



Fiscal Year Ended March 2024 (48th Business Year)

Financial Results Presentation

May 21, 2024

Focus Systems Corporation
(Securities Code: 4662)

1	Financial summary	P.3～
2	Segment Overview	P.4～
3	Financial status, etc.	P.8～
4	Current Topics	P.11～
5	Earnings and Dividend forecast Fiscal Year Ending March 2025 (49th Business Year)	P.13～
6	Supplementary Information	P.16～

Reached a record high in both sales and profits, although profit at all levels fell slightly below initial plans

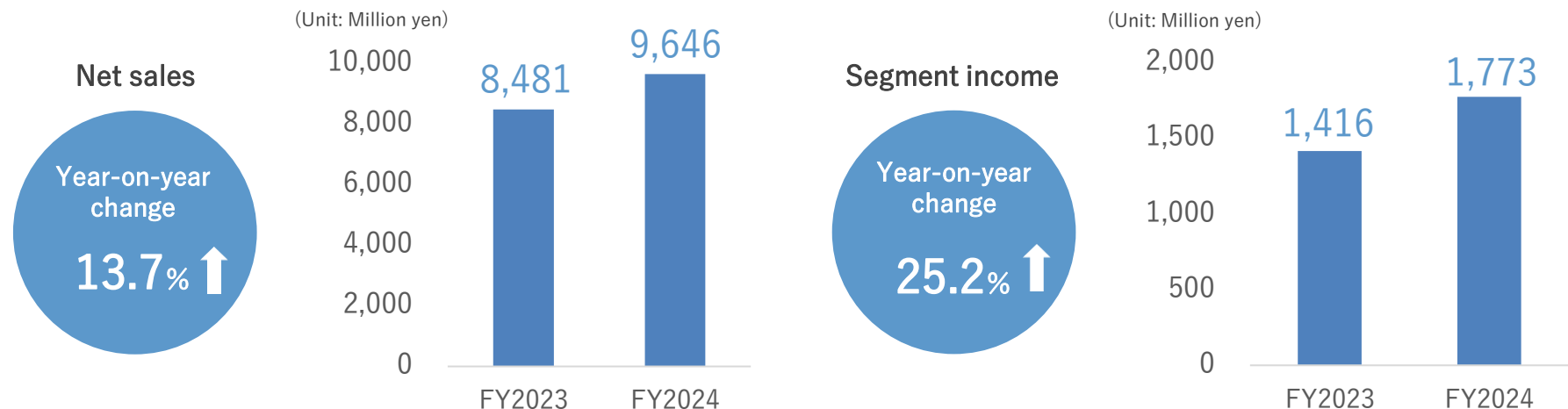
(Unit: Million yen)

	FY2023 Results	FY2024 Plan	FY2024 Results	Changes from the previous fiscal year		Changes from the Plan	
				Amount Change	Ratio	Amount Change	Ratio
Net sales	29,124	30,100	31,509	2,385	8.2%	1,409	4.7%
Operating income	1,894	2,000	1,974	79	4.2%	▲25	▲1.3%
Ordinary income	1,911	2,020	1,971	60	3.2%	▲48	▲2.4%
Net income	1,390	1,450	1,406	15	1.1%	▲43	▲3.0%

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

Profits boosted by steady project progress across a wide range of existing projects

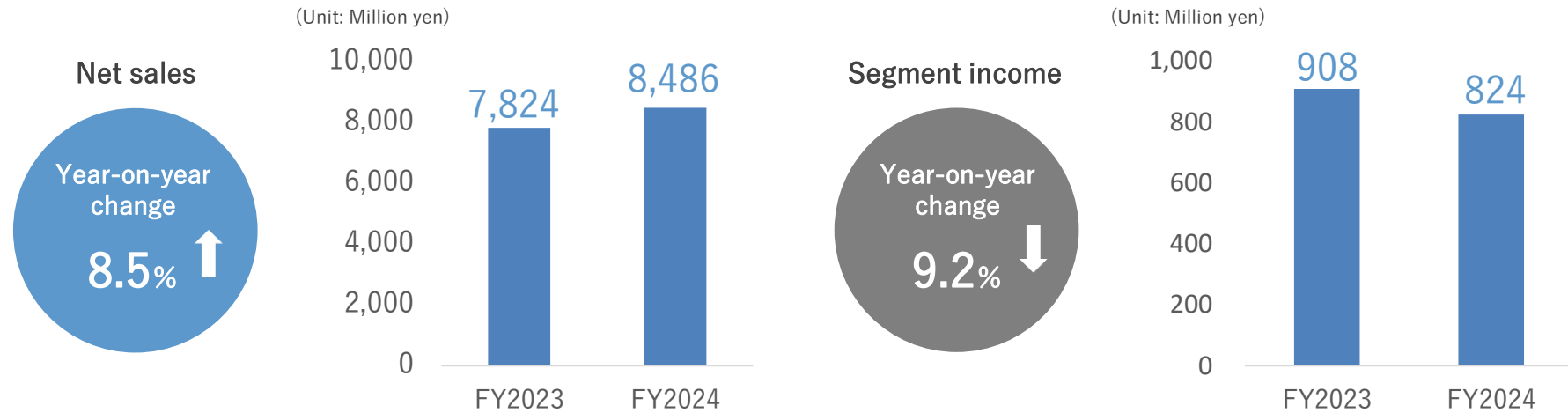


- Existing projects in social security and automotive-related fields, as well as medicine and Individual Number (My Number), contributed to increases in earnings and profits.
- Raised sales and profits through price pass-through, which has been progressing for some time. The development of new projects grew gradually, although at a modest rate.

Enterprise business

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

Despite steady expansion in the scale of the network infrastructure business, costs increased due to the need to troubleshoot core business system development projects

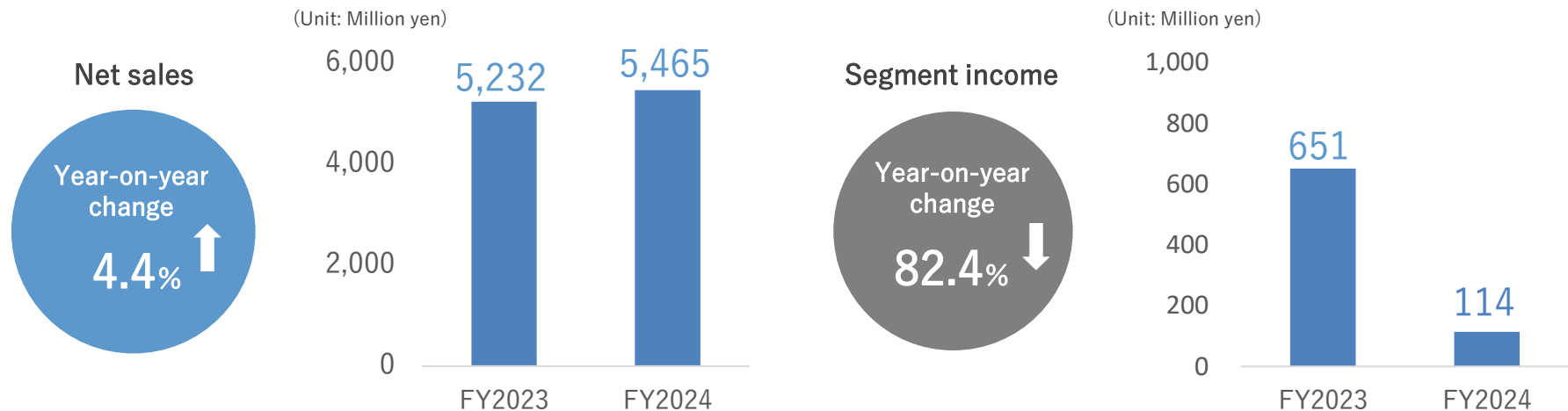


- Growth underpinned by the network infrastructure business.
- Received many inquiries about intra-mart, contributing to an increase in earnings.
- Despite an increase in sales from the increase in prime contractor projects in the ERP business, it did not lead to higher profitability due to the corresponding increase in costs.

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.

Although low-code development projects boosted earnings, the costs of unprofitable contracts increased significantly

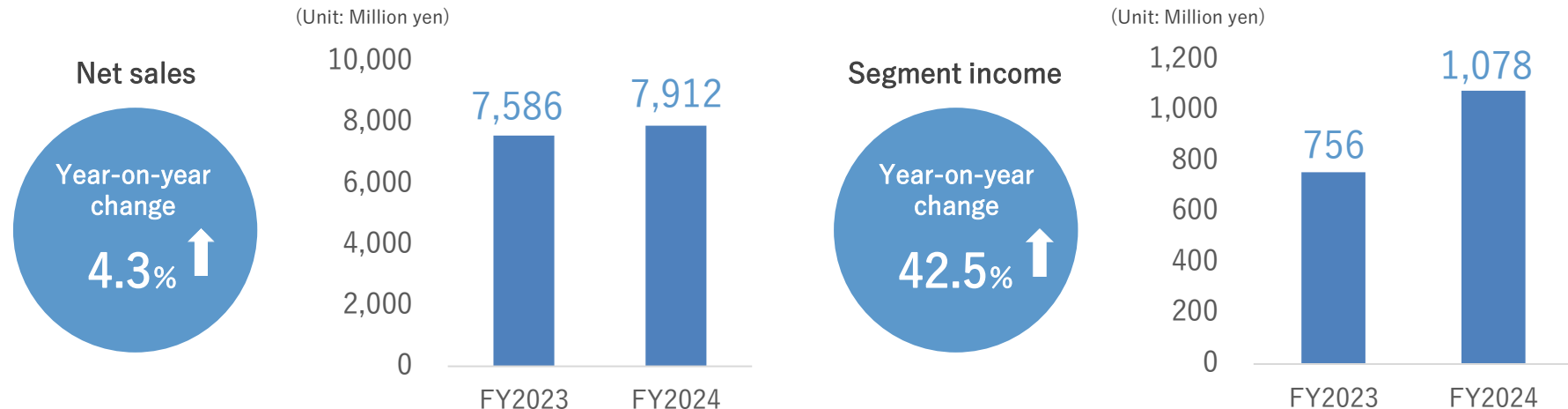


- Restructured unprofitable contracts and completed delivery. Strengthened measures within business segments to prevent recurrence, in preparation for the future.
- Captured earnings opportunities such as development projects using low-code, thereby securing profits for the entire business segment.

Innovation

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

Alongside the boost to projects from large-scale contract projects, there was also growth in existing projects such as infrastructure design and construction



- Profits increased significantly with the delivery of large-scale contract projects.
- Steady performance of the infrastructure business and integrated business platform business contributed to increased profit.

(Unit: Million yen)

	Previous Fiscal Year	Fiscal Year Ended March 2023
Assets		
Current assets	11,875	13,089
Non-current assets	8,541	7,900
Property, plant, and equipment	3,649	3,548
Intangible assets	159	120
Investments and other assets	4,731	4,232
Total assets	20,417	20,989
Liabilities		
Current liabilities	5,841	6,150
Non-current liabilities	1,761	1,422
Total liabilities	7,603	7,572
Net assets		
Shareholders' equity	10,867	11,744
Capital	2,905	2,905
Capital surplus	2,167	2,177
Retained earnings	6,140	7,003
Treasury shares	△346	△342
Valuation difference on available-for-sale securities	1,946	1,672
Total net assets	12,814	13,416
Total liabilities and net assets	20,417	20,989

Increase of 572 million yen year-on-year

Main reason for increase:

- Increase in accounts receivable and contract assets: 894 million yen

Main reason for decrease:

- Decrease in investment securities: 401 million yen

Decrease of 30 million yen year-on-year

Main reasons for increase:

- Increase in income taxes payable: 246 million yen
- Increase in current portion of long-term borrowings: 210 million yen

Main reasons for decrease:

- Decrease in accounts payable - trade: 191 million yen
- Decrease in accounts payable - other: 179 million yen
- Decrease in deferred tax liabilities: 138 million yen

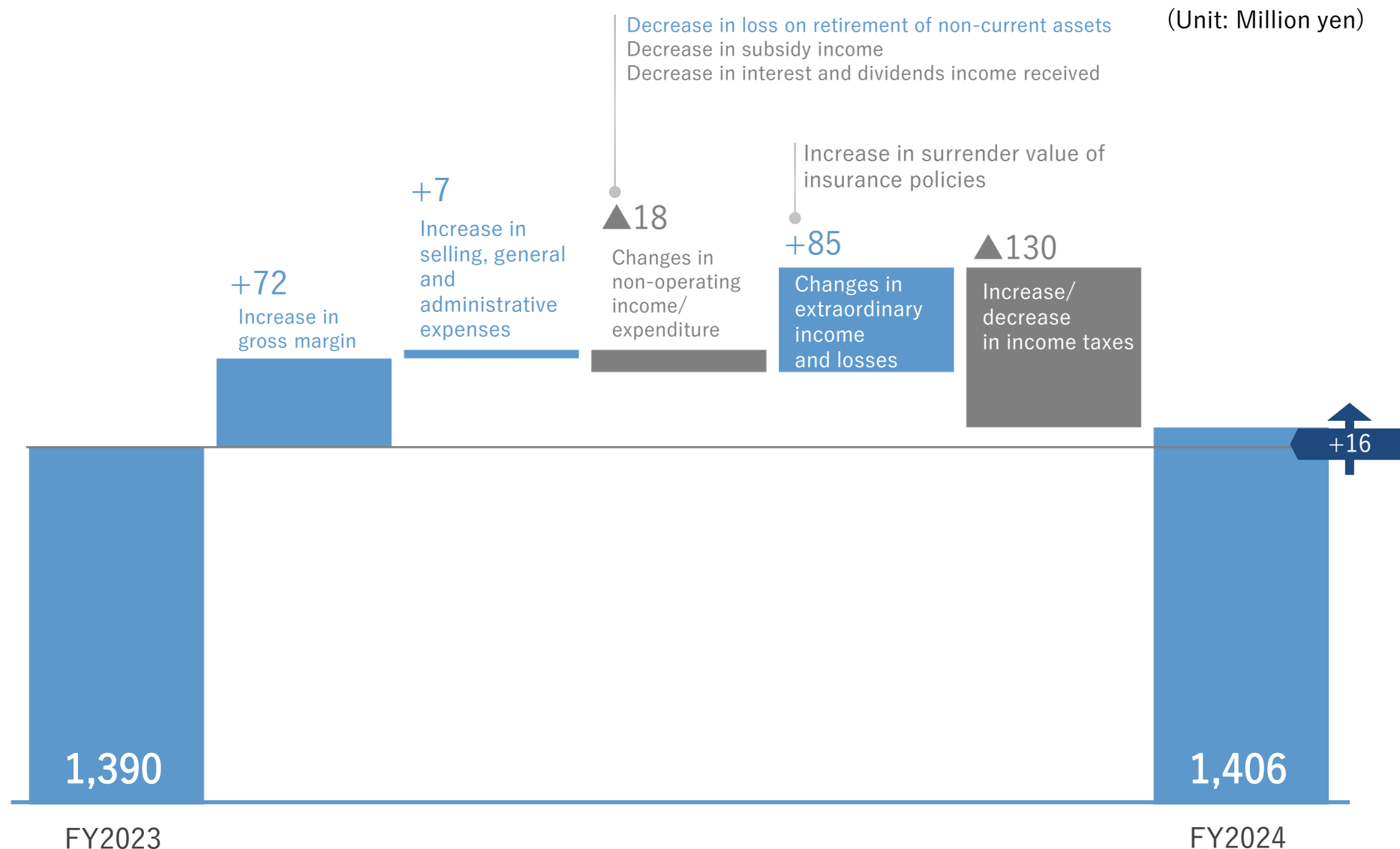
Increase of 602 million yen year-on-year

Main reason for increase:

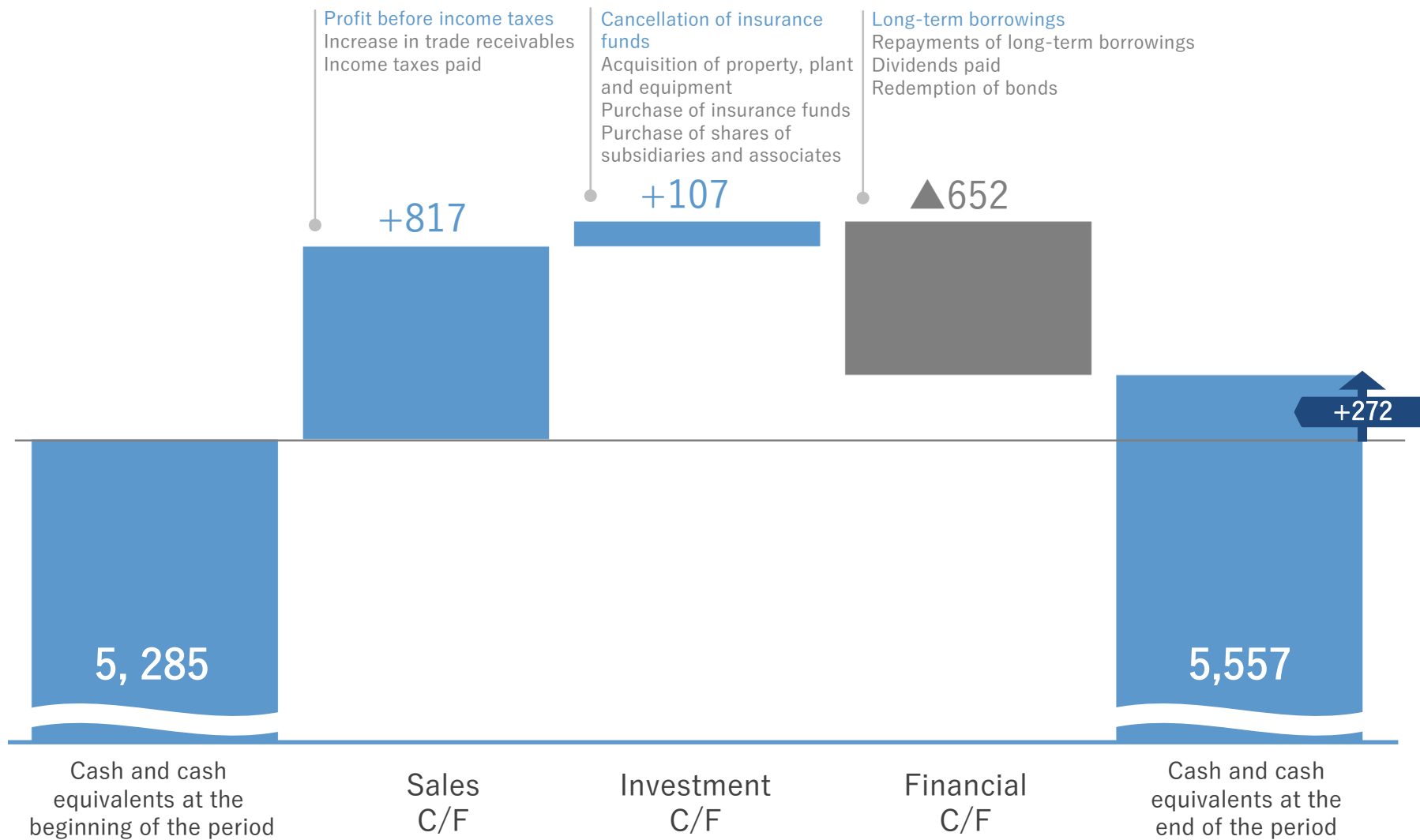
- Increase in retained earnings brought forward: 863 million yen

Main reason for decrease:

- Decrease in valuation difference on available-for-sale securities: 274 million yen



(Unit: Million yen)



Topics

"YOKOHAMA Hack!" A matching platform for digital emergence and co-creation. Child monitoring service using ICT. Demonstration tests of four products conducted at daycare centers etc. have been completed.

IR News

Notice regarding partial changes to the articles of incorporation

Topics

Announcement of participation in the 131st Hokuriku Regional Meeting of the Japanese Society of Nuclear Medicine Technology

Topics

An initiative regarding AI for assessing the progression of bedsores was presented at the 67th General Meeting and Academic Conference of the Japan Society of Plastic and Reconstructive Surgery.

News release

Key to Successful Digital Transformation for Municipalities:
A Case Study of Meguro City
Adopting intra-mart® and Asteria Warp as an Integrated Platform
For Flexible Selection of Business Systems and Breakaway from Vendor Lock-in

For details and other announcements, please visit our website.

Our website <https://www.focus-s.com>

News <https://www.focus-s.com/news>

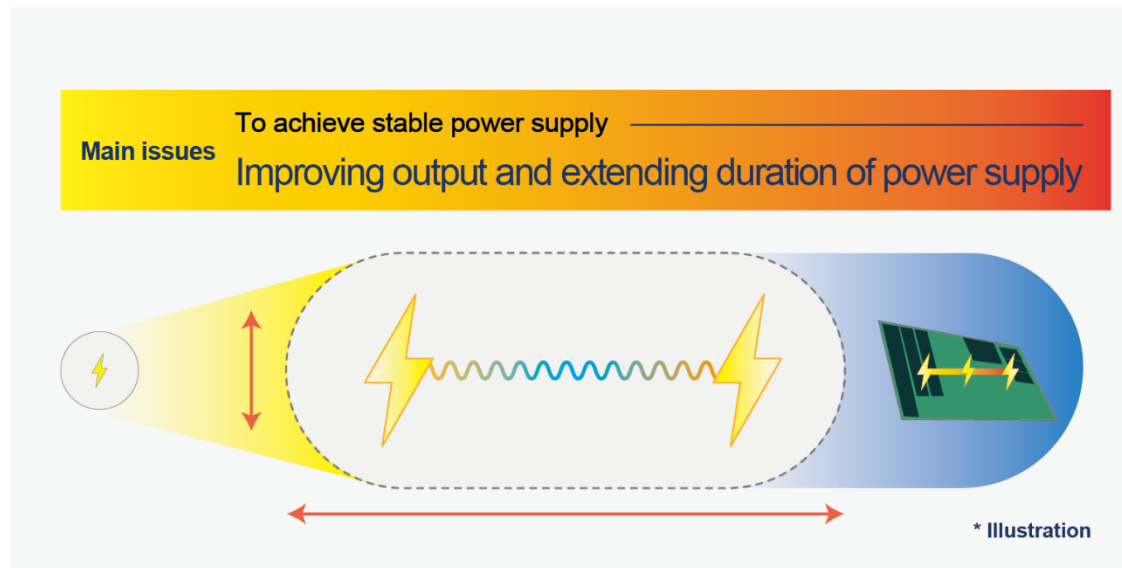
In the future, we aim to develop core technologies that can be used in all kinds of digital devices.

▼ June 14, 2021: Succeeded in establishing stable voltage repeatedly.

"Tertiary battery, IoT device" (Patent application number: 2021-057972 [dated: March 31, 2021])

▼ Priority issue : Improving output and extending duration of power supply (increasing amount of electric power)

» Research status: Research is ongoing based on presumed resolution methods



■ Related releases



- Progress in research and development of "tertiary batteries" aiming to realize "no charging for IoT devices" - Contributing to carbon neutrality as we approach carbon neutrality through patent applications and demonstration experiments for next-generation power supplies - (June 14, 2021)
- Succeeded in increasing the voltage of tertiary batteries by using phase change materials
- ~Towards the realization of an independent power source that can be charged in a thermal environment near room temperature~ (February 6, 2020)
- University of Tsukuba and Focus Systems begin joint research on tertiary battery implementation (March 26, 2019)



- Achieved record highs in sales and profits.
- Annual dividend per share of 38.00 yen
(interim dividend of 6.00 yen + year-end dividend of 32.00 yen).

	FY2024 results	FY2025 projections	Year-on-year change
Net sales (million yen)	31,509	32,500	3.1%
Operating income (million yen)	1,974	2,100	6.4%
Ordinary income (million yen)	1,971	2,100	6.5%
Net income (million yen)	1,406	1,430	1.7%
	FY2024 results	FY2025 projections	
Net income per share (yen)	93.13	94.66	
Dividend per share (yen)	<div> <div>38.00</div> <div>(Breakdown) Interim dividend 6.00</div> <div>Year-end dividend 32.00</div> </div>	<div> <div>38.00</div> <div>(Breakdown) Interim dividend 6.00</div> <div>Year-end dividend 32.00</div> </div>	
Dividend payout ratio (%)	40.8	40.1	

- Steady growth in net sales. Despite delays in progress in the profit aspect due to the impact of unprofitable contracts, we will firmly maintain returns to shareholders.
- Target values for FY2026 remain unchanged. We will steadily advance our initial plans.

KPI		FY2023 (Actual)	FY2024 (Actual)	FY2026 (Target)
Profit targets 	Net sales	¥29.1 billion	¥31.5 billion	¥33 billion or more
	Operating income	¥1.89 billion	¥1.97 billion	¥2.65 billion or more
	Operating margin	6.5%	6.3%	8.0% or more
	ROE	10.1%	10.7%	12.0% or more
Shareholder return targets 	Dividend per share	¥35.0	¥38.0	Maintain stable dividends (April 2024 to March 2026)
	Dividend payout ratio	38%	40.8%	35-40%

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



In this document, values are rounded down to the nearest whole number and percentages are rounded to the first decimal place.

This document is based on information available as of May 10, 2024, 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.

Established

48 years

* As of April 1, 2024

Amount of Sales

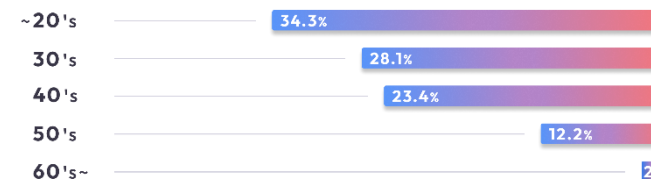
31.5 billion yen

* Fiscal year ending March 2024

Age structure



* As of the end of March 2024



Number of employees

1,344 people

* As of the end of March 2024

Capital ratio

63.9 %

* As of the end of March 2024

Number of qualified persons (total)

* People who have Ministry of Economy, Trade and Industry or various vendor qualifications, etc.

1,870 people

* As of the end of March 2024

Annual education and training expenses

39 million yen

* Fiscal year ending March 2024

Number of projects per year

500 PJ

* Fiscal year ending March 2024

The number of customers

200 companies

* Fiscal year ending March 2024

Longest trading years

47 years

* As of the end of March 2024

The capture rate of paternity leave

Woman

100 %

Man

57.6 %

* Fiscal year ending March 2024

Return to work rate of paternity leave

96 %

* Fiscal year ending March 2024

Average number of days taken for childcare leave

Woman

484 days

Man

62 days

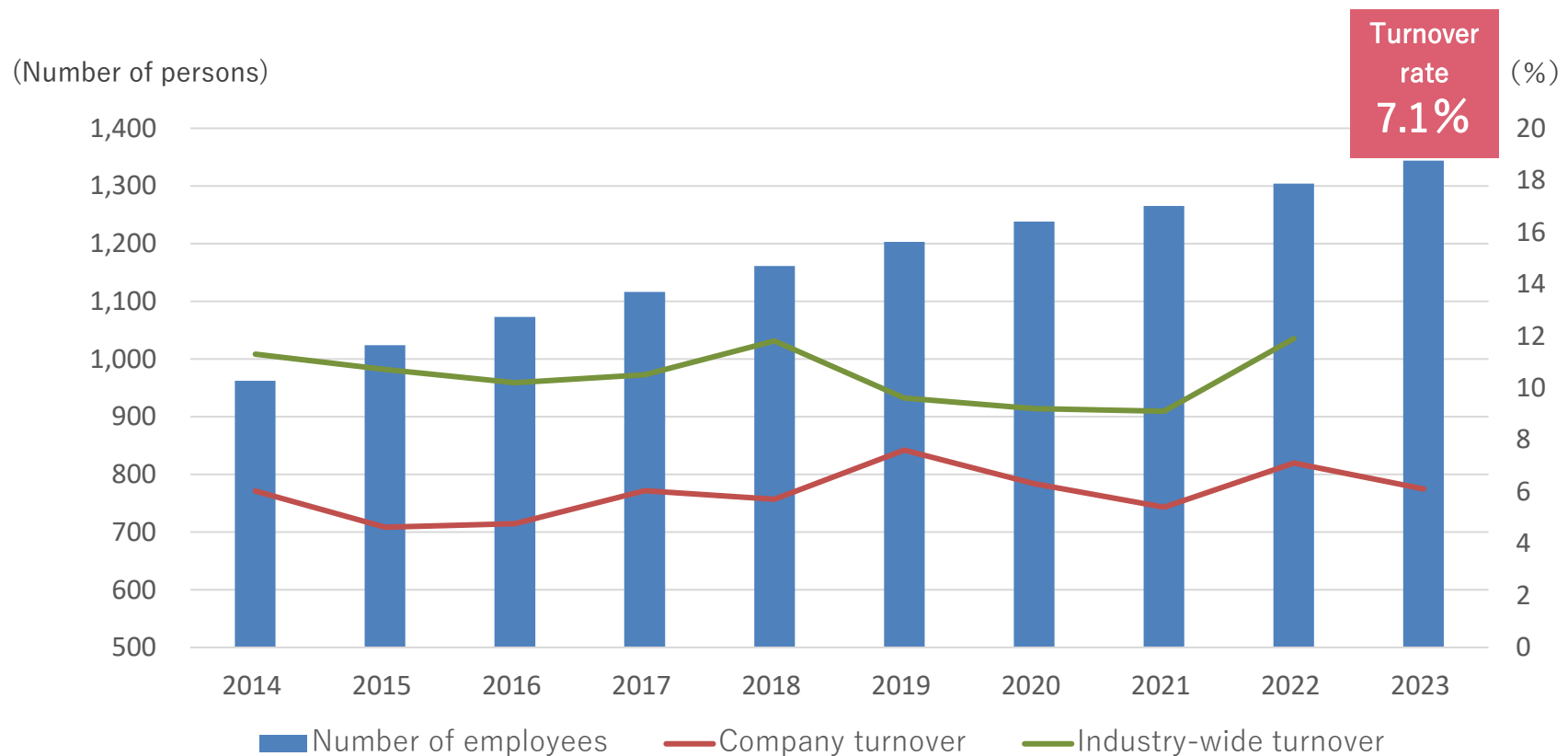
* Fiscal year ending March 2024

Rate of turnover

6.1 %

* Fiscal year ending March 2024

- Efforts to increase awareness of the Company's draws and reduce the mismatch during recruitment, including improved information disclosure to job seekers, were successful.
- We have continuously maintained a low turnover rate compared to the turnover rate in the industry, by following up with workers at both the company and departmental levels.



*The industry turnover rate has been excerpted 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 have been recognized as a "Corporations with Exceeding Health Management (large-scale corporate division)" for the fifth consecutive year.

*The Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi recognize corporations that practice excellent health and productivity management.

- 1 **Support for club activities** ... In order to promote employee health, we provide support for club activities. Currently, nine clubs are active.



- 2 **Health maintenance seminars** ... Thematic seminars such as mindfulness training for physical and mental conditioning, and seminars on improving eating habits and preventing stiff shoulders and back pain.



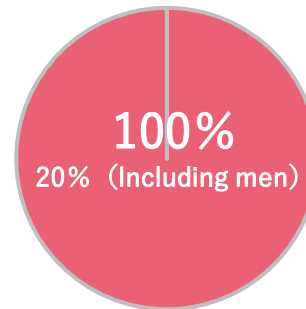
Efforts to promote the understanding of the "health risks of smoking" and measures to improve "mental health" have also been undertaken.

- 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 no longer are required to do nursing care.
*A combination of these systems and the flextime system is also possible.

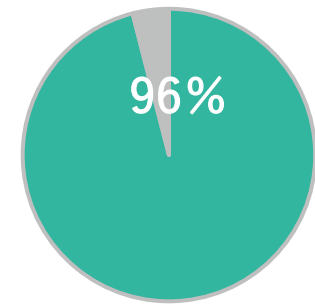
Kurumin (child-rearing support) certified



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



Percentage of employees who Return to work after child care leave



*As of March 31, 2024

- 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.

- 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
- ...Addressing young women, this meeting serves to communicate information on work methods and support for career advancement.



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.

The focus is always there

We want to be at the center of changing times.

With that strong desire, about 50 years ago, Focus Systems' IT challenge has begun.

Though our capabilities were initially limited, we forged ahead in steadily building up a foundation of key technologies, never losing sight of the task in front of us.

We started out fueled mainly by enthusiasm and optimism.

"We never give up!"

This may be easy to say, and is often heard, but it's hard to put into practice.

Never changing, always forging ahead.

We have held fast to this conviction, always focused on the next step ahead, continuing to respond in the midst of a rapidly changing world.

Over the years, many people all over Japan have come into contact with IT systems developed or supplied by Focus Systems.

When a problem or challenge presents itself, our many years of experience and expertise are utilized by highly individual friends who trigger a chemical reaction and come together to survive the challenge with a newly derived solution.

In this way, by going outside the frame, we can create the new normal that is unconstrained by conventional wisdom.

We do not take on reckless challenges.

That is because we understand and appreciate that we are all in this together.

And yet, we will never shy away from a challenge.

That is because we see the need to grow and evolve further.

Our top speed is based on building up gradually, and this is how we are able to continue moving forward into the future.

More and more people have joined us in our unwavering conviction and commitment to the cause.

Our focus is on all people, including families, friends, acquaintances and ourselves.

We continue to provide vitally important IT services that everyone can use with confidence.

Straight ahead, without losing focus.

We are a company that always stays focused on the things that matter.

01

Focus on



Future

Always thinking and acting with a view to what lies ahead.

02

Focus on



Opportunity

Create opportunities with your own strength, and make use of it

03

Focus on



Character

Respect and refine every individual, be a special team

04

Focus on



Unlimited

Always imagining with free thought, and generating limitless possibilities.

05

Focus on



Stability

Stay stable for peace of mind

- ① Expansion and development with a view to progress
- ② Contributing to the future of society
- ③ Ideas that take the next step forward in time

- ① An environment that encourages the spirit of challenge
- ② Empowerment of all employees/
- ③ Creating the foundations for limitless challenges

- ① A unique position established through association of individuals
- ② /Resonating with and working alongside the individuality of the client
- ③ Internal structures that support the powerful ideas of employees and provide backing

- ① Comprehensive expertise built up over time
- ② The ability to pursue projects and generate new value
- ③ The ability to innovate to enable limitless options

- ① Stable economic foundations
- ② Flexibility and capacity that closely accompany a variety of issues
- ③ Trustworthy reputation built up over time