



FUJI SOFT INCORPORATED

Financial Results Briefing for FY2021

February 10, 2022

Event Summary

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[Participants]		
[Number of Speakers]	5	
	Satoyasu Sakashita	President & Representative Director
	Masaki Shibuya	Director & Senior Executive Operating Officer
	Seto Arai	Director & Senior Executive Operating Officer
	Mari Morimoto	Director, Operating Officer
	Masashi Umetsu	Operating Officer
[Analyst Names]*	Mitsunobu Tsuruo	Citigroup Global Markets Japan Inc.
	Hideaki Tanaka	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
	Yoshihiro Maeda	FISCO Ltd.
	Motoki Sato	3D Investment Partners

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A.

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Presentation

Moderator: Thank you very much for your patience. This is a briefing session on FUJI SOFT INCORPORATED's financial results and mid-term management plan for the fiscal year ended December 2021. Thank you very much for taking time out of your busy schedule to join us today. Now, I would like to introduce today's speakers from the Company.

Satoyasu Sakashita, President & Representative Director.

Sakashita: I'm Sakashita.

Moderator: Masaki Shibuya, Director & Senior Executive Operating Officer.

Shibuya: I'm Shibuya. Thank you.

Moderator: Seto Arai, Director & Senior Executive Operating Officer.

Arai: I'm Arai. Thank you.

Moderator: Mari Morimoto, Director Operating Officer.

Morimoto: I'm Morimoto. Thank you.

Moderator: Masashi Umetsu, Operating Officer.

Umetsu: I'm Umetsu. Thank you.

Moderator: That is all for the speakers. Thank you.

Next, I would like to explain the content of today's proceedings. Today, as announced, we would like to explain our financial results for the fiscal year ended December 2021 and our medium-term management plan. First, Mr. Sakashita will explain the financial results for the current fiscal year. After the presentation, we will have time for a question and answer session regarding the financial results for the current fiscal year.

After that, we would like to explain our medium-term management plan. Afterwards, we will hold another question and answer session. We will be happy to answer any questions you may have regarding the medium-term management plan and general matters.

Please let us know your company name and your name and ask us questions. We will now explain the financial results for the fiscal year ended December 2021.

President Sakashita, please begin.

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

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

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

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

◇ Operating income rose 5.4% year on year, to 16,838 million yen, due to sales growth and success in controlling the rise in SG&A expenses, offsetting a decline caused by temporarily unprofitable projects.

◇ Ordinary income rose 10.0% year on year, to 17,976 million yen, in part due to a rise in sales and higher foreign exchange gains.

◇ Profit attributable to owners of parent stood at 9,130 million yen, up 6.5% year on year.

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

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Sakashita: Yes. I would like to explain the financial results.

As you can see in the highlights of the consolidated financial results, sales were JPY257.891 billion, operating income was JPY16.838 billion, ordinary income was JPY17.976 billion, and net income was JPY9.130 billion.

Sales were up 107% YoY due to strong sales in finance and system infrastructure. Although there were some unprofitable projects, operating income increased due to higher sales. Operating income was 105.4% as written here, and ordinary income was 110% due to foreign exchange gains and other factors. Net income for the year was 106.5%.

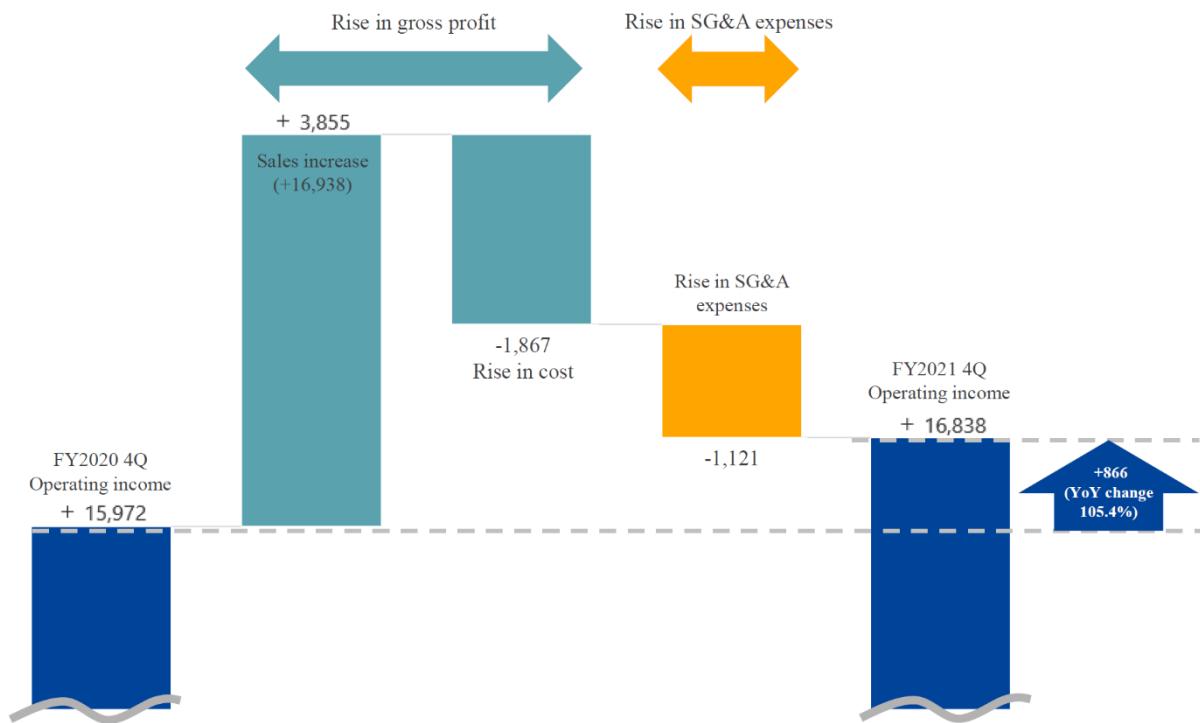
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Trends in Consolidated Operating Income (Jan-Dec)



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Operating income. This is a graph, and the increase in revenue is positive, but the increase in cost is a little negative. SG&A expenses are also increasing. However, this is the way to frame the increase in profit.

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

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

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

Operating income increased 6.1% year on year.

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

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

As for the section results for the fourth quarter, I would like to briefly say that this is also a similar trend.

Sales and operating income were 106.4% and 106.1%, respectively. As before, financial infrastructure, machine control systems in embedded systems, and automotive fields were strong, resulting in approximately 106.4%. As for operating income, general and administrative expenses and such were curbed by strengthening the order-taking system, resulting in an operating income of 106.1%.

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

(Million yen)

		FY2021	Net sales	Operating income	
FUJI SOFT INCORPORATED	4Q Results	175,680	9,653		Net sales increased due to strong results of operation projects for the financial sector and system infrastructure development and embedding projects for machine control systems. Operating income increased with sales growth, which more than offset a fall caused by temporarily unprofitable projects and the addition of personnel in advance of improving the order receiving system to handle an increase in inquiries.
	YoY change (Amount)	+11,586	+395		
	YoY change (%)	107.1%	104.3%		
CYBERNET SYSTEMS Co., Ltd.	4Q Results	22,697	2,830		Net sales increased due to increased sales from the domestic CAE solution service business and from overseas subsidiaries in Taiwan, China, South Korea, the US, and Canada and elsewhere. Operating income decreased due to an increase in personnel expenses and SGA expenses such as digital marketing investment.
	YoY change (Amount)	+1,032	-46		
	YoY change (%)	104.8%	98.4%		
VINX CORP.	4Q Results	29,867	2,526		Net sales increased chiefly due to growing needs for DX in the retail industry in Japan and the deepening of relationships with existing customers, offsetting a decline in overseas sales attributable to the impact of COVID-19. Operating income increased, mainly reflecting improvements in productivity.
	YoY change (Amount)	+2,146	+398		
	YoY change (%)	107.7%	118.7%		
CYBER COM Co., Ltd.	4Q Results	15,528	953		Net sales increased thanks to the strong results of the service business, in addition to the strong performance of communication and operation system development projects in the software development business. Operating income increased due to higher sales.
	YoY change (Amount)	+1,856	+125		
	YoY change (%)	113.6%	115.2%		
FUJI SOFT SERVICE BUREAU INCORPORATED	4Q Results	9,345	573		Sales increased due to strong results of BPO services and call center services for local governments. Operating income remained at the level of the previous year due to price competition created by market entrants from other industries.
	YoY change (Amount)	+214	+2		
	YoY change (%)	102.3%	100.5%		

* Results from January to December, 2021 are stated in the FY2021 4Q results column.

Main group companies. Sales of the main unit were up 107.1%, and operating income was up 104.3%. As I explained earlier, machine control sales increased in operation, financial infrastructure, and embedded/control software. The trouble means the story of the main body of our company.

Cybernet Systems. Domestic CAE solution services and Taiwan, China, Korea, the US, and Canada are in this area, and subsidiaries are also seeing increased sales. Operating income was slightly negative in terms of performance due to the fact that SG&A expenses for investments in personnel, digital marketing, etc. increased.

Overseas sales of VINX are a bit negative due to the impact of the coronavirus. Domestic sales and DX, as well as the distribution industry, are making considerable progress in terms of DX, and the Company is doing well in cultivating existing customers and increasing sales. Operating income is supposed to be higher than that.

Cyber Com. In the software development business, telecommunication and business-related development was strong, and the service business was also strong, resulting in 113.6% and 115.2%.

As for FUJISOFT SERVICE BUREAU, both BPO and call center services are performing well in terms of local government projects, but due to price competition from various market entrants, profits are low. This means that sales are growing a little. As for the Group as a whole, FUJISOFT SERVICE BUREAU and Cybernet Systems were slightly on par with the previous year. VINX and Cyber Com are doing well, and the main body is in the middle.

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3. Consolidated Sales/Operating Income by Segment

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

Highlights of Sales by Segment

● Embedded/Control Software

Net sales rose 5.3% year on year given steady growth of Machine Control Systems and Social Infrastructure Systems. Operating income also rose 3.4% year on year following sales growth.

● Operation Software

Net sales increased 14.0% year on year, attributable to strong results in development for the financial sector and for the distribution sector, as well as system infrastructure construction and government office projects. Operating income also rose 21.4% year on year following sales growth.

● Products and Services

Net sales rose 5.1% year on year owing principally to PC sales for the GIGA School Program. Operating income decreased 6.9% year on year owing to a decrease in sales of in-house products.

● Outsourcing

Net sales contracted 2.3% year on year due mainly to a fall in revenue from service fees caused by the suspension of store operations by overseas customers. Operating income declined 5.9% year on year due to lower sales.

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This shows net sales and operating income by consolidated segment. The figures here are 107% for the Company as a whole and 105.4% for operating income compared to the previous year, but in the area of embedded control software, sales were 105.3% and operating income was 103.4%. An increase in revenue had a positive effect on profit.

As for operation software, the financial and distribution sectors did well, with double-digit growth of 114%. Operating income is also at 121.4%.

Products and services. Sales increased by 105.1% YoY due to GIGA school-related PC sales and other factors, which is a considerable increase in terms of numbers.

Operating income declined due to a decrease in sales of our products, which is a little difficult to explain. In the first half of the first half of the year, sales of GIGA and Wi-Fi routers were strong, but in the second half of the year, the flow of GIGA dropped a little, so there was a downward trend. So it has moved a lot in the past year.

Outsourcing is a mix of this, but there has been a slight drop here due to a decrease in service usage fees caused by overseas store closures. Operating income has also declined accordingly. This is the sales and operating income by segment.

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4. Consolidated Income Statement

(Million yen)

	FY2020 4Q Results	FY2021 4Q Results	YoY change (Amount)	YoY change (%)	FY2021 4Q Plan	Comparison with the plan
Net sales	240,953	257,891	+16,938	107.0%	249,000	103.6%
Cost of sales	186,105	201,055	+14,950	108.0%	—	—
Cost of sales margin	77.2%	78.0%	(1)		—	—
Gross profit	54,847	56,835	+1,987	103.6%	—	—
Gross profit margin	22.8%	22.0%			—	—
SG&A expenses	38,875	39,997	+1,121	102.9%	—	—
SG&A expense ratio	16.1%	15.5%			—	—
Operating income	15,972	16,838	+866	105.4%	16,300	103.3%
Operating income margin	6.6%	6.5%			6.5%	—
Non-operating income	514	1,114	+600 (2)	216.7%	—	—
Non-operating expenses	436	153	-283 (3)	35.1%	—	—
Share of (profit) loss of entities accounted for using equity method	292	176	-116	60.3%	—	—
Ordinary income	16,343	17,976	+1,633	110.0%	16,900	106.4%
Ordinary income margin	6.8%	7.0%			6.8%	—
Extraordinary income	988	2,951	+1,963 (3)	298.7%	—	—
Extraordinary losses	1,683	3,261	+1,577 (3)	193.7%	—	—
Income before income taxes	15,647	17,666	+2,018	112.9%	—	—
Total income taxes	5,213	6,329	+1,115	121.4%	—	—
Net income	10,434	11,337	+902	108.7%	—	—
Profit attributable to non-controlling interests	1,860	2,206	+346	118.6%	—	—
Profit attributable to owners of parent	8,573	9,130	+556	106.5%	8,900	102.6%
Profit margin attributable to owners of parent	3.6%	3.5%			3.6%	—

Points of Income Statement

(1) Cost of sales margin (78.0%)

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

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

Foreign exchange gain as non-operating income increased.
Non-operating expenses decreased mainly due to foreign exchange losses and the refund of subsidies in the previous fiscal year.

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

An increase in extraordinary income due to a gain on the sale of investment securities resulting from the sale of cross shareholdings.
Extraordinary losses increased due to a loss on sale of shares of subsidiaries and associates, as well as property, plant and equipment impairment losses.

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Consolidated income statement There is not much about the cost of sales ratio either, but it is getting a little worse due to GIGA-related PC and other one-time unprofitable projects.

In terms of non-operating income and non-operating expenses, there was an increase in foreign exchange gains and a slight movement in non-operating expenses due to foreign exchange losses and subsidy refunds from the previous fiscal year.

Particularly in the area of the Special Measures Law, there is a tendency for the sale of shares and the extraordinary loss to be a loss on the sale of affiliated companies and joint stock companies, which has resulted in a slight impairment of assets.

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5. Consolidated Balance Sheet

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

Points of the Balance Sheet

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

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

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

Repayment of long-term loans payable according to financial plans

There's not much about the consolidated balance sheet either. In addition to the reduction of policy stocks, all the companies are reducing their long-term debt and borrowing in response to the coronavirus measures.

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6. Consolidated Cash Flow Statement

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

Highlights of Cash Flows

● Cash flows from operating activities

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

● Cash flows from investing activities

Net cash provided by investing activities was 4,894 million yen due to the sale of investment securities and shares of subsidiaries and associates. The amount increased 21,003 million yen year on year due to expenditures on construction costs to secure office space in the previous period.

● Cash flows from financing activities

Net cash used in financing activities was 17,871 million yen due to the repayment of short-term loans payable. The amount decreased 30,575 million yen year on year due to borrowing for the securing of working capital in the previous period.

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Consolidated cash flow statement Operating activities have been increasing steadily, and investing activities have been positive due to the sale of securities and affiliated companies.

In the previous fiscal year, there was a negative figure due to construction expenses. This is why the difference is quite large, turning from negative to positive.

Financial management. We talked about long-term loans earlier, but this time we are talking about short-term loans. This is due to the repayment of loans and the borrowing of working capital. The YoY difference is due to this decrease.

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7. Orders and Order Backlogs for the Consolidated SI Business

	FY2021 4Q Results						(Million yen)	
	Order backlog at beginning of term	YoY change (%)	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business Total	60,265	110.1%	242,966	104.0%	244,897	107.4%	58,334	96.8% 1
System Construction	35,768	102.5%	149,686	111.0%	147,182	109.8%	38,273	107.0% 2
Embedded/Control Software	14,075	99.6%	67,947	104.6%	68,517	105.3%	13,506	96.0% 3
Operation Software	21,693	104.5%	81,739	116.9%	78,665	114.0%	24,766	114.2%
Products and Services	24,496	123.6%	93,279	94.5%	97,714	104.0%	20,060	81.9%
Products and Services	22,412	130.8%	79,833	93.6%	84,037	105.1%	18,208	81.2%
Outsourcing	2,084	77.7%	13,445	100.3%	13,677	97.7%	1,852	88.9%

1, 2: The timing for the posting a part of orders received was changed due to a revision of internal rules for posting orders received.
 The year-end order backlog in the System Integration business based on the conventional posting method was 98.6% of that in the same period of the previous year (a year-on-year decrease of 1.4%) and the year-end order backlog in System Construction was 110.1% of that in the same period of the previous year (a year-on-year increase of 10.1%).

Highlights of Orders and Order Backlogs

● Highlights in System Construction

- Embedded/Control Software
Orders received rose 4.6% year on year due in part to an increase in machine control systems.
The order backlog at the end of the term dropped 4.0% year on year.
3: The year-end order backlog based on the conventional posting method is 103.8% of that in the same period of the previous year (a year-on-year increase of 3.8%).
- Operation Software
Orders received increased 16.9% year on year with growth in projects for the financial sector and distribution and service sector, together with system infrastructure construction.
The order backlog at the end of the term rose 14.2% year on year.

● Highlights in Products and Services

- Products and Services
Orders received fell 6.4% year on year due to large sales of licenses from other companies and PC sales for the GIGA School Program in the previous year.
The order backlog at the end of the term dropped 18.8% year on year.
- Outsourcing
Orders increased 0.3% year on year due in part to an increase in operation and maintenance projects, which more than offset a decline in the use of services due to store business interruption of overseas customers.
The order backlog at the end of the term dropped 11.1% year on year.

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Orders received and order backlog. We have annotated three figures here, but the overall orders received in the SI business were up 104% YoY.

It looks like the order backlog is decreasing due to a slight increase in sales, but this is actually due to a change in the timing of posting orders for some projects, as written here. It seems that these three numbers are moving due to the change in the accounting. However, if we compare these three figures before the change, the order backlog at the end of the period for the SI business was 98.6%. System construction, this 107% is 110.1%.

As for embedded control software, orders for machine control systems and the like increased, resulting in 104.6%. This is 96%, but if we use the conventional accounting method, it would be 103.8%, which is not negative, but 103.8 level. The operation system is also good, and orders and order backlogs are also very good.

Products and services. This is also what I was talking about earlier, but in the previous year, we had a large in-house sales project related to another company's licensed GIGA school, so the sales volume was down YoY. Order backlog at the end of the fiscal year, last year, or the year before last, I guess. The reason why the numbers were a little larger is because of the impact of the coronavirus, which I mentioned earlier, and the fact that there was a huge increase in orders for GIGA at one time, but not last year.

Outsourcing, which is similar to what I mentioned earlier, saw a decrease in the use by overseas stores, but the number of operation and maintenance projects increased, so it was on par with the previous year. The order backlog is slightly negative due to this effect.

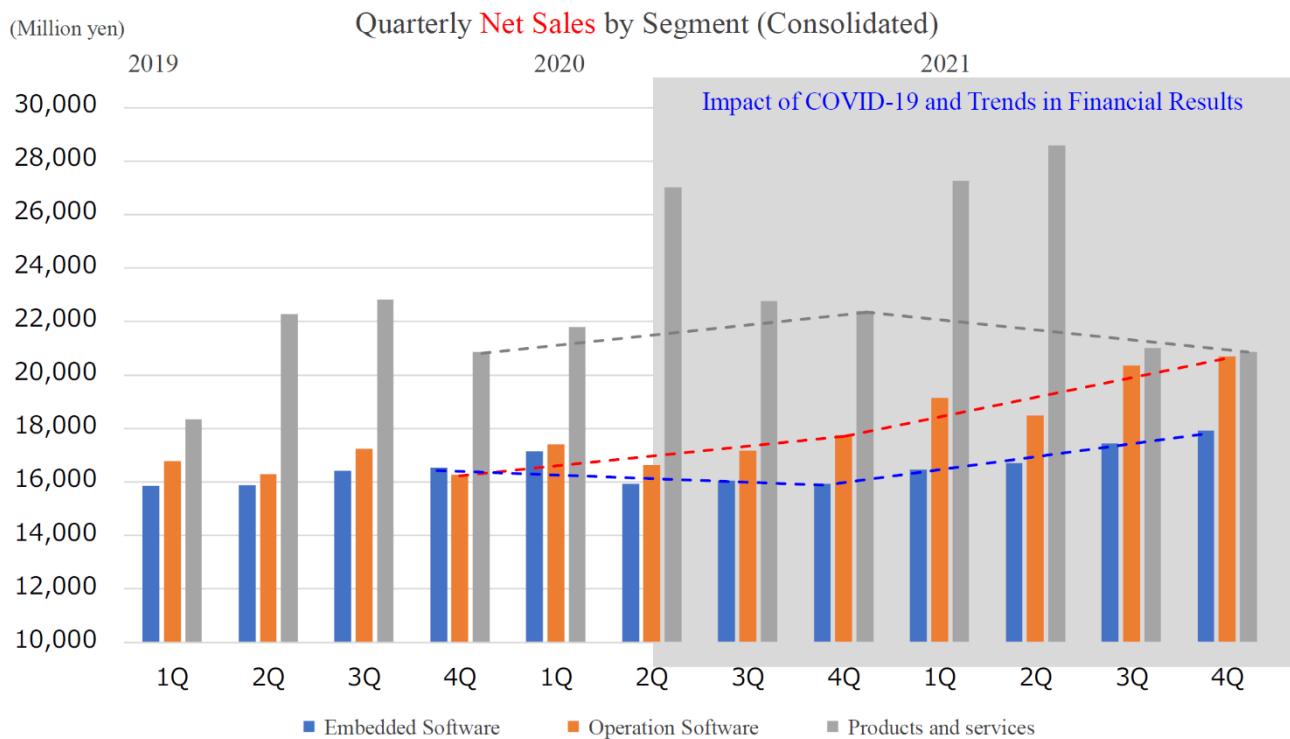
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Quarterly Change in Business Results (FY2019 to 4Q FY2021)



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This is a two-year comparison for each segment. The gray area here is where we experience the coronavirus, and if you compare the fourth quarter with the fourth quarters of the previous year, the point is the sales of embedded systems. In the first year of the project, sales were quite low, but then they started to grow, and now they are in line with the sales before the coronavirus.

The operation field was also affected by the coronavirus, but the increase was steady. If we look at the negative and positive numbers, there were more positive results.

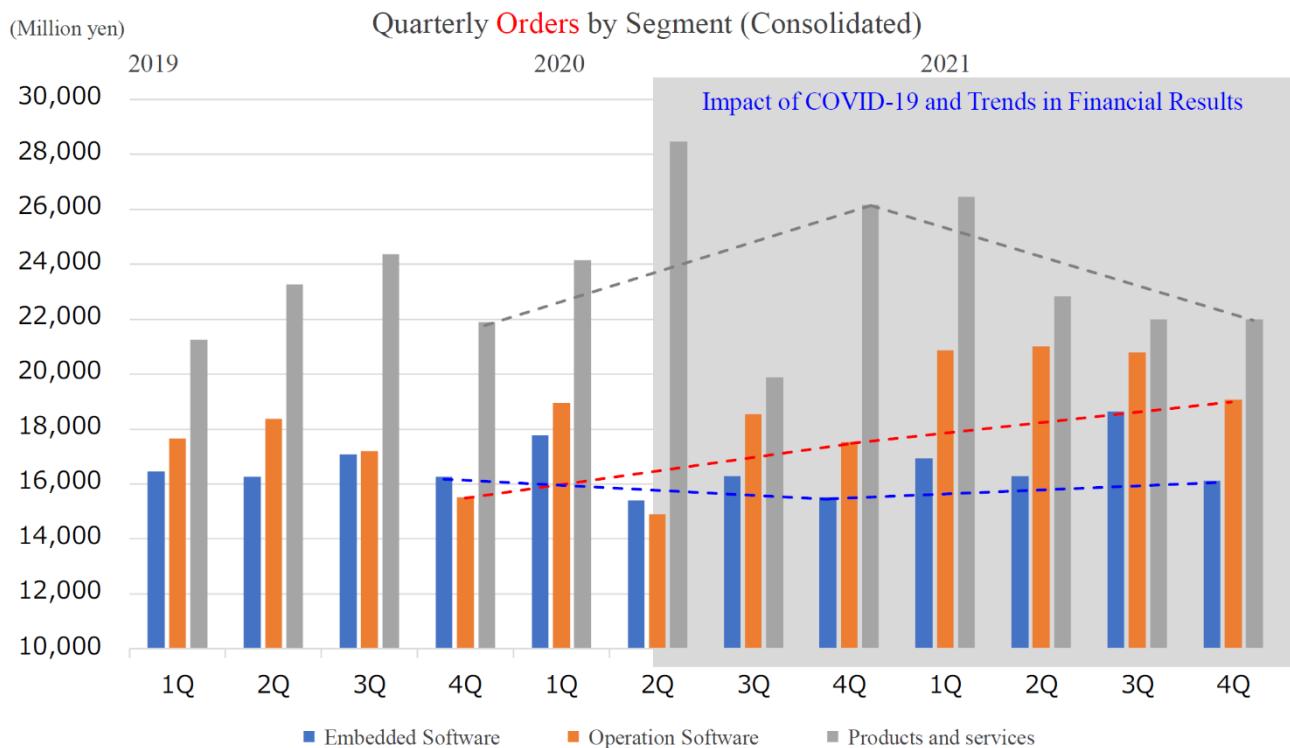
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Quarterly Change in Business Results (FY2019 to 4Q FY2021)



In terms of orders, in comparison with the same period of the previous year, orders for embedded systems declined for a while and then recovered slightly. I think you can see that the operation field has been consistently strong.

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8. Dividends

The year-end dividend for FY2021

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

■ **Dividend per share (Consolidated)**

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

Dividends. This is as originally planned, so JPY26. With JPY26, we would like to set the annual dividend at JPY52. Here is a little summary of the situation.

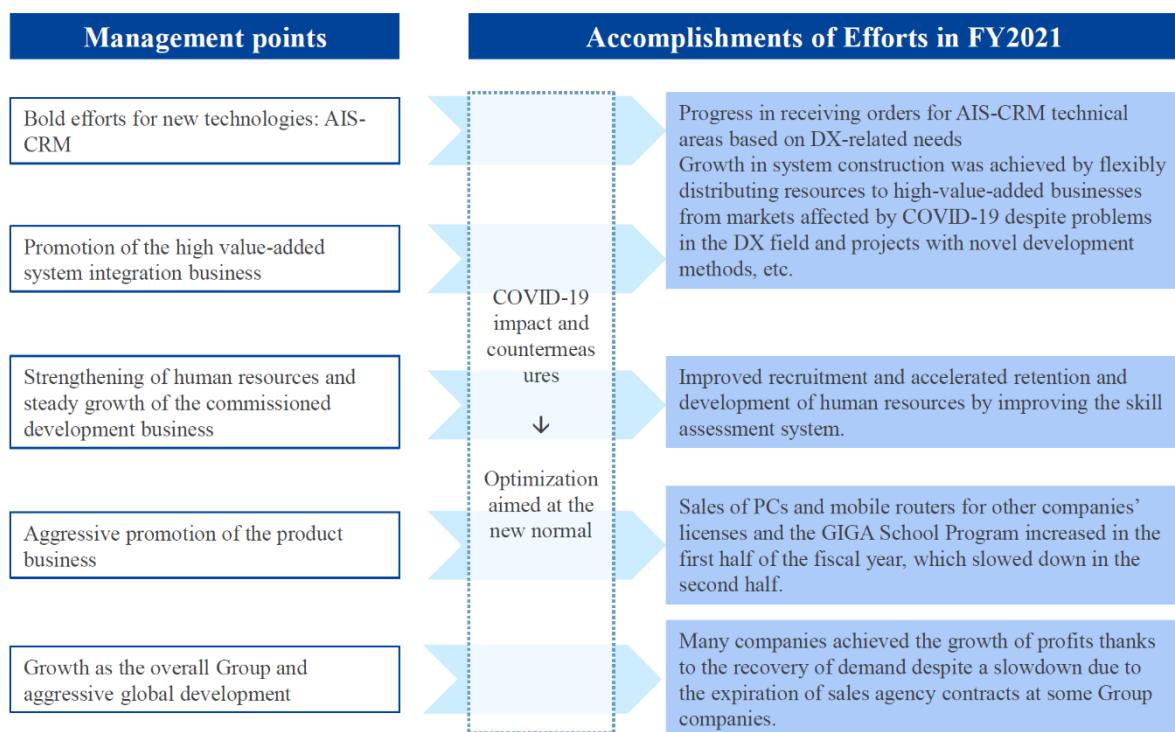
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Accomplishments of Efforts in FY2021



Results of the initiative. First, AIS-CRM. We are focusing on integration, strengthening human resources in high value-added areas, plant business, and group synergies, but in the sense that this AIS-CRM and this AIS-CRM technology have high added value, DX and this AIS-CRM technology are in a close area with a very high affinity, so this is a very good deal.

I will talk about the three-year plan later, but we will also change those figures.

In the area of system construction, the recovery trend in the DX field and other factors have led to the emergence of new technologies and new projects, which in turn have led to the occurrence of transient problems.

However, resources have been flexibly allocated from the market which has been affected by the coronavirus to high value-added businesses, and AIS-CRM and the integration business have been shifting to high value-added areas as needed.

We are strengthening our human resources, including our personnel system. As for products, as I mentioned earlier, sales of mobile routers related to licensing and GIGA schools have been strong throughout the year, but the first half of the year was good and the second half slowed down.

Group Cybernet Systems, one of our group companies, announced its financial results yesterday, and announced that its sales and profits will decrease in the next fiscal year due to the termination of sales agents. The slowdown in this area has been seen a little more since last year, but other companies have been able to secure very high profits.

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Business Conditions in Fiscal Year 2021

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

Embedded/Control Software

Machinery manufacturing: on track toward recovery



Automotive: on track toward recovery



Social Infrastructure Systems: Steady



Operation Software

Financial businesses: on track toward recovery



Distribution and service businesses: Steady



Manufacturing: Steady



System infrastructure: Very high



Online businesses: Very high



Public offices: Steady



Products and Services

Cloud-related products: Very high



Microsoft products: unchanged



In-house merchandise: somewhat slow



Outsourcing: Somewhat poor



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In a nutshell, I gave a general sense of the direction of business conditions. What has changed a bit is the machinery manufacturing industry. As for this robot, which is the AIS-CRM robot, the overall trend is expected to be recovered, but the situation is still flat because the robots are not recovering well.

Also, in terms of Microsoft's licensed product services, the cloud license O365, M365, and these are the main topics.

Products that are strong in security such as M365 are growing quite well, but O365 in the coronavirus situation is on a flat trend.

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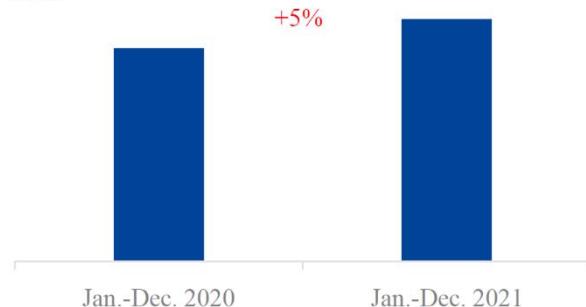
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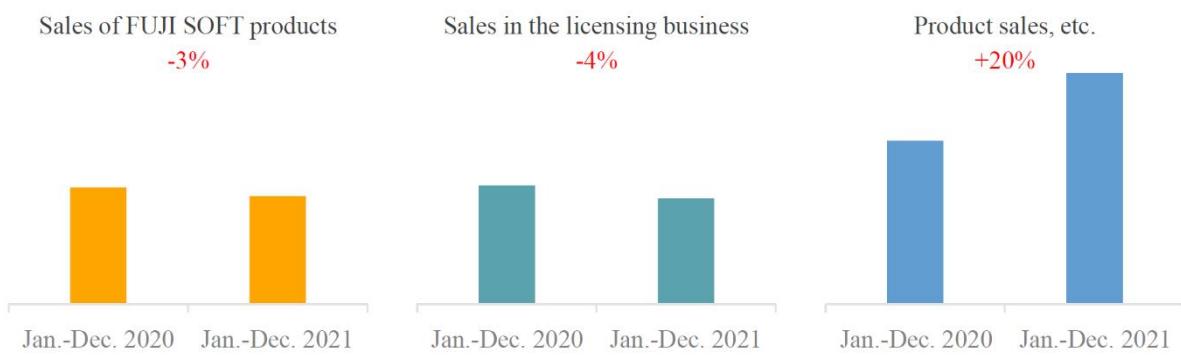
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Trends in Products and Services (Sales)

Sales in Products and Services



Breakdown of sales in Products and Services



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5% for the products and services. This is our own product, the Wi-Fi router, and it was quite strong the year before last, so it is flat.

Licenses, which are mainly for Microsoft, are also flat.

In terms of sales of goods, there was an increase over the previous year for the entire year.

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Results Forecasts for FY2022

FY2022

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

(Million yen)

The consolidated forecast for this year, or rather the year ending December 2022, is JPY265.5 billion for sales and JPY17.3 billion for operating income. Ordinary income is to be JPY18.5 billion, and net income is to be JPY9.7 billion.

103%, 102.7%, and 102.9% YoY. This may seem slightly low.

As I mentioned earlier, Cybernet Systems, our subsidiary, has announced its forecast and plans for the next fiscal year, and it is planning a decrease in both sales and profits.

Although the Company as a whole and the Group as a whole will naturally cover this amount and bring it to a positive level, we do not expect the growth to be that large, which is why we have provided a consolidated forecast.

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Trends of Dividends and the Plan

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

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

■ Dividend policy

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

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

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

Dividends. Our company will be in the prime market from April. We are reviewing various policies and changing our dividend policy in order to go to prime.

As mentioned in the dividend section, we would like to proceed with a consolidated dividend payout ratio of 30% or more.

The current plan is to do 35.2% for the next fiscal year, and the current plan is JPY109. JPY109 for the full year. We would like to proceed with the assumption of JPY109 per year. This concludes my presentation on the status of the financial results for this fiscal year. That is all.

Moderator: That is all the explanation for the financial results.

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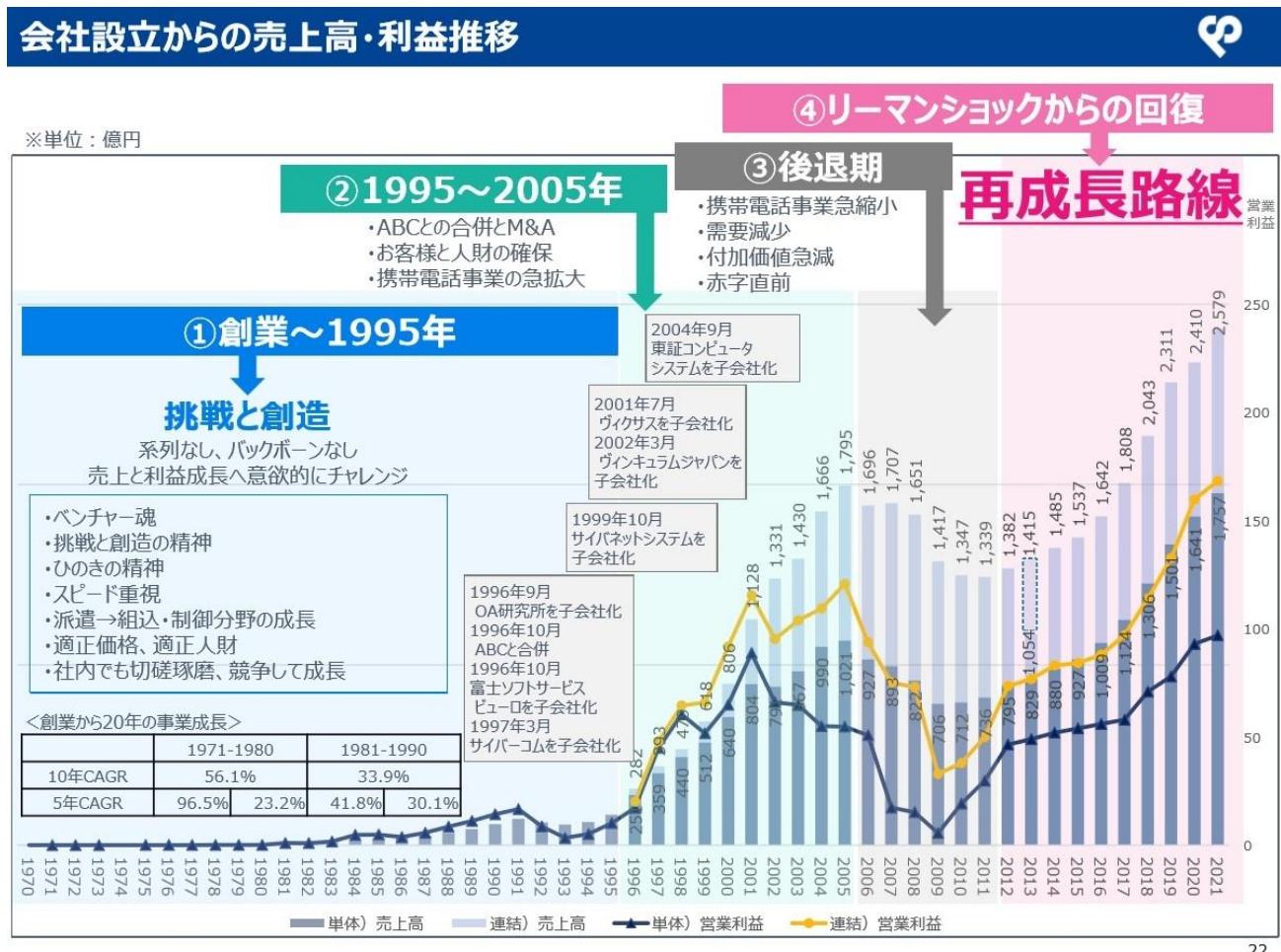
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Presentation

Moderator: We will now explain the FUJI SOFT medium-term management plan. President Sakashita, please begin.

Sakashita: Yes. Next, we would like to explain the new medium-term management plan. Before we get into the management plan, I would like to talk a little bit about our company's history, growth and foundation.



This is a chart of sales and profits for the past 50 years since the Company was established. The chart is divided into figures for the first 25 years of the Company's existence, the next 10 years, the next six years, and the current 10 years. We dared to write this because I thought it would not be connected to the rest of the story if we didn't tell you a little about our company's history.

With the background of our company's challenge and creativity, we have been trying to grow as an independent company without any affiliation or backbone.

As you can see here in the first 20 years of the Company's existence, while challenging and creating with the spirit of a venture, the Company has proceeded with high growth, with a CAGR of 56% in 10 years, and 33.9% in 10 of those years.

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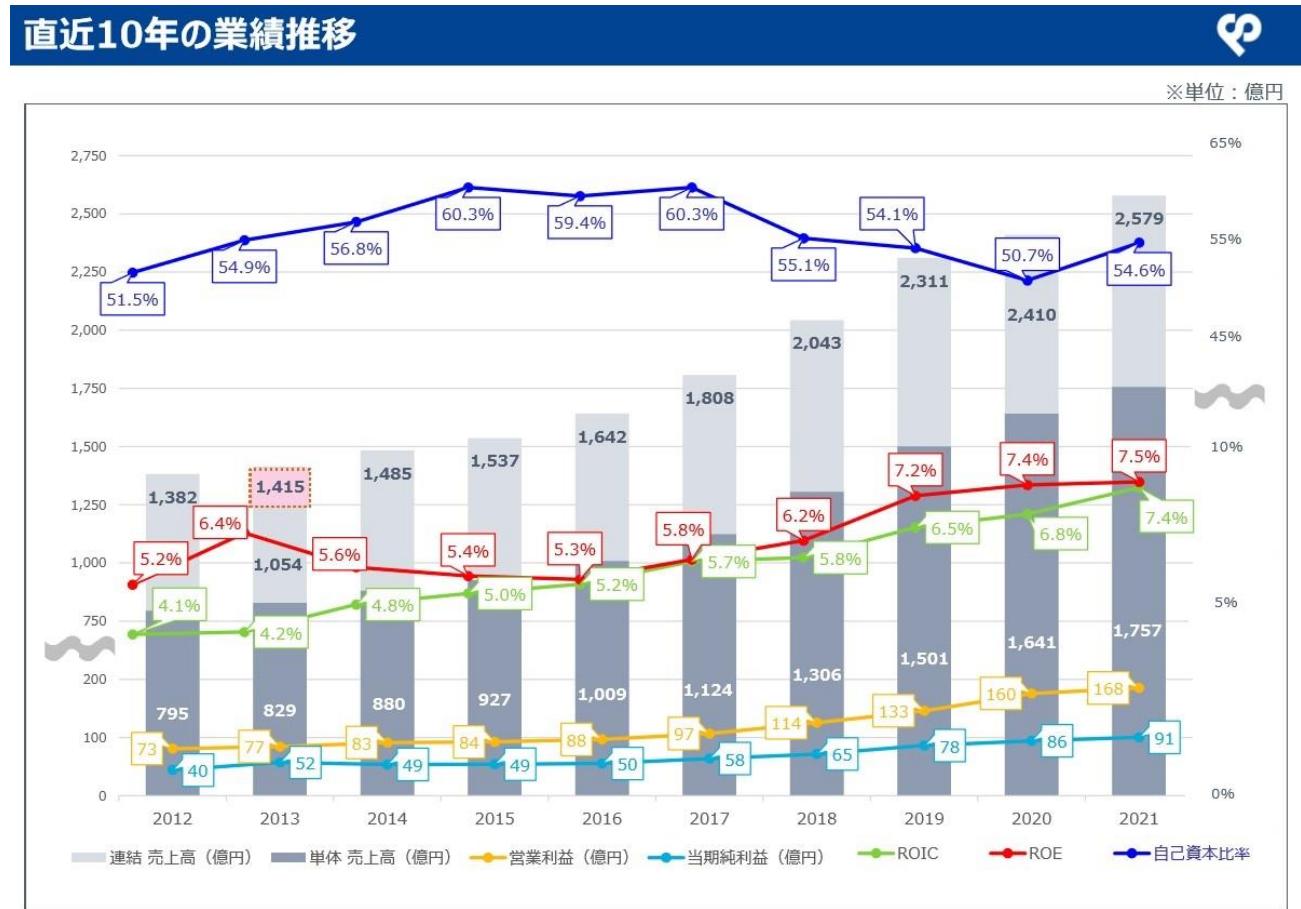
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Then, from 1995 to 1996, the Company underwent M&A and grew rapidly, riding the wave of the cell phone business.

On the other hand, after that, the Company was unable to compensate for the shrinking cell phone business and the wave of declining demand, and it continued in a recessionary phase for five years to six years, hitting bottom until the Lehman Shock. After that, as the economy recovered from the Lehman Shock, it proceeded on a path of renewed growth while taking various measures.



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We have slightly adjusted the figures for the last 10 years, because the fiscal year ends in a nine-month period. Here, the sales curve has been up.

The capital adequacy ratio, while maintaining financial discipline, REO is still 7.5%, and education is improving, and operating income and net income are rising steadily.

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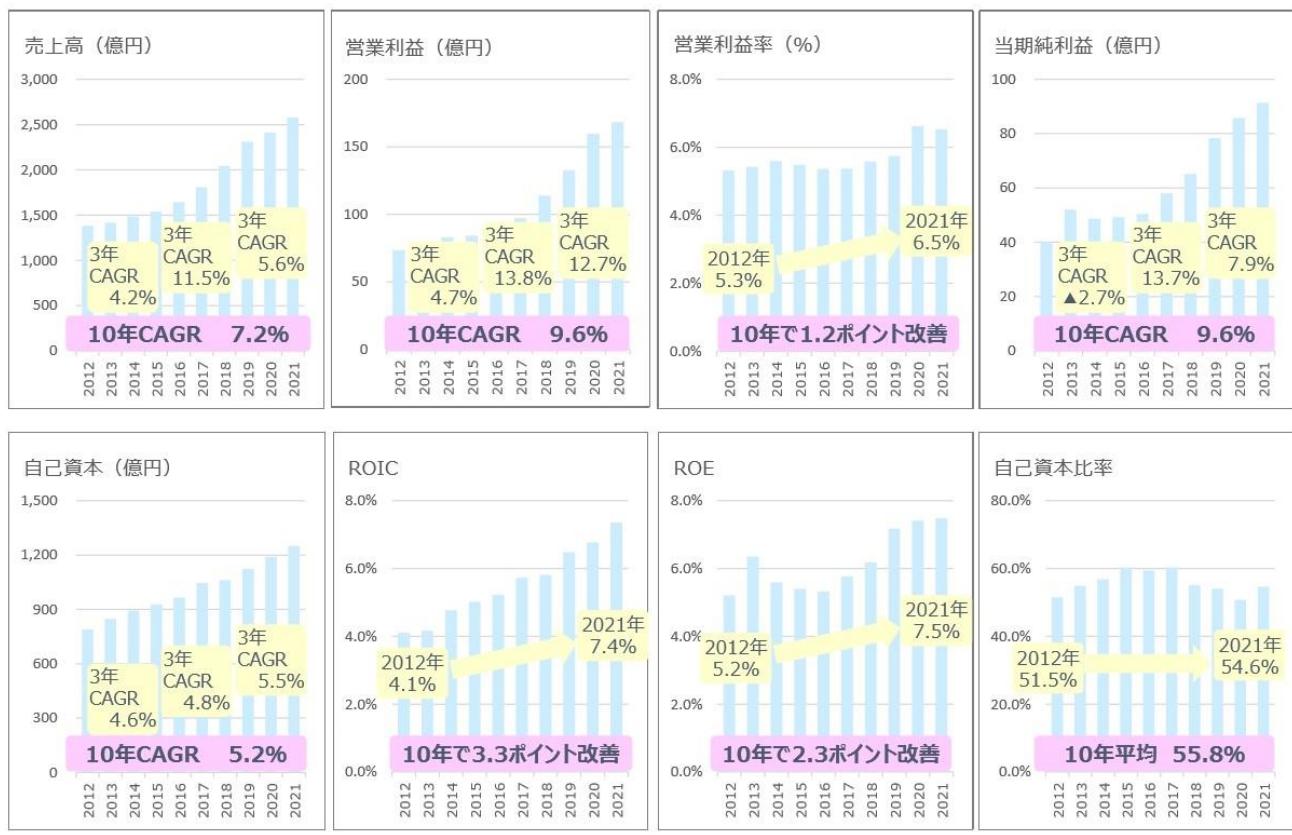
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連結指標の推移（10年）



※2013年12月期は決算期変更時のため、12ヶ月換算に補正した数値で計算 24

In terms of CAGR, sales have been 7.2% for the past 10 years. Recently, the CAGR has been decreasing a little bit for the past three years due to the impact of the coronavirus, but it has been 5% to 6% from 10%.

However, operating income has a 10-year CAGR of 9.6%, so it has grown more than 10% recently. In the coronavirus crisis, there was an aspect of operating profit that was achieved through cost saving, but business is growing steadily.

The profit margin may not always be appreciated by everyone, but we have been steadily improving our operating profit.

Net income is naturally growing at the same rate as operating income, and equity capital is naturally growing at a slower rate than operating income, but we have come this far. ROIC has improved, and ROE has also steadily improved, although some may point out that it is still low. We believe that we have been able to maintain our capital adequacy ratio and financial deadlines.

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当社の経営方針と10年の成長モデル



基本的な考え方：当社創業来の攻めの経営姿勢

新たなビジネス分野に挑戦し、創造し、成長し、革新していく

売上・利益 成長重視

量の拡大とともに質も向上



成長を目指す、
効率と利益を重視した
縮小均衡型

未だ発展途上である
当社方針としては
採用しない

直近10年の成長

しっかりした成長と価値向上

- ・成長のための人財採用拡大と強化・
人財投資 ○
- ・プライム路線の推進 ○
- ・新しい技術への挑戦 ○
- ・プロダクト拡販（自社） ○
- ・プロダクト戦略（他社） ○
- ・グループ強化（独自性と協調） ○
- ・グローバル戦略 △
- ・管理費用の抑制 ○

	2012	2021	伸び率
売上	1,382億円	2,579億円	1.9倍
営業利益	73.5億円	168.3億円	2.3倍
営業利益率	5.3%	6.5%	1.2倍
当期利益	40.0億円	91.3億円	2.3倍
ROE	5.2%	7.5%	1.4倍
ROIC	4.1%	7.4%	1.8倍
自己資本	789億円	1,250億円	1.6倍
株価	1,200～ 1,300円	5,020～ 6,300円	5倍程度

今後の方向性：ベンチャー魂を忘れず挑戦し、創造する IT大手企業としてのしっかりした振舞い

継続成長と
プライム市場対応

- ★売上・利益の成長
- ★営業利益率の継続的な改善
- ★ROE、ROIC、EBITDAマージンを指標に組み込み

- ★配当性向の見直し
- ★財務の健全性維持（自己資本比率等）

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The basic idea is that we started out without a backbone, and that our basic management stance is to be aggressive, so we have been challenging and creating new businesses, growing and innovating for the past 10 years.

Sales profit, profit, and sales emphasize growth, and quality improves with quantity. I don't know if this is the right way to put it, but we are still growing without aiming for a shrinking equilibrium type. We will increase the value.

In this environment, we have been working for the past 10 years to achieve solid growth and increase value, and we have invested in human resources, prime business lines, new technologies, products, and group reinforcement. I can't say that we doing that well globally, but I can say that we have done these things.

So, instead of the CAGR that I mentioned earlier, just in terms of 10-year growth, sales increased by 1.9 times, operating income increased by 23 times, profit margin increased, net income increased by 2.3 times, and ROE, ROIC, and shareholders' equity also increased. Equity capital is 1.6 times, and the stock price has risen tremendously.

In thinking about the future direction and the future of the Company, it is important to remember the spirit of venture and to challenge and create. On the other hand, since we have made the choice to go into the prime market, we will behave properly as a major IT company suitable for the prime market.

In that sense, we will continue to grow sales and profits, and we will continue to improve our operating margin. It's not going to happen in a single step, but we will continue to improve. This is the capital market. We will

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incorporate capital related to cash flow, review our dividend payout ratio and maintain our financial soundness.

技術戦略<AIS-CRM>の推移 (単体)



AIS-CRM : CRMは2011年より、AISは2018年から本格立ち上げ

	2018年 618億	CAGR 15.8%	2021年 959億
AI	開発中心 12億円	CAGR 16.6%	開発中心 19億円
IoT	開発中心 13億円	CAGR 33.6%	開発中心 31億円
Security	開発、ライセンス 77億円	CAGR 16.9%	開発、ライセンス 123億円
Cloud	ライセンス、SI、インフラ関連、ネットビジネス分野 等 244億円	CAGR 26.6%	ライセンス、SI、インフラ関連、ネットビジネス分野 等 495億円
Robot	開発中心 +PALRO、ロボSI 等 58億円	CAGR -8.8%	開発中心 +PALRO、ロボSI 等 44億円
Mobile	開発、プロダクト 等 60億円	CAGR 2.7%	開発、プロダクト 等 65億円
Auto Motive	開発中心 153億円	CAGR 5.8%	開発中心 181億円

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AIS-CRM figures are disclosed this time. The CRM field has been around since 2011, and AIS has been in full swing since 2018.

AIS, on average, is in this field, there are some figures, but due to the complexity of various fields, the figures can be categorized in either of these fields. To put it another way, the AIS-CRM segment has a CAGR of 15.8% over the past four years.

AI is about JPY1.9 billion or JPY2 billion now. JPY2 billion for AI is not much.

However, JPY2 billion in contract development, mainly development, is probably much larger than most venture companies.

IoT is also steadily increasing. Security, which includes licensing, is a business worth over JPY10 billion. In terms of development, security is also a very broad area.

Cloud. This is another area that is difficult to define, but if we look at licensing, SI, infrastructure-related, and Internet businesses, cloud-related business is JPY50 billion. This figure is based on the main body, so the original figure was 1,670, but about a third of the total can be called cloud-related.

The robot field is little shrinking in this development department. The market is currently in a slump, so the CAGR is negative, but it is definitely a promising field.

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We haven't seen much growth in mobile, including this development part and our own products, but we think we can grow this in the future.

If you look at the automotive industry, the growth rate has been about the same in view of the genuine automotive field.



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Regarding how to steer our company's corporate value, you may say that this is almost the same for any company, but we dare to write it.

Enhance corporate growth and business. For this reason, I think that building and expanding customers is very important.

Naturally, we must also take into account the fulfillment of our social responsibilities. As a company, our main characteristic is our human resources, and we invest in training and developing our people.

In order to do this, we need to create the seeds of competitiveness and create attractive jobs that will grow our people and increase our contact with customers, while having various alliances and R&D, and increasing our compensation. Cutting in on competitiveness.

We are a company without a backbone, so we need to be credible. Without this, there will be no people and no customers. It also means that we can't create competitive stories. This is a very balancing act.

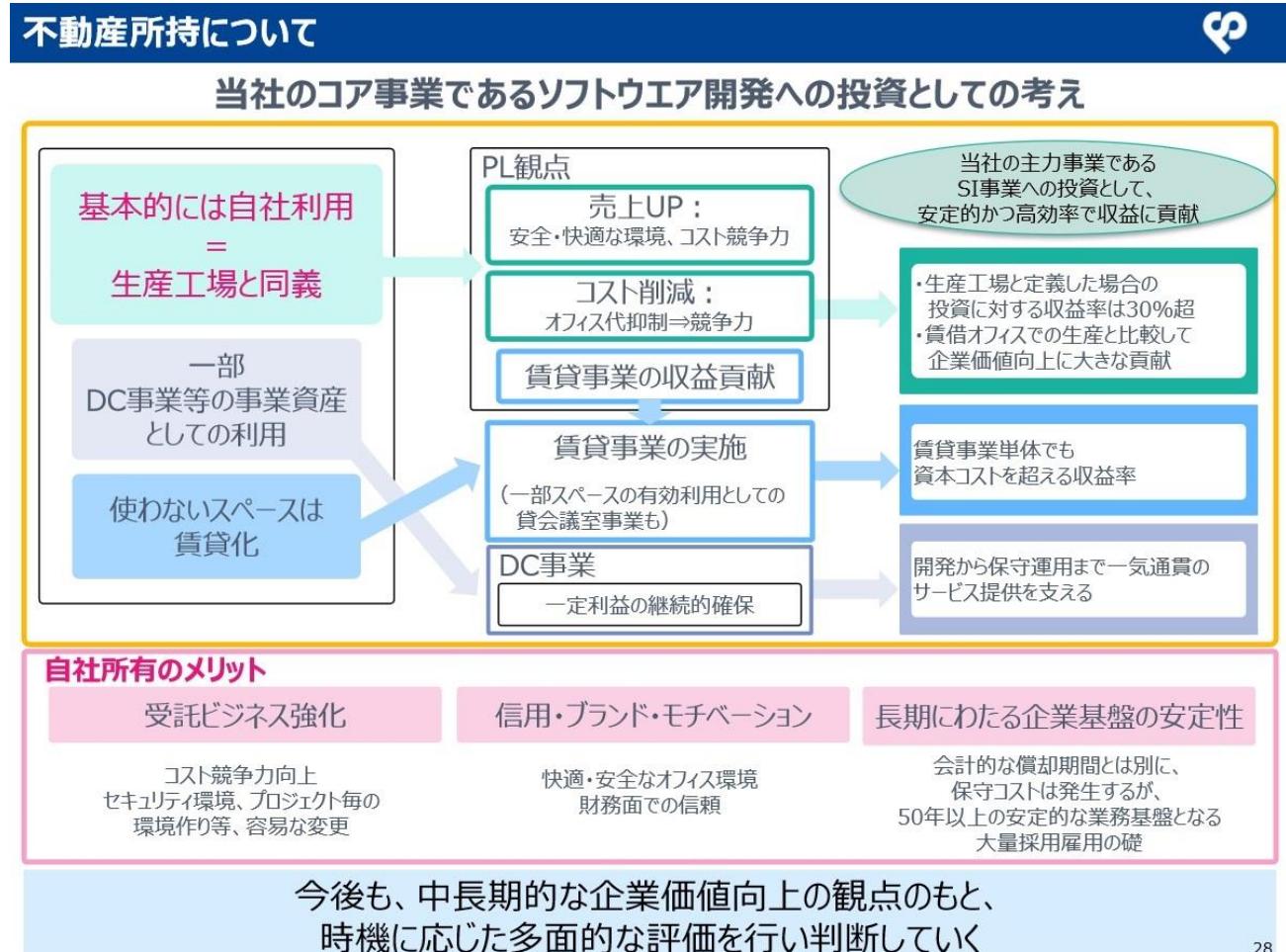
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Investing in human resources costs money, and in order to build credibility, we need to create various brands. In a sense, the key that this chart is trying to show is that it is very difficult to manage a business while maintaining a balance between these aspects.

Naturally, we place importance on our corporate philosophy and corporate governance, and we also place importance on internal control. Therefore, we have been trying to value the relationship with each stakeholder.



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And now, I will talk about owning real estate. Recently, there have been many questions from analysts and others about our real estate business. I thought I'd explain real estate again here, so we have included this chart with the movements over the past 10 years and so on.

Real estate. We are not engaged in any real estate business, but rather, we consider it as an investment in software development, which is our core business. In-house use. A production factory is different from a normal factory in that people work there, and creating that environment is like building a factory.

So some of the space is used for data centers, and of course the unused space is leased out to increase efficiency.

We have a production site that can increase sales and be cost competitive, and we can offer this at a much lower price than it is normally leased. It's also cost competitive and will naturally contribute to cost reduction. There is a minimum level of rental demand, so naturally we disclose the revenue as well.

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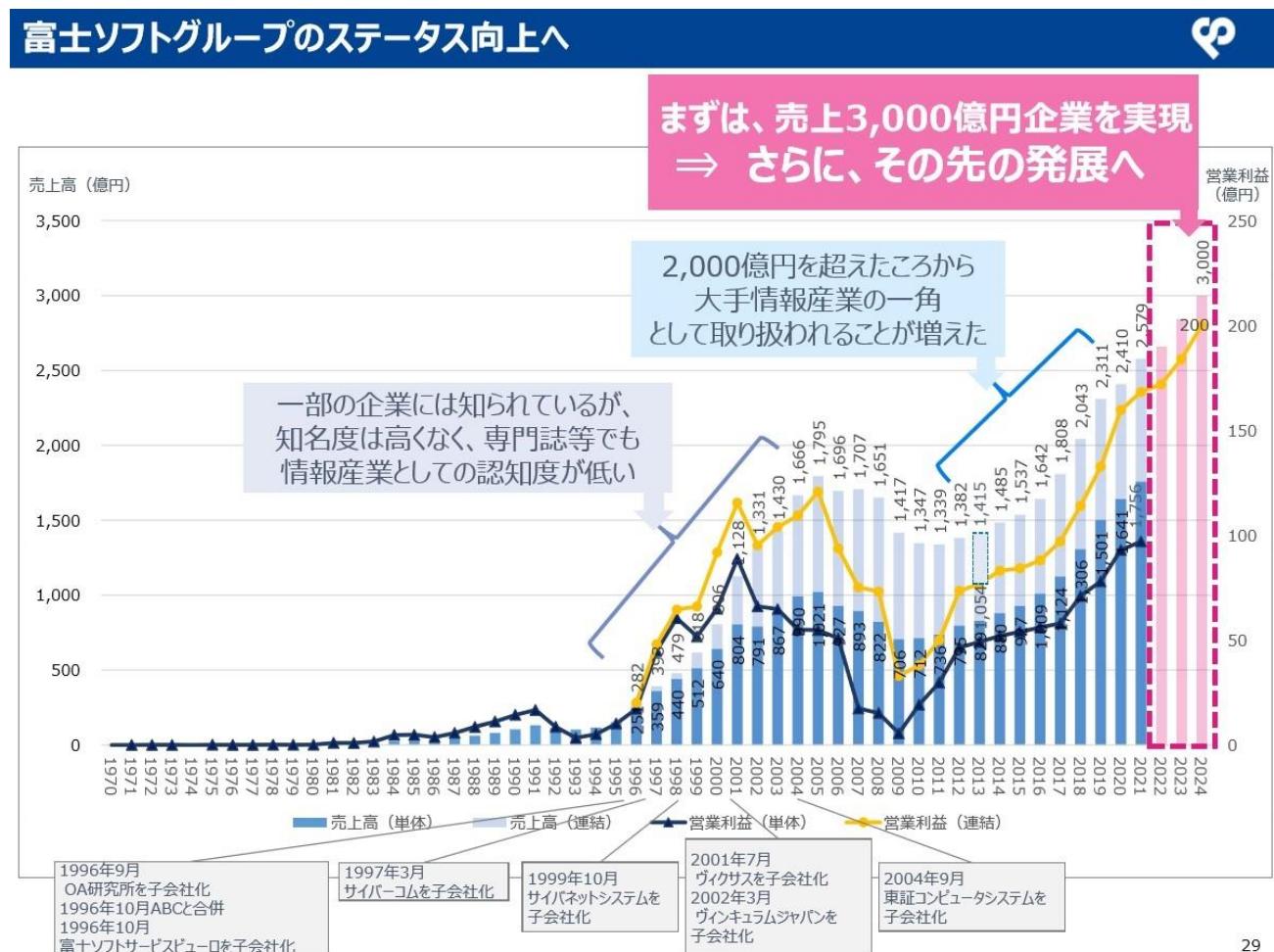
The rate of return on investment if this area is defined as a production factory in the future. We also measure these things.

We are also evaluating the effective use of our own buildings by comparing production in leased offices with production in our own buildings. The leasing business is also profitable, and although the data center business is not growing very fast, it has a certain level of profit and is useful from upstream to downstream in an integrated manner.

More than anything, it's about strengthening the contract business in this area, cost competitiveness and secure environment. Since we do embedded control, we have an environment where it is difficult to do things without ensuring security, so we have to create this environment, and since the environment is different for each project, we have to create this environment and change it easily.

Of course, in terms of trust and brand motivation, I believe that seeing this kind of thing has a tremendous positive effect on the motivation of employees and the sense of trust of customers. Long-term stability of the corporate base.

This is why we have been investing in buildings. In the future, from the perspective of medium- to long-term corporate value enhancement, we will consider the possession of real estate, including whether or not to do so, as the occasion demands. We are thinking of doing it this way in the future as well, and I dare to explain it in one page here.



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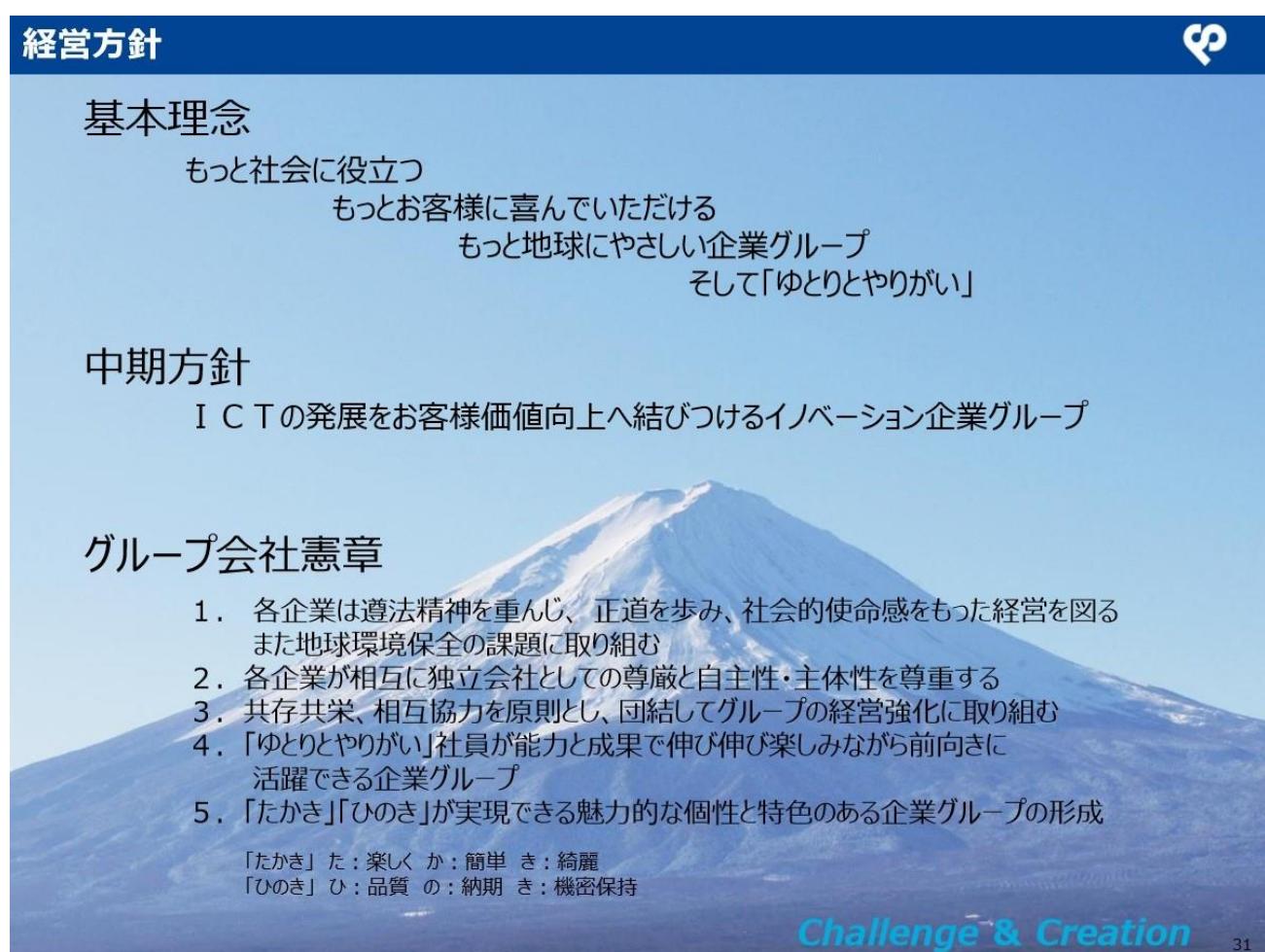
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In this past, when we were on an uphill climb, we were known to some companies, not well known, and recognized as an information industry in professional journals and other media. It has grown in this area, and it was highly recognized by some people. But it was not that highly recognized, and it was around here.

In the past 10 years, we've been able to handle more than JPY200 billion as part of the major information industry, and we've been able to receive so many [inaudible], and we've been featured in many magazines.

We are not only pursuing sales and scale, but also sales, profits, and capital efficiency, but sales are important. I also think it's important to grow.

First of all, as I will explain soon, we would like to aim to become a JPY3 billion company in three years, and further develop beyond that.



経営方針

基本理念

もっと社会に役立つ
もっとお客様に喜んでいただける
もっと地球にやさしい企業グループ
そして「ゆとりとやりがい」

中期方針

ICTの発展をお客様価値向上へ結びつけるイノベーション企業グループ

グループ会社憲章

- 各企業は遵法精神を重んじ、正道を歩み、社会的使命感をもった経営を図る
また地球環境保全の課題に取り組む
- 各企業が相互に独立会社としての尊厳と自主性・主体性を尊重する
- 共存共栄、相互協力を原則とし、団結してグループの経営強化に取り組む
- 「ゆとりとやりがい」社員が能力と成果で伸び伸び楽しみながら前向きに
活躍できる企業グループ
- 「たかき」「ひのき」が実現できる魅力的な個性と特色のある企業グループの形成

「たかき」た：楽しく か：簡単 き：綺麗
「ひのき」ひ：品質 の：納期 き：機密保持

Challenge & Creation

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This is the background and thinking behind the creation of the medium-term management plan.

Our basic philosophy is More Society, More Customers, More Earth. With this basic philosophy, we have been pursuing this mid-term policy for the past 10 years, and we want to further develop our employees' mission in the context of society, customers, and the earth. We are striving to be an innovative corporate group that links the development of ICT with the enhancement of customer value.

Our company is listed as a subsidiary, but we have a group company charter. This is also the information that is disclosed, but around the second and third points, each company respects each other's dignity and independence as an independent company. Group management based on the principles of coexistence, co-prosperity, and mutual cooperation.

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With this as our goal, we are creating synergies with both listed companies and [inaudible].

3カ年経営方針



デジタル技術でIT、OT^(*)の両面からDXをリードし、 お客様と社会の価値向上とイノベーションに貢献

変化の激しい時代に対応し、自らを革新し続け、安定と持続的な成長と付加価値向上を実現

※オペレーションテクノロジー：製品や設備、システムを最適に動かすための「制御・運用技術」

持続的な成長と付加価値向上

お客様への提供価値向上とDX支援

DX技術を活用した従来ビジネスの強化
新たなビジネススキーム確立

継続的な技術革新

AIS-CRMのさらなる発展と
新たな分野への積極的対応

業務改革とDXへの対応

DXを活用した業務改革
社内で蓄積したノウハウをお客様へ

人財育成

様々な技術・ビジネスの変化に対応できる
基礎力と応用力の育成

ガバナンス対応と強化

プライム市場ガバナンスへの
確実な対応と継続的な強化

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In our mid-term policy, we have expressed the development of ICT and the enhancement of customer value, and if we focus on these three years, we will focus on digital technology, IT and IoT. We want to lead DX from both sides and contribute to innovation and increase value for customers and society.

We believe that there are not many IT companies that can handle both IT and OT on such a large scale. This is the axis around which we will proceed for the next three years.

However, we live in an era of rapid change, so we must innovate, and at the same time, we must promote stability, sustainable growth, and increased added value.

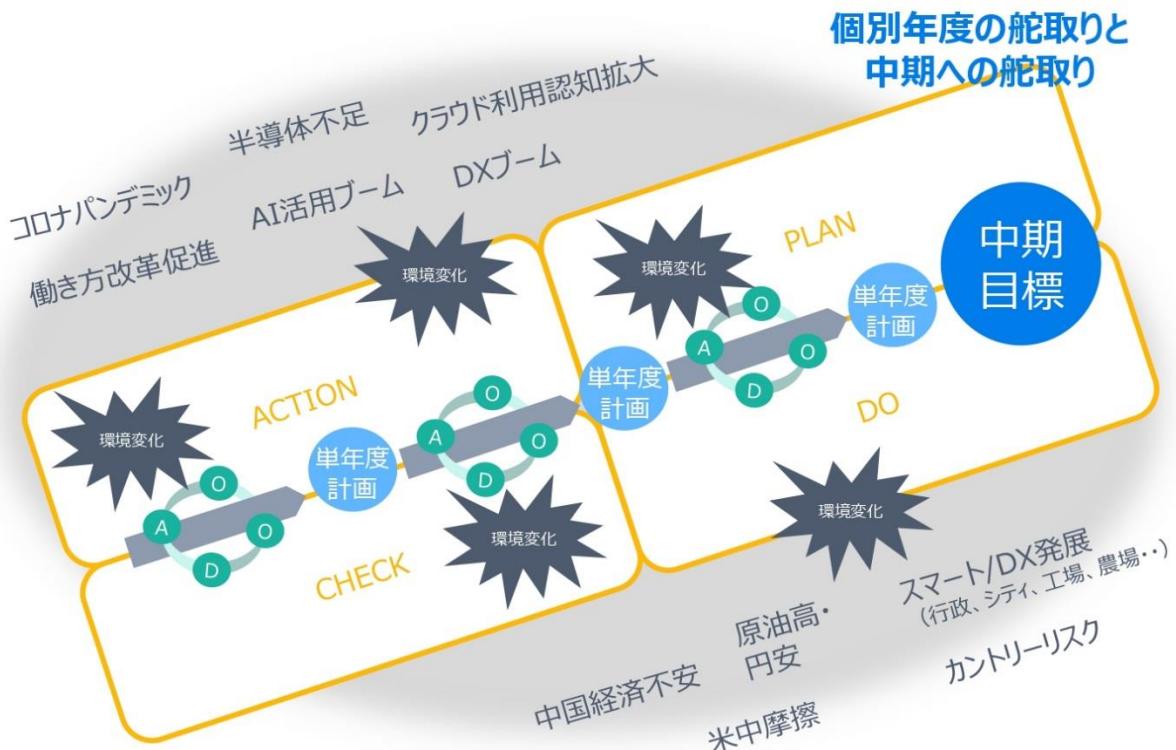
Five levels. Strengthen governance. This is a prime market, and governance will be firmly addressed and strengthened. I would like to think about the future in terms of four or five layers: human resource development, business innovation and DX, continuous technological innovation, customer value improvement, and the provision of DX to customers.

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VUCA時代と言われる中、環境・時代の変化に機敏に対応して
中長期目標を達成する



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It's a three-year plan, and of course we have a plan, but regarding the PDCA cycle and the OODA loop, the fact that the work style reform like now has promoted, and that there has been the shortage of semiconductors due to the coronavirus pandemic that happened three years ago, cannot be predicted by anyone.

I believe that there is a great deal of country risk as well as the trade frictions mentioned in the attached sheet, and I wonder what will happen in the future.

It's called an OODA loop but, we turn PDCA so that it's okay no matter what happens. The basic idea of our company is to steer the ship properly, not only by policy, but also by responding swiftly in the age of VUCA.

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人財強化をベースにそれぞれの事業分野の強化を行い、戦略的技術分野の強化や新たなビジネス創出により価値向上を実現する

お客様への提供価値向上

新たなビジネスの創出：ノウハウの結集とお客様との協働

- ・製品IoTサービス化（エッジ開発から通信、ビッグデータ分析）
- ・スマート工場・物流対応（PLC制御、ロボットSI、マテハン制御等） 等

AIS-CRMのさらなる発展 + 新たな分野への積極的対応

業務系システム開発
システム基盤構築
S I 力

組込/制御
ソフトウェア開発
先端ソフト力

HWプロダクト +
SWノウハウ
プロダクト提供力

各分野の強化による従来ビジネスの強化

お客様テーマの深耕と裾野拡大
請負テーマ大型化と付加価値UP（上流からの対応強化と最新技術分野強化）

人財強化

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Commissioning field. Strengthening human resources is the base, but operation systems, embedded control, and products. All of these, each field, will be strengthened. We're going to expand that for each customer scene. And AIS-CRM, a new field, which I will talk about later, will be actively involved with 5G.

Furthermore, new business creation. This is where the challenge comes in.

We will continue to take on the challenge of creating services that combine smart factories, IoT services, and other services by gathering our in-house know-how and working with our customers, and we would like to make strong efforts in this area.

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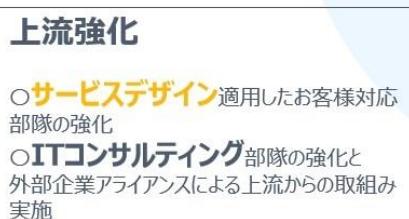
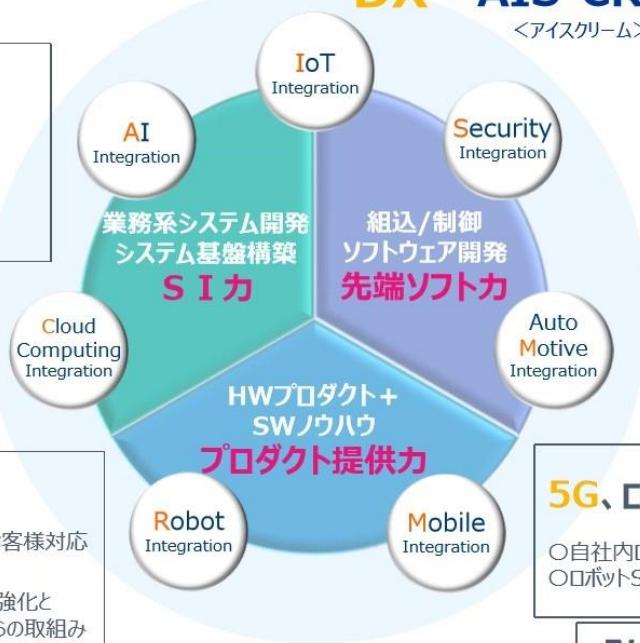
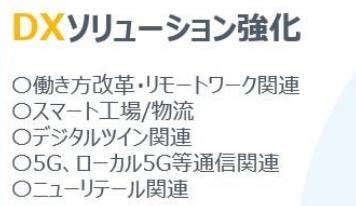
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新たな技術分野への幅広いチャレンジを行いながら、
ビジネス上の重点分野としてAIS-CRMの更なる強化へ

DX、5Gなどの先端技術やサービスデザイン、ITコンサルティング、外部企業アライアンスの強化に取り組む

DX + AIS-CRM + SD + (5)G2

<アイスクリーム>



5G、ローカル5Gへの取組

- 自社内ローカル5G R&D
- ロボットSI・スマート工場への応用等

そしてGlobal展開

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We have been talking about AIS-CRM and AIS-CRM, but we would like to strongly strengthen AIS-CRM + DX5G, service design, and IT consulting.

DX Solutions. It will be a joint model as mentioned earlier, but regarding the way we work, we will focus on DX solution that includes smart factories, digital twins, 5G, new retail across the Group.

In addition, we are strengthening the IT consulting unit internally for service design application by strengthening the upstream, but we will not only have the internal unit but will also have alliances with external consulting companies and digital marketing companies.

In addition, 5G is an area in which we excel, such as telecommunications. While focusing on this, we are also working on local 5G initiatives in R&D within the Company. Regarding the global. We haven't been able to do much in this coronavirus situation, but we are planning to strengthen it here as well.

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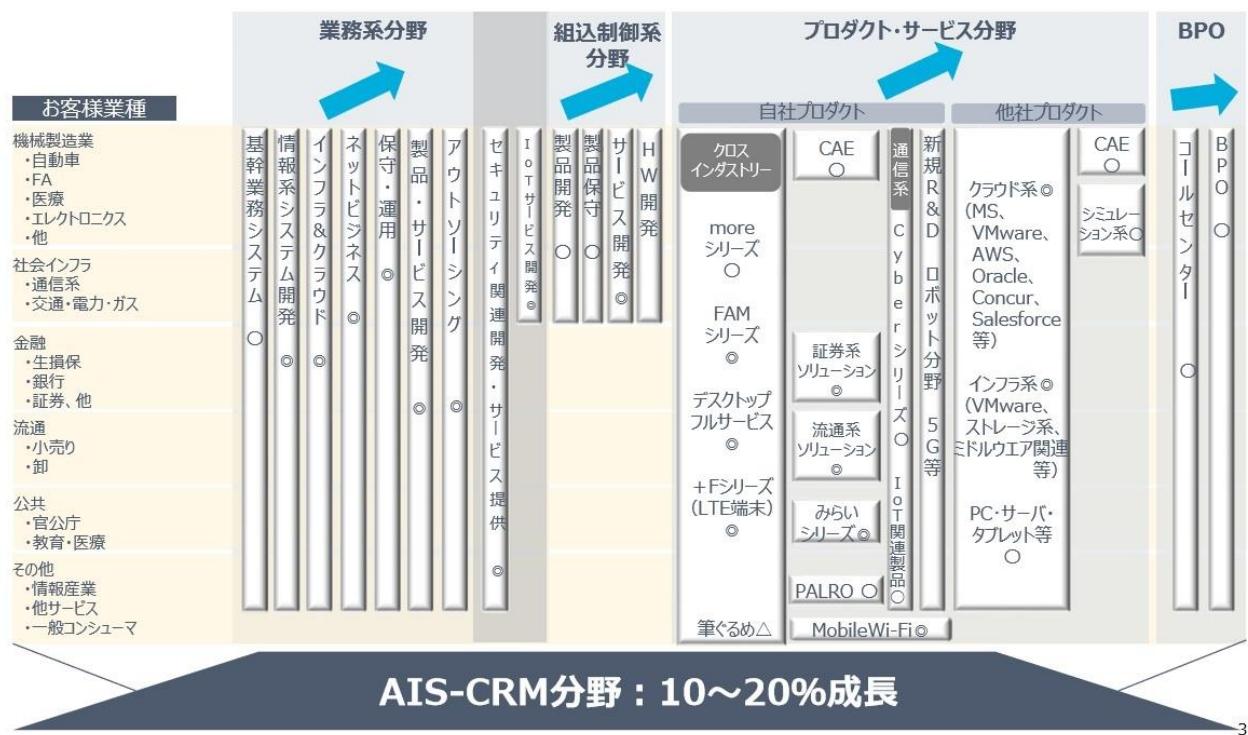
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セグメントマップ[®]



AIS-CRMに5G等の技術分野で付加価値拡大し中期目標を実現する

詳細なセグメントにおいては、凹凸が発生するが、これまで築いたお客様との関係性の上に、蓄積してきた技術・ノウハウ・人財・プロダクト・サービス等を機動的に活用



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With respect to segments, we haven't released very detailed segments yet, but we have divided them up.

From mechanical and operation fields to operation systems and embedded systems, I believe that this gray area overlaps with both.

It's an IoT system. Products and services, our own and others. The segments are circled or double circled here. We can expect segments with double circles. The circles are about normal, but in that sense, there are many fields in which we can expect a lot.

Moreover, the AIS-CRM segment will grow by 10% to 20%. We will come back to this later, but overall, we are determined to achieve 5% to 6% growth. We are thinking of moving forward with the idea of leading the whole thing pretty much in the AIS-CRM field and so on.

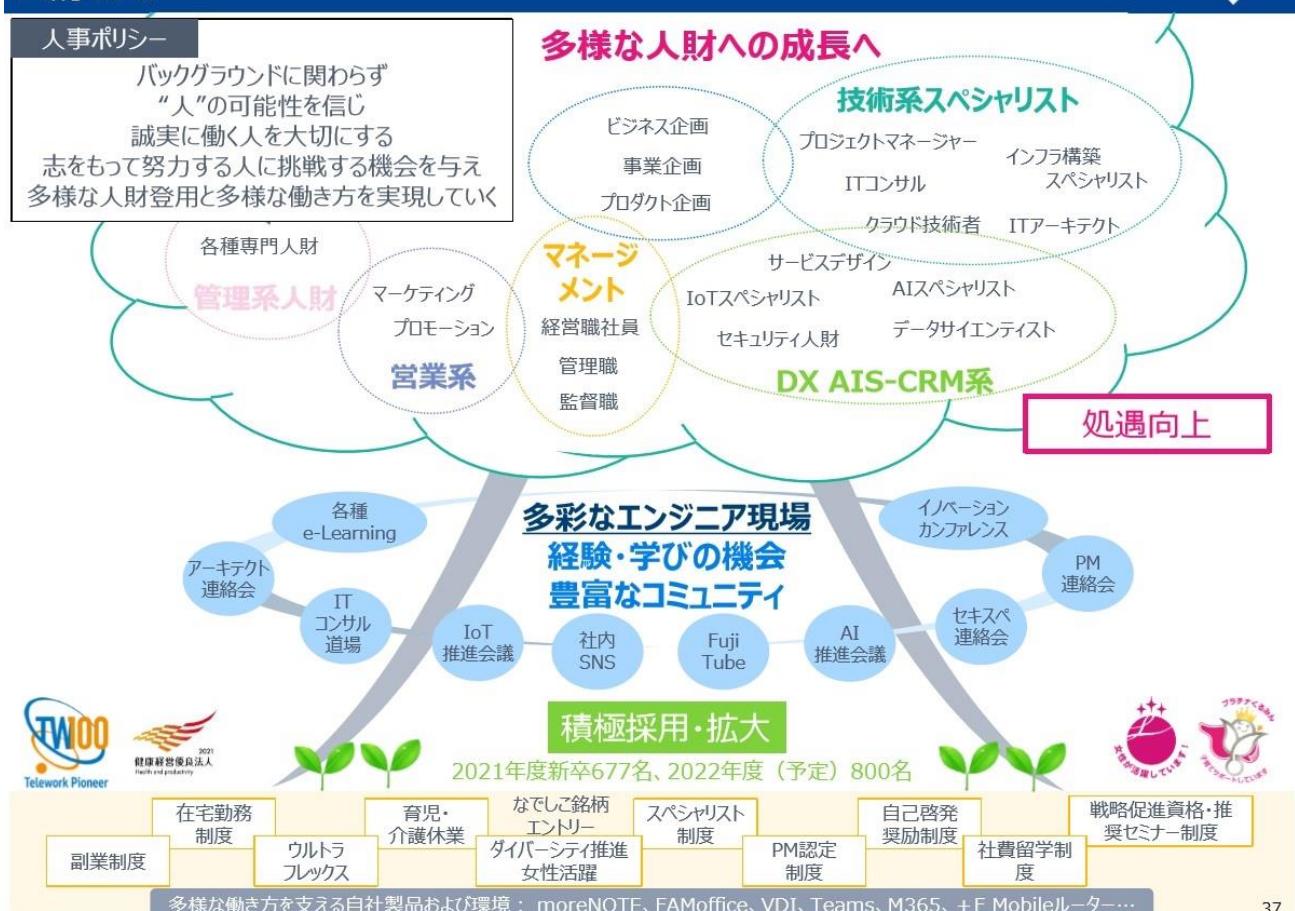
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人財戦略



This kind of personnel policy of our company. At the top of the list, regardless of one's background, our company's policy is to give proper jobs to those who are truly capable and want to work, without any consideration of nationality, company history, or educational background.

We are actively recruiting people after improving the environment and systems, training them in a variety of engineering fields, and using these various tools to share information and have them go on to [inaudible] various careers. Educate them. When we expand our hiring, we will also look at the cost and improve the treatment of our employees. We are striking a balance between the two while strengthening human resource development.

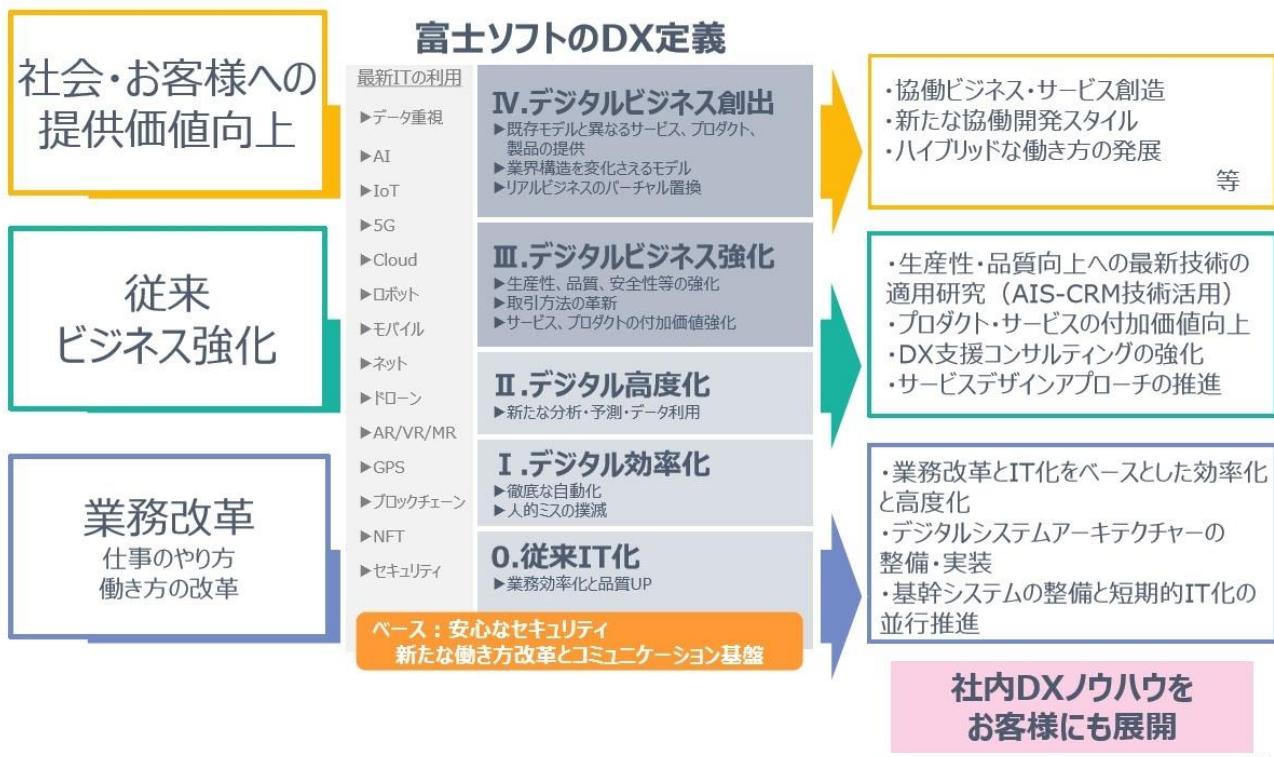
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弛まぬ業務改革を進めるとともに、当社自身のDXを強力に推進



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DX. In terms of our own DX, we define FUJI SOFT's DX as five levels of the 01234 hierarchy, which is simply put, efficiency. We are advocating business reform, IT-based efficiency improvement, and digital architecture, and we will implement these within the Company.

Improve efficiency through short-term IT improvements, such as the maintenance of the core system, to create an integrated structure. In addition, in our core business of system development, etc., we will improve the quality of our own productivity and the value of our plan services.

The DX consultants will add value to the service design approach, and as I mentioned earlier, we will be able to realize joint business and other under new business models in DX. After that, of course, we will expand our business to our customers as well, so we are planning to make this a three-year period in which we will strongly promote our own DX and provide it to our customers.

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継続的な売上成長の元、自己資本・投資・利益のバランスをとりながら
財務経営数値目標への舵取りを行う

営業利益向上→当期純利益向上

- + 成長による売上・利益絶対額の向上
ビジネスモデル強化、DX推進
販管費抑制による利益率向上
- 採用拡大・教育投資 適用
人件費・協力会社費 増加
研究開発等の先行投資 確保

資本関連等

- ROE・ROIC・
EBITDAマージン等の改善
- 将来の2桁化

複数の視点で
バランスを
取り経営

先行投資資金

- 社内システム、DX投資
戦略的な製品・サービス投資
M&A、ベンチャー投資
自社ビル・設備投資

配当性向

30%以上

財務健全性

- 自己資本比率の健全維持
50%以上

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In terms of our financial policy, it may be obvious, but for us, the most important thing is to improve operating income and increase net income. However, it is also true that it costs a lot of money to invest in labor costs such as expanding recruitment and training.

On the other hand, we have to make a lot of upfront investments, such as in DX systems.

More capital-related. This also means that ROE, ROIC, EBITDA margin, etc. will improve, and will improve to double digits in the future.

We would like to maintain a dividend payout ratio of 30% or more and improve our financial technology to keep it sound. While maintaining the balance in this area and controlling the numerical values, we would like to proceed with this medium-term management plan.

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3カ年目標（経営指標/連結）



2024年（3年計画）で売上3,000億円を目指し、
持続的な成長で、さらに、その先の発展へ

ROE・ROIC・EBITDAマージンもプライム市場移行を機に開示
3年でROE・EBITDAマージン9%を目標、ROICは8%とし、その後10%を目指す

単位：億円

	2021年12月期 実績	2022年12月期 計画	2024年12月期 目標
売上高	2,579	2,655	3,000億円以上
営業利益	168	173	200億円以上
営業利益率(%)	6.5%	6.5%	6.7%以上
ROIC	7.4%	7.7%	8.0%以上
ROE	7.5%	7.6%	9.0%以上
EBITDAマージン	8.6%	8.8%	9.0%以上
配当性向	17.8%	35.0%	35.0%以上

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Numbers. In 2024, we have just announced the figures for the next fiscal year, or rather the figures that we are currently running, but after that, in the fiscal year ending December 2024, we will have sales of over JPY300 billion and operating income of over JPY20 billion in three years. The operating margin will improve slightly, but it will be more than 6.7%. We will move forward with ROIC, ROE, EBITADA margin, and a dividend payout ratio of 35%.

This is a CAGR of about 5%, but we are aiming for a higher level of performance to increase sales and profits.

We would like to proceed based on the various policies I mentioned earlier, with the aim of achieving the goals in the three-year medium-term plans.

This concludes my presentation on the medium-term management plan.

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