

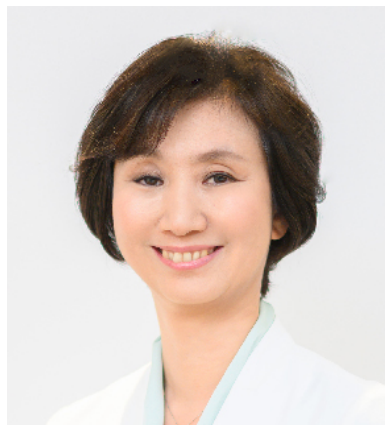
# Materials for the Briefing on the Financial Results for the Second Quarter of FY2021

August 4, 2021

Future Corporation

(First Section of the Tokyo Stock Exchange: 4722)

# Today's Attendees



**Yuki Shingu**

Board Director,  
Future Corporation

President,  
Future Architect, Inc.



**Yohei Saito**

Board Director,  
Chief Technology Officer,  
Future Corporation

1. Earnings Results for the First Half of FY2021

2. Topics Related to the First Half of FY2021

3. Plan for FY2021

# 1. Earnings Results for the First Half of FY2021

# 1. Earnings Results for the First Half of FY2021

## (i) Earnings Highlights

### Consolidated earnings results for the first half of FY2021

Net sales were up, while operating income, ordinary income, and profit attributable to owners of parent were all way up

Net sales	23,117 million yen (4.4% increase)
Operating income	3,746 million yen (15.7% increase)
Ordinary income	3,888 million yen (17.0% increase)
Profit attributable to owners of parent	2,696 million yen (13.9% increase)

### IT Consulting & Service

Future Architect drove net sales up, significantly boosting operating income

Net sales:	18,501 million yen (2.6% increase)
Operating income:	3,540 million yen (15.6% increase)

\*Refer to Appendix (i)

### Business Innovation

eSPORTS and Tokyo Calendar boosted sales and profits

Net sales:	4,669 million yen (12.8% increase)
Operating income:	224 million yen (7.6% increase)

\*Refer to Appendix (i)

### Inter-segment adjustment

Net sales:	-166 million yen
Operating income:	-57 million yen

# 1. Earnings Results for the First Half of FY2021

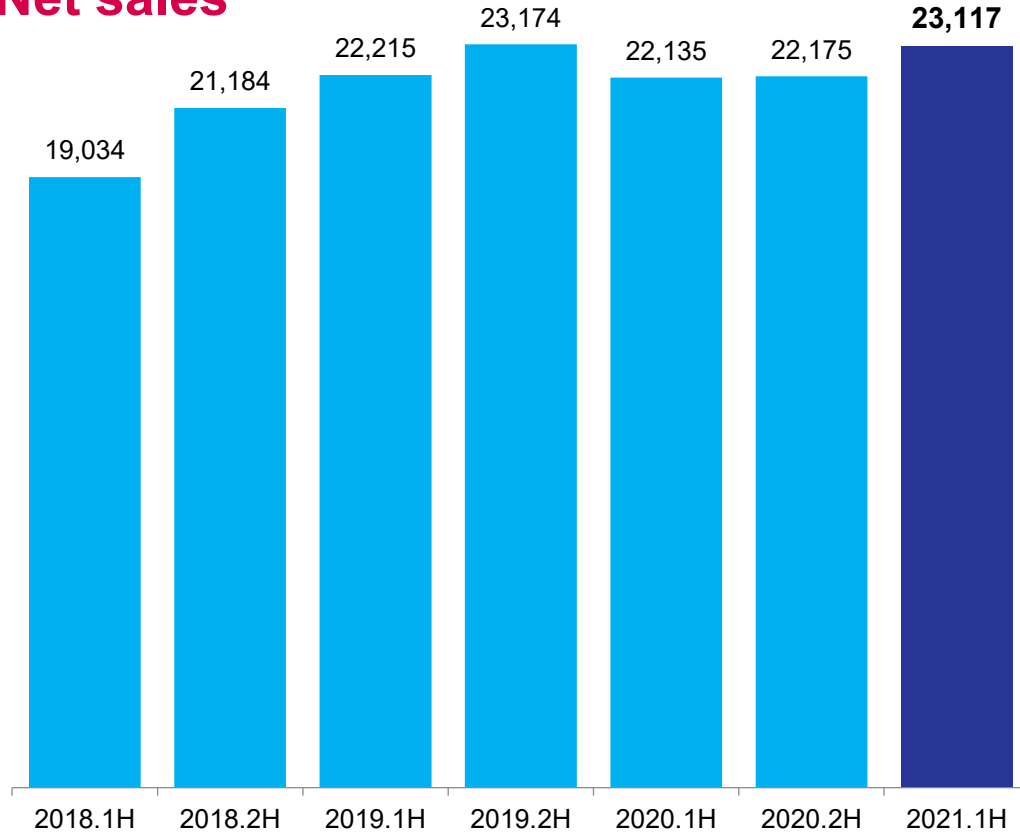
## (ii) Analysis of Earnings Results (Net Sales and Operating Income)



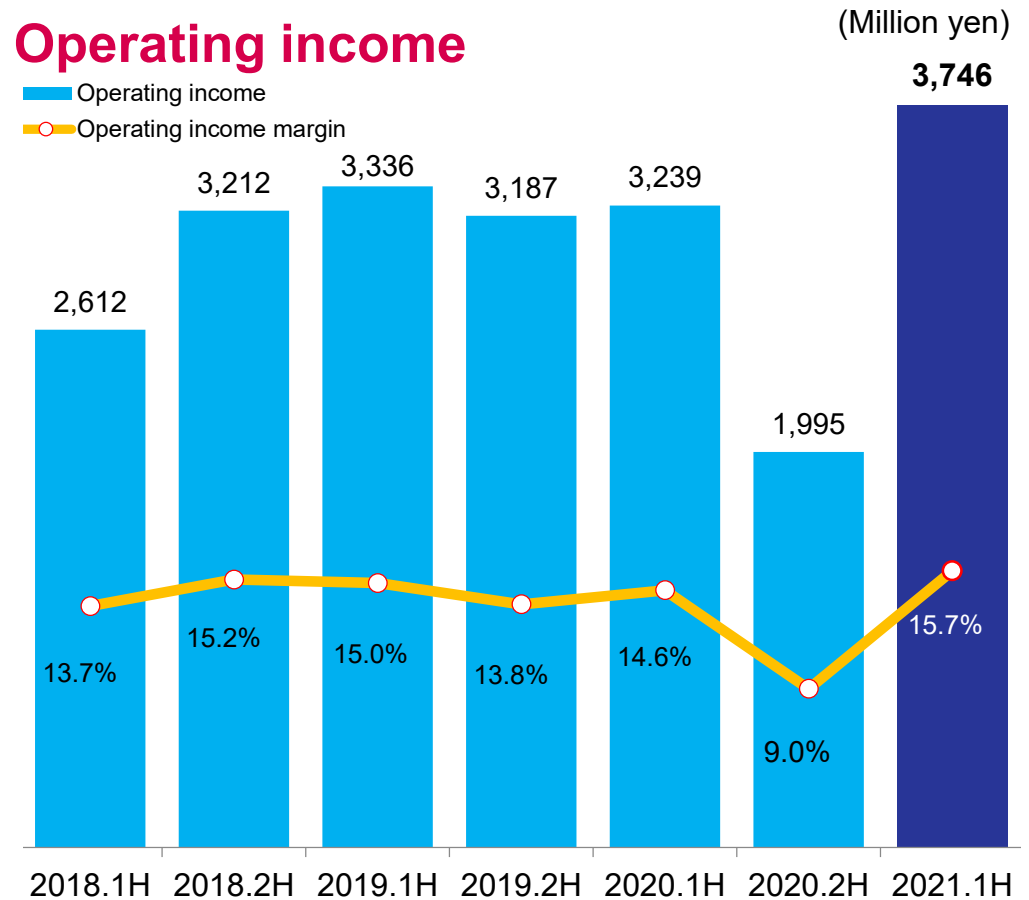
\*Refer to Appendix (ii)

Sales and profit rose above the previous six-month period and were up year on year as well  
Operating income margin significantly improved to reach 15.7%

### Net sales



### Operating income



# 1. Earnings Results for the First Half of FY2021

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

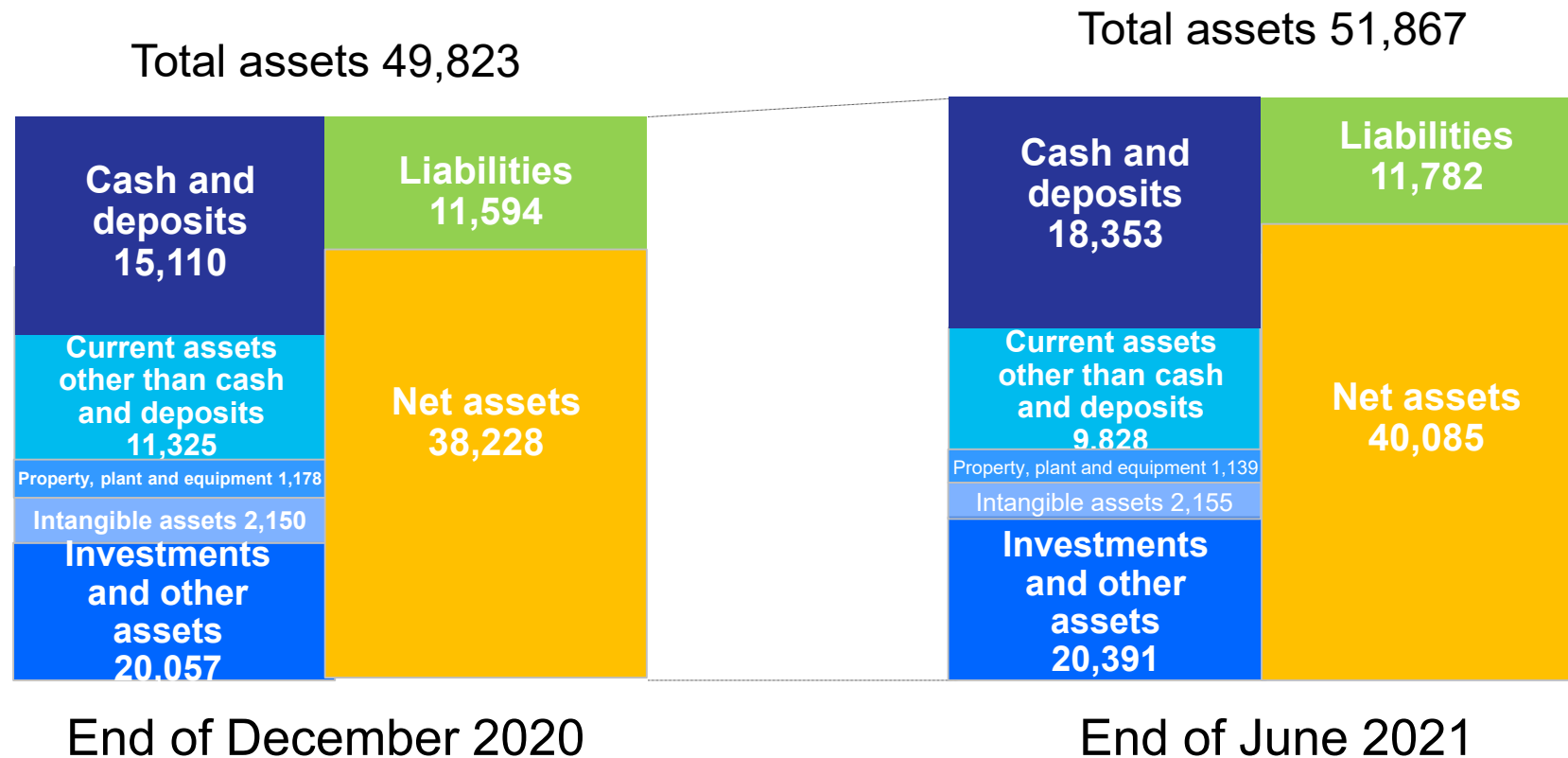


\*Refer to Appendix (iii)

Total assets increased from 49,823 million yen at the end of December 2020 to 51,867 million yen

### Balance Sheets

(Million yen)



- Increase/decrease in assets
  - Increase/decrease in assets: +2,044
  - (Major items)
  - Cash and deposits: +3,242
  - Notes and accounts receivable - trade: -1,369
  - Securities: +1
  - Work in process: +23
  - Property, plant and equipment: -38
  - Customer-related assets: -104
  - Investment securities: +583
- Increase/decrease in liabilities
  - Increase/decrease in liabilities: +187
  - (Major items)
  - Accounts payable – trade: +48
  - Income taxes payable: +310
  - Provision for loss on projects: +10
  - Deferred tax liabilities: +142
- Increase/decrease in net assets
  - Increase/decrease in net assets: +1,856
  - (Major items)
  - Total shareholders' equity: +1,487
  - Valuation difference on available-for-sale securities: +414

# 1. Earnings Results for the First Half of FY2021

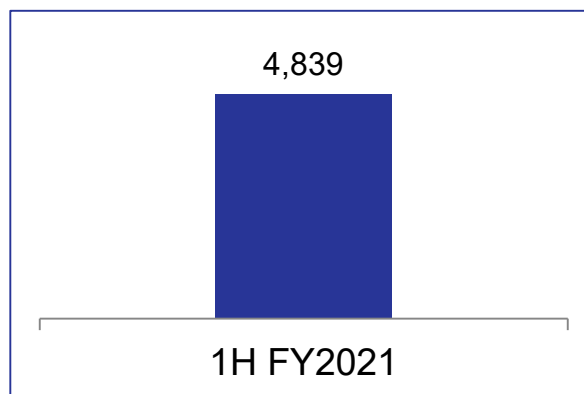
## (ii) Analysis of Earnings Results (Cash Flows)



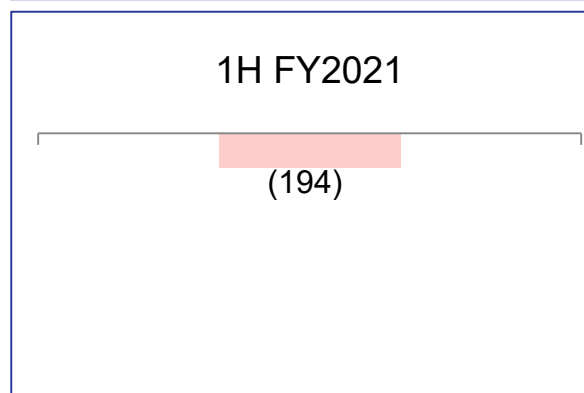
\*Refer to Appendix (iv)

(Million yen)

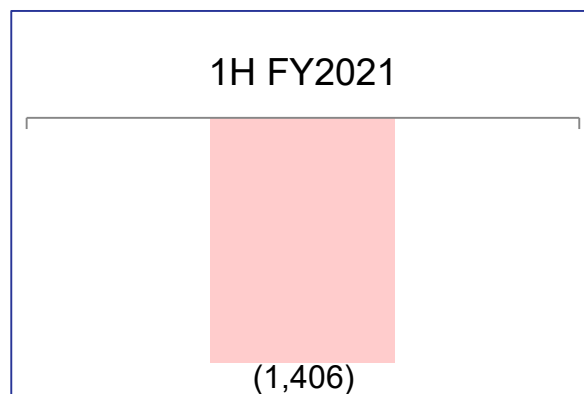
### Operating CF



### Investing CF



### Financial CF



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

Profit before income taxes	3,879
Depreciation	463
Increase (decrease) in inventories	94
Decrease (increase) in notes and accounts receivable - trade	1,369
Increase (decrease) in provision for loss on projects	10
Other	(356)

Subtotal	5,459
Income taxes paid	(729)
Interest and dividends	109

CF from operating activities	4,839
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#### ○ Breakdown of cash flows from investing activities

Purchase of intangible assets	(332)
Proceeds from lease and guarantee deposits received	217
Other	(79)

CF from investing activities	(194)
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#### ○ Breakdown of cash flows from financing activities

Purchase of additional shares of subsidiaries	(450)
Cash dividends paid	(884)
Other	(72)

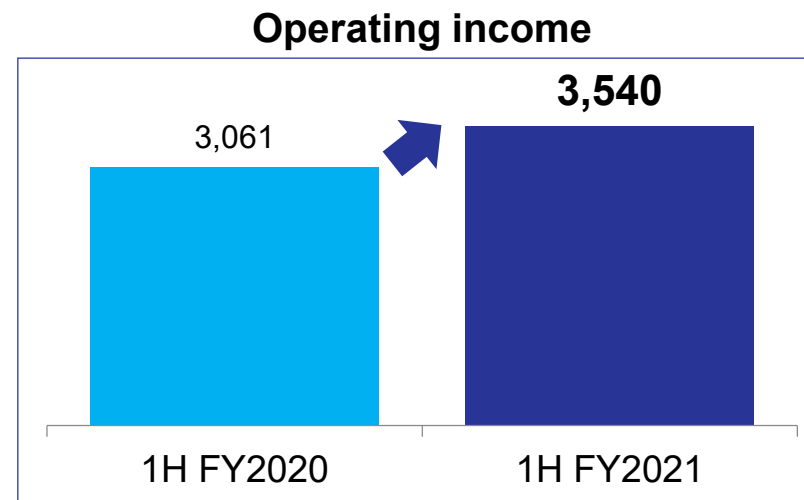
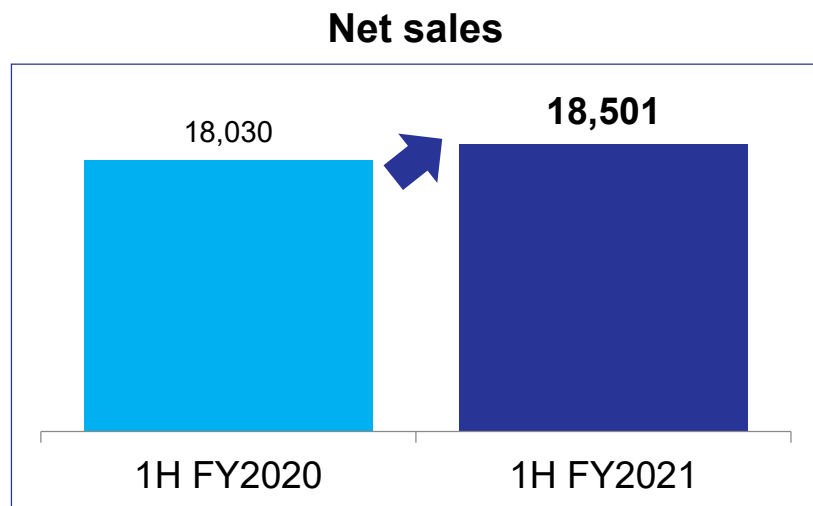
CF from financing activities	(1,406)
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# 1. Earnings Results for the First Half of FY2021

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

\*Refer to Appendix (v)  
(Million yen)



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

Net sales  Operating income 

- Net sales were up year on year thanks to a steady stream of orders coming in for DX projects from a wide variety of customers, including the development of a mission-critical system designed to accelerate digital commerce for the apparel industry. There was also steady progress in a project for introducing next-generation banking systems to regional financial institutions and mission-critical systems projects for staffing service providers.
- Operating income increased substantially year on year as a result of focusing on ensuring quality control to improve profitability.

**YDC Corporation**

Net sales  Operating income 

- Both net sales and operating income declined year on year due to a decrease in SI projects.

**FutureOne**

Net sales  Operating income 

- Both net sales and operating income decreased as a result of focusing on the replanning and recovery of some SI projects for its original packaged software for sales management.

**dit Co., Ltd**

Net sales  Operating income 

- Both net sales and operating income increased significantly year on year due to increased orders related to cyber security and a favorable trend in orders received in connection with the construction of networks for preparing the ICT environment.

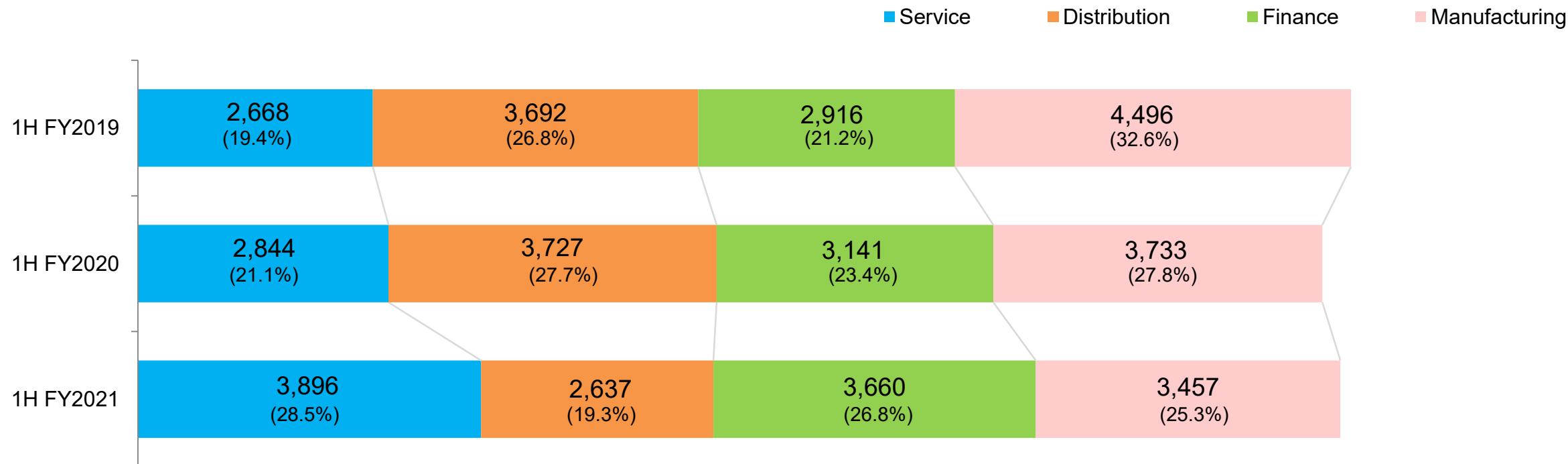
# 1. Earnings Results for the First Half of FY2021

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



(Million yen)

### Sales trends by industry



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

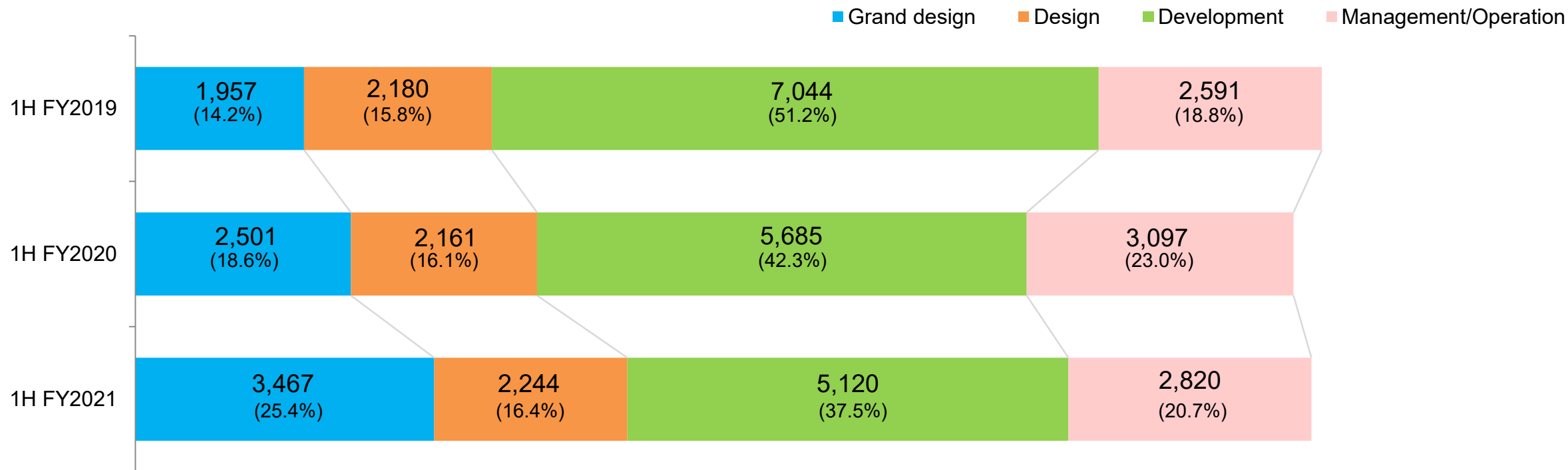
# 1. Earnings Results for the First Half of FY2021

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



(Million yen)

### Sales trends by phase



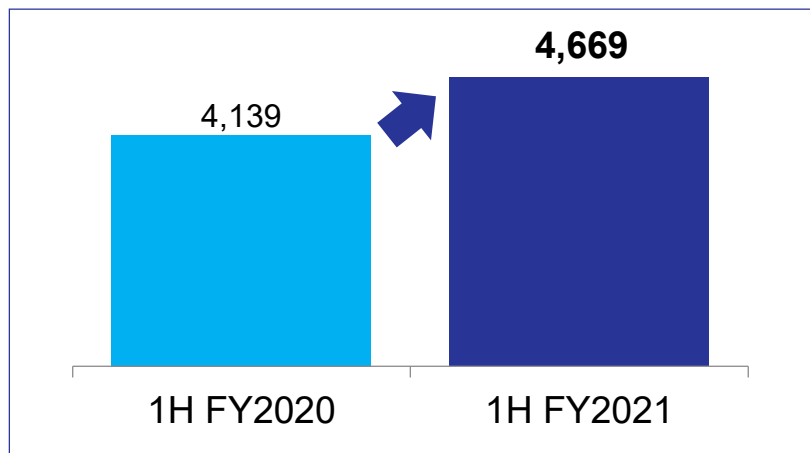
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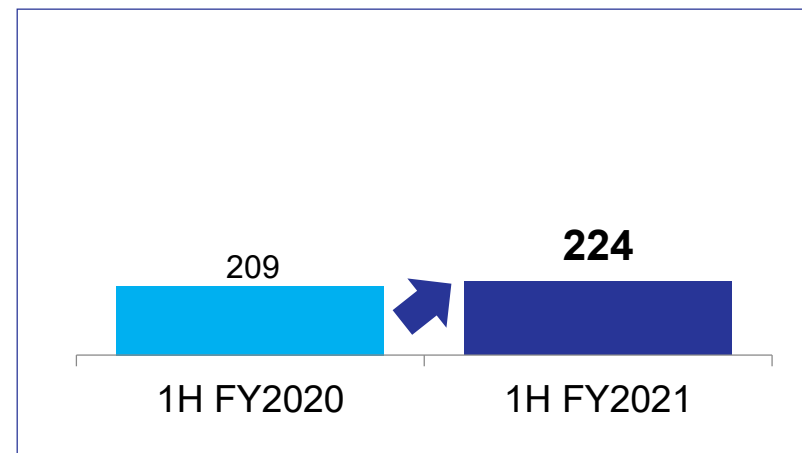
# 1. Earnings Results for the First Half of FY2021

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

Net sales



Operating income



### eSPORTS

Net sales Operating income

- Both net sales and operating income rose sharply year on year due to strong demand for camping, fishing, and other outdoor activities suited to the new lifestyle as well as an increase in the lines of private label products it had been continuously introducing to the market.

### Tokyo Calendar Inc.

Net sales Operating income

- Both net sales and operating income rose substantially year on year due to stable revenue from Internet services including Tokyo Calendar Date, growth in magazine and advertising sales, and ongoing cost controls.

### CodeCamp Inc.

Net sales Operating income

- Net sales jumped year on year due to an increase in orders from corporations shifting from group training to online training, but operating income remained flat as a result of prioritizing R&D investments.

### LaiBlitz, Inc.

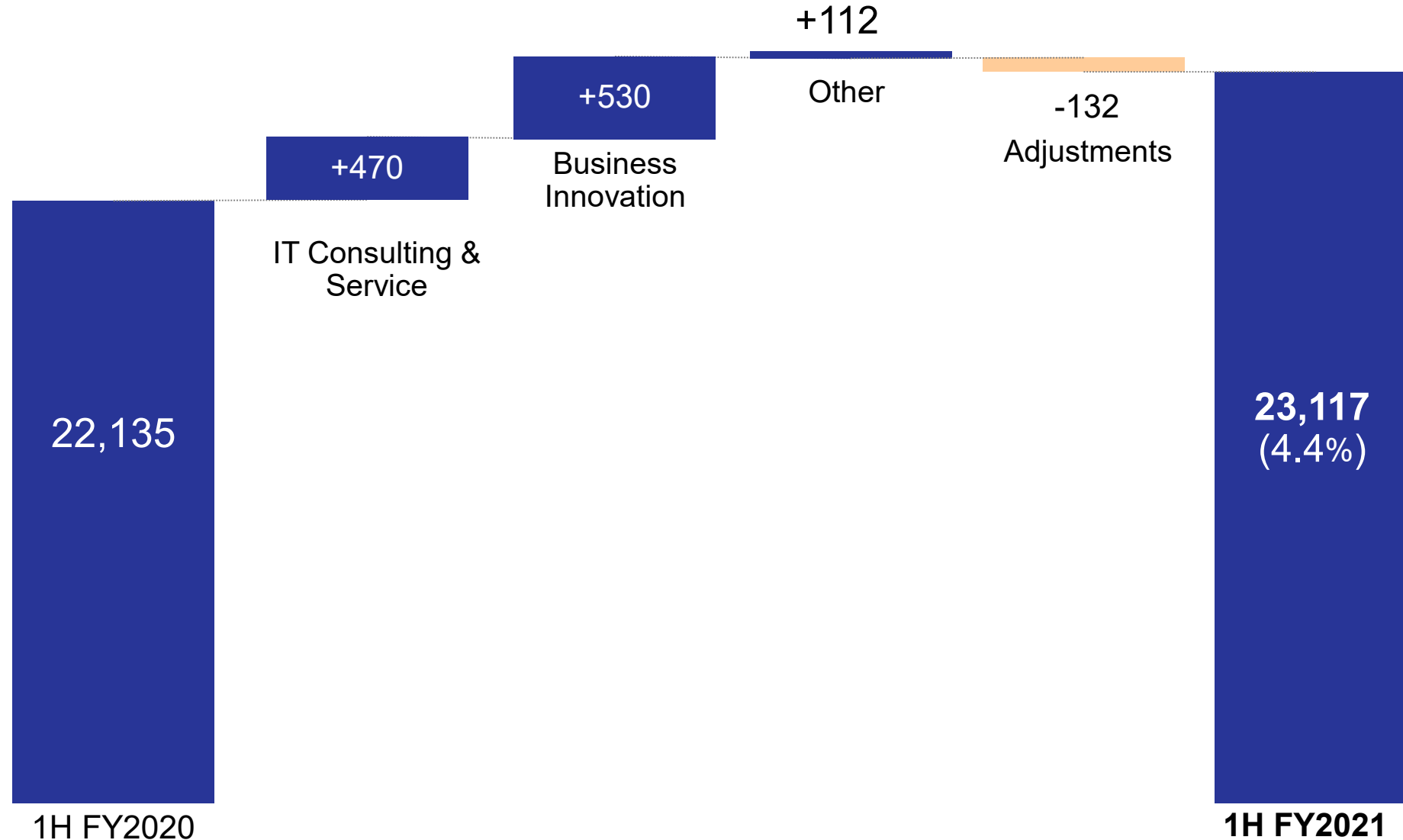
Net sales Operating income

- Both net sales and operating income fell year on year due to a decrease in new orders received from professional baseball clubs, etc.

# 1. Earnings Results for the First Half of FY2021

## (iv) Analysis of Changes in Net Sales

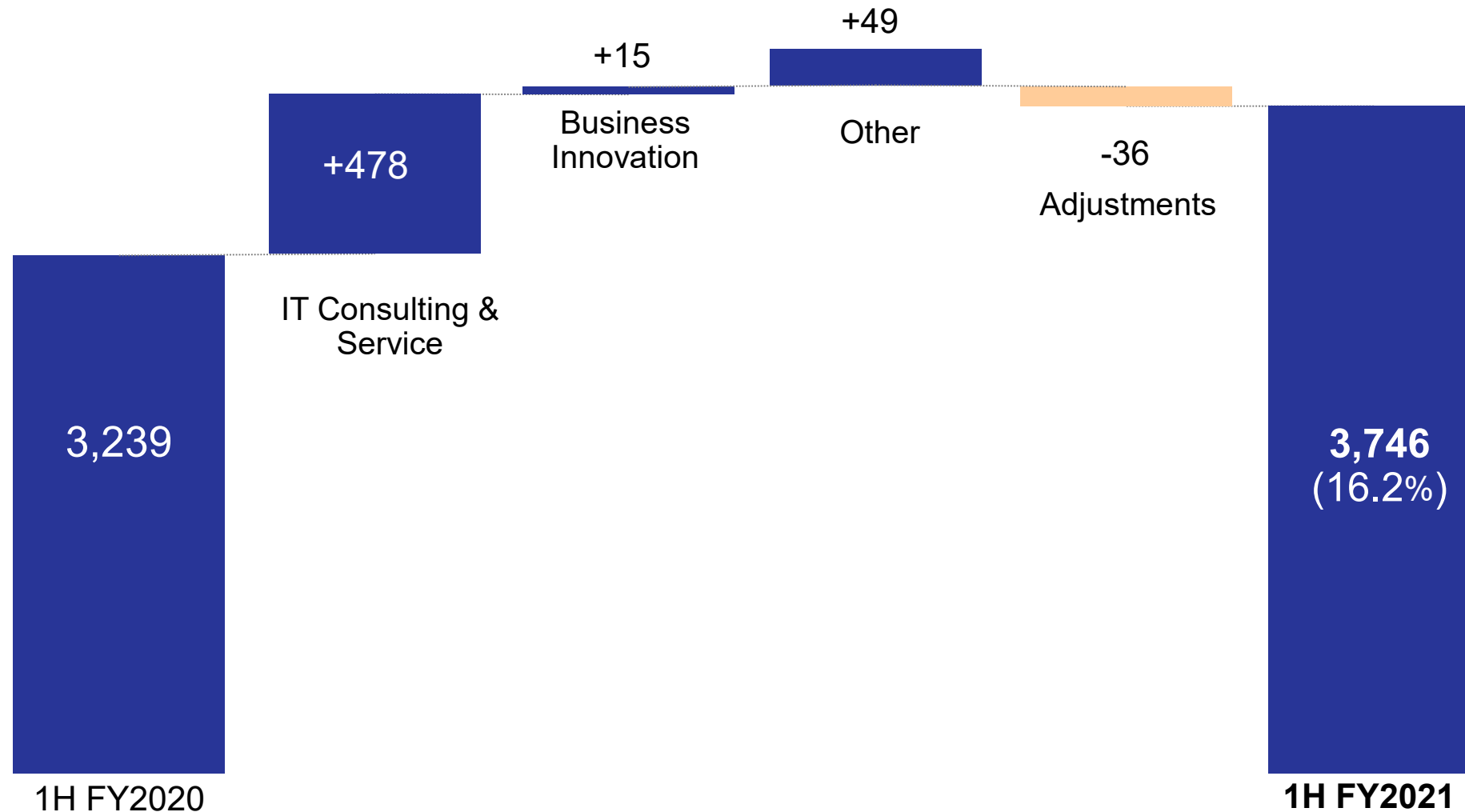
(Million yen)



# 1. Earnings Results for the First Half of FY2021

## (v) Analysis of Changes in Operating Income

(Million yen)

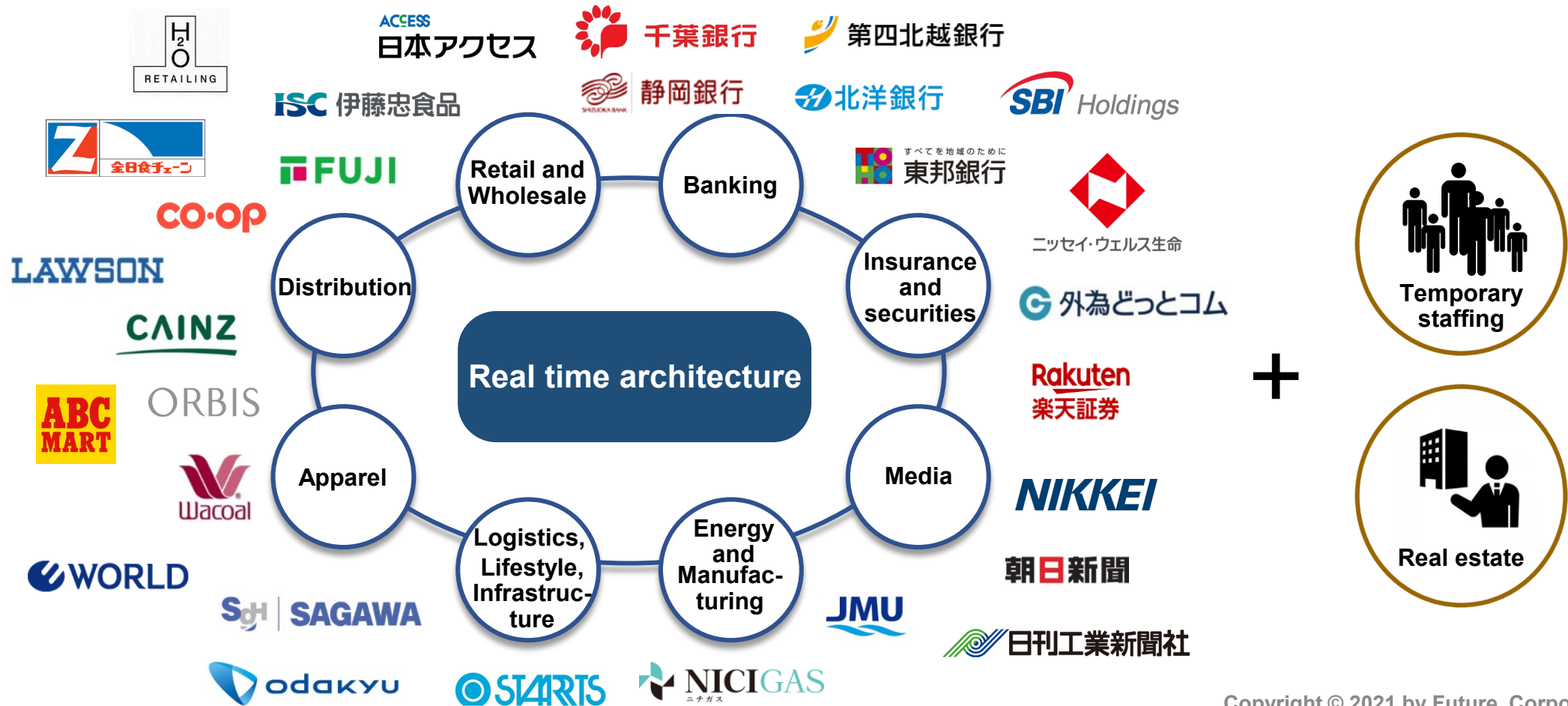


## 2-1. Topics Related to the First Half of FY2021 IT Consulting & Service

1. Helping a diverse range of customers move forward with business transformation
2. Developing Digital Core System to drive ABC-Mart's growth strategy forward
3. Developed the gas industry's first digital twin system for Nippon Gas Co., Ltd.
4. Provided AI services to the Japan External Trade Organization (JETRO) and Cainz
5. Transforming customers' business via a three-pronged approach to consulting
6. Active hiring and training programs designed to foster autonomy and growth

# Helping a diverse range of customers move forward with business transformation

Building stronger ties with existing customers to boost orders  
 Increase in new orders from customers in a variety of industries and businesses who are eager to transform their operations





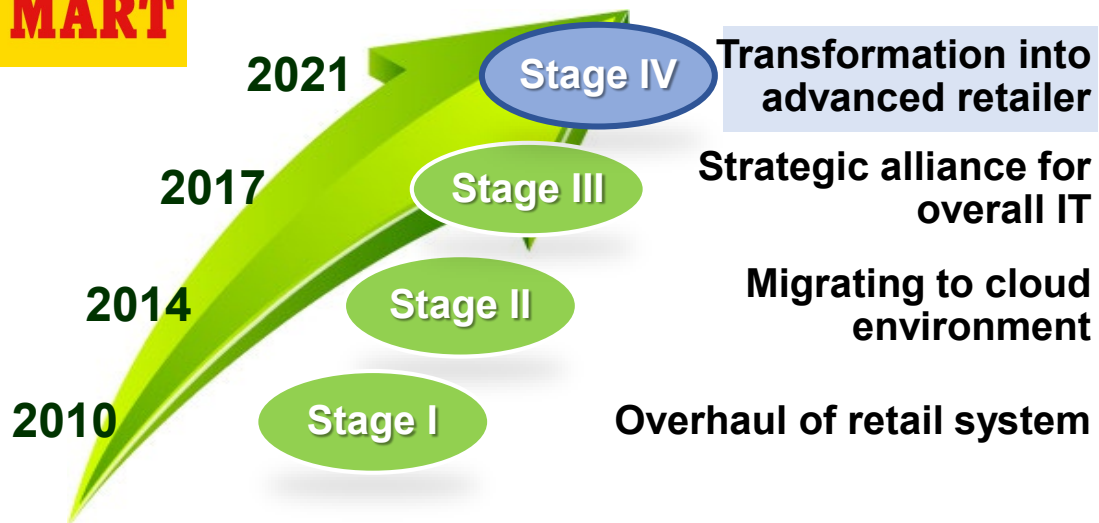
# Developing Digital Core System to drive ABC-Mart's growth strategy forward



Expanding the retailer's ability to respond to changes in market conditions and its overwhelming store sales capabilities to the e-commerce domain  
Supporting ABC-Mart all the way through from planning to operation as an IT partner well versed in its strengths



## History as an IT Partner



Advantage of speedy store opening and store retailing suitable for regions and commercial areas  
Expanding ABC-Mart's outstanding brick-and-mortar retail capability into the digital world

## Digital Core System

- ✓ **Centrally manages order data** from various sales channels such as stores, e-commerce sites, and smartphone applications
- ✓ **Integrates** data such as reward points, inventory, products, customers, orders and shipments **in real time**

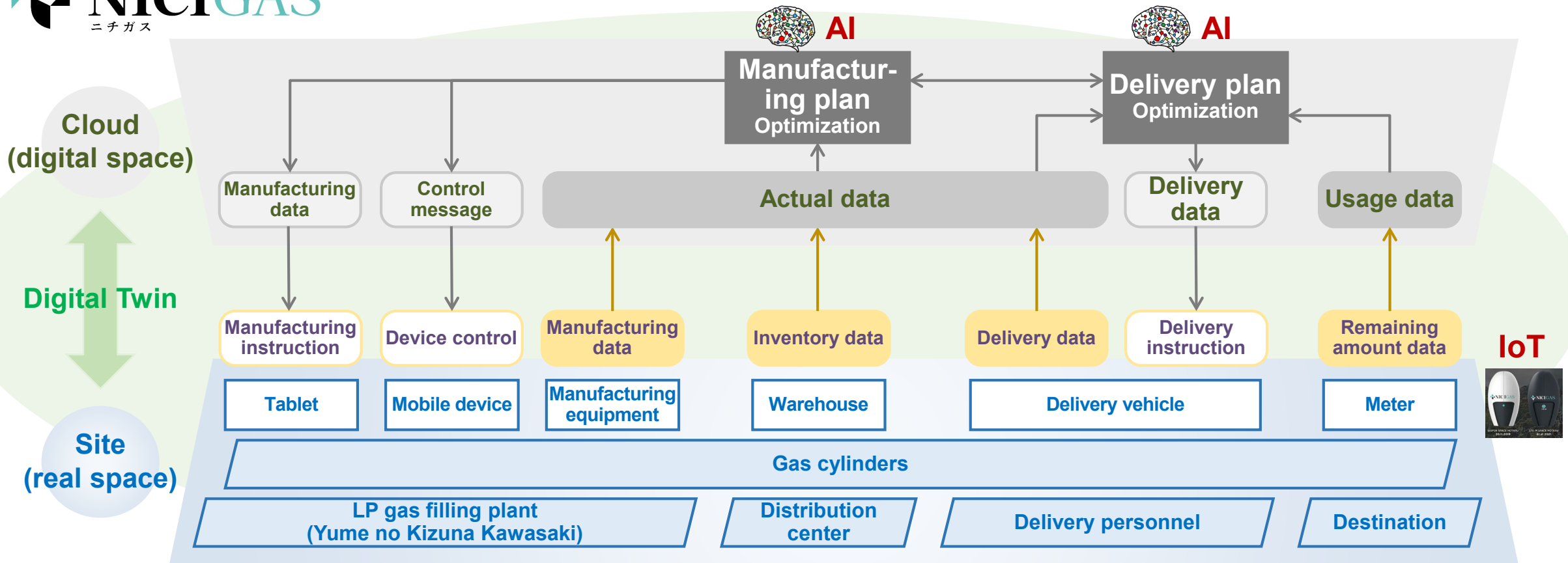
Developing digital channels at the same speed as store launches

**Designing the right system for the client at the right time to take their business to new heights**

# Developed the gas industry's first digital twin system for Nippon Gas Co., Ltd.



Implemented at Yume no Kizuna Kawasaki, one of the world's largest LP gas filling plants, the AI-based system reduces costs and environmental impact, and speeds up disaster response



# Provided AI services to the Japan External Trade Organization (JETRO) and Cainz

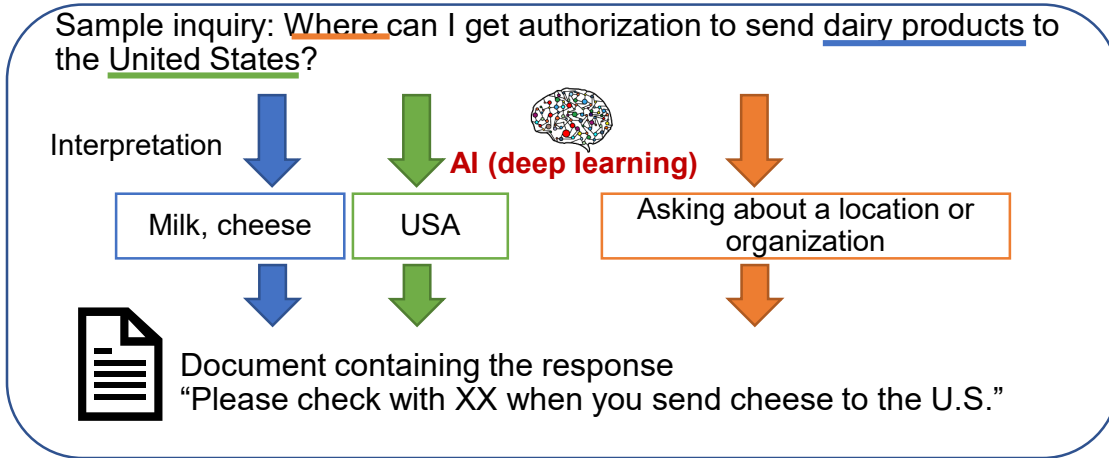


## Real-world application of AI/optimization beyond PoC (proof of concept)

**JETRO**

High-precision document retrieval AI

Issue: Inability to perform keyword searches results in numerous user inquiries



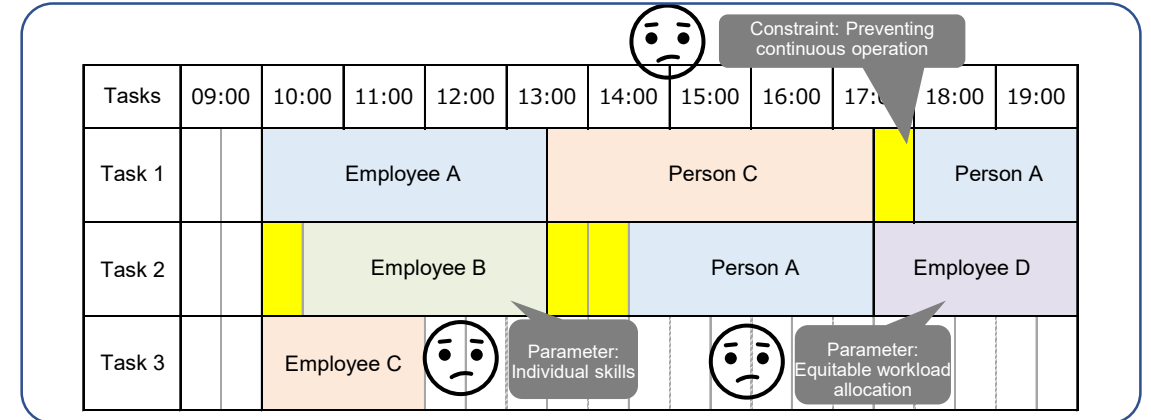
Effect of using AI and its features:

- ✓ Enhanced search accuracy and convenience improves operational efficiency
- ✓ AI gets smarter the more you use it, keeping up with updated trade information

**CAINZ**

Auto-scheduling AI

Issue: Making employee schedules that fit parameters  
200 stores nationwide x 30 minutes/day = Approx. **50K** hours/year of operation

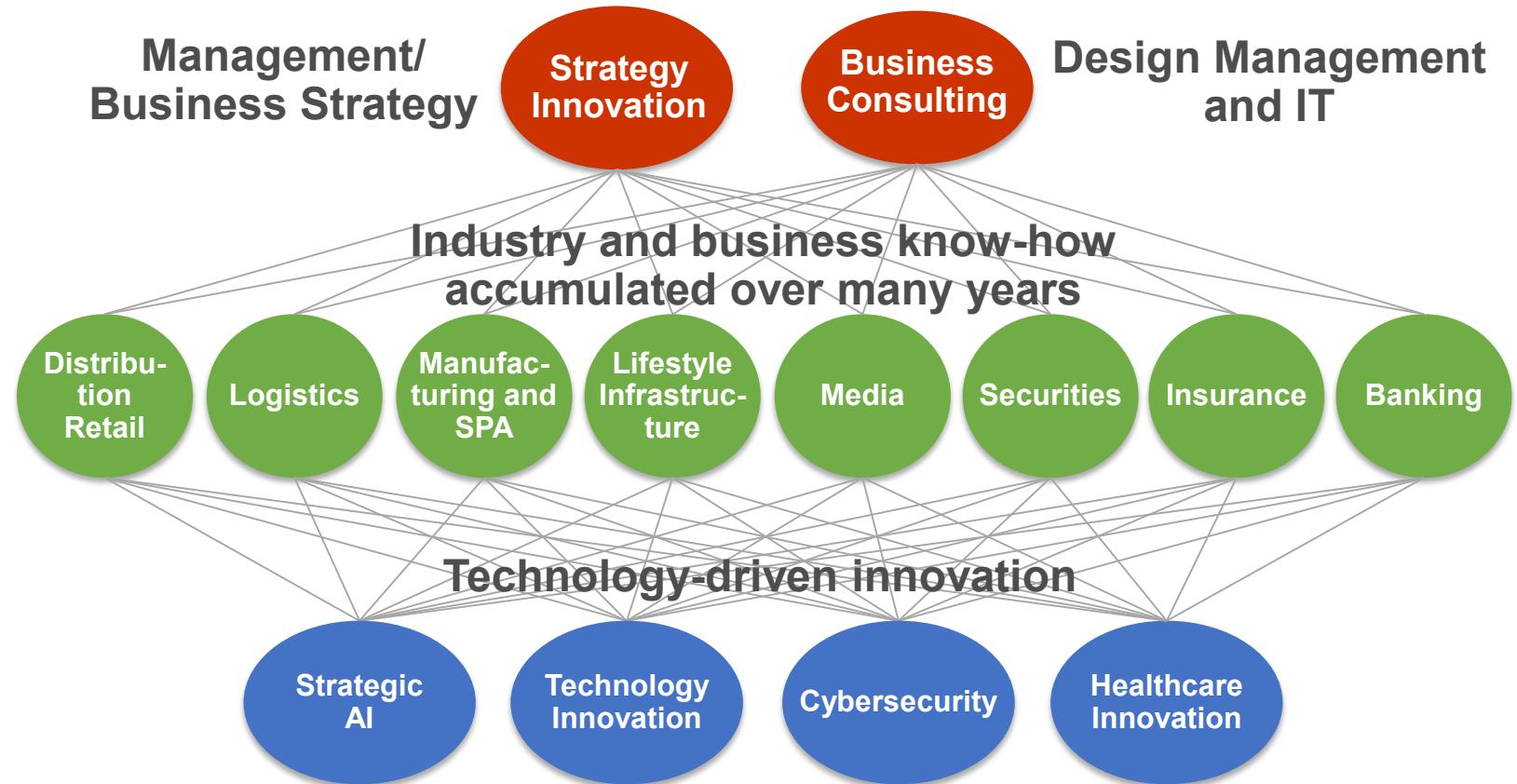
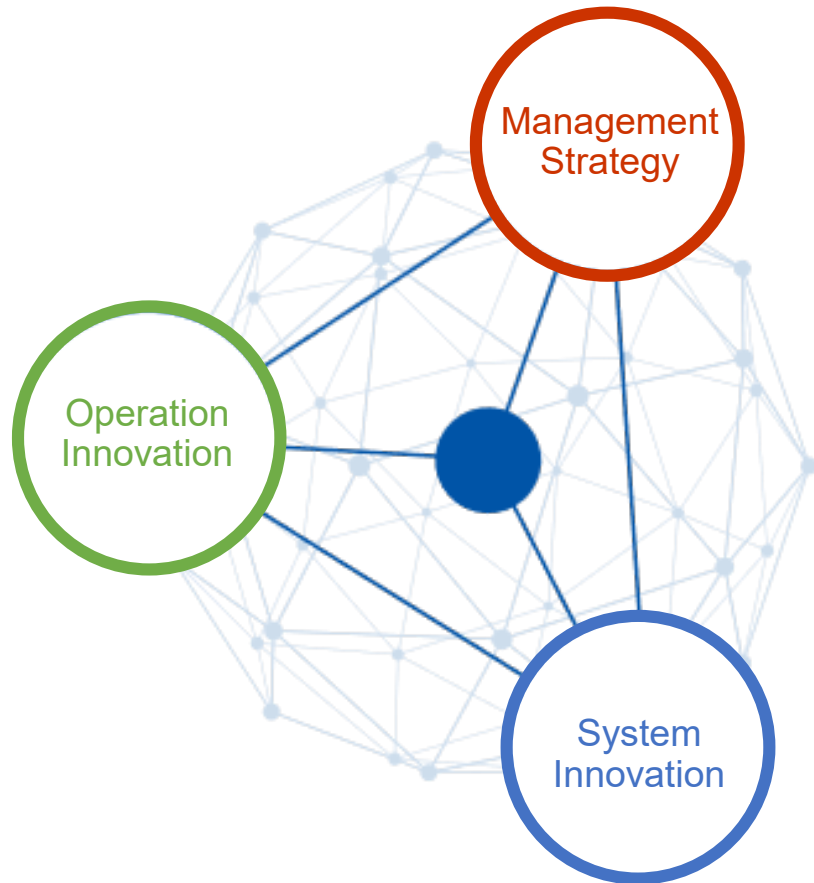


Effect of using AI and its features:

- ✓ Automation halves average work time
- ✓ Scheduling that tends to depend on individual skills gets done by AI

# Transforming customers' business via a three-pronged approach to consulting

Creating new businesses in a variety of fields based on the management, business, and technology expertise we have cultivated over the years, and contributing to the advancement of society



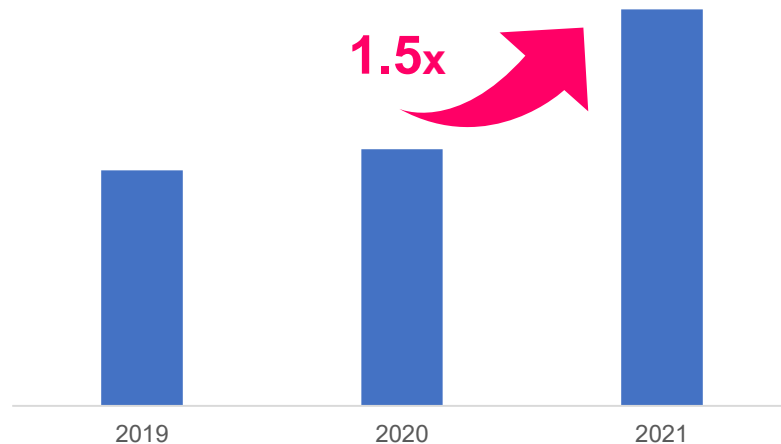
# Active hiring and training programs designed to foster autonomy and growth

FUTURE

Worked on active recruitment despite the COVID-19 pandemic, resulting in a 1.5-fold year-on-year increase in the number of new hires and a record number of new graduates joining the company this fiscal year

Fostering professional autonomy and growth via online training tailored to individual abilities

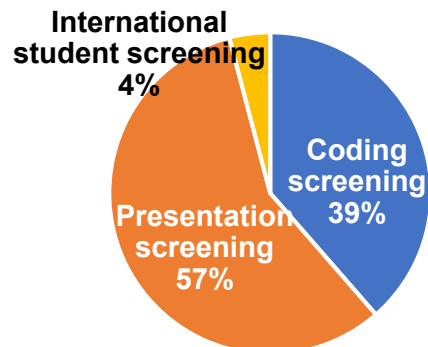
Number of new graduates entering the company



Professional training

- ✓ Flexibility to match individual proficiency
- ✓ Interactive training to encourage trainees to take on new challenges and support autonomy

Various screening options to test candidates' specialized skills



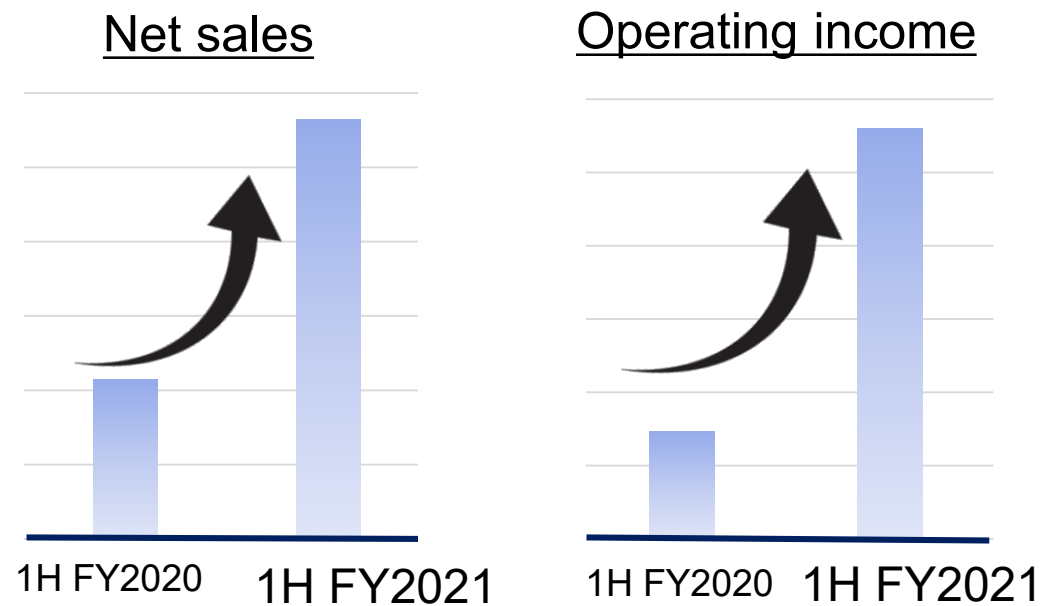
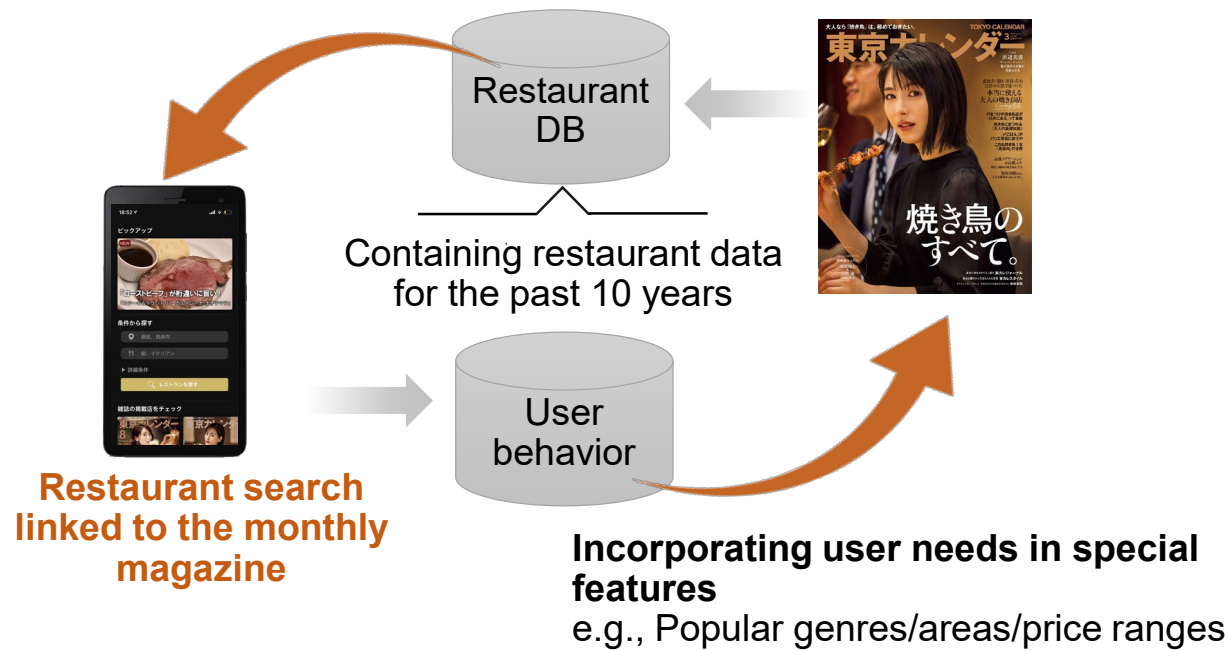
## 2-2. Topics Related to the First Half of FY2021 Business Innovation

1. Tokyo Calendar: Utilization of user behavior data
2. eSPORTS: Favorable sales of outdoor products
3. CodeCamp: Expansion of corporate services

**Boosted sales across all business operations, including magazines, by strengthening online promotions based on analysis of user behavior data**

 Amid the COVID-19 pandemic, sales of the monthly magazine were the highest since its revamping

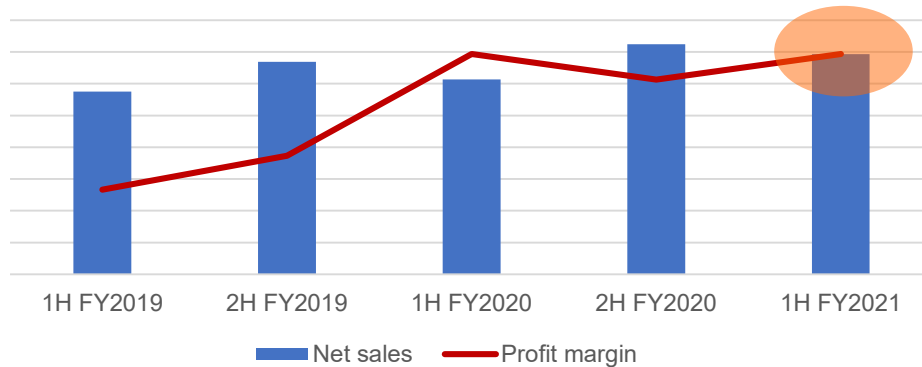
 Significant year-on-year increase in sales and profit, by 114% and 382% respectively



Sales of outdoor products remained strong, bringing net sales up 50% and gross profit up 76% year on year

 Sales of PB products, mainly for outdoor activities, increased, and NB products were sold at regular prices, contributing to high gross profit

[Sales and Profit Margin for All Products including Outdoor Products] Early clearance sale also contributed to the recovery of gross margin



Making outdoor activities more accessible and easier



Everything is designed for a reason, so you'll get more quality than you paid for



Strengthened branding for the second half with the aim of increasing overall outdoor product sales

- Augmented the lines of PB products such as QuickCamp



- Increased the lines of NB brands and



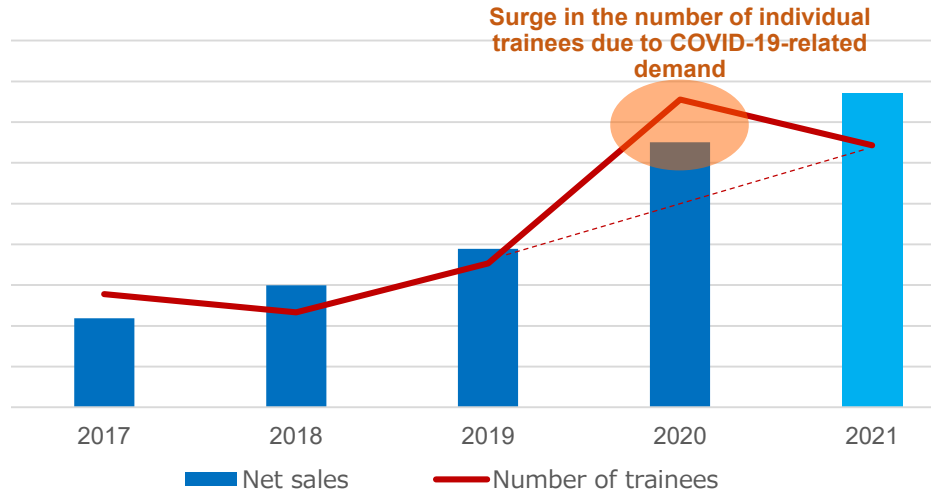


Expanded corporate services by taking advantage of the features and our expertise in online training to drive sales up

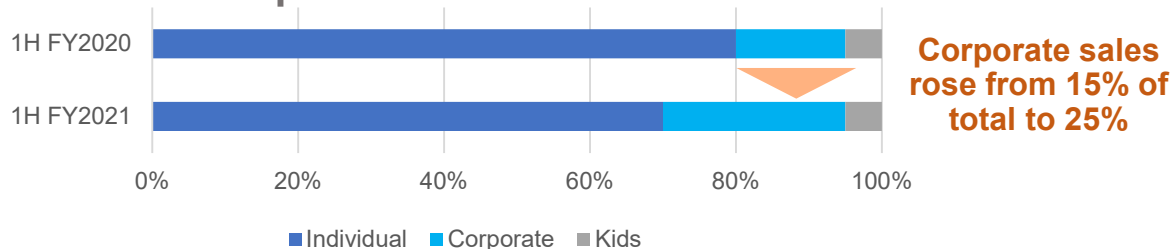


Sales of corporate services increased, offsetting the decline in the number of individual trainees

Trends in Sales and Individual Trainees



Breakdown of Operations



Expanded training for new fully-remote engineers



Started support for IT personnel training in local governments

## 3. Plan for FY2021

# 3. Plan for FY2021

## (1) Full-year Operating Forecast



(Million yen)

	Plan for FY2021 (Initial: 4/28)	Plan for FY2021 (Revised: 7/30)	Change	Results for FY2021 1H	Progress (compared with revised plan)
Net sales	47,500	48,500	+1,000 (+2.1%)	23,117	47.7%
Operating income (operating income margin)	7,150 (15.1%)	8,000 (16.5%)	+850 (+11.9%)	3,746 (16.2%)	46.8%
Profit attributable to owners of parent (profit margin)	4,800 (10.1%)	5,500 (11.3%)	+700 (+14.6%)	2,696 (11.7%)	49.0%

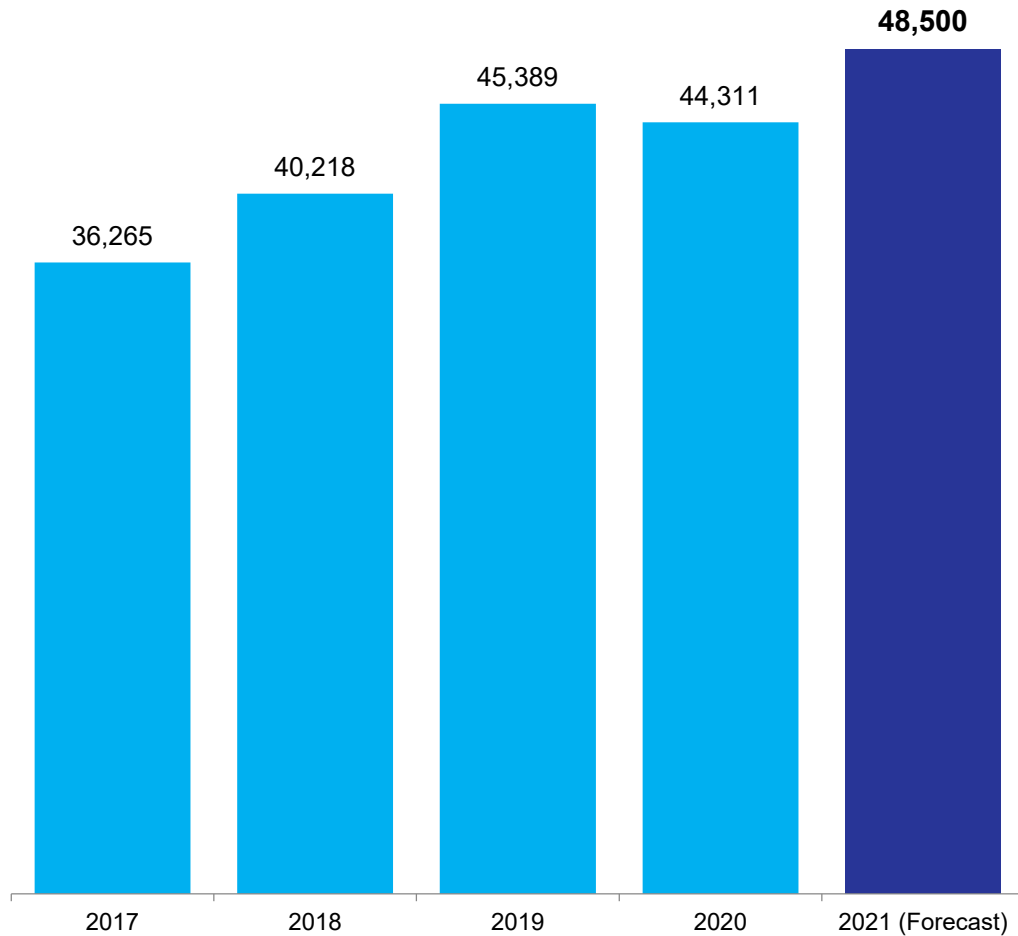
# 3. Plan for FY2021

## (2) Changes in Net Sales and Operating Income

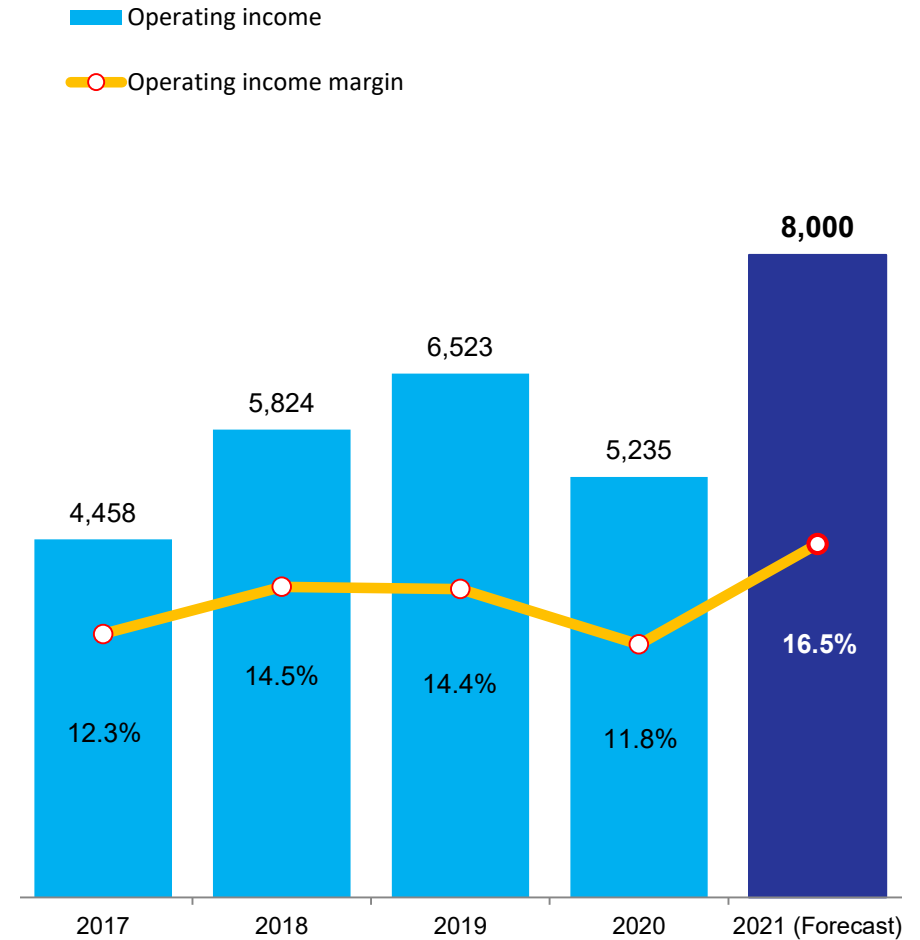


(Million yen)

### Net Sales



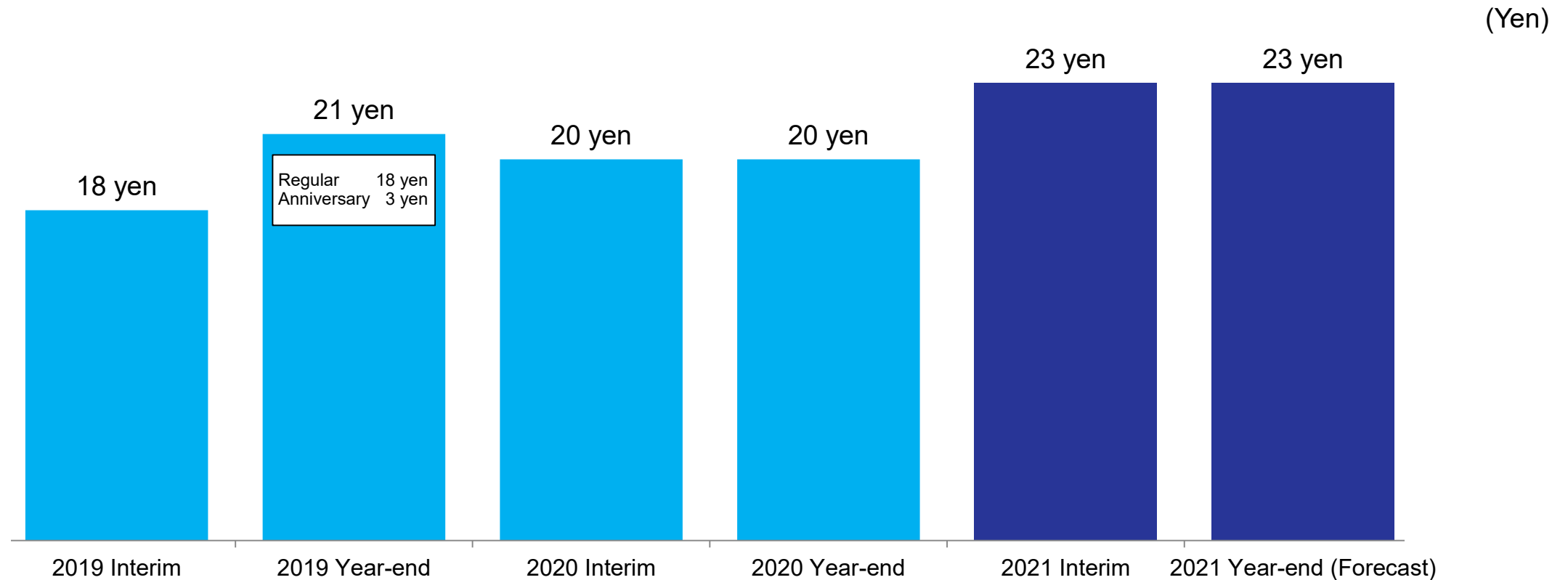
### Operating income



# 3. Plan for FY2021

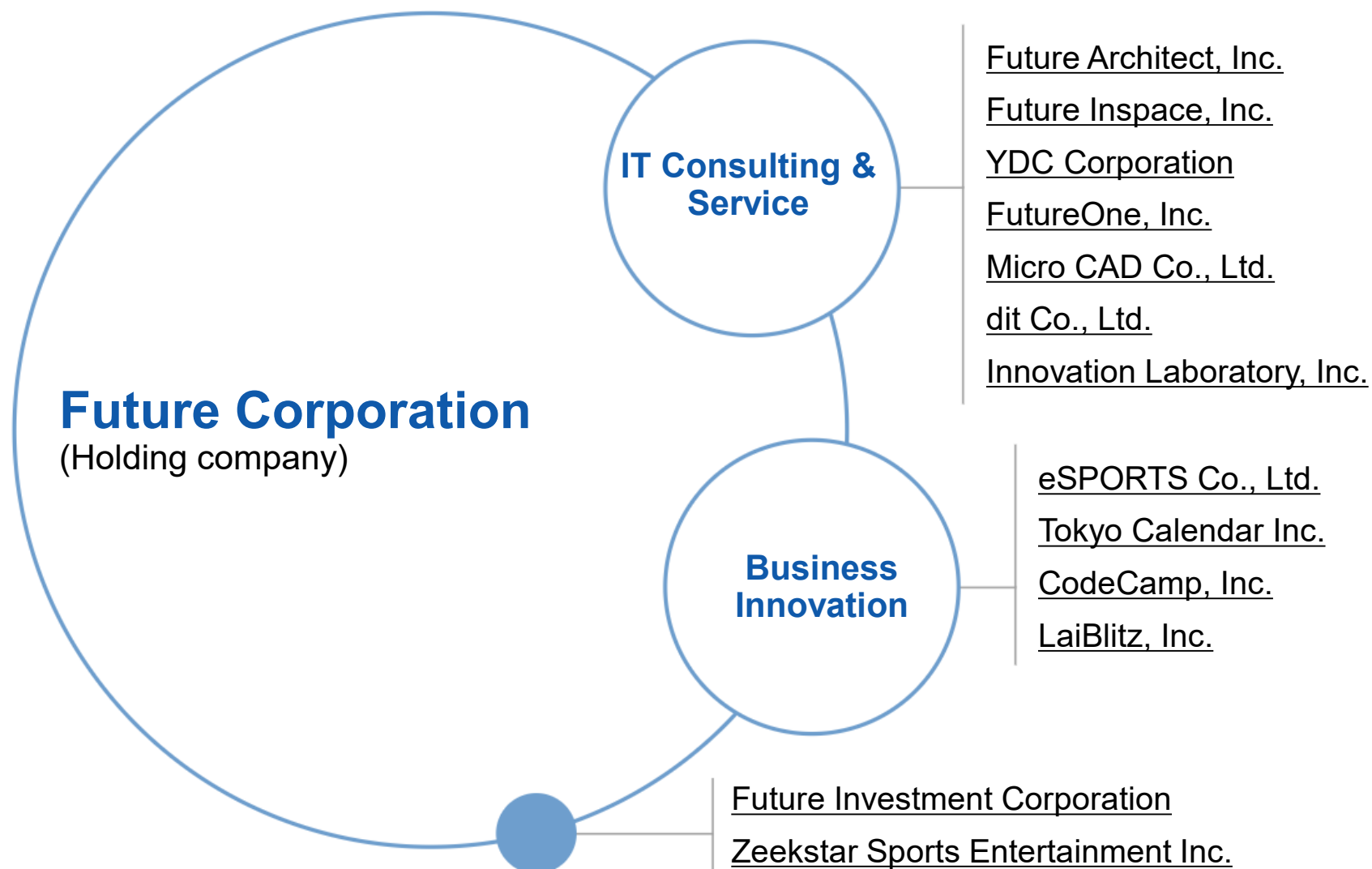
## (3) Dividends

- We decided to raise the interim dividend by 2 yen from the initially planned 21 yen to make it 23 yen per share.
- We plan to pay a year-end dividend of 23 yen, up 2 yen from the initially planned 21 yen, to make the annual dividend total 46 yen.



# Appendix

# Appendix-(i) Future GROUP



(As of June 30, 2021)

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



(Million yen)

	Results for FY2021 1H	Compared with projected results		Year-on-year comparison	
		Plan for FY2021 (revised plan)	Rate of change	Results for FY2020 1H	Rate of change
Net sales	<b>23,117</b>	22,000	+5.1%	22,135	+4.4%
Operating income (operating income margin)	<b>3,746</b> (16.2%)	2,900 (13.2%)	+29.2%	3,239 (14.6%)	+15.7%
Profit attributable to owners of parent (profit margin)	<b>2,696</b> (11.7%)	1,980 (9.0%)	+36.2%	2,366 (10.7%)	+13.9%



# Appendix-(iii) Balance Sheets

(Million yen)	End of Jun. 2021	End of Dec. 2020	Change
Current assets	28,181	26,436	+1,745
Non-current assets	23,686	23,387	+299
<b>Total assets</b>	<b>51,867</b>	<b>49,823</b>	<b>+2,044</b>
Current liabilities	6,518	6,476	+41
Non-current liabilities	5,263	5,117	+146
<b>Total liabilities</b>	<b>11,782</b>	<b>11,594</b>	<b>+187</b>
<b>Total net assets</b>	<b>40,085</b>	<b>38,228</b>	<b>+1,856</b>
Shareholders' equity ratio	77.3%	76.6%	

		End of Jun. 2021	End of Dec. 2020	Change
Current assets:	Cash and deposits	18,353	15,110	+3,242
	Notes and accounts receivable – trade	6,514	7,884	-1,369
	Securities	1,001	1,000	+1
Non-current assets:	Property, plant and equipment	1,139	1,178	-38
	Intangible assets (including goodwill)	2,155	2,150	+4
	Investment securities	19,015	18,431	+583
Current liabilities:	Provision for quality assurance	52	61	-9
	Provision for loss on projects	23	13	10
Non-current liabilities:	Deferred tax liabilities	4,757	4,615	+142
Net assets:	Valuation difference on available-for-sale securities	11,643	11,229	+414

# Appendix-(iv) Cash Flows

(Million yen)	1H FY2021	1H FY2020	Change
Cash flows from operating activities	4,839	2,721	+2,118
Cash flows from investing activities	-194	-327	+133
Cash flows from financing activities	-1,406	-1,753	+347
Effect of exchange rate changes on cash and cash equivalents	3	1	+2
Increase (decrease) in cash and cash equivalents	3,242	641	+2,601
Cash and cash equivalents at the beginning of the period	16,010	14,929	<b>+1,080</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>19,253</b>	<b>15,571</b>	<b>+3,681</b>

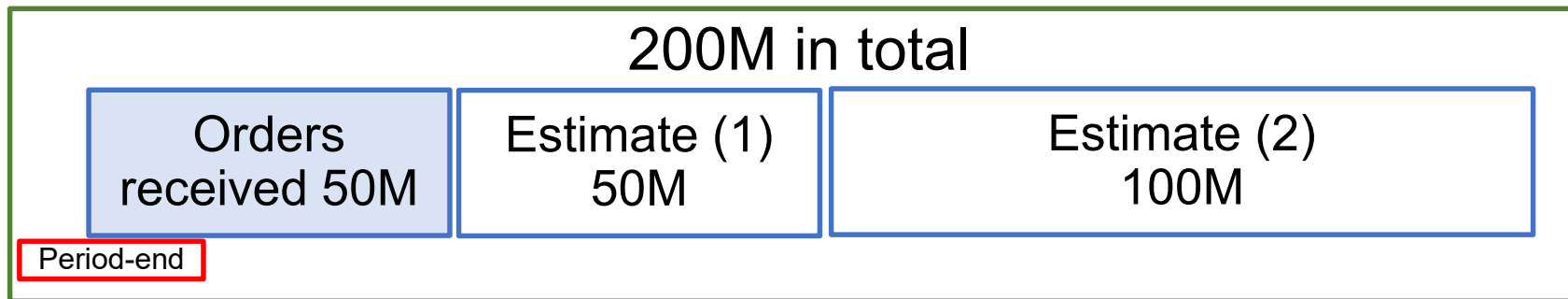
	1H FY2021	1H FY2020	Change
Operating CF: Profit before income taxes	3,879	3,418	+461
Increase (decrease) in provision for loss on projects	10	405	-395
Decrease (increase) in notes and accounts receivable – trade	1,369	518	+851
Decrease (increase) in inventories	94	-648	+742
Increase (decrease) in accounts payable – trade	48	-262	+311
Investing CF: Purchase of securities	-102	0	-102
Purchase of property, plant and equipment	-106	-111	4
Purchase of intangible assets	-332	-252	-80
Sale of investment securities	3	99	-96
Financial CF: Purchase of additional shares of subsidiaries	-450	0	-450
Purchase of treasury shares	0	-758	758
Cash dividends paid	-884	-938	53

# Appendix-(v) Results by Segment

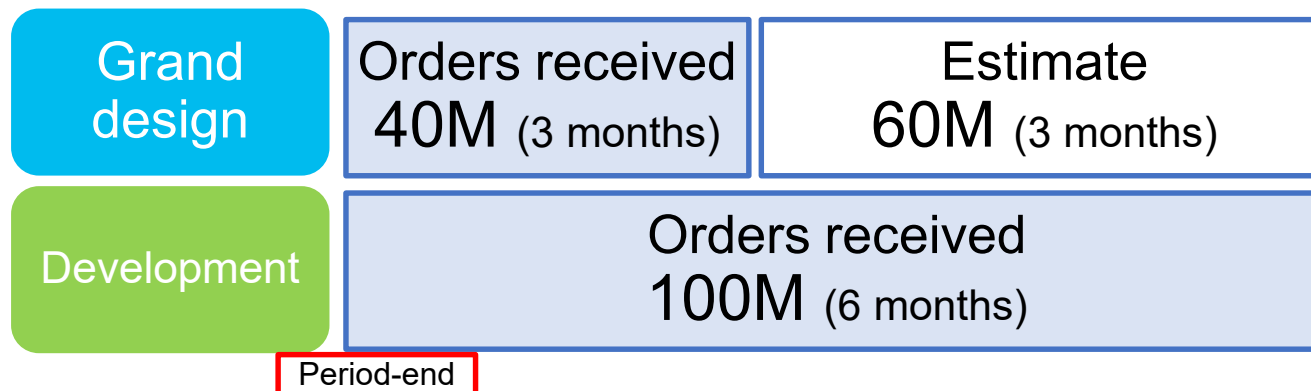
(Million yen)	1H FY2021	1H FY2020	YoY change
<b>Net sales</b>	<b>23,117</b>	<b>22,135</b>	<b>+4.4%</b>
IT Consulting & Service	18,501	18,030	+2.6%
Business Innovation	4,669	4,139	+12.8%
Other	112	0	NA
Adjustments	-166	-33	-
<b>Operating income</b>	<b>3,746</b>	<b>3,239</b>	<b>+15.7%</b>
IT Consulting & Service	3,540	3,061	+15.6%
Business Innovation	224	209	+7.6%
Other	39	-10	NA
Adjustments	-57	-21	-

# Appendix-(vi)-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.

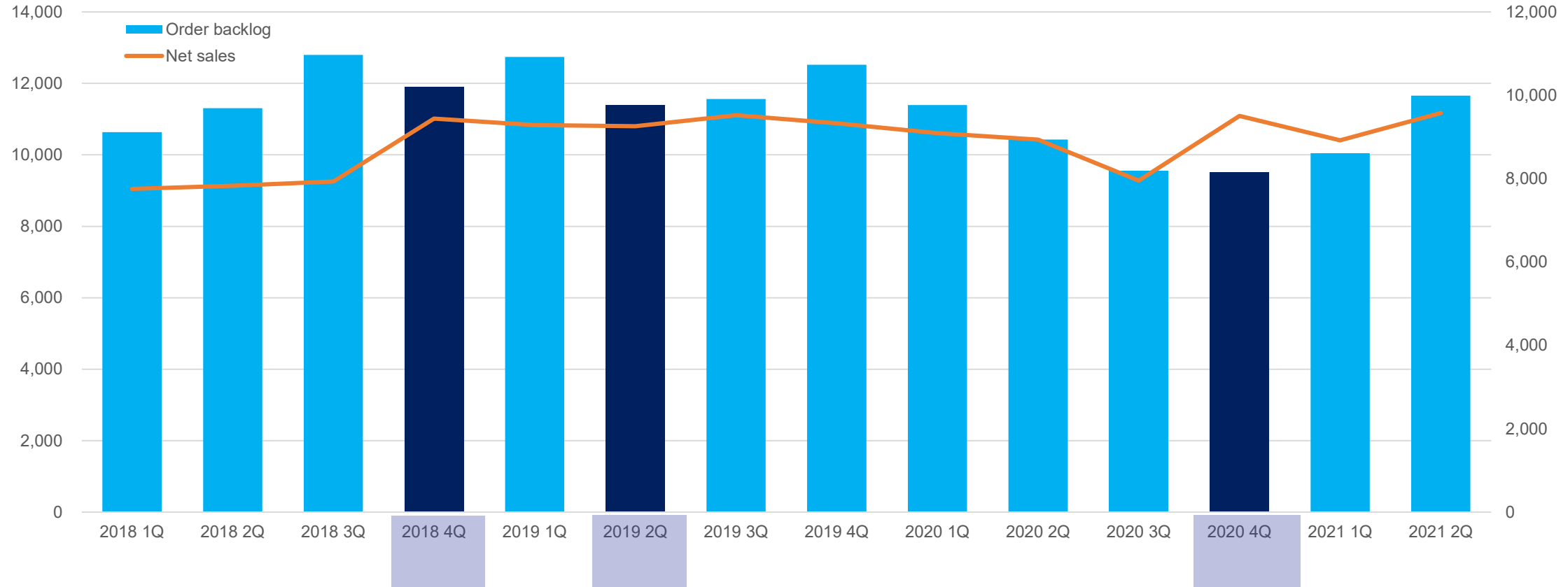
# Appendix-(vi)-2 Relationship between Backlogs and Sales



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

Order backlog  
(Millions of Yen)

Net sales  
(Millions of Yen)



- 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 materials are also available on the Company's website.

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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.