

Supplementary Materials for Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2024

System Support Inc. (Security Code: 4396)

November 8, 2023



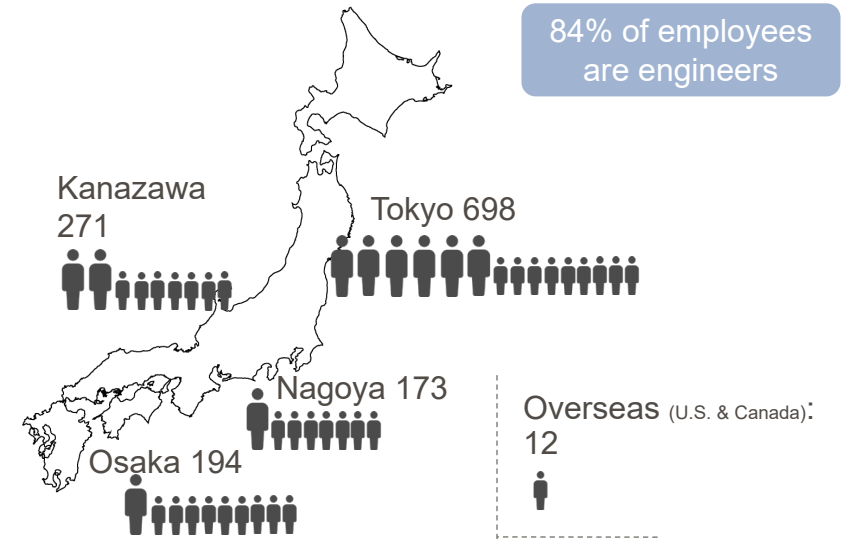
Notice: This document is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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)

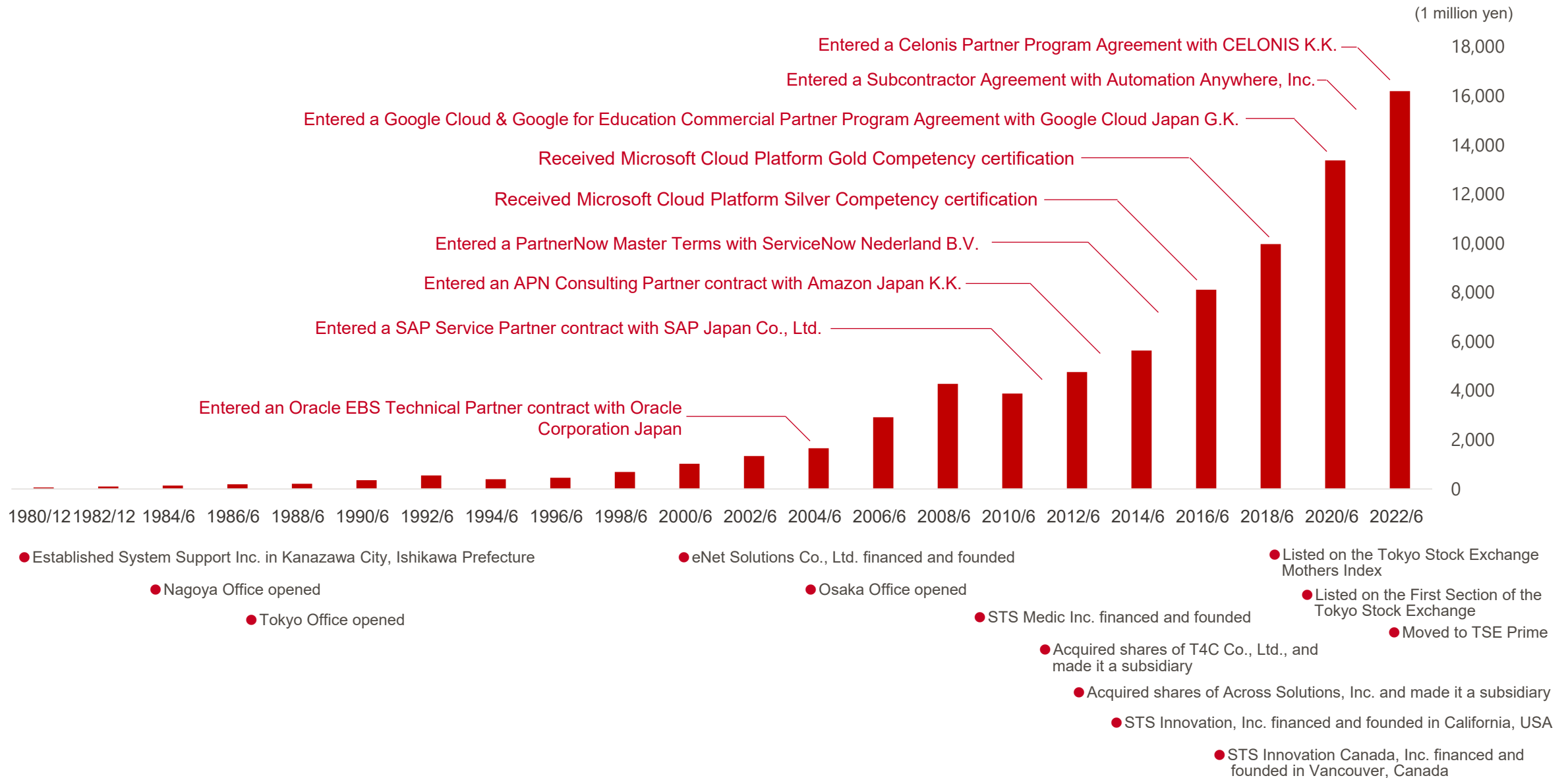
Business outline

- **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



Summary of Financial Results for 1Q of FY2024/6 and Earning Forecast of FY2024/6

Contents

- ▶ 1. Financial highlights

- ▶ 2. Net sales and income (consolidated)

- ▶ 3. Forecast for full year earning of FY2024/6 (consolidated)

- ▶ 4. Net sales and income by segment (consolidated)

Financial Highlights for 1Q of FY2024/6 (Cumulative)

Unit: 1 million yen

	1Q of FY2024/6 (Cumulative)	Difference (YoY change)	Percentage change (YoY change)
Net sales	5,034	629	+14.3%
Operating profit	399	95	+31.2%
Current net profit	282	76	+37.3%

- ◆ Net sales were strong in all businesses, led by the cloud integration business.
- ◆ Increase in profit and profit margin due to increase in net sales and improvement in cost ratio
- ◆ Extraordinary income from the transition to the defined contribution pension plan

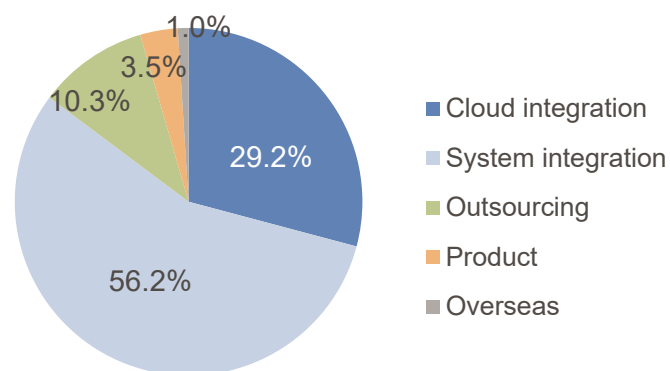
Consolidated Net Sales and Income of 1Q of FY2024/6 (Cumulative)

Unit: 1 million yen

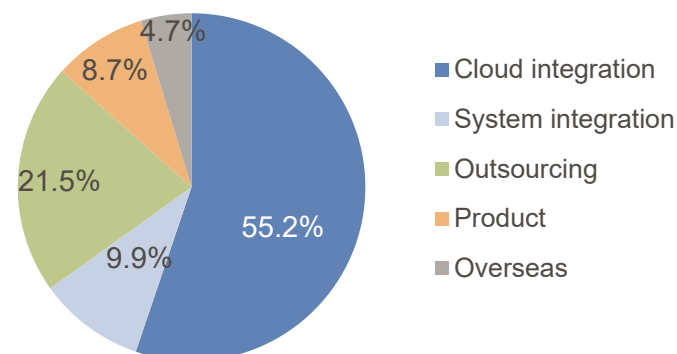
	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)	Difference (YoY change)	Percentage change (YoY change)
Net sales	3,721	4,404	5,034	629	+14.3%
Gross profit	968 (26.0%)	1,185 (26.9%)	1,399 (27.8%)	214	+18.1%
Operating profit	241 (6.5%)	304 (6.9%)	399 (7.9%)	95	+31.2%
Current profit	248 (6.7%)	309 (7.0%)	404 (8.0%)	94	+30.7%
Current net profit	162 (4.4%)	205 (4.7%)	282 (5.6%)	76	+37.3%

*Profit ratio in ()

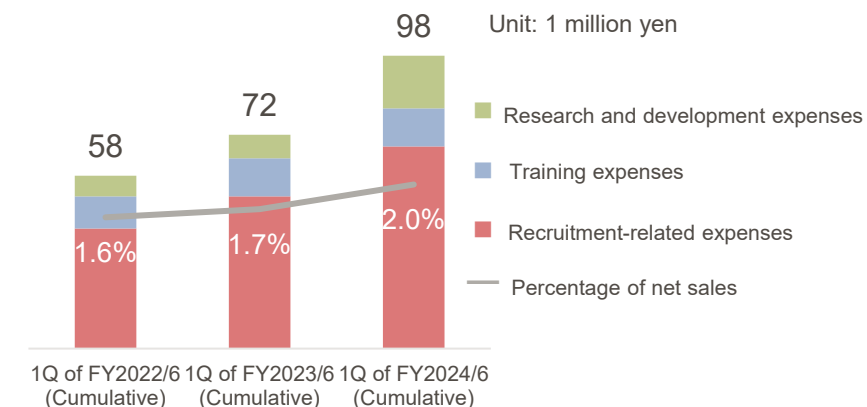
■ Composition of net sales by segment*1



■ Composition of segment profit*2



■ Changes in investment-related expenses



*1 Net sales by segment are sales to external customers.

*2 Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.

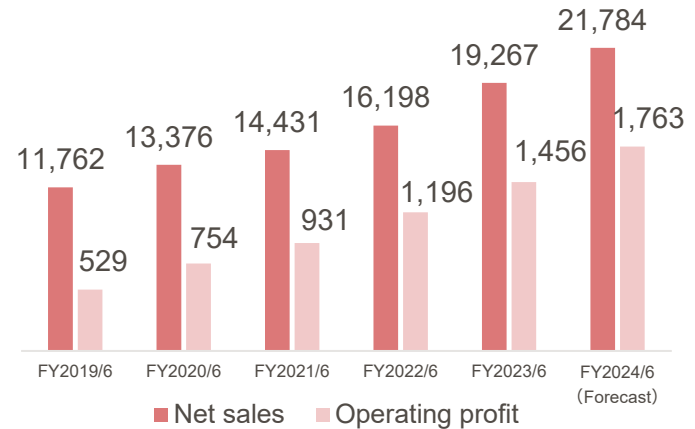
Forecast for Full Year Earning of FY2024/6 (Consolidated)

Unit: 1 million yen

	FY2022/6	FY2023/6	FY2024/6 (Forecast)	Percentage change (Period over period)	
Net sales	16,198	19,267	21,784	+ 13.1%	
Operating profit	1,196	1,456	1,763	+ 21.0%	
Current profit	1,190	1,465	1,755	+19.8%	
Current net profit	785	1,009	1,167	+15.6%	
Annual dividends	Interim dividends	12円	15円	18円	-
	Year-end dividends	13円	17円	18円	-
	Total	25円	32円	36円	-

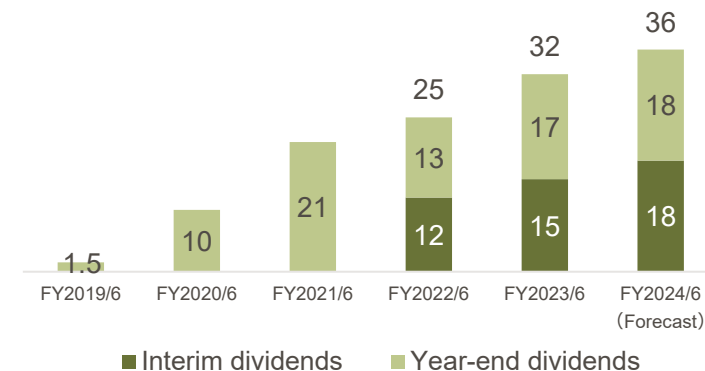
■ Net sales/operating profit (consolidated)

Unit: 1 million yen



■ Dividends*

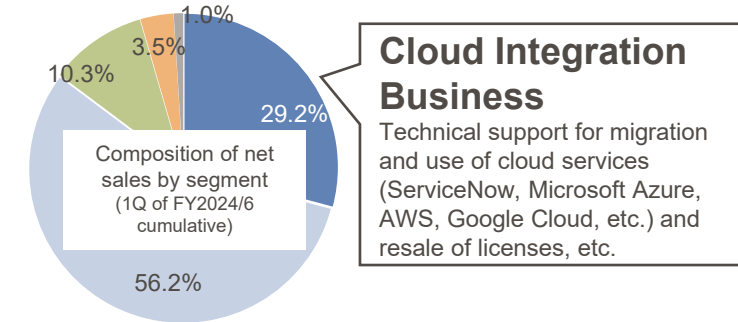
Unit: Yen



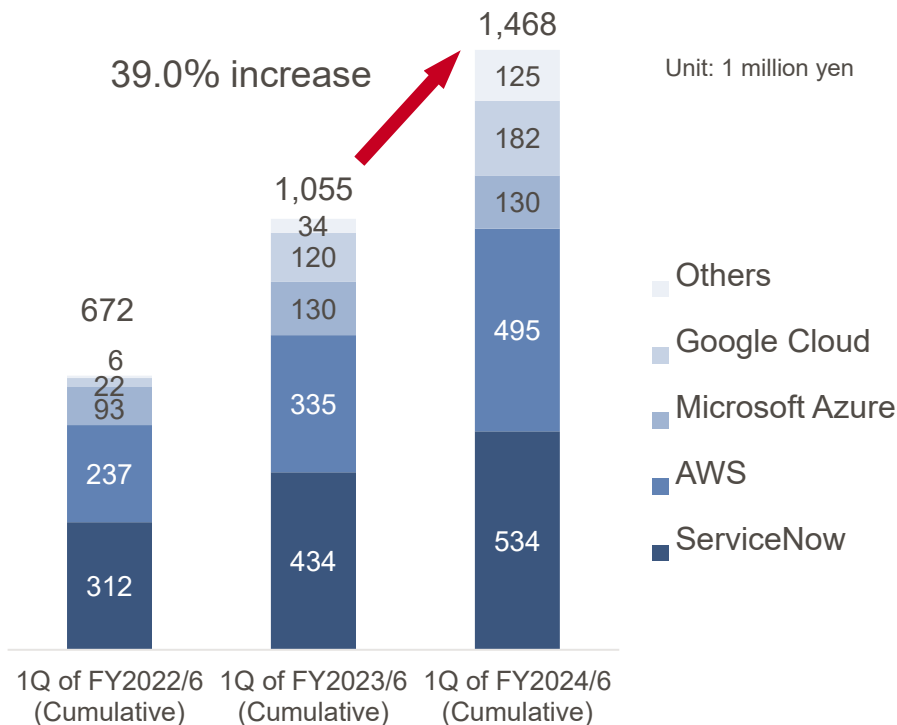
Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)

Cloud Integration Business

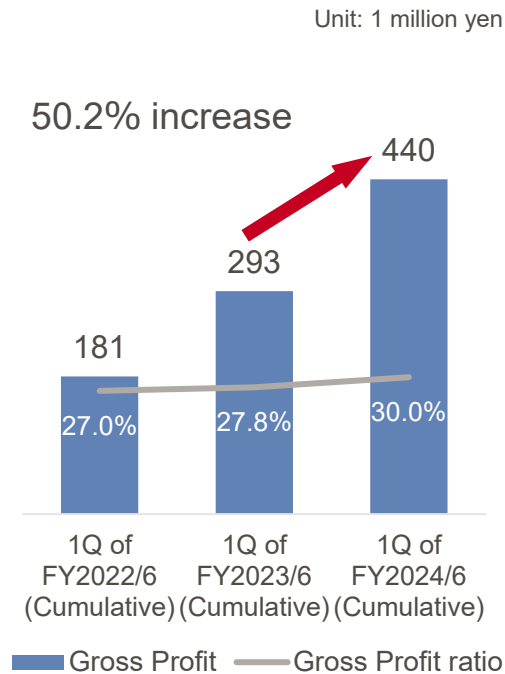
- Driven by DX, cloud-related services performed well, with particularly strong growth in AWS, Google Cloud, and Oracle Cloud Infrastructure.
- Gross profit ratio increased due to many high profitability projects in AWS and Microsoft Azure.



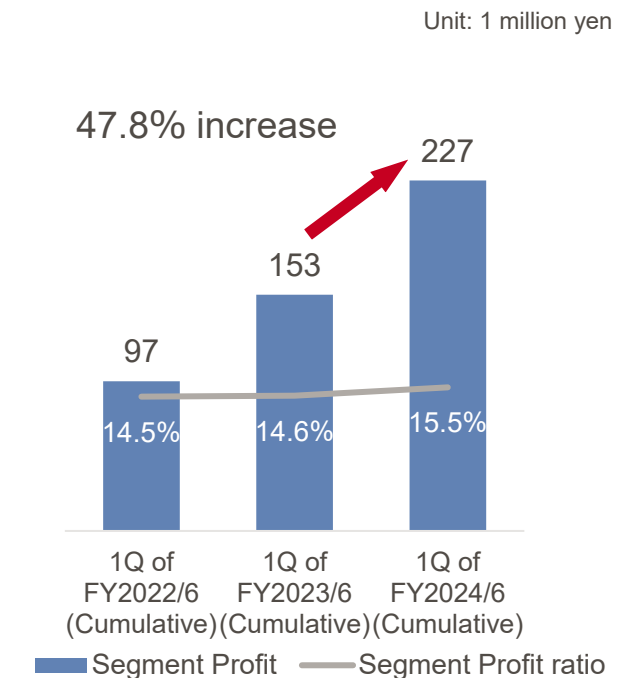
Net sales*1



Gross profit/profit ratio*2



Operating profit/profit ratio (Segment profit/profit ratio)*3



*1 Net sales are sales to external customers.

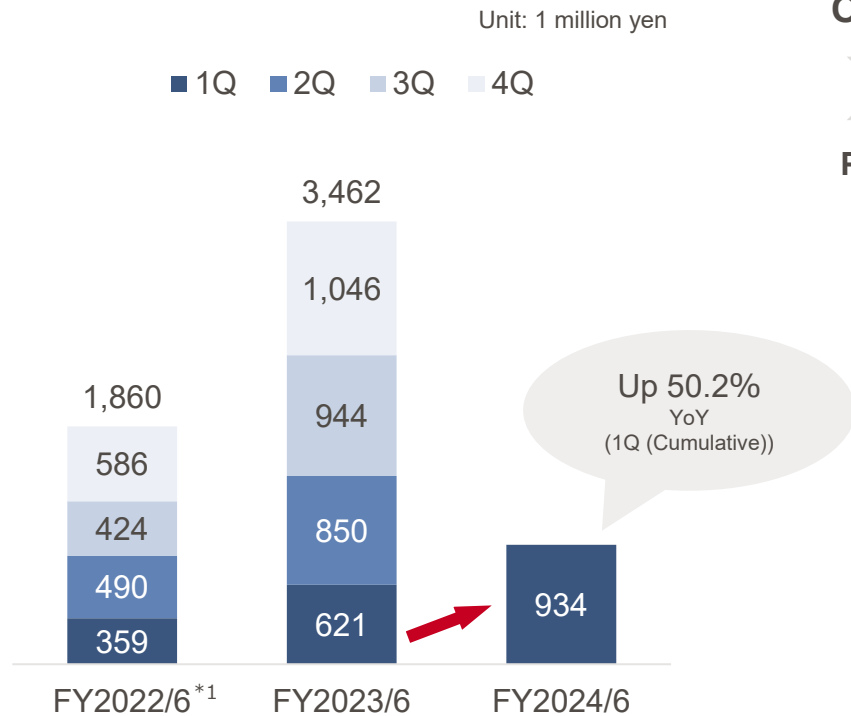
*2 Gross profit by segment is the amount before adjustment for gross profit in the consolidated financial statements.

*3 Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.

Cloud Integration Business Details (1) Cloud Platform Migration and Usage Support

Cloud platform migration (Microsoft Azure, AWS, Google Cloud) and usage support
 Our strength is in the area of using databases and data analysis platforms in the cloud, thanks to our technological expertise in the database field, which we have cultivated over many years.

■ Net sales for cloud platform migration, usage support, etc.



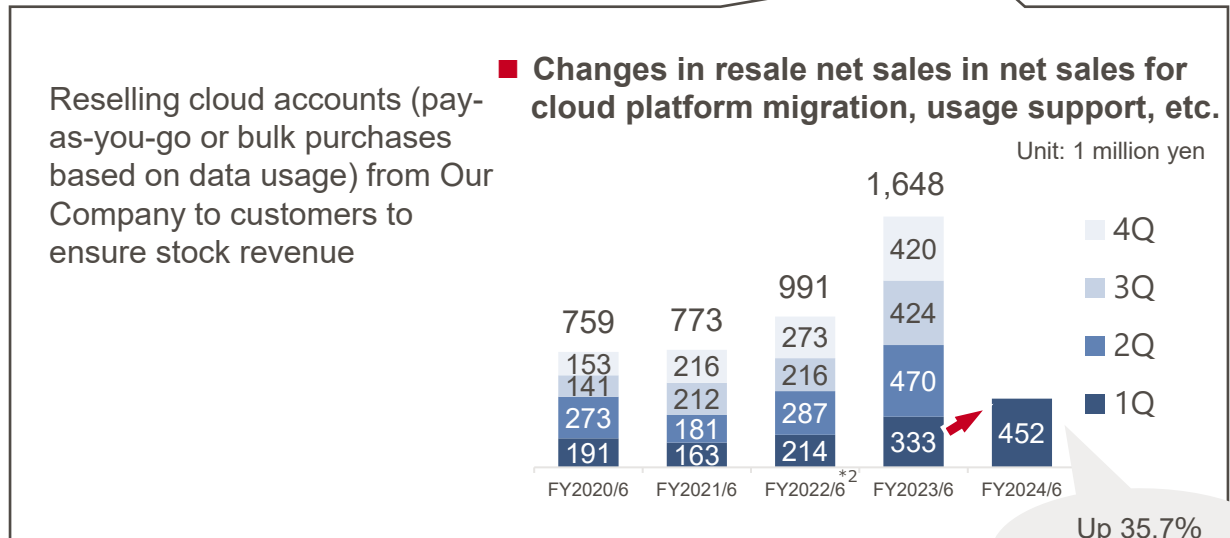
■ Flow of cloud platform migration and usage support

Our main services



Proposal and design ▶ Migration and usage support (creation of cloud environment) ▶ (Delivery) ▶ Operation and monitoring Resale

■ Changes in resale net sales in net sales for cloud platform migration, usage support, etc.



Reselling cloud accounts (pay-as-you-go or bulk purchases based on data usage) from Our Company to customers to ensure stock revenue

*1 There have been minor revisions to the net sales figures for each quarter of the fiscal year ended June 30, 2022, compared with the figures shown in the supplementary materials for the 1Q through 3Q of the fiscal year ended June 30, 2023.

*2 There have been minor revisions to the sales figures for each quarter of the fiscal year ended June 30, 2022, as compared to the figures shown in the supplementary materials for the 1Q of the fiscal year ending June 30, 2023.

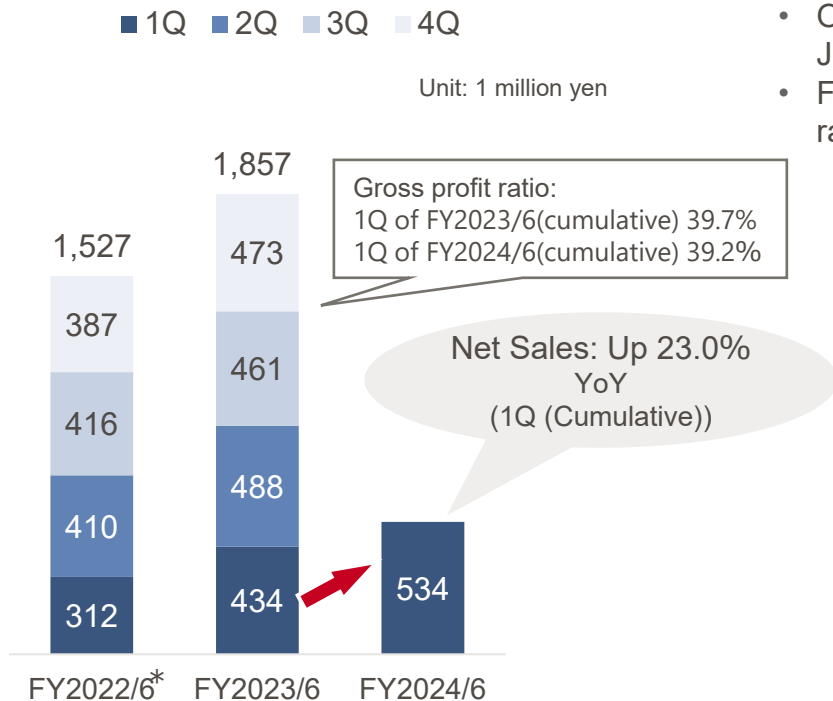
Cloud Integration Business Details (2) Support for the Introduction and Use of ServiceNow

Support for the introduction and use of ServiceNow*, a cloud service for businesses from the U.S.

*ServiceNow is a cloud service provided by ServiceNow, Inc. to standardize IT service management and other operations.

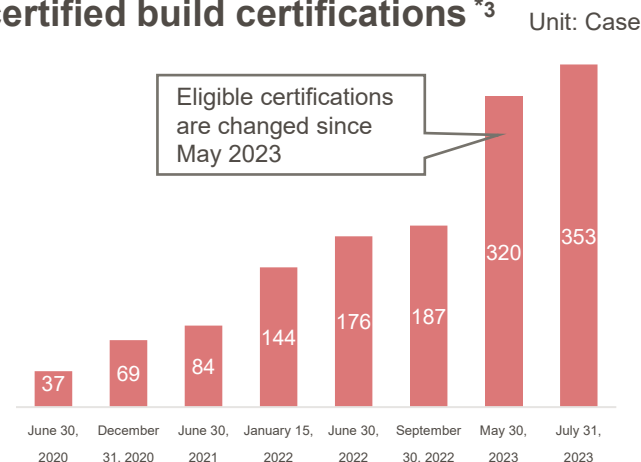
ServiceNow, Inc. is ranked No. 1 in FORTUNE Future 50 (2020), with a market capitalization of approximately US\$120 billion in November 2023.

Net sales of ServiceNow

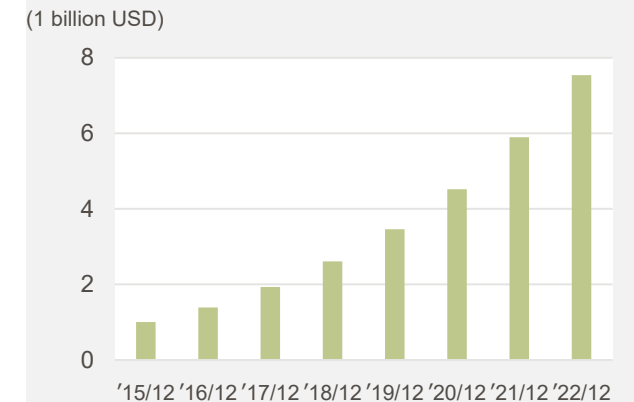


- Our Company actively invests in the development of engineers to create a system capable of providing stable service, and captures demand as the number of companies that have adopted ServiceNow in Japan increases.
- Our Company ranked Third in terms of ServiceNow certified build certifications as of the end of July 31, 2023*¹.
- First domestic company certified as a Bronze Services Partner in 2017*²; currently the highest ranking Elite Partner.

Number of our ServiceNow certified build certifications *³



Net sales of ServiceNow, Inc. *⁴



*There have been minor revisions to the sales figures for each quarter of the fiscal year ended June 30, 2022, as compared to the figures shown in the supplementary materials for the 1Q of the fiscal year ending June 30, 2023, but the full-year total figures remain unchanged.

*¹ From the ServiceNow Japan website (Eligible certifications: CTA, CSA, CAD, CAS-PA, CIS, Developer Core Skills, Suite (Pro))

*² From the ServiceNow partner program of ServiceNow, Inc. in the U.S.

*³ Eligible certifications: CIS, CAD, CAS, CTA until the end of September 2022, CTA, CSA, CAD, CAS-PA, CIS, Developer Core Skills, Suite (Pro) from May 2023

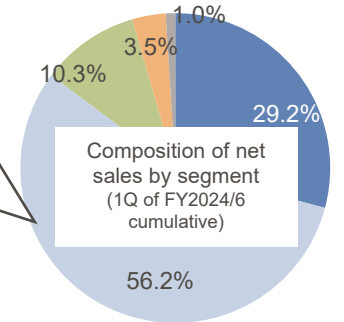
*⁴ Prepared by Our Company from ServiceNow, Inc. financial results

Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)

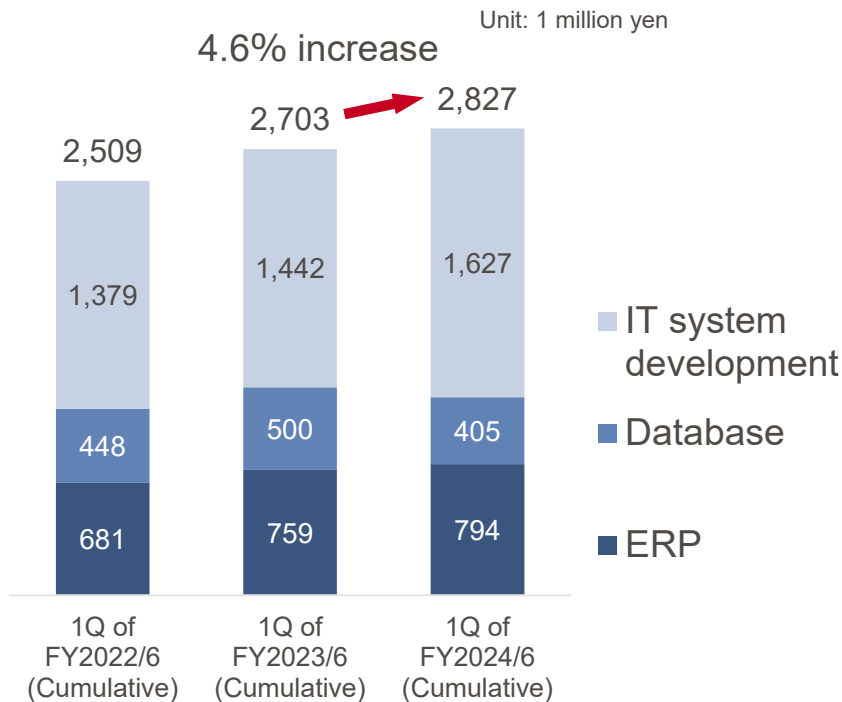
◆ System Integration Business

- SAP ERP faring well.
- Database related services decreased due to migration to cloud

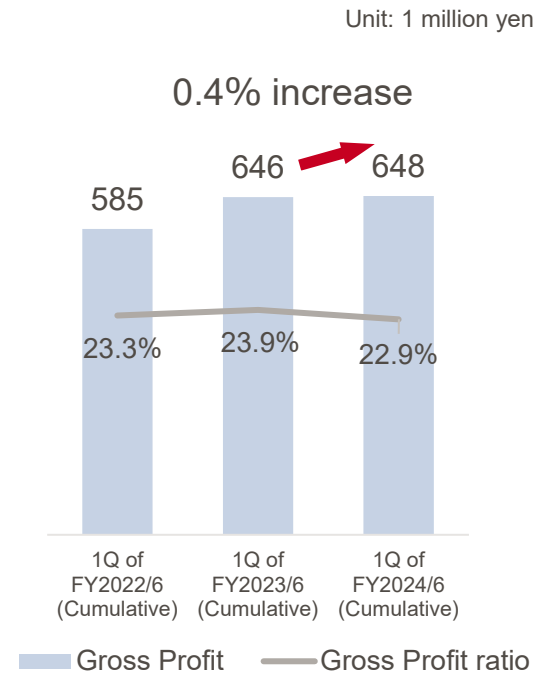
System Integration Business
 Technical support for the introduction and use of ERP packages, construction of infrastructure such as Oracle database, and IT system consulting, design, development, operation, and maintenance



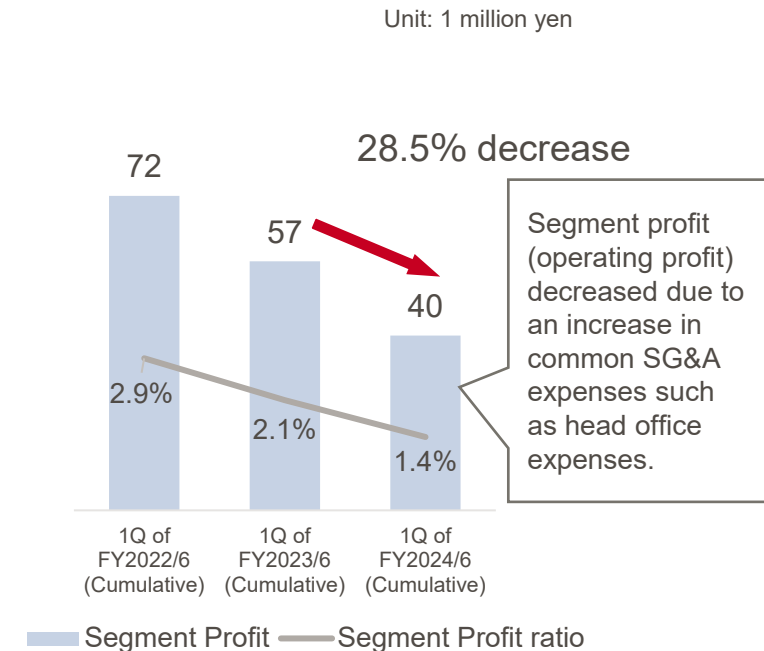
■ Net sales*1



■ Gross profit/profit ratio*2



■ Operating profit/profit ratio (Segment profit/profit ratio*3)

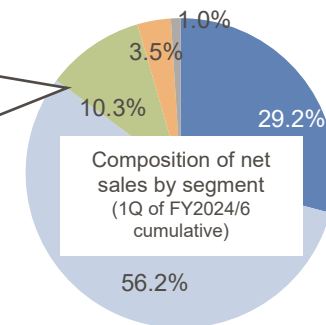


Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)

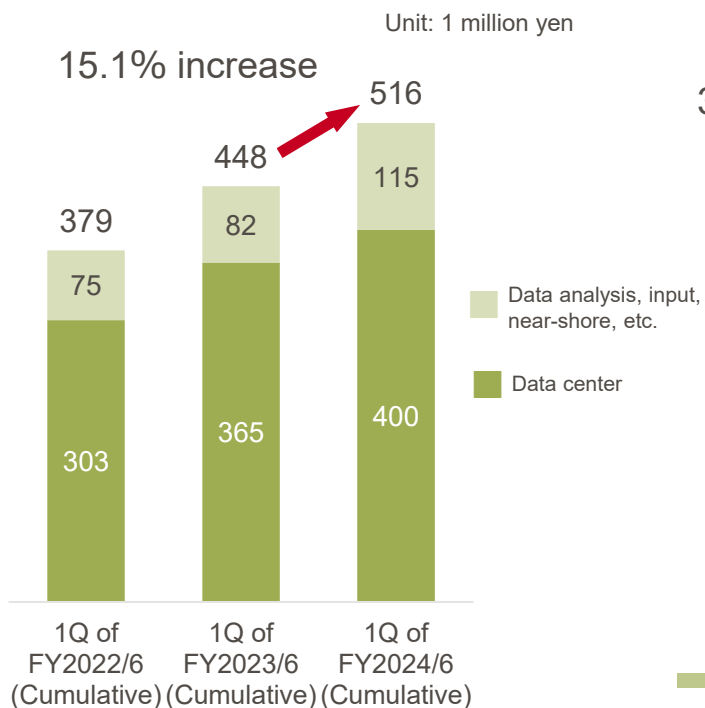
◆ Outsourcing Business

- Increase in monthly subscription fees and other stock sales and increase in subscription fees per company due to expansion of customer use business contributed to increase in data center related sales.
- Gross profit ratio increased due to high profitability projects in data analysis and input.

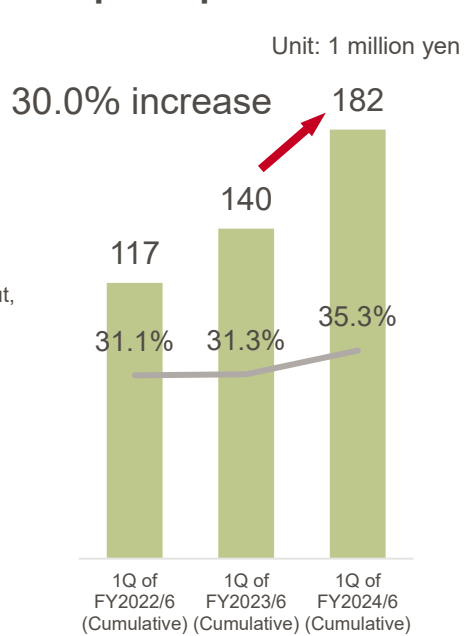
Outsourcing Business
Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance



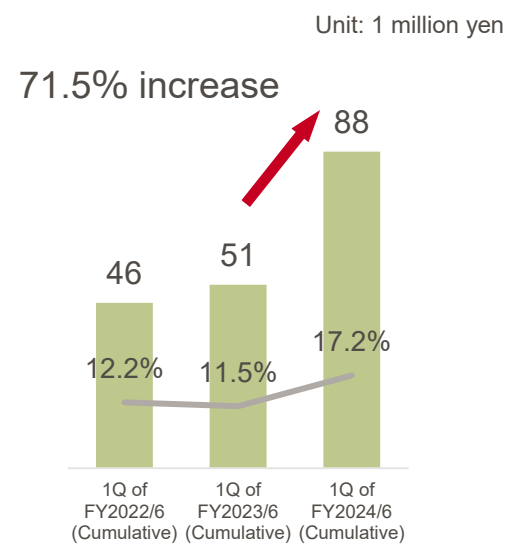
■ Net sales*1



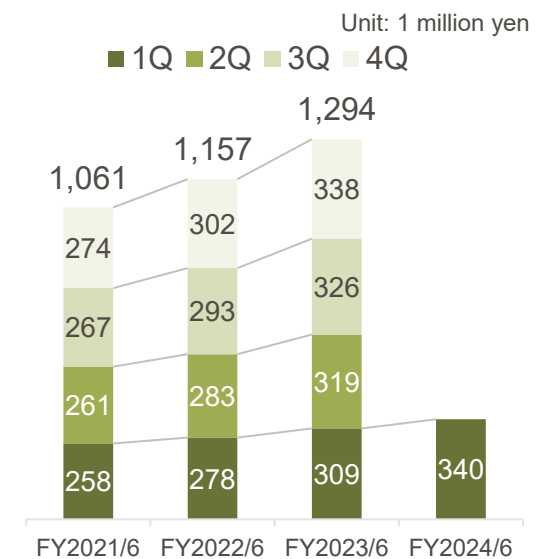
■ Gross profit/profit ratio*2



■ Operating profit/profit ratio (Segment profit/profit ratio*3)



■ Changes in stock sales in net sales of Outsourcing Business

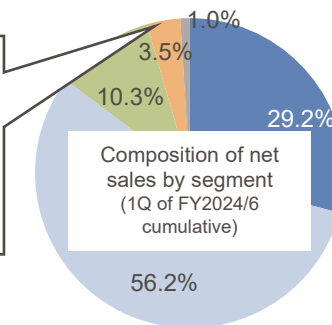


Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)

Product Business

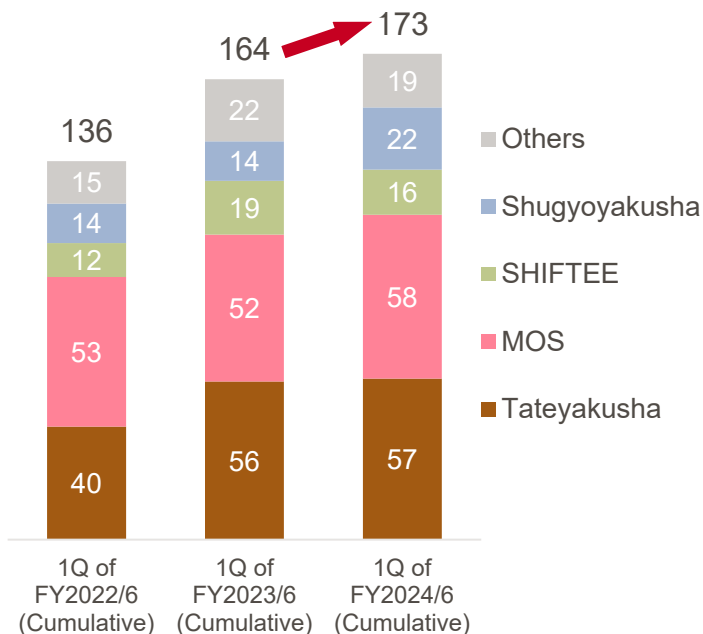
- Strong sales performance of MOS and Shugyoyakusha.
- SHIFTEE sales declined due to decreased customization at the time of introduction.
- While gross profit increased due to the acquisition of new high profitability projects and an increase in the ratio of stock sales, operating profit was impacted by an increase in SG&A expenses mainly due to participation in exhibitions and sales activities.

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



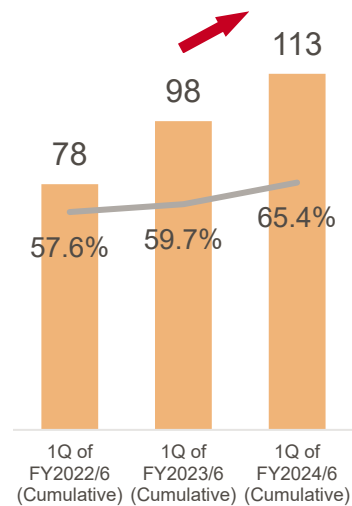
Net sales*1

5.6% increase Unit: 1 million yen



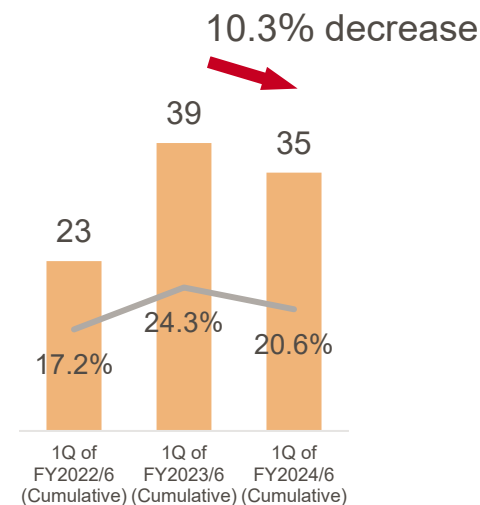
Gross profit/profit ratio*2

15.8% increase Unit: 1 million yen



Operating profit/profit ratio (Segment profit/profit ratio*3)

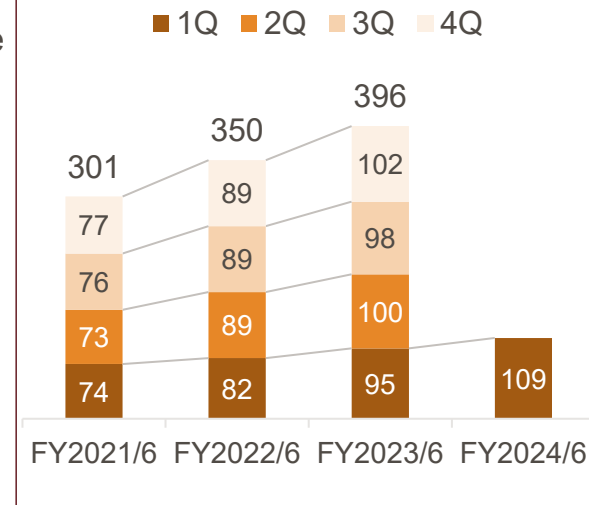
Unit: 1 million yen



Legend: Gross Profit (orange bar), Gross Profit ratio (grey line), Segment Profit (orange bar), Segment Profit ratio (grey line)

Changes in stock sales in net sales of Product Business

Unit: 1 million yen

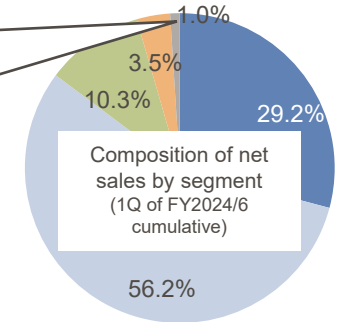


Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)

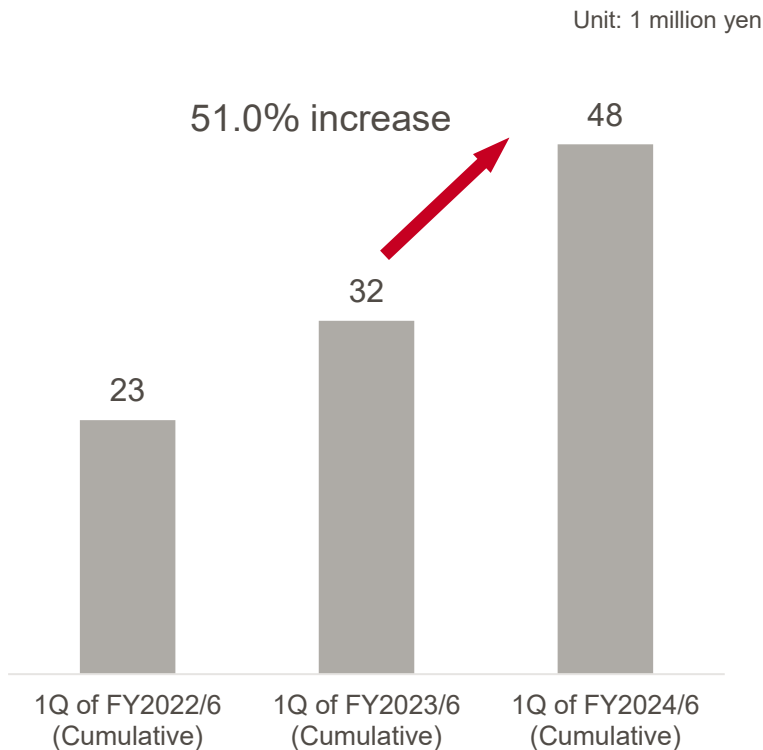
◆ Overseas Business

- In North America, system integration, recruitment services, and outsourcing of payroll and accounting services performed well.

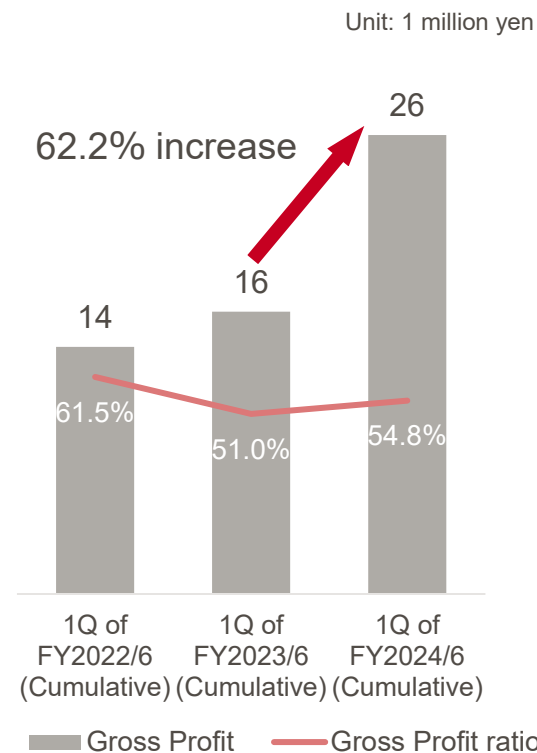
Overseas Business
Overseas system integration, outsourcing of payroll and accounting services, recruitment services, and media management



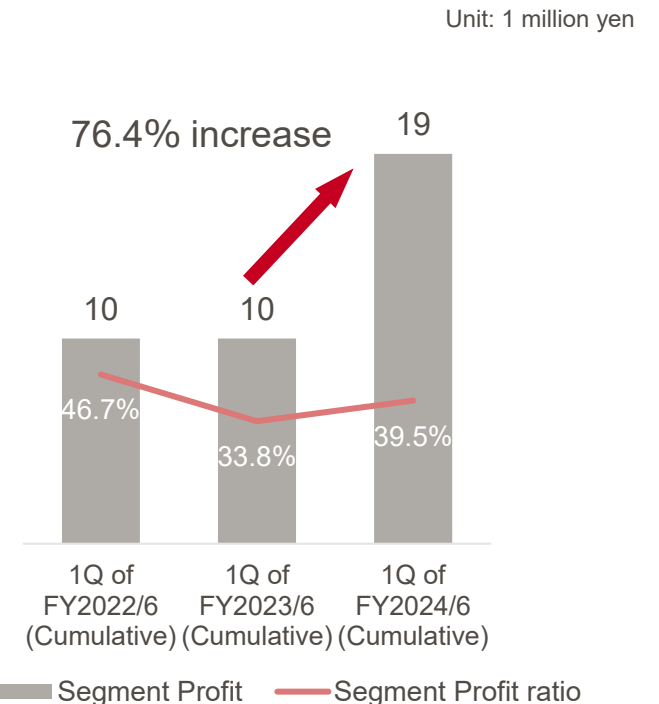
■ Net sales*1



■ Gross profit/profit ratio*2



■ Operating profit/profit ratio (Segment profit/profit ratio*3)



Reference Materials

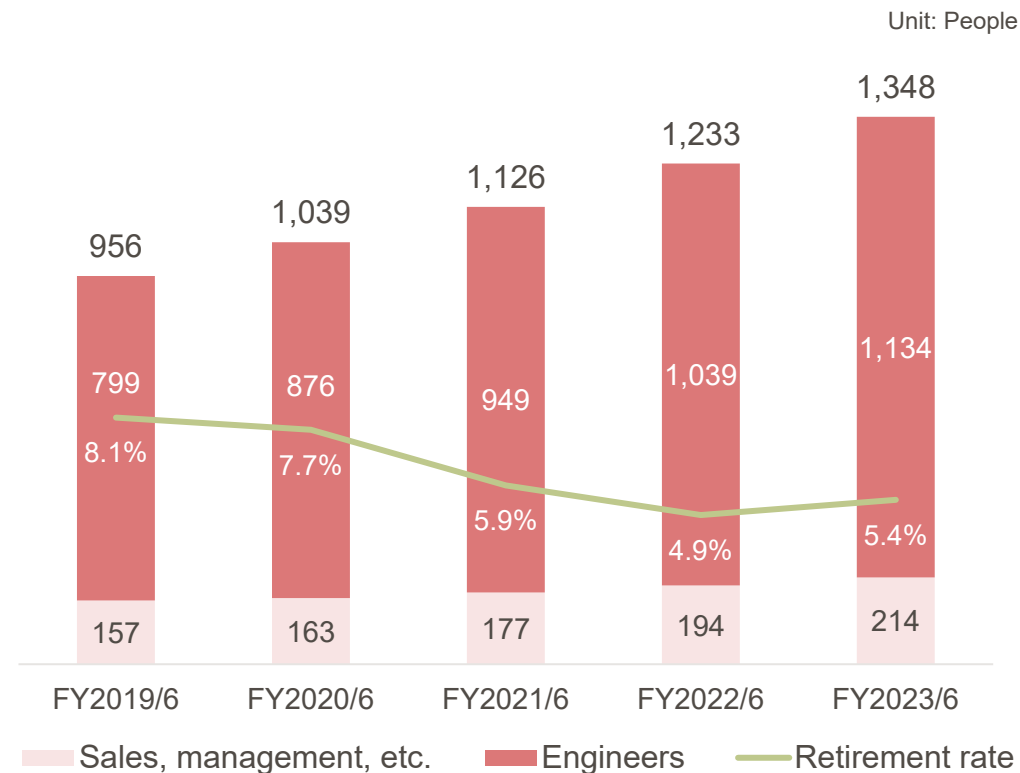
Contents

- ▶ 1. Human resources strategy
- ▶ 2. Growth strategy by segment
- ▶ 3. Strengthening ESG management
- ▶ 4. Our Company topics

Human Resources Strategy

Our Group regards human resources as a source of business growth, and is actively engaged in the expansion of its education system and recruitment activities.

◆ Number of employees (consolidated)



Unit: People

	FY2021/6	FY2022/6	FY2023/6	FY2024/6 (Planned)
New graduate recruitment	60	70	85	111
Mid-career recruitment	89	83	100	94
Retirement rate	5.9%	4.9%	5.4%	-

Growth Strategy by Segment (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)

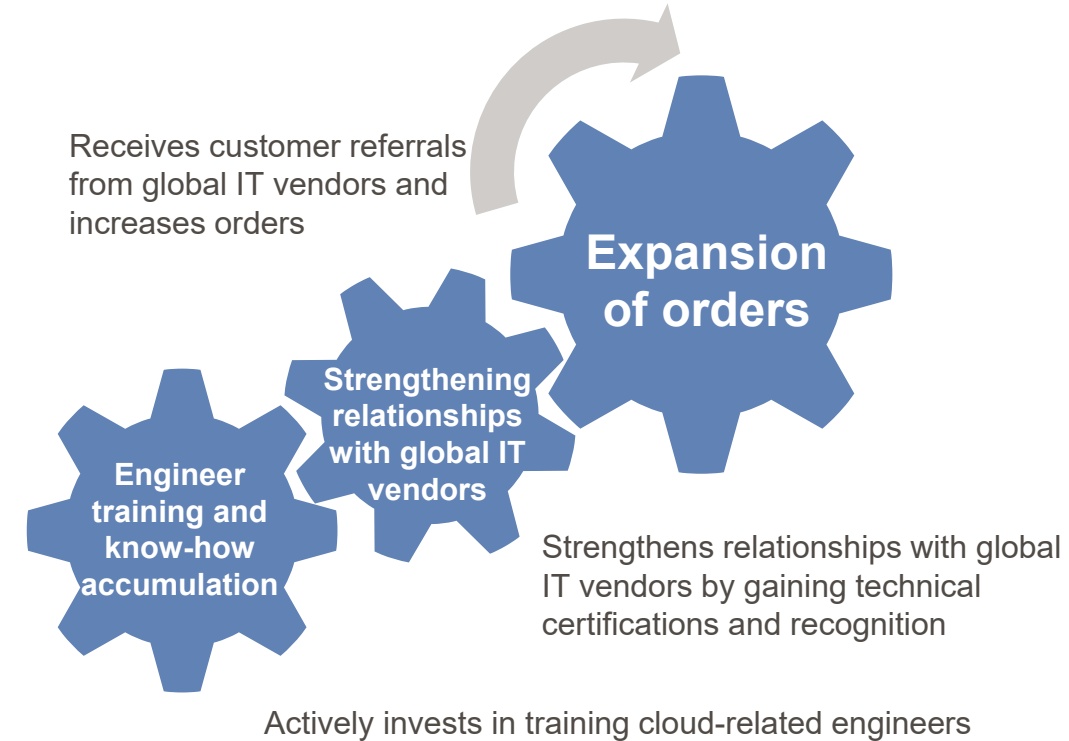
1 Expansion of the corresponding area

Expanding investment to quickly develop new overseas cloud services in the Japanese market and expanding the range of supported services

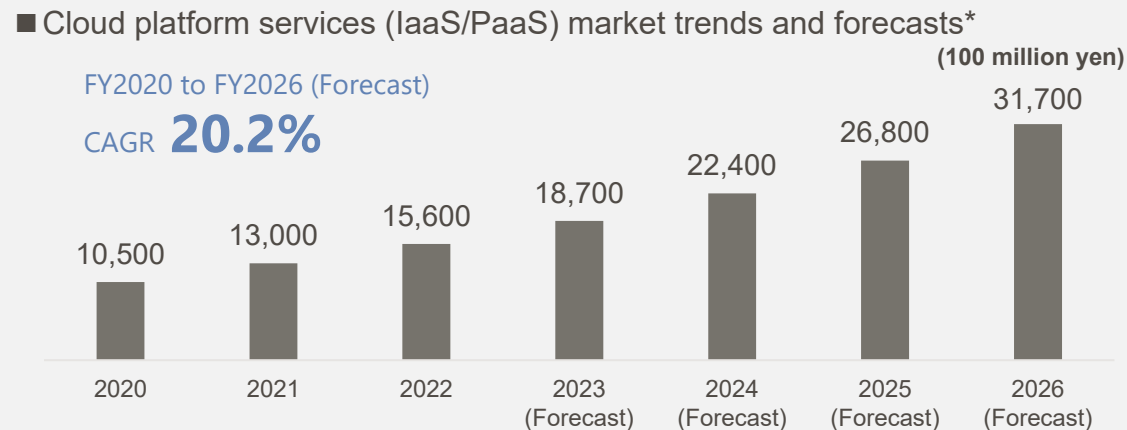
2 Expansion of existing businesses

Focusing on AWS, Microsoft Azure, Google Cloud, and ServiceNow, which are the mainstays of this business, Our Company will strengthen the development of proprietary services to further enhance customer convenience and improve the productivity of Our Group, differentiating itself from other cloud integrators.

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

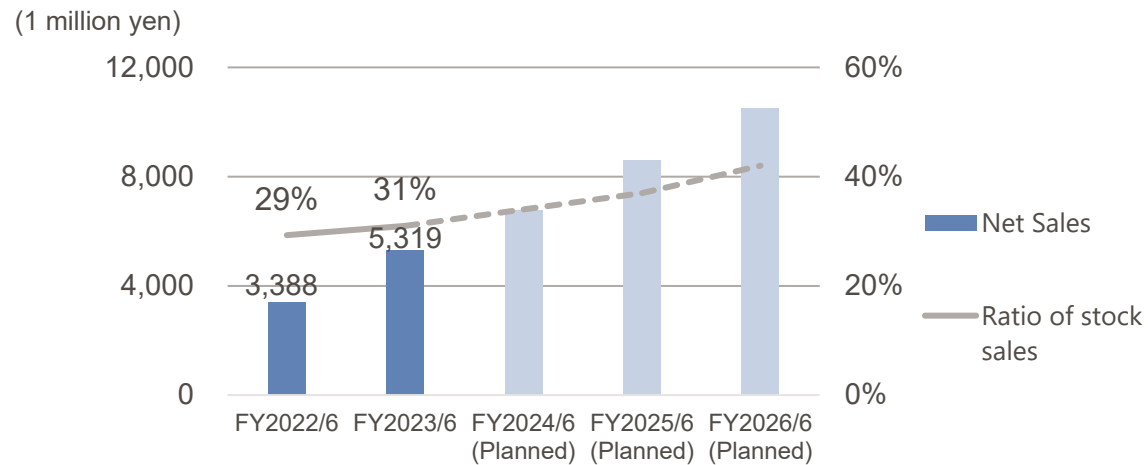


Background: cloud market growth

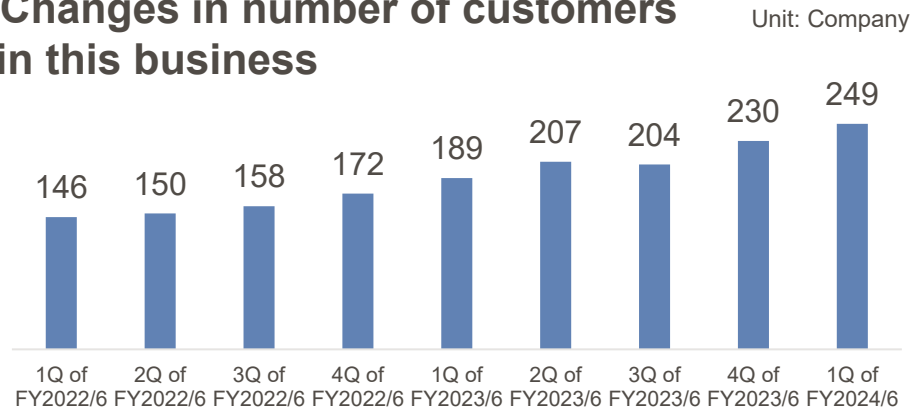


Growth Strategy by Segment (Cloud Integration Business)

■ Net sales of this business and ratio of stock sales *1 against net sales



■ Changes in number of customers in this business



■ History of major certification and awards in this business

Microsoft Azure

- **Obtained Gold Cloud Platform competency certification**
Recognized as a partner with an outstanding track record in Microsoft Azure deployments
- **Obtained Advanced Specialization**^{*2}
Obtained highly specialized partner certifications in specific solution areas
- **Won the MVP Award five times in a row**
Received consecutive awards in the field of data platforms since 2017^{*3}
- **Received Microsoft Top Partner Engineer Award**
Received the Award in Azure Field in 2023 ^{*3}

AWS

- **Obtained Oracle competency** in the AWS competency program^{*4}
- **Received APN partner award “Rising Star of the Year 2014”**

Google Cloud

- **Obtained data analysis specialization with Partner Advantage program**

Oracle

- **Received 14 consecutive awards for Oracle Database**^{*5}
Received awards including Oracle Certification Award 2020 from Oracle Japan

*1 Percentage of resale net sales in the Cloud Integration Business

*2 Acquired in the “Migrating Windows Server and SQL Server to Microsoft Azure” field

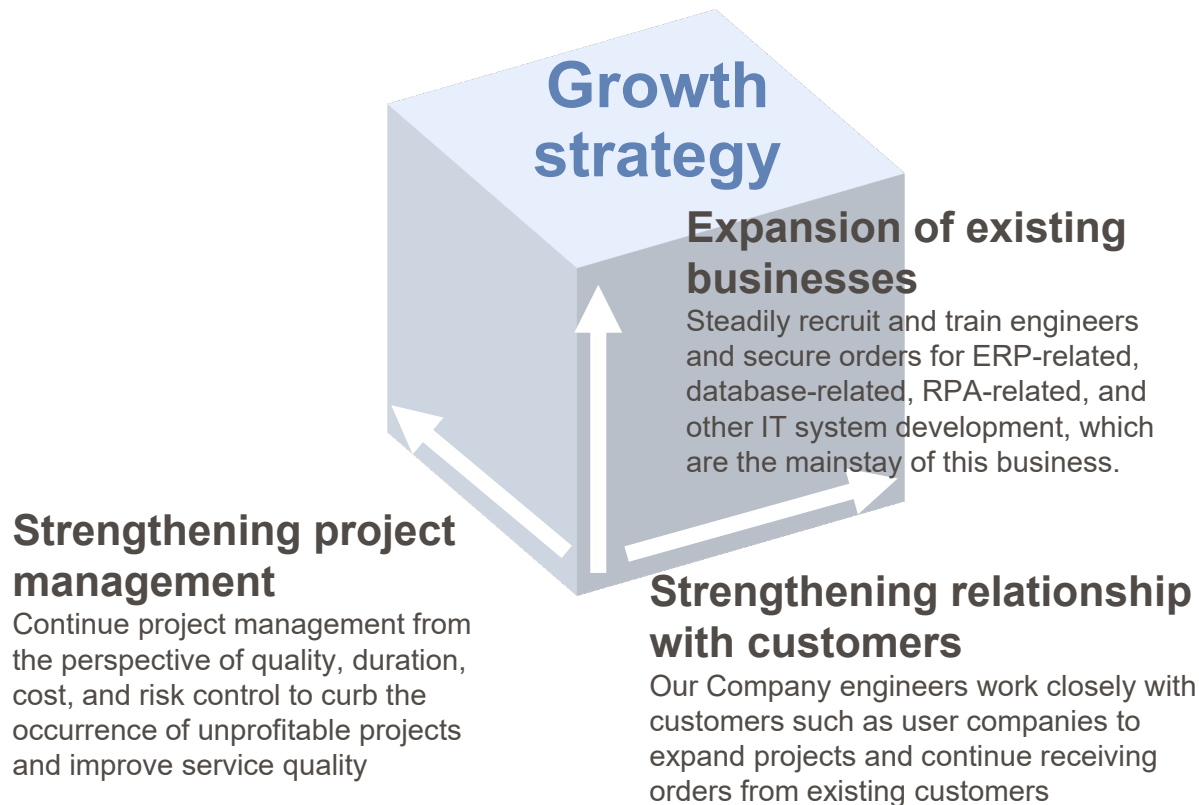
*3 Awarded by Our Company employees

*4 Program to identify, validate, and recommend AWS Partner Network (APN) advanced and premium tier partners that have demonstrated technical expertise and customer success for AWS

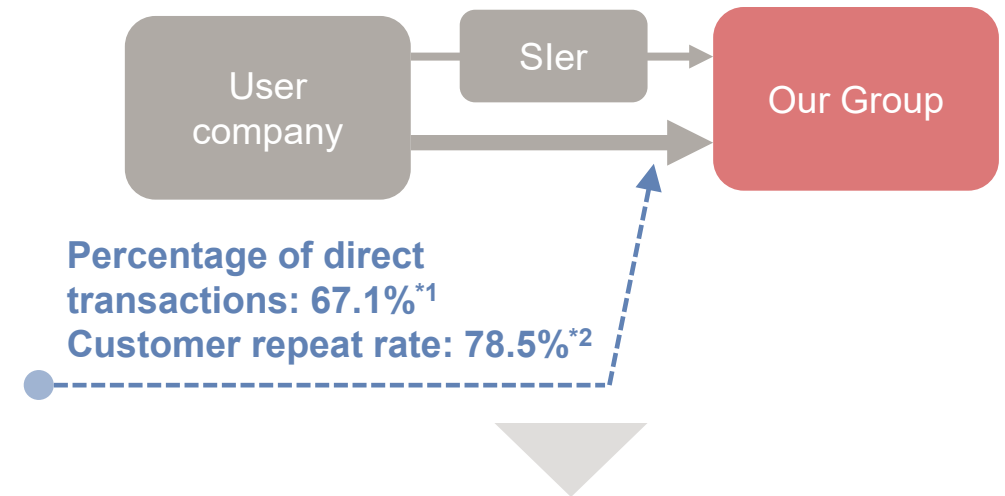
*5 Awards from 2007 to 2020

Growth Strategy by Segment (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



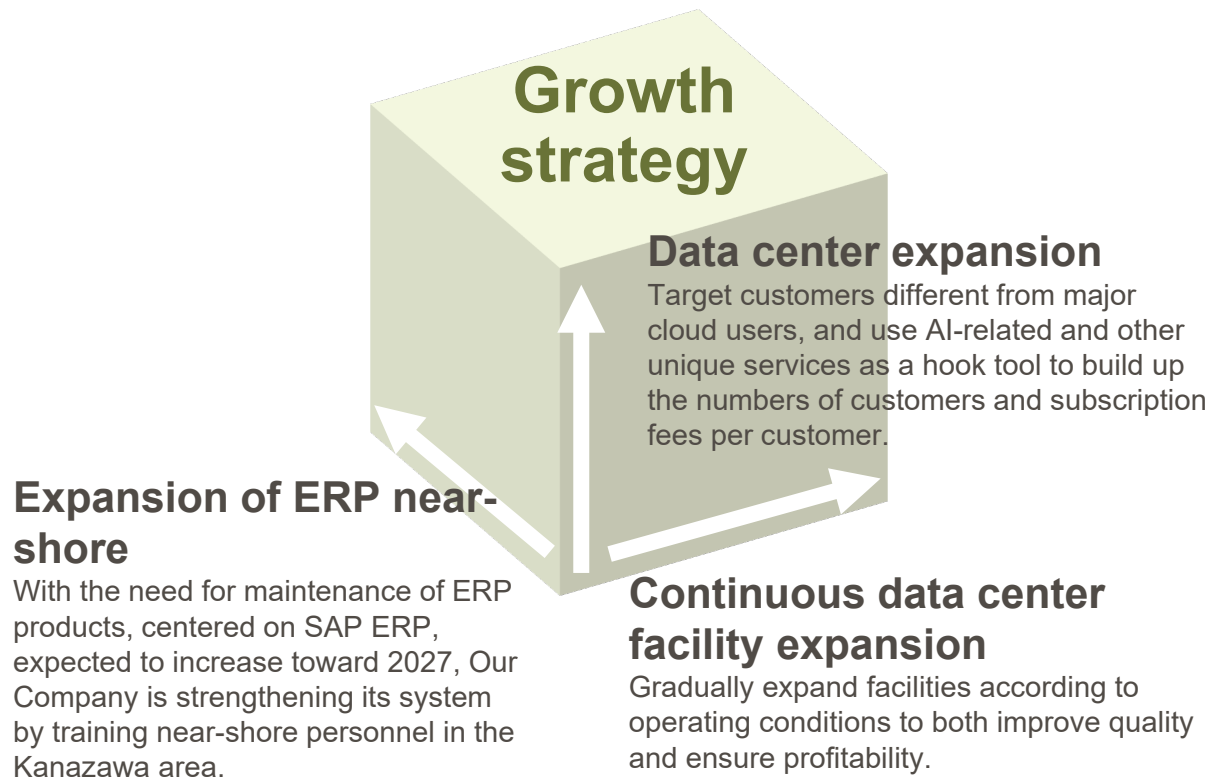
Efforts to secure stable orders



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

Growth Strategy by Segment (Outsourcing Business)

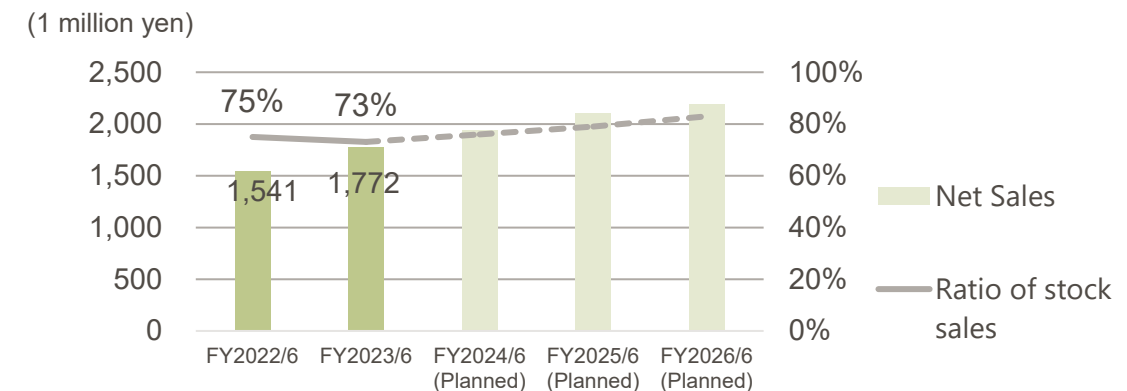
Business outline: Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance



■ Features of Our Group's data center

- Our Group's data centers are located in Kanazawa and Tokyo, and customer companies use servers at the data centers.
- The revenue structure, based on long-term continuous use, not temporary use, builds up stock-type sales as the number of customers increases and their business expands.
- It can also be used as a BCP measure by setting up a data center in Kanazawa City, where earthquakes rarely occur*.

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



* Sources: Japan Meteorological Agency seismic intensity database. Number of earthquakes of intensity 1 or greater observed in 2021: 3 (maximum intensity 2)

Growth Strategy by Segment (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**



* As of September 30, 2023 (cumulative)

Our Group's main products

Construction information management system for the building industry



720 companies (including OEMs)*

Cloud-based shift management system



123 companies*

Mobile order and supply system



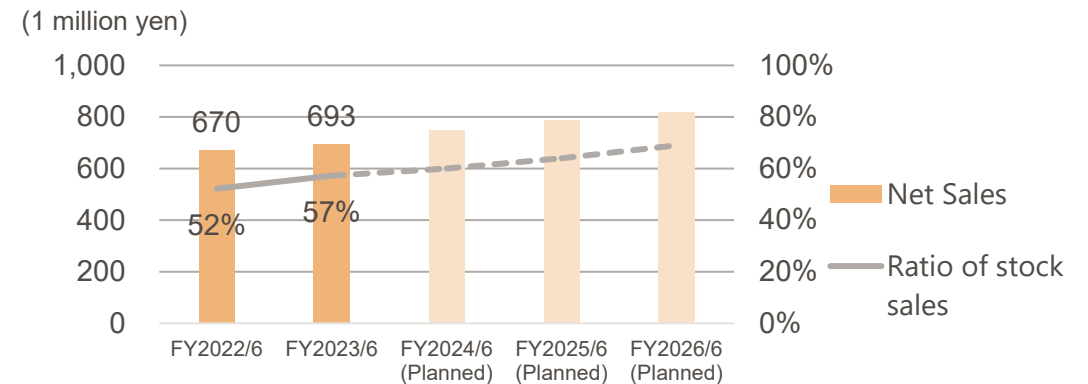
789 companies*

Attendance and work management system



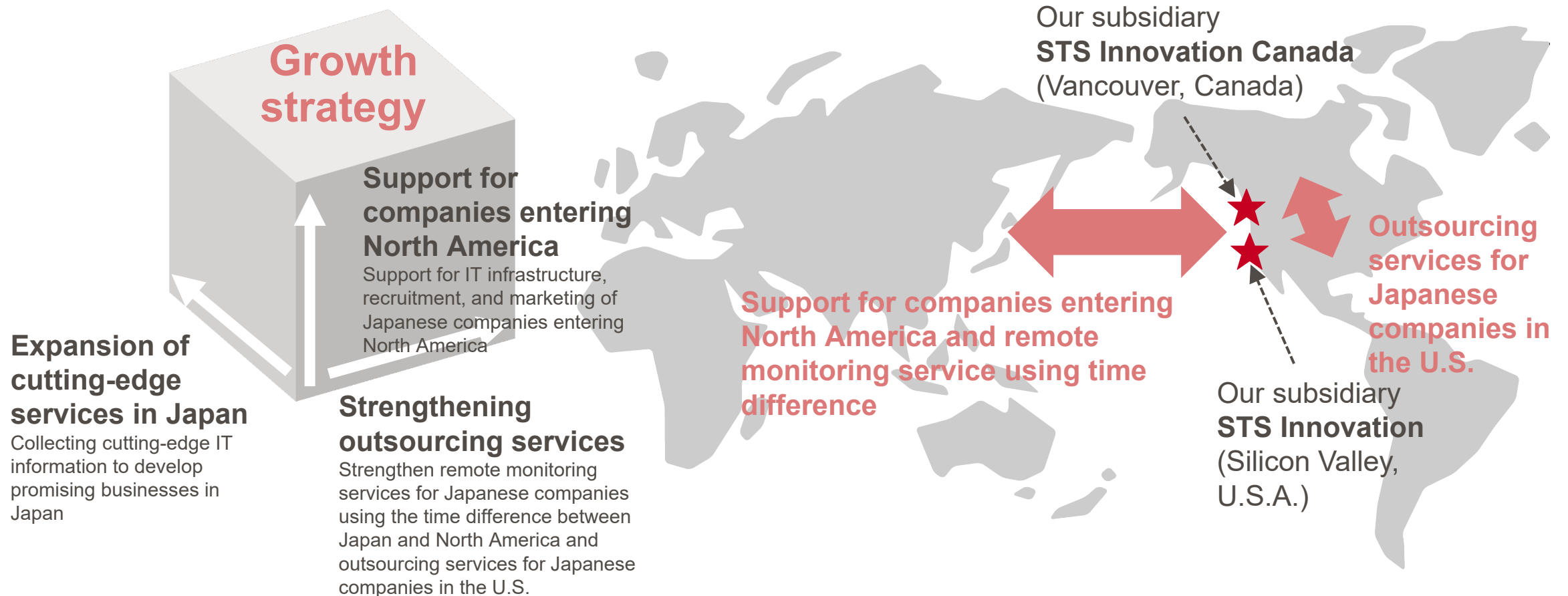
200 companies*

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



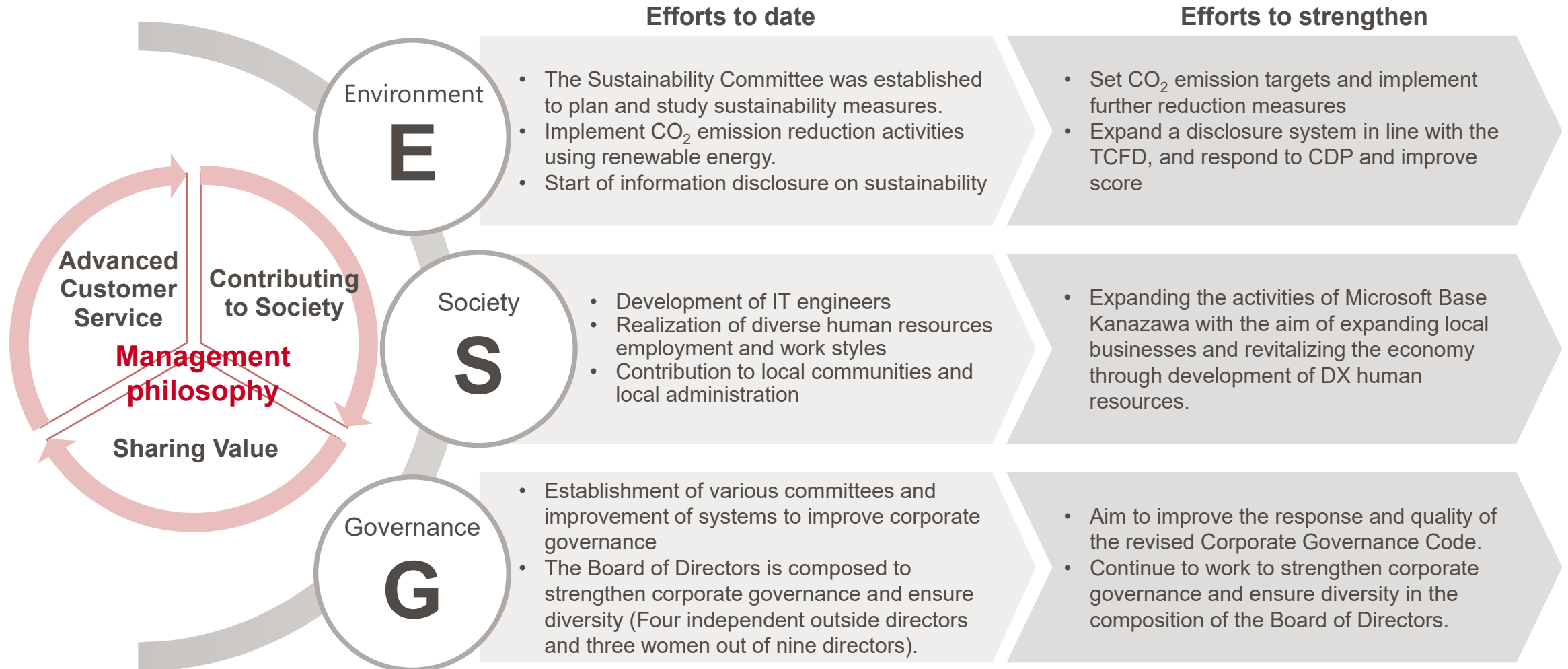
Growth Strategy by Segment (Overseas Business)

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



Medium-Term Theme – Strengthening ESG Management

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



Our Company Topics for FY2024/6 (July 2023 to September 2023)

Date	Subject
July 6, 2023	System Support announced the new price plan of Introduction Support Service for ChatGPT for Businesses using Azure OpenAI Service Support for corporate use of ChatGPT in a secure environment with 0 initial cost and 50,000 yen per month
July 20, 2023	Our employees received Microsoft Top Partner Engineer Award.
July 25, 2023	System Support started offering Smart Rabbit, a food inventory forecast system for restaurants. Joint development with Bay Cruise to improve efficiency in ordering and reduce food loss and opportunity loss Ideal for restaurants with a wide variety of menus without the need to disassemble recipes.
August 29, 2023	System Support introduced SHIFTEE, a cloud-based shift management system, to Suntory Publicity Service Limited. Integral management of shift creation and attendance record by customizing and linking with Shugyoyakusha, an attendance and work management system
September 7, 2023	Certified as Select, a service partner of Snowflake More than 20 staff who gained Snowflake SnowPro Core certification will offer consistent services from sales to building and data migration support.
September 21, 2023	Received Oracle Certification Award 2023.
September 22, 2023	System Support introduced Dbvisit Standby, a solution for disaster recovery (disaster preparedness) for Oracle database, to Right Co.,Ltd.
September 26, 2023	System Support started to train XR (Cross Reality) engineers using Kanazawa Institute of Technology's KIT Cooperation Education Program (academic-industry partnership education). Aiming to revitalize local businesses, create opportunities for talented engineers, and promote their retention in local communities

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.

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Thank you

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