

Consolidated Financial Results Supplementary Document

Q1 FY23

August 3, 2023 / SIGMAXYZ Holdings Inc. (Stock code: 6088)



Outline of Financial Results for Q1 FY23

- Consolidated revenue was 5.04 billion yen and ordinary profit was 1.08 billion yen.
- Consulting business: By industry, projects that support client companies in mainly the transportation, telecommunications, finance, retail, trading, and manufacturing industries are driving business. Revenue increased 25% YoY.
- Investment business: In April we sold all of our shares in investee company PROGRIT Inc. We also sold some of the shares of other investee company, bringing the cumulative balance of investments, including valuation differences, to approximately 1.8 billion yen as of the end of June.

Unit: JPY mn	Q1 FY22	Q1 FY23	YoY change	FY23 consolidated forecasts	Progress
Consolidated revenue	3,871	5,045	+30%	19,200	26%
(Consulting business)	3,888 (*)	4,845 (*)	+25%		
(Investment business)	12 (*)	232 (*)	+1,768%		
Ordinary profit	644	1,086	+68%	3,850	28%
(Ordinary profit margin)	17%	22%			
Profit	392	930	+137%		
Equity ratio	75%	75%			

*Includes internal revenue between segments

Consolidated Statement of Income for Q1 FY23

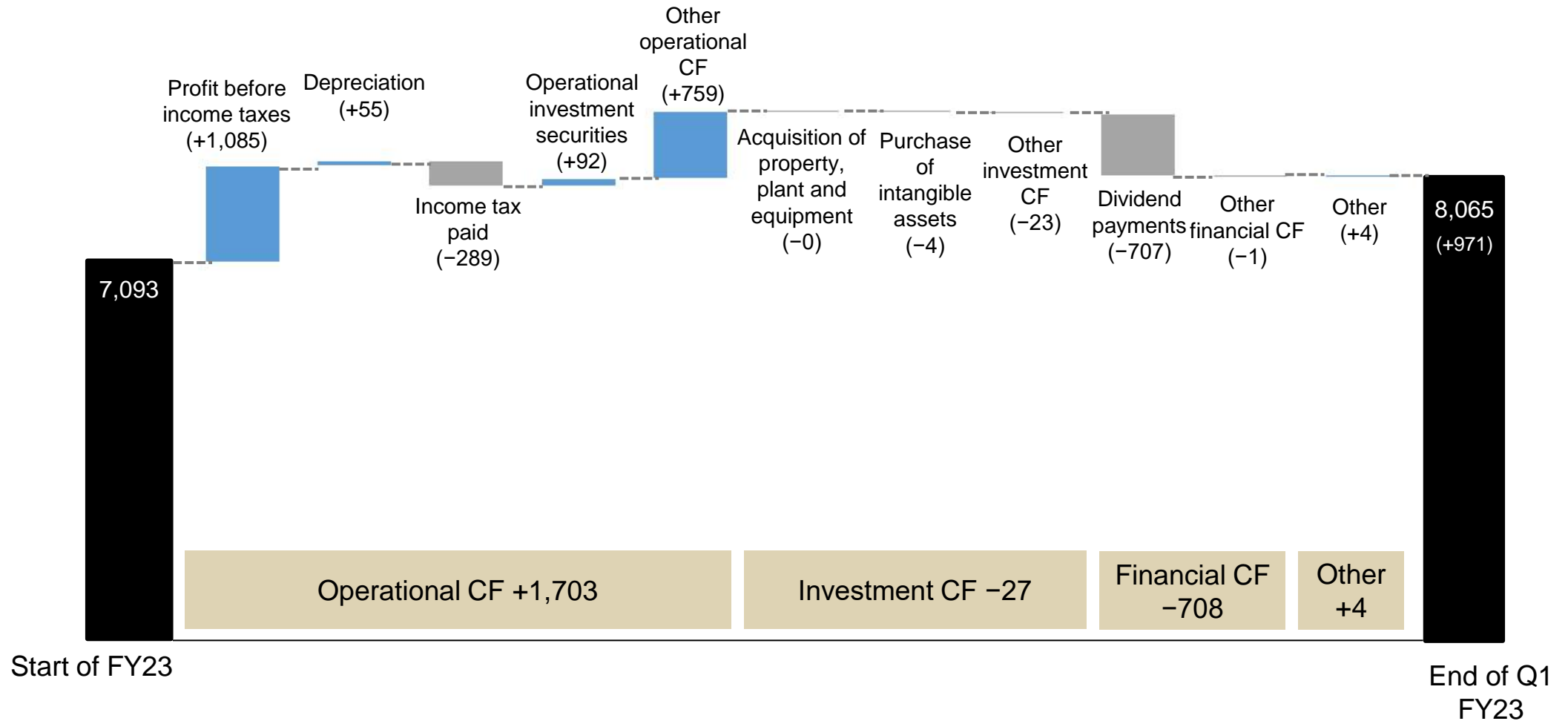
Unit: JPY mn	Q1 FY22	Q1 FY23	YoY change		Major changes
			Amount	Rate	
Revenue	3,871	5,045	+1,174	+30%	
Cost of revenue	1,973	2,545	+572	+29%	• Increase in outsourcing expenses
Gross profit	1,897	2,499	+601	+32%	• Increase in revenue
S, G&A expenses	1,265	1,423	+157	+12%	• Increase in sundry expenses owing to revived face-to-face activities • Increase in recruiting expenses
Operating profit	631	1,075	+444	+70%	
Ordinary profit	644	1,086	+441	+68%	
Profit before income taxes	644	1,085	+441	+68%	
Profit	392	930	+537	+137%	• Decrease in income taxes
Comprehensive income	415	774	+359	+86%	

Consolidated Balance Sheet for Q1 FY23

Unit: JPY mn	End of FY22	End of Q1 FY23	YoY change	Major changes
Current assets	12,013	12,466	+452	<ul style="list-style-type: none"> • Increase in cash and deposits, decrease in operational investment securities • Increase in accounts payable - trade • No borrowings
Cash and deposits	7,093	8,065	+971	
Non-current assets	2,447	2,498	+50	
Total assets	14,461	14,964	+503	
Current liabilities	1,978	2,834	+855	
Non-current liabilities	1,605	889	-715	
Total liabilities	3,583	3,723	+139	
Net assets	10,878	11,241	+363	
Equity ratio	75%	75%	—	

Changes in Consolidated Cash Flow

(Unit: JPY mn)



Outline of Earnings by Segment for Q1 FY23

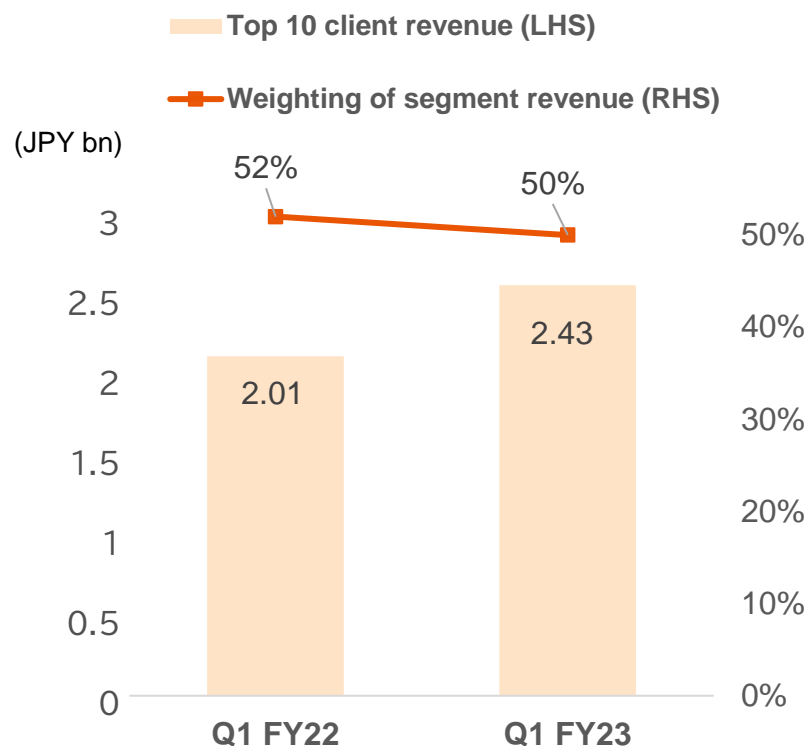
Unit: JPY mn	Q1 FY22	Q1 FY23	YoY change	
			Amount	Rate
Consolidated revenue	3,871	5,045	+1,174	+30%
(Consulting business)	3,888	4,845	+957	+25%
(Investment business)	12	232	+220	+1,768%
(Internal transactions)	-29	-33	-3	—
Segment profit	1,092	1,543	+450	+41%
(Consulting business)	1,158	1,408	+250	+22%
(Investment business)	-65	134	+200	—
Segment profit rate for revenue ^(*)	28%	30%	—	—
(Consulting business)	30%	29%	—	—
(Investment business)	—	58%	—	—

*Calculations of revenue include internal revenue between segments.

Reference: Segment Information

The consulting business is being 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. In the investment business, we sold all of our shares in PROGRIT Inc. and some shares of other investee companies. As a result, the investment balance, including valuation differences, as of the end of June stood at approximately 1.8 billion yen.

Consulting Business



Reference:
Number of projects, clients, and revenue per contract at SIGMAXYZ Inc.

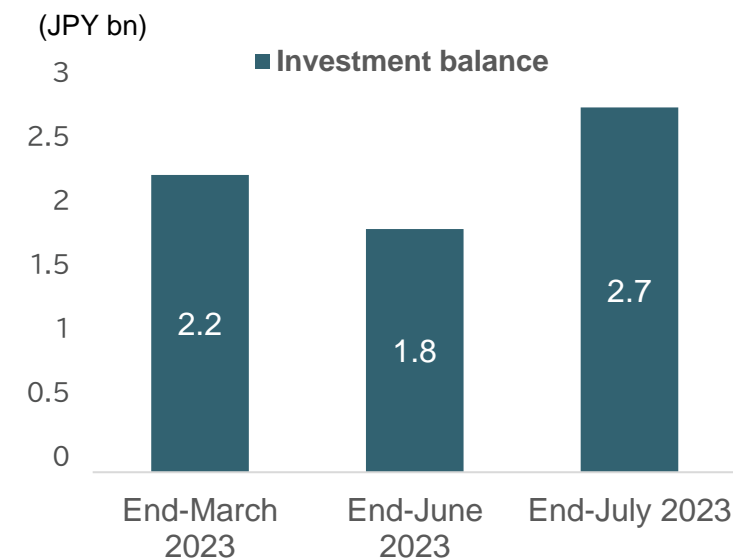
	Q1 FY22	Q1 FY23	YoY change
Number of projects*	333	390	+17%
Number of clients**	107	122	+14%
Revenue per contract (JPY mn)	11.3	12.3	+9%

SXA and SXF excluded in all calculations (figures for Q1 FY22 retroactively recalculated).

*Number of projects: The total number of projects for which revenue was recorded during the period.

**Number of clients: The total number of client companies of projects for which revenue was recorded during the period.

Investment Business



- All shares of one investee company (PROGRIT) sold
Some shares of other investee company sold
- Investment balance of around 1.8 billion yen at end-June
- New investments worth approximately 0.9 billion yen in July

Use of SaaS in international marine shipping ops

Ensuring a fit-to-standard approach and supporting the rollout of CargoWise, an industry-specific SaaS

SIGMAXYZ helped MOL Logistics Co., Ltd. switch to CargoWise, a specialized SaaS for the logistics industry, as part of its efforts to utilize SaaS in its international marine shipping operations.

We assumed the role of program management office for this project and implemented it according to plan whilst adhering closely to a fit-to-standard approach, taking into account the many multinational corporations involved, including the company's local subsidiaries overseas and partners handling the project implementation in other countries.

Without the need for additional development, we got CargoWise up and running for the company after 10 months and at three of its overseas local subsidiaries after seven months, thereby contributing to the building of a business platform under which the client can reap the benefits of continued evolution of SaaS-powered solutions.

The platform has the potential to make operations more efficient with the effective use of global data, encourage the sharing of data between key players in international shipping, further streamline transportation, boost productivity, and reduce costs.



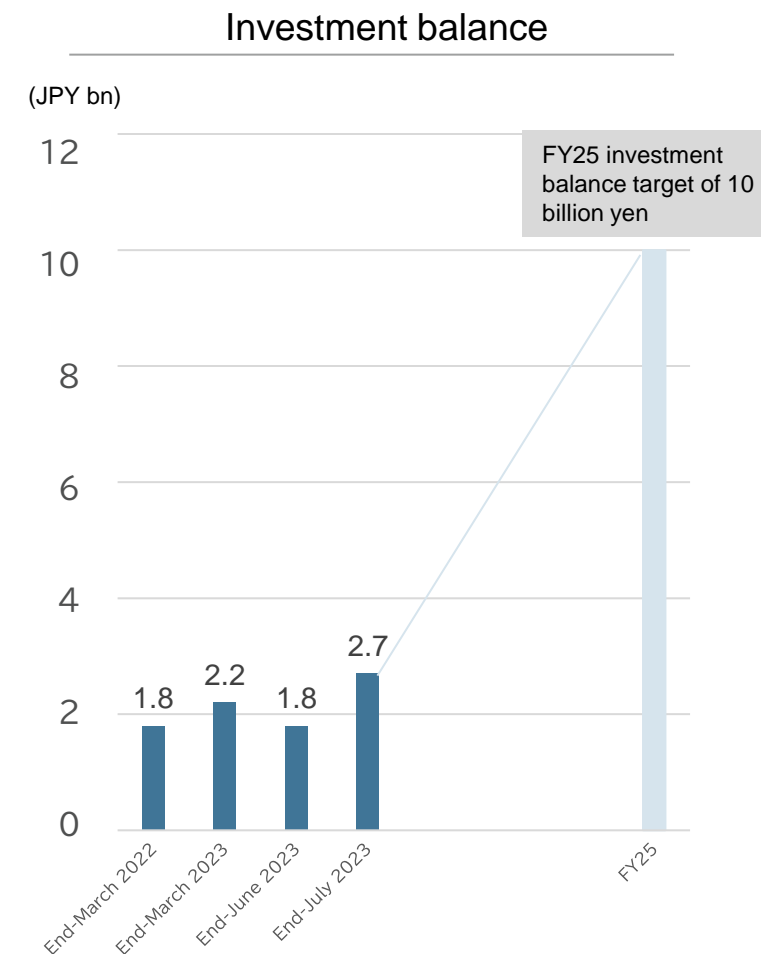
Reference links:

- MOL Logistics: <https://www.mol-logistics-group.com/>
- CargoWise: <https://www.cargowise.com/ja-jp/>

List of Investee Companies

- In the investment business, we primarily invest in the regenerative and well-being domains that span multiple industries. We also provide consulting services to investees with a focus on value improvement so as to support the enhancement of corporate value.
- As of June 30, 2023, the cumulative balance of investments stood at approximately 1.8 billion yen (including valuation differences).

Investment year	Company	Business description	Remarks
2018	GHELIA INC.	AI solutions	
2019	Creww, Inc.	Startup community management	
	Monstarlab Holdings Inc. (TSE Growth Market 5255)	Digital consulting Software development	
2022	Shizen Energy Inc.	Electricity generation from renewable energy (e.g. solar, wind, small-scale hydro) in Japan and overseas	
	eWeLL Co., Ltd. (TSE Growth Market 5038)	Developing and providing SaaS that supports operations for electronic medical charts for home-visit nursing care	
	Forest Energy Inc.	Electricity generation from wood biomass from locally grown trees	
	Mental Health Technologies Co., Ltd. (TSE Growth Market 9218)	Services pertaining to corporate employee health care	
	DORAEVER Co. Ltd	Internet-based support services for transport companies	
2023	GVA TECH Co.,Ltd	Development and provision of legal tech services	July 2023: New investment
	i GRID SOLUTIONS Inc.	Solar power generation and GX solutions	July 2023: New investment



Key Performance Indicators (KPIs)

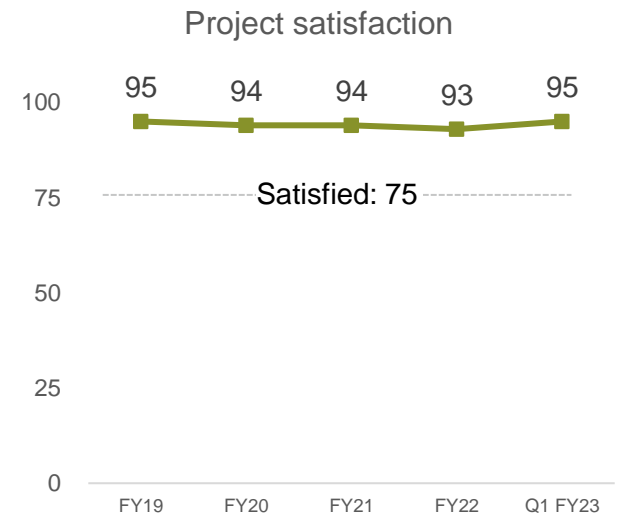
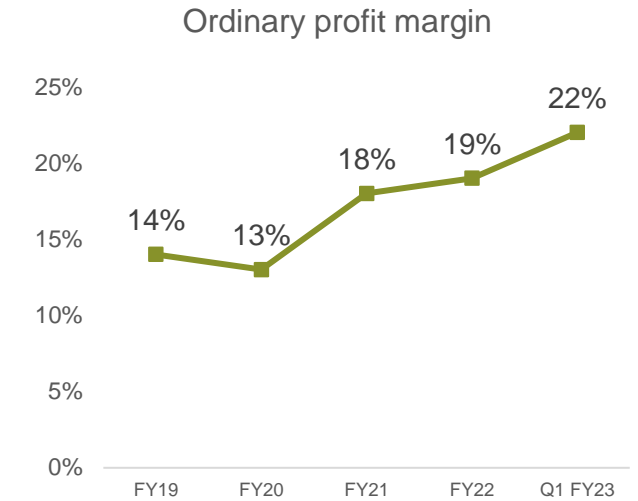
	Q1 FY22	Q1 FY23	YoY change
Consolidated revenue ordinary profit margin	17%	22%	+5%

Consulting Business

	Q1 FY22	Q1 FY23	YoY change
Number of consultants	514	563	+10%
Project satisfaction (NSI*)	96	95	-1pt

Investment Business

	End of FY22	End of Q1 FY23	Change
Investment balance	Approx. 2.2 billion yen	Approx. 1.8 billion yen	- Approx. 0.4 billion yen

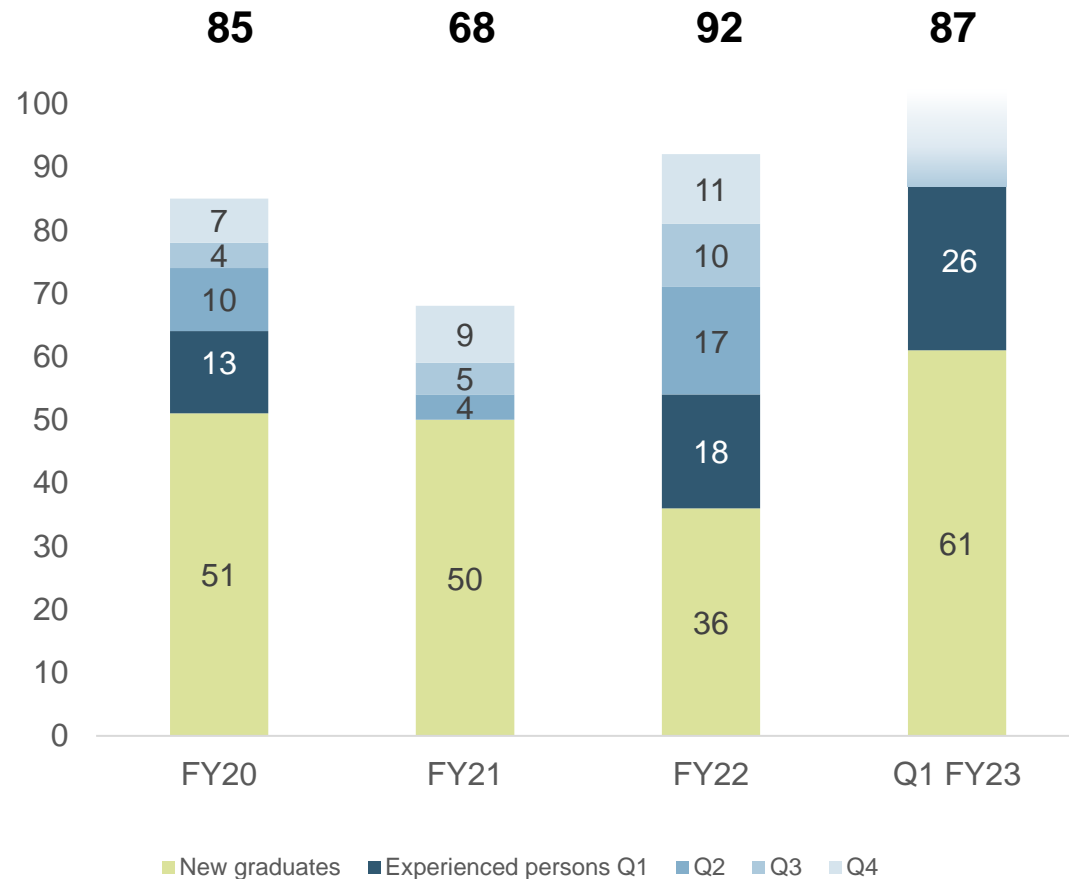


* Net Satisfaction Index: Average score from five possible ratings for each question evaluating project satisfaction. Conducted in a questionnaire format for client project owners. Points are distributed on a five-point scale as follows.
 5: Very satisfied, 100 points; 4: Satisfied, 75 points; 3: Cannot say either way, 50 points; 2: Dissatisfied, 25 points; 1: Very dissatisfied, 0 points.

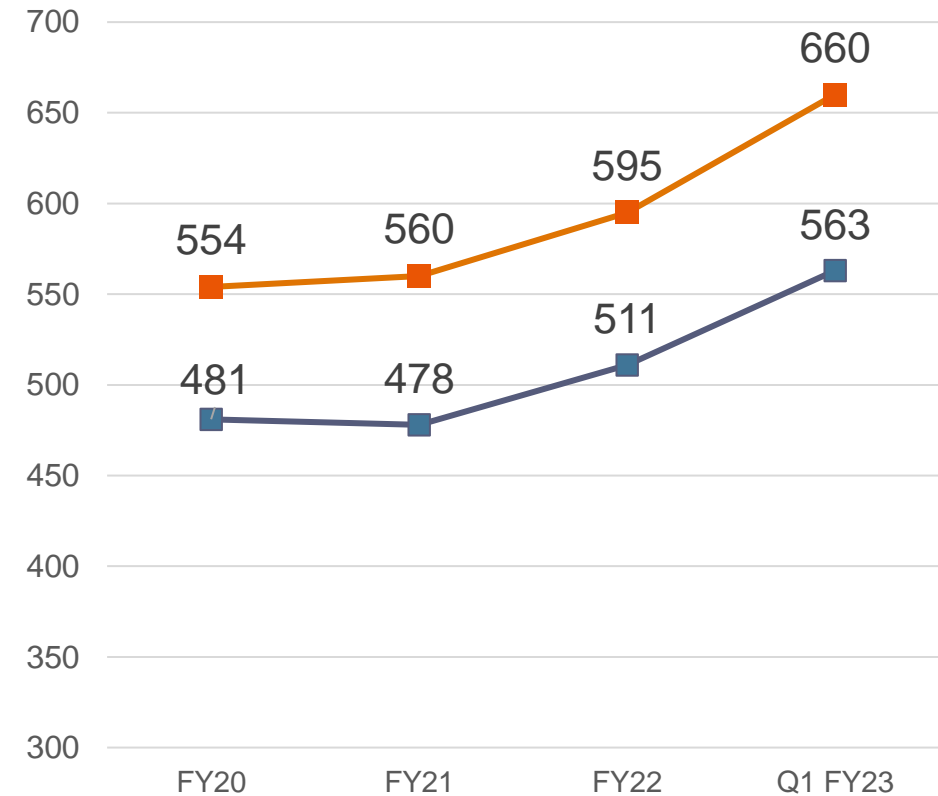
Hiring Activities

In the first quarter we hired 26 experienced persons and 61 new graduates. Recruitment activities are progressing smoothly, and together with the hiring of experienced persons, the number of persons to whom we have offered jobs is growing in line with the plan for about 60 new graduates to join the company in April 2024.

Number of hires per annum (consultants)

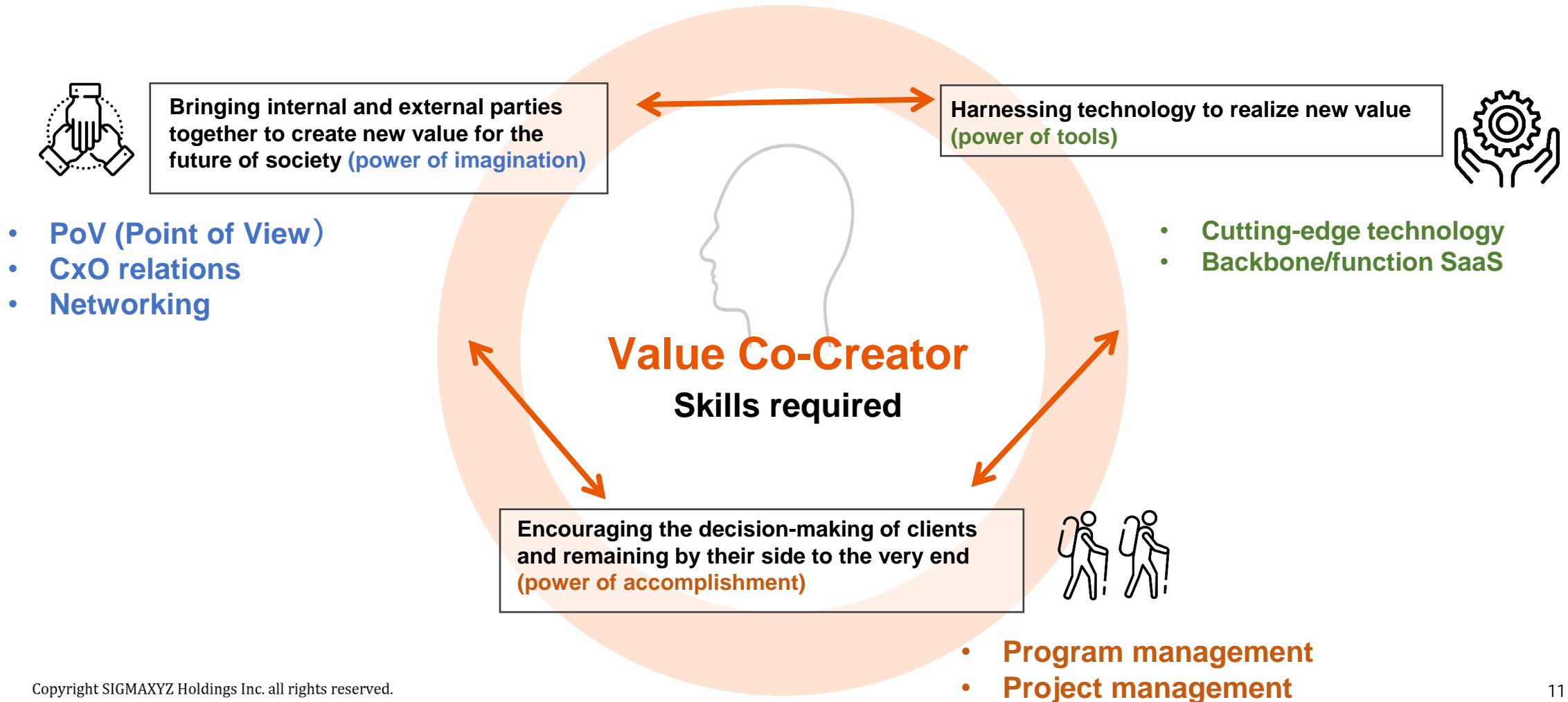


Group employees (■) / Group consultants (■)



Improving Capabilities

Through collaboration between the consulting business and the investment business, we have redefined our categories of capabilities with a view to nurturing the human capital (**Value Co-Creators**) that can take charge of creating new markets and businesses to solve issues in society and create value for various industries and companies. We have also kicked off initiatives geared towards improving the skills of all employees.



New executive structure from June 27: Strengthening synergies between consulting and investment businesses



Hiroshi Ota

Representative Director, President of SIGMAXYZ Holdings Inc.
Representative Director, President of SIGMAXYZ Inc.

Graduated from Osaka University (School of Engineering Science). Joined Japan Airlines Co., Ltd. in 1993. Joined Pricewaterhouse Consultants Co., Ltd. in 1998. Provided accounting/financial consulting services to a wide range of industries, including distribution, pharmaceutical, transportation, and manufacturing. Joined SIGMAXYZ (now SIGMAXYZ Holdings Inc.) in 2009 and spearheaded transformation projects for multiple companies, ranging from business process improvements to system upgrades. Appointed Co-representative Director of SIGMAXYZ Inc. in October 2021 and Director of SIGMAXYZ Holdings Inc. in June 2022. Current positions since June 2023.



Shunichi Shibanuma

Representative Director, Executive Vice President of SIGMAXYZ Holdings Inc.
President and Representative Director of SIGMAXYZ Investment Inc.

Graduated from University of Tokyo (Faculty of Economics) and the Wharton School (graduate business school) of the University of Pennsylvania. Joined Bank of Japan in 1995. Seconded to Ministry of Economy, Trade and Industry (Economic and Industrial Policy Bureau). Joined McKinsey & Company and was involved in the corporate revitalization of investee companies of investment funds in Japan. Joined SIGMAXYZ (now SIGMAXYZ Holdings Inc.) in 2009. Alongside business development consulting, has also been involved in venture capital investments, JVs, carve-outs, and pre-IPO investments as an investment manager. Appointed President and Representative Director of SIGMAXYZ Investment Inc. in April 2021 and Director of SIGMAXYZ Holdings Inc. in June 2022. Representative Director, Executive Vice President since June 2023.

Reference link:

• Announcement of new executive structure: https://www.sigmaxyz.com/release_20230627/

Initiatives for Climate Change

In addition to its own efforts, contributions to the fight against climate change by collaborating with partners through business activities such as the promotion of digital transformation in companies

- We are supporting new approaches to community development that include regional energy design. We are working to build a next-generation resilient town in Obuse Town, Nagano Prefecture, and working alongside community members, companies, and governments to create resource recycling and regional co-prosperity mechanisms through a partnership with Tokyu Corporation in the Tama Denentoshi area.
- In the investment business, SIGMAXYZ Investment Inc. has positioned the area of Regenerative & Well-being as an investment area, and is promoting investment operations that support value creation. In the renewable energy field, we invest in and support the business operations of SHIZEN ENERGY Inc. and Forest Energy Inc.
- We disseminate information through media requests of energy analysts specializing in decarbonization and appearances at seminars.
- SIGMAXYZ Inc., a consulting business, participates in the “Working Group (WG) on Carbon Neutrality” of the Japan Association of New Economy.
- The entire SIGMAXYZ Group is promoting efforts to go paperless for internal communication. Furthermore, we are accelerating initiatives for green purchasing and decarbonization by no longer offering beverages in plastic (PET) bottles, completing the switchover to LED ceiling lighting at our offices, and switching clear folders made of plastic to paper-based ones in the Group’s business premises.

Environmental targets	FY21	FY22	Target (FY30)	Target (FY50)
GHG emissions (Scopes 1 & 2)	148.57 t	127.91 t	50% reduction vs. FY21	Net zero
Electricity usage	191,730 kWh	180,590 kWh	-	-
Paper usage	1,080 kg	1,360 kg	-	-
Waste	5,497 kg	6,021 kg	-	-
Amount recycled	2,160 kg	2,480 kg	-	-

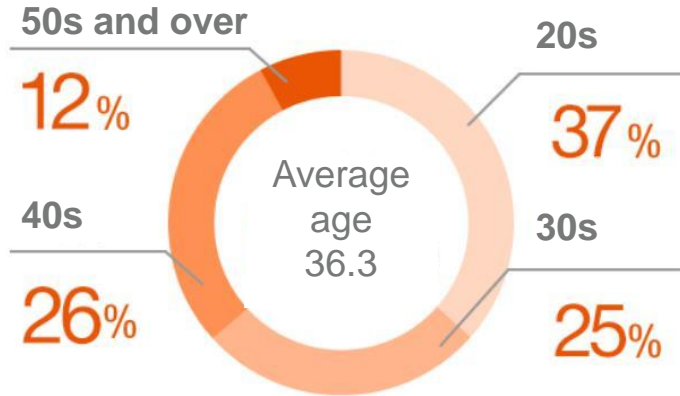
Diversity maximizes the value of collaboration

Male to female ratio



Male Female

Age distribution ratio

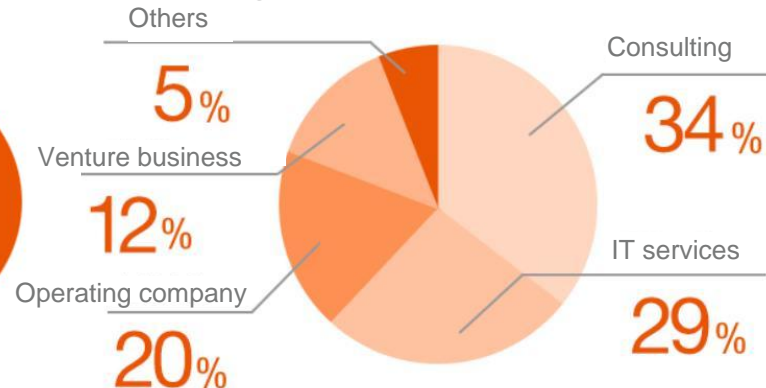


HR-related KPIs	FY22	Target (FY25)
Proportion of women in management positions	50 (20%)	100 (25%)
Proportion of mid-career personnel recruited in management positions	202 (82%)	320 (maintain at 80%)
Proportion of foreigners in management positions	1 (0.4%)	10 (2.5%)
Proportion of employees taking childcare leave, etc.	53%	100%
Gender pay gap (SIGMAXYZ Inc. only)*	73%	83%

New graduates to experienced hires ratio



Background of consultants recruited as experienced hires (Consulting Business only)



*The criteria for determining class and pay are the same for both men and women.

Miho Nijo's Dream Power Project Student outreach program



Former professional wheelchair tennis player and Paralympian Miho Nijo addressed elementary and junior high school students in her home prefecture of Hokkaido. The topic of her talk was the "power of dreams," aiming to communicate the importance of having dreams and never giving up on challenges as a major driving force in life. She also sought to have the students contemplate and deepen their understanding of issues around diversity.

*as of the end of March 2023, consolidated

FY23 Consolidated Earnings Forecasts

Revised
on June 27, 2023

Unit: JPY mn	FY22 result	FY23 consolidated forecasts	YoY change	Q1 FY23 results	Progress
Revenue	17,334	19,200	+11%	5,045	26%
Operating profit	3,235	3,850	+19%	1,075	28%
Ordinary profit	3,265	3,850	+18%	1,086	28%
Profit attributable to owners of parent	2,204	2,900	+32%	930	32%

- The company proposes concepts for the co-creation of value, supports corporate transformation (the “Three Innovations”), supports the launch of new businesses and the sharing of business functions through collaboration among multiple companies, and promotes investment in and business support for venture companies.
- Consulting business: Continuing to expand the capabilities of consulting (skills x number of consultants) needed for business growth.
- Investment business: Planning new investments of 2 to 3 billion yen, especially in the energy and healthcare sectors. Earning income from past investment projects.

Note: In terms of the consolidated earnings forecast, the investment business is, by its nature, highly susceptible to developments in domestic and overseas stock markets and new listings; therefore, the profit level range may be greater than the forecast. However, our forecasts are based on information available as of now.

Dividend Policy

Revised
on June 27, 2023

- 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	FY23 forecast	YoY change
Annual dividend per share	16 yen	22 yen	+6 yen

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)

Announced
in August 2022

	<u>Blueprint in FY25</u>	<u>FY22 consolidated earnings forecasts</u>	<u>Compound annual growth rate (CAGR)</u>
Consolidated revenue	25 bn yen	17.2 bn yen	13%
Ordinary profit	7 bn yen	3.2 bn yen	30%
Profit rate	28%	19%	-
Number of employees	Approx. 800	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: Audio Report for Financial Results Supplementary Documents

A Japanese audio report for the document is posted on our website at 6:00 p.m. JST on the day the results are disclosed.



IR information
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 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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