

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended September 30, 2022 (Based on Japanese GAAP)

November 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: November 10, 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 three months ended September 30, 2022 (from July 1, 2022 to September 30, 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	%
Three months ended September 30, 2022	4,404	18.4	304	26.4	309	24.3	205	26.8
Three months ended September 30, 2021	3,721	13.5	241	19.3	248	21.8	162	19.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended September 30, 2022	19.89		19.85	
Three months ended September 30, 2021	15.69		15.65	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2022	7,569		3,496		46.2	
As of June 30, 2022	7,815		3,421		43.8	

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, 2022	–	12.00	–	13.00	25.00
Year ending June 30, 2023	–				
Year ending June 30, 2023 (Forecast)		15.00	–	15.00	30.00

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

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
Six months ending December 31, 2022	8,765	12.5	722	22.9	721	21.7	487	24.2	47.12
Full year	18,093	11.7	1,456	21.7	1,452	22.0	982	25.1	94.88

4. Notes

- (1) Changes in significant subsidiaries during the three months ended September 30, 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 September 30, 2022	10,380,000 shares	As of June 30, 2022	10,380,000 shares
--------------------------	-------------------	---------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	22,891 shares	As of June 30, 2022	22,123 shares
--------------------------	---------------	---------------------	---------------

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

Three months ended September 30, 2022	10,357,636 shares	Three months ended September 30, 2021	10,351,336 shares
---------------------------------------	-------------------	---------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,254,220	2,848,783
Notes and accounts receivable - trade, and contract assets	2,700,261	2,792,474
Merchandise and finished goods	41,248	60,524
Work in process	26,609	37,482
Supplies	2,807	2,874
Other	278,733	280,210
Allowance for doubtful accounts	–	(1,057)
Total current assets	6,303,881	6,021,292
Non-current assets		
Property, plant and equipment	307,195	355,629
Intangible assets		
Goodwill	199,800	192,490
Other	180,182	170,081
Total intangible assets	379,983	362,571
Investments and other assets	824,244	830,143
Total non-current assets	1,511,422	1,548,344
Total assets	7,815,303	7,569,637

(Thousands of yen)

	As of June 30, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	520,771	572,592
Short-term borrowings	825,000	1,100,000
Current portion of long-term borrowings	78,209	69,067
Lease liabilities	20,063	19,545
Income taxes payable	332,826	121,329
Provision for bonuses	9,543	274,684
Provision for loss on orders received	103	863
Reserve for quality assurance	7,585	7,801
Other	1,892,307	1,218,792
Total current liabilities	3,686,410	3,384,676
Non-current liabilities		
Long-term borrowings	245,800	232,488
Lease liabilities	40,601	35,897
Provision for retirement benefits for directors (and other officers)	233,137	239,522
Retirement benefit liability	182,533	175,829
Other	5,320	4,877
Total non-current liabilities	707,393	688,615
Total liabilities	4,393,803	4,073,291
Net assets		
Shareholders' equity		
Share capital	723,323	723,323
Capital surplus	549,837	549,837
Retained earnings	2,203,584	2,274,931
Treasury shares	(18,655)	(18,747)
Total shareholders' equity	3,458,091	3,529,345
Accumulated other comprehensive income		
Foreign currency translation adjustment	6,255	8,152
Remeasurements of defined benefit plans	(42,846)	(41,153)
Total accumulated other comprehensive income	(36,591)	(33,000)
Total net assets	3,421,500	3,496,345
Total liabilities and net assets	7,815,303	7,569,637

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Net sales	3,721,112	4,404,175
Cost of sales	2,752,650	3,218,787
Gross profit	968,462	1,185,387
Selling, general and administrative expenses	727,283	880,610
Operating profit	241,178	304,777
Non-operating income		
Interest income	9	15
Commission income	194	5,010
Subsidy income	10,070	2,152
Dividend income of insurance	1,480	972
Other	1,986	1,075
Total non-operating income	13,741	9,226
Non-operating expenses		
Interest expenses	3,714	4,416
Foreign exchange losses	2,466	132
Other	1	254
Total non-operating expenses	6,182	4,802
Ordinary profit	248,738	309,200
Profit before income taxes	248,738	309,200
Income taxes	86,294	103,201
Profit	162,443	205,999
Profit attributable to owners of parent	162,443	205,999

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit	162,443	205,999
Other comprehensive income		
Foreign currency translation adjustment	(751)	1,897
Remeasurements of defined benefit plans, net of tax	562	1,693
Total other comprehensive income	(189)	3,591
Comprehensive income	162,254	209,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	162,254	209,590