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August 9, 2024

Summary of Business Results for the Fiscal Year Ended June 2024 [Japan GAAP] (Consolidated)

Company name: Digital Information Technologies Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 3916
 URL: <http://www.ditgroup.jp/>
 Representative: Satoshi Ichikawa, President and Representative Director
 Inquiries: Hiroyuki Komatsu, Vice President, Division Manager of Corporate Planning Division
 Scheduled date of annual general meeting of shareholders: September 26, 2024
 Scheduled date to commence dividend payments: September 27, 2024
 Scheduled date to file annual securities report: September 27, 2024
 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, 2024 (from July 1, 2023 to June 30, 2024)

(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, 2024	19,888	9.6	2,424	18.9	2,409	17.0	1,686	16.5
June 30, 2023	18,149	12.3	2,039	1.8	2,059	2.8	1,447	0.6

Note: Comprehensive income For the fiscal year ended June 30, 2024: ¥1,735 million [18.7%]
 For the fiscal year ended June 30, 2023: ¥1,462 million [0.2%]

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, 2024	112.83	-	26.0	26.2	12.2
June 30, 2023	95.18	-	25.1	26.0	11.2

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, 2024	10,217	7,058	68.1	465.51
June 30, 2023	8,176	6,006	73.5	399.61

Reference: Equity
 As of June 30, 2024: ¥6,958 million
 As of June 30, 2023: ¥6,006 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, 2024	1,741	-595	-804	4,506
June 30, 2023	1,427	-66	-1,031	4,174

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended June 30, 2023	-	18.00	-	18.00	36.00	549	37.9	9.4
Fiscal year ended June 30, 2024	-	23.00	-	23.00	46.00	692	41.1	10.6
Fiscal year ending June 30, 2025 (Forecast)	-	30.00	-	30.00	60.00		50.1	

3. Forecast of consolidated financial results for the year ending June 30, 2025 (from July 1, 2024 to June 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	10,800	12.8	1,270	6.0	1,270	6.9	881	8.7	59.00
Full year	22,000	10.6	2,600	7.2	2,600	7.9	1,804	7.0	120.70

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: 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, 2024	15,501,820 shares
As of June 30, 2023	15,501,820 shares

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

As of June 30, 2024	553,580 shares
As of June 30, 2023	471,051 shares

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

Fiscal year ended June 30, 2024	14,951,631 shares
Fiscal year ended June 30, 2023	15,210,288 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, 2024 (from July 1, 2023 to June 30, 2024)

(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, 2024	18,148	8.9	2,398	26.9	2,380	24.8	1,702	27.0
June 30, 2023	16,659	8.2	1,890	-3.2	1,906	-2.3	1,341	-4.7

	Basic earnings per share
Fiscal year ended	Yen
June 30, 2024	113.88
June 30, 2023	88.18

(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, 2024	8,873	6,426	72.4	429.91
June 30, 2023	7,430	5,455	73.4	362.95

Reference: Equity

As of June 30, 2024: ¥6,426 million
As of June 30, 2023: ¥5,455 million

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

* 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.

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1. Overview of Business Results

(1) Business Results for the Subject Period

During the fiscal year under review (July 1, 2023 to June 30, 2024), the business environment slowed down, but the economy gradually recovered. However, the unclear outlook remains due to high uncertainties in consumer spending trends and corporate earnings, in part due to high prices for raw materials and energy caused by the 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 1, 2024, the software investment plan (total for all industries and enterprises of all sizes) for fiscal 2024 showed a continued expansion trend, rising 14.0% compared to fiscal 2023.

For our group as well, the progress in fields such as Artificial Intelligence (AI) to accelerate the realization of DX, Internet of Things (IoT), the transition of existing systems to cloud systems, and progress in low-code development to accelerate system development have led to increased opportunities to enter new businesses and the expansion of business scope.

In addition, ransomware damage that disrupts business operations by encrypting corporate data and demanding a ransom to recover it has increased markedly. As a result, there was a growing demand for "strengthening cyber security measures," and there was a further increase in the need for "improving operational efficiency" due to rising labor costs associated with rising commodity prices. These factors provided a tailwind for our group, which offers effective solutions to these issues.

■ Summary of Business Results for the Fiscal Year Ended June 30, 2024

We achieved record-high sales and profits in the subject fiscal year in response to strong demand.

Profit in particular declined year on year in the first quarter due to the handover of an unprofitable project in the previous fiscal year to solve this issue. However, from the second quarter, when the handover work was completed, profits turned upward and reached a record high in the subject fiscal year. On the other hand, expenses for improvements in employee treatment, such as salary increases, and for expanding the business scale (expenses for expanding the floor space in the Kanto, Kansai, and Ehime Offices, expenses for opening the Hakodate Office, and commissions paid for M&A of two companies) increased more than we expected at the beginning of the fiscal year, and profits remained within the initial forecast.

As a result, net sales in the subject fiscal year amounted to 19,888,244 thousand yen (up 9.6% year on year), with operating profit of 2,424,916 thousand yen (up 18.9%), ordinary profit of 2,409,421 thousand yen (up 17.0%), and profit attributable to owners of parent of 1,686,924 thousand yen (up 16.5%), marking the 14th consecutive year of growth in both sales and profits.

Business results by segment are as follows.

Of note, figures for sales by segment and segment profit (operating profit) are presented before the elimination of intra-company transactions.

① Software Development Business

In the Business Solutions Unit (business system development and operation support), sales and profits grew significantly from the previous year due to a reaction to loss disposition of an unprofitable project in the previous fiscal year.

In business system development, the first half performance was sluggish due to the fact that it took longer for engineers to rotate after work to converge an unprofitable project and standby person-hours related to ERP projects incurred during off-period in the order cycle. However, in the second half, we were able to put in place a structure capable of responding to robust demand, and sales were favorable. In addition, through the review of our business portfolio, our strategy of returning to financial projects showed results, leading to an increase in the public sector, telecommunications, and low-code development projects.

In operation support, we were able to further exceed the previous fiscal year's record performance thanks to an expansion of our business domains and an increase in sales of simplism inc., which joined our group in the previous fiscal year.

In the Embedded Solutions Unit (embedded system development and embedded system verification), we further strengthened our strategic shift to automotive-related businesses, and we were able to achieve steady growth in sales and profits.

In embedded systems development, sales of semiconductor-related products remained at the same level as the previous year, but sales of automotive-related R&D and IoT-related projects for home appliances grew more than expected. In addition, automotive-related mass-production development, which had experienced a period lag in the receipt of orders, began in the third quarter of the current fiscal year and contributed to results. As a result, both sales and profits increased steadily from the previous year's level.

In embedded system verification, sales and profits both increased steadily year-on-year as sales of automotive-related verification services grew.

In the Original Product Sales Unit, both sales and profits grew steadily due to an increase in sales from the accumulation of original product licenses, an increase in licensing sales and peripheral development sales related to electronic contract services, and the consolidation of Jungle, Inc., which joined our group through M&A in February this year.

In the cyber security business, both sales and profits increased from the previous year due to a steady increase in licensing sales resulting from the scaling up of servers by existing customers in WebARGUS (*1). In addition, we worked to expand sales of total security services (DIT Security) with WebARGUS at its core in collaboration with vulnerability assessment firms. At the

same time, we focused on targeting customers and promoting sales of WebARGUS for Ransomware, 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 horizontally expanding existing clients of xoBlos (*2) to other departments and worked to capture projects for lead customers that had been accumulated since the previous fiscal year, as a result, both sales and profits increased from the previous year.

DD-CONNECT, an outsourcing service for electronic contracts, for which needs have expanded in the new normal society under the COVID-19 disaster, transitioned from the introduction period to the growth period, and sales increased and began to contribute to profits.

In addition, we have reflected on the performance of JUNGLE, Inc., which joined our group, in our business results from the fourth quarter. Jungle, Inc. develops and sells the following products that have strong market needs.

- “Data Migration Box” is a high-speed data migration tool for BtoB, from on-premises to cloud and from cloud to other cloud. Jungle, Inc. holds exclusive sales rights.
- “DiskDeleter” is a USB memory-type data-deleting software. It is copyrighted by Jungle, Inc., and has been installed by more than 10,000 companies.
- “PDF –Xchange Editor” is a multi-functional PDF integrated software for BtoC that allows free editing of PDF files. Jungle, Inc. sells it as a GOLD Reseller.
- “Fude-gurume” is New Year's cards and postcard creation software, which FUJI SOFT INCORPORATED develops and sells. It can be purchased at mass merchandisers nationwide and at Fude-gurume official store operated by Jungle, Inc.

As a result, sales in the Software Development Business amounted to 19,159,465 thousand yen (up 9.7% year on year), with segment profit (operating profit) was 2,366,443 thousand yen (up 21.1%).

(*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)

② System Sales Business

In the System Sales segment, which is centered on “Rakuichi,” an operations and management support system for small and medium-sized enterprises manufactured by Casio Computer Co., Ltd., sales increased significantly by the second quarter. This was due to the strengthening of business activity for “electronic data transaction data storage in line with the revision of the Electronic Bookkeeping Law,” which became mandatory from January 2024, as well as rush demand for the introduction of the Qualified Invoice System. However, in the third quarter, compliance with revisions to laws and regulations was paused, and expenses increased due to the addition of sales personnel aimed at cultivating new customers after complying with the revisions. As a result, profits declined in the fiscal year under review.

As a result, net sales in the System Sales segment amounted to 741,295 thousand yen (up 4.6% year on year), with segment profit (operating profit) of 58,472 thousand yen (down 31.2%).

(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 8,536,443 thousand yen, an increase of 1,158,193 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 430,683 thousand yen in cash and deposits, 650,051 thousand yen in notes and accounts receivable-trade and 18,656 thousand yen in merchandise, and a decrease of 23,581 thousand yen in contract assets.

(Noncurrent Assets)

Noncurrent assets amounted to 1,680,844 thousand yen, an increase of 882,469 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 40,507 thousand yen in investment securities, 651,580 thousand yen in goodwill, 37,291 thousand yen in leasehold and guarantee deposits, and 39,518 thousand yen in deferred tax assets.

(Current Liabilities)

Current liabilities amounted to 2,673,950 thousand yen, an increase of 693,708 thousand yen compared to the end of the previous fiscal year. This was due mainly to increases of 118,116 thousand yen in accounts payable-trade, 68,029 thousand

yen in accounts payable - other and 144,347 thousand yen in accrued consumption taxes, against a decrease of 14,708 thousand yen in provision for loss on orders received.

(Noncurrent Liabilities)

Noncurrent liabilities amounted to 485,026 thousand yen, an increase of 295,016 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 179,580 thousand yen in long-term borrowings, 33,072 thousand yen in provision for share based remuneration and 55,348 thousand yen in other.

(Net Assets)

Net assets amounted to 7,058,310 thousand yen, an increase of 1,051,938 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 1,041,025 thousand yen in retained earnings and 137,108 thousand yen in treasury stock.

(3) Cash Flows for the Subject Period

Cash and cash equivalents at the end of the fiscal year increased by 332,016 thousand yen from the end of the previous fiscal year to 4,506,944 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 1,741,683 thousand yen (1,427,316 thousand yen provided in the previous fiscal year) due to the recording of profit before income taxes of 2,409,421 thousand yen, payments for an increase in accounts receivable - trade, and contract assets of 475,397 thousand yen, proceeds from an increase in accounts payable - other and accrued expenses of 147,717 thousand yen, proceeds for an increase in other liabilities of 177,653 thousand yen, and payments for income taxes of 686,229 thousand yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 595,613 thousand yen (compared with 66,838 thousand yen used in the previous fiscal year). This was mainly due to the purchase of shares of subsidiaries resulting in change in scope of consolidation of 521,483 thousand yen, proceeds from refund of leasehold and guarantee deposits of 16,536 thousand yen, and the payment of lease and guarantee deposits of 61,659 thousand yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 804,712 thousand yen (compared with 1,031,358 thousand yen used in the previous fiscal year), mainly due to cash dividends paid of 618,319 thousand yen and purchase of treasury stock of 137,108 thousand yen.

(4) Future Outlook

The Cabinet Office announced in July 2024 that while there has been some stagnation recently, 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, the downturn in overseas economies poses the risk of downward pressure on the Japanese economy, including the impact of continued high interest rates in Europe and the United States and the stagnation of the real estate market in China. In addition, it is necessary to be careful enough to rising prices, situation in the middle east, and the effects of fluctuations in financial markets, etc."

In the information services industry to which we belong, DX trends are expected to continue expanding at an accelerating pace as new technological fields such as AI, IoT, cloud computing, big data analytics, and quantum computing continue to develop. In particular, it is believed that there will be a widespread trend to utilize generative AI, which is undergoing significant progress, in businesses. It is anticipated that new techniques and services will be created in various industries and operations.

On the other hand, outside the country, the Russia-Ukraine conflict and the Israeli-Palestinian conflict in the Middle East are expected to have a major impact on the global economy, and the outcome of the U.S. presidential election in November is also expected to have a significant impact on the political and economic situation. As a result, the outlook is expected to become even more uncertain.

In this environment, on August 9, 2024, we announced our new medium-term management plan (fiscal 2024 to fiscal 2026).

In the current medium-term management plan, we express "To enrich people's lives by supporting the digitized society (changes) that continues to "evolve" with the power of IT (responsiveness)." about the Purpose of the link between our business philosophy and the meaning of existence, and we set out to grow together as one company.

Purpose

Our company will grow as one team by expressing the linkage between our corporate philosophy and the reason for our existence in the purpose in the New Medium-term Management Plan.

Purpose

To enrich people's lives by supporting the digitized society (changes) that continues to "evolve" with the power of IT (responsiveness).

Mindset that DIT values

Provide value that can adapt to changes of the times

~ Enhance Customer Value ! ~

We value the responsiveness to changes.

Responsiveness to changes means that we will not be content with the status quo, but always take on challenges because of a sense of urgency that we will easily get left behind the times if we do not take measures to adapt to changes as the world keeps changing.

We will engage in businesses and provide services that can adapt to changes in the current of the times and the trend in technology. As the immediate step, we will clarify the direction that we will move in by developing a long-term vision that can accommodate changes, such as [development of innovative technology including generative AI, the aging society with a declining birthrate and a decrease in the working population, and work style reforms and diversifying lifestyles](#), and strive for continuous growth.

We believe that our mission is to contribute to society and enrich the lives of our stakeholders from all walks of life by achieving the aforementioned.

We have also set a management target of 50 billion yen in net sales for the fiscal year ending June 2030, with the goal of "Challenge 500" and building a "Trusted and Chosen DIT Brand" as our 2030 vision.

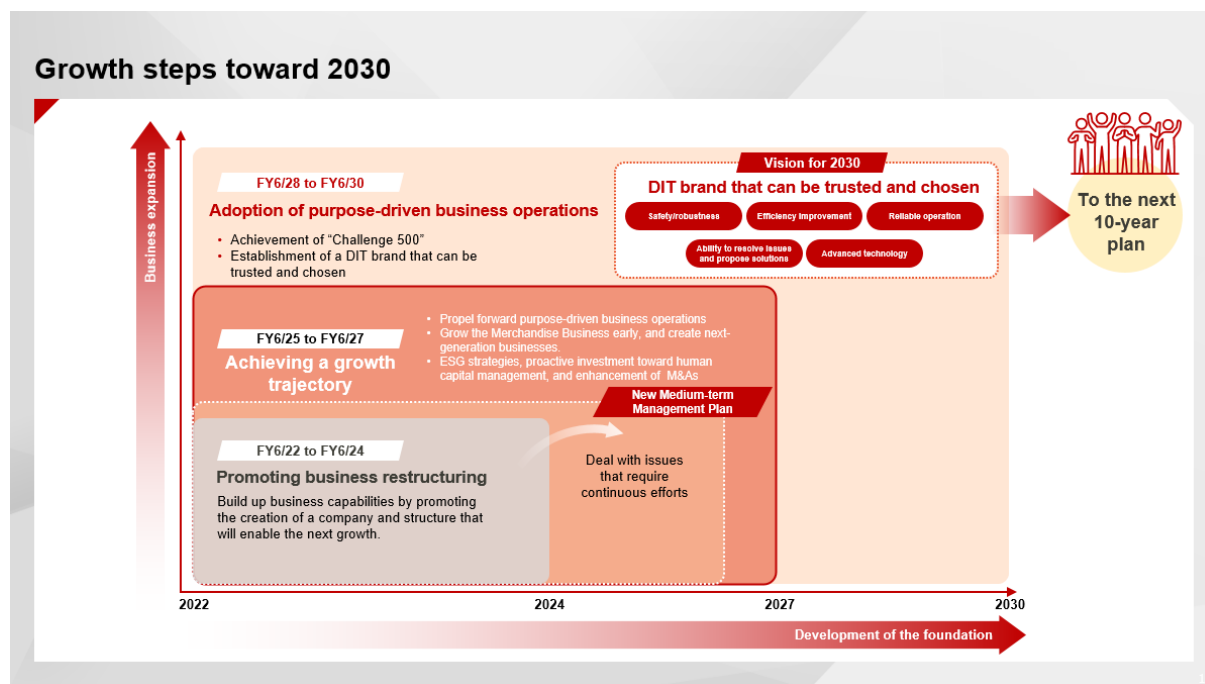
Management Targets

Challenge 500

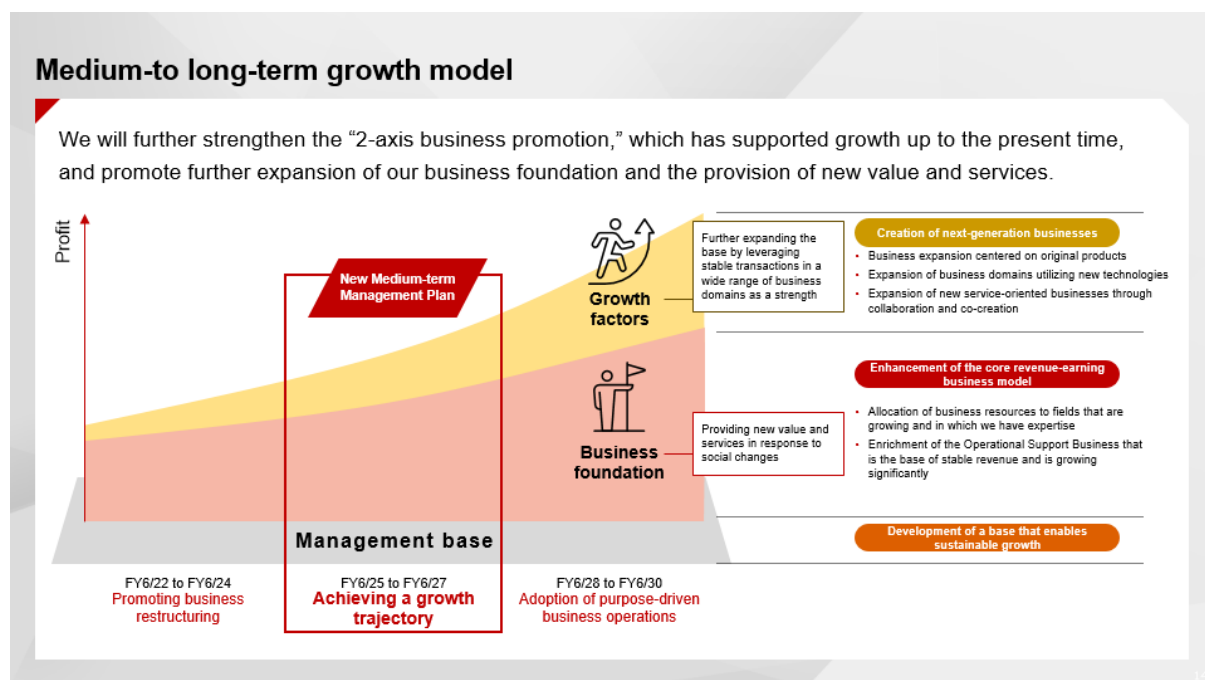
Challenge to sales of 50 billion yen !

	FY6/2024 Results	FY6/2030 Target
Net sales	19.8 billion yen	50.0 billion yen or more <small>New business/M&A, etc.</small>
Operating profit	2.42 billion yen	5.0 billion yen or more
Dividend payout ratio	41.1%	50% or more <small>FY6/2025 onward</small>

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 address issues newly recognized when promoting business structural reform, to promote Purpose management, to establish a business style and put the overall business on a growth track. Moreover, the period from FY6/28 to FY6/30 as the period for “establishing the DIT brand”, that is trusted and chosen by all stakeholders by establishing a Purpose.



As a medium-to-long-term growth model, the Group will further strengthen its business promotion based on the two axes of “Business Foundation” and “Growth Factors,” which have supported growth to date, and further expand its business foundation and promote the provision of new value and services for growth factors.



Business plans by segment are as follows.

① Software Development Business

About “further expanding our business foundation,” we will enhance our value co-creation capabilities and market competitiveness to strengthen our core earnings business model.

Within the Business Solutions Unit, in business system development, we will invest human resources in the financial sector, which has abundant experience and a proven track record. At the same time, we will focus on the development of securities-related areas, which are the areas of expertise of System Products Co., Ltd., which joined our group through M&A in February this year.

Moreover, we will invest resources in areas where future growth is expected, such as low-code development. Furthermore, we will utilize generation AI and frameworks to provide high-productivity and high-quality systems. At the same time, we will establish a DIT standard model that utilizes low codes for agile development.

In the operation support business, in order to continue to respond to strong demand, we will effectively utilize DX solutions and work to provide various services that our customers require. In addition, to meet the demand for cloud computing, we will build a group of cloud architects and develop services. Furthermore, we will create strengths specializing in the introduction and operation services of systems that centrally manage client data provided by Salesforce and other companies, and build a system that can capture demand regardless of industry.

In the Embedded Solutions Unit, we will provide a set of developments and verifications, and aim to increase its shares of transactions with automobile manufacturers, major automobile parts manufacturer (Tier1) providers, semiconductor manufacturers and other existing loyal customers. We will also consider opening a new base in the Chubu region.

In embedded development, we aim to expand the business by concentrating our resources in the field of automotive infotainment, ADAS, ECU and other advanced technological growth areas. We will also leverage our expertise in connected cars, which is one of our strengths, to focus on the area of server-side development as well. In IoT field, we will expand our business domains, centered on home appliances, and develop next-generation IoT utilizing AI and data science tools, while further acquiring the technical expertise we possess.

In embedded verification, we will work to expand our business using standardized methods to improve quality. In addition, we will fully develop automation of verification operations using generation AI and RPA, while considering entering into the business-related system verification business.

About the "provision of new value and services for growth factors," we will expand business based on original products while leveraging partnerships and other opportunities, and create next-generation businesses by establishing businesses that utilize new technologies.

In the cyber security business, we will expand business and strengthen profitability by providing total security services centered on original products and also aim to establish DIT Security brands. In addition, we will launch our original services for platform diagnostics and vulnerability diagnostics, where demand has been particularly high. As for an original product for anti-ransomware that we began selling last year, we are preparing and planning to release the successor products. In addition, we will conduct research and development on solutions that comprehensively protect the operating environment for containers.

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. We will also expand business by strengthening OEM through upselling to current customers and strengthening alliances with other companies.

In the electronic contract services business, we aim to acquire large-scale SI projects, mainly in the construction and real estate industries, which have a result track record of installation, and achieve significant growth in the stock of subscription licenses. We will also promote expansion to local governments.

In addition to these core original products, we will also work to expand sales of products for BtoB and BtoC owned by Jungle, Inc. In addition, by applying Jungle, Inc.'s marketing and sales know-how to existing original products, we will work to boost sales related to original products.

② System Sales Business

About system sales of the mainstay product Rakuichi, a temporary downward trend is forecasted due to special demand in the previous fiscal year for "storage of eligible invoices (invoicing system)" and "storage of electronic data exchanges data following the revision of the Electronic Book Retention Act." However, the Group will continue to strengthen proposals for small and medium-sized enterprises that have been delayed in introducing these systems and will also focus on after-sales services for enterprises that have already introduced them.

As a result, for the next fiscal year (FY6/25), DIT is forecasting net sales of 22,000 million yen (up 10.6% year on year), with operating profit of 2,600 million yen (up 7.2%), ordinary profit of 2,600 million yen (up 7.9%), and profit attributable to owners of parent of 1,804 million yen (up 7.0%).

(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 50% or more from the current target of 40% 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 23 yen per share of common stock, as initially planned. Along with this, we plan to pay a total of 46 yen, including an interim dividend of 23 yen.

For FY6/24, in accordance with the above basic policy, the Company plans to pay 60 yen per share, comprising an interim dividend of 30 yen, and a year-end dividend of 30 yen.

2. Overview of the Corporate Group

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

(1) Software Development Business

① Business Solutions Unit

(a) Business system development

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

(a) Embedded system development

This business develops software for in-vehicle devices, mobile devices, information home appliances, and communication equipment. For in-vehicle devices, mobile devices and information home appliances, the business develops custom software for the overall system, including firmware, device controls, and applications. In particular, among automotive-related CASE* we are focusing on Connected, as 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.

③ Original Product Sales 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.

(c) Products for BtoB

We sell "Data Migration Box," a cloud migration tool with exclusive sales rights, and "DiskDeleter," a proprietary USB memory-type data-deletion software.

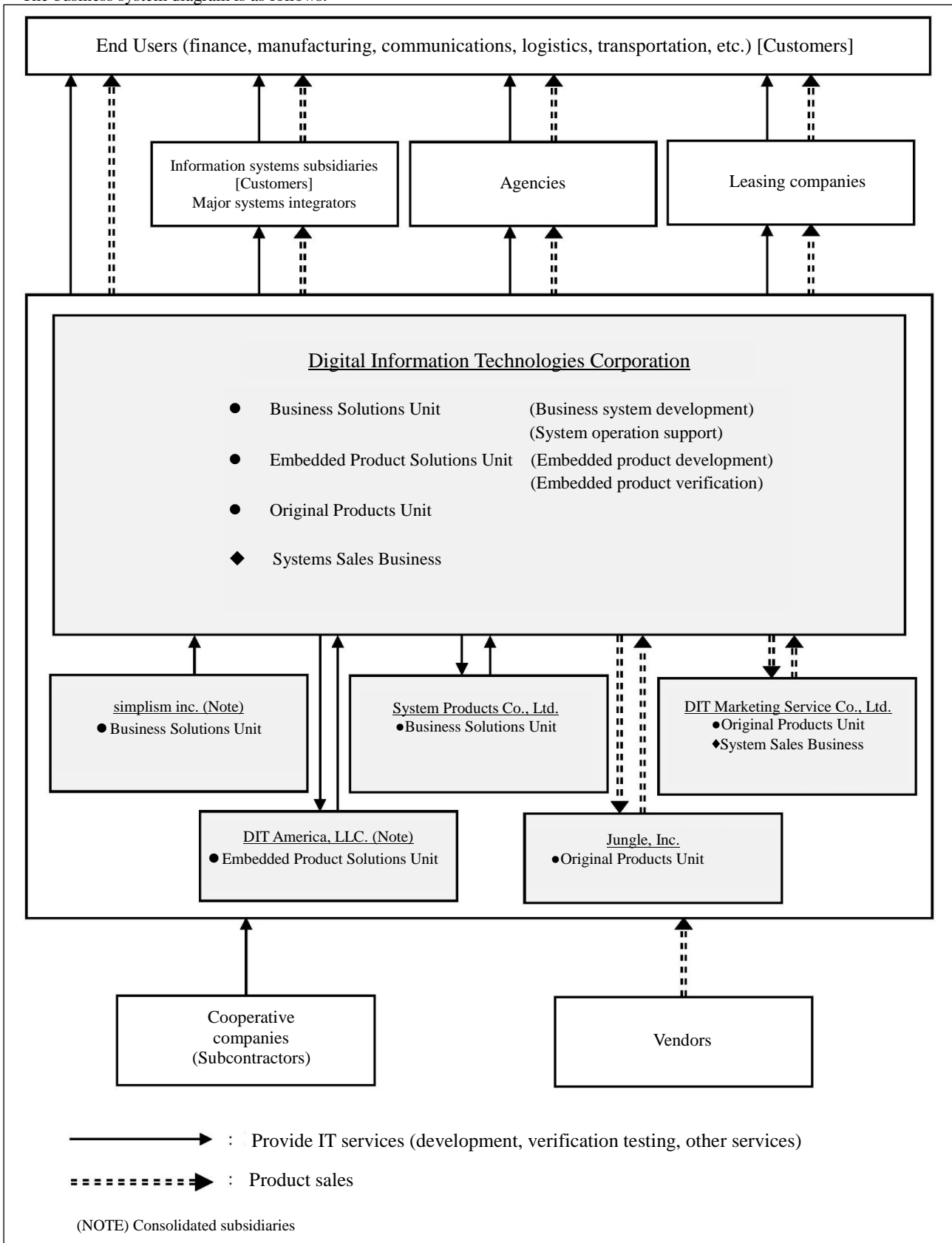
(d) Products for BtoC

We sell "PDF-Xchange Editor," a multi-functional PDF integrated software that enables free editing of PDF files that we sell as GOLD Reseller and "Fude-gurume," a New Year's card software.

(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 abroad.

4. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	FY6/23 (June 30, 2023)	FY6/24 (June 30, 2024)
ASSETS		
Current assets		
Cash and deposits	4,185,107	4,615,790
Notes and accounts receivable-trade	2,632,464	3,282,516
Contract assets	321,062	297,481
Merchandise	30,802	49,459
Work in process	108,173	120,543
Raw materials and supplies	-	5,477
Other	100,708	165,238
Allowance for doubtful accounts	-68	-64
Total current assets	7,378,249	8,536,443
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,047	67,873
Tools, furniture and fixtures	36,040	47,398
Leased assets	89,721	157,702
Accumulated depreciation	-115,702	-127,918
Land	62,179	62,179
Total property, plant and equipment	138,285	207,234
Intangible assets		
Software	12,614	48,042
Goodwill	159,105	810,685
Other	893	4,084
Total intangible assets	172,614	862,813
Investments and other assets		
Investment securities	115,966	156,473
Lease and guarantee deposits	178,106	215,398
Insurance funds	31,965	37,592
Deferred tax assets	152,143	191,662
Other	41,850	42,120
Allowance for doubtful accounts	-32,558	-32,451
Total investments and other assets	487,475	610,796
Total noncurrent assets	798,374	1,680,844
Total assets	8,176,624	10,217,287

(Thousand yen)

	FY6/23 (June 30, 2023)	FY6/24 (June 30, 2024)
LIABILITIES		
Current liabilities		
Accounts payable-trade	615,140	733,257
Current portion of long-term loans payable	-	22,260
Current portion of bonds payable	-	16,600
Accounts payable - other	204,836	272,865
Accrued expenses	168,172	313,401
Income taxes payable	407,337	495,189
Accrued consumption taxes	203,886	348,234
Contract liabilities	219,930	226,096
Provision for bonuses	-	36,985
Provision for loss on orders received	14,792	84
Other	146,146	208,976
Total current liabilities	1,980,242	2,673,950
Noncurrent liabilities		
Long-term loans payable	-	179,580
Bonds payable	-	25,100
Retirement benefit liability	8,914	10,829
Provision for share based remuneration	142,694	175,766
Other	38,401	93,749
Total noncurrent liabilities	190,009	485,026
Total liabilities	2,170,252	3,158,977
Net assets Shareholders' equity		
Capital		
Capital	453,156	453,156
Capital surplus	459,214	459,214
Retained earnings	5,742,065	6,783,090
Treasury stock	-694,538	-831,646
Total shareholders' equity	5,959,896	6,863,813
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,563	34,807
Foreign currency translation adjustments	35,911	59,920
Total accumulated other comprehensive income	46,475	94,728
Non-controlling interests	-	99,768
Total net assets	6,006,372	7,058,310
Total liabilities and net assets	8,176,624	10,217,287

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

(Thousand yen)

	FY6/23 (July 1, 2022 to June 30, 2023)	FY6/24 (July 1, 2023 to June 30, 2024)
Net sales	18,149,560	19,888,244
Cost of sales	13,830,624	14,943,210
Gross profit	4,318,936	4,945,033
Selling, general and administrative expenses	2,279,203	2,520,117
Operating profit	2,039,732	2,424,916
Non-operating income		
Interest and dividend income	5,932	5,408
Subsidy income	10,438	12,488
Commission fee	1,544	2,423
Insurance premiums refunded cancellation	4,088	2,075
Gain on receipt of donated non-current assets	2,345	-
Other	1,357	1,304
Total non-operating revenues	25,707	23,699
Non-operating expenses		
Interest expenses	614	1,338
Commission fee	347	16,172
Exchange loss	2,711	2,947
Loss on investments in investment partnerships	2,155	2,155
Office transfer expenses	19	14,579
Other	11	2,000
Total non-operating expenses	5,859	39,194
Ordinary profit	2,059,580	2,409,421
Extraordinary income		
Gain on sale of investment securities	3,928	-
Total extraordinary income	3,928	-
Profit before income taxes	2,063,509	2,409,421
Income taxes - current	631,475	749,207
Income taxes-deferred	-15,670	-26,710
Total income tax	615,804	722,497
Profit	1,447,704	1,686,924
Profit attributable to owners of parent	1,447,704	1,686,924

Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY6/23 (July 1, 2022 to June 30, 2023)	FY6/24 (July 1, 2023 to June 30, 2024)
Profit	1,447,704	1,686,924
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,331	24,244
Foreign currency translation adjustments	9,976	24,009
Total other comprehensive income	14,307	48,253
Comprehensive income	1,462,012	1,735,177
(Breakdown)		
Comprehensive income attributable to owners of the	1,462,012	1,735,177
Comprehensive income attributable to non-controlling shareholders	-	-

(3) Consolidated Statements of Changes in Shareholders' Equity
 FY6/23 (July 1, 2022 to June 30, 2023)

(Thousand yen)

	Capital				
	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
Changes of items during the period					
Purchase of treasury shares				-347,244	-347,244
Dividends of surplus			-660,525		-660,525
Profit 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
Changes of items during the period				
Purchase of treasury shares				-347,244
Dividends of surplus				-660,525
Profit 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

FY6/24 (July 1, 2023 to June 30, 2024)

(Thousand yen)

	Capital				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	453,156	459,214	5,742,065	-694,538	5,959,896
Changes of items during the period					
Purchase of treasury shares				-137,108	-137,108
Dividends of surplus			-618,988		-618,988
Profit attributable to owners of parent			1,686,924		1,686,924
Changes in fiscal year-end of consolidated subsidiaries			-26,910		-26,910
Net changes of items other than shareholders' equity					
Total changes during period	-	-	1,041,025	-137,108	903,917
Balance at the end of current period	453,156	459,214	6,783,090	-831,646	6,863,813

	Accumulated other comprehensive income			Non-controlling interests	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	10,563	35,911	46,475	-	6,006,372
Changes of items during the period					
Purchase of treasury shares					-137,108
Dividends of surplus					-618,988
Profit attributable to owners of parent					1,686,924
Changes in accounting terms of consolidated subsidiaries					-26,910
Net changes of items other than shareholders' equity	24,244	24,009	48,253	99,768	148,021
Total changes during period	24,244	24,009	48,253	99,768	1,051,938
Balance at the end of current period	34,807	59,920	94,728	99,768	7,058,310

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY6/23 (July 1, 2022 to June 30, 2023)	FY6/24 (July 1, 2023 to June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,063,509	2,409,421
Depreciation	34,699	63,509
Amortization of goodwill	39,776	59,272
Gain on receipt of donated non-current assets	-2,345	-
Increase (decrease) in allowance for doubtful accounts	-128	-110
Increase (decrease) in provision for bonuses	-	6,412
Increase (decrease) in provision for loss on order	14,747	-14,708
Increase (decrease) in retirement benefit liability	1,756	1,915
Interest and dividends income	-5,932	-5,408
Increase (decrease) in provision for share based remuneration	31,214	33,072
Interest expenses	614	1,338
Decrease (increase) in notes and accounts receivable-trade and contract assets	-111,741	-475,397
Decrease (increase) in inventories	-12,563	-26,020
Increase (decrease) in notes and accounts payable -trade	240,836	43,052
Increase (decrease) in accounts payable - other and accrued expenses	-59,851	147,717
Increase (decrease) in long-term accounts payable - other	219	-73
Decrease (increase) in other assets	-1,846	-11,079
Increase (decrease) in other liabilities	-221,889	177,653
Loss (gain) on investments in investment partnerships	2,371	2,371
Other	-18,537	-1,649
Subtotal	1,994,911	2,411,290
Interest and dividends income received	5,932	5,408
Interest expenses paid	-614	-1,338
Subsidies received	10,438	12,488
Income taxes paid	-583,351	-686,229
Other	-	64
Cash flows from operating activities	1,427,316	1,741,683
Cash flows from (used in) investing activities		
Purchases of investment securities	-25,657	-
Gain on sale of investment securities	10,124	-
Purchases of property, plant and equipment	-6,733	-4,422
Purchases of intangible assets	-6,977	-24,180
Proceeds from sale of membership	2,616	-
Collection of loans receivable	113	106
Purchase of insurance funds	-4,615	-4,821
Proceeds from cancellation of insurance funds	4,685	4,310
Payments for lease and guarantee deposits	-48,033	-61,659
Proceeds from collection of lease and guarantee deposits	7,638	16,536
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-521,483
Cash flows from (used in) investing activities	-66,838	-595,613
Cash flows from financing activities:		
Repayments of lease obligations	-19,500	-27,547
Repayments of borrowings	-5,001	-5,565
Purchase of treasury stock	-347,244	-137,108
Cash dividends paid	-659,613	-618,319
Other	-	-16,172
Cash flows from financing activities:	-1,031,358	-804,712
Effect of exchange rate change on cash and cash equivalents	9,933	23,935
Net increase (decrease) in cash and cash equivalents	339,052	365,293
Cash and cash equivalents at beginning of period	3,835,875	4,174,928
Net increase (decrease) in cash and cash equivalents resulting from change in fiscal year-end of consolidated subsidiaries	-	-33,277
Cash and cash equivalents at end of period	4,174,928	4,506,944

(5) Notes to Consolidated Financial Statements
 (Notes Regarding Going Concern Assumptions)
 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

	FY6/23 (June 30, 2023)	FY6/24 (June 30, 2024)
Cash and deposits	4,185,107 thousand yen	4,615,790 thousand yen
Trust deposit	-10,178	-12,603
Time deposits with deposit terms exceeding three months	-	-96,242
Cash and cash equivalents	4,174,928	4,506,944

*2 Major breakdown of assets and liabilities of the company newly consolidated as a subsidiary due to the acquisition of stock

FY6/23 (July 1, 2022 to June 30, 2023)
 Not applicable.

FY6/24 (July 1, 2023 to June 30, 2024)

The breakdown of assets and liabilities at the time of consolidation of Jungle, Inc. and System Products 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 (thousand yen)	1,119,311
Noncurrent assets	67,690
Goodwill	710,852
Current liabilities	-267,841
Noncurrent liabilities	-210,245
Non-controlling interests	-99,768
Acquisition cost of shares	1,320,000
Cash and cash equivalents	-798,517
Net: expenditures for purchase of shares of subsidiaries resulting in a change in scope of consolidation	-521,483

(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 product sales
System Sales Business	Sales of "Rakuichi," a 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 profit 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

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

(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	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 profit (loss)	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	32,770	1,934	34,704	-5	34,699
Increase in property, plant and equipment and intangible assets	25,845	-	25,845	-	25,845

(Notes) 1. Adjustments are as follows.

(1) Adjustment to segment profit 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 profit in the consolidated financial statements.

FY6/24 (July 1, 2023 to June 30, 2024)

(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	19,159,465	728,778	19,888,244	-	19,888,244
Intersegment net sales and transfers	-	12,517	12,517	-12,517	-
Total	19,159,465	741,295	19,900,761	-12,517	19,888,244
Segment profit	2,366,443	58,472	2,424,916	-	2,424,916
Segment assets	9,611,133	615,256	10,226,390	-9,102	10,217,287
Other items					
Depreciation	58,284	5,224	63,509	-	63,509
Increase in property, plant and equipment and intangible assets	816,955	19,270	836,225	-	836,225

(Notes) 1. Adjustments are as follows.

- (1) Adjustment to segment assets of -9,102 thousand yen is mainly intersegment eliminations.
 - (2) Adjustments to depreciation and amortization represent unrealized gains and losses among segments.
2. Segment income is adjusted with operating profit in the consolidated financial statements.

[Related information]

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.

FY6/24 (July 1, 2023 to June 30, 2024)

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]

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

Not applicable.

FY6/24 (July 1, 2023 to June 30, 2024)

Not applicable.

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

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

FY6/24 (July 1, 2023 to June 30, 2024)

(Thousand yen)

	Software Development Business	System Sales Business	Corporate and Eliminations	Total
Amortization for the year	59,272	-	-	59,272
Balance at the end of current period	810,685	-	-	810,685

[Information on gain on negative goodwill by reportable segment]

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

Not applicable.

FY6/24 (July 1, 2023 to June 30, 2024)

Not applicable.

(Per Share Information)

	FY6/23 (July 1, 2022 to June 30, 2023)	FY6/24 (July 1, 2023 to June 30, 2024)
Net assets per share of common stock	399.61 yen	465.51 yen
Basic earnings per share	95.18 yen	112.83 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:

	FY6/23 (July 1, 2022 to June 30, 2023)	FY6/24 (July 1, 2023 to June 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	1,447,704	1,686,924
Amounts not applicable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent applicable to common stock (thousand yen)	1,447,704	1,686,924
Average number of common shares (shares)	15,210,288	14,951,631

(Important Subsequent Events)

Not applicable.