



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 (Japanese Accounting Standards)

August 3, 2023

Company name: SIGMAXYZ Holdings Inc. Stock listing: Tokyo Stock Exchange
 Stock code: 6088 URL: <https://www.sigmaxyz.com/>
 Representative: Hiroshi Ota, Representative Director and President
 Inquiries: Shinya Tabata, Representative Director and CFO Telephone: +81-3-6430-3400
 Scheduled date of quarterly securities report filing: August 7, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	5,045	30.3	1,075	70.3	1,086	68.5	930	137.0
June 30, 2022	3,871	13.3	631	66.5	644	76.7	392	156.3

Note: Comprehensive Income Three months ended June 30, 2023: ¥774 million [86.4%]
 Three months ended June 30, 2022: ¥415 million [171.5%]

	Profit per Share	Profit per Share (Diluted)
	Yen	Yen
Three months ended June 30, 2023	22.22	—
June 30, 2022	9.23	—

Note: Profit per share (diluted) for the three months ended June 30, 2022 and 2023 are not stated because there are no dilutive shares.

(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, 2023	14,964	11,241	75.1	268.02
March 31, 2023	14,461	10,878	75.2	261.53

Reference: Equity As of June 30, 2023: ¥11,241 million
 As of March 31, 2023: ¥10,878 million

2. Dividends

	Annual Dividend				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	16.00	16.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

(% 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, 2024	19,200	10.8	3,850	19.0	3,850	17.9	2,900	31.6	69.18

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: 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, 2023	46,308,600 shares
As of March 31, 2023	46,308,600 shares

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

As of June 30, 2023	4,365,594 shares
As of March 31, 2023	4,713,594 shares

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

Three months ended June 30, 2023	41,857,652 shares
Three months ended June 30, 2022	42,516,619 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 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	3
(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	
(Three months ended June 30, 2022 and 2023)	5
Quarterly Consolidated Statement of Comprehensive Income	
(Three months ended June 30, 2022 and 2023)	6
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes Regarding Assumption of a Going Concern)	7
(Notes on Significant Changes in the Amount of Shareholders' Equity)	7
(Changes in Accounting Policies)	7
(Segment Information, etc.)	8

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The Japanese economy is gradually recovering. In terms of future prospects, amid the improvements in employment and personal income situations, a gradual recovery is expected to continue owing to the effects of various policies. However, amid continued monetary tightening worldwide, etc., there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy. In addition, sufficient heed must be paid to impacts caused by rising prices, changes in the financial and capital markets, etc.

In such an environment, with a synergy between "consulting services" and "investment," the Group creates value in a wide range of industries and companies and creates new markets that solve social issues. In consulting business, we define the key three transformations that companies must address in the digital economy as; "Digital Transformation" to transform the core business model and achieve significant performance improvements through a productivity revolution, "Service Transformation" to build a business model that will serve as a new growth engine in growth markets, and "Management Transformation" to build a management platform. We have professionals with diverse skills who are working to solve corporate issues, create new value, and co-create new businesses and industries through collaboration among companies. In the investment business, the focus is on the "regenerative & wellbeing" area, such as city development, food, and wellness. Through the linkage with our consulting business, we support the growth and enhancement of our investee companies' corporate value.

The Group's revenue for the three months ended June 30, 2023 amounted to ¥5,045 million (up 30.3% year on year).

Cost of revenue stood at ¥2,545 million (up 29.0% year on year). In a response to strong demand, outsourcing expenses increased.

Selling, general and administrative expenses were ¥1,423 million (up 12.5% year on year) due to the increase in sundry expenses associated with the revived face-to-face activities and recruiting expenses.

Due to an increase in revenue, gross profit increased by ¥601 million to ¥2,499 million (up 31.7% year on year), operating profit increased by ¥444 million to ¥1,075 million (up 70.3% year on year), and ordinary profit increased by ¥441 million to ¥1,086 million (up 68.5% year on year).

Profit before income taxes came to ¥1,085 million (up 68.5% year on year), and profit attributable to owners of parent came to ¥930 million (up 137.0% year on year). Also, comprehensive income attributable to owners of parent came to ¥774 million (up 86.4% year on year).

Operating results for each segment are as follows.

(Consulting Business)

The financial results of the Consulting Business for the three months ended June 30, 2023 shows revenue of ¥4,845 million (up 24.6% year on year) and segment profit of ¥1,408 million (up 21.6% year on year). The Consulting Business was driven by projects supporting the introduction of SaaS core systems, the promotion of digital transformation, the launch of new services and the compliance with regulations for clients targeted by industry, mainly in the transportation, telecommunications, finance, retail, trading, and manufacturing industries.

On the hiring front, the Consulting Business added 26 mid-career recruits and 61 new graduates in the three months ended June 30, 2023. The training for new graduates has progressed successfully, and they are planning to start working on their project delivery in October. The number of consultants was 563 as of the end of June 2023. Project satisfaction remained high at 95 points.

(Investment Business)

The financial results of the Investment Business for the three months ended June 30, 2023 shows revenue of ¥232 million (up 1,767.6% year on year), and segment profit of ¥134 million (compared to a segment loss of ¥65 million in the same period of the previous fiscal year).

In April, the Company sold all shares of PROGRIT Inc. In addition, the Company sold a portion of its shares in another investee, and the cumulative balance of investments as of the end of June 2023 stood at approximately ¥1.8 billion, including valuation differences.

We continued to actively promote investment activities, including the implementation of new investments of total value of about ¥900 million in July, including GVA TECH Co.,Ltd., which provides legal tech services, and i GRID SOLUTIONS Inc., which mainly operates a solar power generation business and a GX Solutions business.

SIGMAXYZ Holdings Inc. and SIGMAXYZ Inc. resolved at the Board of Directors Meetings of each company held on June 27, 2023, regarding its new executive structure.

For the current fiscal year, the Group will promote business under the following executive structure.

SIGMAXYZ Holdings Inc.

Ryuichi Tomimura	Director and Chairman of the Board
Hiroshi Ota	Representative Director and President
Shunichi Shibamura	Representative Director and Executive Vice President
Shinya Tabata	Representative Director and CFO
Sono Uchiyama	Director

SIGMAXYZ Inc. (Consulting Business)

Hiroshi Ota	Representative Director and President
Yutaro Tanaka	Director
Shinya Tabata	Director
Yasuhiko Hayasaka	Director

SIGMAXYZ Investment Inc. (Investment Business)

Hideyuki Kudo	Chairman and Representative Director
Shunichi Shibamura	President and Representative Director
Kenichi Shibata	Representative Director

(2) Explanation of Financial Position

(Assets)

Total assets as of June 30, 2023 stood at ¥14,964 million (up ¥503 million from the end of the previous fiscal year). This was mainly attributable to an increase in cash and deposits (up ¥971 million from the end of the previous fiscal year) and a decrease in operational investment securities (down ¥306 million from the end of the previous fiscal year).

(Liabilities)

Liabilities as of June 30, 2023 totaled ¥3,723 million (up ¥139 million from the end of the previous fiscal year). This mainly reflected an increase in accounts payable - trade (up ¥123 million from the end of the previous fiscal year).

(Net assets)

Total net assets as of June 30, 2023 stood at ¥11,241 million (up ¥363 million from the end of the previous fiscal year). This mainly reflected the recording of profit attributable to owners of parent and dividends paid of ¥711 million (¥591 million in the same period of the previous fiscal year).

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2024 have been revised from the forecasts announced on May 9, 2023. For details, please refer to “Notice Concerning Revisions of Earnings Forecasts and Dividend Forecasts,” announced on June 27, 2023 (in Japanese only).

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

(Thousands of yen)

	Fiscal year ended March 31, 2023 (As of March 31, 2023)	Three months ended June 30, 2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	7,093,890	8,065,457
Notes and accounts receivable - trade, and contract assets	2,263,554	2,140,403
Operational investment securities	2,171,591	1,864,751
Other	600,834	395,769
Allowance for doubtful accounts	(116,122)	–
Total current assets	12,013,748	12,466,381
Non-current assets		
Property, plant and equipment	253,366	238,095
Intangible assets		
Software	400,943	371,719
Software in progress	34,635	36,011
Other	7,105	6,821
Total intangible assets	442,685	414,551
Investments and other assets		
Investment securities	797,759	805,302
Deferred tax assets	316,670	363,978
Other	637,403	676,476
Total investments and other assets	1,751,832	1,845,757
Total non-current assets	2,447,884	2,498,405
Total assets	14,461,633	14,964,786
Liabilities		
Current liabilities		
Accounts payable - trade	237,169	360,705
Accounts payable - other	842,657	791,786
Income taxes payable	339,489	201,503
Provision for bonuses	–	32,966
Provision for share awards	326,059	347,288
Other	232,954	1,099,928
Total current liabilities	1,978,330	2,834,177
Non-current liabilities		
Lease liabilities	5,681	4,485
Provision for share awards	340,542	128,548
Provision for share awards for directors (and other officers)	1,106,107	595,224
Asset retirement obligations	86,444	86,444
Other	66,238	74,394
Total non-current liabilities	1,605,014	889,096
Total liabilities	3,583,345	3,723,274
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	4,768,396	4,755,245
Retained earnings	6,762,154	6,980,928
Treasury shares	(3,972,854)	(3,659,936)
Total shareholders' equity	10,557,696	11,076,237
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	320,592	165,275
Total accumulated other comprehensive income	320,592	165,275
Total net assets	10,878,288	11,241,512
Total liabilities and net assets	14,461,633	14,964,786

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 (Quarterly Consolidated Statement of Income)
 (Three months ended June 30, 2022 and 2023)

	(Thousands of yen)	
	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Revenue	3,871,010	5,045,098
Cost of revenue	1,973,597	2,545,734
Gross profit	1,897,413	2,499,364
Selling, general and administrative expenses	1,265,750	1,423,605
Operating profit	631,663	1,075,758
Non-operating income		
Interest income	1,264	1,046
Foreign exchange gains	7,723	4,459
Lectures fee income	2,627	3,646
Other	3,135	3,779
Total non-operating income	14,749	12,932
Non-operating expenses		
Interest expenses	47	34
Non-deductible consumption taxes	1,104	2,470
Other	684	165
Total non-operating expenses	1,835	2,670
Ordinary profit	644,577	1,086,020
Extraordinary losses		
Loss on sale of non-current assets	–	81
Loss on retirement of non-current assets	–	56
Total extraordinary losses	–	137
Profit before income taxes	644,577	1,085,883
Income taxes - current	139,281	163,398
Income taxes - deferred	112,912	(7,530)
Total income taxes	252,194	155,867
Profit	392,383	930,015
Profit attributable to owners of parent	392,383	930,015

(Quarterly Consolidated Statement of Comprehensive Income)
(Three months ended June 30, 2022 and 2023)

	(Thousands of yen)	
	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit	392,383	930,015
Other comprehensive income		
Valuation difference on available-for-sale securities	23,201	(155,317)
Total other comprehensive income	23,201	(155,317)
Comprehensive income	415,584	774,698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	415,584	774,698

(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, 2022 (From April 1, 2022 to June 30, 2022)

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 9, 2022 board resolution	Common stock	591,152	26	March 31, 2022	June 6, 2022	Retained earnings

Note: Total amount of dividends includes ¥39 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, 2022, but whose effective date comes after June 30, 2022.

No applicable matters to report.

II. Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

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 9, 2023 board resolution	Common stock	711,241	16	March 31, 2023	June 7, 2023	Retained earnings

Note: Total amount of dividends includes ¥45 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, 2023, but whose effective date comes after June 30, 2023.

No applicable matters to report.

(Changes in Accounting Policies)

Application of the Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.

“Accounting for and Disclosure of the Issuance and Holding of Electronically Recorded Transferable Rights That Must Be Indicated on Securities, etc.” (ASBJ Practical Solution No. 43, August 26, 2022) is applied from the beginning of the first quarter of the fiscal year ending March 31, 2024. There is no impact as a result of the change in this accounting policy.

(Segment Information, etc.)

[Segment information]

I. Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Quarterly Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	3,864,364	6,646	3,871,010	–	3,871,010
Internal revenue or transfer among segments	23,763	5,805	29,568	(29,568)	–
Total	3,888,127	12,451	3,900,578	(29,568)	3,871,010
Segment profit (loss)	1,158,253	(65,508)	1,092,745	(461,082)	631,663

Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of ¥461 million.

2. Segment profit (loss) is adjusted with operating profit recorded in the quarterly consolidated statement of income.

II. Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

Information on the amounts of revenue and profit or loss for each reportable segment

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Quarterly Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	4,825,597	219,500	5,045,098	–	5,045,098
Internal revenue or transfer among segments	20,060	13,050	33,110	(33,110)	–
Total	4,845,657	232,550	5,078,208	(33,110)	5,045,098
Segment profit	1,408,434	134,839	1,543,274	(467,516)	1,075,758

Notes: 1. Adjustments of segment profit consist of company-wide expenses, etc. of ¥467 million.

2. Segment profit is adjusted with operating profit recorded in the quarterly consolidated statement of income.