



# Results of Operations for the First Three Quarters of FY2021

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FUJI SOFT INCORPORATED



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## Results of Operations for the First Three Quarters of the Fiscal Year Ending December 2021

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# 1. Consolidated Financial Highlights-1 (3Q Results Jan-Sep)

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

◇ Net sales rose 7.2% year on year, to 194,833 million yen, thanks to the strong results of development for the financial sector, system infrastructure construction projects, and, in the Products and Services segment, sales of hardware products.

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

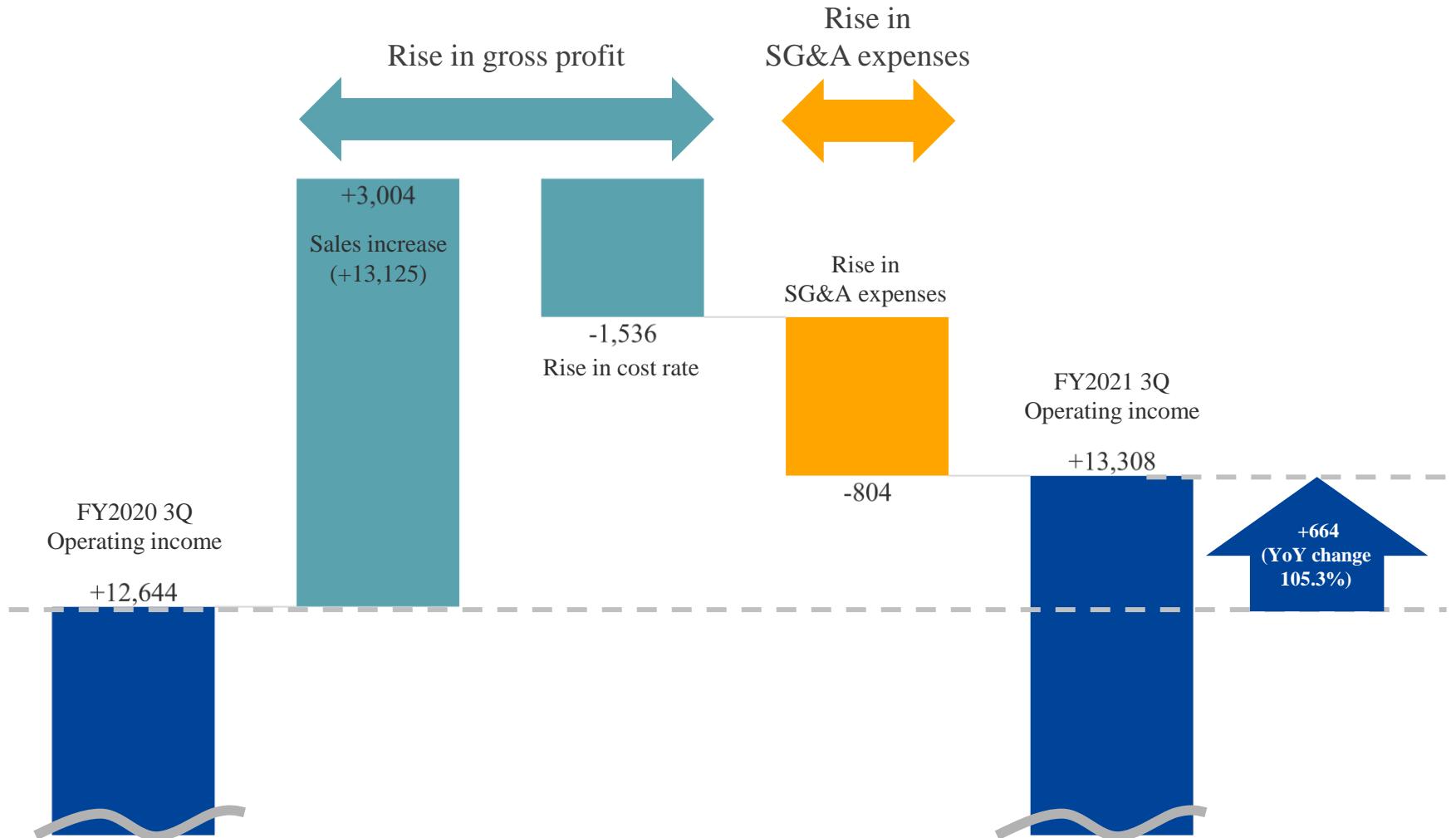
◇ Operating income rose 5.3% year on year thanks to sales growth and success in controlling the rise in SG&A expenses, offsetting a decline caused by temporarily unprofitable projects.

◇ Ordinary income rose 9.3% year on year, to 14,142 million yen, in part due to a rise in sales and higher foreign exchange gains.

◇ Profit attributable to owners of parent rose 16.8% year on year, to 7,274 million yen, reflecting higher extraordinary income through the sale of investment securities.

						(Million yen)	
		FY2020	FY2021	YoY change (Amount)	YoY change (%)	FY2021 3Q Plan	FY2021 Comparison with the plan
		3Q Results	3Q Results				
<b>Net sales</b>		181,708	194,833	+13,125	107.2%	185,400	105.1%
<b>Operating income</b>		12,644	13,308	+664	105.3%	12,400	107.3%
Operating income margin		7.0%	6.8%			6.7%	
<b>Ordinary income</b>		12,936	14,142	+1,206	109.3%	12,650	111.8%
Ordinary income margin		7.1%	7.3%			6.8%	
<b>Profit attributable to owners of parent</b>		6,229	7,274	+1,044	116.8%	6,450	112.8%
Profit margin attributable to owners of parent		3.4%	3.7%			3.5%	

# Trends in Consolidated Operating Income (3Q)



# 1. Consolidated Financial Highlights-2 (Q3 Results Jul-Sep)

In the third quarter, net sales increased in the System Construction segment and decreased in the Products and Services segment, resulting in a change in the sales composition.

- ◇ In the System Construction segment, sales growth of Embedded/Control Software, which had only slowly recovered until the second quarter, accelerated and sales of Operation Software remained strong, resulting in an increase in net sales. In the Products and Services segment, sales decreased largely due to a reactionary fall from a large sales project for other companies' licenses in the previous year.
- ◇ As a result, net sales increased 5.4% year on year, to 62,325 million yen.

**Cost-to-sales ratio decreased (improved) from that in the first half of the fiscal year.**

- ◇ The cost-to-sales ratio decreased (improved) from 78.2% in the first half of the fiscal year to 77.3%, reflecting the expansion of the highly profitable System Construction segment.

**Operating income grew 9.0% year on year thanks to success in controlling the increase in SG&A expenses.**

- ◇ The year-on-year increase in SG&A expenses was limited to 336 million yen, the result of controlling expenses despite the continuous improvement in the order receiving system. Operating income rose 9.0% year on year, to 4,576 million yen.

	FY2021 2Q Results	YoY change (Amount)	YoY change (%)	FY2021 Q3 Results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	132,508	+9,939	108.1%	62,325	+3,185	105.4%
<b>Cost of sales</b>	103,566	+9,186	109.7%	48,207	+2,471	105.4%
Cost of sales margin	78.2%			77.3%		
<b>Gross profit</b>	28,942	+753	102.7%	14,117	+714	105.3%
<b>SG&amp;A expenses</b>	20,210	+468	102.4%	9,540	+336	103.7%
<b>Operating income</b>	8,731	+285	103.4%	4,576	+378	109.0%
Operating income margin	6.6%			7.3%		

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

(Million yen)

	FY2021	Net sales	Operating income	
FUJI SOFT INCORPORATED	3Q results	133,735	7,033	Net sales grew, reflecting strong performances of development for the financial sector and system infrastructure construction in operation software development, as well as brisk sales of hardware products in the Products and Services segment. Operating income increased with sales growth, which more than offset a fall caused by temporarily unprofitable projects and the addition of personnel in advance of improving the order receiving system to handle an increase in inquiries.
	YoY change (amount)	+9,821	+69	
	YoY change (%)	107.9%	101.0%	
CYBERNET SYSTEMS Co., Ltd.	3Q results	17,547	2,703	Net sales increased due to increased sales from the domestic CAE solution service business and from overseas subsidiaries in Taiwan, China, South Korea, the US, and Canada and elsewhere. Operating income increased due to higher sales.
	YoY change (amount)	+967	+106	
	YoY change (%)	105.8%	104.1%	
VINX CORP.	3Q results	21,669	1,934	Net sales increased chiefly due to growing needs for DX in the retail industry in Japan and the deepening of relationships with existing customers, offsetting a decline in overseas sales attributable to the impact of COVID 19. Operating income increased, mainly reflecting improvements in productivity.
	YoY change (amount)	+1,209	+246	
	YoY change (%)	105.9%	114.6%	
CYBER COM Co., Ltd.	3Q results	11,421	851	Net sales increased thanks to the strong results of the service business, in addition to the strong performance of communication and operation system development projects in the software development business. Operating income grew following the sales growth and decrease in expenses.
	YoY change (amount)	+1,267	+174	
	YoY change (%)	112.5%	125.8%	
FUJI SOFT SERVICE BUREAU INCORPORATED	3Q results	6,693	452	Net sales decreased largely due to a fall in project sizes in the private sector as a result of COVID-19, which more than offset a steady increase in BPO service, call center service, and local government projects. Operating income declined due to lower sales and the effects of price competition against the background of market entrants from other industries.
	YoY change (amount)	-206	-43	
	YoY change (%)	97.0%	91.2%	

\* Results from January to September, 2021 are stated in the FY2021 3Q results column.

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

(Million yen)

	FY2021 Net sales		YoY change (Amount)	YoY change (%)	FY2021 Operating income		YoY change (Amount)	YoY change (%)
	3Q results	Component ratio			3Q results	Operating income margin		
<b>Consolidated total</b>	194,833	100.0%	+13,125	107.2%	13,308	6.8%	+664	105.3%
<b>SI Business</b>	185,389	95.2%	+13,481	107.8%	12,332	6.7%	+622	105.3%
<b>System Construction</b>	108,551	55.7%	+8,221	108.2%	7,131	6.6%	+638	109.8%
Embedded/Control Software	50,589	26.0%	+1,475	103.0%	3,644	7.2%	+18	100.5%
Operation Software	57,961	29.7%	+6,745	113.2%	3,486	6.0%	+619	121.6%
<b>Products and Services</b>	76,838	39.4%	+5,260	107.3%	5,200	6.8%	-16	99.7%
Products and Services	66,696	34.2%	+5,660	109.3%	4,466	6.7%	+8	100.2%
Outsourcing	10,141	5.2%	-400	96.2%	734	7.2%	-24	96.7%
<b>Facility Business</b>	1,959	1.0%	-22	98.9%	696	35.5%	+32	104.9%
<b>Other Businesses</b>	7,484	3.8%	-333	95.7%	280	3.7%	+9	103.4%

#### Highlights of Sales by Segment

##### ● Embedded/Control Software

Net sales rose 3.0% year on year given steady growth of Machine Control Systems and Social Infrastructure Systems.

Operating income increased 0.5% year on year thanks to sales growth, which more than offset an up-front increase in human resources aimed at reinforcing the system for receiving orders and temporarily unprofitable projects.

##### ● Operation Software

Net sales increased 13.2% year on year, attributable to strong results in development for the financial sector and for the distribution and service sector, as well as system infrastructure construction and government office projects.

Operating income rose 21.6% year on year with sales growth, which offset temporarily unprofitable projects.

##### ● Products and Services

Net sales increased 9.3% year on year thanks to a steady increase in the sales of hardware products.

Operating income rose 0.2% year on year owing to a decrease in sales of in-house products.

##### ● Outsourcing

Net sales contracted 3.8% year on year due mainly to a fall in revenue from service fees caused by the suspension of store operations by overseas customers.

Operating income declined 3.3% year on year due to lower sales.

# 4. Consolidated Income Statement

							(Million yen)
	FY2020 3Q Results	FY2021 3Q Results	YoY change (Amount)	YoY change (%)	FY2021 3Q Plan	Comparison with the plan	Points of Income Statement
<b>Net sales</b>	181,708	194,833	+13,125	107.2%	185,400	105.1%	<a href="#">(1) Cost of sales margin (77.9%)</a>
<b>Cost of sales</b>	140,116	151,774	+11,657	108.3%	—	—	An increase due in part to an increase in sales projects for hardware products from other companies and temporarily unprofitable projects.
Cost of sales margin	77.1%	77.9%	(1)		—	—	
<b>Gross profit</b>	41,591	43,059	+1,468	103.5%	—	—	
Gross profit margin	22.9%	22.1%			—	—	
<b>SG&amp;A expenses</b>	28,946	29,750	+804	102.8%	—	—	
SG&A expense ratio	15.9%	15.3%			—	—	
<b>Operating income</b>	12,644	13,308	+664	105.3%	12,400	107.3%	<a href="#">(2) Non-operating income (+379 million yen)</a>
Operating income margin	7.0%	6.8%	(2)		6.7%	—	<a href="#">Non-operating expenses -210 million yen</a>
<b>Non-operating income</b>	376	756	+379	200.9%	—	—	Foreign exchange gain as non-operating income increased.
<b>Non-operating expenses</b>	305	94	-210	31.1%	—	—	Non-operating expenses decreased mainly due to foreign exchange losses and the refund of subsidies in the previous fiscal year.
<b>Share of (profit) loss of entities accounted for using equity method</b>	220	172	-48	78.1%	—	—	
<b>Ordinary income</b>	12,936	14,142	+1,206	109.3%	12,650	111.8%	<a href="#">(3) Extraordinary income (+2,714 million yen)</a>
Ordinary income margin	7.1%	7.3%			6.8%	—	<a href="#">Extraordinary losses (+1,764 million yen)</a>
<b>Extraordinary income</b>	224	2,938	+2,714	(3) —	—	—	An increase in extraordinary income due to a gain on the sale of investment securities resulting from the sale of cross shareholdings.
<b>Extraordinary losses</b>	1,092	2,856	+1,764	261.5%	—	—	Extraordinary losses increased due to a loss on sale of shares of subsidiaries and associates, as well as property, plant and equipment impairment losses.
<b>Income before income taxes</b>	12,068	14,224	+2,156	117.9%	—	—	
<b>Total income taxes</b>	4,125	4,965	+839	120.4%	—	—	
<b>Net income</b>	7,943	9,259	+1,316	116.6%	—	—	
<b>Profit attributable to non-controlling interests</b>	1,713	1,985	+271	115.9%	—	—	
<b>Profit attributable to owners of parent</b>	6,229	7,274	+1,044	116.8%	6,450	112.8%	
Profit margin attributable to owners of parent	3.4%	3.7%			3.5%	—	

# 5. Consolidated Balance Sheet

	End of FY2020	End of Q3 of FY2021	Change (Amount)	(Million yen)
			End of Q3 of FY2020 (Reference)	
<b>Current assets</b>	105,363	107,758	+2,394	98,504
Cash and deposits	38,330	39,549	+1,219	35,148
Notes and accounts receivable - trade	52,750	54,137	+1,387	48,085
Securities	6,000	5,000	-1,000	5,500
Inventories	5,526	5,043	-482	6,192
Other	2,756	4,027	+1,270	3,577
<b>Non-current assets</b>	129,173	119,524	-9,649	128,207
Property, plant and equipment	89,928	90,549	+620	90,135
Intangible assets	4,705	4,671	-34	4,866
Investments and other assets	34,539	24,304	-10,235 (1)	33,205
<b>Total assets</b>	234,537	227,282	-7,254	226,712
<b>Current liabilities</b>	68,751	59,568	-9,182	62,087
Accounts and notes payable - trade	12,519	12,634	+115	11,867
Short-term loans payable	24,156	14,544	-9,611 (2)	22,503
Accrued expenses / provision for bonus	10,801	12,248	+1,447	11,653
Income taxes payable	3,155	3,715	+559	2,044
Provision for loss on construction contracts	225	144	-81	85
Other	17,892	16,280	-1,612	13,932
<b>Non-current liabilities</b>	30,623	26,203	-4,419	32,463
Long-term loans payable	20,515	17,547	-2,968	23,191
Other	10,107	8,656	-1,451	9,272
<b>Total liabilities</b>	99,374	85,771	-13,602	94,550
<b>Total net assets</b>	135,163	141,510	+6,347	132,161
<b>Total liabilities and net assets</b>	234,537	227,282	-7,254	226,712

## Points of the Balance Sheet

### [\(1\) Investments and other assets \(-10,235 million yen\)](#)

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

### [\(2\) Short-term loans payable \(-9,611 million yen\)](#)

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

## 6. Consolidated Cash Flow Statement

(Million yen)

	FY2020 3Q results	FY2021 3Q results	YoY change (Amount)
<b>Cash flows from operating activities</b>	9,266	10,513	+1,247
<b>Cash flows from investing activities</b>	-13,296	6,302	+19,598
<b>Cash flows from financing activities</b>	13,864	-14,458	-28,322
Effect of exchange rate change on cash and cash equivalents	-27	351	
Net increase (decrease) in cash and cash equivalents	9,806	2,710	
Cash and cash equivalents at beginning of period	26,158	37,450	
<b>Cash and cash equivalents at end of period</b>	35,965	40,160	

### Highlights of Cash Flows

#### ● Cash flows from operating activities

Net cash provided by operating activities stood at 10,513 million yen, with a year-on-year increase of 1,247 million yen that resulted from an increase in money received, attributable to higher sales.

#### ● Cash flows from investing activities

Net cash provided by investing activities was 6,302 million yen due to the sale of investment securities and shares of subsidiaries and associates.

The amount increased 19,598 million yen year on year due to expenditures on construction costs to secure office space in the previous period.

#### ● Cash flows from financing activities

Net cash used in financing activities was 14,458 million yen due to the repayment of short-term loans payable.

The amount decreased 28,322 million yen year on year due to borrowing for the securing of working capital in the previous period.

# 7. Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Order backlog at beginning of term	YoY change (%)	FY2021 3Q results				Order backlog at end of term	YoY change (%)
			Orders	YoY change (%)	Net sales	YoY change (%)		
<b>SI Business total</b>	60,265	110.1%	185,801	106.6%	185,389	107.8%	60,676	106.2%
<b>System Construction</b>	35,768	102.5%	114,510	112.5%	108,551	108.2%	41,727	114.6%
Embedded/Control Software	14,075	99.6%	51,828	104.8%	50,589	103.0%	15,314	105.8%
Operation Software	21,693	104.5%	62,681	119.7%	57,961	113.2%	26,412	120.5%
<b>Products and Services</b>	24,496	123.6%	71,290	98.3%	76,838	107.3%	18,948	91.4%
Products and Services	22,412	130.8%	61,032	97.8%	66,696	109.3%	16,748	90.6%
Outsourcing	2,084	77.7%	10,257	101.5%	10,141	96.2%	2,200	97.9%

## Highlights of Orders and Order Backlogs

### ● Highlights in System Construction

#### - Embedded/Control Software

Order received increased 4.8% year on year as a result of growth in machine control systems, which had remained unchanged from the previous year until the second quarter.

The order backlog at the end of the term increased 5.8% year on year.

#### - Operation Software

Orders received increased 19.7% year on year with growth in projects for the financial sector and distribution and service sector, together with system infrastructure construction.

The order backlog at the end of the term rose 20.5% year on year.

### ● Highlights in Products and Services

#### - Products and Services

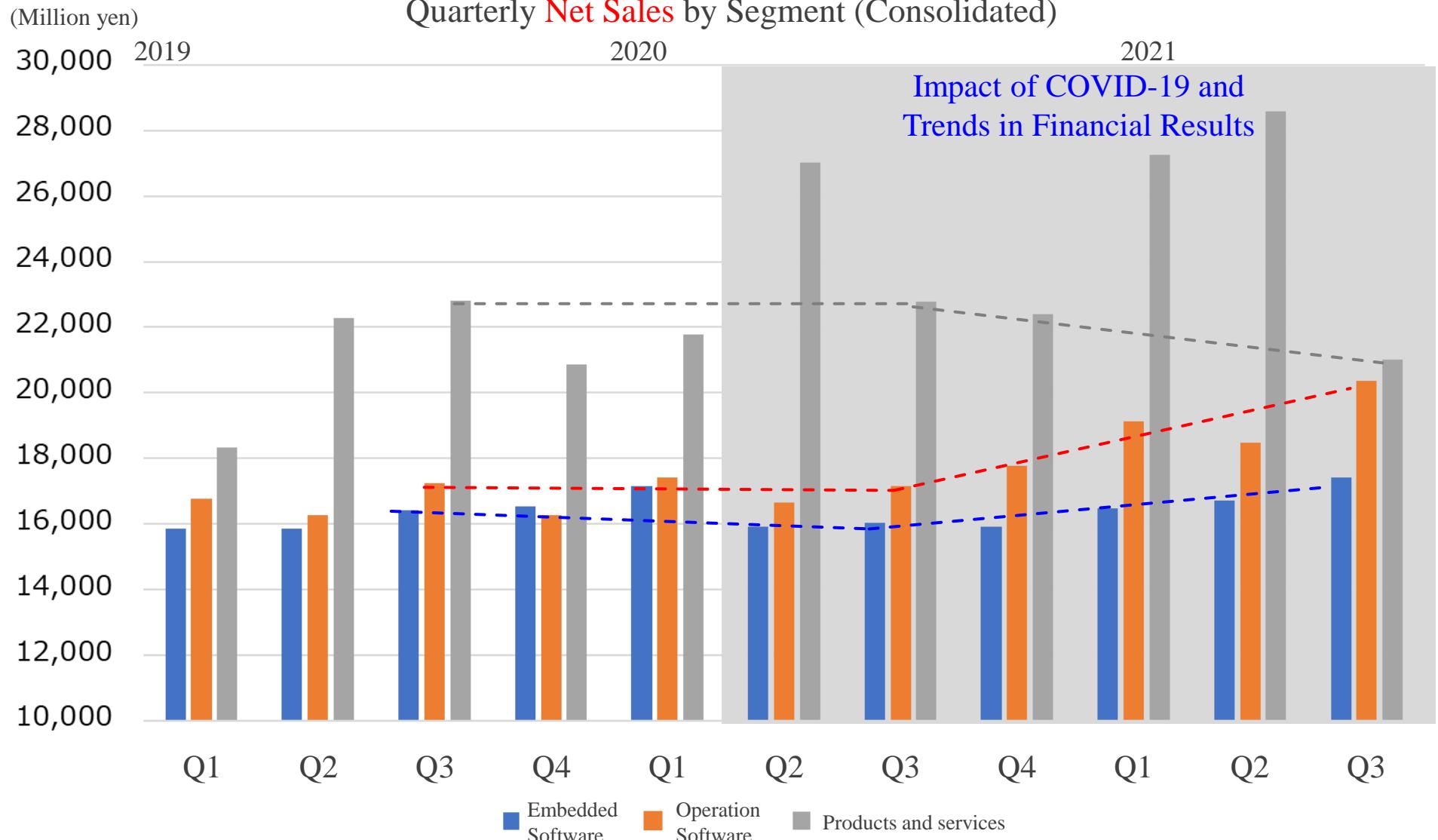
Orders fell 2.2% year on year due to large sales of licenses from other companies and hardware sales projects in the previous year. The order backlog at the end of the term dropped 9.4% year on year.

#### - Outsourcing

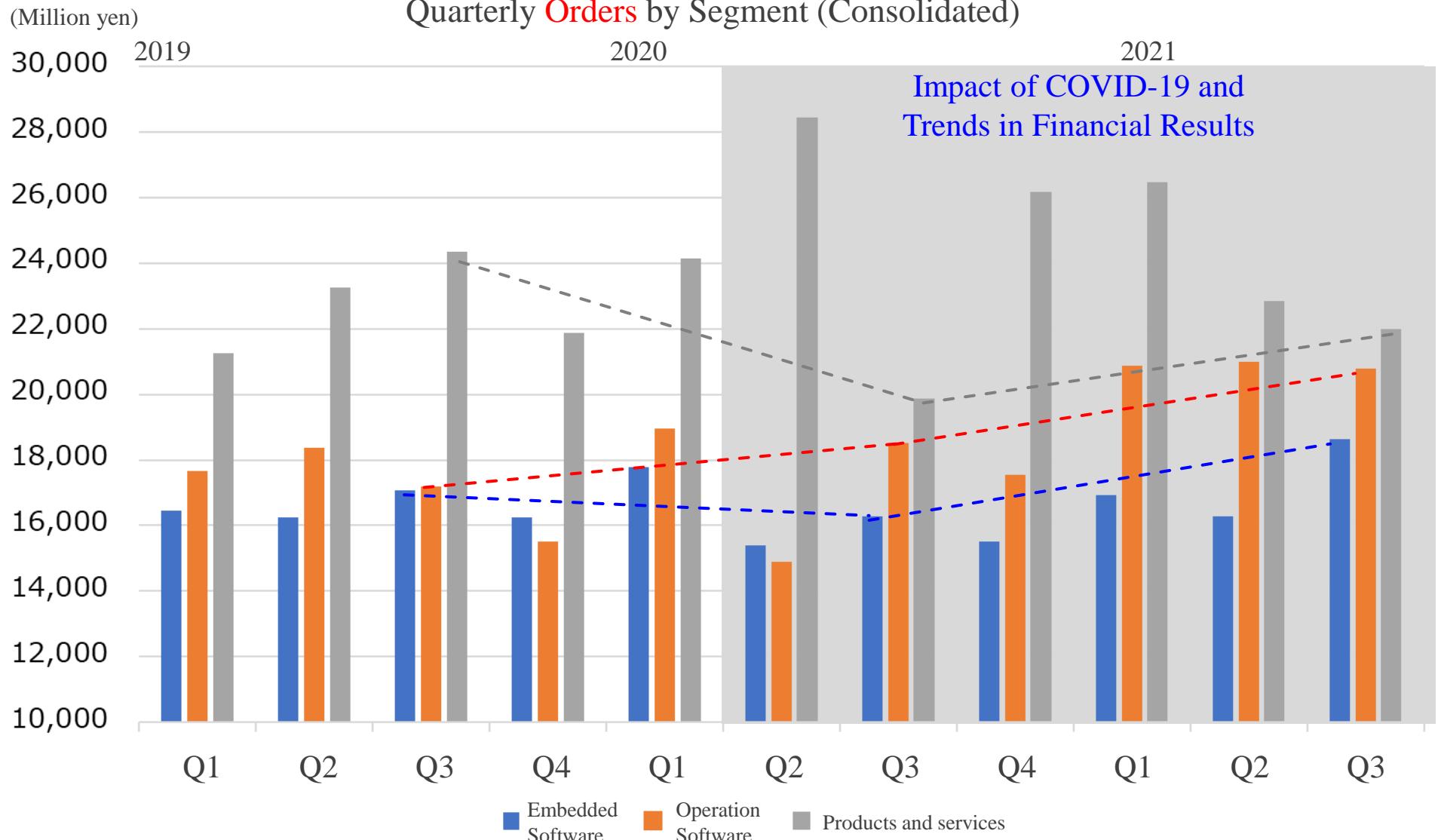
Orders increased 1.5% year on year thanks in part to an increase in operation and maintenance projects, which more than offset a decline in orders for services for the distribution sector.

The order backlog at the end of the term dropped 2.1% year on year.

# Quarterly Change in Business Results (FY2019 to 3Q FY2021)



# Quarterly Change in Business Results (FY2019 to 3Q FY2021)





- \* 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.  
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