



Consolidated Summary Report of Operating Results for Fiscal 2017 (Year ended December 2017) [Japan GAAP]

February 8, 2018

Company name: Future Corporation
 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722
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Scheduled date of annual general shareholders' meeting: March 26, 2018 Scheduled date for distribution of dividend payments: March 27, 2018

Scheduled date for filing the securities report: March 27, 2018

Creation of supplemental material on financial results: Yes • No

Holding of financial results briefing: Yes • No (For institutional investors and analysts)

(Amount rounded off to million yen)

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

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

	Net sales		Operating income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal 2017	36,265	7.8	4,458	22.4	3,743	69.5
Fiscal 2016	33,653	(4.6)	3,642	(25.2)	2,208	(17.0)

(Note) Comprehensive income Fiscal 2017: 7,875 million yen (242.6%) Fiscal 2016: 2,299 million yen (-16.2%)

	Profit per share		Return on equity		Operating income ratio	
	Yen		%		%	
Fiscal 2017	83.74		18.1		12.3	
Fiscal 2016	49.40		13.2		10.8	

(Reference) Equity in (earnings) losses of affiliates Fiscal 2017: 84 million yen Fiscal 2016: (30) million yen

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Fiscal 2017	32,489		24,498		73.9		537.10	
Fiscal 2016	23,063		17,331		75.0		387.04	

(Reference) Shareholders' equity Fiscal 2017: 24,011 million yen Fiscal 2016: 17,302 million yen

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities		Net cash provided by (used in) investing activities		Net cash provided by (used in) financing activities		Cash and cash equivalents at the end of the period	
	Million yen		Million yen		Million yen		Million yen	
Fiscal 2017	2,459		(3,537)		(1,209)		9,478	
Fiscal 2016	3,268		(24)		(1,240)		11,761	

2. Dividends

	Dividends per share (yen)					Annual dividends (Total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter dividend	End of the second quarter dividend	End of the third quarter dividend	Year-end dividend	Total			
Fiscal 2016	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2016	–	12.50	–	12.50	25.00	1,117	50.6	6.7
Fiscal 2017	–	13.00	–	13.00	26.00	1,162	31.0	5.6
Fiscal 2018 (Forecast)	–	14.00	–	14.00	28.00		35.5	

3. Projected Consolidated Results for Fiscal 2018 (January 1, 2018 to December 31, 2018)

(Percentages are year-on-year changes)

	Net sales		Operating income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First six months (accumulated total)	18,190	5.4	2,427	26.9	1,645	10.6	36.68
Full year	37,900	4.5	5,170	16.0	3,530	(5.7)	78.96

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries that involved changes in the scope of consolidation): Yes • No

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

(2) 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 : No
 3) Change in accounting estimates : No
 4) Retrospective restatements : No

(3) 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 period under review

Fiscal 2017	47,664,000 shares	Fiscal 2016	47,664,000 shares
Fiscal 2017	2,958,907 shares	Fiscal 2016	2,958,872 shares
Fiscal 2017	44,705,125 shares	Fiscal 2016	44,705,147 shares

(Reference) Overview of non-consolidated results

Non-consolidated Results for Fiscal 2017 (January 1, 2017 to December 31, 2017)

(1) Non-consolidated operating results

(Percentages are year-on-year changes)

	Net sales		Operating income		Profit	
	Million yen	%	Million yen	%	Million yen	%
Fiscal 2017	2,986	(48.9)	2,010	47.9	2,156	1,094.5
Fiscal 2016	5,841	(69.3)	1,359	(68.9)	180	(93.6)

Profit per share	
	Yen
Fiscal 2017	48.24
Fiscal 2016	4.04

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2017	23,903	19,846	83.0	443.94
Fiscal 2016	16,538	14,650	88.6	327.71

(Reference) Shareholders' equity Fiscal 2017: 19,846 million yen Fiscal 2016: 14,650 million yen

* This financial results report is not subject to audit.

* 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 realization. Actual results may differ significantly from forecasts due to various uncertain factors.

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1. Overview of Operating Results and Other

(1) Overview of operating results for fiscal 2017

(Overview of fiscal year under review)

The Group's consolidated earnings results for fiscal 2017 (from January 1, 2017 to December 31, 2017) are as follows.

Net sales	¥36,265 million	(up 7.8% year-on-year)
Operating income	¥4,458 million	(up 22.4% year-on-year)
Profit attributable to owners of parent	¥3,743 million	(up 69.5% year-on-year)

Details of the performance of each segment are as follows.

1. IT Consulting & Service Business

Future Architect, Inc. started a large number of new projects with apparel companies, supermarkets, news media, and automobile companies, including cutting-edge technology-based projects using AI and IoT, such as image analysis. It also started to develop systems for supporting the sales and lending activities of multiple banks, mainly in the Tokyo metropolitan area, and increased sales generated by projects with Forex brokers and online securities companies. Although the company experienced a year-on-year decline in net sales due to the completion of development of some projects, operating income increased year-on-year attributed to improved margins of projects in the fiscal year under review.

YDC Corporation showed a strong performance primarily in system development under entrusted contracts and sales of YDC SONAR, its in-house manufactured software for integrating and analyzing quality information, centered on the manufacturing business and achieved higher-than-expected increases in net sales and operating income.

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 sales management packages and an increase in the number of project orders it received by focusing on medium-sized companies with sales of ¥5 billion to ¥10 billion as target customers, with smooth progress in the related development process.

Micro CAD Co., Ltd. achieved a year-on-year increase in both net sales and operating income through sales of in-house manufactured intellectual property management software to new customers and increase in software development for customers in the manufacturing business.

As a result, the IT Consulting and Service Business showed a year-on-year increase in both net sales and operating income, posting net sales of ¥29,739 million (up 19.9% year-on-year), and operating income of ¥4,777 million (up 22.7% year-on-year).

2. Business Innovation Business

Tokyo Calendar Inc. saw a stable increase in page views and number of users and also increased the sales of magazines during and after the second quarter as a result of focusing the content on lifestyles of people aged 30 to 49 and strengthening a framework to quickly create and publish video content internally. Consequently, the company posted increased sales from both web-based and magazine advertisements, with a 20.2% increase year-on-year in net sales, thereby achieving an operating profit for the full year for the first time. Matchalarm Inc., an online marriage-hunting information provider acquired at the end of March 2017, also increased the number of users through collaboration with Tokyo Calendar Inc. and achieved an operating profit for the nine months since April.

CodeCamp Inc. logged a 43.4% increase year-on-year in net sales, attributed to continued growth in participants of online programming education services, and strong sales performance in engineer education and related company referral programs for job seekers. Although operating loss increased in the first half due primarily to upfront investments in service development and advertisement expenses, the company posted an operating profit for the first time in the fourth quarter as a result of reinforcing the framework in the second half.

eSPORTS Co., Ltd. posted a 13.7% increase year-on-year in net sales driven by 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 fierce price competition affected by bad weather in the summer which continued until year-end as well as disposal and devaluation of inventory.

As a result, the Business Innovation Business showed a year-on-year increase in net sales and a reduction in operating loss, posting net sales of ¥6,774 million (up 19.7% year-on-year) and an operating loss of ¥363 million (against a loss of ¥391 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 previous fiscal year for the revised reporting segment categorization and measurement methods. The name of the New Media & Web Service Business was changed to Business Innovation Business, reflecting an increase in the number of companies subject to incubation.

(2) Overview of financial position for fiscal 2017

Assets, liabilities and net assets

The following are the status of assets, liabilities and net assets as of the end of fiscal year under review.

Assets	¥32,489 million	(up 40.9% year-on-year)
Liabilities	¥7,990 million	(up 39.4% year-on-year)
Net assets	¥24,498 million	(up 41.4% year-on-year)

The following is the analysis of financial position for the fiscal year under review.

1) Assets

Current assets were ¥19,185 million on a consolidated basis at the end of the fiscal year under review, up ¥26 million from the preceding year, and non-current assets amounted to ¥13,303 million, up ¥9,399 million, with total assets standing at ¥32,489 million, up ¥9,425 million. The main underlying factors were an increase of ¥6,310 million in investment securities and ¥1,023 million in software attributed to the listing of SG Holdings Co., Ltd. on the Tokyo Stock Exchange First Section.

2) Liabilities

Current liabilities were ¥5,497 million at the end of the fiscal year under review, up ¥1,039 million from the preceding year, and noncurrent liabilities were ¥2,493 million, up ¥1,219 million, which brought total liabilities to ¥7,990 million, up ¥2,258 million. The main factors included an increase of ¥2,065 million in deferred tax liabilities.

3) Net assets

Net assets were ¥24,498 million at the end of the fiscal year under review, up ¥7,167 million from the preceding year. The main factors included an increase of ¥2,603 million in retained earnings and ¥4,205 million in valuation difference on available-for-sale securities.

(3) Overview of cash flows for fiscal 2017

The following is the analysis of the Group's consolidated cash flows for the fiscal year under review.

1) Net cash provided by (used in) operating activities

Net cash from operating activities was an inflow of ¥2,459 million (compared to an inflow of ¥3,268 million in the previous fiscal year), chiefly due to payment of ¥930 million caused by an increase in notes and accounts receivable – trade and payment of income taxes paid of ¥1,737 million despite the posting of income before income taxes of ¥4,837 million and an inflow of ¥199 million due to a decrease in inventories.

2) Net cash provided by (used in) investing activities

Net cash from investing activities was an outflow of ¥3,537 million (compared to an outflow of ¥24 million in the previous fiscal year), chiefly due to the posting of an outflow caused by purchase of property, plant and equipment of ¥695 million, purchase of intangible assets of ¥1,094 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,681 million.

3) Net cash provided by (used in) financing activities

Net cash from financing activities was an outflow of ¥1,209 million (compared to an outflow of ¥1,240 million in the previous fiscal year), mainly reflecting payments for cash dividends paid of ¥1,139 million.

4) Cash and cash equivalents at end of the period

Cash and cash equivalents outstanding at the end of the fiscal year under review were ¥9,478 million, with a decrease of ¥2,283 million in cash and cash equivalents resulting from operating, investing and financing activities.

(4) Future outlook

The Group's earnings forecast for the fiscal year ending December 2018 is as follows.

Net sales	¥37,900 million	(up 4.5% year-on-year)
Operating income	¥5,170 million	(up 16.0% year-on-year)
Profit attributable to owners of parent	¥3,530 million	(down 5.7% year-on-year)

Profit attributable to owners of parent for the fiscal year ending December 2018 is expected to decline by 5.7% from the previous fiscal year. This is because one-off factors such as generation of gain on sales of securities and reduction of tax burden rate due to write-off of receivables for tax purposes which boosted the profit in the fiscal year under review are not included in the forecast.

Noteworthy events in each business segment for the following fiscal year are as follows.

1. IT Consulting & Service Business

Future Architect, Inc. and Future Inspace, Inc. aim to contribute to clients' businesses and renovating IT frameworks by offering the Future Group's unique high value-added services under the following strategy:

- Providing consistent services from overall design to detailed design, development, maintenance, and operation by using cutting-edge IT and in-house manufactured components (Future Component), which enable data processing in real time, while considering business innovation, operational reforms, and system improvements as a three-part initiative
- Scientifically analyzing legacy IT systems, which have been made into black boxes, and renovating customers' complex and multi-layered core systems by using a unique reconstruction method into the latest open systems (Future Formula)
- Designing and developing high-quality systems within a short time by using unique project monitoring and management methods (FutureNavi and Futurefraqta)
- Strengthening relationships with customers by providing human resources, including an advisor to the Chief Information Officer (CIO), and establishing joint ventures as a long-term strategic partner in business and IT in realizing their growth strategy

The Group has started projects designed to realize image analysis, demand forecasting, cost reduction, and other processes using cutting-edge technologies such as AI and IoT. It aims to meet customer needs by consistently focusing on research and development of these cutting-edge technologies and applying the results of such research to actual projects.

The Group started projects centered on new customers in 2017 and aims to make sure that these new projects are completed by using aforementioned scientific project management and monitoring systems such as FutureNavi and Futurefraqta during the next fiscal year.

YDC Corporation will provide IT consulting using AI, IoT, and other technologies for the manufacturing business while focusing on operational reform consulting in the development and design area. It will also fully facilitate collaboration with Future Group companies in order to integrate technologies and services within the Group.

FutureOne aims to increase orders for a renewed version of in-house manufactured packaged software from medium-sized companies by promoting operational reform consulting services for medium-sized companies by using these packages while expanding collaboration with external sales partners.

Furthermore, to meet extensive customer needs, Future Corporation will strengthen the provision of strategic consulting services including corporate reorganization/business creation, global market development, and total risk management through the newly established Strategy Innovation Group.

2. Business Innovation Business

Tokyo Calendar aims to boost revenue from advertising activities using its strengths to attract customers and promote content, as can be seen from gaining 47 million monthly page views and high-quality in-house video advertisements, coupled with its presence in multiple media such as monthly magazines, websites, and events. The company will also strive to strengthen provision of services in collaboration with Matchalarm Inc., an online marriage-hunting information provider. Furthermore, the company aims to build a marketing platform by leveraging the Future Group's IT technologies based on customers' behavioral data which will be accumulated in the future.

CodeCamp aims to become profitable on a yearly basis by focusing on further expanding online and offline programming education services tailored for corporations, extending outplacement services which

are linked to programming education services designed to improve skills, and enhancing programming education services for children.

eSPORTS will work on enhancing product lines for casual sports products that are not easily affected by season or weather, and unique private brand products. The company will enhance research and analyses of prices and top-selling items, as well as responses to customers using the Future Group's technologies. At the same time, it aims to increase sales on its e-commerce website by striving to improve customer loyalty through such measures as collaborative work with Tokyo Calendar.

(5) Dividend policy and dividends for the current and next year

The Company determines its dividend by comprehensively taking into account the state of its accounting period profit and loss, cash flows and treasury stock purchasing while placing shareholder return as its priority management issue and securing a proper level of internal reserves for the organization to continue growing in a sustainable manner.

The Company plans to apply a dividend payout ratio standard of at least 35% of consolidated earnings.

Under the above-mentioned policy, we plan to pay a year-end dividend of surplus for the fiscal year ended December 31, 2017 of ¥13.00 per share. The full fiscal year dividend comprising the year-end dividend and the previously-paid interim dividend is expected to be ¥26.00 per share (consolidated dividend payout ratio of 31.0%).

The Company's planned payment of dividends of surplus for the next fiscal year is ¥28.00 per share (interim dividend of ¥14.00).

2. The Future Group

The Group (the Company and its related companies) has introduced a holding company structure, and consists of 19 consolidated subsidiaries and six equity-method affiliates as of December 31, 2017.

The Company, as a holding company, establishes the Group's growth strategy, monitors management of the Group companies, and provides specialty service to these companies. Details of the business segments of the Group and how major related companies in charge are positioned in the relevant segment are as follows.

(IT Consulting & Service Business)

In this business, the Group helps clients solve problems, by sharing management issues with them from a managerial perspective, understanding the essence of the clients' businesses and establishing information systems for them using advanced IT.

Company name	Business activities
Future Architect, Inc. (subsidiary)	Provision of IT consulting services from an objective and independent standpoint by using leading-edge information technology
Future Inspace, Inc. (subsidiary)	Additional development as well as maintenance and operation services for projects primarily developed by Future Architect, Inc.
YDC Corporation (subsidiary)	Provision of IT consulting services, including a solution for integrating and analyzing quality information, mainly to customers in the manufacturing business
FutureOne, Inc. (subsidiary)	Development, sales and maintenance of mission-critical packaged software for sales management, production management, accounting and other processes as well as provision of cloud-based services
Micro CAD Co., Ltd. (subsidiary)	Development, sales and maintenance of and support for intellectual property management software packages, and consigned development of design control systems for manufacturers
Logizard Co., Ltd. (affiliate)	Development and sales of and support for cloud-based logistics and inventories management software (WMS)

(Business Innovation Business)

In this business, the Group provides original services using IT and creates business innovations.

Company name	Business activities
eSPORTS Co., Ltd. (subsidiary)	Sales of sports, outdoor and fitness gear on the Internet
Tokyo Calendar Inc. (subsidiary)	Publication of the magazine "Tokyo Calendar," provision of information using websites and smartphone applications, and services including reservations for tables at restaurants
Matchalarm, Inc. (subsidiary)	Planning and operation of various information provision services including marriage-hunting information using mobile and Internet technologies
CodeCamp Inc. (subsidiary)	Online and offline educational service including operation of the online programming school "CodeCamp"
LaiBlitz, Inc. (subsidiary)	Development of sports and entertainment related software and operation of online services
TrexEdge, Inc. (subsidiary)	Provision of platform services using leading-edge IT such as AI and IoT

Among affiliated companies engaged in businesses that are not included in the two businesses mentioned above, such as investing in, as well as holding and managing securities, the main companies are as follows:

Major affiliated company

Future Investment Corp. (subsidiary)

3. Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements among enterprises, the Group prepares consolidated financial statements under Japanese GAAP.

The Company intends to apply International Financial Reporting Standards (IFRS) appropriately in consideration of circumstances inside and outside of Japan.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2016)	Consolidated fiscal year under review (December 31, 2017)
Assets		
Current assets		
Cash and deposits	11,761,815	9,478,336
Notes and accounts receivable - trade	4,242,997	5,887,600
Securities	1,800	–
Merchandise and finished goods	796,354	696,273
Work in process	59,435	238,904
Deferred tax assets	197,714	318,306
Accounts receivable - other	1,549,740	1,518,421
Other	554,818	1,051,338
Allowance for doubtful accounts	(5,022)	(3,263)
Total current assets	19,159,655	19,185,917
Non-current assets		
Property, plant and equipment		
Buildings and structures	855,840	1,279,666
Accumulated depreciation	(674,904)	(801,002)
Buildings and structures, net	180,935	478,663
Land	5,430	5,430
Other	1,840,179	2,298,708
Accumulated depreciation	(1,618,314)	(1,797,260)
Other, net	221,864	501,448
Total property, plant and equipment	408,230	985,542
Intangible assets		
Goodwill	350,312	656,654
Software	333,201	1,356,891
Customer-related assets	–	1,120,000
Other	18,855	17,754
Total intangible assets	702,369	3,151,300
Investments and other assets		
Investment securities	1,409,923	7,720,274
Lease and guarantee deposits	1,168,231	1,208,396
Deferred tax assets	191,330	–
Other	89,011	262,602
Allowance for doubtful accounts	(64,950)	(24,547)
Total investments and other assets	2,793,545	9,166,727
Total non-current assets	3,904,145	13,303,570
Total assets	23,063,800	32,489,488

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2016)	Consolidated fiscal year under review (December 31, 2017)
Liabilities		
Current liabilities		
Accounts payable – trade	866,932	959,274
Current portion of long-term loans payable	–	1,000,000
Accounts payable – other	795,562	1,090,085
Income taxes payable	883,527	453,764
Provision for bonuses	197,318	195,484
Provision for quality assurance	90,593	19,994
Provision for loss on projects	1,863	7,234
Asset retirement obligations	35,763	–
Other	1,586,389	1,771,266
Total current liabilities	4,457,951	5,497,105
Non-current liabilities		
Long-term loans payable	1,000,000	–
Deferred tax liabilities	–	2,065,978
Asset retirement obligations	259,509	353,495
Other	15,097	74,136
Total non-current liabilities	1,274,607	2,493,609
Total liabilities	5,732,558	7,990,714
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	17,406,623
Treasury shares	(1,499,494)	(1,499,538)
Total shareholders' equity	17,232,883	19,836,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	63,691	4,269,144
Deferred gains or losses on hedges	402	738
Foreign currency translation adjustment	5,798	(95,460)
Total accumulated other comprehensive income	69,892	4,174,421
Non-controlling interests	28,466	487,687
Total net assets	17,331,242	24,498,773
Total liabilities and net assets	23,063,800	32,489,488

(2) Consolidated statements of income and comprehensive income

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)	Consolidated fiscal year under review (from January 1, 2017 to December 31, 2017)
Net sales	33,653,168	36,265,778
Cost of sales	20,233,354	21,525,524
Gross profit	13,419,813	14,740,253
Selling, general and administrative expenses		
Directors' compensations	374,562	430,081
Salaries and bonuses	3,958,914	3,711,390
Other salaries	239,258	241,990
Rents	880,842	1,028,701
Training expenses	300,130	382,429
Research and development expenses	332,440	339,508
Depreciation	93,739	358,113
Recruiting expenses	256,885	364,367
Amortization of goodwill	342,903	373,535
Other	2,997,345	3,051,929
Total selling, general and administrative expenses	9,777,023	10,282,048
Operating income	3,642,790	4,458,205
Non-operating income		
Interest income	1,949	1,071
Dividend income	33,382	62,184
Foreign exchange gains	–	147,396
Share of profit of entities accounted for using equity method	–	84,527
Other	15,866	10,234
Total non-operating income	51,198	305,414
Non-operating expenses		
Interest expenses	7,912	7,099
Foreign exchange losses	65,545	–
Share of loss of entities accounted for using equity method	30,786	–
Total non-operating expenses	104,244	7,099
Ordinary income	3,589,743	4,756,519
Extraordinary income		
Gain on sales of investment securities	11,907	173,905
Gain on sales of shares of subsidiaries and associates	294,160	–
Total extraordinary income	306,067	173,905
Extraordinary losses		
Loss on valuation of investment securities	150,010	93,278
Loss on sales of share of subsidiaries and associates	808	–
Provision of allowance for doubtful accounts	30,000	–
Amortization of goodwill	275,686	–
Loss on change in equity	1,270	–
Litigation expenses	33,000	–
Other	12,463	–
Total extraordinary losses	503,238	93,278
Income before income taxes and minority interests	3,392,572	4,837,146

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)	Consolidated fiscal year under review (from January 1, 2017 to December 31, 2017)
Income taxes - current	1,242,257	1,172,858
Income taxes - deferred	(37,773)	(106,626)
Total income taxes	1,204,484	1,066,232
Profit	2,188,088	3,770,914
(Profit attributable to)		
Profit attributable to owners of parent	2,208,321	3,743,805
Profit (loss) attributable to non-controlling interests	(20,232)	27,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,848)	4,225,112
Deferred gains or losses on hedges	97	603
Foreign currency translation adjustment	92,330	(101,146)
Share of other comprehensive income of entities accounted for using equity method	20,399	(19,946)
Total other comprehensive income	110,978	4,104,622
Comprehensive income	2,299,066	7,875,537
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,324,315	7,848,334
Comprehensive income attributable to non-controlling interests	(25,248)	27,203

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,421,815	2,507,763	13,756,812	(1,499,428)	16,186,962
Changes of items during the period					
Dividends from surplus			(1,162,334)		(1,162,334)
Profit attributable to owners of parent			2,208,321		2,208,321
Purchase of treasury shares				(66)	(66)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	1,045,986	(66)	1,045,920
Balance at the end of the period	1,421,815	2,507,763	14,802,799	(1,499,494)	17,232,883

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	45,431	–	(108,510)	(63,078)	177,602	16,301,486
Changes of items during the period						
Dividends from surplus						(1,162,334)
Profit attributable to owners of parent						2,208,321
Purchase of treasury shares						(66)
Net changes of items other than shareholders' equity	18,260	402	114,308	132,971	(149,136)	(16,164)
Total changes of items during the period	18,260	402	114,308	132,971	(149,136)	1,029,755
Balance at the end of the period	63,691	402	5,798	69,892	28,466	17,331,242

Consolidated fiscal year under review (from January 1, 2017 to December 31, 2017)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,421,815	2,507,763	14,802,799	(1,499,494)	17,232,883
Changes of items during the period					
Dividends from surplus			(1,139,980)		(1,139,980)
Profit attributable to owners of parent			3,743,805		3,743,805
Purchase of treasury shares				(43)	(43)
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	2,603,824	(43)	2,603,780
Balance at the end of the period	1,421,815	2,507,763	17,406,623	(1,499,538)	19,836,663

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	63,691	402	5,798	69,892	28,466	17,331,242
Changes of items during the period						
Dividends from surplus						(1,139,980)
Profit attributable to owners of parent						3,743,805
Purchase of treasury shares						(43)
Net changes of items other than shareholders' equity	4,205,452	335	(101,258)	4,104,528	459,221	4,563,750
Total changes of items during the period	4,205,452	335	(101,258)	4,104,528	459,221	7,167,531
Balance at the end of the period	4,269,144	738	(95,460)	4,174,421	487,687	24,498,773

(4) Consolidated statements of cash flows

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)	Consolidated fiscal year under review (from January 1, 2017 to December 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	3,392,572	4,837,146
Depreciation	418,015	811,282
Amortization of goodwill	618,590	373,535
Increase (decrease) in allowance for doubtful accounts	19,429	(51,284)
Increase (decrease) in provision for bonuses	(15,678)	(1,834)
Increase (decrease) in provision for quality assurance	2,433	(70,599)
Increase (decrease) in provision for loss on projects	1,863	5,371
Interest and dividend income	(35,331)	(63,255)
Interest expenses	7,912	7,099
Foreign exchange losses (gains)	67,187	(147,396)
Share of (profit) loss of entities accounted for using equity method	30,786	(84,527)
Loss (gain) on change in equity	1,270	–
Loss (gain) on valuation of investment securities	150,010	93,278
Loss (gain) on sales of investment securities	(11,907)	(173,905)
Loss (gain) on sales of shares of subsidiaries and associates	(293,351)	–
Litigation expenses	33,000	–
Decrease (increase) in notes and accounts receivable - trade	575,411	(930,975)
Decrease (increase) in inventories	(245,836)	199,778
Increase (decrease) in notes and accounts payable - trade	(40,640)	(153,715)
Increase (decrease) in accounts payable - other	57,637	233,313
Decrease (increase) in other assets	(76,182)	(287,946)
Increase (decrease) in other liabilities	364,610	(474,966)
Subtotal	5,021,798	4,120,400
Interest and dividend income received	35,227	83,362
Interest expenses paid	(7,883)	(7,099)
Income taxes paid	(1,747,176)	(1,737,376)
Litigation expenses paid	(33,000)	–
Net cash provided by (used in) operating activities	3,268,965	2,459,286

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2016 to December 31, 2016)	Consolidated fiscal year under review (from January 1, 2017 to December 31, 2017)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(127,389)	(695,590)
Purchase of intangible assets	(71,313)	(1,094,205)
Payments for asset retirement obligations	(5,839)	(37,540)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,681,201)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	243,922	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(3,770)	–
Purchase of shares of subsidiaries and associates	–	(12,000)
Purchase of investment securities	(30,000)	(299,900)
Proceeds from sales of investment securities	194,405	193,756
Payments for lease and guarantee deposits	(270,728)	(23,318)
Proceeds from collection of lease and guarantee deposits	40,663	107,000
Other	5,177	5,501
Net cash provided by (used in) investing activities	(24,873)	(3,537,497)
Net cash provided by (used in) financing activities		
Repayments of long-term loans payable	(18,000)	(20,500)
Purchase of treasury shares	(66)	(43)
Cash dividends paid	(1,160,875)	(1,139,635)
Dividends paid to non-controlling interests	(61,922)	(49,210)
Net cash provided by (used in) financing activities	(1,240,863)	(1,209,389)
Effect of exchange rate change on cash and cash equivalents	1,560	4,121
Net increase (decrease) in cash and cash equivalents	2,004,788	(2,283,478)
Cash and cash equivalents at beginning of the period	9,757,026	11,761,815
Cash and cash equivalents at end of the period	11,761,815	9,478,336

(5) Notes to consolidated financial statements

(Notes regarding the premise of surviving company)

Not applicable.

(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 fiscal year under review.

(Adoption of consolidated taxation system)

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

(Segment information)

Segment information

1. Overview of reportable segments

The reportable segments of the Group are constituent units of the Company for which separate financial information can be obtained, and the Board of Directors examines such information on a regular basis to determine the allocation of management resources and evaluate business performance.

The Group defines the classification of business segments by comprehensively taking into account main services, solutions, customers and markets, and has two reportable segments: the IT Consulting & Service Business and Business Innovation Business.

The business operations of the two reportable segments are as follows:

Reportable segments	Business operations
IT Consulting & Service Business	In this business, the Group helps clients solve problems, by sharing management issues with them from a managerial perspective, understanding the essence of the clients' businesses and establishing information systems for them using advanced IT.
Business Innovation Business	In this business, the Group provides original services using IT and creates business innovations.

2. Methods of calculating net sales, income or loss, assets, liabilities, and other items by reportable segment

The accounting method applied to the above-mentioned business segments is a method in accordance with the accounting policy applied to the preparation of the consolidated financial statements.

Income of reportable segments is based on operating income.

Inter-segment sales and transfers are based on market prices.

3. 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."

Segment information shown above for the previous fiscal year is adjusted for the revised reporting segment categorization and measurement 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) The name of the New Media & Web Service Business was changed to the Business Innovation Business, reflecting an increase in the number of companies subject to incubation.

4. Information on amounts of net sales, income or loss, assets, and other items by reportable segment

Fiscal 2016 (from January 1, 2016 to December 31, 2016)

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount stated in financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Corporate Revitalization Business				
Net sales							
Net sales to outside clients	24,605,287	5,658,120	3,389,760	33,653,168	–	33,653,168	–
Inter-segment sales or transfer	196,938	157	6,030	203,126	–	203,126	(203,126)
Total	24,802,225	5,658,277	3,395,791	33,856,294	–	33,856,294	(203,126)
Segment income (loss)	3,894,318	(391,309)	33,135	3,536,144	(21,323)	3,514,841	127,968
Segment assets	14,651,944	2,002,323	–	16,654,268	3,655,796	20,310,065	2,753,734
Other items							
Depreciation	391,087	7,532	16,370	414,989	–	414,989	3,025
Amortization of goodwill	107,328	511,191	69	618,590	–	618,590	–
Increase in property, plant and equipment and intangible assets	125,792	7,083	–	132,876	–	132,876	8,296

- (Notes) 1. “Other,” a segment not included in the reportable segments, includes securities investment, holding, and management activities.
2. Adjustments to segment income (loss) and segment assets represent the amount of inter-segment transactions eliminated and income, expenses and assets of the holding company.
3. Segment income (loss) is adjusted with operating income in consolidated financial statements.

Fiscal 2017 (from January 1, 2017 to December 31, 2017)

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amount stated in financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
Net sales to outside clients	29,520,022	6,745,755	36,265,778	–	36,265,778	–	36,265,778
Inter-segment sales or transfer	219,526	29,066	248,593	–	248,593	(248,593)	–
Total	29,739,549	6,774,822	36,514,371	–	36,514,371	(248,593)	36,265,778
Segment income (loss)	4,777,380	(363,491)	4,413,889	(35,965)	4,377,924	80,280	4,458,205
Segment assets	18,733,251	2,544,984	21,278,246	4,354,373	25,632,619	6,856,868	32,489,488
Other items							
Depreciation	782,380	10,660	793,040	–	793,040	18,241	811,282
Amortization of goodwill	129,682	243,852	373,535	–	373,535	–	373,535
Increase in property, plant and equipment and intangible assets	3,167,664	21,090	3,188,755	–	3,188,755	340,814	3,529,569

- (Notes) 1. “Other,” a segment not included in the reportable segments, includes securities investment, holding, and management activities.
2. Adjustments to segment income (loss) and segment assets represent the amount of inter-segment transactions eliminated and income, expenses and assets of the holding company.
3. Segment income (loss) is adjusted with operating income in consolidated financial statements.

(Per share data)

	Fiscal 2016 (from January 1, 2016 to December 31, 2016)	Fiscal 2017 (from January 1, 2017 to December 31, 2017)
Net asset value per share	¥387.04	¥537.10
Profit per share	¥49.40	¥83.74

(Notes) 1. Diluted profit per share is not recorded because there are no potential shares.

2. Net income per share is calculated based on the following:

	Fiscal 2016 (from January 1, 2016 to December 31, 2016)	Fiscal 2017 (from January 1, 2017 to December 31, 2017)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	2,208,321	3,743,805
Amount not available for common shareholders to common shares (thousands of yen)	–	–
Profit attributable to owners of parent related to common stock (thousands of yen)	2,208,321	3,743,805
Average outstanding shares of common stock during the period (shares)	44,705,147	44,705,125

(Significant subsequent events)

Not applicable.

5. Other

Orders received

(in thousands of yen)

	Fiscal 2016 (from January 1, 2016 to December 31, 2016)		Fiscal 2017 (from January 1, 2017 to December 31, 2017)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	24,047,454	7,520,947	29,209,807	9,621,750
Business Innovation Business	714,531	127,914	1,188,737	235,529
Total	24,761,985	7,648,861	30,398,544	9,857,280

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