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

STS システムサポート

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
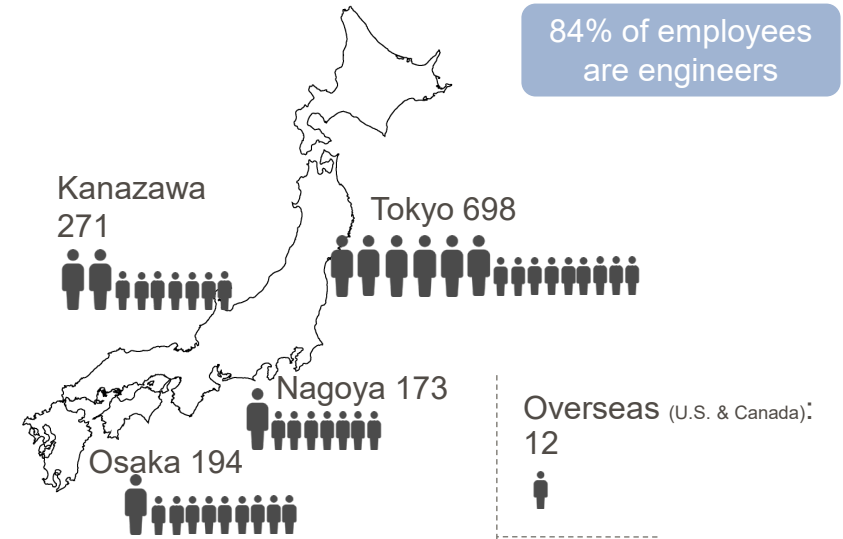- ■ Outsourcing Business
  Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance
- ■ Product Business
  Development and sale of products (software) by Our Group, and customization according to user companies' applications
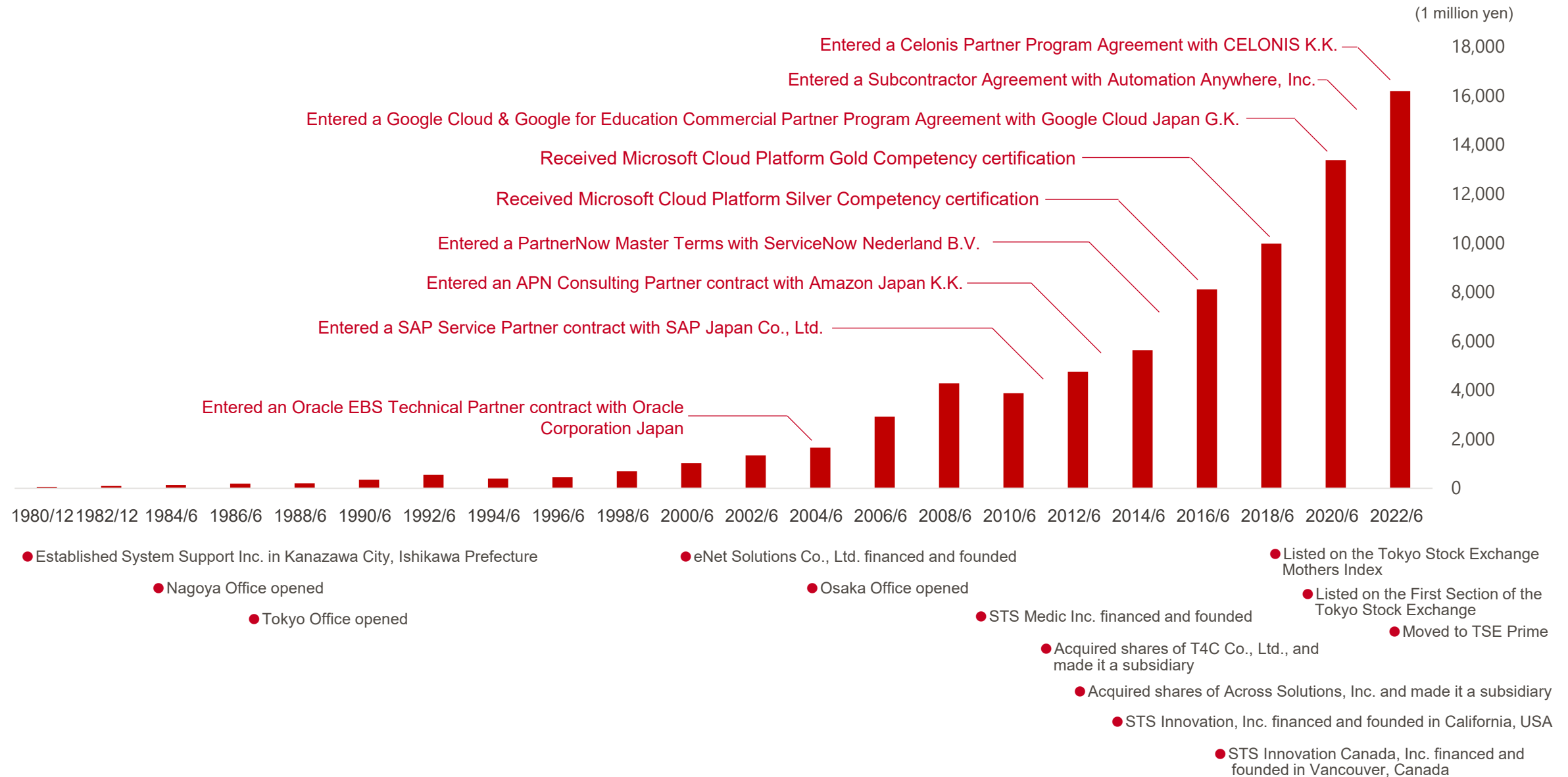- ■ Overseas Business
  Overseas system integration, outsourcing of payroll and accounting services, recruitment services, and media management

84% of employees are engineers

Kanazawa 271
Tokyo 698
Nagoya 173
Osaka 194
Overseas (U.S. & Canada): 12

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

Company Profile – Net Sales Trends and History

(1 million yen)

Entered a Celonis Partner Program Agreement with CELONIS K.K.

Entered a Subcontractor Agreement with Automation Anywhere, Inc.

Entered a Google Cloud & Google for Education Commercial Partner Program Agreement with Google Cloud Japan G.K.

Received Microsoft Cloud Platform Gold Competency certification

Received Microsoft Cloud Platform Silver Competency certification

Entered a PartnerNow Master Terms with ServiceNow Nederland B.V.

Entered an APN Consulting Partner contract with Amazon Japan K.K.

Entered a SAP Service Partner contract with SAP Japan Co., Ltd.

Entered an Oracle EBS Technical Partner contract with Oracle Corporation Japan

X-axis: 1980/12 1982/12 1984/6 1986/6 1988/6 1990/6 1992/6 1994/6 1996/6 1998/6 2000/6 2002/6 2004/6 2006/6 2008/6 2010/6 2012/6 2014/6 2016/6 2018/6 2020/6 2022/6

Y-axis: 0 2,000 4,000 6,000 8,000 10,000 12,000 14,000 16,000 18,000

- Established System Support Inc. in Kanazawa City, Ishikawa Prefecture
- Nagoya Office opened
- Tokyo Office opened
- eNet Solutions Co., Ltd. financed and founded
- Osaka Office opened
- STS Medic Inc. financed and founded
- Acquired shares of T4C Co., Ltd., and made it a subsidiary
- Acquired shares of Across Solutions, Inc. and made it a subsidiary
- STS Innovation, Inc. financed and founded in California, USA
- STS Innovation Canada, Inc. financed and founded in Vancouver, Canada
- Listed on the Tokyo Stock Exchange Mothers Index
- Listed on the First Section of the Tokyo Stock Exchange
- Moved to TSE Prime

* Net sales are consolidated from FY2016/6, and unconsolidated before that.

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

Contents

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

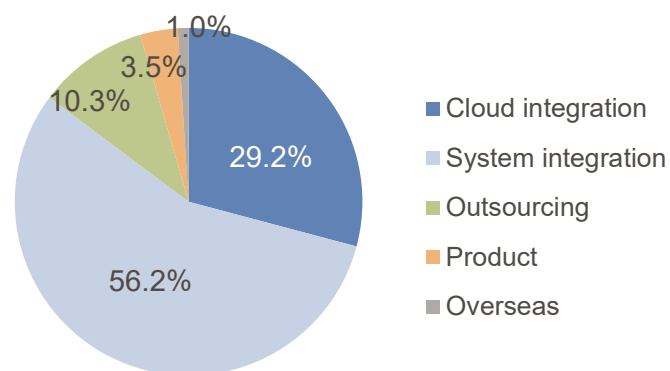◆Extraordinary income from the transition to the defined contribution pension plan

Consolidated Net Sales and Income of 1Q of FY2024/6 (Cumulative)
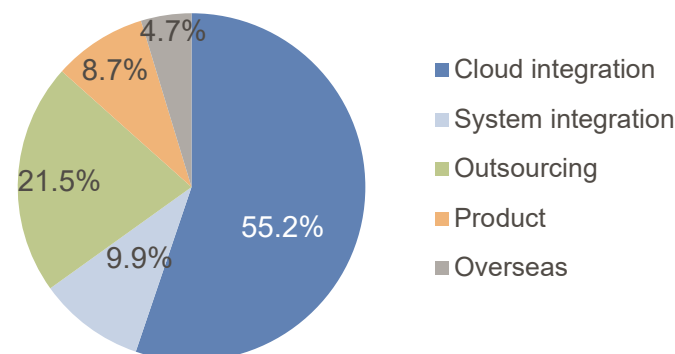
Unit: 1 million yen

	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]

- Cloud integration 29.2%
- System integration 56.2%
- Outsourcing 10.3%
- Product 3.5%
- Overseas 1.0%

■ **Composition of segment profit***[2]

- Cloud integration 55.2%
- System integration 9.9%
- Outsourcing 21.5%
- Product 8.7%
- Overseas 4.7%

■ **Changes in investment-related expenses**

Unit: 1 million yen

- 58 (1.6%)
- 72 (1.7%)
- 98 (2.0%)

- Research and development expenses
- Training expenses
- Recruitment-related expenses
- Percentage of net sales

1Q of FY2022/6 (Cumulative)　1Q of FY2023/6 (Cumulative)　1Q of FY2024/6 (Cumulative)

6
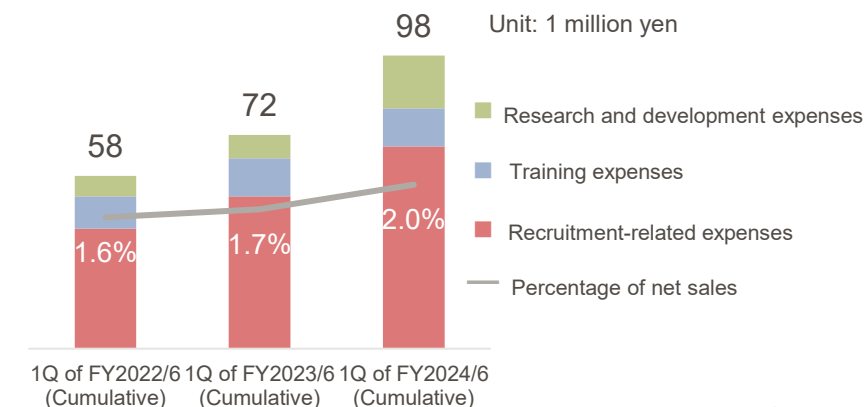
*[1] Net sales by segment are sales to external customers.
*[2] Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.
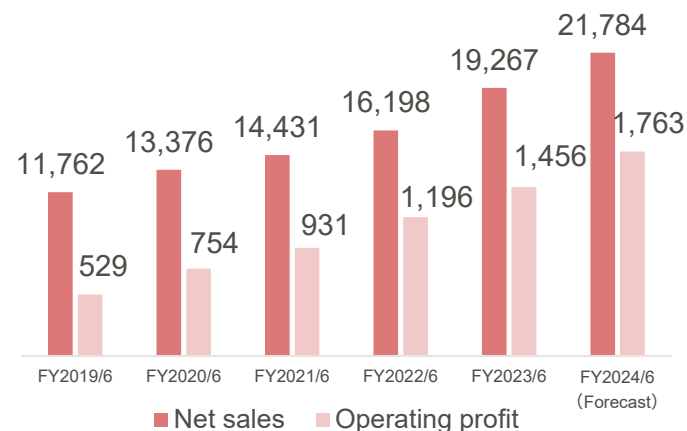
Forecast for Full Year Earning of FY2024/6 (Consolidated)

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

	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6	FY2024/6 (Forecast)
Net sales	11,762	13,376	14,431	16,198	19,267	21,784
Operating profit	529	754	931	1,196	1,456	1,763

■ **Dividends***

Unit: Yen

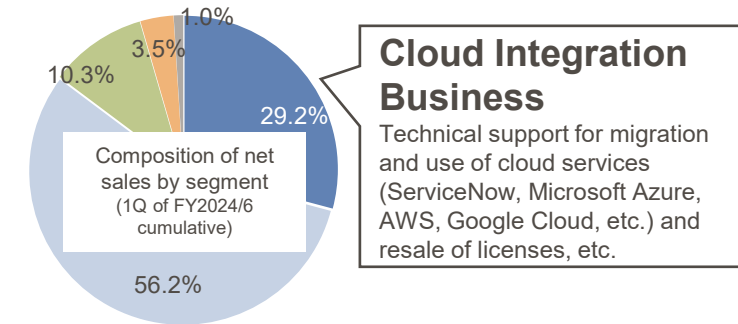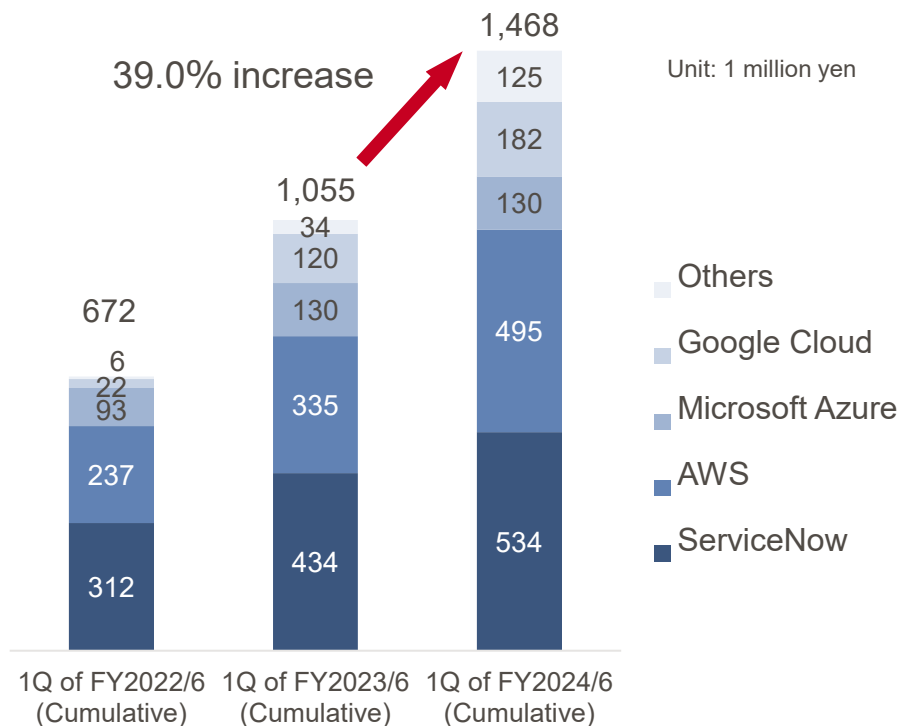|	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6	FY2024/6 (Forecast)
Interim dividends				12	15	18
Year-end dividends	1.5	10	21	13	17	18
Total				25	32	36
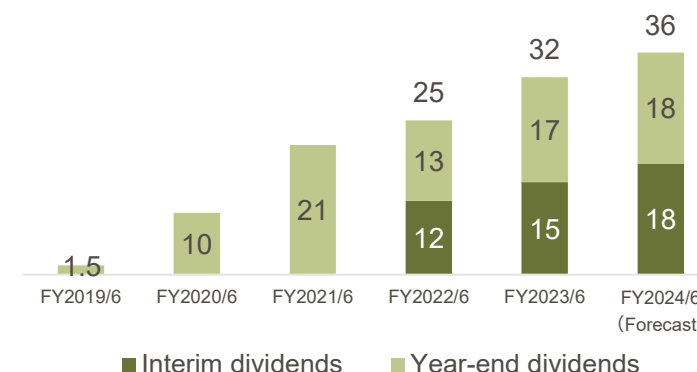
Net Sales and Income by Segment for 1Q of FY2024/6 (Consolidated)
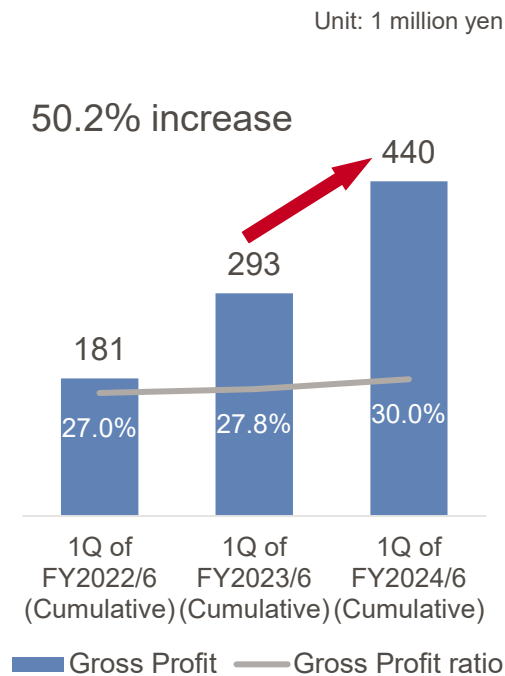
◆ **Cloud Integration Business**

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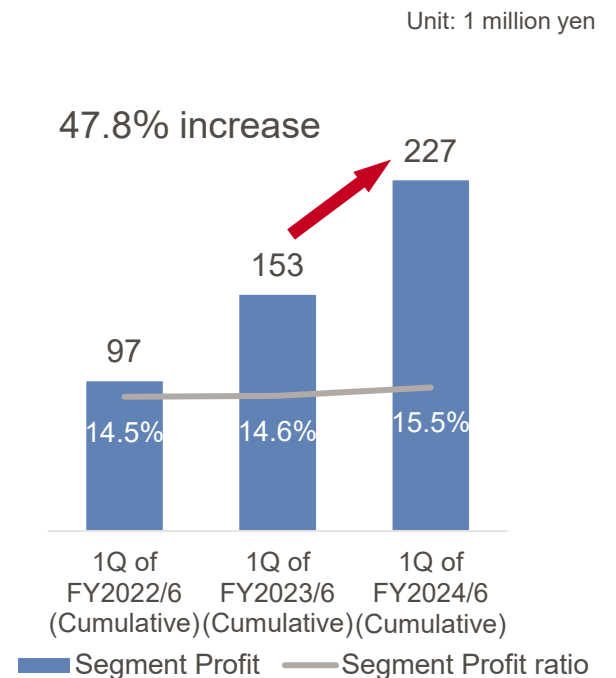- Gross profit ratio increased due to many high profitability projects in AWS and Microsoft Azure.

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

1.0%
3.5%
10.3%
29.2%
56.2%

Cloud Integration Business

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

■ **Net sales**[*1]

Unit: 1 million yen

39.0% increase

1,468
125
182
130
495
534

1,055
34
120
130
335
434

672
6
22
93
237
312

Others
Google Cloud
Microsoft Azure
AWS
ServiceNow

1Q of FY2022/6 (Cumulative)　1Q of FY2023/6 (Cumulative)　1Q of FY2024/6 (Cumulative)

■ **Gross profit/profit ratio**[*2]

Unit: 1 million yen

50.2% increase

181　27.0%
293　27.8%
440　30.0%

1Q of FY2022/6 (Cumulative)　1Q of FY2023/6 (Cumulative)　1Q of FY2024/6 (Cumulative)

▬ Gross Profit ▬ Gross Profit ratio

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

Unit: 1 million yen

47.8% increase

97　14.5%
153　14.6%
227　15.5%

1Q of FY2022/6 (Cumulative)　1Q of FY2023/6 (Cumulative)　1Q of FY2024/6 (Cumulative)

▬ Segment Profit ▬ Segment Profit ratio
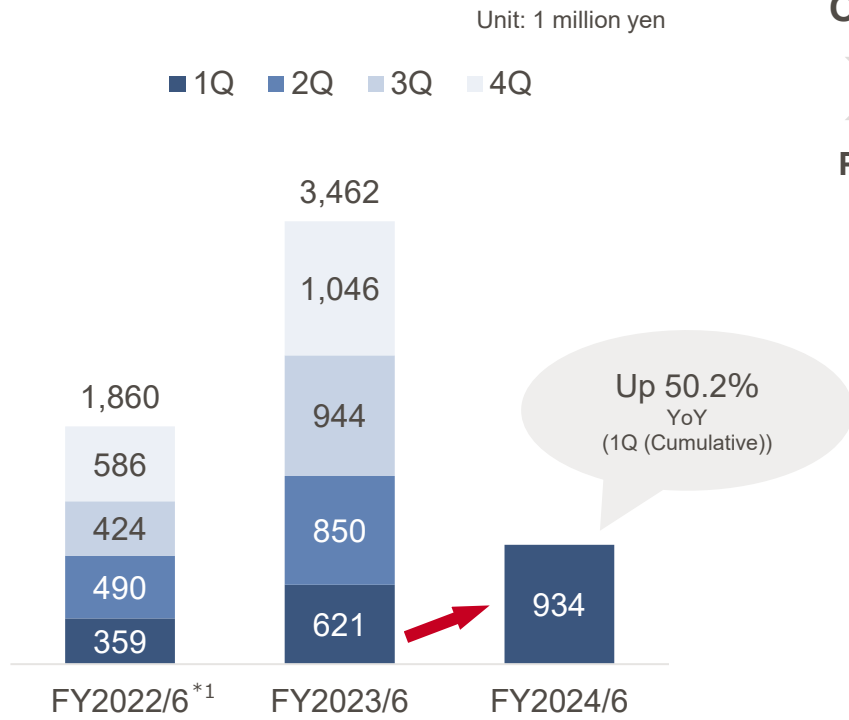
*1 Net sales are sales to external customers.
*2 Gross profit by segment is the amount before adjustment for gross profit in the consolidated financial statements.
*3 Segment profit is the amount before adjustment for operating profit in the consolidated financial statements.

Cloud 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.

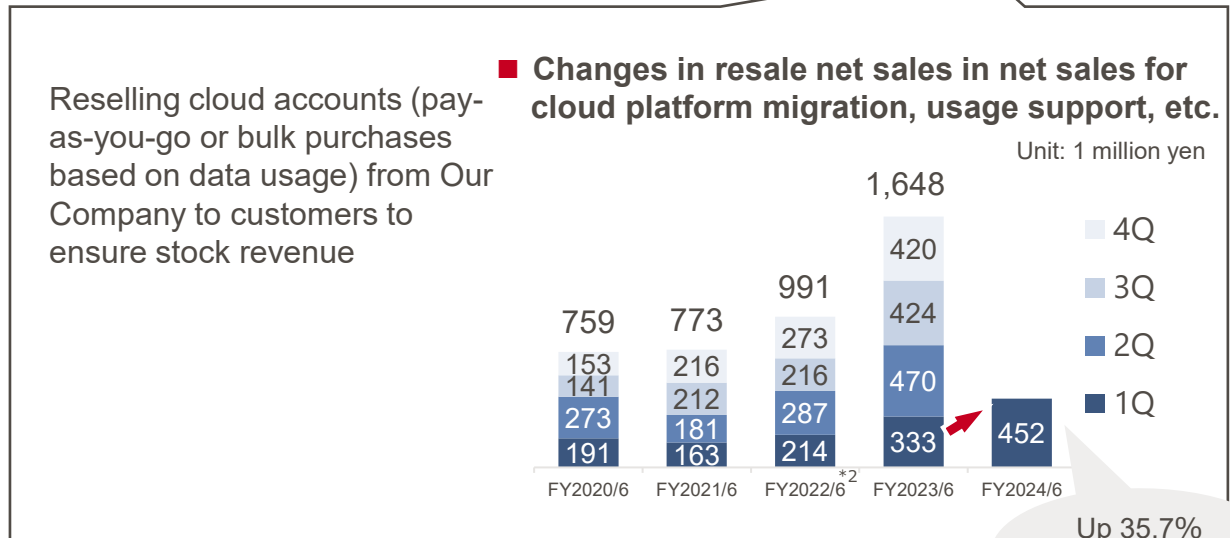■ **Net sales for cloud platform migration, usage support, etc.**

Unit: 1 million yen

■1Q ■2Q ■3Q ■4Q

	FY2022/6[*1]	FY2023/6	FY2024/6
Total	1,860	3,462	934
4Q	586	1,046	
3Q	424	944	
2Q	490	850	
1Q	359	621	934

Up 50.2% YoY (1Q (Cumulative))

■ **Flow of cloud platform migration and usage support**

Our main services

Before cloud migration	After cloud migration

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

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

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

Unit: 1 million yen

	FY2020/6	FY2021/6	FY2022/6[*2]	FY2023/6	FY2024/6
Total	759	773	991	1,648	452
4Q	153	216	273	420	
3Q	141	212	216	424	
2Q	273	181	287	470	
1Q	191	163	214	333	452

■4Q ■3Q ■2Q ■1Q

Up 35.7% YoY (1Q (Cumulative))

*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.
*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.

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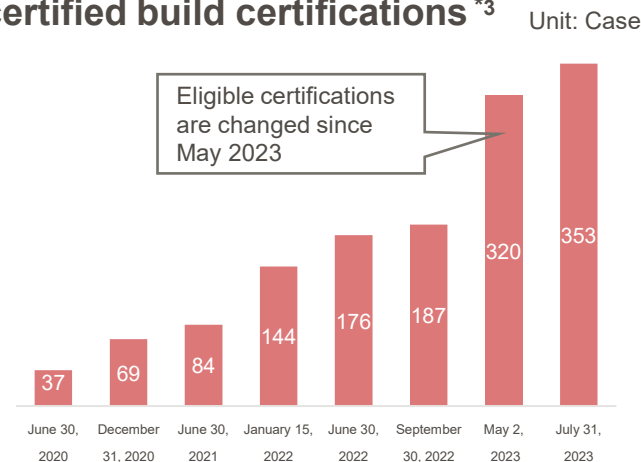ServiceNow, Inc. is ranked No. 1 in FORTUNE Future 50 (2020), with a market capitalization of approximately US$120 billion in November 2023.

■ **Net sales of ServiceNow**
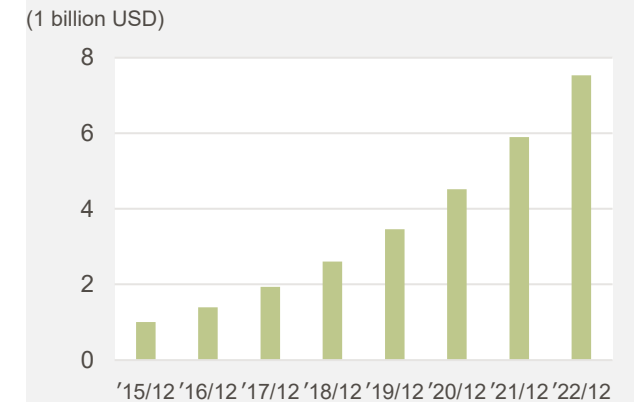
■ 1Q ■ 2Q ■ 3Q ■ 4Q

Unit: 1 million yen
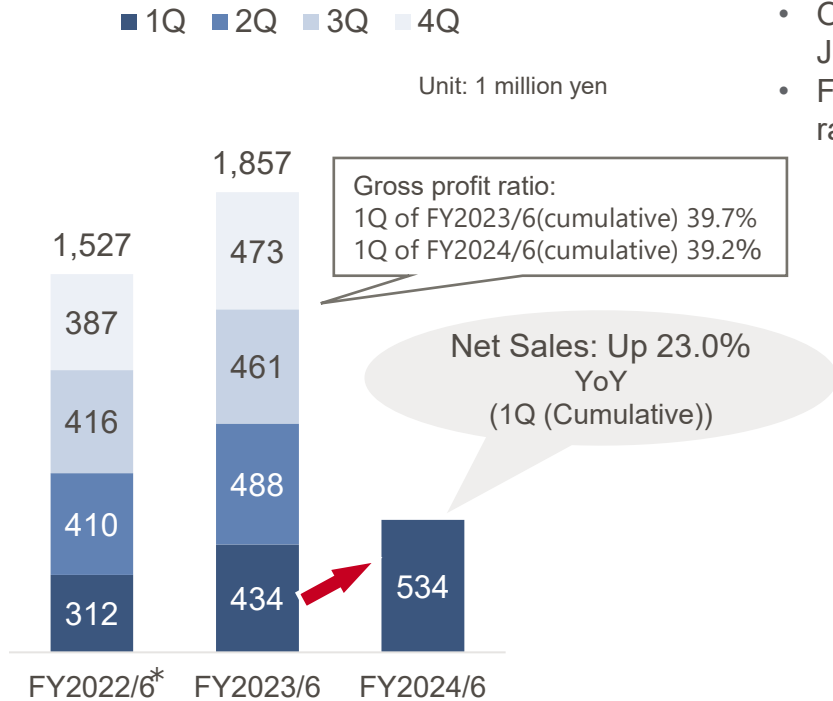
- Our Company actively invests in the development of engineers to create a system capable of providing stable service, and captures demand as the number of companies that have adopted ServiceNow in Japan increases.
- Our Company ranked Third in terms of ServiceNow certified build certifications as of 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.

Gross profit ratio:
1Q of FY2023/6(cumulative) 39.7%
1Q of FY2024/6(cumulative) 39.2%

1,857

1,527

473

387

461

416

488

410

434

312

534

Net Sales: Up 23.0% YoY (1Q (Cumulative))

FY2022/6* | FY2023/6 | FY2024/6

■ **Number of our ServiceNow certified build certifications** [3]

Unit: Case

Eligible certifications are changed since May 2023

37 | 69 | 84 | 144 | 176 | 187 | 320 | 353

June 30, 2020 | December 31, 2020 | June 30, 2021 | January 15, 2022 | June 30, 2022 | September 30, 2022 | May 2, 2023 | July 31, 2023

Net sales of ServiceNow, Inc. [4]

(1 billion USD)

8

6

4

2

0

'15/12 '16/12 '17/12 '18/12 '19/12 '20/12 '21/12 '22/12

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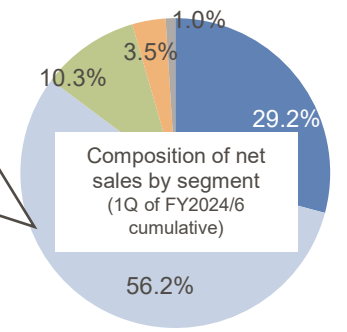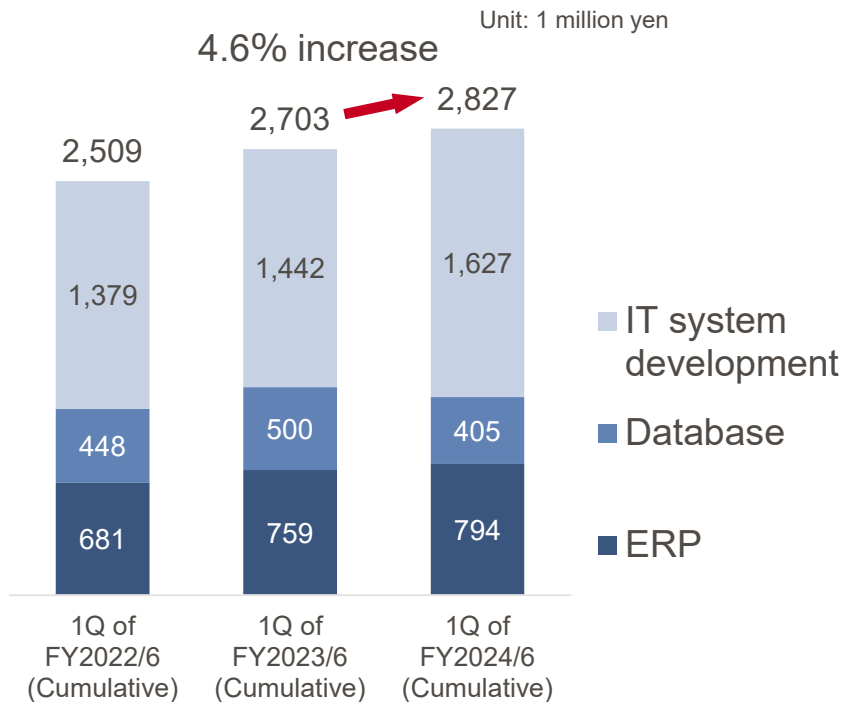[4] Prepared by Our Company from ServiceNow, Inc. financial results

◆ System Integration Business

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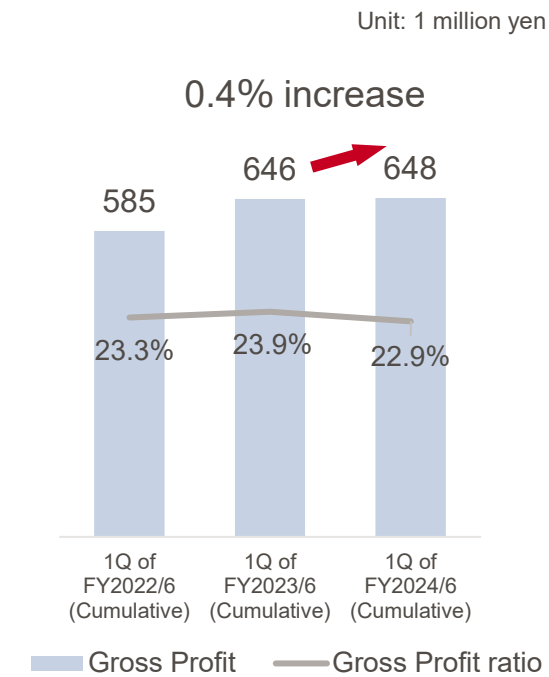- Database related services decreased due to migration to cloud

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

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

1.0%
3.5%
10.3%
29.2%
56.2%

■ Net sales[1]

Unit: 1 million yen

4.6% increase

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Total	2,509	2,703	2,827
IT system development	1,379	1,442	1,627
Database	448	500	405
ERP	681	759	794

- ■ IT system development
- ■ Database
- ■ ERP

■ Gross profit/profit ratio[2]

Unit: 1 million yen

0.4% increase

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Gross Profit	585	646	648
Gross Profit ratio	23.3%	23.9%	22.9%

■ Gross Profit — Gross Profit ratio

■ Operating profit/profit ratio
(Segment profit/profit ratio[3])

Unit: 1 million yen

28.5% decrease

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Segment Profit	72	57	40
Segment Profit ratio	2.9%	2.1%	1.4%

■ Segment Profit — Segment Profit ratio

Segment profit (operating profit) decreased due to an increase in common SG&A expenses such as head office expenses.

[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.

◆ 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.
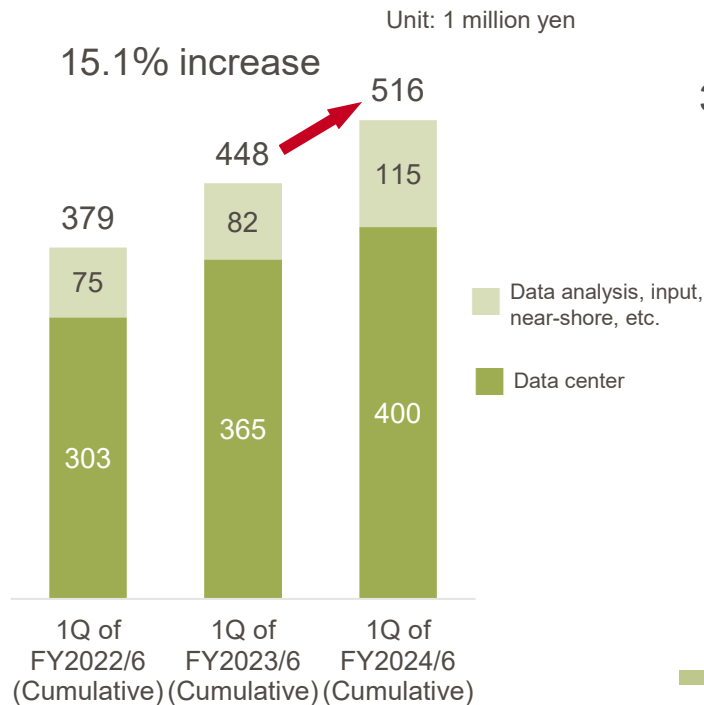- Gross profit ratio increased due to high profitability projects in data analysis and input.
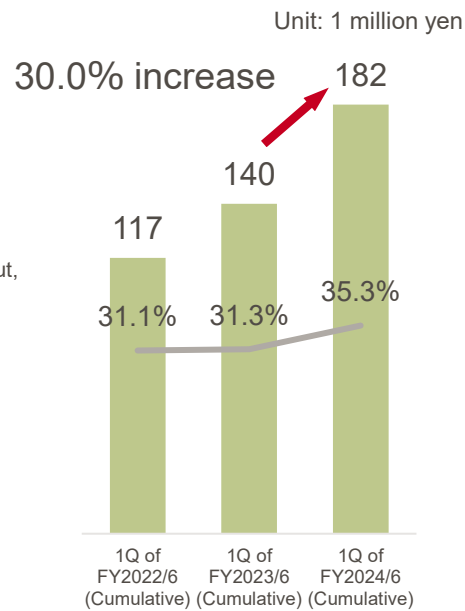
Outsourcing Business
Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance
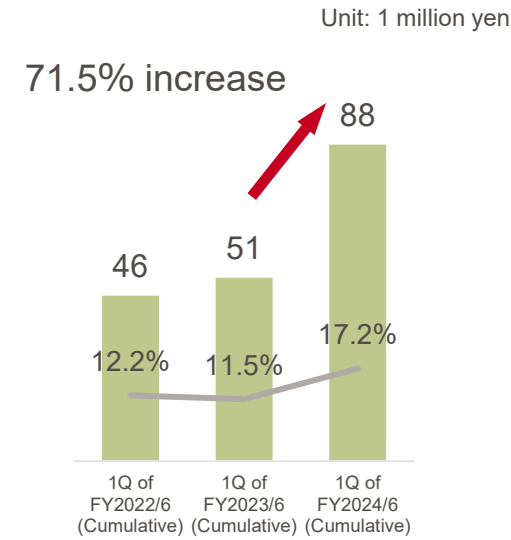
Composition of net sales by segment (1Q of FY2024/6 cumulative)

29.2%
1.0%
3.5%
10.3%
56.2%

■ Net sales [1]

Unit: 1 million yen

15.1% increase

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Data analysis, input, near-shore, etc.	75	82	115
Data center	303	365	400
Total	379	448	516

■ Gross profit/profit ratio [2]

Unit: 1 million yen

30.0% increase

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Gross Profit	117	140	182
Gross Profit ratio	31.1%	31.3%	35.3%

■ Operating profit/profit ratio (Segment profit/profit ratio [3])

Unit: 1 million yen

71.5% increase

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Segment Profit	46	51	88
Segment Profit ratio	12.2%	11.5%	17.2%

■ Changes in stock sales in net sales of Outsourcing Business

Unit: 1 million yen

■ 1Q ■ 2Q ■ 3Q ■ 4Q

	FY2021/6	FY2022/6	FY2023/6	FY2024/6
4Q	274	302	338	
3Q	267	293	326	
2Q	261	283	319	
1Q	258	278	309	340
Total	1,061	1,157	1,294	

*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.

◆ Product Business

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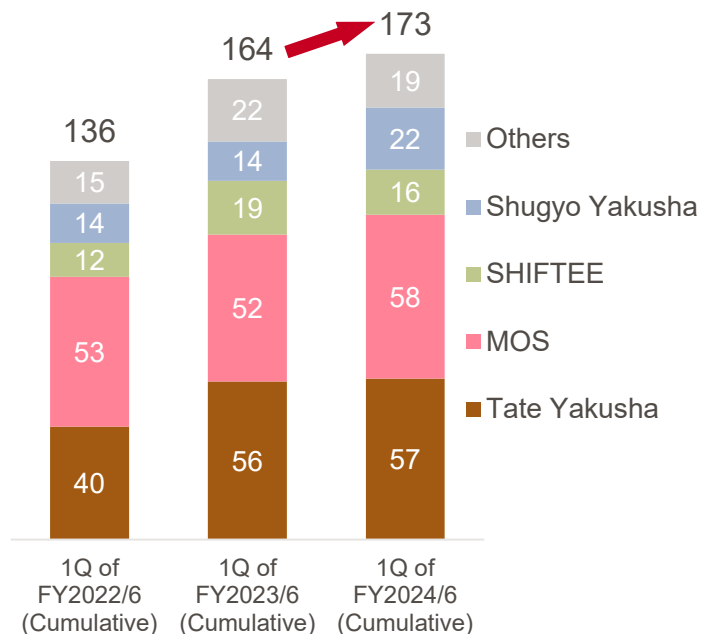- SHIFTEE sales declined due to decreased customization at the time of introduction.
- While gross profit increased due to the acquisition of new high profitability projects and an increase in the ratio of stock sales, operating profit was impacted by an increase in SG&A expenses mainly due to participation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

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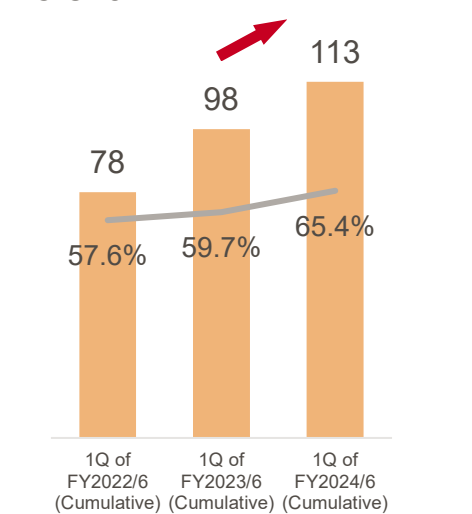Development and sale of products (software) by Our Group, and customization according to user companies' applications

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

- 1.0%
- 3.5%
- 10.3%
- 29.2%
- 56.2%
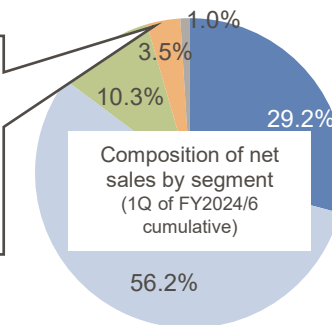
■ Net sales[*1]

5.6% increase
Unit: 1 million yen

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Total	136	164	173
Others	15	22	19
Shugyo Yakusha	14	14	22
SHIFTEE	12	19	16
MOS	53	52	58
Tate Yakusha	40	56	57

■ Gross profit/profit ratio[*2]

15.8% increase
Unit: 1 million yen

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Gross Profit	78	98	113
Gross Profit ratio	57.6%	59.7%	65.4%

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

10.3% decrease
Unit: 1 million yen

	1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
Segment Profit	23	39	35
Segment Profit ratio	17.2%	24.3%	20.6%
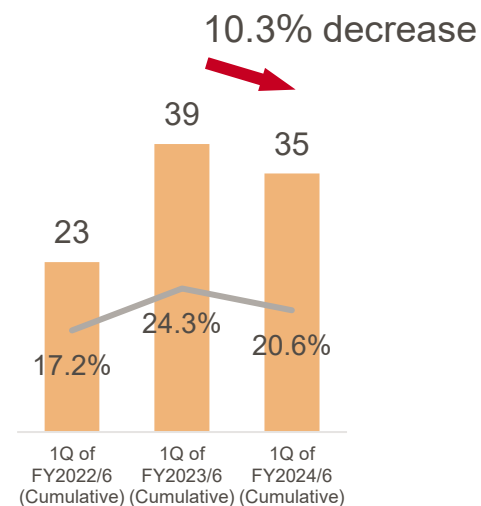
■ Changes in stock sales in net sales of Product Business

Unit: 1 million yen

■ 1Q ■ 2Q ■ 3Q ■ 4Q

	FY2021/6	FY2022/6	FY2023/6	FY2024/6
Total	301	350	396	
4Q	77	89	102	
3Q	76	89	98	
2Q	73	89	100	
1Q	74	82	95	109

Gross Profit — Gross Profit ratio — Segment Profit — Segment Profit ratio

[*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.

13
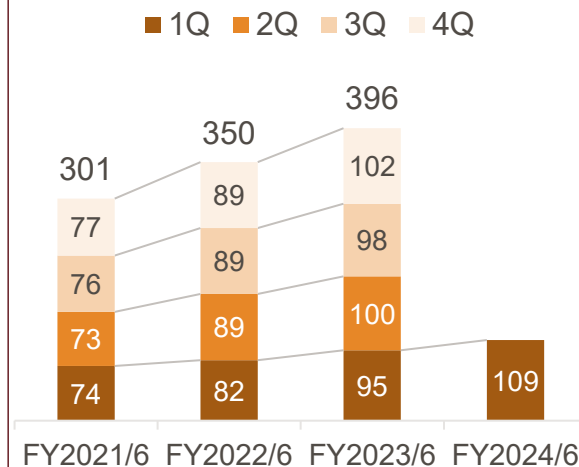
◆Overseas Business

- 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)

- 1.0%
- 3.5%
- 10.3%
- 29.2%
- 56.2%

■Net sales[1]

Unit: 1 million yen

51.0% increase

1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
23	32	48

■Gross profit/profit ratio[2]

Unit: 1 million yen

62.2% increase

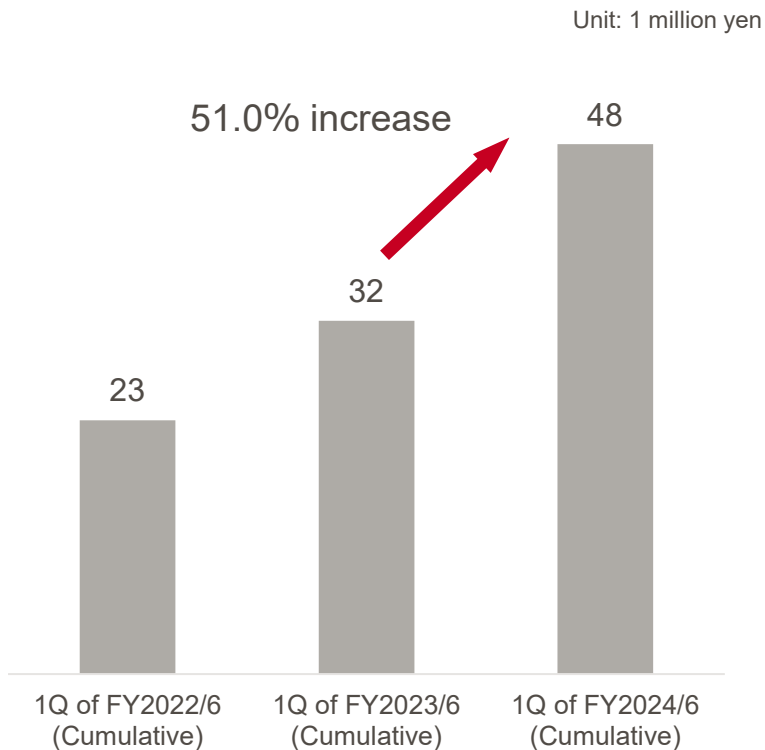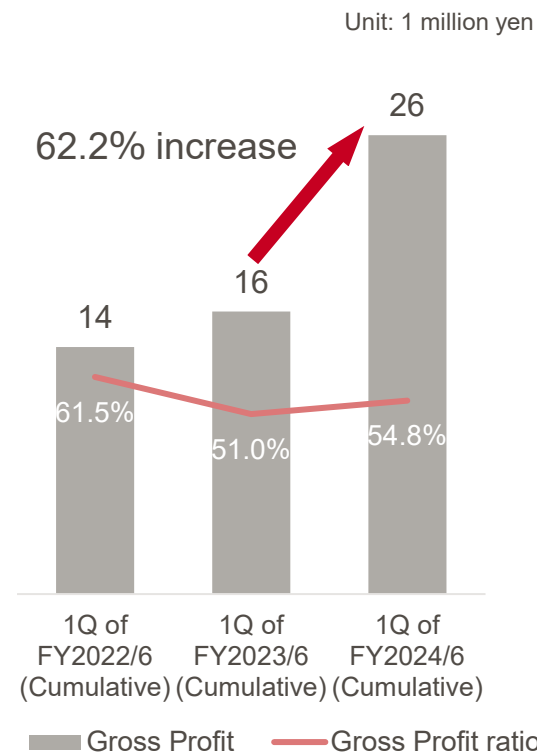| 1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
14	16	26
61.5%	51.0%	54.8%

Gross Profit ▬ Gross Profit ratio

■Operating profit/profit ratio
(Segment profit/profit ratio[3])

Unit: 1 million yen

76.4% increase

1Q of FY2022/6 (Cumulative)	1Q of FY2023/6 (Cumulative)	1Q of FY2024/6 (Cumulative)
10	10	19
46.7%	33.8%	39.5%

Segment Profit ▬ Segment Profit ratio

[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.

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.
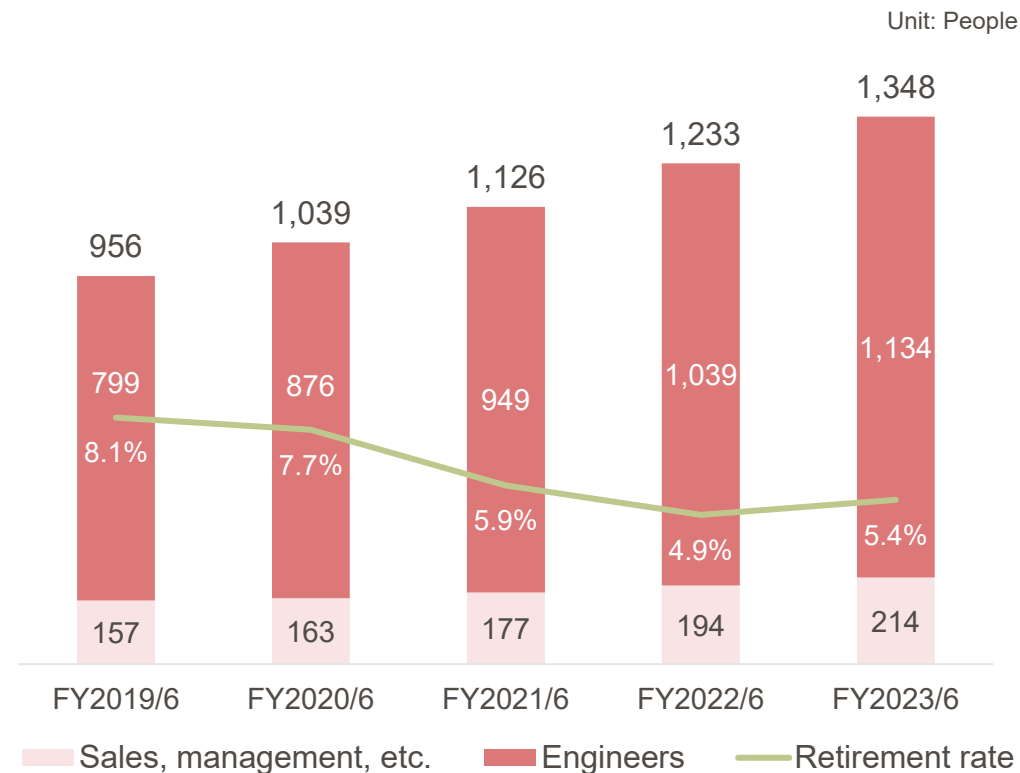
◆**Number of employees (consolidated)**

Unit: People

- Sales, management, etc.
- Engineers
- Retirement rate

	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6
Total	956	1,039	1,126	1,233	1,348
Engineers	799	876	949	1,039	1,134
Sales, management, etc.	157	163	177	194	214
Retirement rate	8.1%	7.7%	5.9%	4.9%	5.4%

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)
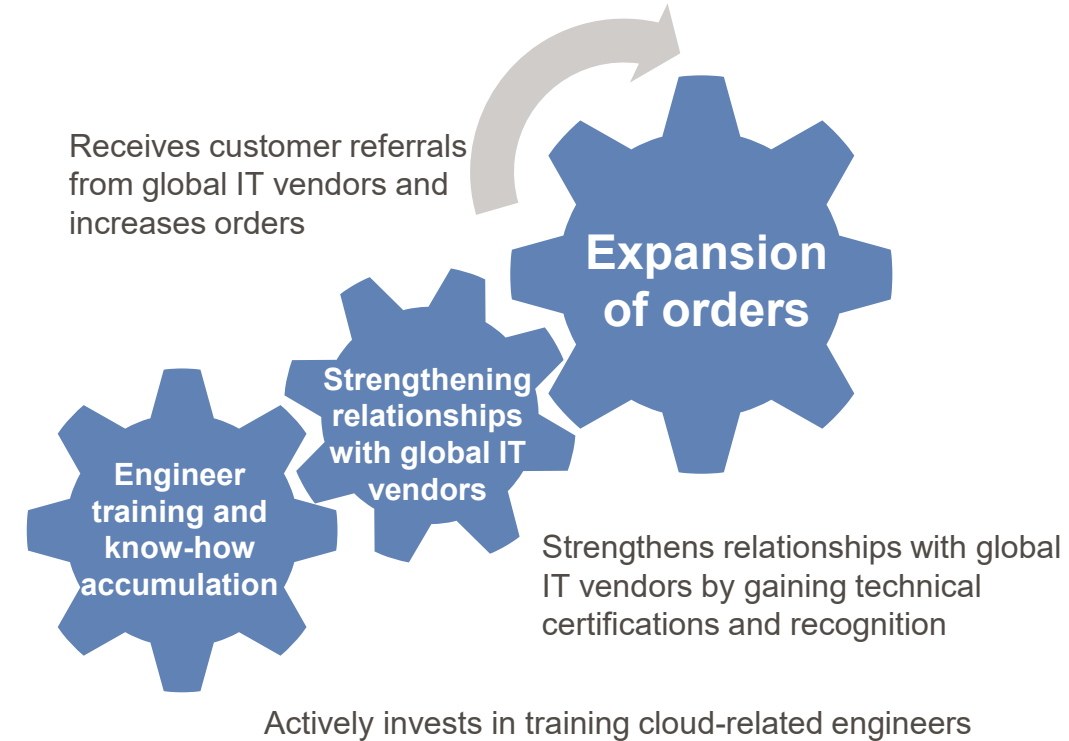
1 **Expansion of the corresponding area**

Expanding investment to quickly develop new overseas cloud services in the Japanese market and expanding the range of supported services
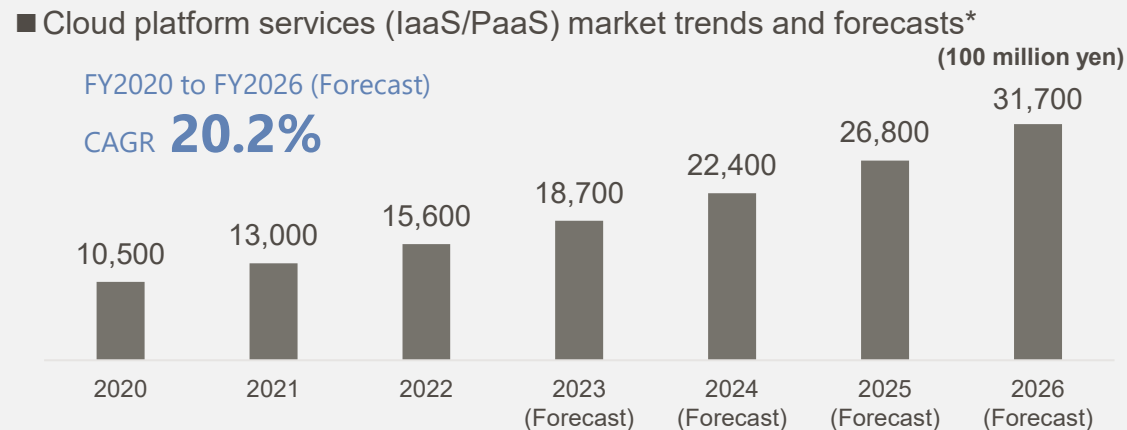
2 **Expansion of existing businesses**

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.

Background: cloud market growth

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

FY2020 to FY2026 (Forecast)

CAGR **20.2%**

(100 million yen)

2020	2021	2022	2023 (Forecast)	2024 (Forecast)	2025 (Forecast)	2026 (Forecast)
10,500	13,000	15,600	18,700	22,400	26,800	31,700

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

Receives customer referrals from global IT vendors and increases orders

Expansion of orders

Strengthening relationships with global IT vendors

Engineer training and know-how accumulation

Strengthens relationships with global IT vendors by gaining technical certifications and recognition

Actively invests in training cloud-related engineers

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)

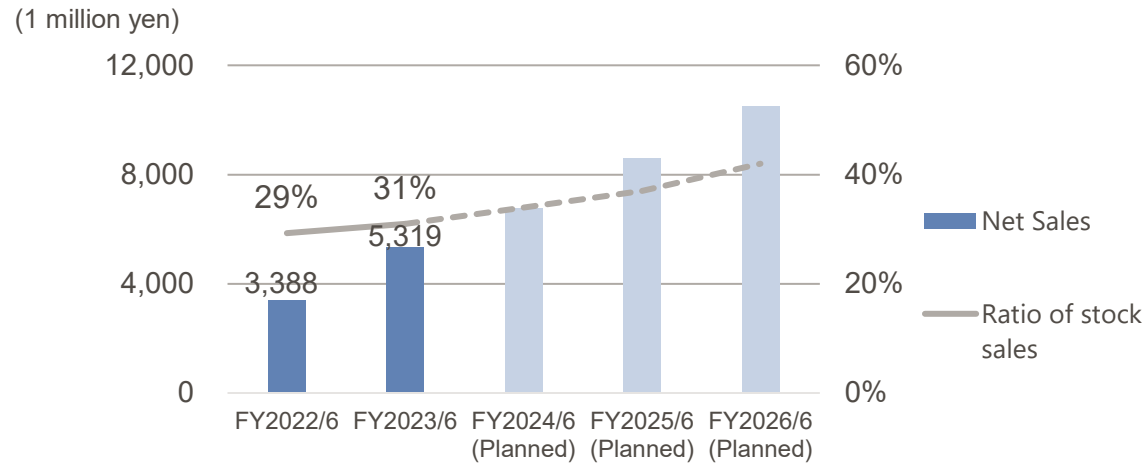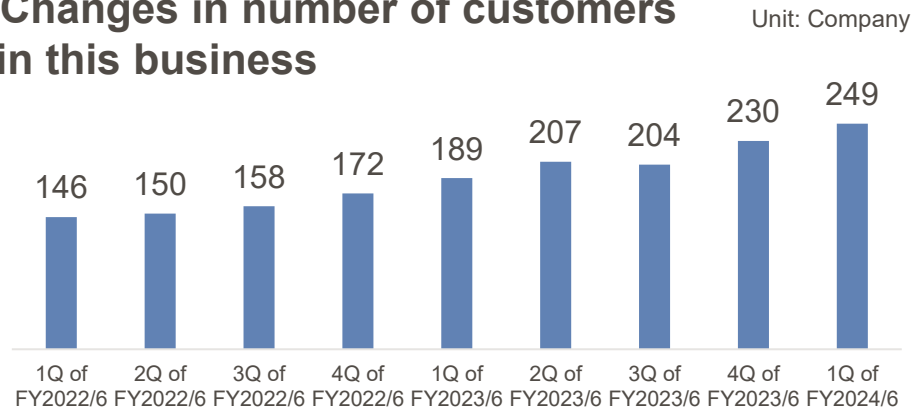* Source: "Survey on the Cloud Platform (IaaS/PaaS) Services Market (2023)," by Yano Research Institute, Inc., announced on April 25, 2023

Growth Strategy by Segment (Cloud Integration Business)

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

(1 million yen)

12,000
8,000
4,000
0

60%
40%
20%
0%

29% 31%

3,388 5,319

FY2022/6 FY2023/6 FY2024/6 (Planned) FY2025/6 (Planned) FY2026/6 (Planned)

■ Net Sales
— Ratio of stock sales

■ **Changes in number of customers in this business**

Unit: Company

146 150 158 172 189 207 204 230 249

1Q of FY2022/6 | 2Q of FY2022/6 | 3Q of FY2022/6 | 4Q of FY2022/6 | 1Q of FY2023/6 | 2Q of FY2023/6 | 3Q of FY2023/6 | 4Q of FY2023/6 | 1Q of FY2024/6

■ **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
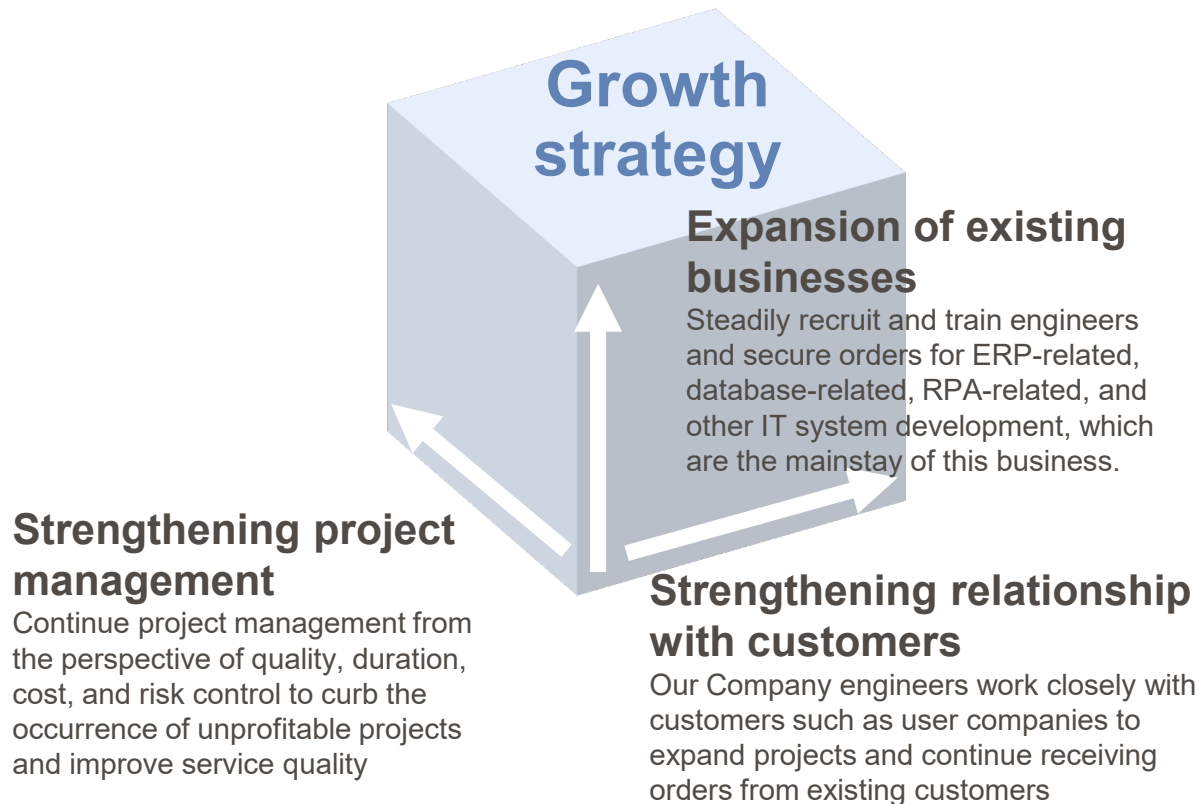[3] Awarded by Our Company employees
[4] Program to identify, validate, and recommend AWS Partner Network (APN) advanced and premium tier partners that have demonstrated technical expertise and customer success for AWS
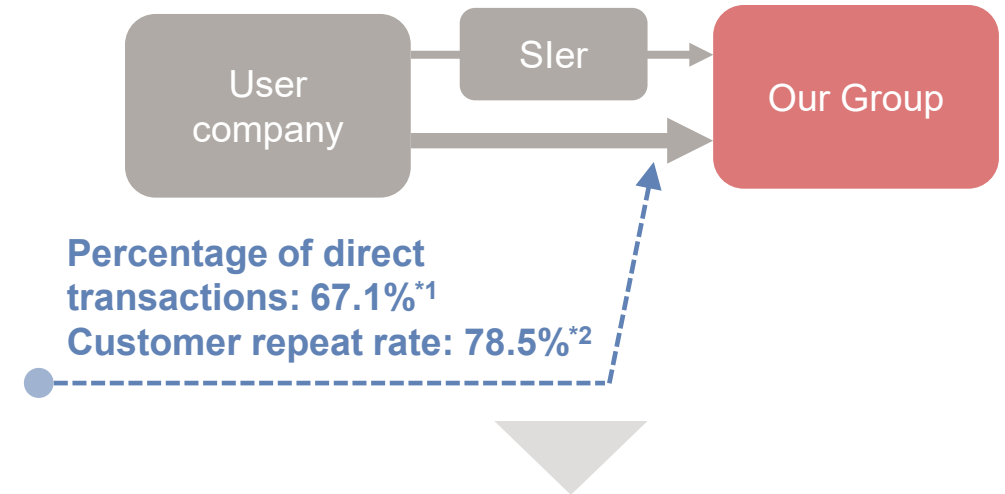[5] Awards from 2007 to 2020

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

User company → SIer → Our Group

User company → Our Group

Percentage of direct transactions: 67.1%[*1]
Customer repeat rate: 78.5%[*2]

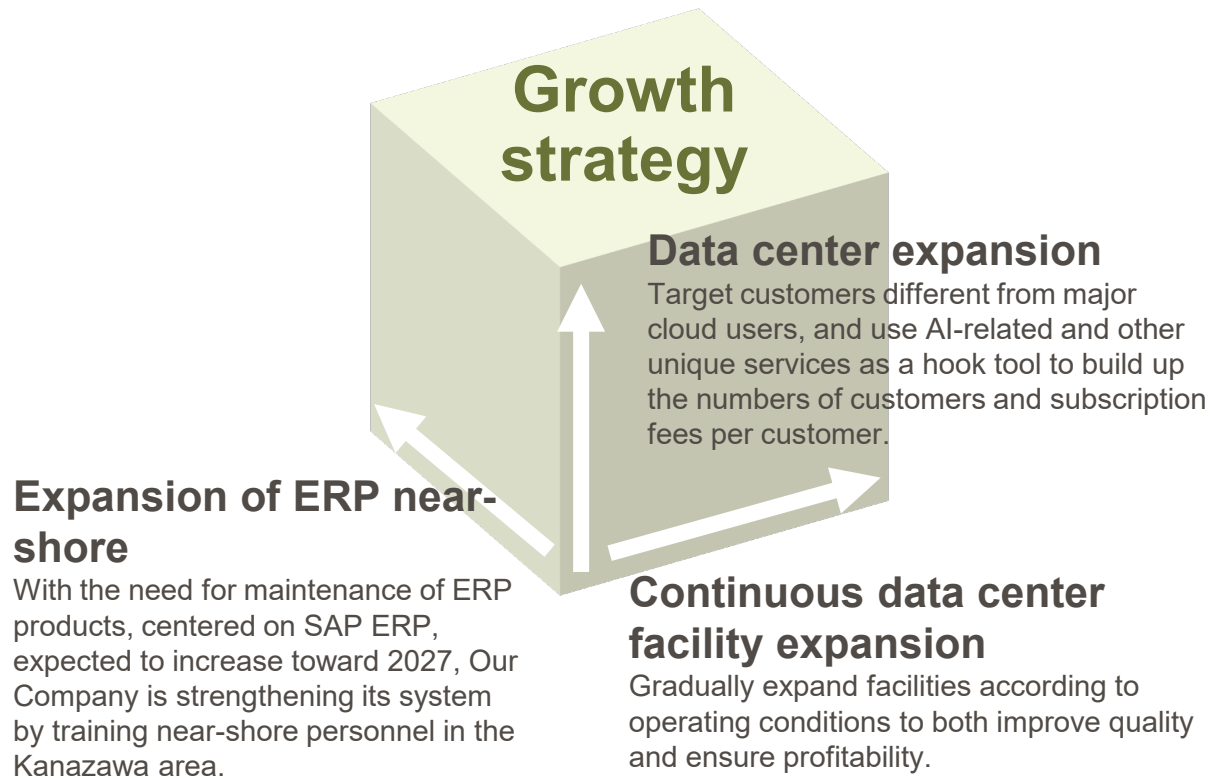**Build close relationships with user companies to expand projects and continue receiving orders**

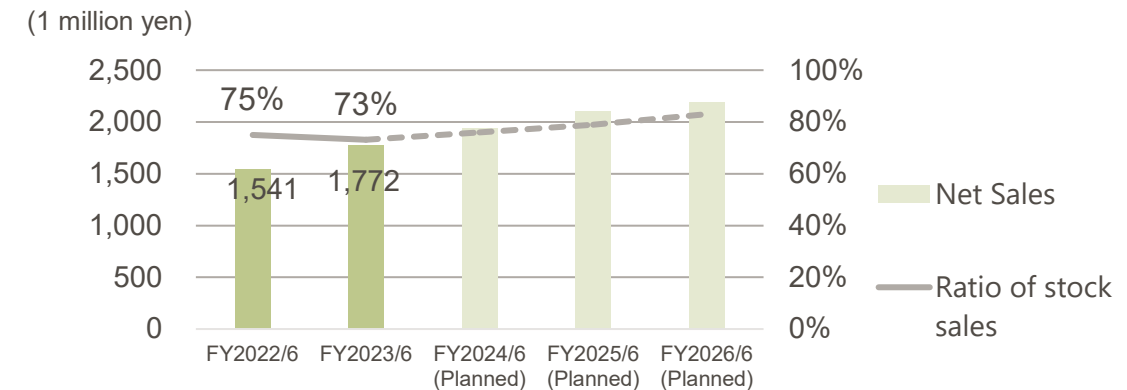# Growth Strategy by Segment (Outsourcing Business)

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 AI-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**

(1 million yen)

	FY2022/6	FY2023/6	FY2024/6 (Planned)	FY2025/6 (Planned)	FY2026/6 (Planned)
Net Sales	1,541	1,772			
Ratio of stock sales	75%	73%			

* 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), Tate Yakusha, 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.

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

* As of September 30, 2023 (cumulative)

■ Our Group's main products

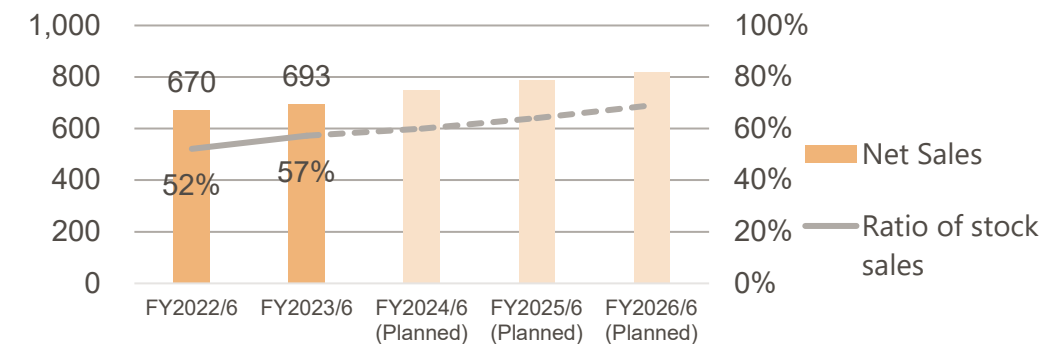| Construction information management system for the building industry	Mobile order and supply system
建て役者	MOS
720 companies (including OEMs)*	789 companies*
Cloud-based shift management system	Attendance and work management system
SHIFTEE	就業役者
123 companies*	200 companies*

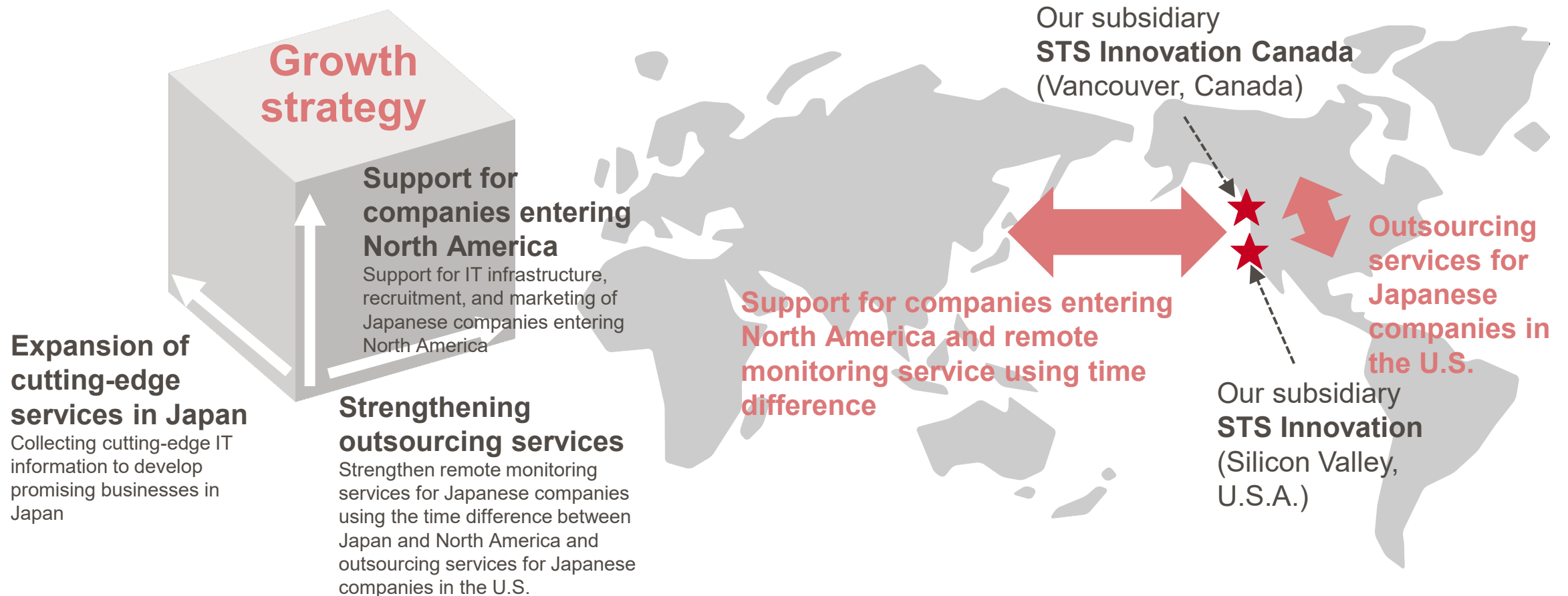## ■ Net sales of Product Business and ratio of stock sales (monthly usage fees, etc.) against net sales

(1 million yen)

Chart: Net Sales bars — FY2022/6: 670, FY2023/6: 693, FY2024/6 (Planned), FY2025/6 (Planned), FY2026/6 (Planned). Ratio of stock sales line — 52%, 57%...

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

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

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.)

Medium-Term Theme – Strengthening ESG Management

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

	Efforts to date	**Efforts to strengthen**
Environment E	• The Sustainability Committee was established to plan and study sustainability measures. • Implement CO_2 emission reduction activities using renewable energy. • Start of information disclosure on sustainability	• Set CO_2 emission targets and implement further reduction measures • Expand a disclosure system in line with the TCFD, and respond to CDP and improve score
Society S	• Development of IT engineers • Realization of diverse human resources employment and work styles • Contribution to local communities and local administration	• Expanding the activities of Microsoft Base Kanazawa with the aim of expanding local businesses and revitalizing the economy through development of DX human resources.
Governance G	• Establishment of various committees and improvement of systems to improve corporate governance • The Board of Directors is composed to strengthen corporate governance and ensure diversity (Four independent outside directors and three women out of nine directors).	• Aim to improve the response and quality of the revised Corporate Governance Code. • Continue to work to strengthen corporate governance and ensure diversity in the composition of the Board of Directors.

Advanced Customer Service

Contributing to Society

Management philosophy

Sharing Value

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 Shugyo Yakusha, 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:
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