

Materials for the Briefing on the Financial Results for the First Quarter of Fiscal 2024

May 9, 2024

Future Corporation
(Securities code: 4722, TSE Prime)

Today's Presenter

Yasukazu Matsushita

Executive Officer
of Financial & Accounting Group



1. Earnings for the First Quarter of FY2024

2. Plan for FY2024

1. Earnings for the First Quarter of FY2024

(i) Highlights of Financial Results for the First Quarter of FY2024

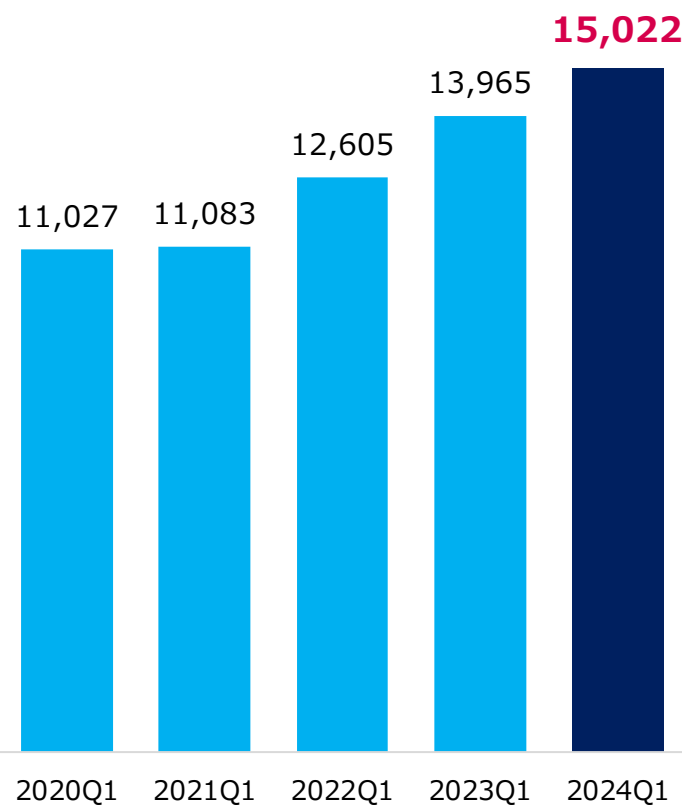
<p>FY2024 1Q consolidated earnings</p>	<p>Net sales and operating income increased driven by the steady progress in the development phase of large-scale projects in the IT Consulting & Service Business</p> <table border="0"> <tr> <td>Net sales</td> <td>15,022 million yen</td> <td>(+7.6%)</td> </tr> <tr> <td>Operating income</td> <td>3,417 million yen</td> <td>(+7.8%)</td> </tr> <tr> <td>Ordinary income</td> <td>3,240 million yen</td> <td>(+2.1%)</td> </tr> <tr> <td>Profit</td> <td>2,189 million yen</td> <td>(-0.2%)</td> </tr> </table>	Net sales	15,022 million yen	(+7.6%)	Operating income	3,417 million yen	(+7.8%)	Ordinary income	3,240 million yen	(+2.1%)	Profit	2,189 million yen	(-0.2%)
Net sales	15,022 million yen	(+7.6%)											
Operating income	3,417 million yen	(+7.8%)											
Ordinary income	3,240 million yen	(+2.1%)											
Profit	2,189 million yen	(-0.2%)											
<p>IT Consulting & Service Business</p>	<p>Both net sales and operating income increased driven by steady progress in the development of large-scale projects such as next-generation banking systems</p> <table border="0"> <tr> <td>Net sales</td> <td>13,041 million yen</td> <td>(+6.5%)</td> </tr> <tr> <td>Operating income</td> <td>3,533 million yen</td> <td>(+4.5%)</td> </tr> </table> <p style="text-align: right;">* Refer to Appendix-(iii)</p>	Net sales	13,041 million yen	(+6.5%)	Operating income	3,533 million yen	(+4.5%)						
Net sales	13,041 million yen	(+6.5%)											
Operating income	3,533 million yen	(+4.5%)											
<p>Business Innovation Business</p>	<p>Both net sales and operating income increased due to reduced operating loss at YOCABITO and contribution from CURIOSITY, which was consolidated in the 2nd quarter of the previous fiscal year</p> <table border="0"> <tr> <td>Net sales</td> <td>1,972 million yen</td> <td>(+13.9%)</td> </tr> <tr> <td>Operating income</td> <td>-38 million yen</td> <td>(first quarter of FY2023: -175 million yen)</td> </tr> </table> <p style="text-align: right;">* Refer to Appendix-(iii)</p>	Net sales	1,972 million yen	(+13.9%)	Operating income	-38 million yen	(first quarter of FY2023: -175 million yen)						
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Operating income	-38 million yen	(first quarter of FY2023: -175 million yen)											
<p>Inter-segment adjustment</p>	<table border="0"> <tr> <td>Net sales</td> <td>-164 million yen</td> <td></td> </tr> <tr> <td>Operating income</td> <td>-86 million yen</td> <td>(first quarter of FY2023 : -4 million yen)</td> </tr> </table>	Net sales	-164 million yen		Operating income	-86 million yen	(first quarter of FY2023 : -4 million yen)						
Net sales	-164 million yen												
Operating income	-86 million yen	(first quarter of FY2023 : -4 million yen)											

(ii) Changes in Net Sales, Operating Income and EBITDA (Over 5 Fiscal Years)

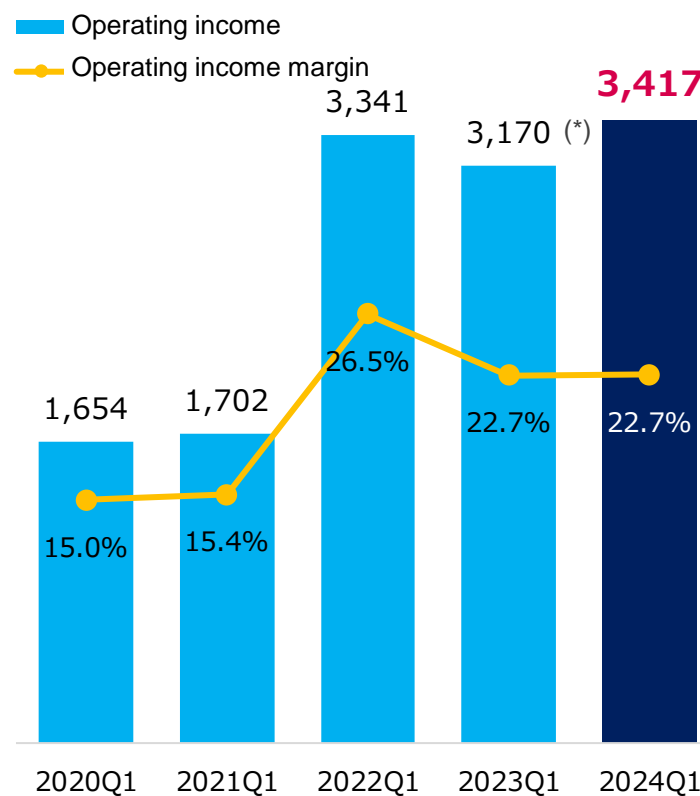
✓ We will further strengthen our quality management system and promote development toward the release of multiple large-scale projects this term, including next-generation banking systems. Overall, both net sales and operating income progressed smoothly and increased by about 7% year on year. Profit margins were at the same level as the same period last year.

(Million yen)

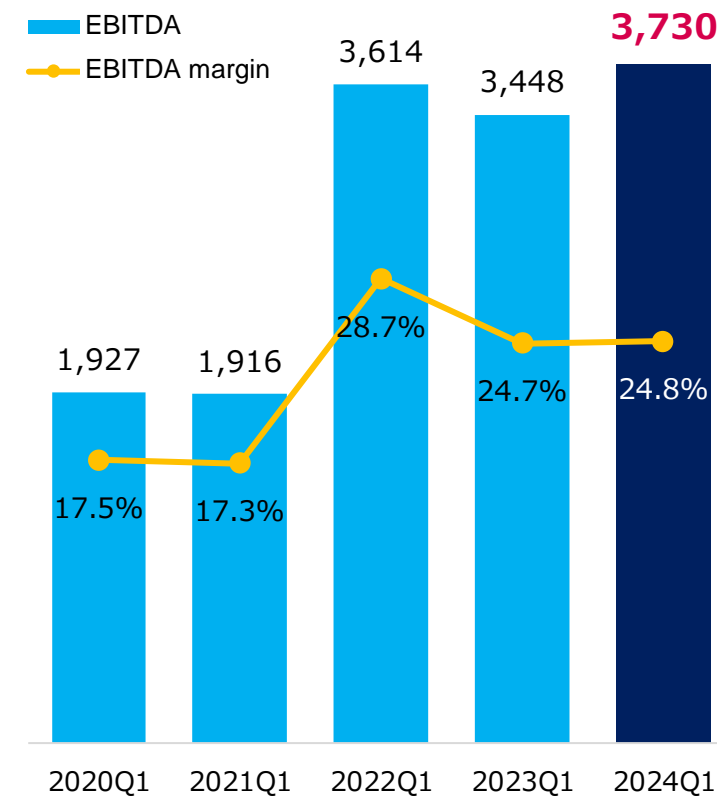
Net sales



Operating income



EBITDA



(*) The accounting treatment for a business combination that had been provisionally accounted for was confirmed retrospectively in fiscal 2023. As a result, the disclosed figure for the 1st quarter of fiscal 2023 (3,172 million yen) has been revised to as shown.

(iii) Year-on-year Changes in the First Quarter FY2024

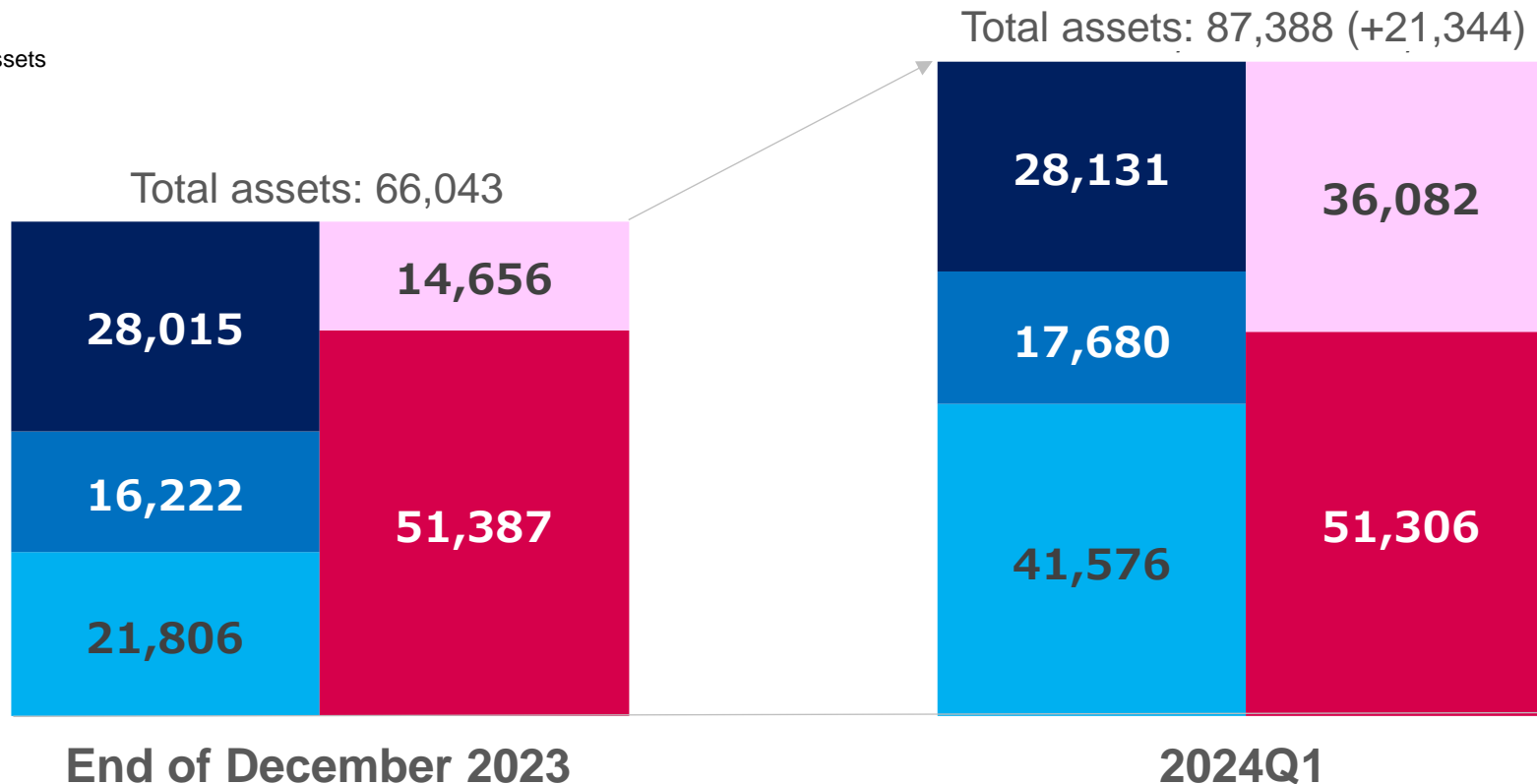
Balance Sheet

- ✓ Total assets increased by 21,300 million yen from the end of the previous fiscal year due to posting M&A-associated goodwill of Revamp (17,800 million yen) and the consolidation of the same company.
- ✓ Interest-bearing debt increased due to the borrowing of 20,000 million yen as funds for the acquisition of Revamp shares.

Balance sheets

(Million yen)

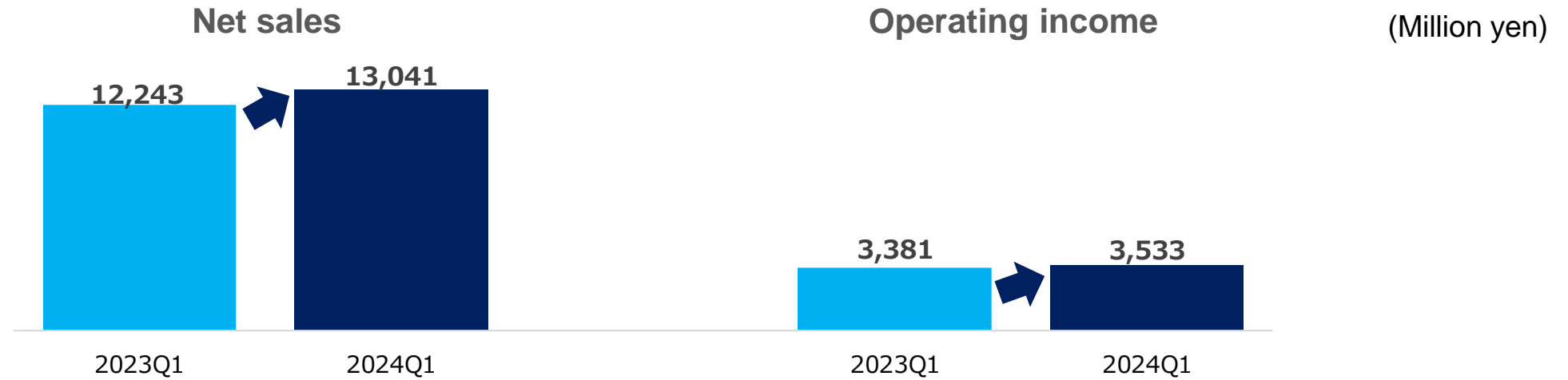
- Cash and deposits
- Current assets
- Non-current assets
- Liabilities
- Net assets













Major changes

Cash and deposits	+116
Expenditure due to acquisition of Revamp shares	- 5,500
Consolidation of Revamp	+6,517
Net changes in dividend payments, tax payments, etc.	- 901
Current assets	+1,458
Consolidation (Revamp)	+1,338
Non-current assets	+19,770
Goodwill (Revamp Group)	+17,830
Consolidation (Revamp)	+2,522
Liabilities	+21,426
Interest-bearing debt	+20,000
Consolidation (Revamp)	+2,669
Accrued income taxes	-1,101
Net assets	- 81
Profit	+2,193
Dividend payment	- 1,771
Valuation difference on available-for-sale securities	- 503

(iv) IT Consulting & Service Business Results for the First Quarter of FY2024

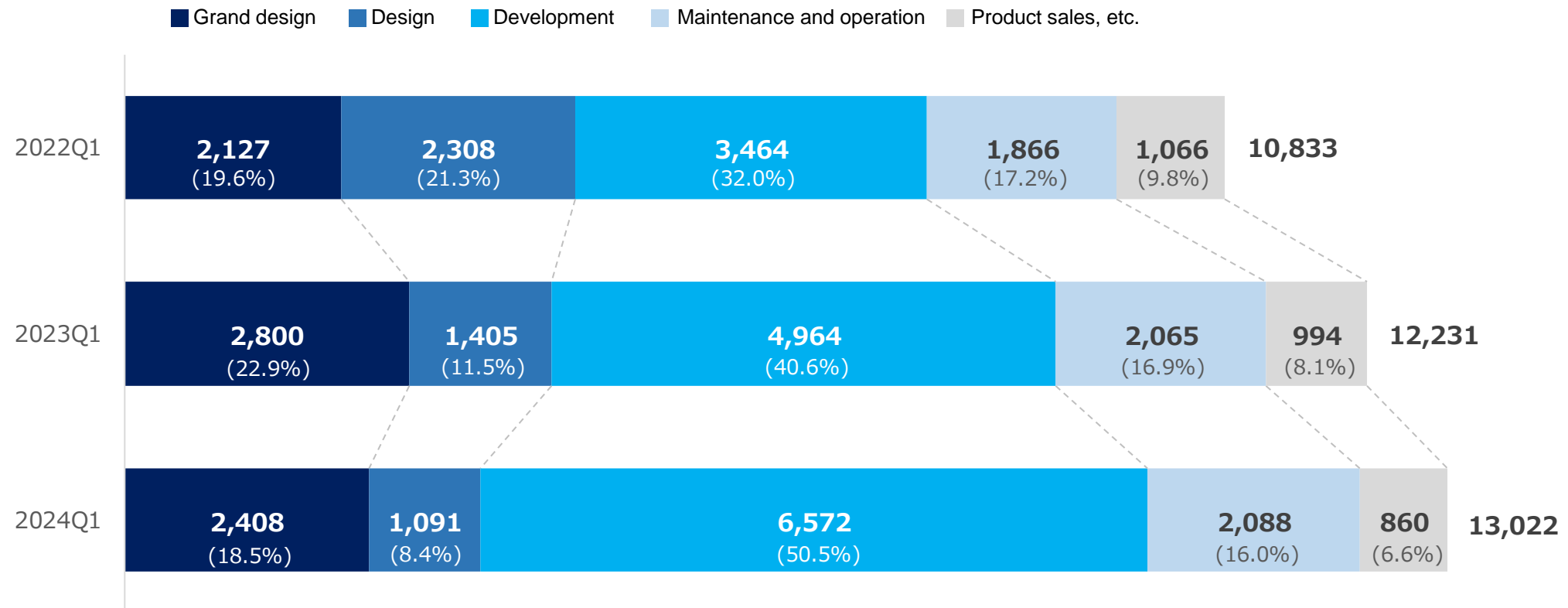


Future Architect, Inc. Net sales  Operating income 	✓ Both net sales and operating income increased driven by the steady progress in large-scale projects, including a project to introduce next-generation banking systems that will contribute to medium- to long-term growth. In addition, DX support for many customers in logistics and apparel also progressed steadily.
Future Inspace, Inc. Net sales  Operating income 	✓ Net sales increased, but operating income decreased due to the increased hiring costs. The development of system infrastructure renewal and cloud migration projects of existing customers progressed well, in addition to provision of regular maintenance and operation services.
FutureOne Net sales  Operating income 	✓ Both net sales and operating income decreased due to large-scale development projects peaking out despite growing orders for the original InfiniOne software package, the company's key product, through industry-specific sales strategies, mainly in the steel industry.
YDC Corporation Net sales  Operating income 	✓ In addition to the traction of building the SmartFactory concept, which realizes the digitalization of factory management, as a result of appeals to improve customer value by using data through DX consulting for customers focused on the manufacturing industry, profitability increased. Both net sales and operating income increased.
dit Co., Ltd. Net sales  Operating income 	✓ Both net sales and operating income decreased. Although the sales ratio of cybersecurity-related services increased, orders did not increase significantly, and hiring costs continued to occur.

(v) Change in Composition of Revenue by Phase (IT Consulting & Service Business)

✓ Sales in development increased as multiple large projects entered the development phase.

(Million yen)



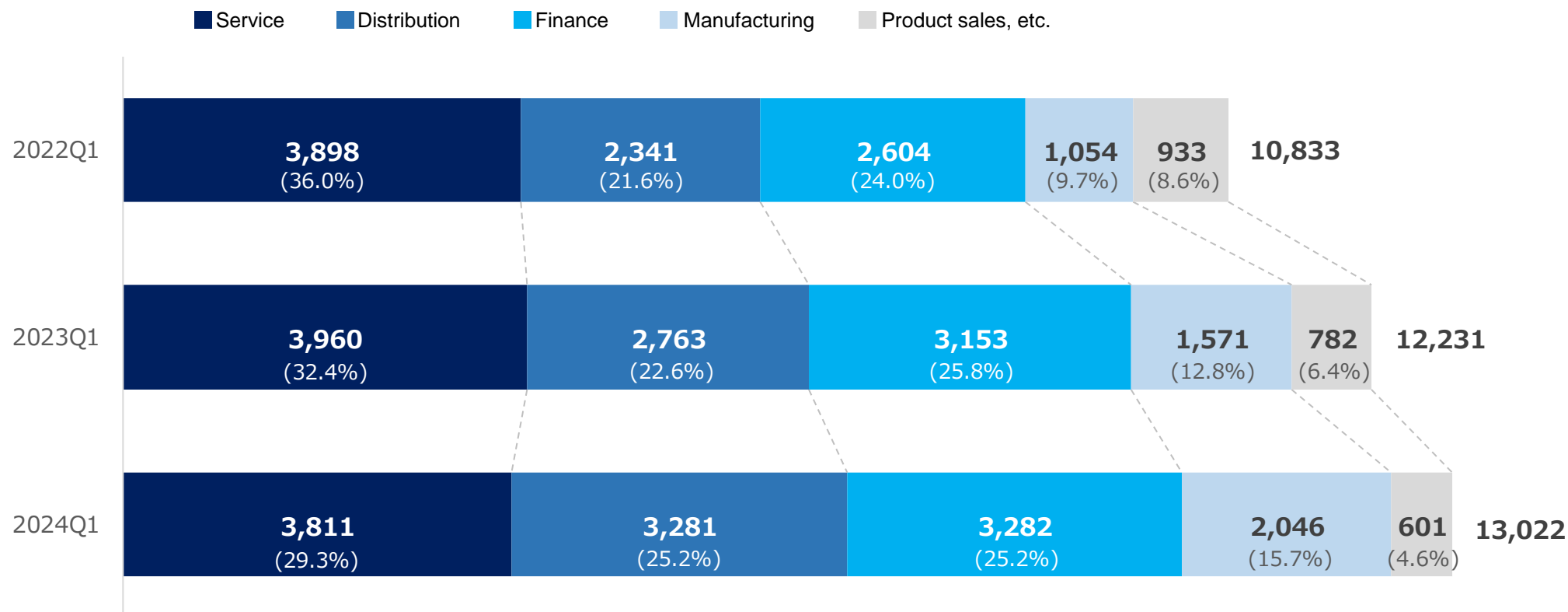
Note 1: Total net sales consist of net sales for external customers of the IT Consulting & Service Business.

Note 2: "Product sales, etc." consist mainly of selection, procurement, and sale of IT equipment, and sale of licenses.

(vi) Change in Composition of Revenue by Industry (IT Consulting & Service Business)

✓ Sales in distribution increased due to development of core system renewal PJs for food wholesalers. Sales in finance remained at a high level due to the development of next-generation banking systems.

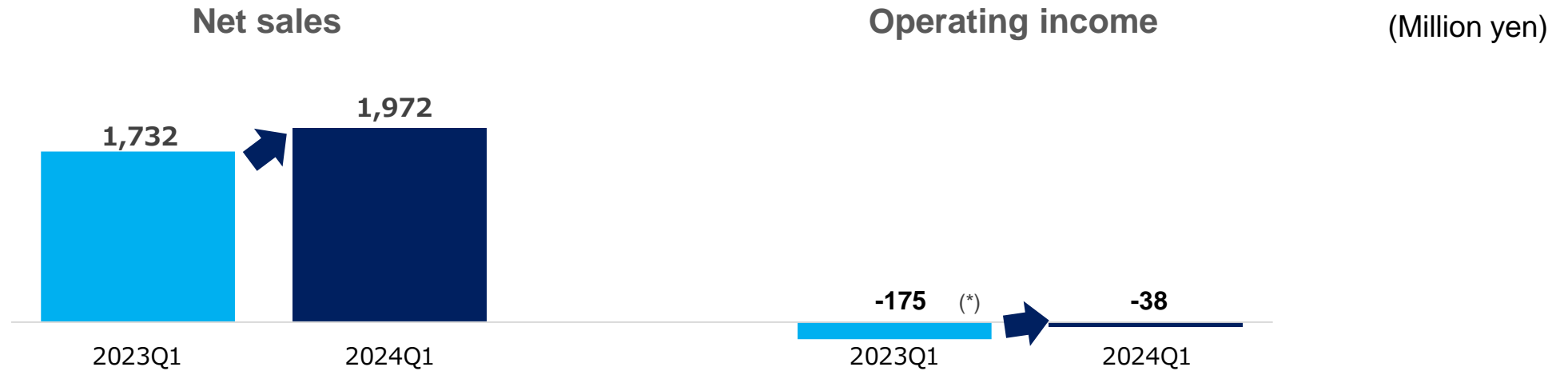
(Million yen)











Note 1: Total net sales consist of net sales for external customers of the IT Consulting & Service Business.

Note 2: "Product sales, etc." consist of selection, procurement, and sale of IT equipment, sale of licenses, and sales for national and regional government offices.

(vii) Earnings Results of Business Innovation



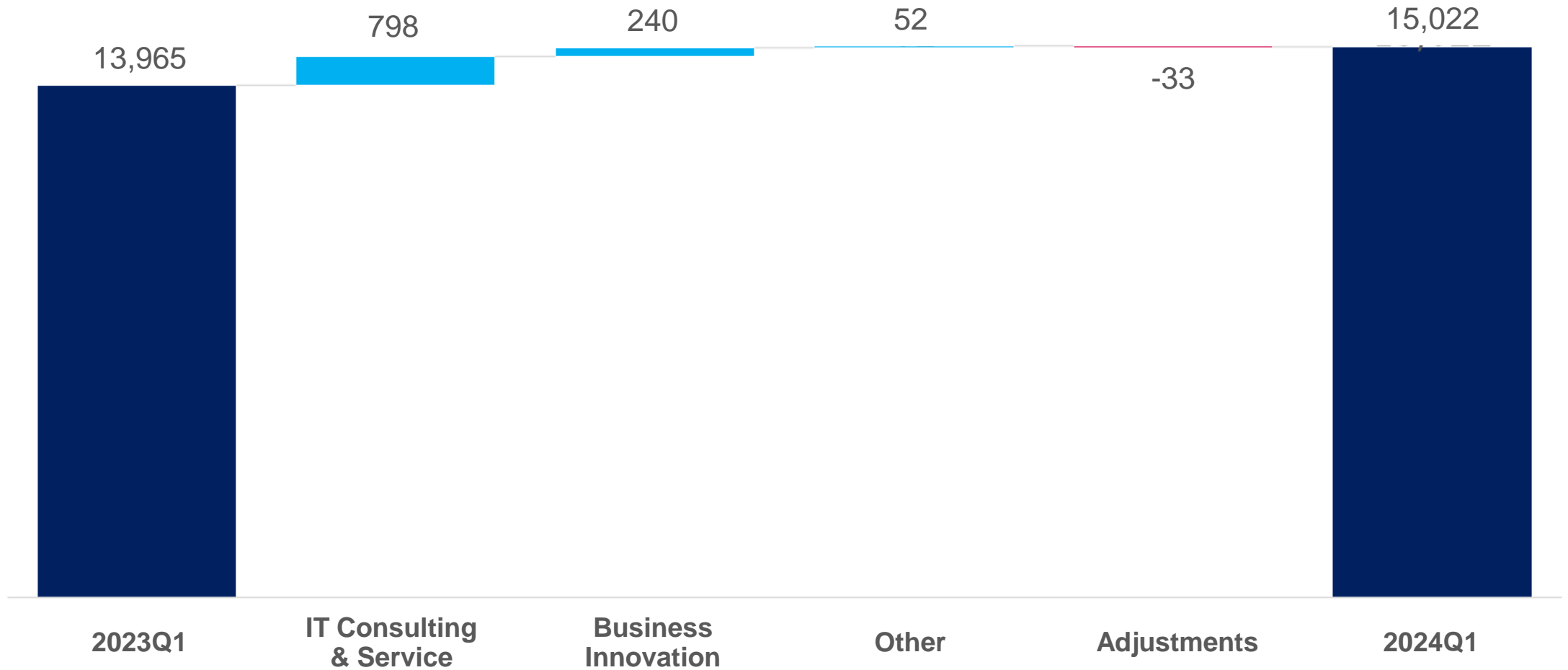
YOCABITO Net sales  Operating income 	✓ Gross margin improved from the previous fiscal year by managing individual products, setting strategic selling prices through digital platforms, and reducing logistics costs by improving logistics efficiency. Net sales decreased, but operating income increased due to promoting the clearance of apparel products while implementing thorough revenue management for individual products.
Tokyo Calendar Inc. Net sales  Operating income 	✓ Net sales decreased, but operating income increased due to income from Internet services, such as the steady trend of Tokyo Calendar Date, while sales in the media business fell short of expectations. In addition, work efficiency improvements and cost reductions helped.
LaiBlitz Inc. Net sales  Operating income 	✓ Net sales increased, but operating income decreased due to the costs associated with the launch of the esports business, partially offset by increased revenue from projects to deploy FastBiz, a membership management and e-commerce package for sports teams to several professional baseball teams, and the start of deployment to professional soccer teams.
CURIOSITY inc. Net sales  Operating income 	✓ Store designs for overseas luxury brands progressed smoothly. The company was consolidated from the second quarter of the previous fiscal year and its results will make a full-year contribution from this fiscal year.

(*) The accounting treatment for a business combination that had been provisionally accounted for was confirmed retrospectively in fiscal 2023. As a result, the disclosed figure for Business Innovation for the 1st quarter of fiscal 2023 (-173 million yen) has been revised.

(viii) Analysis of Net Sales Increase/Decrease for the First Quarter of FY 2024



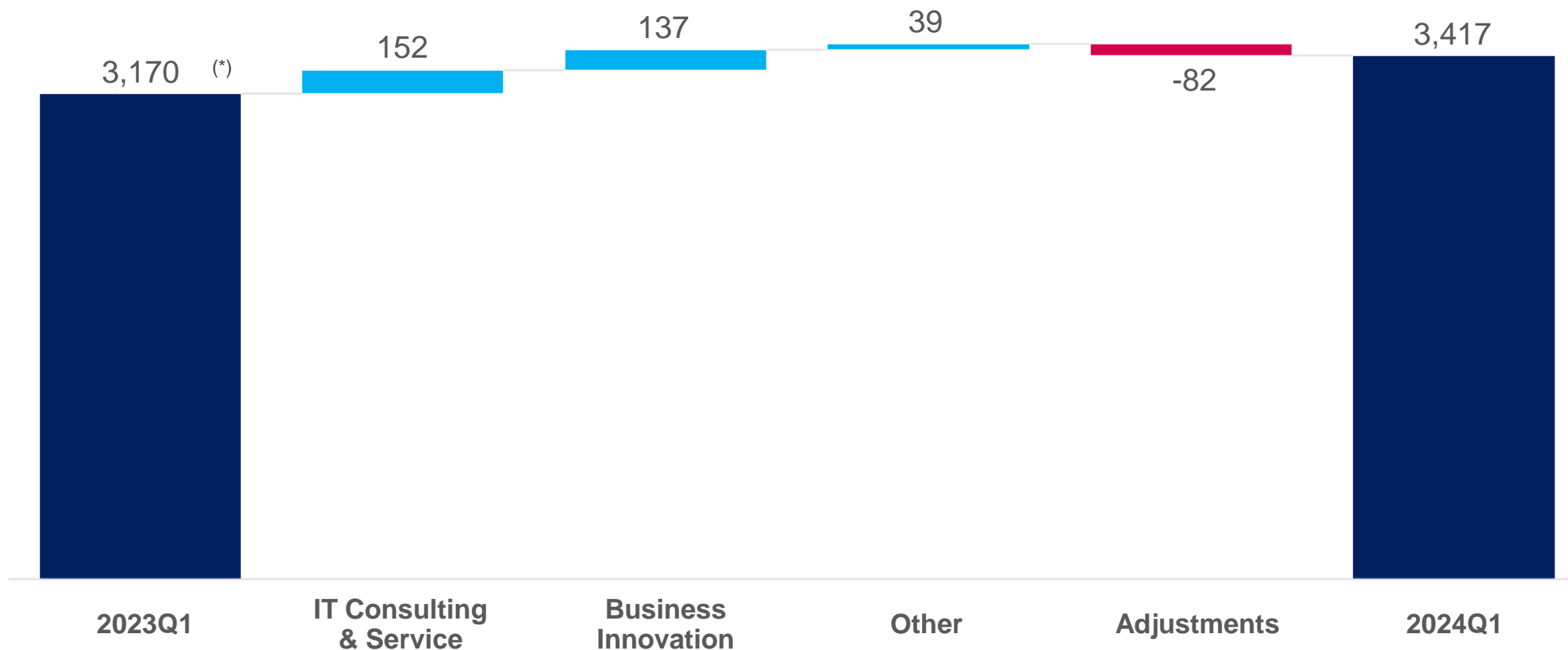
(Million yen)



(ix) Analysis of Operating Income Increase/Decrease for the First Quarter of FY 2024



(Million yen)



(*) The accounting treatment for a business combination that had been provisionally accounted for was confirmed retrospectively in fiscal 2023. As a result, the disclosed figure for the 1st quarter of fiscal 2023 (3,172 million yen) has been revised to as shown.

2. Plan for FY2024

(i) Full-year Earnings Outlook in FY2024 Plan

- ✓ The plan reflects the impact of consolidating the nine months of profit and loss of Revamp from the second quarter. Provisional figures (*) have been used for amortization of goodwill.
- ✓ In the future, when the forecast for Revamp's earnings improvement as a result of synergy promotion measures becomes clear, the earnings outlook will be promptly revised.

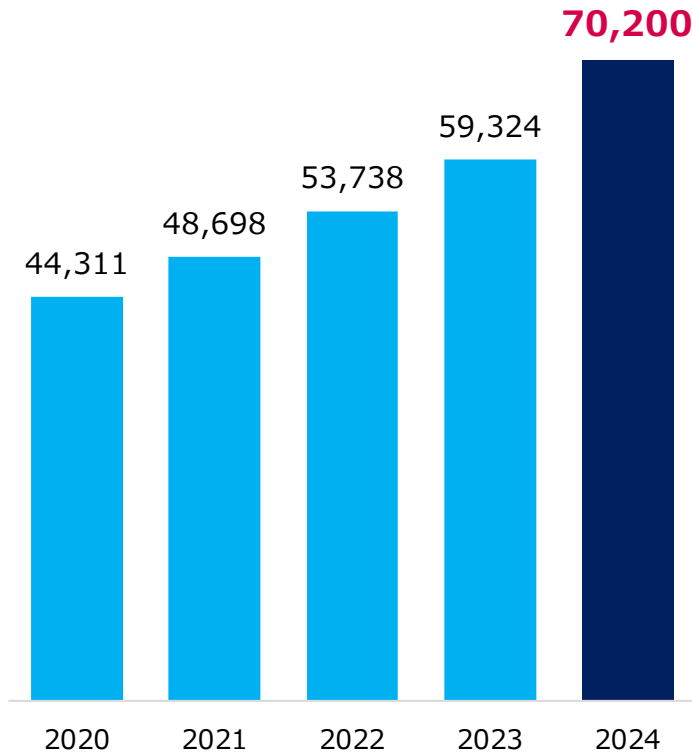
(*) Amount of goodwill recorded: 17,830 million yen (amount recorded and years of amortization not determined during audit)

(Million yen)

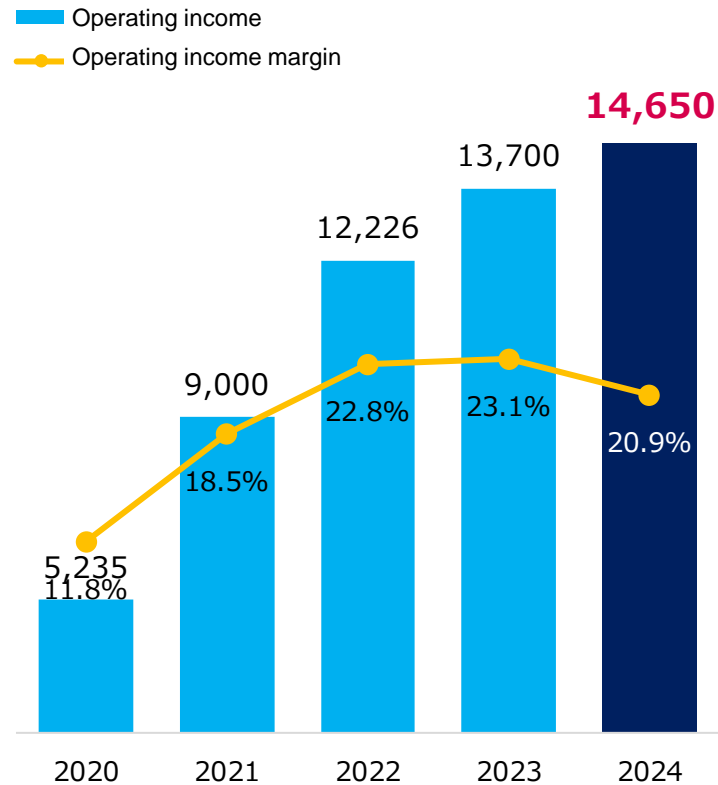
	FY2024 Full-year plan (Released on April 24)	FY2024 Full-year plan (Released on February 6)	YoY change	FY2024 1H plan (Released on April 24)	FY2024 1H plan (Released on February 6)	YoY change
Net sales	70,200	63,000	11.4%	32,100	29,700	8.1%
Operating income (Operating income margin)	14,650 (20.9%)	14,500 (23.0%)	1.0%	6,800 (21.2%)	6,700 (22.6%)	1.5%
Profit attributable to owners of parent (Net income margin)	9,900 (14.1%)	10,150 (16.1%)	-2.5%	4,600 (14.3%)	4,690 (15.8%)	-1.9%

(ii) Changes in Net Sales, Operating Income and EBITDA in FY2024 Plan

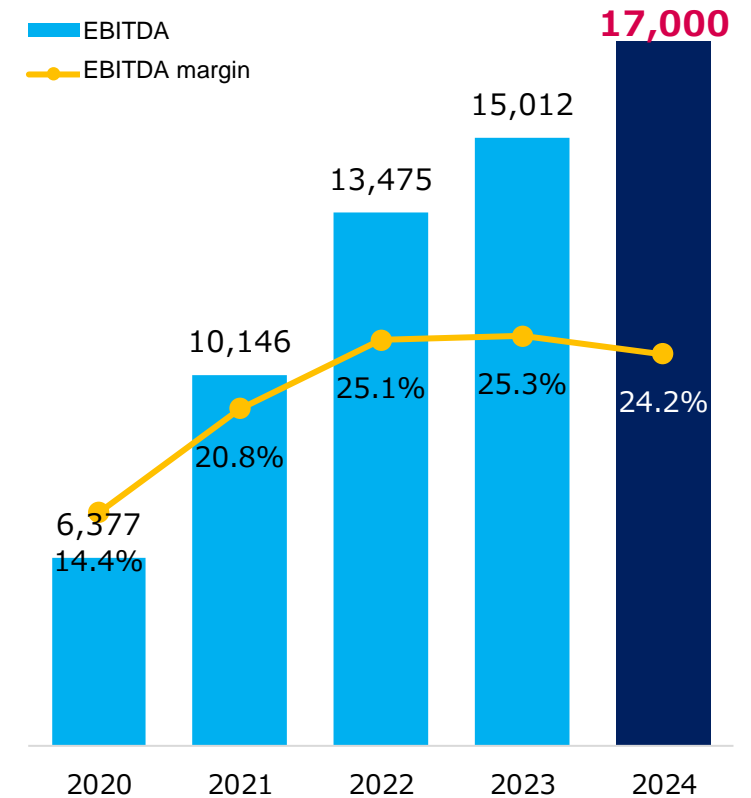
Net sales



Operating income



EBITDA

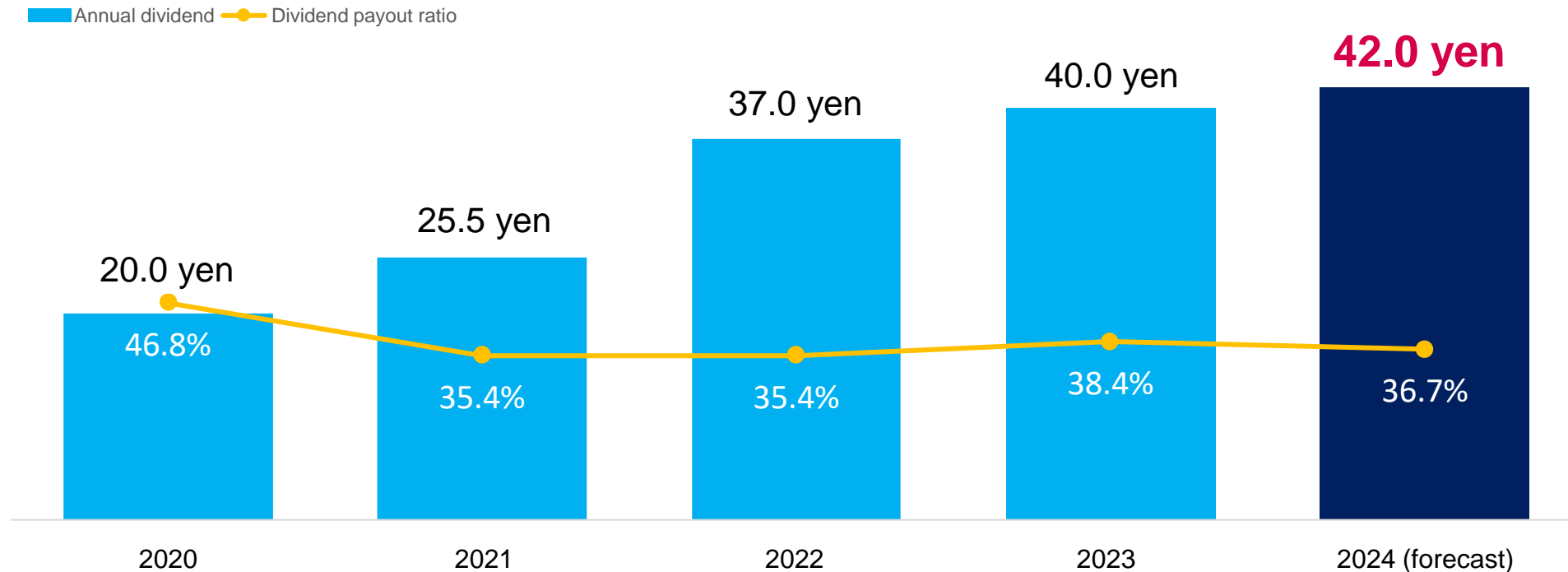


(*) The accounting treatment for a business combination that had been provisionally accounted for was confirmed retrospectively in fiscal 2023. As a result, the figure for fiscal 2022 (12,229 million yen) has been revised to as shown..

(iii) Dividends in FY2024 Plan

✓ The FY2024 annual dividend will be 42 yen per share (interim dividend of 21 yen and year-end dividend of 21 yen, consolidated dividend payout ratio of 36.7%).

Trends in annual dividend per share (*)



(*) The Company conducted a two-for-one stock split of its common stock on January 1, 2022. The annual dividend amount before 2021 is calculated by taking into consideration the effect of the stock split.

(Supplement) Initiatives for the Realization of Synergies in Management Integration with Revamp



Revamp management team

- CEO Yuasa, COO Senda and CFO Oyama, Revamp's current management team, will continue to manage the company to realize high growth and the improvement of corporate value.
- Four members of Future's management team, Kanemaru, Jingu, Taniguchi and Saito, will join Revamp's management team as directors in order to realize synergies as soon as possible.

Initiatives

- Promotion and quantification of synergies at the project level between Revamp and Future Architect

Expand customer base, mainly in distribution area Promote collaborative sales between both companies	<ul style="list-style-type: none">• Share effective measures for improvement of the future customer value between the two companies. Increase sales of both companies by expanding solutions offered to customers.
Management support and technology complements	<ul style="list-style-type: none">• Introduction of Future development tools to Revamp. Increase profit margins by improving development efficiency and quality in Revamp's DX business.
Unification and standardization of recruitment and education	<ul style="list-style-type: none">• New employees from both Future and Revamp will receive joint technical training.

Appendix

Appendix-(i) Earnings (Comparative Analysis)



(Million yen)

	FY2024 Q1	Compared with projection		YoY change	
		FY2024 1H earnings forecast <small>(Released on February 6)</small>	Rate of progress	FY2023 result	Change (%)
Net sales	15,022	29,700	50.6%	13,965	7.6%
Operating income <small>(Operating income margin)</small>	3,417 <small>(22.7%)</small>	6,700 <small>(22.6%)</small>	51.0%	3,170 <small>(22.7%)</small>	7.8%
Profit attributable to owners of parent <small>(Net income margin)</small>	2,189 <small>(14.6%)</small>	4,690 <small>(15.8%)</small>	46.7%	2,193 <small>(15.7%)</small>	-0.2%

Appendix-(ii) Balance Sheet

(Million yen)	End of Mar. 2024	End of Dec. 2023	Change	Major changes
Total assets	87,388	66,043	+21,345	
Current assets	45,811	44,237	+1,574	
Cash and deposits	28,131	28,015	+116	M&A, dividend payments
Notes and accounts receivable – trade, and contract assets	10,936	10,195	+741	Increase in accounts receivable-trade due to increase in sales
Securities	0	200	-200	
Other current assets	6,744	5,827	+917	Increase in prepaid expenses, income taxes refund receivable, etc.
Non-current assets	41,576	21,806	+19,770	
Property, plant and equipment	1,065	1,020	+45	
Intangible assets (including goodwill)	23,595	5,684	+17,911	Goodwill (+17,783)
Investment securities	15,307	13,770	+1,537	Increase in shareholdings
Other non-current assets	1,609	1,332	+277	
Total liabilities	36,082	14,656	+21,426	
Accounts payable – trade	4,188	2,700	+1,488	
Accounts payable – other				
Income taxes payable	1,481	2,582	-1,101	Decrease due to tax payments
Deferred tax liabilities	2,847	3,324	-477	Decrease in deferred tax liabilities due to decline in stock prices of shares held
Other liabilities	27,566	6,050	+21,516	Current portion of long-term borrowings (+2,857), long-term borrowings (17,143)
Total net assets	51,306	51,387	-81	
Shareholders' equity	43,838	43,421	+417	Profit +2,193, dividend payments -1,771, etc.
Valuation difference on available-for-sale securities	7,435	7,938	-503	Decrease in valuation difference due to a decrease in stock prices of shares held
Other net assets	33	28	+5	

	End of Mar. 2024	End of Dec. 2023	YoY change
Shareholders' equity ratio	58.7%	77.8%	-19.1%

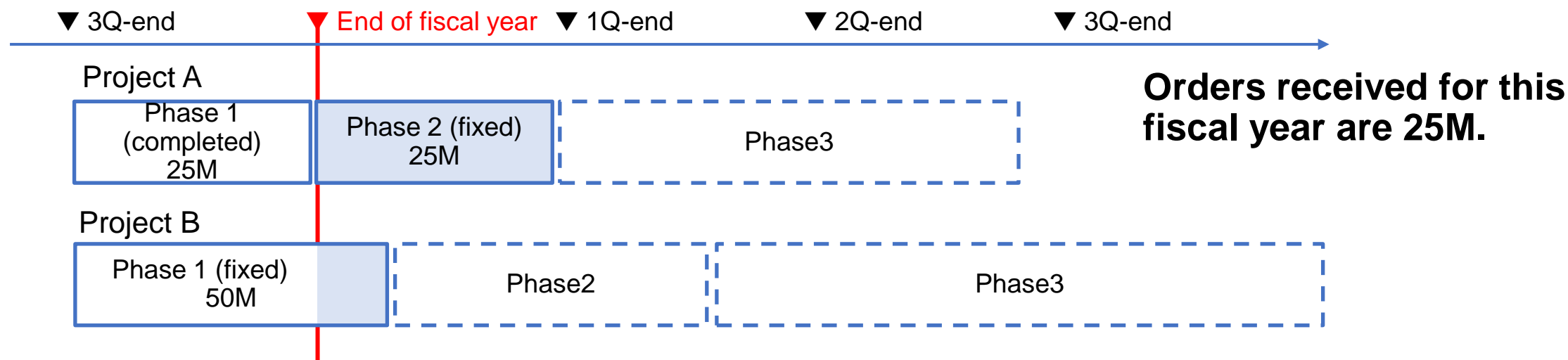
Appendix-(iii) Results by Segment

(in millions of yen)	2024Q1	2023Q1	YoY change
Net sales	15,022	13,965	7.6%
IT Consulting & Service	13,041	12,243	6.5%
Business Innovation	1,972	1,732	13.9%
Other	172	120	43.3%
Adjustments	-164	-131	-
Operating income	3,417	3,170	7.8%
IT Consulting & Service	3,533	3,381	4.5%
Business Innovation	-38	-175	-
Other	8	-31	-
Adjustments	-86	-4	-

Appendix-(iv)-1 Interpretation of Order Backlog

(IT Consulting & Service Business)

- (1) For the purpose of risk control of long-term, large-scale projects, only a fixed amount of a project, on which a contract has been signed, is recognized as an order received



- (2) Out of orders fixed, amounts unrealized in accordance with the percentage of completion method are totaled as the amount of order backlog

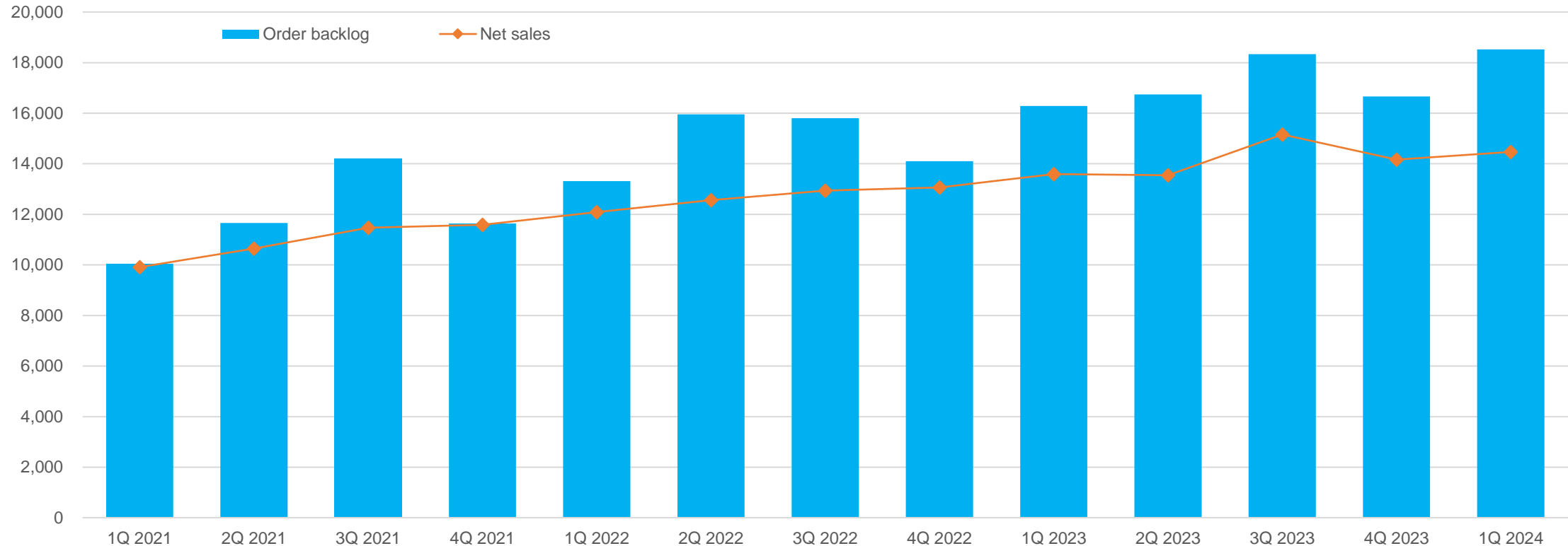
Back orders of the current fiscal year =

**back orders of the previous fiscal year + orders received in the current fiscal year
– sales (on a percentage of completion method/completed contract method)**

Appendix-(iv)-2 Relationship between Order Backlog and Net Sales

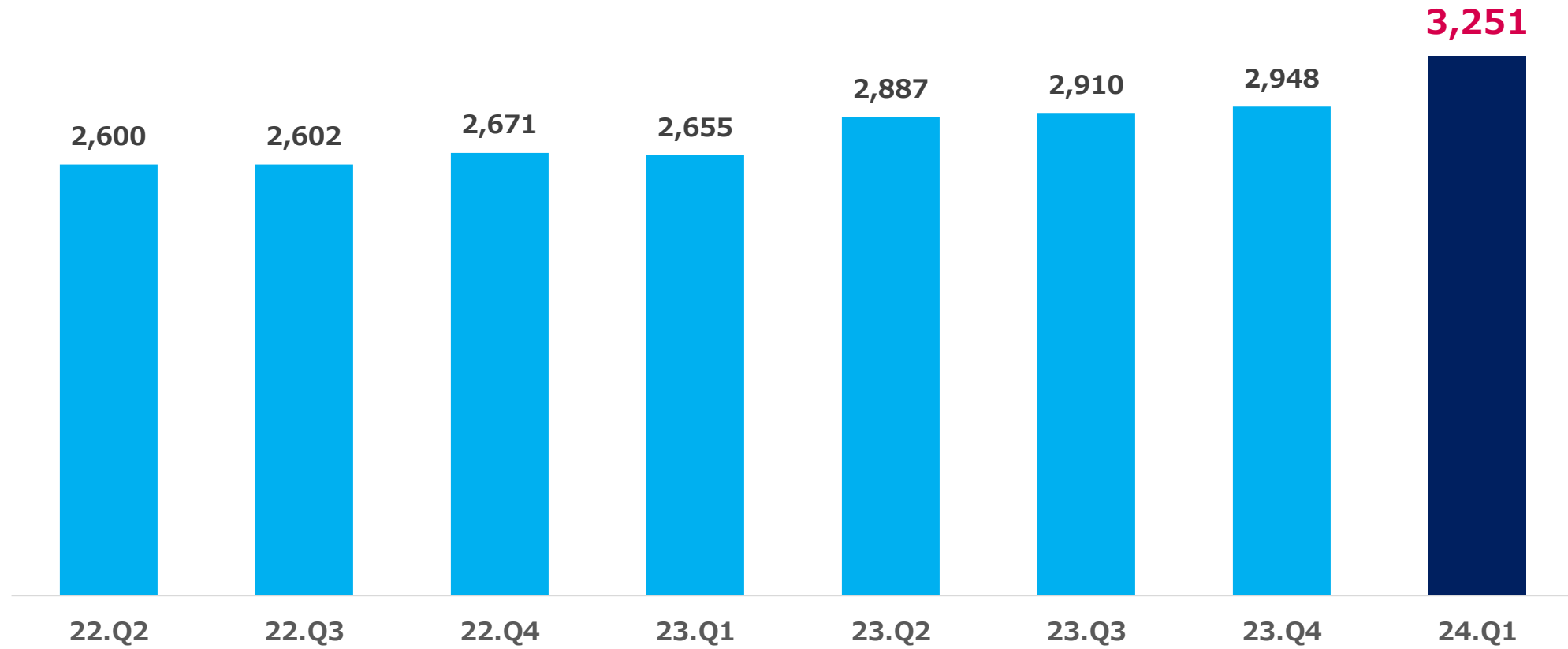
Changes in Order Backlog and Net Sales (IT Consulting & Service Business) (On a quarterly basis)

(Million yen)



- As referred to in Interpretation of Order Backlog on the previous page, the order backlog at year end and future net sales are not necessarily related to each other
- The Company adopted the Accounting Standard for Revenue Recognition, etc. in presenting orders for which the contract term begins after January 2023

Appendix -(v) Quarterly Changes in Personnel (Consolidated Basis)





FUTURE

Consolidated Summary Report of Operating Results, Supplementary Materials, Materials for the Briefing on the Financial Results and other IR materials are also available on the Company's website.

https://www.future.co.jp/investor_relations/

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