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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese Accounting Standards)

May 9, 2023

Company name:	SIGMAXYZ Holdings Inc.	Stock listing: Tokyo Stock Exchange
Stock code:	6088	URL: <a href="https://www.sigmaxyz.com/">https://www.sigmaxyz.com/</a>
Representative:	Ryuichi Tomimura, Representative Director and President	
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Scheduled date of ordinary general meeting of shareholders:	June 27, 2023	
Scheduled date of dividend payment:	June 7, 2023	
Scheduled date of securities report filing:	June 28, 2023	
Preparation of supplementary materials on financial results:	Yes	
Schedule of financial results presentation meeting:	Yes (for institutional investors and analysts)	
	* To be held online	

(Amounts of less than ¥1 million are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

#### (1) Consolidated Operating Results

(% figures indicate year-on-year changes)

Fiscal year ended	Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	17,334	10.7	3,235	17.2	3,265	18.1	2,204	32.4
March 31, 2022	15,654	11.6	2,759	57.9	2,764	53.8	1,664	37.5

Note: Comprehensive Income  
Fiscal year ended March 31, 2023: ¥2,516 million [50.4%]  
Fiscal year ended March 31, 2022: ¥1,672 million [38.2%]

Fiscal year ended	Profit per Share	Profit per Share (Diluted)	Return on Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Revenue
	Yen	Yen	%	%	%
March 31, 2023	52.32	—	20.8	22.4	18.7
March 31, 2022	39.63	—	21.1	22.2	17.6

Reference: Share of profit (loss) of entities accounted for using equity method  
Fiscal year ended March 31, 2023: ¥— million  
Fiscal year ended March 31, 2022: ¥4 million

- Notes: 1. The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “profit per share” and “profit per share (diluted)” were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.
2. Profit per share (diluted) for the fiscal years ended March 31, 2022 and 2023 are not stated because there are no dilutive shares.

#### (2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	14,461	10,878	75.2	261.53
March 31, 2022	14,656	10,302	70.3	242.92

Reference: Equity  
As of March 31, 2023: ¥10,878 million  
As of March 31, 2022: ¥10,302 million

Note: The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “net assets per share” were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	2,085	(4)	(2,696)	7,093
March 31, 2022	2,506	(546)	474	7,721

### 2. Dividends

	Annual Dividend				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Fiscal Year-End	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2022	–	0.00	–	26.00	26.00
Fiscal year ended	–	0.00	–	16.00	16.00
March 31, 2023	–	0.00	–	16.00	16.00
Fiscal year ending	–	0.00	–	20.00	20.00
March 31, 2024 (Forecast)	–	0.00	–	20.00	20.00

	Total Dividends (Annual)	Payout Ratio (Consol.)	Dividend on Equity Ratio (Consol.)
Fiscal year ended	Millions of yen	%	%
March 31, 2022	591	32.8	6.7
Fiscal year ended	711	30.6	6.3
March 31, 2023			
Fiscal year ending		30.8	
March 31, 2024 (Forecast)			

Note: The Company carried out a two-for-one split of its common stock on April 1, 2022, and the dividend amounts for the fiscal year ended March 31, 2022 are the actual dividend amounts before the stock split. If the stock split is not taken into account, the annual dividend per share for the fiscal year ended March 31, 2023 is ¥32, and the forecast for the annual dividend per share for the fiscal year ending March 31, 2024 is ¥40.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending	19,200	10.8	3,850	19.0	3,850	17.9	2,700	22.5	64.91
March 31, 2024									

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation):  
None
- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- 1) Changes in accounting policies associated with revisions to accounting standards: Yes
- 2) Changes in accounting policies other than those in item 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None

(3) Number of shares issued (common stock)

- 1) The number of shares issued as of the end of the period (including treasury shares)

As of March 31, 2023	46,308,600 shares
As of March 31, 2022	46,308,600 shares

- 2) The number of treasury shares as of the end of the period

As of March 31, 2023	4,713,594 shares
As of March 31, 2022	3,897,394 shares

- 3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	42,129,396 shares
Fiscal year ended March 31, 2022	41,999,797 shares

Note: The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “the number of shares issued as of the end of the period,” “the number of treasury shares as of the end of the period” and “average number of shares outstanding during the period” were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

(Reference) Overview of Non-Consolidated Financial Results

**1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)**

(1) Non-Consolidated Operating Results

(% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	5,833	(39.4)	2,565	26.6	2,612	24.5	1,870	48.5
March 31, 2022	9,632	(29.9)	2,026	21.5	2,099	17.1	1,260	1.0

	Profit per Share	Profit per Share (Diluted)
	Yen	Yen
Fiscal year ended March 31, 2023	44.41	—
March 31, 2022	30.01	—

- Notes: 1. The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “profit per share” and “profit per share (diluted)” were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.
2. Profit per share (diluted) for the fiscal years ended March 31, 2022 and 2023 are not stated because there are no dilutive shares.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	12,258	9,796	79.9	235.53
March 31, 2022	12,834	9,842	76.7	232.07

Reference: Equity As of March 31, 2023: ¥9,796 million  
As of March 31, 2022: ¥9,842 million

Note: The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “net assets per share” were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

\* These financial statements are outside the scope of audit procedures by certified public accountants or audit corporations.

\* Explanation regarding proper use of financial forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in these materials reflect information currently available to the Company and assumptions that are deemed to be reasonable, but the Company does not guarantee the achievement of these targets. Actual results may differ significantly as a consequence of numerous factors. For more information on the Company’s earnings forecasts and underlying assumptions, please refer to “Overview of Operating Results, etc.” on page 2 of the attached documents.

Contents of the attached materials

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results in Current Fiscal Year	2
(2) Overview of Financial Position in Current Fiscal Year	3
2. Basic Policy Regarding Selection of Accounting Standards	3
3. Consolidated Financial Statements and Important Notes	4
(1) Consolidated Balance Sheet	4
(2) Consolidated Statements of Income and Comprehensive Income	6
Consolidated Statement of Income	6
Consolidated Statement of Comprehensive Income	7
(3) Consolidated Statement of Changes in Equity	8
(4) Consolidated Statement of Cash Flows	10
(5) Notes to Consolidated Financial Statements	11
(Notes Regarding Assumption of a Going Concern)	11
(Changes in Accounting Policies)	11
(Segment Information, etc.)	11
(Per Share Information)	13

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results in Current Fiscal Year

#### i. Operating Results in Current Fiscal Year

The Japanese economy is gradually recovering, although some parts of it still remain weak. In terms of future prospects, the economy is expected to recover partly owing to the effects of various policies in living with COVID-19. However, amid continued monetary tightening worldwide, there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy. In addition, sufficient heed must be paid to impacts caused by rising prices, supply-side restrictions, changes in the financial and capital markets, etc.

In such an environment, the Group has generated value in a wide range of industries and companies, and created new markets that solve social issues through the synergy of each Group company with "consulting" and "investment" at the center of business. In the Consulting Business, we are engaged in value creation that includes making business strategy, business reform, organizational reform, utilization of digital technology and cloud solutions, project management, development of new business, and promotion of collaboration between companies. Our goal is to provide services toward realization of "Three Innovations" that promote corporate transformation, namely Management Transformation, Digital Transformation, and Service Transformation. In the Investment Business, we promote investment activities primarily in the Regenerative & Well-being area, which intersects with a number of industries.

The Group's revenue for the fiscal year ended March 31, 2023 amounted to ¥17,334 million (up 10.7% year on year).

Selling, general and administrative expenses were ¥5,138 million (up 14.5% year on year) due to the increase in travel and other sundry expenses associated with the normalization of face-to-face activities and recruiting expenses.

Due to an increase in revenue, gross profit increased by ¥1,128 million to ¥8,374 million (up 15.6% year on year), operating profit increased by ¥475 million to ¥3,235 million (up 17.2% year on year), and ordinary profit increased by ¥500 million to ¥3,265 million (up 18.1% year on year).

Total income taxes stood at ¥1,058 million (down 2.8% year on year).

Profit before income taxes came to ¥3,263 million (up 18.5% year on year), and profit attributable to owners of parent came to ¥2,204 million (up 32.4% year on year). Comprehensive income from investing activities came to ¥312 million.

Operating results for each segment are as follows.

#### (Consulting Business)

The financial results of the Consulting Business for the fiscal year ended March 31, 2023 shows revenue of ¥17,259 million (up 11.6% year on year) and segment profit of ¥5,032 million (up 14.9% year on year). The Consulting Business was driven by projects supporting corporate transformations, including the formulation of digital transformation strategies, development of new businesses and services, and revitalization of organizations and personnel, for customers mainly in the finance, trading, transportation, telecommunications, retail, and manufacturing industries.

On the hiring front, the Consulting Business hired 56 mid-career recruits and 36 new graduates in the current fiscal year. New graduates have started working on their project delivery in October. The number of consultants was 511 as of the end of March 2023. Project satisfaction remained high at 93 points.

The Company transferred all shares of its consolidated subsidiary SXA Inc. by means of management buyout (MBO). Until now, financial results of SXA Inc. have been reported in the financial results of the Consulting Business. However, as a result of this MBO, starting with the fourth quarter of the fiscal year ended March 31, 2023, SXA Inc. will be removed from the Company's scope of consolidation.

#### (Investment Business)

In May 2022, the Investment Business, which began new investments and other initiatives in earnest, made an investment of approximately ¥200 million in Forest Energy Inc., which develops renewable energy business, such as power generation using wood biomass that was locally produced for local consumption and utilizes domestic wood from forest thinning. Furthermore, in December, the Company made an investment of approximately ¥100 million in DORAEVER Co. Ltd, which operates a recruitment website for drivers. In addition, between October and November, the Company acquired the shares of Mental Health Technologies Co., Ltd., which provides health management services for employees of corporate customers, for approximately ¥150 million.

In September 2022, investee companies eWell Co., Ltd. and PROGRIT Inc., and in March 2023, Monstarlab Holdings Inc. were listed on the Growth Market of the Tokyo Stock Exchange. In March 2023, the Company sold all shares in Wellness Communications Corporation. As a result, the cumulative balance of investments as of end of March 2023 stood at approximately ¥2.2 billion, including valuation differences.

The financial results of the Investment Business for the fiscal year ended March 31, 2023 shows revenue of ¥167 million (down 49.9% year on year), and segment loss of ¥130 million (compared to a segment profit of ¥45 million in the previous fiscal year).

#### ii. Outlook

As the Group's vision for medium- to long-term growth, in August 2022, we released "'Blueprint' in the Fiscal Year Ending March 31, 2026." Toward consolidated revenue of ¥25.0 billion, ordinary profit of ¥7.0 billion, a 28% profit margin, and approximately 800 total personnel, the Group is accelerating growth in both our Consulting and Investment Businesses. In our Investment Business, we will carry out aggressive new investment with the goal of a ¥10.0 billion investment balance by the fiscal year ending March 31, 2026.

For the fiscal year ending March 31, 2024, with the cooperation of each business, we will make conceptual proposals aimed at value creation, continue to support the “Three Innovations” of corporate transformation, support the launch of new businesses and sharing of business functions through multi-company collaboration, and provide investment and business support to startup companies. In addition, we will acquire profits from past investment projects to promote further business growth.

In the Consulting Business, in order to achieve business growth, we will continue to expand our consulting capacity (in terms of both skills and workforce). 18 mid-career recruits and 61 new graduates joined the Group on April 1, 2023. Recruitment activities are progressing smoothly including with mid-career recruits, with the number of prospective employees in line with our plan, which calls for about 60 new graduates to join the company in April 2024.

In the Investment Business, we are planning new investment of approximately ¥2.0 billion to ¥3.0 billion in the Regenerative & Well-being area, in particular in the energy and healthcare sectors.

Through these efforts, during the fiscal year ending March 31, 2024, the Company expects to record revenue of ¥19,200 million (up 10.8% year on year), operating profit of ¥3,850 million (up 19.0% year on year), ordinary profit of ¥3,850 million (up 17.9% year on year), and profit attributable to owners of parent of ¥2,700 million (up 22.5% year on year).

## (2) Overview of Financial Position in Current Fiscal Year

### i. Status of Assets, Liabilities, and Net assets

#### (Assets)

Current assets as of March 31, 2023 stood at ¥12,013 million (down ¥133 million from the previous fiscal year), mainly reflecting ¥7,093 million in cash and deposits and ¥2,263 million in notes and accounts receivable - trade, and contract assets. Non-current assets came to ¥2,447 million (down ¥61 million from the previous fiscal year), mainly comprising ¥797 million in investment securities and ¥400 million in software.

#### (Liabilities)

Current liabilities as of March 31, 2023 totaled ¥1,978 million (down ¥786 million from the previous fiscal year), mainly reflecting ¥842 million in accounts payable - other and ¥339 million in income taxes payable. Non-current liabilities came to ¥1,605 million (up ¥15 million from the previous fiscal year), mainly comprising ¥1,106 million in provision for share awards for directors (and other officers).

#### (Net assets)

Net assets as of March 31, 2023 amounted to ¥10,878 million (up ¥575 million from the previous fiscal year), mainly reflecting ¥4,768 million in capital surplus, ¥6,762 million in retained earnings, and ¥3,972 million in treasury shares.

### ii. Status of Cash Flows

Cash and cash equivalents (hereinafter “net cash”) as of March 31, 2023 stood at ¥7,093 million (down ¥627 million from the previous fiscal year).

#### (Cash flows from operating activities)

Net cash provided by operating activities totaled ¥2,085 million (versus ¥2,506 million provided in the previous fiscal year). This mainly reflected ¥3,263 million in profit before income taxes, a ¥248 million change in trade receivables, and a ¥291 million change in accounts payable - other.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥4,684 million (versus ¥546 million used in the previous fiscal year). This is attributable mainly to purchase of investment securities of ¥140 million.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥2,696 million (versus ¥474 million provided in the previous fiscal year). This is attributable mainly to ¥2,099 million in purchase of treasury shares.

### (Reference) Trends in cash flow-related indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Shareholders' equity ratio (%)	53.1	70.3	75.2
Shareholders' equity ratio on a market value basis (%)	347.3	369.2	365.2
Ratio of interest-bearing debt to cash flow (%)	119.9	0.6	0.5
Interest coverage ratio (times)	270.5	1,820.1	12,473.5

Shareholders' equity ratio:

Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis:

Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow:

Interest-bearing debt/Cash flow

Interest coverage ratio:

Cash flow/Interest payments

Note: Market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

## 2. Basic Policy Regarding Selection of Accounting Standards

The SIGMAXYZ Group plans to continue preparing its consolidated financial statements under the Japanese Generally Accepted Accounting Principles (J-GAAP) in the foreseeable future to ensure comparability with other companies.

With regard to the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately while considering conditions in Japan and abroad.

3. Consolidated Financial Statements and Important Notes  
 (1) Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Fiscal year ended March 31, 2023 (As of March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	7,721,528	7,093,890
Notes and accounts receivable - trade, and contract assets	2,017,936	2,263,554
Securities	99,899	–
Operational investment securities	1,817,532	2,171,591
Other	505,057	600,834
Allowance for doubtful accounts	(14,520)	(116,122)
<b>Total current assets</b>	<b>12,147,433</b>	<b>12,013,748</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	183,383	168,474
Other, net	102,442	84,892
<b>Total property, plant and equipment</b>	<b>285,825</b>	<b>253,366</b>
Intangible assets		
Software	241,524	400,943
Software in progress	254,544	34,635
Other	8,242	7,105
<b>Total intangible assets</b>	<b>504,311</b>	<b>442,685</b>
Investments and other assets		
Investment securities	851,962	797,759
Deferred tax assets	323,337	316,670
Other	544,051	637,403
<b>Total investments and other assets</b>	<b>1,719,351</b>	<b>1,751,832</b>
<b>Total non-current assets</b>	<b>2,509,489</b>	<b>2,447,884</b>
<b>Total assets</b>	<b>14,656,922</b>	<b>14,461,633</b>

(Thousands of yen)

	Fiscal year ended March 31, 2022 (As of March 31, 2022)	Fiscal year ended March 31, 2023 (As of March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	185,756	237,169
Accounts payable - other	1,176,042	842,657
Income taxes payable	944,399	339,489
Provision for share awards	242,975	326,059
Other	215,360	232,954
Total current liabilities	2,764,533	1,978,330
Non-current liabilities		
Lease liabilities	10,304	5,681
Provision for share awards	354,834	340,542
Provision for share awards for directors (and other officers)	1,134,524	1,106,107
Asset retirement obligations	86,444	86,444
Other	3,726	66,238
Total non-current liabilities	1,589,834	1,605,014
Total liabilities	4,354,368	3,583,345
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,626,881	3,000,000
Capital surplus	3,147,012	4,768,396
Retained earnings	5,149,207	6,762,154
Treasury shares	(2,628,990)	(3,972,854)
Total shareholders' equity	10,294,111	10,557,696
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,442	320,592
Total accumulated other comprehensive income	8,442	320,592
Total net assets	10,302,554	10,878,288
Total liabilities and net assets	14,656,922	14,461,633



(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statement of Income)

	(Thousands of yen)	
	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Revenue	15,654,373	17,334,289
Cost of revenue	8,408,282	8,960,023
Gross profit	7,246,090	8,374,265
Selling, general and administrative expenses	4,486,279	5,138,843
Operating profit	2,759,811	3,235,421
Non-operating income		
Interest income	3,942	7,595
Share of profit of entities accounted for using equity method	4,529	–
Foreign exchange gains	11,799	–
Lectures fee income	3,936	37,490
Sponsorship money income	–	10,335
Miscellaneous income	9,091	10,009
Total non-operating income	33,298	65,431
Non-operating expenses		
Interest expenses	1,376	167
Foreign exchange losses	–	11,842
Commission for purchase of treasury shares	2,099	5,399
Share issuance costs	21,148	–
Non-deductible consumption taxes	3,438	14,764
Loss on investment securities	–	3,631
Miscellaneous losses	52	0
Total non-operating expenses	28,116	35,805
Ordinary profit	2,764,993	3,265,047
Extraordinary income		
Gain on sale of investment securities	10,497	–
Total extraordinary income	10,497	–
Extraordinary losses		
Impairment losses	21,650	–
Loss on liquidation of subsidiaries and associates	–	2,003
Other	432	–
Total extraordinary losses	22,082	2,003
Profit before income taxes	2,753,408	3,263,043
Income taxes - current	1,192,218	1,168,291
Income taxes - deferred	(103,200)	(109,346)
Total income taxes	1,089,018	1,058,944
Profit	1,664,390	2,204,098
Profit attributable to owners of parent	1,664,390	2,204,098

## (Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit	1,664,390	2,204,098
Other comprehensive income		
Valuation difference on available-for-sale securities	8,442	312,149
Total other comprehensive income	8,442	312,149
Comprehensive income	1,672,833	2,516,248
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,672,833	2,516,248

(3) Consolidated Statement of Changes in Equity  
Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,848,506	1,150,829	3,938,630	(2,475,262)	5,462,704
Changes during period					
Issuance of new shares	1,778,375	1,778,375			3,556,750
Dividends of surplus			(453,813)		(453,813)
Profit attributable to owners of parent			1,664,390		1,664,390
Purchase of treasury shares				(909,854)	(909,854)
Disposal of treasury shares		217,807		756,126	973,933
Net changes in items other than shareholders' equity					
Total changes during period	1,778,375	1,996,182	1,210,577	(153,728)	4,831,406
Balance at end of period	4,626,881	3,147,012	5,149,207	(2,628,990)	10,294,111

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	–	–	5,462,704
Changes during period			
Issuance of new shares			3,556,750
Dividends of surplus			(453,813)
Profit attributable to owners of parent			1,664,390
Purchase of treasury shares			(909,854)
Disposal of treasury shares			973,933
Net changes in items other than shareholders' equity	8,442	8,442	8,442
Total changes during period	8,442	8,442	4,839,848
Balance at end of period	8,442	8,442	10,302,554

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

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,753,408	3,263,043
Depreciation	191,202	217,610
Share issuance costs	21,148	–
Increase (decrease) in allowance for doubtful accounts	14,520	101,602
Increase (decrease) in provision for share awards	606,799	529,621
Increase (decrease) in provision for share awards for directors (and other officers)	209,007	66,337
Interest and dividend income	(3,942)	(7,595)
Interest expenses	1,376	167
Foreign exchange losses (gains)	(11,799)	11,842
Loss (gain) on investment securities	–	3,631
Share of loss (profit) of entities accounted for using equity method	(4,529)	–
Loss (gain) on sale of shares of subsidiaries and associates	(10,497)	–
Impairment losses	21,650	–
Decrease (increase) in operational investment securities	(954,509)	61,208
Decrease (increase) in trade receivables	(230,668)	(248,668)
Decrease (increase) in prepaid expenses	163,074	336,046
Increase (decrease) in trade payables	(35,304)	51,413
Increase (decrease) in accounts payable - other	549,125	(291,979)
Other, net	(93,217)	(273,781)
Subtotal	3,186,844	3,820,501
Interest and dividends received	4,104	7,814
Interest paid	(1,376)	(167)
Income taxes paid	(683,530)	(1,742,705)
Net cash provided by (used in) operating activities	2,506,041	2,085,443
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(129,187)	(75,894)
Purchase of intangible assets	(138,426)	(64,132)
Proceeds from sale of shares of subsidiaries and associates	122,158	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(5,274)
Purchase of investment securities	(509,000)	(140,000)
Proceeds from sale and redemption of investment securities	300,254	325,214
Other payments	(194,018)	(60,420)
Other proceeds	1,971	15,822
Net cash provided by (used in) investing activities	(546,247)	(4,684)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings	(1,600,000)	–
Repayments of long-term borrowings	(300,000)	–
Repayments of lease liabilities	(6,258)	(5,118)
Purchase of treasury shares	(699,983)	(2,099,243)
Proceeds from issuance of shares	3,535,601	–
Dividends paid	(455,194)	(592,192)
Net cash provided by (used in) financing activities	474,165	(2,696,554)
Effect of exchange rate change on cash and cash equivalents	11,799	(11,842)
Net increase (decrease) in cash and cash equivalents	2,445,758	(627,637)
Cash and cash equivalents at beginning of period	5,275,769	7,721,528
Cash and cash equivalents at end of period	7,721,528	7,093,890

- (5) Notes to Consolidated Financial Statements  
 (Notes Regarding Assumption of a Going Concern)  
 No applicable matters to report.

(Changes in Accounting Policies)

*Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement*

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Implementation Guidance on Fair Value Measurement”) is applied from the beginning of the first quarter of the fiscal year ended March 31, 2023, and the new accounting methods stipulated in the Implementation Guidance on Fair Value Measurement are applied into the future in accordance with the transitional treatment provided for in paragraph 27-2 of the Implementation Guidance on Fair Value Measurement. The impact of this change in accounting policy is immaterial.

(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 managerial resources and to assess their performance.

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

The Group has generated value in a wide range of industries and companies, and created new markets that solve social issues through the synergy of each Group company with “consulting” and “investment” at the center of business. In the Consulting Business, we are engaged in value creation that includes making business strategy, business reform, organizational reform, utilization of digital technology and cloud solutions, project management, development of new business, and promotion of collaboration between companies. Our goal is to provide services toward realization of “Three Innovations” that promote corporate transformation, namely Management Transformation, Digital Transformation, and Service Transformation. In the Investment Business, we promote investment activities primarily in the Regenerative & Well-being area, which intersects with a number of industries.

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

The accounting method for the operating segments that are reportable is the same as described in “Significant Matters as Basis for Preparing 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 and other items by reportable segment

(1) Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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 customers	15,370,604	283,768	15,654,373	–	15,654,373
Internal revenue or transfer among segments	99,630	50,610	150,240	(150,240)	–
Total	15,470,235	334,378	15,804,613	(150,240)	15,654,373
Segment profit	4,380,165	45,359	4,425,525	(1,665,714)	2,759,811
Segment assets	4,249,229	2,077,447	6,326,676	8,330,245	14,656,922
Other items					
Depreciation	13,274	–	13,274	177,928	191,202

Notes: 1. Adjustments of segment profit consist of company-wide expenses, etc. of negative ¥1,662 million and the elimination of intersegmental transactions of negative ¥3 million.

2. Segment profit is adjusted with operating profit recorded in the consolidated statement of income.

3. Adjustments of segment assets includes the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

(2) 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 customers	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 million and the elimination of intersegmental transactions of ¥4 million.

2. Segment profit (loss) is adjusted with operating profit recorded in the consolidated statement of income.

3. Adjustments of segment assets includes the Corporate Group (Common) assets and the elimination of intersegmental receivables and liabilities, etc.

[Related information]

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Information by product and service

This information has been omitted as revenue from external customers 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 customer

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

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

1. Information by product and service

This information has been omitted as revenue from external customers 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 customer

This information is omitted as none of our customers 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, 2022 (April 1, 2021 to March 31, 2022)

The Group recognized and recorded an impairment loss of ¥21 million mainly for software in the Consulting Business.

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

No applicable matters to report.

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

No applicable matters to report.

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

No applicable matters to report.

[Information regarding gains on bargain purchases by reportable segment]

No applicable matters to report.

## (Per Share Information)

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Net assets per share	¥242.92	¥261.53
Profit per share	¥39.63	¥52.32

- Notes:
- The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022. The figures for “net assets per share,” “profit per share” and the average number of shares outstanding during the period were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.
  - In calculating “net assets per share,” shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked stock compensation program were included in treasury shares excluded from the number of shares issued as of the end of the period (3,062,080 shares in the fiscal year ended March 31, 2022; 2,857,580 shares in the fiscal year ended March 31, 2023). 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 (2,995,511 shares in the fiscal year ended March 31, 2022; 2,869,201 shares in the fiscal year ended March 31, 2023).
  - Diluted profit per share is not stated because there are no dilutive shares.
  - The basis used for calculating “profit per share” is as follows.

	Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	1,664,390	2,204,098
Amount not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to owners of the parent pertaining to common stock (thousands of yen)	1,664,390	2,204,098
Average number of outstanding common stock during the period (shares)	41,999,797	42,129,396