



Results of Operations for FY2015

February 10, 2016

FUJI SOFT INCORPORATED





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Consolidated Results for FY2015



Consolidated Financial Highlights

Net sales rose due to a strong performance in System Construction.

- ◇ Consolidated net sales rose 3.5% year on year, to 153,661 million yen, thanks to a strong performance in System Construction, especially machine control system construction.

Operating income rose, despite an increase in SG&A expenses, due to the rise in sales.

- ◇ Operating income rose 1.4% year on year, to 8,418 million yen, with the rise in sales offsetting the increase in SG&A expenses attributable to upfront investment associated mainly with the hiring of human resources and promotional activities.
- ◇ Ordinary income exceeded the plan, although it declined 1.9% year on year to 9,093 million yen, partly reflecting the share of profit of entities accounted for using the equity method.

	FY2014 Results	FY2015 Results	YoY change (Amount)	YoY change (%)	(Million yen)	
					FY2015 Plan	Comparison with plan
Net sales	148,452	153,661	+5,209	103.5%	152,000	101.1%
Operating income	8,305	8,418	+112	101.4%	8,500	99.0%
Operating income margin	5.6%	5.5%			5.6%	
Ordinary income	9,269	9,093	-176	98.1%	8,800	103.3%
Ordinary income margin	6.2%	5.9%			5.8%	
Net income	4,874	4,922	+47	101.0%	4,800	102.5%
Net income margin	3.3%	3.2%			3.2%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	Net sales				Operating income			
	FY2014 Results	FY2015 Results	YoY change (Amount)	YoY change (%)	FY2014 Results	FY2015 Results	YoY change (Amount)	YoY change (%)
FUJI SOFT INCORPORATED	88,027	92,651	+4,624	105.3%	5,212	5,357	+145	102.8%
CYBERNET SYSTEMS Co., Ltd.	15,396	15,518	+121	100.8%	810	851	+41	105.1%
VINX CORP.	27,710	27,641	-69	99.7%	1,681	1,585	-96	94.2%
CYBER COM Co., Ltd.	8,100	8,641	+540	106.7%	486	515	+29	106.0%

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

* The results for VINX and CYBER COM in the FY2015 Result column are from January to December 2015.

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

● FUJI SOFT INCORPORATED

Sales rose, reflecting the strong performance in System Construction, especially machine control system construction and system construction in the financial sector. Operating income rose, with the rise in sales offsetting the increase in SG&A expenses attributed to upfront investment associated mainly with the hiring of human resources and promotional activities.

● CYBERNET SYSTEMS Co., Ltd.

Sales increased despite the adverse effect of the launch of electronic circuit board design solutions following changes to products handled in the previous year, which was offset by the strong sales from the domestic IT solution service and at overseas subsidiaries, in addition to the strong performance of multi-physics analysis tools, which are the mainstay products, mainly in the electrical industry. Operating income rose thanks to an improvement in the merchandise cost ratio and the increase in sales.

● VINX CORP.

Sales remained flat, chiefly reflecting large projects attributable to the demand for system updates, which offset the decline attributable to the absence of special demand associated with the change in the consumption tax rate in the previous year and the review of IT investments by some primary customers. Operating income declined, chiefly reflecting a temporary rise in the cost ratio due to increased product sales and higher SG&A expenses associated with increased hiring.

● CYBER COM Co., Ltd.

Sales rose thanks to the strong performances in the development of machine control systems and business systems in software development, the mainstay business. Operating income rose due to the increase in sales, which offset the increase in upfront investment associated mainly with hiring, the enhancement of education for engineers, the expansion of the functions of CYBER COM's own products, and promotional activities.



Consolidated Sales by Segment

(Million yen)

	FY2014		FY2015		YoY change (Amount)	YoY Change (%)
	Results	Component ratio	Results	Component ratio		
Total net sales	148,452	100.0%	153,661	100.0%	+5,209	103.5%
SI Business	138,108	93.0%	142,782	92.9%	+4,674	103.4%
System Construction	78,603	52.9%	84,775	55.2%	+6,171	107.9%
Embedded/Control Software	37,918	25.5%	41,806	27.2%	+3,887	110.3%
Operation Software	40,684	27.4%	42,969	28.0%	+2,284	105.6%
Products and Services	59,504	40.1%	58,007	37.7%	-1,497	97.5%
Products and Services	40,156	27.1%	40,815	26.6%	+658	101.6%
Outsourcing	19,348	13.0%	17,191	11.2%	-2,156	88.9%
Facility Business	2,217	1.5%	2,478	1.6%	+261	111.8%
Other Businesses	8,126	5.5%	8,400	5.5%	+274	103.4%

Highlights of Sales by Segment

● Embedded/Control Software

Sales increased 10.3% year on year, with brisk sales of machine control systems in areas such as automobile-related projects and factory automation, as well as systems in the aerospace sector and at electric power companies, offsetting declines in the mobile and telecommunication control businesses.

● Operation Software

Sales climbed 5.6% year on year as performances in the financial sector remained strong.

● Products and Services

Sales increased 1.6% year on year, with a decline in the licensing business in the 1Q (from January to March) due to the absence of large projects in the same period a year ago offset by the subsequent strong performance in the business.

● Outsourcing

Sales fell 11.1% year on year due to a decline in transactions in the distribution sector and the effect of contract cancellations due to the business integration of a major customer persisting into the 1Q (from January to March).



Consolidated Income Statement

(Million yen)

	FY2014 Results	FY2015 Results	YoY change (Amount)	YoY change (%)	FY2015	
					Plan	Comparison with the plan
Net sales	148,452	153,661	+5,209	103.5%	152,000	101.1%
Cost of sales	113,799	117,552	+3,753	103.3%	116,560	100.9%
Cost of sales margin	76.7%	76.5%	-0.2 (1)		76.7%	
Gross profit	34,652	36,109	+1,456	104.2%	35,440	101.9%
Gross profit margin	23.3%	23.5%	+0.2		23.3%	
SG&A expenses	26,347	27,691	+1,343 (2)	105.1%	26,940	102.8%
SG&A expense ratio	17.7%	18.0%	+0.3		17.7%	
Operating income	8,305	8,418	+112	101.4%	8,500	99.0%
Operating income margin	5.6%	5.5%	-0.1		5.6%	
Non-operating income	713	490	-223	68.7%	—	—
Non-operating expenses	409	230	-178	56.3%	—	—
Share of (profit) loss of entities accounted for using equity method	660	415	-244 (3)	62.9%	—	—
Ordinary income	9,269	9,093	-176	98.1%	8,800	103.3%
Ordinary income margin	6.2%	5.9%	-0.3		5.8%	
Extraordinary income	31	82	+51	264.6%	—	—
Extraordinary losses	318	420	+102 (4)	132.1%	—	—
Income before income taxes	8,982	8,755	-227	97.5%	—	—
Total income taxes	3,337	3,069	-268	92.0%	—	—
Minority interests in income	769	763	-6	99.2%	—	—
Net income	4,874	4,922	+47	101.0%	4,800	102.5%
Net income margin	3.3%	3.2%	-0.1		3.2%	

Points in Income Statement

(1) Cost of sales margin (down 0.2 pt)

Reflected a rise in sales in System Construction, where high value is added, due to strong performance in the automobile and FA areas.

(2) SG&A expenses (up 1,343 million yen)

Reflected temporary increases in personnel expenses and training costs in association with increased hiring and upfront investment mainly in product promotion and research and development.

(3) Share of (profit) loss of entities accounted for using equity method (down 244 million yen)

Decline in the share of profit (loss) of entities accounted for using the equity method, which is related to Ace Securities.

(4) Extraordinary losses (up 102 million yen)

Increased due to a loss on sales of shares of subsidiaries and associates of Ace Securities.



Consolidated Balance Sheet

(Million yen)

	End of FY2014	End of FY2015	Change (Amount)
Current assets	55,094	55,032	-61
Cash and deposits	15,244	12,784	-2,459 (1)
Notes and accounts receivable - trade	30,136	31,485	1,349 (2)
Short-term investment securities	3,010	3,800	789
Inventories	1,968	2,326	357
Deferred tax assets	2,150	1,953	-197
Other	2,584	2,683	98
Non-current assets	102,492	98,800	-3,692
Property, plant and equipment	67,513	67,013	-500
Intangible assets	7,641	6,273	-1,368 (3)
Investments and other assets	27,337	25,513	-1,823 (4)
Total assets	157,587	153,833	-3,754
Current liabilities	38,039	27,556	-10,483
Accounts payable - trade	7,493	7,625	131
Short-term loans payable	7,983	3,967	-4,015 (1)
Commercial papers	5,000	-	-5,000 (1)
Accrued expenses / provision for bonuses	5,873	5,820	-53
Income taxes payable	2,312	1,210	-1,101 (5)
Provision for loss on construction contracts	140	107	-33
Other	9,236	8,825	-411 (5)
Non-current liabilities	19,021	22,197	3,176
Long-term loans payable	8,230	11,242	3,012 (1)
Other	10,790	10,955	164
Total liabilities	57,061	49,754	-7,307
Total net assets	100,526	104,078	3,552
Total liabilities and net assets	157,587	153,833	-3,754

Points of the Balance Sheet

(1) Cash and deposits

(Decrease of 2,459 million yen from the end of the previous fiscal term)

Short-term loans payable

(Decrease of 4,015 million yen from the end of the previous fiscal term)

Commercial papers

(Decrease of 5,000 million yen from the end of the previous fiscal term)

Long-term loans payable

(Increase of 3,012 million yen from the end of the previous fiscal term)

Increased and decreased as borrowings were repaid as scheduled.

(2) Notes and accounts receivable - trade

(Increase of 1,349 million yen from the end of the previous fiscal term)

Increased due to a rise in sales in the SI Business.

(3) Intangible assets

(Decrease of 1,368 million yen from the end of the previous fiscal term)

Decreased due to the amortization of goodwill and software assets.

(4) Investments and other assets

(Decrease of 1,823 million yen from the end of the previous fiscal term)

Decreased, reflecting the fair market valuation of shares held and sales of shares of subsidiaries and associates.

(5) Income taxes payable

(Decrease of 1,101 million yen from the end of the previous fiscal term)

Non-current liabilities—Other

(Decrease of 411 million yen from the end of the previous fiscal term)

Decreased due to payment of income taxes and consumption taxes.



Consolidated Cash Flow Statement

(Million yen)

	FY2014 Results	FY2015 Results	Component ratio
Cash flows from operating activities	14,119	7,595	-6,524
Cash flows from investing activities	-3,697	-549	+3,147
Cash flows from financing activities	-8,891	-7,414	+1,477
Effect of exchange rate change on cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	127	-16	
Cash and cash equivalents at beginning of period	1,658	-385	
Increase in cash and cash equivalents from newly consolidated subsidiary	14,342	16,135	
Increase in cash and cash equivalents arising from changes in the scope of consolidation	135	0	
Cash and cash equivalents at end of period	0	-61	
Cash flows from operating activities	16,135	15,688	

Highlights of Cash Flows

[Cash flows from operating activities](#)

Net cash provided by operating activities stood at 7,595 million yen, down 6,524 million yen year on year, mainly reflecting the temporary decline in tax payments in the previous fiscal year due to the change of the fiscal year end in the fiscal year before last (which resulted in an increase in tax payments in the fiscal year under review) and an increase in consumption tax payments due to the increase in the consumption tax rate.

[Cash flows from investing activities](#)

Net cash used in investing activities came to 549 million yen, although the balance of payments increased 3,147 million yen year on year, mainly reflecting expenditure on the acquisition of investment securities in the previous fiscal year, income related to securities and investment securities in the fiscal year under review, and expenditures related to the Company's own products and capital investment in the fiscal year under review.

[Cash flows from financing activities](#)

Net cash used in financing activities was 7,414 million yen, mainly due to the payment of loans and dividends.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2015 Results						
	Order backlog at beginning of term	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business Total	28,735	144,735	103.0%	142,782	103.4%	30,688	106.8%
System Construction	19,544	85,914	105.7%	84,775	107.9%	20,683	105.8%
Embedded/Control Software	8,299	42,494	110.2%	41,806	110.3%	8,987	108.3%
Operation Software	11,245	43,419	101.6%	42,969	105.6%	11,695	104.0%
Products and Services	9,191	58,820	99.4%	58,007	97.5%	10,005	108.9%
Products and Services	6,495	42,162	104.9%	40,815	101.6%	7,843	120.7%
Outsourcing	2,695	16,658	87.7%	17,191	88.9%	2,161	80.2%

Highlights of Orders and Order Backlogs

● Highlights of orders

- System Construction

In Embedded/Control Software, orders in the machine control business were strong. In Operation Software, orders in the financial sector were strong.

- Products and Services

Orders in Products and Services declined slightly, chiefly due to the termination of certain outsourcing contracts, despite strong orders in the license business and mechanical CAE (MCAE) as well as orders for robots for consumers.

● Highlights of order backlogs

- System Construction

The order backlog at the beginning of the term was high, and orders in the machine control business were strong. The order backlog at the end of the term was up 5.8% year on year.

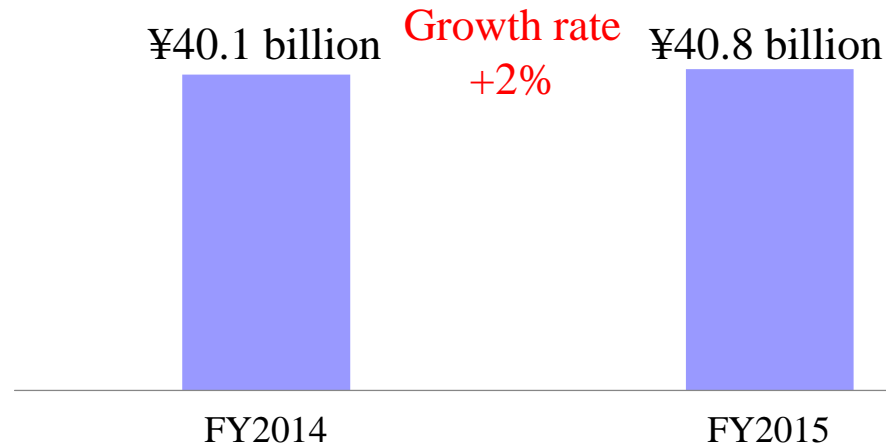
- Products and Services

The order backlog at the end of the term increased 8.9% year on year due to orders in the license business and mechanical CAE (MCAE).



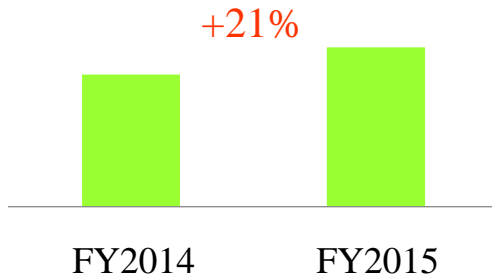
Trends in Products and Services

Sales in Products and Services

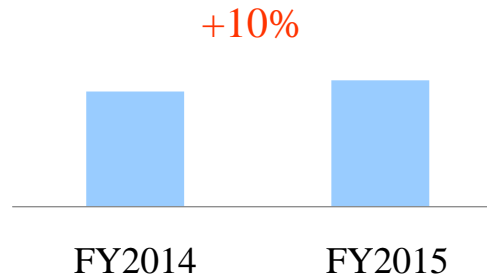


Breakdown of sales in Products and Services

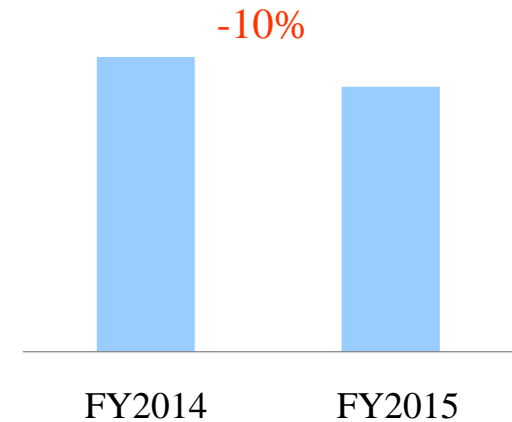
Sales of FUJISOFT products



Sales in the licensing business



Product sales and others





Business Policies and Results Forecasts for FY2016



Basic Policy

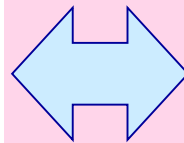
**An innovative corporate group that links
ICT development to greater value for customers**

Helping customers increase added value, create new businesses, and enhance competitive advantage

Medium-term target: Creating a high value-added structure

Increasing added value

Enhancing on-site strength
(Enhancing systems)
Creating markets
(including overseas markets)
Cutting selling, general and
administrative expenses



Creating products and services

Cloud (C) (including Internet-related businesses)
Robot technologies (R)
Mobile (M) (including a variety of devices)

Basic strategies

**Strengthening the foundations
of contract business**

**Becoming
a prime vendor**

Creating products

Globalization

**Bolstering Group
capabilities**



Environment: Development of ICT and Increasing Needs for Human Assets

■ Accelerated development of ICT

- ☆ Further development of telecommunications, use of the cloud, and mobile terminals, full progress of ML and AI

Key words on use of ICT

- ☆ IoT, industry 4.0, autonomous driving, robot, AI, FinTech

Issues of user companies

- ☆ How to use new technologies
- ☆ Absolute shortage of human assets who handle the technologies

Seeds of new business

- ☆ My Number, regional revitalization, electricity deregulation, development of new internet businesses

Strengths of the Company

- ☆ Internal use of leading-edge cloud computing technologies and powerful alliances: Cloud
(MS, AWS, SFDC, Google, Concur, and others)
- ☆ Proven track record in the field of robots (PALRO, robot-sumo, and others): Robots
- ☆ Advanced embedding and controlling technologies: Mobile
(Applications for automobiles, telecommunications, and various OSs, accumulated expertise in mobile terminals, tablet terminals, and others, etc.)
- ☆ Proven track record in a wide range of business fields: Knowledge in industries and expertise in operations
(Manufacturing, distribution, financial sector, public sector, education, internet business, etc.)
- ☆ Excellent engineering capabilities supporting the above: Power of human assets



Growth Strategy

Commissioned Development

- Hiring human assets proactively and enhancing systems
- Enhancement in technological fields with high needs (Automobiles including AUTOSAR, FA, financial sector, internet business, and others)

Developing human assets quickly with training systems and superior site environment

- ☆ Establishing a strong system in a few years
- Promotion and rotation

Products and Services

☆ Promoting the Company's own products

☆ Promoting products from the alliance

Cloud and advanced technological fields (MS, Amazon, SFDC, Google, Concur, virtualization, Win10, and others)

Increasing added values by offering competitive products and services in advanced fields and promoting related engineering services

Global business

To be expanded mainly to Southeast Asia

Development of the theme of long-term investment (regenerative medicine) into business

Carrying out sponsor-initiated clinical trials
License to manufacture specific processed cells

Strengthening cooperation within the Group

Sowing seeds for growth (upfront investment)

Hiring of human resources and investment in training

Investments in research and development and products Investment in promotional activities

Overseas expansion (People, goods, and money)

Investment in research, which is small at present -> Investment for business development

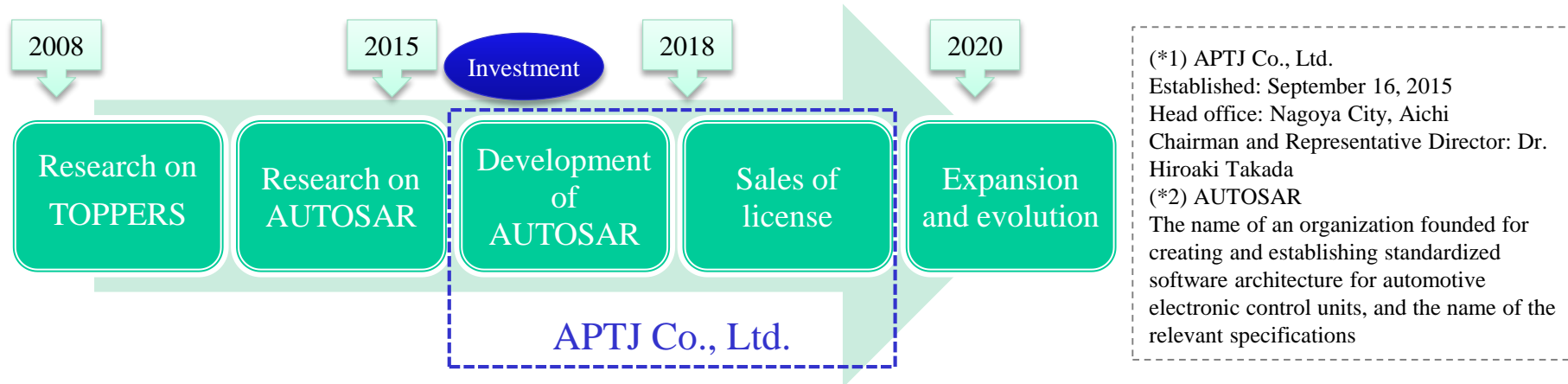
Improving business performance steadily based on Commissioned Development and continuing strategic investments (sowing seeds)

Automotive Software

Investment in a company developing a software platform for automotive control systems

November 2015

The Company accepted the private placement of new shares by APTJ Co., Ltd.(*1), which aims to develop a software platform for automotive control systems based on the specifications of AUTOSAR (*2), and also provided physical support to APTJ Co., Ltd. by having the Company's engineers participate in the development.



Establishment of the second office in Nagoya

January 2016

The Company established the Nagoya Second Office in Nakamura Ward in Nagoya City as its the fifth production base in the Tokai area, anticipating the further expansion of the automotive software development market in the Tokai area.

The Company allocated 200 engineers at the time of its opening, aiming to increase the number to around 300 through business expansion.

Products and Services (1) (Communication robot)

Functional improvements



December 2015: Launch of a new model developed based on the results of an experiment for demonstrating the care prevention effect, which was conducted in Robot Town Sagami

Utility value in diverse settings has been improved by improving the hardware and enhancing the communication function by using AI.

Introduced at 320 facilities (cumulative total) and 5 financial institutions (cumulative total)



An enhanced presentation function has resulted in an increase in cases where the product is introduced at financial institutions such as regional banks. The robot was used for financial education and other applications at elementary schools. (August 2015)

Palmi, a communication robot for consumers, was supplied to DMM.com (Beginning of sales to general consumers: May 2015)



PALRO began to be sold to elderly care facilities in June 2012.

Expansion of user market

Products and Services (2) (moreNOTE, Mirai School Station)

moreNOTE®



A service where a server consolidates the management of documents, videos, and images, which can be viewed through smart devices

Transfer of business from SYNCNEL

February 2016

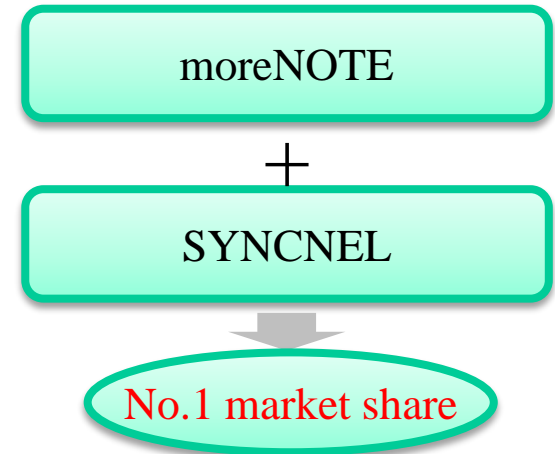
The Company concluded a contract concerning the transfer of all the businesses from SYNCNEL and began providing SYNCNEL, a cloud-based file-sharing service.

As a result, the Company is expected to reach No.1 in market share in terms of the number of introductions of the service (*).

(*) Based on research by the Company and SYNCNEL

Introduction at local governments, congresses, and private companies

Introduced at over 850 local governments, congresses, and private companies



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

Over 1,000 (cumulative total)

(*) Based on research by the Company and SYNCNEL

みらいスクールステーション®



A comprehensive educational solution including in-school information delivery systems, an electronic blackboard function, and the distribution of emergency information to schools

Introduction at government-designated cities

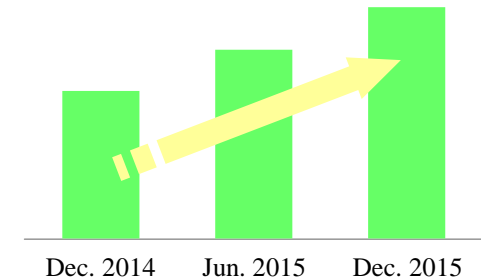
January 2016

It was decided that the solution would be introduced to elementary and junior high schools in the city of Sapporo.

February 2016

It was decided that the system for supporting teaching with tablets would be introduced at all of the 489 elementary schools and junior high schools run by the city of Yokohama.

Introduced at **205 schools**
(cumulative total)



Regenerative Medicine

Commencement of a sponsor-initiated clinical trial of implant-type tissue-engineered cartilage using autologous cells

April 2015

A sponsor-initiated clinical trial of *implant-type tissue-engineered cartilage using autologous cells* was commenced. Licenses to manufacture and manufacture and sell the product are planned to be obtained, and the provision of the product is planned to be started.



Acquisition of license to manufacture specific processed cells

May 2015

FUJISOFT Tissue Engineering Co., Ltd. obtained a license to manufacture specific processed cells.

Commissioned processing of tissues, cells, and others was commenced.



Start of provision of the *Tissue Engineering Academia Model*

August 2015

The *Tissue Engineering Academia Model* began to be provided, in which the commercialization of research on regenerative medicine initiated by universities is supported by using the expertise and facilities of the Company and FUJISOFT Tissue Engineering Co., Ltd.





Hiring Human Resources

A total of 470 new graduates were hired in FY2015. Almost the same number of new graduates is planned to be hired in FY2016. The increase of partner personnel and mid-career recruitment will be continued.

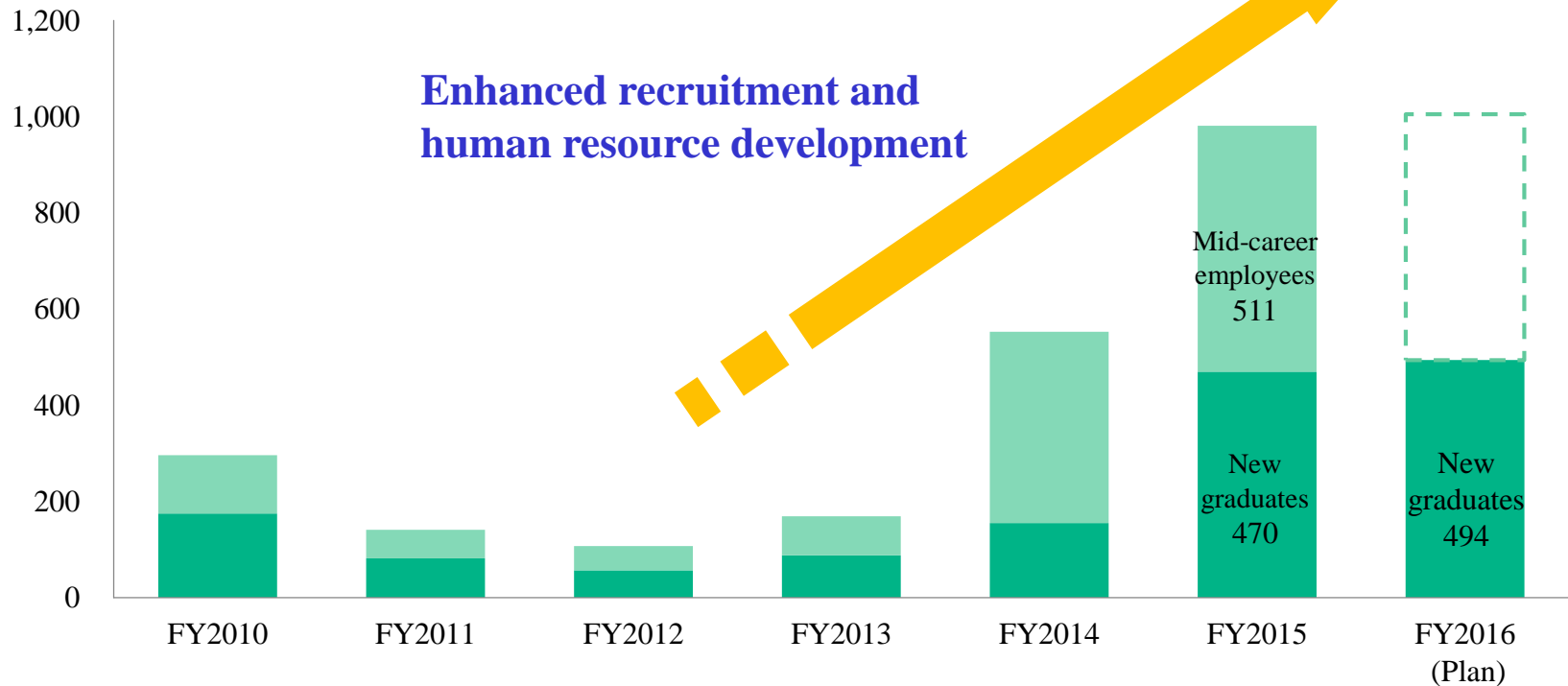
* The number of newly hired employees is the aggregate of the number for the Company and the number for listed subsidiaries, which applies to both new graduates and mid-career employees.



Developing human assets who respond to market needs within a short period of time

<Recruitment results and plan>

Number of employees hired: Aggregate of the number for the Company and the number for listed subsidiaries

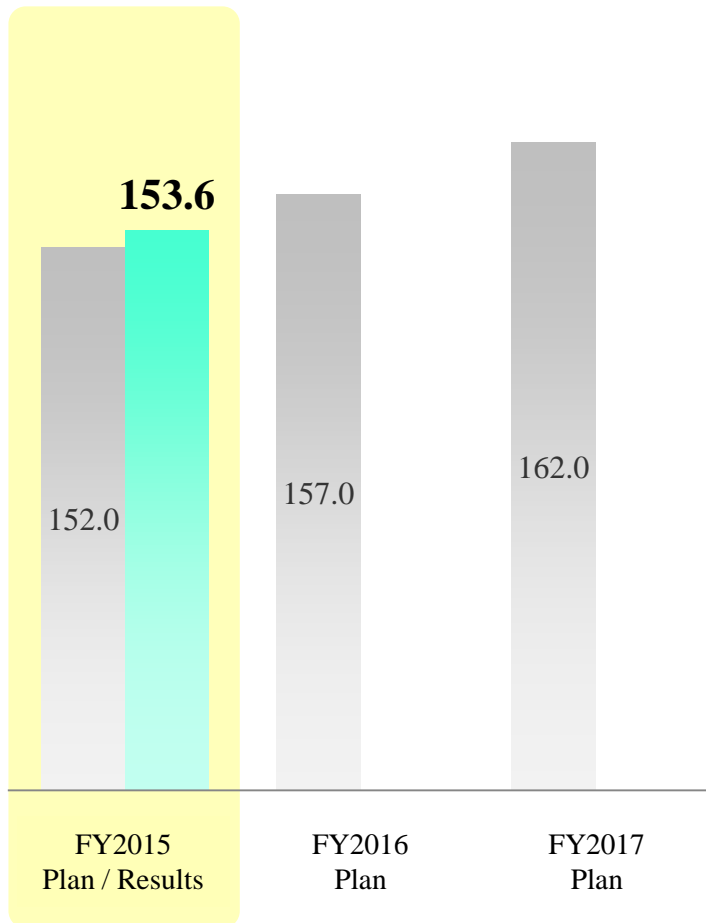




Changes in Results (FY2015–FY2017)

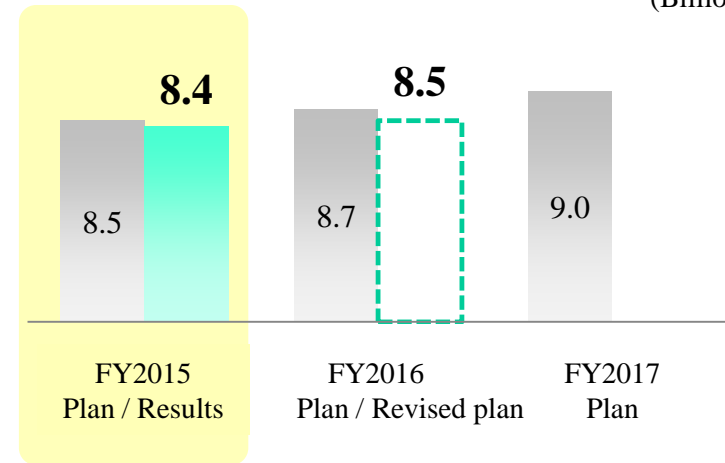
Consolidated Net Sales

(Billion yen)

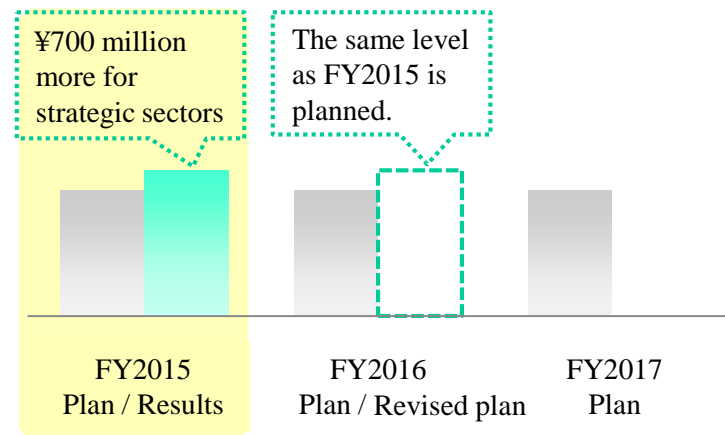


Consolidated Operating Income

(Billion yen)



Upfront investment: Sowing seeds for growth





Results Forecasts for FY2016

(Million yen)

	FY2015 Results	FY2016 Plan	YoY change (Amount)	YoY change (%)
Net sales	153,661	157,000	+3,338	102.2%
Operating income	8,418	(1) 8,500	+81	101.0%
Operating income margin	5.5%	5.4%		
Ordinary income	9,093	(2) 8,700	-393	95.7%
Ordinary income margin	5.9%	5.5%		
Net income	4,922	5,000	+77	101.6%
Net income margin	3.2%	3.2%		

- (1) Results on a par with those of FY2015 are planned for *sowing seeds for growth* (upfront investment).
- (2) The share of profit (loss) of entities accounted for using the equity method is assumed to be zero.



Dividend

Dividend at the end of FY2016 is planned to be 28 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)				
	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Results	FY2016 Results
Per-share net income	127.67* ¹	118.73* ²	156.55	158.06	160.38
Dividend per share	24	21	28	28	28
Dividend payout ratio	18.8%	17.7%	17.9%	17.7%	17.4%

*1 A gain on the sale of shares in FUJI SOFT KCS Co., Ltd., a consolidated subsidiary, was posted (¥284 million).

*2 Results for nine months



Advanced BYOD company



* 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.