

Consolidated Financial Results Supplementary Document Q1 FY24

August 5, 2024 / SIGMAXYZ Holdings Inc. (Stock code: 6088)



Outline of Financial Results for Q1 FY24

- Consolidated revenue was 5.97 billion yen and ordinary profit was 1.45 billion yen. Progressed well against forecasts.
- Consulting business: By industry, projects that support client companies are leading our business, mainly in the transportation, finance, information communications, trading, retail, and manufacturing industries. Revenue increased 23% YoY.
- Investment business: The cumulative balance of investments, including valuation differences, came to approximately 4.3 billion yen as of the end of June.

| Unit: JPY mn | Q1 FY23 | Q1 FY24 | YoY change | FY24 consolidated forecasts | Progress |
|--------------------------|--------------|--------------|------------|-----------------------------|----------|
| Consolidated revenue | 5,045 | 5,974 | +18% | 25,000 | 24% |
| (Consulting business) | 4,845 (*) | 5,968 (*) | +23% | | |
| (Investment business) | 232 (*) | 47 (*) | -80% | | |
| Ordinary profit | 1,086 | 1,452 | +34% | 5,300 | 27% |
| (Ordinary profit margin) | 21.5% | 24.3% | | | |
| Profit | 930 | 1,254 | +35% | | |
| Equity ratio | 75% | 75% | | | |

* Includes internal revenue between segments.

Consolidated Statement of Income for Q1 FY24

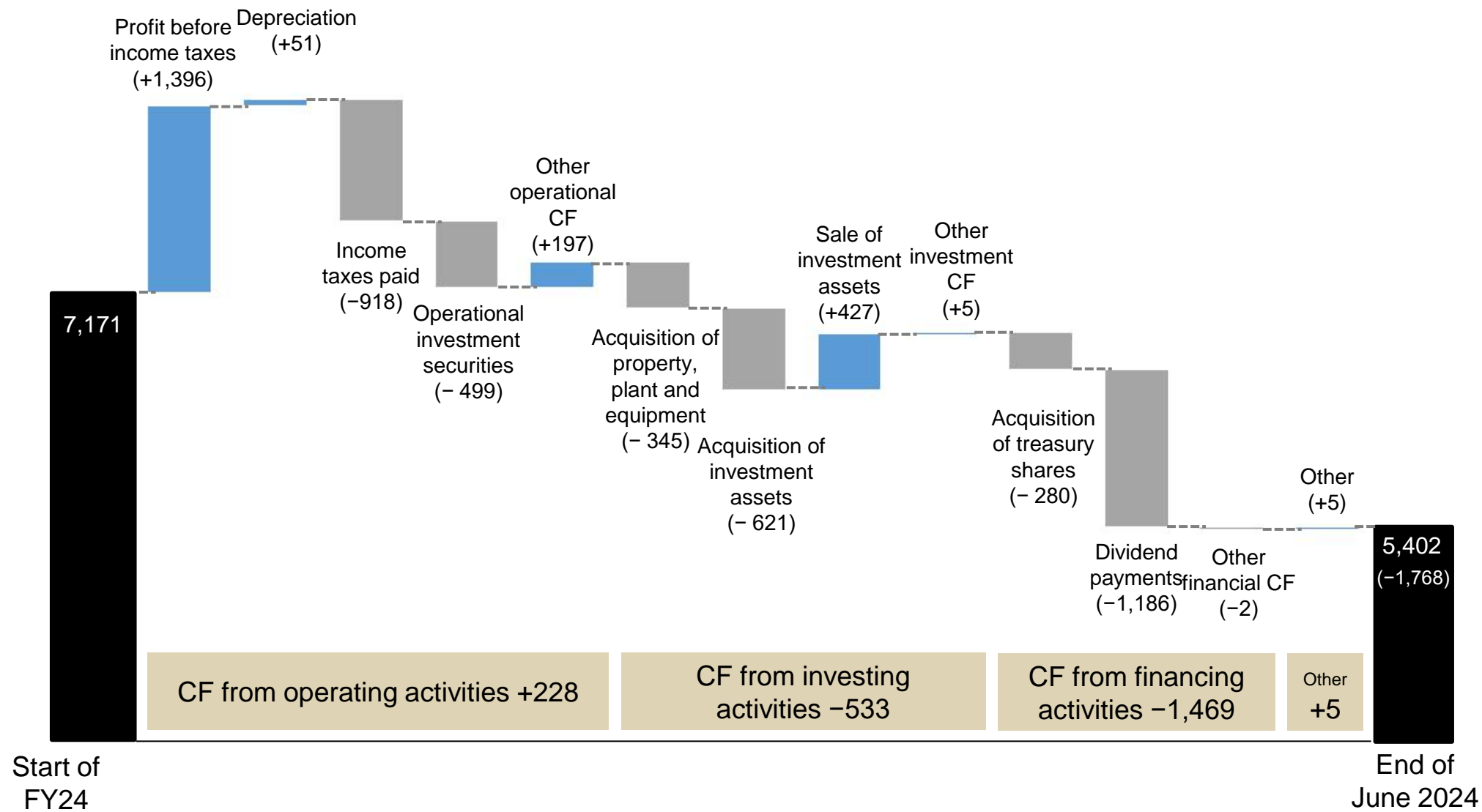
| Unit: JPY mn | Q1 FY23 | Q1 FY24 | YoY change | | Major changes |
|----------------------------|---------|---------|------------|------|---|
| | | | Amount | Rate | |
| Revenue | 5,045 | 5,974 | +929 | +18% | <ul style="list-style-type: none"> • Increase in outsourcing expenses on strong client demand • Increase in revenue • Reversal of costs of restoration to original state in connection with the expansion of head office floor space, and decrease in recruiting expenses • Increase in revenue and increase in gain on sale of investment securities |
| Cost of revenue | 2,545 | 3,308 | +762 | +30% | |
| Gross profit | 2,499 | 2,666 | +166 | +7% | |
| S, G&A expenses | 1,423 | 1,347 | -75 | -5% | |
| Operating profit | 1,075 | 1,318 | +242 | +23% | |
| Ordinary profit | 1,086 | 1,452 | +366 | +34% | |
| Profit before income taxes | 1,085 | 1,396 | +311 | +29% | |
| Profit | 930 | 1,254 | +324 | +35% | |
| Comprehensive income | 774 | 1,288 | +514 | +66% | |

Consolidated Balance Sheet for Q1 FY24

| Unit: JPY mn | End of FY23 | End of Q1 FY24 | Change | Major changes |
|-------------------------|-------------|----------------|--------|--|
| Current assets | 14,463 | 13,012 | -1,451 | <ul style="list-style-type: none"> Decrease in cash and deposits Increase in buildings due to expansion of head office floor space Increase in investment securities Decrease in income taxes payable Decrease in provision for share awards No borrowings |
| Cash and deposits | 7,171 | 5,402 | -1,768 | |
| Non-current assets | 3,831 | 4,575 | +744 | |
| Total assets | 18,295 | 17,588 | -707 | |
| Current liabilities | 3,913 | 3,796 | -116 | |
| Non-current liabilities | 1,188 | 537 | -651 | |
| Total liabilities | 5,102 | 4,334 | -767 | |
| Net assets | 13,193 | 13,254 | +60 | |
| Equity ratio | 72% | 75% | — | |

Changes in Consolidated Cash Flow

(Unit: JPY mn)



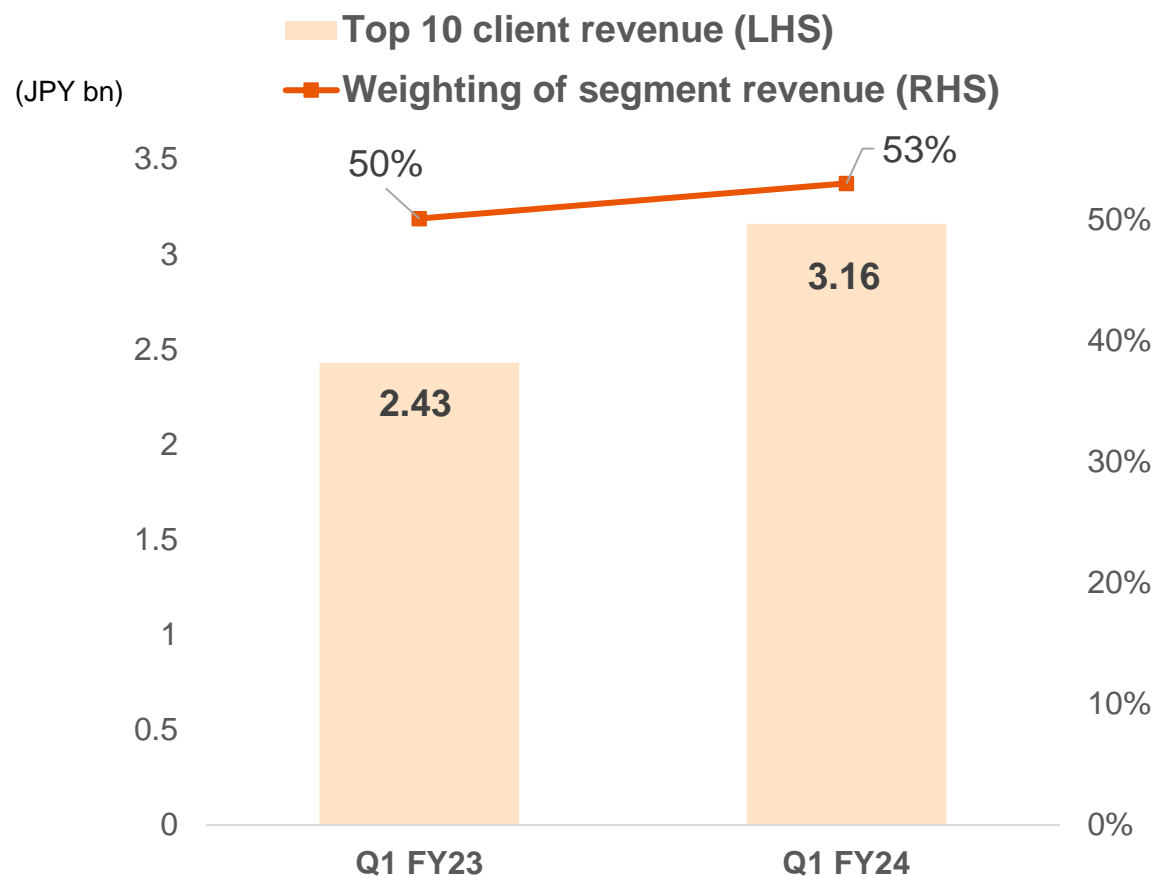
Outline of Earnings by Segment for Q1 FY24

| Unit: JPY mn | Q1 FY23 | Q1 FY24 | YoY change | |
|--|---------|---------|------------|------|
| | | | Amount | Rate |
| Consolidated revenue | 5,045 | 5,974 | +929 | +18% |
| (Consulting business) | 4,845 | 5,968 | +1,123 | +23% |
| (Investment business) | 232 | 47 | -184 | -80% |
| (Internal transactions) | -33 | -42 | -9 | — |
| Segment profit | 1,543 | 1,697 | +154 | +10% |
| (Consulting business) | 1,408 | 1,735 | +327 | +23% |
| (Investment business) | 134 | -38 | -172 | — |
| Segment profit rate for revenue ^(*) | 30.4% | 28.2% | -2.2pts | — |
| (Consulting business) | 29.1% | 29.1% | +0pts | — |
| (Investment business) | 58.0% | — | — | — |

*Segment profit rates for revenue are calculated by including internal revenue between segments in revenues.

Reference: Segment Information – Consulting Business

- The utilization rate of internal personnel has remained above the planned level, and revenue has grown sharply.
- 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, finance, information communication, trading, retail, and manufacturing industries.



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

| | Q1 FY23 | Q1 FY24 | YoY change |
|-------------------------------|---------|---------|------------|
| Number of projects* | 390 | 373 | -4% |
| Number of clients** | 122 | 112 | -8% |
| Revenue per contract (JPY mn) | 12.3 | 15.8 | +29% |

SXF excluded in all calculations.

* 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.

Key Performance Indicators (KPIs)

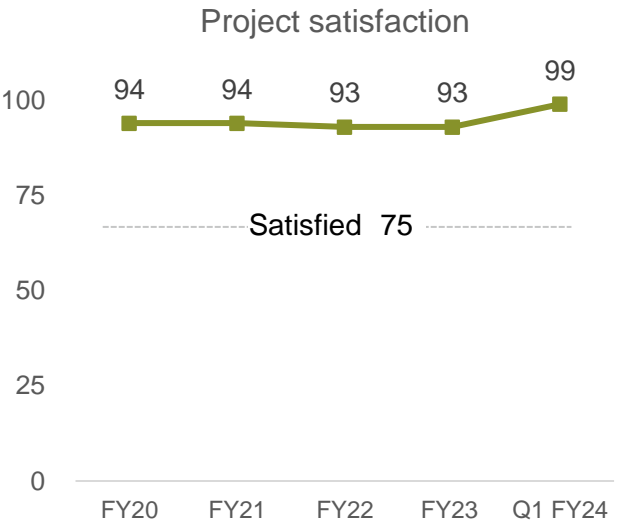
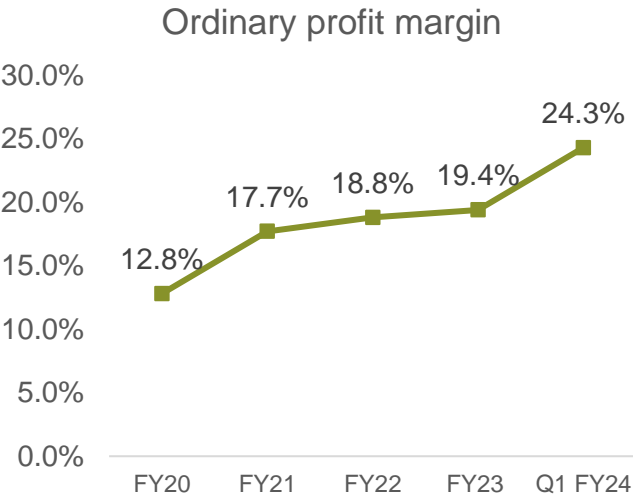
| | Q1 FY23 | Q1 FY24 | YoY change |
|---|---------|---------|------------|
| Consolidated revenue ordinary profit margin | 21.5% | 24.3% | +2.8 pts |

Consulting Business

| | Q1 FY23 | Q1 FY24 | YoY change |
|-----------------------------|---------|---------|------------|
| Number of consultants | 563 | 610 | +8% |
| Project satisfaction (NSI*) | 95 | 99 | +4pts |

Investment Business

| | End of FY23 | End of Q1 FY24 | Change |
|--------------------|-------------------------|-------------------------|---------------------------|
| Investment balance | Approx. 3.7 billion yen | Approx. 4.3 billion yen | + Approx. 0.6 billion yen |

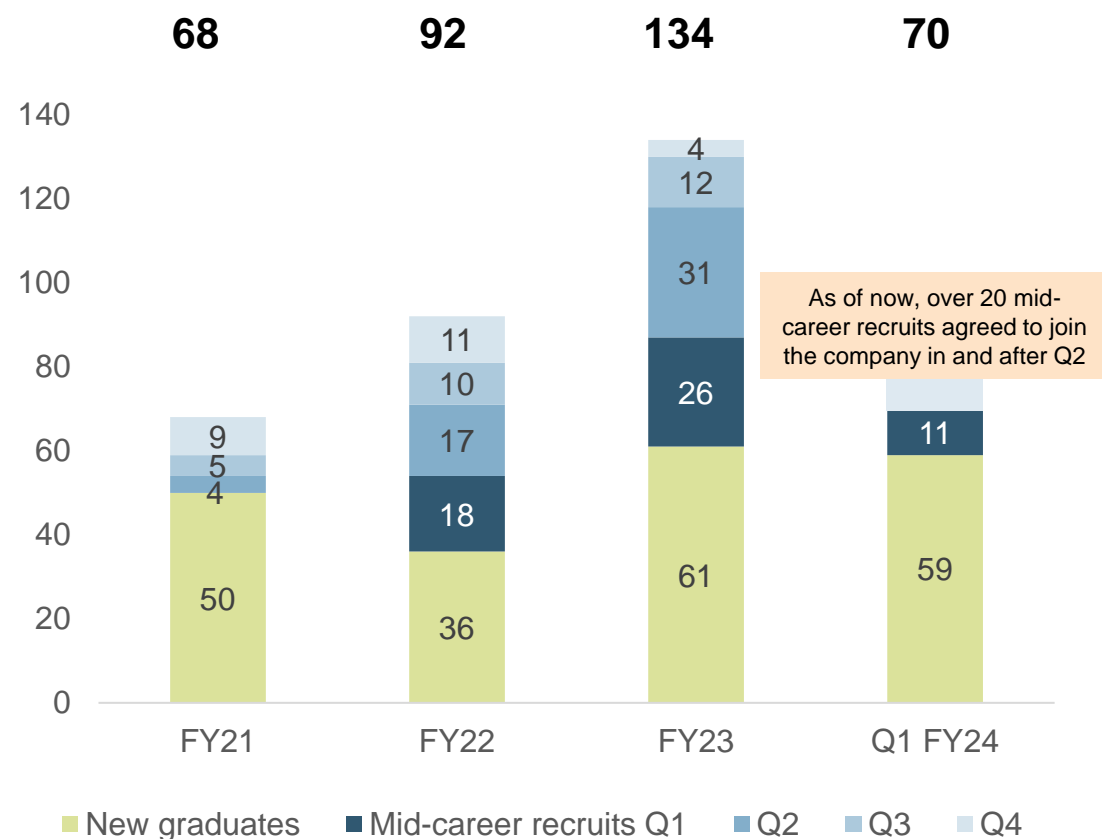


* Net Satisfaction Index: Average score from five possible ratings for each question evaluating project satisfaction. Conducted in a questionnaire format for client project owners. Points are distributed on a five-grade scale as follows.
 5: Very satisfied, 100 points; 4: Satisfied, 75 points; 3: Cannot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

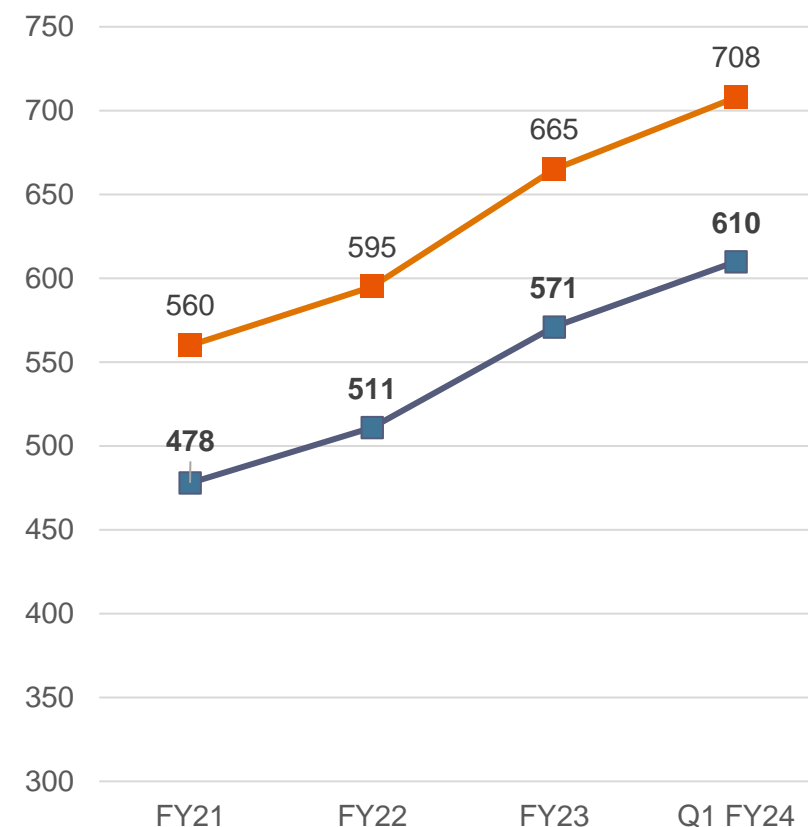
Hiring Activities

In the first quarter we hired 11 mid-career recruits and 59 new graduates. We are conducting hiring activities aiming for around 80 new graduates joining the company in April 2025.

Number of hires per annum (consultants)



Group employees (■) / Group consultants (■)



Support for IT organization reform and business improvement with our Co-CIO Service

SIGMAXYZ is supporting the IT organization reform and business improvement efforts of SAISON AUTOMOBILE AND FIRE INSURANCE COMPANY, LIMITED, an insurance company responsible for direct marketing of SOMPO Group's P&C insurance business.

Since the use of IT has major impacts on SAISON AUTOMOBILE's performance, the company, in December 2023, embarked on formulating a new IT strategy concept and reforming its IT division under the leadership of the Executive Officer and General Manager of System Services. In addition to optimizing its IT investments and costs, the company quickly renewed its IT division organization and implemented business improvements. The company has seen behavior change among its IT personnel through these reforms, accelerating initiatives for IT planning and other high value-added businesses which will contribute to improving productivity as well as business performance.

SIGMAXYZ proposed the Co-CIO Service which offers comprehensive support for various IT-related initiatives, and we are now providing full support from the formulation of IT strategy concepts all the way through to the implementation of reform. We will continue to escort SAISON AUTOMOBILE as a sherpa in the field of IT.



Related link: Co-CIO Service for comprehensive support of CIO: <https://www.sigmaxyz.com/sx/ja/business/service/co-cio.html>

“Partnership Agreement for the Promotion of Decarbonization and Renewable Energy in Unnan City through Co-Creation” concluded

Started formulating business projects through co-creation between citizens, businesses and government towards local production for local consumption of energy and local economic circulation

On June 10, 2024, Unnan City of Shimane Prefecture, SIGMAXYZ Inc., NTT-ME CORPORATION, RE-X Expansion Inc., and specified non-profit corporation OCCHI Labo signed a Partnership Agreement for the Promotion of Decarbonization and Renewable Energy in Unnan City through Co-Creation.”



■ Purpose of the Partnership Agreement

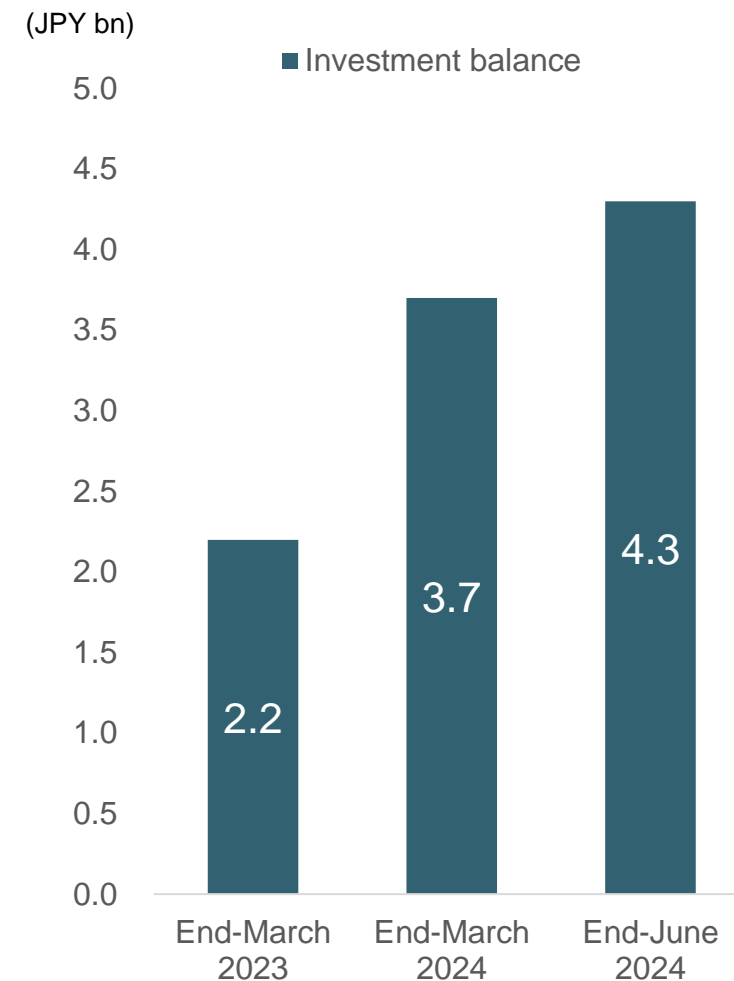
1. To promote renewable energy, as set forth in Unnan City's Carbon-free Society Realization Plan.
2. To compile business concepts and business schemes to achieve item 1.
3. To lay groundwork for the promotion of decarbonization and renewable energy through co-creation with the citizens and businesses of Unnan.

Related link: Press release https://www.sigmaxyz.com/sx/ja/information/release_240610.html

Reference: Segment Information – Investment Business

- In April, we invested approximately 500 million yen in Syuppin Co., Ltd. Cumulative balance of investments, including valuation differences, stood at approximately 4.3 billion yen as of the end of March. We continue to promote investments contributing to social value co-creation.

| Investment year | Company |
|-----------------|---|
| 2018 | GHELIA INC. |
| 2019 | Creww, Inc. |
| | Monstarlab Holdings Inc. (TSE Growth Market 5255) |
| 2022 | Shizen Energy Inc. |
| | eWeLL Co., Ltd. (TSE Growth Market 5038) |
| | Forest Energy Inc. |
| | Mental Health Technologies Co., Ltd. (TSE Growth Market 9218) |
| | DORAEVER Co. Ltd. |
| 2023 | GVA TECH, Inc. |
| | i GRID SOLUTIONS Inc. |
| | Social Interior Inc. |
| 2024 | EUCALIA Inc. |
| | Syuppin Co., Ltd. (TSE Prime Market 3179) |



Updating the environment that supports value co-creation

We are continually expanding our workplace to promote professional capability development and to accommodate the expansion of the size of our organization.

Establishment of a new training center (March 2024)

We established a new training center near our head office with the aim of further enhancing human assets development and capability building. The layout is flexible and can be changed to suit the number of people and training content, and it is used as learning space for new graduates and existing employees.



Expansion of current head office (July 2024)

We expanded the floor space of our head office in Toranomon in order to evolve the place for value co-creation. Facilities include a mini stage that can be used for meetups, meeting rooms designed for online meetings, and a streaming studio.



Related link: Human Assets Development and Work Environment <https://www.sigmxyz.com/en/company/hc.html>

FY24 Consolidated Earnings Forecasts

Revised on May 29, 2024

| Unit: JPY mn | FY23 result | FY24 consolidated forecasts | YoY change | Q1 FY24 results | Progress |
|---|-------------|-----------------------------|------------|-----------------|----------|
| Revenue | 22,410 | 25,000 | +12% | 5,974 | 24% |
| Operating profit | 4,232 | 5,250 | +24% | 1,318 | 25% |
| Ordinary profit | 4,338 | 5,300 | +22% | 1,452 | 27% |
| Profit attributable to owners of parent | 3,232 | 3,900 | +21% | 1,254 | 32% |

- The company conducts “blueprint proposal” 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, supports the growth of client companies through capital alliances, and promotes investment in and business support for venture companies.
- Consulting business: Continuing to expand the consulting capacity (in terms of both skills and workforce) needed for business growth.
- Investment business: Planning new investments especially in the energy and healthcare sectors, and joint investment with clients.
- Update on environment supporting value creation: We established a new training center in March and expanded the floor space at the current head office in July.

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 May 29, 2024

- 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.

| | FY23 | FY24 forecast | YoY change |
|---------------------------|--------|---------------|------------|
| Annual dividend per share | 27 yen | 34 yen | +7 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)

- We increased our utilization of outsourcing vendors in response to strong demand, which led to the pace of growth of our consolidated revenue exceeding expectations. As a result, we expect that our goal of consolidated revenue of ¥25.0 billion stated in the Group's vision for medium- to long-term growth "Blueprint" in the Fiscal Year Ending March 31, 2026," will be achieved one year early.
- We continue to aim for ordinary profit of ¥7.0 billion in the fiscal year ending March 31, 2026 through accelerating growth in our Consulting Business and realizing revenue contribution from our Investment Business.

Reference: Blueprint in FY25 (Fiscal Year Ending March 2026)

Announced
in August 2022

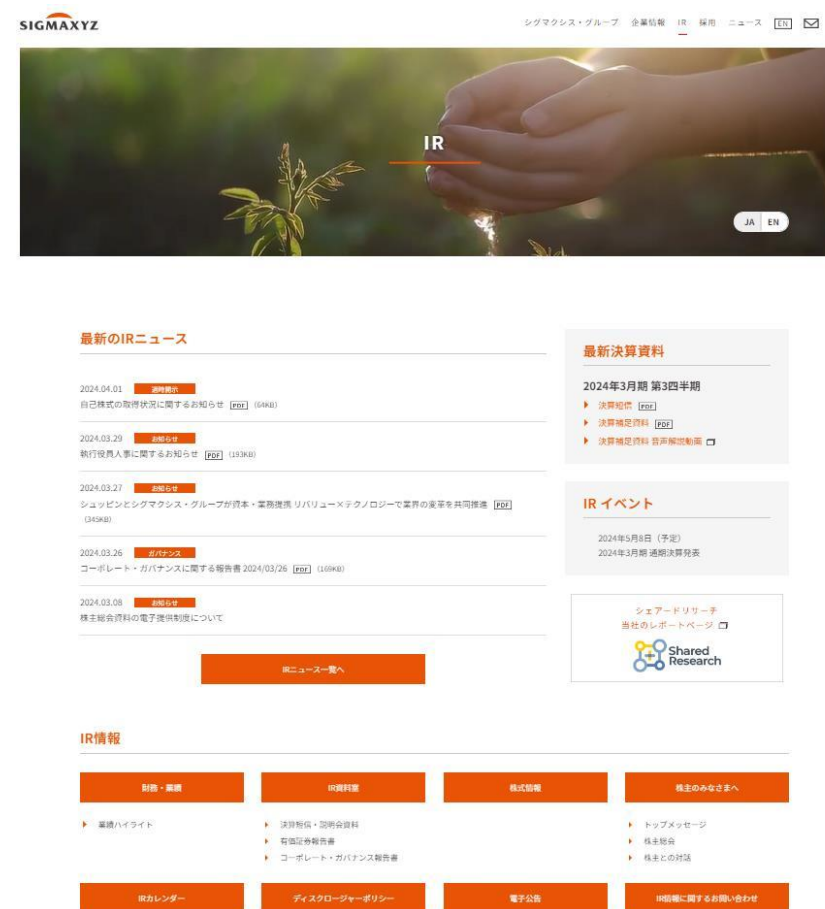
| | <u>Blueprint in FY25</u> | <u>FY22 consolidated earnings forecasts</u> | <u>Compound annual growth rate (CAGR)</u> |
|-----------------------------|--------------------------|---|---|
| Consolidated revenue | 25 bn yen | 17.2 bn yen | 13% |
| Ordinary profit | 7 bn yen | 3.2 bn yen | 30% |
| Profit 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 <https://www.sigmaxyz.com/ja/ir.html>



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.

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