

Aiming for a leap forward toward Vision1000 through capital allocation focused on enhancing corporate value

A shift to offense underpinned by organizational strength

FY3/25 marked the first year of our Medium-Term Business Plan (MTBP2027), and the Simplex Group delivered record-high performance. Although the cancellation of a large-scale project in the insurance domain during the first half made it difficult to maintain our planned trajectory, the entire Group came together to drive recovery, steadily regaining ground in the second half. As a result, we ended the fiscal year ahead of our initial targets. This experience reaffirmed the strength of our organizational capabilities and gave us solid confidence as we look ahead to the next stage of growth.

As CFO, I moved quickly to conduct a top-down review of our strategy and to drive the early formulation of a bottom-up recovery plan from the frontline in response to the developments in the first half of the fiscal year. At our Group, regular communication between management and on-site teams is deeply embedded in our culture, extending well beyond the Executive Committee. The close-knit coordination enables us to respond to change with speed and agility. From the second half onward, we positioned ourselves for a “shift to offense,” strengthened our organizational setup, and pushed forward with our business initiatives, ultimately achieving record-high performance as a result.



Keisuke Enosawa
Director & CFO
Simplex Holdings, Inc.

Company-wide real-time profit-and-loss management

Since our founding, the KPI the Simplex Group has placed the greatest importance on has been gross profit margin. We regard this not simply as a measure of profitability, but as a symbolic figure that reflects the competitive strength of the Group. Our ability to sustain one of the highest profit margins in the industry is the result of a robust company-wide monitoring system and an unwavering commitment to this metric.

We handle over 1,000 active projects under contract with client companies annually, and apply strict real-time profit and loss management for everyone. Each project is overseen by an on-site project manager, with an established system ensuring any changes to plans are reported immediately. The Corporate Planning Division aggregates this data on a regular basis, enabling the management team—including the CEO—to continuously monitor numerical trends. In addition, detailed analyses are conducted when monthly results are finalized, and the findings are reported to the Board of Directors. This framework enables us to respond flexibly to growth in project volume.

While frontline teams remain strongly committed to achieving numerical targets, management takes constant care to avoid falling into “management for the sake of numbers,” and instead carries out detailed management based on actual conditions on the ground. We believe this balance was a key factor behind the record-breaking performance we achieved in FY3/25.

FY3/25 Results

	FY3/24 Results	FY3/25 Results	Change
Revenue	¥40.7 bn	¥47.3 bn	+16.4%
Operating profit	¥8.8 bn	¥10.8 bn	+22.1%
Gross profit margin	42.9%	41.4%	-1.5pt
Operating profit margin	21.7%	22.8%	+1.1pt
ROE	13.9%	16.2%	+2.3pt

Capital allocation policy

The Simplex Group’s financial strategy centers on maintaining high profitability while steadily growing the top line to achieve sustainable profit expansion. Based on this approach, our core capital allocation policy is to generate cash efficiently and strategically reinvest in growth initiatives that reinforce the business foundation.

While revenue continues to grow steadily, the labor-intensive nature of our business model makes talent acquisition and development an important challenge. To overcome this, we believe it is essential to pursue both steady growth as well as to actively seek opportunities for transformational growth. Achieving this will require advancing inorganic initiatives, making capital allocation an even more critical management priority going forward.

Ongoing investment in human capital

To sustain and expand the scale of hiring, the Simplex Group is continuing to strengthen our investment in human capital. In mid-career recruitment, we hired approximately 170 employees in FY3/25—surpassing our initial target—as part of our ongoing efforts to attract top talent. We are also gradually increasing compensation for current employees in pursuit of maintaining industry-leading pay levels. Most recently, we raised the starting salary for new graduates joining in Apr 2025 from ¥5 million to ¥6 million, and implemented a uniform ¥1 million increase in annual salaries for younger employees.

At the same time, we recognize that raising compensation levels inevitably increases costs, and we are carefully monitoring the resulting impact on our gross profit margin. Sustaining high profitability requires balancing revenue growth with rising costs, and our Group continues to engage in ongoing discussions to maintain that equilibrium.

At present, our order environment remains robust, backed by growing demand for digital transformation (DX). We have successfully absorbed rising personnel costs by appropriately reflecting them in our pricing. As long as these conditions persist, we will continue to actively return value to our employees while pursuing both business growth and investment in human capital.

R&D and M&A strategy

In addition to talent acquisition, the Simplex Group believes that proactive investment in new growth areas is essential to achieving further expansion. Every year, we allocate 3–4% of annual revenue to R&D, identifying key focus areas and pursuing them intensively. Recently, we have reinforced our investment not only in deepening existing business domains, but also in AI and other advanced technology fields.

M&A is also positioned as an important means of accelerating growth for the Group. In particular, from a talent acquisition perspective, we are exploring opportunities involving teams and companies whose scale offers strong potential synergies with our business. While MTBP2027 is centered on organic growth without relying on M&A, we plan to actively leverage strategic acquisitions to accelerate progress toward our Vision1000 goal.

Improving capital efficiency and shareholder returns

The Simplex Group regards ROE as one of our core KPIs. Following the MBO, our capital structure changed, and ROE fell below 10% as of the end of FY3/21. Since then, we have implemented various measures focused on enhancing capital efficiency, which improved to 16.2% by the end of FY3/25. Looking ahead, we have set a medium- to long-term goal of reaching 20% ROE and will continue our efforts to achieve this target.

Regarding shareholder returns, we have adopted a dividend-focused policy that considers a comprehensive range of factors, including business performance, ROE levels, and growth investment opportunities. Our basic policy is to achieve stable and sustainable increases in dividend per share, with a target consolidated dividend payout ratio of approximately 40%.

In addition, we view share buybacks as a shareholder return measure aimed at enhancing capital efficiency, and implement them flexibly based on factors such as stock price and market conditions. Most recently, between Jan and Apr 2025, we repurchased stock worth approximately ¥5 billion in total. Going forward, we will continue to take a broad-based view of capital efficiency, stock price trends, and market conditions as we pursue appropriate shareholder return initiatives.

Effective governance structure

At the Simplex Group, alongside investment in human capital, we view effective corporate governance as a cornerstone of our sustainability and ESG initiatives.

We maintain a sound governance structure with a high ratio of outside directors and have established a framework for active communication between executive officers and outside directors on an ongoing basis. For example, we have introduced a system that allows outside directors to attend Executive Committee meetings at any time as observers, giving them opportunities to gain insight into strategic planning processes and frontline realities. Several outside directors do attend these meetings on a regular basis, enabling the Board of Directors and Audit and Supervisory Committee to engage in highly effective discussions informed by direct understanding of progress and challenges as experienced on the ground.

Our outside directors bring a wide range of expertise and backgrounds, and we actively incorporate their diverse perspectives into management to enhance the quality and transparency of our governance. At Board meetings, they offer constructive feedback and proposals from an independent standpoint, further strengthening the soundness of our management decisions.

We therefore believe that we have established a well-balanced governance framework that effectively integrates both decision-making and oversight functions.

IR activities that emphasize dialogue

At the Simplex Group, we have strengthened our engagement with ESG rating agencies, resulting in improved evaluations. As a result of enhancing our internal frameworks and disclosure practices—both prerequisites for meaningful dialogue with shareholders and investors—we raised our MSCI rating from BBB to A, and our CDP score from B– to B. That said, the primary aim is not to improve scores for their own sake, but to close gaps between perception and reality caused by insufficient disclosure. Going forward, we will continue to improve both the quality and quantity of our disclosure to ensure an accurate assessment of our corporate value by effectively conveying the Group’s strengths and competitive advantages.

In our IR activities, we place strong emphasis on ongoing dialogue with shareholders and investors. For institutional investors and analysts, we hold 60 to 70 one-on-one meetings each quarter. For individual investors, we strive to enhance awareness and understanding of the Simplex Group by participating in company briefings and a variety of other events.

In particular, expanding opportunities for dialogue with individual investors is one of our key initiatives. Following each General Meeting of Shareholders, we host a shareholder engagement event. In Jun 2025, over 200 shareholders participated. We recognize that the nature of our business is not always intuitive, and we will continue to value opportunities for direct dialogue between management and shareholders to foster deeper understanding.

A leap forward toward Vision1000

In our previous integrated report, I stated that we were “aiming for a leap forward” toward achieving Vision1000. One year on, we are making steady progress under MTBP2027, and our confidence in achieving our targets continues to grow. We believe that we are now in the phase of solidifying the foundation for that very “leap.”

Building on this momentum, the Simplex Group is stepping into the next stage on the path to the early realization of Vision1000. Throughout our history, we have consistently faced difficult challenges with sincerity and determination—overcoming each one and steadily building long-term growth.

This growth has been underpinned by the Group’s management stance of carefully balancing offense and defense—consistently making optimal decisions based on prevailing circumstances. We will continue to act decisively when bold action is warranted and exercise prudence when caution is called for, maintaining this balanced approach to management as we move forward.

We are also deeply aware that the progress we have made thus far has been supported by the steadfast backing of our shareholders and investors. Looking ahead, we remain committed to moving beyond incremental growth—creating new opportunities, delivering added value, and clearly communicating our progress and achievements to you.

Long-term growth strategy and KPIs for Medium-term Business Plans

	Year prior to MTBP2024 FY3/21 (results)	Final year of MTBP2024 FY3/24 (results)	Final year of MTBP2027 FY3/27 (target)	Vision1000 (illustrative projection*)
Revenue (3-year CAGR)	¥27.5 bn —	¥40.7 bn (+13.9%)	¥60.0 bn (+13.8%)	¥100 bn —
Operating profit (3-year CAGR)	¥4.5 bn —	¥8.8 bn (+25.2%)	¥15.0 bn (+19.3%)	¥30 bn —
Gross profit margin	39.1%	42.9%	45.0%	—
Operating profit margin	16.4%	21.7%	25.0%	30.0%
ROE	9.8%	13.9%	17.0%	20.0%

*Aim to achieve by early 2030s (timeframe not specified)

