

* Notes

- (1) Changes in significant subsidiaries during the first nine months of the fiscal year under review (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of accounting treatment particular to the preparation of quarterly consolidated financial statements: None
- (3) Change in accounting policies or estimates and retrospective restatements
 - 1) Change in accounting policies in accordance with revision of accounting standards: None
 - 2) Change in accounting policies other than item 1) above: None
 - 3) Change in accounting estimates: None
 - 4) Retrospective restatements: None
- (4) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury shares)	3Q Fiscal 2021	47,664,000 shares	Fiscal 2020	47,664,000 shares
2) Total treasury shares as of the end of the period	3Q Fiscal 2021	3,400,671 shares	Fiscal 2020	3,422,611 shares
3) Average number of outstanding shares during the period under review	3Q Fiscal 2021	44,252,000 shares	3Q Fiscal 2020	44,442,242 shares

* This summary of quarterly financial results is outside the scope of quarterly 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.

Contents

1. Qualitative Information Regarding Financial Results for the Third Quarter under Review	2
(1) Explanations for Operating Results	2
2. Quarterly Consolidated Financial Statements and Major Notes	3
(1) Quarterly consolidated balance sheets	3
(2) Consolidated quarterly statements of income and comprehensive income	5
(First nine months period)	5
(3) Notes to quarterly consolidated financial statements	7
(Notes on premise of a going concern).....	7
(Notes on any significant change in shareholders' equity).....	7
(Segment information, etc.).....	7
3. Supplementary Information.....	8
Orders received	8

1. Qualitative Information Regarding Financial Results for the Third Quarter under Review

(1) Explanations for Operating Results

The Group's consolidated net sales for the first nine months under review were 35,789 million yen, up 10.4% year on year; consolidated operating income was 6,544 million yen, up 66.3% year on year; and consolidated profit for the period attributable to owners of parent was 4,651 million yen, up 64.2% from a year ago.

Looking at the economic environment during the first nine months of the fiscal year under review, we saw companies continuing efforts to change their operations, such as implementing business reforms and developing new digital services. Thanks to the implementation of COVID-19 countermeasures, companies became more aware of challenges in digital transformation (DX), necessitating a revamping of their supply chains and teleworking, while the efforts to adopt information technology and digitalization were accelerated across all industries 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, have spread widely. At the same time, camping and other outdoor leisure activities continued to be popular.

Under those conditions, consolidated net sales for the first nine months under review increased 10.4% year on year. Consolidated operating income grew 66.3% year on year. Consolidated profit attributable to owners of parent rose 64.2% year on year.

Details of the performance of each segment are as follows.

1) IT Consulting & Service Business

Future Architect, Inc. (including the technology division of Future Corporation) received solid orders for DX projects from a wide variety of customers. Net sales increased year on year boosted by the acquisition of a project to introduce a next-generation banking system for regional financial institutions and a project to renovate a core system of the wholesale industry, as well as the steady progress of projects to support customer's AI- and IoT-driven growth from a medium-term perspective. The company also saw a substantial year-on-year increase in operating income as it focused on ensuring quality control and revenue management.

Net sales of Future Inspace, Inc. increased only slightly year on year, while operating income increased due to cost-reduction efforts.

Future One, Inc. reviewed a system integration plan of its original packaged software for sales management and took steps for recovery. As a result, operating income increased, though net sales decreased, on a year-on-year basis.

YDC Corporation endeavored to expand its customer base in the logistics field in cooperation with Future Architect, Inc. However, due to a decrease in original SI projects, net sales slightly decreased and operating income increased only marginally year on year.

Both net sales and operating income of dit Co., Ltd. rose significantly year on year. The company continued to receive favorable orders for vulnerability assessment, computer forensics, incident response, and other cyber security-related services to defend against the growing number of cyberattacks, as well as a steady stream of orders for network construction-related services designed to improve the information and communications technology (ICT) environment.

As a result, net sales of the segment increased to 28,827 million yen (up 10.9% year on year) and operating income grew substantially to 6,229 million yen (up 70.2% year on year).

2) Business Innovation Business

Net sales of eSPORTS Co., Ltd. rose year on year due to strong demand for camping, fishing, and other outdoor activities suited to the new lifestyle. On the other hand, operating income decreased due to aggressive system investment.

CodeCamp Inc. saw net sales jump year on year due to an increase in orders from corporations, but operating income fell as a result of prioritizing recruitment and R&D.

Both net sales and operating income of Tokyo Calendar Inc. rose year on year due to stable revenue from Internet services including Tokyo Calendar Date, growth in magazine and advertisement sales, and ongoing cost controls.

Both net sales and operating income of LaiBlitz, Inc. fell year on year due to a decrease in orders received from existing customers, despite the growth in FastBiz, an operational support service dedicated for sports teams.

As a result, net sales of the segment increased to 7,067 million yen (up 9.1% year on year), while operating income fell to 322 million yen (down 7.7% year on year).

(Notes) Segment results mentioned above are before adjustment for intersegmental sales and transfers.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

	(in thousands of yen)	
	Previous consolidated fiscal year (December 31, 2020)	Third quarter under review (September 30, 2021)
Assets		
Current assets		
Cash and deposits	15,110,388	18,587,515
Notes and accounts receivable – trade	7,884,666	7,102,998
Securities	1,000,006	1,500,580
Merchandise and finished goods	1,075,525	1,354,055
Work in process	15,775	23,345
Other	1,352,733	1,394,409
Allowance for doubtful accounts	(3,000)	(3,000)
Total current assets	26,436,095	29,959,905
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,656,638	1,677,462
Accumulated depreciation	(1,007,547)	(976,948)
Buildings and structures, net	649,091	700,513
Land	855	855
Other	2,794,921	2,922,327
Accumulated depreciation	(2,266,482)	(2,440,152)
Other, net	528,438	482,174
Total property, plant and equipment	1,178,384	1,183,544
Intangible assets		
Goodwill	138,378	108,644
Software	1,591,245	1,748,593
Customer-related assets	416,000	260,000
Other	5,361	4,633
Total intangible assets	2,150,985	2,121,871
Investments and other assets		
Investment securities	18,431,595	20,632,106
Lease and guarantee deposits	1,436,115	1,177,045
Deferred tax assets	18,463	13,281
Other	250,641	264,304
Allowance for doubtful accounts	(78,881)	(76,631)
Total investments and other assets	20,057,933	22,010,106
Total non-current assets	23,387,303	25,315,521
Total assets	49,823,398	55,275,426

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2020)	Third quarter under review (September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	1,028,501	1,408,232
Current portion of long-term loans payable	3,320	-
Accounts payable – other	1,306,849	1,047,943
Income taxes payable	764,400	1,565,437
Provision for bonuses	257,487	972,630
Provision for quality assurance	61,646	41,682
Provision for loss on projects	13,285	67,620
Other	3,041,342	2,537,459
Total current liabilities	6,476,832	7,641,005
Non-current liabilities		
Asset retirement obligations	351,613	350,106
Deferred tax liabilities	4,615,063	4,990,430
Other	151,138	160,568
Total non-current liabilities	5,117,815	5,501,104
Total liabilities	11,594,648	13,142,110
Shareholders' equity		
Shareholders' equity		
Capital stock	4,000,000	4,000,000
Capital surplus	21,333	-
Retained earnings	25,150,606	27,581,388
Treasury shares	(2,235,662)	(2,221,059)
Total shareholders' equity	26,936,278	29,360,328
Total accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,229,849	12,759,157
Deferred gains or losses on hedges	(4,185)	3,153
Foreign currency translation adjustment	13,485	10,676
Total accumulated other comprehensive income	11,239,149	12,772,987
Non-controlling interests	53,323	-
Total net assets	38,228,750	42,133,316
Total liabilities and net assets	49,823,398	55,275,426

(2) Consolidated quarterly statements of income and comprehensive income

(First nine months period)

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2020 to September 30, 2020)	First nine months of the consolidated fiscal year under review (from January 1, 2021 to September 30, 2021)
Net Sales	32,410,144	35,789,770
Cost of sales	19,071,018	19,205,172
Gross profit	13,339,126	16,584,597
Selling, general and administrative expenses		
Directors' compensations	395,411	427,820
Salaries and bonuses	3,638,347	4,181,487
Training expenses	397,494	496,657
Research and development expenses	438,805	436,497
Depreciation	291,457	258,646
Recruiting expenses	340,390	246,675
Other	3,902,235	3,992,045
Total selling, general and administrative expenses	9,404,141	10,039,831
Operating income	3,934,984	6,544,766
Non-operating income		
Interest income	572	1,139
Dividend income	74,855	107,708
Share of profit of entities accounted for using equity method	1,731	14,788
Foreign exchange gains	1,210	867
Other	12,205	24,084
Total non-operating income	90,575	148,587
Non-operating expenses		
Interest expenses	230	88
Total non-operating expenses	230	88
Ordinary income	4,025,329	6,693,265
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	6,376
Gain on sales of investment securities	93,318	974
Total extraordinary income	93,318	7,351
Extraordinary losses		
Loss on valuation of investment securities	-	16,263
Loss on change in equity	683	-
Total extraordinary losses	683	16,263
Profit before income taxes	4,117,964	6,684,353
Total income taxes	1,238,263	2,005,726
Profit	2,879,701	4,678,626
(Breakdown)		
Quarterly profit attributable to owners of parent	2,832,171	4,651,532
Quarterly profit attributable to non-controlling interests	47,529	27,094

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2020 to September 30, 2020)	First nine months of the consolidated fiscal year under review (from January 1, 2021 to September 30, 2021)
Other comprehensive income		
Valuation difference on available-for-sale securities	6,288,685	1,529,308
Deferred gains or losses on hedges	(1,655)	7,339
Foreign currency translation adjustment	243	292
Share of other comprehensive income of entities accounted for using equity method	934	(3,101)
Total other comprehensive income	6,288,207	1,533,838
Quarterly profit	9,167,909	6,212,465
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	9,120,379	6,185,371
Quarterly comprehensive income attributable to non- controlling interests	47,529	27,094

(3) Notes to quarterly consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Notes on any significant change in shareholders' equity)

During the second quarter of the current consolidated fiscal year, the Company acquired additional shares in its consolidated subsidiary, CodeCamp, Inc. As a result, capital surplus became a negative value after it was reduced by 369,582 thousand yen, so the negative value was deducted from retained earnings.

(Segment information, etc.)

[Segment information]

I First nine months of the previous consolidated fiscal year (from January 1, 2020 to September 30, 2020)

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

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in quarterly consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation	Total				
Net Sales							
(1) Sales to outside clients	25,961,616	6,445,183	32,406,800	3,343	32,410,144	-	32,410,144
(2) Intersegment sales or transfer	21,181	32,716	53,898	27,333	81,231	(81,231)	-
Total	25,982,798	6,477,900	32,460,698	30,676	32,491,375	(81,231)	32,410,144
Segment profit (loss)	3,659,649	349,817	4,009,467	(14,028)	3,995,438	(60,454)	3,934,984

(Notes) 1. "Other" is a segment for operations not included in reportable segments. The segment covers investment in, holding of, and management of securities.

- Adjustments for segment profit (loss) represent the amount of intersegment transactions eliminated, and income and expenses of the holding company (excluding its technology division).
- Segment profit (loss) is adjusted with operating income stated in quarterly consolidated financial statements.

II First nine months of the consolidated fiscal year under review (from January 1, 2021 to September 30, 2021)

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

(in thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in quarterly consolidated financial statements (Note 3)
	IT Consulting & Service Business	Business Innovation	Total				
Net Sales							
(1) Sales to outside clients	28,770,420	7,010,349	35,780,769	9,000	35,789,770	-	35,789,770
(2) Intersegment sales or transfer	57,198	56,739	113,937	189,015	302,952	(302,952)	-
Total	28,827,619	7,067,088	35,894,707	198,015	36,092,723	(302,952)	35,789,770
Segment profits	6,229,208	322,757	6,551,966	41,075	6,593,041	(48,275)	6,544,766

(Notes) 1. "Other" is a segment for operations not included in reportable segments. The segment covers investment in, holding of, and management of securities.

- Adjustments for segment profit represent the amount of intersegment transactions eliminated, and income and expenses of the holding company (excluding its technology division).
- Segment profit is adjusted with operating income stated in quarterly consolidated financial statements.

3. Supplementary Information

Orders received

(in thousands of yen)

Category	First nine months of the previous consolidated fiscal year (from January 1, 2020 to September 30, 2020)		First nine months of the consolidated fiscal year under review (from January 1, 2021 to September 30, 2021)	
	Order received	Order backlog	Order received	Order backlog
IT Consulting & Service Business	22,982,443	9,544,549	33,446,884	14,192,969
Business Innovation	1,617,194	364,669	1,620,431	329,558
Total	24,599,637	9,909,218	35,067,316	14,522,528

Category	Second quarter of the consolidated fiscal year under review (from April 1, 2021 to June 30, 2021)		Third quarter of the consolidated fiscal year under review (from July 1, 2021 to September 30, 2021)	
	Order received	Order backlog	Order received	Order backlog
IT Consulting & Service Business	11,167,237	11,654,844	12,834,470	14,192,969
Business Innovation	538,101	453,384	497,930	329,558
Total	11,705,338	12,108,228	13,332,401	14,522,528