



# Results of Operations for FY2018

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February 14, 2019  
FUJI SOFT INCORPORATED



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# 1. Consolidated Financial Highlights-1 (Full-Year Results)

Net sales rose due to the strong performance of the System Integration business.

- ◇ Net sales rose 13.0% year on year, to 204,329 million yen, reflecting a strong performance in a wide range of fields, especially in products and services centered on license sales, machine control systems including automotive and factory automation, and operation system development for the financial sector and internet-related business.

Operating income rose due to the rise in sales

- ◇ Operating income rose 17.4% year on year, to 11,400 million yen, reflecting the rise in sales.
- ◇ Ordinary income increased 17.7% year on year, to 12,071 million yen, mainly due to the rise in operating income and foreign exchange gains.
- ◇ Profit attributable to owners of parent stood at 6,516 million yen, up 12.4% year on year.

(Million yen)						
	FY2017 Results	FY2018 Results	YoY change (Amount)	YoY change (%)	FY2018 Plan	Comparison with the plan
<b>Net sales</b>	180,773	204,329	+23,555	113.0%	187,000	109.3%
<b>Operating income</b>	9,708	11,400	+1,692	117.4%	10,000	114.0%
Operating income margin	5.4%	5.6%			5.3%	
<b>Ordinary income</b>	10,260	12,071	+1,811	117.7%	10,300	117.2%
Ordinary income margin	5.7%	5.9%			5.5%	
<b>Profit attributable to owners of parent</b>	5,797	6,516	+718	112.4%	5,900	110.4%
Profit margin attributable to owners of parent	3.2%	3.2%			3.2%	



# 1. Consolidated Financial Highlights-2 (Q4 (Oct-Dec) Results)

Net sales increased 12.1% year on year.

The cost of sales margin rose to 77.0%.

- ◇ The cost of sales margin rose to 77.0%, mainly due to investments to improve quality and a fall in sales of products of certain group companies with which the Company had conducted transactions in the same period of the previous fiscal year in products and services, while the cost of sales margin in contract and development remained at the year-ago level (a year ago: 75.9%).

SG&A expenses increased 962 million yen year on year.

- ◇ SG&A expenses increased 962 million yen year on year, to 9,111 million yen, due to investments in the workforce for a systematic increase and upfront investments such as the acquisition of mobile devices to improve productivity and promote work style reforms.
- ◇ Operating income declined 6.3% year on year due to the above.

(Million yen)						
	FY2018 3Q results	YoY change (Amount)	YoY change (%)	FY2018 Q4 results	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	152,783	+17,973	113.3%	51,545	+5,581	112.1%
<b>Cost of sales</b>	117,114	+13,298	112.8%	39,694	+4,802	113.8%
Cost of sales margin	76.7%			77.0%		
<b>Gross profit</b>	35,669	+4,674	115.1%	11,851	+779	107.0%
<b>SG&amp;A expenses</b>	27,008	+2,799	111.6%	9,111	+962	111.8%
<b>Operating income</b>	8,660	+1,875	127.6%	2,740	-182	93.7%
Operating income margin	5.7%			5.3%		



## 2. Sales/Operating Income by Major Companies of the Group

(Million yen)

	FY2018	Net sales	Operating income	
<b>FUJI SOFT INCORPORATED</b>	Results	130,646	7,071	Sales rose, reflecting the strong performance of the System Integration business overall, especially products and services, auto-related system construction, machine control systems including factory automation, and sales to internet-related business and the financial sector. Operating income rose significantly, reflecting higher sales and an improvement in the cost rate, despite active upfront investment in the workforce for a systematic increase and the establishment of bases.
	YoY change (amount)	+18,274	+1,268	
	YoY change (%)	116.3%	121.9%	
<b>CYBERNET SYSTEMS Co., Ltd.</b>	Results	19,719	1,502	Strong sales were recorded in the mainstay MCAE field and the optical design field in Japan. Moreover, IT solutions and model-based development engineering services also resulted in strong sales. Overseas sales increased thanks to the solid performance of sales subsidiaries in Taiwan and Korea. Operating income remained flat, mainly due to the rising cost ratio and an increase in expenses. (A loss attributable to owners of parent was recorded due to the impairment loss of goodwill and other extraordinary losses.)
	YoY change (amount)	+1,731	-2	
	YoY change (%)	109.6%	99.8%	
<b>VINX CORP.</b>	Results	25,624	1,327	Sales declined, due mainly to the effects of the prolonged period from orders to the posting of sales associated with the shift to the stock-type business (service business). Operating income increased due to the success of measures to reduce expenses.
	YoY change (amount)	-1,057	+179	
	YoY change (%)	96.0%	115.6%	
<b>CYBER COM Co., Ltd.</b>	Results	12,072	608	Sales increased thanks to the strong performance of control software for in-vehicle systems and semiconductor manufacturing equipment and operation software for life insurance systems in software development. Operating income rose thanks to a decrease in the costs that arose in the previous fiscal year for relocating the headquarters, in addition to increased sales and improved costs due to higher productivity.
	YoY change (amount)	+1,286	+110	
	YoY change (%)	111.9%	122.1%	
<b>FUJI SOFT SERVICE BUREAU INCORPORATED</b>	Results	11,075	588	Net sales increased as sales remained firm in projects for public offices and local governments in the call center services and BPO services fields, while also rising in projects for private corporations. Operating income rose as an increase in SG&A expenses partly due to the expansion of bases and infrastructure construction was absorbed mainly by higher sales and cost reduction. [Revision of financial results due to incorrect charging] As announced in the "Notice of Receipt of a Research Report from the Internal Investigation Committee," etc., the Company revised financial results in prior years associated with the discovery of incorrect charging. With regard to consolidated financial results, the Company did not make revisions to those in prior years, taking into account the monetary and qualitative significance, and has incorporated it into the financial results for the fiscal year under review.
	YoY change (amount)	+1,344	+234	
	YoY change (%)	113.8%	166.1%	

\* Because each company's accounts closing date differs, results from January to December, 2018 are stated in the FY2018 results column.

### 3. Consolidated Sales/Operating Income by Segment

(Million yen)

	FY2018 Net sales		YoY change (Amount)	YoY change (%)	FY2018 Operating income		YoY change (Amount)	YoY change (%)
	Results	Component ratio			Results	Operating income margin		
<b>Consolidated total</b>	204,329	100.0%	+23,555	113.0%	11,400	5.6%	+1,692	117.4%
<b>SI Business</b>	189,277	92.6%	+21,900	113.1%	9,696	5.1%	+1,647	120.5%
<b>System Construction</b>	115,351	56.5%	+13,734	113.5%	6,971	6.0%	+1,554	128.7%
Embedded/Control Software	59,622	29.2%	+6,557	112.4%	4,242	7.1%	+992	130.5%
Operation Software	55,729	27.3%	+7,177	114.8%	2,729	4.9%	+562	125.9%
<b>Products and Services</b>	73,925	36.2%	+8,165	112.4%	2,725	3.7%	+93	103.5%
Products and Services	58,883	28.8%	+8,167	116.1%	1,703	2.9%	-242	87.6%
Outsourcing	15,041	7.4%	-1	100.0%	1,021	6.8%	+335	148.8%
<b>Facility Business</b>	2,909	1.4%	+212	107.9%	1,131	38.9%	+19	101.7%
<b>Other Businesses</b>	12,142	5.9%	+1,442	113.5%	572	4.7%	+25	104.7%

#### Highlights of Sales by Segment

##### ● Embedded/Control Software

Sales increased 12.4% year on year, mainly due to the continued strength in the performance of auto-related and machine control system construction. Operating income increased 30.5% year on year due to higher sales and the improved cost of sales.

##### ● Operation Software

Sales increased 14.8% year on year thanks to solid sales overall, mainly to internet-related business and the financial sector. Operating income rose 25.9% year on year due to higher sales

##### ● Products and Services

Sales increased 16.1% year on year due to the strong performance overall, particularly that of license sales. Operating income declined 12.4% year on year due to investments to improve quality and a fall in sales of profitable products of some group subsidiaries.

##### ● Outsourcing

Sales remained the same as a year ago, reflecting a fall in projects for the distribution and service sectors, despite data center projects for public offices and local governments. Operating income rose 48.8% year on year due to a decline in renovation expenses of data centers.



## 4. Consolidated Income Statement

(Million yen)

	FY2017 Results	FY2018 Results	YoY change (Amount)	YoY change (%)	FY2018 Plan	Comparison with the plan
Net sales	180,773	204,329	+23,555	113.0%	187,000	109.3%
Cost of sales	138,708	156,808	+18,100	113.0%	—	—
Cost of sales margin	76.7%	76.7%				
Gross profit	42,065	47,520	+5,454	113.0%	—	—
Gross profit margin	23.3%	23.3%				
SG&A expenses	32,357	36,119	+3,762 (1)	111.6%	—	—
SG&A expense ratio	17.9%	17.7%				
Operating income	9,708	11,400	+1,692	117.4%	10,000	114.0%
Operating income margin	5.4%	5.6%			5.3%	
Non-operating income	548	637	+88	116.2%	—	—
Non-operating expenses	243	224	-18	92.3%	—	—
Share of (profit) loss of entities accounted for using equity method	246	258	+11	104.8%	—	—
Ordinary income	10,260	12,071	+1,811	117.7%	10,300	117.2%
Ordinary income margin	5.7%	5.9%			5.5%	
Extraordinary income	685	1,129	+443	164.7%	—	—
Extraordinary losses	921	2,363	+1,441 (2)	256.4%	—	—
Income before income taxes	10,023	10,837	+813	108.1%	—	—
Total income taxes	3,066	3,732	+666	121.7%	—	—
Net income	6,957	7,104	+146	102.1%	—	—
Profit attributable to non- controlling interests	1,160	588	-571	50.7%	—	—
Profit attributable to owners of parent	5,797	6,516	+718	112.4%	5,900	110.4%
Profit margin attributable to owners of parent	3.2%	3.2%			3.2%	

### Points of Income Statement

#### (1) SG&A expenses (+3,762 million yen)

Reflected an increase in expenses associated with a systematic increase in the workforce and establishing bases to respond actively to the booming market.

#### (2) Extraordinary income (+1,129 million yen) Extraordinary losses (+2,363 million yen)

Extraordinary income represents the gain on sales of investment securities and the proceeds of business transfer.

Extraordinary losses are the impairment loss of goodwill due to the review of the business and other losses.

## 5. Consolidated Balance Sheet

(Million yen)

	End of FY2017	End of FY2018	Change (Amount)
<b>Current assets</b>	72,457	79,977	+7,519 (1)
Cash and deposits	18,851	22,554	+3,702
Notes and accounts receivable - trade	40,288	44,456	+4,167
Securities	5,200	4,000	-1,200
Inventories	3,248	3,354	+106
Deferred tax assets	2,435	2,662	+226
Other	2,434	2,950	+516
<b>Non-current assets</b>	102,110	114,302	+12,191 (2)
Property, plant and equipment	65,220	82,356	+17,136
Intangible assets	6,821	4,738	-2,082
Investments and other assets	30,068	27,206	-2,862
<b>Total assets</b>	174,568	194,279	+19,710
<b>Current liabilities</b>	39,197	49,428	+10,230 (3)
Accounts and notes payable - trade	9,977	9,526	-450
Short-term loans payable	6,964	16,207	+9,242
Commercial papers	1,500	0	-1,500
Accrued expenses / provision for bonus	7,751	9,155	+1,403
Income taxes payable	2,102	2,492	+389
Provision for loss on construction contracts	173	252	+79
Other	10,728	11,793	+1,064
<b>Non-current liabilities</b>	16,959	25,180	+8,221
Long-term loans payable	4,182	13,319	+9,137
Other	12,776	11,860	-915
<b>Total liabilities</b>	56,156	74,608	+18,451
<b>Total net assets</b>	118,411	119,670	+1,259
<b>Total liabilities and net assets</b>	174,568	194,279	+19,710

### Points of the Balance Sheet

#### (1) Current assets (+7,519 million yen)

Mainly an increase in notes and accounts receivable - trade and cash and deposits, reflecting the strong order environment.

#### (2) Non-current assets (+12,191 million yen)

Purchase of land and buildings to secure office space for establishing bases and the impairment loss of goodwill due to the review of the business.

#### (3) Current liabilities (+10,230 million yen)

#### Non-current liabilities (+8,221 million yen)

Borrowing as funds to acquire land and buildings, etc.



## 6. Consolidated Cash Flow Statement

(Million yen)

	FY2017 Results	FY2018 Results	YoY change (Amount)
<b>Cash flows from operating activities</b>	9,244	11,192	+1,947
<b>Cash flows from investing activities</b>	-4,524	-23,424	-18,900
<b>Cash flows from financing activities</b>	-4,462	14,766	+19,229
Effect of exchange rate change on cash and cash equivalents	49	-103	
Net increase (decrease) in cash and cash equivalents	306	2,430	
Increase in cash and cash equivalents resulting from merger	59	-	
Cash and cash equivalents at beginning of period	21,790	22,157	
<b>Cash and cash equivalents at end of period</b>	<b>22,157</b>	<b>24,587</b>	

### Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 11,192 million yen, with a year-on-year increase of 1,947 million yen due to an increase in money received, attributable to higher sales.

- [Cash flows from investing activities](#)

Net cash used in investing activities came to 23,424 million yen, mainly due to the purchase of land and buildings to secure office space to strengthen systems and an increase in expenses for software.

- [Cash flows from financing activities](#)

Net cash provided by financing activities was 14,766 million yen, reflecting an increase in loans payable.



## 7. Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Order backlog at beginning of term	YoY change (%)	FY2018 results					
			Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
<b>SI Business Total</b>	40,094	114.6%	193,810	112.4%	189,277	113.1%	44,627	111.3%
<b>System Construction</b>	27,450	115.3%	119,231	113.3%	115,351	113.5%	31,330	114.1%
Embedded Control Software	11,436	114.6%	60,945	111.8%	59,622	112.4%	12,759	111.6%
Operation Software	16,014	115.9%	58,285	114.9%	55,729	114.8%	18,570	116.0%
<b>Products and Services</b>	12,644	113.2%	74,578	110.9%	73,925	112.4%	13,297	105.2%
Products and Services	9,718	119.0%	59,960	114.7%	58,883	116.1%	10,795	111.1%
Outsourcing	2,926	97.4%	14,617	97.7%	15,041	100.0%	2,501	85.5%

### Highlights of Orders and Order Backlogs

#### ● Highlights in System Construction

##### - Embedded/Control Software

The order backlog at the end of the term increased 11.6% year on year due to strong orders from the auto-related and FA-related sectors.

##### - Operation Software

The order backlog at the end of the term increased 16.0% year on year thanks to solid orders overall, mainly from the financial sector including non-life insurance, the manufacturing sector and internet-related business.

#### ● Highlights in Products and Services

##### - Products and Services

Orders for license sales, mobile device products and POS products for the distribution sector remained solid, despite upfront investment to improve the quality of certain FUJI SOFT products. As a result, the order backlog at the end of the term increased 11.1% year on year.

##### - Outsourcing

The order backlog at the end of the term declined 14.5% year on year, mainly due to a decrease in orders from the distribution and services sectors and a drop in the number of ongoing projects.



## 8. Dividend

The year-end dividend for FY2018 will be increased to 19 yen per share, which will result in an increase in the annual dividend to 37 yen per share.

The forecast year-end dividend was 18 yen per share. In comprehensive consideration of the full-year results, the year-end dividend will be increased to 19 yen per share.

### ■ Trends in dividend (consolidated)

	(Yen)			
	End of interim period	Most recent prospective dividend	Determined amount of year-end dividend	Annual dividend
<b>Dividend per share (FY2018)</b>	18.00	18.00	<b>19.00</b>	<b>37.00</b>








# Business Policies and Results Forecasts for FY2019

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# 1. Accomplishments of Efforts in FY2018

Management points	Results and accomplishments in FY2018	
<ul style="list-style-type: none"> <li>■ <b>Bold efforts for new technologies: AIS-CRM</b></li> </ul>	 <p>Strong growth continued in the automotive field. In addition, because interest in the use of new technologies such as AI and IoT was growing in a wide range of fields including embedded software and operation software, a proof of concept became an actual project.</p>	P.13 to 15
<ul style="list-style-type: none"> <li>■ <b>Promotion of the high value-added system integration business</b></li> </ul>	 <p>The cost rate margin improved due to orders received for high value-added projects and efforts to improve productivity.</p>	P.18
<ul style="list-style-type: none"> <li>■ <b>Strengthening of human resources and steady growth of the commissioned development business</b></li> </ul>	 <p>Production power was enhanced due to active recruitment activities and the expansion of collaboration with partners. The cultivation of young employees and strengthened recruitment activities continued.</p>	P.16 and 17
<ul style="list-style-type: none"> <li>■ <b>Aggressive promotion of the product business</b></li> </ul>	 <p>Sales increased significantly in all of product sales, FUJI SOFT products and licenses of other companies. The quality of FUJI SOFT products expected to see growth in the future was improved.</p>	P.19 to 21
<ul style="list-style-type: none"> <li>■ <b>Growth as the overall Group and aggressive global development</b></li> </ul>	 <p>Most group companies achieved higher sales and profits.</p>	



## 2. Automotive

### Trends and results in 2018

### During or after 2019

#### Auto market

##### Signs of structural changes in the industry toward the era of CASE and MaaS

Joint venture companies were established one after another (MONET Technologies, J-QuAD DYNAMICS)

Full-fledged dissemination of CASE vehicles  
Continuation and expansion of consolidation movements  
(Automotive, IT, transportation and traffic, etc.)

#### In-vehicle software

##### Changes in R&D and design methods due to accelerated digitalization

Promotion of opening innovation of OEM (breaking away from the principle of self-sufficiency)  
Model base development using simulation technology

Intensified competition over the standardization of advanced technologies  
Expanded outsourcing of upstream process

#### FUJISOFT

##### Enhancement of in-vehicle software engineers

At the end of the previous fiscal year: 1,200 people → At the end of the fiscal year under review: 1,600 people

##### Enhancement of production bases

New establishment and expansion of Sapporo/Minatomirai/Kariya/Fukuoka/Ueno

Active recruitment and strengthened cultivation of engineers  
Scheduled expansion of Nagoya, Kobe and Fukuoka

##### Research and commercialization of elemental technologies

Start of selling Julinar® SPF (APTJ) based on AUTOSAR  
Research into deep learning and cyber security technologies

Promotion of alliance with APTJ and leading vendors and technical development  
Deepening of advanced technologies based on business-academia collaboration

##### Productivity and quality improvements of in-vehicle software

Internal assessment of Automotive SPICE  
Efforts for ISO26262 functional safety and DEOS activity

Standardization of development and management processes  
Determination of engineers' skills and implementation of a certification system

### 3. AI

#### Creation and expansion of AI business

<b>Development of a promotion system</b>	Establishment of a system by a cross-organizational working group
<b>Cultivation of human resources</b>	Cultivation of core human resources and the expansion of JDLA certification holders
<b>Alliance</b>	Collaboration with AI ventures and chip vendors, etc.
<b>AI integration</b>	AI consulting, a proof of concept and development
<b>R&amp;D</b>	Technology research and the development of FUJI SOFT products through business-academia collaboration

#### Toward the expansion of AI integration services

- Response to the change and expansion of demand from PoC projects to the practical phase
- Provision of services in phases from consulting to maintenance and operation at one stop
- Provision of the Company's own solutions

#### Examples of AI integration (fault detection & diagnosis system of air-conditioning systems)

Provide AI integration services that cover introduction consulting to maintenance and operation support of a fault detection & diagnosis (FDD) system using the platform and AI (machine learning) of Microsoft Japan Co., Ltd. for the air-conditioning equipment maintenance service of Johnson Controls, K.K.



\*1 BEMS: Building energy management system, BAS: Building automation system

\*2 BAS and BAMS products and services provided by Johnson Controls (In a Japan-first, realized BAS and BAMS functions based on general-purpose PC)

\* Company HP "Introduction example (Johnson Controls, K.K.)" [https://www.fsi.co.jp/cases/talk\\_johnsoncontrols.html](https://www.fsi.co.jp/cases/talk_johnsoncontrols.html)

## 4. IoT

### Business enhancement in the IoT field by utilizing the strengths of the Company

#### Technology components of the Company

##### [Cloud field]



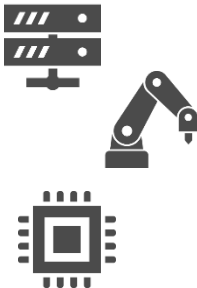
- Track record of SI in cooperation with cloud vendors such as Microsoft and Amazon
- Data analysis know-how cultivated in operation software development including the use of AI

##### [Telecommunication field]



- Development capabilities responsive to a wide range of telecommunication methods, from backend to LPWA and 5G etc.

##### [Edge/Fog]



- Advanced technologies for latest chips essential for edge/fog computing (FPGA server, GPU server)
- Ability to propose solutions that will realize sophisticated decentralized data processing by collecting data on edge devices used in the manufacturing and other sectors.
- An extensive development track record in mobile devices such as smartphones and tablets

#### Topics in 2018

- Acquired “[AWS IoT Service Delivery](#)” as a phase 1 partner because the results of IoT-related development of the Company were valued. (Of 12 global companies, three Japanese companies)
- Concluded an agency agreement with Litmus Automation, a manufacturing [IoT platform provider](#), as Japan’s first SI partner.

#### IoT fog computing gateway

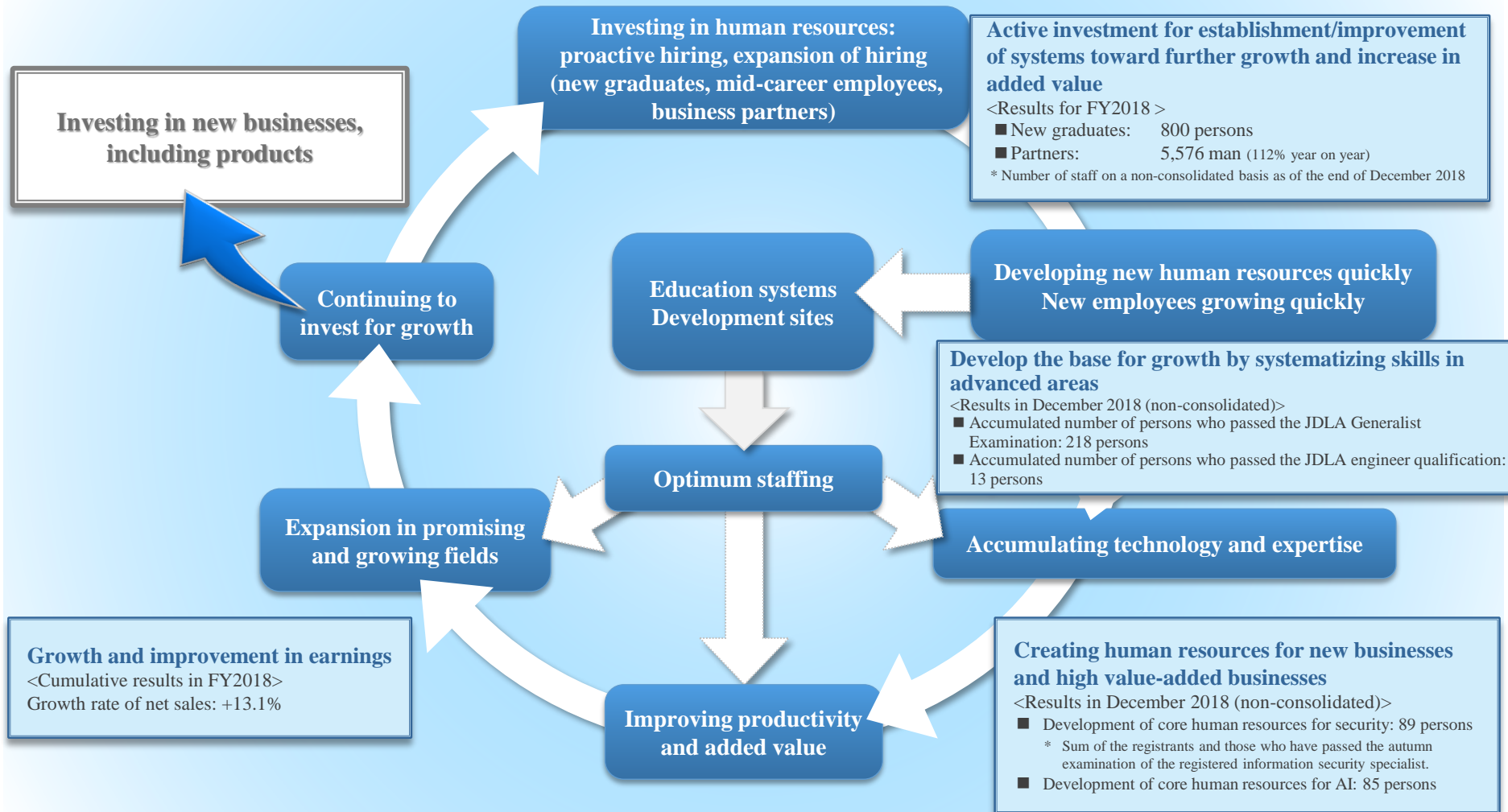
Realized edge/fog computing with an embedded device using high-performance FPGA.





## 5. Strengthening of Human Resources and Contract and Development Business

Expanding the cycle for business expansion through the strengthening of human resources

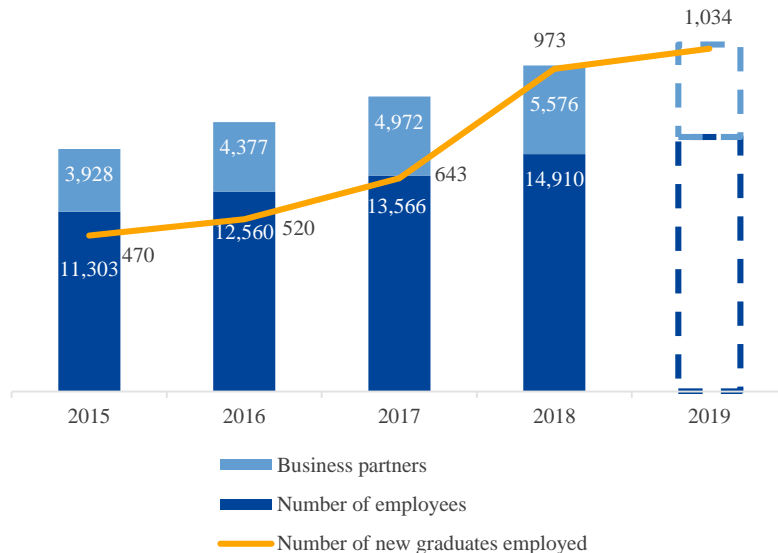


## 6. Hiring Human Resources (Hiring and Specialized Human Resources)

### Number of employees and business partners

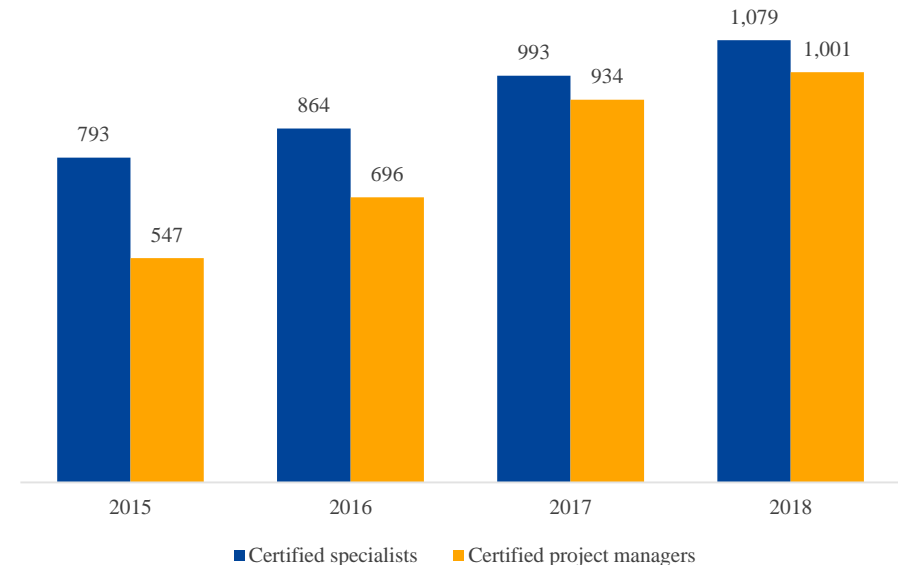
**Strengthen readiness by increasing employees and business partners.**

**Continue active recruitment** in light of the market expansion.



### Number of certified engineers (non-consolidated)

**Accelerate the cultivation of human resources who are able to respond to high value-added businesses by increasing their motivation to improve skills by clarifying the skill level based on the certification system of the Project Manager (PM) and Specialist (SP).**



Number of people employed: Non-consolidated + Listed subsidiaries (people)

Number of employees: Consolidated as of the end of December (people)

Business partners: Number of staff on a non-consolidated basis as of the end of December 2018 (people)

## 7. Efforts to Promote the Higher Value-Added SI Business

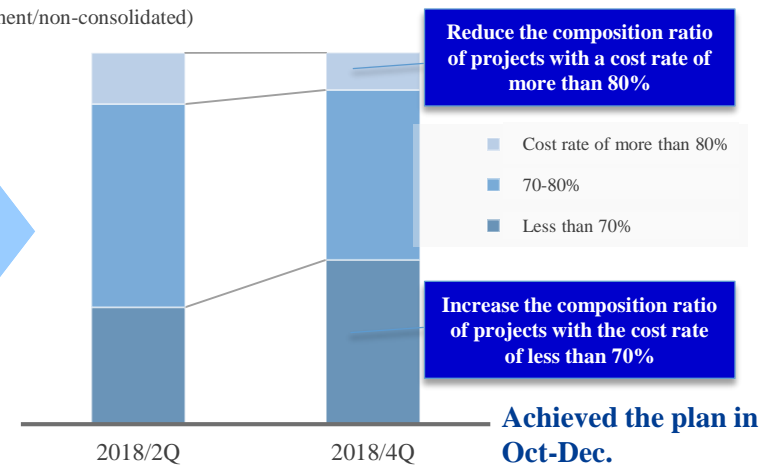
Improved management indicators through efforts to achieve high value-added projects.

[Framework for acquiring high value-added projects]

- Growth in the size of development projects
- Batching (upstream – downstream processes)
- Company-led projects based on development in its own base

Monitoring of the composition ratio of development projects with low and high cost rates as a management indicator

(Contract and development/non-consolidated)

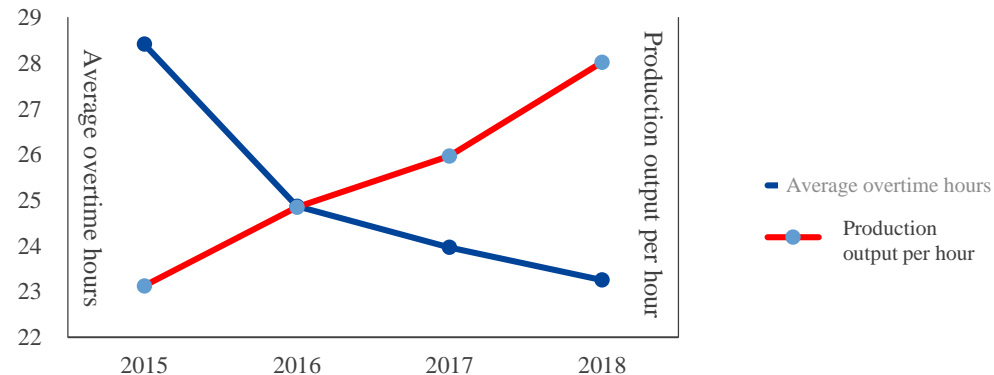


Building of a scheme to support productivity improvement

[Development of institutions and rules]

- Productivity improvement through flexible labor management and the utilization of IT
  - Ultra-flex system
    - Flextime system without core time
    - Flexible paid leave system (30 minutes)
    - Refreshment time (10 minutes)/going out for non-business reasons
- Streamlining of the development process and the optimization of the skill structure
  - Active use of standard frameworks and tools
  - Development of a skill system and an engineer structure according to the technical field

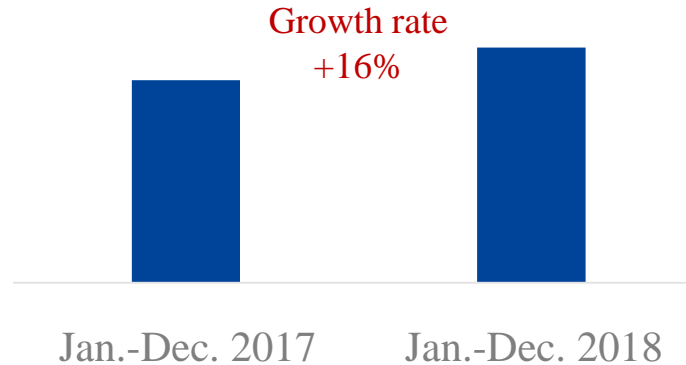
[Average overtime hours and production output per hour]





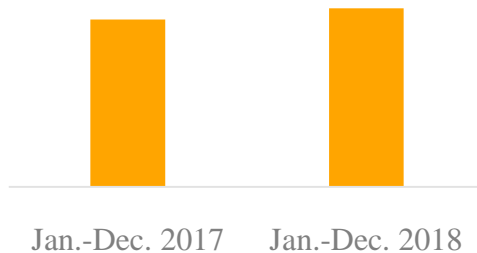
## 8. Trends in Products and Services (Sales)

[Sales in Products and Services]



### Breakdown of sales in Products and Services

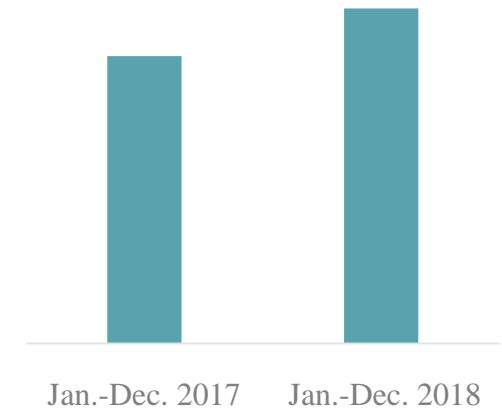
[Sales of FUJI SOFT products]  
+7%



[Sales in the licensing business]  
+26%



[Product sales etc.]  
+17%

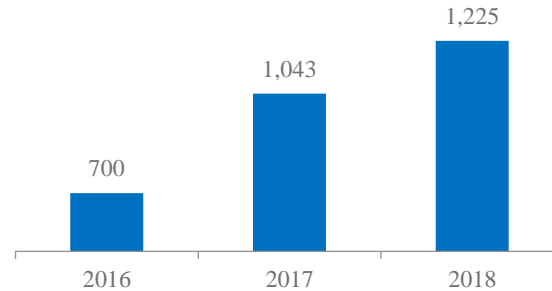


## 9. Trends in Priority Products

palro



<Change in the number of installations>



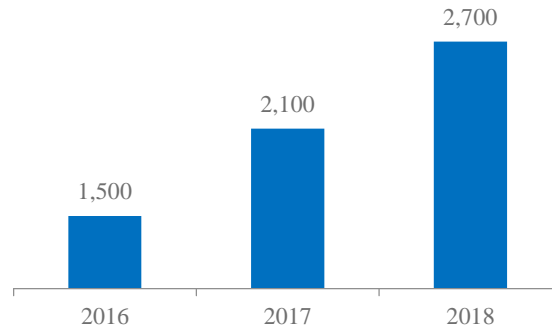
<Current situation>

Number of units introduced in facilities and financial institutions, etc.

**1,225 units** (cumulative total)

(At the time of the announcement of financial statements for the fiscal year ended December 31, 2018: 1,069 units)

moreNOTE®



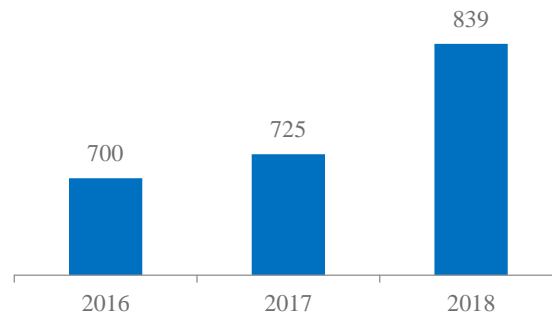
Number of companies that have introduced the file management and sharing service for mobile content

**About 2,700 companies**  
(cumulative total)

\* Total number of companies that introduced moreNOTE and SYNCNEL

(At the time of the announcement of financial statements for the fiscal year ended December 31, 2018: about 2,500 companies)

みらいスクールステーション®



Number of schools that have introduced Mirai School Station

**839** (cumulative total)

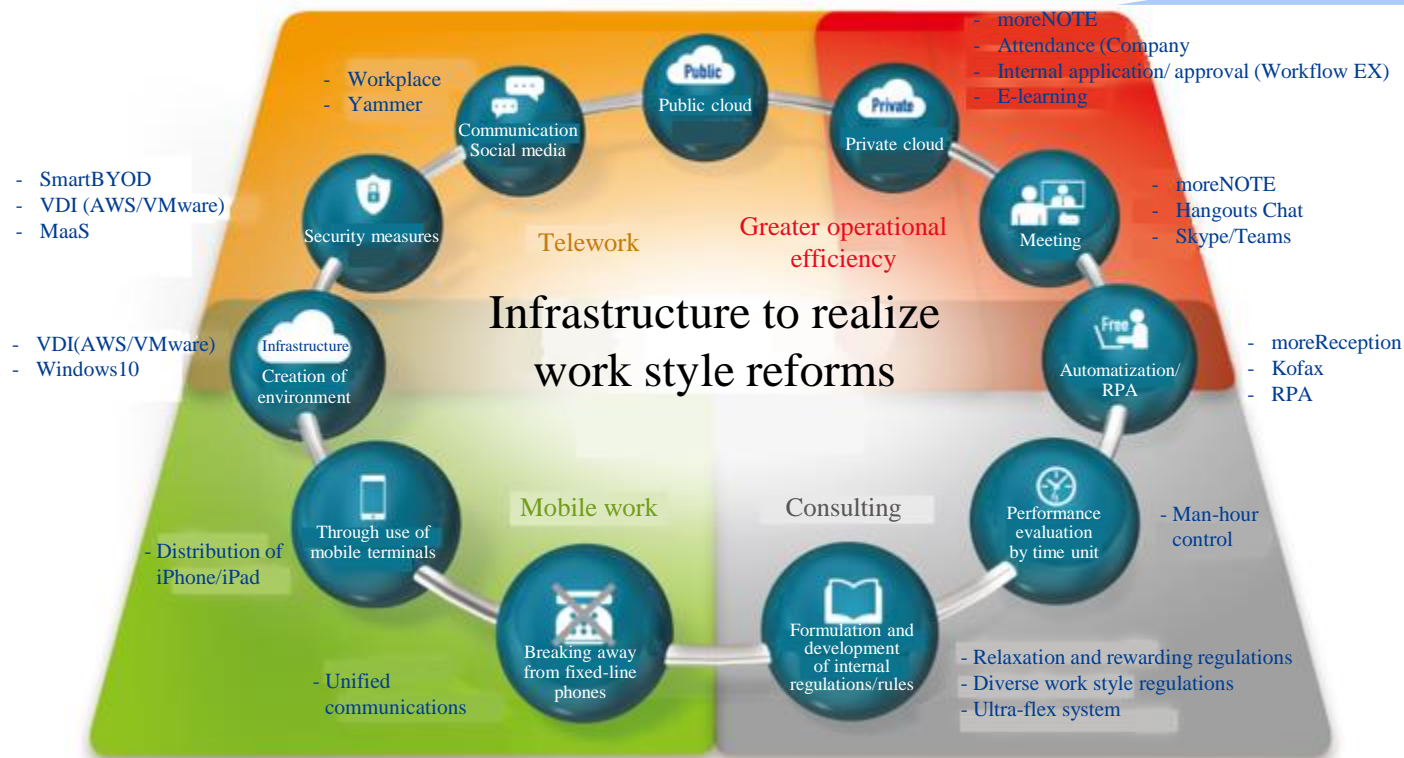
(At the time of the announcement of financial statements for the fiscal year ended December 31, 2018: about 785 schools)

## 10. Business Development in Relation to Work Style Reforms

### Provision of solutions based on “infrastructure to realize work style reforms”

Consolidate know-how accumulated through efforts in the Company, FUJI SOFT products and partners’ products, and provide them as business solutions in the fields of teleworking, business streamlining, consulting and mobile work.

- Microsoft365
- Groupware/ email (Office365, G Suite)
- Information base (AWS)
- Settlement of expenses
- SFA/CRM(Sales Cloud)



moreNOTE®



Work style reforms  
to begin with  
a paperless meeting



Ranked first for the third  
consecutive year in the inquiry  
ranking in the paperless meeting  
division of IT Trend!



# 11. Quality Improvement of FUJI SOFT Products

## Digital tachograph-integrated DVR

In fiscal 2017, the Company began selling the digital tachograph-integrated DVR (a product approved by the Ministry of Land, Infrastructure and Transport) as a product for the digital tachograph and drive recorder market, which is expected to grow in the wake of compulsory installation in chartered buses.

To address the quality issue at the initial manufacturing stage of this product, improvement measures have been taken with an investment of hundreds of millions of yen.

The Company manufactures in-vehicle devices (digital tachographs, drive recorders, etc.), installation of which has been made compulsory by the Ministry of Land, Infrastructure and Transport, and sells them to bus and transport companies.

This business commenced in fiscal 2008, and its cumulative sales are about 3.0 billion yen (cumulative number of units sold: more than 20,000 units).

### FUJI SOFT



Digital tachograph-integrated DVR



DVR



DVR camera



Digital tachograph

### Bus companies/transport companies

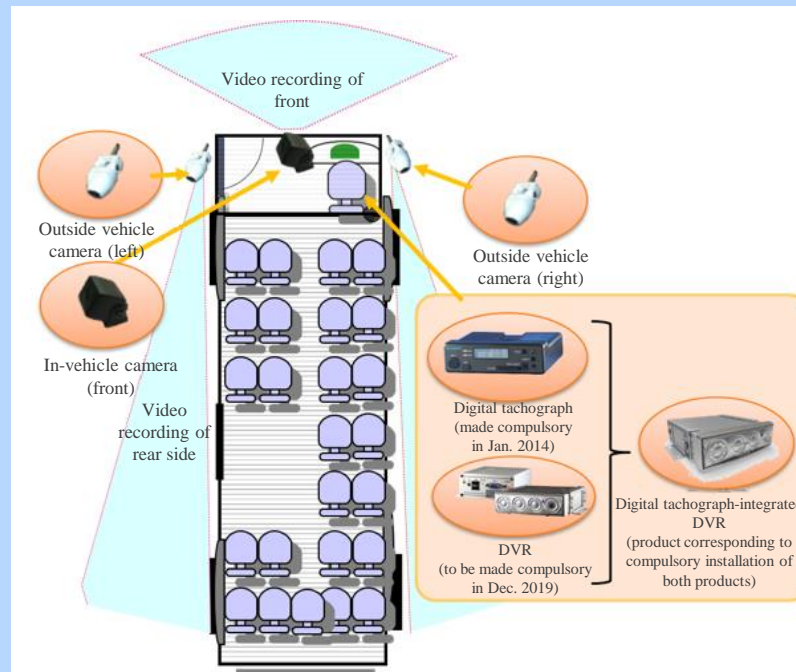


Image of installation in bus

### Potential market size (Number of vehicles in Japan)

- Trucks: Approx. 1.35 million units
- Buses: Approx. 120 thousand units

#### Jan. 2014

- The installation of digital tachographs was made compulsory.  
(Long-distance buses without conductors)

#### Apr. 2017

- The installation of digital tachographs was made compulsory.  
(4-ton or more trucks)

#### Dec. 2019

- The installation of drive recorders was made compulsory.  
(Chartered buses)
- \* In the wake of a bus accident in Karuizawa

### Supplement

#### Digital tachograph

Digital tachograph that records information such as speed, driving time and travel distance at the time of driving a car in a memory card, etc.

#### Drive recorder

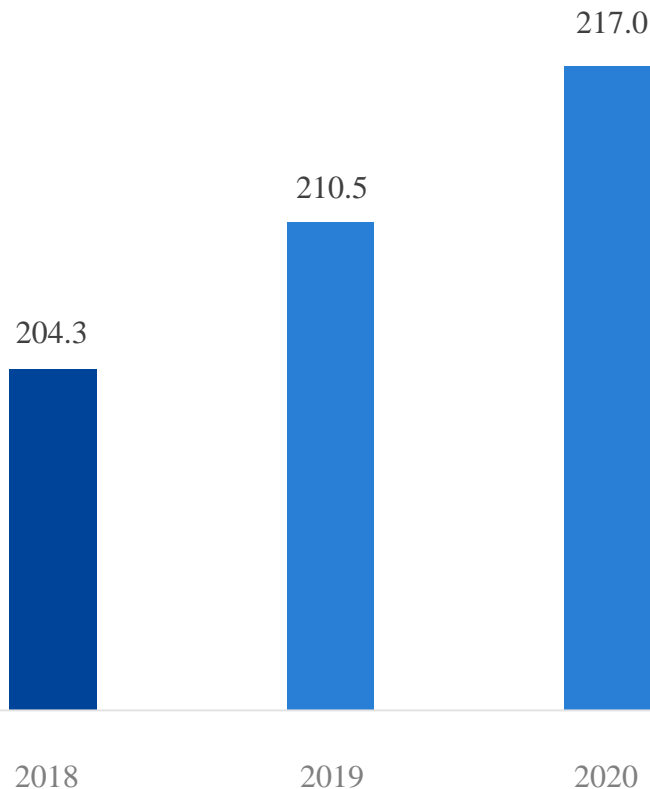
A recording device for camera images installed mainly for the purpose of recording the situation at the time of a car accident.

## 12. Changes in Results/Forecasts (FY2019–FY2020)

### Consolidated Net Sales

#### Net Sales

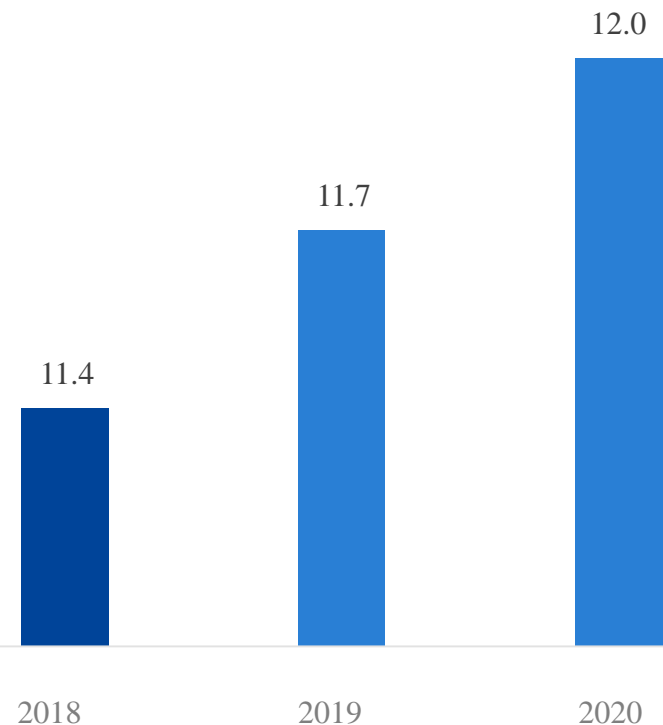
(Billion yen)



### Consolidated Operating Income

#### Operating Income

(Billion yen)







## 13. Results Forecasts for FY2019

FY2019

(Million yen)

	FY2018 Results	FY2019 Plan	YoY change (Amount)	YoY change (%)
<b>Net sales</b>	204,329	<b>210,500</b>	+6,170	103.0%
<b>Operating income</b>	11,400	<b>11,700</b>	+299	102.6%
Operating income margin	5.6%	<b>5.6%</b>		
<b>Ordinary income</b>	12,071	<b>12,200</b>	+128	101.1%
Ordinary income margin	5.9%	<b>5.8%</b>		
<b>Profit attributable to owners of parent</b>	6,516	<b>6,700</b>	+183	102.8%
Profit margin attributable to owners of parent	3.2%	<b>3.2%</b>		



## 14. Trends of Dividends and the Plan

Annual dividend of FY2019 is planned to be 37 yen per share.

Our basic policy is consistently returning profits to shareholders, while securing sufficient internal reserves in preparation for active business development and potential risks.

### ■ Trends in per-share net income, dividend and dividend payout ratio (consolidated)

	(Yen)				
	FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Plan
Per-share net income	158.06	161.63	185.33	208.21	214.09
Dividend per share	28	29	33	37	38
Dividend payout ratio	17.7%	17.9%	17.8%	17.8%	17.7%



\* This material contains financial forecasts and other information about the future that are deemed reasonable on the basis of currently available information. Please note that actual financial results may differ materially depending on a number of factors, including market trends and economic conditions. Please also note that distribution of this material is not intended for recommending continued ownership or additional purchase of the Company's shares.