

Summary of Business Results for the Fiscal Year Ended June 2020

[Japan GAAP] (Consolidated)

August 11, 2020

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Expected date of annual shareholders' meeting: September 29, 2020 Expected starting date of dividend payment: September 30, 2020

Expected date of filing of annual securities report: September 30, 2020

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 2020 (July 1, 2019 through June 30, 2020)

(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	%
For the fiscal year ended June 30, 2020	13,495	9.2	1,352	23.5	1,357	22.7	978	32.6
ended June 30, 2019	12,355	11.5	1,095	39.0	1,106	39.9	737	38.8

(Note) Comprehensive income:

Year ended June 30, 2020: 989 million yen (34.5%)

Year ended June 30, 2019: 735 million yen (36.9%)

	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	%	%	%
For the fiscal year ended June 30, 2020	64.18	-	29.6	27.1	10.0
ended June 30, 2019	48.07	-	26.5	25.3	8.9

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	5,364	3,660	68.2	240.04
June 30, 2019	4,655	2,947	63.3	193.31

(Reference) Shareholders' equity:

As of June 30, 2020: 3,660 million yen

As of June 30, 2019: 2,947 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
For the fiscal year ended June 30, 2020	927	-80	-287	2,393
ended June 30, 2019	693	-70	-415	1,834

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			
For the fiscal year ended June 30, 2019	Yen -	Yen 7.00	Yen -	Yen 9.00	Yen 16.00	Million yen 245	% 33.3	% 8.8
ended June 30, 2020	-	9.00	-	11.00	20.00	307	31.4	9.2
ending June 30, 2021 (forecast)	-	10.00	-	10.00	20.00		32.6	

3. Forecast of consolidated business results for the fiscal year ending June 2021

(July 1, 2020 through June 30, 2021) (% 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
For the fiscal year ending June 30, 2021	13,580	0.6	1,358	0.4	1,358	0.0	942	-3.7	61.81

***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: : None
- 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 30, 2020 15,501,820 shares

As of June 30, 2019 15,501,820 shares

② Treasury stock at the end of period:

As of June 30, 2020 253,459 shares

As of June 30, 2019 253,392 shares

③ Average number of stock during period (cumulative period)

Year ended June 30, 2020 15,248,376 shares

Year ended June 30, 2019 15,351,723 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 2020

(July 1, 2019 through June 30, 2020)

(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	%
For the fiscal year ended June 30, 2020	12,736	8.9	1,275	21.6	1,277	20.8	915	29.8
ended June 30, 2019	11,696	11.5	1,049	31.7	1,058	33.3	705	30.7

	Net income per share
	Yen
For the fiscal year ended June 30, 2020	60.06
ended June 30, 2019	45.96

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	4,930	3,332	67.6	218.53
June 30, 2019	4,274	2,682	62.8	175.91

(Reference) Shareholders' equity:

As of June 30, 2020: 3,332 million yen

As of June 30, 2019: 2,682 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 subject period (July 1, 2019 to June 30, 2020), while concerns about the future management environment began to emerge due to the effects of U.S.-China trade friction, large-scale typhoons, and the consumption tax hike, in 2020, a major impact of a global pandemic of the new coronavirus (COVID-19) on the economy becomes inevitable.

Meanwhile, in Digital Information Technologies Corporation (DIT)'s main business industry of information services, Japanese companies continued to expand IT investment in accordance with full-scale business development in new fields accelerating the realization of the digital transformation (DX), including artificial intelligence (AI), the Internet of Things (IoT), and robotic process automation (RPA, the automation and efficiency enhancement of tasks using software robots). These developments presented the DIT Group with increased opportunities to enter new businesses, and expand its business scope.

Also, as a result of a series of data breaches and other cybersecurity incidents, there was an increasing trend toward strengthening security countermeasures for information systems overall, as well as continued interest in working-style reforms, which have become a national issue for Japan. These developments provided a favorable boost to the DIT Group, since it has effective solutions.

Under such conditions, the DIT Group formulated the following five business strategies as its medium-term management plan, and continued to take proactive measures to achieve them.

- Renovation (Strengthen 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)

During FY6/20, the second year of the medium-term management plan, DIT has continued its two-pronged business strategy of “stabilize the business foundation” and “strengthen growth factors,” while also taking the management initiative to achieve Triple 10*, its medium-term targets for FY6/21. The Company was able to achieve our target of 10% operating profit margin for FY6/21 in FY6/20, one year ahead of schedule.

*Triple 10

- Net sales of 10.0 billion yen in FY6/17 (already achieved)
- Operating income of 1.0 billion yen in FY6/19 (already achieved)
- Operating profit margin of 10% in FY6/21 (already achieved in FY6/20)

In terms of renovation, DIT achieved substantial growth, reflecting steady IT investment in all industries, an increase in capital investment in the automotive industry, and a rush in demand ahead of the reduce the tax rate in response to the consumption tax hike.

In terms of innovation, DIT showed firm growth as a result of ongoing efforts to enhance product appeal and strengthen sales for WebARGUS¹, DIT's in-house products built on proprietary technology, and the Excel process innovation platform xoBlos². The operating income margin rose by 1.1 percentage points, to 10.0%, reflecting the continued improvement in overall profitability, despite the minor impact of COVID-19.

As a result, net sales in the subject fiscal year amounted to 13,495,896 thousand yen (up 9.2% year on year), with operating income of 1,352,372 thousand yen (up 23.5%), ordinary income of 1,357,890 thousand yen (up 22.7%), and net income attributable to owners of parent of 978,680 thousand yen (up 32.6%).

(*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 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 segment net sales and earnings (operating income) and segment loss (operating loss) are prior to offsets for intracompany transactions.

① Software Development Business

In the business solutions unit (business system development and operation support), orders continued to be favorable, mainly from existing customers. In the business systems development, although there was sluggish growth in the development of financial operations systems, where acceptance inspections for some lump-sum contracts were postponed to the next fiscal year due to COVID-19, and in the development of logistics operations systems, where there were large-scale orders in the previous fiscal year, overall profits improved due to the shift to highly profitable projects, mainly system development for the public sector and the manufacturing sector, and the effects of near shoring. The Company achieved substantial growth in operations support thanks to an increase in contracts with existing customers and acquisition of new customers, and it led the growth of the business solutions unit.

The embedded product solutions unit (embedded system development and embedded system verification) showed strong growth thanks to the success of following strategic initiatives. In the embedded system development, DIT made steady progress in expanding the domains for automotive and IoT-related products, and achieved substantial growth in both sales and profits. In embedded system verification, it made progress in shifting to automotive-related products, and both sales and profits showed firm growth.

In the original products unit, sales increased year on year on the back of the success of our product and sales strategies. However, due to the impact of COVID-19, sales negotiations during March through May were mostly suspended, resulting in a severe business situation. In the cyber security business, WebARGUS began operations for the largest customers since its launch. The Company also strengthened its product capabilities by expanding the total security service lineup with WebARGUS as its core, including collaboration with an external cyber security specialist (SecureAge in Singapore and SSH Communications Security in Finland). In business efficiency-improving operations, the Company has built a sales system for xoBlos with our subsidiary, DIT Marketing Service Co., Ltd. (the company name was changed from Toyo Infonet Co., Ltd. as of July 1, 2019). As a result, DIT showed steady growth even under the COVID-19 crisis. In addition, DIT focused on the xoBlos Plus One concept, which takes specific data from systems such as robotic process automation (RPA) and enterprise resource planning (ERP), and adds data from different perspectives via xoBlos to enhance data value. These efforts increased the product capability.

As a result, net sales in the Software Development Business amounted to 12,760,112 thousand yen (up 9.3% year on year), with segment income (operating income) of 1,271,057 thousand yen (up 22.0%).

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., sales and segment income increased as a result of a substantial growth in system renewal and modification-related sales to accommodate the reduced tax rate on certain items to be implemented with the increase in the consumption tax and the termination of Windows 7 support.

As a result, net sales in the System Sales segment amounted to 756,395 thousand yen (up 10.9% year on year), with segment income (operating income) of 84,230 thousand yen (up 58.2%).

(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

Current assets amounted to 4,590,069 thousand yen, an increase of 656,569 thousand yen compared to the end of the previous fiscal year. This was due mainly to increases of 558,966 thousand yen in cash and deposits; and 91,172 thousand yen in work in process.

② Noncurrent Assets

Noncurrent assets amounted to 774,025 thousand yen, an increase of 52,140 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 12,455 thousand yen in software; and 57,218 thousand yen in deferred tax assets; against decreased of 11,694 thousand yen in property, plant and equipment; and 6,729 thousand yen in investment securities.

③ Current Liabilities

Current liabilities amounted to 1,634,901 thousand yen, an increase of 33,191 thousand yen compared to the end of the previous fiscal year. This was due mainly to increases of 24,220 thousand yen in accounts payable-trade; 133,985 thousand yen in income taxes payable; and 62,209 thousand yen in accrued consumption tax; against decreases of 105,305 thousand yen in accounts payable; and 56,468 thousand yen in accrued expenses.

④ Noncurrent Liabilities

Noncurrent liabilities amounted to 68,916 thousand yen, a decrease of 37,049 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 63,089 thousand yen in long-term accounts payable-other; against an increase of 37,160 thousand yen in provision for share based remuneration.

⑤ Net Assets

Current liabilities amounted to 3,660,276 thousand yen, an increase of 712,568 thousand yen compared to the end of the previous fiscal year. This was due mainly to increases of 702,178 thousand yen in retained earnings; and 10,616 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 558,756 thousand yen from the end of the previous fiscal year to 2,393,468 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 927,525 thousand yen (693,823 thousand yen provided in the previous fiscal year) due to the recording of net income before income taxes of 1,335,160 thousand yen, inventory assets of 82,511 thousand yen, payments for an increase in accounts payable-other and accrued expenses of 111,814 thousand yen, payments for a decrease in long-term accounts payable-other of 63,089 thousand yen, and payments for income taxes of 301,319 thousand yen.

② Cash Flows from Investing Activities

Net cash used in investing activities was 80,734 thousand yen (70,412 thousand yen used in the previous fiscal year), mainly due to the purchase of investment securities of 50,657 thousand yen and payments for acquisition of intangible assets of 19,525 thousand yen.

③ Cash Flows from Financing Activities

Net cash used in financing activities was 287,930 thousand yen (compared with 415,791 thousand yen used in the previous fiscal year), mainly due to cash dividends paid of 275,811 thousand yen and repayment of lease obligations of 11,996 thousand yen.

(4) Future Outlook

As for the outlook for the Japanese economy as a whole, the Cabinet Office in July 2020 stated, "The economy is expected to continue to be recovered thanks to various policies, as socioeconomic activity levels are gradually raised, while measures are taken to prevent the spread of infectious diseases. However, careful attention should be paid to the impact of infectious diseases on the economy both in Japan and abroad. It is also necessary to pay careful attention to the impact of heavy rains in July 2020 and other factors on the economy and fluctuations in financial and capital markets."

In DIT's main business industry of information services, advancements in new fields such as AI, IoT, and RPA has led to the spread of DX movements. However, the importance of digitization has become increasingly recognized under the COVID-19 crisis, and steady IT investment is expected to continue. As evidenced by these developments, in the Bank of Japan's July 2020 Short Economic Survey, the average software investment plan for all industries increased by 4.8% year on year, supporting this trend, and the willingness of companies to invest in software is expected to continue to increase in the future.

However, as some customers are significantly affected by COVID-19, DIT needs to be careful to minimize the impact on its business. The Company also anticipates that the future will remain uncertain, and it needs to take advantage of its strengths in responsiveness to change.

Under such conditions, during FY6/21, the final year of the current medium-term management plan, DIT will aim for further growth by continuing to pursue two business policies: stabilize the business foundation" and "strengthen growth factors." With respect to Triple 10, which is a medium-term management target, we achieved the final target of operating profit margin of 10% one year ahead of schedule. However, we will continue to focus on profit margin in FY6/21.

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 Solutions unit, the Company will continue to review its portfolio and aim to increase profitability in business system development and sales in operation support. In the Embedded Solutions unit, the Company will pay attention to trends in the automotive industry, mainly in-vehicle related, and work to achieve growth by responding to changes quickly and flexibly.

To "strengthen growth factors," the Company aims to expand the business, strengthen profitability, and even establish a brand by providing total security services centered on the DIT Security brand in the Cybersecurity Business. In addition, in business efficiency-improving operations, we will strengthen a sales system for xoBlos, our main product, in cooperation with DIT Marketing Service Co., Ltd., our subsidiary, with the aim of further expanding our business and strengthening profitability. In addition, we will focus on systems integration projects for the public sector, such as disaster prevention systems by xoBlos.

We also aim to provide new DX-related services in response to the new normal society caused by COVID-19.

② System Sales Business

In the mainstay "Rakuichi" system sales business, in addition to the traditional support of core operations such as sales management, accounting, and salaries, the Company will advance into operational support that is useful for management, such as support for the creation of management analysis materials using a data analysis function, and thereby promote long-term, stable transactions.

Moreover, as a measure to acquire new customers, we will expand our revenue by developing dedicated systems for industries and business cloud systems for larger customers than Rakuichi's customer base.

As a result, for the next fiscal year (FY6/21), DIT is forecasting net sales of 13,580 million yen (up 0.6% year on year), with operating income of 1,358 million yen (up 0.4%), ordinary income of 1,358 million yen (up 0.0%), and net income attributable to owners of parent of 942 million yen (down 3.7%).

(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 30%.

Regarding dividends for the subject fiscal year, as announced in "Notice of Revision to Business Forecast and Dividend Forecast" (June 1, 2020), DIT plans to provide a year-end dividend of 11 yen per ordinary share. Along with this, we plan to pay a total of 20 yen, including an interim dividend of 9 yen.

For FY6/21, in accordance with the above basic policy, the Company plans pay 20 yen per share, comprising an interim dividend of 10 yen, and a year-end dividend of 10 yen.

2. Overview of the Corporate Group

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

(1) Software Development Business

(Business Solutions Unit)

① 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 main business processing 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.

② System 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.

(Embedded Product Solutions Unit)

① 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)

② Embedded product 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)

① 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. This business also partners with external cybersecurity firms to offer total security services.

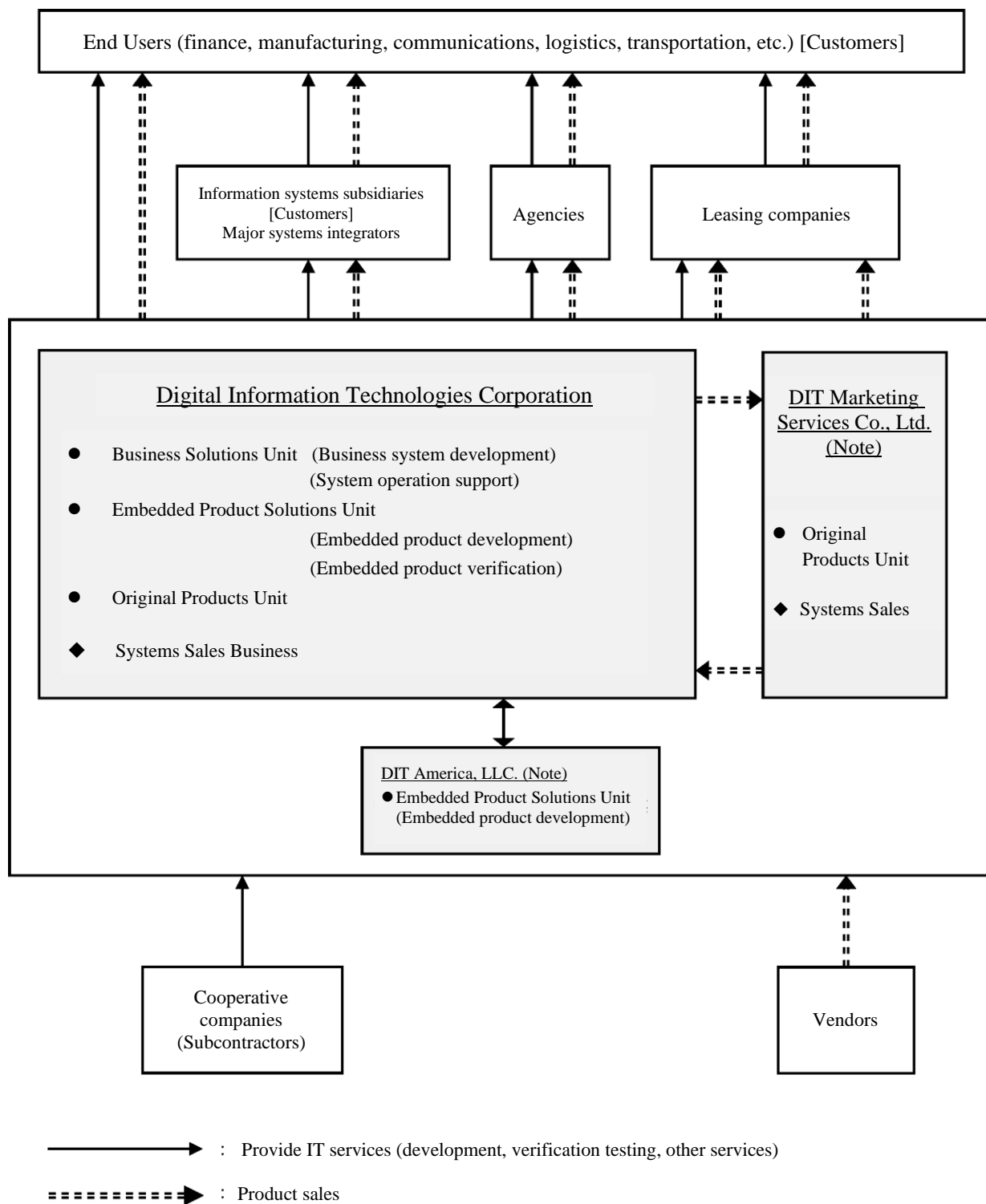
② Business process efficiency products

"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.



(NOTE) Consolidated subsidiaries

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)

	FY6/19 (June 30, 2019)	FY6/20 (June 30, 2020)
ASSETS		
Current assets		
Cash and deposits	1,840,790	2,399,757
Notes and accounts receivable - trade	1,892,757	1,905,443
Merchandise	22,787	14,129
Work in process	117,427	208,600
Other	59,950	62,278
Allowance for doubtful accounts	-214	-139
Total current assets	3,933,499	4,590,069
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures, net	66,968	67,258
Tools, furniture and fixtures	20,600	25,350
Lease assets	57,714	56,700
Accumulated depreciation	-74,904	-90,626
Land	62,018	62,018
Total property, plant and equipment	132,396	120,701
Intangible assets		
Software	9,416	21,872
Other	1,338	1,321
Total intangible assets	10,755	23,194
Investments and other assets		
Investment securities	92,144	85,415
Lease and guarantee deposits	144,258	142,727
Insurance funds	253,276	256,567
Deferred tax assets	76,752	133,970
Other	45,345	44,396
Allowance for doubtful accounts	-33,044	-32,947
Total investments and other assets	578,733	630,130
Total noncurrent assets	721,885	774,025
Total assets	4,655,384	5,364,095

(Thousand yen)

	FY6/19 (June 30, 2019)	FY6/20 (June 30, 2020)
LIABILITIES		
Current liabilities		
Accounts payable - trade	393,353	417,573
Accounts payable - other	326,844	221,539
Accrued expenses	210,281	153,812
Income taxes payable	195,102	329,088
Accrued consumption taxes	187,748	249,958
Provision for loss on order received	282	2,833
Other	288,097	260,096
Total current liabilities	1,601,710	1,634,901
Noncurrent liabilities		
Long-term accounts payable - other	63,089	-
Net defined benefit liability	5,348	6,462
Provision for share based remuneration	-	37,160
Deferred tax assets	593	311
Other	36,933	24,982
Total noncurrent liabilities	105,966	68,916
Total liabilities	1,707,676	1,703,818
NET ASSETS		
Shareholders' equity		
Capital stock	453,156	453,156
Capital surplus	459,214	459,214
Retained earnings	2,373,497	3,075,676
Treasury stock	-347,003	-347,125
Total shareholders' equity	2,938,864	3,640,920
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	6,733	17,350
Foreign currency translation adjustments	2,110	2,005
Total accumulated other comprehensive income	8,844	19,356
Total net assets	2,947,708	3,660,276
Total liabilities and net assets	4,655,384	5,364,095

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

Consolidated Statements of Income

(Thousand yen)

	FY6/19 (July 1, 2018 to June 30, 2019)	FY6/20 (July 1, 2019 to June 30, 2020)
Net sales	12,355,774	13,495,896
Cost of Sales	9,405,856	10,172,489
Gross profit	2,949,917	3,323,406
Selling, general and administrative expenses	1,854,764	1,971,034
Operating income	1,095,152	1,352,372
Non-operating income		
Interest and dividend income	571	1,728
Subsidy income	4,331	739
Commission fee	4,177	3,645
Insurance income	8,000	479
Insurance premiums refunded cancellation	-	1,845
Other	302	896
Total non-operating income	17,382	9,335
Non-operating expenses		
Interest expenses	386	569
Commission fee	130	-
Donations for disaster relief	1,000	-
Office transfer expenses	3,405	-
Foreign exchange losses	938	3,242
Other	240	5
Total non-operating expenses	6,102	3,817
Ordinary income	1,106,433	1,357,890
Extraordinary loss		
Loss on valuation of investment securities	68,270	22,729
Total extraordinary losses	68,270	22,729
Net Income before income taxes	1,038,162	1,335,160
Income taxes - current	286,556	418,667
Income taxes - deferred	13,643	-62,186
Total income taxes	300,200	356,480
Net income	737,962	978,680
Net income attributable to owners of parent	737,962	978,680

Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY6/19 (July 1, 2018 to June 30, 2019)	FY6/20 (July 1, 2019 to June 30, 2020)
Net income	737,962	978,680
Accumulated other comprehensive income		
Other valuation difference on available-for sale securities	-2,384	10,616
Foreign currency translation adjustments	-302	-104
Total other comprehensive income	-2,686	10,511
Comprehensive income	735,275	989,192
(Breakdown)		
Comprehensive income attributable to owners of the parent	735,275	989,192
Comprehensive income attributable to non- controlling shareholders	-	-

(3) Consolidated Statement of Changes in Shareholders' Equity
FY6/19 (July 1, 2018 to June 30, 2019)

(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	1,835,232	-137,223	2,610,379
Changes of items during the period					
Purchase of treasury shares				-209,780	-209,780
Dividends of surplus			-199,697		-199,697
Net income attributable to owners of parent			737,962		737,962
Net changes of items other than shareholders' equity					
Total changes during period	-	-	538,265	-209,780	328,484
Balance at the end of current period	453,156	459,214	2,373,497	-347,003	2,938,864

	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	9,117	2,413	11,531	2,621,910
Changes of items during the period				
Purchase of treasury shares				-209,780
Dividends of surplus				-199,697
Net income attributable to owners of parent				737,962
Net changes of items other than shareholders' equity	-2,384	-302	-2,686	-2,686
Total changes during period	-2,384	-302	-2,686	325,797
Balance at the end of current period	6,733	2,110	8,844	2,947,708

FY6/20 (July 1, 2019 to June 30, 2020)

(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	2,373,497	-347,003	2,938,864
Changes of items during the period					
Purchase of treasury shares				-122	-122
Dividends of surplus			-276,501		-276,501
Net income attributable to owners of parent			978,680		978,680
Net changes of items other than shareholders' equity					
Total changes during period	-	-	702,178	-122	702,056
Balance at the end of current period	453,156	459,214	3,075,676	-347,125	3,640,920

	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	6,733	2,110	8,844	2,947,708
Changes of items during the period				
Purchase of treasury shares				-122
Dividends of surplus				-276,501
Net income attributable to owners of parent				978,680
Net changes of items other than shareholders' equity	10,616	-104	10,511	10,511
Total changes during period	10,616	-104	10,511	712,568
Balance at the end of current period	17,350	2,005	19,356	3,660,276

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY6/19 (July 1, 2018 to June 30, 2019)	FY6/20 (July 1, 2019 to June 30, 2020)
Net cash provided by (used in) operating activities		
Net income before income taxes	1,038,162	1,335,160
Depreciation and amortization	28,990	29,336
Increase (decrease) in allowance for doubtful accounts	-94	-172
Increase (decrease) in provision for loss on order received	207	2,550
Increase (decrease) in net defined benefit liability	787	1,113
Interest and dividends income	-571	-1,728
Increase (decrease) in provision for share based remuneration	-	37,160
Insurance income	-8,000	-479
Interest expenses	386	569
Loss (gain) on valuation of investment securities	68,270	22,729
Decrease (increase) in notes and accounts receivable-trade	-330,121	-12,685
Decrease (increase) in inventories	-3,607	-82,511
Increase (decrease) in notes and accounts payable - trade	64,678	24,220
Increase (decrease) in accounts payable - other and accrued expenses	123,406	-111,814
Increase (decrease) in long-term accounts payable - other	-67,522	-63,089
Decrease (increase) in other assets	4,565	-1,688
Increase (decrease) in other liabilities	36,852	50,199
Other	-156	-1,664
Subtotal	956,233	1,227,205
Interest and dividends income received	571	1,728
Interest expenses paid	-386	-569
Income taxes paid	-270,595	-301,319
Proceeds from insurance income	8,000	479
Net cash provided by (used in) operating activities	693,823	927,525
Net cash provided by (used in) investing activities		
Purchases of investment securities	-41,669	-50,657
Purchases of property, plant and equipment	-3,185	-5,040
Purchases of intangible assets	-	-19,525
Collection of loans receivable	100	97
Purchase of insurance funds	-5,688	-5,485
Proceeds from cancellation of insurance funds	179	4,040
Payments for lease and guarantee deposits	-22,842	-6,352
Proceeds from collection of lease and guarantee deposits	2,694	2,188
Net cash provided by (used in) investing activities	-70,412	-80,734
Net cash provided by (used in) financing activities		
Repayments of lease obligations	-7,997	-11,996
Purchase of treasury stock	-209,780	-122
Cash dividends paid	-198,013	-275,811
Net cash provided by (used in) financing activities	-415,791	-287,930
Effect of exchange rate change on cash and cash equivalents	-315	-104
Net increase (decrease) in cash and cash equivalents	207,302	558,756
Cash and cash equivalents at beginning of period	1,627,409	1,834,712
Cash and cash equivalents at end of period	1,834,712	2,393,468

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going-Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

Not applicable.

(Additional Information)

(Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

The Company, at a meeting of its Board of Directors held on May 15, 2019, resolved to introduce an Employee Stock Ownership Plan ("the J-ESOP") as an incentive plan to provide the Company's stock to employees. By further strengthening the relationship between the Company's share price and business results, and the treatment of employees, the J-ESOP aims to enhance employee motivation and inspiration for increasing the Company's share price and business results.

(1) Summary of transactions

The J-ESOP is a system to provide the Company's stock to Company and the Group employees who meet certain requirements based on the Stock Benefits Rules prescribed in advance by the Company.

The Company will confer points to employees based on the degree of individual contribution and other factors. Once an employee has acquired a right to the benefit by meeting certain conditions, Company stock is granted equivalent to the subject conferred points. Stock to be provided to employees will be acquired, including future portions, from funds in a trust established for this purpose, and administered separately as trust assets.

(2) Treasury stock remaining in the trust

The book value of the Company's shares remaining in the trust (excluding the amount of incidental expenses). Treasury stock is included in net assets. The book value and number of shares of treasury stock at the end of the fiscal year were 209,582 thousand yen and 112,800 shares.

(Accounting Estimates for the Impact of Expansion of COVID-19)

Although the extent of the impact of the spread of COVID-19 on demand trends in the Group's business is still unclear, the Group has estimated the recoverability of its deferred tax assets for the fiscal year under review based on the assumption that the impact will be limited.

However, in the event that the containment of COVID-19 is delayed and there is a greater-than-expected impact on demand, there may be an impact on the Group's financial position and results of operations from the next fiscal year onward.

(Consolidated Statements of Cash Flows)

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

	FY6/19 (As of June 30, 2019)	FY6/20 (As of June 30, 2019)
Cash and deposits	1,840,790 thousand yen	2,399,757 thousand yen
Trust deposit	6,078	6,288
Cash and cash equivalents	1,834,712	2,393,468

(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 Toyo Infonet Co., Ltd. (Current DIT Marketing Service Co., Ltd.)

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

Sales of the "Rakuichi" business support core system

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

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

FY6/19 (July 1, 2018 to June 30, 2019)

(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	11,677,207	678,567	12,355,774	-	12,355,774
Intrasegment net sales and transfers	240	3,357	3,597	-3,597	-
Total	11,677,447	681,925	12,359,372	-3,597	12,355,774
Segment income (loss)	1,041,831	53,255	1,095,086	66	1,095,152
Segment assets	4,256,299	403,797	4,660,097	-4,712	4,655,384
Other items					
Depreciation	27,245	1,811	29,056	-66	28,990
Increase in property, plant and equipment and intangible assets	31,294	680	31,974	-	31,974

(Notes)

1. Adjustments are as follows.

- (1) Adjustment to segment income of 66 thousand yen is mainly intersegment eliminations.
- (2) Adjustment to segment assets of -4,712 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.

(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	12,756,896	739,000	13,495,896	-	13,495,896
Intrasegment net sales and transfers	3,215	17,395	20,611	-20,611	-
Total	12,760,112	756,395	13,516,507	-20,611	13,495,896
Segment income (loss)	1,271,057	84,230	1,355,287	-2,914	1,352,372
Segment assets	4,929,102	440,755	5,369,858	-5,763	5,364,095
Other items					
Depreciation	27,717	1,679	29,397	-60	29,336
Increase in property, plant and equipment and intangible assets	23,535	1,030	24,565	-	24,565

(Notes) 1. Adjustments are as follows.

- (1) Adjustment to segment income of -2,914 thousand yen is mainly intersegment eliminations.
- (2) Adjustment to segment assets of -5,763 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.

(Per Share Information)

	FY6/19 (July 1, 2018 to June 30, 2019)	FY6/20 (July 1, 2019 to June 30, 2020)
Net assets per share of common stock	193.31 yen	240.04 yen
Net income per share	48.07 yen	64.18 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: 9,580 shares, current fiscal year: 112,800 shares).

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

	FY6/19 (July 1, 2018 to June 30, 2019)	FY6/20 (July 1, 2019 to June 30, 2020)
Net income per share		
Net income attributable to owners of parent (thousand yen)	737,962	978,680
Amounts not applicable to ordinary shareholders (thousand yen)	-	-
Net income attributable to owners of parent applicable to common stock (thousand yen)	737,962	978,680
Average number of common shares (shares)	15,351,723	15,248,376

(Important Subsequent Events)

Not applicable.