



October 27 2017

Consolidated Summary Report of Operating Results for the Third Quarter of Fiscal 2017 (Year ending December 2017) [Japan GAAP]

Company name: Future Corporation
 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number 4722
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 Scheduled submit date of quarterly report: November 13, 2017
 Scheduled date for distribution of dividend payments: -
 Creation of supplemental material on quarterly financial results: No
 Holding of quarterly results briefing: No

(Amount rounded off to million yen)

1. Consolidated Results for the Third Quarter of Fiscal 2017 (January 1, 2017 to September 30, 2017)

(1) Consolidated operating results (accumulated total) (Percentages are year-on-year changes)

	Net sales		Operating income		Quarterly profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
3Q, Fiscal 2017	26,500	3.3	3,284	25.0	2,407	54.7
3Q, Fiscal 2016	25,645	(0.6)	2,626	(17.6)	1,555	(10.8)

(Note) Comprehensive income 3Q, Fiscal 2017: 2,303 million yen (37.0%)

3Q, Fiscal 2016: 1,681 million yen (-8.9%)

	Quarterly profit per share
	Yen
3Q, Fiscal 2017	53.85
3Q, Fiscal 2016	34.80

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q, Fiscal 2017	24,865	18,741	74.1	412.11
Fiscal 2016	23,063	17,331	75.0	387.04

(Reference) Shareholders' equity 3Q, Fiscal 2017: 18,423 million yen Fiscal 2016: 17,302 million yen

2. Dividends

	Dividends per share (yen)				
	End of the first quarter dividend	End of the second quarter dividend	End of the third quarter dividend	Year-end dividend	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	-	12.50	-	12.50	25.00
Fiscal 2017	-	13.00	-		
Fiscal 2017 (Forecast)				13.00	26.00

(Note) Modification of the projected dividends announced most recently: No

3. Projected Consolidated Results for Fiscal 2017 (January 1, 2017 to December 31, 2017)

(Percentages are changes from the previous fiscal year for a "Full year")

	Net sales		Operating income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	36,830	9.4	4,500	23.5	2,735	23.8	61.18

(Note) Modification of the projected consolidated results announced most recently: No

* Notes

(1) Changes in significant subsidiaries in the consolidated third quarter under review (Changes in specified subsidiaries that involved changes in the scope of consolidation): Yes

New: 1 company (company name) YDC Corporation Excluding: - companies (company names)

(2) Application of special accounting for the preparation of quarterly consolidated financial statements: No

(3) Change in accounting policies or estimates and retrospective restatements

- 1) Change in accounting policies in accordance with revision of accounting standards : No
- 2) Change in accounting policies other than item 1) above : Yes
- 3) Change in accounting estimates : No
- 4) Retrospective restatements : No

(4) Number of outstanding shares (common stock)

- 1) Total outstanding shares as of the end of the period (including treasury shares)
- 2) Total treasury shares as of the end of the period
- 3) Average number of outstanding stocks during the quarter under review (accumulated period for quarter)

3Q, Fiscal 2017:	47,664,000 shares	Fiscal 2016:	47,664,000 shares
3Q, Fiscal 2017:	2,958,872 shares	Fiscal 2016:	2,958,872 shares
3Q, Fiscal 2017:	44,705,128 shares	3Q, Fiscal 2016:	44,705,153 shares

* This quarterly financial results report is not subject to quarterly review procedures.

* Points to note about the proper use of projections, and other noteworthy events

The earnings forecasts and other information concerning the future contained in these materials are based on information currently obtained by the Company and on certain premises the Company judges to be rational. The Company does not intend to guarantee their achievement. Actual results may differ significantly from forecasts due to various uncertain factors.

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1. Qualitative information about consolidated operating results for the third quarter cumulative period of the fiscal year under review

(1) Explanation on operating results

Consolidated net sales of the Group for the first nine months were ¥26,500 million, up 3.3% from the corresponding period of the previous fiscal year and operating income was ¥3,284 million, up 25.0%. Quarterly profit attributable to owners of parent increased 54.7% year-on-year to ¥2,407 million.

(i) 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).

(ii) 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) Explanation on qualitative information about consolidated earnings forecast

Forecasts for consolidated earnings results for the full fiscal year ending December 2017 remain unchanged from those announced in the Consolidated Summary Report of Operating Results for the Second Quarter as of July 28, 2017.

2. Quarterly Period Consolidated Financial Statements and Related Notes
(1) Quarterly Period Consolidated Balance Sheets

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2016)	Consolidated third quarter under review (September 30, 2017)
Assets		
Current assets		
Cash and deposits	11,761,815	8,441,663
Notes and accounts receivable - trade	4,242,997	5,495,136
Securities	1,800	-
Merchandise and finished goods	796,354	792,113
Work in process	59,435	272,856
Deferred tax assets	197,714	350,821
Accounts receivable - other	1,549,740	1,373,205
Other	554,818	1,263,332
Allowance for doubtful accounts	(5,022)	(3,259)
Total current assets	19,159,655	17,985,869
Non-current assets		
Property, plant and equipment		
Buildings and structures	855,840	1,313,679
Accumulated depreciation	(674,904)	(819,181)
Buildings and structures, net	180,935	494,497
Land	5,430	5,430
Other	1,840,179	2,294,454
Accumulated depreciation	(1,618,314)	(1,763,540)
Other, net	221,864	530,913
Total property, plant and equipment	408,230	1,030,842
Intangible assets		
Goodwill	350,312	1,425,130
Software	333,201	1,133,646
Other	18,855	17,614
Total intangible assets	702,369	2,576,391
Investments and other assets		
Investment securities	1,409,923	1,694,415
Lease and guarantee deposits	1,168,231	1,207,180
Deferred tax assets	191,330	150,016
Other	89,011	283,271
Allowance for doubtful accounts	(64,950)	(62,427)
Total investments and other assets	2,793,545	3,272,457
Total non-current assets	3,904,145	6,879,691
Total assets	23,063,800	24,865,561

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2016)	Consolidated third quarter under review (September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	866,932	803,226
Current portion of long-term loans payable	-	6,000
Accounts payable - other	795,562	892,073
Income taxes payable	883,527	564,317
Provision for bonuses	197,318	729,455
Provision for quality assurance	90,593	35,342
Provision for loss on projects	1,863	1,000
Asset retirement obligations	35,763	-
Other	1,586,389	1,654,290
Total current liabilities	4,457,951	4,685,705
Non-current liabilities		
Long-term loans payable	1,000,000	1,011,500
Asset retirement obligations	259,509	353,360
Other	15,097	73,208
Total non-current liabilities	1,274,607	1,438,068
Total liabilities	5,732,558	6,123,774
Net assets		
Shareholders' equity		
Capital stock	1,421,815	1,421,815
Capital surplus	2,507,763	2,507,763
Retained earnings	14,802,799	16,070,165
Treasury shares	(1,499,494)	(1,499,494)
Total shareholders' equity	17,232,883	18,500,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	63,691	7,346
Deferred gains or losses on hedges	402	806
Foreign currency translation adjustment	5,798	(85,064)
Total accumulated other comprehensive income	69,892	(76,911)
Non-controlling interests	28,466	318,448
Total net assets	17,331,242	18,741,787
Total liabilities and net assets	23,063,800	24,865,561

(2) Quarterly Period Consolidated Statements of Income and Comprehensive Income
(First nine months period)

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2016 to September 30, 2016)	First nine months of the consolidated fiscal year under review (from January 1, 2017 to September 30, 2017)
Net sales	25,645,531	26,500,180
Cost of sales	15,716,794	15,633,455
Gross profit	9,928,736	10,866,725
Selling, general and administrative expenses		
Directors' compensations	285,782	327,065
Salaries and bonuses	3,116,758	2,824,706
Training expenses	230,989	294,201
Research and development expenses	248,821	250,224
Depreciation	60,816	52,765
Recruiting expenses	200,603	266,764
Other	3,158,167	3,566,398
Total selling, general and administrative expenses	7,301,939	7,582,126
Operating income	2,626,797	3,284,599
Non-operating income		
Interest income	1,655	886
Dividend income	32,115	60,405
Foreign exchange gains	-	130,035
Share of profit of entities accounted for using equity method	43,593	95,154
Other	12,642	7,832
Total non-operating income	90,006	294,313
Non-operating expenses		
Interest expenses	5,768	5,263
Foreign exchange losses	171,881	-
Total non-operating expenses	177,650	5,263
Ordinary income	2,539,153	3,573,649

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2016 to September 30, 2016)	First nine months of the consolidated fiscal year under review (from January 1, 2017 to September 30, 2017)
Extraordinary income		
Gain on sales of investment securities	399	106,480
Gain on sales of shares of subsidiaries and associates	196,651	-
Total extraordinary income	197,051	106,480
Extraordinary loss		
Loss on change in equity	1,270	-
Loss on valuation of investment securities	143,881	-
Loss on sales of shares of subsidiaries and associates	808	-
Total extraordinary losses	145,959	-
Quarterly profit before income taxes	2,590,245	3,680,129
Income taxes	1,042,459	1,229,566
Quarterly profit	1,547,786	2,450,563
(Profit attributable to)		
Quarterly profit attributable to owners of parent	1,555,904	2,407,347
Quarterly profit (loss) attributable to non-controlling interests	(8,117)	43,215
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,422)	(36,547)
Deferred gains or losses on hedges	(511)	589
Foreign currency translation adjustment	140,195	(90,738)
Share of other comprehensive income of entities accounted for using equity method	(300)	(20,016)
Total other comprehensive income	133,961	(146,713)
Quarterly comprehensive income	1,681,747	2,303,850
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	1,696,175	2,260,543
Quarterly comprehensive income (loss) attributable to non-controlling interests	(14,427)	43,306

- (3) Notes to quarterly consolidated financial statements
(Notes regarding the premise of surviving company)

Not applicable.

(Notes regarding significant change in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Change in the method of calculating tax expenses)

Formerly, tax expenses were calculated by making a rational estimate of an effective tax rate after the application of tax-effect accounting profit before income taxes of the consolidated fiscal year and then multiplying the effective tax rate by the quarterly profit before income taxes. From the first quarter of the fiscal year under review, the Company began employing the same method as used at the end of the fiscal year. The change aims to more accurately reflect tax expenses corresponding to the quarter in response to the adoption of the consolidated taxation system, with the Company as the taxable parent company.

As the impact of this change is slight, the change has not applied retrospectively.

(Additional information)

(Application of "Implementation Guidance on Recoverability of Deferred Tax Assets")

The Company has applied "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, issued on March 28, 2016) from the first quarter of the fiscal year under review.

(Adoption of consolidated taxation system)

From the first quarter of the fiscal year under review, the Company and some of its consolidated subsidiaries have adopted the consolidated taxation system with the Company as the taxable parent company.

(Segment information)

I. Third quarter of the previous consolidated fiscal year (from January 1, 2016 to September 30, 2016)

1. Amounts of net sales and income or loss by business segment reported

(in thousands of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Note 2)	Amount on Quarterly Period Consolidated Statements of Income (Note 3)
	IT Consulting & Service Business	New Media & Web Service Business	Corporate Revitalization Business	Total				
Net sales								
Net sales to outside clients	18,078,722	4,177,048	3,389,760	25,645,531	-	25,645,531	-	25,645,531
Inter-segment sales or transfer	160,582	157	6,030	166,770	-	166,770	(166,770)	-
Total	18,239,304	4,177,205	3,395,791	25,812,301	-	25,812,301	(166,770)	25,645,531
Segment income (loss)	2,779,870	(259,077)	33,135	2,553,928	(15,849)	2,538,079	88,718	2,626,797

(Notes)1. "Others," segments not included in the reportable segments, include securities investment, holding, and management activities.

2. Adjustment of segment income (loss) represents the amount of inter-segment transactions eliminated and income and expenses of the holding company.

3. Segment income (loss) is adjusted with operating income in the Quarterly Period Consolidated Statements of Income.

II. Third quarter of consolidated fiscal year under review (from January 1, 2017 to September 30, 2017)

1. Amounts of net sales and income or loss by business segment reported

(in thousands of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on Quarterly Period Consolidated Statements of Income (Note 3)
	IT Consulting & Service Business	New Media & Web Service Business	Total				
Net sales							
Net sales to outside clients	21,613,610	4,886,570	26,500,180	-	26,500,180	-	26,500,180
Inter-segment sales or transfer	158,676	26,701	185,377	-	185,377	(185,377)	-
Total	21,772,287	4,913,271	26,685,558	-	26,685,558	(185,377)	26,500,180
Segment income (loss)	3,407,788	(224,922)	3,182,866	(33,846)	3,149,019	135,580	3,284,599

(Notes)1. "Others," segments not included in the reportable segments, include securities investment, holding, and management activities.

2. Adjustment of segment income (loss) represents the amount of inter-segment transactions eliminated and income and expenses of the holding company.

3. Segment income (loss) is adjusted with operating income in the Quarterly Period Consolidated Statements of Income.

2. Matters related to changes in reportable segments

(Changes in reportable segments)

- (1) 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 previously included in the costs of the IT Consulting Business; 2) recording business outsourcing service fees and group growth subsidies received from individual Future Group companies as income under segment income adjustment. Using the opportunity of making YDC Corporation a consolidated subsidiary, the Company reviewed the management structure to take advantage of the holding company structure introduced during the previous period and strengthen collaboration among the IT-related business subsidiaries. Therefore, from the first quarter of the fiscal year under review, the former "IT Consulting Business" and "Package & Service Business" have been consolidated into a single segment renamed "IT Consulting & Service Business." The segment information for the third quarter cumulative period of the previous fiscal year is prepared and disclosed based on the revised reportable segment categorization and calculation methods.
- (2) As of September 7, 2016, the Group sold all the shares of Uoei Corporation that were formerly categorized into the "Corporate Revitalization Business." As a result, the segment was excluded from the reportable segments from the first quarter of the fiscal year under review.

3. Supplemental information

Orders received

(in thousands of yen)

Segment	First nine months of the previous consolidated fiscal year (from January 1, 2016 to September 30, 2016)		First nine months of the consolidated fiscal year under review (from January 1, 2017 to September 30, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	17,625,774	7,624,387	22,352,051	10,670,407
New Media & Web Service Business	545,701	195,549	823,854	255,580
Total	18,171,475	7,819,937	23,175,906	10,925,987

(Note) Orders received include adjustments for exchange rate fluctuations.