

Consolidated Financial Results Supplementary Document Q3 FY23

February 6, 2024 / SIGMAXYZ Holdings Inc. (Stock code: 6088)



Outline of Financial Results for Q3 FY23

- Consolidated revenue was 16.37 billion yen and ordinary profit was 3.37 billion yen. Based on performance trends, the consolidated earnings forecasts for FY23 have been revised. Forecast for consolidated revenue is 22.0 billion yen (19.2 billion yen before revision), and forecast for ordinary profit is 4.2 billion yen (3.85 billion yen before revision).
- Consulting business: By industry, projects that support client companies in mainly the transportation, finance, information communications, trading, retail, and manufacturing industries are driving business. Revenue increased 31% YoY.
- Investment business: A new investment of approximately 0.4 billion yen was made in December. The cumulative balance of investments, including valuation differences, stood at approximately 3.2 billion yen as of the end of December.

Unit: JPY mn	Q3 FY22 (Apr to Dec)	Q3 FY23 (Apr to Dec)	YoY change	FY23 consolidated forecasts	Progress
Consolidated revenue	12,364	16,378	+32%	22,000	74%
(Consulting business)	12,410 (*)	16,196 (*)	+31%		
(Investment business)	24 (*)	285 (*)	+1,076%		
Ordinary profit	2,273	3,371	+48%	4,200	80%
(Ordinary profit rate)	18%	21%			
Profit	1,342	2,379	+77%		
Equity ratio	76%	75%			

* Includes internal revenue between segments.

Consolidated Statements of Income for Q3 FY23

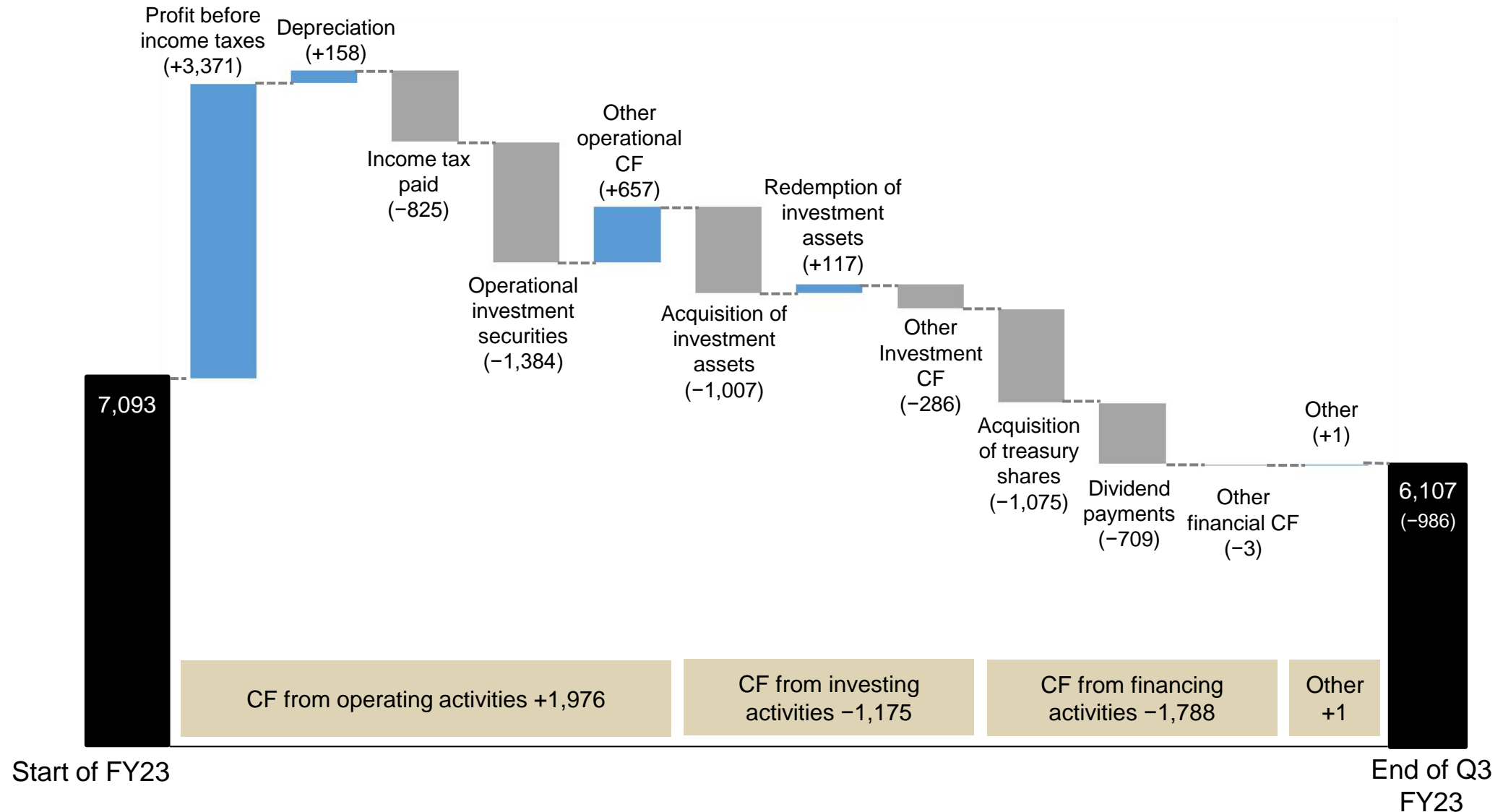
Unit: JPY mn	Q3 FY22 (Apr to Dec)	Q3 FY23 (Apr to Dec)	YoY change		Major changes
			Amount	Rate	
Revenue	12,364	16,378	+4,014	+32%	<ul style="list-style-type: none"> • Increase in outsourcing expenses on strong client demand • Increase in personnel expenses due to the establishment of a new performance bonus system, etc. • Increase in revenue • Increase in sundry expenses owing to higher headcount and revived face-to-face activities • Increase in recruiting expenses
Cost of revenue	6,375	8,925	+2,550	+40%	
Gross profit	5,988	7,452	+1,463	+24%	
S, G&A expenses	3,744	4,152	+408	+11%	
Operating profit	2,244	3,299	+1,055	+47%	
Ordinary profit	2,273	3,371	+1,098	+48%	
Profit before income taxes	2,273	3,371	+1,097	+48%	
Profit	1,342	2,379	+1,036	+77%	
Comprehensive income	1,507	2,174	+666	+44%	

Consolidated Balance Sheets for Q3 FY23

Unit: JPY mn	End of FY22	End of Q3 FY23	YoY change	Major changes
Current assets	12,013	12,774	+760	• Increase in operational investment securities
Cash and deposits	7,093	6,107	-986	
Non-current assets	2,447	3,672	+1,224	• Increase in investment securities
Total assets	14,461	16,447	+1,985	
Current liabilities	1,978	3,262	+1,283	• Increase in income taxes payable
Non-current liabilities	1,605	881	-723	
Total liabilities	3,583	4,143	+560	• No borrowings
Net assets	10,878	12,303	+1,424	
Equity ratio	75%	75%	-0pts	

Changes in Consolidated Cash Flow

(Unit: JPY mn)



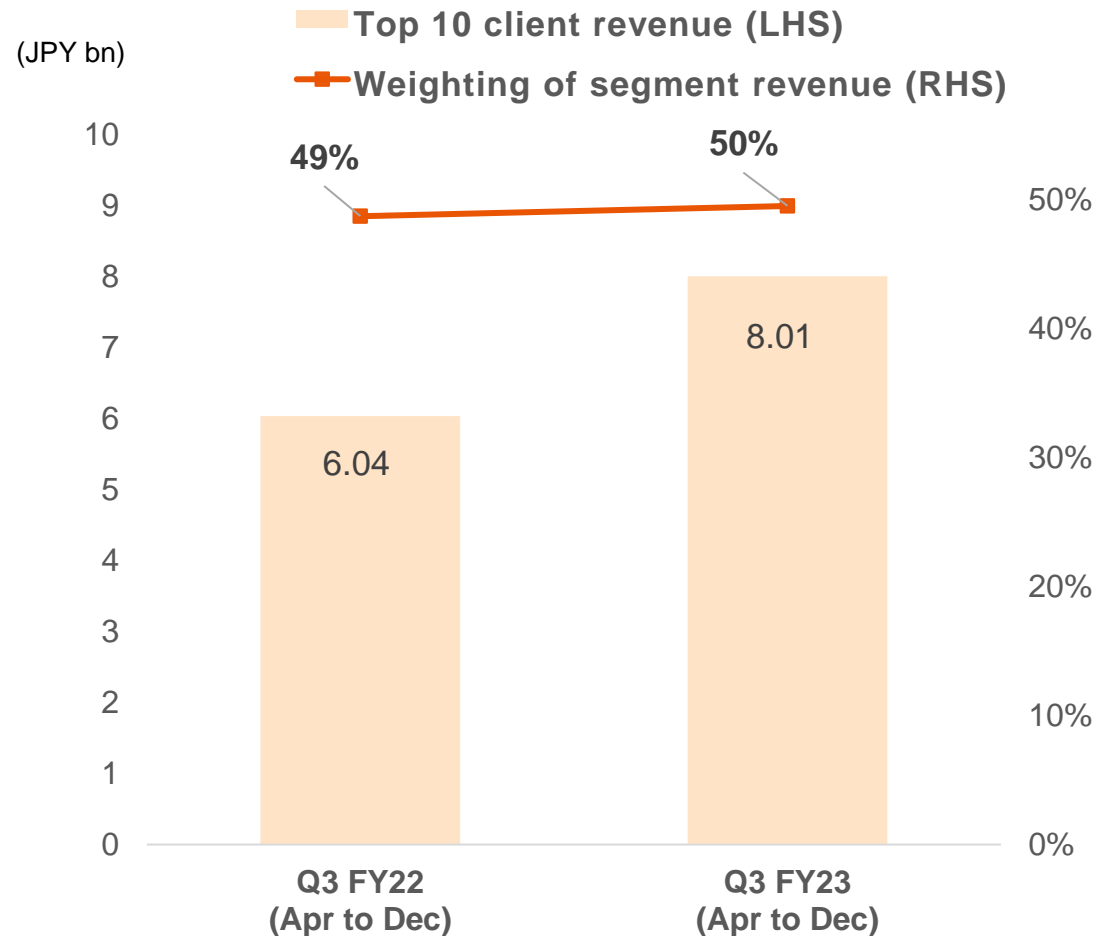
Outline of Earnings by Segment for Q3 FY23

Unit: JPY mn	Q3 FY22 (Apr to Dec)	Q3 FY23 (Apr to Dec)	YoY change	
			Amount	Rate
Consolidated revenue	12,364	16,378	+4,014	+32%
(Consulting business)	12,410	16,196	+3,786	+31%
(Investment business)	24	285	+260	+1,076%
(Internal transactions)	-69	-103	-33	-
Segment profit	3,538	4,536	+998	+28%
(Consulting business)	3,744	4,623	+879	+23%
(Investment business)	-205	-87	+118	-
Segment profit rate for revenue ^(*)	28%	28%	-1pt	-
(Consulting business)	30%	29%	-2pts	-
(Investment business)	-	-	-	-

*Calculations of revenue include internal revenue between segments.

Reference: Segment Information – Consulting Business

- The utilization rate of internal personnel has remained above the planned level, and revenue has grown sharply owing to higher unit prices and increased outsourcing.
- By industry, the consulting business has been driven by projects such as support for upgrading clients' mission-critical systems to become SaaS-based, support for promotion of digital transformation, support for launching new services, and various regulatory compliance support for clients mainly in the transportation, finance, information communications, trading, retail, and manufacturing industries.



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

	Q3 FY22 (Apr to Dec)	Q3 FY23 (Apr to Dec)	YoY change
Number of projects*	788	875	+11%
Number of clients**	152	154	+1%
Revenue per contract (JPY mn)	15.4	18.4	+19%

SXA and SXF excluded in all calculations (figures for Q3 FY22 retroactively recalculated).

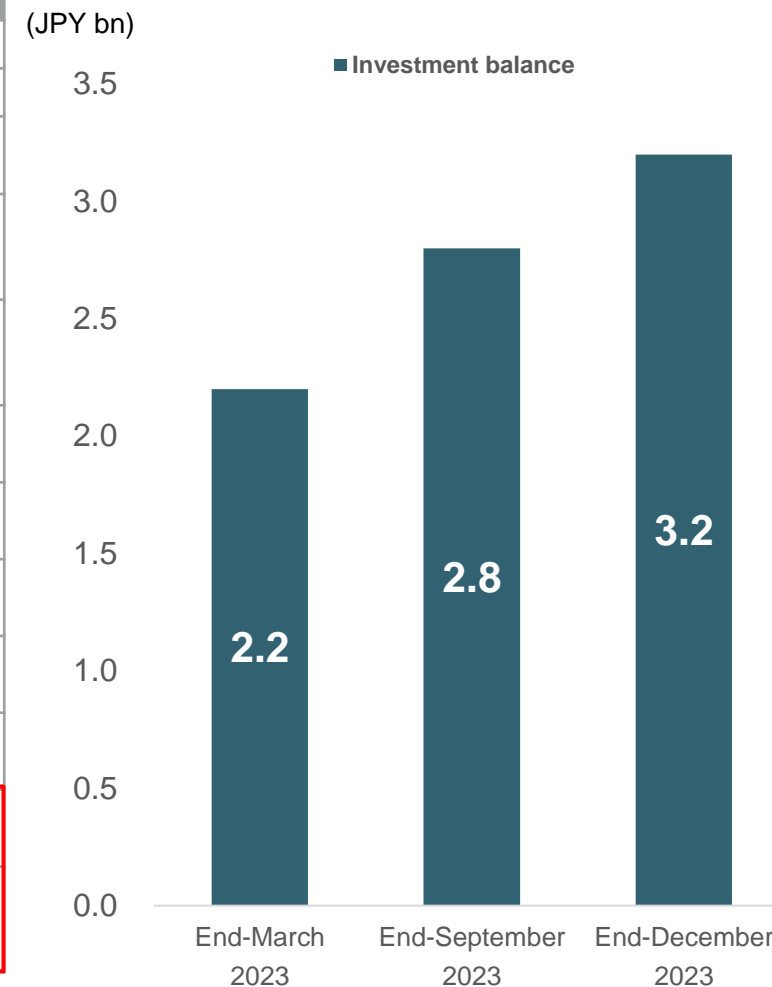
*Number of projects: The total number of projects for which revenue was recorded during the period.

**Number of clients: The total number of client companies of projects for which revenue was recorded during the period.

Reference: Segment Information – Investment Business

- The investment business made a new investment of approximately 0.4 billion yen in December, and the cumulative balance of investments, including valuation differences, stood at approximately 3.2 billion yen as of the end of December.
- We continue to promote investments contributing to social value creation.

Investment year	Company	Business description	Remarks
2018	GHELIA INC.	AI solutions	
2019	Creww, Inc.	Startup community management	
	Monsterlab Holdings Inc. (TSE Growth Market 5255)	Digital consulting Software development	
2022	Shizen Energy Inc.	Electricity generation from renewable energy (e.g. solar, wind, small-scale hydro) in Japan and overseas	
	eWeLL Co., Ltd. (TSE Growth Market 5038)	Developing and providing SaaS that supports operations for electronic medical charts for home-visit nursing care	
	Forest Energy Inc.	Electricity generation from 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	
2023	GVA TECH, Inc.	Development and provision of legal tech services	July New investment
	i GRID SOLUTIONS Inc.	Solar power generation and GX solutions	July New investment
	Social Interior Inc.	Developing a marketplace for furniture and interiors	December New investment
2024	EUCALIA Inc.	Management support for hospitals, medical-related business, operation of senior citizen facilities	January New investment



GX strategy planning, support for implementation of new environmental and energy projects

SIGMAXYZ supported Azbil Corporation, a company engaged in building automation and other businesses, to formulate and implement a new energy business strategy.

Azbil established a new organization to lead the green transformation (GX) strategy in April 2022 and launched its business as an energy service provider (ESP). It provides comprehensive energy solutions tailored to each customer, combining its energy-saving solutions, one of its strengths, with support for renewable energy procurement and optimal management in the operational phase. It aims to contribute to the realization of a decarbonized society while maintaining a comfortable environment in buildings.



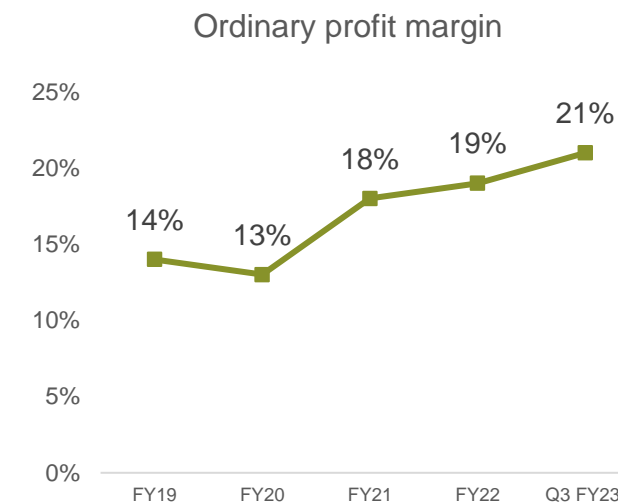
Since 2021, we have been supporting Azbil in analyzing the energy market, formulating its GX strategy, and selecting partners and developing business operations to implement its strategy. Leveraging our knowledge and insight into the GX market, we are committed to supporting business growth as a "sherpa" and co-creating the future of the environment and energy market.

Related links:

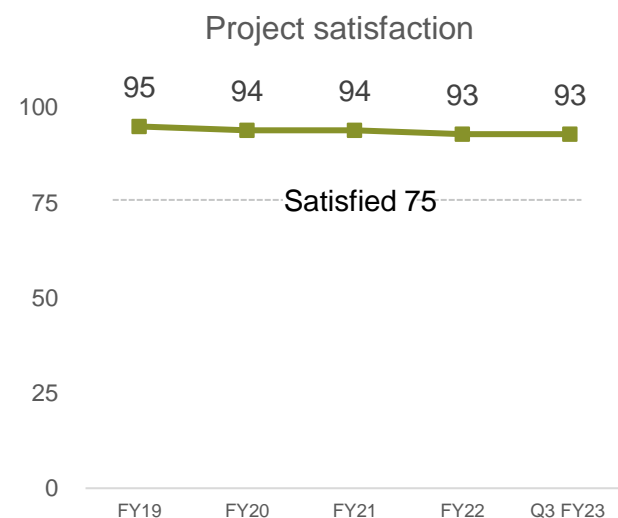
- [Azbil launches an energy service provider business, which contributes to its clients' efforts to become carbon neutral](https://www.azbil.com/jp/news/230315.html)
- [The azbil Group promotes the green transformation\(GX\)](https://www.azbil.com/jp/news/220420-2.html)

Key Performance Indicators (KPIs)

	Q3 FY22	Q3 FY23	YoY change
Consolidated revenue ordinary profit margin	18%	21%	+2%



Consulting Business	Q3 FY22	Q3 FY23	YoY change
Number of consultants	520	582	+12%
Project satisfaction (NSI*)	94	93	-1pt



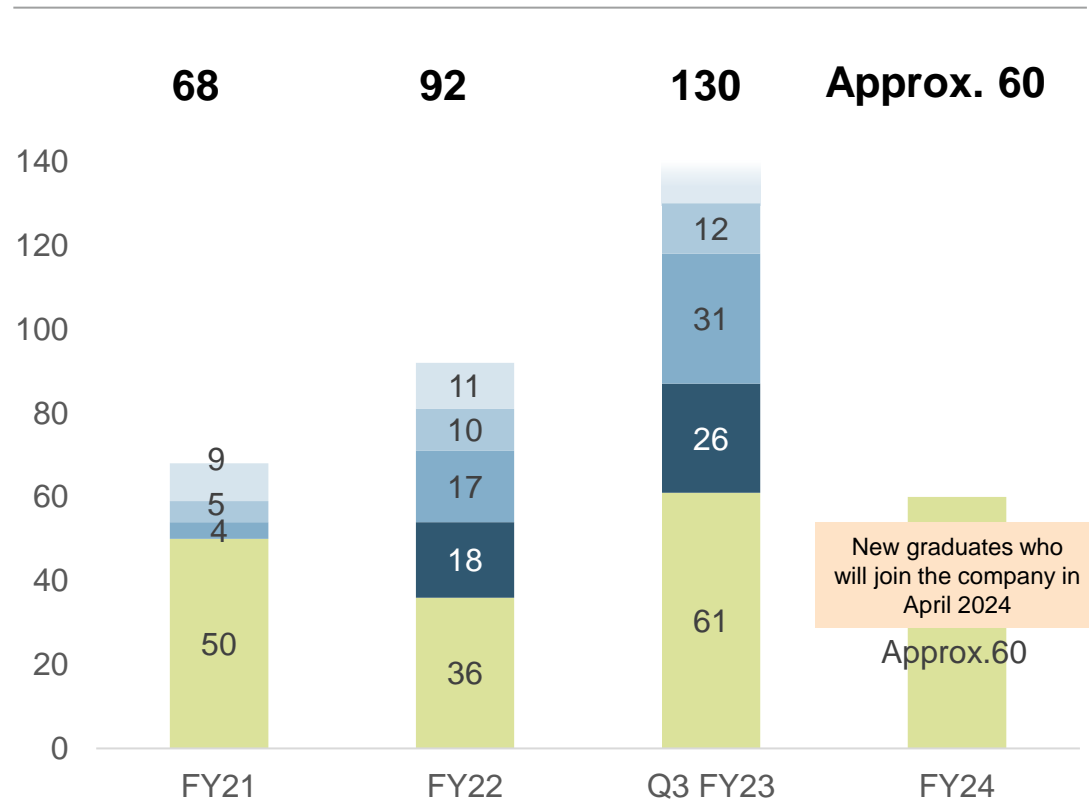
Investment Business	End of FY22	End of Q3 FY23	Change
Investment balance	Approx. 2.2 billion yen	Approx. 3.2 billion yen	+ Approx. 1.0 billion yen

* 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-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.

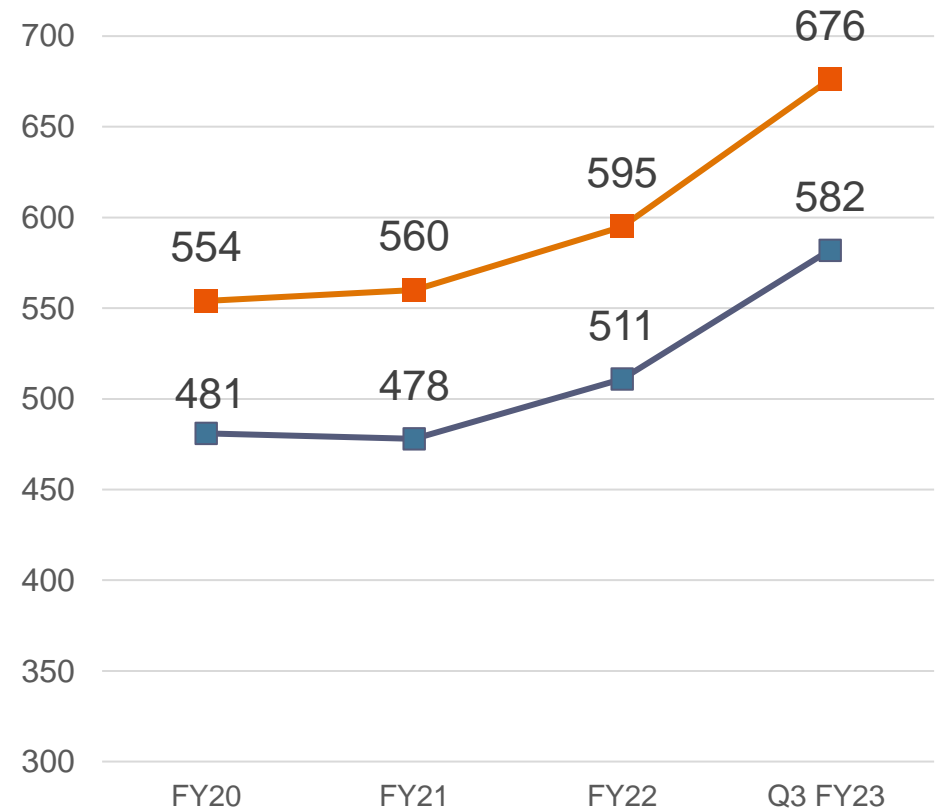
Hiring Activities

For the nine months ended December 31, 2023, we hired 69 experienced persons and 61 new graduates. Recruitment activities are progressing smoothly, and together with experienced persons, approximately 60 new graduates will join the company in April 2024, in line with the plan.

Number of hires per annum (consultants)



Group employees (■) / Group consultants (■)



■ New graduates ■ Experienced persons Q1 ■ Q2 ■ Q3 ■ Q4

FY23 Consolidated Earnings Forecasts

Revised
on February 6, 2024

Unit: JPY mn	FY22 result	FY23 consolidated forecasts		Q3 FY23 (Apr to Dec) results	
		Previous forecast	New forecast		Progress (vs. New forecast)
Revenue	17,334	19,200	22,000	16,378	74%
Operating profit	3,235	3,850	4,150	3,299	80%
Ordinary profit	3,265	3,850	4,200	3,371	80%
Profit attributable to owners of parent	2,204	2,900	3,150	2,379	76%

Reasons for revision

- After the first nine months of the fiscal year ending March 31, 2024, revenue has grown sharply, driven by a higher-than-planned the utilization rate of internal personnel backed by strong demand, an increase in unit prices, and utilization of business partners. The business outlook to the end of the current fiscal year has become clear, to a certain extent, and we have made revisions to the consolidated earnings forecasts.
- The profits forecasts are calculated in consideration of the effect of stock compensation, etc. paid to employees, etc. according to business performance and usually recorded in the fourth quarter of each fiscal year.

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 February 6, 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.
- Enhance shareholder returns based on our expectations for steady growth.

	FY22	FY23 forecast	YoY change
Annual dividend per share	16 yen	27 yen	+11 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)

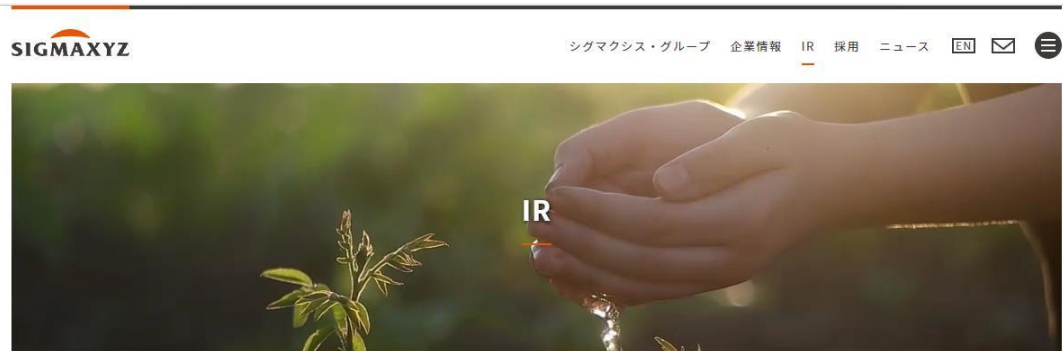
Announced
in August 2022

	<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 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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