

Consolidated Financial Results Supplementary Document

Q3 FY24

February 6, 2025 / SIGMAXYZ Holdings Inc. (Stock code: 6088)



Outline of Financial Results for Q3 FY24

- Consolidated revenue was 19.4 billion yen, and ordinary profit was 4.6 billion yen. The progress rate of consolidated revenue against the earnings forecast is 74%, almost the same level as in previous years.
- Consulting business: Revenue increased 20% YoY. Strong client demand led to an increase in outsourcing expenses, and the utilization rate of internal personnel remained at a high level.
- Investment business: All shares of one investee company were sold and a gain was recorded. In addition, an impairment loss was recorded on unlisted shares at the end of December.
- The consolidated earnings forecasts and dividend forecasts were revised upward. (See slides 14 and 15)

Unit: JPY mn	Q3 FY23 (Apr to Dec)	Q3 FY24 (Apr to Dec)	YoY change	FY24 consolidated forecasts	Progress
Consolidated revenue	16,378	19,478	+19%	26,300	74%
(Consulting business)	16,196 (*)	19,375 (*)	+20%		
(Investment business)	285 (*)	231 (*)	-19%		
Ordinary profit	3,371	4,631	+37%	5,800	80%
(Ordinary profit margin)	20.6%	23.8%			
Profit	2,379	3,313	+39%		
Equity ratio	75%	76%			

* Includes internal revenue between segments.

Consolidated Statement of Income for Q3 FY24

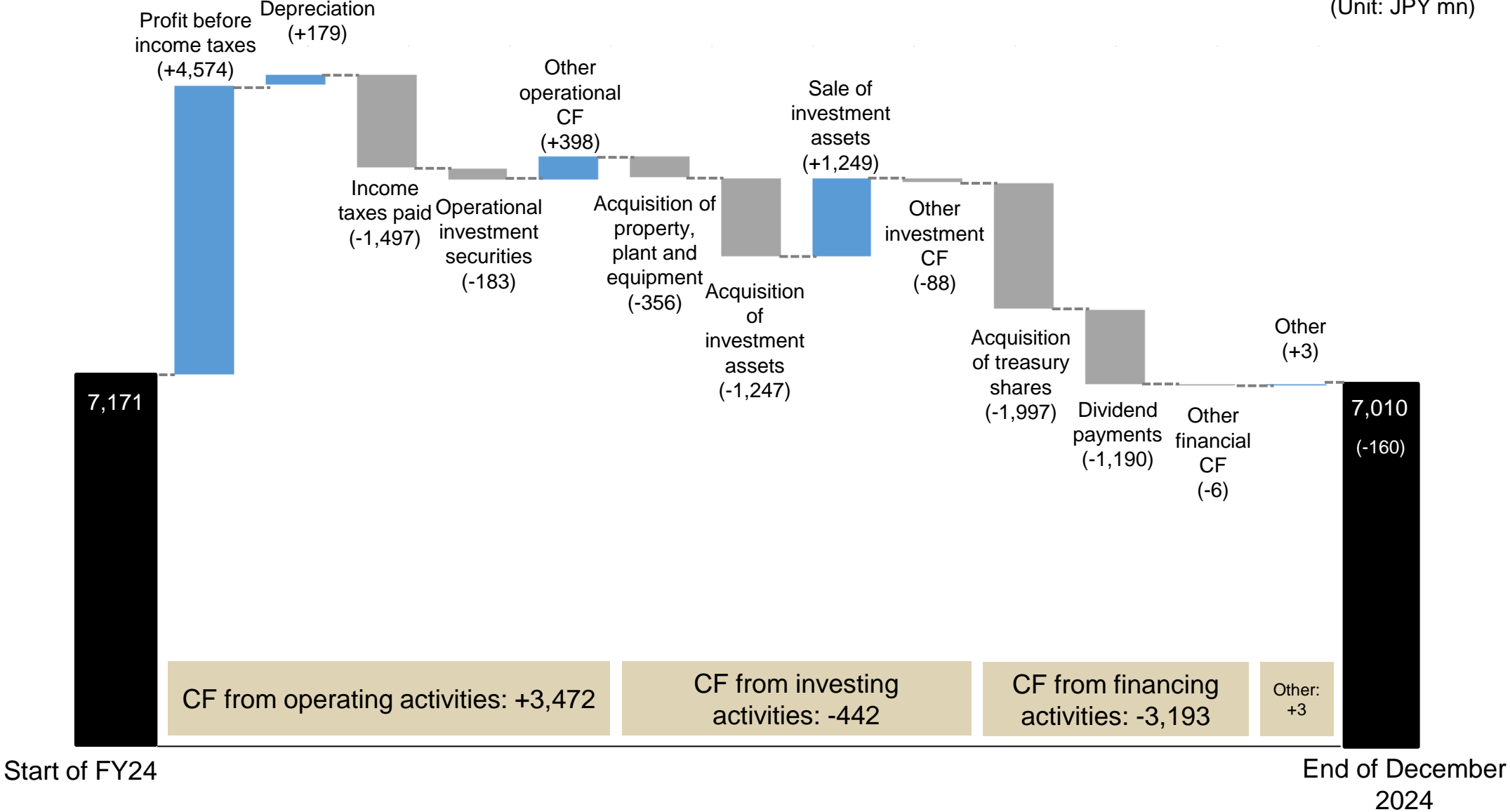
Unit: JPY mn	Q3 FY23 (Apr to Dec)	Q3 FY24 (Apr to Dec)	YoY change		Major changes
			Amount	Rate	
Revenue	16,378	19,478	+3,099	+19%	<ul style="list-style-type: none"> - Increase in outsourcing expenses and labor costs to handle strong client demand - Record an impairment loss on unlisted shares - Increase in revenue due to higher utilization rate, and increase in unit prices in proportion to the rise in remuneration - Increase mainly due to higher revenue and control of company-wide expenses - Increase due to gain on sale of investment securities
Cost of revenue	8,925	10,769	+1,844	+21%	
Gross profit (Gross profit margin)	7,452 (45.5%)	8,708 (44.7%)	+1,255	+17%	
SG&A expenses	4,152	4,299	+147	+4%	
Operating profit	3,299	4,408	+1,108	+34%	
Ordinary profit (Ordinary profit margin)	3,371 (20.6%)	4,631 (23.8%)	+1,259	+37%	
Profit before income taxes	3,371	4,574	+1,202	+36%	
Profit	2,379	3,313	+934	+39%	
Comprehensive income	2,174	2,996	+822	+38%	

Consolidated Balance Sheet for Q3 FY24

Unit: JPY mn	End of FY23	End of Q3 FY24	Change	Major changes
Current assets	14,463	13,932	-531	- Decrease in cash and deposits - Decrease in accounts receivable - other
Cash and deposits	7,171	7,010	-160	
Non-current assets	3,831	4,504	+673	- Increase in buildings due to expansion of head office floor space
Total assets	18,295	18,437	+141	
Current liabilities	3,913	3,966	+53	
Non-current liabilities	1,188	521	-667	- Decrease in provision for share awards for directors (and other officers)
Total liabilities	5,102	4,488	-613	- No borrowings
Net assets	13,193	13,948	+755	
Equity ratio	72%	76%	—	

Changes in Consolidated Cash Flow

(Unit: JPY mn)



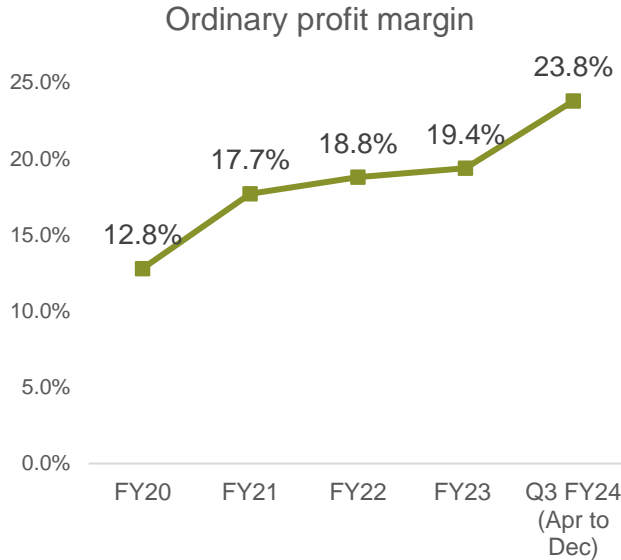
Outline of Earnings by Segment for Q3 FY24

Unit: JPY mn	Q3 FY23 (Apr to Dec)	Q3 FY24 (Apr to Dec)	YoY change	
			Amount	Rate
Consolidated revenue	16,378	19,478	+3,099	+19%
(Consulting business)	16,196	19,375	+3,179	+20%
(Investment business)	285	231	-53	-19%
(Internal transactions)	-103	-129	-26	—
Segment profit	4,536	5,658	+1,121	+25%
(Consulting business)	4,623	5,956	+1,332	+29%
(Investment business)	-87	-298	-211	—
Segment profit rate for revenue ^(*)	27.5%	28.9%	+1.4pts	—
(Consulting business)	28.5%	30.7%	+2.2pts	—
(Investment business)	—	—	—	—

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

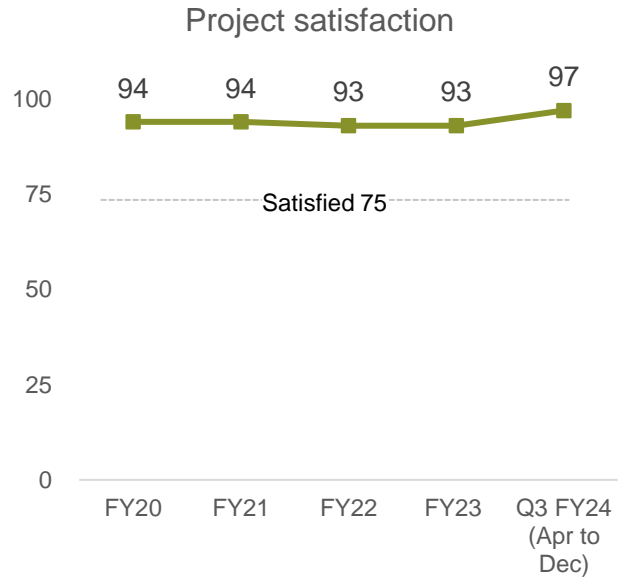
Key Performance Indicators (KPIs)

	Q3 FY23 (Apr to Dec)	Q3 FY24 (Apr to Dec)	YoY change
Ordinary profit margin on consolidated revenue	20.6%	23.8%	+3.2 pts



Consulting Business

	Q3 FY23	Q3 FY24	YoY change
Number of consultants	582	613	+5%
Project satisfaction (NSI*)	93	97	+4 pts



Investment Business

	End of FY23	End of Q3 FY24	Change
Investment balance	Approx. 3.7 billion yen	Approx. 3.6 billion yen	Approx. -0.1 billion yen

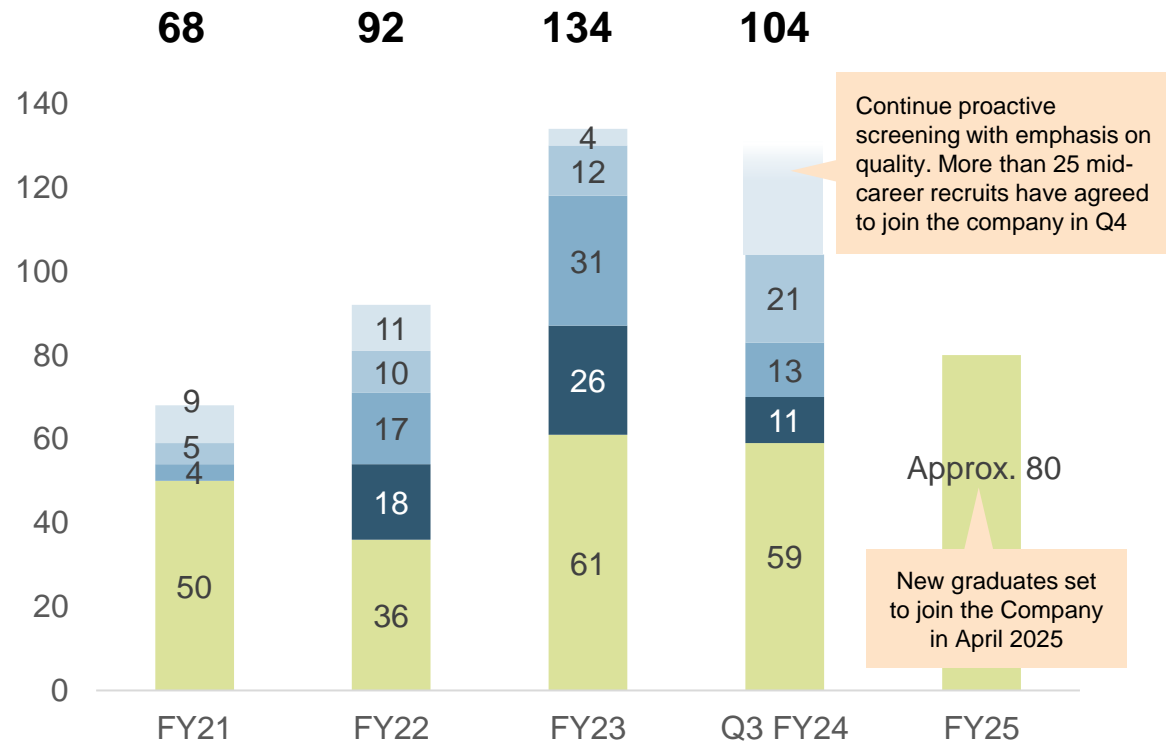
* Net Satisfaction Index: Average score from five possible ratings for each question evaluating project satisfaction. Conducted in a questionnaire format for client project owners. Points are distributed on a five-grade scale as follows.
5: Very satisfied, 100 points; 4: Satisfied, 75 points; 3: Cannot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

Hiring Activities

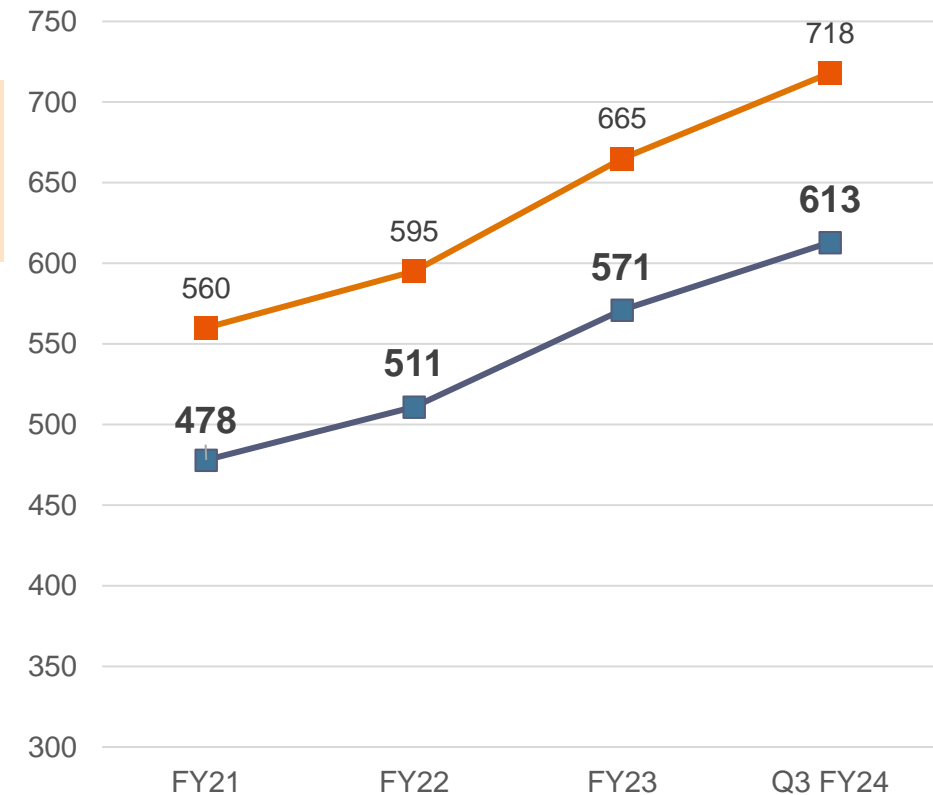
For the nine months ended December 31, 2024, we hired 45 experienced workers and 59 new graduates.

- Hiring of mid-career recruits: Continue proactive screening with emphasis on quality. More than 25 mid-career recruits have agreed to join the company in Q4.
- Hiring of new graduates: Approx. 80 new graduates set to join the Company in April 2025.

Number of hires per annum (consultants)



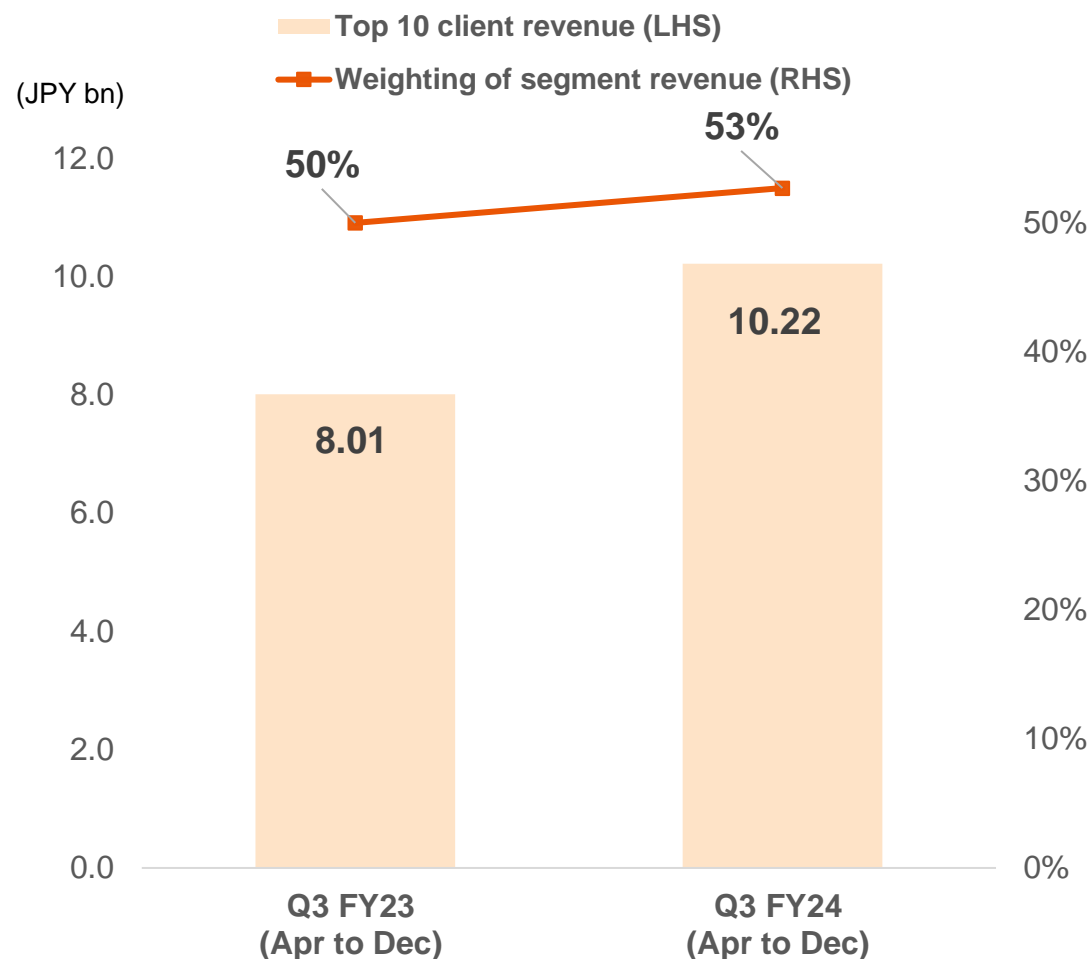
Group employees (■) / Group consultants (■)



■ New graduates ■ Mid-career recruits Q1 ■ Q2 ■ Q3 ■ Q4

Segment Information – Consulting Business

- The utilization rate of internal personnel remained above the planned level, and revenue grew sharply.
- By industry, our main client base consists of transportation, finance, information and communication, retail and trading.



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

	Q3 FY23 (Apr to Dec)	Q3 FY24 (Apr to Dec)	YoY change
Number of projects*	875	862	-1%
Number of clients**	154	149	-3%
Revenue per contract (JPY mn)	18.4	22.2	+21%

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.

Main Publicized Project Case Studies

Introduction of SaaS core systems

- **New Case** Support for standardization of core business operations and data through the use of SaaS (Tokai Electronics)
- Use of SaaS in international forwarding ops (MOL Logistics)
- Migrating ERP to the Cloud (NTT-AT, SOLIZE)

Promotion of digital transformation

- Support for IT organization reform and business improvement with our Co-CIO Service (Sompo Direct Insurance)
- Support for the development of a DX human capital development program for corporations (Docomo gacco)

Launch of new services

- Support for new business development and operation (JALPAK)
- Support for new business concepts and development projects (H2O Retailing)
- Support for the business launch and product development of an XR glasses manufacturer (NTT QONQ Devices)

Utilization of AI

- Introduced a generative AI service from the Generative AI Research Lab (ITOCHU Corporation)
- Automated support for price revision of used cameras using AI (Syuppin)

Program Management Office (PMO)

- SAKURA Project (JAL)
- Domestic Fare Renewal Project (JAL)
- Project management office for initiatives to standardize and advance operations and systems (Mitsui O.S.K. Lines / MOL Drybulk)

- **New Case** Joint production and publication of white paper (H2O Retailing)
- Survey on Collaboration in Medical Care and Long-Term Care Using IoT Devices and Telehealth Devices (Cabinet Office, University of Tsukuba)
- Establishment of the “Consortium for Future Innovation by Cultured Meat”
- Management platform transformation (Toyo Aluminium)
- Study of environmentally friendly, autonomous, decentralized next-generation infrastructure (Obuse Town, Nagano Prefecture)

Project case details: <https://www.sigmaxyz.com/sx/en/case.html>

Support for Standardization of Core Business Operations and Data Through the Use of SaaS (Tokai Electronics)

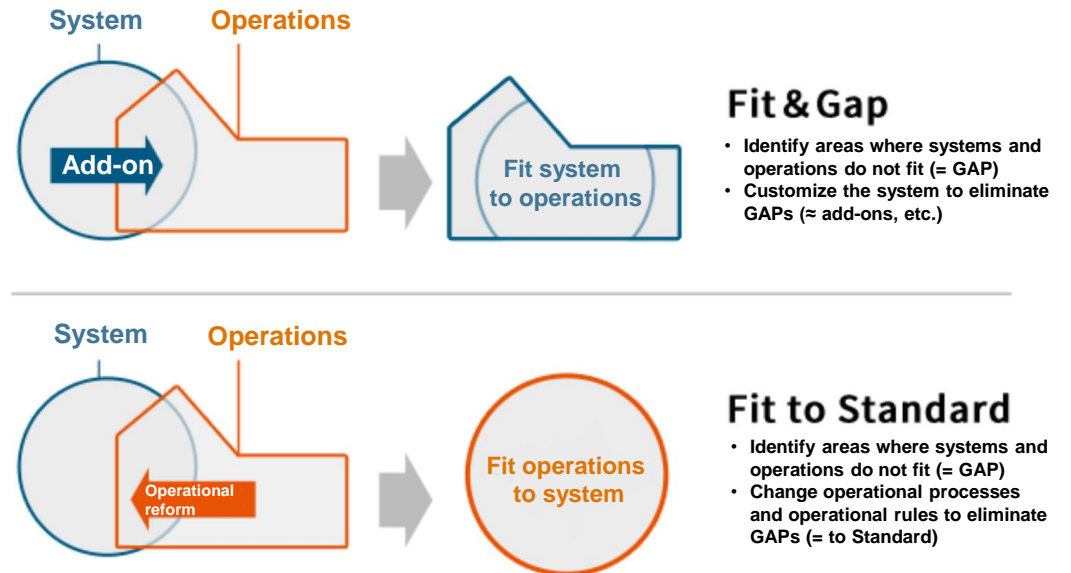
In order to raise business productivity and strengthen its management foundation, TOKAI ELECTRONICS CO., LTD. simultaneously implemented SaaS ERP “SAP S/4HANA® Cloud Public Edition” at its head office and its wholly owned subsidiaries, TOKAI AUTOMATICS CO., LTD. and TOKAI TECHNO CENTER CO., LTD., and completed this operation in October 2024. SIGMAXYZ supported this implementation.

Standardization of operational processes and data is achieved through a rigorous “Fit to Standard” implementation approach. Business functions requiring changes or additions for operational coordination with business partners are developed “Side-by-Side”^(*) to achieve a “clean core” with no add-ons to ERP.

The company is currently operating stably on the platform for accelerating management decision-making that was established through this initiative. The company aims to improve operational productivity in the new environment, and will utilize standardized data in its business and management.

SaaS-type ERP implementation testing the capacity for organizational and operational reform

Rather than just an upgrade from the current system, this is a business and system reform that has set the goals of “standardizing business processes”, “utilizing new technology via SaaS”, and “speeding up decision-making by centralizing data”, and even for work that is unique to a specialized trading company, it is thoroughly standardized. (New introduction with Fit to Standard)



(*) Method to add or enhance the required functionality using external systems or platforms without modifying the core SAP S/4HANA system.

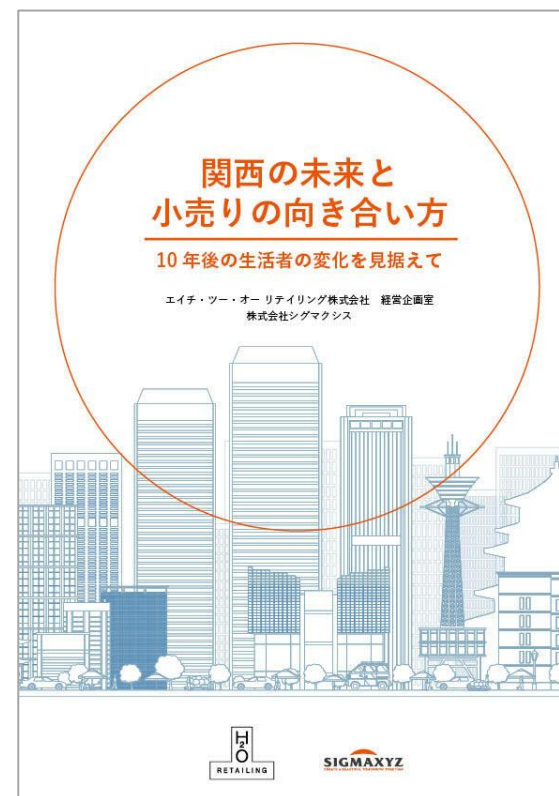
Related link

Press release: https://www.sigmaxyz.com/sx/ja/information/release_250131.html

Joint Production and Publication of SIGMAXYZ White Paper “The Future of Kansai and How Retailers Should Respond” with H2O Retailing

H2O Retailing Corporation (H2O) and SIGMAXYZ jointly produced a white paper, “The Future of Kansai and How Retailers Should Respond,” based on a forecast analysis of the future of the Kansai area drawn from various statistical data, including the Population Census and the National Survey of Family Income, Consumption and Wealth, to examine three challenges awaiting the retail industry and make recommendations on how to respond to these challenges. The paper was published on January 22, 2025 via the websites of both companies.

Through the release of this white paper, H2O and SIGMAXYZ will promote partnerships with companies seeking to solve local issues and improve purchasing power, thereby stimulating economic activity and increasing consumer satisfaction in the Kansai area.



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Related links

Press release: https://www.sigmaxyz.com/sx/ja/information/release_250122.html

White paper: https://www.sigmaxyz.com/sx/ja/information/release_250122/main/01/teaserItems2/01/linkList/0/link/whitepaper_2501.pdf

Information Dissemination Activities Conducted by Professionals in Various Fields (Contributions/Papers/Books)

DX

Jin Kimura (Principal, SIGMAXYZ)



DX Survey 2025 - 2027
(Published by Nikkei BP)

- Chapter 7: DX Methodologies of 15 Major IT Vendors and Consultants, (6) SIGMAXYZ – “Prepare for a future where information systems are ‘generated.’”

Semiconductors / AI



Takatoshi Ichikawa (Fellow, SIGMAXYZ)

Future Strategy for Semiconductor Chiplets
(Published by Nikkei BP)

- Chapter 6: Current status, challenges, and entry strategies for AI software

Digital Twins

Ryotaro Magoshi (Director, SIGMAXYZ)

- Digital Twin and Data-Driven Optimization: The Future of Sustainable Infrastructure Operations (Quarterly Journal: Production and Technology)

Manufacturing Industry

Kota Ikeda (Manager, SIGMAXYZ)

Yosuke Arai (Director, SIGMAXYZ)

- Practical Work in Response to the Latest GMP and Related ICH Guidelines (Technical Information Institute)
Chapter 7: Promoting DX in Pharmaceutical Factories and Responding to GMP and DI
Section 1: Utilizing IoT and Automating Production in Pharmaceutical Factories and Responding to DI

GX / Environment



Yudai Maeda (Principal, SIGMAXYZ)
Kazuki Rikiishi (Principal, SIGMAXYZ)

Masashi Degawa (Fellow, SIGMAXYZ)
Akihiro Mizohata (Senior Executive Officer, SIGMAXYZ)
Kazuki Nishiyama (Manager, SIGMAXYZ)
Akemi Masuda (Consultant, SIGMAXYZ)
Sunao Takegami (Consultant, SIGMAXYZ)

GX Business Creation and Entry Strategy
(Published by Nikkei BP)

Author: SIGMAXYZ

To be published in April 2025

- 138 technologies that enable decarbonization and nature positivity
- Analysis of game-changing business opportunities by sector, and global strategies and policy trends

*The cover design is subject to change.

GX / Environment

Akihiro Mizohata
(Senior Executive Officer, SIGMAXYZ)

- A book that shows the “front line of the nuclear energy revolution” as recommended by Akihiro Mizohata (Nikkei BOOK Plus)

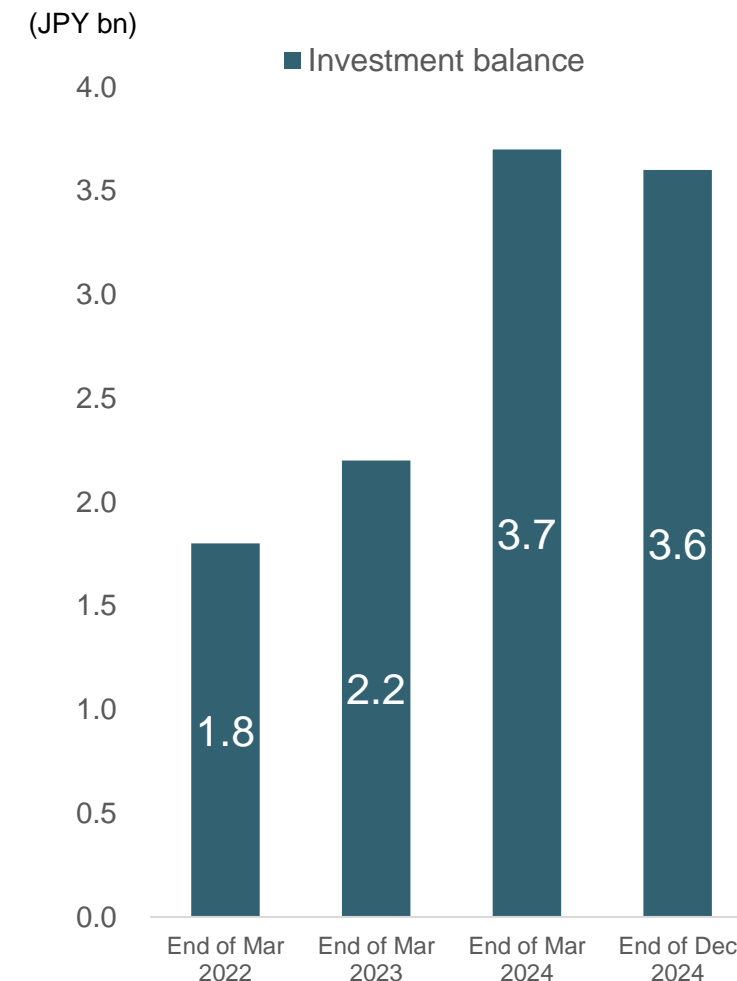
Related link - Contributions, papers, and books by SIGMAXYZ:

<https://www.sigmaxyz.com/sx/ja/white-paper.html>

Segment Information – Investment Business

- All shares of one investee company were sold and a gain was recorded. In addition, an impairment loss was recorded on unlisted shares at the end of December.
- The investment balance, including valuation differences, was approximately 3.6 billion yen as of the end of December.

Investment year	Company
2018	GHELIA INC.
2019	Creww, Inc.
	Monstarlab Holdings Inc. (TSE Growth Market: 5255)
2022	Shizen Energy Inc.
	Forest Energy Inc.
	Mental Health Technologies Co., Ltd. (TSE Growth Market: 9218)
	DORAEVER Co. Ltd
2023	GVA TECH, Inc. (TSE Growth Market: 298A)
	iGRID SOLUTIONS Inc.
	Social Interior Inc.
2024	EUCALIA Inc. (TSE Growth Market: 286A)
	Syuppin Co., Ltd. (TSE Prime Market: 3179)



FY24 Consolidated Earnings Forecasts

Revised on February 6, 2025

Unit: JPY mn	FY23 (previous period) results (A)	Previous forecasts (as of November 6, 2024) (B)	New forecasts (C)	Amount (C-B)	YoY change (%)(C/A)	Q3 FY24 results (Apr to Dec)	Progress
Revenue	22,410	26,000	26,300	300	+17%	19,478	74%
Operating profit	4,232	5,450	5,600	150	+32%	4,408	79%
Ordinary profit	4,338	5,650	5,800	150	+34%	4,631	80%
Profit attributable to owners of parent	3,232	4,100	4,200	100	+30%	3,313	79%

Reasons for the revision:

- Against the backdrop of strong client demand, the utilization rate of our internal human assets has been higher than planned, and the same trend is expected in the fourth quarter, so we have revised our consolidated earnings forecasts for revenue, operating profit, ordinary profit, and profit attributable to owners of parent.

Note: In terms of the consolidated earnings forecasts, 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 forecasts. However, our forecasts are based on information available as of now.

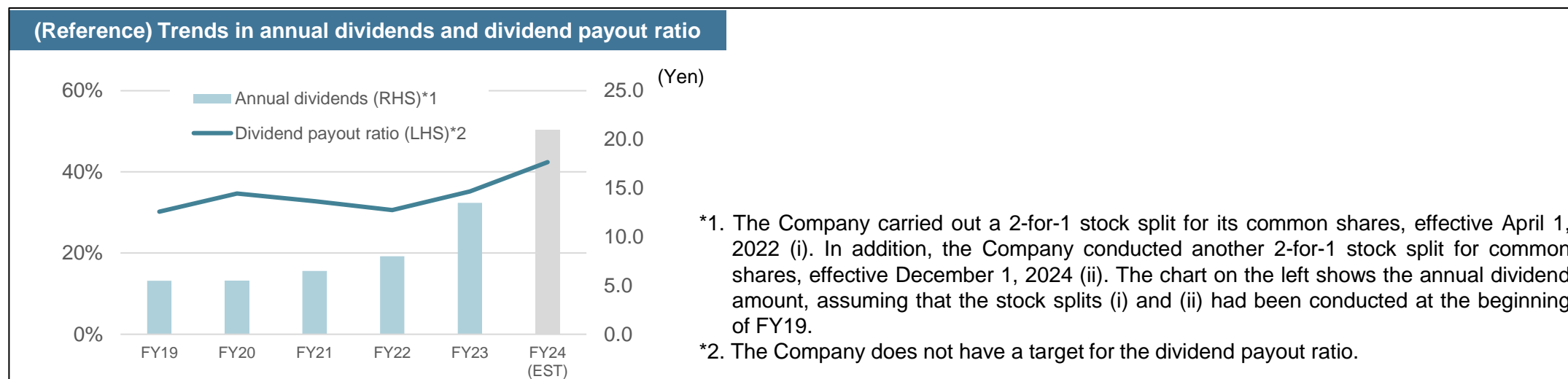
Dividend Policy

- 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.

Based on the above basic policy, in line with the changes to the consolidated earnings forecasts, we have decided to revise the dividend forecasts. The dividend forecasts for the fiscal year ending March 31, 2025, is 21 yen per share, an increase of 2 yen per share from the previous dividend forecasts. The dividend calculated before the stock split, is 42 yen per share, an increase of 15 yen compared with the previous year's actual dividend of 27 yen per share.

	FY23 result (A)	Previous FY24 forecast (as of November 6, 2024)	New FY24 forecast (B)	YoY change (B-A)
Annual dividend per share (converted to pre-stock split)	27 yen	19 yen (38 yen)	21 yen (42 yen)	(+15 yen)

Note: The year-on-year change is calculated on the basis of the value prior to the 2-for-1 stock split on December 1, 2024. The above dividend forecasts are 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.

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

<https://www.sigmaxyz.com/en/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.

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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