



Consolidated Summary Report of Operating Results for the First Quarter of Fiscal 2021 (Year Ending December, 2021) [Japan GAAP]

April 28, 2021

Company name: Future Corporation Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722 URL: <https://www.future.co.jp>
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 Scheduled date for distribution of dividend payments: -
 Creation of supplemental material on quarterly financial results: No
 Holding of financial results briefing: No

(Amount rounded off to million yen)

1. Consolidated Results for the First Quarter of Fiscal 2021 (January 1, 2021 to March 31, 2021)

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

| | Net sales | | Operating income | | Quarterly profit attributable to owners of parent | |
|-----------------------------|--|-----|------------------|--|---|-----|
| | Million yen | % | Million yen | % | Million yen | % |
| 1Q Fiscal 2021 | 11,083 | 0.5 | 1,702 | 2.9 | (1,242) | 8.3 |
| 1Q Fiscal 2020 | 11,027 | 1.6 | 1,654 | (7.6) | 1,147 | 7.9 |
| (Note) Comprehensive income | 1Q Fiscal 2021: 122 million yen (-91.1%) | | | 1Q Fiscal 2020: 1,380 million yen (-28.8%) | | |

| | Profit per share | |
|----------------|------------------|--|
| | Yen | |
| 1Q Fiscal 2021 | 28.09 | |
| 1Q Fiscal 2020 | 25.67 | |

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------------------------|------------------------------------|-------------|-------------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| 1Q Fiscal 2021 | 48,444 | 37,466 | 77.2 | 845.39 |
| Fiscal 2020 | 49,823 | 38,228 | 76.6 | 862.89 |
| (Reference) Shareholders' equity | 1Q Fiscal 2021: 37,400 million yen | | Fiscal 2020: ¥ 38,175 million | |

2. Dividends

| | Dividends per share (yen) | | | | |
|------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|-------|
| | End of the first quarter dividend | End of the second quarter dividend | End of the third quarter dividend | Year-end dividend | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2020 | - | 20.00 | - | 20.00 | 40.00 |
| Fiscal 2021 | - | | | | |
| Fiscal 2021 (Forecast) | | 21.00 | - | 21.00 | 42.00 |

(Note) Revisions from the dividend forecast published most recently: none

3. Projected Consolidated Results for Fiscal 2021 (January 1, 2021 to December 31, 2021)

(Percentage figures indicate year-on-year changes)

| | Net sales | | Operating income | | Quarterly profit attributable to owners of parent | | Profit per share |
|--------------------------------------|-------------|-------|------------------|--------|---|--------|------------------|
| | Million yen | % | Million yen | % | Million yen | % | Yen |
| First six months (accumulated total) | 22,000 | (0.6) | 2,900 | (10.5) | 1,980 | (16.3) | 44.75 |
| Full year | 47,500 | 7.2 | 7,150 | 36.6 | 4,800 | 26.5 | 108.50 |

(Note) Revisions from the dividend forecast published most recently: 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) Change in accounting policies or estimates and retrospective restatements
- 1) Change in accounting policies in accordance with revision of accounting standards : None
 - 2) Change in accounting policies other than item 1) above : None
 - 3) Change 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 2021 | 47,664,000 shares | Fiscal 2020 | 47,664,000 shares |
| 2) Total treasury shares as of the end of the period | 1Q Fiscal 2021 | 3,423,029 shares | Fiscal 2020 | 3,422,611 shares |
| 3) Average number of outstanding stocks during the period under review | 1Q Fiscal 2021 | 44,241,384 shares | 1Q Fiscal 2020 | 44,711,469 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 statement, including earnings forecasts, contained in this document is based on information currently held by the Company and assumptions the Company considers as 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

Explanations for Operating Results

Consolidated net sales for the first quarter under review were 11,083 million yen, up 0.5% year on year; consolidated operating income for the period was 1,702 million yen, up 2.9% year on year; consolidated profit for the period attributable to owners of parent was 1,242 million yen, up 8.3% year on year.

The economic environment remained uncertain in the first quarter under review due to the impact of the spread of novel coronavirus (COVID-19) infections. Meanwhile, corporate demand for investment in digital transformation (DX) in areas, such as operational improvement, management reforms and new workstyle promotion applying digital technologies, basically stayed strong. The demand has been burgeoning in broader industrial categories. Furthermore, new lifestyles, including personal training at home, self-enlightenment on the Net and enjoying outdoor activities, have been taking root.

Under those conditions, consolidated net sales for the first quarter under review increased 0.5% year on year. Consolidated operating income grew 2.9% year on year. Consolidated profit attributable to owners of parent rose 8.3% year on year.

Details of the performance of each segment are as follows.

1) IT Consulting & Service Business

Net sales of Future Architect, Inc. (including the technology division of Future Corporation) decreased slightly from the previous fiscal year in which development projects were concentrated. However, projects for promoting digital strategies progressed steadily at companies highly motivated to make investment. Furthermore, newly contracted ground design projects advanced smoothly, as demonstrated by the launch of a project for introducing next-generation banking systems to regional financial institutions and the progress achieved in projects for reforming mission-critical systems for staffing service providers. Consolidated operating income increased due to the prevention of the emergence of unprofitable projects with thoroughgoing quality management as well as the control of outsourcing expenses and other costs.

Future Inspace, Inc. stably acquired commissioned maintenance and operation projects in cooperation with Future Architect, Inc. As a result, both net sales and operating income of Future Inspace came to levels roughly equal to figures a year earlier.

Net sales of Future One, Inc. were almost unchanged from the previous fiscal year. Operating income of Future One decreased year on year, reflecting replanning in a system integration (SI) project for its original package software for sales management.

Both net sales and operating income of YDC Corporation declined year on year, due to a decrease in SI projects.

Both net sales and operating income of dit Co., Ltd. increased year on year with a continued favorable trend in orders received in connection with the construction of networks for preparing the ICT environment.

As a result, net sales of the Segment decreased slightly to 8,922 million yen (down 1.9% year on year), and operating income of the Segment increased to 1,614 million yen (up 4.3% year on year).

2) Business Innovation Business

Both net sales and operating income of eSPORTS Co., Ltd. grew sharply year on year led by sales at major shopping malls, in addition to the sustained favorable sales of products for outdoor activities, including solo camp as a new way to spend time to spare.

Both net sales and operating income of CodeCamp Inc. grew substantially, reflecting the expansion of orders received for career-changing programs for engineers, in addition to a sustained increase in demand for online courses among companies and individuals.

Both net sales and operating income of Tokyo Calendar Inc. remained unchanged from the previous fiscal year, because of stable sales of magazines and Internet services including Tokyo Calendar Date.

Both net sales and operating income of LaiBlitz, Inc. fell year on year due to factors, including a decrease in new orders received from professional baseball clubs.

As a result, both net sales and operating income of the Segment increased substantially to 2,175 million yen (up 12.0% year on year) and 100 million yen (up 48.6% year on year) respectively.

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

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

| | (in thousands of yen) | |
|---------------------------------------|---|--|
| | Previous fiscal year (December 31, 2020) | First quarter under review (March 31, 2021) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 15,110,388 | 16,811,732 |
| Notes and accounts receivable – trade | 7,884,666 | 6,617,276 |
| Securities | 1,000,006 | 1,001,764 |
| Merchandise and finished goods | 1,075,525 | 1,048,892 |
| Work in process | 15,775 | 13,866 |
| Other | 1,352,733 | 1,245,179 |
| Allowance for doubtful accounts | (3,000) | (3,000) |
| Total current assets | 26,436,095 | 26,735,712 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 1,656,638 | 1,657,219 |
| Accumulated depreciation | (1,007,547) | (987,946) |
| Buildings and structures, net | 649,091 | 669,272 |
| Land | 855 | 855 |
| Other | 2,794,921 | 2,840,921 |
| Accumulated depreciation | (2,266,482) | (2,322,781) |
| Other, net | 528,438 | 518,139 |
| Total property, plant and equipment | 1,178,384 | 1,188,267 |
| Intangible assets | | |
| Goodwill | 138,378 | 128,466 |
| Software | 1,591,245 | 1,644,584 |
| Customer-related assets | 416,000 | 364,000 |
| Other | 5,361 | 5,099 |
| Total intangible assets | 2,150,985 | 2,142,150 |
| Investments and other assets | | |
| Investment securities | 18,431,595 | 16,780,050 |
| Lease and guarantee deposits | 1,436,115 | 1,436,925 |
| Deferred tax assets | 18,463 | 19,734 |
| Other | 250,641 | 219,390 |
| Allowance for doubtful accounts | (70,001) | (78,131) |
| Total investments and other assets | 20,057,933 | 18,377,969 |
| Total non-current assets | 23,387,303 | 21,708,387 |
| Total assets | 49,823,398 | 48,444,099 |

| | (in thousands of yen) | |
|--|---|--|
| | Previous fiscal year (December 31, 2020) | First quarter under review (March 31, 2021) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 1,028,501 | 1,341,687 |
| Current portion of long-term loans payable | 3,320 | 1,096 |
| Accounts payable – other | 1,306,849 | 891,456 |
| Income taxes payable | 764,400 | 556,040 |
| Provision for bonuses | 257,487 | 949,313 |
| Provision for quality assurance | 61,646 | 55,287 |
| Provision for loss on projects | 13,285 | 98,765 |
| Other | 3,041,342 | 2,699,381 |
| Total current liabilities | 6,476,832 | 6,593,028 |
| Non-current liabilities | | |
| Asset retirement obligations | 351,613 | 351,625 |
| Deferred tax liabilities | 4,615,063 | 3,871,275 |
| Other | 151,138 | 161,179 |
| Total non-current liabilities | 5,117,815 | 4,384,081 |
| Total liabilities | 11,594,648 | 10,977,109 |
| Shareholders' equity | | |
| Shareholders' equity | | |
| Capital stock | 4,000,000 | 4,000,000 |
| Capital surplus | 21,333 | 21,333 |
| Retain earnings | 25,150,606 | 25,509,223 |
| Treasury shares | (2,235,662) | (2,235,662) |
| Total shareholders' equity | 26,936,278 | 27,294,894 |
| Total accumulated other comprehensive income | | |
| Valuation difference on available-for- sale securities | 11,229,849 | 10,082,945 |
| Deferred gains or losses on hedges | (4,185) | 11,660 |
| Foreign currency translation adjustment | 13,485 | 11,461 |
| Total accumulated other comprehensive income | 11,239,149 | 10,106,067 |
| Non-controlling interests | 53,323 | 66,028 |
| Total net assets | 38,228,750 | 37,466,990 |
| Total liabilities and net assets | 49,823,398 | 48,444,099 |

(2) Consolidated quarterly statements of income and comprehensive income

(First quarter of the consolidated fiscal year)

(in thousands of yen)

| | First quarter of the previous fiscal year (January 1, 2020 to March 31, 2020) | First quarter under review (January 1, 2021 to March 31, 2021) |
|---|--|--|
| Net sales | 11,027,828 | 11,083,977 |
| Cost of sales | 6,420,629 | 6,213,041 |
| Gross profit | 4,607,199 | 4,870,936 |
| Selling, general and administrative expenses | | |
| Directors' compensations | 121,641 | 141,989 |
| Salaries and bonuses | 1,173,572 | 1,405,456 |
| Training expenses | 48,288 | 60,334 |
| Research and development expenses | 136,766 | 125,018 |
| Depreciation | 94,730 | 53,342 |
| Recruiting expenses | 104,676 | 78,404 |
| Other | 1,272,669 | 1,303,632 |
| Total selling, general and administrative expenses | 2,952,345 | 3,168,178 |
| Operating income | 1,654,854 | 1,702,758 |
| Non-operating income | | |
| Interest income | 339 | 313 |
| Dividend income | 34 | 46 |
| Share of profit of entities accounted for using equity method | 6,953 | 11,070 |
| Foreign exchange gains | - | 5,013 |
| Other | 1,878 | 10,633 |
| Total non-operating income | 9,206 | 27,077 |
| Non-operating expenses | | |
| Interest expenses | 132 | 27 |
| Foreign exchange losses | 941 | - |
| Total non-operating expenses | 1,074 | 27 |
| Ordinary income | 1,662,986 | 1,729,808 |
| Extraordinary income | | |
| Gain on sale of shares of subsidiaries and associates | - | 6,376 |
| Total extraordinary income | - | 6,376 |
| Profit before income taxes | 1,662,986 | 1,736,185 |
| Total income taxes | 507,508 | 480,694 |
| Profit | 1,155,478 | 1,255,490 |
| (Comprehensive income attributable to) | | |
| Quarterly profit attributable to owners of parent | 1,147,804 | 1,242,785 |
| Quarterly profit attributable to non-controlling interests | 7,673 | 12,704 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 225,317 | (1,146,904) |
| Deferred gains or losses on hedges | (81) | 15,846 |
| Foreign currency translation adjustment | 155 | 443 |
| Share of other comprehensive income of entities accounted for using equity method | 50 | (2,466) |
| Total other comprehensive income | 225,442 | (1,133,081) |
| Quarterly profit | 1,380,920 | 122,409 |
| (Comprehensive income attributable to) | | |
| Quarterly profit attributable to owners of parent | 1,373,247 | 109,704 |
| Quarterly profit attributable to non-controlling interests | 7,673 | 12,704 |

(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 quarter of the previous fiscal year (January 1, 2020 to March 31, 2020)

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

(in thousands of yen)

| | Reportable segments | | | Other (Note 1) | Total | Adjustment (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 | 9,088,159 | 1,939,669 | 11,027,828 | - | 11,027,828 | - | 11,027,828 |
| (2) Inter-segment net sales or transfer | 6,351 | 2,255 | 8,606 | - | 8,606 | (8,606) | - |
| Total | 9,094,510 | 1,941,925 | 11,036,435 | - | 11,036,435 | (8,606) | 11,027,828 |
| Segment profit (loss) | 1,548,056 | 67,526 | 1,615,583 | (3,384) | 1,612,198 | 42,655 | 1,654,854 |

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

II. First quarter under review (January 1, 2021 to March 31, 2021)

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

(in thousands of yen)

| | Reportable segments | | | Other (Note 1) | Total | Adjustment 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 | 8,916,006 | 2,164,318 | 11,080,324 | 3,653 | 11,083,977 | - | 11,083,977 |
| (2) Inter-segment net sales or transfer | 6,881 | 10,715 | 17,597 | 27,333 | 44,930 | (44,930) | - |
| Total | 8,922,887 | 2,175,033 | 11,097,921 | 30,987 | 11,128,908 | (44,930) | 11,083,977 |
| Segment profit (loss) | 1,614,200 | 100,361 | 1,714,562 | (5,420) | 1,709,141 | (6,383) | 1,702,758 |

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

3. Supplementary Information

Orders received

| Category | First quarter of the previous fiscal year (January 1, 2020 to March 31, 2020) | | First quarter under review (January 1, 2021 to March 31, 2021) | |
|----------------------------------|--|---------------|---|---------------|
| | Orders received | Order backlog | Orders received | Order backlog |
| IT Consulting & Service Business | 7,956,502 | 11,392,066 | 9,445,176 | 10,045,676 |
| Business Innovation Business | 589,320 | 408,086 | 584,399 | 516,287 |
| Total | 8,545,823 | 11,800,153 | 10,029,576 | 10,561,964 |

| Category | Fourth quarter of the previous fiscal year (October 1, 2020 to December 31, 2020) | | First quarter under review (January 1, 2021 to March 31, 2021) | |
|----------------------------------|--|---------------|---|---------------|
| | Orders received | Order backlog | Orders received | Order backlog |
| IT Consulting & Service Business | 9,446,585 | 9,516,505 | 9,445,176 | 10,045,676 |
| Business Innovation Business | 720,184 | 502,759 | 584,399 | 516,287 |
| Total | 10,166,770 | 10,019,264 | 10,029,576 | 10,561,964 |