

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended December 31, 2021 (Based on Japanese GAAP)

February 9, 2022

Company name: System Support Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4396 URL <https://www.sts-inc.co.jp>  
 Representative: Representative Director Ryoji Koshimizu  
 General Manager of Management  
 Inquiries: Naoyuki Morita TEL 076-265-5151  
 Headquarters  
 Scheduled date to file Quarterly Securities Report: February 10, 2022  
 Scheduled date to commence dividend payments: March 15, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended December 31, 2021	7,790	12.6	587	15.6	592	14.5	393	14.2
Six months ended December 31, 2020	6,917	5.2	508	25.1	517	38.4	344	43.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2021	37.97		37.86	
Six months ended December 31, 2020	33.49		33.15	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	7,013	3,184	45.4
As of June 30, 2021	6,662	2,993	44.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2021	–	0.00	–	21.00	21.00
Year ending June 30, 2022	–	12.00			
Year ending June 30, 2022 (Forecast)			–	12.00	24.00

3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,962	10.6	1,080	16.0	1,066	11.7	745	10.5	71.98

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	10,370,000 shares	As of June 30, 2021	10,370,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	19,723 shares	As of June 30, 2021	18,123 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2021	10,350,982 shares	Six months ended December 31, 2020	10,276,606 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	2,697,455	2,841,071
Notes and accounts receivable - trade	2,205,577	–
Notes and accounts receivable - trade, and contract assets	–	2,584,002
Merchandise and finished goods	34,899	34,793
Work in process	123,068	22,156
Supplies	4,041	3,433
Other	254,284	261,987
Total current assets	5,319,326	5,747,444
Non-current assets		
Property, plant and equipment	323,867	287,202
Intangible assets	213,044	210,459
Investments and other assets	806,027	768,206
Total non-current assets	1,342,940	1,265,868
Total assets	6,662,266	7,013,313

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	544,966	562,782
Short-term borrowings	695,000	1,235,000
Current portion of long-term borrowings	87,239	75,314
Lease obligations	19,826	14,334
Income taxes payable	209,716	228,163
Provision for bonuses	8,716	28,626
Provision for loss on order received	4,144	149
Reserve for quality assurance	5,752	11,903
Other	1,548,293	1,156,017
<b>Total current liabilities</b>	<b>3,123,656</b>	<b>3,312,290</b>
<b>Non-current liabilities</b>		
Long-term borrowings	170,707	133,590
Lease obligations	30,200	23,890
Provision for retirement benefits for directors (and other officers)	207,704	220,316
Retirement benefit liability	134,003	136,141
Other	2,941	2,263
<b>Total non-current liabilities</b>	<b>545,558</b>	<b>516,201</b>
<b>Total liabilities</b>	<b>3,669,214</b>	<b>3,828,492</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	723,122	723,122
Capital surplus	549,639	549,639
Retained earnings	1,745,671	1,935,990
Treasury shares	(18,655)	(18,655)
<b>Total shareholders' equity</b>	<b>2,999,778</b>	<b>3,190,096</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	(2,326)	(2,002)
Remeasurements of defined benefit plans	(4,399)	(3,273)
<b>Total accumulated other comprehensive income</b>	<b>(6,725)</b>	<b>(5,275)</b>
<b>Total net assets</b>	<b>2,993,052</b>	<b>3,184,821</b>
<b>Total liabilities and net assets</b>	<b>6,662,266</b>	<b>7,013,313</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Net sales	6,917,937	7,790,042
Cost of sales	5,103,890	5,740,454
Gross profit	1,814,046	2,049,588
Selling, general and administrative expenses	1,305,557	1,461,693
Operating profit	508,488	587,894
Non-operating income		
Interest income	42	12
Commission income	544	316
Subsidy income	20,189	10,624
Dividend income of insurance	1,305	1,480
Other	387	2,408
Total non-operating income	22,468	14,842
Non-operating expenses		
Interest expenses	8,150	7,163
Foreign exchange losses	5,374	3,018
Other	6	1
Total non-operating expenses	13,531	10,183
Ordinary profit	517,424	592,554
Profit before income taxes	517,424	592,554
Income taxes	173,273	199,529
Profit	344,151	393,024
Profit attributable to owners of parent	344,151	393,024

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Profit	344,151	393,024
Other comprehensive income		
Foreign currency translation adjustment	(497)	324
Remeasurements of defined benefit plans, net of tax	859	1,125
Total other comprehensive income	362	1,449
Comprehensive income	344,513	394,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	344,513	394,474

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	517,424	592,554
Depreciation	81,206	87,327
Amortization of goodwill	2,037	2,037
Share-based payment expenses	26,247	23,275
Increase (decrease) in allowance for doubtful accounts	(88)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9,414	12,611
Increase (decrease) in retirement benefit liability	5,060	3,759
Increase (decrease) in provision for bonuses	18,528	19,782
Increase (decrease) in provision for loss on order received	7,160	(3,994)
Increase (decrease) in reserves for quality assurance	(895)	6,150
Interest and dividend income	(42)	(12)
Interest expenses	8,150	7,163
Decrease (increase) in trade receivables	(263,789)	(377,919)
Decrease (increase) in inventories	6,300	101,625
Increase (decrease) in trade payables	7,073	17,741
Increase (decrease) in accrued expenses	(420,197)	(420,441)
Increase (decrease) in accounts payable - other	(14,803)	(23,419)
Increase (decrease) in accrued consumption taxes	(106,088)	(58,160)
Other, net	(8,448)	120,387
Subtotal	(125,749)	110,469
Interest and dividends received	42	12
Interest paid	(8,280)	(7,114)
Income taxes paid	(155,887)	(181,410)
Income taxes refund	451	–
Net cash provided by (used in) operating activities	(289,424)	(78,043)
Cash flows from investing activities		
Payments into time deposits	(37,400)	(39,900)
Proceeds from withdrawal of time deposits	48,500	54,700
Purchase of insurance funds	(5,625)	(6,348)
Purchase of property, plant and equipment	(40,488)	(7,352)
Purchase of intangible assets	(75,210)	(37,977)
Payments of leasehold and guarantee deposits	(9,000)	–
Proceeds from refund of leasehold and guarantee deposits	181	393
Payments for asset retirement obligations	(1,800)	–
Net cash provided by (used in) investing activities	(120,844)	(36,484)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	495,000	540,000
Proceeds from long-term borrowings	40,000	–
Repayments of long-term borrowings	(65,621)	(49,042)
Repayments of lease obligations	(11,940)	(11,802)
Dividends paid	(100,113)	(216,387)
Proceeds from exercise of employee share options	10,720	–
Net cash provided by (used in) financing activities	368,045	262,768
Effect of exchange rate change on cash and cash equivalents	(582)	573
Net increase (decrease) in cash and cash equivalents	(42,805)	148,813
Cash and cash equivalents at beginning of period	1,929,392	2,199,873
Cash and cash equivalents at end of period	1,886,587	2,348,686