



## Consolidated financial results for the six months ended March 31, 2024

(Under Japanese GAAP)

May 10, 2024

Listed company name Systemsoft Corporation  
 Listing Tokyo Stock Exchange  
 Code number 7527  
 URL <https://www.systemsoft.co.jp/>  
 Representative President and Representative Director: Haruki Yoshio  
 Contact person General Manager, Administration Division: Yasunori Tomita, (TEL) +81 (0)92-732-1515  
 Scheduled date to file quarterly securities report: May 10, 2024  
 Scheduled start date to commence dividend payments: -  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results briefings: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the six months ended March 31, 2024 (From October 1, 2023 to March 31, 2024)

#### (1) Consolidated financial results (cumulative) (% is Year-on-year rate of increase / decrease)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended								
March 31, 2024	1,242	-23.8	-86	-	-82	-	-100	-
March 31, 2023	1,629	-26.5	-57	-	-109	-	-127	-

Note: Comprehensive income For the six months ended, March 31, 2024 ¥ -95 million yen (-%)  
 For the six months ended, March 31, 2023 ¥ -93 million yen (-%)

	Quarterly Net earnings per share	Quarterly Diluted net earnings per share
Six months ended	yen	yen
March 31, 2024	-1.19	-
March 31, 2023	-1.51	-

#### (2) Consolidated financial condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
Six months ended	million yen	million yen	%
March 31, 2024	6,548	5,680	86.3
Fiscal year ended			
September 30, 2023	6,742	5,782	85.3

Reference: Equity capital As of March 31, 2024 ¥5,653 million  
 As of September 30, 2023 ¥5,748 million

### 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
September 30, 2023	-	0.00	-	0.00	0.00
Fiscal year ending					
September 30, 2024	-	0.00			
Fiscal year ending					
September 30, 2024 (Forecast)			-	-	-

Note: Revision to the forecast of cash dividends most recently announced: None  
 The year-end dividend for the fiscal year ending September 30, 2024 is undecided at this time.

## 3. Forecast of consolidated financial results for the fiscal year ending September 30, 2024

(October 1, 2023 - September 30, 2024)

(% increase or decrease from the previous year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	3,000	-11.5	130	-16.2	110	-18.6	65	-30.6	0.76

Note: Revisions to the most recently announced earnings forecasts: None

**\* Notes**

(1) Changes in significant subsidiaries during the quarterly consolidated financial statements period: None

(Note) S2i inc. is excluded from the scope of consolidation following its liquidation on November 30, 2023, although it is not a specified subsidiary of the Company.

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and re-display of amendments

(i) Changes in accounting policies due to revisions to accounting standards: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	84,834,140 shares
As of September 30, 2023	84,834,140 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	32,067 shares
As of September 30, 2023	32,067 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	84,802,073 shares
Six months ended March 31, 2023	84,802,102 shares

\*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\*Proper use of earnings forecasts, and other special matters

Forward-looking statements, such as each business outlook, described in this document are based on information currently obtained by the Company and certain assumptions that it deems reasonable, and are not to the effect that the Company promises to achieve such results. Actual results may differ materially due to various factors.

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## 1. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal Year ended September 30, 2023	Six months ended March 31, 2024
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,762,904	2,100,225
Notes and accounts receivable and contract assets	1,288,811	866,554
Work in progress	23,362	67,021
Raw materials and stored products	27	172
Other	565,467	491,484
Allowance for doubtful accounts	-30,084	-5,397
<b>Total current assets</b>	<b>3,610,489</b>	<b>3,520,059</b>
Fixed assets		
Tangible fixed assets		
Building and structures (net)	32,680	27,238
Tools, equipment and fixtures (net)	11,677	10,539
<b>Total tangible fixed assets</b>	<b>44,358</b>	<b>37,778</b>
Intangible fixed assets		
Goodwill	1,935,038	1,867,795
Other	269,006	232,079
<b>Total intangible assets</b>	<b>2,204,045</b>	<b>2,099,874</b>
Investments and other assets	883,390	891,060
<b>Total fixed assets</b>	<b>3,131,793</b>	<b>3,028,712</b>
<b>Total assets</b>	<b>6,742,282</b>	<b>6,548,772</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	142,624	170,695
Income taxes payable	18,729	15,902
Other	438,099	454,148
<b>Total current liabilities</b>	<b>599,454</b>	<b>640,746</b>
Fixed liabilities		
Corporate bond	180,000	130,000
Long-term debt	60,000	-
Asset retirement obligations	10,207	2,525
Other	110,162	95,304
<b>Total fixed liabilities</b>	<b>360,370</b>	<b>227,830</b>
<b>Total liabilities</b>	<b>959,824</b>	<b>868,577</b>

(Unit: thousand yen)

	Fiscal Year ended September 30, 2023	Six months ended March 31, 2024
<b>Equity</b>		
Shareholders' equity		
Capital stock	1,706,476	1,706,476
Capital surplus	3,542,739	3,542,739
Retained earnings	615,690	515,067
Treasury stock	-8,086	-8,086
<b>Total shareholders' equity</b>	<b>5,856,819</b>	<b>5,756,197</b>
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	5,684	15,480
Foreign exchange adjustments account	-113,622	-118,511
<b>Total accumulated other comprehensive income (loss)</b>	<b>-107,937</b>	<b>-103,031</b>
Stock acquisition rights	23,948	23,948
Non-controlling interests	9,627	3,080
<b>Total net assets</b>	<b>5,782,458</b>	<b>5,680,194</b>
<b>Total liabilities and net assets</b>	<b>6,742,282</b>	<b>6,548,772</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Comprehensive Income Statements

Quarterly Consolidated Statement of Income (Six months ended March 31, 2024)

(Unit: thousand yen)

	Six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)
Sales	1,629,984	1,242,403
Cost of sales	1,273,146	946,555
Gross profit	356,837	295,848
Selling, general and administrative expenses	413,852	382,694
Operating income (loss)	-57,014	-86,846
Non-operating income		
Interest income	5	6
Dividend received	299	8,437
Foreign exchange gains	-	4,612
Subsidy income	6,036	2,060
Recoveries of written-off claims	-	5,319
Other	953	2,595
Total non-operating income	7,294	23,031
Non-operating expenses		
Interest expenses	6,522	3,663
Payment fees	14,781	8,939
Foreign exchange loss	31,117	-
Other	7,398	6,068
Total non-operating expenses	59,820	18,671
Ordinary income or ordinary loss	-109,540	-82,487
Extraordinary gains		
Gain on sales of investment securities	399	598
Total extraordinary gains	399	598
Extraordinary loss		
Loss on retirement of fixed assets	68	4,465
Loss on sales of investment securities	3,226	-
Loss on valuation of investment securities	-	1,805
Loss on store closing	-	6,214
Total extraordinary loss	3,295	12,484
Quarterly net Income before taxes or net loss before adjustments to taxes, etc.	-112,436	-94,373
Corporate tax, municipal tax and business taxes	14,463	5,610
Total corporate taxes, etc.	14,463	5,610
Quarterly net income or quarterly net loss	-126,899	-99,983
Quarterly net loss attributable to non-controlling shareholders	1,070	638
Quarterly net income or net loss attributable to owners of parent	-127,970	-100,622

Quarterly Consolidated Statement of Income (Six months ended March 31, 2024)

	(Unit: thousand yen)	
	Six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)
Quarterly net income or loss	-126,899	-99,983
Other comprehensive income		
Valuation difference on available-for-sale securities	3,177	9,795
Exchange conversion adjustment account	29,745	-4,889
Total other comprehensive income	32,922	4,906
Quarterly comprehensive income	-93,977	-95,077
(Breakdown)		
Quarterly comprehensive income for owners of parent	-95,047	-95,716
Quarterly comprehensive income for non-controlling shareholders	1,070	638

(3) Consolidated statements of cash flows

	Six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)	Six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)
(Unit: thousand yen)		
<b>Cash flows from operating activities</b>		
Quarterly net income before tax adjustments (loss)	-112,436	-94,373
Depreciation and amortization	46,777	45,446
Amortization of goodwill	67,242	67,242
Increase (decrease) in allowance for doubtful accounts (- is decrease)	-	-24,686
Interest and dividend income	-304	-8,443
Interest expense	6,522	3,663
Loss on retirement of fixed assets	68	4,465
Loss on sales of securities (- is gain)	2,827	-598
Net unrealized losses on securities (- is gain)	-	1,805
Loss on store closures	-	6,214
Change in trade receivables and contract assets (- is increase)	106,327	422,257
Increase (decrease) in inventories (-is increase)	-36,790	-43,803
Increase (decrease) in notes and accounts payable-trade (- is decrease)	-8,218	28,071
Increase (decrease) in accrued liabilities (- is decrease)	-6,711	20,964
Increase (decrease) in accrued consumption taxes (- is decrease)	-43,435	5,231
Foreign exchange losses (- is gain)	31,117	-4,612
Other	-34,509	33,579
<b>Subtotal</b>	<b>18,477</b>	<b>462,423</b>
Interest and dividends received	2,334	27,838
Interest payments	-6,567	-3,708
Income taxes paid or refunded (- is payment)	-67,107	11,444
<b>Cash flows from operating activities</b>	<b>-52,862</b>	<b>497,998</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-5,097	-1,764
Proceeds from sales of property, plant and equipment	76	-
Payments for acquisition of intangible assets	-9,532	-3,916
Payments for purchase of investment securities	-157,500	-5,000
Proceeds from sales of investment securities	19,627	-
Proceeds from collection of loans receivable	180	180
Proceeds from collection of guarantee deposits	-	17,000
Payments for liquidation of subsidiaries	-	-7,177
<b>Cash flows from investing activities</b>	<b>-152,246</b>	<b>-677</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term loans payable	-60,000	-60,000
Payments for purchase of treasury stock	-8	-
Payments for redemption of bonds	-50,000	-50,000
Dividends paid	-169,604	-
Payments for acquisition of subsidiaries' stock without change in scope of consolidation	-	-50,000
<b>Cash flows from financing activities</b>	<b>-279,612</b>	<b>-160,000</b>
<b>Net increase in cash and cash equivalents (- is decrease)</b>	<b>-484,721</b>	<b>337,320</b>
Cash and cash equivalents at beginning of year	1,949,892	1,762,904
<b>Cash and cash equivalents at end of period</b>	<b>1,465,170</b>	<b>2,100,225</b>



(4) Notes on quarterly consolidated financial statements

(Notes on going concern assumptions)

Nothing applicable.

(Notes on significant changes in the amount of shareholders' equity)

Nothing applicable.

(Change in scope of consolidation or application of equity method)

As of November 30, 2023, S2i Inc. was liquidated, and as a result, the company was excluded from the scope of consolidation from the Three Months ended December 31, 2023.

(Information by Segment)

I. Six Months ended, from October 1, 2022 to March 31, 2023, consolidated period

1. Information on net sales, profit or loss by reportable segment

(Unit: thousand yen)

	Reporting Segment			Other*	Total
	Technology business	Open Innovation Business	Subtotal		
Sales					
Sales to external customers	1,190,678	439,305	1,629,984	-	1,629,984
Sales or transfers inside or between segments	-	318	318	-	318
Subtotal	1,190,678	439,623	1,630,302	-	1,630,302
Segment profit or loss	55,472	-50,620	4,852	-165	4,686

Note: \*"Other" refers to business segments not included as reporting segments.

2. Difference between the total reported segment amount and the amount recorded in the quarterly consolidated income statement, and the main elements of the difference (related to the adjustment)

(Unit: thousand yen)

Sales	Amount
Total of reportable segments	1,630,302
Profit in "Other" segment	-
Elimination of intersegment transactions	-318
Sales in quarterly consolidated statements of income	1,629,984

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	4,852
Profit in "Other" segment	-165
Company expenses (Note)	-61,701
Operating income in quarterly consolidated statements of income	-57,014

Note: Company expenses are general and administrative expenses that do not belong to any particular reportable segment.

II. Six Months ended, from October 1, 2023 to March 31, 2024, consolidated period

1. Information on net sales, profit or loss by reportable segment

(Unit: thousand yen)

	Reporting Segment			Other*	Total
	Technology business	Open Innovation Business	Subtotal		
Sales					
Sales to external customers	875,044	367,359	1,242,403	-	1,242,403
Sales or transfers inside or between segments	-	-	-	-	-
Subtotal	875,044	367,359	1,242,403	-	1,242,403
Segment profit or Loss	17,516	-23,653	-6,136	-	-6,136

Note: \*\*"Other" refers to business segments not included as reporting segments.

2. Difference between the total reported segment amount and the amount recorded in the quarterly consolidated income statement, and the main elements of the difference (related to the adjustment)

(Unit: thousand yen)

Sales	Amount
Total of reportable segments	1,242,403
Profit in "Other" segment	-
Elimination of intersegment transactions	-
Sales in quarterly consolidated statements of income	1,242,403

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	-6,136
Profit in "Other" segment	-
Company expenses (Note)	-80,709
Operating income in quarterly consolidated statements of income	-86,846

Note: Company expenses are general and administrative expenses that do not belong to any particular reportable segment.

2. Other

Nothing applicable.