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To whom it may concern:

Company name: Future Corporation  
Representative: Yasufumi Kanemaru, Chairman and President  
(Security code number: 4722  
First Section of Tokyo Stock Exchange)  
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## **Notice of consolidated results of first quarter of year ending December 2019**

### **1. Qualitative Information Regarding Quarterly Financial Results**

#### Explanation on Business Performance

The group's consolidated net sales in the first quarter came to 10,850 million yen, up 17.7% from a year ago, while operating income grew 31.3% on year to 1,791 million yen and quarterly profit attributable to owners of parent fell 22.6% to 1,063 million yen over the same period.

During the three-month period, net sales and operating income of IT Consulting & Service Business increased significantly as revenue and profit grew significantly from a-year-ago levels for Future Architect, Inc. and the technology division of Future Corporation. Operating results for many subsidiaries in Business Innovation Business also improved, reducing the segment operating loss. As a result of the above, group consolidated net sales and operating income grew 17.7% and 31.3% from a year ago, respectively. Operating margin expanded to 16.5% from a-year-ago level of 14.8%, although quarterly profit attributable to owners of parent decreased due to litigation-related extraordinary profit booked in the same period a year ago.

Details of the performance of each segment are as follows.

#### (1) IT Consulting & Service Business

Sales from next generation system development projects, ordered by growth companies mainly in apparel, media and distribution industries, which view IT systems spending as strategic investment necessary for business operation rather than mere costs, increased from a year ago for Future Architect, Inc. and the technology division of Future Corporation. Project margins and employee utilization rates improved thanks to enhanced quality control, flexible staff assignment, etc., leading to a year-on-year growth in operating income. The segment also worked on projects with new customers, including development of a system for the retail industry that automatically issues orders based on expected demand and another that can offer optimum makeup suggestions using an image analysis technology.

Future Inspace, Inc. increased both its sales and operating income year-on-year as maintenance and operation service deals for projects completed by Future Architect, Inc. and new development orders expanded.

Net sales at FutureOne, Inc. increased significantly as orders from relatively larger medium-sized companies for InfiniOne, its original sales management software package, and other products increased. This and improved employee utilization rates pushed up operating income significantly over the year-ago period.

YDC Corporation's net sales and operating income dropped from a year ago in the first quarter as it had a large deal involving YDC Sonar, a software program for analyzing product quality information, in the same period a year ago, but business-reform consulting service in the development and design field, logistics-related development projects, etc. remained brisk.

As a result, net sales of the segment increased 19.8% from a year ago to 9,287 million yen, while operating income came to 1,763 million yen, up 22.7% from a year ago. Margin for the segment also expanded to 19.0% from 18.5% a year ago.

## (2)Business Innovation Business

eSports Co., Ltd. struggled in winter products due to a warm winter, but net sales largely held steady from the year-ago level, supported by brisk sales of outdoor-related products. Operating result improved from the same period a year ago as goodwill amortization expired, despite IT system investment made during the period.

CodeCamp, Inc., which had operating loss in the year-ago period, turned operating profit thanks to a steady growth of the online programming course targeting individuals. LaiBlitz, Inc.'s net sales and operating income increased compared to the year-ago level as it gained a new customer, who is a professional baseball team.

A subsidiary, Tokyo Calendar Inc., which continued to enjoy popularity among users in their 30s and 40s who are highly interested in urban lifestyles, had high levels of page views and video access counts. However, while its services, including "Tokyo Calendar date," had larger net sales and income, but revenue from online advertisement underperformed the target. The company's net sales rose from the year-ago level but its operating loss increased slightly.

As a result, Business Innovation Business's operating results improved year-on-year, with net sales rising 4.8% to 1,581 million yen and operating loss shrinking to 66 million yen from the year-ago level of 85 million yen.

(Note) Segment result figures mentioned above are before adjusting for intersegmental sales and transfers.

## **2. Future plans**

### **(1) IT Consulting & Service Business**

Under the management policy aiming to design both management and IT, the Future Group has conducted business operations with a purpose to improve customers' abilities to respond to changes and enhance future value by implementing our ideal business vision on a real-time architecture. More recently, we have focused on how artificial intelligence may impact business and society and took our management policy forward to "designing management, IT and AI," and has since worked on projects to revolutionize customer services and operations early by introducing cutting-edge technologies, including AI and IoT, in actual projects.

As such efforts go on, Future Architect, Inc. is receiving increasing orders from large companies seeking to arm themselves with next-generation systems to realize full-blown digital strategies as they face challenge from global Internet companies. Going forward, we aim to steadily take these ordered projects to completion by taking advantage of our original project-monitoring and management methods (Future Navi and Futurefraqta) and deepen relationship with customers to become their long-term strategic partners in both management and IT.

In order to strengthen its strong position as an IT consulting company serving manufacturers, YDC Corporation aims to expand synergy with other Future Group companies in sales and technology by fully taking advantage of its new role as a wholly owned subsidiary of Future Corporation, which it became last year.

FutureOne, Inc. is receiving more orders for original software packages from not just medium-sized companies but also larger companies by strengthening its sales structure and taking advantage of the Future Group's network, and it aims to further boost orders and conduct efficient and high-quality development for ordered projects.

### **(2) Business Innovation Business**

Tokyo Calendar Inc., which is enjoying strong popularity among highly ambitious users in their thirties and forties, has started an effort to organize influencers from among these users and take advantage of them as a marketing platform. The company also aims to completely renew its paid subscriber service and develop new services that will take advantage of the Future Group's IT.

CodeCamp Inc. aims to increase its student base by expanding tie-ups with other companies, as in the example of our introductory programming and web production courses added to the course lineup of corresponding education company U-Can, Inc., and expand sales by addressing a wide range of needs in technology education through the addition of new curriculums for businesses on subjects including AI and data science. The company will also strive to expand its revenue base by expanding franchise operations of programming lessons for children.

eSports Co., Ltd. aims to boost sales and profits through measures including stepped-up

efforts on private-brand product development and the launch of a new e-commerce site. Using the Future Group's technologies, eSports will also improve efficiency and scientifically analyze price trends and trending products and services by renewing its core systems.

End

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