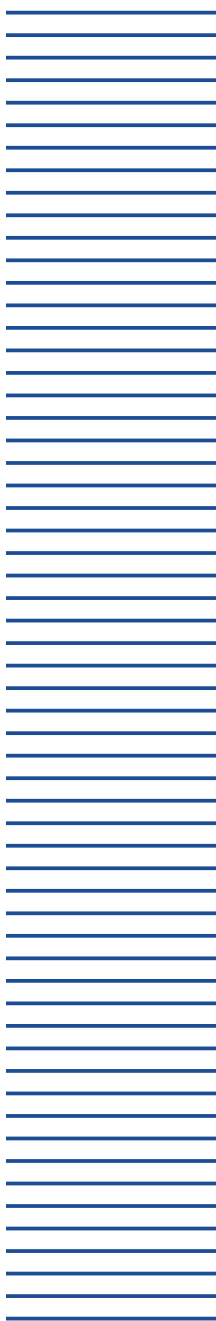




Results of Operations for the First Quarter of FY2022

May 12, 2022

FUJI SOFT INCORPORATED





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Results of Operations for the First Quarter of the Fiscal Year Ending December 2022

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1. Consolidated Financial Highlights (Jan-Mar)

Net sales increased due to strong results in the system construction business.

- ◇ Net sales rose 4.5% year on year, to 68,874 million yen, due primarily to the strong results of system infrastructure construction projects in operation software and steady performance of machine control systems in embedded software.

Operating income rose due to higher sales in the system construction business.

- ◇ Operating income rose 10.7% year on year, to 5,089 million yen, due to an increase in embedded software development projects and BPO services, despite the impact of the expiration of sales agency contracts at some Group companies and unprofitable projects.
- ◇ Ordinary income rose 5.5% year on year, to 5,446 million yen, in part due to a rise in sales and foreign exchange gains.
- ◇ Profit attributable to owners of parent stood at 3,337 million yen, up 14.8% year on year.

(Million yen)

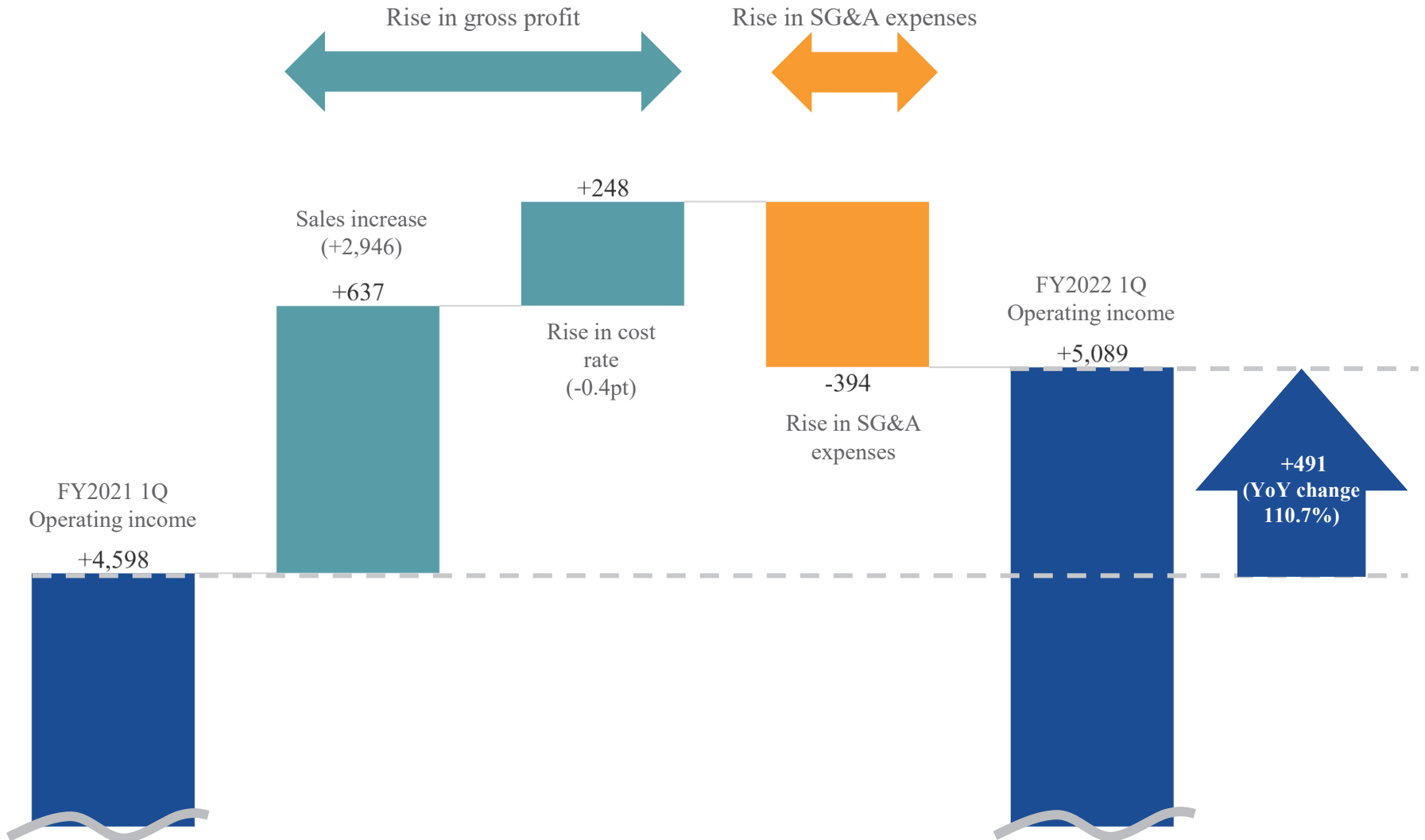
	FY2021 1Q Results	FY2022 1Q Results	YoY change (Amount)	YoY change (%)	FY2022 1Q Plan	Comparison with the plan
Net sales	65,928	68,874	+2,946	104.5%	66,700	103.3%
Operating income	4,598	5,089	+491	110.7%	4,200	121.2%
Operating income margin	7.0%	7.4%			6.3%	
Ordinary income	5,162	5,446	+283	105.5%	4,800	113.5%
Ordinary income margin	7.8%	7.9%			7.2%	
Profit attributable to owners of parent	2,908	3,337	+429	114.8%	2,600	128.4%
Profit margin attributable to owners of parent	4.4%	4.8%			3.9%	

* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)



Trends in Consolidated Operating Income (1Q)

(Million yen)



* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)



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

(Million yen)

	FY2022	Net sales	Operating income	
FUJI SOFT INCORPORATED	1Q Results	47,913	3,053	Net sales increased due primarily to the strong results of system infrastructure construction projects in operation software and of machine control systems in embedded software. Operating income increased, chiefly reflecting an increase in sales from embedded software development, despite the presence of unprofitable projects.
	YoY change (Amount)	+1,735	+484	
	YoY change (%)	103.8%	118.9%	
CYBERNET SYSTEMS Co., Ltd.	1Q Results	4,636	471	Net sales decreased due to the termination of sales agency contract with Synopsys, Inc. on October 1, 2021. Operating income decreased due to lower sales.
	YoY change (Amount)	-524	-179	
	YoY change (%)	89.8%	72.4%	
VINX CORP.	1Q Results	7,919	843	Net sales increased chiefly due to growing needs for DX in the retail industry in Japan and the deepening of relationships with existing customers. Operating income increased due to higher sales.
	YoY change (Amount)	+405	+52	
	YoY change (%)	105.4%	106.6%	
CYBER COM Co., Ltd.	1Q Results	4,155	448	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)	+438	+45	
	YoY change (%)	111.8%	111.2%	
FUJI SOFT SERVICE BUREAU INCORPORATED	1Q Results	2,884	293	Net sales increased, having remained strong due to demand for fixed-term outsourcing services related to the COVID-19 measures of government offices and local governments in both BPO services and call center services. Operating income rose thanks to the contribution of sales growth and highly profitable projects.
	YoY change (Amount)	+735	+184	
	YoY change (%)	134.3%	268.8%	

* Results from January to March, 2022 are stated in the FY2022 1Q results column.

* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)



3. Consolidated Sales/Operating Income by Segment

* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)

(Million yen)

	FY2022 Net sales		YoY change (Amount)	YoY change (%)	FY2022 Operating income		YoY change (Amount)	YoY change (%)
	1Q Results	Component ratio			1Q Results	Operating income margin		
Consolidated total	68,874	100.0%	+2,946	104.5%	5,089	7.4%	+491	110.7%
SI Business	64,926	94.3%	+2,082	103.3%	4,612	7.1%	+180	104.1%
System Construction	40,522	58.8%	+4,931	113.9%	3,041	7.5%	+236	108.4%
Embedded/Control Software	18,235	26.5%	+1,771	110.8%	1,768	9.7%	+380	127.4%
Operation Software	22,286	32.4%	+3,159	116.5%	1,272	5.7%	-143	89.8%
Products and Services	24,404	35.4%	-2,849	89.5%	1,571	6.4%	-56	96.5%
Products and Services	20,732	30.1%	-3,126	86.9%	1,309	6.3%	-30	97.7%
Outsourcing	3,671	5.3%	+276	108.2%	262	7.2%	-25	91.2%
Facility Business	706	1.0%	+74	111.8%	170	24.1%	+30	122.1%
Other Businesses	3,240	4.7%	+789	132.2%	307	9.5%	+280	1143.8%

Highlights of Sales by Segment

● Embedded/Control Software

Net sales rose 10.8% year on year, having remained strong in machine control systems, the automotive sector, and other sectors. Operating income also rose 27.4% year on year because sales increased and unprofitable projects have been on a downward trend since the previous fiscal year.

● Operation Software

Net sales increased 16.5% year on year, reflecting the robust performance of system infrastructure construction projects and development projects for the financial sector. Operating income decreased 10.2% year on year due to the impact of unprofitable projects.

● Products and Services

Net sales decreased 13.1% year on year owing to large PC sales for the GIGA School Program in the previous year. Operating income decreased 2.3% year on year.

● Outsourcing

Net sales rose 8.2% year on year, reflecting an increase in operation and maintenance projects. Operating income declined 8.8% year on year due to temporary spending associated with the data center transfer.



4. Consolidated Income Statement

	(Million yen)					
	FY2021 1Q Results	FY2022 1Q Results	YoY change (Amount)	YoY change (%)	FY2022 1Q Plan	Comparison with the plan
Net sales	65,928	68,874	+2,946	104.5%	66,700	103.3%
Cost of sales	51,665	53,725	+2,060	104.0%	—	—
Cost of sales margin	78.4%	78.0%	(1)			
Gross profit	14,262	15,148	+886	106.2%	—	—
Gross profit margin	21.6%	22.0%				
SG&A expenses	9,664	10,058	+394 (2)	104.1%	—	—
SG&A expense ratio	14.7%	14.6%				
Operating income	4,598	5,089	+491	110.7%	4,200	121.2%
Operating income margin	7.0%	7.4%			6.3%	
Non-operating income	467	362	-105	77.5%	—	—
Non-operating expenses	35	18	-16	51.9%	—	—
Share of (profit) loss of entities accounted for using equity method	131	12	-118	9.5%	—	—
Ordinary income	5,162	5,446	+283	105.5%	4,800	113.5%
Ordinary income margin	7.8%	7.9%			7.2%	
Extraordinary income	7	-	-7	-	—	—
Extraordinary losses	26	69	+43	263.7%	—	—
Income before income taxes	5,143	5,376	+232	104.5%	—	—
Total income taxes	1,614	1,427	-187	88.4%	—	—
Net income	3,529	3,949	+419	111.9%	—	—
Profit attributable to non- controlling interests	621	612	-9	98.5%	—	—
Profit attributable to owners of parent	2,908	3,337	+429	114.8%	2,600	128.4%
Profit margin attributable to owners of parent	4.4%	4.8%			3.9%	

Points of Income Statement

(1) Cost of sales margin (78.0%)

Improved due in part to a major PC sales project related to the GIGA School Program in the previous year and a decline in the ratio of sales from product sales with high cost to sales ratios in the current fiscal year.

(2) SG&A expenses (+394 million yen)

Increased in part due to an increase in labor costs associated with a personnel increase for responding to strong orders

* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)



5. Consolidated Balance Sheet

	End of FY2021	End of 1Q of FY2022	Change (Amount)
Current assets	111,128	112,307	+ 1,178
Cash and deposits	40,351	34,945	-5,406
Notes and accounts receivable - trade	57,352	60,535	+ 3,182
Securities	5,000	7,000	+ 2,000
Inventories	4,449	4,279	-170
Other	3,974	5,547	+ 1,572
Non-current assets	117,786	119,885	+ 2,098
Property, plant and equipment	90,344	92,347	+ 2,002
Intangible assets	4,547	4,391	-156
Investments and other assets	22,894	23,146	+ 251
Total assets	228,915	232,192	+ 3,276
Current liabilities	68,018	70,365	+ 2,347
Notes and accounts payable – trade	12,947	14,353	+ 1,405
Short-term loans payable	19,462	21,373	+ 1,910
Accrued expenses / provision for bonus	11,971	12,824	+ 853
Income taxes payable	5,247	2,211	-3,035
Provision for loss on construction contracts	266	229	-37
Other	18,122	19,372	+ 1,250
Non-current liabilities	17,928	17,471	-457
Long-term loans payable	9,366	9,186	-179
Other	8,562	8,284	-277
Total liabilities	85,946	87,836	+ 1,890
Total net assets	142,968	144,355	+ 1,386
Total liabilities and net assets	228,915	232,192	+ 3,276

Points of the Balance Sheet

There are no special notes although there are fluctuations attributable to seasonal factors.



6. Consolidated Cash Flow Statement

(Million yen)

	FY2021 1Q Results	FY2022 1Q Results	YoY change (Amount)
Cash flows from operating activities	3,245	-1,758	-5,004
Cash flows from investing activities	-32	-2,637	-2,604
Cash flows from financing activities	1,807	174	-1,632
Effect of exchange rate change on cash and cash equivalents	327	366	
Net increase (decrease) in cash and cash equivalents	5,347	-3,854	
Cash and cash equivalents at beginning of period	37,450	40,876	
Cash and cash equivalents at end of period	42,798	37,021	

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash used in operating activities was 1,758 million yen due to an increase in the payment of income taxes, offsetting an increase in money received reflecting the increase in sales and income in the current fiscal year.

The amount decreased 5,004 million yen year on year due to the presence of notes and accounts payable - trade for the major PC sales project in the previous fiscal year.

- [Cash flows from investing activities](#)

Net cash used in investing activities came to 2,637 million yen mainly due to construction expenses to secure office space.

The amount decreased 2,604 million yen year on year due to the withdrawal of time deposits in the previous fiscal year.

- [Cash flows from financing activities](#)

Net cash provided by financing activities stood at 174 million yen,

The amount decreased 1,632 million yen year on year due to borrowing for the securing of working capital in the previous period.



7. Orders and Order Backlogs for the Consolidated SI Business

* A new revenue recognition standard began to be applied in the current fiscal year. (Values for the previous fiscal year are based on the old standard.)

(Million yen)

	Order backlog at beginning of term	YoY change (%)	FY2022 1Q results						
			Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)	
SI Business total	60,121	99.8%	69,573	108.3%	64,926	103.3%	64,767	105.0%	2
System Construction	38,273	107.0%	41,022	108.5%	40,522	113.9%	38,773	102.1%	3
Embedded/Control Software	13,506	96.0%	18,325	108.3%	18,235	110.8%	13,596	93.5%	4
Operation Software	24,766	114.2%	22,697	108.7%	22,286	116.5%	25,177	107.4%	
Products and Services	21,847	89.2%	28,550	107.9%	24,404	89.5%	25,993	109.7%	
Products and Services	1 19,995	89.2%	24,577	106.9%	20,732	86.9%	23,839	110.7%	
Outsourcing	1,852	88.9%	3,973	114.4%	3,671	108.2%	2,154	99.5%	

1: Order backlog at beginning of term was changed reflecting the application of the new revenue recognition standard. (+1,786 million yen)

2, 3: The timing for the posting of a part of orders received was changed due to a revision of internal rules for posting orders received.

The year-end order backlog in the System Integration business based on the conventional posting method was 106.8% of that in the same period of the previous year (a year-on-year increase of 6.8%) and the year-end order backlog in System Construction was 105.0% of that in the same period of the previous year (a year-on-year increase of 5.0%).

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software

Orders received increased 8.3% year on year due in part to an increase in machine control systems and social infrastructures and others.

The order backlog at the end of the term dropped 6.5% year on year.

4: The year-end order backlog based on the conventional posting method is 101.1% of that in the same period of the previous year (a year-on-year increase of 1.1%).

- Operation Software

Orders received increased 8.7% year on year with growth in projects for the financial sector, together with system infrastructure construction.

The order backlog at the end of the term increased 7.4% year on year.

● Highlights in Products and Services

- Products and Services

Orders increased 6.9% year on year due to an increase in sales of licenses from other companies and hardware sales. The order backlog at the end of the term increased 10.7% year on year.

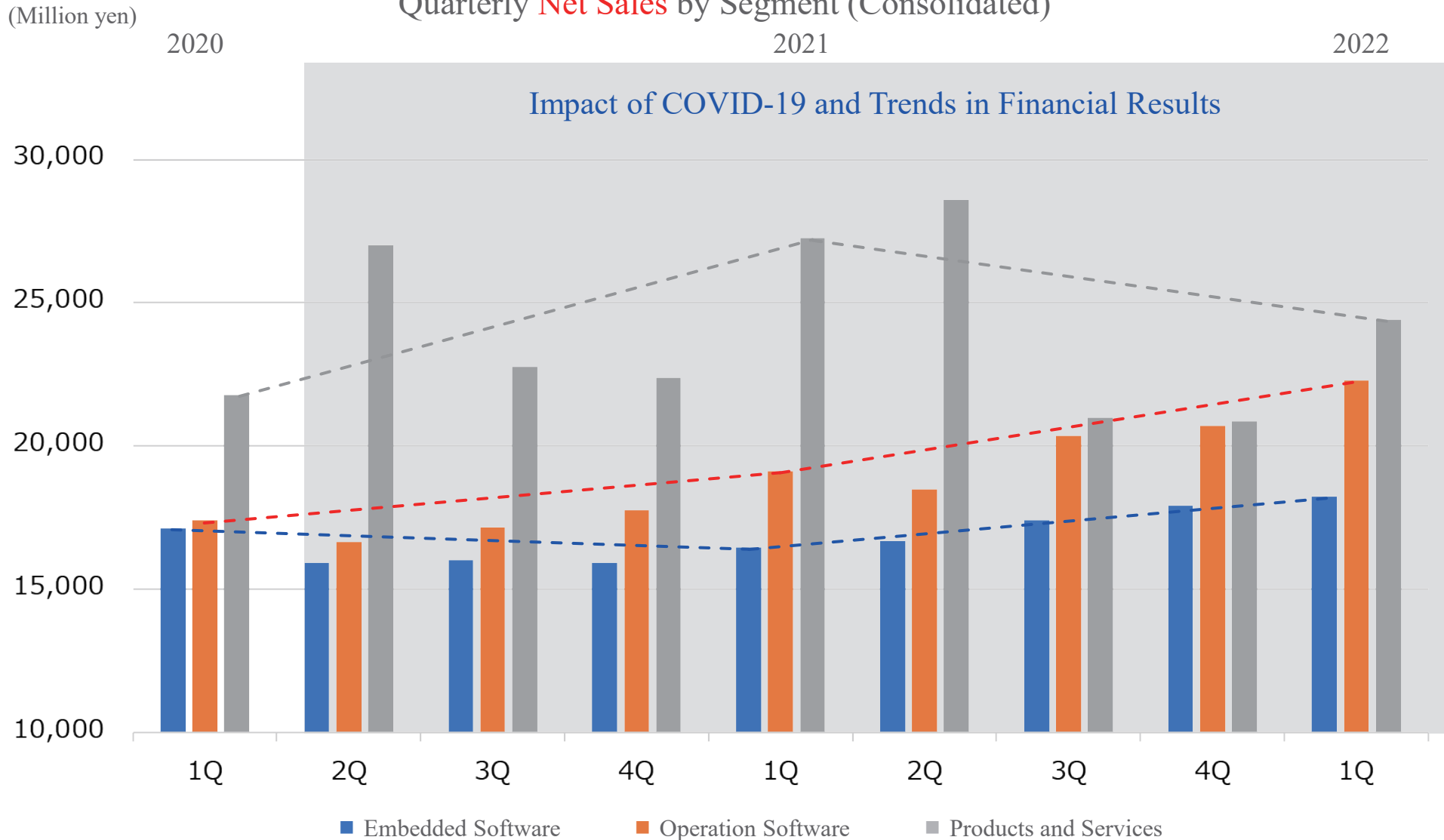
- Outsourcing

Orders increased 14.4% year on year due to an increase in operation and maintenance projects. The order backlog at the end of the term dropped 0.5% year on year.



Quarterly Change in Business Results (FY2020 to 1Q FY2022)

Quarterly **Net Sales** by Segment (Consolidated)





* This material contains financial forecasts and other information about the future that are deemed reasonable on the basis of currently available information. Please note that actual financial results may differ materially depending on a number of factors, including market trends and economic conditions.
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