



# Financial Results Presentation for the Second Quarter of the Fiscal Year Ending March 2023 (47th Business Year)

November 11, 2022

Focus Systems Corporation  
(Securities Code: 4662)

1	Financial Results for the Second Quarter of the Fiscal Year Ending March 2023 (47th Business Year)	p.3
2	Projections for the Fiscal Year Ending March 2023 (47th Business Year)	p.13
3	Supplementary Information: Current Topics	p.16
4	Supplementary Information: Company Outline	p.19

# 1 Financial Results for the Second Quarter of the Fiscal Year Ending March 2023 (47th Business Year)

Net sales and income both reached record highs in the first half of the fiscal year

(Unit: Million yen)

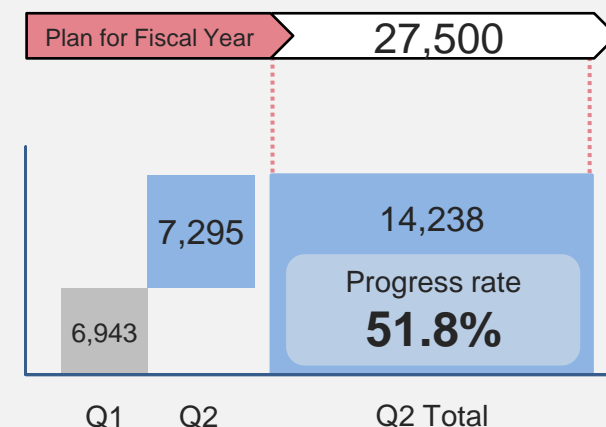
	FY2022				FY2023		Year-on-year change	
	Q1 Results	Q2 Results	Q3 Results	Entire financial year Results	Q1 Results	Q2 Results	Amount	Ratio
Net sales	6,031	<b>12,489</b>	19,255	26,278	6,943	<b>14,238</b>	1,749	<b>14.0%</b>
Operating income	302	<b>821</b>	1,367	1,640	489	<b>1,103</b>	282	<b>34.4%</b>
Ordinary income	306	<b>770</b>	1,322	1,600	523	<b>1,165</b>	394	<b>51.3%</b>
Current quarter Net income	204	<b>522</b>	889	1,066	354	<b>797</b>	275	<b>52.8%</b>

## All indicators are exceeding 50% against the plan for fiscal year

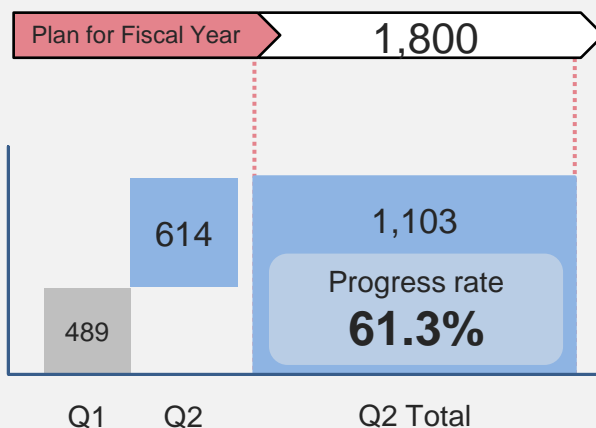
- We made good progress in the second quarter, expanding trade with existing customers and cultivating new customers.
- Compared to previous years, large-scale projects in the developmental phase were concentrated in the first half of the fiscal year.

(Unit: Million yen)

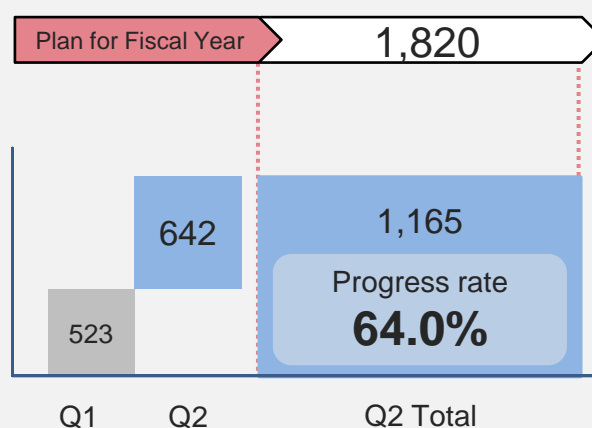
### Net sales



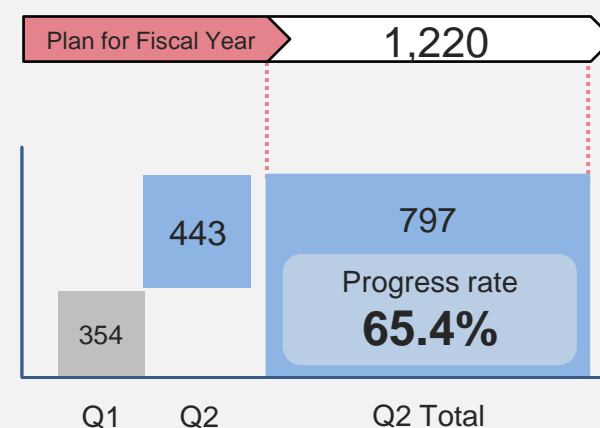
### Operating income



### Ordinary income



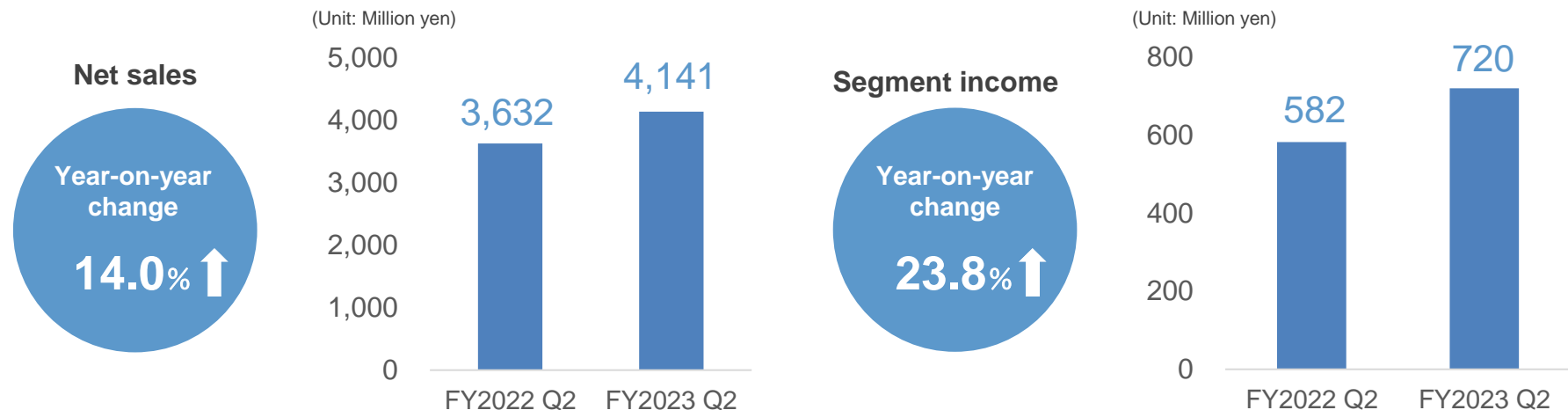
### Current net income



## 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

**Strong-performing existing projects are driving the segment as a whole, alongside an increase in new projects that are also off to a good start.**

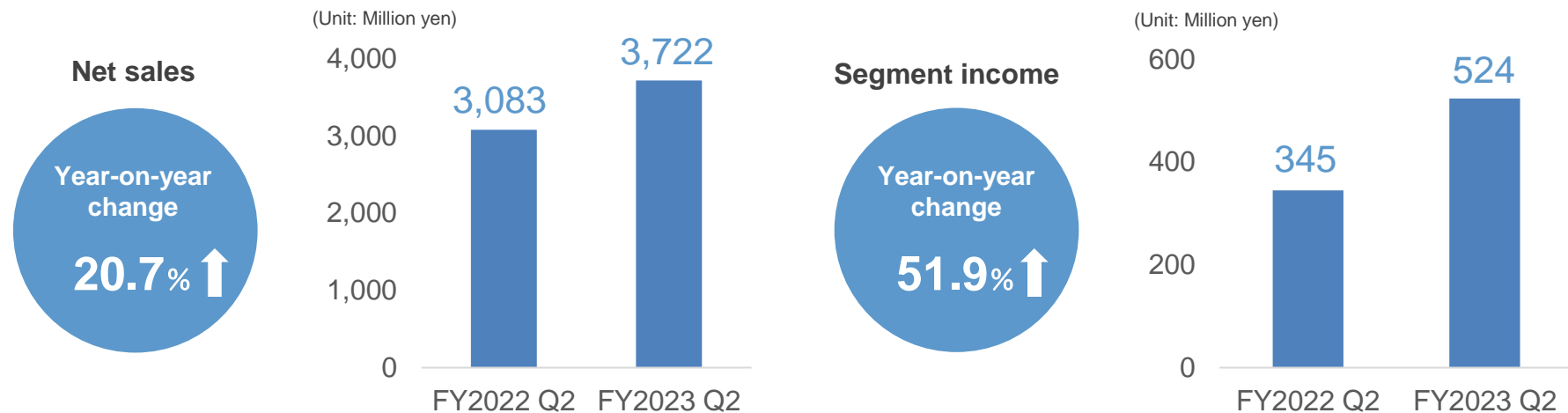


- Following on from the later part of the first half-year, medical projects in the public sector greatly boosted sales and profits.
- The expansion and strengthening of the stable earnings base through large-scale social insurance projects and others, contributed to the segment's performance.

### Enterprise business

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

**Actively acquired primary contract projects for the ERP business, such as intra-mart, BizJ, and SAP, leading to significant growth**

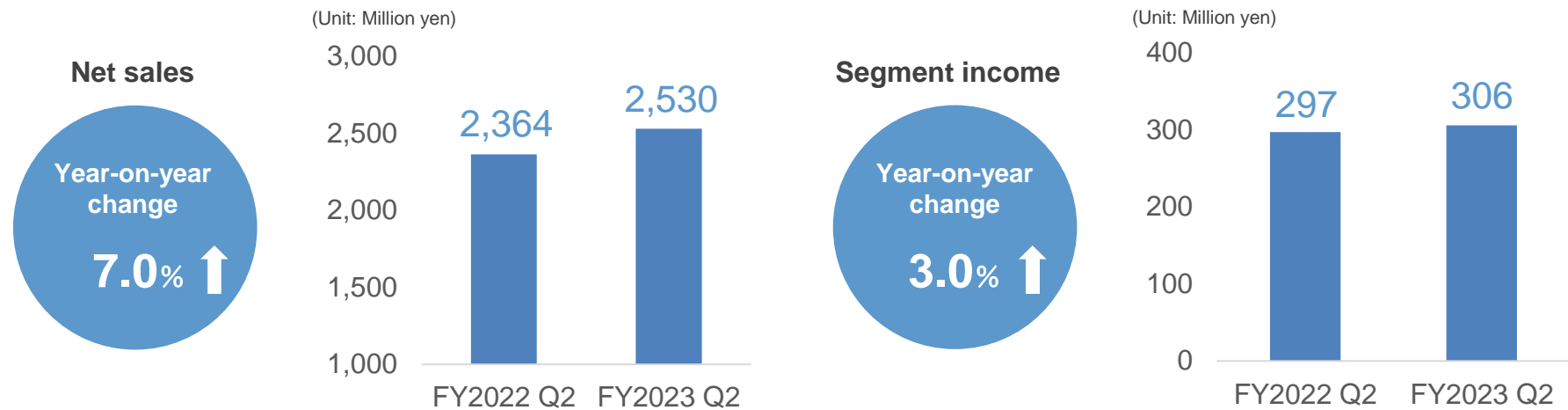


- We actively acquired primary contract projects not only from the private sector, but also from local governments.
- We succeeded in optimizing personnel management and increasing unit price in the projects, thereby increasing profits.

## 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

**Maintained the trend of growth by acquiring low-code development projects, which we have been strategically advancing**



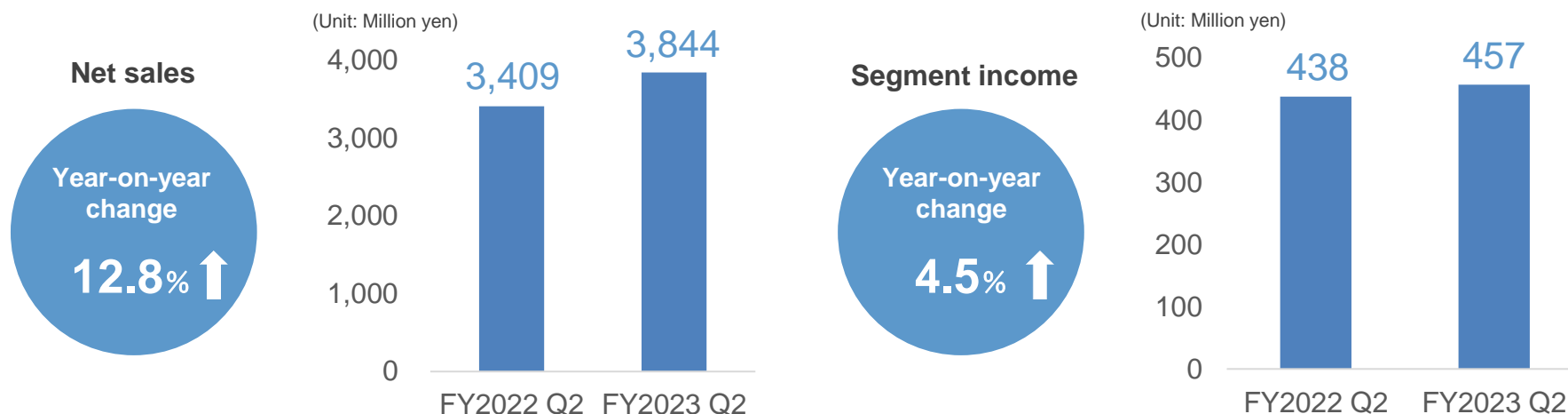
- Costs increased due to the impact of delays in the progress of large-scale projects.
- The additional costs were covered by the favorable performance of low-code development projects, as well as the portfolio we have built up across a wide range of technological areas.



## Innovation

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

**The segment performed well overall, with expansion in both the areas of system development and infrastructure design/construction.**



- The large-scale public development projects that we are working on jointly with IBM Japan expanded smoothly and contributed to sales.  
(Increase in the cost of building a secure development environment)
- Infrastructure design/construction also continued with its strong performance from the first half of the fiscal year.

(Unit: Million yen)

	Previous Fiscal Year	Second Quarter of the Current Fiscal Year
<b>Assets</b>		
Current assets	10,869	11,468
Non-current assets	12,503	8,119
Property, plant, and equipment	3,510	3,516
Intangible assets	155	163
Investments and other assets	8,836	4,439
<b>Total assets</b>	<b>23,372</b>	<b>19,587</b>
<b>Liabilities</b>		
Current liabilities	5,277	5,559
Non-current liabilities	3,330	1,976
<b>Total liabilities</b>	<b>8,608</b>	<b>7,536</b>
<b>Net assets</b>		
Shareholders' equity	9,869	10,349
Capital	2,905	2,905
Capital surplus	2,158	2,167
Retained earnings	5,156	5,622
Treasury shares	(350)	(346)
Valuation difference on available-for-sale securities	4,894	1,701
<b>Total net assets</b>	<b>14,764</b>	<b>12,051</b>
<b>Total liabilities and net assets</b>	<b>23,372</b>	<b>19,587</b>

Decrease of 3,785 million yen year-on-year

Main reasons for increase:

- Increase in cash and deposits 906 million yen
- Increase in work-in-progress 20 million yen

Main reason for decrease:

- Decrease in accounts receivable and contract assets 301 million yen
- Decrease in investment securities 4,601 million yen

Decrease of 1,071 million yen year-on-year

Main reasons for increase:

- Increase in short-term borrowings 320 million yen
- Increase in provision for bonuses 216 million yen

Main reason for decrease:

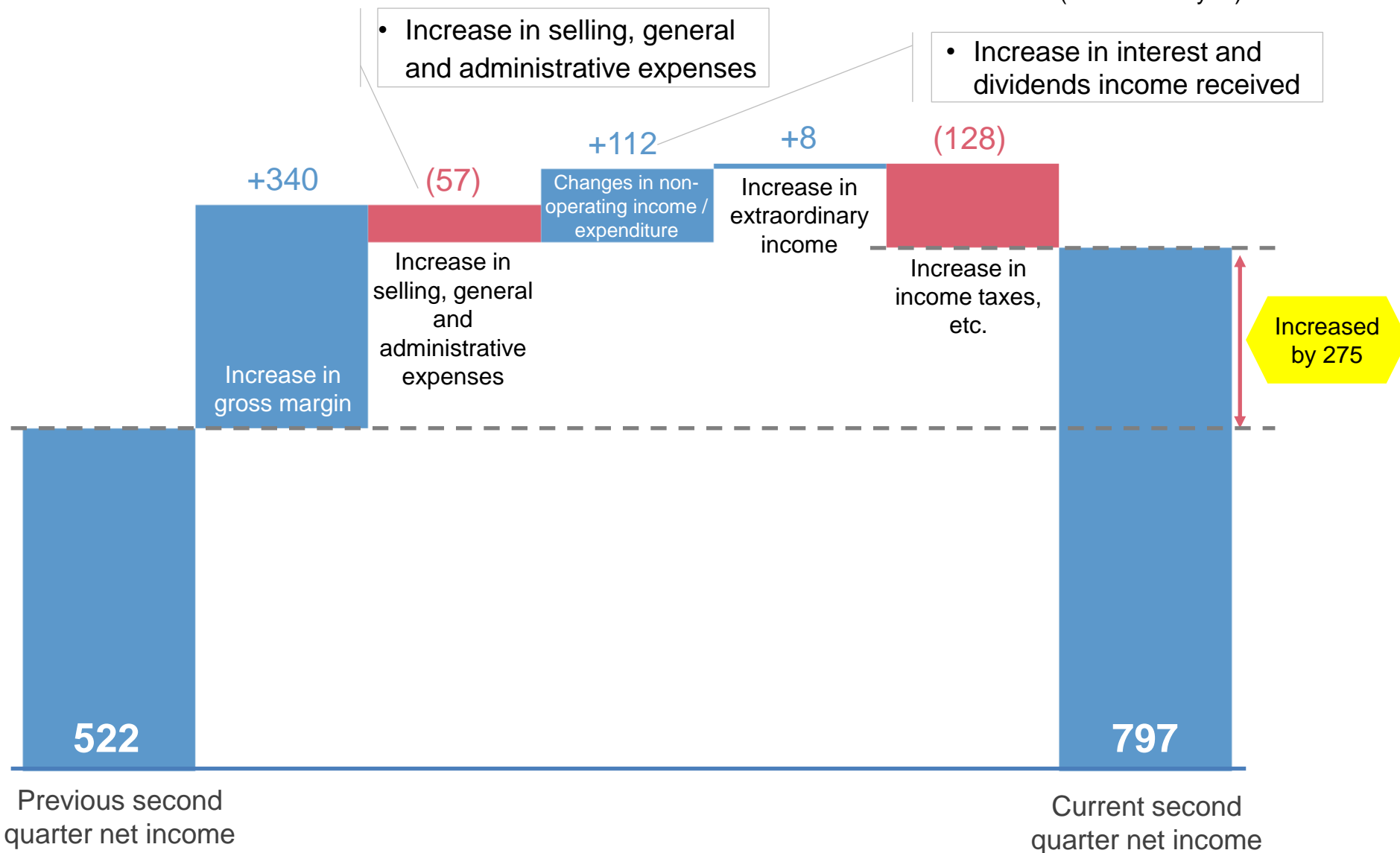
- Decrease in deferred tax liabilities 1,408 million yen

Decrease of 3,785 million yen year-on-year

Main reason for decrease:

- Decrease in valuation difference on available-for-sale securities 3,193 million yen

(Unit: Million yen)



- Increase in selling, general and administrative expenses

- Increase in interest and dividends income received

Increase in selling, general and administrative expenses

Changes in non-operating income / expenditure

Increase in extraordinary income

Increase in income taxes, etc.

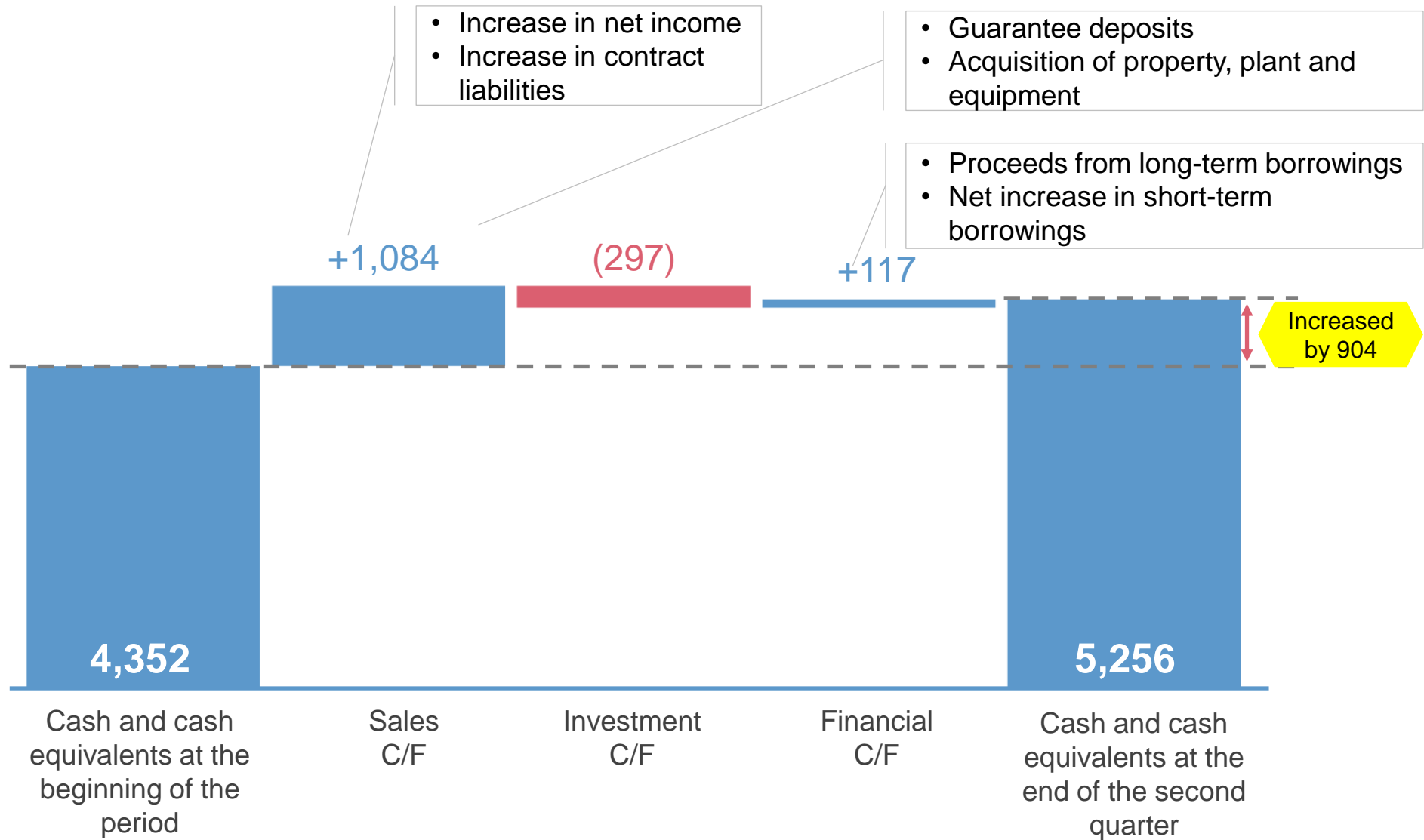
Increase in gross margin

Increased by 275

Previous second quarter net income

Current second quarter net income

(Unit: Million yen)



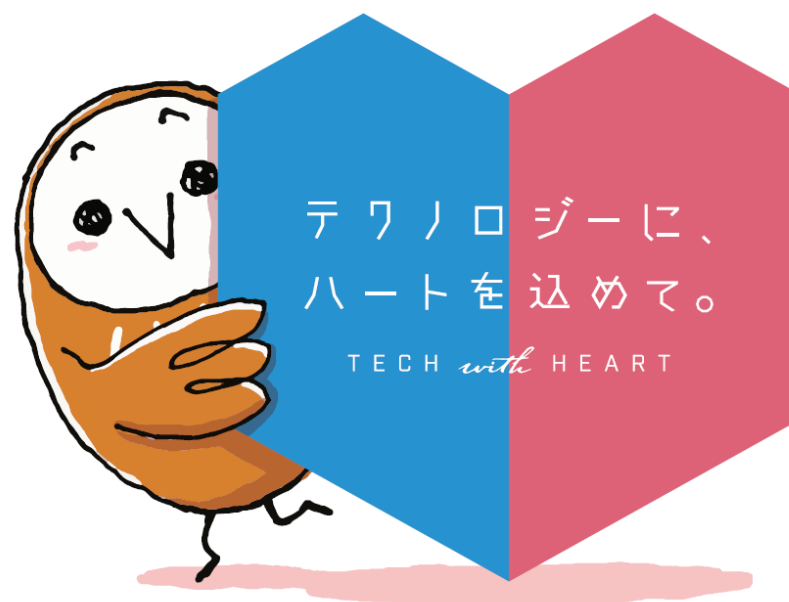
## 2 Projections for the Fiscal Year Ending March 2023 (47th Business Year)

- Projections remain as they stand in view of factors such as the greater emphasis on the first half of the current fiscal year and plans to relocate some offices.
- For the current fiscal year, an interim dividend was paid. The annual dividend per share is expected to be 30.00 yen.

	FY2022 results (million yen)	FY2023 projections (million yen)	Year-on-year change (%)
Net sales	26,278	27,500	4.6
Operating income	1,640	1,800	9.7
Ordinary income	1,600	1,820	13.7
Net income	1,066	1,220	14.4

	FY2022 results	FY2023 projections
Net income per share (yen)	70.76	80.86
Dividend per share (yen)	27.00	30.00
	(Breakdown) Interim dividend 5.00	(Breakdown) Interim dividend 5.00
	Ordinary dividend 20.00	Year-end dividend 25.00
	Commemorative dividend 2.00	
Dividend payout ratio (%)	38.2	37.1

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



This document is based on information available as of November 11, 2022, 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.

## 3 Supplementary Information: Current Topics



## Products & Services

Eight-Japan Engineering Consultants Inc. adopts multiple SAP solutions  
— Focus Systems heads system construction of "RISE with SAP S/4HANA Cloud" —

## Products & Services

Training Associate Agreement with UiPath  
— Developing the market for companies with sales of less than 500 billion yen —

## Products & Services

Developing the DX Market for SMEs in the trade industry  
— Focus Systems and TradeWaltz collaborate to integrate Beyond TheBook and TradeWaltz —

### Our products

## Products & Services

Focus Systems receives Biz[AWARD 2022 Special Award for accepting consecutive prime project orders

## Products & Services

IoT positioning technology used in Shiga Prefectural Project to Promote Local Use of Emerging Technologies

### Our products

— Delivering more Omi Beef to dining tables —

## Products & Services

Focus Systems wins intra-mart Special Project Award 2022 for its achievements in projects delivered to government agencies and educational institutions

## "Initiatives for the Future"

Showcasing our efforts to engage with broader fields through technology on our website

### Medical treatment

Joint research with the Gynecology and Obstetrics Department of the Graduate School of Medicine, Kyoto University

#### **Femtech app to promote improvement in symptoms through self-care**

A smartphone app that aids in evaluating the condition toward symptom improvement, by recording the symptoms of PMS/PMDD, which are conditions that affect only women.

### Medical treatment

Joint research with the Radiation Department of Yokohama City University Hospital and the Faculty of Global Management of Chuo University

#### **Eye-tracking measurements in CT scans**

A system that supports the efficient detection of incidental findings, toward improving patients' prognosis and quality of life.

### Agriculture

#### Our products

Joint research with the University of Shiga Prefecture, Shiga Prefectural Livestock Technology Promotion Center, and tiwaki Co., Ltd.

#### **Laborsaving in calf production through IoT devices**

Realizing the early detection of diseases and injuries in calves, and contributing to the promotion of digital transformation and laborsaving in the livestock industry, through the introduction of IoT products

## 4 Supplementary Information: Company Outline

Line of business	Software development and provision of 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	2.9 billion yen
Exchange listings	Tokyo Stock Exchange Prime Market (Securities Code: 4662)
Employees	1,265 (as of March 31, 2022)

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
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	Listing changed to Tokyo Stock Exchange, Second Section
2016	Listing designation changed to Tokyo Stock Exchange, First Section
2022	Listing on Tokyo Stock Exchange Prime Market

**Focus Systems** support society and people's lives.



**01**

### **Public sector**

**Social infrastructure,  
etc.**

**02**

### **Enterprise business**

**Enterprise resource  
planning (ERP), cloud,  
web applications, etc.**

**03**

### **Wide-ranging solutions**

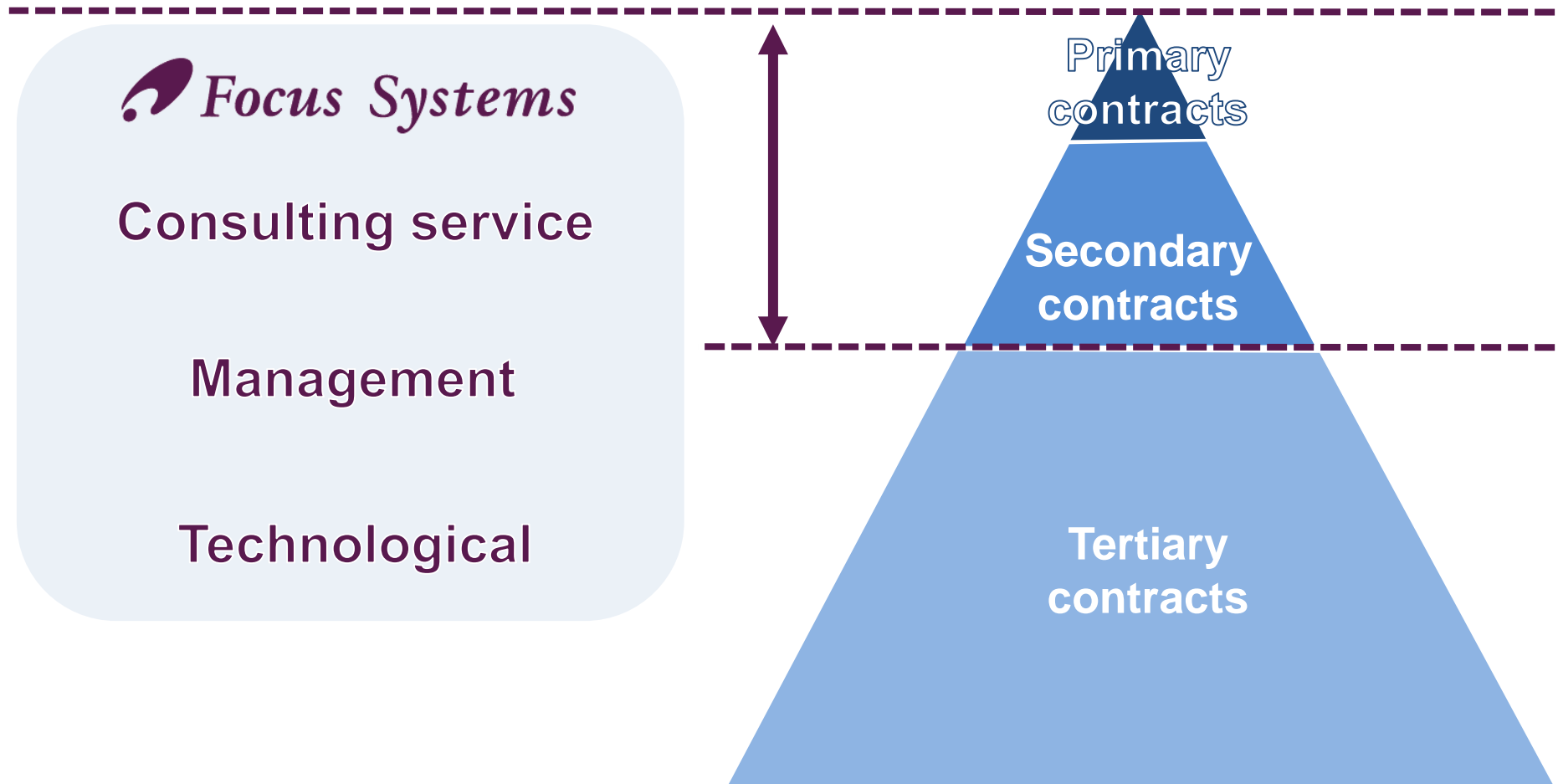
**Communication  
control, embedded  
systems, AI solutions,  
etc.**

**04**

### **Innovation**

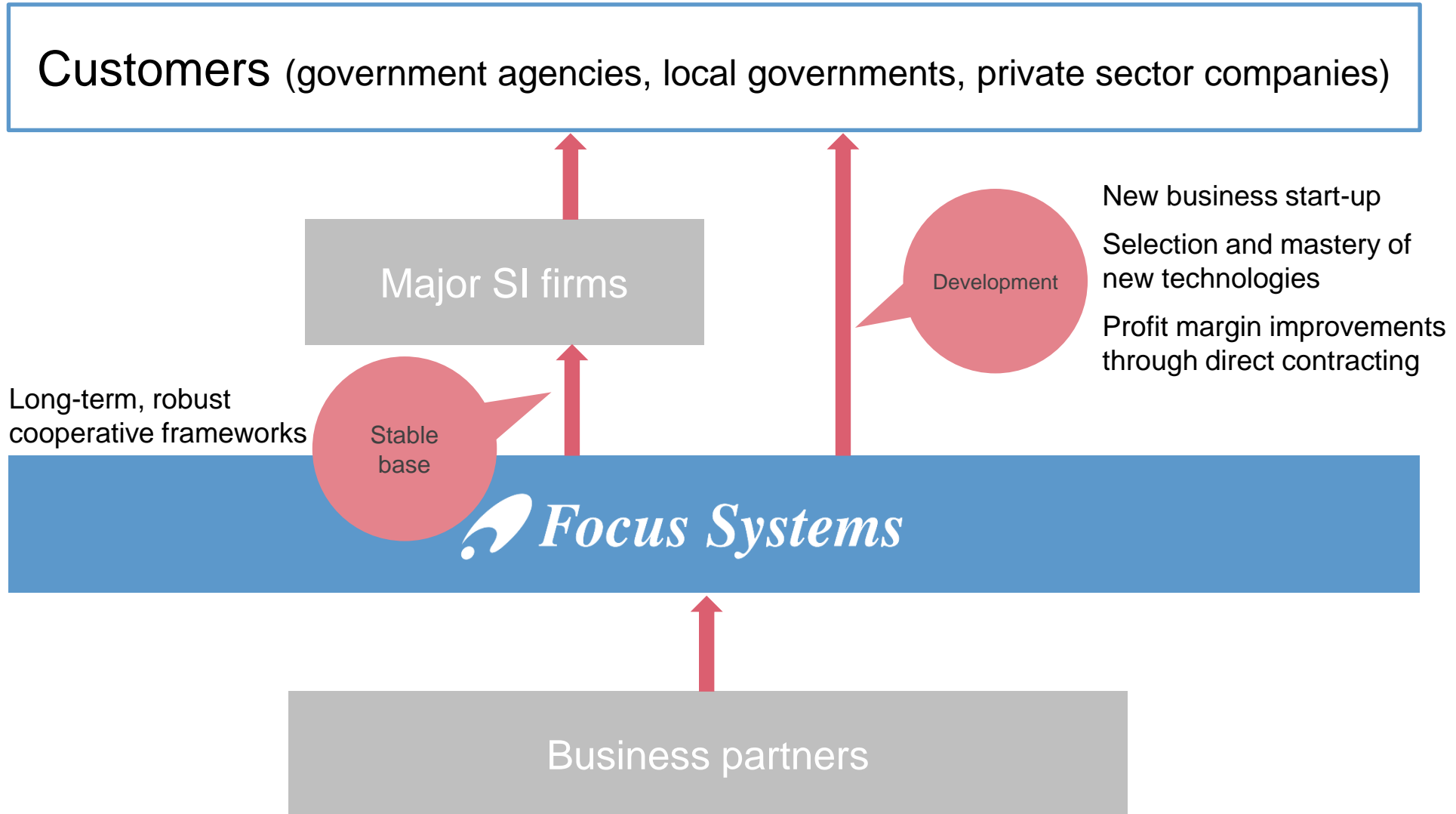
**Infrastructure, IoT,  
information security, etc.**

- Focus Systems is an independent system integrator (SI).
- We possess consulting service capabilities required in the upstream processes as well as technological capabilities required in the downstream processes.

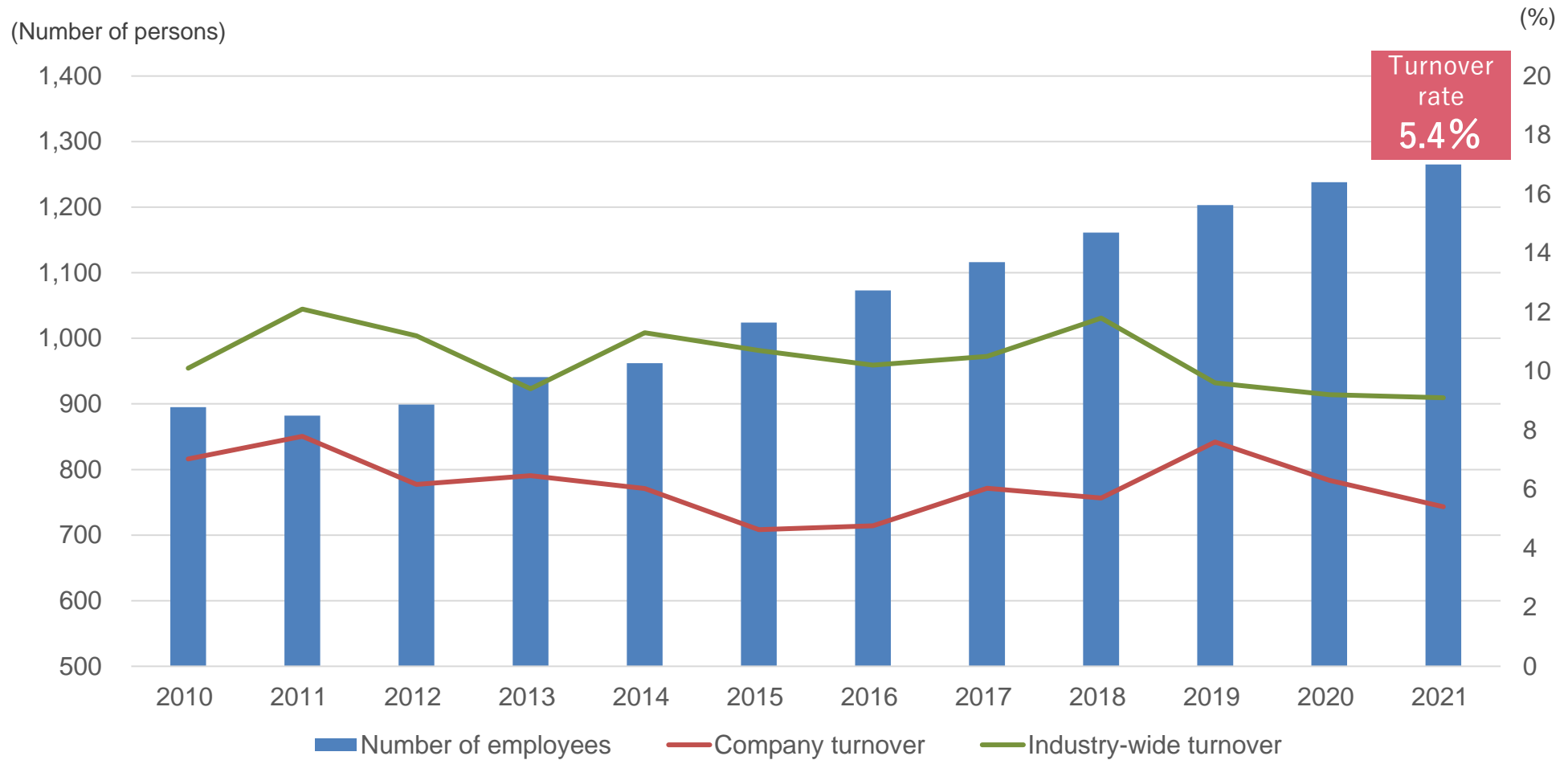


	Independent system integrator	System integrator whose parent company does not manufacture computers	System integrator whose parent company manufactures computers
Outline	Management and capital independence	Subsidiary company that develops information systems Former systems department of a trading/finance company	Computer company Hardware company
Strengths	Wide-ranging and free business fields Cultivating our own assets	Utilization of the parent company's know-how Stable business foundation	Utilization of the parent company's hardware Solution proposals Stable business foundation
Weaknesses	All self-supporting management Development of customers & BPs Accumulation of intellectual property Strengthening of management base & finance	Limited areas of expertise Narrow business domains	Constrained by the parent company





- Strengthened measures to increase awareness of the Company's draws, including improved information disclosure to both new graduates and mid-career job seekers
- Reduction of post-employment placement mismatches has led to a steady decline in turnover



\*The industry turnover rate is extracted from the "Survey on Employment Trends" (Ministry of Health, Labour and Welfare).

\*Our turnover rate is based on the fiscal year, while the industry turnover rate is based on the calendar year.

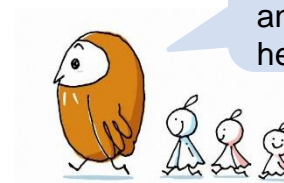


We were selected by the Ministry of Economy, Trade and Industry and the Japan Health Council as a company with good health management in their "Corporations with Exceeding Health Management 2022 (large-scale corporate division)" certificate.

- 1 **Support for club activities** ... We support employees' participation in club activities in order to promote their health. Currently, about 150 employees are enrolled in 9 types of club activities.



- 2 **Health maintenance seminars** ... We conduct theme-based seminars on how to stay physically and mentally healthy, including seminars on improving dietary habits, preventing stiff shoulders and backaches, mindfulness training, and yoga and healing seminars, among others.



Efforts to promote the understanding of the health risks of smoking and measures to improve mental health have also been undertaken.

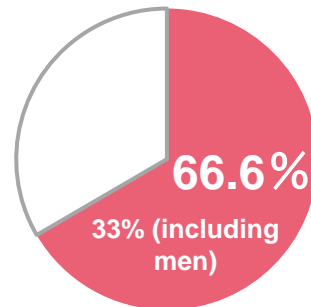
## Work-Life Balance

- 1 Systems for shortened working days or reduced working hours
  - ... Systems for helping employees balance work duties with childcare or eldercare. 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 reach the third grade in elementary school or until they are no longer required to do nursing care.
  - \*A combination of these systems and the flextime system is also possible.

Kurumin (child-rearing support) certified

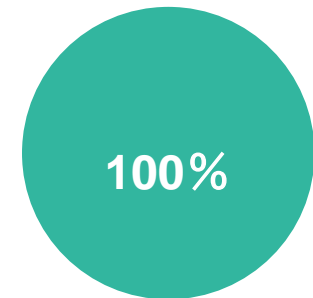


Percentage of employees who use shortened working days/reduced working hours after childcare leave



\* As of March 31, 2022

Percentage of employees who return to work after childcare leave



- 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
  - ... This 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. We have now established farms in Chiba and Ibaraki Prefectures, providing employment to persons with disabilities who wish to engage in agricultural work.



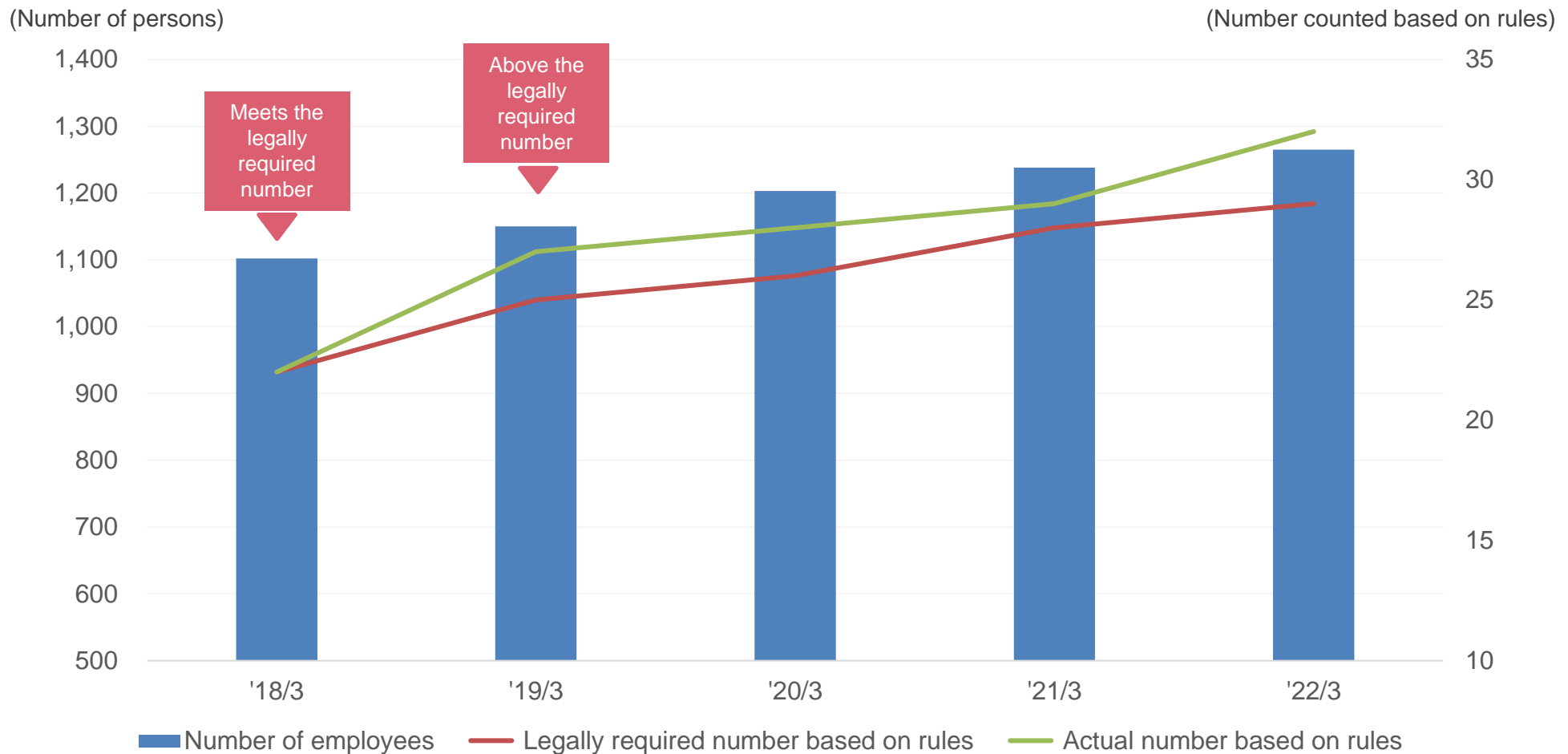
- 2 Information exchange for female employees ... This initiative provides career planning support for young women by communicating work styles and the like.



### Eruboshi (Female employee career promotion)

We are certified as an "Eruboshi" company for being 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 work, and improved work environments so that a large number of persons with disabilities could find sustained work.
- We provided employees with internal training programs that help deepen their understanding of working with persons with disabilities, and strengthened systems that embrace them.



Mascot Character

## "Fukue-san"

In order to draw people closer to Focus Systems and the world of information systems, we use Fukue-san to send out information about our business, employees and the future.



LINESTOREで検索!!

ふくえさん

