



# Consolidated Summary Report of Operating Results for Fiscal 2023 (Year Ended December 31, 2023) [Japan GAAP]

February 6, 2024

Company name: Future Corporation Listing: Tokyo Stock Exchange  
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 Scheduled date of annual general shareholders' meeting: March 27, 2024  
 Scheduled date for distributing dividend payments: March 28, 2024  
 Scheduled date for filing the securities report: March 28, 2024  
 Creation of supplemental material on financial results: No  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Amount rounded off to million yen)

## 1. Consolidated Results for Fiscal 2023 (January 1, 2023, to December 31, 2023)

### (1) Consolidated operating results

(Percentage figures indicate year-on-year changes.)

	Net sales		EBITDA*		Operating income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2023	59,324	10.4	15,012	11.4	13,700	12.1	9,221	(0.2)
Fiscal 2022	53,738	10.3	13,475	32.8	12,226	35.8	9,239	45.0

(Note) Comprehensive income Fiscal 2023: 10,044 million yen [77.5%] Fiscal 2022: 5,660 million yen [(3.8)%]

\* EBITDA = Operating income + Depreciation + Amortization of goodwill

	Profit per share	Return on equity (ROE)	Operating income margin
	Yen	%	%
Fiscal 2023	104.12	19.2	23.1
Fiscal 2022	104.34	21.3	22.8

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal 2023: 46 million yen

Fiscal 2022: 61 million yen

(Note) In FY2023, the Company confirmed the accounting treatment for a business combination that had been provisionally accounted for. Figures for FY2022 have been adjusted to reflect the confirmed accounting treatment.

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2023	66,043	51,387	77.8	580.10
Fiscal 2022	57,976	44,829	77.3	506.23

(Reference) Shareholders' equity Fiscal 2023: 51,387 million yen

Fiscal 2022: 44,829 million yen

(Note) In FY2023, the Company confirmed the accounting treatment for a business combination that had been provisionally accounted for. Figures for FY2022 have been adjusted to reflect the confirmed accounting treatment.

### (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 2023	7,568	(3,029)	(3,898)	28,215
Fiscal 2022	10,174	(1,009)	(3,017)	27,552

## 2. Cash dividends

	Dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2022	-	17.00	-	20.00	37.00	3,276	35.5	7.6
Fiscal 2023	-	20.00	-	20.00	40.00	3,543	38.4	7.4
Fiscal 2024 (forecast)	-	21.00	-	21.00	42.00		36.7	

(Note) Revisions to the most recently announced dividend forecast: None

## 3. Projected Consolidated Results for Fiscal 2024 (January 1, 2024, to December 31, 2024)

(Percentage figures indicate year-on-year changes.)

	Net sales		EBITDA		Operating income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months (accumulated total)	29,700	4.8	7,400	6.8	6,700	6.3	4,690	8.5	52.94
Full-year	63,000	6.2	15,500	3.2	14,500	5.8	10,150	10.1	114.58

### \* Notes

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies or estimates and retrospective restatements

(i) Changes in accounting policies in accordance with revisions of accounting standards: Yes

(ii) Changes in accounting policies other than item 1) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(Note) For more information, see "(5) Notes to consolidated financial statements (Changes in accounting policies)" in "4. Consolidated Financial Statements and Major Notes" on page 15 of the appendix.

(3) Number of outstanding shares (common stock)

(i) Total outstanding shares as of the end of the period (including treasury shares)	Fiscal 2023	95,328,000 shares	Fiscal 2022	95,328,000 shares
(ii) Total treasury shares as of the end of the period	Fiscal 2023	6,744,163 shares	Fiscal 2022	6,771,952 shares
(iii) Average number of outstanding shares during the period under review	Fiscal 2023	88,573,589 shares	Fiscal 2022	88,546,007 shares

(Reference) Overview of non-consolidated results

Non-consolidated Results for Fiscal 2023 (January 1, 2023, to December 31, 2023)

(1) Non-consolidated operating results

(Percentage figures indicate year-on-year changes.)

	Net sales		Operating revenue		Operating income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2023	2,344	(70.7)	13,727	208.9	11,634	96.3	10,240	98.3
Fiscal 2022	8,014	6.4	4,443	55.4	5,926	18.8	5,164	39.3

	Profit per share
	Yen
Fiscal 2023	115.61
Fiscal 2022	58.32

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal 2023	46,590	41,905	89.9	473.06
Fiscal 2022	40,838	34,344	84.1	387.82

(Reference) Shareholders' equity      Fiscal 2023: 41,905 million yen      Fiscal 2022: 34,344 million yen

\* This summary of annual financial results is outside the scope of auditing by a certified public accountant or an audit corporation.

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

Any forward-looking statement, including earnings forecasts, contained in this document is based on information currently held by the Company and assumptions the Company considers to be reasonable, and the Company does not promise to achieve any of them. Actual results may differ significantly from forecasts due to various uncertain factors.

○ Contents

1. Overview of Operating Results and Other .....	2
(1) Overview of operating results for fiscal 2023.....	2
(2) Overview of the financial position for fiscal 2023.....	3
(3) Overview of cash flows for fiscal 2023 .....	4
(4) Future outlook .....	5
(5) Dividend policy and dividends for the current and next year .....	6
2. The Future Group.....	7
3. Basic Approach to Selection of Accounting Standards.....	7
4. Consolidated Financial Statements and Major Notes.....	8
(1) Consolidated balance sheets .....	8
(2) Consolidated statements of income and comprehensive income .....	10
(3) Consolidated statements of changes in net assets .....	12
(4) Consolidated statements of cash flows .....	14
(5) Notes to consolidated financial statements .....	16
(Notes on premise of a going concern) .....	16
(Changes in accounting policies) .....	16
(Business Combinations) .....	16
(Segment information).....	17
(Per Share Information) .....	20
(Significant subsequent events) .....	21
5. Other .....	22

## 1. Overview of Operating Results and Other

### (1) Overview of operating results for fiscal 2023

(Overview of the fiscal year under review)

Consolidated results of the Group for the fiscal year under review (January 1, 2023, to December 31, 2023) were as follows:

Net sales	¥59,324 million	(up 10.4% year on year)
Operating income	¥13,700 million	(up 12.1% year on year)
Profit attributable to owners of parent	¥9,221 million	(down 0.2% year on year)

Looking at the economic environment during the current fiscal year under review, we saw companies continue to actively harness the power of IT to change their operations, such as promoting digital transformation (DX), implementing business reforms, and creating new digital services, despite global uncertainty, persistent inflation, and the increase of overseas interest rates. Companies are revamping their work styles and overall supply chains following the enforcement of the Work Style Reform Law, and accelerating the use of IT in areas related to ESG and the SDGs. These things boost IT investments in all sectors and fields. In terms of individual lifestyles, the use of IT-driven services, such as shopping at e-commerce sites, enjoying entertainment and sports on video and online, and accessing education and self-development services online, has become common, and various related services are being created.

Working against this backdrop, we won contracts from customers in a wide range of industries and made progress with large-scale projects that would contribute to medium-term growth. As a result, consolidated net sales and operating income for the current fiscal year under review increased year on year. On the other hand, profit attributable to owners of parent decreased slightly. This is a function of the recording of extraordinary income from the sale of investment securities in the previous fiscal year, and the recording of an impairment loss on fixed assets and loss on valuation of investment securities as extraordinary losses in the current fiscal year.

Details of the performance (net sales and operating income) of each segment are as follows.

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

Future Architect, Inc. (including the Technology Division of Future Corporation) continued to move ahead with various projects of customers in a wide range of industries and won contracts with them. They include designs of platforms for integrated data management of procurement, manufacturing, and quality control in retail, renovations of mission-critical systems of apparel companies, grand designs for advancing DX of a newspaper company group, and design/development relating to the revamping of mission-critical systems and IT infrastructures in the food wholesaling and public services.

In addition to that, the company made steady progress with the projects to introduce next-generation banking systems to regional financial institutions. The first one is at the final integration test phase toward release in the next fiscal year and the second one for another bank is at the developmental phase. These projects will contribute to the Company's medium-term growth. The company also made progress in the introduction of a loan support system FutureBANK at several financial institutions, and provided DX assistance to many companies including the logistics and apparel companies. Furthermore, as a result of ensuring quality control in implementing projects, its net sales and operating income increased year on year.

Future Inspace, Inc. performed steadily in development for system infrastructure renewal and cloud migration projects from existing customers, in addition to the provision of regular maintenance and operation services. As a result, net sales and operating income increased year on year.

Future One, Inc. worked on boosting orders for the sale of its original InfiniOne software package, the company's key product, through industry-specific sales strategies, mainly in the steel industry. On the other hand, orders received were sluggish due to a slowdown of IT investment by SMEs following the implementation of the invoice system in Japan (a consumption tax system that started in October 2023). As a result, net sales and operating income decreased year on year.

YDC Corporation saw continuous steady progress in developing new customers as well as cultivating existing customers, particularly in the manufacturing industry. In addition to these traditional system integration projects, it enjoyed an increase in orders led by the strategic planning phase, such as mission-critical system renovation and grand design consultation for the SmartFactory concept. Furthermore, it provided higher added value to customers and improved its profitability. As a result, net sales and operating income increased year on year.

While dit Co., Ltd. saw an increase in the sales ratio of cybersecurity-related services, such as vulnerability assessment, incident response and network security solutions, orders for services fell short of expectations and recruiting costs continued to occur, resulting in a decline in both net sales and operating income.

As a result, the segment saw both net sales and operating income increase to reach 50,817 million yen (up 11.5% year on year) and 13,705 million yen (up 6.2% year on year) respectively.

(ii) Business Innovation Business

YOCABITO CO., LTD. saw a recovery in gross margin ratio helped by per-product management with utilization of a digital platform, which was promoted from the current fiscal year, and strategic sales price setting. However, sales of fall and winter apparel were weaker than expected because of the warm winter, and the sales of outdoor goods were sluggish due to the increasingly competitive market, resulting in a decrease in net sales year on year and continued operating loss.

Tokyo Calendar Inc. saw a robust stream of revenue from its online services, such as Tokyo Calendar Date, and its advertising sales have got on a recover track. However, it incurred costs relating to the development of its new service Gourmet Calendar, resulting in an increase in net sales but a decrease in operating income year on year.

CodeCamp Co., Ltd. enjoyed an uptick in its corporate training business and reduced costs by improving operational efficiency, resulting in an increase in net sales and operating income year on year.

LaiBlitz, Inc. launched the esports business as a new initiative and held audition events. In terms of business performance, it started the projects of introducing FastBiz, a packaged membership management and e-commerce service for sports teams, to several professional baseball teams, leading to a year-on-year increase in both net sales and operating income.

CURIOSITY inc., newly consolidated from the second quarter of the fiscal year under review, is engaged in store design for luxury brands and interior design for hospitality (luxury hotels and high-end residences), as well as cosmetics and other products, mainly for overseas customers. During the fiscal year under review, it made steady progress in store design for luxury brands overseas, contributing to our business results.

As a result, the segment saw an increase in both net sales and operating income, with net sales totaling 8,385 million yen (up 1.3% year on year) and an operating loss standing at 144 million yen (down from an operating loss of 274 million yen for the same period last year).

Operating income under adjustments which post income and expenses of Future Corporation's holding company functions and eliminations of intersegment transactions in the reporting segment, was 263 million yen, an increase of 599 million yen year on year (up from an operating loss of 336 million yen for the same period last year). This was mainly due to the increased technical support fees that Future Corporation received through its IT consulting and services business.

(Note) Segment results mentioned above are before adjustment for intersegmental sales and transfers.

(2) Overview of the financial position for fiscal 2023

(Assets, liabilities and net assets)

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

Assets	¥66,043 million	(up 13.9% year on year)
Liabilities	¥14,656 million	(up 11.5% year on year)
Net assets	¥51,387 million	(up 14.6% year on year)

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

(i) Assets

Current assets were 44,237 million yen on a consolidated basis at the end of the fiscal year under review, up 5,401 million yen from the preceding year, and non-current assets amounted to 21,806 million yen, up 2,665 million yen, with total assets standing at 66,043 million yen, up 8,067 million yen. The main factors included an increase in cash and deposits (up 1,363 million yen) that was boosted by increase in profit, an increase in notes and accounts receivable - trade, and contract assets (up 1,646 million yen), and an increase in other current assets (up 3,138 million yen).

(ii) Liabilities

Current liabilities were 10,842 million yen at the end of the fiscal year under review, up 981 million yen from the preceding year, and non-current liabilities were 3,813 million yen, up 527 million yen. Hence, total liabilities came to 14,656 million yen, up 1,509 million yen. The main factors included an increase in deferred tax liabilities (up 525 million yen year on year) due to a rise in the market price of investment securities held, an increase in other current liabilities (up 785 million yen), and an increase in income taxes payable (up 301 million yen).

(iii) Net assets

Net assets were 51,387 million yen at the end of the fiscal year under review, up 6,557 million yen from the preceding year. The main factors included an increase in retained earnings (up 5,679 million yen) and an increase in valuation difference on available-for-sale securities (up 815 million yen).

(3) Overview of cash flows for fiscal 2023

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

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

Net cash from operating activities saw an inflow of 7,568 million yen in total (compared with an inflow of 10,174 million yen in the previous fiscal year), chiefly due to the posting of profit before income taxes of 13,194 million yen and depreciation of 1,147 million yen, despite income taxes paid amounting to 6,307 million yen.

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

Net cash from investing activities saw an outflow of 3,029 million yen (compared with an outflow of 1,009 million yen in the previous fiscal year), chiefly due to the posting of purchase of intangible assets of 1,335 million yen and purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,410 million yen.

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

Net cash from financing activities saw an outflow of 3,898 million yen (compared with an outflow of 3,017 million yen in the previous fiscal year), mainly reflecting cash dividends paid of 3,542 million yen.

(iv) Cash and cash equivalents at the end of the period

Cash and cash equivalents at the end of the fiscal year under review stood at 28,215 million yen, with an increase of 663 million yen resulting from operating, investing and financing activities.

#### (4) Future outlook

The Group's earnings forecast for the fiscal year ending December 31, 2024, is as follows.

Net sales	¥63,000 million	(up 6.2% year on year)
Operating income	¥14,500 million	(up 5.8% year on year)
Profit attributable to owners of parent	¥10,150 million	(up 10.1% year on year)

In the medium to long term, corporations will continue making aggressive investments in information technology as they move toward DX and adapt to changes in the ways people work, such as remote working, as well as address economic and social issues, including ESG factors and the SDGs.

The Group will strive to accurately grasp the needs of companies promoting these management reforms through IT, then leverage Group synergies to provide active and multilateral support in an effort to gain even further support from customers in many and diverse industries.

We will also continue to promote our measures concerning ESG and the SDGs, and support customers' environmental and decarbonization efforts.

Furthermore, by making effective use of intellectual property and conducting flexible strategic investments, including M&A, as the Group, we will evolve our business model and achieve further growth from the next fiscal year onward. In addition, the Group will also invest in developing a business foundation that will contribute to its future growth, such as continuous personnel recruitment, training and R&D.

As for M&A, we announced in January 2024 the business integration with Revamp Corporation. Revamp engages in operations focused on business support, digital transformation, and investment services to help client companies realize medium- to long-term growth, in line with its corporate philosophy of revitalizing companies from the core. Integrating the expertise Revamp has gained through working closely with client companies to implement management reforms with the Group's proficiency in designing and implementing corporate strategies and business processes using the latest technology, we will further enhance the problem-solving ability of the Group as a whole and accelerate its growth.

In terms of personnel recruitment, we will start, for the hiring of new graduates, Value Recruitment based on their experience and skills developed during their student years, applying a new compensation system with an increase in estimated annual salary. In addition, we will conduct various initiatives such as disseminating recruitment information on the Group's unique metaverse platform. Through these efforts, we will continue to attract new talent.

In tandem with this, the Group will strengthen its governance by strengthening internal communication within the Group and further improving the accuracy of its quality management.

Noteworthy events in each business segment are as follows.

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

Future Architect, Inc. has received orders for grand designs from customers implementing management reforms and mission-critical system renewals from diverse industries conscious of the advancement of DX. The company will ensure the implementation of these projects, while striving to acquire more orders from companies with investment demand, for example by providing customers with DX professional development programs.

It will also strengthen its provision of IT solutions that will contribute to solving long-standing issues, such as a next-generation banking system for the regional financial sector, GlyphFeeds for media, FutureApparel for apparel, and FutureLOGI for logistics, and bolster its initiatives aimed at medium- to long-term growth, such as supporting the realization of digitally sophisticated corporate strategies as a whole.

Furthermore, it will develop a framework that will lead the age to come by working to emphasize the acquisition of excellent talented people, investment in training, quality control, and project management.

Future Inspace, Inc. is looking to further improve development quality and hire/train employees with an eye to steadily increasing revenue, so that the stable development of several large-scale projects, such as system infrastructure renewal and cloud migration projects for existing customers, is ensured.

Future One, Inc. will continue to work on enhancing its product lineup while leveraging the strength of its original InfiniOne software package to boost orders through industry-specific sales strategies. It will



provide total solutions under an integrated manufacturing and sales system to enhance future value of its customers, all with an eye to higher revenue.

YDC Corporation will further focus on proposing SmartFactory solutions to the manufacturing industry and continuously stepping up efforts to propose solutions to new and existing customers by introducing such solutions to pilot customers, seeking to expand its customer contact reform business with a focus on SaaS services. In addition, it aims to acquire new projects in the logistics area by taking advantage of the Group synergy and contribute to the ESG sector through a consortium that pursues the ideal form of sustainability management. With these efforts, it will strive to increase revenue further.

In order to provide companies with a security life cycle that achieves zero trust, dit Co., Ltd. will strengthen its human resource strategy, including recruitment activity and internal training, and its cooperation with its subsidiary, Cyber Solutions, Inc. In addition, it will promote log analysis and the provision of crisis management services, focusing on security risk assessment, for further revenue growth.

(ii) Business Innovation Business

YOCABITO Co., Ltd. will continue to strive to recover its profitability by increasing the accuracy of analytics with the use of a digital platform, increasing operational efficiency through data-driven approach, and speeding up decision-making. It will also steadily promote the renewal of some private brands as a pillar of new growth.

Tokyo Calendar Inc. will further enhance customer attraction and user engagement by strengthening digital promotion by analyzing and utilizing user data. The company will also work on a seamless cooperation of monthly magazines and web media with its services including Tokyo Calendar Date and Gourmet Calendar to enhance exposure for further growth and aim to increase the overall profitability.

Following the previous year, CodeCamp Co., Ltd. will enhance its service for companies and local governments in consideration of the market needs, including DX professional development and reskilling. As for services for individual customers, it will properly identify individual learning needs and focus on the development of necessary courses, aiming to receive more orders.

Aiming to develop the esports industry itself, LaiBlitz, Inc. will build a data analysis system for esports with the Future Fastball development technology, which leverages data to strengthen teams, to create a world-class professional esports team, and publish some analytical data. Furthermore, it will incorporate the technologies and know-how acquired in the esports business into its systems for sports teams, aiming to contribute to the further expansion of customers' business.

CURIOSITY inc. will focus on the business of interior design for hospitality (luxury hotels and high-end residences), as such projects are large in size, and will continuously receive orders for store design of global brands in line with the global expansion of customers. At the same time, it will hire designers who understand and practice the CURIOSITY design philosophy and are globally capable.

(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 total dividend of 20.00 yen per share as a year-end dividend from surplus. The full fiscal year dividend comprising the year-end dividend and the previously paid interim dividend is expected to be 40.00 yen per share (consolidated dividend payout ratio of 38.4%).

Under the above-mentioned policy, we plan to pay an annual dividend of 42.00 yen per share (year-end dividend of 21.00 yen and interim dividend of 21.00 yen, consolidated dividend payout ratio of 36.7%) as a dividend from surplus for the next fiscal year.

## 2. The Future Group

The Group (the Company and its related companies) has introduced a holding company structure, and consists of 20 consolidated subsidiaries and three equity-method affiliates as of December 31, 2023.

The Company, as a holding company, establishes the Group's growth strategy, monitors management of the Group companies, and provides specialty services 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
Future One, 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
dit Co., Ltd. (subsidiary)	Security consulting and forensic services Sales of products for network operations and security
Innovation Laboratory, Inc. (subsidiary)	Provision of management consulting services to create innovation
Logizard Co., Ltd. (affiliate)	Development and sales of and support for cloud-based logistics and inventory management software (warehouse management system or WMS)

### (Business Innovation Business)

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

Company name:	Business activities
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
YOCABITO CO., LTD. (subsidiary)	Sales of sports, outdoor and fitness gear on the Internet
CodeCamp Co, Inc. (subsidiary)	Online and offline educational service including operation of the online programming school "CodeCamp"
LaiBlitz, Inc. (subsidiary)	Development of software related to sports and entertainment and operation of online services
CURIOSITY inc. (subsidiary)	Planning and production of commercial and industrial designs, and planning, development, design, and production of new products

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

- Major affiliated company  
Zeekstar Sports Entertainment, Inc. (subsidiary)  
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 adopt 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 millions of yen)

	Previous consolidated fiscal year (December 31, 2022)	Consolidated fiscal year under review (December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	26,652	28,015
Notes and accounts receivable – trade, and contract assets	8,549	10,195
Securities	1,000	200
Merchandise and finished goods	1,116	1,160
Work in process	22	31
Other	1,498	4,637
Allowance for doubtful accounts	(3)	(3)
Total current assets	38,835	44,237
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,815	1,869
Accumulated depreciation	(1,142)	(1,317)
Buildings and structures, net	673	552
Land	0	0
Other	3,107	3,115
Accumulated depreciation	(2,703)	(2,648)
Other, net	404	466
Total property, plant and equipment	1,078	1,020
Intangible assets		
Goodwill	401	1,083
Software	2,992	3,370
Customer-related assets	56	90
Technology-related assets	322	1,135
Other	5	4
Total intangible assets	3,777	5,684
Investments and other assets		
Investment securities	12,856	13,770
Lease and guarantee deposits	1,188	1,205
Deferred tax assets	-	0
Other	244	126
Allowance for doubtful accounts	(4)	(1)
Total investments and other assets	14,284	15,102
Total non-current assets	19,140	21,806
Total assets	57,976	66,043

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2022)	Consolidated fiscal year under review (December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,067	1,096
Accounts payable – other	1,810	1,604
Income taxes payable	2,280	2,582
Provision for bonuses	250	277
Provision for quality assurance	60	103
Provision for loss on projects	37	38
Other	4,354	5,140
Total current liabilities	9,860	10,842
Non-current liabilities		
Asset retirement obligations	356	357
Deferred tax liabilities	2,798	3,324
Other	130	132
Total non-current liabilities	3,285	3,813
Total liabilities	13,146	14,656
<b>Net assets</b>		
Shareholders' equity		
Capital	4,000	4,000
Capital surplus	37	84
Retained earnings	35,858	41,537
Treasury shares	(2,210)	(2,201)
Total shareholders' equity	37,685	43,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,123	7,938
Deferred gains or losses on hedges	(5)	(2)
Foreign currency translation adjustment	25	30
Total accumulated other comprehensive income	7,143	7,966
Total net assets	44,829	51,387
Total liabilities and net assets	57,976	66,043

## (2) Consolidated statements of income and comprehensive income

(in millions of yen)

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Net sales	53,738	59,324
Cost of sales	27,083	30,517
Gross profit	26,655	28,807
Selling, general and administrative expenses		
Directors' compensations	567	639
Salaries and bonuses	6,086	6,627
Other salaries	295	326
Rents	945	933
Training expenses	615	738
Research and development expenses	980	1,190
Depreciation	460	418
Recruiting expenses	767	958
Amortization of goodwill	31	163
Other	3,677	3,109
Total selling, general and administrative expenses	14,428	15,106
Operating income	12,226	13,700
Non-operating income		
Dividend income	338	317
Share of profit of entities accounted for using equity method	61	46
Other	15	55
Total non-operating income	415	419
Non-operating expenses		
Loss on investments in investment partnerships	34	27
Other	35	5
Total non-operating expenses	70	32
Ordinary income	12,571	14,087
Extraordinary income		
Gain on sale of investment securities	732	-
Other	-	0
Total extraordinary income	732	0
Extraordinary losses		
Loss on valuation of investment securities	40	490
Impairment loss	-	404
Total extraordinary losses	40	894
Profit before income taxes	13,264	13,194
Income taxes – current	4,028	4,103
Income taxes – deferred	(3)	(131)
Total income taxes	4,024	3,972
Profit	9,239	9,221
(Breakdown)		
Profit attributable to owners of parent	9,239	9,221

(in millions of yen)

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,588)	815
Deferred gains or losses on hedges	(6)	2
Foreign currency translation adjustment	15	4
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(3,579)	822
Comprehensive income	5,660	10,044
(Breakdown)		
Comprehensive income attributable to owners of parent	5,660	10,044
Comprehensive income attributable to non-controlling interests	-	-

## (3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from January 1, 2022, to December 31, 2022)

(in millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,000	-	29,299	(2,221)	31,078
Cumulative effects due to changes in accounting policies			64		64
Balance at the beginning of the current fiscal year reflecting changes in accounting policies	4,000	-	29,364	(2,221)	31,142
Changes of items during the period					
Dividends from surplus			(2,744)		(2,744)
Profit attributable to owners of parent			9,239		9,239
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		37		10	48
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	37	6,494	10	6,542
Balance at the end of the period	4,000	37	35,858	(2,210)	37,685

	Accumulated other comprehensive income				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	10,711	1	9	10,723	41,801
Cumulative effects due to changes in accounting policies					64
Balance at the beginning of the current fiscal year reflecting changes in accounting policies	10,711	1	9	10,723	41,865
Changes of items during the period					
Dividends from surplus					(2,744)
Profit attributable to owners of parent					9,239
Purchase of treasury shares					(0)
Disposal of treasury shares					48
Net changes of items other than shareholders' equity	(3,588)	(6)	16	(3,579)	(3,579)
Total changes of items during the period	(3,588)	(6)	16	(3,579)	2,963
Balance at the end of the period	7,123	(5)	25	7,143	44,829

Consolidated fiscal year under review (from January 1, 2023, to December 31, 2023)

(in millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	4,000	37	35,858	(2,210)	37,685
Changes of items during the period					
Dividends from surplus			(3,542)		(3,542)
Profit attributable to owners of parent			9,221		9,221
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		46		9	56
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	46	5,679	9	5,735
Balance at the end of the period	4,000	84	41,537	(2,201)	43,421

	Accumulated other comprehensive income				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	7,123	(5)	25	7,143	44,829
Changes of items during the period					
Dividends from surplus					(3,542)
Profit attributable to owners of parent					9,221
Purchase of treasury shares					(0)
Disposal of treasury shares					56
Net changes of items other than shareholders' equity	815	2	4	822	822
Total changes of items during the period	815	2	4	822	6,557
Balance at the end of the period	7,938	(2)	30	7,966	51,387



## (4) Consolidated statements of cash flows

(in millions of yen)

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Net cash provided by (used in) operating activities		
Profit before income taxes	13,264	13,194
Depreciation	1,218	1,147
Amortization of goodwill	31	163
Increase (decrease) in allowance for doubtful accounts	(71)	(14)
Increase (decrease) in provision for bonuses	6	27
Increase (decrease) in provision for quality assurance	25	43
Increase (decrease) in provision for loss on projects	37	1
Interest and dividend income	(340)	(322)
Interest expenses	0	1
Share of (profit) loss of entities accounted for using equity method	(61)	(46)
Loss (gain) on investments in investment partnerships	34	27
Foreign exchange losses (gains)	41	(33)
Loss (gain) on sale of investment securities	(732)	-
Loss (gain) on valuation of investment securities	40	490
Impairment loss	-	404
Decrease (increase) in notes and accounts receivable – trade and contract assets	(1,268)	(1,522)
Decrease (increase) in inventories	111	4
Increase (decrease) in accounts payable – trade	136	25
Increase (decrease) accounts payable – other	299	(290)
Decrease (increase) in other assets	(60)	(548)
Increase (decrease) in other liabilities	1,083	796
Subtotal	13,793	13,547
Interest and dividend income received	354	330
Interest expenses paid	(0)	(1)
Income taxes paid	(3,972)	(6,307)
Net cash provided by (used in) operating activities	10,174	7,568

(in millions of yen)

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Net cash provided by (used in) investing activities		
Purchase of securities	(1,100)	-
Proceeds from redemption of securities	2,000	100
Purchase of property, plant and equipment	(76)	(166)
Purchase of intangible assets	(1,693)	(1,335)
Payments for asset retirement obligations	(1)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(509)	(1,410)
Purchase of investment securities	(989)	(2)
Proceeds from sale of investment securities	1,432	8
Proceeds from redemption of investment securities	200	-
Payments for investments in capital	(279)	(211)
Payments for lease and guarantee deposits	(6)	(17)
Proceeds from collection of lease and guarantee deposits	11	1
Other	3	3
Net cash provided by (used in) investing activities	(1,009)	(3,029)
Net cash provided by (used in) financing activities		
Repayments of short-term loans payable	(13)	(117)
Repayments of long-term loans payable	(74)	(39)
Repayments of finance lease obligations	(172)	(198)
Cash dividends paid	(2,756)	(3,542)
Other	(0)	-
Net cash provided by (used in) financing activities	(3,017)	(3,898)
Effect of exchange rate changes on cash and cash equivalents	(26)	22
Net increase (decrease) in cash and cash equivalents	6,121	663
Cash and cash equivalents at the beginning of the period	21,430	27,552
Cash and cash equivalents at the end of the period	27,552	28,215

(5) Notes to consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change has no effect on the consolidated financial statements.

(Business Combinations)

Business combination by acquisition

The Company, at its Board of Directors meeting held on March 23, 2023, resolved that Future Investment Corp., a subsidiary of the Company, would acquire all shares of CURIOSITY inc. and make it a subsidiary. Future Investment Corp. entered into a share transfer agreement on April 3, 2023, and acquired all shares on April 21, 2023.

1. Overview of business combination

(1) Name and details of business of the acquired company

Name of the acquired company: CURIOSITY inc.

Details of business: Planning and production of commercial and industrial designs, and planning, design, and production of new products

(2) Main reasons for the business combination

By combining the Group’s technology and consulting capabilities of designing management and IT with CURIOSITY’s boundary-less design capabilities cultivated in real space, a tremendous increase in added value created by the entire Group is expected. Contribution to the development of new areas, such as business creation, is also anticipated. Furthermore, CURIOSITY’s potential to significantly expand the design domain will increase by adding new digital power to design capabilities in real space.

Judging that the acquisition would significantly contribute to enhancing the Group’s corporate value over the coming years, the Company decided to acquire shares of the company and make it a subsidiary.

(3) Date of business combination

April 21, 2023 (stock acquisition date)

April 1, 2023 (deemed acquisition date)

(4) Legal form of business combination

Acquisition of shares

(5) Name of the company after business combination

CURIOSITY inc.

(6) Percentage of voting rights acquired

100%

(7) Main basis for determining the company to be acquired

The Company’s consolidated subsidiary acquired the shares in exchange for cash.

2. Period of performance of the acquired company included in the consolidated financial statements

From April 1, 2023, to December 31, 2023

3. Acquisition cost for the acquired company and breakdown of the consideration by type

Consideration for the acquisition	Cash	2,220 million yen
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4. Details and amount of major acquisition-related expenses  
 Remuneration/fees, etc. for advisory services      96 million yen
5. Amount of goodwill arisen, reasons for it, and method and period of amortization  
 (1) Amount of goodwill arisen  
 846 million yen  
 The amount of goodwill has been fixed upon completion of the allocation of acquisition costs.  
 (2) Reasons for the goodwill arising  
 Due to the extra earning potential expected from the future development of business  
 (3) Method and period of amortization  
 Straight-line amortization over eight years
6. Amounts of assets accepted and liabilities assumed on the date of business combination and main breakdown thereof
- |                         |                          |
|-------------------------|--------------------------|
| Current assets          | 982 million yen          |
| Non-current assets      | <u>1,054 million yen</u> |
| Total assets            | <u>2,037 million yen</u> |
| Current liabilities     | 306 million yen          |
| Non-current liabilities | <u>357 million yen</u>   |
| Total liabilities       | <u>663 million yen</u>   |
7. Outline of contingent consideration for acquisition prescribed in the business combination agreement and accounting policy for future fiscal years  
 (1) Outline of contingent consideration for acquisition  
 Consideration for the acquisition does not include contingent consideration. If the conditions are met, the contract will incur a contingent consideration for acquisition (earn-out consideration) of up to 660 million yen, which has not yet been determined.  
 (2) Accounting policy  
 In the event of a change in the consideration for acquisition, the acquisition cost shall be deemed to have occurred at the time of acquisition and be revised. The amount of goodwill and amortization of goodwill shall be also revised.
8. Amounts allocated to intangible assets other than goodwill, breakdown by major type, and weighted average amortization period  
 Customer-related assets      105 million yen (amortization period: 2 years)  
 Technology-related assets      914 million yen (amortization period: 10 years)
9. Approximate amount of effects on the consolidated statements of income for the fiscal year under review assumed that the business combination consummated on the beginning of the fiscal year under review, and the method for calculating that amount  
 Details are omitted because such effects are not material in amount.

(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.

Intersegment sales and transfers are based on market prices.

3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Previous consolidated fiscal year (from January 1, 2022, to December 31, 2022)

(in millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in the financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
Sales to outside clients	45,487	8,204	53,691	46	53,738	-	53,738
Intersegment sales or transfer	106	69	176	381	558	(558)	-
Total	45,593	8,274	53,868	428	54,296	(558)	53,738
Segment profit (loss)	12,910	(274)	12,636	(72)	12,563	(336)	12,226
Segment assets	30,323	4,576	34,899	6,200	41,099	16,876	57,976
Other items							
Depreciation	1,021	132	1,153	16	1,170	47	1,218
Amortization of goodwill	10	21	31	-	31	-	31
Increase in property, plant and equipment and intangible assets	1,722	204	1,926	18	1,944	25	1,970

- (Note)
1. "Other" is a segment for operations not included in reportable segments. The segment covers an operation business of a handball team, and investment in, holding of, and management of securities.
  2. Adjustments to segment profit (loss) and segment assets represent the amount of intersegment transactions eliminated and income, expenses and assets of the holding company excluding the technology segment.
  3. Segment profit (loss) is adjusted with operating income in consolidated financial statements.

Consolidated fiscal year under review (from January 1, 2023, to December 31, 2023)

(in millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in the financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
Sales to outside clients	50,750	8,259	59,010	314	59,324	-	59,324
Intersegment sales or transfer	66	125	192	493	685	(685)	-
Total	50,817	8,385	59,202	807	60,010	(685)	59,324
Segment profit (loss)	13,705	(144)	13,561	(123)	13,437	263	13,700
Segment assets	30,918	5,127	36,046	7,553	43,600	22,443	66,043
Other items							
Depreciation	811	255	1,067	24	1,091	55	1,147
Amortization of goodwill	-	163	163	-	163	-	163
Increase in property, plant and equipment and intangible assets	1,476	144	1,621	44	1,665	45	1,711

- (Note)
1. "Other" is a segment for operations not included in reportable segments. The segment covers an operation business of a handball team, and investment in, holding of, and management of securities.
  2. Adjustments to segment profit (loss) and segment assets represent the amount of intersegment transactions eliminated and income, expenses and assets of the holding company excluding the technology segment.
  3. Segment profit (loss) is adjusted with operating income in consolidated financial statements.

(Per Share Information)

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Net assets per share	¥506.23	¥580.10
Profit per share	¥104.34	¥104.12

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

2. Profit per share is calculated based on the following:

	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)	Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)
Profit per share		
Profit attributable to owners of parent (millions of yen)	9,239	9,221
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	9,239	9,221
Average number of outstanding shares during the period under review (share)	88,546,007	88,573,589

## (Significant subsequent events)

### (Merger Agreement with Revamp Corporation)

The Company's Board of Directors, at its meeting held on January 24, 2024, resolved to enter into an agreement (the "Agreement") with Revamp Corporation (the "Revamp") for a merger as noted below. The Agreement was signed between the two companies on the same day. A summary is as follows.

#### 1. Outline of the Agreement

On January 24, 2024, the Company and Revamp entered into the abovementioned Agreement, under which the two companies will work together to take necessary steps that will enable the Company to buy, with the consent of Revamp's shareholders, all outstanding shares of Revamp (excluding the treasury stock held by Revamp, "Target Shares") in cash in order to make Revamp the Company's wholly owned subsidiary (the "Merger"). Revamp will purchase all of its stock acquisition rights before the Company acquires the Target Shares.

Under the Agreement, the Company consents to entering into a share transfer agreement with Revamp's shareholders to acquire the Target Shares, according to certain conditions, including that Revamp has purchased all of its stock acquisition rights, that Revamp's shareholders agree to transfer the Target Shares to the Company, and that Japanese competition authorities approve the transfer.

#### 2. Reasons for the Merger

The Group's mission is to develop corporate and IT strategies designed to maximize its clients' future value.

Revamp engages in operations focused on business support, digital transformation (DX), and investment services to help client companies realize medium- to long-term growth, in line with its corporate philosophy of revitalizing companies from the core.

The Group is seeing growing expectations from its client companies coping with economic and social challenges, such as a declining working-age population, ESG issues, and SDGs, while they try to keep up with the accelerating pace of DX. The addition of Revamp will enable the Group to integrate the expertise Revamp has gained through working closely with client companies to implement management reforms with the Group's proficiency in designing and implementing corporate strategies and business processes using the latest technology. This merger will further enhance the problem-solving ability of the Group as a whole and accelerate its growth.

#### 3. Overview of Revamp

Operating results and financial position of the company for the last three years (on a consolidated basis)

Fiscal year	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Net assets	5,865 million yen	7,013 million yen	8,686 million yen
Total assets	7,242 million yen	9,016 million yen	10,005 million yen
Net sales	7,673 million yen	9,826 million yen	8,916 million yen
Operating income	1,466 million yen	1,981 million yen	2,228 million yen
Ordinary income	1,377 million yen	1,921 million yen	2,270 million yen
Profit attributable to owners of parent	814 million yen	1,301 million yen	1,659 million yen

#### 4. Schedule of the Merger

(1) Board of Directors resolution date	January 24, 2024
(2) Date of agreement	January 24, 2024
(3) Scheduled date of stock acquisition	Late March 2024



5. Other  
Orders received

(in millions of yen)

Category	Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)		Consolidated fiscal year under review (From January 1, 2023, to December 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	47,957	14,106	53,308	16,663
Business Innovation Business	2,911	703	4,745	1,592
Total	50,868	14,809	58,053	18,256

Category	Third quarter of the consolidated fiscal year under review (from July 1, 2023 to September 30, 2023)		Fourth quarter of the consolidated fiscal year under review (From October 1, 2023, to December 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	15,225	18,339	11,055	16,663
Business Innovation Business	1,295	1,680	1,185	1,592
Total	16,520	20,020	12,241	18,256