



Results of Operations for FY2014

February 13, 2015
FUJI SOFT INCORPORATED



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From FY2013, the fiscal year end changed to December.

The YoY change (amount) and YoY change (%) in this material are comparisons with the same period of the previous year (from January 1, 2013 to December 31, 2013) corresponding to the period under review (from January 1, 2014 to December 31, 2014).



Consolidated Results for FY2014



Consolidated Financial Highlights

Net sales rose, reflecting generally strong performances at the Company and at each consolidated subsidiary.

- ◇ Consolidated net sales rose 4.9% year on year, to 148,452 million yen, reflecting generally strong performances at the Company and at each consolidated subsidiary.

Operating income rose, and net income fell due to a decline in the share of profit of entities accounted for using the equity method.

- ◇ Operating income rose 8.2% year on year, to 8,305 million yen, chiefly reflecting a rise in sales at FUJI SOFT INCORPORATED and a reduction in SG&A expenses at consolidated companies.
- ◇ Net income fell mainly due to a decline in the share of profit of entities accounted for using the equity method.

	Jan.-Dec. 2013 Results	FY2014 Results	YoY change (Amount)	YoY change (%)	FY2014 Plan	Comparison with plan	(For reference) Initial plan	Comparison with plan
Net sales	141,493	148,452	+6,958	104.9%	149,200	99.5%	144,000	103.1%
Operating income	7,679	8,305	+626	108.2%	8,300	100.1%	7,800	106.5%
Operating income margin	5.4%	5.6%			5.6%		5.4%	
Ordinary income	9,175	9,269	+93	101.0%	8,500	109.1%	7,700	120.4%
Ordinary income margin	6.5%	6.2%			5.7%		5.3%	
Net income	5,201	4,874	-326	93.7%	4,800	101.6%	4,300	113.3%
Net income margin	3.7%	3.3%			3.2%		3.0%	



Sales/Operating Income by Major Companies of the Group

(Million yen)

		Net sales				Operating income			
Jan.-Dec. 2013 Results		FY2014 Results	YoY change (Amount)	YoY change (%)	Jan.-Dec. 2013 Results	FY2014 Results	YoY change (Amount)	YoY change (%)	
FUJI SOFT INCORPORATED	82,865	88,027	+5,162	106.2%	4,912	5,212	+299	106.1%	
CYBERNET SYSTEMS Co., Ltd.	15,388	15,396	+8	100.1%	845	810	-34	95.9%	
VINX Corporation	27,390	27,710	+319	101.2%	1,331	1,681	+350	126.3%	
CYBER COM Co., Ltd.	7,474	8,100	+626	108.4%	438	486	+48	111.0%	

* Of the results of VINX Corporation for the previous fiscal year, results for the Jan.-Mar. quarter are a simple aggregation of the results of the former VINCULUM JAPAN Corporation and former VIXUS INCORPORATED.

* 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 Results column is the simple aggregation of the results for the fourth quarter of FY2013 and the first three quarters of FY2014.

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

● FUJI SOFT INCORPORATED

Sales increased, mainly due to strong sales related to automobiles, network equipment, the Internet business, and the license business, offsetting continued decline in the mobile business, which was hit by a contraction in the mobile phone business at a major customer. And although such related expenses due to sales promotion and enhanced hiring activity associated with related products have increased, by suppressing expenses related to sales and management and increased sales, operating income increased.

● CYBERNET SYSTEMS Co., Ltd.

Sales remained flat from a year ago with a rise in sales at development subsidiaries in North America and strong sales in the mainstay structural analysis software business, mainly in the machinery industry, offset by sluggish sales of new licenses in the electronics field and optics and lighting field. Although CYBERNET SYSTEMS worked to reduce SG&A expenses, operating income declined due to the high cost rate of a new large-scale project for an education institution.

● VINX Corporation

Sales grew, reflecting special demand associated with the change in the consumption tax rate in January through March last year and the growth in business with large general retailers, which are primary customers. Operating income increased, reflecting efforts to reduce costs by increasing business efficiency and streamlining the business administration system through business integration.

● CYBER COM Co., Ltd.

Sales rose on the back of overall strong performance in software development, the mainstay business, and the expansion of SI services, including construction, maintenance, and operation services, reflecting demand for enhancing cloud computing and networks. Operating income increased as a result of sales growth.



Consolidated Sales by Segment

(Million yen)

	Jan.-Dec. 2013		FY2014		YoY change (Amount)	YoY change (%)
	Results	Component ratio	Results	Component ratio		
Total net sales	141,493	100.0%	148,452	100.0%	+6,958	104.9%
SI Business	132,396	93.6%	138,108	93.0%	+5,712	104.3%
System Construction	77,615	54.9%	78,603	52.9%	+988	101.3%
Embedded/Control Software	37,627	26.6%	37,918	25.5%	+291	100.8%
Operation Software	39,988	28.3%	40,684	27.4%	+696	101.7%
Products and Services	54,780	38.7%	59,504	40.1%	+4,723	108.6%
Products and Services	35,076	24.8%	40,156	27.1%	+5,080	114.5%
Outsourcing	19,704	13.9%	19,348	13.0%	-356	98.2%
Facility Business	2,026	1.4%	2,217	1.5%	+190	109.4%
Other Businesses	7,070	5.0%	8,126	5.5%	+1,055	114.9%

Highlights of Sales by Segment

● Embedded/Control Software

Sales rose a slight 0.8% year on year, with a decrease in sales in the mobile business more than offset by strong sales in the machine control business in areas such as automobile-related projects and FA and the social infrastructure business, especially in telecommunications infrastructure such as telecommunications equipment and base stations.

● Operation Software

Sales climbed 1.7% year on year, chiefly reflecting growth in the Internet business, which offset decline attributable to the absence of an integration project in the financial field and a large education-related project recorded by the Company in the previous fiscal year.

● Products and Services

Sales jumped 14.5% year on year mainly because of the strong performance in the Company's license business, driven by Microsoft products.

● Outsourcing

Sales declined 1.8% year on year chiefly due to the adverse effect of the business integration of a major customer of the Company.



Consolidated Income Statement

	Jan.-Dec. 2013 Results	FY2014 Results	YoY change (Amount)	YoY change (%)	FY2014 Plan	FY2014 Comparison with the plan
Net sales	141,493	148,452	+6,958	104.9%	149,200	99.5%
Cost of sales	107,585	113,799	+6,213	105.8%	114,600	99.3%
Cost of sales margin	76.0%	76.7%	+ 0.6 (1)		76.8%	
Gross profit	33,907	34,652	+745	102.2%	34,600	100.2%
Gross profit margin	24.0%	23.3%	-0.6		23.2%	
SG&A expenses	26,228	26,347	+119 (2)	100.5%	26,300	100.2%
SG&A expense ratio	18.5%	17.7%	-0.8		17.6%	
Operating income	7,679	8,305	+626	108.2%	8,300	100.1%
Operating income margin	5.4%	5.6%	+ 0.2		5.6%	
Non-operating income	732	713	-19	97.3%	—	—
Non-operating expenses	600	409	-191 (3)	68.1%	—	—
Share of (profit) loss of entities accounted for using equity method	1,364	660	-704 (4)	48.4%	—	—
Ordinary income	9,175	9,269	+93	101.0%	8,500	109.1%
Ordinary income margin	6.5%	6.2%	-0.2		5.7%	
Extraordinary income	545	31	-514 (5)	5.7%	—	—
Extraordinary losses	1,191	318	-872 (6)	26.7%	—	—
Income before income taxes	8,529	8,982	+452	105.3%	—	—
Total income taxes	3,193	3,337	+143	104.5%	—	—
Minority interests in income	134	769	+635 (7)	571.8%	—	—
Net income	5,201	4,874	-326	93.7%	4,800	101.6%
Net income margin	3.7%	3.3%	-0.4		3.2%	

(Million yen)

Points of the Income Statement

[\(1\) Cost of sales margin \(up 0.6 pt\)](#)

Increased as a result of a rise in the ratio of the Company's license sales.

[\(2\) SG&A expenses \(up 119 million yen\)](#)

Administration expenses continued to be curbed, but hiring expenses to strengthen human resources and selling expenses to bolster sales rose.

[\(3\) Non-operating expenses \(down 191 million yen\)](#)

Fell mainly due to a decrease in interest expenses (down 157 million yen).

[\(4\) Share of \(Profit\) Loss of Entities Accounted for Using Equity Method \(down 704 million yen\)](#)

Declined as a result of decreased profits at Ace Securities.

[\(5\) Extraordinary income \(down 514 million yen\)](#)

Decreased reflecting the recording of a gain on change in equity associated with the merger of subsidiaries (VINX: 455 million yen) in the previous year.

[\(6\) Extraordinary losses \(down 872 million yen\)](#)

Declined chiefly reflecting the recording of a loss on the impairment of fixed assets (TOSHO COMPUTER SYSTEMS: 885 million yen) in the previous year, despite the posting of a loss on retirement of non-current assets at a subsidiary.

[\(7\) Minority interests in income \(up 635 million yen\)](#)

Affected by an increase in income especially at TOSHO COMPUTER SYSTEMS.



Consolidated Balance Sheet

	End of FY2013	End of FY2014	(Million yen) Change (Amount)
Current assets	51,907	55,094	3,187
Cash and deposits	14,345	15,244	898
Notes and accounts receivable - trade	28,260	30,136	1,875 (1)
Short-term investment securities	2,302	3,010	707
Inventories	2,119	1,968	-150
Deferred tax assets	1,742	2,150	408
Other	3,137	2,584	-553
Non-current assets	102,615	102,492	-122
Property, plant and equipment	69,493	67,513	-1,979
Intangible assets	8,100	7,641	-459
Investments and other assets	25,020	27,337	2,316 (2)
Total assets	154,522	157,587	3,065
Current liabilities	39,855	38,039	-1,815
Accounts payable - trade	7,433	7,493	60
Short-term loans payable	15,507	7,983	-7,524 (3)
Commercial papers	4,000	5,000	1,000 (3)
Accrued expenses / provision for bonuses	5,746	5,873	127
Income taxes payable	275	2,312	2,036 (4)
Provision for loss on construction contracts	79	140	60
Other	6,812	9,236	2,424
Non-current liabilities	19,595	19,021	-573
Long-term loans payable	9,426	8,230	-1,195 (3)
Other	10,169	10,790	621
Total liabilities	59,450	57,061	-2,389
Total net assets	95,072	100,526	5,454
Total liabilities and net assets	154,522	157,587	3,065

Points of the Balance Sheet

(1) [Notes and accounts receivable](#) (Increase of 1,875 million yen)

Reflected a rise in sales from commissioned development at the Company, among other factors.

(2) [Investment and other assets](#) (Increase of 2,316 million yen)

Increased mainly due to an increase in the appraised value of investment securities.

(3) [Short-term loans payable](#) (Decrease of 7,524 million yen)

[Commercial papers](#) (Increase of 1,000 million yen)

[Long-term loans payable](#) (Decrease of 1,195 million yen)

Declined by 7,719 million yen in total as loans were repaid as scheduled.

(4) [Income taxes payable](#) (Increase of 2,036 million yen)

Affected by a change in the fiscal year end.



Consolidated Cash Flow Statement

(Million yen)

	Jan.-Dec. 2013 Results	FY2014 Results
Cash flows from operating activities	11,140	14,119
Cash flows from investing activities	-3,073	-3,697
Cash flows from financing activities	-5,665	-8,891
Effect of exchange rate change on cash and cash equivalents	296	127
Net increase (decrease) in cash and cash equivalents	2,697	1,658
Cash and cash equivalents at beginning of period	11,631	14,342
Increase in cash and cash equivalents from newly consolidated subsidiary	12	135
Cash and cash equivalents at end of period	14,342	16,135

Highlights of Cash Flows

● Cash flows from operating activities

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

● Cash flows from investing activities

Net cash used in investing activities reflects expenditure for the acquisition of fixed assets including the Company's own products (software) and capital investment and for investment of surplus funds (acquisition of investments in securities).

● Cash flows from financing activities

As in the previous year, loans continued to be repaid.



Orders and Order Backlogs for the Consolidated SI Business

(Million yen)

	Order backlog at beginning of term	Orders	YoY change (%)	Net sales	YoY change (%)	Order backlog at end of term	YoY change (%)
SI Business Total	26,337	140,506	106.4%	138,108	104.3%	28,735	109.1%
System Construction	16,830	81,157	104.6%	78,603	101.3%	19,384	115.2%
Embedded/Control Software	7,651	38,565	103.9%	37,918	100.8%	8,299	108.5%
Operation Software	9,178	42,591	105.3%	40,684	101.7%	11,085	120.8%
Products and Services	9,507	59,349	108.8%	59,504	108.6%	9,351	98.4%
Products and Services	6,453	40,199	111.0%	40,156	114.5%	6,495	100.7%
Outsourcing	3,054	19,149	104.5%	19,348	98.2%	2,855	93.5%

Highlights of Orders and Order Backlogs

● 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, despite a decline in reaction to orders for large projects that FUJI SOFT INCORPORATED received in the financial industry in the previous fiscal year, orders rose, reflecting growth in the manufacturing business, Internet business and other Operation Software business.

- Products and Services

Orders increased with strong orders in the license business, despite the adverse effect of the termination of a project for a major customer in Outsourcing at the Company.

● Order backlogs at the end of term

- System Construction

Orders for Operation Software, especially software for the distribution and manufacturing industries, received in 4Q (from October to December) were strong, and, as a result, order backlogs increased 15.2% year on year.



Results Forecasts for FY2015



Results Forecasts for FY2015

	FY2014 Results	FY2015 Plan	YoY change (Amount)	YoY change (%)	(Million yen)
Net sales	148,452	152,000	+3,547	102.4%	
Cost of sales	113,799	116,560	+2,760	102.4%	
Cost of sales margin	76.7%	76.7%	-	-	
Gross profit	34,652	35,440	+787	102.3%	
Gross profit margin	23.3%	23.3%	-	-	
SG&A expenses	26,347	26,940	+592	102.2%	
SG&A expense ratio	17.7%	17.7%	-	-	
Operating income	8,305	8,500	+194	102.3%	
Operating income margin	5.6%	5.6%	-	-	
Ordinary income	9,269	8,800	-469	94.9%	
Ordinary income margin	6.2%	5.8%	-	-	
Net income	4,874	4,800	-74	98.5%	
Net income margin	3.3%	3.2%	-	-	



Dividend

Dividend at the End of FY2015 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)				
	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Plan
Per-share net income	53.70	127.67 *1	118.73 *2	156.55	154.15
Dividend per share	20	24	21	28	28
Dividend payout ratio	37.2%	18.8%	17.7%	17.7%	18.2%

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

*2 Results for nine months

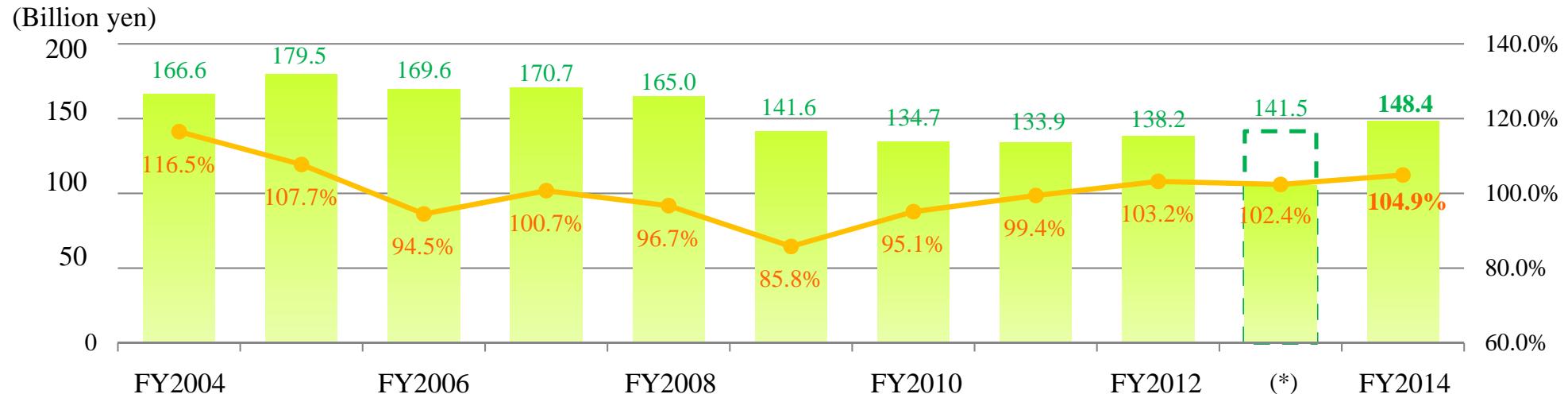


Business Trends in FY2014 and the Medium-Term Policy

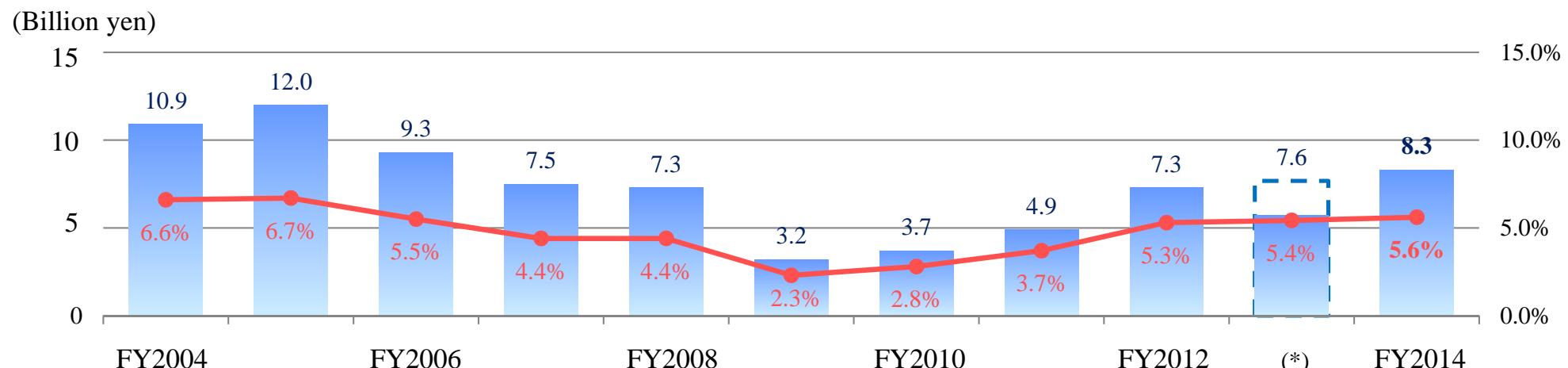


Changes in Results

Sales, Growth Rate



Operating Income, Operating Income Margin



Results in January through December, 2013 are indicated by a dotted line because FY2013 had only nine months.



Performance in FY2014 and Expectations for FY2015 in System Construction

Main business fields

Embedded/Control Software

Machine control
(Automobiles, FA, medicine)

Social infrastructure
(Networks, public infrastructure including transportation)

Operation Software

Global companies

Distribution industry, EC, Internet business

Society, public sector

Technological fields

Global platform
(Android, AUTOSAR)

Technology associated with communications, control,
and IoT*

Alliance strategy

Cloud, big data, IoT

Licenses + related SI

Hiring human resources

Hiring actively; securing and cultivating human
resources in closer cooperation with partners

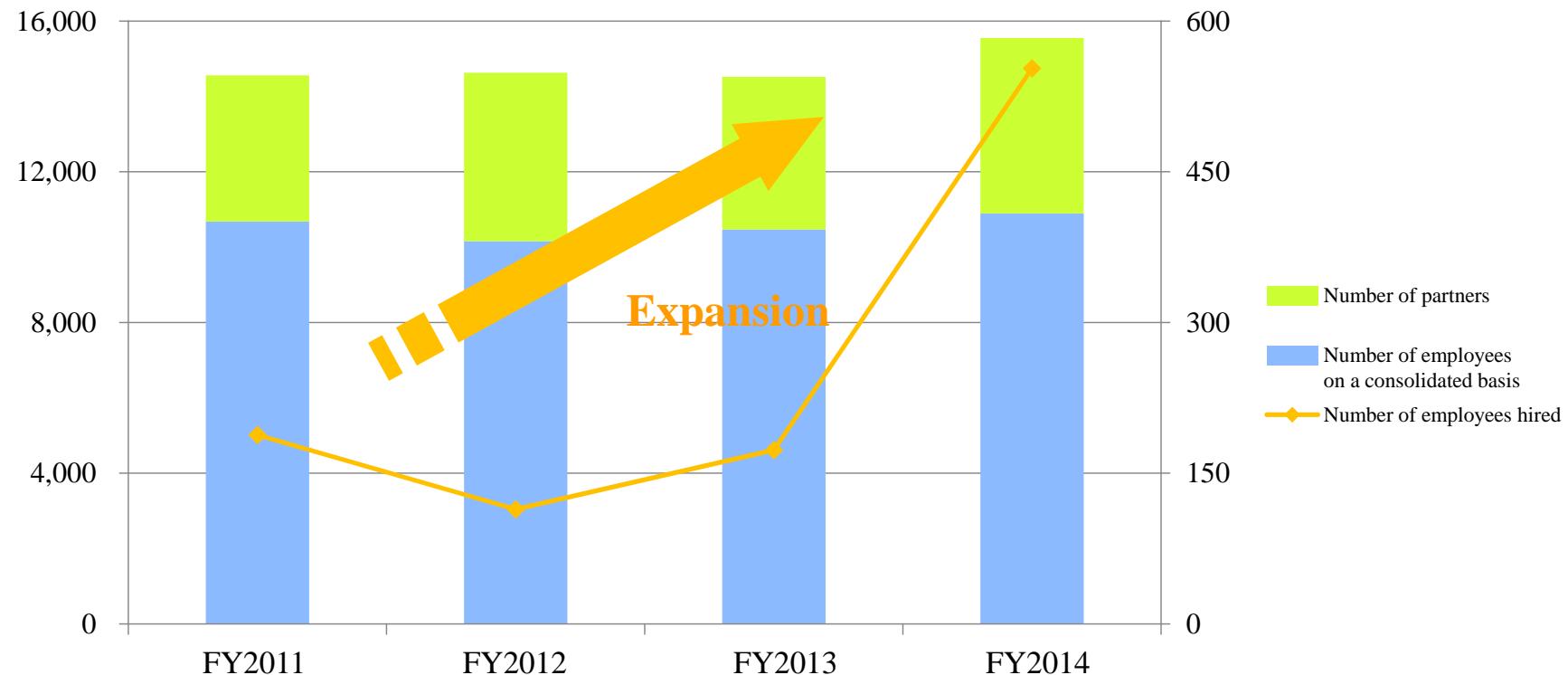
* IoT: Internet of Things

The IoT is a technological concept. In the IoT, products and infrastructures are connected with each other over the Internet.



Hiring Human Resources

Trends in the numbers of employees and partners*, expansion of hiring



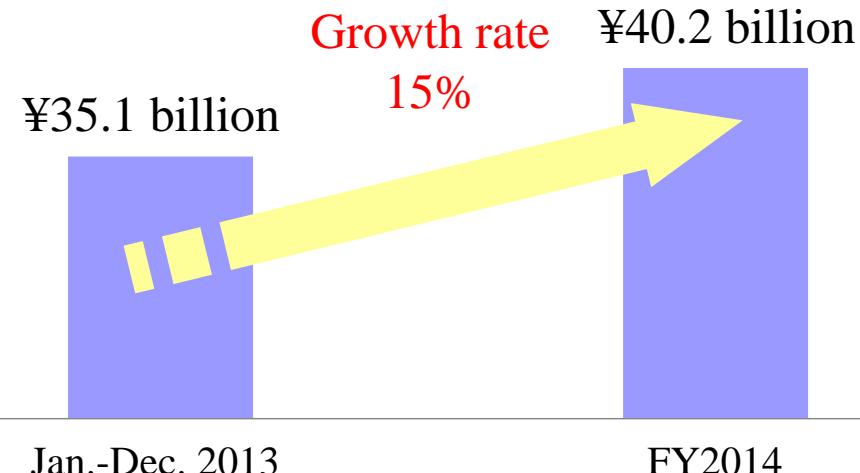
To expand human resources, the Group plans to hire around 500 new graduates in April 2015.

* The number of partners and the number of employees hired are the aggregate of the number for the Company and the number for listed subsidiaries.



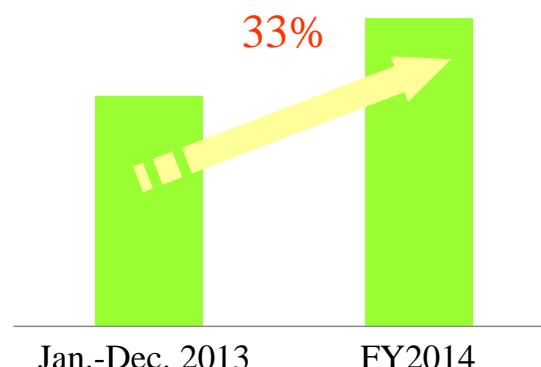
Trends in Products and Services

Sales in Products and Services

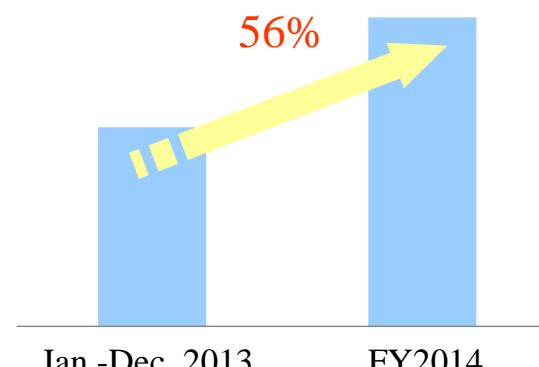


Breakdown of sales in Products and Services

Sales of FUJISOFT products



Sales in the licensing business





Prioritized Products (1) PALRO

palro



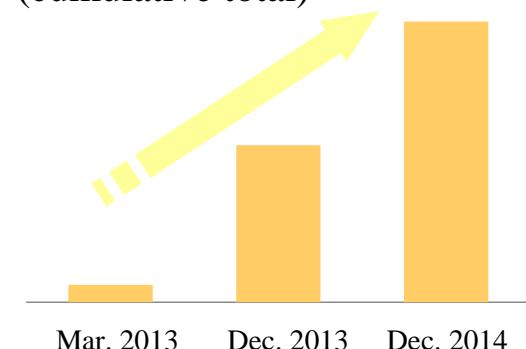
PALRO is a communication robot that started to be sold to elderly care facilities in June 2012.

PALRO has the function to communicate of its own initiative, it can move, and it has a learning function.

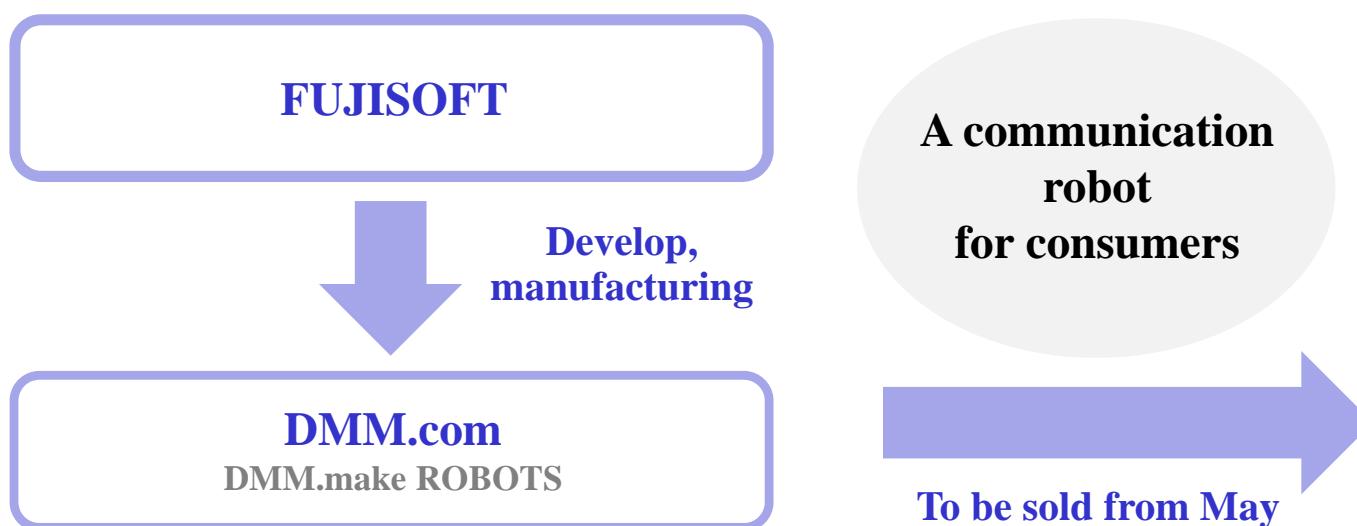
May Selected as a FY2014 Project to Promote the Development and Introduction of Robotic Devices for Nursing Care (a development project to be subsidized) of the Ministry of Economy, Trade and Industry

October An agreement on cooperation in care prevention was signed with the city of Fujisawa.

Introduced at **over 180 facilities**
(cumulative total)



A robot for consumers is planned to be supplied to DMM.com.



Prioritized Products (2) Mirai School Station, moreNOTE

みらいスクールステーション®

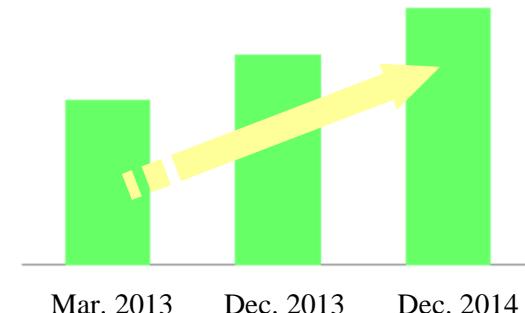


Launched in FY2009. A comprehensive educational solution that promotes the introduction of ICT, including in-school information delivery systems, an electronic blackboard function, and the distribution of emergency information to schools

August: Launched [Mirai School Home Study](#) for flipped teaching.

September-October: Participated in seminars in four cities in Japan about utilizing tablets in teaching and flip teaching.

Introduced at **over 130 schools**
(cumulative total)



moreNOTE®



Started to be sold in earnest in December 2012. A service where a server consolidates the management of documents, videos, and images, which can be viewed through smart devices

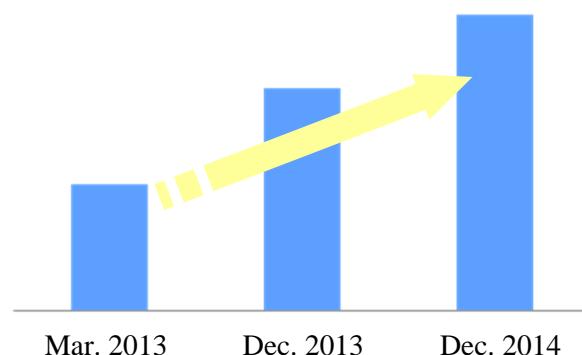
October through December: Local governments started to use moreNOTE for paperless meeting systems in their telework promotion projects.

→Saga prefectural government, Oita city government, Moriya city council, Kisarazu city government, etc.

Being introduced in central government offices and local governments

New functions are planned to be added, including editing and storing Microsoft Office documents.

Introduced at **over 600 companies**
(cumulative total)





Proposing Solutions for Changing Work Styles

Proposing practical solutions, combining expertise and products in a company

Initiatives (systems) of FUJISOFT

- 1989 Starts a telework system.
- 2009 Enforces regulations for diverse work styles
- 2013 Starts a new telework and satellite work system
(The scope is expanded to include all employees.)

Core products and services

モアノート®
moreNOTE®



smart BYOD



Refills®
for iOS

+

Products of partners

Changing workplaces in Japan

Work Life Laboratory



- Increasing need for changing work styles
- Cloud and smart devices becoming popular
- Increasing workload in information system divisions



Changing work styles of customers



Diverse ways of working

Sales reform

Communication reform

Participated in Japan IT Week Autumn 2014





Basic Policy

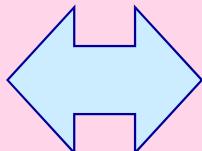
**An innovative corporate group that links
ICT development to greater value for customers**

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

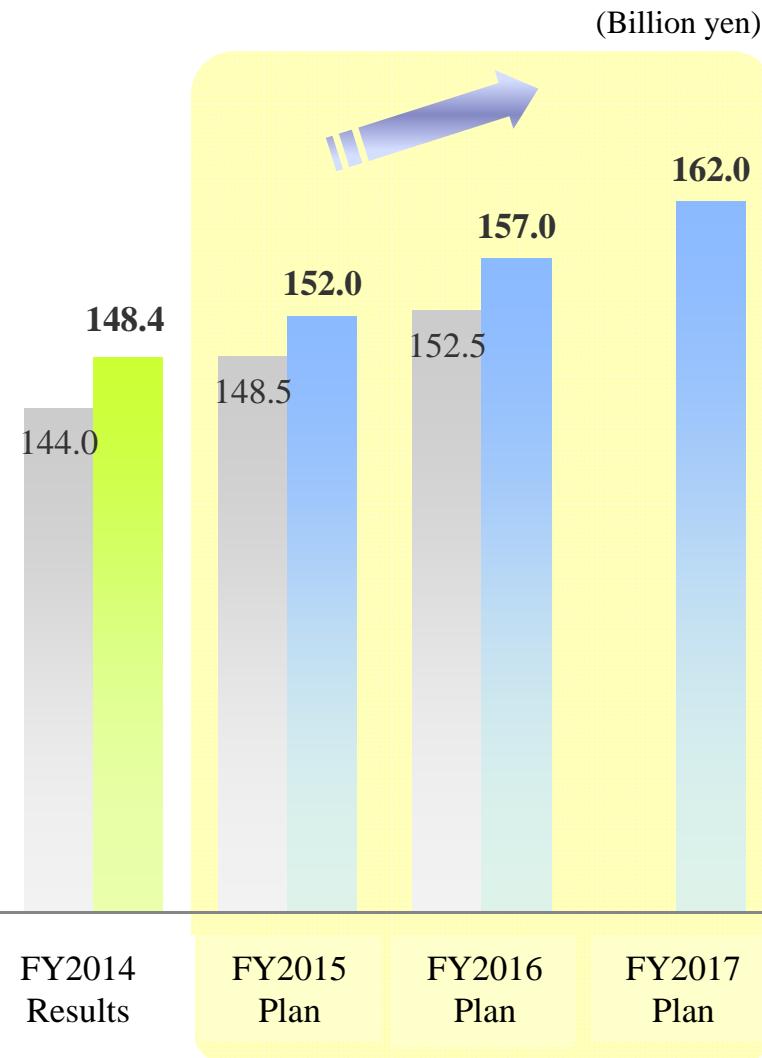
Globalization

Bolstering Group
capabilities

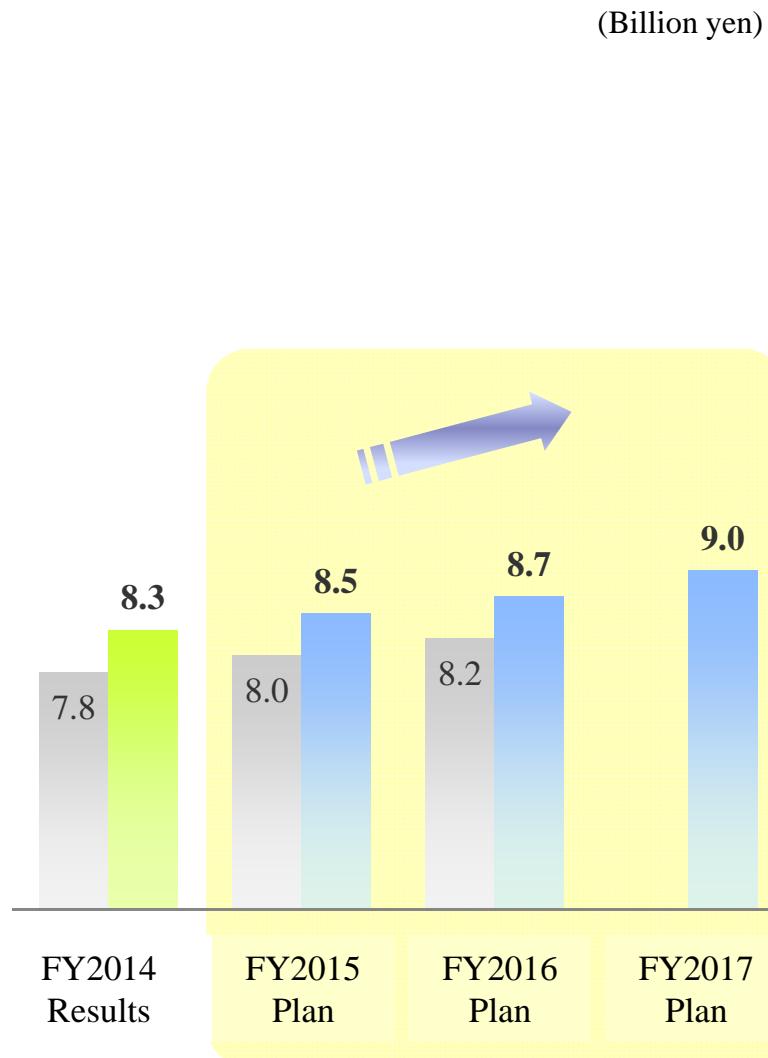


Forecast for the Next Three Years

Consolidated Sales



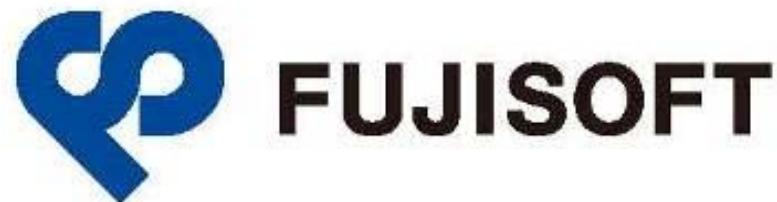
Consolidated Operating Income



Disclosed in February 2014



Advanced BYOD company



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