Briefing on 27th Term’s Latest Management Results

March 22, 2016
Future Architect, Inc.
1. The Future Group
Our 2016 to 2020 future strategy
(Yasufumi Kanemaru, Chairman and CEO)

2. Questions & Answers
1. The Future Group
Our 2016 to 2020 future strategy

(Yasufumi Kanemaru, Chairman and CEO)
Measures for FY2016

- Business management and IT (operational reforms and technologies)
  - Comprehensive IT services comprising business consultation, system construction, and maintenance/operation
  - Next-generation real-time architecture, IoT, AI, and Big Data
- Cloud solutions
  - SKY cloud: A highly-specialized cloud service
  - SKYABANK, SKYRETAIL, SKYLOGI, SKYXXX
- Asia
  - SAP brightree plus IT service
- 2WAY
  - Advanced original service using IT
## Consolidated Full-year Forecasts for FY2016

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

- 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 per share, up from 9.50 yen per share a year ago.
- For FY2016, an ordinary dividend of 25 yen per share is planned to be paid.

<table>
<thead>
<tr>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Actual amount paid)</td>
<td>(Actual amount paid)</td>
<td>(Planned)</td>
</tr>
</tbody>
</table>

- Per share ordinary dividend: 17 yen
- Commemorative dividend: 2 yen
- Consolidated payout ratio: 38.2%
- Non-consolidated payout ratio: 37.4%

- Per share ordinary dividend: 23 yen
- Consolidated payout ratio: 38.6%

- Per share: 25 yen
Our future strategy

• To date, Future has comprised a group of subsidiaries of Future Architect, the headquarters

• From now on, a smart, fast-moving, and compact Future and associates

• Future Architect will continue to be the main pillar

• Seek to become a group in which some associate companies develop into second and third main pillars, coupled with venture companies
Role of Future Corporation

- Plan and pursue group business strategies and health strategy business management
- Perform optimal allocation of personnel, assets, funds, information, and technologies that together represent our corporate business resources
- M&A strategy
- Incubation (development) center for venture companies
- Ensure succession and evolution of culture
- Lead efforts to pursue diverse ways of working
Address the new age

Future as a Service & Society
(Next-generation architecture)

Future Components
(Turn consultants into 007s)

Future fraqta
(Book of secrets on quality improvement)

Future NASA
(Project progress monitoring)

Future Formula
(Analyze and overhaul legacy systems with scientific methods)
Big Data x Real-time processing

Big Data for cargo items totaling as many as 6 million pieces a day and 1,200 million pieces a year
Real-time processing achieved through grid computing

Graphic data

Achieve grid computing-based
Big Data real-time processing using hundreds of computers
• Clerical work hours: A 50% cut (companies)
• Number of visits: 1.4 times larger (new corporate customers)
• Clerical work hours: 50% cut for headquarters and 30% cut for branches (investment trust sales)

• Template model for three banks
AI x Big Data (one to one)

One-to-one promotion based on purchasing history records
Special sales promotion “targeting specific customers (‘for you only’)”

Issue special sales coupons befitting customer characteristics

1 商品あたりのチラシ費用比較

顧客別チラシ

折り込みチラシ

チラシ費用が通常の折り込みチラシの約1/10

全店舗での効果

来店回数、前年の111%

売上金額、前年の108%

売上数量、前年の110%
Automate store operation
Fully automatic order placement that minimizes merchandise depletion and opportunity losses

Use IT system to automatically compute optimal timing and quantity
Achieve a 5% to 10% gain in sales through automatic order placement
Optimal production based on demand forecasting

Highly accurate demand forecast

 Forecast value

Optimal production plan

AI x Big Data (food production)

Future Architect, Inc. which designs management and IT.
AI x IoT (dairy farming)

Streamline breeding control for improving dairy farming revenues
Discover estrus behavior and detect approach of labor on a real-time basis

Acceleration sensor IoT + Auto detection algorithm
Judge from wave shape whether the animal is in a state for estrus

State for estrus
State for non-estrus

Acceleration pace data → Activity calculation → Wave shape conversion → Cow type judgment → Matching → Pattern identification → Detect whether estrus state or not
Web service (Tokyo Calendar)

Rapid growth into a popular website visited by 1.5 million users a month, through the provision of diverse web services on Future’s media platform, coupled with the conventional monthly magazine publication business.
Based on next-generation architecture addressing, the era of Big Data, AI, and IoT, the Future Group will:

- continue to provide 24/365 service by designing and implementing business management innovations and operational reforms

- create original service by incubating and growing a group of new companies that are rich in innovation and entrepreneurship
2. Questions & Answers
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.