

# Summary of Business Results for the Fiscal Year Ended June 2022

## [Japan GAAP] (Consolidated)

August 10, 2022

Company **Digital Information Technologies Corporation** Listed on the TSE  
 Stock Code 3916 URL: <http://www.ditgroup.jp/>  
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Expected date of annual shareholders' meeting: September 28, 2022 Expected starting date of dividend payment: September 29, 2022  
 Expected date of filing of annual securities report: September 29, 2022  
 Preparation of supplementary financial document: Yes  
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

### 1. Consolidated business results for the fiscal year ended June 2022 (July 1, 2021 through June 30, 2022)

#### (1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Jun. 2022	16,156	11.9	2,004	16.4	2,004	15.8	1,439	20.3
Year ended Jun. 2021	14,444	7.0	1,722	27.3	1,730	27.4	1,196	22.3

(Note) Comprehensive income:

Year ended June 2022: 1,459 million yen (22.7%)

Year ended June 2021: 1,189 million yen (20.2%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Jun. 2022	94.38	-	28.6	28.5	12.4
Year ended Jun. 2021	78.47	-	29.2	29.4	11.9

(Note) Diluted net income per share is not presented because there are no dilutive shares.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 2022	7,681	5,552	72.3	364.12
As of Jun. 2021	6,388	4,526	70.9	296.87

(Reference) Shareholders' equity:

As of June 2022: 5,552 million yen

As of June 2021: 4,526 million yen

#### (3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Jun. 2022	958	-14	-456	3,835
Year ended Jun. 2021	1,260	5	-334	3,326

## 2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Jun. 2021	-	10.00	-	14.00	24.00	368	30.8	8.9
Year ended Jun. 2022	-	15.00	-	25.00	40.00	614	42.7	12.1
Year ending Jun. 2023 (forecast)	-	18.00	-	18.00	36.00		35.4	

(Note) Breakdown of the year-end dividends for FY6/22

Ordinary Dividend: 17.00 yen, Commemorative Dividend: 8.00 yen

### 3. Forecast of consolidated business results for the fiscal year ending June 2023

(July 1, 2022 through June 30, 2023)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Jun. 2023	18,000	11.4	2,250	12.2	2,250	12.3	1,561	8.5	102.37

#### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in rules, procedures and indication methods of accounting procedures

- ① Changes in accounting policies associated with revision of accounting standards: : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of June 2022 15,501,820 shares

As of June 2021 15,501,820 shares

② Treasury stock at the end of period:

As of June 2022 253,551 shares

As of June 2021 253,489 shares

③ Average number of stock during period (cumulative period)

Year ended June 2022 15,248,294 shares

Year ended June 2021 15,248,356 shares

(Note) The number of treasury stock to be deducted from the calculation of the number of treasury stock at the end of the period and the number of treasury stock during the period includes the Company's shares held by Asset Management Services Trust Bank, Ltd. (Trust E-Account) as trust assets under the Employees' Benefit Trust (J-ESOP) Plan.

#### (Reference) Summary of non-consolidated business results

##### 1. Non-consolidated business results for the fiscal year ended June 2022

(July 1, 2021 through June 30, 2022)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Jun. 2022	15,399	11.7	1,952	18.1	1,951	17.7	1,407	22.9
Year ended Jun. 2021	13,781	8.2	1,653	29.7	1,658	29.8	1,145	25.1

	Net income per share
	Yen
Year ended Jun. 2022	92.32
Year ended Jun. 2021	75.12

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 2022	7,059	5,117	72.5	335.62
As of Jun. 2021	5,912	4,145	70.1	271.88

(Reference) Shareholders' equity:

As of June 2022: 5,117 million yen

As of June 2021: 4,145 million yen

**\*Financial summary is not subject to auditing procedures by certified public accountants or auditing firms.**

**\*Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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## 1. Overview of Business Results

### (1) Business Results for the Subject Period

During the fiscal year under review (July 1, 2021 to June 30, 2022), the business environment in Japan was uncertain due to rising resource prices and the yen's depreciation, although the impact of COVID-19 was stabilizing due to the increasing rate of vaccinations. Overseas, there were signs of inflation partly due to the Russia's invasion of Ukraine and the disruption of the supply chain, making both domestic and overseas more uncertain.

In the information service industry to which we belong, the degree of impact varies depending on the business portfolio, such as the composition of customers, but corporate investment in software continues to be firm. According to the Bank of Japan Tankan survey announced on July 1, 2022, the software investment plan (total for all industries and enterprises of all sizes) for fiscal 2022 continued to show a significant expansion trend with a 15.5% year-on-year increase.

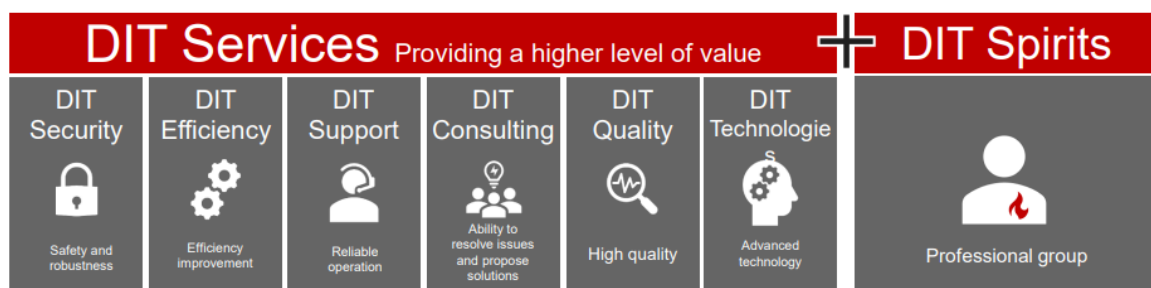
For our group as well, the progress in fields such as Artificial Intelligence (AI), Internet of Things (IoT), and Robotic Process Automation (RPA, the automation and efficiency enhancement of tasks using software robots) have led to increased opportunities to enter new businesses and the expansion of business scope.

Under the COVID-19 crisis, the need for strengthening measures for cyber security and improving the efficiency of working styles further increased, and this provided a tailwind for our group, which has effective solutions for these issues.

Under such conditions, the DIT Group formulated the following five business strategies, and continues to take proactive measures to achieve them.

- Renovation (Expand and stabilize business foundation through reform of existing businesses)
- Innovation (Create new value centered on in-house products)
- Shift from competition to collaboration (Expand business through cooperative efforts)
- Shift from development to services (Expand business from service-oriented perspective)
- Secure and develop human assets (Hire and train personnel)

In addition, on August 20, 2021, we announced the new medium-term management plan and the DIT Group's vision for 2030. In the 2030 Vision, we have set the DIT's future vision (DIT Services: providing a higher level of value, DIT Spirits: a group of professionals) to build a "Trusted and Chosen DIT Brand, and also set the following management targets as the "Challenge 500(\*)".



#### Management Targets

	Medium-term management targets by FY6/30	
	Organic growth	+ New businesses, M&A, etc.
Net sales	30 billion yen or more	50 billion yen
Operating Income	4 billion yen or more	5 billion yen

(\*) Challenge 500

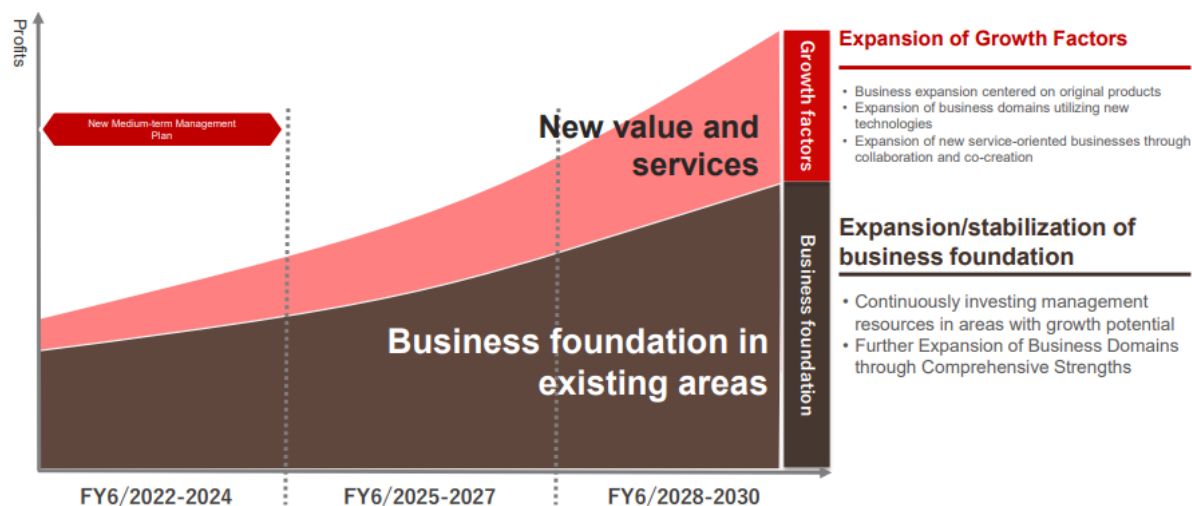
Targeting 50 billion yen sales toward FY6/30!

As a step toward achieving this 2030 Vision, we set the period from FY6/22 to FY6/24 as the period for "promoting business structural improvement" to build up business capabilities by promoting the creation of a company and structure that will enable the next growth. We also set the period from FY6/25 to FY6/27 as the period for "achieving a growth trajectory" to establish a business style and put the overall business on a growth track, and the period from FY6/28 to FY6/30 as the period for "establishing the DIT brand", that is trusted and chosen by all stakeholders.



During FY6/22, the first year of the current medium-term management plan, DIT has promoted our business with focusing on the two axes: "expand and stabilize the business foundation" and "expand growth factors." With regard to "expand and stabilize the business foundation," the overall business showed strong growth as we allocated resources appropriately to high-demand markets in both the Business Solutions business and the Embedded Solutions business, which offset the slump in the System Sales business. In terms of "expand growth factors", DIT achieved steady growth as a result of ongoing efforts to enhance product appeal and strengthen sales of WebARGUS<sup>1</sup>, an original product built on proprietary technology, and xoBlos<sup>2</sup>, an innovation platform for Microsoft Excel users.

### Medium-to Long-term Growth Model



As a result, net sales in the subject fiscal year amounted to 16,156,871 thousand yen (up 11.9% year on year), with operating income of 2,004,606 thousand yen (up 16.4%), ordinary income of 2,004,172 thousand yen (up 15.8%), and net income attributable to owners of parent of 1,439,097 thousand yen (up 20.3%).

(\*1) WebARGUS is a new type of website security solution that detects the tampering of websites as it occurs, and immediately restores the site to its original state. Instant detection and restoration protect corporate and other websites from malicious, unknown cyber-attacks, while at the same time prevents the escalation of the damage, such as viruses spreading via the tampered website.

(\*2) xoBlos is an innovation platform for Excel to automate inefficient Excel-based tasks, allowing for dramatic improvements in efficiency in a short period. (Excel® is a registered trademark in the U.S. and other countries by the U.S. Microsoft Corporation)

Results by segment are as follows.

Of note, figures for sales by segment and segment income (operating income) are prior to offsets for intracompany transactions.

#### ① Software Development Business

In the Business Solutions Unit (business system development and operation support), sales and profits grew steadily even under the COVID-19 crisis thanks to the success of the business portfolio review that we have been promoting.

Operation support services have grown remarkably over the past few years, but in the current fiscal year, our core business system development services grew significantly.

In business system development, sales from the mainstay financial services sector remained almost flat due to job rotation by division, mainly for long-term workers. Meanwhile, sales from the pharmaceutical sector grew significantly, while the acquisition of telecommunications, manufacturing, and ERP-related projects progressed more than expected. As a result, sales and profits grew significantly.

In operation support, sales and profits both increased year-on-year as we steadily responded to needs for cloud infrastructure building and other services, despite some impacts from business reforms at our mainstay customers.

In the Embedded Solutions Unit (embedded systems development and embedded systems verification), sales and profits grew steadily even under the COVID-19 crisis. This was attributable to the fact that semiconductor-related sales grew significantly and verification operations further expanded.

In embedded systems development, IoT-related sales, including those related to mobile devices and consumer electronics, remained at the same level as the previous year, but automobile-related sales, including mainstay semiconductors, started to show growth. As a result, both sales and profits were significantly higher than the previous year.

In embedded system verification, sales and profits both increased significantly year-on-year as sales of automotive-related verification services grew significantly, while sales of 5G-related services (mobile devices and base stations) grew, and medical-related services also grew significantly.

In both the Business Solutions and Embedded Solutions units, the majority of work continued to be done via remote work, but we were able to keep this to a level that did not have a significant impact on our business.

In the Original Product Unit, we were able to exceed the previous year results despite the remaining restrictions on business negotiations due to COVID-19.

In the cyber security business, we posted solid growth in both sales and profits due to the accumulation of licensing sales of WebARGUS. We worked to expand sales of total security services (DIT Security) with WebARGUS as its core through increasing the lineup of these products and collaboration with an external cyber security specialist (F-Secure Corporation and SSH Communications Security).

In the business efficiency improvement business, while it was difficult to acquire new customers due to COVID-19, we were able to increase both sales and profits by promoting the horizontal development to other departments of existing customers. In addition, we worked to strengthen product appeal by expanding linkage functions with various systems, such as RPA and ERP to expand sales.

There has been a gradual increase in inquiries for DD-CONNECT, an electronic contract outsourcing service that responds to the new normal society caused by the COVID-19 disaster, and we received orders from major companies, etc.

On September 15, 2021, we launched “shield cms”, a website creation platform that combines safety and flexibility in preparation, as our original product.

The lineup of our original products is gradually increasing, and we will continue to work to expand sales.

As a result, net sales in the Software Development Business amounted to 15,568,767 thousand yen (up 12.5% year on year), with segment income (operating income) of 1,929,896 thousand yen (up 15.6%).

#### ② System Sales Business

Since the "Rakuichi", an operations and management support system for small and medium-sized enterprises manufactured by Casio Computer Co., Ltd., is mainly sold by face-to-face, so it was affected by the COVID-19 crisis. In addition, some personnel were transferred to the Original Product Unit (sale of xoBlos). As a result, both sales and segment income declined year-on-year.

As a result, net sales in the System Sales segment amounted to 615,536 thousand yen (down 3.2% year on year), with segment income (operating income) of 50,615 thousand yen (down 4.0%).

## (2) Financial Position for the Subject Period

The overview of assets, liabilities, and net assets in the subject fiscal year is as follows.

### ① Current Assets

Net assets amounted to 6,917,259 thousand yen, an increase of 1,253,063 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 510,245 thousand yen in cash and deposits and 444,775 thousand yen in notes and accounts receivable-trade, and a decrease of 41,545 thousand yen in work in process.

### ② Noncurrent Assets

Net assets amounted to 764,073 thousand yen, an increase of 39,736 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 198,881 thousand yen in goodwill and decreases of 4,012 thousand yen in software and 215,680 thousand yen in insurance reserves.

### ③ Current Liabilities

Net assets amounted to 1,960,410 thousand yen, an increase of 209,760 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 105,116 thousand yen in accounts payable-trade, 59,694 thousand yen in accounts payable-other, and 221,937 thousand yen in contract liabilities, and decreases of 14,548 thousand yen in income taxes payable and 31,422 thousand yen in accrued consumption taxes.

### ④ Noncurrent Liabilities

Net assets amounted to 168,791 thousand yen, an increase of 57,627 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 37,160 thousand yen in provision for stock benefits.

### ⑤ Net Assets

Net assets amounted to 5,552,130 thousand yen, an increase of 1,025 thousand yen compared to the end of the previous fiscal year. This was due mainly to an increase of 1,005,299 thousand yen in retained earnings, and a decrease of 1,778 thousand yen in valuation difference on available-for-sale securities.

## (3) Cash Flows for the Subject Period

Cash and cash equivalents at the end of the fiscal year increased 509,174 thousand yen from the end of the previous fiscal year to 3,835,875 thousand yen.

The factors contributing the changes in cash flows during the subject fiscal year are as follows.

### ① Cash Flows from Operating Activities

Net cash provided by operating activities was 958,382 thousand yen (1,260,768 thousand yen was provided in the previous fiscal year). This was mainly due to the recording of income before income taxes and minority interests of 2,004,172 thousand yen, expenditures for increase in trade receivables and contract assets of 694,265 thousand yen, proceeds from decrease in trade payables of 96,518 thousand yen, proceeds from increase in accounts payable and accrued expenses 31,303 thousand yen, and expenditures for income taxes paid 596,562 thousand yen.

### ② Cash Flows from Investing Activities

Net cash used in investing activities was 14,436 thousand yen (5,465 thousand yen was provided in the previous fiscal year). This was mainly due to payments for purchase of investment securities of 25,734 thousand yen, proceeds from cancellation of insurance reserves of 220,053 thousand yen, and payments for purchase of shares of subsidiaries resulting in change in scope of consolidation of 195,766 thousand yen.

### ③ Cash Flows from Financing Activities

Net cash used in financing activities was 456,684 thousand yen (compared with 334,995 thousand yen used in the previous fiscal year), mainly due to cash dividends paid of 445,901 thousand yen and repayment of lease obligations of 10,680 thousand yen.



#### (4) Future Outlook

With regard to the Japanese economy as a whole, the Cabinet Office in July 2022 indicated about the future outlook that “the economy is expected to pick up, due in part to the effects of various policies, amid the progress in the normalization of economic and social activities by taking all possible measures to combat infections. However, due attention should be paid to downside risks due to fluctuations in financial markets, rises in raw material prices, and supply-side constraints amid the ongoing monetary tightening worldwide. “

In the information services industry to which we belong, developments in new fields such as AI, IoT, and RPA have spread DX movements, and this trend is expected to continue in the future. In July 2022, there were signs of the seventh wave of COVID-19, but in a new normal society under the COVID-19 crisis, the importance of digitization is becoming increasingly important, and steady IT investment is expected to continue.

Outside the country, on the other hand, the impact of Russia's invasion of Ukraine and global inflation, which have also had a major impact on the global economy, is expected to be prolonged. While closely monitoring the impact of COVID-19 and the global economic slowdown, we will take a cautious approach to minimize the impact on our business, and will make better use of our ability to respond to change, which is one of our strengths, precisely because the future remains uncertain.

Under such circumstances, in the fiscal year ending June 2022, as the second year of the New Medium-Term Management Plan, we will aim for further growth with new goals and strategies while continuing our business promotion based on the two axes of "stabilize business foundation" and "strengthen growth factors," which have supported growth so far.

Business plans by segment are as follows.

##### ① Software Development Business

To “stabilize business foundation,” the Company will further expand and stabilize the foundation with leveraging the strengths of responding to changes.

In the Business Solutions Unit, we will aim to improve quality and productivity and expand contracting projects by standardizing development process and developing and utilizing intellectual property. In addition, we will reduce opportunity losses through a partnership with simplism inc., which became a wholly owned subsidiary through a share transfer agreement on June 30, 2022, and build a system to capture demand regardless of industry. In addition to cultivating existing customers, we will also develop new customers. Furthermore, we will contribute to resolving the issues of many Japanese companies described on the 2025 Digital Cliff (legacy system upgrades, progress in DX, SAP upgrades, etc.).

In the Embedded Solutions Unit, we will aim to increase its shares of transactions with automobile manufacturers, Tier1 providers, semiconductor manufacturers and other existing royal customers. In embedded development, we will also focus on acquiring projects in the automotive mass production field. In embedded verification, we will complete standardization methods to improve quality and expand our business. Furthermore, we will create new solutions and develop new customers in the IoT-related domain, which is our specialty.

To "strengthen growth factors," the Company aims to expand the business, strengthen profitability, and even establish the DIT Security brand by providing total security services centered on the DIT Security brand in the Cybersecurity Business. In addition, we will develop our own product against ransomware, which has become a social problem, and aim to begin offering it within the year.

In addition, in the operational efficiency business, we will increase the number of companies introducing xoBlos, our mainstay product, mainly at major companies, with the aim of expanding subscription licensing fees.

In the electronic contract services business, we will build a system to secure multiple large-scale projects, while also aiming to grow the stock portion of subscription license fees.

In addition to the electronic contract outsourcing services already provided, we will aim to provide new DX-related services, such as AI, RPA, and BPM, as services that are compatible with the new normal society.

##### ② System Sales Business

Regarding system sales of the Company's mainstay Rakuichi, the Group will strengthen proposals for the "Qualified Invoice System (invoice system)" to be introduced from October 1, 2023 and the "Electronic Data Transaction Data Custody Based on the Revision of the Electronic Book Retention Act," which will be mandatory from January 2024. In addition, we will make effective use of the "IT Introduction Subsidy," which is a measure to support the introduction of IT tools for SMEs from the government, and promote business so that it can contribute to the medium-term DX promotion of SMEs.

As a result, for the next fiscal year (FY6/23), DIT is forecasting net sales of 18,000 million yen (up 11.4% year on year), with operating income of 2,250 million yen (up 12.2%), ordinary income of 2,250 million yen (up 12.3%), and net income attributable to owners of parent of 1,561 million yen (up 8.5%).

(5) Basic Policy on Profit Distribution and Dividends for the Subject and Next Periods

DIT considers returns to shareholders to be an important management issue, and believes in the importance of a stable and continuous dividend. Regarding the payout ratio, on the premise of revising the ratio while giving due consideration of the balance with internal reserves to support business expansion, the Company's policy is to maintain above 35%.

As disclosed in the "Notice of Revisions to Business Forecasts and Dividend Forecasts" (May 13, 2022), the year-end dividend from retained earnings is set at 17 yen per share. In addition, as disclosed in the "Notice of Revisions to Dividend Forecasts (Commemorative Dividend for the Company's 40th Anniversary)" (May 27, 2022), the Company plans to pay a commemorative dividend of 8 yen per share for the 40th anniversary of the Company's foundation, for a total dividend of 25 yen. Along with this, we plan to pay a total of 40 yen, including an interim dividend of 15 yen.

For the next fiscal year, in accordance with the above basic policy, the Company plans to pay 36 yen per share, comprising an interim dividend of 18 yen, and a year-end dividend of 18 yen.

## 2. Overview of the Corporate Group

The DIT Group is an independent information services company, comprising the Company and four consolidated subsidiaries. Its main businesses are software development and system sales.

### (1) Software Development Business

#### ① Business Solutions Unit

##### (a) Business system development

This business focuses on custom development for end-users and information system subsidiaries in a wide range of fields, including finance, medical/pharmaceutical, communications, logistics, transportation, manufacturing, and public works. It also provides custom development on a contract basis for major system integration (SI) vendors. Specifically, this business utilizes the technologies it has accumulated in various sectors for websites and key systems, front and back office operations, new system development and maintenance, building trusting relationships with leading companies in various business sectors in order to secure stable orders.

##### (b) Operation support

This business provides operational support for clients' business systems, including support desks to handle inquiries from internal users at the client company, as well as the building and maintenance of infrastructure (servers, networks, etc.). Because this is an ongoing business alongside the business domains of major clients, it generates stable earnings.

#### ② Embedded Solutions Unit

##### (a) Embedded system development

This business develops software for in-vehicle devices, mobile devices, information home appliances, and communication equipment. For in-vehicle devices, mobile devices and information home appliances, the business develops custom software for the overall system, including firmware, device controls, and applications. In particular, among automotive-related CASE\* we are focusing on Connected, as communication function, and Autonomous, as autonomous driving, that are expected to grow in the future. We are also focusing on providing new services for consumer electronics equipment through IoT.

(\*) CASE: Keys to demonstrate future trends in the automotive industry

C (Connected), A (Autonomous), S (Shared & Services), E (Electric)

##### (b) Embedded system verification

This business provides verification of product quality and functionality on a contract basis, and through its verification service, makes suggestions on improving functionality and products.

The business offers a range of verification services, including laboratory tests using specialized equipment to verify product operation and function, field tests to verify products in the actual usage environments in Japan and internationally (North America, Asia, Europe, etc.), and comprehensive system tests conducted from a third-party perspective as the final quality verification.

Field tests conducted outside Japan are consigned as necessary to the Company's subsidiary DIT America, LLC, ensuring prompt service and verification of product usability from the perspective of local staff. Applicable products include in-vehicle devices, medical devices, communication equipment, and mobile devices.

#### ③ Original Products Unit

##### (a) Cybersecurity products

The main products in this business are WebARGUS, a solution to instantly detect tampering on a website and restore it to its original state, and APMG (Anti Phishing Mail Gateway), a solution to counter phishing emails. In addition, we provide total security services under the brand name of DIT Security through collaboration with external cyber security companies.

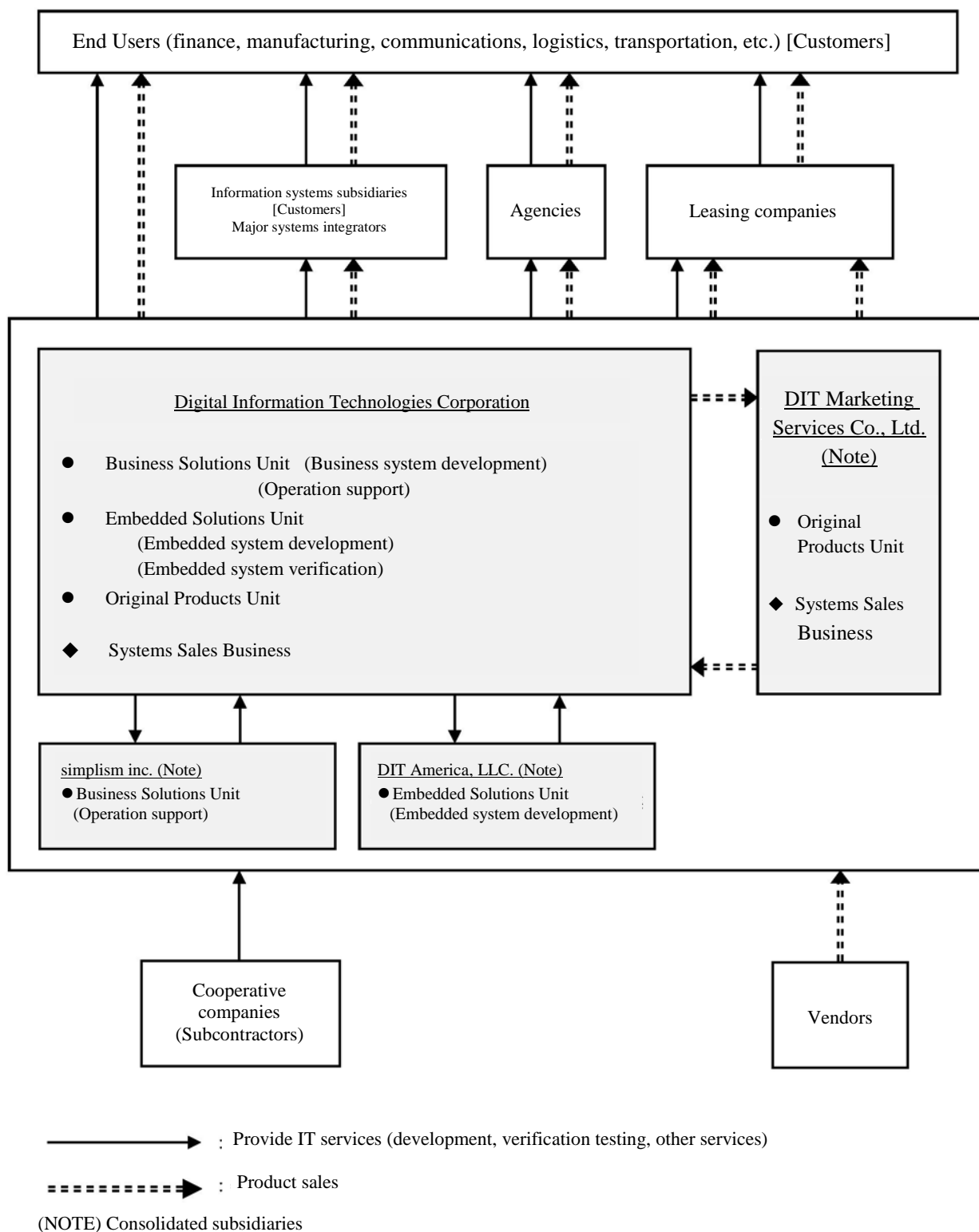
##### (b) Business process efficiency products

"XoBlos", a platform for Excel business innovation, enables dramatic improvements in business efficiencies by automating Excel operations. It also proactively provides services tailored to the needs of markets, such as functions that works seamlessly with various types of RPA and ERP products.

### (2) System Sales Business

The System Sales segment mainly comprises sales by DIT and its subsidiary DIT Marketing Service Co., Ltd. of "Rakuichi," a business support core system for small and medium enterprises.

The business system diagram is as follows.



### 3. Basic Policy on Selection of Accounting Standards

The majority of stakeholders in the DIT Group are based in Japan, including shareholders, creditors, and business partners. Accordingly, the Company has decided to use Japanese accounting standards for the time being.

Regarding application of IFRS standards, the Company plans to respond appropriately, based on due consideration of the situation in Japan and internationally

#### 4. Consolidated Financial Statements and Major Notes

##### (1) Consolidated Balance Sheets

(Thousand yen)

	FY6/21 (June 30, 2021)	FY6/22 (June 30, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,333,158	3,843,403
Notes and accounts receivable - trade	2,084,985	2,529,760
Trade and contract assets	-	312,025
Merchandise	15,550	36,264
Work in process	131,693	90,148
Other, net	99,025	105,740
Allowance for doubtful accounts	-217	-83
Total current assets	5,664,195	6,917,259
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures, net	70,258	64,655
Tools, furniture and fixtures	27,609	28,744
Lease assets	55,664	105,675
Accumulated depreciation	-105,454	-116,913
Land	62,018	62,018
Total property, plant and equipment	110,096	144,180
Intangible assets		
Software	14,603	10,590
Goodwill	-	198,881
Other, net	1,312	1,312
Total intangible assets	15,916	210,784
Investments and other assets		
Investment securities	72,788	92,632
Lease and guarantee deposits	137,891	141,902
Insurance funds	243,627	27,947
Deferred tax assets	133,179	138,651
Other, net	43,603	40,646
Allowance for doubtful accounts	-32,765	-32,671
Total investments and other assets	598,325	409,108
Total noncurrent assets	724,337	764,073
<b>Total assets</b>	<b>6,388,533</b>	<b>7,681,333</b>

(Thousand yen)

	FY6/21 (June 30, 2021)	FY6/22 (June 30, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	487,519	592,636
Current portion of long-term loans payable	-	2,349
Accounts payable - other	203,738	263,432
Accrued expenses	159,639	169,427
Income taxes payable	367,757	353,209
Accrued consumption taxes	248,739	217,316
Contract liabilities	-	221,937
Provision for loss on order received	-	45
Other, net	283,255	140,056
Total current liabilities	1,750,650	1,960,410
Noncurrent liabilities		
Long-term loans payable	-	2,652
Retirement benefit liability	5,933	7,157
Provision for share based remuneration	74,320	111,480
Deferred tax assets	-	309
Other, net	30,910	47,192
Total noncurrent liabilities	111,164	168,791
Total liabilities	1,861,814	2,129,202
Net assets		
Shareholders' equity		
Capital	453,156	453,156
Capital surplus	459,214	459,214
Retained earnings	3,949,586	4,954,886
Treasury stock	-347,191	-347,294
Total shareholders' equity	4,514,765	5,519,962
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	8,010	6,232
Foreign currency translation adjustments	3,942	25,935
Total accumulated other comprehensive income	11,953	32,167
Total net assets	4,526,718	5,552,130
Total liabilities and net assets	6,388,533	7,681,333

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income

(Thousand yen)

	FY6/21 (July 1, 2020 to June 30, 2021)	FY6/22 (July 1, 2021 to June 30, 2022)
Net sales	14,444,325	16,156,871
Cost of sales	10,869,490	12,074,264
Gross profit	3,574,835	4,082,606
Selling, general and administrative expenses	1,852,593	2,078,000
Operating Income	1,722,241	2,004,606
Non-operating income		
Interest and dividend income	3,507	4,120
Subsidy income	3,603	8,501
Commission fee	3,587	1,387
Insurance premiums refunded cancellation	1,584	-
Miscellaneous income	1,410	1,848
Other, net	181	93
Total non-operating revenues	13,875	15,951
Non-operating expenses		
Interest expenses	409	306
Loss on insurance cancellation	1,343	-
Exchange loss	2,957	97
Loss on investments in investment partnerships	-	3,025
Office transfer expenses	-	12,906
Miscellaneous losses	846	12
Other, net	378	36
Total non-operating expenses	5,934	16,385
Ordinary Income	1,730,182	2,004,172
Net Income before income taxes	1,730,182	2,004,172
Income taxes - current	529,075	574,826
Income taxes-deferred	4,611	-9,751
Total income tax	533,687	565,074
Net changes of items other than	1,196,494	1,439,097
Net income attributable to owners of parent	1,196,494	1,439,097

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	FY6/21 (July 1, 2020 to June 30, 2021)	FY6/22 (July 1, 2021 to June 30, 2022)
Net income	1,196,494	1,439,097
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	-9,339	-1,778
Foreign currency translation adjustments	1,936	21,992
Total other comprehensive income	-7,403	20,214
Comprehensive income	1,189,091	1,459,312
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,189,091	1,459,312
Comprehensive income attributable to non- controlling shareholders	-	-



## (3) Consolidated Statements of Changes in Shareholders' Equity

FY6/21 (July 1, 2020 to June 30, 2021)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	453,156	459,214	3,075,676	-347,125	3,640,920
Cumulative effects of changes in accounting policies					-
Restated balance	453,156	459,214	3,075,676	-347,125	3,640,920
Changes of items during the period					
Purchase of treasury shares				-65	-65
Dividends of surplus			-322,584		-322,584
Net income attributable to owners of parent			1,196,494		1,196,494
Net changes of items other than shareholders' equity					
Total changes during period	-	-	873,910	-65	873,844
Balance at the end of current period	453,156	459,214	3,949,586	-347,191	4,514,765

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance at the end of previous period	17,350	2,005	19,356	3,660,276
Cumulative effects of changes in accounting policies				-
Restated balance	17,350	2,005	19,356	3,660,276
Changes of items during the period				
Purchase of treasury shares				-65
Dividends of surplus				-322,584
Net income attributable to owners of parent				1,196,494
Net changes of items other than shareholders' equity	-9,339	1,936	-7,403	-7,403
Total changes during period	-9,339	1,936	-7,403	866,441
Balance at the end of current period	8,010	3,942	11,953	4,526,718

FY6/22 (July 1, 2021 to June 30, 2022)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	453,156	459,214	3,949,586	-347,191	4,514,765
Cumulative effects of changes in accounting policies			11,674		11,674
Restated balance	453,156	459,214	3,961,261	-347,191	4,526,440
Changes of items during the period					
Purchase of treasury shares				-102	-102
Dividends of surplus			-445,472		-445,472
Net income attributable to owners of parent			1,439,097		1,439,097
Net changes of items other than shareholders' equity					
Total changes during period	-	-	993,625	-102	993,522
Balance at the end of current period	453,156	459,214	4,954,886	-347,294	5,519,962

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance at the end of previous period	8,010	3,942	11,953	4,526,718
Cumulative effects of changes in accounting policies				11,674
Restated balance	8,010	3,942	11,953	4,538,393
Changes of items during the period				
Purchase of treasury shares				-102
Dividends of surplus				-445,472
Net income attributable to owners of parent				1,439,097
Net change in items other than shareholders' equity	-1,778	21,992	20,214	20,214
Total changes during period	-1,778	21,992	20,214	1,013,737
Balance at the end of current period	6,232	25,935	32,167	5,552,130

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY6/21 (July 1, 2020 to June 30, 2021)	FY6/22 (July 1, 2021 to June 30, 2022)
<b>Net cash provided by (used in) operating activities</b>		
Net Income before income taxes	1,730,182	2,004,172
Depreciation	29,620	31,614
Increase (decrease) in allowance for doubtful accounts	-104	-227
Increase (decrease) in provision for loss on order received	-2,833	45
Increase (decrease) in net defined benefit liability	-529	1,224
Interest and dividends income	-3,507	-4,120
Increase (decrease) in provision for share based remuneration	37,160	37,160
Insurance income	-	-49
Interest expenses	409	306
Decrease (increase) in notes and accounts receivable- trade	-179,541	-
Decrease (increase) in notes and accounts receivable-trade and contract assets	-	-694,265
Decrease (increase) in inventories	75,459	20,891
Increase (decrease) in notes and accounts payable - trade	69,946	96,518
Increase (decrease) in accounts payable - other and accrued expenses	-11,973	31,303
Decrease (increase) in other assets	-36,138	-1,276
Increase (decrease) in other liabilities	33,792	10,580
Loss (gain) on investments in investment partnerships	-	3,327
Other, net	-268	5,374
Subtotal	1,741,674	1,542,580
Interest and dividends income received	3,507	4,120
Interest expenses paid	-409	-306
Proceeds from insurance income	-	49
Subsidies received	-	8,501
Income taxes paid	-484,004	-596,562
Net cash provided by (used in) operating activities	1,260,768	958,382
<b>Cash flows from investing activities</b>		
Purchases of investment securities	-902	-25,734
Purchases of property, plant and equipment	-6,893	-6,745
Proceeds from sales of property, plant and equipment	-	3,070
Purchases of intangible assets	-	-1,747
Collection of loans receivable	41	233
Purchase of insurance funds	-4,492	-4,373
Proceeds from cancellation of insurance funds	17,673	220,053
Payments for lease and guarantee deposits	-80	-3,853
Proceeds from collection of lease and guarantee deposits	120	428
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-195,766
Cash Flows from Investing Activities	5,465	-14,436
<b>Net cash provided by (used in) financing activities</b>		
Repayments of lease obligations	-12,093	-10,680
Purchase of treasury stock	-65	-102
Cash dividends paid	-322,836	-445,901
Net cash provided by (used in) financing activities	-334,995	-456,684
Effect of exchange rate change on cash and cash equivalents	1,993	21,913
Net increase (decrease) in cash and cash equivalents	933,231	509,174
Cash and cash equivalents at beginning of period	2,393,468	3,326,700
Cash and cash equivalents at end of period	3,326,700	3,835,875

(5) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") and other standards are applied from the beginning of the fiscal year under review to recognize revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services. As a result of this change, the Company has changed its method of estimating the degree of progress related to the satisfaction of performance obligations and recognizing revenue over a certain period based on the degree of progress, except for contracts for which the amount is understated and contracts with very short terms, which were previously recorded as sales at the time of acceptance inspections under acceptance standards and for which performance obligations are satisfied over a certain period.

With regard to the application of the revenue recognition accounting standard, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year under review, and a new accounting policy has been applied from the beginning balance of the fiscal year under review. However, the Company applies the method stipulated in paragraph 86 of the Accounting Standard for Revenue Recognition and paragraph (1) of the Written Accounting Standard to account for contract modifications made before the beginning of the fiscal year under review based on the terms of the contract after reflecting all contract modifications, and adjusts the cumulative effect to retained earnings at the beginning of the fiscal year under review.

As a result, for the fiscal year under review, net sales increased by 136,121 thousand yen, cost of sales increased by 90,546 thousand yen, and operating income, ordinary income, and income before income taxes increased by 45,574 thousand yen, respectively. In addition, the balance of retained earnings at the beginning of the fiscal year increased by 11,674 thousand yen.

Due to the adoption of Accounting Standard for Revenue Recognition, the "Accounts receivable" presented in "Current assets" in the consolidated balance sheet for the previous fiscal year has been included in "Accounts receivable and contract assets" from the first quarter of the fiscal year under review. In accordance with the transitional treatment set forth in paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassifications have been made to the prior period under the new presentation method.

(Application of Accounting Standard for Calculation of Fair Value)

The Company has applied the "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Accounting Standard for Calculation of Fair Value"), etc. from the beginning of the current fiscal year.

In applying the Accounting Standard for Market Value Calculation, etc., the Company follows the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Market Value Calculation and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), and will apply the new accounting policy stipulated by the Accounting Standard for Market Value Calculation in the future.

The adoption of this accounting standard had no impact on the consolidated financial statements.

(Consolidated Statements of Cash Flows)

\*Reconciliation of cash and cash equivalents at end of period with cash items on balance sheet

	FY6/21 (June 30, 2021)	FY6/22 (June 30, 2022)
Cash and deposits	3,333,158 thousand yen	3,843,403 thousand yen
Trust deposit	-6,457	-7,528
Cash and cash equivalents	3,326,700	3,835,875

(Segment Information)

Segment Information

1. Overview of Reportable Segments

The reportable segments of the DIT Group are those constituent units of the corporate group for which separate financial information is available. The Board of Directors regularly reviews the reportable segments to determine allocation of management resources, and evaluate business results.

Accordingly, the two reportable segments are Software Development, which comprises the core of the Company, and System Sales, the main business of the Company's subsidiary DIT Marketing Service Co., Ltd. (Note)

(Note) DIT Marketing Service Co., Ltd. changed its corporate name from Toyo Infonet Co., Ltd. as of July 1, 2019.

The content of the services applicable to each segment are as follows.

Business Segment	Content of Service
Software Development Business	Business solutions (business system development, system operation support), embedded product solutions (embedded product development, embedded product verification), original products
System Sales Business	Sales of the "Rakuichi" business support core system

2. Method for Calculating Amounts of Net Sales, Profit/Loss, Assets, and Other Items for Each Reportable Segment.

The accounting method for reportable business segments is the same as "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements."

Profit figures for reportable segments are on an operating income basis.

Intersegment sales and transfers are based on market prices.

3. Information Regarding Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment

FY6/21 (July 1, 2020 to June 30, 2021)

(Thousand yen)

	Reporting Segments			Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	Software Development Business	System Sales Business	Total		
Net sales					
Net sales to outside customers	13,838,833	605,492	14,444,325	-	14,444,325
Intrasegment net sales and transfers	4,204	30,440	34,644	-34,644	-
Total	13,843,038	635,932	14,478,970	-34,644	14,444,325
Segment income (loss)	1,669,433	52,747	1,722,181	60	1,722,241
Segment assets	5,937,568	465,181	6,402,750	-14,216	6,388,533
Other items					
Depreciation	27,863	1,817	29,681	-60	29,620
Increase in property, plant and equipment and intangible assets	4,578	2,315	6,893	-	6,893

(Notes) 1. Adjustments are as follows.

- (1) Adjustment to segment income of 60 thousand yen is mainly intersegment eliminations.
  - (2) Adjustment to segment assets of -14,216 thousand yen is mainly intersegment eliminations.
  - (3) Adjustments to depreciation and amortization represent unrealized gains and losses among segments.
2. Segment income is adjusted with operating income in the consolidated financial statements.

FY6/22 (July 1, 2021 to June 30, 2022)

(Thousand yen)

	Reporting Segments			Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	Software Development Business	System Sales Business	Total		
Net sales					
Net sales to outside customers	15,562,967	593,903	16,156,871	-	16,156,871
Intrasegment net sales and transfers	5,800	21,632	27,432	-27,432	-
Total	15,568,767	615,536	16,184,304	-27,432	16,156,871
Segment income (loss)	1,929,896	50,615	1,980,512	24,093	2,004,606
Segment assets	7,208,477	489,932	7,698,409	-17,076	7,681,333
Other items					
Depreciation	29,449	2,225	31,674	-60	31,614
Increase in property, plant and equipment and intangible assets	253,332	2,115	255,448	-	255,448

(Notes) 1. Adjustments are as follows.

- (1) Adjustment to segment income of 24,093 thousand yen is mainly intersegment eliminations.
  - (2) Adjustment to segment assets of -17,076 thousand yen is mainly intersegment eliminations.
  - (3) Adjustments to depreciation and amortization represent unrealized gains and losses among segments.
2. Segment income is adjusted with operating income in the consolidated financial statements.

[Related Information]

FY6/21 (July 1, 2020 to June 30, 2021)

1. Information for each product and service

This information is omitted because it is disclosed in the segment information.

2. Information for each region

(1) Net sales

This information is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each major customer

Not applicable.

FY6/22 (July 1, 2021 to June 30, 2022)

1. Information for each product and service

This information is omitted because it is disclosed in the segment information.

2. Information for each region

(1) Net sales

This information is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each major customer

Not applicable.

[Information on impairment loss on non-current assets by reportable segment]

FY6/21 (July 1, 2020 to June 30, 2021)

Not applicable.

FY6/22 (July 1, 2021 to June 30, 2022)

Not applicable.

[Information on amortization of goodwill and unamortized balance by reportable segment]

FY6/21 (July 1, 2020 to June 30, 2021)

Not applicable.

FY6/22 (July 1, 2021 to June 30, 2022)

(Thousand yen)

	Software Development Business	System Sales Business	Corporate and Eliminations	Total
Amortization for the year	-	-	-	-
Balance at the end of current period	198,881	-	-	198,881

[Information on gain on negative goodwill by reportable segment]

FY6/21 (July 1, 2020 to June 30, 2021)

Not applicable.

FY6/22 (July 1, 2021 to June 30, 2022)

Not applicable.

(Per Share Information)

	FY6/21 (July 1, 2020 to June 30, 2021)	FY6/22 (July 1, 2021 to June 30, 2022)
Net assets per share	296.87 yen	364.12 yen
Net income per share	78.47 yen	94.38 yen

(Notes) 1. Diluted net income per share is not presented because there are no dilutive shares.

2. The Company's shares that remain in the stock benefit trust (J-ESOP) that is recorded as a treasury stock in the shareholder's equity are included in the treasury stock that are deducted from the total number of shares issued at the end of the period for the calculation of the amount of net assets per share (previous fiscal year: 112,800 shares, current fiscal year: 112,800 shares). For calculating net income per share, it is also included in the number of treasury stock to be deducted from the calculation of the average number of shares during the period (previous fiscal year: 112,800 shares, current fiscal year: 112,800 shares).

3. The basis for calculating net income per share is presented as follows:

	FY6/21 (July 1, 2020 to June 30, 2021)	FY6/22 (July 1, 2021 to June 30, 2022)
Net income per share		
Net income attributable to owners of parent (thousand yen)	1,196,494	1,439,097
Amounts not applicable to ordinary shareholders (thousand yen)	-	-
Net income attributable to owners of parent applicable to common stock (thousand yen)	1,196,494	1,439,097
Average number of common shares (shares)	15,248,355	15,248,294

(Important Subsequent Events)

Not applicable.