

Briefing on Financial Results for FY2013

February 10, 2014
Future Architect, Inc.

1. Earnings Results for FY2013

(Yuji Higashi, Executive Senior Vice President)

2. FY2014 Forecast

(Yuji Higashi, Executive Senior Vice President)

3. Outlook for and Direction to Take in the Future

(Yasufumi Kanemaru, Chairman)

1. Earnings Results for FY2013

(Yuji Higashi, Executive Senior Vice President)

FY2013 Earnings Highlights

1. Consolidated net sales hit a record high, exceeding ¥30.0 billion.

- Consolidated net sales amounted to ¥30,049 million (up 28.7% year-on-year), with Future Architect and all subsidiaries (*see note) having posted increased sales.
- Even excluding eSPORTS, which was newly turned into a subsidiary, consolidated net sales marked a record high.

*Note: Investment-specializing subsidiaries, etc. are not included.

2. Consolidated operating income, ordinary income and net income also hit record highs.

- Consolidated operating income was ¥3,352 million (up 73.3% year-on-year), consolidated ordinary income stood at ¥3,453 million (up 67.8% year-on-year) and consolidated net income came to ¥2,027 million (up 73.7% year-on-year).
- Non-consolidated operating income, ordinary income and net income also marked record highs. Simple total of operating income of subsidiaries turned positive.

3. Consolidated orders received remained substantially higher.

- Consolidated orders received were ¥24,404 million (up 12.3% year-on-year) and the consolidated backlog amounted to ¥8,010 million (up 6.0% year-on-year), remaining at the levels seen in the latter half of last year.

FY2013 Consolidated Results

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Results	FY2013 Plan	Compared to plan	FY2012 Results	Year-on-year change
Net sales	30,049	25,700	+16.9%	23,353	+28.7%
Operating income Operating income margin	3,352 11.2%	3,200 12.5%	+4.8% (-1.3 pts.)	1,935 8.3%	+73.3% (+2.9 pts.)
Ordinary income Ordinary income margin	3,454 11.5%	3,250 12.6%	+6.3% (-1.1 pts.)	2,057 8.8%	+67.9% (+2.7 pts.)
Net income Net income margin	2,027 6.7%	1,800 7.0%	+12.7% (-0.3 pts.)	1,167 5.0%	+73.7% (+1.7 pts.)

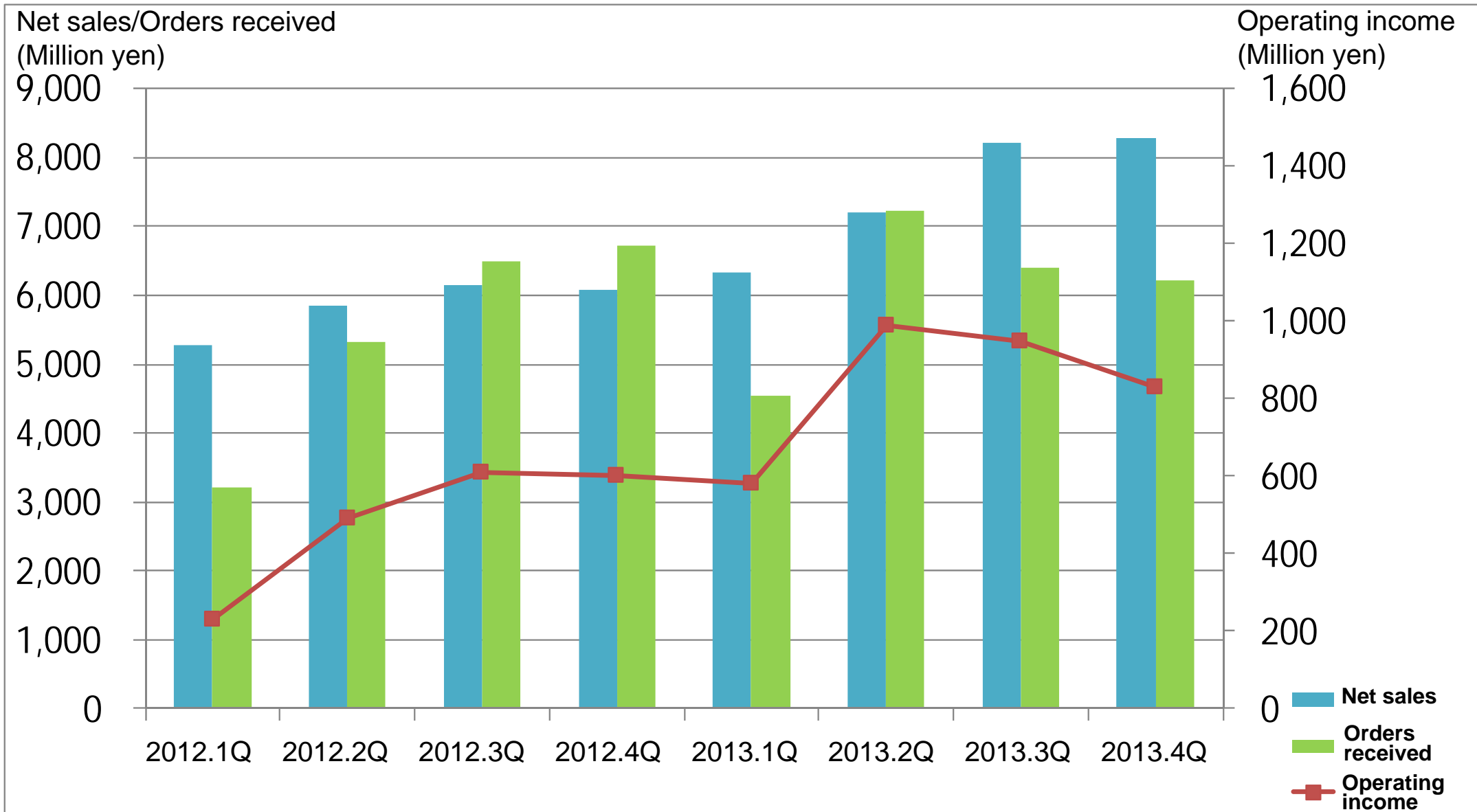
FY2013 Non-consolidated Results

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Results	FY2013 Plan	Compared to plan	FY2012 Results	Year-on-year change
Net sales	18,014	15,800	+14.0%	14,017	+28.5%
Operating income Operating income margin	3,157 17.5%	3,000 19.0%	+5.3% (-1.5 pts.)	2,011 14.4%	+57.0% (+3.1 pts.)
Ordinary income Ordinary income margin	3,367 18.7%	3,050 19.3%	+10.4% (-0.6 pts.)	2,130 15.2%	+58.1% (+3.5 pts.)
Net income Net income margin	1,718 9.5%	1,740 11.0%	(1.2%) (-1.5 pts.)	1,036 7.4%	+65.8% (+2.1 pts.)

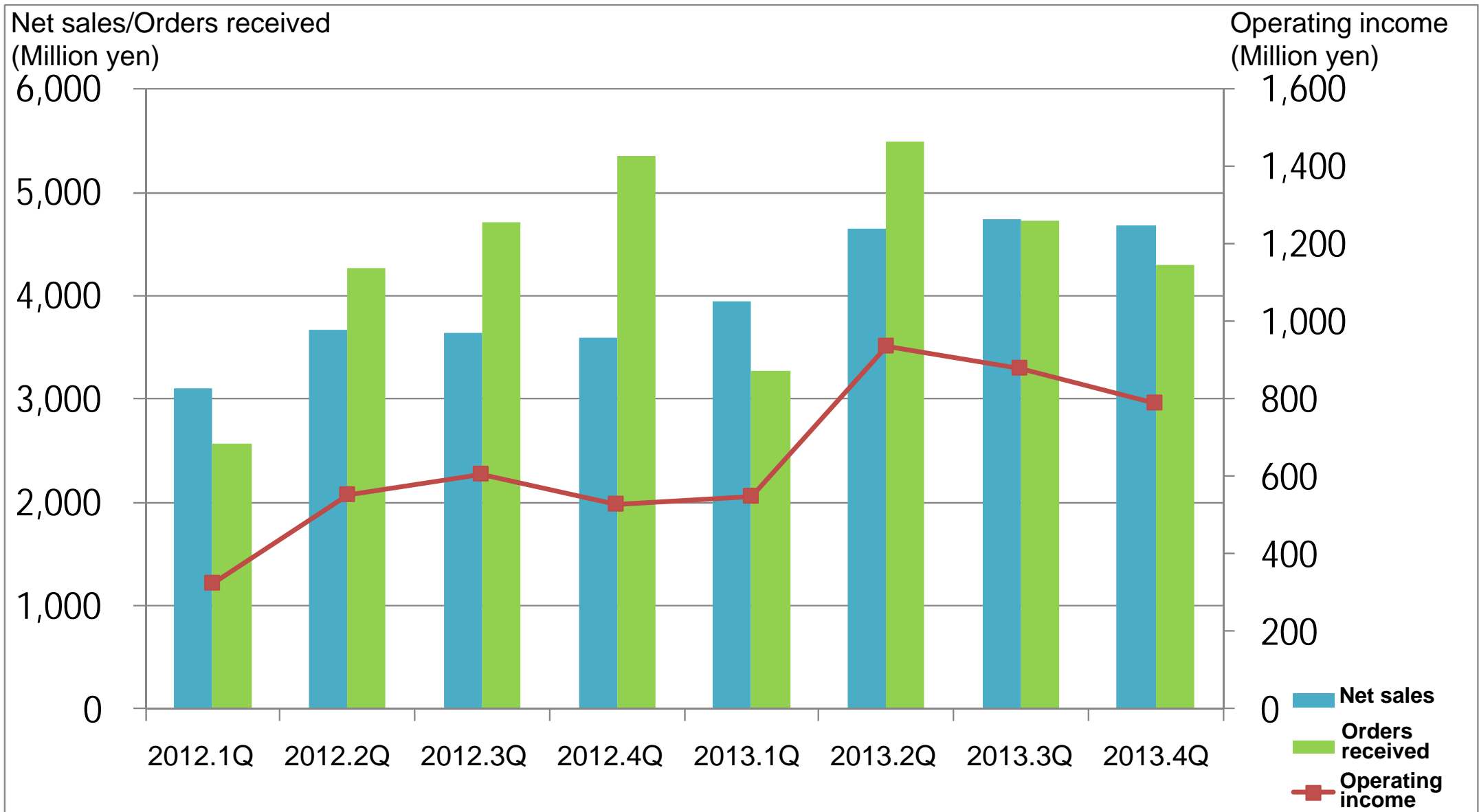
Trends of Quarterly Consolidated Results

Challenge Together Future Architect, Inc. which designs management and IT.



Trends of Quarterly Non-consolidated Results

Challenge Together Future Architect, Inc. which designs management and IT.



Consolidated Balance Sheets

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	End of Dec. 2013	End of Dec. 2012	Change
Current assets	13,978	9,771	+4,207
Noncurrent assets	5,246	5,058	+187
Total assets	19,225	14,830	+4,394
Current liabilities	4,809	2,747	+2,061
Noncurrent liabilities	1,367	316	+1,051
Total liabilities	6,177	3,063	+3,113
Total net assets	13,047	11,766	+1,281
Shareholders' equity ratio	67.1%	78.5%	(11.4 pts)

Main changes		End of Dec. 2013	End of Dec. 2012	Change
(Million yen)	Current assets:			
	Increase in cash and deposits	6,892	4,156	+2,736
	Increase in accounts receivable	4,330	3,523	+807
	Noncurrent assets:			
	Increase in goodwill	823	195	+628
	Current liabilities:			
Increase in accounts payable	1,660	739	+920	
Noncurrent liabilities:				
Increase in long-term loans payable	1,000	—	+1,000	

Consolidated Cash Flows

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Results	FY2012 Results	Change
Net cash provided by (used in) operating activities	3,427	727	+2,699
Net cash provided by (used in) investing activities	(888)	(1,157)	+268
Net cash provided by (used in) financing activities	139	(919)	+1,059
Effect of exchange rate changes on cash and cash equivalents	30	6	+23
Increase (decrease) in cash and cash equivalents	2,708	(1,342)	
Cash and cash equivalents at beginning of the period	4,184	5,526	
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	1	
Cash and cash equivalents at end of the period	6,892	4,184	

			FY2013	FY2012	Change
Main changes (Million yen)	Operating CF:	Net income before taxes	3,519	2,047	+1,472
		Increase (decrease) in notes and accounts payable-trade	707	24	+682
	Investing CF:	Purchase of investments in subsidiaries	(999)	(64)	(934)
		Proceeds from sales of investment securities	451	—	+451
	Financing CF:	Proceeds from long-term loans payable	1,000	—	+1,000

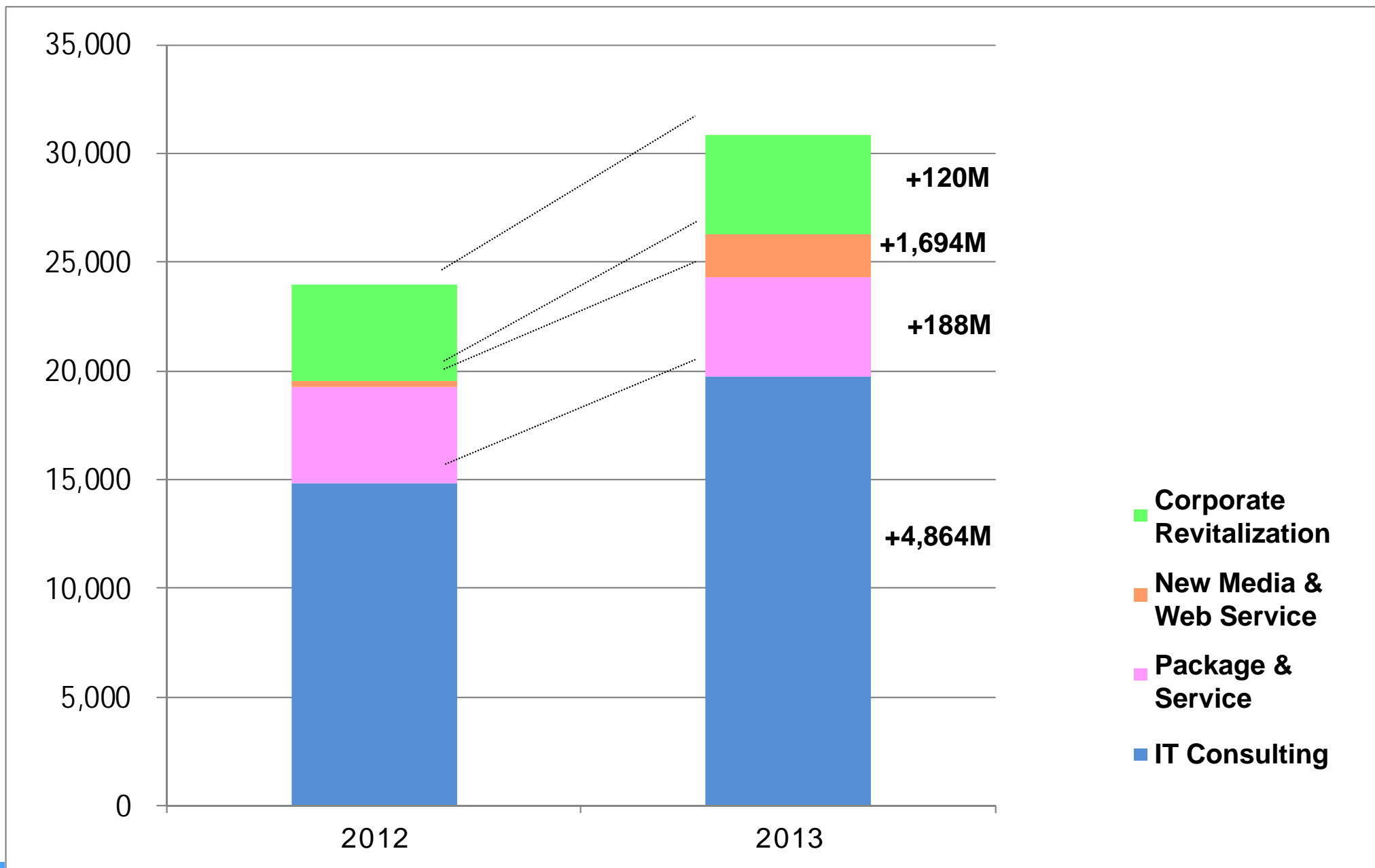
Consolidated Results by Segment

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Results	FY2012 Results	Year-on-year change
Net Sales	30,049	23,353	+28.7%
IT Consulting	19,707	14,843	+32.8%
Package & Service	4,577	4,389	+4.3%
New Media & Web Service	1,977	283	+598.8%
Corporate Revitalization	4,559	4,439	+2.7%
Other	—	—	—
Adjustments	(773)	(602)	—
Operating Income	3,352	1,935	+73.3%
IT Consulting	2,959	1,745	+69.6%
Package & Service	373	279	+33.6%
New Media & Web Service	(51)	(151)	—
Corporate Revitalization	46	29	+57.0%
Other	(1)	(3)	—
Adjustments	26	36	—

Consolidated Net Sales by Segment

Challenge Together Future Architect, Inc. which designs management and IT.

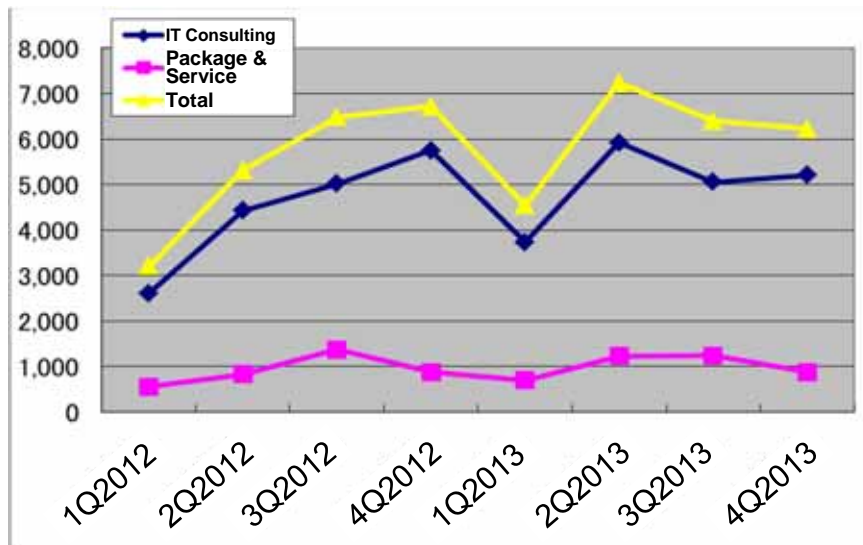


Consolidated Orders Received and Backlog by Segment

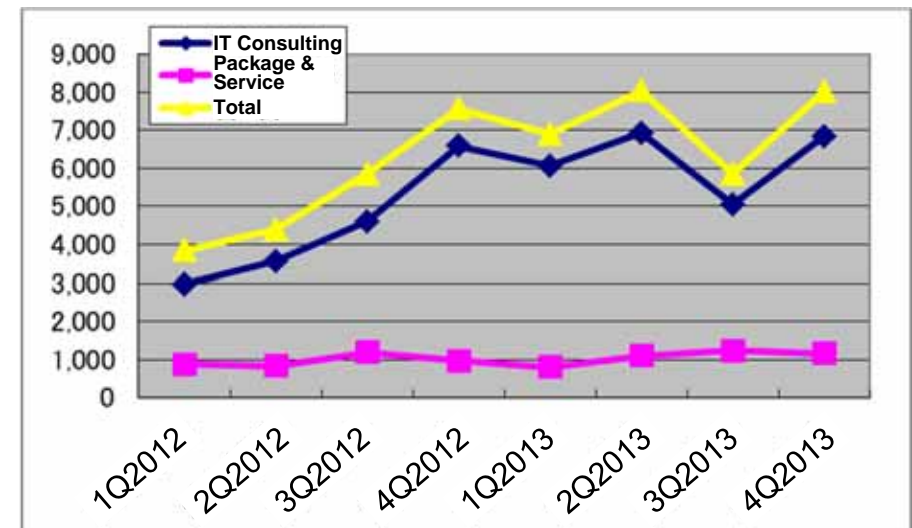
Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	Orders received			Backlog		
	FY2013	FY2012	Year-on-year change	FY2013	FY2012	Year-on-year change
IT Consulting Business	19,912	17,805	+11.8%	6,829	6,576	+3.8%
Package & Service Business	4,051	3,631	+11.6%	1,167	971	+20.2%
New Media & Web Service Business	439	290	+51.4%	13	12	+8.9%
Total	24,404	21,727	+12.3%	8,010	7,560	+6.0%

Trends of orders received
(excluding those in New Media & Web Service)



Trends of backlog
(excluding that in New Media & Web Service)



Results by Segment (IT Consulting Business)

Challenge Together Future Architect, Inc. which designs management and IT.

Increase in sales

- ✓ Service increased for the financial and manufacturing industries, in addition to the distribution and service industries.
- ✓ With the launch of new large projects, the number of projects in the grand design phase (upstream consulting) expanded.
- ✓ The number of operation and maintenance (including cloud services) contracts signed following the start of systems' operations showed a steady increase.

Increase in profits

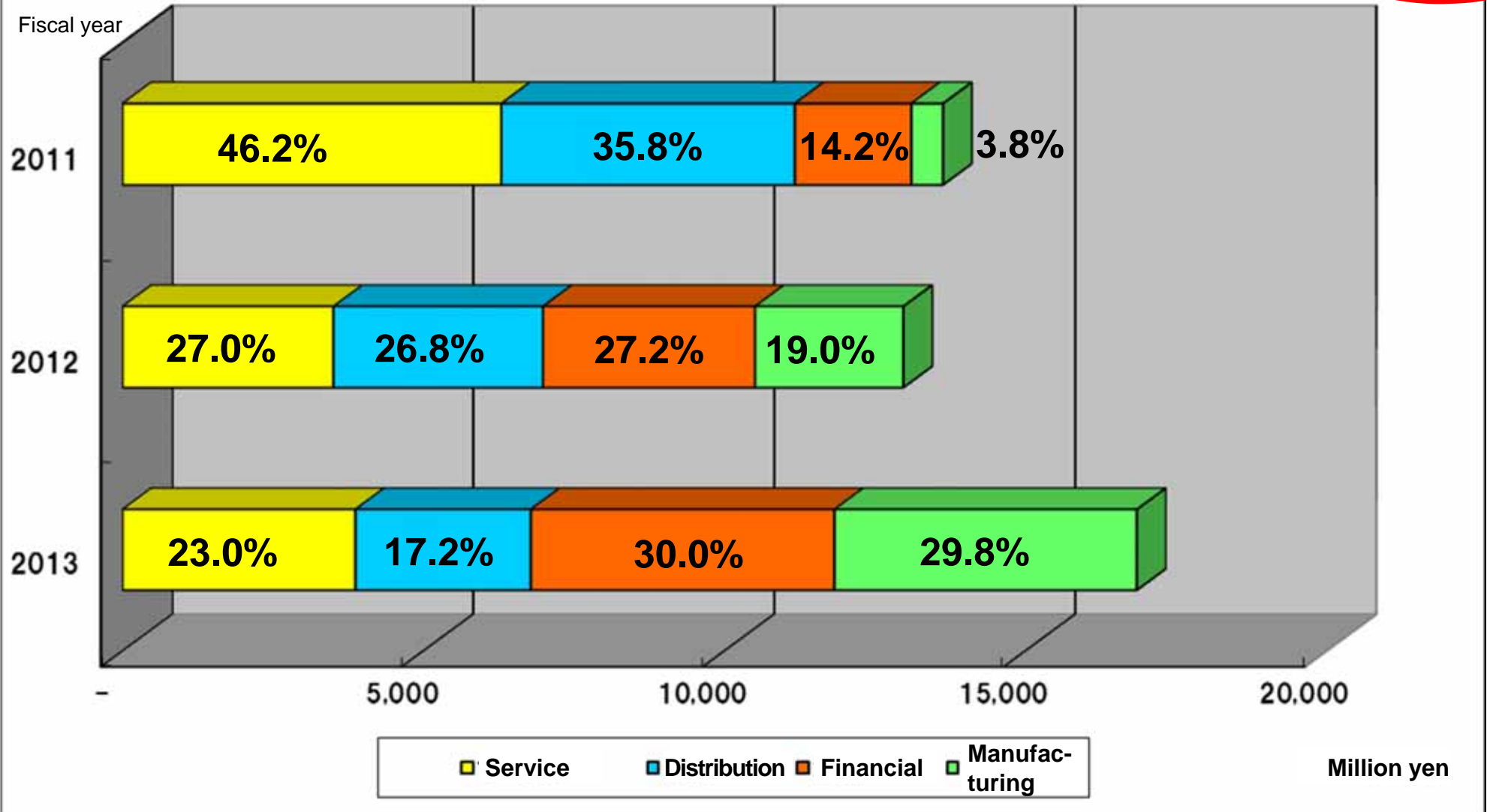
- ✓ Earnings improved due to increased sales at some subsidiaries, such as three companies including NCG in Southeast Asia, and LSC.
- ✓ Quality control was strengthened, and necessary measures were implemented at an early stage for projects for which there was concern over quality.
- ✓ With sales increasing, the consultant utilization rate rose, and selling, general & administration expense ratio declined.

Sales Analysis of IT Consulting Business: non-consolidated (1/2)

Challenge Together Future Architect, Inc. which designs management and IT.

Trends of sales by client's industry

Non-consolidated

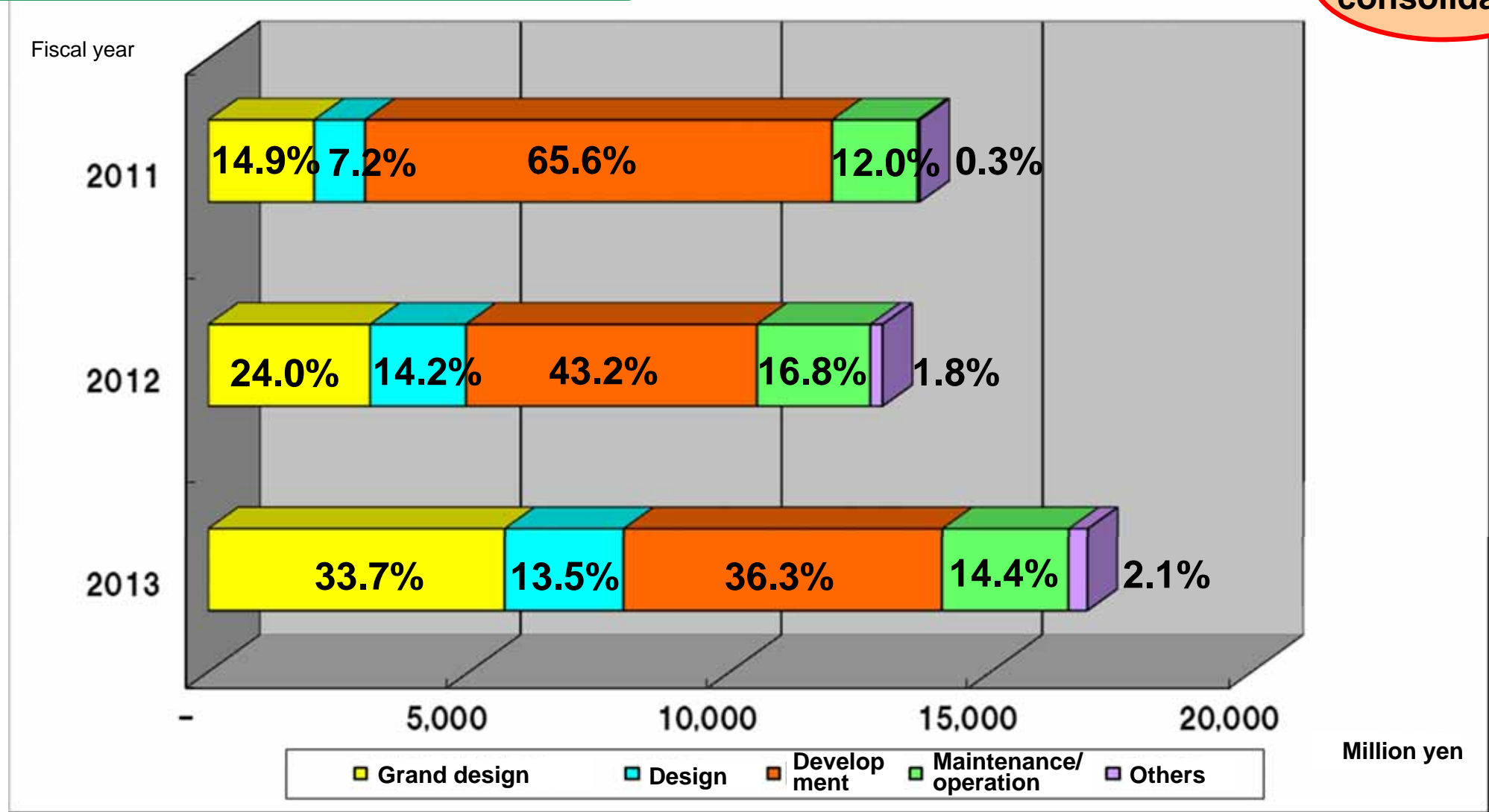


Sales Analysis of IT Consulting Business: non-consolidated (2/2)

Challenge Together Future Architect, Inc. which designs management and IT.

Trends of sales by phase

Non-consolidated



Note: Since the phase classification was reviewed and the maintenance/operation and others phases were separately categorized, data for 2012 and before are different from figures of past materials.

Results by Segment (Package & Service Business)

Challenge Together Future Architect, Inc. which designs management and IT.

Sales management/ERP packages for mid-size companies and SMEs (FutureOne)

- ✓ Sales of licenses rose thanks to an expansion in orders received, including those for ERP projects.
- ✓ Earnings improved due to increased accuracy of estimates and enhanced quality control.
- ✓ Sales of solutions at cooperative partners also contributed to improvements in sales and profits.

Consigned development and regional businesses (Ascendia)

- ✓ Operation and maintenance services in cooperation with Future Architect expanded steadily.
- ✓ The education business for local governments increased.
- ✓ Income margin declined due to increases in recruitment and training expenses, which were incurred to strengthen the structure, and outsourcing costs for some projects.

Results by Segment (New Media & Web Service)

Challenge Together Future Architect, Inc. which designs management and IT.

Sales of sports goods and outdoor gear on EC (eSPORTS)

- ✓ Sales increased year-on-year for all months after becoming a subsidiary of Future Architect.
- ✓ Products were differentiated from those of competitors due to abundant product lines, appropriate price setting and an easy-to-use search site.
- ✓ It won the Sports and Outdoor Category Grand Prize of Rakuten Ichiba for the fourth straight year for excellent customer service (including decreased stock-out rate and quicker delivery speed).

Publication of the magazine “Tokyo Calendar” and website operation (Tokyo Calendar)

- ✓ Sale volume of the magazine increased about 30% year-on-year (including projected sales volume).
- ✓ Web service was provided in conjunction with the magazine.

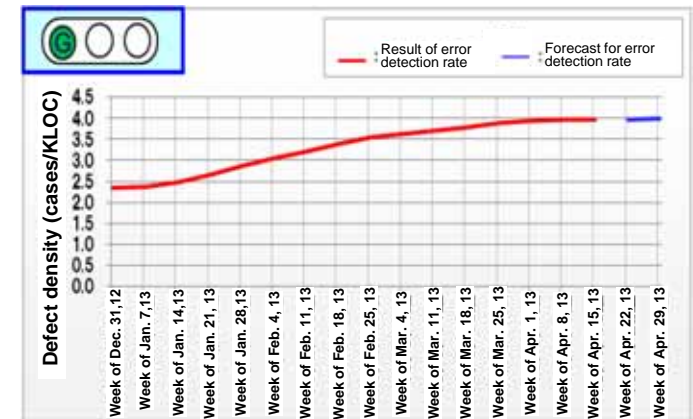
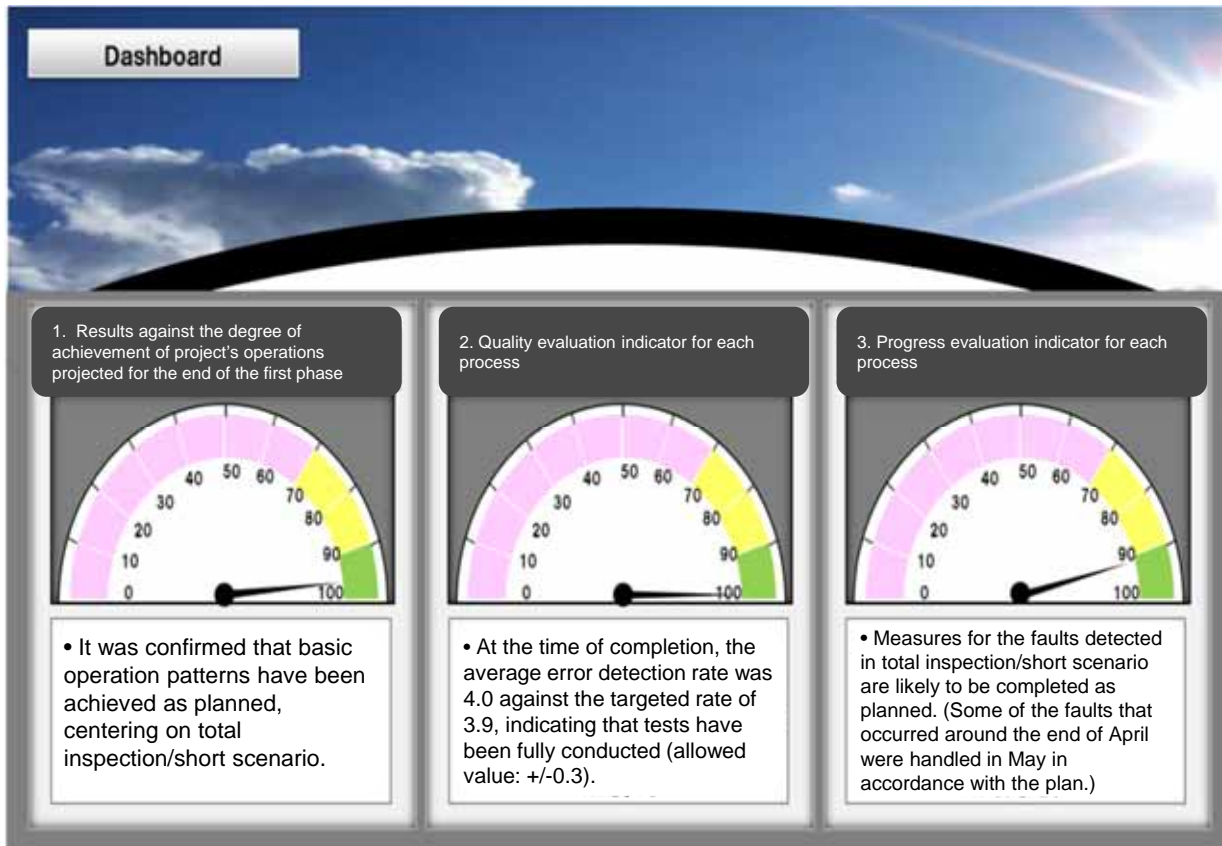
Operation of the grocery supermarket “Uoei” (Uoei)

- ✓ Record-high sales were posted since becoming a subsidiary of Future Architect, with all stores posting ordinary income for the full fiscal year (before allocating head-office expenses).
- ✓ The range of value-added products was widened through the improvement of product lines (including the introduction of in-store sushi kitchens, the direct purchase of materials from fishing ports and the cultivation of vegetables under contract).
- ✓ The rational operation of stores was promoted by visualizing business-related figures on the intranet.

- **Project quality enhancement**
- **Improvement of subsidiaries' earnings**
- **Faster expansion of new services**

Project quality enhancement

- **Renewal of quantitative quality indicators**
 - Use of “Future NASA” (a project operation platform)
 - Quantitative visualization of projects’ progress and quality



Major actual operations in the first half of FY2013

January	Course in mobile university entrance examinations for the educational service industry
January	EC mail order websites and logistics centers for convenience store operators
March	Business support cloud service for regional banks
March	Business plan systems for the logistics services industry
March	Route management systems for the logistics services industry
April	Integrated master system for the food manufacturing industry
May	Financing support system for regional banks
June	General collective approval system for the food manufacturing industry
June	Performance infrastructure system for the educational service industry

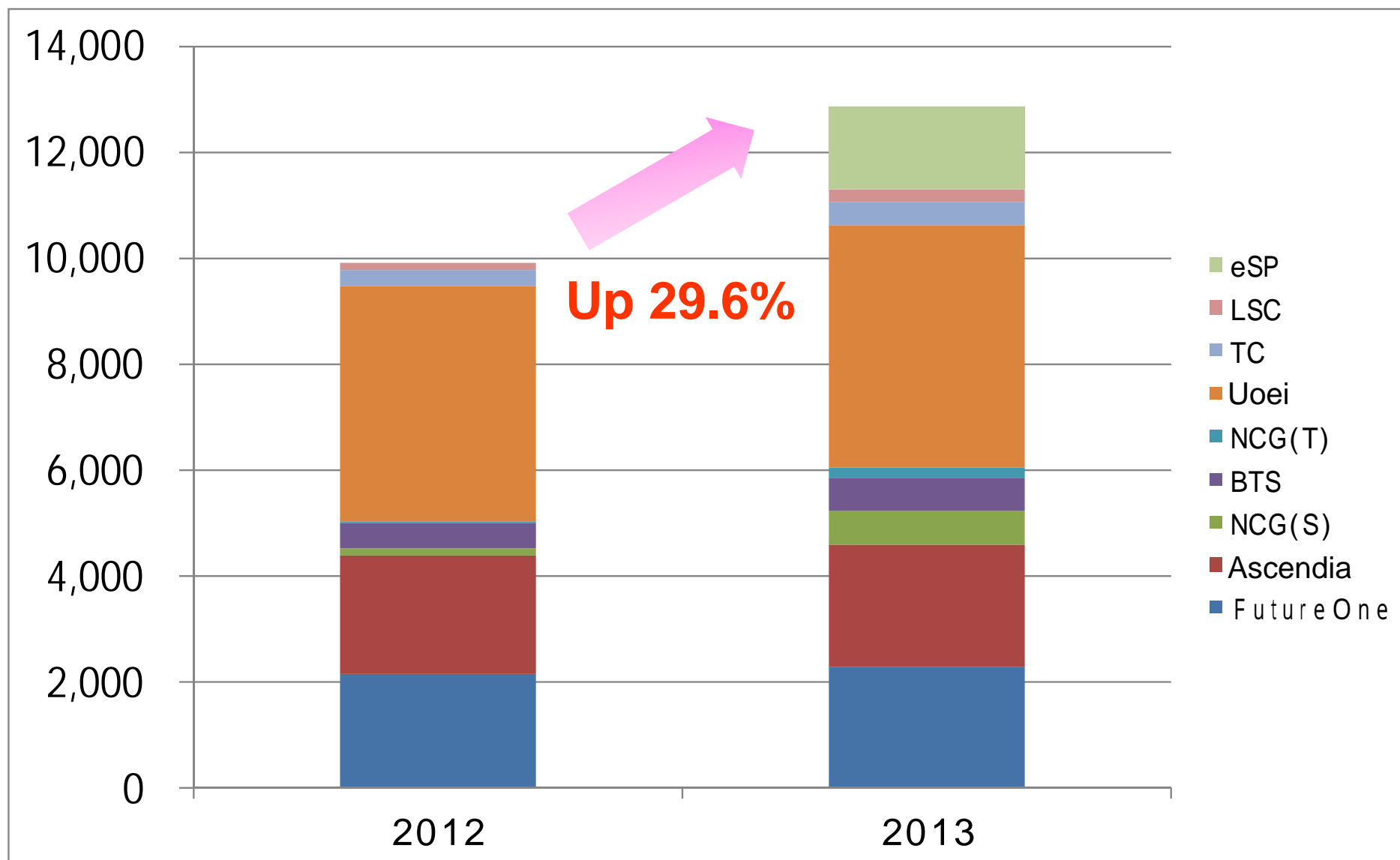
Project quality enhancement

Major actual operations in the second half of FY2013

July	Corporate customer management system for the logistics services industry
August	Common data accumulation infrastructure system for the logistics services industry
September	Profit management system for the food manufacturing industry
October	Cloud service to support IT cost optimization for trust banks
October	EC backbone system for cosmetics mail-order companies
October	Rating and self-assessment cloud service for regional banks
November	System infrastructure cloud service for regional banks
November	Contact center system for the logistics services industry

Improvement of subsidiaries' earnings

■ Net sales of subsidiaries for FY2013



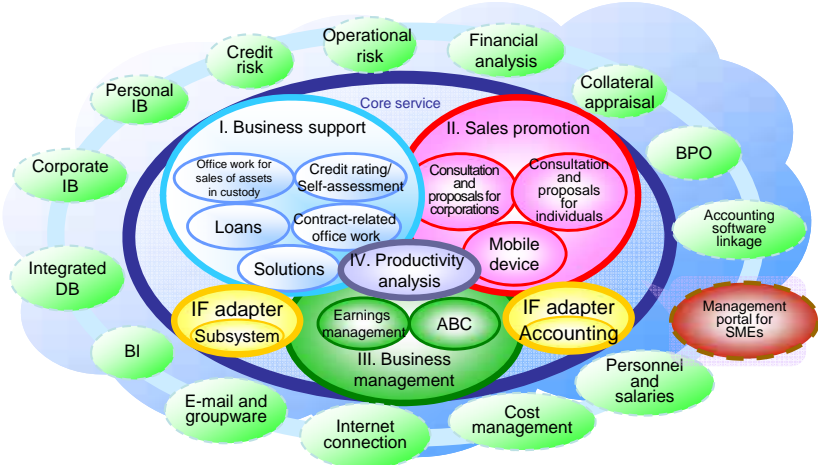
Faster expansion of new services

Cloud service for financial institutions (SKYBANK)

- Provision of full services for business support, sales support and business management
Sales promotion, sales of assets in custody, loan screening, earnings management, risk management, etc.
- Start of system infrastructure cloud

Real-time framework for Internet-based securities companies

- Launch of the provision of mass-transaction, high-speed processing infrastructure



2. FY2014 Forecast

(Yuji Higashi, Executive Senior Vice President)

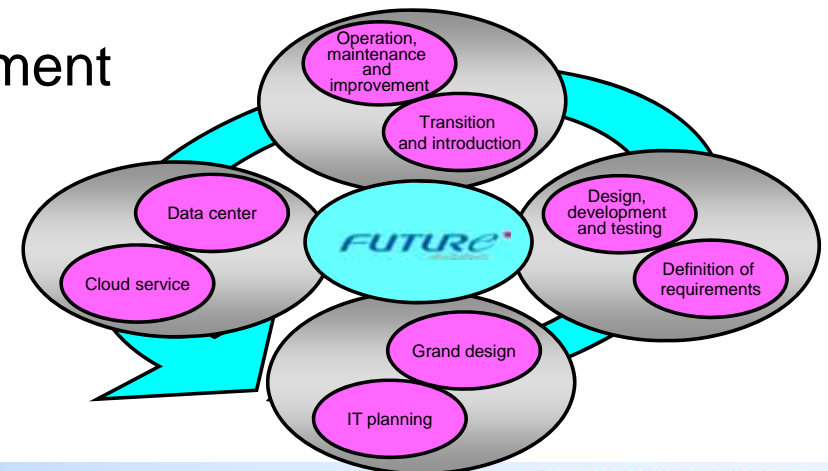
- **Promotion of IT innovation**
- **Faster expansion in Asia**
- **Efforts for new businesses**

• Promotion of IT innovation

- Converting obsolete systems into advanced, real-time ones
- Leading the reform of IT organizations that remain unchanged
- Leading all innovation processes for management and IT, ranging from the provision of solutions by industry to the reconstruction of large systems



- IT planning; Grand design
- Definition of requirements; Design, Development and Testing
- Transition and introduction
- Operation, maintenance and improvement
- Cloud service
- Data center



- **Faster expansion in Asia**

- Contribution to IT innovation not only in Japan but also in the rest of Asia

- Japan
- Singapore
- Malaysia
- Thailand
- China (Shanghai)



And to the next step ...



- **Efforts for new businesses**
 - **New Media & Web Service**



- New EC model based on new technologies
- Tokyo Calendar + eSPORTS + logistics know-how
- and New creation



Consolidated Full-year Forecasts for FY2014

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Results for the first half	FY2014 Forecasts for the first half	Year-on-year change	FY2013 Full-year results	FY2014 Full-year forecasts	Year-on-year change
Net sales	13,545	16,200	+19.6%	30,064	33,400	+11.1%
Operating income Operating income margin	1,570 11.6%	1,790 11.0%	+14.0%	3,352 11.2%	4,000 12.0%	+19.3%
Ordinary income Ordinary income margin	1,697 12.5%	1,820 11.2%	+7.2%	3,453 11.5%	4,040 12.1%	+17.0%
Net income Net income margin	1,037 7.7%	1,060 6.5%	+2.1%	2,027 6.7%	2,280 6.8%	+12.4%

Non-consolidated Full-year Forecasts for FY2014

Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	FY2013 Full-year results	FY2014 Full-year forecasts	Year-on-year change
Net sales	18,014	19,000	+5.5%
Operating income Operating income margin	3,157 17.5%	3,650 19.2%	+15.6%
Net income Net income margin	1,718 9.5%	2,140 11.3%	+24.6%

Dividends

- Final dividend for FY2013 was set at 8 yen per share, up from 7.5 yen a year ago.
- For FY2014, a **25th anniversary commemorative dividend** of 1 yen per share is to be paid, in addition to an ordinary dividend of 16 yen per share (interim: 8 yen; year-end: 9 yen).

<u>FY2012</u> (Actual amount paid)	<u>FY2013</u> (Planned)	<u>FY2014</u> (Planned)
Per share: 15 yen Consolidated payout ratio: 58.0% Non-consolidated payout ratio: 65.3%	Per share: 15.5 yen Consolidated payout ratio: 34.1% Non-consolidated payout ratio: 40.3%	Per share: 17 yen Consolidated payout ratio: 33.3% Non-consolidated payout ratio: 35.4%

Note: A 1:100 stock split of common shares was conducted with July 1, 2013 as the effective date. The above figures were calculated on the assumption that the said stock split was executed at the beginning of fiscal 2012.

3. Outlook for and Direction to Take in the Future

(Yasufumi Kanemaru, Chairman)

- In the era of management integration and M&A, “system value” is the key to the success of a company’s management strategy.
- With its real-time architecture as the basis, Future Architect holds large-volume transaction data and databases, and aims to become a leading company in the highly challenging and high value-added market.

- **SKYBANK**

Strategic business cloud service for regional financial institutions

The logo for SKY BANK, featuring the word "SKY" in a serif font, a stylized blue triangle graphic, and the word "BANK" in a serif font.

- **Accounting, sales management and ERP cloud**

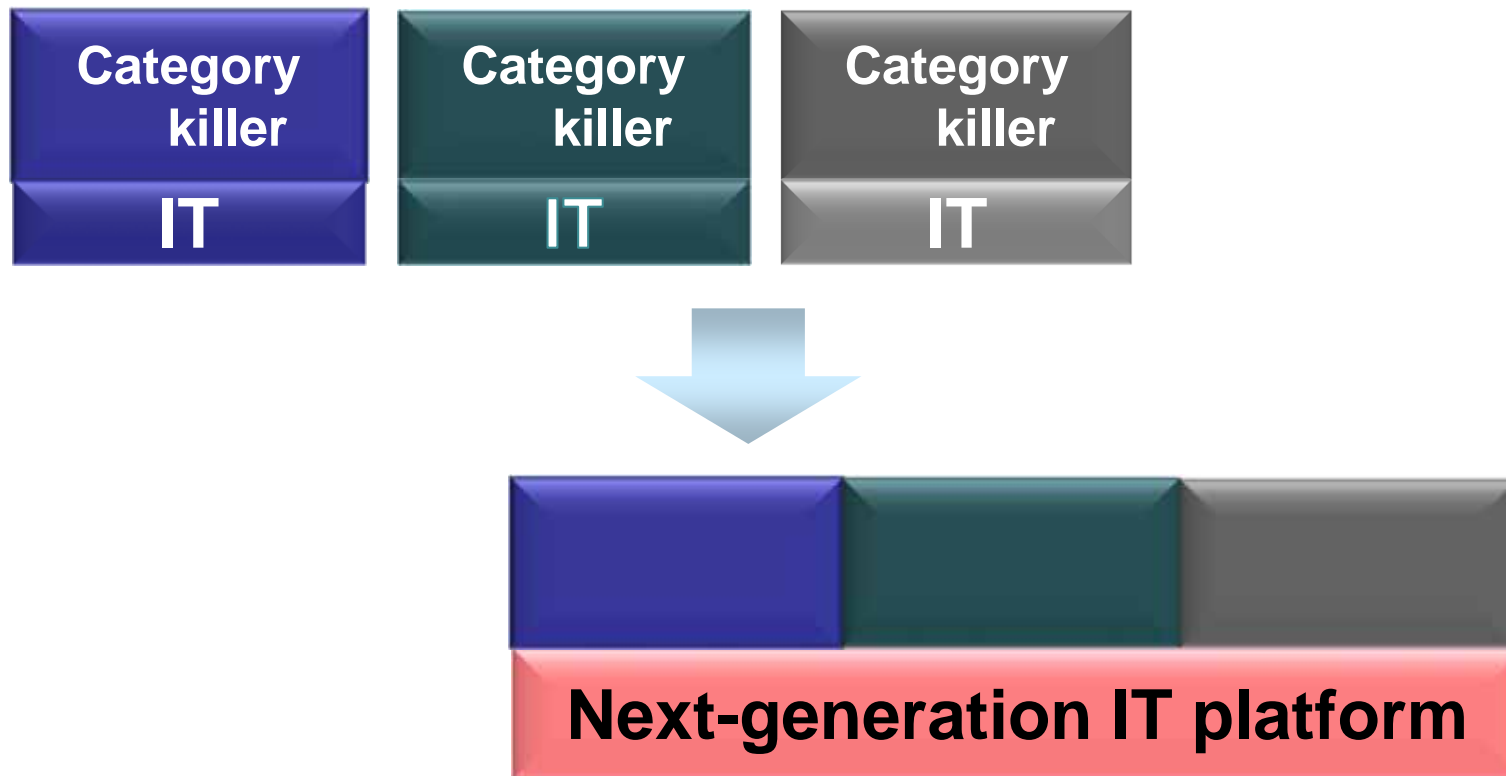
- **Electronic medical record cloud (Open Dolphin)**

Cloud-type The logo for Open Dolphin, featuring a stylized dolphin icon, the text "LSC電子カルテ" (LSC Electronic Medical Record), "OpenDolphin" with a registered trademark symbol, and a blue cloud icon containing the word "Cloud" in red.

- **Medical imaging cloud (Xronos)**

The logo for Xronos, featuring the text "LSCクラウドPACS" (LSC Cloud PACS) above the word "Xronos" in a large, bold, white sans-serif font on a blue rectangular background.

Category-killer (specialty) service will be introduced into the Group and fused with the next-generation platform.



2C2E2F

Easy

Efficient

Compact

Competitive

Fast

Flexible

- From batch processing to real-time processing
- From centralized processing to distributed processing
- From computer networks to the Internet
- From PCs to smartphones
- From possession to utilization
- From administrative work to strategic work
- From hypothesis testing to big data analysis

Targets

Future Architect: To double sales and the size of the corporate structure

Packaging of services

Group companies: To achieve double-digit growth in sales

Income margin: 10%

Expansion into Asia: To add one or two subsidiaries

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The summary report of operating results, supplementary materials, briefing materials and other various IR materials are also available on the Company's website.

<http://www.future.co.jp/ir/>

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The forecasts in this material are based on currently available information; actual results may differ from such forecasts depending on the future direction of the Japanese economy and the IT service industry. It should be noted that the Company does not guarantee or promise the accuracy of these forecasts.

In this material, the figures in the summary report of operating results, etc. described in units of thousand yen, are stated in units of million yen. Hence, a disparity may be found in some of the totals and differences. For detailed figures, please refer to the summary report of operating results.