

Consolidated Financial Results Supplementary Document FY22

May 9, 2023 / SIGMAXYZ Holdings Inc. (Stock code: 6088)



Outline of Financial Results for FY22

- With solid consolidated earnings, consolidated revenue was 17.33 billion yen and ordinary profit was 3.26 billion yen.
- Consulting business: By industry, projects that support transformation at our customers' companies are leading our business, particularly in the finance, trading, transportation, telecommunications, retail, and manufacturing industries. Revenue increased 12% YoY.
- Investment business: Investee companies eWeLL Co., Ltd. and PROGRIT Inc. were listed in September 2022, and Monsterlab Holdings Inc. was listed in March. Also, in March 2023 all of the shares in Wellness Communications Corporation were sold. The cumulative balance of investments is approx. 2.2 billion yen (including valuation differences).

Unit: JPY mn	FY21	FY22	YoY change rate
Consolidated revenue	15,654	17,334	+11%
(Consulting business)	15,470 (*)	17,259 (*)	+12%
(Investment business)	334 (*)	167 (*)	-50%
Ordinary profit	2,764	3,265	+18%
(Ordinary profit rate)	18%	19%	
Profit	1,664	2,204	+32%
Equity ratio	70%	75%	

* Includes internal revenue between segments.

FY22 Consolidated Earnings Forecast and Results / Annual Dividend

Unit: JPY mn	FY22 result	FY22 Consolidated Earnings Forecasts	Achievement
Revenue	17,334	17,200	101%
Operating profit	3,235	3,180	102%
Ordinary profit	3,265	3,180	103%
Profit attributable to owners of parent	2,204	2,000	110%

- FY22 Annual Dividend: 16 yen per share (forecast: 15 yen)

Consolidated Statement of Income for FY22

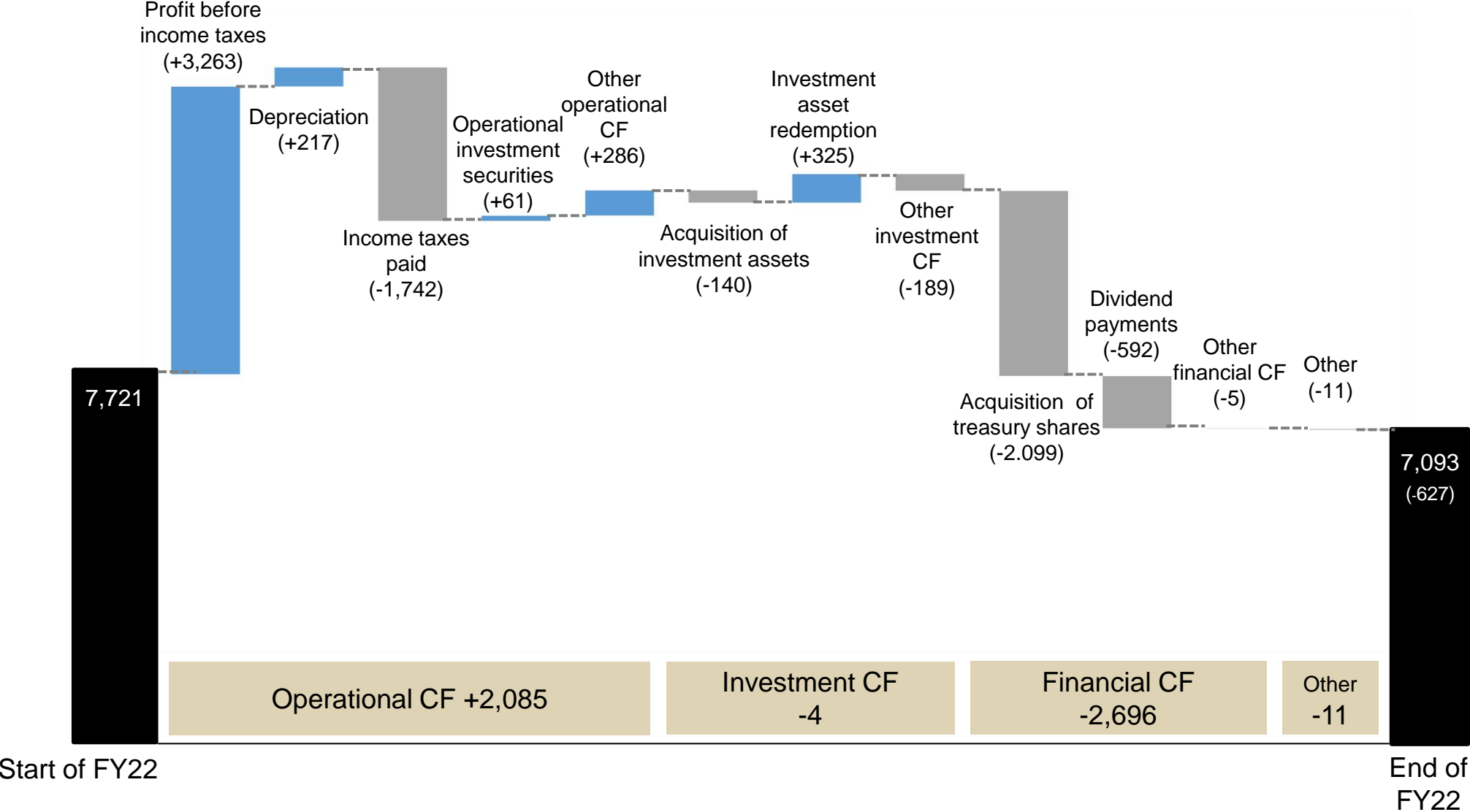
Unit: JPY mn	FY21	FY22	YoY change		Major changes
			Amount	Rate	
Revenue	15,654	17,334	+1,679	+11%	<ul style="list-style-type: none"> • Increased due to higher revenue • Increased travel and other sundry expenses associated with the normalization of face-to-face activities • Increased recruiting expenses
Cost of revenue	8,408	8,960	+551	+7%	
Gross profit	7,246	8,374	+1,128	+16%	
S, G&A expenses	4,486	5,138	+652	+15%	
Operating profit	2,759	3,235	+475	+17%	
Ordinary profit	2,764	3,265	+500	+18%	
Profit before income taxes	2,753	3,263	+509	+19%	
Profit	1,664	2,204	+539	+32%	
Comprehensive income	1,672	2,516	+843	+50%	

Consolidated Balance Sheet for FY22

Unit: JPY mn	End of FY21	End of FY22	YoY change	Major changes
Current assets	12,147	12,013	-133	• Decrease in cash and deposits, increase in operational investment securities
Cash and deposits	7,721	7,093	-627	• Payment of dividends, etc.
Non-current assets	2,509	2,447	-61	
Total assets	14,656	14,461	-195	
Current liabilities	2,764	1,978	-786	• Decrease in accounts payable, income taxes payable, etc.
Non-current liabilities	1,589	1,605	+15	
Total liabilities	4,354	3,583	-771	• No borrowings
Net assets	10,302	10,878	+575	
Equity ratio	70%	75%		

Transitions in Consolidated Cash Flow

(Unit: JPY mn)



Outline of Earnings by Segment for FY22

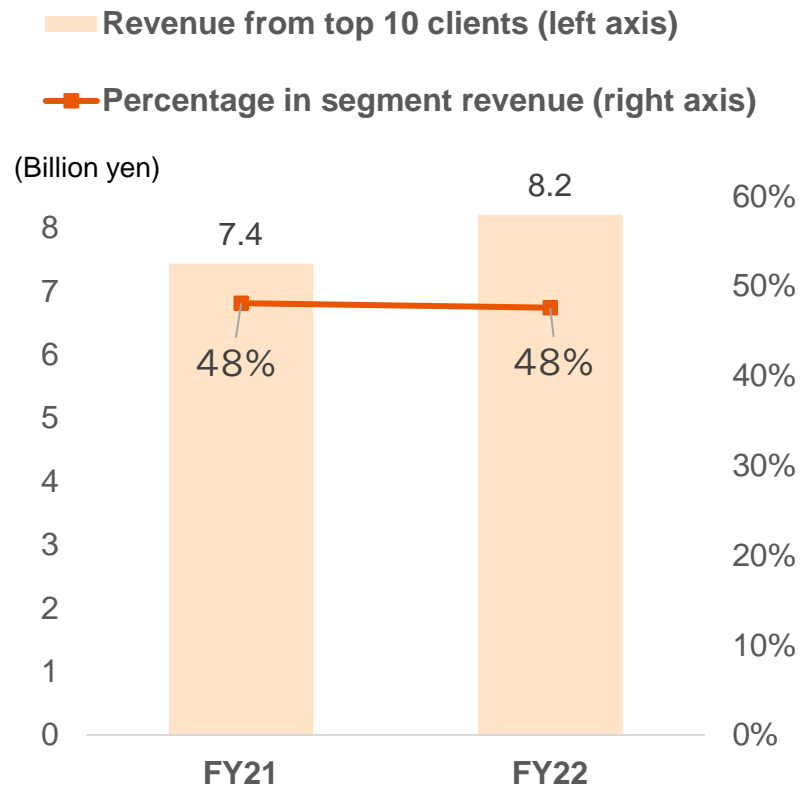
Unit: JPY mn	FY21	FY22	YoY change	
			Amount	Rate
Consolidated revenue	15,654	17,334	+1,679	+11%
(Consulting business)	15,470	17,259	+1,789	+12%
(Investment business)	334	167	-167	-50%
(Internal transactions)	-150	-92	+57	—
Segment profit	4,425	4,901	+476	+11%
(Consulting business)	4,380	5,032	+652	+15%
(Investment business)	45	-130	-176	—
Segment profit rate for revenue ^(*)	28%	28%	—	—
(Consulting business)	28%	29%	—	—
(Investment business)	14%	—	—	—

* Regarding the segment profit rate for revenue, calculations of revenue include internal revenue between segments.

(Reference) Segment Information

In the consulting business, we saw an increase in revenue from clients in the finance, trading, transportation, telecommunications, retail, and manufacturing industries. In the investment business, we sold all of our shares in Wellness Communications Corporation, and the investment balance including valuation differences was approx. 2.2 billion yen.

Consulting Business



(Reference)
SIGMAXYZ Inc. number of projects, number of clients, and revenue per contract

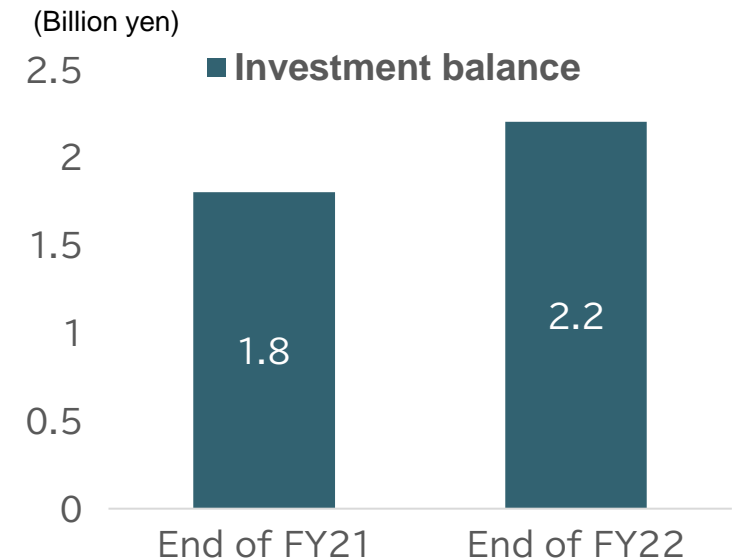
	FY21	FY22	YoY change
Number of projects*	929	1,035	+11%
Number of clients**	164	168	+2%
Revenue per contract (JPY mn)	16.1	16.4	+2%

All figures have been calculated by excluding SXA and SXF (figures for FY21 have been retroactively recalculated).

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

** Number of clients: Project clients for which revenue has been recorded over the consolidated cumulative period are aggregated by the number of companies.

Investment Business



- Investment balance: Approx. 2.2 billion yen
- Three new investments:
- Three investees listed:
- Investments exited: 1 (Wellness Communications Corporation)

Domestic Fare Renewal Project

We participated in Japan Airlines' "Domestic Fare Renewal Project" as the Program Management Office.

The project sought to improve passenger convenience and the accuracy of demand forecasting in revenue management by simplifying the company's domestic fares. The sale of domestic flights under the new fares commenced in May 2022. Improved productivity and system costs reduction was also realized by globally standardizing the revenue management operations and systems.

SIGMAXYZ supported this initiative, from strategy and concept development to implementation, with a system that crosses the areas of fare revision, website renewal, and revenue management. We helped the company to commence the service as planned and contributed to the realization of their medium-term plan.



JAPAN AIRLINES

<Reference link>

- JAL Group fully renews domestic fares (for flights departing on or after April 12, 2023) <https://prtimes.jp/main/html/rd/p/000000633.000030684.html>

Development Support for Corporate DX Human Capital Development Program

DOCOMO gacco, Inc., a provider of technology-based learning experiences centered on online video learning, commenced offering a DX human capital development program as new content on its corporate learning platform “gacco for Biz” in February 2023. More than 100 learning contents for DX human capital development are provided in a lineup that suitably combines the content by job type and knowledge level.

SIGMAXYZ assisted the company in conducting extensive research on the domestic and international education-related markets, exploring business opportunities, and developing a strategy for business differentiation and growth. We provided comprehensive support to the company in the implementation of the service, including conceptualization of the DX human capital development program, design of the learning lineup, sourcing and matching partners to provide learning content, deploying the content, and implementing promotional measures to attract corporate clients.



Uncover practical DX course needs from customer insights



Thorough support from strategy development until release



Realized through the full utilization of internal and external networks

<Reference link>

- Docomo gacco's DX Human Capital Development Program <https://gacco.org/biz/dx/>
- NTT DOCOMO affiliate offers courses for DX human capital development, easy to choose by job type (Nihon Keizai Shimbun electronic edition, February 3, 2023) <https://www.nikkei.com/article/DGKKZO68133840S3A200C2TB2000/>

Establishment of the “Consortium for Future Innovation by Cultured Meat”

SIGMAXYZ, together with the Graduate School of Engineering, Osaka University, Shimadzu Corporation, Itoham Yonekyu Holdings Inc., and Toppan Inc. established the “Consortium for Future Innovation by Cultured Meat” in March 2023.

The consortium focuses on concrete initiatives for practical implementation of the manufacturing technology of edible cultured meat using 3D bioprinting. Through cross-company collaboration, we will carry on developing 3D bioprinting technology for application, establishing an integrated value chain from production to marketing, and contributing to legislation through collaboration with government offices and various companies.

We aim to become a world leader of cultured meat through the dissemination of information, including exhibiting at the 2025 World Exposition in Osaka, Kansai.



<Press Release>

• Osaka University, Shimadzu, Itoham Yonekyu, Toppan, and SIGMAXYZ have established “Consortium for Future Innovation by Cultured Meat” - Centers for research promotion are located at Osaka University

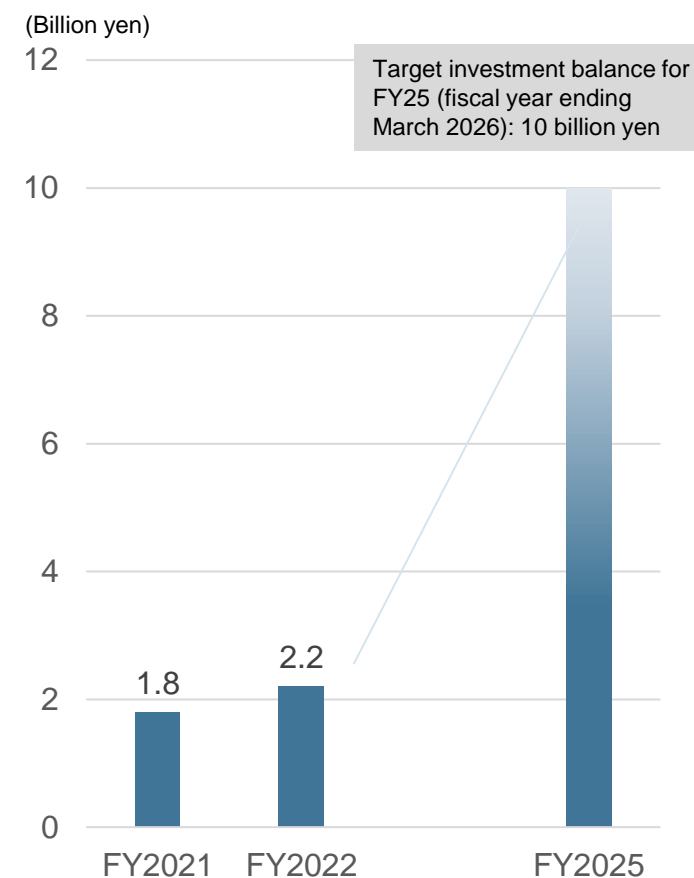
https://www.sigmaxyz.com/news/release_20230329/

Investees

- In our investment business, we invest mainly in the regenerative and well-being domain, which spans multiple industries. We also provide consulting to our investees to help them increase their corporate value.
- As of March 31, 2023, the cumulative balance of investments is approx. 2.2 billion yen (including valuation differences).

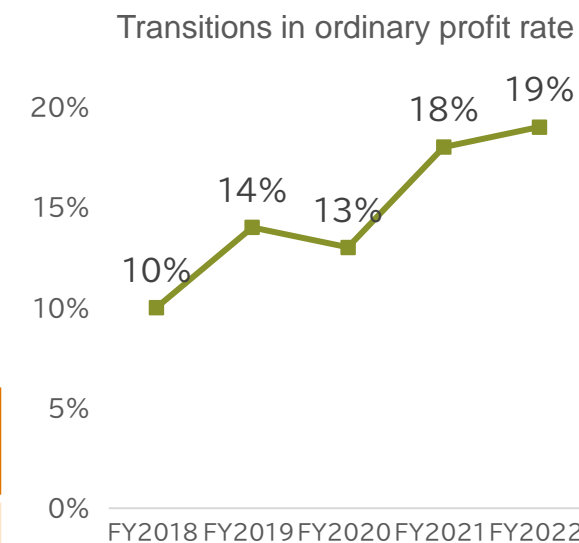
Investment year	Company name	Business description	Remarks
2018	GHELIA INC.	AI solutions	
2019	Creww, Inc.	Startup community management	
	Monstarlab Holdings Inc. (TSE Growth Market 5255)	Digital consulting Software development	March 2023: Newly listed
2021	Wellness Communications Corporation	Medical examination solutions for corporate/health insurance societies, SaaS for health care	March 2023: All shares were sold
	PROGRIT Inc. (TSE Growth Market 9560)	Coaching services for improving English ability / Subscription-based English learning services	September 2022: Newly listed April 2023: All shares were sold
2022	Shizen Energy Inc.	Electricity generation from renewable energy (e.g. solar, wind, small-scale hydro) inside and outside Japan, etc.	
	eWeLL Co., Ltd. (TSE Growth Market 5038)	Developing and providing SaaS that support operations for electronic medical charts for home-visit nursing care.	September 2022: Newly listed
	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	

Transitions in investment balance

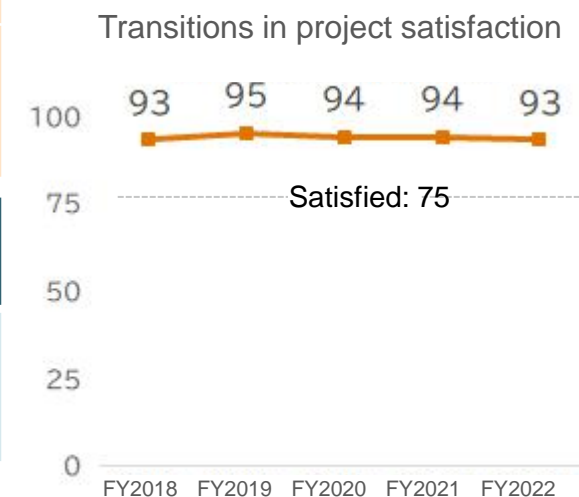


Key Performance Indicator (KPI)

	FY21	FY22	YoY change
Consolidated revenue ordinary profit rate	18%	19%	+1%



Consulting Business		FY21	FY22	YoY change
	Number of consultants	478	511	+7%
	Project satisfaction (NSI*)	94	93	-1pt



Investment Business		End of FY21	End of FY22	Change
	Investment balance	Approx. 1.8 billion yen	Approx. 2.2 billion yen	+ Approx. 0.4 billion yen

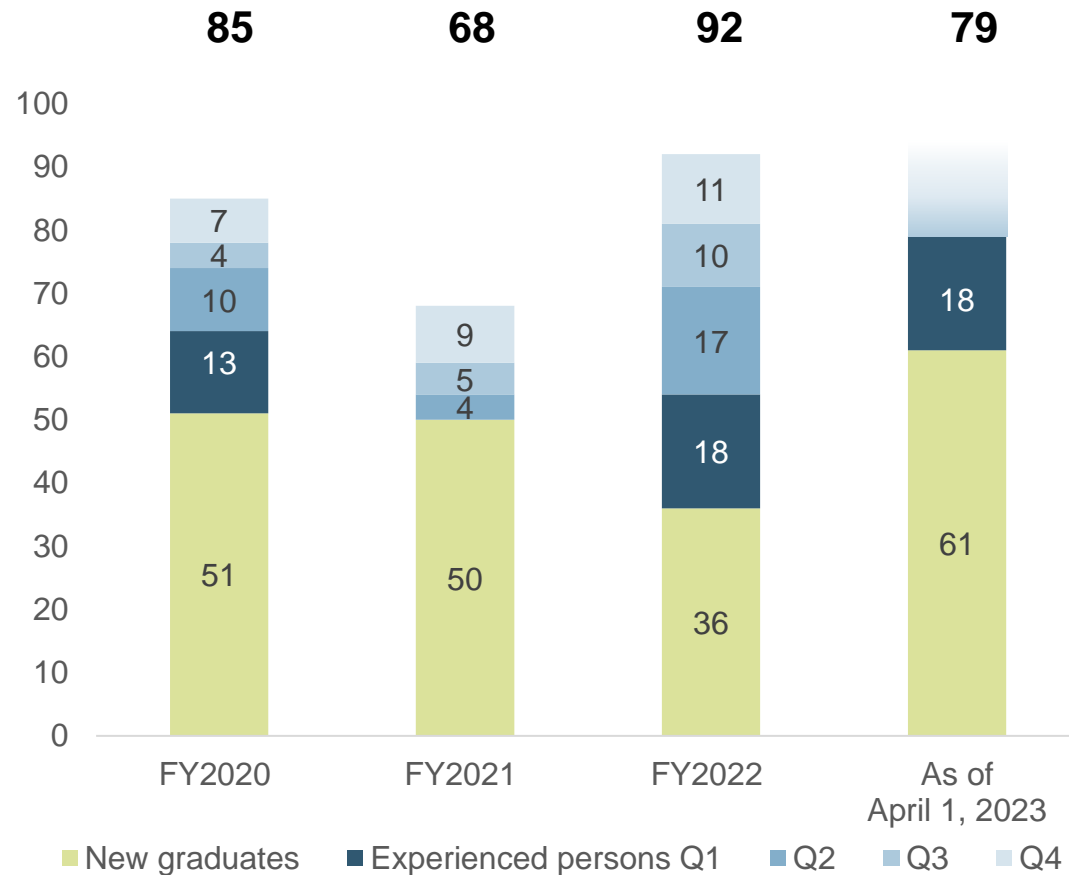
* Net Satisfaction Index (NSI): Average score from 5 possible ratings for each question evaluating project satisfaction. Conducted in a questionnaire format for client project owners. Points are distributed on a five-point scale as follows: 5: Very satisfied, 100 points; 4: Satisfied, 75 points; 3: Cannot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

Hiring Activities

18 experienced persons and 61 new graduates joined the company in April 2023. The recruitment activities are progressing smoothly, and together with experienced persons, the number of persons to whom job offers have been made is growing in line with the plan for about 60 new graduates to join the company in April 2024.

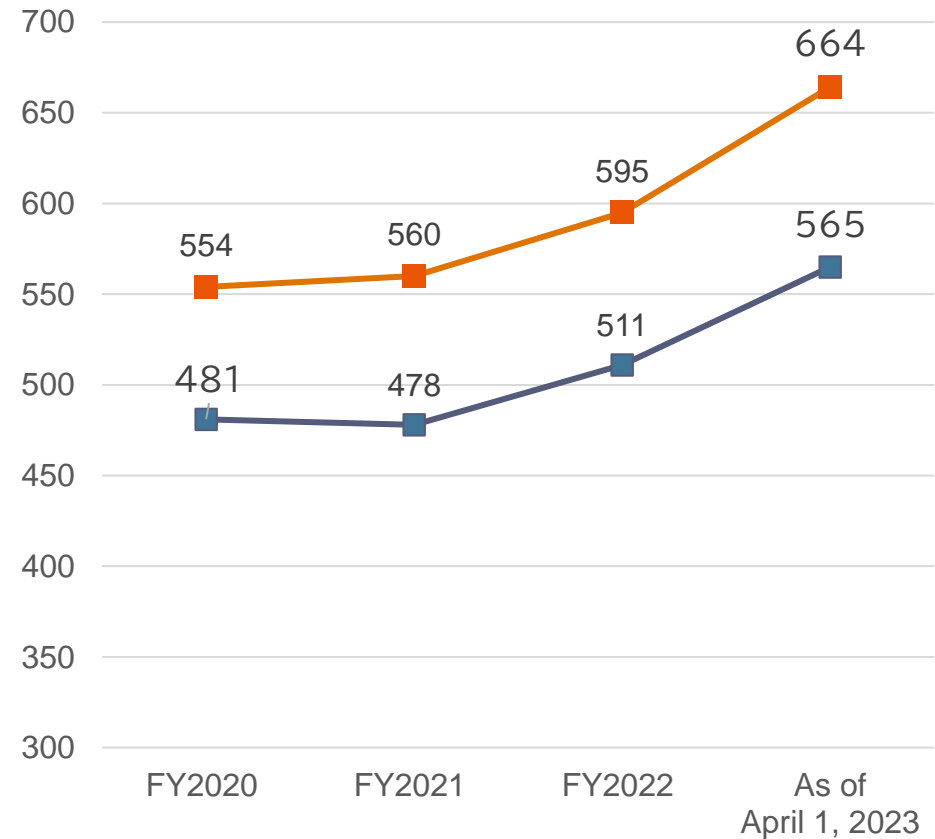
Number of people hired per annum (consultants)

Unit: people



Number of employees (■) and consultants (■) in the Group

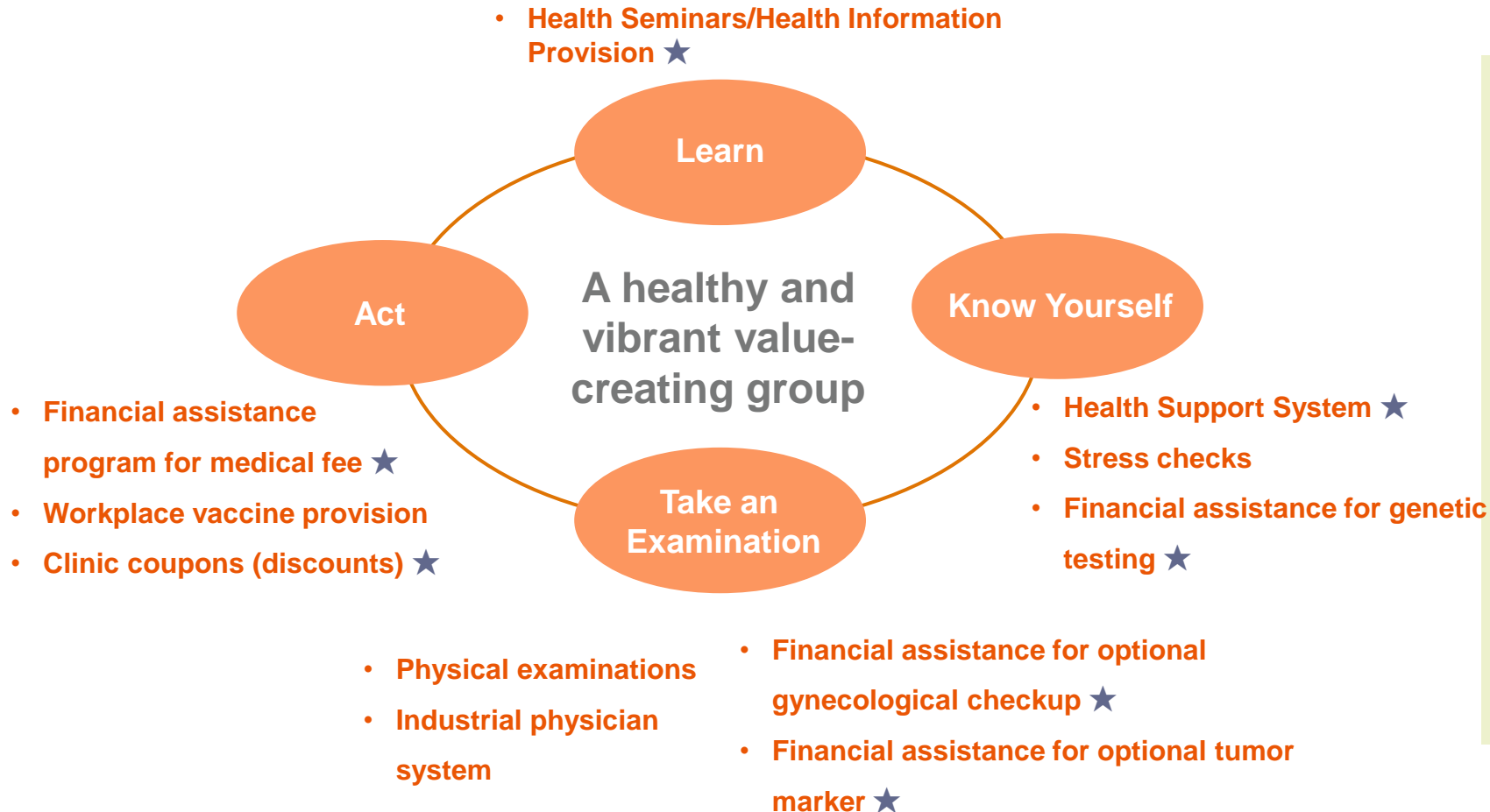
Unit: people



Employee Health Management Program

We position “human capital,” the source of organizational growth, as our most important management resource, and aim to realize an environment where diverse human capital can demonstrate their abilities with high motivation, achieve sustainable growth, and engage in value creation in their own way and with vigor.

We expanded our employee health management program in FY22.



Improvement of working environment

- Flexible working styles
- Management of overtime hours
- Promoting the use of annual leave (5 days or more)
- Digital & mobile workplace
- Establishment of sick rooms
- Infection prevention measures and support for infected employees (covering the cost of PCR and antigen tests / disinfection of offices / distribution of hygiene products, etc.)

FY23 Consolidated Earnings Forecasts

Unit: JPY mn	FY22 result	FY23 Consolidated Earnings Forecasts	YoY change (rate)
Revenue	17,334	19,200	+11%
Operating profit	3,235	3,850	+19%
Ordinary profit	3,265	3,850	+18%
Profit attributable to owners of parent	2,204	2,700	+22%

- 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

- 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.

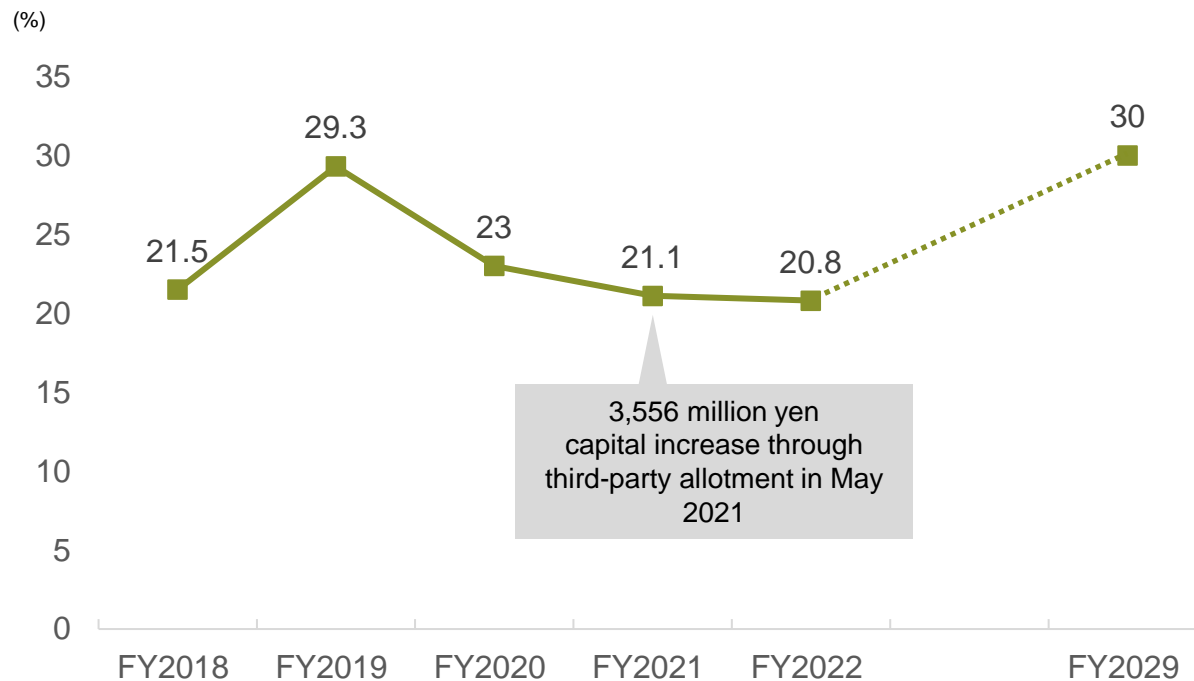
	FY22	FY23 (forecast)	YoY change (rate)
Annual dividend per share	16 yen	20 yen	+4 yen

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) Capital Efficiency, Shareholder Returns

- The Company's Board of Directors recognizes ROE as an important management indicator of return on capital and aims to raise it to 30% by FY29.
- Shareholder returns will be provided through stable dividends and share buybacks.

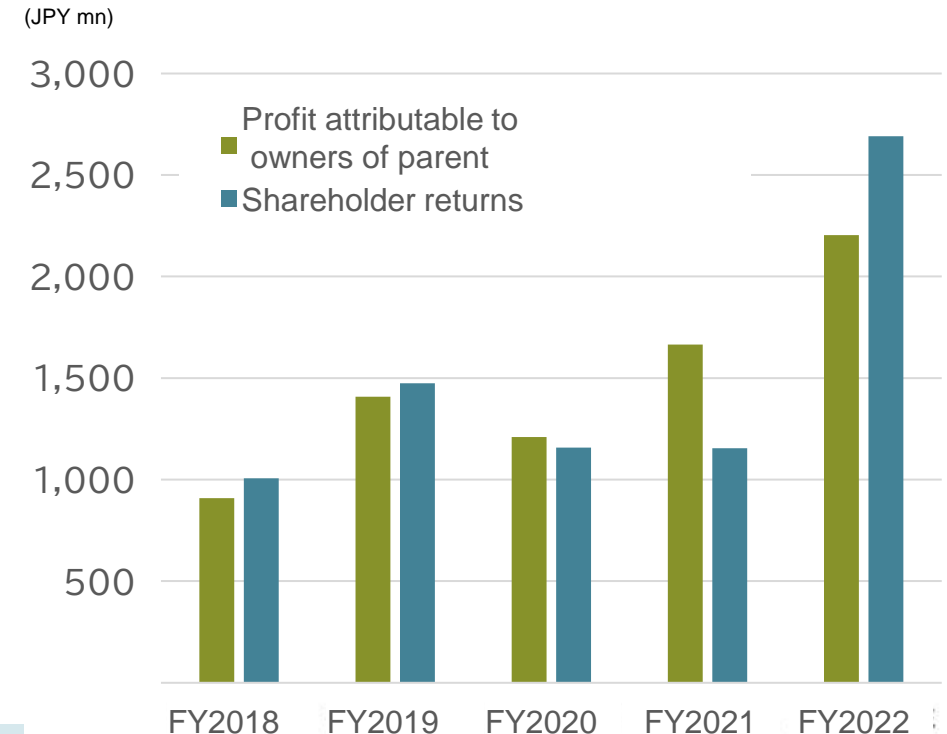
Transition in ROE



ROE Improvement Policy

- Profit growth through the consulting business x investment business
- Active shareholder return through dividends + share buybacks

Shareholder Returns (*)



*Shareholder return: Dividends + share buybacks (includes additional contributions to stock compensation trust)

(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	250 bn yen	172 bn yen	13%
Ordinary profit	70 bn yen	32 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/



 **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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