

2. Cash Dividends

	Dividends per share					Annual dividends (total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter dividend	End of second quarter dividend	End of third quarter dividend	Period-end dividend	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2020	—	20.00	—	20.00	40.00	1,769	46.8	5.2
Fiscal 2021	—	23.00	—	28.00	51.00	2,257	35.4	5.6
Fiscal 2022 (Forecast)	—	15.00	—	15.00	30.00		36.1	

(Note) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. The dividend amount for fiscal 2020 and fiscal 2021 is the actual dividend amount before the stock split was conducted.

3. Projected Consolidated Results for Fiscal 2022 (January 1, 2022 to December 31, 2022)

(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
First six months (accumulated total)	26,500	14.6	5,000	33.5	3,500	29.8	39.54
Full-year	55,500	14.0	10,500	16.7	7,350	15.4	83.03

(Note) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. Profit per share in the Projected Consolidated Results for Fiscal 2022 takes into account the effect of the stock split.

* 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) 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
- (3) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury shares)	Fiscal 2021	95,328,000 shares	Fiscal 2020	95,328,000 shares
2) Total treasury shares as of the end of the period	Fiscal 2021	6,801,478 shares	Fiscal 2020	6,845,222 shares
3) Average number of outstanding shares during the period under review	Fiscal 2021	88,509,695 shares	Fiscal 2020	88,783,509 shares

(Note) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. “Total outstanding shares as of the end of the period,” “Total treasury shares as of the end of the period,” and “Average number of outstanding shares during the period under review” are computed on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Reference) Overview of non-consolidated results

Non-consolidated Results for Fiscal 2021 (January 1, 2021 to December 31, 2021)

(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 2021	7,532	39.7	2,860	(17.3)	4,989	5.9	3,708	(10.6)
Fiscal 2020	5,393	25.4	3,460	(27.8)	4,709	(17.2)	4,146	(23.6)

	Profit per share
	yen
Fiscal 2021	41.90
Fiscal 2020	46.71

(Note) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. Profit per share is computed based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million ye	Million ye	%	yen
Fiscal 2021	43,467	35,468	81.6	400.66
Fiscal 2020	41,118	34,113	83.0	385.54

(Reference) Shareholders' equity Fiscal 2021: 35,468 million yen Fiscal 2020: 34,113 million yen

(Note) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. Net assets per share is computed based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* 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.

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1. Overview of Operating Results and Other

(1) Overview of operating results for Fiscal 2021

(Overview of the fiscal year under review)

Consolidated results of the Group for the fiscal year under review (January 1, 2021 to December 31, 2021) were as follows:

Net sales	48,698 million yen	(up 9.9% year on year)
Operating income	9,000 million yen	(up 71.9% year on year)
Profit attributable to owners of parent	6,369 million yen	(up 67.8% year on year)

During the fiscal year under review, we saw companies implementing management innovation, including operational reform and development of new digital services more actively. Companies became more aware of challenges in digital transformation (DX) in response to COVID-19 countermeasures, etc., necessitating a revamping of their supply chains and teleworking, while the efforts to adopt information technology and digitalization were accelerated across all industries 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, have spread widely. At the same time, camping and other outdoor leisure activities continued to be popular.

In these circumstances, thanks to steady orders received for DX projects, etc., strict quality management and emphasizing appropriate value, consolidated net sales, operating income, and profit attributable to owners of parent all stood at a record high.

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) saw a steady stream of orders coming in for 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 energy industry's first fully automated system using AI and IoT technology, and the development of digital infrastructure using our proprietary AI technology for the retail and logistics 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 and wholesalers. Thanks to these efforts, net sales were up over the same period for the previous fiscal year. The company also saw a sharp increase in operating income, mainly due to strict quality control and revenue management, and the pursuit of value of its IT systems.

Future Inspace, Inc. stably acquired commissioned maintenance and operation projects in cooperation with Future Architect, Inc., and continued to receive orders for new development projects. As a result, net sales and operating income increased year on year.

Future One, Inc., undertook optimization in customizing "InfiniOne," its original package software, while strengthening channels with outside sales partners, etc. As a result, its net sales and operating income increased year on year.

YDC Corporation endeavored to expand its customer base in the logistics field by providing unique know-how to the Group's customers. However, due to a decrease in SI projects, net sales and operating income decreased year on year.

Both net sales and operating income of dit Co., Ltd. rose year on year. The company received favorable orders for vulnerability assessment, computer forensics, incident response, and other cyber security-related services, as well as a steady stream of orders for network construction-related services designed to improve the information and communications technology (ICT) environment.

As a result, net sales of the segment increased to 39,258 million yen (up 10.6% year on year) and operating income grew substantially to 8,925 million yen (up 82.1% year on year).

(2) Business Innovation Business

eSPORTS Co., Ltd. made active investment in online sales of outdoor products which make outdoor activities more enjoyable, resulting in an increase in sales mainly of its private brand QUICKCAMP. However, net sales grew but operating income fell on a year-on-year basis because of temporary expenses including those for renovating the infrastructure system of its EC site and fees incurred from changing the corporate name from eSPORTS Co., Ltd. to YOCABITO CO., LTD. in March 2022.

CodeCamp, Inc. saw an increase in orders received from corporations by capturing their demand for shifting from group training to online training, offset by a decrease in individual orders due mainly to the entry of competitors. The company also made active investment for curriculum development and advertisement to enhance recognition, resulting in a decrease in net sales and operating income year on year.

Both net sales and operating income of Tokyo Calendar Inc. rose year on year significantly due to stable revenue from Internet services including Tokyo Calendar Date, growth in magazine and advertisement sales, and efforts to monetize investment and convert it into profit more effectively.

Both net sales and operating income of LaiBlitz, Inc. were unchanged from the previous fiscal year. This was due to a decrease in sales for existing customers, despite the efforts to provide various sports-related data and a video management service which resulted in an acquisition of new customers.

As a result, this segment's net sales increased to 9,596 million yen (up 7.7% year on year) but operating income fell to 413 million yen (down 10.7% year on year).

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

(2) Overview of the financial position for fiscal 2021

Assets, liabilities and net assets

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

Assets	54,483 million yen	(up 9.4% year on year)
Liabilities	12,682 million yen	(up 9.4% year on year)
Net assets	41,801 million yen	(up 9.3% year on year)

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

1) Assets

Current assets were 32,112 million yen on a consolidated basis at the end of the fiscal year under review, up 5,676 million yen from the preceding year, and non-current assets amounted to 22,371 million yen, down 1,015 million yen, with total assets standing at 54,483 million yen, up 4,660 million yen. The main factors included a decline in the market price of investment securities in investments and other assets (down 734 million yen), offset mainly by an increase in cash and deposits (up 5,419 million yen) that was boosted by increase in profit and an increase in short-term securities (up 899 million yen).

2) Liabilities

Current liabilities were 7,906 million yen at the end of the fiscal year under review, up 1,429 million yen from the preceding year, and non-current liabilities were 4,775 million yen, down 342 million yen. Hence, total liabilities came to 12,682 million yen, up 1,087 million yen. The main factors included a decrease in deferred tax liabilities (down 336 million yen year on year) due to a decline in the market price of investment securities held, offset by an increase in income taxes payable (up 1,451 million yen) due to a substantial increase in profit before income taxes.

3) Net assets

Net assets were 41,801 million yen at the end of the fiscal year under review, up 3,572 million yen from the preceding year. The main factors included a decrease in valuation difference on available-for-sale securities (down 517 million yen), offset by an increase in retained earnings (up 4,149 million yen).

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

(3) Overview of cash flows for fiscal 2021

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

1) Cash flows from operating activities

Net cash from operating activities saw an inflow of 9,611 million yen in total (compared with an inflow of 4,452 million yen in the previous fiscal year), chiefly due to the posting of profit before income taxes of 9,185 million yen and depreciation of 1,018 million yen, despite income taxes paid amounting to 1,449 million yen.

2) Cash flows from investing activities

Net cash from investing activities saw an outflow of 1,689 million yen (compared with an outflow of 666 million yen in the previous fiscal year), chiefly due to the posting of purchase of securities of 1,102 million yen, purchase of property, plant and equipment of 274 million yen, and purchase of intangible assets of 748 million yen, offset mainly by proceeds from redemption of securities of 200 million yen and proceeds from collection of lease and guarantee deposits of 276 million yen.

3) Cash flows from financing activities

Net cash from financing activities saw an outflow of 2,498 million yen (compared with an outflow of 2,708 million yen in the previous fiscal year), mainly reflecting cash dividends paid of 1,902 million yen and purchase of shares of subsidiaries not resulting in change in scope of consolidation of 450 million yen.

4) 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 21,430 million yen, with an increase of 5,419 million yen resulting from operating, investing and financing activities.

(4) Future outlook

The Group's earnings forecast for the fiscal year ending December 31, 2022 is as follows.

Net sales	55,500 million yen	(up 14.0% year on year)
Operating income	10,500 million yen	(up 16.7% year on year)
Profit attributable to owners of parent	7,350 million yen	(up 15.4% year on year)

In the medium to long term, corporate needs such as for IT investment are expected to continue increasing, driven by the 2025 Digital Cliff and the need to respond to economic and social issues such as changes in work styles, including remote working, as well as ESG factors and 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.

Furthermore, by making effective use of intellectual property and conducting flexible strategic investments including M&As 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 its business foundation with a view to the future, such as continuous personnel recruitment and training and R&D. 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.

(1) IT Consulting & Service Business

Future Architect, Inc. has seen an increase in orders for grand designs from customers implementing management reforms and core system renewals from diverse industries conscious of the advancement of DX. The company will strive to steadily implement these projects while continuing to capture new orders from companies that have investment needs.

It will also strengthen its provision of insights in IT in the form of a "next-generation banking system," which will contribute to solving long-standing issues for the regional financial institution sector, and to 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 enhance its organizational capabilities as a leader of the next generation through emphasizing the acquisition of excellent talented people, investment in training, quality control and project management.

YDC Corporation will strive to enhance its services from the provision of AI-driven quality control systems to business reform consulting in the area of development design to meet DX demand in the manufacturing sector. In addition, the company will further leverage Group synergies by delivering unique solutions to the Group's customers which have been cultivated in design, manufacturing, and logistics areas of the manufacturing sector.

Future One, Inc. will strive to expand orders by strengthening channels such as the Group's network and collaboration with external sales partners to provide its original software package "InfiniOne," which is one of its strengths. At the same time, it will strengthen the quality control system and enhance its organizational capabilities for securing a more stable profit.

dit Co., Ltd. will strive to address customer's needs for vulnerability assessment, computer forensics, incident response, and other cyber security-related services by strengthening security-related consulting and the education-related business in addition to conventional services in order to acquire new customers.

(2) Business Innovation Business

In March 2022, eSPORTS Co., Ltd. will change the corporate name to YOCABITO CO., LTD. which contains the sound of a new key word *YOKA*, a Japanese word for “leisure,” representing the company’s willingness to provide selected products and services that reflect customers’ requirements. To that end, eSPORTS Co., Ltd. will make use of both real and IT capabilities for further growth, with a flagship store “YOCABITO-outdoor things,” a store centered on QUICKCAMP brand camp gear and outdoor apparel that will be opened in the city of Gifu in Gifu Prefecture on March 18, 2022, and the renovated infrastructure system of its EC site.

Tokyo Calendar Inc. will strengthen online services in pursuit of profit growth by further improving promotional proposals for corporate customers, promoting the sales of digitally designed fee-based content, as well as starting a new digital platform that unifies media and online services.

CodeCamp, Inc. will strengthen sales activities in the corporate sector and effectively address the needs for *semi-order* training (a Japanese term that means some parts can be made to order) for corporate customers, while enhancing the seminar curriculum for users aiming to become IT engineers and web designers and providing career-building support specialized in technology, to acquire more users.

LaiBlitz, Inc. aims to increase revenue growth by introducing a membership management and EC package “FastBiz” across the entertainment and regional community areas, and starting a new fan service platform that enables the provision of multi-dimensional fan services in the sports and entertainment areas.

(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 28.00 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 51.00 yen per share (consolidated dividend payout ratio of 35.4%).

We plan to pay an annual dividend of 30.00 yen per share (year-end dividend of 15.00 yen and interim dividend of 15.00 yen, consolidated dividend payout ratio of 36.1%) as a dividend from surplus for the next fiscal year.

The Company conducted a two-for-one stock split of its common stock on January 1, 2022. The dividend amount for fiscal 2022 is the dividend amount after the stock split was conducted.

2. The Future Group

The Group (the Company and its related companies) has introduced a holding company structure, and consists of 19 consolidated subsidiaries and four equity-method affiliates as of December 31, 2021.

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
Micro CAD Co., Ltd. (subsidiary)	Development, sales and maintenance of and support for software packages for managing intellectual property, and consigned development of design control systems for manufacturers
dit Co., Ltd. (subsidiary)	Security consulting and sales of products for forensic services, 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
eSPORTS Co., Ltd. (subsidiary)	Sales of sports, outdoor and fitness gear on the Internet
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
CodeCamp, 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

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

- Major affiliated company
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 apply 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 thousands of yen)	
	Previous consolidated fiscal year (December 31, 2020)	Consolidated fiscal year under review (December 31, 2021)
Assets		
Current assets		
Cash and deposits	15,110,388	20,530,178
Notes and accounts receivable – trade	7,884,666	7,220,890
Securities	1,000,006	1,900,000
Merchandise and finished goods	1,075,525	1,230,418
Work in process	15,775	9,170
Other	1,352,733	1,224,838
Allowance for doubtful accounts	(3,000)	(3,000)
Total current assets	26,436,095	32,112,496
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,656,638	1,685,850
Accumulated depreciation	(1,007,547)	(1,003,036)
Buildings and structures, net	649,091	682,813
Land	855	855
Other	2,794,921	2,969,468
Accumulated depreciation	(2,266,482)	(2,497,933)
Other, net	528,438	471,535
Total property, plant and equipment	1,178,384	1,155,203
Intangible assets		
Goodwill	1,591,245	10,157
Software	416,000	1,915,529
Customer-related assets	5,361	208,000
Other	2,150,985	4,411
Total intangible assets	1,591,245	2,138,098
Investments and other assets		
Investment securities	18,431,595	17,697,514
Lease and guarantee deposits	1,436,115	1,175,386
Deferred tax assets	18,463	19,289
Other	250,641	261,717
Allowance for doubtful accounts	(78,881)	(75,881)
Total investments and other assets	20,057,933	19,078,025
Total non-current assets	23,387,303	22,371,328
Total assets	49,823,398	54,483,824

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2020)	Consolidated fiscal year under review (December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	1,028,501	913,259
Current portion of long-term loans payable	3,320	—
Accounts payable – other	1,306,849	1,491,869
Income taxes payable	764,400	2,215,692
Provision for bonuses	257,487	243,914
Provision for quality assurance	61,646	34,388
Provision for loss on projects	13,285	—
Other	3,041,342	3,007,706
Total current liabilities	6,476,832	7,906,829
Non-current liabilities		
Asset retirement obligations	351,613	350,118
Deferred tax liabilities	4,615,063	4,278,335
Other	151,138	147,176
Total non-current liabilities	5,117,815	4,775,629
Total liabilities	11,594,648	12,682,459
Shareholders' equity		
Shareholders' equity		
Capital stock	4,000,000	4,000,000
Capital surplus	21,333	—
Retained earnings	25,150,606	29,299,691
Treasury shares	(2,235,662)	(2,221,327)
Total shareholders' equity	26,936,278	31,078,364
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,229,849	10,711,892
Deferred gains or losses on hedges	(4,185)	1,692
Foreign currency translation adjustment	13,485	9,415
Total accumulated other comprehensive income	11,239,149	10,723,000
Non-controlling interests	53,323	—
Total net assets	38,228,750	41,801,365
Total liabilities and net assets	49,823,398	54,483,824

(2) Consolidated statements of income and comprehensive income

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Net Sales	44,311,243	48,698,549
Cost of sales	26,245,588	26,144,669
Gross profit	18,065,655	22,553,880
Selling, general and administrative expenses		
Directors' compensations	523,668	571,785
Salaries and bonuses	5,035,431	5,589,566
Other salaries	329,016	282,480
Rents	1,250,513	1,096,647
Training expenses	487,720	609,605
Research and development expenses	571,394	601,342
Depreciation	425,377	366,341
Recruiting expenses	417,135	466,098
Amortization of goodwill	39,645	39,645
Other	3,750,700	3,929,944
Total selling, general and administrative expenses	12,830,603	13,553,457
Operating income	5,235,052	9,000,423
Non-operating income		
Interest income	791	1,740
Dividend income	184,834	229,531
Share of profit of entities accounted for using equity method	—	30,777
Foreign exchange gains	3,651	—
Other	14,681	29,605
Total non-operating income	203,958	291,655
Non-operating expenses		
Interest expenses	285	218
Share of loss of entities accounted for using equity method	703	—
Foreign exchange losses	—	2,012
Total non-operating expenses	989	2,231
Ordinary income	5,438,020	9,289,846
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	—	6,376
Gain on sales of investment securities	93,318	974
Total extraordinary income	93,318	7,351
Extraordinary losses		
Loss on valuation of investment securities	—	23,493
Amortization of goodwill	—	88,575
Loss on change in equity	683	—
Total extraordinary losses	683	112,069
Profit before income taxes	5,530,655	9,185,128

	(in thousands of yen)	
	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Income taxes – current	1,632,872	2,898,014
Income taxes – deferred	49,441	(109,816)
Total income taxes	1,682,313	2,788,198
Profit	3,848,342	6,396,930
(Breakdown)		
Profit attributable to owners of parent	3,795,019	6,369,836
Profit attributable to non-controlling interests	53,323	27,094
Other comprehensive income		
Valuation difference on available-for-sale securities	6,631,516	(517,957)
Deferred gains or losses on hedges	(4,772)	5,878
Foreign currency translation adjustment	339	238
Share of other comprehensive income of entities accounted for using equity method	1,713	(4,308)
Total other comprehensive income	6,628,796	(516,148)
Comprehensive income	10,477,138	5,880,782
(Breakdown)		
Comprehensive income attributable to owners of parent	10,423,815	5,853,688
Comprehensive income attributable to non-controlling interests	53,323	27,094

(3) Consolidated statements of changes in net assets
 Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	1,421,815	2,525,165	23,232,499	(1,493,579)	25,685,901
Changes of items during the period					
Dividends from surplus			(1,823,893)		(1,823,893)
Profit attributable to owners of parent			3,795,019		3,795,019
Purchase of treasury shares				(757,744)	(757,744)
Disposal of treasury shares		21,333		15,661	36,994
Transfer to capital stock from capital surplus	2,525,165	(2,525,165)			—
Transfer to capital stock from retained earnings	53,019		(53,019)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	2,578,184	(2,503,831)	1,918,106	(742,083)	1,250,376
Balance at the end of the period	4,000,000	21,333	25,150,606	(2,235,662)	26,936,278

	Total accumulated other comprehensive income				Non-controlling interests	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	4,598,333	586	11,432	4,610,352	—	30,296,254
Changes of items during the period						
Dividends from surplus						(1,823,893)
Profit attributable to owners of parent						3,795,019
Purchase of treasury shares						(757,744)
Disposal of treasury shares						36,994
Transfer to capital stock from capital surplus						—
Transfer to capital stock from retained earnings						—
Net changes of items other than shareholders' equity	6,631,516	(4,772)	2,052	6,628,796	53,323	6,682,119
Total changes of items during the period	6,631,516	(4,772)	2,052	6,628,796	53,323	7,932,495
Balance at the end of the period	11,229,849	(4,185)	13,485	11,239,149	53,323	38,228,750

Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital stock	Capital stock	Capital stock	Capital stock
Balance at the beginning of the period	4,000,000	21,333	25,150,606	(2,235,662)	26,936,278
Changes of items during the period					
Dividends from surplus			(1,902,884)		(1,902,884)
Profit attributable to owners of parent			6,369,836		6,369,836
Purchase of treasury shares				(267)	(267)
Disposal of treasury shares		30,381		14,602	44,984
Purchase of shares of consolidated subsidiaries		(51,715)	(317,866)		(369,582)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(21,333)	4,149,085	14,334	4,142,086
Balance at the end of the period	4,000,000	—	29,299,691	(2,221,327)	31,078,364

	Total accumulated other comprehensive income				Non-controlling interests	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	11,229,849	(4,185)	13,485	11,239,149	53,323	38,228,750
Changes of items during the period						
Dividends from surplus						(1,902,884)
Profit attributable to owners of parent						6,369,836
Purchase of treasury shares						(267)
Disposal of treasury shares						44,984
Purchase of shares of consolidated subsidiaries						△369,582
Net changes of items other than shareholders' equity	(517,957)	5,878	(4,069)	(516,148)	(53,323)	(569,471)
Total changes of items during the period	(517,957)	5,878	(4,069)	(516,148)	(53,323)	3,572,614
Balance at the end of the period	10,711,892	1,692	9,415	10,723,000	—	41,801,365

(4) Consolidated statements of cash flows

	(in thousands of yen)	
	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	5,530,655	9,185,128
Depreciation	1,102,489	1,018,096
Amortization of goodwill	39,645	128,220
Increase (decrease) in allowance for doubtful accounts	59,371	(3,000)
Increase (decrease) in provision for bonuses	18,912	(13,573)
Increase (decrease) in provision for quality assurance	(3,971)	(27,258)
Increase (decrease) in provision for loss on projects	(241,519)	(13,285)
Interest and dividend income	(185,625)	(231,272)
Interest expenses	285	218
Share of (profit) loss of entities accounted for using equity method	703	(30,777)
Loss (gain) on change in equity	683	—
Foreign exchange losses (gains)	(3,651)	2,012
Loss (gain) on sale of shares of subsidiaries and associates	—	(6,376)
Loss (gain) on sales of investment securities	(93,318)	(974)
Loss (gain) on valuation of investment securities	—	23,493
Decrease (increase) in notes and accounts receivable – trade	(866,170)	722,845
Decrease (increase) in inventories	255,882	(148,287)
Increase (decrease) in accounts payable – trade	(276,946)	(115,242)
Increase (decrease) accounts payable – other	30,686	182,203
Decrease (increase) in other assets	189,228	29,181
Increase (decrease) in other liabilities	428,632	126,224
Subtotal	5,985,976	10,827,579
Interest and dividend income received	185,511	233,044
Interest expenses paid	(650)	(353)
Income taxes paid	(1,718,302)	(1,449,220)
Net cash provided by (used in) operating activities	4,452,534	9,611,049

(in thousands of yen)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Cash flows from investing activities		
Purchase of securities	(100,091)	(1,102,251)
Proceeds from redemption of securities	—	200,000
Purchase of property, plant and equipment	(121,165)	(274,542)
Purchase of intangible assets	(433,260)	(748,721)
Payments for asset retirement obligations	—	(43,330)
Proceeds from sale of shares of subsidiaries and associates	—	13,200
Proceeds from liquidation of subsidiaries and associates	—	19,078
Purchase of investment securities	(110,000)	(40,000)
Proceeds from sales of investment securities	99,940	3,811
Payments for lease and guarantee deposits	(17,518)	(15,986)
Proceeds from collection of lease and guarantee deposits	12,166	276,427
Proceeds from sale of golf membership	—	19,954
Other	3,125	3,000
Net cash provided by (used in) investing activities	(666,802)	(1,689,361)
Cash flows from financing activities		
Repayments of long-term loans payable	(11,472)	(3,320)
Repayments of finance lease obligations	(108,505)	(142,824)
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)	(268)
Cash dividends paid	(1,822,078)	(1,902,303)
Net cash provided by (used in) financing activities	(2,708,558)	(2,498,717)
Effect of exchange rate changes on cash and cash equivalents	3,312	(3,180)
Net increase (decrease) in cash and cash equivalents	1,080,486	5,419,790
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	16,010,388	21,430,178

(5) Notes to consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(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.

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.

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

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, 2020 to December 31, 2020)

(in thousands 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	Total				
Net sales							
Sales to outside clients	35,436,246	8,868,369	44,304,616	6,626	44,311,243	—	44,311,243
Intersegment sales or transfer	52,086	40,562	92,648	54,833	147,481	(147,481)	—
Total	35,488,333	8,908,932	44,397,265	61,459	44,458,725	(147,481)	44,311,243
Segment profit (loss)	4,900,852	462,481	5,363,333	(21,088)	5,342,245	(107,193)	5,235,052
Segment assets	20,135,778	3,329,151	23,464,929	4,303,691	27,768,621	22,054,777	49,823,398
Other items							
Depreciation	966,692	44,244	1,010,937	1,034	1,011,972	90,517	1,102,489
Amortization of goodwill	39,645	—	39,645	—	39,645	—	39,645
Increase in property, plant and equipment and intangible assets	462,394	139,646	602,041	12,209	614,250	44,339	658,589

- (Notes) 1. “Other” is a segment for operations not included in reportable segments. The segment covers 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, 2021 to December 31, 2021)

(in thousands 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	Total				
Net sales							
Sales to outside clients	39,160,621	9,521,722	48,682,343	16,205	48,698,549	—	48,698,549
Intersegment sales or transfer	98,211	74,372	172,584	270,472	443,056	(443,056)	—
Total	39,258,833	9,596,094	48,854,927	286,678	49,141,606	(443,056)	48,698,549
Segment profit	8,925,021	413,037	9,338,058	262,630	9,600,689	(600,266)	9,000,423
Segment assets	23,518,208	3,521,522	27,039,731	4,518,041	31,557,772	22,926,051	54,483,824
Other items							
Depreciation	935,665	64,115	999,780	5,127	1,004,908	13,188	1,018,096
Amortization of goodwill	128,220	—	128,220	—	128,220	—	128,220
Increase in property, plant and equipment and intangible assets	859,141	162,048	1,021,189	19,016	1,040,206	99,961	1,140,167

- (Notes) 1. “Other” is a segment for operations not included in reportable segments. The segment covers investment in, holding of, and management of securities.
2. Adjustments to segment profit 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 is adjusted with operating income in consolidated financial statements.

(Per share data)

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Net assets per share	¥431.44	¥472.19
Profit per share	¥42.74	¥71.97

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

2. The Company conducted a two-for-one stock split of its common stock on January 1, 2022. Net assets per share and profit per share are computed based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

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

	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)	Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)
Profit per share		
Profit attributable to owners of parent (thousands of yen)	3,795,019	6,369,836
Amount not available for common shareholders to common shares (thousands of yen)	—	—
Profit attributable to owners of parent related to common stock (thousands of yen)	3,795,019	6,369,836
Average number of outstanding shares during the period under review (share)	88,783,509	88,509,695

(Significant subsequent events)

(Stock split and partial amendment to the Articles of Incorporation in accordance with the stock split)

The Company conducted a two-for-one stock split of its common stock on January 1, 2022 in accordance with a resolution at a Board of Directors meeting held on November 24, 2021.

(1) Purpose of stock split

The purpose is to establish a more favorable investment environment, enhance liquidity of our shares and expand our investor base by reducing the amount per investment unit.

(2) Overview of stock split

1) Method of splitting

With December 31, 2021 (December 30 in effect, because the aforementioned day was the holiday of the shareholder registry administrator) as the record date, one common share held by shareholders who are shown on the shareholder register as of the end of that date will be split into two shares.

2) Increase in number of shares by split

Total number of shares outstanding before stock split	47,664,000
Increase in number of shares by stock split	47,664,000
Total number of shares outstanding after stock split	95,328,000
Total number of shares authorized after stock split	378,752,000

3) Schedule for split

Date of public notice of record date	December 15, 2021
Record date	December 31, 2021
Effective date	January 1, 2022

4) Effect on per share information

The effect on per share information is described in the relevant section.

5. Other

Orders received

(in thousands of yen)

Category	Previous consolidated fiscal year (from January 1, 2020 to December 31, 2020)		Consolidated fiscal year under review (from January 1, 2021 to December 31, 2021)	
	Order received	Order backlog	Order received	Order backlog
IT Consulting & Service Business	32,429,029	9,516,505	41,280,255	11,636,139
Business Innovation	2,337,378	502,759	2,246,086	306,826
Total	34,766,407	10,019,264	43,526,342	11,942,966

Category	Third quarter of the consolidated fiscal year under review (from July 1, 2021 to September 30, 2021)		Fourth quarter of the consolidated fiscal year under review (from October 1, 2021 to December 31, 2021)	
	Order received	Order backlog	Order received	Order backlog
IT Consulting & Service Business	12,834,470	14,192,969	7,833,371	11,636,139
Business Innovation	497,930	329,558	625,655	306,826
Total	13,332,401	14,522,528	8,459,026	11,942,966