



## 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: No
  - 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: No

### \* Notes

- Changes in significant subsidiaries during the first nine months of the current fiscal year (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 “(3) Notes to quarterly consolidated financial statements (Changes in accounting policies)” in “2. Quarterly Consolidated Financial Statements and Major Notes” on page 8 of the appendix.

### (4) Number of outstanding shares (common stock)

|   |                |                   |                |                   |
|---|----------------|-------------------|----------------|-------------------|
| 1) Total outstanding shares as of the end of the period (including treasury shares) | 3Q Fiscal 2022 | 95,328,000 shares | Fiscal 2021    | 95,328,000 shares |
| 2) Total treasury shares as of the end of the period                                | 3Q Fiscal 2022 | 6,770,105 shares  | Fiscal 2021    | 6,801,478 shares  |
| 3) Average number of outstanding shares during the period under review              | 3Q Fiscal 2022 | 88,542,082 shares | 3Q Fiscal 2021 | 88,503,999 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 nine 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 Third Quarter under Review

### Explanation of Operating Results

Looking at the economic environment during the first nine 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. Companies are implementing teleworking as part of their workplace reform efforts, revamping their overall supply chains, and accelerating the use of IT in areas related to ESG and the SDGs, and these things boost IT investments in all sectors and fields. In terms of individual lifestyles, the use of IT-driven services, such as shopping at e-commerce sites, enjoying entertainment and sports on video and online, and accessing education and self-development services online, have spread widely.

Working against this backdrop, we won contracts for strategic projects from customers in a wide range of industries and made steady progress with large-scale projects that would contribute to medium-term growth. As a result, consolidated net sales for the first nine months totaled 39,614 million yen (up 10.7% year on year), operating income was 9,361 million yen (up 43.0% year on year), and profit attributable to owners of parent came to 7,195 million yen (up 54.7% 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) started to construct a loan assistance system for financial institutions and a system in connection with the renovation of a sales and logistics system for food wholesalers. 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 the provision of DX assistance to various companies in the logistics and other industries. This, as well as its ongoing efforts to ensure quality control, resulted in 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 in SI projects, net sales and operating income fell year on year.

dit Co., Ltd.'s net sales increased but operating income decreased year on year due to an increase in outsourcing expenses and recruitment expenses to expand business, although the company received solid orders for vulnerability assessment, incident response, an EDR\* service and other cyber security-related services.

As a result, net sales of the segment rose to 33,835 million yen (up 17.4% year on year) and operating income grew substantially to 9,938 million yen (up 59.6% year on year).

\* Endpoint Detection and Response (EDR): An endpoint security solution that combines continuous monitoring and response capabilities

#### 2) Business Innovation Business

YOCABITO CO., LTD. started a 365-day delivery service enabled by the improved order processing efficiency of e-commerce malls that came through renovating its mission-critical system. This contributed to an increase in orders, but both net sales and operating income declined year on year as competition of the outdoor-related market continues intensifying, and the company is affected by an

increase in costs due to the rapid depreciation of the yen, among other reasons.

Tokyo Calendar Inc. has been showing a sign of recovery year on year amid a steady stream of revenue from its online services such as Tokyo Calendar Date, but both net sales and operating income declined year on year due to a decrease in advertising revenue.

CodeCamp, Inc. enjoyed an uptick in orders from corporate customers and the growth of CodeCampKIDS for kids, but orders from individual customers fell as more competitors entered the market. The company also strengthened its sales force for next-period growth and made active investment for advertisements to enhance recognition, resulting in a decrease in net sales and operating income year on year.

LaiBlitz, Inc. introduced FastBiz, a packaged membership management and e-commerce service, to another sports team, and launched a metaverse platform “MetaStation,” 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 drop year on year, with net sales totaling 5,909 million yen (down 16.4% year on year) and an operating loss standing at 307 million yen (down from an operating income of 322 million yen for the same period last year).

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

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

(in millions of yen)

|   | Previous consolidated fiscal<br>year<br>(December 31, 2021) | Third quarter of the current<br>consolidated fiscal year<br>(September 30, 2022) |
|---|---|--|
| <b>Assets</b>   |   |  |
| <b>Current assets</b>   |   |  |
| Cash and deposits   | 20,530  | 24,304   |
| Notes and accounts receivable – trade                         | 7,220   | -  |
| Notes and accounts receivable – trade, and<br>contract assets | -   | 7,496  |
| Securities  | 1,900   | 1,000  |
| Merchandise and finished goods                                | 1,230   | 1,377  |
| Work in process   | 9   | 24   |
| Other   | 1,224   | 1,269  |
| Allowance for doubtful accounts                               | (3)   | (3)  |
| <b>Total current assets</b>                                   | <b>32,112</b>   | <b>35,469</b>  |
| <b>Non-current assets</b>                                     |   |  |
| <b>Property, plant and equipment</b>                          |   |  |
| Buildings and structures                                      | 1,685   | 1,762  |
| Accumulated depreciation                                      | (1,003)   | (1,082)  |
| Buildings and structures, net                                 | 682   | 680  |
| Land  | 0   | 0  |
| Other   | 2,969   | 3,037  |
| Accumulated depreciation                                      | (2,497)   | (2,624)  |
| Other, net  | 471   | 413  |
| <b>Total property, plant and equipment</b>                    | <b>1,155</b>  | <b>1,095</b>   |
| <b>Intangible assets</b>                                      |   |  |
| Goodwill  | 10  | 2  |
| Software  | 1,915   | 2,765  |
| Customer-related assets                                       | 208   | 52   |
| Other   | 4   | 5  |
| <b>Total intangible assets</b>                                | <b>2,138</b>  | <b>2,825</b>   |
| <b>Investments and other assets</b>                           |   |  |
| Investment securities   | 17,697  | 13,827   |
| Lease and guarantee deposits                                  | 1,175   | 1,177  |
| Deferred tax assets   | 19  | 104  |
| Other   | 261   | 349  |
| Allowance for doubtful accounts                               | (75)  | (4)  |
| <b>Total investments and other assets</b>                     | <b>19,078</b>   | <b>15,454</b>  |
| <b>Total non-current assets</b>                               | <b>22,371</b>   | <b>19,375</b>  |
| <b>Total assets</b>   | <b>54,483</b>   | <b>54,844</b>  |

(in millions of yen)

|   | Previous consolidated fiscal<br>year<br>(December 31, 2021) | Third quarter of the current<br>consolidated fiscal year<br>(September 30, 2022) |
|---|---|--|
| <b>Liabilities</b>                                    |   |  |
| Current liabilities                                   |   |  |
| Accounts payable – trade                              | 913   | 1,454  |
| Accounts payable – other                              | 1,491   | 1,001  |
| Income taxes payable                                  | 2,215   | 1,795  |
| Provision for bonuses                                 | 243   | 1,305  |
| Provision for quality assurance                       | 34  | 55   |
| Other   | 3,007   | 2,669  |
| <b>Total current liabilities</b>                      | <b>7,906</b>  | <b>8,280</b>   |
| Non-current liabilities                               |   |  |
| Asset retirement obligations                          | 350   | 356  |
| Deferred tax liabilities                              | 4,278   | 2,613  |
| Other   | 147   | 172  |
| <b>Total non-current liabilities</b>                  | <b>4,775</b>  | <b>3,142</b>   |
| <b>Total liabilities</b>                              | <b>12,682</b>   | <b>11,423</b>  |
| <b>Net assets</b>                                     |   |  |
| Shareholders' equity                                  |   |  |
| Capital stock   | 4,000   | 4,000  |
| Capital surplus                                       | -   | 37   |
| Retained earnings                                     | 29,299  | 33,814   |
| Treasury shares                                       | (2,221)   | (2,211)  |
| <b>Total shareholders' equity</b>                     | <b>31,078</b>   | <b>35,640</b>  |
| Accumulated other comprehensive income                |   |  |
| Valuation difference on available-for-sale securities | 10,711  | 7,749  |
| Deferred gains or losses on hedges                    | 1   | 5  |
| Foreign currency translation adjustment               | 9   | 25   |
| <b>Total accumulated other comprehensive income</b>   | <b>10,723</b>   | <b>7,780</b>   |
| <b>Total net assets</b>                               | <b>41,801</b>   | <b>43,421</b>  |
| <b>Total liabilities and net assets</b>               | <b>54,483</b>   | <b>54,844</b>  |

(2) Consolidated quarterly statements of income and comprehensive income  
(First nine-month period)

(in millions of yen)

|  | First nine months of the<br>previous consolidated fiscal<br>year<br>(from January 1, 2021 to<br>September 30, 2021) | First nine months of the current<br>consolidated fiscal year<br>(from January 1, 2022 to<br>September 30, 2022) |
|--|---|---|
| Net sales  | 35,789  | 39,614  |
| Cost of sales  | 19,205  | 19,702  |
| Gross profit   | 16,584  | 19,912  |
| Selling, general and administrative expenses                     |   |   |
| Directors' compensations   | 427   | 425   |
| Salaries and bonuses   | 4,181   | 4,466   |
| Training expenses  | 496   | 531   |
| Research and development expenses                                | 436   | 626   |
| Depreciation   | 258   | 320   |
| Recruiting expenses  | 246   | 577   |
| Other  | 3,992   | 3,603   |
| Total selling, general and administrative expenses               | 10,039  | 10,551  |
| Operating income   | 6,544   | 9,361   |
| Non-operating income   |   |   |
| Dividend income  | 107   | 187   |
| Share of profit of entities accounted for using equity<br>method | 14  | 42  |
| Other  | 26  | 10  |
| Total non-operating income                                       | 148   | 240   |
| Non-operating expenses   |   |   |
| Loss on retirement of non-current assets                         | -   | 3   |
| Other  | 0   | 1   |
| Total non-operating expenses                                     | 0   | 4   |
| Ordinary income  | 6,693   | 9,596   |
| Extraordinary income   |   |   |
| Gain on sale of shares of subsidiaries and associates            | 6   | -   |
| Gain on sales of investment securities                           | 0   | 732   |
| Total extraordinary income                                       | 7   | 732   |
| Extraordinary losses   |   |   |
| Loss on valuation of investment securities                       | 16  | 10  |
| Total extraordinary losses                                       | 16  | 10  |
| Profit before income taxes                                       | 6,684   | 10,319  |
| Total income taxes   | 2,005   | 3,124   |
| Profit   | 4,678   | 7,195   |
| (Breakdown)  |   |   |
| Profit attributable to owners of parent                          | 4,651   | 7,195   |
| Profit attributable to non-controlling interests                 | 27  | -   |



(in millions of yen)

|  | First nine months of the<br>previous consolidated fiscal<br>year<br>(from January 1, 2021 to<br>September 30, 2021) | First nine months of the current<br>consolidated fiscal year<br>(from January 1, 2022 to<br>September 30, 2022) |
|--|---|---|
| <b>Other comprehensive income</b>  |   |   |
| Valuation difference on available-for-sale securities                                | 1,529   | (2,962)   |
| Deferred gains or losses on hedges   | 7   | 3   |
| Foreign currency translation adjustment  | 0   | 15  |
| Share of other comprehensive income of entities<br>accounted for using equity method | (3)   | 0   |
| Total other comprehensive income   | 1,533   | (2,942)   |
| <b>Comprehensive income</b>  | <b>6,212</b>  | <b>4,252</b>  |
| (Breakdown)  |   |   |
| Comprehensive income attributable to owners of parent                                | 6,185   | 4,252   |
| Comprehensive income attributable to non-controlling<br>interests                    | 27  | -   |

(3) 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 nine months of the current fiscal year respectively decreased by 1,626 million yen, 745 million yen, and 711 million yen. Operating income, ordinary income, and profit before income taxes also decreased by 168 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. 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 nine 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 nine months of the previous consolidated fiscal year (from January 1, 2021 to September 30, 2021)

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

(in millions of yen)

|                                    | Reportable segments                    |                                    |        | Other<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amount stated in<br>quarterly<br>consolidated<br>financial<br>statements<br>(Note 3) |
|------------------------------------|--|------------------------------------|--------|-------------------|--------|-------------------------|--|
|                                    | IT Consulting<br>& Service<br>Business | Business<br>Innovation<br>Business | Total  |                   |        |                         |  |
| Net sales                          |  |                                    |        |                   |        |                         |  |
| (1) Sales to outside clients       | 28,770                                 | 7,010                              | 35,780 | 9                 | 35,789 | —                       | 35,789   |
| (2) Intersegment sales or transfer | 57                                     | 56                                 | 113    | 189               | 302    | (302)                   | —  |
| Total                              | 28,827                                 | 7,067                              | 35,894 | 198               | 36,092 | (302)                   | 35,789   |
| Segment profit                     | 6,229                                  | 322                                | 6,551  | 41                | 6,593  | (48)                    | 6,544  |

- (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 nine months of the current consolidated fiscal year (from January 1, 2022 to September 30, 2022)

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

(in millions of yen)

|                                    | Reportable segments                    |                                    |        | Other<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amount stated in<br>quarterly<br>consolidated<br>financial<br>statements<br>(Note 3) |
|------------------------------------|--|------------------------------------|--------|-------------------|--------|-------------------------|--|
|                                    | IT Consulting<br>& Service<br>Business | Business<br>Innovation<br>Business | Total  |                   |        |                         |  |
| Net sales                          |  |                                    |        |                   |        |                         |  |
| (1) Sales to outside clients       | 33,736                                 | 5,856                              | 39,593 | 21                | 39,614 | —                       | 39,614   |
| (2) Intersegment sales or transfer | 98                                     | 52                                 | 151    | 284               | 435    | (435)                   | —  |
| Total                              | 33,835                                 | 5,909                              | 39,744 | 305               | 40,050 | (435)                   | 39,614   |
| Segment profit (loss)              | 9,938                                  | (307)                              | 9,631  | (29)              | 9,601  | (240)                   | 9,361  |

- (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.

### 3. Supplementary Information

#### Orders received

(in millions of yen)

| Category                         | First nine months of the previous consolidated fiscal year<br>(from January 1, 2021 to September 30, 2021) |               | First nine months of the current consolidated fiscal year<br>(from January 1, 2022 to September 30, 2022) |               |
|----------------------------------|--|---------------|---|---------------|
|                                  | Orders received  | Order backlog | Orders received   | Order backlog |
| IT Consulting & Service Business | 33,446   | 14,192        | 37,905  | 15,805        |
| Business Innovation Business     | 1,620  | 329           | 1,729   | 352           |
| Total                            | 35,067   | 14,522        | 39,635  | 16,157        |

| Category                         | Second quarter of the current consolidated fiscal year<br>(from April 1, 2022 to June 30, 2022) |               | Third quarter of the current consolidated fiscal year<br>(from July 1, 2022 to September 30, 2022) |               |
|----------------------------------|---|---------------|--|---------------|
|                                  | Orders received   | Order backlog | Orders received  | Order backlog |
| IT Consulting & Service Business | 14,094  | 15,957        | 11,470   | 15,805        |
| Business Innovation Business     | 495   | 376           | 535  | 352           |
| Total                            | 14,589  | 16,334        | 12,006   | 16,157        |