

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2022 (Based on Japanese GAAP)

May 11, 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: May 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended March 31, 2022 (from July 1, 2021 to March 31, 2022)

(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	%
Nine months ended March 31, 2022	11,936	12.6	1,033	33.0	1,026	28.3	685	27.0
Nine months ended March 31, 2021	10,603	5.9	776	12.0	800	22.0	539	33.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended March 31, 2022	66.25		66.06	
Nine months ended March 31, 2021	52.47		52.01	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	7,050	3,357	47.6
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 nine months ended March 31, 2022
(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 March 31, 2022	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 March 31, 2022	20,623 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)

Nine months ended March 31, 2022	10,350,642 shares	Nine months ended March 31, 2021	10,291,375 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,697,455	2,730,410
Notes and accounts receivable - trade	2,205,577	–
Notes and accounts receivable - trade, and contract assets	–	2,762,750
Merchandise and finished goods	34,899	38,268
Work in process	123,068	18,560
Supplies	4,041	8,316
Other	254,284	262,424
Total current assets	5,319,326	5,820,731
Non-current assets		
Property, plant and equipment	323,867	277,915
Intangible assets	213,044	196,094
Investments and other assets	806,027	755,457
Total non-current assets	1,342,940	1,229,466
Total assets	6,662,266	7,050,198

(Thousands of yen)

	As of June 30, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	544,966	560,295
Short-term borrowings	695,000	980,000
Current portion of long-term borrowings	87,239	67,614
Lease obligations	19,826	16,249
Income taxes payable	209,716	210,734
Provision for bonuses	8,716	305,812
Provision for loss on order received	4,144	8,378
Reserve for quality assurance	5,752	6,881
Other	1,548,293	1,031,539
Total current liabilities	3,123,656	3,187,505
Non-current liabilities		
Long-term borrowings	170,707	121,366
Lease obligations	30,200	26,229
Provision for retirement benefits for directors (and other officers)	207,704	226,700
Retirement benefit liability	134,003	129,373
Other	2,941	1,959
Total non-current liabilities	545,558	505,629
Total liabilities	3,669,214	3,693,135
Net assets		
Shareholders' equity		
Share capital	723,122	723,122
Capital surplus	549,639	549,639
Retained earnings	1,745,671	2,104,494
Treasury shares	(18,655)	(18,655)
Total shareholders' equity	2,999,778	3,358,601
Accumulated other comprehensive income		
Foreign currency translation adjustment	(2,326)	1,171
Remeasurements of defined benefit plans	(4,399)	(2,710)
Total accumulated other comprehensive income	(6,725)	(1,539)
Total net assets	2,993,052	3,357,062
Total liabilities and net assets	6,662,266	7,050,198

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2021	Nine months ended March 31, 2022
Net sales	10,603,432	11,936,190
Cost of sales	7,815,251	8,721,487
Gross profit	2,788,180	3,214,702
Selling, general and administrative expenses	2,011,448	2,181,356
Operating profit	776,732	1,033,345
Non-operating income		
Interest income	64	30
Commission income	697	474
Subsidy income	28,685	10,697
Dividend income of insurance	1,305	1,480
Gain on forgiveness of debts	8,658	-
Other	1,132	2,191
Total non-operating income	40,543	14,874
Non-operating expenses		
Interest expenses	11,998	10,531
Foreign exchange losses	5,087	9,985
Other	82	1,186
Total non-operating expenses	17,168	21,703
Ordinary profit	800,108	1,026,516
Profit before income taxes	800,108	1,026,516
Income taxes	260,146	340,794
Profit	539,961	685,722
Profit attributable to owners of parent	539,961	685,722

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2021	Nine months ended March 31, 2022
Profit	539,961	685,722
Other comprehensive income		
Foreign currency translation adjustment	2,176	3,497
Remeasurements of defined benefit plans, net of tax	1,289	1,688
Total other comprehensive income	3,466	5,186
Comprehensive income	543,427	690,908
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	543,427	690,908