

Briefing on Financial Results for the Second Quarter of FY2015



July 31, 2015
Future Architect, Inc.

1. Earnings Results for the Second Quarter of FY2015

2. Topics Related to the Second Quarter of FY2015

3. Future Outlook for the Second Half of FY2015

1. Earnings Results for the Second Quarter of FY2015

- **Consolidated net sales**

(Consolidated net sales reached a record high in the first half of the fiscal year.)

Net sales increased for the third consecutive year in terms of net sales for the first half, as sales of Future Architect increased (note), sales of eSPORTS and Brightree remained robust and Micro CAD contributed to consolidated financial results. However, net sales failed to achieve the forecast for the first half.

- **Consolidated income**

(Consolidated income reached a record high in the first half of the fiscal year.)

Operating income and ordinary income posted all-time highs for the third consecutive year, as income increased thanks to the aforementioned increased sales and the improvement of the profit margin of Future Inspace and other firms.

- **Orders received**

Orders received remained robust, as orders were received continuously due to expansion of the client base and enhancement of the medium- and long-term relationship of mutual trust with clients.

Note: Comparison is made by including projects that have been transferred to Future Inspace.

Consolidated Results for the First Half of FY2015

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

(Million yen)	FY2015 Results for the first half	Compared with projected results		Year-on-year comparison	
		FY2015 Plan for the first half	Change	FY2014 Results for the first half	Change
Net sales	17,033	17,200	-1.0%	16,372	+4.0%
Operating income Operating income margin	2,093 12.3%	1,990 11.6%	+5.2%	1,875 11.5%	+11.6%
Ordinary income Ordinary income margin	2,102 12.3%	2,005 11.7%	+4.8%	1,882 11.5%	+11.7%
Net income Net income margin	1,197 7.0%	1,160 6.7%	+3.2%	1,031 6.3%	+16.1%

Consolidated Balance Sheets

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

(Million yen)	End of Jun. 2015	End of Dec. 2014	Change
Current assets	16,025	16,662	-637
Non-current assets	5,265	5,040	+225
Total assets	21,291	21,702	-411
Current liabilities	4,620	5,800	-1,180
Non-current liabilities	1,435	1,426	+8
Total liabilities	6,055	7,226	-1,171
Total net assets	15,235	14,475	+760
Shareholders' equity ratio	70.7%	65.8%	+4.9pts

Main changes

(Million yen)

		End of Jun. 2015	End of Dec. 2014	Change
Current assets:	Decrease in notes and accounts receivable - trade	4,372	5,006	-633
Non-current assets:	Decrease in goodwill	754	897	-142
	Increase in investment securities	1,860	1,494	+366
Current liabilities:	Decrease in accounts payable - other	828	1,049	-221
	Decrease in income taxes payable	847	1,361	-513
Net assets:	Increase in retained earnings	12,719	12,012	+706

Consolidated Cash Flows

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

(Million yen)	FY2015 Results for the first half	FY2014 Results for the first half	Change
Net cash provided by (used in) operating activities	1,038	1,184	-146
Net cash provided by (used in) investing activities	-462	-196	-265
Net cash provided by (used in) financing activities	-438	-362	-75
Effect of exchange rate changes on cash and cash equivalents	-68	37	-106
Increase (decrease) in cash and cash equivalents	69	662	
Cash and cash equivalents at beginning of the period	8,614	6,892	
Cash and cash equivalents at end of the period	8,683	7,555	

Main changes

(Million yen)

		First half of FY2015	First half of FY2014	Change
Operating CF:	Income before income taxes and minority interests	2,105	1,884	+220
	Increase (decrease) in provision for quality assurance	-88	24	-112
	Income taxes paid	-1,359	-1,078	-281
Investing CF:	Purchases of investment securities	-298	-	-298
	Payments for lease and guarantee deposits	-11	-104	+93
Financing CF:	Cash dividends paid	-491	-357	-133

Consolidated Results by Segment

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

(Million yen)	FY2015 Results for the first half	FY2014 Results for the first half	Year-on-year change
Net Sales	17,033	16,372	+4.0%
IT Consulting	10,321	10,139	+1.8%
Package & Service	2,095	2,023	+3.6%
New Media & Web Service	2,394	1,967	+21.7%
Corporate Revitalization	2,243	2,249	-0.3%
Other	-	-	-
Adjustments	-20	-6	-
Operating Income	2,093	1,875	+11.6%
IT Consulting	1,924	1,714	+12.2%
Package & Service	177	160	+10.9%
New Media & Web Service	-49	-20	-
Corporate Revitalization	12	3	+279.8%
Other	0	0	-
Adjustments	27	17	-

Note: Segment changes were made in the first quarter of 2015, and figures for FY2014 were adjusted to reflect those changes.

Consolidated Orders Received and Backlog by Segment

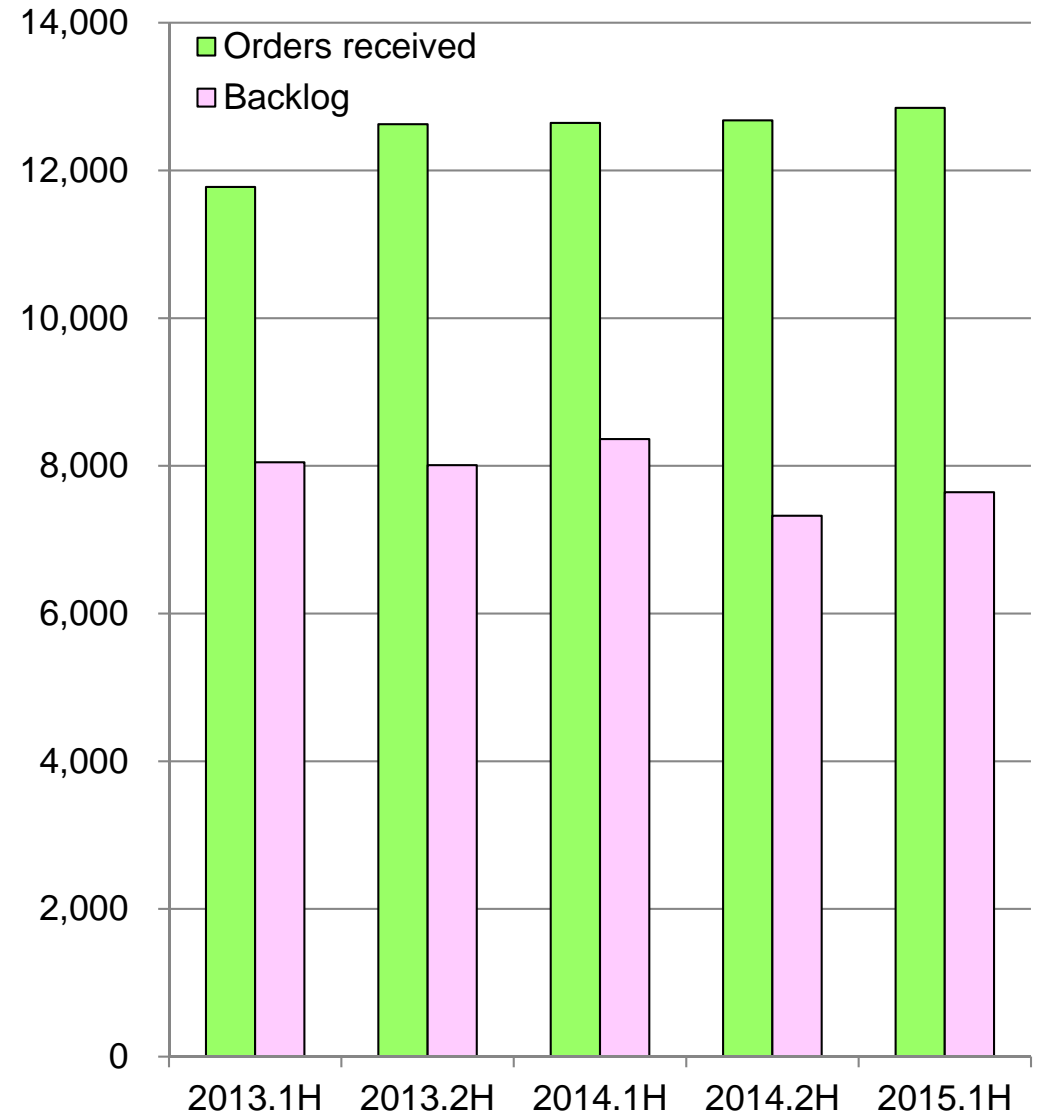
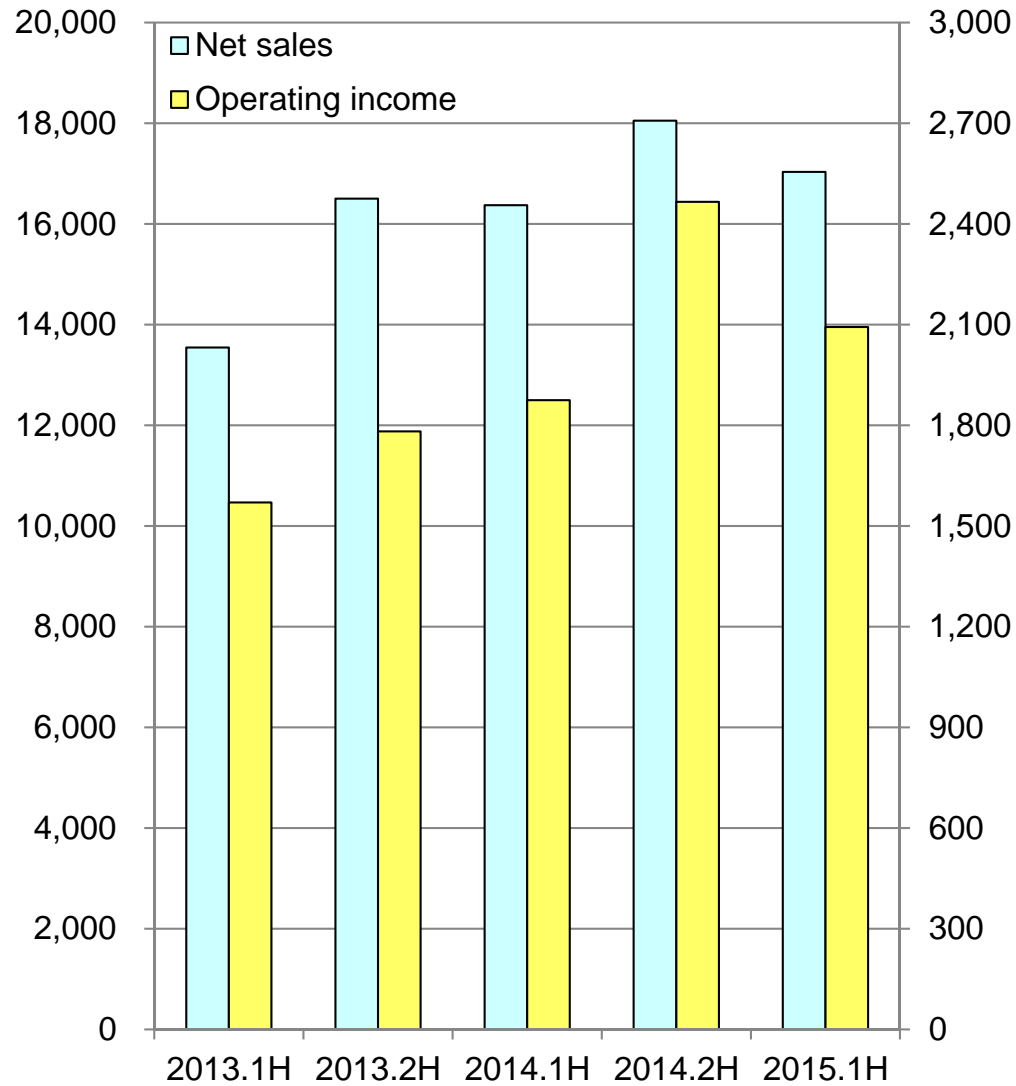
Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	Orders received			Backlog		
	First half of FY2015	First half of FY2014	Year-on-year change	First half of FY2015	First half of FY2014	Year-on-year change
IT Consulting Business	10,618	10,456	+1.5%	6,468	7,263	-11.0%
Package & Service Business	2,094	2,048	+2.2%	1,157	1,079	+7.2%
New Media & Web Service Business	134	138	-2.9%	19	20	-3.3%
Total	12,847	12,643	+1.6%	7,644	8,363	-8.6%

Notes 1: eSPORTS and Uoei are not included in the above table because they do not engage in order-based production.
 2: Segment changes were made in the first quarter of 2015, and figures for FY2014 were adjusted to reflect those changes.

Trends of Half-Yearly Consolidated Results

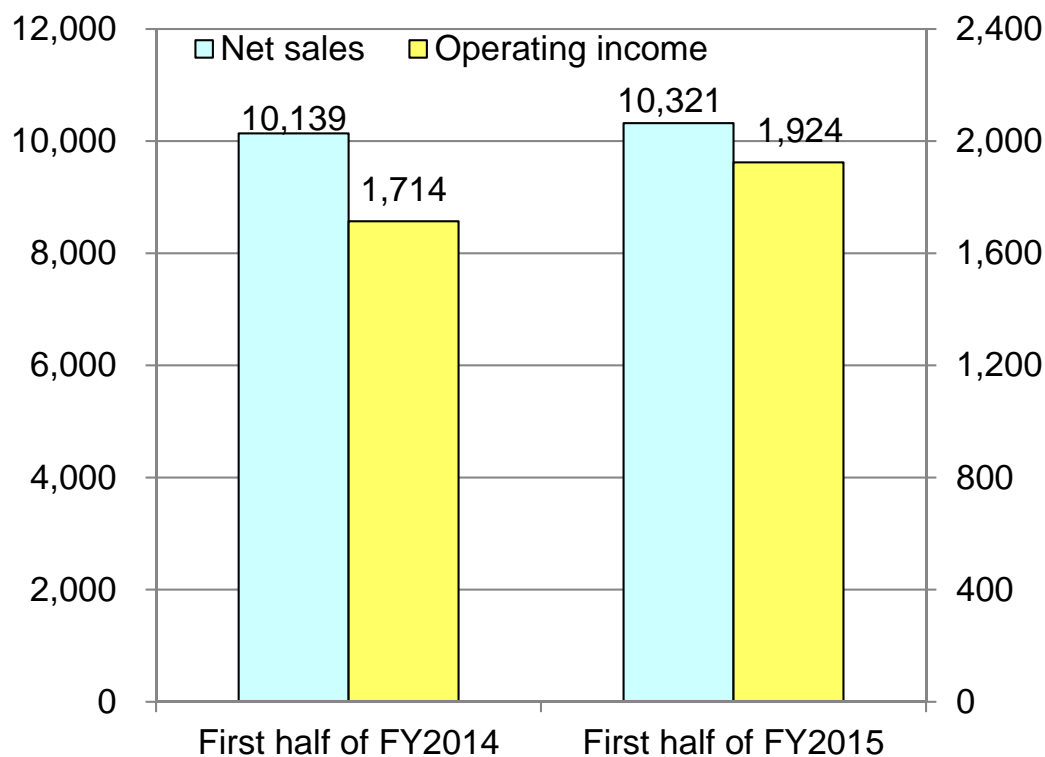
Challenge Together Future Architect, Inc. which designs management and IT.



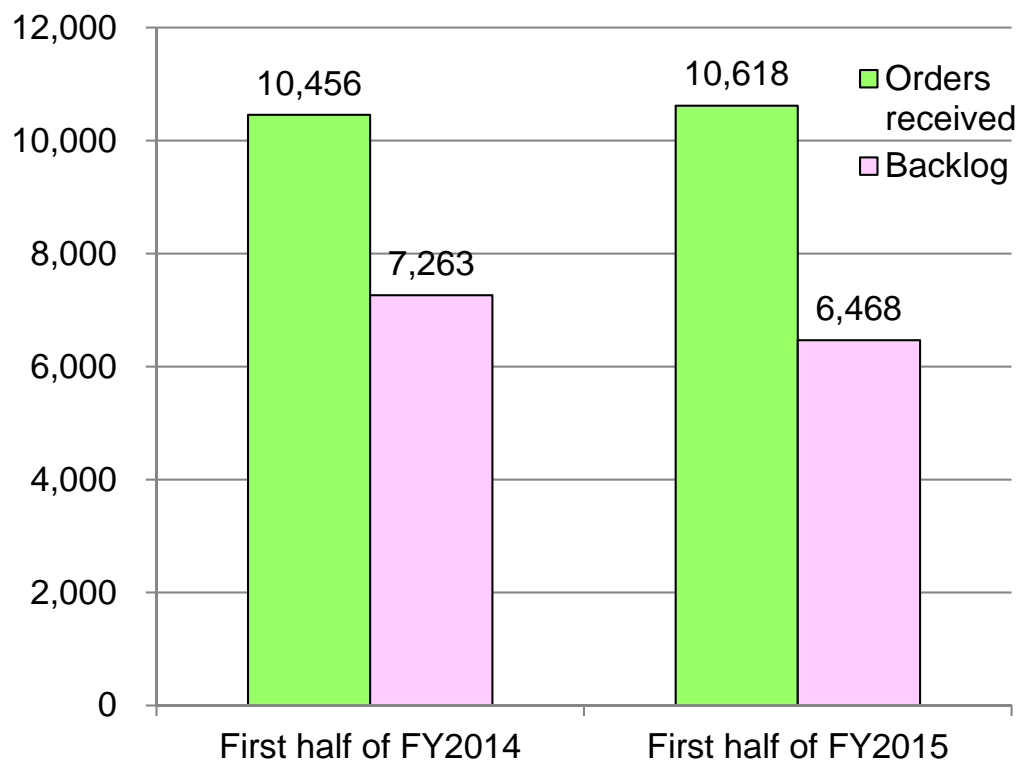
Results by Segment (IT Consulting Business)

- Future Architect saw large projects for manufacturing industries expand and the profitability of projects improved due to company-wide development of a scientific project management method.
- Business in Southeast Asia was profitable in terms of the aggregate performance of the three companies, driven by the Malaysian subsidiary.

Trends of net sales and operating income



Trends of orders received and backlog

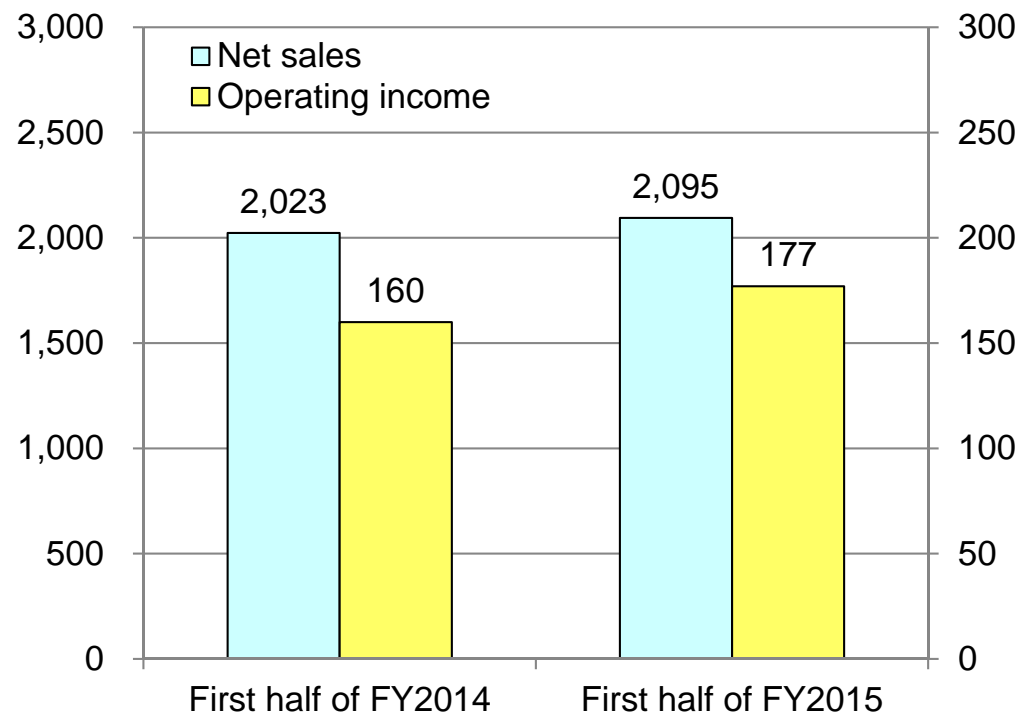


Results by Segment (Package & Service Business)

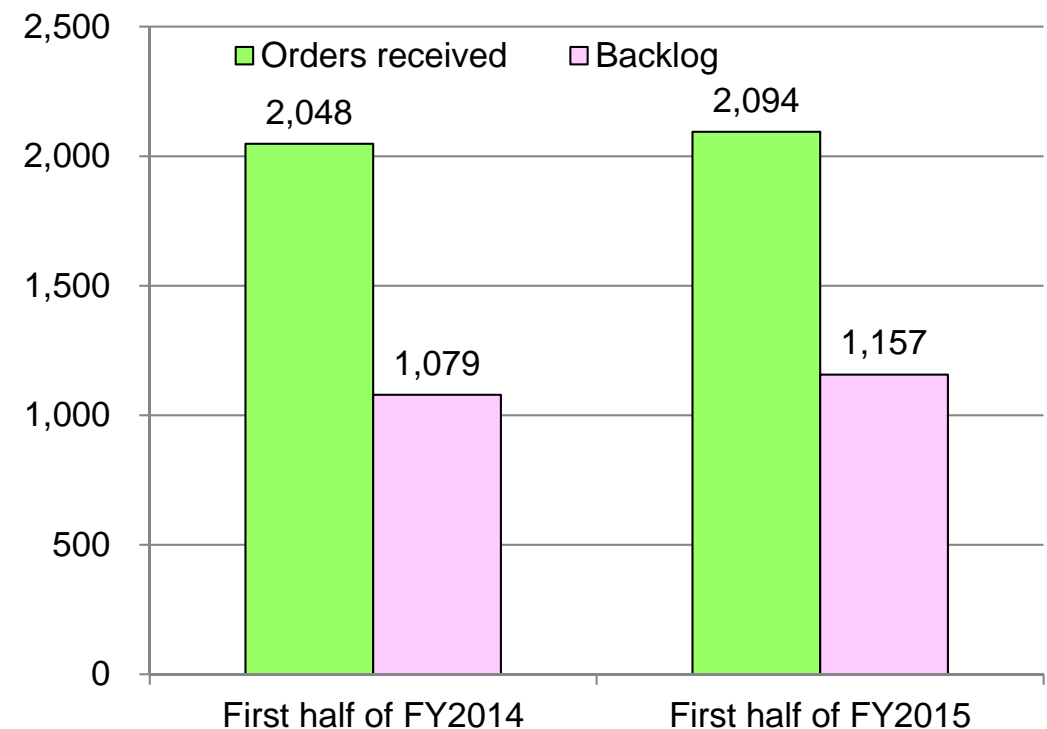
Challenge Together Future Architect, Inc. which designs management and IT.

- FutureOne saw sales increase due to the smooth performance of a number of medium-sized projects.
- Micro CAD saw both sales and operating income remain robust, surpassing their respective targets, due to strong sales of its comprehensive intellectual property management system.

Trends of net sales and operating income

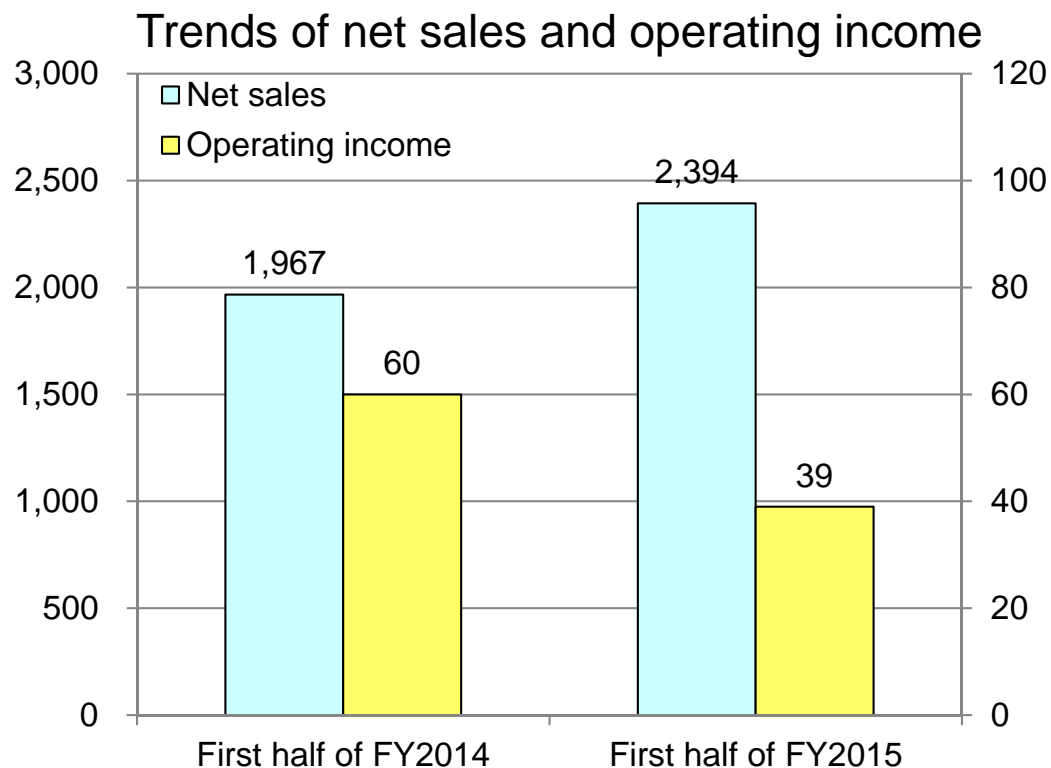


Trends of orders received and backlog



Results by Segment (New Media & Web Service Business)

- eSPORTS saw both sales and operating income remain strong because of robust online sales of sports, outdoor, and fitness gear. Sales of private brand products also increased.
- Tokyo Calendar launched a new online service and renovated its website. With the number of users and page views growing smoothly, the company will continue to take measures to grow the number of users of the website.

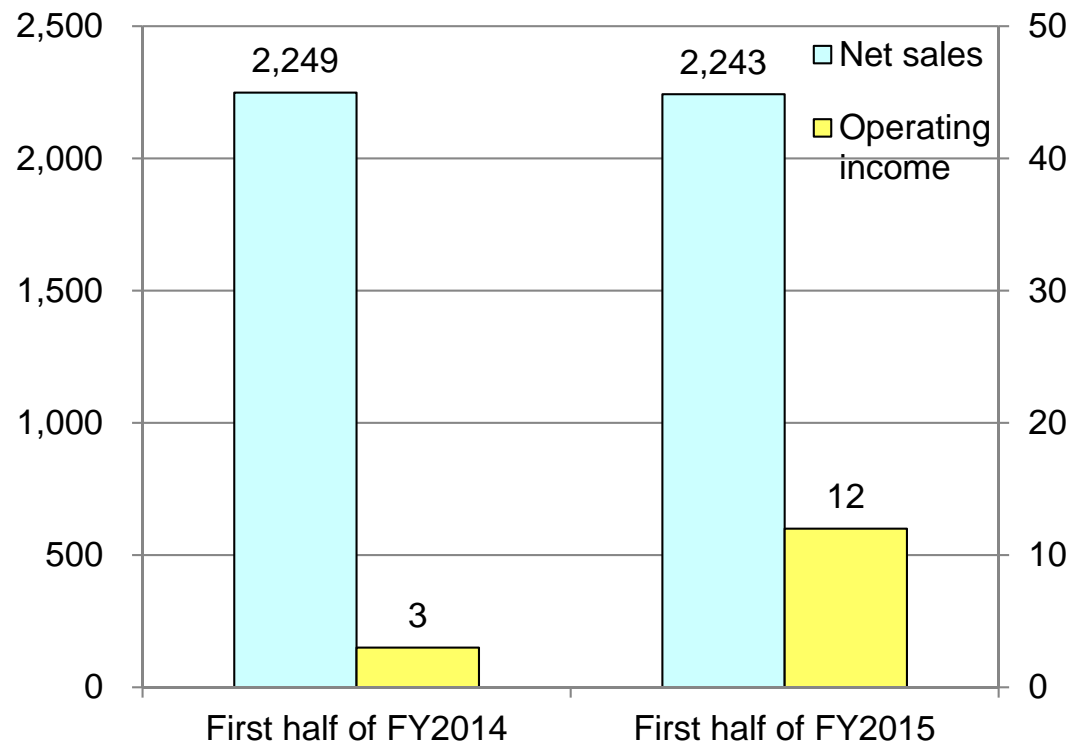


Note: Since the said business involves many M&A deals, goodwill occurred. However, amortization of goodwill is not taken into consideration to make year-on-year comparison simple.

Results by Segment (Corporate Revitalization Business)

- Net sales were almost unchanged from the previous year.
- Profit margin improved and inventory decreased, because sales of individual products and data on inventory volume were reflected in purchases of products.

Trends of net sales and operating income



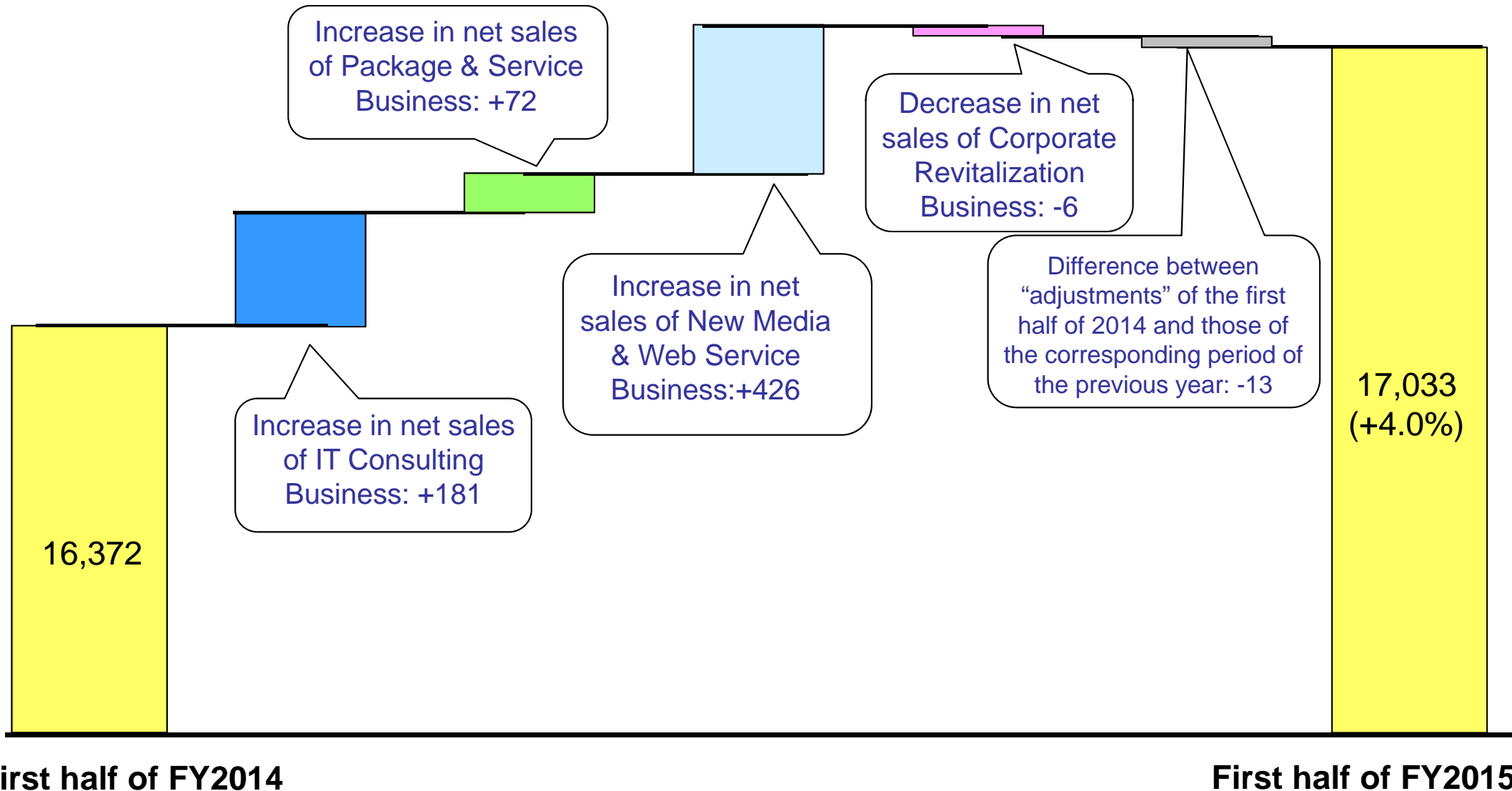
2. Topics Related to the Second Quarter of FY2015

- Consolidated Analysis of Changes in Net Sales
- Consolidated Analysis of Changes in Operating Income
- Sales Analysis of IT Consulting Business: non-consolidated
- Major Press Releases in the First Half of the Year

Consolidated Analysis of Changes in Net Sales

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

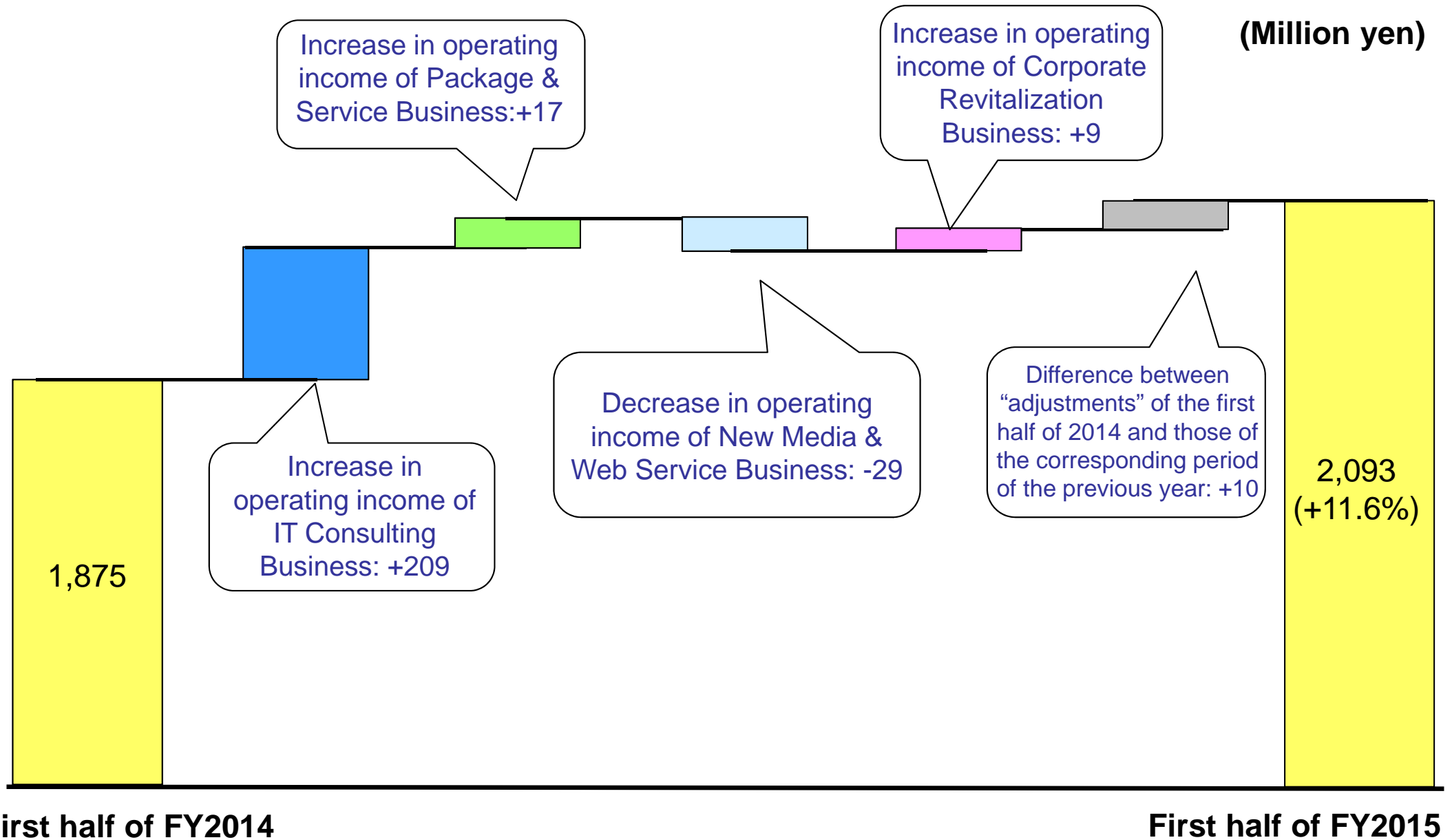
(Million yen)



First half of FY2014

First half of FY2015

Consolidated Analysis of Changes in Operating Income

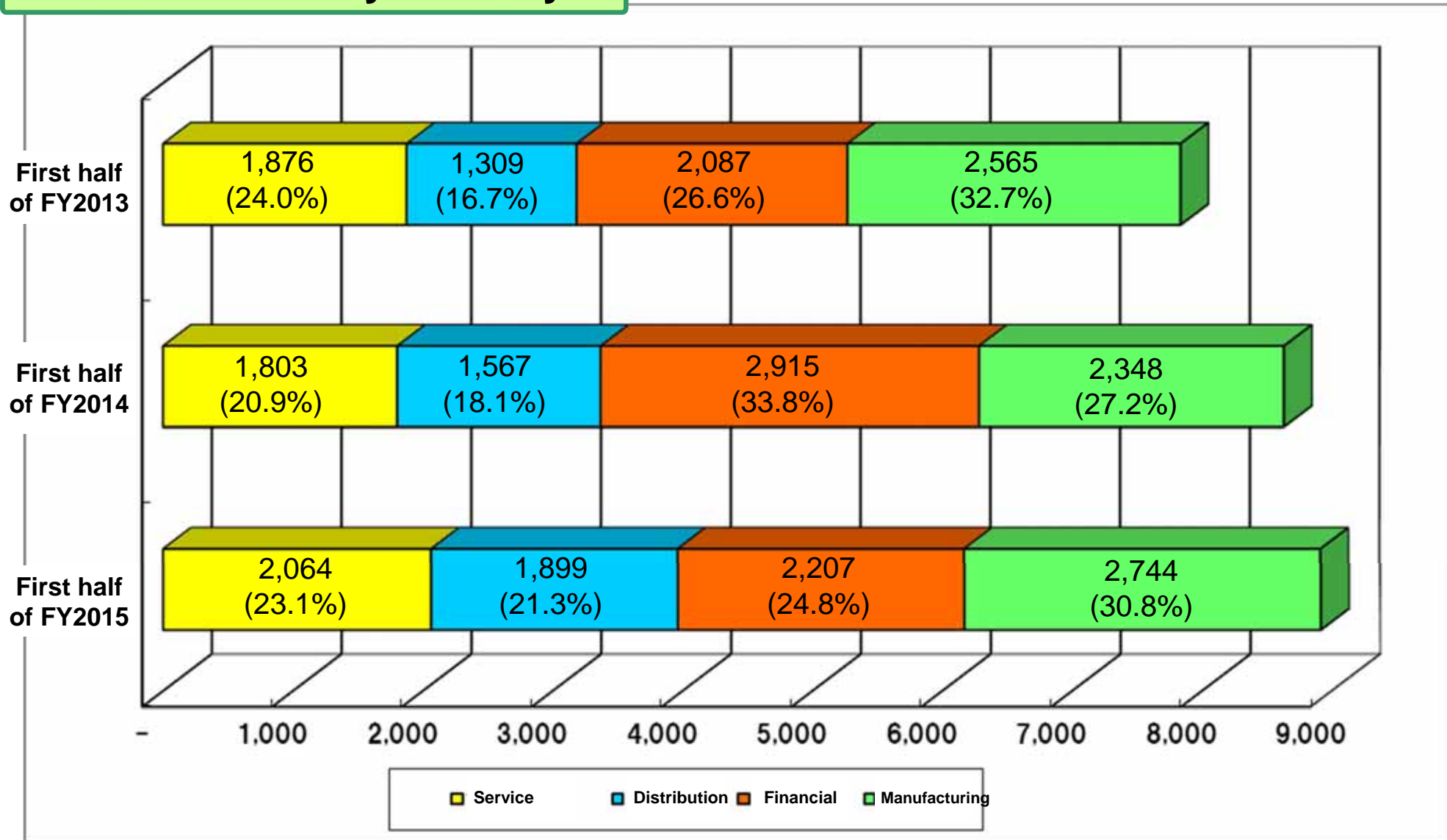


First half of FY2014

First half of FY2015

Sales Analysis of IT Consulting Business (Excluding Procured Articles): non-consolidated (1/3)

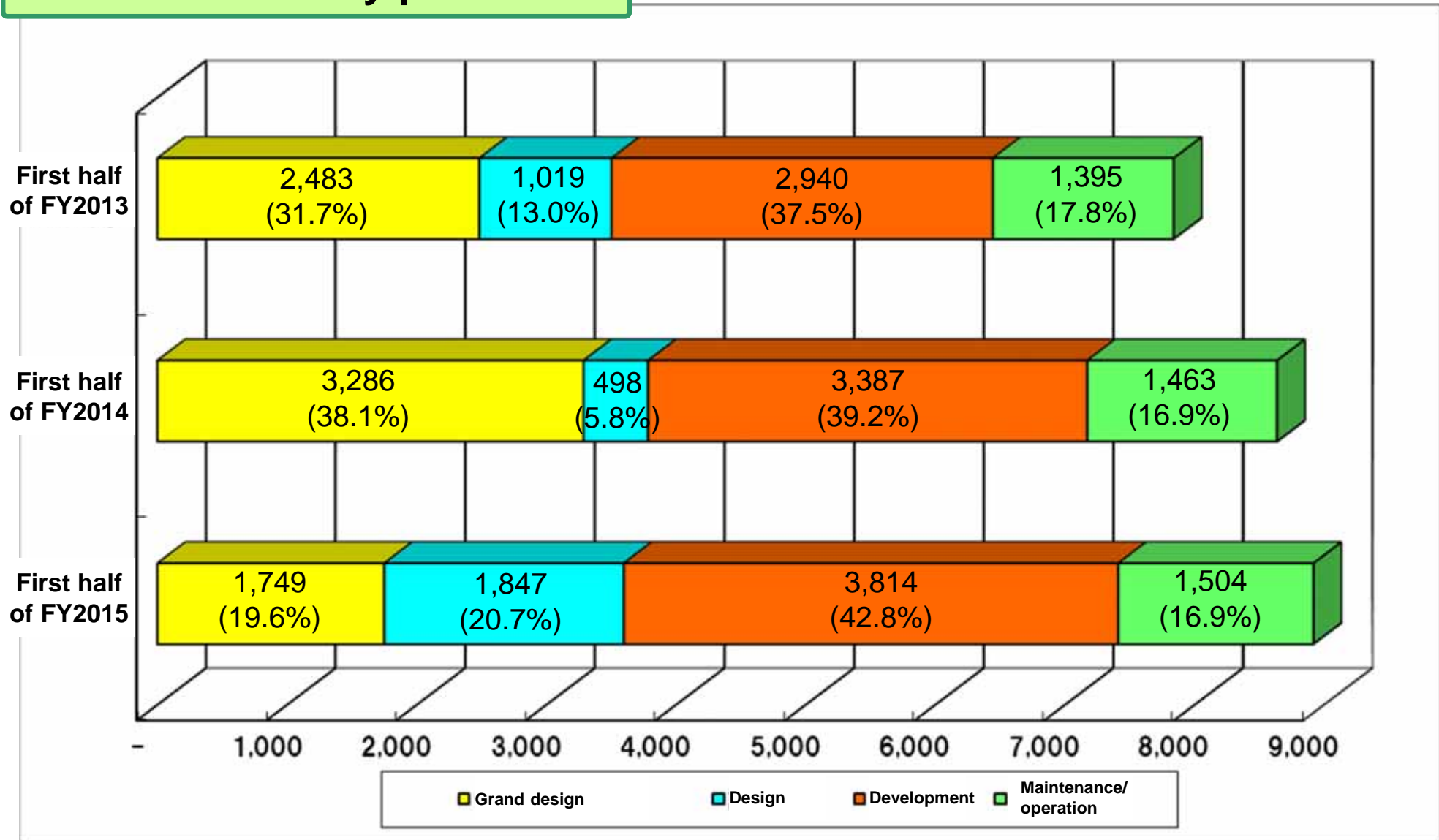
Trends of sales by industry



Note: Figures for the first half of FY2015 include projects transferred to Future Inspace.

Sales Analysis of IT Consulting Business (Excluding Procured Articles): non-consolidated (2/3)

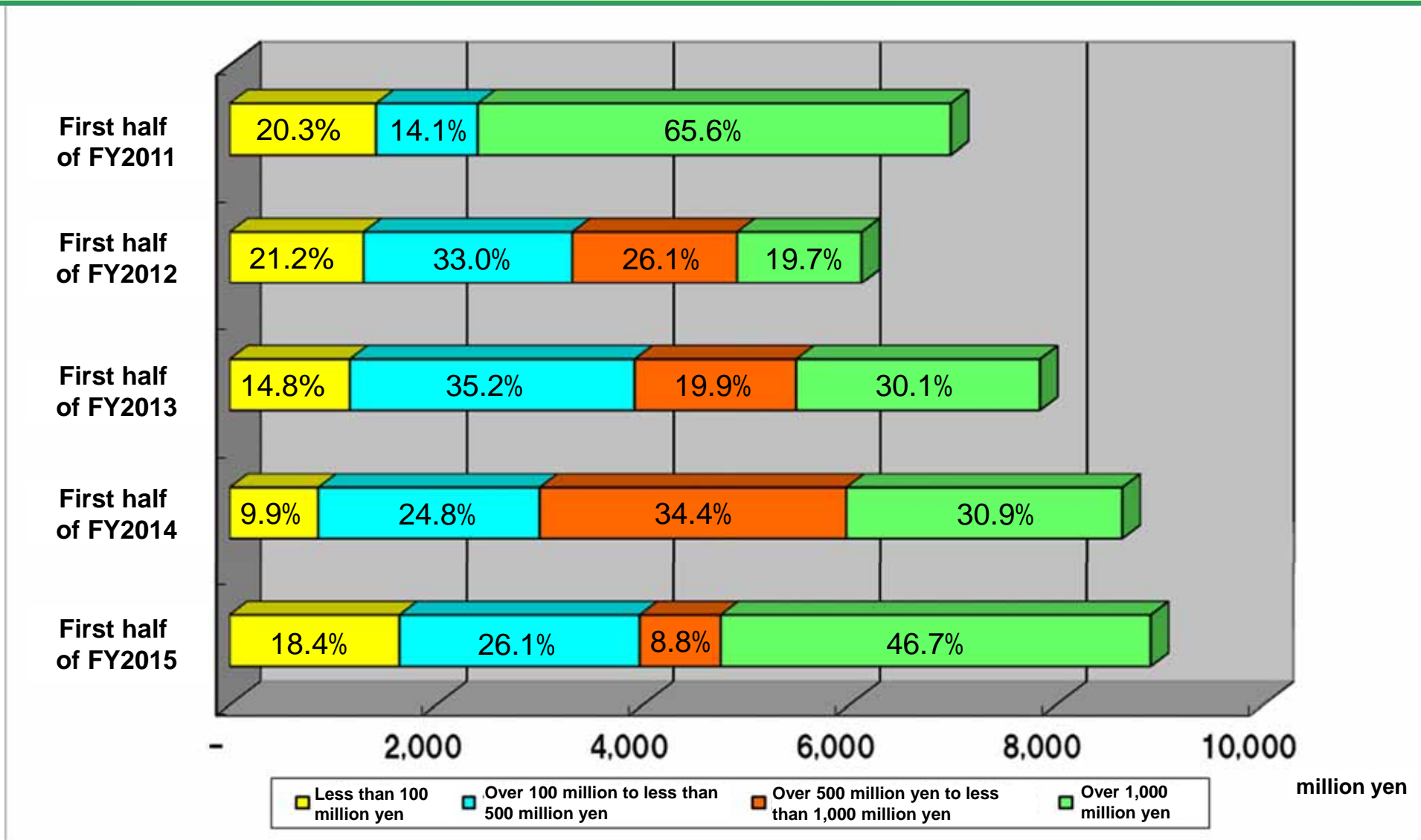
Trends of sales by phase



Note: Figures for the first half of FY2015 include projects that have been transferred to Future Inspace.

Sales Analysis of IT Consulting Business (Excluding Procured Articles): non-consolidated (3/3)

Trends of sales composition ratios by scale of project (account)



Note: Figures for the first half of FY2015 include projects that have been transferred to Future Inspace.

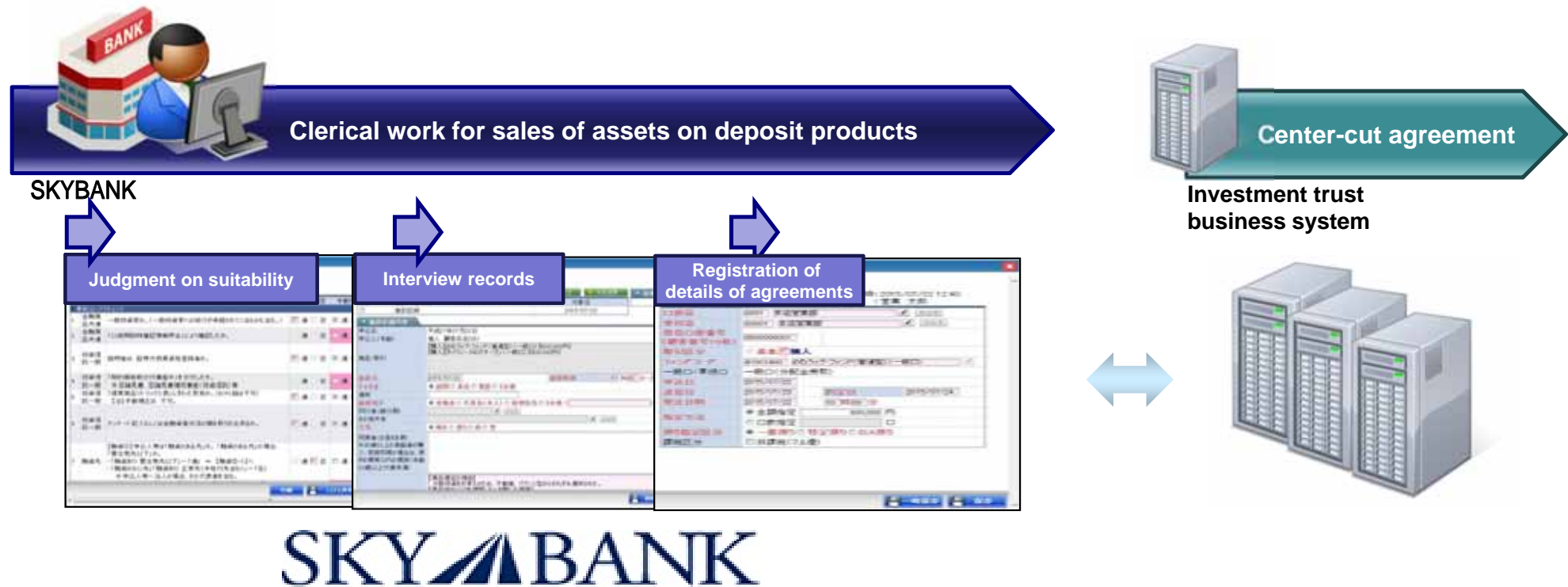
Major Press Releases in the First Half of the Year

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

- **Finance**
 - March 5 Extension of Business Support Functions for Individuals through SKYBANK
 - March 27 Construction and Introduction of Sales Business Tablet System for Nagano Bank, Ltd.
 - March 30 Addition of Stock Price Alert Notification Function to the iSPEED Trade Tool of Rakuten Securities, Inc.
 - April 16 Launching Development of Next-generation Financing Support System for Gunma Bank, Ltd.
- **Distribution**
 - March 18 Introduction of JD Edwards E1 to Major Domestic Bases of DUNLOP SPORTS CO., LTD.
 - March 23 Construction of High-performance IT Infrastructure that Supports Business Growth of Zen-Nippon Shokuhin Co., Ltd. (Zennisshoku)
 - April 16 Introduction of Oracle Siebel CRM to an Operating Company under the Umbrella of Sapporo Holdings Ltd.
 - May 1 Initiatives of Lawson System Lab
- **Technology**
 - May 26 Launching Provision of Future Formula System Analysis and Innovation Solution

Expansion of Business Support Service Functions for Individuals through SKYBANK

- Expansion of functions of SKYBANK business support and financing support cloud computing service for regional financial institutions
 - Developed clerical support for sales of assets on deposit, a business support function for individuals, in addition to sales support functions for corporations.
 - Provided consultations on sales operation of asset management products for individuals, including investment trusts and insurance Confirmation of suitability Placement of orders Coherent navigation of all automated processes of collaborative investment trust businesses (center-cut agreement)
 - Started providing services to TOMATO BANK, LTD. in June, expecting a 46% decrease in clerical workload.



Construction and Introduction of Tablet System for Sales Operation of Nagano Bank, Ltd.

- Addition of mobile function to sales support system
 - Enhancing on-site sales capabilities and improving operational efficiency (Operation started on June 1, 2015)



*The display image is a sample case of N-TAB: NaganoBank Total Assist Book, which the Company introduced at Nagano Bank, Ltd.

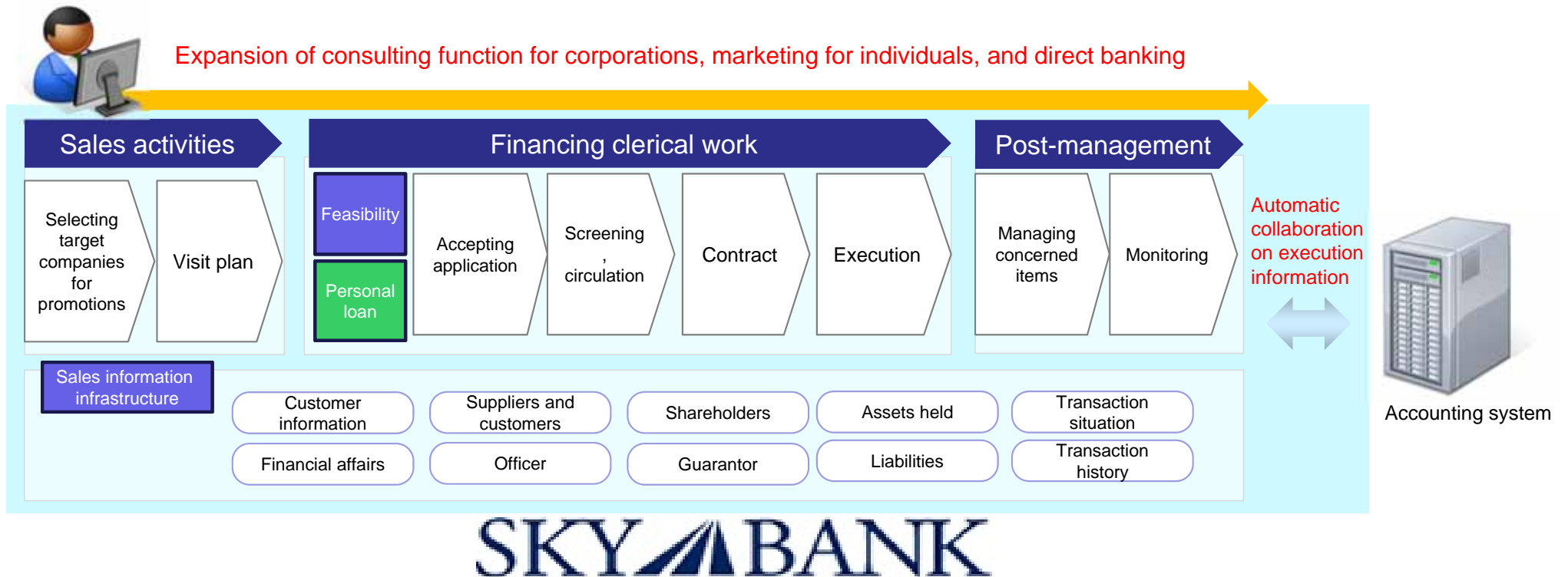
- Integrated real-time based system in and outside of branches
- Intuitive user interface that attaches importance to fields
- Graphical indication of figures for easy recognition
- Reliable voucher management by issuing claim checks using a mobile printer



Mobile printer

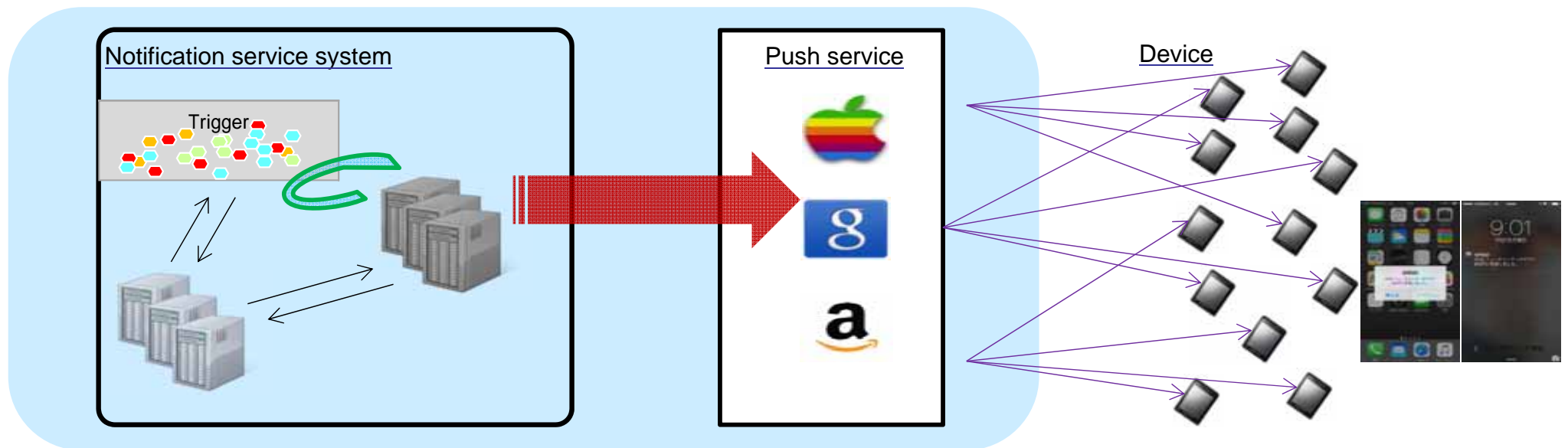
Launching Development of Next-generation Financing Support System for Gunma Bank, Ltd.

- One-stop support for financing functions of corporations and individuals
 - Coherent integration of a series of processes, such as sales activities, ratings/requests for decisions, entries, post-management and execution collaboration with accounting systems
 - Significant reduction of business processing time through the standardization of business processes
 - Operation scheduled to start in May 2017



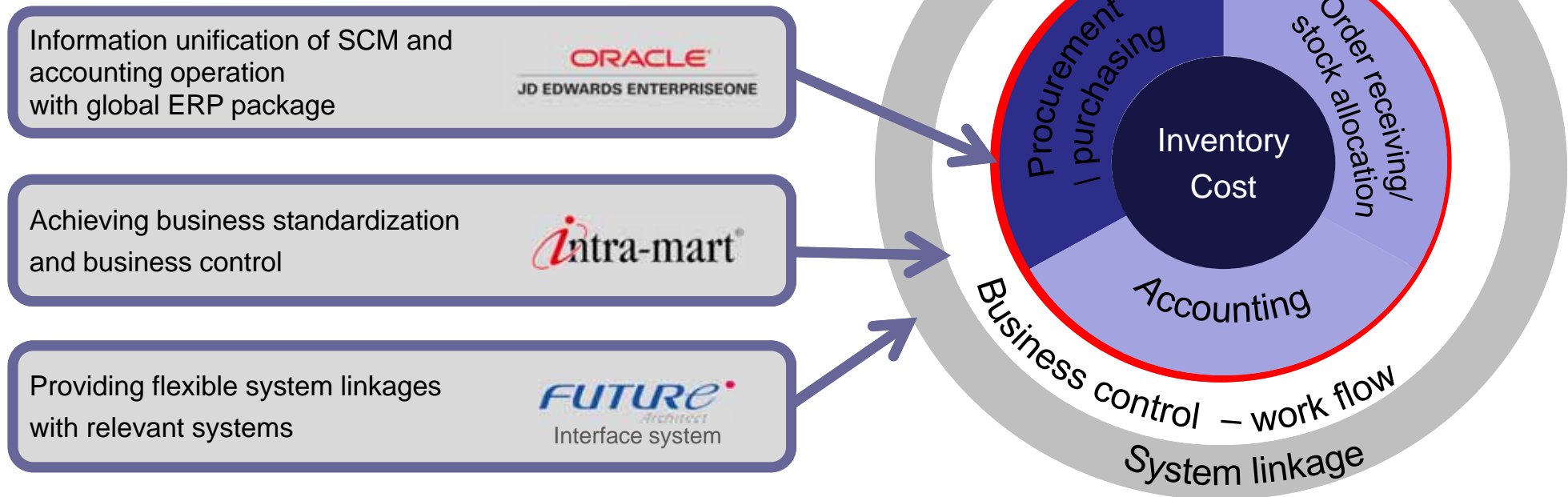
Addition of Stock Price Alert Notification Function for Rakuten Securities, Inc.

- Expansion of iSPEED share trade smartphone application and push-button ultra-high-speed stock price transmission function
 - High-speed, real-time transmission of 2,000 pieces of data per second
 - Capable of setting 3,000 conditions per user
(including automatic synchronization such as multiple terminals per user and multiple users per terminal)
 - Transition to stock name screen with just one click, powerfully supporting trade timing



Introduction of JD Edwards E1 to Major Domestic Bases of DUNLOP SPORTS CO., LTD.

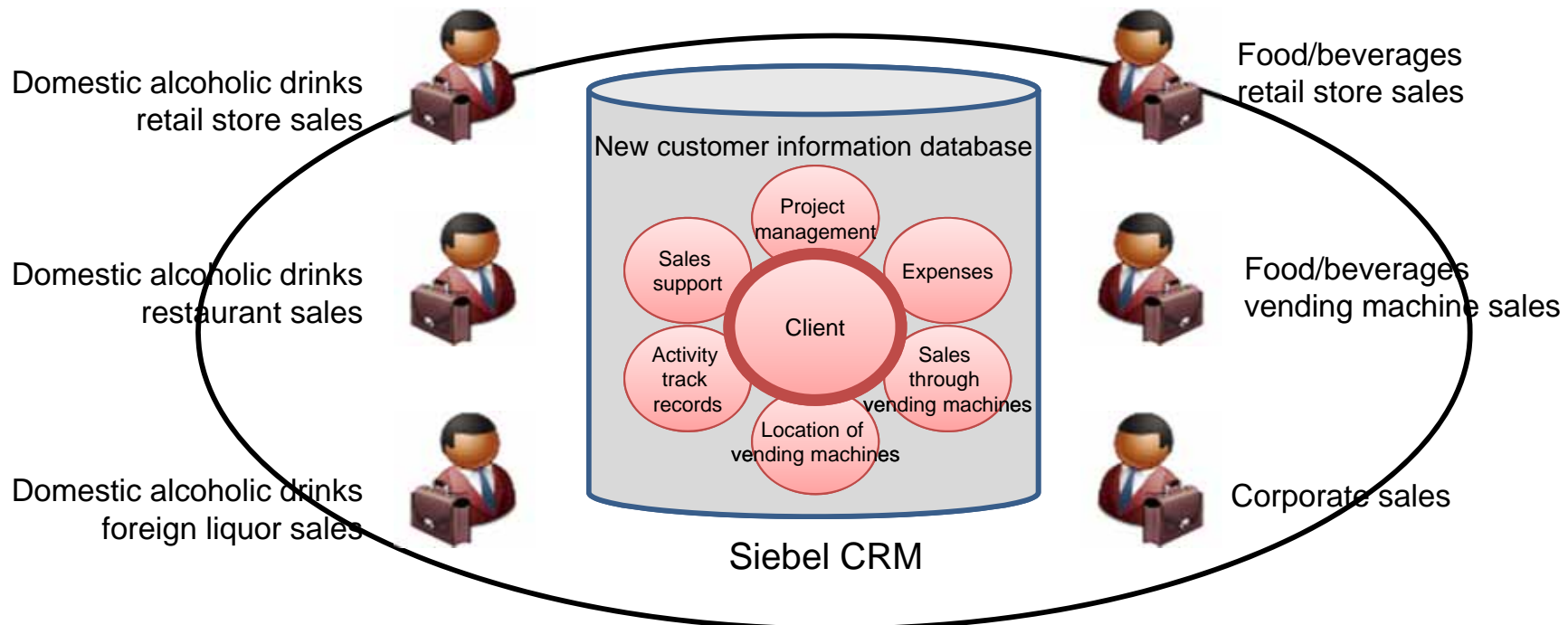
- Full-scale renovation of mission-critical systems (order-receiving, purchase, inventory, accounting) using JDE and intra-mart
- Achieving business standardization throughout the group companies including sales companies, unifying information, and automating intra-group transactions
- Breaking away from conventional mainframe and supporting growth of sports business including overseas activities



Uniting FUTURE components with global ERP

Introduction of Oracle Siebel CRM to Operating Company under the Umbrella of Sapporo Holdings Ltd.

- Latest integrated group sales support system that supports 2,000 sales staff
- Unifying over 3 million pieces of customer sales information by integrating 20 systems
- Creating offensive business merits across borders between products/channels/regions and defensive cost merits through system integration



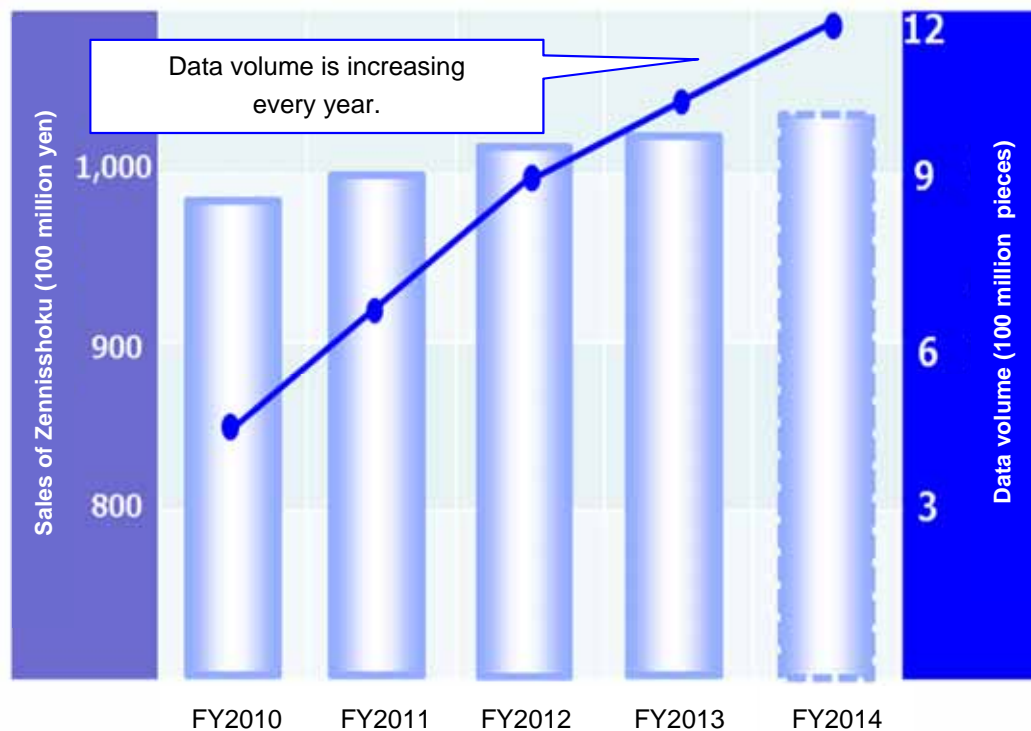
Support for customer-focused information sharing and sales activities across products, channels, and regions

Construction of High-performance IT Infrastructure that Supports Business Growth of Zen-Nippon Shokuhin Co., Ltd. (Zennisshoku)

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

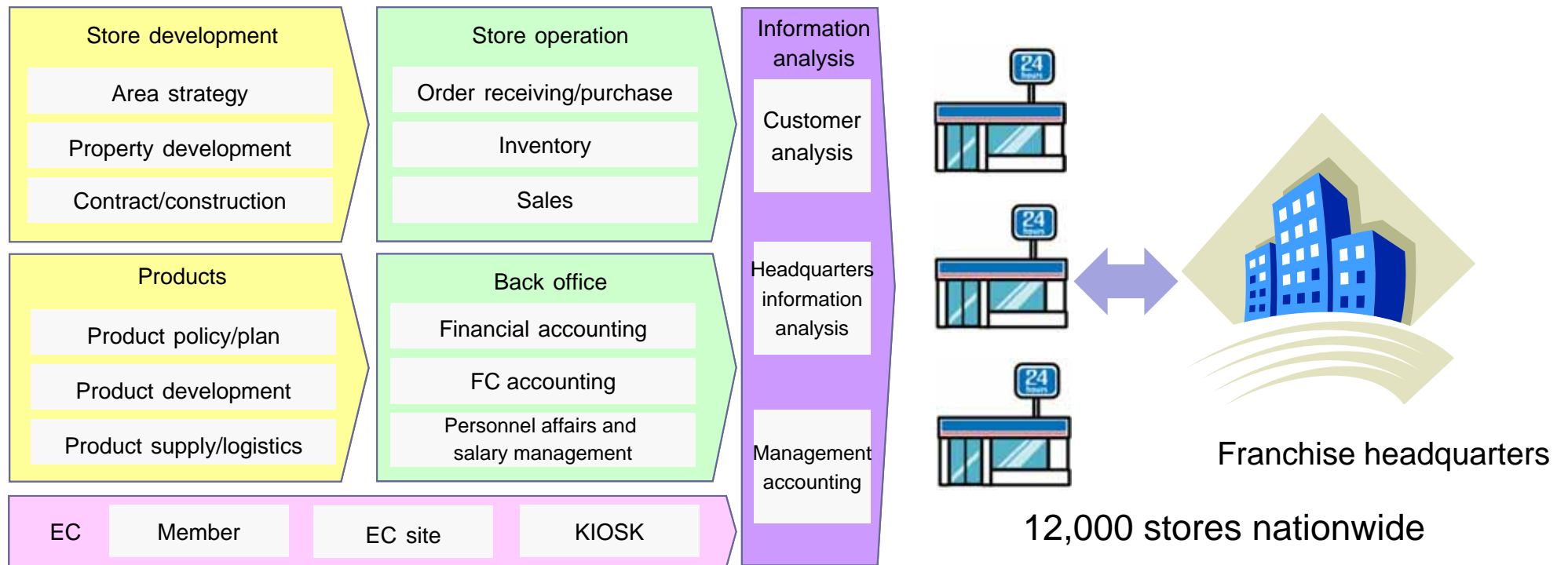
- Innovation of IT infrastructure that supports business growth including business alliance with JA and All Japan Drug Co., Ltd.
 - First adoption in Japan of state-of-the-art flash storage technology for mission-critical systems
Processing speed is four times faster on average and a maximum of 12 times faster, while running costs are reduced by 30%.

Trends in sales and data volume



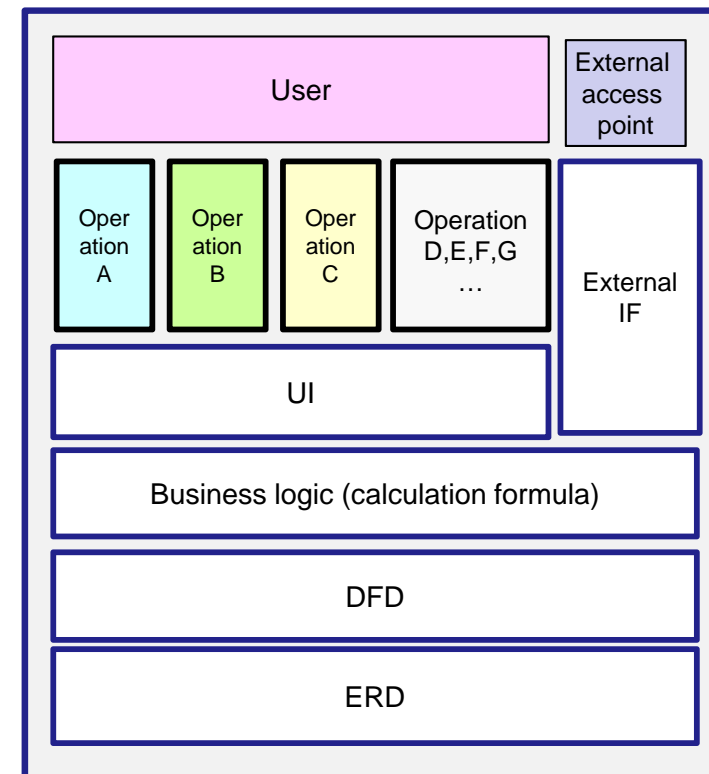
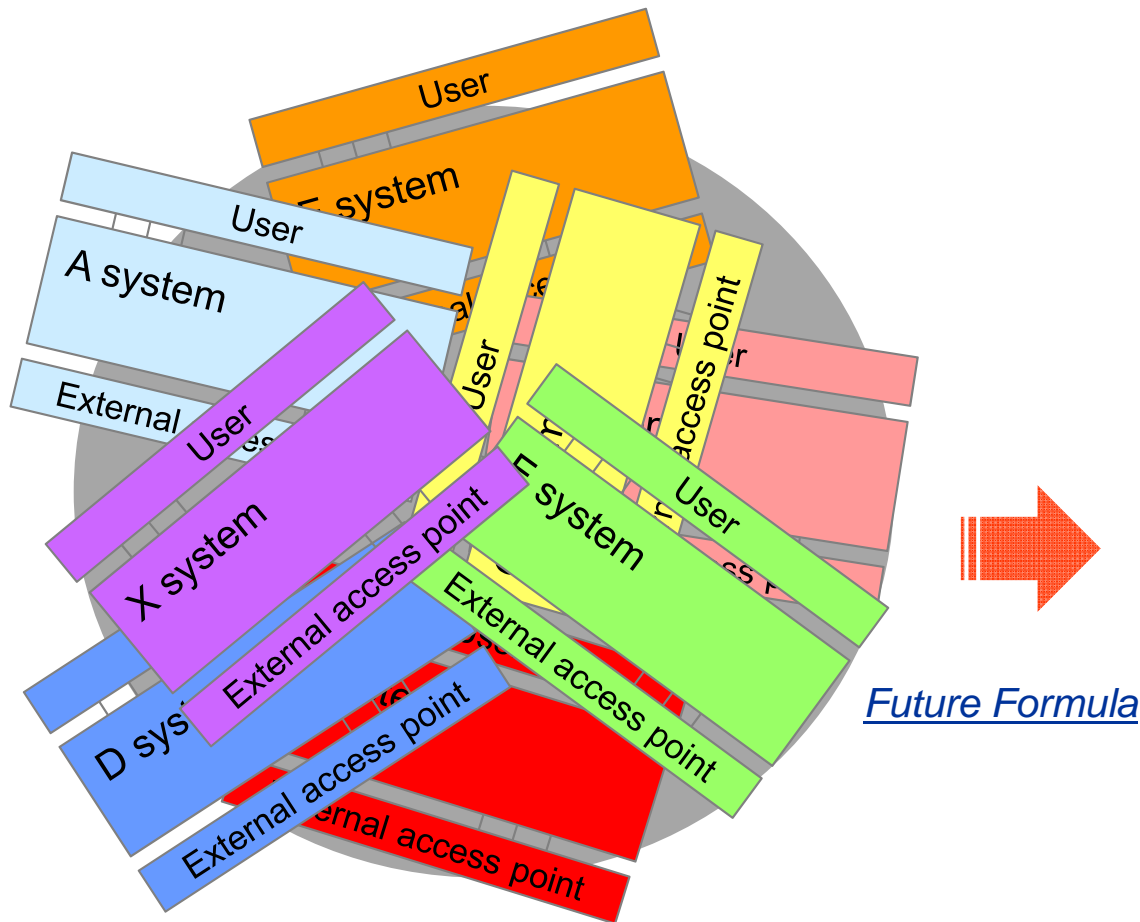
Initiatives of Lawson System Lab

- Started planning and examining next-generation system for Lawson, convenience store chain operator
 - Taking charge of overall design of next-generation IT system
 - Controlling all processes from construction to operation of system
 - Improving future value of both companies by further enhancing partnership



Launching Provision of System Analysis and Innovation Solution, Future Formula

- Systematization of know-how cultivated through renovating large-scale legacy systems (large-scale mission-critical system) since the foundation
- Renovation methodology for superannuated mission-critical systems that tend to require enormous costs and have a risk of quality for modification
- Scientific approach to current situation analysis, next-generation design, system construction, and system change
- Capable of implementing new services for management strategies, reducing maintenance and operation costs, and responding to IoT (Internet of Things)



3. Future Outlook for the Second Half of FY2015

Measures for the Second Half of FY2015

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

- Capturing New Clients
- Enhancing Cooperation with Existing Clients
- Reinforcing Consulting Business by Type of Industry

- Major new clients in the first half (Several distribution companies have also already been taken in informally in the second half.)
 - Regional bank A Introduction of SKYBANK cloud computing
 - Trust bank B Introduction of retail-related system
 - Securities company C Introduction of online transaction-related system

 - Distribution/retail company D Introduction of EDI system
 - Gas supplier company E Introduction of security system
 - Security company F Analysis of mission-critical system

Enhancing Cooperation with Existing Clients

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

- Support for business cooperation between different business categories



- Reorganization of business divisions (three divisions and four groups)
 - Promoting receipt of new orders and cooperation with existing clients
 - Concentrating technological capabilities and enhancing maintenance and operation services
 - Financial Business Division (banking, securities, and credit card)
 - Advanced Business Division (retail and wholesale businesses)
 - Enterprise Business Division (service industry)
 - Business Reform Group (manufacturing industry)
 - Public Group (utilities business)
 - TIG (Technology Innovation Group: technological services)
 - SSS (Smart System Service: maintenance and operation services)

Achievement of Plan for the Full Fiscal Year

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

(Million yen)	Full-year forecast for FY2015	Compared with the first half (progress)	
		FY2015 Results for the first half	Achievement rate
Net sales	35,250	17,033	48.3%
Operating Income Operating income margin	4,800 13.6%	2,093 12.3%	43.6%
Ordinary Income Ordinary income margin	4,830 13.7%	2,102 12.3%	43.5%
Net income Net income margin	2,770 7.9%	1,197 7.0%	43.2%



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.