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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2025 (Japanese Accounting Standards)

November 6, 2024

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 Scheduled date of semi-annual securities report filing: November 8, 2024
 Scheduled date of dividend payment: –
 Preparation of supplementary materials on financial results: Yes
 Schedule of financial results presentation meeting: Yes (for institutional investors and analysts)
 * To be held online

(Amounts of less than ¥1 million are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended								
September 30, 2024	12,558	18.0	2,837	40.7	3,002	43.8	2,292	48.4
September 30, 2023	10,639	32.5	2,016	36.0	2,087	36.2	1,544	66.2

Note: Comprehensive Income Six months ended September 30, 2024: ¥2,178 million [59.4%]
 Six months ended September 30, 2023: ¥1,367 million [19.3%]

	Profit per Share	Profit per Share (Diluted)
Six months ended	Yen	Yen
September 30, 2024	54.09	–
September 30, 2023	36.74	–

Note: Profit per share (diluted) for the six months ended September 30, 2023 and 2024 are not stated because there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	17,821	13,552	76.0	318.55
March 31, 2024	18,295	13,193	72.1	312.18

Reference: Equity As of September 30, 2024: ¥13,552 million
 As of March 31, 2024: ¥13,193 million

2. Dividends

	Annual Dividend				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Fiscal Year-End	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	–	0.00	–	27.00	27.00
Fiscal year ending					
March 31, 2025	–	0.00			
Fiscal year ending					
March 31, 2025 (Forecast)			–	19.00	19.00

Notes: 1. Revisions to the most recently announced dividend forecast: Yes
 2. At a meeting of the Board of Directors held on November 6, 2024, the Company passed a resolution to carry out a two-for-one split of its common stock with an effective date of December 1, 2024. Therefore, the year-end dividend per share for the fiscal year ending March 31, 2025 (Forecast) shows the amount that takes into account the effect of the stock split.

The year-end dividend per share for the fiscal year ending March 31, 2025 (Forecast) without taking into account the stock split would be ¥38. For details, please refer to “Notice Concerning Amendments to Consolidated Earnings Forecasts and Dividend Forecasts (Dividend Increase), Stock Split and Partial Amendment to the Company’s Articles of Incorporation in Conjunction with Stock Split, and Partial Change to Matters Concerning the Acquisition of Own Shares” announced on November 6, 2024.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(% 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, 2025	26,000	16.0	5,450	28.8	5,650	30.2	4,100	26.9	48.28

Notes: 1. Revisions to the most recently announced earnings forecasts: Yes

2. Profit per share in the consolidated earnings forecasts for the fiscal year ending March 31, 2025 takes into account the effect of the stock split. Without taking into account the effect of the stock split, profit per share in the consolidated earnings forecasts for the fiscal year ending March 31, 2025 would be ¥96.56.

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of special accounting methods for preparation of semi-annual 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. Semi-annual Consolidated Financial Statements and Important Notes (4) Notes to Semi-annual Consolidated Financial Statements (Changes in Accounting Policies)” on page 8 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 September 30, 2024	44,500,000 shares
As of March 31, 2024	45,000,000 shares

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

As of September 30, 2024	1,954,506 shares
As of March 31, 2024	2,736,636 shares

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

Six months ended September 30, 2024	42,377,461 shares
Six months ended September 30, 2023	42,023,074 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 semi-annual financial statements are outside the scope of 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 Semi-annual Financial Results (3) 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 Semi-annual 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, there is a risk that a downturn in overseas economies will put downward pressure on Japan's economy, notably with reference to the impact of the continuing high interest rate level in Europe and North America, the persistent stagnation in the real estate market in China, etc. In addition, sufficient heed must be paid to impacts caused by rising prices, the situation in the Middle East region and 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 the 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, we are promoting investments that contribute to social value co-creation with a focus on projects in the Regenerative & Well-being area, such as the energy and healthcare sectors. In addition, through the linkage with our consulting business, we support the growth and enhancement of our investee companies' corporate value. We are also pursuing activities with a view to co-investing with clients.

The Group's revenue for the six months ended September 30, 2024 amounted to ¥12,558 million (up 18.0% year on year).

Cost of revenue stood at ¥6,910 million (up 21.7% year on year). In a response to strong demand, outsourcing expenses increased.

Selling, general and administrative expenses were ¥2,810 million (down 4.6% year on year).

Due to an increase in revenue, gross profit increased by ¥686 million to ¥5,647 million (up 13.8% year on year), and operating profit increased by ¥821 million to ¥2,837 million (up 40.7% year on year). Due in part to the contribution of gains on sales of surplus assets under management, ordinary profit increased by ¥914 million to ¥3,002 million (up 43.8% year on year).

Profit before income taxes came to ¥2,946 million (up 41.1% year on year), and profit attributable to owners of parent came to ¥2,292 million (up 48.4% year on year). Also, comprehensive income attributable to owners of parent came to ¥2,178 million (up 59.4% year on year).

Operating results for each segment are as follows.

(Consulting Business)

The financial results of the Consulting Business for the six months ended September 30, 2024 show revenue of ¥12,543 million (up 20.0% year on year) and segment profit of ¥3,779 million (up 27.4% year on year) backed by strong client demand. 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, retail, trading, and manufacturing industries.

On the hiring front, the Consulting Business added 24 mid-career recruits and 59 new graduates in the six months ended September 30, 2024. In addition, hiring activities are progressing smoothly and the Company expects to achieve its target of about 80 new graduates to join the Company in April 2025. The training for new graduates who joined the Company in April 2024 has been completed successfully, and they have started working on their project delivery. The number of consultants was 612 as of the end of September 2024. Project satisfaction remained high at 98 points.

(Investment Business)

The financial results of the Investment Business for the six months ended September 30, 2024 show revenue of ¥102 million (down 61.2% year on year), and segment loss of ¥117 million (compared to a segment loss of ¥22 million in the same period of the previous fiscal year). In the six months ended September 30, 2024, the Company sold a portion of the listed shares it held. In addition, the Company recognized an impairment loss for listed shares at the end of September 2024.

The cumulative balance of investments as of the end of September 2024 stood at approximately ¥4.1 billion, including valuation differences. We continue to promote investments contributing to social value creation.

(2) Explanation of Financial Position

(Assets)

Total assets as of September 30, 2024 stood at ¥17,821 million (down ¥474 million from the end of the previous fiscal year). This was mainly attributable to a decrease in cash and deposits (down ¥1,858 million from the end of the previous fiscal year), an increase in operational investment securities (up ¥418 million from the end of the previous fiscal year), an

increase in property, plant and equipment (up ¥385 million from the end of the previous fiscal year), and an increase in investment securities (up ¥488 million from the end of the previous fiscal year).

(Liabilities)

Liabilities as of September 30, 2024 totaled ¥4,268 million (down ¥833 million from the end of the previous fiscal year). This mainly reflected a decrease in accounts payable - other (down ¥604 million from the end of the previous fiscal year) and a decrease in provision for share awards for directors (and other officers) (down ¥519 million from the end of the previous fiscal year).

(Net assets)

Total net assets as of September 30, 2024 stood at ¥13,552 million (up ¥359 million from the end of the previous fiscal year). This mainly reflected the recording of profit attributable to owners of parent.

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2025 have been revised from the forecasts announced on May 29, 2024. For details, please refer to “Notice Concerning Amendments to Consolidated Earnings Forecasts and Dividend Forecasts (Dividend Increase), Stock Split and Partial Amendment to the Company’s Articles of Incorporation in Conjunction with Stock Split, and Partial Change to Matters Concerning the Acquisition of Own Shares” announced on November 6, 2024.

2. Semi-annual Consolidated Financial Statements and Important Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Six months ended September 30, 2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	7,171,106	5,312,526
Notes and accounts receivable - trade, and contract assets	2,795,564	2,965,489
Operational investment securities	3,735,127	4,153,675
Other	762,108	424,956
Total current assets	14,463,907	12,856,648
Non-current assets		
Property, plant and equipment	302,680	687,696
Intangible assets		
Software	329,793	299,764
Software in progress	34,635	40,702
Other	5,969	5,400
Total intangible assets	370,398	345,866
Investments and other assets		
Investment securities	1,831,097	2,319,858
Deferred tax assets	458,833	622,043
Other	868,708	989,466
Total investments and other assets	3,158,639	3,931,367
Total non-current assets	3,831,718	4,964,930
Total assets	18,295,625	17,821,578
Liabilities		
Current liabilities		
Accounts payable - trade	542,195	556,274
Accounts payable - other	1,785,334	1,180,466
Income taxes payable	1,012,554	895,736
Provision for bonuses	57,168	415,103
Provision for share awards	274,337	395,379
Other	241,740	295,933
Total current liabilities	3,913,332	3,738,893
Non-current liabilities		
Lease liabilities	21,908	19,032
Provision for share awards	406,314	164,246
Provision for share awards for directors (and other officers)	595,224	75,789
Asset retirement obligations	101,031	186,125
Other	64,197	84,505
Total non-current liabilities	1,188,676	529,699
Total liabilities	5,102,008	4,268,592
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	3,151,600	2,516,524
Retained earnings	9,283,020	10,384,183
Treasury shares	(2,470,670)	(2,463,856)
Total shareholders' equity	12,963,950	13,436,850
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	229,666	116,135
Total accumulated other comprehensive income	229,666	116,135
Total net assets	13,193,616	13,552,985
Total liabilities and net assets	18,295,625	17,821,578

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
(Semi-annual Consolidated Statement of Income)

	(Thousands of yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Revenue	10,639,893	12,558,226
Cost of revenue	5,678,128	6,910,388
Gross profit	4,961,765	5,647,838
Selling, general and administrative expenses	2,945,613	2,810,533
Operating profit	2,016,151	2,837,304
Non-operating income		
Interest income	1,606	1,130
Gain on sale of investment securities	–	156,195
Miscellaneous income	80,418	19,576
Total non-operating income	82,025	176,901
Non-operating expenses		
Interest expenses	67	346
Foreign exchange losses	–	4,319
Non-deductible consumption taxes	3,453	3,914
Miscellaneous losses	6,991	3,616
Total non-operating expenses	10,512	12,197
Ordinary profit	2,087,665	3,002,007
Extraordinary income		
Gain on sale of non-current assets	–	935
Total extraordinary income	–	935
Extraordinary losses		
Loss on sale of non-current assets	81	770
Loss on retirement of non-current assets	56	55,874
Total extraordinary losses	137	56,645
Profit before income taxes	2,087,528	2,946,297
Income taxes - current	613,718	799,357
Income taxes - deferred	(70,255)	(145,156)
Total income taxes	543,462	654,200
Profit	1,544,065	2,292,097
Profit attributable to owners of parent	1,544,065	2,292,097

(Semi-annual Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Profit	1,544,065	2,292,097
Other comprehensive income		
Valuation difference on available-for-sale securities	(177,061)	(113,531)
Total other comprehensive income	(177,061)	(113,531)
Comprehensive income	1,367,004	2,178,566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,367,004	2,178,566

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,087,528	2,946,297
Depreciation	109,000	116,048
Increase (decrease) in allowance for doubtful accounts	(116,122)	–
Increase (decrease) in provision for bonuses	95,820	357,934
Increase (decrease) in provision for share awards	246,426	153,312
Increase (decrease) in provision for share awards for directors (and other officers)	26,237	31,154
Interest and dividend income	(1,606)	(1,130)
Interest expenses	67	346
Foreign exchange losses (gains)	(5,913)	4,319
Loss (gain) on sale of non-current assets	81	(164)
Loss on retirement of non-current assets	56	55,874
Loss (gain) on sale of investment securities	–	(156,195)
Decrease (increase) in operational investment securities	(969,406)	(450,290)
Decrease (increase) in trade receivables	(256,832)	(169,925)
Decrease (increase) in prepaid expenses	34,804	(10,059)
Increase (decrease) in trade payables	250,286	14,079
Increase (decrease) in accounts payable - other	32,994	(702,638)
Other, net	194,590	41,607
Subtotal	1,728,011	2,230,570
Interest and dividends received	1,606	1,130
Interest paid	(67)	(346)
Income taxes paid	(290,185)	(919,908)
Income taxes refund	5,026	417,213
Net cash provided by (used in) operating activities	1,444,391	1,728,658
Cash flows from investing activities		
Purchase of property, plant and equipment	(814)	(317,014)
Proceeds from sale of property, plant and equipment	–	15,067
Purchase of intangible assets	(13,843)	(45,383)
Purchase of investment securities	(847,050)	(936,717)
Proceeds from sale of investment securities	–	504,621
Other payments	(83,247)	(63,369)
Other proceeds	7,356	29,602
Net cash provided by (used in) investing activities	(937,600)	(813,192)
Cash flows from financing activities		
Repayments of lease liabilities	(2,394)	(4,669)
Purchase of treasury shares	(708,367)	(1,575,070)
Dividends paid	(709,726)	(1,189,985)
Net cash provided by (used in) financing activities	(1,420,487)	(2,769,726)
Effect of exchange rate change on cash and cash equivalents	5,913	(4,319)
Net increase (decrease) in cash and cash equivalents	(907,782)	(1,858,579)
Cash and cash equivalents at beginning of period	7,093,890	7,171,106
Cash and cash equivalents at end of period	6,186,107	5,312,526

(4) Notes to Semi-annual 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. Six months ended September 30, 2023 (From April 1, 2023 to September 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 six months ended September 30, 2023, but whose effective date comes after September 30, 2023.
 No applicable matters to report.

II. Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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 8, 2024 board resolution	Common stock	1,191,101	27	March 31, 2024	June 5, 2024	Retained earnings

Note: Total amount of dividends includes ¥49 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 six months ended September 30, 2024, but whose effective date comes after September 30, 2024.
 No applicable matters to report.

(Changes in Accounting Policies)

Application of Accounting Standard for Current Income Taxes, Etc.

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other relevant ASBJ regulations are applied from the beginning of the six-month period ended September 30, 2024. This has no impact on the semi-annual consolidated financial statements for the six months ended September 30, 2024. There is no impact on the opening balance of retained earnings, capital surplus and other accumulated comprehensive income for this fiscal year.

(Notes to Semi-annual Consolidated Statement of Cash Flows)

* Reconciliation of cash and cash equivalents at end of period and the related account on the semi-annual consolidated balance sheet is as follows.

	(Thousands of yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash and deposits	6,186,107	5,312,526
Cash and cash equivalents	6,186,107	5,312,526

(Notes on Segment Information, etc.)

[Segment information]

I. Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

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

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Semi-annual Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	10,410,192	229,700	10,639,893	–	10,639,893
Internal revenue or transfer among segments	41,012	33,150	74,162	(74,162)	–
Total	10,451,205	262,850	10,714,055	(74,162)	10,639,893
Segment profit (loss)	2,966,639	(22,756)	2,943,883	(927,731)	2,016,151

Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of ¥927 million.

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

II. Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

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

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Semi-annual Consolidated Statement of Income (Note 2)
	Consulting Business	Investment Business	Total		
Revenue					
Revenue from external clients	12,496,180	62,045	12,558,226	–	12,558,226
Internal revenue or transfer among segments	46,893	40,020	86,913	(86,913)	–
Total	12,543,074	102,065	12,645,140	(86,913)	12,558,226
Segment profit (loss)	3,779,968	(117,801)	3,662,166	(824,862)	2,837,304

Notes: 1. Adjustments of segment profit (loss) consist of company-wide expenses, etc. of ¥824 million.

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