

# Consolidated Financial Results Supplementary Document Q3 FY21

February 7, 2022/ SIGMAXYZ Holdings Inc. (Stock Code: 6088)



# Outline of Financial Results for Q3 FY21

## Summary

- Revised our forecast upward due to solid consolidated earnings and revised our forecast for annual dividends (increased dividend).
- Consulting Business: DX strategy planning for companies, revitalization of organizations and personnel, and projects that support new business and service developments are leading our business.
- Investment Business: Successfully expanding operations by supporting investee companies, making new investments and selling assets. To be disclosed by segment from this quarter due to increased importance.

Unit: JPY mn	FY20 (Apr to Dec)	FY21 (Apr to Dec)	YoY change Rate	FY21 Consolidated Earnings Forecast	Progress
Consolidated revenue	10,241	11,303	+10%	16,000	71%
(Consulting Business)	10,241 (*1)	11,170 (*2)	+9% (*1)		
(Investment Business)	—	256 (*2)	—		
Ordinary profit	1,212	2,080	+72%	2,700	77%
(Ordinary profit margin)	12%	18%			
Profit	743	1,269	+71%		
Equity ratio	51%	74%			

\*1 From this quarter, "Consulting Business" and "Investment Business" are separated into two categories because the importance of "Investment Business" has increased. This is a reference value for consulting business results based on the consolidated earnings of the previous fiscal year

\*2 Includes internal revenue between segments

# FY21 Consolidated Earnings Forecasts

Unit: JPY mn	FY21 Revised forecast	Increased/ decreased amount from the previous forecast	Increased/ decreased rate to the previous fiscal year	Results of Apr to Dec FY21	Progress
Revenue	<b>16,000</b>	-	<b>14%</b>	<b>11,303</b>	<b>71%</b>
Operating profit	<b>2,700</b>	<b>+200</b>	<b>54%</b>	<b>2,084</b>	<b>77%</b>
Ordinary profit	<b>2,700</b>	<b>+200</b>	<b>50%</b>	<b>2,080</b>	<b>77%</b>
Profit attributable to owners of parent	<b>1,650</b>	<b>+150</b>	<b>36%</b>	<b>1,269</b>	<b>77%</b>

Although the outlook is uncertain due to economic activity restrictions, etc. accompanying the spread of COVID-19, the Group is expected to exceed the previously announced forecast for consolidated earnings, mainly due to the prospect of an increase in operating profit from consulting business.

(Note) The above forecasts are based on information available as of the date of the publishing of this document. Actual results may differ from the expected figures due to various factors in the future.

# Dividend Policy

- Focus on striking a balance between shareholder returns and internal reserves, in order to strengthen the financial structure and prepare for future development of business.
- Ensure consistent and stable payment of dividends.
  - In order to further return profits to shareholders under the above basic policy, the dividend is expected to be increased by JPY 2 per share to JPY 26 per share, compared with the previous dividend forecast.

(Note) The above dividend forecast is based on information available as of the date of the publishing of this document. It may fluctuate due to various factors in the future.

# Consolidated Income Statement for Q3 FY21

Unit: JPY mn	FY20 (Apr to Dec)	FY21 (Apr to Dec)	YoY change		Major changes
			Amount	Rate	
Revenue	10,241	11,303	+1,061	+10%	Increase owing to decreased cost of revenue
Gross profit	3,989	5,219	+1,229	+31%	
S, G&A expenses	2,820	3,134	+313	+11%	
Operating profit	1,168	2,084	+916	+78%	Increase owing to increased revenue and decreased cost of revenue
Ordinary profit	1,212	2,080	+867	+72%	
Profit before income taxes	1,359	2,080	+720	+53%	
Profit	743	1,269	+525	+71%	

# Outline of Earnings by Segment for Q3 FY21

Unit: JPY mn	FY20 (Apr to Dec)	FY21 (Apr to Dec)	YoY change	
			Amount	Rate
Consolidated revenue	10,241	11,303	+1,061	+10%
(Consulting Business)	10,241 (*1)	11,170	+928 (*1)	+9% (*1)
(Investment Business)	—	256	—	—
(Internal transactions)	—	-123	—	—
Segment profit	—	3,269	—	—
(Consulting Business)	—	3,173	—	—
(Investment Business)	—	95	—	—
The segment profit margin for revenue	—	29%	—	—
(Consulting Business)	—	28%	—	—
(Investment Business)	—	37%	—	—

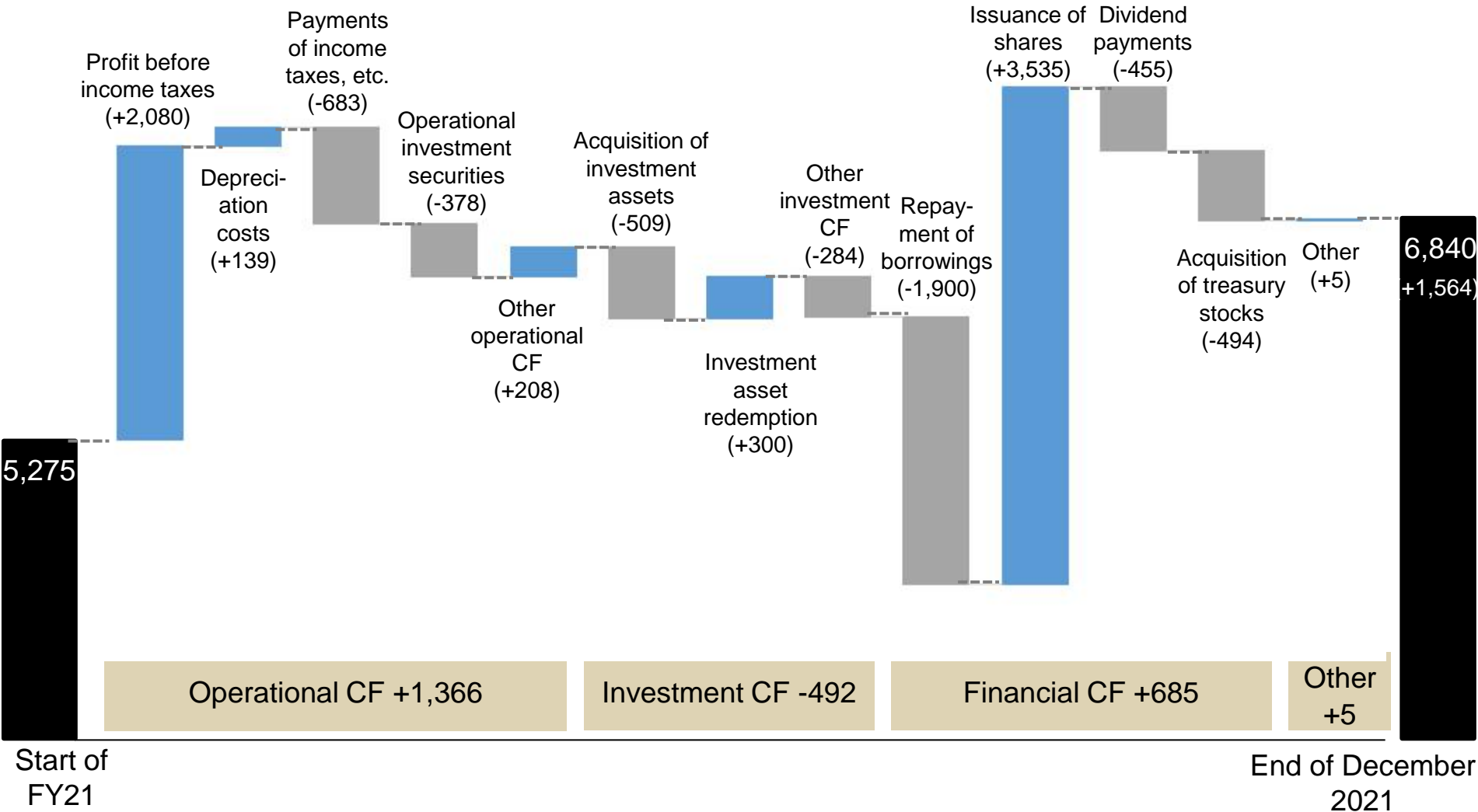
\*1 From this quarter, "Consulting Business" and "Investment Business" are separated into two categories because the importance of "Investment Business" has increased. This is a reference value for consulting business results based on the consolidated earnings of the previous fiscal year

# Consolidated Balance Sheet for Q3 FY21

Unit: JPY mn	End of FY20	End of Q3 FY21	YoY change (Amount)	Major changes
Current assets	8,015	10,591	+2,575	- Increase in cash, deposits, and operational investment securities
Cash and deposits	5,275	6,840	+1,564	
Non-current assets	2,267	2,460	+192	
Total assets	10,283	13,052	+2,768	
Current liabilities	3,239	2,090	-1,148	- Repayment of borrowings and the increase of income tax payables, etc.
Non-current liabilities	1,581	1,324	-256	
Total liabilities	4,821	3,415	-1,405	- Increase due to capital increase through a third-party allotment
Net assets	5,462	9,636	+4,174	
Equity ratio	53%	74%		

# Transitions in Consolidated Cash Flow

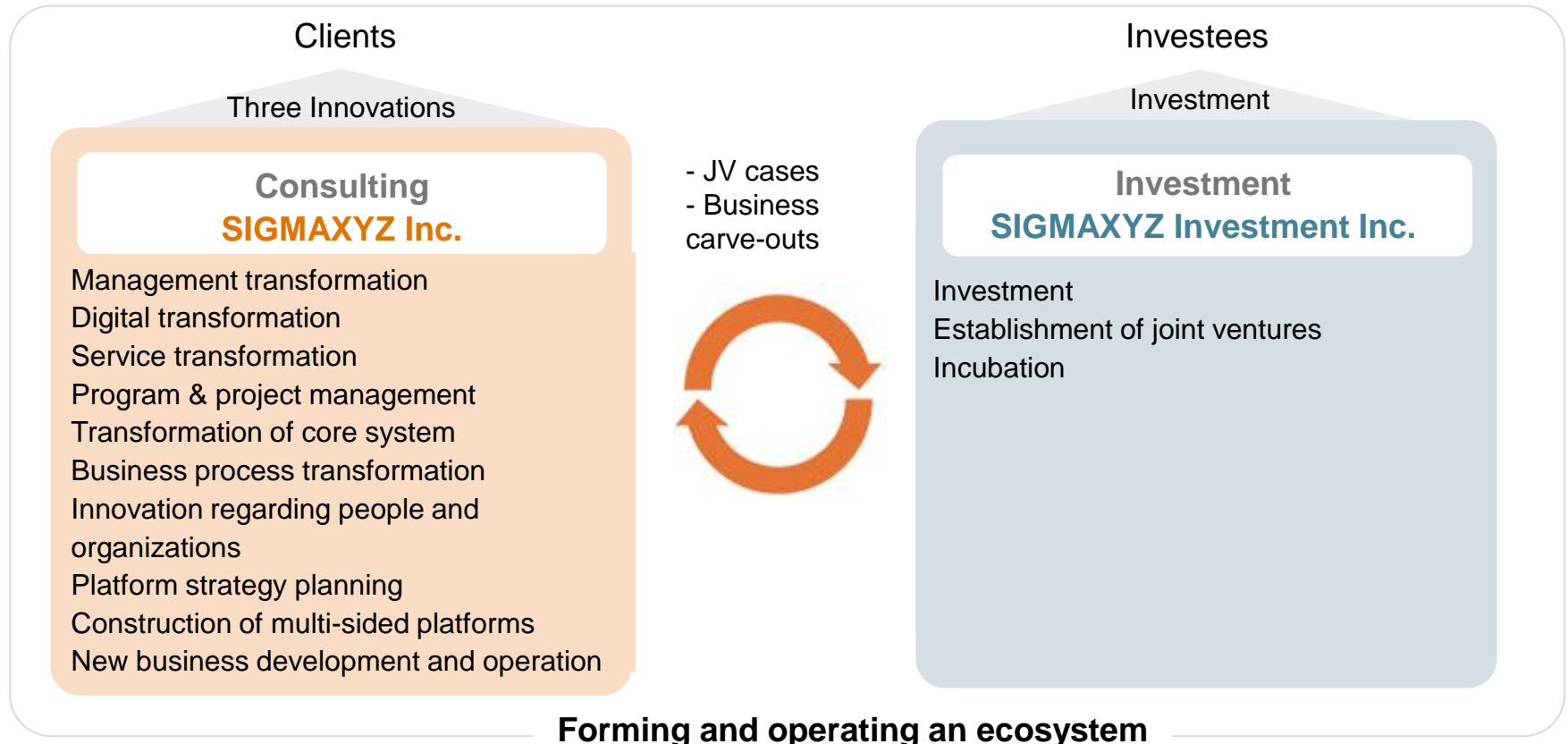
Unit: JPY mn





# SIGMAXYZ Group's Business

- Centering their business on "consulting services" and "investment," SIGMAXYZ Group creates value in a wide range of industries and companies, and creates new markets that solve social issues, by taking advantage of the networking capabilities of each group company.
- In consulting services, we have experts on business strategy planning, business transformation, digital technology, cloud solutions, project management and new business development to help create new value.
- In the investment business, the focus is on the use of advanced digital technologies and investment projects in areas that connect multiple industries, such as "city development," and "food and wellness." Through the linkage with consulting business, we support the growth and enhancement of corporate value of investee companies.



# AI Integration & Deployment (AID) Program

AID Program enable our client companies to achieve a competitive business advantage with AI, by clarifying the best AI application area, measures to be implemented, and expected effects in the company, creating viable plans for AI adoption, and providing support through its implementation.

The program covers all layers of AI adoption, including planning, building an internal and external data analytics platform, improving and accelerating data analytics, selecting and implementing AI and deep learning solutions, and driving edge computing. Experienced professionals will provide you with end-to-end support to transform your business with AI.

Details: <https://www.sigmaxyz.com/sx/business/aid/>

## Customer case

Syuppin Co., Ltd.

Support for automated price revision of used cameras (AIMD)



We supported Syuppin Co., Ltd.'s used camera section with the realization of Dynamic Pricing (AIMD), which automates sale/purchase price revisions using AI.

With the introduction of AIMD, Syuppin Co., Ltd. has increased the number of price revisions by six times, reducing man hours and making timely price revisions. In addition, the number of e-mail notifications to customers associated with price changes has increased, resulting in more contact with customers that leads to business opportunities. As a result, the profitability of the business has increased significantly.

Article image source: Nikkei XTECH

<https://xtech.nikkei.com/atcl/nxt/column/18/00001/06276/>



# Participation in Demonstration Experiments Towards Social Implementation of MaaS

SIGMAXYZ is one of the main companies to participate in the "Demonstration experiment on changes in consumer behavior toward social implementation of MaaS" conducted by METI KANSAI, together with the Osaka Chamber of Commerce and Industry (OCCI) and ADK Marketing Solutions Inc.

In order to achieve a balance between revitalization and avoidance of congestion in the center of Osaka-shi, where the Osaka-Kansai Expo will take place in 2025, the effectiveness of peak hour shifts through notification of city peak hours and incentives by time of day in cooperation with apparel and transportation businesses in the target regions, was examined. The experiment period was from December 2021 to January 2022.

SIGMAXYZ helped in creating scenarios for this demonstration experiment, designing UX for the services provided, inviting participating companies, and developing dedicated apps.



©The Osaka Chamber of Commerce and Industry

Representative organization	The Osaka Chamber of Commerce and Industry, ADK Marketing Solutions Inc.
Participating organizations	Urban Research Co., Ltd. H2O Retailing Corporation Osaka Gas Co., Ltd., Osaka Metro Co., Ltd., Keihan Holdings Co.,Ltd., SIGMAXYZ Inc., Takenaka Corporation, DOCOMO Bike Share, Inc., Hankyu Hanshin Properties Corp., Resona Bank, Ltd., Luup, Inc.
Cooperating municipalities	Osaka-shi, Osaka

Source: The Osaka Chamber of Commerce and Industry Press Release

#### Related links:

- The Osaka Chamber of Commerce and Industry Press Release [https://www.osaka.cci.or.jp/Chousa\\_Kenkyuu\\_Iken/press/20211216maas.pdf](https://www.osaka.cci.or.jp/Chousa_Kenkyuu_Iken/press/20211216maas.pdf)
- ADK Marketing Solutions Press Release <https://www.adk.jp/news/105673/>

# SIGMAXYZ Investment Inc.: Investment Business

In April 2021, SIGMAXYZ Investment Inc. was established as a 100% subsidiary in order to increase the value of our investment business. This is achieved by promoting the establishment of joint ventures through investment in a broad range of businesses and cooperation with consulting business. Focusing on investment projects that connect multiple industries, we support the growth and enhancement of corporate value of investee companies through the linkage with consulting business.

In Q2 FY21, the company invested 5% in Wellness Communications Corporation through networks of ITOCHU Corporation. In Q3, it invested in PROGRIT Inc.

## Investment areas

Areas that enrich people's lives while making smart use of global resources  
(Regenerative & Well-being)

## Investees



Ghelia Inc.



Creww Inc.



Monstar Lab, Inc.

New investments in FY21



PROGRIT Inc.

## Partners



Invest in wonder

SX Capital, Inc.

startbahn



Fresco Capital

[www.sigmaxyz.com/sxi/](http://www.sigmaxyz.com/sxi/)

# Collaborated with Tokyu Corporation for New City Development

SIGMAXYZ Holdings concluded a basic agreement with Tokyu Corporation on the promotion of a new city development initiative for consumers in the Tama Garden City area (nexus project). The companies of SIGMAXYZ Group will work together to promote activities aimed at realizing this project in collaboration with Tokyu.

In this project, SIGMAXYZ Group will play a role as an "aggregator" to gather the best players and promote collaboration. In addition to deepening and improving this project, SIGMAXYZ Group will invite administrative governments and diverse companies (buddies) that empathize with and participate in this project, establish a consortium by promoting collaboration between buddies, hold study sessions to promote understanding of the project, support planning and implementation of demonstration experiments and commercialization, and engage in public relations activities.

In the field of demonstration experiments and commercialization, consulting services and investment assistance will be provided as necessary.

## "nexus project"

In order to realize a free and rich life for the residents in the suburbs, the aim is to create a "walkable neighborhood" where living, learning, working, and playing are intertwined with nature and agriculture.

The nexus project will begin in the Tama Garden City area (Kajigaya Station to Chuo Rinkan Station on the Den-en-toshi Line), around Aoba-ku, Yokohama-shi and Miyamae-ku, Kawasaki-shi.

In April 2022, "nexus Challenge Park" is expected to open in the Nijigaoka-danchi and Susukino-danchi areas near the city border of Kawasaki and Yokohama.



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### Related links

- SIGMAXYZ Holdings Press Release

[https://www.sigmaxyz.com/release\\_20220119/](https://www.sigmaxyz.com/release_20220119/)

- Tokyu Press Release

<https://www.tokyu.co.jp/company/news/list/Pid=20220119-1.html>

# First Listed Company in Japan to Obtain B Corporation Certification

We have obtained the "B Corporation Certification" for the business and activities of SIGMAXYZ Group.

Approximately 4,500 companies in 78 countries have obtained this certification. SIGMAXYZ Group is the eighth Japanese company to obtain this certification, and the first listed company group that has its headquarters in Japan. (As of January 2022)

## What is B Corporation Certification

A system for certifying companies with excellent public interest in terms of environmental and social performance, management transparency, and business sustainability, etc. To obtain this certification, a company needs to earn at least 80 points on a rating based on the metrics defined by the U.S. non-profit organization B Lab in the following five areas: governance, community, employees, environment, and customers.



### Related links

- SIGMAXYZ Holdings News  
<https://www.sigmxyz.com/news/>
- B Corporation website  
<https://www.bcorporation.net/>

# Key Performance Indicator (KPI)

	FY20 (Apr to Dec)	FY21 (Apr to Dec)	YoY change
Number of employees	561	565	+1%
(Number of consultants)	(491)	(485)	(-1%)
Client Satisfaction (NSI*)	94	93	-1pt
Number of projects **	802	760	-5%
Number of clients ***	194	157	-19%
Revenue per contract (Million yen)	12.7	14.9	+17%

\* NSI (Net Satisfaction Index): Average score from 5 possible ratings for 10 questions evaluating project satisfaction. Conducted in a questionnaire format for the client project owner. 5 ratings - 5: I really agree 100 points; 4: I agree 75 points; 3: I can't say either way 50 points; 2: I don't agree 25 points; 1: I don't agree at all 0 points

\*\* Number of projects: Projects for which revenue has been recorded over the consolidated cumulative period are aggregated by contract.

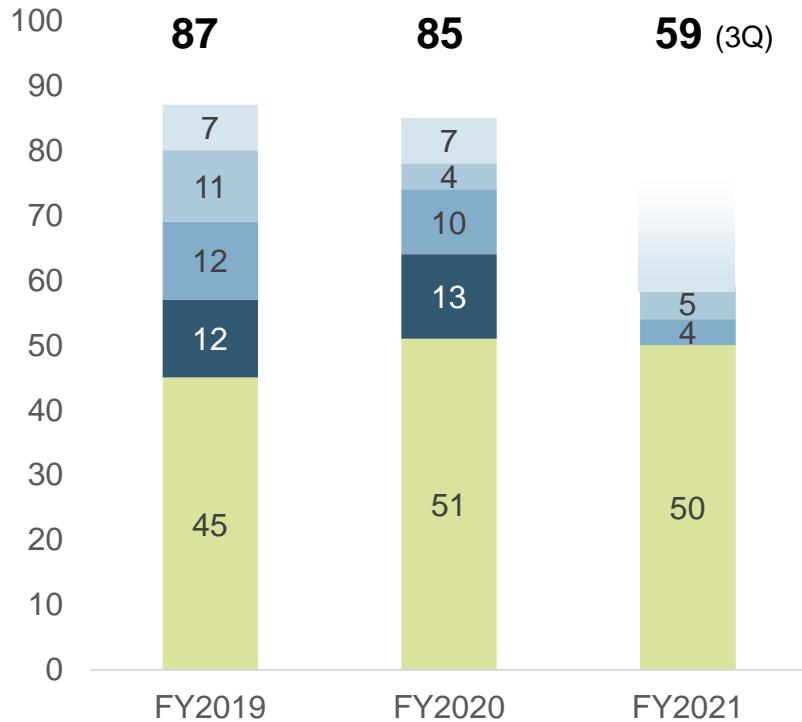
\*\*\* Number of clients: Clients of projects for which revenue has been recorded over the consolidated cumulative period are aggregated by corporation.

# Recruitment Activities

50 new graduates joined the company in April 2021 and started working on clients' jobs in October. Along with being selective in hiring, we strengthened measures to address strategic messages widely toward the recruitment market for both new graduates and experienced persons to attract capable human assets.

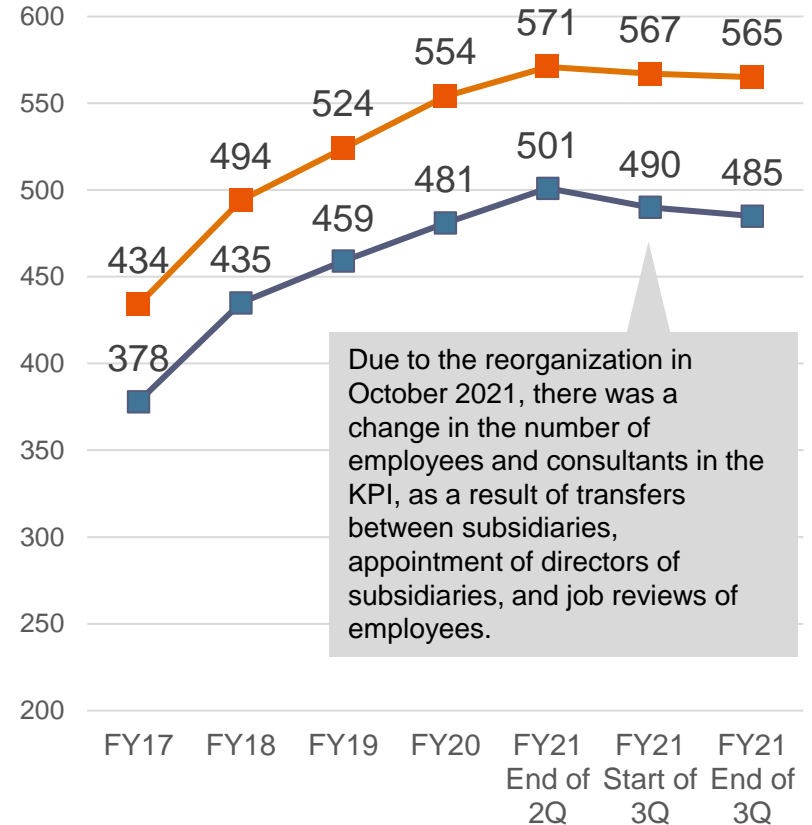
### Number of consultant hired per annum

Unit: people



■ New graduates ■ Experienced persons 1Q ■ 2Q ■ 3Q ■ 4Q

### Number of employees (■) and consultants (■) in the Group

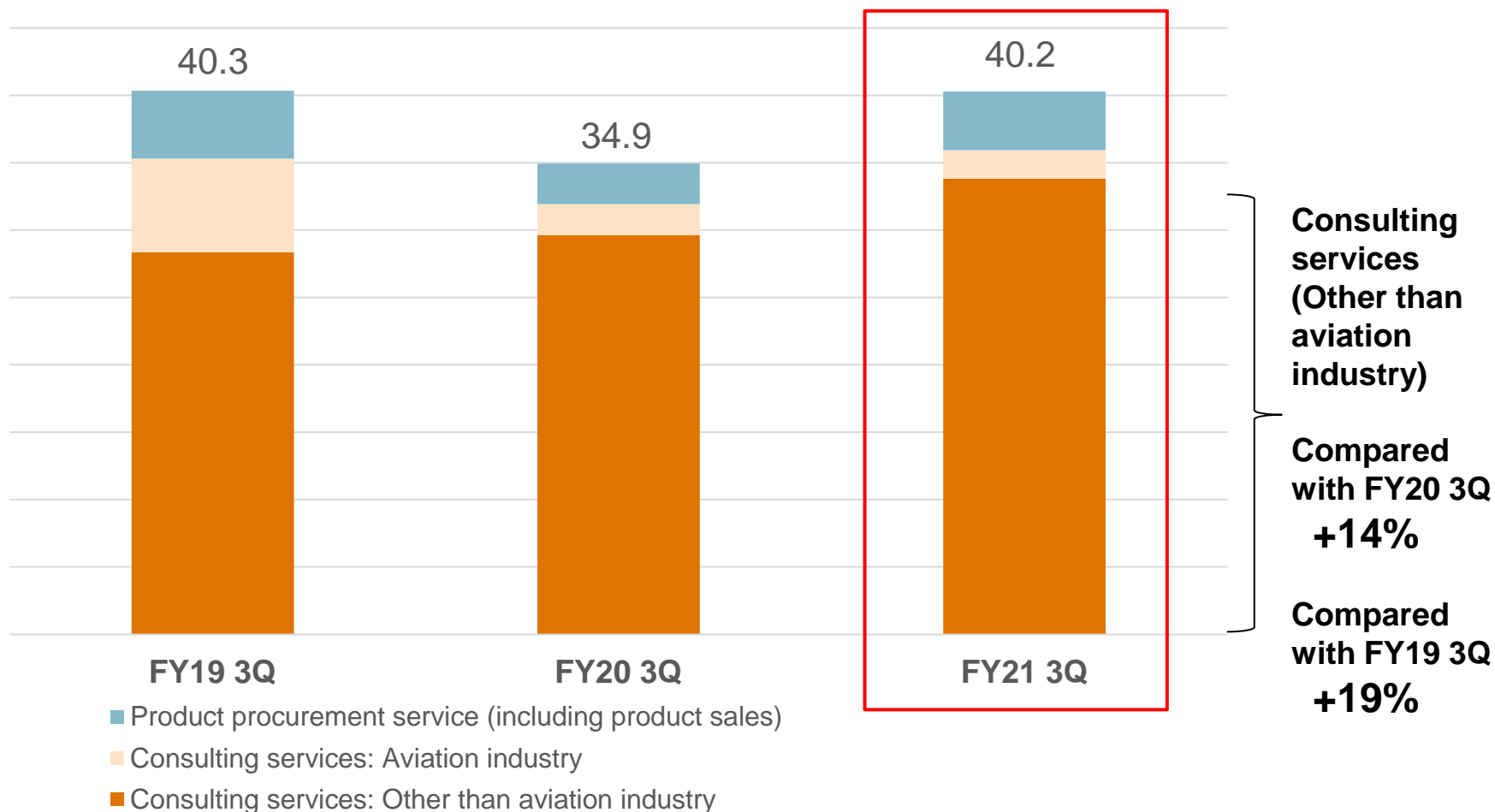




## (Reference) Revenue by Category

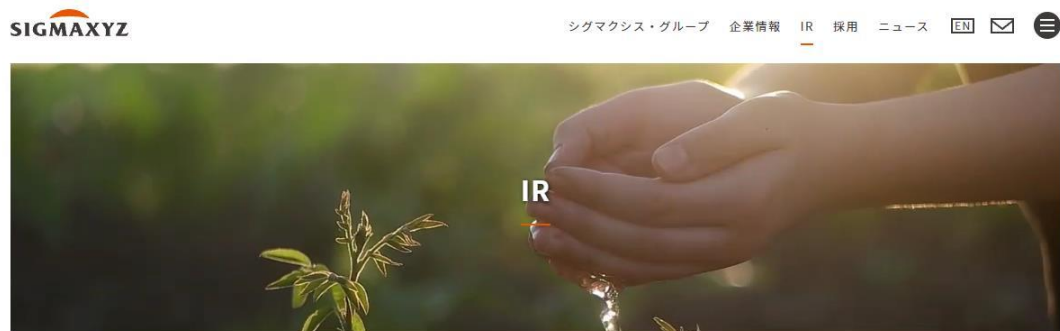
The restructuring of the business portfolio has been steadily progressing over the past two years, with the optimization of the ratio of consulting services for the aviation industry to sales and the strategic scale-down of product procurement services.

(Unit: JPY bn)



# (Reference) Audio Report for Financial Results Supplementary Documents

A Japanese audio report for the documents is posted on our website at 6:00 pm JST on the day the results are disclosed.



## IR information

<https://www.sigmaxyz.com/ir/>



 **最新IR資料**  
2022年3月期 第1四半期決算 (2021年8月4日 発表)

### 最新のIRニュース

IRニュース一覧

2021.10.01	<a href="#">プレスリリース</a>	持株会社体制への移行に関するお知らせ <a href="#">PDF</a>
2021.09.29	<a href="#">お知らせ</a>	「会社四季報2021年4集秋号」 訂正情報

## About the Use of This Document

This document discusses not only the trends in the SIGMAXYZ Group's business and the industry, but also future prospects based on current plans, estimates, expectations, and forecasts.

Statements regarding these future prospects include various risks and uncertainties. It is possible that known or unknown risks, uncertainties, or other factors may lead to results that differ from the content of the statements regarding future prospects. SIGMAXYZ Holdings Inc. cannot guarantee that the statements about future prospects and forecasts are correct, and it is possible that the results may be significantly different from the future prospects.

The statements about future prospects in this document were created by SIGMAXYZ Holdings Inc. on the basis of information that was available when the document was being prepared. As such, they do not reflect future events and situations, or update or change any other statements about future prospects.

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