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## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021 (Japanese Accounting Standards)

November 4, 2020

Company name: SIGMAXYZ Inc. Stock listing: Tokyo Stock Exchange  
 Stock code: 6088 URL: <https://www.sigmaxyz.com/>  
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 Scheduled date of quarterly securities report filing: November 6, 2020  
 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 Six Months Ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	%
Six months ended								
September 30, 2020	6,747	(13.2)	612	(37.6)	630	(36.9)	366	(40.6)
September 30, 2019	7,774	24.9	981	129.5	999	99.8	616	109.1

Note: Comprehensive Income Six months ended September 30, 2020: ¥366 million [(40.6)%]  
 Six months ended September 30, 2019: ¥616 million [109.1%]

	Profit per Share	Profit per Share (Diluted)
	Yen	Yen
Six months ended		
September 30, 2020	19.09	19.06
September 30, 2019	31.84	31.69

Reference: Profit before income taxes Six months ended September 30, 2020: ¥777 million [(22.3)%]  
 Six months ended September 30, 2019: ¥999 million [105.4%]

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2020	9,767	4,989	51.1	260.05
March 31, 2020	9,669	5,036	52.1	263.82

Reference: Equity As of September 30, 2020: ¥4,989 million  
 As of March 31, 2020: ¥5,036 million

### 2. Dividends

	Annual Dividend				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Fiscal Year-End	Total
Fiscal year ended					
March 31, 2020	—	0.00	—	22.00	22.00
Fiscal year ending					
March 31, 2021	—	0.00			
Fiscal year ending					
March 31, 2021 (Forecast)			—	22.00	22.00

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

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(% figures indicate year-on-year changes)

	Revenue		Ordinary Profit		Profit before Income Taxes		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, 2021	14,500	(9.4)	—	—	1,750	(19.6)	1,050	(25.4)	54.71
	– 15,500	– (3.1)			– 2,350	– 8.0	– 1,520	– 8.0	– 79.20

Note: 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: None
  - 2) Changes in accounting policies other than those in item 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatements: None
- (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 September 30, 2020	21,068,300 shares
As of March 31, 2020	21,068,300 shares

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

As of September 30, 2020	1,882,035 shares
As of March 31, 2020	1,977,334 shares

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

Six month ended September 30, 2020	19,197,030 shares
Six month ended September 30, 2019	19,373,200 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 "Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 3 of the attached materials.

Contents of the attached materials

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements	3
2. Quarterly Consolidated Financial Statements and Important Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statement of Income	
(Six months ended September 30, 2019 and 2020)	5
Quarterly Consolidated Statement of Comprehensive Income	
(Six months ended September 30, 2019 and 2020)	6
(3) Quarterly Consolidated Statement of Cash Flows	7
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes Regarding Assumption of a Going Concern)	9
(Notes on Significant Changes in the Amount of Shareholders' Equity)	9
(Segment information)	9

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Japanese economy has remained harsh under the influence of the novel coronavirus disease (COVID-19) but is expected to continue to pick up down the road. We need to closely look at the trend of infectious diseases both at home and abroad and also at how fluctuations in the financial and capital markets affect the economy in the years to come.

In such environment, the Group promotes businesses to support client companies in their digital transformations and create innovations. During the three months ended June 30, 2020, the Group experienced some delays in receiving orders due to self-restraint from visiting and interacting face-to-face with customers and delayed launch of projects by our client companies under the influence of the COVID-19 pandemic. During the three months ended September 30, 2020, the volume of orders received recovered gradually as the Group resumed interaction with customers in a balanced mixture of online and face-to-face. As for project delivery, we made the most of our digital workplace environment throughout these six months to continue delivering relevant services in a stable manner.

The consolidated financial results and key business indicators for the six months ended September 30, 2020 are as follows.

Revenue decreased to ¥6,747 million (down 13.2% year on year), despite a growth in the ERP cloud migration service, affected by decreased revenues from consulting services for the aviation industry which has been severely affected by the COVID-19 pandemic, and from product sales due to a phased scale-down of the procurement of hardware and software products on behalf of clients, a service that is ancillary to call center projects in the retail industry and has contributed only marginally to profit. During the six months ended September 30, 2020, the Group moved forward with the reassignment of consultants from aviation industry related projects to other projects. As a result, revenue from consulting services, other than from the aviation industry and product sales, increased from the three months ended June 30, 2020. As of September 30, 2020, the number of consultants with SAP S/4HANA® Cloud (Note) certifications, who oversee its ERP cloud migration services projects, has increased to 43.

Selling, general and administrative expenses came to ¥1,982 million (up 3.3% year on year), reflecting increases in recruitment related expenses such as personnel and training expenses, investments in development of solutions and productivity improvement, and expenses associated with measures against COVID-19.

Operating profit came to ¥612 million (down 37.6% year on year) while ordinary profit came to ¥630 million (down 36.9% year on year).

Extraordinary income came to ¥146 million due to the sale of the Company's entire stake in Lawson Digital Innovation Inc. to Lawson, Inc. in April 2020. Lawson Digital Innovation is a joint venture established in 2016 primarily for the purpose of promoting the digitalization of the Lawson business. We sold our stake in the company as we achieved the intended purpose.

Total income taxes stood at ¥410 million (up 7.3% year on year) due to an increase in valuation allowance.

Profit before income taxes came to ¥777 million (down 22.3% year on year), whereas profit attributable to owners of parent came to ¥366 million (down 40.6% year on year).

On the hiring front, the Company added 23 mid-career recruits and 48 new graduates in the six months ended September 30, 2020. This brought its total workforce up to 565 people (up 23 year on year) including 497 consultants. The training for new graduates was completed successfully in a fully remote work environment, and they have started working on their clients' jobs since October.

We achieved to maintain a high level of project satisfaction with a score of 94 points.

Note: SAP, the SAP logo, and all SAP product and service names are trademarks or registered trademarks of SAP SE in Germany and/or other countries.

### (2) Explanation of Financial Position

#### (Assets)

Total assets as of September 30, 2020 stood at ¥9,767 million (up ¥97 million from the end of the previous fiscal year). This was mainly attributable to an increase in cash and deposits (up ¥581 million from the end of the previous fiscal year), a decline in accounts receivable-trade (down ¥226 million from the end of the previous fiscal year), and a decline in investment securities (down ¥261 million from the end of the previous fiscal year).

#### (Liabilities)

Liabilities as of September 30, 2020 totaled ¥4,777 million (up ¥144 million from the end of the previous fiscal year). This was mainly attributable to a decline in accounts payable-other (down ¥405 million from the end of the previous fiscal year) and an increase in short-term borrowings (up ¥600 million from the end of the previous fiscal year).

#### (Net assets)

Net assets as of September 30, 2020 came to ¥4,989 million (down ¥47 million from the end of the previous fiscal year). This mainly reflected the booking of profit attributable to owners of parent and ¥453 million in dividends paid (compared to ¥374 million in the same period of the previous fiscal year).

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

The earnings forecasts for the full fiscal year ending March 31, 2021 have remained unchanged from the forecasts included in “Notice Concerning Earnings Forecasts” announced on August 3, 2020 (Japanese Only).

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

(Thousands of yen)

	Fiscal year ended March 31, 2020 (As of March 31, 2020)	Six months ended September 30, 2020 (As of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	4,175,567	4,757,030
Accounts receivable - trade	1,912,122	1,686,091
Operational investment securities	648,433	705,017
Other	233,718	275,824
Allowance for doubtful accounts	(26,400)	-
Total current assets	6,943,442	7,423,964
Non-current assets		
Property, plant and equipment	251,110	206,911
Intangible assets		
Software	251,150	247,892
Software in progress	167,389	211,664
Other	6,729	6,345
Total intangible assets	425,268	465,902
Investments and other assets		
Investment securities	1,346,620	1,085,384
Deferred tax assets	245,443	168,763
Other	457,486	416,126
Total investments and other assets	2,049,550	1,670,275
Total non-current assets	2,725,930	2,343,089
Total assets	9,669,373	9,767,053
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	356,138	228,633
Short-term borrowings	1,200,000	1,800,000
Accounts payable - other	899,514	493,920
Income taxes payable	660,596	376,864
Provision for share-based remuneration	193,393	258,349
Other	115,128	227,038
Total current liabilities	3,424,770	3,384,807
Non-current liabilities		
Long-term borrowings	300,000	300,000
Lease obligations	16,375	13,728
Provision for share-based remuneration	248,312	67,206
Provision for share-based remuneration for directors (and other officers)	556,888	925,517
Asset retirement obligations	86,444	86,444
Total non-current liabilities	1,208,021	1,392,896
Total liabilities	4,632,791	4,777,704
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,842,098	2,842,098
Capital surplus	1,108,045	1,125,751
Retained earnings	3,181,923	3,095,018
Treasury shares	(2,095,486)	(2,073,519)
Total shareholders' equity	5,036,581	4,989,349
Total net assets	5,036,581	4,989,349
Total liabilities and net assets	9,669,373	9,767,053

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
 (Quarterly Consolidated Statement of Income)  
 (Six months ended September 30, 2019 and 2020)

(Thousands of yen)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Revenue	7,774,847	6,747,662
Cost of revenue	4,875,786	4,152,887
Gross profit	2,899,060	2,594,775
Selling, general and administrative expenses	1,917,890	1,982,068
Operating profit	981,169	612,706
Non-operating income		
Interest income	2,855	3,242
Dividend income	15,674	-
Share of profit of entities accounted for using equity method	-	3,290
Gain on investments in securities	3,849	4,837
Royalty income	-	4,500
Lectures fee income	14,031	-
Miscellaneous income	14,670	3,930
Total non-operating income	51,081	19,800
Non-operating expenses		
Interest expenses	485	1,734
Foreign exchange losses	700	76
Share of loss of entities accounted for using equity method	28,961	-
Miscellaneous loss	2,593	67
Total non-operating expenses	32,740	1,878
Ordinary profit	999,510	630,628
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	146,373
Total extraordinary income	-	146,373
Profit before income taxes	999,510	777,002
Income taxes - current	325,885	333,908
Income taxes - deferred	56,748	76,680
Total income taxes	382,634	410,588
Profit	616,876	366,413
Profit attributable to owners of parent	616,876	366,413

SIGMAXYZ Inc. (6088) Financial Results for the Six Months Ended September 30, 2020

(Quarterly Consolidated Statement of Comprehensive Income)  
(Six months ended September 30, 2019 and 2020)

(Thousands of yen)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Profit	616,876	366,413
Comprehensive income	616,876	366,413
Comprehensive income attributable to:		
Owners of parent	616,876	366,413



## (3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	999,510	777,002
Depreciation	97,713	134,153
Amortization of goodwill	589	-
Increase (decrease) in allowance for doubtful accounts	-	(26,400)
Increase (decrease) in provision for share-based remuneration	80,818	80,983
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	211,545	368,628
Interest and dividend income	(18,529)	(3,242)
Interest expenses	485	1,734
Foreign exchange losses (gains)	700	76
Share of loss (profit) of entities accounted for using equity method	28,961	(3,290)
Loss (gain) on sales of shares of subsidiaries and associates	-	(146,373)
Decrease (increase) in operational investment securities	(323,326)	(56,584)
Decrease (increase) in trade receivables	(161,667)	226,030
Decrease (increase) in inventories	40,756	(20,992)
Decrease (increase) in prepaid expenses	(29,203)	(19,308)
Increase (decrease) in trade payables	10,060	(127,504)
Increase (decrease) in accounts payable - other	(198,791)	(406,111)
Other, net	2,890	80,551
Subtotal	742,514	859,354
Interest and dividends received	19,506	3,874
Dividends received from entities accounted for using equity method	-	44,100
Interest paid	(485)	(1,734)
Income taxes paid	(346,588)	(589,735)
Income taxes refund	2,571	-
Net cash provided by (used in) operating activities	417,518	315,858
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(755)	(1,650)
Purchase of intangible assets	(83,123)	(92,585)
Proceeds from sales of shares of subsidiaries and associates	-	225,420
Purchase of investment securities	(39,000)	-
Proceeds from redemption of investment securities	100,714	145,212
Loan advances to subsidiaries and associates	(39,000)	-
Other payments	(96,527)	-
Other proceeds	-	4,982
Net cash provided by (used in) investing activities	(157,692)	281,379
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(3,850)	(5,902)
Proceeds from short-term borrowings	-	600,000
Proceeds from long-term borrowings	300,000	-
Purchase of treasury shares	(418,377)	(157,459)
Proceeds from issuance of shares	11,534	-
Dividends paid	(373,288)	(452,336)
Net cash provided by (used in) financing activities	(483,983)	(15,698)

SIGMAXYZ Inc. (6088) Financial Results for the Six Months Ended September 30, 2020

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Effect of exchange rate change on cash and cash equivalents	(700)	(76)
Net increase (decrease) in cash and cash equivalents	(224,857)	581,462
Cash and cash equivalents at beginning of period	1,804,601	4,175,567
Cash and cash equivalents at end of period	1,579,743	4,757,030

## (4) 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. Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

## 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, 2019 board resolution	Common stock	374,397	18	March 31, 2019	June 10, 2019	Retained earnings

Note: Total amount of dividends includes ¥27 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 six months ended September 30, 2019, but whose effective date comes after September 30, 2019.

No applicable matters to report.

## II. Six months ended September 30, 2020 (From April 1, 2020 to September 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 six months ended September 30, 2020, but whose effective date comes after September 30, 2020.

No applicable matters to report.

(Segment information)

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