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

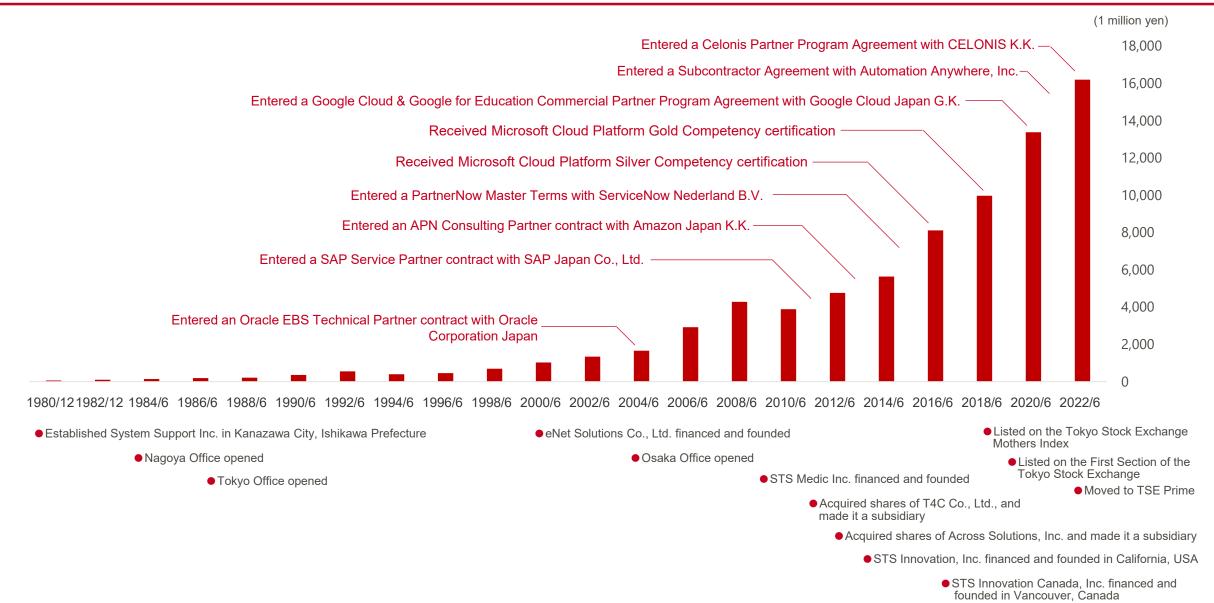
System Support Inc. (Security Code: 4396) November 8, 2023



Company Profile

Company name	System Support Inc. (STS)			
Location	9F Rifare, 1-5-2 Honmachi, Kanazawa-shi, Ishikawa Prefecture	84% of employees		
Founding	January 1980	are engineers		
Listed market	Tokyo Stock Exchange Prime Market (security code: 4396)			
Capital	723 million yen	Kanazawa Tokyo 698		
Net sales	19,267 million yen (FY2023/6, consolidated)	271		
Representative	Ryoji Koshimizu, Representative Director	TT 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		
Number of employees	1,348 (as of June 30, 2023, consolidated)	Nagoya 173 Overseas (U.S. & Canada):		
Offices	Tokyo, Nagoya, Osaka, and Kanazawa (headquarters)	0saka 194 12		
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, construct of infrastructure such as Oracle database, and IT system consulting, designed of infrastructure such as Oracle database, and IT system consulting, designed outsourcing Business	ign, development, operation, and maintenance and input, and near-shore system operation and zation according to user companies'		

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

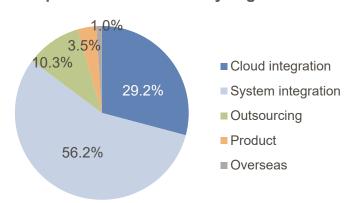
Consolidated Net Sales and Income of 1Q of FY2024/6 (Cumulative)

Unit: 1 million yen

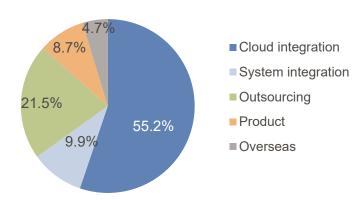
	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)	Difference (YoY change)	Percentage change (YoY change)
Net sales	3,721	4,404	5,034	629	+14.3%
Gross profit	968 (26.0%)	1,185 (26.9%)	1,399 (27.8%)	214	+18.1%
Operating profit	241 (6.5%)	304 (6.9%)	399 (7.9%)	95	+31.2%
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 ()

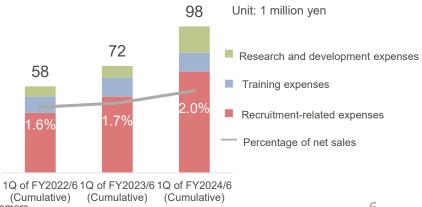
■ Composition of net sales by segment*1



■ 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.

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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)
Ne	et sales	16,198	19,267	21,784	+13.1%
	perating ofit	1,196	1,456	1,763	+21.0%
	urrent ofit	1,190	1,465	1,755	+19.8%
Cu	irrent net ofit	785	1,009	1,167	+15.6%
ends	Interim dividends	12円	15円	18円	-
Annual dividends	Year-end dividends	13円	17円	18円	-
Annu	Total	25円	32円	36円	-

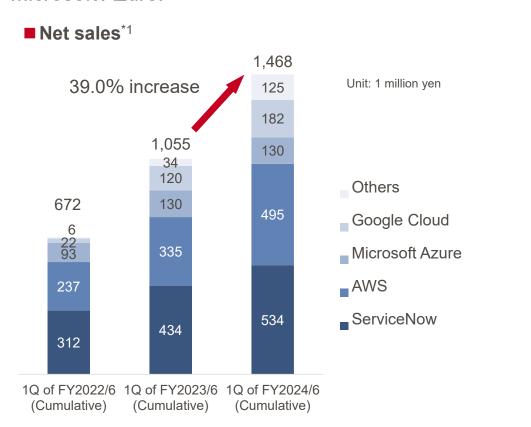
■ Net sales/operating profit (consolidated) Unit: 1 million yen 21,784 19,267 1,763 FY2019/6 FY2020/6 FY2021/6 FY2022/6 FY2023/6 FY2024/6 (Forecast) ■ Net sales ■ Operating profit Unit: Yen Dividends* 32 FY2019/6 FY2020/6 FY2023/6 FY2024/6 FY2021/6 FY2022/6 (Forecast)

■ Year-end dividends

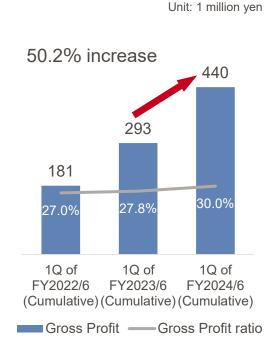
■ Interim dividends

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.



■ Gross profit/profit ratio*2



Cloud Integration Business

Composition of net sales by segment (1Q of FY2024/6 cumulative)

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

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

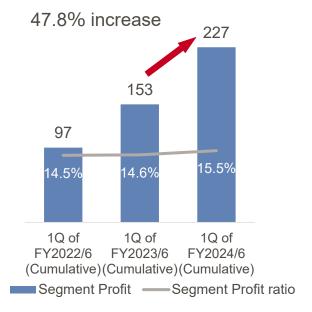
29.2%

3.5%

56.2%

10.3%

Unit: 1 million yen



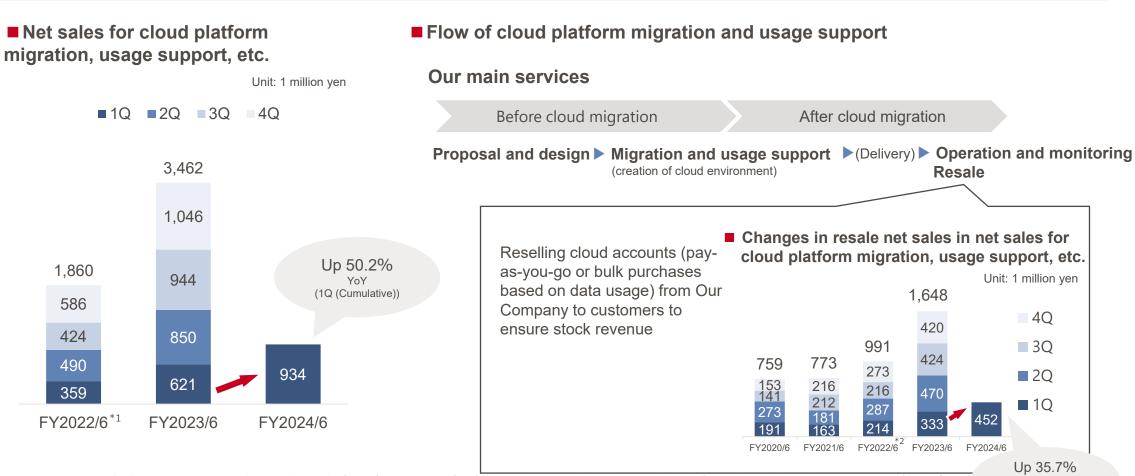
^{*1} Net sales are sales to external customers.

^{*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.



^{*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 trough 3Q of the fiscal year ended June 30, 2023.

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(1Q (Cumulative))

^{*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.

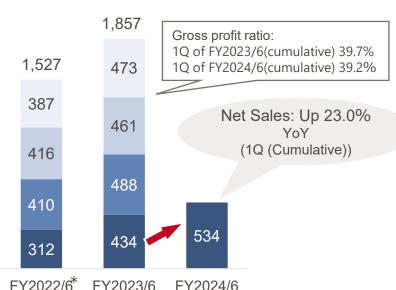
*ServiceNow is a cloud service provided by ServiceNow, Inc. to standardize IT service management and other operations.

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

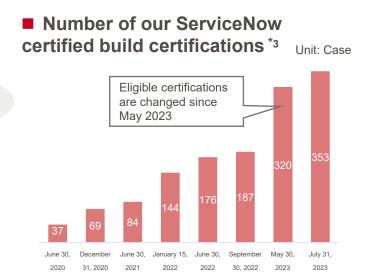


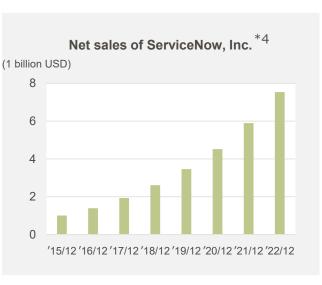
Unit: 1 million yen



^{*}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.

- 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.





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

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.

^{*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

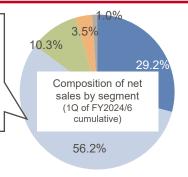
^{*4} Prepared by Our Company from ServiceNow, Inc. financial results

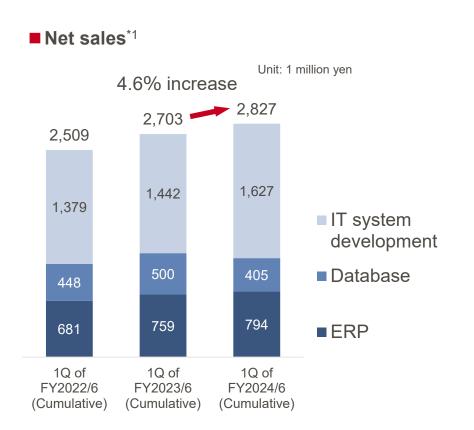
System Integration Business

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

System Integration Business

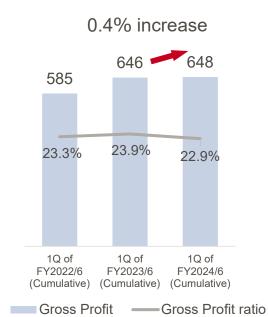
Technical support for the introduction and use of ERP packages, construction of infrastructure such as Oracle database, and IT system consulting, design, development, operation, and maintenance





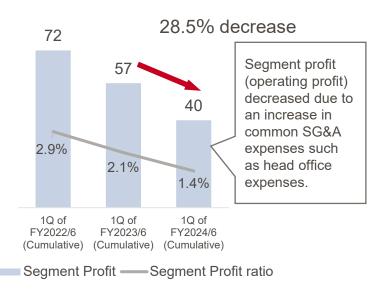
■ Gross profit/profit ratio*2

Unit: 1 million yen



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

Unit: 1 million yen

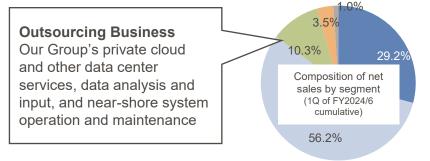


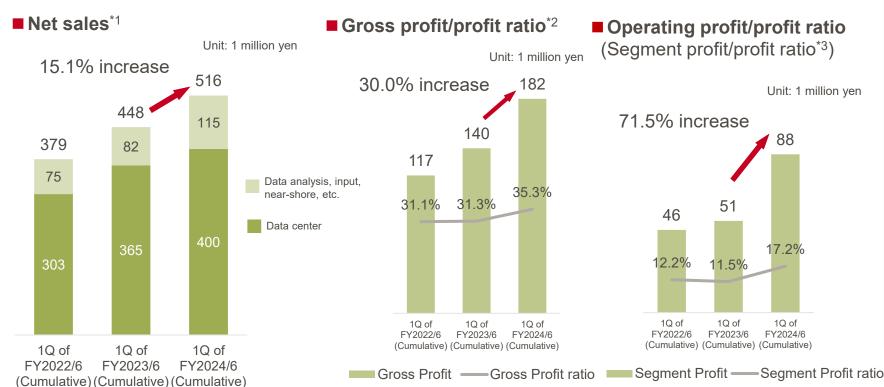
^{*}Net sales are sales to external customers. *2Gross profit by segment is the amount before adjustment for gross profit in the consolidated financial statements

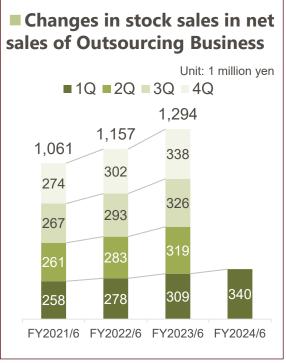
^{*3} Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.

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.







^{*1}Net sales are sales to external customers. *2Gross 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.

◆ Product Business

FY2022/6

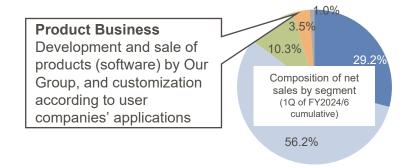
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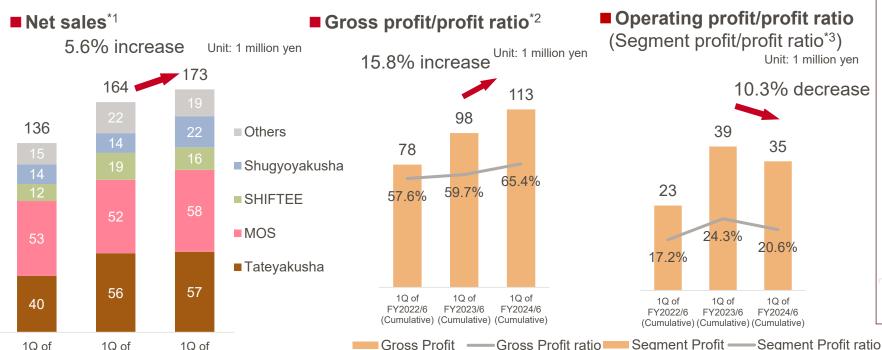
FY2023/6

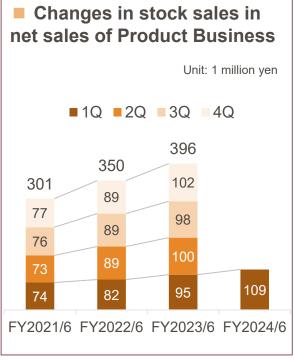
(Cumulative) (Cumulative) (Cumulative)

FY2024/6

- 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.







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^{*1}Net sales are sales to external customers. *2Gross profit by segment is the amount before adjustment for gross profit in the consolidated financial statements.

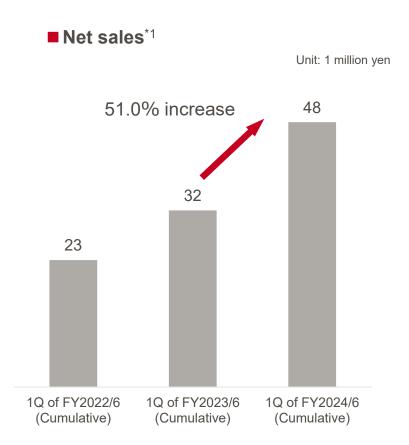
^{*3} Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.

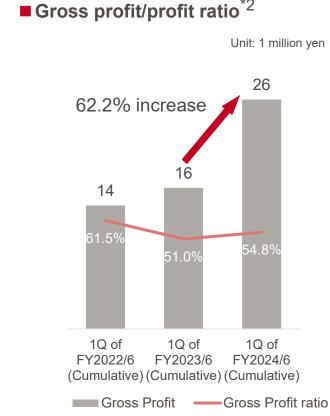
Overseas Business

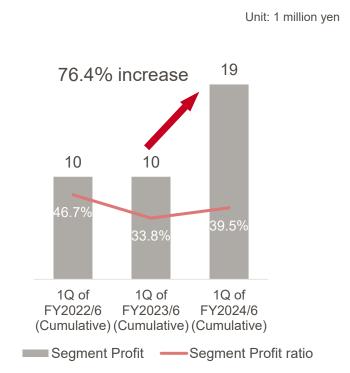
 In North America, system integration, recruitment services, and outsourcing of payroll and accounting services performed well.

Overseas Business Overseas system integration, outsourcing of payroll and accounting services, recruitment services, and media management Composition of net sales by segment (1Q of FY2024/6 cumulative) 56.2%

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







^{*1}Net sales are sales to external customers. *2Gross profit by segment is the amount before adjustment for gross profit in the consolidated financial statements.

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

Reference Materials

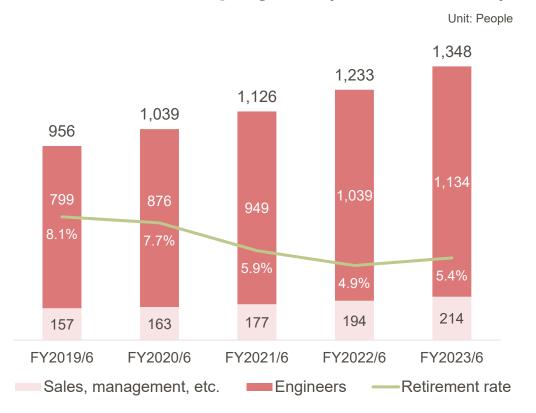
Contents

- 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)



				•
	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%	-

Unit: People

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)

Expansion of the corresponding area

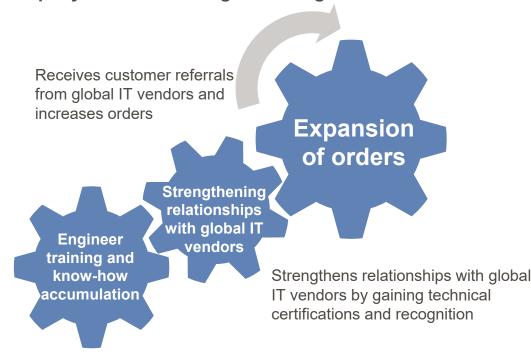
Expanding investment to quickly develop new overseas cloud services in the Japanese market and expanding the range of supported services

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.

Background: cloud market growth ■ Cloud platform services (laaS/PaaS) market trends and forecasts* (100 million yen) FY2020 to FY2026 (Forecast) 31.700 CAGR 20.2% 26,800 22.400 18.700 15,600 13.000 10,500 2020 2021 2022 2023 2024 2025 2026 (Forecast) (Forecast) (Forecast) (Forecast)

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

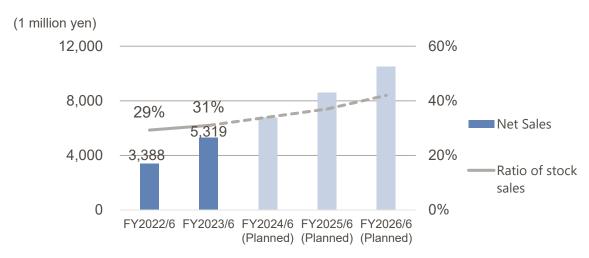


Actively invests in training cloud-related engineers

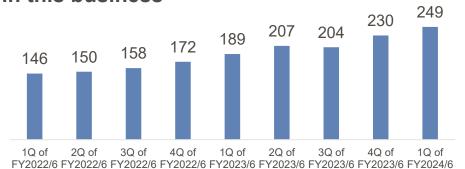
Growth Strategy by Segment (Cloud Integration Business)

Unit: Company

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







■ 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

Growth strategy

Expansion of existing businesses

Steadily recruit and train engineers and secure orders for ERP-related, database-related, RPA-related, and other IT system development, which are the mainstay of this business.

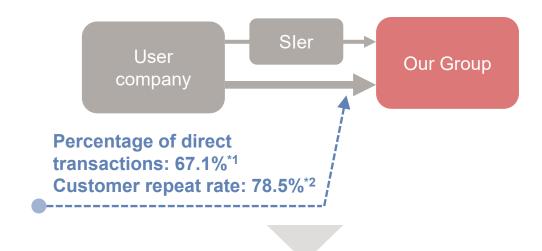
Strengthening project management

Continue project management from the perspective of quality, duration, cost, and risk control to curb the occurrence of unprofitable projects and improve service quality

Strengthening relationship with customers

Our Company engineers work closely with customers such as user companies to expand projects and continue receiving orders from existing customers

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

Growth strategy

Data center expansion

Target customers different from major cloud users, and use Al-related and other unique services as a hook tool to build up the numbers of customers and subscription fees per customer.

Expansion of ERP near-shore

With the need for maintenance of ERP products, centered on SAP ERP, expected to increase toward 2027, Our Company is strengthening its system by training near-shore personnel in the Kanazawa area.

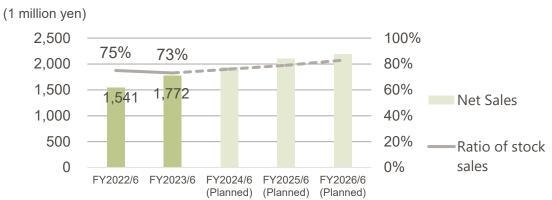
Continuous data center facility expansion

Gradually expand facilities according to operating conditions to both improve quality and ensure profitability.

■ 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

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.

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 September 30, 2023 (cumulative)

Functional enhancement

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

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*

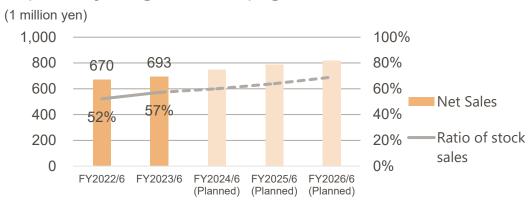
Attendance and work management system

21



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

Growth strategy

Support for companies entering North America

Support for IT infrastructure, recruitment, and marketing of Japanese companies entering North America

rvices in Japan ecting cutting-edge IT Strengthening outsourcing services

Strengthen remote monitoring services for Japanese companies using the time difference between Japan and North America and outsourcing services for Japanese companies in the U.S.

Our subsidiary

STS Innovation Canada

(Vancouver, Canada)

Support for companies entering North America and remote monitoring service using time difference Outsourcing services for Japanese companies in the U.S.

Our subsidiary STS Innovation (Silicon Valley, U.S.A.)

Expansion of cutting-edge services in Japan

Collecting cutting-edge IT information to develop promising businesses in Japan

Medium-Term Theme – Strengthening ESG Management

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

Efforts to date Efforts to strengthen The Sustainability Committee was established • Set CO₂ emission targets and implement Environment further reduction measures to plan and study sustainability measures. • Implement CO₂ emission reduction activities Expand a disclosure system in line with the using renewable energy. TCFD, and respond to CDP and improve Start of information disclosure on sustainability score Advanced Contributing Customer Expanding the activities of Microsoft Base Society Development of IT engineers to Society Service Realization of diverse human resources Kanazawa with the aim of expanding local employment and work styles businesses and revitalizing the economy Management Contribution to local communities and through development of DX human philosophy local administration resources. **Sharing Value** Establishment of various committees and Aim to improve the response and quality of improvement of systems to improve corporate Governance the revised Corporate Governance Code. governance • The Board of Directors is composed to Continue to work to strengthen corporate strengthen corporate governance and ensure governance and ensure diversity in the

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composition of the Board of Directors.

diversity (Four independent outside directors

and three women out of nine directors).

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 OpenAl 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.

For further information, please contact:

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TEL: 076-265-5151 E-mail: ir@sts-inc.co.jp

Thank you

