

# Consolidated Financial Results Supplementary Document Q1 FY22

August 3, 2022/ SIGMAXYZ Holdings Inc. (Stock Code: 6088)



# Outline of Financial Results for Q1 FY22

## Summary

- With solid consolidated earnings, the forecast was achieved at 23% of consolidated revenue and 20% of ordinary profit.
- Consulting Business: Our business was led by projects that support corporate transformation, including DX strategy planning, new business and service development, and revitalization of organizations and personnel.
- Investment Business: Made a new investment in Forest Energy Inc., with an investment amount of approx. 200 million yen. At the end of Q1, the cumulative investment balance is approx. 2 billion yen.

Unit: JPY mn	Q1 FY21	Q1 FY22	YoY change rate	FY22 Consolidated earnings forecasts	Progress
Consolidated revenue	3,415	3,871	+13%	17,200	23%
(Consulting business)	3,442 (*)	3,888 (*)	+13%		
(Investment business)	39 (*)	12 (*)	-68%		
Ordinary profit	364	644	+77%	3,180	20%
(Ordinary profit rate)	11%	17%			
Profit	153	392	+156%		
Equity ratio	74%	75%			

\* Includes internal revenue between segments

# Consolidated Income Statement for Q1 FY22

Unit: JPY mn	Q1 FY21	Q1 FY22	YoY change		Major changes
			Amount	Rate	
Revenue	3,415	3,871	+455	+13%	<ul style="list-style-type: none"> <li>- Increased due to revenue growth, overachieved utilization rate, and lower outsourcing expenses</li> <li>- Increased costs due to getting back to the normal face to face operation</li> <li>- Increased hiring expenses</li> </ul>
Gross profit	1,420	1,897	+476	+34%	
S, G&A expenses	1,041	1,265	+224	+22%	
Operating profit	379	631	+252	+67%	
Ordinary profit	364	644	+279	+77%	
Profit before income tax	364	644	+279	+77%	
Profit	153	392	+239	+156%	

# Outline of Earnings by Segment for Q1 FY22

Unit: JPY mn	Q1 FY21	Q1 FY22	YoY change	
			Amount	Rate
Consolidated revenue	<b>3,415</b>	<b>3,871</b>	<b>+455</b>	<b>+13%</b>
(Consulting Business)	3,442	3,888	+445	+13%
(Investment Business)	39	12	-26	-68%
(Internal transactions)	-66	-29	+36	—
Segment profit	<b>840</b>	<b>1,092</b>	<b>+252</b>	<b>+30%</b>
(Consulting Business)	846	1,158	+312	+37%
(Investment Business)	-6	-65	-59	—
The segment profit rate for revenue	<b>24%</b>	<b>28%</b>	—	—
(Consulting Business)	25%	30%	—	—
(Investment Business)	—	—	—	—

# Key Performance Indicator (KPI)

	Q1 FY21	Q1 FY22	YoY change
<b>Consolidated revenue ordinary profit rate</b>	<b>11%</b>	<b>17%</b>	<b>+6%</b>

<b>Consulting Business</b>	End of Q1 FY21	End of Q1 FY22	YoY change
<b>Number of consultants</b>	<b>511</b>	<b>514</b>	<b>+1%</b>
<b>Client satisfaction (NSI*)</b>	<b>94</b>	<b>96</b>	<b>+2pt</b>

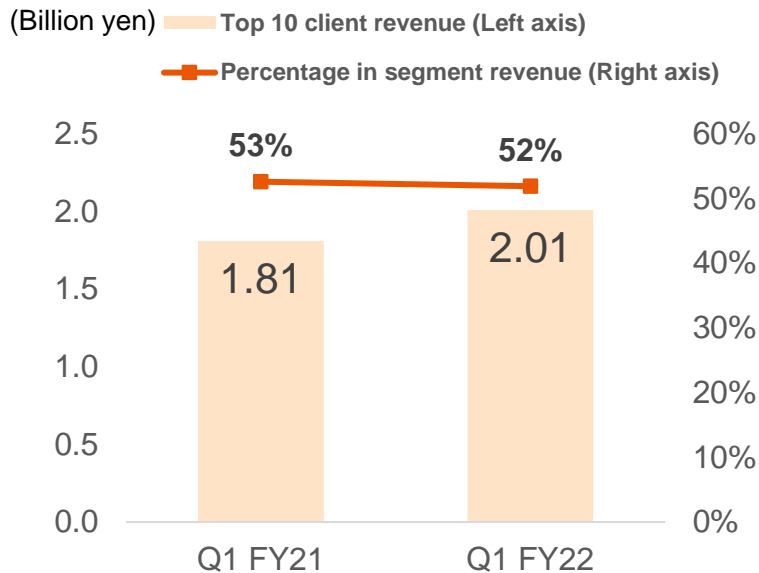
<b>Investment Business</b>	End of FY21	End of Q1 FY22	Change
<b>Investment balance</b>	<b>Approx. 1.8 billion yen</b>	<b>Approx. 2 billion yen</b>	<b>+ Approx. 200 million yen</b>

\* NSI (Net Satisfaction Index): Average score from 5 possible ratings for 10 questions evaluating project satisfaction. Conducted in a questionnaire format for client project owners. 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

# (Reference) Segment information

In the consulting business, we saw increase in revenue from clients in the fields of retail, trading, telecommunications, finance, and manufacturing. In the investment business, we added new investees in the renewable energy field, and increasing the investment balance to approx. 2 billion yen.

## Consulting Business

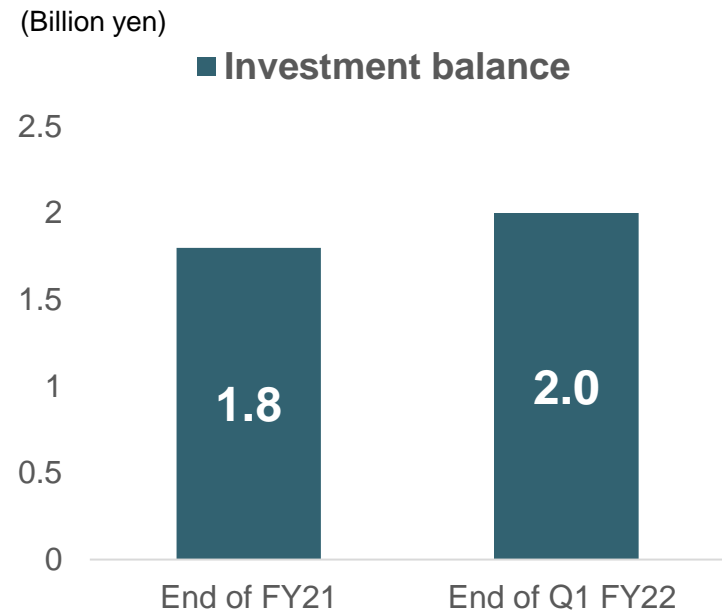


	Q1 FY22	YoY change
Number of projects **	358	+3%
Number of clients ***	118	+1%
Revenue per contract JPN mn.	10.9	+11%

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

\*\*\* Number of clients: Project clients for which revenue has been recorded over the consolidated cumulative period are aggregated by the number of companies.

## Investment Business



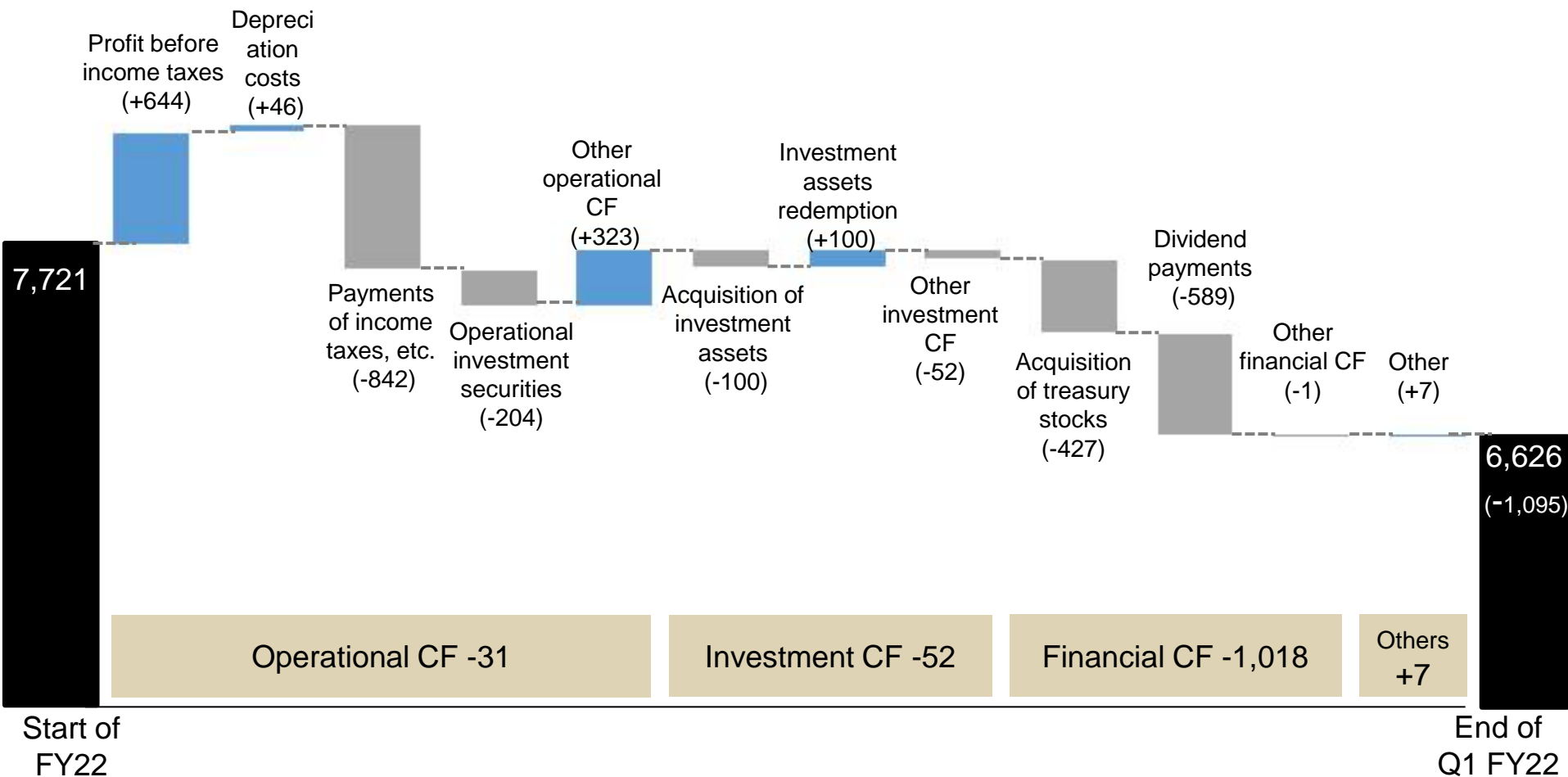
- Investment balance: Approx. 2 billion yen
- New investment: 1 Forest Energy Inc. - Renewable energy business using woody biomass

# Consolidated Balance Sheet for Q1 FY22

Unit: JPY mn	End of FY21	End of Q1 FY22	YoY change (Amount)	Major changes
Current assets	12,147	10,754	-1,393	- Decrease in cash, deposits, and accounts receivable - trade
Cash and deposits	7,721	6,626	-1,095	
Non-current assets	2,509	2,469	-39	
Total assets	14,656	13,223	-1,433	
Current liabilities	2,764	1,790	-974	- Decrease in accrued corporate taxes, etc.
Non-current liabilities	1,589	1,560	-28	
Total liabilities	4,354	3,350	-1,003	
Net assets	10,302	9,872	-429	- Decreased due to acquisition of treasury stocks
Equity ratio	70%	75%		

# Transitions in consolidated cash flow

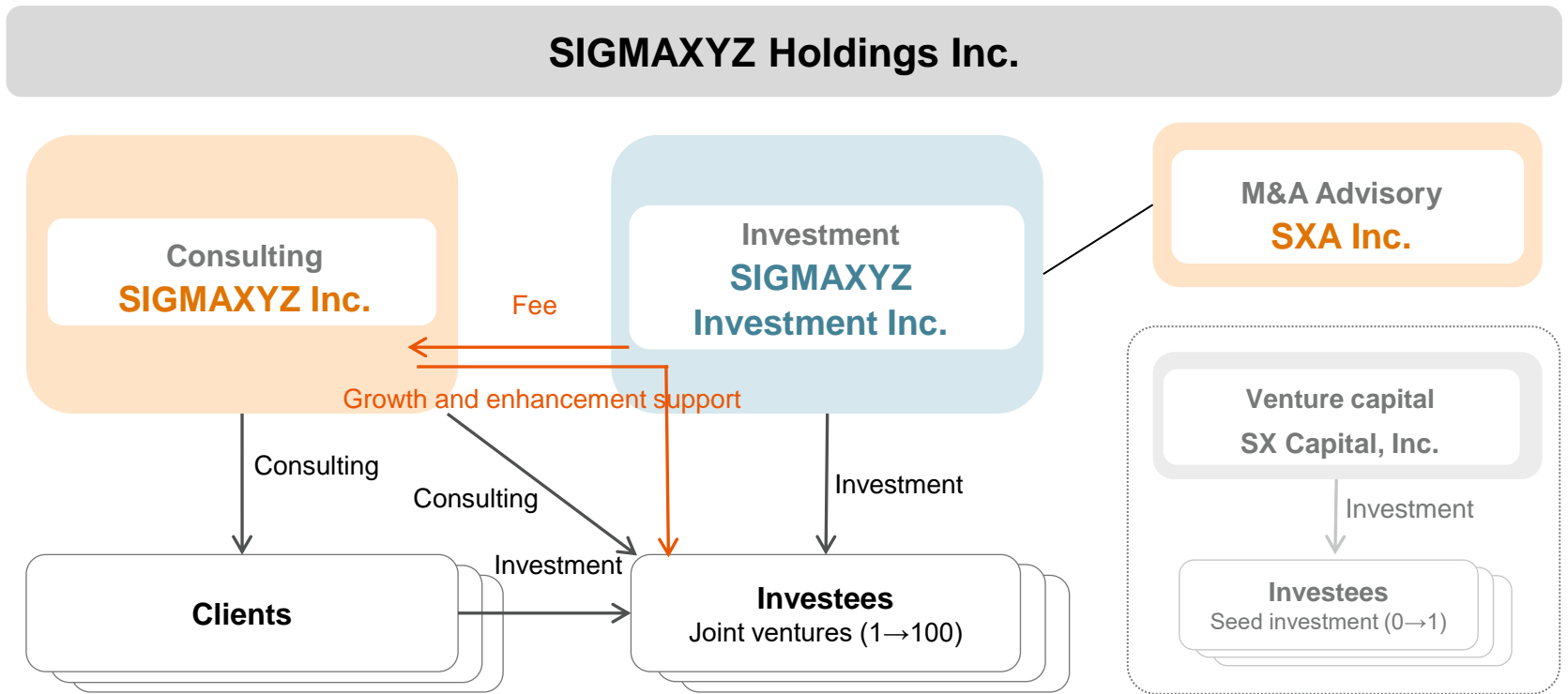
(Unit: JPY mn)





# SIGMAXYZ Group's Business

- Centering its 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, development of new businesses and services, cutting-edge digital technology, SaaS / cloud solutions, project management and new business development to help create new value.
- In the investment business, the focus is on the "regenerative & well-being" area that connect multiple industries. Through the linkage with our consulting business, we support the growth and enhancement of our investee companies' corporate value.



# Key Transformations that Companies Must Address in the Digital Economy ("Three Innovations")

- **MX: Management Transformation**

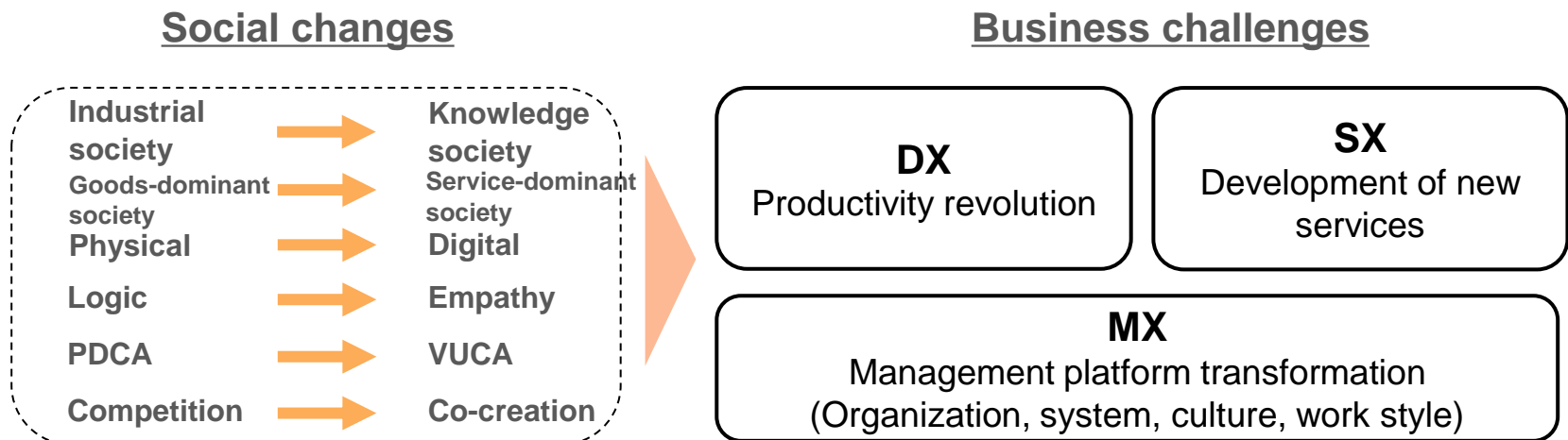
Build a platform that ensures the autonomy and psychological safety of people involved in the business, improves engagement, creates continuous innovation, and enables rapid individual-customer interaction

- **DX: Digital Transformation**

Transform the core business model and achieve significant performance improvements through a productivity revolution

- **SX: Service Transformation**

Build a business model that will serve as a new growth engine in growth markets



# Management Platform Transformation (Management Transformation)

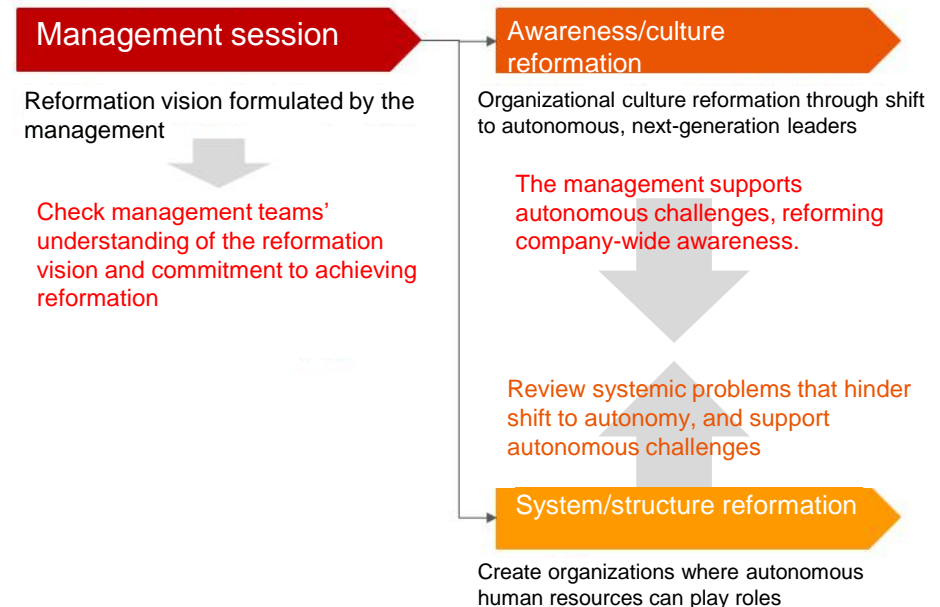
SIGMAXYZ Inc. helped TOYO ALUMINIUM K.K. in their management platform transformation (management transformation).



Beginning from April 2020, this 91-year old company transformed its management platform over two years with the aim of moving away from conventional personnel systems and organizational structures while also creating a work environment that could help motivate employees. We created a new business philosophy, transformed the company into an autonomous organization, reformed our personnel system to focus on ability and team creation, and implemented a cloud-based communication system.

SIGMAXYZ provided ideas on a wide range of measures and helped companies implement them using our experience and know-how on management transformation at our company.

## Approach of promoting MX



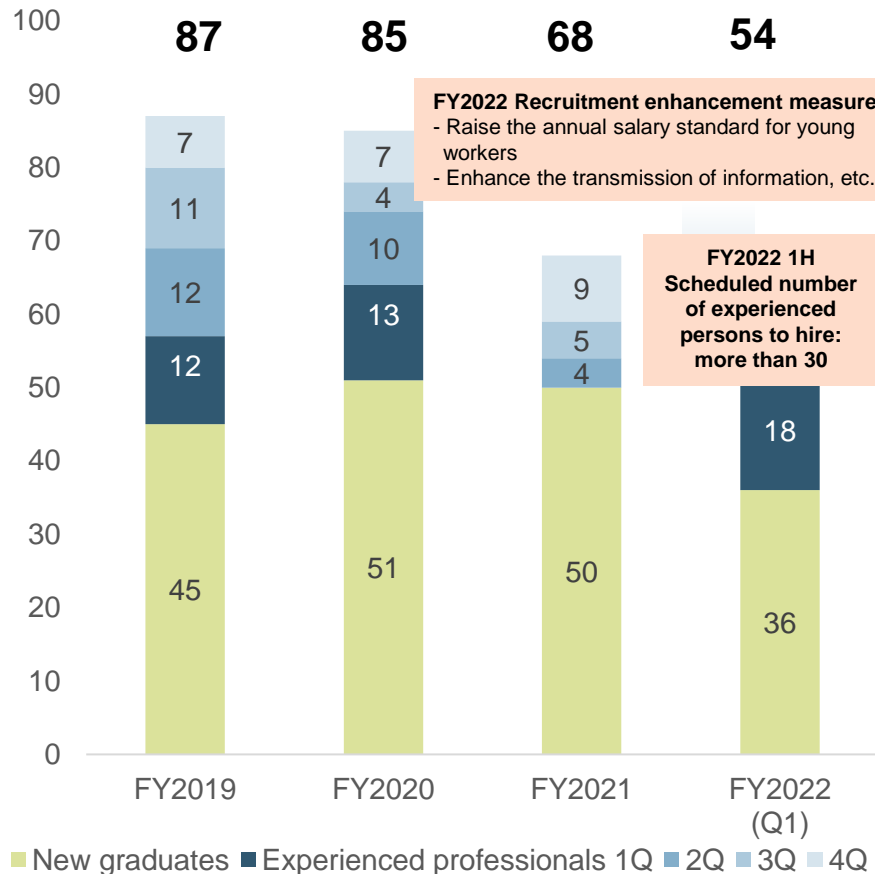
- [How were they able to transform and go against convention? TOYO ALUMINIUM K.K "Transformation out of the Showa Era" \(Biz Hint:2022/5/27\)](#)
- ["Changing the mindset of 2500 employees," how a traditional Japanese manufacturer can become a autonomous organization \(biz Hint:2022/5/30\)](#)
- [TOYO ALUMINIUM K.K: The 11th Japan HR Challenge Awards "Winner of an encouragement prize"](#)

# Hiring Activities

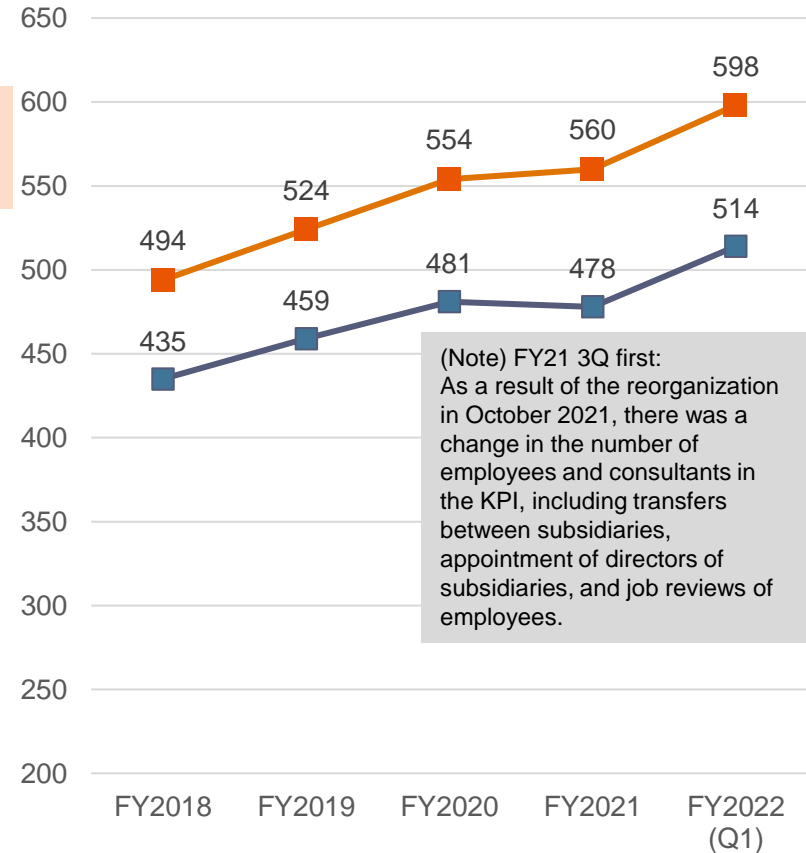
36 new graduates joined the company on April 1, 2022. The hiring activities are progressing smoothly toward hiring about 50 experienced persons in FY 22 and about 50 new graduates in April 2023.

Number of people hired per annum (consultants)

Unit: people



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



# FY22 Consolidated Earnings Forecasts

Unit: JPY mn	FY22	Increased/decreased amount to the previous fiscal year	Increased/decreased rate to the previous fiscal year	Q1 FY22 Result	Progress
Revenue	17,200	1,545	10%	3,871	23%
Operating profit	3,180	420	15%	631	20%
Ordinary profit	3,180	415	15%	644	20%
Profit attributable to owners of parent	2,000	335	20%	392	20%

In terms of the consolidated earnings forecast, because the investment business can strongly be affected by the influence of domestic and overseas stock markets and newly listed markets, the profit level range may be greater than the forecast. We have made the forecasts based on the information confirmed at present.

# 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.
  - FY22 annual dividend  
15 yen per share

(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.

(Reference)

## Blueprint in FY25 (Fiscal year ending March 2026)

	<b><u>Blueprint</u> <u>in FY25</u></b>	<u>FY22</u> <u>Consolidated</u> <u>earnings forecasts</u>	<u>Compound Annual</u> <u>Growth Rate</u> <u>(CAGR)</u>
<b>Consolidated revenue</b>	<b>25 bn yen</b>	17.2 bn yen	13%
<b>Ordinary profit</b>	<b>7 bn yen</b>	3.2 bn yen	30%
<b>Profit rate</b>	<b>28%</b>	19%	-
<b>Number of employees</b>	<b>Approx. 800</b>	Approx. 600	Approx. 10%

- In the current volatile market, we believe it is appropriate to actively review our business strategy every year and take it into account for the next fiscal year's business plan, so we do not formulate medium-term management plans.
- "Blueprint" is how we want to grow in the medium and long term, and is shared with our shareholders and investors every few years.

# (Reference) Sustainability

We believe that the value of a company is a synthesis of financial and non-financial value, and place importance on Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) factors in promoting our business.

## *Basic Policy*

**We aim to create a sustainable and beautiful society through embodying "Create a Beautiful Tomorrow Together."**

- The Sustainability Committee was established in October 2021. We are strengthening our commitment to ESG and SDGs by examining important issues related to them, including climate-related issues, and by monitoring risks and regularly reporting to the Board of Directors.
- We have obtained the "B Corporation Certification" for the business and activities of SIGMAXYZ Group. More than 5000 companies in 80 countries have obtained this certification. SIGMAXYZ Group is the first listed company group that has its headquarters in Japan. (As of May 2022)



<https://www.un.org/sustainabledevelopment/>



### Related links

- B Corporation website

<https://www.bcorporation.net/>



# (Reference) Sustainability [Environment Initiatives]

In addition to our own initiatives, we contribute to society and the environment through our business activities and collaboration with partners, such as promoting the transformation of Japanese companies.

- SIGMAXYZ Inc., a consulting business, endorses the GX League Basic Concept, which is led by the Ministry of Economy, Trade and Industry (METI) Industrial Science and Technology Policy and Environment Bureau. We have also participated in the Japan Association of New Economy's Carbon Neutral Working Group (WG).
- In our investment business, we focus on the areas that enrich people's lives while making wise use of global resources (regenerative and well-being) as investment areas, promoting investment services that support value creation. In FY21, we invested in SHIZEN ENERGY Inc., which develops and operates power plants using renewable energy.
- The entire SIGMAXYZ Group have implemented paperless internal information sharing processes. In addition, we have stopped offering beverages in PET bottles and switched clear folders made of plastic materials to paper-based ones in our business premises.

	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Actual</b>
Electricity usage	222,556kw	222,824kw	191,730kw
Paper usage	3,380Kg	1,420Kg	1,080Kg
Waste	8,969Kg	4,313Kg	5,497Kg
Amount recycled	2,800Kg	2,160Kg	2,160Kg

## Related link

- Information Disclosure based on TCFD <https://www.sigmaxyz.com/company/sdgsesg/tcfd/>

# (Reference) Sustainability [Social Initiatives]

- We strive for value-added activities to address social problems as well as our clients' issues. On commencement of the consulting project, a forum for consensus building is set up with the client concerning whether it will contribute to the achievement of the 17 goals of the SDGs.

Percentage of projects related to SDGs  
(based on contract volume)  
**FY21 : 44% (FY20 : 38%)**

## SUSTAINABLE DEVELOPMENT GOALS



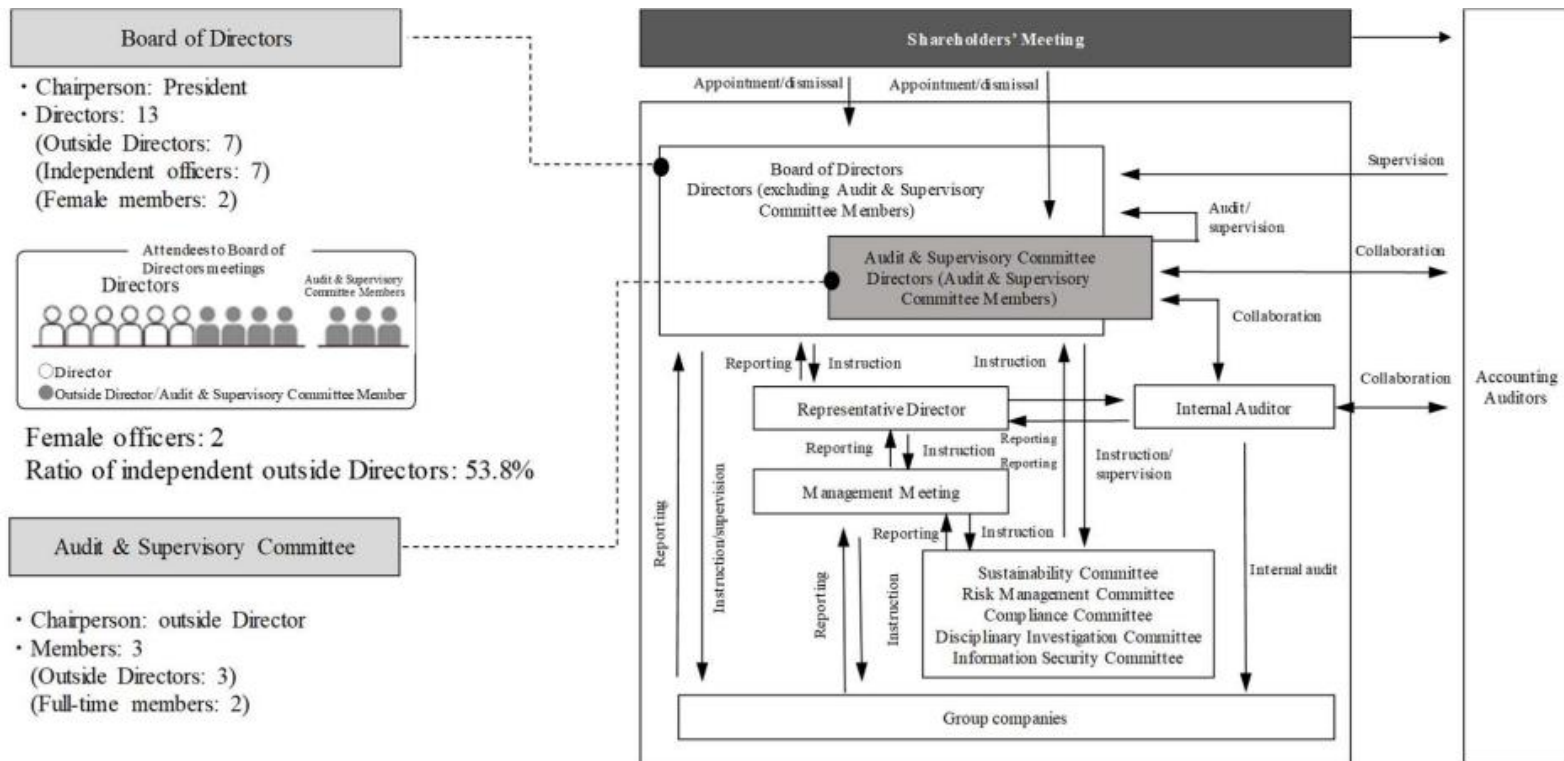
- We are striving to construct "social multi-sided platforms" to form an ecosystem where people in Japan and overseas who empathize with and support our initiatives gather to address social issues.
- While supporting the revitalization of domestic industries and local communities, we will continue to work toward the formation of an ecosystem that will generate new value through employment and procurement in local areas of more than 80% of SIGMAXYZ Group's business transactions.
- We focus on creating an environment where diverse personnel can come together and play active roles.

	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY2030 Target
Number of women in management positions (proportion)	34 (14%)	38 (15%)	43 (18%)	25%
Number of mid-career personnel recruited in management positions (proportion)	215 (90%)	221 (88%)	206 (83%)	80%
Number of foreigners in management positions (proportion)	0 (0%)	1 (0.4%)	2 (0.9%)	2.5%

# (Reference) Sustainability [Governance Initiatives]

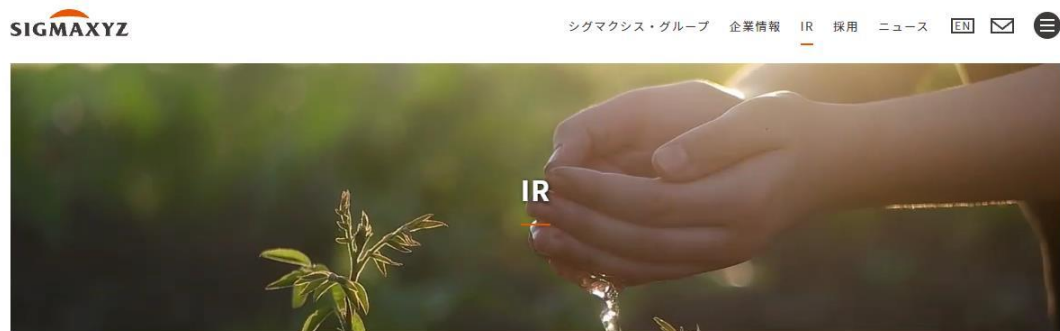
In order to further enhance the corporate governance system, we have established an Audit & Supervisory Committee including several independent outside directors. We have adopted this system as we believe it will further strengthen the supervisory functions of the Board of Directors, ensure management transparency, and improve efficiency.

## SIGMAXYZ Holdings Inc. Diagram of the corporate governance system (as of July 2022)



# (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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