated into capital

¥867.50

3. This is due to stock split (a 2-for-1 split).

4. Based on a resolution at the Annual General Meeting of Shareholders held on June 24, 2022, the capital reduction took effect on July 29, 2022, and our share capital and legal capital surplus both decreased by ¥1,626 million.

5. This is due to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2024

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institution	Financial instruments business operator	Other corporations	Foreign investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	–	14	32	32	124	20	5,032	5,254	–
Number of shares held (Unit)	–	114,051	13,577	121,186	112,111	62	88,903	449,890	11,000
Shareholding ratio (%)	–	25.35	3.02	26.94	24.92	0.01	19.76	100	–

Note: The 885,146 treasury shares include 8,851 units in “individuals and others” and 46 shares in “shares less than one unit.”

(6) Major shareholders

As of March 31, 2024

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku	5,063,100	11.48
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku	4,716,690	10.69
ITOCHU Corporation	2-5-1 Kitaoyama, Minato-ku	4,100,000	9.29
Internet Initiative Japan Inc.	2-10-2 Fujimi, Chiyoda-ku	3,960,000	8.98
INTEC Inc.	5-5 Ushijimashinmachi, Toyama-shi	3,960,000	8.98
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND (Standing proxy: Custody Services Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (3-11-1 Nihombashi, Chuo-ku)	1,190,900	2.70
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (3-11-1 Nihombashi, Chuo-ku)	1,155,882	2.62
Hideki Kurashige	Minato-ku	854,690	1.94
SIGMAXYZ Employees Stock Ownership Plan	4-1-28 Toranomom, Minato-ku	752,300	1.71
Custody Bank of Japan, Ltd. (Trust Account E)	1-8-12 Harumi, Chuo-ku	735,600	1.67
Total	–	26,489,162	60.05

- Notes: 1. 735,600 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 1,115,890 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan are included in the number of treasury shares presented in the consolidated financial statements and financial statements.
2. Because the Company is unable to gauge comprehensively the number of shares associated with the trust operations of trust banks, etc., the number of shares held by the name on the shareholder register is stated.
3. In the change report provided for public viewing on June 7, 2023, although we indicated that Mizuho Trust & Banking Co., Ltd. and other two companies held the following shares as of May 31, 2023, because the Company could not verify the actual number of shares held as of March 31, 2024, the said company is not included in the above list of major shareholders.

Furthermore, the contents of the change report are as follows.

Name	Address	Number of stocks, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Mizuho Trust & Banking Co., Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	386,900	0.84
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	2,647,100	5.72
Asset Management One International Ltd.	30 Old Bailey, London, EC4M 7AU, UK	81,200	0.18

4. In the change report provided for public viewing on July 25, 2023, although we indicated that Tokyo Kyodo Accounting Office held the following shares as of July 21, 2023, because the Company could not verify the actual number of shares held as of March 31, 2024, the said company is not included in the above list of major shareholders.

Furthermore, the contents of the change report are as follows.

Name	Address	Number of stocks, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Tokyo Kyodo Accounting Office	9F, Kokusai Building, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo	1,958,780	4.23

5. In the change report provided for public viewing on October 3, 2023, although we indicated that Wasatch Advisors, LP held the following shares as of September 29, 2023, because the Company could not verify the actual number of shares held as of March 31, 2024, the said company is not included in the above list of major shareholders.

Furthermore, the contents of the change report are as follows.

Name	Address	Number of stocks, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Wasatch Advisors, LP	505 Wakara Way, 3rd Floor, Salt Lake City, UT 84108, U.S.A.	1,713,800	3.70

6. In the change report provided for public viewing on October 3, 2023, although we indicated that Kabouter Management, LLC held the following shares as of September 27, 2023, because the Company could not verify the actual number of shares held as of March 31, 2024, the said company is not included in the above list of major shareholders.

Furthermore, the contents of the change report are as follows.

Name	Address	Number of stocks, etc. held (Shares)	Holding ratio of share certificates, etc. (%)
Kabouter Management, LLC	Room 2510, 401 North Michigan Avenue, Chicago, IL 60611, U.S.A.	1,857,629	4.01

(7) Voting rights

(i) Issued shares

As of March 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common stock 885,100	–	–
Shares with full voting rights (Other)	Common stock 44,103,900	441,039	–
Shares less than one unit	Common stock 11,000	–	–
Total number of issued shares	45,000,000	–	–
Total number of voting rights	–	441,039	–

Note: Common stock stated as “shares with full voting rights (other)” include 735,600 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 1,115,890 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan, which are included in the number of treasury shares presented in the consolidated financial statements and financial statements.

(ii) Treasury shares, etc.

As of March 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
SIGMAXYZ Holdings Inc.	4-1-28 Toranomom, Minato-ku, Tokyo	885,100	–	885,100	1.97
Total	–	885,100	–	885,100	1.97

Note: Although they are not held under the Company's own name, 735,600 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and 1,115,890 shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the performance-linked share-based remuneration plan are included in the number of treasury shares presented in the consolidated financial statements and financial statements.

(8) Share ownership plan for directors (and other officers) and employees

(i) Share ownership plan for employees

To encourage the desire and morale of employees to enhance the Company's share price and operating results by strengthening the link between the Company's share price and operating results and employee compensation and by sharing those economic benefits with our shareholders, the Company has introduced the incentive plan, "Employee Stock Ownership Plan (J-ESOP)," (hereinafter referred to as "Plan," with the trust established for the Plan based on a trust agreement concluded with Mizuho Trust & Banking Co., Ltd. referred as the "Trust") that grants the Company's shares to its employees.

a. Overview of the Plan

Based on Share Awards Regulations previously established by the Group, the Plan grants the Company's shares to the Group's employees who have satisfied certain conditions.

The Group grants points to employees, and when employees receive rights to receive benefits based on certain conditions, they are granted a number of the Company's shares corresponding to the number of points granted. Regarding the shares that are to be granted to employees, the Trust is to acquire the number of shares that is expected to be needed in the future with funds already entrusted and separately manage them as trust assets.

Through the introduction of the Plan, we expect a greater level of interest among the Group's employees in enhancing the Company's share price and operating results and an even greater level of enthusiasm for their work.

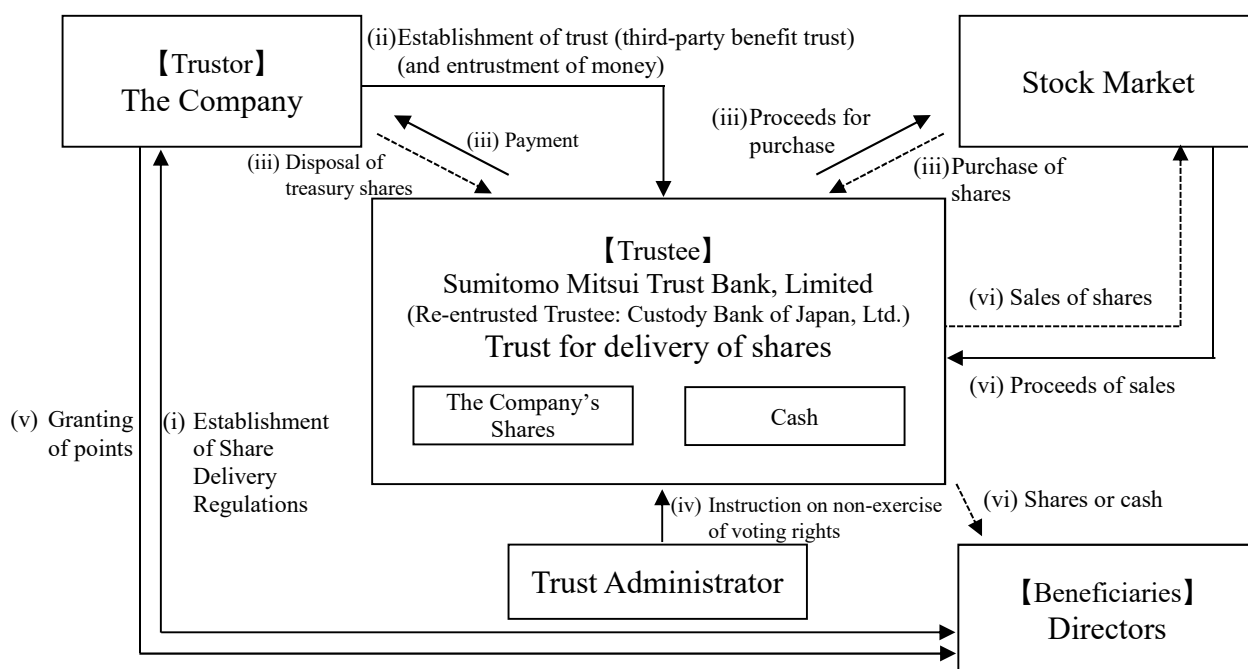
(ii) Details of performance-linked share-based remuneration plan for Directors

The performance-linked share-based remuneration plan (hereinafter referred to as “Plan”) for Directors (limited to Directors who execute operations, same below) has been established as a remuneration structure to secure management human assets. It has also been introduced as a new form of performance-linked share-based remuneration by changing part of existing monetary remuneration for Directors to share-based remuneration, to improve performance in the medium to long term and enhance corporate value of the Company.

a. Overview of the Plan

Under the Plan, a trust, established by the Company’s contribution of money (hereinafter referred to as “Trust”), acquires the Company’s shares and delivers to each Director through the Trust a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. Furthermore, in principle, the time period in which Directors are delivered the Company’s shares is when the Director retires. No new additional trust shall be established for the Plan while the remuneration plan as described in “(iv) Details of share-based remuneration plan with restricted shares for Directors” is in place.

Structure of the Plan



Note: The broken lines indicate the flow of shares

- i) The Company has established Share Delivery Regulations covering Directors.
- ii) The Company has established a share distribution trust (third-party-benefit trust) with the Directors as beneficiaries. When creating the share distribution trust, the Company entrusts an amount of funds equivalent to the amount to acquire shares to the trustee (however, the amount must be within the amount approved by the General Meeting of Shareholders).
- iii) The trustee acquires a lump sum of the Company’s shares in a number corresponding to the number expected to be delivered in the future (through methods including disposal of treasury shares or acquisition through the stock market).
- iv) A trust administrator is established to protect the interests of the beneficiaries covered by the Share Delivery Regulations and to supervise the trustee throughout the trust period (the trust administrator is a person independent from the Company and its officers).
Voting rights shall not be exercised for the Company’s shares held in the Trust throughout the trust period.
- v) Based on the Share Delivery Regulations, the Company grants points to Directors.
- vi) Directors who satisfy the conditions established by the trust agreement associated with the Share Delivery Regulations and the Trust are awarded the Company’s shares in a number equivalent to their accumulated points as beneficiaries of the Trust from the Trustee. Furthermore, in certain cases established by the Share Delivery Regulations or the trust agreement, a portion of the shares to be delivered may be sold on the stock market, and cash awarded instead.

b. Overview of the Trust (as of the filing date of this report)

- i) Type of trust Trust of money other than money trust (third-party-benefit trust)
- ii) Objectives of the trust To award assets such as the Company’s shares, etc. to beneficiaries based on the Share Delivery Regulations
- iii) Trustor The Company

iv)	Trustee	Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Trust Bank, Limited has concluded a composite trust agreement with Custody Bank of Japan, Ltd., making Custody Bank of Japan, Ltd. the re-trust trustee.
v)	Beneficiaries	Directors of the Company
vi)	Trust agreement date	August 10, 2016
vii)	Trust conclusion date	August 31, 2025

c. Amount entrusted to the Trust by the Company (as of the filing date of this report).

¥1,300,000 thousand

(iii) Details of share-based remuneration plan with restricted shares for Executive Officers

To encourage the sharing of value among the Company's Executive Officers and our shareholders, and to increase the desire of our Executive Officers to contribute to increasing our share price and enhancing our corporate value, we have introduced a share-based remuneration plan to distribute restricted shares (hereinafter referred to as "Plan") to the Company's Executive Officers.

Through the Plan, the Company's Executive Officers are paid monetary remuneration claims related to restricted shares. The Executive Officers are then allocated restricted shares by paying all such monetary remuneration claims by way of in-kind contribution. Decisions on the number of shares allocated and the amount of the monetary remuneration claims are made through resolutions by the Company's Board of Directors.

(iv) Details of share-based remuneration plan with restricted shares for Directors

The Company has introduced a share-based remuneration plan to distribute restricted shares (hereinafter referred to as "Plan") to the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors; hereinafter referred to as "Eligible Director(s)") in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them.

Through the Plan, the Eligible Directors are paid monetary remuneration claims related to restricted shares of up to ¥400 million annually. The Eligible Directors are then allocated restricted shares by paying all such monetary remuneration claims by way of in-kind contribution. The number of restricted shares that can be allocated to Eligible Directors is limited to 400,000 shares per year. Furthermore, while the Plan is in place, no new additional trust shall be established for the remuneration plan as described in "(ii) Details of performance-linked share-based remuneration plan for Directors."

The Company carried out a two-for-one split of its common stock effective April 1, 2022. As a result, the total number of restricted shares that can be allocated to Eligible Directors is limited to 800,000 shares per year.

2. Acquisition and disposal of treasury shares

[Class of shares, etc.] Acquisition of common stock that falls under Article 155, item (iii) of the Companies Act and common stock that falls under Article 155, item (vii) of the Companies Act

(1) Acquisitions by resolution of shareholders' meeting

No applicable matters to report.

(2) Acquisitions by resolution of board of directors meeting

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on May 31, 2023 (Acquisition period: From June 20, 2023 to January 31, 2024)	1,500,000	1,200,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	882,400	1,199,922,900
Total number of remaining shares within the scope of resolution and total price	617,600	77,100
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2024 (%)	41.17	0.01
Treasury shares acquired during the current period	–	–
Percentage of unexercised acquisition as of the filing date (%)	41.17	0.01

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on February 6, 2024 (Acquisition period: From February 26, 2024 to August 31, 2024)	600,000	600,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	58,000	101,299,200
Total number of remaining shares within the scope of resolution and total price	542,000	498,700,800
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2024 (%)	90.33	83.12
Treasury shares acquired during the current period	112,800	176,006,600
Percentage of unexercised acquisition as of the filing date (%)	71.53	53.78

Note: Treasury shares acquired during the current period do not include treasury shares purchased between June 1, 2024 and the filing date of this Annual Securities Report.

(3) Acquisition not based on resolution of shareholders meeting or board of directors meeting

Category	Number of shares (Shares)	Total price (Yen)
Treasury shares acquired during the fiscal year ended March 31, 2024	32	45,280
Treasury shares acquired during the current period	–	–

Note: Treasury shares acquired during the current period do not include shares less than one unit purchased between June 1, 2024 and the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended March 31, 2024		Current period	
	Number of shares (Shares)	Total disposal price (Yen)	Number of shares (Shares)	Total disposal price (Yen)
Acquired treasury shares for which subscriptions by receiving parties has taken place	–	–	–	–
Acquired treasury shares for which disposal by cancellation has taken place	1,308,600	1,642,774,565	–	–
Acquired treasury shares for which transfers have taken place associated with mergers, share exchanges, share distributions, and company splits.	–	–	–	–
Others				
(Disposal of treasury shares through third-party allotment associated with additional contributions to the Employee Stock Ownership Plan (J-ESOP))	348,700	399,958,900	140,000	223,440,000
(Disposal of treasury shares as share-based remuneration with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors))	145,000	200,390,000	–	–
(Disposal of treasury shares as share-based remuneration with restricted shares for Executive Officers)	109,000	149,330,000	–	–
Number of treasury shares held	885,146	–	857,946	–

- Notes: 1. The number of treasury shares disposed of during the current period does not include shares less than one unit sold between June 1, 2024 and the filing date of this Annual Securities Report.
2. The number of treasury shares held during the current period does not include treasury shares acquired by resolution of Board of Directors meetings held between June 1, 2024 and the filing date of this Annual Securities Report, and shares less than one unit purchased or sold during the same period.

3. Dividend policy

Regarding distribution of profits, the Company's basic policy is to continue to pay stable dividends while striking a balance between strengthening our financial condition and maintaining sufficient internal reserves to be prepared for future business development.

Furthermore, when the Company distributes surplus, our basic policy is to pay a single, year-end dividend. However, the Company uses the interim dividend system provided in Article 454, paragraph (5) of the Companies Act, and our Articles of Incorporation stipulate that the Board of Directors is the body that decides dividends, including both year-end dividends and interim dividends.

Moreover, dividends of surplus in the fiscal year ended March 31, 2024 are as follows.

Date of resolution	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)
Board of Directors meeting held on May 8, 2024	1,191,101	27

4. Corporate governance

(1) Overview of corporate governance

(i) Basic views on corporate governance

To respond to the trusts and expectations of all our stakeholders including our shareholders, counterparties, and employees, to enhance our corporate value, and to maximize shareholder profits, the Company believes that establishing corporate governance is essential.

Specifically, it is essential that the Company's Directors, including the Representative Director, discipline themselves, make appropriate management decisions based on their responsibilities, pursue profit through the Company's businesses, ensure the soundness and increase the trustworthiness of the Company's finances, take accountability for proactive information disclosure, and build effective internal governance systems, and that Audit & Supervisory Committee exercises its audit function sufficiently.

(ii) Overview of corporate governance system and reason for adopting the corporate governance system

In the fiscal year ended March 31, 2024, the Company is a company with a board of directors, a company with an audit and supervisory committee, and a company with an accounting auditor. Overview of corporate governance system is as follows:

The details contained herein are current as of the filing date of this report excluding cases where notations of other time periods are provided.

a. Board of Directors and officer system

In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as necessary. Following laws and regulations and the Company's Articles of Incorporation, the Board of Directors conducts decision making on important items related to management and operational execution, such as legal matters to be resolved and management philosophy, as well as supervising the status of operational execution by the Directors. Directors who are Audit & Supervisory Committee Members attend every Board of Directors meeting and supervise the status of operational execution by the Directors. The chairperson of the Management Meeting is the Representative Director and President.

As of the filing date of this report, the Company has ten Directors (including Directors who are Audit & Supervisory Committee Members). Of these, six are outside Directors. Furthermore, based on decision making at the Board of Directors, full-time Directors (excluding Directors who are Audit & Supervisory Committee Members) execute operations. The members of the Board of Directors are as follows.

i) Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members)

Directors Hiroshi Ota, Shunichi Shibamura, Shinya Tabata and Sono Uchiyama

ii) Outside Directors

Directors Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida

iii) Outside Directors who are Audit & Supervisory Committee Members

Directors Hiroshi Nakahara, Mitsuhiro Amitani and Mitsuru Komiyama

In the fiscal year ended March 31, 2024, the Company's Board of Directors met a total of 12 times, and the attendance status of each Director is as follows.

Position	Name	Attendance at Board of Directors meetings
Representative Director and Chairman	Hideki Kurashige	2/2 meetings
Director and Chairman of the Board	Ryuichi Tomimura	12/12 meetings
Representative Director and President	Hiroshi Ota	12/12 meetings
Representative Director and Executive Vice President	Shunichi Shibamura	12/12 meetings
Representative Director and CFO	Shinya Tabata	12/12 meetings
Director	Sono Uchiyama	12/12 meetings
Outside Director	Joji Okubo	2/2 meetings
Outside Director	Shuichi Kondo	12/12 meetings
Outside Director	Komei Yamaguchi	12/12 meetings
Outside Director	Makiko Yamamoto	12/12 meetings
Outside Director	Makiko Yoshida	10/10 meetings
Outside Director (Audit & Supervisory Committee Member)	Fumio Sunami	12/12 meetings
Outside Director (Audit & Supervisory Committee Member)	Noburo Hata	12/12 meetings
Outside Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani	12/12 meetings

Notes: 1. Positions are as of March 31, 2024; for those who retired during the term, positions are as of time of retirement.

2. Because Hideki Kurashige and Joji Okubo retired from their positions as Directors and outside Directors at the conclusion of the 15th Annual General Meeting of Shareholders held on June 27, 2023, their attendance status is for two Board of Directors meetings. Because Makiko Yoshida assumed her office as Director at the conclusion of the 15th Annual General Meeting of Shareholders held on June 27, 2023, her attendance status is for ten Board of Directors meetings.

The specific topics for evaluation at Board of Directors meetings include various management issues such as management philosophy, corporate governance, and sustainability, as well as key issues in our main businesses and operational execution.

b. Audit & Supervisory Committee

As of the filing date of this report, the number of Directors who are Audit & Supervisory Committee Members is three, of which, three are outside Directors and one is a full-time member.

In addition to holding regular monthly Audit & Supervisory Committee meetings, extraordinary Audit & Supervisory Committee meetings are also held when necessary, for example when important matters develop. At the Audit & Supervisory Committee meetings, resolutions are held on important matters based on the Company's Articles of Incorporation and Audit & Supervisory Committee Rules, and progress reports on operations are given.

Furthermore, the Audit & Supervisory Committee Members attend Board of Directors meetings and other important meetings, provide opinions as necessary on the operational execution of Directors, and provide oversight and auditing of overall operational execution. Additionally, the Audit & Supervisory Committee coordinates closely with the person responsible for internal auditing and the Accounting Auditor to implement audits based on the annual audit plan. Moreover, the Audit & Supervisory Committee may request reports from officers and employees as necessary, and where matters are identified through the audits, the Audit &

Supervisory Committee discuss the matters and submits its audit findings to the Board of Directors. The members of the Audit & Supervisory Committee are as follows.

- i) Audit & Supervisory Committee Member (full-time, committee chair)
Director Hiroshi Nakahara
- ii) Audit & Supervisory Committee Member (part-time)
Director Mitsuhiro Amitani
- iii) Audit & Supervisory Committee Member (part-time)
Director Mitsuru Komiyama

The status of the activities of the Audit & Supervisory Committee is provided in “(3) Audits.”

c. Remuneration Committee delegated by the Board of Directors

The Remuneration Committee delegated by the Board of Directors (Committee chair: Hiroshi Nakahara, Audit & Supervisory Committee Member and independent outside Director / Committee members: Hiroshi Ota, Director and Mitsuhiro Amitani, Audit & Supervisory Committee Member and independent outside Director) have the authority to decide the calculation method of remuneration, etc. and the amounts of individual remuneration within the scope of the policies regarding the determination of the amounts and calculation methods for the remuneration, etc. for the Company’s Directors and within the scope of the remuneration amounts approved by the General Meeting of Shareholders. Furthermore, matters to be decided are decided by the Committee chair following discussion among the Committee members and reported to the Board of Directors.

In the fiscal year ended March 31, 2024, the Company’s Remuneration Committee met a total of three times, and the attendance status of the individual members is as follows:

Position	Name	Attendance at Remuneration Committee meetings
Committee chair: Outside Director (Audit & Supervisory Committee Member)	Fumio Sunami	3/3 meetings
Member: Representative Director and Chairman	Hideki Kurashige	1/1 meeting
Member: Director and Chairman	Ryuichi Tomimura	2/2 meetings
Member: Outside Director	Joji Okubo	1/1 meeting
Member: Outside Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani	2/2 meetings

- Notes: 1. Positions are as of March 31, 2024; for those who retired during the term, positions are as of time of retirement.
2. Because Hideki Kurashige and Joji Okubo retired from their positions as members on June 27, 2023, their attendance status is for one Remuneration Committee meetings. Because Ryuichi Tomimura and Mitsuhiro Amitani assumed their office as members on June 27, 2023, their attendance status is for two Remuneration Committee meetings.

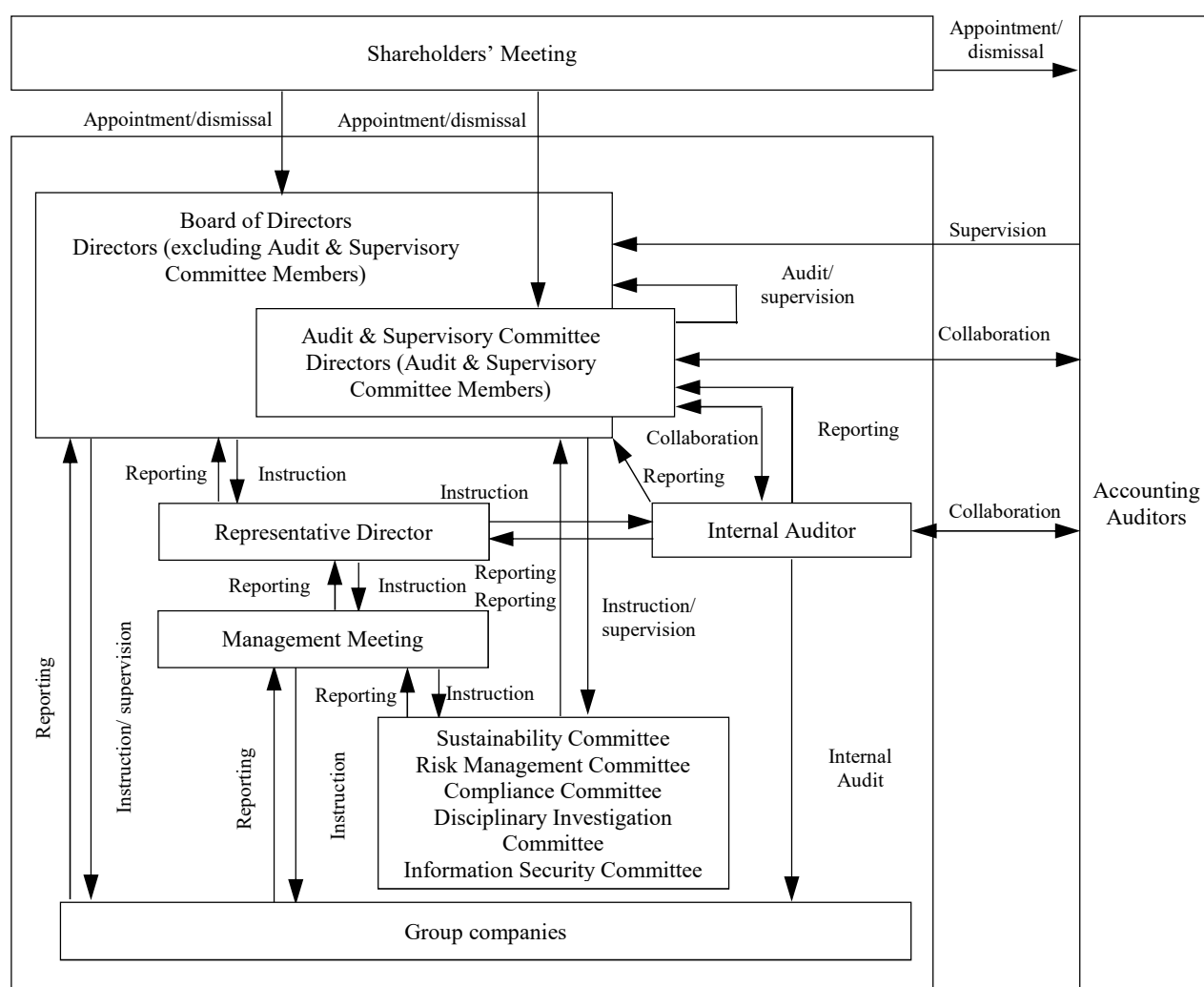
The status of the activities of the Remuneration Committee is provided in “(4) Remuneration for directors (and other officers).”

d. Management Meeting

The Management Meeting functions as a venue for important decision making outside of the matters to be resolved at Board of Directors meetings and as a venue for reports from various divisions. In addition to full-time Directors, Executive Officers and employees that the chairperson recognizes as necessary attend the Management Meeting. The chairperson of the Management Meeting is the Representative Director and President.

At the Annual General Meeting of Shareholders held on June 28, 2016, a resolution was passed to change the Company’s Articles of Incorporation, and the Company transferred from a company with an audit and supervisory board to a company with an audit and supervisory committee on the same date. We have adopted the following system based on the belief that, in order to further enhance our corporate governance framework, having an Audit & Supervisory Committee consisting of Directors who are Audit & Supervisory Committee Members including several independent outside Directors should further strengthen the supervisory function of the Board of Directors, secure management transparency, and enhance efficiency.

Corporate governance system of the Company is visualized in the following diagram:



(iii) Other matters concerning corporate governance

A summary of the matters resolved at the Board of Directors as a system to ensure properness of corporate operations is provided below.

i) System for retaining and managing information pertaining to the performance of duties by Directors of the Company

Following laws and regulations and internal regulations, the Company records and stores in the appropriate format as either printed documents or electronic media, the minutes from the General Meeting of Shareholders, the minutes from the Board of Directors, the minutes from the Management Meeting, and minutes from other important meetings, as well as other documents associated with the operational execution by the Directors. The Company establishes rules related to document management, and in addition to assigning a division responsible, the Company makes specific decisions on the management, storage methods, and storage periods of both printed documents and electronic media.

ii) Rules and other systems to manage financial risk of the Company

The Company classifies risks associated with its operations into quality risk associated with the services that it provides, information management risk, compliance risk, legal risk, credit risk, and business continuity risk. A division responsible is assigned to each risk, which decides the policy, systems and procedures for risk management. When a new type of risk develops, a division responsible is quickly chosen to address the risk.

iii) System to ensure efficient execution of duties by Directors of the Company

According to the business plan decided every year at the Board of Directors, each division formulates its strategy and implementation budget for the fiscal year.

iv) System to ensure that execution of duties of Directors and employees complies with laws and regulations, and the articles of incorporation of the Company

- i. To create a corporate culture in which Directors and employees comply with laws and regulations and act according to sound corporate ethics, the Company establishes rules on compliance organizations and operations and the Compliance Code of Conduct.

- ii. To ensure that our legal compliance system is effective, the Company selects a Chief Compliance Officer from Directors or Executive Officers, and establish a Compliance Committee chaired by the Chief Compliance Officer. The Chief Compliance Officer has organization-wide control of the compliance initiatives within the Company. Under the direction of the Chief Compliance Officer, the Compliance Committee promotes and manages activities including holding regular training to create awareness of legal compliance among our Directors and employees and to create awareness and implement rules on compliance organizations and operations and the Compliance Code of Conduct.
- iii. In addition to establishing operating rules related to our whistleblowing system, based on these rules, the Company has established an internal help desk and an external help desk as part of our whistleblowing system as a means for employees to provide information directly to the Company on legal and regulatory violations and on actions and facts that may pose risks in terms of our rules on compliance organizations and operations or our Compliance Code of Conduct.
- iv. The Company maintains absolutely no relationships with criminal elements, including transactional relationships, and takes a firm stand throughout our entire organization against improper requests from criminal elements.
- v) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries
 - i. Regarding the Company's subsidiaries and affiliates, a division in charge is established at each subsidiary and affiliate to ensure the suitability of operations by gauging quantitative and qualitative information, assigning officers and employees, and exercising voting rights.
 - ii. The Company requires reports and its approval of important items related to operational execution at the Company's subsidiaries from their directors and employees, and the Company performs internal audits of its subsidiaries.
 - iii. The Company establishes internal regulations based on the characteristics of the businesses of its subsidiaries, and requests their participation in the Company's whistleblowing system.
 - iv. The Company classifies risks associated with the operations of the Company's subsidiaries into quality risk associated with the services that the subsidiaries provide, information management risk, compliance risk, legal risk, credit risk, and business continuity risk. A division responsible is assigned to each risk, which decides the policy, systems and procedures for risk management. When a new type of risk develops, a division responsible is quickly chosen to address the risk.
- vi) Matters regarding Directors and employees assigned to assist the Audit & Supervisory Committee of the Company in its duties

When a Director who is an Audit & Supervisory Committee Member (hereinafter "Audit & Supervisory Committee Member") requests the assignment of a Director or employee to assist in the duties of the Audit & Supervisory Committee, the Company shall promptly and appropriately assign a Director or employee.

- vii) Matters concerning the independence of Directors and employees assigned to assist the Audit & Supervisory Committee in its duties from other Directors (excluding Audit & Supervisory Committee Members), and matters regarding ensuring the effectiveness of their instructions

Regarding the supplementary services assigned by the Audit & Supervisory Committee Member, only the Audit & Supervisory Committee Member shall provide directions to the Director or employee that is providing the assistance, and the personnel rotations and evaluation of the employee assisting with the duties of the Audit & Supervisory Committee will be decided after hearing the opinions of the Audit & Supervisory Committee Members.

- viii) Systems for reporting to the Audit & Supervisory Committee by directors (excluding Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries and other systems related to reporting to the Audit & Supervisory Committee
 - i. The Company's Directors (excluding Audit & Supervisory Committee Members) and employees, as well as the directors, audit & supervisory board members, and employees of the Company's subsidiaries will provide reports on the execution of the duties for which they are responsible at the Company's Board of Directors meetings, Management Meetings, and other important meetings attended by the Company's Audit & Supervisory Committee Members.
 - ii. If the Company's Directors (excluding Audit & Supervisory Committee Members) or employees, as well as the directors, audit & supervisory board members and employees of the Company's subsidiaries discover matters that risk seriously impacting the operations or finances of the Company or its subsidiaries, or matters that otherwise risk causing serious damage, such as acts that violate laws and regulations, articles of incorporation, or the rules on compliance organizations and operations or the Compliance Code of Conduct, or if they receive reports from directors or employees of the Company's subsidiaries or other such persons to this effect, a report will be made immediately to the Company's Audit & Supervisory Committee Members, and the same shall apply to the person who receives a report of the finding of the relevant matter from such persons.
 - iii. A system shall be established so that persons responsible in the preceding item shall not be treated unfairly for making reports to the Audit & Supervisory Committee.
- ix) Matters relating to the processing of expenses and obligations incurred in the execution of the duties, such as the pre-payment of expenses incurred in relation to the execution of duties of the Audit & Supervisory Committee Members (limited to those related to the performance of duties of the Audit & Supervisory Committee) or redemption procedures

The Company will promptly process any expenses or obligations incurred in the execution of duties of Audit & Supervisory Committee Members based on invoices from the Audit & Supervisory Committee Member.

- x) Other systems to ensure that auditing by the Company's Audit & Supervisory Committee functions effectively
 - i. The Company's Audit & Supervisory Committee Members shall exchange opinions with relevant internal divisions, the Accounting Auditor, and subsidiaries on issues to be addressed by the Company, the status of the preparation of an environment for auditing by the Audit & Supervisory Committee, and key issues in the auditing process.
 - ii. Where the directors and employees of the Company or its subsidiaries are requested to provide a report on the business of the Company or its subsidiaries, or to assist in a study of the state of the business or finances of the Company or its subsidiaries by the Company's Audit & Supervisory Committee Members, they will cooperate in these processes.

xi) The status of the development of a risk management system

The Company shall establish risk management rules and decide the divisions responsible as well as the policies, systems, and procedures to manage the risks that need to be managed.

Furthermore, regarding compliance, the Company shall establish rules on compliance organizations and operations and the Compliance Code of Conduct. To ensure an effective legal compliance system, the Company shall select a Chief Compliance Officer from our Directors or Executive Officers and establish a Compliance Committee chaired by the Chief Compliance Officer. The Chief Compliance Officer has organization-wide control of the compliance initiatives within the Company. Under the direction of the Chief Compliance Officer, the Compliance Committee promotes and manages activities including holding regular training to create awareness of legal compliance among our Directors and employees and to create awareness and implement rules on compliance organizations and operations and the Compliance Code of Conduct.

(iv) Summary of details of limited liability agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Directors (excluding Directors who execute operations) to limit their liability for damages provided for in Article 423, paragraph (1) of the said Act. The liability limit under these agreements is the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act. The above limitation of liability shall be applied only when the relevant Director acted in good faith and without gross negligence in performing the duties giving rise to liabilities.

(v) Exemption of Directors from liability

To enable Directors to sufficiently fulfill their expected roles in the execution of their duties, the Company has established provisions in the Articles 425, paragraph (1) of the Companies Act by resolution by the Board of Directors to limit, to the extent allowed by laws and regulations, liability for damages by Directors caused by neglecting their duties (including previous Directors), providing that the Directors are acting in good faith and without gross negligence in performing the duties giving rise to liabilities in good faith with no serious negligence in the performance of the duties where the liability originated.

(vi) Summary of details of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy provided in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured under the said insurance policy includes directors and officers of the Company and its subsidiaries, and the insured does not bear the relevant premiums. Said insurance policy will cover the insured's damages and legal expenses.

(vii) Number of Directors

The Company stipulates in its Articles of Incorporation that it shall have no more than seven Directors (excluding Directors who are Audit & Supervisory Committee Members) and no more than three Directors who are Audit & Supervisory Committee Members.

(viii) Requirements for resolution on election of Directors

The Company stipulates in its Articles of Incorporation that a resolution on appointment of Directors shall be made by a majority of the voting rights of shareholders who are in attendance, with shareholders who hold at least one-third of all voting rights of shareholders who may exercise voting rights in attendance.

The Articles of Incorporation also stipulates that a resolution on appointment of Directors shall not be made by cumulative voting.

(ix) Requirements for the adoption of special resolutions by the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that resolutions of a General Meeting of Shareholders pursuant to Article 309, paragraph (2) of the Companies Act are to be adopted by a majority of two-thirds or more of the voting rights of the shareholders in attendance where the shareholders holding at least one-third of the voting rights of the shareholders who are entitled to exercise their voting rights are present. The purpose of this provision is to ensure smooth operation of General Meetings of Shareholders by easing the quorum for special resolutions by General Meetings of Shareholders.

(x) Acquisition of treasury shares

The Company stipulates in its Articles of Incorporation that, pursuant to Article 459, paragraph (1) of the Companies Act, the Company can acquire treasury shares through a resolution by its Board of Directors. This is to allow for flexible execution of capital policy.

(xi) Interim dividends

The Company stipulates in its Articles of Incorporation that, pursuant to Article 454, paragraph (5) of the Companies Act, the Company may pay out interim dividends, with September 30 of each year as the record date, by a resolution of the Board of Directors. This is to provide flexible shareholder payouts.

(2) Directors (and other officers)

(i) List of Directors (and other officers)

7 male, 3 female (Ratio of female directors (and other officers): 30.0%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)	
Representative Director, President	Hiroshi Ota	October 20, 1969	Apr. 1993 Oct. 1998 Jan. 2006 Apr. 2009 Apr. 2015 Apr. 2019 Oct. 2021 June 2022 June 2023 June 2023	Joined Japan Airlines Co., Ltd. Joined Pricewaterhouse Consultants Co., Ltd. Partner, IBM Business Consulting Services KK Partner, the Company Managing Director Senior Executive Officer Executive Officer Co-representative Director, SIGMAXYZ Inc. Director, the Company Representative Director, President (current position) Representative Director and President, SIGMAXYZ Inc. (current position)	(Note 3)	159,500
Representative Director, Executive Vice President	Shunichi Shibamura	March 27, 1973	Apr. 1995 Apr. 2004 Sept. 2006 Aug. 2010 Apr. 2015 Sept. 2016 Apr. 2019 Apr. 2021 Oct. 2021 June 2022 June 2023	Joined Bank of Japan (seconded to Ministry of Economy, Trade and Industry) Joined McKinsey & Company Incorporated Japan Executive Officer, Kazaka Securities Co., Ltd Partner, the Company Managing Director Director, SX Capital, Inc. (current position) Senior Executive Officer, the Company President and Representative Director, SIGMAXYZ Investment Inc. (current position) Executive Officer, the Company Director Representative Director, Executive Vice President (current position)	(Note 3)	104,000
Representative Director, CFO	Shinya Tabata	March 5, 1963	Apr. 1985 Sept. 1989 Feb. 2004 July 2006 Oct. 2006 Sept. 2008 Sept. 2013 June 2019 June 2023	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Joined IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. Global Business Service CFO, IBM Japan, Ltd. and CFO, IBM Business Consulting Services KK Global Financing CFO, IBM Japan, Ltd. CFO and Director of Corporate Planning and Finance Dept., the Company Director, CFO Managing Director, CFO Representative Director, CFO (current position)	(Note 3)	137,600
Director in charge of Communication & Capability	Sono Uchiyama	October 26, 1969	Apr. 1993 Apr. 2002 Apr. 2005 Apr. 2007 May 2008 Apr. 2017 Apr. 2020 June 2021 Apr. 2023	Joined Pricewaterhouse Consultants Co., Ltd. Director of Communication and PR, IBM Business Consulting Services KK Director of Communication and Branding, Japan Telecom Co., Ltd. PR Manager, RHJ International Japan, Inc. PR Manager, RHJ International Japan, Inc. and Director of Communication Dept., the Company Director of Communication / Knowledge Management Dept., the Company Director of Communication & Capability Section Director, Director of Communication & Capability Section Director in charge of Communication & Capability (current position)	(Note 3)	100,200

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Komei Yamaguchi (Note 1)	June 7, 1967	Apr. 1990 Apr. 2010 Apr. 2012 Oct. 2017 Apr. 2018 Oct. 2018 Apr. 2019 June 2022 Apr. 2023	Joined INTEC Inc. General Manager of Public Utilities Promotion Dept., INTEC Inc. General Manager of Public Utilities Sales Dept., INTEC Inc. General Manager of Public Utilities Sales Dept. and General Manager of Healthcare Sales Dept., INTEC Inc. General Manager of Metropolitan Social Infrastructure Headquarters and General Manager of Healthcare Sales Dept., INTEC Inc. General Manager of Metropolitan Social Infrastructure Headquarters, INTEC Inc. Executive Officer, General Manager of Social Infrastructure Business Division, INTEC Inc. Director, the Company (current position) Managing Executive Officer, General Manager, Social Infrastructure Business Division, INTEC Inc. (current position)	(Note 3)	–
Director	Makiko Yamamoto (Name as shown on the family register: Makiko Yasukawa) (Note 1)	May 29, 1971	July 1995 Apr. 1999 Oct. 2000 Sept. 2005 Sept. 2006 Feb. 2012 June 2012 Sept. 2014 June 2016 June 2018 June 2019 Feb. 2020 Mar. 2020 Sept. 2021	Joined TMI Associates Entered the Legal Training and Research Institute of the Supreme Court of Japan Registered Tokyo Bar Association Simmons & Simmons (London) TMI Associates Registered British Lawyer Solicitor Simmons & Simmons (London) TMI Associates Outside Corporate Auditor, Starzen Co., Ltd. Director, the Company (current position) Outside Director (Audit & Supervisory Committee Member), Musashi Seimitsu Industry Co., Ltd. (current position) Registered Fukuoka Bar Association TMI Partners LPC (Attorney at law) (current position) Outside Director, ASICS Corporation Outside Corporate Auditor, SUSMED, Inc. (current position)	(Note 3)	–

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Makiko Yoshida (Note 1)	September 13, 1960	Apr. 1984 July 2001 Feb. 2004 July 2007 July 2010 June 2013 Nov. 2013 July 2015 June 2016 July 2017 July 2019 Sept. 2020 June 2022 June 2022 June 2022 Sept. 2022 June 2023 June 2024	Joined the Ministry of Posts and Telecommunications of Japanese Government Director, Telecommunications User Policy Office, Telecommunications Bureau, Ministry of Internal Affairs and Communications Deputy Mayor, Setagaya City Director, International Policy Division, International Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications Director, Budget and Accounts Division, Minister's Secretariat, Ministry of Internal Affairs and Communications Deputy Director-General (IT Policy), Minister's Secretariat, Ministry of Economy, Trade and Industry Executive Secretary to the Prime Minister, Cabinet Secretariat Director-General of the Global ICT Strategy Bureau, Ministry of Internal Affairs and Communications Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications Director-General, Information and Communication Bureau, Ministry of Internal Affairs and Communications Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications Cabinet Public Relations Secretary, Cabinet Secretariat President, The Association for Promotion of Public Local Information and Communication Independent Director and Audit & Supervisory Committee Member, Tokai Tokyo Securities Co., Ltd. (current position) Visiting Professor, Showa Women's University (current position) Senior Guest Researcher and Part-time Lecturer, Faculty of Science and Engineering, Waseda University (current position) Director, the Company (current position) Outside Director, Fuji Media Holdings, Inc. (current position)	(Note 3)	–
Director (Audit & Supervisory Committee Member)	Hiroshi Nakahara (Note 2)	(July 24, 1958)	Apr. 1981 July 2002 July 2004 July 2005 July 2009 June 2013 July 2014 July 2015 June 2017 Oct. 2017 June 2022 June 2024 June 2024	Joined Ministry of Finance Counselor, the Supervision Bureau of Financial Services Agency Director for Fiscal Investment and Loan Appropriation, the Financial Bureau of Ministry of Finance Director, Government Financial Institutions Division of Minister's Secretariat Deputy Director-General, the Budget Bureau Director-General, Accounting Center and President of Policy Research Institute, Ministry of Finance Director-General, the Financial Bureau Commissioner, National Tax Agency (resigned in June 2016) Director, the Company (resigned in June 2022) Senior Director, Shinkin Central Bank Representative Director and Deputy President, Shinkin Central Bank Director, the Company (Audit & Supervisory Committee Member) (full-time) (current position) Outside Audit & Supervisory Board Member, MIROKU JYOHO SERVICE CO., LTD. (scheduled to assume office on June 27, 2024)	(Note 4)	–

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Mitsuhiro Amitani (Note 2)	June 2, 1956	Apr. 1985	Registered as an attorney at law Joined Hashidate Law Office	(Note 4)	-
			Nov. 1989	Joined Wakita Law Office		
			Mar. 1990	Attorney at law, Shimada, Seno, and Amitani Law Office (currently SAH & Co.) (current position)		
			June 2006	Outside Audit & Supervisory Board Member, STANLEY ELECTRIC CO., LTD. (current position)		
			May 2013	Outside Audit & Supervisory Board Member, HUB CO., LTD. (current position)		
			June 2018	Director, the Company		
			June 2022	Director (Audit & Supervisory Committee Member) (current position)		
Director (Audit & Supervisory Committee Member)	Mitsuru Komiyama (Note 2)	July 28, 1954	Aug. 1977	Joined Peat, Marwick, Mitchell & Co. (Tokyo)	(Note 4)	-
			Mar. 1979	Registered as Certified Public Accountant		
			Sept. 1983	Registered as U.S. Certified Public Accountant in the state of California		
			Nov. 1984	Opened Komiyama & Co., CPAs		
			Jan. 2007	Executive Representative Partner, Azabu Partners Tax & Accounting Co. (current position)		
			July 2010	Deputy President, the Japanese Institute of Certified Public Accountants		
			June 2015	Outside Director, NITTO KOHKI CO., LTD. (current position)		
June 2024	Director (Audit & Supervisory Committee Member) (current position)					
Total						501,300

- Notes:
- Directors (excluding Directors who are Audit & Supervisory Committee Members), Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida are outside Directors.
 - Directors Hiroshi Nakahara, Mitsuhiro Amitani and Mitsuru Komiyama are outside Directors who are Audit & Supervisory Committee Members.
 - The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) is from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2025.
 - The term of office of Directors who are Audit & Supervisory Committee Members is from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.
 - In preparation for a case of a shortfall in the number of Directors who are Audit & Supervisory Committee Members stipulated by laws and regulations, the Company has elected one substitute Director who is an Audit & Supervisory Committee Member, pursuant to the provision in Article 329, paragraph (3) of the Companies Act. Career summary of the substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name	Date of birth	Career summary		Number of shares held (Shares)
Nobuko Aoki	April 13, 1964	Apr. 1987	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)	-
		July 1995	Joined the Inter-American Development Bank	
		July 1996	Joined Congrès Inc.	
		Apr. 2002	Joined IBM Japan, Ltd.	
		June 2015	Director of Systems Hardware Business Administration, IBM Japan, Ltd.	
		June 2018	Director of Finance, Global Technology Services, IBM Japan, Ltd.	
		Sept. 2021	Managing Executive Officer, CFO, Kyndryl Japan GK	
Feb. 2022	Director (Member of the Board), CFO, Kyndryl Japan KK			

(Reference) The Company adopts an executive officer system. Executive Officers as of the filing date of this report are as follows:

Name	Official title or position	Responsibility
Yoshihito Ueda	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Ken Ohga	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Shinya Kirihara	Executive Officer	Senior Executive Officer in charge of Digital Manufacturing, SIGMAXYZ Inc.
Hideyuki Kudo	Executive Officer	Chairman and Representative Director, SIGMAXYZ Investment Inc.
Katsuro Kunugi	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Gyo Kuwabara	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Ritsu Saito	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Kenichi Shibata	Executive Officer	Representative Director, SIGMAXYZ Investment Inc.
Yutaro Tanaka	Executive Officer, Chief Compliance Officer (CCO)	Director, SIGMAXYZ Inc.
Masahiko Nakashima	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Kiyotaka Niira	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Takeshi Higuchi	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Masao Matsumura	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Kiyoe Mizohashi	Executive Officer	Senior Executive Officer in charge of Consumer Business, SIGMAXYZ Inc.
Akihiro Mizohata	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Toshio Yamamoto	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.

(ii) Outside directors (and other officers)

As of the filing date of this report, the Company has six outside Directors.

Outside Director Komei Yamaguchi is Managing Executive Officer of INTEC Inc. INTEC Inc. is a shareholder owning 8.98% of the Company's issued shares (excluding treasury shares) as of March 31, 2024 and its transactions with the Company do not exceed 1% of its annual consolidated revenue in the most recent business year.

TMI Partners LPC, which outside Director Makiko Yamamoto serves, operates jointly with TMI Associates. While the Company receives services from TMI Associates, the amount of transactions with the Company do not exceed 1% of its annual revenue in the most recent business year.

Outside Director Mitsuru Komiyama is a person who executes operations of Azabu Partners Tax & Accounting Co. While the Company receives services from Azabu Partners Tax & Accounting Co., the amount of transactions with the Company do not exceed 1% of its annual revenue in the most recent business year.

Besides these relationships, as an individual, there are no capital relationships, transactional relationships, or other vested interest between the outside Director and the Company.

These outside Directors are providing supervision and appropriate advice and suggestions on the Company's management from an independent perspective utilizing his/her experience and knowledge, and enhancing governance at the Company.

The standard of independence from the Company used when selecting outside Directors is as follows.

The Company's Rationale Regarding Independence for Outside Officers

- The Company has formulated its own "Independence Criteria for Independent Outside Directors" (Note) in addition to the requirements provided by the Companies Act. An outside Director to whom none of the conditions in the criteria apply is judged to be sufficiently independent.

Note: "Independence Criteria for Independent Outside Directors"

- The Company's outside Directors to whom any of the following items apply shall be determined not to have independence:
 - (1) A major shareholder of the Company (i.e., a shareholder who holds 10% or more of voting rights) or any person who executes operations of such shareholder;
 - (2) A counterparty with whom the Company transacts in cases when said counterparty's transaction amount with the Company in the most recent business year exceeded 5% of the annual consolidated revenue of the Company and its subsidiaries, or any person who executes operations of said counterparty;
 - (3) A counterparty that transacts with the Company in cases when said counterparty's transaction amount with the Company and its subsidiaries in the most recent business year exceeded 5% of said counterparty's annual consolidated revenue, or any person who executes operations of said counterparty;
 - (4) A certified public accountant or partner or staff member of an audit corporation serving as the Accounting Auditors of the Company;
 - (5) Any person who executes operations of an organization that received a donation or subsidy from the Company and its subsidiaries of 10 million yen or more per year in the most recent business year;

- (6) An attorney at law, certified public accountant, certified tax accountant or any other consultant who received 10 million yen or more in the form of money or other financial benefits from the Company and its subsidiaries, other than remuneration as an officer of the Company;
- (7) A person who corresponded to any of the items from (1) to (6) above in the past three years;
- (8) A relative within the second degree of kinship of a person falling under any of items (1) to (7) above;
- (9) A relative within the second degree of kinship of a director who executes operations, etc. (when said entity is a corporation, any member thereof who is in charge of such duty is included) of the Company or its subsidiary; or
- (10) A relative within the second degree of kinship of a person who had served as a director who executed operations, etc. (when said entity is a corporation, any member thereof who is in charge of such duty is included) of the Company or its subsidiary in the last three years.

As of the filing date of this report, of the Company's ten Directors, a majority of independent outside Directors has been appointed, which the Company believes ensures sufficient independence, objectivity, and accountability in the functions of the Board of Directors.

- (iii) Interconnection among the supervision by outside Directors and internal audits, audits by Audit & Supervisory Board Member, accounting audits, as well as the relationship with the internal control section

In principle, outside Directors attend Board of Directors meetings held every month, and in addition to monitoring management conditions, they provide advice and exchange opinions in making management decisions. To enable Audit & Supervisory Committee to engage in effective auditing, detailed information exchange is conducted including receiving reports on the results of audits implemented by the person responsible for internal auditing and the Accounting Auditor. Moreover, in addition to assessing internal auditing conditions at the Audit Office and the conditions of auditing conditions at the Accounting Auditor, conditions surrounding the development and operation of internal governance systems are audited, and where necessary, relevant bodies work together to pursue operational optimization.

(3) Audits

- (i) Audits by Audit & Supervisory Committee

- a. Organization, personnel and procedures of the audit by Audit & Supervisory Committee Members

As of the filing date of this report, the number of Directors who are Audit & Supervisory Committee Members is three, of which, all of them are outside Directors and one is a full-time member. Full-time Audit & Supervisory Committee Member Hiroshi Nakahara and part-time Audit & Supervisory Committee Member Mitsuru Komiyama have many years of experience in finance and accounting departments as well as in corporate management, and possess insight in finance, accounting and management. Part-time Audit & Supervisory Committee Member Mitsuhiro Amitani is an attorney at law with expert knowledge in corporate law.

Directors who are Audit & Supervisory Committee Members constantly oversee the execution of duties by Directors based on audit plans and engage in active discussion on the results at the Audit & Supervisory Committee including regular sharing and dialogue.

The main auditing methods include reviewing important company documents, attending important meetings such as the Board of Directors meeting and Management Meeting, conducting interviews and holding dialogue on the status of building and operations of internal governance systems and on management philosophy with Directors and relevant internal divisions, and coordinating with the directors and audit & supervisory board members of subsidiaries to ensure that a system is in place for management oversight functions to be exercised sufficiently and for fair auditing to take place.

Furthermore, to promote effective auditing, the Audit & Supervisory Committee holds regular meetings with the Accounting Auditor, the Internal Auditor, and the internal control section, and through close coordination, maintains a system to accurately monitor conditions at all times. To fulfill the mandate from our shareholders, the Audit & Supervisory Committee audits the legality, suitability, and validity of the execution of duties by the Directors. In addition to the prevention of serious losses and supporting the sound, sustainable growth of the Company, the Audit & Supervisory Committee has the role of establishing a good corporate governance system.

Furthermore, regarding our auditing system, since the Company's foundation, using the digital workplace environment that we have built, we use remote video conferencing, electronic information sharing, or substitute with exchange systems for most of our meetings, information exchange, and surveys. We also use next-generation applications in our operational processes such as electronic vouchers, electronic signatures, and certifications, ensuring the suitability of our auditing system. To prepare for future abnormalities, we are working to secure an even more sophisticated auditing system using our digital workplace environment.

b. Status of activities of the Audit & Supervisory Committee Members and the Audit & Supervisory Committee

In the fiscal year ended March 31, 2024, the Company’s Audit & Supervisory Committee met a total of 13 times, and the attendance status of each Audit & Supervisory Committee Member is as follows:

Position	Name	Attendance at Audit & Supervisory Committee meetings
Full-time Audit & Supervisory Committee Member	Fumio Sunami	13/13 meetings
Full-time Audit & Supervisory Committee Member	Noburo Hata	13/13 meetings
Audit & Supervisory Committee Member	Mitsuhiro Amitani	13/13 meetings

The specific topics for evaluation at the Audit & Supervisory Committee include statutory matters such as providing audit reports, the selection, dismissal, and remuneration of Accounting Auditor, the nomination of Directors, and the presence of opinions on remuneration. Additionally, for the various issues identified in the auditing activities provided in the above major auditing methods, the Audit & Supervisory Committee performs evaluations from the standpoint of monitoring the internal governance systems, as well as providing constant oversight from the standpoint of the legality, suitability, and validity of the Company’s decision-making systems.

The main activities of the full-time Audit & Supervisory Committee Members are to regularly attend important meetings such as the Management Meeting, meetings related to internal governance, Compliance Committee meetings, and Information Security Committee meetings, to oversee subsidiaries, etc., and to regularly oversee individual discussions of important management matters. Full-time Audit & Supervisory Committee Members coordinate with part-time Audit & Supervisory Committee Members, hold dialogues with Directors who execute operations and Executive Officers, etc., hold regular meetings for discussions with the Accounting Auditor, Internal Auditor, and internal control section, as well as attending regular meetings to share information on strategies and company-wide meetings. Full-time Audit & Supervisory Committee Members also share and discuss the results of various activities on a monthly and ad-hoc basis at Audit & Supervisory Committee meetings and meetings to share information among Audit & Supervisory Committee Members.

Furthermore, either together with full-time Audit & Supervisory Committee Members, or independently, part-time Audit & Supervisory Committee Members hold individual dialogues with Directors who execute operations and Executive Officers, hold regular meetings with the Accounting Auditor, Internal Auditors, and internal control section, as well as attending regular meetings to share information on strategies and company-wide meetings. Moreover, it is particularly important to note that all full-time and part-time Audit & Supervisory Committee Members must attend the Audit & Supervisory Committee Member information sharing meetings convened by the chair of the Audit & Supervisory Committee and held regularly on a monthly and ad-hoc basis. Additionally, to gather important information on a regular basis, the CFO, Internal Auditor, internal control section, member of finance and corporate planning attend the meetings, and the Company engages in constant activities to integrate comprehensive auditing and supervising activities, including financial position, conditions surrounding operational execution, and conditions at subsidiaries.

(ii) Internal audit

The Company’s internal audits are conducted by the Audit Office, with one person responsible assigned. With the purpose of securing the effectiveness and ensuring the efficiency of operations, based on the internal audit plan approved by the Representative Director and President, the Audit Office conducts internal audits of each division, and in addition to reporting the audit results to the Representative Director and President, reports are given at the Board of Directors and Audit & Supervisory Committee. The Audit Office also makes recommendations to improve operations to each division that it audits and confirms the state of improvement thereafter.

The Audit Office maintains close coordination with the Audit & Supervisory Committee and the Accounting Auditor and ensures the effectiveness of auditing by encouraging the sharing of information necessary for auditing.

(iii) Accounting audit

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Consecutive audit period

Since 2008

c. Certified public accountants who executed the audit duties

Konosuke Misawa, Designated Engagement Partner

Teruo Tajima, Designated Engagement Partner

d. Breakdown of support staff for audit operations

They were assisted in the accounting audit of the Company by four certified public accountants and 14 others.

e. Policies and reasons for selecting audit firm

In selecting a certified public accountant for audits, the Company engages in a comprehensive consideration of the auditing quality, quality management, independence, effectiveness, and leadership of the Accounting Auditor.

Where the Audit & Supervisory Committee recognizes that the Accounting Auditor corresponds to any of the items in Article 340, paragraph (1) of the Companies Act, the Accounting Auditor will be dismissed with the agreement of every Audit & Supervisory Committee Member.

Furthermore, in addition to cases where the Accounting Auditor corresponds to any of the grounds for disqualification provided in Article 337, paragraph (3) of the Companies Act, or where the Company otherwise deems that the individual is no longer suitable to act as the Company's Accounting Auditor based on a comprehensive evaluation of the Accounting Auditor's auditing quality, quality management, independence, effectiveness, and leadership, the Audit & Supervisory Committee will hold a resolution on the dismissal or non-reappointment of the Accounting Auditor, and based on the results of the resolution, the Board of Directors will submit the proposal in question to the General Meeting of Shareholders.

f. Evaluation of audit firm by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee evaluates the Company's audit firm. The details of this evaluation are as follows:

In addition to the auditing system and audit quality associated with the operational execution which is explained on a regular, quarterly basis by the audit firm, the Company's Audit & Supervisory Committee holds ad-hoc meetings and holds discussions during presentations on the auditing plan where necessary. Based on this process and an evaluation based on the "policy on decisions of dismissal or non-reappointment of accounting auditor," decisions on appointments are made every year.

(iv) Details of audit fees

a. Fees for certified public accountants for audits

(Thousands of yen)

Category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-auditing services	Fees for audit certification services	Fees for non-auditing services
Reporting company	31,000	–	33,000	–
Consolidated subsidiaries	–	–	–	–
Total	31,000	–	33,000	–

(Fiscal year ended March 31, 2023)

No applicable matters to report.

(Fiscal year ended March 31, 2024)

No applicable matters to report.

b. Fees for entities that belong to the same network as the certified public accountants for audits (excluding a.)

No applicable matters to report.

c. Fees for other significant audit certification services

No applicable matters to report.

d. Policy for determining audit fees

Audit fees are based on factors including the scale and nature of business of the Company, number of days spent for audits, and determined upon approval by the Audit & Supervisory Committee.

e. Reason why the Audit & Supervisory Committee agreed to the fees, etc. for the Accounting Auditor

The reason why the Company's Audit & Supervisory Committee agreed to the fees, etc. for the Accounting Auditor proposed by the Board of Directors as per Article 399, paragraph (1) of the Companies Act, is as follows:

The Audit & Supervisory Committee agreed to the suitability and validity of the fees based on the contents, "Summarized Explanation of the Auditing and Quarterly Review Plan (basic policies for auditing in the fiscal year ended March 31, 2024)," explained by the Accounting Auditor, the estimation time, and subsequent discussion.

(4) Remuneration for directors (and other officers)

- (i) Matters pertaining to policy regarding the determination of remuneration, etc. for officers and its calculation method
- a. Policy, etc. regarding the determination of remuneration, etc. for officers and its calculation method

The Company has established a policy regarding the determination of remuneration, etc. for officers and its calculation method and resolved its policy on details of individual remuneration, etc. for Directors (excluding those who are Audit & Supervisory Committee Members; the same applies hereinafter) as below at the Board of Directors meetings held on March 25 and April 22, 2021.

- i. Remuneration for Directors who execute operations is composed of monetary remuneration (fixed remuneration) and non-monetary remuneration, and to secure management human assets and enhance the corporate value in the medium to long term, the amounts and payment ratios are determined through a comprehensive consideration of Director's position, responsibilities, and the Company's operating results. Remuneration for outside Directors consists only of monetary remuneration (fixed remuneration), with consideration of their position unaffected by corporate performance.
- ii. Non-monetary remuneration for Directors who execute operations is composed of performance-linked share-based remuneration on indicators of profit status and share-based remuneration with restricted shares based on a comprehensive consideration of position and responsibilities.
- iii. Regarding performance-linked share-based remuneration, a trust set by the Company shall acquire the Company's shares, determine the number of points to be granted to each Director who executes operations based on performance evaluation indicators and calculation method, and allot the Company's shares equivalent to the points to Directors who execute operations.
- iv. The decision-making policy related to the time periods and conditions that remuneration, etc. is granted provides for monetary remuneration to be granted monthly, points for performance-linked share-based remuneration to be granted on June 20 of each year, and share-based remuneration with restricted shares to be decided by the Board of Directors.
- v. The Company does not set policy by position regarding the determination of the amounts or calculation methods of remuneration for officers.
- vi. Performance evaluation indicators for performance-linked remuneration are consolidated revenue less project outsourcing expenses and outflow cost, consolidated ordinary profit, and Net Satisfaction Index. Performance-linked remuneration is determined using the achievement rate of performance evaluation indicators calculated reflecting the achievement rate of the basic indicators at weights of 50%, 25%, and 25%, respectively. These indicators were selected since the Company believes they are effective for improving performance in the medium to long term and enhancing corporate value in its primary business, consulting services. That is because consolidated revenue less project outsourcing expenses and outflow cost is the most appropriate way to manage the money remaining in the Company after subtracting outflow cost from the revenue received from clients by each project; also, consolidated ordinary profit is an important indicator to see profits from an external perspective, and Net Satisfaction Index, which is an evaluation indicator of client satisfaction, is an important indicator for continuing and expanding the services going forward. Decisions on the amounts of the performance-linked remuneration in question are based on a calculation method (standard number of points granted × performance achievement rate, maximum points granted: standard number of points granted × 150%, no allotment if the achievement rate is less than 75%). Targets and actual results of the indicators for performance-linked remuneration for the fiscal year ended March 31, 2024 are as follows: Consolidated revenue less project outsourcing expenses and outflow cost: Target ¥14,550 million / Actual result ¥14,416 million; Consolidated ordinary profit: Target ¥3,180 million / Actual result ¥3,265 million; Net Satisfaction Index: Target 90 / Actual result 93

- b. Resolution of the General Meeting of Shareholders regarding remuneration, etc. officers

- i. The date of resolution at the General Meeting of Shareholders on the monetary remuneration for the Company's Directors was June 24, 2021. Then the amount of the monetary remuneration for Directors was resolved to be no more than ¥500 million per year (of which, no more than ¥60 million per year for outside Directors). The amount of monetary remuneration for Directors does not include any employee salaries for Directors who serve concurrently as employees. The current number of Directors is seven (of which, three are outside Directors). The date of resolution at the General Meeting of Shareholders on remuneration for Directors who are Audit & Supervisory Committee Members was June 26, 2019. The amount of remuneration for Directors who are Audit & Supervisory Committee Members was resolved there to be no more than ¥60 million per year. The current number of Directors who are Audit & Supervisory Committee Members is three (of which, three are outside Directors). The date of resolution at the General Meeting of Shareholders on the performance-linked share-based remuneration for the Company's Directors who execute operations was June 29, 2019. To make an additional contribution to the trust established by the Company's contribution of money, with the maximum amount set at ¥300 million multiplied by the number of years of the extended trust period was resolved. There are currently four Directors who execute operations who are eligible for this performance-linked share-based remuneration. Regarding the performance-linked share-based remuneration plan, no new additional trust shall be established while the remuneration plan associated with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors, "Eligible Directors") is in place.

The date of the resolution by the General Meeting of Shareholders related to restricted share awards is June 24, 2021, on which date the resolution was approved to pay monetary remuneration claims of up to ¥400 million per year to award restricted shares to Eligible Directors (the amount of payment of restricted shares is based on the closing price of the common stock of the Company on the Tokyo Stock Exchange, Inc. on the business day prior to the date of the resolution by the Company's Board of Directors related to the issuance or disposal of shares (where there is no trading on that date, the closing price on the trading day immediately preceding that date), and is decided by the Company's Board of Directors in an amount that is not particularly advantageous to the Eligible Directors receiving the restricted shares in question. 400,000 shares shall be the maximum total number of restricted shares awarded to Eligible Directors each fiscal year.). The current number of Eligible Directors is four.

The Company carried out a two-for-one split of its common stock effective April 1, 2022. As a result, the total number of restricted shares that can be allocated to Eligible Directors is limited to 800,000 shares per year.

- ii. The Company's Board of Directors has the authority to decide policy related to deciding the amounts and calculation method of remuneration provided to the Company's Directors, and the details of that authority and the scope of discretion are based on resolutions by the General Meeting of Shareholders and the Company's Articles of Incorporation. Within the limits of the above policies and the maximum amount of remuneration decided at the General Meeting of Shareholders, the Board of Directors shall delegate the authority to determine the calculation method for the remuneration etc., and the authority to determine the amount of individual remuneration to the Remuneration Committee (Committee chair: Fumio Sunami, independent outside Director (Audit & Supervisory Committee Member) / Committee members: Ryuichi Tomimura, Representative Director and Chairman, and Mitsuhiro Amitani, independent outside Director (Audit & Supervisory Committee Member)). Matters for decision shall be determined by the committee chair, who is selected from independent outside Directors after discussions among the committee members, and be reported to the Board of Directors. Furthermore, regarding the details of individual Director remuneration for the fiscal year ended March 31, 2024, to ensure objectivity and transparency, the authority to determine individual remuneration amounts was delegated to the Remuneration Committee (Committee chair: Fumio Sunami, Audit & Supervisory Committee Member and independent outside Director / Committee members: Ryuichi Tomimura, Director, and Mitsuhiro Amitani, Audit & Supervisory Committee Member and independent outside Director) and the details were determined. As the activities of the Remuneration Committee in the determination process of the amounts of remuneration for officers in the fiscal year ended March 31, 2024, on June 27 and July 27, 2023, the committee determined monetary remuneration, performance-linked share-based remuneration, and performance evaluation indicators for Directors who execute operations, as well as determined monetary remuneration for Outside Directors. The Board of Directors received reports from the Remuneration Committee on June 27 and July 27, 2023.

(ii) Total amount of remuneration by category of officers, total amount of remuneration by type, and number of relevant officers

Officer type	Total amount of remuneration (Thousands of yen)	Total amount of remuneration by type (Thousands of yen)			Number of relevant officers (Persons)
		Monetary remuneration	Share-based remuneration	Of the left, non-monetary remuneration, etc.	
Directors (excluding Audit & Supervisory Committee Members and outside Directors)	585,207	358,497	226,710	226,710	6
Outside officers	108,000	108,000	–	–	8

- Notes: 1. The amounts related to points granted in the fiscal year ended March 31, 2024 are provided for share-based remuneration.
2. The breakdown of non-monetary remuneration, etc. to Directors (excluding Audit & Supervisory Committee Members and outside Directors) is ¥11 million in performance-linked share-based remuneration and ¥215 million in share-based remuneration with restricted shares.

(iii) Total amount of remuneration paid by group to each officer

(Thousands of yen)

Name (Officer type)	Total amount of remuneration paid by group	Company category	Total amount of remuneration by type		
			Monetary remuneration	Share-based remuneration	Of the left, non-monetary remuneration, etc.
Ryuichi Tomimura (Director)	285,004	Reporting company	198,747	86,257	86,257
Hiroshi Ota (Director)	100,388	Reporting company	29,244	36,845	36,845
		SIGMAXYZ Inc.	34,299	–	–

- Notes: 1. Only individuals receiving total remuneration of ¥100 million or more are listed.
2. The amounts related to points granted in the fiscal year ended March 31, 2024 are provided for share-based remuneration.
3. The breakdown of the total amount of non-monetary remuneration, etc. for Ryuichi Tomimura (Director, reporting company) was ¥4 million in performance-linked share-based remuneration and ¥81 million in share-based remuneration with restricted shares each.
4. The breakdown of the total amount of non-monetary remuneration, etc. for Hiroshi Ota (Director, reporting company) was ¥320 thousand in performance-linked share-based remuneration and ¥36 million in share-based remuneration with restricted shares each.
5. Ryuichi Tomimura retired as Director at the conclusion of the 16th Annual General Meeting of Shareholders held on June 25, 2024.

(5) Shareholdings

(i) Classification criteria and approaches for investment shares

Regarding the distinction between investment shares held for pure investment and investment shares held for purposes other than pure investment, pure investment is considered holding shares purely to benefit from changes in the stock price or by receiving dividends associated with the shares, and any other purposes are considered purposed other than pure investment.

(ii) Status of shareholdings by SIGMAXYZ Investment Inc.

Below is information on SIGMAXYZ Investment Inc., the company with the largest carrying amount (largest holding company) of investment shares (recorded amount of investment shares) among both the Company and its consolidated subsidiaries.

a. Investment shares held for purposes other than pure investment

(a) Details of evaluations by the Board of Directors, etc. related to the holding policy, method of evaluating the rationality of holding, and decisions to hold individual issues

As of the filing date of this report, SIGMAXYZ Investment Inc. does not in principle hold investment shares for purposes other than pure investment.

For it to hold such shares, an evaluation and comprehensive determination is made of whether the holding contributes to the Group's sustainable growth and medium- to long-term increase in corporate value by maintaining and strengthening the business relationship with the investee company. The Group also evaluates whether to continue to hold such shares based on this policy.

(b) Number of issues and carrying amount

No applicable matters to report.

(c) Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holding shares

No applicable matters to report.

b. Investment shares held for pure investment

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	
	Number of issues (Issues)	Carrying amount (Thousands of yen)	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	10	2,735,523	6	898,071
Shares other than those not listed	3	618,442	4	890,136

(Thousands of yen)

Category	Fiscal year ended March 31, 2024		
	Total of dividends received	Total of gain (loss) on sale	Total of valuation gain (loss)
Shares not listed	–	–	(Note)
Shares other than those not listed	1,088	202,746	(23,368) [(92,186)]

Notes: 1. Because unlisted shares have no market price, they are not listed in “total of valuation gain (loss).”

2. The figure in parentheses under “total of valuation gain (loss)” represents a separate amount that was recognized as an impairment in the fiscal year ended March 31, 2024.

(iii) Shareholdings at reporting company

a. Investment shares held for purposes other than pure investment

(a) Details of evaluations by the Board of Directors, etc. related to the holding policy, method of evaluating the rationality of holding, and decisions to hold individual issues

As of the filing date, the company does not hold listed shares as investment shares held for purposes other than pure investment, and for it to hold such shares, an evaluation and comprehensive determination is made of whether the holding contributes to the Group's sustainable growth and medium- to long-term increase in corporate value by maintaining and strengthening the business relationship with the investee company. The Group also evaluates whether to continue to hold such shares based on this policy.

(b) Number of issues and carrying amount

No applicable matters to report.

Issues whose number of shares increased during the fiscal year ended March 31, 2024

No applicable matters to report.

Issues whose number of shares decreased during the fiscal year ended March 31, 2024

No applicable matters to report.

(c) Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holding shares

No applicable matters to report.

b. Investment shares held for pure investment

No applicable matters to report.

V. Financial Information

1. Basis of preparation of the consolidated and non-consolidated financial statements

- (1) The Company has prepared the consolidated financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28, 1976).
- (2) The Company has prepared the non-consolidated financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59, 1963; the “Financial Statements Regulation”).
The Company falls under the category of a special company submitting financial statements and has prepared the non-consolidated financial statements in accordance with Article 127 of the Financial Statements Regulation.

2. Note on independent audit

The Japanese versions of the consolidated financial statements for the fiscal year (from April 1, 2023 to March 31, 2024) and the non-consolidated financial statements for the fiscal year (from April 1, 2023 to March 31, 2024) were audited by Deloitte Touche Tohmatsu LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc.

The Company makes special efforts to ensure the appropriateness of the consolidated financial statements, etc. Specifically, such efforts include joining the Financial Accounting Standards Foundation, establishing an internal system, subscribing to accounting journals, and participating in seminars to understand accounting standards properly and adapt to their changes appropriately.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,093,890	7,171,106
Notes and accounts receivable - trade, and contract assets	*1 2,263,554	*1 2,795,564
Operational investment securities	2,171,591	3,735,127
Other	600,834	762,108
Allowance for doubtful accounts	(116,122)	-
Total current assets	12,013,748	14,463,907
Non-current assets		
Property, plant and equipment		
Buildings, net	*2 168,474	*2 200,129
Other, net	*2 84,892	*2 102,551
Total property, plant and equipment	*2 253,366	*2 302,680
Intangible assets		
Software	400,943	329,793
Software in progress	34,635	34,635
Other	7,105	5,969
Total intangible assets	442,685	370,398
Investments and other assets		
Investment securities	797,759	1,831,097
Deferred tax assets	316,670	458,833
Other	637,403	868,708
Total investments and other assets	1,751,832	3,158,639
Total non-current assets	2,447,884	3,831,718
Total assets	14,461,633	18,295,625

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	237,169	542,195
Accounts payable - other	842,657	1,785,334
Income taxes payable	339,489	1,012,554
Provision for bonuses	-	57,168
Provision for share awards	326,059	274,337
Other	*3 232,954	*3 241,740
Total current liabilities	1,978,330	3,913,332
Non-current liabilities		
Lease liabilities	5,681	21,908
Provision for share awards	340,542	406,314
Provision for share awards for directors (and other officers)	1,106,107	595,224
Asset retirement obligations	86,444	101,031
Other	66,238	64,197
Total non-current liabilities	1,605,014	1,188,676
Total liabilities	3,583,345	5,102,008
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	4,768,396	3,151,600
Retained earnings	6,762,154	9,283,020
Treasury shares	(3,972,854)	(2,470,670)
Total shareholders' equity	10,557,696	12,963,950
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	320,592	229,666
Total accumulated other comprehensive income	320,592	229,666
Total net assets	10,878,288	13,193,616
Total liabilities and net assets	14,461,633	18,295,625

(ii) Consolidated statements of income and comprehensive income
Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Revenue	*1 17,334,289	*1 22,410,611
Cost of revenue	8,960,023	12,400,626
Gross profit	8,374,265	10,009,985
Selling, general and administrative expenses	*2 5,138,843	*2 5,777,198
Operating profit	3,235,421	4,232,786
Non-operating income		
Interest income	7,595	3,024
Gain on sale of investment securities	-	23,539
Lectures fee income	37,490	47,481
Sponsorship money income	10,335	21,977
Miscellaneous income	10,009	23,406
Total non-operating income	65,431	119,429
Non-operating expenses		
Interest expenses	167	161
Commission for purchase of treasury shares	5,399	2,805
Non-deductible consumption taxes	14,764	3,379
Loss on investment securities	3,631	7,584
Miscellaneous losses	11,842	54
Total non-operating expenses	35,805	13,984
Ordinary profit	3,265,047	4,338,231
Extraordinary losses		
Loss on sale of non-current assets	-	*4 81
Loss on retirement of non-current assets	-	*5 56
Loss on liquidation of subsidiaries and associates	*3 2,003	-
Total extraordinary losses	2,003	137
Profit before income taxes	3,263,043	4,338,094
Income taxes - current	1,168,291	1,240,542
Income taxes - deferred	(109,346)	(134,554)
Total income taxes	1,058,944	1,105,987
Profit	2,204,098	3,232,107
Profit attributable to owners of parent	2,204,098	3,232,107

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,204,098	3,232,107
Other comprehensive income		
Valuation difference on available-for-sale securities	312,149	(90,925)
Total other comprehensive income	* 312,149	* (90,925)
Comprehensive income	2,516,248	3,141,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,516,248	3,141,181

(iii) Consolidated statement of changes in equity
Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,626,881	3,147,012	5,149,207	(2,628,990)	10,294,111
Changes during period					
Capital reduction	(1,626,881)	1,626,881			–
Dividends of surplus			(591,152)		(591,152)
Profit attributable to owners of parent			2,204,098		2,204,098
Purchase of treasury shares				(2,165,585)	(2,165,585)
Disposal of treasury shares		(5,497)		821,721	816,224
Net changes in items other than shareholders' equity					
Total changes during period	(1,626,881)	1,621,384	1,612,946	(1,343,864)	263,584
Balance at end of period	3,000,000	4,768,396	6,762,154	(3,972,854)	10,557,696

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	8,442	8,442	10,302,554
Changes during period			
Capital reduction			–
Dividends of surplus			(591,152)
Profit attributable to owners of parent			2,204,098
Purchase of treasury shares			(2,165,585)
Disposal of treasury shares			816,224
Net changes in items other than shareholders' equity	312,149	312,149	312,149
Total changes during period	312,149	312,149	575,733
Balance at end of period	320,592	320,592	10,878,288

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	4,768,396	6,762,154	(3,972,854)	10,557,696
Changes during period					
Dividends of surplus			(711,241)		(711,241)
Profit attributable to owners of parent			3,232,107		3,232,107
Purchase of treasury shares				(1,727,519)	(1,727,519)
Disposal of treasury shares		25,978		1,586,928	1,612,907
Cancellation of treasury shares		(1,642,774)		1,642,774	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,616,796)	2,520,866	1,502,184	2,406,254
Balance at end of period	3,000,000	3,151,600	9,283,020	(2,470,670)	12,963,950

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	320,592	320,592	10,878,288
Changes during period			
Dividends of surplus			(711,241)
Profit attributable to owners of parent			3,232,107
Purchase of treasury shares			(1,727,519)
Disposal of treasury shares			1,612,907
Cancellation of treasury shares			-
Net changes in items other than shareholders' equity	(90,925)	(90,925)	(90,925)
Total changes during period	(90,925)	(90,925)	2,315,329
Balance at end of period	229,666	229,666	13,193,616

(iv) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,263,043	4,338,094
Depreciation	217,610	203,440
Increase (decrease) in allowance for doubtful accounts	101,602	(116,122)
Increase (decrease) in provision for bonuses	–	57,168
Increase (decrease) in provision for share awards	529,621	489,439
Increase (decrease) in provision for share awards for directors (and other officers)	66,337	26,237
Interest and dividend income	(7,595)	(3,024)
Interest expenses	167	161
Foreign exchange losses (gains)	11,842	(9,442)
Loss (gain) on sale of non-current assets	–	81
Loss on retirement of non-current assets	–	56
Loss (gain) on sale of investment securities	–	(23,539)
Gains and losses on investment securities	3,631	7,584
Decrease (increase) in operational investment securities	61,208	(1,880,465)
Decrease (increase) in trade receivables	(248,668)	(532,009)
Decrease (increase) in prepaid expenses	336,046	180,515
Increase (decrease) in trade payables	51,413	305,025
Increase (decrease) in accounts payable - other	(291,979)	803,012
Other, net	(273,781)	86,790
Subtotal	3,820,501	3,933,003
Interest and dividends received	7,814	3,024
Interest paid	(167)	(161)
Income taxes paid	(1,742,705)	(821,618)
Income taxes refund	–	5,026
Net cash provided by (used in) operating activities	2,085,443	3,119,274
Cash flows from investing activities		
Purchase of property, plant and equipment	(75,894)	(34,596)
Purchase of intangible assets	(64,132)	(53,707)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(5,274)	–
Purchase of investment securities	(140,000)	(1,207,088)
Proceeds from sale and redemption of investment securities	325,214	491,152
Other payments	(60,420)	(241,553)
Other proceeds	15,822	10,395
Net cash provided by (used in) investing activities	(4,684)	(1,035,397)
Cash flows from financing activities		
Repayments of lease liabilities	(5,118)	(4,798)
Purchase of treasury shares	(2,099,243)	(1,301,267)
Dividends paid	(592,192)	(710,038)
Net cash provided by (used in) financing activities	(2,696,554)	(2,016,104)
Effect of exchange rate change on cash and cash equivalents	(11,842)	9,442
Net increase (decrease) in cash and cash equivalents	(627,637)	77,215
Cash and cash equivalents at beginning of period	7,721,528	7,093,890
Cash and cash equivalents at end of period	* 7,093,890	* 7,171,106

Notes to the consolidated financial statements
Uncertainties of entity's ability to continue as going concern
Not applicable

Basis of preparation of consolidated financial statements

1. Scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 3

Names of consolidated subsidiaries

SIGMAXYZ Inc.

SIGMAXYZ Investment Inc.

SXF Inc.

2. Fiscal year of consolidated subsidiaries

Consolidated subsidiaries' fiscal year-end is the same as the consolidated balance sheet date.

3. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Held-to-maturity securities

Stated at amortized cost (straight-line method)

(ii) Available-for-sale securities (including operational investment securities)

Items other than shares, etc. without market price

Stated at market value (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)

Shares, etc. without market price

Stated at cost determined by the moving average method

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act)

Stated using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(2) Accounting methods for depreciation of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Depreciated using the declining balance method.

However, facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method

Major useful lives

Buildings: 15 to 39 years

Tools, furniture and fixtures: 2 to 15 years

(ii) Intangible assets (excluding leased assets)

Software for internal use

Depreciated using the straight-line method.

Major useful lives 5 years

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting policy for significant provisions

(i) Provision for bonuses

To prepare for the payment of bonuses to employees, of the estimated amount of bonuses payable to employees, the portion attributable to the fiscal year ended March 31, 2024 is recorded.

(ii) Provision for share awards

To prepare for the granting of shares to employees of the Company and the Group in accordance with the Share Awards Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2024 is recorded.

In addition, to prepare for the granting of restricted shares to Executive Officers, the estimated amount of share granting obligations resolved at the Board of Directors meeting is recorded.

(iii) Provision for share awards for directors (and other officers)

To prepare for the granting of shares to Directors in accordance with the Share Delivery Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2024 is recorded.

(4) Recognition of significant revenues and expenses

The content of principal performance obligations in principal businesses regarding revenue from contracts with client of the Company and its consolidated subsidiaries, and the normal timing when those obligations are satisfied (normal timing when revenue is recognized) are described below.

In the Consulting Business, performance obligations are primarily consulting services agreed to with client. With respect to the normal timing of satisfaction of such performance obligations, the Company has determined that the performance obligations are satisfied over a certain period of time, principally the service period, and recognizes revenue based on the monthly progress rate agreed on with the clients upon conclusion of the contract.

(5) Accounting policy for translation of foreign currency assets and liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and the translation differences are included in the valuation difference on available-for-sale securities under net assets. There are no assets or liabilities of overseas subsidiaries subject to translation.

(6) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and deposits that can be withdrawn on demand.

(7) Other significant matters for preparing consolidated financial statements

Accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear

Performance-linked share-based remuneration for Directors is accounted for in conformance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ Practical Issue Task Force (PITF) No. 30, March 26, 2015).

Share-based remuneration for Executive Officers is recognized as an expense based on the progress of the applicable service period (fiscal year), as it is a remuneration in the form of restricted shares, which the Executive Officers will receive after paying in, as in-kind contribution of property, monetary claims granted to them based on the results of their performance during the applicable service period. The expense amount is calculated based on the number of shares expected to be granted, the elapsed portion of the applicable service period, and the market value of the Company’s stock.

Share-based remuneration with restricted shares for Directors is recorded as an expense based on the progress of the applicable period, since monetary claims is paid to Directors as remuneration to grant restricted shares for the applicable period, and the allottees pay all such monetary claims by way of in-kind contribution. The expense amount is calculated based on the number of shares, the elapsed portion of the applicable period, and the market value of the Company’s stock.

Significant accounting estimates

Recoverability of deferred tax assets

In accordance with the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26), the Group recognizes deferred tax assets related to corporate taxes and local corporate taxes. The Group has determined that the future business plan underlying the recoverability of such deferred tax assets involves significant uncertainties, including future economic trends.

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Deferred tax assets	316,670	458,833

(2) Other information that helps users of consolidated financial statements understand matters on accounting estimates

(i) Method of calculation for the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Deferred tax assets are recognized for recoverable temporary differences. At the end of the fiscal year, the Group determines recoverability based on the assumption that taxable income will be generated over a certain period in the future.

- (ii) Major assumption used to calculate amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Major assumptions are in the future business plan underlying the estimates of future taxable income. Future business plans may be affected by changes in the business environment and other factors; however, estimates are made with reasonable assumptions based on current conditions and available information.

- (iii) Impact on the consolidated financial statements for the following fiscal year

The timing when taxable income arises and the amount thereof may be affected by changes in uncertain future economic conditions. If there are differences between the actual timing and amount and those estimated, this may have a significant impact on the amount for recognizing deferred tax assets in the consolidated financial statements for the following and subsequent fiscal years.

Valuation of operational investment securities

- (1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

	(Thousands of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operational investment securities (Shares not listed)	895,271	2,732,723

- (2) Other information that helps users of consolidated financial statements understand matters on accounting estimates

- (i) Method of calculation for the amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

For the purpose of creating value in a wide range of industries and companies and creating new markets and businesses that solve social issues, the Group leverages the knowledge it has developed through its Consulting Business to add value to multiple unlisted companies. By making such efforts, the Group anticipates excess earning capacity through their future growth, and invests in these companies at a price that is significantly higher than the amount based on net assets per share. Share not listed are shares without market price and their acquisition cost is the carrying amount in the balance sheet. In valuing such share not listed, an impairment loss is recognized when the net asset value of the shares reflecting the excess earning capacity at the time of investment declines significantly. However, if the recoverability is estimated to be sufficient, no impairment loss may be recognized. In assessing whether excess earning capacity was maintained as of the end of the fiscal year ended March 31, 2024, the Group collected the most recent performance data available for each investee company. Based on their performance and fund-raising situation, the Group comprehensively assessed the progress of the investee's business, the status of value-adding activities by the Group, the market environment, business characteristics, and other relevant factors.

- (ii) Major assumption used to calculate amounts recorded in the consolidated financial statements for the fiscal year ended March 31, 2024

Major assumptions are the key performance indicators included in the business plans of each investee company (such as revenue, profit, and specific items according to business characteristics).

- (iii) Impact on the consolidated financial statements for the following fiscal year

The valuation of these operational investment securities may be affected by changes in the market environment of each investee company, etc. If the net asset value of the securities reflecting excess earning capacity at the time of investment significantly declines or if the recoverability is estimated to be insufficient, valuation losses on operational investment securities may be recorded in the consolidated financial statements for the following fiscal year and thereafter.

Changes in accounting policies

Application of the Practical Solution on the Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.

The "Practical Solution on the Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc." (ASBJ PITF No. 43, August 26, 2022) is applied from the beginning of the fiscal year ended March 31, 2024. There is no impact from this change in accounting policy.

Accounting standards issued but not yet applied

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)

- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)
- “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

(1) Overview

In February 2018, “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28) was announced, and the management of practical guidelines for tax effect accounting was transferred from the Japanese Institute of Certified Public Accountants (JICPA) to Accounting Standards Board of Japan (ASBJ). In the process of deliberation, the following two topics, which were supposed to be discussed after the announcement of ASBJ Guidance No. 28, etc., were deliberated and publicized.

- Accounting for tax expenses (taxation on other comprehensive income)
- Tax effects of the sales of the shares, etc., of subsidiaries when the group taxation regime is applied (shares of subsidiaries or associates)

(2) Scheduled date of application

These accounting standards and relevant ASBJ regulations will be applied effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effect of applying the accounting standard, etc.

The effect of the application of “Accounting Standard for Current Income Taxes” and relevant ASBJ regulations on the consolidated financial statements is currently under assessment.

Changes in presentation

Consolidated statement of income

“Entertainment expenses,” which was omitted from notes to the consolidated financial statements in the previous fiscal year, has been included in the notes in the fiscal year ended March 31, 2024 because its materiality has increased in terms of amount. the amount of “entertainment expenses” in the previous fiscal year is stated in the notes to the consolidated statement of income.

Additional information

Transactions to offer the Company’s shares to employees, etc. through trust

The Company introduced the Employee Stock Ownership Plan (J-ESOP; hereafter, the “Program”). Through granting the Company’s shares to employees of the Company and the Group companies who meet certain requirements (hereinafter, the “Employees”) in accordance with the Share Awards Regulations pre-established by the Company, the Program aims to bolster employee morale and motivation towards improved company performance and stock price by enhancing the interrelationship among stock price, company performance and employee remuneration and by sharing economic benefits of improved company performance with shareholders. Shares to be granted to employees of the Company, including shares to be granted in the future, will be purchased with funds placed in trust in advance and managed separately as trust assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the consolidated balance sheet. The book value and the number of the Company’s shares held in the trust account as of March 31, 2023 and 2024, were ¥667,750 thousand and 756,100 shares and ¥741,650 thousand and 735,600 shares, respectively.

Performance-linked share-based remuneration for Directors

The Company introduced the performance-linked share-based remuneration (hereafter, the “Program”). Under the Program, a trust, established by the Company’s contribution of money, acquires the Company’s shares and delivers to each Director through the trust a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. The Program is intended to establish a remuneration system to secure management human assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the consolidated balance sheet. The book value and the number of the Company’s shares held in the trust account as of March 31, 2023 and 2024, were ¥1,106,254 thousand and 2,101,480 shares and ¥595,378 thousand and 1,115,890 shares, respectively.

Consolidated balance sheet

*1 Among notes and accounts receivable - trade, and contract assets, receivables arising from contracts with clients are as follows:

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Notes receivable - trade	-	-
Accounts receivable - trade	2,168,255	2,721,420
Contract assets	95,299	74,144

*2 Accumulated depreciation of property, plant and equipment

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Accumulated depreciation of property, plant and equipment	583,587	640,248

*3 Among other current liabilities, the amounts of contract liabilities are as follows:

	(Thousands of yen)	
	As of March 31, 2023	As of March 31, 2024
Contract liabilities	84,416	82,155

Consolidated statement of income

*1 Revenue from contracts with clients

Revenue are not categorized separately and stated as revenue from contracts with clients and revenue from other sources. Amounts of revenue from contracts with clients are stated in “Notes to the consolidated financial statements, *Revenue recognition*, 1. Information on disaggregation of revenue from contracts with clients” of the consolidated financial statements.

*2 Major items and amounts included in selling, general and administrative expenses are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Remuneration for directors (and other officers)	893,367	816,348
Salaries and allowances	919,713	1,126,506
Entertainment expenses	507,223	635,851
Provision for share awards	231,471	181,899
Provision for share awards for directors (and other officers)	66,337	26,237
Provision for bonuses	-	28,313

*3 Loss on liquidation of subsidiaries and associates

“Loss on liquidation of subsidiaries and associates” recorded in extraordinary losses in the fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023) is a loss resulting from the transfer of all shares of SXA Inc., which was a consolidated subsidiary, and other factors.

*4 Details of loss on sale of non-current assets are as follows:

	(Thousands of yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Tools, furniture and fixtures	-	81
Total	-	81

*5 Details of loss on retirement of sale of non-current assets are as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Tools, furniture and fixtures	–	56
Total	–	56

Consolidated statement of comprehensive income

* Reclassification adjustments and tax effects relating to other comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Amount arising during period	449,911	18,804
Reclassification adjustments	–	(134,099)
Before tax effect adjustments	449,911	(115,295)
Tax effect	(137,762)	24,369
Valuation difference on available-for-sale securities	312,149	(90,925)
Total other comprehensive income	312,149	(90,925)

Consolidated statement of changes in equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Issued shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	23,154,300	23,154,300	–	46,308,600

- Notes: 1. The Company carried out a two-for-one split of its common stock effective April 1, 2022.
2. The increase of 23,154,300 shares in issued shares of common stock was due to the stock split.

2. Treasury shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	1,948,697	3,714,497	949,600	4,713,594

- Notes: 1. The Company carried out a two-for-one split of its common stock effective April 1, 2022.
2. The number of treasury shares of common stock includes the Company's shares held in trust account for the J-ESOP (420,300 shares at the beginning of the fiscal year and 756,100 shares at the end of the fiscal year) and the Company's shares held in the trust account for the performance-linked share-based remuneration plan (1,110,740 shares at the beginning of the fiscal year and 2,101,480 shares at the end of the fiscal year).
3. The increase of 3,714,497 shares in treasury shares of common stock represents an increase of 1,948,697 shares due to a stock split, an increase of 1,452,700 shares due to the purchase of treasury shares by resolution of the Board of Directors meeting, and an increase of 313,100 shares due to the purchase by the trust account under the J-ESOP.
The decrease of 949,600 shares in treasury shares of common stock represents a decrease of 517,600 shares due mainly to the delivery of shares to the Company's employees under the J-ESOP, a decrease of 240,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Directors, and a decrease of 192,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Executive Officers.

3. Share acquisition rights and treasury share acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 9, 2022	Common stock	591,152	Retained earnings	26	March 31, 2022	June 6, 2022

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022. Dividends per share are the dividend amounts before the stock split.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 9, 2023	Common stock	711,241	Retained earnings	16	March 31, 2023	June 7, 2023

Note: The total amount of dividends includes dividends of ¥45,721 thousand paid for the Company's shares held in trust accounts for the J-ESOP and performance-linked share-based remuneration.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Issued shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	46,308,600	–	1,308,600	45,000,000

Note: The decrease of 1,308,600 shares in issued shares of common stock was due to the cancellation of treasury shares.

2. Treasury shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	4,713,594	1,310,332	3,287,290	2,736,636

Notes: 1. The number of treasury shares of common stock includes the Company's shares held in trust account for the J-ESOP (756,100 shares at the beginning of the fiscal year and 735,600 shares at the end of the fiscal year) and the Company's shares held in the trust account for the performance-linked share-based remuneration plan (2,101,480 shares at the beginning of the fiscal year and 1,115,890 shares at the end of the fiscal year).

2. The increase of 1,310,332 shares in treasury shares of common stock represents an increase of 940,400 shares due to the purchase of treasury shares by resolution of the Board of Directors meeting, an increase of 369,900 shares due to the purchase by the trust account under the J-ESOP, and an increase of 32 shares due to purchase requests for shares less than one unit.

The decrease of 3,287,290 shares in treasury shares of common stock represents a decrease of 1,375,990 shares due mainly to the delivery of shares to the Company's employees under the J-ESOP, a decrease of 348,700 shares due to the disposal of treasury shares through third-party allotment in connection with additional contribution to the J-ESOP, a decrease of 145,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Directors, a decrease of 109,000 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Executive Officers, and a decrease of 1,308,600 shares due to the cancellation of treasury shares.

3. Share acquisition rights and treasury share acquisition rights

Not applicable

4. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 9, 2023	Common stock	711,241	Retained earnings	16	March 31, 2023	June 7, 2023

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

Resolution	Class of shares	Total amount of dividends (thousands of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Board of Directors meeting held on May 8, 2024	Common stock	1,191,101	Retained earnings	27	March 31, 2024	June 5, 2024

Note: The total amount of dividends includes dividends of ¥49,990 thousand paid for the Company's shares held in trust accounts for the J-ESOP and performance-linked share-based remuneration.

Consolidated statement of cash flows

* Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash and deposits	7,093,890	7,171,106
Cash and cash equivalents	7,093,890	7,171,106

Leases

Lessees' accounting

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Components of leased assets

Property, plant and equipment

They primarily consist of a hydroponic system.

(2) Accounting method for depreciation of leased assets

The accounting method for depreciation of leased assets is as described in "Notes to the consolidated financial statements, *Basis of preparation of consolidated financial statements*, 3. Accounting policies, (2) Accounting methods for depreciation of significant depreciable assets" of the consolidated financial statements.

2. Operating lease transactions

Future lease payments to be received under non-cancellable leases of operating lease transactions

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Due within one year	206,622	243,820
Due after one year	138,029	587,770
Total	344,652	831,590

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

In principle, the Group uses its own funds to meet its capital needs. Surplus funds are invested in highly secure financial assets. In addition, the Group, through its subsidiaries, is engaged in the investment business of managing securities for investment purposes.

(2) Description of financial instruments and their risks

Trade receivables, which include notes and accounts receivable – trade, and contract assets, are exposed to the credit risk of our clients.

Operational investment securities are investments through subsidiaries mainly for managing securities, and they are exposed to credit risks of the share issuing organizations.

Investment securities include held-to-maturity bonds and investment in limited partnership for investment, and they are exposed to credit risks of the share issuing organizations.

Trade payables including accounts payable - trade and accounts payable - other are mostly due within two months.

(3) Risk management system for financial instruments

(i) Management of credit risk

For trade receivables, in accordance with its credit management rules, the Group periodically monitors the status of major clients and manages due dates and outstanding balances of receivables by clients, and also works to early identify and mitigate concerns about collection due to deterioration of financial conditions of clients and other factors.

For held-to-maturity bonds and operational investment securities, the Group periodically monitors the financial condition of the issuing organizations.

(ii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The department in charge prepares and updates cash flow plans in a timely manner based on reports from each department, and manages liquidity risk by maintaining liquidity on hand and other measures.

(4) Supplementary explanation on fair values of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the use of different assumptions may change the fair value.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the differences between them were as follows:

As of March 31, 2023

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Securities, operational investment securities, and investment securities	1,531,910	1,529,120	(2,790)
Total assets	1,531,910	1,529,120	(2,790)

- Notes:
1. Cash is omitted from the notes, and deposits, notes and accounts receivable - trade, and contract assets, accounts payable - trade, accounts payable - other, income taxes payable and short-term borrowings are omitted because they are settled in a short period of time and their fair value approximates their book value.
 2. Shares, etc. without market price are not included in “Securities, operational investment securities, and investment securities.” In addition, investments in investment partnerships, etc. stated at the net amount equivalent to equity on the consolidated financial statements are not included in “Securities, operational investment securities, and investment securities” applying the transitional treatment provided for in paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”). Carrying amounts of these financial instruments in the consolidated balance sheet are as follows:

(Thousands of yen)

Category	Fiscal year ended March 31, 2023
Shares not listed	895,271
Investment in limited partnership for investment, etc.	542,170

3. In accordance with generally accepted accounting principles, the net asset value of investment trusts is regarded as their fair value, and they are included in “Securities, operational investment securities, and investment securities.”

As of March 31, 2024

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Securities, operational investment securities, and investment securities	1,910,075	1,909,415	(660)
Total assets	1,910,075	1,909,415	(660)

- Notes:
- Cash is omitted from the notes, and deposits, notes and accounts receivable - trade, and contract assets, accounts payable - trade, accounts payable - other, income taxes payable and short-term borrowings are omitted because they are settled in a short period of time and their fair value approximates their book value.
 - Shares, etc. without market price are not included in "Securities, operational investment securities, and investment securities." In addition, investments in investment partnerships, etc. stated at the net amount equivalent to equity on the consolidated financial statements are not included in "Securities, operational investment securities, and investment securities" applying the transitional treatment provided for in paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Guidance"). Carrying amounts of these financial instruments in the consolidated balance sheet are as follows:

(Thousands of yen)

Category	Fiscal year ended March 31, 2024
Shares not listed	2,732,723
Investment in limited partnership for investment, etc.	923,425

- In accordance with generally accepted accounting principles, the net asset value of investment trusts is regarded as their fair value, and they are included in "Securities, operational investment securities, and investment securities."
- Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date

As of March 31, 2023

(Thousands of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	7,093,890	–	–	–
Notes and accounts receivable - trade, and contract assets	2,263,554	–	–	–
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds	–	200,000	–	–
Total	9,357,445	200,000	–	–

As of March 31, 2024

(Thousands of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	7,171,106	–	–	–
Notes and accounts receivable - trade, and contract assets	2,795,564	–	–	–
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds	–	200,000	–	–
Total	9,966,670	200,000	–	–

- Scheduled repayment amounts of lease liabilities after the consolidated balance sheet date
As stated in "Detailed schedule of borrowings" of (v) Annexed consolidated detailed schedules of the consolidated financial statements.
- Breakdown of financial instruments by level of fair values, etc.
Fair values of financial instruments are categorized into the following three levels in accordance with the observability of inputs used to determine fair values and their significance.

Fair values of Level 1: Fair values measured by quoted prices related to assets and liabilities subject to measurement of fair values formed in active markets from among the observable inputs related to measurement of fair values

Fair values of Level 2: Fair values measured using inputs related to measurement of fair values other than Level 1 inputs from among observable inputs related to measurement of fair values

Fair values of Level 3: Fair values measured using unobservable inputs related to measurement of fair values

Where multiple inputs are used that have a significant impact on measurement of fair value, the fair value is categorized in the level that has the lowest level of priority in measurement of fair value from among the levels those inputs belong.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2023

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Available-for-sale securities				
Shares	888,266	–	–	888,266
Corporate bonds	–	99,910	–	99,910
Total assets	888,266	99,910	–	988,176

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Available-for-sale securities				
Shares	617,762	–	–	617,762
Investment trusts	707,314	–	–	707,314
Total assets	1,325,076	–	–	1,325,076

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

As of March 31, 2023

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds				
Corporate bonds	–	197,210	–	197,210
Total assets	–	197,210	–	197,210

As of March 31, 2024

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds				
Corporate bonds	–	199,340	–	199,340
Total assets	–	199,340	–	199,340

Notes: 1. Explanation of valuation techniques and inputs related to measurement of fair values used to measure fair value

Listed shares, listed investment trusts, and bonds are valued using the quoted price. Listed shares and listed investment trusts are traded on active markets, so their fair values are categorized as fair values of Level 1. On the other hand, because bonds held by the Company are infrequently traded in markets and quoted prices of bonds are not regarded as the quoted prices in active markets, their fair values are classified as Level 2 fair value.

2. In accordance with generally accepted accounting principles, investment trusts whose net asset value is regarded as their fair value are not included in the above table. The carrying amount in the consolidated balance sheet for the investment trusts is ¥384,999 thousand.

Securities

1. Held-to-maturity bonds

As of March 31, 2023

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Bonds with fair value exceeding book value	–	–	–
Bonds with fair value not exceeding book value	200,000	197,210	(2,790)
Total	200,000	197,210	(2,790)

As of March 31, 2024

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Bonds with fair value exceeding book value	–	–	–
Bonds with fair value not exceeding book value	200,000	199,340	(660)
Total	200,000	199,340	(660)

2. Available-for-sale securities
As of March 31, 2023

(Thousands of yen)

	Type	Carrying amounts in the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	Operational investment securities			
	(1) Shares	765,456	351,237	414,219
	(2) Bonds	–	–	–
	(3) Others	119,347	109,628	9,718
	Subtotal	884,803	460,866	423,937
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	343,734	309,000	34,734
	Subtotal	343,734	309,000	34,734
Total	1,228,537	769,866	458,671	
Items whose carrying amount does not exceed acquisition cost	Operational investment securities			
	(1) Shares	1,018,080	1,081,198	(63,117)
	(2) Bonds	–	–	–
	(3) Others	268,707	340,000	(71,292)
	Subtotal	1,286,788	1,421,198	(134,410)
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	99,910	100,000	(90)
	(3) Others	154,115	157,747	(3,631)
	Subtotal	254,025	257,747	(3,721)
Total	1,540,813	1,678,945	(138,132)	
Total	2,769,351	2,448,812	320,539	

As of March 31, 2024

(Thousands of yen)

	Type	Carrying amounts in the consolidated balance sheet	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	Operational investment securities			
	(1) Shares	179,366	74,840	104,525
	(2) Bonds	–	–	–
	(3) Others	132,752	109,628	23,124
	Subtotal	312,119	184,469	127,649
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	1,092,313	856,035	236,277
	Subtotal	1,092,313	856,035	236,277
Total	1,404,432	1,040,504	363,927	
Items whose carrying amount does not exceed acquisition cost	Operational investment securities			
	(1) Shares	3,171,120	3,325,014	(153,894)
	(2) Bonds	–	–	–
	(3) Others	251,888	350,000	(98,111)
	Subtotal	3,423,008	3,675,014	(252,005)
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	538,783	550,000	(11,216)
	Subtotal	538,783	550,000	(11,216)
Total	3,961,792	4,225,014	(263,221)	
Total	5,366,225	5,265,519	100,705	

3. Available-for-sale securities sold

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

Type	Sale proceeds	Total gain on sale	Total loss on sale
Operational investment securities			
(1) Shares	675,007	117,173	–
(2) Bonds	–	–	–
(3) Others	–	–	–
Subtotal	675,007	117,173	–
Other than operational investment securities			
(1) Shares	–	–	–
(2) Bonds	–	–	–
(3) Others	–	–	–
Subtotal	–	–	–
Total	675,007	117,173	–

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

Type	Sale proceeds	Total gain on sale	Total loss on sale
Operational investment securities			
(1) Shares	294,911	202,870	123
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	294,911	202,870	123
Other than operational investment securities			
(1) Shares	—	—	—
(2) Bonds	—	—	—
(3) Others	273,586	23,539	—
Subtotal	273,586	23,539	—
Total	568,497	226,410	123

4. Securities subject to recognition of impairment losses

Impairment loss of ¥26,137 thousand was recognized for operational investment securities (shares) in the previous fiscal year.

Impairment loss of ¥92,186 thousand was recognized for operational investment securities (shares) in the fiscal year ended March 31, 2024.

Tax effect accounting

1. Major components of deferred tax assets and liabilities

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Provision for share awards	104,274	124,413
Provision for share awards for directors (and other officers)	338,690	182,257
Share-based remuneration with restricted shares	331,037	370,064
Others	253,569	354,708
Subtotal	1,027,571	1,031,444
Valuation allowance for the total of deductible temporary difference, etc.	(588,832)	(456,890)
Valuation allowance subtotal (Note)	(588,832)	(456,890)
Total deferred tax assets	438,739	574,553
Elimination with deferred tax liabilities	(122,069)	(115,719)
Net deferred tax assets	316,670	458,833
Deferred tax liabilities		
Valuation difference on available-for-sale securities	141,489	117,119
Others	6,055	7,314
Total deferred tax liabilities	147,544	124,434
Elimination with deferred tax assets	(122,069)	(115,719)
Net deferred tax liabilities	25,475	8,714

Note: Major changes in valuation allowance

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Major changes in the amount deducted from deferred tax assets (valuation allowance) are an increase in provision for share awards for directors (and other officers) (up ¥18,386 thousand from the previous fiscal year) and a decrease in share-based remuneration with restricted shares (down ¥89,325 thousand from the previous fiscal year).

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Major changes in the amount deducted from deferred tax assets (valuation allowance) are a decrease in provision for share awards for directors (and other officers) (down ¥156,432 thousand from the previous fiscal year) and an increase in share-based remuneration with restricted shares (up ¥14,781 thousand from the previous fiscal year).

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

(%)

	As of March 31, 2023	As of March 31, 2024
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	3.8	3.4
Income not taxable permanently, such as dividend income	(0.0)	(0.0)
Inhabitant per capita taxes	0.1	0.1
Increase (decrease) in valuation allowance	(1.6)	(2.9)
Tax deduction	(2.3)	(4.9)
Effects of deconsolidation	1.8	–
Adjustment of book value of shares of subsidiaries	1.2	–
Consolidation adjustments of loss (gain) on sale of shares of subsidiaries and associates	(1.1)	–
Others	(0.0)	(0.8)
Effective rate of income taxes after application of deferred tax accounting	32.5	25.5

3. Accounting of corporate taxes, local corporate taxes and tax effect accounting for these items

The Company and its consolidated subsidiaries have applied the group tax sharing system, and account for and disclose corporate taxes, local corporate taxes and tax effect accounting for these items in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

Asset retirement obligations

In accordance with real estate lease contracts for its head office and other facilities, the Company recognizes obligations to restore them to the original state when vacating them as asset retirement obligations. However, this information is omitted as the total amount of such obligations is immaterial.

Revenue recognition

1. Information on disaggregation of revenue from contracts with clients

Disaggregation by the timing of revenue recognition is as follows:

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Reportable segment		
	Consulting Business	Investment Business	Total
Goods or services transferred at a point in time	951,390	–	951,390
Goods or services transferred over time	16,235,776	15,500	16,251,276
Revenue from contracts with clients	17,187,167	15,500	17,202,667
Other revenue	–	131,622	131,622
Revenue from external clients	17,187,167	147,122	17,334,289

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Reportable segment		
	Consulting Business	Investment Business	Total
Goods or services transferred at a point in time	567,149	–	567,149
Goods or services transferred over time	21,556,628	74,100	21,630,728
Revenue from contracts with clients	22,123,777	74,100	22,197,877
Other revenue	–	212,734	212,734
Revenue from external clients	22,123,777	286,834	22,410,611

2. Information that forms the basis for understanding revenue

Information that forms the basis for understanding revenue is as described in “Notes to the consolidated financial statements, *Basis of preparation of consolidated financial statements*, 3. Accounting policies, (4) Recognition of significant revenues and expenses” of the consolidated financial statements.

3. Information that forms the basis for understanding revenue for the current and subsequent fiscal years

(1) Balances of contract assets and contract liabilities

	(Thousands of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Receivables from contracts with clients (balance at beginning of period)	1,955,811	2,168,255
Receivables from contracts with clients (balance at end of period)	2,168,255	2,721,420
Contract assets (balance at beginning of period)	62,125	95,299
Contract assets (balance at end of period)	95,299	74,144
Contract liabilities (balance at beginning of period)	81,166	84,416
Contract liabilities (balance at end of period)	84,416	82,155

Contract assets primarily consist of unbilled trade receivables related to revenues from performance obligations satisfied in the Consulting Business. Contract assets are transferred to accounts receivable - trade upon billing. Contract liabilities primarily consist of advances received from clients in the Consulting Business.

Of revenue recognized in the previous fiscal year, the amount included in the balance of contract liabilities at beginning of period was ¥69,817 thousand. Of revenue recognized in the fiscal year ended March 31, 2024, the amount included in the balance of contract liabilities at beginning of period was ¥76,358 thousand.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient method and omitted the transaction price allocated to remaining performance obligations, since there are no significant contracts with an initially expected contract term exceeding one year. In addition, there are no significant amounts of consideration from contracts with clients that are not included in the transaction price.

Segment information, etc.

Segment information

1. Overview of reportable segments

(1) Determining reportable segments

The reportable segments of the Group are components for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of management assets and to assess their performance.

(2) Types of products and services that belong to each reportable segment

With a synergy between “consulting services” and “investment,” the Group creates value in a wide range of industries and companies and creates new markets and businesses that solve social issues. In the Consulting Business, we define the key three transformations that companies must address in the digital economy as; “Digital Transformation” to achieve significant performance improvements through a productivity revolution, “Service Transformation” to build a business model that will serve as a new growth engine in growth markets, and “Management Transformation” to build a management platform. We have professionals with diverse skills who are working to solve corporate issues, create new value, and co-create new businesses and industries through collaboration among companies. In the investment business, the focus is on the use of advanced digital technologies and the Regenerative & Well-being area, such as city development, food, and wellness. Through the linkage with our Consulting Business, we support the growth and enhancement of our investee companies’ corporate value.

2. Method for calculating amounts of revenue, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for the operating segments that are reportable is the same as described in “*Basis of preparation of consolidated financial statements*.” Profit figures for the reportable segments are based on operating profit. Transaction prices and transfer prices between reportable segments are determined based on market prices, etc.

3. Information on amounts of revenue, profit or loss, assets, liabilities and other items by reportable segment

(1) Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1) (Note 3)	Amounts recorded on consolidated financial statements (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	17,187,167	147,122	17,334,289	–	17,334,289
Internal revenue or transfer among segments	72,120	20,246	92,366	(92,366)	–
Total	17,259,287	167,368	17,426,655	(92,366)	17,334,289
Segment profit (loss)	5,032,397	(130,778)	4,901,618	(1,666,196)	3,235,421
Segment assets	3,806,041	2,564,518	6,370,559	8,091,073	14,461,633
Other items					
Depreciation	681	–	681	216,928	217,610

- Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of negative ¥1,670,856 thousand and the elimination of intersegmental transactions of ¥4,659 thousand.
2. Segment profit (loss) is adjusted with operating profit recorded in the consolidated statement of income.
3. Adjustments of segment assets include the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

(2) Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1) (Note 3)	Amounts recorded on consolidated financial statements (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	22,123,777	286,834	22,410,611	–	22,410,611
Internal revenue or transfer among segments	79,957	58,875	138,832	(138,832)	–
Total	22,203,735	345,709	22,549,444	(138,832)	22,410,611
Segment profit (loss)	6,109,964	(117,301)	5,992,662	(1,759,876)	4,232,786
Segment assets	6,831,594	4,026,663	10,858,258	7,437,367	18,295,625
Other items					
Depreciation	360	–	360	203,080	203,440

- Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of negative ¥1,776,441 thousand and the elimination of intersegmental transactions of ¥16,565 thousand.
2. Segment profit (loss) is adjusted with operating profit recorded in the consolidated statement of income.
3. Adjustments of segment assets include the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

Related information

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information by products and services

This information has been omitted as revenue from external clients in a single product/service category exceeds 90% of the revenue in the consolidated statement of income.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted as none of our clients account for 10% or more of the revenue in the consolidated statement of income.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information by products and services

This information has been omitted as revenue from external clients in a single product/service category exceeds 90% of the revenue in the consolidated statement of income.

2. Information by geographic segment

(1) Revenue

This information has been omitted as revenue from Japan exceeds 90% of the revenue in the consolidated statement of income.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment in Japan exceeds 90% of the property, plant and equipment in the consolidated balance sheet.

3. Information by major client

This information is omitted as none of our clients account for 10% or more of the revenue in the consolidated statement of income.

Information regarding impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable

Information regarding amortization of goodwill and unamortized balance by reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable

Information regarding gains on bargain purchases by reportable segment

Not applicable

Related party information

1. Related party transactions

(1) Transactions of the Company with related parties

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Class	Name of company or individual	Location	Capital or investment (thousands of yen)	Description of business or occupation	Percentage of voting rights, etc. holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (thousands of yen)	Item	Balance at end of period (thousands of yen)
Officers and their close relatives	Hideki Kurashige	-	-	Founder and Honorary Chairman of the Company	(Held) Direct: 1.9	Founder and Honorary Chairman of the Company	Purchase of treasury shares (Note 2. (1))	421,032	-	-
							Appointment as Founder and Honorary Chairman (Note 2. (2))	108,000	-	-

Notes: 1. Of the stated amounts, the transaction amount does not include consumption taxes, etc., while the balance at end of period includes consumption taxes, etc.

2. Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.

(1) Based on the resolution of the Board of Directors meeting held on May 31, 2023, the treasury shares were purchased through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange. The transaction price was the closing price on June 28, 2023.

(2) The terms and conditions of the transactions were determined based on the contents of the contract through consultation between the parties.

(2) Transactions of the subsidiaries of the Company with related parties

Not applicable

2. Notes on the parent company or major associates

Not applicable

Per share information

(Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	261.53	312.18
Profit per share	52.32	76.62

Notes: 1. In calculating "Net assets per share," shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked share-based remuneration plan were included in treasury shares excluded from the number of shares issued as of the end of the period (2,857,580 shares in the fiscal year ended March 31, 2023; 1,851,490 shares in the fiscal year ended March 31, 2024).

In addition, in calculating "Profit per share," the same shares were included in treasury shares excluded from the calculation of the average number of shares outstanding during the period (2,869,201 shares in the fiscal year ended March 31, 2023; 2,168,360 shares in the fiscal year ended March 31, 2024).

2. Diluted profit per share is not stated because there are no dilutive shares.

3. The basis used for calculating "Profit per share" is as follows:

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	2,204,098	3,232,107
Amount not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to owners of the parent pertaining to common stock (thousands of yen)	2,204,098	3,232,107
Average number of outstanding common stock during the period (shares)	42,129,396	42,185,652

(v) Annexed consolidated detailed schedules

Consolidated detailed schedule of corporate bonds

Not applicable

Consolidated detailed schedule of borrowings

Category	Balance at beginning of period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate (%)	Payment due
Current portion of lease liabilities	4,922	7,776	—	—
Lease liabilities (excluding current portions)	5,681	21,908	—	2025 - 2029
Total	10,604	29,685	—	—

- Notes: 1. Average interest rates for lease liabilities are not stated, because lease liabilities are recorded at amounts before deduction of the amount equivalent to interest included in the total amount of lease payments.
2. The repayment schedule of lease liabilities (excluding current portions) for five years following the consolidated balance sheet date is as follows:

(Thousands of yen)

Category	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Lease liabilities	5,645	5,759	5,538	4,965

Consolidated detailed schedule of asset retirement obligations

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted because the amount of asset retirement obligations as of March 31, 2024 was not more than 1% of the total of liabilities and net assets as of March 31, 2024.

(2) Others

Quarterly information for the fiscal year ended March 31, 2024

(Thousands of yen)

Cumulative period	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Fiscal year ended March 31, 2024
Revenue	5,045,098	10,639,893	16,378,541	22,410,611
Profit before income taxes	1,085,883	2,087,528	3,371,343	4,338,094
Profit attributable to owners of parent	930,015	1,544,065	2,379,210	3,232,107
Profit per share (yen)	22.22	36.74	56.43	76.62

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share (yen)	22.22	14.56	19.68	20.18

2. Financial statements, etc.

(1) Financial statements

(i) Balance sheet

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	5,649,336	3,473,383
Notes and accounts receivable - trade, and contract assets	* 142,945	* 156,838
Prepaid expenses	144,771	148,771
Short-term loans receivable	* 815,679	-
Accounts receivable - other	* 482,176	* 818,598
Other	7,557	18,174
Allowance for doubtful accounts	(116,122)	-
Total current assets	7,126,344	4,615,765
Non-current assets		
Property, plant and equipment		
Buildings	168,474	200,129
Vehicles	-	15,065
Tools, furniture and fixtures	69,880	58,085
Leased assets	9,489	5,136
Other, net	5,522	3,025
Total property, plant and equipment	253,366	281,440
Intangible assets		
Software	400,943	329,793
Software in progress	34,635	34,635
Other	7,105	5,969
Total intangible assets	442,685	370,398
Investments and other assets		
Investment securities	797,759	1,831,097
Shares of subsidiaries and associates	1,251,853	1,251,853
Long-term loans receivable from subsidiaries and associates	* 1,520,000	* 3,420,000
Deferred tax assets	260,378	183,331
Other	606,214	837,489
Total investments and other assets	4,436,205	7,523,771
Total non-current assets	5,132,257	8,175,610
Total assets	12,258,601	12,791,376

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Lease liabilities	4,922	3,208
Accounts payable - other	* 252,277	* 456,291
Income taxes payable	262,050	14,682
Deposits received	30,107	33,689
Provision for bonuses	–	27,848
Provision for share awards	326,059	274,337
Other	6,688	6,721
Total current liabilities	882,105	816,780
Non-current liabilities		
Lease liabilities	5,681	2,597
Provision for share awards	340,542	406,314
Provision for share awards for directors (and other officers)	1,106,107	595,224
Asset retirement obligations	86,444	101,031
Other	40,762	55,483
Total non-current liabilities	1,579,539	1,160,650
Total liabilities	2,461,644	1,977,431
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus		
Legal capital surplus	1,250,000	1,250,000
Other capital surplus	3,518,396	1,901,600
Total capital surplus	4,768,396	3,151,600
Retained earnings		
Other retained earnings		
Retained earnings brought forward	5,977,378	6,969,085
Total retained earnings	5,977,378	6,969,085
Treasury shares	(3,972,854)	(2,470,670)
Total shareholders' equity	9,772,920	10,650,015
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	24,036	163,929
Total valuation and translation adjustments	24,036	163,929
Total net assets	9,796,956	10,813,945
Total liabilities and net assets	12,258,601	12,791,376

(ii) Statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Revenue	*1	5,833,000	*1	5,226,400
Gross profit		5,833,000		5,226,400
Selling, general and administrative expenses	*1, *2	3,267,336	*1, *2	3,487,401
Operating profit		2,565,663		1,738,998
Non-operating income				
Interest income	*1	37,833	*1	34,388
Gain on sale of investment securities		–		23,539
Lectures fee income		10,272		–
Outsourcing service income	*1	6,549	*1	14,935
Miscellaneous income		9,044		21,716
Total non-operating income		63,699		94,579
Non-operating expenses				
Interest expenses		167		123
Foreign exchange losses		6,455		–
Commission for purchase of treasury shares		5,399		2,805
Non-deductible consumption taxes		1,054		–
Loss on investment securities		3,631		7,584
Miscellaneous losses		–		54
Total non-operating expenses		16,708		10,567
Ordinary profit		2,612,654		1,823,010
Extraordinary losses				
Loss on liquidation of subsidiaries and associates		123,849		–
Loss on sale of non-current assets		–		81
Loss on retirement of non-current assets		–		56
Total extraordinary losses		123,849		137
Profit before income taxes		2,488,805		1,822,873
Income taxes - current		768,523		104,618
Income taxes - deferred		(150,639)		15,306
Total income taxes		617,883		119,925
Profit		1,870,921		1,702,948

(iii) Statement of changes in equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	4,626,881	2,876,881	270,130	3,147,012	4,697,609	4,697,609
Changes during period						
Capital reduction	(1,626,881)	(1,626,881)	3,253,763	1,626,881		
Dividends of surplus					(591,152)	(591,152)
Profit					1,870,921	1,870,921
Purchase of treasury shares						
Disposal of treasury shares			(5,497)	(5,497)		
Net changes in items other than shareholders' equity						
Total changes during period	(1,626,881)	(1,626,881)	3,248,265	1,621,384	1,279,768	1,279,768
Balance at end of period	3,000,000	1,250,000	3,518,396	4,768,396	5,977,378	5,977,378

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,628,990)	9,842,513	–	–	9,842,513
Changes during period					
Capital reduction		–			–
Dividends of surplus		(591,152)			(591,152)
Profit		1,870,921			1,870,921
Purchase of treasury shares	(2,165,585)	(2,165,585)			(2,165,585)
Disposal of treasury shares	821,721	816,224			816,224
Net changes in items other than shareholders' equity			24,036	24,036	24,036
Total changes during period	(1,343,864)	(69,593)	24,036	24,036	(45,556)
Balance at end of period	(3,972,854)	9,772,920	24,036	24,036	9,796,956

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	3,000,000	1,250,000	3,518,396	4,768,396	5,977,378	5,977,378
Changes during period						
Dividends of surplus					(711,241)	(711,241)
Profit					1,702,948	1,702,948
Purchase of treasury shares						
Disposal of treasury shares			25,978	25,978		
Cancellation of treasury shares			(1,642,774)	(1,642,774)		
Net changes in items other than shareholders' equity						
Total changes during period	-	-	(1,616,796)	(1,616,796)	991,707	991,707
Balance at end of period	3,000,000	1,250,000	1,901,600	3,151,600	6,969,085	6,969,085

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(3,972,854)	9,772,920	24,036	24,036	9,796,956
Changes during period					
Dividends of surplus		(711,241)			(711,241)
Profit		1,702,948			1,702,948
Purchase of treasury shares	(1,727,519)	(1,727,519)			(1,727,519)
Disposal of treasury shares	1,586,928	1,612,906			1,612,906
Cancellation of treasury shares	1,642,774	-			-
Net changes in items other than shareholders' equity			139,893	139,893	139,893
Total changes during period	1,502,184	877,095	139,893	139,893	1,016,988
Balance at end of period	(2,470,670)	10,650,015	163,929	163,929	10,813,945

Notes to the financial statements

Significant accounting policies

1. Valuation basis and methods for assets
 - (1) Valuation basis and methods for securities
 - (i) Held-to-maturity securities
Stated at amortized cost (straight-line method)
 - (ii) Shares of subsidiaries and associates
Stated at cost determined by the moving average method
 - (iii) Available-for-sale securities
Items other than shares, etc. without market price
Stated at market value (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)
Shares, etc. without market price
Stated at cost determined by the moving average method
Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act)
Stated using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.
2. Accounting method for depreciation of non-current assets
 - (1) Property, plant and equipment (excluding leased assets)
Depreciated using the declining balance method.
However, facilities attached to buildings acquired on or after April 1, 2016 are depreciated using the straight-line method
Major useful lives
Buildings: 15 to 39 years
Tools, furniture and fixtures: 2 to 15 years
 - (2) Intangible assets (excluding leased assets)
Software for internal use
Depreciated using the straight-line method.
Major useful lives 5 years
 - (3) Leased assets
Leased assets related to finance lease transactions that do not transfer ownership
The straight-line method is applied assuming the lease period as the useful life without residual value.
3. Accounting policy for provisions
 - (1) Provision for bonuses
To prepare for the payment of bonuses to employees, of the estimated amount of bonuses payable to employees, the portion attributable to the fiscal year ended March 31, 2024 is recorded.
 - (2) Provision for share awards
To prepare for the granting of shares to employees of the Company and the Group companies in accordance with the Share Awards Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2024 is recorded.
In addition, to prepare for the granting of restricted shares to Executive Officers, the estimated amount of share granting obligations resolved at the Board of Directors meeting is recorded.
 - (3) Provision for share awards for directors (and other officers)
To prepare for the granting of shares to Directors in accordance with the Share Delivery Regulations, the estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2024 is recorded.
4. Recognition of revenues and expenses
The Company's revenue consists of fee income from providing back office services to subsidiaries and dividend income from subsidiaries. The Company's performance obligation is to provide contracted services to its subsidiaries. Since the Company provides uniform services for back office and other services over the contract period, the Company has determined that performance obligation will be satisfied over time and recognizes revenue over the period in which the services are provided. Dividend income is recognized on the effective date of the dividends.

5. Other significant matters forming the basis for preparing the financial statements

Accounting policies and procedures adopted in cases where the relevant provisions set forth in accounting standards and other regulations are not clear

Performance-linked share-based remuneration for Directors is accounted for in conformance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015).

Share-based remuneration for Executive Officers is recognized as an expense based on the progress of the applicable service period (fiscal year), as it is a remuneration in the form of restricted shares, which the Executive Officers will receive after paying in, as in-kind contribution of property, monetary claims granted to them based on the results of their performance during the applicable service period. The expense amount is calculated based on the number of shares expected to be granted, the elapsed portion of the applicable service period, and the market value of the Company’s stock.

Share-based remuneration with restricted shares for Directors is recorded as an expense based on the progress of the applicable period, since monetary claims is paid to Directors as remuneration to grant restricted shares for the applicable period, and the allottees pay all such monetary claims by way of in-kind contribution. The expense amount is calculated based on the number of shares, the elapsed portion of the applicable period, and the market value of the Company’s stock.

Significant accounting estimates

Valuation of shares of subsidiaries

(1) Amount recorded in the financial statements for the fiscal year ended March 31, 2024

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shares of subsidiaries and associates	1,251,853	1,251,853

(2) Other information that helps users of financial statements understand matters on accounting estimates

The Company determines whether or not to recognize impairment losses on shares of subsidiaries and associates by comparing the book value with the net asset value. If the net asset value of the shares has declined significantly compared to the book value, the Company’s policy is to recognize impairment down to the net asset value when, after a comprehensive consideration of the recoverability, it determines that recovery is not probable. If changes in the external environment and other factors significantly impact the net asset value, it may affect the valuation of shares of subsidiaries and associates in the following fiscal years and thereafter.

Changes in accounting policies

Application of the Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.

“Practical Solution on the Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ PITF No. 43, August 26, 2022) is applied from the beginning of the fiscal year ended March 31, 2024. There is no impact from this change in accounting policy.

Changes in presentation

Balance sheet

“Accounts receivable - other” which was included in “Other” under current assets for the previous fiscal year, has been stated as an individual item from the fiscal year ended March 31, 2024, since the significance of the amount has increased. To reflect the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the balance sheet for the previous fiscal year, “Other” of ¥489,734 thousand under current assets has been reclassified as “Accounts receivable - other” of ¥482,176 thousand and “Other” of ¥7,557 thousand.

Additional information

Transactions to offer the Company’s shares to employees, etc. through trust

The Company introduced the Employee Stock Ownership Plan (J-ESOP; hereafter, the “Program”). Through granting the Company’s shares to employees of the Company and the Group companies who meet certain requirements in accordance with the Share Awards Regulations pre-established by the Company, the Program aims to bolster employee morale and motivation towards improved company performance and stock price by enhancing the interrelationship among stock price, company performance and employee remuneration and by sharing economic benefits of improved company performance with shareholders. Shares to be granted to employees of the Company, including shares to be granted in the future, will be purchased with funds placed in trust in advance and managed separately as trust assets.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company’s shares held in the trust account, liabilities, expenses and income of the trust are included in the Company’s balance sheet, statement of income, and statement of changes in equity, with the Company’s shares held in the trust account recognized as treasury shares under net assets in the balance sheet. The

book value and the number of the Company's shares held in the trust account as of March 31, 2023 and 2024, were ¥667,750 thousand and 756,100 shares and ¥741,650 thousand and 735,600 shares, respectively.

Introduction of performance-linked share-based remuneration for Directors

The Company introduced the performance-linked share-based remuneration (hereafter, the "Program"). Under the Program, a trust, established by the Company's contribution of money, acquires the Company's shares and delivers to each Director through the trust a number of Company shares equivalent to the number of points granted by the Company to each Director in accordance with the degree of achievement of his/her performance, etc. The Program is intended to establish a remuneration system to secure management human assets. It has also been introduced as performance-linked share-based remuneration to improve performance in the medium to long term and enhance corporate value of the Company.

Accounting related to the trust is performed with the Company and the trust as one unit from the standpoint of emphasizing economic reality. Accordingly, assets including the Company's shares held in the trust account, liabilities, expenses and income of the trust are included in the Company's balance sheet, statement of income, and statement of changes in equity, with the Company's shares held in the trust account recognized as treasury shares under net assets in the balance sheet. The book value and the number of the Company's shares held in the trust account as of March 31, 2023 and 2024, were ¥1,106,254 thousand and 2,101,480 shares and ¥595,378 thousand and 1,115,890 shares, respectively.

Balance sheet

* Monetary receivables from and payables to subsidiaries and associates (except for those separately disclosed)

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Short-term monetary receivables	1,099,361	468,711
Long-term monetary receivables	1,520,000	3,420,000
Short-term monetary payables	44,631	4,544

Statement of income

*1 Amount of transactions with subsidiaries and associates

(Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Volume of business transactions		
Operating revenue	5,883,340	5,315,878
Operating expenses	97,476	—
Volume of other transactions	30,806	46,321

*2 Major items and amounts included in selling, general and administrative expenses and the approximate percentage are as follows:

(Thousands of yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Remuneration for directors (and other officers)	731,935	655,712
Payroll and allowances	705,985	861,019
Depreciation	216,928	203,080
System expenses	353,205	393,928
Provision for share awards	226,865	177,874
Provision for share awards for directors (and other officers)	66,337	26,237
Provision for bonuses	—	27,848
Approximate percentage		
Selling expenses	2.98%	3.33%
General and administrative expenses	97.02%	96.67%

Securities

Shares of subsidiaries and associates

Amounts recorded on the balance sheet of shares, etc. without market price

(Thousands of yen)

Category	As of March 31, 2023	As of March 31, 2024
Shares of subsidiaries	1,251,853	1,251,853

Deferred tax accounting

1. Major components of deferred tax assets and liabilities

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Provision for share awards for directors (and other officers)	338,690	182,257
Share-based remuneration with restricted shares	331,037	370,064
Others	155,767	126,046
Subtotal	825,495	678,368
Valuation allowance for the total of deductible temporary difference, etc.	(548,454)	(415,373)
Valuation allowance subtotal	(548,454)	(415,373)
Total deferred tax assets	277,041	262,994
Deferred tax liabilities		
Valuation difference on available-for-sale securities	10,607	72,348
Others	6,055	7,314
Total deferred tax liabilities	16,663	79,662
Net deferred tax assets (liabilities)	260,378	183,331

Note: The information on changes in the amount deducted from deferred tax assets (valuation allowance) has been omitted as the consolidated financial statements have been prepared.

2. Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting

(%)

	As of March 31, 2023	As of March 31, 2024
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	1.2	1.4
Income not taxable permanently, such as dividend income	(6.2)	(16.8)
Inhabitant per capita taxes	0.1	0.2
Increase (decrease) in valuation allowance	(2.6)	(7.3)
Adjustment of book value of shares of subsidiaries	1.6	–
Tax deduction	–	(0.9)
Others	0.2	(0.6)
Effective rate of income taxes after application of deferred tax accounting	24.8	6.6

3. Accounting of corporate taxes, local corporate taxes and tax effect accounting for these items

The Company has applied the group tax sharing system, and accounts for and discloses corporate taxes, local corporate taxes and tax effect accounting for these items in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

Revenue recognition

Information that forms the basis for understanding revenue is as described in “Notes to the financial statements, *Significant accounting policies*, 4. Recognition of revenues and expenses” of the financial statements.

(iv) Annexed detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Thousands of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Amortization in the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	168,474	58,262	–	26,607	200,129	354,094
	Vehicles	–	15,720	–	655	15,065	655
	Tools, furniture and fixtures	69,880	13,335	145	24,984	58,085	267,669
	Land	1,070	1,955	–	–	3,025	–
	Construction in progress	4,452	16,189	20,641	–	–	–
	Leased assets	9,489	–	–	4,352	5,136	17,469
	Total	253,366	105,462	20,786	56,600	281,440	639,888
Intangible assets	Software	400,943	56,547	–	127,697	329,793	–
	Software in progress	34,635	56,925	56,926	–	34,635	–
	Other	7,105	–	–	1,136	5,969	–
	Total	442,685	113,473	56,926	128,833	370,398	–

Notes: 1. Of increase during period, major items were as follows:

Buildings	Purchase of buildings, etc.	¥58,262 thousand
Software	Development expenses for in-house systems	¥56,547 thousand
Software in progress	Development expenses for in-house systems	¥56,925 thousand

2. Of decrease during period, major items were as follows:

Software in progress	Transfer to software due to start of operation	¥56,926 thousand
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Annexed detailed schedule of provisions

(Thousands of yen)

Item	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	116,122	–	116,122	–
Provision for bonuses	–	27,848	–	27,848
Provision for share awards	666,602	489,439	475,389	680,652
Provision for share awards for directors (and other officers)	1,106,107	26,237	537,120	595,224

(2) Components of major assets and liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Others

Not applicable

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Additional purchase of shares less than one unit	
Office for handling business	Stock Transfer Agency, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	–
Additional purchase fee	No fee
Method of public notice	Public notices of the Company shall be given by electronic means. https://www.sigmaxyz.com/ However, if the Company is unable to give an electronic public notice because of an accident or any other unavoidable reason, public notices of the Company may be given in “The Nikkei” newspaper.
Special benefits for shareholders	Not applicable

Note: The Company’s Articles of Incorporation stipulate that the Company’s shareholders may not exercise any right other than the following rights, with respect to its shares less than one unit.

- (i) The rights stipulated in each item of Article 189, paragraph (2) of the Companies Act
- (ii) The right to make a claim under Article 166, paragraph (1) of the Companies Act
- (iii) The right to receive an allotment of offered shares and offered subscription warrants in proportion to the number of shares held by the shareholder

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

From the beginning of the fiscal year ended March 31, 2024 until the filing date of this Annual Securities Report, the Company has filed the following documents:

- (1) Annual Securities Report, Attached Documents, and Confirmation Letter
For the fiscal year (15th term) (from April 1, 2022 to March 31, 2023)
Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2023
- (2) Internal Control Report and Attached Documents
Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2023
- (3) Quarterly Securities Reports and Confirmation Letters
First quarter of 16th term (from April 1, 2023 to June 30, 2023)
Filed to Director-General of the Kanto Local Finance Bureau on August 7, 2023
Second quarter of 16th term (from July 1, 2023 to September 30, 2023)
Filed to Director-General of the Kanto Local Finance Bureau on November 7, 2023
Third quarter of 16th term (from October 1, 2023 to December 31, 2023)
Filed to Director-General of the Kanto Local Finance Bureau on February 8, 2024
- (4) Extraordinary Securities Reports
Filed to the Kanto Local Finance Bureau on June 28, 2023
Extraordinary Securities Report based on Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of Exercise of Voting Rights at Shareholder Meetings).
Filed to the Kanto Local Finance Bureau on February 6, 2024
Extraordinary Securities Report based on Article 19, paragraph (2), item (ii) (Disposal of Treasury Shares as Restricted Stock Remuneration) of the Cabinet Office Order on Disclosure of Corporate Affairs.
- (5) Securities Registration Statements and Attached Documents
Filed to the Kanto Local Finance Bureau on July 3, 2023
Filed to the Kanto Local Finance Bureau on May 8, 2024
- (6) Reports on Own Share Repurchase
Reporting period (from June 1, 2023 to June 30, 2023): Filed to Director-General of the Kanto Local Finance Bureau on July 3, 2023
Reporting period (from July 1, 2023 to July 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on August 3, 2023
Reporting period (from August 1, 2023 to August 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on September 5, 2023
Reporting period (from September 1, 2023 to September 30, 2023): Filed to Director-General of the Kanto Local Finance Bureau on October 2, 2023
Reporting period (from October 1, 2023 to October 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on November 6, 2023
Reporting period (from November 1, 2023 to November 30, 2023): Filed to Director-General of the Kanto Local Finance Bureau on December 5, 2023
Reporting period (from December 1, 2023 to December 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on January 4, 2024
Reporting period (from January 1, 2024 to January 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on February 6, 2024
Reporting period (from February 1, 2024 to February 29, 2024): Filed to Director-General of the Kanto Local Finance Bureau on March 5, 2024
Reporting period (from March 1, 2024 to March 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on April 1, 2024
Reporting period (from April 1, 2024 to April 30, 2024): Filed to Director-General of the Kanto Local Finance Bureau on May 7, 2024
Reporting period (from May 1, 2024 to May 31, 2024): Filed to Director-General of the Kanto Local Finance Bureau on June 5, 2024

Part II. Information About Reporting Company's Guarantor, Etc.

Not applicable