



# Consolidated Summary Report of Operating Results for the Second Quarter of Fiscal 2021 (Year Ending December, 2021) [Japan GAAP]

July 30, 2021

Company name: Future Corporation      Shares listed on: First Section of Tokyo Stock Exchange  
 Securities code: 4722      URL: <https://www.future.co.jp>  
 Representative: Yasufumi Kanemaru, Chairman and President  
 Contact: Shinichi Iwata, Head of Financial & Accounting Group      TEL 03-5740-5724  
 Scheduled date for filing the quarterly report: August 12, 2021  
 Scheduled date for distributing dividend payments: September 17, 2021  
 Creation of supplemental material on quarterly financial results: No  
 Holding of financial results briefing: Yes (For institutional investors and analysts)

(Amount rounded off to million yen)

## 1. Consolidated Results for the Second Quarter of Fiscal 2021 (January 1, 2021 to June 30, 2021)

### (1) Consolidated operating results (cumulative)

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

	Net sales		Operating income		Quarterly profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
2Q Fiscal 2021	23,117	4.4	3,746	15.7	2,696	13.9
2Q Fiscal 2020	22,135	(0.4)	3,239	(2.9)	2,366	11.1

(Note) Comprehensive income      2Q Fiscal 2021: 3,146 million yen (-31.9%)      2Q Fiscal 2020: 4,620 million yen (73.7%)

	Profit per share
	Yen
2Q Fiscal 2021	60.94
2Q Fiscal 2020	53.14

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q Fiscal 2021	51,867	40,085	77.3	905.61
Fiscal 2020	49,823	38,228	76.6	862.89

(Reference) Shareholders' equity      2Q Fiscal 2021: 40,085 million yen      Fiscal 2020: 38,175 million yen

## 2. Dividends

	Dividends per share (yen)				
	End of the first quarter dividend	End of the second quarter dividend	End of the third quarter dividend	Period-end dividend	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	20.00	—	20.00	40.00
Fiscal 2021	—	23.00			
Fiscal 2021 (Forecast)			—	23.00	46.00

(Note) Revisions from the dividend forecast published most recently: Yes

## 3. Projected Consolidated Results for Fiscal 2021 (January 1, 2021 to December 31, 2021)

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

	Net sales		Operating income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	48,500	9.5	8,000	52.8	5,500	44.9	124.28

(Note) Revisions from the earnings forecast published most recently: Yes

\* Notes

- (1) Changes in significant subsidiaries during the quarter under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of accounting treatment particular to the preparation of quarterly consolidated financial statements: None
- (3) Change in accounting policies or estimates and retrospective restatements
  - 1) Change in accounting policies in accordance with revision of accounting standards: None
  - 2) Change in accounting policies other than item 1) above: None
  - 3) Change in accounting estimates: None
  - 4) Retrospective restatements: None

(4) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury shares)	2Q Fiscal 2021	47,664,000 shares	Fiscal 2020	47,664,000 shares
2) Total treasury shares as of the end of the period	2Q Fiscal 2021	3,400,671 shares	Fiscal 2020	3,422,611 shares
3) Average number of outstanding shares during the period under review	2Q Fiscal 2021	44,246,241 shares	2Q Fiscal 2020	44,543,772 shares

\* This summary of quarterly financial results is outside the scope of quarterly reviews 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 as 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. Qualitative Information Regarding Financial Results for the First Quarter under Review.....	2
(1) Explanations for operating results.....	2
(2) Explanation on qualitative information about consolidated earnings forecast .....	3
2. Quarterly Consolidated Financial Statements and Main Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Consolidated quarterly statements of income and comprehensive income .....	6
(First six-month period).....	6
(3) Consolidated quarterly statements of cash flows .....	8
(4) Notes to quarterly consolidated financial statements .....	9
(Notes on premise of a going concern).....	9
(Notes on any significant change in shareholders' equity).....	9
(Segment information) .....	9
3. Supplementary Information.....	10
Orders received .....	10

## 1. Qualitative Information Regarding Financial Results for the First Quarter under Review

### (1) Explanations for operating results

Consolidated net sales for the first six months were 23,117 million yen, up 4.4% year on year; consolidated operating income for the period was 3,746 million yen, up 15.7% year on year; and consolidated profit for the period attributable to owners of parent was 2,696 million yen, up 13.9% year on year.

Looking at the economic environment during the first half of the consolidated fiscal year under review, we saw companies accelerating efforts to drastically change their operations, such as implementing business reforms and developing new digital services. Amid the ongoing COVID-19 pandemic, companies became more aware of challenges in digital transformation (DX), necessitating a revamping of their supply chains and teleworking, while the need for information technology and digitalization became greater than ever across all industries and fields. In terms of individual lifestyles, the use of information technology became even more widespread as more people shopped via e-commerce sites, enjoyed entertainment and sports on video and online, and took advantage of education and self-development opportunities via online services. At the same time, outdoor leisure activities such as camping continued to gain popularity, reflecting changing lifestyles.

Under those conditions, consolidated net sales for the first six-month period increased 4.4% year on year. Consolidated operating income grew 15.7% year on year. Consolidated profit attributable to owners of parent rose 13.9% year on year.

Details of the performance of each segment are as follows.

#### 1) IT Consulting & Service Business

Future Architect, Inc. (including the technology division of Future Corporation) saw a steady stream of orders coming in for DX projects from a wide variety of customers. These included the development of a mission-critical system designed to accelerate digital commerce for the apparel industry as well as the manufacturing industry's first fully automated system using AI and IoT technology, and the provision of highly effective AI technology to improve operations in various industries. In addition to that, the company made steady progress with projects that would contribute to its medium-term growth, such as a project for introducing next-generation banking systems to regional financial institutions and projects for reforming mission-critical systems for staffing service providers. Thanks to these efforts, net sales were up over the same period for the previous fiscal year. The company also saw a substantial year-on-year increase in operating income as it focused on ensuring quality control to improve profitability.

Future Inspace, Inc. stably acquired commissioned maintenance and operation projects in cooperation with Future Architect, Inc. As a result, net sales edged up slightly year on year, but operating income declined due to sluggish orders for new development projects.

Future One, Inc. recorded a year-on-year decrease in both net sales and operating income as it focused on the replanning and recovery of system integration (SI) projects for its original packaged software for sales management.

Both net sales and operating income of YDC Corporation declined year on year, due to a decrease in SI projects.

Both net sales and operating income of dit Co., Ltd. rose significantly year on year. It saw an increase in orders for vulnerability assessment, computer forensics, incident response, and other cyber security-related services to deal with the growing number of cyber attacks, as well as a steady stream of orders for network construction-related services designed to improve the ICT environment.

As a result, net sales of the Segment increased to 18,501 million yen (up 2.6% year on year) while operating income grew substantially to total 3,540 million yen (up 15.6% year on year).

#### 2) Business Innovation Business

Both net sales and operating income of eSPORTS Co., Ltd. rose sharply year on year due to strong demand for camping, fishing, and other outdoor activities suited to the new lifestyle as well as an increase in the lines of private label products it had been continuously introducing to the market.

CodeCamp Inc. saw net sales jump year on year due to an increase in orders from corporations shifting from group training to online training, but operating income remained flat as a result of prioritizing R&D investments.

Both net sales and operating income of Tokyo Calendar Inc. rose substantially year on year due to stable revenue from Internet services including Tokyo Calendar Date, growth in magazine and advertising sales, and ongoing cost controls.

Both net sales and operating income of LaiBlitz, Inc. fell year on year due to a decrease in new orders received from professional baseball clubs, etc.

As a result, both net sales and operating income of the Segment increased to 4,669 million yen (up 12.8% year on

Consolidated Summary Report of Operating Results of Future Corporation (4722) for the Second Quarter of Fiscal 2021 (Year ending December, 2021) year) and 224 million yen (up 7.6% year on year) respectively.

(Notes) Segment result figures mentioned above are before adjustment for intersegmental sales and transfers.

(2) Explanation on qualitative information about consolidated earnings forecast

In light of recent business trends, the Board of Directors decided at a meeting held on July 30, 2021 to revise the earnings forecast for fiscal 2021 (January 1, 2021 to December 31, 2021), which was announced on February 4, 2021 along with the financial results for fiscal 2020. For more information, please refer to the "Notice Regarding Revision to Full-Year Earnings Forecast, Distribution of Surplus, and Revision of Dividend Forecast" published today.

## 2. Quarterly Consolidated Financial Statements and Main Notes

## (1) Quarterly Consolidated Balance Sheets

	(in thousands of yen)	
	Previous consolidated fiscal year (December 31, 2020)	Second quarter under review (June 30, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	15,110,388	18,353,093
Notes and accounts receivable – trade	7,884,666	6,514,911
Securities	1,000,006	1,001,175
Merchandise and finished goods	1,075,525	957,680
Work in process	15,775	39,567
Other	1,352,733	1,318,079
Allowance for doubtful accounts	(3,000)	(3,000)
<b>Total current assets</b>	<b>26,436,095</b>	<b>28,181,507</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,656,638	1,637,318
Accumulated depreciation	(1,007,547)	(967,769)
Buildings and structures, net	649,091	669,549
Land	855	855
Other	2,794,921	2,853,574
Accumulated depreciation	(2,266,482)	(2,384,543)
Other, net	528,438	469,030
<b>Total property, plant and equipment</b>	<b>1,178,384</b>	<b>1,139,435</b>
<b>Intangible assets</b>		
Goodwill	138,378	118,555
Software	1,591,245	1,719,784
Customer-related assets	416,000	312,000
Other	5,361	4,865
<b>Total intangible assets</b>	<b>2,150,985</b>	<b>2,155,205</b>
<b>Investments and other assets</b>		
Investment securities	18,431,595	19,015,389
Lease and guarantee deposits	1,436,115	1,223,507
Deferred tax assets	18,463	8,446
Other	250,641	221,881
Allowance for doubtful accounts	(78,881)	(77,381)
<b>Total investments and other assets</b>	<b>20,057,933</b>	<b>20,391,842</b>
<b>Total non-current assets</b>	<b>23,387,303</b>	<b>23,686,483</b>
<b>Total assets</b>	<b>49,823,398</b>	<b>51,867,991</b>

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2020)	Second quarter under review (June 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,028,501	1,077,453
Current portion of long-term loans payable	3,320	-
Accounts payable – other	1,306,849	1,410,565
Income taxes payable	764,400	1,074,626
Provision for bonuses	257,487	237,336
Provision for quality assurance	61,646	52,091
Provision for loss on projects	13,285	23,307
Other	3,041,342	2,643,276
Total current liabilities	6,476,832	6,518,656
Non-current liabilities		
Asset retirement obligations	351,613	350,093
Deferred tax liabilities	4,615,063	4,757,219
Other	151,138	156,568
Total non-current liabilities	5,117,815	5,263,881
Total liabilities	11,594,648	11,782,538
Shareholders' equity		
Shareholders' equity		
Capital stock	4,000,000	4,000,000
Capital surplus	21,333	-
Retained earnings	25,150,606	26,644,391
Treasury shares	(2,235,662)	(2,221,059)
Total shareholders' equity	26,936,278	28,423,331
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,229,849	11,643,906
Deferred gains or losses on hedges	(4,185)	6,646
Foreign currency translation adjustment	13,485	11,568
Total accumulated other comprehensive income	11,239,149	11,662,121
Non-controlling interests	53,323	-
Total net assets	38,228,750	40,085,452
Total liabilities and net assets	49,823,398	51,867,991

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

(First six-month period)

(in thousands of yen)

	First six months of the previous consolidated fiscal year (from January 1, 2020 to June 30, 2020)	First six months of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021)
Net sales	22,135,781	23,117,551
Cost of sales	12,739,861	12,720,091
Gross profit	9,395,920	10,397,460
Selling, general and administrative expenses		
Directors' compensations	257,746	283,170
Salaries and bonuses	2,354,403	2,797,401
Training expenses	275,274	332,118
Research and development expenses	278,484	254,301
Depreciation	192,237	154,191
Recruiting expenses	249,171	156,054
Other	2,549,468	2,673,939
Total selling, general and administrative expenses	6,156,785	6,651,176
Operating income	3,239,134	3,746,283
Non-operating income		
Interest income	417	535
Dividend income	71,697	107,708
Share of profit of entities accounted for using equity method	9,340	15,070
Foreign exchange gains	1,191	264
Other	3,530	19,072
Total non-operating income	86,176	142,651
Non-operating expenses		
Interest expenses	198	45
Total non-operating expenses	198	45
Ordinary income	3,325,112	3,888,890
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	6,376
Gain on sales of investment securities	93,278	974
Total extraordinary income	93,278	7,351
Extraordinary losses		
Loss on valuation of investment securities	-	16,263
Total extraordinary losses	-	16,263
Profit before income taxes	3,418,390	3,879,978
Total income taxes	1,026,278	1,156,405
Profit	2,392,112	2,723,573
(Comprehensive income attributable to)		
Quarterly profit attributable to owners of parent	2,366,987	2,696,479
Quarterly profit attributable to non-controlling interests	25,125	27,094



	(in thousands of yen)	
	First six months of the previous consolidated fiscal year (from January 1, 2020 to June 30, 2020)	First six months of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,227,841	414,056
Deferred gains or losses on hedges	(188)	10,832
Foreign currency translation adjustment	187	447
Share of other comprehensive income of entities accounted for using equity method	330	(2,364)
Total other comprehensive income	2,228,170	422,972
Quarterly profit	4,620,282	3,146,545
(Comprehensive income attributable to)		
Quarterly profit attributable to owners of parent	4,595,157	3,119,451
Quarterly profit attributable to non-controlling interests	25,125	27,094

## (3) Consolidated quarterly statements of cash flows

	(in thousands of yen)	
	First six months of the previous consolidated fiscal year (from January 1, 2020 to June 30, 2020)	First six months of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,418,390	3,879,978
Depreciation	523,366	463,706
Increase (decrease) in allowance for doubtful accounts	(1,636)	(1,500)
Increase (decrease) in provision for bonuses	8,169	(20,151)
Increase (decrease) in provision for quality assurance	209	(9,555)
Increase (decrease) in provision for loss on projects	405,903	10,022
Interest and dividend income	(72,114)	(108,244)
Interest expenses	198	45
Share of (profit) loss of entities accounted for using equity method	(9,340)	(15,070)
Loss (gain) on sales of investment securities	(93,278)	(974)
Loss (gain) on valuation of investment securities	-	16,263
Loss (gain) on sale of shares of subsidiaries and associates	-	(6,376)
Decrease (increase) in notes and accounts receivable – trade	518,216	1,369,755
Decrease (increase) in inventories	(648,858)	94,053
Increase (decrease) in accounts payable – trade	(262,761)	48,951
Other	(138,485)	(261,618)
Subtotal	3,647,979	5,459,284
Interest and dividend income received	72,114	109,486
Interest expenses paid	(283)	(45)
Income taxes paid	(998,421)	(729,173)
Net cash provided by (used in) operating activities	2,721,389	4,839,553
<b>Cash flows from investing activities</b>		
Purchase of securities	-	(102,251)
Proceeds from redemption of securities	-	100,000
Purchase of property, plant and equipment	(111,383)	(106,565)
Purchase of intangible assets	(252,631)	(332,741)
Proceeds from sales of shares of subsidiaries and associates	-	13,200
Purchase of investment securities	(50,000)	-
Proceeds from sales of investment securities	99,900	3,811
Payments for lease and guarantee deposits	(15,874)	(5,487)
Proceeds from collection of lease and guarantee deposits	601	217,918
Proceeds from sales of golf club membership	-	16,354
Other	1,767	1,500
Net cash provided by (used in) investing activities	(327,620)	(194,261)
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(8,692)	(3,320)
Repayments of finance lease obligations	(40,710)	(68,124)
Redemption of bonds	(8,000)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(450,000)
Purchase of treasury shares	(758,502)	-
Cash dividends paid	(938,056)	(884,844)
Net cash provided by (used in) financing activities	(1,753,961)	(1,406,289)
Effect of exchange rate changes on cash and cash equivalents	1,665	3,702
Net increase (decrease) in cash and cash equivalents	641,473	3,242,705
Cash and cash equivalents at the beginning of the period	14,929,901	16,010,388
Cash and cash equivalents at the end of the period	15,571,374	19,253,093

## (4) Notes to quarterly consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Notes on any significant change in shareholders' equity)

During the second quarter of the current consolidated fiscal year, the Company acquired additional shares of its consolidated subsidiary, CodeCamp Inc. As a result, capital surplus became a negative value after it was reduced by 369,582 thousand yen, so the negative value was deducted from retained earnings.

(Segment information)

[Segment information]

I First six months of the previous consolidated fiscal year (from January 1, 2020 to June 30, 2020)

## 1. Information on the amounts of net sales, and profit or loss by reportable segment

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in quarterly consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
(1) Sales to outside clients	18,016,416	4,119,345	22,135,761	20	22,135,781	—	22,135,781
(2) Inter-segment sales or transfer	14,241	19,757	33,999	—	33,999	(33,999)	—
Total	18,030,657	4,139,103	22,169,761	20	22,169,781	(33,999)	22,135,781
Segment profit (loss)	3,061,727	209,178	3,270,906	(10,620)	3,260,285	(21,151)	3,239,134

(Notes) 1. "Other" is a segment for operations not included in reportable segments. The segment covers investment in, holding of, and management of securities.

- Adjustments for segment profit (loss) represent the amount of intersegment transactions eliminated, and income and expenses of the holding company (excluding its technology division).
- Segment profit (loss) is adjusted with operating income stated in quarterly consolidated financial statements.

II First six months of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021)

## 1. Information on the amounts of net sales, and profit or loss by reportable segment

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in quarterly consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
(1) Sales to outside clients	18,474,074	4,637,914	23,111,989	5,562	23,117,551	—	23,117,551
(2) Inter-segment sales or transfer	27,347	31,960	59,308	107,433	166,742	(166,742)	—
Total	18,501,422	4,669,875	23,171,298	112,995	23,284,293	(166,742)	23,117,551
Segment profit (loss)	3,540,210	224,978	3,765,189	39,044	3,804,233	(57,949)	3,746,283

(Notes) 1. "Other" is a segment for operations not included in reportable segments. The segment covers investment in, holding of, and management of securities.

- Adjustments for segment profit represent the amount of intersegment transactions eliminated, and income and expenses of the holding company (excluding its technology division).
- Segment profit is adjusted with operating income stated in quarterly consolidated financial statements.

## 3. Supplementary Information

## Orders received

(in thousands of yen)

Category	First six months of the previous consolidated fiscal year (from January 1, 2020 to June 30, 2020)		First six months of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	15,921,402	10,428,710	20,612,413	11,654,844
Business Innovation Business	1,039,501	335,636	1,122,501	453,384
Total	16,960,904	10,764,347	21,734,914	12,108,228

Category	First quarter of the consolidated fiscal year under review (from January 1, 2021 to March 31, 2021)		Second quarter of the consolidated fiscal year under review (from April 1, 2021 to June 30, 2021)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	9,445,176	10,045,676	11,167,237	11,654,844
Business Innovation Business	584,399	516,287	538,101	453,384
Total	10,029,576	10,561,964	11,705,338	12,108,228