

July 27, 2023

To Whom It May Concern

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## Notice on Consolidated Earnings Results for the First Six Months of Fiscal 2023 (Year Ending December 31, 2023)

### 1. Consolidated Earnings Results for the First Six Months of Fiscal 2023 (Year Ending December 31, 2023)

Consolidated results of the Group for the first six months under review (January 1, 2023, to June 30, 2023) were as follows:

Net sales	¥28,344 million (up 9.3% year on year)
Operating income	¥6,324 million (up 1.8% year on year)
Profit attributable to owners of parent	¥4,319 million (down 4.4% year on year)

Looking at the economic environment during the first six months of the fiscal year under review, we saw companies continue to actively harness the power of IT to change their operations, such as promoting digital transformation (DX), implementing business reforms, and developing new digital services, despite global uncertainty, persistent inflation, and the increase of overseas interest rates. Companies are revamping their work styles and overall supply chains following the enforcement of the Work Style Reform Law, and accelerating the use of IT in areas related to ESG and the SDGs. These things boost IT investments in all sectors and fields. In terms of individual lifestyles, the use of IT-driven services, such as shopping at e-commerce sites, enjoying entertainment and sports on video and online, and accessing education and self-development services online, has become common, and various related services are being created.

Working against this backdrop, we won contracts from customers in a wide range of industries and made progress with large-scale projects that would contribute to medium-term growth. As a result, consolidated net sales and operating income for the first six months increased year on year. On the other hand, profit attributable to owners of parent decreased slightly mainly due to the impact of the reversal of deferred tax assets.

Details of the performance (net sales and operating income) of each segment are as follows.

#### (1) IT Consulting & Service Business

Future Architect, Inc. (including the Technology Division of Future Corporation) continued to move ahead with various projects of customers in a wide range of industries. They include designs of platforms for integrated data management of procurement, manufacturing, and quality control in the retail industry, renovations of mission-critical systems in the apparel industry, grand designs for advancing DX of a newspaper company group, and designs/development relating to the revamping of mission-critical systems and IT infrastructures in the food wholesaling and public service industries.

In addition to that, the company made steady progress with the next-generation banking systems to regional financial institutions, a project that would contribute to its medium-term growth, specifically, the loan support system FutureBANK introduction project, as well as with the provision of DX assistance to various companies in the logistics and other industries. On the other hand, higher-than-planned costs arose for quality improvement at the design stage in some large-scale projects. Investments in research and development were also made, resulting in an increase in net sales but a slight decrease in operating income year on year.

Future Inspace, Inc. performed steadily in development for system infrastructure renewal and cloud migration projects from existing customers, in addition to the provision of regular maintenance and operation services. As a result, net sales and operating income increased year on year.

Future One, Inc. worked on boosting orders for the sale of its original InfiniOne software package, the company's key product, through industry-specific sales strategies, mainly in the steel industry. As a result, it enjoyed a year-on-year increase in both net sales and operating income.

YDC Corporation saw continuous steady progress in developing new customers as well as expanding existing customers while developing their demands, particularly in the manufacturing industry. In addition to these traditional SI, it enjoyed an increase in orders led by the strategic planning phase, such as mission-critical system renovation and grand design consultation for the SmartFactory concept. Furthermore, due to an increase in the license sales of YDC SONAR® and other factors, its net sales and operating income increased year on year.

Both net sales and operating income of dit Co., Ltd. declined year on year. This was due to a lower-than-expected increase in orders for cybersecurity-related services, such as vulnerability assessment, incident response, and network security solutions, as well as a lack of product sales orders in large-scale projects. There was also increased recruiting costs.

As a result, net sales of the segment increased to 24,425 million yen (up 10.1% year on year) while operating income slightly fell to 6,590 million yen (down 0.4% year on year).

## **(2) Business Innovation Business**

The net sales and operating income of YOCABITO Co., Ltd. decreased year on year due to stagnant sales in its outdoor business caused by a still fiercely competitive market as well as rising logistics costs, while training gear sales, including private brands, remained strong.

While Tokyo Calendar Inc. saw a robust stream of revenue from its online services, such as magazines, advertising, and Tokyo Calendar Date, its net sales increased but the operating income decreased year on year due to costs relating to the launch of its new service Gourmet Calendar.

While CodeCamp Co., Ltd. saw a decrease in sales from individual customers, it enjoyed an uptick in its corporate training business from orders won before the previous quarter and, with significantly reducing costs, led to an increase in net sales and operating income year on year.

LaiBlitz, Inc. posted an increase in net sales and operating income year on year as a result of starting the rollout of Fast Biz, a packaged membership management and e-commerce service for sports teams, and smartphone app development technologies to other business types, including restaurant and insurance industries.

As a result, the segment saw an increase in net sales and a decrease in operating income year on year, with net sales totaling 3,971 million yen (up 3.2% year on year) and an operating loss standing at 291 million yen (up from an operating loss of 206 million yen for the same period last year).

Operating income under adjustments which post income and expenses of Future Corporation's holding company functions and eliminations of intersegment transactions in the reporting segment, was 66 million yen, an increase of 257 million yen year on year (up from an operating loss of 191 million yen for the same period last year). This was mainly due to the increased technical support fees that Future Corporation received through its IT consulting and services business.

(Note) Segment results mentioned above are before adjustment for intersegmental sales or transfers.

## **2. Future Outlook**

### **(1) Group Strategies**

In the medium to long term, corporations will continue making aggressive investments in information technology as they move toward DX and adapt to changes in the ways people work, such as remote working, as well as address economic and social issues, including ESG factors and the SDGs.

The Group will strive to accurately grasp the needs of companies promoting these management reforms through IT, then leverage Group synergies to provide active and multilateral support in an effort to gain even further support from customers in many and diverse industries.

We will also continue to promote our measures concerning ESG and the SDGs, and support customers' environmental and decarbonization efforts.

Furthermore, by making effective use of intellectual property and conducting flexible strategic investments, including M&A, as the Group, we will evolve our business model and achieve further growth from the next fiscal year onward. In addition, the Group will also invest in developing a business foundation that will contribute to its future growth, such as continuous personnel recruitment and training and R&D.

In terms of personnel recruitment, we will start, for the hiring of new graduates, Value Recruitment based on their experience and skills developed during their student years, applying a new compensation system with an increase in estimated annual salary. In addition, we will conduct various initiatives such as disseminating recruitment information on the Group's unique metaverse platform. Through these efforts, we will continue to attract new talent.

In tandem with this, the Group will strengthen its governance by strengthening internal communication within the Group and further improving the accuracy of its quality management.

Noteworthy events in each business segment are as follows.

### **(2) IT Consulting & Service Business**

Future Architect, Inc. has received orders for grand designs from customers implementing management reforms and mission-critical system renewals from diverse industries conscious of the advancement of DX. The company will ensure the implementation of these projects, while striving to acquire more orders from companies with investment demand, for example by providing customers with DX professional development programs.

It will also strengthen its provision of IT solutions that will contribute to solving long-standing issues facing an entire industry, such as a next-generation banking system for the regional financial sector, GlyphFeeds for the media sector, and FutureApparel for the apparel sector, bolstering its initiatives aimed at medium- to long-term success, such as supporting the realization of digitally sophisticated corporate strategies as a whole.

Furthermore, it will develop a framework that will lead the age to come by working to emphasize the acquisition of excellent talented people, investment in training, quality control, and project management.

Future Inspace, Inc. is looking to further improve development quality and hire/train employees with an eye to steadily increasing revenue, so that the stable development of several large-scale projects, such as system infrastructure renewal and cloud migration projects for existing customers, is ensured.

Future One, Inc. will continue to work on enhancing its product lineup while leveraging the strength of its original InfiniOne software package to boost orders through industry-specific sales strategies. It will aim at higher profits by providing total solutions under an integrated manufacturing and sales system toward the realization of customer-driven services.

YDC Corporation will further focus on proposing SmartFactory solutions to the manufacturing industry and continuously stepping up efforts to propose solutions to new and existing customers by introducing such solutions to pilot customers, seeking to expand its customer contact reform business with a focus on SaaS services. In the logistics area, it will aim to acquire new projects by taking advantage of the Group synergy and further increase profits.

In order to provide companies with a security life cycle that achieves zero trust (a network security strategy based on the idea that there is no implicit trust), dit Co., Ltd. will strengthen its human resources through recruitment activities and internal training, and promote the provision of a log analysis service and crisis management service, with the focus placed on security risk assessment, for still more revenue growth.

### **(3) Business Innovation Business**

YOCABITO Co., Ltd. has been proceeding with the retained stock clearance since the second quarter of the current fiscal year, trying to optimize sales inventories amid the soaring logistics costs. Besides referring customers interdependently among its flagship stores and EC sites, it is expanding wholesale sales channels to retail stores of other companies. Furthermore, to address stagnant domestic demand, the company is promoting the expansion of overseas wholesale sales channels in response to strong inquiries for outdoor private brands from abroad.

Tokyo Calendar Inc. will accelerate the growth of its business by making its restaurant reservation service Gourmet Calendar, which began pre-operation in January 2023, a new revenue pillar, through seamless integration with other services such as monthly magazines, web media, and Tokyo Calendar Date. It also will strengthen digital promotions using its user data utilization platform and aim to increase the profitability of the company's entire services.

CodeCamp Co., Ltd. will enhance its service for companies and local governments in consideration of the market needs, including DX professional development and reskilling. As for services for individuals, since the company has been selected as a promoting company of the "Program to Support Career Advancement through Reskilling" led by the Ministry of Economy, Trade and Industry, it will focus more on reskilling businesses with the aim of increasing orders.

LaiBlitz, Inc. fulfilled its sports event measures using metaverse and AR/VR technologies at the "2023 Paris Saint-Germain Handball Japan Tour." It will provide cutting-edge-based DX solutions and launch marketing services that attract customers and perform fan services to develop a business model that will expand the customer business while increasing its revenue.

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