



Consolidated Financial Results for the Three Months Ended December 31, 2023

(Under Japanese GAAP)

January 31, 2024

Listed company name: Systemsoft Corporation
 Listing: Tokyo Stock Exchange
 Code number: 7527
 URL: <https://www.systemsoft.co.jp/>
 Representative: President and Representative Director: Haruki Yoshio
 Contact person: General Manager, Administration Division: Yasunori Tomita, (TEL) +81 (0)92-732-1515
 Scheduled date to file quarterly securities report: February 9, 2024
 Scheduled start date to commence dividend payments: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results briefings: None

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

1. Consolidated Financial Results for the Three Months ended December 31, 2023 (from October 1, 2023 to December 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	%
Three Months ended December 31, 2023	623	-25.3	-49	-	-72	-	-87	-
December 31, 2022	833	-22.8	-34	-	-77	-	-83	-

Note: Comprehensive income For the Three Months ended, December 31, 2023 - 85 million yen (-%)
 For the Three Months ended, December 31, 2022 - 64 million yen (-%)

	Quarterly Net Earnings Per Share	Quarterly Diluted Net Earnings Per Share
	Yen	Yen
Three Months ended December 31, 2023	-1.03	-
December 31, 2022	-0.99	-

(2). Consolidated financial condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
	million yen	million yen	%
Three Months ended December 31, 2023	6,565	5,689	86.3
Fiscal year ended September 30, 2023	6,742	5,782	85.3

Reference: **Equity capital** As of December 31, 2023 5,662 million yen
 As of September 30, 2023 5,748 million yen

2. Cash dividends

	Annual dividends				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal Year-end	Total
Fiscal year ended September 30, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ended September 30, 2024	-	-	-	-	-
Fiscal year ended September 30, 2024 (Forecast)	-	-	-	-	-

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

The year-end dividend for the fiscal year ending September 30, 2024 is undecided at this time.

3. Forecast of consolidated financial results for the fiscal year ending September 30, 2024
(October 1, 2023 – September 30, 2024) (% increase or decrease from the previous year)

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

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

* Notes

- (1) Changes in significant subsidiaries during the quarterly consolidated financial statements period: None
(Note) Although not a specified subsidiary of the Company, S2i inc. was excluded from the scope of consolidation following its liquidation on November 30, 2023.
- (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 December 31, 2023	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 December 31, 2023	32,067 shares
As of September 30, 2023	32,067 shares

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

Three Months ended December 31, 2023	84,802,073 shares
Three Months ended December 31, 2022	84,802,130 shares

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

*Proper use of earnings forecasts, and other special matters

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

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1. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Fiscal Year ended September 30, 2023	Three Months ended December 31, 2023
ASSETS		
Current assets		
Cash and deposits	1,762,904	2,102,632
Notes and accounts receivable and contract assets	1,288,811	862,124
Work in progress	23,362	35,123
Raw materials and stored products	27	183
Other	565,467	568,334
Allowance for doubtful accounts	-30,084	-30,084
Total current assets	3,610,489	3,538,313
Fixed assets		
Tangible fixed assets		
Property, plant and equipment (net)	32,680	27,314
Tools, equipments and fixtures (net)	11,677	11,317
Total tangible fixed assets	44,358	38,632
Intangible fixed assets		
Goodwill	1,935,038	1,901,417
Other	269,006	246,596
Total intangible assets	2,204,045	2,148,013
Investments and other assets	883,390	840,070
Total fixed assets	3,131,793	3,026,716
Total assets	6,742,282	6,565,030
LIABILITIES		
Current liabilities		
Notes and accounts payable	142,624	151,154
Income taxes payable	18,729	1,314
Other	438,099	428,471
Total current liabilities	599,454	580,940
Fixed liabilities		
Corporate bond	180,000	160,000
Long-term debt	60,000	30,000
Asset retirement obligations	10,207	2,517
Other	110,162	102,172
Total fixed liabilities	360,370	294,690
Total liabilities	959,824	875,631

(Unit: thousand yen)

	Fiscal Year ended September 30, 2023	Three Months ended December 31, 2023
Equity		
Shareholders' equity		
Capital stock	1,706,476	1,706,476
Capital surplus	3,542,739	3,542,739
Retained earnings	615,690	528,552
Treasury stock	-8,086	-8,086
Total shareholders' equity	5,856,819	5,769,681
Accumulated other comprehensive income (loss)		
Valuation difference on available-for-sale securities	5,684	-14,076
Foreign currency translation adjustments	-113,622	-92,774
Total accumulated other comprehensive income (loss)	-107,937	-106,850
Stock acquisition rights	23,948	23,948
Non-controlling interests	9,627	2,619
Total net assets	5,782,458	5,689,399
Total liabilities and net assets	6,742,282	6,565,030

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

Quarterly Consolidated Statement of Income
(Three Months ended December 31, 2023)

(Unit: thousand yen)

	Three Months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three Months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Sales	833,839	623,058
Cost of sales	652,183	475,331
Gross profit	181,655	147,726
Selling, general and administrative expenses	216,544	196,907
Operating income (loss)	-34,889	-49,181
Non-operating income		
Interest income	0	0
Dividend received	299	8,437
Foreign exchange gains	4,827	2,060
Other	141	876
Total non-operating income	5,267	11,374
Non-operating expenses		
Interest expenses	3,142	1,877
Payment fees	6,812	5,109
Foreign exchange loss	33,319	22,201
Other	4,399	5,316
Total non-operating expenses	47,674	34,505
Ordinary income or ordinary loss	-77,296	-72,312
Extraordinary gains		
Gain on sales of investment securities	399	598
Total extraordinary gains	399	598
Extraordinary loss		
Loss on retirement of fixed assets	-	4,465
Loss on sales of investment securities	3,226	-
Loss on valuation of investment securities	-	1,087
Loss on store closing	-	6,211
Total extraordinary loss	3,226	11,763
Net Income before taxes or net loss before adjustments to taxes, etc.	-80,124	-83,477
Corporate tax, municipal tax and business taxes	2,833	3,482
Total income taxes	2,833	3,482
Quarterly net income or quarterly net loss	-82,957	-86,959
Quarterly net loss attributable to non-controlling shareholders	575	178
Net income attributable to owners of parent or net loss attributable to owners of parent	-83,533	-87,137

Quarterly Consolidated Statement of Income
 (Three Months ended December 31, 2023)

(Unit: thousand yen)

	Three Months ended December 31, 2022 <small>(October 1,2022 to December 31,2022)</small>	Three Months ended December 31, 2023 <small>(October 1,2023 to December 31,2023)</small>
Quarterly net income or loss	-82,957	-86,959
Other comprehensive income		
Valuation difference on available-for-sale securities	-13,171	-19,761
Exchange conversion adjustment account	31,962	20,847
Total other comprehensive income	18,790	1,086
Quarterly comprehensive income	-64,166	-85,873
(Breakdown)		
Quarterly comprehensive income for owners of parent	-64,742	-86,051
Quarterly comprehensive income for non-controlling shareholders	575	178

(3) Notes on quarterly consolidated financial statements

(Notes on going concern assumptions)

Nothing applicable.

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

Nothing applicable.

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

As of November 30, 2023, S2i Inc. was liquidated, and as a result,

the company was excluded from the scope of the Three Months ended December 31, 2023.

(Information by Segment)

I. Three Months ended, from October 1, 2022 to December 31, 2022, consolidated period

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

(Unit: thousand yen)

	Reporting Segment			Other*	Total
	Technology business	Open Innovation Business	Subtotal		
Sales					
Sales to external customers	608,518	225,321	833,839	-	833,839
Sales or transfers inside or between segments	-	159	159	-	159
Subtotal	608,518	225,480	833,998	-	833,998
Segment profit or Loss	27,479	-25,256	2,223	-	2,223

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	2,223
Profit in "Other" segment	-
Company expenses (Note)	-37,113
Operating income in quarterly consolidated statements of income	-34,889

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

II. Three Months ended, from October 1, 2023 to December 31, 2023, consolidated period

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

(Unit: thousand yen)

	Reporting Segment			Other*	Total
	Technology business	Open Innovation Business	Subtotal		
Sales					
Sales to external customers	438,711	184,347	623,058	-	623,058
Sales or transfers inside or between segments	-	-	-	-	-
Subtotal	438,711	184,347	623,058	-	623,058
Segment profit or Loss	6,009	-13,502	-7,493	-	-7,493

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	-7,493
Profit in "Other" segment	-
Company expenses (Note)	-41,687
Operating income in quarterly consolidated statements of income	-49,181

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

2. Other

Nothing applicable.