

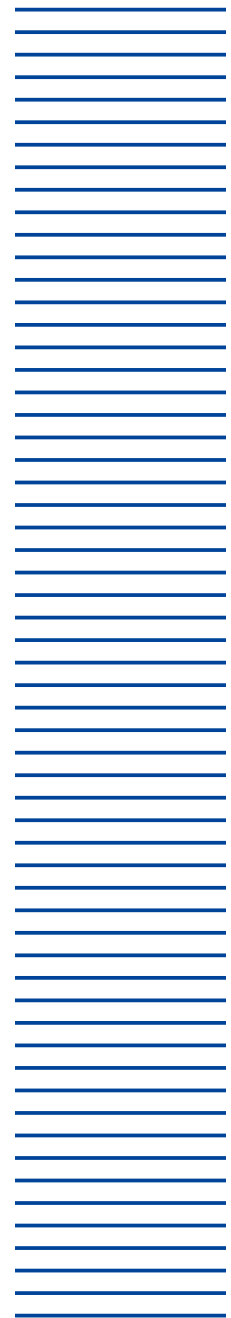


# Results of Operations for the First Quarter of FY2015

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May 13, 2015

FUJI SOFT INCORPORATED





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## Consolidated Financial Highlights

Net sales matched the year-ago level due to a strong performance in System Construction.

- ◇ Consolidated net sales dipped 0.1% year on year, to 39,133 million yen, matching the level a year ago when there were large projects in the licensing business thanks to a strong performance in System Construction, especially machine control.

Operating income fell mainly due to high SG&A expenses and unprofitable projects at subsidiaries.

- ◇ Operating income fell 6.0% year on year, to 2,119 million yen, mainly due to higher SG&A expenses associated with increased hiring and unprofitable projects at certain subsidiaries.
- ◇ Ordinary income climbed 4.4% year on year, to 2,303 million yen, primarily due to an increase in share of profit of entities accounted for using equity method.
- ◇ Net income declined 14.1%, to 1,070 million yen, mainly due to the posting of an extraordinary loss on sales of shares of subsidiaries and associates.

(Million yen)

|                         | FY2014 Q1<br>Result | FY2015 Q1<br>Result | YoY change<br>(Amount) | YoY change<br>(%) | FY2015<br>Q1 Plan | Comparison<br>with the plan |
|-------------------------|---------------------|---------------------|------------------------|-------------------|-------------------|-----------------------------|
| <b>Net sales</b>        | 39,154              | 39,133              | -20                    | 99.9%             | 39,300            | 99.6%                       |
| <b>Operating income</b> | 2,253               | 2,119               | -134                   | 94.0%             | 2,350             | 90.2%                       |
| Operating income margin | 5.8%                | 5.4%                |                        |                   | 6.0%              |                             |
| <b>Ordinary income</b>  | 2,206               | 2,303               | +97                    | 104.4%            | 2,370             | 97.2%                       |
| Ordinary income margin  | 5.6%                | 5.9%                |                        |                   | 6.0%              |                             |
| <b>Net income</b>       | 1,246               | 1,070               | -175                   | 85.9%             | 1,300             | 82.3%                       |
| Net income margin       | 3.2%                | 2.7%                |                        |                   | 3.3%              |                             |



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

(Million yen)

|                            | Net sales            |                      |                           |                      | Operating income     |                      |                           |                      |
|----------------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|
|                            | FY2014 Q1<br>Results | FY2015 Q1<br>Results | YoY<br>change<br>(Amount) | YoY<br>change<br>(%) | FY2014 Q1<br>Results | FY2015 Q1<br>Results | YoY<br>change<br>(Amount) | YoY<br>change<br>(%) |
| FUJI SOFT INCORPORATED     | 23,216               | 23,106               | -110                      | 99.5%                | 1,300                | 1,569                | +269                      | 120.8%               |
| CYBERNET SYSTEMS Co., Ltd. | 3,880                | 3,601                | -278                      | 92.8%                | 109                  | 91                   | -17                       | 84.0%                |
| VINX Corporation           | 7,226                | 7,585                | +358                      | 105.0%               | 572                  | 449                  | -123                      | 78.4%                |
| CYBER COM Co., Ltd.        | 2,037                | 2,194                | +156                      | 107.7%               | 57                   | 57                   | +0                        | 100.9%               |

\* The fiscal year of FUJI SOFT INCORPORATED and CYBERNET SYSTEMS ends in December, and that of VINX and CYBER COM ends in March.

\* The result for VINX and CYBER COM in the FY2014 1Q column is the result for the fourth quarter of the fiscal year ended March 31, 2015.

### Highlights in Sales/Operating Income by Major Companies of the Group

#### • FUJI SOFT INCORPORATED

Sales remained flat, reflecting the effect of large projects in licensing business recorded the same period of the previous fiscal year, which offset a strong performance in System Construction, especially machine control. Operating income grew due to improvement in the cost ratio, despite higher SG&A expenses mainly associated with increased hiring.

#### • CYBERNET SYSTEMS Co., Ltd.

Sales declined from a year ago, with solid new license sales to the electric equipment sector offset by the effect of start-up of electronic circuit board design solutions following changes to products handled the previous year. Operating income fell as a result of decreased sales.

#### • VINX CORP.

Sales rose due to growth in business with large general retailers, which are primary customers, and increased product sales associated with equipment replacement demand. Operating income declined, reflecting temporary deterioration in the cost ratio due to increased product sales, which offset cost reductions as a result of increased business efficiency following management integration.

#### • CYBER COM Co., Ltd.

Net sales rose, with continued decline in projects for mobile carriers in core software development business offset by strong performances in other control systems and business systems. Operating income dipped slightly due to an increase in costs to strengthen sales of CYBER COM's own products.



## Consolidated Sales by Segment

(Million yen)

|                              | FY2014        |                    | FY2015        |                    | YoY change<br>(Amount) | YoY<br>change<br>(%) |
|------------------------------|---------------|--------------------|---------------|--------------------|------------------------|----------------------|
|                              | Q1<br>Results | Component<br>ratio | Q1<br>Results | Component<br>ratio |                        |                      |
| <b>Total net sales</b>       | 39,154        | 100.0%             | 39,133        | 100.0%             | -20                    | 99.9%                |
| <b>SI Business</b>           | 36,411        | 93.0%              | 36,319        | 92.8%              | -92                    | 99.7%                |
| <b>System Construction</b>   | 20,422        | 52.2%              | 21,772        | 55.6%              | +1,349                 | 106.6%               |
| Embedded/Control Software    | 9,411         | 24.0%              | 10,231        | 26.1%              | +820                   | 108.7%               |
| Operation Software           | 11,011        | 28.1%              | 11,541        | 29.5%              | +529                   | 104.8%               |
| <b>Products and Services</b> | 15,988        | 40.8%              | 14,546        | 37.2%              | -1,442                 | 91.0%                |
| Products and Services        | 11,186        | 28.6%              | 9,915         | 25.3%              | -1,270                 | 88.6%                |
| Outsourcing                  | 4,802         | 12.3%              | 4,630         | 11.8%              | -171                   | 96.4%                |
| <b>Facility Business</b>     | 486           | 1.2%               | 572           | 1.5%               | +85                    | 117.5%               |
| <b>Other Businesses</b>      | 2,255         | 5.8%               | 2,241         | 5.7%               | -13                    | 99.4%                |

### Highlights of Sales by Segment

- **Embedded/Control Software**

Sales increased 8.7% year on year, with brisk sales of machine control systems in areas such as automobile-related projects and FA and the social infrastructure business, especially in the aerospace sector and for base stations and electric power companies, offsetting declines in the mobile and telecommunication control businesses.

- **Operation Software**

Sales climbed 4.8% year on year, with strong performances in the distribution and manufacturing sectors making up for decline in the financial field, where there were large projects in the same period a year ago.

- **Products and Services**

Sales slid 11.4% reflecting the absence of large licensing business projects in the same period a year ago.

- **Outsourcing**

Sales fell 3.6% year on year, as the effect of contract cancellations due to the business integration of a major customer of the Company persisted into the 1Q.



# Consolidated Income Statement

(Million yen)

|  | FY2014     | FY2015     | YoY change<br>(Amount) | YoY change<br>(%) | FY2015  |                             |
|--|------------|------------|------------------------|-------------------|---------|-----------------------------|
|  | Q1 Results | Q1 Results |                        |                   | Q1 Plan | Comparison<br>with the plan |
| Net sales  | 39,154     | 39,133     | -20                    | 99.9%             | 39,300  | 99.6%                       |
| Cost of sales  | 30,288     | 30,223     | -64                    | 99.8%             | 30,300  | 99.7%                       |
| Cost of sales margin   | 77.4%      | 77.2%      | -0.1                   |                   | 77.1%   |                             |
| Gross profit   | 8,865      | 8,909      | +43                    | 100.5%            | 9,000   | 99.0%                       |
| Gross profit margin  | 22.6%      | 22.8%      | + 0.1                  |                   | 22.9%   |                             |
| SG&A expenses  | 6,612      | 6,790      | +177 (1)               | 102.7%            | 6,650   | 102.1%                      |
| SG&A expense ratio   | 16.9%      | 17.4%      | + 0.5                  |                   | 16.9%   |                             |
| Operating income   | 2,253      | 2,119      | -134                   | 94.0%             | 2,350   | 90.2%                       |
| Operating income margin  | 5.8%       | 5.4%       | -0.3                   |                   | 6.0%    |                             |
| Non-operating income   | 92         | 123        | +30                    | 133.3%            | -       | -                           |
| Non-operating expenses   | 126        | 53         | -73                    | 42.2%             | -       | -                           |
| Share of (profit) loss of<br>entities accounted for using<br>equity method | -13        | 113        | +126 (2)               | -                 | -       | -                           |
| Ordinary income  | 2,206      | 2,303      | +97                    | 104.4%            | 2,370   | 97.2%                       |
| Ordinary income margin   | 5.6%       | 5.9%       | + 0.3                  |                   | 6.0%    |                             |
| Extraordinary income   | 31         | 0          | -31 (3)                | -                 | -       | -                           |
| Extraordinary losses   | 49         | 369        | +320                   | 744.0%            | -       | -                           |
| Income before income taxes   | 2,187      | 1,933      | -254                   | 88.4%             | -       | -                           |
| Total income taxes   | 755        | 768        | +13                    | 101.8%            | -       | -                           |
| Minority interests in income   | 186        | 94         | -91                    | 50.8%             | -       | -                           |
| Net income   | 1,246      | 1,070      | -175                   | 85.9%             | 1,300   | 82.3%                       |
| Net income margin  | 3.2%       | 2.7%       | -0.4                   |                   | 3.3%    |                             |

## Points of Income Statement

### (1) SG&A expenses (up 177 million yen)

Reflected higher expenses as a result of increased hiring.

### (2) Share of (Profit) Loss of Entities Accounted for Using Equity Method (up 126 million yen)

Rose as a result of increased profits at Ace Securities.

### (3) Extraordinary income (up 320 million yen)

Increased due to loss on sales of shares of subsidiaries and associates (Ace Securities)



# Consolidated Balance Sheet

|  | End of<br>FY2014 | End of Q1 of<br>FY2015 | Change<br>(Amount) |
|--|------------------|------------------------|--------------------|
| (Million yen)                                |                  |                        |                    |
| <b>Current assets</b>                        | 55,094           | 59,145                 | +4,050             |
| Cash and deposits                            | 15,244           | 14,869                 | -374               |
| Notes and accounts receivable - trade        | 30,136           | 33,176                 | +3,040 (1)         |
| Short-term investment securities             | 3,010            | 3,705                  | +695               |
| Inventories                                  | 1,968            | 2,188                  | +219               |
| Deferred tax assets                          | 2,150            | 2,891                  | +740               |
| Other  | 2,584            | 2,313                  | -270               |
| <b>Non-current assets</b>                    | 102,492          | 100,873                | -1,619             |
| Property, plant and equipment                | 67,513           | 67,439                 | -74                |
| Intangible assets                            | 7,641            | 7,048                  | -592               |
| Investments and other assets                 | 27,337           | 26,385                 | -952 (2)           |
| <b>Total assets</b>                          | 157,587          | 160,018                | +2,430             |
| <b>Current liabilities</b>                   | 38,039           | 38,476                 | +436               |
| Accounts payable - trade                     | 7,493            | 9,762                  | +2,269 (1)         |
| Short-term loans payable                     | 7,983            | 4,456                  | -3,526             |
| Commercial papers                            | 5,000            | 7,000                  | +2,000             |
| Accrued expenses / provision for bonuses     | 5,873            | 7,427                  | +1,553             |
| Provision for loss on construction contracts | 2,312            | 1,699                  | -612 (3)           |
| Other  | 9,236            | 7,885                  | -1,351 (3)         |
| <b>Non-current liabilities</b>               | 19,021           | 20,559                 | +1,537             |
| Long-term loans payable                      | 8,230            | 9,897                  | +1,666             |
| Other  | 10,790           | 10,662                 | -128               |
| <b>Total liabilities</b>                     | 57,061           | 59,035                 | +1,974             |
| <b>Total net assets</b>                      | 100,526          | 100,982                | +456               |
| <b>Total liabilities and net assets</b>      | 157,587          | 160,018                | +2,430             |

## Points of the Balance Sheet

(1) [Notes and accounts receivable-trade \(up 3,040 million yen\)](#)

[Accounts payable-trade \(up 2,269 million yen\)](#)

Reflected increased sales in System Construction mainly at the Company and Vinx.

(2) [Investments and other assets \(down 952 million yen\)](#)

Decreased mainly due to the partial sale of shares of Ace Securities

(3) [Income taxes payable \(down 612 million yen\)](#)

[other current liabilities \(down 1,351 million yen\)](#)

Reflected decrease in amount of tax payable as a result of payment of income taxes and consumption taxes



## Consolidated Cash Flow Statement

(Million yen)

|  | FY2014<br>Q1 Results | FY2015<br>Q1 Results | YoY<br>change<br>(Amount) |
|--|----------------------|----------------------|---------------------------|
| Cash flows from operating activities                                     | 3,752                | 784                  | -2,968                    |
| Cash flows from investing activities                                     | -1,598               | 1                    | +1,598                    |
| Cash flows from financing activities                                     | -3,883               | -695                 | +3,187                    |
| Effect of exchange rate change on cash and cash equivalents              | -2                   | 11                   |                           |
| Net increase (decrease) in cash and cash equivalents                     | -1,731               | 100                  |                           |
| Cash and cash equivalents at beginning of period                         | 14,342               | 16,135               |                           |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 15                   | -                    |                           |
| <b>Cash and cash equivalents at end of period</b>                        | <b>12,626</b>        | <b>16,236</b>        |                           |

### Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities fell year on year mainly because of a decline in tax payments because the fiscal year before the last was shorter (nine months) due to the change in fiscal year end and also due to an increase in consumption tax payable due to the increase in the consumption tax rate.

- [Cash flows from investing activities](#)

Net cash provided by investing activities reflects expenditure for the acquisition of fixed assets including the Company's own products (software) and sales of shares of subsidiaries and associates.

- [Cash flows from financing activities](#)

Net cash used in financing activities is mainly due to the payment of dividends.





## Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

|                              | FY2015 Q1 Results                   |        |                |           |                |                               |                |
|------------------------------|-------------------------------------|--------|----------------|-----------|----------------|-------------------------------|----------------|
|                              | Order backlogs at beginning of term | Orders | YoY change (%) | Net sales | YoY change (%) | Order backlogs at end of term | YoY change (%) |
| <b>SI Business Total</b>     | 28,735                              | 37,324 | 100.7%         | 36,319    | 99.7%          | 29,741                        | 110.1%         |
| <b>System Construction</b>   | 19,384                              | 20,784 | 98.9%          | 21,772    | 106.6%         | 18,396                        | 105.6%         |
| Embedded/Control Software    | 8,299                               | 9,964  | 104.9%         | 10,231    | 108.7%         | 8,031                         | 103.8%         |
| Operation Software           | 11,085                              | 10,820 | 94.0%          | 11,541    | 104.8%         | 10,364                        | 107.1%         |
| <b>Products and Services</b> | 9,351                               | 16,539 | 103.0%         | 14,546    | 91.0%          | 11,344                        | 118.4%         |
| Products and Services        | 6,495                               | 12,113 | 101.9%         | 9,915     | 88.6%          | 8,693                         | 121.6%         |
| Outsourcing                  | 2,855                               | 4,426  | 106.0%         | 4,630     | 96.4%          | 2,650                         | 109.2%         |

### Highlights of Orders and Order Backlogs

#### • Highlights of orders

##### • System Construction

In Embedded/Control Software, orders in the machine control business in areas such as automobiles and FA were strong. In Operation Software, orders in the financial industry declined in the absence of large projects recorded in the same period a year ago.

##### • Products and Services

Orders in Products and Services exceeded the level a year ago when orders were strong. Orders in Outsourcing increased, reflecting firm data center demand.

#### • Highlights of order backlogs

##### • System Construction

In Operation Software, the order backlog at the beginning of the term was high at 11,085 million yen (up 120.8% year on year), mainly consisting of orders from the distribution sector. Consequently the order backlog at the end of the term was also up 5.6% year on year, despite a 6.6% year-on-year increase in 1Q sales.

##### • Products and Services

In Products and Services, the order backlog in the areas such as the CAE sector exceeded the year-ago level. However, the order backlog at the end of the term increased, reflecting a failure to convert orders into sales.



## Advanced BYOD company



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