



Mid-term Business Plan 2028

FUJI SOFT INCORPORATED

(Code: 9749 TSE Prime Market)

February 14th, 2024



Agenda

01. **Review of current Mid-term Business Plan**
02. Targets of Mid-term Business Plan 2028
03. Detailed measures
04. HR strategy
05. Execution framework to realize the Mid-term Business Plan 2028
06. Appendix - Engagement with capital markets

Mid-term Business Plan 2028 in the timeline

Vision

Our goal is to become the leading company in IT/OT system, software and service provider to contribute to our customers and society

1 trillion JPY company

Mid-term Business Plan 2028 (2024-2028)

“Steady Growth, Innovation, and Bases for the Future”

Focus on Growth and Profitability

2024

New Plan

Midterm Business Plan (2022-2024)

Leading DX from both IT and OT with digital technologies:
better life for customers, innovation for society

Nov: Tender offers wholly acquire the four listed subsidiaries

Feb: Announcement of the “Future Vision” in the Corporate Value Committee FY2022 Activity Status Presentation

Dec: Five new outside directors proposed by the company were appointed at the extraordinary general meeting of shareholders. New management teams starts

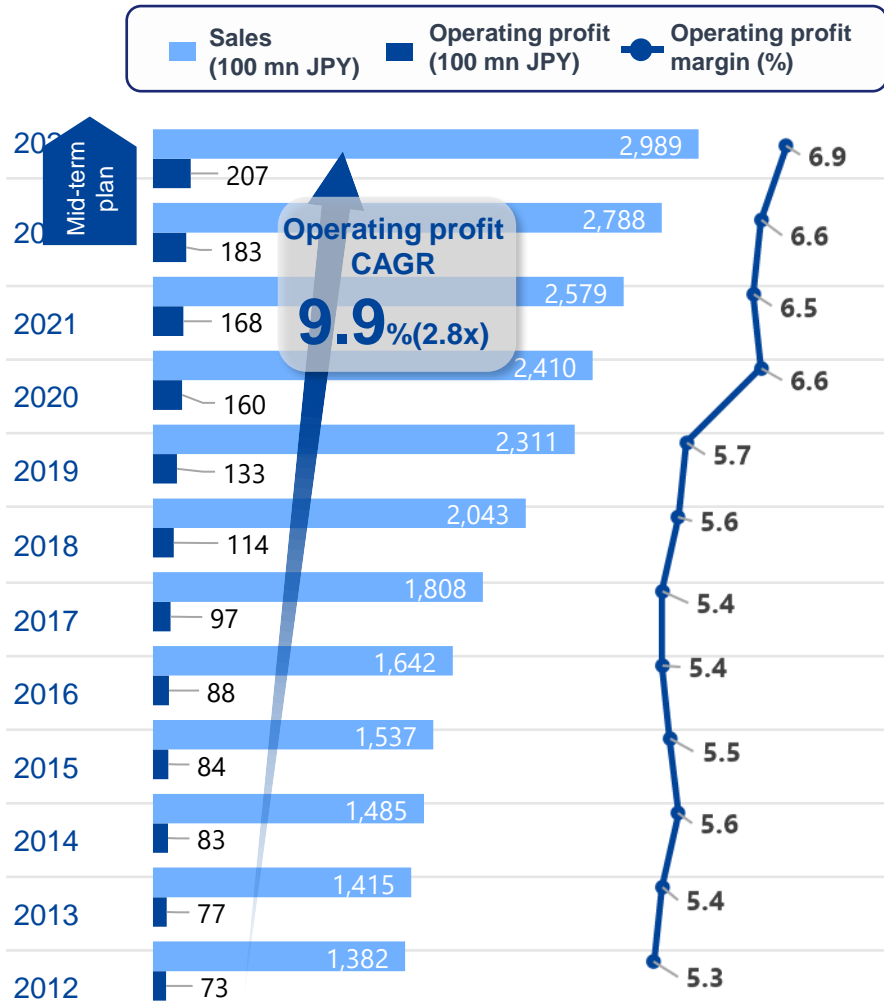
Nov: Disclosed a interim report on the progress of the Corporate Value Committee

2022

June: Launched the Corporate Value Committee in order to re-evaluate business challenges

Performance over the last 10 years

As a result of the efforts to strengthen business to become a leading company in the industry, the Company have doubled sales over the past 10 years and have succeeded in reaching the 300 bn JPY level of sales, which is considered the standard for semi-major Sler company. The Company have made significant progress in enhancing strength, acquiring new customers, and securing human resource to develop the cycles necessary for further growth



**Figures for 2013/12 FY are based on a 12-month conversion due to a change in the fiscal year end

Market Environment and Policies

Enhancing growth and profit by launching the Corporate Value Committee and proposing the Mid-term Business Plan (2022-2024)

The Mid-term Business Plan was established amid the post-COVID the uncertain outlook for the market. To confront various changes in the market environment (e.g., U.S. and China tensions, weak yen), the plan focuses on strengthening profitability and improving capital efficiency. With this transition, the Company have achieved most of the 3-year plan quota within 2 years

Maintaining growth during the COVID pandemic

Although the impact of COVID put a brake on demand in the contracted development field, the Company maintained its sales and profit growth trend by capturing changes in demand such as remote work. The Company have allocated personnel in response to changes in the market environment

Steady Growth

Proactive efforts to increase the number of employees have been successful, and the company has been able to respond to the expansion of market demand and achieve growth and steady improvement in profitability. Continuous improvement of employee compensation has led to an increase in market demand, the development and strengthening of human resources, and the ability to respond to a variety of projects and gain more clients and their trust

Scaffolding for Resurgence

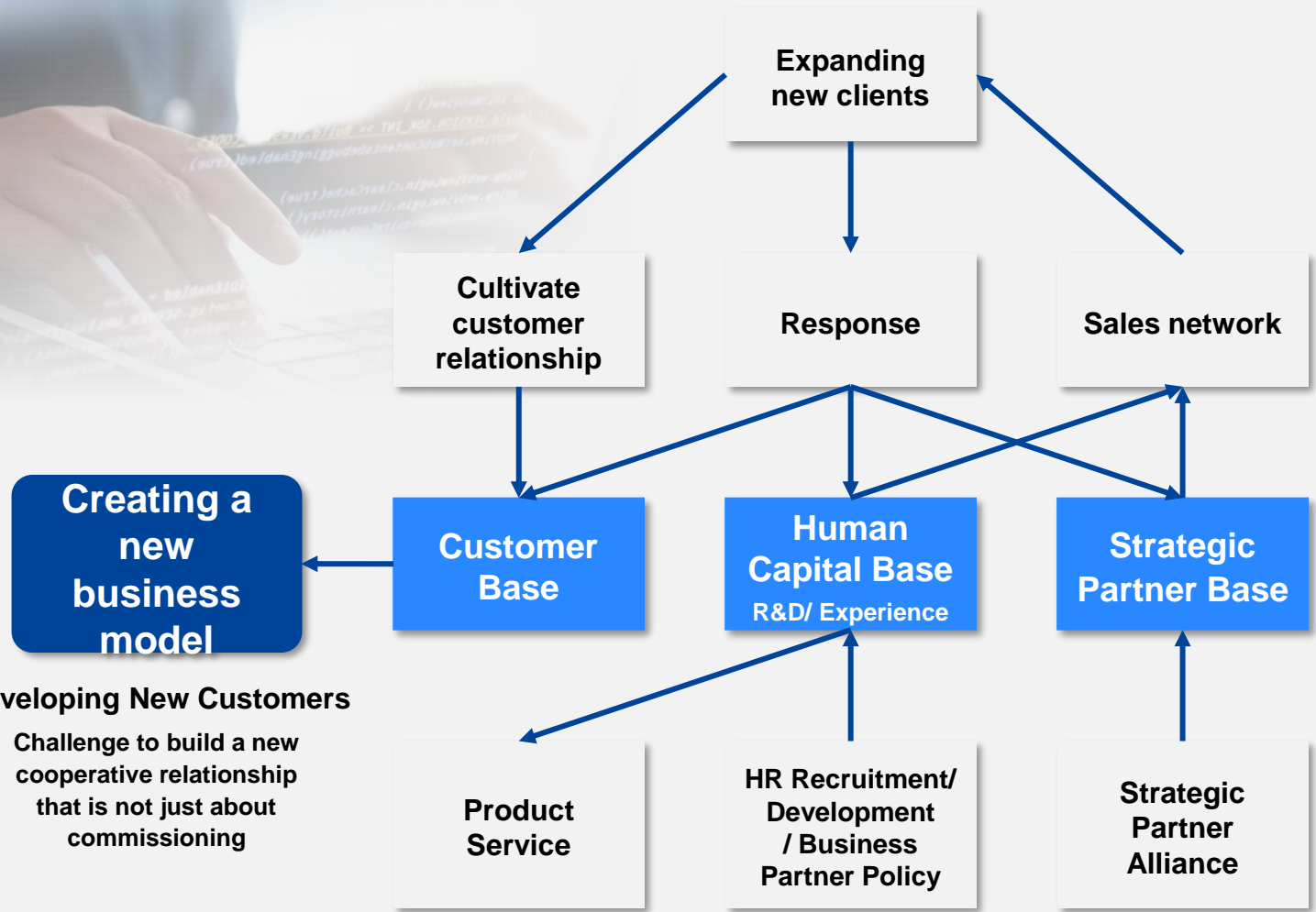
In anticipation of a recovery in ICT demand, the Company changed its growth policy. Expecting a recovery in business, the Company quickly developed new business structure which includes the hiring and training of more than 500 new graduates. Despite the increase in costs required to increase personnel and upfront investments to cultivate customers and projects, the Company prepared to respond to the expected expansion of the market

Recovering from the 2008 financial crisis

Revenues and profits recovered from a downward trend to a base of increased revenues and profits. Improvement of employee benefits over the years, which had been reduced due to the financial crisis. Focused on CRM (cloud, robotics, mobile, AutoMotive) as a future growth technology field

Business bases and cycles

The Company has built a cycle and customer base, human capital base, and strategic partner base to support business expansion.



Developing New Customers

Challenge to build a new cooperative relationship that is not just about commissioning

Building a cycle to get new customers and deals for continued business expansion

A cycle expands the base of customers and cultivating them in depth by strengthening sales personnel, enhancing promotions, and expanding sales of strategic products

Strengthening Customer Relationship

Evolving the relationship from an on-site contract development partner to a management-level relationship

Accumulation and formalization of experiences to support continued expansion

Formalize experience and wisdom accumulated through R&D and on-site projects in the AIS-CRM field to create an environment in which the latest technological trends and case studies can be made into knowledge and accessed. Enhance HR and business capacity

Building an HR cycle for continued expansion

Develop a cycle of large-scale new graduate recruitment, various training programs, and on-site on-the-job training; continue to strengthen career recruitment; expand the base of business partner employee participation and strengthen the business partner policy

Enhancing Strategic Partners

To increase corporate value and expand points of contact with customers, discover and collaborate with competitive services in Japan and overseas, build strategic relationships, and establish a cycle to expand sales

Development into new products and services

Creating a new product / service process by leveraging the enlarged market strength

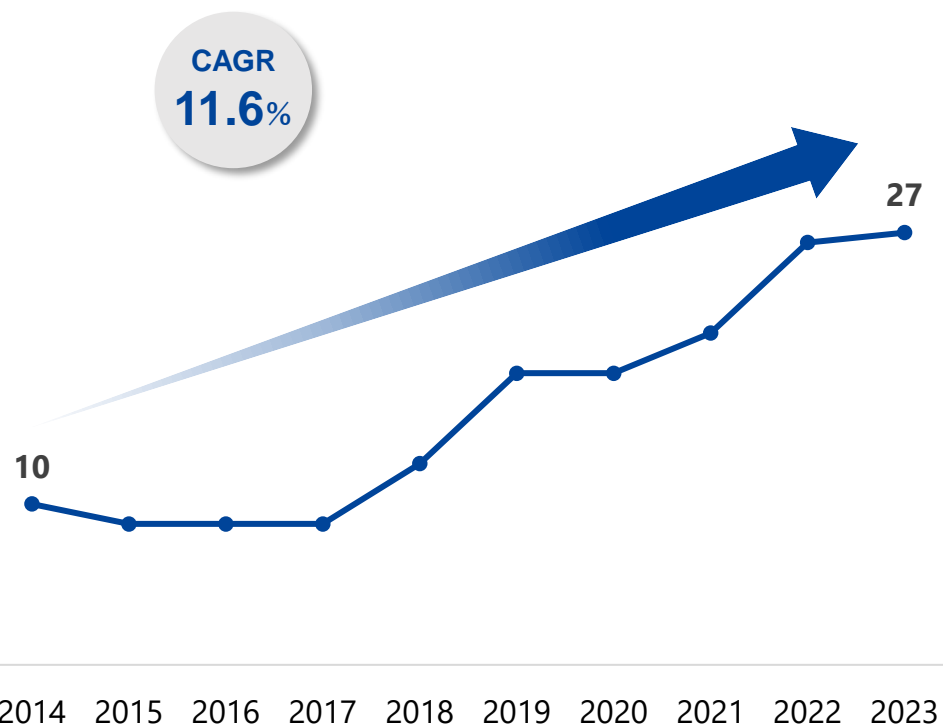
Business Bases and Cycles: Results – Customer Base (FUJISOFT)



Our technological capabilities (cutting-edge technology, trouble prevention, and productivity improvement) and strengthened sales force have created a cycle that enhances the customer base and cultivating in depth, resulting in larger projects and more direct business (=Prime).

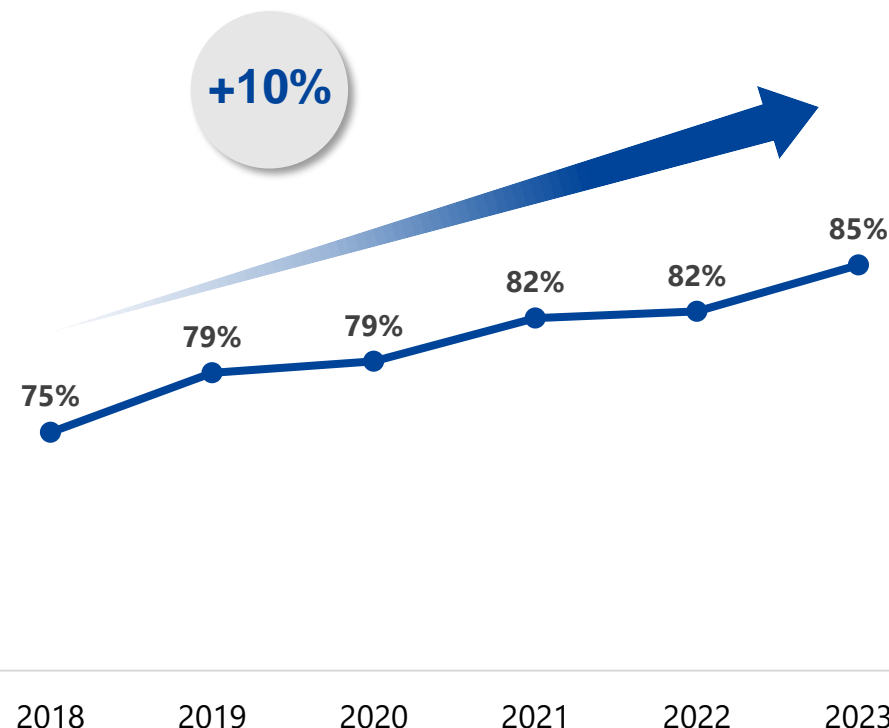
Major Customers* (2014=10)

- ▶ The scale of projects undertaken has increased due to enhanced customer cultivation.



Prime Ratio

- ▶ The percentage of prime deals also grew by more than 10% compared to 2018



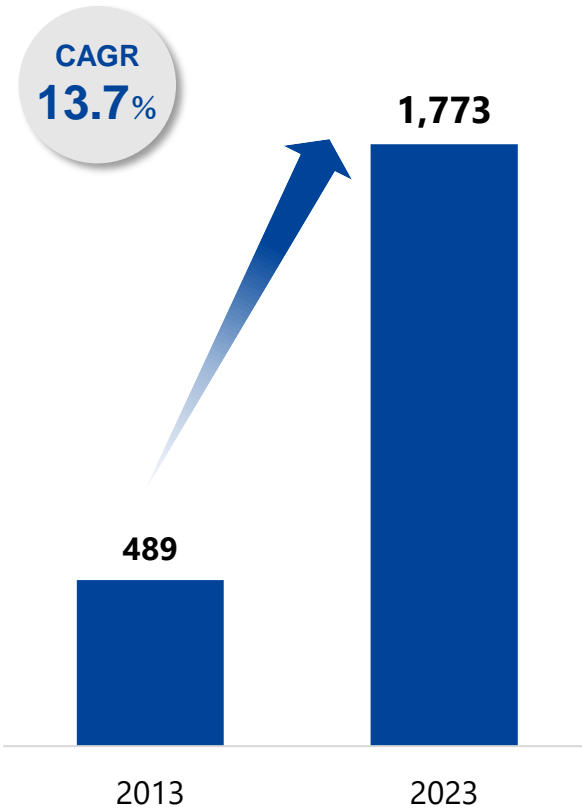
※ Annual transaction amount of 1 bn JPY or more

Business bases and Cycles results – HR Base (FUJISOFT)

Our human resource base, whether in terms of project management, expertise, or technology, has expanded significantly due to its extensive in-house training curriculum, on-the-job training, community and conferences.

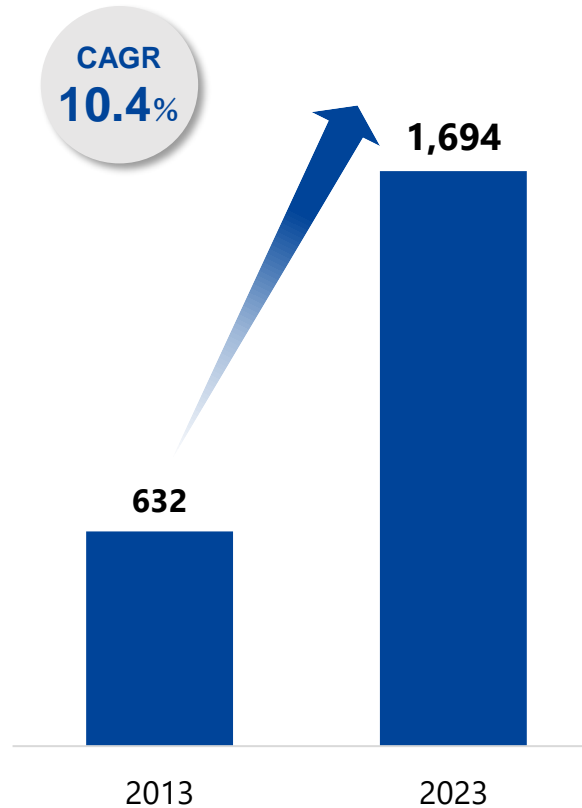
PM (# of personnel)

Number of certified in-house project managers



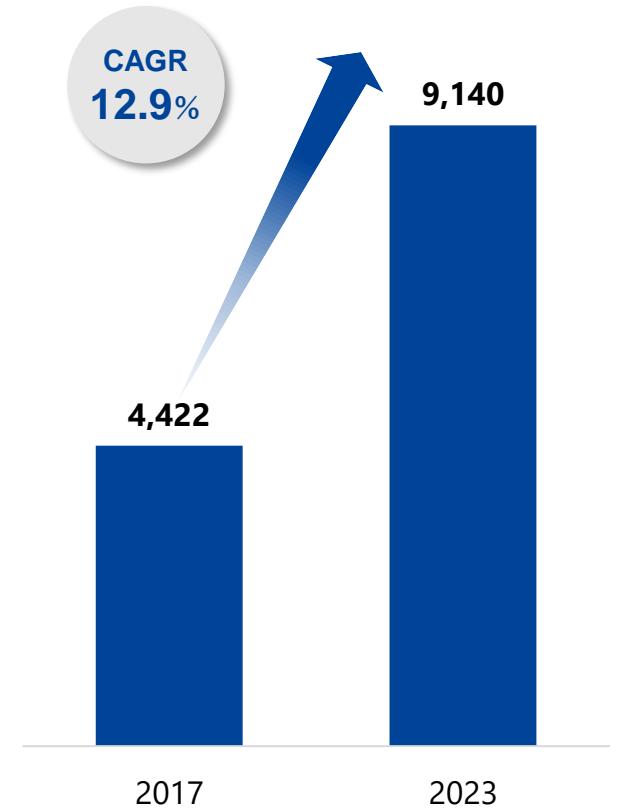
Specialist (# of personnel)

Number of internal specialists certified in operation and technology



AIS-CRM HR (# of personnel)

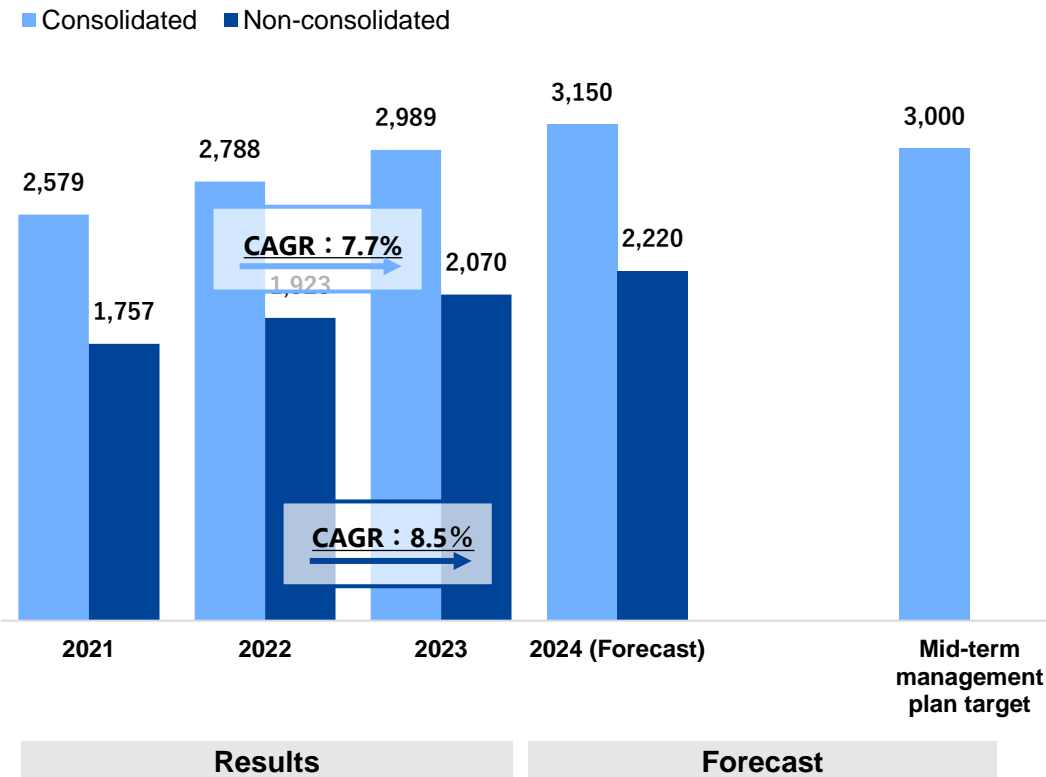
Number of technical strategy skill holders (total number of personnel)



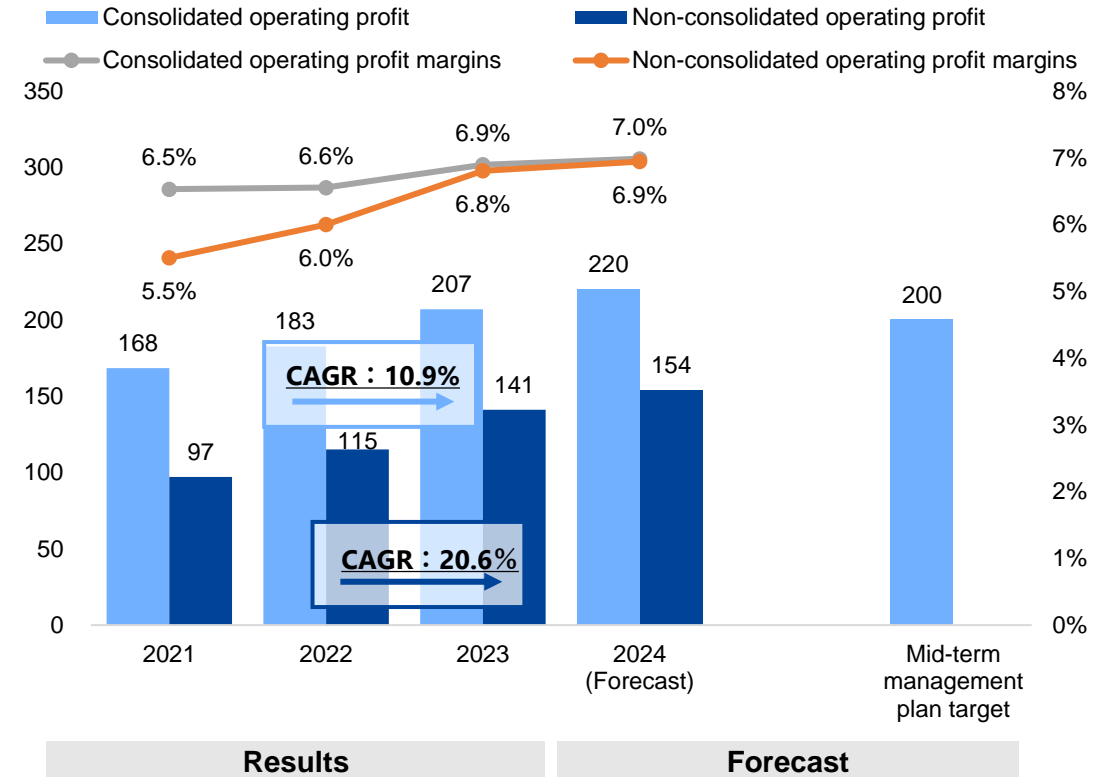
Mid-term Business Plan (2022-2024) in retrospect

We have mostly achieved the 3-year plan target within 2 years. Operating income has increased by more than 20% over the past two years as a result of our focus on improving profitability.

Net Sales (100 mn JPY)



Operating Profit (100 mn JPY)



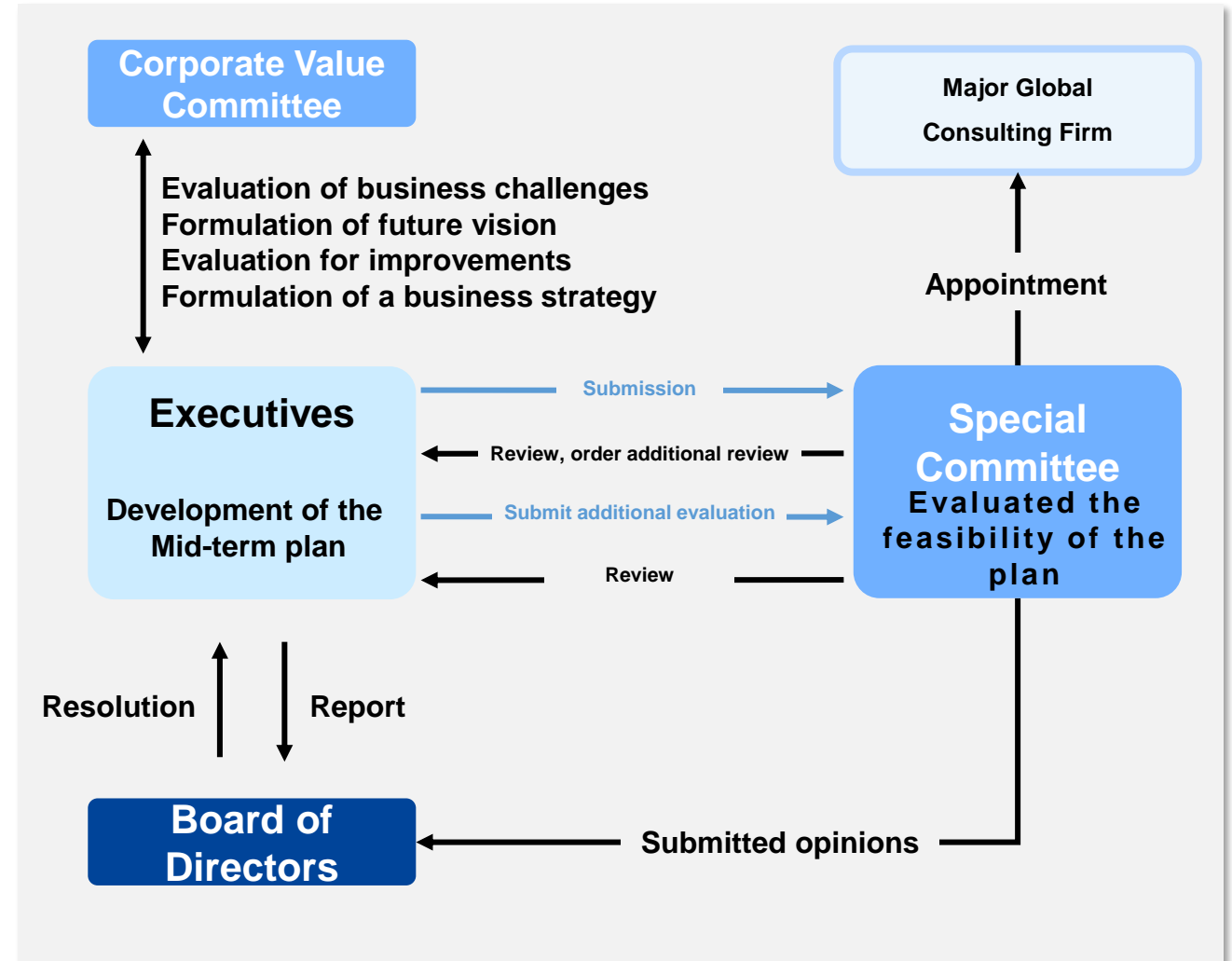
Corporate Value Committee overview

		Review Point	Activities	Review Results	Execution
Corporate Value Committee	Governance Committee	<ul style="list-style-type: none"> Solving governance issues in general, including the governance of the Board of Directors and optimizing governance structures 	<ul style="list-style-type: none"> Review of governance issues such as optimal institutional design, review of board agendas and voluntary committee structures 	<ul style="list-style-type: none"> Requires transition to a monitored institutional design Requires functional separation of the Management Committee 	<ul style="list-style-type: none"> Preparation for transition to a company with an Audit and Supervisory Committee Functional separation of the Management Committee into Nomination, Compensation, and Ethics Committee Review of board agenda and effectiveness assessment methods
	Business Review WG	<ul style="list-style-type: none"> Failure to convert improvement in system development capability into economic value, resulting in low profitability compared to peers 	<ul style="list-style-type: none"> Re-evaluation of a business strategy. Evaluation of the midterm plan and businesses to be enhanced Evaluation of business profitability 	<ul style="list-style-type: none"> Requires to create a vision for the future. Requires to plan a business strategy Requires to plan a profit enhancing strategy 	<ul style="list-style-type: none"> Disclosed the Mid-term Business Plan Set operating profit per capital as the most important KPI
	Group Companies Review WG	<ul style="list-style-type: none"> Technology development and change in the ICT field is extensive and accelerating, requiring more efficient technology collaboration, service evolution, and management system building throughout the group 	<ul style="list-style-type: none"> Making the final decision based on evaluations made by Business Review WG Optimal implementation of scheme based on established policies 	<ul style="list-style-type: none"> Requires innovation to adapt changes in the environment Requires dynamic operations and synergies throughout the group 	<ul style="list-style-type: none"> Announcement of making the four listed subsidiaries into wholly owned subsidiaries
	Real-estate Review WG	<ul style="list-style-type: none"> In the past, real estate holdings were part of a growth strategy, but the significance real estate is questionable 	<ul style="list-style-type: none"> Evaluate the significance of real estate holdings Evaluate necessity of each physical office Optimal implementation of scheme based on established policies 	<ul style="list-style-type: none"> Requires Hurdle Rate vs. Market Value Rate of Return Liquidate real estate that are below the hurdle rate 	<ul style="list-style-type: none"> Classified the liquidation priorities into four categories, and liquidation is implemented in accordance with it

Mid-term Business Plan 2028: Formulation Process

As announced in the press release on January 12, 2024, "Announcement on the Progress of Corporate Value Enhancement Measures", our corporate value enhancement measures (including the "Midterm Business Plan2028") have been formulated after feasibility review by the Special Committee

Organization	Overview
Corporate Value Committee	<ul style="list-style-type: none"> Evaluation of business challenges Formulation of future vision
Executives	<ul style="list-style-type: none"> Evaluation for improvements Formulation of a business strategy
Special Committee	<ul style="list-style-type: none"> A major global consulting firm is retained to review and evaluate the feasibility of the Mid-term Business Plan (19 meetings were held in total) Submitted to the Board of Directors of an opinion on the probability of the Midterm Plan
Board of Directors	<ul style="list-style-type: none"> Approval





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Five Years of Innovation and Development Steady Growth, Innovation, and Bases for the Future

Although being conscious of profit growth, FUJISOFT has developed its business and management plans with an emphasis on sales growth in order to establish a firm foothold in the ICT industry. However, the Company now aims to become a **“leading company providing systems, software, and services in the IT and OT fields”** and to **contribute to customers and society**, have formulated a policy to further strengthen profitability while growing sales starting this year. In particular, set the amount of operating income per capita in the main unit as the most important KPI and aim to implement related measures

Mid-term Business Plan 2028: Our Vision

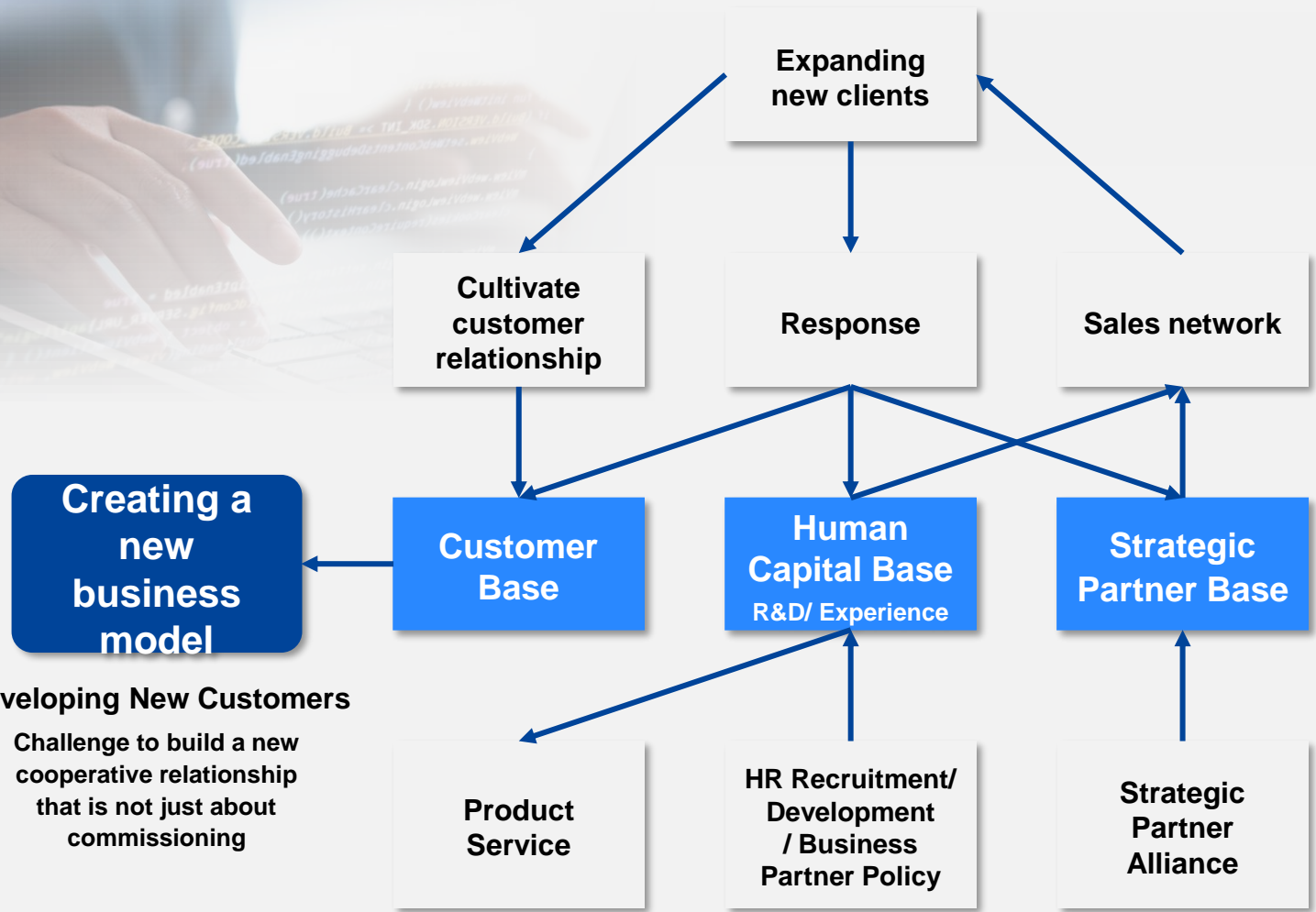


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	Past 2008 Financial Crisis- 2021	Present 2022-2023 (2024)	Target of the Mid-term Plan 2028 2024-2028	Future
FUJISOFT Overview	<p>Build the promotional capabilities, systems, and cycles necessary to capture market share in response to an expanding market. Establish double-digit growth cycles in the main field. Sales growth and profit growth beyond sales growth(Improvement in profit margin).</p>	<p>Continued growth and stronger profitability. 20% growth in operating income while continuing high growth in the commission field. Challenges in new fields (fusion fields)</p>	<p>Five Years of Innovation and Development Scaffolding for steady growth, innovation, and further breakthroughs Promote both continued growth that outpaces market growth and strengthen profitability by enhancing profitability Aggressive investment for further growth and improvement of various indicators by enhancing profitability Establishment of a structure to create further group synergies Emphasis on shareholder returns</p>	<p>Become a “leading company providing systems, software, and services in the IT and OT fields” and to contribute to customers and society</p>
Embedded/ Control Field	<p>Top-level scale in the software industry Cultivation of customer relationships Accumulated experience and achievements</p>	<p>Customer: A large number of domestic customers HR: Diverse technical workforce Accumulation : Technology and know-how accumulated through actual achievements</p>	<p>Expanding the corporate value as an industry leader. Grow to a level where we are recognized as a key partner by many of our customers Further advancement of partnership</p>	<p>Leading company in the industry Recognized by many customers as a key partner Leader in development methodologies, designs, and processes.</p>
Operational Field & Solution Deployment	<p>Prime empowerment Broad solution expansion Prime capability, systemization</p>	<p>Customer: Cultivate a broad customer & major customer base HR: Prime response team (PM, Architect, etc.) Accumulation : Prime customers and advanced technology (AIS-CRM, etc.)</p>	<p>Establish virtuous cycle such as : Deploy solutions and reach out to customers - Enhance customer relationships, business expansion- undertake project- HR growth.</p>	<p>Recognition as a top Sler Leading projects by combining new SI methods on top of traditional construction methods (leader of continuous innovation in systemization development methods, such as AI-based development and cloud-based development)</p>
Fusion Field	-	<p>Start taking on challenges in new fields Launch of alliance activities with potential customers and solution vendors</p>	<p>By combining our existing customer base, technology, and experience, establish new fields beyond contracted development, with a particular focus on the IT x OT field. In addition, commercialize products and services. Aiming to establish new business fields by implementing flexible measures including capital policy</p>	<p>Possession of system/software & service provision solutions in the IT x OT field Establishment of sustainable and value-added service fields</p>
Group & Synergy	<p>Emphasize the uniqueness of each group company and create synergies Enhance the strengths of each group company and establish a growth strategy.</p>	<p>Assembly of new group operations Variation in operating results among group subsidiaries Changing customers, technologies and trends Making four of the listed subsidiaries wholly owned</p>	<p>Realization of dynamic operations with HR, technical experience, and customer support Creation of synergies in the fields of business, embedded/control, and product/service, as well as making operation and maintenance and BPO a total service Building new services through collaboration of HW business Aiming to increase value through group synergies even in new fusion fields</p>	<p>Optimization as a group and development of the strengths and individuality of each company Flexible allocation of various management resources</p>

Business bases and cycles (Repost)

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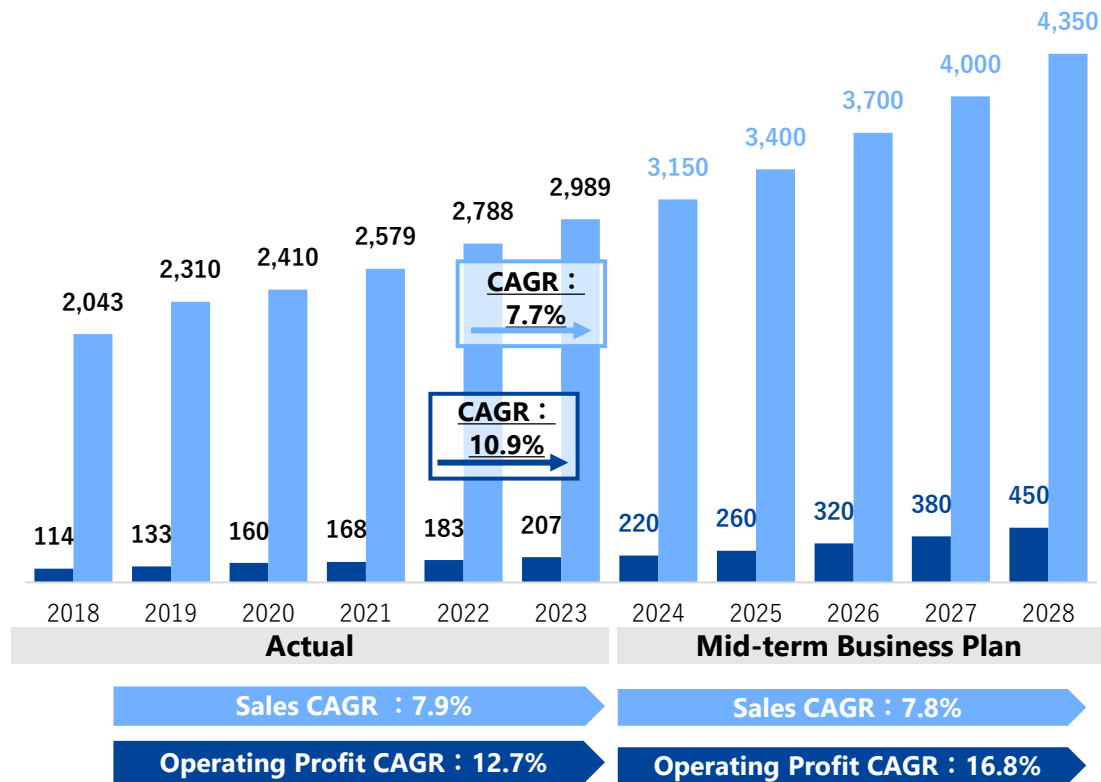
Creating a new product / service process by leveraging the enlarged market strength

Outline of Midterm Business Plan 2028

The profitability improvement efforts of the past two years have been highly effective (non-consolidated operating income CAGR 20.5%), and the Company aims to further improve profitability while growing sales during the new Mid-term Business Plan period

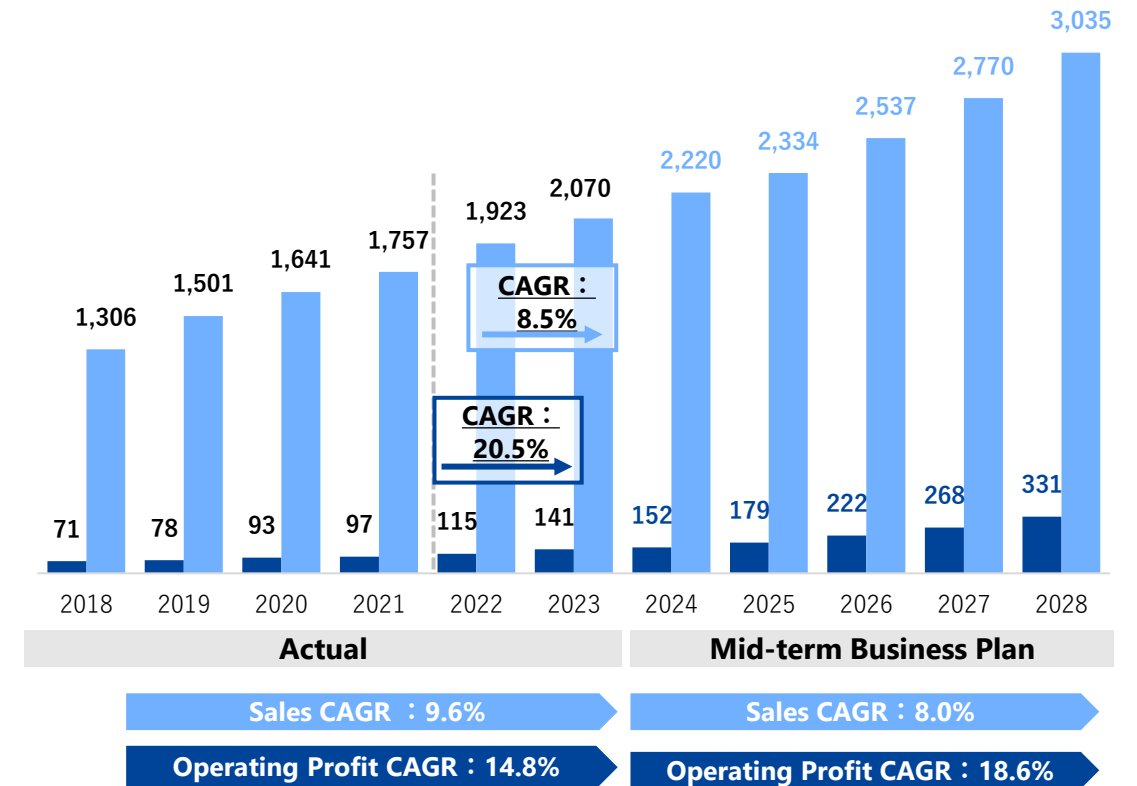
Consolidated (100 mn JPY)

■ Operating profit ■ Sales



Non-Consolidated (100mn JPY) ※ New business included

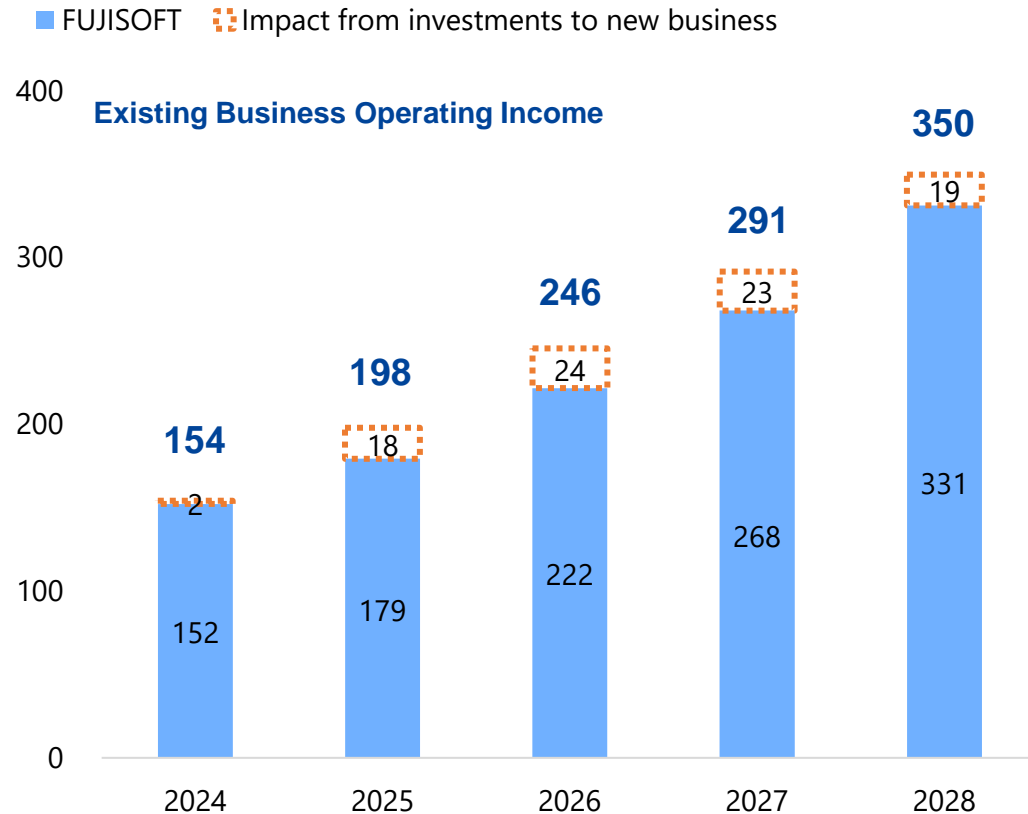
■ Operating Profit ■ Sales



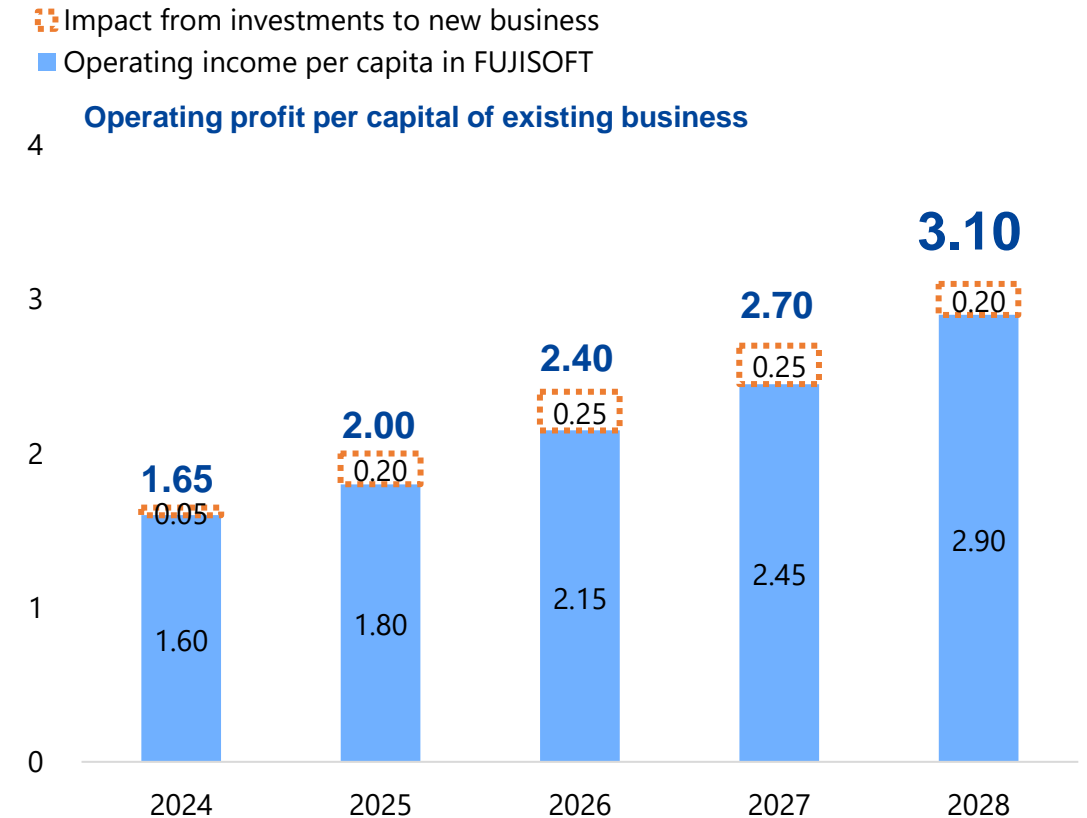
Detailed plans (Non-Consolidated)

The Company plans to invest 11.2 bn JPY over the next 5 years in new business development (R&D, capital investment in AI research, etc.) to take on the challenge of entering new business areas. Although the five-year investment will have a negative impact on operating profit and operating profit per capita, the Company plans to achieve the initial target of 3 mn JPPY in operating profit per capita for the non-consolidated and existing business

Overview of operating profit (100 mn JPY)



Summary of operating profit per capital (1 mn JPY)

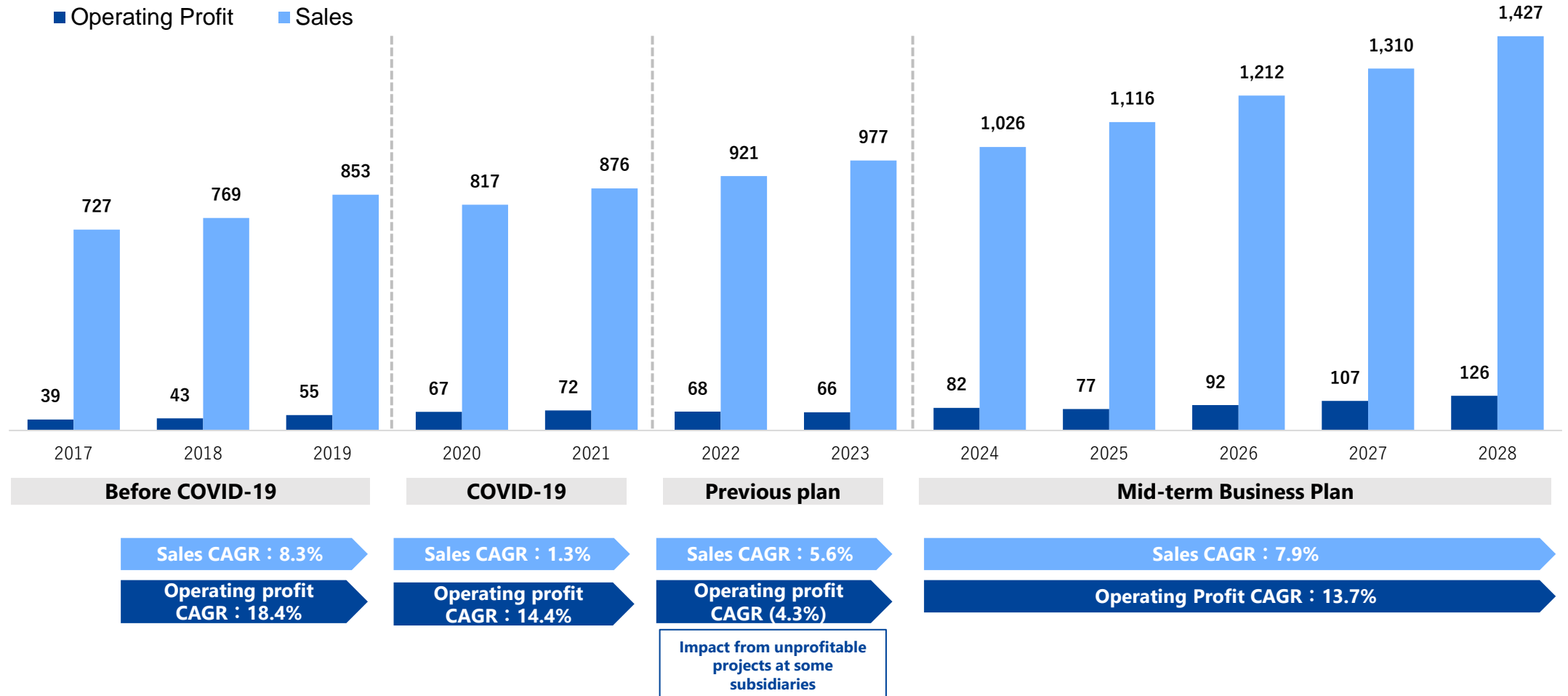


Outline of group subsidiaries and group synergy plan

The Company aims to achieve further growth through synergies by combining the technologies, skills, and expertise of each company through the transition to making the four listed subsidiaries wholly owned subsidiaries

Sales and operating profit of group subsidiaries and group synergies (100 mn JPY)

Sales and operating income of group subsidiaries, taking into account group synergies



Financial Management Goals



FUJISOFT

	Results for FY December 2023	Forecast for FY December 2024	FY December 2024 (liquidation impact)	FY December 2024 (excluded liquidation impact)	Target for FY December 2028
Sales	298.9 (Bn JPY)	YoY 5.4% 315.0 (Bn JPY)	(1.0) (Bn JPY) (Rental sales)	316.0 (¥ Bil) (105.8%)	435.0 (Bn JPY)
Operating Profit	20.7 (Bn JPY)	6.4% 22.0 (Bn JPY)	(1.2) (Bn JPY) (Rental income)	23.2 (¥ Bil) (112.1%)	45.0 (Bn JPY)
Net Income	11.8 (Bn JPY)	71.2% 21.0 (Bn JPY)	5.1 (Bn JPY) (Gain on sale of real estate)	15.9 (¥ Bil) (134.7%)	32.0 (Bn JPY)
ROE	9.2 %	6.7pt 15.9%	3.6% (Gain on sale of real estate)	12.3%	20.0 % or more
Operating CF per share	257 JPY	116 JPY 141 JPY	(124) JPY (Gain on sale of real estate)	265 JPY	600 JPY or more

※ Impact of Real Estate Business from liquidation and extraordinary income and corporate taxes



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Challenges and implementation measures to realize corporate value enhancement

The Company aims to strengthen profitability and review capital efficiency for further development on top of the business base the Company have developed to date

Challenges



Implementation measures

- In addition to organic growth promoted by turning the growth cycle that the Company have acquired so far, will set the most important KPI "operating income per capita" to improve ROE, EPS, and cash flow per share
 - Enhance the values to the customers
 - Enhance the business partner policy
 - Improve productivity
 - Optimize SG&A expenses
-
- Strengthen synergies and leverage the unique strengths of each company to enhance the overall strength of the Group
 - Accelerate organic growth through dynamic group-wide operations by making listed subsidiaries wholly owned
 - Strengthening the ability to transform in response to changing customer needs
 - Create new businesses with higher added value by integrating the three main fields (business SI, embedded/control software, and product services)
 - Utilize accumulated assets (IT x OT experience, HR, customer and alliance relationships)
 - Collaboration, co-creation, and co-prosperity with user companies, strategic partners, and research institutions through R&D and product investment
-
- Improve capital efficiency through real estate liquidation
 - Growth strategy investment with cash generated
 - R&D Investment
 - HR Investment
 - M&A investment for new business opportunities

Details of measures to improve profitability of existing businesses

The source of corporate value is HR, and believe that an indicator of the value added by the HR is the most appropriate KPI for increasing corporate value. Monitoring is conducted based on the framework described below (p. 35).

KPI

Measure Excerpts

KPI	Components	Item	Detail
Operating income per capita	Gross profit	Improvement of customer value	<ul style="list-style-type: none"> • Strengthen of cross-business: Further strengthen existing relationships with customers and build a company-wide cross-business structure and culture to provide high-value-added services to customers through All FUJISOFT • Strengthen of technical capabilities: In the fields represented by DX AIS-CRM SD, we are making R&D investments to enhance our capabilities in new technological fields, increase the value we provide to customers, and build new IT solutions and services • Provide one-stop services: Build a system that can provide one-stop services from upstream processes to operation and maintenance and infrastructure, while increasing added value by providing combined expertise in embedded/control system development, communications technology, business systems, and other areas. • Strengthen our basic business: Review the roles with customers and other workflow to improve the value provided in terms of manpower per month, and expand into a success-oriented business • Expansion of all-in projects: Increase the number of projects that we can proactively promote to raise the value to our clients, increase the ratio of partner companies, and flexible optimization of internal resource allocation
		Partner policies	<ul style="list-style-type: none"> • Reviewing customer relationships and upgrading partner policies to increase the ratio of partner companies, secure human resources, improve productivity
		Productivity improvement	<ul style="list-style-type: none"> • Building customer relationships to drive productivity • Further strengthening of trouble prevention measures • Promote technological innovations such as generative AI, test automation, enhanced development environments and tools, product-based development, and new cloud-based development methods
	Selling, general and administrative expenses	Optimization of selling cost	<ul style="list-style-type: none"> • Visualize sales activities using indicators, review sales processes, and promote efficiency and sophistication by monitoring each indicator and performing the PDCA cycle
		Optimization of administrative cost	<ul style="list-style-type: none"> • Promote visualization and optimization of business workflow through operational reforms (activities ongoing since 2019) • Promoting improvement and optimization of efficiency through modern system implementation and DX promotion, such as core system renewal based on operational transformation, no-code, low-code, and usage of generative AI

Details of measures to improve profitability of existing businesses

In FY2022, the Company restarted the cross business and built a new structure and culture. The effects are beginning to be seen, and during the period of this Mid-term Plan, the Company will strengthen cross-business with subsidiaries that will become wholly owned subsidiaries, aiming to further increase value

2022

2023

2024 and on

Establishment of Cross-business

Strengthen of Cross-business

Acceleration through solution deployment

Cross-business inquiries in FY2023 to exceed 130% of the previous year

Past Initiatives

- Establishment of a cross-functional organization (Solution Business Dept. and DX Product Business Dept.).
- Rules for monitoring mechanisms and visualization of cross-in/cross-out
- Selection of focus themes and commercial products
- Target setting
- Incentive granting

Challenges:

Further strengthen commissioned-based cross business

Provide “all the value and technology” of our group to increase the value we offer to customers



Increase business with customers and expand our business

DX support for customers and in-house business reform/DX implementation

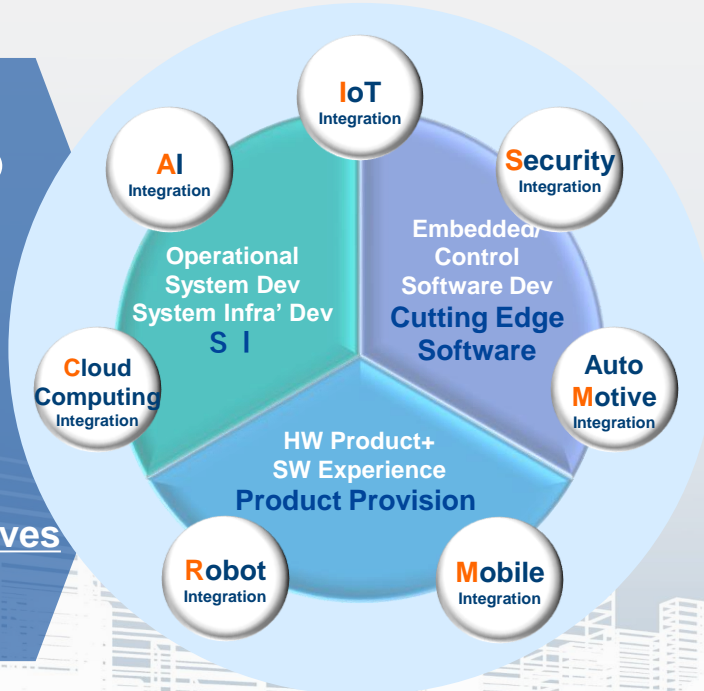
Further advance DX, such as using digital technology and applying AI to system construction and put further emphasis on the technology strategy “DX+AIS-CRM+SD+(5)G2” to contribute to the customers and the competitiveness of the Company to expand and strengthen its business

Upper Team Enhancement
(Service design, IT Consultant)

DX Solution Enhancement

5G, Local 5G initiatives

And globalization



DX + AIS-CRM + SD + (5)G2
<Ice Cream>

Helping Customers to Improve Their Competitiveness

Support for new business opportunity

Strengthening existing businesses

Enhance own DX promotion.
Further sophistication of data utilization. Improve development productivity through LLM utilization, test automation, and development process innovation etc.

Pursuing Hybrid Works even further

Enhance Competitiveness

Follow the progress on DX

Develop DX-HR

Construct a digital platform (Operational from 2024)

Core system renewal

Core / HR development

Thorough in-house use of digital technology
X
The technology strategy “DX+AIS-CRM+SD+(5)G2”



Helping customers improve their competitiveness
Strengthen the competitiveness of the Company

Organizational Management for Improved Profitability

Since the issues faced by each site differ, the model of divisions that have achieved the current KPI of operating profit per capita is divided into patterns (hereinafter referred to as the "Success Model"). For divisions that have not yet achieved the KPI, the Company will use the Success Model to orientate them toward the target and monitor them according to their characteristics

The issues faced by each site differ

Organizing and contracting businesses with customers

Price optimization

Optimization of business partner employee ratio

Productivity improvement

Service modeling

Semi-Commissioned Contract
⇔ Lump-Sum Contracting

Resident type ⇔ Take-home type

Accumulate experience and increase efficiency

Building relationships with customers

Expansion of high-value technical fields

Improvement Process

- 1: Model and pattern divisions that already have operating income per capita in excess of 3 million yen
- 2: Decide the direction to take based on 1, depending on the situation at each site
- 3: Conduct periodic monitoring and review progress and policies

Cost to Income Ratio

- A** : For divisions that have already achieved or are on track to achieve 3 million yen in operating income per capita, set strategies to achieve 5 million yen
- B** : Departments expected to be attainable within 3 years carry out 2
- C** : Departments expected to be attainable within 5 years carry out 2
- D** : Departments that do not fall under A-C will be considered for a fundamental review

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Future Strategy

Dynamic group-wide operations are necessary to respond to changes in the business environment surrounding. In addition, in order to leverage the unique strengths of each company while enhancing synergies across the group as a whole, four listed subsidiaries were made wholly owned subsidiaries

Dynamic group-wide operations

- Prompt communication and decision-making, deployment of research results and know-how, sharing and deployment of intellectual property, and timely and appropriate allocation of human resources
- Flexible organizational management
- Strengthen sales collaboration and promote cross-business
- Controlling and reducing the Group SG&A expenses
- Strengthening group governance and maintaining and honing strengths of individual companies (eliminating conflicts of interest)



Creation of further corporate value through collaboration of each company's technology, skills, and experiences

Organizational strength to accumulate and sublimate new technologies within the group

- Develop and effectively utilize human resources and accumulate intellectual property and experiences through balanced group investment and integration of knowledge at each site
- By developing these group assets into the markets of each company and making them a source of strength, the Company can increase corporate value and accumulate experience as know-how



Strengthening the Group's ability to respond to customers' changing needs

- While customers are changing for their own innovation in the DX trend, the Company, as a group, will actively promote own innovation, such as DX of the system development process, to increase the value the Company provides to customers
- At the same time, the Company will utilize the accumulated experience in dealing with customers to transform the way they work, their roles and to be more effective in response to their changing needs



FUJISOFT

Creation of further value through collaboration of technology, skill, and know-how of each group company

The Company aims to achieve dynamic operations in human resources, technical know-how, and customer service in order to increase value through group synergies while leveraging the strengths of each company

Collaboration Examples

Strengths of Each Company

Value-added by collaboration from the very upstream and upstream process of control system development to software implementation

- Provide consistent solutions such as MBSE, MBD, software implementation, and maintenance
- Expansion into various industrial fields

- **CSC:** Model-based upstream experience, MBSE subsidiary
- **FUJI SOFT:** Experience in MBD with a focus on the automotive field and research into the MBSE field

Responding to the increasing complexation of the engineering chain

- Enhancement of advanced solutions from 3D design documents to PLM implementation and maintenance

- **CSC:** Know-how in providing packaged services
- **FUJI SOFT:** Experience of PLM SI Project

Strengthening of integrated services, including operation and maintenance, in new service fields such as cloud computing and IoT

- Provide consistent services from system design to system outsourcing and BPO

- **VINX:** System outsourcing know-how, structure, and experience cultivated in the logistics field
- **SB:** Experience in BPO and support center operations in a variety of fields
- **FUJI SOFT:** Proven track record of many IoT system projects and deployment of operational-related business with a wide range of customers

Value-added through collaboration of technical know-how

- Add value by sharing various know-how in the fields of automobiles, telecommunications, etc.

- **CCC:** Know-how and experienced human resources that are based on hands-on work, regional offices
- **FUJI SOFT:** Wide range of customers and business fields and know-how in advanced fields such as AIS-CRM

Combination of know-how in the IT x OT field

- Collaboration in the fields of smart logistics and smart factories

- **CSC:** IoT Product Solutions & Know-how
- **VINX:** Customer operational know-how in the logistics field
- **SB:** Various back office services experience
- **FUJI SOFT:** Experience in robotics, material handling equipment, PLC, AMR, and other controls and WMS

Creating New Business | DX Solution Field

Develop new business fields with “IT x OT” through Collaboration, Co-creation, and Co-prosperity with customers using a wide range of business knowledge, product knowledge, and an environment that facilitates to consult customers’ issues that built up through organic growth of existing businesses

Primary Themes

DX Fields

- Workplace Transformation
- Smart Factories
- Robotic SI
- Local 5G
- DigitalTwin/ Simulation
- IoT Operations
- New Retail
- Digital Education
- Web3.0/ NFT/ Metaverse
- Social Infrastructure field etc.

Creating New Value

Development of customers and society

User Company

Research Institutes

Commission:

 Collaboration
 Co-creation
 Co-Prosperity

 R&D
 Investment

 Product
 Investment

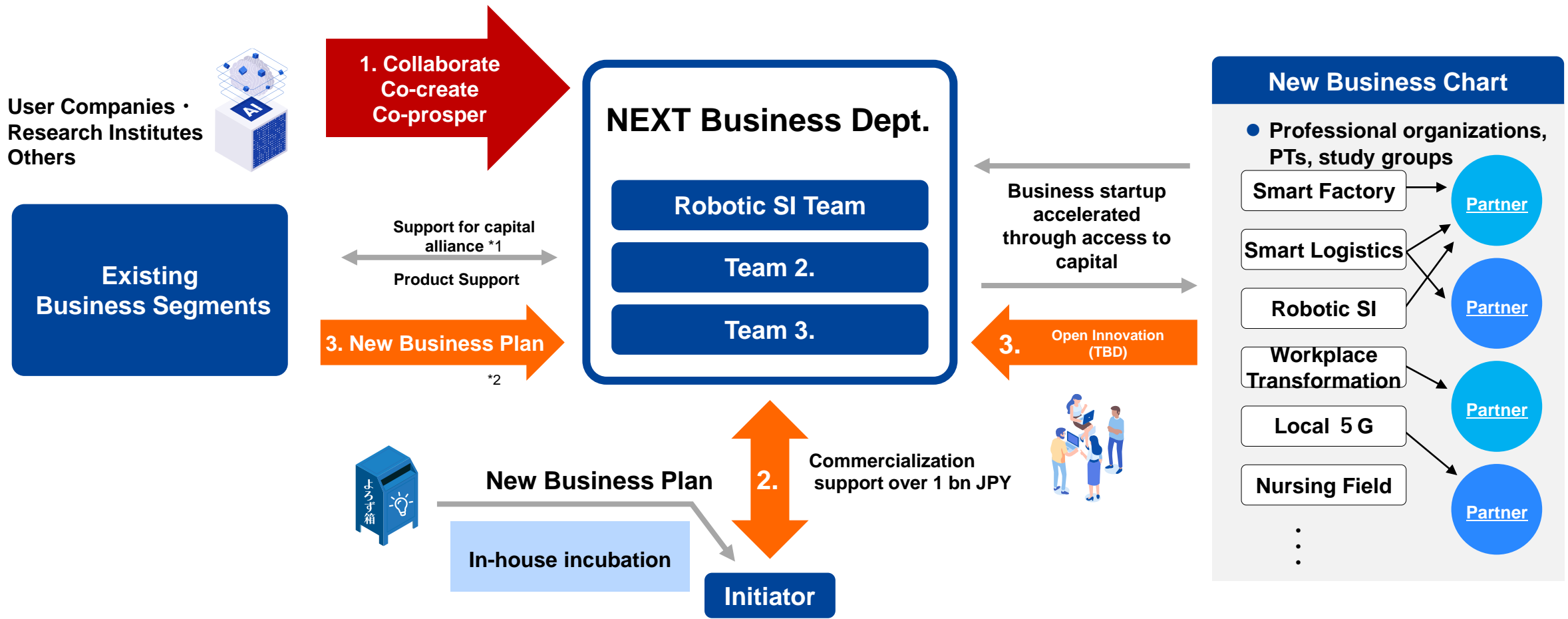
 Capital
 Management

Assets: IT × OT Know How

- Accumulation to date
- HR, Partners
- Customer relationships
- Alliance

New Business Overview

The Company established a specialized organization in January 2024 to develop new businesses under a structure independent of existing businesses, with a focus on collaboration in the IT x OT field



*1: Support for product planning promoted by existing business segments with accumulated knowledge
 *2: Commercialization of plans initiated by existing business segments

(Reference) New Business Overview

Themes (as of today): 9 themes selected based on the collaboration, co-creation, and co-prosperity model in IT x OT and the in-house product model

■ Collaboration, co-creation, and co-prosperity model in IT x OT

■ (In-house) Product Model

Smart Factory

Specialized PT(*) already established

- Collaboration with various vendors involved in factory line construction
- Promotion of sophisticated manufacturing through software by utilizing various technologies related to factories

Smart Logistics

Specialized PT(*) already established

- Collaboration with various vendors involved in the logistics business
- Promotes autonomous control of warehouses by utilizing various logistics-related technologies

Robotic SI

- Collaboration with robotics-related vendors
- Lead the digitalization of the manufacturing line by utilizing technologies such as simulation, IoT, and AI to improve production efficiency

Local 5G

Specialized PT(*) already established

- Collaboration with telecom operators and chip vendors
- Promotes accelerated market adoption by providing an inexpensive local 5G environment that leverages open technology

LLM

Specialized organizations already established

- Collaboration with cloud vendors and AI vendors
- Accelerates market adoption based on case studies of three key technologies: general-purpose LLM, dedicated LLM, and RAG

Workplace Transformation

- Providing a new service concept to promote business improvement using Labor Data
- Providing solutions to visualize labor quality and improve operational efficiency by utilizing data from moreNOTE, FAMoffice, and VSReport contrail.

Operation maintenance

Specialized PT(*) already established

- Envisioning new operation and maintenance services in line with the cloud era
- Provide advanced operation and maintenance services for multi-cloud environments based on the existing OpsPower RUKIA

Digital Education

Specialized PT(*) already established

- Envisioning IT human resource development business and a new service that provides an environment for advanced education.
- Providing adaptive education and its environment by utilizing AI and LLM technologies, and leveraging a virtual education platform

Nursing

- New service concept for advanced nursing care services
- New digitally-enhanced services for advanced care facilities

※PT: Fixed Term Project Team

Capital Allocation

Basic Concept

- Growth investments and shareholder returns will be determined in a flexible manner, assessing investment opportunities
- Aims to maintain financial stability while emphasizing shareholder returns and capital efficiency

Cash inflows



- Cash Flow + Cash Flow from liquidation of real estate: Expect to generate **220 bn JPY** or more (**150 bn JPY** or more from external financing is separately planned)

Growth investment: cash on hand and usage of debt



- Strategic alliances or M&A, establishment of new subsidiary policy, human resources investment, and R&D in new fields and to complement existing businesses
- Flexible fundraising, including borrowing upon investment opportunities (41 bn JPY is allocated to making 4 listed companies into wholly owned subsidiaries)

Shareholder return: 140 bn JPY (estimate)



Buyback of 100 bn JPY or more

- ▶ Timing will be determined according to the liquidation of real estates and other factors

Dividend estimated 40 bn JPY (payout ratio 35%)

- ▶ *The amount of dividend for each fiscal year will be determined based on normal profitability excluding extraordinary gains/losses associated with the liquidation of real estate

Aim to achieve 600 JPY of operating CF per share and ROE of at least 20.0%

Real estate liquidation schedule and progress



As disclosed in August 2023, the Company is liquidating the real estate holdings, and progress is as follows:

Rank	Criteria	# of Properties	Notable Properties	Schedule and Progress
Rank A	There are no obstacles to liquidation and no significant monetary impact, making it possible to proceed with liquidation as quickly as possible	8	Ryogoku	Aim to liquidate at least one property by the end of 2023 and complete the liquidation of the remaining properties around the time the year-end financial results are announced (February 2024). ▶ 2 properties Fukuoka and Atsugi Dai Ni properties are scheduled to be liquidated at the end of February, and remaining six properties are scheduled to be under contract in March.
			Fukuoka	
			Osaka	
Rank B	Properties that will eventually be liquidated, but require a certain amount of time for adjustment	9	Akihabara	Due to the large scale of the properties, and special circumstances such as the unique usage of facilities and relationships with tenants, a certain amount of time is expected to be required for the liquidation process ▶ On-going with the aim of executing the plan one year after the August 2023 disclosure (August 2024).
			Kinshicho	
			Oomiya	
Rank C	Properties that requires careful consideration for liquidation scheme, timing, need for relocation, etc.	5	Shin-Nagoya	Properties with full business use in offices, data centers and others. Liquidation scheme, timing, relocation needs must be carefully considered.
			Sakuragicho	
Rank D	Not subject to liquidation for the time being, as the land is non-transferable for a certain period of time due to land acquisition conditions	1	Shiodome	Non-transferable for a certain period of time due to land acquisition conditions



Agenda

01. Review of current Mid-term Business Plan
02. Targets of Mid-term Business Plan 2028
03. Detailed measures
04. **HR strategy**
05. Execution framework to realize the Mid-term Business Plan 2028
06. Appendix - Engagement with capital markets

HR Strategy | HR Policy

The Company values people who believe in the potential of “people” and work with integrity, regardless of their background.

Provide opportunities for people who are ambitious and can take on challenges, and realize diverse human resource recruitment and diverse work styles

For Diverse HR

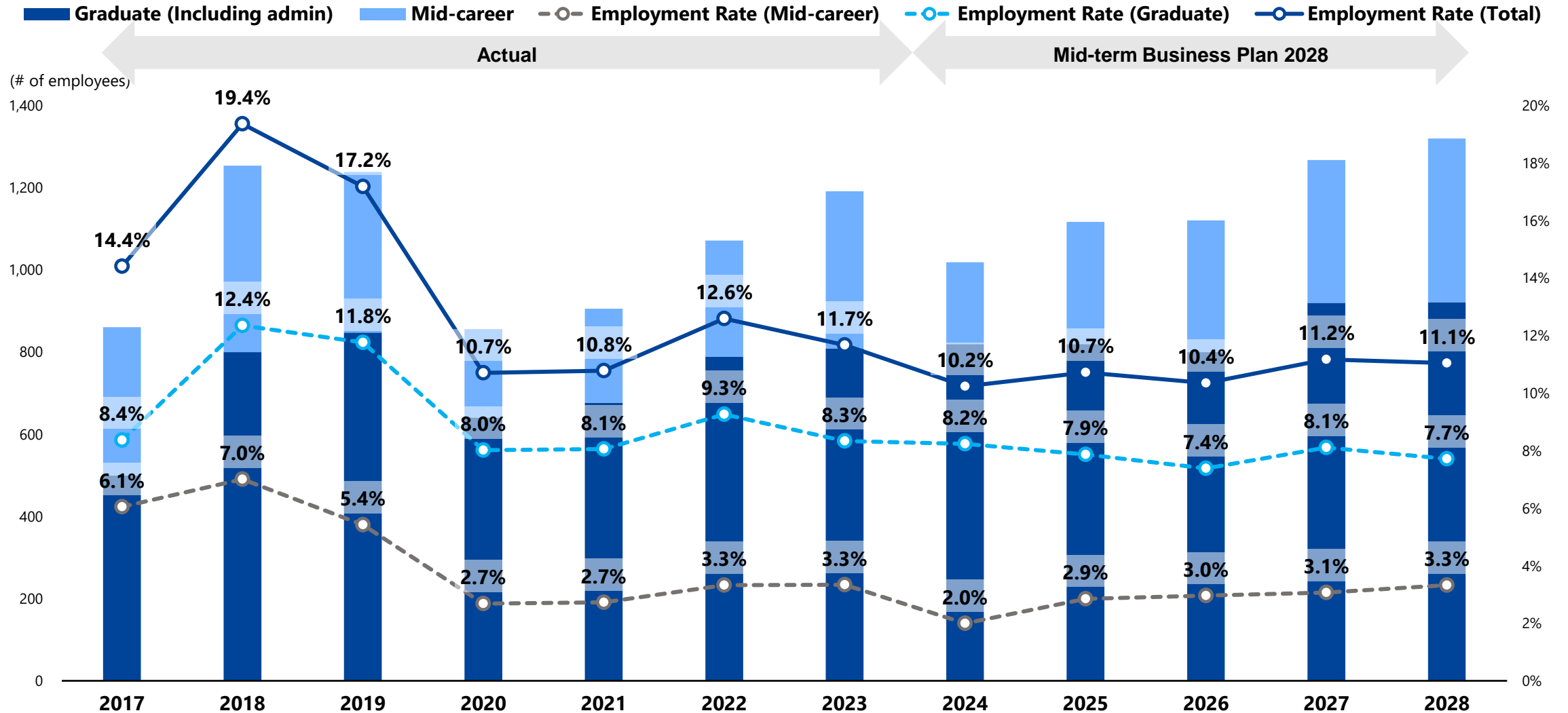


In-house products and environments that support diverse work styles: moreNOTE, FAMoffice, VDI, M365, +F Mobile Router . . .

Number of recruits: actual and plan

The Company expects to continue to employ a ratio* of approximately 10% during the planned period. As competition is expected to intensify in the recruitment of experienced workers, the Company will continue to actively recruit new graduates.

*Adoption ratio: Number of employees adopted in the current year ÷ Total number of employees at the beginning of the fiscal year.



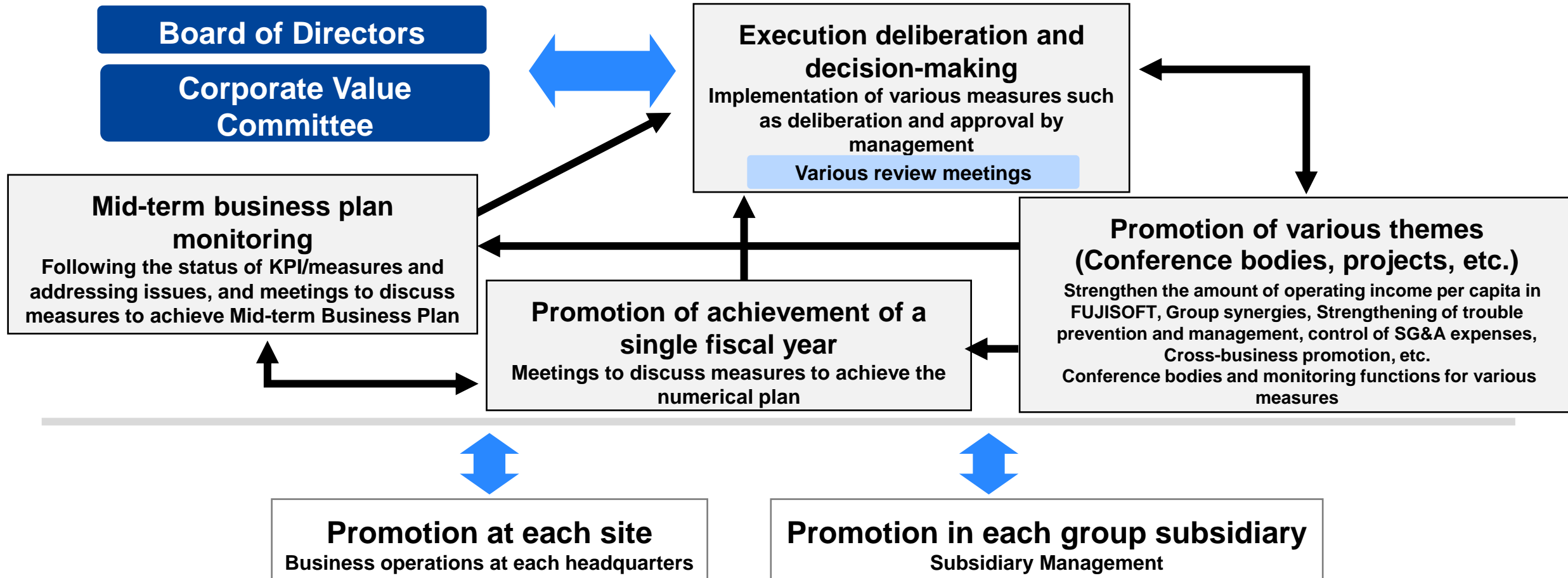


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Execution | Framework and Incentives

In addition to the monitoring function to date, the Company will establish a new monitoring function specifically for the Mid-term Business Plan and raise reports to the Board of Directors and the Corporate Value Committee. Also, the Company plans to introduce an incentive system for directors and executive officers linked to the achievement status of the Midterm Business Plan as their responsibility.



Establishment of incentives for achievement of five-year plan
Introduce an incentive plan for directors and executive officers linked to the achievement of the plan



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06. **Appendix - Engagement with capital markets**

Our engagement with capital markets

We have put emphasis on engagement with investors and shareholders since the established of the Corporate Value Committee in 2022, followed by the Governance Committee

		2021	2022	2023
IR Meetings	# of investors	49 investors 123 meetings	51 investors	60 investors
	# of meetings		133 meetings	163 meetings
SR Meetings	# of investors		26 investors	22 investors
	# of meetings		61 meetings	36 meetings

※ Extraordinary general meeting of shareholders

We engaged in dialogue with investors and shareholders.
 We have taken into account opinions and concerns expressed during the dialogue
 in formulating the Mid-term Business Plan



Disclaimer

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