



Results of Operations for FY2021

February 10, 2022
FUJI SOFT INCORPORATED





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1. Consolidated Financial Highlights-1 (4Q Results Jan-Dec)

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

- ◇ Net sales rose 7.0% year on year, to 257,891 million yen, due primarily to the strong results of development for the financial sector and system infrastructure construction projects.

Operating income increased thanks primarily to sales growth, offsetting a decline caused by temporarily unprofitable projects.

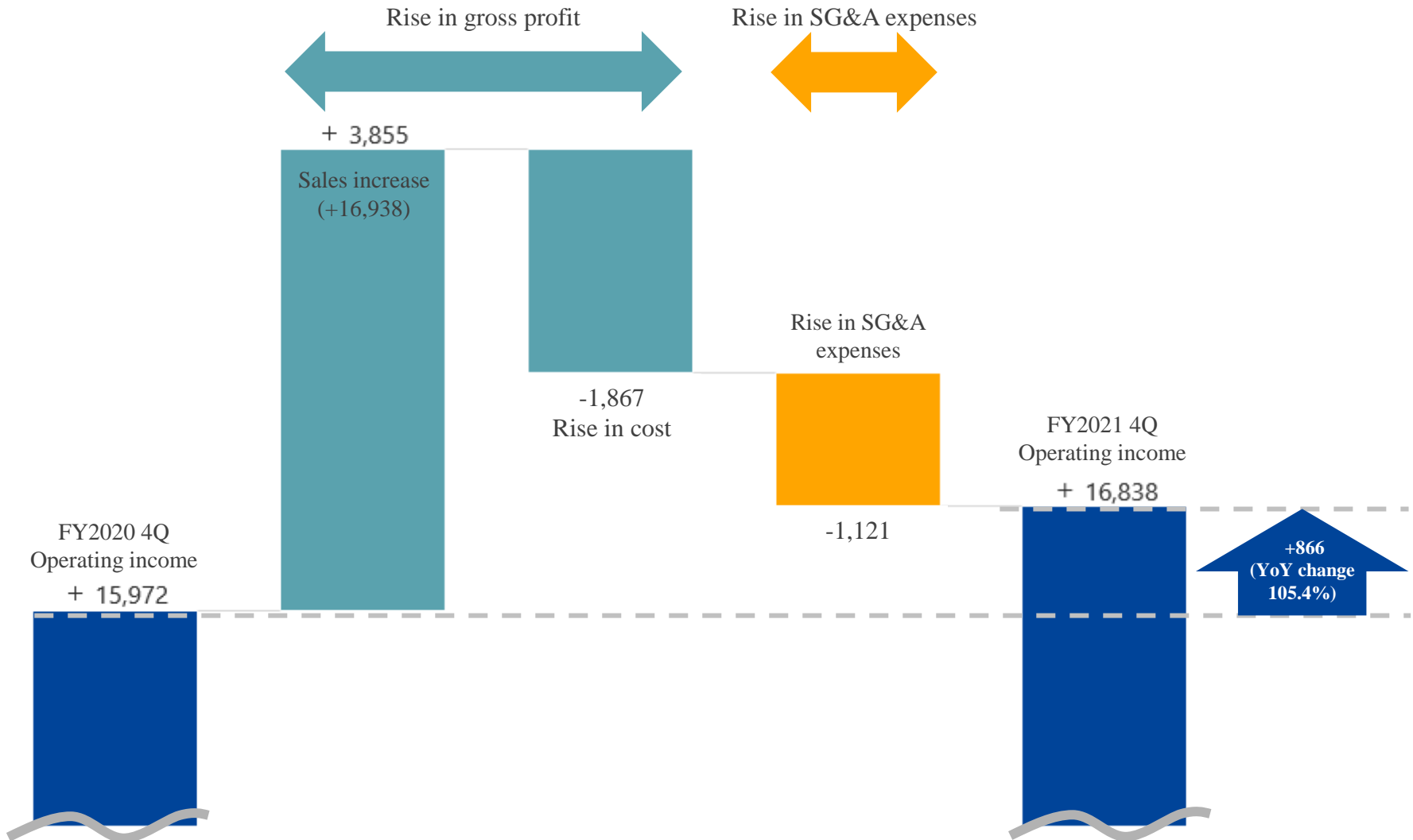
- ◇ Operating income rose 5.4% year on year, to 16,838 million yen, due to sales growth and success in controlling the rise in SG&A expenses, offsetting a decline caused by temporarily unprofitable projects.
- ◇ Ordinary income rose 10.0% year on year, to 17,976 million yen, in part due to a rise in sales and higher foreign exchange gains.
- ◇ Profit attributable to owners of parent stood at 9,130 million yen, up 6.5% year on year.

(Million yen)

	FY2010 4Q Results	FY2021 4Q Results	YoY change (Amount)	YoY change (%)	FY2021 Plan	Comparison with the plan
Net sales	240,953	257,891	+16,938	107.0%	249,000	103.6%
Operating income	15,972	16,838	+866	105.4%	16,300	103.3%
Operating income margin	6.6%	6.5%			6.5%	
Ordinary income	16,343	17,976	+1,633	110.0%	16,900	106.4%
Ordinary income margin	6.8%	7.0%			6.8%	
Profit attributable to owners of parent	8,573	9,130	+556	106.5%	8,900	102.6%
Profit margin attributable to owners of parent	3.6%	3.5%			3.6%	



Trends in Consolidated Operating Income (Jan-Dec)





1. Consolidated Financial Highlights-2 (Q4 Results Oct-Dec)

Net sales increased 6.4% year on year as a result of growth in the system construction business.

- ◇ Net sales for the quarter under review grew 6.4% year on year, to 63,057 million yen, due to an increase in operation projects for the financial sector and system infrastructure development and embedding projects for machine control systems and automotive operations.

Operating income increased 6.1% year on year.

- ◇ The year-on-year increase in SG&A expenses was limited to 317 million yen, the result of controlling expenses despite the continuous improvement in the order receiving system. Operating income rose 6.1% year on year, to 3,529 million yen.

(Million yen)

	FY2021 3Q Results	YoY change (Amount)	YoY change (%)	FY2021 Q4 Results	YoY change (Amount)	YoY change (%)
Net sales	194,833	+13,125	107.2%	63,057	+3,812	106.4%
Cost of sales	151,774	+11,657	108.3%	49,281	+3,293	107.2%
Cost of sales margin	77.9%			78.2%		
Gross profit	43,059	+1,468	103.5%	13,775	+519	103.9%
SG&A expenses	29,750	+804	102.8%	10,246	+317	103.2%
Operating income	13,308	+664	105.3%	3,529	+202	106.1%
Operating income margin	6.8%			5.6%		



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

(Million yen)

	FY2021	Net sales	Operating income	
FUJI SOFT INCORPORATED	4Q Results	175,680	9,653	Net sales increased due to strong results of operation projects for the financial sector and system infrastructure development and embedding projects for machine control systems. Operating income increased with sales growth, which more than offset a fall caused by temporarily unprofitable projects and the addition of personnel in advance of improving the order receiving system to handle an increase in inquiries.
	YoY change (Amount)	+11,586	+395	
	YoY change (%)	107.1%	104.3%	
CYBERNET SYSTEMS Co., Ltd.	4Q Results	22,697	2,830	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 Canada and elsewhere. Operating income decreased due to an increase in personnel expenses and SGA expenses such as digital marketing investment.
	YoY change (Amount)	+1,032	-46	
	YoY change (%)	104.8%	98.4%	
VINX CORP.	4Q Results	29,867	2,526	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)	+2,146	+398	
	YoY change (%)	107.7%	118.7%	
CYBER COM Co., Ltd.	4Q Results	15,528	953	Net sales increased thanks to the strong results of the service business, in addition to the strong performance of communication and operation system development projects in the software development business. Operating income increased due to higher sales.
	YoY change (Amount)	+1,856	+125	
	YoY change (%)	113.6%	115.2%	
FUJI SOFT SERVICE BUREAU INCORPORATED	4Q Results	9,345	573	Sales increased due to strong results of BPO services and call center services for local governments. Operating income remained at the level of the previous year due to price competition created by market entrants from other industries.
	YoY change (Amount)	+214	+2	
	YoY change (%)	102.3%	100.5%	

* Results from January to December, 2021 are stated in the FY2021 4Q 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 (%)
	4Q Results	Component ratio			4Q Results	Operating income margin		
Consolidated total	257,891	100.0%	+16,938	107.0%	16,838	6.5%	+866	105.4%
SI Business	244,897	95.0%	+16,902	107.4%	15,491	6.3%	+583	103.9%
System Construction	147,182	57.1%	+13,165	109.8%	9,802	6.7%	+994	111.3%
Embedded/Control Software	68,517	26.6%	+3,476	105.3%	5,090	7.4%	+165	103.4%
Operation Software	78,665	30.5%	+9,688	114.0%	4,711	6.0%	+829	121.4%
Products and Services	97,714	37.9%	+3,737	104.0%	5,688	5.8%	-411	93.3%
Products and Services	84,037	32.6%	+4,065	105.1%	4,767	5.7%	-354	93.1%
Outsourcing	13,677	5.3%	-328	97.7%	921	6.7%	-57	94.1%
Facility Business	2,612	1.0%	-41	98.5%	956	36.6%	+145	117.9%
Other Businesses	10,381	4.0%	+76	100.7%	391	3.8%	+137	154.3%

Highlights of Sales by Segment

● Embedded/Control Software

Net sales rose 5.3% year on year given steady growth of Machine Control Systems and Social Infrastructure Systems.

Operating income also rose 3.4% year on year following sales growth.

● Operation Software

Net sales increased 14.0% year on year, attributable to strong results in development for the financial sector and for the distribution sector, as well as system infrastructure construction and government office projects.

Operating income also rose 21.4% year on year following sales growth.

● Products and Services

Net sales rose 5.1% year on year owing principally to PC sales for the GIGA School Program.

Operating income decreased 6.9% year on year owing to a decrease in sales of in-house products.

● Outsourcing

Net sales contracted 2.3% year on year due mainly to a fall in revenue from service fees caused by the suspension of store operations by overseas customers.

Operating income declined 5.9% year on year due to lower sales.



4. Consolidated Income Statement

(Million yen)

	FY2020 4Q Results	FY2021 4Q Results	YoY change (Amount)	YoY change (%)	FY2021 4Q Plan	Comparison with the plan
Net sales	240,953	257,891	+16,938	107.0%	249,000	103.6%
Cost of sales	186,105	201,055	+14,950	108.0%	—	—
Cost of sales margin	77.2%	78.0%	(1)			
Gross profit	54,847	56,835	+1,987	103.6%	—	—
Gross profit margin	22.8%	22.0%				
SG&A expenses	38,875	39,997	+1,121	102.9%	—	—
SG&A expense ratio	16.1%	15.5%				
Operating income	15,972	16,838	+866	105.4%	16,300	103.3%
Operating income margin	6.6%	6.5%			6.5%	
Non-operating income	514	1114	+600 (2)	216.7%	—	—
Non-operating expenses	436	153	-283 (2)	35.1%	—	—
Share of (profit) loss of entities accounted for using equity method	292	176	-116	60.3%	—	—
Ordinary income	16,343	17,976	+1,633	110.0%	16,900	106.4%
Ordinary income margin	6.8%	7.0%			6.8%	
Extraordinary income	988	2,951	+1,963 (3)	298.7%	—	—
Extraordinary losses	1,683	3,261	+1,577 (3)	193.7%	—	—
Income before income taxes	15,647	17,666	+2,018	112.9%	—	—
Total income taxes	5,213	6,329	+1,115	121.4%	—	—
Net income	10,434	11,337	+902	108.7%	—	—
Profit attributable to non-controlling interests	1,860	2,206	+346	118.6%	—	—
Profit attributable to owners of parent	8,573	9,130	+556	106.5%	8,900	102.6%
Profit margin attributable to owners of parent	3.6%	3.5%			3.6%	

Points of Income Statement

(1) Cost of sales margin (78.0%)

Increased due to PC sales for the GIGA School Program and temporarily unprofitable projects.

(2) Non-operating income (+600 million yen) Non-operating expenses (-283 million yen)

Foreign exchange gain as non-operating income increased.

Non-operating expenses decreased mainly due to foreign exchange losses and the refund of subsidies in the previous fiscal year.

(3) Extraordinary income (+1,963 million yen) Extraordinary losses (+1,577 million yen)

An increase in extraordinary income due to a gain on the sale of investment securities resulting from the 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

(Million yen)

	End of FY2020	End of FY2021	Change (Amount)
Current assets	105,363	111,128	+ 5,764
Cash and deposits	38,330	40,351	+ 2,021
Notes and accounts receivable – trade	52,750	57,352	+ 4,602
Securities	6,000	5,000	-1,000
Inventories	5,526	4,449	-1,077
Other	2,756	3,974	+ 1,217
Non-current assets	129,173	117,786	-11,386
Property, plant and equipment	89,928	90,344	+ 416
Intangible assets	4,705	4,547	-157
Investments and other assets	34,539	22,894	-11,645 (1)
Total assets	234,537	228,915	-5,622
Current liabilities	68,751	68,018	-733
Accounts and notes payable – trade	12,519	12,947	+ 428
Short-term loans payable	24,156	19,462	-4,693
Accrued expenses / provision for bonus	10,801	11,971	+ 1,170
Income taxes payable	3,155	5,247	+ 2,091
Provision for loss on construction contracts	225	266	+ 40
Other	17,892	18,122	+ 229
Non-current liabilities	30,623	17,928	-12,694
Long-term loans payable	20,515	9,366	-11,149 (2)
Other	10,107	8,562	-1,544
Total liabilities	99,374	85,946	-13,427
Total net assets	135,163	142,968	+ 7,805
Total liabilities and net assets	234,537	228,915	-5,622

Points of the Balance Sheet

(1) Investments and other assets (-11,645 million yen)

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

(2) Long term loans payable (-11,149 million yen)

Repayment of long-term loans payable according to financial plans



6. Consolidated Cash Flow Statement

(Million yen)

	FY2020 4Q Results	FY2021 4Q Results	YoY change (Amount)
Cash flows from operating activities	14,787	15,907	+1,119
Cash flows from investing activities	-16,109	4,894	+21,003
Cash flows from financing activities	12,703	-17,871	-30,575
Effect of exchange rate change on cash and cash equivalents	-89	496	
Net increase (decrease) in cash and cash equivalents	11,291	3,425	
Cash and cash equivalents at beginning of period	26,158	37,450	
Cash and cash equivalents at end of period	37,450	40,876	

Highlights of Cash Flows

- **Cash flows from operating activities**

Net cash provided by operating activities stood at 15,907 million yen,
The year-on-year increase was 1,119 million yen as a result of an increase in money received based on higher sales.

- **Cash flows from investing activities**

Net cash provided by investing activities was 4,894 million yen due to the sale of investment securities and shares of subsidiaries and associates.
The amount increased 21,003 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 17,871 million yen due to the repayment of short-term loans payable.
The amount decreased 30,575 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)

	FY2021 4Q 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%	242,966	104.0%	244,897	107.4%	58,334	96.8% ¹
System Construction	35,768	102.5%	149,686	111.0%	147,182	109.8%	38,273	107.0% ²
Embedded/Control Software	14,075	99.6%	67,947	104.6%	68,517	105.3%	13,506	96.0% ³
Operation Software	21,693	104.5%	81,739	116.9%	78,665	114.0%	24,766	114.2%
Products and Services	24,496	123.6%	93,279	94.5%	97,714	104.0%	20,060	81.9%
Products and Services	22,412	130.8%	79,833	93.6%	84,037	105.1%	18,208	81.2%
Outsourcing	2,084	77.7%	13,445	100.3%	13,677	97.7%	1,852	88.9%

1, 2: The timing for the posting 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 98.6% of that in the same period of the previous year (a year-on-year decrease of 1.4%) and the year-end order backlog in System Construction was 110.1% of that in the same period of the previous year (a year-on-year increase of 10.1%).

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software

Orders received rose 4.6% year on year due in part to an increase in machine control systems.

The order backlog at the end of the term dropped 4.0% year on year.

3: The year-end order backlog based on the conventional posting method is 103.8% of that in the same period of the previous year (a year-on-year increase of 3.8%).

- Operation Software

Orders received increased 16.9% year on year with growth in projects for the financial sector and distribution and service sector, together with system infrastructure construction.

The order backlog at the end of the term rose 14.2% year on year.

● Highlights in Products and Services

- Products and Services

Orders received fell 6.4% year on year due to large sales of licenses from other companies and PC sales for the GIGA School Program in the previous year.

The order backlog at the end of the term dropped 18.8% year on year.

- Outsourcing

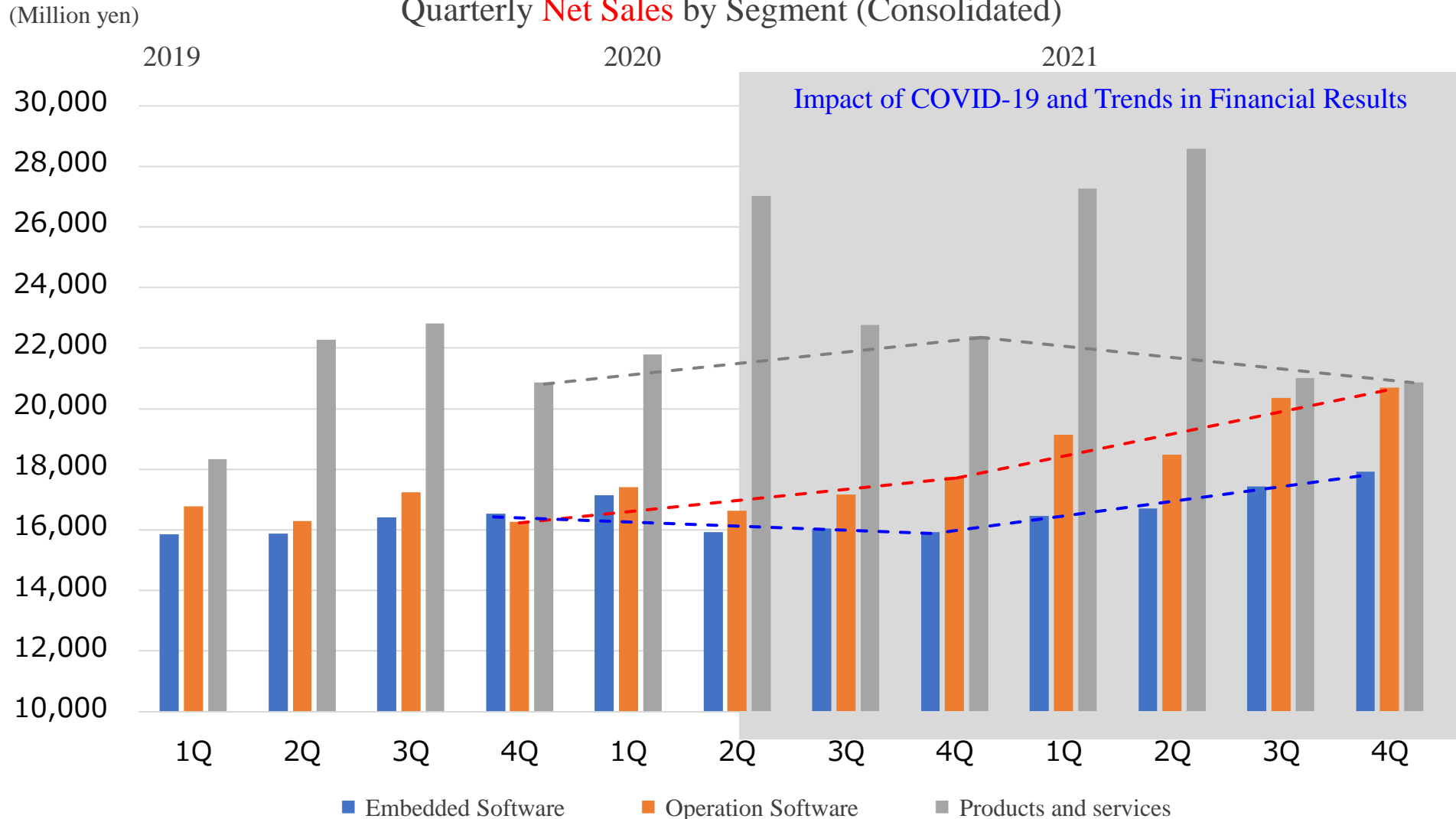
Orders increased 0.3% year on year due in part to an increase in operation and maintenance projects, which more than offset a decline in the use of services due to store business interruption of overseas customers.

The order backlog at the end of the term dropped 11.1% year on year.



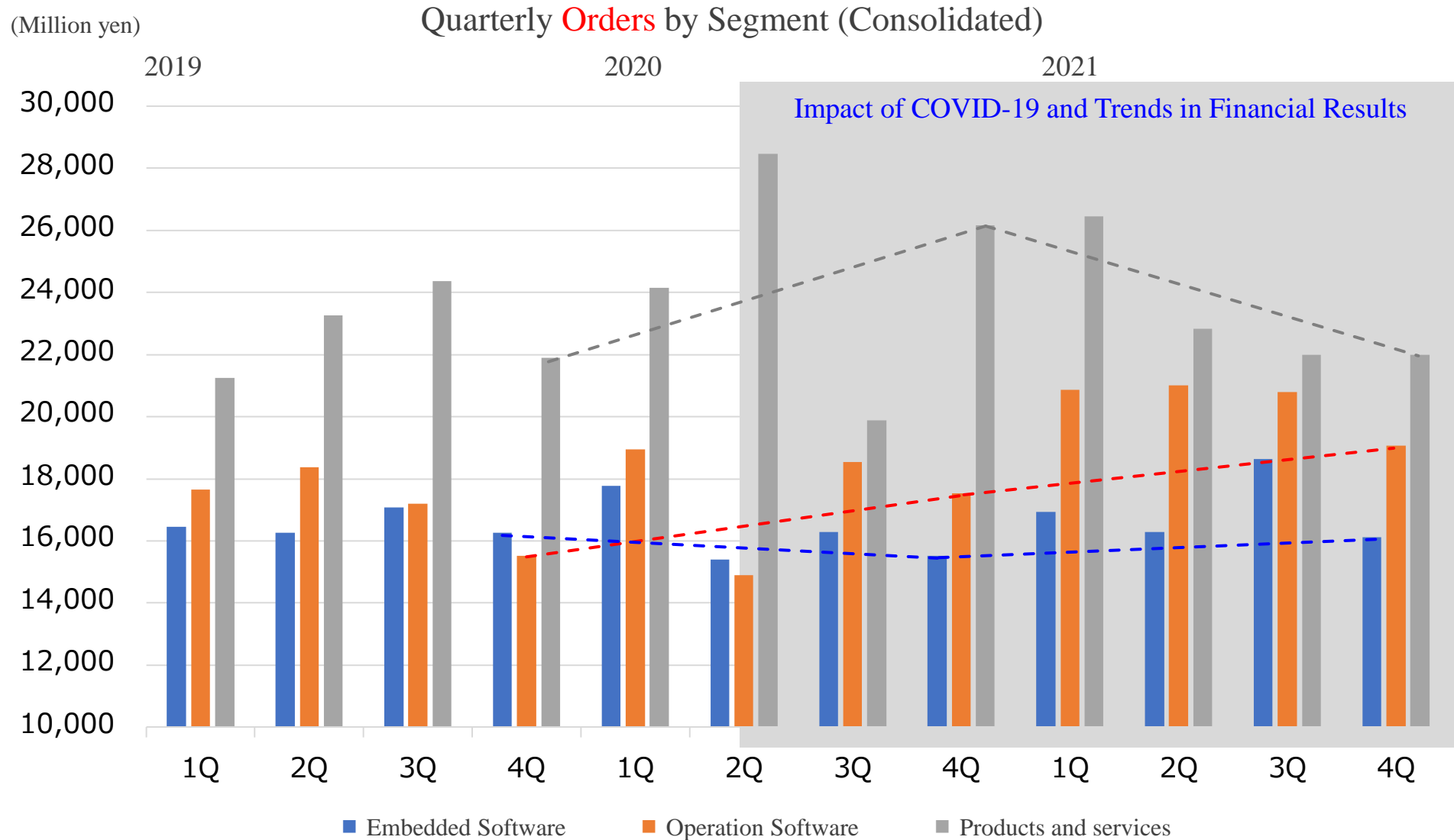
Quarterly Change in Business Results (FY2019 to 4Q FY2021)

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





Quarterly Change in Business Results (FY2019 to 4Q FY2021)





8. Dividends

The year-end dividend for FY2021

The year-end dividend will be 26 yen as forecast, making the annual dividend 52 yen per share.

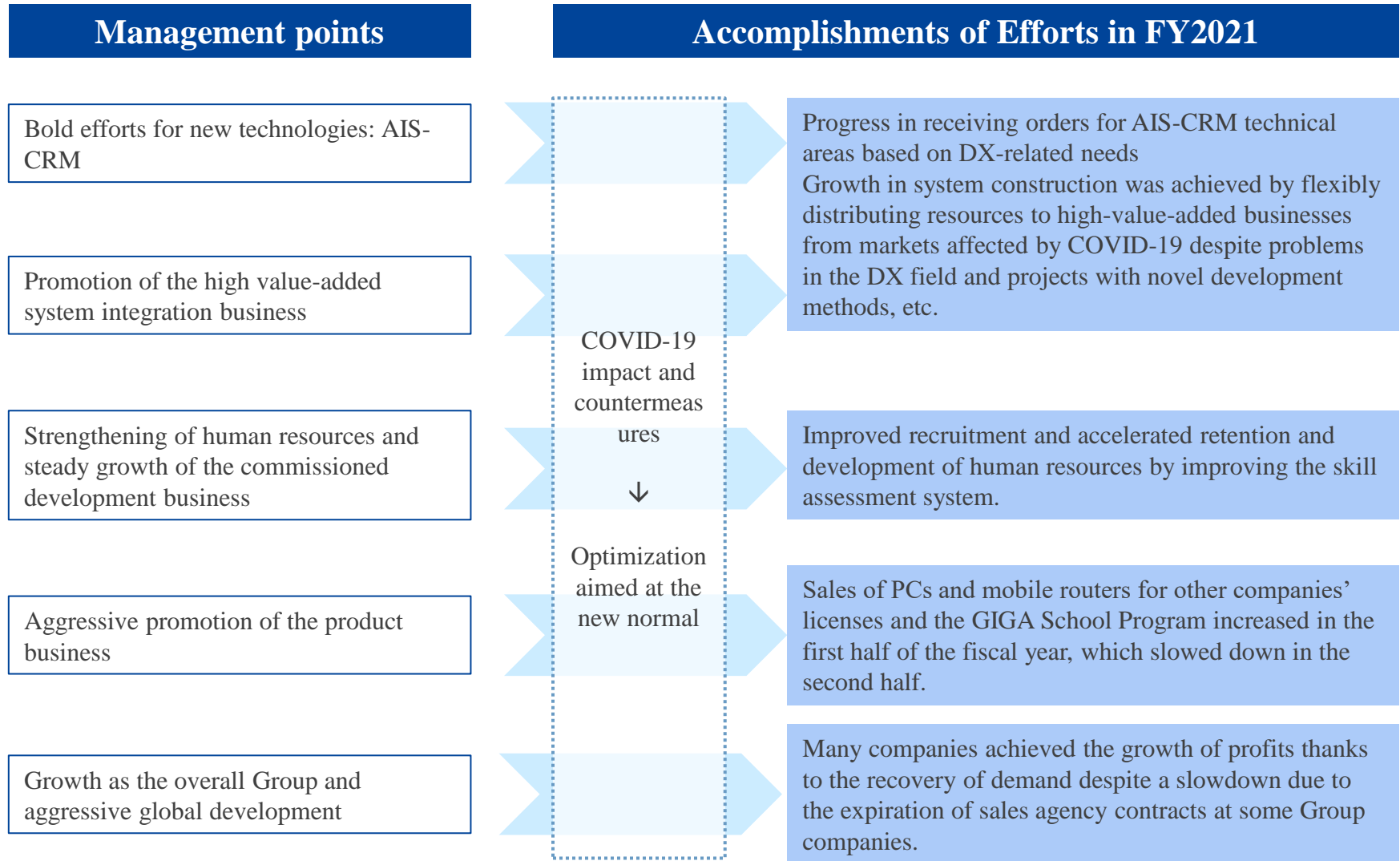
■ Dividend per share (Consolidated)

	(Yen)			
	End of interim period	Most recent prospective dividend	Determined amount of year-end dividend	Annual dividend
Dividend per share (FY2021)	26.00	26.00	26.00	52.00



Business Conditions in the Fiscal Year Ended December 31, 2021

Accomplishments of Efforts in FY2021





Business Conditions in Fiscal Year 2021

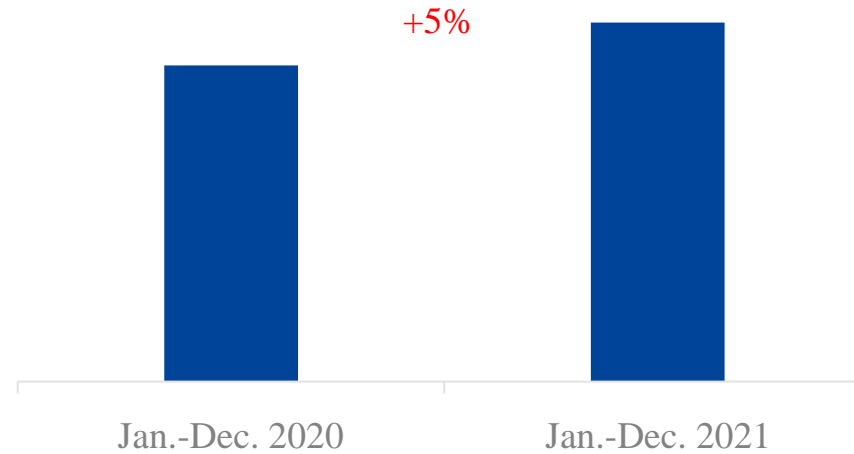
Level of relative momentum of the fields served by the Company's businesses in FY2021

	Legacy	AI	IoT	Security	Cloud and Virtualization	Robot	Mobile
Embedded/Control Software							
Machinery manufacturing: on track toward recovery	↔	↗	↗	↗		↔	
Automotive: on track toward recovery	↔	↗	↗	↗			
Social Infrastructure Systems: Steady	↗		↗				
Operation Software							
Financial businesses: on track toward recovery	↗	↗		↗	↗		
Distribution and service businesses: Steady	↗	↗	↗		↗		
Manufacturing: Steady	↗	↗	↗		↑		
System infrastructure: Very high	↑			↗	↑		
Online businesses: Very high	↑	↗		↗	↑		
Public offices: Steady	↗			↗			
Products and Services							
Cloud-related products: Very high	↔		↗	↗	↑		
Microsoft products: unchanged	↔			↗	↔		
In-house merchandise: somewhat slow	↘		↗			↔	↘
Outsourcing: Somewhat poor	↓						



Trends in Products and Services (Sales)

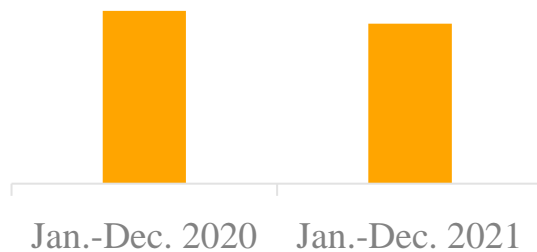
Sales in Products and Services



Breakdown of sales in Products and Services

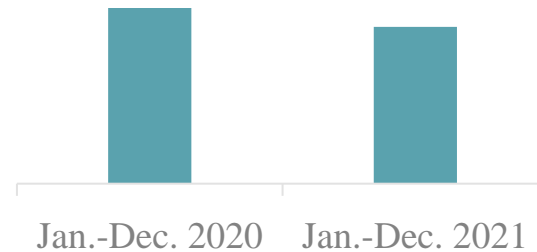
Sales of FUJI SOFT products

-3%



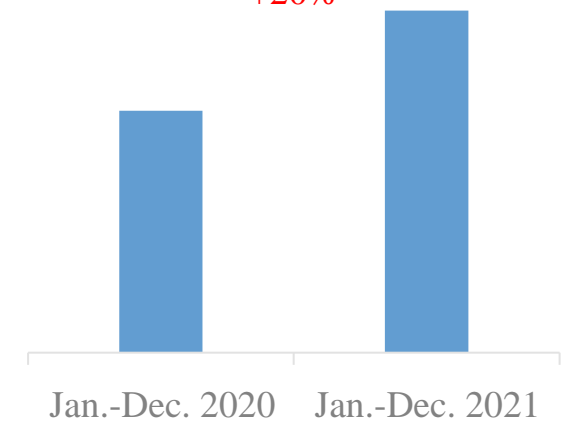
Sales in the licensing business

-4%



Product sales, etc.

+20%





Results Forecasts for FY2022

FY2022

(Million yen)

	FY2021 Results	FY2022 Plan	YoY change (Amount)	YoY change (%)
Net sales	257,891	265,500	+7,608	103.0%
Operating income	16,838	17,300	+461	102.7%
Operating income margin	6.5%	6.5%		
Ordinary income	17,976	18,500	+524	102.9%
Ordinary income margin	7.0%	7.0%		
Profit attributable to owners of parent	9,130	9,700	+570	106.2%
Profit margin attributable to owners of parent	3.5%	3.7%		



Trends of Dividends and the Plan

Annual dividend of FY2022 is planned to be 109 yen per share.

The Company will revise its dividend policy as shown below in view of the shift to the Tokyo Stock Exchange's Prime Market following the market reorganization.

■ Dividend policy

The Company's basic policy is to maintain a stable return of profit while ensuring a certain level of retained earnings to prepare for the active expansion of business and to guard against unexpected risks. The consolidated dividend payout ratio will be 30% or greater, comprehensively considering growth potential, stability, capital efficiency and other factors of the business.

■ Trends in per share net income, dividend and dividend payout ratio (consolidated)

	(Yen)				
	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Plan
Per-share net income	208.22	250.40	273.96	291.47	309.38
Dividend per share	37	42	46	52	109
Commemorative dividend	-	-	5	-	-
Dividend payout ratio	17.8%	16.8%	18.6%	17.8%	35.2%



* 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.