



\* Notes

(1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes, (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

(3) Changes in accounting principles and changes or restatement of accounting estimates

- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
- (ii) Changes in accounting principles other than (i): Not applicable
- (iii) Changes in accounting estimates: Not applicable
- (iv) Restatement: Not applicable

(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes, (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

(4) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of period (including treasury shares):
- 2) Number of treasury shares at the end of period
- 3) Average number of shares during the period (quarterly consolidated cumulative period)

3/20:	33,700,000 shares	Year ended 12/19:	33,700,000 shares
3/20:	2,406,177 shares	Year ended 12/19:	2,406,447 shares
3/20:	31,293,757 shares	3/19:	31,294,098 shares

\* Summaries of quarterly consolidated financial results are not subject to a quarterly review by a certified public accountant or an audit corporation.

\* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors. For assumptions concerning financial forecasts, please refer to “1. Qualitative Information on Consolidated Results for the First Quarter Ended March 31, 2020, (3) Information on the future outlook, including forecast for consolidated business results” on page 4 of the accompanying materials.

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## 1. Qualitative Information on Consolidated Results for the First Quarter Ended March 31, 2020

### (1) Details of consolidated results

During the first quarter of the consolidated fiscal year under review (from January 1, 2020 to March 31, 2020), the Japanese economy showed a decelerating trend, reflecting constraints on economic activities worldwide and the turbulence of the financial and capital markets due to the global COVID-19 pandemic, in addition to the U.S.-China trade friction attributable to the U.S. trade policy.

In the information services industry, movements to create new digital businesses and implement reforms using ICT through digital transformation were expanding, and the shortage of engineers continued particularly in the latest technologies, such as AI and IoT. In addition, associated with COVID-19, ICT is becoming increasingly important in society for the establishment of a teleworking environment and the development of a communication infrastructure environment.

In this business environment, the FUJISOFT Group worked to expand its business by concentrating its resources on domains with high demand such as system infrastructure construction based on cloud services and virtualization technologies as well as fundamental technologies that support driving automation and electric power, while quickly responding to changes in the business environment, and focused on the training of specialists in cutting-edge technologies. In addition, the Company has been striving to develop the teleworking environment and improve productivity for some time. Even during the current COVID-19 pandemic, the Company promoted support for the business continuity of customers and the provision of new added value by continuing to provide the same services as before through the development of distributed systems including teleworking.

In operation system development in the System Construction segment, the Group expanded business in the domain of online business, where demand continued to be robust in the reconstruction of e-commerce sites and digital content, as well as in the domain of system infrastructure construction, where the system integration business using cloud services and virtualization technologies of global vendors was strong. Highly recognized for these efforts, the Company was certified by VMware, Inc. as a Principal Partner, the highest level in the three categories of data center virtualization, network and security, and digital workspace. In addition, to meet continued growth in ICT demand based on the theme of work efficiency improvement, including RPA (\*1), and demand for ICT investments in digital transformation using AI and IoT, the Company contributed to an improvement in the productivity and creativity of customers by providing total end-to-end support covering from the strategy formulation, design and development to operation and maintenance of ICT by strengthening its ICT consulting capabilities.

Regarding embedded/control system development, the expansion of demand continued particularly for advanced drive assistance systems (ADAS) in the domain of next-generation technologies, with a view toward introducing Autonomous Drive Level 3 (conditional driving automation), in the automotive sector. In addition, the development of automotive control software remained strong in the domain of connected, autonomous, shared and electric (CASE) mobility, including response to electric power, the dissemination of which is accelerating.

In the Products and Services segment, demand for the development of a teleworking environment expanded due to the impact of COVID-19, and the +F FS030 Wi-Fi router for consumers and the +F FS040U data communication terminal for corporations attained strong sales. In addition, the 50th annual general meeting of shareholders which the Company held on March 13 has created new possibilities of a shareholders meeting, such as an ability to exercise voting rights from remote locations by using a voting rights exercise system developed by the Company, in addition to the business report and the explanation of agenda items using its product moreNOTE (\*2), as a shareholders meeting that facilitated the attendance of as many shareholders as possible through the Internet for the first time in Japan. As such, the Company has developed activities that will lead to the creation of new value for companies and society.

As a result of these initiatives, in the first quarter under review, net sales stood at 59,707 million yen, up 8.1% year on year, thanks to the strong performance of the System Integration business. While SG&A expenses declined 0.2% year on year, to 9,506 million yen, the sales growth resulted in operating income of 4,459 million yen, up 13.1% year on year, ordinary income of 4,556 million yen, up 14.0% year on year, and profit attributable to owners of parent of 2,539 million yen, up 12.5% year on year.

\*1: RPA (Robotic Process Automation)

Automation of operations utilizing AI and Robot technologies, which replace human workers

\*2: moreNOTE

Paperless system with the largest share in the industry in terms of sales by product in the mobile content management market according to the market research report issued by ITR Corporation. This system provides services for sharing, viewing, and editing documents, videos and images easily using tablets, smartphones, and personal computers.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of embedded/control software increased, reflecting the strong performance of automotive systems and social infrastructure systems, and income rose chiefly due to an improvement in the cost-of-sales ratio of automotive systems. In operation software, sales and income increased because of the bullish results of systems, mainly for distributors, service operators and manufacturers. In Products and Services, while strong license sales resulted in a hike in sales, income decreased mainly due to a rise in the composition rate of products with a high cost-of-sales ratio. In the outsourcing business, sales increased due to the strong performance of projects for public offices, but income declined because of a fall in the ratio of highly profitable operation and maintenance projects in transactions with distributors and service providers.

As a result, net sales stood at 56,344 million yen, up 10.6% year on year. Operating income amounted to 4,246 million yen, up 24.1%.

\* The following table shows a breakdown of net sales and operating income in the SI business.

(Million yen)				
	Net sales	YoY change (%)	Operating income	YoY change (%)
SI business total	56,344	110.6	4,241	124.1
System construction	34,559	105.9	2,957	139.4
Embedded/control software	17,145	108.1	1,691	157.2
Operation software	17,414	103.8	1,265	121.0
Products and services	21,784	118.9	1,283	99.1
Products and services	18,002	122.0	986	99.5
Outsourcing	3,781	105.9	297	97.6

(Note) Operating income includes the elimination of intersegment transactions of -5 million yen.

(ii) Facility business

Net sales stood at 689 million yen, down 6.8% year on year, mainly due to a fall in rental income from office buildings owned by the Company and certain consolidated subsidiaries. Operating income decreased 44.0% year on year, to 180 million yen.

(iii) Other businesses

Net sales from other businesses amounted to 2,673 million yen, down 24.1% year on year, due to a fall in sales in the data entry business and the contact center business. Operating income decreased 81.7% year on year, to 37 million yen.

(2) Details of financial position

Total assets

Total assets stood at 215,135 million yen at the end of the consolidated first quarter under review, up 7,516 million yen from the end of the preceding consolidated fiscal year. Current assets were 91,504 million yen (up 3,495 million yen from the end of the previous fiscal year), and non-current assets were 123,630 million yen (up 4,020 million yen).

The main factor for the change in current assets was an increase in notes and accounts receivable-trade by 1,516 million yen from the end of the previous fiscal year, to 51,086 million yen as a result of growth in net sales.

Liabilities

At the end of the consolidated first quarter under review, total liabilities amounted to 88,593 million yen, up 7,795 million yen from the end of the previous fiscal year. Current liabilities were 57,732 million yen (up 9,625 million yen from the end of the previous fiscal year), and non-current liabilities were 30,861 million yen (down 1,830 million yen).

Primary factors in the change of current liabilities included an increase in notes and accounts payable-trade by 811 million yen from the end of the previous fiscal year, to 14,173 million yen and an increase in short-term loans payable, commercial paper and current portion of long-term loans payable by 12,162 million yen from the end of the previous fiscal year, to 19,321 million yen.

The main factors for the change in non-current liabilities included a 1,534 million yen decrease in deferred tax liabilities from the end of the previous fiscal year, to 57 million yen and a 280 million yen decrease in long-term loans payable from the end of the previous fiscal year, to 22,337 million yen.

Net assets

Net assets fell 279 million yen from the end of the preceding fiscal year, to 126,541 million yen at the end of the consolidated first quarter under review. As a result, the equity ratio fell to 51.9% from 54.1% at the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the cumulative first quarter of the fiscal year under review were 28,726 million yen, an increase of 2,568 million yen from the end of the previous fiscal year.

Cash flows in the cumulative first quarter of the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the cumulative first quarter of the fiscal year under review stood at 326 million yen.

The principal factors included an increase in consumption taxes and income taxes paid, despite a rise in cash inflows associated with higher sales and income.

(Cash flows from investment activities)

Net cash used in investing activities in the cumulative first quarter of the fiscal year under review came to 8,566 million yen.

This was primarily due to the purchase of non-current assets as capital investment and the purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities in the cumulative first quarter of the fiscal year under review was 10,929 million yen.

This was largely due to the issuance of commercial paper.

(3) Information on the future outlook, including forecast for consolidated business results

The first-half and full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2019 announced on February 13, 2020.

The impact of COVID-19 on business results is not reflected in our forecast for consolidated business results, because it is currently difficult to determine. If a revision becomes necessary in the months ahead, we will promptly disclose it.

## 2. Consolidated Financial Statements and Key Notes

## (1) Consolidated balance sheet

(Million yen)

	FY2019 (As of December 31, 2019)	Q1 FY2020 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	22,278	26,741
Notes and accounts receivable - trade	49,570	51,086
Short-term investment securities	7,000	5,500
Merchandise	2,190	2,071
Work in process	3,680	3,413
Raw materials and supplies	59	51
Other	3,311	2,723
Allowance for doubtful accounts	-82	-83
Total current assets	88,009	91,504
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,356	58,431
Accumulated depreciation	-28,623	-28,976
Buildings and structures, net	29,732	29,454
Land	53,135	53,135
Construction in progress	221	4,474
Other	13,479	13,552
Accumulated depreciation	-10,234	-10,397
Other, net	3,244	3,154
Total property, plant and equipment	86,334	90,219
Intangible assets		
Goodwill	275	489
Software	3,704	3,495
Other	63	63
Total intangible assets	4,043	4,047
Investments and other assets		
Investment securities	17,445	16,795
Net defined benefit asset	4,837	4,998
Deferred tax assets	3,085	2,693
Other	4,037	5,013
Allowance for doubtful accounts	-174	-138
Total investments and other assets	29,231	29,363
Total non-current assets	119,609	123,630
Total assets	207,618	215,135

(Million yen)

	FY2019 (As of December 31, 2019)	Q1 FY2020 (As of March 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	13,361	14,173
Short-term loans payable	3,193	6,356
Commercial paper	3,000	12,000
Current portion of long-term loans payable	965	965
Accrued expenses	4,562	3,698
Income taxes payable	3,534	1,837
Provision for bonuses	5,913	7,593
Provision for directors' bonuses	261	186
Provision for loss on construction contracts	194	187
Provision for loss on withdrawal from business	-	139
Other	13,118	10,593
<b>Total current liabilities</b>	<b>48,106</b>	<b>57,732</b>
<b>Non-current liabilities</b>		
Long-term loans payable	22,618	22,337
Deferred tax liabilities	1,592	57
Provision for directors' retirement benefits	482	513
Net defined benefit liability	5,780	5,746
Other	2,217	2,204
<b>Total non-current liabilities</b>	<b>32,691</b>	<b>30,861</b>
<b>Total liabilities</b>	<b>80,797</b>	<b>88,593</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,200	26,200
Capital surplus	28,807	28,807
Retained earnings	68,040	69,710
Treasury shares	-4,867	-4,867
<b>Total shareholders' equity</b>	<b>118,180</b>	<b>119,851</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,939	1,818
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	-8,047	-8,047
Foreign currency translation adjustment	-17	-96
Remeasurements of defined benefit plans	-1,796	-1,795
<b>Total accumulated other comprehensive income</b>	<b>-5,922</b>	<b>-8,120</b>
Subscription rights to shares	234	320
Non-controlling interests	14,327	14,491
<b>Total net assets</b>	<b>126,820</b>	<b>126,541</b>
<b>Total liabilities and net assets</b>	<b>207,618</b>	<b>215,135</b>



## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

## Consolidated first quarter results

(Million yen)

	Q1 FY2019 (From January 1, 2019 to March 31, 2019)	Q1 FY2020 (From January 1, 2020 to March 31, 2020)
Net sales	55,213	59,707
Cost of sales	41,746	45,741
Gross profit	13,467	13,965
Selling, general and administrative expenses	9,522	9,506
Operating income	3,944	4,459
Non-operating income		
Interest income	17	16
Share of profit of entities accounted for using equity method	27	18
Foreign exchange gains	19	43
Subsidy income	10	18
Other	41	63
Total non-operating income	116	160
Non-operating expenses		
Interest expenses	37	13
Compensation loss	–	30
Loss on retirement of non-current assets	5	5
Expenses for dealing with system failure	20	2
Other	1	12
Total non-operating expenses	64	64
Ordinary income	3,995	4,556
Extraordinary income		
Compensation for forced relocation	–	224
Total extraordinary income	–	224
Extraordinary loss		
Impairment loss	3	–
Loss on business withdrawal	–	209
Office transfer expenses	14	–
Expenses for Infectious disease measures	–	82
Total extraordinary loss	17	292
Income before income taxes	3,977	4,487
Income taxes-current	1,581	1,640
Income taxes-deferred	-396	-252
Total income taxes	1,185	1,388
Net income	2,792	3,099
Profit attributable to non-controlling interests	534	560
Profit attributable to owners of parent	2,257	2,539

Consolidated statements of comprehensive income  
 Consolidated first quarter results

(Million yen)

	Q1 FY2019 (From January 1, 2019 to March 31, 2019)	Q1 FY2020 (From January 1, 2020 to March 31, 2020)
Net income	2,792	3,099
Other comprehensive income		
Valuation difference on available-for-sale securities	83	-2,068
Deferred gains or losses on hedges	-	-0
Foreign currency translation adjustment	22	-136
Remeasurements of defined benefit plans, net of tax	53	59
Share of other comprehensive income of entities accounted for using equity method	-17	-104
Total other comprehensive income	141	-2,250
Comprehensive income	2,934	849
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,383	340
Comprehensive income attributable to non-controlling interests	551	508

## (3) Consolidated cash flow statement

(Million yen)

	Q1 FY2019 (From January 1, 2019 to March 31, 2019)	Q1 FY2020 (From January 1, 2020 to March 31, 2020)
Net cash from operating activities		
Income before income taxes	3,977	4,487
Depreciation	1,242	1,192
Impairment loss	3	—
Compensation for forced relocation	—	-224
Loss on withdrawal from business	—	209
Expenses for Infectious disease measures	—	82
Amortization of goodwill	13	14
Increase (decrease) in provision for loss on construction contracts	-10	-6
Increase (decrease) in net defined benefit liability	-81	-70
Decrease (increase) in net defined benefit asset	-104	-97
Equity in (earnings) losses of affiliates	-27	-18
Interest expenses	37	13
Office transfer expenses	14	—
Decrease (increase) in notes and accounts receivable - trade	-4,325	-1,440
Decrease (increase) in inventories	-704	351
Increase (decrease) in notes and accounts payable - trade	3,762	804
Increase (decrease) in accounts payable - labor cost	2,234	1,502
Increase (decrease) in accrued consumption taxes	-1,753	-2,308
Increase (decrease) in accounts payable-other	314	424
Decrease (increase) in long-term prepaid expenses	-24	-919
Other	-440	-1,012
Subtotal	4,125	2,987
Interest and dividends income received	19	17
Interest expenses paid	-43	-17
Income taxes paid	-1,868	-3,031
Proceeds from compensation for forced relocation	—	433
Expenses for Infectious disease measures paid	—	-63
Net cash provided by (used in) operating activities	2,232	326
Net cash from investing activities		
Payments into time deposits	-506	-2,502
Proceeds from withdrawal of time deposits	682	2,053
Purchase of property, plant and equipment	-276	-4,789
Purchase of intangible assets	-716	-434
Purchase of investment securities	-202	-2,596
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-210
Other	-526	-88
Net cash provided by (used in) investing activities	-1,545	-8,566

(Million yen)

	Q1 FY2019 (From January 1, 2019 to March 31, 2019)	Q1 FY2020 (From January 1, 2020 to March 31, 2020)
Net cash from financing activities		
Increase in short-term loans payable	3,354	6,416
Decrease in short-term loans payable	-13,256	-3,253
Proceeds from long-term loans payable	9,500	—
Repayment of long-term loans payable	-119	-291
Net increase (decrease) in commercial papers	3,000	9,000
Cash dividends paid	-553	-634
Dividends paid to non-controlling interests	-213	-294
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-4	—
Repayments of lease obligations	-12	-11
Other	2	—
Net cash provided by (used in) financing activities	1,695	10,929
Effect of exchange rate change on cash and cash equivalents	-21	-121
Net increase (decrease) in cash and cash equivalents	2,362	2,568
Cash and cash equivalents at beginning of period	24,587	26,158
Cash and cash equivalents at end of period	26,950	28,726

(4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Important changes in subsidiaries during this quarter)

Not applicable.

(Application of specific accounting treatment to the preparation of quarterly consolidated financial statements)

Q1 FY2020 (From January 1, 2020 to March 31, 2020)	
Calculation of tax expense	Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year and multiply quarterly income before income taxes by the estimated effective tax rate.

(Changes in accounting principles and changes or restatement of accounting estimates)

Not applicable.

(Segment information)

[Segment information]

I. Q1 FY2019 (From January 1, 2019 to March 31, 2019)

## 1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	50,953	739	51,693	3,520	55,213	–	55,213
Inter-segment sales or transfers	36	153	190	195	386	-386	–
Total	50,990	893	51,883	3,716	55,599	-386	55,213
Segment profit	3,421	322	3,743	203	3,947	-3	3,944

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of -3 million yen includes an elimination of inter-segment transactions of -3 million yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

## 2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.

II. Q1 FY2020 (From January 1, 2020 to March 31, 2020)

## 1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-quarter consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	56,344	689	57,033	2,673	59,707	–	59,707
Inter-segment sales or transfers	34	124	159	170	329	-329	–
Total	56,378	813	57,192	2,844	60,037	-329	59,707
Segment profit	4,246	180	4,427	37	4,465	-5	4,459

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of -5 million yen includes an elimination of inter-segment transactions of -5 million yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

## 2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.