



Financial Results Presentation for the Second Quarter of the Fiscal Year Ending March 2024 (FY2024,Q2 | 48th Business Year)

November 21, 2023

Focus Systems Corporation
(Securities Code: 4662)



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Achieved record high sales, but profit for the six months declined at all levels year on year

(Unit: Million yen)

FY2023

FY2024

Year-on-year change

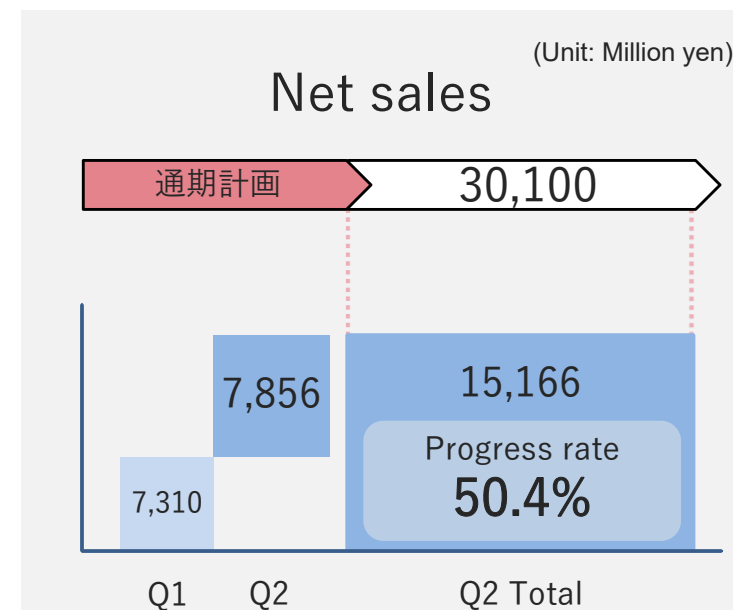
	FY2023				FY2024		Year-on-year change	
	Q1 Results	Q2 Results	Q3 Results	Entire financial year Results	Q1 Results	Q2 Results	Amount	Ratio
Net sales	6,943	14,238	21,415	29,124	7,310	15,166	927	6.5%
Operating income	489	1,103	1,585	1,894	236	651	▲452	▲41.0%
Ordinary income	523	1,165	1,654	1,911	217	644	▲520	▲44.7%
Current quarter Net income	354	797	1,126	1,390	148	439	▲358	▲44.9%

Year-to-date performance vs. Annual Plan was weak (Net Sales >50%; Profit at all levels >30%)

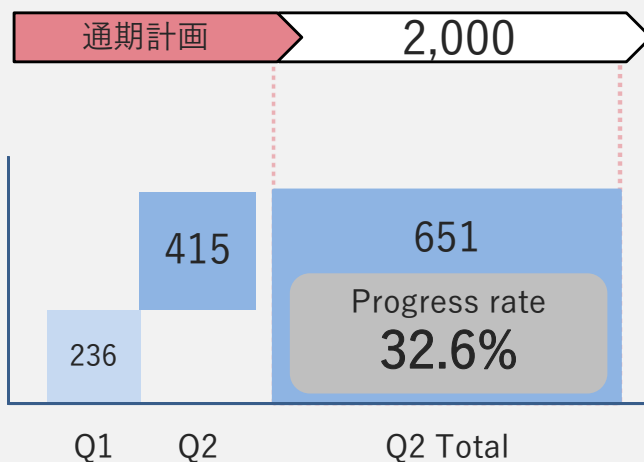
In Q2, succeeded in reducing year-on-year profit decline from Q1, but still requiring major effort

► Major Factors

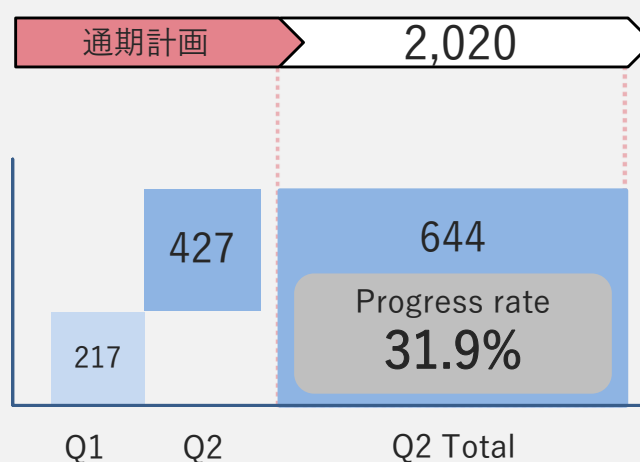
- Unprofitable contract that surfaced in Q1
- Year-on-year profit decline was magnified due to profit in previous fiscal year being heavily weighted to first six months



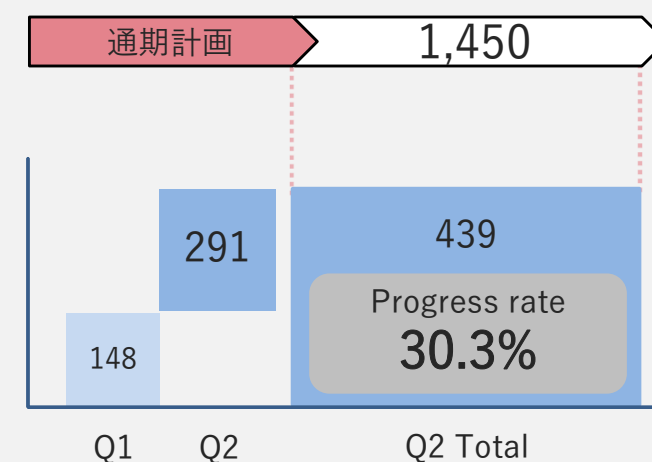
Operating income



Ordinary income



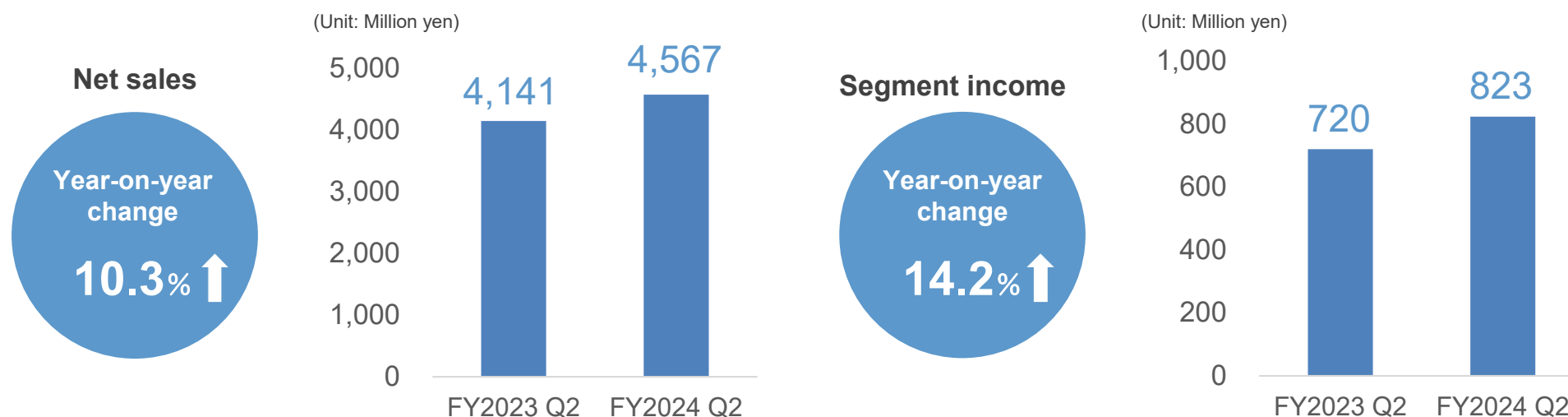
Current net income



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 execution of new and existing businesses across the entire segment, driving both Company net sales and profit



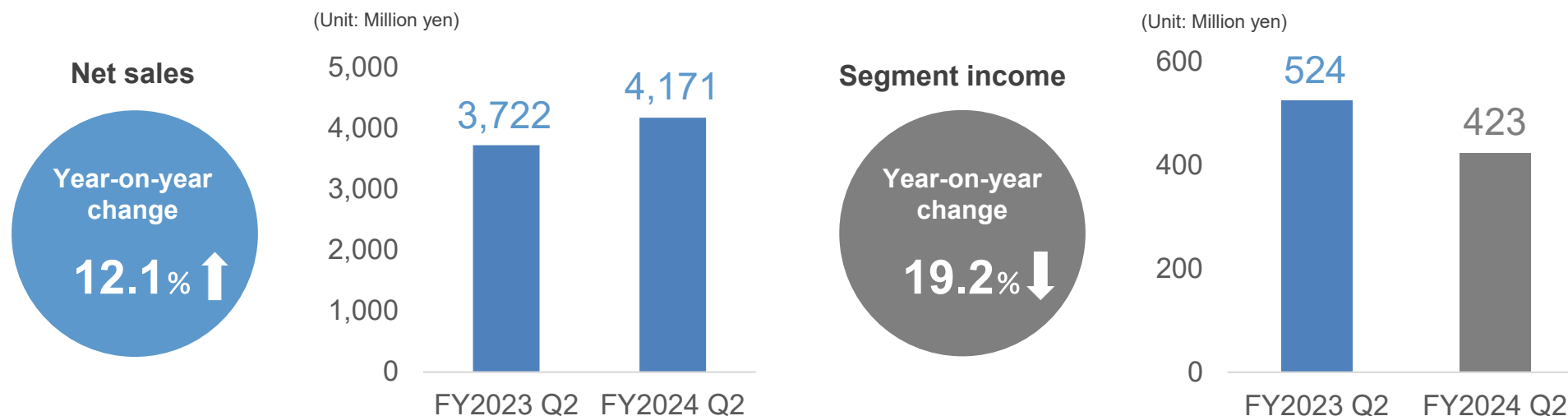
IRobust performance from existing projects (projects related to automobiles, Individual Number (My Number), and the central governmental agencies' move to cashless payment)

IProfit opportunities generating from NTT DOCOMO-related and other new projects

Enterprise business

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

Robust net sales, but fell short of matching strong profit performance in corresponding six months of previous fiscal year



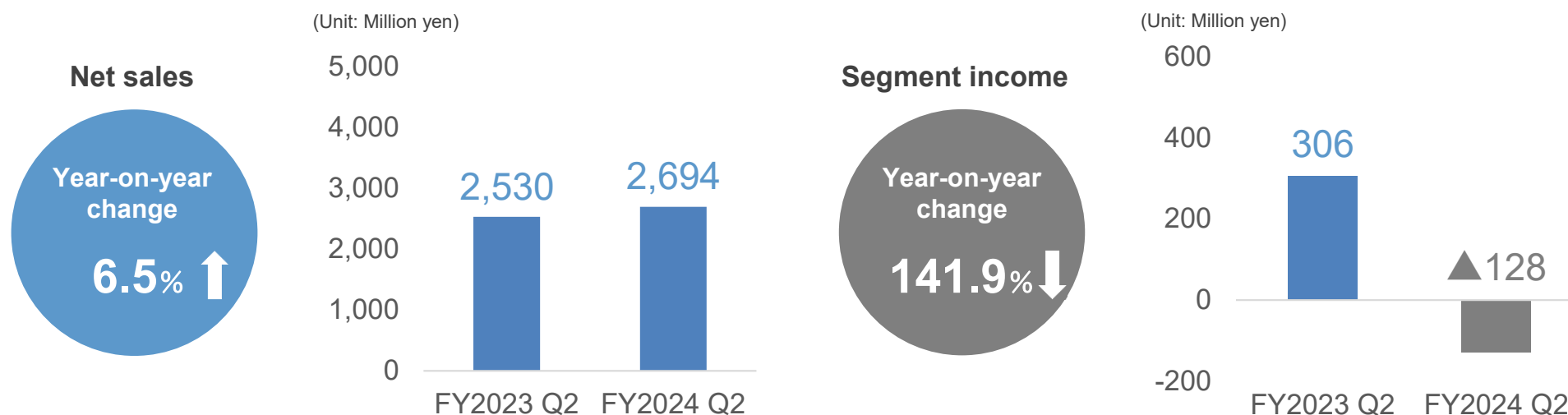
I Strong performance of Infrastructure business driving improvement of profit levels

II Increased prime contractor projects in ERP business, but fell short of matching strong project margin ratio that drove profit in corresponding six months of previous fiscal year

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

Despite increased net sales, profit fell significantly owing to increased labor, outsourcing and other expenses associated with the unprofitable contract



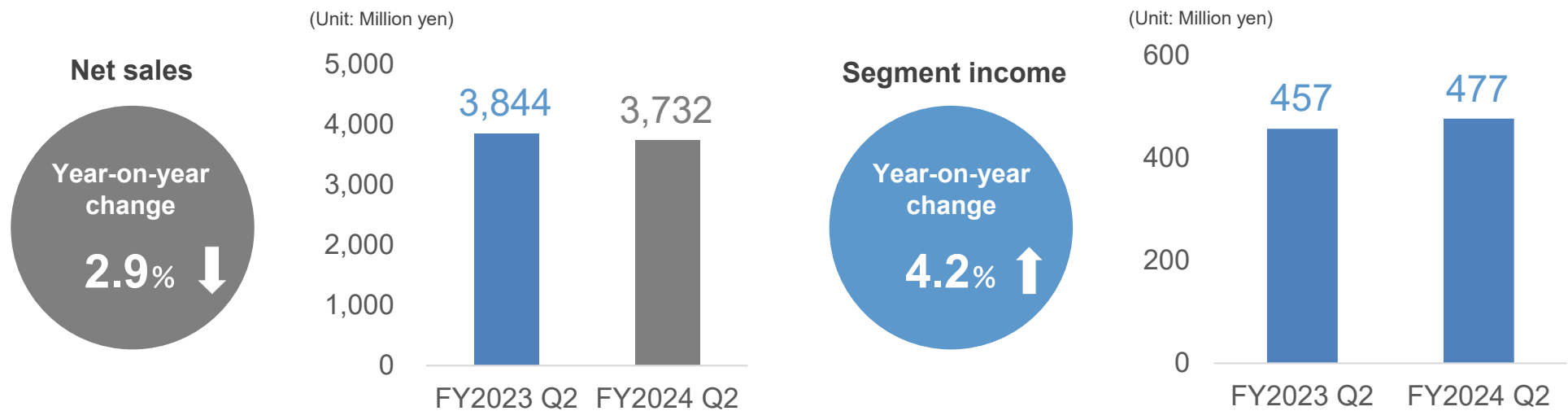
IProject costs revised based on monitored actual costs. Services to be launched within current fiscal year.

IOther businesses within the segment including low-code development projects continuing to boost

Innovation

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

Achieved year-on-year profit improvement despite the effects of the strong profit performance in corresponding six months of previous fiscal year



Infrastructure business continued its strong performance from Q1.

Steady performance of mainframe systems business and growth of integrated business platform business were the driving forces of the increased profit.

(Unit: Million yen)

	Previous Fiscal Year	Second Quarter of the Current Fiscal Year
Assets		
Current assets	11,875	11,939
Non-current assets	8,541	7,934
Property, plant, and equipment	3,649	3,614
Intangible assets	159	138
Investments and other assets	4,731	4,180
Total assets	20,417	19,873
Liabilities		
Current liabilities	5,841	5,816
Non-current liabilities	1,761	1,636
Total liabilities	7,603	7,452
Net assets		
Shareholders' equity	10,867	10,867
Capital	2,905	2,905
Capital surplus	2,167	2,177
Retained earnings	6,140	6,126
Treasury shares	△346	△342
Valuation difference on available-for-sale securities	1,946	1,552
Total net assets	12,814	12,420
Total liabilities and net assets	20,417	19,873

Decrease of 543 million yen year-on-year

Main reasons for increase:

- Increase in cash and deposits 71 million yen
- Increase in work-in-progress 90 million yen

Main reason for decrease:

- Decrease in investment securities 571 million yen

Decrease of 150 million yen year-on-year

Main reasons for increase:

- Increase in short-term borrowings 179 million yen
- Increase in provision for bonuses 257 million yen

Main reason for decrease:

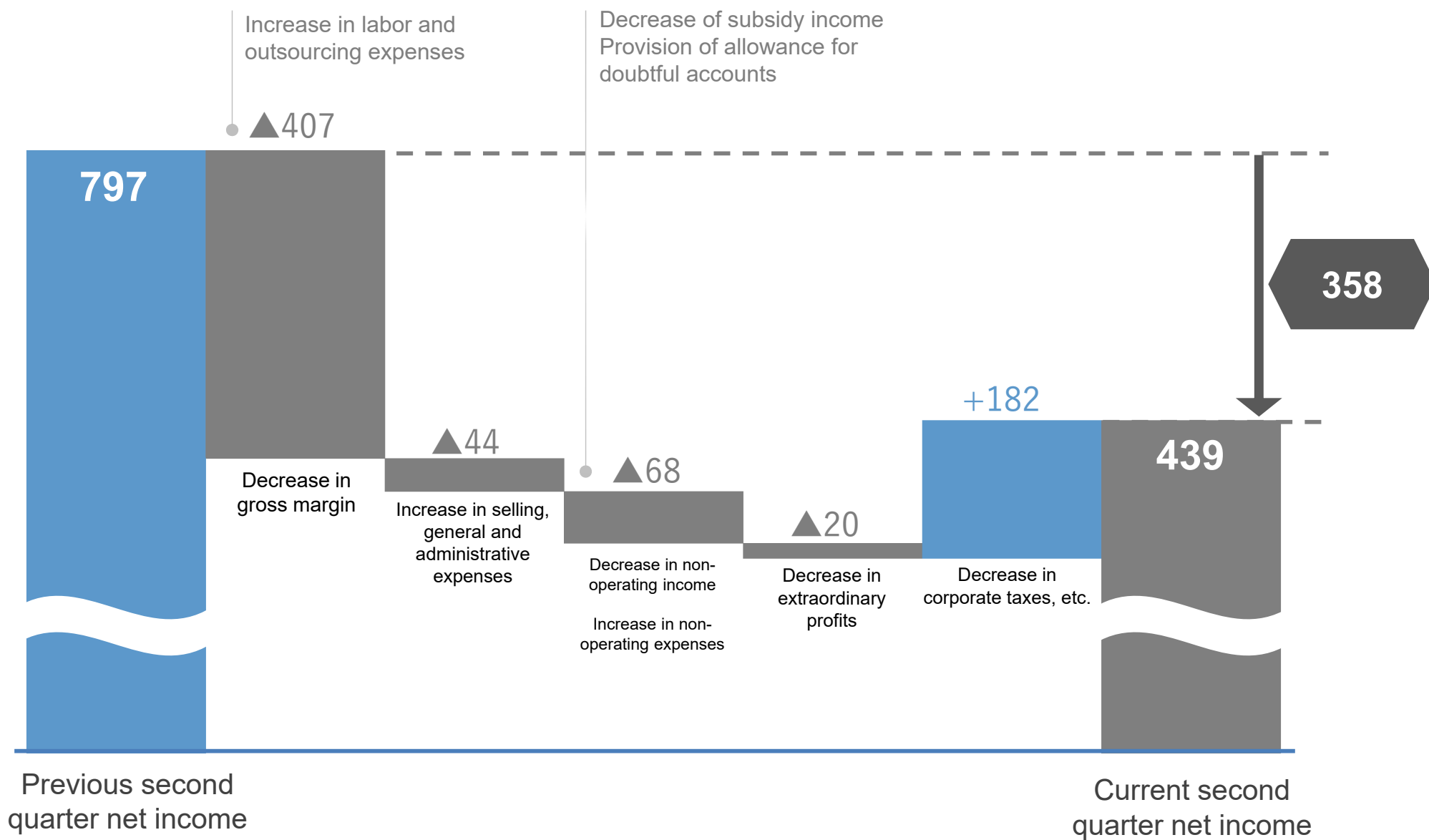
- Decrease in accounts payable 448 million yen

Decrease of 393 million yen year-on-year

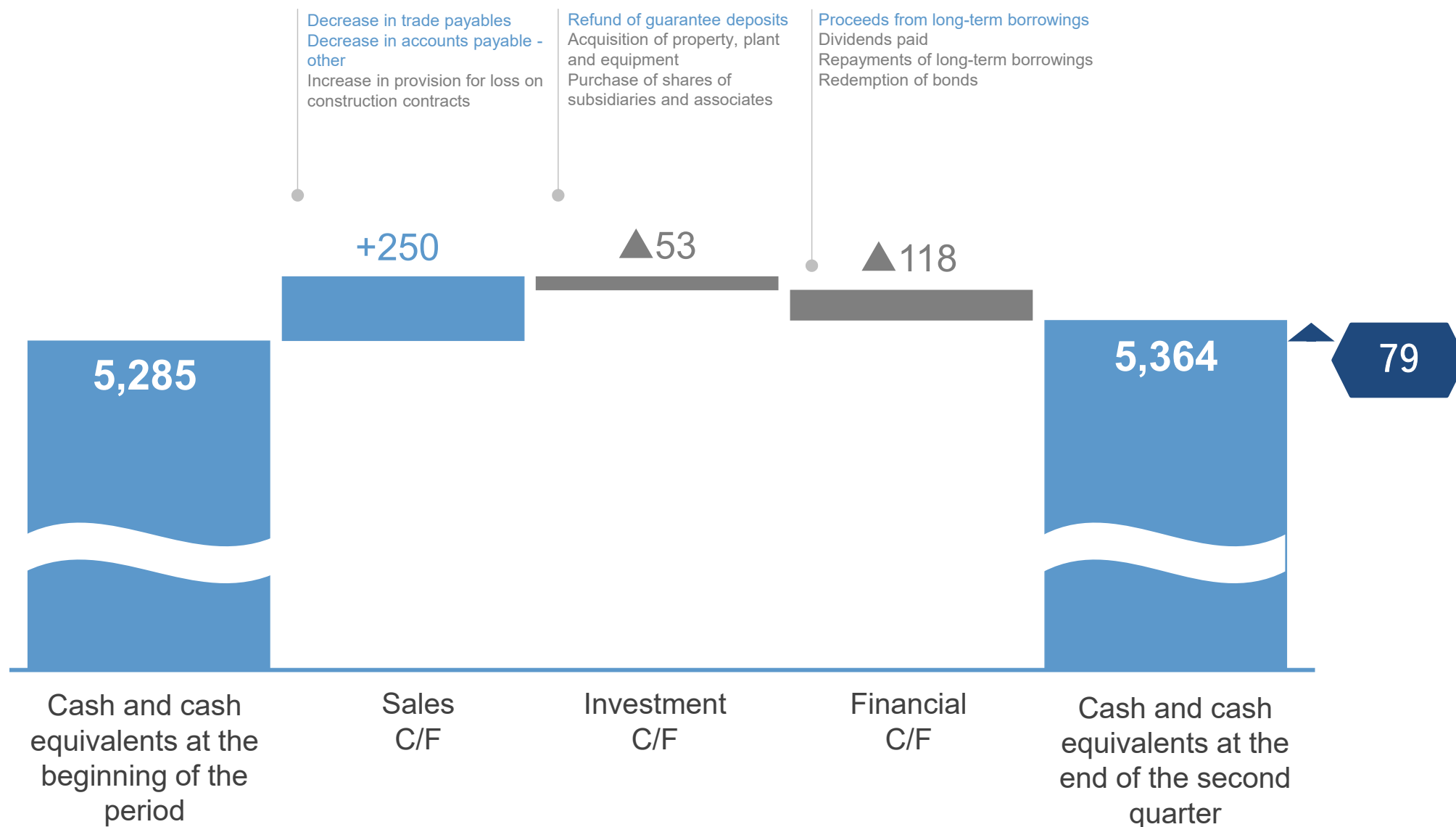
Main reason for decrease:

- Decrease in valuation difference on available-for-sale securities 393 million yen

(Unit: Million yen)



(Unit: Million yen)



▶ Unprofitable contract

- Prevent incurring additional costs through quality control and strict adherence to delivery dates

▶ Company overall measures

- Prioritize projects with lower risk and higher margins
- Postpone some training and other events to concentrate on profit acquisition
- Ensure stable operation and management of other existing projects

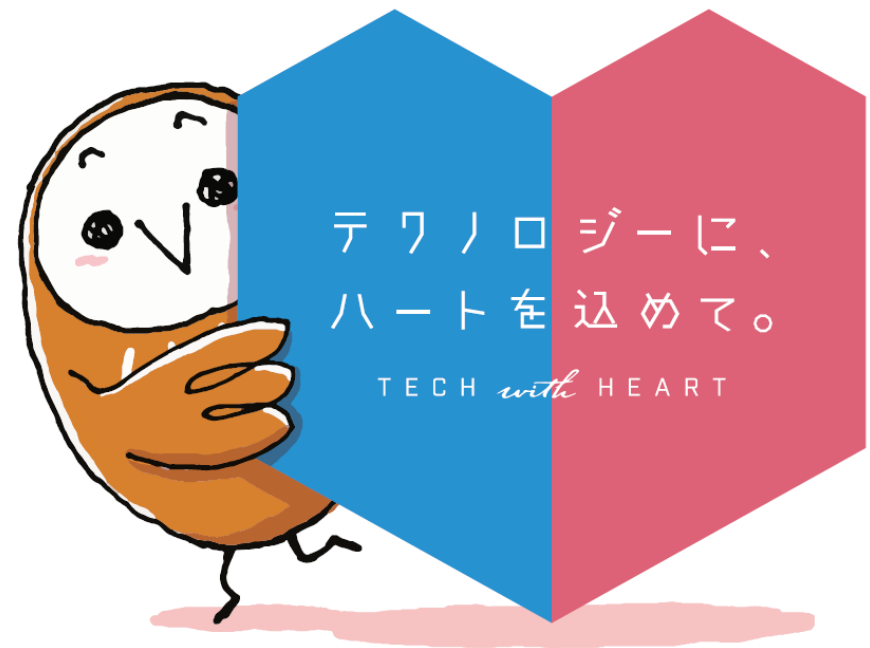
IWe are maintaining our earnings forecast as businesses other than the unprofitable contract are performing well. Interim dividend will be paid as planned.

IAnnual dividend per share is expected to be 38.00 yen (interim dividend 6.00 yen + year-end dividend 32.00 yen).

	FY2023 results (million yen)	FY2024 projections (million yen)	Year-on-year change (%)
Net sales	29,124	30,100	3.4
Operating income	1,894	2,000	5.5
Ordinary income	1,911	2,020	5.7
Net income	1,390	1,450	4.3

	FY2023 results	FY2024 projections
Net income per share (yen)	92.18	96.01
Dividend per share (yen)	35.00	38.00
	(Breakdown) Interim dividend 5.00	(Breakdown) Interim dividend 6.00
	Year-end dividend 30.00	Year-end dividend 32.00
Dividend payout ratio (%)	38.0	39.6

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



In this presentation, numbers are rounded down to the nearest whole number, and percentage figures rounded up or down to two decimal places.

This document is based on information available as of November 21, 2023, 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.