

Briefing on Financial Results for FY2015



February 8, 2016
Future Architect, Inc.

1. Earnings Results for FY2015

2. Topics Related to FY2015

3. FY2016 Forecast

1. Earnings Results for FY2015

- **Consolidated net sales**

(higher for 5th consecutive year; record high for 3rd consecutive year)

The IT Consulting Business performed strongly in Japan. eSPORTS saw sales go steadily while Micro CAD contributed to the consolidated earnings, allowing Future Architect to post record high net sales for the 3rd consecutive year.

- **Consolidated income** (a record high for 3rd consecutive year)

The improving profitability of the IT Consulting Business contributed to rising income with the result that operating income, ordinary income and net income posted record highs for the 3rd consecutive year.

- **Orders received**

Orders received remained robust as the Company won orders from many clients in diverse sectors comprising not only distribution/services but also financial services and manufacturing

Consolidated Results for FY2015

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

(Million yen)	FY2015 Results	Compared with projected results		Year-on-year comparison	
		FY2015 Plan	Change	FY2014 Results	Change
Net sales	35,293	35,250	+0.1%	34,424	+2.5%
Operating income Operating income Margin	4,869 13.8%	4,800 13.6%	+1.4%	4,342 12.6%	+12.1%
Ordinary income Ordinary income margin	4,836 13.7%	4,830 13.7%	+0.1%	4,325 12.6%	+11.8%
Net income Net income margin	2,659 7.5%	2,770 7.9%	-4.0%	2,220 6.4%	+19.8%

Consolidated Balance Sheets

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

(Million yen)	End of Dec. 2015	End of Dec. 2014	Change
Current assets	17,696	16,662	+1,033
Non-current assets	5,132	5,040	+92
Total assets	22,828	21,702	+1,126
Current liabilities	5,082	5,800	-718
Non-current liabilities	1,445	1,426	+18
Total liabilities	6,527	7,226	-699
Total net assets	16,301	14,475	+1,825
Shareholders' equity ratio	70.6%	65.8%	+4.8pts

Main changes

(Million yen)

		End of Dec. 2015	End of Dec. 2014	Change
Current assets:	Increase in cash and deposits	9,650	8,552	+1,097
Non-current assets:	Decrease in buildings and structures	323	479	-156
	Increase in investment securities	1,729	1,494	+235
Current liabilities:	Decrease in accounts payable - other	742	1,049	-307
	Decrease in income taxes payable	1,243	1,361	-118
Net assets:	Increase in retained earnings	13,756	12,012	+1,744

Consolidated Cash Flows

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

(Million yen)	FY2015 Results	FY2014 Results	Change
Net cash provided by (used in) operating activities	2,878	3,114	-236
Net cash provided by (used in) investing activities	-749	-676	-72
Net cash provided by (used in) financing activities	-941	-749	-191
Effect of exchange rate changes on cash and cash equivalents	-45	33	-78
Increase (decrease) in cash and cash equivalents	1,142	1,721	
Cash and cash equivalents at beginning of the period	8,614	6,892	
Cash and cash equivalents at end of the period	9,757	8,614	

Main changes

(Million yen)			FY2015	FY2014	Change
Operating CF:	Income before income taxes		4,688	4,260	+427
	Increase (decrease) in accounts payable - other		-314	222	-537
	Income taxes paid		-2,063	-1,777	-286
Investing CF:	Purchase of shares of subsidiaries resulting in change in scope of consolidation		-248	-317	+68
	Purchase of investment securities		-348	-109	-238
Financing CF:	Cash dividends paid		-915	-714	-200

Consolidated Results by Segment

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

(Million yen)	FY2015 Results	FY2014 Results	Year-on-year Change
Net Sales	35,293	34,424	+2.5%
IT Consulting	21,589	21,693	-0.5%
Package & Service	4,355	4,014	+8.5%
New Media & Web Service	4,913	4,258	+15.4%
Corporate Revitalization	4,473	4,472	+0.0%
Other	-	-	-
Adjustments	-38	-13	-
Operating Income	4,869	4,342	+12.1%
IT Consulting	4,647	4,011	+15.9%
Package & Service	319	341	-6.5%
New Media & Web Service	-105	-13	-
Corporate Revitalization	+10	-35	-
Other	-38	-0	-
Adjustments	52	39	-

Note: Segment changes were made in FY2015, and figures for FY2014 were adjusted to reflect those changes.

Consolidated Orders Received and Backlog by Segment

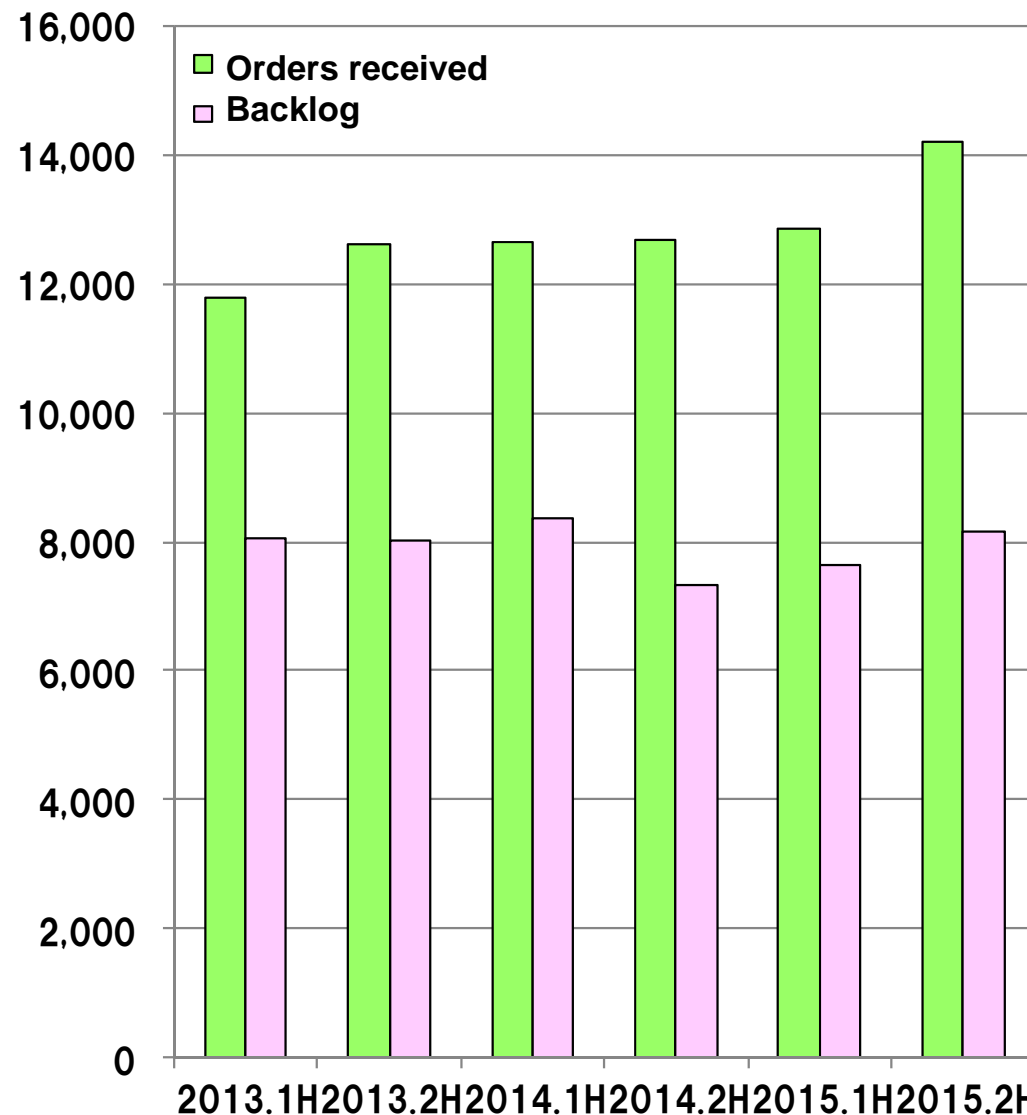
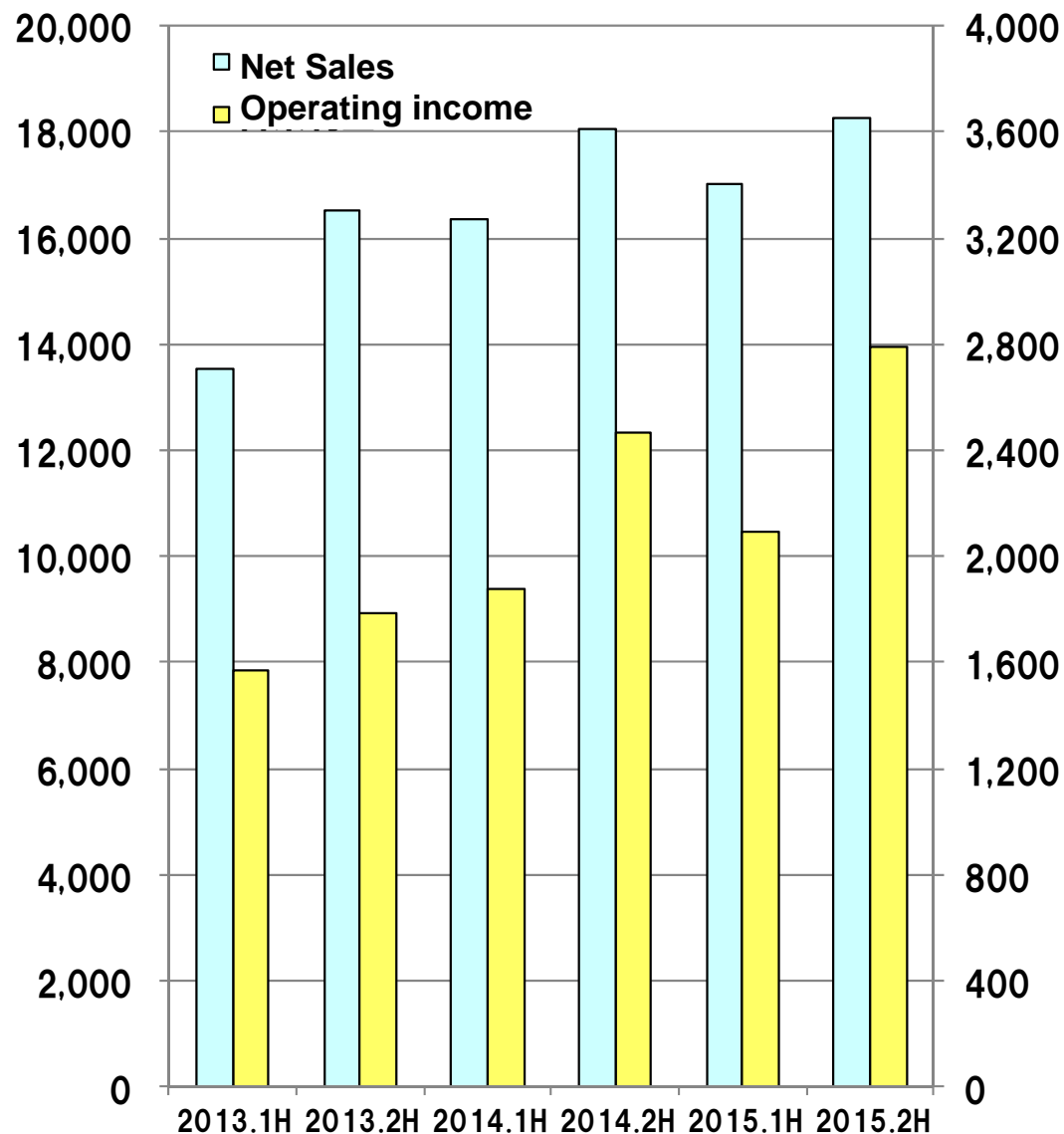
Challenge Together Future Architect, Inc. which designs management and IT.

(Million yen)	Orders received			Backlog		
	FY2015	FY2014	Year-on-year change	FY2015	FY2014	Year-on-year change
IT Consulting Business	22,546	20,664	+9.1%	7,134	5,919	+20.5%
Package & Service Business	4,131	4,352	-5.1%	942	1,393	-32.3%
New Media & Web Service Business	374	305	+22.5%	69	12	+440.0%
Total	27,051	25,322	+6.8%	8,146	7,325	11.2%

Notes 1: eSPORTS and Uoei are not included in the above table, since they are not engaged in production on orders.

2: Segment changes were made in the first quarter of FY2015, and figures for FY2014 were adjusted to reflect those changes.

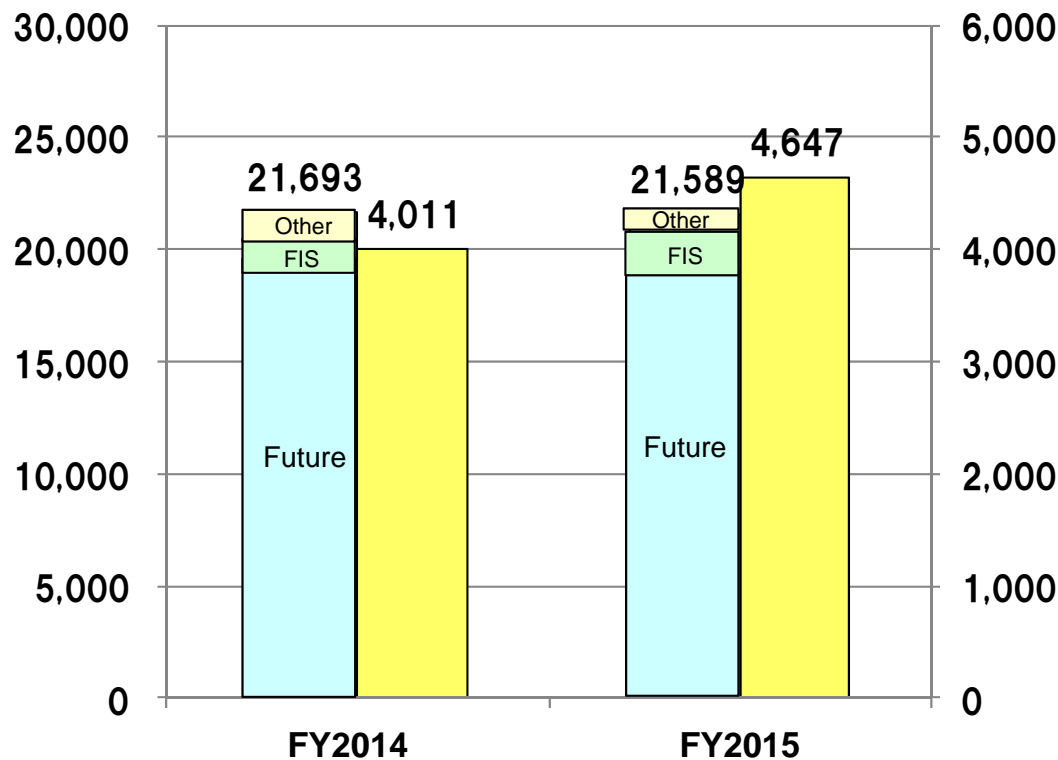
Trends of Half-Yearly Consolidated Results



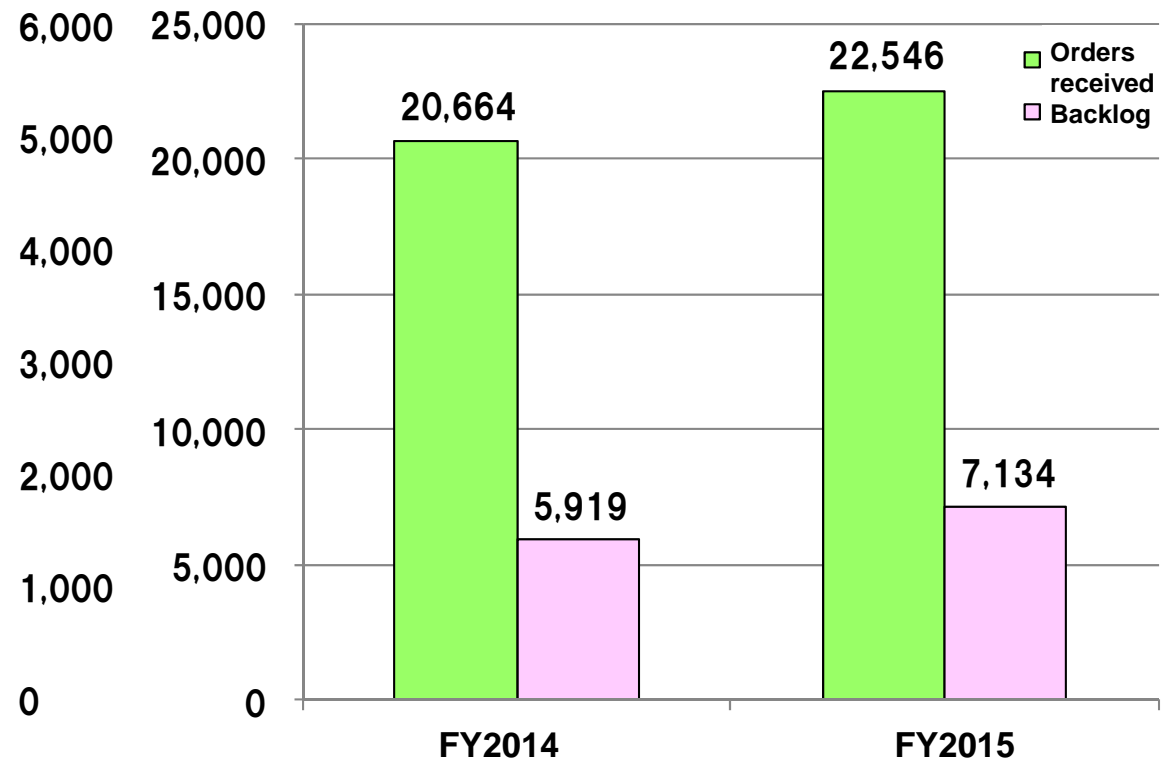
Results by Segment (IT Consulting Business)

- At Future Architect, net sales grew in the fourth quarter of FY2015 as new projects got off to a strong start after the completion of existing projects. Its income rose thanks to the improving profitability of projects.
- Future Inspace performed solidly as it put its new organizational structure on a firm footing.

Trends of net sales and operating income



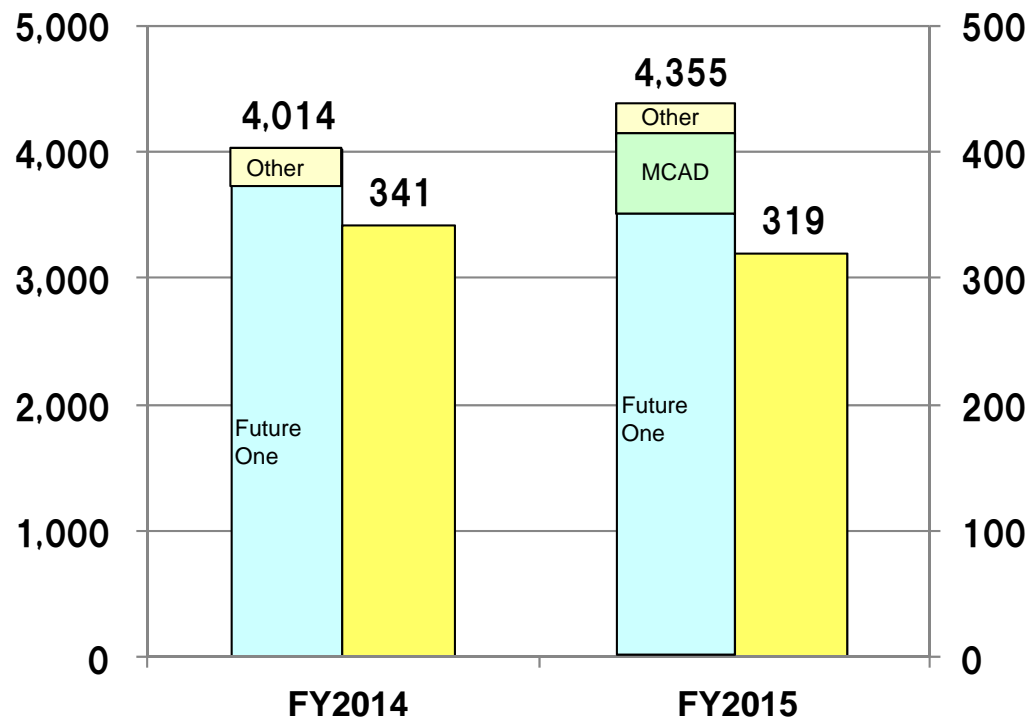
Trends of orders received and backlog



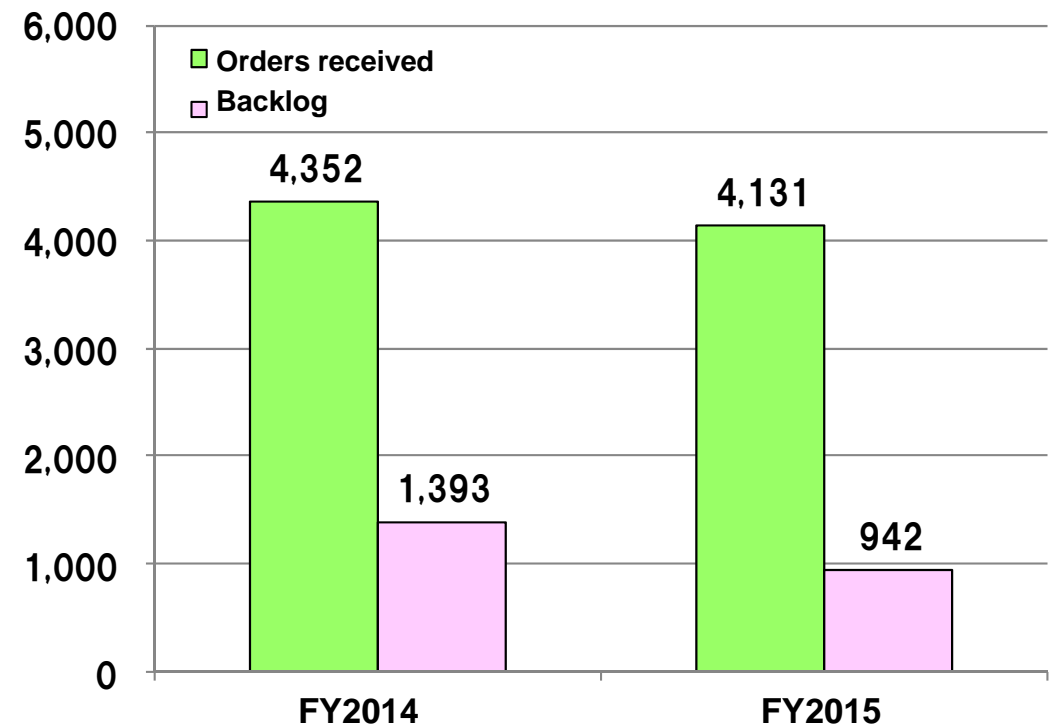
Results by Segment (Package & Service Business)

- At FutureOne, package software implementation performed strongly. However, its sales and operating income declined as it overhauled low-margin projects.
- Micro CAD achieved net sales and operating income in line with expectations due to strong sales of its comprehensive intellectual property management system.

Trends of net sales and operating income



Trends of orders received and backlog

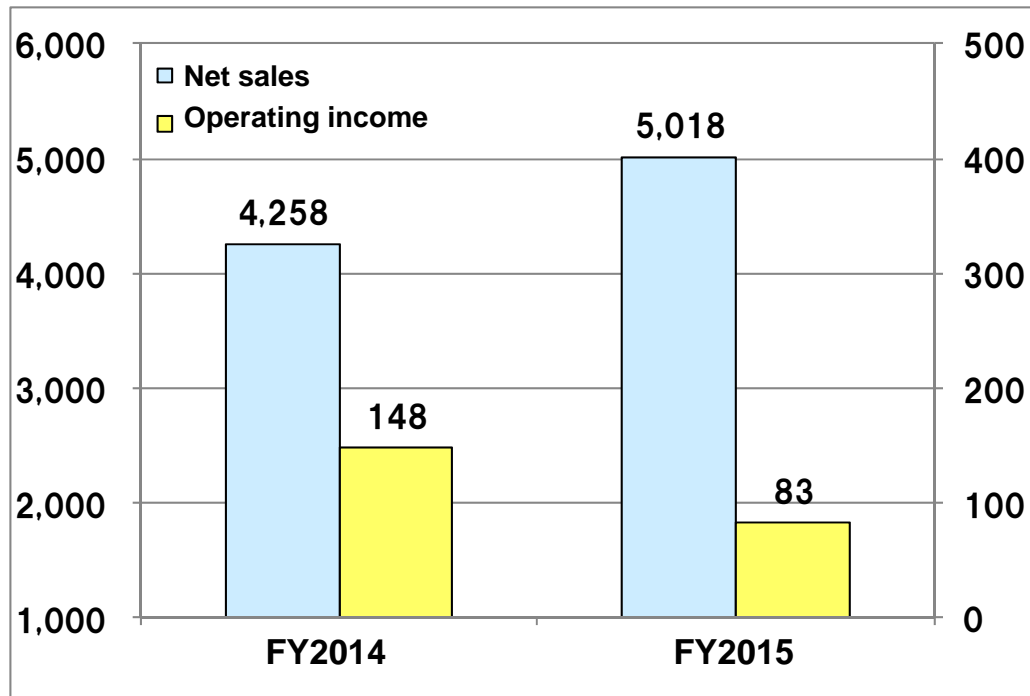


Results by Segment (New Media & Web Service Business)

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

- eSPORTS saw increase in net sales because of robust sales of sports, outdoor, and fitness gear. However, its profit margin declined, affected by the intensifying competition in customer loyalty point schemes, the rising use fee for platform and a weaker yen, among other factors.
- For the fourth quarter of FY2015, Tokyo Calendar achieved operating profitability on a single quarter basis as its advertising revenues grew while monthly page views of its website exceeded the 10 million mark.

Trends of net sales and operating income

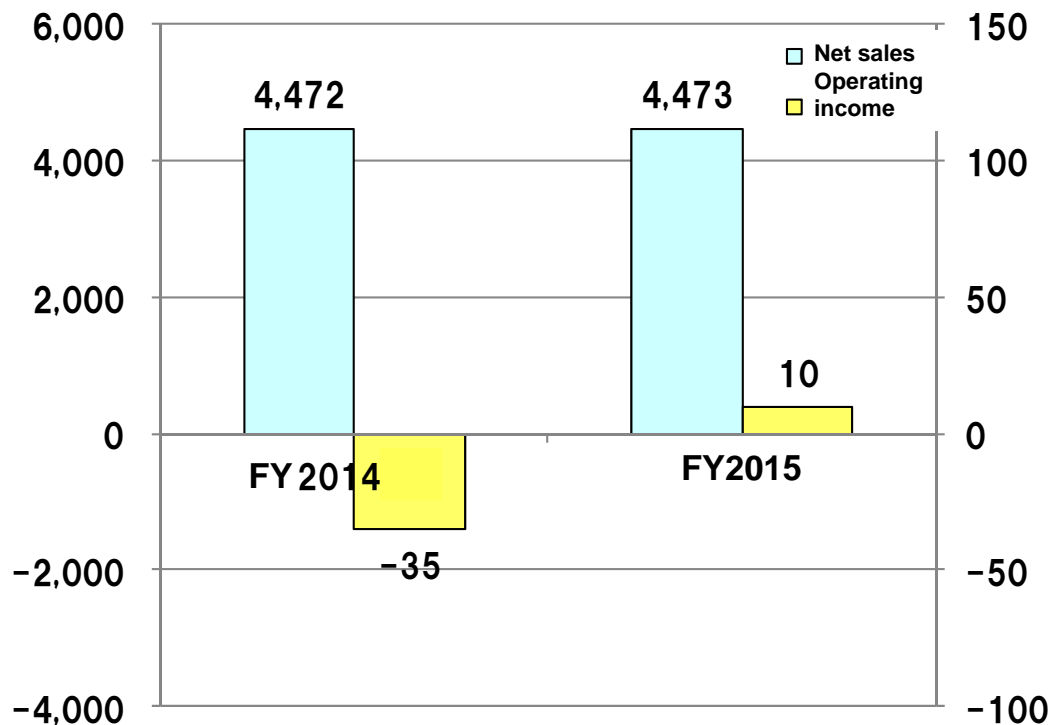


Note: Since the said business involves many M&A deals, goodwill is recorded. However, amortization of goodwill is not taken into consideration to make year-on-year comparison simple.

Results by Segment (Corporate Revitalization Business)

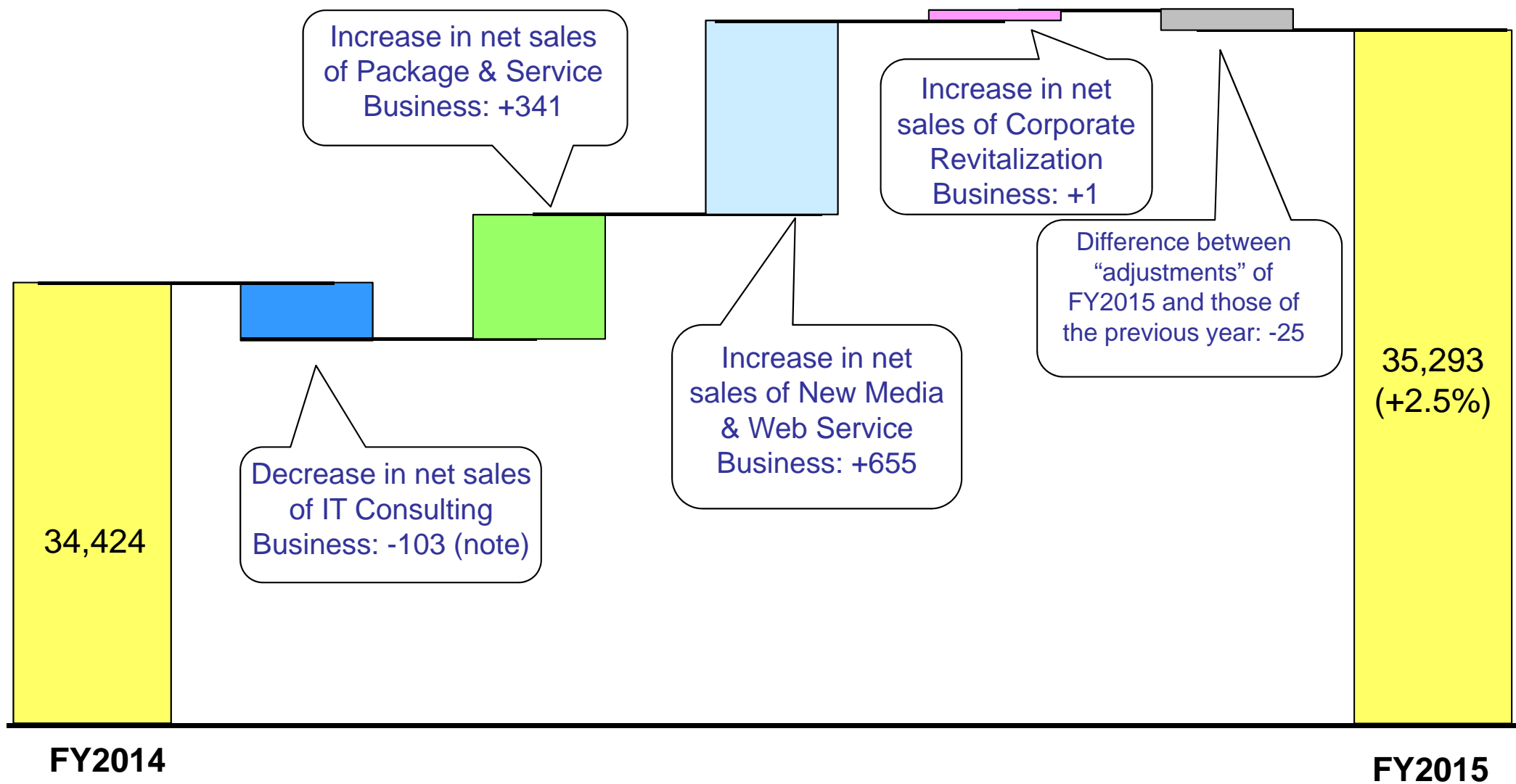
- The Corporate Revitalization Business posted a higher gross profit margin as the segment reduced product disposals and inventories by using IT to rigorously manage data on sales, purchases and inventories.
- The progress of the above-mentioned efforts led to improved cash flows.

Trends of net sales and operating income



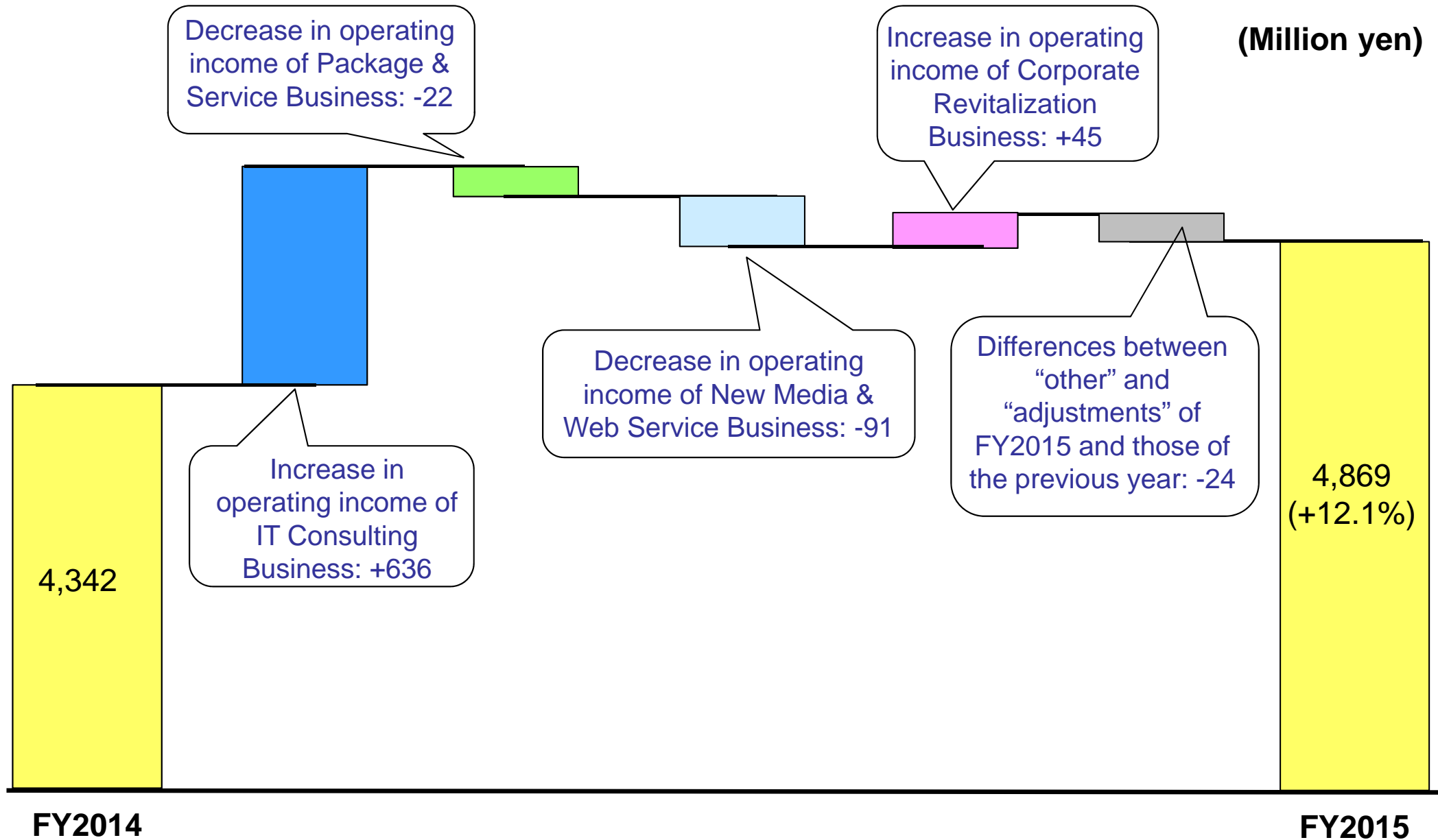
Consolidated Analysis of Changes in Net Sales

(Million yen)



Note: Despite its strong performance in Japan, the IT Consulting Business as a whole posted lower net sales as sales declined at overseas subsidiaries of the Company.

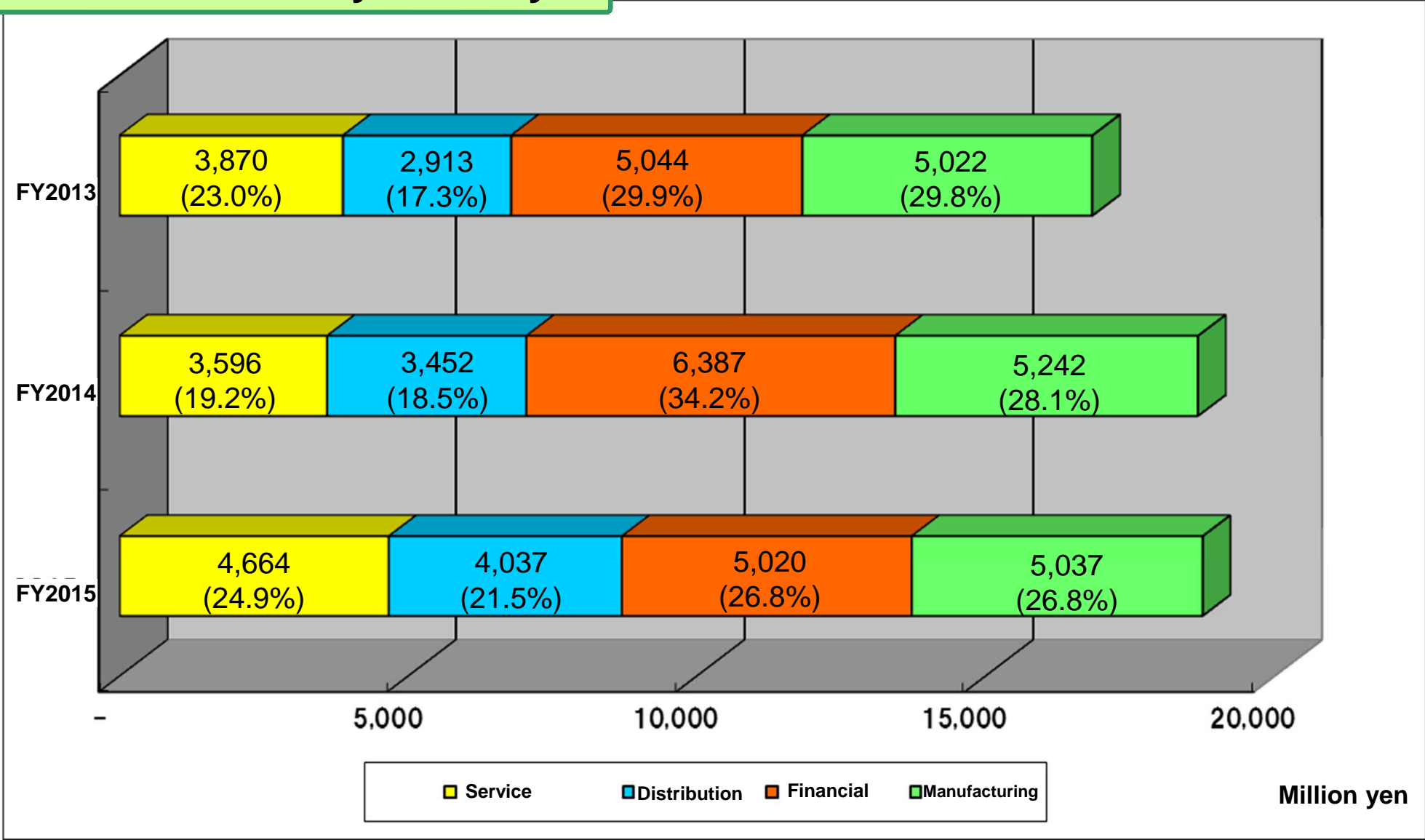
Consolidated Analysis of Changes in Operating Income



Sales Analysis of IT Consulting Business (Excluding Procured Articles) (1/3)

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

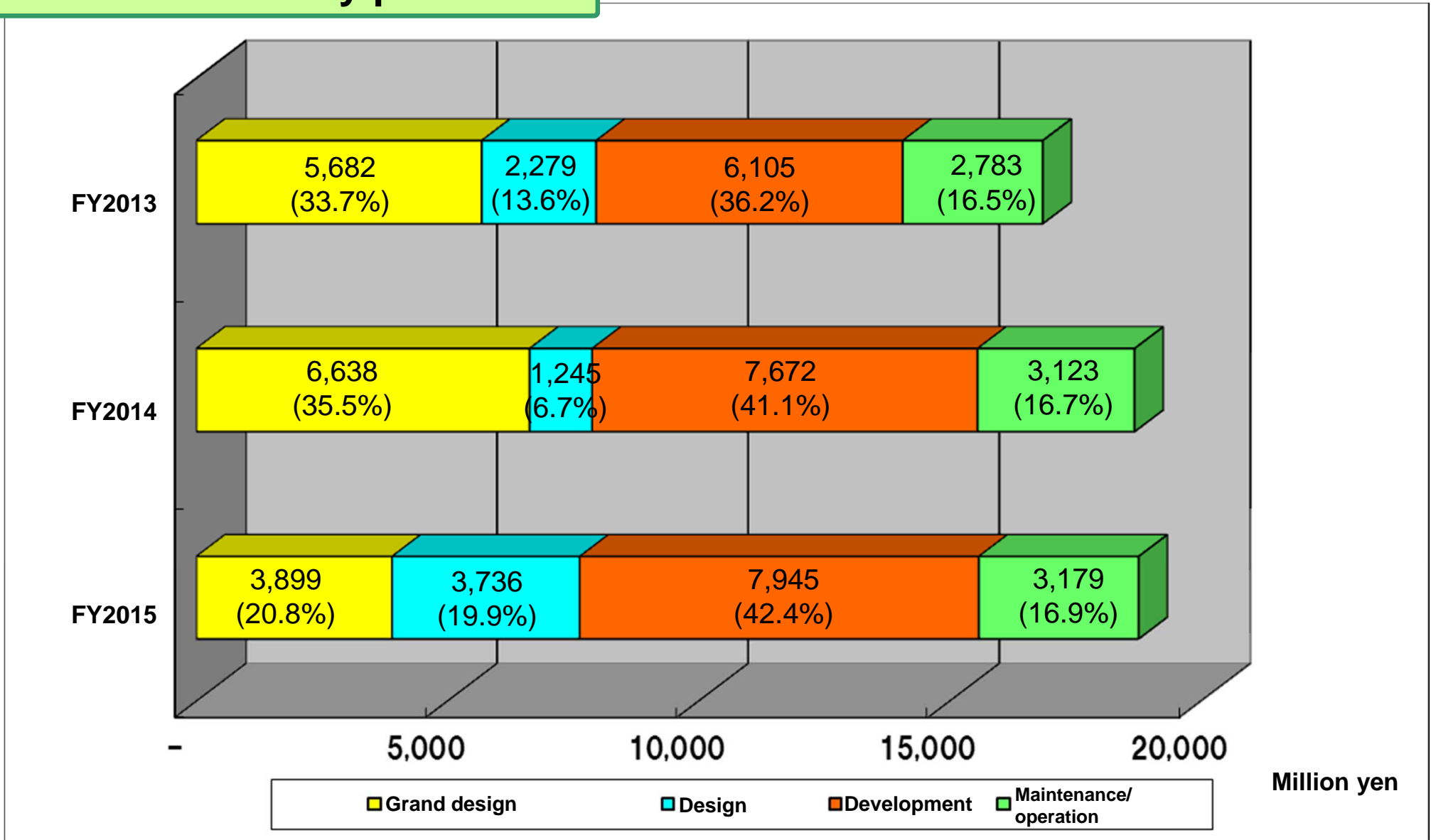
Trends of sales by industry



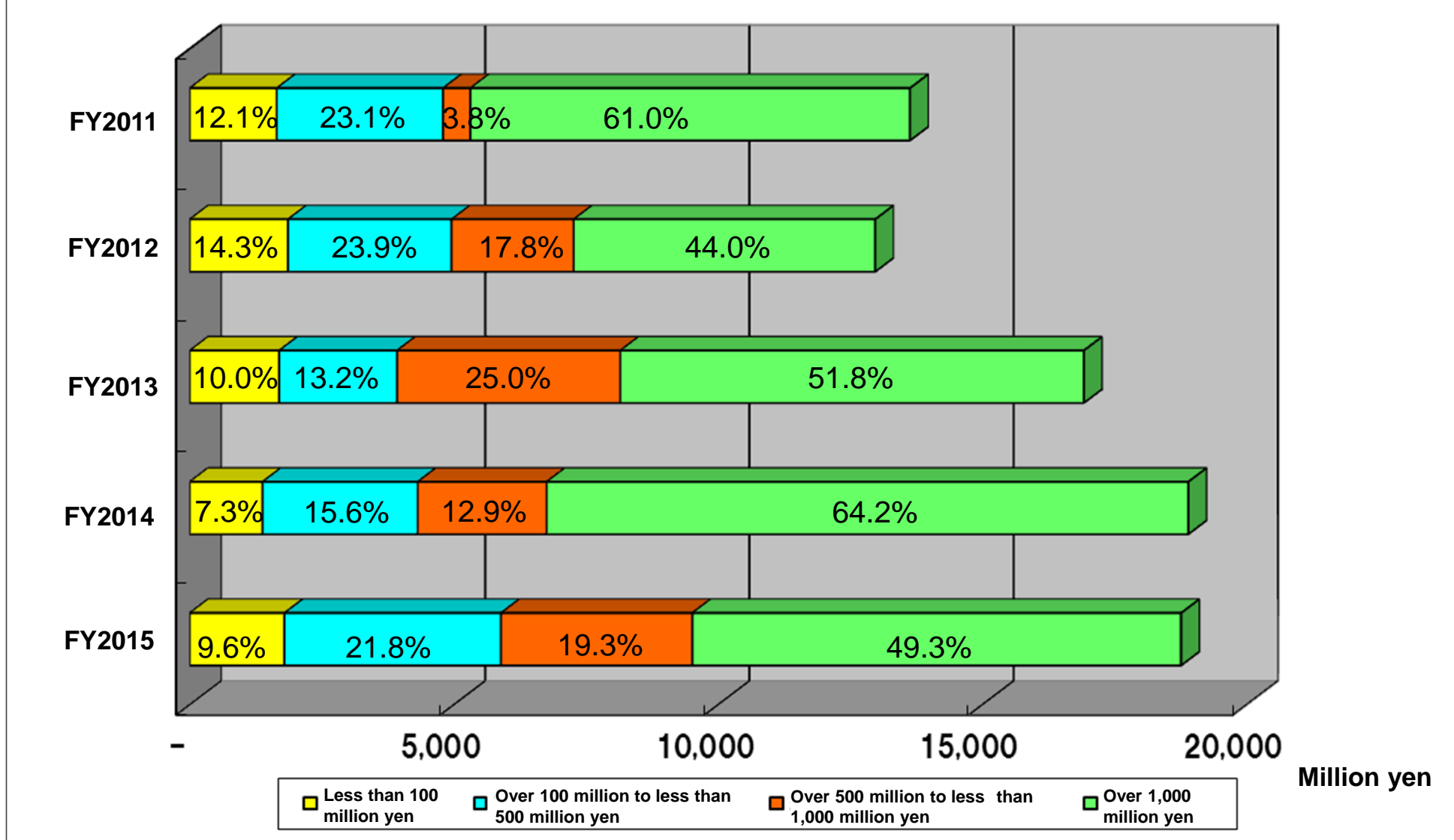
Sales Analysis of IT Consulting Business (Excluding Procured Articles) (2/3)

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

Trends of sales by phase







Trends of sales composition ratios based on customer company size



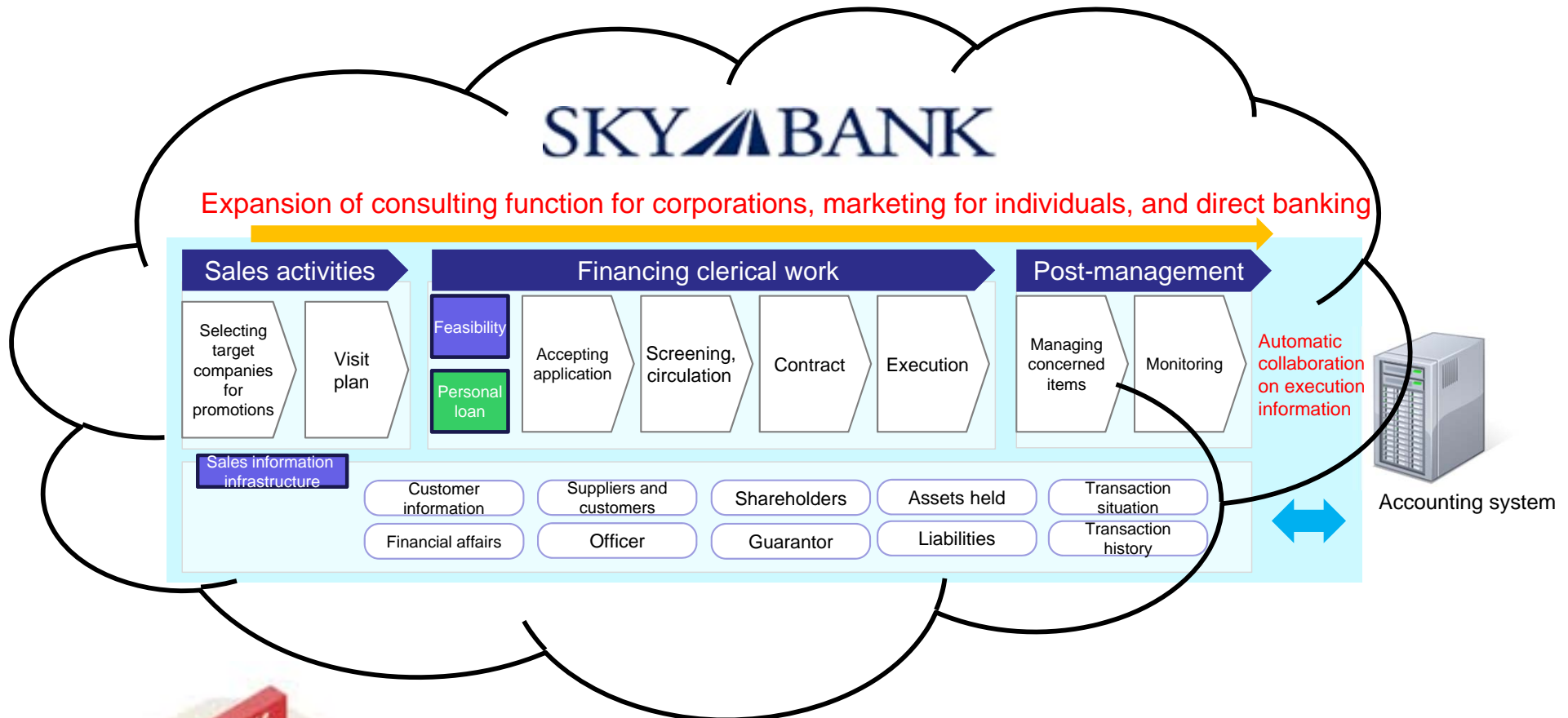
2. Topics Related to FY2015

Major press releases: 26 / year

-  19
 - Bank-related (8)
 - Distribution-related (8)
 - Securities-related (1)
 - Manufacturing-related (2)
-  2
-  2
-  3

1. SKYBANK cloud service
2. Distribution & retail cloud service
3. Food manufacturing integration system
4. Global ERP
5. Tokyo Calendar web service

1. SKYBANK cloud service



- Convert the loan provision system, one of three primary banking services (deposit, foreign exchange and loan services), into a cloud-based service
- Integrate banking functions for personal customers with those for corporate customers
- Conduct planning of tablet- and Fin-Tech-linked service

1. SKYBANK cloud service

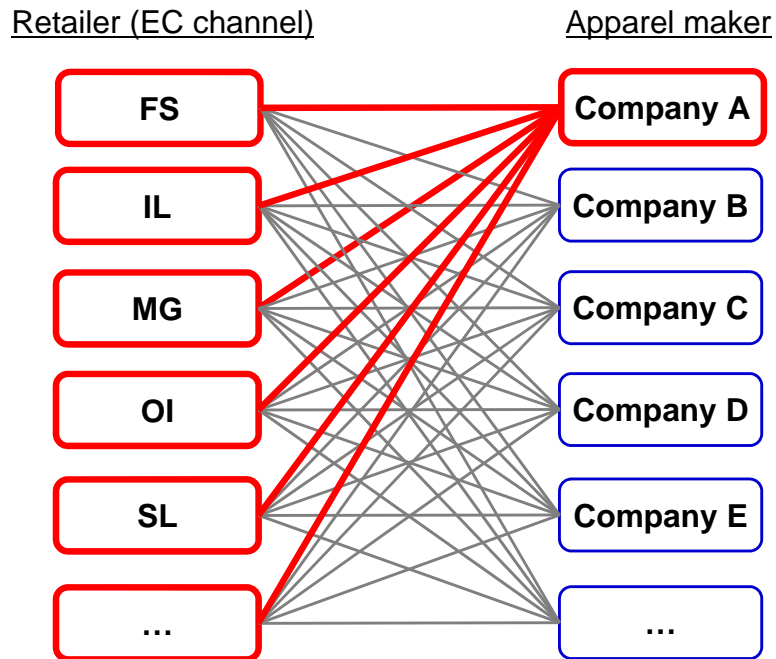
SKYBANK (launched in December 2012)

- Introduced cloud service for the results of the construction of loan sales systems at over 10 banks
 - All-inclusive system from sales support to loan execution (operation reform model)
 - Offered short-term implementation and low cost features under the standard service model
 - Improved clerical work efficiency substantially through a shift from a silo-based system and paper-based formats
(With regard to clerical support for sales of assets on deposit, sales outlet clerical work load was reduced by 30% and headquarters operational work load by 50%)
 - Currently also deploying tablet functions and Fin-Tech-linked functions
- Won orders from five banks within three years
 - Won orders from two banks for a future cloud model and from three banks for a template model

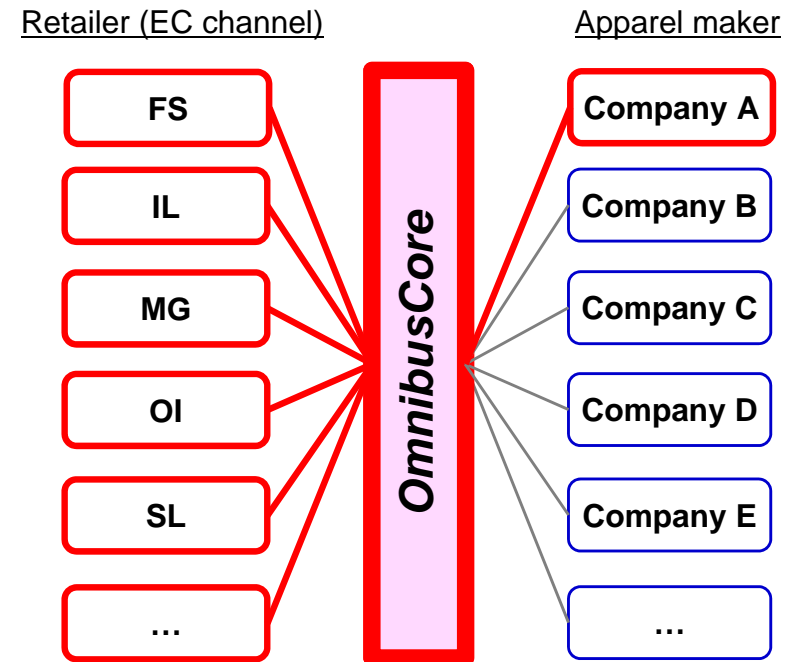


2. Distribution and retail cloud service

Conventional type individual connection model



Cloud service



- Future's cloud service supporting the customer's omni-channel strategy
 - Provides product/inventory information sharing service and order placement/taking service for diverse sales channels (offline stores and EC shopping malls)
 - Allows each manufacturer to connect to multiple retailers
 - Allows each retailer to connect to multiple manufacturers
 - Operational launch starting with the apparel industry

2. Distribution retail cloud service

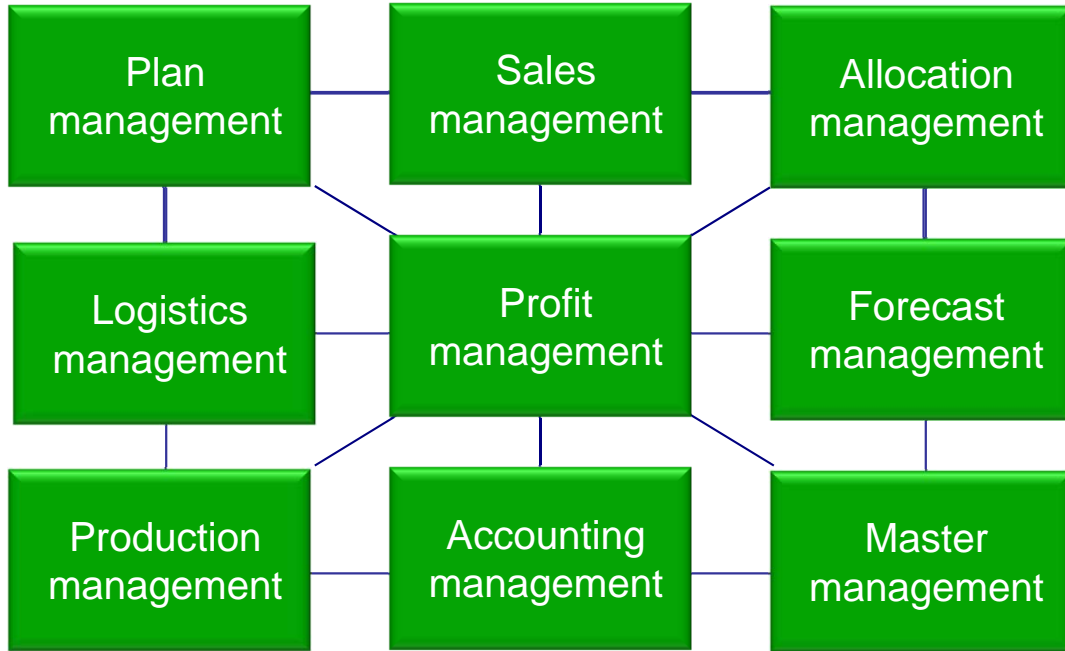
- OmnibusCore (OC) (launched in September 2015)
- Supports the customer's omni-channel strategy
 - Provides the manufacturer with product/inventory information service and order placement/taking service that are shared for diverse sales channels (offline stores and EC shopping malls)
 - Provides the retailer with product/inventory information from multiple manufacturers regardless of whether for offline stores or EC shopping malls, as well as order placement/taking service
 - Future's cloud service (Future Omnibus Cloud)
 - Short-term implementation and low cost operation
 - Within five months, the provision of this service to 16 apparel brands and 10 retailers was determined
(TSI Holdings, Shueisha, Lumine, Rakuten, etc.)



TSI HOLDINGS

3. Food manufacturing integration system

SPS new mission-critical system



- Began operation on November 24, 2015
- Business management reform from sales focus to profit focus
- Visualize profit structure simply from a whole-company perspective
- All-inclusive operational system from demand forecast to sales, and from manufacturing to logistics
- Support for manufacturing & wholesaling of fresh daily delivery foods (three times a day)

3. Food manufacturing integration system



Company-wide operational reform for five years from 2011

- Business management reform from sales focus to profit focus
- Rebuilding of operational processes from perspective of total optimization
- All-inclusive operational system from demand forecast to sales, and from manufacturing to logistics
- From region-based systems (Tokyo, Chubu, Kansai, Shikoku) to a system common to all units of the company
- A total migration to an open system from the mainframe which has continued to be used for more than 40 years
- Operational launch on November 24, 2015



4. Global ERP

- Operation results of ERP system for manufacturers
 - **brightree** Brightree Solutions
- Southeast Asia subsidiary (based in Malaysia: SAP Platinum Partner)
- The first company in APJ (Southeast Asia and Japan) to run “SAP S/4HANA”

“SAP APJ Partner Excellence Award 2016

for SAP S/4HANA –First Customer to Go Live”

- **FUTURE**
Architect
- Sapporo Holdings Ltd./ integrated sales support system: ORACLE Siebel CRM
- Dunlop Sports Co., Ltd./ mission-critical system: ORACLE JDEdwards E1

4. Global ERP



5. 東京カレンダー Tokyo Calendar web service

TOKYO CALENDAR

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

Full-scale overhaul of “Tokyo Calendar Website” (February 2015)

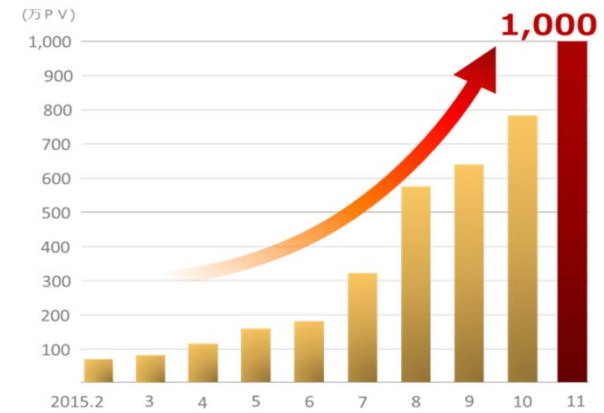
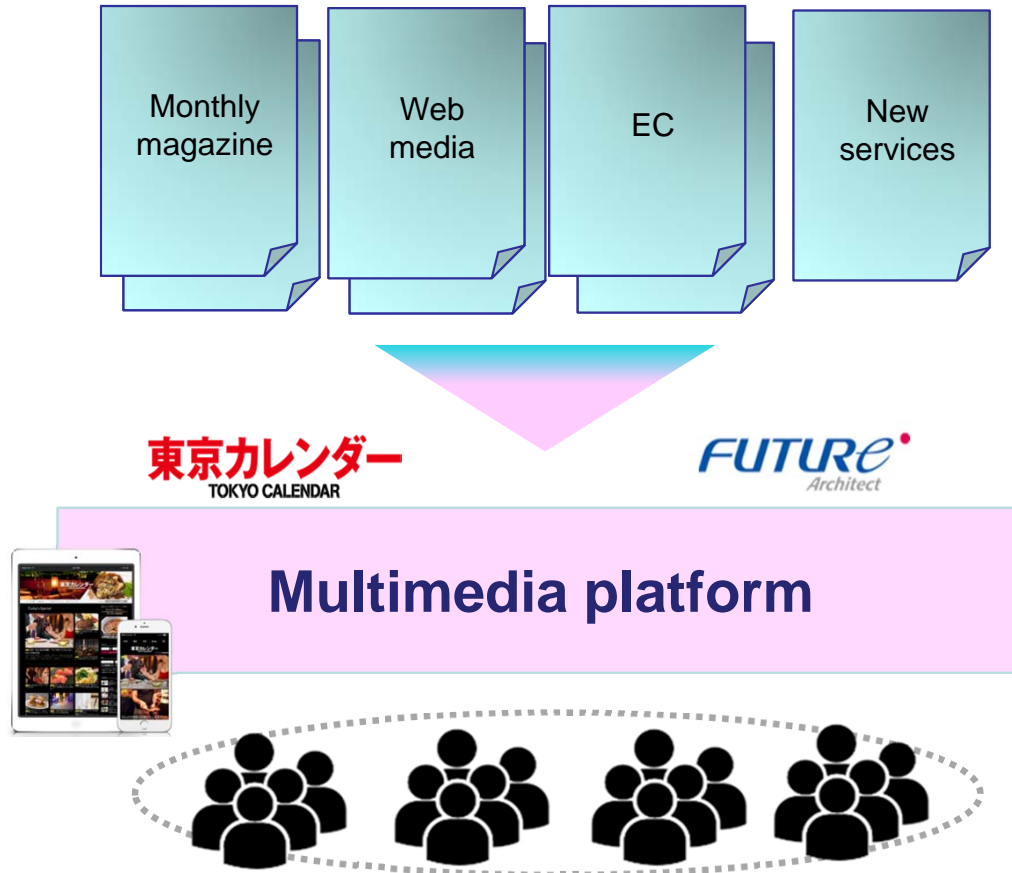
- Achieved 10 million monthly page views in November 2015
 - Growth of over 1,500% in 10 months
 - Media service based on foods
 - Disseminating daily highly reliable life style information such as restaurant information database, restaurant reservation site, and gourmet food information
- Develop into a web service company
 - Shift from publishing to web service
 - Provide diverse media services based on Future’s IT infrastructure



5. 東京カレンダー Tokyo Calendar web service






TOKYO CALENDAR

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



- Monthly page views of 10 million and growth of 1,500%
- Shift to a web service company
- **FUTURE Architect** IT infrastructure service foundation

3. FY2016 Forecast

- Business management and IT (operational reform and technology)
 - Comprehensive IT service comprising business consultation, system construction and maintenance/operation
 - Next-generation real-time architecture, IoT, AI and big data
- Cloud solution
 - SKY cloud: A highly-specialized cloud service
 -  , SKYRETAIL, SKYLOGI, SKYXXX
- Asia
 - SAP  plus IT service 
- 2WAY
 - Advanced original service utilizing IT
 -  

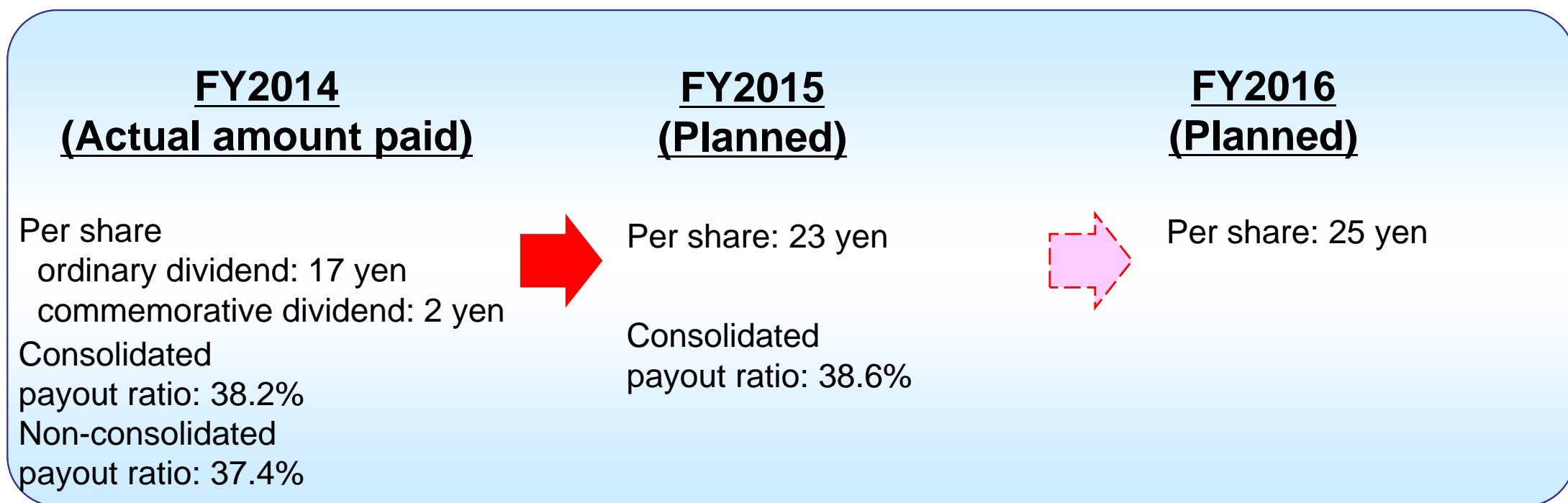
Consolidated Full-year Forecasts for FY2016

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

(Million yen)	FY2015 Results for the first half	FY2016 Forecasts for the first half	Year-on- year change	FY2015 Full-year results	FY2016 Full-year forecasts	Year-on- year change
Net sales	17,033	17,980	+5.6%	35,293	37,000	+4.8%
Operating income Operating income margin	2,093 12.3%	2,400 13.5%	+14.6%	4,869 13.8%	5,200 14.3%	+6.8%
Ordinary income Ordinary income margin	2,102 12.3%	2,410 13.5%	+14.6%	4,836 13.7%	5,220 14.4%	+7.9%
Net income Net income margin	1,197 7.0%	1,355 7.5%	+13.2%	2,671 7.6%	2,880 7.8%	+8.3%

Dividends

- Change the Company's dividend payout ratio standard from at least 30% of non-consolidated earnings **to at least 35% of consolidated earnings**
- Final dividend for FY2015 was set at 13.50 yen, **up** from 9.50 yen a year ago.
- For FY2016, an ordinary dividend of 25 yen per share is to be paid.





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.