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To Whom It May Concern

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Notice on Consolidated Earnings Results for the First Nine Months of Fiscal 2023 (Year Ending December 31, 2023)

1. Consolidated Earnings Results for the First Nine Months of Fiscal 2023 (Year Ending December 31, 2023)

Consolidated results of the Group for the first nine months under review (January 1, 2023 to September 30, 2023) were as follows:

Net sales	¥44,222 million (up 11.6% year on year)
Operating income	¥10,383 million (up 10.9% year on year)
Profit attributable to owners of parent	¥7,119 million (down 1.1% year on year)

Looking at the economic environment during the first nine months of the 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 developing 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 first nine months under review increased year on year. On the other hand, profit attributable to owners of parent decreased slightly, mainly due to the recording of gain on sale of investment securities as extraordinary income in the previous quarter.

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

(1) 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 the retail industry, renovations of mission-critical systems in the apparel industry, grand designs for advancing DX of a newspaper company group, and designs/development relating to the revamping of mission-critical systems and IT infrastructures in the food wholesaling and public service industries.

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 provided DX assistance to various companies in the logistics and other industries. 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 expanding existing customers while developing their demands, particularly in the manufacturing industry. In addition to these traditional SI, the company 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, due to an increase in the license sales of YDC SONAR® and other factors, its net sales and operating income increased year on year.

Orders for cybersecurity-related services of dit Co., Ltd., such as vulnerability assessment, incident response, and network security solutions, were slower than planned despite an increase in new project acquisition, and in terms of product sales, no orders were received in large-scale projects. While recruiting costs were also incurred continuously, net sales and operating income declined year on year.

As a result, the segment saw both net sales and operating income increase to reach 38,067 million yen (up 12.5% year on year) and 10,631 million yen (up 7.0% year on year) respectively.

(2) Business Innovation Business

YOCABITO Co., Ltd. saw a recovery in gross margin ratio as it cleared its slow-moving inventories to a certain extent, and utilized a digital platform to implement per-product appropriate profit management, product renewal and removal, and strategic sales price setting, etc., but saw net sales and operating income decrease year on year due to continued stagnant sales in its outdoor business in the fiercely competitive market.

While Tokyo Calendar Inc. saw a robust stream of revenue from magazines and advertising sales get on a recovery track, net sales increased but the operating income fell year on year due to costs relating to the development of its new service Gourmet Calendar.

While CodeCamp Co., Ltd. saw a decrease in sales from individual customers due to the reduction of advertisements, it continued to enjoy an uptick in its corporate training business. In addition, as a result of appropriate cost control, the company saw an increase in net sales and operating income year on year.

LaiBlitz, Inc. steadily worked on new development projects in the construction and restaurant industries, and more additional functional development for a sports team that introduced a packaged membership management service called FastBiz and a data analysis system called Fastball, leading to a year-on-year increase in both net sales and operating income.

As a result, the segment saw an increase in net sales and a decrease in operating income year on year, with net sales totaling 6,061 million yen (up 2.6% year on year) and an operating loss standing at 323 million yen (down from an operating loss of 307 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 199 million yen, an increase of 440 million yen year on year (up from an operating loss of 240 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 or transfers.

2. Future Outlook

(1) Group Strategies

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.

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.

(2) 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.

The company will also strengthen its provision of IT solutions that will contribute to solving long-standing issues facing an entire industry, such as a next-generation banking system for the regional financial sector, GlyphFeeds for the media sector, and FutureApparel for the apparel sector, bolstering 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. The company will aim at higher profits by providing total solutions under an integrated manufacturing and sales system toward the realization of customer-driven services.

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 the logistics area, the company will aim to acquire new projects by taking advantage of the Group synergy and further increase profits.

In order to provide companies with a security life cycle that achieves zero trust (a network security strategy based on the idea that there is no implicit trust), dit Co., Ltd. will strengthen its human resources through recruitment activities and internal training, and promote the provision of a log analysis service and crisis management service, with the focus placed on security risk assessment, for still more revenue growth.

(3) Business Innovation Business

YOCABITO Co., Ltd. will strive to improve the profitability by increasing the accuracy of analytics with the use of a digital platform and promoting a data-driven business operation from procurement to sales in a seamless manner. Furthermore, the company will promote the renewal of some private brands for the next fiscal year, further utilizing digital technology through consistent business management of manufacturing, procurement, sales, marketing and CRM.

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 achieve a seamless cooperation of monthly magazines and web media with its services including Tokyo Calendar Date and Gourmet Calendar and aim to increase the overall profitability.

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 individuals, the company was selected as a promoting company of the “Program to Support Career Advancement through Reskilling” led by the Ministry of Economy, Trade and Industry, which started in the quarter under review. Going forward, the company will further focus on reskilling businesses with the aim of increasing orders.

LaiBlitz, Inc. will launch a marketing support service that makes the best use of its packaged membership management service called FastBiz, taking advantage of marketing knowhow that was applied to the “2023 Paris Saint-Germain Handball Japan Tour.” The company will also expand its services not only for sports teams, but also for companies that want to generate higher customer engagement and grow their businesses.

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