



\* Notes

- (1) Important changes in subsidiaries during this quarter  
(changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable  
New: — (company name)  
Exception: — (company name)
- (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):

3/21:	33,700,000 shares	Year ended 12/20:	33,700,000 shares
3/21:	2,406,295 shares	Year ended 12/20:	2,406,275 shares
3/21:	31,293,721 shares	3/20:	31,293,757 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, 2021, (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, 2021

### (1) Details of consolidated results

During the first quarter of the consolidated fiscal year under review (from January 1, 2021 to March 31, 2021), although the impact of the COVID-19 pandemic continued, the Japanese economy saw a gradual resumption of economic activities and signs of recovery attributed to the effects of various policies. However, the economic outlook remains uncertain given the continual waves of infection and concerns over the impact of international affairs related to China.

In the information services industry, system investment demand remains high. This investment aims at productivity improvement and business efficiency based on workstyle reforms and digital transformation (DX), as well as innovative changes in business models themselves. In addition, the government has developed measures aimed at promoting digital investment for business reforms. With these and other movements, further growth in ICT investment is expected. At the same time, amid an uncertain economic outlook, businesses had a tendency to make investment decisions in a selective manner, such as investing intensively in domains that are essential for growth.

In this business environment, the FUJISOFT GROUP was proactive in investing its management resources in domains where demand is growing in step with workstyle reforms, which were accelerated in response to the COVID-19 pandemic and DX. At the same time, the Group continued to make upfront investment in advanced technologies and conduct aggressive sales activities in domains that have stalled temporarily due to the pandemic.

Further, it also sought to expand business in the AIS-CRM domain, which the Company has long considered a priority technology, through aggressive initiatives such as launching new security services including SOC and CSIRT (\*1).

In operation system development in the System Construction Segment, demand remained solid, despite the uncertain economic outlook, mainly in the online business domain, which continued to see brisk demand for the reconstruction of e-commerce sites, as well as in the domain of system infrastructure construction utilizing the cloud services and virtualization technologies of global vendors. Demand for the reconstruction and renewal of backbone systems also remained strong, primarily among customers engaged in consumer business. Above all, amid the trend of digital shift, an increasing number of customers in both the public and private sectors are building operation systems on the public cloud and use cloud-based services. The Company has harnessed its technological excellence to provide optimal solutions to meet diverse customer needs.

In the Microsoft license business, which the Group has been operating for many years, it has worked to expand the business in new domains such as security and system infrastructure, instead of only selling licenses, by capitalizing on its accumulated knowledge. As such, the Group has been providing solutions combining licenses and services.

In embedded/control system development, the social infrastructure domain saw the launch of commercial services of fifth-generation mobile communication systems (5G), and the construction of 5G network got fully underway. The Group expanded business with a focus on development related to infrastructure devices for mobile communication networks such as base stations and core networks.

In the machine control field, moves to hold down investment were seen during the COVID-19 pandemic, but there was strong demand for investment in advanced technologies such as AI and IoT. In addition, demand for the export of machine tools and other products for China and other overseas countries is showing a strong recovery. The Group therefore expects further business growth.

In the automotive field, there was a dip in performance caused by a decline in investment attributable to the COVID-19 pandemic. However, there was strong demand for engineers in the CASE domain, including electric and autonomous technologies. The Group therefore carried out aggressive sales activities by benefitting from the rebound in production and sales and focused its efforts on strengthening its development framework, making upfront investment in advanced technologies, and moving forward with research and development.

In the Products and Services segment, the Group maintained a strong performance through proactive sales strategies in response to the rapid increase in demand for ICT equipment, including mobile communication terminals, which was boosted by the GIGA School Program, in addition to the continued strong showing of mobile communication terminals attributed to demand related to teleworking. Regarding mobile routers, the Group established strategic systems for increasing production and maintaining stock, as well as a strategic sales system. It expects to achieve the top position in both shipment quantity for the MVNO market and the number of terminals procured by elementary and junior high schools under the GIGA School Program (according to research by the Company).

In addition, the Company built a virtual office on the internet, which enables it to activate communication in split shifts, including remote work, and to promote new normal workstyles. The Company makes use of the virtual office to improve productivity. Some customers are also using it on a trial basis, with the Company aiming to start selling it as a product that accelerates DX and teleworking.

As a result of these initiatives, in the first quarter under review, net sales stood at 65,928 million yen, up 10.4% year on year, thanks to the strong performance of the System Integration business. SG&A expenses increased 1.7% year on year, to 9,664 million yen, due to activities to receive more orders. Operating income was 4,598 million yen, up 3.1% year on year, and ordinary income was 5,162 million yen, up 13.3% year on year. Profit attributable to owners of parent was 2,908 million yen, up 14.5% year on year.

\*1: SOC (Security Operation Center) It is a specialized organization that detects and analyzes cyberattacks and gives advice on countermeasures, among other activities. The Company provides services combining network monitoring based on advanced AI filtering function and analyst analysis. CSIRT (Computer Security Incident Response Team) It is a team that specializes in addressing security incidents. The Company provides operation support for customers who are not ready to address such incidents at present, as well as those who desire to improve or enhance security.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of embedded/control software decreased, reflecting a decline in sales of automotive systems, and income declined with the worsening of the cost-of-sales ratio of machine control projects. In operation software, sales and income increased because of the bullish results for the financial sector and in the construction of system infrastructure. In Products and Services, strong license sales resulted in a hike in sales and income. In the outsourcing business, sales and income decreased mainly due to a fall in sales of maintenance service projects for the financial sector.

As a result, net sales stood at 62,844 million yen, up 11.5% year on year. Operating income amounted to 4,431 million yen, up 4.3%.

\* 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	62,844	111.5	4,432	104.5
System construction	35,590	103.0	2,804	94.8
Embedded/control software	16,463	96.0	1,388	82.1
Operation software	19,127	109.8	1,416	111.9
Products and services	27,253	125.1	1,627	126.8
Products and services	23,858	132.5	1,339	135.8
Outsourcing	3,395	89.8	288	97.0

(Note) Operating income includes the elimination of intersegment transactions of -1 million yen.

(ii) Facility business

Net sales stood at 632 million yen, down 8.3% year on year, mainly due to a decline in demand for rental meeting rooms reflecting the impact of the COVID-19 pandemic. Operating income decreased 23.0% year on year, to 139 million yen.

(iii) Other businesses

Net sales from other businesses amounted to 2,451 million yen, down 8.3% year on year, due to a fall in sales in the data entry business and the contact center business. Operating income decreased 28.2% year on year, to 26 million yen, mainly reflecting upfront investment in the regenerative medicine business.

(2) Details of financial position

Total assets

Total assets stood at 243,681 million yen at the end of the consolidated first quarter under review, up 9,144 million yen from the end of the preceding consolidated fiscal year. Current assets were 114,291 million yen (up 8,928 million yen from the end of the previous fiscal year), and non-current assets were 129,389 million yen (up 216 million yen).

The main factors in the change of current assets were a 5,433 million yen increase in cash and deposits from the end of the previous fiscal year, to 43,763 million yen and a 5,603 million yen increase of notes and accounts receivable – trade from the end of the previous fiscal year, to 58,354 million yen.

The main factor for the change in non-current asset was a 1,043 million yen increase in investment securities from the end of the previous fiscal year, to 20,229 million yen.

#### Liabilities

At the end of the consolidated first quarter under review, total liabilities amounted to 105,025 million yen, up 5,651 million yen from the end of the previous fiscal year. Current liabilities were 74,840 million yen (up 6,089 million yen from the end of the previous fiscal year), and non-current liabilities were 30,184 million yen (down 438 million yen).

The main factors in the change in current liabilities included a 6,641 million yen increase in notes and accounts payable - trade from the end of the previous fiscal year, to 19,160 million yen.

The main factors for the change in non-current liabilities included a 326 million yen decrease in deferred tax liabilities from the end of the previous fiscal year, to 1,189 million yen and a 176 million yen decrease in long-term loans payable from the end of the previous fiscal year, to 20,339 million yen.

#### Net assets

Net assets rose 3,493 million yen from the end of the preceding fiscal year, to 138,656 million yen at the end of the consolidated first quarter under review. As a result, the equity ratio fell to 50.1% from 50.7% 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 42,798 million yen, an increase of 5,347 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 3,245 million yen.

This was mainly due to an increase in money received reflecting the increase in 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 32 million yen.

This was primarily due to expenses for capital investment and investment in non-current assets, including the Company’s products, and proceeds from the withdrawal of time deposits that have reached maturity.

##### (Cash flows from financing activities)

Net cash provided by financing activities in the cumulative first quarter of the fiscal year under review was 1,807 million yen.

This was mainly due to dividend payments and funding of working capital.

#### (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, 2020 announced on February 10, 2021.

## 2. Consolidated Financial Statements and Key Notes

## (1) Consolidated balance sheet

(Million yen)

	FY2020 (As of December 31, 2020)	Q1 FY2021 (As of March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	38,330	43,763
Notes and accounts receivable – trade	52,750	58,354
Securities	6,000	5,000
Merchandise	2,067	2,048
Work in process	3,419	2,601
Raw materials and supplies	39	35
Other	2,863	2,597
Allowance for doubtful accounts	-106	-109
<b>Total current assets</b>	<b>105,363</b>	<b>114,291</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	58,537	58,571
Accumulated depreciation	-29,839	-30,204
Buildings and structures, net	28,697	28,366
Land	53,155	53,173
Construction in progress	4,908	4,687
Other	13,922	14,535
Accumulated depreciation	-10,756	-11,055
Other, net	3,166	3,479
<b>Total property, plant and equipment</b>	<b>89,928</b>	<b>89,707</b>
<b>Intangible assets</b>		
Goodwill	444	429
Software	4,205	4,231
Other	55	54
<b>Total intangible assets</b>	<b>4,705</b>	<b>4,716</b>
<b>Investments and other assets</b>		
Investment securities	19,185	20,229
Net defined benefit asset	5,275	5,454
Deferred tax assets	2,903	2,473
Other	7,321	6,960
Allowance for doubtful accounts	-146	-151
<b>Total investments and other assets</b>	<b>34,539</b>	<b>34,965</b>
<b>Total non-current assets</b>	<b>129,173</b>	<b>129,389</b>
<b>Total assets</b>	<b>234,537</b>	<b>243,681</b>

(Million yen)

	FY2020 (As of December 31, 2020)	Q1 FY2021 (As of March 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	12,519	19,160
Short-term loans payable	20,725	20,505
Current portion of long-term loans payable	3,431	6,704
Accrued expenses	4,638	3,922
Income taxes payable	3,155	2,092
Provision for bonuses	6,162	7,633
Provision for directors' bonuses	271	185
Provision for loss on construction contracts	225	163
Provision for business restructuring	12	10
Provision for loss on withdrawal from business	93	82
Provision for subsidy repayment	439	448
Other	17,076	13,932
<b>Total current liabilities</b>	<b>68,751</b>	<b>74,840</b>
<b>Non-current liabilities</b>		
Long-term loans payable	20,515	20,339
Deferred tax liabilities	1,516	1,189
Provision for directors' retirement benefits	513	499
Net defined benefit liability	5,901	5,885
Other	2,176	2,270
<b>Total non-current liabilities</b>	<b>30,623</b>	<b>30,184</b>
<b>Total liabilities</b>	<b>99,374</b>	<b>105,025</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,200	26,200
Capital surplus	28,808	28,808
Retained earnings	74,868	77,056
Treasury shares	-4,868	-4,868
<b>Total shareholders' equity</b>	<b>125,008</b>	<b>127,196</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,994	4,568
Deferred gains or losses on hedges	-0	0
Revaluation reserve for land	-8,047	-8,047
Foreign currency translation adjustment	-53	99
Remeasurements of defined benefit plans	-1,918	-1,753
<b>Total accumulated other comprehensive income</b>	<b>-6,025</b>	<b>-5,132</b>
Subscription rights to shares	566	649
Non-controlling interests	15,613	15,942
<b>Total net assets</b>	<b>135,163</b>	<b>138,656</b>
<b>Total liabilities and net assets</b>	<b>234,537</b>	<b>243,681</b>

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

Consolidated statements of income

Consolidated first quarter results

	(Million yen)	
	Q1 FY2020 (From January 1, 2020 to March 31, 2020)	Q1 FY2021 (From January 1, 2021 to March 31, 2021)
Net sales	59,707	65,928
Cost of sales	45,741	51,665
Gross profit	13,965	14,262
Selling, general and administrative expenses	9,506	9,664
Operating income	4,459	4,598
Non-operating income		
Interest income	16	20
Share of profit of entities accounted for using equity method	18	131
Foreign exchange gains	43	372
Subsidy income	18	7
Other	63	67
Total non-operating income	160	599
Non-operating expenses		
Interest expenses	13	17
Compensation loss	30	-
Loss on retirement of non-current assets	5	11
Expenses for dealing with system failure	2	0
Other	12	6
Total non-operating expenses	64	35
Ordinary income	4,556	5,162
Extraordinary income		
Gain on sales of investment securities	-	7
Compensation for forced relocation	224	-
Total extraordinary income	224	7
Extraordinary losses		
Loss on business withdrawal	209	-
Expenses for measures against infectious diseases	82	26
Total extraordinary losses	292	26
Income before income taxes	4,487	5,143
Income taxes-current	1,640	1,800
Income taxes-deferred	-252	-185
Total income taxes	1,388	1,614
Net income	3,099	3,529
Profit attributable to non-controlling interests	560	621
Profit attributable to owners of parent	2,539	2,908

Consolidated statements of comprehensive income  
 Consolidated first quarter results

	(Million yen)	
	Q1 FY2020 (From January 1, 2020 to March 31, 2020)	Q1 FY2021 (From January 1, 2021 to March 31, 2021)
Net income	3,099	3,529
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,068	573
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-136	256
Remeasurements of defined benefit plans, net of tax	59	91
Share of other comprehensive income of entities accounted for using equity method	-104	88
Total other comprehensive income	-2,250	1,010
Comprehensive income	849	4,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	340	3,800
Comprehensive income attributable to non-controlling interests	508	739

## (3) Consolidated cash flow statement

(Million yen)

	Q1 FY2020 (From January 1, 2020 to March 31, 2020)	Q1 FY2021 (From January 1, 2021 to March 31, 2021)
Net cash from operating activities		
Income before income taxes	4,487	5,143
Depreciation	1,192	1,593
Compensation for forced relocation	-224	-
Loss on business withdrawal	209	-
Expenses for measures against infectious diseases	82	26
Amortization of goodwill	14	14
Increase (decrease) in provision for loss on construction contracts	-6	-73
Increase (decrease) in net defined benefit liability	-70	119
Decrease (increase) in net defined benefit asset	-97	-110
Equity in (earnings) losses of affiliates	-18	-131
Interest expenses	13	17
Foreign exchange losses (gains)	44	-441
Loss (gain) on sales of investment securities	-	-7
Decrease (increase) in notes and accounts receivable - trade	-1,440	-5,559
Decrease (increase) in inventories	351	838
Increase (decrease) in notes and accounts payable - trade	804	6,611
Increase (decrease) in accounts payable - labor cost	1,502	1,513
Increase (decrease) in accrued consumption taxes	-2,308	-2,301
Increase (decrease) in accounts payable - other	424	-198
Decrease (increase) in long-term prepaid expenses	-919	248
Other	-1,056	-1,491
Subtotal	2,987	5,811
Interest and dividends income received	17	21
Interest expenses paid	-17	-20
Income taxes paid	-3,031	-2,562
Proceeds from compensation for forced relocation	433	-
Expenses for measures against infectious diseases paid	-63	-4
Net cash provided by (used in) operating activities	326	3,245
Net cash from investing activities		
Payments into time deposits	-2,502	-3,637
Proceeds from withdrawal of time deposits	2,053	4,910
Purchase of property, plant and equipment	-4,789	-612
Purchase of intangible assets	-434	-770
Purchase of investment securities	-2,596	-0
Proceeds from sales of investment securities	-	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-210	-
Other	-88	69
Net cash provided by (used in) investing activities	-8,566	-32

(Million yen)

	Q1 FY2020 (From January 1, 2020 to March 31, 2020)	Q1 FY2021 (From January 1, 2021 to March 31, 2021)
Net cash from financing activities		
Increase in short-term loans payable	6,416	4,900
Decrease in short-term loans payable	-3,253	-5,120
Proceeds from long-term loans payable	—	3,500
Repayment of long-term loans payable	-291	-407
Net increase (decrease) in commercial papers	9,000	—
Cash dividends paid	-634	-661
Dividends paid to non-controlling interests	-294	-391
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-0
Other	-11	-12
Net cash provided by (used in) financing activities	10,929	1,807
Effect of exchange rate change on cash and cash equivalents	-121	327
Net increase (decrease) in cash and cash equivalents	2,568	5,347
Cash and cash equivalents at beginning of period	26,158	37,450
Cash and cash equivalents at end of period	28,726	42,798

## (4) Notes to consolidated financial statements

(Segment information)

[Segment information]

## I. 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.

## II. Q1 FY2021 (From January 1, 2021 to March 31, 2021)

## 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	62,844	632	63,477	2,451	65,928	–	65,928
Inter-segment sales or transfers	13	186	200	165	365	-365	–
Total	62,858	818	63,677	2,616	66,294	-365	65,928
Segment profit	4,431	139	4,570	26	4,597	1	4,598

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 1 million yen includes an elimination of inter-segment transactions of 1 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.

(Post-balance sheet events)

Sales of shares in an equity method affiliated company

On February 12, 2021, the Company entered into a tender agreement on the common shares of ACE Securities Co., Ltd., an equity method affiliated company with Tokai Tokyo Financial Holdings, Inc. In accordance with this agreement, the Company made an application regarding 1,345,000 shares of common stock of ACE Securities Co., Ltd. that it holds. This tender offer was completed upon the announcement of the result of the tender offer on March 30, 2021.

Payment under this tender offer was completed on April 16, 2021, and ACE Securities Co., Ltd. will be excluded from equity method affiliated companies of the Company.

The impact of the sales of the shares does not cause a revision to the Company's forecast for consolidated business results.

1. Name and business of the affiliated company and details of its transactions with the Company

Name:	ACE Securities Co., Ltd.
Business:	Financial instruments business
Contents of trades:	Sales, etc.

2. Number of shares sold, sales price, effect of the sales, and ownership ratio after the sales

Number of shares sold:	1,345,000
Sales price:	4,330 million yen
Profit (loss) on the sales:	(2,169 million yen)
Ownership ratio after the sales:	-%