

Press Release

Company name: Future Corporation
 Code: 4722, Tokyo Stock Exchange, Section 1
 Representative: Yasufumi Kanemaru, Chairman and CEO
 Contact: Yoshihiko Nakajima, Executive Officer
 (Tel.: +81-3-5740-5724)

Notice on Consolidated Earnings Results for First Nine Months of FY2016

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

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

| | | |
|--|---------------------------|----------------------------------|
| Net sales | 25,645 million yen | (down 0.6% year-on-year) |
| Operating income | 2,626 million yen | (down 17.6% year-on-year) |
| Ordinary income | 2,539 million yen | (down 18.1% year-on-year) |
| Profit attributable to owners of parent | 1,555 million yen | (down 10.8% year-on-year) |

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

(1) IT Consulting Business

Net sales in Japan for the third quarter cumulative period of FY2016 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 other sectors; and 2) multiple regional banks introducing financial cloud computing services (SKYBANK). Segment sales increased slightly year-on-year due to cutbacks in operations of subsidiaries in Southeast Asia.

Operating income for the third quarter cumulative period increased year-on-year as gross profit increased 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, although personnel, training, and other expenses rose due to the hiring of more new graduates.

Consequently, net sales of this segment for the third quarter cumulative period stood at 15,681 million yen, up 0.1% year-on-year, and its operating income amounted to 2,993 million yen, up 0.2% year-on-year.

(2) Package and Service Business

Despite the recovery of operating income for the quarter under review, FutureOne Inc. (“FutureOne”) posted a year-on-year decrease in both net sales and operating income for the first nine months of FY2016 as new order intake was delayed during the first half of the year due to quality issues in some projects and the Company continued initiatives to reorganize unprofitable business units.

Micro CAD Co., Ltd. (“Micro CAD”) posted a year-on-year decrease in both net sales and operating income for the first nine months of FY2016 due to delays in project starts, in spite of more orders received for its comprehensive intellectual property management system during the quarter under review.

Consequently, net sales of this segment for the third quarter cumulative period stood at 2,511 million yen, down 19.4% year-on-year, and its operating loss, which reflected the amortization of goodwill, amounted to 198 million yen against operating income of 166 million yen a year earlier.

(3) New Media & Web Service Business

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

During the third quarter cumulative period, Tokyo Calendar Inc. increased revenue from advertising, including web-linked magazine advertising, thanks to its record-high 25 million monthly page views in September. Consequently, the company recorded a year-on-year increase in net sales and reduced its operating loss.

Business launched by CodeCamp Inc. (“CodeCamp”), including an online programming education service, posted higher upfront investment costs related to new service provision.

As a result, net sales of this segment for the third quarter cumulative period stood at 4,177 million yen, up 12.3% year-on-year, and operating loss after reflecting the amortization of goodwill amounted to 252 million yen against an operating loss of 80 million yen a year earlier.

(4) Corporate Revitalization Business

Uoei Corporation (“Uoei”), a company operating grocery supermarkets, posted a slight year-on-year decrease in net sales for the third quarter cumulative period, but recorded a significant year-on-year increase in operating income, which was attributable to improved gross profit margin achieved by appropriate purchasing activities using IT systems to analyze sales, purchasing value, and inventories of all merchandise.

Consequently, net sales of this segment stood at 3,395 million yen, down 0.2% year-on-year, and

operating income amounted to 33 million yen, up 97.7% year-on-year.

The Group excluded Uoei (and its subsidiaries) from the scope of consolidation because it transferred all the shares of Uoei effective September 7, 2016.

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 third quarter cumulative period 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, Future Architect, Inc. has been providing consistent 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 Component); and 3) a proprietary project-monitoring and management method (Future NASA and Future fraqta).

Going forward, while developing next-generation architectures using these new technologies, we will acquire more orders and make greater contributions to customers' business innovation so that we can deliver the latest IT systems which are more sophisticated and tap into AI, IoT, and big data.

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 high-quality IT operation services offering high levels of convenience through a 24-hour-a-day and 365-days-a-year 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 customers in order to boost sales and profits in the fourth quarter by starting selling "InfiniOne," a new brand of packaged software compatible with stronger external collaboration and multiple languages, and "MoneyOne," cloud accounting software featuring newly

added functions such as debt management and automatic passbook reader functions, and also by reinforcing marketing activities such as the total renewal of its website. In addition, we will continue to pursue more alliances with external business partners to expand sales distribution channels.

Micro CAD will strive to fulfill the orders received for the comprehensive intellectual property management system made in-house and expand its customer pipeline by reinforcing relevant marketing activities. At the same time, through collaborations with Future Group companies, it will expand product life-cycle management (PLM) services, among other services for manufacturing industry customers.

(3) New Media & Web Service Business

eSPORTS will achieve an appropriate product mix by enhancing merchandising activities, including strategic purchases of sports, outdoor, and fitness products, as well as planning for private brand products, thus growing sales and profits. In addition to launching the online fitness service Pocket Gym (Pockegym), 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 a new web-based form, its high-quality content-generating capabilities acquired through magazine media. Through these activities, the company is beginning to provide advertising planning services by linking magazines to smartphones. Looking ahead, as a new medium integrating online and offline services, the company aims to increase profitability by providing large-scale promotion services that are linked to “TOCALE NIGHT,” an offline restaurant event.

CodeCamp will work on expanding its profit base by offering online programming education services to individuals and corporations and starting new services such as “TORIKAJI,” a new business school focusing on UI/UX, data analysis, prototyping, and other technologies, and “CodeIncubate,” an engineer cultivation program for job seekers.

We have not changed our earnings forecast for the full fiscal year ending December 31, 2016, which was announced on July 29, 2016.

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

Investor Relations, Future Corporation

Direct line (IR Section): +81-3-5740-5724 E-mail: ir@future.co.jp