

Press Release

Company name: Future Corporation
 Code: 4722, Tokyo Stock Exchange, Section I
 Representative: Yasufumi Kanemaru,
 Chairman and President, Group CEO
 Contact: Yoshihiko Nakajima, Executive Officer
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Notice Regarding Change to Equity Method Affiliate (Conversion to Consolidated Subsidiary)

Future Corporation (hereinafter referred to as “the Company”) hereby announces that, at a meeting of the Board of Directors held today, the Company resolved to wholly own dit Co., Ltd. (hereinafter referred to as “dit”), an equity method affiliate of the Company, by acquiring 624 shares in dit from SG SYSTEMS Co., Ltd., the second largest shareholder next to the Company, and entered into a share transfer agreement with SG SYSTEMS on the same day. Due to this share transfer, dit will become a specified subsidiary as the amount of capital stock of dit is expected to exceed 10% of that of Future Corporation.

1. Reasons for share acquisition

dit Co., Ltd. sells and develops products for stable network operation and network security, builds a system for those purposes, and provides IT security consulting and forensic services.

The day-to-day changes surrounding our customers’ IT systems call for more robust information security measures to ensure stable network operation and protect from cyberattacks. To strengthen our capability to cope with these customer needs, the Company decided to make dit a consolidated subsidiary by acquiring additional shares.

2. Outline of the subsidiary to be transferred

(1) Name	dit Co., Ltd.	
(2) Location	3-23-21 Toyo, Koto-ku, Tokyo	
(3) Position and name of Representative	Kaoru Mitsuhashi, Representative President	
(4) Business description	Distribution and development of products to enhance network operation and network security, as well as building a system for such a purpose Provision of information security consulting and forensic service	
(5) Capital stock	¥428 million	
(6) Date of foundation	December 9, 1985	
(7) Major shareholders and shareholding ratio	Future Corporation	48.55%
	SG SYSTEMS Co., Ltd.	14.73%
(8) Relationship between the Company and dit Co., Ltd.	Capital relationship	dit Co., Ltd. is an equity method affiliate of the Company that owns 48.55% of its shares.
	Personnel	Three employees of the Company have been

	relationship	concurrently assigned as Corporate Officer of dit Co., Ltd.	
	Business relationship	dit Co., Ltd. provides security services to subsidiaries of the Company.	
(9) Business performance and financial condition of dit Co., Ltd. for the most recent three years			
Fiscal year	Fiscal year ended December 2015	Fiscal year ended December 2016	Fiscal year ended December 2017
Net assets	¥605 million	¥587 million	¥667 million
Total assets	¥1,586 million	¥1,606 million	¥1,561 million
Net asset per share	¥142,344.14	¥138,722.55	¥157,538.85
Net sales	¥2,087 million	¥2,070 million	¥2,137 million
Operating income	¥61 million	¥130 million	¥75 million
Ordinary income	¥49 million	¥122 million	¥67 million
Profit	¥34 million	¥(57) million	¥120 million
Profit per share	¥8,120.77	¥(13,550.70)	¥28,495.95
Dividends per share	-	-	-

3. Overview of the party from which the shares will be acquired

(1) Company name	SG SYSTEMS Co., Ltd.	
(2) Address	25 Kamitoba-Tsunodacho, Minami-ku, Kyoto city	
(3) Name and title of Representative	Tomohiko Taniguchi, Representative Director and President	
(4) Details of business	Planning, design, development, maintenance and operation of information systems	
(5) Capital stock	¥350 million	
(6) Date of incorporation	February 17, 1983	
(7) Major shareholder and shareholding ratio	SG Holdings Co., Ltd. (100%)	
(8) Relationship between the Company and SG SYSTEMS Co., Ltd.	Capital relationship	Not applicable
	Personnel relationship	One employee of the Company has been assigned as Corporate Officer of SG SYSTEMS.
	Business relationship	A subsidiary of the Company provides IT consulting and related services to SG SYSTEMS.
	Applicable relationships with related parties	Not applicable

* Net assets and total assets of SG SYSTEMS are not available because they are undisclosed.

4. Status of the number of shares held prior to/after the acquisition

(1) Number of shares held prior to transfer	2,056 shares (Percentage of voting rights held: 48.55%)
(2) Number of shares acquired	624 shares

(3) Acquisition price	¥93 million
(4) Number of shares held after transfer	2,680 shares (Percentage of voting rights: 63.29%)

5. Schedule

(1) Date of resolution of the Board of Director Meeting	August 31, 2018
(2) Date of conclusion of share transfer agreement	August 31, 2018
(3) Date of share acquisition	September 11, 2018 (planned)

6. Future outlook

Any revisions to earnings forecast shall be promptly informed. However, we believe their impact on our consolidated performance for the fiscal year ending December 2018 is immaterial.

(Reference) Consolidated earnings forecast for the current period (announced on July 27, 2018) and earnings for the previous period

	Consolidated net sales	Consolidated operating income	Profit attributable to owners of parent
Consolidated earnings forecast for the current period (FY ending Dec. 2018)	¥37,900 million	¥5,170 million	¥3,530 million
Consolidated earnings for the previous period (FY ended Dec. 2017)	¥36,265 million	¥4,458 million	¥3,733 million

●Any questions relating to the above press release should be directed to:

Investor Relations, Future Corporation

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