



Results of Operations for the First Quarter of FY2023

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FUJI SOFT INCORPORATED



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1. Consolidated Financial Highlights

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

- ◇ Net sales rose 9.8% year on year, to 75,631 million yen, due primarily to the strong results of backbone system and infrastructure construction projects in operation software, mainly for the manufacturing and financial services sectors, of development projects on automotive systems in the field of advanced technologies in embedded software, and of development projects on machine control systems for the industrial and consumer electronics fields

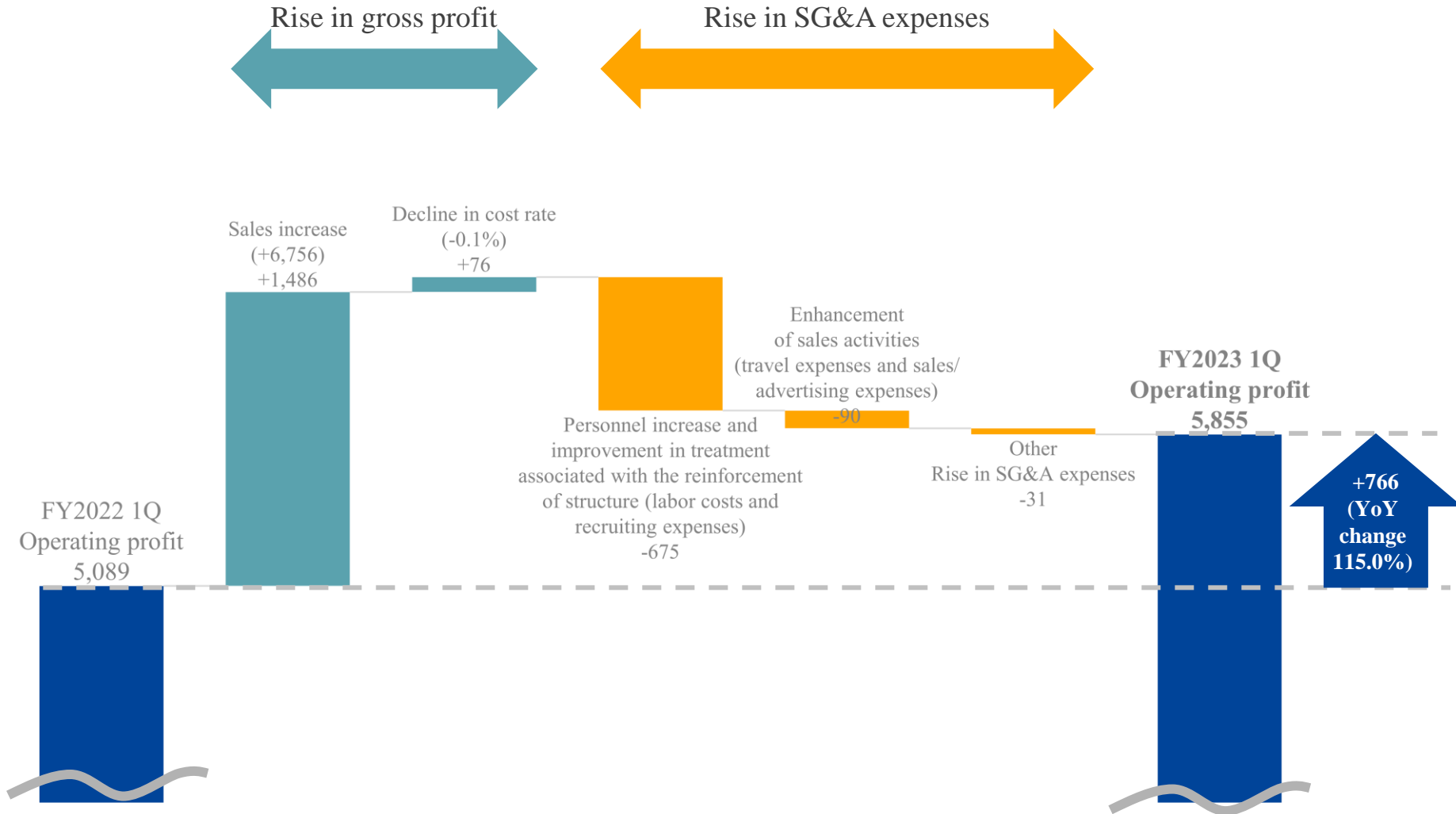
Operating profit rose due to higher sales, despite an increase in labor costs and expenses.

- ◇ Operating profit increased 15.0% year on year, to 5,855 million yen, mainly reflecting higher sales and productivity improvements, offsetting an increase in labor costs, recruiting expenses, and other costs associated with reinforcing the structure.
- ◇ Ordinary profit increased 11.1% year on year, to 6,050 million yen.
- ◇ Profit attributable to owners of parent stood at 3,768 million yen, up 12.9% year on year, mainly due to sales of property, plant and equipment.

	FY2022	FY2023	YoY change	YoY change	(Million yen)	
	1Q Results	1Q Results	(Amount)	(%)	FY2023 1Q Plan	Comparison with the plan
Net sales	68,874	75,631	+6,756	109.8%	73,700	102.6%
Operating profit	5,089	5,855	+766	115.0%	5,200	112.6%
Operating profit margin	7.4%	7.7%			7.1%	
Ordinary profit	5,446	6,050	+603	111.1%	5,300	114.2%
Ordinary profit margin	7.9%	8.0%			7.2%	
Profit attributable to owners of parent	3,337	3,768	+431	112.9%	3,400	110.8%
Profit margin attributable to owners of parent	4.8%	5.0%			4.6%	



Trends in Consolidated Operating Profit (Jan-Mar)





2. Net Sales/Operating Profit by Major Companies of the Group

(Million yen)

	FY2023	Net sales	Operating profit	
FUJI SOFT INCORPORATED	1Q Results	52,755	4,167	Net sales increased due primarily to the strong results of backbone system and infrastructure construction projects in operation software, mainly for the manufacturing and financial services sectors, of development projects in the field of advanced technologies for automotive systems in embedded software, and of development projects for machine control systems in the industrial and consumer electronics fields. Operating profit increased thanks mainly to higher sales and productivity improvement.
	YoY change (Amount)	+4,841	+1,113	
	YoY change (%)	110.1%	136.5%	
CYBERNET SYSTEMS Co., Ltd.	1Q Results	4,895	300	Net sales increased, mainly reflecting the strong performance of the overseas solution simulation service business and the IT solution service business. Operating profit decreased due in part to an increase in labor costs and recruiting expenses associated with human capital investment. The decline also reflected an increase in travel expenses and costs for sales support activities associated with an increase in the volume of sales activities.
	YoY change (Amount)	+258	-171	
	YoY change (%)	105.6%	63.7%	
VINX CORP.	1Q Results	8,540	957	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 profit increased due to higher sales.
	YoY change (Amount)	+621	+114	
	YoY change (%)	107.8%	113.6%	
CYBER COM Co., Ltd.	1Q Results	4,284	507	Net sales increased thanks to the strong performance of control and operation system development projects in the software development business. Operating profit increased due to higher sales.
	YoY change (Amount)	+128	+59	
	YoY change (%)	103.1%	113.2%	
FUJI SOFT SERVICE BUREAU INCORPORATED	1Q Results	3,268	228	Net sales increased with the significant contribution of pension-related operations, which were started in the previous fiscal year, to both call center services and BPO services. Operating profit decreased due to decrease in profitable projects, which ran only for a limited period.
	YoY change (Amount)	+384	-64	
	YoY change (%)	113.3%	78.0%	

* Results of each company from January to March, 2023 are stated in the FY2023 1Q results column.



3. Consolidated Net Sales/Operating Profit by Segment

(Million yen)

	FY2023 Net sales		YoY change (Amount)	YoY change (%)	FY2023 Operating profit		YoY change (Amount)	YoY change (%)
	1Q Results	Component ratio			1Q Results	Operating profit margin		
Consolidated total	75,631	100.0%	+6,756	109.8%	5,855	7.7%	+766	115.0%
SI Business	71,104	94.0%	+6,177	109.5%	5,379	7.6%	+767	116.6%
System Construction	44,875	59.3%	+4,353	110.7%	3,767	8.4%	+726	123.9%
Embedded/Control Software	19,597	25.9%	+1,361	107.5%	1,894	9.7%	+125	107.1%
Operation Software	25,278	33.4%	+2,991	113.4%	1,872	7.4%	+600	147.2%
Products and Services	26,228	34.7%	+1,823	107.5%	1,612	6.1%	+40	102.6%
Products and Services	22,648	29.9%	+1,915	109.2%	1,379	6.1%	+70	105.4%
Outsourcing	3,579	4.7%	-91	97.5%	232	6.5%	-29	88.6%
Facility Business	750	1.0%	+43	106.1%	223	29.8%	+53	131.6%
Other Businesses	3,776	5.0%	+535	116.5%	252	6.7%	-54	82.2%

Highlights of Sales by Segment

● Embedded/Control Software

Net sales increased 7.5% year on year, reflecting the steady performance of development projects in the field of advanced technologies for automotive systems and development projects on machine control systems for the industrial and consumer electronics fields. Operating profit also rose 7.1% year on year following sales growth.

● Operation Software

Net sales increased 13.4% year on year thanks to the strong results of backbone system and infrastructure construction projects for a number of fields, such as the manufacturing and financial services sectors. Operating profit rose 47.2% year on year due to the sales increase, productivity improvement, and initiatives to limit unprofitable projects.

● Products and Services

Net sales increased 9.2% year on year thanks to a steady increase in the sales of licenses from other companies and sales of hardware products. Operating profit also rose 5.4% year on year following sales growth.

● Outsourcing

Net sales decreased 2.5% year on year, despite the steady performance of operation and maintenance projects, because of a decrease in IT services for overseas retailers. Operating profit decreased 11.4% year on year due to a sales decrease and the impact of the rising electricity price on data center services.



4. Consolidated Income Statement

(Million yen)

	FY2022	FY2023	YoY change (Amount)	YoY change (%)	FY2023	
	1Q Results	1Q Results			1Q Plan	Comparison with the plan
Net sales	68,874	75,631	+6,756	109.8%	73,700	102.6%
Cost of sales	53,725	58,919	+5,193	109.7%	–	–
Cost of sales margin	78.0%	77.9%				
Gross profit	15,148	16,711	+1,562	110.3%	–	–
Gross profit margin	22.0%	22.1%				
SG&A expenses	10,058	10,855	+796	107.9%	–	–
SG&A expense ratio	14.6%	14.4%				
Operating profit	5,089	5,855	+766	115.0%	5,200	112.6%
Operating profit margin	7.4%	7.7%			7.1%	
Non-operating income	362	244	-117	67.5%	–	–
Non-operating expenses	18	45	+26	246.7%	–	–
Share of (profit) loss of entities accounted for using equity method	12	-5	-17	–	–	–
Ordinary profit	5,446	6,050	+603	111.1%	5,300	114.2%
Ordinary profit margin	7.9%	8.0%			7.2%	
Extraordinary income	–	398	(1) +398	–	–	–
Extraordinary losses	69	106	+36	152.7%	–	–
Profit before income taxes	5,376	6,342	+965	118.0%	–	–
Total income taxes	1,427	1,994	+567	139.7%	–	–
Profit	3,949	4,347	+398	110.1%	–	–
Profit attributable to non-controlling interests	612	579	-32	94.6%	–	–
Profit attributable to owners of parent	3,337	3,768	+431	112.9%	3,400	110.8%
Profit margin attributable to owners of parent	4.8%	5.0%			4.6%	

Points of Income Statement

(1) Extraordinary income (+398 million yen)

Increased with sales of property, plant and equipment



5. Consolidated Balance Sheet

	End of FY2022	End of 1Q of FY2023	Change (Amount)
Current assets	112,730	114,631	+1,900
Cash and deposits	32,736	31,624	-1,112
Notes and accounts receivable - trade	56,634	61,741	+5,106
Securities	8,500	8,000	-500
Inventories	5,552	4,215	-1,336
Other	9,307	9,050	-256
Non-current assets	128,104	128,260	+155
Property, plant and equipment	99,160	99,258	+97
Intangible assets	5,426	5,298	-127
Investments and other assets	23,518	23,703	+184
Total assets	240,835	242,891	+2,056
Current liabilities	71,945	72,273	+328
Notes and accounts payable - trade	14,083	14,947	+863
Short-term borrowings	17,855	15,322	-2,533
Commercial Paper	-	5,000	+5,000
Accrued expenses / provision for bonuses	12,974	15,147	+2,173
Income taxes payable	2,828	2,881	+53
Provision for loss on construction contracts	421	466	+45
Other	23,782	18,507	-5,275
Non-current liabilities	16,145	16,013	-132
Long-term borrowings	8,783	8,672	-110
Other	7,362	7,340	-21
Total liabilities	88,091	88,287	+196
Total net assets	152,744	154,604	+1,860
Total liabilities and net assets	240,835	242,891	+2,056

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)

	FY2022 1Q Results	FY2023 1Q Results	YoY change (Amount)
Cash flows from operating activities	-1,758	-118	+1,640
Cash flows from investing activities	-2,637	-2,467	+169
Cash flows from financing activities	174	-387	-562
Effect of exchange rate change on cash and cash equivalents	366	40	
Net increase (decrease) in cash and cash equivalents	-3,854	-2,933	
Cash and cash equivalents at beginning of period	40,876	33,086	
Cash and cash equivalents at end of period	37,021	30,153	

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash used in operating activities was 118 million yen due to the payment of income taxes, offsetting an increase in money received reflecting the increase in sales and profit in the current fiscal year.

The amount increased 1,640 million yen year on year due in part to an increase in the payment of income taxes associated with the sales of securities in the previous fiscal year.

- [Cash flows from investing activities](#)

Net cash used in investing activities was 2,467 million yen, despite money received due to sales of property, plant and equipment, offset by expenses for construction of the Company's own office that had previously been planned and the acquisition of securities by Group companies.

- [Cash flows from financing activities](#)

Net cash used in financing activities stood at 387 million yen, mainly reflecting an increase in the payment of dividends.

The amount decreased 562 million yen year on year.



7. Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Order backlog at beginning of term	YoY change (%)	FY2023 1Q results					
			Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business total	72,963	125.1%	73,761	108.1%	71,104	109.5%	75,621	116.8%
System Construction	46,427	121.3%	44,811	109.2%	44,875	110.7%	46,362	119.6%
Embedded/Control Software	14,884	110.2%	20,423	111.4%	19,597	107.5%	15,710	115.6%
Operation Software	31,542	127.4%	24,388	107.4%	25,278	113.4%	30,651	121.7%
Products and Services	26,536	132.3%	28,950	106.5%	26,228	107.5%	29,258	112.6%
Products and Services	24,717	135.7%	25,021	107.8%	22,648	109.2%	27,091	113.6%
Outsourcing	1,818	98.2%	3,928	98.9%	3,579	97.5%	2,167	100.6%

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software

Orders received rose 11.4% year on year due in part to an increase in machine control systems and automotive operations.

The order backlog at the end of the term increased 15.6% year on year.

- Operation Software

Orders received, increased 7.4% year on year with growth in development projects for the manufacturing, distribution services, and financial services industries.

The order backlog at the end of the term increased 21.7% year on year.

● Highlights in Products and Services

- Products and Services

Orders received increased 7.8% year on year thanks mainly to the strong performance of POS-related FUJI SOFT products at subsidiaries.

The order backlog at the end of the term increased 13.6% year on year.

- Outsourcing

Orders received decreased 1.1% year on year due to a decline in orders received for IT services intended for overseas retailers.

The order backlog at the end of the term increased 0.6% year on year.



* 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. Please also note that distribution of this material is not intended for recommending continued ownership or additional purchase of the Company's shares.