



**Consolidated Financial Results for the Three months ended December 31, 2021**  
(Under Japanese GAAP)

February 10, 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: February 14, 2022  
 Scheduled start date to commence dividend payments: —  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly financial results briefings: Yes

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

1. Consolidated Financial Results for the Three months ended June 30, 2021  
(From October 1, 2021 to December 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	%
Three months ended								
December 31, 2021	1,080	-5.9	-44	—	-53	—	-65	—
December 31, 2020	1,148	77.4	265	—	255	—	232	—

**Note: Comprehensive income** For the Three months ended, December 31, 2021 ¥-75 million yen (—%)  
 For the Three months ended, December 31, 2020 ¥236 million yen (—%)

	Quarterly Net earnings per share	Quarterly Diluted net earnings per share
Three months ended	yen	Yen
December 31, 2021	-0.78	—
December 31, 2020	3.42	—

## (2) Consolidated financial condition

	Total Assets	Net Assets	Equity-to-asset ratio
Three months ended	million yen	million yen	%
December 31, 2021	7,174	5,670	78.6
Fiscal year ended			
September 30, 2021	7,467	5,838	77.6

Reference: **Equity capital** As of December 31, 2022 ¥5,637 million  
 As of September 30, 2021 ¥5,794 million

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the current first quarter consolidated accounting period. As a result, the figures for the first quarter of the fiscal year ending September 30, 2022 are result of the application of the said accounting standard.

## 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, 2021	–	0.00	–	2.00	2.00
September 30, 2022	–				
September 30, 2022 (Forecast)		–	–	–	–

Note: 1. Revision to the forecast of cash dividends most recently announced: None

## 3. Forecast of consolidated financial results for the fiscal year ending September 30, 2022 (October 1, 2021 – September 30, 2022)

	(% 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	5,000	1.6	400	5.9	370	8.0	220	-54.5	2.62

Note: 1. Revisions to the most recently announced earnings forecasts: None

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current first quarter consolidated accounting period. As a result, the above forecast of consolidated financial results is based on the figures after the application of these accounting standards. As a result, the percentage change from the previous fiscal year is based on a different calculation method.

## \* 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: Yes
  - (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 December 31, 2021	84,834,140 shares
As of September 30, 2021	84,136,240 shares

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

As of December 31, 2021	31,924 shares
As of September 30, 2021	31,864 shares

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

Three months ended December 31, 2021	84,430,563 shares
Three months ended December 31, 2020	68,008,789 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)

	Previous consolidated fiscal year (September 30, 2021)	Three months ended December 31, 2021 (December 31, 2021)
<b>ASSETS</b>		
Current assets		
Cash and deposits	2,081,361	1,521,483
Notes and accounts receivable	1,678,727	—
Notes and accounts receivable-trade and contract assets	—	1,905,443
Work in progress	122,725	170,896
Raw materials and stored products	21	15
Other	281,093	309,777
Reserve for bad loans	-5,397	-5,397
<b>Total current assets</b>	<b>4,158,531</b>	<b>3,902,219</b>
Fixed assets		
Tangible fixed assets		
Property, plant and equipment (net)	27,853	27,137
Tools, furniture and fixtures (net)	19,318	19,452
<b>Total tangible fixed assets</b>	<b>47,172</b>	<b>46,590</b>
Intangible fixed assets		
Goodwill	2,044,403	2,012,728
Other intangible assets	414,314	398,287
<b>Total intangible assets</b>	<b>2,458,718</b>	<b>2,411,016</b>
Investments and other assets	803,055	815,098
<b>Total fixed assets</b>	<b>3,308,946</b>	<b>3,272,705</b>
<b>Total assets</b>	<b>7,467,478</b>	<b>7,174,924</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Notes and accounts payable	436,292	498,082
Short-term loans payable	200,000	150,000
Income taxes payable	82,010	9,784
Order loss reserve	4,929	4,929
Other	379,880	336,053
<b>Total current liabilities</b>	<b>1,103,113</b>	<b>998,850</b>
Fixed liabilities		
Bonds	380,000	360,000
Asset retirement obligations	10,145	10,153
Other	135,696	135,574
<b>Total fixed liabilities</b>	<b>525,841</b>	<b>505,727</b>
<b>Total liabilities</b>	<b>1,628,954</b>	<b>1,504,578</b>

(Unit: thousand yen)

	Previous consolidated fiscal year (September 30, 2021)	Three months ended December 31, 2021 (December 31, 2021)
<b>Equity</b>		
Shareholders' equity		
Capital	1,663,904	1,706,476
Capital surplus	3,879,259	3,712,343
Retained earnings	278,103	255,617
Treasury stock	-8,064	-8,071
<b>Total shareholders' equity</b>	<b>5,813,203</b>	<b>5,666,365</b>
Accumulated other comprehensive income (loss)		
Other securities valuation differences	-2,523	-4,676
Exchange conversion adjustment account	-15,743	-23,711
<b>Total other comprehensive income</b>	<b>-18,266</b>	<b>-28,388</b>
Stock acquisition rights	35,686	24,519
Non-controlling interests	7,900	7,848
<b>Total net assets</b>	<b>5,838,523</b>	<b>5,670,346</b>
<b>Total liabilities and net assets</b>	<b>7,467,478</b>	<b>7,174,924</b>

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

Quarterly Consolidated Statement of Income

(Three months ended December 31, 2021)

(Unit: Thousand yen)

	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)
Sales	1,148,952	1,080,646
Cost of sales	729,011	883,230
Gross profit	419,940	197,416
Selling, general and administrative expenses	154,936	241,492
Operating income	265,003	-44,076
Non-operating income		
Interest income	653	0
Dividend received	247	275
Foreign exchange gains	-	8,214
Subsidy income	540	324
Consulting revenue	3,750	1,250
Other	37	487
Total non-operating income	5,227	10,551
Non-operating expenses		
Interest expenses	466	3,990
Fees	4,373	10,219
Foreign exchange loss	6,174	-
Other	3,681	5,377
Total non-operating expenses	14,696	19,587
Ordinary income or ordinary expenses	255,535	-53,112
Extraordinary gains		
Gain on sales of investment securities	-	2,851
Total extraordinary gains	-	2,851
Extraordinary loss		
Fixed assets retirement losses	1,730	-
Loss on valuation of investment securities	-	1,313
Loss on store closing	-	5,843
Total extraordinary loss	1,730	7,156
Quarterly net Income before taxes or net loss before adjustments to taxes, etc	253,804	-57,417
Corporate tax, municipal tax and business taxes	21,759	8,094
Adjustment to corporate taxes, etc	-540	-
Total corporate taxes, etc.	21,219	8,094
Quarterly net income or quarterly net loss	232,585	-65,511
Quarterly net loss attributable to non-controlling shareholders	-29	-51
Net income attributable to owners of parent or net loss attributable to owners of parent	232,615	-65,459

Consolidated quarterly statements of comprehensive income

(Cumulative period for consolidated first quarter, Three months ended December 31, 2021)

(Unit: Thousand yen)

	Three months ended December 31, 2020 (October 1, 2020 to December 31, 2020)	Three months ended December 31, 2021 (October 1, 2021 to December 31, 2021)
Quarterly net income or loss	232,585	-65,511
Other comprehensive income		
Other securities valuation difference	-1,453	-2,153
Exchange conversion adjustment account	5,838	-7,968
Total other comprehensive income	4,384	-10,121
Quarterly comprehensive income	236,970	-75,633
(Breakdown)		
Quarterly comprehensive income for owners of parent	236,999	-75,581
Quarterly comprehensive income for non-controlling shareholders	-29	-51

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

#### (Notes on going concern assumptions)

Nothing applicable.

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

During the first quarter of the current fiscal year, pursuant to a resolution of the Board of Directors held on November 12, 2021, the Company reduced other capital surplus by 41,279 thousand yen and transferred it to retained earnings brought forward, 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. In addition, due to the exercise of stock acquisition rights, capital stock and capital reserve increased by 42,571 thousand yen and 42,571 thousand yen, respectively. Furthermore, capital surplus decreased by 168,208 thousand yen as a result of the payment of dividends from capital surplus with an effective date of December 8, 2021. As a result, capital stock and capital surplus amounted to 1,706,476 thousand yen and 3,712,343 thousand yen, respectively, at the end of the first quarter of the current fiscal year.

#### (Change in accounting policy)

##### (Application of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the first quarter of the current fiscal year and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

As a result, with respect to made-to-order software development contracts, the percentage-of-completion method was previously applied when the outcome of the construction activity was deemed certain, while the completed-contract method was applied to other contracts. However, effective from the first quarter of the current fiscal year, when control over goods or services is transferred to a customer over a period of time, the Company has changed to a method of recognizing revenue over a period of time as the performance obligation to transfer goods or services to the customer is satisfied. For performance obligations that are to be satisfied over a specified period of time, if the degree of progress in satisfying the performance obligation cannot be reasonably estimated at the initial stage of the contract, the Company does not recognize revenue at the initial stage of the contract, but recognizes revenue from the time when the degree of progress can be reasonably estimated.

In addition, the Company has changed to a method of recognizing revenue over a certain period of time by reasonably estimating the degree of progress based on the combination of certain made-to-order software development contracts, where the contract with the customer is divided into separate processes but the overall contract is judged to be a single performance obligation.

The Company measures the degree of progress toward satisfaction of performance obligations based on the percentage of development costs incurred by the end of each reporting period to the total expected development costs. For software development contracts where the period from the date of inception of the contract to the date when the performance obligation is expected to be fully satisfied is very short, the Company applies an alternative treatment and does not recognize revenue over a certain period of time, but recognizes revenue when the performance obligation is fully satisfied.

For the application of the revenue recognition accounting standard, etc., the Company has followed the transitional treatment prescribed in the proviso of paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the current first quarter has been added to or deducted from retained earnings at the beginning of the current first quarter. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the first quarter of the current fiscal year has been added to or deducted from retained earnings at the beginning of the current fiscal year, and the



new accounting policy has been applied from the beginning balance.

As a result, net sales for the first quarter of the current fiscal year increased by 2,091 thousand yen, and operating loss, ordinary loss, and loss before income taxes and minority interests each decreased by 2,091 thousand yen. In addition, the balance of retained earnings at the beginning of the current period increased by 1,693 thousand yen.

As a result of the application of the revenue recognition accounting standard, "Notes and accounts receivable-trade," which was presented in "Current assets" in the consolidated balance sheet for the previous fiscal year, is now included in "Notes, accounts receivable-trade and contract assets" from the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification has been made for the previous fiscal year using the new presentation method.

(Application of Accounting Standards for Calculation of Fair Value, etc.)

The "Accounting Standard for Measurement of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Measurement of Fair Value") and other related standards have been applied from the beginning of the current first quarter. In accordance with the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Measurement of Fair Value" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy set forth by the Accounting Standard for Market Value Measurements and other standards will be applied prospectively. There is no impact on the quarterly consolidated financial statements.

(Information by Segment)

Segment Information

I. Previous Three months ended, from October 1, 2020 to December 31, 2020, consolidated period

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

(Unit: Thousand yen)

	Reporting Segment				Other (Note)	Total
	Technology business	Open Innovation Business	Investment	Subtotal		
<b>Sales</b>						
Sales to external customers	996,950	—	151,852	1,148,802	150	1,148,952
Sales or transfers inside or between segments	—	—	—	—	—	—
Subtotal	996,950	—	151,852	1,148,802	150	1,148,952
Segment profit or Loss	155,740	—	149,010	304,751	132	304,883

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	304,751
"Other" revenue	132
Elimination of intersegment transactions	-39,879
Company-wide expenses (Note)	265,003

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

II. Three months ended, from October 1, 2021 to December 31, 2021, consolidated period

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

(Unit: Thousand yen)

	Reporting Segment			Other (Note)	Total
	Technology business	Open Innovation Business	Subtotal		
Sales					
Sales to external customers	794,267	286,378	1,080,646	-	1,080,646
Sales or transfers inside or between segments	6	8,895	8,901	-	8,901
Subtotal	794,273	295,273	1,089,547	-	1,089,547
Segment profit or Loss	4,812	3,116	7,929	-63	7,865

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)

Net sales	Amount
Reporting segment subtotal	1,089,547
Net sales in "Other" segment	-
Elimination of inter-segment transactions	-8,901
Net sales in quarterly consolidated statements of income	1,080,646

Profit	Amount
Reporting segment subtotal	7,929
"Other" profit	-63
Company-wide expenses (Note)	-51,942
Operating income on quarterly consolidated statement of income	-44,076

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

III. Matters related to changes in reportable segments, etc.

Beginning with the second quarter of the previous fiscal year, following the absorption of fabbit Co., Ltd. in January 2021, we have reviewed our management system with the aim of better understanding the actual business performance of each segment.

As a result of this change in segmentation, segment information for the first quarter of the previous fiscal year has been restated according to the reporting segment classification for the first quarter of the current fiscal year.

In addition, effective from the first quarter of the current fiscal year, the "Investment Business" segment has been discontinued due to a change in the fund management policy.

As a result, the Company has changed its reportable segments from the previous three segments of "System Solution Business," "Marketing Business" and "Investment Business" to the two segments of "Technology Business" and "Open Innovation Business."

In addition, as stated in "Changes in accounting policies," since the beginning of the first quarter of the current fiscal year, the Company has applied the Accounting Standard for Revenue Recognition, etc., and changed the accounting method for revenue recognition, the method for calculating profit or loss in the business segments has been changed in the same way.

As a result of this change, net sales and segment income from "Technology business" for the first quarter of the current fiscal year increased by 2,091 thousand yen each compared with the previous method.

## 2. Other

Nothing applicable.