



**Consolidated Summary Report of Operating Results for the First Quarter of Fiscal 2023 (Year Ending December 31, 2023)
[Japan GAAP]**

April 26, 2023

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 Securities code: 4722 URL: <https://www.future.co.jp>
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 Scheduled date for filing the quarterly report: May 12, 2023
 Scheduled date for distributing dividend payments: —
 Creation of supplemental material on quarterly financial results: No
 Holding of financial results briefing: No

(Amounts rounded off to million yen)

1. Consolidated Results for the First Quarter of Fiscal 2023 (January 1, 2023 to March 31, 2023)

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

	Net sales		Operating income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
1Q Fiscal 2023	13,965	10.8	3,172	(5.0)	2,191	(8.2)
1Q Fiscal 2022	12,605	13.7	3,341	96.2	2,386	92.0

(Note) Comprehensive income 1Q Fiscal 2023 ¥2,742 million (236.8%) 1Q Fiscal 2022 ¥814 million (565.2%)

	Profit per share
	Yen
1Q Fiscal 2023	24.74
1Q Fiscal 2022	26.96

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q Fiscal 2023	59,807	45,798	76.6	517.17
Fiscal 2022	57,857	44,827	77.5	506.20

(Reference) Shareholders' equity 1Q Fiscal 2023: ¥45,798 million Fiscal 2022: ¥44,827 million

2. Cash Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	17.00	—	20.00	37.00
Fiscal 2023	—	—	—	—	—
Fiscal 2023 (projection)	—	20.00	—	20.00	40.00

(Note) 1. Revisions to the most recently announced dividend forecast: None

3. Projected Consolidated Results for Fiscal 2023 (January 1, 2023 to December 31, 2023)

(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)	28,300	9.1	6,600	6.2	4,620	2.3	52.17
Full-year	59,500	10.7	13,800	12.8	9,660	4.6	109.08

(Note) Revisions to the most recently announced earnings forecast: None

*Notes

(1) Changes in significant subsidiaries during the quarter under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Application of accounting treatment particular to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies or estimates and retrospective restatements

1) Changes in accounting policies in accordance with revisions of accounting standards: None

2) Changes in accounting policies other than item 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury shares)	1Q Fiscal 2023	95,328,000 shares	Fiscal 2022	95,328,000 shares
2) Total treasury shares as of the end of the period	1Q Fiscal 2023	6,771,952 shares	Fiscal 2022	6,771,952 shares
3) Average number of outstanding shares during the period under review	1Q Fiscal 2023	88,556,048 shares	1Q Fiscal 2022	88,526,522 shares

*This summary of quarterly financial results is outside the scope of quarterly reviews by a certified public accountant or an audit corporation.

*Points to note about the proper use of projections, and other noteworthy events

Any forward-looking statements, including earnings forecasts, contained in this document are 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. Qualitative Information Regarding Financial Results for the First Quarter under Review

Explanation of Operating Results

Looking at the economic environment during the first three months of the fiscal year under review, we saw companies continue to actively harness the power of IT to change their operations, such as promoting digital transformation (DX), implementing business reforms, and developing new digital services, despite global uncertainty, ongoing inflation, and the increase of overseas interest rates. Companies are revamping their work styles and overall supply chains following the enforcement of the Work Style Reform Law, and accelerating the use of IT in areas related to ESG and the SDGs. These things boost IT investments in all sectors and fields. In terms of individual lifestyles, the use of IT-driven services, such as shopping at e-commerce sites, enjoying entertainment and sports on video and online, and accessing education and self-development services online, has become common, and various related services are being created.

Working against this backdrop, we won contracts from customers in a wide range of industries and made progress with large-scale projects that would contribute to medium-term growth. As a result, consolidated net sales for the first three months totaled 13,965 million yen (up 10.8% year on year), operating income was 3,172 million yen (down 5.0% year on year) due to higher-than-planned costs for quality improvement in the design phase of some large-scale projects, and profit attributable to owners of parent came to 2,191 million yen (down 8.2% 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) received new orders for designs of platforms for integrated data management of procurement, manufacturing, and quality control in the retail industry, renovations of mission-critical systems in the apparel industry, and grand designs for advancing DX of a newspaper company group, and started working on them. It also continued to move ahead with various projects of customers in a wide range of industries, such as designs/development relating to the revamping of mission-critical systems and IT infrastructures in the food wholesaling and public service industries. In addition to that, the company made steady progress with a project introducing next-generation banking systems to regional financial institutions that would contribute to its medium-term growth, specifically, the loan support system FutureBANK starting operating at two new companies, as well as with the provision of DX assistance to various companies in the logistics and other industries. On the other hand, higher than planned costs for quality improvement at the design stage in some large-scale projects and investments in research and development resulted in an increase in net sales but a decrease in operating income year on year.

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

Future One, Inc. worked on boosting orders for its original InfiniOne software package, the company's key product, through industry-specific sales strategies. As a result, it enjoyed a year-on-year increase in both net sales and operating income.

YDC Corporation saw steady progress in developing new customers as well as expanding existing customers while developing their demands, particularly in the manufacturing industry. In addition to these traditional SI, it enjoyed an increase in orders led by upstream businesses such as mission-critical system renovation and grand design consultation for the SmartFactory concept. Furthermore, due to an increase in the license sales of YDC SONAR® and other factors, its net sales and operating income increased year on year.

Both net sales and operating income of dit Co., Ltd. declined year on year due to a slower-than-expected increase in orders for cybersecurity-related services, such as vulnerability assessment, incident response, and network security solutions, and an increase in outsourcing costs.

As a result, net sales of the segment increased to 12,243 million yen (up 12.5% year on year) and operating income decreased to 3,381 million yen (down 3.5% year on year).

(2) Business Innovation Business

The net sales and operating income of YOCABITO Co., Ltd. decreased year on year due to stagnant sales in its outdoor business caused by a still fiercely competitive market as well as rising costs, while apparel sales remained strong.

While Tokyo Calendar Inc. saw a robust stream of revenue from its online services, such as magazines, advertising, and Tokyo Calendar Date, its net sales increased but the operating income decreased year on year due to costs relating to the launch of its new service Gourmet Calendar.

While CodeCamp, Inc. enjoyed an uptick in orders from corporate customers which we will start working on from the second quarter of the current fiscal year, a decrease in orders from individual customers caused by the

entry of more competitors in the market led to a decline in net sales and operating income year on year.

LaiBlitz, Inc. posted an increase in net sales and operating income year on year as a result of starting providing Fast Biz, a packaged membership management and e-commerce service for sports teams, for local governments' services for residents and B2B subscription businesses.

As a result, the segment saw both net sales and operating income drop year on year, with net sales totaling 1,732 million yen (down 2.3% year on year) and operating loss standing at 173 million yen (up from an operating loss of 67 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 year (December 31, 2022)	First quarter of the current consolidated fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	26,652	24,875
Notes and accounts receivable – trade, and contract assets	8,549	8,971
Securities	1,000	1,100
Merchandise and finished goods	1,116	1,263
Work in process	22	20
Other	1,498	3,604
Allowance for doubtful accounts	(3)	(3)
Total current assets	38,835	39,831
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,815	1,817
Accumulated depreciation	(1,142)	(1,171)
Buildings and structures, net	673	646
Land	0	0
Other	3,107	3,188
Accumulated depreciation	(2,703)	(2,757)
Other, net	404	431
Total property, plant and equipment	1,078	1,078
Intangible assets		
Goodwill	661	627
Software	2,992	3,209
Other	5	4
Total intangible assets	3,659	3,841
Investments and other assets		
Investment securities	12,856	13,633
Lease and guarantee deposits	1,188	1,185
Deferred tax assets	–	15
Other	244	225
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	14,284	15,055
Total non-current assets	19,022	19,975
Total assets	57,857	59,807

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2022)	First quarter of the current consolidated fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	1,067	1,498
Accounts payable – other	1,810	1,118
Income taxes payable	2,280	1,293
Provision for bonuses	250	1,242
Provision for quality assurance	60	65
Provision for loss on projects	37	17
Other	4,354	5,628
Total current liabilities	9,860	10,863
Non-current liabilities		
Asset retirement obligations	356	356
Deferred tax liabilities	2,682	2,648
Other	130	139
Total non-current liabilities	3,169	3,145
Total liabilities	13,030	14,008
Net assets		
Shareholders' equity		
Capital stock	4,000	4,000
Capital surplus	37	37
Retained earnings	35,856	36,276
Treasury shares	(2,210)	(2,210)
Total shareholders' equity	37,683	38,103
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,123	7,663
Deferred gains or losses on hedges	(5)	(1)
Foreign currency translation adjustment	25	32
Total accumulated other comprehensive income	7,143	7,695
Total net assets	44,827	45,798
Total liabilities and net assets	57,857	59,807

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

(in millions of yen)

	First three months of the previous consolidated fiscal year (From January 1, 2022 to March 31, 2022)	First three months of the current consolidated fiscal year (From January 1, 2023 to March 31, 2023)
Net sales	12,605	13,965
Cost of sales	6,261	7,315
Gross profit	6,344	6,650
Selling, general and administrative expenses		
Directors' compensations	133	143
Salaries and bonuses	1,425	1,534
Other salaries	72	72
Rents	239	230
Training expenses	78	61
Research and development expenses	165	338
Depreciation	102	56
Recruiting expenses	150	190
Amortization of goodwill	2	34
Other	633	813
Total selling, general and administrative expenses	3,003	3,477
Operating income	3,341	3,172
Non-operating income		
Share of profit of entities accounted for using equity method	18	10
Other	7	8
Total non-operating income	26	18
Non-operating expenses		
Loss on investments in investment partnerships	—	15
Other	0	0
Total non-operating expenses	0	16
Ordinary income	3,367	3,175
Extraordinary income		
Gain on sale of investment securities	42	—
Total extraordinary income	42	—
Profit before income taxes	3,409	3,175
Income taxes – current	1,336	1,268
Income taxes – deferred	(313)	(283)
Total income taxes	1,022	984
Profit	2,386	2,191
(Breakdown)		
Profit attributable to owners of parent	2,386	2,191

(in millions of yen)

	First three months of the previous consolidated fiscal year (From January 1, 2022 to March 31, 2022)	First three months of the current consolidated fiscal year (From January 1, 2023 to March 31, 2023)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,579)	540
Deferred gains or losses on hedges	2	4
Foreign currency translation adjustment	4	7
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(1,572)	551
Comprehensive income	814	2,742
(Breakdown)		
Comprehensive income attributable to owners of parent	814	2,742
Comprehensive income attributable to non-controlling interests	—	—

(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.

(Segment information)

[Segment information]

I. First three months of the previous consolidated fiscal year (from January 1, 2022 to March 31, 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	10,833	1,765	12,598	7	12,605	—	12,605
(2) Intersegment sales or transfer	48	9	58	81	139	(139)	—
Total	10,882	1,774	12,656	88	12,745	(139)	12,605
Segment profit (loss)	3,505	(67)	3,437	(14)	3,422	(81)	3,341

(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.

II. First three months of the current consolidated fiscal year (from January 1, 2023 to March 31, 2023)

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	12,231	1,710	13,941	23	13,965	—	13,965
(2) Intersegment sales or transfer	12	22	34	97	131	(131)	—
Total	12,243	1,732	13,976	120	14,097	(131)	13,965
Segment profit (loss)	3,381	(173)	3,208	(31)	3,177	(4)	3,172

(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) 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 three months of the previous consolidated fiscal year (From January 1, 2022 to March 31, 2022)		First three months of the current consolidated fiscal year (From January 1, 2023 to March 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	12,508	13,311	14,415	16,290
Business Innovation Business	697	439	721	767
Total	13,206	13,750	15,137	17,058

Category	Fourth quarter of the previous consolidated fiscal year (From October 1, 2022 to December 31, 2022)		First quarter of the current consolidated fiscal year (From January 1, 2023 to March 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	10,051	14,106	14,415	16,290
Business Innovation Business	1,182	703	721	767
Total	11,233	14,809	15,137	17,058