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To whom it may concern:

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Notice on Consolidated Earnings Results for the First Six Months of Fiscal 2020

1. Explanation on business performance

The group's consolidated net sales for the first six months came to 22,135 million yen, down 0.4% from a year ago; operating income was 3,239 million yen, down 2.9% year on year; and quarterly profit attributable to owners of parent increased to 2,366 million yen, up 11.1% from a year ago.

In the first half of the fiscal year under review, the business environment remained uncertain, reflecting concerns over an economic downturn caused by the spread of the novel coronavirus, the deteriorating business performance of companies and other factors. However, the impact of this risk on the group's business activities was relatively slight.

During the first six-month period, both the sales and operating income of our IT Consulting & Service Business decreased due mainly to lower sales and earnings of Future Architect, Inc. (including the technology division of Future Corporation) compared to the results of the same period of the previous fiscal year. Meanwhile, in Business Innovation Business, all companies improved their operating income/loss, which resulted in posting operating income as a business segment. As a result of the above, consolidated net sales and operating income declined 0.4% and 2.9%, respectively, from the same period of the previous fiscal year. In addition, quarterly profit attributable to owners of parent increased 11.1% 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) saw an increase in sales from financial institutions that continued to work on improving business efficiency, as well as in orders for core system enhancements and DX promotion projects in consideration of 2025 Digital Cliff. However, net sales declined due to the postponement of the start of new projects. Operating income also declined due to an increase in costs resulting from the addition of incremental staff to some challenging existing projects.

Future Inspace, Inc. posted lower sales and operating income year on year mainly due to a decrease in new development orders although the maintenance and operation service deals for projects set by Future Architect, Inc. were favorable.

Both net sales and operating income of FutureOne, Inc. decreased from the results of a year ago due to a partial delay in delivery in the large-scale SI project, which made it difficult to focus on winning new orders.

YDC Corporation's net sales and operating income both increased from a year earlier mainly due to greater sales of its original software, "YDC SONAR," which integrates and analyzes quality information in the manufacturing industry.

Regarding dit Co., Ltd., both net sales and operating income increased significantly year on year thanks to the strong performance of security services such as vulnerability diagnosis.

As a result, net sales of the segment amounted to 18,030 million yen, down 2.8% from a year earlier, and operating income came to 3,061 million yen, down 7.5% from a year ago.

(2) Business Innovation Business

Regarding eSPORTS Co., Ltd., both net sales and operating income increased from the same period of the previous fiscal year, due to factors such as growth of private brand products resulting from increased demand for staying home and indoor training associated with the spread of the novel coronavirus, the recognition of outdoor product brands, and the effect of campaigns at mall stores.

CodeCamp, Inc. saw a significant increase in both sales and operating income compared with the results of a year earlier. This was due to an increase in the number of individuals taking online courses during the period when people were asked to refrain from going out due to the spread of the novel coronavirus as well as a move by companies that are reviewing working styles to switch from group training to online courses.

Regarding Tokyo Calendar Inc., net sales increased from a year earlier as its online services, such as "Tokyo Calendar Date," performed well and covered the decrease in advertising revenues caused by the spread of the novel coronavirus. As a result, the firm posted operating income in contrast to the operating loss recorded in the same period of the previous fiscal year.

LaiBlitz, Inc.'s net sales and operating income both increased from a year earlier as a result of steady progress in consulting services and cloud services for several professional baseball teams.

As a result, Business Innovation Business managed to be in the black as a segment, with net sales rising 11.4% year on year to 4,139 million yen and operating income coming to 209 million yen (in contrast to an operating loss of 89 million yen in the same period of the previous fiscal year).

(Note) Segment result figures mentioned above are before adjustment for intersegmental sales and transfers.

2. Future Outlook

(1) Future Group

It is expected that uncertain economic conditions, which are susceptible to the novel coronavirus situation, will continue in the third quarter and beyond. Under such circumstances, the Future Group will respond to the changes in the business environment of our customers in consideration of the experience with the infectious disease. Specifically, we will actively support the initiatives toward further increasing the sophistication of businesses, including the promotion of business reforms and digital transformation and responses to remote activities. During the course of extending our support, we will actively utilize knowledge gained through the Group's own efforts to further promote digitalization amid the spread of the infectious disease.

The Company itself is also taking active steps to respond to the drastically changing environment brought about by the novel coronavirus. In other words, we will make effective use of cash reserves for investment in education and human resources that will form our future foundation, R&D investment, strategic investment to promote digitalization, and alliances, among others. At the same time, we will thoroughly implement our structural reforms, including the ideal form of communication, mutual cooperation, review of business processes, and quality control in the Future Group.

(2) IT Consulting & Service Business

At Future Architect, Inc., we will seek to acquire new projects, regardless of the industry, in order to capture the demand for investment in enhancing core systems in consideration of 2025 Digital Cliff, pursuing business reforms in response to new lifestyles, and handling the growing momentum toward DX promotion. Simultaneously, we will continue to successively deploy FutureBANK, a system designed to improve the efficiency of loan operations, to financial institutions that are keen on pursuing operational reforms.

In addition, we will leverage our strength in architectural design to reinforce our efforts in projects to comprehensively design the digitalization of the entire industry and corporate activities by utilizing AI, IoT, etc., and will bring about innovation for customers and the entire industry without limiting cutting-edge technologies to a single project.

To this end, we quickly shifted to an online recruitment process for securing necessary human resources and are smoothly carrying out the process. We are also promoting the recruitment and education of human resources more actively than ever before by introducing corporate information via our owned media, working to improve the rate of acceptance of job offers and taking other steps.

YDC Corporation will make use of its IT consulting business platform, including YDC SONAR, to widen the coverage of its consulting services to include quality control systems and development design that apply AI and other technologies and to encompass all aspects of business reform. In addition, we will expand our online marketing and reach out to customers outside of the manufacturing business through cross-selling within the Group.

FutureOne, Inc. has been taking advantage of the Group's network to provide original packaged software

for larger projects than before. We will work to strengthen our system to ensure the successful completion of these large-scale project orders that we have already received while expanding our business to meet new needs, such as the increasing demand for teleworking in the SME market.

(3) Business Innovation Business

eSPORTS Co., Ltd., is achieving sales increase and promoting growth in line with changes in the market environment by implementing agile inventory management and shipment even under the impact of people voluntarily refraining from going out due to the spread of the novel coronavirus, in addition to developing private brand products and further promoting the brand as it has conventionally done. At the same time, eSPORTS will strive to achieve further growth by continuing to strengthen its in-house structure, such as controlling sales promotion and distribution costs by improving its own EC site, which is an effort that has been underway since last year, managing unit sales prices by item and improving back-office efficiency through utilizing the Group's system.

CodeCamp, Inc. not only received a larger number of orders from individuals for online courses amid the novel coronavirus pandemic but also incorporated the "virtual shareholders meeting support" service provided at the general meeting of shareholders of the Company in June into its lineup of services offered and launched a training service related to the online application of corporate activities. In this way, we will strengthen our ability to provide services in response to the changes in corporate needs such as DX and work style reforms.

Tokyo Calendar Inc. will utilize its brand power and its ability to attract customers through its marketing platform to monetize Internet services with a view to creating a business model that does not rely on advertising revenue. At the same time, Tokyo Calendar will aim to develop mechanisms for providing content and events that match the lifestyles and preferences of its users by utilizing the IT technologies of the Future Group.

LaiBlitz, Inc. has contributed to the strengthening of professional baseball teams by providing a system for real-time data management using digital tools. Going forward, LaiBlitz will also provide this system to amateur baseball as well as extend it to other sports, thereby offering digital tools to the sports market more widely and contributing to the enhancement of the value of sports through IT.

- Any questions relating to the above press release should be directed to:
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