Simplex Group’s Value Creation

Value Creation Process

The Simplex Group strives to maximize corporate value by contributing to clients’ business success as a technology partner with a solid understanding of their business while pursuing sustainable growth with high profitability. Creating cross-industry value added, with the Simplex Way as a cornerstone, supports our goal of establishing a corporate group that drives social impact.

▶P07
Simplex Library
Reusable group-owned IP assets

▶P07
Simplex Competency
Training organization that assumes a role of succession and evolution of competency

▶P05
Social issues
Challenges on DX Promotion that Japanese companies face

▶P07
Business model

Simplex Way

DX support with full cycle coverage and direct client engagement, driven by hybrid talents

▶P20
Output
Support for clients’ business success with high value-added services

▶P26
Materiality Issues

▶P25
Management Foundations Supporting Growth

▶P19
Input

Human capital
Biz x Tech hybrid talent

Intellectual capital
Extensive digital capabilities

Social and relationship capital
Reliability as a DX partner

Financial capital
Strong financial base

▶P03
Management Philosophy
Innovation from Japan to the World

▶P10
Long-Term Growth Strategy “Vision1000”

Simplex Group's Vision

To be the one and only strategic partner
for Clients

To be the dominant Biz x Tech innovator
for Employees

To be the game changer in the age of DX
for Society

▶P19
Outcome

Human capital
An organization where hybrid talent thrives

Intellectual capital
Evolution of digital capabilities

Social and relationship capital
Domain expansion and quality growth

Financial capital
Sustainable growth with high profitability

Simplex Group's Value Creation

Strengths, Input and Outcome

Input

Human capital

Biz x Tech hybrid talent

Positioning human capital as the most important management capital, we strive to recruit the top 10% of talent in the market and develop their skills. Hybrid talent well versed in both business and technology work as one team in pursuit of innovation by sharing the 5 DNAs and the Simplex Philosophy.

- Number of employees: 1,560
- Number of new graduate hires[*1]: 223
- Number of mid-career hires: 172

Intellectual capital

Extensive digital capabilities

Technologies such as AI, UI/UX, cloud and web3, which have been cultivated over many years in the financial domain, an early adopter of cutting-edge technologies, are also required for DX support in the non-financial domain. The Simplex Library and the Simplex Competency serve as sources of competitive advantage.

- Number of teams in Simplex Competency: 6

Social and relationship capital

Reliability as a DX partner

The Simplex Group has established a top brand position in Japan as a technology partner of major financial institutions, including Japan's leading banks, comprehensive securities firms, and online securities firms.

- Number of clients with annual revenue of 1.0 billion yen+: 12
- Number of entries in the IDC FinTech Rankings: 13

Financial capital

Strong financial base

In order to prioritize investments for growth that will strengthen our business foundation, we are striving to maintain financial soundness based on our strong cash flow generating capability.

- Total assets: 790 billion yen
- Total capital: 488 billion yen
- Cash and cash equivalents: 134 billion yen

Outcome

Human capital

An organization where hybrid talent thrives

"Be a player" is one of our values that fosters a structure and corporate culture that promotes diverse career choices and employee growth. We are implementing initiatives such as the Commitment Declaration System, which lets employees declare their monthly overtime hours, and efforts to improve the labor share ratio.

- Turnover rate: 8%
- Engagement score[*2] 73 points
- Average annual salary: 9.82 million yen

Intellectual capital

Evolution of digital capabilities

By leveraging library accumulated in the Simplex Library, we are able to shorten development times and ensure system stability. Our in-house management of processes from conception to implementation—whether financial or non-financial—has enabled us to establish a system that retains IP rights to source code, even in contracted development.

- Simplex Library operation history: 28 years

Social and relationship capital

Domain expansion and quality growth

By developing cutting-edge technologies cultivated in the financial domain, we provide high value-added services to clients outside the financial services sector.
In addition, we have built a revenue model, in which stable, low-risk revenue streams expand from the one-time-fee business, thereby achieving quality growth.

- Revenue from Strategy/DX Consulting: 16%
- Revenue from Enterprise DX: 12%
- Revenue from stable, lower-risk revenue: 60%

Financial capital

Sustainable growth with high profitability

Against the backdrop of firm domestic DX demand, both revenue and operating profit reached record highs. ROE also showed an upward trend.

- Revenue: 47.3 billion yen
- Operating profit: 10.8 billion yen
- Gross profit margin: 41.4%
- Operating profit margin: 22.8%
- ROE 16.2%

*1 Based on the number of employees decided to be hired during the current fiscal year. The actual starting date of employment is Apr 1 of the following fiscal year.
*2 Result of an engagement survey conducted among employees of the Group.

Simplex Group's Value Creation

Evolution Through Challenges

An essential part of the Simplex Group's trajectory of transformation is the delisting of its shares following the MBO in 2013 in a bid to return to a growth path. Since then, we have positioned the post-MBO period as our second founding phase and we focus on breakthroughs in existing domains and expansion into new business areas. During the period as an unlisted company, we underwent significant transformation, culminating in our re-listing in Sep 2021. Furthermore, we are advancing domain expansion and deep-diving into domains through the provision of high value-added services to clients, even outside the financial services sector.

Financial Frontier Domain

The Financial Frontier Domain is the term we use to describe the domain that supports financial institutions in revenue-earning operations such as front-office trading and risk management from a technological perspective. Banks, comprehensive securities firms, and online securities firms are our main clients, and this is an area with high entry barriers, requiring both extensive business know-how and advanced technology.

Cross Frontier Domain

The Cross Frontier Domain is the term we use to describe the domain where technology contributes significantly to the success of a client's business. The Financial Frontier Domain could be said to be one of the main Cross Frontier Domain areas because it is the very area where technology has been driving the business. In addition to this, the domain includes Enterprise DX, in which we have been engaged since our MBO in 2013, as well as the Strategy/DX Consulting services we provide across industries.

MBO-driven business area expansion

Pre-MBO

Specialization in the Financial Frontier Domain

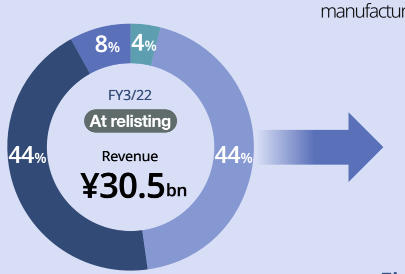
Since our founding, we have specialized in the Financial Frontier Domain that supports financial institutions in trading and risk management from a technological perspective. We have continued to achieve strong growth toward securing a position as Japan's leading provider. However, after FY3/10, our earnings entered a downward trend, prompting us to undertake an MBO. Our shares were delisted in Oct 2013.

Post-MBO

Expansion into the Cross Frontier Domain

Following the MBO, we achieved a breakthrough in the Financial Frontier Domain by strengthening our consulting sales approach. We expanded our offerings by launching Enterprise DX for non-financial institutions. In 2021, the establishment of Xspear enabled us to provide Strategy/DX consulting services, and we extended our reach into the Cross Frontier Domain. These milestones led to our relisting in Sep 2021.

Promoting domain expansion and deep-diving after relisting

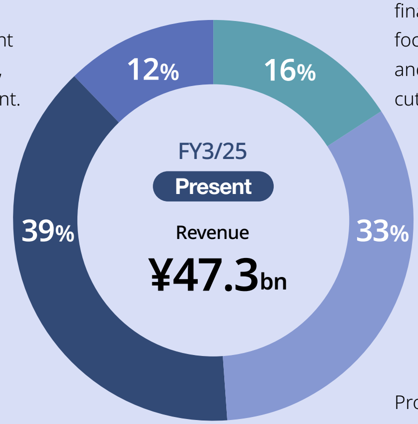


Enterprise DX

Provides IT solutions specialized in DX support to non-financial institutions such as government agencies, telecommunications, manufacturing, and entertainment.

Financial Retail

Provides financial instrument trading platforms for individual investors to online brokerage firms and online FX firms.



Strategy/DX Consulting

Provides both financial and non-financial institutions with DX-focused strategy formulation and execution support based on cutting-edge technologies.

Capital Markets

Provides trading and risk management platforms for institutional investors to banks, comprehensive securities firms, and exchanges.

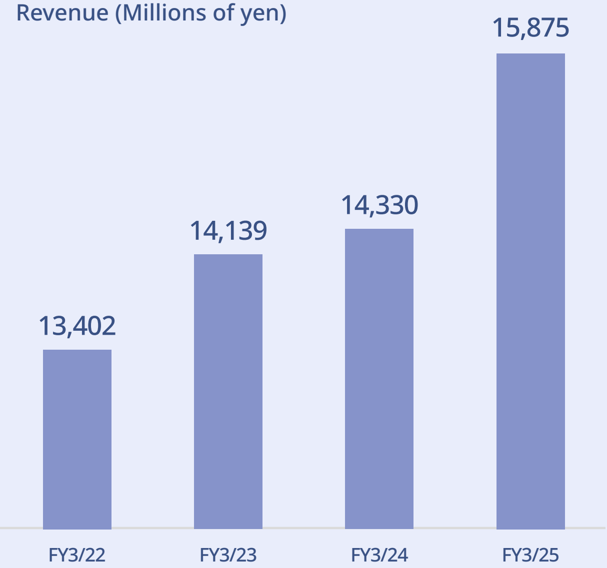
Strategy by Business Area

Capital Markets

Accelerates talent development and the acquisition of cutting-edge technologies in an environment where advanced “Biz x Tech” is required.

Provides trading and risk management platforms for institutional investors to banks, comprehensive securities firms, and exchanges. The Capital Markets domain, which has been our core business since our founding, has supported value enhancement at Japan’s leading financial institutions and continues to serve as the foundation for both our competitive advantage and human resource development.

Revenue (Millions of yen)



Growth Trajectory

1990s: Entry into the securities industry

As a tech firm capable of implementing a full stack of services from mission-critical system construction to 24/7 operations and maintenance, Simplex established a unique position in the securities industry. Although localization of overseas packages was prevalent at the time, the domestic bond front office system developed by Simplex went on to become the de facto standard in the securities industry.

2000s: Expansion into banking

Building on our achievements in the securities industry, we made a full-fledged entry into the banking industry in the 2000s. Our trading systems, which supported more than 200 financial products, and real-time risk management from a high-speed computing platform, were highly valued and adopted, primarily by Japan's largest banks. This trust then continued, allowing us to maintain our presence and competitive advantage in the banking industry to this day.

2010s: Support for overall optimization by a single platform

After the MBO in 2013, Simplex moved beyond being limited to individual optimization for each financial instrument and transitioned to a system supporting total optimization across products. Against a backdrop of strengthening risk management triggered by the collapse of Lehman Brothers, we provided proactive consulting starting from a phase of IT roadmap formulation, primarily for major financial institutions, helping them to build single platforms that integrate trading and risk management.

2020s: Business for exchanges—a new pillar

Since the 2020s, Simplex has accelerated our expansion into the business for exchanges, aiming for growth in a new market infrastructure field as the third profitable pillar after the securities and banking industries. We have received an increasing number of orders from multiple exchanges, whether public or private, and our achievements and technological capabilities accumulated for financial institutions have been highly regarded. We believe that these efforts will support medium- and long-term growth and lead to diversification of a future business portfolio.

Future Growth Strategy

Selectively accepting important projects

Leading financial institutions, which are the major clients in Capital Markets, are enhancing their competitiveness and increasing the sophistication of risk management through long-term IT investments with an eye to the future. Under a clear policy of contributing to the increasing sophistication of capital markets while working with these corporate clients, Simplex will continue our proactive consulting sales approach. Especially, we will focus on selectively accepting important projects that will benefit from our one-platform offering.

Improving digital capabilities

The modest growth rate for Capital Markets targeted in the medium-term management plan "MTBP2027" is a strategic decision to focus our engineering resources on other growth areas. However, Capital Markets remains the core of Simplex, as it requires evolution of advanced technology such as ultra-low latency, massive cloud, AI, and web3. We will continue to make efforts to improve digital capabilities.

Developing hybrid talents

Capital Markets requires both advanced financial engineering as well as taking into account comprehensive business operations needs. These characteristics make it an ideal area for the development of hybrid professionals who have a thorough knowledge of business and technology. Simplex aims to maximize client value and achieve sustainable growth through these innovations and talent development.

Key themes of dialogue with shareholders/investors

1. What is the value of the one-platform offering?
2. How much room is there for development of clients who are interested in one-platform offering?
3. What factors contributed to your breakthrough after the MBO?
4. What strategic decision was made to set the growth rate target in MTBP2027?
5. To what extent do you expect sales to expand over the medium to long term?

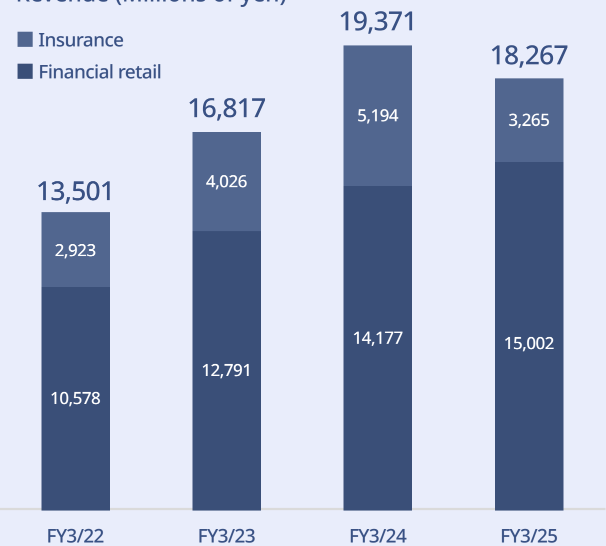
Strategy by Business Area

Financial Retail

Contributes to greater sophistication of the financial retail business, with overwhelming success of the joint venture scheme.

Provides financial instrument trading platforms for individual investors to online brokerage firms and online FX firms. Financial Retail, which has grown with the evolution of financial services for individual investors, is the core of our recurring business serving a strong customer base.

Revenue (Millions of yen)



*Note: Figures shown are those after retroactive adjustments that reflect the transfer of the insurance area.

Growth Trajectory

2000s: Launch of subscription services

From the early days of online securities trading, we began planning and developing systems in-house and launched a shared SaaS service to multiple financial institutions. Based on a vision of providing a professional-grade investment environment to individual investors, the platform was highly regarded for its intuitive UI/UX and reliability in processing large volumes of transactions. As a result, it gained wide adoption as a financial instrument trading platform for individual investors, supporting stocks as well as futures and options. By adopting a performance-based business model committed to results after implementation, the platform continues to be used by multiple corporate clients today.

2000s: Become the de facto standard for FX trading

When talking about growth in the financial retail area, it is essential to mention our FX trading platform, which became the de facto standard in the industry. With FX trading increasingly being offered to individual investors, the service has been adopted as a shared SaaS solution and used by leading financial institutions in Japan.

2010s: Challenge of web3 and initial implementation

Simplex was quick to notice the potential of web3 and began to provide crypto asset trading platforms in 2017. In recent years, we also worked to expand into non-financial areas such as NFTs and the metaverse. In 2025, we started to provide a system supporting the issuance and redemption of stablecoins. The Simplex Group continues to expand the pillars of value creation in the new economic area of web3.

2020s: Closer cooperation with SBI SECURITIES

The capital and business alliance with SBI Holdings and SBI SECURITIES attracted a great deal of interest from various stakeholders. SBI SECURITIES is a comprehensive online securities company with the largest number of accounts and the largest transaction share in Japan. In Feb 2023, we established a joint venture with SBI SECURITIES. With this, we and SBI SECURITIES have gone beyond a mere client-vendor relationship and built a one-team system where all members work together on system development projects and established the necessary structure. Cooperation as a strategic partner is proceeding at full swing.

Future Growth Strategy

Verification of the effectiveness of the JV scheme

One of the key themes of the medium-term management plan "MTBP2027" is to work in close cooperation with SBI SECURITIES, which has chosen the Simplex Group as its one and only strategic partner, with outstanding results. We believe the key to supporting sustainable growth lies in demonstrating the effectiveness of the JV scheme that brings together resources and know-how from both parties and promotes system development and organizational framework as one team.

Further contribution to revenue maximization

Enhancing services for individual investors through digital technology remains an important theme for financial institutions in their efforts to improve customer satisfaction and strengthen competitiveness. The Simplex Group will continue to provide highly reliable platforms in a stable manner by leveraging our expertise accumulated as the top brand in Japan. In addition, we will help financial institutions to maximize their profits through detailed consulting services in response to market trends and the specific circumstances of individual companies. We will also work to secure development projects in new fields for major comprehensive securities companies, our existing clients.

Insurance system development with an eye toward the future

Following a strategic shift in the insurance area, the acquisition and development of repeat orders for more than 10 existing clients was integrated into the financial retail area from the fiscal year ending Mar 31, 2026. Although projects will primarily focus on existing clients in the near term, we will continue to accumulate know-how and improve our structure through these projects so that we are able to respond when major insurance companies make requests to revamp their legacy systems in future.

Key themes of dialogue with shareholders/investors

1. How much room is there for market expansion in the financial retail field?
2. How has the JV scheme with SBI SECURITIES contributed to earnings?
3. What specific support services do you provide through the JV?
4. Is there a possibility that it will be applied to other entities in the SBI Group?
5. Is the JV a business model that can also be applied to other companies?

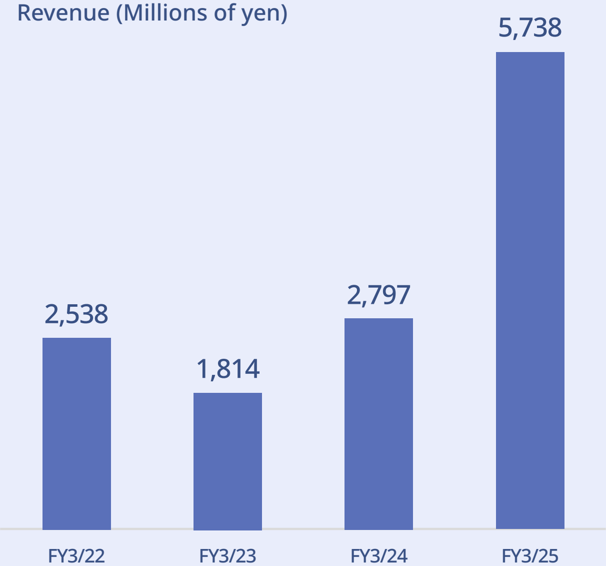
Strategy by Business Area

Enterprise DX

Maximize synergies with Xspear to create projects using cutting-edge technologies cultivated in the Financial Solutions.

Provides IT solutions specialized in DX support to non-financial institutions such as government agencies, telecommunications, manufacturing, and entertainment. Leveraging advanced technologies cultivated in the financial domain and a collaborative model with Xspear, Enterprise DX promotes the creation of new projects in the non-financial domain and serves as a growth driver for the Simplex Group's business expansion.

Revenue (Millions of yen)



Growth Trajectory

2010s: Expanded cutting-edge technologies cultivated in the financial domain to the non-financial domain

The financial industry, often referred to as the information industry, has been an early adopter of cutting-edge technologies ahead of other sectors. The Simplex Group, which has provided added value to the financial domain since our founding, leverages our strengths of digital capabilities including AI, UI/UX, cloud, and web3 to play an active role in non-financial sectors. Across various industry sectors such as government agencies, telecommunications, manufacturing, and entertainment, the Group addresses needs for promoting DX to create new business models, improve operational efficiency, and enhance user experience.

2020s: Established a collaborative model with Xspear

We have established a structure that allows us to demonstrate our capabilities in proposal development and implementation, supported by a collaborative model between Xspear, responsible for concept formulation, and Simplex, responsible for implementation. We have successfully acquired projects with strong synergies and high potential for replication by building new relationships with non-financial clients and completing all processes in-house—from upstream processes to development, maintenance, and operation. For a period just after the establishment of Xspear, projects mainly progressed with Xspear building relationships with clients through consulting, and Simplex then carrying out system development. In recent years, however, both companies often collaborate from the initial phase and jointly make proposals and provide support.

Our digital capabilities and the value we provide

AI	Providing AI solutions that can immediately accommodate any client need, from strategy formulation to business implementation.
UI/UX	A team of UI/UX experts with a deep understanding of any client business will help the clients develop products with a focus on user experience.
Cloud	Supporting clients in implementing cloud services consistent with business strategies by leveraging unparalleled knowledge gained from advanced case studies.
web3	Experts with extensive knowledge of crypto assets, the metaverse, NFTs, and other emerging technologies working with clients to address challenges.

Future Growth Strategy

Maximize group synergies

The greatest group synergies in Enterprise DX lies in the ability to realize business models and system concepts developed by Xspear, a consulting firm specializing in DX, using Simplex's digital capabilities. Specifically, under this division of roles, Xspear is responsible for identifying and formulating solutions to challenges faced by non-financial clients. Simplex then takes over to develop the required systems. This structure enables us to seamlessly provide solutions within the Group, from concept development through to implementation.

Create projects by leveraging cutting-edge technologies

Equipped with cutting-edge technologies such as AI, UI/UX, cloud, and web3 cultivated in the financial domain, we will also look to secure new projects by leveraging digital capabilities distinctive of the Simplex Group. These technologies have already been deployed in certain areas in the non-financial domain and are expected to become a key focus in future projects, contributing to outcomes such as creation of new business models, improvement of operational efficiency, and enhancement of user experience.

Deepening promising sectors

Enterprise DX covers non-financial sectors where Simplex Group's revenue has not yet reached a certain scale on an industry basis. Once revenue in a given sector reaches a certain level, businesses can be spun off into separate domains. Based on this approach, we are further deepening our presence in promising sectors such as government, telecommunications, manufacturing, and entertainment.

Key themes of dialogue with shareholders/investors

1. How are you developing the non-financial domain?
2. Are there any promising industry sectors that could be carved out as independent businesses?
3. Why is the Group able to retain system intellectual property rights even in the non-financial domain?
4. Why does the gross profit margin remain on par with that in the financial domain?
5. What are some examples of specific projects?

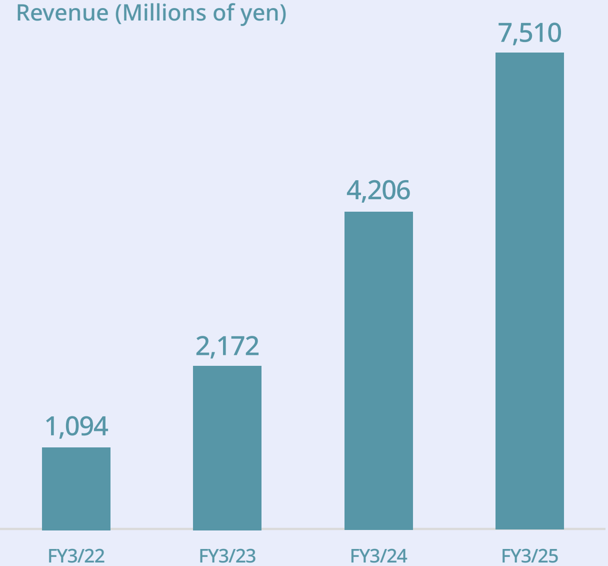
Strategy by Business Area

Strategy/DX Consulting

Aim to achieve further group synergies with a team of professionals who can directly deal with client management teams.

Provides both financial and non-financial institutions with DX-focused strategy formulation and execution support based on cutting-edge technologies. By providing services that accurately target the top priorities of management, Strategy/DX Consulting contributes to the sustainable growth of client companies, leveraging the Group's digital capabilities and execution strengths.

Revenue (Millions of yen)



Growth Trajectory

2020s: Established unique talent portfolio

Since its establishment in 2021, Xspear has developed a unique talent portfolio supported by both mid-career hires and intra-Group secondments. Our mid-career hires proactively target experienced talent, such as individuals from international consulting firms. Younger employees, in contrast, first get a grasp of technology basics at Simplex, then talents with a strong aspiration to become a consultant are identified and assigned to Xspear. The approach is differentiated from other consulting firms through the assignment of such hybrid talent to both consulting and technology areas.

2020s: Provided fundamental DX support based on technology

Xspear leverages the advanced digital capabilities that Simplex has cultivated over many years to provide end-to-end support, from strategy planning to implementation support based on cutting-edge technologies. Specifically, Xspear has established a framework to support clients' transformation both in consulting and system development by coordinating with Simplex, that has strengths in implementing technologies. The consistent support system enables management issues to be highlighted via direct communication with management, and ensure company-wide optimization and that is not limited to one specific operational component.

Outline of our consulting services and value we provide

Strategic consulting	Supporting clients in developing practical and effective strategies when formulating medium- to long-term growth strategies — including business model development — and new business concepts.
IT consulting	Supporting building communication lines between management and IT by formulating systematization concepts and developing policies for renewing existing systems.
Project implementation support	Supporting business transformation, including PMO functions, as well as the execution of IT implementation, in promoting DX projects.
DX talent development	Supporting clients in building their capability to independently drive DX initiatives using a combined approach of training and on-the-job practice, thereby fostering DX talent.

Future Growth Strategy

Expand the non-financial domain with Xspear as an entry point

Our greatest group synergies are derived from the ability to realize business models and concepts developed by Xspear using Simplex's digital capabilities. With the establishment of Xspear, we have built a framework that enables involvement from the upstream strategy formulation phase. This expands opportunities to make proposals directly to clients' management, an approach that was previously difficult. We will continue to strengthen our end-to-end support structure within the Group, from strategy formulation to system operation, and steadily advance our business expansion in the non-financial sector.

Strengthening the revenue base through expansion of major clients

In order to achieve Vision1000 earlier than planned, the Group has positioned the expansion of major clients with annual sales exceeding ¥5 billion as one of our priority measures. Currently for clients with transactions over ¥3 billion, they are first referred to Xspear, which then works to strengthen relationships through cross-selling into untapped areas, thereby expanding business opportunities. Simplex then engages with these clients to further deepen the relationship, thereby strengthening the revenue base through collaboration of both companies.

Expansion of Consultants and M&A Initiatives

Given the solid demand for DX, we will continue to increase the number of consultants, mainly through mid-career hiring and intra-Group secondments. While M&A-driven inorganic growth is not factored into MTBP2027, we will proactively consider and pursue acquisitions of small boutique consulting firms with advanced expertise and distinctive services as one of our key measures to accelerate the realization of Vision1000.

Key themes of dialogue with shareholders/investors

1. Why did you carve out the consulting business as a separate operating company?
2. Why does demand for consulting in Japan remain strong?
3. What is Xspear's competitive advantage?
4. What attracts senior consultants to Xspear as a career change destination?
5. Why are employees seconded from Simplex able to perform well at Xspear?
6. How is the M&A of boutique consulting firms progressing?