



Consolidated Financial Results for the Fiscal Year Ended September 30, 2024
(Under Japanese GAAP)

November 14, 2024

Listed company name Systemsoft Corporation
 Listing Tokyo Stock Exchange
 Code number 7527
 URL <https://www.systemsoft.co.jp/>
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 Scheduled date of the Ordinary General Meeting of Shareholders: December 18, 2024
 Scheduled date to file annual securities report: December 18, 2024
 Scheduled start date to commence dividend payments: -
 Preparation of supplementary materials on annual financial results: None
 Holding of financial results briefings: None

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

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2024

(From October 1, 2023, to September 30, 2024)

(1) Consolidated Financial Results (% is Year-on-year rate of increase / decrease)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	2,310	-31.8	(415)	-	(499)	-	(1,531)	-
September 30, 2023	3,390	-27.9	155	-59.5	135	-64.1	93	-53.4

Note on Comprehensive income For the fiscal year ended, September 30, 2024 ¥1,407 million (-)
 For the fiscal year ended, September 30, 2023 ¥86 million (-27.3%)

Fiscal year ended	Net earnings per share	Diluted net earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating profit to net sales
September 30, 2024	Yen -18.06	Yen -	% -30.4	% -8.3	% -18.0
September 30, 2023	Yen 1.10	Yen -	% 1.6	% 1.9	% 4.6

(2) Consolidated Financial Condition

Fiscal year ended	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
September 30, 2024	Million yen 5,260	Million yen 4,367	% 82.4	Yen 51.13
September 30, 2023	Million yen 6,742	Million yen 5,782	% 85.3	Yen 67.79

Reference: Equity capital As of September 30, 2024 ¥4,336 million
 As of September 30, 2023 ¥5,748 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
September 30, 2024	Million yen 610	Million yen 277	Million yen 819	Million yen 3,471
September 30, 2023	Million yen 253	Million yen (61)	Million yen (379)	Million yen 1,762

2. Cash Dividends

Fiscal year ended	Annual dividends					Total amount of dividends (total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
September 30, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
September 30, 2024	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen -	% -	% -
September 30, 2025 (Forecast)	Yen -	Yen -	Yen -	Yen -	Yen -	Million yen -	% -	% -

Note: The dividend for the fiscal year ending September 30, 2025, has not yet been determined.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2025

(October 1, 2024 - September 30, 2025)

(% 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	2,084	-9.8	(31)	-	(59)	-	51	-	0.60

* Notes

(1). Important changes in the scope of consolidation during the period: Yes

New: None Excluded: SystemSoft U.S.A., Corporation

(2). Changes in accounting policies, estimates, and 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

(3). Number of issued shares (common shares)

(i) Total number of issued shares (including treasury shares)

As of September 30, 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 September 30, 2024	32,069 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)

As of September 30, 2024	84,802,072 shares
As of September 30, 2023	84,802,087 shares

Reference: Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended September 30, 2024

(from October 1, 2023, to September 30, 2024)

(1). Non-consolidated financial results (% is Year-on-year rate of increase / decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
September 30, 2024	2,165	-11.0	(333)	-	(339)	-	(997)	-
September 30, 2023	2,433	-16.4	(89)	-	(109)	-	(123)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
September 30, 2024	-11.76	-
September 30, 2023	-1.45	-

(2). Non-Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended				
September 30, 2024	4,962	4,299	86.1	50.41
September 30, 2023	6,037	5,290	87.2	62.10

Reference: equity capital

As of September 30, 2024

¥4,275 million

As of September 30, 2023

¥5,266 million

* Financial results reports are not subject to annual reviews by certified public accountants or audit firms.

* Proper use of earnings forecasts and other important notes

Forward-looking statements in this document, including business outlooks, are based on information currently available to the Company and on assumptions deemed reasonable. These statements do not guarantee future performance. Actual results may vary significantly due to various factors. For details on the assumptions underlying the business forecasts and cautionary notes regarding their use, please refer to "1. Summary of Business Results, etc. (4) Outlook for the Future" on page 4 of the attached document.

Table of Contents

1. Overview of Business Results	2
(1) Summary of Business Results for the Fiscal Year Ended September 30, 2024	2
(2) Summary of Financial Condition.....	3
(3) Summary of Cash Flows for the Fiscal Year Ended September 30, 2024	3
(4) Outlook for the Future	4
2. Basic Approach to the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Key Notes.....	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Consolidated Comprehensive Income Statements	7
(3) Consolidated Statement of Changes in Shareholders' Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes on Consolidated Financial Statements.....	13
(Notes on premise of a going concern)	13
(Change in scope of consolidation or application of equity method)	13
(Change in method of display)	13
(Segment information, etc.)	13
(Per share information)	16
(Significant subsequent events)	17

1. Overview of Business Results

(1) Summary of Business Results for the Fiscal Year Ended September 30, 2024

During the consolidated fiscal year under review (October 1, 2023, to September 30, 2024), the Japanese economy exhibited signs of gradual recovery, driven primarily by domestic demand. This recovery was supported by the normalization of economic activities, improvements in employment and income levels, and increased inbound consumption. However, concerns persist regarding potential impacts on the domestic economy, including risks of a downturn in overseas economies due to rising costs of resources, raw materials, and energy, driven by prolonged geopolitical tensions in regions such as Ukraine and Israel. Additional factors, such as the depreciation of the yen, inflation-driven increases in global policy interest rates, and ongoing uncertainty about future economic conditions, further contribute to an uncertain outlook.

In the information services industry, where our group operates, advancements in digital technologies, particularly AI, have fueled increasing demand for IT and DX-related services across various industries. This trend is fueled by the need to enhance corporate productivity and strengthen competitiveness. Conversely, the persistent shortage of skilled human resources has intensified, making the recruitment and development of engineers a significant challenge. This issue is compounded by rising related costs and other ongoing difficulties in the operating environment.

In this environment, we are prioritizing recruitment to actively secure talent and focusing on training high-quality engineers. Additionally, we are working to reorganize and expand the system development domain while enhancing service value. In addition, we aim to create new value and improve our corporate value by providing DX solutions, RPA solutions, open innovation, alliance services, and consulting services such as financial advisory (FA). With an eye on the next fiscal year and beyond, we have implemented major changes to our business structure and reviewed our assets and other items in the current fiscal year.

As a result, net sales for the consolidated fiscal year decreased by ¥1,079 million (31.8%) year-on-year, totaling ¥2,310 million. The operating loss was ¥415 million, a sharp reversal from the operating income of ¥155 million recorded in the previous fiscal year. Similarly, the ordinary loss was ¥499 million, compared to an ordinary income of ¥135 million in the previous year. Additionally, the net loss attributable to owners of the parent company amounted to ¥1,531 million, in contrast to a net profit of ¥93 million recorded in the same period of the previous year.

Segment results are as follows

(i) Technology Business

We specialize in system development leveraging web technologies and have a long track record of delivering system development and solution services to clients in industries such as real estate, information and communications, life and non-life insurance, and education. In addition to operating a rental real estate information site, we are also focusing on providing RPA solution services and SaaS, including the SS Cloud Series.

In the current consolidated fiscal year, ongoing projects progressed steadily, but as announced in the “Notice Regarding Completion of Company Split (absorption-type split) and Transfer of Consolidated Subsidiary (share transfer)” dated July 8, 2024, the succession of the solution business (absorption-type split) and transfer of consolidated subsidiary (share transfer) conducted by East Japan System Solutions and DX Service Promotion Department (absorption-type company split) and the transfer of consolidated subsidiaries (share transfer) have been completed, so sales related to East Japan Solutions and the DX Service Promotion Department are not recorded for July 2024 and beyond.

As a result, sales in the Technology Business declined by ¥853 million (35.1%) compared to the previous consolidated fiscal year, totaling ¥1,575 million. The segment recorded a loss of ¥136 million, compared to a segment profit of ¥238 million in the same period of the prior year.

(ii) Open Innovation Business

We offer consulting services for start-up companies, including business launch support, and facilitate innovation by integrating technologies and ideas from diverse industries and fields.

During the current consolidated fiscal year, both sales and segment income declined, primarily due to fewer consulting projects. As a result, sales in the Open Innovation Business fell by ¥225 million (23.5%) year-on-year to ¥735 million. The segment reported a loss of ¥39 million, in contrast to a profit of ¥50 million in the previous fiscal year.

(iii) Other Business

This segment is centered on providing IoT-related products and services. S2i Inc., a consolidated subsidiary previously active in this segment, was liquidated on November 30, 2023, and subsequently excluded from the scope of consolidation.

(2) Summary of Financial Condition

(i) Assets, Liabilities and Net Assets

As of the end of the current consolidated fiscal year, current assets rose by ¥841 million year-on-year, reaching ¥4,451 million. This increase was primarily attributed to a ¥1,708 million rise in cash and deposits, partially offset by an ¥806 million decrease in notes, accounts receivable-trade, and contract assets.

Noncurrent assets declined by ¥2,322 million year-on-year, totaling ¥808 million. This decrease was primarily due to a ¥1,798 million reduction in goodwill and a ¥222 million decrease in other securities of subsidiaries and affiliates. As a result, total assets fell by ¥1,481 million year-on-year, amounting to ¥5,260 million. Current liabilities increased by ¥179 million compared to the end of the previous fiscal year, reaching ¥778 million. This was primarily due to an ¥8 million rise in notes and accounts payable-trade and a ¥175 million increase in income taxes payable.

Current liabilities rose by ¥179 million year-on-year, totaling ¥778 million. Long-term liabilities declined by ¥246 million year-on-year, totaling ¥114 million. This decline was primarily driven by a ¥100 million reduction in corporate bonds and a ¥60 million decrease in long-term loans payable.

As a result, total liabilities fell by ¥66 million year-on-year, amounting to ¥892 million.

Total net assets dropped by ¥1,414 million year-on-year, amounting to ¥4,367 million. This decline was primarily due to the recording of a net loss attributable to owners of the parent company. The equity ratio stood at 82.4%.

(3) Summary of Cash Flows for the Fiscal Year Ended September 30, 2024

Cash and cash equivalents (hereafter referred to as "cash") increased by ¥1,708 million during the current fiscal year, reaching ¥3,471 million by the fiscal year's end.

The status of each cash flow and the underlying factors during the current consolidated fiscal year are outlined below.

(Cash flow from operating activities)

Funds increased by ¥610 million from operating activities (compared to ¥253 million in the previous fiscal year). This improvement was primarily driven by a ¥547 million decrease in accounts receivable and contract assets, along with a ¥77 million increase related to inventory changes.

(Cash flow from investing activities)

Net cash generated from investing activities amounted to ¥277 million, a reversal from a decrease of ¥61 million in the same period of the prior year. This improvement was primarily due to a ¥111 million reduction in payments for acquiring investment securities and a ¥217 million increase in proceeds from their sale.

(Cash flow from financing activities)

Net cash generated from financing activities reached ¥819 million, compared to a net outflow of ¥379 million in the previous fiscal year. This increase was primarily attributed to a ¥169 million reduction in dividend payments and proceeds of ¥1,100 million from the sale of shares in subsidiaries, which did not alter the scope of consolidation.

(4) Outlook for the Future

Our group aims to “promote DX in society through IT technology and innovation”, and we are working to become a company that creates new value through the fusion of technology and open innovation.

In the Technology Business, while demand for IT engineers is expected to remain robust, the scale of development has contracted due to the transition of part of the system development business to consulting services during this term. In the SaaS business, the number of users of the SS Cloud Series is steadily increasing, but we are carefully considering the timing and scope of the introduction of a fee-based system.

Given these circumstances, we project the following results for the next fiscal year: net sales of ¥2,084 million, an operating loss of ¥31 million, an ordinary loss of ¥59 million, and net income attributable to owners of the parent of ¥51 million.

* The above business forecasts are based on currently available information and assumptions deemed reasonable by the company. However, there is no guarantee that these forecasts will be achieved. Actual business performance may vary significantly due to various factors.

2. Basic Approach to the Selection of Accounting Standards

Our Group prepares its consolidated financial statements in accordance with Japanese GAAP, as it does not engage in international business development or fundraising.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
ASSETS		
Current Assets		
Cash and deposits	1,762,904	3,471,290
Notes, accounts receivable, and contract assets	1,288,811	482,350
Work in progress	23,362	83,675
Raw materials and stored products	27	203
Prepaid expenses	128,726	61,291
Accounts receivable	331,472	322,382
Other	105,268	144,099
Allowance for doubtful accounts	(30,084)	(113,471)
Total Current Assets	3,610,489	4,451,822
Fixed Assets		
Tangible Fixed Assets		
Property, plant, and equipment (net)	32,680	15,566
Tools, equipment, and fixtures (net)	11,677	10,056
Total Tangible Fixed Assets	44,358	25,623
Intangible Fixed Assets		
Goodwill	1,935,038	136,249
Business rights	130,260	90,180
Software	61,763	5,081
Other	76,982	2,290
Total Intangible Assets	2,204,045	233,801
Investments and Other Assets		
Investment securities	357,213	347,762
Stocks of subsidiaries	137,698	127,698
Other securities of subsidiaries and affiliates	237,612	15,600
Long-term prepaid expenses	78,617	4,220
Deferred tax assets	35,173	40,967
Other	37,076	13,270
Total Investments and Other Assets	883,390	549,519
Total Fixed Assets	3,131,793	808,943
Total Assets	6,742,282	5,260,766

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
LIABILITIES		
Current Liabilities		
Notes and accounts payable	142,624	150,919
Bonds due within one year	100,000	100,000
Long-term debt due within one year	120,000	50,000
Accounts payable	131,009	256,866
Accrued expenses	15,054	4,652
Income taxes payable	18,729	194,269
Accrued consumption tax, etc.	11,299	1,646
Advance received	13,824	5,486
Other	46,913	14,914
Total Current Liabilities	599,454	778,756
Fixed Liabilities		
Corporate bonds	180,000	80,000
Long-term debt	60,000	-
Long-term accrued liabilities	105,408	28,098
Asset retirement obligations	10,207	2,541
Other	4,754	3,510
Total Fixed Liabilities	360,370	114,150
Total Liabilities	959,824	892,907
EQUITY		
Shareholders' Equity		
Capital stock	1,706,476	1,706,476
Capital surplus	3,542,739	3,542,739
Retained earnings	615,690	(915,917)
Treasury stock	(8,086)	(8,086)
Total Shareholders' Equity	5,856,819	4,325,211
Accumulated Other Comprehensive Income (Loss)		
Valuation difference on available-for-sale securities	5,684	10,877
Foreign currency translation adjustments	(113,622)	-
Total Accumulated Other Comprehensive Income (Loss)	(107,937)	10,877
Stock acquisition rights	23,948	23,948
Non-controlling interests	9,627	7,821
Total Net Assets	5,782,458	4,367,859
Total Liabilities and Net Assets	6,742,282	5,260,766

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

Consolidated Statement of Income

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Sales	3,390,566	2,310,898
Cost of Sales	2,405,611	1,784,872
Gross Profit	984,954	526,025
Selling, General, and Administrative Expenses	829,803	941,336
Operating Income (Loss)	155,151	(415,310)
Non-Operating Income		
Interest income	10	133
Dividends	643	8,788
Foreign exchange gains	13,183	-
Subsidy income	7,760	3,921
Income from contracted work	-	5,000
Recoveries of written-off claims	-	5,319
Other	541	1,441
Total Non-Operating Income	22,138	24,603
Non-Operating Expenses		
Interest expenses	12,087	6,230
Loss on valuation of investment securities	279	1,426
Payment fees	17,251	12,818
Exchange loss	-	17,928
Consumption tax difference	558	-
Donation	400	400
Allowance for doubtful accounts	-	62,000
Other	11,498	8,387
Total Non-Operating Expenses	42,075	109,192
Ordinary Income (Loss)	135,214	(499,899)
Extraordinary Gains		
Gain on sales of investment securities	19,709	110,962
Gain on sale of shares in affiliates	-	995,674
Gain on reversal of stock acquisition rights	570	-
Total Extraordinary Gains	20,280	1,106,637
Extraordinary Losses		
Loss on retirement of fixed assets	680	6,341
Impairment loss	-	1,778,803
Loss on sales of investment securities	-	3,427
Loss on valuation of investment securities	-	37,525
Loss on sale of shares in affiliates	-	98,617
Loss on store closing	4,736	7,835
Organizational restructuring expenses	-	32,384
Total Extraordinary Losses	5,417	1,964,936
Net Income (Loss) Before Taxes	150,078	(1,358,198)
Corporate tax, municipal, and business taxes	39,566	176,626
Adjustment to corporate taxes	14,955	(8,597)
Total Corporate Taxes	54,521	168,029
Net Income (Loss)	95,556	(1,526,227)
Net Loss Attributable to Non-Controlling Interests	1,961	5,380
Net Income (Loss) Attributable to Owners of Parent	93,595	(1,531,607)

Consolidated Statements of Comprehensive Income

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Net income (Loss)	95,556	(1,526,227)
Other Comprehensive Income		
Valuation difference on available-for-sale securities	4,009	5,192
Exchange conversion adjustment account	(12,589)	113,622
Total Other Comprehensive Income	(8,579)	118,814
Comprehensive Income	86,977	(1,407,413)
(Breakdown)		
Comprehensive income for owners of the parent	85,015	(1,412,793)
Comprehensive income for non-controlling shareholders	1,961	5,380

(3) Consolidated Statement of Changes in Shareholders' Equity

Fiscal Year Ended September 30, 2023 (October 1, 2022, to September 30, 2023)

(Unit: Thousand Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Period	1,706,476	3,712,343	522,094	(8,078)	5,932,836
Changes During the Period					
Dividends from surplus		(169,604)			(169,604)
Net income attributable to owners of the parent			93,595		93,595
Acquisition of treasury stock				(8)	(8)
Changes in items other than shareholders' equity (net)					
Total Changes During the Period	-	(169,604)	93,595	(8)	(76,017)
Balance at End of Period	1,706,476	3,542,739	615,690	(8,086)	5,856,819

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference on Other Securities	Foreign Exchange Conversion Adjustments	Total Accumulated Other Comprehensive Income			
Balance at Beginning of Period	1,675	(101,032)	(99,357)	24,519	7,665	5,865,664
Changes During the Period						
Dividends from surplus						(169,604)
Net income attributable to owners of the parent						93,595
Acquisition of treasury stock						(8)
Changes in items other than shareholders' equity (net)	4,009	(12,589)	(8,579)	(570)	1,961	(7,189)
Total Changes During the Period	4,009	(12,589)	(8,579)	(570)	1,961	(83,206)
Balance at End of Period	5,684	(113,622)	(107,937)	23,948	9,627	5,782,458

Fiscal Year Ended September 30, 2024 (October 1, 2023, to September 30, 2024)

(Unit: Thousand Yen)

	Statement of Changes in Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Beginning of Period	1,706,476	3,542,739	615,690	(8,086)	5,856,819
Changes During the Period					
Net loss attributable to owners of the parent			(1,531,607)		(1,531,607)
Acquisition of treasury stock				(0)	(0)
Changes in items other than shareholders' equity (net)					
Total Changes During the Period	-	-	(1,531,607)	(0)	(1,531,608)
Balance at End of Period	1,706,476	3,542,739	(915,917)	(8,086)	4,325,211

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-Controlling Interests	Total Net Assets
	Valuation Difference on Other Securities	Foreign Exchange Conversion Adjustments	Total Accumulated Other Comprehensive Income			
Balance at Beginning of Period	5,684	(113,622)	(107,937)	23,948	9,627	5,782,458
Changes During the Period						
Net loss attributable to owners of the parent						(1,531,607)
Acquisition of treasury stock						(0)
Changes in items other than shareholders' equity (net)	5,192	113,622	118,814	-	(1,805)	117,009
Total Changes During the Period	5,192	113,622	118,814	-	(1,805)	(1,414,598)
Balance at the End of Period	10,877	-	10,877	23,948	7,821	4,367,859

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Cash Flow from Operating Activities		
Net income (loss) before income taxes and minority interests	150,078	(1,358,198)
Depreciation	94,035	87,967
Impairment loss	-	1,778,803
Amortization of goodwill	134,485	134,485
Increase (decrease) in allowance for doubtful accounts	-	83,387
Interest and dividends income	(653)	(8,921)
Interest expense	12,087	6,230
Loss on disposal of fixed assets	680	6,341
Loss (gain) on sales of securities	(19,709)	(107,535)
Loss (gain) on valuation of securities	279	38,952
loss(gain) on sale of shares in affiliated companies	-	(897,056)
Loss on store closures	4,736	7,835
Gain on reversal of subscription rights to shares	(570)	-
(Increase) decrease in trade receivables and contract assets	258,530	806,460
(Increase) decrease in inventories	11,699	(65,390)
Increase (decrease) in notes and accounts payable—trade	(38,433)	8,295
Increase (decrease) in accounts payable—other	31,186	88,350
Increase (decrease) in accrued consumption taxes	(32,136)	(9,652)
Foreign exchange loss (gain)	(13,183)	17,928
Other	(207,948)	(21,140)
Subtotal	385,164	597,144
Interest and dividends received	2,664	28,316
Amount of interest paid	(14,495)	(6,561)
Income taxes paid (refunded)	(119,638)	(8,472)
Net Cash Flow from Operating Activities	253,695	610,427
Cash Flow from Investment Activities		
Payments for acquisition of tangible fixed assets	(8,360)	(13,779)
Proceeds from sales of tangible fixed assets	76	-
Payments for acquisition of intangible fixed assets	(9,532)	(3,916)
Payments for acquisition of investment securities	(157,500)	(45,900)
Proceeds from sales of investment securities	113,885	331,430
Proceeds from collection of loans receivable	360	300
Income from the collection of security deposits	-	17,000
Expenditure from the liquidation of a subsidiary	-	(7,177)
Cash flow from investment activities	(61,070)	277,958

(Unit: Thousand Yen)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Cash Flow from Financial Activities		
Repayment of long-term debt	(110,000)	(130,000)
Payments for redemption of bonds	(100,000)	(100,000)
Dividends paid	(169,604)	-
Expenditure on acquisition of shares in subsidiaries (not involving a change in the scope of consolidation)	-	(50,000)
Income from sale of shares in subsidiaries (not involving a change in the scope of consolidation)	-	1,100,000
Other	(8)	(0)
Cash Flow from Financial Activities	(379,612)	819,999
Increase (decrease) in cash and cash equivalents	(186,987)	1,708,386
Cash and cash equivalents at beginning of period	1,949,892	1,762,904
Cash and cash equivalents at end of period	1,762,904	3,471,290

(5) Notes on Consolidated Financial Statements

(Notes on premise of a going concern)

No relevant matters to report.

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

Effective November 30, 2023, S2i Inc. was liquidated and consequently excluded from the scope of consolidation for the fiscal year ended September 30, 2024.

As of September 30, 2024, SystemSoft U.S.A., Corporation was excluded from the scope of consolidation due to the transfer of shares.

(Change in method of display)

(Consolidated balance sheet)

In the previous consolidated fiscal year, "accounts receivable-other" was included under "other" within "current assets." However, starting from the current consolidated fiscal year, it is presented as a separate line item due to its increased monetary significance. To ensure consistency and comparability, the consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the ¥436,741 thousand previously presented as "Other" under "Current Assets" in the consolidated balance sheet for the previous fiscal year has been reclassified into "Accounts Receivable-Other" of ¥331,472 thousand and "Other" of ¥105,268 thousand.

(Segment information, etc.)

[Segment information]

1. Outline of Reportable Segments

The Company defines its reportable segments as components for which separate financial information is available and regularly reviewed by the Board of Directors to allocate management resources and assess performance.

The Company develops comprehensive strategies for its core services, which are managed and executed by divisional units. Based on this structure, the Company identifies two reportable segments:

- Technology Business: This segment focuses on providing system development and solution services.
- Open Innovation Business: This segment specializes in consulting services for startups to support business launches. It also operates shared office spaces to promote innovation by incorporating technologies and ideas from diverse industries and fields.

2. Calculation Method for Net Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting principles applied to the reportable segments align with those used for the preparation of the Company's consolidated financial statements. Segment profit is calculated based on operating income. Intersegment revenue and transfers are recognized at prevailing market prices.

3. Information on Net Sales, Income or Loss, Assets, and Other Items by Reportable Segment

Fiscal Year Ended September 30, 2023 (October 1, 2022, to September 30, 2023)

Details of net sales, income or loss, assets, and other items by reportable segment are presented below:

(Unit: Thousand Yen)

	Reporting Segment			Other*	Total
	Technology Business	Open Innovation Business	Subtotal		
Net Sales					
External customers	2,429,624	960,942	3,390,566	-	3,390,566
Inter-segments	-	318	318	-	318
Subtotal	2,429,624	961,260	3,390,884	-	3,390,884
Segment Profit (Loss)	238,915	50,896	289,811	(363)	289,448
Segment Assets	3,858,121	1,980,961	5,839,082	15,766	5,854,849
Other Items					
Depreciation and amortization	64,186	22,763	86,950	-	86,950
Increase in tangible fixed assets and intangible fixed assets	1,245	7,620	8,866	-	8,866

Note: **“Other” refers to business segments not included as reportable segments.

Fiscal Year Ended September 30, 2024 (October 1, 2023, to September 30, 2024)

Information on Net Sales, Income or Loss, Assets, and Other Items by Reportable Segment

(Unit: Thousand Yen)

	Reporting Segment			Other*	Total
	Technology Business	Open Innovation Business	Subtotal		
Net Sales					
External customers	1,575,927	734,970	2,310,898	-	2,310,898
Inter-segments	-	506	506	-	506
Subtotal	1,575,927	735,477	2,311,405	-	2,311,405
Segment Profit (Loss)	(136,850)	(39,776)	(176,627)	-	(176,627)
Segment Assets	4,001,358	696,177	4,697,536	-	4,697,536
Other Items					
Depreciation and amortization	56,326	14,195	70,521	-	70,521
Increase in tangible fixed assets and intangible fixed assets	13,974	1,725	15,699	-	15,699

Note: **“Other” refers to business segments not included as reporting segments.

4. Reconciliation Between Reportable Segment Totals and Consolidated Financial Statement Amounts, and Explanation of Key Adjustments

(Unit: Thousand Yen)

Sales	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Total of reportable segments	3,390,884	2,311,405
Elimination of inter-segment transactions	(318)	(506)
Net sales in consolidated financial statements	3,390,566	2,310,898

(Unit: Thousand Yen)

Profit	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Total of reportable segments	289,811	(176,627)
Losses in "Other" category (-)	(363)	-
Corporate expenses*	(134,297)	(238,683)
Operating income in consolidated financial statements	155,151	(415,310)

Note: **Corporate expenses" are primarily general and administrative expenses that do not belong to any particular reportable segment.

(Unit: Thousand Yen)

Assets	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Total of reportable segments	5,839,082	4,697,536
Assets in "other" category	15,766	-
Corporate assets*	887,433	563,230
Total assets in consolidated financial statements	6,742,282	5,260,766

Note: **Corporate assets" are primarily head office buildings that do not belong to any reportable segment.

(Unit: Thousand Yen)

Other items	Total of reportable segments		Other		Adjustment amount		Amount recorded in consolidated financial statements	
	Fiscal year ended Sep 30, 2023	Fiscal year ended Sep 30, 2024	Fiscal year ended Sep 30, 2023	Fiscal year ended Sep 30, 2024	Fiscal year ended Sep 30, 2023	Fiscal year ended Sep 30, 2024	Fiscal year ended Sep 30, 2023	Fiscal year ended Sep 30, 2024
Depreciation and amortization	86,950	70,521	-	-	7,084	17,445	94,035	87,967
Increase in tangible and intangible fixed assets	8,866	15,699	-	-	9,026	59,394	17,892	75,094

(Per share information)

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
Net assets per share	67.79 yen	51.13 yen
Net income (loss) per share	1.10 yen	-18.06 yen
Net income per share after adjustment of potential shares	-	-

Note 1: For the fiscal year ended September 30, 2023, this data is not stated as there were no residual shares with a dilution effect. For the fiscal year ended September 30, 2024, the data is also not stated because, although residual shares exist, the net income per share is a net loss.

Note 2: The basis for calculating net income per share, net loss per share, and net income per share after adjustment for residual shares is as follows.

	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2024
(1) Net income (loss) per share		
(Basis for calculation)		
Net income (loss) attributable to owners of the parent (thousand yen)	93,595	(1,531,607)
Amount not attributable to common shareholders (thousand yen)	-	-
Net income (loss) attributable to owners of the parent attributable to common stock (thousand yen)	93,595	(1,531,607)
Average number of shares of common stock during the period (shares)	84,802,087	84,802,072
(2) Net income per share after adjustment for residual securities		
(Basis for calculation)		
Adjustment of net income attributable to owners of the parent (thousand yen)	-	-
Increase in the number of common stocks (shares)	-	-
Outline of latent shares not included in the calculation of diluted net income per share due to the absence of dilutive effects	Fifth series of stock acquisition rights (Number of shares: 1,496,800 shares)	Fifth series of stock acquisition rights (Number of shares: 1,496,800 shares)

(Significant subsequent events)

(Transfer of business)

At a meeting of the Board of Directors held on November 8, 2024, the Company concluded to transfer the rental office, coworking space, virtual office, meeting room, event space, and franchise business conducted by the Company and APAMAN Co. space, and the consulting business (excluding the introduction of experts, M&A support, IPO support, fundraising support, management support for startups and small and medium-sized businesses, support for investment, acceleration programs, and businesses related to these) (Headquarters: Shinjuku, Tokyo; President: Takateru Kawano) to take over the business (excluding the introduction of experts, M&A support, support for listing, support for raising funds, support for startup and small and medium-sized business management, support for investment, and acceleration programs and related businesses), the three companies have decided to conclude a basic agreement to begin discussions.

1. Reason for the Business Transfer

As part of the open innovation business, the Company has operated "fabbit" facilities to support startups, ventures, and second startups while fostering business matching between these entities and major corporations. Moving forward, the Company intends to concentrate on open innovation, alliance services, and consulting—particularly in financial advisory (FA)—to leverage its IT expertise more effectively. Accordingly, the operation of related businesses such as rental offices, coworking spaces, and virtual offices will be transferred to streamline operations and align with this strategic focus.

2. Overview of the Company Receiving the Business Transfer

(1) Company Name	TKP Corporation	
(2) Location	8 Ichigaya-Hachiman-cho, Shinjuku-ku, Tokyo	
(3) Name and Title of Representative	Takateru Kawano, Representative Director	
(4) Business	Space regeneration and distribution business	
(5) Capital	16.3 billion yen (as of the end of February 2024)	
(6) Date of Establishment	August 2005	
(7) Relationship Between the Listed Company and the Company	Capital relationship	None
	Personnel relationship	
	Business relationship	
	Status as a related party	

3. Overview of the Business Being Transferred

(1) Details

The "fabbit" business includes the operation of rental offices, coworking spaces, virtual offices, meeting rooms, event spaces, and associated franchise operations managed by our company and APAMAN Co.

(2) Operating results

The specific operating results of the business being transferred are not disclosed due to a confidentiality agreement with the counterparty.

(3) Items and amounts of assets and liabilities

Details on the tangible fixed assets, intangible fixed assets, contracts, and inventory assets associated with the business being transferred are not disclosed due to a confidentiality agreement with the counterparty.

(4) Transfer price and settlement method

The transfer price will remain undisclosed due to a confidentiality agreement with the counterparty. Settlement is planned to be completed in cash.

4. Schedule for the Transfer of Business

(1) Date of conclusion of basic agreement: November 8, 2024

(2) Date of conclusion of final agreement: December 31, 2024 (scheduled)

(3) Date of transfer of business: February 28, 2025 (scheduled)

5. Outlook

The potential impact of this transaction on consolidated business results for the fiscal year ending September 2025 is under examination. Any significant developments or disclosures required will be communicated promptly.