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

August 3, 2020

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 Stock code: 6088 URL: <https://www.sigmaxyz.com/>  
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 Scheduled date of quarterly securities report filing: August 5, 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 Three Months Ended June 30, 2020 (from April 1, 2020 to June 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	%
Three months ended								
June 30, 2020	3,366	(11.5)	152	(50.6)	163	(45.1)	87	(46.0)
June 30, 2019	3,804	29.1	309	141.9	297	66.2	161	60.7

Note: Comprehensive Income Three months ended June 30, 2020: ¥87 million [(46.0)%]  
 Three months ended June 30, 2019: ¥161 million [60.7%]

	Profit per Share		Profit per Share (Diluted)	
	Yen	Yen	Yen	Yen
Three months ended				
June 30, 2020	4.53	4.53	4.53	4.53
June 30, 2019	8.33	8.29	8.29	8.29

Reference: Profit before income taxes Three months ended June 30, 2020: ¥309 million (4.1%)  
 Three months ended June 30, 2019: ¥297 million (80.2%)

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2020	9,253	4,732	51.1	246.45
March 31, 2020	9,669	5,036	52.1	263.82

Reference: Equity As of June 30, 2020: ¥4,732 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	— Yen	0.00 Yen	— Yen	22.00 Yen	22.00 Yen
Fiscal year ending					
March 31, 2021	—				
Fiscal year ending					
March 31, 2021 (Forecast)		0.00	—	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)

(Percentage 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)	54.68
	- 15,500	- (3.1)	-	-	- 2,350	- 8.0	- 1,520	- 8.0	- 79.16

Notes: 1 Revisions to the most recently announced earnings forecasts: Yes  
 2 For details on the consolidated earnings forecasts, please refer to the "Notice Concerning Earnings Forecasts" announced on August 3, 2020 (Japanese Only), and the English translation of "Consolidated Financial Results Supplementary Document Q1 FY20."

#### \* 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 June 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 June 30, 2020	1,865,734 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)

Three months ended June 30, 2020	19,197,967 shares
Three months ended June 30, 2019	19,360,167 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 Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E) as trust assets for the Employee Stock Ownership Plan (J-ESOP), and the Company's shares held by Japan Trustee Services Bank, Ltd. (Trust Account) as trust assets for a performance-linked stock compensation program. Following the absorption-type merger carried out on July 27, 2020 among Trust & Custody Services Bank, Ltd., Japan Trustee Services Bank, Ltd. (hereinafter "JTSB") and JTC Holdings, Ltd., with JTSB being a surviving company, the integrated company has been named as "Custody Bank of Japan, Ltd."

\* 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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Japanese economy is facing challenging times due to the novel coronavirus disease (hereinafter “COVID-19”), and we need to continue to pay close attention to its impacts on domestic and global economies. Companies are being strongly urged to review how their businesses are managed in a rapidly changing social and economic environment, while ensuring business continuation and employees’ safety under the crisis.

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, despite some delays in receiving orders due to self-restraint from face-to-face customer visiting and delayed launch of new projects by our client companies caused by the spread of COVID-19, we were able to maintain stable delivery through remote work by making the best use of our digital workplace environment under the strict Security Policy.

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

Revenue decreased to ¥3,366 million (down 11.5% year on year) due to declines in revenue from the consulting services for the aviation industry that is severely affected by the COVID-19 pandemic and from product sales, which involved the procurement of hardware and software products for call center projects in the retail industry, despite growth in the ERP cloud migration services.

Selling, general and administrative expenses came to ¥1,147 million (up 9.1% year on year), reflecting increases in costs incurred for measures against COVID-19 and personnel costs associated with recruitment, as well as investment in solutions development and productivity improvement.

Operating profit and ordinary profit decreased to ¥152 million (down 50.6% year on year) and ¥163 million (down 45.1% year on year), respectively.

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 ¥222 million, marking a 63.4% increase from the same period of the previous fiscal year, due to an increase in valuation allowance.

Profit before income taxes came to ¥309 million (up 4.1% year on year) whereas profit attributable to owners of parent came to ¥87 million, marking a 46.0% decrease from the same period of the previous fiscal year. In addition, profit attributable to owners of parent before tax effects came to ¥179 million, marking a 0.5% decrease from the same period of the previous fiscal year.

On the hiring front, the Company added 13 mid-career recruits and 48 new graduates in the three months ended June 30, 2020. This brought its total workforce up to 564 people (up 25 year on year). The training for new graduates is going well in the fully remote work environment. They will start working on their job from the coming October.

We achieved to maintain a high level of project satisfaction with a score of 94 points (down 1 point year on year).

### (Measures to Prevent Spread of COVID-19)

#### 1. Utilization of remote work

We are maintaining stable business operations by utilizing remote work.

#### 2. Safety and health management

We are taking strict measures including a general ban on domestic and international business trips, voluntary restraint from private trips in and outside Japan, regular sterilization of our office and thorough implementation of measures such as having the employees check their temperature and wear a face mask.

#### 3. Compliance with the guidelines issued by the national and local governments

We are working to ensure thorough compliance with the guidelines issued by the national and local governments such as those for employees working outside the office.

### (2) Explanation of Financial Position

#### (Assets)

Total assets as of June 30, 2020 stood at ¥9,253 million (down ¥415 million from the end of the previous fiscal year). This mainly reflected an increase in cash and deposits (up ¥376 million from the end of the previous fiscal year), a decrease in accounts receivable-trade (down ¥520 million from the end of the previous fiscal year) and a decrease in investment securities (down ¥262 million from the end of the previous fiscal year).

(Liabilities)

Liabilities as of June 30, 2020 totaled ¥4,520 million (down ¥111 million from the end of the previous fiscal year). This mainly reflected an increase in short-term borrowings (up ¥600 million from the end of the previous fiscal year) and a decrease in income taxes payable (down ¥515 million from the end of the previous fiscal year).

(Net assets)

Net assets as of June 30, 2020 came to ¥4,732 million (down ¥304 million from the end of the previous fiscal year). This mainly reflected a decline in retained earnings (down ¥366 million from the end of the previous fiscal year) due to impact of ¥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

Due to the impact of the COVID-19 pandemic, the Company found it difficult to prepare reasonable forecasts for the fiscal year ending March 31, 2021 and therefore left them undecided. However, we have now decided to release the consolidated earnings forecasts, which are based on information and estimates available as of the filing date of this report.

For details, please refer to the “Notice Concerning Earnings Forecasts” announced on August 3, 2020 (Japanese Only), and the English translation of “Consolidated Financial Results Supplementary Document Q1 FY20.”

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)	Three months ended June 30, 2020 (As of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	4,175,567	4,552,322
Accounts receivable-trade	1,912,122	1,391,636
Operational investment securities	648,433	707,488
Other	233,718	262,977
Allowance for doubtful accounts	(26,400)	-
Total current assets	6,943,442	6,914,424
Non-current assets		
Property, plant and equipment	251,110	229,383
Intangible assets		
Software	251,150	248,197
Software in progress	167,389	182,572
Other	6,729	6,537
Total intangible assets	425,268	437,307
Investments and other assets		
Investment securities	1,346,620	1,084,549
Deferred tax assets	245,443	152,564
Other	457,486	435,202
Total investments and other assets	2,049,550	1,672,316
Total non-current assets	2,725,930	2,339,007
Total assets	9,669,373	9,253,432
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	356,138	291,105
Short-term borrowings	1,200,000	1,800,000
Accounts payable-other	899,514	572,252
Income taxes payable	660,596	145,426
Provision for share-based remuneration	193,393	175,763
Other	115,128	142,317
Total current liabilities	3,424,770	3,126,865
Non-current liabilities		
Long-term borrowings	300,000	300,000
Lease obligations	16,375	14,893
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	1,394,061
Total liabilities	4,632,791	4,520,927
<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	2,815,646
Treasury shares	(2,095,486)	(2,050,992)
Total shareholders' equity	5,036,581	4,732,505
Total net assets	5,036,581	4,732,505
Total liabilities and net assets	9,669,373	9,253,432

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

(Thousands of yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Revenue	3,804,470	3,366,133
Cost of revenue	2,443,442	2,065,452
Gross profit	1,361,027	1,300,681
Selling, general and administrative expenses	1,051,686	1,147,794
Operating profit	309,340	152,886
Non-operating income		
Interest income	1,194	1,623
Dividend income	15,674	-
Share of profit of entities accounted for using equity method	-	2,655
Gain on investments in securities	3,281	4,837
Other	2,570	2,323
Total non-operating income	22,721	11,440
Non-operating expenses		
Interest expenses	137	889
Share of loss of entities accounted for using equity method	32,202	-
Other	2,241	39
Total non-operating expenses	34,580	929
Ordinary profit	297,481	163,397
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	146,373
Total extraordinary income	-	146,373
Profit before income taxes	297,481	309,771
Income taxes-current	116,715	129,849
Income taxes-deferred	19,576	92,879
Total income taxes	136,292	222,728
Profit	161,188	87,042
Profit attributable to owners of parent	161,188	87,042

(Quarterly Consolidated Statement of Comprehensive Income)  
(Three months ended June 30, 2019 and 2020)

(Thousands of yen)

	Three months ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Profit	161,188	87,042
Comprehensive income	161,188	87,042
Comprehensive income attributable to:		
Owners of parent	161,188	87,042



(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, 2019 (From April 1, 2019 to June 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 three months ended June 30, 2019, but whose effective date comes after June 30, 2019.  
 No applicable matters to report.

II. 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.

(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.