

Notice: This is a translation of a notice in Japanese and is made solely for the convenience of foreign shareholders.  
In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

## The Notice of Convocation

(Securities Code 4373)  
(Date of commencement of electronic provision measures) May 24, 2024  
(Date of mailing) May 31, 2024

To Shareholders:

### **Notice of Convocation of the 8th Ordinary General Meeting of Shareholders**

Dear Madam/Sir:

You are hereby notified that the 8th Ordinary General Meeting of Shareholders of Simplex Holdings, Inc. (the “Company”) will be held as stated below.

In convening this General Meeting of Shareholders, the Company has taken electronic provision measures, which electronically provide information contained in the Reference Documents, etc. for the General Meeting of Shareholders (the “matters subject to electronic provision measures”), and has posted this information on the following websites on the Internet. Please access either of the following websites to view the information.

[The Company website (“Shareholders’ Meeting” page)]

<https://www.simplex.holdings/en/ir/stock/meeting/>

When accessing from the Company website top page (<https://www.simplex.holdings/en/>), please click on “Investor Relations,” “Stock Information,” and “Shareholders’ Meeting” in this order to view the information.

[Website for Shareholders’ Meeting materials]

<https://d.sokai.jp/4373/teiji/>

[The Tokyo Stock Exchange (TSE) website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the TSE website above, enter “Simplex Holdings” in the “Issue name (company name)” field or our securities code “4373” in the “Code” field, and click on “Search” to find search results. Then, click on “Basic information” and “Documents for public inspection/PR information” in this order to find “[Notice of General Shareholders Meeting / Informational Materials for a General Shareholders Meeting]” in the “Filed information available for public inspection” section.

Shareholders' voting rights may be exercised by mailing the Voting Rights Exercise Form sent with this Notice of Convocation or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 6:00 p.m. on Friday, June 14, 2024.

Yours faithfully,

By: Hideki Kaneko  
Representative Director, President and CEO  
Simplex Holdings, Inc.  
19F Toranomom Hills Mori Tower,  
1-23-1 Toranomom, Minato-ku, Tokyo,  
Japan

## Particulars

1. **Date and Time:** 10:00 a.m. on Sunday, June 16, 2024 (Japan time)
2. **Place:** Main Hall, Toranomom Hills Forum  
5F Toranomom Hills Mori Tower,  
1-23-3 Toranomom, Minato-ku, Tokyo
3. **Purpose:**

### **Matters to be reported:**

1. Report on the Business Report, Consolidated Financial Statements, and report on the results of audit by the Independent Auditor and the Audit and Supervisory Committee for Consolidated Financial Statements for the 8th fiscal year (from April 1, 2023 to March 31, 2024);
2. Report on the Non-consolidated Financial Statements for the 8th fiscal year (from April 1, 2023 to March 31, 2024)

### **Matters to be resolved:**

**First Proposal:** Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

**Second Proposal:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

**-End-**

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- \* Should any of the matters subject to electronic provision measures require revisions, the revised versions will be posted on each of the above websites on the Internet.
  - \* Among the matters subject to electronic provision measures, the following matters will not be provided in the paper copy to shareholders who made a request for delivery of documents, in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company. Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements contained in such paper copy constitute only part of the documents audited by the Independent Auditor and the Audit and Supervisory Committee Members in the preparation of the Independent Auditor's Report and the Audit Report, respectively.
    - (i) "Risk Factors" and "Share Acquisition Rights" in the Business Report
    - (ii) "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements" as part of the Consolidated Financial Statements
    - (iii) "Non-consolidated Statements of Changes in Net Assets" and "Notes to Non-consolidated Financial Statements" as part of the Non-consolidated Financial Statements
  - \* The results of the resolutions of this General Meeting of Shareholders will be posted on the Company's website (<https://www.simplex.holdings/en/ir/>) after the conclusion of this meeting, in lieu of sending written notice of resolutions.

**“Smart Convocation” service allows you to view the convocation notice more smartly**

The Company has introduced the Smart Convocation service that allows you to view the main content of the convocation notice with your smartphone or other devices.

Please access the URL or the QR Code below to view the Smart Convocation webpage.

(For this translation, the QR Code is omitted.)

\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

\* This service is only available in Japanese.

<https://p.sokai.jp/4373/>

**<Important notice for shareholders attending the meeting in person>**

- We will **provide gifts to shareholders** at the meeting, **but only one per shareholder attending the meeting, regardless of the number of voting rights you exercised or that of Voting Rights Exercise Forms you bring with you.**
- We will **hold a social gathering for shareholders** after the close of this meeting as a valuable opportunity for exchange and conversation between shareholders and the Company's management. **Buffet-style meal and soft drinks will be available at the venue. Your attendance will be welcomed.**
- Although a sufficient number of seats will be available at the venue, **we may restrict entry to the venue if all seats are occupied.**
- Please bring the Voting Rights Exercise Form sent with this Notice of Convocation and submit the form at the reception.
- From a perspective of saving paper resources, we will **not provide a printed copy of this Convocation Notice at the venue of the meeting.** Please bring your smartphone or any other device that can access the Internet.
- Please arrange for an interpreter if necessary. One interpreter may attend the meeting for one shareholder.

**Live stream of the General Meeting of Shareholders and Information on Pre-submission of Questions**

The General Meeting of Shareholders will be live-streamed on the website below.

A preliminary application is not required to view the live stream.

In addition, we ask shareholders to pre-submit questions through the website.

(1) How to access the website

<https://v.sokai.jp/4373/2024/simplexholdings/>

- (i) Please access the website via the URL above or by scanning the QR Code to the right.  
(For this translation, the QR Code is omitted.)
- (ii) Please enter your login ID (nine-digit Shareholder ID number printed on the Voting Rights Exercise Form) and password (seven-digit zip code) on the authentication screen (login screen) to log in.

(2) How to view the live stream

After logging in, please click "View Live" on the menu screen to proceed to the viewing screen.

\* The viewing screen will become accessible on Sunday, June 16, 2024 at 9:30 a.m.

(3) How to pre-submit questions

We accept questions and messages for the General Meeting of Shareholders in advance.

After logging in, please click "Advance Questions" on the menu screen and fill out the form.

**Submission deadline: Friday, June 9, 2024 by 12:00 p.m.**

- \* Please note that you cannot exercise your voting rights on this website.
- \* If the live stream is cancelled for any reason, we will announce it on the Company's website.
- \* We will distribute a video of part of the General Meeting of Shareholders on-demand at a later date.  
(This service is only available in Japanese.)

### **Guidance for Means of Exercising Voting Rights:**

Voting rights exercised at the General Meeting of Shareholders represent an important right of the shareholders.

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders.

There are three means of exercising voting rights as described below.

#### **When exercising voting rights via the Internet:**

**Deadline for exercise: vote is required to be received by 6:00 p.m. on Friday, June 14, 2024**

Please indicate your approval or disapproval of each proposal following the guidance on the next page.

#### **When exercising voting rights in writing (by mail):**

**Deadline for exercise: Voting Rights Exercise Form is required to be arrived by 6:00 p.m. on Friday, June 14, 2024**

Please indicate your vote for or against each proposal on the Voting Rights Exercise Form sent with this Notice of Convocation and return by mail.

#### **When attending the meeting in person:**

**Date and time of the meeting: 10:00 a.m. on Sunday, June 16, 2024**

Please submit the Voting Rights Exercise Form sent with this Notice of Convocation at the reception.

### **How to Fill Out Voting Rights Exercise Form**

Please indicate your approval or disapproval of each proposal.

#### **First and Second Proposals**

- If you approve the election of all candidates, put a circle in the “贊 (approve)” box.
  - If you disapprove the election of all candidates, put a circle in the “否 (disapprove)” box.
  - If you disapprove the election of a certain candidate(s), put a circle in the “贊 (approve)” box, and also write the candidate number for each candidate you disapprove to be elected.
- \* If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of the proposals on the voting form, we will treat it as if you indicated your approval.
- \* If you exercise your voting rights both in writing (by mail) and via the Internet, only the vote exercised via the Internet will be recognized as valid.
- \* If you exercise your voting rights redundantly via the Internet, only the last vote will be recognized as valid.

## [Exercise of Voting Rights via the Internet]

### Scanning the QR code (“Smart Voting”)

You can log into the voting rights exercise website for Smart Voting without entering a voting rights exercise code or password.

1. Scan the QR code on the lower right of the Voting Rights Exercise Form.  
\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Follow the instructions on the screen and enter your approval or disapproval.

Exercising voting rights through Smart Voting is valid only once.

If you wish to change the content of your vote after exercising your voting rights, please access the website for PC, enter the “Voting Rights Exercise Code” and “password” printed on the Voting Rights Exercise Form to log in, and exercise your voting rights again.

\* Please rescan the QR code to go to the website for PC.

### Entering the Voting Rights Exercise Code and password

Voting Rights Exercise Website: <https://www.web54.net>

1. Access the voting rights exercise website.  
Click “Next.”
2. Enter the “Voting Rights Exercise Code” printed on the Voting Rights Exercise Form.  
Enter the “Voting Rights Exercise Code.”  
Click “Log in.”
3. Enter the “password” in the Voting Rights Exercise Form.  
Enter the “password.”  
Set a new password that you will actually use.  
Click “Register.”
4. Follow the instructions on the screen and enter your approval or disapproval.

For inquiries regarding how to operate your computer, smartphone or any other device to exercise voting rights via the Internet, please call the help desk below.

Stock Transfer Agency Web Support  
Sumitomo Mitsui Trust Bank, Limited  
Tel: 0120-652-031 (toll-free in Japan)  
Hours: 9:00 a.m. to 9:00 p.m.

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Matters for Reference

**First Proposal:** Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the close of this General Meeting of Shareholders.

Therefore, it is proposed that four (4) Directors be elected.

The Audit and Supervisory Committee has expressed no objection to this proposal.

The candidates for Directors are as follows:


Candidate No.	Name	Current position and responsibilities at the Company	Nomination and Compensation Committee Member*	Attribute
1	Hideki Kaneko	Representative Director, President and CEO	○	Reelection
2	Kozo Sukema	Director, Vice President and Co-COO	—	Reelection
3	Masataka Soda	Director, Vice President and Co-COO	—	Reelection
4	Keisuke Enosawa	Director and CFO	—	Reelection

Reelection: Candidate for reelection as director

- \* The Company has established a voluntary Nomination and Compensation Committee as an advisory committee to the Board of Directors in order to improve the transparency and objectivity of the deliberation process regarding the election and dismissal of Directors and the compensation system. The Committee discussed the election and dismissal of Directors, their compensation and others in advance. The Board of Directors makes decisions with the utmost respect for the Committee's recommendations. The Committee consists of three or more of the Company's Directors, and more than half of the Committee members are Outside Directors.  
(○ the Committee member, ◎ Chairperson of the Committee)



Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
1	 <p>Hideki Kaneko (September 1, 1963)</p> <p>Reelection</p>	<p>April 1987: Joined Arthur Andersen &amp; Co. (currently Accenture Japan Ltd.)</p> <p>November 1990: Joined CATS Software Inc.</p> <p>November 1991: Joined Salomon Brothers Asia Ltd. (currently Citigroup Inc.)</p> <p>September 1997: Joined Simplex Risk Management (currently Simplex Inc.)</p> <p>August 2000: Representative Director and President, Simplex Inc. (present post)*</p> <p>April 2008: Director, Simplex U.S.A., Inc. (present post)</p> <p>June 2008: Representative Director and President, Simplex Business Solutions, Inc. (currently Xspear Consulting, Inc.)</p> <p>December 2016: Founded the Company and appointed as Representative Director, President and CEO (present post)</p> <p>February 2017: Representative Director, Simplex Global Inc.</p> <p>June 2017: Director, Simplex Global Inc. (present post)</p> <p>June 2021: Representative Director, Chairman and President, Deep Percept Inc. (present post)*</p> <p>November 2022: Director, SIMPLEX QUANTUM Inc. (present post)</p> <p>February 2023: Director and Co-Chairperson, SBI Simplex Solutions Co., Ltd. (present post)*</p> <p>(Years in office as Director) 7 years and 6 months</p> <p>(Attendance in meetings of the Board of Directors) 13/13 meetings</p> <p>(Reasons for selection as a candidate for Director) Mr. Hideki Kaneko is selected as a candidate for Director because he has been responsible for the management of the Group as Representative Director and President since 2000 and has promoted the formulation and implementation of management strategies for many years. Therefore, we believe that he will continue to promote the business of the Group and contribute to enhancing the corporate value.</p>	10,728,800 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
2	 <p data-bbox="384 943 560 1003">Kozo Sukema (July 29, 1972)</p> <p data-bbox="411 1037 533 1066">Reelection</p>	<p data-bbox="603 327 1262 387">April 1996: Joined Andersen Consulting (currently Accenture Japan Ltd.)</p> <p data-bbox="603 394 1114 423">November 1999: Joined ACCESS Co., Ltd.</p> <p data-bbox="603 430 1142 459">June 2003: Joined Accenture Japan Ltd.</p> <p data-bbox="603 465 1118 495">January 2005: Joined USEN Corporation</p> <p data-bbox="603 501 1198 562">August 2008: Joined Simplex Technology, Inc. (currently Simplex Inc.)</p> <p data-bbox="603 568 1262 598">January 2014: Senior Managing Officer, Simplex Inc.</p> <p data-bbox="603 604 1278 633">December 2016: Senior Managing Director, Simplex Inc.</p> <p data-bbox="603 640 1286 701">January 2017: Senior Managing Director, the Company</p> <p data-bbox="603 707 1246 768">April 2020: Director and Vice President, Simplex Inc.; Director, Deep Percept Inc.</p> <p data-bbox="603 775 1262 835">March 2021: Director, Vice President and Co-COO, the Company (present post)</p> <p data-bbox="603 842 1198 871">June 2022: Director, Xspear Consulting, Inc.</p> <p data-bbox="603 878 1286 938">February 2023: Representative Director and President, SBI Simplex Solutions Co., Ltd. (present post)*</p> <p data-bbox="603 945 1262 1050">January 2024: Managing Director, SBI SECURITIES Co., Ltd. (present post)* Representative Director, SBI BITS Co., Ltd. (present post)*</p> <p data-bbox="603 1057 922 1086">(Years in office as Director)</p> <p data-bbox="603 1093 842 1122">3 years and 3 months</p> <p data-bbox="603 1128 1177 1158">(Attendance in meetings of the Board of Directors)</p> <p data-bbox="603 1164 778 1193">13/13 meetings</p> <p data-bbox="603 1200 1166 1229">(Reasons for selection as a candidate for Director)</p> <p data-bbox="603 1236 1286 1440">Mr. Kozo Sukema is selected as a candidate for Director because he has extensive business execution experience and achievements in a wide range of business areas as Co-COO, and has contributed to the expansion of the Group through deep diving into customers. Therefore, we believe that he will continue to contribute to enhancing the corporate value of the Group.</p>	446,900 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
3	 <p data-bbox="363 857 580 920">Masataka Soda (October 30, 1978)</p> <p data-bbox="411 949 533 981">Reelection</p>	<p data-bbox="603 327 1299 880"> July 2002: Joined Accenture Japan Ltd.  May 2007: Joined Simplex Technology, Inc. (currently Simplex Inc.)  October 2007: Joined Accenture Japan Ltd.  March 2011: Joined Simplex Consulting, Inc. (currently Simplex Inc.)  June 2017: Senior Managing Director, Simplex Inc.; Director, Simplex Business Solutions, Inc. (currently Xspear Consulting, Inc.)  March 2019: Director, Deep Percept Inc. (present post)*  April 2020: Director and Vice President, Simplex Inc. (present post)*  February 2021: Representative Director and President, Xspear Consulting, Inc. (present post)*  March 2021: Director, Vice President and Co-COO, the Company (present post) </p> <p data-bbox="603 884 1299 1261"> (Years in office as Director)  3 year and 3 months  (Attendance in meetings of the Board of Directors)  13/13 meetings  (Reasons for selection as a candidate for Director)  Mr. Masataka Soda is selected as a candidate for Director because he has contributed to acquiring new customers in a wide range of business areas as Co-COO, including the promotion of the new businesses launch as Representative Director and President of Xspear Consulting, Inc. Therefore, we believe that he will continue to contribute to enhancing the corporate value of the Group. </p>	158,900 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
4	 Keisuke Enosawa (September 1, 1983)  Reelection	July 2007: Joined Simplex Technology, Inc. (currently Simplex Inc.) January 2017: Transferred to the Company March 2019: Statutory Auditor, Deep Percept Inc. March 2021: Director and CFO, the Company (present post) February 2023: Statutory Auditor, SBI Simplex Solutions Co., Ltd. (present post)* (Years in office as Director) 3 years and 3 months (Attendance in meetings of the Board of Directors) 13/13 meetings (Reasons for selection as a candidate for Director) Mr. Keisuke Enosawa is selected as a candidate for Director because he has extensive business execution experience and achievements in the corporate division as CFO, and has contributed to strengthening governance and improving organizational capabilities. Therefore, we believe that he will continue to contribute to the sustained growth of the Group by leveraging such experience and knowledge.	93,450 shares

- Notes:
1. Each candidate has no special interest in the Company.
  2. “Number of shares of the Company owned” represents the number of shares beneficially owned by each candidate.
  3. An asterisk (\*) indicates important concurrent positions held in other organizations.
  4. The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. This insurance agreement covers compensation for damages and other losses of the insured persons, including the Company’s Directors. If each candidate is elected and assumes office as a Director, he will be the insured person under the insurance agreement. The insurance agreement is scheduled to be renewed at the next renewal. Please refer to Business Report “3. Status of Officers (3) Outline of Directors and Officers Liability Insurance Agreement” for the outline of the content of such agreement.

**Second Proposal:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The term of office of Mr. Ryoza Akiyama, Mr. Noriyuki Ogasawara, Mr. Kenji Kotera, and Mr. Yasuto Hamanishi as Directors who are Audit and Supervisory Committee Members will expire at the close of this General Meeting of Shareholders.

Therefore, it is proposed that three (3) Directors who are Audit and Supervisory Committee Members be elected.

The Audit and Supervisory Committee has approved for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current position and responsibilities at the Company	Nomination and Compensation Committee Member*	Attribute
1	Ryoza Akiyama	Director (Audit and Supervisory Committee Member)	–	Reelection Outside Independent
2	Noriyuki Ogasawara	Director (Audit and Supervisory Committee Member)	◎	Reelection Outside Independent
3	Yasuto Hamanishi	Director (Audit and Supervisory Committee Member)	–	Reelection Outside Independent


Reelection: Candidate for reelection as director


Outside: Candidate as outside director

Independent: Independent director who satisfies the requirements of independence stipulated by Tokyo Stock Exchange, Inc.

\* The Company has established a voluntary Nomination and Compensation Committee as an advisory committee to the Board of Directors in order to improve the transparency and objectivity of the deliberation process regarding the election and dismissal of Directors and the compensation system. The Committee discussed the election and dismissal of Directors, their compensation and others in advance. The Board of Directors makes decisions with the utmost respect for the Committee's recommendations. The Committee consists of three or more of the Company's Directors, and more than half of the Committee members are Outside Directors.


(○ the Committee member, ◎ Chairperson of the Committee)

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
1	 <p>Ryozo Akiyama (February 21, 1956)</p> <p>Reelection Outside Independent</p>	<p>April 1980: Joined Andersen Consulting (currently Accenture Japan Ltd.)</p> <p>February 2000: Representative Director, SunGard Systems Japan K.K.</p> <p>February 2001: Joined Arthur Andersen</p> <p>August 2004: Founded Elan Vital Ltd. and appointed as Representative Director and President (present post)*</p> <p>June 2014: Outside Director, Simplex Inc.</p> <p>December 2016: Outside Director, the Company</p> <p>March 2021: Outside Director (Audit and Supervisory Committee Member), the Company (present post)</p> <p>(Years in office as Director) Audit and Supervisory Committee Member: 3 years and 3months Outside Director: 7 years and 6 months (Attendance in meetings of the Board of Directors) 13/13 meetings (Reasons for selection as a candidate for Outside Director and a summary of expected roles) Mr. Ryozo Akiyama is selected as a candidate for Outside Director because he has a wealth of knowledge gained through his work experience at a major general consulting firm and his many years of experience as a representative director. Therefore, we expect that he will continue to leverage such knowledge to supervise and advise our directors on executing their duties from a professional perspective, particularly for developing our business strategies. If he is elected, he will be involved in the selection of the Company's director candidates and the determination of director compensation and others from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>	2,300 shares

Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
2	 <p data-bbox="384 969 560 1061">Noriyuki Ogasawara (July 15, 1951)</p> <p data-bbox="400 1099 544 1191">Reelection Outside Independent</p>	<p data-bbox="603 327 1278 387">April 1976: Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)</p> <p data-bbox="603 394 1246 486">February 2002: Executive Officer, Nikko Cordial Corporation (currently SMBC Nikko Securities Inc.)</p> <p data-bbox="603 492 1262 584">February 2004: President and Representative Director, Nikko Beans, Inc. (currently Monex, Inc.)</p> <p data-bbox="603 591 1270 683">August 2004: Chairman and Representative Director, Monex Beans Holdings, Inc. (currently Monex Group, Inc.),</p> <p data-bbox="603 689 1278 781">February 2005: Representative Director and Vice President, Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)</p> <p data-bbox="603 788 1286 880">February 2007: Executive Vice President, Nikko Cordial Corporation (currently SMBC Nikko Securities Inc.)</p> <p data-bbox="603 887 1286 978">August 2008: Director and Vice President, Nikko Citi Holdings, Inc. (currently Citigroup Japan Holdings G.K.)</p> <p data-bbox="603 985 1270 1046">April 2011: Chairman and Representative Director, Nikko Systems Solutions, Ltd.</p> <p data-bbox="603 1052 1286 1113">April 2012: Member of the board of directors, Nikko Systems Solutions, Ltd.</p> <p data-bbox="603 1120 1294 1270">June 2012: Statutory Auditor, Simplex Holdings, Inc. (currently Simplex Inc.) (present post)*; Director and Chairman, Simplex Asset Management Co., Ltd. (present post)*</p> <p data-bbox="603 1276 1190 1305">December 2016: Statutory Auditor, the Company</p> <p data-bbox="603 1312 1286 1404">March 2021: Outside Director (Audit and Supervisory Committee Member), the Company (present post)</p> <p data-bbox="603 1411 1222 1471">June 2021: Outside Director, Japan Investment Corporation (present post)*</p> <p data-bbox="603 1478 927 1507">(Years in office as Director)</p> <p data-bbox="603 1514 839 1543">3 years and 3 months</p> <p data-bbox="603 1550 1174 1579">(Attendance in meetings of the Board of Directors)</p> <p data-bbox="603 1585 775 1615">13/13 meetings</p>	— shares

		<p>(Reasons for selection as a candidate for Outside Director and a summary of expected roles)</p> <p>Mr. Noriyuki Ogasawara is selected as a candidate for Outside Director because he has abundant experience and extensive knowledge in corporate planning, human resources, and systems divisions of financial institutions, etc. Therefore, we expect that he will continue to leverage such knowledge to supervise and advise our directors on executing their duties from a professional perspective, particularly for management decision-making. If he is elected, he will continue to be involved in the selection of the Company's director candidates and the determination of director compensation and others from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>	
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Candidate No.	Name (Date of birth)	Resume, position and responsibilities at the Company	Number of shares of the Company owned
3	 <p data-bbox="363 891 584 954">Yasuto Hamanishi (October 11, 1959)</p> <p data-bbox="400 987 547 1081">Reelection Outside Independent</p>	<p data-bbox="603 327 1299 943">           April 1984: Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)            April 2012: Executive Officer, Mizuho Securities Co., Ltd.            April 2015: Managing Executive Officer, Mizuho Securities Co., Ltd.            Managing Executive Officer, Mizuho Financial Group, Inc.            April 2017: Senior Managing Executive Officer, Mizuho Securities Co., Ltd.            April 2018: Outside Director, Mizuho Securities USA LLC            April 2021: Deputy President and Executive Officer, Mizuho Securities Co., Ltd.            April 2022: Officer, Mizuho Securities Co., Ltd. (present post)            July 2022: Outside Director (Audit and Supervisory Committee Member), the Company (present post)         </p> <p data-bbox="603 947 1299 1395">           (Years in office as Director)            2 years            (Attendance in meetings of the Board of Directors)            13/13 meetings            (Reasons for selection as a candidate for Outside Director and a summary of expected roles)            Mr. Yasuto Hamanishi is selected as a candidate for Outside Director because he has many years of experience and insight in financial institutions, including his experience as the head of the global investment banking division. Therefore, we expect that he will continue to leverage such knowledge to supervise and advise our directors on executing their duties from a higher perspective of the Group, including overseas operations.         </p>	– shares

- Notes:
1. Each candidate has no special interest in the Company.
  2. An asterisk (\*) indicates important concurrent positions held in other organizations.
  3. Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, and Mr. Yasuto Hamanishi are candidates for Outside Directors.
  4. Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, and Mr. Yasuto Hamanishi are currently the Company's Outside Directors who are Audit and Supervisory Committee Members. The term of office as the Company's Outside Directors who are Audit and Supervisory Committee Members of Mr. Ryozo Akiyama and Mr. Noriyuki Ogasawara will be three (3) years and three (3) months at the close of this General Meeting of Shareholders. Meanwhile, the term of office as the Company's Outside Director who is an Audit and Supervisory Committee Member of Mr. Yasuto Hamanishi will be two (2) years at the close of this General Meeting of Shareholders. Mr. Ryozo Akiyama was previously the Company's officer (Outside Director) who was not an executive officer. Including the previous term of office, the term of office as the Company's Outside Director of Mr. Ryozo Akiyama will be Seven (7) years and six (6) months at the close of this General Meeting of Shareholders. Mr. Noriyuki Ogasawara was previously the Company's officer (Auditor) who was not an executive officer.
  5. Pursuant to Article 427, Paragraph (1) of the Companies Act, the Company has entered into an agreement with Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, and Mr. Yasuto Hamanishi to limit their liability for damages under Article 423, Paragraph (1) of the Companies Act. The maximum amount of liability for damages under the said agreement is the minimum liability amount provided in Article 425, Paragraph (1) of the Companies Act. If their reelection is approved, the Company will maintain such agreements with them.
  6. The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. This insurance agreement covers compensation for damages and other losses of the insured persons, including the Company's Directors who are Audit and Supervisory Committee Members. If each candidate is elected and assumes office as a Director who is an Audit and Supervisory Committee Member, he will be the insured person under the insurance agreement. The insurance agreement is scheduled to be renewed at the next renewal. Please refer to Business Report "3. Status of Officers (3) Outline of Directors and Officers Liability Insurance Agreement" for the outline of the content of such agreement.
  7. The Company has designated Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, and Mr. Yasuto Hamanishi as Independent Directors as stipulated by the Tokyo Stock Exchange, Inc. and has registered them with the Exchange. If their reelection is approved, they will continue to be Independent Directors. The Company determines the independence of Independent Outside Directors under the qualification requirements for independence as stipulated by the Tokyo Stock Exchange, Inc. In selecting Independent Outside Directors, the Company strives to select candidates who have a high level of expertise, extensive experience, and knowledge and achievements of management in general, and who can contribute to the sustained growth of the Group and the enhancement of corporate value over the medium- to long-term through constructive discussions at meetings of the Board of Directors and other.

## (Reference) Skills Matrix for the Candidates for Directors

If First Proposal and Second Proposal are approved as originally proposed, the Board composition will be as follows:

\*The relevant areas are indicated by ● as the main skills.  
(This does not represent all the expertise and experience possessed by the director.)

Name	Current position at the Company		Corporate management	IT / Technology	Finance / Accounting	Internationality	Human resources / Talent development	Legal / Compliance
Hideki Kaneko	Reelection	Representative Director, President and CEO	●	●		●	●	
Kozo Sukema	Reelection	Director, Vice President and Co-COO	●	●			●	
Masataka Soda	Reelection	Director, Vice President and Co-COO	●	●			●	
Keisuke Enosawa	Reelection	Director and CFO	●		●			●
Ryozo Akiyama	Reelection Outside Independent	Director (Audit and Supervisory Committee Member)	●	●		●		
Noriyuki Ogasawara	Reelection Outside Independent	Director (Audit and Supervisory Committee Member)	●				●	●
Mari Takahashi	Incumbent Outside Independent	Director (Audit and Supervisory Committee Member)	●				●	●
Yasuto Hamanishi	Reelection Outside Independent	Director (Audit and Supervisory Committee Member)	●		●	●		
Naoto Hirota	Incumbent Outside Independent	Director (Audit and Supervisory Committee Member)	●			●		●

Reelection: Director to be reelected

Incumbent: Incumbent Director

Outside: Outside Director

Independent: Independent Officer who meets the qualification requirements for independence as stipulated by the Tokyo Stock Exchange

## Skill Description

Corporate management	Experience and expertise as a corporate manager, including experience as a director
IT/Technology	Knowledge and insights on IT, DX or other technologies, and work experience and expertise in system development and operations
Finance/Accounting	Certified Public Accountant, Certified Tax Accountant, work experience in an accounting or finance department, or other experience or expertise in the finance or accounting field
Internationality	Corporate management or work experience in global companies, or experience and expertise in overseas business development and the like
Personnel affairs/ Human resources development	Work experience in a personnel department, and other experience and expertise in the human resources and organizational fields such as personnel training, and design and development of internal systems
Legal/Compliance	Experience as a lawyer or work experience in a legal or compliance department, as well as experience and expertise in risk management or corporate governance

End

## Business Report (from April 1, 2023 to March 31, 2024)

### 1. Matters concerning Present State of the Simplex Group (Corporate Group)

#### Summary of Key Performance Indicators

		FY3/2023	FY3/2024 (Current fiscal year)	YoY	
				Change	Change (%)
Revenue	(Millions of yen)	34,946	40,708	5,761	16.5
Gross profit	(Millions of yen)	14,597	17,450	2,853	19.5
Operating profit	(Millions of yen)	7,451	8,850	1,399	18.8
Profit	(Millions of yen)	5,432	6,194	761	14.0
Profit attributable to owners of parent	(Millions of yen)	5,432	6,194	761	14.0
Total assets	(Millions of yen)	70,266	79,248	8,981	12.8
Total equity	(Millions of yen)	41,984	47,089	5,105	12.2
Basic earnings per share (Note 1)	(Yen)	96.91	107.54	10.63	11.0
Equity attributable to owners of parent per share (Note 2)	(Yen)	733.34	809.33	75.99	10.4
Dividend per share [of which interim dividend per share]	(Yen)	25.00 [-]	42.00 [-]	17.00	68.0

Notes: 1. Basic earnings per share is calculated based on the average number of shares outstanding during the period (less treasury shares).

As of March 31, 2023: 56,059,053 shares As of March 31, 2024: 57,593,635 shares

2. Equity attributable to owners of parent per share is calculated based on the shares issued at the end of period (less treasury shares)

As of March 31, 2023: 57,250,562 shares As of March 31, 2024: 58,182,803 shares

(1) Overview and Results of Operations

Matters worthy of note with respect to earnings for the fiscal year ended March 31, 2024 (the current fiscal year) are summarized as follows:

- i) Revenue again reached a record high of 40,708 million yen (up 16.5% from 34,946 million yen for the previous fiscal year), driven by strong sales in System Integration and Operation Service and new contracts won by Strategy/DX Consulting.

Gross profit significantly increased year-on-year to 17,450 million yen (up 19.5% from 14,597 million yen for the previous fiscal year) with the gross profit margin of 42.9% (compared with 41.8% for the previous fiscal year).

Selling, general and administrative expenses increased year-on-year to 6,354 million yen (up 18.2% from 5,374 million yen for the previous fiscal year) due primarily to factors such as higher personnel expenses resulting from the increase in new graduate employees and enhancement of recruitment and training. Research and development expenses increased year-on-year to 1,858 million yen (up 29.2% from 1,438 million yen for the previous fiscal year).

In addition, we recognized 356 million yen in amortization of identifiable assets (446 million yen for the previous fiscal year), 60 million yen in other income, and 93 million yen in other expenses.

As a result, operating profit amounted to 8,850 million yen (up 18.8% from 7,451 million yen for the previous fiscal year), and the operating profit margin came in at 21.7% (compared with 21.3% for the previous fiscal year). Profit before tax increased year-on-year to 8,744 million yen (up 19.8% from 7,298 million yen for the previous fiscal year), with 34 million yen, 162 million yen, and 22 million yen recognized as finance income, finance costs, and share of profit of investments accounted for using equity method, respectively.

Income tax expense amounted to 2,551 million yen (compared with 1,866 million yen for the previous fiscal year) and profit attributable to owners of parent increased year-on-year to 6,194 million yen (up 14.0% from 5,432 million yen for the previous fiscal year).

- ii) By service category, revenue from Strategy/DX Consulting amounted to 4,206 million yen (compared with 2,172 million yen for the previous fiscal year), significantly exceeding the result for the previous fiscal year. However, the gross profit margin fell short of the margin for the previous fiscal year, coming in at 48.8% (compared with 50.6% for the previous fiscal year).

Revenue from System Integration amounted to 24,417 million yen (compared with 21,712 million yen for the previous fiscal year), with the gross profit margin of 43.8% (compared with 42.4% for the previous fiscal year), both having increased year-on-year.

Revenue from Operation Service increased year-on-year to 12,078 million yen (compared with 11,056 million yen for the previous fiscal year), with the gross profit margin of 39.0% (compared with 38.7% for the previous fiscal year), both having increased year-on-year.

(Reference)

Breakdown of revenue by service category

(Millions of yen, unless otherwise indicated)

	FY3/2023			FY3/2024 (Current fiscal year)			
	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	Revenue	Percentage of total revenue (%)	Gross profit margin (%)	YoY change
Strategy/DX Consulting	2,172	6.2	50.6	4,206	10.3	48.8	2,034
System Integration	21,712	62.1	42.4	24,417	60.0	43.8	2,705
Operation Service	11,056	31.6	38.7	12,078	29.7	39.0	1,022
Other	7	0.0	100.0	7	0.0	100.0	0
Total	34,946	100.0	41.8	40,708	100.0	42.9	5,761

Note: System Integration includes system engineering and other services.

Operation Service includes operation and maintenance, subscription services, and licensing.

Other consists primarily of the sale of goods, such as hardware and middleware.

Capital Expenditures

The Group made a capital investment of 863 million yen in the current fiscal year.

Financing of the Group

The Group has entered into commitment line agreements totaling 3,000 million yen with two financial institutions and overdraft agreements totaling 7,000 million yen with four financial institutions in order to raise working capital safely and efficiently.

(2) Assets, Profits and Losses for the Three Most Recent Fiscal Years

Assets, Profits and Losses of the Corporate Group

Items		FY3/2021	FY3/2022	FY3/2023	FY3/2024 (Current fiscal year)
Revenue	(Millions of yen)	27,532	30,579	34,946	40,708
Operating profit	(Millions of yen)	4,510	6,362	7,451	8,850
Profit	(Millions of yen)	2,974	4,205	5,432	6,194
Basic earnings per share (Note)	(Yen)	61.80	83.06	96.91	107.54
Total assets	(Millions of yen)	61,678	66,934	70,266	79,248
Total equity	(Millions of yen)	31,462	37,294	41,984	47,089

Note: In accordance with a resolution of the Board of Directors' meeting held on June 24, 2021, the Company conducted a 100-for-1 stock split of ordinary shares effective on July 10, 2021. Basic earnings per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

Basic earnings per share is calculated based on the average number of shares outstanding during the period.



(3) Principal Subsidiaries

List of Principal Subsidiaries

Name of subsidiary	Issued capital (Millions of yen)	Percentage of voting rights directly or indirectly held by the Company (%)	Main business
Simplex Inc.	4,750	100.0	Consulting service, system development, operations and maintenance
Xspear Consulting, Inc.	20	100.0	Consulting services focused on strategy/DX
Deep Percept Inc.	200	100.0	AI consulting service, system development
Simplex Global Inc. (U.S.)	11	100.0	Consulting services for foreign companies
Simplex U.S.A., Inc. (U.S.)	21	100.0	Marketing for the U.S. market, R&D
Simplex Consulting Hong Kong, Limited (Hong Kong, PRC)	6	100.0	Consulting service for Japanese companies aiming to enter into Asian market, system development, operations and maintenance

Note: The status of the specified wholly owned subsidiary as of the end of the current fiscal year is as follows:

- Name of the specified wholly owned subsidiary: Simplex Inc.
- Address of the specified wholly owned subsidiary: 1-23-1 Toranomon, Minato-ku, Tokyo
- Carrying amount of the specified wholly owned subsidiary held by the Company: 24,529 million yen
- Total assets of the Company: 34,662 million yen

(4) Issues to be Addressed

The Group believes that it has achieved a strong position as a top brand in Japan in Financial Frontier Areas (Note 1), which has led to sustained growth of the Group. Meanwhile, looking at the current climate, Digital Transformation (DX), which fully utilizes state of the art technology to reform business models themselves, is a top priority in every industry. Given this trend, we make it a priority to broaden our strategic focus beyond Financial Frontier Areas to encompass all business areas, while at the same time further deep diving into new and existing business domains. We believe that addressing these issues will enable us to respond appropriately to changes in the market environment and client needs, and simultaneously, lead to further growth of the Group.

To achieve these goals, we also believe that our priority is to secure and retain highly skilled professionals, who are the source of our competitiveness. Towards resolving these issues, the Group has formulated key strategies as follows.

i) Business domain expansion

For business domain expansion, we strengthen our Strategy/DX Consulting services targeting diverse non-financial industries such as government, telecommunications, manufacturing, and entertainment, with our wholly owned subsidiary, Xspear Consulting Inc., which is our consulting firm that started in April 2021 as the nucleus of the Company.

We also implement measures such as actively seeking orders from financial institutions (existing clients) for consulting projects that are not directly related to system development, aiming to win DX projects in fields where the Group has not been involved in before.

Specifically, as the main areas of focus of the Medium-Term Business Plan 2027 (MTBP2027), we will increase the number of consultants through mid-career hiring of experienced consultants and secondment of tech personnel within the Group, and strengthen cross-selling to financial clients, which will help drive conversion to recurring business.

Besides, in the more near term, we will deep-dive into promising markets for the consulting industry, positioning the telecommunications industry as a market at an expansion phase, and the manufacturing industry at a pioneering phase. At the same time, we will also focus on acquiring boutique consulting firms that will contribute to inorganic growth in MTBP2027 (factoring about 3.5 billion yen contribution to revenue for the fiscal year ending March 31, 2027 in the plan).

ii) Deep dive into business domains

In recent years, the Financial Frontier Areas also has seen increasing demand for Digital Transformation (DX), which fully utilizes state of art technology to reform business models themselves. Through the promotion of the Simplex Way (Note 2), we aim for steady growth by providing even higher value-added services as a DX partner for financial institutions.

We recognize that, among the Group's business areas, Capital Markets, is a stable growth area centered on repeat orders with a high profit margin, and an optimal area for human resource development where advanced Biz x Tech required. Based on this recognition, we will selectively choose orders for key large-scale projects that develop the central platform at major financial institutions with the expectation for sustainable growth in the medium- to long-term, while steadily building up orders for stable projects. Meanwhile, in Financial Retail, with the recognition that the area is positioned as a growth driver during MTBP2027 period, following Strategy/DX Consulting, we aim to be a game changer for financial institutions who have long held on to their principles of relying on in-house system development by achieving overwhelming success of the joint venture scheme with SBI SECURITIES Co., Ltd.

In the non-financial domain, we also promote strategies aimed at achieving high profitability in domains with high barriers to entry by adhering to the Simplex Way and leveraging its abundant experience and expertise in Financial Frontier Areas, where the Group has aggressively introduced new technologies ahead of other industries. In this way, the Group will deep dive into the targeted business domains. Specifically, in Insurance, we will focus on expanding the library of *Simplex xInsurance*, an insurance solution, for full-scale sales expansion after MTBP2027. Simultaneously, to achieve the above-mentioned sales expansion, we will focus on cultivating large life and non-life insurers, and further establishing the Group's reputation in the domain during the MTBP2027 period. In the meantime, in Enterprise DX, we will maximize synergies with Xspear Consulting, Inc., a consulting firm specializing in DX, and promote the acquisition

of projects utilizing key technologies such as UI/UX, cloud, and web3 that we have cultivated in the financial domain.

iii) Improvement of profitability

Gross profit margin is targeted at 45.0% for the fiscal year ending March 31, 2027 through the mixed effect of Strategy/DX Consulting and productivity improvement. We aim to achieve an operating profit margin of 25.0% by improving gross profit margin and reducing selling, general and administrative expenses.

iv) Strengthening of recruitment and development

One of the key management resources in the Group's business is human resources. Our challenge, and at the same time one of our key strategic priorities is to secure and retain hybrid talent with strong skills in both business and technology to meet the demands of our clients.

To hire talent who will engage in DX for our client companies, we strive to secure talent who will contribute to the Group's growth by strengthening recruitment of mid-career hires with a high level of expertise in addition to new graduate recruitment targeting only the highest potential businesspersons, under a hiring policy that is blind to nationality, age, gender, and work history.

We also strive to improve our employee retention rate by improving and implementing retention measures. We aim to improve our employee retention with the aim of reducing our turnover rate through various measures, including provision of environmental support and system development to support the realization of career plans that fit individual work styles while giving both job satisfaction and ease of work, provision of further training opportunities and development of such system, and measures to improve labor's share of corporate profit.

Notes: 1. We define Financial Frontier Areas as areas in which we assist financial institution clients to incorporate technology into their business, including their front-office (profit-earning) operations such as trading and risk management operations. The principal clients operate in the banking, securities, and online securities industries.

2. The Simplex Way is a word coined by the Simplex Group. It refers to a business model in which a project team formed by hybrid talent proficient in both business and technology is responsible in all aspects from consulting, design through to system development, operation and maintenance, and provides comprehensive technology solutions with full cycle coverage and direct client engagement.

(5) Principal Businesses (as of March 31, 2024)

Since its establishment in 1997, the Simplex Group has developed its business as a technology partner of major financial institutions including Japan's leading banks, general securities firms and online securities firms, and has continued to grow strongly to achieve a position as a top brand in Japan in Financial Frontier Areas.

Currently, we are expanding our business areas into the Cross Frontier Domain. We offer high value-added services to a wider client base than financial institutions by developing the latest technology stack, as represented by AI, UI/UX design, cloud, and web3, that we accumulated in the Financial Frontier Areas.

Meanwhile, we define Cross Frontier Domain as business areas where technology plays a vital role for clients' business success. Financial Fronter Areas are where business has been propelled with technology as the main driver and are thus recognized as one of the principal areas of the Cross Frontier Doman.

While the Company focuses on and strengthen its function as a holding company, the Group's business strategies are executed by its principal subsidiaries Simplex Inc. and Xspear Consulting, Inc. In this way, the Group formulates and promotes its strategies and implements appropriate governance and monitoring, thereby aiming to further enhance its corporate value. As of the end of the current fiscal year, the Company has six consolidated subsidiaries and two equity-method associates.

i) Business areas

Since the Group operates in a single segment that focuses on the provision of IT solutions for success of our clients, segment information is not provided. For reference, the Group's business areas classified by taking into account major clients and markets are summarized as below.

(a) Strategy/DX Consulting

We deliver DX-specialized strategic proposals and tactical support to various office levels from C-level to business planning divisions based on the latest technology stack, as represented by AI, UI/UX design, cloud, and web3.

With Xspear Consulting, Inc., a consulting firm stated in April 2021, as a main service provider, the Group provides various consulting services, including Strategy Consulting, IT Consulting, Development Support, and DX Talent Development.

In addition to actively hiring mid-career professionals who have consulting experience, Xspear Consulting, Inc. is simultaneously promoting the secondment of personnel within the Group from Simplex Inc., a tech-savvy firm with proven track records, to secure practically skilled professionals to promote DX in terms of both consulting and technology. This effort differentiates us from other consulting firms.

(b) Capital Markets

We provide IT solutions, including trading and risk management platforms for use by institutional investors such as dealers and traders, mainly to major banks, general securities firms, and other financial institutions.

As our core business since our inception, we are promoting cross-selling to financial institution clients through services rich in contents (e.g., trade management, portfolio valuation, risk assessment, stress test, scenario analysis, regulatory compliance support) as well as services with wide asset class coverage (e.g., interest rates derivatives, FX derivatives, credit derivatives, fixed income, listed instruments).

Some financial institutions previously had problems with sophisticated position and risk management after the financial crisis that followed Lehman's collapse as they used different systems for different financial instruments in a disorganized manner. Currently, we provide a one plat solution, which enables the unified management of market transactions across financial instruments to those clients.

(c) Financial Retail

We provide IT solutions, such as financial instruments trading platforms for individual investors, mainly to online securities firms, online FX firms, cryptoasset exchange service providers, and other financial institutions. Such platforms include *SPRINT* for stock option and futures option trading, *SimplexFX* for FX trading, *Simplex Crypto Assets* for cryptoasset trading, and *Simplex Personal Assets* for asset management, all of which are provided as SaaS services.

While it has become more crucial for financial institutions to enhance their financial services by utilizing digital technology, we have been providing full support enabling our financial institution clients to maximize their profitability through our trading platforms, which are highly trusted as a top brand in the domestic market with an abundant track record of adoption, and our consulting services which address the fine attributes of the latest market trends since our market entry in 2005.

Currently, business with in-house oriented financial institutions, who have long held on to their policy to develop their platforms in-house, is on the rise. We are promoting deep-diving into the financial retail domain by steadily expanding the scope of support for financial institutions who relied on their own in-house systems to whom we were not able to reach out before.

(d) Insurance

We provide IT solutions that support the full range of insurance operations from insurance design and application to contract management mainly to life and non-life, and other insurance companies.

The insurance industry, 10 year later than the securities brokerage industry, is currently facing

a pressing issue of digitalization. Amid such circumstances, we have been promoting the enhancement of cross-selling to and our reputation among insurance companies since our entry to the insurance domain in 2013, taking the opportunity with a pioneer in online life insurance to build its front-end system.

Currently, we are promoting the refactoring of our insurance platform, *Simplex xInsurance*, into our library by expanding both the scope of product coverage (e.g., death insurance, medical insurance, fire insurance, liability insurance, accident insurance, auto insurance) and the scope of feature coverage (e.g., front-end systems, new contract, policy maintenance, claim, payment).

(e) Enterprise DX

We provide IT solutions specializing in DX support mainly to clients in non-financial industries such as government, telecommunications, manufacturing, and entertainment.

We define Enterprise DX as areas of non-financial industries in which we have not achieved a certain threshold level of revenue.

We are working to maximize synergies with Xspear Consulting, Inc., a consulting firm specializing in DX, and promote the acquisition of projects utilizing key technologies such as UI/UX, cloud, and web3 that we have cultivated in the financial domain.

ii) Service categories

Since the Group operates in a single segment that focuses on the provision of IT solutions for success of our clients, segment information is not provided. For reference, the Group’s major lines of service are summarized as below.

(a) Strategy/DX Consulting

Please refer to “i) Business areas (a) Strategy/DX Consulting” above.

(b) System Integration

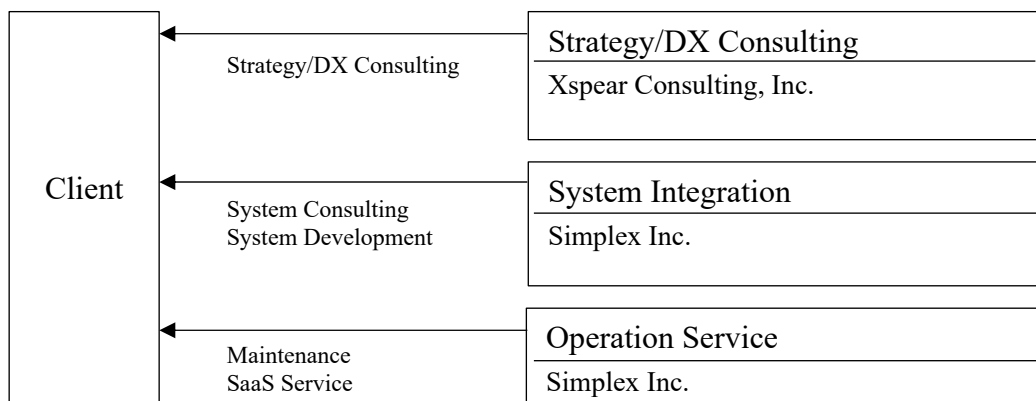
We provide users and systems divisions of clients in a wide range of industries with system development support that covers all processes of design, development, and testing phases.

With Simplex Inc., a tech firm that is the nucleus of the Group since its establishment in 1997, as a main service provider, we provide IT solutions for success of our clients.

(c) Operation Service

We provide maintenance and SaaS services after system launch to almost all clients to whom we have provided a certain threshold level of system development support. With Simplex Inc., a company responsible for upstream system development support, as a main service provider, we provide system improvement proposals that hold the key to success in DX projects, while monitoring the system 24 hours a day 365 days a year standing by in case system troubles occur.

iii) Business system diagram



Note: Arrows indicate the main flow of services.

## Glossary

UI/UX	Abbreviation for User Interface/User Experience. The former refers to a set of interactive elements such as input and display methods when users using devices such as PCs and smartphones, while the latter refers to the user experience gained through services and other means.
web3	It refers to a decentralized network on the Internet made possible using blockchain technology. Typical examples are crypto assets, metaverse (a three-dimensional virtual space on the Internet), and Non-Fungible Token (NFT, a token that uses blockchain technology to identify items and content on the Internet and to control their owners).

(6) Principal Offices and Plants (as of March 31, 2024)

Tranomom Office (Head office)

Toranomon Hills Mori Tower, 1-23-1 Toranomom, Minato-ku, Tokyo

Note: We launched a new office on May 7, 2024 as follows:

Azabudai Office

Azabudai Hills Mori JP Tower, 1-3-1 Azabudai, Minato-ku, Tokyo

(7) Employees (as of March 31, 2024)  
Present State of the Corporate Group

Number of employees	Average age	Average years of service
1,350 [136] persons	31.0 years old	4.2 years

Note: The number of employees is the number of employees currently on duty (excluding individuals seconded from the Group to other companies and including individuals seconded to the Group from other outside companies). The yearly average number of temporary employees (including part-timers and temporary workers from staffing companies) is separately indicated in the square bracket.

Present Status of the Company

Number of employees	Average age	Average years of service
94 [38] persons	35.2 years old	4.6 years

Note: The number of employees is the number of employees currently on duty (excluding individuals seconded from the Company to other companies and including individuals seconded to the Company from other outside companies). The yearly average number of temporary employees (including part-timers and temporary workers from staffing companies) is separately indicated in the square bracket.

(8) Principal Lenders (as of March 31, 2024)

Lender	Balance of borrowings
Syndicated loan	16,950 million yen

Note: The syndicated loan was co-financed by four banks, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, and Resona Bank, Ltd. with MUFG Bank, Ltd. as the arranger.

## 2. Matters Concerning Shares of the Company (as of March 31, 2024)

- (1) Total number of shares authorized to be issued by the Company: 114,704,000 shares  
(2) Total number of issued shares: 58,182,950 shares  
(3) Number of shareholders: 5,002  
(4) Principal shareholders

Name of shareholder	Number of shares held	Percentage of shares held (Note 1)
Hideki Kaneko	7,819,712 shares	13.4%
The Master Trust Bank of Japan, Ltd. (trust account)	5,936,500 shares	10.2%
Custody Bank of Japan, Ltd. (trust account)	4,199,800 shares	7.2%
SBI Holdings, Inc.	3,296,200 shares	5.7%
MLPFS CUSTODY ACCOUNT (Note 2)	3,000,000 shares	5.2%
Mitsuru Igarashi	2,222,800 shares	3.8%
Kenichi Tanaka	1,715,000 shares	2.9%
TK & Company, Inc. (Note 3)	1,454,544 shares	2.5%
YK & Company, Inc. (Note 3)	1,454,544 shares	2.5%
Yasuhito Fukui	1,400,000 shares	2.4%

- Notes: 1. The percentage of shares held is calculated after deducting treasury shares (147 shares).  
2. Mr. Mitsuru Igarashi, a founding member of the Company, is a beneficial owner.  
3. Mr. Hideki Kaneko, Representative Director and President of the Company, is a beneficial owner.

### 3. Status of Officers

#### (1) Directors (as of March 31, 2024)

Position in the Company outside the Company	Name	Significant concurrent positions
Representative Director and President CEO	Hideki Kaneko	Representative Director, President, Simplex Inc. Representative Director, Chairman and President, Deep Percept Inc. Director, Co-Chairperson, SBI Simplex Solutions Co., Ltd.
Director and Vice President and Co-COO	Kozo Sukema	Managing Director, SBI SECURITIES Co., Ltd. Representative Director, SBI BITS Co., Ltd. Representative Director, President, SBI Simplex Solutions Co., Ltd.
Director and Vice President and Co-COO	Masataka Soda	Director, Vice President, Simplex Inc. Representative Director and President, Xspear Consulting, Inc. Director, Deep Percept Inc.
Director and CFO	Keisuke Enosawa	Statutory Auditor, SBI Simplex Solutions Co., Ltd.
Director (Audit and Supervisory Committee Member)	Ryozo Akiyama	Representative Director and President, Elan Vital Ltd.
Director (Audit and Supervisory Committee Member)	Noriyuki Ogasawara	Statutory Auditor, Simplex Inc. Director and Chairman, Simplex Asset Management Co., Ltd. Outside Director, Japan Investment Corporation
Director (Full-time Audit and Supervisory Committee Member)	Kenji Kotera	Statutory Auditor, Simplex Inc. Statutory Auditor, Xspear Consulting, Inc. Statutory Auditor, Deep Percept Inc.
Director (Audit and Supervisory Committee Member)	Mari Takahashi	–
Director (Audit and Supervisory Committee Member)	Yasuto Hamanishi	–
Director (Audit and Supervisory Committee Member)	Naoto Hirota	Outside Director, Omikenshi Co., Ltd.

Notes: 1. Directors (Audit and Supervisory Committee Members) Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, Mr. Kenji Kotera, Ms. Mari Takahashi, Mr. Yasuto Hamanishi, and Mr. Naoto Hirota are Outside Directors.

- Significant concurrent positions held by Outside Directors are listed in the table above. Note that Simplex Inc., Xspear Consulting, Inc., and Deep Percept Inc. are wholly owned subsidiaries of the Company and there are no business relationships to be noted between the Company and the other companies where Outside Directors hold concurrent positions.
- The Company has designated Mr. Ryozo Akiyama, Mr. Noriyuki Ogasawara, Mr. Kenji Kotera, Ms. Mari Takahashi, Mr. Yasuto Hamanishi, and Mr. Naoto Hirota as Independent Directors as stipulated by the Tokyo Stock Exchange, Inc. and has registered them with the Exchange.
- Director (Audit and Supervisory Committee Member) Mr. Kenji Kotera is a U.S. certified public accountant and has an extensive knowledge in finance and accounting.
- The Company has appointed Director (Audit and Supervisory Committee Member) Mr. Kenji Kotera as Full-time Audit and Supervisory Committee Member and has also appointed him as Chairperson of the Committee, in order to improve audit effectiveness and audit and supervision functions through enhanced information gathering and sufficient coordination mainly with the internal audit division.

#### (2) Outline of Liability Limitation Agreement

The Company has entered into an agreement with each Director (Audit and Supervisory Committee Member) in accordance with the provisions of Article 427, Paragraph (1) of the Companies Act of Japan, to limit their liabilities for damages stipulated in Article 423, Paragraph (1) of the same Act.

The maximum amount of liability for damages under such agreement shall be the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act if the Director (Audit and Supervisory Committee Member) performs his/her duties in good faith and without gross negligence.



(3) Outline of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance company as provided for in Article 430-3, Paragraph (1) of the Companies Act. The outline of the content of such agreement is as follows:

i) Scope of insured persons

All directors, executive officers, and statutory auditors of the Company and of all the Company's subsidiaries.

ii) Outline of the contents of the insurance agreements

This insurance agreement covers compensation for damages and litigation costs to be borne by the insured persons in the event of claims made against them during the policy period for actions taken or inaction in their role as an officer of the Company, or any violation of laws and regulations or stock exchange rules concerning the purchase and sale, offer or solicitation of securities of the Company or registration of securities relating thereto. However, measures are taken so that the properness of the performance of duties by officers is not impaired by excluding the damages of officers themselves who illegally obtained personal benefits or favors, engaged in other criminal acts or intentionally committed illegal acts from the scope of compensation. The insurance premiums are all paid by the Company, thus essentially imposing no burden on the insured.

(4) Compensation, etc. of Directors

i) Total amount of compensation for the current fiscal year

Category	Total amount of compensation (Millions of yen)	Number of applicable Directors (persons)
Directors (excluding Audit and Supervisory Committee Members)	549	4
[of which Outside Directors]	[-]	[0]
Directors (Audit and Supervisory Committee Members)	70	6
[of which Outside Directors]	[70]	[6]
Total	619	10
[of which Outside Directors]	[70]	[6]

Notes: 1. Amounts are rounded to the nearest million yen.

2. The Extraordinary General Meeting of Shareholders held on March 17, 2021 resolved to set the maximum amount of compensation for Directors (excluding Audit and Supervisory Committee Members) at 900 million yen per year (excluding employee salaries for Directors who concurrently serve as employees). The number of Directors (excluding Audit and Supervisory Committee Members) was five (including no Outside Directors) as of the conclusion of the said General Meeting of Shareholders. The said meeting resolved to set the maximum amount of compensation for Directors (Audit and Supervisory Committee Members) at 100 million yen per year. The number of Directors (Audit and Supervisory Committee Members) was five (including five Outside Directors) as of the conclusion of the said General Meeting of Shareholders.

ii) Policy, etc. on determination of details of compensation for officers, etc.

At the Company, the Board of Directors resolves a policy on determining the details of compensation, etc. for individual Directors (excluding Audit and Supervisory Committee Members). At the said Board of Directors' meeting, details of such decision-making policy are resolved as originally proposed by the Nomination and Compensation Committee. The Board of Directors has determined that compensation, etc. for individual Directors (excluding Audit and Supervisory Committee Members) for the current fiscal year is in line with the said decision-making policy, since it has confirmed that the method of determining the details of compensation, etc. and the details of compensation, etc. determined for each individual Director (excluding Audit and Supervisory Committee Member) are consistent with the policy resolved by the Board of Directors. The details of the policy for determining the details of compensation, etc. of individual Directors (excluding Audit and Supervisory Committee Members) are as follows.

All compensation, etc. of Directors (excluding Audit and Supervisory Committee Members) shall be paid as monetary compensation that is not linked to performance, in the form of monthly

monetary compensation and bonuses, both of which are subject to a resolution of the Board of Directors. Performance-linked compensation, etc. and non-monetary compensation, etc. shall not be paid. The Nomination and Compensation Committee makes a draft decision on the amount of monthly monetary compensation, taking into consideration such factors as position, responsibilities, years of service, and the degree of contribution of each Director, and the Company's performance. The Committee also makes a draft decision on monetary bonuses when it deems necessary to grant them from the viewpoint of providing appropriate incentives, after comprehensively considering the Company's performance and other factors. Bonuses in the form of monetary compensation shall be paid within three months after the end of the fiscal year.

(5) Matters concerning Outside Officers

Activities for the current fiscal year

	Summary of attendance, statements made, and duties performed with respect to the role expected of an outside director
Ryozo Akiyama Director (Audit and Supervisory Committee Member)	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the current fiscal year. He has a wealth of knowledge gained through his work experience at a major general consulting firm and his many years of experience as a representative director. He provides useful advice to ensure that the Company makes appropriate decisions when developing its business strategies. At meetings of the Board of Directors, he has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, he has exchanged opinions on audits and made other statements as appropriate from a professional standpoint.
Noriyuki Ogasawara Director (Audit and Supervisory Committee Member)	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the current fiscal year. He has many years of experience at financial institutions, etc. and extensive knowledge as a person with corporate experience, and has contributed to ensuring the soundness and appropriateness of management decision-making. At meetings of the Board of Directors, he has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, he has exchanged opinions on audits and made other statements as appropriate from a professional standpoint. In addition, as the chairperson of the Nomination and Compensation Committee, he attended all 2 meetings of the Committee held during the current fiscal year and led the supervisory function in the process of selecting candidate officers and determining compensation, etc. for officers of the Company from an objective and neutral standpoint.
Kenji Kotera Director (Audit and Supervisory Committee Member)	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the current fiscal year. In addition to his expertise and experience as a U.S. certified public accountant, he has work experience at auditing firms and has contributed to strengthening the Company's auditing and supervision system. At meetings of the Board of Directors, he has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, he has exchanged opinions on audits and made other statements as appropriate from a professional standpoint. In addition, as a member of the Nomination and Compensation Committee, he attended all 2 meetings of the Committee held during the current fiscal year and performed a supervisory function in the process of selecting candidate officers and determining compensation, etc. for officers of the Company from an objective and neutral standpoint.

	Summary of attendance, statements made, and duties performed with respect to the role expected of an outside director
<p>Mari Takahashi Director (Audit and Supervisory Committee Member)</p>	<p>She attended all 11 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held during the current fiscal year since her appointment on June 16, 2023. She has gained many years of experience in and insight into the legal profession, particularly by handling numerous trials as a public prosecutor and an attorney, and has provided sufficient advice, particularly for strengthening the governance and compliance of the Company's corporate activities, leveraging such knowledge. At meetings of the Board of Directors, she has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, she has exchanged opinions on audits and made other statements as appropriate from a professional standpoint.</p>
<p>Yasuto Hamanishi Director (Audit and Supervisory Committee Member)</p>	<p>He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the current fiscal year. He has many years of experience and insight at financial institutions and the insight gained therefrom, including his experience as the head of the global investment banking division, and has provided sufficient advice to ensure the soundness of corporate management from a higher perspective of the Group. At meetings of the Board of Directors, he has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, he has exchanged opinions on audits and made other statements as appropriate from a professional standpoint.</p>
<p>Naoto Hirota Director (Audit and Supervisory Committee Member)</p>	<p>He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the current fiscal year. He extensive experience in business execution and corporate management at financial institutions, etc., and the wide-ranging insight he has gained therefrom, which contributes to ensuring the soundness and appropriateness of corporate activities. At meetings of the Board of Directors, he has made statements to ensure the adequacy and appropriateness of decision-making by the Board of Directors. At meetings of the Audit and Supervisory Committee, he has exchanged opinions on audits and made other statements as appropriate from a professional standpoint.</p>

#### 4. Independent Auditor

- (1) Name of Independent Auditor

Grant Thornton Taiyo LLC

- (2) Amount of compensation, etc.

	Amount of compensation, etc.
Amount of compensation paid to Independent Auditor for the current fiscal year	28 million yen
Total amount of cash and other material benefits payable to Independent Auditor by the Company and its subsidiaries:	43 million yen

Notes: 1. The amount of compensations for auditing pursuant to the Companies Act and the amount of compensations for auditing pursuant to the Financial Instruments and Exchange Act are not divided in the Auditing Agreement concluded between the Company and the Independent Auditor. Also, it is practically impossible to state separately, so the amount stated in “Amount of compensation paid to Independent Auditor for the current fiscal year” in the table above represents the total amount paid by the Company.

2. After having performed the necessary verification as to the appropriateness of matters such as the content of the Independent Auditor’s audit plan, the status of performance of their duties, and the basis for the calculation of the estimated compensation for the independent auditor, based on the size and nature of the Company’s business, the Audit and Supervisory Committee has consented to the amount of compensation, etc. to be paid to the Independent Auditor.

- (3) Policy on determination of dismissal or refusal of re-election of the Independent Auditor

In case of an impediment in the Independent Auditor’s execution of their duties, lack of independence and qualification of the Independent Auditor as required by laws, or other such events that necessitate to dismiss or refuse to re-elect the Independent Auditor, the Audit and Supervisory Committee will decide the content of proposals on the dismissal or refusal of re-election of the Independent Auditor to be submitted to the General Meeting of Shareholders.

If the Audit and Supervisory Committee determines that the Independent Auditor falls under any event for dismissal provided for in Article 340, paragraph (1) of the Companies Act, it will dismiss the Independent Auditor with unanimous consent of the Audit and Supervisory Committee members.

- (4) Matters concerning disciplinary action ordering suspension of operations imposed on the Independent Auditor in the past two years

Outline of the disciplinary action issued by the Financial Services Agency on December 26, 2023

- i) Entity on which the disciplinary action was imposed

- Grant Thornton Taiyo LLC

- ii) Description of the disciplinary action

- Suspension of operations related to the conclusion of new contracts for a period of three months (from January 1, 2024 to March 31, 2024, excluding the conclusion of new contracts associated with the changes of the terms of auditing agreements with or listings of stocks of audited companies with whom an auditing agreement exists)
- Business improvement order (improvement of the operation control structure)

- iii) Reason for the disposition

- In auditing the Amendment Report of another company, two certified public accountants, who are partners of the auditing firm, in negligence of due care, attested financial documents containing materials misstatements as if they contained no misstatements.

## 5. Basic Policy on Internal Control Systems

The following is a summary of decisions made regarding the development of a system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the Company's operations.

(1) System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

- i) Directors and employees are constantly reminded that compliance with laws and regulations, the Articles of Incorporation and social ethics is a prerequisite for corporate activities.
- ii) The Audit and Supervisory Committee verifies that the execution of duties by Directors complies with laws and regulations every fiscal year.

(2) System to store and manage information related to the execution of duties by Directors

Information related to the execution of duties by Directors (including information related to the conduct of employees) is recorded in documents or electromagnetic media, and is stored and managed appropriately in accordance with internal rules.

(3) Regulations and other systems for managing risk of loss

- i) The Company has established organizational rules, segregation of duties rules, rules on administrative authority and other similar rules to clarify the responsibility structure and decision-making procedures, thereby managing risks in overall management.
- ii) The Company has established risk management regulations and other rules to ensure that risks that may occur in its business operations are identified and detected early and that the extent of damage from such risks is prevented from expanding.
- iii) In the event that risk materializes, the Company takes prompt action, headed by the Executive Committee, and put in place a system to prevent and minimize the spread of damage.

(4) System to ensure that Directors execute their duties efficiently

- i) Executive Directors responsible for business execution are appointed by resolution of the Board of Directors. Executive Directors execute operations in accordance with the Company's policies determined by the Board of Directors and under the direction of Representative Directors.
- ii) In order to ensure that Directors execute their duties efficiently, the Board of Directors meets at least once a month, and meets on an extraordinary basis whenever necessary, where important matters of the Company are resolved and Executive Directors report on the status of their duties.
- iii) The Executive Committee, composed of Executive Directors, meets at least twice a month to make decisions on important matters related to the execution of operational matters. The authority of determining such matters is delegated to Representative Directors by the Board of Directors, thereby ensuring efficient decision-making.

(5) System to ensure the appropriateness of business operations in the corporate group

- i) In order to ensure the appropriateness of business operations within the corporate group, the Company appropriately manages its subsidiaries and provides guidance and advice as necessary in accordance with the Regulations on Management of Affiliated Companies.
- ii) The Company's Independent Auditor, the Audit and Supervisory Committee, and the Internal Audit Office conduct audits of subsidiaries as necessary.

- (6) In the event the Audit and Supervisory Committee requests that employees be assigned to assist in their duties, matters related to the relevant employees, matters related to ensuring the effectiveness of the instructions given to such employees, and matters related to the independence of such employees from Directors (excluding Directors who are Audit and Supervisory Committee Members)  
When the Audit and Supervisory Committee deems it necessary to have employees to assist their duties, the Company will assign such employees. In such cases, the Audit and Supervisory Committee gives instructions and orders to the employees, and the consent of the Audit and Supervisory Committee shall be obtained for the personnel changes, evaluations, decisions on disciplinary actions, etc. of said assistant employees
- (7) System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee, other systems for reporting to the Audit and Supervisory Committee, and systems to ensure that reporters will not receive detrimental treatment because of such reporting
- i) Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report to the Audit and Supervisory Committee on important matters that may affect the Company's business operations or financial performance each time they arise and on the following matters.
- Matters resolved by the Executive Committee
  - Status of activities related to the establishment of internal control systems
  - Details of matters subject to whistleblowing as stipulated in the Internal Reporting Regulations
  - Other information related to meetings and minutes requested by the Audit and Supervisory Committee
- ii) The Company has established the Internal Reporting Regulations to ensure an appropriate mechanism for reporting to the Company and its subsidiaries about violations of laws and misconduct observed. The regulations stipulate that the whistleblower shall not be treated disadvantageously for such reporting or reporting to the Audit and Supervisory Committee.
- (8) Matters concerning procedures for prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee members (limited to those related to the execution of duties of the Audit and Supervisory Committee), policy related to the handling of expenses or liabilities arising from the execution of other related duties, and other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
- i) The Audit and Supervisory Committee regularly exchanges information and opinions with Representative Directors and the Internal Audit Office.
- ii) Audit and Supervisory Committee members may attend all important meetings when deemed necessary by the Audit and Supervisory Committee.
- iii) The Company shall promptly pay expenses necessary for the execution of duties by Audit and Supervisory Committee members (limited to those related to the execution of duties of the Audit and Supervisory Committee), upon request by any of such members.
- (9) System for eliminating antisocial forces
- i) The Company, at the organizational level, takes a firm stance against antisocial forces that threaten social order and sound corporate activities, in accordance with the Rules for Elimination of Antisocial Forces.
- ii) In the event of unreasonable demands by antisocial forces, the Company will immediately deal with such demands in cooperation with the police and other relevant organizations.
- (10) System to ensure the reliability of financial reporting
- The Company strives to develop, maintain, and improve a system to effectively implement internal control over financial reporting.

### **(Outline of the Operational Status of Internal Control System)**

(1) System to ensure that Directors execute their duties efficiently

The Company has established the Regulations of the Board of Directors to clarify matters to be resolved by the Board of Directors and to ensure that Directors act in accordance with laws, regulations, and the Articles of Incorporation. During the current fiscal year, the Board of Directors met 13 times to discuss each agenda item, monitor the status of business execution, and actively exchange opinions, and therefore, the Company believes that the effectiveness of decision-making and supervision of business execution is ensured.

In addition, in accordance with the Regulations on Administrative Authority, the Company has established the Executive Committee consisting of Executive Directors to deliberate and examine important management matters for which the authority to make decisions is delegated to Representative Directors by the Board of Directors. The Executive Committee met 23 times during the current fiscal year to speed up decision-making.

(2) Regulations and other systems for managing risk of loss

Information security risk is considered to be among the highest risks of loss. The Company has established a basic policy for information security and other information system-related regulations, and conducts periodic risk assessments from the viewpoint of confidentiality, integrity, and availability.

(3) System for eliminating antisocial forces

The Company incorporates provisions regarding the elimination of antisocial forces in its contracts with business partners, etc., and continuously exchanges information with its legal advisors regarding its response to antisocial forces.

## **6. Policy on Determination of Dividends from Surplus, etc.**

The Company believes that prioritizing investments for growth that helps strengthen its business foundation will contribute to achieving profit growth and improving its corporate value in a sustainable manner while maintaining its financial soundness based on its strong cashflow-generating capability.

In addition, the Company is committed to pursuing a management approach mindful of capital efficiency and has therefore set an ROE target as one of its KPIs. The Company is also aware that providing shareholder returns, which helps increase capital efficiency, is a key measure in capital allocation.

Based on this belief, the Company seeks to enhance shareholder returns by paying dividends as a fundamental measure, comprehensively considering trends in business performance, ROE level, opportunities of investments for growth, and other factors.

Specifically, the Company has set a dividend policy of stably and sustainably increasing dividend per share through profit growth, with a target dividend payout ratio of 40% on a consolidated basis.

Based on the above dividend policy, the Company has decided to pay 42 yen per share as the year-end dividend for the fiscal year ended March 31, 2024.



## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Millions of yen)

	(Reference) Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	12,832	13,731
Trade and other receivables	8,820	10,093
Inventories	17	1
Other current assets	1,245	1,787
Total current assets	22,915	25,611
Non-current assets		
Property, plant and equipment	978	1,521
Right-of-use assets	3,327	5,732
Goodwill	36,476	36,476
Intangible assets	721	317
Investments accounted for using equity method	98	1,859
Other financial assets	4,465	5,359
Deferred tax assets	953	1,510
Other non-current assets	333	863
Total non-current assets	47,351	53,637
Total assets	70,266	79,248
Liabilities		
Current liabilities		
Trade and other payables	2,335	2,837
Borrowings	1,140	16,906
Lease liabilities	1,249	1,909
Other financial liabilities	1	2
Income taxes payable	911	2,243
Provisions	2,610	2,966
Other current liabilities	956	1,082
Total current liabilities	9,203	27,945
Non-current liabilities		
Borrowings	16,858	-
Lease liabilities	2,009	3,805
Provisions	213	408
Total non-current liabilities	19,080	4,214
Total liabilities	28,282	32,159
Equity		
Share capital	1,013	1,189
Capital surplus	26,903	27,153
Retained earnings	13,587	18,350
Treasury shares	(0)	(0)
Other components of equity	481	399
Total equity attributable to owners of parent	41,984	47,089
Total equity	41,984	47,089
Total liabilities and equity	70,266	79,248

Note: Amounts less than a million yen are rounded off to the nearest million yen.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Millions of yen)

	(Reference) Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Revenue	34,946	40,708
Cost of sales	(20,349)	(23,257)
Gross profit	14,597	17,450
Amortization of identifiable assets	(446)	(356)
Selling, general and administrative expenses	(5,374)	(6,354)
Research and development expenses	(1,438)	(1,858)
Other income	148	60
Other expenses	(37)	(93)
Operating profit	7,451	8,850
Finance income	14	34
Finance costs	(166)	(162)
Share of profit of investments accounted for using equity method	-	22
Profit before tax	7,298	8,744
Income tax expense	(1,866)	(2,551)
Profit	5,432	6,194
Profit attributable to:		
Owners of parent	5,432	6,194
Profit	5,432	6,194

Note: Amounts less than a million yen are rounded off to the nearest million yen.

## NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	(Reference) Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	5,455	6,030
Prepaid expenses	57	111
Income taxes receivable	367	498
Other	260	488
Total current assets	6,139	7,127
Non-current assets		
Investments and other assets		
Investment securities	377	377
Shares of subsidiaries and associates	25,142	26,881
Long-term prepaid expenses	0	0
Deferred tax assets	188	277
Total non-current assets	25,707	27,535
Total assets	31,845	34,662
<b>Liabilities</b>		
Current liabilities		
Accounts payable - other	578	760
Accrued expenses	110	169
Income taxes payable	87	79
Accrued consumption taxes	41	60
Provision for bonuses	639	900
Other	45	78
Total current liabilities	1,501	2,047
Total liabilities	1,501	2,047
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,013	1,189
Capital surplus		
Legal capital surplus	913	1,089
Other capital surplus	25,776	25,776
Total capital surplus	26,689	26,865
Retained earnings		
Other retained earnings	2,642	4,562
Retained earnings brought forward	2,642	4,562
Total retained earnings	2,642	4,562
Treasury shares	(0)	(0)
Total shareholders' equity	30,345	32,616
Total net assets	30,345	32,616
Total liabilities and net assets	31,845	34,662

Note: Amounts less than a million yen are rounded off to the nearest million yen.

## NON-CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Millions of yen)

	(Reference) Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Operating revenue	5,700	7,207
Operating costs	–	–
Gross profit	5,700	7,207
Selling, general and administrative expenses	3,146	3,728
Operating profit	2,554	3,480
Non-operating income		
Interest and dividend income	0	0
Foreign exchange gains	–	0
Miscellaneous income	145	0
Total non-operating income	145	0
Non-operating expenses		
Foreign exchange losses	0	–
Total non-operating expenses	0	–
Ordinary profit	2,699	3,480
Extraordinary income	–	–
Extraordinary losses	–	–
Profit before income taxes	2,699	3,480
Income taxes – current	200	218
Income taxes – deferred	(99)	(89)
Profit	2,599	3,351

Note: Amounts less than a million yen are rounded off to the nearest million yen.

## **Audit Report**

### Independent Auditors' Report on Consolidated Financial Statements

#### **Independent Auditor's Report**

(English Translation)

May 14, 2024

To the Board of Directors of  
Simplex Holdings, Inc.:

Grant Thornton Taiyo LLC  
Tokyo Office

Takeshi Iwasaki  
Certified Public Accountant  
Designated Engagement Partner

Koichiro Watanabe  
Certified Public Accountant  
Designated Engagement Partner

#### **Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity, and the notes to the consolidated financial statements of Simplex Holdings, Inc. (the "Company") for the fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consists of the Company and its consolidated subsidiaries, applicable to the current fiscal year in conformity with accounting principles with the omission of a part of the disclosures required under International Financial Reporting Standards ("IFRS") as allowed by the provisions of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in conformity with accounting principles with the omission of a part of the disclosures required under IFRS as allowed by the provisions of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, and for designing, implementing, and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on a going concern basis, and disclosing, as applicable, matters related to going concern in accordance with accounting principles with the omission of a part of the disclosures required under IFRS as allowed by the provisions of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting.

Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties within the designing, implementation, and maintenance of the financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

- Conclude on the appropriateness of management’s use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in conformity with accounting principles with the omission of a part of the disclosures required under IFRS as allowed by the provisions of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, as well as evaluate the overall presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Committee with a statement that we have complied with the relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate obstruction factors or safeguards applied to reduce obstruction factors to an acceptable level.

### **Conflicts of Interest**

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

## Independent Auditors' Report on Non-consolidated Financial Statements

### **Independent Auditor's Report** (English Translation)

May 14, 2024

To the Board of Directors of  
Simplex Holdings, Inc.:

Grant Thornton Taiyo LLC  
Tokyo Office

Takeshi Iwasaki  
Certified Public Accountant  
Designated Engagement Partner

Koichiro Watanabe  
Certified Public Accountant  
Designated Engagement Partner

#### **Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statements of profit or loss, the non-consolidated statements of changes in net assets, the notes to the non-consolidated financial statements, and the related supplementary schedules of Simplex Holdings, Inc. (the "Company") (the "non-consolidated financial statements, etc.") for the 8th fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the current fiscal year in conformity with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Other Information**

The other information comprises the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our audit opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Audit and Supervisory Committee for the Non-Consolidated Financial Statements, Etc.**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing, implementing, and maintaining such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on a going concern basis, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties within the designing, implementation, and maintenance of the financial reporting process.

## **Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.**

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc. whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit of the non-consolidated financial statements, etc. in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure, and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieve fair presentation.

We communicate with Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Committee with a statement that we have complied with the relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate obstruction factors or safeguards applied to reduce obstruction factors to an acceptable level.

### **Conflicts of Interest**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

## Audit and Supervisory Committee's Audit Report

### **AUDIT REPORT** (English Translation)

Audit and Supervisory Committee has audited the Directors' execution of duties during the 8th fiscal year from April 1, 2023 through March 31, 2024. The Committee hereby reports the methods and results of the audit as follows:

#### 1. Methods of Audit and Details thereof

Audit and Supervisory Committee received reports regularly from Directors, employees, and other personnel on the contents of the resolutions of the Board of Directors concerning the matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the development and operation status of systems that have been put in place based on said resolutions (internal control systems), and then requested explanations when necessary, expressed its opinion, and conducted audits by the following methods.

- (i) In accordance with audit policies, division of duties, and other relevant matters established by Audit and Supervisory Committee, the Committee, in cooperation with the internal audit office and other employees, attended important meetings, received reports from Directors, employees, and other personnel on matters concerning the execution of their duties, requested explanations when necessary, inspected important authorized documents and others, and examined the operations and financial positions at the head office. Additionally, in regard to the Company's subsidiaries, Audit and Supervisory Committee sought to facilitate communication and exchange information with directors, statutory auditors, and others of its subsidiaries and, when necessary, received reports from these subsidiaries on the state of their business.
- (ii) Audit and Supervisory Committee monitored and verified whether the independent auditor maintained its independence and conducted its audits in an appropriate manner, received reports from the independent auditor on the status of the execution of its duties and, when necessary, requested explanations. Also, Audit and Supervisory Committee received a notification from the independent auditor that it is taking steps to improve the "system for ensuring appropriate execution of duties" (matters specified in the items under Article 131 of the Regulations on Corporate Accounting) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council) and other standards, and requested explanations when necessary.

Based on the foregoing methods, Audit and Supervisory Committee examined the Business Report and its supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statements of profit or loss, the non-consolidated statements of changes in net assets, and the notes to non-consolidated financial statements) and the related supplementary schedules, and the consolidated financial statements (the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity, and the notes to the consolidated financial statements) for the current fiscal year.

2. Results of Audit:

(1) Results of audit of Business Report and other documents

In our opinion:

- (i) the Business Report and its supplementary schedules fairly represent the state of the Company in accordance with the applicable laws and regulations as well as the Articles of Incorporation of the Company;
- (ii) no misconduct or material fact constituting a violation of applicable laws or regulations or the Articles of Incorporation of the Company was found with respect to Directors in the execution of their duties; and
- (iii) the contents of the resolutions of the Board of Directors regarding internal control systems are appropriate. Furthermore, there are no matters that we should point out regarding the contents of the Business Report and Directors' execution of their duties related to internal control systems.

(2) Results of audit of the non-consolidated financial statements and the related supplementary schedules

In our opinion, the methods and results of the audit conducted by the independent auditor, Grant Thornton Taiyo LLC, are appropriate.

(3) Results of audit of the consolidated financial statements

In our opinion, the methods and results of the audit conducted by the independent auditor, Grant Thornton Taiyo LLC, are appropriate.

May 14, 2024

Audit and Supervisory Committee of Simplex Holdings, Inc.

Audit and Supervisory Committee Member (full-time):

Kenji Kotera

Audit and Supervisory Committee Member:

Ryozo Akiyama

Audit and Supervisory Committee Member:

Noriyuki Ogasawara

Audit and Supervisory Committee Member:

Mari Takahashi

Audit and Supervisory Committee Member:

Yasuto Hamanishi

Audit and Supervisory Committee Member:

Naoto Hirota

Note: Audit and Supervisory Committee Members Kenji Kotera, Ryozo Akiyama, Noriyuki Ogasawara, Mari Takahashi, Yasuto Hamanishi, and Naoto Hirota are Outside Directors as defined in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

## Simplex Group's Efforts to Realize a More Sustainable Society

As we lead businesses through technology, we believe it is our responsibility to think ahead to the future of global environment which lays the foundation for sustainable and continued growth.

Based on our management philosophy of “Innovation from Japan to the world,” we have established a “5DNA” code of conduct as well as Simplex Philosophy to define our core values, and we are committed to offering “meaningful and rewarding work” by focusing on human resources as they are our source of continuous innovation and abundant creativity.

As a result of various sustainability efforts we have made based on such philosophy, we have received the following certifications and evaluations from external organizations:



(Simplex Inc.)

Through our business activities, Simplex Group confronts the issues that must be dealt with to realize a sustainable society and aims to achieve the kind of sustainable development that grows together with the global environment and society.

For more details on our efforts for sustainability, please access to the Company's website:

<https://www.simplex.holdings/en/sustainability/>

