



# Results of Operations for the First Half of FY2022

---

August 5, 2022

FUJI SOFT INCORPORATED



# Contents

---

P2. Consolidated Financial Highlights in the First Half of FY2022

P14. Business Trends in the First Half



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

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

- ◇ Net sales rose 6.7% year on year, to 141,328 million yen, 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.

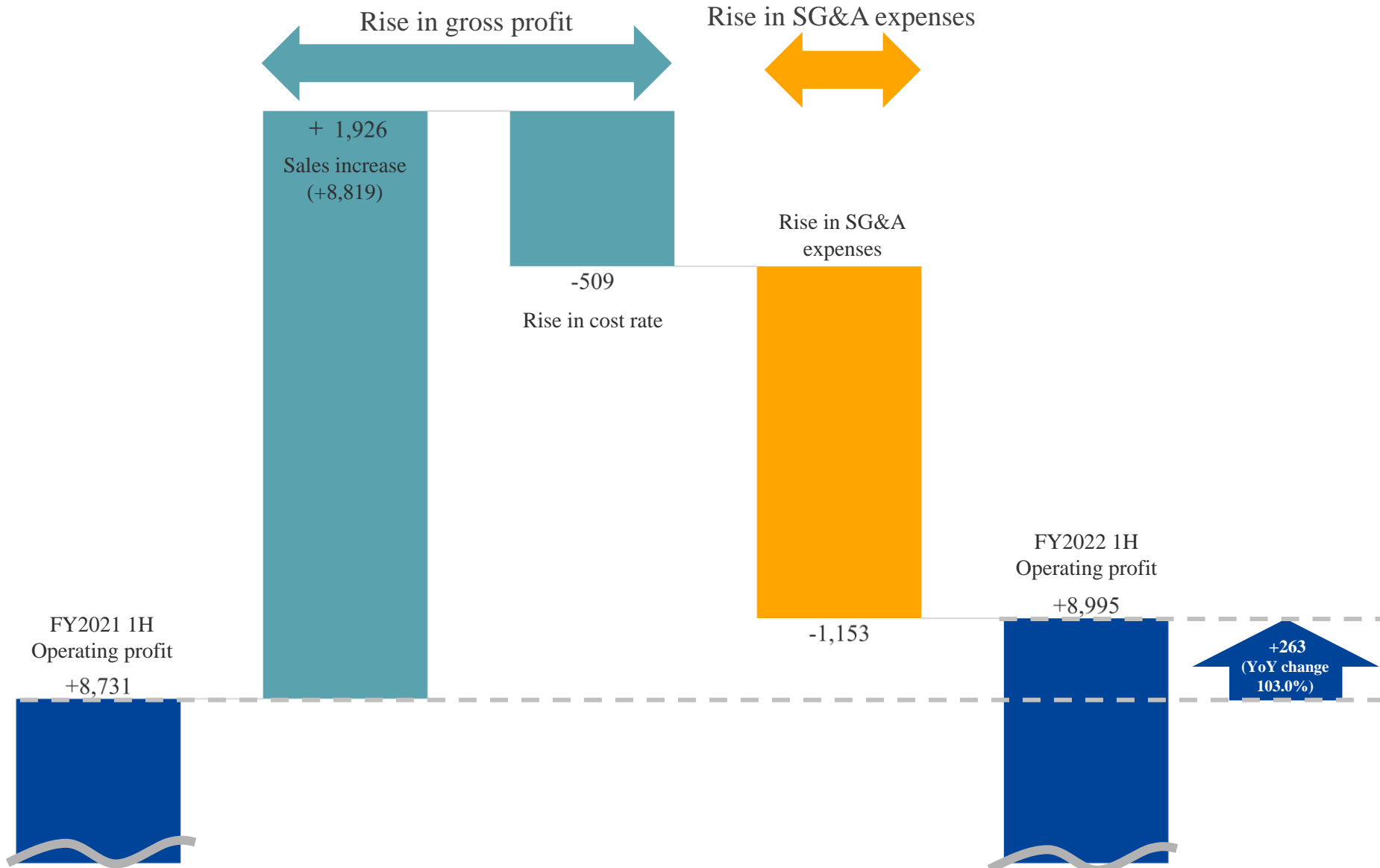
Operating profit rose due to higher sales.

- ◇ Operating profit rose 3.0% year on year (18.4% compared to forecast), to 8,995 million yen, due to a greater-than-expected increase in sales from embedded software development projects and BPO services although a decrease in operating profit was forecast due to the impact of the expiration of sales agency contracts at some Group companies.
- ◇ Ordinary profit rose 5.2% year on year, to 9,954 million yen, due to higher foreign exchange gains.
- ◇ Profit attributable to owners of parent rose 25.7% year on year, to 5,850 million yen, because income taxes increased temporarily in the previous fiscal year due to the sale of shares (decreased in the current fiscal year because there are no factors causing an increase).

(Million yen)

	FY2021 1H Results	FY2022 1H Results	YoY change (Amount)	YoY change (%)	FY2022 1H Plan	Comparison with the plan
<b>Net sales</b>	132,508	141,328	+8,819	106.7%	132,600	106.6%
<b>Operating profit</b>	8,731	8,995	+263	103.0%	7,600	118.4%
Operating profit margin	6.6%	6.4%			5.7%	
<b>Ordinary profit</b>	9,462	9,954	+491	105.2%	8,300	119.9%
Ordinary profit margin	7.1%	7.0%			6.3%	
<b>Profit attributable to owners of parent</b>	4,653	5,850	+1,197	125.7%	4,400	133.0%
Profit margin attributable to owners of parent	3.5%	4.1%			3.3%	

## Trends in Consolidated Operating Profit (1H)





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

Net sales rose 8.8% year on year.

The cost of sales margin increased to 79.0%.

- ◇ The cost of sales margin was 79.0%, mainly reflecting unprofitable projects at some Group companies and the change of the revenue recognition standard.

SG&A expenses increased 758 million yen year on year.

- ◇ SG&A expenses increased 758 million yen year on year due to an increase in labor costs and expenses associated with a personnel increase for responding to strong orders.
- ◇ Operating profit decreased 5.5% year on year, to 3,905 million yen.

	FY2022 1Q Results	YoY change (Amount)	YoY change (%)	FY2022 2Q Results	YoY change (Amount)	YoY change (%)
	(Million yen)					
<b>Net sales</b>	68,874	+2,946	104.5%	72,453	+5,873	108.8%
<b>Cost of sales</b>	53,725	+2,060	104.0%	57,243	+5,342	110.3%
Cost of sales margin	78.0%			79.0%		
<b>Gross profit</b>	15,148	+886	106.2%	15,209	+530	103.6%
<b>SG&amp;A expenses</b>	10,058	+394	104.1%	11,304	+758	107.2%
<b>Operating profit</b>	5,089	+491	110.7%	3,905	-227	94.5%
Operating profit margin	7.4%			5.4%		



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

(Million yen)

	FY2022	Net sales	Operating profit	
<b>FUJI SOFT INCORPORATED</b>	1H Results	98,731	5,292	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, despite the presence of unprofitable projects.
	YoY change (Amount)	+7,254	+913	
	YoY change (%)	107.9%	120.9%	
<b>CYBERNET SYSTEMS Co., Ltd.</b>	1H Results	9,736	1,033	Both sales and profit decreased for the following two reasons. First, the Company began applying the new revenue recognition standard in the fiscal year ending December 2022. As a result, account processing was changed so that revenue from software maintenance services in the agency business that had previously been recognized mostly at the time of the start of the contract is now recognized throughout the contract period. Second, a sales agency contract with Synopsys, Inc. was terminated on October 1, 2021.
	YoY change (Amount)	-2,770	-1,204	
	YoY change (%)	77.8%	46.2%	
<b>VINX CORP.</b>	1H Results	16,188	1,576	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)	+1,639	+308	
	YoY change (%)	111.3%	124.3%	
<b>CYBER COM Co., Ltd.</b>	1H Results	8,267	639	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)	+844	+102	
	YoY change (%)	111.4%	119.1%	
<b>FUJI SOFT SERVICE BUREAU INCORPORATED</b>	1H Results	5,563	386	Net sales remained strong due to demand for fixed-term outsourcing services related to the COVID-19 measures of local governments in both BPO services and call center services. 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 rose due to the growth of sales and highly profitable projects, despite a temporary increase in expenses associated with environmental maintenance.
	YoY change (Amount)	+1,477	+210	
	YoY change (%)	136.2%	219.5%	

\* Results from January to June, 2022 are stated in the FY2022 1H results column.



### 3. Consolidated Sales/Operating Profit by Segment

(Million yen)

	FY2022 Net sales		YoY change (Amount)	YoY change (%)	FY2022 Operating profit		YoY change (Amount)	YoY change (%)
	1H Results	Component ratio			1H Results	Operating profit margin		
<b>Consolidated total</b>	141,328	100.0%	+8,819	106.7%	8,995	6.4%	+263	103.0%
<b>SI Business</b>	133,786	94.7%	+7,173	105.7%	8,227	6.1%	-58	99.3%
<b>System Construction</b>	80,260	56.8%	+9,483	113.4%	5,141	6.4%	+778	117.9%
Embedded/Control Software	36,475	25.8%	+3,309	110.0%	3,014	8.3%	+783	135.1%
Operation Software	43,785	31.0%	+6,174	116.4%	2,127	4.9%	-4	99.8%
<b>Products and Services</b>	53,525	37.9%	-2,309	95.9%	3,086	5.8%	-837	78.7%
Products and Services	46,015	32.6%	-3,011	93.9%	2,549	5.5%	-871	74.5%
Outsourcing	7,510	5.3%	+701	110.3%	536	7.1%	+34	106.8%
<b>Facility Business</b>	1,340	0.9%	+88	107.0%	373	27.9%	-33	91.8%
<b>Other Businesses</b>	6,201	4.4%	+1,557	133.5%	393	6.4%	+355	1016.6%

#### Highlights of Sales by Segment

##### ● Embedded/Control Software

Net sales increased 10.0% year on year due to the continued strong results of machine control systems and the steady performance in the automotive and other sectors.

Operating profit rose 35.1% year on year due to the trend of limiting unprofitable projects.

##### ● Operation Software

Net sales increased 16.4% year on year, reflecting strong performance in system infrastructure construction and other sectors.

Operating profit decreased 0.2% year on year due to the impact of unprofitable projects.

##### ● Products and Services

Net sales decreased 6.1% 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 25.5% year on year due to lower sales and the fluctuation of the sales mix.

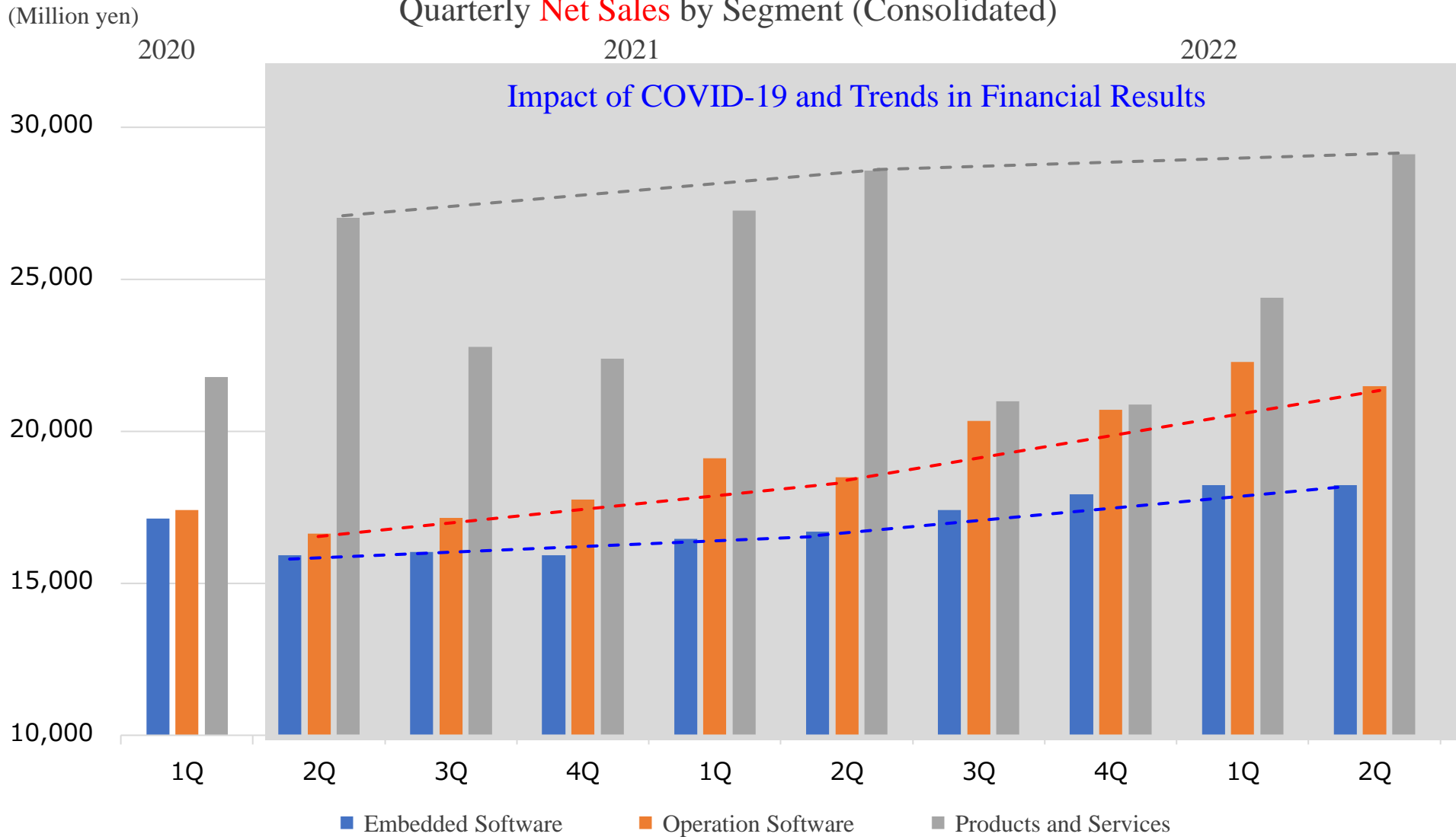
##### ● Outsourcing

Net sales rose 10.3% year on year, reflecting an increase in operation and maintenance projects.

Operating profit rose 6.8% year on year due to higher sales, despite temporary spending associated with the data center transfer.



## Quarterly Change in Business Results (FY2020 to 2Q FY2022)







## 4. Consolidated Income Statement

	(Million yen)					
	FY2021 1H Results	FY2022 1H Results	YoY change (Amount)	YoY change (%)	FY2022 1H Plan	Comparison with the plan
Net sales	132,508	141,328	+8,819	106.7%	132,600	106.6%
Cost of sales	103,566	110,969	+7,402	107.1%	—	—
Cost of sales margin	78.2%	78.5%	(1)			
Gross profit	28,942	30,358	+1,416	104.9%	—	—
Gross profit margin	21.8%	21.5%				
Selling, general and administrative expenses	20,210	21,363	+1,153	(2) 105.7%	—	—
SG&A expense ratio	15.3%	15.1%				
Operating profit	8,731	8,995	+263	103.0%	7,600	118.4%
Operating profit margin	6.6%	6.4%			5.7%	
Non-operating income	646	1,101	+455	170.3%	—	—
Non-operating expenses	66	151	+85	227.8%	—	—
Share of (profit) loss of entities accounted for using equity method	150	9	-141	6.2%	—	—
Ordinary profit	9,462	9,954	+491	105.2%	8,300	119.9%
Ordinary profit margin	7.1%	7.0%			6.3%	
Extraordinary income	2,759	157	-2,602	(3) 5.7%	—	—
Extraordinary losses	2,753	356	-2,396	13.0%	—	—
Profit before income taxes	9,469	9,755	+286	103.0%	—	—
Total income taxes	3,494	2,819	-674	80.7%	—	—
Profit	5,974	6,935	+960	116.1%	—	—
Profit attributable to non-controlling interests	1,321	1,084	-236	82.1%	—	—
Profit attributable to owners of parent	4,653	5,850	+1,197	125.7%	4,400	133.0%
Profit margin attributable to owners of parent	3.5%	4.1%			3.3%	

### Points of Income Statement

#### (1) Cost of sales margin (78.5%)

Increased due in part to unprofitable projects at some Group companies and the change of the revenue recognition standard

#### (2) SG&A expenses (+1,153 million yen)

Increased associated with a personnel increase in response to strong orders

#### (3) Extraordinary income (-2,602 million yen) Extraordinary losses (-2,396 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.



## 5. Consolidated Balance Sheet

	FY2021	FY2022		(Million yen)
	End of FY2021	End of 1H of FY2022	Change (Amount)	FY2021 End of 1H of FY2021 (Reference)
Current assets	111,128	114,075	+2,947	106,413
Cash and deposits	40,351	39,472	-879	40,809
Notes and accounts receivable - trade	57,352	53,827	(1) -3,525	51,469
Securities	5,000	7,500	+2,500	5,500
Inventories	4,449	4,294	-154	4,809
Other	3,974	8,981	(2) +5,006	3,825
Non-current assets	117,786	123,173	+5,386	119,242
Property, plant and equipment	90,344	96,135	(3) +5,791	90,384
Intangible assets	4,547	4,601	+54	5,030
Investments and other assets	22,894	22,436	-458	23,827
<b>Total assets</b>	<b>228,915</b>	<b>237,249</b>	<b>+8,334</b>	<b>225,656</b>
Current liabilities	68,018	72,956	+4,938	57,689
Notes and accounts payable - trade	12,947	14,900	+1,953	13,993
Short-term borrowings	19,462	20,856	+1,393	11,681
Accrued expenses / provision for bonuses	11,971	11,025	-945	9,813
Income taxes payable	5,247	3,145	-2,101	4,441
Provision for loss on construction contracts	277	197	-79	172
Other	18,111	22,830	(4) +4,718	17,587
Non-current liabilities	17,928	16,215	-1,712	29,062
Long-term borrowings	9,366	9,007	-358	20,163
Other	8,562	7,208	-1,353	8,899
<b>Total liabilities</b>	<b>85,946</b>	<b>89,172</b>	<b>+3,225</b>	<b>86,752</b>
<b>Total net assets</b>	<b>142,968</b>	<b>148,076</b>	<b>+5,108</b>	<b>138,904</b>
<b>Total liabilities and net assets</b>	<b>228,915</b>	<b>237,249</b>	<b>+8,334</b>	<b>225,656</b>

### Points of the Balance Sheet

#### (1) Notes and accounts receivable - trade (-3,525 million yen)

A seasonal decline that resulted from higher sales

#### (2) Other current assets (+5,006 million yen)

Increases in prepaid expenses for the procurement of finished goods from other companies and in advance payments to suppliers (cost portion) associated with the change of the revenue recognition standard

#### (3) Property, plant and equipment (+5,791 million yen)

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

#### (4) Other current liabilities (+4,708 million yen)

Increases in accounts payable - other related to a real-estate property to be used by the Company that has been under construction and in advances received (sales portion) associated with the change of the revenue recognition standard

## 6. Consolidated Cash Flow Statement

(Million yen)

	FY2021 1H Results	FY2022 1H Results	YoY change (Amount)
Cash flows from operating activities	9,589	5,278	-4,311
Cash flows from investing activities	8,269	-7,714	-15,984
Cash flows from financing activities	-13,755	-572	+13,183
Effect of exchange rate change on cash and cash equivalents	348	700	
Net increase (decrease) in cash and cash equivalents	4,452	-2,308	
Cash and cash equivalents at beginning of period	37,450	40,876	
Cash and cash equivalents at end of period	41,902	38,568	

### Highlights of Cash Flows

- Cash flows from operating activities

Net cash provided by operating activities stood at 5,278 million yen due to an increase in money received, attributable to higher sales and profits.

The amount decreased 4,311 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 7,714 million yen mainly due to construction expenses to secure office space.

The amount decreased 15,984 million yen year on year due to the withdrawal of time deposits and money received in sale of shares in the previous fiscal year.

- Cash flows from financing activities

Net cash used in financing activities stood at 572 million yen.

The amount increased 13,183 million yen year on year due to repayment 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)

	FY2022 1H Results							
	Order backlog at beginning of term	YoY change (%)	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
<b>SI Business total</b>	61,489	102.0%	139,400	112.1%	133,786	105.7%	67,103	115.6%
<b>System Construction</b>	38,273	107.0%	83,227	110.8%	80,260	113.4%	41,239	102.9%
Embedded/Control Software	13,506	96.0%	36,507	110.0%	36,475	110.0%	13,538	95.9%
Operation Software	24,766	114.2%	46,719	111.6%	43,785	116.4%	27,701	106.7%
<b>Products and Services</b>	23,216	94.8%	56,173	113.9%	53,525	95.9%	25,864	144.0%
Products and Services	1 21,363	95.3%	48,626	114.6%	46,015	93.9%	23,974	151.6%
Outsourcing	1,852	88.9%	7,547	109.9%	7,510	110.3%	1,889	88.1%

1: Order backlog at beginning of term was changed reflecting the application of the new revenue recognition standard. (+3,155 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 117.9% of that in the same period of the previous year (a year-on-year increase of 17.9%) and the year-end order backlog in System Construction was 106.2% of that in the same period of the previous year (a year-on-year increase of 6.2%).

### Highlights of Orders and Order Backlogs

#### ● Highlights in System Construction

##### - Embedded/Control Software

Orders received rose 10.0% year on year due in part to an increase in machine control systems.

The order backlog at the end of the term decreased 4.1% year on year.

4: The year-end order backlog based on the conventional posting method is 104.4% of that in the same period of the previous year (a year-on-year increase of 4.4%).

##### - Operation Software

Orders received increased 11.6% 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 6.7% year on year.

5: The year-end order backlog based on the conventional posting method is 107.1% of that in the same period of the previous year (a year-on-year increase of 7.1%).

#### ● Highlights in Products and Services

##### - Products and Services

Orders increased 14.6% year on year due to an increase in sales of licenses from other companies.

The order backlog at the end of the term increased 51.6% year on year.

##### - Outsourcing

Orders increased 9.9% year on year due to an increase in operation and maintenance projects.

The order backlog at the end of the term decreased 11.9% year on year.



# Quarterly Change in Business Results (FY2020 to 2Q FY2022)

Quarterly **Orders** by Segment (Consolidated)

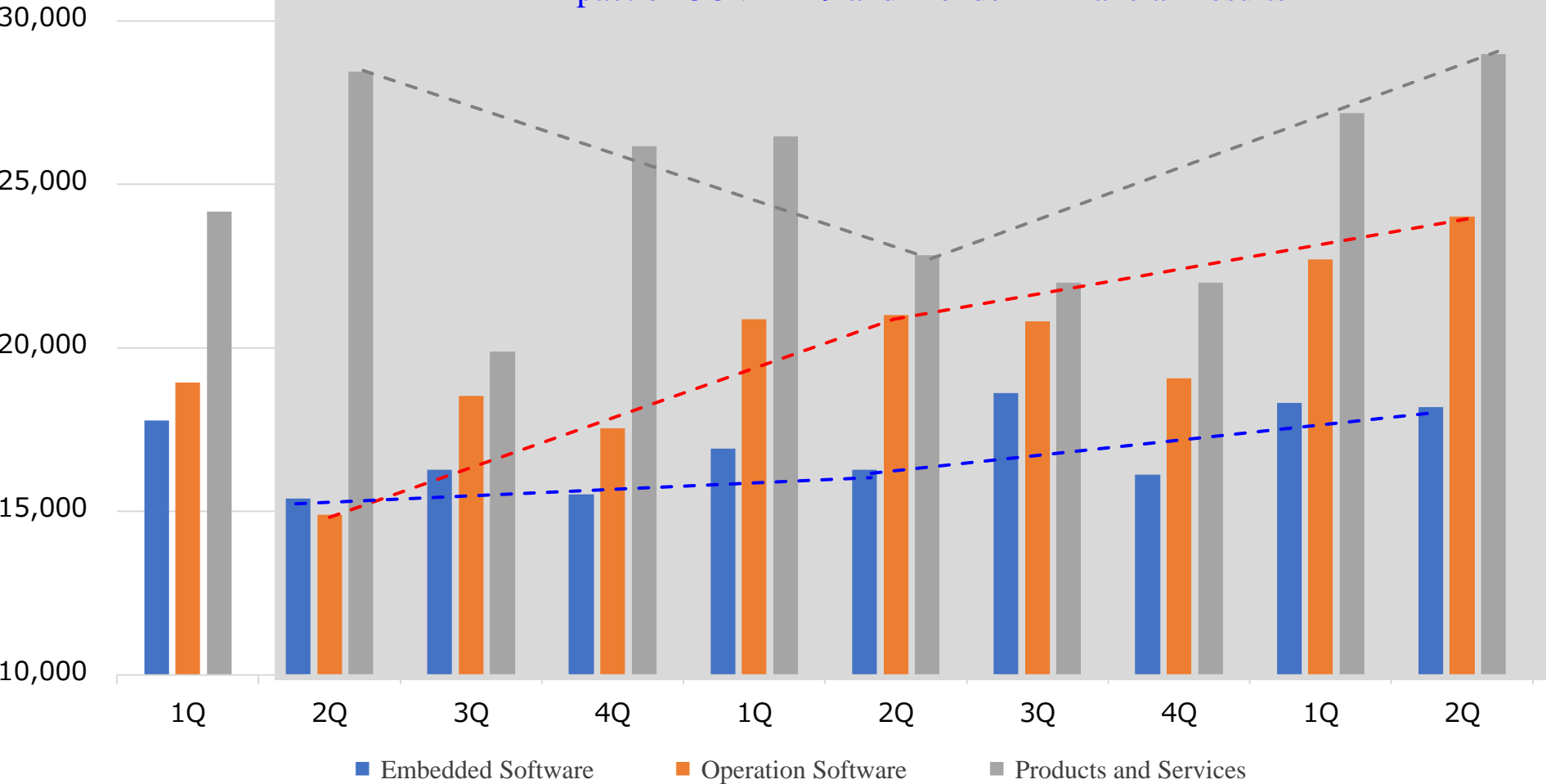
(Million yen)

2020

2021

2022

Impact of COVID-19 and Trends in Financial Results





## 8. Dividends

Interim dividends will be 54 yen per share as forecast at the beginning of the fiscal year, and year-end dividends will be paid as announced in the medium-term management plan.

- Interim dividends will be 54 yen per share as forecasted at the beginning of the fiscal year.

### Interim dividends

	At the end of the second quarter of FY2022	Dividend payout ratio	Most recent dividend forecast
Dividend per share	54.00 yen	29.0%	54.00 yen

- The plan (announced on February 10) was to pay year-end dividends of 55 yen per share. However, the Company **plans a revision so that the full-year dividend payout ratio will be 35% or greater**, as announced in the medium-term management plan (2022 to 2024).

### (Reference) Year-end dividend forecast announced on February 10

	At the end of FY2022
Dividend per share	55.00 yen

**The amount of dividend will be revised depending on financial results.**



# Business Trends in the First Half

---



# Business Trends in the First Half of FY2022

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	
<b>Machinery Manufacturing</b> FA, medical care, mobile devices, home appliances, electronics and other businesses	Strong	Strong		CAE systems		CAE systems
<b>Automotive</b>	Strong	Steady	more NOTE			
<b>Social Infrastructure Systems</b> Communication, transportation, energy and other businesses		Remain flat	FAM series		Licenses for other companies (MS, VMware, AWS, Salesforce, etc.)	Product sales systems (PCs, servers, tablets, etc.)
<b>Financial Sector</b> Life insurance, non-life insurance, credit card, bank, securities and other businesses	Strong			Securities system solutions		
<b>Distribution Sector</b> Retailing, wholesale, e-commerce and other businesses	Strong		Desktop Full Service	Distribution system solutions		
<b>Public Sector</b> Public offices, education, medical care and other businesses	Strong			Mirai Series		
<b>Other</b> 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 --> DX +AIS-CRM +SD +(5)G2



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



### Measures to Improve Corporate Value

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 the First Half of 2022

Formulated a DX strategy to increase the competitiveness of the Company and customers  
Propelled the construction of the digital architecture of the Company's overall system while continuing with the project for the next backbone system

Increased recruitment activities, which had been restrained, in response to the recovery of customers' business performance following the impact of COVID-19, enhanced response to high value-added business and pushed DX forward leveraging more sophisticated human resources

### Initiatives in the First Half of 2022

Establish a Corporate Value Improvement Committee which will include external members, began considering corporate finance strategies and issues related to the improvement of corporate governance



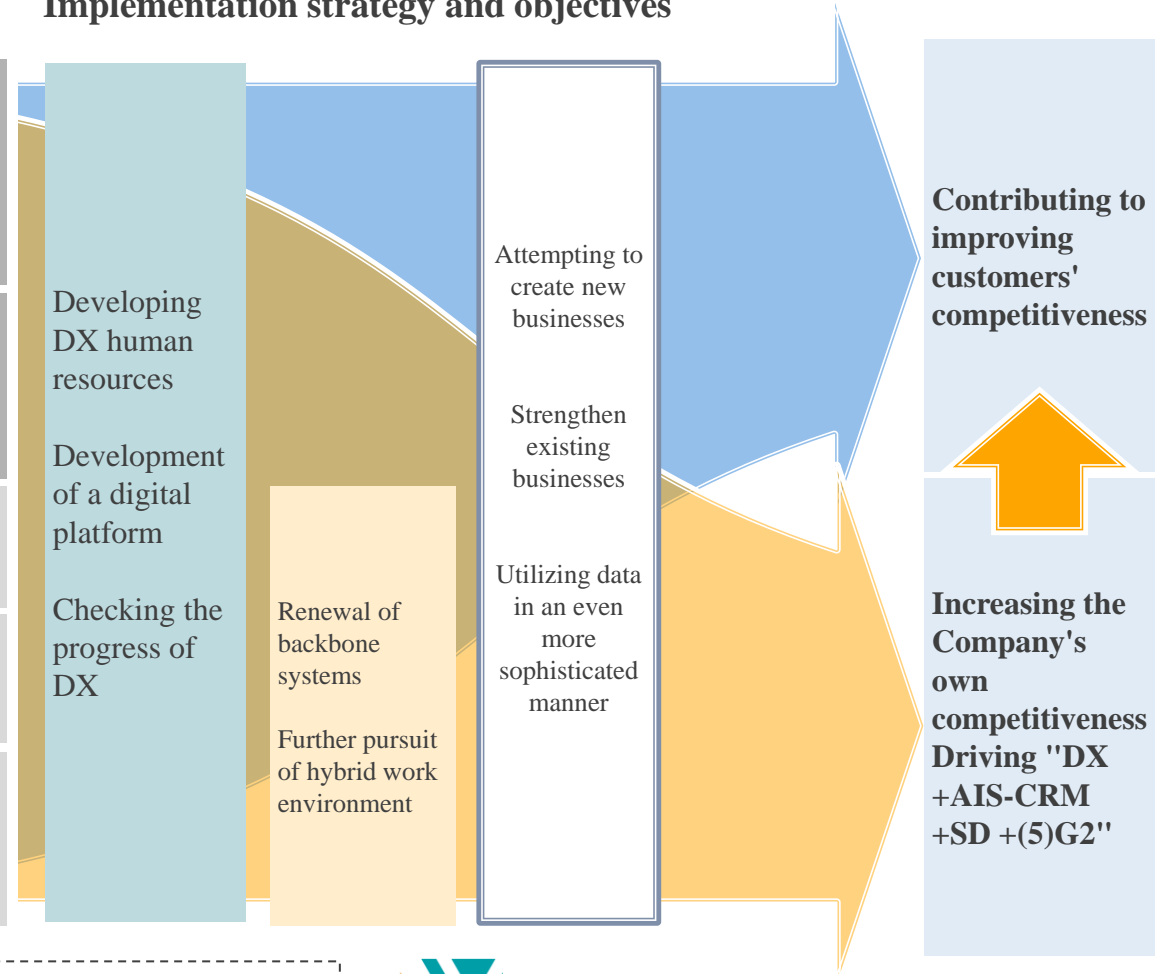
# DX strategy

Formulated a DX strategy in February 2022 to increase the competitiveness of the Company and customers

## FUJI SOFT's definition of DX



## Implementation strategy and objectives

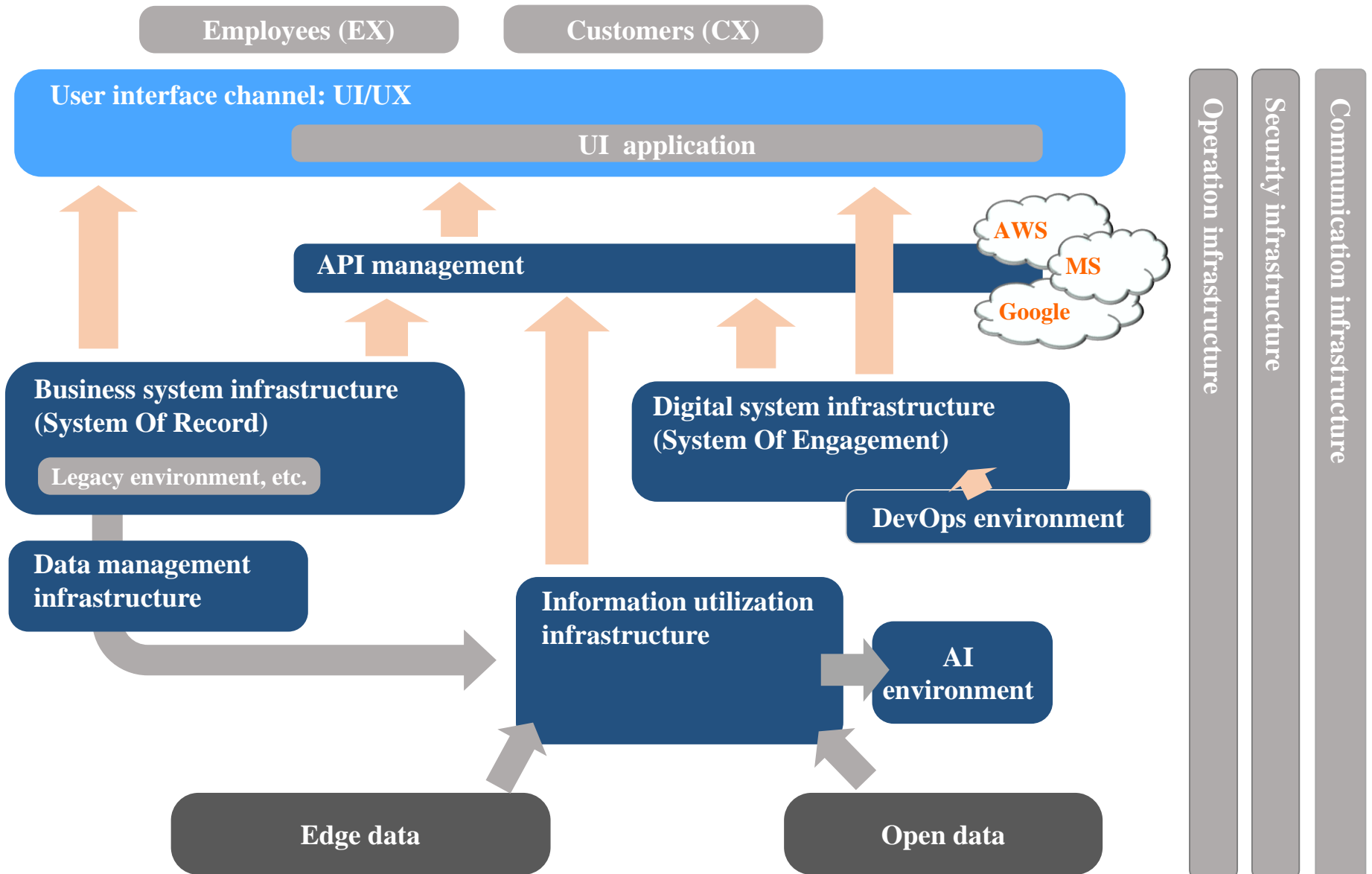


◇ The Company was recognized as "a DX-Certified Operator" as of July 1, 2022 in recognition of its initiatives.





# Digital System Architecture



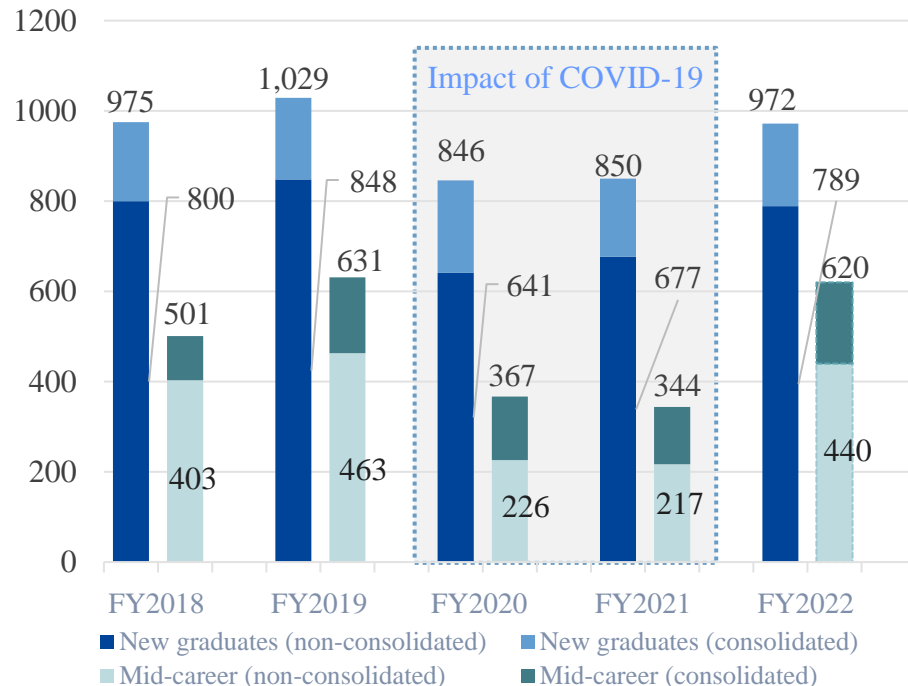


## Reinforcing human resources

Pushed forward with the increase of recruitment activities, which had been restrained, and the development of human resources, in response to the recovery of customers' business performance

- ◇ The Company increased recruitment of new graduates and mid-career employees, which had been restrained temporarily in response to the COVID-19 pandemic, to secure production capacity. The Company will develop specialist human resources who will push the DX of the Company and customers forward, enhancing measures for AIS-CRM, a focus technology field, and high value-added businesses.

**Five listed companies (non-consolidated):**  
**New graduate and mid-career hires**  
 (Mid-career hire figures for 2022 are the forecast.)



Excluding the number of temporary employees of  
 FUJI SOFT SERVICE BUREAU INCORPORATED

### Developing DX human resources Target: FY2024

#### Drivers of DX operations

Business architects: **100** persons

People in charge of practical business transformation tasks or pushing forward with practical tasks in new businesses, who are familiar with the businesses and operations of the Company or its customers  
 Human resources who understand DX and lead DX initiatives

#### Drivers of DX technologies

Senior technical architects: **100** persons

Technical architects: **1,000** persons

Human resources who are familiar with data utilization and digital technologies (in the field of Company's technology strategy in particular) and capable of designing and operating DX systems differently from short-term and medium- to long-term perspectives and ensuring overall consistency



\* 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.