



Results of Operations for the First Quarter of FY2016

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FUJI SOFT INCORPORATED





Contents

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- P2. Consolidated Financial Highlights
- P3. Sales/Operating Income by Major Companies of the Group
- P4. Consolidated Sales/Operating Income by Segment
- P5. Consolidated Income Statement
- P6. Consolidated Balance Sheet
- P7. Consolidated Cash Flow Statement
- P8. Orders and Order Backlogs for the Consolidated SI Business



Consolidated Financial Highlights

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

Consolidated net sales rose 5.4% year on year, to 41,261 million yen, thanks to a strong performance in System Construction, especially machine control system construction.

Operating income rose due to the rise in sales and an improvement in the cost ratio.

Operating income rose 6.7% year on year, to 2,261 million yen, reflecting the rise in sales and an improvement in the cost ratio due to a decrease in unprofitable projects.

Ordinary income fell 3.3% year on year, to 2,228 million yen due to a decrease in the share of profit of entities accounted for using the equity method.

Profit attributable to owners of parent climbed 10.1% year on year, to 1,179 million yen.

(Million yen)

	FY2015 Q1 Results	FY2016 Q1 Results	YoY change (Amount)	YoY change (%)	FY2016 Q1 plan	Comparison with plan
Net sales	39,133	41,261	+2,128	105.4%	39,750	103.8%
Operating income	2,119	2,261	+142	106.7%	1,810	125.0%
Operating income margin	5.4%	5.5%			4.6%	
Ordinary income	2,303	2,228	-75	96.7%	1,860	119.8%
Ordinary income margin	5.9%	5.4%			4.7%	
Profit attributable to owners of parent	1,070	1,179	+108	110.1%	1,260	93.6%
Profit margin attributable to owners of parent	2.7%	2.9%			3.2%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

	FY2016	Net sales	Operating income	
FUJI SOFT INCORPORATED	Q1 results	25,122	1,533	Sales rose, reflecting a strong performance in machine control system construction and system construction in the financial sector. Operating income remained roughly flat from a year ago, with a rise in the cost ratio due to the hiring of more engineers and an increase in sales in the licensing business, along with a rise in SG&A expenses attributed to upfront investment offset by the increase in sales.
	YoY change (amount)	+2,015	-36	
	YoY change (%)	108.7%	97.6%	
CYBERNET SYSTEMS Co., Ltd.	Q1 results	4,036	318	Sales increased due to strong sales in mainstay MCAE (mechanical CAE) business and IT solutions and an order for a large-scale OEM project at a subsidiary in North America. Operating income rose as the increase in sales offset an increase in personnel expenses due to the hiring of more new employees.
	YoY change (amount)	+435	+226	
	YoY change (%)	112.1%	347.0%	
CYBER COM Co., Ltd.	Q1 results	2,429	47	Sales rose thanks to strong performances in the development of control software and operation software. Operating income declined due to an increase in upfront investment for the hiring and education for engineers.
	YoY change (amount)	+235	-10	
	YoY change (%)	110.7%	81.9%	
VINX CORP.	Q1 results	7,038	307	Sales declined following a fall in sales from major customers due to a review of IT investment at certain customers, which more than offset the expansion of new transactions. Operating income fell with the decline in sales and an increase in SG&A expenses associated with the hiring of more new employees.
	YoY change (amount)	-546	-141	
	YoY change (%)	92.8%	68.4%	
FUJI SOFT SERVICE BUREAU INCORPORATED	Q1 results	2,110	76	Sales climbed, reflecting strong sales of call center services to public offices. Operating income rose as the company sought to cut costs and reduce expenses, although expenses arose in relation to listing and expenses for strengthening internal control increased.
	YoY change (amount)	+42	+45	
	YoY change (%)	102.1%	247.4%	

* The fiscal year end is March at CYBER COM, VINX, and FUJI SOFT SERVICE BUREAU. Their results from January to March, 2016 are stated in the FY2016 Q1 results column.



Consolidated Sales/Operating Income by Segment

(Million yen)

	FY2016 Net sales		YoY change (Amount)	YoY Change (%)	FY2016 Operating income		YoY change (Amount)	YoY Change (%)
	Q1 results	Component ratio			Q1 results	Operating income margin		
Consolidated total	41,261	100.0%	+2,128	105.4%	2,261	5.5%	+142	106.7%
SI Business	38,301	92.8%	+1,981	105.5%	2,033	5.3%	+107	105.6%
System Construction	22,525	54.6%	+752	103.5%				
Embedded/Control Software	11,587	28.1%	+1,355	113.2%				
Operation Software	10,938	26.5%	-603	94.8%				
Products and Services	15,775	38.2%	+1,229	108.5%				
Products and Services	11,517	27.9%	+1,602	116.2%				
Outsourcing	4,257	10.3%	-372	91.9%				
Facility Business	702	1.7%	+130	122.8%	170	24.3%	+31	123.0%
Other Businesses	2,257	5.5%	+16	100.7%	56	2.5%	+2	105.2%

Highlights of Sales by Segment

Embedded/Control Software

Sales increased 13.2% 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 declined 5.2% year on year due to a decline in the distribution sector and other sectors, despite strong sales in the financial field.

Products and Services

Sales rose 16.2% year on year, reflecting strong sales in the licensing business and large projects related to CAE products.

Outsourcing

Sales fell 8.1% year on year due to a decline in transactions in the distribution sector.



Consolidated Income Statement

	(Million yen)					
	FY2015 Q1 results	FY2016 Q1 results	YoY change (Amount)	YoY change (%)	FY2016 Q1 plan	Comparison with plan
Net sales	39,133	41,261	+2,128	105.4%	39,750	103.8%
Cost of sales	30,223	31,775	+1,552	105.1%	—	—
Cost of sales margin	77.2%	77.0%	-0.2 (1)			
Gross profit	8,909	9,485	+575	106.5%	—	—
Gross profit margin	22.8%	23.0%	+ 0.2			
SG&A expenses	6,790	7,223	+433 (2)	106.4%	—	—
SG&A expense ratio	17.4%	17.5%	+ 0.2			
Operating income	2,119	2,261	+142	106.7%	1,810	125.0%
Operating income margin	5.4%	5.5%	+ 0.1		4.6%	
Non-operating income	123	52	-70	42.9%	—	—
Non-operating expenses	53	103	+49	193.0%	—	—
Share of (profit) loss of entities accounted for using equity method	113	17	-96 (3)	14.9%	—	—
Ordinary income	2,303	2,228	-75	96.7%	1,860	119.8%
Ordinary income margin	5.9%	5.4%	-0.5		4.7%	
Extraordinary income	—	—	—	—	—	—
Extraordinary losses	369	132	-237 (4)	35.7%	—	—
Income before income taxes	1,933	2,096	+162	108.4%	—	—
Total income taxes	768	798	+29	103.8%	—	—
Net income	1,165	1,297	+132	111.4%	—	—
Profit attributable to non-controlling interests	94	118	+24	125.7%	—	—
Profit attributable to owners of parent	1,070	1,179	+108	110.1%	1,260	93.6%
Profit margin attributable to owners of parent	2.7%	2.9%	+ 0.1		3.2%	

Points in Income Statement

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

Improved due to a decrease in unprofitable projects at subsidiaries and orders for high value-added projects.

(2) SG&A expenses (up 433 million yen)

Reflected an increase in upfront investment, including investment in human resources.

(3) Share of (profit) loss of entities accounted for using equity method (down 96 million yen)

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

(4) Extraordinary losses (down 237 million yen)

Declined due to a loss on the sale of shares of subsidiaries and associates posted in the previous fiscal year, although a loss on the sale of investment securities and an impairment loss on goodwill were posted at subsidiaries.



Consolidated Balance Sheet

	End of FY2015	End of Q1 of FY2016	(Million yen) Change (Amount)
Current assets	55,032	63,475	8,442
Cash and deposits	12,784	17,617	4,833 (1)
Notes and accounts receivable - trade	31,485	35,020	3,534 (2)
Short-term investment securities	3,800	4,100	299
Inventories	2,326	1,915	-410
Deferred tax assets	1,953	2,703	749
Other	2,683	2,118	-565
Non-current assets	98,800	97,498	-1,301
Property, plant and equipment	67,013	66,877	-136
Intangible assets	6,273	5,986	-287
Investments and other assets	25,513	24,635	-878
Total assets	153,833	160,973	7,140
Current liabilities	27,556	33,384	5,828
Accounts payable - trade	7,625	9,733	2,107
Short-term loans payable	3,967	5,575	1,607 (1)
Commercial papers	0	1,000	1,000 (1)
Accrued expenses / provision for bonuses	5,820	7,884	2,064
Income taxes payable	1,210	1,593	382
Provision for loss on construction contracts	107	58	-48
Other	8,825	7,539	-1,285 (3)
Non-current liabilities	22,197	22,424	226
Long-term loans payable	11,242	11,944	701 (1)
Other	10,955	10,479	-475
Total liabilities	49,754	55,809	6,054
Total net assets	104,078	105,164	1,085
Total liabilities and net assets	153,833	160,973	7,140

Points of the Balance Sheet

(1) Cash and deposits

[\(Increase of 4,833 million yen from the end of the previous fiscal term\)](#)

Short-term loans payable

[\(Increase of 1,607 million yen from the end of the previous fiscal term\)](#)

Commercial papers

[\(Increase of 1,000 million yen from the end of the previous fiscal term\)](#)

Long-term loans payable

[\(Increase of 701 million yen from the end of the previous fiscal term\)](#)

Seasonal increases in financing

(2) Notes and accounts receivable - trade

[\(Increase of 3,534 million yen from the end of the previous fiscal term\)](#)

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

(3) Current liabilities—Other

[\(Decrease of 1,285 million yen from the end of the previous fiscal term\)](#)

Decreased due to payment of accrued consumption taxes.

Consolidated Cash Flow Statement

(Million yen)

	FY2015 Q1 results	FY2016 Q1 results	YoY change (Amount)
Cash flows from operating activities	784	2,303	+1,519
Cash flows from investing activities	1	-553	-553
Cash flows from financing activities	-695	3,667	+4,362
Effect of exchange rate change on cash and cash equivalents	11	-84	
Net increase (decrease) in cash and cash equivalents	100	5,333	
Cash and cash equivalents at beginning of period	16,135	15,688	
Cash and cash equivalents at end of period	16,236	21,021	

Highlights of Cash Flows

- [Cash flows from operating activities](#)

Net cash provided by operating activities stood at 2,303 million yen.

- [Cash flows from investing activities](#)

Net cash used in investing activities came to 553 million yen, reflecting expenditure for the acquisition of fixed assets including the Company's own products (software) and the redemption of securities.

- [Cash flows from financing activities](#)

Net cash provided by financing activities was 3,667 million yen mainly due to loans (including capital expenditure) and sales of shares of subsidiaries.

Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	FY2016 Q1 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	30,688	38,744	103.8%	38,301	105.5%	31,131	104.7%
System Construction	20,683	21,915	106.3%	22,525	103.5%	20,074	109.1%
Embedded/Control Software	8,987	11,817	118.6%	11,587	113.2%	9,217	114.8%
Operation Software	11,695	10,098	94.7%	10,938	94.8%	10,856	104.7%
Products and Services	10,005	16,828	100.8%	15,775	108.5%	11,057	97.5%
Products and Services	7,843	12,448	102.8%	11,517	116.2%	8,773	100.9%
Outsourcing	2,161	4,380	95.5%	4,257	91.9%	2,284	86.2%

Highlights of Orders and Order Backlogs

● Highlights of orders

- System Construction
In Embedded/Control Software, orders increased due to strong orders in the machine control business in areas such as automobiles and factory automation, which outweighed a decline in orders for software in the distribution and manufacturing industries.
- Products and Services
Orders in Products and Services rose slightly on strong orders in the license business and the MCAE sector, which offset a decline in Outsourcing.

● Highlights of order backlogs

- System Construction
The order backlog at the beginning of the term was high, and orders in the machine control business and financial sector were strong. The order backlog at the end of the term was up 9.1% year on year.
- Products and Services
The order backlog in Products and Services remained roughly flat from a year ago, and that in Outsourcing declined. The overall order backlog at the end of the term declined 2.5% year on year.



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