



Results of Operations for FY2022

February 14, 2023

FUJI SOFT INCORPORATED



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

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

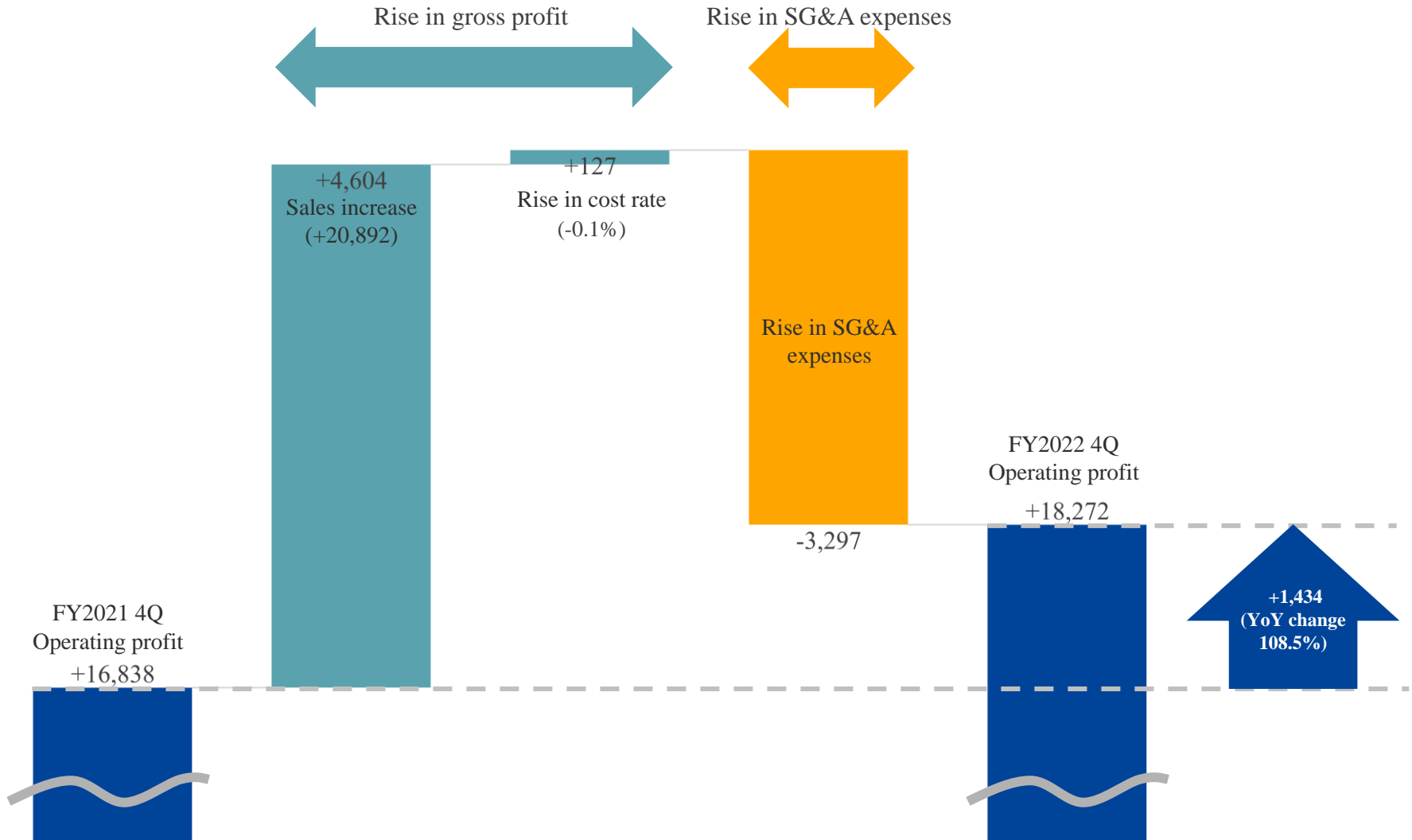
- ◇ Net sales rose 8.1% year on year and operating profit increased 8.5% year on year, reflecting the strong results of operation system and embedded/control system development, despite the impact of the expiration of sales agency contracts at some Group companies.
- ◇ Ordinary profit rose 6.8% year on year in part due to a rise in sales and foreign exchange gains.
- ◇ Profit attributable to owners of parent rose 24.6% year on year, because income taxes increased temporarily in the previous fiscal year due to the sale of shares.

(Million yen)

	FY2021 4Q Results	FY2022 4Q Results	YoY change (Amount)	YoY change (%)	FY2022 Plan	Comparison with the plan
Net sales	257,891	278,783	+20,892	108.1%	265,500	105.0%
Operating profit	16,838	18,272	+1,434	108.5%	17,300	105.6%
Operating profit margin	6.5%	6.6%			6.5%	
Ordinary profit	17,976	19,205	+1,228	106.8%	18,500	103.8%
Ordinary profit margin	7.0%	6.9%			7.0%	
Profit attributable to owners of parent	9,130	11,379	+2,249	124.6%	9,700	117.3%
Profit margin attributable to owners of parent	3.5%	4.1%			3.7%	
ROIC	7.4%	8.1%	+0.7pt	—	7.7%	+0.4pt
ROE	7.5%	8.8%	+1.3pt	—	7.6%	+1.2pt
EBITDA margin	8.6%	8.0%	-0.6pt	—	8.8%	-0.8pt



Trends in Consolidated Operating Profit (Jan-Dec)





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

Net sales increased 9.6% year on year as a result of growth in the system construction business.

- ◇ Net sales for the quarter under review grew 9.6% year on year, to 69,123 million yen, due to an increase in backbone system and system infrastructure development projects in operation software and strong results of embedding projects for machine control systems and automotive operations.

Operating profit increased 23.0% year on year.

- ◇ SG&A expenses increased 10.4% year on year, to 11,313 million yen, mainly reflecting an increase in labor costs and expenses associated with a personnel increase for responding to strong orders as well as the generation of temporary expenses for holding an extraordinary general meeting of shareholders. However, operating profit rose 23.0% year on year, to 4,342 million yen, due in part to an improvement in the profit rate in the products and services segment.

(Million yen)

	FY2022 3Q Results	YoY change (Amount)	YoY change (%)	FY2022 Q4 Results	YoY change (Amount)	YoY change (%)
Net sales	209,660	+14,826	107.6%	69,123	+6,066	109.6%
Cost of sales	163,748	+11,974	107.9%	53,467	+4,186	108.5%
Cost of sales margin	78.1%			77.4%		
Gross profit	45,911	+2,851	106.6%	15,656	+1,880	113.6%
SG&A expenses	31,981	+2,230	107.5%	11,313	+1,066	110.4%
Operating profit	13,929	+620	104.7%	4,342	+813	123.0%
Operating profit margin	6.6%			6.3%		



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

(Million yen)

	FY2022	Net sales	Operating profit	
FUJI SOFT INCORPORATED	4Q Results	192,271	11,483	Net sales increased due primarily to the strong results of system infrastructure construction and other sectors in operation software and the continued strong performance of machine control systems in embedded software. Operating profit increased, reflecting an increase in sales in operation software and embedded/control software, despite the presence of some unprofitable projects in operation software.
	YoY change (Amount)	+16,590	+1,830	
	YoY change (%)	109.4%	119.0%	
CYBERNET SYSTEMS Co., Ltd.	4Q Results	19,936	1,757	Net sales decreased due in part to the termination of sales agency contract with Synopsys, Inc. on October 1, 2021 despite strong results of engineering services for mainstay CAE products and other operations. Operating profit decreased due to lower sales.
	YoY change (Amount)	-2,761	-1,072	
	YoY change (%)	87.8%	62.1%	
VINX CORP.	4Q Results	31,734	3,098	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)	+1,867	+572	
	YoY change (%)	106.3%	122.7%	
CYBER COM Co., Ltd.	4Q Results	16,628	1,054	Net sales increased thanks to the strong results of construction projects, evaluation and validation projects, and other projects in SI services in the service business, in addition 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)	+1,099	+100	
	YoY change (%)	107.1%	110.6%	
FUJI SOFT SERVICE BUREAU INCORPORATED	4Q Results	11,790	668	Net sales remained strong on increased demand for fixed-term outsourcing services related to the COVID-19 measures of local governments. In addition, pension-related operations in call center services, which were launched in the 2nd quarter, also contributed to the increase in net sales. Operating profit increased due to higher sales.
	YoY change (Amount)	+2,445	+95	
	YoY change (%)	126.2%	116.7%	

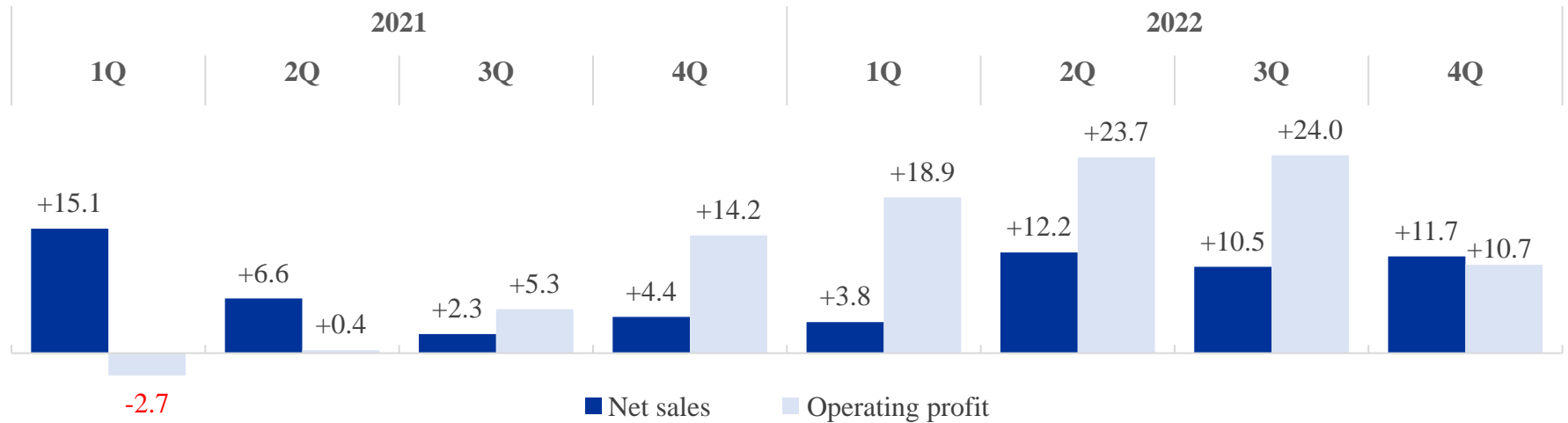
* Results from January to December, 2022 are stated in the FY2022 4Q results column.



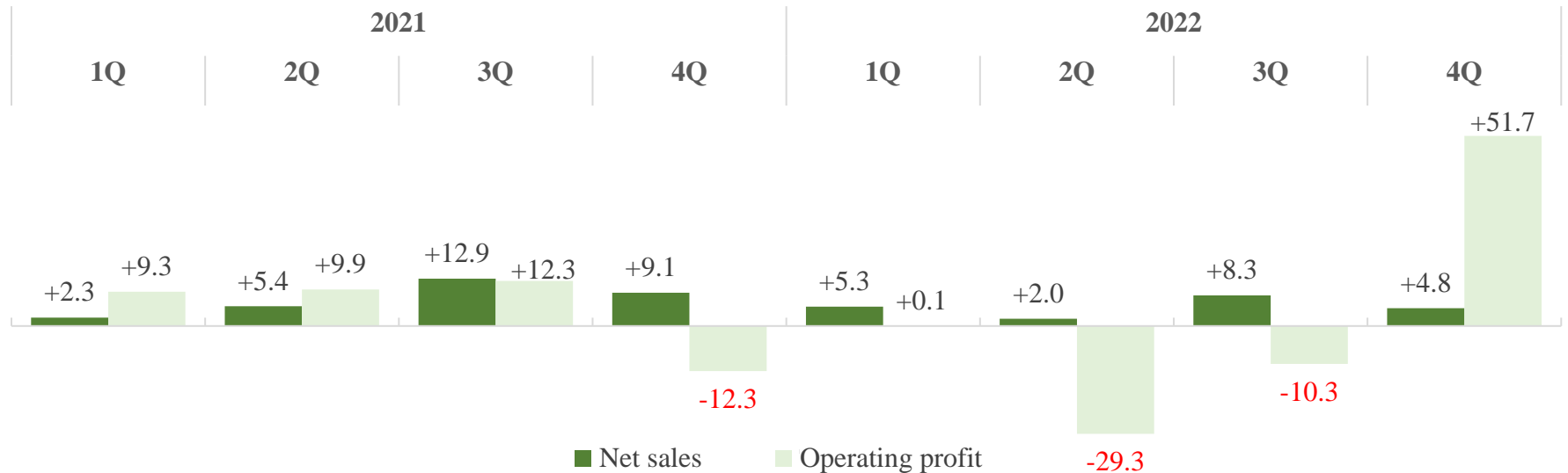
Quarterly Net Sales/Operating Profit of FUJI SOFT INCORPORATED and Group Companies

FUJI SOFT INCORPORATED

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



Group companies





3. Consolidated Net Sales/Operating Profit by Segment

(Million yen)

	FY2022 Net sales		YoY change (Amount)	YoY change (%)	FY2022 Operating profit		YoY change (Amount)	YoY change (%)
	4Q Results	Component ratio			4Q Results	Operating profit margin		
Consolidated total	278,783	100.0%	+20,892	108.1%	18,272	6.6%	+1,434	108.5%
SI Business	263,143	94.4%	+18,246	107.5%	16,774	6.4%	+1,283	108.3%
System Construction	164,583	59.0%	+17,400	111.8%	11,129	6.8%	+1,327	113.5%
Embedded/Control Software	74,491	26.7%	+5,974	108.7%	5,974	8.0%	+883	117.4%
Operation Software	90,091	32.3%	+11,426	114.5%	5,154	5.7%	+443	109.4%
Products and Services	98,560	35.4%	+845	100.9%	5,645	5.7%	-43	99.2%
Products and Services	83,902	30.1%	-134	99.8%	4,617	5.5%	-150	96.8%
Outsourcing	14,657	5.3%	+980	107.2%	1,027	7.0%	+106	111.6%
Facility Business	2,654	1.0%	+42	101.6%	815	30.7%	-140	85.3%
Other Businesses	12,985	4.7%	+2,604	125.1%	682	5.3%	+291	174.4%

Highlights of Sales by Segment

● Embedded/Control Software

Net sales increased 8.7% year on year due to the continued strong results of machine control systems and the steady performance in the automotive-related and other sectors.

Operating profit rose 17.4% year on year due to the sales increase and initiatives to limit unprofitable projects.

● Operation Software

Net sales increased 14.5% year on year, reflecting strong performance in system infrastructure construction and other sectors.

Operating profit increased 9.4% year on year due to the sales increase, despite the impact of unprofitable projects.

● Products and Services

Net sales decreased 0.2% year on year owing to large PC sales for the GIGA School Program in the previous year and the impact of the expiration of sales agency contracts at some Group companies in the current fiscal year.

Operating profit declined 3.2% year on year due to lower sales.

● Outsourcing

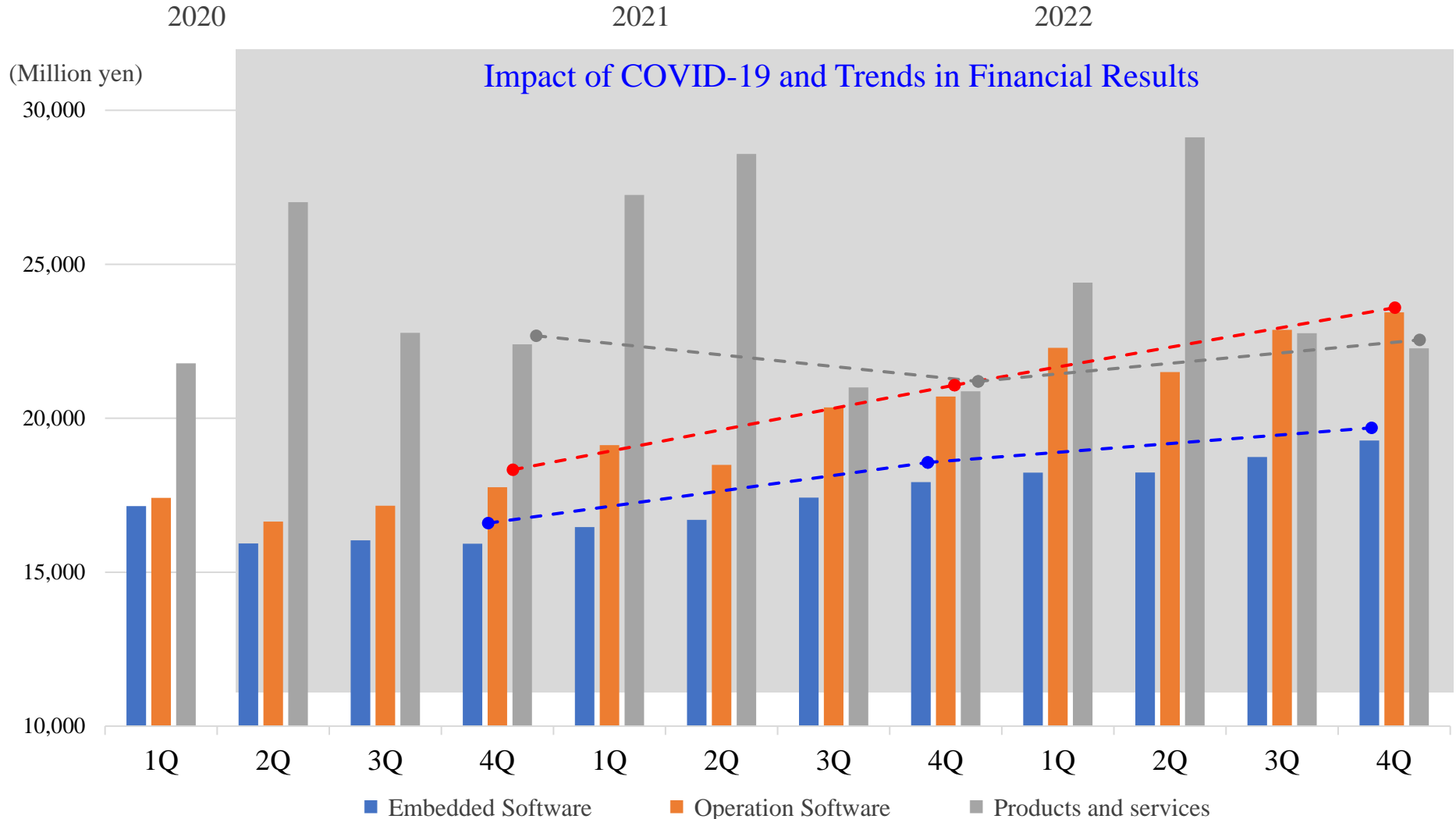
Net sales rose 7.2% year on year, reflecting an increase in operation and maintenance projects.

Operating profit also rose 11.6% year on year following sales growth.



Quarterly Change in Business Results (FY2020 to 4Q FY2022)

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





4. Consolidated Income Statement

(Million yen)

	FY2021	FY2022	YoY change (Amount)	YoY change (%)	FY2022	
	4Q Results	4Q Results			4Q Plan	Comparison with the plan
Net sales	257,891	278,783	+20,892	108.1%	265,500	105.0%
Cost of sales	201,055	217,216	+16,160	108.0%	—	—
Cost of sales margin	78.0%	77.9%				
Gross profit	56,835	61,567	+4,731	108.3%	—	—
Gross profit margin	22.0%	22.1%				
SG&A expenses	39,997	43,294	+3,297	108.2%	—	—
SG&A expense ratio	15.5%	15.5%				
Operating profit	16,838	18,272	+1,434	108.5%	17,300	105.6%
Operating profit margin	6.5%	6.6%			6.5%	
Non-operating income	1,114	1,220	+105	109.4%	—	—
Non-operating expenses	153	323	+169	210.8%	—	—
Share of (profit) loss of entities accounted for using equity method	176	35	-140	20.3%	—	—
Ordinary profit	17,976	19,205	+1,228	106.8%	18,500	103.8%
Ordinary profit margin	7.0%	6.9%			7.0%	
Extraordinary income	2,951	190	-2,760	6.5%	—	—
Extraordinary losses	3,261	1,111	-2,150	34.1%	—	—
Profit before income taxes	17,666	18,284	+618	103.5%	—	—
Total income taxes	6,329	4,896	-1,432	77.4%	—	—
Profit	11,337	13,388	+2,051	118.1%	—	—
Profit attributable to non- controlling interests	2,206	2,009	-197	91.0%	—	—
Profit attributable to owners of parent	9,130	11,379	+2,249	124.6%	9,700	117.3%
Profit margin attributable to owners of parent	3.5%	4.1%			3.7%	

Points of Income Statement

- (1) [Extraordinary income \(-2,760 million yen\)](#)
[Extraordinary losses \(-2,150 million yen\)](#)

Extraordinary income decreased due to the presence of gain on sale of investment securities in the previous fiscal year that was a result of the sale of cross shareholdings. Extraordinary losses decreased due to the presence of loss on sale of shares of subsidiaries and associates as well as property, plant and equipment impairment losses in the previous fiscal year.

- (2) [Total income taxes \(-1,432 million yen\)](#)

Income taxes decreased due to the sale of securities in the previous year and tax credits (under the tax system for facilitating securing of human resources, etc.), which resulted from proactive investment in recruitment and human resources development made in the fiscal year under review.

- (2) [Profit attributable to owners of parent \(+2,249 million yen\)](#)

Increased due to an increase in net sales and a decrease in income taxes



5. Consolidated Balance Sheet

	End of FY2021	End of FY2022	Change (Amount)
Current assets	111,128	112,730	+1,602
Cash and deposits	40,351	32,736	-7,615
Notes and accounts receivable - trade	57,352	56,634	-717
Securities	5,000	8,500	+3,500
Inventories	4,449	5,552	+1,102
Other	3,974	9,307	+5,332
Non-current assets	117,786	128,104	+10,317
Property, plant and equipment	90,344	99,160	+8,815
Intangible assets	4,547	5,426	+878
Investments and other assets	22,894	23,518	+623
Total assets	228,915	240,835	+11,920
Current liabilities	68,018	71,945	+3,927
Notes and accounts payable - trade	12,947	14,083	+1,135
Short-term borrowings	19,462	17,855	-1,606
Accrued expenses / provision for bonuses	11,971	12,974	+1,002
Income taxes payable	5,247	2,828	-2,418
Provision for loss on construction contracts	277	421	+143
Other	18,111	23,782	+5,670
Non-current liabilities	17,928	16,145	-1,783
Long-term borrowings	9,366	8,783	-582
Other	8,562	7,362	-1,200
Total liabilities	85,946	88,091	+2,144
Total net assets	142,968	152,744	+9,775
Total liabilities and net assets	228,915	240,835	+11,920

Points of the Balance Sheet

- (1) [Cash and deposits \(-7,615 million yen\)](#)
[Property, plant and equipment \(+8,815 million yen\)](#)

An increase (decrease) attributed to the payment of expenses related to a real-estate property to be used by the Company that has been under construction



6. Consolidated Cash Flow Statement

(Million yen)

	FY2021 4Q Results	FY2022 4Q Results	YoY change (Amount)
Cash flows from operating activities	15,907	13,519	-2,387
Cash flows from investing activities	4,894	-15,522	-20,416
Cash flows from financing activities	-17,871	-5,911	+11,960
Effect of exchange rate change on cash and cash equivalents	496	123	
Net increase (decrease) in cash and cash equivalents	3,425	-7,789	
Cash and cash equivalents at beginning of period	37,450	40,876	
Cash and cash equivalents at end of period	40,876	33,086	

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 13,519 million yen due to an increase in sales and profit.

The amount decreased 2,387 million yen year on year due to an increase in payment of income taxes and prepaid expenses for procurement of finished goods from other companies.

- [Cash flows from investing activities](#)

Net cash used in investing activities came to 15,522 million yen mainly due to construction expenses to secure office space.

The amount decreased 20,416 million yen year on year due mainly to the money received in sale of shares in the previous fiscal year.

- [Cash flows from financing activities](#)

Net cash used in financing activities stood at 5,911 million yen, mainly reflecting the payment of dividends.

The amount increased 11,960 million yen year on year due to repayment of working capital in the COVID-19 pandemic 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)

	FY2022 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	61,489	102.0%	274,617	113.0%	263,143	107.5%	72,963	125.1%
System Construction	38,273	107.0%	172,737	115.4%	164,583	111.8%	46,427	121.3%
Embedded/Control Software	13,506	96.0%	75,869	111.7%	74,491	108.7%	14,884	110.2%
Operation Software	24,766	114.2%	96,867	118.5%	90,091	114.5%	31,542	127.4%
Products and Services	23,216	94.8%	101,880	109.2%	98,560	100.9%	26,536	132.3%
Products and Services	¹ 21,363	95.3%	87,256	109.3%	83,902	99.8%	24,717	135.7%
Outsourcing	1,852	88.9%	14,623	108.8%	14,657	107.2%	1,818	98.2%

1: Order backlog at beginning of term was changed reflecting the application of the new revenue recognition standard. (+3,155 million yen)

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software
Orders received rose 11.7% 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 10.2% year on year.
- Operation Software
Orders received increased 18.5% year on year with growth in projects for the manufacturing and financial sectors, together with system infrastructure construction.
The order backlog at the end of the term increased 27.4% year on year.

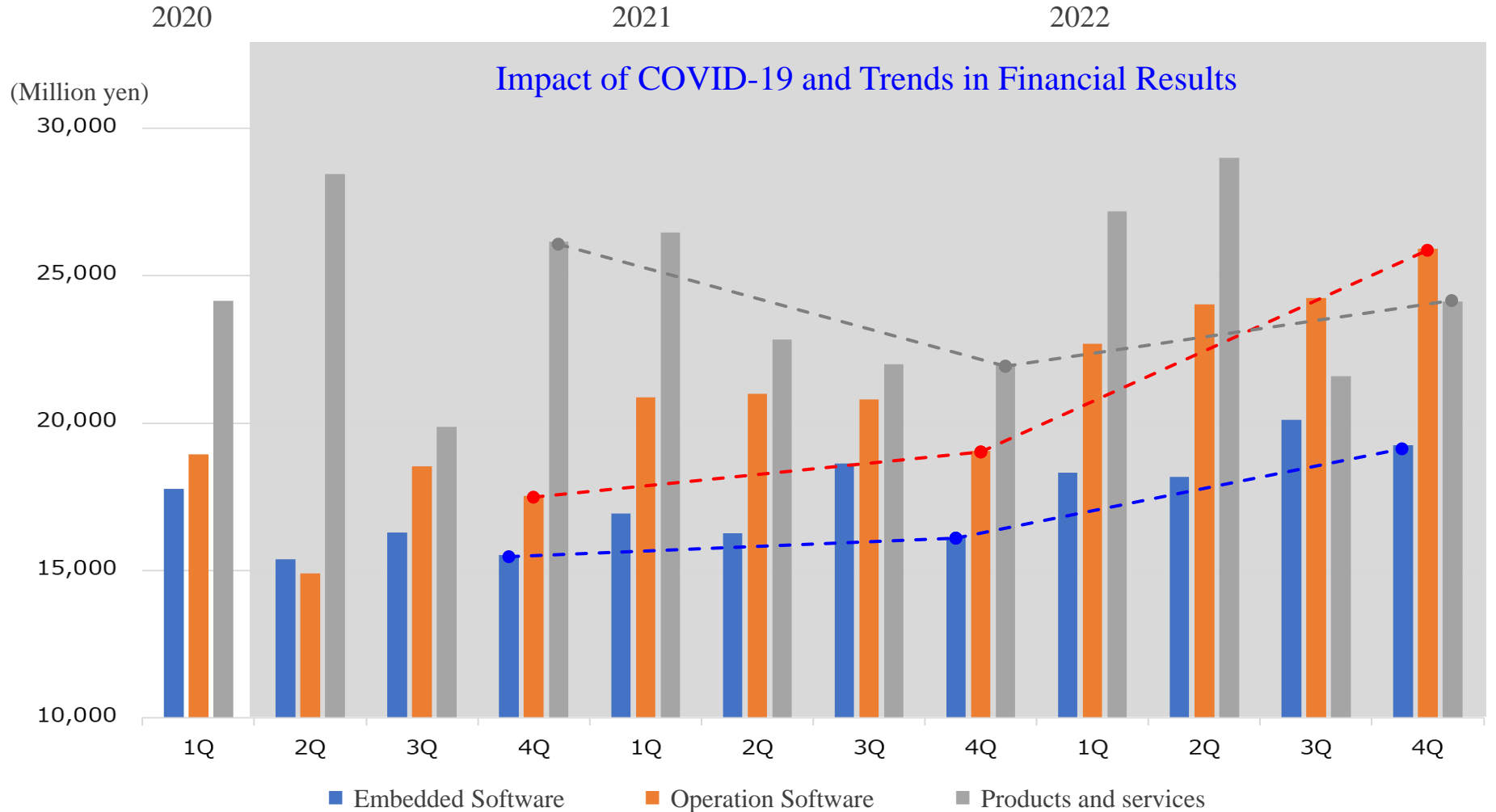
● Highlights in Products and Services

- Products and Services
Orders increased 9.3% year on year due mainly to an increase in sales of licenses from other companies and the Company's hardware products.
The order backlog at the end of the term increased 35.7% year on year.
- Outsourcing
Orders increased 8.8% year on year due to an increase in operation and maintenance projects.
The order backlog at the end of the term decreased 1.8% year on year.



Quarterly Change in Business Results (FY2020 to 4Q FY2022)

Quarterly **Orders** by Segment (Consolidated)





8. Dividends

The year-end dividend for FY2022

While the year-end dividend of 55 yen per share was forecast, it will be raised to 73 yen per share based on a comprehensive accounting of business performance.

(Annual dividend per share: 127 yen)

■ Dividend per share (Consolidated)

	End of interim period	Most recent year-end dividend forecast	Determined amount of year-end dividend	Annual dividend (Yen)
Dividend per share (FY2022)	54.00 yen	55.00 yen	73.00 yen	127.00 yen

	FY2022 Year end
Dividend payout ratio	35.0%



Business Conditions in the Fiscal Year Ended December 31, 2022



Business Conditions in Fiscal Year 2022

While the future of the external environment remained uncertain, including the supply chain problems caused by COVID-19 and the fluctuation of exchange rates (weaker yen), their impact on the Company was limited.

Customers' Business	Major Consolidated Segments						
	System Construction		Products and Services			Other	
	Operation Software	Embedded/Control Software	FUJI SOFT products		Other companies' products		
Machinery Manufacturing FA, medical care, mobile devices, home appliances, electronics and other businesses	Strong	Strong	More NOTE	CAE systems	Licenses for other companies (MS, VMware, AWS, Salesforce, etc.) Product sales systems (PCs, servers, tablets, etc.)		
Automotive	Strong	Steady					CAE systems
Social Infrastructure Systems Communication, transportation, energy and other businesses		Remain flat					
Financial Sector Life insurance, non-life insurance, credit card, bank, securities and other businesses	Strong		FAM series	Securities system solutions			
Distribution Sector Retailing, wholesale, e-commerce and other businesses	Steady		Desktop Full Service	Distribution system solutions			
Public Sector Public offices, education, medical care and other businesses	Strong			Mirai Series			
Other Telecommunication, other services, general consumer businesses and other businesses	Strong			Wi-Fi router PALRO		BPO, call center	

Medium-Term Management Plan and Initiatives for Increasing Corporate Value

Medium-Term Management Plan: Three-Year Management Policy

Lead DX in the aspects of both IT and OT with digital technologies and contribute to value improvement and innovations by customers and society

Respond to the era of rapid change, continue to transform, and achieve stable, sustainable growth and increased added value

Major Points of the Medium-Term Management Plan

Propelling DX to innovate and transform the Company's business model and taking on challenges widely in new technology fields to strengthen AIS-CRM

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

Measures to Improve Corporate Value

Established the Corporate Value Improvement Committee in August 2022 for ensuring the implementation of the governance measures required of the companies listed on the TSE's Prime market and continuing to strengthen corporate finance from a medium- to long-term perspective

Initiatives in 2022

Started to take on challenges in **DX**, **SD**, and **(5)G2** as new fields of technology, while achieving continuous growth in the AIS-CRM area, where the Company started working in earnest in 2018

Pushed forward with an increase in recruitment activities, which had been restrained, and the development of specialist human resources who drive DX of the Company and customers, in response to the recovery of the business performance of customers from the decline caused by the COVID-19 pandemic

- Recognized the need to re-examine and revise existing measures related to important management themes
- Since December 2022, examinations have been underway, with the leading role played by each working group, under the new administration with additional five new outside directors.



Technological Strategies: Status of <AIS-CRM> (Non-consolidated)

	2021 95.9 billion	YoY change +17.0%	2022 112.2 billion
A I	A focus on development <u>1.9 billion yen</u>	+58.7%	A focus on development <u>3.0 billion yen</u>
I oT	A focus on development <u>3.1 billion yen</u>	+10.1%	A focus on development <u>3.4 billion yen</u>
S ecurity	Development and licensing <u>12.3 billion yen</u>	+11.1%	Development and licensing <u>13.8 billion yen</u>
C loud	Licensing, SI, system infrastructure, online businesses, etc. <u>49.5 billion yen</u>	+19.1%	Licensing, SI, system infrastructure, online businesses, etc. <u>59.0 billion yen</u>
R obot	A focus on development +PALRO, robot SI, etc. <u>4.4 billion yen</u>	+13.1%	A focus on development +PALRO, robot SI, etc. <u>5.0 billion yen</u>
M obile	Development, products, etc. <u>6.5 billion yen</u>	+28.5%	Development, products, etc. <u>8.3 billion yen</u>
Auto M otive	A focus on development <u>18.1 billion yen</u>	+8.3%	A focus on development <u>19.7 billion yen</u>



Results Forecasts for FY2023

Aim to achieve three-year numerical targets a year earlier

- ◇ For the fiscal year under review, the Group forecast certain negative impacts, including the impact of COVID-19 on the market, and risks related to certain Group companies. However, the negative impacts could be alleviated compared to the forecasts, and higher-than-expected business growth could be achieved thanks in part to an increase in customers' demand for IT investment. The Group forecasts that in FY2023, the business environment will be as favorable as it was in the fiscal year under review. The Group will also institute measures that will help improve the corporate value and will work to achieve three-year numerical targets*1, which are to be achieved by FY2024, a year earlier.

(Million yen)

	FY2022 Results	FY2023 Plan	YoY change (Amount)	YoY change (%)	(Reference) Medium-Term Management Plan FY2024 targets
Net sales	278,783	300,000	+21,216	107.6%	300,000 or higher
Operating profit	18,272	20,000	+1,727	109.5%	20,000 or higher
Operating profit margin	6.6%	6.7%			6.7% or higher
Ordinary profit	19,205	20,300	+1,095	105.7%	—
Ordinary profit margin	6.9%	6.8%			—
Profit attributable to owners of parent	11,379	12,300	+921	108.1%	—
Profit margin attributable to owners of parent	4.1%	4.1%			—
ROIC	8.1%	8.5%	+0.4pt	—	8.0% or higher
ROE	8.8%	9.0%	+0.2pt	—	9.0% or higher
EBITDA margin	8.0%	8.5%	+0.5pt	—	9.0% or higher

*1. The EBITDA margin was excluded (in light of progress in depreciation reflecting the status of sales of in-house products).
An improvement (+0.5 percentage points) from the result for December 2022 is expected.



Trends of Dividends and the Plan for FY2023

Annual dividend of FY2023 is planned to be 137 yen per share.

The dividend payout ratio for FY2023 will be 35%, as announced in the Medium-Term Management Plan.

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

(Yen)

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Plan
Net profit per share	250.40	273.96	291.47	362.57	391.61
Dividend per share	42	46	52	127	137
Commemorative dividend	-	5	-	-	-
Dividend payout ratio	16.8%	18.6%	17.8%	35.0%	35.0%



* 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.