

Medium-Term Management Plan Rolling Plan (FY2024/6 to FY2026/6)

System Support Inc. (Security Code: 4396)

August 9, 2023



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.

Medium-Term Management Plan Rolling Plan (FY2024/6 to FY2026/6)

Contents

- ▶ 1. Formulation of Rolling Plan (FY2024/6 to FY2026/6)
- ▶ 2. Review of the First Year of the Medium-Term Management Plan
- ▶ 3. Corporate Creed, Management Philosophy, and Medium-Term Themes
- ▶ 4. Medium-Term Management Indicators (Consolidated) - Summary
- ▶ 5. Medium-Term Management Indicators (Consolidated) – Sales and Profit Plan
- ▶ 6. Medium-Term Theme – Cloud Integration Business Measures
- ▶ 7. Medium-Term Theme – Growth and Success of Diverse Human Resources
- ▶ 8. Medium-Term Theme – Strengthening ESG Management
- ▶ 9. Shareholder Return Policy
- ▶ 10. Reference Materials
 - Company Profile
 - Net Sales Trends and History
 - Review: FY2019/6 to FY2023/6
 - Growth Strategy by Segment

Formulation of Rolling Plan (FY2024/6 to FY2026/6)

The 3-year Medium-Term Management Plan announced in August 2022 was reviewed to reflect external and internal changes.

Background of formulation of "Rolling Plan (FY2024/6 to FY2026/6)"

[External Environment]

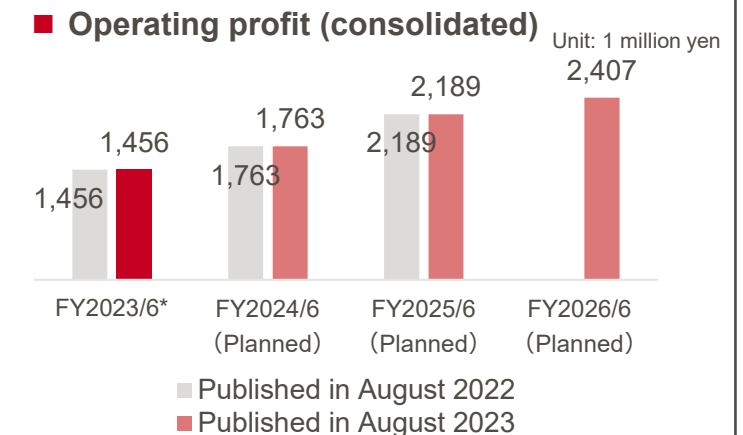
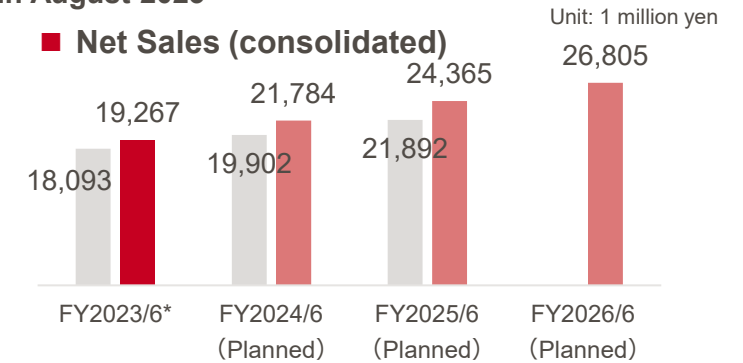
- The domestic IT market is expanding due to the rising demand for DX, etc.
- In particular, the market for the cloud segment is expected to continue to grow significantly due to the migration of IT systems from on-premises as well as increased utilization and multi-cloud support after migration.
- Recruitment accelerates competition.

[Internal Environment]

- The Cloud Integration Business continues to grow and the composition of the business changes due to the expansion of resale, which is a stock-based revenue.
- Improvement of the organization mainly by engineers is generally progressing as planned.

- ◆ **There is no change to the Medium-Term Themes** (specific measures have been slightly revised).
- ◆ **The figures have been revised to the plan figures based on the results for the fiscal year ended June 2023.**

Comparison of planned figures between announcement in August 2022 and Rolling Plan (FY2024/6 to FY2026/6) Published in August 2023



Review of the First Year (FY2023/6) of the Medium-Term Management Plan

Item		Review of the first year (FY2023/6)
Numerical planning		<ul style="list-style-type: none"> ■ Net sales increased 6.5% compared with the plan (+ 18.9% YoY), whereas operating profit increased 0.0% compared with the plan (+ 21.7% YoY). ■ By segment, the Cloud Integration Business performed well, the System Integration and Outsourcing Businesses generally performed as planned, and the Product Business was sluggish.
Medium-term themes	Expansion of services that form the foundation of DX promotion for customers and society	<ul style="list-style-type: none"> ■ In addition to services related to ServiceNow, AWS, and Microsoft Azure, which have been the long-standing pillars of the Cloud Integration Business, services related to Google Cloud have significantly expanded. ■ Resale, a stock-based revenue, expanded as customers moved to the cloud and increased data usage.
	Growth and success of diverse human resources	<ul style="list-style-type: none"> ■ Improvement of the organization mainly by engineers is generally progressing as planned. ■ Continue to develop an environment to meet the diversifying needs of employees
	Strengthening ESG management	<ul style="list-style-type: none"> ■ Continue efforts to enhance the quality of corporate governance ■ Starting full-scale disclosure of sustainability information ■ Support for the promotion of DX by industry, academia, and public and private sectors through the provision of free DX education at Microsoft Base Kanazawa, etc.

Corporate Creed, Management Philosophy, and Medium-Term Themes

Corporate creed (values)

**Sincerity and
Creation**

Management philosophy

**Contributing to
Society**

**Advanced
Customer Service**

Sharing Value

Medium-Term Themes

**Growth and creation of further
innovation**

**Growth and success of diverse
human resources**

- Positioning human resources as the biggest source of business growth
- Implementing aggressive investment in human resources

**Expansion of services that form the
foundation of DX promotion for
customers and society**

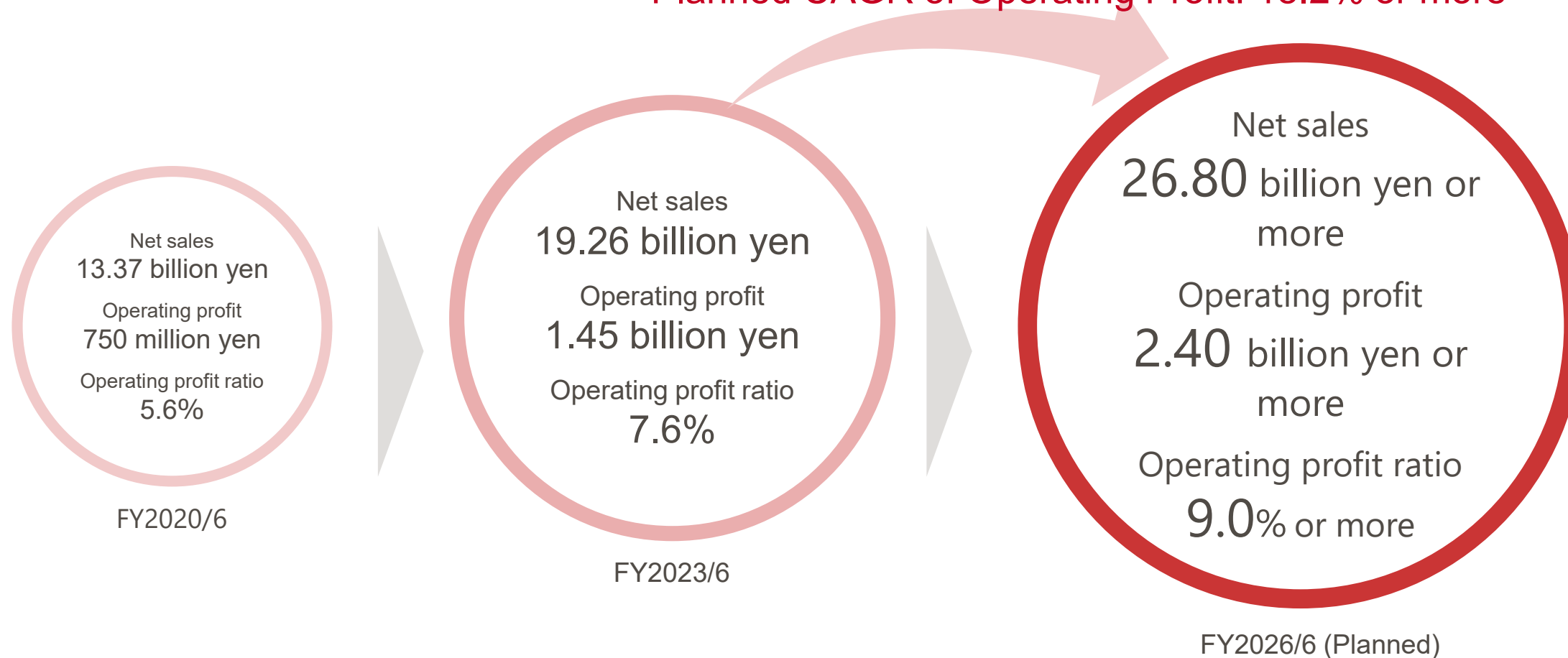
- Amid the growing momentum for DX promotion, our Group will focus on the cloud integration business, which is the foundation for promoting DX for customers and society.
- In addition to the existing cloud services, we will be the first to deploy new overseas services in the Japanese market.

Strengthening ESG management

- Strengthening sustainability initiatives
- Expanding regional business by developing DX human resources
- Complying with the revised Corporate Governance Code

Medium-Term Management Indicators (Consolidated) – Summary

Planned CAGR of Net Sales: 11.6% or more
Planned CAGR of Operating Profit: 18.2% or more

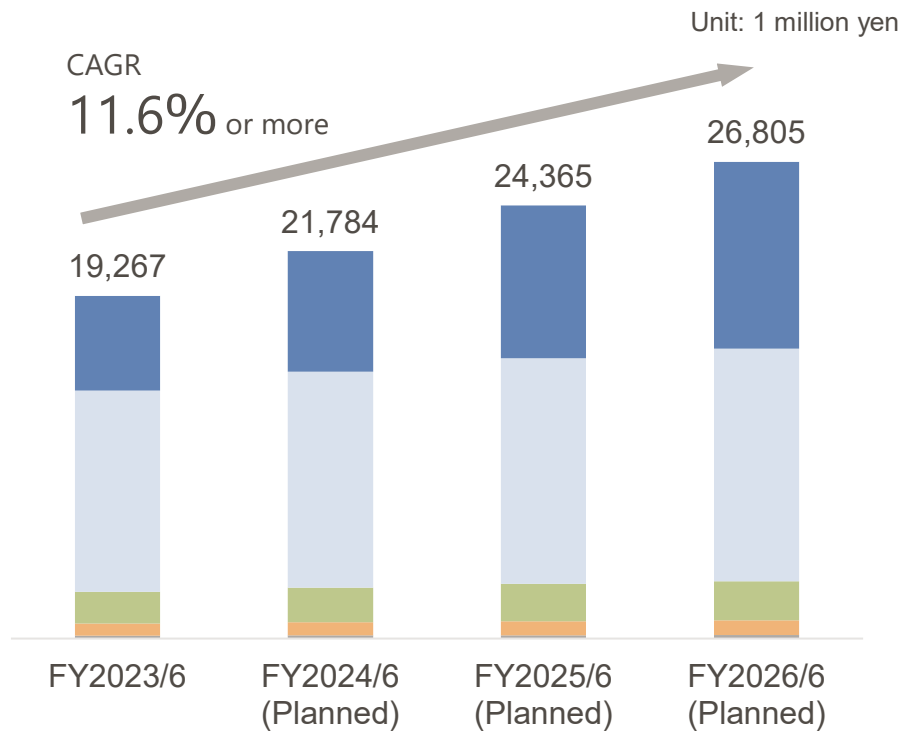


Medium-Term Management Plan Rolling Plan (FY2024/6 to FY2026/6)

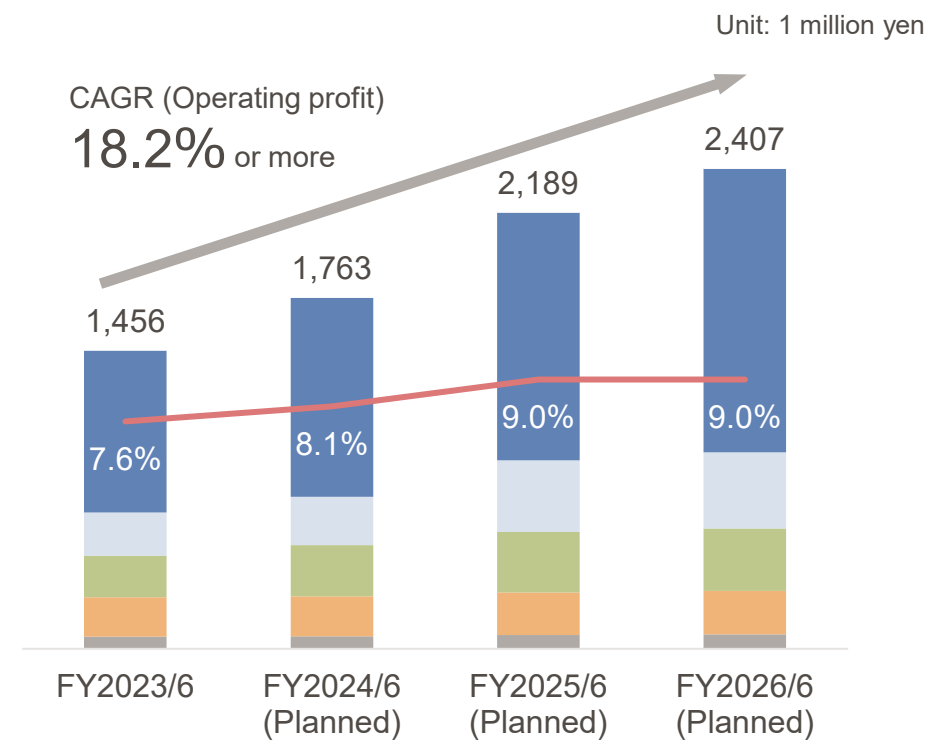
Medium-Term Management Indicators (Consolidated) – Sales and Profit Plan

◆ Aim for net sales of 26.8 billion yen or more and operating profit of 2.4 billion yen or more in FY2026/6.

■ Net sales (consolidated) *1



■ Operating profit/profit ratio (consolidated) *2



■ Cloud integration ■ System integration ■ Outsourcing ■ Product ■ Overseas — Operating profit ratio

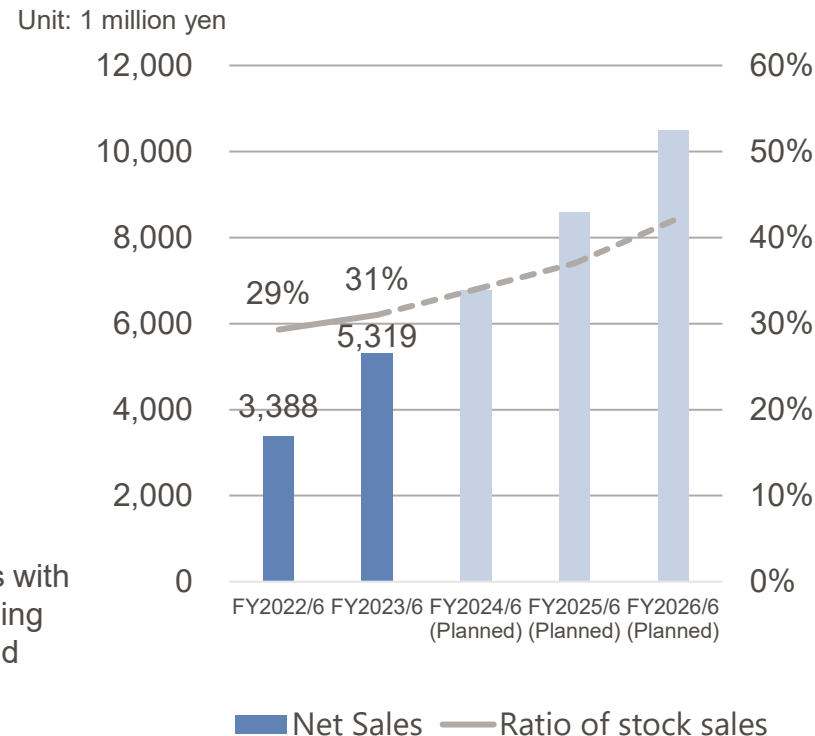
Medium-Term Theme – Cloud Integration Business Measures

- ◆ Cloud platform services, which serve as the foundation for DX, are expected to continue to expand in the market.
- ◆ Increase orders by focusing on growth of existing businesses and expansion of business areas, and secure stock-based revenue through resale

Developing cloud-related engineers expand orders and maintain and improve a virtuous cycle of further growth of Our Company business through market growth

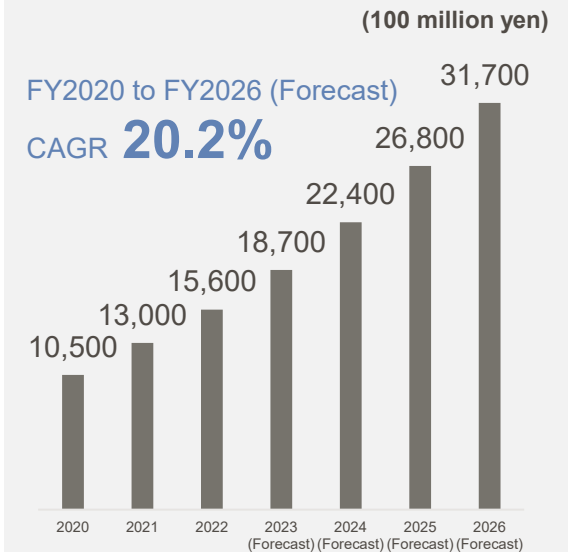


■ Net sales of Cloud Integration Business and ratio of stock sales*1 against net sales



Background: cloud market growth

■ Cloud platform services (IaaS/PaaS) market trends and forecasts*2



Note 1: Business operator's net sales base
 Note 2: Forecasts for 2023 and subsequent years
 Note 3: Market size does not include Software as a Service (SaaS)

*1 Ratio of resale sales in the Cloud Integration Business

*2 Source: "Survey on the Cloud Platform (IaaS/PaaS) Services Market (2023)," by Yano Research Institute, Inc., announced on April 25, 2023

Medium-Term Theme – Growth and success of diverse human resources

- ◆ Positioning human resources as the source of business growth, we aim to create new corporate value through “Active recruitment and promotion of diverse human resources,” “Human resource development,” and “Comfortable working environment.”

Recruitment and development measures

1 Active recruitment activities

Instead of recruiting all employees at the head office, we assign a recruiting manager to each location for flexible recruiting and to prevent mismatches between applicants.

2 Development of IT engineers

Investing to maintain and improve competitiveness, including acquisition of vendor qualifications mainly in the cloud field.

3 Raising salary levels and creating a comfortable working environment

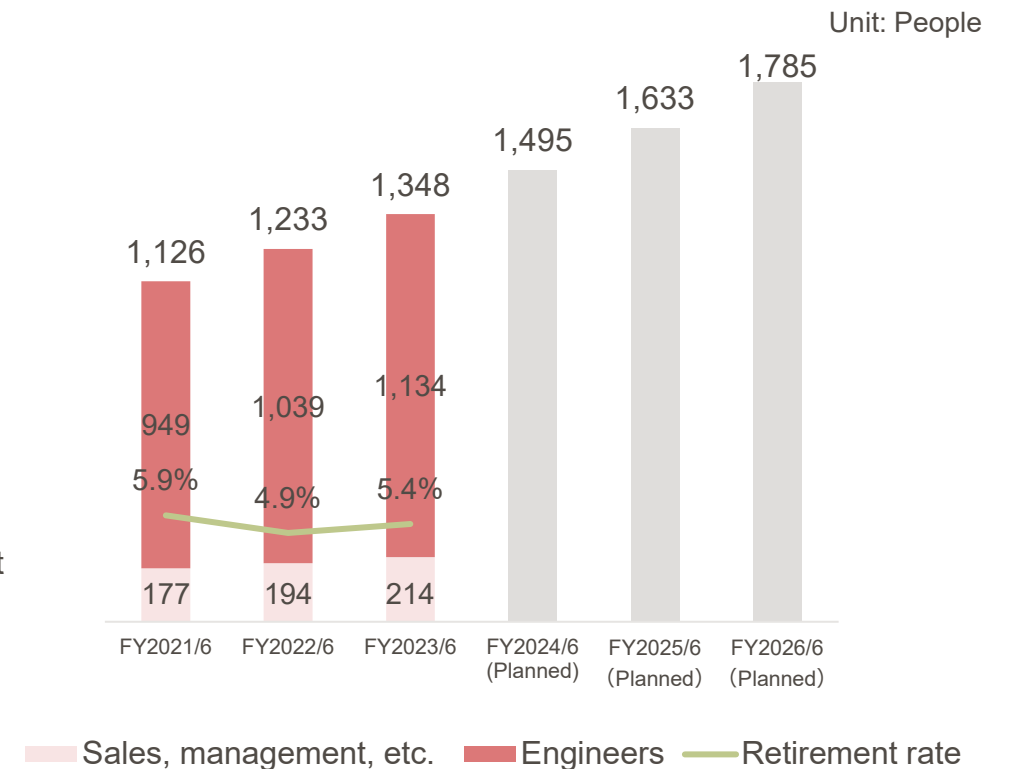
Aiming to improve salary levels and to promote health maintenance management we set and achieve targets for the ratio of female employees, reduction of total working hours, and percentage of employees taking childcare leave.

(Reference)

Ratio of women to total employees (non-consolidated) at the end of FY2022/6: 28.3%, at the end of FY2023/6: 29.8%

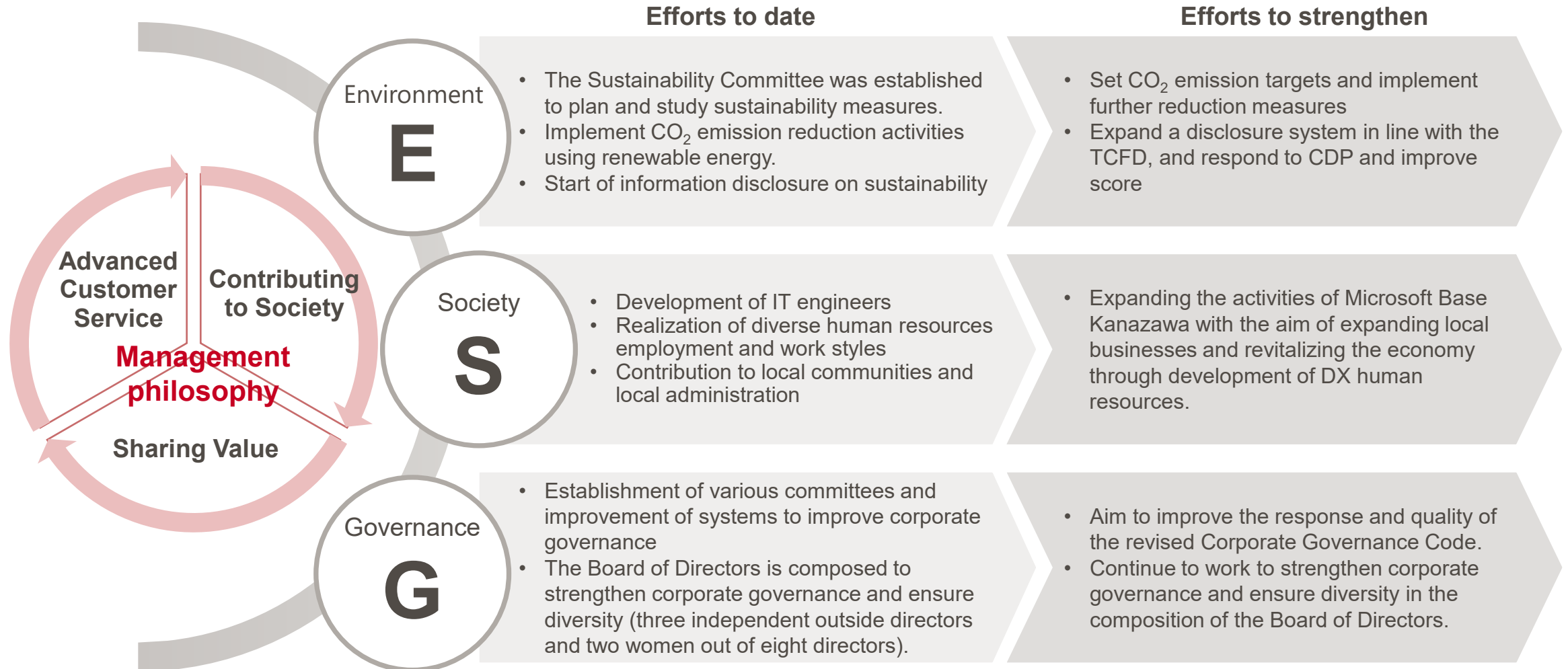
Percentage of women in managerial positions (non-consolidated) at the end of FY2022/6: 9.2%, at the end of FY2023/6: 12.6%

■ Personnel plan (consolidated)



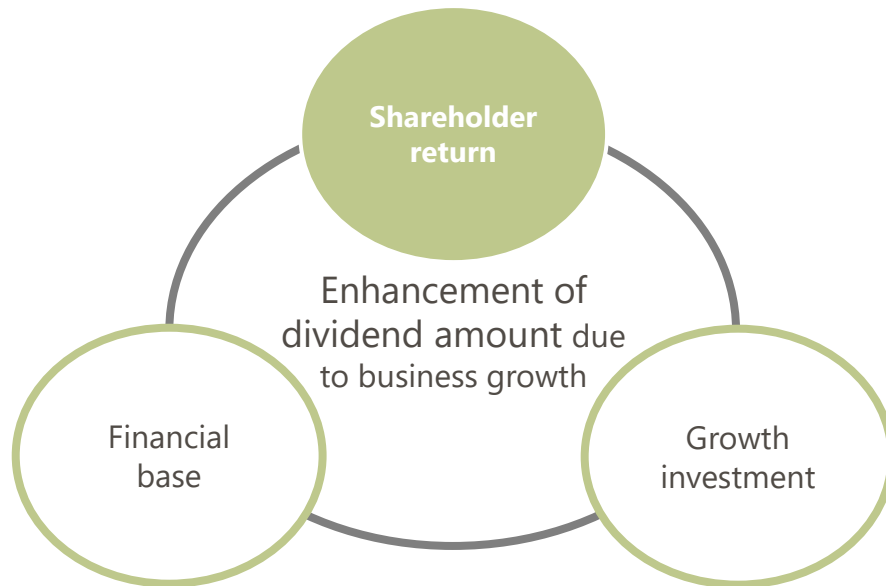
Medium-Term Theme – Strengthening ESG Management

◆ Addressing social issues through ESG management based on the management philosophy.

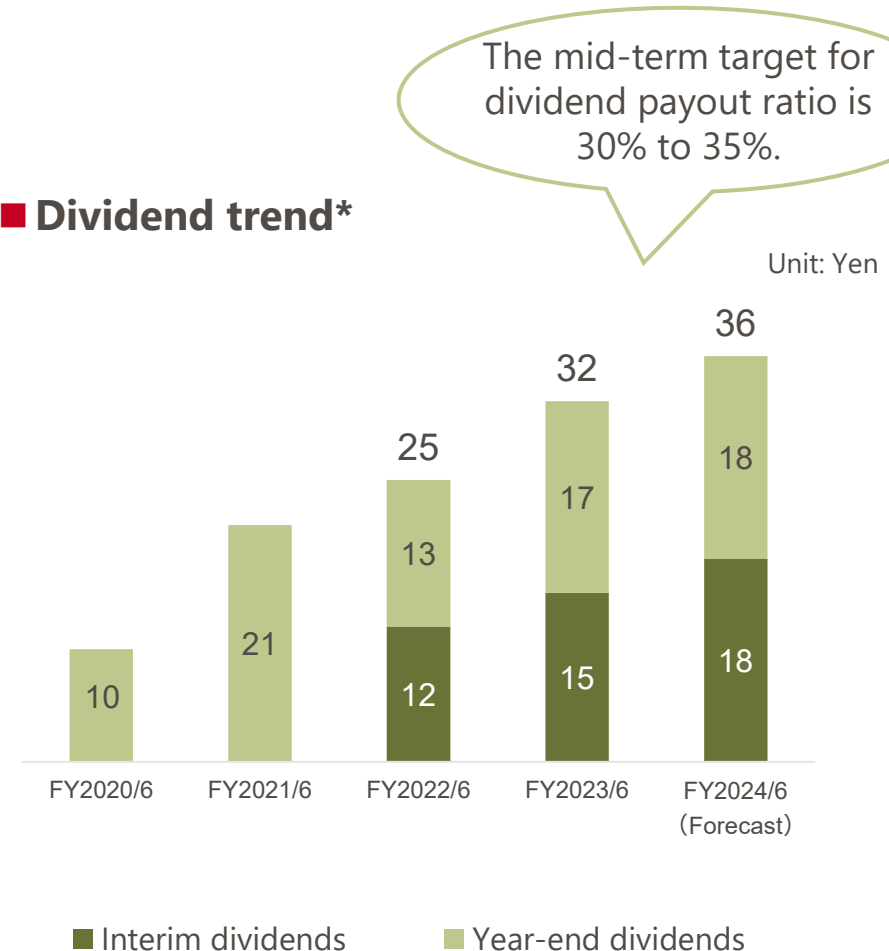


Shareholder Return Policy

◆ While maintaining the internal reserves necessary for future business development and strengthening our management structure, we will continue to pay a stable dividend and improve the level of dividends according to our performance and profit levels.



■ Dividend trend*



Reference Materials

Company Profile

Company name	System Support Inc. (STS)
Location	9F Rifare, 1-5-2 Honmachi, Kanazawa-shi, Ishikawa Prefecture
Founding	January 1980
Listed market	Tokyo Stock Exchange Prime Market (security code: 4396)
Capital	723 million yen
Net sales	19,267 million yen (FY2023/6, consolidated)
Representative	Ryoji Koshimizu, Representative Director
Number of employees	1,348 (as of June 30, 2023, consolidated)
Offices	Tokyo, Nagoya, Osaka, and Kanazawa (headquarters)

Business outline

■ **Cloud Integration Business**

Technical support for migration and use of cloud services (ServiceNow, Microsoft Azure, AWS, Google Cloud, etc.) and resale of licenses, etc.

■ **System Integration Business**

Technical support for the introduction and use of ERP packages, construction of infrastructure such as Oracle database, and IT system consulting, design, development, operation, and maintenance

■ **Outsourcing Business**

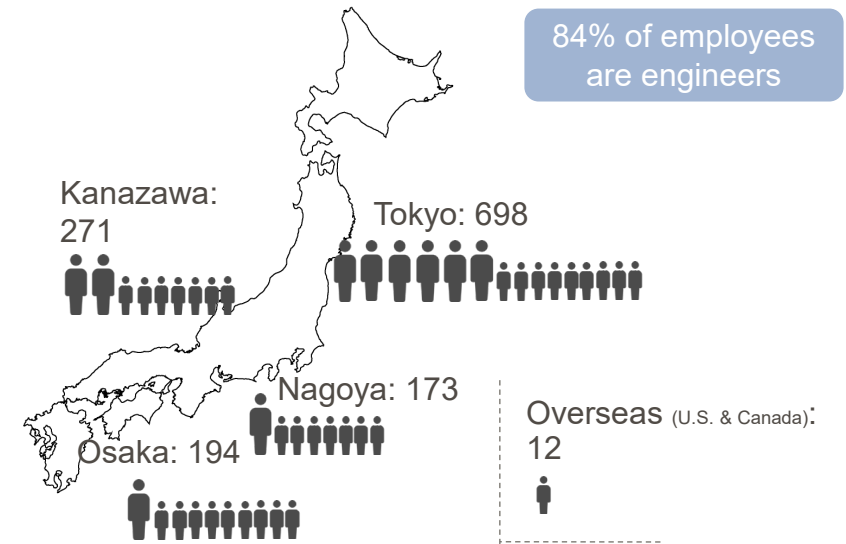
Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance

■ **Product Business**

Development and sale of products (software) by Our Group, and customization according to user companies' applications

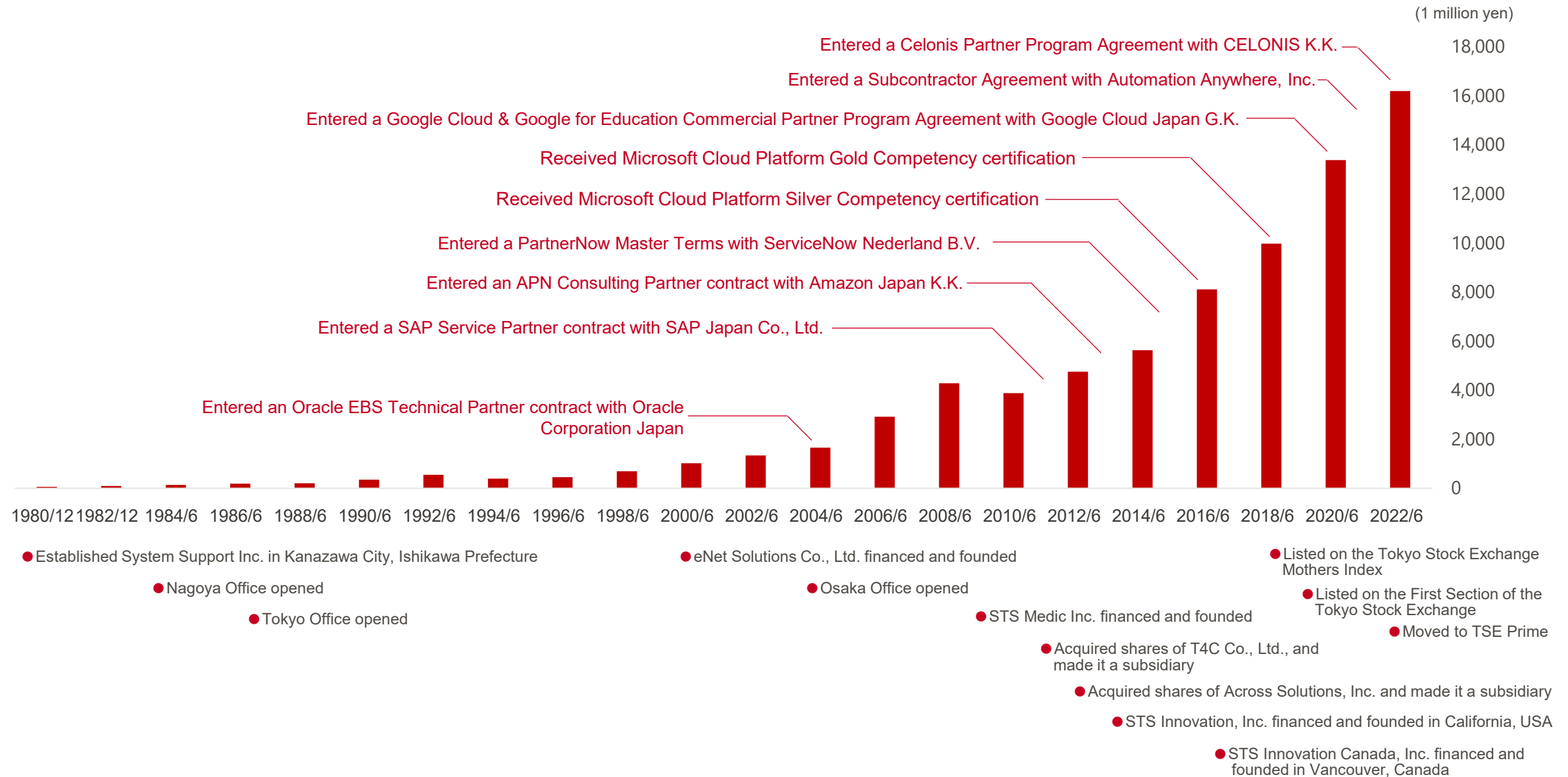
■ **Overseas Business**

Overseas system integration, outsourcing of payroll and accounting services, recruitment services, and media management



Number of employees by region (as of June 30, 2023, consolidated)

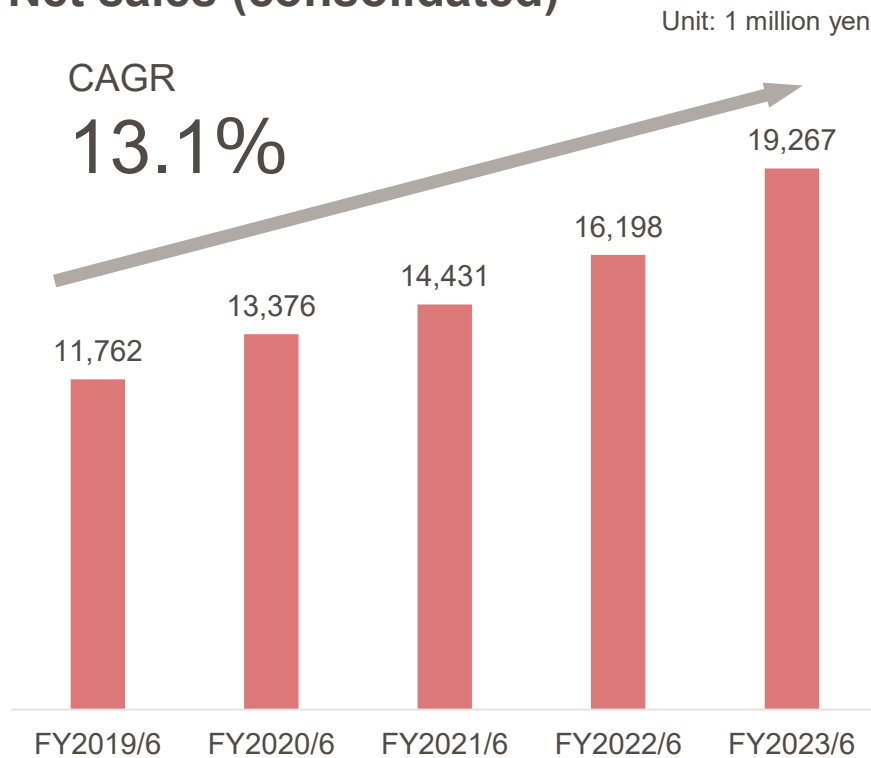
Company Profile – Net Sales Trends and History



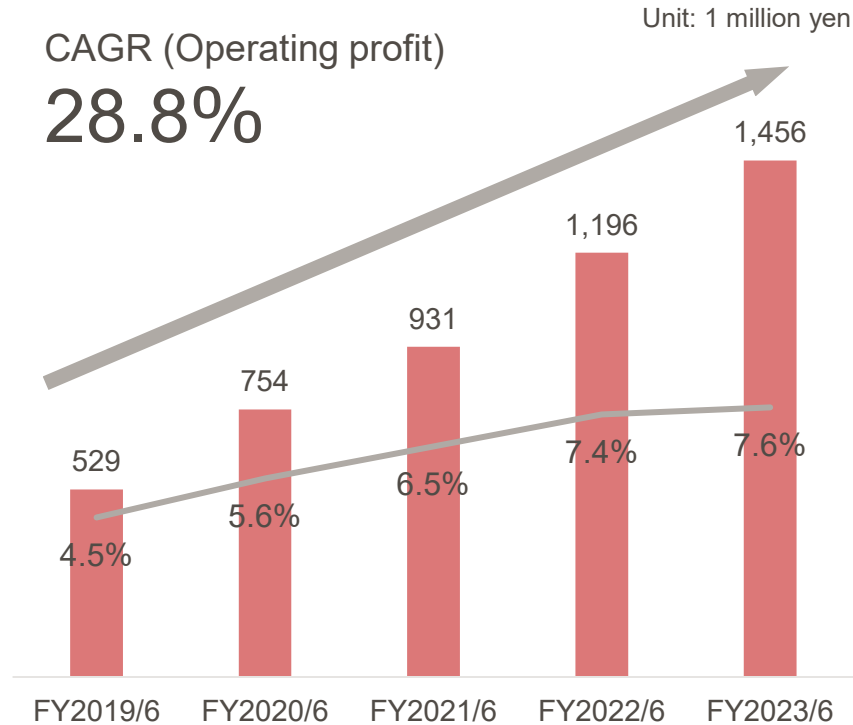
Review: FY2019/6 to FY2023/6 (1)

- ◆ Net sales were driven by Cloud-related business and CAGR was 13.1%.
- ◆ Operating profit grew at a CAGR of 28.8% and operating margin increased 3.1 percentage points due to the expansion of high-margin Cloud-related business.

■ Net sales (consolidated)



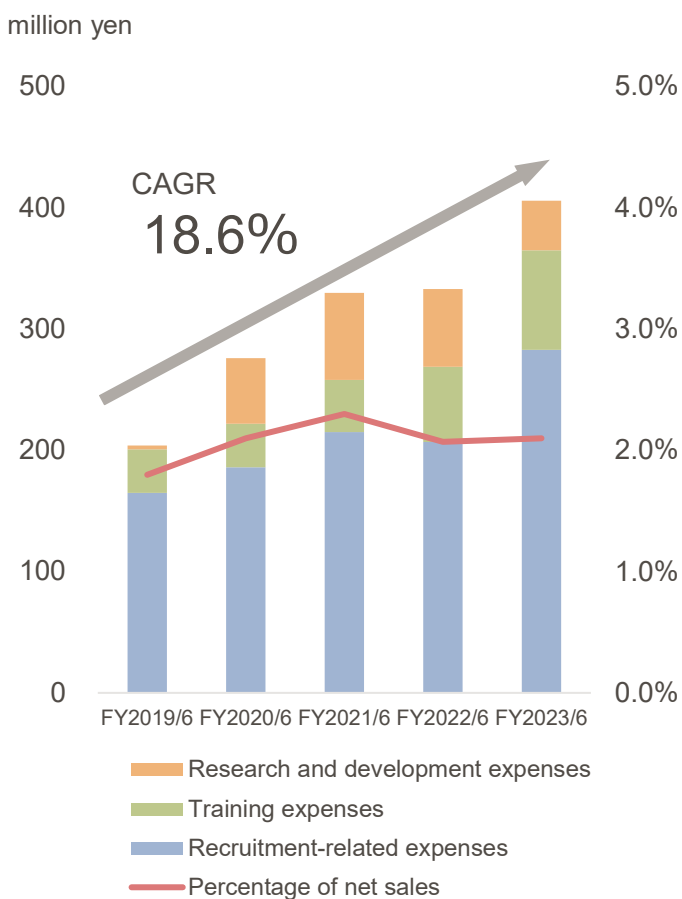
■ Operating profit/profit ratio (consolidated)



Review: FY2019/6 to FY2023/6 (2)

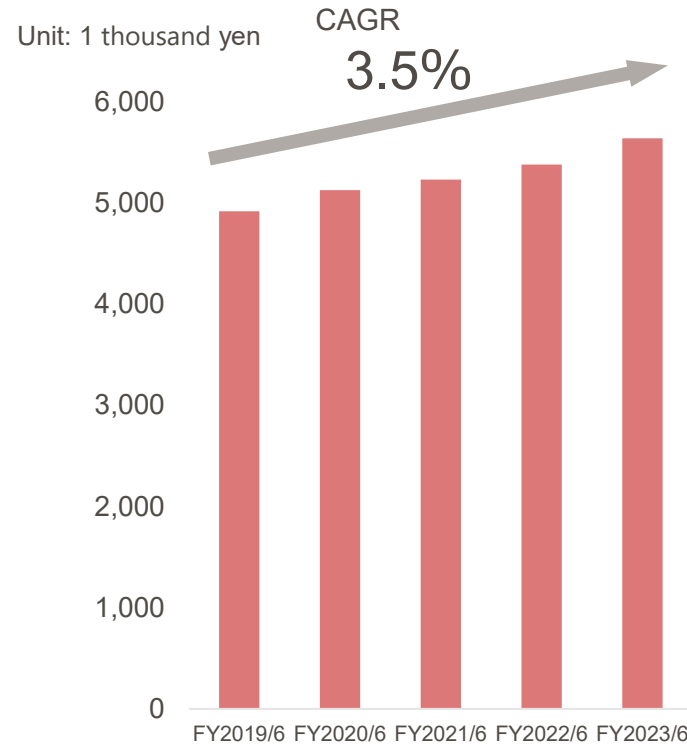
Investment-related expenses (consolidated)

Unit: 1 million yen

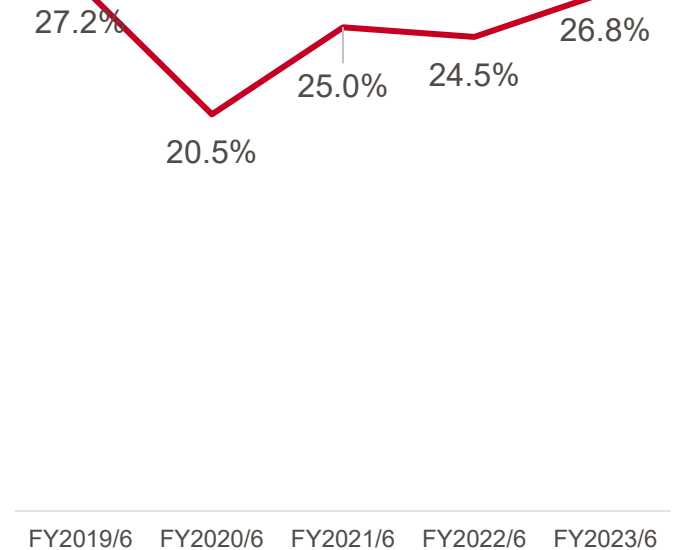


Average salary (non-consolidated)

Unit: 1 thousand yen



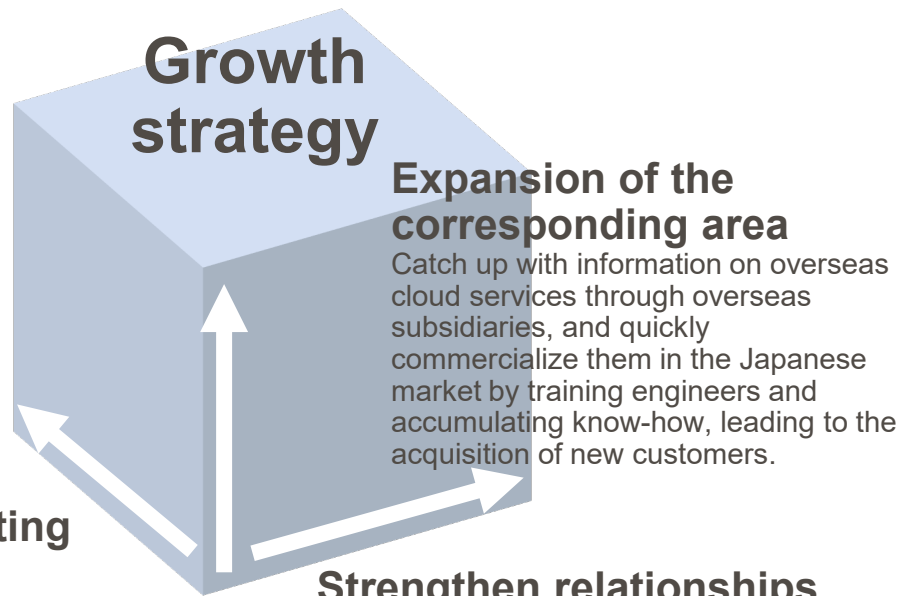
Return on equity (ROE) (consolidated)



Growth Strategy by Segment (1)

Cloud Integration Business

Business outline: Technical support for migration and use of cloud services (ServiceNow, Microsoft Azure, AWS, Google Cloud, etc.) and resale of licenses, etc. (Resale)



Expansion of existing cloud business

Secure orders through cloud migration and post-migration optimization (lift & shift), focusing on the world's three major clouds (AWS, Microsoft Azure, Google Cloud) and ServiceNow, which are the mainstays of this business.

Growth strategy

Expansion of the corresponding area

Catch up with information on overseas cloud services through overseas subsidiaries, and quickly commercialize them in the Japanese market by training engineers and accumulating know-how, leading to the acquisition of new customers.

Strengthen relationships with cloud vendors by developing engineers

Strengthen relationships and receive customer referrals by investing actively in training cloud-related engineers and achieving technical qualifications awards and certifications from cloud vendors.

Flow of cloud platform migration and usage support

Our main services



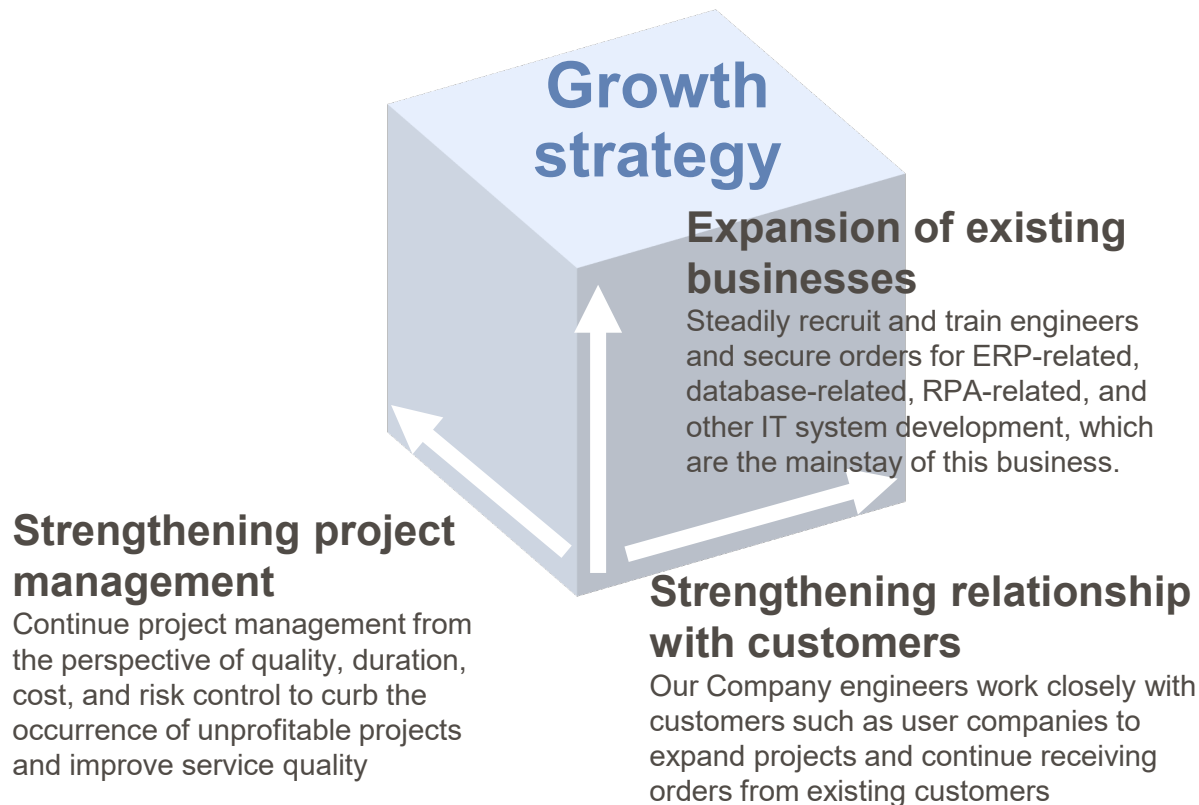
Regarding resale

Reselling cloud accounts (pay-as-you-go or bulk purchases based on data usage) from Our Company to customers to ensure stock revenue. In the fiscal year ended June 2023, resale accounted for 31% of net sales of Cloud Integration Business, and the Company aims to continue to expand it through customers' moving to the cloud and their increase in data usage.

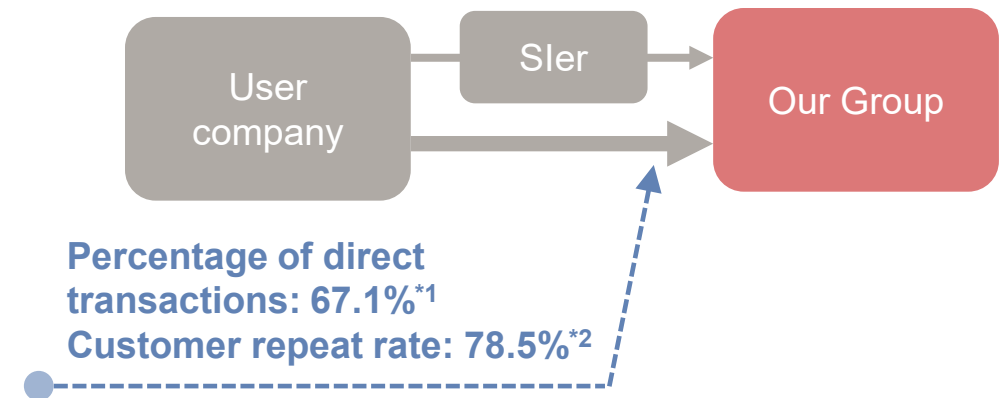
Growth Strategy by Segment (2)

System Integration Business

Business outline: Technical support for the introduction and use of ERP packages, construction of infrastructure such as Oracle database, and IT system consulting, design, development, operation, and maintenance



■ Efforts to secure stable orders

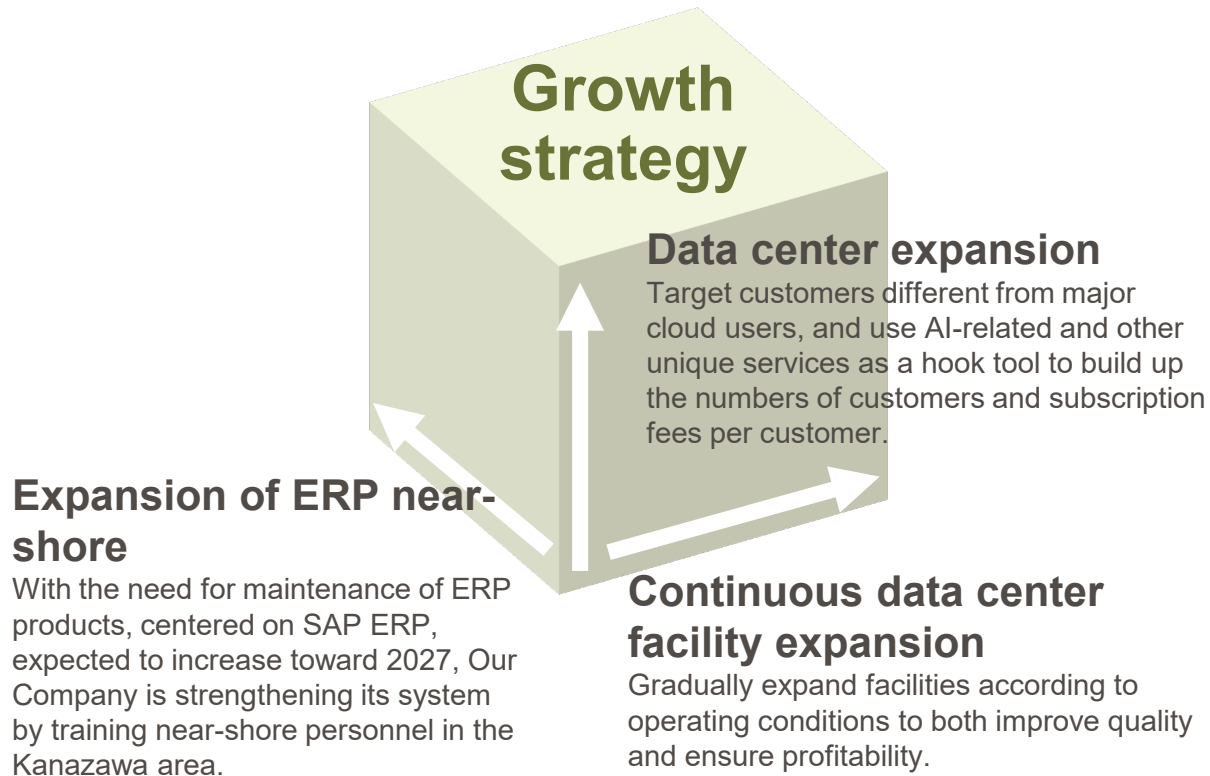


Build close relationships with user companies to expand projects and continue receiving orders

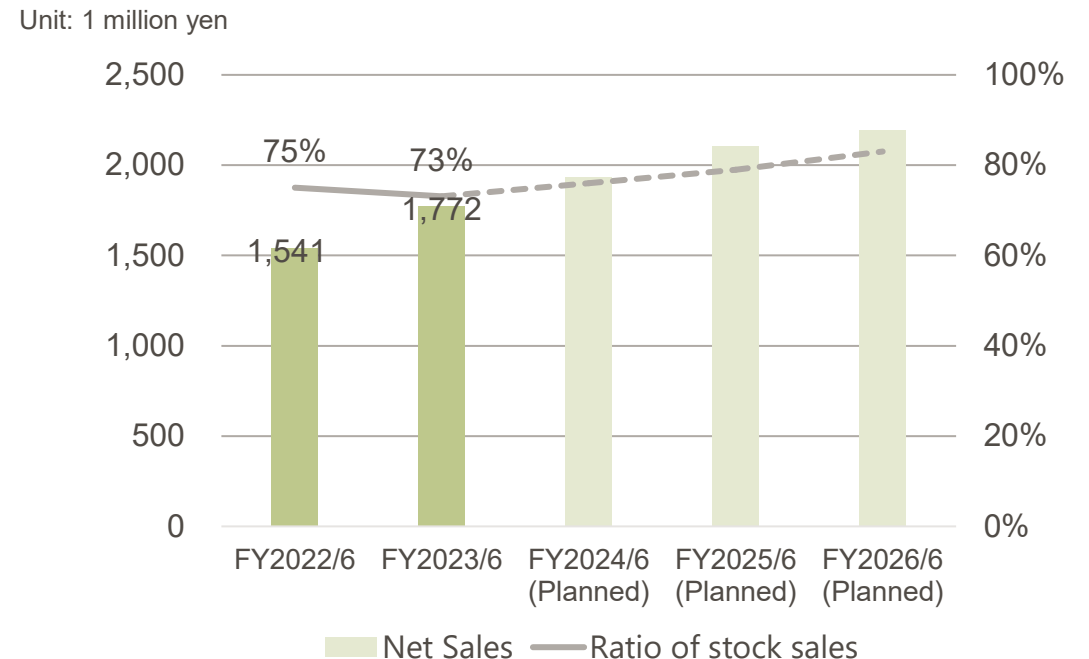
Growth Strategy by Segment (3)

Outsourcing Business

Business outline: Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance



■ Net sales of Outsourcing Business and ratio of stock sales (annual and monthly data center fees) against net sales



Growth Strategy by Segment (4)

Product Business

Business outline: Development, sales, and customization of products (software) by Our Group
Mainly cloud-based products (monthly billing system); sales expansion through distributors in addition to direct sales

Growth strategy

Customer expansion

In order to increase new customers, Our Company will expand sales channels for agents and strengthen advertising and publicity. In addition, Our Company will aim to increase the number of users by expanding the number of divisions within existing customers. On a product basis, we plan to expand sales of newly launched Smart Rabbit (food inventory forecast system for restaurants), Tateyakusha, and SHIFTEE.

Unit: 1 million yen

Maintaining and improving stable high profitability

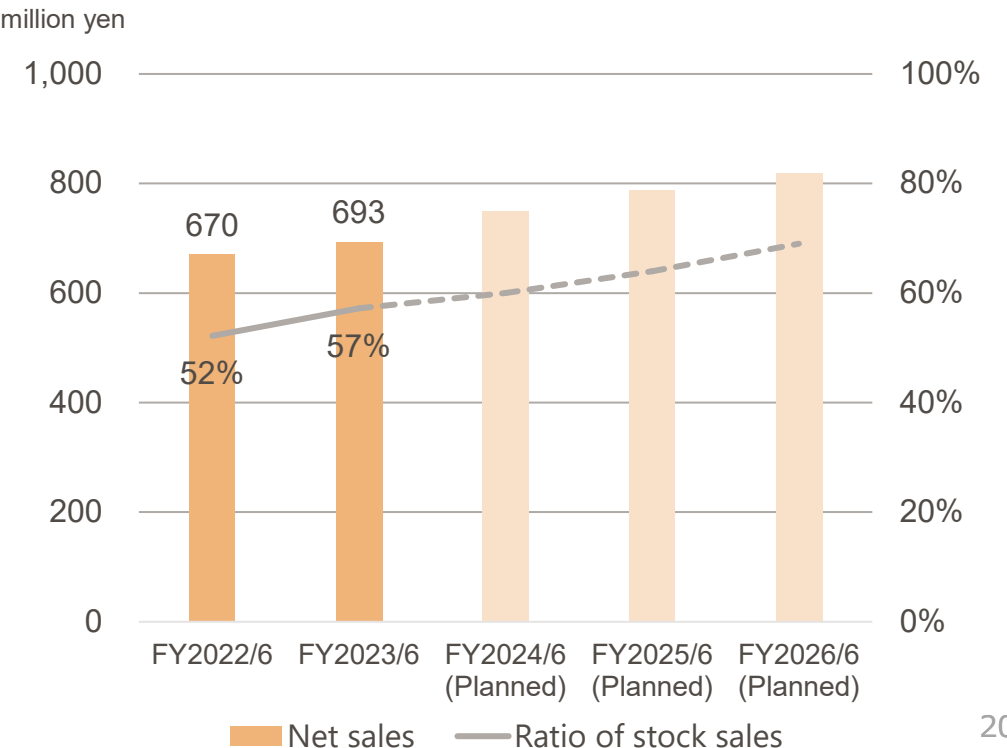
By increasing non-customized sales, we will strengthen the structure in which increased sales lead to higher profits. In addition, we will accumulate stock sales such as monthly usage fees to ensure stable high profit margins.

* As of June 30, 2023 (cumulative)

Functional enhancement

Continue to enhance existing products to reduce lead time until introduction and improve competitiveness against other companies' products.

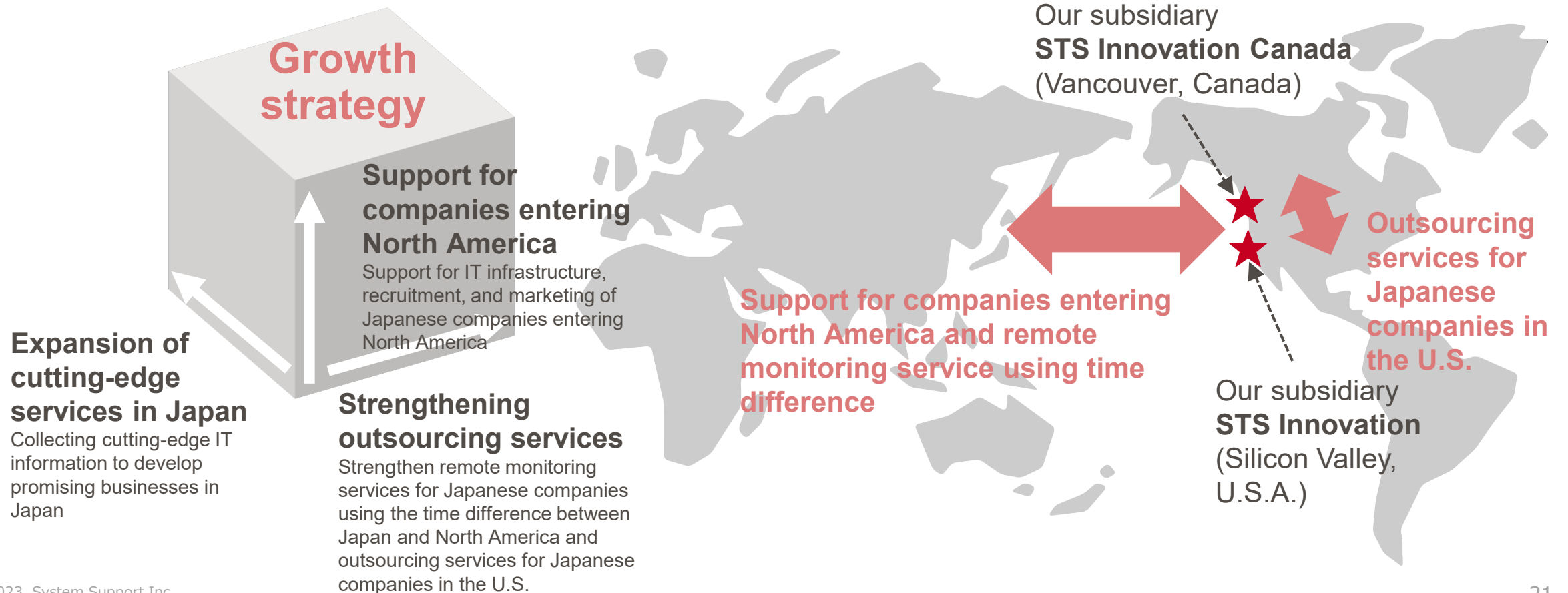
■ Net sales of Product Business and ratio of stock sales (monthly usage fees, etc.) against net sales



Growth Strategy by Segment (5)

Overseas Business

Business overview: System integration overseas (in the U.S. and Canada), outsourcing of payroll and accounting services, recruitment services, and media management



Disclaimer and Forward Looking Statements

- ◆ This document has been prepared by System Support Inc. (hereinafter referred to as “Our Company”) for the purpose of providing investors with an understanding of the current status of Our Company.
- ◆ The contents of this document are prepared based on economic, social, and other conditions generally recognized as prevailing at the time this report was prepared, as well as certain assumptions that we have judged to be reasonable, but may be subject to change without notice due to changes in the business environment or other reasons.
- ◆ The materials and information provided in this presentation include so-called “forward looking statements.” These statements are based on current expectations, projections, and assumptions with risks and involve uncertainties that could cause results to differ materially from those in the statements.
- ◆ Such risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange rate fluctuations.

For further information, please contact:
Investor Relations, Administrative Planning Department, System Support Inc.
TEL: 076-265-5151 E-mail: ir@sts-inc.co.jp

Thank you

 システムサポート