

FY2022

Materials for the Briefing on the Financial Results for Fiscal 2022

February 9, 2023

Future Corporation
(Securities code: 4722, TSE Prime)

Today's Presenters



Yasufumi Kanemaru

Chairman and
President Group CEO



Yuki Shingu

Board Director in charge of
IT Consulting Business

President,
Future Architect, Inc.



Yohei Saito

Board Director,
Chief Technology Officer

President,
Future Architect, Inc.

1. Business Advantages and Topics Related to FY2022

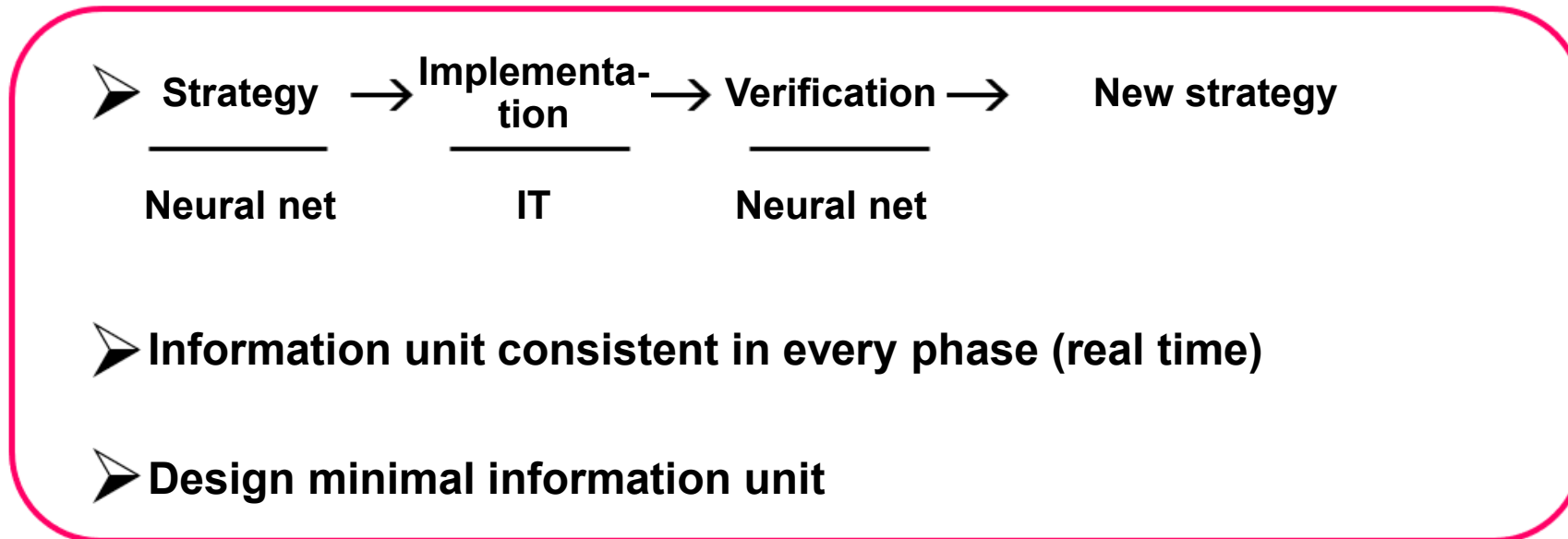
2. Earnings for FY2022

3. Plan for FY2023

1. Business Advantages and Topics Related to FY2022

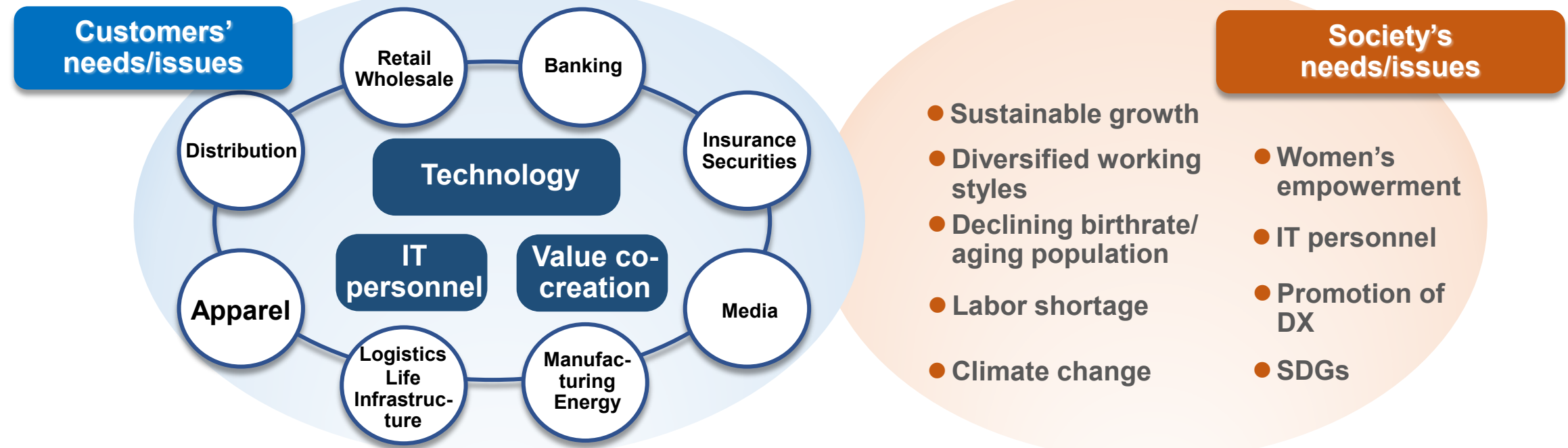
“Design management and IT”

Provide a 360-degree information design solution that leverages real-time data detected by sensors



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

Initiatives aimed at sustainable growth of customers' business and society as a whole
 Accumulated theory and practices are matched to the DX needs of customers and society



Intellectual capital

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

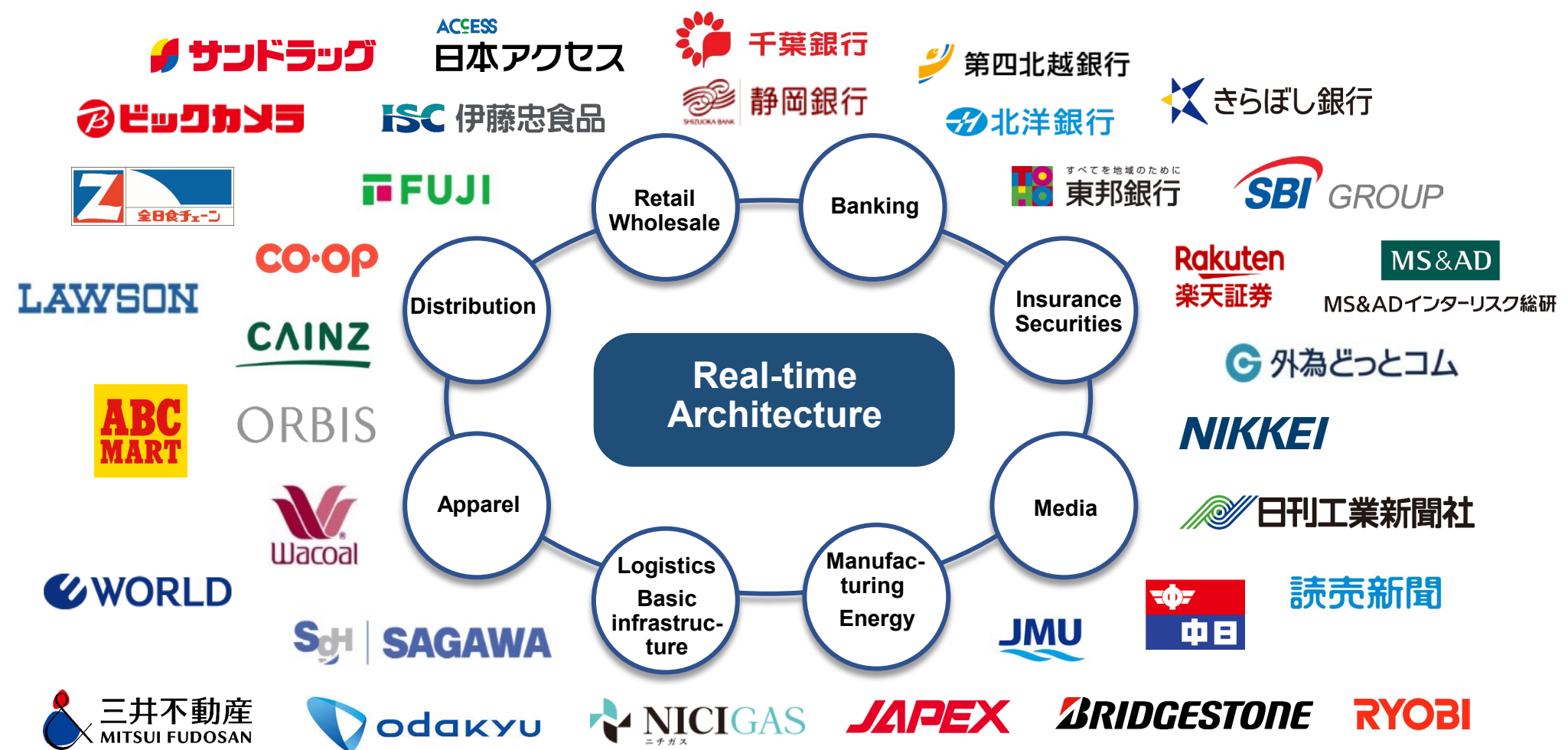
Human capital

- 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

DX initiatives are gaining momentum across all industries and sectors



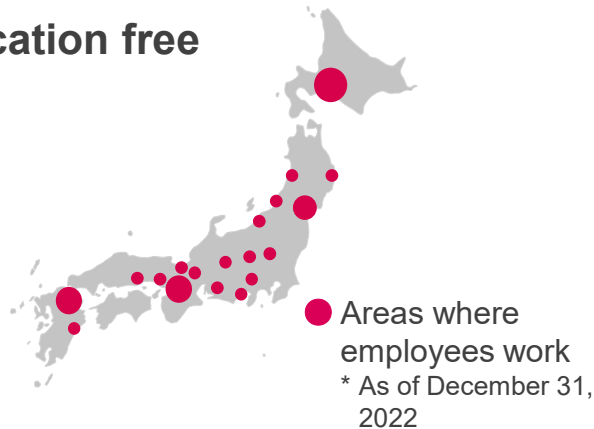
More and more companies are moving toward digitalization as they revamp their supply chain and change the way their employees work



Working styles customizable to individual life stages and personal situations

Work from anywhere

Location free



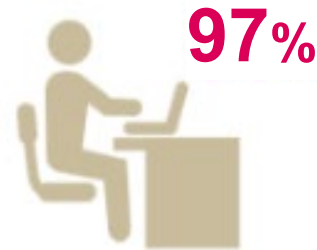
Telework rate

Up to
90%



Work flexibly

Percentage of discretionary workers
Performance-based discretionary workers,
workers with flex hours

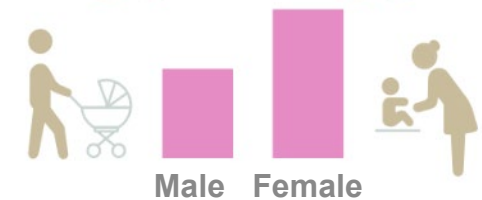


Family leave (five times per year)
For nursing and care giving, life events, etc.

Special leave system
For starting new business, obtaining degrees
and certifications, etc.

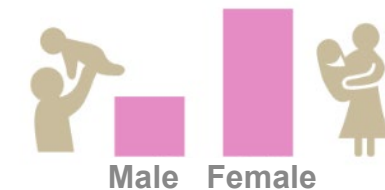
**Ratio of employees taking
childcare leave**

65% **100%**



**Number of days of childcare
leave taken**

56 days **240 days**



Diversity & Inclusion - Create an environment with opportunities for everyone

Third stage (the highest rank) in the “Eruboshi” certification under the Act on Promotion of Women’s Participation and Advancement in the Workplace.
Fourth place in the general corporate category of Forbes JAPAN WOMEN AWARD 2022 Corporate Division



Certification of women’s participation by the Ministry of Health, Labour and Welfare
Third stage (the highest rank) in Eruboshi certification
Met all requirements of five evaluation items

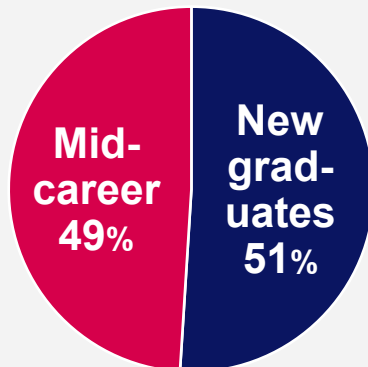
1. Recruitment
2. Continuous employment
3. Working hours, etc.
4. Percentage of women in managerial positions
5. Diverse career courses



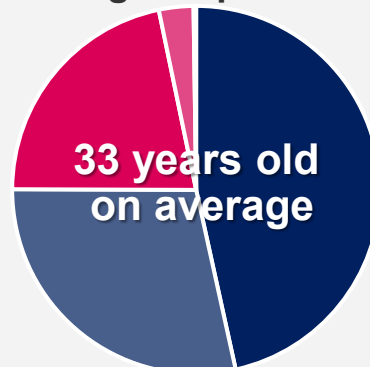
Forbes JAPAN WOMEN AWARD 2022
Fourth place in the general corporate category
Ranking by specific corporate category

- Third place in female employees’ satisfaction with work opportunities
- Second place in top management’s capability to act (companies with 1,001 or more employees)

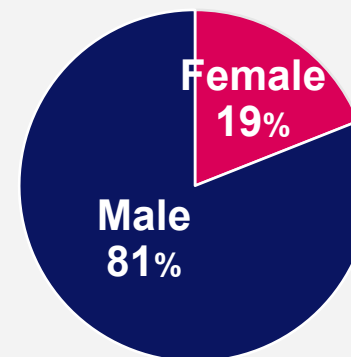
Proportion of new graduates and mid-career workers



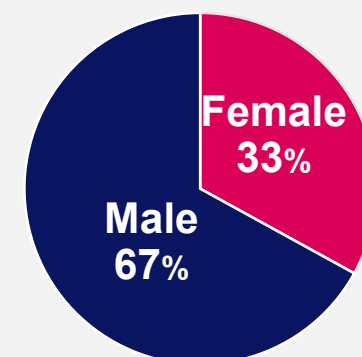
4. Percentage of women in managerial positions



Proportion by age



Proportion of men and women in executive positions



Support DX promotion of regional financial institutions and their contribution to regional revitalization

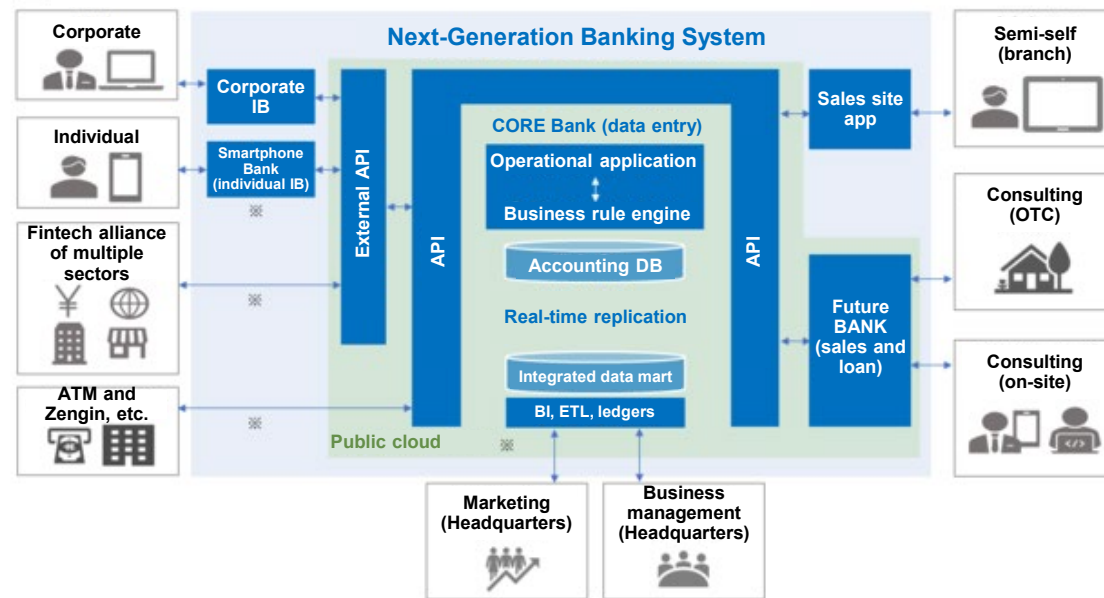


Shimane Bank adopts Next-Generation Banking System

- ✓ Based on know-how gained in the Fukushima Bank project (operation to be started in 2024), the system is developed on SBI's financial cloud in an improved way and shorter time toward the start of operation in 2025
- ✓ Expand a network to regional financial institutions of the SBI Group and banks with FutureBANK



■ Next-Generation Banking System (conceptual image)



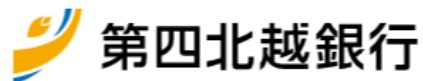
* In this project, "Smartphone Bank (individual IB)," "Fintech alliance API," "External connection for ATMs and Zengin, etc." and "Public cloud" are provided by SBI Holdings.

Support more than 30 banks through FutureBANK, with the use of a scientific approach and technological expertise

Support DX promotion of regional financial institutions and their contribution to regional revitalization

Successfully expanding FutureBANK, an external loan-support system, to allied banks and the Group banks

- ✓ Support regional financial institutions' external loan operations and renovate their sales style
- ✓ Supported **more than 30 banks** across the country



Provide a service based on know-how gained in the DX support project for
NIPPON GAS CO., LTD. (NICIGAS)

Developed a first digital twin for the gas sector



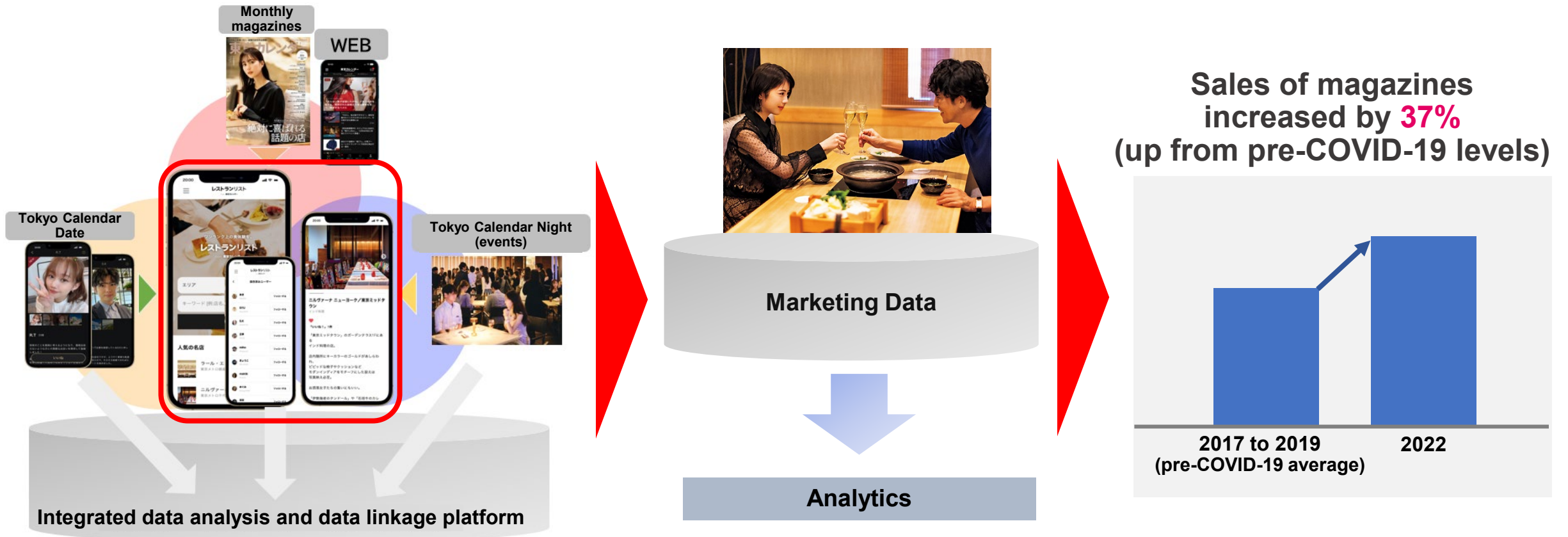
- ✓ The status of LP gas cylinders that 1.2 million customers across the country use is updated real time, allowing for teleoperation in emergency
- ✓ Optimize the overall process from manufacturing to delivery and security based on a digital twin
- ✓ Grand Prix of DX Securities 2022* (METI)

DX/GX consulting service for the energy sector

- ✓ Support the sector's DX and GX by leveraging key technology and know-how that we created with NIPPON GAS CO., LTD.
- ✓ Support JAPEX's DX project for its medium- to long-term growth
- ✓ Contribute to a paradigm shift of the energy sector and advancements of regional economy

* Five customers supported by Future were selected out of two companies that won DX Securities 2022 Grand Prix, 31 companies that won DX securities 2022, and 15 DX focus companies

Found post-COVID-19 gourmet needs using digital analysis, and posted record-high number of copies of magazines printed



Launched a sophisticated service for restaurant reservations this fiscal year, linked to existing services for greater revenue and operating income

Promote DX of the world of sports widely, including soccer and rugby
 Increased both revenue and operating income by applying a 3D game creation technology to the metaverse

Promote DX of the world of sports

Soccer

JFA
Japan Football
Association



(Shimizu)
S-PULSE

Rugby



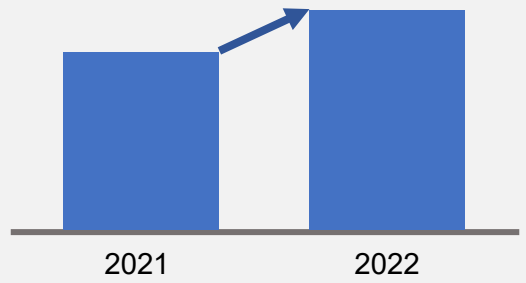
NTT DOCOMO
Red Hurricanes Osaka



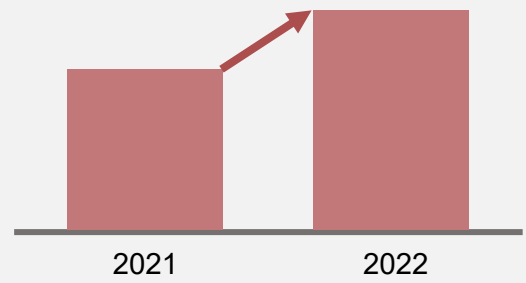
URAYASU
D-Rocks

Year-on-year increase in net sales and operating income by 22% and 28% respectively

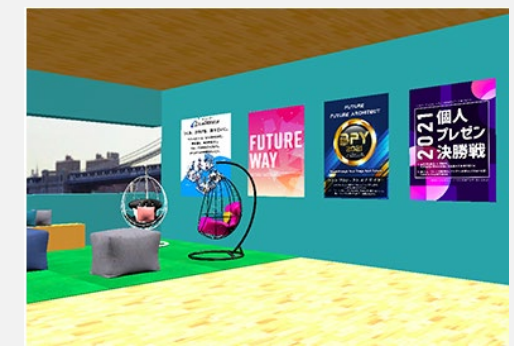
Net sales



Operating income



Applied Neilo Inc.'s 3D game creation technology to the metaverse



Metaverse space introducing sustainability initiatives



3D game with a concept of CO₂ emissions reduction

2. Earnings for FY2022

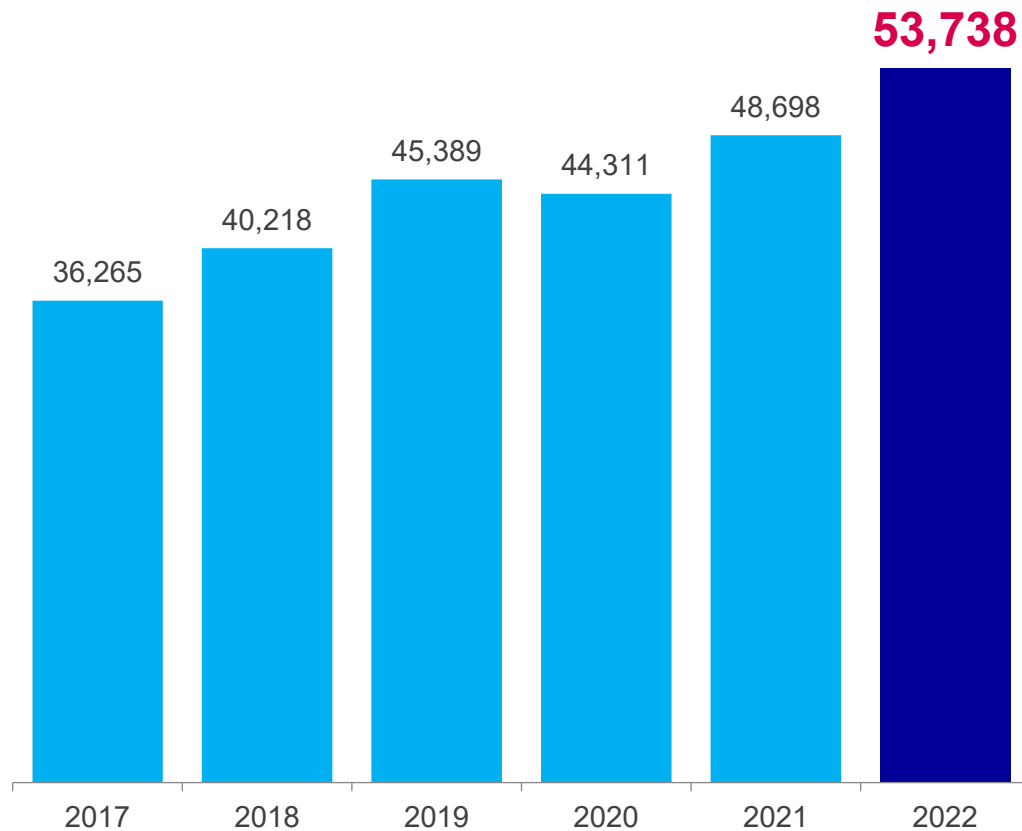
(i) Highlights of financial results for FY2022

<p>Fiscal 2022 Consolidated earnings</p>	<p>✓ Continuing record-high net sales, operating income and profit from the previous fiscal year</p> <table border="0"> <tr> <td>Net sales</td> <td>¥53,738 million</td> <td>(+10.3%)</td> </tr> <tr> <td>Operating income</td> <td>¥12,229 million</td> <td>(+35.9%)</td> </tr> <tr> <td>Ordinary income</td> <td>¥12,574 million</td> <td>(+35.4%)</td> </tr> <tr> <td>Profit</td> <td>¥9,236 million</td> <td>(+45.0%)</td> </tr> </table>	Net sales	¥53,738 million	(+10.3%)	Operating income	¥12,229 million	(+35.9%)	Ordinary income	¥12,574 million	(+35.4%)	Profit	¥9,236 million	(+45.0%)
Net sales	¥53,738 million	(+10.3%)											
Operating income	¥12,229 million	(+35.9%)											
Ordinary income	¥12,574 million	(+35.4%)											
Profit	¥9,236 million	(+45.0%)											
<p>IT Consulting & Service Business</p>	<p>✓ Both revenue and operating income increased owing to continued efforts to acquire projects from variety of customers and strict quality control</p> <table border="0"> <tr> <td>Net sales</td> <td>¥45,593 million</td> <td>(+16.1%)</td> </tr> <tr> <td>Operating income</td> <td>¥12,910 million</td> <td>(+44.6%)</td> </tr> </table> <p>* Refer to Appendix-(iv)</p>	Net sales	¥45,593 million	(+16.1%)	Operating income	¥12,910 million	(+44.6%)						
Net sales	¥45,593 million	(+16.1%)											
Operating income	¥12,910 million	(+44.6%)											
<p>Business Innovation Business</p>	<p>✓ Both revenue and operating profit decreased mainly due to fiercer competition in the EC market, depreciation of the yen, and rising raw material costs</p> <table border="0"> <tr> <td>Net sales</td> <td>¥8,274 million</td> <td>(13.8% decrease)</td> </tr> <tr> <td>Operating income</td> <td>-272 million yen</td> <td>(-)</td> </tr> </table> <p>* Refer to Appendix-(iv)</p>	Net sales	¥8,274 million	(13.8% decrease)	Operating income	-272 million yen	(-)						
Net sales	¥8,274 million	(13.8% decrease)											
Operating income	-272 million yen	(-)											
<p>Inter-segment adjustment</p>	<table border="0"> <tr> <td>Net sales</td> <td>-558 million yen</td> </tr> <tr> <td>Operating income</td> <td>-336 million yen</td> </tr> </table>	Net sales	-558 million yen	Operating income	-336 million yen								
Net sales	-558 million yen												
Operating income	-336 million yen												

(ii) Changes in Net Sales, Operating Income, and Operating Income Margin (from FY2017 to FY2022)

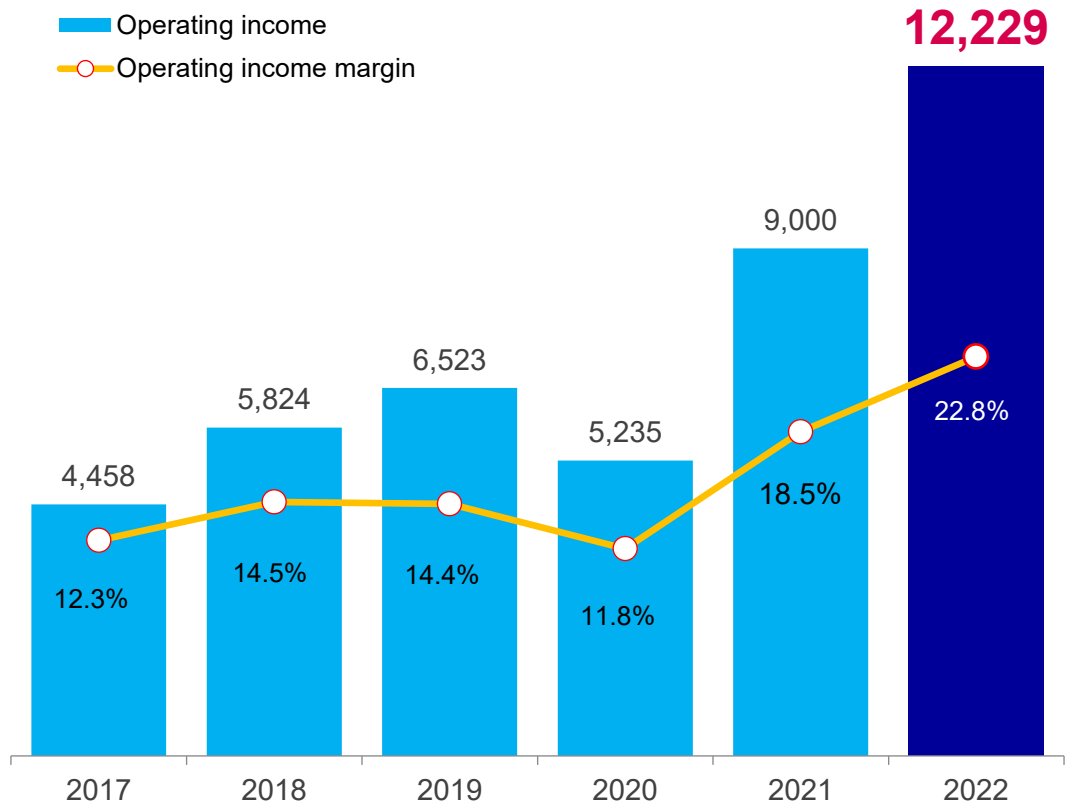
- ✓ Revenue increased, due to many new projects from various customers and the steady progress of PJ that may contribute to a medium- to long-term growth
- ✓ Recorded operating income margin of 22.8% (18.5% in the previous year) due to a continued strict quality control

Net sales



Operating income

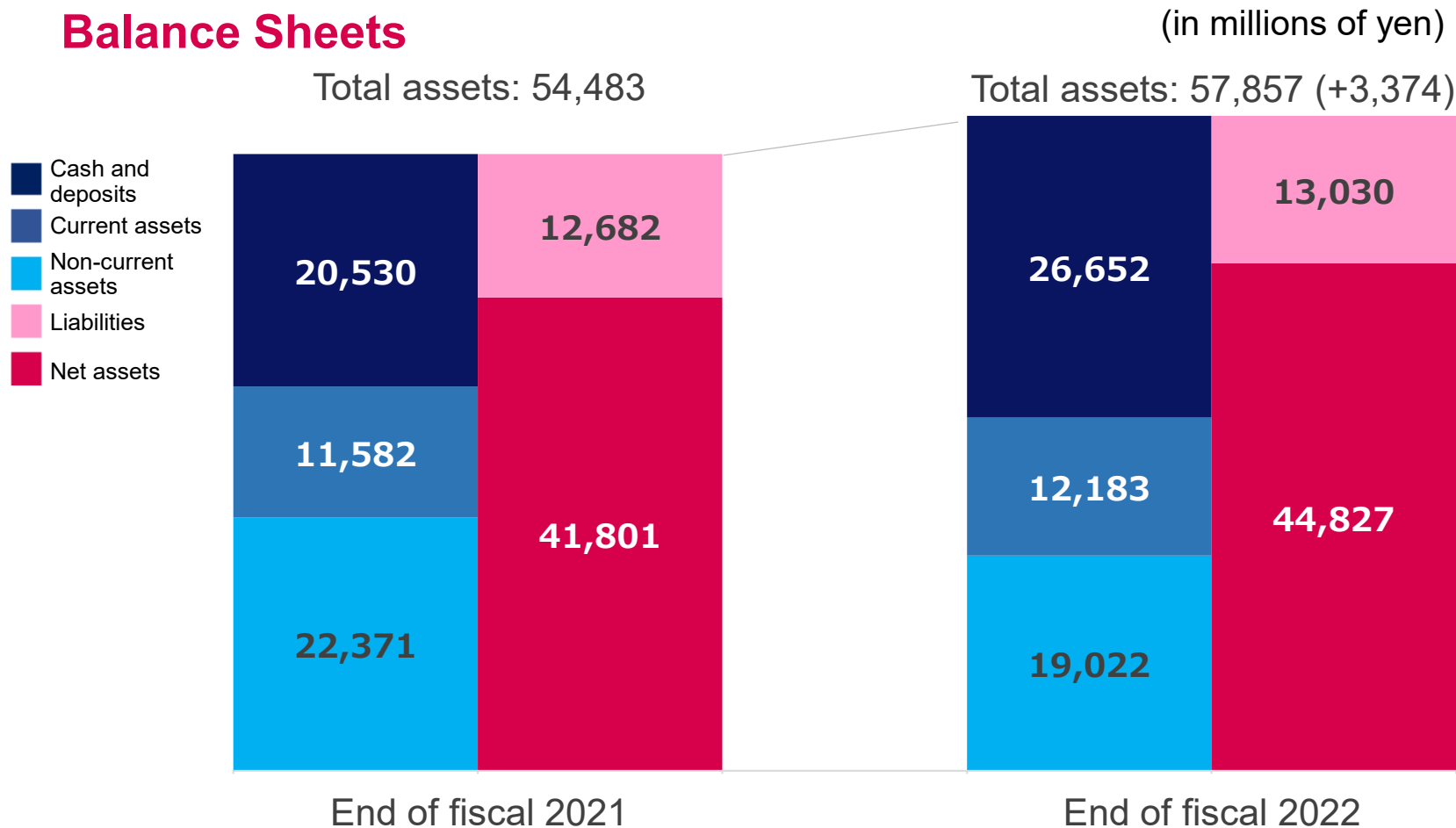
(in millions of yen)



(iii) Year-on-year Changes in Fiscal 2022 Balance Sheet

✓ Total assets were 57,857 million yen, up 3,374 million yen from the preceding year mainly due to an increase in cash and deposits from profit increase, an increase in software investment and an increase in goodwill due to the purchase of a subsidiary, despite a decline in prices of holding stocks.

Balance Sheets



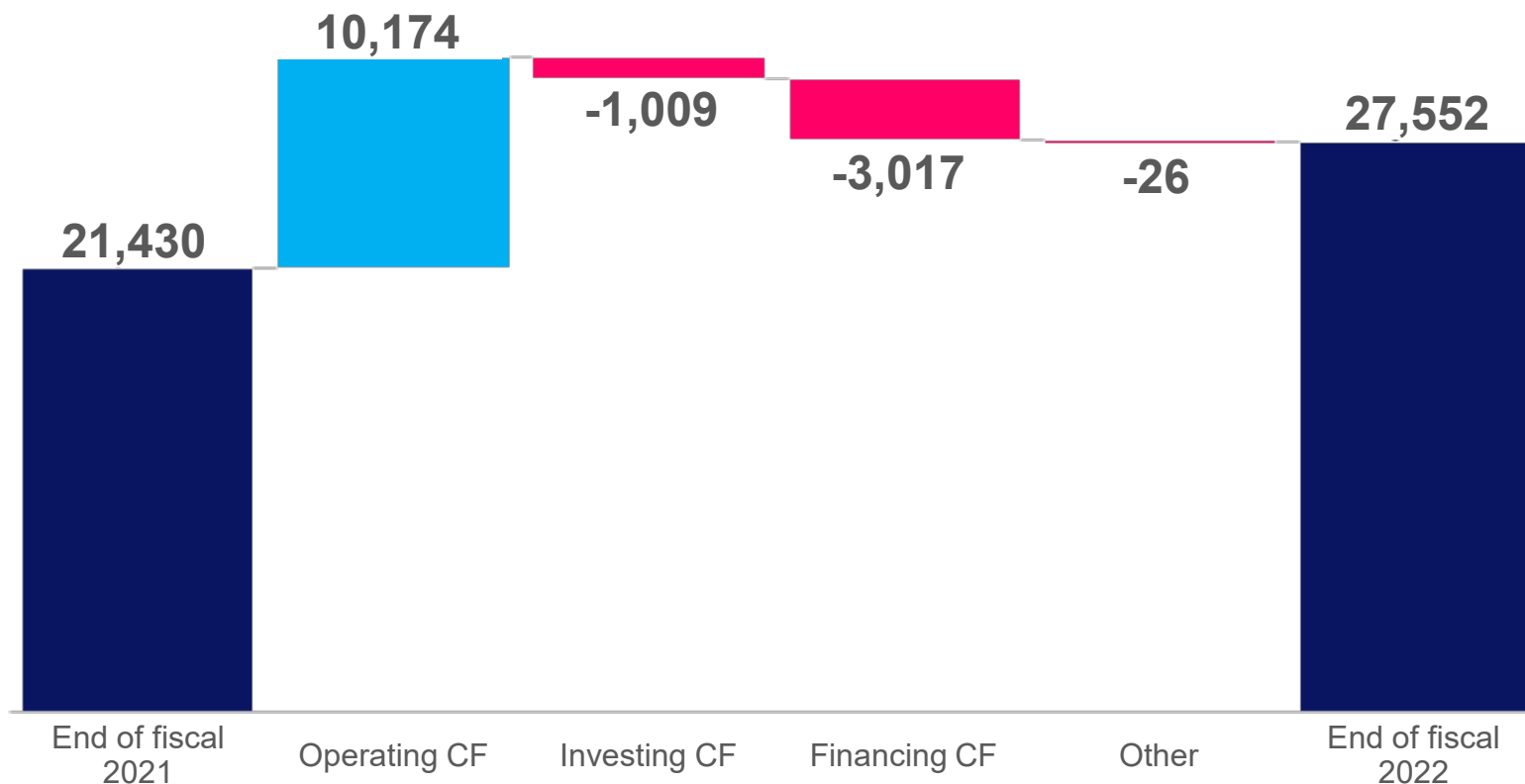
Major Changes

Cash and deposits	+ 6,122
Current assets	+ 601
Accounts receivable – trade and contract assets	+ 1,328
Securities	- 900
Non-current assets	- 3,349
Software	+ 1,076
Goodwill	+ 651
Decline in prices of holding stocks	- 4,840
Liabilities	+ 348
Net assets	+ 3,026
Profit	+ 9,236
Dividend payment	- 2,756
Valuation difference on available-for-sale securities	- 3,588

(iv) Cash Flows for Fiscal 2022

✓ Operating CF saw an inflow of 10,174 million yen, Investing CF saw an outflow of 1,009 million yen mainly due to investment in a next-generation banking system, and Financing CF saw an outflow of 3,017 million yen due to payment of dividends, etc. In total, cash and cash equivalents increased by 6,121 million yen year on year

Cash Flows



Major breakdown of cash flows

Operating CF

Profit before income taxes	:	13,266
Depreciation and amortization of goodwill	:	1,245
Tax payment	:	- 3,972
Other	:	- 365
Net	:	10,174

Investing CF

Purchase of intangible assets	:	- 1,693
Net increase (decrease) in investment securities	:	- 345
Other	:	1,029
Net	:	- 1,009

Financing CF

Dividend payment	:	- 2,756
Repayments of lease liabilities	:	- 172
Other	:	- 89
Net	:	- 3,017

Net increase (decrease) in cash and cash equivalents	:	+ 6,121
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(v) IT Consulting & Service Business for Fiscal 2022

(in millions of yen)

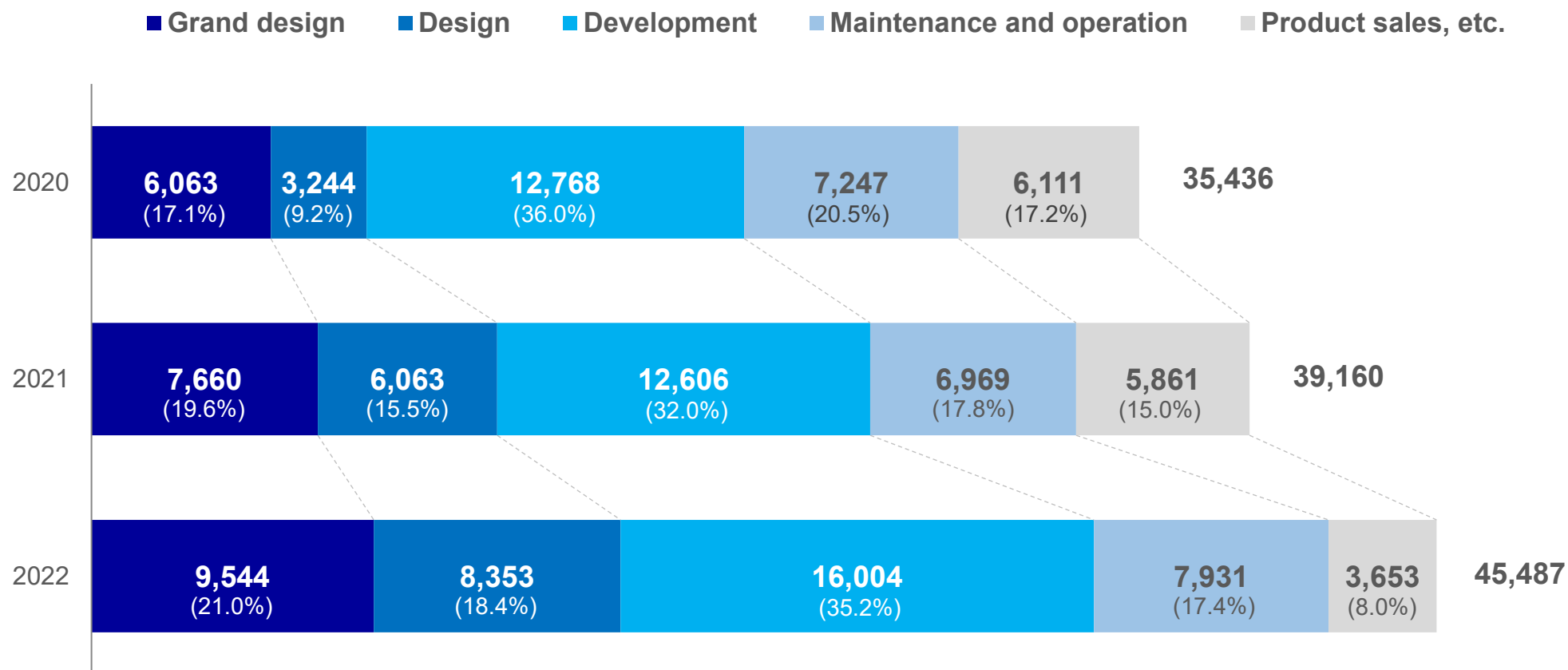


Future Architect Net sales ↗ Operating income ↗	✓ Many new projects were acquired from various customers, and a large PJ is well under way Both revenue and operating income increased as a result of continuing strict quality control concurrently
Future Inspace Net sales ↗ Operating income ↗	✓ Stably acquired commissioned maintenance and operation projects in cooperation with Future Architect, Inc. Also continued to receive orders for new development projects, resulting in higher net sales and operating income year on year.
FutureOne Net sales ↗ Operating income ↗	✓ The company undertook optimization in customizing original package software “InfiniOne,” along with the effort to strengthen channels with outside sales partners, etc., resulting in a year-on-year increase in revenue and operating income.
YDC Corporation Net sales ↘ Operating income ↘	✓ SI projects decreased, among others, despite the efforts to expand the customer base in the logistics field by providing unique know-how to the Group’s customers, resulting in a year-on-year decrease in revenue and operating income.
dit Co., Ltd. Net sales ↗ Operating income ↗	✓ The company received solid orders for vulnerability assessment, incident response, and other cyber security-related services. The development of WADJET, an integration analytics platform against cyberattacks, also proceeded, resulting in a year-on-year increase in net sales and operating income.

(vi) Changes in Composition of Revenue by Phase (IT Consulting & Service Business)

✓ GD acquired a wide variety of new projects Large PJ that may contribute to medium- to long-term growth shifted to a design and development phase

(in millions of yen)



Note 1: Total net sales consist of net sales for external customers of the IT Consulting & Service Business.

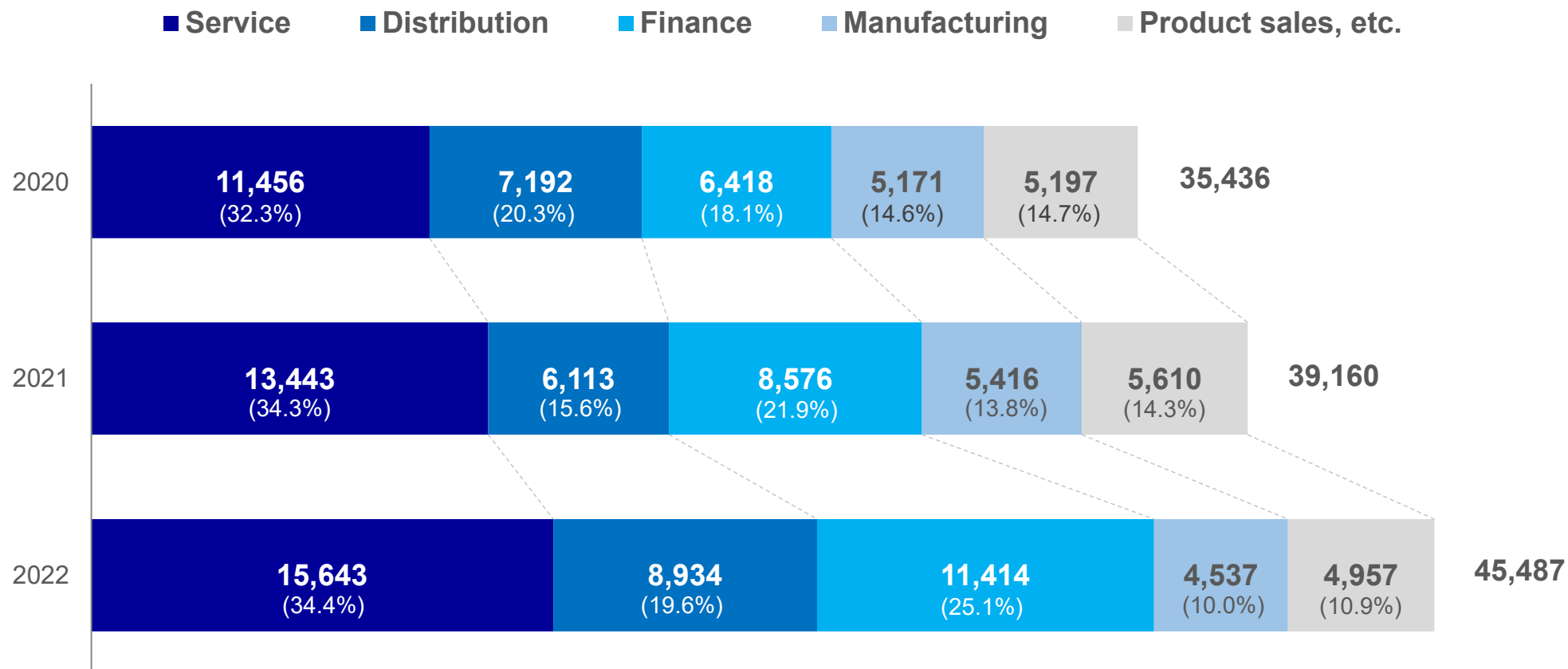
Note 2: "Product sales, etc." consist mainly of selection, procurement, and sale of IT equipment, and sale of licenses.

Note 3: Figures before fiscal 2021 are those before the Accounting Standard for Revenue Recognition is adopted.

(vii) Trends in Composition of Revenue by Segment (IT Consulting & Service Business)

✓ Finance, distribution, and service grew mainly due to introduction of systems for financial institutions and renewal of core systems for food wholesalers

(in millions of yen)

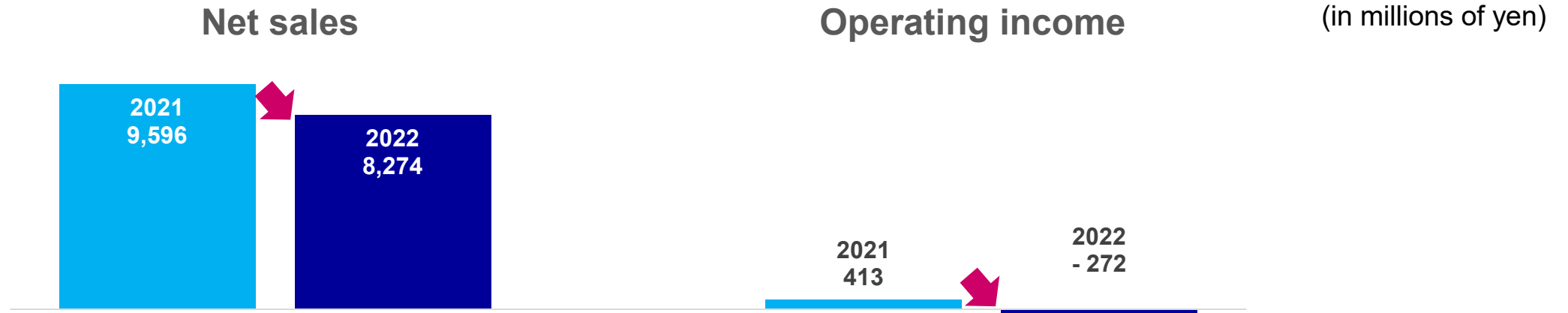










Note 1: Total net sales consist of net sales for external customers of the IT Consulting & Service Business.

Note 2: "Product sales, etc." consist of selection, procurement, and sale of IT equipment, sale of licenses, and sales for national and regional government offices.

Note 3: Figures before fiscal 2021 are those before the Accounting Standard for Revenue Recognition is adopted.

(viii) Business Innovation Business for Fiscal 2022

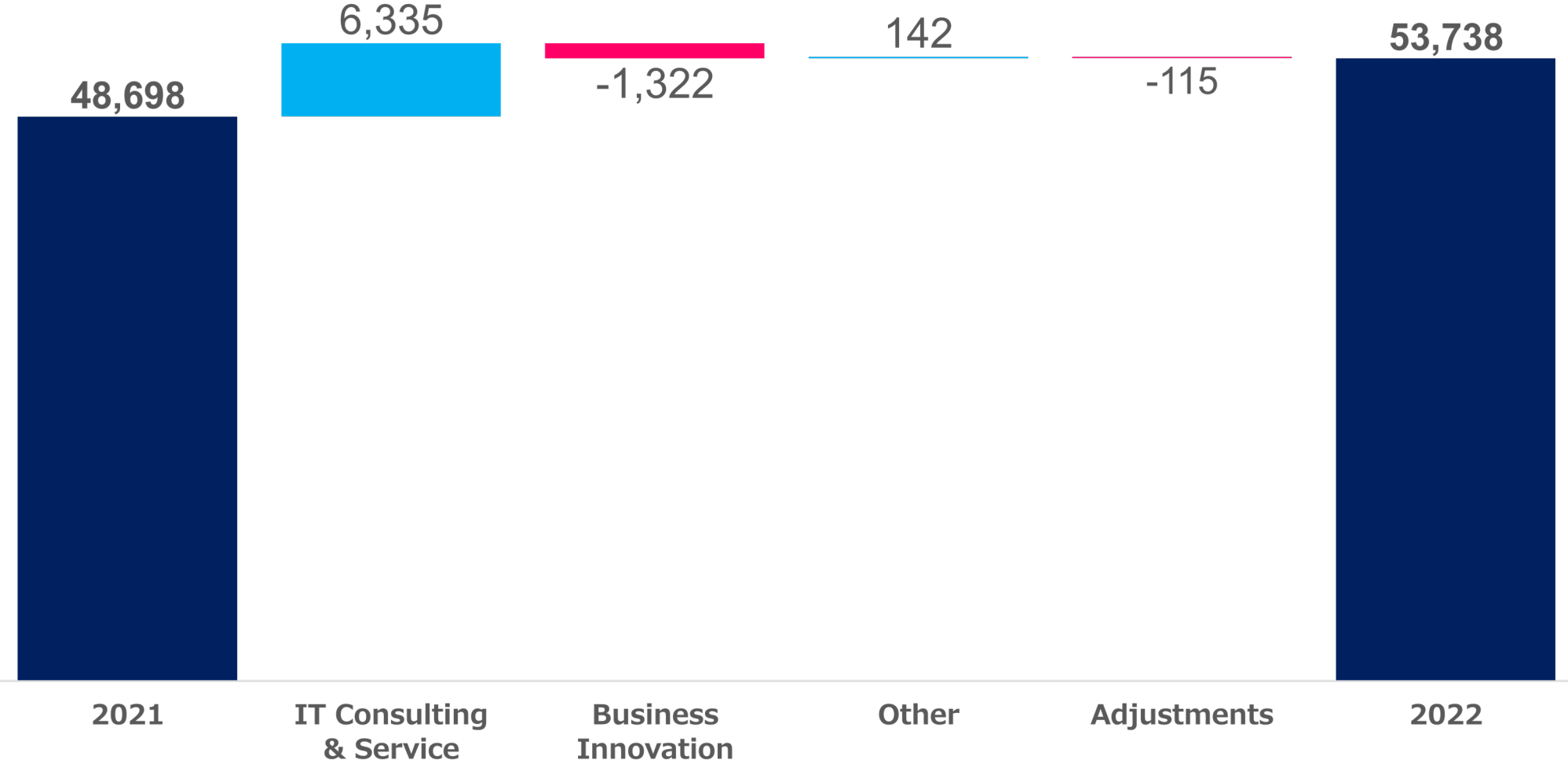


<p>YOCABITO (formerly eSPORTS)</p> <p>Net sales  Operating income </p>	<p>✓ Sales fell below expectations due to lower-than-expected winter apparel sales, along with the fiercely competitive outdoor goods market. The depreciation of the yen and rising raw material costs and logistics costs weighed on profit, resulting in a year-on-year decrease in net sales and operating income.</p>
<p>Tokyo Calendar Inc.</p> <p>Net sales  Operating income </p>	<p>✓ Magazine sales grew substantially, and revenue of net service including Tokyo Calendar Date remained steady. Yet, the company recorded costs associated with Gourmet Calendar, a new service that started in January 2023, resulting in an increase in revenue but a decrease in operating income year on year.</p>
<p>CodeCamp</p> <p>Net sales  Operating income </p>	<p>✓ Despite an uptick in orders from corporate customers from which sales are expected in the next fiscal year, orders from individual customers fell in the current fiscal year as more competitors entered the market, resulting in a decrease in sales and operating income.</p>
<p>LaiBlitz</p> <p>Net sales  Operating income </p>	<p>✓ The company saw an increase in system expansion demand from professional baseball teams that intend to strengthen their team management, and also introduced FastBiz, a packaged membership management and e-commerce service, to several sports teams including a rugby team, leading to a year-on-year increase in both net sales and operating income.</p>

(ix) Analysis of Net Sales Increase/Decrease for Fiscal 2022



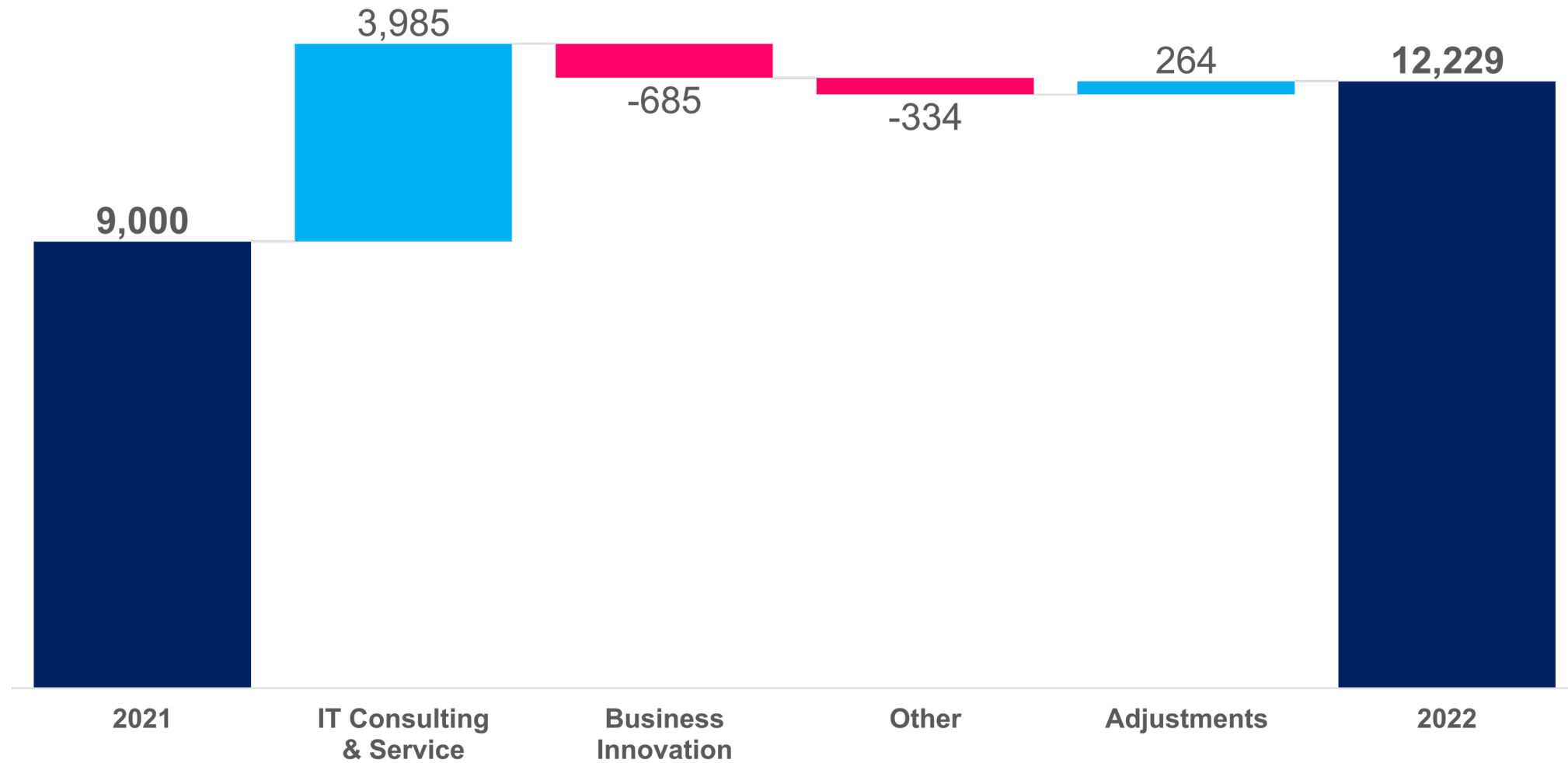
(in millions of yen)



(x) Analysis of Operating Income Increase/Decrease for Fiscal 2022



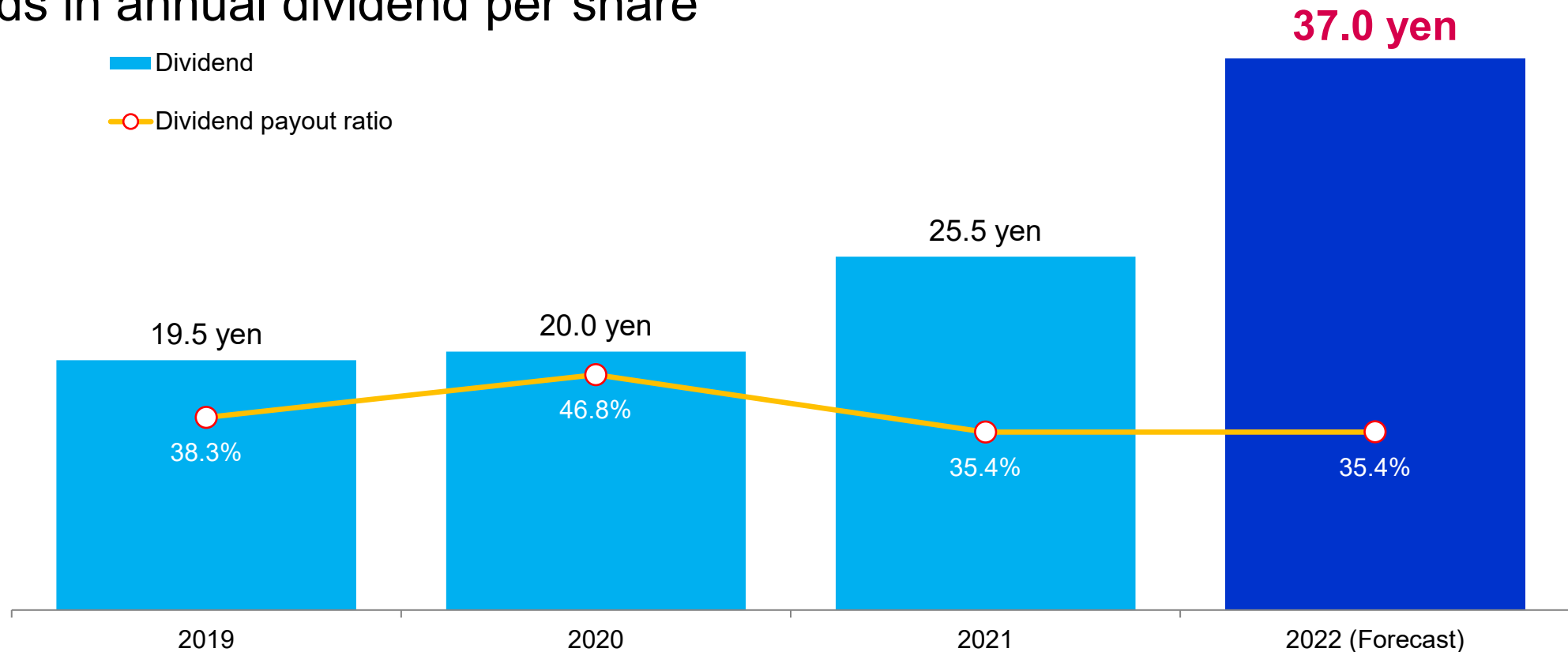
(in millions of yen)



(xi) Year-end Dividend for Fiscal 2022

- ✓ Profit stood at 9.2 billion yen, exceeding the plan of 8.5 billion yen.
- ✓ In accordance with the dividend policy of a dividend payout ratio of 35% or higher, the year-end dividend was raised by 3 yen from the initially planned 17 yen to make it 20 yen per share. The FY2023 annual dividend will be 37 yen per share.

Trends in 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.

3. Plan for FY2023

(i) Full-year Earnings Outlook in FY2023 Plan

(in millions of yen)

	FY2023 full-year plan	FY2022 full-year result	YoY change	1H FY2023 plan	1H FY2022 result	YoY change
Net sales	59,500	53,738	10.7%	28,300	25,940	9.1%
Operating income (Operating income margin)	13,800 (23.2%)	12,229 (22.8%)	12.8%	6,600 (23.3%)	6,214 (24.0%)	6.2%
Profit attributable to owners of parent (Net income margin)	9,660 (16.2%)	* 9,236 (17.2%)	* 4.6%	4,620 (16.3%)	4,517 (17.4%)	2.3%

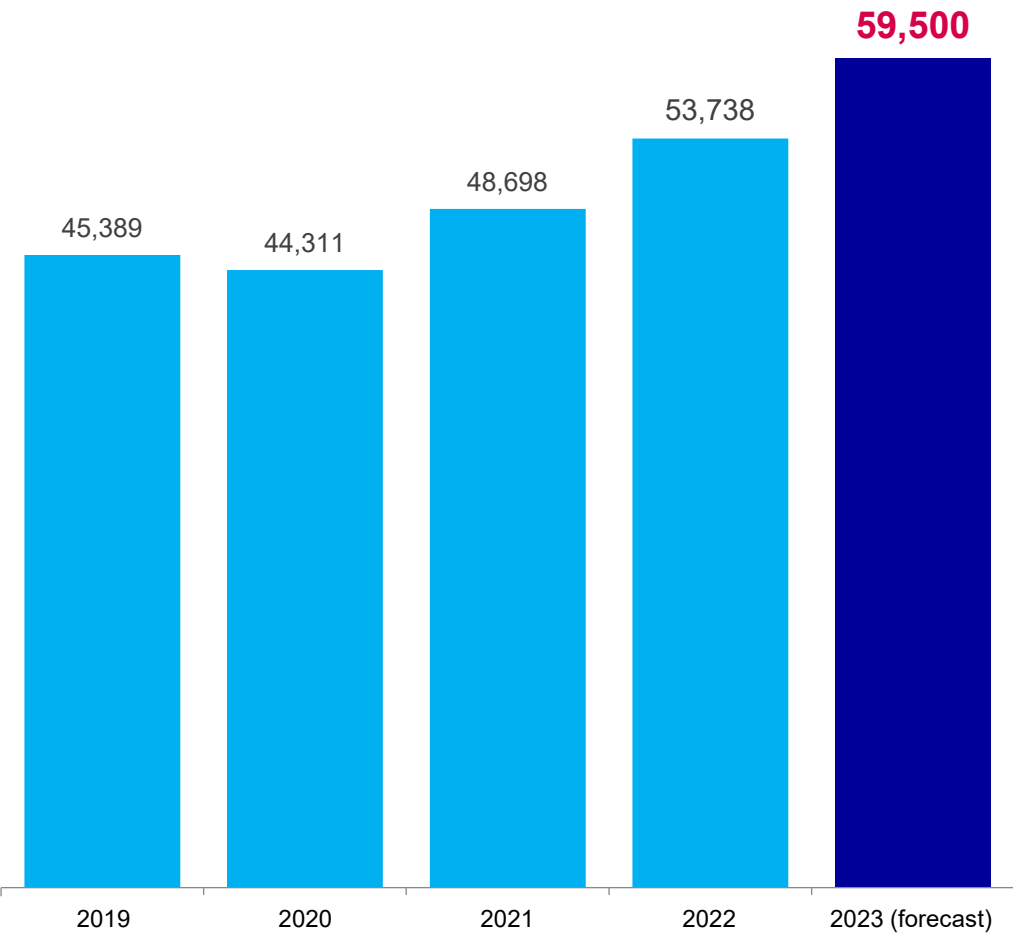
* Profit for FY2022 includes an extraordinary gain of 512 million yen (732 million yen on a pre-tax basis) on sale of investment securities. Excluding the above extraordinary income from the FY2022 full-year results, the year-on-year change in profit in the FY2023 full-year plan will be 10.7%.

(ii) Trends in Net Sales and Operating Income in FY2023 Plan

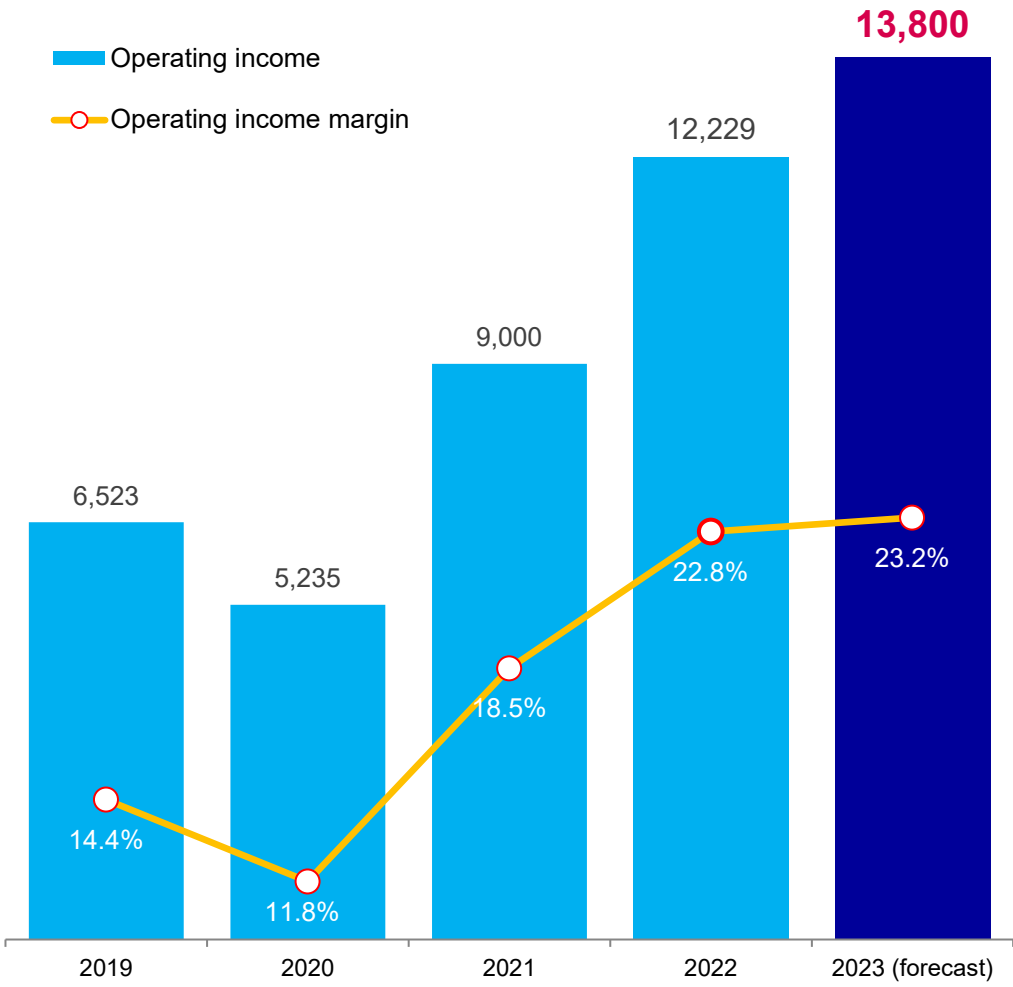


(in millions of yen)

Net sales



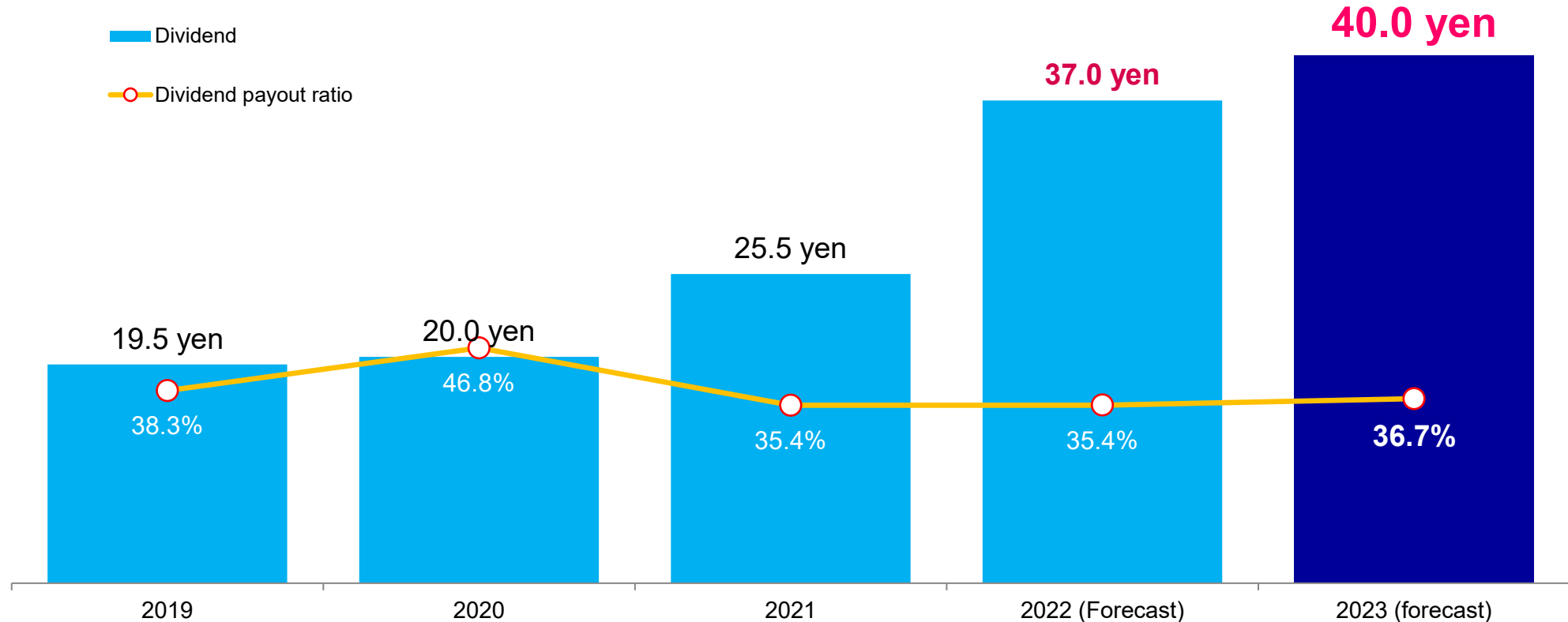
Operating income



(iii) Dividends in FY2023 Plan

✓ The FY2023 annual dividend will be 40 yen per share (interim dividend of 20 yen and year-end dividend of 20 yen, consolidated dividend payout ratio of 36.7%.)

Trends in 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) Earnings (Comparative Analysis)



(in millions of yen)

	FY2022 full-year result	Compared with projection		YoY change	
		Projection as adjusted using revised FY2022 results (Released on July 30)	Change (%)	FY2021 results	Change (%)
Net sales	53,738	55,500	-3.2%	48,698	10.3%
Operating income (Operating income margin)	12,229 (22.8%)	12,000 (21.6%)	1.9%	9,000 (18.5%)	35.9%
Profit attributable to owners of parent (Net income margin)	9,236 (17.2%)	8,500 (15.3%)	8.7%	6,369 (13.1%)	45.0%

Appendix-(ii) Balance Sheets

(in millions of yen)	End of FY2022	End of FY2021	Change (%)	Major changes
Total assets	57,857	54,483	+ 3,374	
Current assets	38,835	32,112	+ 6,723	
Cash and deposits	26,652	20,530	+ 6,122	Increase in profit
Notes and accounts receivable – trade, and contract assets	8,549	7,220	+ 1,329	Contract assets recognized in conjunction with adoption of the Accounting Standard for Revenue Recognition
Securities	1,000	1,900	- 900	Decrease in short-term securities
Other current assets	2,634	2,462	+ 172	
Non-current assets	19,022	22,371	- 3,349	
Property, plant and equipment	1,078	1,155	- 77	
Intangible assets (including goodwill)	4,320	2,148	+ 2,172	Software +1,076, Goodwill +651
Investment securities	12,856	17,697	- 4,841	Decline in share prices of cross-shareholdings
Other non-current assets	768	1,371	- 603	
Total liabilities	13,030	12,682	+ 348	
Accounts payable – trade, Accounts payable – other	2,877	2,404	+ 473	
Income taxes payable	2,280	2,215	+ 65	
Deferred tax liabilities	2,682	4,278	- 1,596	Decrease due to fluctuations in market value of cross-shareholdings
Other liabilities	5,191	3,785	+ 1,406	Contract liabilities recognized in conjunction with adoption of the Accounting Standard for Revenue Recognition
Total net assets	44,827	41,801	+ 3,026	
Shareholders' equity	37,683	31,078	+ 6,605	Increase in retained earnings
Valuation difference on available-for-sale securities	7,123	10,711	- 3,588	Decrease due to fluctuations in market value of cross-shareholdings
Other net assets	21	12	+ 9	
	End of FY2022	End of FY2021	Change	
Return on equity (ROE)	21.3%	15.2%	6.1%	
Return on assets (ROA)	21.7%	17.0%	4.7%	
Shareholders' equity ratio	77.5%	76.7%	0.8%	

Appendix-(iii) Cash Flows

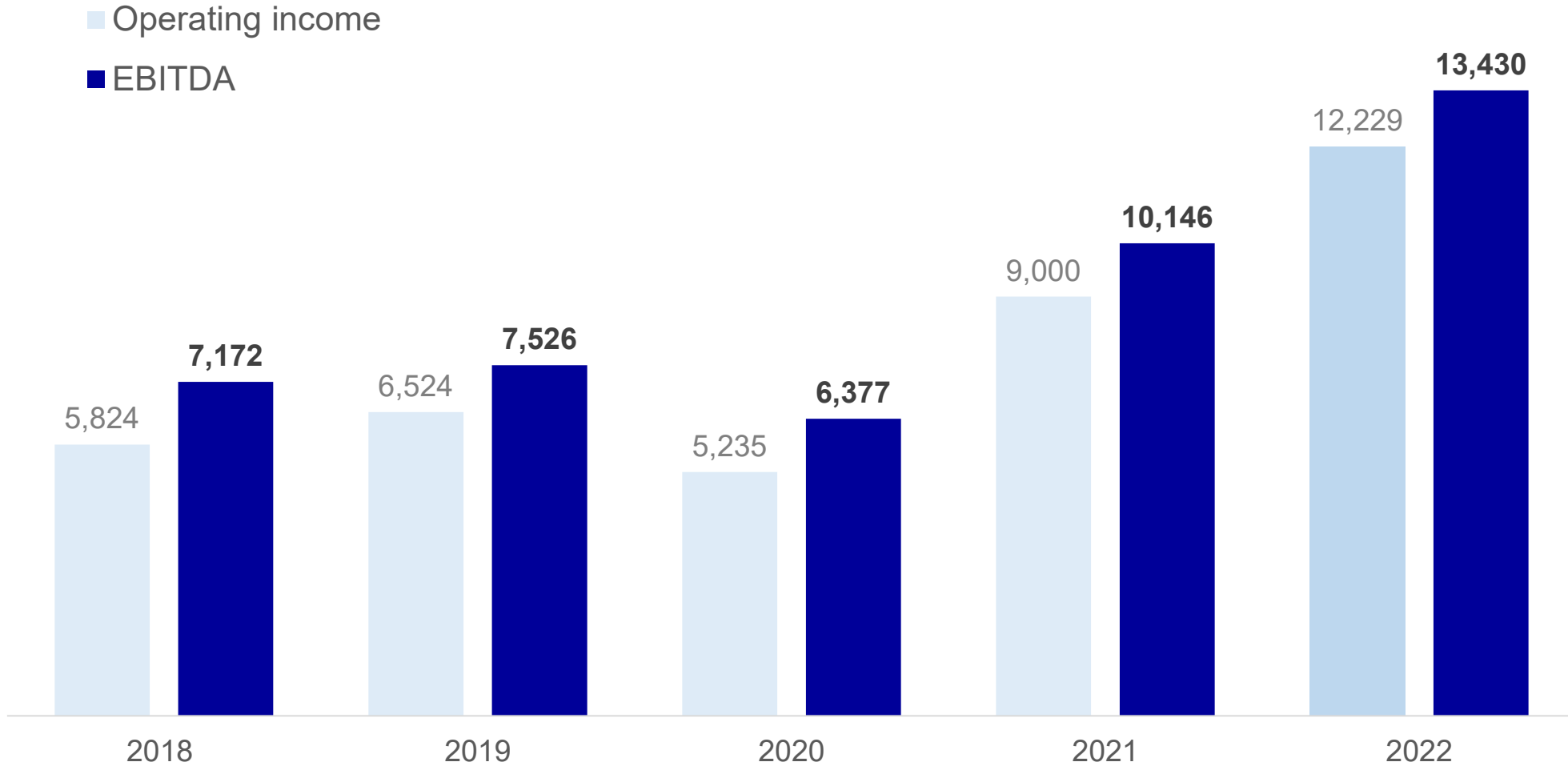
(in millions of yen)	2022	2021	Change (%)	Major changes
Net cash provided by (used in) operating activities	10,174	9,611	+ 563	
Profit before income taxes	13,266	9,185	+ 4,081	Increase in revenue due to an increase in profit before income taxes
Depreciation and amortization of goodwill	1,245	1,146	+ 99	
Non-cash gains and losses other than depreciation	- 1,021	- 298	- 723	
Changes in receivables and payables	300	796	- 496	
Tax payment	- 3,972	- 1,449	- 2,523	Increase in tax payment due to higher profit
Other	356	231	+ 125	
Net cash provided by (used in) investing activities	- 1,009	- 1,689	+ 680	
Purchase of fixed assets (tangible and intangible)	- 1,769	- 1,022	- 747	Investments in next-generation banking system
Purchase of investment securities	- 1,268	- 40	- 1,228	Investments in a healthcare company
Purchase of shares of subsidiary's stock	- 509	0	- 509	Acquisition of Neilo Inc.
Other	2,537	- 627	+ 3,164	Proceeds from sale of holding stocks +1,432, redemption of short-term investment securities +1,800
Net cash provided by (used in) financing activities	- 3,017	- 2,498	- 519	
Dividend payment	- 2,756	- 1,902	- 854	Increase in dividend payment due to dividend increase
Repayments of lease liabilities	- 172	- 142	- 30	
Purchase of additional shares of subsidiary's stock	0	- 450		
Other	- 89	- 4	- 85	
Effect of exchange rate changes on cash and cash equivalents	- 26	- 3	- 23	
Net increase (decrease) in cash and cash equivalents	6,121	5,419	+ 702	
Cash and cash equivalents at the beginning of the period	21,430	16,010	+ 5,420	
Cash and cash equivalents at the end of the period	27,552	21,430	+ 6,122	

Appendix-(iv) Results by segment

(in millions of yen)	2022	2021	YoY change
Net sales	53,738	48,698	10.3%
IT Consulting & Service	45,593	39,258	16.1%
Business Innovation	8,274	9,596	-13.8%
Other	428	286	49.7%
Adjustments	- 558	- 443	-
Operating income	12,229	9,000	35.9%
IT Consulting & Service	12,910	8,925	44.6%
Business Innovation	- 272	413	-
Other	- 72	262	-
Adjustments	- 336	- 600	-

Appendix-(v) Trends in EBITDA for the past five years

(in millions of yen)

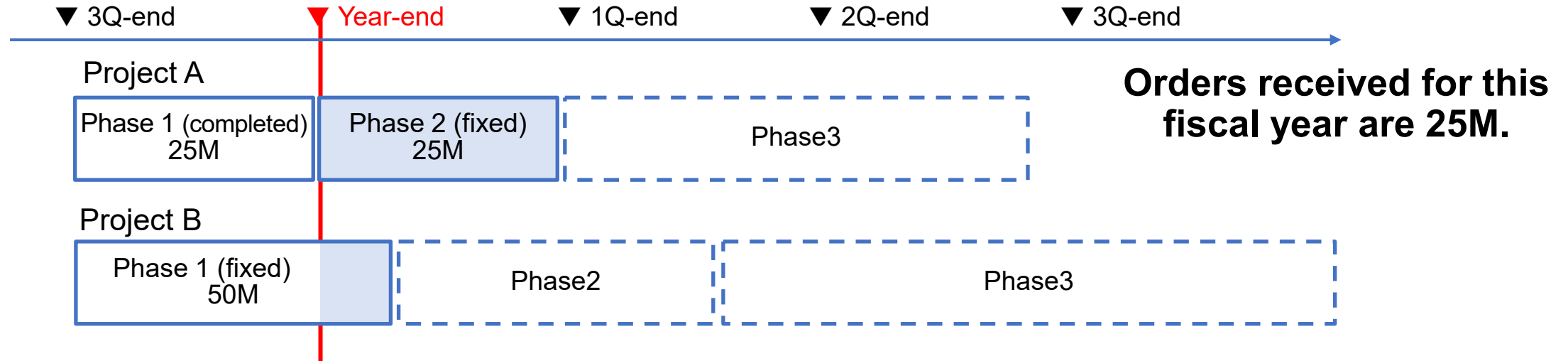


Appendix-(vi)-1 Interpretation of order backlog

(IT Consulting & Service Business)



- (1) For the purpose of risk control of long-term, large-scale projects, only a fixed amount of a project, on which a contract has been signed, is recognized as an order received.



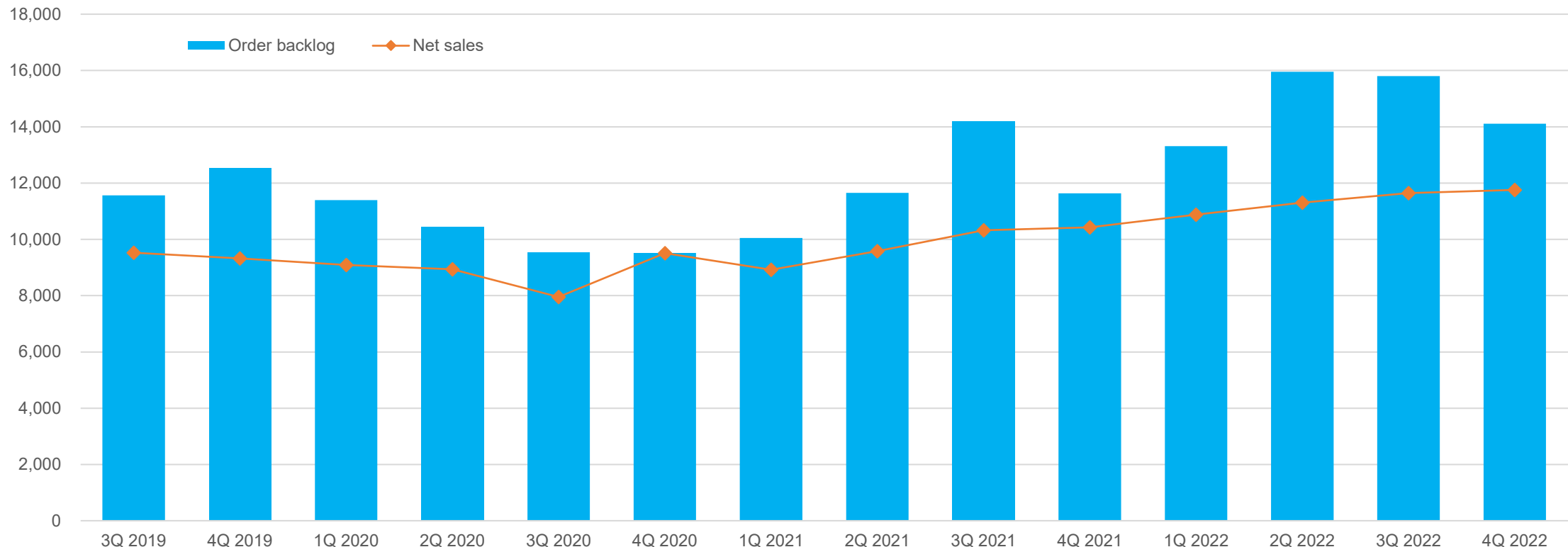
- (2) Out of orders fixed, amounts unrealized in accordance with the percentage of completion method are totaled as the amount of order backlog.

Back orders of the current fiscal year = back orders of the previous fiscal year + orders received in the current fiscal year – revenue (on a percentage of completion method/completed contract method)

Appendix-(vi)-2 Relationship between order backlog and net sales

Trends in Order Backlog and Net Sales (IT Consulting & Service Business) (On a quarterly basis)

(Millions of yen)



- As referred to in Interpretation of Order Backlog on the previous page, the order backlog at year end and future net sales are not necessarily related to each other.
- The Company adopted the Accounting Standard for Revenue Recognition, etc. in presenting orders for which the contract term begins after January 2022.



FUTURE

Consolidated Summary Report of Operating Results, Supplementary Materials, Materials for the Briefing on the Financial Results and other IR materials are also available on the Company's website.

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

Contact: Investor Relations, Future Corporation

Phone: 03-5740-5724

FAX : 03-5740-5820

E-mail : ir@future.co.jp

This material contains forward-looking statements based on currently available information. Such information may change depending on future developments in the Japanese economy and the IT service industry, etc. Therefore, please be advised that the Company does not guarantee or promise its accuracy.

Since the values presented in this material are based on values managed in thousands of yen in the Consolidated Summary Report of Operating Results and other documents and converted to millions of yen, total amounts and valuation differences may differ in some cases. For details of valuations, please refer to the Consolidated Summary Report of Operating Results separately.