

Materials for the Briefing on the Financial Results for FY2021

February 10, 2022

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 FY2021

2. Topics Related to FY2021

3. Plan for FY2022

1. Earnings for FY2021

1. Earnings for FY2021

(i) Earnings Highlights

Consolidated earnings results for FY2021

✓ Record-high net sales, operating income and profit

Net sales	48,698 million yen	(+ 9.9%)
Operating income	9,000 million yen	(+71.9%)
Ordinary income	9,289 million yen	(+70.8%)
Profit	6,369 million yen	(+67.8%)

IT Consulting & Service

✓ Net sales and operating income increased due to orders received for DX projects and the smooth progress of projects, while we pursued strict quality control and fair value.

Net sales:	39,258 million yen	(10.6% increase)
Operating income:	8,925 million yen	(82.1% increase)

* Refer to Appendix (iv)

Business Innovation

✓ Net sales of online services grew, offset by temporary expenses, etc., resulting in a decrease in operating income.

Net sales:	9,596 million yen	(7.7% increase)
Operating income:	413 million yen	(10.7% decrease)

* Refer to Appendix (iv)

Inter-segment adjustment

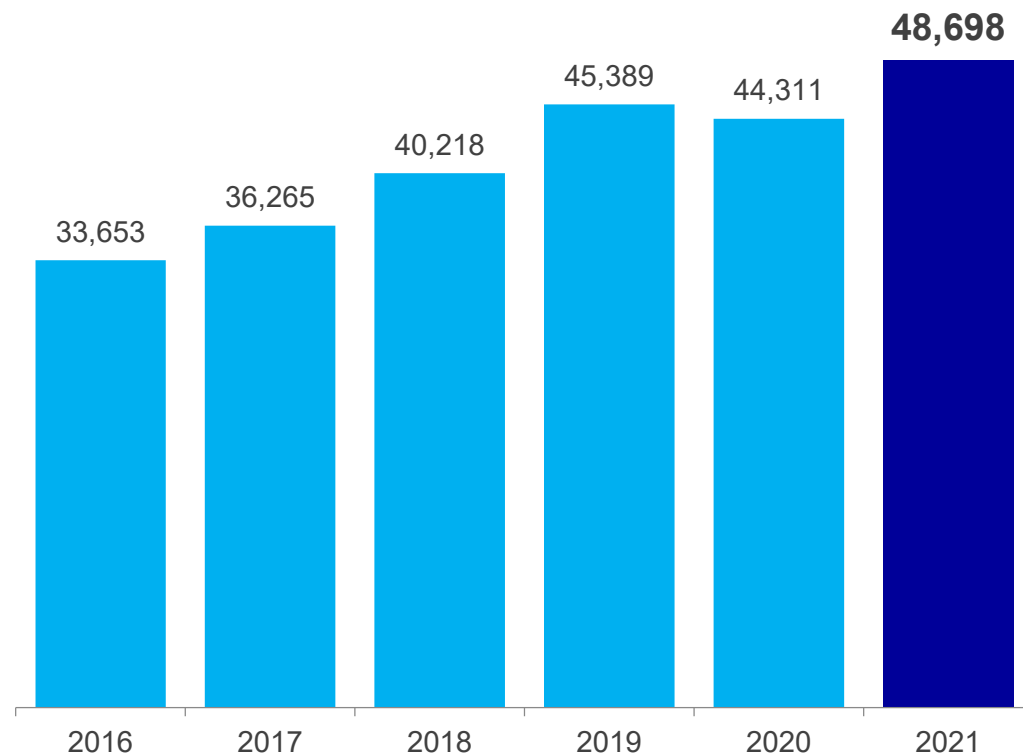
Net sales:	-443 million yen
Operating income:	-600 million yen

1. Earnings for FY2021

(ii) Analysis of Earnings Results (Changes in Net Sales, Operating Income, and Operating Income Margin)

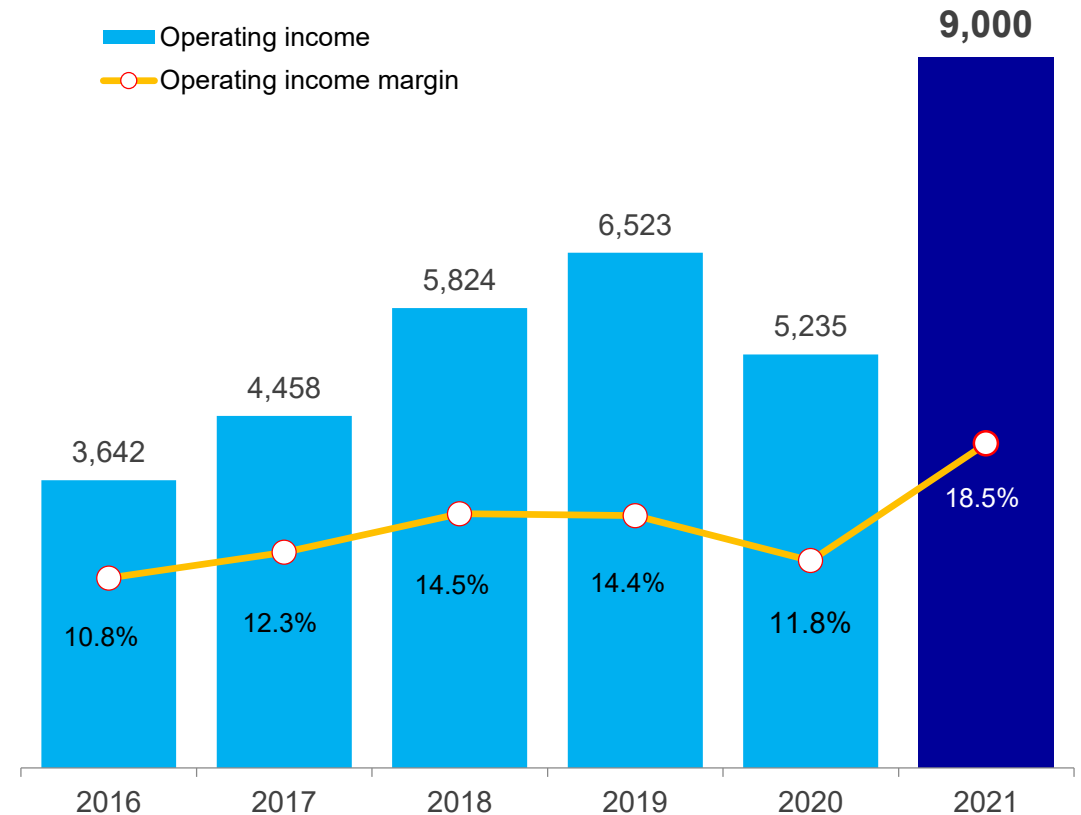
- ✓ Net sales and operating income increased by 4.4 billion yen and 3.8 billion yen respectively year on year due to orders received for DX projects and the smooth progress of projects.
- ✓ Operating income margin was 18.5%, up 6.7% year on year, as a result of strict quality control and emphasizing fair value.

Net sales



Operating income

(Million yen)



1. Earnings for FY2021

(ii) Analysis of Earnings Results (Changes in Balance Sheet)

✓ Total assets were 54,483 million yen, up 4,660 million yen from the preceding year mainly due to an increase in cash from profit increase.

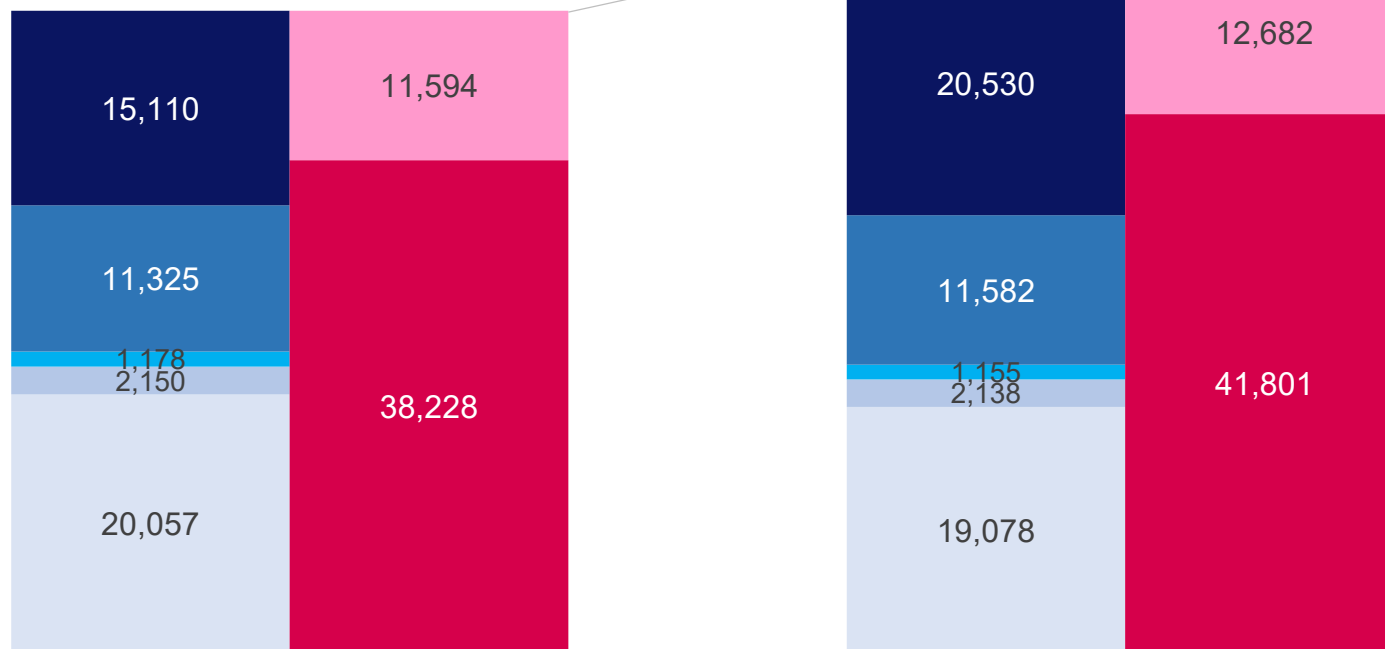
Balance Sheets

(Million yen)

Total assets: 49,823

Total assets: 54,483 (+4,660)

- Liabilities
- Net assets
- Cash and deposits
- Other current assets
- Property, plant and equipment
- Intangible assets
- Investments and other assets



End of December 2020

End of December 2021

Major Changes

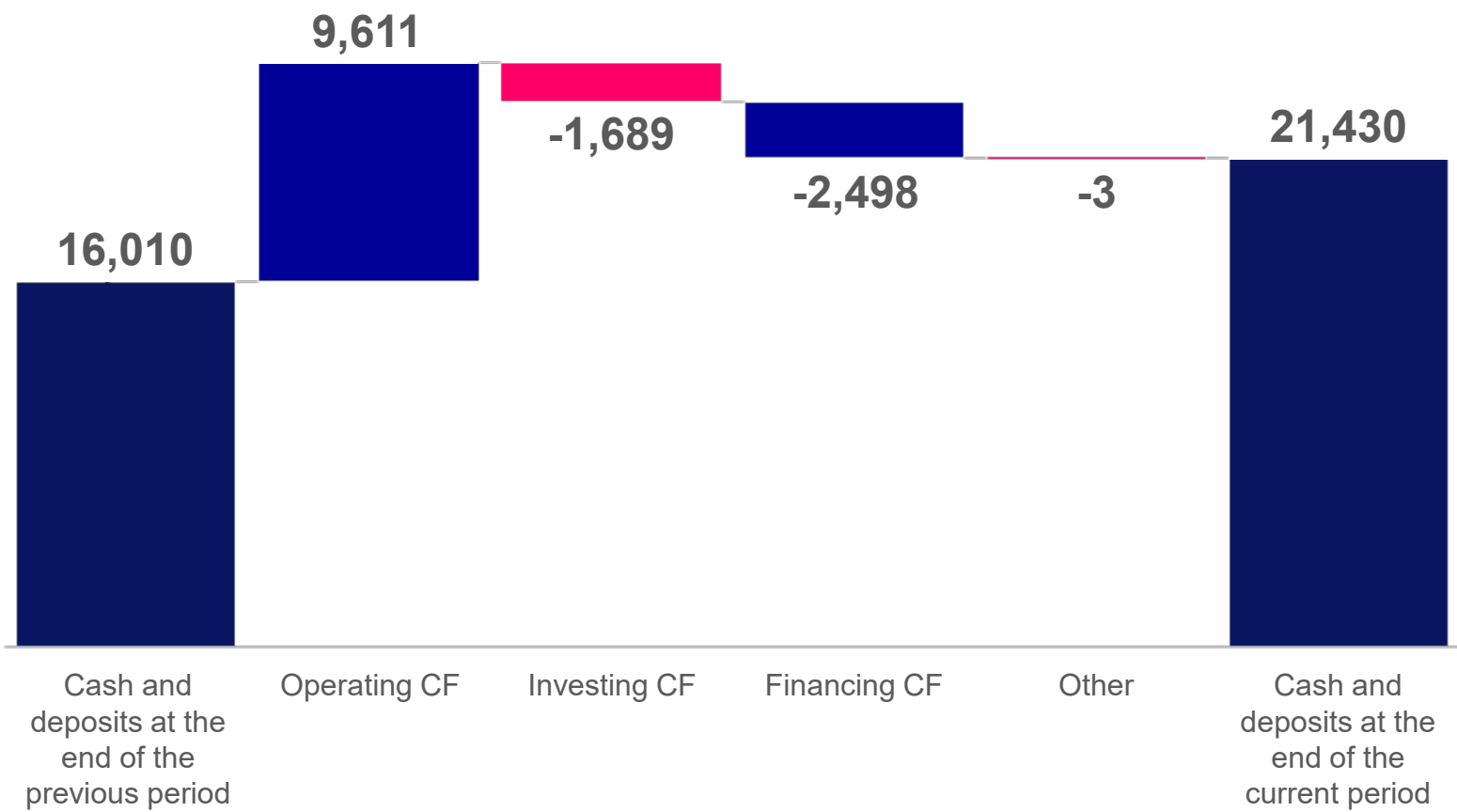
Cash and deposits :	+ 5,420	Mainly due to profit increase
Other current as: :	+ 257	
Property, plantar :	- 23	
Intangible :	- 12	
Investments and :	- 979	Decline in the market value of other investment securities
Total assets :	+ 4,660	Increase in cash
Total liabilities :	+ 1,088	Income taxes payable: +1,451
		Deferred tax liabilities: -336
Total net assets :	+ 3,573	Profit +6,369
		Dividend payment -1,902
		Valuation difference onavailable for sale securities: -517

1. Earnings for FY2021

(ii) Analysis of Earnings Results (Cash Flows)

✓ Cash and deposits up 5,400 million yen boosted mainly by net cash provided by operating activities of 9,600 million yen

Cash Flows



■ Major breakdown of cash flows









Operating CF	
Profit before income taxes	: 9,185
Depreciation and amortization of goodwill	: 1,146
Tax payment	: -1,449
Changes in receivables and payables	: 729
Net cash flow	: 9,611
Investing CF	
Purchase of intangible assets	: -748
Purchase of property, plant and equipment	: -274
Purchase of securities, etc.	: -667
Net cash flow	: -1,689
Financing CF	
Dividend payment	: -1,902
Purchase of additional shares of subsidiaries	: -450
Other	: -146
Net cash flow	: -2,498
Change in cash and cash equivalents	: +5,420

(Million yen)

1. Earnings for FY2021

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



<p>Future Architect, Inc. (including Future Corporation's Technology Division)</p> <p>Net sales  Operating income </p>	<ul style="list-style-type: none"> ✓ Net sales increased, boosted by orders coming in for projects from a wide variety of customers, and the smooth progress of projects beneficial to our medium-term growth, including a project for introducing next-generation banking systems to regional financial institutions ✓ Operating income increased substantially as a result of strict quality control and emphasizing the value of our IT system
<p>FutureOne</p> <p>Net sales  Operating income </p>	<ul style="list-style-type: none"> ✓ Net sales and operating income increased as a result of undertaking optimization in customizing an original package software "InfiniOne," along with the effort to strengthen channels with outside sales partners, etc.
<p>YDC Corporation</p> <p>Net sales  Operating income </p>	<ul style="list-style-type: none"> ✓ Net sales and operating income decreased due to a decrease in SI projects, despite the efforts to expand the customer base in the logistics field by providing unique know-how to the Group's customers.
<p>dit Co., Ltd</p> <p>Net sales  Operating income </p>	<ul style="list-style-type: none"> ✓ Net sales and operating income increased, boosted by favorable orders received for vulnerability assessment, computer forensics, and other cyber security-related services, as well as a steady stream of orders for network construction-related services designed to improve the information and communications technology (ICT) environment.

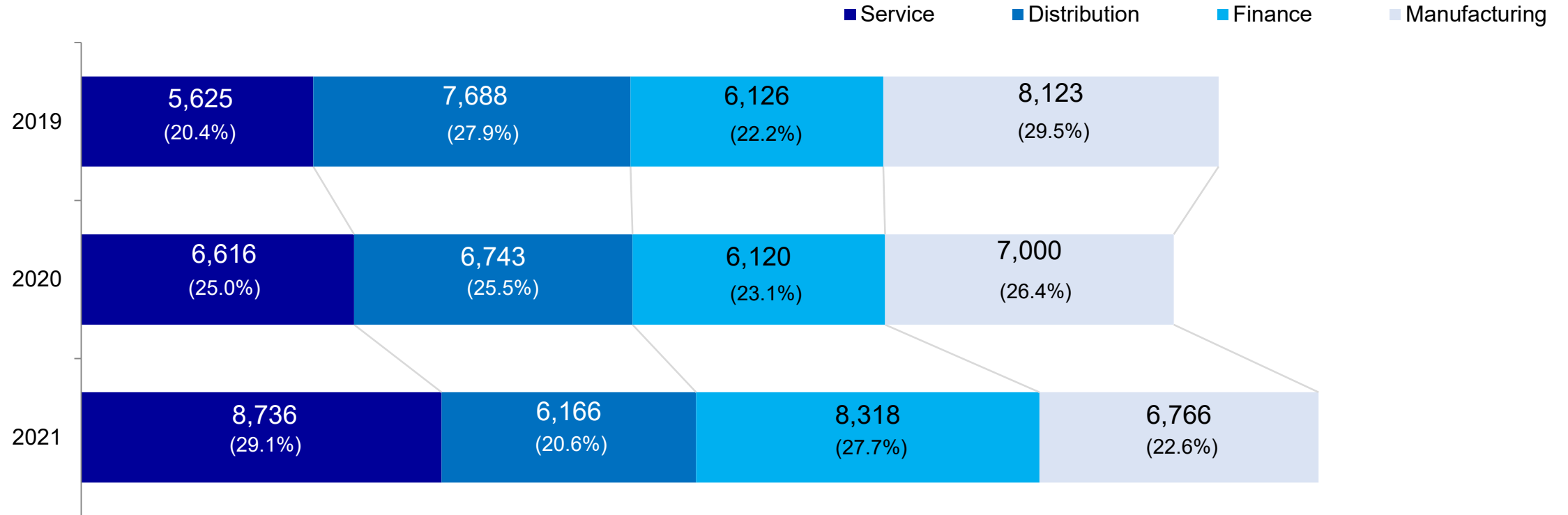
1. Earnings for FY2021

(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

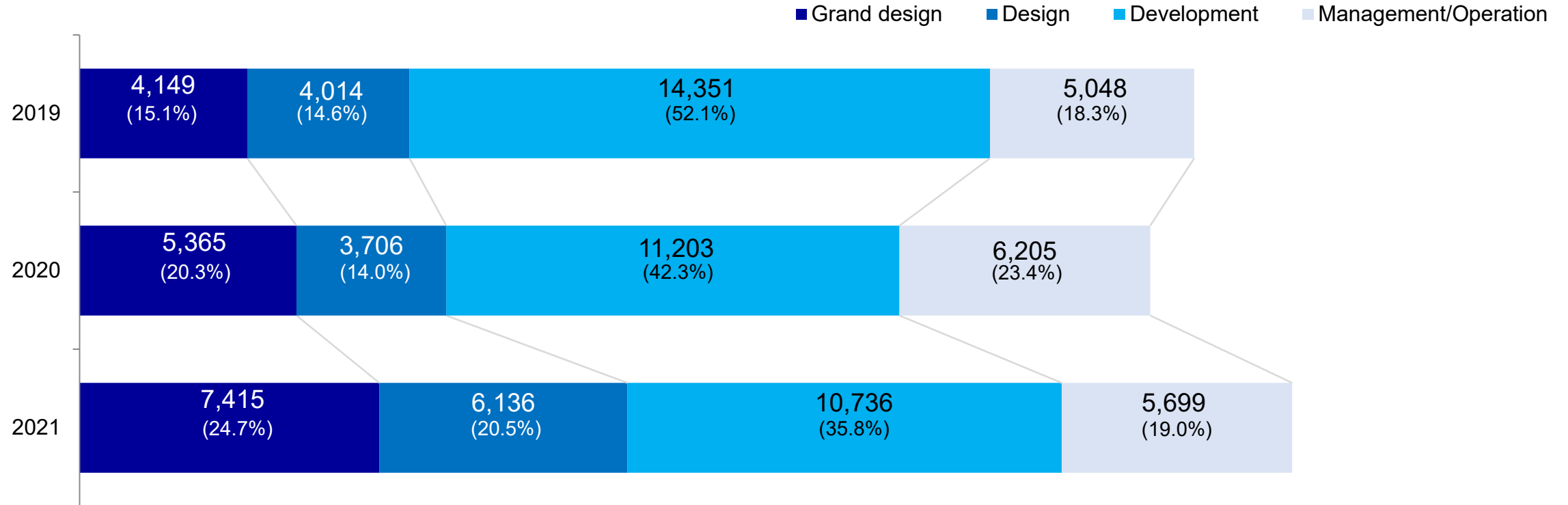
1. Earnings for FY2021

(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

(Million yen)

1. Earnings for FY2021

(iii) Results by Segment (Business Innovation)



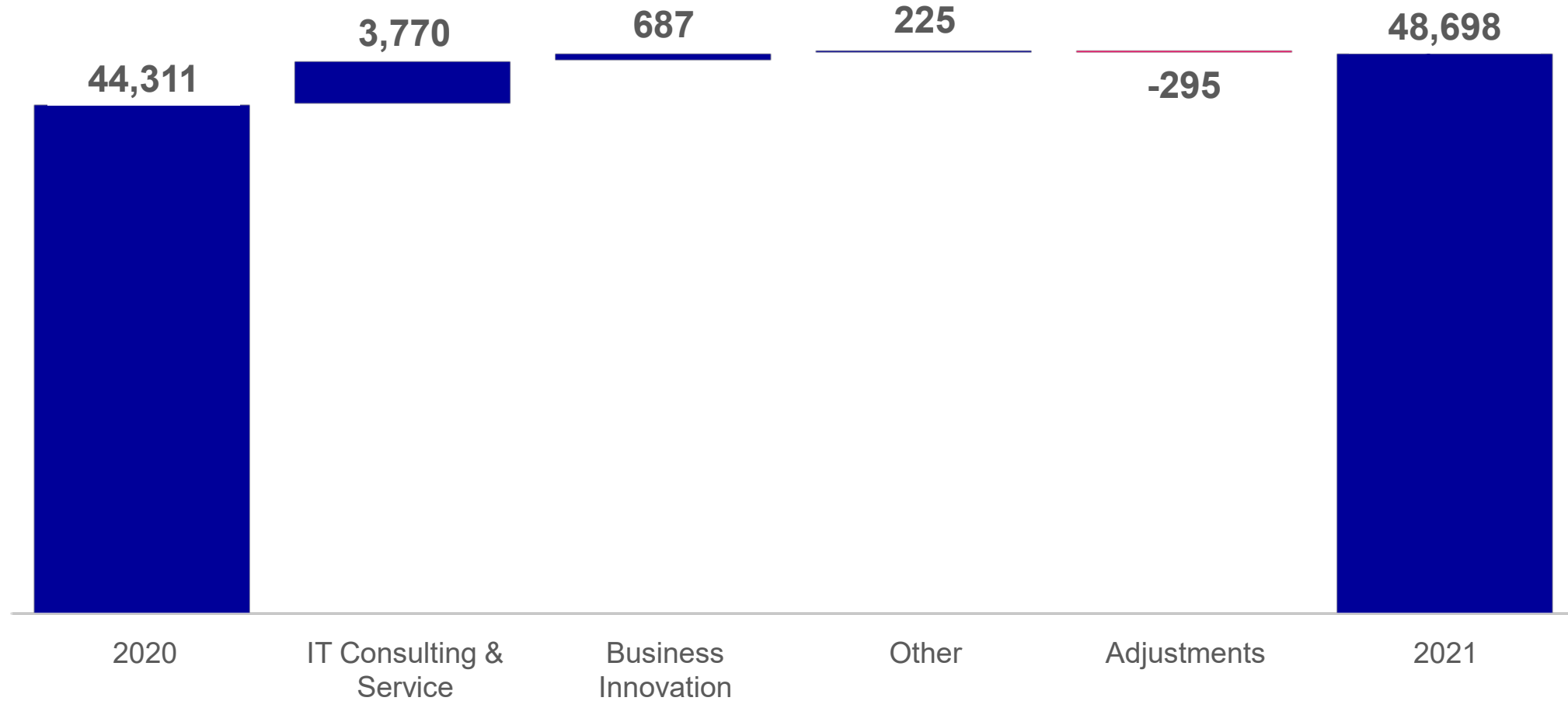
eSPORTS Net sales  Operating income 	✓ An increase in net sales mainly of its private brand QUICKCAMP was offset by temporary expenses including expenses for the renovation of an infrastructure system and various expenses for changing the corporate name in March 2022. As a result, net sales grew but operating income decreased.
Tokyo Calendar Inc. Net sales  Operating income 	✓ Stable revenue from Internet services including Tokyo Calendar Date, growth in magazine and advertisement sales, and efforts to monetize investment and convert it into profit more effectively contributed to an increase in net sales and operating income.
CodeCamp Inc. Net sales  Operating income 	✓ While capturing corporate demand for shifting from group training to online training, a decrease in individual orders due mainly to the entry of competitors and expenses related to curriculum development and advertisement resulted in a decrease in net sales and operating income.
LaiBlitz, Inc. Net sales  Operating income 	✓ Net sales and operating income were unchanged from the previous fiscal year, due to a decrease in sales for existing customers, despite the efforts to provide various sports-related data and a video management service which resulted in an acquisition of new customers.

1. Earnings for FY2021

(iv) Analysis of Changes in Net Sales



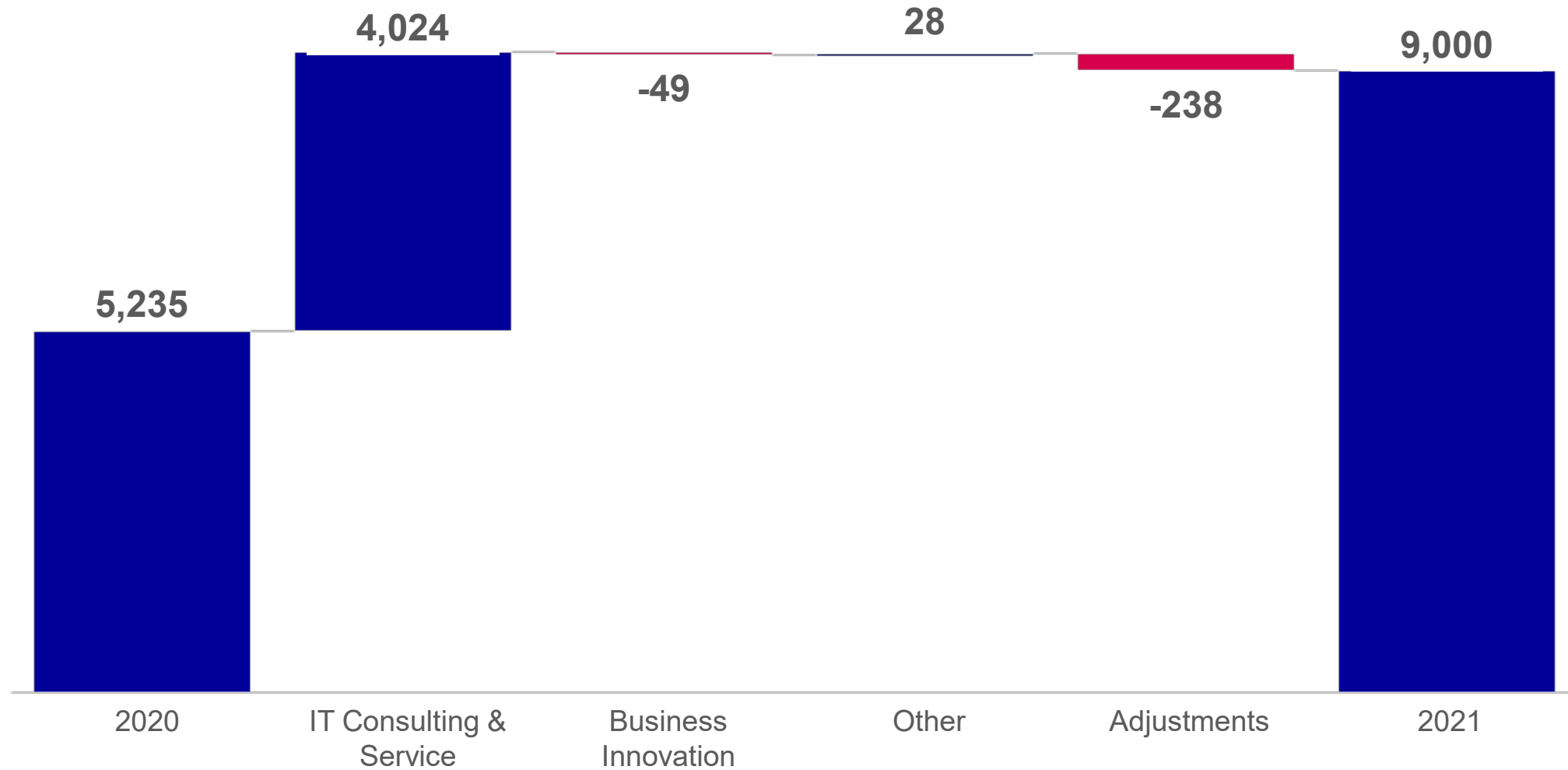
(Million yen)



1. Earnings for FY2021

(iv) Analysis of Changes in Operating Income

(Million yen)

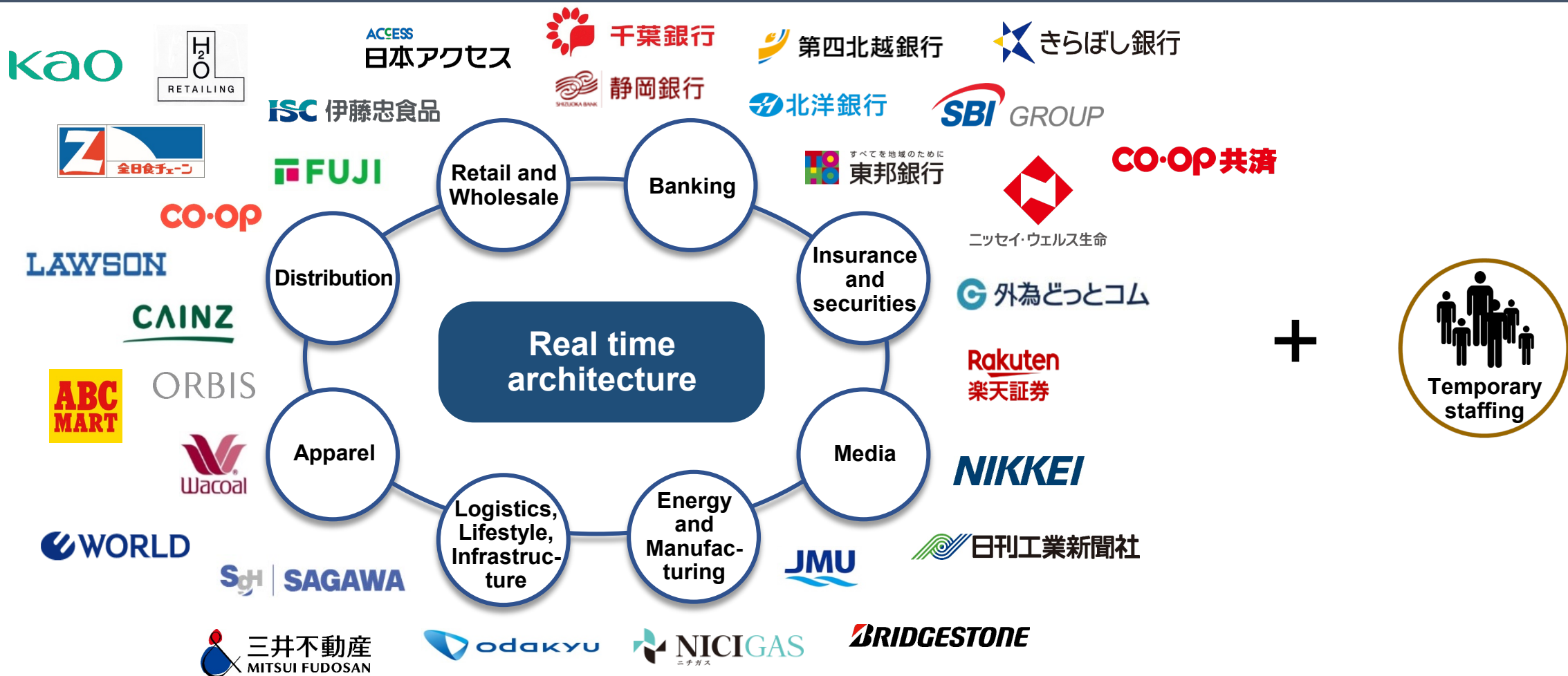


2-1. Topics Related to FY2021 IT Consulting & Service Business

1. Steady flow of orders coming in from customers implementing management reforms
2. The Fukushima Bank decided to adopt Next-Generation Banking System
3. Infrastructure systems of ZEN-NIPPON SHOKUJIN and ORBIS were migrated to a fully cloud-based model
4. Provided consulting for new business co-creation at Mitsui Fudosan and JR East Information Systems
5. Accelerate the diversification of talented people and working styles “Flexible & Customize”

Steady flow of orders coming in from customers implementing management reforms

Received a multi-year order for system investment from a long-standing customer
 Received more new orders from customers adopting DX actively, along with a large-scale order



The Fukushima Bank decided to adopt Next-Generation Banking System **FUTURE**

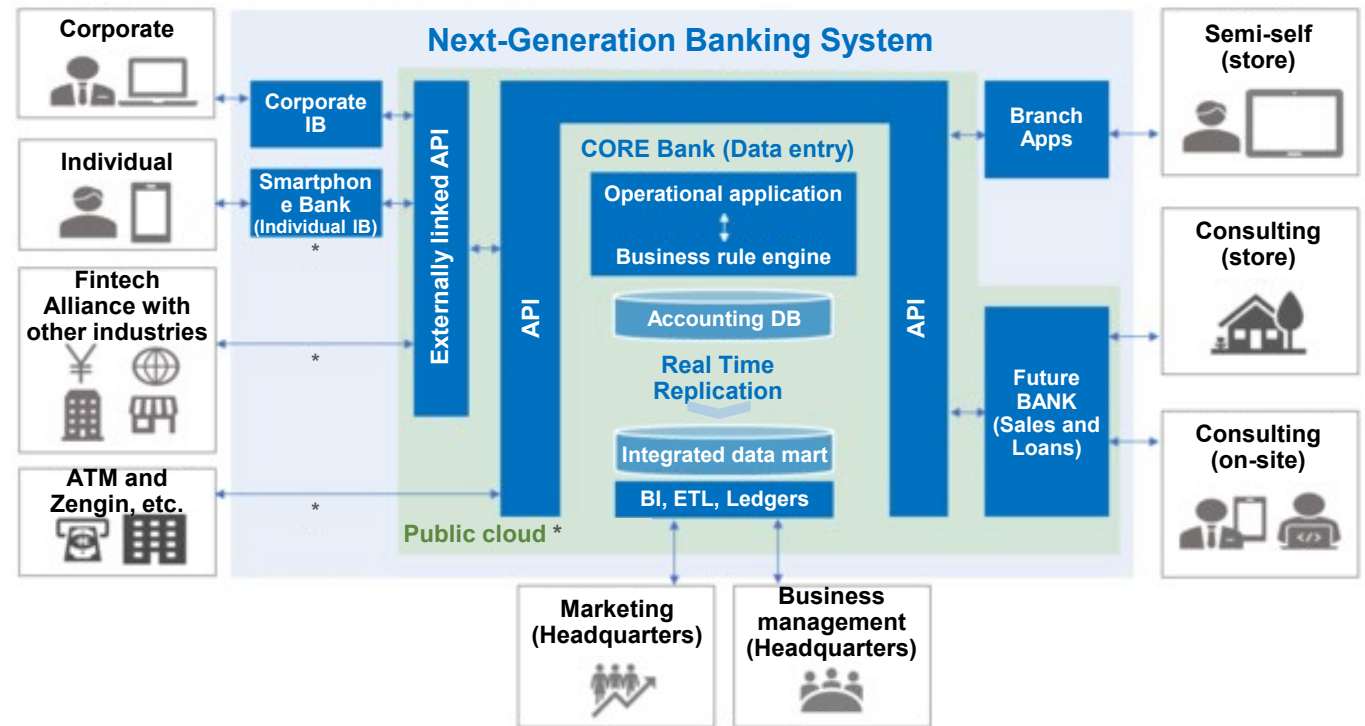
Next-Generation Banking System under development on SBI Finance Cloud, toward full-scale operation in 2024

Contribute to the creation of regional community by supporting the “promotion of digitalization”

Migration to a cloud-based accounting infrastructure system

- ✓ Quick and flexible response to a change in business
- ✓ One-stop operation of sales and loans
- ✓ Digitalization of store operations
- ✓ Support the marketing and formulation of management strategies based on real time data
- ✓ Enhanced digital channels by introducing API-driven banking service

■ Next-Generation Banking System (conceptual image)



* In this project, “Smartphone Bank (individual IB),” Fintech alliance API,” “External connection for ATMs and Zengin, etc.” and “Public cloud” are provided by SBI Holdings.

Support the digitalization of regional banks across the country, based on proven solutions provided for the reforms of more than 30 regional financial institutions

Infrastructure systems of ZEN-NIPPON SHOKUJIN and ORBIS were migrated to a fully cloud-based model



Provide an architecture that can address new management challenges as a long-term IT strategy partner



Operating cost reduced by more than 40% per year^(*1)
Shift to a management environment that facilitates strategic investment

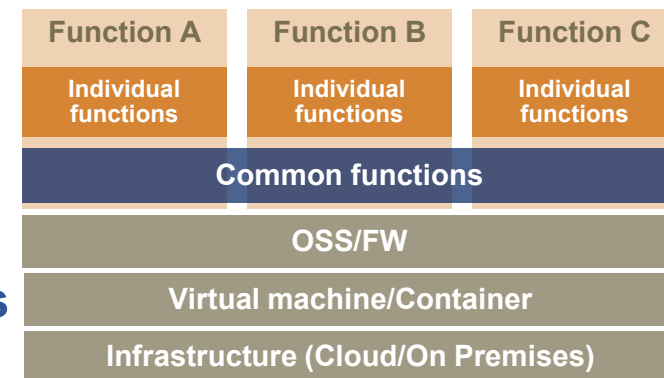
Fully migrated to cloud-based systems in July 2021, including HEARTONE, an infrastructure system. Acquired system infrastructure that provides prompt responses to a new normal environment.



Logic for receiving orders reduced by 27%^(*2)
Allows for a scheme that meets the needs of the times

Fully migrated to cloud-based systems in January 2022, including FORCE, an infrastructure system. Provides flexibility in new services including a regular purchase and addition of settlement methods.

- ✓ **Highly difficult cloud migration projects were completed in a short time with the use of a scientific approach and technological expertise**
- ✓ **Extensive and flexible architecture**
- ✓ **Reduced consumption of electricity and CO₂ emissions**



*1 Estimated by Future Corporation.

*2 Actual figures at the time of release at the end of February 2021.

Provided consulting for new business co-creation at Mitsui Fudosan and JR East Information Systems

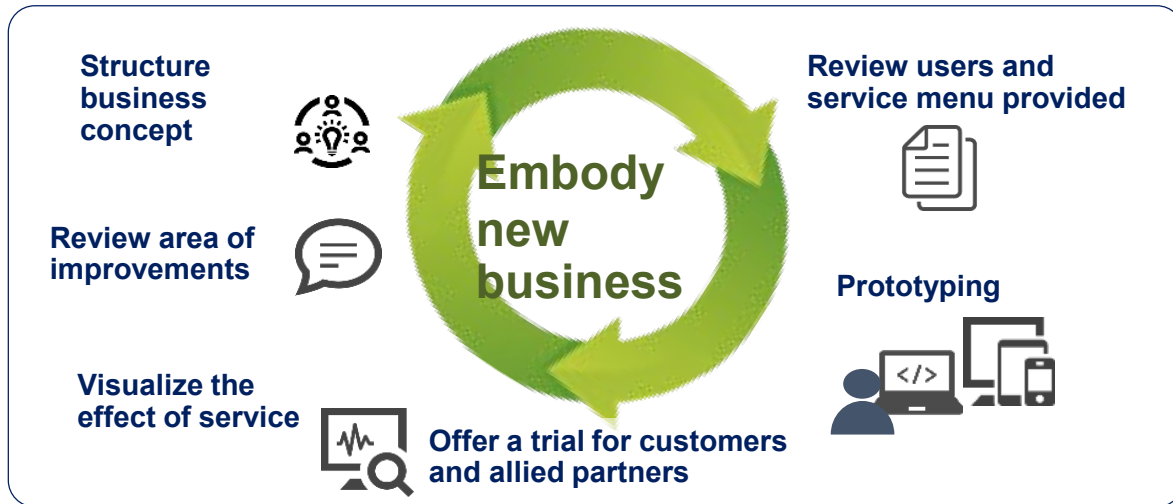


Promote with customers their new business creation and demonstration experiments with the use of technological capability



Verification of new business service

Support the embodiment of new business concepts and the development of prototyping

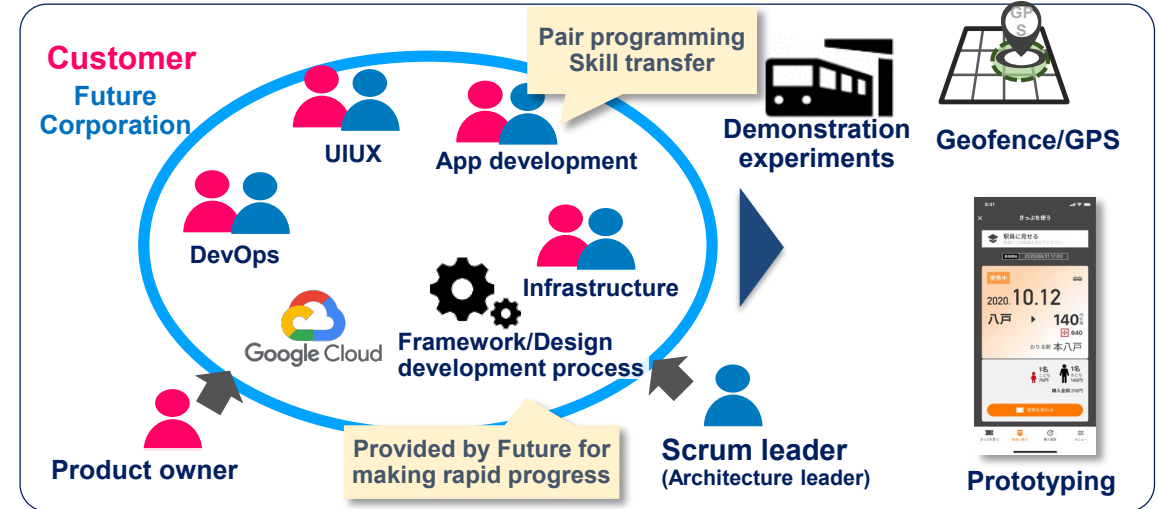


- ✓ Visualize an idea, brush up, and embody the concept comprehensively
- ✓ Sophisticated operation and system planning toward the release of services



Product planning and demonstration experiments

Support customers with their cutting-edge technological verification, on-field demonstration experiments, and the improvement of their technological capability



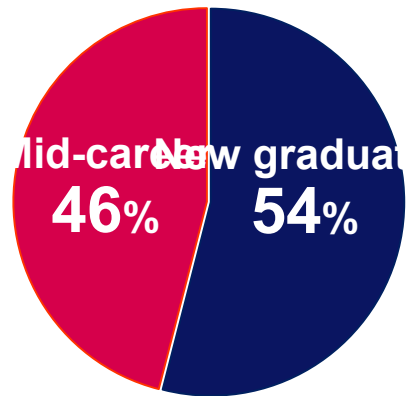
- ✓ Product planning, development, and demonstration experiments with the use of cutting-edge technology
- ✓ Skill transfer to improve customers' skills

Accelerate the diversification of talented people and working styles “Flexible & Customize”

~~Flexible~~ &
FUTURE

Flexible COVID-free working style without restrictions on the place and time
Use systems flexibly in accordance with a change in life stages and individual preferences

Diversified talented people regardless of whether they are new graduates or mid-career, and regardless of their gender

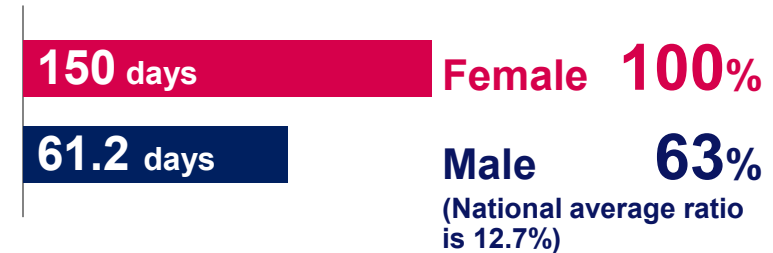


Over 90% of employees choose teleworking without restrictions on the place (I- & U-turn)



Customize the use of time and systems individually

Ratio of employees taking childcare leave and average days



2-2. Topics Related to FY2021 Business Innovation

1. Tokyo Calendar Inc. Net sales and operating income increased sharply due to steady businesses of Web, matching, advertisement and monthly magazines.
2. CodeCamp, Inc. Prioritized investments for future growth in FY2021

Net sales and operating income increased sharply due to steady businesses of Web, matching, advertisement and monthly magazines.



Analyze “what is truly expected” by customers having fewer occasions to eat out due to pandemic
Record-high average sales of monthly magazines

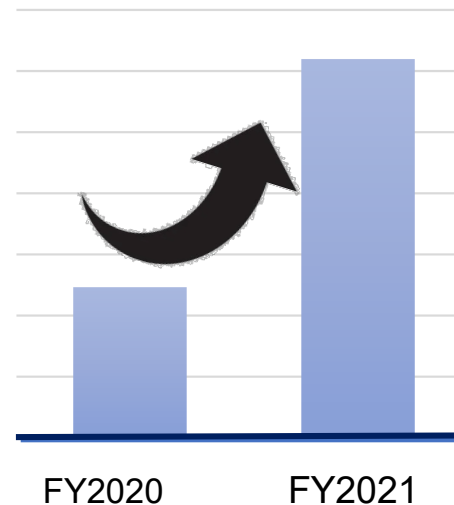


Reached 125% year-on-year growth (record-high sales volume of the December edition)
Amid a fall in corporate advertisement expenses, the use of the brand in three-dimensional corporate promotions was positively received by customers, resulting in a growth in advertisement sales.

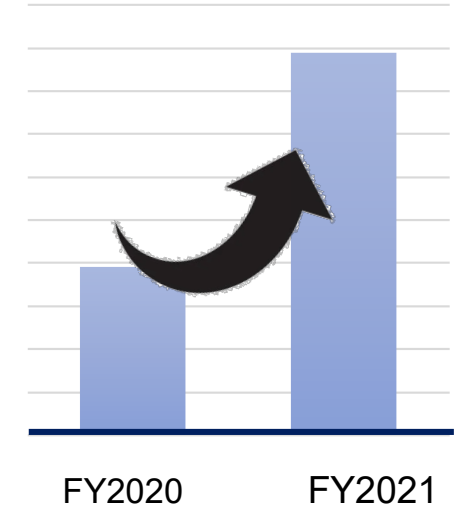


Significant year-on-year increase in net sales and operating income by 117% and 227% respectively

Net sales

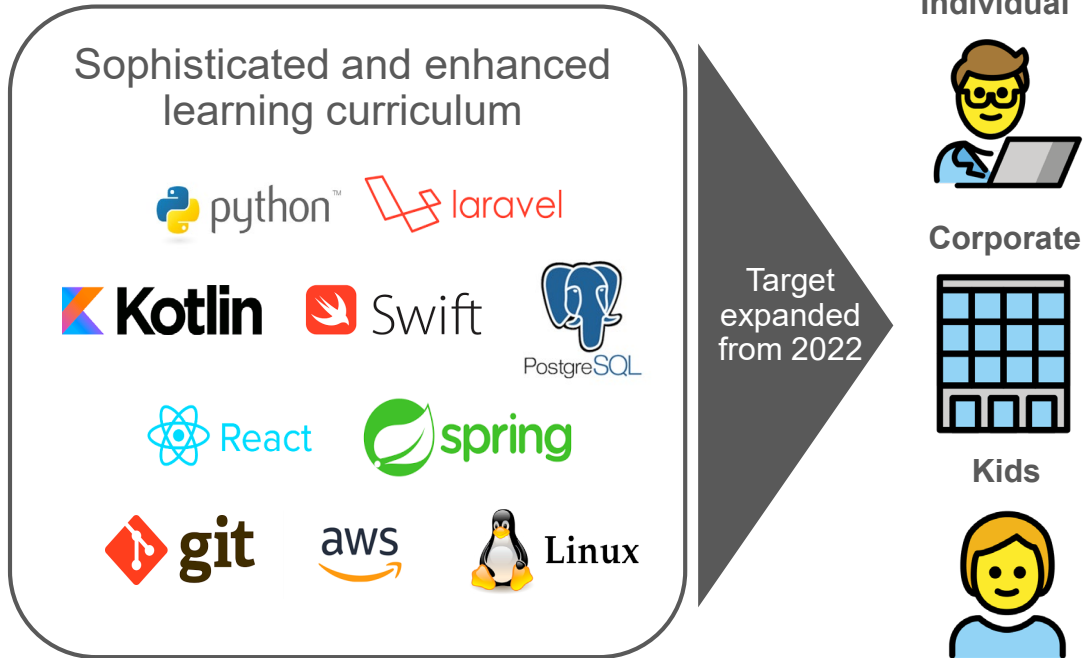


Operating income



Prioritized investments for future growth in FY2021

 Prior investment made in developing learning curriculum centered on skills for which there are high needs doubled that of the previous year



 Increased large-scale orders from the corporate sector for DX training which uses the curriculum developed



3. Plan for FY2022

3. Plan for FY2022

(1) Full-year Operating Forecast

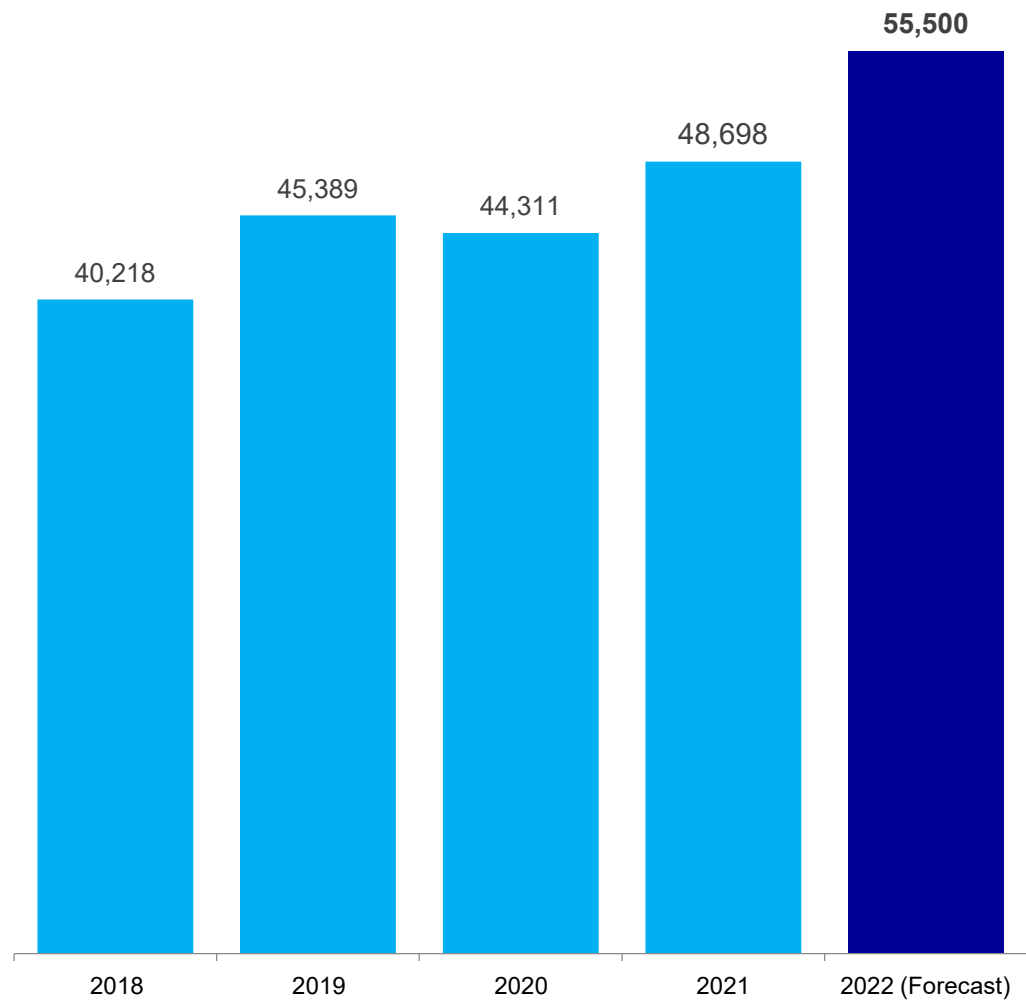
	Plan for FY2022	Results for FY2021	YoY change	Plan for FY2022 1H	Results for FY2021 1H	YoY change
Net sales	55,500	48,698	+14.0%	26,500	23,117	+14.6%
Operating income (operating income margin)	10,500 (18.9%)	9,000 (18.5%)	+16.7%	5,000 (18.9%)	3,746 (16.2%)	+33.5%
Profit attributable to owners of parent (profit margin)	7,350 (13.2%)	6,369 (13.1%)	+15.4%	3,500 (13.2%)	2,696 (11.7%)	+29.8%

(Million yen)

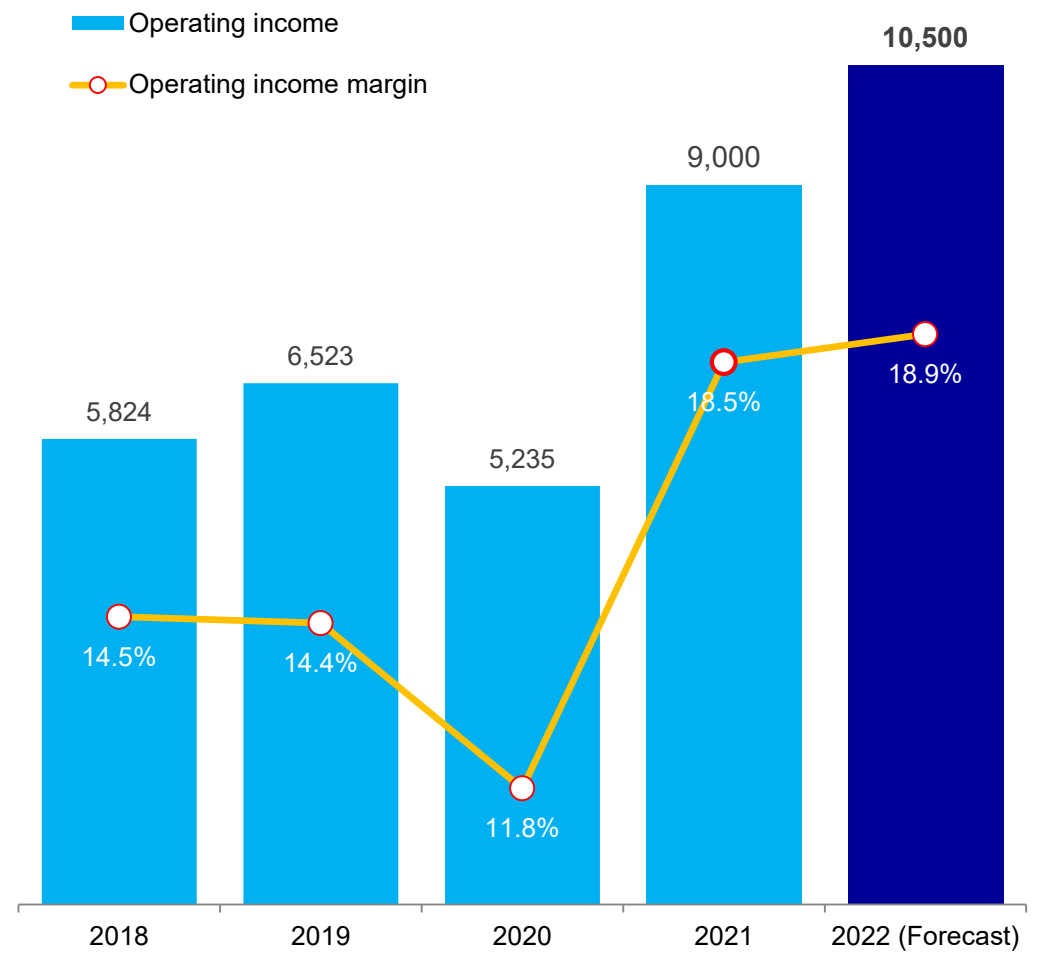
3. Plan for FY2022

(2) Changes in Net Sales and Operating Income

Net Sales



Operating income

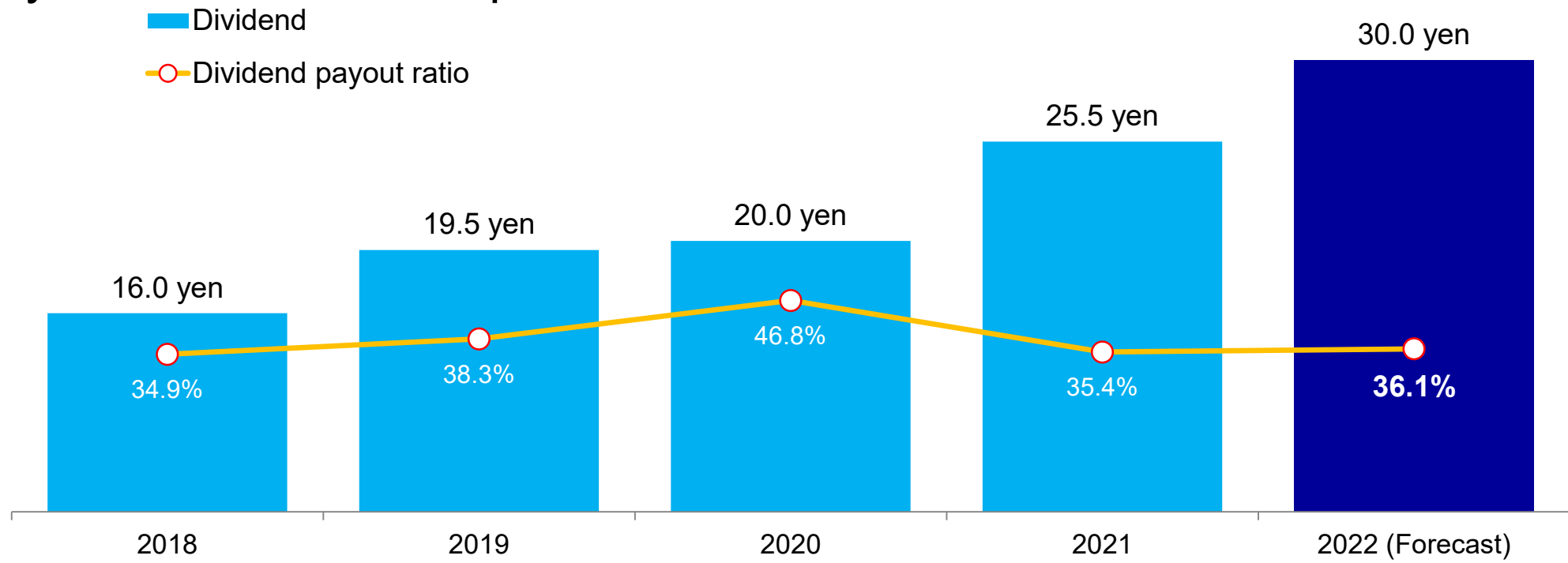


3. Plan for FY2022

(3) Dividends

- ✓ FY2021 year-end dividend is raised by 5 yen from the initially planned 23 yen to make it 28 yen per share. Annual dividend is 51 yen, to be added to interim dividend of 23 yen (equivalent to 25.5 yen per year after the stock split(*)).
- ✓ FY2022 annual dividend will be 30 yen per share (interim dividend of 15 yen and year-end dividend of 15 yen).

History of 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.

Appendix

Appendix-(i) Analysis of Earnings Results (Comparison of Results)



(Million yen)

	Results for FY2021	Compared with projected results		Year-on-year comparison	
		Revised plan for FY2021 [Released on July 30]	Rate of change	Results for FY2020	Rate of change
Net sales	48,698	48,500	+0.4%	44,311	+9.9%
Operating income (operating income margin)	9,000 (18.5%)	8,000 (16.5%)	+11.1%	5,235 (11.8%)	+71.9%
Profit attributable to owners of parent (profit margin)	6,369 (13.1%)	5,500 (11.3%)	+13.6%	3,795 (8.6%)	+67.8%

Appendix-(ii) Balance Sheets

(Million yen)	End of Dec. 2021	End of Dec. 2020	Change	Major changes
Total assets	54,483	49,823	+ 4,660	
Current assets	32,112	26,436	+ 5,676	
Cash and deposits	20,530	15,110	+ 5,420	Increase in profit
Notes and accounts receivable - trade	7,220	7,884	- 664	
Securities	1,900	1,000	+ 900	
Non-current assets	22,371	23,387	- 1,016	
Property, plant and equipment	1,155	1,178	- 23	
Intangible assets (including goodwill)	2,138	2,150	- 12	
Investment securities	17,697	18,431	- 734	Fluctuations in market value of cross-shareholdings
Total liabilities	12,682	11,594	+ 1,088	
Current liabilities	7,906	6,476	+ 1,430	
Accounts payable – trade	913	1,028	- 115	
Income taxes payable	2,215	764	+ 1,451	Increase in income taxes payable due to an increase in profit
Non-current liabilities	4,775	5,117	- 342	
Deferred tax liabilities	4,278	4,615	- 337	Decrease due to fluctuations in market value of cross-shareholdings
Total net assets	41,801	38,228	+ 3,573	
Shareholders' equity	31,078	26,936	+ 4,142	Increase in retained earnings
Valuation difference on available-for-sale securities	10,711	11,229	- 518	Decrease due to fluctuations in market value of cross-shareholdings

Shareholders' equity	End of Dec. 2021	End of Dec. 2020	Change
Return on equity (ROE)	15.9	11.1	+ 4.8
Return on assets (ROA)	17.8	12.2	+ 5.6
Shareholders' equity ratio	76.7	76.6	+ 0.1

Appendix-(iii) Cash Flows

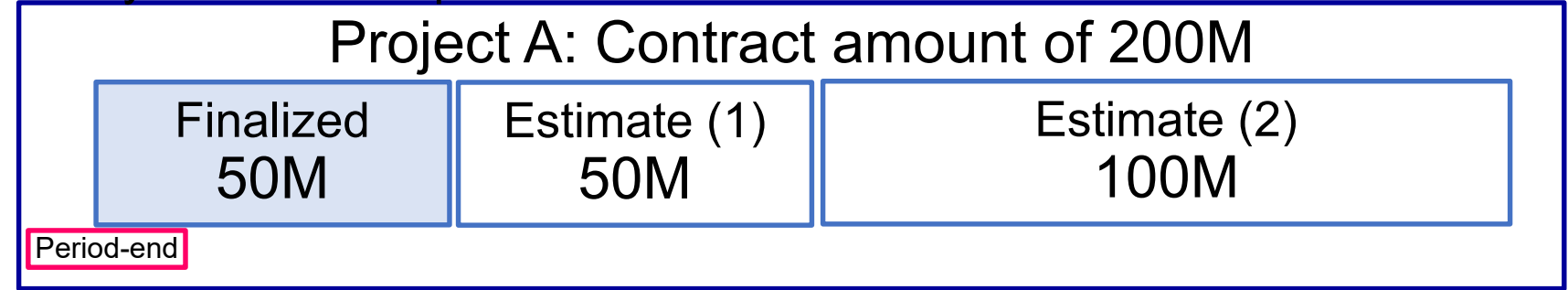
(Million yen)	2021	2020	Change	Major changes
Cash flows from operating activities	9,611	4,452	+ 5,159	
Profit before income taxes	9,185	5,530	+ 3,655	Increase in profit before income taxes
Depreciation and amortization of goodwill	1,146	1,142	+ 4	
Non-cash gains and losses other than depreciation	- 300	- 448	+ 148	
Changes in receivables and payables	796	- 238	+ 1,034	Increase in income taxes payable
Tax payment	- 1,449	- 1,718	+ 269	
Cash flows from investing activities	- 1,689	- 666	- 1,023	
Purchase and redemption of securities	- 902	- 100	- 802	
Purchase of property, plant and equipment	- 247	- 121	- 126	
Purchase of intangible assets	- 748	- 433	- 315	
Cash flows from financing activities	- 2,498	- 2,708	+ 210	
Dividend payment	- 1,902	- 1,822	- 80	
Purchase of treasury shares	- 0	- 758	+ 758	
Purchase of additional shares of subsidiaries	- 450	0	- 450	Purchase of additional shares of a consolidated subsidiary (CodeCamp, Inc.)
Effect of exchange rate changes on cash and cash equivalents	- 3	3	- 6	
Increase (decrease) in cash and cash equivalents	5,419	1,080	+ 4,339	
Cash and cash equivalents at the beginning of the period	16,010	14,929	+ 1,081	
Cash and cash equivalents at the end of the period	21,430	16,010	+ 5,420	

Appendix-(iv) Results by Segment

(Million yen)	2021	2020	YoY change
Net sales	48,698	44,311	+9.9%
IT Consulting & Service	39,258	35,488	+10.6%
Business Innovation	9,596	8,908	+7.7%
Other	286	61	+366.4%
Adjustments	-443	-147	-
Operating income	9,000	5,235	+71.9%
IT Consulting & Service	8,925	4,900	+82.1%
Business Innovation	413	462	-10.7%
Other	262	-21	-
Adjustments	-600	-107	-

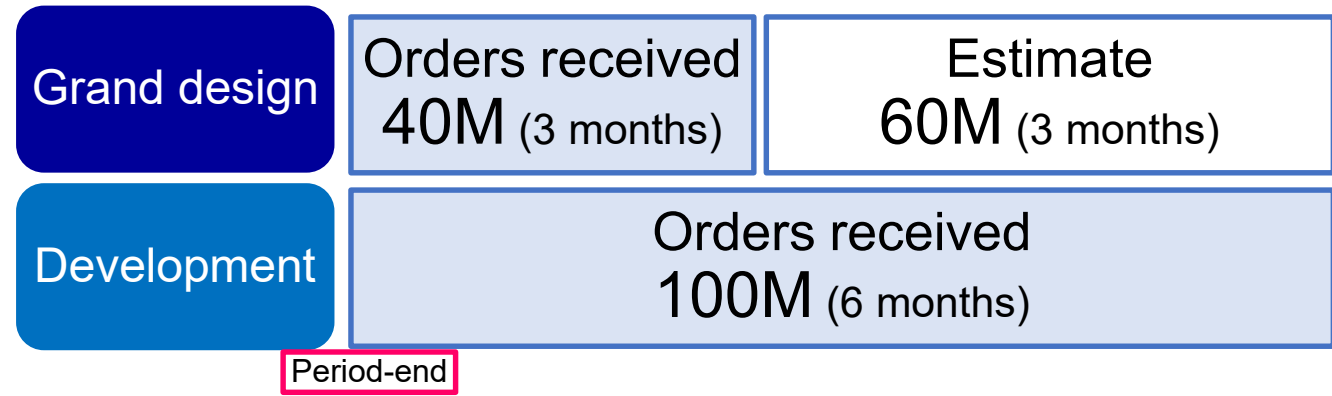
Appendix-(vi)-1 Recognition of Backlog (IT Consulting & Service)

(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



⇒ The amount of an order received for calculation is 50M.

(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.

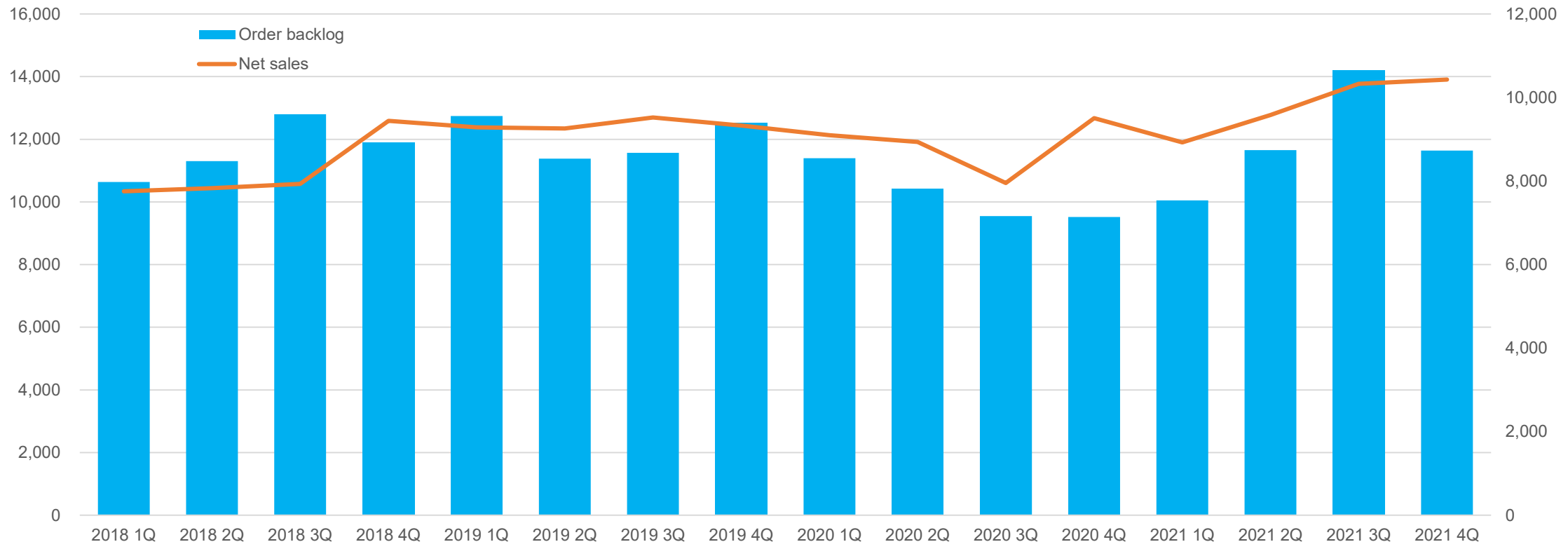
(4) Unless we can obtain evidence of orders by the respective closing dates, we do not recognize them.

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
- Orders for which the contract term begins after January 2022 are presented by applying the Accounting Standard for Revenue Recognition, etc.



FUTURE

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

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

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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.