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

System Support Inc. (Security Code: 4396)
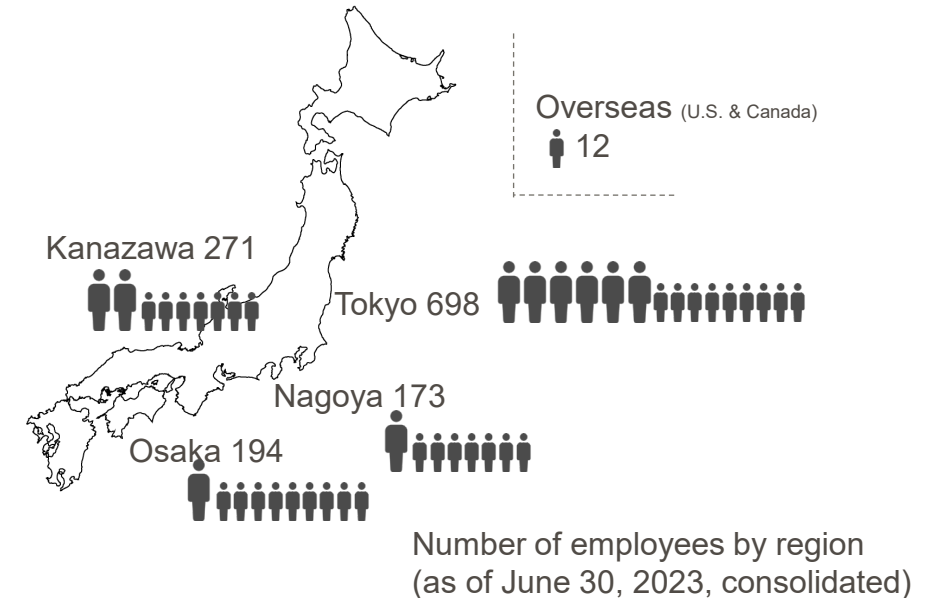
May 8, 2024

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
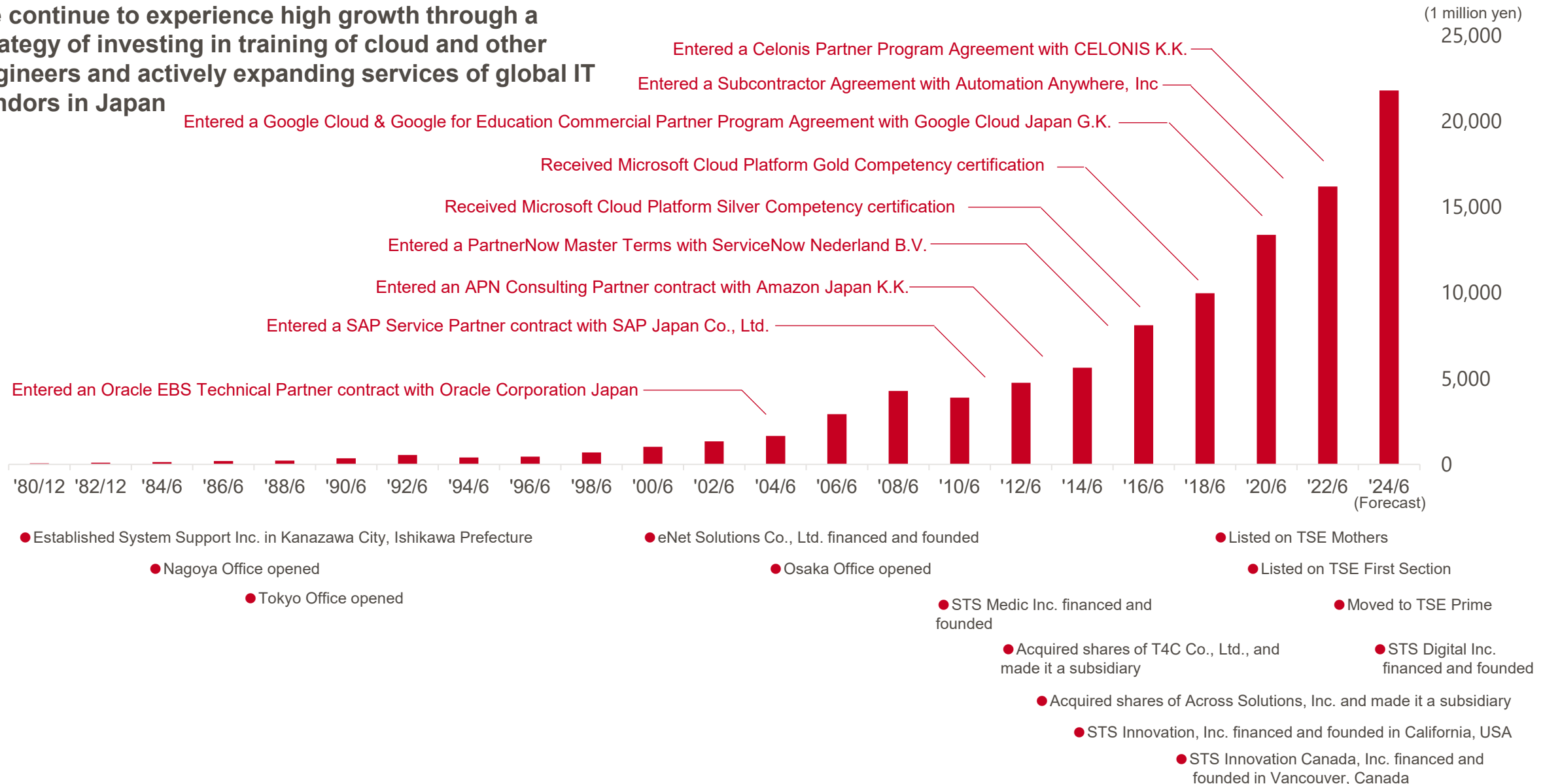
■ The head office is located in Kanazawa City, and the center of business including employees and customers is Tokyo, Nagoya, and Osaka.
■ 84% of employees are engineers

Overseas (U.S. & Canada)
12

Kanazawa 271

Tokyo 698

Nagoya 173

Osaka 194

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

We continue to experience high growth through a strategy of investing in training of cloud and other engineers and actively expanding services of global IT vendors in Japan

(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

Chart y-axis: 0, 5,000, 10,000, 15,000, 20,000, 25,000

Chart x-axis: '80/12 '82/12 '84/6 '86/6 '88/6 '90/6 '92/6 '94/6 '96/6 '98/6 '00/6 '02/6 '04/6 '06/6 '08/6 '10/6 '12/6 '14/6 '16/6 '18/6 '20/6 '22/6 '24/6 (Forecast)

- 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 TSE Mothers
- Listed on TSE First Section
- Moved to TSE Prime
- STS Digital Inc. financed and founded

* Net sales are consolidated from FY2016/6, and unconsolidated before that.   3

Summary of Financial Results for 3Q of FY2024/6 and Earning Forecast of FY2024/6

Contents

Financial Highlights for 3Q of FY2024/6 (Cumulative)

Unit: 1 million yen

	3Q of FY2024/6 (Cumulative)	Difference (YoY change)	Percentage change (YoY change)	Progress rate against full-year forecast
Net sales	**16,345**	**+2,153**	**+15.2%**	**75.0%**
Operating profit	**1,410**	**+227**	**+19.2%**	**80.0%**
Profit attributable to owners of parent	**962**	**+160**	**+20.0%**	**82.4%**

◆Steady progress in both sales and profit exceeding initial forecast while actively implementing growth investments.

◆The cloud integration business remains in high demand and is expected to continue to strongly drive overall sales and profits.

◆Recruitment is generally progressing according to plan (mid-career recruitment: 86 people in the 3Q (Cumulative) / 94 people in the full-year plan), and the strengthening of the service provision system is progressing steadily.

◆The impact of the Noto Peninsula earthquake that occurred on January 1, 2024 on our Group's performance is minor.

Consolidated Net Sales and Income of 3Q of FY2024/6 (Cumulative)

Unit: 1 million yen

	3Q of FY2022/6 (Cumulative)		3Q of FY2023/6 (Cumulative)		3Q of FY2024/6 (Cumulative)		Difference (YoY change)	Percentage change (YoY change)
Net sales	11,936		14,192		**16,345**		**+2,153**	**+15.2%**
Gross profit	3,214	(26.9%)	3,848	(27.1%)	**4,509**	(27.6%)	**+660**	**+17.2%**
Operating profit	1,033	(8.7%)	1,183	(8.3%)	**1,410**	(8.6%)	**+227**	**+19.2%**
Ordinary profit	1,026	(8.6%)	1,194	(8.4%)	**1,431**	(8.8%)	**+236**	**+19.8%**
Profit attributable to owners of parent	685	(5.7%)	801	(5.6%)	**962**	(5.9%)	**+160**	**+20.0%**

*Profit ratio in ( )

■ **Composition of net sales by segment** [1]
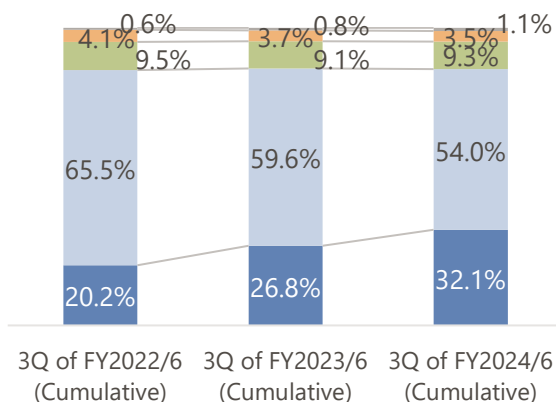
■ **Composition of segment profit** [2]
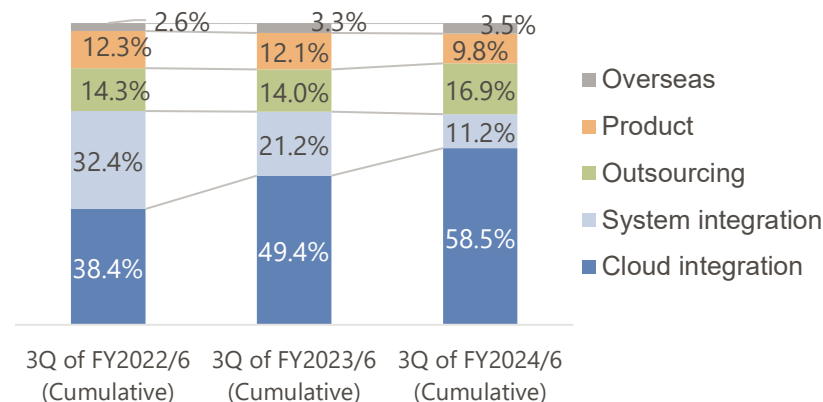
■ **Changes in investment-related expenses**
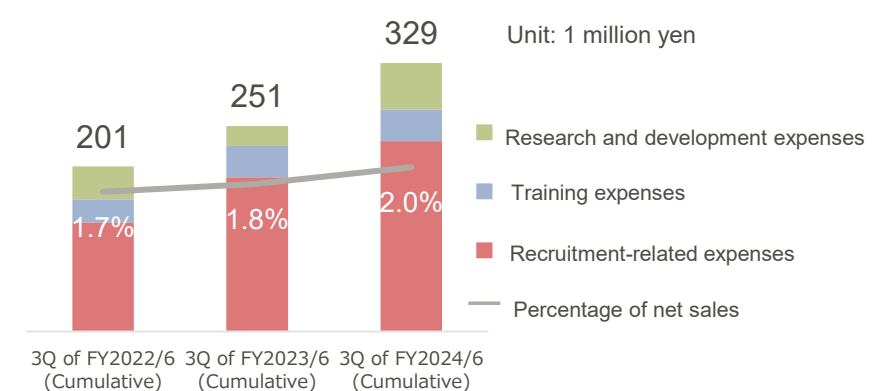
Unit: 1 million yen

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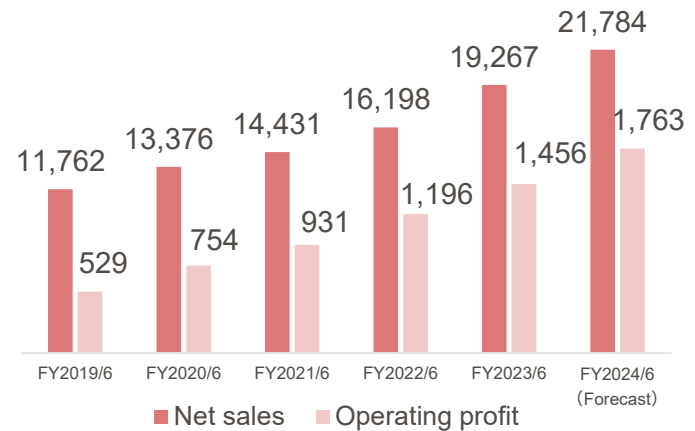
Forecast for Full Year Earning of FY2024/6 (Consolidated)

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%
Ordinary profit	1,190	1,465	**1,755**	+19.8%
Profit attributable to owners of parent	785	1,009	**1,167**	+15.6%
Annual dividends — Interim dividends	12円	15円	**18円**	-
Annual dividends — Year-end dividends	13円	17円	**18円**	-
Annual dividends — Total	25円	32円	**36円**	-

■ **Net sales/operating profit (consolidated)**

Unit: 1 million yen

Net sales / Operating profit

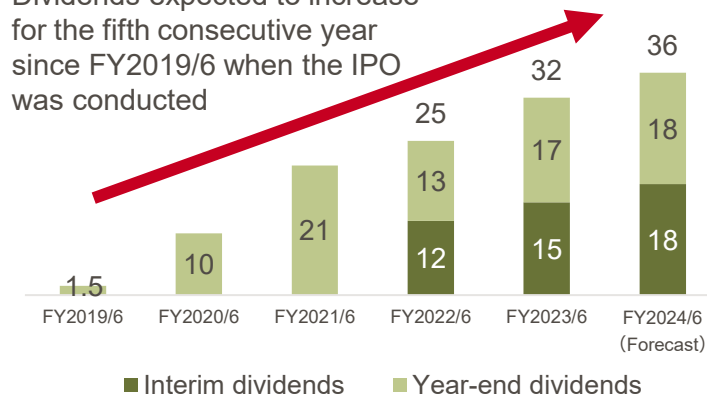|	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6	FY2024/6 (Forecast)
Net sales	11,762	13,376	14,431	16,198	19,267	21,784
Operating profit	529	754	931	1,196	1,456	1,763

■ **Dividends***

Unit: Yen

Dividends expected to increase for the fifth consecutive year since FY2019/6 when the IPO was conducted

Interim dividends / Year-end dividends

	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6	FY2024/6 (Forecast)
Interim dividends				12	15	18
Year-end dividends		10	21	13	17	18
Total	1.5			25	32	36

* Our Company conducted a 2-for-1 stock split of shares of common stock on June 1, 2020, and the figures for FY2019/6 in this graph have been retroactively adjusted.
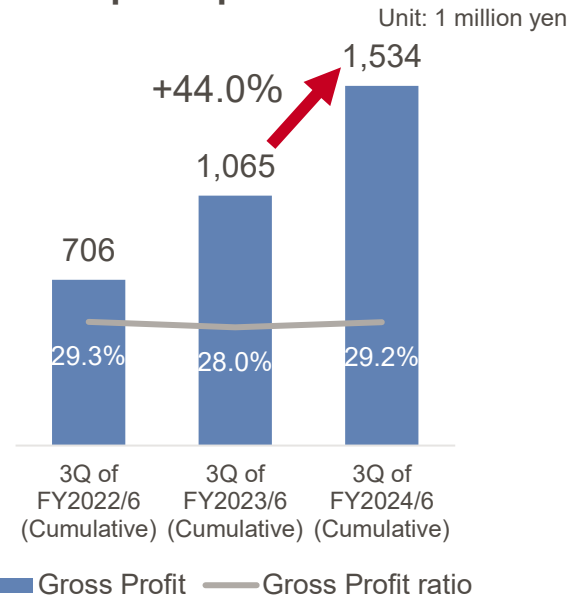
◆**Cloud Integration Business**

- Demand continues to be strong with DX as a tailwind, and we are steadily strengthening our service provision system through hiring and in-house training, so both sales and profits are progressing ahead of plan.
- ServiceNow and AWS achieved high growth, due to steady orders from end users and strengthened systems for ServiceNow, and due to steady accumulation of resales for AWS.
- Azure OpenAI, services related to Microsoft's generative AI, and Oracle Cloud Infrastructure have grown significantly, steadily expanding the scope of services.
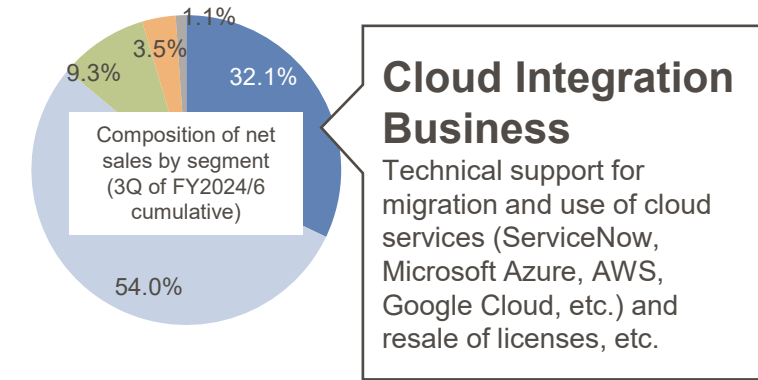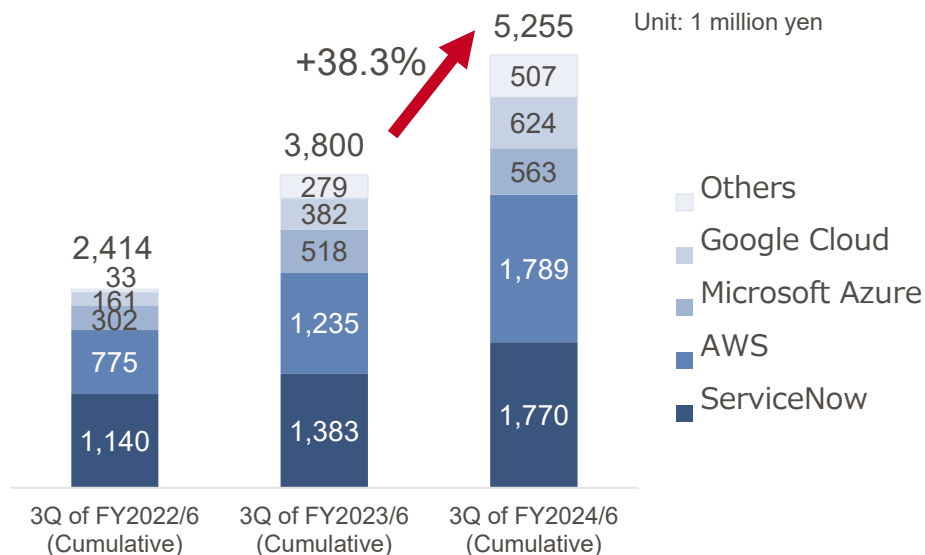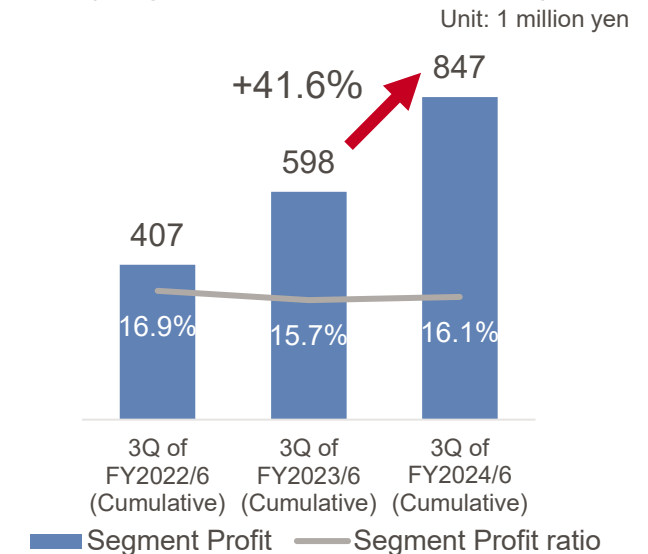
Composition of net sales by segment (3Q of FY2024/6 cumulative)

1.1%
3.5%
9.3%
32.1%
54.0%

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

+38.3%

	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Total	2,414	3,800	5,255
Others	33	279	507
Google Cloud	161	382	624
Microsoft Azure	302	518	563
AWS	775	1,235	1,789
ServiceNow	1,140	1,383	1,770

■**Gross profit/profit ratio**[2]

Unit: 1 million yen

+44.0%

3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
706	1,065	1,534
29.3%	28.0%	29.2%

Gross Profit — Gross Profit ratio

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

Unit: 1 million yen

+41.6%

3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
407	598	847
16.9%	15.7%	16.1%

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.
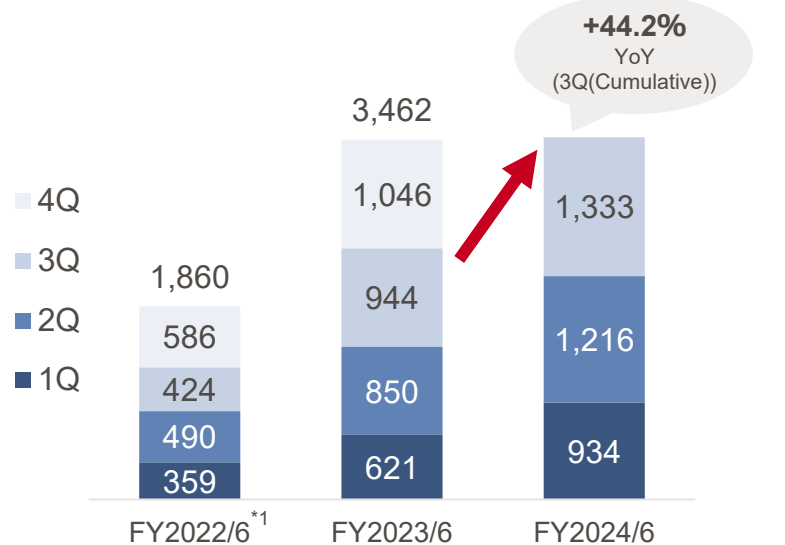
◆ **We provide cloud migration and usage support, leveraging our strengths in the area of using cloud databases and data analysis platforms.**

◆ **After migration, we secure stock-type revenue without requiring human labor by reselling cloud accounts.**

◆ **Structure that supports high growth through steady accumulation of resales**

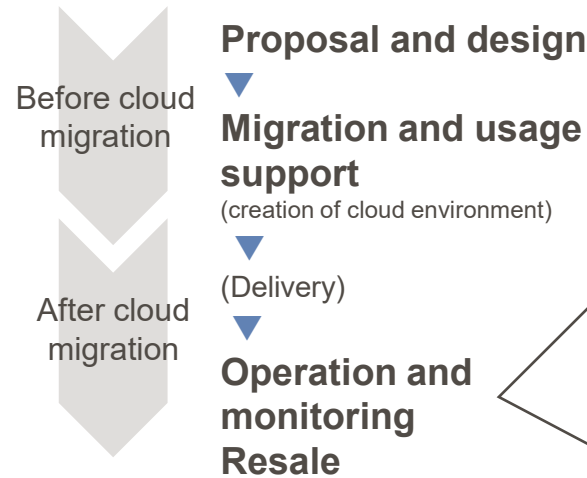Cloud integration business
Sales composition ratio
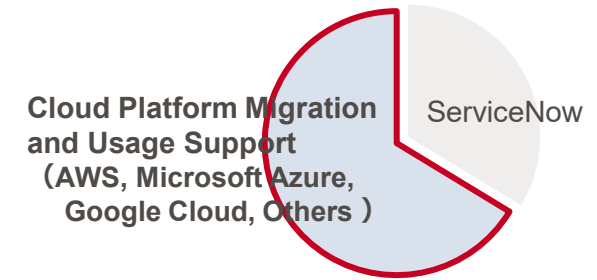
Cloud Platform Migration and Usage Support
(AWS, Microsoft Azure, Google Cloud, Others)

ServiceNow

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

Unit: 1 million yen

+44.2% YoY (3Q(Cumulative))

	FY2022/6 [*1]	FY2023/6	FY2024/6
4Q	586	1,046	1,333
3Q	424	944	1,216
2Q	490	850	
1Q	359	621	934
Total	1,860	3,462	

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

Our main services

Before cloud migration

Proposal and design
▼
Migration and usage support (creation of cloud environment)
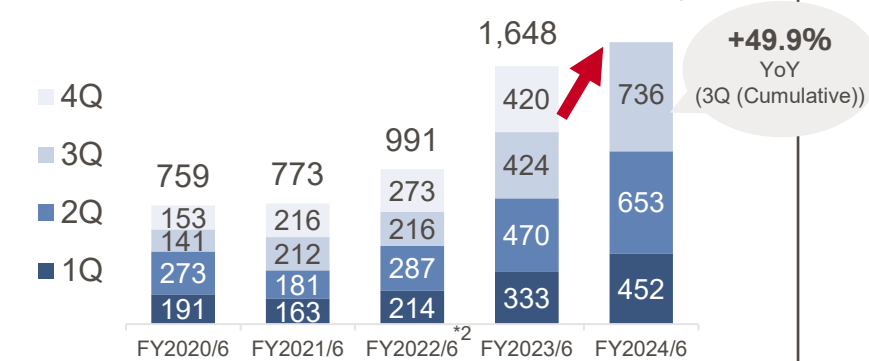▼
(Delivery)
▼

After cloud migration

Operation and monitoring 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

+49.9% YoY (3Q (Cumulative))

	FY2020/6	FY2021/6	FY2022/6 [*2]	FY2023/6	FY2024/6
4Q	153	216	273	420	736
3Q	141	212	216	424	653
2Q	273	181	287	470	
1Q	191	163	214	333	452
Total	759	773	991	1,648	

*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.

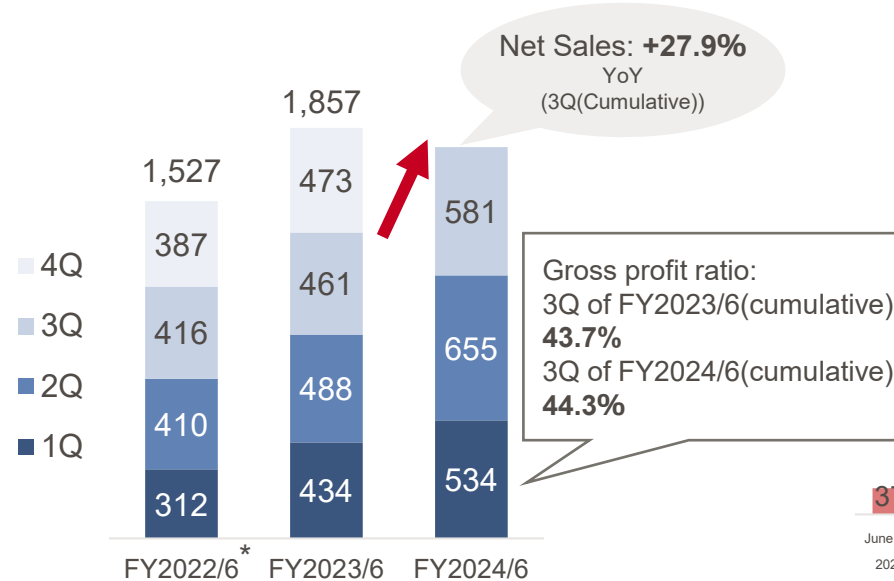◆**We have achieved high growth through a system that ranks 3rd in Japan in the number of ServiceNow certified build certifications acquired[1] and the know-how accumulated over the approximately 10 years since the start of service provision within our group.**

◆**We maintain high profit margins because engineers are rare in this field.**

Cloud integration business
Sales composition ratio

Cloud Platform Migration and Usage Support
（AWS, Microsoft Azure, Google Cloud, Others ）
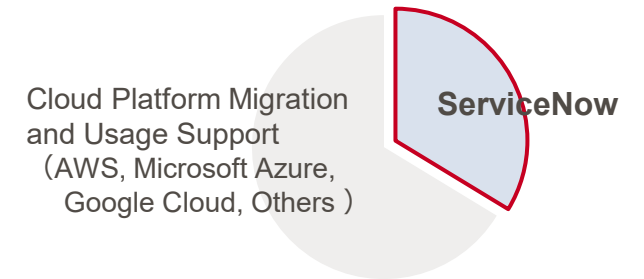
ServiceNow

■ **Net sales of ServiceNow**

Unit: 1 million yen

Net Sales: **+27.9%**
YoY
(3Q(Cumulative))

Gross profit ratio:
3Q of FY2023/6(cumulative)
43.7%
3Q of FY2024/6(cumulative)
44.3%

FY2022/6: 1,527 (4Q 387, 3Q 416, 2Q 410, 1Q 312)
FY2023/6: 1,857 (4Q 473, 3Q 461, 2Q 488, 1Q 434)
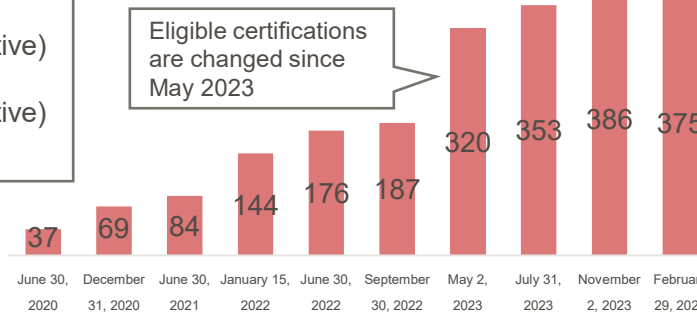FY2024/6: (3Q 581, 2Q 655, 1Q 534)

- 4Q
- 3Q
- 2Q
- 1Q

- ServiceNow is a cloud service provided by ServiceNow, Inc. to standardize IT service management and other operations, with a market capitalization of approximately US$150 billion in April 2024.
- First domestic company certified as a Bronze Services Partner in 2017[2]; currently the Elite Partner.
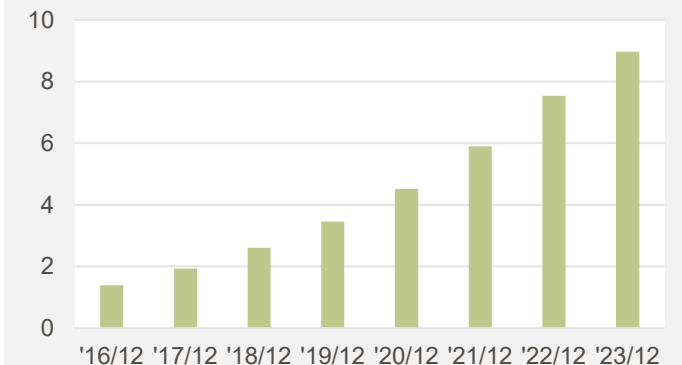
■**Number of our ServiceNow certified build certifications [3]**

Unit: Case

Decreased due to retirements and leaves of absence, but this is temporary and expected to increase going forward

Eligible certifications are changed since May 2023

June 30, 2020: 37
December 31, 2020: 69
June 30, 2021: 84
January 15, 2022: 144
June 30, 2022: 176
September 30, 2022: 187
May 2, 2023: 320
July 31, 2023: 353
November 2, 2023: 386
February 29, 2024: 375

Net sales of ServiceNow, Inc. [4]

(1 billion USD)

'16/12 to '23/12: values approximately 1.5, 1.9, 2.6, 3.5, 4.5, 5.9, 7.5, 9.0

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*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 (As of November 2, 2023 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
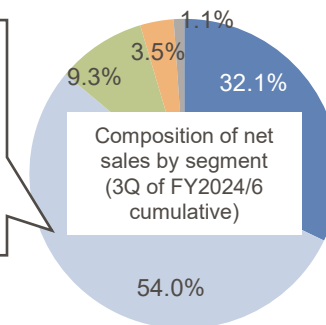*4 Prepared by Our Company from ServiceNow, Inc. financial results

Net Sales and Income by Segment for 3Q of FY2024/6 (Consolidated)
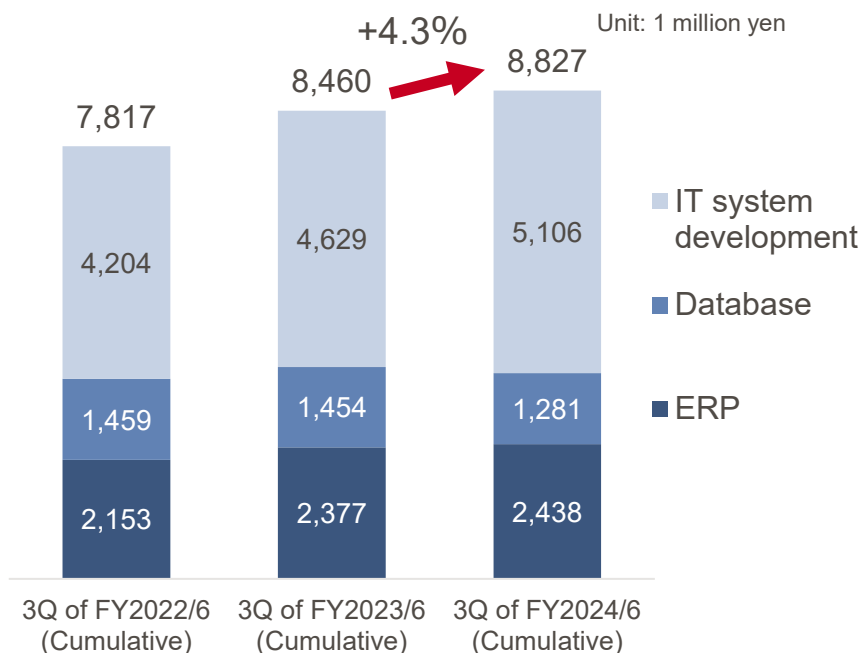
◆**System Integration Business**

- Fields where our Group has strengths, such as ERP (SAP)-related fields, are performing well.
- Due to the ongoing shift from this business to the cloud integration business, both sales and profits were slightly lower than planned.
- In the database-related business, sales are decreasing due to the shift to cloud computing, and this trend is expected to continue in the future.
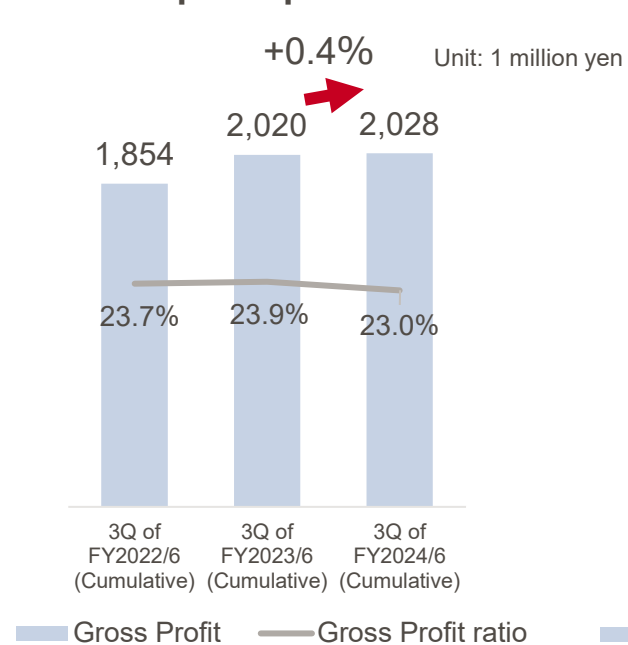
System Integration Business
Technical support for the introduction and use of ERP packages, construction of infrastructure such as Oracle database, and IT system consulting, design, development, operation, and maintenance

Composition of net sales by segment (3Q of FY2024/6 cumulative)

1.1%
3.5%
9.3%
32.1%
54.0%

■ Net sales[*1]

+4.3%

Unit: 1 million yen

	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Total	7,817	8,460	8,827
IT system development	4,204	4,629	5,106
Database	1,459	1,454	1,281
ERP	2,153	2,377	2,438

■ Gross profit/profit ratio[*2]

+0.4%

Unit: 1 million yen

	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Gross Profit	1,854	2,020	2,028
Gross Profit ratio	23.7%	23.9%	23.0%

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

△36.9%

Unit: 1 million yen

	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Segment Profit	344	256	161
Segment Profit ratio	4.4%	3.0%	1.8%
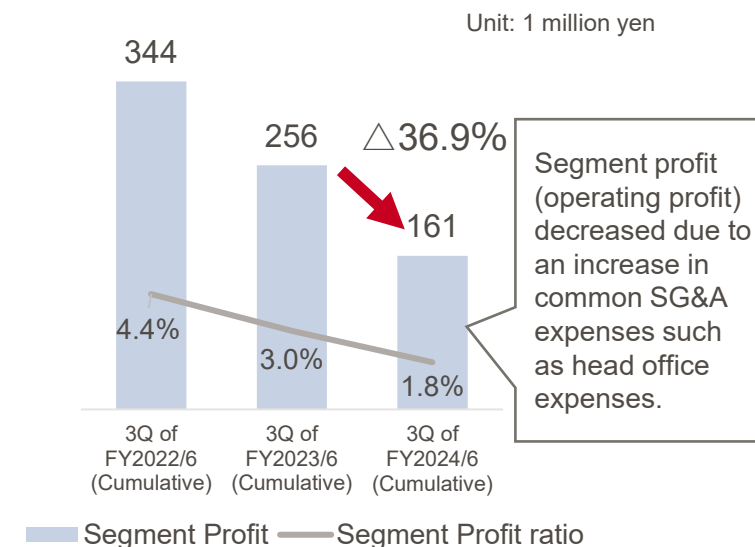
Segment profit (operating profit) decreased due to an increase in common SG&A expenses such as head office expenses.

[*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

- In the data center business, Net sales steadily increased due to the accumulation of stock-type revenues such as monthly subscription fees and the rise in user fees per company due to the expansion of customer usage, and gross profit increased due to the introduction of high profit margins.
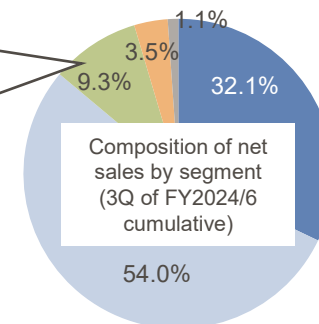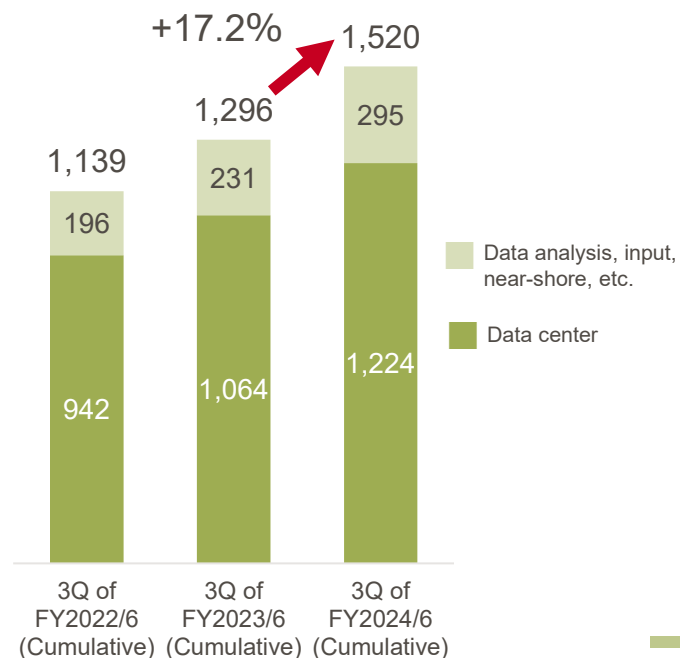
- Near-shore sales (SAP ERP maintenance, etc.) in Kanazawa expanded due to system reinforcement.

Outsourcing Business
Our Group's private cloud and other data center services, data analysis and input, and near-shore system operation and maintenance
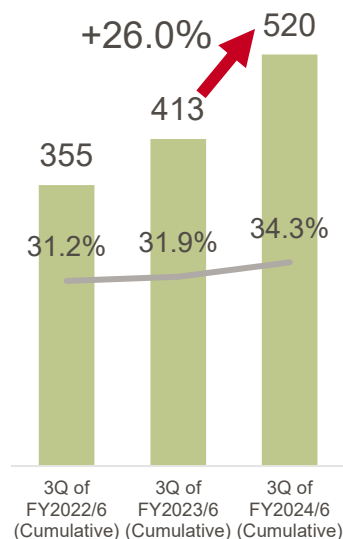
Composition of net sales by segment (3Q of FY2024/6 cumulative)

- 32.1%
- 54.0%
- 9.3%
- 3.5%
- 1.1%

■ Net sales[*1]
Unit: 1 million yen

Period	Data center	Data analysis, input, near-shore, etc.	Total
3Q of FY2022/6 (Cumulative)	942	196	1,139
3Q of FY2023/6 (Cumulative)	1,064	231	1,296
3Q of FY2024/6 (Cumulative)	1,224	295	1,520

+17.2%

■ Gross profit/profit ratio[*2]
Unit: 1 million yen

Period	Gross Profit	Gross Profit ratio
3Q of FY2022/6 (Cumulative)	355	31.2%
3Q of FY2023/6 (Cumulative)	413	31.9%
3Q of FY2024/6 (Cumulative)	520	34.3%

+26.0%

■ Operating profit/profit ratio (Segment profit/profit ratio[*3])
Unit: 1 million yen

Period	Segment Profit	Segment Profit ratio
3Q of FY2022/6 (Cumulative)	151	13.3%
3Q of FY2023/6 (Cumulative)	170	13.1%
3Q of FY2024/6 (Cumulative)	245	16.1%

+44.1%

■ Changes in stock sales in net sales of Outsourcing Business

+8.9% YoY (3Q (Cumulative))

Quarter	FY2021/6	FY2022/6	FY2023/6	FY2024/6
1Q	258	278	309	340
2Q	261	283	319	345
3Q	267	293	326	355
4Q	274	302	338	
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

- Stock-type revenues such as license fees are steadily accumulating and are expected to continue to increase in the future.
- SHIFTEE's sales decreased due to a decrease in customization at the time of introduction, but stock sales increased.
- Although gross profit increased due to the acquisition of new high-margin installation projects and an increase in the ratio of stock sales, the operating profit was affected by an increase in selling, general and administrative expenses due to 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 (3Q of FY2024/6 cumulative)

32.1%
1.1%
3.5%
9.3%
54.0%

■ Net sales[*1]
Unit: 1 million yen

+9.9%

Segment	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Total	493	519	571
Others	79	74	78
Shugyo Yakusha	57	53	72
SHIFTEE	50	59	53
MOS	169	168	168
Tate Yakusha	136	164	199

■ Gross profit/profit ratio[*2]
Unit: 1 million yen

+20.0%

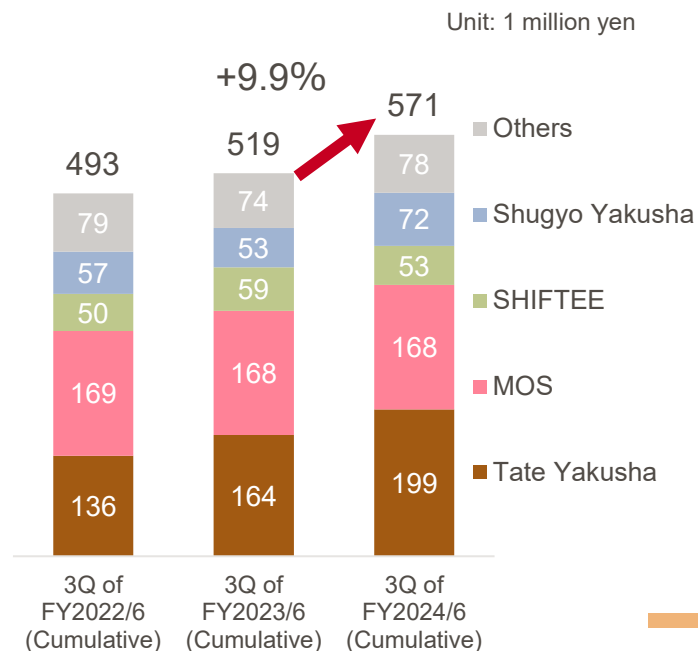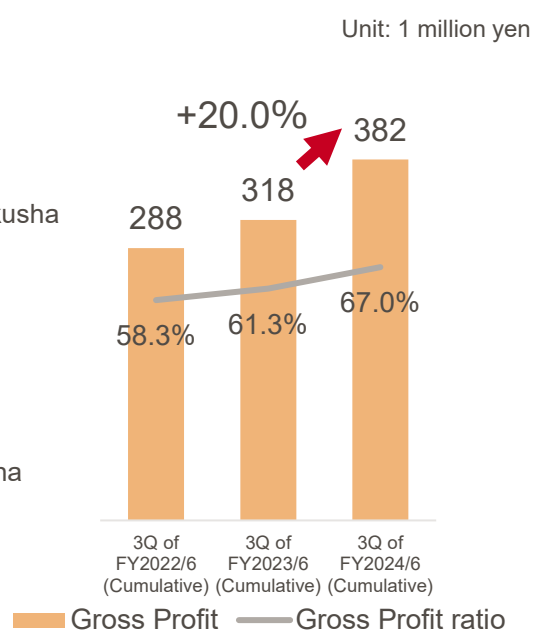|	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Gross Profit	288	318	382
Gross Profit ratio	58.3%	61.3%	67.0%

■ Operating profit/profit ratio (Segment profit/profit ratio[*3])
Unit: 1 million yen

△3.2%

	3Q of FY2022/6 (Cumulative)	3Q of FY2023/6 (Cumulative)	3Q of FY2024/6 (Cumulative)
Segment Profit	130	146	141
Segment Profit ratio	26.4%	28.2%	24.8%

■ Changes in stock sales in net sales of Product Business
Unit: 1 million yen

+13.4% YoY (3Q (Cumulative))

Quarter	FY2021/6	FY2022/6	FY2023/6	FY2024/6
Total	301	350	396	
4Q	77	89	102	109
3Q	76	89	98	109
2Q	73	89	100	114
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.

◆Overseas Business

- System integration, recruitment services, and outsourcing of payroll and accounting services in North America are performing well.
- System integration project status affects gross profit margin.
- We are steadily expanding a system that allows this business to generate profits independently.

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

1.1%
3.5%
9.3%
32.1%

Composition of net sales by segment (3Q of FY2024/6 cumulative)

54.0%

■ Net sales[*1]

Unit: 1 million yen

171
+49.7%
114
71

- 3Q of FY2022/6 (Cumulative)
- 3Q of FY2023/6 (Cumulative)
- 3Q of FY2024/6 (Cumulative)

■ Gross profit/profit ratio[*2]

Unit: 1 million yen

79
+35.2%
59
38
53.8%
51.4%
46.4%

- 3Q of FY2022/6 (Cumulative)
- 3Q of FY2023/6 (Cumulative)
- 3Q of FY2024/6 (Cumulative)

■ Gross Profit — Gross Profit ratio

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

Unit: 1 million yen

51
+26.2%
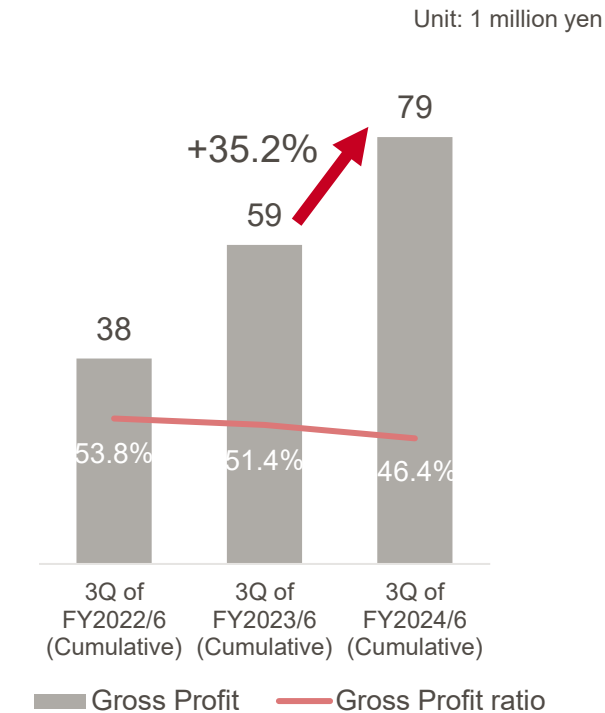40
27
38.5%
35.4%
29.8%

- 3Q of FY2022/6 (Cumulative)
- 3Q of FY2023/6 (Cumulative)
- 3Q 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.

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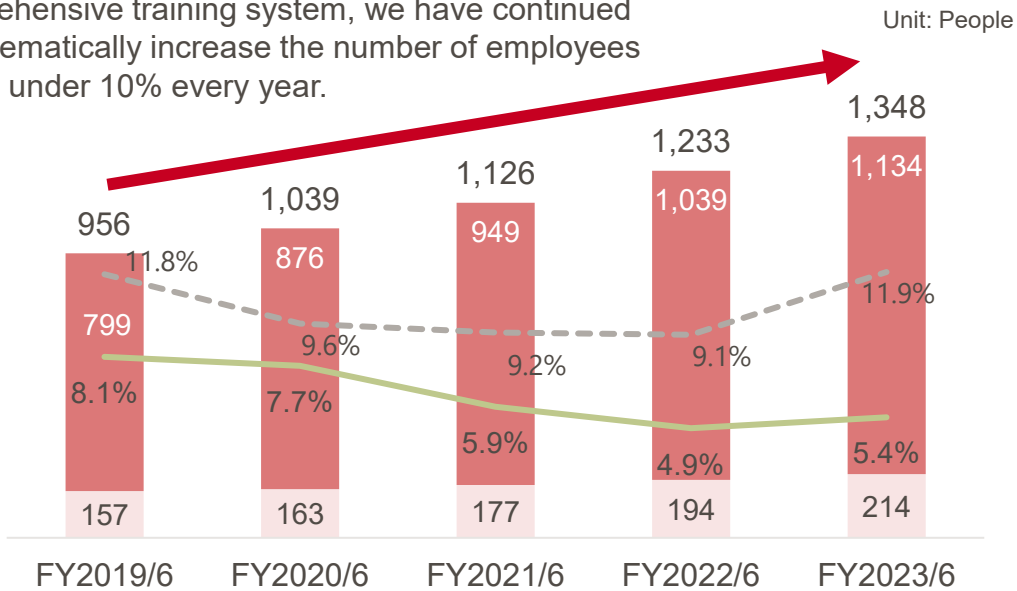
◆**Number of employees (consolidated)**

Aiming to achieve both active recruitment and a comprehensive training system, we have continued to systematically increase the number of employees by just under 10% every year.

Unit: People

	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%
Turnover rate in the information and communications industry*	11.8%	9.6%	9.2%	9.1%	11.9%

- Engineers
- Sales, management, etc.
- Retirement rate
- - - Turnover rate in the information and communications industry*

Unit: People

	FY2021/6	FY2022/6	FY2023/6	FY2024/6
New graduate recruitment	60	70	85	106 (Actual)
Mid-career recruitment	89	83	100	116 (Estimate)
Retirement rate	5.9%	4.9%	5.4%	-

16

* Source: Ministry of Health, Labor and Welfare, Turnover Rate by Industry of Employment Trend Survey

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)

◆ **In this business, a driving force of our Group, we will actively invest in expanding our scope of business and growing our existing businesses, while also expanding the virtuous cycle in which training engineers leads to increased orders.**
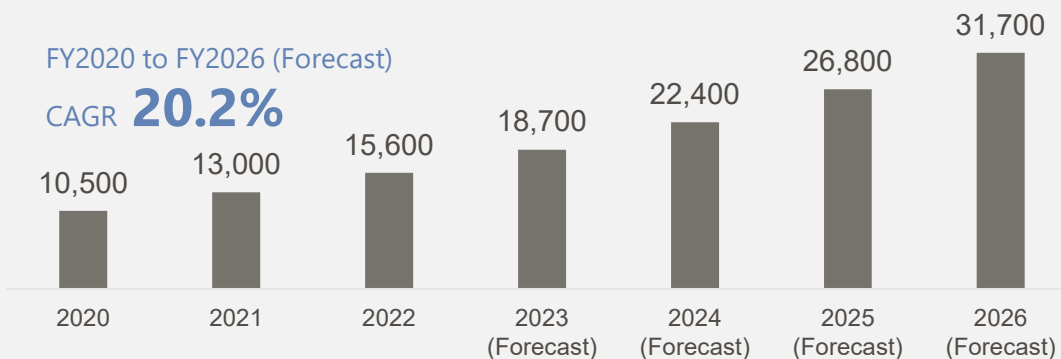
1 **Expansion of the corresponding area**
We are expanding the scope of corresponding services by investing to quickly introduce new overseas cloud services in the Japanese market.
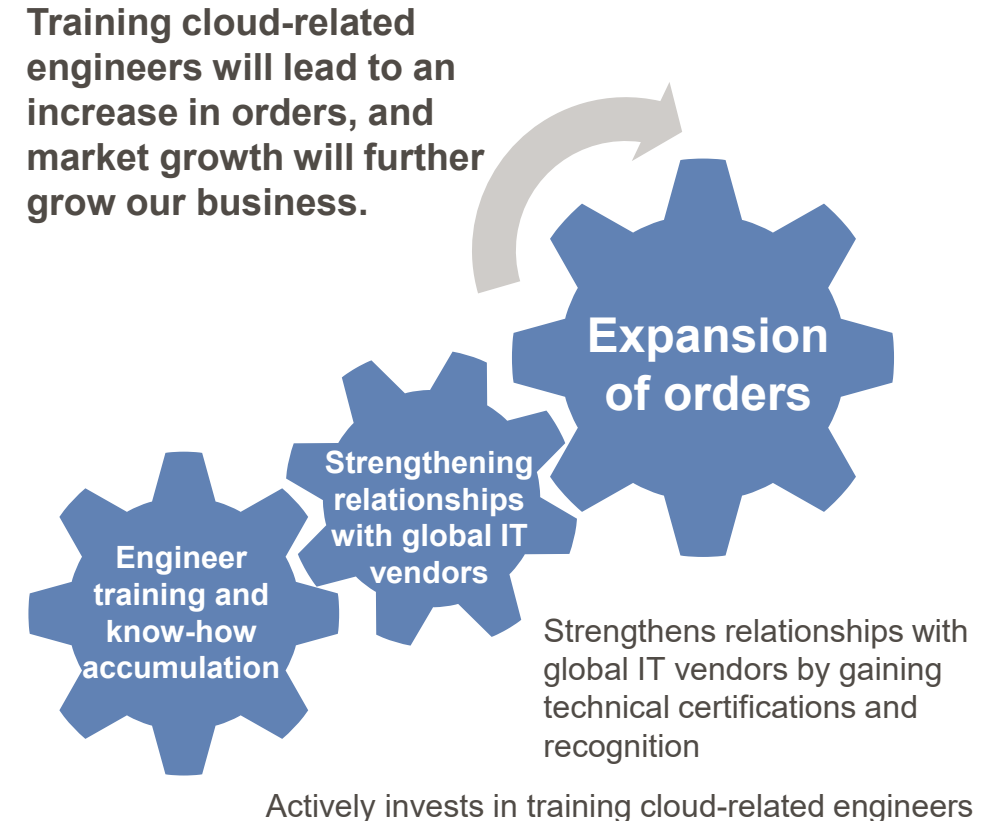
2 **Expansion of existing businesses**
Focusing on AWS, Microsoft Azure, Google Cloud, and ServiceNow, which are the mainstays of this business, we will promote the recruitment and training of engineers and further enhance customer convenience as well as strengthen the development of unique services to improve the productivity of our Group, aiming to differentiate ourselves from other cloud integrators.

Training cloud-related engineers will lead to an increase in orders, and market growth will further grow our business.

Background: cloud market growth
■ Cloud platform services (IaaS/PaaS) market trends and forecasts* **(100 million yen)**

FY2020 to FY2026 (Forecast)

CAGR **20.2%**

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

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)

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

Growth Strategy by Segment (Cloud Integration Business)

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

(1 million yen)

Net Sales (bars):
- FY2022/6: 3,388
- FY2023/6: 5,319

Ratio of stock sales (line):
- 29%
- 31%

Y-axis left: 0, 4,000, 8,000, 12,000
Y-axis right: 0%, 20%, 40%, 60%

X-axis: FY2022/6, FY2023/6, FY2024/6 (Planned), FY2025/6 (Planned), FY2026/6 (Planned)

Legend:
- ■ Net Sales
- — Ratio of stock sales
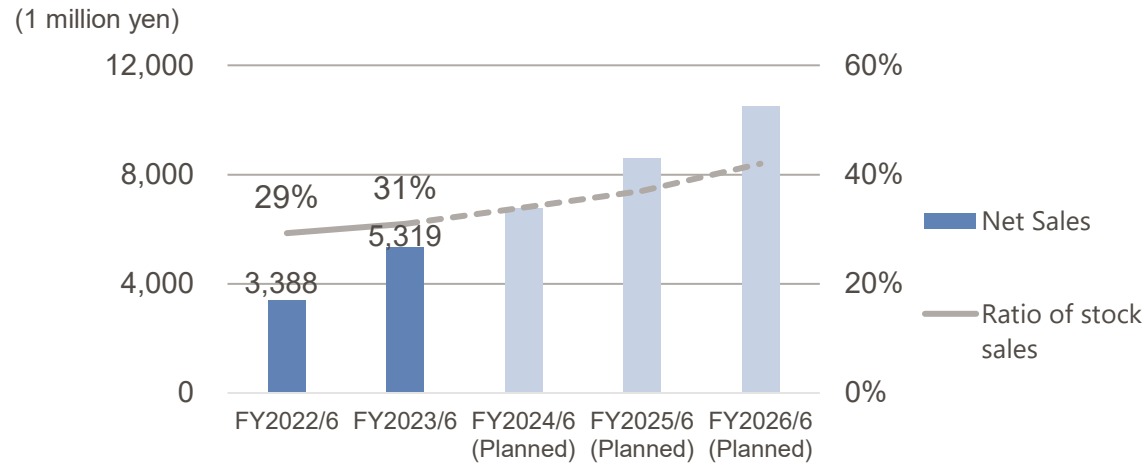
Unit: Company

■ Changes in number of customers in this business

Values:
- '22/6 1Q: 146
- '22/6 2Q: 150
- '22/6 3Q: 158
- '22/6 4Q: 172
- '23/6 1Q: 189
- '23/6 2Q: 207
- '23/6 3Q: 204
- '23/6 4Q: 230
- '24/6 1Q: 249
- '24/6 2Q: 268
- '24/6 3Q: 280

Compared to '23/6 3Q, the number of customer companies increases by 76. Customer unit price is also on the rise.

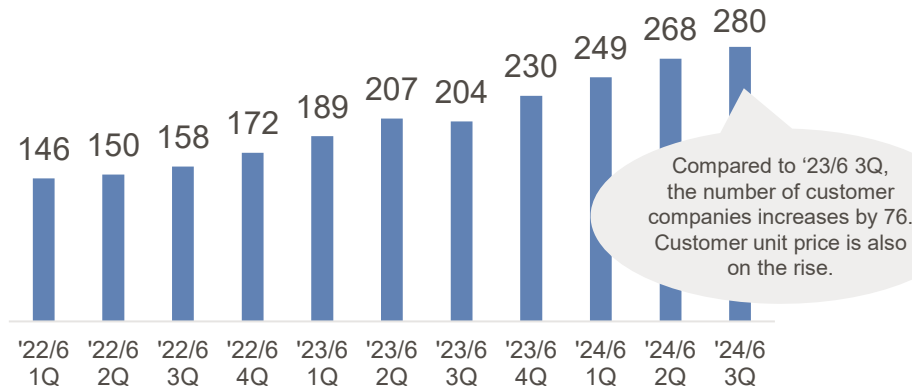> These certifications and awards will strengthen relationships with each vendor and lead to customer introductions and orders.

■ 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
- **Acquire Data Analytics Specialization and Application Development Specialization by the Partner Advantage Program**
- **Attained Premier Partner badges for Google Cloud in the Sell & Service Engagement Models**

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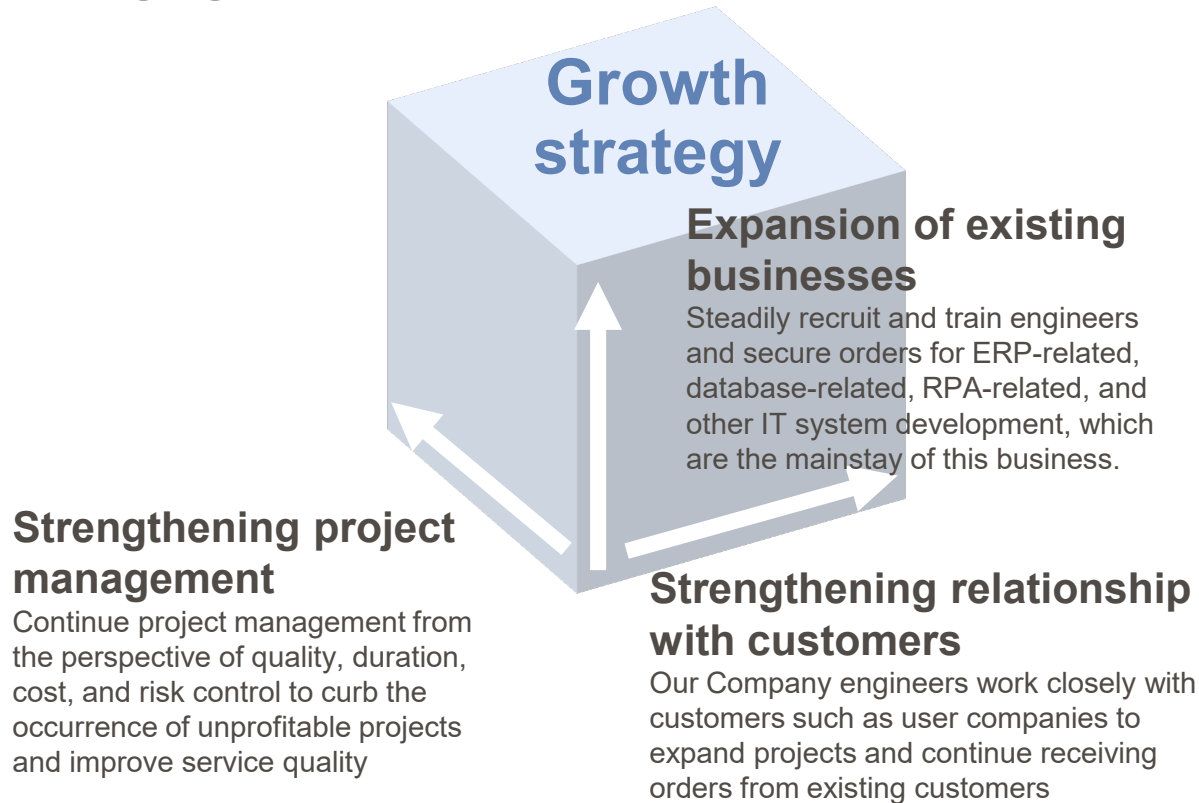[3] Awarded by Our Company employees
[4] Program to identify, validate, and recommend AWS Partner Network (APN) advanced and premium tier partners that have demonstrated technical expertise and customer success for AWS
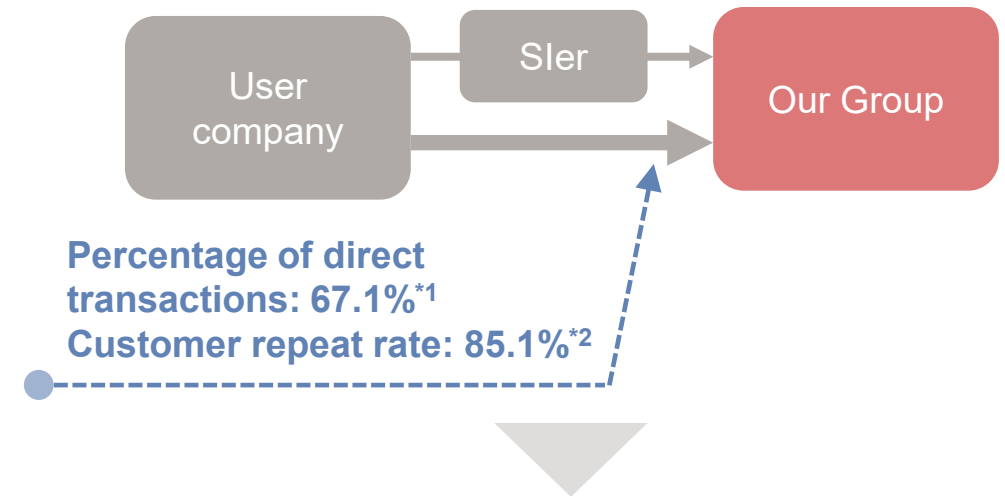[5] Awards from 2007 to 2020

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

◆ Securing steady sales mainly in the ERP and database fields, which are our Group's strengths, and providing customers with options other than cloud computing stably support the overall high growth.

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 → Sler → Our Group

User company → Our Group

Percentage of direct transactions: 67.1%[*1]
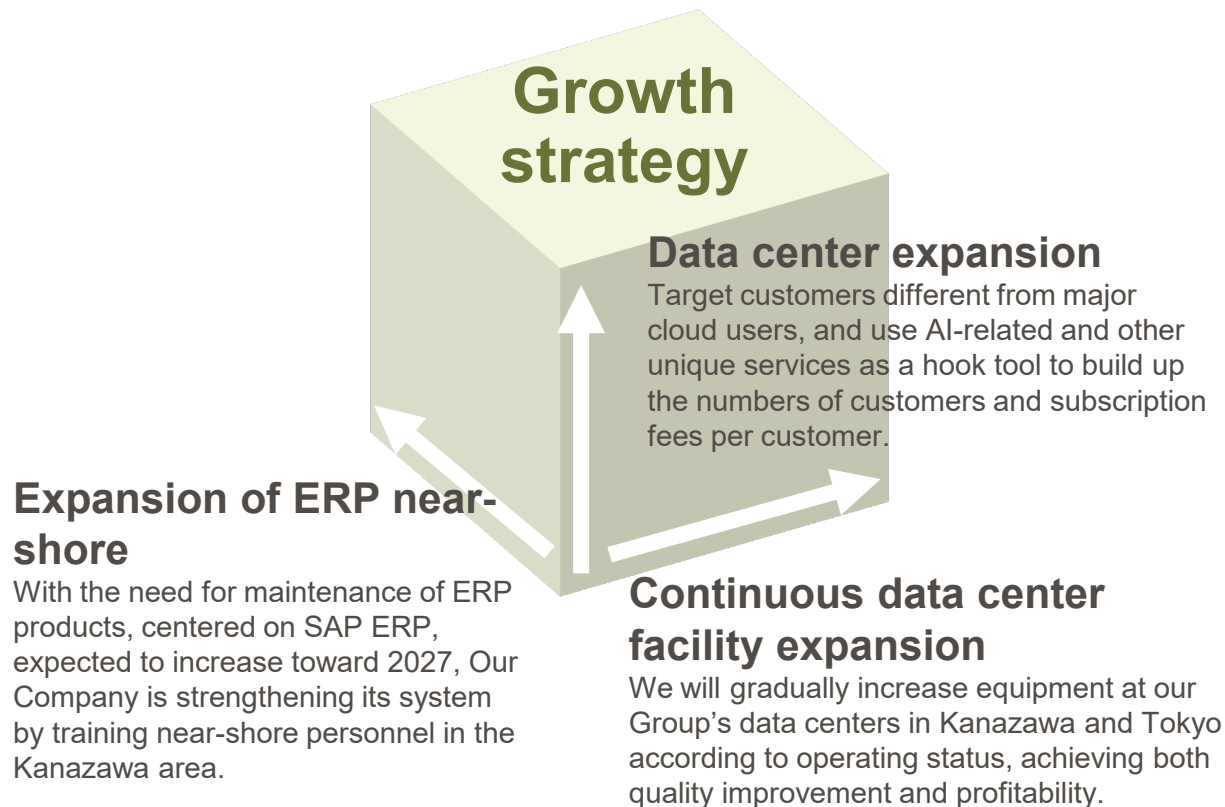**Customer repeat rate: 85.1%[*2]**

Build close relationships with user companies to expand projects and continue receiving orders
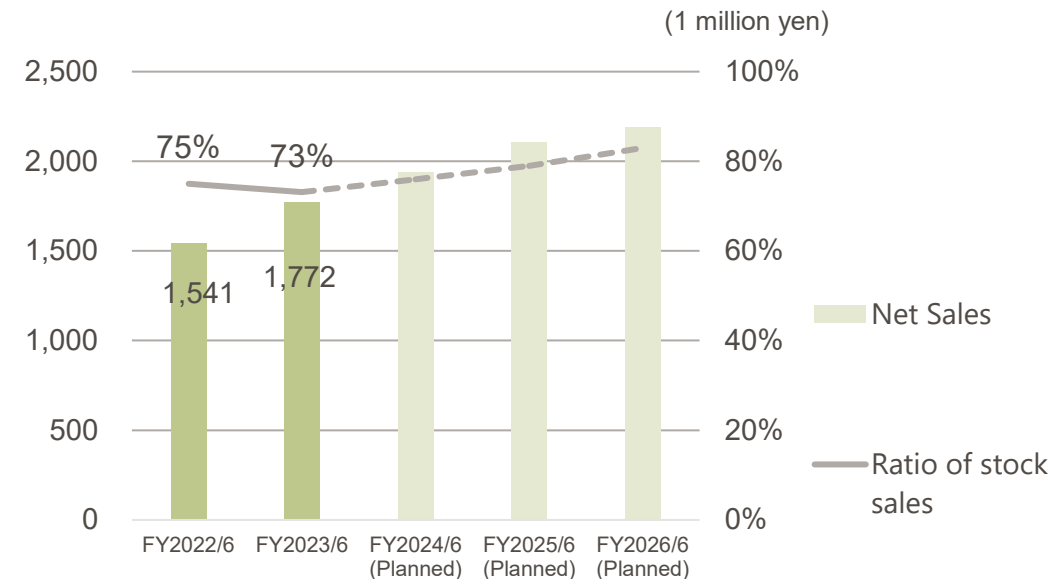
Growth Strategy by Segment (Outsourcing Business)

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

◆ **Data center services, which are the core of this business, expand a stable profit structure by steadily accumulating stock-type sales through an increase in the number of customers and expansion of customer business operations.**

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
We will gradually increase equipment at our Group's data centers in Kanazawa and Tokyo according to operating status, achieving both quality improvement and profitability.
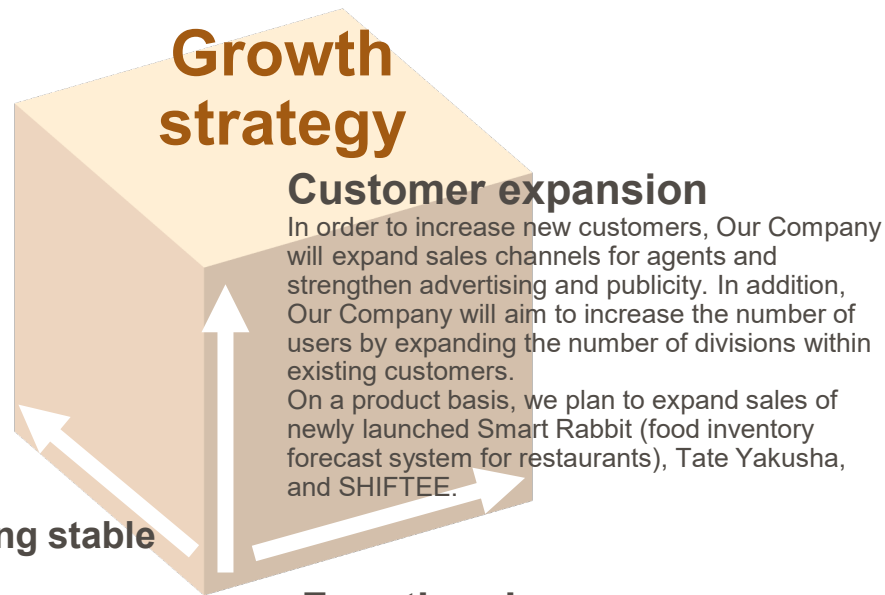
■ **Net sales of Outsourcing Business and ratio of stock sales (annual and monthly data center fees) against net sales**

(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%			

Net Sales

Ratio of stock sales

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

◆ **We are steadily accumulating stock-type sales such as license fees and realizing a high profit margin in addition to expanding our stable profit structure.**

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.

* As of March 31, 2024 (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 work information management system **"Tate Yakusha"**	Mobile Order Reception System **"MOS"**
742 companies (including OEMs)*	820 companies*
Cloud-based shift management system **"SHIFTEE"**	Attendance/work management system **"Shugyo Yakusha"**
142 companies*	238 companies*

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

(1 million yen)

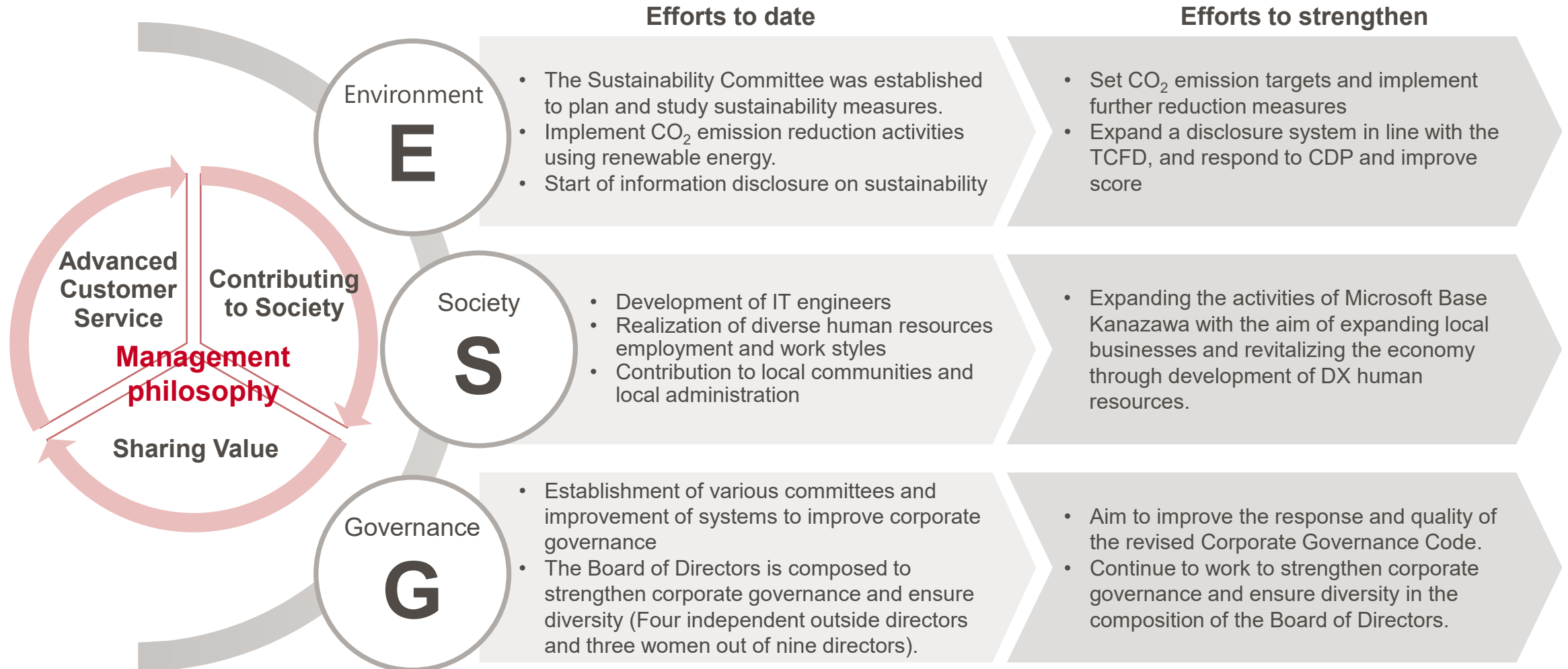|	FY2022/6	FY2023/6	FY2024/6 (Planned)	FY2025/6 (Planned)	FY2026/6 (Planned)
Net Sales	670	693			
Ratio of stock sales	52%	57%			
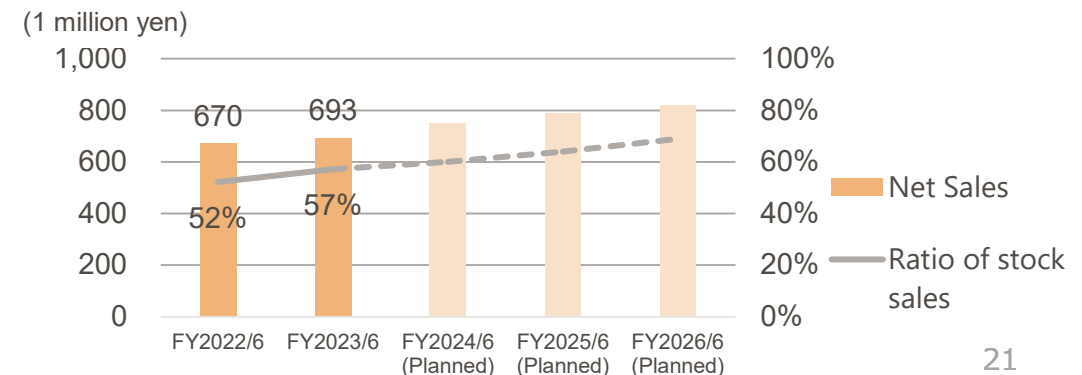
Growth Strategy by Segment (Overseas Business)

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

◆ In addition to researching cutting-edge IT information, we are expanding the system that allows this business to earn profits independently.

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)

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

Support for companies entering North America and remote monitoring service using time difference

Outsourcing services for Japanese companies in the U.S.

Medium-Term Theme – Strengthening ESG Management

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

Advanced Customer Service

Contributing to Society

Management philosophy

Sharing Value

	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.

Our Company Topics for FY2024/6 (July 2023 to March 2024)

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
October 24, 2023	System Support held a Halloween event "Futuristic Halloween 2023 -Another world when you wear glasses-" at Microsoft Base Kanazawa where visitors could experience cutting-edge MR (mixed reality) technology
October 25, 2023	"System Support presents FY2023 National Selected Elementary School Programming Ishikawa Prefecture Tournament" held

Our Company Topics for FY2024/6 (July 2023 to March 2024)

Date	Subject
October 26, 2023	System Support launched a support service for introducing "Amazon Bedrock" that allows you to easily create generative AI applications. In addition to providing consistent support from consulting, development, and operation and maintenance for basic model utilization, System Support also provides an AI assistant chat system compatible with Amazon Bedrock.
November 14, 2023	System Support released Azure OpenAI Service reference architecture "Smart Generative Chat," certified as an Advanced Partner in the reference architecture endorsement program.
November 16, 2023	System Support supported a transition of BIGLOBE's core system to AWS, transiting from on-premises Oracle Database to Amazon RDS for Oracle.
November 21, 2023	System Support introduced "Smart Generative Chat," an in-house AI assistant chat system using Azure OpenAI Service, to Confex Group company, supporting business utilization of interactive generative AI in a secure environment
December 5, 2023	System Support held a free Christmas Week event at Microsoft Base Kanazawa, offering a Christmas experience with MR (Mixed Reality) and a social media usage seminar by a Hokuriku's leading influencer.
December 20, 2023	Signed official partner agreement with professional soccer club "Zweigen Kanazawa"
December 22, 2023	Our employee was awarded "Google Cloud Partner Top Engineer 2024"
December 22, 2023	Our employee was awarded "Google Cloud Partner All-stars 2023"
January 5, 2024	B2B Mobile Order Reception System "MOS" marked 10th anniversary.
January 9, 2024	Launched "MOS Invoice," a cloud-based electronic invoice solution compliant with the invoice system and the Act concerning Preservation of Electronic Books.
January 9, 2024	Launched "MOS Payment," a B2B online payment solution for accounts receivable and payable.
January 25, 2024	System Support earned the Application Development Specialization in the Google Cloud Partner Advantage program. Proved our proficiency and successful track record in application development.

Our Company Topics for FY2024/6 (July 2023 to March 2024)

Date	Subject
January 30, 2024	System Support launched two services utilizing Google Cloud AI technology: "Generative AI Deployment Support Service for Google Cloud" and "Discovery AI Deployment Support Service for Google Cloud for Retailers."
January 31, 2024	Support for damage from the 2024 Noto Peninsula Earthquake
February 15, 2024	System Support Introduced Oracle Database SE RAC to JFE Galvanizing & Coating Co., Ltd.'s "unstoppable" production management systems. Achieved availability for systems operating 24 hours a day, 365 days a year.
February 16, 2024	System Support was recognized as Gold Partner by Celonis Japan, a pioneer and one of world's largest process mining companies.
February 20, 2024	System Support attained Premier Partner badges for Google Cloud in the Sell & Service Engagement Models.
February 28, 2024	T4C signed a sales partner agreement with Techtouch. － Strong support for corporate DX promotion through advanced system utilization －
March 11, 2024	System Support was honored with Creator Workflow Partner of the Year at the ServiceNow 2024 Partner Awards.
March 22, 2024	Presentation of the results of the training of XR engineers through the KIT Co-op Education Program, an industry–university cooperative education program at Kanazawa Institute of Technology. Presentation of MR content for Microsoft HoloLens 2 that students researched and developed during the program.
March 22, 2024	Signed a distributorship agreement with Snowflake.
March 26, 2024	System Support won first place in Snowflake's Partner Recognition Awards "The 1st SnowPro Award."
March 26, 2024	Organized "System Support presents 'Toshiie-to-Matsu' Kanazawa Castle Relay Marathon 2024 － Haru-no-Jin －"

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.
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Thank you

システムサポート