

# **Materials for the Briefing on the Financial Results for the Second Quarter of FY2022**

**August 3, 2022**

**Future Corporation**

**(Prime Market of the Tokyo Stock Exchange: 4722)**

# Today's Presenters



**Yuki Shingu**

**Board Director in Charge of IT  
Consulting Business  
President and Chief Executive Officer,  
Future Architect, Inc.**



**Yohei Saito**

**Board Director, Chief Technology  
Officer  
Executive Senior Vice President,  
Future Architect, Inc.**

1. Earnings Results for the First Half of FY2022

2. Topics Related to the First Half of FY2022

3. Plan for FY2022

# 1. Earnings Results for the First Half of FY2022

# 1. Earnings Results for the First Half of FY2022

## (i) Earnings Highlights

<p><b>Consolidated earnings results for the First Half of FY2022</b></p>	<p>✓ <b>IT Consulting &amp; Service Business drove sales and profit up</b></p> <table border="0"> <tr> <td>Net sales</td> <td>25,940 million yen (+12.2%)</td> </tr> <tr> <td>Operating income</td> <td>6,214 million yen (+65.9%)</td> </tr> <tr> <td>Ordinary income</td> <td>6,432 million yen (+65.4%)</td> </tr> <tr> <td>Profit</td> <td>4,517 million yen (+67.5%)</td> </tr> </table>	Net sales	25,940 million yen (+12.2%)	Operating income	6,214 million yen (+65.9%)	Ordinary income	6,432 million yen (+65.4%)	Profit	4,517 million yen (+67.5%)
Net sales	25,940 million yen (+12.2%)								
Operating income	6,214 million yen (+65.9%)								
Ordinary income	6,432 million yen (+65.4%)								
Profit	4,517 million yen (+67.5%)								
<p><b>IT Consulting &amp; Service</b></p>	<p>✓ Sales and operating income were up due to acquisition of various new projects and steady progress of large projects along with ongoing efforts for strict quality control.</p> <table border="0"> <tr> <td>Net sales</td> <td>22,192 million yen (19.9% increase)</td> </tr> <tr> <td>Operating income</td> <td>6,617 million yen (86.9% increase)</td> </tr> </table> <p>*See Appendix-(iv)</p>	Net sales	22,192 million yen (19.9% increase)	Operating income	6,617 million yen (86.9% increase)				
Net sales	22,192 million yen (19.9% increase)								
Operating income	6,617 million yen (86.9% increase)								
<p><b>Business Innovation</b></p>	<p>✓ Sales and operating income declined due to delays in e-commerce product deliveries and higher costs of imported merchandise due to the weaker yen.</p> <table border="0"> <tr> <td>Net sales</td> <td>3,849 million yen (17.6% decrease)</td> </tr> <tr> <td>Operating income</td> <td>-206 million yen (-)</td> </tr> </table> <p>*See Appendix-(iv)</p>	Net sales	3,849 million yen (17.6% decrease)	Operating income	-206 million yen (-)				
Net sales	3,849 million yen (17.6% decrease)								
Operating income	-206 million yen (-)								
<p><b>Inter-segment adjustment</b></p>	<table border="0"> <tr> <td>Net sales</td> <td>-296 million yen</td> </tr> <tr> <td>Operating income</td> <td>-191 million yen</td> </tr> </table>	Net sales	-296 million yen	Operating income	-191 million yen				
Net sales	-296 million yen								
Operating income	-191 million yen								

# 1. Earnings Results for the First Half of FY2022

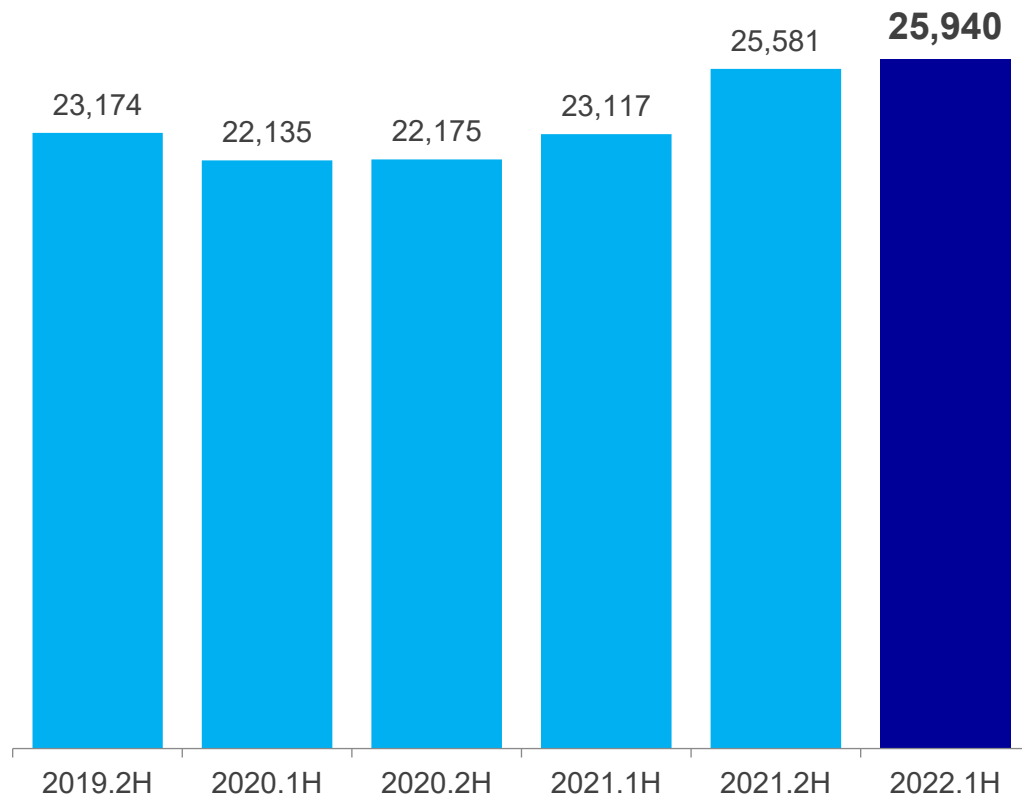
## (ii) Analysis of Earnings Results

(Changes in Net Sales, Operating Income, and Operating Income Margin)



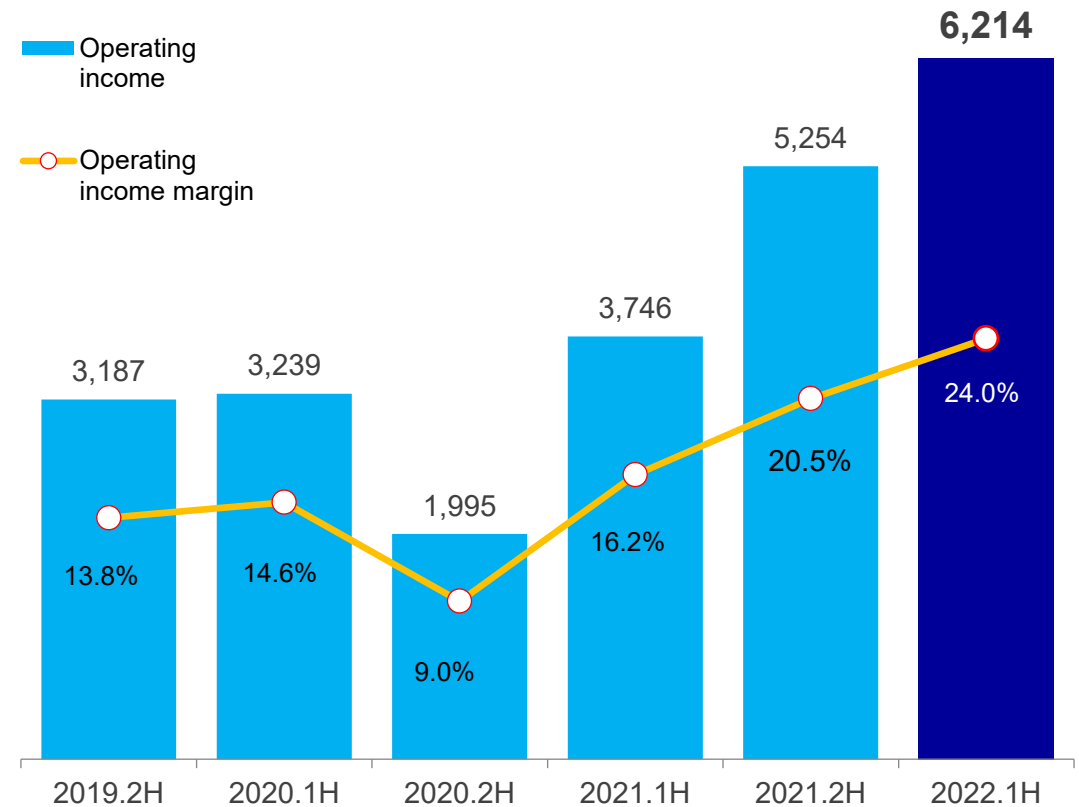
- ✓ Net sales increased due to new orders for various projects received from a wide array of customers and smooth progress in projects beneficial to our medium-term growth.
- ✓ The operating income margin rose to 24.0% in FY2022 1H from 20.5% in FY2021 2H as a result of ongoing efforts to ensure strict quality control.

### Net sales



### Operating income

(Million yen)



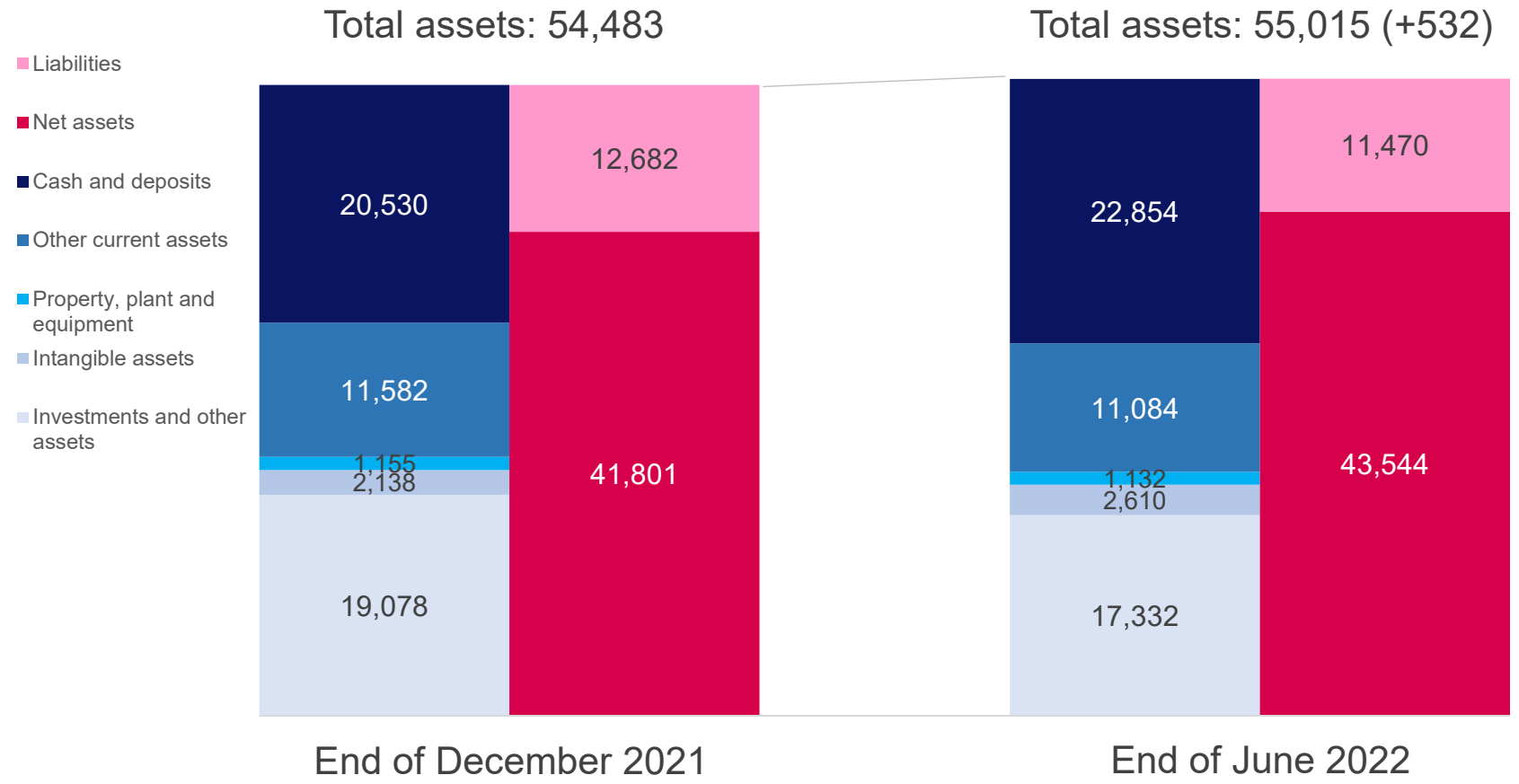
# 1. Earnings Results for the First Half of FY2022

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

✓ Total assets increased by 532 million yen from the previous fiscal year-end mainly due to an increase in cash and deposits despite a decline in the prices of shares held.

### Balance Sheets

(Million yen)



■ Major Changes

Cash and deposits	: + 2,324	Mainly due to profit increase
Other current assets	: - 497	
Property, plant and equipment	: - 22	
Intangible assets	: + 472	Software +580 Customer-related assets -104
Investments and other assets	: - 1,745	Decline in the market value of other investment securities
Total assets	: + 532	Increase in cash
Total liabilities	: - 1,211	Income taxes payable -441 Deferred tax liabilities -786
Total net assets	: + 1,743	Profit +4,517 Valuation difference on available-for-sale securities -1,665

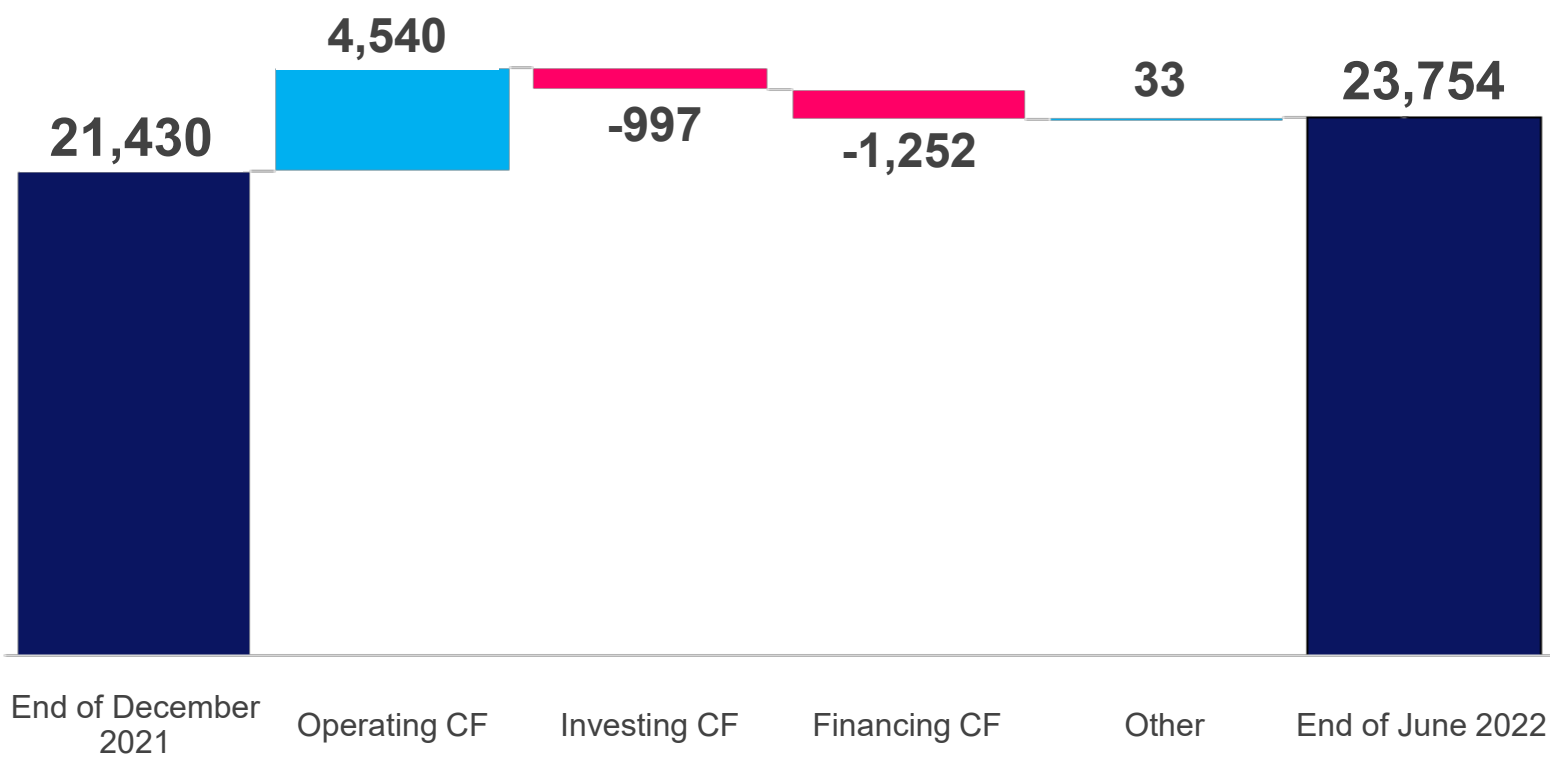
# 1. Earnings Results for the First Half of FY2022

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

✓ Cash and deposits up 2,300 million yen boosted mainly by net cash provided by operating activities of 4,500 million yen

(Million yen)

### Cash Flows



■ Major breakdown of cash flows

<b>Operating CF</b>		
Profit before income taxes	:	6,469
Depreciation and amortization of goodwill	:	556
Tax payment	:	- 2,403
Changes in receivables and payables	:	- 82
Net cash flow	:	<b>4,540</b>
<b>Investing CF</b>		
Purchase of intangible assets	:	- 825
Purchase of property, plant and equipment	:	- 52
Purchase of securities, etc.	:	- 120
Net cash flow	:	- 997
<b>Financing CF</b>		
Dividend payment	:	- 1,173
Repayments of finance lease obligations	:	- 78
Other	:	- 1
Net cash flow	:	- 1,252
<b>Change in cash and cash equivalents</b>	:	<b>+ 2,324</b>













(Million yen)

# 1. Earnings Results for the First Half of FY2022

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



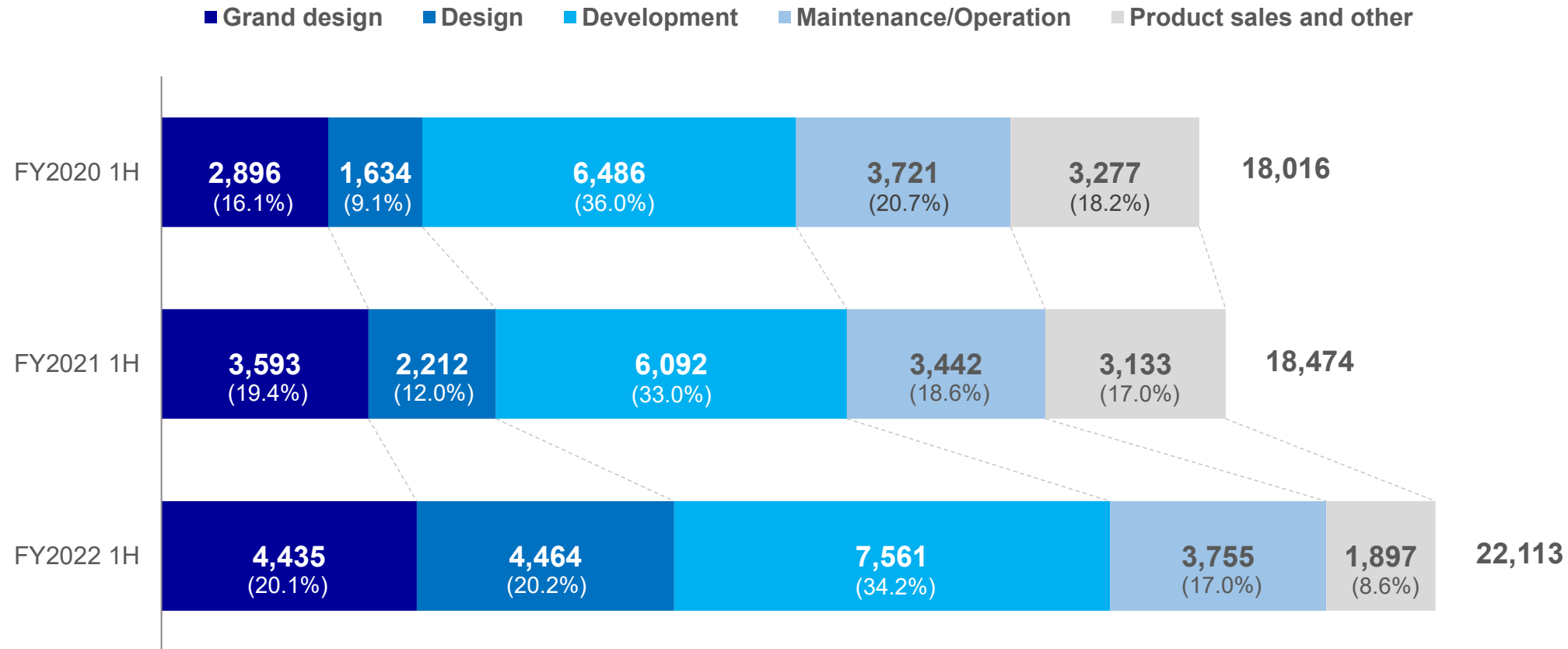
Future Architect, Inc. Net sales  Operating income 	✓ Net sales and operating income increased YoY as a result of orders coming in for various new projects from a wide range of customers, and the smooth progress in projects along with ongoing efforts for strict quality control.
Future Inspace, Inc. Net sales  Operating income 	✓ Net sales and operating income increased YoY as a result of steadily acquiring contracts for system infrastructure renewal and cloud migration projects from existing customers, in addition to providing regular maintenance and operation services.
FutureOne Net sales  Operating income 	✓ Net sales declined YoY due to the adoption of the revenue recognition standard, but operating income increased as a result of steadily working on a large-scale project, ensuring quality, and using industry-specific sales strategies for the company's original InfiniOne software package to boost orders.
YDC Corporation Net sales  Operating income 	✓ Both net sales and operating income fell YoY due to a decrease and delay in SI projects despite efforts to expand the customer base in the logistics field by providing unique know-how to the Group's customers.
dit Co., Ltd. Net sales  Operating income 	✓ Both net sales and operating income decreased YoY due to the adoption of the revenue recognition standard and declined sales of network equipment despite solid orders received for vulnerability assessment, computer forensics, incident response, and other cyber security-related services.

# 1. Earnings Results for the First Half of FY2022

## (iii) Sales Trends by Phase (IT Consulting & Service)

✓ We won contracts for a wide variety of new projects for GD. Large-scale projects that would contribute to our medium-term growth steadily shifted to design and development phases.

(Million yen)



Note 1) Total sales are sales to external customers in the IT Consulting & Service Business.

Note 2) "Product sales and other" includes revenue from selection, procurement, and sales of IT equipment, licensing, and other sales.

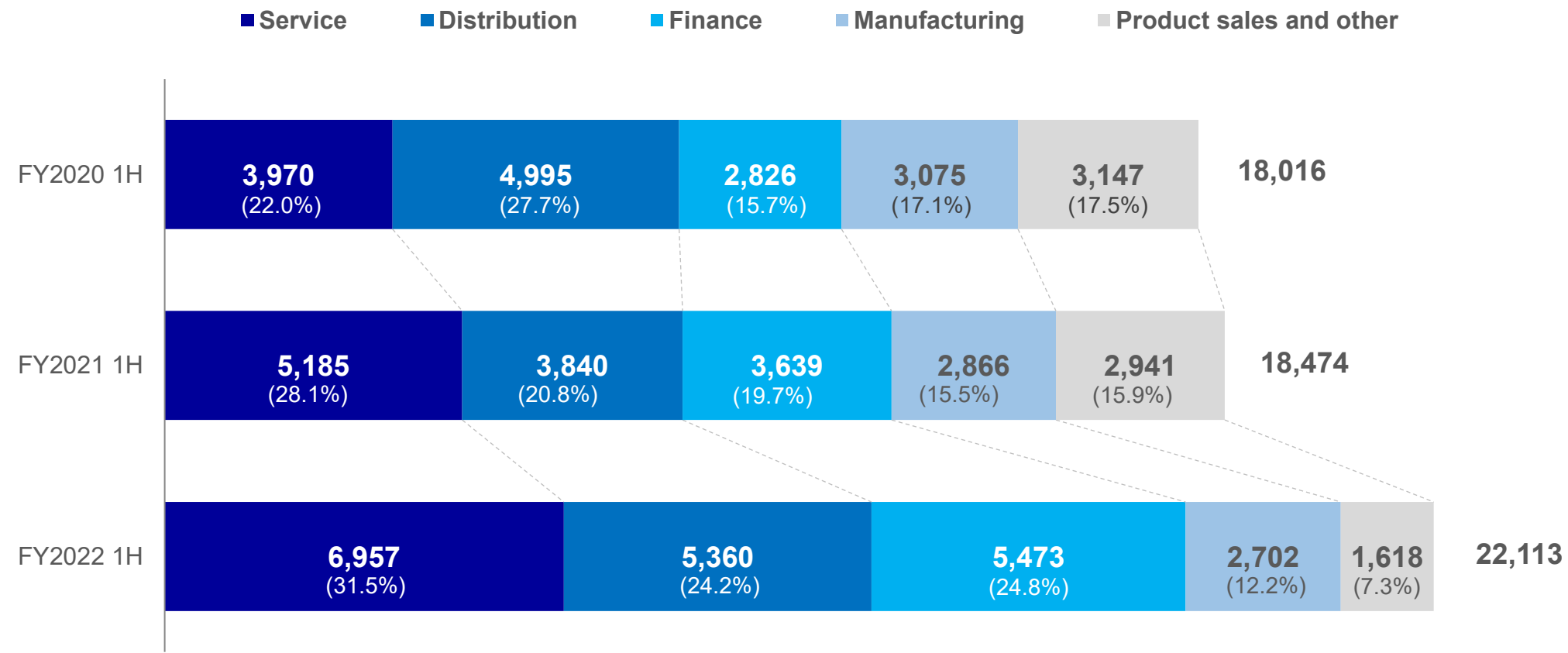
Note 3) Figures for fiscal 2021 and before are figures prior to the adoption of the Accounting Standard for Revenue Recognition.

# 1. Earnings Results for the First Half of FY2022

## (iii) Sales Trends by Industry (IT Consulting & Service)

✓ Sales to the finance, distribution, and service industries grew as a result of introducing systems to financial institutions and renovating mission-critical systems for food wholesalers and staffing service providers.

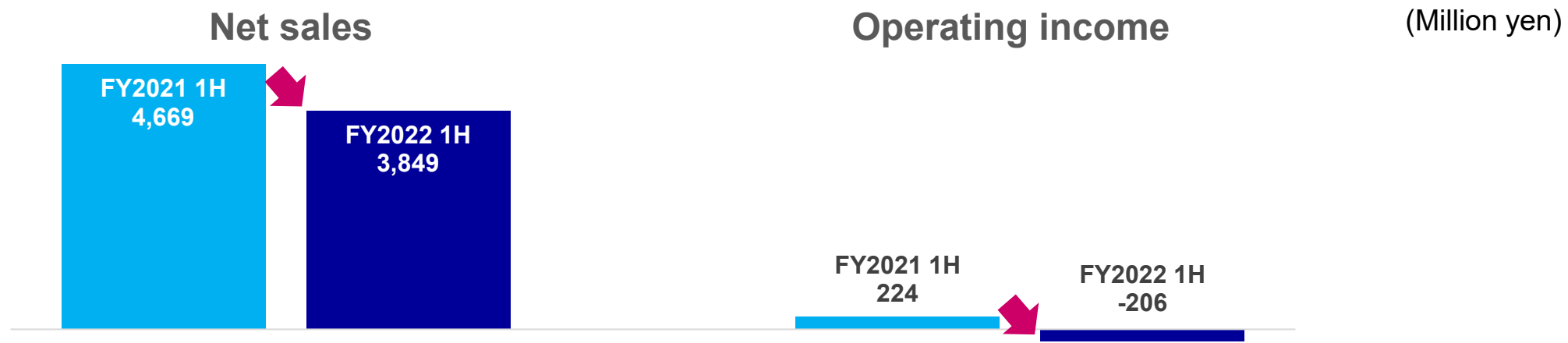
(Million yen)











Note 1) Total sales are sales to external customers in the IT Consulting & Service Business.  
 Note 2) "Product sales and other" includes revenue from selection, procurement, and sales of IT equipment, licensing, and other sales.  
 Note 3) Figures for fiscal 2021 and before are figures prior to the adoption of the Accounting Standard for Revenue Recognition.

# 1. Earnings Results for the First Half of FY2022

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



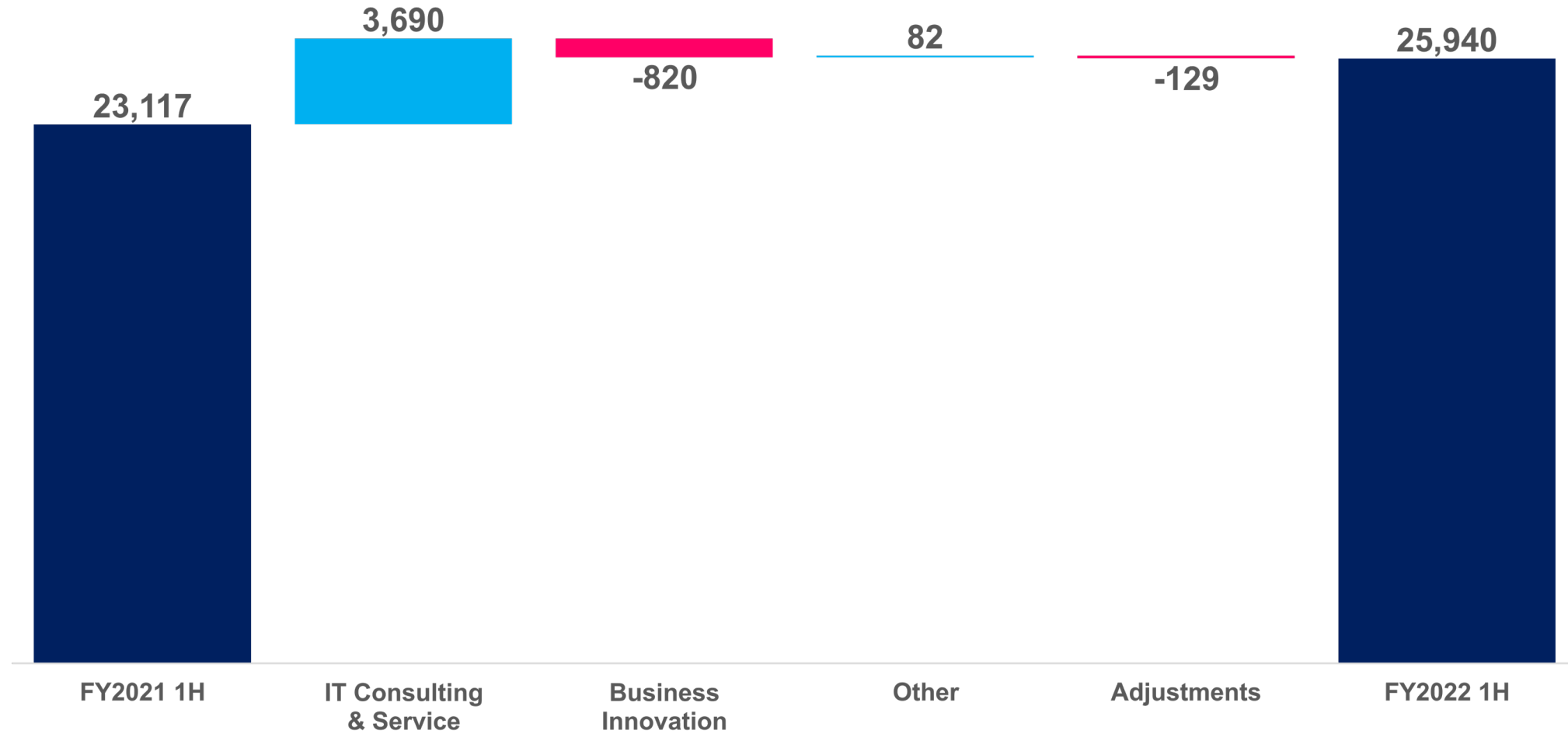
<p><b>YOCABITO</b> (formerly eSPORTS)</p> <p>Net sales  Operating income </p>	<p>✓ Both net sales and operating income declined YoY as sales of outdoor-related products were hit hard by intensifying competition and the impact of the yen’s rapid depreciation on the cost of sales, although sales of sporting goods remained on a recovery track due to the resumption of school sports activities, sporting events, etc.</p>
<p><b>Tokyo Calendar Inc.</b></p> <p>Net sales  Operating income </p>	<p>✓ Despite a steady stream of revenue from online services such as Tokyo Calendar Date and sales of monthly magazines, advertising revenue decreased, and expenses for building a next-generation gourmet platform were incurred, resulting in a YoY increase in net sales but a YoY decrease in operating income.</p>
<p><b>CodeCamp, Inc.</b></p> <p>Net sales  Operating income </p>	<p>✓ Despite an uptick in orders from corporate customers and the growth of CodeCampKIDS for kids, orders from individual customers declined as more competitors entered the market. The company also invested heavily in advertising, resulting in a YoY drop in net sales and operating income.</p>
<p><b>LaiBlitz, Inc.</b></p> <p>Net sales  Operating income </p>	<p>✓ Net sales and operating income grew YoY as a result of introducing FastBiz, a packaged membership management and e-commerce service, to the soccer industry and launching BARREL ZONE, a sports crowdfunding service.</p>

# 1. Earnings Results for the First Half of FY2022

## (iv) Analysis of Changes in Net Sales



(Million yen)

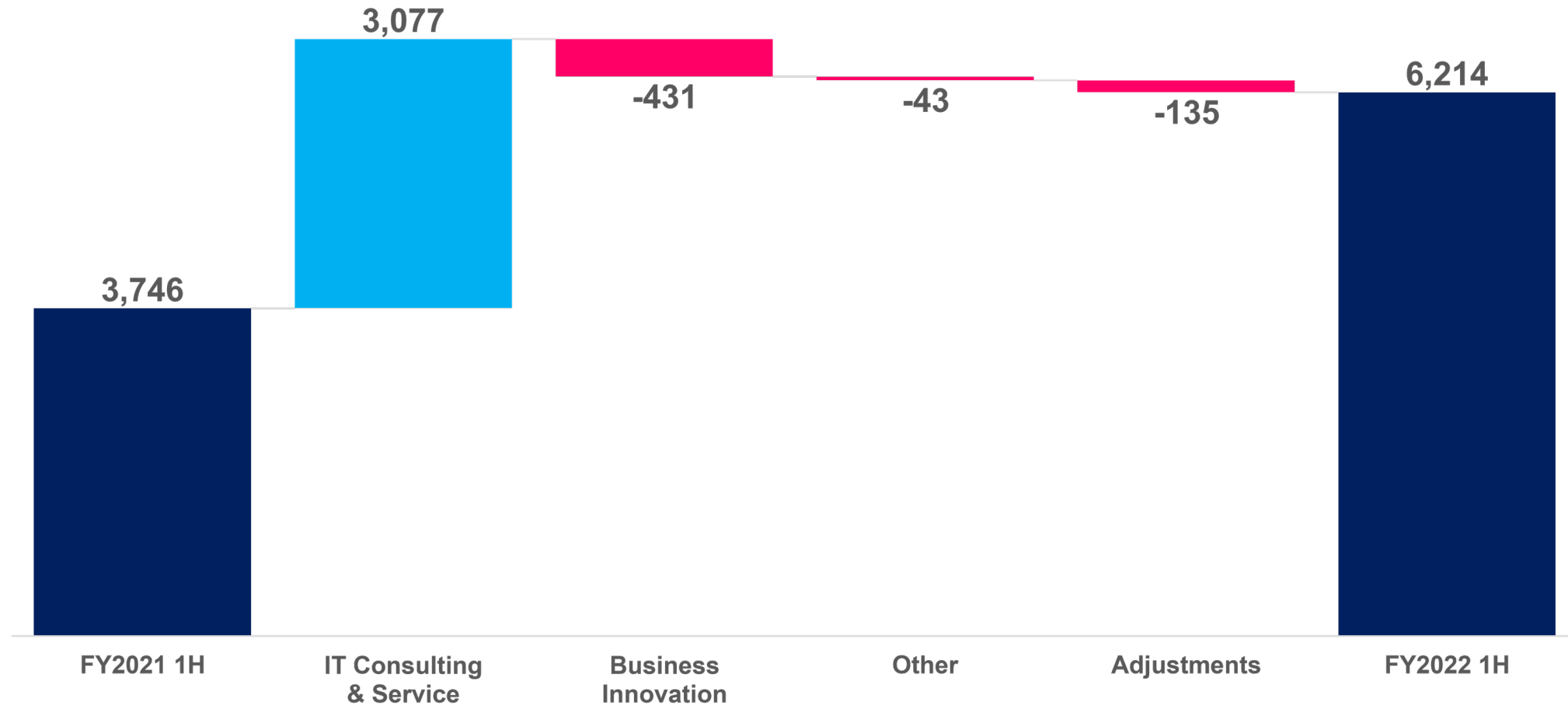


# 1. Earnings Results for the First Half of FY2022

## (iv) Analysis of Changes in Operating Income



(Million yen)

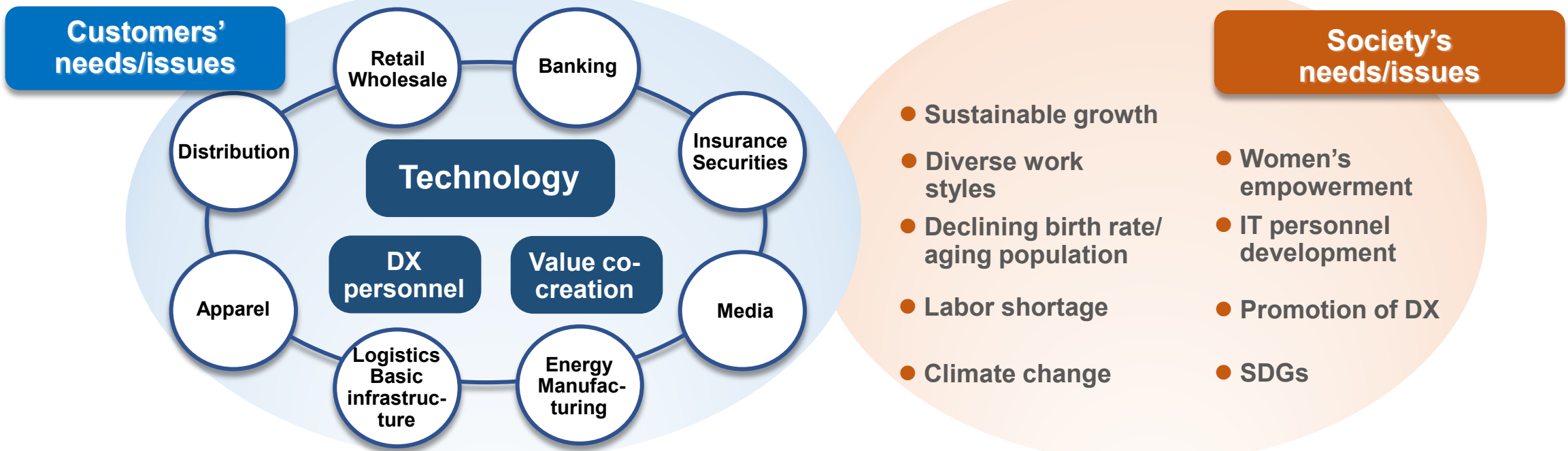


## 2-1. Topics Related to the First Half of FY2022 IT Consulting & Service Business

1. Future's personnel, technologies, and intellectual property supporting business and society
2. Companies continue to work on IT-driven business transformation
3. Training services for DX personnel and organization playing a key role in implementing digital strategies
4. Providing services that leverage synergies with the Business Innovation Business

# Future's personnel, technologies, and intellectual property supporting business and society

Initiatives aimed at sustainable growth of customers' business and society as a whole  
 Meeting the DX needs of customers and society with years of experience in theory and practice



**Intellectual capital**

- Future components
- Applications tailored to specific industries/business (banking, media, distribution, etc.)
- Design & development capability
- R&D capability
- Scientific quality control methods
- Intellectual property/patents

**Human capital**

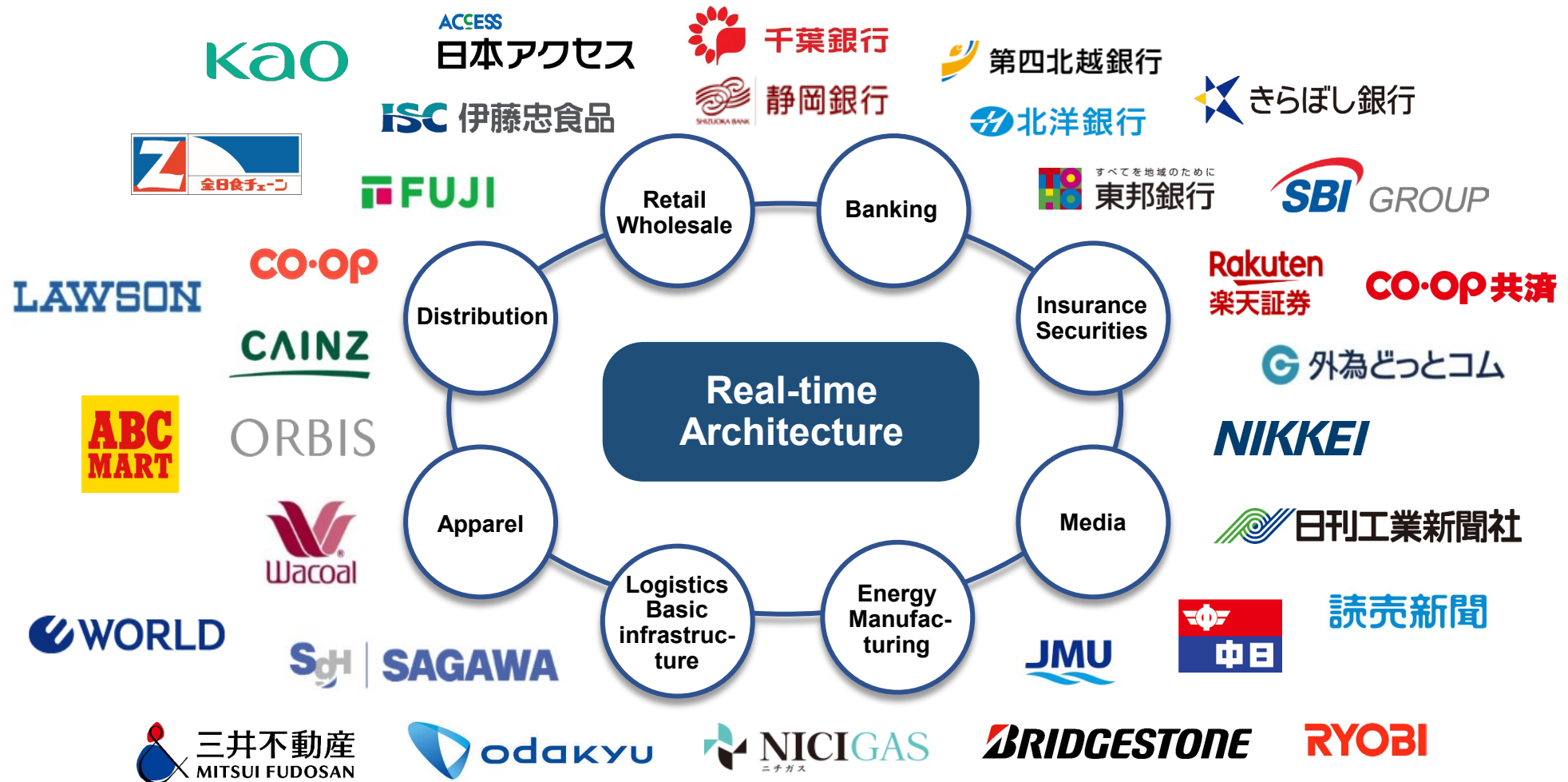
- Expertise in both business management and IT
- Recruitment/training of advanced DX personnel
- Diversity in human resources
- Ability to apply cutting-edge technology
- Understanding of various industries' operations



# Companies continue to work on IT-driven business transformation

FUTURE

More and more companies are moving toward digitalization as they revamp their overall supply chains and change the way their employees work  
DX initiatives are gaining momentum across all industries and sectors



# Training services for DX personnel and organization playing a key role in implementing digital strategies



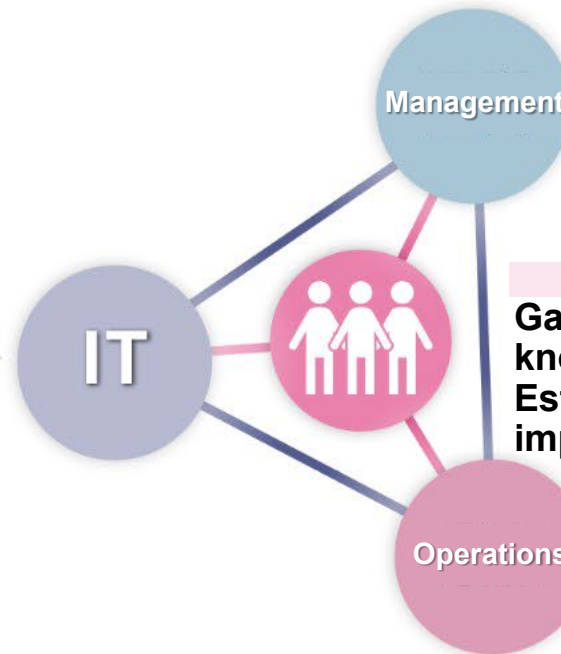
We leverage the Future Group's knowledge and know-how in working closely with customers to help them build and expand their in-house DX capability

Track record since day one  
From **strategy** to  
**implementation**

- Trinity of innovation
- 360-degree support
- Neutral position

Work together to  
help **build in-house**  
**capability**

Offense: High  
added value  
Defense: Higher  
efficiency



**DX personnel/  
organization**

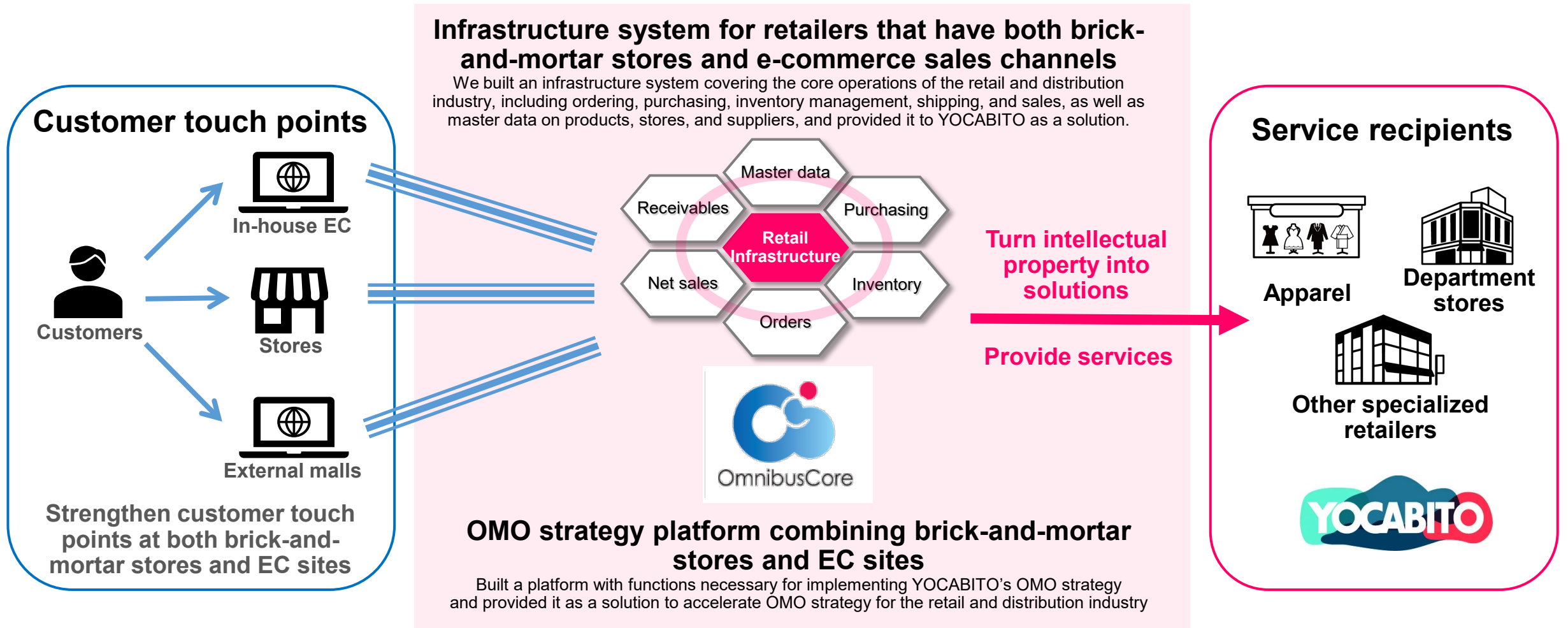
Gain skills, accumulate  
knowledge  
Establish organization,  
improve agility

## Future Group's consulting services help companies optimize their operations **from within**



# Providing services that leverage synergies with the Business Innovation Business

Turning Future Architect's intellectual property into solutions for YOCABITO Platform that supports brick-and-mortar stores and e-commerce business

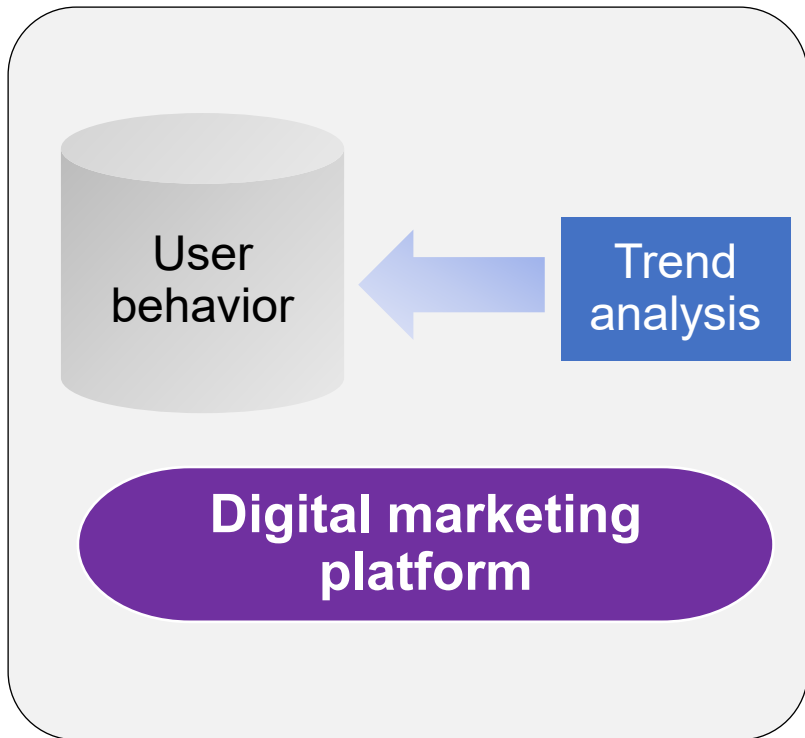


## 2-2. Topics Related to FY2022 Business Innovation Business

1. Tokyo Calendar Inc. First-half average sales of monthly magazines hit a record high (up 7% YoY), and sales of Tokyo Calendar Date were also the highest ever (up 7% YoY).
2. LaiBlitz, Inc. Focusing on R&D to develop AI-based video analysis and metaverse technologies  
Sales increased as a result of expanding operations from sports to entertainment.

**Record-high average sales of monthly magazines in the first half, up 7% YoY  
Sales of Tokyo Calendar Date also hit a record high, up 7% YoY**

As the number of people dining out dwindles due to the pandemic (currently still 40% below the 2019 level), the company conducted thorough digital data analysis and marketing to promote its services by accurately targeting users with a desire to eat out in a safe and clean environment and users with a desire to go out on a date, a major motivation for eating out.



Monthly magazines  
Sales up 7%



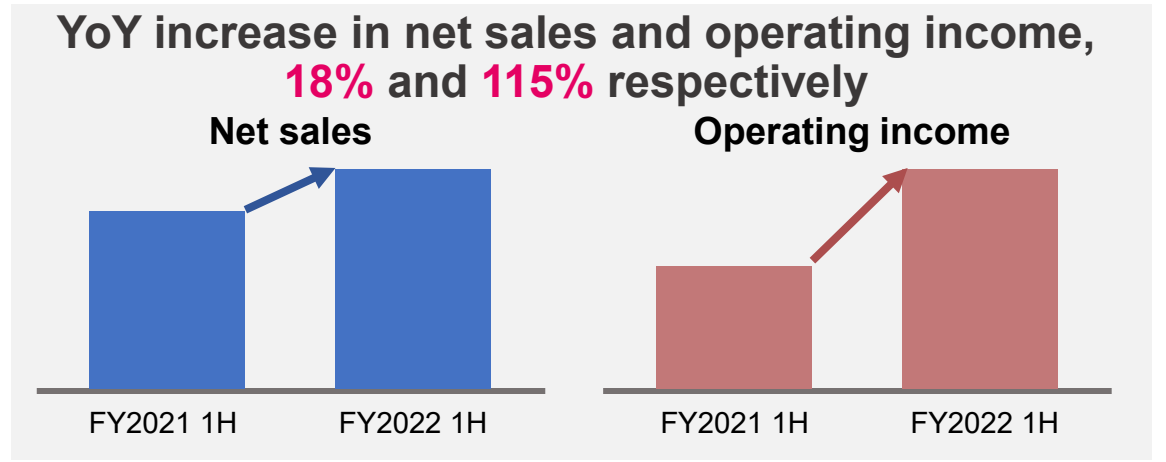
Tokyo Calendar Date  
Sales up 7%









**Focusing on R&D to develop AI-based video analysis and metaverse technologies  
Sales increased as a result of expanding operations from sports to entertainment.**

**Applying AI-based video analysis to winter sports**

Snowboard halfpipe	Ski jumping	Figure skating
		
Speed/height/rotations	Trajectory/posture	Jump height/distance



**R&D of metaverse technologies to be applied to various industries**

	
Tourism	EC
	
Game	Education
	
Live events/entertainment	Virtual offices

## 3. Plan for FY2022

# 3. Plan for FY2022

## (i) Full-year Operating Forecast

(Million yen)

	Initial forecast for FY2022 (released Feb. 8)	Full-year forecast for FY2022 (revised Jul. 28)	Rate of change	Results for FY2022 1H	Rate of progress (vs. revised forecast)
Net sales	55,500	<b>55,500</b>	-	<b>25,940</b>	46.7%
Operating income (operating income margin)	10,500 (18.9%)	<b>12,000 (21.6%)</b>	+14.3%	<b>6,214 (24.0%)</b>	51.8%
Profit attributable to owners of parent (profit margin)	7,350 (13.2%)	<b>8,500 (15.3%)</b>	+15.6%	<b>4,517 (17.4%)</b>	53.1%

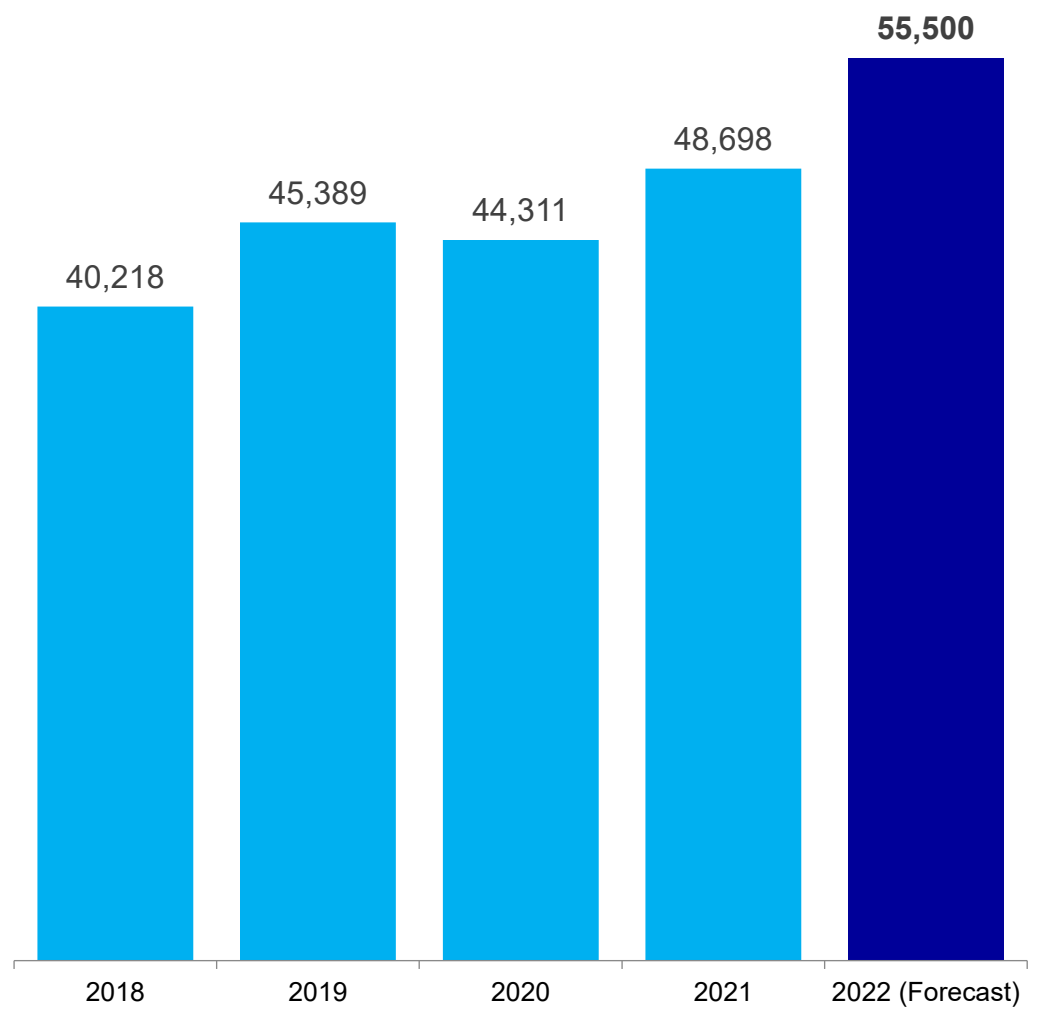


# 3. Plan for FY2022

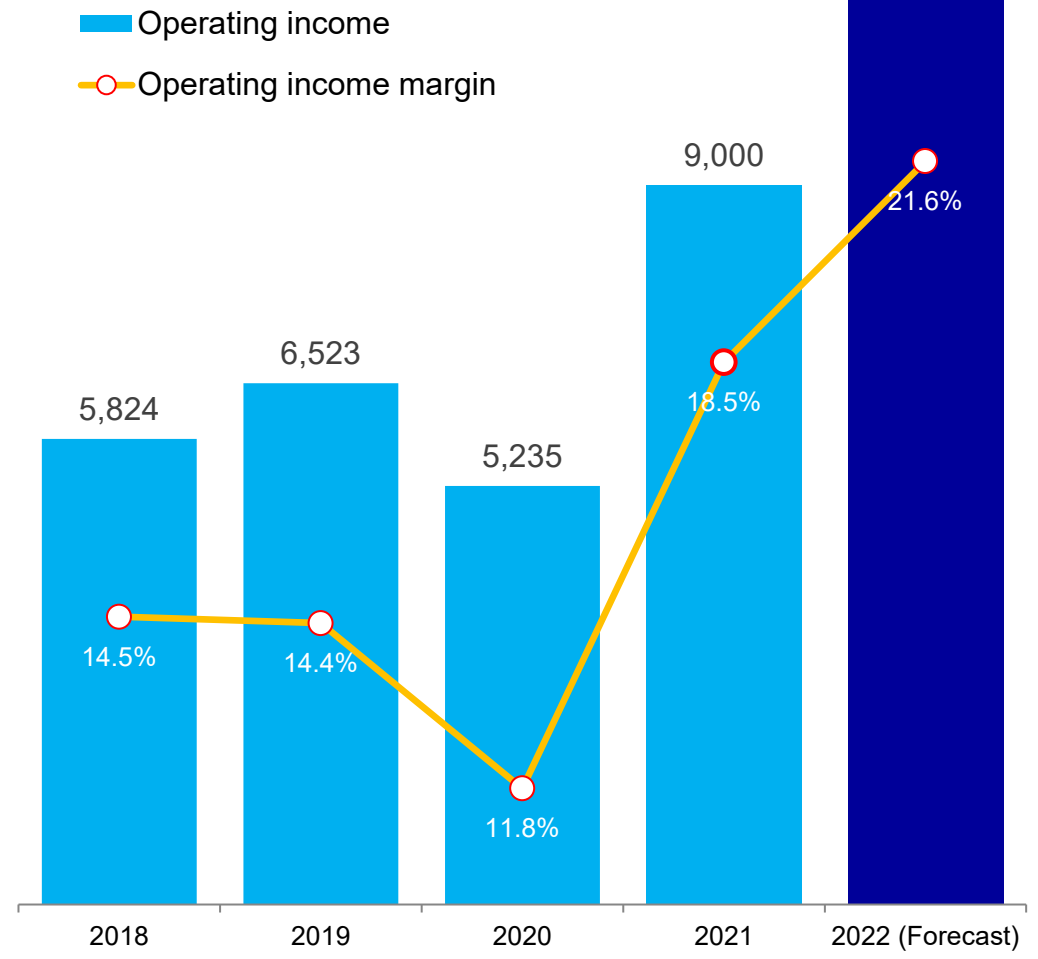
## (ii) Changes in Net Sales and Operating Income

(Million yen)

### Net sales



### Operating income

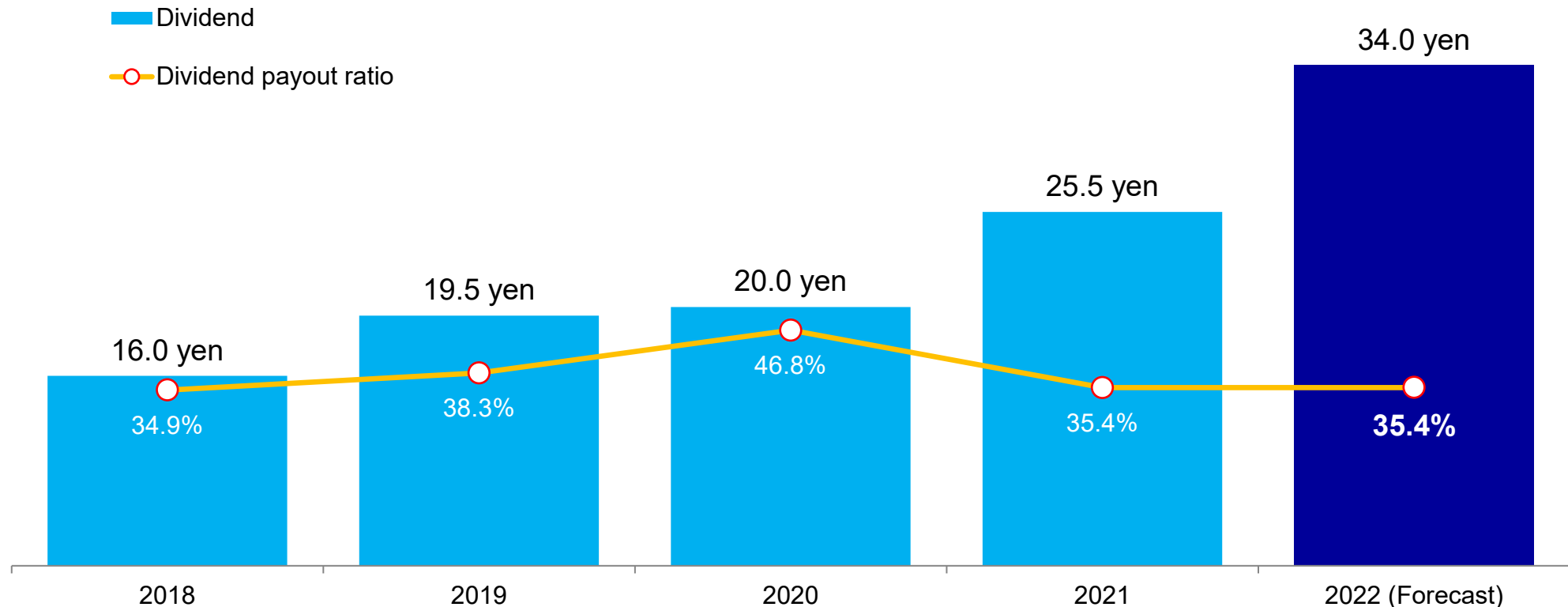


# 3. Plan for FY2022

## (iii) Dividends

- ✓ Interim dividend is finalized at 17 yen per share, up 2 yen from the initially planned 15 yen
- ✓ Year-end dividend will also be increased by 2 yen from the initially planned 15 yen to make it 17 yen, for an annual total of 34 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 for 2021 and before 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 FY2022 1H	Compared with projected results		YoY comparison	
		FY2022 plan (revised Jul. 28)	Rate of change	Results for FY2021	Rate of change
Net sales	<b>25,940</b>	<b>55,500</b>	-	<b>23,117</b>	+12.2%
Operating income (operating income margin)	<b>6,214</b> (24.0%)	<b>12,000</b> (21.6%)	+14.3%	<b>3,746</b> (16.2%)	+65.9%
Profit attributable to owners of parent (profit margin)	<b>4,517</b> (17.4%)	<b>8,500</b> (15.3%)	+15.6%	<b>2,696</b> (11.7%)	+67.5%

# Appendix-(ii) Balance Sheets

(Million yen)	End of Jun. 2022	End of Dec. 2021	Change	Major changes
<b>Total assets</b>	<b>55,015</b>	<b>54,483</b>	<b>+ 532</b>	
Current assets	33,939	32,112	+ 1,827	
Cash and deposits	22,854	20,530	+ 2,324	Increase in profit
Notes and accounts receivable – trade, and contract assets	6,988	7,220	- 232	
Securities	1,500	1,900	- 400	
Non-current assets	21,075	22,371	- 1,296	
Property, plant and equipment	1,132	1,155	- 23	
Intangible assets (including goodwill)	2,610	2,138	+ 472	Software +580
Investment securities	15,834	17,697	- 1,863	Fluctuations in market value of cross-shareholdings
<b>Total liabilities</b>	<b>11,470</b>	<b>12,682</b>	<b>- 1,212</b>	
Current liabilities	7,463	7,906	- 443	
Accounts payable – trade	1,147	913	+ 234	
Income taxes payable	1,774	2,215	- 441	
Non-current liabilities	4,006	4,775	- 769	
Deferred tax liabilities	3,491	4,278	- 787	Decrease due to fluctuations in market value of cross-shareholdings
<b>Total net assets</b>	<b>43,544</b>	<b>41,801</b>	<b>+ 1,743</b>	
Shareholders' equity	34,469	31,078	+ 3,391	Increase in retained earnings
Valuation difference on available-for-sale securities	9,046	10,711	- 1,665	Decrease due to fluctuations in market value of cross-shareholdings

(Percentage)	End of Jun. 2022	End of Dec. 2021	Change
Shareholders' equity ratio	79.1	76.7	+ 2.4

# Appendix-(iii) Cash Flows

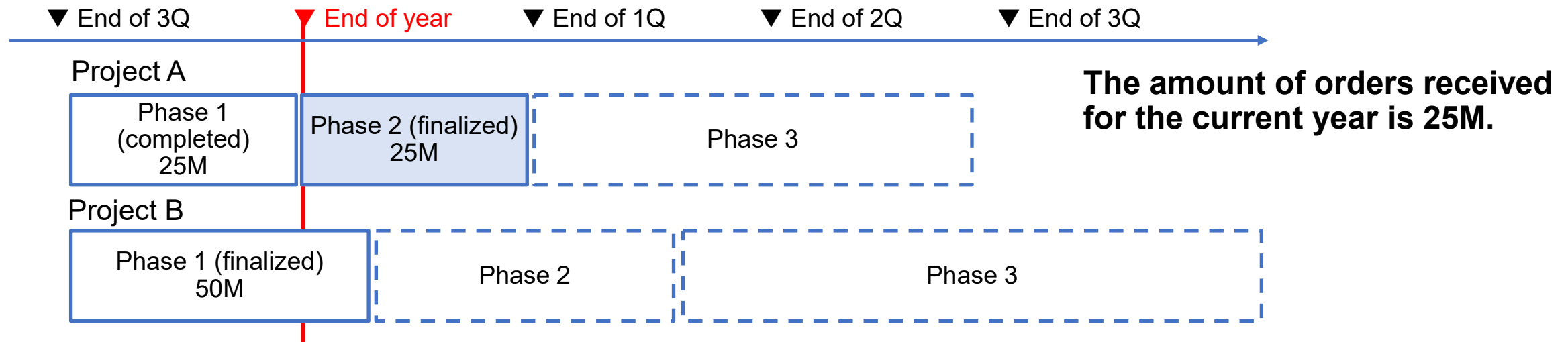
(Million yen)	FY2022 1H	FY2021 1H	Change	Major changes
<b>Cash flows from operating activities</b>	<b>4,540</b>	<b>4,839</b>	<b>- 299</b>	
Profit before income taxes	6,469	3,879	+ 2,590	Increase in profit before income taxes
Depreciation and amortization of goodwill	556	463	+ 93	
Non-cash gains and losses other than depreciation	- 300	- 135	- 165	
Changes in receivables and payables	28	1,251	- 1,223	
Tax payment	- 2,403	- 729	- 1,674	
<b>Cash flows from investing activities</b>	<b>- 997</b>	<b>- 194</b>	<b>- 803</b>	
Purchase and redemption of securities	400	- 2	+ 402	Proceeds from redemption of securities
Purchase of property, plant and equipment	- 52	- 106	+ 54	
Purchase of intangible assets	- 825	- 332	- 493	
<b>Cash flows from financing activities</b>	<b>- 1,252</b>	<b>- 1,406</b>	<b>+ 154</b>	
Dividend payment	- 1,173	- 884	- 289	
Repayments of finance lease obligations	- 78	- 68	- 10	
Purchase of additional shares of subsidiaries	0	- 450	+ 450	Purchase of additional shares of a consolidated subsidiary (CodeCamp, Inc.)
Effect of exchange rate changes on cash and cash equivalents	34	3	+ 31	
Net increase (decrease) in cash and cash equivalents	2,324	3,242	- 918	
Cash and cash equivalents at the beginning of the period	21,430	16,010	+ 5,420	
<b>Cash and cash equivalents at the end of the period</b>	<b>23,754</b>	<b>19,253</b>	<b>+ 4,501</b>	

# Appendix-(iv) Results by Segment

(Million yen)	FY2022 1H	FY2021 1H	YoY change
<b>Net sales</b>	<b>25,940</b>	<b>23,117</b>	<b>+12.2%</b>
IT Consulting & Service	22,192	18,501	+19.9%
Business Innovation	3,849	4,669	-17.6%
Other	194	112	-
Adjustments	-296	-166	-
<b>Operating income</b>	<b>6,214</b>	<b>3,746</b>	<b>+65.9%</b>
IT Consulting & Service	6,617	3,540	+86.9%
Business Innovation	-206	224	-
Other	-4	39	-
Adjustments	-191	-57	-

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

- (1) For risk management purposes, we only recognize the part of a large-scale, long-term project that has been finalized (i.e., the contract has been signed) as an order received.



- (2) Amounts of finalized orders for which sales have not been realized based on the percentage-of-completion method are aggregated as an order backlog.

**Order backlog for the current year = Order backlog for the previous year + Orders received for the current year – Sales (recognized by percentage-of-completion or completed-contract method)**

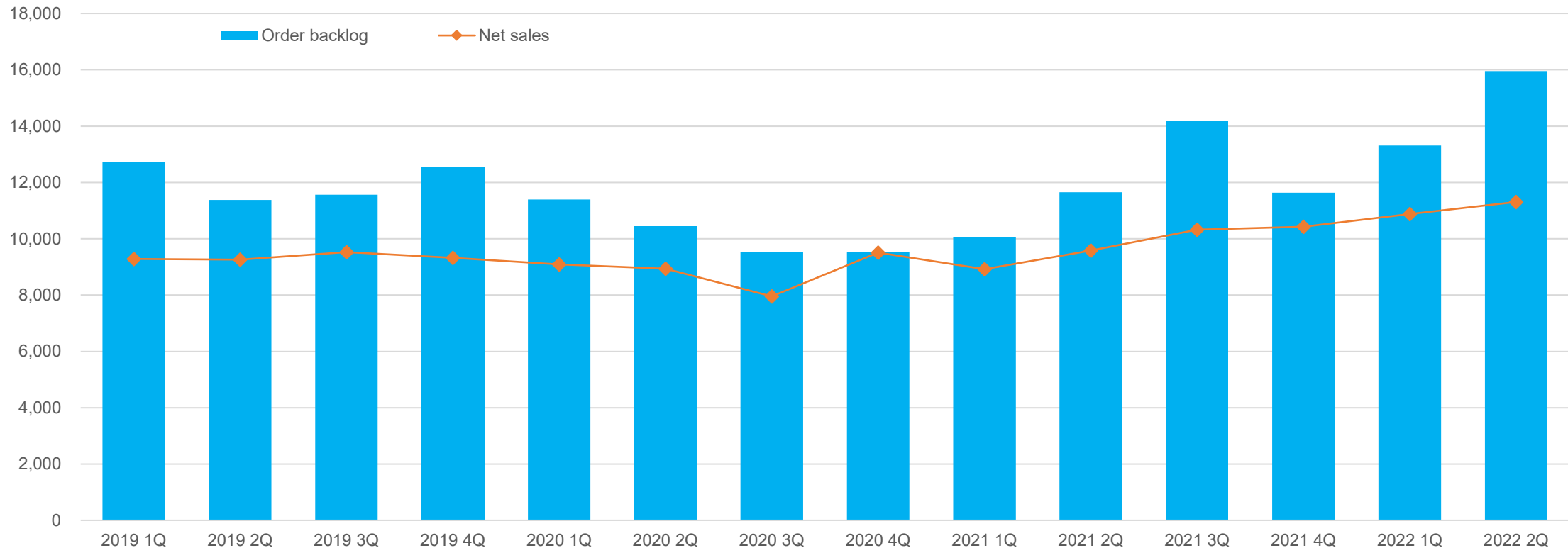


# Appendix-(vi)-2 Relationship between Backlogs and Sales



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

(Millions of yen)



- Due to how we recognize backlog, as explained 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 various other IR materials 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 a thousand yen are stated in units of a 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.