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Press Release

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Notice on Consolidated Earnings Results for First Six Months of FY2016

1. Consolidated earnings results for the first six months of FY2016

The Group's consolidated earnings results for the first six months of FY2016 (from January 1, 2016 to June 30, 2016) were as follows.

Net sales	17,225 million yen	(up 1.1% year-on-year)
Operating income	1,937 million yen	(down 7.5% year-on-year)
Ordinary income	1,900 million yen	(down 9.6% year-on-year)
Profit attributable to owners of parent	1,129 million yen	(down 5.7% year-on-year)

The details of the performance of each business segment are as follows.

(1) IT Consulting Business

Net sales for the second quarter of the fiscal year ending December 31, 2016 increased year-on-year, which was due to: 1) growing revenue mainly from large projects related to upgrading and integrating IT systems at major customers in the distribution, services, and manufacturing sectors; 2) multiple regional banks introducing financial cloud computing services (SKYBANK); and, 3) strong performance of projects targeting online securities companies and foreign exchange margin trading service companies.

Operating income for the quarter under review increased year-on-year by improving quality and streamlining the operation of projects, in other words, upgrading and adding tools to the Group's unique project monitoring and management methods (Future NASA and Future fraqta), and rigorously providing relevant training to employees.

Consequently, net sales of this segment for the quarter stood at 10,767 million yen, up 3.8% year-on-year, and its operating income amounted to 2,200 million yen, up 13.5% year-on-year.

(2) Package and Service Business

During the quarter under review, FutureOne Inc. (“FutureOne”), posted a year-on-year decrease in both net sales and operating income as new order intake was delayed due to quality issues in some projects, and the Company continued initiatives to reorganize unprofitable business units.

During the quarter under review, Micro CAD Co., Ltd. (“Micro CAD”) posted a year-on-year decrease in both net sales and operating income due to the lagging pace of acquisitions of official orders and project starts, in spite of many inquiries received for its comprehensive intellectual property management system.

Consequently, net sales of this segment for the quarter stood at 1,640 million yen, down 21.7% year-on-year, and its operating loss, which reflected the amortization of the goodwill of Micro CAD, amounted to 179 million yen against operating income of 151 million yen a year earlier.

(3) New Media & Web Service Business

During the quarter under review, eSPORTS Co., Ltd. posted a year-on-year increase in net sales because online sales of outdoor and private brand products performed strongly, although the company ceased to distribute fitness-related goods, which recorded significant sales in the previous fiscal year.

During the quarter under review, Tokyo Calendar Inc., recorded a year-on-year increase in net sales and a decrease in operating loss, because revenue from web-based advertising grew with monthly page views exceeding approximately 20 million for May 2016.

New businesses launched by CodeCamp Inc. (“CodeCamp”) including an online programming education service posted higher upfront investment costs, although the company made progress in the form of significantly higher net sales.

As a result, net sales of this segment for the quarter under review stood at 2,601 million yen, up 8.7% year-on-year and operating loss after reflecting the amortization of goodwill of eSPORTS and other companies amounted to 146 million yen, against an operating loss of 59 million yen a year earlier.

(4) Corporate Revitalization Business

Uoei Corporation (“Uoei”), a company operating grocery supermarkets, posted a year-on-year increase in net sales for the quarter under review as it attempted to increase customer traffic by selling freshly baked pizzas, among other initiatives. Uoei also recorded a significant year-on-year increase in operating income, which was attributable to: 1) improved gross profit margin achieved using IT systems to analyze sales, purchasing value, and inventories of all merchandise and an appropriate product mix; 2) reduced selling, general and administrative expenses through energy-saving activities for room lighting, among other initiatives.

Consequently, net sales of this segment stood at 2,272 million yen, up 1.3% year-on-year and

operating income 23 million yen, up 88.4% year-on-year.

Note: Segment business results stated in the paragraphs above are before adjusting for internal sales and transfers among segments. Effective April 1, 2016, the Company shifted to a holding company structure to realign its organizational platform. Accordingly, starting from the second quarter under review, we migrated to a method of: 1) recording, as costs under segment income adjustment, Group operation costs which were previously included in the costs of the IT Consulting Business; and, 2) recording business outsourcing service fees and group growth subsidies received from individual Future Group companies as income under segment income adjustments. Year-on-year changes were calculated for comparison upon adjusting the values for the previous fiscal year's second quarter for the post-segment change categorization and measurement methods.

2. Outlook for the future

(1) IT Consulting Business

The Group has been consistently striving to contribute to customers' business innovations, using cutting-edge information technologies (IT), while considering business innovations and operational and system improvements as a three-part initiative. To this end, we have been providing upstream or downstream services from grand design to detailed design, development, maintenance and operation. This has been done using: 1) a method in which black-boxed legacy systems are scientifically analyzed before being reconstructed as the latest open systems (Future Formula); 2) components made in-house which enable data processing in real time (Future Components); and, 3) a proprietary project-monitoring and management method (Future NASA and Future fraqta). Recognizing these results, many corporate customers in diverse sectors have awarded contracts to the Group.

To date, in addition to engaging in promotional activities based on purchasing history analyses, the Group has been designing and developing systems equipped with artificial intelligence (AI), such as for automated merchandise order placement by stores and demand forecast-based plan for optimal production. Going forward, while developing next-generation architectures, we will deliver more sophisticated and latest IT systems tapping into AI, IoT, and big data, thereby making greater contributions to customers' business innovations and operational and system improvements.

Moreover, in addition to financial cloud computing services for banks (SKYBANK), services already introduced by many customers, the Group will work on specialized cloud services for individual industries such as distribution cloud systems tailored to retail chains (SKYRETAIL).

Future Inspace, Inc. will provide cutting-edge IT operation services offering stability and high levels of convenience through a 24-hour and 365-day service by effectively using top-level integrated

operation monitoring tools, while strengthening its alliance with Future Architect, Inc.

(2) Package & Service Business

FutureOne will strive to win new projects in order to boost sales and profits by overhauling the functions of packages and software products created in-house in a program that has been underway since last year. We will continue to pursue more alliances with external business partners to introduce non-proprietary ERP products and EC solutions, while expanding sales distribution channels.

Micro CAD will expand its customer pipeline by reinforcing marketing activities for the comprehensive intellectual property management system made in-house, while ensuring it wins orders for projects under negotiation. At the same time, through collaborations with Future Architect, it will continue to expand product life-cycle management (PLM) services, among other services for manufacturing industry customers.

(3) New Media & Web Service Business

eSPORTS will enhance merchandising activities, including strategic purchases of sports, outdoors, and fitness products, as well as planning for private brand products, while continuing to reduce stock-out ratio and delivery times, thus growing sales and profits. In addition to launching the online fitness service Pocket Gym (Pockegym) in May 2016, the company will continue to work on new services focusing on sports and health.

Tokyo Calendar has obtained support from users and increased the number of page views by providing, in the form of web-based new media, its high-quality content-generating capabilities acquired through magazine media. Looking ahead, the company aims to achieve profitability for the full fiscal year by expanding the area of web-based services by leveraging its brand appeal and accumulated expertise, and by collaborating with offline events and entering into alliances with other companies.

CodeCamp will work on expanding its profit base by offering both new online and offline programming education services not only to individual customers but also to corporate clients.

(4) Corporate Revitalization Business

Uoei will strive to boost sales and improve operating profit margin using IT systems to continually analyze sales, purchasing, and inventory data of all merchandise and achieving an optimal goods purchasing and store product mix.

We have not changed our earnings forecast for the full fiscal year ending December 31, 2016, which was announced on April 27, 2016.

- Any questions relating to the above press release should be directed to:

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