



Results of Operations for the First Quarter of FY2021

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FUJI SOFT INCORPORATED



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Results of Operations for the First Quarter of the Fiscal Year Ending December 2021

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1. Consolidated Financial Highlights

Net sales rose due to strong performance in Products and Services and System Construction.

Net sales rose 10.4% year on year, to 65,928 million yen, thanks to the strong performance of Products and Services, especially in sales of licenses and hardware products, as well as the solid performance of system infrastructure construction in operation software.

Operating income rose due to higher sales.

◇ Operating income rose 3.1% year on year, to 4,598 million yen, reflecting the rise in sales.

◇ Ordinary income increased 13.3% year on year, to 5,162 million yen.

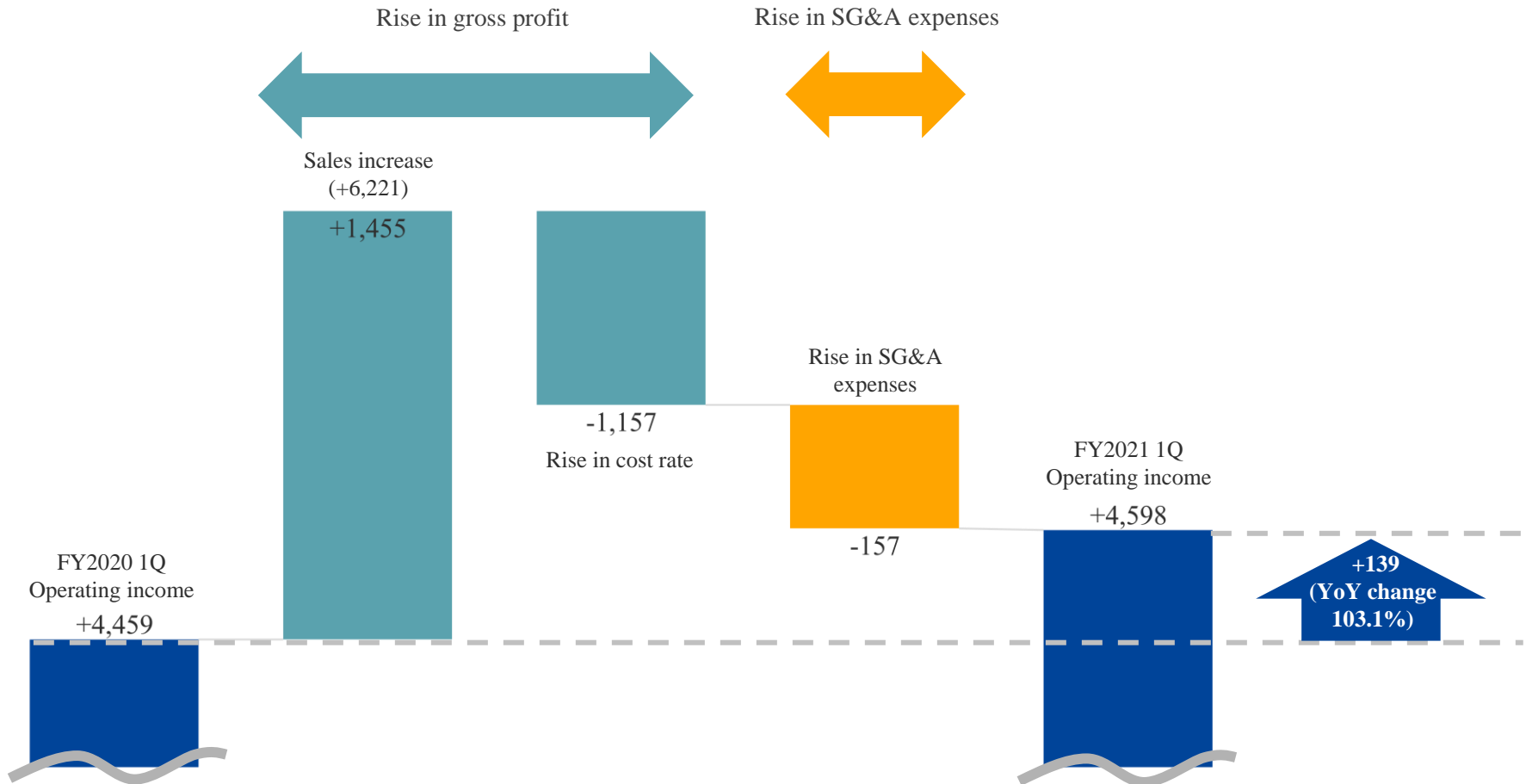
◇ Profit attributable to owners of parent stood at 2,908 million yen, up 14.5% year on year.

(Million yen)

	FY2020 1Q Results	FY2021 1Q Results	YoY change (Amount)	YoY change (%)	FY2021 1Q Plan	Comparison with the plan
Net sales	59,707	65,928	+6,221	110.4%	60,000	109.9%
Operating income	4,459	4,598	+139	103.1%	4,700	97.8%
Operating income margin	7.1%	7.0%			7.8%	
Ordinary income	4,556	5,162	+606	113.3%	4,800	107.6%
Ordinary income margin	7.2%	7.8%			8.0%	
Profit attributable to owners of parent	2,539	2,908	+368	114.5%	2,600	111.8%
Profit margin attributable to owners of parent	4.1%	4.4%			4.3%	



Trends in Consolidated Operating Income (1Q)





2. Sales/Operating Income by Major Companies of the Group

(Million yen)

	FY2021	Net sales	Operating income	
FUJI SOFT INCORPORATED	1Q Results	46,177	2,569	Net sales grew, reflecting strong performances of system infrastructure construction and development for the financial sector in operation software development, as well as brisk sales of licenses from other companies and hardware products in the Products and Services segment. Operating income declined due to an increase in sales of hardware products from other companies and the generation of some temporary unprofitable projects, and because human resources were increased in advance to reinforce the system for receiving orders in response to an increase in inquiries.
	YoY change (Amount)	+6,049	-71	
	YoY change (%)	115.1%	97.3%	
CYBERNET SYSTEMS Co., Ltd.	1Q Results	5,160	651	Net sales expanded, mainly reflecting an increase in sales at certain overseas subsidiaries, notably in Taiwan and China, offsetting sales slides in CAE solution services in Japan, IT solution services in Japan, and others. Operating income grew following the sales growth and decrease in expenses.
	YoY change (Amount)	+41	+109	
	YoY change (%)	100.8%	120.1%	
VINX CORP.	1Q Results	7,514	790	Sales increased chiefly due to growing needs for DX in the retail industry in Japan and the deepening of relationships with existing customers, offsetting a decline in overseas sales attributable to the impact of COVID-19. Operating income increased, mainly reflecting improvements in productivity.
	YoY change (Amount)	+11	+35	
	YoY change (%)	100.2%	104.6%	
CYBER COM Co., Ltd.	1Q Results	3,717	402	Sales increased thanks to the strong performance of projects to construct call centers with the Company's products in the service business, in addition to the solid performance of communication system development projects in the software development business. Operating income grew following the sales growth and decrease in expenses.
	YoY change (Amount)	+233	+88	
	YoY change (%)	106.7%	128.1%	
FUJI SOFT SERVICE BUREAU INCORPORATED	1Q Results	2,148	109	Sales increased due to the strong performance of BPO services for public offices and local governments. Sales from call center services declined overall because some projects for public offices were terminated, offsetting the strong performance of projects for local governments and private corporations. Operating income rose thanks to the contribution of highly profitable projects.
	YoY change (Amount)	-136	+16	
	YoY change (%)	94.0%	117.6%	

* Results from January to March, 2021 are stated in the FY2021 1Q results column.



3. Consolidated Sales/Operating Income by Segment

(Million yen)

	FY2021 Net sales		YoY change (Amount)	YoY change (%)	FY2021 Operating income		YoY change (Amount)	YoY change (%)
	1Q Results	Component ratio			1Q Results	Operating income margin		
Consolidated total	65,928	100.0%	+6,221	110.4%	4,598	7.0%	+139	103.1%
SI Business	62,844	95.3%	+6,500	111.5%	4,432	7.1%	+191	104.5%
System Construction	35,590	54.0%	+1,031	103.0%	2,804	7.9%	-153	94.8%
Embedded/Control Software	16,463	25.0%	-681	96.0%	1,388	8.4%	-303	82.1%
Operation Software	19,127	29.0%	+1,713	109.8%	1,416	7.4%	+150	111.9%
Products and Services	27,253	41.3%	+5,469	125.1%	1,627	6.0%	+344	126.8%
Products and Services	23,858	36.2%	+5,856	132.5%	1,339	5.6%	+353	135.8%
Outsourcing	3,395	5.1%	-386	89.8%	288	8.5%	-9	97.0%
Facility Business	632	1.0%	-57	91.7%	139	22.0%	-41	77.0%
Other Businesses	2,451	3.7%	-222	91.7%	26	1.1%	-10	71.8%

Highlights of Sales by Segment

- **Embedded/Control Software**

Sales declined 4.0% year on year due to a decline in sales of automotive systems and mobile systems, offsetting the strong performance of social infrastructure systems.

Operating income was down 17.9% year on year, following the sales decline.

- **Operation Software**

Sales increased 9.8% year on year, reflecting the robust performance of system infrastructure construction and strong sales to the financial sector.

Sales growth pushed operating income up 11.9% year on year.

- **Products and Services**

Sales increased 32.5% year on year, due to bullish sales of licenses from other companies and hardware products.

Operating income also rose 35.8% year on year following the sales growth.

- **Outsourcing**

Sales contracted 10.2% year on year due mainly to the shrinkage of service fees because of the closure of stores of overseas customers.

Operating income declined 3% year on year due to lower sales.



4. Consolidated Income Statement

(Million yen)

	FY2020 1Q Results	FY2021 1Q Results	YoY change (Amount)	YoY change (%)	FY2021 1Q Plan	Comparison with the plan
Net sales	59,707	65,928	+6,221	110.4%	60,000	109.9%
Cost of sales	45,741	51,665	+5,923	113.0%	—	—
Cost of sales margin	76.6%	78.4%	(1)			
Gross profit	13,965	14,262	+297	102.1%	—	—
Gross profit margin	23.4%	21.6%				
SG&A expenses	9,506	9,664	+157	101.7%	—	—
SG&A expense ratio	15.9%	14.7%				
Operating income	4,459	4,598	+139	103.1%	4,700	97.8%
Operating income margin	7.5%	7.0%			7.8%	
Non-operating income	142	467	+325 (2)	328.3%	—	—
Non-operating expenses	64	35	-28	55.0%	—	—
Share of (profit) loss of entities accounted for using equity method	18	131	+113 (3)	718.6%	—	—
Ordinary income	4,556	5,162	+606	113.3%	4,800	107.6%
Ordinary income margin	7.6%	7.8%			8.0%	
Extraordinary income	224	7	-216	3.5%	—	—
Extraordinary losses	292	26	-265	9.1%	—	—
Income before income taxes	4,487	5,143	+656	114.6%	—	—
Total income taxes	1,388	1,614	+225	116.3%	—	—
Net income	3,099	3,529	+430	113.9%	—	—
Profit attributable to non- controlling interests	560	621	+61	111.0%	—	—
Profit attributable to owners of parent	2,539	2,908	+368	114.5%	2,600	111.8%
Profit margin attributable to owners of parent	4.3%	4.4%			4.3%	

Points of Income Statement

(1) Cost of sales margin (78.4%)

An increase due in part to growth in sales of hardware products from other companies and temporary unprofitable projects.

(2) Non-operating income (+325 million yen)

An increase due in part to foreign exchange gains that resulted from the weak yen.

(3) Share of (profit) loss of entities accounted for using equity method (+113 million yen)

Increase in equity in earnings of affiliates related to ACE Securities Co., Ltd.



5. Consolidated Balance Sheet

	(Million yen)		
	End of FY2020	End of 1Q of FY2021	Change (Amount)
Current assets	105,363	114,291	+8,928
Cash and deposits	38,330	43,763	+5,433 (1)
Notes and accounts receivable – trade	52,750	58,354	+5,603 (2)
Securities	6,000	5,000	-1,000
Inventories	5,526	4,686	-840
Other	2,756	2,487	-268
Non-current assets	129,173	129,389	+216
Property, plant and equipment	89,928	89,707	-220
Intangible assets	4,705	4,716	+10
Investments and other assets	34,539	34,965	+425
Total assets	234,537	243,681	+9,144
Current liabilities	68,751	74,840	+6,089
Notes and accounts payable - trade	12,519	19,160	+6,641 (2)
Short-term loans payable	24,156	27,209	+3,052 (1)
Accrued expenses / provision for bonus	10,801	11,555	+754
Income taxes payable	3,155	2,092	-1,063
Provision for loss on construction contracts	319	245	-73
Other	17,799	14,577	-3,222
Non-current liabilities	30,623	30,184	-438
Long-term loans payable	20,515	20,339	-176
Other	10,107	9,845	-262
Total liabilities	99,374	105,025	+5,651
Total net assets	135,163	138,656	+3,493
Total liabilities and net assets	234,537	243,681	+9,144

Points of the Balance Sheet

- (1) [Cash and deposits](#) (+5,433 million yen)
[Short-term loans payable](#) (+3,052 million yen)

Securing of working capital as a result of business expansion

- (2) [Notes and accounts receivable – trade](#) (+5,603 million yen)
[Notes and accounts payable – trade](#) (+6,641 million yen)

An increase in operating receivables and purchasing, attributable to an increase in hardware product sales projects.



6. Consolidated Cash Flow Statement

(Million yen)

	FY2020 1Q Results	FY2021 1Q Results	YoY change (Amount)
Cash flows from operating activities	326	3,245	+2,919
Cash flows from investing activities	-8,566	-32	+8,534
Cash flows from financing activities	10,929	1,807	-9,122
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	

Highlights of Cash Flows

- **Cash flows from operating activities**

Net cash provided by operating activities stood at 3,245 million yen due to an increase in money received, attributable to higher sales and profits. The amount is up 2,919 million yen year on year due to the payment for major license procurement in the previous year and money received from a major hardware sales project in the first quarter under review.

- **Cash flows from investing activities**

Net cash used in investing activities came to 32 million yen due to payments related to the Company's products and capital investment, which offset proceeds from the withdrawal of matured time deposits in the first quarter under review. The amount is up 8,534 million yen year on year due to payments for office building construction and others in the previous year.

- **Cash flows from financing activities**

Net cash provided by financing activities was 1,807 million yen due to borrowings for the working capital. The amount is down 9,122 million yen year on year due to fund-raising for office building construction and other purposes in the previous year.

7. Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2021 1Q results							
	Order backlog at beginning of term	YoY change (%)	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business total	60,265	110.1%	64,261	105.6%	62,844	111.5%	61,681	104.1%
System Construction	35,768	102.5%	37,800	102.9%	35,590	103.0%	37,978	102.5%
Embedded/Control Software	14,075	99.6%	16,927	95.2%	16,463	96.0%	14,539	98.5%
Operation Software	21,693	104.5%	20,872	110.2%	19,127	109.8%	23,438	105.1%
Products and Services	24,496	123.6%	26,461	109.5%	27,253	125.1%	23,703	106.9%
Products and Services	22,412	130.8%	22,986	111.0%	23,858	132.5%	21,539	108.6%
Outsourcing	2,084	77.7%	3,474	100.8%	3,395	89.8%	2,163	92.2%

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software

Orders decreased 4.8% year on year given a decline in orders for automotive systems and mobile systems. The order backlog at the end of the term decreased 1.5% year on year.

- Operation Software

Orders increased 10.2% year on year thanks to strong orders, mainly from distributors, service operators, and public offices, offsetting a decline in orders from the manufacturing sector. The order backlog at the end of the term rose 5.1% year on year.

● Highlights in Products and Services

- Products and Services

Orders increased 11.0% year on year thanks to strong sales of licenses from other companies and hardware products. The order backlog at the end of the term increased 8.6% year on year.

- Outsourcing

Orders increased 0.8% year on year thanks to an increase in operation and maintenance projects, offsetting a decline in orders for services for the distribution sector. The order backlog at the end of the term dropped 7.8% year on year.



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