



Consolidated Summary Report of Operating Results for the Second Quarter of Fiscal 2022 (Year Ending December 31, 2022) [Japan GAAP]

July 28, 2022

Company name: Future Corporation Shares listed on: Prime Market of Tokyo Stock Exchange
 Securities code: 4722 URL: <https://www.future.co.jp>
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 Scheduled date for filing the quarterly report: August 12, 2022
 Scheduled date for distributing dividend payments: September 16, 2022
 Creation of supplemental material on quarterly financial results: No
 Holding of financial results briefing: Yes (For institutional investors and analysts)

(Amounts rounded off to million yen)

1. Consolidated Results for the Second Quarter of Fiscal 2022 (January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative) (Percentage figures indicate year-on-year changes.)

	Net sales		Operating income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
2Q Fiscal 2022	25,940	12.2	6,214	65.9	4,517	67.5
2Q Fiscal 2021	23,117	4.4	3,746	15.7	2,696	13.9

(Note) Comprehensive income 2Q Fiscal 2022: 2,869 million yen [(8.8)%] 2Q Fiscal 2021: 3,146 million yen [(31.9)%]

	Profit per share
	Yen
2Q Fiscal 2022	51.03
2Q Fiscal 2021	30.47

- (Notes)
- The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the second quarter of the fiscal year ending December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.
 - 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) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q Fiscal 2022	55,015	43,544	79.1	491.70
Fiscal 2021	54,483	41,801	76.7	472.19

(Reference) Shareholders' equity 2Q Fiscal 2022: 43,544 million yen Fiscal 2021: 41,801 million yen

- (Notes)
- The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the second quarter of the fiscal year ending December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.
 - 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.

2. Cash Dividends

	Dividends per share				
	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 2021	-	23.00	-	28.00	51.00
Fiscal 2022	-	17.00			
Fiscal 2022 (forecast)			-	17.00	34.00

- (Notes)
- Revisions to the most recently announced dividend forecast: Yes
 - The Company conducted a two-for-one stock split of its common stock on January 1, 2022. The dividend amounts for fiscal 2021 are the actual dividend amounts 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
Full-year	55,500	14.0	12,000	33.3	8,500	33.4	96.01

(Note) Revisions to the most recently announced earnings forecast: Yes

* Notes

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

(Note) For more information, see “(4) Notes to quarterly consolidated financial statements (Changes in accounting policies)” in “2. Quarterly Consolidated Financial Statements and Major Notes” on page 9 of the appendix.

(4) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury shares)	2Q Fiscal 2022	95,328,000 shares	Fiscal 2021	95,328,000 shares
2) Total treasury shares as of the end of the period	2Q Fiscal 2022	6,769,080 shares	Fiscal 2021	6,801,478 shares
3) Average number of outstanding shares during the period under review	2Q Fiscal 2022	88,534,040 shares	2Q Fiscal 2021	88,492,482 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.

* 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 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.

(Change in the way yen amounts are reported)

The figures for accounts and other items presented in the Company’s quarterly consolidated financial statements were previously stated in thousands of yen, but effective from the first quarter of the current fiscal year and the first three months of the current fiscal year these amounts are now stated in millions of yen. The figures for the previous fiscal year and the first six months of the previous fiscal year are also presented in millions of yen for ease of comparison.

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

(1) Explanation of operating results

Looking at the economic environment during the first six months of the current fiscal year, 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, ongoing inflation, and the rapid depreciation of the yen. As companies implement teleworking as part of their workplace reform efforts and revamp their overall supply chains, they are racing toward digitalization. More and more companies across all industries and fields are moving toward DX. 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.

Working against this backdrop, we won contracts for various types of projects from customers in a wide range of industries and made steady progress with projects that would contribute to medium-term growth. As a result, consolidated net sales for the first six months totaled 25,940 million yen (up 12.2% year on year), operating income was 6,214 million yen (up 65.9% year on year), and profit attributable to owners of parent came to 4,517 million yen (up 67.5% year on year).

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) provided a cloud-based system designed to optimize e-commerce operations of e-commerce and mail order companies and implemented the system at a Future Group company, YOCABITO CO., LTD. The company also worked on various projects as it continued to receive a steady stream of orders from a wide variety of customers. These included the development of a fully automated system using AI and IoT technology in the energy industry as well as a mission-critical system designed to accelerate digital commerce for the apparel industry, and the revamping of customers' IT infrastructures. In addition to that, the company made steady progress with projects that would contribute to medium-term growth, including a project introducing next-generation banking systems to regional financial institutions and projects aimed at renovating mission-critical systems for staffing service providers and wholesalers. This, as well as its ongoing efforts to ensure quality control, led to a year-on-year increase in net sales and operating income.

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

Future One, Inc. saw a year-on-year decline in net sales due to the adoption of the revenue recognition standard. But its operating income increased year on year as a result of steadily working on a large-scale project that had been ongoing since last year, ensuring quality, and leveraging the strength of its original InfiniOne software package to boost orders through industry-specific sales strategies.

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 and delay in SI projects, net sales and operating income fell year on year.

Both net sales and operating income of dit Co., Ltd. decreased year on year due to lower sales of network equipment although the company received solid orders for vulnerability assessment, computer forensics, incident response, and other cyber security-related services.

As a result, net sales of the segment rose to 22,192 million yen (up 19.9% year on year) and operating income grew substantially to 6,617 million yen (up 86.9% year on year).

2) Business Innovation Business

YOCABITO CO., LTD. was hit hard by the intensifying competition for outdoor-related products and the impact of the yen's rapid depreciation on the cost of sales. However, its sporting goods business remained on a recovery track as it saw goods whose shipments had been delayed being gradually delivered and school sports activities, sporting events, etc. resume. As a result, both net sales and operating income declined year on year.

CodeCamp, Inc. enjoyed an uptick in orders from corporate customers and the growth of CodeCampKIDS for kids, but orders from individual customers declined as more competitors entered

the market. 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.

Tokyo Calendar Inc. saw a steady stream of revenue from its online services such as Tokyo Calendar Date and sales of its monthly magazines, but the company recorded a decrease in advertising revenue and incurred expenses for building a next-generation gourmet platform, resulting in a year-on-year increase in net sales but a year-on-year decrease in operating income.

LaiBlitz, Inc. introduced FastBiz, a packaged membership management and e-commerce service, to the soccer industry and launched BARREL ZONE, a sports crowdfunding service, leading to a year-on-year increase in both net sales and operating income.

As a result, the segment saw both net sales and operating income decrease year on year, with net sales totaling 3,849 million yen (down 17.6% year on year) and an operating loss standing at 206 million yen (down from an operating income of 224 million yen for the same period last year).

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

(2) Explanation of consolidated earnings forecast and other forward-looking information

In light of recent performance trends and other factors, the Board of Directors, at its meeting held on July 28, 2022, decided to revise the earnings forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022), which was announced on February 8, 2022 along with the financial results for the fiscal year ended December 31, 2021. For more information, see “Notice Regarding Revision to Full-Year Earnings Forecast, Distribution of Surplus, and Revision of Dividend Forecast” released on July 28, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2021)	Second quarter of the current consolidated fiscal year (June 30, 2022)
Assets		
Current assets		
Cash and deposits	20,530	22,854
Notes and accounts receivable – trade	7,220	-
Notes and accounts receivable – trade, and contract assets	-	6,988
Securities	1,900	1,500
Merchandise and finished goods	1,230	1,354
Work in process	9	22
Other	1,224	1,221
Allowance for doubtful accounts	(3)	(3)
Total current assets	32,112	33,939
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,685	1,758
Accumulated depreciation	(1,003)	(1,056)
Buildings and structures, net	682	702
Land	0	0
Other	2,969	2,996
Accumulated depreciation	(2,497)	(2,567)
Other, net	471	428
Total property, plant and equipment	1,155	1,132
Intangible assets		
Goodwill	10	5
Software	1,915	2,496
Customer-related assets	208	104
Other	4	5
Total intangible assets	2,138	2,610
Investments and other assets		
Investment securities	17,697	15,834
Lease and guarantee deposits	1,175	1,176
Deferred tax assets	19	79
Other	261	247
Allowance for doubtful accounts	(75)	(5)
Total investments and other assets	19,078	17,332
Total non-current assets	22,371	21,075
Total assets	54,483	55,015

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2021)	Second quarter of the current consolidated fiscal year (June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	913	1,147
Accounts payable – other	1,491	1,736
Income taxes payable	2,215	1,774
Provision for bonuses	243	264
Provision for quality assurance	34	40
Other	3,007	2,501
Total current liabilities	7,906	7,463
Non-current liabilities		
Asset retirement obligations	350	358
Deferred tax liabilities	4,278	3,491
Other	147	156
Total non-current liabilities	4,775	4,006
Total liabilities	12,682	11,470
Net assets		
Shareholders' equity		
Capital stock	4,000	4,000
Capital surplus	-	37
Retained earnings	29,299	32,642
Treasury shares	(2,221)	(2,210)
Total shareholders' equity	31,078	34,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,711	9,046
Deferred gains or losses on hedges	1	7
Foreign currency translation adjustment	9	20
Total accumulated other comprehensive income	10,723	9,074
Total net assets	41,801	43,544
Total liabilities and net assets	54,483	55,015

(2) Quarterly consolidated statements of income and comprehensive income
(First six-month period)

(in millions of yen)

	First six months of the previous consolidated fiscal year (from January 1, 2021 to June 30, 2021)	First six months of the current consolidated fiscal year (from January 1, 2022 to June 30, 2022)
Net sales	23,117	25,940
Cost of sales	12,720	12,858
Gross profit	10,397	13,081
Selling, general and administrative expenses		
Directors' compensations	283	282
Salaries and bonuses	2,797	2,926
Training expenses	332	353
Research and development expenses	254	364
Depreciation	154	209
Recruiting expenses	156	382
Other	2,673	2,346
Total selling, general and administrative expenses	6,651	6,866
Operating income	3,746	6,214
Non-operating income		
Interest income	0	1
Dividend income	107	187
Share of profit of entities accounted for using equity method	15	30
Foreign exchange gains	0	-
Other	19	5
Total non-operating income	142	225
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	-	6
Other	-	0
Total non-operating expenses	0	7
Ordinary income	3,888	6,432
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	6	-
Gain on sales of investment securities	0	47
Total extraordinary income	7	47
Extraordinary losses		
Loss on valuation of investment securities	16	10
Total extraordinary losses	16	10
Profit before income taxes	3,879	6,469
Total income taxes	1,156	1,951
Profit	2,723	4,517
(Breakdown)		
Profit attributable to owners of parent	2,696	4,517
Profit attributable to non-controlling interests	27	-

(in millions of yen)

	First six months of the previous consolidated fiscal year (from January 1, 2021 to June 30, 2021)	First six months of the current consolidated fiscal year (from January 1, 2022 to June 30, 2022)
Other comprehensive income		
Valuation difference on available-for-sale securities	414	(1,665)
Deferred gains or losses on hedges	10	5
Foreign currency translation adjustment	0	10
Share of other comprehensive income of entities accounted for using equity method	(2)	0
Total other comprehensive income	422	(1,648)
Comprehensive income	3,146	2,869
(Breakdown)		
Comprehensive income attributable to owners of parent	3,119	2,869
Comprehensive income attributable to non-controlling interests	27	-

(3) Quarterly consolidated statements of cash flows

(in millions of yen)

	First six months of the previous consolidated fiscal year (from January 1, 2021 to June 30, 2021)	First six months of the current consolidated fiscal year (from January 1, 2022 to June 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,879	6,469
Depreciation	463	556
Increase (decrease) in allowance for doubtful accounts	(1)	(70)
Increase (decrease) in provision for bonuses	(20)	20
Increase (decrease) in provision for quality assurance	(9)	6
Increase (decrease) in provision for loss on projects	10	-
Interest and dividend income	(108)	(188)
Interest expenses	0	0
Share of (profit) loss of entities accounted for using equity method	(15)	(30)
Loss (gain) on sale of shares of subsidiaries and associates	(6)	-
Loss (gain) on sales of investment securities	(0)	(47)
Loss (gain) on valuation of investment securities	16	10
Decrease (increase) in notes and accounts receivable – trade	1,369	-
Decrease (increase) in notes and accounts receivable – trade, and contract assets	-	242
Decrease (increase) in inventories	94	(137)
Increase (decrease) in accounts payable – trade	48	234
Other	(261)	(309)
Subtotal	5,459	6,754
Interest and dividend income received	109	188
Interest expenses paid	(0)	(0)
Income taxes paid	(729)	(2,403)
Net cash provided by (used in) operating activities	4,839	4,540
Cash flows from investing activities		
Purchase of securities	(102)	(900)
Proceeds from redemption of securities	100	1,300
Purchase of property, plant and equipment	(106)	(52)
Purchase of intangible assets	(332)	(825)
Proceeds from sale of shares of subsidiaries and associates	13	-
Purchase of investment securities	-	(814)
Proceeds from sales of investment securities	3	104
Proceeds from redemption of investment securities	-	200
Payments for lease and guarantee deposits	(5)	(11)
Proceeds from collection of lease and guarantee deposits	217	1
Proceeds from sale of golf membership	16	-
Other	1	1
Net cash provided by (used in) investing activities	(194)	(997)
Cash flows from financing activities		
Repayments of long-term loans payable	(3)	-
Repayments of finance lease obligations	(68)	(78)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(450)	-
Cash dividends paid	(884)	(1,173)
Net cash provided by (used in) financing activities	(1,406)	(1,252)
Effect of exchange rate changes on cash and cash equivalents	3	34
Net increase (decrease) in cash and cash equivalents	3,242	2,324
Cash and cash equivalents at the beginning of the period	16,010	21,430
Cash and cash equivalents at the end of the period	19,253	23,754

(4) Notes to quarterly consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Notes on any significant change in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the current fiscal year, and it now recognizes revenue at the time the control of promised goods or services is transferred to the customer in the amount expected to be received upon exchange of said goods or services.

Accordingly, the Group conducted the principal-versus-agent assessment and found that it met the definition of the agent in some of the IT Consulting & Service Business segment's maintenance and operation services. Hence, the Group now recognizes revenue as the net amount.

For sales of the Group's software licenses as well as server equipment and other products that come with maintenance services, the Group now recognizes revenue from contracts in which it does not have a performance obligation to be fulfilled over time, such as maintenance services, at the time of sales, and recognizes revenue from contracts that come with maintenance services over the contract term during which the Group has a performance obligation, separately from contracts for sale of goods.

In addition, the Group previously recognized coupons it issued and points paid to other companies in its e-commerce and mail-order business as selling, general and administrative expenses, but now recognizes revenue by deducting these items from net sales. The Group also previously deducted shipping fees paid by customers from selling, general and administrative expenses, but now recognizes them as revenue since the shipping service is included in the performance obligation to provide products and reports shipping fees paid for the service as cost of sales instead of selling, general and administrative expenses as it previously did.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the first quarter of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance. However, in accordance with the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized using the previous treatment prior to the beginning of the first quarter of the current fiscal year.

As a result, net sales, cost of sales, and selling, general and administrative expenses for the first six months of the current fiscal year respectively decreased by 1,042 million yen, 465 million yen, and 462 million yen. Operating income, ordinary income, and profit before income taxes also decreased by 114 million yen. The opening balance of retained earnings increased by 64 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable – trade," which were included in "current assets" in the consolidated balance sheet for the previous fiscal year, are included in "notes and accounts receivable – trade, and contract assets" effective from the first quarter of the current fiscal year. "Decrease (increase) in notes and accounts receivable – trade" which was presented under "cash flows from operating activities" in the quarterly consolidated statements of cash flows for the first six months of the previous fiscal year is included in "decrease (increase) in notes and accounts receivable – trade, and contract assets" effective from the first six months of the current fiscal year. In accordance with the transitional treatment prescribed in paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the consolidated financial statements for the previous fiscal year and the first six months of the previous fiscal year to conform to the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for

Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no effect on the quarterly consolidated financial statements.

(Segment information)

Segment information

I First six months of the previous consolidated fiscal year (from January 1, 2021 to June 30, 2021)

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

(in millions 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	4,637	23,111	5	23,117	-	23,117
(2) Intersegment sales or transfer	27	31	59	107	166	(166)	-
Total	18,501	4,669	23,171	112	23,284	(166)	23,117
Segment profit	3,540	224	3,765	39	3,804	(57)	3,746

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

II First six months of the current consolidated fiscal year (from January 1, 2022 to June 30, 2022)

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

(in millions 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	22,113	3,815	25,929	10	25,940	-	25,940
(2) Intersegment sales or transfer	78	33	111	184	296	(296)	-
Total	22,192	3,849	26,041	194	26,236	(296)	25,940
Segment profit (loss)	6,617	(206)	6,411	(4)	6,406	(191)	6,214

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

(Business combinations)

Common control transactions

(Absorption-type merger between consolidated subsidiaries)

Effective June 30, 2022, Future Architect, Inc. and Micro CAD Co., Ltd., both of which are consolidated subsidiaries of Future Corporation, merged, with Future Architect, Inc. being the surviving company.

1. Summary of transaction

(1) Names and business operations of the merging parties

Surviving company's name	Future Architect, Inc.
Business operations	IT consulting, system development, etc.
Absorbed company's name	Micro CAD Co., Ltd.
Business operations	Sale of intellectual property management systems, etc.

(2) Date of business combination

June 30, 2022

(3) Legal form of business combination

Absorption-type merger with Future Architect, Inc. being the surviving company and Micro CAD Co., Ltd. being the merged company

(4) Company name after business combination

Future Architect, Inc.

(5) Additional information to the transaction summary

The purpose of this merger is to further enhance management efficiency and competitiveness through reorganization of the corporate group.

2. Summary of accounting process carried out

The transaction has been accounted for as a common control transaction in accordance with the Accounting Standard for Business Combinations as well as the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

3. Supplementary Information

Orders received

(in millions of yen)

Category	First six months of the previous consolidated fiscal year (from January 1, 2021 to June 30, 2021)		First six months of the current consolidated fiscal year (from January 1, 2022 to June 30, 2022)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	20,612	11,654	26,602	15,957
Business Innovation Business	1,122	453	1,193	376
Total	21,734	12,108	27,795	16,334

Category	First quarter of the current consolidated fiscal year (from January 1, 2022 to March 31, 2022)		Second quarter of the current consolidated fiscal year (from April 1, 2022 to June 30, 2022)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	12,508	13,311	14,094	15,957
Business Innovation Business	697	439	495	376
Total	13,206	13,750	14,589	16,334