

# Consolidated Financial Results Supplementary Document Q1 FY21

August 4, 2021/ SIGMAXYZ Inc. (Stock Code: 6088)



# Outline of Financial Results for Q1 FY21

## Summary

(YoY)

● Consolidated revenue	JPY 3.41 bn	(+1%)
● Ordinary profit	JPY 364 mn	(+123%)
● Profit	JPY 153 mn	(+76%)

- Consulting services for aviation industry decreased. A scale-down was implemented for procurement services regarding hardware and software products on behalf of clients in the retail industry, which have contributed only marginally to profit.
- ERP cloud migration services, DX strategy planning for companies, revitalization of organizations and personnel, and projects that support new business and service developments are leading our business. The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in an improved profit ratio.
- Transition to a holding company system from October 2021. Through the growth of our subsidiaries, we will aim to improve the value of the services provided by the group as a whole.

# Consolidated Income Statement for Q1 FY21

Unit: JPY mn	FY 20 (April to June)	FY21 (April to June)	YoY change		Major changes
			Amount	Rate	
Revenue	3,366	3,415	+49	+1%	The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in improved profit ratio
Gross profit	1,300	1,420	+120	+9%	
S, G&A expenses	1,147	1,041	-106	-9%	
Operating profit	152	379	+226	+148%	Increase owing to increased revenue and decreased cost of revenue
Ordinary profit	163	364	+201	+123%	
Profit before income taxes	309	364	+54	+18%	
Profit	87	153	+66	+76%	

# Key Performance Index (KPI)

	FY20 (April to June)	FY21 (April to June)	YoY change
Number of employees	564	584	+4%
(Number of consultants)	(498)	(511)	(+3%)
Client Satisfaction (NSI*)	94	94	+0pt
Number of projects **	363	348	-4%
Number of clients ***	125	117	-6%
Revenue per contract (Million yen)	9.3	9.8	+5%

\* 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.

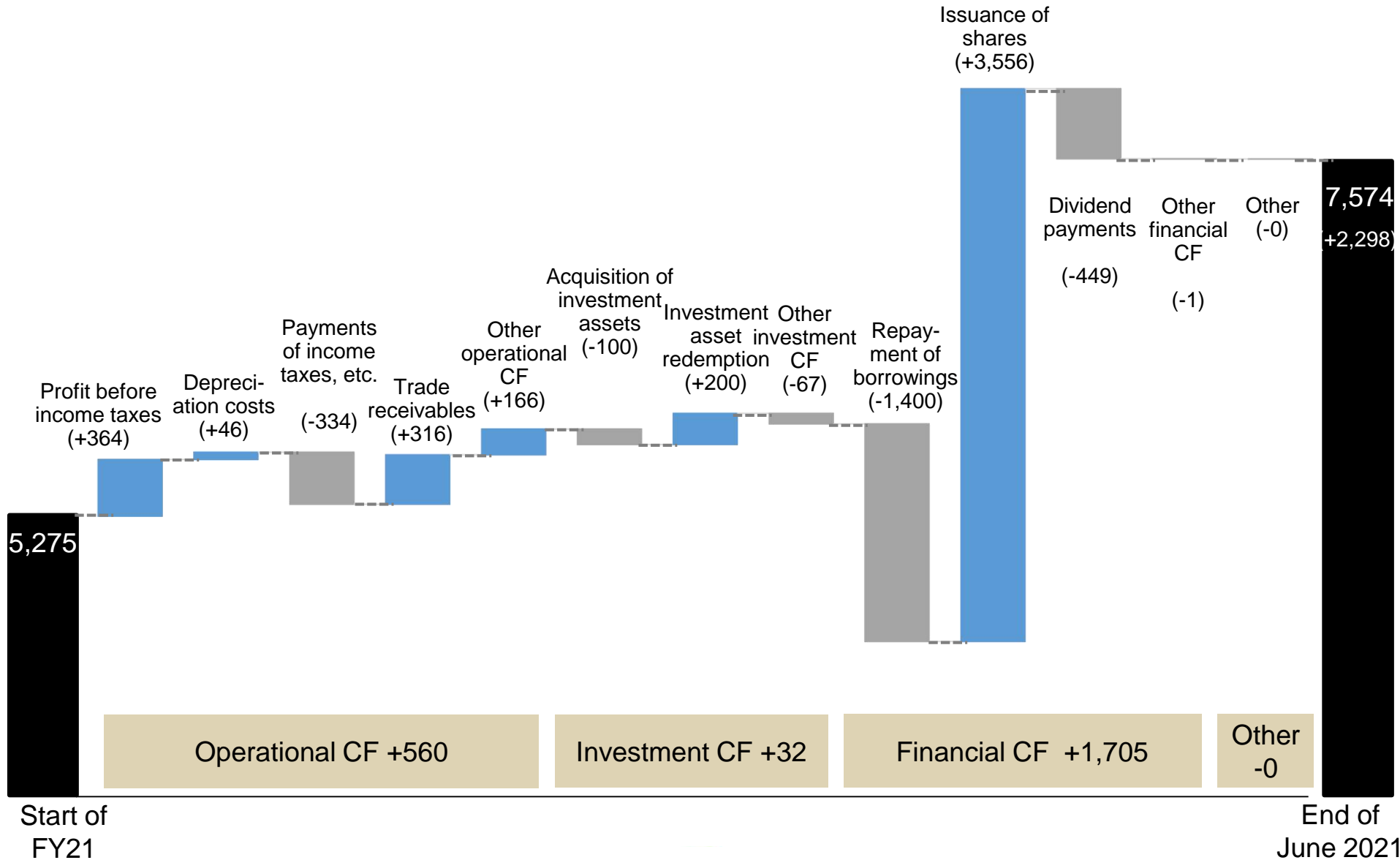
\*\*\* Number of clients: Clients of projects for which revenue has been recorded over the consolidated cumulative period are aggregated by corporation.

# Consolidated Balance Sheet for Q1 FY21

Unit: JPY mn	End of FY20	End of Q1 FY21	YoY change (Amount)	Major changes
Current assets	8,015	10,146	+2,130	- Increase in cash and deposits
Cash and deposits	5,275	7,574	+2,298	
Non-current assets	2,267	1,961	-306	
Total assets	10,283	12,108	+1,824	
Current liabilities	3,239	1,590	-1,648	- Repayment of borrowings and the reduction of income tax payables, etc.
Non-current liabilities	1,581	1,596	+14	
Total liabilities	4,821	3,187	-1,634	
Net assets	5,462	8,921	+3,458	- Increase due to capital increase through a third-party allotment
Equity ratio	53%	74%	+21pts	

# Transitions in Consolidated Cash Flow

(Unit: JPY mn)

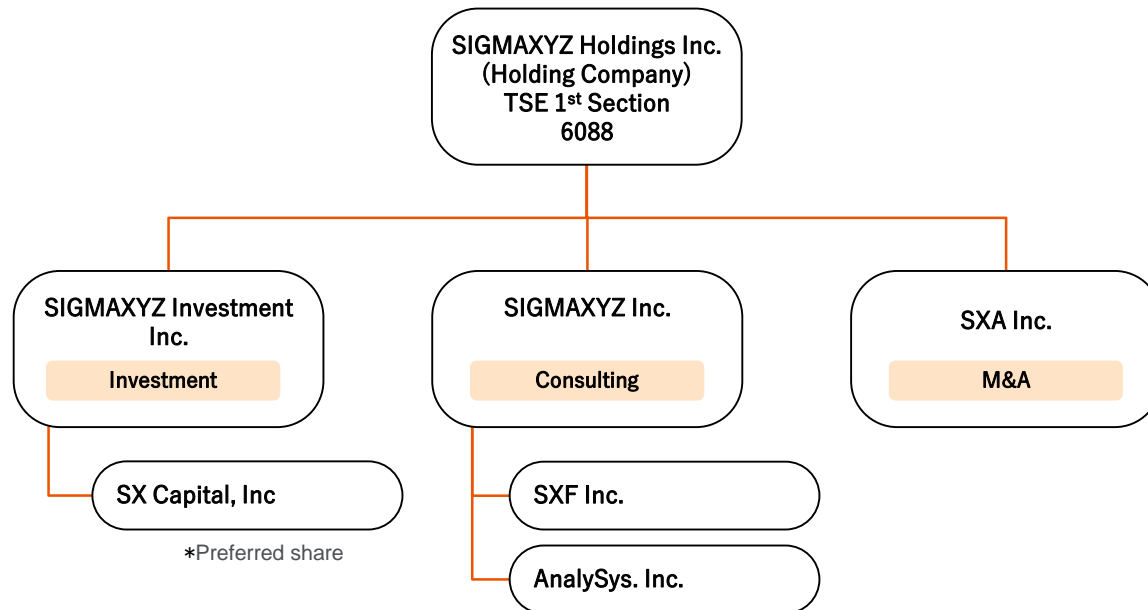


# Topics: Transition to a Holding Company System and the Group Reorganization

In order to further accelerate the growth strategy focusing on the "Three Innovations," we decided to be a holding company system starting from October 2021 (scheduled) aiming to improve service capacity through the alignment of consulting and alliance businesses and to further promote the growth of the entire company through higher group management.

By adopting a holding company system, we will further promote professionalizing the subsidiary companies engaged in consulting and investment businesses and will aim to improve value of the services provided by the group as a whole through mutual alliance of each company.

Group Structure from October 1, 2021 (scheduled)



# Topics: Migrating ERP to the Cloud

In readiness for the situation called the "2025 Digital Cliff," when the existing ERP maintenance support expires, we smoothly migrated our client's ERP to a cloud environment by carrying out organization/business transformation and change management. We also continued to support clients to enhance their corporate value based on the growth scenarios for clients that we provide.

Established a stable delivery structure with 44 certified consultants (as of the end of March) who have acquired the certification for SAP S/4HANA Cloud, which is the symbolic "SaaS" ERP. The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in an improved profit ratio.

Learn more: <https://www.sigmaxyz.com/business/cloud/>

## Adoption of "SaaS" ERP that requires organizational and business transformation capabilities

Eliminate add-ons, have no customizations, and standardize operations



## Customer cases



Completed the migration of key systems to the cloud in about six months. Implemented multiple SAP S/4HANA Cloud modules all in one go, and supported BPR.

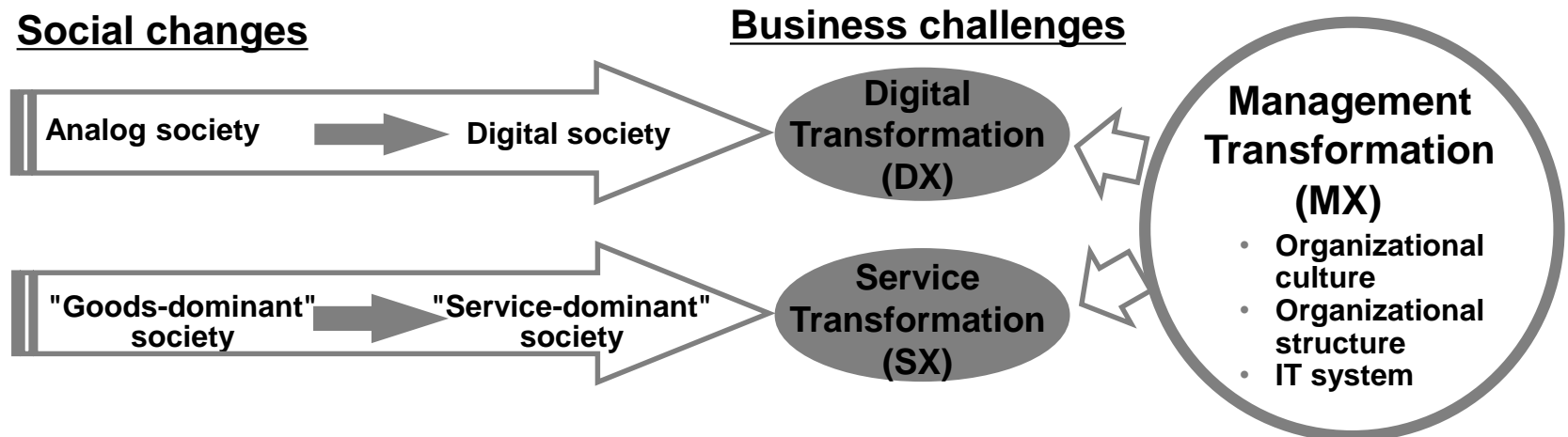


Supporting SAP S/4HANA Cloud implementation and BPR projects from October 2020.



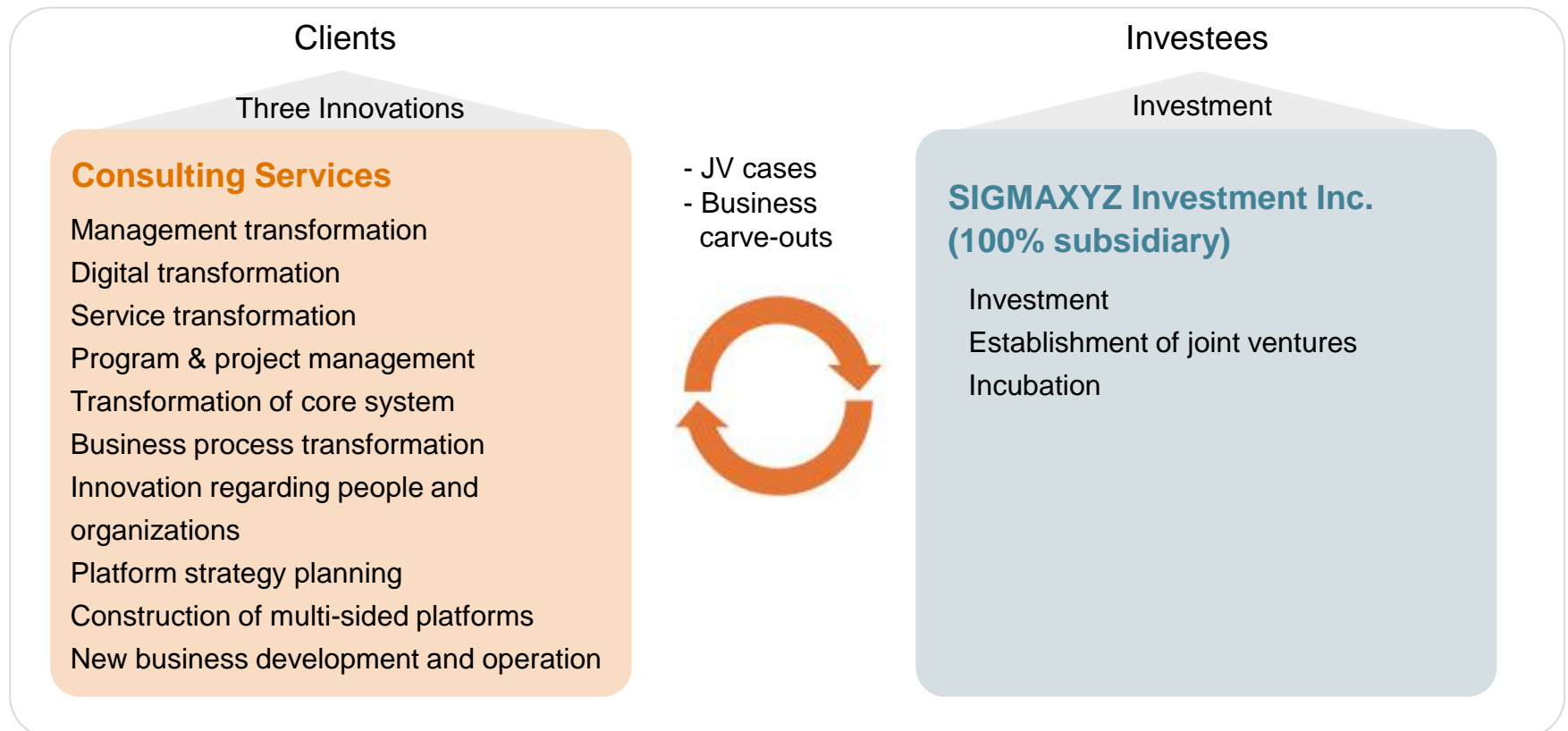
# Our Digital Transformation: Three Innovations

- |                                   |   |
|-----------------------------------|---|
| 1) Digital Transformation (DX)    | Streamline existing business operations |
| 2) Service Transformation (SX)    | Create new value                        |
| 3) Management Transformation (MX) | Management platform reform              |



# SIGMAXYZ's Business

- In response to the various business challenges that companies face, SIGMAXYZ provides consulting services in a wide range of fields.
- SIGMAXYZ Investment Inc., our 100% subsidiary, invests in various business and promotes the establishment of joint ventures through linkage with the consulting services.
- We aim to promote value creation activities that go beyond the boundaries of a single company or industry, by forming an ecosystem through networks with a diversity of professionals and companies.



## Forming and operating an ecosystem

# Business Operation System

Restructuring the system to promote "How about this?" proposals, taking into consideration fundamental issues of customers and the industries

Client Interface

## Industry Sherpa

Understands industry characteristics and business processes, and draws transformation scenarios

Retail	Public sector	Digital media	Trading companies
Aviation	Communication and platforms	Insurance	Logistics
Pharmaceuticals	Broadcasting and advertisements	Manufacturing	Transportation
Finance and banks	Services	Utilities	

## Digital & SaaS Sherpa

Drives enterprise transformation by implementing digital technology and with SaaS

Project management	Change management	Digital architecture	AI
Vendor management	SaaS solutions	Digital application design	IoT & robotics
Stakeholder management	SaaS integration	Digital academy	Service design
Integration management	Agile development management	Process design	IT planning

**Heuristic Sherpa** Promotion of "Three Innovations" / Resolves CxO agenda with innovation regarding people and organizations

Management transformation	Vision Forest*
Digital transformation	Organizational design
Service transformation	Multi-sided platforms

\* Art-based human resources activation program

## Cutting-Edge Technology Application Center

Cutting-edge technology research and demonstration experiments for business application / Building networks with technology companies

Offering Development

**SIGMAXYZ  
Investment  
Inc.**

(100%  
subsidiary)

Investment

# Forming and operating an ecosystem

We create value through collaboration with our business partners and group companies, and companies we invest in



100% Subsidiary  
M&A advisory  
**SXA Inc.**

100% Subsidiary  
Financial EDI services  
**SXF Inc.**

100% Subsidiary  
Investment Business

**SIGMAXYZ Investment Inc.**


Investee and partner companies



Affiliate



# Subsidiaries and Affiliates

Company name	Year of incorporation / start of business / capital participation (Joint venture partners, share of voting rights)	Business description
<b>SXA Inc.</b>	2014 (100% subsidiary)	Providing M&A advisory services (Financial advisory / due diligence / valuation / business turnaround advisory / development of in-house M&A systems)
<b>SXF Inc.</b>	2019 (100% subsidiary)	Providing various services related to financial EDI Electronic payment agency: Director-General of the Kanto Local Finance Bureau (Electronic Payment Agency) No. 40
<b>SIGMAXYZ Investment Inc.</b>	2021 (100% subsidiary)	<ul style="list-style-type: none"> <li>- Investment in stocks, bonds, etc.</li> <li>- Management and administration of assets of investment partnerships</li> <li>- Consulting on corporate management and M&amp;As</li> <li>- General investment business to support value creation</li> </ul>
 <b>AnalySys. Inc.</b>	2014 (Joint venture with Plan·Do·See Inc., 49%)	Providing cloud services for bridal management applications / developing and providing SIGMAXYZ solutions

# 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.

We will expand our strategic business investments, including venture and growth investments, by means of strengthening investment skills, enhancing the structure, and increasing capital through expert human capital.

## Investees



Ghelia Inc.



Creww Inc.



Monstar Lab, Inc.



JTB Benefit Service, Inc.

## Partners



invest in wonder

SX Capital, Inc.



Fresco Capital

## Key members



Joined SIGMAXYZ after working at Bank of Japan, a foreign-affiliated consulting firm, and a fund-investing company. As an investment manager, he is engaged in venture investment, JV, carve-outs, Pre-IPO investments, etc., as well as business development consulting. His lifework is to create a society of the future, and he has participated in many projects in addition to offering information to society.

**Shunichi Shibnuma**  
Representative Director and President



Joined the company as a director in 2021 after working at a major securities company and BB company in Japan. He was engaged in corporate and international financial operations in Tokyo, London, and New York while working at a security company, and has held positions in the head office in the accounting, finance and planning departments, where he took charge of business reform, sales planning, and business management.

**Shuichi Kondo**  
Director



He was appointed the position of Representative Director of INTEC IT CAPITAL after working at a securities venture capital company. Subsequently, MBO was carried out in cooperation with SIGMAXYZ, and he became a Representative Director of SX Capital. For more than 20 years, he has been engaged in investment and development activities centered on domestic and overseas IT ventures, and has produced a number of IPO companies.

**Hideki Kondo**  
Director

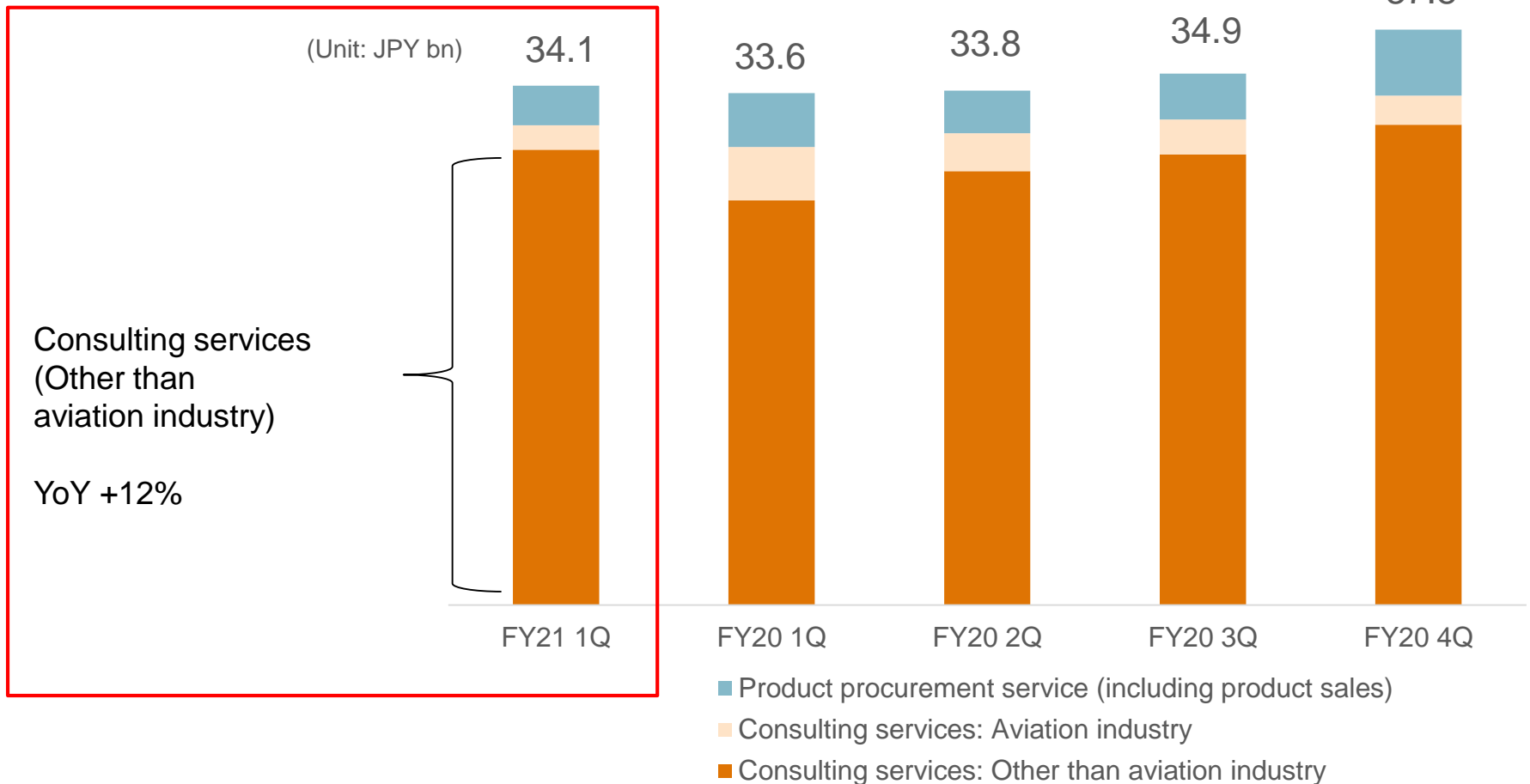
# FY21 Consolidated Earnings Forecasts

Unit: JPY mn	FY 21	Increased/decreased amount to the previous fiscal year	Increased/decreased rate to the previous fiscal year
Revenue	<b>16,000</b>	<b>1,975</b>	<b>14%</b>
Operating profit	<b>2,500</b>	<b>752</b>	<b>43%</b>
Ordinary profit	<b>2,500</b>	<b>702</b>	<b>39%</b>
Profit attributable to owners of parent	<b>1,500</b>	<b>289</b>	<b>24%</b>

Although the impact of the COVID-19 pandemic is unclear, we have created the forecasts based on the information confirmed at present. If there is any changes in the situation, we will update them where appropriate.

# (Reference) Revenue by Category

- Reassignment of consultants from projects in the aviation industry to other projects made further progress.
- Hardware and software product procurement services, which is not our core business, will be gradually scaled down.



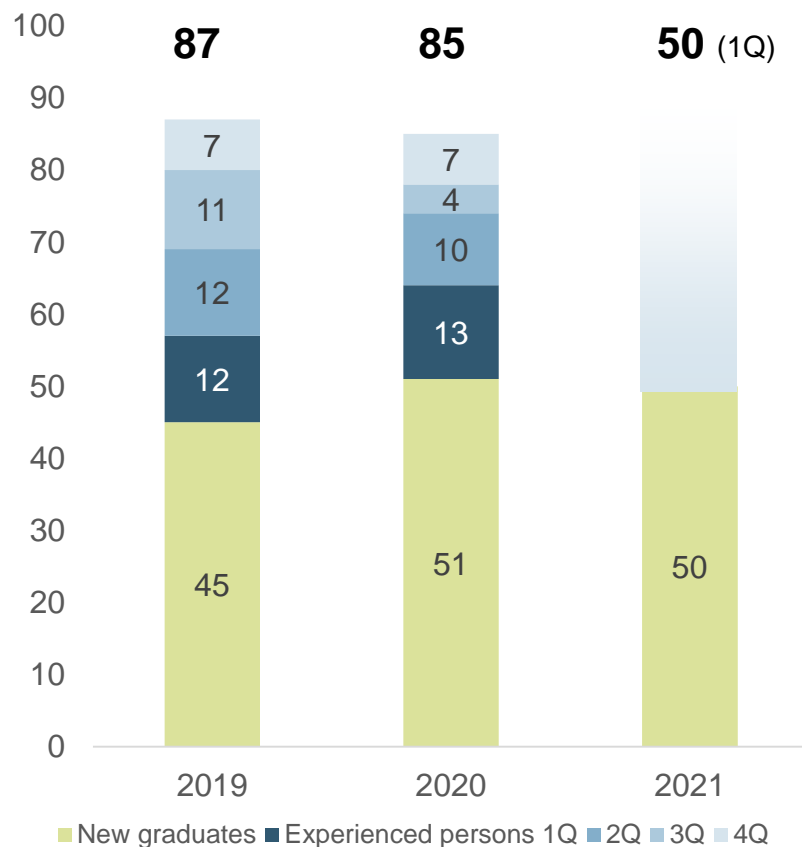


# Recruitment Activities

50 new graduates joined the company in April 2021. They are making smooth progress with their training toward working on clients' jobs in October. With regard to hiring experienced persons, which had been carried out with care since FY20, we decided to follow the previous hiring policy from the current quarter. We have strengthened measures regarding the recruitment market for new graduates and experienced persons in order to employ high-quality human capital.

Unit: people

Number of people hired per annum



Strengthening measures for information sharing aimed at the recruitment market for new graduates and experienced persons

Collaboration articles



Article URL <https://www.concord-career.com/interview/sigmaxyz2021/>  
<https://typeshukatsu.jp/s/article/internship/consul-int/c-1091-1/24915/>  
<https://www.lineaconsulting.co.jp/consultant/interview/detail009/>  
<https://factlogic.jp/consulting-way-12-sx/>  
[https://fortna.co.jp/sigmaxyz\\_interview01/](https://fortna.co.jp/sigmaxyz_interview01/)

Online session for recruiting agents for experienced persons  
(April - July 2021)

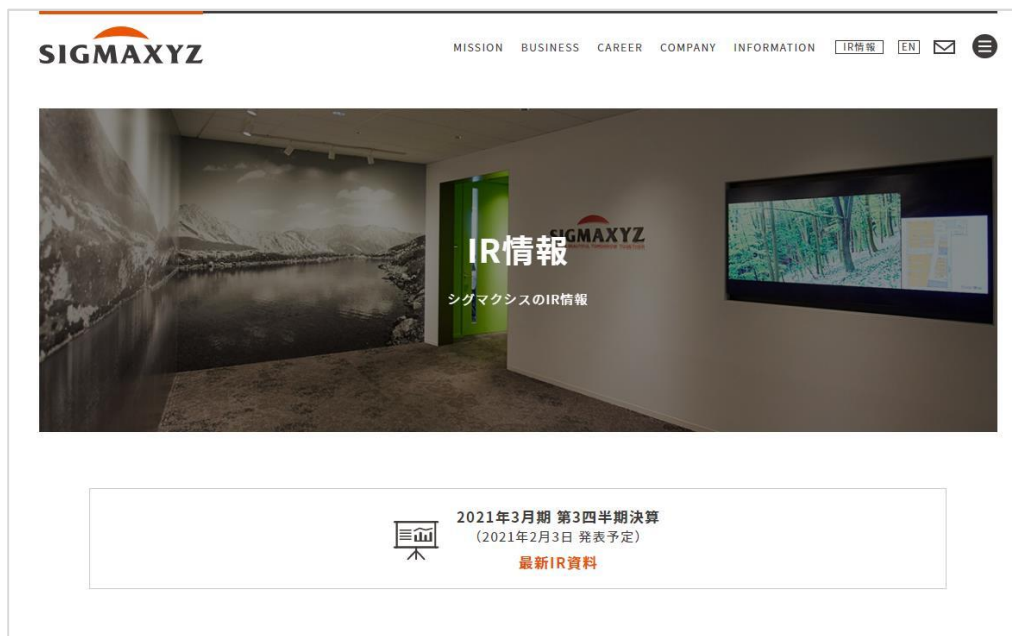
More than 300 participants participated in 6 sessions

# 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.
  - The dividend per share for FY21: JPY 24. (Plan)

# (Reference) Audio Report for Financial Results Supplementary Documents

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



**SIGMAXYZ IR information**  
<https://www.sigmaxyz.com/ir/>



## 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 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 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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