



Fiscal Year Ending March 2021 (45th Business Year)

Financial Results Presentation

May 20, 2021

Focus Systems Corporation

(Securities Code: 4662)

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1

Financial Results for the Fiscal Year Ended March 2021 (45th Business Year)

Financial Results

- ✓ Reached a record high in both sales and profits
- ✓ Dividends: 24 yen (Ordinary dividend: 20 yen, Special dividend: 4 yen)

Operations

- ✓ The fiscal year began with a tough first quarter due to the postponement and cancellation of some projects as well as restrictions on sales activities caused by the impact of the COVID-19 pandemic
- ✓ Q2 saw a recovery trend in projects for corporate clients
 - To acquire new projects, we strengthened our sales activities in line with the "new normal"
 - IT infrastructure-related operations have seen steady growth
- ✓ Initiatives for the future
 - Business and capital alliance formed with FRONTEO (medical field-based imaging AI and language AI)
 - Strategic expansion of SAP-related businesses

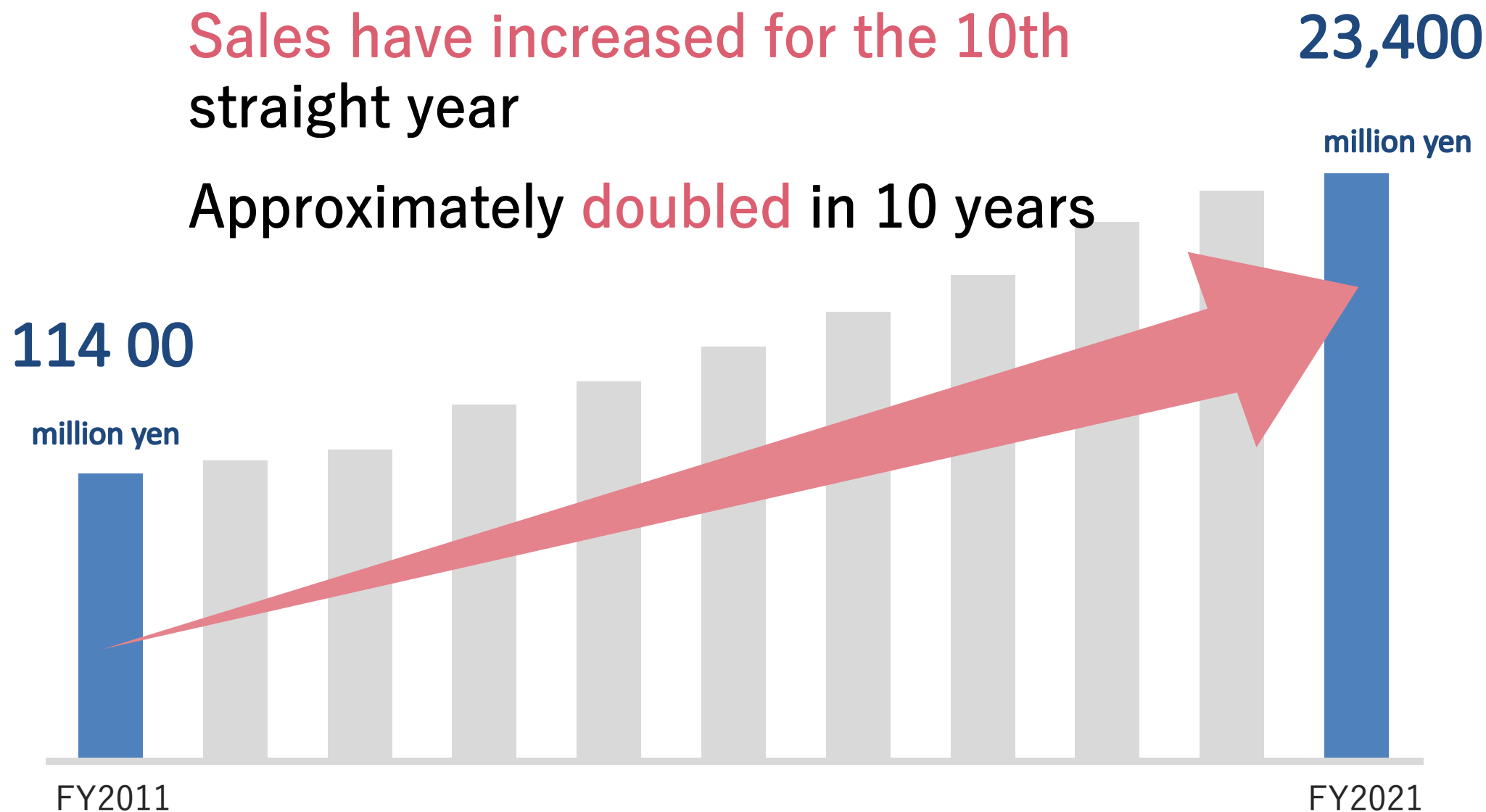
- ✓ Net sales and income exceeded the previous year's results as well as the plan set at the beginning of the fiscal year
- ✓ Business resilience of diversified portfolios reaffirmed by the COVID-19 pandemic

(Unit: Million yen)

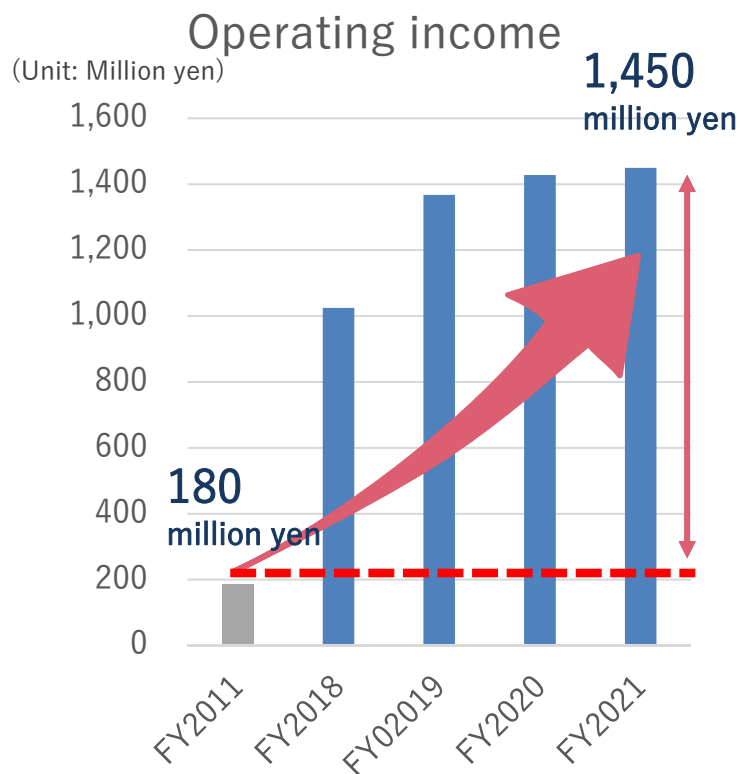
	FY 03/2020 Results	FY 03/2021 Plan	FY 03/2021 Results	Year-on-year change		Plan	
				Amount	Ratio	Amount	Ratio
Net sales	22,703	22,800	23,485	781	3.4%	685	3.0%
Operating income	1,428	1,430	1,450	21	1.5%	20	1.4%
Ordinary income	1,467	1,430	1,469	1	0.1%	39	2.8%
Net income	930	940	1,025	94	10.2%	85	9.0%

Sales have increased for the 10th straight year

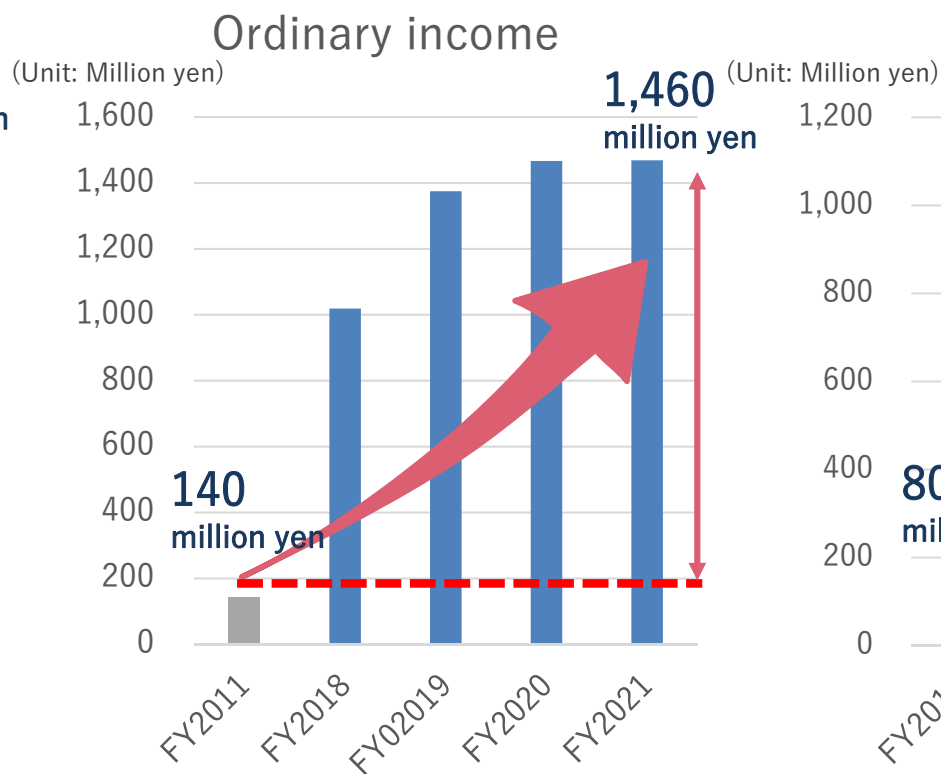
Approximately doubled in 10 years



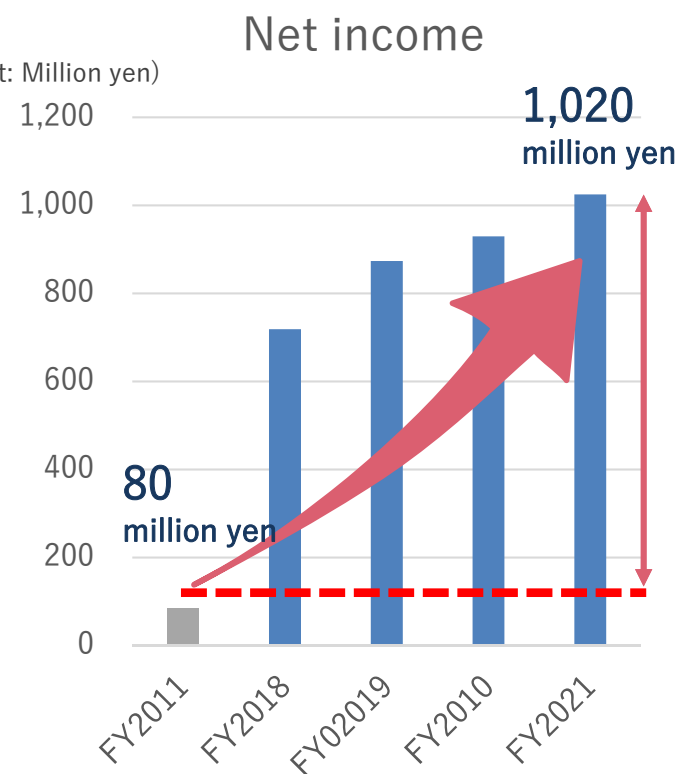
Profit has increased for the fourth straight year



Approx. 8-fold increase
(compared to FY2011)



Approx. 10-fold increase
(compared to FY2011)



Approx. 12-fold increase
(compared to FY2011)

(Unit: Million yen)

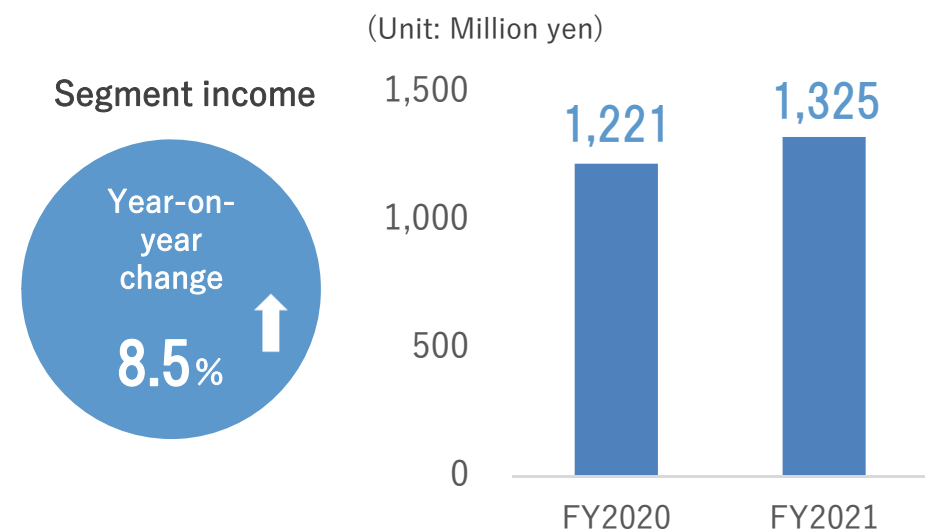
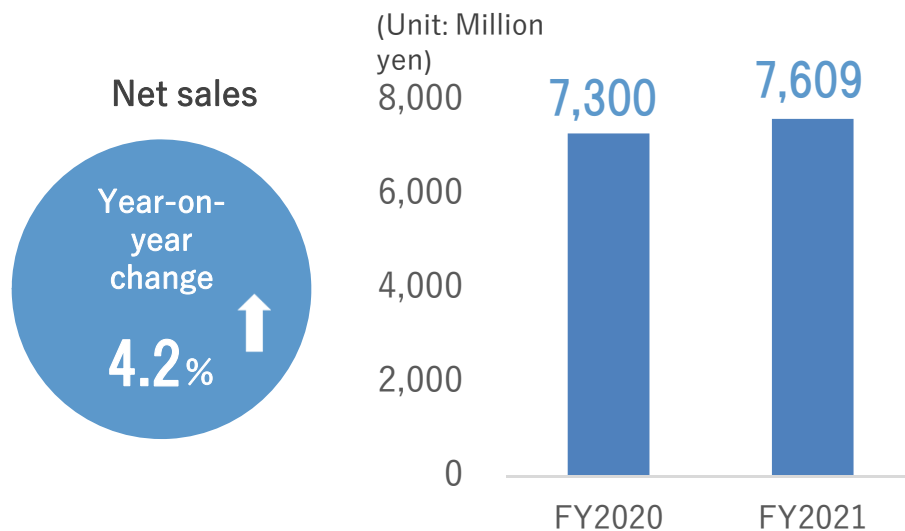
	Reportable segments					Adjustment amount (Note 1)	Amount shown on Statement of Income (Note 2)
	Public sector business	Enterprise business	Wide-ranging solutions	Innovative businesses	Total		
Net sales	7,609	5,560	4,500	5,814	23,485	—	23,485
Net sales composition ratio	32.4%	23.7%	19.2%	24.7%	100%	—	—
Segment income	1,325	679	562	555	3,122	△1,671	1,450
Segment income composition ratio	42.4%	21.8%	18.0%	17.8%	100%	—	—

Note 1: The adjustment amount of △1,671 million yen applied to segment income represents, for the most part, general administrative expenses (company overheads) that are not attributable to reportable segments.

Note 2: Segment incomes are adjusted to the operating income stated in the income statement.

Public sector

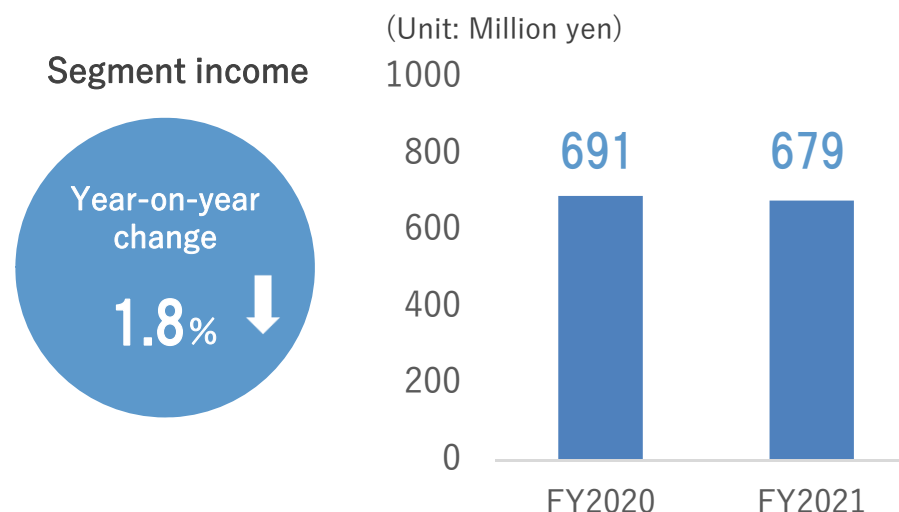
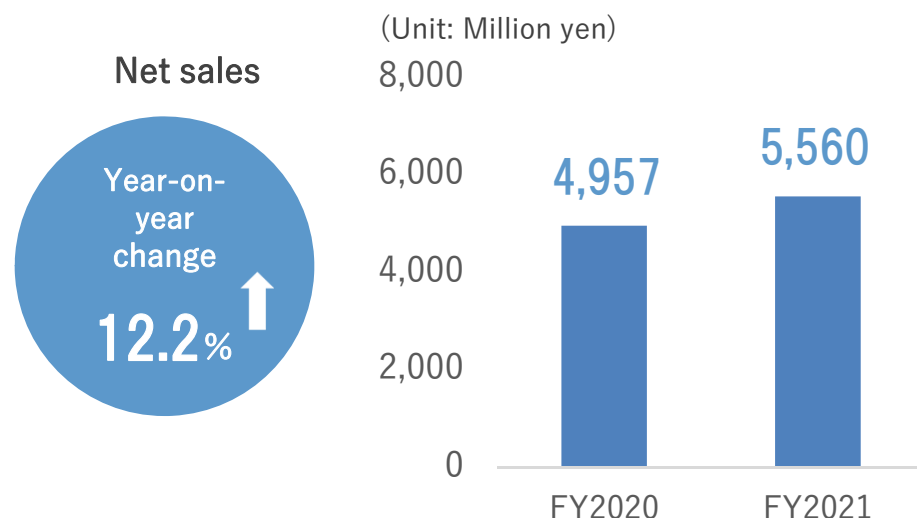
From the design and manufacture of social infrastructure-related systems, whose end users are mainly government offices and local governments, through to post-system operation management and maintenance



- ✓ Steady progress in various projects including public healthcare
- ✓ Steady progress in preparation for acquisition of DX projects, including sharing of human resource development and organizational knowledge

Enterprise business

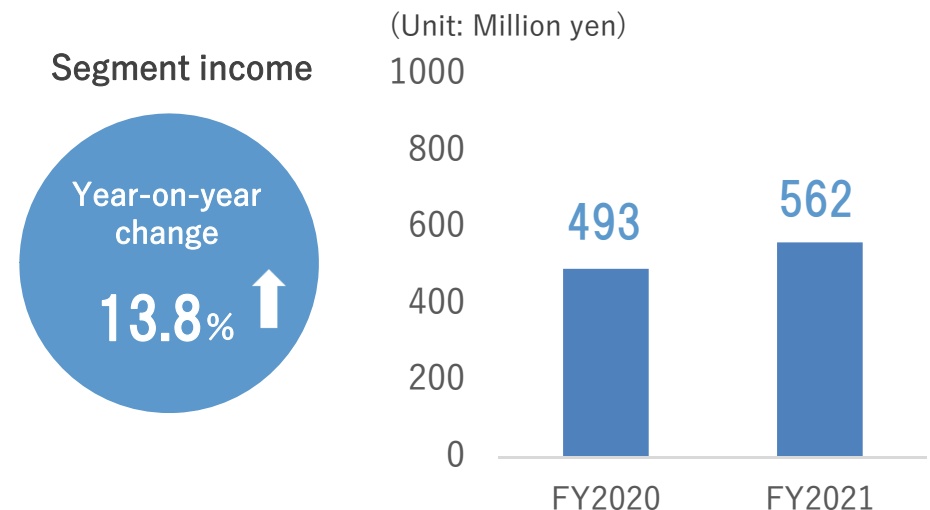
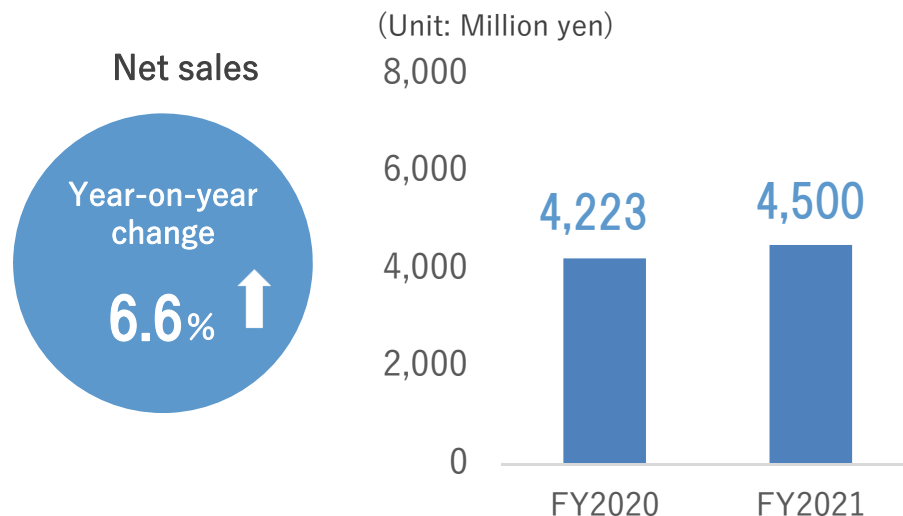
Mainly corporate company core business systems/online system development, network/infrastructure design/construction, RPA solutions, related operation/maintenance, and ICT consulting



- ✓ Due to the impact of the COVID-19 pandemic at the beginning of the fiscal year, the company was forced into a difficult start that included the postponement of existing projects. However, from the second quarter onward, it recovered by acquiring new projects through aggressive sales activities.
- ✓ Steady growth in network and infrastructure projects
- ✓ Full-scale entry into SAP-related businesses in order to capture large-scale direct orders and the demand for cloud computing

Wide-ranging solutions

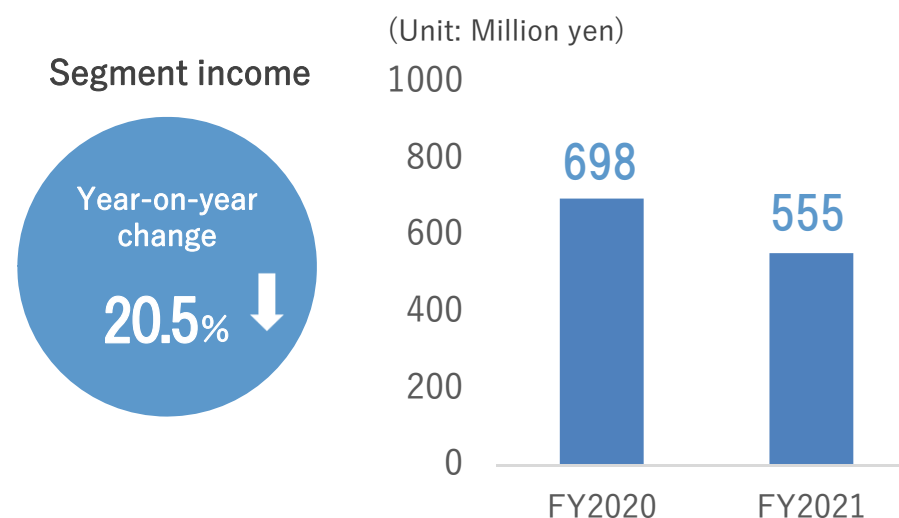
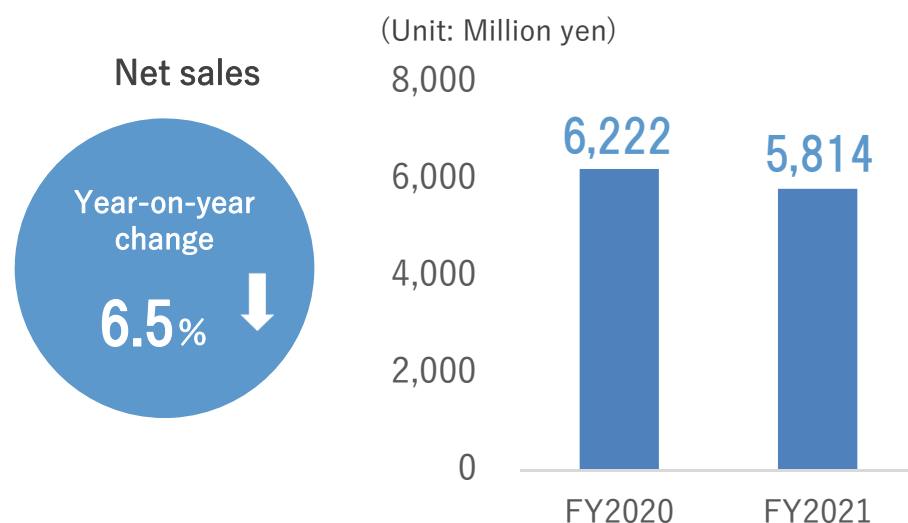
Communication control system development, embedded system development, system development for private companies and government agencies, AI solutions, related operation/maintenance, and ICT consulting, mainly in the Tokyo, Nagoya, and Osaka areas



- ✓ In Nagoya, the fiscal year began with a tough first quarter due to the postponement and cancellation of some projects as well as restrictions on sales activities caused by the impact of the COVID-19 pandemic. The Tokyo and the Osaka metropolitan areas were partially affected, but finished the quarter on a growth track
- ✓ 5G-related business and local government projects in the Kansai region performed well
- ✓ In the AI-related business, new projects and joint research with industry and academia are progressing

Innovation

Mainly infrastructure design/construction, mainframe construction, system development, related operation/maintenance, in-house product manufacturing, provision of IoT solutions.



- ✓ The company's primary areas, Infrastructure design/construction and maintenance/operation projects remained steady
- ✓ In product sales, although sales of cryptographic engine/license products increased from the previous fiscal year, the decrease in revenue from digital forensic products had a significant impact on the segment results

Balance Sheet (B/S)

(Unit: Million yen)

	Previous Fiscal Year	Fiscal Year Ended March 2021
Assets		
Current assets	9,835	9,812
Non-current assets	5,526	7,995
Property, plant, and equipment	3,596	3,505
Intangible assets	50	145
Investments and other assets	1,878	4,344
Total assets	15,361	17,808
Liabilities		
Current liabilities	4,829	4,571
Non-current liabilities	1,646	2,172
Total liabilities	6,475	6,744
Net assets		
Shareholders' equity		
Capital	2,905	2,905
Capital surplus	2,138	2,148
Retained earnings	3,803	4,527
Treasury shares	△359	△354
Valuation difference on available-for-sale securities	398	1,837
Total net assets	8,885	11,063
Total liabilities and net assets	15,361	17,808

Year-on-year increase of 2,446 million yen

Main reasons for increase:

- Increase in investment securities 2,550 million yen
- Increase in accounts receivable 129 million yen

Main reasons for decrease:

- Decrease in cash and deposits 87 million yen
- Decrease in land 40 million yen

Year-on-year increase of 268 million yen

Main reasons for increase:

- Increase in deferred tax liabilities 547 million yen
- Increase in long-term debt 286 million yen

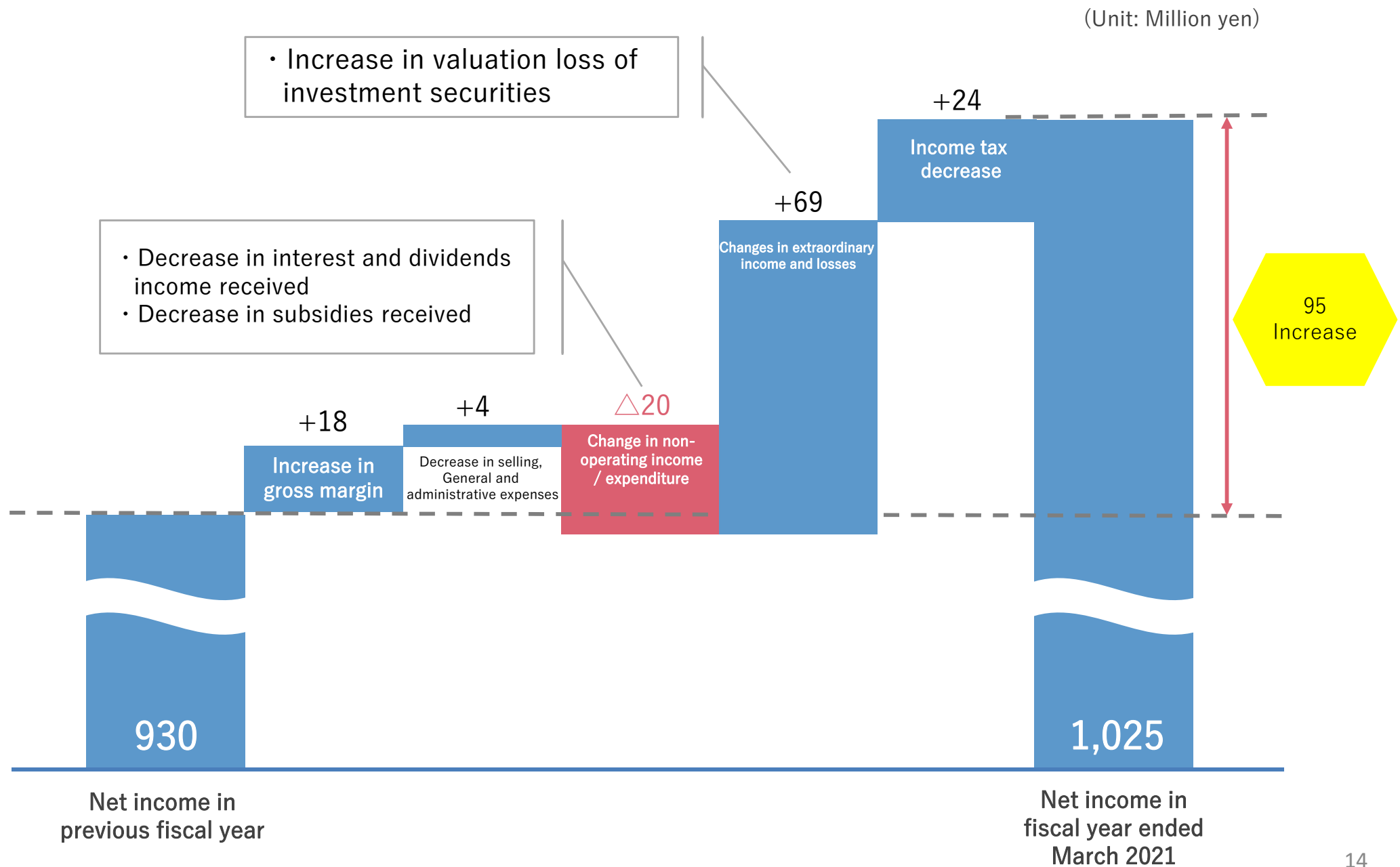
Main reasons for decrease:

- Decrease in corporate bonds 310 million yen
- Decrease in current portion of long-term borrowings 146 million yen
- Decrease in current portion of corporate bonds 130 million yen

Year-on-year increase of 2,177 million yen

Main reasons for increase:

- Increase in valuation difference on available-for-sale securities 1,439 million yen
- Increase in retained earnings brought forward 724 million yen



(Unit: Million yen)

	Previous Fiscal Year	Fiscal Year Ended March 2021
Cash flow from sales activities	745	936
Cash flow from investing activities	△587	△624
Cash flow from financing activities	△874	△401
Net increase in cash and cash equivalents	△715	△90
Cash and cash equivalents at the beginning of the period	4,778	4,062
Cash and cash equivalents at the end of the period	4,062	3,971

Receipts of 936 million yen

Main proceeds:

- Profit before income taxes 1,500 million yen
- Depreciation 140 million yen

Main payments:

- Income taxes paid 540 million yen
- Decrease in accounts payable 107 million yen

Payments of 624 million yen

Main proceeds:

- Income from cancellation of insurance reserve funds 76 million yen

Main payments:

- Expenditure on investment securities 499 million yen
- Expenditure on acquisition of intangible assets 109 million yen

Payments of 401 million yen

Main proceeds:

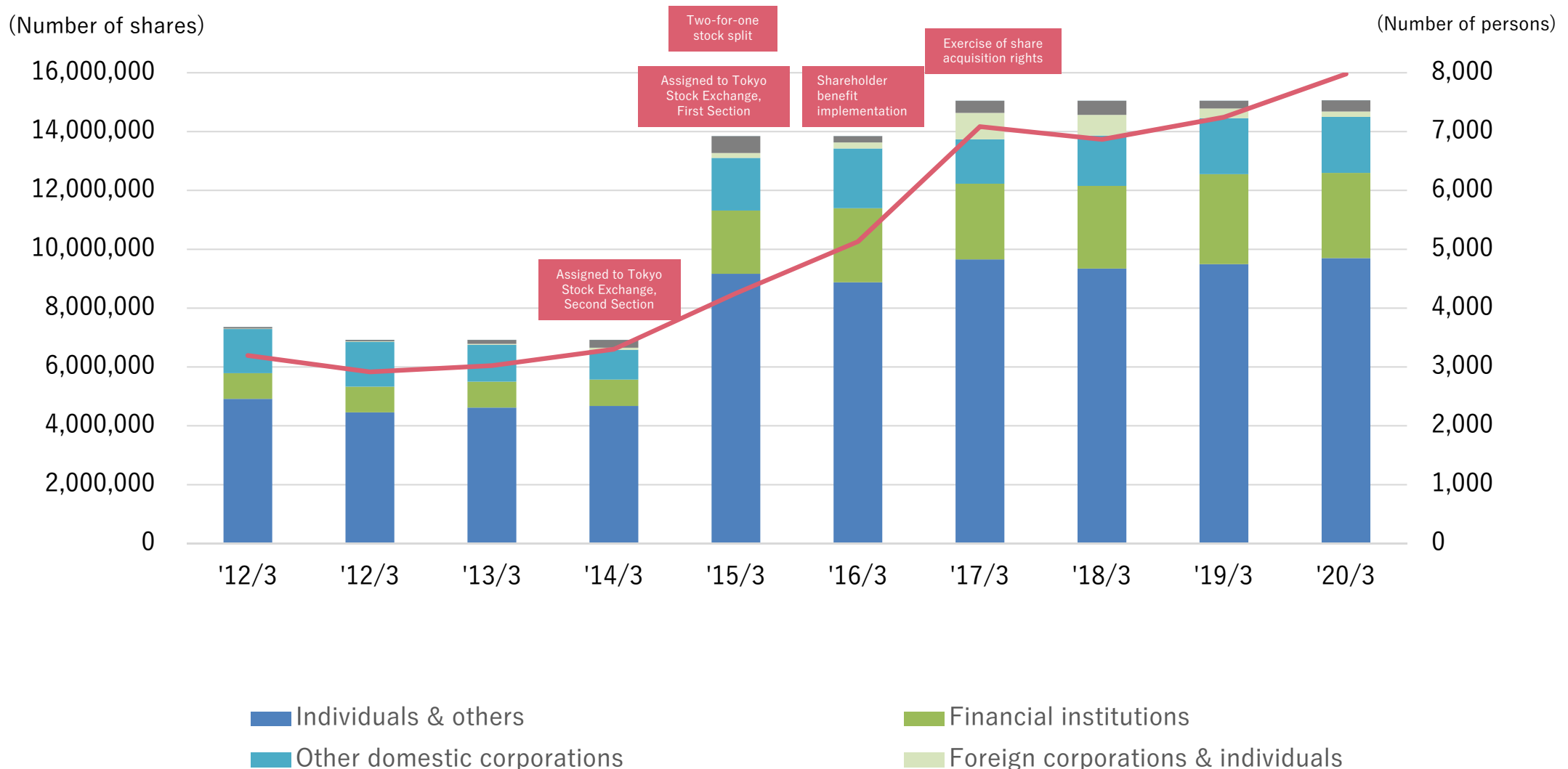
- Proceeds from long-term borrowings 900 million yen
- Net increase in short-term borrowings 200 million yen
- Proceeds from issuance of corporate bonds 197 million yen

Main payments:

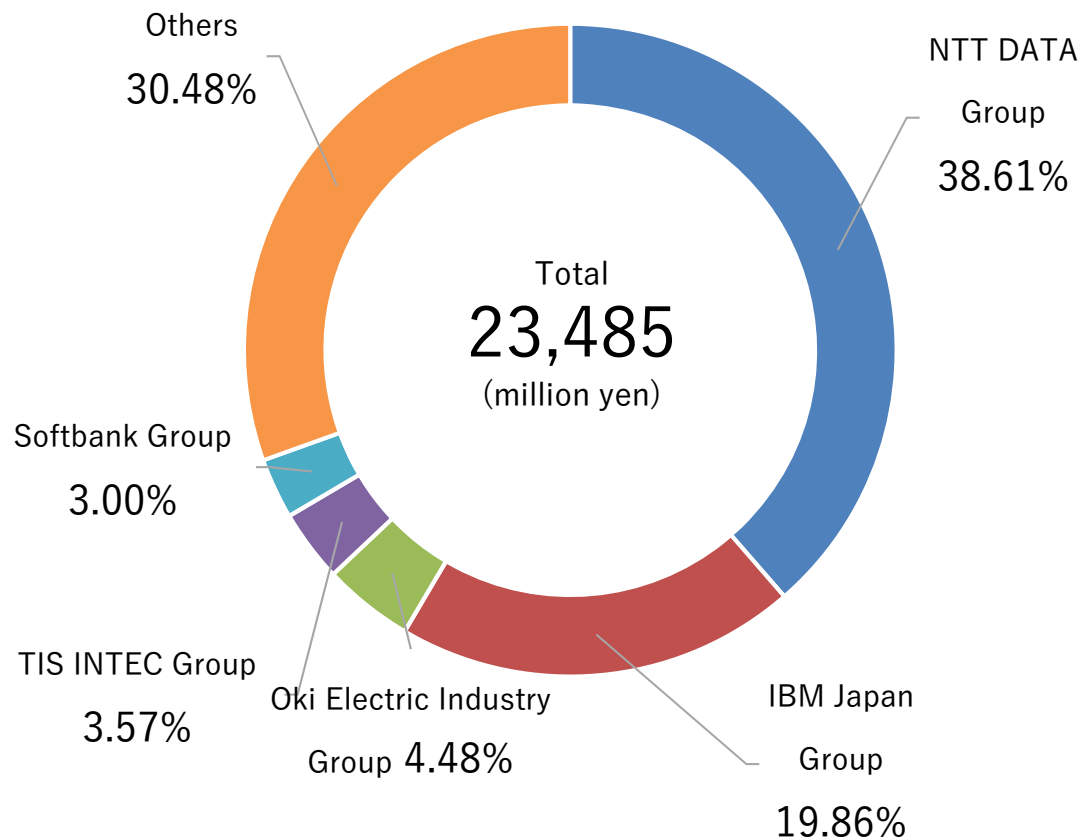
- Repayments of long-term borrowings 760 million yen
- Redemption of corporate bonds 640 million yen
- Dividends paid 299 million yen

Decrease of 90 million yen year-on-year

- ✓ Total number of shareholders at the end of March 2021: 7,979 (up 734 from the end of March 2020)
- ✓ While the number of shares held by foreign shareholders and financial institutions decreased, the number of shares held by individuals and securities firms increased.

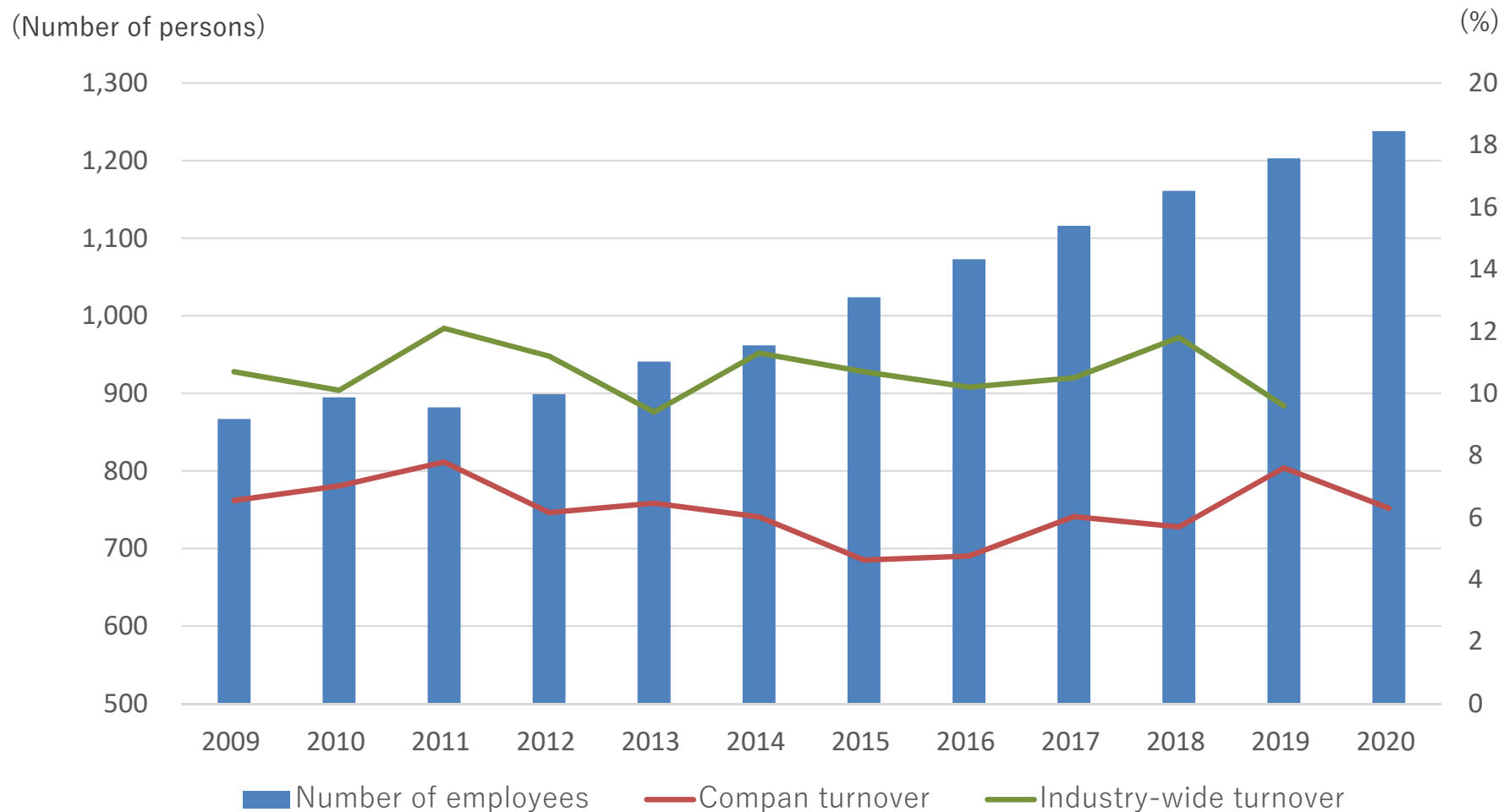


- ✓ Sales to NTT Data-related companies increased in proportion to the growth of public sector-related business
- ✓ No change in the sales order of major customer groups or in friendly partner relations



Customers	FY 03/2021 Net sales (Millions of yen)
NTT DATA Group	9,067
IBM Japan Group	4,663
Oki Electric Industry Group	1,052
TIS INTEC Group	839
Softbank Group	704
Others	7,157
Total	23,485

- ✓ Employee numbers have increased in the IT industry, where competition for human resources is increasing
- ✓ Retention rate has also improved and remains lower than the industry turnover rate



*Turnover rate of IT industry refers to the summary report "Survey on Employment Trends" announced by the Ministry of Health, Labour and Welfare. The turnover rate for 2020 has not been announced yet, so it is not listed.

2

Projections for the Fiscal Year Ending March 2022 (46th Business Year)

- ✓ Projecting record-high sales and profit in FY2022
- ✓ Dividend projections for FY2022 are to pay interim dividends, and bring them to "25.00 yen/share"

	Results of Fiscal Year Ended March 2021 (million yen)	Projections for Fiscal Year Ending March 2022 (million yen)	Year-on-year change (%)
Net sales	23,485	24,500	4.3
Operating income	1,450	1,480	2.1
Ordinary income	1,469	1,500	2.1
Net income	1,025	1,030	0.5

	Results of Fiscal Year Ended March 2021	Projections for Fiscal Year Ending March 2022
Net income per share (yen)	68.08	68.37
Dividend per share (yen)	<div> <div>24.00</div> <div>(Breakdown) Ordinary dividend 20.00</div> <div>Special dividend 4.00</div> </div>	<div> <div>25.00</div> <div>(Breakdown) Interim dividend 5.00</div> <div>Year-end dividend 20.00</div> </div>
Dividend payout ratio (%)	35.3	36.6

3 Supplementary Information: Current Topics

2020
4/7

Join IoT Sensor and Device Partnership Program with IoT Gateway Manufacturer Plat'Home

- ✓ We have extensive experience in providing indoor location tracking systems for goods and personnel using our compact FCS1301 or timbe BLE beacons that are easily attached to clothing or carried in a pocket.
- ✓ We aim to boost installation numbers of our BLE beacons by strengthening our marketing, sales and support systems.

2020
5/25

Development Work Launched on AI Analysis of Coronary Artery Imaging for Ischemic Heart Disease

- ✓ With Professor Shinke of Showa University School of Medicine's Division of Cardiology and Micron, Inc., we began research on coronary artery imaging software that utilizes AI image analysis to examine the interior of coronary arteries in cases of coronary heart disease.
- ✓ In the future, AI image analysis is expected to be adopted on a wider scale, not only for ischemic heart disease but for many other diseases.
- ✓ The goal is for the software to be put to use on-site in the medical field in 2021.

2020
7/30

First in brain-related nuclear medicine - Joint research aims to use AI imaging to reduce examination time to approx. one-fifth

- ✓ Scanning in radiation-based examinations, which normally takes 30 to 45 minutes, takes 5 minutes. AI then generates an image with the same diagnostic accuracy as usual.
- ✓ In addition to reducing the burden on patients, this is expected to have many benefits, including improving the working and examination efficiency of medical staff, and making more effective use of expensive equipment.

2020
10/20

Entrusted with the development of a product safety support system that utilizes the natural language processing of AI

- ✓ Reduce the burden on staff involved in the management and analysis of a huge amount of accident data at the National Institute of Technology and Evaluation's Product Safety Center, and streamline operations.
- ✓ Utilize the AI natural language processing know-how we have accumulated through endeavors such as "Research into Teacher Data Generation Systems (2019)" and "Introduction of Software Developed to Create Q&A Data From Inquiry Responses (2020)."

2020
10/23

Revolutionizing online communication001 An industry first - Visualize group work discussions in real time

- ✓ We will be adding functions that enable the state of group work to be comprehended in real time through features such as the visualization of discussions, generation of subtitles, notifications, integrated display of aggregated data to Hylable's technology that displays group discussions in texts and graphs.
- ✓ Instructors in remote areas will be brought closer to online class participants, improving user satisfaction and the quality of education and training programs.

2020
11/16

Business and capital alliance formed with FRONTEO, Inc. Promoting DX in the medical field with language AI and imaging AI

- ✓ The combination of our two companies' strengths in AI will lead to the development of systems for predicting the onset of cardiovascular disease, innovation in treatment methods, and prediction of patient trends after the onset of a disease
- ✓ Aiming to solve social issues such as improving the QOL of patients with target diseases and reducing the burden of medical personnel

2020
12/1

Strategic expansion of SAP-related businesses

- ✓ Signed SAP PartnerEdge agreement with SAP Japan Co. In addition, we acquired a SAP-related business
- ✓ Enables direct delivery of SAP products and related services to customers
- ✓ Proposal to promote digital business with core systems in addition to existing ERP-related business
- ✓ Expand business and develop more competitive and advanced system solutions

2021
2/10

Broadleaf's new core system renewed with ERP package software "Biz ∫ "

- ✓ Realizing IT governance reinforcement, work style reform through business efficiency improvement, and business management sophistication in the entire Broadleaf Group through the "Zero Customize" system renewal
- ✓ Continue to promote Broadleaf's DX, including business process improvement and business model reform

2021
3/29

Aiming to make estimating health risks from DNA "flaws" a healthcare service by 2023

- ✓ Started joint research with Ibaraki University and Dinow Co.
- ✓ Focus Systems is responsible for the construction of databases with a high degree of in-house security and the development of estimating software
- ✓ Aiming to create a wide range of solutions in the future, such as new health care services that will be useful for the prevention of cancer and aging by estimating health risks of such conditions from DNA "flaws"

2021
4/15

Business cooperation agreement with Osaka Prefecture Participate in "Osaka Prefecture DX Promotion Partners"

- ✓ DX for SMEs with "issues" related to data and technology
- ✓ Provide solutions that contribute to DX promotion as an "Osaka Prefecture DX Promotion Partner"

2021
4/26

Metis. Co. Ltd. became an affiliate through the equity method

- ✓ Metis has a wide network of human resources in India and is familiar with Japanese business practices. They are also capable of providing new business development support, software development, and engineer dispatch services that use advanced technologies such as AI, IoT, and Big Data with Japan-level quality
- ✓ Aiming to enhance corporate value in the mid- to long-term through the creation of new solutions for the Japanese market by utilizing India's pioneering technologies

4 Supplementary Information: Company Outline

Line of business	Software development and IT services Security product development, sales, and service provision
Head office	2-7-8 Higashi Gotanda, Focus Gotanda Bldg., Shinagawa-ku, Tokyo
Business offices	Tokyo, Osaka, Nagoya
Capital	2,900 million yen
Exchange listings	Tokyo Stock Exchange, First Section (Securities Code: 4662)
Employees	1,237 (as of March 31, 2021)

1977	Focus Systems Corporation established for the purpose of software development
1978	Starts doing business with Oki Electric Industry Co., Ltd., and initiates software development work on electronic switchboards
1988	Starts doing business with Nippon Telegraph and Telephone Corporation (now NTT DATA Corporation) and begins providing services for the development of systems for government and other public agencies
1996	OTC share registration with the Japan Securities Dealers Association (now Tokyo Stock Exchange JASDAQ Standard)
1997	Commences business with IBM Japan, Ltd. and begins system operation/maintenance and infrastructure technology support business
1999	Starts information security business
2004	Starts selling products for digital forensics, a new field of information security
2015	Exchange listing changed to Tokyo Stock Exchange, Second Section
2016	Listing designation changed to Tokyo Stock Exchange, First Section

フォーカスシステムズの技術は、さまざまなシーンで社会を支えています。

サイバーセキュリティ

サイバー攻撃に対する防御や事後対応、
ハイクラス犯罪調査ソリューション

Web アプリケーション

システム共通基盤（intra-mart 等）、ERP パッケージ
を用いた、ソリューション提案から開発、保守運用

通信制御システム

携帯電話基地局、ルータやゲート
ウェイなど、通信制御装置の
ファームウェアの開発



社会保険システム

全国の年金事務所をつなぐ
年金制度を支えるシステムの開発

電子行政システム

行政サービスの電子化に伴う
システムの開発

暗号技術

電子情報を漏洩や改ざん
などのリスクから守る
ための次世代暗号技術

航空管制システム

管制官が使用する、いわば
「空の信号機」システムの開発



貿易流通システム

輸出入に関する手続きを
処理するシステムの開発

Beacon 開発

Bluetooth® Smart 規格に準拠した
薄型ウェアラブルデバイスの製造、
ソリューション提案からアプリケー
ション開発

RPA

ロボットによる業務自動化により、
生産効率を上げるソリューション

福祉介護システム

要介護者が受けている介護内容を
管理するシステムの開発

自動車登録システム

車、バイク等の所有者や車検状況を
管理するシステムの開発

医療事務システム

診療を受けた時の診療報酬の
電算処理システムの開発

金融機関向けシステム

メガバンク向け顧客管理
システムの開発や新銀行の基盤構築





Triple FOCUS

1st FOCUS

System Integration

Focus Systems provides comprehensive system integration at information system introduction, spanning the range from information system planning and development consistent with customers' business purposes through to the running of systems.

2nd FOCUS

IT Services

Focus Systems designs and builds infrastructures and provides technical and operational support to enhance system availability and reliability.

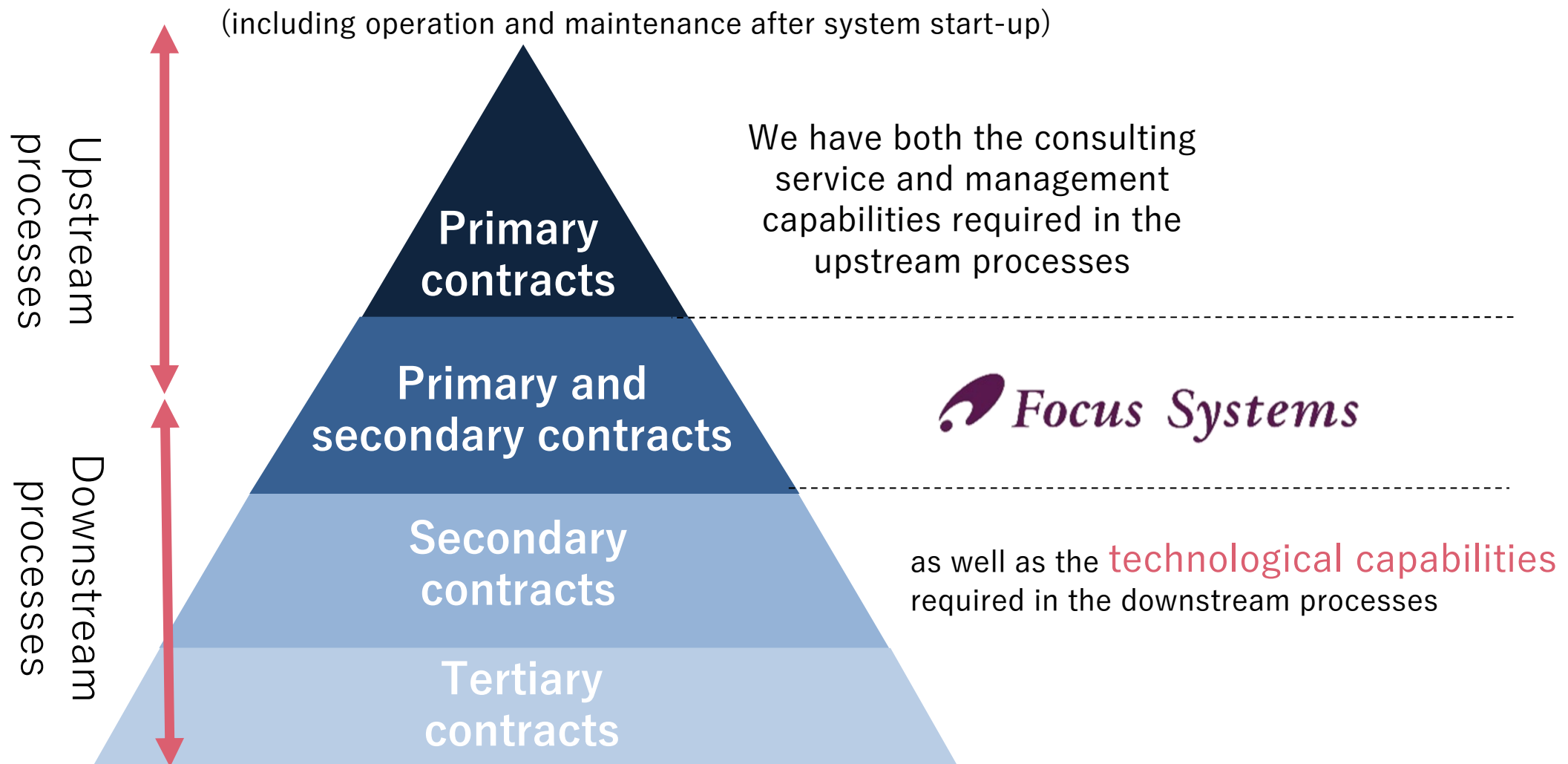
3rd FOCUS

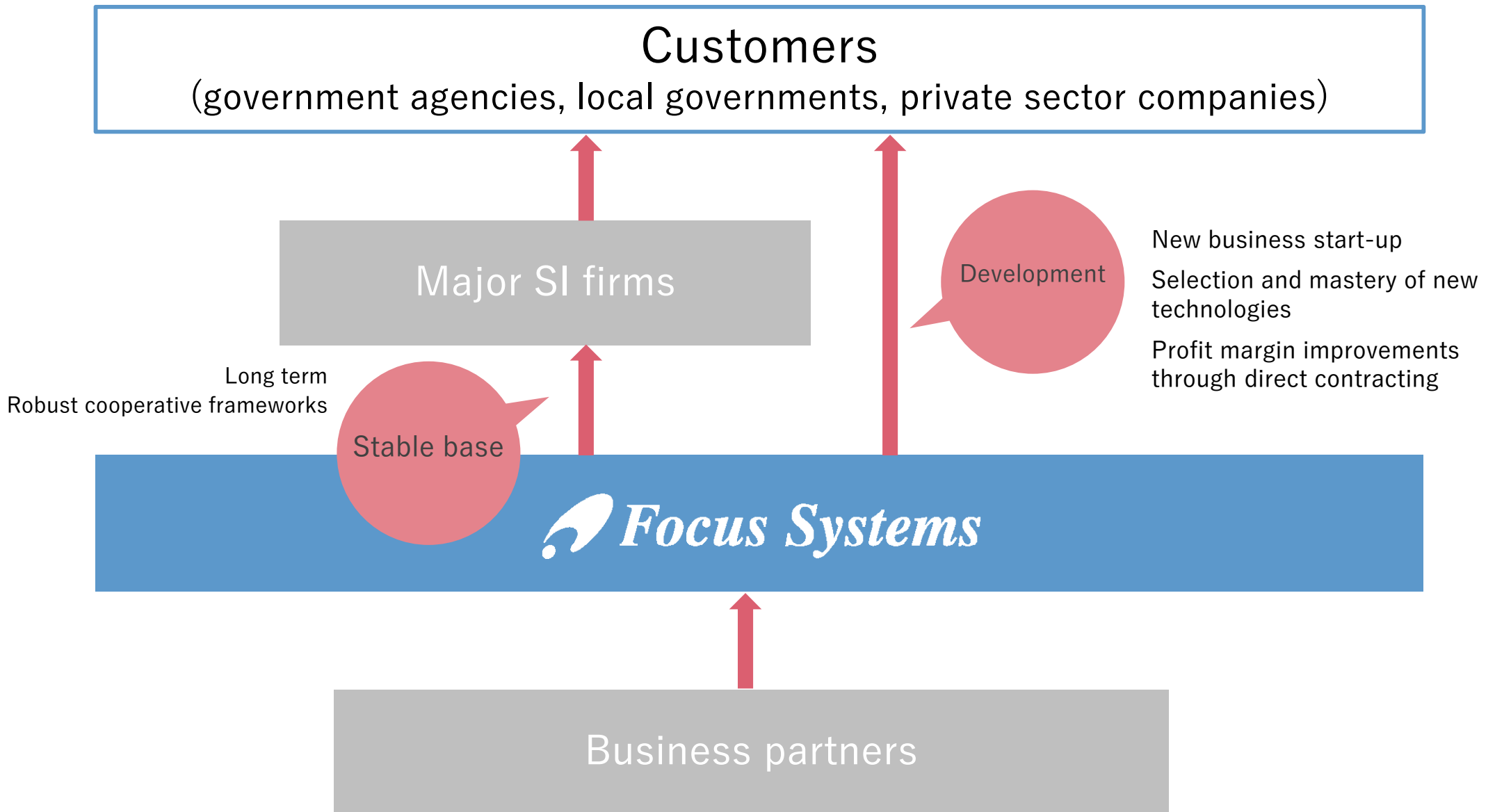
Information Security

Focus Systems provides customers with information risk control through information security technologies such as encryption, and digital watermarks.

Focus Systems is an independent system integrator (SI)

Processes range from **upstream to downstream** and projects from **small to large**





Public sector business

- ▶ Engaging in projects for public sector services that cannot be stopped
- ▶ Commercial opportunities in system lifecycles (accommodation of legislative revisions, system renewals)
- ▶ In-depth expert knowledge and ample track record grown over many years

Enterprise business

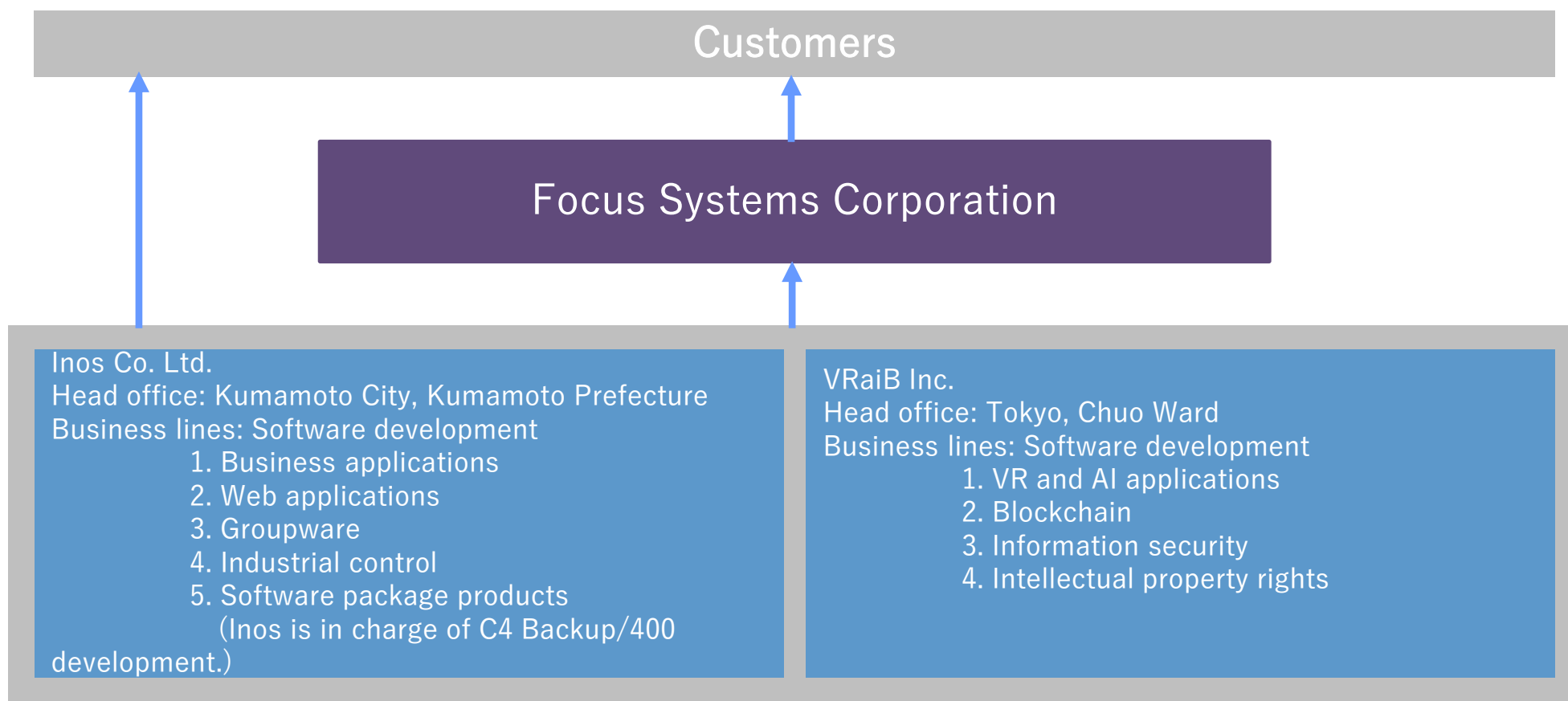
- ▶ Ability to think outside the box and offer propositions beyond the boundaries of industry
- ▶ Entering into new technological fields that create new value
- ▶ Stable revenue base realized through infrastructure businesses

Wide-ranging solutions

- ▶ Tackling a wide range of business fields in Tokyo, Nagoya, and Osaka
- ▶ Responding to a wide range of technologies in all business fields
- ▶ A stable foundation maintained from the company's original business

Innovation

- ▶ Supporting social innovation from behind the scenes
- ▶ Strong development capabilities that have built a stable foundation
- ▶ Paving the way for the future by developing in-house products (e.g. IoT products, cryptography, digital watermarking)



Affiliated company (as of March 2021)

Company name	Equity (%)	Sales (thousand yen)	Ordinary income (thousand yen)	Net income (thousand yen)
Inos Co. Ltd.	20.0	1,295,242	98,782	75,439
VRaiB Inc.	20.0	3,721	▲1,834	95



Work-Life Balance

1 Systems for shortened working days or reduced working hours

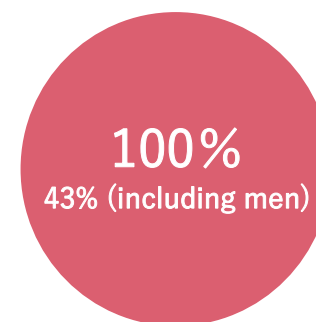
- ... Systems for helping employees reconcile work duties with child care or elder care. Employees can choose shortened working days (3 days a week) or reduced working hours (choice of 5 hours or 6 hours per day). Employees are eligible for the systems until their children become 3rd grade students in elementary school or until employees no longer need to provide nursing care.

* A combination of systems and the flex time system is allowed.

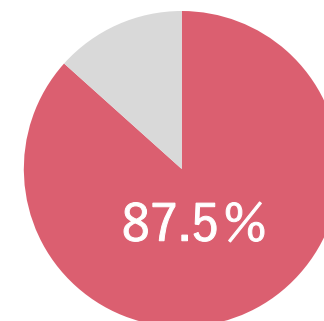
Kurumin (child-rearing support) certified



Usage percentage of shortened working days/reduced working hours after childcare leave



Percentage of employees who return to work after childcare leave



* As of March 31, 2021

2 "Job Return" system (re-employment system)

- ... Re-employment is possible within 10 years of resignation due to a life event (marriage, childbirth, or child rearing) or for career advancement (overseas study or change of employer)

3 Flextime system

- ... helps employees work based on their lifestyles

Diversity

1

Occupational Field Creation

... In 2015, we began producing vegetables through hydroponics, aiming at creating new fields of employment for persons with disabilities. Currently, we are also promoting the development of clerical work areas. (See next page for "Changes in Responses to the Employment Rate System for Persons with Disabilities.") These initiatives are posted on our blog "[Public Relations for Persons with Disabilities \(Focus NAVI\)](https://magazine.focus-s.com/category/news/pwd_pr/)."



Focus NAVI
Public relations for



https://magazine.focus-s.com/category/news/pwd_pr/

2

Women's Initiatives

... We are conducting career support seminars for female employees, diversity management seminars for supervisors, and other interactive initiatives to increase the number of women in management positions.



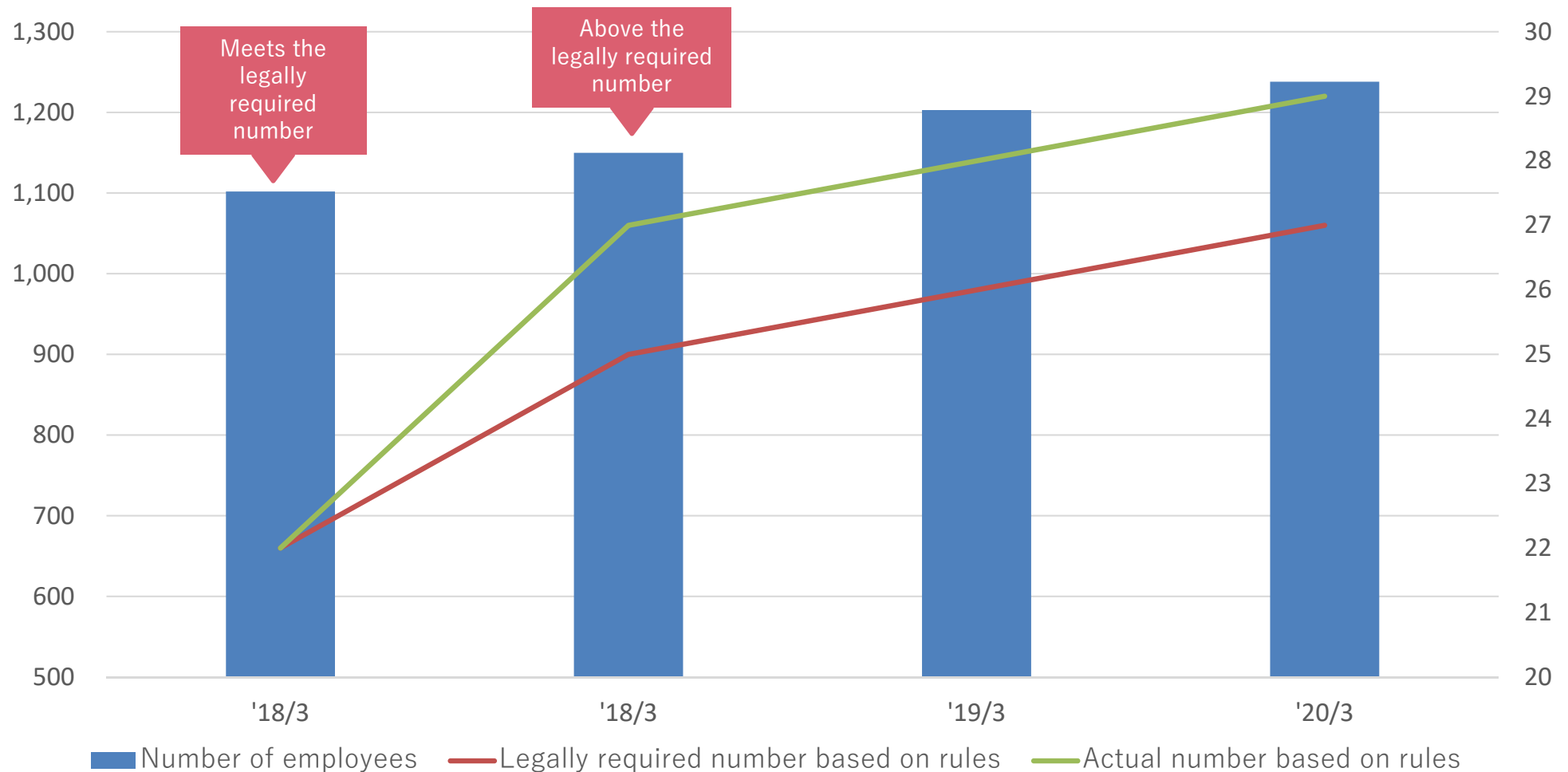
Eruboshi (Female employee career promotion)

We are certified as an "Eruboshi" company, meaning an outstanding company based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

- ✓ We created new fields of agricultural and office jobs, and improved the environment that allows many persons with disabilities to work for many years.
- ✓ We provided employees with internal training programs that help deepen their understanding of working with persons with disabilities, and strengthened systems that embrace them.

(Number of persons)

(Number counted based on rules)





We were selected by the Ministry of Economy, Trade and Industry and the Japan Health Council as a company with good health management in their "Corporations with Exceeding Health Management 2020 (large-scale corporate division)" certificate.

1 Support for club activities

... To promote the health of employees, the Company supports club activities. Currently around 150 employees are enrolled in 9 types of club activities.



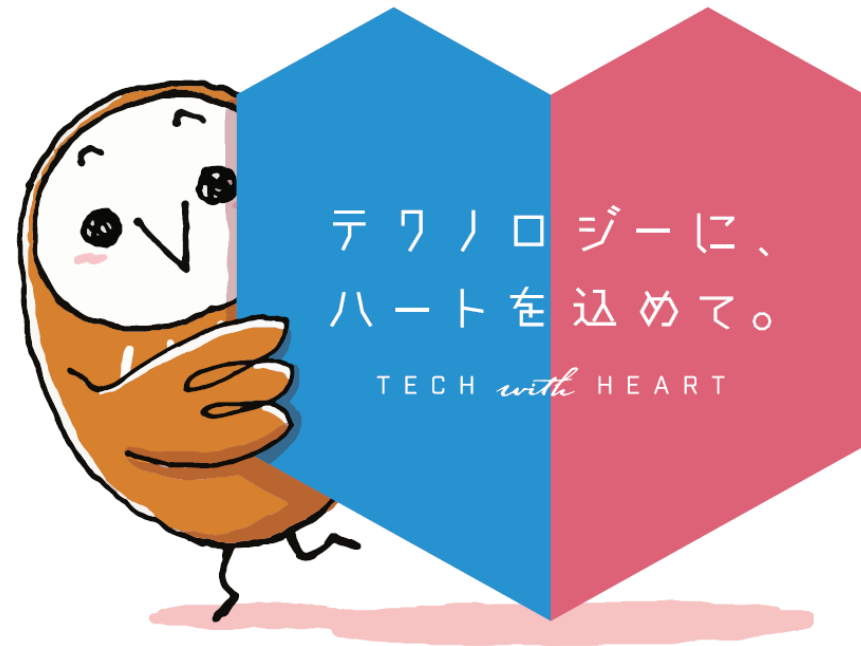
2 Health maintenance seminars

... Yoga & Healing Seminars to be held in FY2021
In FY2022, we plan to hold seminars on improving dietary habits and preventing stiff shoulders and back pain



We are implementing initiatives to ensure that our employees lead both physically and mentally healthy lives.

Focus Systems sincerely requests
the continued guidance and
support of all stakeholders.



This document is based on information available as of March 31, 2021, and on assumptions as of the same date concerning uncertain factors affecting future financial results.
Actual financial results may materially differ from projections due to various factors in the future.
Consequently, Focus Systems Corporation does not guarantee any certainty.