

# Results of Operations for the First Quarter of FY2024



**FUJISOFT**

May 14, 2024

FUJI SOFT INCORPORATED  
(Code: 9749)

## **Results of Operations for the First Quarter of the Fiscal Year Ending December 2024**

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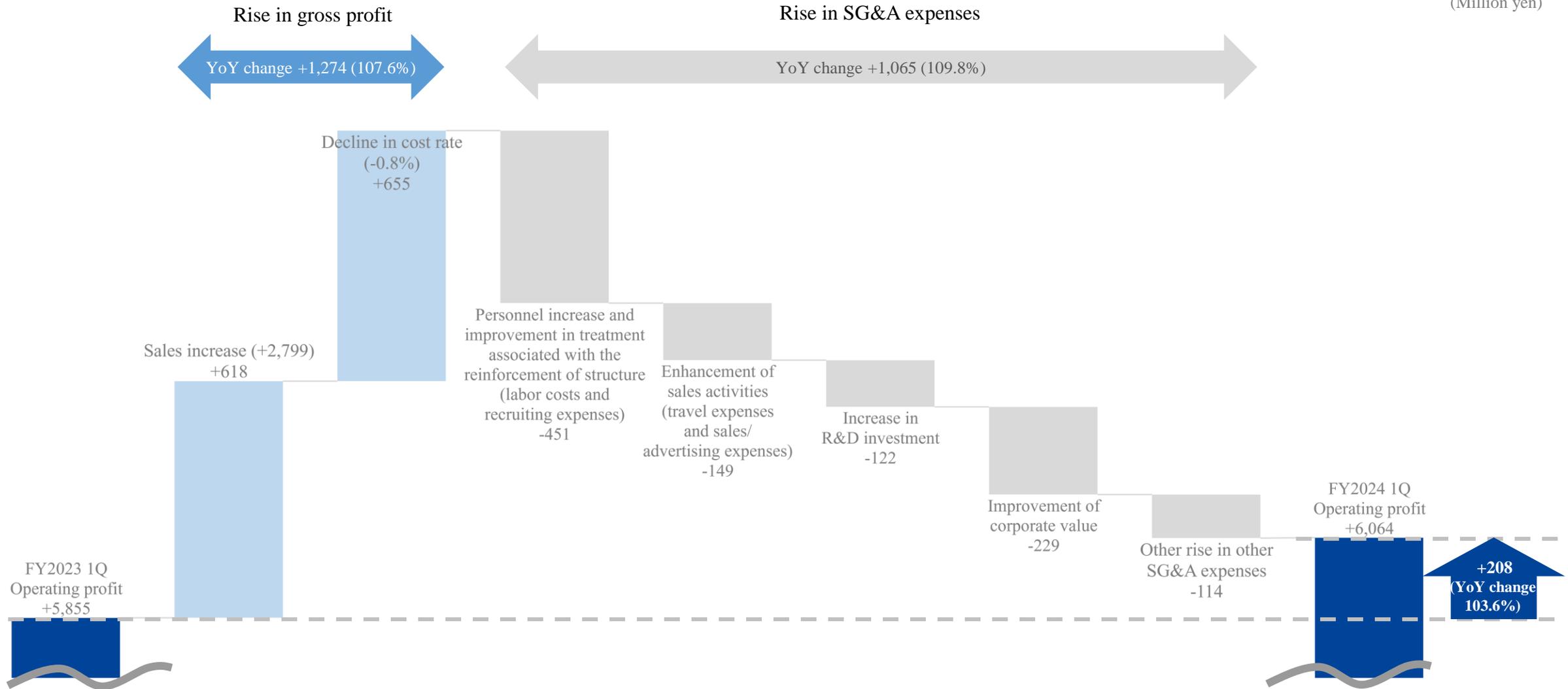
# Consolidated Financial Highlights (Jan-Mar)

(Million yen)	FY2023 1Q Results	FY2024 1Q Results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	75,631	<b>78,431</b>	+2,799	103.7%
<b>Gross profit</b>	16,711	<b>17,986</b>	+1,274	107.6%
Gross profit margin	22.1%	<b>22.9%</b>		
<b>Operating profit</b>	5,855	<b>6,064</b>	+208	103.6%
Operating profit margin	7.7%	<b>7.7%</b>		
<b>Ordinary profit</b>	6,050	<b>5,786</b>	-263	95.6%
Ordinary profit margin	8.0%	<b>7.4%</b>		
<b>Profit attributable to owners of parent</b>	3,768	<b>6,731</b>	+2,962	178.6%
Profit margin attributable to owners of parent	5.0%	<b>8.6%</b>		

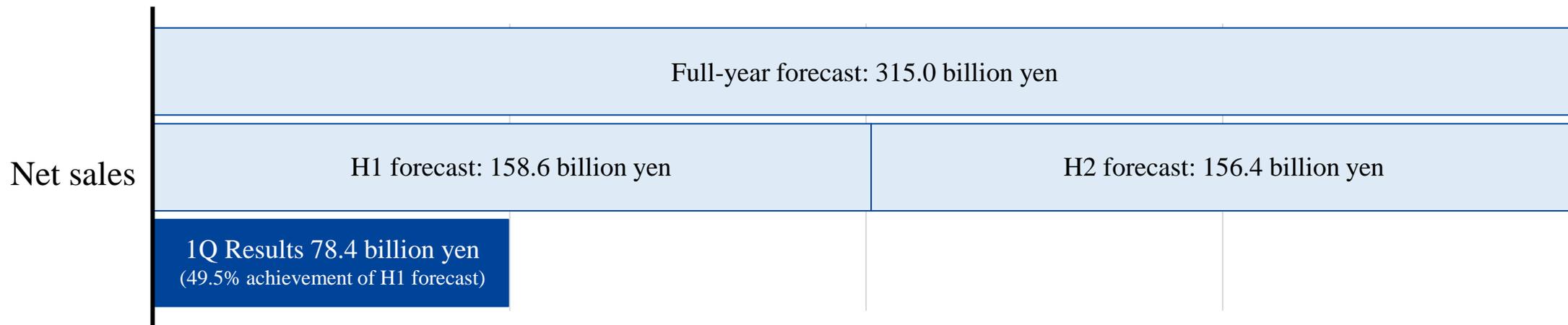
- **Net sales:** Up due to strong performance in the mainstay system construction business although the products and services business made poor results.
  - Operation software: Buoyant performance in individual fields, mainly for manufacturers and for the distribution and service sectors
  - Embedded software: Strong in the automotive field
- **Gross profit:** Up due to the growth of sales and increase of profitability despite the impact of unprofitable projects (approx. 700 million yen)
- **Operating profit:** Up due to the growth of sales despite a surge in SG&A expenses to increase corporate value and improve employee treatment
- **Ordinary profit:** Down due to soaring non-operating expenses including expenses related to a takeover bid of a listed subsidiary
- **Profit:** Up following the posting of extraordinary income (gain on sale of real estate of 4,400 million yen)

# Consolidated Operating Profit (Jan-Mar)

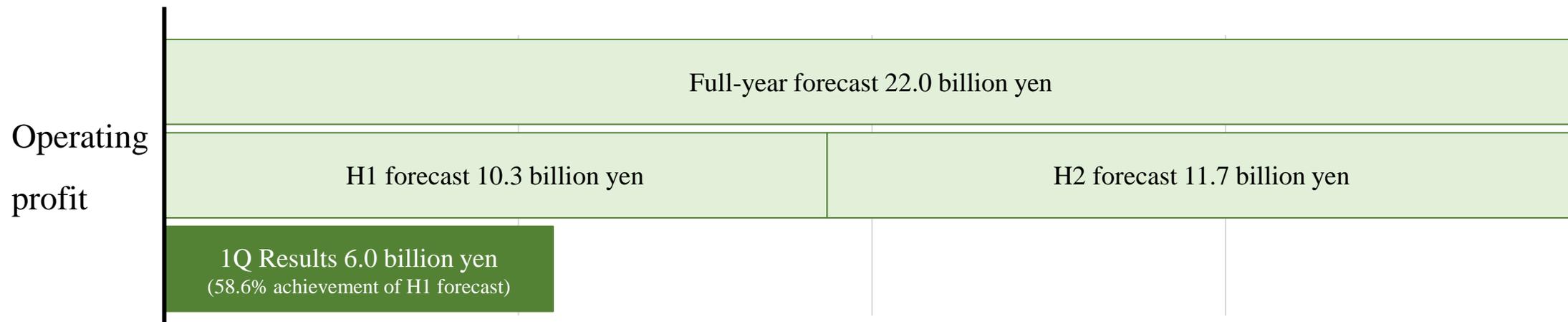
(Million yen)



# Progress against Results Forecasts (Net Sales and Operating Profit)



- 49.5% of the H1 forecast was achieved, roughly as expected, with sales from the development of embedded/control software for EVs and advanced technologies in the automotive field and sales from operation system development based on DX increasing while some customers' limitations on IT investments due to uncertainties of the Chinese economy negatively impacted results. (Reference: 100.3% achievement of Q1 forecast)



- Solid progress was made as 58.6% of the H1 forecast was achieved due to the positive impact of profitability improvement measures, which offset the negative impact of unprofitable projects of around 0.7 billion yen. (Reference: 100.3% achievement of Q1 forecast)

# Consolidated Sales/Operating Income by Segment (Jan-Mar)

	FY2024 Net sales		YoY change		FY2024 Operating profit		YoY change		
	(Million yen)	1Q Results	Component ratio	(Amount)	YoY change (%)	1Q Results	Operating profit margin	(Amount)	YoY change (%)
<b>Consolidated total</b>		78,431	100.0%	+2,799	103.7%	6,064	7.7%	+208	103.6%
<b>SI Business</b>		74,092	94.5%	+2,988	104.2%	5,557	7.5%	+178	103.3%
<b>System Construction</b>		48,542	61.9%	+3,666	108.2%	4,365	9.0%	+598	115.9%
Embedded/Control Software		20,184	25.7%	+587	103.0%	2,022	10.0%	+128	106.8%
Operation Software		28,358	36.2%	+3,079	112.2%	2,343	8.3%	+470	125.1%
<b>Products and Services</b>		25,550	32.6%	-677	97.4%	1,192	4.7%	-420	73.9%
Products and Services		22,241	28.4%	-406	98.2%	982	4.4%	-397	71.2%
Outsourcing		3,308	4.2%	-271	92.4%	209	6.3%	-22	90.1%
<b>Facility Business</b>		725	0.9%	-25	96.7%	266	36.7%	+42	119.0%
<b>Other Businesses</b>		3,613	4.6%	-163	95.7%	240	6.7%	-11	95.4%

\*1. From this fiscal year under review onwards, a subsidiary has been reclassified into a new segment. The subsidiary has been shifted from the products and services segment to the system construction segment. (Impact: 840 million yen impact on net sales and 128 million yen impact on operating profit)

## Highlights of net sales and operating profit by segment

### ● Embedded/Control Software

Net sales and operating profit surged, reflecting strong performance of software for EVs, ADAS and automated driving in the automotive field although figures dropped in social infrastructure systems development projects.

### ● Operation Software

Net sales and operating profit increased due to brisk performance in individual fields, mainly in operation systems development for manufacturers and projects related to e-commerce and POS systems for the distribution and service sectors.

### ● Products and Services

Net sales and operating profit decreased as a result of Some subsidiary being moved to a System Construction segment and a decrease in sales of other companies' hardware products despite the growth of sales in CAE projects.

### ● Outsourcing

Net sales and operating profit decreased due to a decrease in operation and maintenance projects.

# Orders and Order Backlogs for the Consolidated SI Business (Jan-Mar)

	FY2024 1Q 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 (%)
<b>SI Business total</b>		74,775	102.5%	76,895	104.2%	74,092	104.2%	77,578	102.6%
<b>System Construction</b>		47,898	103.2%	50,063	111.7%	48,542	108.2%	49,419	106.6%
Embedded/Control Software		16,152	108.5%	21,136	103.5%	20,184	103.0%	17,103	108.9%
Operation Software		31,746	100.6%	28,926	118.6%	28,358	112.2%	32,315	105.4%
<b>Products and Services</b>		26,876	101.3%	26,832	92.7%	25,550	97.4%	28,159	96.2%
*1 Products and Services		25,341	102.5%	23,567	94.2%	22,241	98.2%	26,667	98.4%
Outsourcing		1,535	84.4%	3,265	83.1%	3,308	92.4%	1,491	68.8%

\*1. From this fiscal year under review onwards, a subsidiary has been reclassified into a new segment. The subsidiary has been shifted from the products and services segment to the system construction segment. (Impact: 1,402 million yen impact on orders and 562 million yen impact on order backlogs)

## Highlights of orders by segment

### ● Embedded/Control Software

Orders were strong on the whole. While orders in the social infrastructure and machine control areas decreased, orders in the automotive field remained buoyant.

### ● Operation Software

Orders were solid in individual fields. Projects increased in connection with development related to e-commerce in the distribution and service sectors and system development projects for governmental offices increased.

### ● Products and Services

Orders decreased due to a subsidiary changing to a new segment although orders for CAE products and sales of other companies' hardware products increased.

### ● Outsourcing

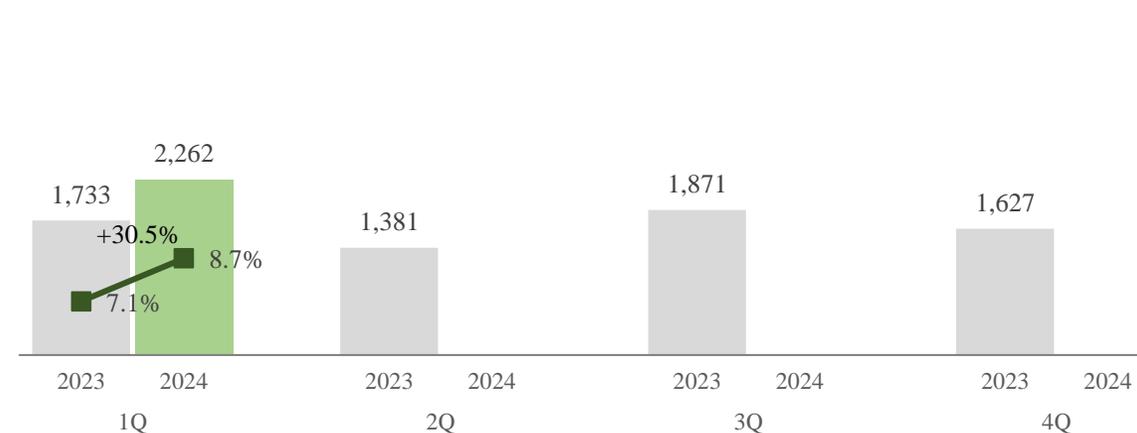
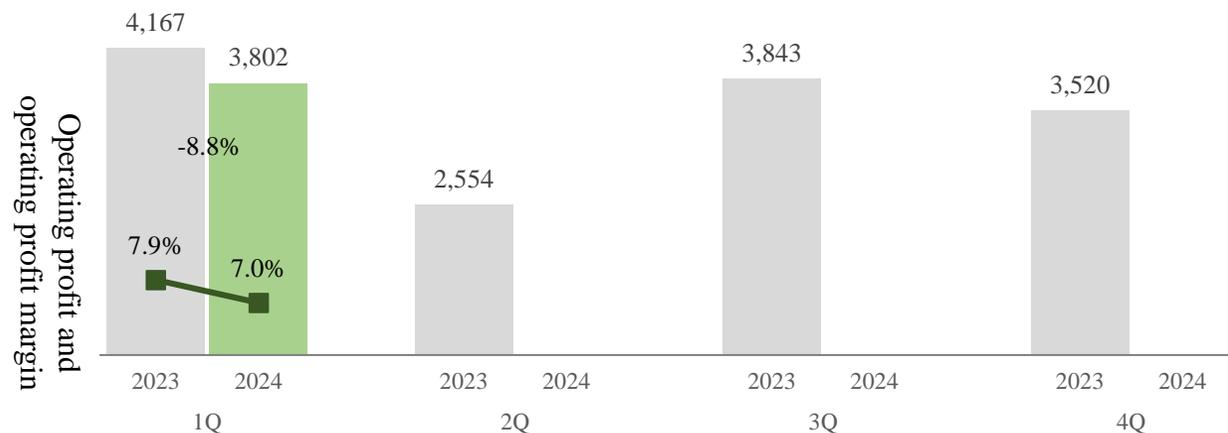
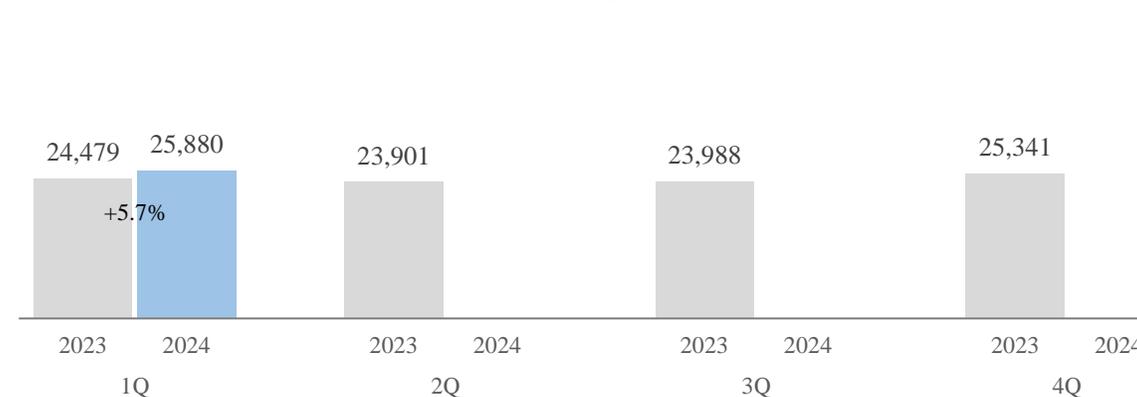
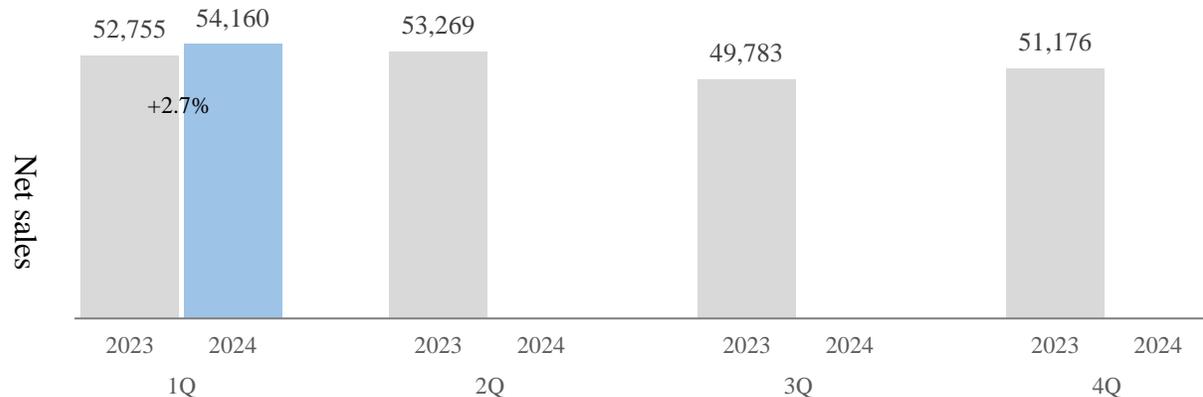
Operation and maintenance projects for customers in Japan decreased.

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

## FUJI SOFT INCORPORATED

## Group companies

(Million yen)



### FUJI SOFT (1st Quarter)

- Net sales: Increased due to the growth of sales of embedded and control software in the automotive field and operation system development in multiple sectors although sales of other companies' products decreased.
- Operating profit: Decreased due to unprofitable projects and soaring SG&A expenses to improve corporate value despite the positive impact of profitability improvements.

### Group companies (1st Quarter)

- Net sales: Increased as a result of the growth of license sales for CAE products and operation system development
- Operating profit: Increased due to the increase of net sales and as reaction to a decrease in the previous fiscal year that was due to unprofitable projects

# Liquidation of Real Estate Owned by the Company

## Progress regarding A-rated properties as of the end of March

Contracts have been concluded for six of the eight A-rated properties.

Properties concerned: Ryogoku, Fukuoka, Osaka, Abiko Nos. 1 and 2, and Atsugi No. 2 Office

Gain on sale of real estate: Approx. 4.4 billion yen (gains related to Fukuoka and Abiko Nos. 1 and 2 recorded as extraordinary income for the quarter under review)

For the two remaining properties (Hachioji Main Building and New Building), contracts will be concluded around the middle of May 2024.

At the current moment, there is no new information to be disclosed regarding B and lower-rated properties. Progress is being made as disclosed in the medium-term management plan.

Liquidation rating	Rating criteria	Number of properties	Major properties	Schedule and progress
B	Actions are taken assuming they will be liquidated but coordination and other matters take time.	9	Akihabara	Looking at the properties owned by the Company, these properties are relatively large in size and involve special conditions such as the Company's unique use of facilities and relationships with tenants. The liquidation process is expected to take some time. Efforts are underway towards completing the liquidation in August 2024, a year after disclosing the liquidation in August 2023.
			Kinshi-cho	
			Omiya	
C	Careful consideration is needed regarding the plan for and timing of liquidation, the necessity of relocation and other matters.	5	Shin Nagoya	These properties are fully used in operations as offices, data centers and other facilities. The plan for and timing of liquidation, the necessity of relocation and other matters will be carefully considered.
			Sakuragi-cho	
D	The transfer of the property is not allowed for a predetermined period due to the conditions for land acquisition. (The property will not be liquidated for the time being.)	1	Shiodome	No transfer of these properties is allowed for a predetermined period due to the conditions for land acquisition.

# Financial Data: Consolidated Statement of Income, Consolidated Balance Sheet and Consolidated Cash Flow Statement

## - Consolidated statements of income

	FY2023	FY2024	YoY change (Amount)	YoY change (%)
	(Million yen)	1Q Results		
Net sales	75,631	<b>78,431</b>	+2,799	103.7%
Cost of sales	58,919	<b>60,444</b>	+1,525	102.6%
Cost of sales margin	77.9%	<b>77.1%</b>		
Gross profit	16,711	<b>17,986</b>	+1,274	107.6%
Gross profit margin	22.1%	<b>22.9%</b>		
SG&A expenses	10,855	<b>11,921</b>	+1,065	109.8%
SG&A expense ratio	14.4%	<b>15.2%</b>		
Operating profit	5,855	<b>6,064</b>	+208	103.6%
Operating profit margin	7.7%	<b>7.7%</b>		
Non-operating income	250	<b>167</b>	-82	66.9%
Non-operating expenses	50	<b>433</b>	+382	-
Share of (profit) loss of entities accounted for using equity method	-5	<b>-12</b>	-6	223.1%
Ordinary profit	6,050	<b>5,786</b>	-263	95.6%
Ordinary profit margin	8.0%	<b>7.4%</b>		
Extraordinary income	398	<b>4,478</b>	+4,079	-
Extraordinary losses	106	<b>50</b>	-56	47.2%
Profit before income taxes	6,342	<b>10,214</b>	+3,872	161.1%
Total income taxes	1,994	<b>3,433</b>	+1,439	172.2%
Profit	4,347	<b>6,781</b>	+2,433	156.0%
Profit attributable to non-controlling interests	579	<b>49</b>	-529	8.6%
Profit attributable to owners of parent	3,768	<b>6,731</b>	+2,962	178.6%
Profit margin attributable to owners of parent	5.0%	<b>8.6%</b>		

## - Consolidated balance sheet

	(Million yen)	End of FY2023	End of 1Q of FY2024	Change (Amount)
	<b>Current assets</b>		123,153	<b>121,192</b>
Cash and deposits		35,324	<b>37,032</b>	+ 1,708
Notes and accounts receivable - trade		62,696	<b>65,670</b>	+ 2,973
Securities		8,100	<b>3,900</b>	-4,200
Inventories		5,919	<b>5,516</b>	-402
Other		11,112	<b>9,072</b>	-2,040
<b>Non-current assets</b>		134,443	<b>136,595</b>	+ 2,151
Property, plant and equipment		104,163	<b>104,704</b>	+ 541
Intangible assets		5,544	<b>5,430</b>	-114
Investments and other assets		24,734	<b>26,459</b>	+ 1,724
<b>Total assets</b>		257,596	<b>257,788</b>	+ 191
<b>Current liabilities</b>		112,740	<b>121,343</b>	+ 8,603
Notes and accounts payable - trade		13,664	<b>16,777</b>	+ 3,113
Short-term borrowings		47,504	<b>51,284</b>	+ 3,780
Accrued expenses / provision for bonuses		17,114	<b>20,510</b>	+ 3,396
Income taxes payable		5,789	<b>4,377</b>	-1,412
Provision for loss on construction contracts		345	<b>168</b>	-176
Other		28,321	<b>28,224</b>	-96
<b>Non-current liabilities</b>		15,934	<b>7,316</b>	-8,618
Long-term borrowings		8,524	<b>17</b>	-8,506
Other		7,410	<b>7,298</b>	-111
<b>Total liabilities</b>		128,674	<b>128,660</b>	-14
<b>Total net assets</b>		128,921	<b>129,128</b>	+ 206
<b>Total liabilities and net assets</b>		257,596	<b>257,788</b>	+ 191

## - Consolidated cash flow statement

	FY2023	FY2024	YoY change (Amount)
	(Million yen)	4Q Results	
Net cash provided by (used in) operating activities	-118	<b>1,911</b>	+2,029
Net cash provided by (used in) investing activities	-2,467	<b>7,652</b>	+10,119
Net cash provided by (used in) financing activities	-387	<b>-9,456</b>	-9,068
Effect of exchange rate change on cash and cash equivalents	40	<b>240</b>	
Net increase (decrease) in cash and cash equivalents	-2,933	<b>347</b>	
Cash and cash equivalents at beginning of period	33,086	<b>34,785</b>	
<b>Cash and cash equivalents at end of period</b>	30,153	<b>35,133</b>	

# Financial Data: Non-Consolidated Statement of Income and Non-Consolidated Profit and Loss by Segment

## - Non-consolidated statement of income

	FY2023	FY2024	YoY change (Amount)	YoY change (%)
	(Million yen)	1Q Results		
Net sales	52,755	<b>54,160</b>	+1,405	102.7%
Cost of sales	41,583	<b>42,654</b>	+1,070	102.6%
Cost of sales margin	78.8%	<b>78.8%</b>		
Gross profit	11,171	<b>11,506</b>	+335	103.0%
Gross profit margin	21.2%	<b>21.2%</b>		
Selling, general and administrative expenses	7,004	<b>7,704</b>	+700	110.0%
SG&A expense ratio	13.3%	<b>14.2%</b>		
Operating profit	4,167	<b>3,802</b>	-364	91.2%
Operating profit margin	7.9%	<b>7.0%</b>		
Non-operating income	944	<b>217</b>	-726	23.0%
Non-operating expenses	12	<b>133</b>	+121	-
Ordinary profit	5,099	<b>3,886</b>	-1,212	76.2%
Ordinary profit margin	9.7%	<b>7.2%</b>		
Extraordinary income	398	<b>4,511</b>	+4,113	-
Extraordinary losses	34	<b>504</b>	+470	-
Profit before income taxes	5,463	<b>7,893</b>	+2,430	144.5%
Total income taxes	1,212	<b>2,510</b>	+1,298	207.0%
Profit	4,250	<b>5,383</b>	+1,132	126.6%

## - Non-consolidated: Overview of Results by Segment

	FY2024 Net sales					FY2024 Operating profit		YoY change (%)	Operating profit margin YoY change (Amount)	
	(Million yen)	1Q Results	Component ratio	YoY change (%)	Cost rate	SG&A rate	1Q Results			Operating profit margin
<b>Consolidated total</b>		54,160	100.0%	102.7%	78.8%	14.2%	3,802	7.0%	91.2%	-0.9pt
<b>SI Business</b>		53,299	98.4%	102.8%	79.2%	14.2%	3,533	6.6%	89.6%	-1.0pt
<b>System Construction</b>		38,509	71.1%	106.4%	74.7%	17.0%	3,194	8.3%	99.5%	-0.6pt
Embedded/Control Software		18,932	35.0%	104.3%	73.4%	16.6%	1,886	10.0%	108.8%	+0.4pt
Operation Software		19,576	36.1%	108.5%	75.9%	17.4%	1,308	6.7%	88.6%	-1.5pt
<b>Products and Services</b>		14,790	27.3%	94.5%	91.0%	6.7%	339	2.3%	46.2%	-2.4pt
Other companies' products		12,748	23.5%	96.7%	93.3%	5.1%	201	1.6%	32.7%	-3.1pt
FUJI SOFT products		843	1.6%	95.4%	66.8%	15.6%	149	17.7%	177.8%	+8.2pt
Outsourcing		1,199	2.2%	75.7%	83.4%	17.6%	-11	-	-	-
<b>Facility business</b>		861	1.6%	96.9%	51.2%	17.6%	268	31.2%	118.8%	+5.8pt



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