

Consolidated Financial Results Supplementary Document Q2 FY21

November 4, 2021/ SIGMAXYZ Holdings Inc. (Stock Code: 6088)



Outline of Financial Results for Q2 FY21

Summary		(YoY)
● Consolidated revenue	JPY 7.27 bn	(+8%)
● Ordinary profit	JPY 1.1 bn	(+75%)
● Profit	JPY 592 mn	(+62%)

- ERP cloud migration services, DX strategy planning for companies, revitalization of organizations and personnel, and projects that support new business and service developments are leading our business. The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in an improved profit ratio.
- Established in April 2021, SIGMAXYZ Investment Inc. successfully started operations by making new investments and divesting assets.

Consolidated Income Statement for Q2 FY21

Unit: JPY mn	FY 20 (Apr to Sep)	FY21 (Apr to Sep)	YoY change		Major changes
			Amount	Rate	
Revenue	6,747	7,274	+526	+8%	The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in an improved profit ratio Increase owing to increased revenue and decreased cost of revenue
Gross profit	2,594	3,211	+616	+24%	
S, G&A expenses	1,982	2,099	+117	+6%	
Operating profit	612	1,112	+499	+82%	
Ordinary profit	630	1,102	+471	+75%	
Profit before income taxes	777	1,102	+325	+42%	
Profit	366	592	+226	+62%	

Key Performance Index (KPI)

	FY20 (April to September)	FY21 (April to September)	YoY change
Number of employees	565	571	+1%
(Number of consultants)	(497)	(501)	(+1%)
Client Satisfaction (NSI*)	94	93	-1pt
Number of projects **	588	571	-3%
Number of clients ***	169	142	-16%
Revenue per contract (Million yen)	11.5	12.7	+10%

* NSI (Net Satisfaction Index): Average score from 5 possible ratings for 10 questions evaluating project satisfaction. Conducted in a questionnaire format for the client project owner. 5 ratings - 5: I really agree 100 points; 4: I agree 75 points; 3: I can't say either way 50 points; 2: I don't agree 25 points; 1: I don't agree at all 0 points

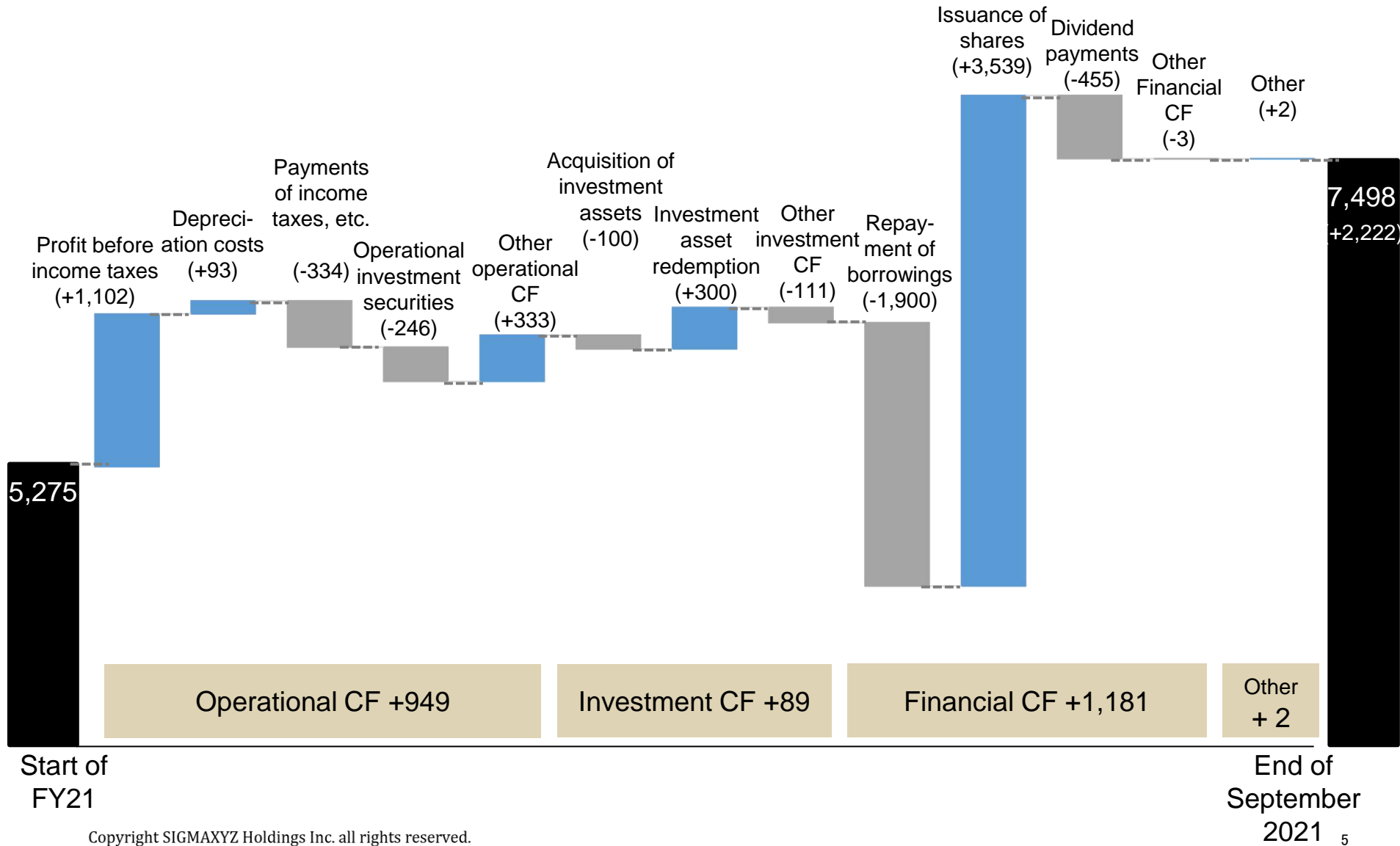
** Number of projects: Projects for which revenue has been recorded over the consolidated cumulative period are aggregated by contract.

*** Number of clients: Clients of projects for which revenue has been recorded over the consolidated cumulative period are aggregated by corporation.

Consolidated Balance Sheet for Q2 FY21

Unit: JPY mn	End of FY20	End of Q2 FY21	YoY change (Amount)	Major changes
Current assets	8,015	10,924	+2,908	- Increase in cash, deposits, and operational investment securities - Repayment of borrowings and the increase of income tax payables, etc. - Increase due to capital increase through a third-party allotment
Cash and deposits	5,275	7,498	+2,222	
Non-current assets	2,267	1,880	-387	
Total assets	10,283	12,805	+2,521	
Current liabilities	3,239	1,841	-1,398	
Non-current liabilities	1,581	1,303	-278	
Total liabilities	4,821	3,144	-1,676	
Net assets	5,462	9,660	+4,197	
Equity ratio	53%	75%	+22pts	

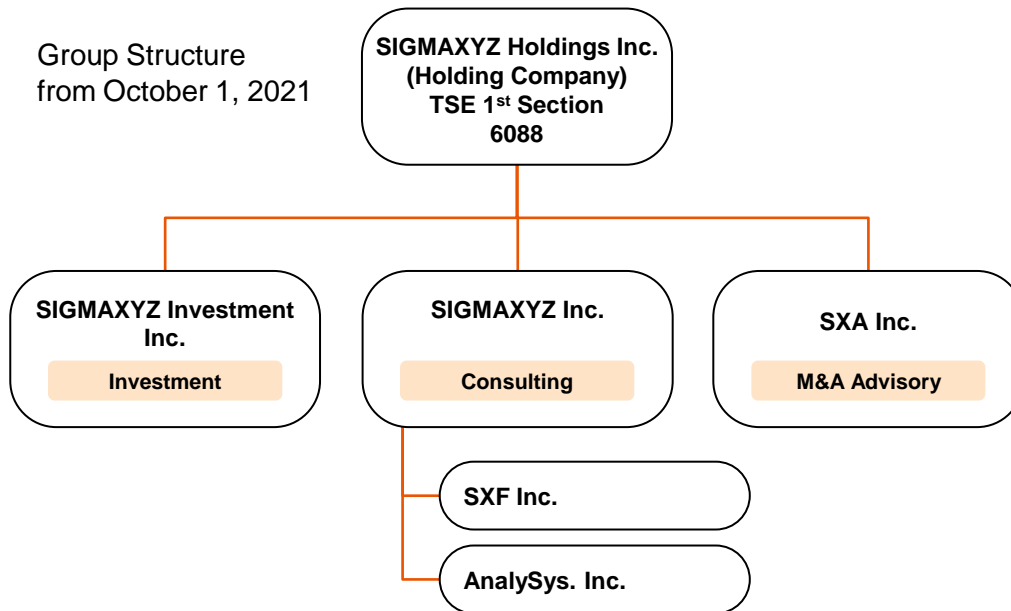
Transitions in Consolidated Cash Flow Unit: JPY mn



Transition to a Holding Company System and the Group Reorganization

In order to further accelerate the growth strategy focusing on the "Three Innovations," we decided to be a holding company system starting from October 2021 aiming to improve service capacity through the alignment of consulting and investment businesses and to further promote the growth of the entire company through higher group management.

By adopting a holding company system, we will further promote professionalizing the subsidiary companies engaged in consulting and investment businesses and will aim to improve value of the services provided by the group as a whole through mutual alliance of each company.



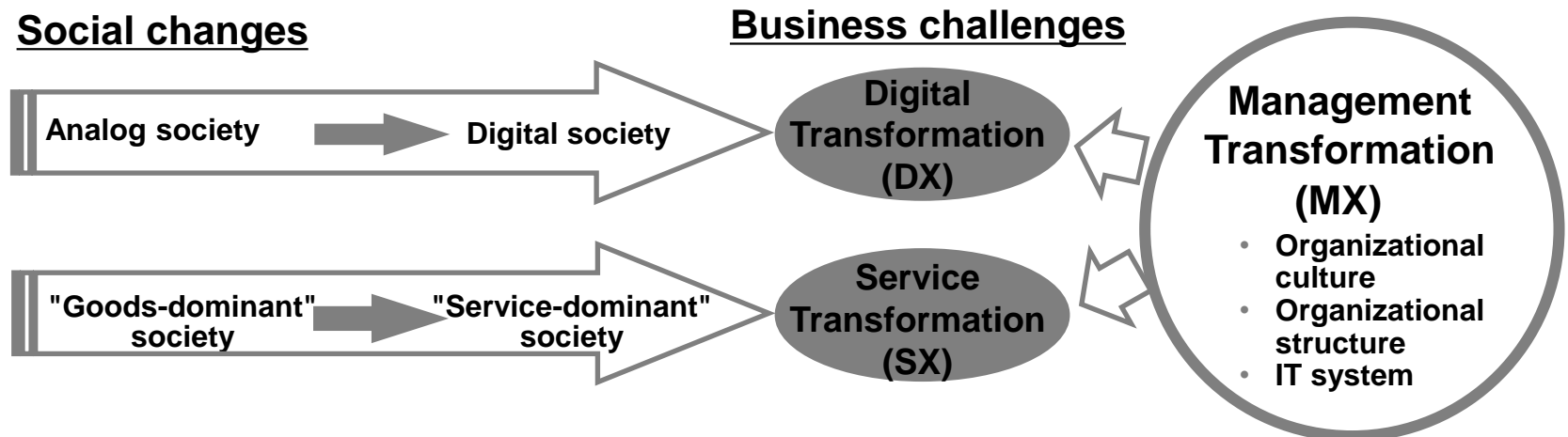
Nikkei Digital: CEO Interview



<https://ps.nikkei.com/sigmaxyz2110/1.html>

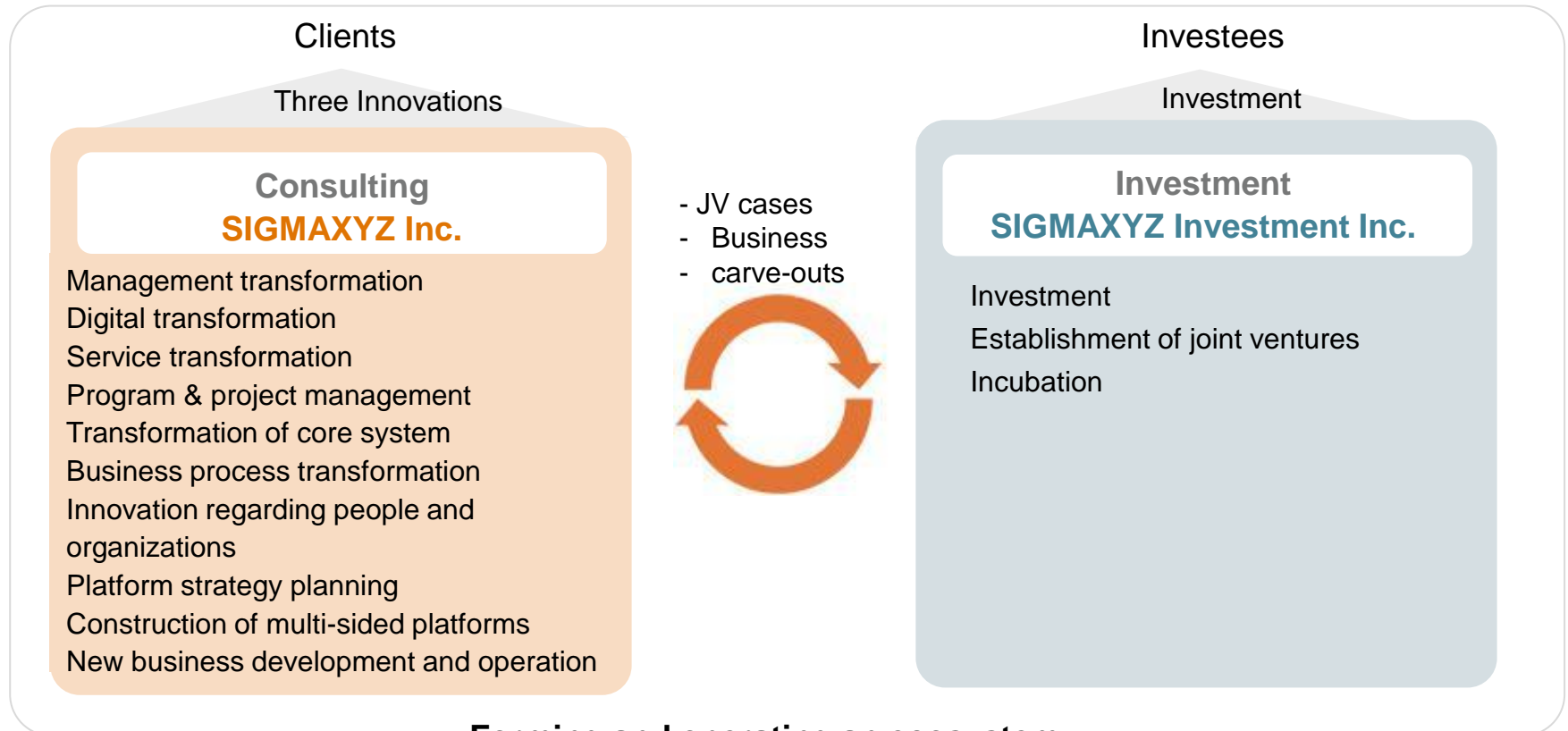
SIGMAXYZ Group's Digital Transformation: Three Innovations

- | | |
|-----------------------------------|---|
| 1) Digital Transformation (DX) | Streamline existing business operations |
| 2) Service Transformation (SX) | Create new value |
| 3) Management Transformation (MX) | Management platform reform |



SIGMAXYZ Group's Business

- Centering their business on "consulting services" and "investment," SIGMAXYZ Group creates value in a wide range of industries and companies, and creates new markets that solve social issues, by taking advantage of the networking capabilities of each group company.
- In consulting services, we have experts on business strategy planning, business transformation, digital technology, cloud solutions, project management and new business development to support create new value.
- In the investment business, we use our own sourcing to develop and carry out investment projects, and by leveraging the capabilities of our consulting business, we will help investee companies increase their value.



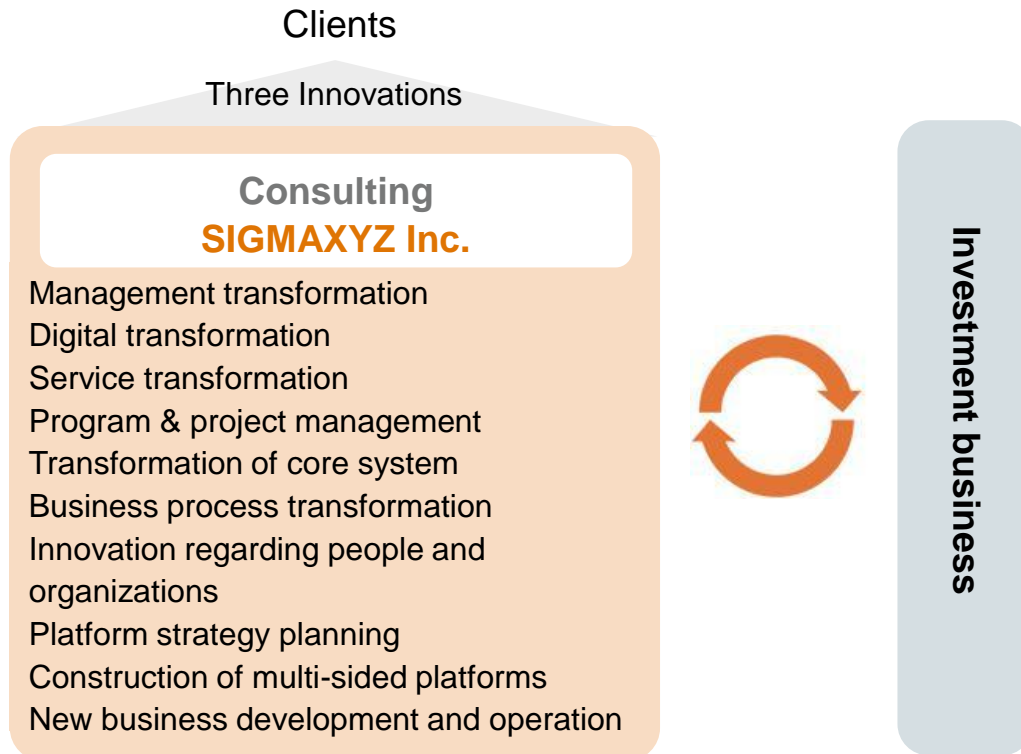
Forming and operating an ecosystem

SIGMAXYZ Group Companies

Company name	Year of incorporation / start of business / capital participation (Joint venture partners, share of voting rights)	Business description
SIGMAXYZ Inc.	2021 (100% subsidiary of SIGMAXYZ Holdings Inc.)	Providing consulting services to support corporate digital transformation
SIGMAXYZ Investment Inc.	2021 (100% subsidiary of SIGMAXYZ Holdings Inc.)	<ul style="list-style-type: none"> - Investment in stocks, bonds, etc. - Management and administration of assets of investment partnerships - Consulting on corporate management and M&As - General investment business to support value creation
SXA Inc.	2014 (100% subsidiary of SIGMAXYZ Holdings Inc.)	Providing M&A advisory services (Financial advisory / due diligence / valuation / business turnaround advisory / development of in-house M&A systems)
SXF Inc.	2019 (100% subsidiary)	Providing various services related to financial EDI Electronic payment agency: Director-General of the Kanto Local Finance Bureau (Electronic Payment Agency) No. 40
 AnalySys. Inc.	2014 (Joint venture with Plan·Do·See Inc., 49%)	Providing cloud services for bridal management applications / developing and providing SIGMAXYZ solutions

SIGMAXYZ Inc.: Consulting Business

- SIGMAXYZ Inc. provides consulting services that combine a diverse range of capabilities to achieve the "Three Innovations." The company provides consulting services that align with the business agenda of each company. It achieves this by combining the wide range of capabilities it has including program and project management, ERP cloud migration services, business process transformation, construction of multi-sided platforms, new business development and operation.
- The company promotes business alignment to create new business models, draws up scenarios for establishing joint ventures, and will create value by leveraging the investments made by SIGMAXYZ Investment Inc.



Representatives:



Hiroshi Ota
Co-representative
Director

After joining Japan Airlines Co., Ltd., he passed the essay test to become a certified public accountant, and joined Pricewaterhouse Consultant Co., Ltd. He provides consulting services in the accounting and financial field for a wide range of industries, including distribution, pharmaceutical, transportation and manufacturing. He joined SIGMAXYZ in 2009 and led the transformation projects of multiple companies, from operational process transformation to system reform.



Yasuhiko Hayasaka
Co-representative Director

Before joining the company, he worked at IBM Japan, Ltd. and IBM Business Consulting Services, Ltd. He has been engaged in a number of consulting and SI/AMS business activities in the distribution industry as a whole. Making full use of IT, he excels at integrating various solutions to solve issues.

SIGMAXYZ Inc.: Business Operation System

Promote "How about this?" proposals, taking into consideration fundamental issues of customers and the industries

Client Interface

Industry Sherpa

Understands industry characteristics and business processes, and draws transformation scenarios

Retail	Public sector	Digital media	Trading companies
Aviation	Communication and platforms	Insurance	Logistics
Pharmaceuticals	Broadcasting and advertisements	Manufacturing	Transportation
Finance and banks	Services	Utilities	

Digital & SaaS Sherpa

Drives enterprise transformation by implementing digital technology and with SaaS

Project management	Change management	Digital architecture	AI
Vendor management	SaaS solutions	Digital application design	IoT & robotics
Stakeholder management	SaaS integration	Digital academy	Service design
Integration management	Agile development management	Process design	IT planning

Heuristic Sherpa Promotion of "Three Innovations" / Resolves CxO agenda with innovation regarding people and organizations

Management transformation	Vision Forest*
Digital transformation	Organizational design
Service transformation	Multi-sided platforms

* Art-based human resources activation program

Cutting-Edge Technology Application Center

Cutting-edge technology research and demonstration experiments for business application / Building networks with technology companies

Offering Development

**SIGMAXYZ
Investment
Inc.**

Investment

Migrating ERP to the Cloud

In readiness for the situation called the "2025 Digital Cliff," when the existing ERP maintenance support expires, we smoothly migrated our client's ERP to a cloud environment by carrying out organization/business transformation and change management. We also continued to support clients to enhance their corporate value based on the growth scenarios for clients that we provide.

Established a stable delivery structure with 69 certified consultants (as of the end of September) who have acquired the certification for SAP S/4HANA Cloud, which is the symbolic "SaaS" ERP. The reduction in outsourcing costs by strengthening the internal delivery system for ERP cloud migration service projects resulted in an improved profit ratio.

Learn more:

<https://www.sigmaxyz.com/business/cloud/>

Adoption of "SaaS" ERP that requires organizational and business transformation capabilities

Eliminate add-ons, have no customizations, and standardize operations



Customer cases



Completed the migration of key systems to the cloud in about six months. Implemented multiple SAP S/4HANA Cloud modules all in one go, and supported BPR.



Supporting SAP S/4HANA Cloud implementation and BPR projects from October 2020.

SIGMAXYZ Investment Inc.: Investment Business

In April 2021, SIGMAXYZ Investment Inc. was established as a 100% subsidiary in order to increase the value of our investment business. This is achieved by promoting the establishment of joint ventures through investment in a broad range of businesses and cooperation with consulting business.

We will expand our strategic business investments, including venture and growth investments, by means of strengthening investment skills, enhancing the structure, and increasing capital through expert human capital.

In Q2 FY21, the company invested 5% in Wellness Communications Corporation. In addition, it earned profit by selling shares in JTB Benefit Service, Inc.

Investees

 **GHELIA**

Ghelia Inc.

 **Creww**
大挑戦時代をつくる。

Creww Inc.

Monstarlab ::

Monstar Lab, Inc.

 **ウェルネス・コミュニケーションズ**
Wellness Communications

Wellness Communications Corporation

- Develops health care SaaS business in the corporate wellness area
- On September 30, SIGMAXYZ Investment acquired 5% of its shares
- Shareholders: SOMPO Holdings, ITOCHU Corporation, Advantage Risk Management, and SIGMAXYZ Investment
- In addition, by providing its consulting services, SIGMAXYZ Investment helps increase the corporate value of the investee

Press release URL:

https://www.sigmaxyz.com/sxi/pdf/topics_sxi_211022.pdf

Partners

SX Capital

invest in wonder

SX Capital, Inc.

startbahn  **LEEWAYS**
Real Estate Technology

 **Empath**

 **Housmart**

 **WELMO**
WELLNESS LIFE

FERMENTATION
Co., Ltd.
Fermenting a Renewable Society

株式会社 FEVER  **bluememe**
MODEL & DESIGN YOUR BUSINESS

 **Fresco**

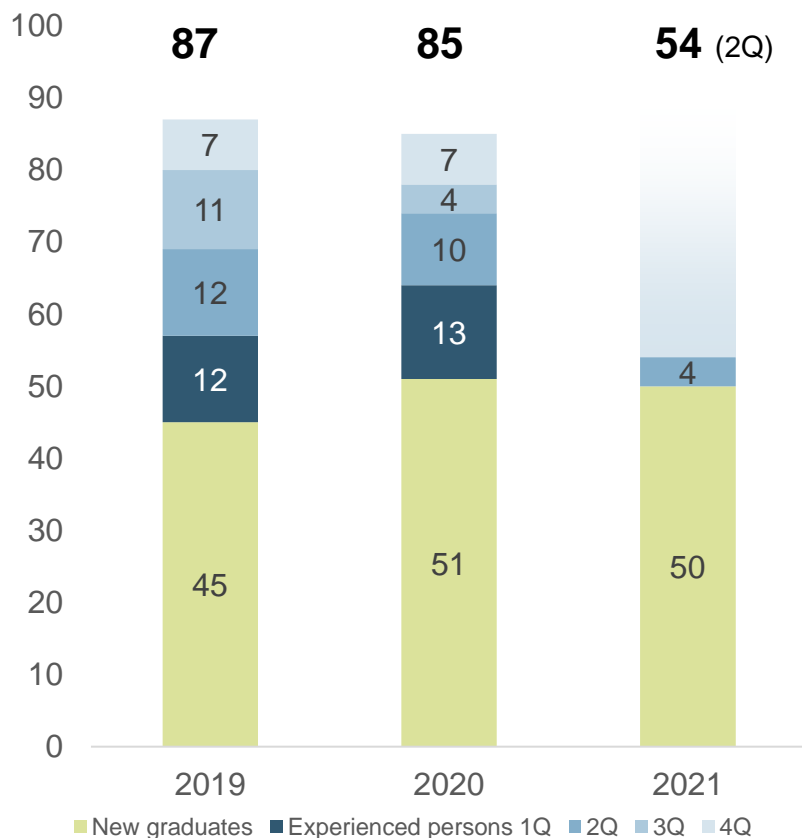
Fresco Capital

Recruitment Activities

50 new graduates joined the company in April 2021 and started working on clients' jobs in October. As for experienced hiring which we had carried out carefully since FY20, we have returned to follow the previous hiring policies from 1Q FY21. Along with being selective in hiring, we strengthened measures to address strategic messages widely toward the recruitment market for both new graduates and experienced persons to attract capable human assets.

Unit: people

Number of people hired per annum



Strengthening measures for information sharing aimed at the recruitment market for new graduates and experienced persons

Collaboration articles



Article URL <https://www.concord-career.com/interview/sigmaxyz2021/>
<https://typeshukatsu.jp/s/article/internship/consul-int/c-1091-1/24915/>
<https://www.lineaconsulting.co.jp/consultant/interview/detail009/>
<https://factlogic.jp/consulting-way-12-sx/>
https://fortna.co.jp/sigmaxyz_interview01/

Online session for recruiting agents for experienced persons
(April - July 2021)

More than 300 participants participated in 6 sessions

FY21 Consolidated Earnings Forecasts

Unit: JPY mn	FY21	Increased/decreased amount from the previous fiscal year	Increased/decreased rate from the previous fiscal year	Results of Apr to Sep FY21	Progress
Revenue	16,000	1,975	14%	7,274	45%
Operating profit	2,500	752	43%	1,112	44%
Ordinary profit	2,500	702	39%	1,102	44%
Profit attributable to owners of parent	1,500	289	24%	592	40%

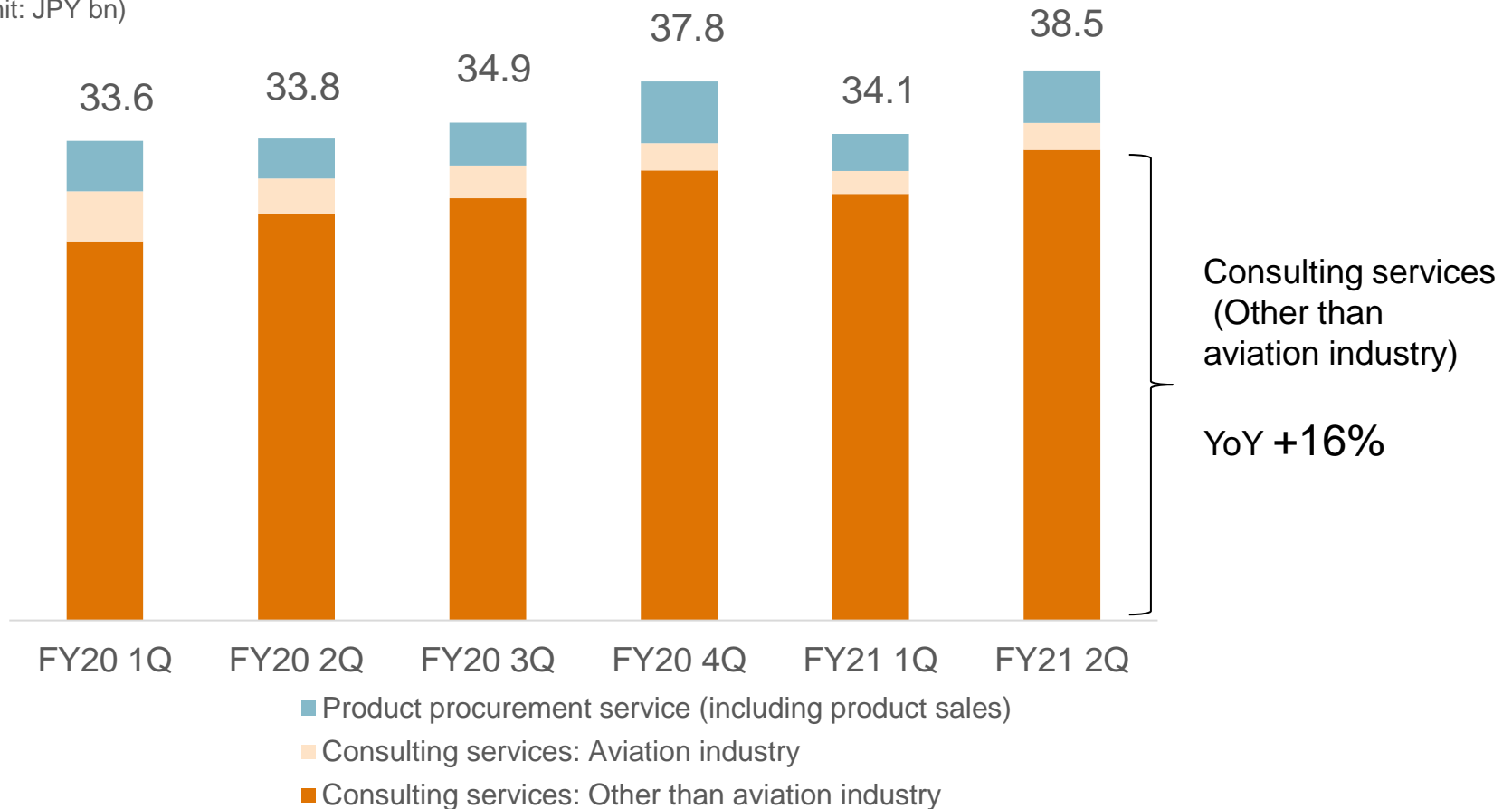
We are making steady progress against our consolidated earnings forecast for FY21, and there is no change in our forecast.

Although the impact of the COVID-19 pandemic is unclear, we have created the forecasts based on the information confirmed at present. If there is any changes in the situation, we will update them where appropriate.

(Reference) Revenue by Category

- Consulting services for industries other than the aviation industry increased 16% compared to the same quarter of the previous year (FY20 2Q).
- Consulting services for the aviation industry increased slightly from the previous quarter (FY21 1Q).
- No change in the plan to gradually scale down the product procurement services, which is not our core business.

(Unit: JPY bn)



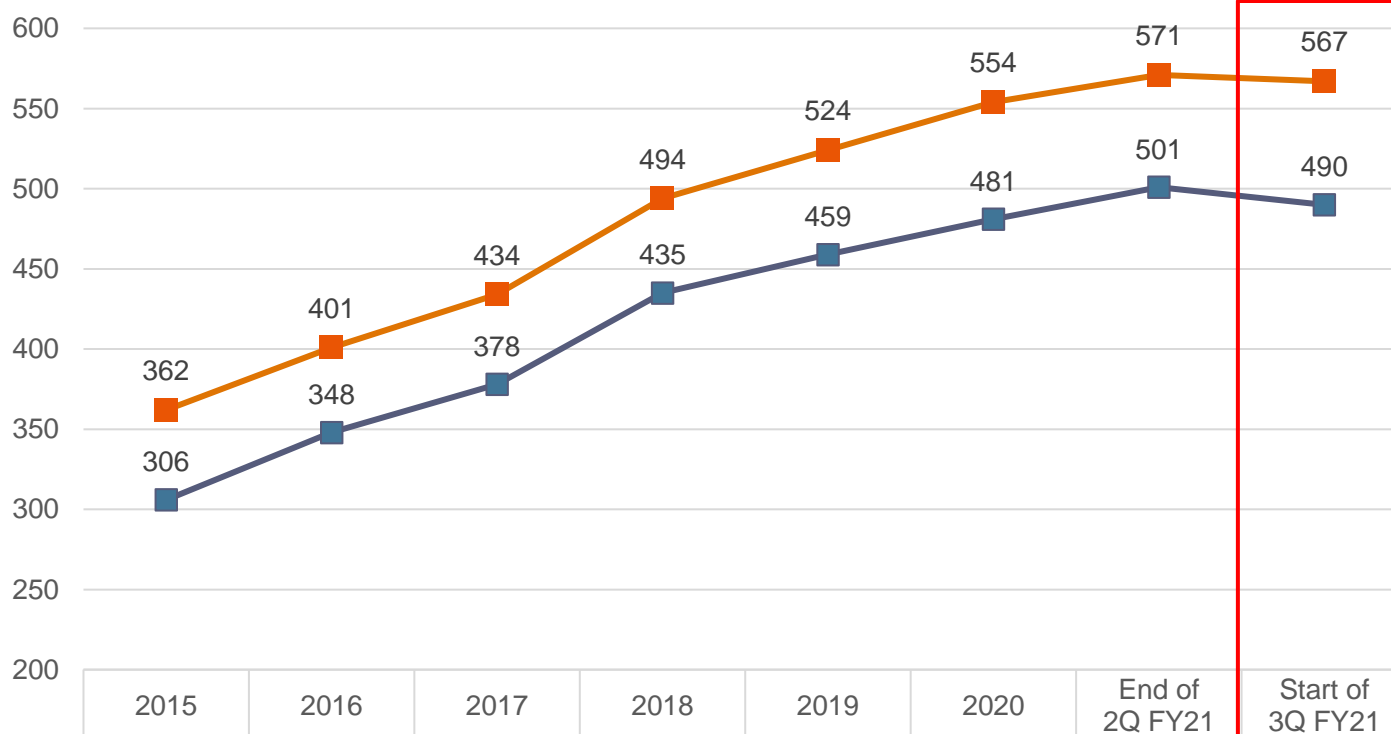
(Reference) Impact on KPIs due to Reorganization

Due to the reorganization in October 2021, there was a change in the number of employees and consultants in the KPI, as a result of transfers between subsidiaries, appointment of directors of subsidiaries, and job reviews of employees.

Starting from the third quarter, the number of employees and consultants to be announced as KPIs are as follows:

Number of employees and consultants in the Group

Unit: People



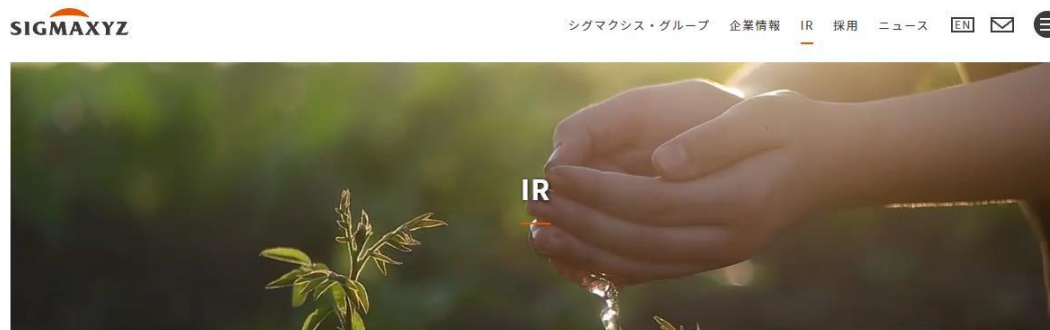
— No. of employees	362	401	434	494	524	554	571	567
— No. of consultants	306	348	378	435	459	481	501	490

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.
 - The dividend per share for FY21: JPY 24. (Plan)

(Reference) Audio Report for Financial Results Supplementary Documents

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



IR information

<https://www.sigmaxyz.com/ir/>



 **最新IR資料**
2022年3月期 第1四半期決算 (2021年8月4日 発表)

最新のIRニュース

IRニュース一覧

2021.10.01	プレスリリース	持株会社体制への移行に関するお知らせ PDF
2021.09.29	お知らせ	「会社四季報2021年4集秋号」 訂正情報

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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