

# Results of Operations for the First Half of FY2024



**FUJISOFT**

August 8, 2024

FUJI SOFT INCORPORATED  
(Code: 9749)

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

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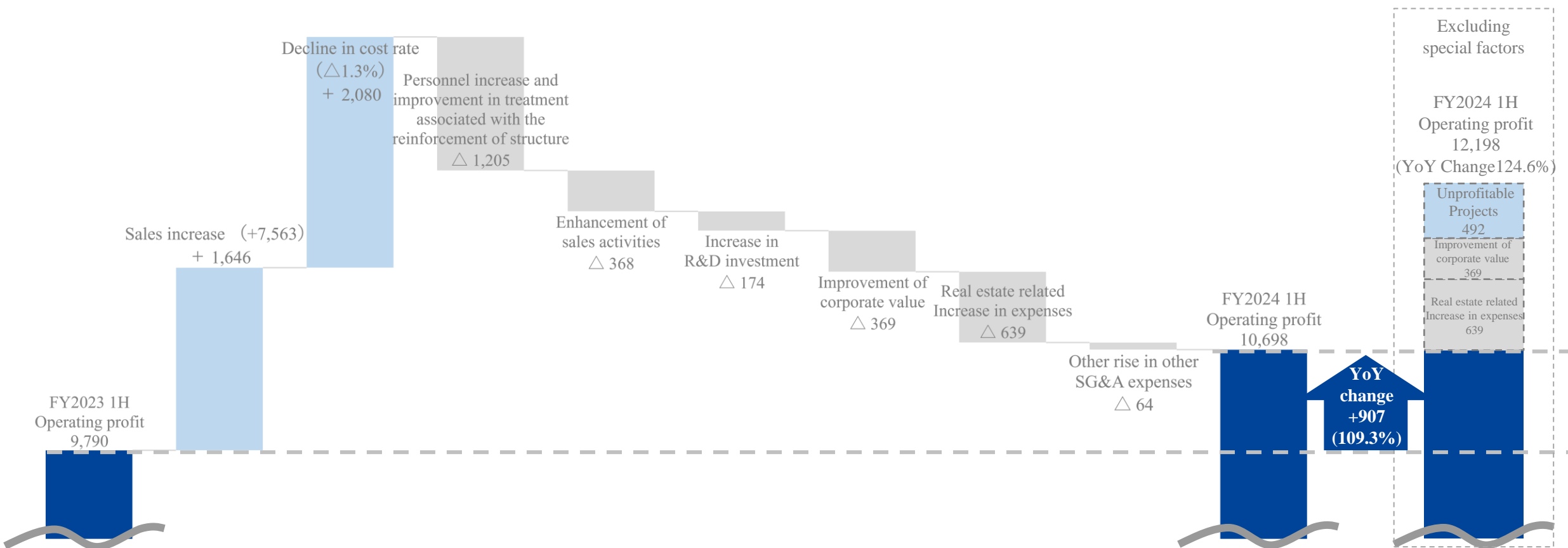
# Consolidated Financial Highlights (Jan-Jun)

(Million yen)	FY2023 1H Results	FY2024 1H Results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	151,480	<b>159,044</b>	+7,563	105.0%
<b>Gross profit</b>	32,975	<b>36,702</b>	+3,726	111.3%
Gross profit margin	21.8%	<b>23.1%</b>		
<b>Operating profit</b>	9,790	<b>10,698</b>	+907	109.3%
Operating profit margin	6.5%	<b>6.7%</b>		
<b>Ordinary profit</b>	10,166	<b>10,513</b>	+346	103.4%
Ordinary profit margin	6.7%	<b>6.6%</b>		
<b>Profit attributable to owners of parent</b>	6,061	<b>12,209</b>	+6,148	201.4%
Profit margin attributable to owners of parent	4.0%	<b>7.7%</b>		

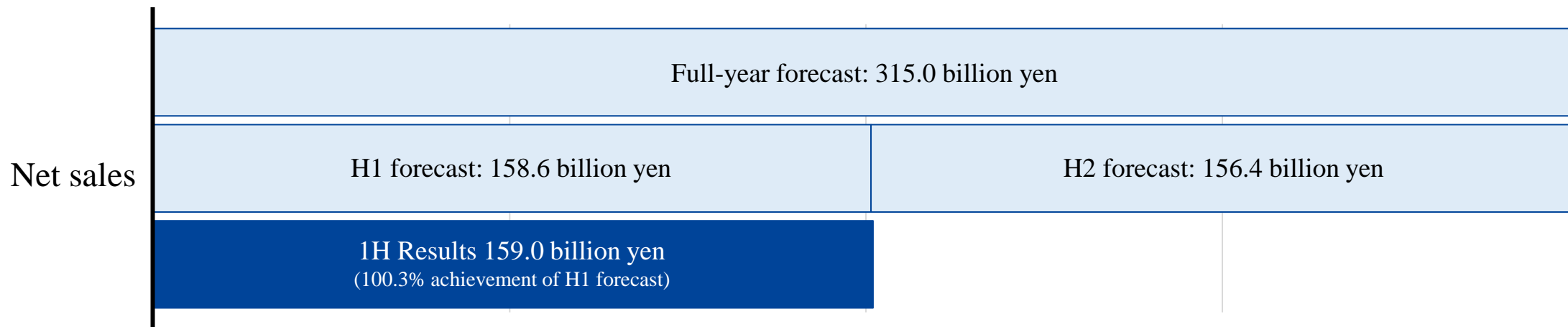
- **Net sales:** Up due to strong performance in the mainstay system construction business although the products and services business made poor results.
  - Operation software: Buoyant performance in individual fields, mainly for manufacturers and for the distribution and service sectors
  - Embedded 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. 900 million yen)
- **Operating profit:** Up due to the growth of sales despite a surge in SG&A expenses to office relocation, 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 8,000 million yen)

# Consolidated Operating Profit (Jan-Jun)

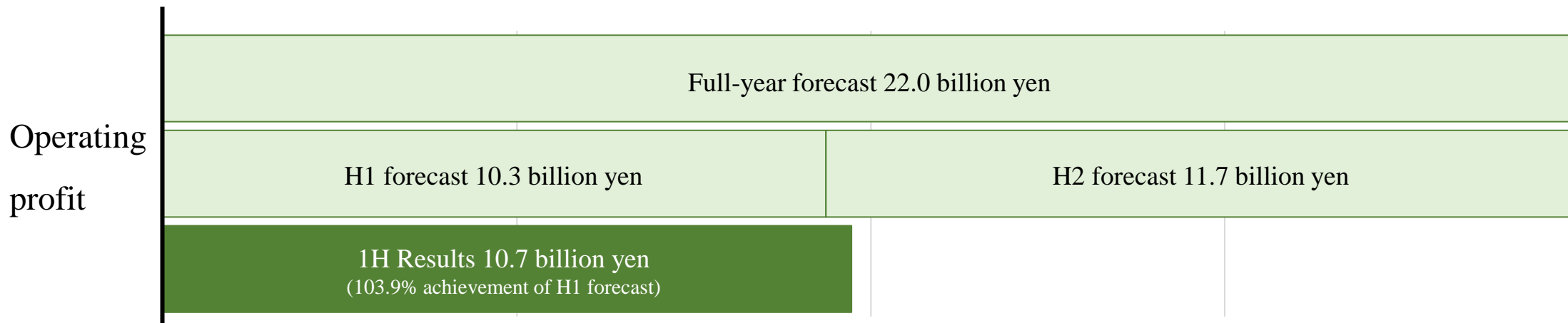
(Million yen)



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



- 100.3% 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.



- Solid progress was made as 103.9% 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 0.9 billion yen.

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

	(Million yen)	FY2024 Net sales		YoY change (Amount)	YoY change (%)	FY2024 Operating profit		YoY change (Amount)	YoY change (%)
		1H Results	Component ratio			1H Results	Operating profit margin		
<b>Consolidated total</b>		159,044	100.0%	+7,563	105.0%	10,698	6.7%	+907	109.3%
<b>SI Business</b>		150,753	94.8%	+7,601	105.3%	10,208	6.8%	+1,273	114.3%
<b>System Construction</b>		97,887	61.5%	+9,669	111.0%	7,890	8.1%	+1,833	130.3%
Embedded/Control Software		40,601	25.5%	+1,617	104.2%	3,718	9.2%	+465	114.3%
Operation Software		57,285	36.0%	+8,051	116.4%	4,171	7.3%	+1,368	148.8%
<b>Products and Services</b>		52,866	33.2%	-2,067	96.2%	2,318	4.4%	-560	80.5%
*1 Products and Services		46,227	29.1%	-1,526	96.8%	1,931	4.2%	-638	75.2%
Outsourcing		6,639	4.2%	-541	92.5%	387	5.8%	+77	125.1%
<b>Facility Business</b>		1,433	0.9%	-27	98.1%	122	8.5%	-358	25.5%
<b>Other Businesses</b>		6,856	4.3%	-10	99.8%	366	5.4%	-7	98.0%

\*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: 1,699 million yen impact on net sales and 196 million yen impact on operating profit)

## Highlights of net sales and operating profit by SI Business 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 decreased due to a decrease in operation and maintenance projects. Operating profit Increase due to improved productivity in operation and maintenance projects for the retail industry.

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

	FY2024 1H 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%	153,310	105.9%	150,753	105.3%	77,332	103.6%
<b>System Construction</b>		47,898	103.2%	98,976	111.9%	97,887	111.0%	48,991	105.1%
Embedded/Control Software		16,152	108.5%	41,029	103.5%	40,601	104.2%	16,579	106.7%
Operation Software		31,746	100.6%	57,950	118.8%	57,285	116.4%	32,412	104.3%
<b>Products and Services</b>		26,876	101.3%	54,330	96.3%	52,866	96.2%	28,340	101.2%
*1 Products and Services		25,341	102.5%	47,939	97.5%	46,227	96.8%	27,053	103.5%
Outsourcing		1,535	84.4%	6,391	88.3%	6,639	92.5%	1,287	68.7%

\*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: 2,290 million yen impact on orders and 592 million yen impact on order backlogs)

## Highlights of orders by SI Business 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 and mobile 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

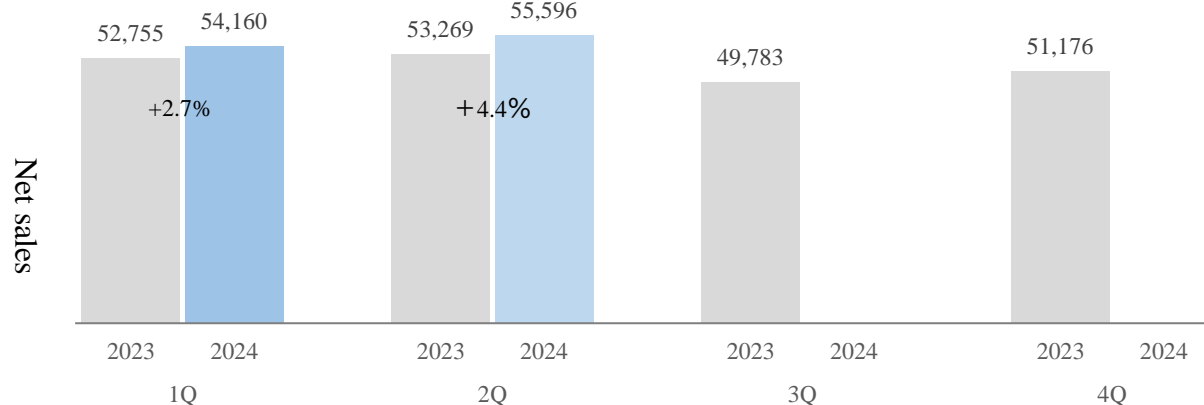
Orders decreased due to a subsidiary changing to a new segment although orders for CAE products and sales of other companies' hardware products increased.

### ● Outsourcing

Operation and maintenance projects for customers in Japan decreased.

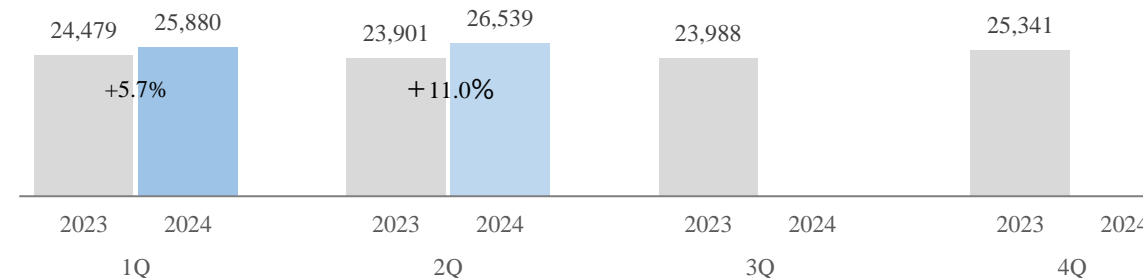
# Net Sales/Operating Profit of FUJI SOFT INCORPORATED and Group Companies

## FUJI SOFT INCORPORATED

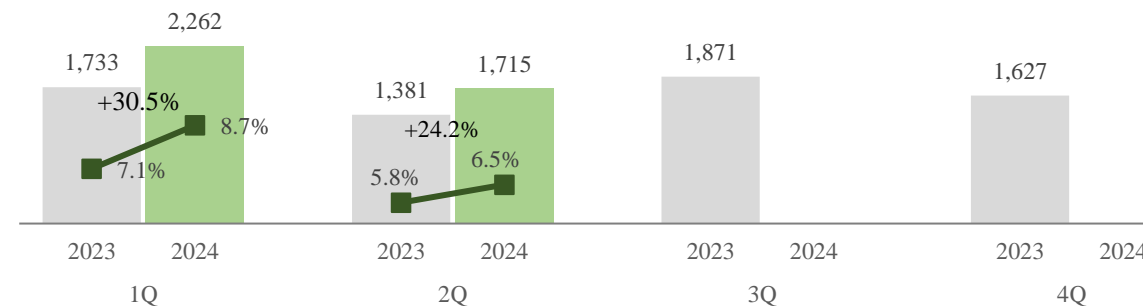
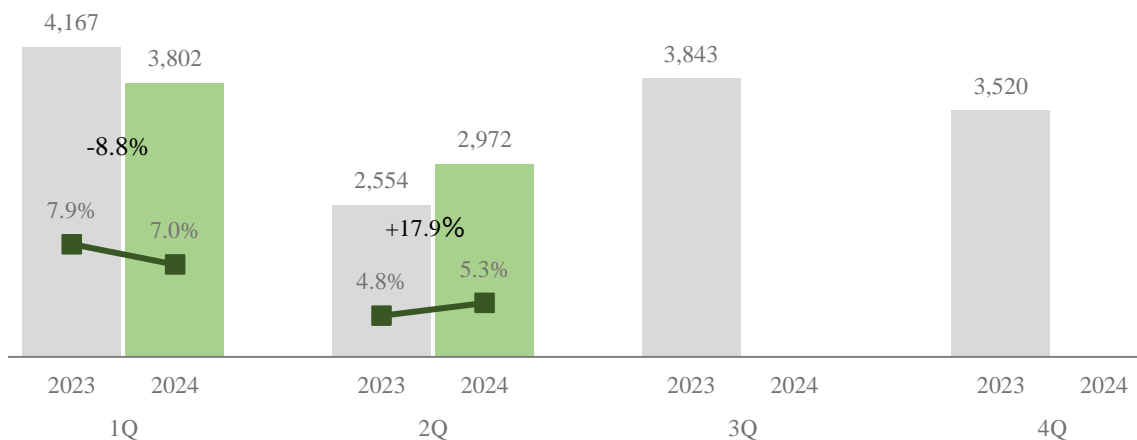


## Group companies

(Million yen)



Operating profit and operating profit margin



### FUJI SOFT (1st Half)

- 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: Increased due to the growth of sales and profitability improvement despite a surge in SG&A expenses to office relocation, increase corporate value and improve employee treatment

### Group companies (1st Half)

- 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



## 【 Interim dividend for the year ending December 31, 2024 】

Interim dividends will be 42 yen per share as forecasted at the beginning of the fiscal year.

	FY2024 Initial Plan	FY2024 1H Results
Dividend per share	42.00yen	42.00yen
Dividend payout ratio	(annual) 25.2% (35.1%) ※1	(As of interim dividend) 21.7% (39.6%) ※2

※1 Excluding the planned gain on sales of real estate holdings (A-rated properties) for the fiscal year ending December 31, 2024, which was announced at the end of the previous fiscal year.

※2 Excluding gains on sales of real estate held (A-rated properties) as of the first half of the fiscal year ending December 31, 2024

# Business Trends in the First Half and Progress of Mid-term Business Plan

# Business Trends : 1st Half FY2024 (Trends in Major Consolidated Segments)

Although the outlook for the domestic economy is uncertain due to inflation, concerns about the Chinese economy, and sharp exchange rate fluctuations, strategic system investment continues to expand in order to expand business and enhance competitiveness in a wide variety of industries.

		Major Consolidated Segments				
		System Construction		Products and Services		その他
Customers' Business		Embedded / Control Software	Operation Software	FUJI SOFT Group products	Other companies' products	
<b>Machinery Manufacturing</b> FA, medical care, mobile devices, home appliances, electronics and other businesses		Some customers curtail IT investments. Flat due to increased development in industrial and OA fields.	 The development of mission-critical systems such as production and sales management for the manufacturing industry and the construction of system infrastructure performed well.	 CAE systems	 CAE systems	
<b>Automotive</b>		Continued strong performance in a wide range of areas including EVs, ADAS/autonomous driving, and research and development of integrated ECUs to promote SDV.				
<b>Social Infrastructure Systems</b> Communication, transportation, energy and other businesses		Decrease mainly in communication systems (for communication controllers and base stations)		 more NOTE	 Licenses for other companies	 Product sales systems (PCs, servers, tablets, etc.)
<b>Financial Sector</b> Life insurance, non-life insurance, credit card, bank, securities and other businesses			 Business system development was solid, especially for insurance customers.	 Securities system solutions	(MS, VMware, AWS, Salesforce, etc.)	
<b>Distribution Sector</b> Retailing, wholesale, e-commerce and other businesses			 Development for e-commerce sites and business system development for retailers performed well.	 FAM serise	 Distribution system solutions	
<b>Public Sector</b> Public offices, education, medical care and other businesses				 Mirai Series		
<b>Other</b> Telecommunication, other services, general consumer businesses and other businesses			 (Other Operation Software segment) Business system development for customers in various fields, particularly in the information and telecommunications industry, continued to be strong.	 Wi-Fi router		 BPO, call center

# Business Trends : State of the AIS-CRM Key Technology Strategy (non-consolidated)

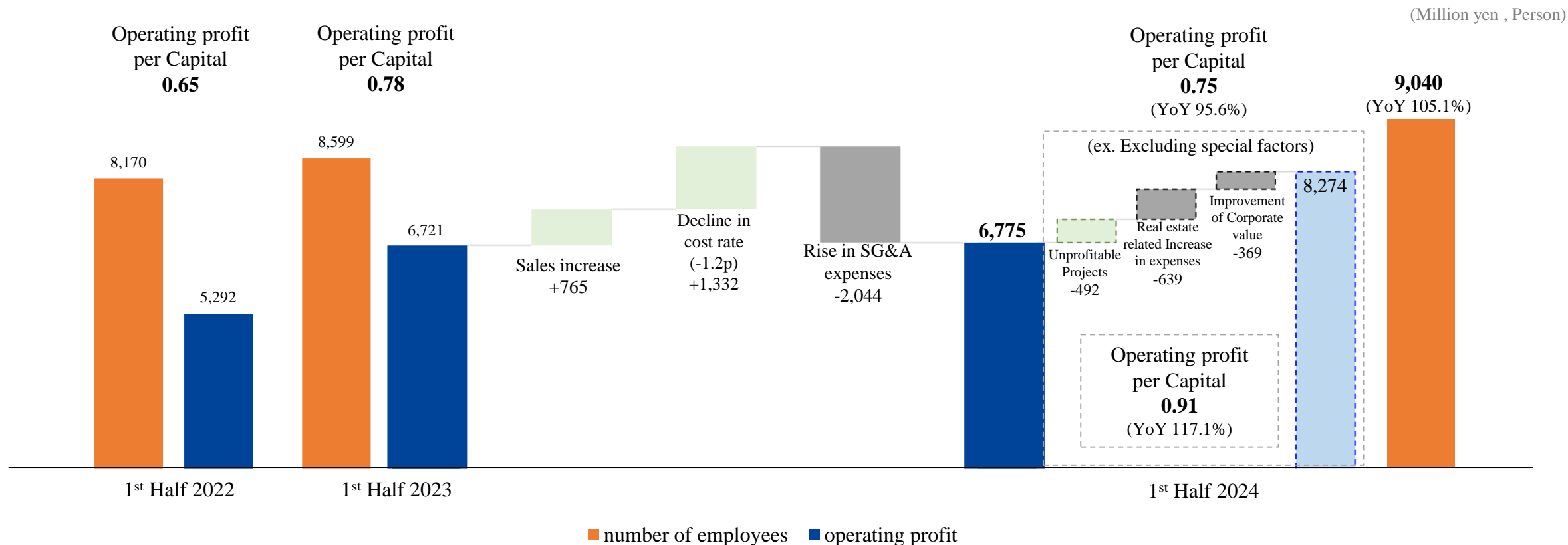
	2023 1H 65.5 billion	YoY change (%) +3.2%	2023 1H 67.6 billion
<b>AI</b>	A focus on development <u>1.9 billion yen</u>	+21.6%	A focus on development <u>2.3 billion yen</u>
<b>IoT</b>	A focus on development <u>1.7 billion yen</u>	-15.1%	A focus on development <u>1.5 billion yen</u>
<b>Security</b>	Development and licensing <u>7.7 billion yen</u>	+19.4%	Development and licensing <u>9.3 billion yen</u>
<b>Cloud</b>	Licensing, SI, system infrastructure, online businesses, etc. <u>36.7 billion yen</u>	-4.8%	Licensing, SI, system infrastructure, online businesses, etc. <u>35.0 billion yen</u>
<b>Robot</b>	A focus on development + PALRO, robot SI, etc. <u>2.6 billion yen</u>	-12.8%	A focus on development + PALRO, robot SI, etc. <u>2.3 billion yen</u>
<b>Mobile</b>	Development, products, etc. <u>3.6 billion yen</u>	-2.0%	Development, products, etc. <u>3.5 billion yen</u>
<b>Auto Motive</b>	A focus on development <u>11.1 billion yen</u>	+23.2%	A focus on development <u>13.7 billion yen</u>

# Progress of Mid-term Business Plan : Operating profit per capital (Non-consolidated 1<sup>st</sup> Half)

In the Mid-term Business Plan 2028 announced in February 2024, "operating income per capital" was set as the most important KPI.

Although there was an increase in SG&A expenses as of 1H 2024 due to the impact of special factors, operating income per employee improved significantly after excluding this impact. The improvement was better than expected as a result of profitability measures in existing businesses.

We will continue to promote further improvement of profitability by optimizing SG&A expenses while improving value-added offerings to customers.



\* The number of employees : excludes contracted, and temporary employees, and employees on leave of absence.

# Liquidation of Real Estate Owned by the Company

## Progress regarding A-rated properties as of the end of June 2024

Contracts were signed for all eight A-rated properties.

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

Gain on sale of real estate: Approx. 8.0 billion yen (recorded in extraordinary gains in the first half of the current fiscal year)

## Status of other properties

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.  <b>As of August 8, 2024 : Although there have been delays from the anticipated schedule, there has been no change in policy, and details are currently being worked out, including the timing of implementation.</b>
			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)	1H Results		
Net sales	151,480	<b>159,044</b>	+7,563	105.0
Cost of sales	118,504	<b>122,341</b>	+3,636	103.2
Cost of sales margin	78.2	<b>76.2</b>		
Gross profit	32,975	<b>36,702</b>	+3,726	111.3
Gross profit margin	21.8	<b>23.1</b>		
SG&A expenses	23,184	<b>26,004</b>	+2,819	112.2
SG&A expense ratio	15.3	<b>16.4</b>		
Operating profit	9,790	<b>10,698</b>	+907	109.3
Operating profit margin	6.5	<b>6.7</b>		
Non-operating income	676	<b>417</b>	-258	61.7
Non-operating expenses	300	<b>602</b>	+302	200.5
Share of (profit) loss of entities accounted for using equity method	-156	<b>-9</b>	+147	5.8
Ordinary profit	10,166	<b>10,513</b>	+346	103.4
Ordinary profit margin	6.7	<b>6.6</b>		
Extraordinary income	489	<b>8,010</b>	+7,520	-
Extraordinary losses	117	<b>60</b>	-56	51.8
Profit before income taxes	10,539	<b>18,463</b>	+7,923	175.2
Total income taxes	3,547	<b>6,162</b>	+2,614	173.7
Profit	6,991	<b>12,300</b>	+5,309	175.9
Profit attributable to non-controlling interests	930	<b>91</b>	-839	9.8
Profit attributable to owners of parent	6,061	<b>12,209</b>	+6,148	201.4
Profit margin attributable to owners of parent	4.0	<b>7.7</b>		

## - Consolidated balance sheet

	(Million yen)	End of FY2023	End of 1H of FY2024	Change (Amount)
	<b>Current assets</b>		12,153	<b>122,153</b>
Cash and deposits		35,324	<b>40,777</b>	+5,453
Notes and accounts receivable - trade		62,696	<b>62,941</b>	+244
Securities		8,100	<b>1,700</b>	-6,400
Inventories		5,919	<b>5,059</b>	-859
Other		11,112	<b>11,674</b>	+561
<b>Non-current assets</b>		134,443	<b>131,757</b>	-2,685
Property, plant and equipment		104,163	<b>100,642</b>	-3,251
Intangible assets		5,544	<b>5,320</b>	-224
Investments and other assets		24,734	<b>25,795</b>	+1,060
<b>Total assets</b>		257,596	<b>253,911</b>	-3,685
<b>Current liabilities</b>		112,740	<b>111,712</b>	-1,028
Notes and accounts payable - trade		13,664	<b>15,391</b>	+1,727
Short-term borrowings		47,504	<b>54,369</b>	+6,864
CP		4,000	<b>-</b>	-4,000
Accrued expenses / provision for bonuses		17,114	<b>16,774</b>	-339
Income taxes payable		5,789	<b>5,913</b>	+123
Provision for loss on construction contracts		345	<b>146</b>	-199
Other		24,321	<b>19,116</b>	-5,205
<b>Non-current liabilities</b>		15,934	<b>7,388</b>	-8,545
Long-term borrowings		8,524	<b>51</b>	-8,472
Other		7,410	<b>7,337</b>	-73
<b>Total liabilities</b>		128,674	<b>119,100</b>	-9,573
<b>Total net assets</b>		128,921	<b>134,810</b>	+5,888
<b>Total liabilities and net assets</b>		257,596	<b>253,911</b>	-3,685

## - Consolidated cash flow statement

	FY2023	FY2024	YoY change (Amount)
	(Million yen)	1H Results	
Net cash provided by (used in) operating activities	8,615	<b>5,518</b>	-3,097
Net cash provided by (used in) investing activities	-3,934	<b>12,472</b>	+16,406
Net cash provided by (used in) financing activities	-5,927	<b>-13,768</b>	-7,840
Effect of exchange rate change on cash and cash equivalents	234	<b>407</b>	
Net increase (decrease) in cash and cash equivalents	-1,011	<b>4,630</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>	32,075	<b>39,415</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)	1H Results		
Net sales	106,024	<b>109,756</b>	+3,732	103.5
Cost of sales	84,282	<b>85,917</b>	+1,634	101.9
Cost of sales margin	79.5	<b>78.3</b>		
Gross profit	21,741	<b>23,839</b>	+2,097	109.6
Gross profit margin	20.5	<b>21.7</b>		
Selling, general and administrative expenses	15,020	<b>17,064</b>	+2,044	113.6
SG&A expense ratio	14.2	<b>15.5</b>		
Operating profit	6,721	<b>6,774</b>	+52	100.8
Operating profit margin	6.3	<b>6.2</b>		
Non-operating income	1,373	<b>461</b>	-912	33.6
Non-operating expenses	72	<b>261</b>	+218	-
Ordinary profit	8,022	<b>6,944</b>	-1,078	86.6
Ordinary profit margin	7.6	<b>6.3</b>		
Extraordinary income	489	<b>7,995</b>	+7,506	-
Extraordinary losses	983	<b>543</b>	-439	55.3
Profit before income taxes	7,528	<b>14,396</b>	+6,867	191.2
Total income taxes	2,147	<b>4,540</b>	+2,392	211.4
Profit	5,380	<b>9,855</b>	+4,474	183.2

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

	FY2024 Net sales					FY2024 Operating profit		YoY change (%)	Operating profit margin YoY change (Amount)	
	(Million yen)	1H Results	Component ratio	YoY change (%)	Cost rate	SG&A rate	1H Results			Operating profit margin
<b>Consolidated total</b>		109,756	100.0	103.5	78.3	15.5	6,774	6.2	100.8	-0.2
<b>SI Business</b>		108,052	98.4	103.7	78.7	15.1	6,646	6.2	106.6	+0.2
<b>System Construction</b>		77,519	70.6	109.4	73.8	18.5	5,998	7.7	117.1	+0.5
Embedded/Control Software		37,804	34.4	105.3	72.7	18.0	3,502	9.3	113.6	+0.7
Operation Software		39,714	36.2	113.6	74.8	18.9	2,496	6.3	122.4	+0.5
<b>Products and Services</b>		30,533	27.8	91.4	91.3	6.6	647	2.1	58.0	-1.2
Other companies' products		26,739	24.4	92.7	93.0	5.1	525	2.0	48.8	-1.8
FUJI SOFT products		1,547	1.4	108.4	72.8	16.6	164	10.6	200.7	+4.9
Outsourcing		2,245	2.0	71.8	83.8	18.0	-42	-	-	-
<b>Facility business</b>		1,704	1.6	98.9	50.4	42.1	128	7.5	26.4	-20.7





- Please note that these materials are intended to provide information about the financial results and business strategies of the Company and its group companies and are not intended to solicit any purchase, sale or continued holding of the shares of the Company's stock.
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