

3. Projected Consolidated Results for Fiscal 2024 (January 1, 2024 to December 31, 2024)

(Percentage figures indicate year-on-year changes.)

	Net sales		EBITDA		Operating income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full-year	70,200	18.3	17,000	13.2	14,650	6.9	9,900	7.4

	Profit per share
	Yen
Full-year	111.76

(Note) Revisions to the most recently announced earnings forecast: None

* Notes

- (1) Significant changes in the scope of consolidation during the period under review: Yes

Newly included: 3 companies (Revamp Corporation and 2 other companies)

(Note) For more information, see “(4) Notes to interim consolidated financial statements (Changes in significant subsidiaries during the interim period under review)” in “2. Interim Consolidated Financial Statements and Major Notes” on page 10 of the appendix.

- (2) Application of accounting treatment particular to the preparation of interim consolidated financial statements: None

- (3) Changes in accounting policies or estimates and retrospective restatements

(i) Changes in accounting policies in accordance with revisions of accounting standards: None

(ii) Changes in accounting policies other than item 1) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

- (4) Number of outstanding shares (common stock)

(i) Total outstanding shares as of the end of the period (including treasury shares)	2Q Fiscal 2024	95,328,000 shares	Fiscal 2023	95,328,000 shares
(ii) Total treasury shares as of the end of the period	2Q Fiscal 2024	6,700,416 shares	Fiscal 2023	6,744,163 shares
(iii) Average number of outstanding shares during the period under review	2Q Fiscal 2024	88,593,206 shares	2Q Fiscal 2023	88,563,124 shares

* This summary of second quarter (interim period) financial results is outside the scope of interim reviews by a certified public accountant or an audit corporation.

* Points to note about the proper use of projections, and other noteworthy events

Any forward-looking statement, including earnings forecasts, contained in this document is based on information currently held by the Company and assumptions the Company considers to be reasonable, and the Company does not promise to achieve any of them. Actual results may differ significantly from forecasts due to various uncertain factors.

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1. Qualitative Information Regarding Financial Results for the Interim Period under Review

Explanation of Operating Results

Looking at the economic environment during the interim period 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 creating new digital services using generative AI, etc., despite global uncertainty and an economic environment of ongoing inflation, trend of a weaker yen, and anticipation of higher interest rates in Japan. Companies are increasing productivity and efficiency as initiatives to address the enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform and labor shortages, reviewing overall supply chains and accelerating the use of IT related to initiatives on ESG and the SDGs, so lively IT investment continues in all sectors and fields. In terms of individual lifestyles, the use of IT such as in 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, as a result of making steady progress with large-scale projects that will contribute to medium- to long-term growth, including the completion of introducing the next-generation banking system, which will serve as the foundation for future banking services, to the first bank, net sales for the interim period of the current fiscal year totaled 32,954 million yen (up 16.3% year on year), operating income was 6,902 million yen (up 9.5% year on year), and profit attributable to owners of parent came to 4,864 million yen (up 12.6% year on year).

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

(i) IT Consulting & Service Business

Future Architect, Inc. (including the Technology Division of Future Corporation) launched a demonstration test to improve the efficiency of loan support operations by incorporating generative AI into the loan support system Future Bank, installed in 30 regional financial institutions nationwide. It also provided solutions that contribute to solving industry issues using the Company's AI technology, such as realizing labor savings and operational efficiency in inspection works of loading and unloading operations in logistics centers using the Company-developed AI-OCR Future EdgeAI. In addition, it acquired and advanced a wide variety of customer projects, including projects to promote customer DX and improve operational efficiency. With regard to projects using intellectual property that will contribute to the Company's medium- to long-term growth, the first bank to which the next-generation banking system was introduced under the project began stable operations on July 16, 2024, with the second bank continuing to be steady in the development and test phase. In addition, a project to introduce GlyphFeeds, a content management system (CMS) for media, a project to introduce FutureApparel, a core platform system for apparel, and others are making steady progress. As a result, both net sales and operating income increased 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.

At Future One, Inc., although new orders increased due to the deployment of industry-specific sales for the steel industry, etc., in sales of its original InfiniOne software package, the company's key product, due to the impact of large-scale development projects peaking out, both net sales and operating income decreased year on year.

At YDC Corporation, in addition to the traction of building a SmartFactory that realizes the digitalization of factory management by using data through DX consulting, etc., for customers centered on the manufacturing industry, the highlighting of value to customers through the execution of DX projects contributed to higher sales. But due to the impact of increased hiring costs reflecting active investment, including human assets, and a higher software amortization burden, net sales increased but operating income decreased year on year.

At dit Co., Ltd., although sales of security services such as cyber defense exercises and security consulting increased, orders received in product sales decreased, and advertising costs and costs from active investment in hiring grew, resulting in a decline in both net sales and operating income year on year.

Revamp Corporation has been performing steadily, receiving new orders for projects in the healthcare area in addition to existing projects in the management marketing business that support private equity

funds and management practices. Its DX business, which provides consulting for mission-critical system renewals and company-wide structural reform, is generally progressing as planned. The Company has included the earnings of Revamp Corporation from the second quarter of the current consolidated fiscal year.

As a result, the segment saw both net sales and operating income increase to reach 28,436 million yen (up 16.4% year on year) and 6,719 million yen (up 2.0% year on year), respectively.

(ii) Business Innovation Business

YOCABITO Co., Ltd. saw a decrease in net sales year on year under the continuous severe competition in the outdoor and apparel markets. Operating loss, however, decreased due to improved gross margin from the change into an integrated management system covering purchasing to product listing and e-commerce sales, setting of strategic selling prices for each product, and advancement of sales promotion measures.

At Tokyo Calendar, Inc., net sales and operating income increased year on year due to the progress of cost reduction measures, in addition to the continuous steady advertising sales in the media business and revenue from internet services such as Tokyo Calendar Date.

LaiBlitz, Inc., in addition to the smooth transition to the development phase of projects introducing FastBiz, a membership management and e-commerce package for sports teams, to multiple teams, received orders for esports business projects, increasing net sales and operating income year on year.

CURIOSITY Inc. continues to be steady in both sales and profits, mainly against the backdrop of the steady progress in multiple large-scale store designs for overseas luxury brands such as jewelry and watches. The company was newly consolidated from the second quarter of the previous consolidated fiscal year and its results will make a full-year contribution from the current fiscal year.

As a result, the segment saw an increase in both net sales and operating income year on year, with net sales totaling 4,535 million yen (up 14.2% year on year) and operating income of 245 million (up from an operating loss of 310 million yen for the same period last year).

Operating loss under adjustments which post income and expenses of Future Corporation's holding company functions and eliminations of intersegment transactions in the reporting segment, was 34 million yen, a decrease of 100 million yen year on year (an operating income of 66 million yen for the same period last year). This was mainly due to the recognition of the Company's expenses related to the acquisition of Revamp Corporation.

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

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim consolidated balance sheets

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Interim period of the current consolidated fiscal year (June 30, 2024)
Assets		
Current assets		
Cash and deposits	28,015	31,760
Notes and accounts receivable – trade, and contract assets	10,195	11,044
Securities	200	-
Merchandise and finished goods	1,160	1,014
Work in process	31	18
Other	4,637	2,795
Allowance for doubtful accounts	(3)	(1)
Total current assets	44,237	46,630
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,869	1,969
Accumulated depreciation	(1,317)	(1,422)
Buildings and structures, net	552	547
Land	0	0
Other	3,115	2,633
Accumulated depreciation	(2,648)	(2,070)
Other, net	466	562
Total property, plant and equipment	1,020	1,110
Intangible assets		
Goodwill	1,083	11,623
Software	3,370	3,672
Customer-related assets	90	10,520
Technology-related assets	1,135	1,072
Other	4	10
Total intangible assets	5,684	26,899
Investments and other assets		
Investment securities	13,770	12,818
Lease and guarantee deposits	1,205	1,471
Deferred tax assets	0	-
Other	126	133
Allowance for doubtful accounts	(1)	(5)
Total investments and other assets	15,102	14,417
Total non-current assets	21,806	42,427
Total assets	66,043	89,057

(in millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Interim period of the current consolidated fiscal year (June 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	1,096	1,275
Current portion of long-term borrowings	-	2,856
Accounts payable – other	1,604	2,132
Income taxes payable	2,582	2,569
Provision for bonuses	277	430
Provision for quality assurance	103	114
Provision for loss on projects	38	6
Other	5,140	4,815
Total current liabilities	10,842	14,200
Non-current liabilities		
Long-term borrowings	-	16,429
Asset retirement obligations	357	355
Deferred tax liabilities	3,324	5,823
Other	132	114
Total non-current liabilities	3,813	22,722
Total liabilities	14,656	36,922
Net assets		
Shareholders' equity		
Capital	4,000	4,000
Capital surplus	84	146
Retained earnings	41,537	44,630
Treasury shares	(2,201)	(2,186)
Total shareholders' equity	43,421	46,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,938	5,506
Deferred gains or losses on hedges	(2)	5
Foreign currency translation adjustment	30	33
Total accumulated other comprehensive income	7,966	5,545
Total net assets	51,387	52,135
Total liabilities and net assets	66,043	89,057

(2) Interim consolidated statements of income and comprehensive income
(First six-month period)

(in millions of yen)

	Interim period of the previous consolidated fiscal year (From January 1, 2023, to June 30, 2023)	Interim period of the current consolidated fiscal year (from January 1, 2024, to June 30, 2024)
Net sales	28,344	32,954
Cost of sales	14,692	17,052
Gross profit	13,651	15,902
Selling, general and administrative expenses		
Directors' compensations	308	386
Salaries and bonuses	3,124	3,838
Other salaries	154	171
Rents	469	518
Training expenses	385	474
Research and development expenses	680	600
Depreciation	185	496
Recruiting expenses	490	576
Amortization of goodwill	68	275
Other	1,479	1,661
Total selling, general and administrative expenses	7,346	8,999
Operating income	6,305	6,902
Non-operating income		
Dividend income	160	162
Share of profit of entities accounted for using equity method	15	67
Exchange gain	31	101
Gain on sale of investment securities	-	145
Other	9	57
Total non-operating income	216	534
Non-operating expenses		
Interest expenses	0	55
Loss on investments in investment partnerships	13	53
Financial fees	-	220
Other	0	0
Total non-operating expenses	15	329
Ordinary income	6,506	7,107
Extraordinary income		
Gain on sale of investment securities	-	107
Total extraordinary income	-	107
Profit before income taxes	6,506	7,215
Income taxes – current	2,139	2,417
Income taxes – deferred	46	(66)
Total income taxes	2,185	2,350
Profit	4,321	4,864
(Breakdown)		
Profit attributable to owners of parent	4,321	4,864

(in millions of yen)

	Interim period of the previous consolidated fiscal year (From January 1, 2023, to June 30, 2023)	Interim period of the current consolidated fiscal year (from January 1, 2024, to June 30, 2024)
Other comprehensive income		
Valuation difference on available-for-sale securities	922	(2,432)
Deferred gains or losses on hedges	8	7
Foreign currency translation adjustment	9	3
Share of other comprehensive income of entities accounted for using equity method	(0)	-
Total other comprehensive income	940	(2,420)
Comprehensive income	5,261	2,443
(Breakdown)		
Comprehensive income attributable to owners of parent	5,261	2,443

(3) Interim consolidated statements of cash flows

(in millions of yen)

	Interim period of the previous consolidated fiscal year (From January 1, 2023, to June 30, 2023)	Interim period of the current consolidated fiscal year (from January 1, 2024, to June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	6,506	7,215
Depreciation	552	767
Amortization of goodwill	68	275
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	27	152
Increase (decrease) in provision for quality assurance	16	10
Increase (decrease) in provision for loss on projects	(34)	(31)
Interest and dividend income	(161)	(165)
Interest expenses	0	55
Share of (profit) loss of entities accounted for using equity method	(15)	(67)
Loss (gain) on investments in investment partnerships	13	53
Foreign exchange losses (gains)	(56)	(101)
Loss (gain) on sale of investment securities	-	(252)
Financial fees	-	220
Decrease (increase) in notes and accounts receivable – trade and contract assets	(1,000)	82
Decrease (increase) in inventories	58	158
Increase (decrease) in accounts payable – trade	(90)	(99)
Increase (decrease) accounts payable – other	(241)	(480)
Decrease (increase) in other assets	(993)	(127)
Increase (decrease) in other liabilities	207	(1,691)
Subtotal	4,856	5,972
Interest and dividend income received	161	162
Interest expenses paid	(0)	(52)
Income taxes refund (paid)	(3,426)	(14)
Cash flows from operating activities	1,591	6,068
Cash flows from investing activities		
Proceeds from redemption of securities	100	-
Purchase of property, plant and equipment	(57)	(220)
Purchase of intangible assets	(898)	(495)
Payments for asset retirement obligations	-	(1)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,410)	(19,021)
Purchase of investment securities	(2)	(70)
Proceeds from sale of investment securities	-	298
Payments for investments in capital	(140)	(234)
Payments for lease and guarantee deposits	(9)	(129)
Proceeds from collection of lease and guarantee deposits	4	10
Other	1	46
Cash flows from investing activities	(2,412)	(19,817)
Cash flows from financing activities		
Repayments of short-term loans payable	(117)	-
Proceeds from long-term borrowings	-	20,000
Repayments of long-term loans payable	(3)	(714)
Repayments of finance lease obligations	(96)	(102)
Cash dividends paid	(1,771)	(1,771)
Other	-	(220)
Cash flows from financing activities	(1,988)	17,191
Effect of exchange rate changes on cash and cash equivalents	34	103

Net increase (decrease) in cash and cash equivalents	(2,775)	3,544
Cash and cash equivalents at the beginning of the period	27,552	28,215
Cash and cash equivalents at end of period	24,776	31,760

(4) Notes to interim consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Changes in significant subsidiaries during the interim period under review)

During the interim period of the current consolidated fiscal year, the Company acquired all of Revamp Corporation's shares. Therefore, it has included Revamp Corporation and one of its subsidiaries in the scope of consolidation and has made one of its affiliates an equity-method affiliate.

(Notes on any significant change in shareholders' equity)

Not applicable.

(Notes on segment information)

[Segment information]

I Interim period of the previous consolidated fiscal year (from January 1, 2023 to June 30, 2023)

1. Information on the amounts of net sales, and profit or loss by reportable segment

(in millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in interim consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
(1) Sales to outside clients	24,391	3,913	28,304	40	28,344	-	28,344
(2) Intersegment sales or transfer	34	58	93	214	307	(307)	-
Total	24,425	3,971	28,397	254	28,652	(307)	28,344
Segment profit (loss)	6,590	(310)	6,280	(40)	6,239	66	6,305

- (Notes)
1. "Other" is a segment for operations not included in reportable segments. The segment covers an operation business of a handball team, and investment in, holding of, and management of securities.
 2. Adjustments to segment profit (loss) represent the amount of intersegment transactions eliminated, and income and expenses of the holding company excluding the technology segment.
 3. Segment profit (loss) is adjusted with operating income in interim consolidated financial statements.

2. Information on the amounts of impairment losses or goodwill, etc. of non-current assets by reportable segment

(Significant change in the amount of goodwill)

In the Business Innovation Business segment, the Group has acquired CURIOSITY inc., making it a consolidated subsidiary. The increase in goodwill due to this event was 846 million yen during the interim period of the previous consolidated fiscal year. The amount of goodwill concerned reflects a significant revision of the initial allocation of acquisition cost due to the finalization of the provisional accounting treatment for the business combination.

II Interim period of the current consolidated fiscal year (from January 1, 2024 to June 30, 2024)
Information on the amounts of net sales, and profit or loss by reportable segment

(in millions of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in interim consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation Business	Total				
Net sales							
(1) Sales to outside clients	28,396	4,451	32,847	107	32,954	-	32,954
(2) Intersegment sales or transfer	40	84	124	234	359	(359)	-
Total	28,436	4,535	32,972	341	33,314	(359)	32,954
Segment profit (loss)	6,719	245	6,964	(27)	6,936	(34)	6,902

- (Notes)
1. "Other" is a segment for operations not included in reportable segments. The segment covers an operation business of a handball team, and investment in, holding of, and management of securities.
 2. Adjustments to segment profit (loss) represent the amount of intersegment transactions eliminated, and income and expenses of the holding company excluding the technology segment.
 3. Segment profit (loss) is adjusted with operating income in interim consolidated financial statements.

3. Supplementary Information

Orders received

(in millions of yen)

Category	Interim period of the previous consolidated fiscal year (from January 1, 2023, to June 30, 2023)		Interim period of the current consolidated fiscal year (from January 1, 2024, to June 30, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	27,026	16,741	30,455	18,721
Business Innovation Business	2,264	1,377	2,279	1,322
Total	29,290	18,118	32,734	20,044

Category	First quarter of the current consolidated fiscal year (from January 1, 2024, to March 31, 2024)		Second quarter of the current consolidated fiscal year (from April 1, 2024, to June 30, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
IT Consulting & Service Business	14,882	18,522	15,573	18,721
Business Innovation Business	1,343	1,847	935	1,322
Total	16,225	20,369	16,508	20,044