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## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022 (Japanese Accounting Standards)

August 4, 2021

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 Stock code: 6088 URL: <https://www.sigmaxyz.com/>  
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 Scheduled date of quarterly securities report filing: August 4, 2021  
 Scheduled date of dividend payment: -  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Schedule of quarterly financial results presentation meeting: None

(Amounts of less than ¥1 million are rounded down)

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (Cumulative) (% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2021	3,415	1.5	379	148.1	364	123.2	153	75.9
June 30, 2020	3,366	(11.5)	152	(50.6)	163	(45.1)	87	(46.0)

Note: Comprehensive Income Three months ended June 30, 2021: ¥153 million [75.9%]  
 Three months ended June 30, 2020: ¥87 million [(46.0)%]

	Profit per Share	Profit per Share (Diluted)
Three months ended	Yen	Yen
June 30, 2021	7.55	—
June 30, 2020	4.53	4.53

Note: Profit per share (diluted) for the three months ended June 30, 2021 is not stated because there are no dilutive shares.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2021	12,108	8,921	73.7	420.55
March 31, 2021	10,283	5,462	53.1	287.61

Reference: Equity As of June 30, 2021: ¥8,921 million  
 As of March 31, 2021: ¥5,462 million

### 2. Dividends

	Annual Dividend				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Fiscal Year-End	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2021	—	0.00	—	22.00	22.00
Fiscal year ending	—				
March 31, 2022					
Fiscal year ending		0.00	—	24.00	24.00
March 31, 2022 (Forecast)					

Note: Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(% figures indicate year-on-year changes)

	Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	16,000	14.1	2,500	43.0	2,500	39.1	1,500	24.0	71.50

Revisions to the most recently announced earnings forecasts: None

#### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation):  
None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies associated with revisions to accounting standards: Yes

2) Changes in accounting policies other than those in item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Important Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 7 of the attached materials.

(4) Number of shares issued (common stock)

1) The number of shares issued as of the end of the period (including treasury shares)

As of June 30, 2021	23,154,300 shares
As of March 31, 2021	21,104,300 shares

2) The number of treasury shares as of the end of the period

As of June 30, 2021	1,939,897 shares
As of March 31, 2021	2,110,564 shares

3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Three months ended June 30, 2021	20,270,190 shares
Three months ended June 30, 2020	19,197,967 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares as of the end of the period and average number of shares outstanding during the period (cumulative from the start of the fiscal year) include the shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP) and those held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets for a performance-linked stock compensation program.

\* These quarterly financial statements are outside the scope of quarterly review procedures by certified public accountants or audit corporations.

\* Explanation regarding proper use of financial forecasts, and other special matters

The earnings forecasts and other forward-looking statements presented in these materials reflect information currently available to the Company and assumptions that are deemed to be reasonable, but the Company does not guarantee the achievement of these targets. Actual results may differ significantly as a consequence of various factors.

For more information on the Company’s earnings forecasts and underlying assumptions, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements” on page 2 of the attached materials.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

Recently, the Japanese economy has continued to show signs of picking up from the fallout of the novel coronavirus (COVID-19) pandemic although some parts of it are increasingly remain weak. We expect the economy to recover down the road due to the promotion of vaccinations, various policies and improvement of overseas economies. However, we need to closely watch how the COVID-19 pandemic will affect the economies at home and abroad, as well as how fluctuations in the financial and capital markets affect our business operations. In such an environment, the Group is engaged in value creation in a wide range of industries and companies such as drafting business strategy, M&A, business reform, organizational reform, utilization of digital technology and cloud solutions, project management, development of new business, promotion of collaboration between companies, business investment and creation of joint ventures.

During the three months ended June 30, 2021, the Group announced that it would make the transition to a holding company system on October 1, 2021. The purpose of the transition to the holding company system is to further promote professionalism of the new subsidiary that handles consulting business and SIGMAXYZ Investment Inc. that handles the investment business, and increase the value provided as a Group as a whole through growth of these subsidiaries. Furthermore, a capital and business alliance with ITOCHU Corporation was announced. Through the utilization of ITOCHU, its Group companies and its client network, the Company will accelerate its growth strategy.

The consolidated financial results and key business indicators for the three months ended June 30, 2021 are as follows.

Revenue was ¥3,415 million (up 1.5% year on year). Following on from the previous fiscal year, consulting services for the aviation industry decreased and in call center projects for the retail industry, there was a scale-down of procurement of hardware and software products on behalf of clients which has contributed only marginally to profit. Meanwhile, some projects to support client companies contributed to the Group's business performance. Such projects include services to assist ERP cloud migration services, formulation of digital transformation strategies for companies, revitalization of organizations and personnel, and development of new businesses and services. Furthermore, reducing outsourcing costs by strengthening the internal delivery system for ERP cloud migration services projects resulted in an improvement in profit margin.

Selling, general and administrative expenses were ¥1,041 million (down 9.3% year on year).

Due to an increase in revenue and a decrease in cost of revenue, gross profit increased by ¥120 million to ¥1,420 million (up 9.2% year on year), operating profit increased by ¥226 million to ¥379 million (up 148.1% year on year), and ordinary profit increased by ¥201 million to ¥364 million (up 123.2% year on year).

Profit attributable to owners of parent came to ¥153 million (up 75.9% year on year).

On the hiring front, the Company added 50 new graduates in the three months ended June 30, 2021. The training for new graduates is going well in a hybrid format combining a remote work environment and face-to-face training. They will start working on their job from the coming October. As of June 30, 2021, the total number of employees was 584 (up 20 year on year) including 511 consultants.

Project satisfaction remained high at 94 points, and the number of projects was 348, while the number of clients was 117.

### (2) Explanation of Financial Position

#### (Assets)

Total assets as of June 30, 2021 stood at ¥12,108 million (up ¥1,824 million from the end of the previous fiscal year). This mainly reflected an increase in cash and deposits (up ¥2,298 million from the end of the previous fiscal year) and a decrease in accounts receivable - trade (down ¥316 million from the end of the previous fiscal year).

#### (Liabilities)

Liabilities as of June 30, 2021 totaled ¥3,187 million (down ¥1,634 million from the end of the previous fiscal year). This mainly reflected a decrease in short-term borrowings (down ¥1,400 million from the end of the previous fiscal year) and a decrease in income taxes payable (down ¥236 million from the end of the previous fiscal year).

#### (Net assets)

Total assets as of June 30, 2021 stood at ¥8,921 million (up ¥3,458 million from the end of the previous fiscal year). This mainly reflected increases in share capital and capital surplus (each up ¥1,778 million from the end of the previous fiscal year) due to the impact of a third-party allocation of shares.

### (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The consolidated earnings forecasts for the fiscal year ending March 31, 2022 have not changed from the forecasts included in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2021," released on April 22, 2021.

2. Quarterly Consolidated Financial Statements and Important Notes  
 (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Three months ended June 30, 2021 (As of June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	5,275,769	7,574,697
Accounts receivable - trade	1,787,267	-
Notes and accounts receivable - trade, and contract assets	-	1,470,360
Operational investment securities	714,796	850,079
Other	238,149	251,780
Total current assets	8,015,983	10,146,917
Non-current assets		
Property, plant and equipment	179,058	167,955
Intangible assets		
Software	327,340	307,154
Software in progress	167,221	192,156
Other	6,177	8,104
Total intangible assets	500,739	507,414
Investments and other assets		
Investment securities	986,176	752,962
Deferred tax assets	220,136	125,203
Other	381,795	408,273
Total investments and other assets	1,588,109	1,286,439
Total non-current assets	2,267,907	1,961,809
Total assets	10,283,891	12,108,726
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	221,061	205,700
Short-term borrowings	1,600,000	200,000
Accounts payable - other	598,999	512,669
Income taxes payable	384,674	148,508
Provision for share-based remuneration	203,025	269,729
Other	231,597	254,024
Total current liabilities	3,239,357	1,590,632
Non-current liabilities		
Long-term borrowings	300,000	300,000
Lease obligations	10,704	9,011
Provision for share-based remuneration	259,163	66,426
Provision for share-based remuneration for directors (and other officers)	925,517	1,134,524
Asset retirement obligations	86,444	86,444
Total non-current liabilities	1,581,828	1,596,406
Total liabilities	4,821,186	3,187,039
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,848,506	4,626,881
Capital surplus	1,150,829	2,929,204
Retained earnings	3,938,630	3,637,912
Treasury shares	(2,475,262)	(2,272,311)
Total shareholders' equity	5,462,704	8,921,687
Total net assets	5,462,704	8,921,687
Total liabilities and net assets	10,283,891	12,108,726

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
 (Quarterly Consolidated Statement of Income)  
 (Three months ended June 30, 2020 and 2021)

(Thousands of yen)

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Revenue	3,366,133	3,415,321
Cost of revenue	2,065,452	1,994,354
Gross profit	1,300,681	1,420,967
Selling, general and administrative expenses	1,147,794	1,041,622
Operating profit	152,886	379,344
Non-operating income		
Interest income	1,623	1,024
Share of profit of entities accounted for using equity method	2,655	3,064
Gain on investments in securities	4,837	1,012
Other	2,323	1,092
Total non-operating income	11,440	6,194
Non-operating expenses		
Interest expenses	889	944
Share issuance costs	-	19,748
Other	39	149
Total non-operating expenses	929	20,842
Ordinary profit	163,397	364,696
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	146,373	-
Total extraordinary income	146,373	-
Profit before income taxes	309,771	364,696
Income taxes - current	129,849	116,667
Income taxes - deferred	92,879	94,933
Total income taxes	222,728	211,601
Profit	87,042	153,094
Profit attributable to owners of parent	87,042	153,094

(Quarterly Consolidated Statement of Comprehensive Income)  
(Three months ended June 30, 2020 and 2021)

	(Thousands of yen)	
	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit	87,042	153,094
Comprehensive income	87,042	153,094
Comprehensive income attributable to:		
Owners of parent	87,042	153,094

(3) Notes to Quarterly Consolidated Financial Statements  
 (Notes Regarding Assumption of a Going Concern)  
 No applicable matters to report.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

I. Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

1. Dividends paid

Resolution	Type of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date	Appropriated from
May 7, 2020 board resolution	Common stock	453,318	22	March 31, 2020	June 8, 2020	Retained earnings

Note: Total amount of dividends includes ¥33 million of dividends for shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked stock compensation program.

2. Dividends whose record date falls in the three months ended June 30, 2020, but whose effective date comes after June 30, 2020.  
 No applicable matters to report.

II. Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

1. Dividends paid

Resolution	Type of shares	Total amount of dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date	Appropriated from
April 22, 2021 board resolution	Common stock	453,813	22	March 31, 2021	June 7, 2021	Retained earnings

Note: Total amount of dividends includes ¥35 million of dividends for shares held in trust accounts for the Employee Stock Ownership Plan (J-ESOP) and performance-linked stock compensation program.

2. Dividends whose record date falls in the three months ended June 30, 2021, but whose effective date comes after June 30, 2021.  
 No applicable matters to report.

3. Significant changes in the amount of shareholders' equity

On May 10, 2021, the Company received payment from ITOCHU Corporation for a third-party allocation of shares. As a result, share capital and legal capital surplus both increased by ¥1,778 million in the three months ended June 30, 2021, reaching ¥4,626 million and ¥2,876 million, respectively, by June 30, 2021.



(Changes in Accounting Policies)

*Application of Accounting Standard for Revenue Recognition, etc.*

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the three months ended June 30, 2021, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result, the revenue that was recognized at once at the time of acceptance inspection for service contracts is now recognized over a certain period as performance obligations transferred to the customer are fulfilled in cases where the requirements for the transfer of control of goods or services to the customer are fulfilled over a certain period.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ending March 31, 2022 is added to or deducted from the retained earnings at the beginning of the fiscal year ending March 31, 2022, and the new accounting policy is applied from the beginning of that period. The impact on profit or loss during the three months ended June 30, 2021 is immaterial. Furthermore, there is no impact on retained earnings at the beginning of the period.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Accounts receivable - trade” under “Current assets” in the Consolidated Balance Sheet for the fiscal year ended March 31, 2021 has been included in “Notes and accounts receivable - trade, and contract assets” from the three months ended June 30, 2021. Furthermore, “Contract liabilities” are included in “Other” under “Current assets” and the balance for the three months ended June 30, 2021 is ¥103 million. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the fiscal year ended March 31, 2021 have not been restated in accordance with the new approach to presentation.

*Application of the Accounting Standard for Fair Value Measurement, etc.*

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) is applied from the beginning of the three months ended June 30, 2021, and the new accounting methods stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied into the future in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This change in accounting policy has no impact.

(Segment Information, etc.)

[Segment information]

This information has been omitted as the SIGMAXYZ Group mainly operates in the consulting business, and other operations are not significant.