

Business Report for the 10th Financial Period
Trigger Inc.

1) Environment surrounding Trigger

This 10th fiscal period (from November 11, 2022, to March 31, 2023) was irregularly 5-month term due to the fiscal term change. In Japan, the legal status of the COVID-19 was downgraded to Class 5, and the settlement of pandemic has been recognized. However, the surge in material and energy prices caused by the Ukrainian situation continues, and seriously affects the prices of consumption goods in Japan. The shortage of skilled workers in IT industry continues to accelerate, while there are still many issues in companies' IT utilization. Meanwhile, it has become a hot topic that the generative AI, such as Chat GPT and its updated version, GPT4, are expected to be a game changer in IT industry. Although AI technology has many challenges, we should monitor closely and have much interest in it, since it may cause a historic turning in every industry, along with the progress in technological development and data accumulation.

Under such circumstances, since October 2022 when Trigger became a subsidiary of NSD, Trigger has been developing its management policy, aggressively communicating and collaborating with various departments of NSD. Specifically, Trigger and NSD started information sharing and joint proposals in marketing area, outsourcing accounting procedures to NSD in back-office area, and joint training for new graduates in talent management area. Also in system development area, the newly organized team which focuses on Salesforce development is steadily increasing its performance while working on several contracted development projects. In addition to the further development of the initiatives above, we would promote optimal human resource allocation and career development from the viewpoint of whole the NSD group, in order to resolve the most important issue, i.e., recruitment and prevention of retirement.

2) Business Results

Trigger's business results of this 10th fiscal period were below our initial expectation. Actually, we started many of the efforts mentioned above 1) after building the budget allocation of that period, and invested on recruitment to relocate personnel and expand back-office in order to prepare for the next year onward. However, Trigger showed a significant growth from comparable period of the previous year, and we would promote our business to continue our steady growth also in the 11th fiscal period.

3) Review for the 10th fiscal period

In this period, we increased the transactions with our customers acquired in the previous years. Trigger and NSD started joint proposals to acquire new clients and expect to realize the businesses in the coming year. Free from the existing business models, we would keep challenging new frontiers.

Also, as the recruiting of experienced persons is in progress almost as planned, our foundation for growth in the next year is steadily being established. By additionally improving the marketing capability and back-office system such as personnel affairs, we would expand our business along with both stable growth and appropriate internal controls.

Trigger Inc. Statement of Accounts
The 10th Fiscal Period (From November 1, 2022, to March 31, 2023)

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Unit: yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	642,322,647	Current liabilities	223,046,387
Cash and deposits	413,651,278	Accountspayable - other	166,950,676
Accounts receivable - trade	219,989,132	Accrued expenses	6,519,556
Prepaid expenses	8,682,237	Income taxes payable	33,175,600
Non-current assets	6,363,197	Accrued consumption tax, etc.	9,765,700
Property, plant and equipment	380,139	Advances received	4,620,000
Facilities attached to the buildings	380,139	Deposit received	2,014,855
Intangible assets	383,058		
Software	383,058	Total liabilities	223,046,387
Investments and other assets	5,600,000	Net assets	
Security Deposits	5,600,000	Shareholders' equity	
		Capital stock	20,000,000
		Capital surplus	7,952,592
		Other capital surplus	7,952,592
		Retained earnings	397,686,865
		Other retained earnings	397,686,865
		Retained earnings brought forward	397,686,865
		Total shareholder's equity	425,639,457
		Total net assets	425,639,457
Total assets	648,685,844	Total liabilities and net assets	648,685,844

Non-consolidated Statement of Income

(November 1, 2022 to March 31, 2023)

(Unit: yen)

Description	Amount	Amount
Net sales		784,505,429
Cost of sales		
Outsourcing Costs	533,567,877	
		533,567,877
Gross profit		250,937,552
Selling, general and administrative expenses		149,414,603
Operating income		101,522,949
Non-operating income		
Interest income	1,693	
Miscellaneous income	6,105	7,798
Non-operating expenses		
Interest expenses	35,356	35,356
Ordinary income		101,495,391
Income before income taxes		101,495,391
Income taxes - current		33,175,858
Net income		68,319,533

Non-consolidated Statement of SG&A expenses

(November 1, 2022 to March 31,2023)

(Unit: yen)

Description	Amount	
Remuneration of officers	14,500,000	
Salaries and allowances	93,513,128	
Legal welfare expenses	14,360,750	
Welfare expenses	9,094	
Hiring and education expenses	10,352,894	
Packing and freight costs	27,899	
Advertising expenses	72,000	
Entertainment expenses	756,816	
Travel and transportation expenses	2,735,450	
Communication expenses	3,965,833	
Supplies expenses	214,571	
Utilities expenses	271,474	
Books and subscription	5,946	
Membership fees	49,650	
Commission expenses	2,409,553	
Land and building rents	3,500,000	
Lease fee	79,500	
Insurance expenses	95,960	
Taxes and dues	71,700	
Fee and commissions	1,795,000	
Depreciation	340,804	
Amortization of long-term prepaid expenses	61,581	
Training expenses	225,000	
Total SG&A expenses		149,414,603

Non-consolidated Statement of Change in Equity

(November 1,2022 to March 31,2023)

(Unit: yen)

	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Total net assets
Balance at the beginning of the period	20,000,000	7,952,592	329,367,332	357,319,924	357,319,924
Changes during the period					
Net income			68,319,533	68,319,533	68,319,533
Balance at the end of the period	20,000,000	7,952,592	397,686,865	425,639,457	425,639,457

Notes Regarding Matters Related to Significant Accounting Policies

Depreciation method for non-current assets

1) Property, plant and equipment

The declining balance method is applied. However, the straight-line method is applied for buildings (excluding facilities) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016.

2) Intangible assets

The straight-line method is applied.

Recognition criteria for revenue and expenses

Revenue is recorded on a realization basis, and expense is on an accrual basis.

Accounting procedure for national and regional consumption taxes

Accounting procedure for consumption taxes is based on the tax exclusion method.

Notes Regarding Non-consolidated Statement of Change in Equity

Class and total number of issued shares

Common stock

As of October 31,2022: 37,766 shares

As of March 31,2023: 37,766 shares

Notes regarding per share information

Net assets per share: 11,270.44 yen

Net income per share: 1,809.02yen