



**Consolidated financial results for the six months ended March 31, 2023**  
(Under Japanese GAAP)

May 12, 2023

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 12, 2023  
 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 six months ended March 31, 2023  
(From October 1, 2022 to March 31, 2023)

## (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, 2023	1,629	-26.5	-57	—	-109	—	-127	—
March 31, 2022	2,217	-9.4	-26	—	-23	—	-54	—

**Note: Comprehensive income** For the six months ended, March 31, 2023 ¥ -93 million yen (—%)  
 For the six months ended, March 31, 2022 ¥ -73 million yen (—%)

	Quarterly Net earnings per share	Quarterly Diluted net earnings per share
Six months ended	yen	Yen
March 31, 2023	-1.51	—
March 31, 2022	-0.64	—

## (2) Consolidated financial condition

	Total Assets	Net Assets	Shareholders' equity ratio
Six months ended	million yen	million yen	%
March 31, 2023	6,665	5,602	83.5
Fiscal year ended			
September 30, 2022	7,224	5,865	80.7

Reference: **Equity capital** As of March 31, 2023 ¥5,568 million  
 As of September 30, 2022 ¥5,833 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended September 30, 2022	yen	yen	yen	yen	yen
	—	0.00	—	2.00	2.00
Fiscal year ending September 30, 2023	—	0.00			
Fiscal year ending September 30, 2023 (Forecast)			—	—	—

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

The year-end dividend for the fiscal year ending September 30, 2023 is undecided at this time.

## 3. Forecast of consolidated financial results for the fiscal year ending September 30, 2023 (October 1, 2022 – September 30, 2023)

(% increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	3,800	-19.2	310	-19.0	220	-41.7	110	-45.3	1.31

Note: Revisions to the most recently announced earnings forecasts: Yes

## \* Notes

- (1) Changes in significant subsidiaries during the quarterly consolidated financial statements period: 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

(Note) For details, please refer to "1. Quarterly consolidated financial statements and key notes (4) Notes on quarterly consolidated financial statements (Change in accounting policy)" on page 9 of the attached materials.

## (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, 2023	84,834,140 shares
As of September 30, 2022	84,834,140 shares

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

As of March 31, 2023	32,067 shares
As of September 30, 2022	31,987 shares

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

Six months ended March 31, 2023	84,802,102 shares
Six months ended March 31, 2022	84,614,347 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, 2022)	Six months ended March 31, 2023 (March 31, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,949,892	1,465,170
Notes and accounts receivable and contract assets	1,547,341	1,441,014
Work in progress	35,049	71,849
Raw materials and stored products	39	30
Other	492,404	464,631
Allowance for doubtful accounts	-30,084	-30,084
<b>Total current assets</b>	<b>3,994,644</b>	<b>3,412,612</b>
Fixed assets		
Tangible fixed assets		
Building and structures (net)	32,976	33,316
Tools, furnitures and fixtures (net)	14,159	13,665
<b>Total tangible fixed assets</b>	<b>47,135</b>	<b>46,982</b>
Intangible fixed assets		
Goodwill	2,069,524	2,002,281
Other intangible fixed assets	341,718	310,212
<b>Total intangible assets</b>	<b>2,411,242</b>	<b>2,312,493</b>
Investments and other assets	771,782	893,718
<b>Total fixed assets</b>	<b>3,230,160</b>	<b>3,253,194</b>
<b>Total assets</b>	<b>7,224,804</b>	<b>6,665,806</b>
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	181,058	172,840
Income taxes payable	84,827	28,830
Other	509,963	392,908
<b>Total current liabilities</b>	<b>775,849</b>	<b>594,578</b>
Fixed liabilities		
Corporate bond	280,000	230,000
Long-term debt	170,000	110,000
Asset retirement obligations	10,176	10,192
Other	123,114	118,961
<b>Total fixed liabilities</b>	<b>583,290</b>	<b>469,153</b>
<b>Total liabilities</b>	<b>1,359,140</b>	<b>1,063,732</b>

(Unit: thousand yen)

	Previous consolidated fiscal year (September 30, 2022)	Current six months ended March 31, 2023 (March 31, 2023)
<b>Equity</b>		
Shareholders' equity		
Capital	1,706,476	1,706,476
Capital surplus	3,712,343	3,542,739
Retained earnings	522,094	394,124
Treasury stock	-8,078	-8,086
<b>Total shareholders' equity</b>	<b>5,932,836</b>	<b>5,635,253</b>
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	1,675	4,852
Exchange conversion adjustment account	-101,032	-71,287
<b>Total accumulated other comprehensive   income (loss)</b>	<b>-99,357</b>	<b>-66,434</b>
Stock acquisition rights	24,519	24,519
Non-controlling interests	7,665	8,735
Total net assets	5,865,664	5,602,074
<b>Total liabilities and net assets</b>	<b>7,224,804</b>	<b>6,665,806</b>

(2) Quarterly consolidated statements of income and quarterly consolidated comprehensive income statements

Quarterly Consolidated statement of income

(Six months ended March 31, 2023)

(Unit: Thousand yen)

	Previous six months ended March 31, 2022 (October 1, 2021 to March 31, 2022)	Current six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)
Sales	2,217,842	1,629,984
Cost of sales	1,771,063	1,273,146
Gross profit	446,779	356,837
Selling, general and administrative expenses	473,674	413,852
Operating income (loss)	-26,894	-57,014
Non-operating income		
Interest income	274	5
Dividend received	275	299
Foreign exchange gains	28,271	-
Subsidy income	3,203	6,036
Consulting revenue	1,250	-
Other	496	953
Total non-operating income	33,770	7,294
Non-operating expenses		
Interest expenses	7,938	6,522
Payment Fees	12,029	14,781
Foreign exchange loss	-	31,117
Other	10,559	7,398
Total non-operating expenses	30,527	59,820
Ordinary income or ordinary loss	-23,651	-109,540
Extraordinary gains		
Gain on sales of investment securities	3,414	399
Total extraordinary gains	3,414	399
Extraordinary loss		
Loss on retirement of fixed assets	-	68
Loss on sales of investment securities	3,063	3,226
Loss on valuation of investment securities	2,068	-
Loss on store closing	13,037	-
Total extraordinary loss	18,168	3,295
Quarterly net Income before taxes or net loss before adjustments to taxes, etc	-38,405	-112,436
Corporate tax, municipal tax and business taxes	15,961	14,463
Total corporate taxes, etc.	15,961	14,463
Quarterly net income or quarterly net loss	-54,366	-126,899
Quarterly net loss attributable to non-controlling shareholders	-157	1,070
Net income attributable to owners of parent or net loss attributable to owners of parent	-54,209	-127,970

Consolidated quarterly statements of comprehensive income

(Cumulative period for consolidated second quarter, six months ended March 31, 2023)

(Unit: Thousand yen)

	Previous six months ended March 31, 2022 (October 1, 2021 to March 31, 2022)	Current six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)
Quarterly net income or loss	-54,366	-126,899
Other comprehensive income		
Valuation difference on available-for-sale securities	7,802	3,177
Exchange conversion adjustment account	-27,149	29,745
Total other comprehensive income	-19,346	32,922
Quarterly comprehensive income	-73,713	-93,977
(Breakdown)		
Quarterly comprehensive income for owners of parent	-73,555	-95,047
Quarterly comprehensive income for non-controlling shareholders	-157	1,070

(3) Consolidated statements of cash flows

	(Unit: Thousand yen)	
	Previous six months ended March 31, 2022 (October 1, 2021 to March 31, 2022)	Current six months ended March 31, 2023 (October 1, 2022 to March 31, 2023)
<b>Cash flows from operating activities</b>		
Quarterly net income before tax adjustments	-38,405	-112,436
Depreciation and amortization	75,243	46,777
Amortization of goodwill	63,349	67,242
Interest and dividend income	-550	-304
Interest expense	7,938	6,522
㊦Loss on retirement of fixed assets	-	68
Loss on sales of securities (- is gain)	-351	2,827
Net unrealized losses on securities (- is gain)	2,068	
Loss on store closures	13,037	-
Change in trade receivables and contract assets (- is increase)	-469,633	106,327
Increase (Decrease) in inventories (-is increase)	-63,126	-36,790
Increase (Decrease) in notes and accounts payable- trade (- is decrease)	11,635	-8,218
Increase (Decrease) in accrued liabilities (- is decrease)	13,052	-6,711
Increase (decrease) in accrued consumption taxes (- is decrease)	-61,439	-43,435
Foreign exchange losses (- is gain)	-28,271	31,117
Other	-88,781	-34,509
Subtotal	-564,234	18,477
Interest and dividends received	10,429	2,334
Interest payments	-6,904	-6,567
Income taxes paid or refunded (- is payment)	-87,849	-67,107
Cash flows from operating activities	-648,558	-52,862
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-5,731	-5,097
Proceeds from sales of property, plant and equipment	-	76
Payments for acquisition of intangible assets	-13,454	-9,532
Payments for purchase of investment securities	-5,000	-157,500
Proceeds from sales of investment securities	62,534	19,627
Proceeds from collection of loans receivable	384	180
Cash flows from investing activities	38,732	-152,246
<b>Cash flows from financing activities</b>		
Repayment of short-term loans payable	-100,000	-
Repayment of long-term loans payable	-	-60,000
Payments for purchase of treasury stock	-6	-8
Payments for redemption of bonds	-50,000	-50,000
Dividends paid	-168,208	-169,604
Proceeds from issuance of shares upon exercise of stock acquisition rights	73,977	-
Cash flows from financing activities	-244,238	-279,612
Net increase in cash and cash equivalents (- is decrease)	-854,064	-484,721
Cash and cash equivalents at beginning of year	2,081,361	1,949,892
Cash and cash equivalents at end of period	1,227,297	1,465,170



(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 accounting policy)

(Application of accounting standard for revenue recognition)

The new accounting policy prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the first quarter of the current fiscal year, and the new accounting policy prescribed by the Guidance is applied prospectively in accordance with the transitional treatment prescribed in Section 27-2 of the Guidance on Accounting Standard for Measurement of Fair Value. There is no impact on the quarterly consolidated financial statements.

(Information by segment)

Segment Information

I. Previous six months ended, from October 1, 2021 to March 31, 2022, 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	1,666,798	551,044	2,217,842	—	2,217,842
Sales or transfers inside or between segments	112	18,070	18,182	—	18,182
Subtotal	1,666,911	569,114	2,236,025	—	2,236,025
Segment profit or Loss (-)	85,436	-21,839	63,596	-242	63,354

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)

Profit	Amount
Total of reportable segments	63,596
Profit in "Other" segment	-242
Company expenses (Note)	-90,249
Operating income in quarterly consolidated statements of income	-26,894

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

II. Current six months ended, from October 1, 2022 to March 31, 2023, 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		
<b>Sales</b>					
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
Sales in "Other" segment	—
Elimination of inter-segment 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 on quarterly consolidated statement of income	-57,014

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

2. Other

Nothing applicable.