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Press Release

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Notice on Consolidated Earnings Results for FY2016

1. Consolidated earnings results for Fiscal 2016

The Group's consolidated earnings results for Fiscal 2016 (from January 1, 2016 to December 31, 2016) are as follows:

Net Sales	**¥33,653 million**	**(down 4.6% year-on-year)**
Operating income	**¥3,642 million**	**(down 25.2% year-on-year)**
Ordinary income	**¥3,589 million**	**(down 25.8% year-on-year)**
Profit attributable to owners of parent	**¥2,208 million**	**(down 17.0% year-on-year)**

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

(1) IT Consulting Business

Net sales in Japan for FY2016 stayed flat year-on-year, which was due to the postponement or cancellation of projects by some financial institutions reflecting the zero-interest-rate policy and a failure to acquire an order from a prospective client, while revenue from projects related to upgrading and integrating IT systems at major customers in the distribution and service sectors increased and multiple regional banks introduced financial cloud computing services (SKYBANK). Segment sales decreased by 2.6% year-on-year due to termination and disposition of operations of subsidiaries in Southeast Asia.

Meanwhile, the quality of projects improved and operation was streamlined by utilizing the Group's unique project monitoring and management methods (FUTURE NASA and Future fraqta). However, segment operating income decreased by 626 million yen year-on-year due to an increase in expenses for personnel, training, and the hiring of more new graduates.

Consequently, net sales of this segment for FY2016 stood at 21,164 million yen, down 2.6% year-on-year, and its operating income amounted to 3,979 million yen, down 13.6%

year-on-year.

(2) Package & Service Business

Despite the increase in orders acquired after the third quarter and the recovery of both net sales and operating income, FutureOne Inc. (“FutureOne”) posted a year-on-year decrease in both net sales and operating income for the cumulative period as sales decreased because new order intake did not advance during the first half of the year due to quality issues in some projects and the Company’s reorganization of unprofitable business units.

Micro CAD Co., Ltd. (“Micro CAD”) posted a year-on-year decrease in both net sales and operating income for the cumulative FY2016 due to delays of the official start of multiple projects until the third quarter, in spite of the recovery of sales and profit of its comprehensive intellectual property management system as well as system development for the manufacturing sector in the fourth quarter.

Consequently, net sales of this segment for FY2016 stood at 3,591 million, down 17.5% year-on-year, and operating loss, which reflected the amortization of goodwill, amounted to 75 million yen against operating income of 241 million yen a year earlier.

(3) New Media & Web Service Business

eSPORTS Co., Ltd. (“eSPORTS”) posted a year-on-year increase in net sales and operating income because sales of private brand outdoor goods, sportswear and shoes performed strongly, although the Company ceased to distribute fitness-related goods, which recorded significant sales in the previous fiscal year.

Tokyo Calendar Inc. (“Tokyo Calendar”) increased revenue from advertising, including an acquisition of a large project tied to a web-linked magazine, thanks to its 30 million monthly page views in December, which represents a tripling over the past one year. Meanwhile, operating loss for the cumulative period expanded due to an expense recorded for reorganization in preparation for future business expansion.

Newly launched businesses, including an online and offline programming education service by CodeCamp Inc. (“CodeCamp”), posted higher upfront investment costs related to the preparation for the provision and marketing of the new services. Consequently, operating loss expanded while net sales increased.

As a result, net sales for the cumulative period stood at 5,658 million yen, up 15.2% year-on-year, and operating loss after reflecting the amortization of goodwill amounted to 384 million yen against an operating loss of 150 million yen a year earlier.

(4) Corporate Revitalization Business

The Group excluded Uoei Corporation ("Uoei") and its subsidiaries from the scope of consolidation as of the end of the third quarter because it transferred all the shares of Uoei effective September 7, 2016. As a result, net sales and operating income of this segment until the third quarter were 3,395 million yen and 33 million yen, down 1,078 million yen and up 22 million yen against the results of the cumulative consolidated period of a year earlier, respectively.

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 shifted 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 consolidated fiscal year for the post-segment change categorization and measurement methods.

2. Earnings outlook for Fiscal 2016

The Group's earnings forecast for the fiscal year ending December 2017 is as follows.

Net sales	**¥36,830 million**	**(up 9.4% year-on-year)**
Operating income	**¥4,500 million**	**(up 23.5% year-on-year)**
Ordinary income	**¥4,520 million**	**(up 25.9% year-on-year)**
Profit attributable to owners of parent	**¥2,735 million**	**(up 23.8% year-on-year)**

Noteworthy events in each business segment for the following fiscal year are as follows:

(1) IT Consulting Business

In the fiscal year ending December 2017, the Group will integrate "IT Consulting Business" and "Package & Service Business" into "IT Consulting & Service Business" and advance business in order to strengthen collaboration among subsidiaries and further improve synergistic effects by taking advantage of a holding company structure.

Strategies for the fiscal year ending December 2017 are as follows:

1. Provision of the Group's unique added value

The Group strives to contribute to customers' business renovations through the provision of our unique added value as follows.

- Providing consistent services from grand design to detailed design, development, maintenance and operation by using cutting-edge information technology (IT) and components made in-house, which enable data processing in real time (Future Component), while considering business innovation, operational reform, and system improvement as a three-part initiative
- Scientifically analyzing legacy IT systems which have been made into black boxes, and renovating customers' complex and multi-layered core systems using a unique method of reconstruction into the latest open system (Future Formula)
- Designing and developing high quality systems in short time by utilizing a proprietary project-monitoring and management method (FUTURE NASA and Futurefraqta)

2. Development of new technology that produces innovation

We will pursue research and development of the latest IT systems that are more sophisticated and tap into AI, IoT and big data in order to develop next-generation architecture using these new technologies, while making greater contributions to customers' business innovation such as realization of a smart factory.

3. Expansion of application cloud service

In addition to financial cloud computing services for banks (SKYBANK), which have already been introduced by many customers, the Group will start conducting consultation for major banks and large-sized regional banks in the next fiscal year. Distribution cloud systems tailored to retail chains (SKYRETAIL) have acquired a customer and we're in the development phase toward a release in 2017.

4. Collaboration and synergy generated among subsidiaries

Effective January 5, 2017, the Company acquired 81% of the issued shares of YDC Corporation, renowned for its experience in system consultation and development for the manufacturing sector, from Yokogawa Electric Corporation, and made it a consolidated subsidiary. Through this we will enhance collaboration among Future Architect, Micro CAD and YDC through mutual provision of their advanced knowledge, solutions, and technical/development capabilities, and enable the provision of higher added value to customers.

FutureOne aims for a recovery in sales and profit by the release of a new brand ERP package "InfiniOne" which has enhanced compatibility with cloud, multi-database, and multi-language environment as well as expanded sector-specific templates, and by expanding sales distribution channels through alliances with external business partners. It will also strengthen collaboration among subsidiaries, including Future Architect, to widen its customer base and improve solutions.

(2) New Media & Web Service Business

eSPORTS will promote strategic purchases of casual sportswear and shoes according to consumer needs, planning for unique private brand products and expansion of its own EC site's operations, thus growing sales and profits. It will advance development of an already launched online fitness service Pocket Gym (Pockegym) to provide not only goods but also services for potential health-conscious customers. In addition, with Tokyo Calendar, it will jointly develop an EC and distribute a developed app for PockeGym to customers.

Tokyo Calendar has obtained support from users and tripled the number of page views in a single year by providing, in a new web-based form using Future Group's information technology, its high-quality content-generating capabilities acquired through magazine media, and thus saw an increase in advertising-related income and sales. Looking ahead, the company aims to acquire more users by planning, producing and distributing its own video content. The company will also develop another subscription service on top of "TOCALE NIGHT," and an offline restaurant event that attracted a lot of participants, aiming to establish a new marketing platform based on an analysis of customer behaviors and motivations.

CodeCamp will work on expanding its profit base and turning positive for the cumulative period by offering more online programming education services to corporations and increasing sales from new services such as "TORAKAJI," a new business school focusing on UI/UX, data analysis, prototyping, and other technologies, and "CodeIncubate," an engineer cultivation program for job seekers.

The Company plans to pay **a per-share ordinary dividend of ¥26.00 per share (interim dividend: ¥13.00; year-end dividend: ¥13.00)** for the fiscal year ending December 2017.

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

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