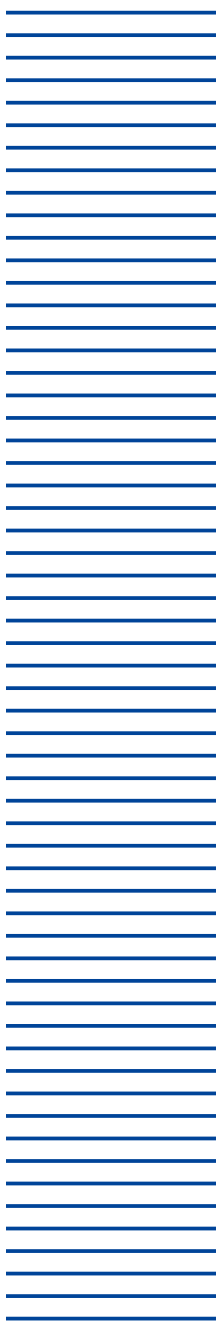




# Results of Operations for the First Half of FY2021

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August 6, 2021  
FUJI SOFT INCORPORATED





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- P2. Consolidated Financial Highlights  
in the First Half of FY2021
- P12. Business Trends in the First Half



# 1. Consolidated Financial Highlights-1 (1H Results Jan-Jun)

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

- ◇ Net sales rose 8.1% year on year, to 132,508 million yen thanks to the strong performance of Products and Services, especially in sales of licenses and hardware products, as well as strong performance of system infrastructure construction in operation software and products for the financial sector.

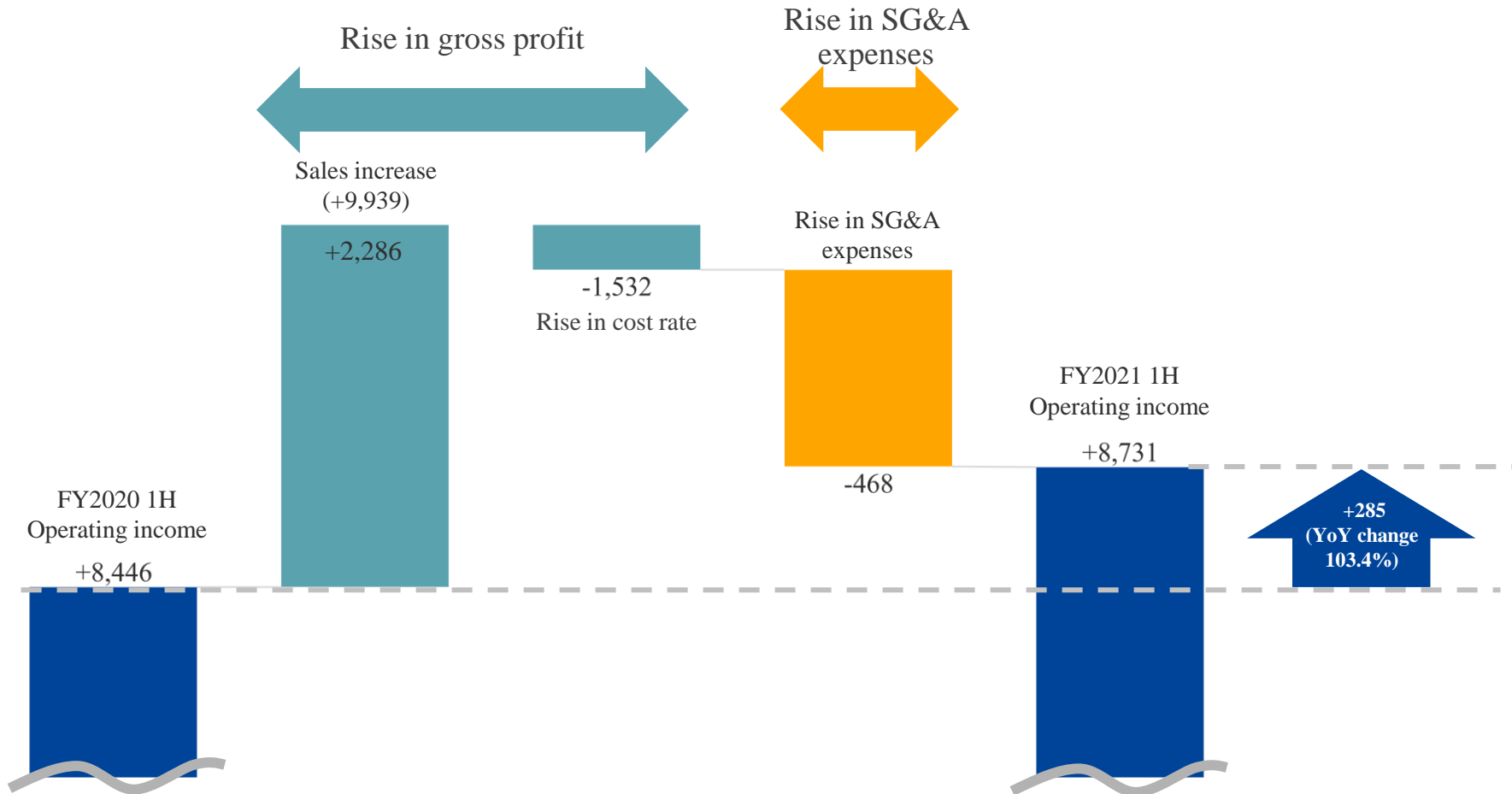
## Operating income rose due to higher sales.

- ◇ Operating income rose 3.4% year on year, to 8,731 million yen, reflecting the rise in sales.
- ◇ Ordinary income rose 9.0% year on year, to 9,462 million yen, in part due to a rise in sales and higher foreign exchange gains.
- ◇ Profit attributable to owners of parent rose 20.3% year on year, to 4,653 million yen, reflecting higher extraordinary income through the sale of investment securities.

	FY2020 1H Results	FY2021 1H Results	YoY change (Amount)	YoY change (%)	FY2021 1H Plan	Comparison with the plan
<b>Net sales</b>	122,568	132,508	+9,939	108.1%	123,300	107.5%
<b>Operating income</b>	8,446	8,731	+285	103.4%	8,500	102.7%
Operating income margin	6.9%	6.6%			6.9%	
<b>Ordinary income</b>	8,677	9,462	+785	109.0%	8,700	108.8%
Ordinary income margin	7.1%	7.1%			7.1%	
<b>Profit attributable to owners of parent</b>	3,868	4,653	+785	120.3%	4,100	113.5%
Profit margin attributable to owners of parent	3.2%	3.5%			3.3%	

(Million yen)

## Trends in Consolidated Operating Income (1H)





# 1. Consolidated Financial Highlights-2 (2Q Results Apr-Jun)

Net sales rose 5.9% year on year.

The cost of sales margin declined to 78.0%.

- ◇ The cost of sales margin fell to 78.0% in the second quarter under review due to major hardware sales projects for the GIGA School Program in the previous period.

SG&A expenses increased 310 million yen year on year.

- ◇ While transportation-related expenses associated with commuting and business travel declined due to the COVID-19 pandemic, SG&A expenses rose 310 million yen year on year, in part due to increased expenses from upfront investments to strengthen the framework for receiving orders due to growth in business inquiries.
- ◇ Operating income rose 3.7% year on year, to 4,133 million yen.

	(Million yen)					
	FY2021 1Q Results	YoY change (Amount)	YoY change (%)	FY2021 2Q Result	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	65,928	+6,221	110.4%	66,580	+3,718	105.9%
<b>Cost of sales</b>	51,665	+5,923	113.0%	51,900	+3,262	106.7%
Cost of sales margin	78.4%			78.0%		
<b>Gross profit</b>	14,262	+297	102.1%	14,679	+456	103.2%
<b>SG&amp;A expenses</b>	9,664	+157	101.7%	10,546	+310	103.0%
<b>Operating income</b>	4,598	+139	103.1%	4,133	+146	103.7%
Operating income margin	7.0%			6.2%		



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

(Million yen)

	FY2021	Net sales	Operating income	
<b>FUJI SOFT INCORPORATED</b>	1H Results	91,476	4,379	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 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 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)	+8,863	-64	
	YoY change (%)	110.7%	98.5%	
<b>CYBERNET SYSTEMS Co., Ltd.</b>	1H Results	12,507	2,238	Net sales increased due to increased sales from the domestic CAE solution service business and from overseas subsidiaries in Taiwan, China, South Korea, the US and elsewhere. Operating income grew following the sales growth and decrease in expenses.
	YoY change (Amount)	+635	+207	
	YoY change (%)	105.4%	110.2%	
<b>VINX CORP.</b>	1H Results	14,549	1,268	Net 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)	+467	+145	
	YoY change (%)	103.3%	113.0%	
<b>CYBER COM Co., Ltd.</b>	1H Results	7,423	537	Net sales increased thanks to the strong performance of the Company's in-house product-related projects in the service business, in addition to strong performance of communication and operation system development projects in the software development business. Operating income grew following the sales growth and decrease in expenses.
	YoY change (Amount)	+559	+117	
	YoY change (%)	108.2%	128.1%	
<b>FUJI SOFT SERVICE BUREAU INCORPORATED</b>	1H Results	4,086	176	Net sales declined in part due to stalled sales activities aimed at the private sector due to COVID-19 and the partial end of call center services for government offices, despite growth in BPO services and call center services for local governments. Operating income declined due to lower sales and the effects of price competition against the background of market entrants from other industries.
	YoY change (Amount)	-551	-156	
	YoY change (%)	88.1%	53.0%	

\* Results from January to June, 2021 are stated in the FY2021 1H 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 (%)
	1H Results	Component ratio			1H Results	Operating income margin		
<b>Consolidated total</b>	132,508	100.0%	+9,939	108.1%	8,731	6.6%	+285	103.4%
<b>SI Business</b>	126,612	95.6%	+10,675	109.2%	8,286	6.5%	+489	106.3%
<b>System Construction</b>	70,777	53.4%	+3,643	105.4%	4,362	6.2%	+310	107.7%
Embedded/Control Software	33,165	25.0%	+88	100.3%	2,230	6.7%	-156	93.4%
Operation Software	37,611	28.4%	+3,554	110.4%	2,131	5.7%	+467	128.1%
<b>Products and Services</b>	55,835	42.1%	+7,032	114.4%	3,923	7.0%	+179	104.8%
Products and Services	49,026	37.0%	+7,343	117.6%	3,421	7.0%	+167	105.1%
Outsourcing	6,808	5.1%	-310	95.6%	501	7.4%	+12	102.5%
<b>Facility Business</b>	1,252	0.9%	-75	94.3%	406	32.5%	-52	88.6%
<b>Other Businesses</b>	4,644	3.5%	-660	87.6%	38	0.8%	-151	20.3%

#### Highlights of Sales by Segment

##### ● Embedded/Control Software

Sales increased 0.3% year on year with automotive systems and mobile systems still recovering, despite the strong performance of social infrastructure systems.

Operating income fell 6.6% year on year, due to an upfront increase in human resources aimed at reinforcing the system for receiving orders and temporary unprofitable projects.

##### ● Operation Software

Sales increased 10.4% year on year, reflecting robust performance of system infrastructure construction, projects for government offices, and sales to the financial sector.

Operating income rose 28.1% year on year thanks to sales growth, offsetting declines from temporary unprofitable projects.

##### ● Products and Services

Sales increased 17.6% year on year, due to bullish sales of licenses from other companies and hardware products.

Operating income also rose 5.1% following the sales growth.

##### ● Outsourcing

Sales contracted 4.4% year on year due mainly to the shrinkage of service fees because of the closure of stores of overseas customers. Operating income rose 2.5% year on year.



## 4. Consolidated Income Statement

(Million yen)

	FY2020	FY2021	YoY change (Amount)	YoY change (%)	FY2021	
	1H Results	1H Results			1H Plan	Comparison with the plan
<b>Net sales</b>	122,568	132,508	+9,939	108.1%	123,300	107.5%
<b>Cost of sales</b>	94,380	103,566	+9,186	109.7%	—	—
Cost of sales margin	77.0%	78.2%	(1)			
<b>Gross profit</b>	28,188	28,942	+753	102.7%	—	—
Gross profit margin	23.0%	21.8%				
<b>SG&amp;A expenses</b>	19,742	20,210	+468 (2)	102.4%	—	—
SG&A expense ratio	16.1%	15.3%				
<b>Operating income</b>	8,446	8,731	+285	103.4%	8,500	102.7%
Operating income margin	6.9%	6.6%			6.9%	
<b>Non-operating income</b>	309	646	+337	209.0%	—	—
<b>Non-operating expenses</b>	185	66	-118	36.0%	—	—
<b>Share of (profit) loss of entities accounted for using equity method</b>	107	150	+43	140.6%	—	—
<b>Ordinary income</b>	8,677	9,462	+785	109.0%	8,700	108.8%
Ordinary income margin	7.1%	7.1%			7.1%	
<b>Extraordinary income</b>	224	2,759	+2,535 (3)	—	—	—
<b>Extraordinary losses</b>	1,064	2,753	+1,688	258.6%	—	—
<b>Income before income taxes</b>	7,836	9,469	+1,632	120.8%	—	—
<b>Total income taxes</b>	2,760	3,494	+733	126.6%	—	—
<b>Net income</b>	5,076	5,974	+898	117.7%	—	—
<b>Profit attributable to non-controlling interests</b>	1,208	1,321	+113	109.4%	—	—
<b>Profit attributable to owners of parent</b>	3,868	4,653	+785	120.3%	4,100	113.5%
Profit margin attributable to owners of parent	3.2%	3.5%			3.3%	

### Points of Income Statement

#### (1) Cost of sales margin (78.2%)

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

#### (2) SG&A expenses (+468 million yen)

Increase in expenses due to proactive upfront investment including increased hiring

#### (3) Extraordinary income (+2,535) Extraordinary losses (+1,688)

Increase in extraordinary income due to a gain on the sale of investment securities resulting from sale of cross-shareholdings.

Extraordinary losses increased due to a loss on sale of shares of subsidiaries and associates, as well as property, plant and equipment impairment losses.





## 5. Consolidated Balance Sheet

	End of FY2020	End of 1H of FY2021	Change (Amount)	(Million yen) End of 1H of FY2020 (Reference)
<b>Current assets</b>	105,363	106,413	+1,049	97,746
Cash and deposits	38,330	40,809	+2,479	30,830
Notes and accounts receivable – trade	52,750	51,469	-1,281	49,608
Securities	6,000	5,500	-500	7,500
Inventories	5,526	4,809	-717	6,136
Other	2,756	3,825	+1,068	3,670
<b>Non-current assets</b>	129,173	119,242	-9,930	125,181
Property, plant and equipment	89,928	90,384	+456	89,787
Intangible assets	4,705	5,030	+324	4,485
Investments and other assets	34,539	23,827	-10,711 (1)	30,909
<b>Total assets</b>	234,537	225,656	-8,880	222,928
<b>Current liabilities</b>	68,751	57,689	-11,062	60,516
Notes and accounts payable – trade	12,519	13,993	+1,473	13,094
Short-term loans payable	24,156	11,681	-12,475 (2)	22,295
Accrued expenses / provision for bonus	10,801	9,813	-988	9,665
Income taxes payable	3,155	4,441	+1,285	2,734
Provision for loss on construction contracts	319	172	-146	177
Other	17,799	17,587	-211	12,549
<b>Non-current liabilities</b>	30,623	29,062	-1,560	32,246
Long-term loans payable	20,515	20,163	-352	22,272
Other	10,107	8,899	-1,207	9,973
<b>Total liabilities</b>	99,374	86,752	-12,622	92,762
<b>Total net assets</b>	135,163	138,904	+3,741	130,166
<b>Total liabilities and net assets</b>	234,537	225,656	-8,880	222,928

### Points of the Balance Sheet

(1) [Investments and other assets \(-10,711 million yen\)](#)

Decrease in investment securities due to the sale of cross-shareholdings

(2) [Short-term loans payable \(-12,475 million yen\)](#)

Repayment of short-term loans payable aimed at securing working capital during the COVID-19 pandemic



## 6. Consolidated Cash Flow Statement

(Million yen)

	FY2020 1H Results	FY2021 1H Results	YoY change (Amount)
<b>Cash flows from operating activities</b>	5,235	9,589	+4,354
<b>Cash flows from investing activities</b>	-10,032	8,269	+18,301
<b>Cash flows from financing activities</b>	13,733	-13,755	-27,489
Effect of exchange rate change on cash and cash equivalents	-15	348	
Net increase (decrease) in cash and cash equivalents	8,921	4,452	
Cash and cash equivalents at beginning of period	26,158	37,450	
<b>Cash and cash equivalents at end of period</b>	<b>35,079</b>	<b>41,902</b>	

### Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 9,589 million yen due to an increase in money received, attributable to higher sales and profits.

The amount increased by 4,354 million yen year on year due to license procurement expenditures in the previous year.

- [Cash flows from investing activities](#)

Net cash provided by investing activities was 8,269 million yen due to the sale of investment securities and shares of subsidiaries and associates.

The amount increased 18,301 million yen year on year due to expenditures on construction costs to secure office space in the previous period.

- [Cash flows from financing activities](#)

Net cash used in financing activities was 13,755 million yen due to the repayment of short-term loans payable.

The amount decreased 27,489 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

(Million yen)

	Order backlog at beginning of term	YoY change (%)	FY2021 1H Results				Order backlog at end of term	YoY change (%)
			Orders	YoY change (%)	Net sales	YoY change (%)		
<b>SI Business total</b>	60,265	110.1%	124,381	104.0%	126,612	109.2%	58,034	99.4%
<b>System Construction</b>	35,768	102.5%	75,083	112.0%	70,777	105.4%	40,075	115.2%
Embedded/Control Software	14,075	99.6%	33,203	100.1%	33,165	100.3%	14,113	99.2%
Operation Software	21,693	104.5%	41,879	123.7%	37,611	110.4%	25,961	126.3%
<b>Products and Services</b>	24,496	123.6%	49,298	93.7%	55,835	114.4%	17,959	76.0%
Products and Services	22,412	130.8%	42,428	92.4%	49,026	117.6%	15,813	74.1%
Outsourcing	2,084	77.7%	6,870	102.4%	6,808	95.6%	2,145	94.6%

### Highlights of Orders and Order Backlogs

#### ● Highlights in System Construction

##### - Embedded/Control Software

Orders increased 0.1% year on year with machine control systems and automotive systems still recovering, despite the strong performance of social infrastructure systems.

The order backlog at the end of the term dropped 0.8% year on year.

##### - Operation Software

Orders increased 23.7% year on year due to strong performance of projects for distribution and services, the financial sector and government offices.

The order backlog at the end of the term rose 26.3% year on year.

#### ● Highlights in Products and Services

##### - Products and Services

Orders fell 7.6% year on year due to large sales of licenses from other companies and hardware sales projects in the previous year. The order backlog at the end of the term dropped 25.9% year on year.

##### - Outsourcing

Orders increased 2.4% year on year due to an increase in services and operation and maintenance projects for the distribution sector. The order backlog at the end of the term dropped 5.4% year on year.



## 8. Dividends

Interim dividend of 26 yen per share, forecast year-end dividend of 26 yen per share

- While an interim dividend of 25 yen per share was forecast, it will be raised to 26 yen per share based on a comprehensive accounting of business performance.
- In conjunction with this change, the forecast year-end dividend of 25 yen per share will also be revised to 26 yen per share.

### ■ Interim dividends

	(Yen)		
	At the end of the second quarter of FY2021	Most recent dividend forecast	Actual dividend in the previous fiscal year*
<b>Dividend per share</b>	<b>26.00 yen</b>	25.00 yen	28.00 yen

- Including 50th anniversary commemorative dividend of 5 yen

### ■ Year-end dividends (forecast)

	(Yen)		
	At the end of the second quarter of FY2021	Most recent dividend forecast	Actual dividend in the previous fiscal year
<b>Dividend per share</b>	<b>26.00 yen</b>	25.00 yen	23.00 yen



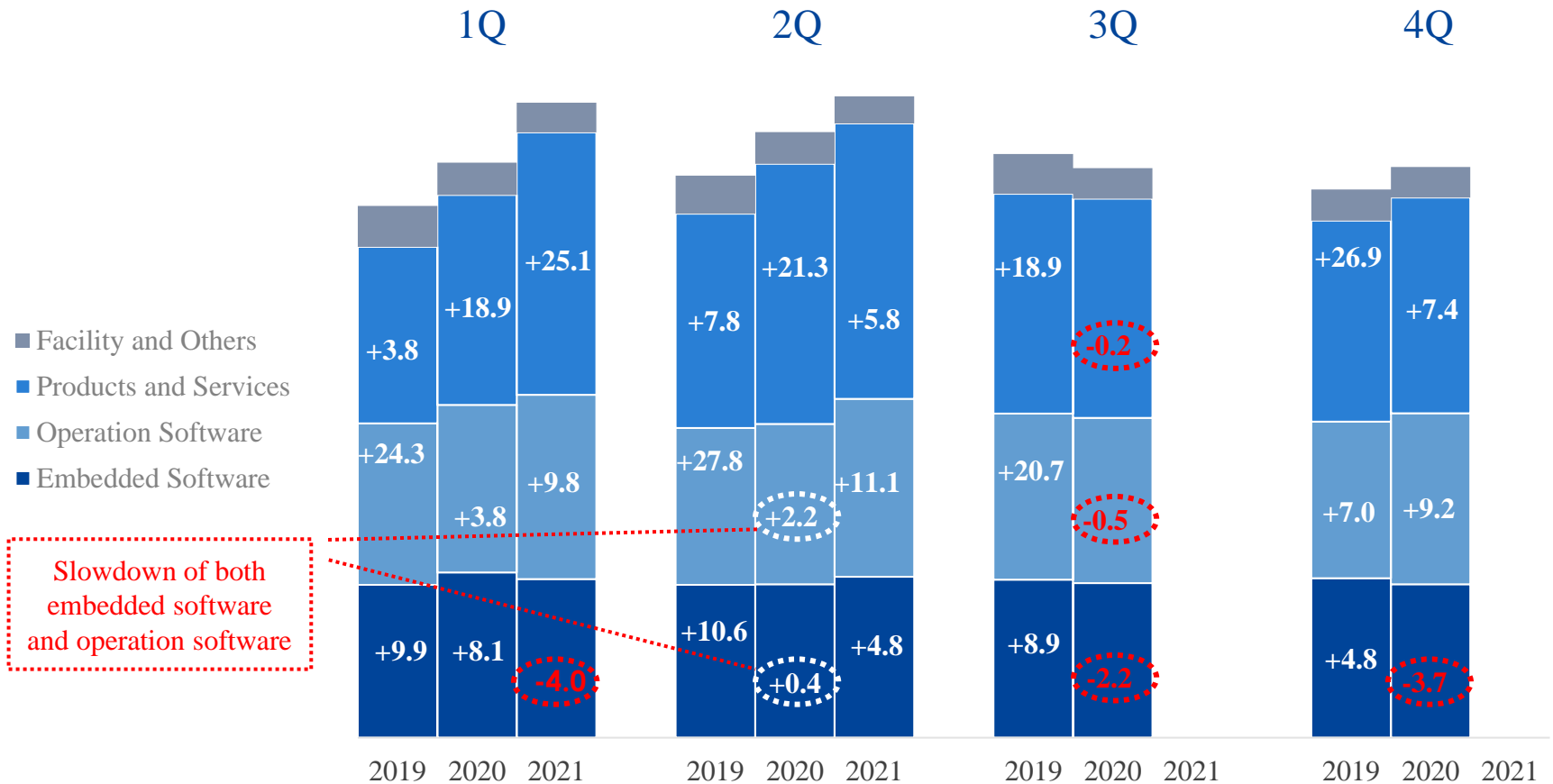
# Business Trends in the First Half



# Quarterly Change in Business Results (FY2019 to 2Q FY2021)

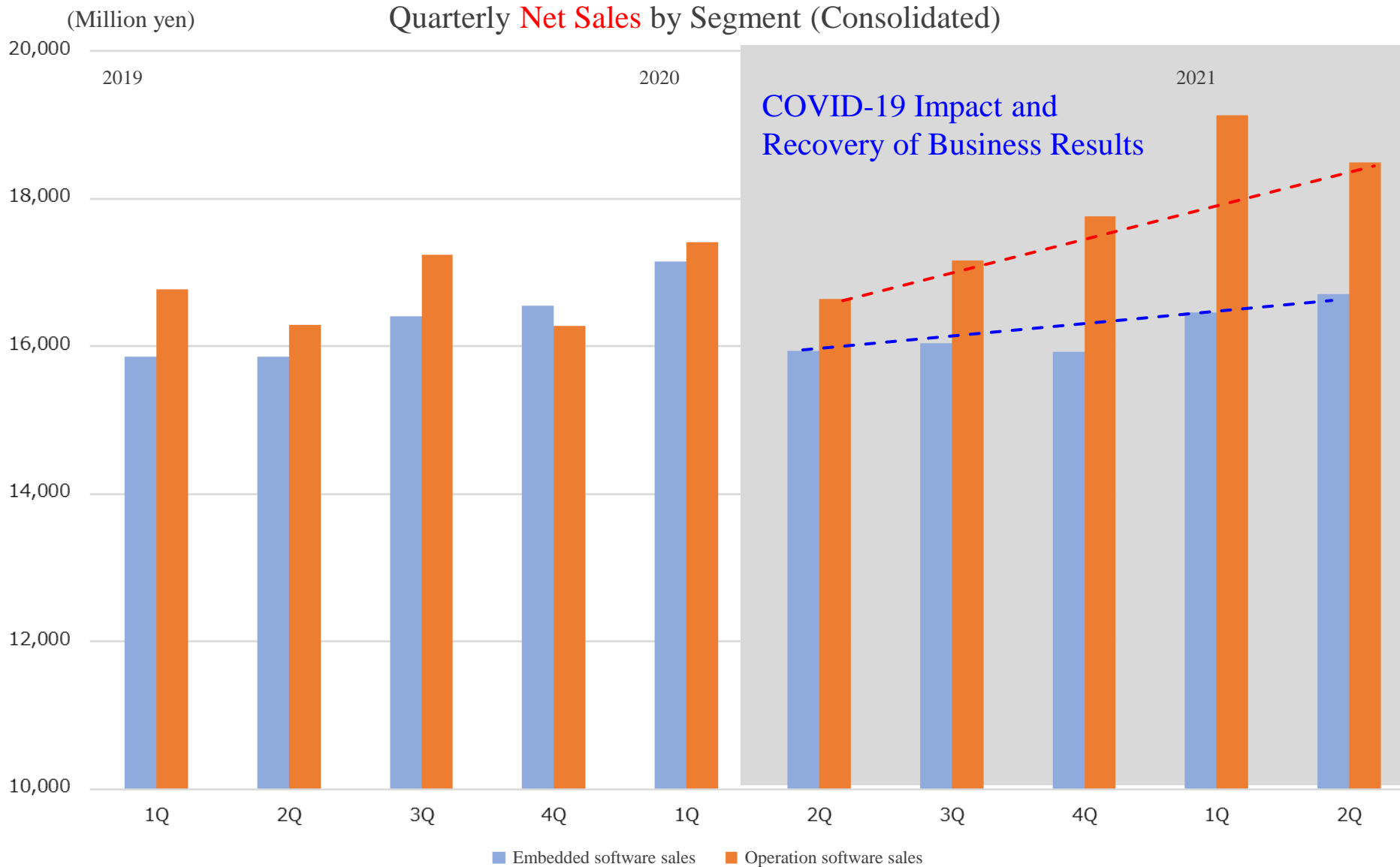
Quarterly **Net Sales** by Segment (Consolidated)

Numbers represent year-on-year percentage change (%)





# Quarterly Change in Business Results (FY2019 to 2Q FY2021)

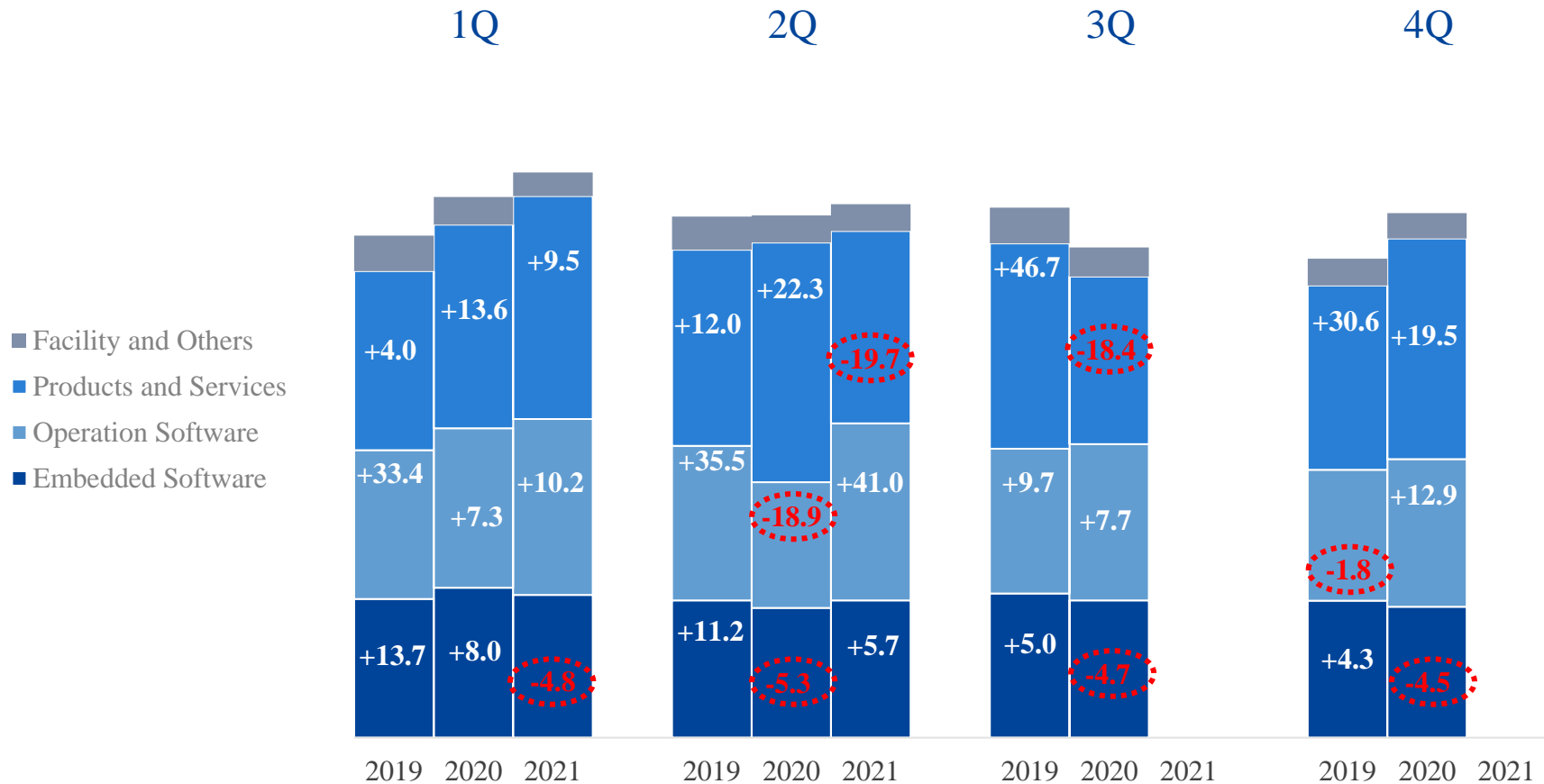




# Quarterly Change in Business Results (FY2019 to 2Q FY2021)

Quarterly **Orders** by Segment (Consolidated)

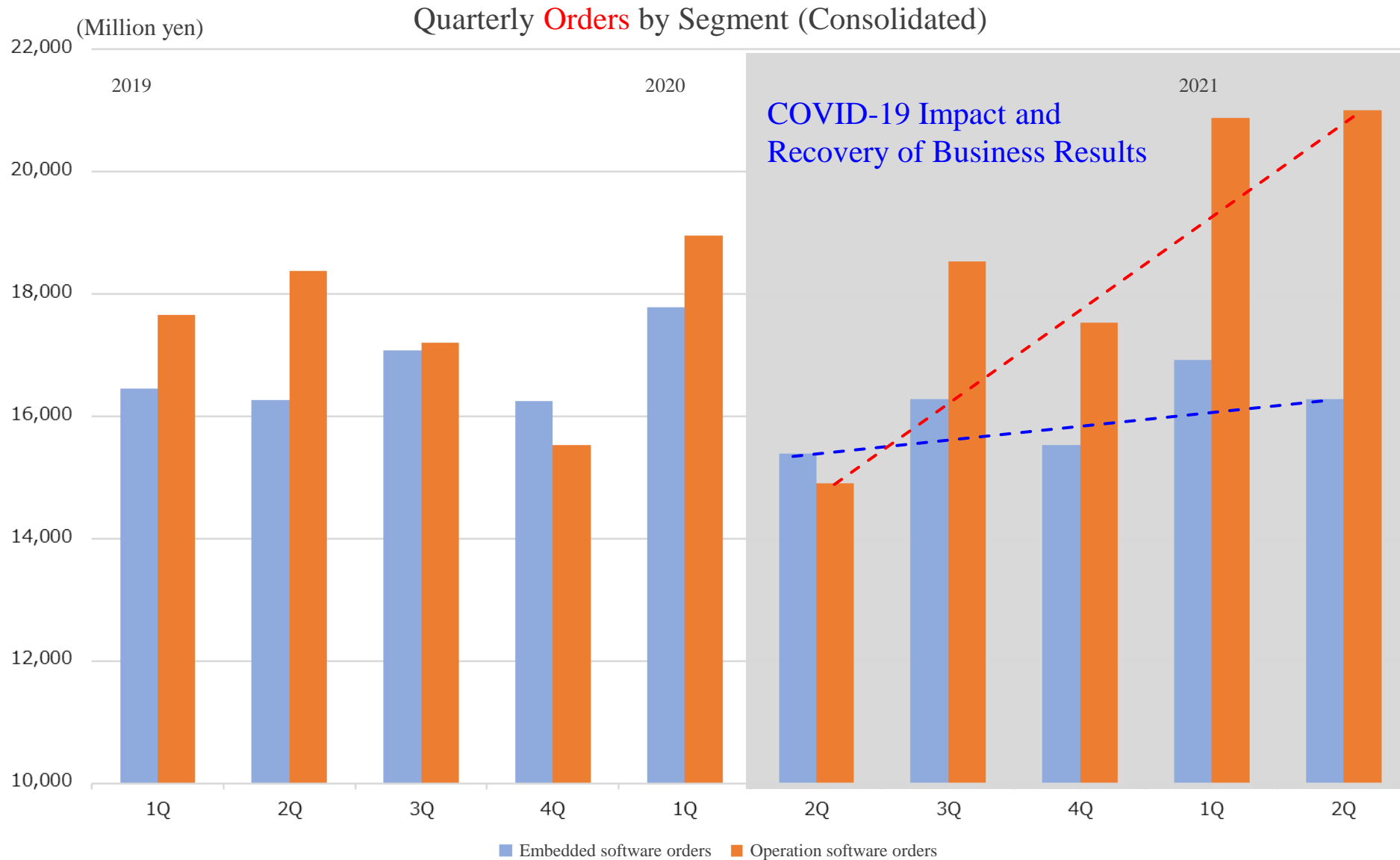
Numbers represent year-on-year percentage change (%)







# Quarterly Change in Business Results (FY2019 to 2Q FY2021)





# Initiatives in the First Half of FY2021

## Points in Management

## Initiatives in the First Half of FY2021

Bold efforts for new technologies  
“AIS-CRM”

Promotion of the high value-added  
system integration business

Strengthening of human resources  
and steady growth of the  
commissioned development business

Aggressive promotion of the product  
business

Growth as the overall Group and  
aggressive global development

COVID-19  
impact and  
countermeasures



Optimization  
aimed at the  
new normal

Implementation of new expansionary measures for DX-related themes including AIS-CRM (holding of seminars, etc.)  
Enhancing proposals for larger and more sophisticated projects, actively adding themes associated with new development methods (agile development, micro-service development, container application, etc.)  
Addition and enhancement of trouble prevention measures

Optimizing system development work, hiring and training activities, etc. for telework

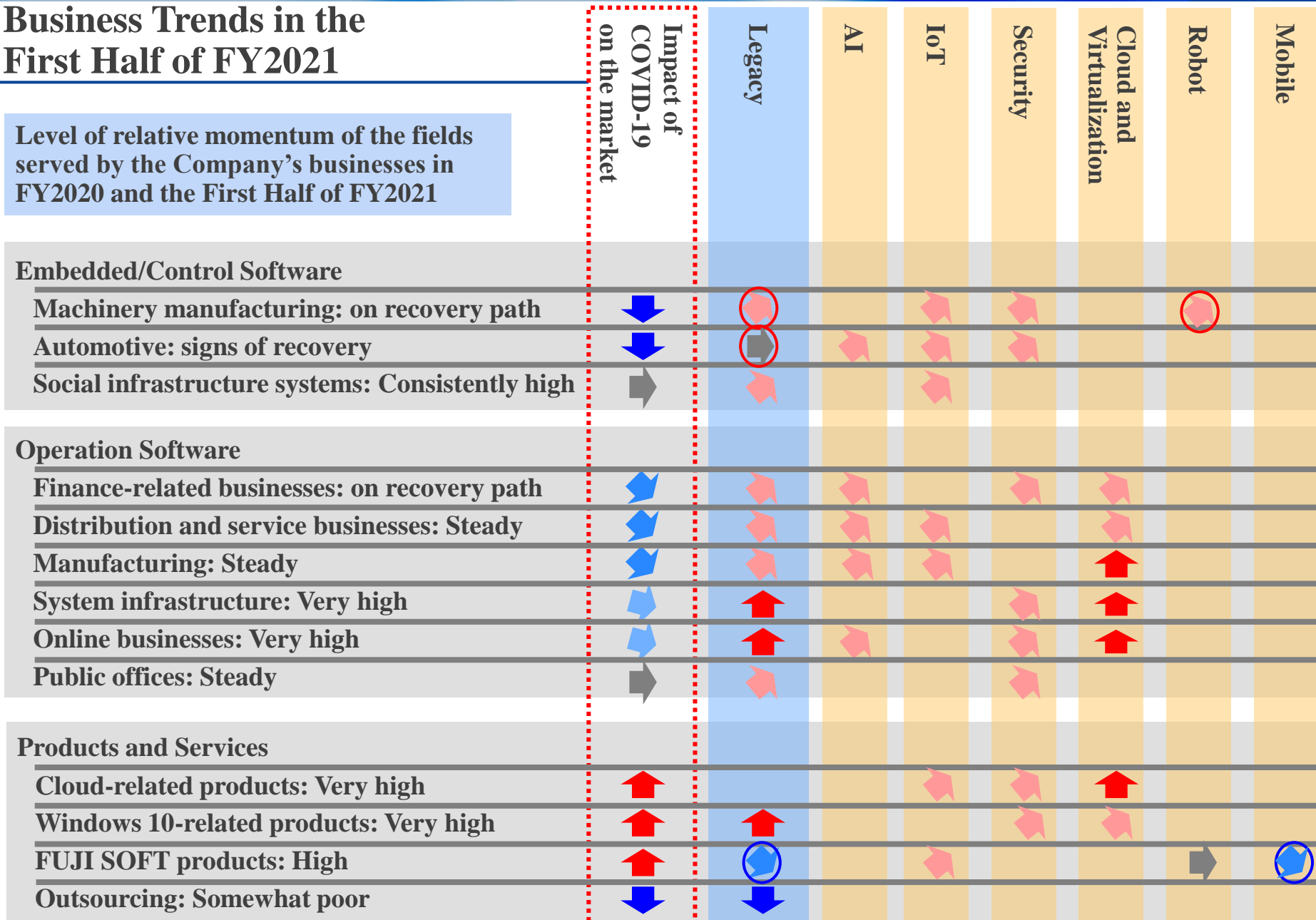
Speeding up the response to market changes in new communication fields, etc.

Having more Group companies secure increased profits through proactive measures in the COVID-19 pandemic



# Business Trends in the First Half of FY2021

Level of relative momentum of the fields served by the Company's businesses in FY2020 and the First Half of FY2021



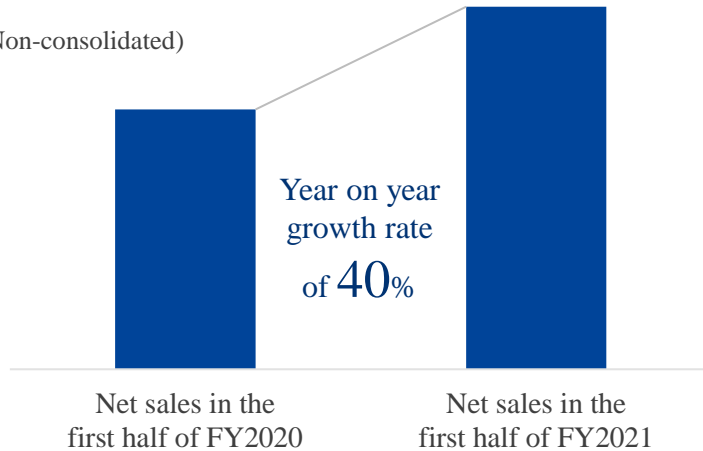
# Cloud and Virtualization

## High growth is ongoing due to the need to revise system infrastructure in anticipation of DX

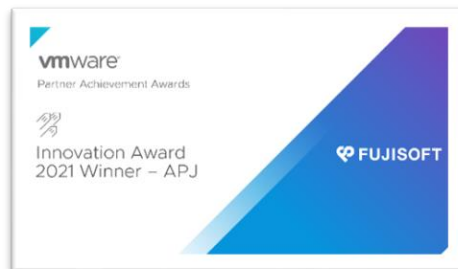
- ◇ Double-digit growth for VMware and AWS-related businesses continued due to increasingly diverse reasons for installation, such as business continuation through telework, improved productivity and enhanced security
- ◇ The highest-level awards were received from each vendor in recognition of efforts to accumulate technological capabilities and strengthen alliances

### VMware

(Non-consolidated)

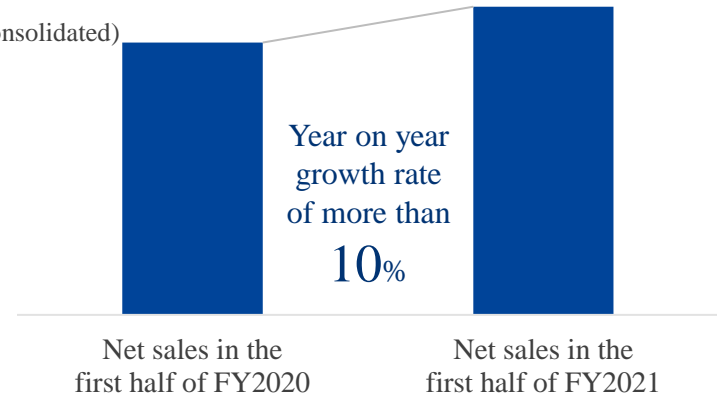


- Won 2021 VMware APJ Partner Innovation Award for achievements developing systems that increase enterprise agility and adaptability during the pandemic and into the future.



### AWS

(Non-consolidated)



- The Company's engineers were selected as APN Ambassadors and APN AWS Top Engineers in recognition of their outstanding technical skills with AWS and ongoing efforts to disseminate information.





# Automotive Software

Strengthened initiatives aimed at high-growth fields such as mobility services ahead of recovery primarily related to EVs

- The impact due to COVID-19 has been eliminated and curbs on development investments due to the semiconductor shortage are also limited
- There is a shift to expansion related to EVs and mobility services

## Quarterly Orders Year on Year (Consolidated)



## [State of Initiatives in the Period Under Review]

### Expected Growth Fields

- EV-related: Strengthen order-taking activities in light of expanded business inquiries
- Digitization of development work: Systematically share technologies such as MBD, simulation and AI

### Domains where firm investment demand is forecast

- Network development: Enhanced research and ability to develop proposals related to communication and information processing technologies including cloud computing
- Cyber security: Improvements to development process in response to stronger regulation

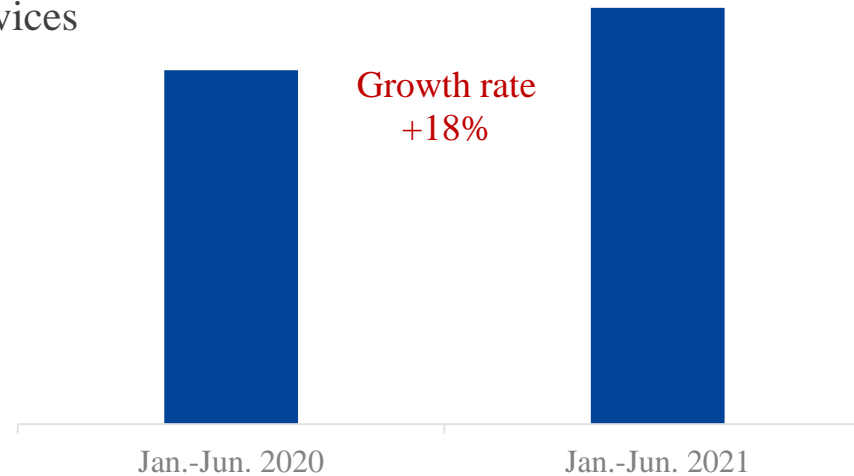
### Shift to Upstream Processes

- Strengthen the ability to handle upstream processes by gaining knowledge related to hardware such as control engineering



## Trends in Products and Services (Sales)

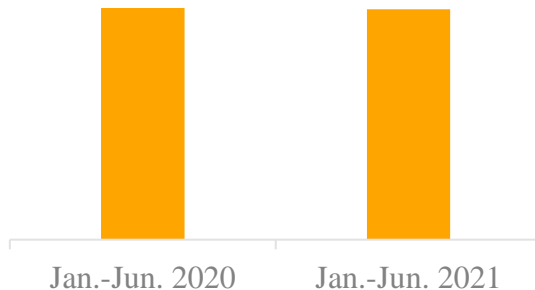
### Sales in Products and Services



### Breakdown of sales in Products and Services

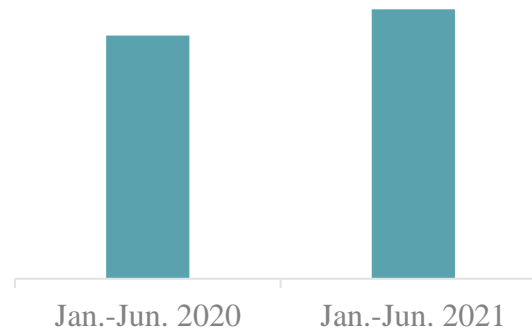
#### Sales of FUJI SOFT products

-1%



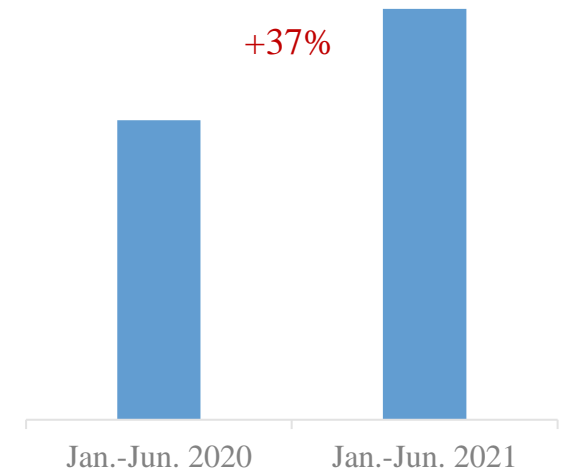
#### Sales in the licensing business

+11%



#### Product sales, etc.

+37%



## Initiatives in Products and Services

### Telework and DX Support Service Through Joint Venture with Microsoft

- In recognition of contributions to the Microsoft Teams business where demand has expanded in line with the popularization of telework, the Company received the Microsoft Teams Award as part of the Microsoft Japan Partner of the Year 2021 awards (July 2021).
- The Company launched the "Desktop Full Service" as a unique outsourcing service to support streamlined PC management work during telework, supporting one-stop support for PC lifecycle management tasks including everything from hardware selection to security, asset management, operation and maintenance, and also supported business streamlining and DX promotion through the utilization of Microsoft365 (August 2021).



### External Provision of Know-how and Tools to Revitalize Communication

- As a measure to deal with issues such as employee stress from lowered productivity and feelings of loneliness due to the loss of communication in telework environments, the Company developed a unique tool to help foster a sense of unity.
- Know-how was accumulated through internal use and advance use by select customers. The tool was then commercialized by incorporating service design methods and given an external release as "FAM office."
- By having employees attend work as avatars in an office recreated in virtual space, FAM office provides the environment and mechanisms to give a bird's-eye view of member statuses and facilitate easy communication (June 2021).





\* 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.