

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 4, 2022

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 15, 2022
 Scheduled date to file Securities Report: September 15, 2022
 Scheduled date to commence dividend payments: August 30, 2022
 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, 2022 (from July 1, 2021 to June 30, 2022)

(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, 2022	21,467	5.3	1,570	13.2	1,598	14.5	971	5.4
Year ended June 30, 2021	20,392	(1.4)	1,386	(11.0)	1,396	(9.0)	921	(12.4)

	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, 2022	49.16	–	7.2	9.7	7.3
Year ended June 30, 2021	46.43	–	7.1	8.8	6.8

(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, 2022	16,680	13,740	82.4	694.93
As of June 30, 2021	16,251	13,104	80.6	664.51

(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, 2022	1,578	(1,946)	(708)	6,050
Year ended June 30, 2021	701	85	(142)	7,132

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, 2021	–	–	–	23.00	23.00	377	41.3	3.0
Year ended June 30, 2022	–	–	–	25.00	25.00	494	50.9	3.7
Year ending June 30, 2023 (Forecast)	–	–	–	25.00	25.00		49.4	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

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	22,000	2.5	1,500	(4.5)	1,500	(6.1)	1,000	3.0	50.57

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(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, 2022	22,266,096 shares	As of June 30, 2021	22,266,096 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	2,493,188 shares	As of June 30, 2021	2,546,196 shares
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Average number of shares during the period

Year ended June 30, 2022	19,758,729 shares	Year ended June 30, 2021	19,850,169 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	7,132,053	6,450,841
Accounts receivable - trade	3,762,447	3,104,220
Contract assets	–	419,835
Securities	1,900,030	2,112,923
Merchandise and finished goods	1,400	1,656
Work in process	25,404	6,636
Raw materials and supplies	3,934	6,342
Other	258,613	228,679
Total current assets	13,083,883	12,331,136
Non-current assets		
Property, plant and equipment		
Buildings and structures	311,861	494,495
Accumulated depreciation	(196,045)	(123,362)
Buildings and structures, net	115,816	371,132
Land	38,576	223,459
Construction in progress	78,224	5,000
Other	196,012	237,573
Accumulated depreciation	(154,438)	(157,242)
Other, net	41,573	80,330
Total property, plant and equipment	274,191	679,922
Intangible assets		
Software	442,036	462,355
Goodwill	45,747	451,976
Other	21,120	21,120
Total intangible assets	508,905	935,451
Investments and other assets		
Investment securities	1,439,790	1,664,609
Deferred tax assets	250,291	228,570
Other	695,369	841,106
Allowance for doubtful accounts	(766)	(794)
Total investments and other assets	2,384,685	2,733,492
Total non-current assets	3,167,782	4,348,866
Total assets	16,251,666	16,680,002

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	707,913	756,505
Short-term borrowings	560,000	280,015
Accounts payable - other	558,568	476,325
Income taxes payable	271,643	263,163
Contract liabilities	–	93,310
Provision for bonuses	433,419	440,958
Provision for loss on orders received	424	–
Other	556,637	558,796
Total current liabilities	3,088,606	2,869,075
Non-current liabilities		
Retirement benefit liability	52,671	42,822
Other	6,245	27,234
Total non-current liabilities	58,916	70,057
Total liabilities	3,147,522	2,939,133
Net assets		
Shareholders' equity		
Share capital	2,270,228	2,270,228
Capital surplus	2,463,693	2,486,241
Retained earnings	9,543,037	10,136,358
Treasury shares	(1,241,655)	(1,200,049)
Total shareholders' equity	13,035,303	13,692,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68,840	42,516
Foreign currency translation adjustment	–	5,574
Total accumulated other comprehensive income	68,840	48,091
Total net assets	13,104,143	13,740,869
Total liabilities and net assets	16,251,666	16,680,002

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

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	20,392,280	21,467,114
Cost of sales	16,443,916	17,070,489
Gross profit	3,948,363	4,396,625
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	293,544	277,266
Salaries and allowances	760,177	857,321
Provision for bonuses	44,766	64,969
Welfare expenses	180,732	207,742
Commission expenses	206,973	130,783
Recruitment expenses	64,219	68,506
Depreciation	121,725	135,990
Rent expenses	209,357	242,731
Amortization of goodwill	18,299	89,053
Other	661,947	751,993
Total selling, general and administrative expenses	2,561,742	2,826,359
Operating profit	1,386,621	1,570,266
Non-operating income		
Interest income	14,431	11,124
Dividend income	11,614	18,898
Rental income from buildings	–	11,559
Insurance claim income	–	7,501
Surrender value of insurance policies	8,077	–
Other	5,948	8,780
Total non-operating income	40,071	57,864
Non-operating expenses		
Interest expenses	1,015	1,669
Commission for purchase of treasury shares	1,992	–
Amortization of long-term prepaid expenses	19,908	16,393
Foreign exchange losses	–	9,074
Other	7,559	2,848
Total non-operating expenses	30,476	29,986
Ordinary profit	1,396,216	1,598,144
Extraordinary income		
Gain on sale of investment securities	293	17,228
Gain on liquidation of investment securities	6,724	–
Total extraordinary income	7,017	17,228
Extraordinary losses		
Office relocation expenses	–	180,205
Impairment losses	–	24,248
Merger expenses	26,260	–
Total extraordinary losses	26,260	204,454
Profit before income taxes	1,376,973	1,410,918
Income taxes - current	466,218	443,927
Income taxes - deferred	(11,052)	(4,294)
Total income taxes	455,166	439,633
Profit	921,807	971,285
Profit attributable to non-controlling interests	171	–
Profit attributable to owners of parent	921,635	971,285

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	921,807	971,285
Other comprehensive income		
Valuation difference on available-for-sale securities	56,222	(26,323)
Foreign currency translation adjustment	–	5,574
Total other comprehensive income	56,222	(20,749)
Comprehensive income	978,029	950,536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	977,858	950,536
Comprehensive income attributable to non-controlling interests	171	–

Consolidated statements of changes in equity

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,270,228	2,680,761	9,323,531	(1,580,178)	12,694,343
Changes during period					
Dividends of surplus			(334,247)		(334,247)
Profit attributable to owners of parent			921,635		921,635
Purchase of treasury shares				(246,477)	(246,477)
Cancellation of treasury shares		(585,000)		585,000	–
Transfer of loss on disposal of treasury shares		367,882	(367,882)		–
Purchase of shares of consolidated subsidiaries		49			49
Net changes in items other than shareholders' equity					
Total changes during period	–	(217,068)	219,505	338,522	340,960
Balance at end of period	2,270,228	2,463,693	9,543,037	(1,241,655)	13,035,303

	Accumulated other comprehensive income	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities		
Balance at beginning of period	12,617	1,805	12,708,765
Changes during period			
Dividends of surplus			(334,247)
Profit attributable to owners of parent			921,635
Purchase of treasury shares			(246,477)
Cancellation of treasury shares			–
Transfer of loss on disposal of treasury shares			–
Purchase of shares of consolidated subsidiaries			49
Net changes in items other than shareholders' equity	56,222	(1,805)	54,417
Total changes during period	56,222	(1,805)	395,377
Balance at end of period	68,840	–	13,104,143

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,376,973	1,410,918
Depreciation	142,206	172,015
Office relocation expenses	–	180,205
Impairment losses	–	24,248
Amortization of goodwill	18,299	89,053
Increase (decrease) in allowance for doubtful accounts	(6,769)	28
Increase (decrease) in provision for bonuses	5,363	4,396
Increase (decrease) in retirement benefit liability	3,669	(25,353)
Loss (gain) on sale of investment securities	(293)	(17,228)
Interest and dividend income	(26,045)	(30,023)
Interest expenses	1,015	1,669
Decrease (increase) in trade receivables	(433,602)	–
Decrease (increase) in notes and accounts receivable-trade and contract assets	–	392,915
Decrease (increase) in inventories	125,928	16,178
Increase (decrease) in trade payables	7,116	14,594
Increase (decrease) in accounts payable - other	117,546	(203,063)
Other, net	(107,181)	170,625
Subtotal	1,224,227	2,201,180
Interest and dividends received	25,674	30,499
Interest paid	(1,131)	(1,598)
Income taxes paid	(546,934)	(471,703)
Payments of office relocation expenses	–	(180,205)
Net cash provided by (used in) operating activities	701,836	1,578,172
Cash flows from investing activities		
Payments into time deposits	(855,051)	(800,000)
Proceeds from withdrawal of time deposits	925,096	800,000
Purchase of securities	(800,000)	(1,500,000)
Proceeds from redemption of securities	1,014,000	1,100,000
Purchase of property, plant and equipment	(104,887)	(256,462)
Proceeds from sale of property, plant and equipment	–	137,337
Purchase of intangible assets	(113,733)	(150,086)
Purchase of investment securities	(95)	(300,000)
Proceeds from sale of investment securities	496	62,618
Proceeds from redemption of investment securities	–	120,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,247,604)
Other, net	19,368	87,422
Net cash provided by (used in) investing activities	85,194	(1,946,774)

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	440,000	(299,997)
Repayments of long-term borrowings	–	(30,000)
Purchase of treasury shares	(248,469)	(1,210)
Dividends paid	(332,404)	(376,861)
Dividends paid to non-controlling interests	(122)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,805)	–
Other, net	–	38
Net cash provided by (used in) financing activities	(142,802)	(708,030)
Effect of exchange rate change on cash and cash equivalents	–	(4,578)
Net increase (decrease) in cash and cash equivalents	644,228	(1,081,212)
Cash and cash equivalents at beginning of period	6,487,825	7,132,053
Cash and cash equivalents at end of period	7,132,053	6,050,841