

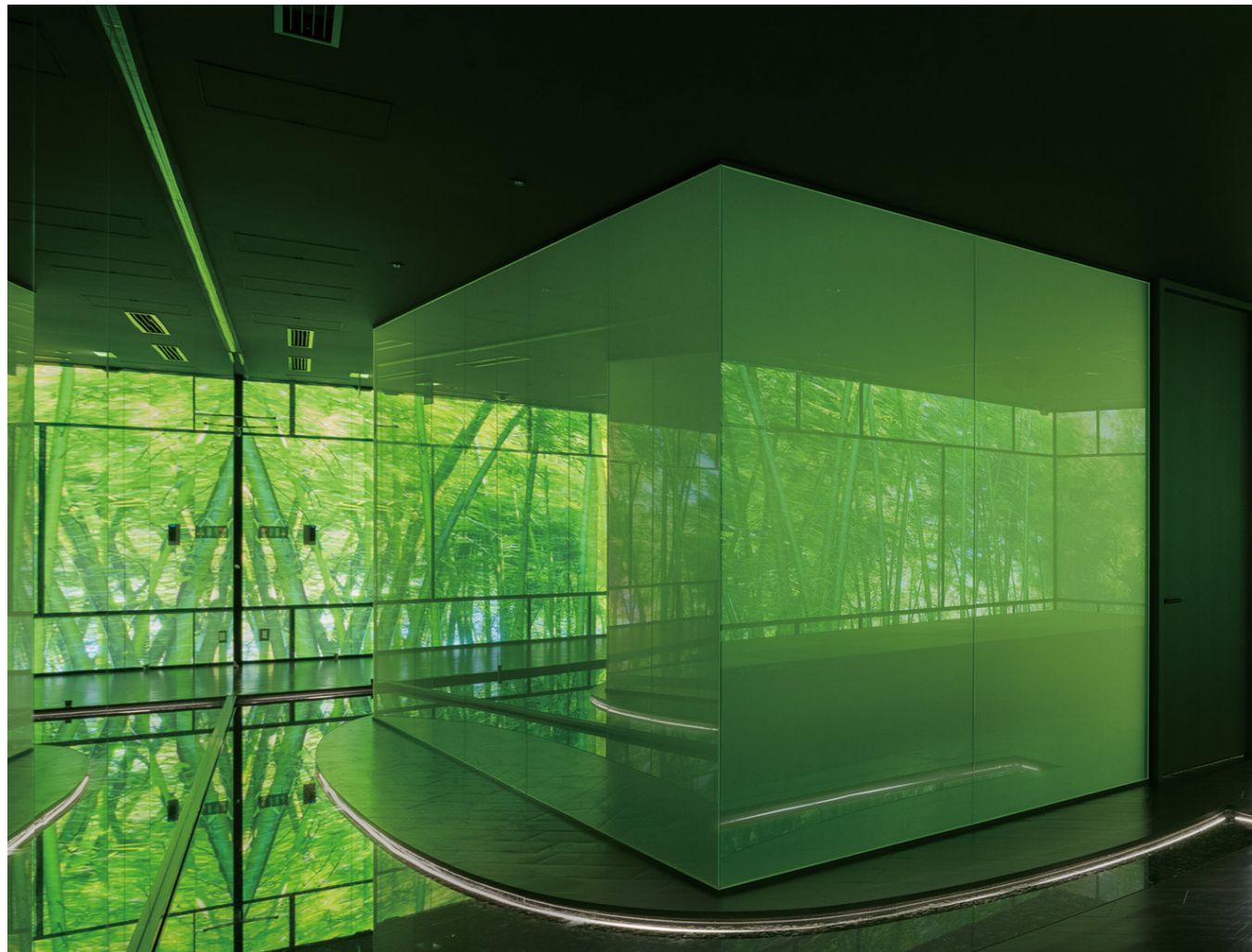


**FUTURE**

# Materials for the Briefing on the Financial Results for FY2020

February 8, 2021

**Future Corporation**  
(First Section of the Tokyo Stock  
Exchange: 4722)



# Today's Presenters



**Yasufumi Kanemaru**  
**Chairman and President**  
**Group CEO**



**Yuki Shingu**  
**Board Director**  
**President,**  
**Future Architect, Inc.**



**Yohei Saito**  
**Board Director, Chief**  
**Technology Officer**

1. Earnings for FY2020

2. Topics Related to FY2020

3. Plan for FY2021

# 1. Earnings for FY2020

# 1. Earnings for FY2020

## (i) Earnings Highlights

### Consolidated earnings results for FY2020

Net sales were comparable to the level for the previous year, while operating income, ordinary income, and profit attributable to owners of parent all decreased

Net sales	44,311 million yen ( 2.4% decrease)
Operating income	5,235 million yen (19.8% decrease)
Ordinary income	5,438 million yen (19.0% decrease)
Profit attributable to owners of parent	3,795 million yen (16.7% decrease)

### IT Consulting & Service

Segment sales and operating income decreased, mainly due to curtailed and postponed IT investment by some customers and partial delay in project deliver

Net sales:	35,488 million yen (5.1% decrease)	
Operating income:	4,900 million yen (21.7% decrease)	*Refer to Appendix. (i)

### Business Innovation

eSPORTS and CodeCamp drove growth in sales. All companies saw dramatic improvement in operating income

Net sales:	8,908 million yen ( 10.1% increase)	
Operating income:	462 million yen (1642.6% increase)	*Refer to Appendix. (i)

### Inter-segment adjustment

Net sales:	(147) million yen
Operating income:	(107) million yen

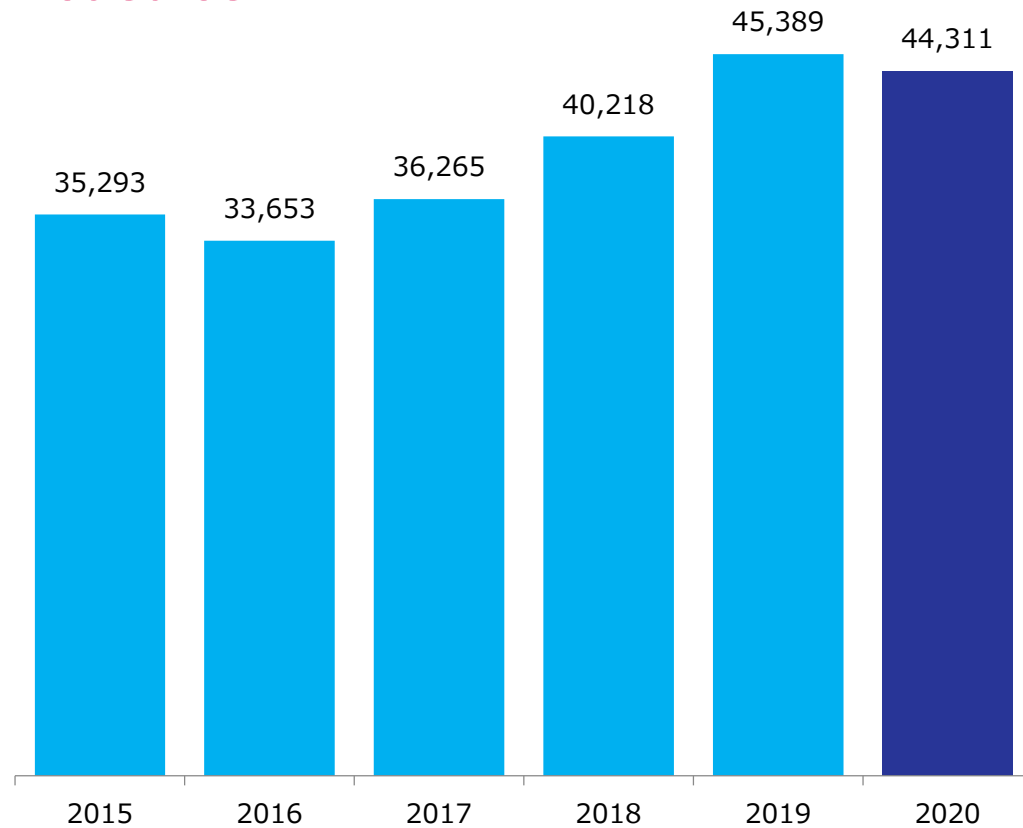
# 1. Earnings for FY2020

## (ii) Analysis of Earnings Results (Net Sales and Operating Income)

\*Refer to Appendix (ii)

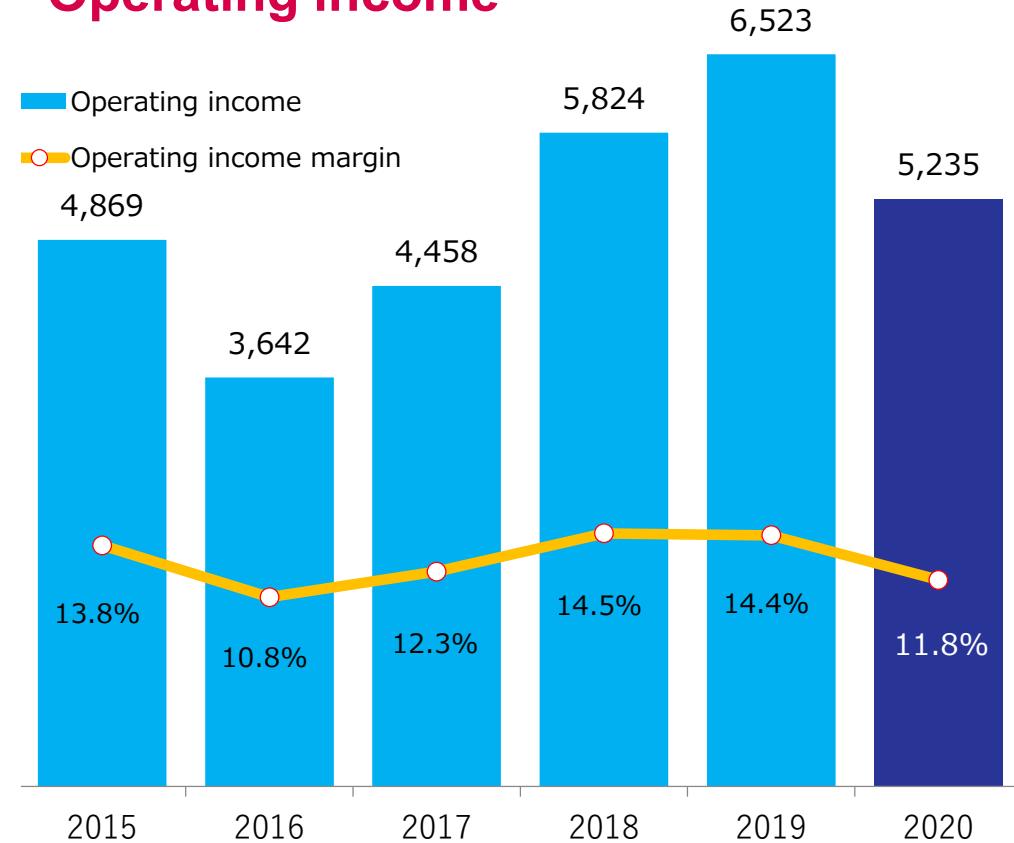
Declines in both net sales and operating income for the first time since FY2016  
Operating income margin decreased by 2.6 percentage points year on year

### Net sales



### Operating income

(Million yen)



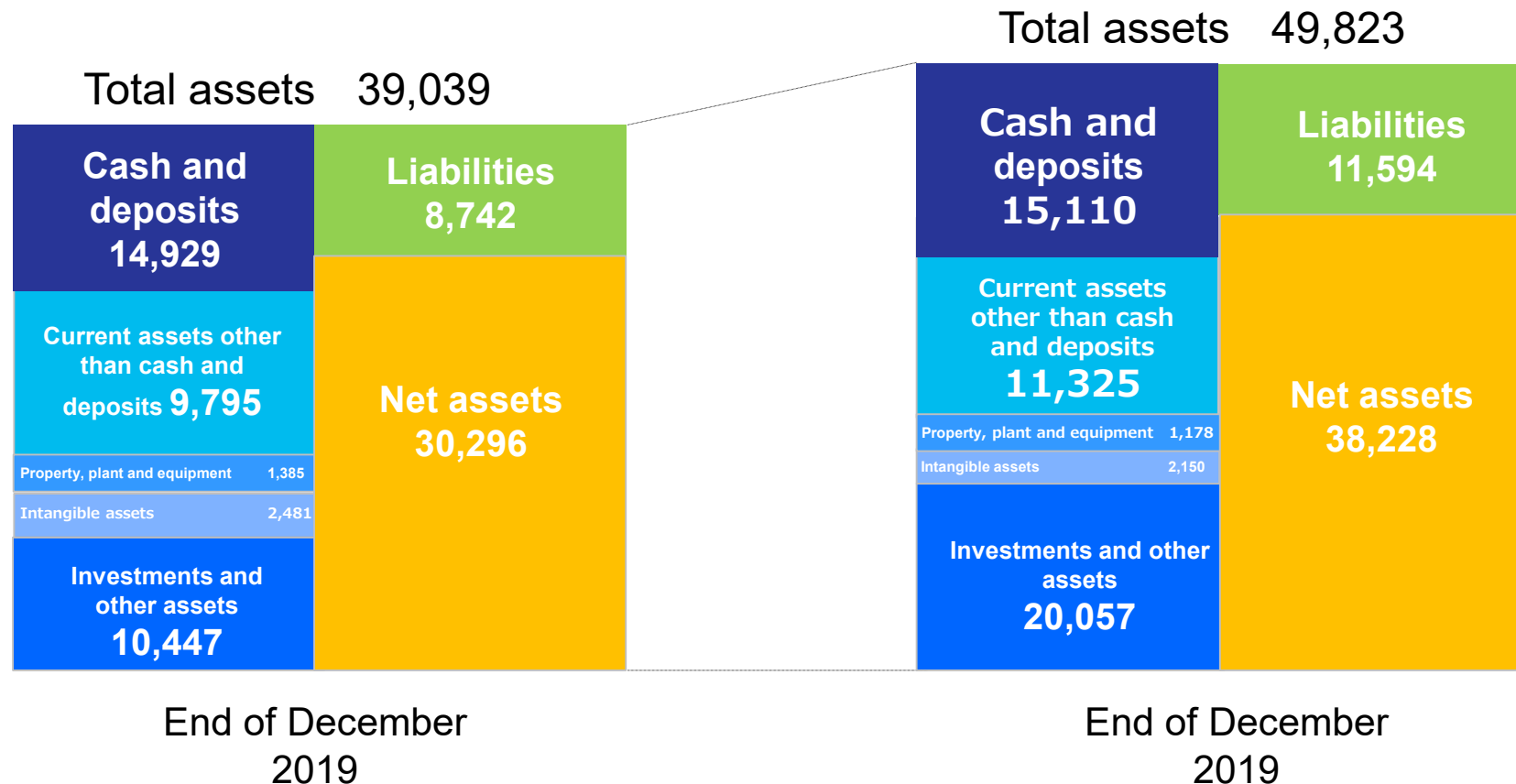
# 1. Earnings for FY2020

## (ii) Analysis of Earnings Results (Balance Sheets)

Total assets increased from 39,039 million yen at the end of December 2019 to 49,823 million yen

### Balance Sheets

(Million yen)



#### ○ Increase/decrease in assets

Increase/decrease in assets:	+ 10,784
(Major items)	
Cash and deposits:	+ 180
Notes and accounts receivable – trade:	+ 797
Investment securities:	+ 1,000
Work in process:	- 335
Property, plant and equipment:	- 207
Customer-related assets:	- 208
Investment securities:	+9,652

#### ○ Increase/decrease in liabilities

Increase/decrease in liabilities:	+2,851
(Major items)	
Accounts payable – trade:	- 276
Income taxes payable:	- 90
Provision for loss on projects:	- 241
Deferred tax liabilities:	+2,979

#### ○ Increase/decrease in net assets

Increase/decrease in net assets:	+7,932
(Major items)	
Total shareholders' equity:	+ 1,250
Valuation difference on available-for-sale securities:	+6,631

# 1. Earnings for FY2020

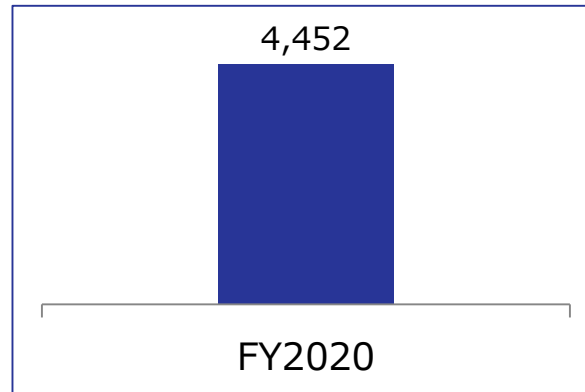
## (ii) Analysis of Earnings Results (Cash Flows)

**FUTURE**

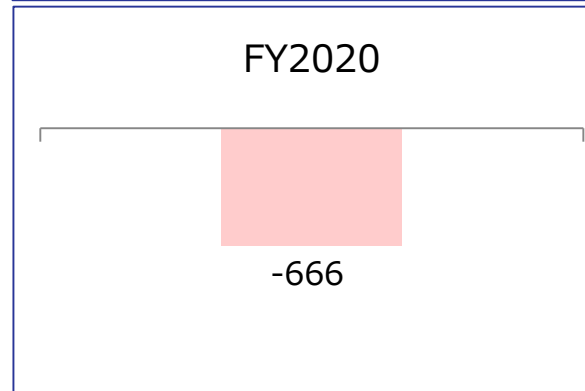
\*Refer to Appendix (iv)

(Million yen)

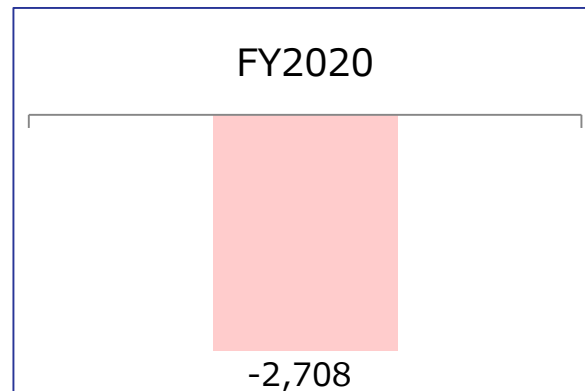
### Operating CF



### Investing CF



### Financial CF



#### ○ Breakdown of cash flows from operating activities

Profit before income taxes:	5,530
Depreciation:	1,102
Increase (decrease) in inventories:	255
Decrease (increase) in notes and accounts receivable - trade:	-866
Increase (decrease) in provision for loss on projects:	-241
Other:	+204

Subtotal:	5,985
Income taxes paid:	-1,718
Interest and dividends:	184

CF from operating activities:	4,452
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#### ○ Breakdown of cash flows from investing activities

Purchase of securities:	-100
Purchase of property, plant and equipment:	-121
Purchase of intangible assets:	-433
Purchase of investment securities:	-110
Other:	97

CF from investing activities	-666
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#### ○ Breakdown of cash flows from financing activities

Repayment of finance leases	-108
Purchase of treasury shares	-758
Cash dividends paid	-1,822
Other	-19

CF from financing activities	-2,708
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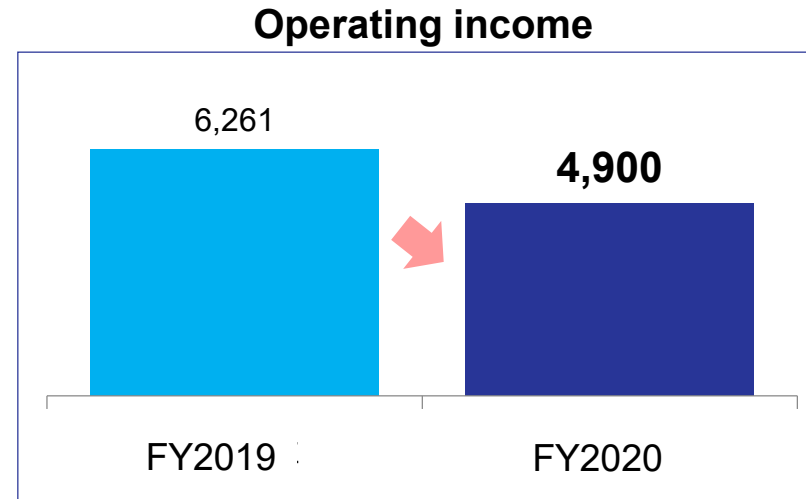
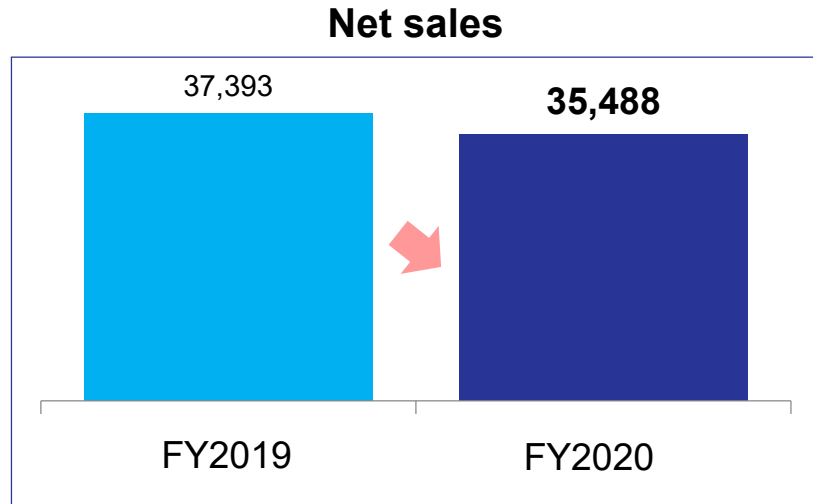
# 1. Earnings for FY2020

## (iii) Results by Segment (IT Consulting & Service)



\*Refer to Appendix (v)

(Million yen)



**Future Architect, Inc.**  
(including Future Corporation's  
Technology Division)

Net sale Operating income

- Net sales decreased, mainly due to curtailment of investment and postponement of the start of new projects by some customers, despite solid orders for grand design from customers promoting business reforms and core system enhancements from various industries conscious of the 2025 Digital Cliff.
- Operating income decreased, mainly due to an increase in costs associated with late deliveries and testing fees at the closing of some highly challenging existing projects.

**YDC Corporation**

Net sale Operating income

- Net sales increased due to strong sales of its "YDC SONAR" software, which integrates and analyzes quality information in the manufacturing industry.
- Operating income increased dramatically due to the advances in profitability management through introduction of a Group system.

**FutureOne**

Net sale Operating income

- Net sales and operating income both decreased sharply, mainly due to greater than expected investment of personnel to give priority to delivery delays of certain large projects.

**dit Co., Ltd**

Net sale Operating income

- Net sales and operating income both increased sharply, reflecting strong performance of security-related services such as vulnerability diagnostics, with order acquisitions related to network construction for ICT environment maintenance and so forth.

# 1. Earnings for FY2020

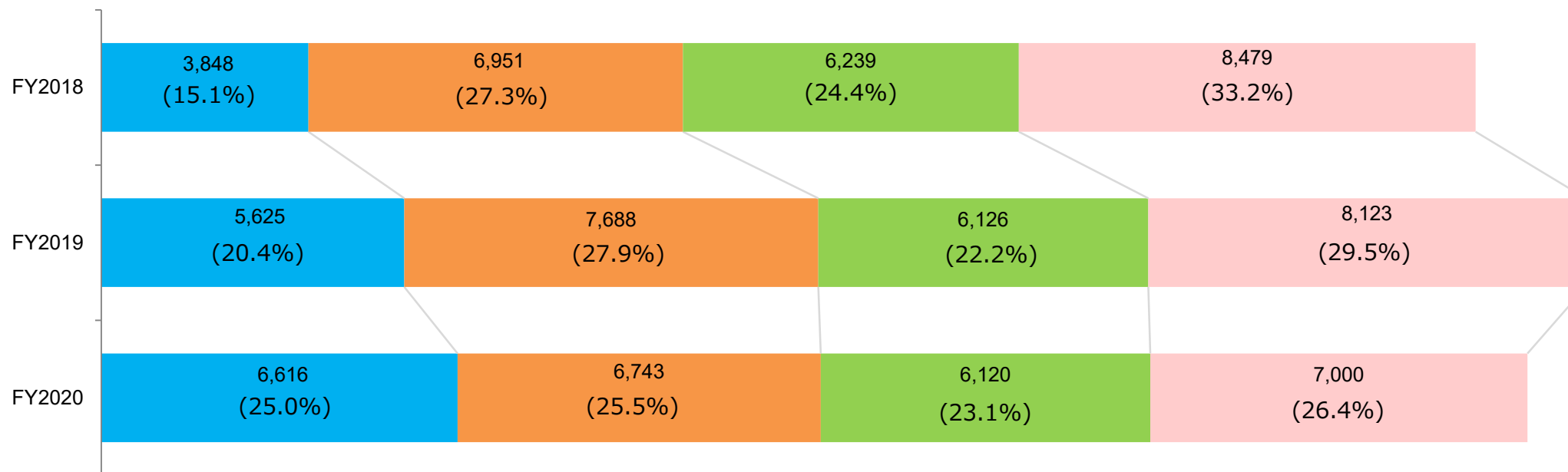
## (iii) Results by Segment (IT Consulting & Service)



(Million yen)

### Sales trends by industry

■ Service ■ Distribution ■ Finance ■ Manufacturing



Note 1) Results for Future, Future Architect, Future Inspace, and YDC have been combined.

Note 2) Figures for procured goods and the maintenance thereof are not included

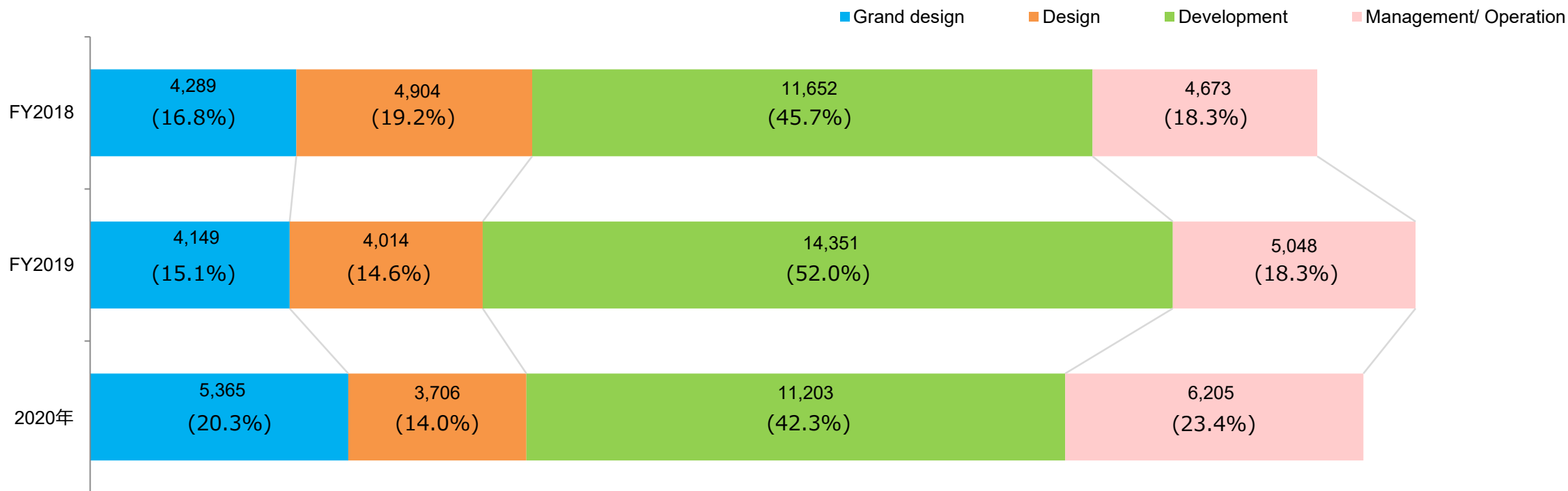
# 1. Earnings for FY2020

## (iii) Results by Segment (IT Consulting & Service)



(Million yen)

### Sales trends by phase



Note 1) Results for Future, Future Architect, Future Inspace, and YDC have been combined.

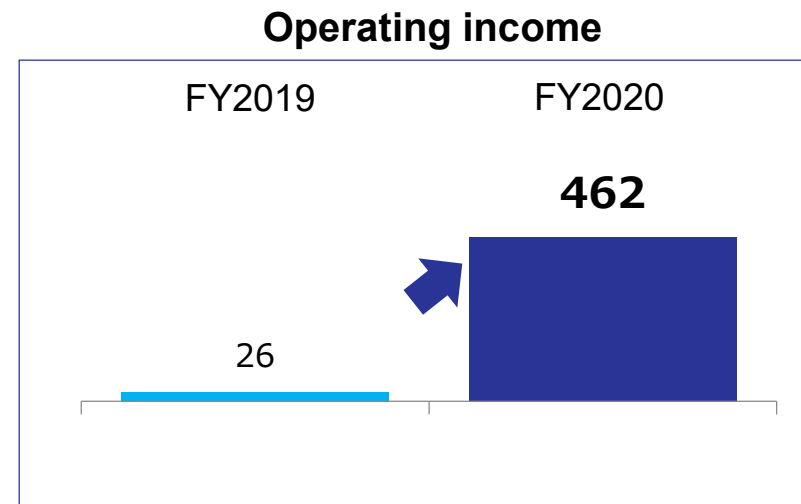
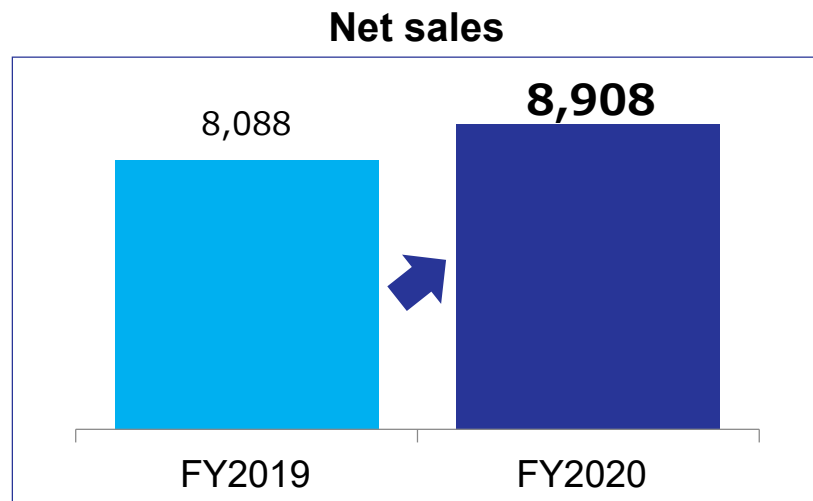
Note 2) Figures for procured goods and the maintenance thereof are not included

# 1. Earnings for FY2020

## (iii) Results by Segment (Business Innovation)

\*Refer to Appendix (v)

(Million yen)

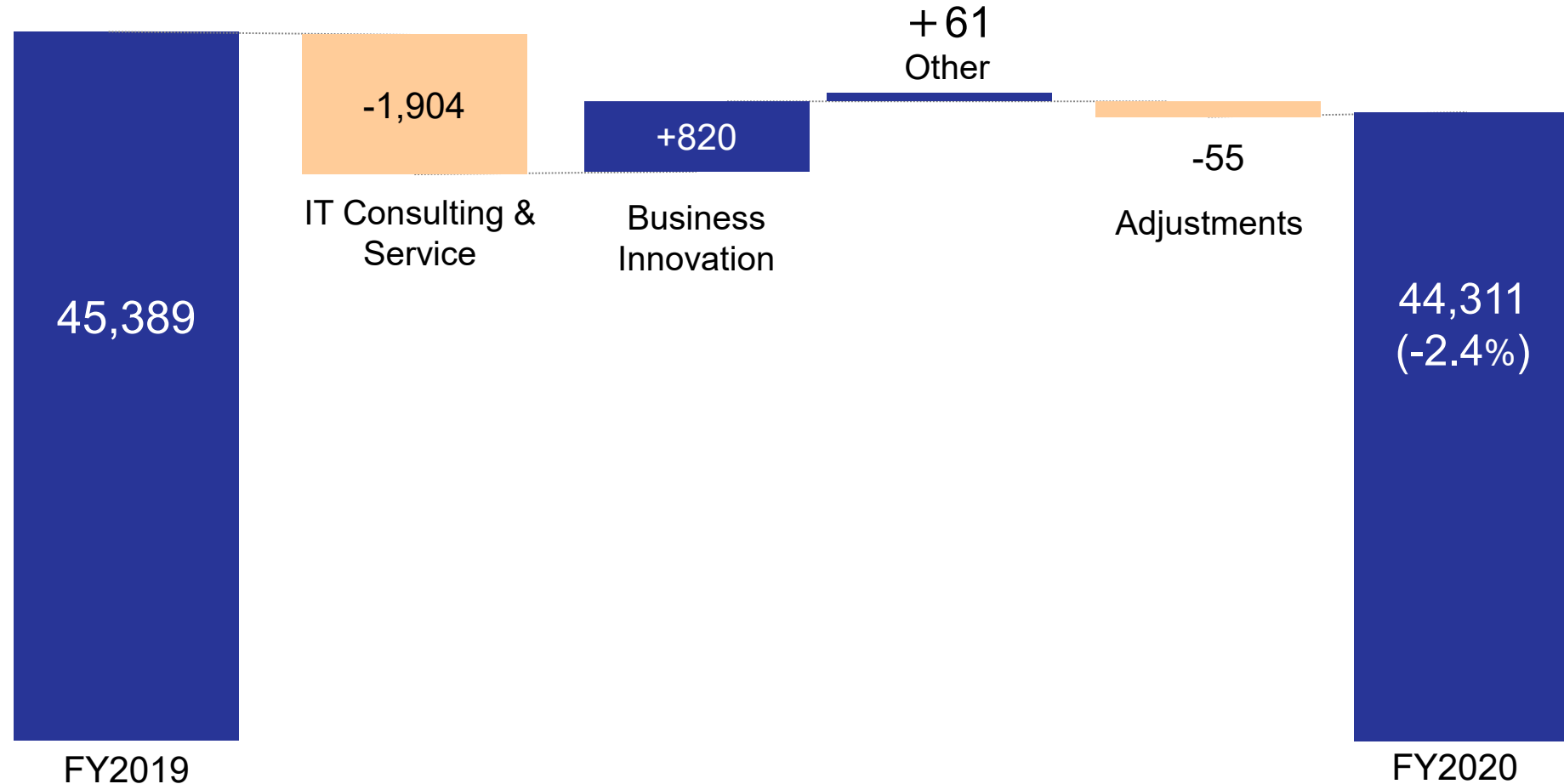


<p><b>eSPORTS</b></p> <p>Net sale → Operating income</p>	<ul style="list-style-type: none"> <li>• Net sales increased as training gear grew atop an increase in demand for indoor training and the incorporation of outdoor activity demand as well.</li> <li>• Operating income increased dramatically, partly due to reinforcement of private brand products in strong performing categories.</li> </ul>
<p><b>Tokyo Calendar Inc.</b></p> <p>Net sale → Operating income</p>	<ul style="list-style-type: none"> <li>• Advertising revenues decreased, reflecting growth in Internet services and new initiatives such as online cooking courses, despite a decline in advertising revenues.</li> <li>• Operating income was posted, in contrast to the operating loss recorded in the previous fiscal year.</li> </ul>
<p><b>CodeCamp Inc.</b></p> <p>Net sale → Operating income</p>	<ul style="list-style-type: none"> <li>• Both net sales and operating income increased, reflecting a strong surge in needs for individual programming home study and corporate online training.</li> </ul>
<p><b>LaiBlitz, Inc.</b></p> <p>Net sale → Operating income</p>	<ul style="list-style-type: none"> <li>• Both net sales and operating income increased. Provision of systems for professional baseball teams sold steadily, with favorable sales of operation of baseball fan websites and collaboration products.</li> </ul>

# 1. Earnings for FY2020

## (iv) Analysis of Changes in Net Sales

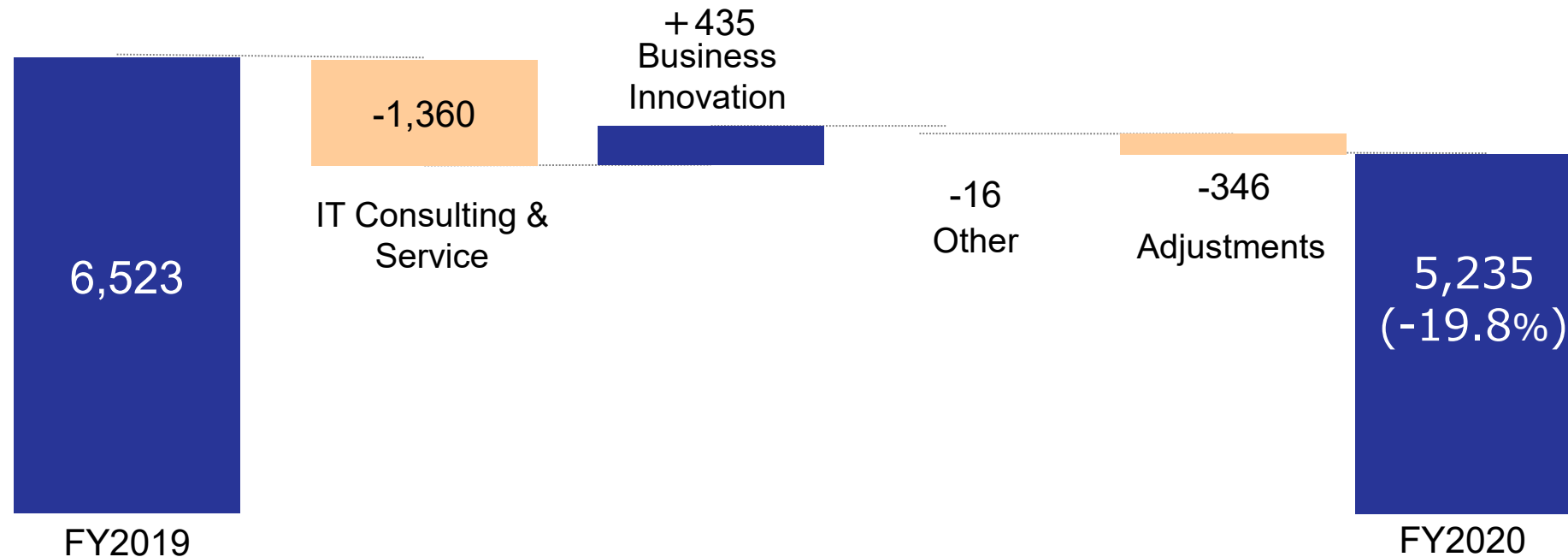
(Million yen)



# 1. Earnings for FY2020

## (v) Analysis of Changes in Operating Income

(Million yen)



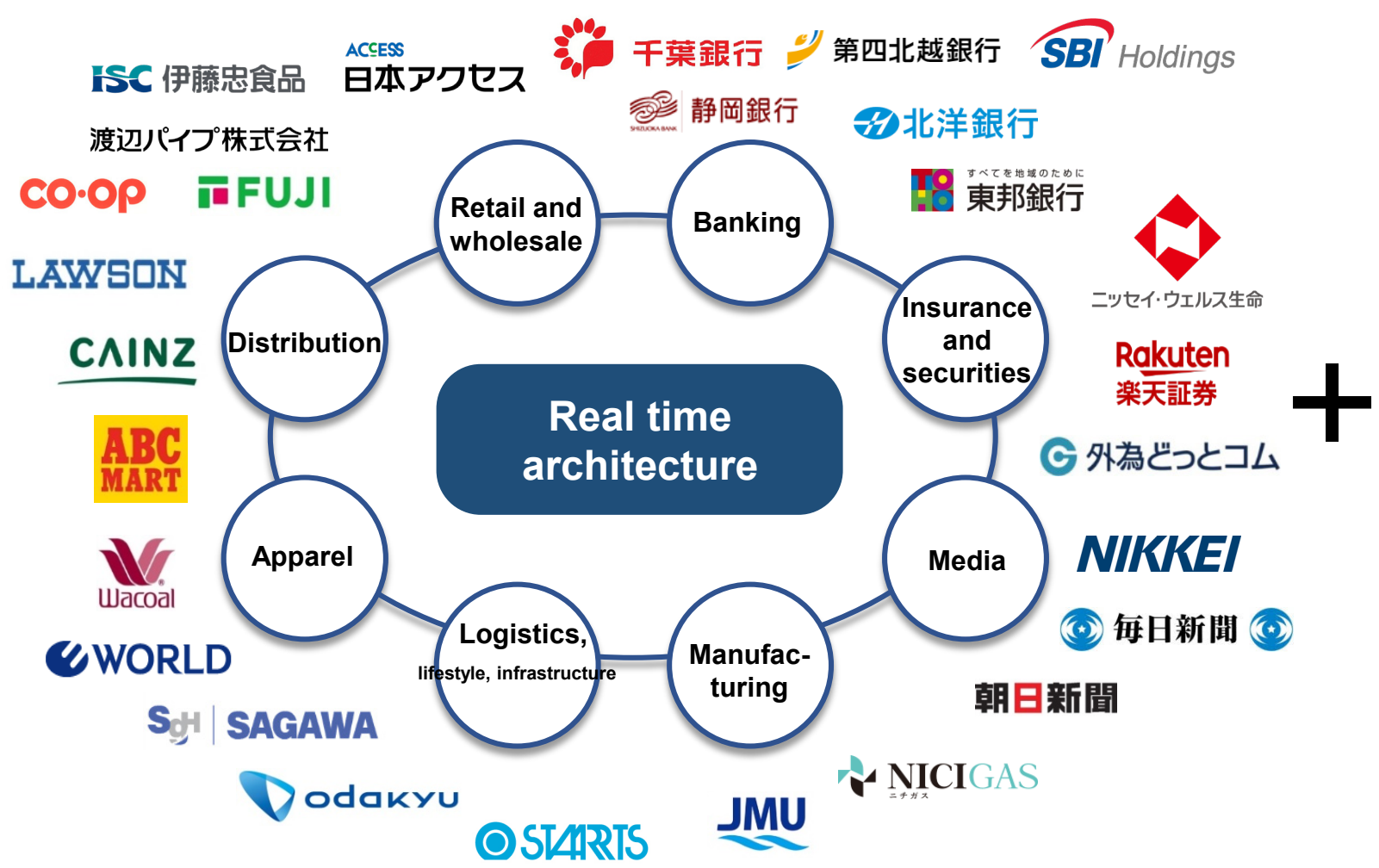
## 2-1. Topics Related to FY2020 IT Consulting & Service

1. High level of support from customers in many diverse industries
2. Initiatives for provision of next-generation banking systems for regional financial institutions
3. Initiatives for realizing SG Holdings Co., Ltd.'s digital strategies
4. Strategic investment in human resource acquisition and training system
5. Increasing value by stimulating communication

# High Level of Support from Customers in Many Diverse Industries



Grand design from customer promoting business reforms  
 Strong orders for renewal of core systems from customers in various industries  
 who are conscious of the 2025 Digital Clif



Principle order trends in the second half

-  Real estate
-  Food wholesaling and restaurants
-  Bank
-  Manufacturing
-  Railways and services



# Initiatives for Provision of Next-Generation Banking Systems for Regional Financial Institutions

Provide next-generation banking systems based on new concepts that pursue optimal systems from the ground-up to realize management strategy and operational changes at regional financial institutions and support sustainable growth

## <Issues with Current Systems>

(i) Increasing complexity of application structures

(ii) Diversification of channels and settlement

(iii) Core system environments with vendor's proprietary specifications

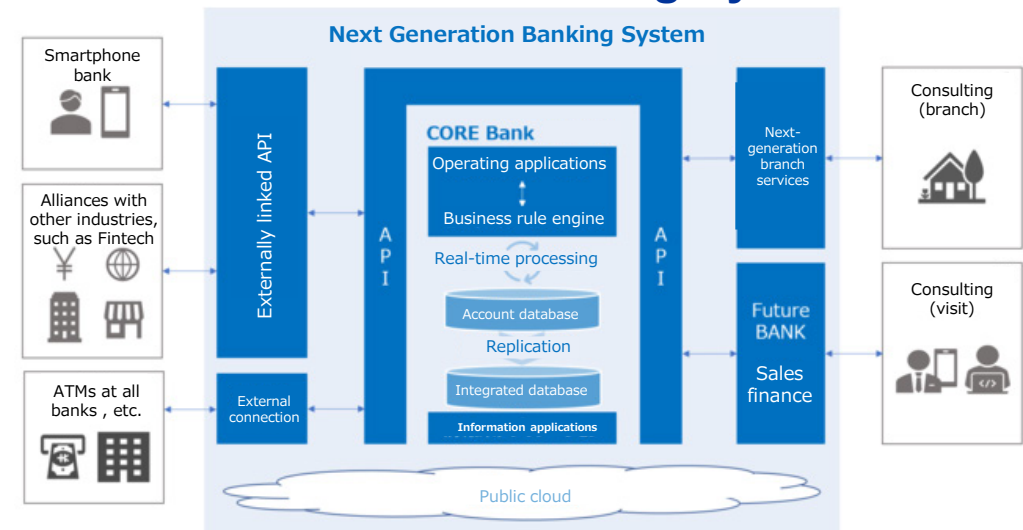
(iv) Insufficient utilization of customer base and data

(v) Massive increase in the number of system patches and processing time

(vi) Information system groups clustered by purpose

Renewal from  
legacy  
systems

## <Features of Next Generation Banking System>



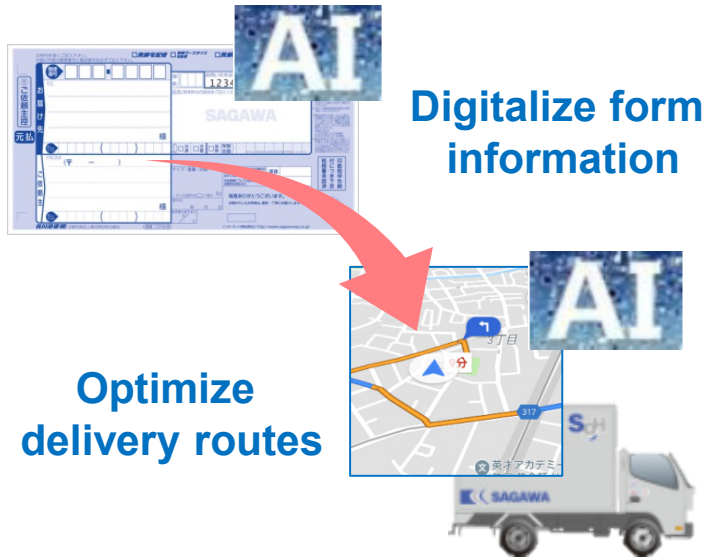
Redefine the services required of the new generation of regional financial institutions, and realize Digital Transformation (DX) for regional banks

- Simplify application structure and make them more compact to realize speedy management strategy
- Enhance and improve the quality of customer services using batchless real time information
- Realize flexible adaptivity to technology change through use of open technologies and cloud and highly flexible IT strategies
- Promote DX of core operations and shift to consulting services

# Initiatives for Realizing SG Holdings Co., Ltd.'s Digital Strategies **FUTURE**

Deepen strategic partnership. Merge IT and logistics platforms and work on solving logistics issues confronting the industry using expertise in logistics and IT

## (i) Address driver shortages



Support improved working environment for drivers by streamlining pick-up and delivery operations through digitalization

## (ii) Address rapid expansion of e-commerce



Support stronger links between materials handling and systems in one of the largest distribution centers in the Tokyo Metropolitan Area

## (iii) Radical automation and labor saving



Full automation  
item retrieval  
using robots



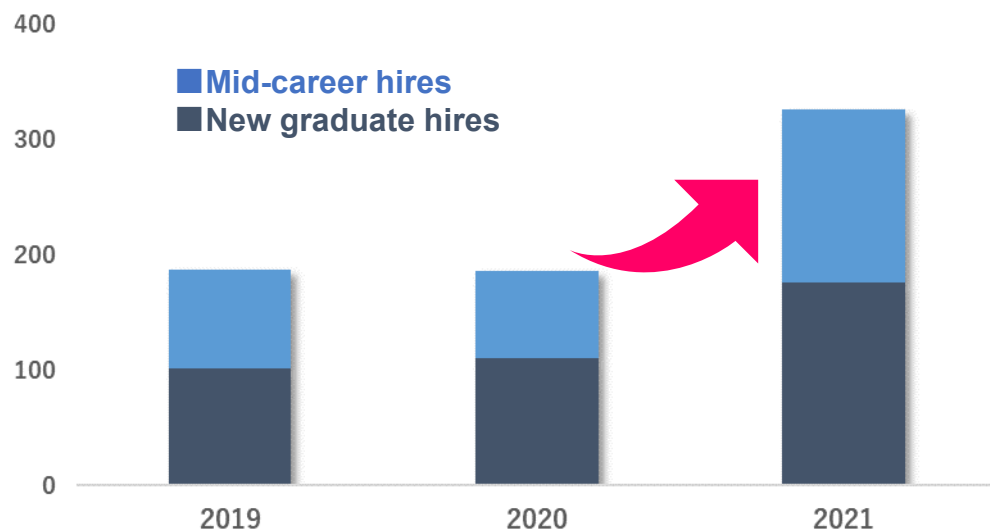
WASEDA University  
早稲田大学

Joint R&D at SIP\*1 aiming for practical application and operation implementation in 2023

1. SIP: Japanese government's Cross-ministerial Strategic Innovation Promotion Program

# Strategic Investment in Human Resource Acquisition and Training System

While some companies are holding back on hiring due to COVID-19, aggressively conduct recruitment activities for new graduates and mid-career hires



## Status of Hiring by Future and Future Architect



- Enhanced corporate introduction by video
- Employees act as recruiters to contribute to recruiting activities
- Dissemination of culture and awareness-raising activities through owned media

## Tentative new recruits among FY2021 graduates

➡ Actively recruit promising students with high potential

## FY2021 mid-career hiring plan

➡ Actively capture potential top-performing personnel

## Expand support system with thorough training curriculum and in-house systems for new hires

### Training

Enhanced personnel training program

Enhanced career path training

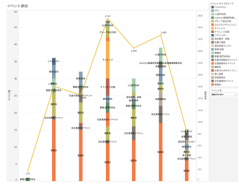
### Systems

Review remuneration in line with revision of evaluation system

Strengthen system for assigning employees to their preferred projects

# Increasing Value by Stimulating Communication

Form a consulting group with high quality inputs and outputs in various forms, including knowledge, culture, IP, and technology



• Study groups  
• Open Projects/Group company exchanges  
• Shared interest events

In 2H alone, 193 events held with 10,677 participants (approx. 6,500 hours)

- Explanation of DX and BPR through FUTURE INSIGHT SEMINAR
- Participation in seminars for external audiences



**Internal effects**  
Human resource growth

**External effects**  
Brand cultivation

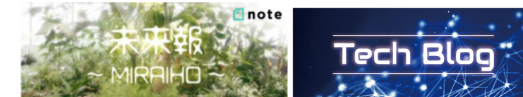
Increased organizational and individual capabilities



- BPY
- Individual Presentation events
- Exchanges with the management team

Customer contribution through business

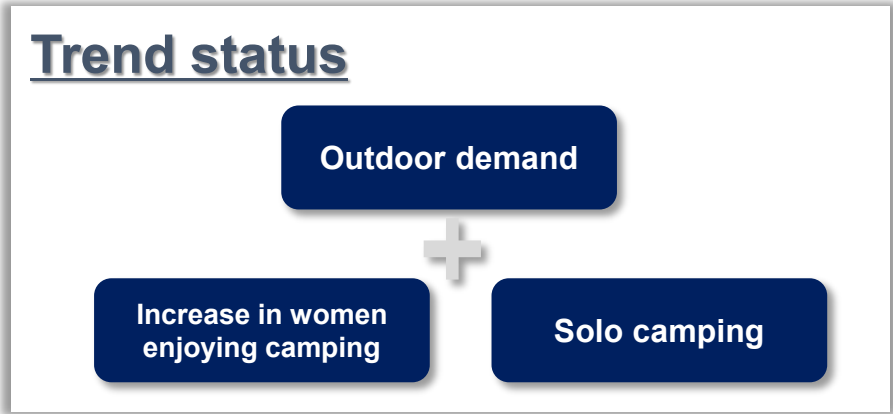
- Miraiho (Open internal newsletter)
- Use of social media such as technology blogs



## 2-2. Topics Related to FY2020 Business Innovation

1. eSPORTS
2. CodeCamp
3. LaiBlitz

Respond quickly to ways to enjoy leisure time in step with new lifestyles and changes in demand  
 ~ Expanded product line-up and strengthened PR to develop in-house outdoor brands, achieving 140% growth year on year ~



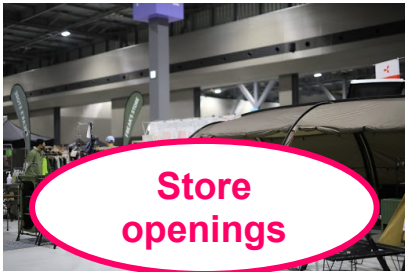
## Products

- High design performance
- Light but highly functional
- Affordable pricing



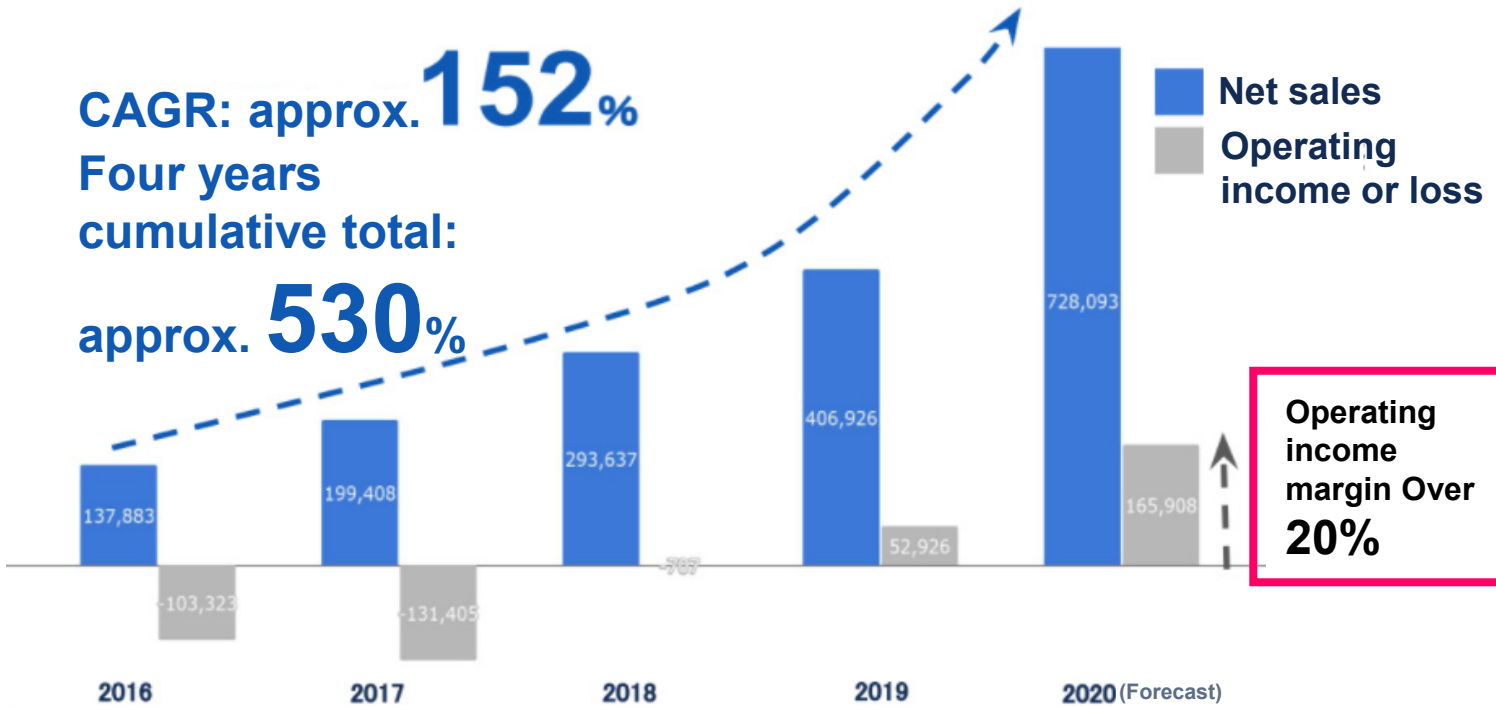
## Promotions

To achieve even high brand recognition, in addition to the internet, we also focused on creating real-world customer contacts points



Sales and operating income both increased sharply as the spread of COVID-19 drove increasing need for people to study at home and for corporations to provide online training.

CAGR: approx. **152%**  
 Four years cumulative total:  
 approx. **530%**



Operating income margin Over **20%**

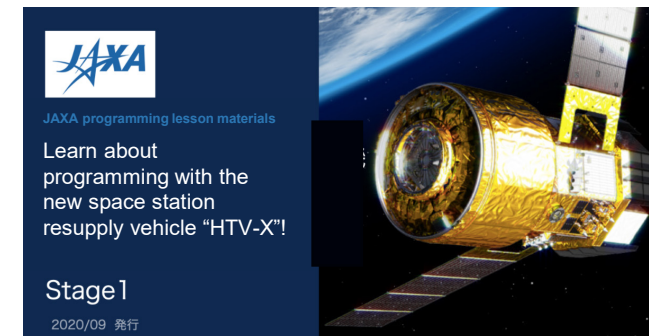
### Corporate customers

- New customer acquisition
- Increase sales to existing customers

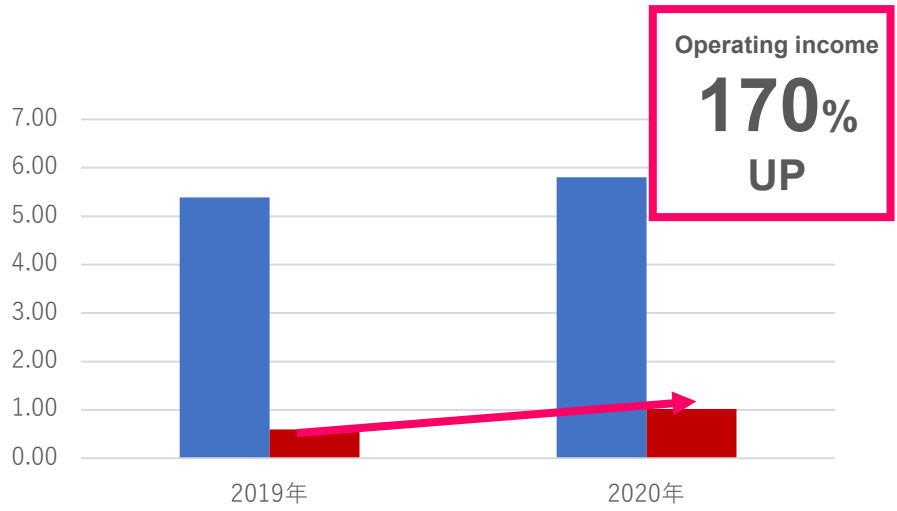


### KIDS

New challenges such as provision of programming lesson materials for elementary school children in collaboration with JAXA



Using data analysis technology to further accelerate the “scientific approach to sport”  
 ~ Providing data analysis systems for handball and the FASTLIVE online spectator service ~



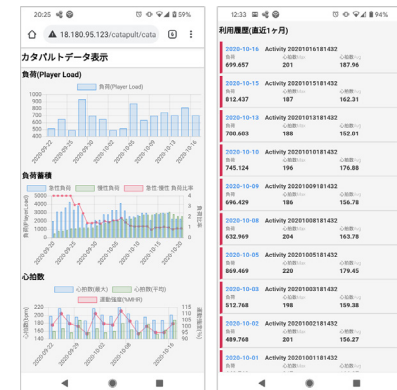
### Score analysis

Analysis of inputted game scores



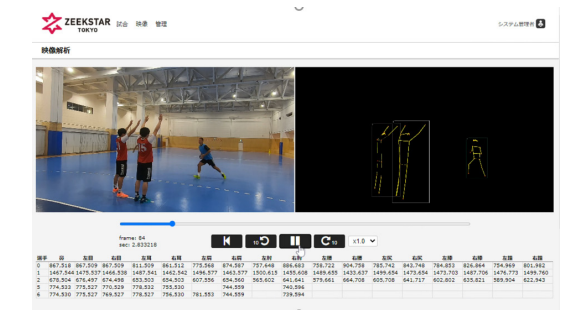
### Athlete data analysis

Grasping athlete conditioning such as pulse rate and load through connection with wearable sensors



### Game image AI analysis

Movement data in games and conversion of athlete form into data



### FASTLIVE





## 3. Plan for FY2021

### 3. Plan for FY2021

#### ① Full-year Operating Forecast



(Million yen)

	Plan for FY2021	Results for FY2020	YoY change	Plan for FY2021 1H	Result for FY2020 1H	YoY change
Net sales	<b>47,500</b>	44,311	7.2%	<b>22,000</b>	22,135	-0.6%
Operating income (operating income margin)	<b>7,150</b> (15.1%)	5,235 (11.8%)	36.6%	<b>2,900</b> (13.2%)	3,239 (14.6%)	-10.5%
Profit attributable to owners of parent (profit margin)	<b>4,800</b> (10.1%)	3,795 (8.6%)	26.5%	<b>1,980</b> (9.0%)	2,366 (10.7%)	-16.3%

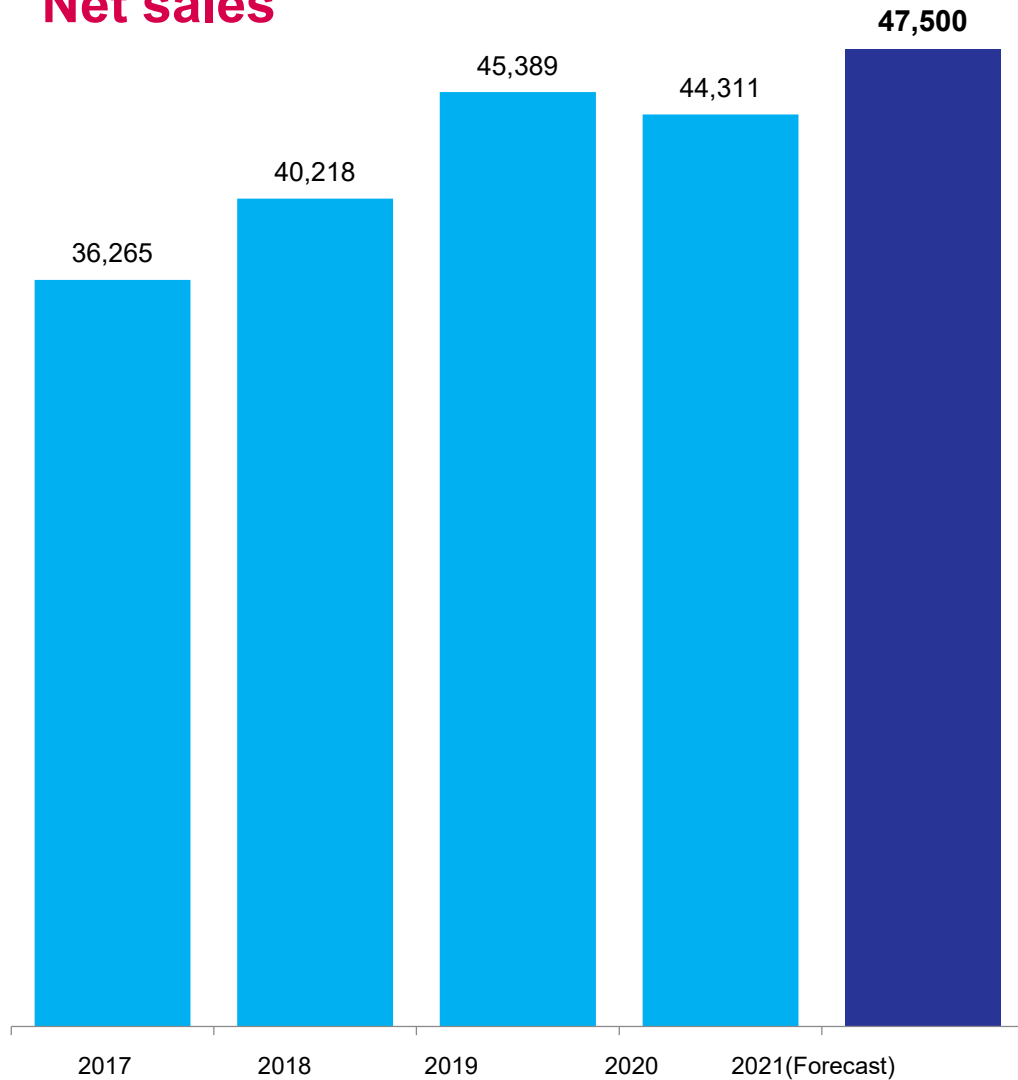
# 3. Plan for FY2021

## ② Changes in Net Sales and Operating Income

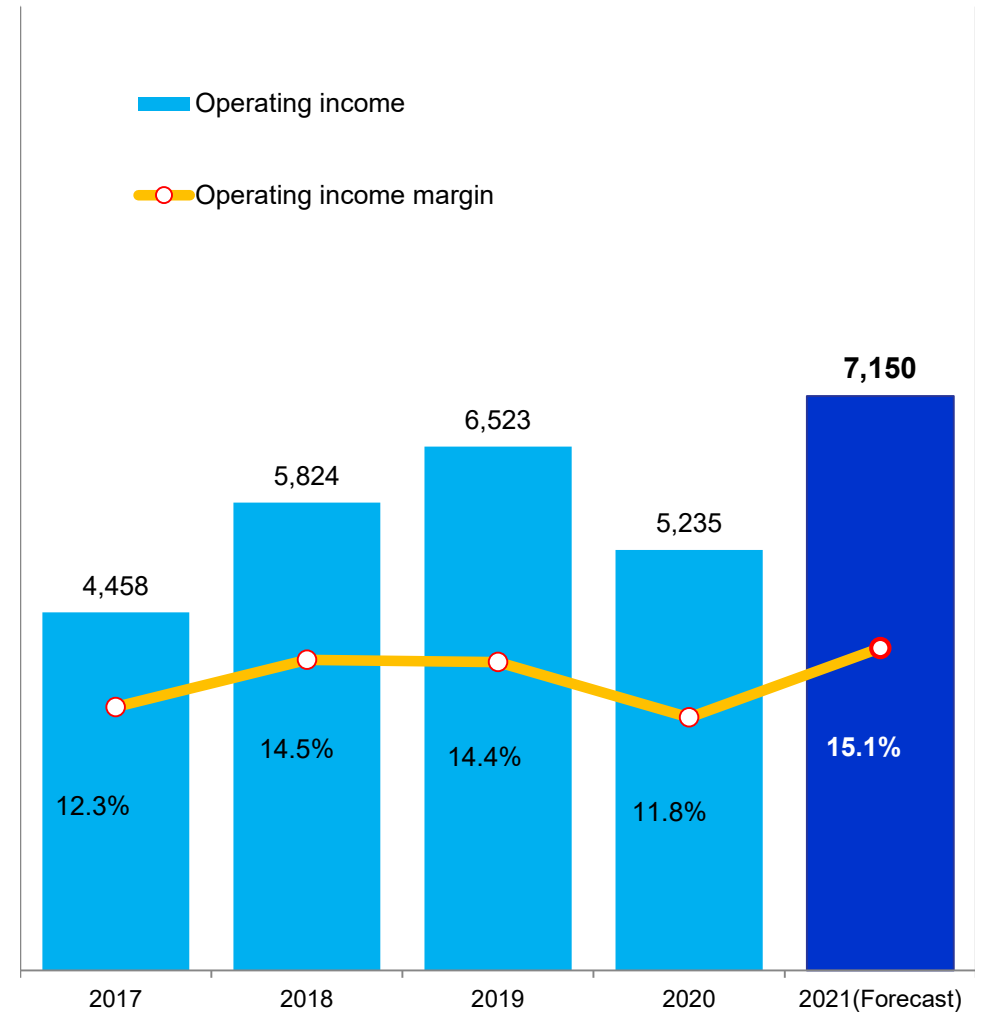


(Million yen)

### Net sales



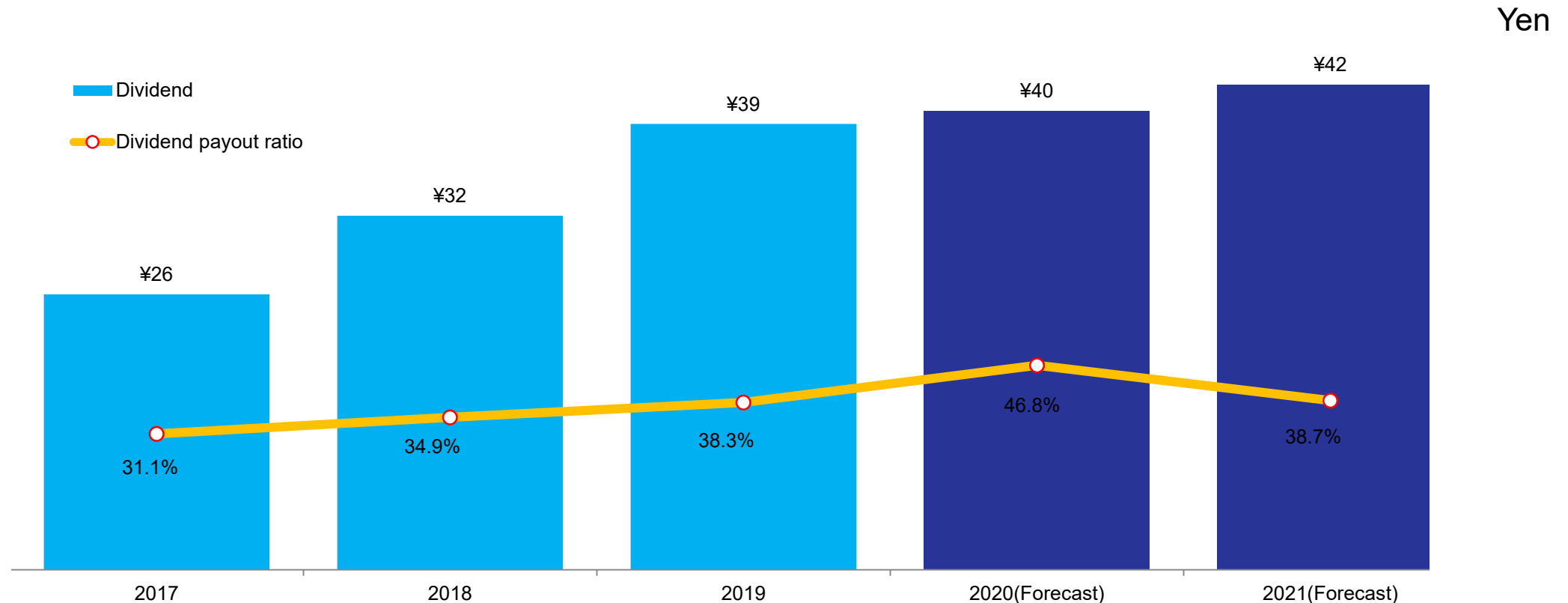
### Operating income



# 3. Plan for FY2021

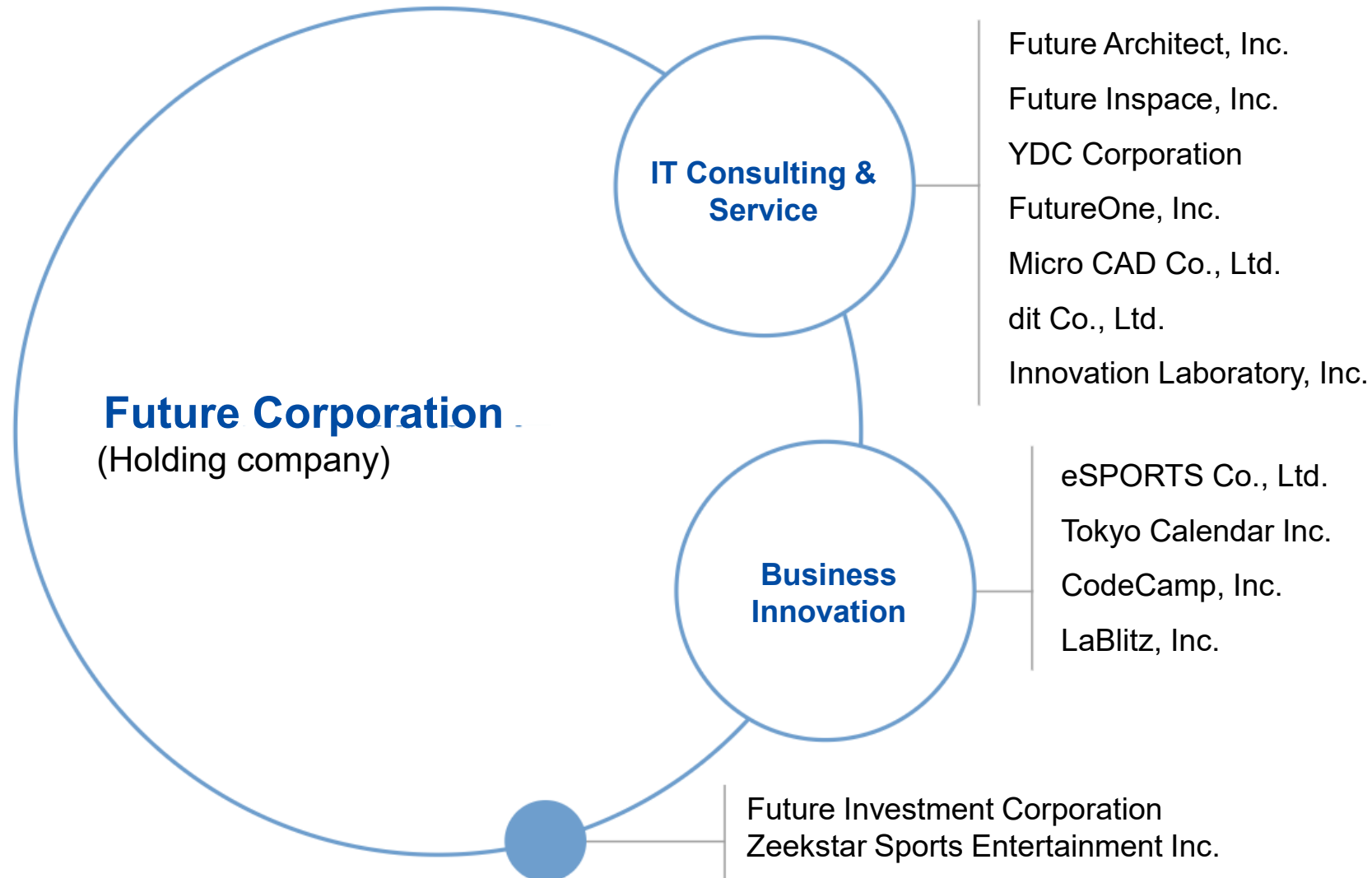
## ③ Dividends

FY2020 year-end dividend is planned to be 20 yen. The annual dividend is planned to be 40 yen (as originally planned). For FY2021, the Company plans to pay a dividend of 42 yen per share (interim dividend 21 yen, year-end dividend 21 yen).



# Appendix

# Appendix-① Future GROUP



(As of December 31, 2020)

# Appendix-② Analysis of Earnings Results (Comparison of Results)

(Million yen)

	Results for FY2020	Compared with projected results		Year-on-year comparison	
		Plan for FY2020 (revised plan)	Rate of change	Results for FY2019	Rate of change
Net sales	<b>44,311</b>	44,000	+ 0.7%	45,389	-2.4%
Operating Income (operating income margin)	<b>5,235</b> (11.8%)	5,000 (11.4%)	+4.7%	6,523 (14.4%)	-19.8%
Profit attributable to owners of parent (profit margin)	<b>3,795</b> (8.6%)	3,500 (8.0%)	+8.4%	4,557 (10.0%)	-16.7%

# Appendix – ③ Balance Sheets



(Million yen)	End of Dec. 2020	End of Dec. 2019	Change
Current assets	26,436	24,725	+ 1,710
Non-current assets	22,387	14,314	+9,073
<b>Total assets</b>	<b>49,823</b>	<b>39,039</b>	<b>+10,784</b>
Current liabilities	6,476	6,552	- 75
Non-current liabilities	5,117	2,190	+2,927
<b>Total liabilities</b>	<b>11,594</b>	<b>8,742</b>	<b>+2,851</b>
<b>Total net assets</b>	<b>38,228</b>	<b>30,296</b>	<b>+7,932</b>
Shareholders' equity ratio	76.6%	77.6%	

		End of Dec. 2020	End of Dec. 2019	Change
Current assets :	Cash and deposits	15,110	14,929	+180
	Notes and accounts receivable – trade	7,884	7,087	+ 797
	Investment securities	1,000	–	+1,000
Non-current assets :	Property, plant and equipment	1,178	1,385	-207
	Intangible assets (including goodwill)	2,150	2,481	-330
	Investment securities	18,431	8,779	+9,652
Current liabilities :	Provision for loss on projects	13	254	△241
Non-current liabilities :	Deferred tax liabilities	4,615	1,635	+2,979
Net assets :	Valuation difference on available-for-sale securities	11,229	4,598	+ 6,631



# Appendix-④ Cash Flows



(Million yen)	FY2020	FY2019	Change
Cash flows from operating activities	4,452	5,002	-549
Cash flows from investing activities	-666	-1,856	+1,189
Cash flows from financing activities	-2,708	-2,118	-589
Effect of exchange rate changes on cash and cash equivalents	3	-6	+ 9
Increase (decrease) in cash and cash equivalents	1,080	1,021	+ 59
Cash and cash equivalents at the beginning of the period	14,929	13,908	<b>+1,021</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>16,010</b>	<b>14,929</b>	<b>+1,080</b>

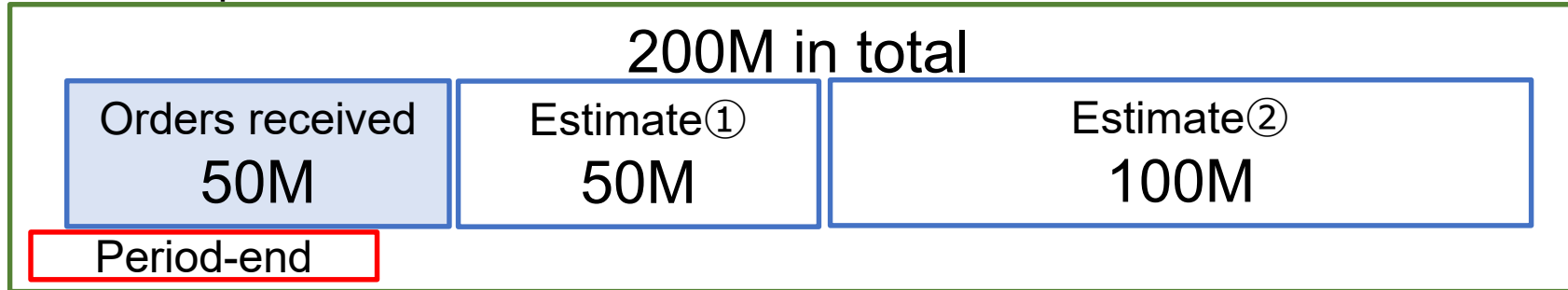
	FY2020	FY2019	Change
Operating CF : Profit before income taxes	5,530	6,477	-947
Increase (decrease) in provision for loss on projects	-241	228	-205
Decrease (increase) in notes and accounts receivable-trade	-866	-831	- 34
Decrease (increase) in inventories	255	-330	586
Investing CF : Purchase of securities	-100	—	-100
Purchase of investment securities	-110	-600	+490
Financial CF : Purchase of treasury shares	-758	-0	-758
Cash dividends paid	-1,822	-1,567	-255

# Appendix-⑤ Results by Segment

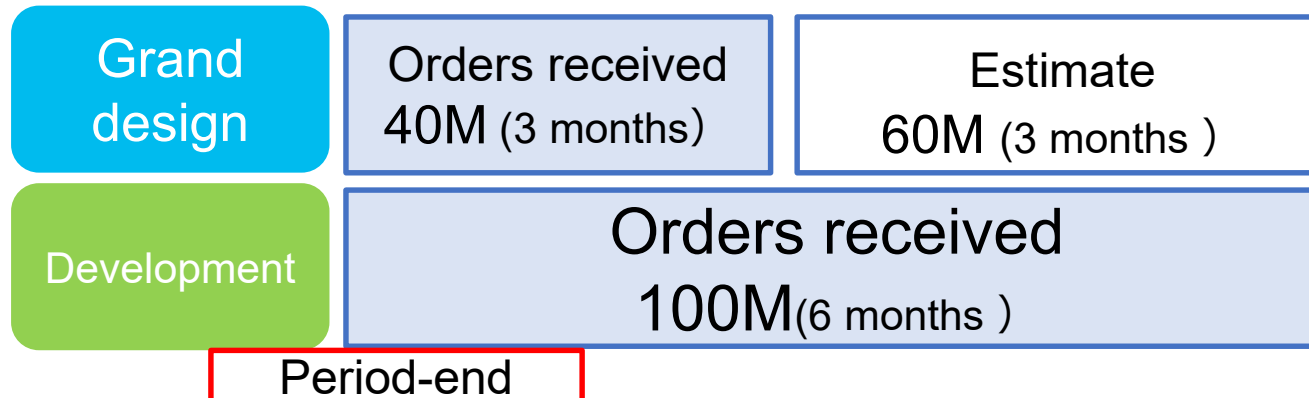
(Millions of Yen)	2020	2019	YoY change
<b>Net sales</b>	<b>44,311</b>	<b>45,389</b>	<b>-2.4%</b>
IT Consulting & Service	35,488	37,393	- 5.1%
Business Innovation	8,908	8,088	+ 10.1%
Other	61	0	—
Adjustments	-147	-91	—
<b>Operating income</b>	<b>5,235</b>	<b>6,523</b>	<b>-19.8%</b>
IT Consulting & Service	4,900	6,261	-21.7%
Business Innovation	462	26	+1642.6%
Other	-21	-4	—
Adjustments	-107	239	—

# Appendix-⑥-1 Recognition of Backlog (IT Consulting & Service)

(1) When making a large, long-term contract, we divide it into two or more parts to manage risk and treat only the finalized portion as an order received



(2) Each contract's period and amount differ depending on the portfolio for each phase

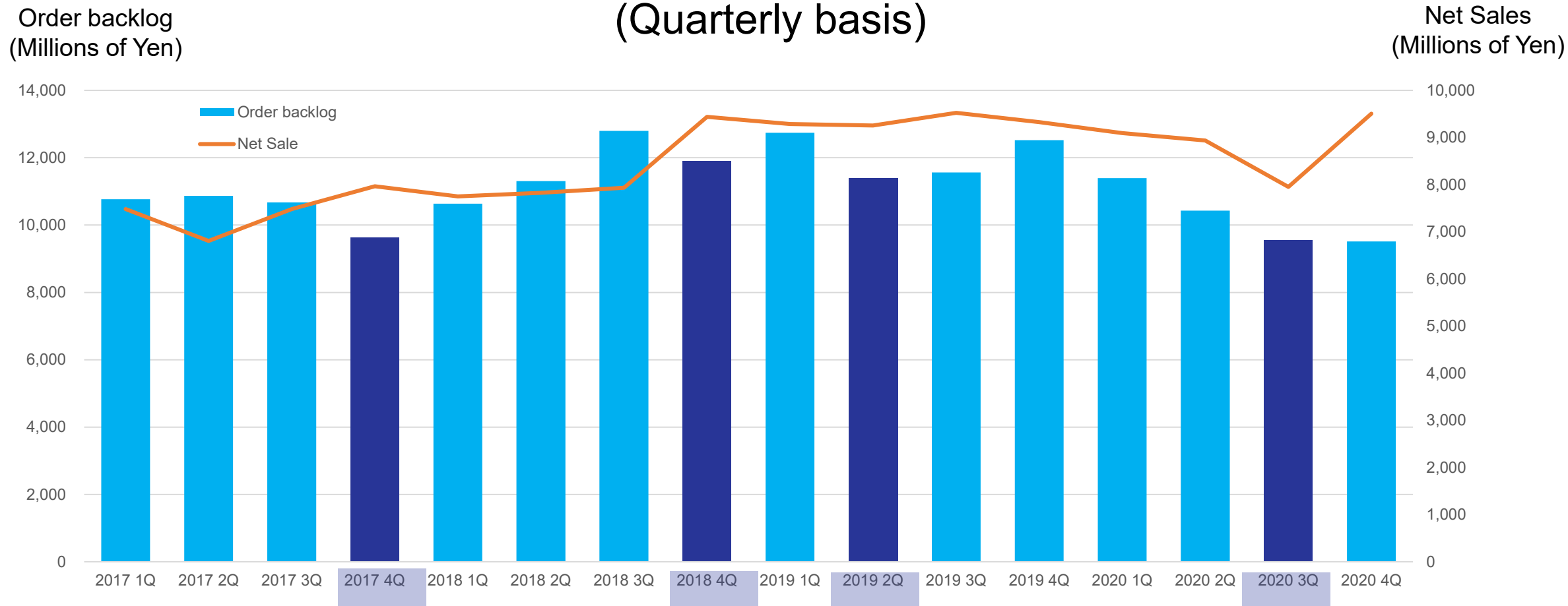


(3) Orders received are recognized based on evidence (contract documents) and are not considered as such without evidence even if sales are expected to be made.

(4) Unless we can obtain evidence of orders by the respective closing dates, we do not recognize them.

# Appendix-⑥-2 Relationship between Backlogs and Sales

## IT Consulting & Service – Changes in backlogs and sales (Quarterly basis)



As shown in the concept of order backlog on the previous page, the order backlog at the end of the period does not necessarily correlate with future net sales



# FUTURE

The summary report of operating results, supplementary materials, briefing material and other various IR material are also available on the Company's website.

[https://www.future.co.jp/investor\\_relations/](https://www.future.co.jp/investor_relations/)

Investor Relations, Future Corporation

TEL : 03-5740-5724

FAX : 03-5740-5820

E-mail : [ir@future.co.jp](mailto:ir@future.co.jp)

This material contains future forecasts made based on currently available information. These forecasts may change depending on the future direction of the Japanese economy and the IT service industry. It should be noted that the Company does not guarantee or promise the accuracy of these forecasts.

In this material, the figures in the summary report of operating results, etc. that are indicated in units of those yen are stated in units of million yen. Hence, a disparity may be found in some of the totals and differences. For detailed figures, please refer to the summary report of the operating results.