

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

Company name: Computer Institute of Japan, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4826 URL <https://www.cij.co.jp/>
 Representative: President and Chief Executive Officer Akihiko Sakamoto
 Executive Officer Management Planning
 Inquiries: Dept. Manager Takashi Morita TEL 045-222-0555
 Scheduled date of ordinary general meeting of shareholders: September 21, 2023
 Scheduled date to file Securities Report: September 21, 2023
 Scheduled date to commence dividend payments: September 5, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

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

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2023	22,859	6.5	1,829	16.5	1,839	15.1	1,142	17.7
Year ended June 30, 2022	21,467	5.3	1,570	13.2	1,598	14.5	971	5.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2023	29.27	–	8.2	10.7	8.0
Year ended June 30, 2022	24.58	–	7.2	9.7	7.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	17,775	14,139	79.5	364.73
As of June 30, 2022	16,680	13,740	82.4	347.47

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2023	1,939	1,730	(537)	9,185
Year ended June 30, 2022	1,578	(1,946)	(708)	6,050

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2022	–	–	–	25.00	25.00	494	50.9	3.7
Year ended June 30, 2023	–	–	–	14.00	14.00	542	47.8	3.9
Year ending June 30, 2024 (Forecast)	–	–	–	16.00	16.00		52.6	

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
Full year	25,300	10.7	1,880	2.7	1,880	2.2	1,180	3.2	30.44

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2023	44,532,192 shares	As of June 30, 2022	44,532,192 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	5,764,350 shares	As of June 30, 2022	4,986,376 shares
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Average number of shares during the period

Year ended June 30, 2023	39,050,388 shares	Year ended June 30, 2022	39,517,458 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	6,450,841	10,085,490
Accounts receivable - trade	3,104,220	3,029,467
Contract assets	419,835	511,409
Securities	2,112,923	570,122
Merchandise and finished goods	1,656	9,874
Work in process	6,636	31,748
Raw materials and supplies	6,342	3,466
Other	228,679	223,013
Total current assets	12,331,136	14,464,592
Non-current assets		
Property, plant and equipment		
Buildings and structures	494,495	433,153
Accumulated depreciation	(123,362)	(99,763)
Buildings and structures, net	371,132	333,389
Land	223,459	–
Construction in progress	5,000	–
Other	237,573	238,766
Accumulated depreciation	(157,242)	(180,836)
Other, net	80,330	57,929
Total property, plant and equipment	679,922	391,319
Intangible assets		
Software	462,355	383,164
Goodwill	451,976	362,922
Other	21,120	21,120
Total intangible assets	935,451	767,207
Investments and other assets		
Investment securities	1,664,609	1,129,797
Deferred tax assets	228,570	262,498
Other	841,106	763,270
Allowance for doubtful accounts	(794)	(2,722)
Total investments and other assets	2,733,492	2,152,844
Total non-current assets	4,348,866	3,311,371
Total assets	16,680,002	17,775,963

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	756,505	839,476
Short-term borrowings	280,015	530,006
Accounts payable - other	476,325	541,888
Income taxes payable	263,163	472,975
Contract liabilities	93,310	84,506
Provision for bonuses	440,958	434,904
Other	558,796	666,907
Total current liabilities	2,869,075	3,570,665
Non-current liabilities		
Retirement benefit liability	42,822	45,758
Other	27,234	19,774
Total non-current liabilities	70,057	65,532
Total liabilities	2,939,133	3,636,197
Net assets		
Shareholders' equity		
Share capital	2,270,228	2,270,228
Capital surplus	2,486,241	2,486,327
Retained earnings	10,136,358	10,784,976
Treasury shares	(1,200,049)	(1,494,070)
Total shareholders' equity	13,692,778	14,047,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,516	84,168
Foreign currency translation adjustment	5,574	8,134
Total accumulated other comprehensive income	48,091	92,302
Total net assets	13,740,869	14,139,765
Total liabilities and net assets	16,680,002	17,775,963

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	21,467,114	22,859,362
Cost of sales	17,070,489	17,985,512
Gross profit	4,396,625	4,873,849
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	277,266	285,404
Salaries and allowances	857,321	896,489
Provision for bonuses	64,969	55,434
Welfare expenses	207,742	214,383
Commission expenses	130,783	195,457
Recruitment expenses	68,506	71,143
Depreciation	135,990	170,573
Rent expenses	242,731	256,337
Amortization of goodwill	89,053	89,053
Other	751,993	809,590
Total selling, general and administrative expenses	2,826,359	3,043,867
Operating profit	1,570,266	1,829,982
Non-operating income		
Interest income	11,124	13,861
Dividend income	18,898	16,998
Insurance claim income	7,501	–
Other	20,339	9,002
Total non-operating income	57,864	39,862
Non-operating expenses		
Interest expenses	1,669	1,620
Amortization of long-term prepaid expenses	16,393	17,761
Foreign exchange losses	9,074	3,695
Other	2,848	6,998
Total non-operating expenses	29,986	30,076
Ordinary profit	1,598,144	1,839,767
Extraordinary income		
Gain on sale of non-current assets	–	21,693
Gain on sale of investment securities	17,228	17,330
Total extraordinary income	17,228	39,023
Extraordinary losses		
Loss on sale of non-current assets	–	46,240
Impairment losses	24,248	42,166
Loss on valuation of investments in capital	–	18,637
Office relocation expenses	180,205	–
Total extraordinary losses	204,454	107,044
Profit before income taxes	1,410,918	1,771,747
Income taxes - current	443,927	675,225
Income taxes - deferred	(4,294)	(46,419)
Total income taxes	439,633	628,805
Profit	971,285	1,142,941
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	971,285	1,142,941

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	971,285	1,142,941
Other comprehensive income		
Valuation difference on available-for-sale securities	(26,323)	41,651
Foreign currency translation adjustment	5,574	2,560
Total other comprehensive income	(20,749)	44,211
Comprehensive income	950,536	1,187,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	950,536	1,187,153
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,270,228	2,463,693	9,543,037	(1,241,655)	13,035,303
Changes during period					
Dividends of surplus			(377,964)		(377,964)
Profit attributable to owners of parent			971,285		971,285
Purchase of treasury shares				(1,210)	(1,210)
Disposal of treasury shares		22,548		42,816	65,364
Net changes in items other than shareholders' equity					
Total changes during period	–	22,548	593,321	41,605	657,474
Balance at end of period	2,270,228	2,486,241	10,136,358	(1,200,049)	13,692,778

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	68,840	–	68,840	13,104,143
Changes during period				
Dividends of surplus				(377,964)
Profit attributable to owners of parent				971,285
Purchase of treasury shares				(1,210)
Disposal of treasury shares				65,364
Net changes in items other than shareholders' equity	(26,323)	5,574	(20,749)	(20,749)
Total changes during period	(26,323)	5,574	(20,749)	636,725
Balance at end of period	42,516	5,574	48,091	13,740,869

Fiscal year ended June 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,270,228	2,486,241	10,136,358	(1,200,049)	13,692,778
Changes during period					
Dividends of surplus			(494,322)		(494,322)
Profit attributable to owners of parent			1,142,941		1,142,941
Purchase of treasury shares				(294,134)	(294,134)
Disposal of treasury shares		86		113	200
Net changes in items other than shareholders' equity					
Total changes during period	-	86	648,618	(294,020)	354,684
Balance at end of period	2,270,228	2,486,327	10,784,976	(1,494,070)	14,047,462

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	42,516	5,574	48,091	13,740,869
Changes during period				
Dividends of surplus				(494,322)
Profit attributable to owners of parent				1,142,941
Purchase of treasury shares				(294,134)
Disposal of treasury shares				200
Net changes in items other than shareholders' equity	41,651	2,560	44,211	44,211
Total changes during period	41,651	2,560	44,211	398,896
Balance at end of period	84,168	8,134	92,302	14,139,765

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,410,918	1,771,747
Depreciation	172,015	216,993
Office relocation expenses	180,205	–
Impairment losses	24,248	42,166
Amortization of goodwill	89,053	89,053
Increase (decrease) in allowance for doubtful accounts	28	1,927
Increase (decrease) in provision for bonuses	4,396	(6,054)
Increase (decrease) in retirement benefit liability	(25,353)	2,935
Loss (gain) on sale of investment securities	(17,228)	(17,330)
Interest and dividend income	(30,023)	(30,860)
Interest expenses	1,669	1,620
Decrease (increase) in notes and accounts receivable-trade and contract assets	392,915	(16,778)
Decrease (increase) in inventories	16,178	(30,453)
Increase (decrease) in trade payables	14,594	82,971
Increase (decrease) in accounts payable - other	(203,063)	46,913
Other, net	170,625	203,674
Subtotal	2,201,180	2,358,527
Interest and dividends received	30,499	29,978
Interest paid	(1,598)	(1,744)
Income taxes paid	(471,703)	(447,589)
Payments of office relocation expenses	(180,205)	–
Net cash provided by (used in) operating activities	1,578,172	1,939,170
Cash flows from investing activities		
Payments into time deposits	(800,000)	(1,100,000)
Proceeds from withdrawal of time deposits	800,000	800,000
Purchase of securities	(1,500,000)	(600,000)
Proceeds from redemption of securities	1,100,000	2,512,300
Purchase of property, plant and equipment	(256,462)	(9,093)
Proceeds from sale of property, plant and equipment	137,337	209,466
Purchase of intangible assets	(150,086)	(114,850)
Purchase of investment securities	(300,000)	(295,551)
Proceeds from sale of investment securities	62,618	235,196
Proceeds from redemption of investment securities	120,000	100,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,247,604)	–
Other, net	87,422	(7,256)
Net cash provided by (used in) investing activities	(1,946,774)	1,730,212
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(299,997)	249,990
Repayments of long-term borrowings	(30,000)	–
Purchase of treasury shares	(1,210)	(294,763)
Dividends paid	(376,861)	(492,743)
Other, net	38	200
Net cash provided by (used in) financing activities	(708,030)	(537,315)
Effect of exchange rate change on cash and cash equivalents	(4,578)	2,580
Net increase (decrease) in cash and cash equivalents	(1,081,212)	3,134,648
Cash and cash equivalents at beginning of period	7,132,053	6,050,841
Cash and cash equivalents at end of period	6,050,841	9,185,490