



**Consolidated Financial Results for the Nine months ended June 30,2021**  
(Under Japanese GAAP)

August 2, 2021

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: August 4, 2021  
 Scheduled start date to commence dividend payments: —  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results briefings: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine months ended June30, 2021 (From October 1, 2020 to June 30, 2021)

(1) Consolidated financial results (cumulative)

(% is Year-on-year rate of increase / decrease)

|                   | Net Sales   |      | Operating Income |   | Ordinary income |   | Attributable to owners of parent quarterly net income |   |
|-------------------|-------------|------|------------------|---|-----------------|---|---|---|
|                   | million yen | %    | million yen      | % | million yen     | % | million yen   | % |
| Nine months ended |             |      |                  |   |                 |   |   |   |
| June 30, 2021     | 3,556       | 67.3 | 354              | — | 326             | — | 490   | — |
| June 30, 2020     | 2,125       | 12.4 | -192             | — | -192            | — | 548   | — |

**Note: Comprehensive income** For the Nine months ended, June 30, 2021 ¥484 million yen (—%)  
 For the Nine months ended, June 30, 2020 ¥-554 million yen (—%)

|                   | Quarterly Net earnings per share | Quarterly Diluted net earnings per share |
|-------------------|----------------------------------|--|
| Nine months ended | yen                              | Yen                                      |
| June 30, 2021     | 6.37                             | 6.31                                     |
| June 30, 2020     | -8.07                            | —  |

(2)Consolidated financial condition

|                    | Total Assets | Net Assets  | Equity-to-asset ratio |
|--------------------|--------------|-------------|-----------------------|
| Nine months ended  | million yen  | million yen | %                     |
| June 30, 2021      | 7,109        | 5,585       | 77.4                  |
| Fiscal year ended  |              |             |                       |
| September 30, 2020 | 4,997        | 3,964       | 78.9                  |

Reference: **Equity capital** As of June 30, 2021 ¥5,501 million  
 As of September 30, 2020 ¥3,942 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, 2020            | —                 | 0.00               | —                 | 2.00            | 2.00  |
| September 30, 2021            | —                 | 0.00               | —                 |                 |       |
| September 30, 2021 (Forecast) |                   |                    |                   | 2.00            | 2.00  |

Note: Revision to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending September 30, 2021 (October 1, 2020 – September 30, 2021)

(% increase or decrease from the previous year)

|           | 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 | 4,500       | 57.1 | 350              | – | 330             | – | 520                                     | – | 6.36               |

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

\* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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 June 30, 2021      | 81,636,240 shares |
| As of September 30, 2020 | 68,040,560 shares |

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

|                          |               |
|--------------------------|---------------|
| As of June 30, 2021      | 31,864 shares |
| As of September 30, 2020 | 31,771 shares |

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

|                                 |                   |
|---------------------------------|-------------------|
| Nine months ended June 30, 2021 | 77,022,743 shares |
| Nine months ended June 30, 2020 | 67,990,043 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.

In the merger with fabbit Co., Ltd. on January 1, 2021, the Company allocated 13,595,680 shares (number of newly issued shares) to fabbit Co., Ltd. shareholders on the same date. The consolidated earnings forecast for "net income per share" is calculated by calculating the average number of shares during the denominating period, reflecting the increase in the number of shares issued.

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## 1. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

|                                     | Previous consolidated fiscal year<br>(September 30, 2020) | Nine months ended June 30, 2021<br>(June 30, 2021) |
|-------------------------------------|---|--|
| <b>ASSETS</b>                       |   |  |
| Current assets                      |   |  |
| Cash and deposits                   | 1,789,340   | 2,269,927  |
| Notes and accounts receivable       | 1,050,442   | 1,135,968  |
| Investment securities               | 218,775   | 201,386  |
| Work in progress                    | 85,398  | 123,467  |
| Raw materials and stored products   | –   | 109  |
| Other                               | 115,000   | 351,769  |
| Reserve for bad loans               | –   | -5,397   |
| <b>Total current assets</b>         | <b>3,258,957</b>  | <b>4,077,231</b>                                   |
| Fixed assets                        |   |  |
| Tangible fixed assets               |   |  |
| Property, plant and equipment (net) | 20,866  | 28,561   |
| Tools, furniture and fixtures (net) | 17,145  | 18,607   |
| <b>Total tangible fixed assets</b>  | <b>38,011</b>   | <b>47,169</b>                                      |
| Intangible fixed assets             |   |  |
| Goodwill                            | 613,995   | 1,903,096  |
| Other intangible assets             | 330,853   | 369,290  |
| <b>Total intangible assets</b>      | <b>944,848</b>  | <b>2,272,387</b>                                   |
| Investments and other assets        | 755,656   | 712,248  |
| <b>Total fixed assets</b>           | <b>1,738,516</b>  | <b>3,031,805</b>                                   |
| <b>Total assets</b>                 | <b>4,997,473</b>  | <b>7,109,036</b>                                   |
| <b>LIABILITIES AND EQUITY</b>       |   |  |
| Current liabilities                 |   |  |
| Notes and accounts payable          | 195,783   | 208,832  |
| Income taxes payable                | 500   | 84,729   |
| Transfer loss reserve               | 11,579  | –  |
| Order loss reserve                  | 5,523   | 5,523  |
| Other                               | 206,338   | 667,102  |
| <b>Total current liabilities</b>    | <b>419,725</b>  | <b>966,187</b>                                     |
| Fixed liabilities                   |   |  |
| Bonds                               | 480,000   | 410,000  |
| Asset retirement obligations        | 4,409   | 10,137   |
| Other                               | 128,485   | 137,603  |
| <b>Total fixed liabilities</b>      | <b>612,895</b>  | <b>557,741</b>                                     |
| <b>Total liabilities</b>            | <b>1,032,621</b>  | <b>1,523,929</b>                                   |

(Unit: thousand yen)

|  | Previous consolidated fiscal year<br>(September 30, 2020) | Nine months ended June 30, 2021<br>(June 30, 2021) |
|--|---|--|
| <b>Equity</b>                                    |   |  |
| Shareholders' equity                             |   |  |
| Capital  | 1,511,404   | 2,721,420  |
| Capital surplus                                  | 3,151,487   | 2,516,744  |
| Retained earnings                                | -703,933  | 285,446  |
| Treasury stock                                   | -8,050  | -8,064   |
| <b>Total shareholders' equity</b>                | <b>3,950,907</b>  | <b>5,515,546</b>                                   |
| Accumulated other comprehensive income<br>(loss) |   |  |
| Other securities valuation differences           | -7,963  | -1,728   |
| Exchange conversion adjustment account           | -88   | -12,326  |
| <b>Total other comprehensive income</b>          | <b>-8,052</b>   | <b>-14,054</b>                                     |
| Stock acquisition rights                         | 13,801  | 75,686   |
| Non-controlling interests                        | 8,196   | 7,930  |
| <b>Total net assets</b>                          | <b>3,964,852</b>  | <b>5,585,107</b>                                   |
| <b>Total liabilities and net assets</b>          | <b>4,997,473</b>  | <b>7,109,036</b>                                   |

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

Quarterly Consolidated Statement of Income  
 (Nine months ended June 30, 2021)

(Unit: Thousand yen)

|  | Nine months ended<br>June 30, 2020<br>(October 1, 2019 to June 30, 2020) | Nine months ended<br>June 30, 2021<br>(October 1, 2020 to June 30, 2021) |
|--|--|--|
| Sales  | 2,125,117  | 3,556,335  |
| Cost of sales  | 1,873,572  | 2,516,379  |
| Gross profit   | 251,545  | 1,039,955  |
| Selling, general and administrative expenses   | 444,165  | 685,454  |
| Operating income   | -192,620   | 354,500  |
| Non-operating income   |  |  |
| Interest income  | 1,179  | 1,946  |
| Dividend received  | 494  | 494  |
| Foreign exchange gains   | -  | 12,556   |
| Subsidy income   | 1,879  | 7,748  |
| Consulting revenue   | -  | 11,250   |
| Consumption tax difference   | 491  | -  |
| Return on shareholder benefit  | 20,223   | -  |
| Other  | 124  | 577  |
| Total non-operating income   | 24,392   | 34,573   |
| Non-operating expenses   |  |  |
| Interest expenses  | 603  | 7,881  |
| Fees   | 18,795   | 25,755   |
| Foreign exchange loss  | 596  | -  |
| Shareholder benefit-related expenses   | 1,073  | -  |
| Other  | 2,851  | 28,842   |
| Total non-operating expenses   | 23,920   | 62,479   |
| Ordinary income or ordinary expenses   | -192,148   | 326,594  |
| Extraordinary gains  |  |  |
| Marginal gain on stage acquisition   | -  | 238,106  |
| Gain on reversal of provision for loss on transfer                                       | -  | 3,244  |
| Gain on return of stock acquisition rights   | 4,542  | -  |
| Total extraordinary gains  | 4,542  | 241,350  |
| Extraordinary loss   |  |  |
| Fixed assets retirement losses   | -  | 4,691  |
| Loss on valuation of investment securities   | 339,339  | -  |
| Total extraordinary loss   | 339,339  | 4,691  |
| Quarterly net Income before taxes or net loss before adjustments to taxes, etc           | -526,945   | 563,253  |
| Corporate tax, municipal tax and business taxes  | 22,221   | 73,405   |
| Adjustment to corporate taxes, etc   | -  | -540   |
| Total corporate taxes, etc.  | 22,221   | 72,864   |
| Quarterly net income or quarterly net loss   | -549,167   | 490,389  |
| Quarterly net loss attributable to non-controlling shareholders                          | -198   | -265   |
| Net income attributable to owners of parent or net loss attributable to owners of parent | -548,968   | 490,654  |

Consolidated quarterly statements of comprehensive income

(Cumulative period for consolidated third quarter, Nine months ended June 30, 2021)

(Unit: Thousand yen)

|  | Nine months ended<br>June 30, 2020<br>(October 1, 2019 to June 30, 2020) | Nine months ended<br>June 30, 2021<br>(October 1, 2020 to June 30, 2021) |
|--|--|--|
| Quarterly net income or loss                                       | -549,167   | 490,389  |
| Other comprehensive income   |  |  |
| Other securities valuation difference                              | -4,910   | 6,235  |
| Exchange conversion adjustment account                             | 0  | -12,238  |
| Total other comprehensive income                                   | -4,909   | -6,002   |
| Quarterly comprehensive income                                     | -554,077   | 484,386  |
| (Breakdown)  |  |  |
| Quarterly comprehensive income for owners<br>of parent             | -553,878   | 484,652  |
| Quarterly comprehensive income for<br>non-controlling shareholders | -198   | -265   |

### (3) Notes on quarterly consolidated financial statements

#### (Notes on going concern assumptions)

Nothing applicable.

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

In the first quarter of the fiscal year ended November 25, 2020, the Board of Directors resolved to reduce the capital surplus by 498,725,000 yen in accordance with the provisions of Article 452, Article 459, Paragraph 1, Item 3 of the Companies Act, and Article 38 of the Company's Articles of Incorporation, and transfer it to carry-forward retained earnings. On December 24, 2020, the capital surplus decreased by ¥136,017,000 due to the implementation of dividends based on capital surplus.

During the consolidated fiscal period for the first half (October 1, 2020 to March 31, 2021), fabbit Co., Ltd. was absorbed and merged as of January 1, 2021, and 1,393 shares of the Company's common stock were allocated for each common share of the Company. The merger increased capital by ¥1,210,015,000.

As a result, capital stock and capital surplus amounted to 2,721,420,000 yen and 2,516,744,000 yen, respectively, at the end of the third quarter of the current fiscal year.

#### (Information by Segment)

##### Segment Information

##### I. Previous Nine months ended, from October 1, 2019 to June 30, 2020, consolidated period

##### 1. Information on the sales, profits or losses per reporting segment

(Unit: Thousand yen)

|  | Reporting Segment      |                                |            |           | Other<br>(Note) | Total     |
|--|------------------------|--------------------------------|------------|-----------|-----------------|-----------|
|  | Technology<br>business | Open<br>Innovation<br>Business | Investment | Subtotal  |                 |           |
| <b>Sales</b>                                     |                        |                                |            |           |                 |           |
| Sales to external customers                      | 2,040,201              | —                              | 84,666     | 2,124,867 | 250             | 2,125,117 |
| Sales or transfers inside or<br>between segments | —                      | —                              | —          | —         | —               | —         |
| Subtotal   | 2,040,201              | —                              | 84,666     | 2,124,867 | 250             | 2,125,117 |
| Segment profit or<br>Loss                        | 64,971                 | —                              | -125,713   | -60,741   | -32             | -60,774   |

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)

| Revenue                                  | Amount   |
|--|----------|
| Reporting segment subtotal               | -60,741  |
| "Other" revenue                          | -32      |
| Elimination of intersegment transactions | -131,845 |
| Company-wide expenses (Note)             | -192,620 |

Note: Company-wide expenses are general and administrative expenses that are not primarily attributable to the reporting segment.



II. Nine months ended, from October 1, 2020 to June 30, 2021, consolidated period

Information on the sales, profits or losses per reporting segment

1. Information on the sales, profits or losses per reporting segment

(Unit: Thousand yen)

|  | Reporting Segment      |                                |            |           | Other<br>(Note) | Total     |
|--|------------------------|--------------------------------|------------|-----------|-----------------|-----------|
|  | Technology<br>business | Open<br>Innovation<br>Business | Investment | Subtotal  |                 |           |
| Sales  |                        |                                |            |           |                 |           |
| Sales to external customers                      | 2,665,702              | 733,251                        | 156,931    | 3,555,885 | 450             | 3,556,335 |
| Sales or transfers inside or<br>between segments | 4,154                  | 22,890                         | —          | 27,044    | —               | 27,044    |
| Subtotal   | 2,669,856              | 756,141                        | 156,931    | 3,582,929 | 450             | 3,583,379 |
| Segment profit or<br>Loss                        | 248,096                | 94,512                         | 149,952    | 492,560   | 25              | 492,585   |

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

2. Information about assets by reporting segment

(Significant increase in assets due to mergers, etc.)

As of January 1, 2021, segment assets in the open innovation business increased by ¥1,633,139,000 compared to the last day of the previous consolidated fiscal year, mainly due to the absorption-type merger of fabbit Co., Ltd. and the acquisition of the company's financial statements.

3. 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)

| Profit  | Amount   |
|---|----------|
| Reporting segment subtotal  | 492,560  |
| "Other" profit  | 25       |
| Company-wide expenses (Note)                                      | -138,084 |
| Operating income on quarterly consolidated statement of<br>income | 354,500  |

Note: Company-wide expenses mainly consist of general administration expenses not attributable to any one reporting segment.

4. Information on impairment loss or goodwill of fixed assets by reporting segment

(Significant fluctuations in the amount of goodwill)

As of January 1, 2021, due to the absorption-type merger of fabbit Co., Ltd. and the acquisition of the company's financial statements, goodwill in the open innovation business increased by 1,094,539,000 yen compared to the last day of the previous consolidated fiscal year.

5. Matters related to changes in reporting segments, etc.

From the previous consolidated fiscal year, the "Investment Business" previously included in "Others" has been changed to the method described as a reporting segment due to increased material importance.

In addition, from the consolidated six months ended, March 31, 2021, with the absorption-type merger of fabbit Co., Ltd. in January 2021, we reviewed the management system with the aim of better grasping the actual business results of each segment, and the reporting segment was selected from three categories: conventional "system solution business", "marketing business", and "investment business", Technology business, mainly system development and solution services, Open Innovation business centered on coworking space and rental office operations and consulting, and

Investment business, which is centered on investment businesses.

In line with this segment change, segment information for this second quarter is displayed in different categories according to the category of reported segments in the consolidated cumulative period of the previous second quarter.

#### (Business Combinations, etc.)

Determination of provisional accounting treatment for business combination

With regard to the absorption-type merger of fabbit Co., Ltd. conducted by the Company on January 1, 2021, provisional accounting treatment was applied in the second quarter of the consolidated accounting period, but this was finalized in the third quarter of the consolidated accounting period.

There has been no revision to the amount of goodwill.

#### (Significant subsequent events)

Absorption-type mergers between consolidated subsidiaries

At the Board of Directors meeting held on April 27, 2021, the Company resolved to merge with its wholly-owned subsidiary SS Technologies Co., Ltd. (formerly DigiIT Co., Ltd.) as the surviving company and Alliance Technology Corporation, which is also a wholly-owned subsidiary of the Company, as an extinct company, and concluded a merger agreement on the same date.

##### 1. Overview of Corporate Merger

###### (1) Name of acquired company and details of its business

|                               |   |
|-------------------------------|---|
| Name of the combined company: | SS Technologies Co., Ltd.                       |
| Business activities:          | Real Estate Tech, RPA Solutions, Web Consulting |
| Name of the acquired company: | Alliance Technology Corporation                 |
| Business activities:          | Investment trust consignment business           |

###### (2) Main reasons for merger

The aim is to promote the effective use of human resources and management resources in the Group, improve management efficiency, and improve corporate value.

###### (3) Date of merger

July 1, 2021

###### (4) Legal form of merger

It is an absorption-type merger in which SS Technologies Co., Ltd. is the surviving company and Alliance Technology Corporation is the extinct company.

###### (5) Name of company after the merger

SS Technologies Co., Ltd.

###### (6) Percentage of voting rights acquired

Since both are mergers of 100% subsidiaries of the Company, there is no grant of consideration for the merger.

###### (7) Handling of bonds with stock acquisition rights and stock acquisition rights due to merger

There is no applicable matter.

##### 2. Overview of accounting to be performed

General Accounting for business merger (Corporate Accounting Standards No. 21, January 16, 2019) and "Guidelines for Application of Accounting Standards for Business Combined Accounting Standards and Business Separations" (Guidelines for Applying Corporate Accounting Standards No. 10, January 16, 2019) are scheduled to be conducted as transactions under common control.

#### 2. Other

Nothing applicable.