

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

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 11, 2023
 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, 2023 (from July 1, 2022 to March 31, 2023)

(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, 2023	14,192	18.9	1,183	14.5	1,194	16.4	801	16.9
Nine months ended March 31, 2022	11,936	12.6	1,033	33.0	1,026	28.3	685	27.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended March 31, 2023	77.40		77.25	
Nine months ended March 31, 2022	66.25		66.06	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	8,494	3,935	46.3
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	–	15.00	–		
Year ending June 30, 2023 (Forecast)				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
Full year	18,093	11.7	1,456	21.7	1,452	22.0	982	25.1	94.89

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended March 31, 2023
 (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, 2023	10,380,000 shares	As of June 30, 2022	10,380,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	24,391 shares	As of June 30, 2022	22,123 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, 2023	10,356,883 shares	Nine months ended March 31, 2022	10,350,642 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,254,220	3,104,044
Notes and accounts receivable - trade, and contract assets	2,700,261	3,436,463
Merchandise and finished goods	41,248	58,075
Work in process	26,609	27,210
Supplies	2,807	11,441
Other	278,733	216,715
Allowance for doubtful accounts	–	(958)
Total current assets	6,303,881	6,852,991
Non-current assets		
Property, plant and equipment	307,195	462,417
Intangible assets		
Goodwill	199,800	177,871
Other	180,182	163,037
Intangible assets	379,983	340,908
Investments and other assets	824,244	838,233
Total non-current assets	1,511,422	1,641,560
Total assets	7,815,303	8,494,552

(Thousands of yen)

	As of June 30, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	520,771	784,004
Short-term borrowings	825,000	1,062,000
Current portion of long-term borrowings	78,209	65,941
Lease liabilities	20,063	45,332
Income taxes payable	332,826	197,549
Provision for bonuses	9,543	360,313
Provision for loss on orders received	103	974
Reserve for quality assurance	7,585	8,810
Other	1,892,307	1,202,423
Total current liabilities	3,686,410	3,727,347
Non-current liabilities		
Long-term borrowings	245,800	267,833
Lease liabilities	40,601	131,683
Provision for retirement benefits for directors (and other officers)	233,137	253,832
Retirement benefit liability	182,533	162,971
Other	5,320	15,213
Total non-current liabilities	707,393	831,533
Total liabilities	4,393,803	4,558,881
Net assets		
Shareholders' equity		
Share capital	723,323	723,323
Capital surplus	549,837	549,837
Retained earnings	2,203,584	2,715,178
Treasury shares	(18,655)	(18,747)
Total shareholders' equity	3,458,091	3,969,592
Accumulated other comprehensive income		
Foreign currency translation adjustment	6,255	3,844
Remeasurements of defined benefit plans	(42,846)	(37,766)
Total accumulated other comprehensive income	(36,591)	(33,921)
Total net assets	3,421,500	3,935,670
Total liabilities and net assets	7,815,303	8,494,552

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, 2022	Nine months ended March 31, 2023
Net sales	11,936,190	14,192,364
Cost of sales	8,721,487	10,343,753
Gross profit	3,214,702	3,848,611
Selling, general and administrative expenses	2,181,356	2,665,172
Operating profit	1,033,345	1,183,438
Non-operating income		
Interest income	30	58
Commission income	474	12,855
Subsidy income	10,697	13,715
Dividend income of insurance	1,480	972
Other	2,191	4,753
Total non-operating income	14,874	32,355
Non-operating expenses		
Interest expenses	10,531	13,710
Foreign exchange losses	9,985	6,501
Other	1,186	663
Total non-operating expenses	21,703	20,875
Ordinary profit	1,026,516	1,194,918
Profit before income taxes	1,026,516	1,194,918
Income taxes	340,794	393,320
Profit	685,722	801,597
Profit attributable to owners of parent	685,722	801,597

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended March 31, 2022	Nine months ended March 31, 2023
Profit	685,722	801,597
Other comprehensive income		
Foreign currency translation adjustment	3,497	(2,410)
Remeasurements of defined benefit plans, net of tax	1,688	5,080
Total other comprehensive income	5,186	2,669
Comprehensive income	690,908	804,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	690,908	804,267