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August 10, 2023

## Summary of Business Results for the Fiscal Year Ended June 2023 [Japan GAAP] (Consolidated)

Company name: Digital Information Technologies Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3916  
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 Telephone: +81-3-6311-6532  
 Scheduled date of annual general meeting of shareholders: September 27, 2023  
 Scheduled date to commence dividend payments: September 28, 2023  
 Scheduled date to file annual securities report: September 28, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2023	18,149	12.3	2,039	1.8	2,059	2.8	1,447	0.6
June 30, 2022	16,156	11.9	2,004	16.4	2,004	15.8	1,439	20.3

Note: Comprehensive income For the fiscal year ended June 30, 2023: ¥1,462 million [0.2%]  
 For the fiscal year ended June 30, 2022: ¥1,459 million [22.7%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
June 30, 2023	95.18	-	25.1	26.0	11.2
June 30, 2022	94.38	-	28.6	28.5	12.4

Note: Diluted earnings per share is not presented because there are no dilutive shares.

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2023	8,176	6,006	73.5	399.61
June 30, 2022	7,681	5,552	72.3	364.12

Reference: Equity  
 As of June 30, 2023: ¥6,006 million  
 As of June 30, 2022: ¥5,552 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2023	1,427	-66	-1,031	4,174
June 30, 2022	958	-14	-456	3,835

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended June 30, 2022	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2022	-	15.00	-	25.00	40.00	614	42.7	12.1
Fiscal year ended June 30, 2023	-	18.00	-	18.00	36.00	549	37.9	9.4
Fiscal year ending June 30, 2024 (Forecast)	-	23.00	-	23.00	46.00		40.2	

Breakdown of year-end dividends for the year ended June 30, 2022:

Ordinary dividend: 17.00 yen; Commemorative dividend: 8.00 yen

### 3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	9,500	4.8	1,100	-12.0	1,100	-13.3	763	-14.5	51.04
Full year	19,500	7.4	2,500	22.6	2,500	21.4	1,734	19.8	116.00

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	15,501,820 shares
As of June 30, 2022	15,501,820 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2023	471,051 shares
As of June 30, 2022	253,551 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended June 30, 2023	15,210,288 shares
Fiscal year ended June 30, 2022	15,248,294 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 Custody Bank of Japan, Ltd. (Trust E-Account) as trust assets under the Employees' Benefit Trust (J-ESOP) Plan.

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended June 30, 2023	16,659	8.2	1,890	-3.2	1,906	-2.3	1,341	-4.7
June 30, 2022	15,399	11.7	1,952	18.1	1,951	17.7	1,407	22.9

	Basic earnings per share
Fiscal year ended	Yen
June 30, 2023	88.18
June 30, 2022	92.32

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	7,430	5,455	73.4	362.95
June 30, 2022	7,059	5,117	72.5	335.62

Reference: Equity

As of June 30, 2023: ¥5,455 million  
As of June 30, 2022: ¥5,117 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements 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. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

## Contents

1. Overview of Business Results	2
(1) Business Results for the Subject Period	2
(2) Financial Position for the Subject Period	5
(3) Cash Flows for the Subject Period	5
(4) Future Outlook	6
(5) Basic Policy on Profit Distribution and Dividends for the Subject and Next Periods	7
2. Overview of the Corporate Group	8
(1) Software Development Business	8
(2) System Sales Business	8
3. Basic Policy on Selection of Accounting Standards	9
4. Consolidated Financial Statements and Major Notes	10
(1) Consolidated Balance Sheets	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	12
(3) Consolidated Statements of Changes in Shareholders' Equity	14
(4) Consolidated Statements of Cash Flows	16
(5) Notes to Consolidated Financial Statements	17
(Notes Regarding Going Concern Assumptions)	17
(Changes in Accounting Policies)	17
(Consolidated Statements of Cash Flows)	17
(Segment Information)	18
(Per Share Information)	21
(Important Subsequent Events)	21

## 1. Overview of Business Results

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

During the fiscal year under review (July 1, 2022 to June 30, 2023), the business environment in Japan showed a gradual recovery trend as the legal status of COVID-19 was downgraded to category 5, but the outlook remained uncertain due to concerns about prolonged high prices for raw materials and energy caused by yen's depreciation and high resource prices.

In the information services industry to which we belong, there has been a continued steady investment in software. According to the Bank of Japan Tankan survey (June) announced on July 3, 2023, the software investment plan (total for all industries and enterprises of all sizes) for fiscal 2023 showed a continued expansion trend, rising 14.6% compared to fiscal 2022.

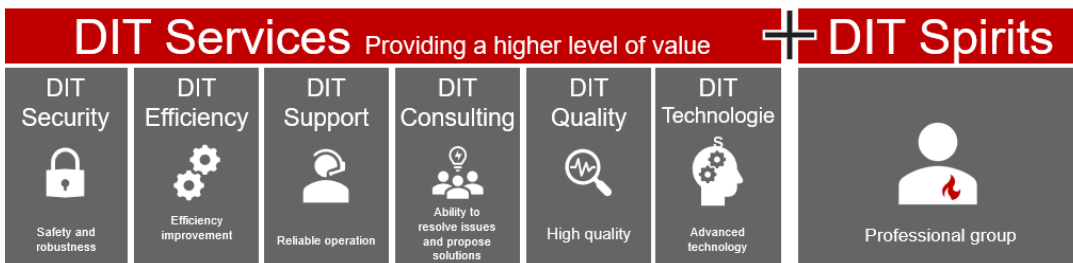
For our group as well, the progress in fields such as Artificial Intelligence (AI), Internet of Things (IoT), and Robotic Process Automation (RPA, the automation and efficiency enhancement of tasks using software robots) have led to increased opportunities to enter new businesses and the expansion of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

In addition, the need for strengthening measures for cyber security and improving the efficiency of working styles continues to increase from the COVID-19 pandemic, 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

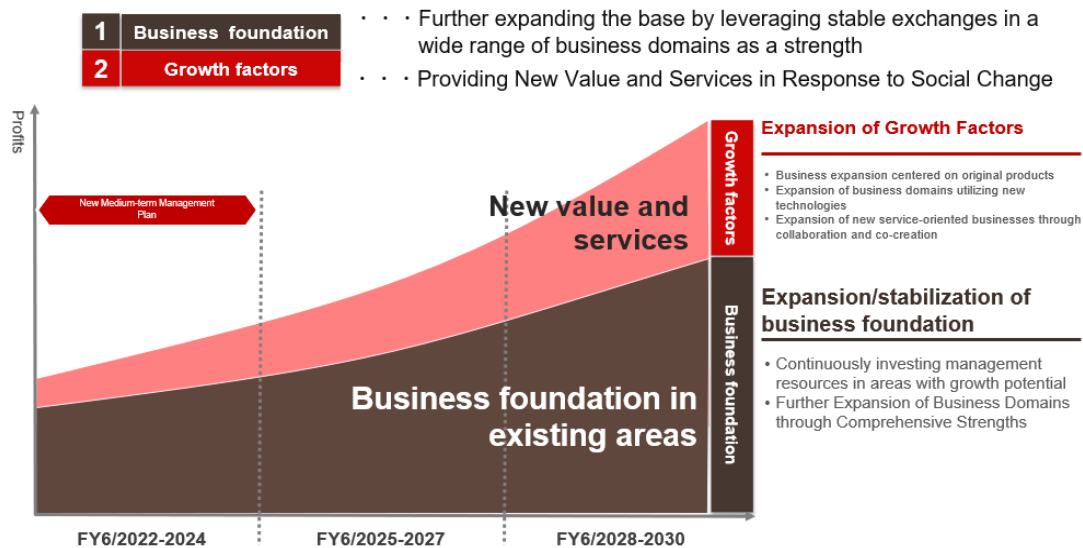
	Medium-term management targets by FY6/30	
	Organic growth	+ New businesses, M&A, etc.
Net sales	30 billion yen or more	50 billion yen
Operating Income	4 billion yen or more	5 billion yen

(\*) Challenge 500: Targeting 50 billion yen sales toward FY6/2030!

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.



### Mid-term Growth Model



During FY6/23, the second year of the current medium-term management plan, DIT has continued to promote our business by focusing on the two axes from the previous fiscal year: "expand and stabilize the business foundation" and "expand growth factors." With regard to "expand and stabilize the business foundation," in the Business Solutions Unit, sales growth was limited and profits declined significantly due to an unprofitable project, although demand was high. However, as a result of appropriately allocating resources to markets with high demand in the Embedded Solutions Unit, sales and profits grew strongly. In the System Sales Business, we overcame the impact of the COVID-19 crisis, and the recovery trend was demonstrated. In terms of "expand growth factors," sales of a web security solution WebARGUS<sup>1</sup>, an original product built on proprietary technology, continued to show steady growth by strengthening product competitiveness and sales. However, "xoBlos" (\*2), an Excel business innovation platform, showed a temporary stagnation due to a delay in the launch of the RPA-linked platform version, which prevented us from winning more projects.

As a result, net sales in the subject fiscal year amounted to 18,149,560 thousand yen (up 12.3% year on year), with operating income of 2,039,732 thousand yen (up 1.8%), ordinary income of 2,059,580 thousand yen (up 2.8%), and net income attributable to owners of parent of 1,447,704 thousand yen (up 0.6%), marking the 13th consecutive year of growth in both sales and income.

- (\*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

Demand itself was strong in the Business Solutions Unit (business system development and operation support).

In business system development, we steadily acquired projects related to the public sector, telecommunications, manufacturing, and ERP-related sectors, and while sales and profits in this segment expanded, the growth in sales was held down and profits significantly declined substantially due to the unprofitable project in the second quarter.

This unprofitable project was a project for which a contract was signed in the fourth quarter of the previous fiscal year. Insufficient confirmation of requirements led to a gap in understanding between the client and the project, which required significant additional changes. As it has become difficult to procure personnel as a result, we have determined that it is difficult to secure personnel and profitability. As a result of discussions with customers, we decided to cancel the contract for the manufacturing process in the third quarter and beyond in order to minimize losses.

Due to the change in the contract accompanying the above, net sales were reduced by 340 million yen and gross profit was reduced by 370 million yen in the third quarter. Although we were working on handover to other companies due to contract changes, etc. in the fourth quarter, we assume that the impact on the next fiscal year to be insignificant, as response to the unprofitable project is expected to be completed early.

Going forward, we will thoroughly implement quality and project management through strengthening reviews by the quality control department. At the same time, we will strengthen project management, train project managers, and strengthen relationships with partner companies to thoroughly prevent recurrence.

In operational support, the previous year was partially affected by business reforms by our main customers. In the current financial year, both sales and profits significantly increased year on year, as a result of both an increase in the number of employees in existing areas and the expanded business areas, as well as the addition of sales and profits of simplism inc., which joined the Group at the end of June last year.

In the Embedded Solutions Unit (embedded system development and embedded system verification), the automotive and semiconductor-related business recovered and grew significantly, while the verification business expanded more than before, resulting in significant growth in both sales and profits.

In embedded system development, sales and profits both significantly exceeded the previous fiscal year. Automotive-related project sales, which showed a recovery trend from the second half of the previous fiscal year, fully recovered, and IoT-related project sales, including mobile-related and consumer electronics-related business, also grew steadily.

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 (mobile devices and base stations), and medical-related services grew significantly.

In the Original Product Unit, sales increased only slightly due to a decrease in human support services such as installation support, despite the accumulation of licensing sales for subscription services. However, profits increased significantly year on year as a result of growth in licensing sales, which have a high-profit margin.

In the cyber security business, we posted solid growth in both sales and profits due to the accumulation of licensing sales of WebARGUS. In addition, we worked to increase sales by expanding our lineup of total security services (DIT Security) with WebARGUS at its core, such as collaboration with an external cybersecurity specialist, such as F-Secure and SSH Communications Security. We launched WebARGUS for Ransomware last November, a security product that reliably protects critical data from ransomware attacks and other attacks, the biggest threat to information security.

In the operational efficiency business, we promoted the development of new clients by horizontally expanding existing clients to other departments. However, due to the delay in launching the RPA collaboration platform (xoBlos manages RPA operations), for which demand is expected, we were unable to increase new clients as expected, and both sales and profits fell below those of the previous year.

DD-CONNECT, an outsourcing service for electronic contracts, for which needs have expanded in the new normal society of the COVID-19 disaster, has gradually begun to contribute to sales and profits from projects received in the previous fiscal year. The lineup of original products is also gradually increasing, and we will continue to work to expand sales.

As a result, net sales in the Software Development Business amounted to 17,472,998 thousand yen (up 12.2% year on year), with segment income (operating income) was 1,954,780 thousand yen (up 1.3%).



## ② System Sales Business

The main product of the System Sales segment is “Rakuichi,” an operations and management support system for small and medium-sized enterprises manufactured by Casio Computer Co., Ltd. Since this product is mainly sold face-to-face, the performance was affected by the impact of COVID-19 until the previous fiscal year. However, due to the stabilization of the impact of COVID-19 and the rising demand reflecting the introduction of the Qualified Invoice System, net sales and segment income increased significantly from the previous fiscal year.

As a result, net sales in the System Sales segment amounted to 708,777 thousand yen (up 15.1% year on year), with segment income (operating income) of 84,947 thousand yen (up 67.8%).

## (2) Financial Position for the Subject Period

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

### (Current Assets)

Current assets amounted to 7,378,249 thousand yen, an increase of 460,990 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 341,703 thousand yen in cash and deposits and 102,704 thousand yen in notes and accounts receivable-trade, and a decrease of 5,461 thousand yen in merchandise.

### (Noncurrent Assets)

Noncurrent assets amounted to 798,374 thousand yen, an increase of 34,301 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 23,333 thousand yen in investment securities, 36,204 thousand yen in leasehold and guarantee deposits, 13,492 thousand yen in deferred tax assets, and a decrease of 39,776 thousand yen in goodwill.

### (Current Liabilities)

Current liabilities amounted to 1,980,242 thousand yen, an increase of 19,831 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 22,503 thousand yen in accounts payable-trade, 54,128 thousand yen in income taxes payable, and 14,747 thousand yen in provision for loss on orders received, and decreases of 58,596 thousand yen in accounts payable-other and 13,430 thousand yen in accrued consumption taxes.

### (Noncurrent Liabilities)

Noncurrent liabilities amounted to 190,009 thousand yen, an increase of 21,218 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 31,214 thousand yen in provision for stock benefits.

### (Net Assets)

Net assets amounted to 6,006,372 thousand yen, an increase of 454,241 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases in retained earnings of 787,178 thousand yen and treasury stock of 347,244 thousand yen.

## (3) Cash Flows for the Subject Period

Cash and cash equivalents at the end of the fiscal year increased by 339,052 thousand yen from the end of the previous fiscal year to 4,174,928 thousand yen.

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

### (Cash Flows from Operating Activities)

Net cash provided by operating activities was 1,427,316 thousand yen (958,382 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 2,063,509 thousand yen, expenditures for an increase in trade receivables and contract assets of 111,741 thousand yen, proceeds from an increase in trade payables of 240,836 thousand yen, expenditures for a decrease in other expenses 221,889 thousand yen, and expenditures for income taxes paid 583,351 thousand yen.

### (Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 66,838 thousand yen (compared with 14,436 thousand yen used in the previous fiscal year). This was mainly due to the purchase of investment securities of 25,657 thousand yen, proceeds from sales of investment securities of 10,124 thousand yen, and the payment of lease and guarantee deposits of 48,033 thousand yen.

### (Cash Flows from Financing Activities)

Net cash used in financing activities was 1,031,358 thousand yen (compared with 456,684 thousand yen used in the previous fiscal year), mainly due to cash dividends paid of 659,613 thousand yen and purchase of treasury stock of 347,244 thousand yen.

#### (4) Future Outlook

The Cabinet Office announced in July 2023 that the Japanese economy in general is recovering moderately, and that "the outlook for the economy is expected to continue to recover moderately, supported partly by the effects of various policy measures, with the employment and income situation improving. However, amid the ongoing global monetary tightening and other factors, there is a risk that a downturn in overseas economies could put downward pressure on the Japanese economy. In addition, it is necessary to be careful enough to rising prices and the effects of fluctuations in financial markets, etc."

In the information services industry to which we belong, developments in new fields such as AI, IoT, and RPA have accelerated spread DX movements, and this trend is expected to continue. In the post-COVID society from now on, the importance of digitization is increasingly, and steady IT investment is expected to remain steady.

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 and the uncertain outlook will deepen.

In these times, we will take a prudent approach to minimize the impact of such changes, and will boldly take on new challenges by taking advantage of our ability to adapt to change, which is one of our strengths. Under such circumstances, in the fiscal year ending June 2024, as the final year of the Medium-Term Management Plan (FY2021-FY2023), we will aim for further growth with new goals and strategies with New Medium-Term Management Plan (FY2024-FY2026), while continuing our business promotion based on the two axes of "stabilize the 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 the business foundation," the Company will further expand and stabilize the foundation with leveraging the strengths of responding to changes.

In the business system development segment of the Business Solutions business, the Company will work to quickly restore its performance, which fell sharply in the second half of the previous fiscal year due to the unprofitable project that occurred in the previous fiscal year.

To do so, we will steadily proceed with the convergence of the unprofitable project, cultivate new customers and our existing client base. In addition, the Company will make use of the experience learned from the unprofitable project to further improve quality and productivity through standardization of development, maintenance, utilization of intellectual property, and training of human resources, aiming to increase the number of outsourced projects of appropriate scale. Moreover, we will invest resources in areas where future growth is expected, such as low-code development. 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 operations support business, in order to continue to respond to strong demand, we will work to provide various services that customers require. Moreover, we will expand the collaboration area with simplism inc., which became a wholly owned subsidiary through a share transfer agreement on June 30, 2022, and build a system that can capture demand regardless of industry.

In the Embedded Solutions Unit, we will aim to increase its shares of transactions with automobile manufacturers, major automobile parts manufacturer (Tier1) providers, semiconductor manufacturers and other existing loyal customers. In embedded development, we will also focus on acquiring projects in the automotive mass production field. In embedded verification, we will refine 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 aim to expand sales of original products to combat ransomware, which we launched last 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.

We will also start offering PoC(Proof of Concept) services related to new DX services such as AI, RPA, BPM, and work to introduce these services in earnest.

##### ② System Sales Business

Regarding system sales of the Company's mainstay Rakuichi, the Company will continue to strengthen proposals and focus on after-sales-service 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 (FY6/24), DIT is forecasting net sales of 19,500 million yen (up 7.4% year on year), with operating income of 2,500 million yen (up 22.6%), ordinary income of 2,500 million yen (up 21.4%), and net income attributable to owners of parent of 1,734 million yen (up 19.8%).

For the fiscal year ending June 30, 2024, we are also disclosing a half-year forecast, as the first quarter is expected to see a decrease in profits due in part to the loss of profits from a large contracting project in the previous fiscal year. We expect profits to increase from the second quarter onward, but we forecast a decrease in the first half of the fiscal year. Conversely, for the second half of the fiscal year, we expected that profits will increase substantially as a reaction to the losses from the unprofitable project in the previous fiscal year.

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

The Company considers returns to shareholders to be an important management issue and believes in the importance of a stable and continuous dividend. We will review the dividend payout ratio, taking into consideration the balance between the dividend payout ratio and internal reserves for business expansion, but our basic policy is to increase the dividend payout ratio to 40% or more from the current target of 35% or more, placing more emphasis on returning profits to shareholders.

Regarding profit distribution for the current fiscal year, we plan to pay a year-end surplus dividend of 18 yen per share of common stock, as initially planned. Along with this, we plan to pay a total of 36 yen, including an interim dividend of 18 yen.

For FY6/24, in accordance with the above basic policy, the Company plans to pay 46 yen per share, comprising an interim dividend of 23 yen, and a year-end dividend of 23 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 Business

##### (a) 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, and 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 Embedded

##### (a) 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 a 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.

### (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.

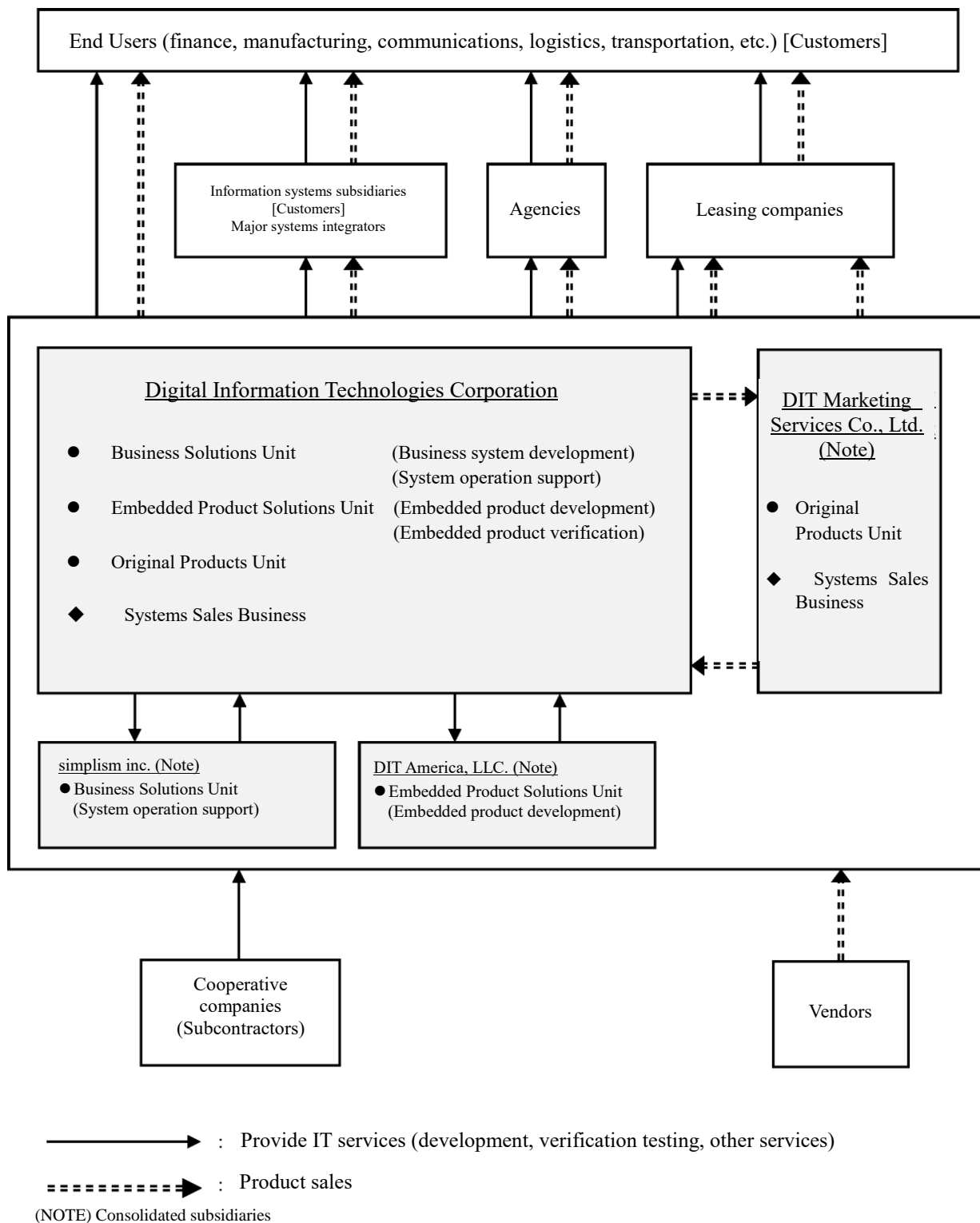
#### (b) Business process efficiency products

"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 work 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)

	FY6/22 (June 30, 2022)	FY6/23 (June 30, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	3,843,403	4,185,107
Notes and accounts receivable-trade	2,529,760	2,632,464
Contract assets	312,025	321,062
Merchandise	36,264	30,802
Work in process	90,148	108,173
Other, net	105,740	100,708
Allowance for doubtful accounts	-83	-68
Total current assets	6,917,259	7,378,249
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures, net	64,655	66,047
Tools, furniture and fixtures	28,744	36,040
Leased assets	105,675	89,721
Accumulated depreciation	-116,913	-115,702
Land	62,018	62,179
Total property, plant and equipment	144,180	138,285
Intangible assets		
Software	10,590	12,614
Goodwill	198,881	159,105
Other, net	1,312	893
Total intangible assets	210,784	172,614
Investments and other assets		
Investment securities	92,632	115,966
Lease and guarantee deposits	141,902	178,106
Insurance funds	27,947	31,965
Deferred tax assets	138,651	152,143
Other, net	40,646	41,850
Allowance for doubtful accounts	-32,671	-32,558
Total investments and other assets	409,108	487,475
Total noncurrent assets	764,073	798,374
Total assets	7,681,333	8,176,624

(Thousand yen)

	FY6/22 (June 30, 2022)	FY6/23 (June 30, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	592,636	615,140
Current portion of long-term loans payable	2,349	-
Accounts payable - other	263,432	204,836
Accrued expenses	169,427	168,172
Income taxes payable	353,209	407,337
Accrued consumption taxes	217,316	203,886
Contract liabilities	221,937	219,930
Provision for loss on order received	45	14,792
Other	140,056	146,146
Total current liabilities	1,960,410	1,980,242
Noncurrent liabilities		
Long-term loans payable	2,652	-
Retirement benefit liability	7,157	8,914
Provision for share based remuneration	111,480	142,694
Deferred tax assets	309	-
Other	47,192	38,401
Total noncurrent liabilities	168,791	190,009
Total liabilities	2,129,202	2,170,252
Net assets		
Shareholders' equity		
Capital	453,156	453,156
Capital surplus	459,214	459,214
Retained earnings	4,954,886	5,742,065
Treasury stock	-347,294	-694,538
Total shareholders' equity	5,519,962	5,959,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,232	10,563
Foreign currency translation adjustments	25,935	35,911
Total accumulated other comprehensive income	32,167	46,475
Total net assets	5,552,130	6,006,372
Total liabilities and net assets	7,681,333	8,176,624

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

(Thousand yen)

	FY6/22 (July 1, 2021 to June 30, 2022)	FY6/23 (July 1, 2022 to June 30, 2023)
Net sales	16,156,871	18,149,560
Cost of sales	12,074,264	13,830,624
Gross profit	4,082,606	4,318,936
Selling, general and administrative expenses	2,078,000	2,279,203
Operating Income	2,004,606	2,039,732
Non-operating income		
Interest and dividend income	4,120	5,932
Subsidy income	8,501	10,438
Commission fee	1,387	1,544
Insurance premiums refunded cancellation	-	4,088
Gain on receipt of donated non-current assets	-	2,345
Miscellaneous income	1,848	1,244
Other	93	113
Total non-operating revenues	15,951	25,707
Non-operating expenses		
Interest expenses	306	614
Exchange loss	97	2,711
Loss on investments in investment partnerships	3,025	2,155
Office transfer expenses	12,906	19
Miscellaneous losses	12	11
Other	36	347
Total non-operating expenses	16,385	5,859
Ordinary Income	2,004,172	2,059,580
Extraordinary income		
Gain on sale of investment securities	-	3,928
Total extraordinary income	-	3,928
Net Income before income taxes	2,004,172	2,063,509
Income taxes - current	574,826	631,475
Income taxes-deferred	-9,751	-15,670
Total income tax	565,074	615,804
Net changes of items other than	1,439,097	1,447,704
Net income attributable to owners of parent	1,439,097	1,447,704



## Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY6/22 (July 1, 2021 to June 30, 2022)	FY6/23 (July 1, 2022 to June 30, 2023)
Net changes of items other than	1,439,097	1,447,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-1,778	4,331
Foreign currency translation adjustments	21,992	9,976
Total other comprehensive income	20,214	14,307
Comprehensive income	1,459,312	1,462,012
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,459,312	1,462,012
Comprehensive income attributable to non-controlling shareholders	-	-

(3) Consolidated Statement of Changes in Shareholders' Equity  
FY6/20 (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 changes of 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

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	453,156	459,214	4,954,886	-347,294	5,519,962
Cumulative effects of changes in accounting policies					-
Restated balance	453,156	459,214	4,954,886	-347,294	5,519,962
Changes of items during the period					
Purchase of treasury shares				-347,244	-347,244
Dividends of surplus			-660,525		-660,525
Net income attributable to owners of parent			1,447,704		1,447,704
Net changes of items other than shareholders' equity					
Total changes during period	-	-	787,178	-347,244	439,933
Balance at the end of current period	453,156	459,214	5,742,065	-694,538	5,959,896

	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	6,232	25,935	32,167	5,552,130
Cumulative effects of changes in accounting policies				-
Restated balance	6,232	25,935	32,167	5,552,130
Changes of items during the period				
Purchase of treasury shares				-347,244
Dividends of surplus				-660,525
Net income attributable to owners of parent				1,447,704
Net changes of items other than shareholders' equity	4,331	9,976	14,307	14,307
Total changes during period	4,331	9,976	14,307	454,241
Balance at the end of current period	10,563	35,911	46,475	6,006,372

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY6/22 (July 1, 2021 to June 30, 2022)	FY6/23 (July 1, 2022 to June 30, 2023)
Cash flows from operating activities		
Net income before income taxes	2,004,172	2,063,509
Depreciation	31,614	74,476
Gain on receipt of donated non-current assets	-	-2,345
Increase (decrease) in allowance for doubtful accounts	-227	-128
Increase (decrease) in provision for loss on order	45	14,747
Increase (decrease) in retirement benefit liability	1,224	1,756
Interest and dividends income	-4,120	-5,932
Increase (decrease) in provision for share based remuneration	37,160	31,214
Insurance income	-49	-
Interest expenses	306	614
Decrease (increase) in notes and accounts receivable-trade and contract assets	-694,265	-111,741
Decrease (increase) in inventories	20,891	-12,563
Increase (decrease) in notes and accounts payable -trade	96,518	240,836
Increase (decrease) in accounts payable - other and accrued expenses	31,303	-59,851
Increase (decrease) in long-term accounts payable - other	-	219
Decrease (increase) in other assets	-1,276	-1,846
Increase (decrease) in other liabilities	10,580	-221,889
Loss (gain) on investments in investment partnerships	3,327	2,371
Other	5,374	-18,537
Subtotal	1,542,580	1,994,911
Interest and dividends income received	4,120	5,932
Interest expenses paid	-306	-614
Proceeds from insurance income	49	-
Subsidies received	8,501	10,438
Income taxes paid	-596,562	-583,351
Cash flows from operating activities	958,382	1,427,316
Cash flows from (used in) investing activities		
Purchases of investment securities	-25,734	-25,657
Gain on sale of investment securities	-	10,124
Purchases of property, plant and equipment	-6,745	-6,733
Proceeds from sales of property, plant and equipment	3,070	-
Purchases of intangible assets	-1,747	-6,977
Proceeds from sale of membership	-	2,616
Collection of loans receivable	233	113
Purchase of insurance funds	-4,373	-4,615
Proceeds from cancellation of insurance funds	220,053	4,685
Payments for lease and guarantee deposits	-3,853	-48,033
Proceeds from collection of lease and guarantee deposits	428	7,638
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-195,766	-
Cash flows from (used in) investing activities	-14,436	-66,838
Cash flows from financing activities		
Repayments of lease obligations	-10,680	-19,500
Repayments of borrowings	-	-5,001
Purchase of treasury stock	-102	-347,244
Cash dividends paid	-445,901	-659,613
Cash flows from financing activities:	-456,684	-1,031,358
Effect of exchange rate change on cash and cash	21,913	9,933
Net increase (decrease) in cash and cash equivalents	509,174	339,052
Cash and cash equivalents at beginning of period	3,326,700	3,835,875
Cash and cash equivalents at end of period	3,835,875	4,174,928

(5) Notes to Consolidated Financial Statements  
 (Notes Regarding Going-Concern Assumption)  
 Not applicable.

(Changes in Accounting Policies)  
 Not applicable.

(Consolidated Statements of Cash Flows)

\*1 Reconciliation of cash and cash equivalents at end of period with cash items on balance sheet

	FY6/22 (June 30, 2022)	FY6/23 (June 30, 2023)
Cash and deposits	3,843,403 thousand yen	4,185,107 thousand yen
Trust deposit	-7,528	-10,178
Cash and cash equivalents	3,835,875	4,174,928

\*2 Major breakdown of assets and liabilities of the company newly consolidated as a subsidiary due to the acquisition of stock  
 Previous consolidated fiscal year (July 1, 2021 to June 30, 2022)

The breakdown of assets and liabilities at the time of consolidation of simplism inc. and its subsidiary SEEF Co., Ltd. as a result of the acquisition of shares, and the relation between the acquisition cost of shares and payments (net) for the acquisition are as follows.

Current assets	120,542 thousand yen
Noncurrent assets	2,738
Goodwill	198,881
Current liabilities	-69,200
Noncurrent liabilities	-2,961
Acquisition cost of shares	250,000
Cash and cash equivalents	-54,233

Net: expenditures for purchase of shares of subsidiaries resulting in a change in scope of consolidation	195,766
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FY6/23 (July 1, 2022 to June 30, 2023)

Not applicable.

(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.

The content of the services applicable to each segment is 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  
FY6/22 (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
Intersegment 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.

	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	17,460,563	688,997	18,149,560	-	18,149,560
Intersegment net sales and transfers	12,435	19,779	32,214	-32,214	-
Total	17,472,998	708,777	18,181,775	-32,214	18,149,560
Segment income	1,954,780	84,947	2,039,727	5	2,039,732
Segment assets	7,650,796	531,260	8,182,057	-5,432	8,176,624
Other items					
Depreciation	72,546	1,934	74,481	-5	74,476
Increase in property, plant and equipment and intangible assets	16,055	-	16,055	-	16,055

(Notes) 1. Adjustments are as follows.

- (1) Adjustment to segment income of 5 thousand yen is mainly intersegment eliminations.
  - (2) Adjustment to segment assets of -5,432 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]

FY6/22 (July 1, 2021 to June 30, 2022) Information for each product and service

1. Information for each product and service

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

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of these located in Japan exceeds 90% of the amount of these on the consolidated balance sheet.

3. Information by major customer

Not applicable.

FY6/23 (July 1, 2022 to June 30, 2023)

1. Information for each product and service

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

2. Information by region

(1) Net sales

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

(2) Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of these located in Japan exceeds 90% of the amount of these on the consolidated balance sheet.

3. Information by major customer

Not applicable.

[Information on gain on negative goodwill by reportable segment]

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

Not applicable.

FY6/23 (July 1, 2022 to June 30, 2023)

Not applicable.

[Information Regarding Net Sales, Profit and Loss, Assets, Liabilities and Other Items by Reporting Segment]

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

FY6/23 (July 1, 2022 to June 30, 2023)

(Thousand yen)

	Software Development Business	System Sales Business	Corporate and Eliminations	Total
Amortization for the year	39,776	-	-	39,776
Balance at the end of current period	159,105	-	-	159,105

[Information on gain on negative goodwill by reportable segment]

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

Not applicable.

FY6/23 (July 1, 2022 to June 30, 2023)

Not applicable.



(Per Share Information)

	FY6/22 (July 1, 2021 to June 30, 2022)	FY6/23 (July 1, 2022 to June 30, 2023)
Net assets per share of common stock	364.12 yen	399.61 yen
Net income per share	94.38 yen	95.18 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:

	FY6/22 (July 1, 2021 to June 30, 2022)	FY6/23 (July 1, 2022 to June 30, 2023)
Net income per share		
Net income attributable to owners of parent (thousand yen)	1,439,097	1,447,704
Amounts not applicable to ordinary shareholders (thousand yen)	-	-
Net income attributable to owners of parent (thousand yen)	1,439,097	1,447,704
Average number of common shares (shares)	15,248,294	15,210,288

(Important Subsequent Events)

Not applicable.