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Press Release

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Notice on Consolidated Earnings Results for the First Nine Months of Fiscal 2017

1. Consolidated earnings results for the first nine months of fiscal 2017

The Group's consolidated earnings results for the first nine months of fiscal 2017 (from January 1, 2017 to September 30, 2017) are as follows.

Net sales	¥26,500 million	(up 3.3% year-on-year)
Operating income	¥3,284 million	(up 25.0% year-on-year)
Profit attributable to owners of parent	¥2,407 million	(up 54.7% year-on-year)

Details of the performance of each segment are as follows.

(1) IT Consulting & Service Business

Future Architect, Inc. is in a period of converting old projects to new projects. Although the company experienced a year-on-year decline both in net sales and operating income, it started many new projects with apparel companies, supermarkets, news media, logistics companies, etc. It also received orders to develop systems that support customer relations and lending activities from multiple banks, mainly in the Tokyo metropolitan area, started to develop those systems, and increased sales generated by projects with Forex brokers and online securities companies.

YDC Corporation showed strong performance in system development centered on the manufacturing business under entrusted contracts and license sales of in-house manufactured goods, boosting the net sales and operating income of the IT Consulting & Service Business.

FutureOne Inc. marked significant growth in both net sales and operating income year-on-year, which is attributable to the renewal of in-house manufactured packages as the InfiniOne series, an increase in the number of project orders it received by focusing on medium-sized companies with sales of 5 billion yen to 10 billion yen as target customers, and related development that was carried out smoothly.

Micro CAD Co., Ltd. showed strong performance in sales of intellectual property

management software to new customers and services provided to manufacturers.

As a result, the IT Consulting and Service Business showed a year-on-year increase in both sales and operating income, posting net sales of ¥21,772 million (up 19.4% year-on-year), and operating income of ¥3,407 million yen (up 22.6% year-on-year).

(2) New Media & Web Service Business

eSPORTS Co., Ltd. posted a 11.7% increase year-on-year in net sales, due to strong sales of private brand products centered on outdoor goods and fitness training products, whereas operating income declined due to factors including a lower gross profit margin resulting from increasingly fierce price competition affected by bad weather in the summer and increased transport costs.

Tokyo Calendar Inc. saw a surge in monthly page views from 30 million as of December 31, 2016 to 45 million as of September 30, 2017, and gained momentum in sales of magazines during and after the second quarter under review, resulting from implementation of content strategies focusing on men and women aged 30 to 49 in urban areas and a strengthened framework enabling the creation of in-house video content. Because the company posted increased sales from both web-based and magazine advertisements, with a 33.4% increase year-on-year in net sales, as well as operating income for three months in the third quarter, its accumulated net loss decreased compared with the same period of the previous year.

CodeCamp Inc. logged a 40.0% increase year-on-year in net sales, attributed to continued growth in sales of online programming education services, and strong sales performance in engineer cultivation and employment assistance programs for job seekers. Due to upfront investments in service development and advertisement expenses, etc., the company continued to sustain an operating loss. However, the operating loss is showing a decreasing trend from the third quarter.

As a result, the New Media & Web Service Business showed a year-on-year increase in net sales and a reduction in operating loss, posting net sales of ¥4,913 million (up 17.6% year-on-year) and an operating loss of ¥224 million (against a loss of ¥259 million a year earlier).

(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 of the previous

fiscal year, 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. In addition, from the first quarter of the fiscal year under review, the Group integrated the IT Consulting Business and the Package & Service Business into the IT Consulting & Service Business. Year-on-year changes were calculated for comparison upon adjusting the values for the previous fiscal year's third quarter cumulative period for the revised reporting segment categorization and measurement methods.

2. Future outlook:

(1) IT Consulting & Service Business

Future Architect, Inc. and FUTURE INSPACE, Inc. aim to contribute to clients' businesses and renovating IT frameworks by offering the Future Group's unique high value-added services under the following strategy.

- Providing consistent services from overall design to detailed design, development, maintenance, and operation by using cutting-edge IT and in-house manufactured components, which enable data processing in real time (Future Component), while considering business innovation, operational reforms, and system improvements 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 by using a unique reconstruction method into the latest open systems (FutureFormula).
- Designing and developing high-quality systems within a short time by using unique project monitoring and management methods (FutureNavi and Futurefraqta).

During the first nine months of fiscal 2017 (from January 1, 2017 to September 30, 2017), the Group started many more projects for new customers than before. It also aims to complete those projects using FutureNavi and Futurefraqta and to acquire many more new projects.

While more banks are expected to implement FutureBANK, a cloud-based system that supports banks' customer relations and lending activities, the Group has been

developing FutureRETAIL, a cloud-based system for distributors by combining next-generation systems architecture with its expertise in the distribution business.

Effective January 5, 2017, the Group acquired 81% of the issued shares of YDC Corporation, which is renowned for its experience in system consultation and development for the manufacturing sector, from Yokogawa Electric Corporation, and made it a consolidated subsidiary. Moving forward, the Group will strive to acquire new customers and provide existing customers with new technologies, solutions, and services by enhancing intra-group collaboration.

FutureOne has increased sales of InfiniOneERP, a renewed version of in-house manufactured software, to medium-sized companies. The company aims to further improve performance by specializing in the business market for medium-sized companies in collaboration with Future Group companies and external sales partners.

To meet extensive customer needs, Future Corporation also newly established the Strategy Innovation Group in October 2017, and started to provide strategic consulting services including corporate reorganization/business creation, global market development, and total risk management.

(2) New Media & Web Service Business

eSPORTS will work on improving its gross margin by reinforcing planning for private brand outdoor goods and fitness products and strategic purchases of popular casual bags, wear, etc. The company will enhance research and analyses of prices and top-selling items, as well as responses to customers using the Future Group's technologies. At the same time, it aims to increase customer loyalty and sales via the in-house e-commerce website through collaborative work with Tokyo Calendar.

Tokyo Calendar aims to achieve an operating profit for the full year of 2017 by boosting revenue from advertising activities using its strengths to attract customers, as can be seen from gaining 45 million monthly page views, high-quality in-house video advertisements, and both paper and online media. The company also aims to build a marketing platform by working increasingly on launching new services that support life events such as marriage, childbirth, and job promotion, while the collaboration with Matchalarm Inc., an online marriage-hunting service provider acquired at the end of the first quarter of fiscal 2017, is steadily underway.

CodeCamp aims to become profitable on a monthly basis as soon as possible by focusing on expanding online and offline programming education services tailored for

corporations and extending programming education services for improving IT engineers' skills and outplacement services.

The forecast for consolidated earnings results for fiscal 2017 remains unchanged from the previous release (as of July 28, 2017).

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