

Annual Securities Report

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

For the 15th fiscal year

From April 1, 2022
to March 31, 2023

This document is the English translation of the legal disclosure material in Japanese released on June 28, 2023. 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)

Table of Contents

Page

Cover page	
Part I. Company Information	1
I. Overview of Company	1
1. Key financial data	1
2. History	3
3. Description of business	4
4. Subsidiaries and other affiliated entities	8
5. Employees	9
II. Overview of Business	10
1. Management philosophy, business environment, issues to address	10
2. Approach to and initiatives for sustainability	12
3. Business risks	16
4. Management analysis of financial position, operating results and cash flows	18
5. Material contracts, etc.	22
6. Research and development activities	22
III. Information About Facilities	23
1. Overview of capital expenditures	23
2. Major facilities	23
3. Planned addition, retirement, and other changes of facilities	23
IV. Information About Reporting Company	24
1. Company's shares, etc.	24
(1) Total number of shares	24
(2) Share acquisition rights	24
(3) Exercises of moving strike convertible bonds, etc.	24
(4) Changes in total number of issued shares, share capital and legal capital surplus	25
(5) Shareholding by shareholder category	25
(6) Major shareholders	26
(7) Voting rights	27
(8) Share ownership plan for directors (and other officers) and employees	27
2. Acquisition and disposal of treasury shares	31
3. Dividend policy	32
4. Corporate governance	32
(1) Overview of corporate governance	32
(2) Directors (and other officers)	38
(3) Audits	45
(4) Remuneration for directors (and other officers)	48
(5) Shareholdings	49
V. Financial Information	51
1. Consolidated financial statements, etc.	52
(1) Consolidated financial statements	52
(2) Others	79
2. Financial statements, etc.	80
(1) Financial statements	80
(2) Components of major assets and liabilities	91
(3) Others	91
VI. Outline of Share-Related Administration of Reporting Company	92
VII. Reference Information of Reporting Company	93
1. Information about parent of reporting company	93
2. Other reference information	93
Part II. Information About Reporting Company's Guarantor, Etc.	94

Cover page

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 28, 2023
Fiscal year	The 15th term (from April 1, 2022 to March 31, 2023)
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 11th term	The 12th term	The 13th term	The 14th term	The 15th term
Fiscal year-end	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Revenue (Thousands of yen)	13,329,641	16,003,192	14,024,337	15,654,373	17,334,289
Ordinary profit (Thousands of yen)	1,322,289	2,164,434	1,797,699	2,764,993	3,265,047
Profit attributable to owners of parent (Thousands of yen)	909,219	1,407,362	1,210,026	1,664,390	2,204,098
Comprehensive income (Thousands of yen)	909,219	1,407,362	1,210,026	1,672,833	2,516,248
Net assets (Thousands of yen)	4,556,250	5,036,581	5,462,704	10,302,554	10,878,288
Total assets (Thousands of yen)	6,997,550	9,669,373	10,283,891	14,656,922	14,461,633
Net assets per share (Yen)	118.32	131.91	143.80	242.92	261.53
Profit per share (Yen)	23.42	36.44	31.66	39.63	52.32
Diluted profit per share (Yen)	23.25	36.29	31.63	–	–
Shareholders' equity ratio (%)	65.1	52.1	53.1	70.3	75.2
Rate of return on equity (%)	21.5	29.3	23.0	21.1	20.8
Price-earnings ratio (Times)	22.2	17.1	29.4	29.1	21.7
Cash flows from operating activities (Thousands of yen)	940,745	2,335,942	1,598,103	2,506,041	2,085,443
Cash flows from investing activities (Thousands of yen)	(677,207)	(2,947)	285,102	(546,247)	(4,684)
Cash flows from financing activities (Thousands of yen)	(335,846)	34,842	(783,648)	474,165	(2,696,554)
Cash and cash equivalents at end of period (Thousands of yen)	1,804,601	4,175,567	5,275,769	7,721,528	7,093,890
Number of employees (Persons)	494	524	554	560	595

- 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 and the 15th 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 11th 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 11th term	The 12th term	The 13th term	The 14th term	The 15th term
Fiscal year-end	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Revenue (Thousands of yen)	13,143,113	15,797,061	13,736,438	9,632,673	5,833,000
Ordinary profit (Thousands of yen)	1,301,653	2,359,273	1,792,089	2,099,120	2,612,654
Profit (Thousands of yen)	890,066	1,433,174	1,247,543	1,260,242	1,870,921
Share capital (Thousands of yen)	2,824,227	2,842,098	2,848,506	4,626,881	3,000,000
Total number of issued shares (Shares)	20,967,900	21,068,300	21,104,300	23,154,300	46,308,600
Net assets (Thousands of yen)	4,445,470	4,951,613	5,415,253	9,842,513	9,796,956
Total assets (Thousands of yen)	6,865,939	9,556,944	10,193,022	12,834,417	12,258,601
Net assets per share (Yen)	115.44	129.68	142.55	232.07	235.53
Dividend per share (Yen)	18.00	22.00	22.00	26.00	16.00
[Interim dividend paid per share] (Yen)	[-]	[-]	[-]	[-]	[-]
Profit per share (Yen)	22.92	37.10	32.64	30.01	44.41
Diluted profit per share (Yen)	22.76	36.96	32.61	-	-
Shareholders' equity ratio (%)	64.7	51.8	53.1	76.7	79.9
Rate of return on equity (%)	21.6	30.5	24.1	16.5	19.1
Price-earnings ratio (Times)	22.7	16.8	28.5	38.4	25.5
Payout ratio (%)	39.27	29.65	33.70	43.32	36.03
Number of employees (Persons)	487	517	548	73	68
Total shareholder return (%)	49.5	60.0	90.0	111.9	111.7
[Comparison benchmark: TOPIX] (%)	[95.0]	[85.9]	[122.1]	[124.6]	[131.8]
Highest share price (Yen)	2,388	2,365	1,993	1,184 [3,335]	1,446
Lowest share price (Yen)	701	1,007	1,089	1,127 [1,788]	923

- 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 and the 15th 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 11th 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

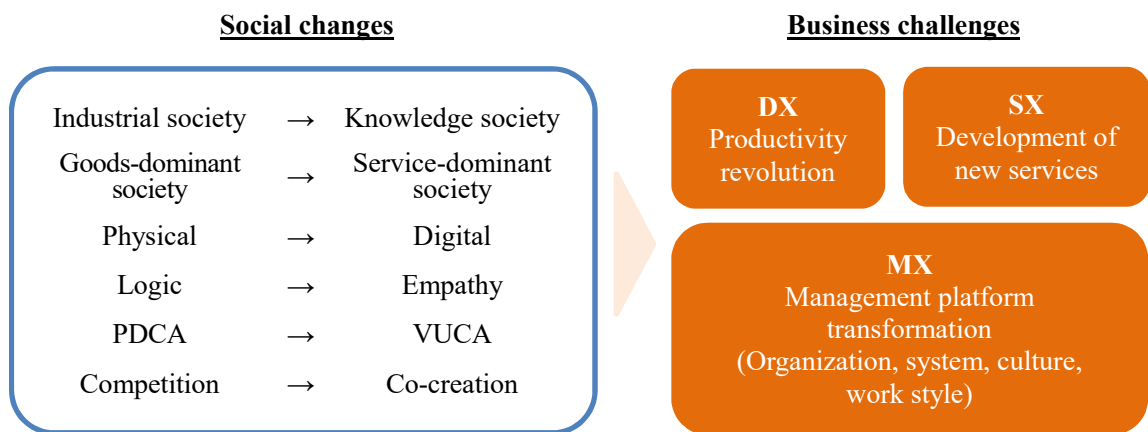
We have organized the significant features of the Group’s services as follows.

- 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

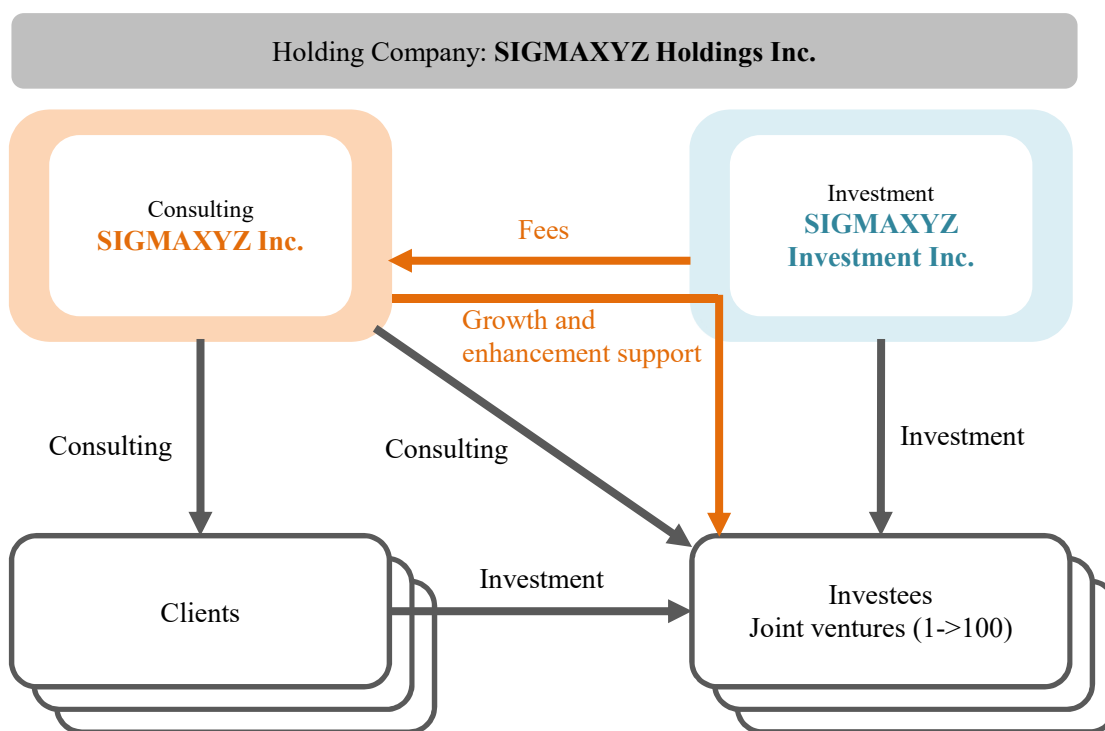


- Consulting × Investment

SIGMAXYZ Group’s core businesses are “consulting services (SIGMAXYZ Inc.)” and “investment (SIGMAXYZ Investment Inc.)”

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
 - Aviation
 - Logistics and transportation
 - Pharmaceutical
 - System assembly
 - Communication and platforms
 - Digital and media
 - Service
 - Insurance and healthcare
 - Banking
 - Trading
 - Manufacturing

- Digital & SaaS Sherpa (Drives corporate transformation by implementing digital technology and with SaaS)
 - Digital core
 - Customer Experience (CX)
 - Process design
 - AI
 - Robotics & Additive Manufacturing (AM)

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

- Heuristic Sherpa (Resolves CxO agenda with innovation regarding business model, people and organizations)
 - Organization development
 - Business development
 - Vision Forest (art-based organizational innovation program)
 - Multi-sided platform

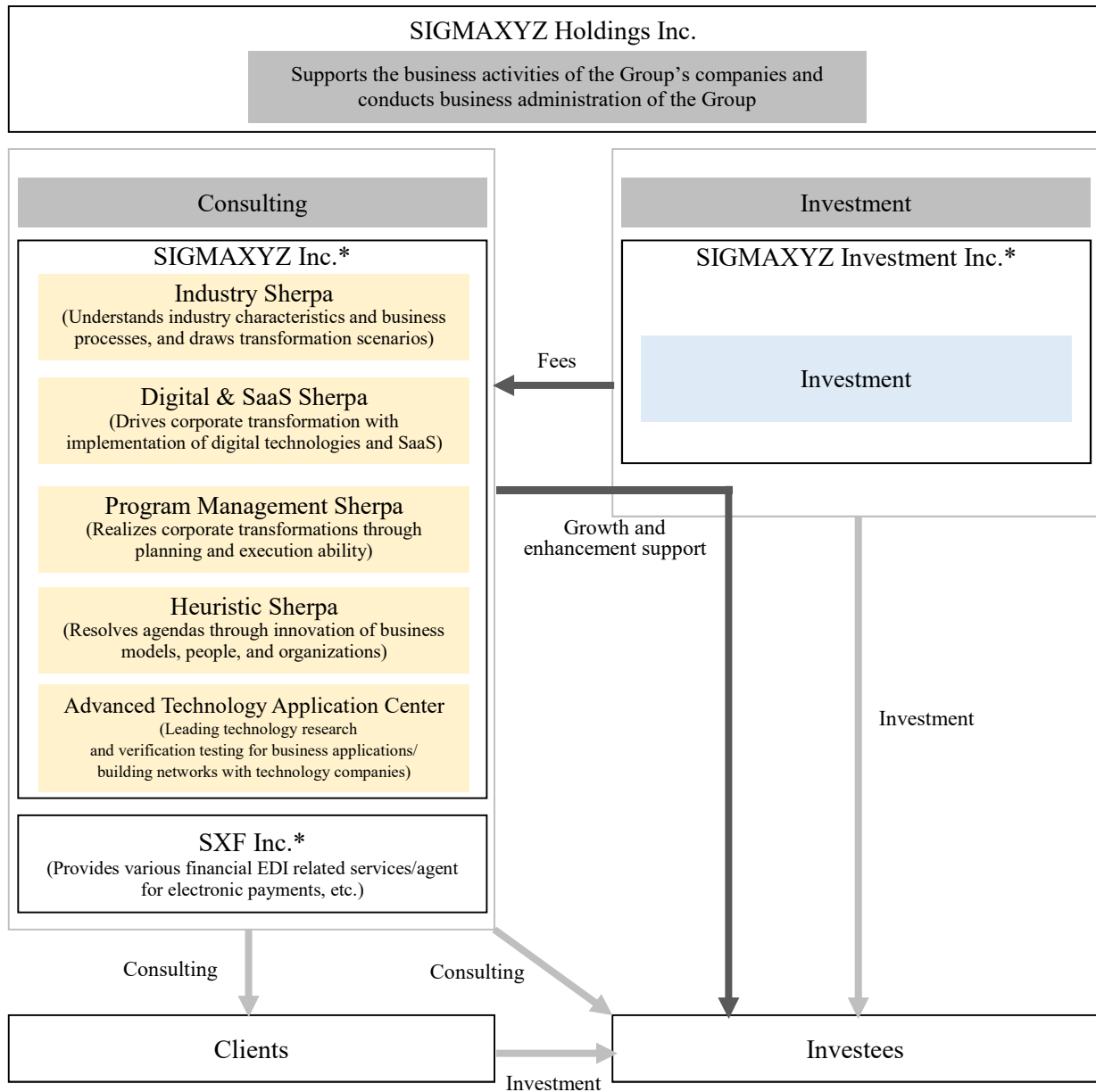
- Advanced Technology Application Center (Cutting-edge technology research and demonstration experiments for business application / Building networks with technology companies)

- 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 2)	Minato-ku, Tokyo	200	Consulting Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SIGMAXYZ Investment Inc. (Note 3)	Minato-ku, Tokyo	425	Investment Business	100	Providing back office services, etc. Concurrent service by officers: Yes
SXF Inc.	Minato-ku, Tokyo	50	Agency service for electronic payment and others	100	Providing back office services, etc. Concurrent service by officers: Yes

- Notes: 1. SXA Inc. was excluded from the Company's scope of consolidation due to transfer of all shares of the said company on January 1, 2023.
2. Revenue of SIGMAXYZ Inc. (excluding internal revenue among consolidated companies) exceed 10% of the consolidated revenue.

Key profit/loss information	(1) Revenue	¥16,984,660 thousand
	(2) Ordinary profit	¥1,555,966 thousand
	(3) Profit	¥1,072,330 thousand
	(4) Net assets	¥1,504,749 thousand
	(5) Total assets	¥3,721,135 thousand

3. The company is classified as a specified subsidiary.

5. Employees

(1) Information about group

As of March 31, 2023

Segment name	Number of employees (Persons)
Consulting Business	521
Investment Business	6
The Corporate Group (Common)	68
Total	595

- 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, 2023

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
68	45.1	8.2	10,008,261

Segment name	Number of employees (Persons)
The Corporate Group (Common)	68
Total	68

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

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

As of March 31, 2023

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Yen)
595	36.3	5.5	11,688,964

- 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

As of March 31, 2023

Reporting company and consolidated subsidiaries	Proportion of female in management positions (%) (Note 1)	Proportion of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Notes 1, 3)			Supplementary explanation
			All employees	(of which full-time employees)	(of which non-regular employees)	
Reporting company	61.3	–	–	–	–	–
SIGMAXYZ Inc.	14.2	–	73.0	73.3	65.9	The criteria for determining class and pay are the same for both male and female.

- 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 for reporting company 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.

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, 2023.

(1) Management philosophies

In the fiscal year ended March 31, 2023, 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.

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 services” and “investment” at the center of business.

In the Consulting Business, we have experts on concept proposals, new business and service development, advanced digital technology, SaaS/cloud-based solutions, and project management to help create new value.

In the Investment Business, we invest primarily in the Regenerative & Well-being area, which intersects with a number of industries. In addition, we provide consulting services to investees to add value to their business and enhance corporate value.

(3) Business environment

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, amid the situation of 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 among 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.

(4) Business and financial issues of priority

In August 2022, we announced "Blueprint" in the fiscal year ending March 31, 2026 as the Group's medium- to long-term growth vision. Toward this end, we will accelerate growth in both the Consulting and Investment businesses to push them forward.

Specifically, we will take actions in the following areas.

- (i) Promoting corporate transformation using value co-creation
 - Supporting the value co-creation of companies and industries through conceptualization to achieve the key transformations (MX, DX, SX) that companies need to address
 - Accelerating shared use across companies and industries by promoting SaaS
- (ii) Expanding business investments
 - Promoting new investments in Regenerative & Well-being area continuously
 - Increasing value of investee businesses through collaboration with the Consulting Business
- (iii) Enhancing proposal capabilities
 - Formulating scenarios for latent innovation themes and creating ecosystems in areas that cut across companies and industries, in addition to issues that companies deal with on their own
- (iv) Expanding network
 - Finding colleagues
- (v) Enhancing skills
 - Up-skilling
 - Recruitment

Additionally, how we use our ample capital is positioned as a financial issue, and uses of capital include (ii) Expanding business investments and (v) Enhancing skills 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 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. In addition, subcommittees have been established for each of the three ESG criteria: “Environmental,” “Social,” and “Governance.”
- Important issues related to sustainability initiatives are deliberated by the Management Meeting, and reported and supervised by the Board of Directors.
- The Sustainability Committee (including its subcommittees) meets regularly to discuss initiatives to address issues surrounding sustainability. The Committee also examines measures to tackle sustainability issues and monitors the progress thereof.

(2) Strategies

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 solution issues, aiming to contribute to the realization of a sustainable society through our businesses themselves.

Based on this approach, the Group has positioned being 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.

(i) 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.

(ii) 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.

◆ Health management program

In pursuing value creation, we believe that it is important to realize an environment in which employees can work comfortably and energetically in good health. Under our health management program, we provide full coverage for genetic testing, encourage employees to receive regular health checkups, provide optional subsidies for employees to offset some of the costs of gynecological exams, have a 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. Since 2020, our response to the COVID-19 pandemic has included not only providing a digital workplace environment, but also vaccinations in the workplace, PCR testing and antigen testing kits paid for by the company, extensive office disinfection and cleaning, and support providing hygiene products to employees, which have helped to facilitate business operations. We will continue to enhance measures to support our employees’ health management cycle.

(iii) 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.

(3) Risk management

Risks 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 are addressed by having subcommittees under 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.

(4) Indicators

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

As of March 31, 2023

Item		Indicator	FY 2019	FY 2020	FY 2021	FY 2022
Human assets	Workstyle	Proportion of employees taking childcare leave (Group)	–	–	–	53.30%
Diversity	Proportion of female in management positions (Group)		34 persons	38 persons	43 persons	50 persons
			14.9%	15.8%	18.5%	20.2%
	Proportion of mid-career personnel recruited in management positions (Group)		207 persons	221 persons	198 persons	202 persons
			90.8%	88.3%	85.3%	82.1%
	Proportion of foreigners in management positions (Group)		0 persons	1 person	2 persons	1 person
			0%	0.4%	0.9%	0.4%
	Gender pay gap (SIGMAXYZ Inc.)	–	–	–	73.0%	

- Notes:
1. 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).
 2. In calculating gender pay gap, the criteria for determining class and pay are the same for both male and female.

Initiatives for Climate Change

In addition to its own efforts, the Group is making contributions to the fight against climate change by collaborating with partners through business activities such as the promotion of digital transformation in Japanese companies.

- We are supporting new approaches to community 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.
- 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. and Forest Energy Inc.
- We disseminate information through media requests of energy analysts specializing in decarbonization and appearances at seminars.
- SIGMAXYZ Inc., a consulting business, participates in the “Working Group (WG) on Carbon Neutrality” of the Japan Association of New Economy.
- The entire Group is promoting efforts to go paperless for internal communication. Furthermore, we are accelerating initiatives for green purchasing and decarbonization by no longer offering beverages in plastic (PET) bottles, completing the switchover to LED ceiling lighting at our offices, and switching clear folders made of plastic to paper-based ones in the Group’s business premises.

As for climate related risks, the Environmental Subcommittee of 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.

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, 2023).

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, 2023.

(i) Financial position and operating results

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 human assets, for clients mainly in the finance, trading, transportation, telecommunications, retail, and manufacturing industries.

On the hiring of human assets, 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 clients, 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).

Financial position as of March 31, 2023 were as follows.

Total assets as of March 31, 2023 amounted to ¥14,461 million, down ¥195 million compared to the end of the previous fiscal year.

Total liabilities as of March 31, 2023 amounted to ¥3,583 million, down ¥771 million compared to the end of the previous fiscal year.

Total net assets as of March 31, 2023 amounted to ¥10,878 million, up ¥575 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, 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 ¥4.6 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.

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 achieve profit growth, we engage in proactive shareholder returns through dividends and treasury share acquisitions.

(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, 2023 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	17,787,849	113.8	3,893,132	118.1
Investment Business	146,372	51.6	15,000	–
Total	17,934,221	112.7	3,908,132	118.6

- Notes: 1. Inter-segment transactions are offset and eliminated.
2. As there was no backlog of orders received in the Investment Business in the same period of the previous fiscal year, the year-on-year comparison is not provided.

c. Revenue

Revenue results for the fiscal year ended March 31, 2023 are as follows:

Service name	Revenue (Thousands of yen)	Year-on-year change (%)
Consulting Business	17,259,287	111.6
Investment Business	167,368	50.1
Total	17,426,655	110.3

- 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, 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) Operating results

Revenue

Revenue for the fiscal year ended March 31, 2023 amounted to ¥17,334 million (up 10.7% 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, 2023 amounted to ¥8,960 million (up 6.6% 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, 2023 amounted to ¥5,138 million (up 14.5% 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, 2023 amounted to ¥65 million (up 96.5% year on year). This is mainly due to lectures fee income. Non-operating expenses for the fiscal year ended March 31, 2023 amounted to ¥35 million (up 27.3% year on year). This is mainly due to foreign exchange losses and non-deductible consumption tax, etc.

As a result of the above, operating profit for the fiscal year ended March 31, 2023 amounted to ¥3,235 million (up 17.2% year on year), ordinary profit amounted to ¥3,265 million (up 18.1% year on year), and profit attributable to owners of parent amounted to ¥2,204 million (up 32.4% year on year).

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

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, amid the situation of 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 among 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. 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 corporate transformations, which had segment revenue of ¥17,259 million and a segment profit rate of 29.2%. By industry, demand for consulting services was extremely strong in the finance, trading, transportation, telecommunications, 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, 2023, the Group invested approximately ¥460 million in three new projects. Segment revenue were ¥167 million and segment loss was ¥130 million, due mainly to gain on sales of shares of Wellness Communications Corporation and support for our investees.

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 18.8% (rising 1.2 percentage points from 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 511 (478 at the end of the previous fiscal year). This was mainly due to our aggressive hiring activities resulting in the hiring of 56 mid-career recruits. Furthermore, we maintained a high project satisfaction level among our clients of 93 (94 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, 2023 was approximately ¥2.2 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. At the end of the fiscal year ended March 31, 2023, the Group will determine recoverability based on the assumption that taxable income will be generated over a certain period in the future.

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

The Group owns securities for the purposes of business investment and asset management which 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, 2023. 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, 2023, the Group carried out ¥101 million in capital expenditure. This mostly went to ¥57 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, 2023

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	150,642	69,880	9,489	–	230,012	68
	The Corporate Group (Common)	Internal systems	–	–	–	400,943	400,943	

- 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, 2023)	Number of issued shares as of filing date (Shares) (June 28, 2023)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	46,308,600	46,308,600	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	46,308,600	46,308,600	–	–

(2) Share acquisition rights

(i) Employee share option plans

As of the end of the fiscal year ended March 31, 2023, 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, 2018 to March 31, 2019 (Note 1)	58,000	20,489,200	10,329	2,496,069	10,329	746,069
June 27, 2018 (Note 2)	478,700	20,967,900	328,158	2,824,227	328,158	1,074,227
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 3)	2,050,000	23,154,300	1,778,375	4,626,881	1,778,375	2,876,881
April 1, 2022 (Note 4)	23,154,300	46,308,600	–	4,626,881	–	2,876,881
July 29, 2022 (Note 5)	–	46,308,600	(1,626,881)	3,000,000	(1,626,881)	1,250,000

- Notes:
- This is due to exercise of share acquisition rights.
 - Capital increase with compensation through third-party allotment of shares (capital increase through third-party allotment related to sales through over-allotment)

Allottee	SMBC Nikko Securities Inc.
Price of issue	¥1,432
Subscription price	¥1,371.04
Amount incorporated into capital	¥685.52
 - Capital increase with compensation through third-party allotment of shares

Allottee	ITOCHU Corporation
Price of issue	¥1,735
Amount incorporated into capital	¥867.50
 - This is due to stock split (a 2-for-1 split).
 - 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) Shareholding by shareholder category

As of March 31, 2023

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)	–	13	26	35	107	17	5,366	5,564	–
Number of shares held (Unit)	–	136,696	5,735	121,523	100,444	70	98,507	462,975	11,100
Shareholding ratio (%)	–	29.52	1.24	26.25	21.69	0.02	21.28	100	–

Note: The 1,856,014 treasury shares include 18,560 units in “individuals and others” and 14 shares in “shares less than one unit.”

(6) Major shareholders

As of March 31, 2023

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku	5,888,680	13.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku	5,791,600	13.03
ITOCHU Corporation	2-5-1 Kitaoyama, Minato-ku	4,100,000	9.22
Internet Initiative Japan Inc.	2-10-2 Fujimi, Chiyoda-ku	3,960,000	8.91
INTEC Inc.	5-5 Ushijimashinmachi, Toyama-shi	3,960,000	8.91
GOLDMAN, SACHS & CO. REG (Standing proxy: Goldman Sachs Japan Co., Ltd.)	200 WEST STREET NEW YORK, NY, USA (Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku)	2,147,180	4.83
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)	1,281,000	2.88
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku)	1,249,182	2.81
Custody Bank of Japan, Ltd. (Trust Account E)	1-8-12 Harumi, Chuo-ku	756,100	1.70
SIGMAXYZ Employees Stock Ownership Plan	4-1-28 Toranomon, Minato-ku	690,700	1.55
Total	—	29,824,442	67.09

- Notes: 1. 756,100 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 2,101,480 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 August 8, 2022, although we indicated that Highclere International Investors LLP held the following shares as of August 3, 2022, because the Company could not verify the actual number of shares held as of March 31, 2023, 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. (%)
Highclere International Investors LLP	12 Manchester Square, London, W1U 3PP, England	1,846,700	3.99

4. In the change report provided for public viewing on January 17, 2023, although we indicated that Wasatch Advisors, LP held the following shares as of January 13, 2023, because the Company could not verify the actual number of shares held as of March 31, 2023, 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.	2,522,100	5.45

(7) Voting rights

(i) Issued shares

As of March 31, 2023

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 1,856,000	–	–
Shares with full voting rights (Other)	Common stock 44,441,500	444,415	–
Shares less than one unit	Common stock 11,100	–	–
Total number of issued shares	46,308,600	–	–
Total number of voting rights	–	444,415	–

Note: Common stock stated as “shares with full voting rights (other)” include 756,100 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 2,101,480 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, 2023

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 Toranomon, Minato-ku, Tokyo	1,856,000	–	1,856,000	4.01
Total	–	1,856,000	–	1,856,000	4.01

Note: Although they are not held under the Company's own name, 756,100 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 2,101,480 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.

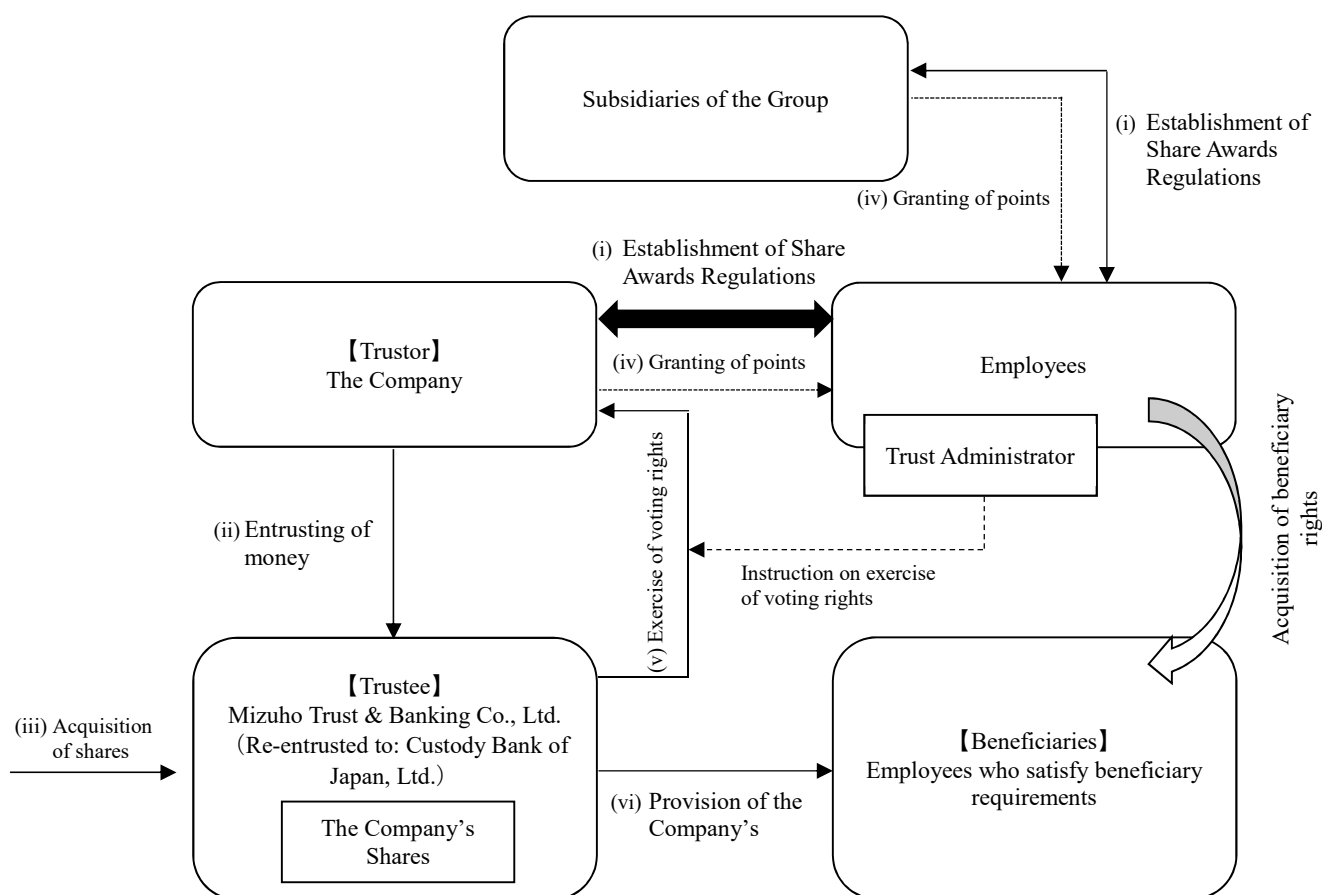
a. Overview of the Plan

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.

Structure of the Plan



- i) The Company and its Group companies have established “Share Awards Regulations” when introducing the Plan.
- ii) Based on the Share Awards Regulations, the Company entrusts funds in the Trust to acquire shares to grant to employees in the future.
- iii) The Trust acquires the Company’s shares through methods including acquisition through the stock market or disposal of treasury shares using the funds entrusted in ii).
- iv) The Company and its Group companies grant points to employees based on the Share Awards Regulations.
- v) The Trust exercises voting rights based on instructions from the trust administrator.
- vi) Employees who satisfy the beneficiary conditions provided in the Share Awards Regulations (hereinafter referred to as “Beneficiaries”), the Trust awards a number of the Company’s shares corresponding to the number of points granted to the beneficiary in question.

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 Awards Regulations |
| iii) | Trustor | The Company |
| iv) | Trustee | Mizuho Trust & Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd. has concluded a composite trust agreement with Custody Bank of Japan, Ltd. making, Custody Bank of Japan, Ltd. the re-trust trustee. |
| v) | Beneficiaries | Persons determined to have rights to be awarded assets according to the Share Awards Regulations |
| vi) | Trust agreement date | May 22, 2015 |
| vii) | Trust period | From May 22, 2015 until the conclusion of the trust |

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

¥1,969,829 thousand

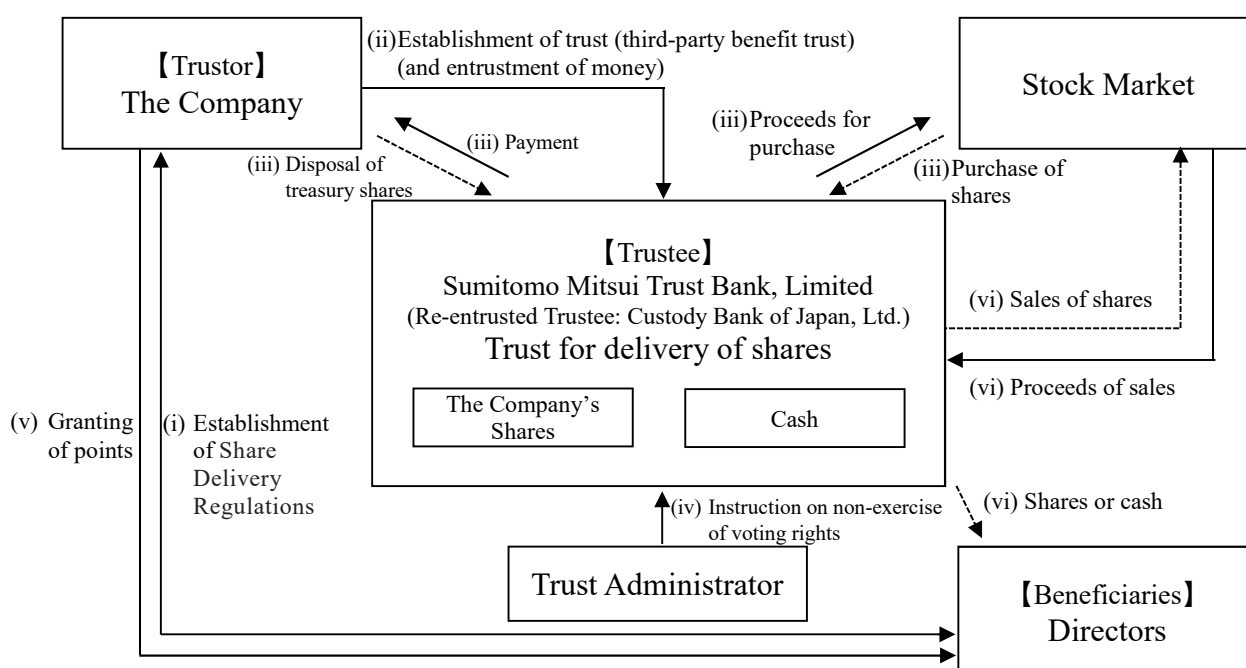
(ii) Details of performance-linked share-based remuneration plan for Directors

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, 2024

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

(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 9, 2022 (Acquisition period: From June 8, 2022 to August 31, 2022)	1,000,000	800,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	685,000	799,953,300
Total number of remaining shares within the scope of resolution and total price	315,000	46,700
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2023 (%)	31.50	0.01
Treasury shares acquired during the current period	–	–
Percentage of unexercised acquisition as of the filing date (%)	31.50	0.01

Category	Number of shares (Shares)	Total price (Yen)
Resolution by Board of Directors meeting held on November 4, 2022 (Acquisition period: From December 1, 2022 to January 31, 2023)	1,500,000	1,000,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	767,700	999,903,400
Total number of remaining shares within the scope of resolution and total price	732,300	96,600
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2023 (%)	48.82	0.01
Treasury shares acquired during the current period	–	–
Percentage of unexercised acquisition as of the filing date (%)	48.82	0.01

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, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	–	–
Total number of remaining shares within the scope of resolution and total price	–	–
Percentage of unexercised acquisition as of the end of the fiscal year ended March 31, 2023 (%)	–	–
Treasury shares acquired during the current period	–	–
Percentage of unexercised acquisition as of the filing date (%)	100.00	100.00

Note: Treasury shares acquired during the current period do not include treasury shares purchased between June 1, 2023 and the filing date of this Annual Securities Report.

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

No applicable matters to report.

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

Category	Fiscal year ended March 31, 2023		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	–	–	–	–
Acquired treasury shares for which transfers have taken place associated with mergers, share exchanges, share distributions, and company splits.	–	–	–	–
Others				
(Disposal of treasury shares as share-based remuneration with restricted shares for Directors (excluding Directors who are Audit & Supervisory Committee Members and outside Directors))	240,000	260,640,000	–	–
(Disposal of treasury shares as share-based remuneration with restricted shares for Executive Officers)	192,000	211,392,000	–	–
(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
Number of treasury shares held	1,856,014	–	1,507,314	–

- 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, 2023 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 Director meetings held between June 1, 2023 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, 2023 are as follows.

Date of resolution	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)
Board of Directors meeting held on May 9, 2023	711,241	16

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, under the direction of the Representative Director, based on self-discipline and their job responsibilities, it is essential that the Company's Directors 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, 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, 2023, 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 Board of Directors is the Director and Chairman.

As of the filing date of this report, the Company has 12 Directors (including Directors who are Audit and Supervisory Committee Members). Of these, seven 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 Ryuichi Tomimura, Hiroshi Ota, Shunichi Shibamura, Shinya Tabata and Sono Uchiyama

ii) Outside Directors

Directors Shuichi Kondo, Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida

iii) Outside Directors who are Audit & Supervisory Committee Members

Directors Fumio Sunami, Noburo Hata and Mitsuhiro Amitani

In the fiscal year ended March 31, 2023, 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	12/12 meetings
Director and Executive Vice Chairman	Hideyuki Nabeshima	2/2 meetings
Representative Director and President	Ryuichi Tomimura	12/12 meetings
Director	Shinya Tabata	12/12 meetings
Director	Kenichi Shibata	2/2 meetings
Director	Sono Uchiyama	12/12 meetings
Director	Hiroshi Ota	10/10 meetings
Director	Shunichi Shibamura	10/10 meetings
Outside Director	Joji Okubo	12/12 meetings
Outside Director	Shuichi Kondo	10/10 meetings
Outside Director	Hiroshi Nakahara	2/2 meetings
Outside Director	Shuzo Hikida	2/2 meetings
Outside Director	Komei Yamaguchi	9/10 meetings
Outside Director	Makiko Yamamoto	12/12 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

Note: Because Hideyuki Nabeshima, Kenichi Shibata, Hiroshi Nakahara, and Shuzo Hikida retired from their positions as Directors and outside Directors at the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2022, their attendance status is for two Board of Directors meetings. Because Hiroshi Ota, Shunichi Shibamura, Shuichi Kondo, and Komei Yamaguchi assumed their office as Directors at the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2022, their 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 two are full-time members.

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 Fumio Sunami
- ii) Audit & Supervisory Committee Member (full-time)
Director Noburo Hata
- iii) Audit & Supervisory Committee Member (part-time)
Director Mitsuhiro Amitani

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: 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) 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, 2023, the Company’s Remuneration Committee met a total of two 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	2/2 meetings
Member: Representative Director and Chairman	Hideki Kurashige	2/2 meetings
Member: Outside Director	Joji Okubo	2/2 meetings

Note: At the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2022, outside Director Joji Okubo retired as outside Director who is an Audit & Supervisory Committee Member and was appointed as outside Director.

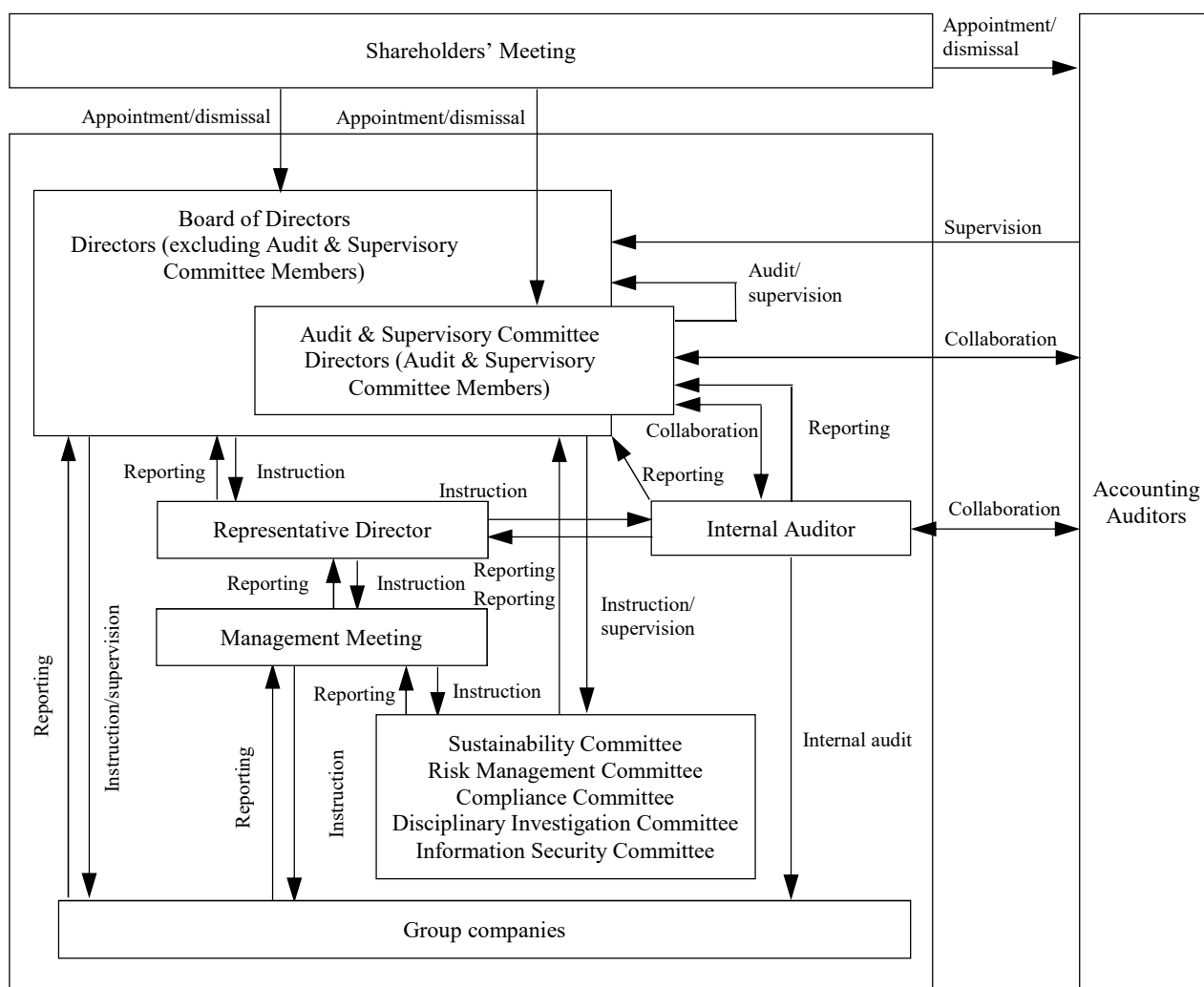
The status of the activities of the Remuneration Committee is provided in “(4) Remuneration for directors (and other officers).”

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 Director and Chairman.

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 Directors who are 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. Where matters that risk seriously impacting the operations or finances of the Company or its subsidiaries, or matters that otherwise risk causing serious damage, are discovered, such as 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 engaging in acts that violate laws and regulations, articles of incorporation, or the rules on compliance organizations and operations or the Compliance Code of Conduct, or where the directors or employees of the Company's subsidiaries or other such persons receive reports to this effect, a report will be made immediately to the Company's Audit & Supervisory Committee, 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 (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, 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 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 ten Directors (excluding Directors who are Audit & Supervisory Committee Members) and no more than five 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)

9 male, 3 female (Ratio of female directors (and other officers): 25.0%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director and Chairman of the Board	Ryuichi Tomimura	February 17, 1959	<p>Oct. 1983 Joined IBM Japan, Ltd.</p> <p>Oct. 1991 Joined Recruit Co., Ltd.</p> <p>Jan. 1994 Managing Partner, Pricewaterhouse Consultants Co., Ltd.</p> <p>Oct. 2002 Vice President, IBM Corporation, Business Consulting Service, Asia Pacific</p> <p>Feb. 2004 Representative Director, Senior Executive Vice President, Japan Telecom Co., Ltd.</p> <p>June 2006 Director, Vice President, Japan Telecom Co., Ltd.</p> <p>Oct. 2006 Representative Director, Vice President, RHJI Industrial Partners Asia, Ltd.</p> <p>Dec. 2007 Representative Director, Managing Director, RHJ International Japan, Inc.</p> <p>May 2008 Director, Partner in charge of Corporate Staff Section, the Company</p> <p>Apr. 2010 Director, Executive Vice President</p> <p>Aug. 2012 Director, Plan·Do·See Inc.</p> <p>June 2015 Director, Shinsei Bank, Limited</p> <p>June 2016 Representative Director, Executive Vice President, the Company</p> <p>June 2018 Representative Director, President and COO</p> <p>Mar. 2019 Representative Director, President</p> <p>May 2020 Director, VECTOR INC. (current position)</p> <p>June 2023 Director and Chairman of the Board, the Company (current position)</p>	(Note 3)	181,000
Representative Director, President	Hiroshi Ota	October 20, 1969	<p>Apr. 1993 Joined Japan Airlines Co., Ltd.</p> <p>Oct. 1998 Joined Pricewaterhouse Consultants Co., Ltd.</p> <p>Jan. 2006 Partner, IBM Business Consulting Services KK</p> <p>Apr. 2009 Partner, the Company</p> <p>Apr. 2015 Managing Director</p> <p>Apr. 2019 Senior Executive Officer</p> <p>Oct. 2021 Executive Officer</p> <p>Co-representative Director, SIGMAXYZ Inc.</p> <p>June 2022 Director, the Company</p> <p>June 2023 Representative Director, President (current position)</p> <p>June 2023 Representative Director and President, SIGMAXYZ Inc. (current position)</p>	(Note 3)	129,500
Representative Director, Executive Vice President	Shunichi Shibamura	March 27, 1973	<p>Apr. 1995 Joined Bank of Japan (seconded to Ministry of Economy, Trade and Industry)</p> <p>Apr. 2004 Joined McKinsey & Company Incorporated Japan</p> <p>Sept. 2006 Executive Officer, Kazaka Securities Co., Ltd</p> <p>Aug. 2010 Partner, the Company</p> <p>Apr. 2015 Managing Director</p> <p>Sept. 2016 Director, SX Capital, Inc. (current position)</p> <p>Apr. 2019 Senior Executive Officer, the Company</p> <p>Apr. 2021 President and Representative Director, SIGMAXYZ Investment Inc. (current position)</p> <p>Oct. 2021 Executive Officer, the Company</p> <p>June 2022 Director</p> <p>June 2023 Representative Director, Executive Vice President (current position)</p>	(Note 3)	94,000

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
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 2022 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 Director, CFO Representative Director, CFO (current position)	(Note 3)	123,600
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)	86,200
Director	Shuichi Kondo (Note 1)	May 22, 1956	Apr. 1980 Feb. 1998 Mar. 2003 Feb. 2007 Mar. 2010 Mar. 2016 June 2016 June 2019 June 2021 June 2022 June 2022	Joined the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) General Manager of Accounting Dept. the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) Executive Officer in charge of Sales Planning, the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) Managing Director, Assigned to Nagoya Branch, the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) Senior Managing Director in charge of Wholesale Business Promotion, the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) Director and Deputy President, the Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.) Representative Director, President, Japan Bond Trading Co., Ltd. Representative Director and Chairman, Japan Bond Trading Co., Ltd. Director, SIGMAXYZ Investment Inc. (current position) Director, SMBC Nikko Securities Inc. (current position) Director, the Company (current position)	(Note 3)	—

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 (current position) 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	Joined the Ministry of Posts and Telecommunications of Japanese Government	(Note 3)	-
			July 2001	Director, Telecommunications User Policy Office, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			Feb. 2004	Deputy Mayor, Setagaya City		
			July 2007	Director, International Policy Division, International Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications		
			July 2010	Director, Budget and Accounts Division, Minister's Secretariat, Ministry of Internal Affairs and Communications		
			June 2013	Deputy Director-General (IT Policy), Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Nov. 2013	Executive Secretary to the Prime Minister, Cabinet Secretariat		
			July 2015	Director-General of the Global ICT Strategy Bureau, Ministry of Internal Affairs and Communications		
			June 2016	Director-General of Minister's Secretariat, Ministry of Internal Affairs and Communications		
			July 2017	Director-General, Information and Communication Bureau, Ministry of Internal Affairs and Communications		
			July 2019	Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications		
			Sept. 2020	Cabinet Public Relations Secretary, Cabinet Secretariat		
			June 2022	President, The Association for Promotion of Public Local Information and Communication (current position)		
			June 2022	Independent Director and Audit and Supervisory Committee Member, Tokai Tokyo Securities Co., Ltd. (current position)		
			June 2022	Visiting Professor, Showa Women's University (current position)		
			Sept. 2022	Senior Guest Researcher and Part-time Lecturer, Faculty of Science and Engineering, Waseda University (current position)		
			June 2023	Director, the Company (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit & Supervisory Committee Member)	Fumio Sunami (Note 2)	May 10, 1949	Apr. 1972 June 1981 July 1987 Dec. 1989 Mar. 1994 Mar. 1996 Mar. 1999 Dec. 1999 Dec. 2002 Apr. 2004 Apr. 2007 Apr. 2012 Feb. 2013 June 2016	Joined Mitsubishi Corporation Corporate Accounting Dept., Mitsubishi Corporation Corporate Planning Office, Mitsubishi Corporation Deputy General Manager, Accounting Division, Mitsubishi International Corporation Deputy General Manager, International Human Resources Planning Dept., Mitsubishi Corporation Deputy General Manager, Jakarta Representative Office, Mitsubishi Corporation Deputy General Manager, Corporate Accounting Dept., Mitsubishi Corporation Senior Vice President, Mitsubishi International Corporation General Manager, CFO, Corporate Administration Division, IT Frontier Corporation Director, Executive Vice President, CFO, Corporate Administration Division, IT Frontier Corporation Representative Director, Executive Vice President, CFO, IT Frontier Corporation Audit & Supervisory Board Member, the Company Audit & Supervisory Board Member (full-time) Director (Audit & Supervisory Committee Member) (full-time) (current position)	(Note 4)	–
Director (Audit & Supervisory Committee Member)	Noburo Hata (Note 2)	June 4, 1956	Apr. 1979 Sept. 2004 Oct. 2006 Mar. 2008 Apr. 2008 Apr. 2009 Apr. 2010 Nov. 2010 Feb. 2012 Apr. 2012 June 2013 Apr. 2015 June 2016	Joined Mitsubishi Corporation CIO, Corporate Section, Controller Office, Mitsubishi Corporation General Manager, Business Reform and Internal Control Promotion Department, CIO, Corporate Section, Mitsubishi Corporation General Manager, Information Strategy Management Department, CIO, Corporate Section, Mitsubishi Corporation (department name changed to Information Planning Department from April 2008) General Manager, Information Planning Department, CIO, Corporate Section, Mitsubishi Corporation Senior Assistant to SEVP, IT Service Development, Senior Assistant to CIO, CIO, Corporate Section, Mitsubishi Corporation Senior Assistant to SEVP, Developing Mitsubishi Corporation Group Management Foundations, Senior Assistant to Section CEO, Business Service Section, CIO, Corporate Section, Mitsubishi Corporation General Manager, Business Service Group CEO Office, Group Compliance Officer, Business Service Group, CIO, Business Service Group, Mitsubishi Corporation Director, the Company Senior Vice President, General Manager, Business Service Group CEO Office, Senior Assistant to CIO, Mitsubishi Corporation Audit & Supervisory Board Member, the Company Senior Vice President, General Manager for Investment, CSR & Environmental Affairs, Business Service Group, Mitsubishi Corporation Director (Audit & Supervisory Committee Member) (full-time) (current position)	(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)		
Total						614,300

- Notes:
1. Directors (excluding Directors who are Audit & Supervisory Committee Members), Shuichi Kondo, Komei Yamaguchi, Makiko Yamamoto and Makiko Yoshida are outside Directors.
 2. Directors Fumio Sunami, Noburo Hata and Mitsuhiro Amitani are outside Directors who are Audit & Supervisory Committee Members.
 3. 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 27, 2023, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.
 4. 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 24, 2022, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024.
 5. 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)
Mitsuru Komiyama	July 28, 1954	Aug. 1977	Joined Peat, Marwick, Mitchell & Co. (Tokyo)	-
		Mar. 1979	Registered as Certified Public Accountant	
		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)	

(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 Program Management Sherpa 1, 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 Industry Sherpa 2, SIGMAXYZ Inc.
Ritsu Saito	Executive Officer	Senior Executive Officer in charge of 3X Sherpa, SIGMAXYZ Inc.
Kenichi Shibata	Executive Officer, Chief Compliance Officer (CCO)	Representative Director, SIGMAXYZ Investment Inc.
Hiroataka Tanaka	Executive Officer	Senior Executive Officer in charge of Food MSP, SIGMAXYZ Inc.
Yutaro Tanaka	Executive Officer	Director, SIGMAXYZ Inc.
Masahiko Nakashima	Executive Officer	Senior Executive Officer in charge of Industry Sherpa 1, SIGMAXYZ Inc.
Kiyotaka Niira	Executive Officer	Senior Executive Officer in charge of Program Management Sherpa 2, SIGMAXYZ Inc.
Yasuhiko Hayasaka	Executive Officer	Director, SIGMAXYZ Inc.
Takeshi Higuchi	Executive Officer	Senior Executive Officer in charge of SaaS Sherpa, SIGMAXYZ Inc.
Masao Matsumura	Executive Officer	Senior Executive Officer in charge of Industry Sherpa 3, SIGMAXYZ Inc.
Kiyoe Mizohashi	Executive Officer	Senior Executive Officer in charge of Distribution Strategies, SIGMAXYZ Inc.
Akihiro Mizohata	Executive Officer	Senior Executive Officer in charge of Advanced Technology Sherpa, SIGMAXYZ Inc.
Toshio Yamamoto	Executive Officer	Senior Executive Officer in charge of Clients, SIGMAXYZ Inc.
Tatsuo Watanabe	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 seven outside Directors.

Outside Director Shuichi Kondo is a Director of SMBC Nikko Securities Inc. There is no special relationship between the Company and the corporation where he holds the concurrent position.

Outside Director Komei Yamaguchi is Managing Executive Officer of INTEC Inc. INTEC Inc. is a shareholder owning 8.9% of the Company's issued shares (excluding treasury shares) as of the filing date of this report 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.

Besides this relationship, 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 12 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 two are full-time members. Full-time Audit and Supervisory Committee Members Fumio Sunami and Noburo Hata 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, 2023, 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	Joji Okubo	3/3 meetings
Audit & Supervisory Committee Member	Mitsuhiro Amitani	10/10 meetings

Note: Because Audit & Supervisory Committee Member Joji Okubo retired as Audit & Supervisory Committee Member at the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2022, his attendance status is for three Audit & Supervisory Committee meetings. Furthermore, because Mitsuhiro Amitani was appointed as Audit & Supervisory Committee Member at the conclusion of the 14th Annual General Meeting of Shareholders held on June 24, 2022, his attendance status is for 10 Audit & Supervisory Committee 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 six certified public accountants and eight 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, 2022		Fiscal year ended March 31, 2023	
	Fees for audit certification services	Fees for non-auditing services	Fees for audit certification services	Fees for non-auditing services
Reporting company	31,000	1,000	31,000	–
Consolidated subsidiaries	–	–	–	–
Total	31,000	1,000	31,000	–

(Fiscal year ended March 31, 2022)

The non-auditing services at the Company are the "investment business accounting workshops" as services other than the services described in Article 2, paragraph (1) of the Certified Public Accountants Act (non-auditing services).

(Fiscal year ended March 31, 2023)

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 and detailed plan for auditing in the fiscal year ended March 31, 2023)," 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. 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 provide 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 for 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 \times performance achievement rate, maximum points granted: standard number of points granted \times 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, 2023 are as follows:

Consolidated revenue less project outsourcing expenses and outflow cost: Target ¥13,315 million / Actual result ¥13,154 million; Consolidated ordinary profit: Target ¥2,500 million / Actual result ¥2,764 million; Net Satisfaction Index: Target 80 / Actual result 94

- 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 nine (of which, four 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. There are currently five 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 and 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 five.

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 is 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: Hideki Kurashige, Representative Director and Chairman, and Joji Okubo, independent outside Director). 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, 2023, 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: Hideki Kurashige, Representative Director, and Joji Okubo, Audit & Supervisory Committee Member and independent outside Director). 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, 2023, on May 25 and June 24, 2022, 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 May 25 and June 24, 2022.

(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 Directors who are Audit and Supervisory Committee Members and outside Directors)	724,180	423,894	300,286	300,286	8
Outside officers	104,640	104,640	–	–	9

- Notes: 1. The amounts related to points granted in the fiscal year ended March 31, 2023 are provided for share-based remuneration.
2. The breakdown of non-monetary remuneration, etc. to Directors (excluding Directors who are Audit and Supervisory Committee Members and outside Directors) is ¥31 million in performance-linked share-based remuneration and ¥268 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.
Hideki Kurashige (Director)	280,589	Reporting company	172,500	108,089	108,089
Ryuichi Tomimura (Director)	280,589	Reporting company	172,500	108,089	108,089

- 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, 2023 are provided for share-based remuneration.
3. The breakdown of the total amount of non-monetary remuneration, etc. for Hideki Kurashige (Director, reporting company) and Ryuichi Tomimura (Director, reporting company) was ¥12 million in performance-linked share-based remuneration and ¥95 million in share-based remuneration with restricted shares each.
4. Hideki Kurashige retired as Director at the conclusion of the 15th Annual General Meeting of Shareholders held on June 27, 2023.

(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 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, 2023		Fiscal year ended March 31, 2022	
	Number of issues (Issues)	Carrying amount (Thousands of yen)	Number of issues (Issues)	Carrying amount (Thousands of yen)
Shares not listed	6	898,071	9	1,499,811
Shares other than those not listed	4	890,136	–	–

(Thousands of yen)

Category	Fiscal year ended March 31, 2023		
	Total of dividends received	Total of gain (loss) on sale	Total of valuation gain (loss)
Shares not listed	12,168	117,173	(Note)
Shares other than those not listed	1,530	–	403,238

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

(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, 2023

No applicable matters to report.

Issues whose number of shares decreased during the fiscal year ended March 31, 2023

No applicable matters to report.

- (c) Information on the number of shares and carrying amount 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, 2022 to March 31, 2023) and the non-consolidated financial statements for the fiscal year (from April 1, 2022 to March 31, 2023) 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, 2022		As of March 31, 2023	
Assets				
Current assets				
Cash and deposits		7,721,528		7,093,890
Notes and accounts receivable - trade, and contract assets	*1	2,017,936	*1	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)
Total current assets		12,147,433		12,013,748
Non-current assets				
Property, plant and equipment				
Buildings, net	*2	183,383	*2	168,474
Other, net	*2	102,442	*2	84,892
Total property, plant and equipment	*2	285,825	*2	253,366
Intangible assets				
Software		241,524		400,943
Software in progress		254,544		34,635
Other		8,242		7,105
Total intangible assets		504,311		442,685
Investments and other assets				
Investment securities		851,962		797,759
Deferred tax assets		323,337		316,670
Other		544,051		637,403
Total investments and other assets		1,719,351		1,751,832
Total non-current assets		2,509,489		2,447,884
Total assets		14,656,922		14,461,633

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
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	*3 215,360	*3 232,954
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
Net assets		
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

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue	*1 15,654,373	*1 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	*2 4,486,279	*2 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	*3 21,650	–
Loss on liquidation of subsidiaries and associates	–	*4 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	Fiscal year ended 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	*	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

(iii) 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

(iv) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
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
Gains and losses 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
Cash flows from investing activities		
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)
Cash flows from financing activities		
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

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.

SXF Inc.

SIGMAXYZ Investment Inc.

Changes in scope of consolidation

SXA Inc., which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation due to transfer of all shares.

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 18 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) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(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, 2023 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, 2023 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, 2023

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Deferred tax assets	323,337	316,670

- (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, 2023
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, 2023
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.

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 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.

Accounting standards issued but not yet applied

- “Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ Practical Solution No. 43, August 26, 2022, Accounting Standards Board of Japan)

(1) Overview

The Financial Instruments and Exchange Act was revised with the enactment of the Act for the Partial Revision of the Payment Services Act to Address the Diversification of Financial Transactions based on Advances in Information Technology (Act No. 28 of 2019) in May 2019. Accordingly, as the so-called investment-type initial coin offerings (ICOs; the general term for the act where companies, etc. issue tokens (electronic records or symbols) to raise funds from investors) became subject to the Financial Instruments and Exchange Act and in consideration of the various regulations that were established, the Accounting Standards Board of Japan issued this accounting standard with the aim of clarifying the accounting treatment for the issuance, holding, etc. of “Electronically Recorded Transferable Rights to Be Indicated on Securities, etc.” under the Cabinet Office Order on Financial Instruments Business.

(2) Scheduled date of application

This accounting standard was applied from the beginning of the fiscal year ending March 31, 2024.

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

The effect of the application of the accounting standard, “Accounting for and Disclosure of the issuance and holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.,” on the financial statements is currently under evaluation.

- “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 affiliates)

(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

“Outsourcing expenses,” which was disclosed in notes to the consolidated financial statements in the previous fiscal year, has been omitted from the fiscal year ended March 31, 2023 because it became immaterial in terms of amount.

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, 2022 and 2023, were ¥617,800 thousand and 840,600 shares and ¥667,750 thousand and 756,100 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

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, 2022 and 2023, were ¥1,134,667 thousand and 2,221,480 shares and ¥1,106,254 thousand and 2,101,480 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

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, 2022	As of March 31, 2023
Notes receivable - trade	-	-
Accounts receivable - trade	1,955,811	2,168,255
Contract assets	62,125	95,299

*2 Accumulated depreciation of property, plant and equipment

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Accumulated depreciation of property, plant and equipment	536,030	583,587

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

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Contract liabilities	81,166	84,416

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 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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Remuneration for directors (and other officers)	811,230	893,367
Salaries and allowances	738,552	919,713
Provision for share awards	123,014	231,471
Provision for share awards for directors (and other officers)	209,007	66,337
Provision of allowance for doubtful accounts	14,520	-

*3 Impairment loss

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

(1) Assets for which impairment losses were recognized

(Thousands of yen)			
Location	Purpose of use	Type of assets	Amount
Minato-ku, Tokyo	Business assets of consolidated subsidiaries	Software	21,650

(2) Background to the recognition of impairment loss

Impairment loss was recognized for software related to the Consulting Business, as it is no longer expected to generate the initially anticipated earnings.

(3) Grouping method

In principle, the Group carries out grouping by company or business segment but for idle assets which are grouped by individual asset.

(4) Method of computing the recoverable amount

The recoverable amount is measured by value in use, which is evaluated as zero because no future cash flows are expected.

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

Not applicable

*4 Loss on liquidation of subsidiaries and associates

“Loss on liquidation of subsidiaries and affiliates” 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.

Consolidated statement of comprehensive income

* Tax effects relating to other comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities:		
Before tax effect adjustments	12,169	449,911
Tax effect	(3,726)	(137,762)
After tax effect adjustments	8,442	312,149
Total other comprehensive income		
Before tax effect adjustments	12,169	449,911
Tax effect	(3,726)	(137,762)
After tax effect adjustments	8,442	312,149

Consolidated statement of changes in equity

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

1. Issued shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	21,104,300	2,050,000	–	23,154,300

- Notes:
1. The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022, and the above figures represent the number of shares prior to the stock split.
 2. The increase of 2,050,000 shares of common stock is due to capital increase through third-party allotment.

2. Treasury shares

(Shares)

Class of shares	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock	2,110,564	332,933	494,800	1,948,697

- Notes:
1. The Company carried out a two-for-one split of its common stock with an effective date of April 1, 2022, and the above figures represent the number of shares prior to the stock split.
 2. The number of treasury shares of common stock includes the Company's shares held in the trust account for the J-ESOP (523,400 shares at the beginning of the fiscal year and 420,300 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 1,110,740 shares at the end of the fiscal year).
 3. The increase of 332,933 shares in treasury shares of common stock represents an increase of 256,500 shares due to the purchase of treasury shares by resolution of the Board of Directors meeting, an increase of 76,400 shares due to the purchase by the trust account under the J-ESOP, and an increase of 33 shares due to purchase requests for shares less than one unit.
The decrease of 494,800 shares in treasury shares of common stock represents a decrease of 179,500 shares due mainly to the delivery of shares to the Company's employees under the J-ESOP, a decrease of 76,400 shares due to the disposal of treasury shares through third-party allotment in connection with additional contribution to the J-ESOP, a decrease of 126,900 shares due to the disposal of treasury shares for share-based remuneration with restricted shares to Directors, and a decrease of 112,000 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 April 22, 2021	Common stock	453,813	Retained earnings	22	March 31, 2021	June 7, 2021

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, 2022	Common stock	591,152	Retained earnings	26	March 31, 2022	June 6, 2022

Notes: 1. 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. The total amount of dividends includes dividends of ¥39,807 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, 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.

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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Cash and deposits	7,721,528	7,093,890
Cash and cash equivalents	7,721,528	7,093,890

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, 2022	As of March 31, 2023
Due within one year	214,264	206,622
Due after one year	334,070	138,029
Total	548,335	344,652

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 includes 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, 2022

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Securities, operational investment securities, and investment securities	808,899	807,503	(1,396)
Total assets	808,899	807,503	(1,396)

- 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 27 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019; 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, 2022
Shares not listed	1,497,391
Investment in limited partnership for investment, etc.	463,102

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.”

3. Expected redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date
As of March 31, 2022

(Thousands of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	7,721,528	–	–	–
Notes and accounts receivable - trade, and contract assets	2,017,936	–	–	–
Securities, operational investment securities, and investment securities				
Held-to-maturity bonds	100,000	300,000	100,000	–
Total	9,839,464	300,000	100,000	–

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	–	–

4. 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, 2022

Not applicable

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

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

As of March 31, 2022

(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	–	498,503	–	498,503
Total assets	–	498,503	–	498,503

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

- Notes:
- Explanation of valuation techniques and inputs related to measurement of fair values used to measure fair value
Listed shares are valued using the quoted price. Listed shares 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.
 - 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 ¥343,734 thousand.

Securities

1. Held-to-maturity bonds

As of March 31, 2022

(Thousands of yen)

	Carrying amounts in the consolidated balance sheet	Fair value	Difference
Bonds with fair value exceeding book value	200,000	200,553	553
Bonds with fair value not exceeding book value	299,899	297,950	(1,949)
Total	499,899	498,503	(1,396)

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)

2. Available-for-sale securities

As of March 31, 2022

(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	–	–	–
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	–	–	–
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	–	–	–
Total		–	–	–
Items whose carrying amount does not exceed acquisition cost	Operational investment securities			
	(1) Shares	1,499,811	1,525,811	(25,999)
	(2) Bonds	–	–	–
	(3) Others	320,140	379,628	(59,488)
	Subtotal	1,819,952	1,905,440	(85,488)
	Other than operational investment securities			
	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Others	451,962	451,962	–
	Subtotal	451,962	451,962	–
Total	451,962	451,962	–	
Total		2,271,914	2,357,402	(85,488)

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	

3. Available-for-sale securities sold

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

(Thousands of yen)

Type	Sale proceeds	Total gain on sale	Total loss on sale
Operational investment securities			
(1) Shares	360,434	58,768	–
(2) Bonds	–	–	–
(3) Others	–	–	–
Subtotal	360,434	58,768	–
Other than operational investment securities			
(1) Shares	–	–	–
(2) Bonds	–	–	–
(3) Others	–	–	–
Subtotal	–	–	–
Total	360,434	58,768	–

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	—

4. Securities subject to recognition of impairment losses

Impairment loss of ¥25,999 thousand was recognized for operational investment securities in the previous fiscal year.

Impairment loss of ¥26,137 thousand was recognized for operational investment securities in the fiscal year ended March 31, 2023.

Tax effect accounting

1. Major components of deferred tax assets and liabilities

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for share awards	107,037	104,274
Provision for share awards for directors (and other officers)	347,414	338,690
Share-based remuneration with restricted shares	252,787	331,037
Others	239,138	253,569
Subtotal	946,377	1,027,571
Valuation allowance for the total of deductible temporary difference, etc.	(623,039)	(588,832)
Valuation allowance subtotal (Note)	(623,039)	(588,832)
Total deferred tax assets	323,337	438,739
Elimination with deferred tax liabilities	—	(122,069)
Net deferred tax assets	323,337	316,670
Deferred tax liabilities		
Valuation difference on available-for-sale securities	3,726	141,489
Others	—	6,055
Total deferred tax liabilities	3,726	147,544
Elimination with deferred tax assets	—	(122,069)
Net deferred tax liabilities	3,726	25,475

Note: Major changes in valuation allowance

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

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 ¥36,912 thousand from the previous fiscal year) and an increase in share-based remuneration with restricted shares (up ¥109,889 thousand from the previous fiscal year).

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).

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, 2022	As of March 31, 2023
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	2.1	3.8
Income not taxable permanently, such as dividend income	–	(0.0)
Inhabitant per capita taxes	0.2	0.1
Increase (decrease) in valuation allowance	6.2	(1.6)
Investment in associates accounted for using the equity method	(0.1)	–
Tax deduction	–	(2.3)
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	0.5	(0.0)
Effective rate of income taxes after application of deferred tax accounting	39.6	32.5

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

The Company and its consolidated subsidiaries applied the group tax sharing system from the fiscal year ended March 31, 2023. In addition, the Company 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).

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, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Reportable segment		
	Consulting Business	Investment Business	Total
Goods or services transferred at a point in time	936,903	–	936,903
Goods or services transferred over time	14,433,701	225,000	14,658,701
Revenue from contracts with clients	15,370,604	225,000	15,595,604
Other revenue	–	58,768	58,768
Revenue from external clients	15,370,604	283,768	15,654,373

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

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, 2022	Fiscal year ended March 31, 2023
Receivables from contracts with clients (balance at beginning of period)	1,665,400	1,955,811
Receivables from contracts with clients (balance at end of period)	1,955,811	2,168,255
Contract assets (balance at beginning of period)	121,867	62,125
Contract assets (balance at end of period)	62,125	95,299
Contract liabilities (balance at beginning of period)	114,623	81,166
Contract liabilities (balance at end of period)	81,166	84,416

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 ¥101,342 thousand. Of revenue recognized in the fiscal year ended March 31, 2023, the amount included in the balance of contract liabilities at beginning of period was ¥69,817 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

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 formulating 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 areas, 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 “*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 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 clients	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 ¥1,662,494 thousand and the elimination of intersegmental transactions of negative ¥3,220 thousand.
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 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 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 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, 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.

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 ¥21,650 thousand mainly for software in the Consulting Business.

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

Not applicable

Information regarding amortization of goodwill and unamortized balance by reportable segment

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

Not applicable

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

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
Not applicable
 - (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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Net assets per share	242.92	261.53
Profit per share	39.63	52.32

- 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 “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.
 2. 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).
 3. Diluted profit per share is not stated because there are no dilutive shares.
 4. The basis used for calculating “Profit per share” is as follows:

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (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

Subsequent events

Acquisition and cancellation of treasury shares

At the Board of Directors meeting held on May 31, 2023, the Company resolved matters pertaining to the purchase of treasury shares under the provisions of the Articles of Incorporation pursuant to Article 459, paragraph (1) of the Companies Act, and also resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

1. Reason for the acquisition of treasury shares

To make it possible to flexibly carry out capital policies.

2. Details of acquisition

- (1) Class of shares to be acquired: Common stock of the Company
- (2) Total number of shares to be acquired: 1,500,000 shares (Ratio to the total number of issued shares (excluding treasury shares): 3.37%)
- (3) Total acquisition price of shares to be acquired: ¥1,200,000,000
- (4) Period of acquisition: From June 20, 2023 to January 31, 2024
- (5) Method of acquisition: Open-market purchase on the Tokyo Stock Exchange and through the off-auction own share repurchase trading system (ToSTNeT-3) of the Tokyo Stock Exchange

3. Details of cancellation

- (1) Class of shares to be cancelled:
- (2) Total number of shares to be cancelled:
- (3) Scheduled date of cancellation:

Common stock of the Company
500,000 shares (Ratio to the total number of issued shares
(excluding treasury shares): 1.12%)
February 29, 2024

(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	5,417	4,922	—	—
Lease liabilities (excluding current portions)	10,304	5,681	—	2024 - 2027
Total	15,722	10,604	—	—

- 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	3,084	953	977	665

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, 2023 was not more than 1% of the total of liabilities and net assets as of March 31, 2023.

(2) Others

Quarterly information for the fiscal year ended March 31, 2023

(Thousands of yen)

Cumulative period	Three months ended June 30, 2022	Six months ended September 30, 2022	Nine months ended December 31, 2022	Fiscal year ended March 31, 2023
Revenue	3,871,010	8,028,773	12,364,507	17,334,289
Profit before income taxes	644,577	1,532,411	2,273,402	3,263,043
Profit attributable to owners of parent	392,383	929,139	1,342,335	2,204,098
Profit per share (yen)	9.23	21.90	31.71	52.32

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share (yen)	9.23	12.68	9.81	20.75

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022, and per share information is calculated using the number of shares after the stock split.

2. Financial statements, etc.

(1) Financial statements

(i) Balance sheet

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,716,247	5,649,336
Notes and accounts receivable - trade, and contract assets	* 134,650	* 142,945
Securities	99,899	–
Prepaid expenses	174,011	144,771
Short-term loans receivable	* 1,400,000	* 815,679
Other	* 839,123	* 489,734
Allowance for doubtful accounts	–	(116,122)
Total current assets	8,363,933	7,126,344
Non-current assets		
Property, plant and equipment		
Buildings	177,650	168,474
Tools, furniture and fixtures	87,477	69,880
Leased assets	14,142	9,489
Other, net	–	5,522
Total property, plant and equipment	279,269	253,366
Intangible assets		
Software	241,524	400,943
Software in progress	254,544	34,635
Other	8,242	7,105
Total intangible assets	504,311	442,685
Investments and other assets		
Investment securities	851,962	797,759
Shares of subsidiaries and associates	1,256,730	1,251,853
Long-term loans receivable from subsidiaries and associates	* 950,000	* 1,520,000
Deferred tax assets	120,346	260,378
Other	507,862	606,214
Total investments and other assets	3,686,902	4,436,205
Total non-current assets	4,470,484	5,132,257
Total assets	12,834,417	12,258,601

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Lease liabilities	5,417	4,922
Accounts payable - other	* 291,212	* 252,277
Income taxes payable	809,912	262,050
Deposits received	32,427	30,107
Provision for share awards	242,975	326,059
Other	23,850	6,688
Total current liabilities	1,405,795	882,105
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	-	40,762
Total non-current liabilities	1,586,108	1,579,539
Total liabilities	2,991,903	2,461,644
Net assets		
Shareholders' equity		
Share capital	4,626,881	3,000,000
Capital surplus		
Legal capital surplus	2,876,881	1,250,000
Other capital surplus	270,130	3,518,396
Total capital surplus	3,147,012	4,768,396
Retained earnings		
Other retained earnings		
Retained earnings brought forward	4,697,609	5,977,378
Total retained earnings	4,697,609	5,977,378
Treasury shares	(2,628,990)	(3,972,854)
Total shareholders' equity	9,842,513	9,772,920
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	24,036
Total valuation and translation adjustments	-	24,036
Total net assets	9,842,513	9,796,956
Total liabilities and net assets	12,834,417	12,258,601

(ii) Statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
Revenue	*1	9,632,673	*1	5,833,000
Cost of revenue	*1	3,985,134		–
Gross profit		5,647,539		5,833,000
Selling, general and administrative expenses	*1, *2	3,620,576	*1, *2	3,267,336
Operating profit		2,026,963		2,565,663
Non-operating income				
Interest income	*1	8,739	*1	37,833
Foreign exchange gains		11,799		–
Lectures Fee Income		3,936		10,272
Outsourcing service income	*1	64,665	*1	6,549
Miscellaneous income		6,031		9,044
Total non-operating income		95,172		63,699
Non-operating expenses				
Interest expenses		1,376		167
Foreign exchange losses		–		6,455
Commission for purchase of treasury shares		2,099		5,399
Share issuance costs		18,170		–
Non-deductible consumption taxes		1,314		1,054
Loss on investment securities		–		3,631
Miscellaneous losses		52		–
Total non-operating expenses		23,014		16,708
Ordinary profit		2,099,120		2,612,654
Extraordinary losses				
Loss on liquidation of subsidiaries and associates		–		123,849
Loss on retirement of non-current assets		401		–
Total extraordinary losses		401		123,849
Profit before income taxes		2,098,719		2,488,805
Income taxes - current		747,777		768,523
Income taxes - deferred		90,699		(150,639)
Total income taxes		838,476		617,883
Profit		1,260,242		1,870,921

Detailed schedule of cost of revenue

Category	Note no.	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	
		Amount (thousands of yen)	Composition (%)	Amount (thousands of yen)	Composition (%)
I Materials costs	*	19,594	0.5	–	0.0
II Labor costs		2,880,288	72.3	–	0.0
III Other expenses		1,085,250	27.2	–	0.0
Total costs for the period		3,985,134	100.0	–	0.0
Work in process at beginning of period		–		–	
Total		3,985,134		–	
Work in process at end of period		–		–	
Cost of revenue for the period		3,985,134		–	

Note: The major component is as follows:

(Thousands of yen)

Item	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Outsourcing expenses	997,004	–

(iii) 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	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	2,848,506	1,098,506	52,323	1,150,829	3,891,180	3,891,180
Changes during period						
Issuance of new shares	1,778,375	1,778,375		1,778,375		
Dividends of surplus					(453,813)	(453,813)
Profit					1,260,242	1,260,242
Purchase of treasury shares						
Disposal of treasury shares			217,807	217,807		
Total changes during period	1,778,375	1,778,375	217,807	1,996,182	806,429	806,429
Balance at end of period	4,626,881	2,876,881	270,130	3,147,012	4,697,609	4,697,609

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance at beginning of period	(2,475,262)	5,415,253	5,415,253
Changes during period			
Issuance of new shares		3,556,750	3,556,750
Dividends of surplus		(453,813)	(453,813)
Profit		1,260,242	1,260,242
Purchase of treasury shares	(909,854)	(909,854)	(909,854)
Disposal of treasury shares	756,126	973,933	973,933
Total changes during period	(153,728)	4,427,259	4,427,259
Balance at end of period	(2,628,990)	9,842,513	9,842,513

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

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 18 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) Allowance for doubtful accounts
To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
 - (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, estimated amount of share granting obligations as of the end of the fiscal year ended March 31, 2023 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, 2023 is recorded.
4. Recognition of revenues and expenses
Since the transition to a holding company, the Company's revenue consists of consulting fee income 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 consulting 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, 2023

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Shares of subsidiaries and associates	1,256,730	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 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 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 effect of this change on the financial statements was immaterial.

Changes in presentation

Balance sheet

“Accounts receivable - other,” which was stated as an individual item in the previous fiscal year, has been included in “Other” for the fiscal year ended March 31, 2023 since the significance of the amount has decreased. To reflect the change in 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, “Accounts receivable - other” of ¥832,873 thousand and “Other” of ¥6,250 thousand under “Current assets” have been reclassified as “Other” of ¥839,123 thousand under “Current assets”

Statement of income

“Lectures fee income” which was included in “Miscellaneous income” under non-operating income for the previous fiscal year, has been stated as an individual item from the fiscal year ended March 31, 2023, since the significance of the amount has increased. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, “Miscellaneous income” of ¥9,967 thousand under non-operating income has been reclassified as “Lectures fee income” of ¥3,936 thousand and “Miscellaneous income” of ¥6,031 thousand.

“Non-deductible consumption taxes” which was included in “Miscellaneous losses” under non-operating expenses for the previous fiscal year, has been stated as an individual item from the fiscal year ended March 31, 2023, since the significance of the amount has increased. To reflect the change in the presentation method, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, “Miscellaneous losses” of ¥1,367 thousand under non-operating expenses have been reclassified as “Non-deductible consumption taxes” of ¥1,314 thousand and “Miscellaneous losses” of ¥52 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, 2022 and 2023, were ¥617,800 thousand and 840,600 shares and ¥667,750 thousand and 756,100 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

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, 2022 and 2023, were ¥1,134,667 thousand and 2,221,480 shares and ¥1,106,254 thousand and 2,101,480 shares, respectively.

Note: The Company carried out a two-for-one split of its common stock effective April 1, 2022, and the number of shares was calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.

Balance sheet

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

	(Thousands of yen)	
	As of March 31, 2022	As of March 31, 2023
Short-term monetary receivables	2,165,561	1,099,361
Long-term monetary receivables	950,000	1,520,000
Short-term monetary payables	251	44,631

Statement of income

*1 Amount of transactions with subsidiaries and associates

	(Thousands of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Volume of business transactions		
Operating revenue	2,961,526	5,883,340
Operating expenses	174,946	97,476
Volume of other transactions	69,466	30,806

*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, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Remuneration for directors (and other officers)	684,186	731,935
Payroll and allowances	595,414	705,985
Depreciation	179,667	216,928
System expenses	430,477	353,205
Provision for share awards	113,352	226,865
Provision for share awards for directors (and other officers)	209,007	66,337
Provision of allowance for doubtful accounts	14,520	–
Approximate percentage		
Selling expenses	4.50%	2.98%
General and administrative expenses	95.50%	97.02%

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, 2022	As of March 31, 2023
Shares of subsidiaries	1,256,730	1,251,853

Deferred tax accounting

1. Major components of deferred tax assets and liabilities

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for share awards for directors (and other officers)	347,414	338,690
Share-based remuneration with restricted shares	252,787	331,037
Others	133,932	155,767
Subtotal	734,134	825,495
Valuation allowance for the total of deductible temporary difference, etc.	(613,787)	(548,454)
Valuation allowance subtotal	(613,787)	(548,454)
Total deferred tax assets	120,346	277,041
Deferred tax liabilities		
Valuation difference on available-for-sale securities	–	10,607
Others	–	6,055
Total deferred tax liabilities	–	16,663
Net deferred tax assets (liabilities)	120,346	260,378

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, 2022	As of March 31, 2023
Statutory effective tax rate	30.6	30.6
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	1.4	1.2
Income not taxable permanently, such as dividend income	–	(6.2)
Inhabitant per capita taxes	0.2	0.1
Increase (decrease) in valuation allowance	7.7	(2.6)
Adjustment of book value of shares of subsidiaries	–	1.6
Others	0.0	0.2
Effective rate of income taxes after application of deferred tax accounting	40.0	24.8

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

The Company applied the group tax sharing system from the fiscal year ended March 31, 2023. In addition, the Company 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.

Subsequent events

Acquisition and cancellation of treasury shares

At the Board of Directors meeting held on May 31, 2023, the Company resolved matters pertaining to the purchase of treasury shares under the provisions of the Articles of Incorporation pursuant to Article 459, paragraph (1) of the Companies Act, and also resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

The detail is as described in “Notes to the consolidated financial statements, *Subsequent events*” of the consolidated 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	177,650	25,569	–	34,745	168,474	327,486
	Tools, furniture and fixtures	87,477	18,665	–	36,262	69,880	242,983
	Land	–	1,070	–	–	1,070	–
	Construction in progress	–	25,198	20,746	–	4,452	–
	Leased assets	14,142	–	–	4,652	9,489	13,117
	Total	279,269	70,503	20,746	75,660	253,366	583,587
Intangible assets	Software	241,524	277,892	–	118,473	400,943	–
	Software in progress	254,544	57,245	277,154	–	34,635	–
	Other	8,242	–	–	1,136	7,105	–
	Total	504,311	335,138	277,154	119,610	442,685	–

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

Buildings	Purchase of buildings, etc.	¥25,569 thousand
Construction in progress	Purchase of premiums, etc.	¥25,198 thousand
Software	Development expenses for in-house systems	¥277,892 thousand
Software in progress	Development expenses for in-house systems	¥57,245 thousand

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

Construction in progress	Transfer to land and buildings, etc.	¥20,746 thousand
Software in progress	Transfer to software due to start of operation	¥277,154 thousand

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 share awards	597,810	533,872	465,079	666,602
Provision for share awards for directors (and other officers)	1,134,524	66,337	94,755	1,106,107

(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, 2023 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 (14th term) (from April 1, 2021 to March 31, 2022)
Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2022
- (2) Internal Control Report and Attached Documents
Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2022
- (3) Quarterly Securities Reports and Confirmation Letters
First quarter of 15th term (from April 1, 2022 to June 30, 2022)
Filed to Director-General of the Kanto Local Finance Bureau on August 5, 2022
Second quarter of 15th term (from July 1, 2022 to September 30, 2022)
Filed to Director-General of the Kanto Local Finance Bureau on November 8, 2022
Third quarter of 15th term (from October 1, 2022 to December 31, 2022)
Filed to Director-General of the Kanto Local Finance Bureau on February 8, 2023
- (4) Extraordinary Securities Report
Filed to Director-General of the Kanto Local Finance Bureau on February 22, 2023
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.
Filed to Director-General of the Kanto Local Finance Bureau on May 31, 2023
Extraordinary Securities Report based on Article 19, paragraph (2), item (ix) (Change to Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Affairs.
Filed to Director-General of the Kanto Local Finance Bureau on June 27, 2023
Extraordinary Securities Report based on Article 19, paragraph (2), item (ix) (Change to Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Affairs.
- (5) Securities Registration Statements and Attached Documents
Filed to Director-General of the Kanto Local Finance Bureau on July 1, 2022
Filed to Director-General of the Kanto Local Finance Bureau on May 31, 2023
- (6) Report on Own Share Repurchase
Reporting period (from June 1, 2022 to June 30, 2022): Filed to Director-General of the Kanto Local Finance Bureau on July 1, 2022
Reporting period (from July 1, 2022 to July 31, 2022): Filed to Director-General of the Kanto Local Finance Bureau on August 3, 2022
Reporting period (from August 1, 2022 to August 31, 2022): Filed to Director-General of the Kanto Local Finance Bureau on September 6, 2022
Reporting period (from November 1, 2022 to November 30, 2022): Filed to Director-General of the Kanto Local Finance Bureau on December 9, 2022
Reporting period (from December 1, 2022 to December 31, 2022): Filed to Director-General of the Kanto Local Finance Bureau on January 5, 2023
Reporting period (from January 1, 2023 to January 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on February 3, 2023
Reporting period (from May 1, 2023 to May 31, 2023): Filed to Director-General of the Kanto Local Finance Bureau on May 31, 2023
- (7) Amendment Report of Annual Securities Report and Confirmation Letter
Filed to Director-General of the Kanto Local Finance Bureau on March 31, 2023
Amendment Report and Confirmation Letter pertaining to Annual Securities Report for the fiscal year (14th term) (From April 1, 2021 to March 31, 2022).
- (8) Amendment Report of Extraordinary Securities Report
Filed to Director-General of the Kanto Local Finance Bureau on March 30, 2023
Amendment Report of Extraordinary Securities Report based on Article 19, paragraph (2), item (ix) (Change to Representative Directors) of the Cabinet Office Order on Disclosure of Corporate Affairs.

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

Not applicable