Digital Information Technologies Corporation

# New Medium-term Management Plan

FY6/25 to FY6/27
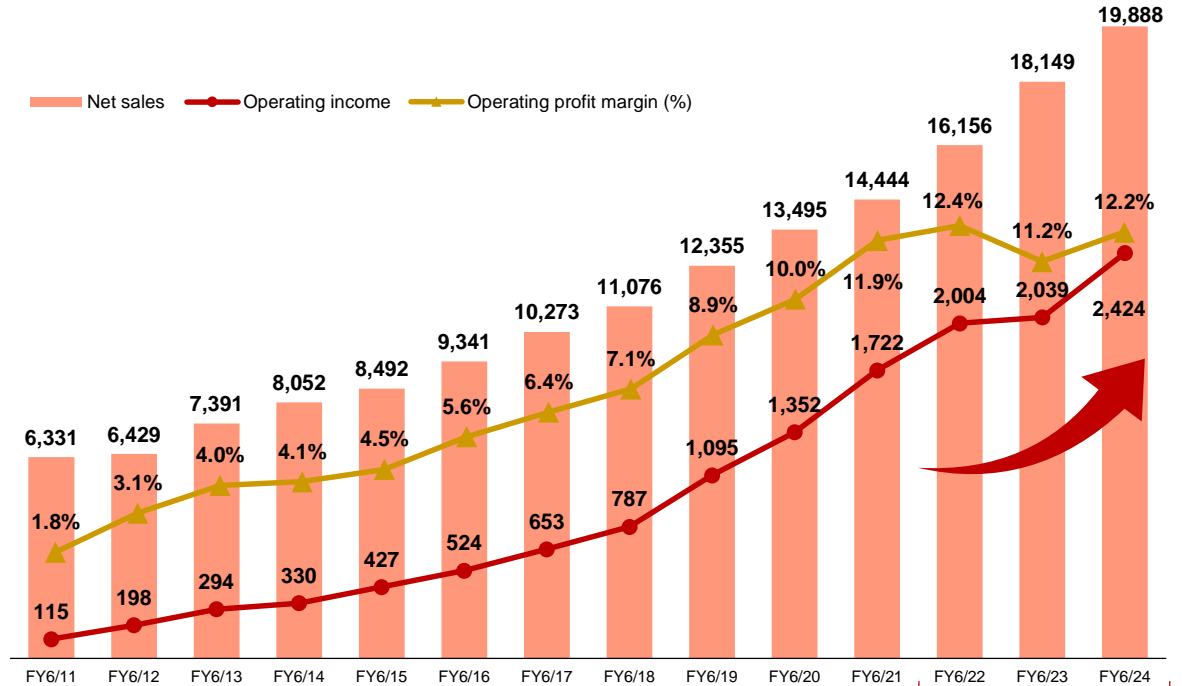
# Variation in business results

**Both sales and profit increased for 14 consecutive fiscal years.**

- While operating profit margin shrink temporarily due to unprofitable projects in FY6/23, it increased in FY6/24.



Legend: Net sales — Operating income — Operating profit margin (%)

| | FY6/11 | FY6/12 | FY6/13 | FY6/14 | FY6/15 | FY6/16 | FY6/17 | FY6/18 | FY6/19 | FY6/20 | FY6/21 | FY6/22 | FY6/23 | FY6/24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 6,331 | 6,429 | 7,391 | 8,052 | 8,492 | 9,341 | 10,273 | 11,076 | 12,355 | 13,495 | 14,444 | 16,156 | 18,149 | 19,888 |
| Operating income | 115 | 198 | 294 | 330 | 427 | 524 | 653 | 787 | 1,095 | 1,352 | 1,722 | 2,004 | 2,039 | 2,424 |
| Operating profit margin (%) | 1.8% | 3.1% | 4.0% | 4.1% | 4.5% | 5.6% | 6.4% | 7.1% | 8.9% | 10.0% | 11.9% | 12.4% | 11.2% | 12.2% |

**Previous Medium-term Management Plan**

# Business results and numerical targets

- The compound annual growth rate (CAGR) during the Previous Medium-term Management Plan remained high with that of sales being 11.2% and that of operating income standing at 12.1%.

- The sales target was achieved, but operating income fell below the target by 80 million yen due in part to M&A expenses.

- Dividend payout ratio increased to 41.1% in FY6/24.

| | FY6/21 Results | FY6/24 Target | FY6/24 Results | FY6/24 Vs. FY6/21 |
|---|---|---|---|---|
| Net sales | 14.4 billion yen | 19 billion yen | 19.8 billion yen | CAGR 11.2% |
| Operating income | 1.72 billion yen | 2.5 billion yen | 2.42 billion yen | CAGR 12.1% |
| Operating profit margin | 11.9% | 13.2% | 12.2% | + 0.3 pts |
| ROE | 29.2% | Remaining over 20% | 25.8% | |
| Dividend payout ratio | 30.8% | Over 35% | 41.1% | |

# Business results: Net sales in each business segment

### Business Solutions

- While growth in business system development was limited due to unprofitable projects, operational support grew thanks to M&A.

### Embedded Solutions

- With coordination between development and verification sections, the businesses related to automotive systems, semiconductors, and IoT expanded, and sales increased by over 50% during the Previous Medium-term Management Plan. This unit contributed to all of our businesses in terms of profit.
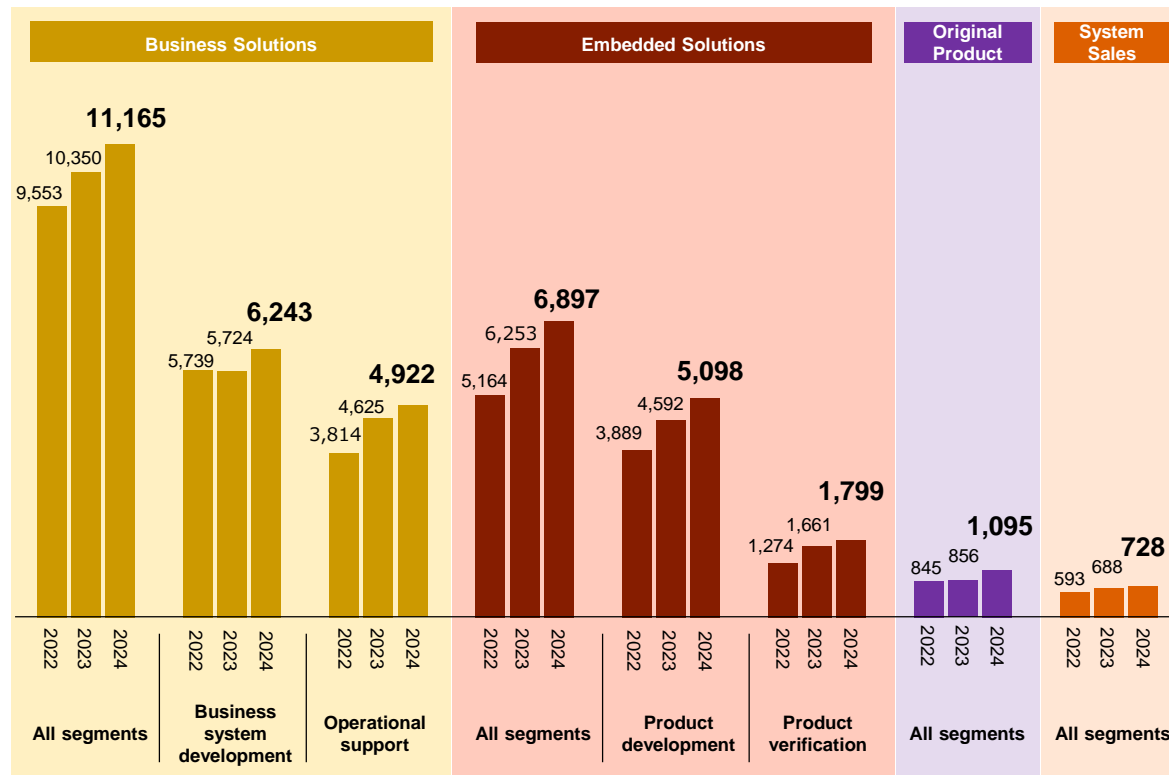
### Original Product

- Sales rose owing to M&A, and sales from subscriptions and licenses grew steadily.

### System Sales

- While sales shrank in FY6/22 due to restrictions on business operations in the wake of the COVID-19 pandemic, they increased in FY6/23 because demand rose for systems to deal with the invoice system and the revision to the Act on Special Provisions concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers.
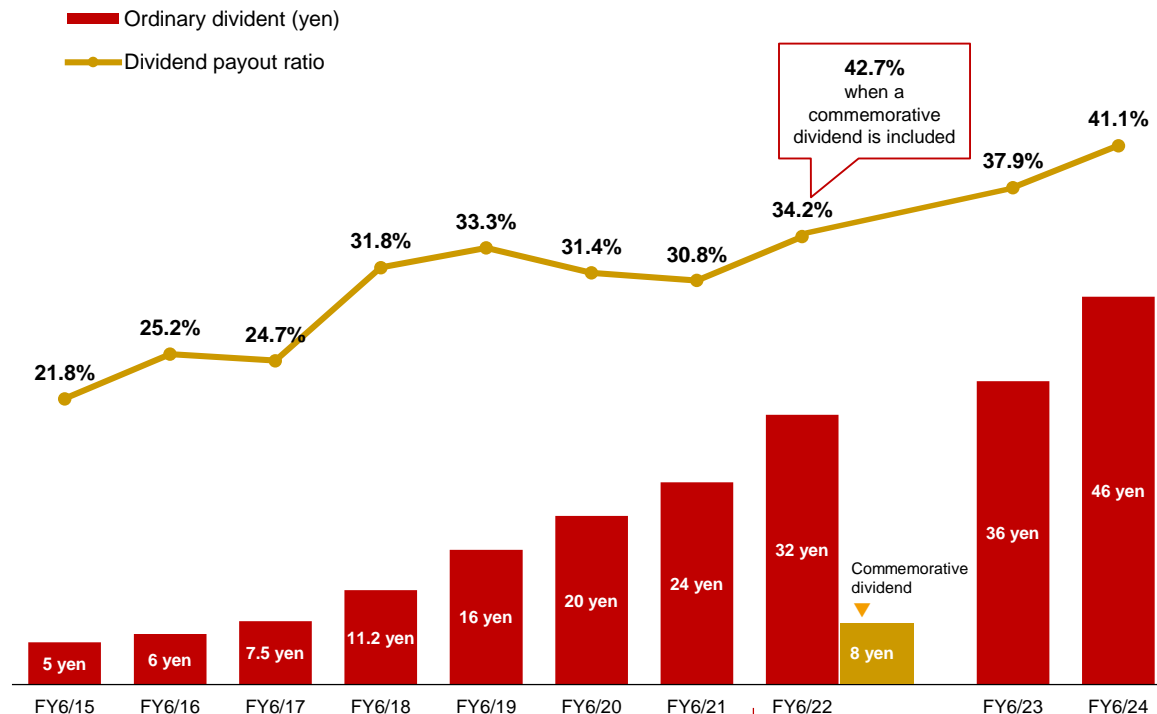
## Variation in net sales in each business segment

(Unit: million yen)

| Business Solutions | | | Embedded Solutions | | | Original Product | System Sales |
|---|---|---|---|---|---|---|---|

**Business Solutions**

All segments:
- 2022: 9,553
- 2023: 10,350
- 2024: 11,165

Business system development:
- 2022: 5,739
- 2023: 5,724
- 2024: 6,243

Operational support:
- 2022: 3,814
- 2023: 4,625
- 2024: 4,922

**Embedded Solutions**

All segments:
- 2022: 5,164
- 2023: 6,253
- 2024: 6,897

Product development:
- 2022: 3,889
- 2023: 4,592
- 2024: 5,098

Product verification:
- 2022: 1,274
- 2023: 1,661
- 2024: 1,799

**Original Product**

All segments:
- 2022: 845
- 2023: 856
- 2024: 1,095

**System Sales**

All segments:
- 2022: 593
- 2023: 688
- 2024: 728

# Business results: Dividend payout ratio

- A dividend of 8 yen was paid in FY6/22 for commemorating the 40th anniversary of the foundation of our company.

- The target payout ratio was raised to over 40% from over 35% in FY6/24. Dividend payout ratio was 41.1% in FY6/24.

**Legend:**
- Ordinary divident (yen)
- Dividend payout ratio

**Dividend payout ratio (%):**
- FY6/15: 21.8%
- FY6/16: 25.2%
- FY6/17: 24.7%
- FY6/18: 31.8%
- FY6/19: 33.3%
- FY6/20: 31.4%
- FY6/21: 30.8%
- FY6/22: 34.2%
- FY6/23: 37.9%
- FY6/24: 41.1%

42.7% when a commemorative dividend is included

**Ordinary dividend (yen):**
- FY6/15: 5 yen
- FY6/16: 6 yen
- FY6/17: 7.5 yen
- FY6/18: 11.2 yen
- FY6/19: 16 yen
- FY6/20: 20 yen
- FY6/21: 24 yen
- FY6/22: 32 yen
- FY6/22 Commemorative dividend: 8 yen
- FY6/23: 36 yen
- FY6/24: 46 yen

**Previous Medium-term Management Plan**

*Dividend payout ratio = Total amount of dividend payment ÷ Net income attributable to owners of parent
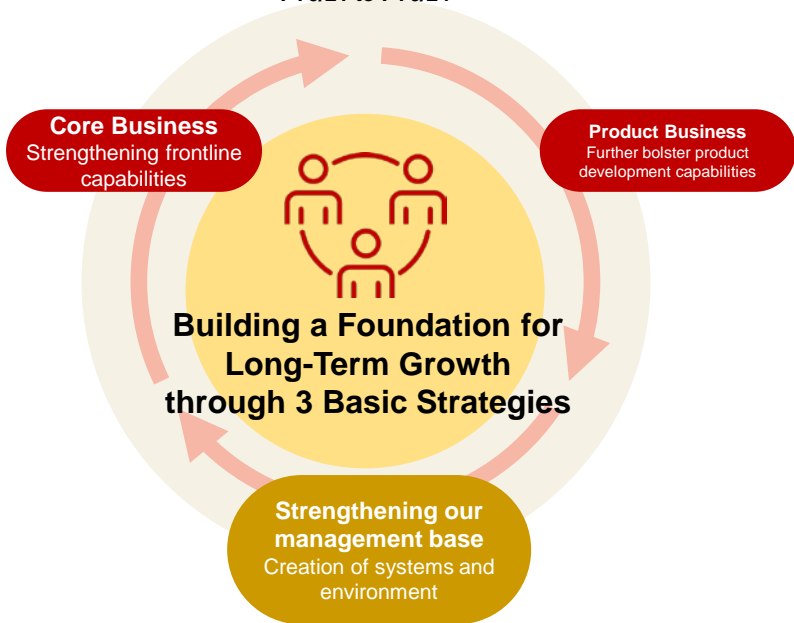
# Basic strategies: Progress

## Basic Strategies of the Previous Medium-term Management Plan

### FY6/21 to FY6/24

**Core Business**
Strengthening frontline capabilities

**Product Business**
Further bolster product development capabilities

**Building a Foundation for Long-Term Growth through 3 Basic Strategies**

**Strengthening our management base**
Creation of systems and environment

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**Core Business** — **Strengthening frontline capabilities**

| | |
|---|---|
| 1 | **Standardize various methods, use and utilize intellectual property, and optimize personnel allocation in order to strengthen frontline capabilities**<br>O  The project review function was enhanced, and development of a verification methodology was completed.<br>×  A project turned out to be unprofitable, and the strengthening of frontline capabilities remains an ongoing issue to deal with. |
| 2 | **Enhance responsiveness to changes so that we can respond quickly to market and technological changes**<br>O  Such skills as low code development and agile development were acquired and practical experiences were gained. |
| 3 | **Always strive to optimize the business portfolio**<br>O  The four business segments grew steadily, resulting in increases in sales and profit for 14 consecutive fiscal years. |
| 4 | **Enhance the value of customer business through service proposal-based cultivation of customer needs**<br>△  Our business is shifting from a development-based model to a service proposal-based model, but further enhancement is necessary. |
| 5 | **Expansion of regional bases, enhancement of capabilities, and enhancement of near-shore functions**<br>O  Hakodate Branch was opened (whose operations will be started in the near future).<br>△  Stable supply of nearshore development capacity in Ehime Prefecture remains an issue to deal with. |

# Basic strategies: Progress

## Product Business — Further bolster product development capabilities

**For existing products, strengthen product appeal and expand sales, mainly to large-scale customers**

1.
- ○ WebARGUS, which is compatible with ransomware, was released.
- ○ A full-fledged launch of DD-CONNECT contributed to sales and profit.
- △ We are selling the security products targeted at large-scale customers, but not all of them have adopted our products.

**Promote commercialization of our specialty areas and achieve profitability within the period under review**

2.
- △ While development of new products by utilizing the security products was completed, strategies for making them profitable need to be reviewed and revised.
- ✕ Our company aimed to share revenue in a mental health business in cooperation with other companies, but withdrew from the project.

**Enhance the lineup of products that meet the needs of a new normal society**

3.
- ○ Electronic contract service especially for the construction industry and the finance industry was expanded.
- △ The plan of a service platform in combination with xoBlos automatic control sheet generation is in progress.

**Continue to develop products that meet the needs of the times**

4.
- ○ In-house competitions for drawing ideas of new products and businesses were organized.
- △ Product development is continued, such as establishment of businesses in collaboration between the Original Product Unit and our customers.

## Strengthening our management base — Creation of systems and environment

**Creating systems such as organizations and systems to be a strong business (a personnel system and sophisticated project management)**

1.
- △ The project review function was enhanced.
- △ While the order receipt assessment process was strengthened as a measure to prevent unprofitable projects, how to operate it remains an issue to deal with.
- ○ The personnel system was reviewed based on policies taking the company-wide balance into account.

**Creating an environment where employees can work with job satisfaction (internal systems, work style reforms, and employee satisfaction)**

2.
- ○ Telecommuting was encouraged in the wake of the novel coronavirus pandemic, and the ratio of employees working from home exceeded 50% of the ratio recommended by the government.
- ○ The ratio of employees taking paid leaves went up (from 62.4% in FY6/21 to 74.5% in FY6/24) because we set days when it is encouraged for the employees to take paid leaves.
- △ MS365 was adopted, allowing us to take a step forward in the development of an in-house infrastructure environment. However, total optimization was not achieved.

**Creating human resources to increase and develop employees that are company assets (aggressive recruitment, education and training, and compensation system for acquiring qualifications)**

3.
- ○ Both new graduates and mid-career hires were recruited on a proactive and continuous basis. The number of employees increased (from 1,097 in FY6/21 to 1,402 in FY6/24).
- ○ Review and revision to the compensation system for acquiring qualifications raised the number of employees who acquired qualifications.
- △ Measures to prevent employees from leaving our company and measures against the increasing number of employees taking leaves of absence due to mental health problems remain issues to deal with.

# Recognition of areas that need to be enhanced

- We have defined 8 areas that need to be enhanced as listed on the right based on our progress with the basic policies in the Previous Medium-term Management Plan.

- We will propel forward and strengthen our initiatives for each of the areas in the new Medium-term Management Plan.

I Shift to a service proposal-based business model

II Strengthening frontline capabilities through investment in human resources

III Capability to settle social issues through promotion of digital innovation

**Business foundation　Core Business**

IV Improvement of responsiveness to changes in trends and new technology

V Acceleration of growth of the Product Business through improvement of the product appeal that meets market needs

**Growth factors　Product Business/New Businesses**

VI Creation of a solider management base that enables sustainable growth

VII Promotion of initiatives for ESG

**Management base**

VIII Clarification of fields for growth investment, and implementation of investment

# Philosophy and basic strategies

**Corporate philosophy**

| Overall | Company | Individual |
|---|---|---|
| Customer-oriented | Training Communication | Increased added value Goals and objectives Passion for our work |

**Management philosophy**

**Maintain our employees' way of life, and contribute to society**

**Management policy**

**Aim at stable business growth through pursuit of added value and measures to accommodate changes**

**Business strategies**

**5 basic business strategies**

**Innovation**
Creation of new value centering on our original products

**From competition to collaboration**
Expansion of business through collaboration

**From development to services**
Expansion of service-related businesses

**Acquisition/ development of human resources**
Recruit and develop employees

**Renovation**
Creation of a solider business foundation through reform of the existing businesses

**Organizational strategies**

**Organizational strategies based on distribution (partial optimization) and concentration (total optimization)**

[Distribution (partial optimization)]
Capability to accommodate changes/expertise and specialization/development of the manager

| BS company | eB company | SB company | ES company | NN company | QE company | EM company | xoBios Department | IT Security Department | DX Business Department | Group subsidiaries |
|---|---|---|---|---|---|---|---|---|---|---|

| Business Division | | | | | | | PS Division | | | |

| Administration Division | | | | | | | | | | |

| Corporate Planning Division | | | | | | | | | | |

[Concentration (total optimization)]
Control/supervision/collaboration

# 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).**

*Digital*

*Information Technology*

**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.
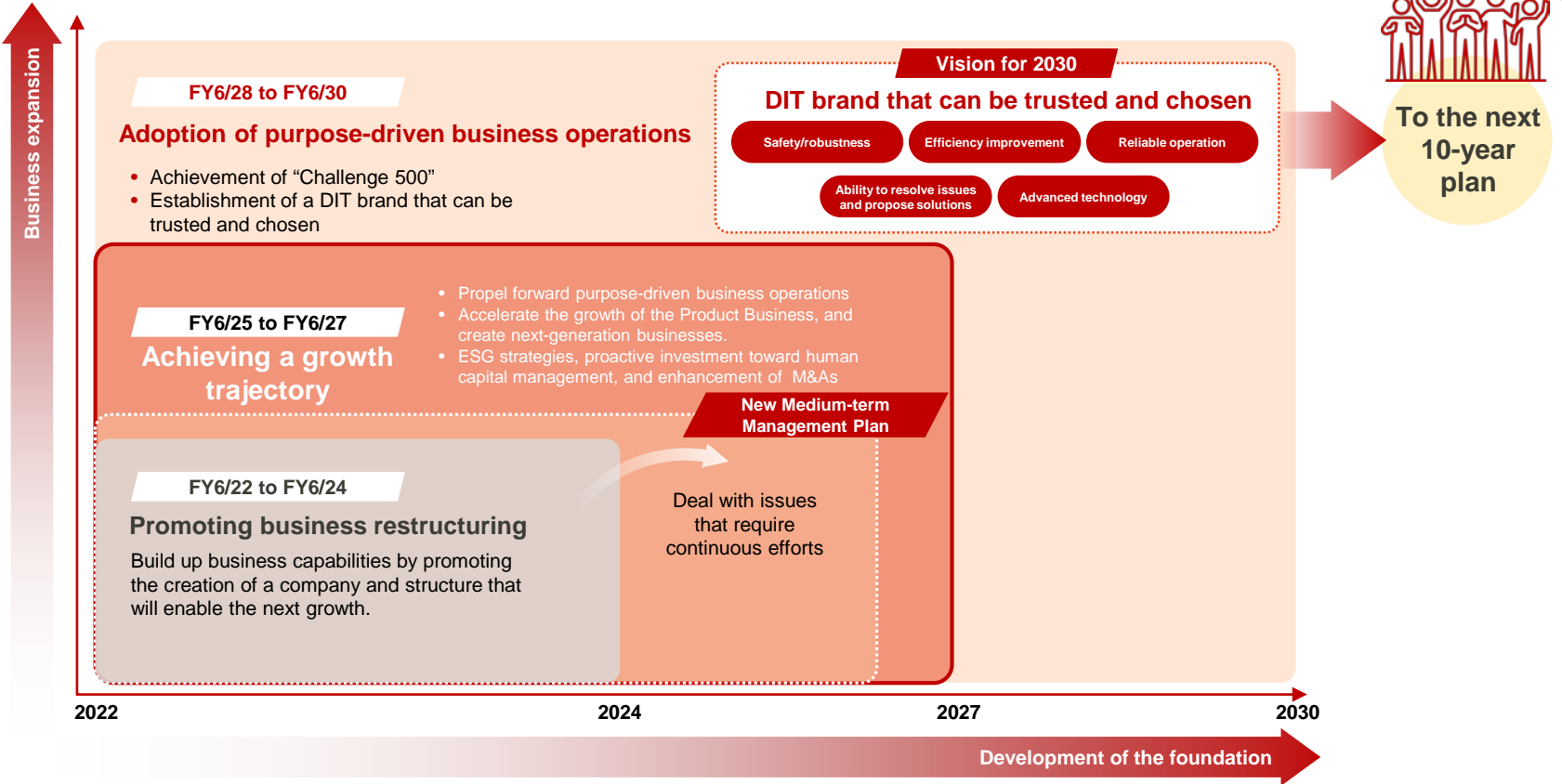
We will engage in businesses and provide services that can adapt to changes in the current of the times and the trend in technology.
As the immediate step, we will clarify the direction that we will move in by developing a long-term vision that can accommodate changes, such as development of innovative 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.
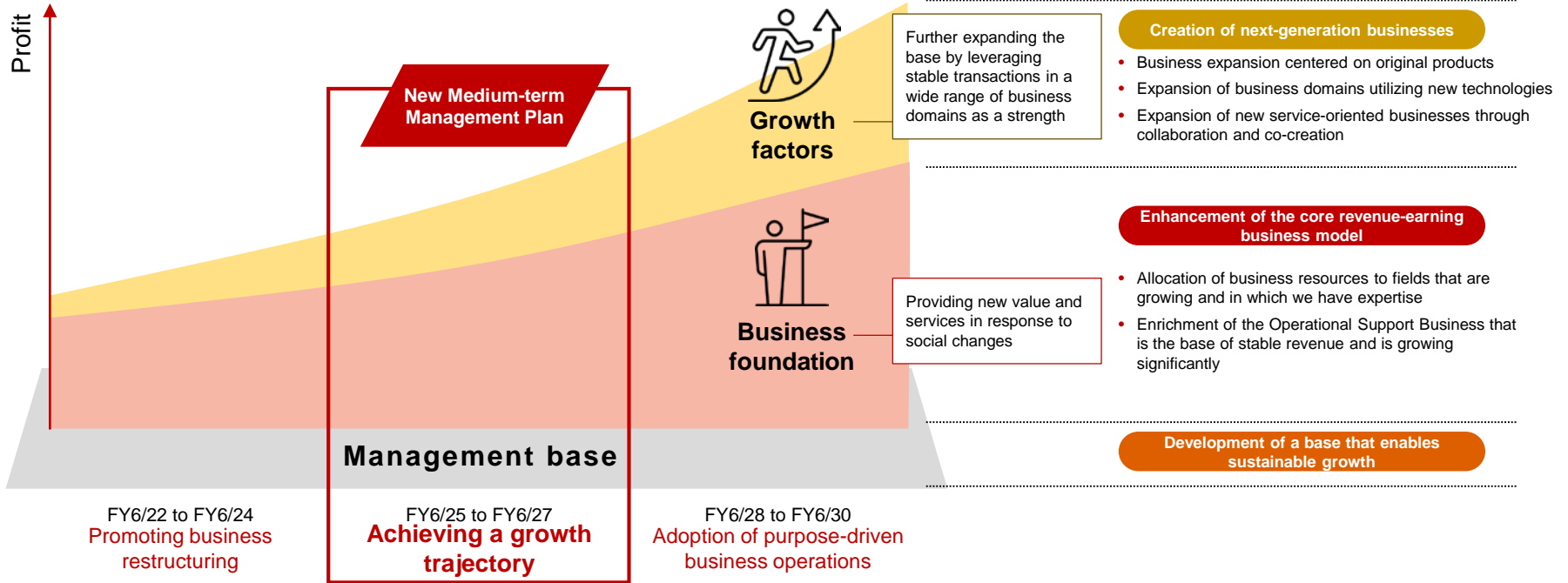
# Growth steps toward 2030

**Business expansion**

**FY6/28 to FY6/30**

## Adoption of purpose-driven business operations

- Achievement of "Challenge 500"
- Establishment of a DIT brand that can be trusted and chosen

**Vision for 2030**

## DIT brand that can be trusted and chosen

Safety/robustness | Efficiency improvement | Reliable operation

Ability to resolve issues and propose solutions | Advanced technology

**To the next 10-year plan**

**FY6/25 to FY6/27**

## Achieving a growth trajectory

- Propel forward purpose-driven business operations
- Accelerate the growth of the Product Business, and create next-generation businesses.
- ESG strategies, proactive investment toward human capital management, and enhancement of M&As

**New Medium-term Management Plan**

**FY6/22 to FY6/24**

## Promoting business restructuring

Build up business capabilities by promoting the creation of a company and structure that will enable the next growth.

Deal with issues that require continuous efforts

2022　　　　2024　　　　2027　　　　2030

**Development of the foundation**

# Medium-to long-term growth model

We will further strengthen the "2-axis business promotion," which has supported growth up to the present time, and promote further expansion of our business foundation and the provision of new value and services.



**Profit**

**New Medium-term Management Plan**

**Growth factors**

Further expanding the base by leveraging stable transactions in a wide range of business domains as a strength

**Business foundation**

Providing new value and services in response to social changes

**Management base**

**Creation of next-generation businesses**
- Business expansion centered on original products
- Expansion of business domains utilizing new technologies
- Expansion of new service-oriented businesses through collaboration and co-creation

**Enhancement of the core revenue-earning business model**
- Allocation of business resources to fields that are growing and in which we have expertise
- Enrichment of the Operational Support Business that is the base of stable revenue and is growing significantly

**Development of a base that enables sustainable growth**

FY6/22 to FY6/24
Promoting business restructuring

FY6/25 to FY6/27
**Achieving a growth trajectory**

FY6/28 to FY6/30
Adoption of purpose-driven business operations

# Management targets

**Challenge 500**  **Challenge to sales of 50 billion yen !**

|  | Results in FY6/24 | | Targets for FY6/30 Including new businesses, M&A, etc. |
|---|---|---|---|
| **Net sales** | **19.8** billion yen | ▶ | Over **50** billion yen |
| **Operating income** | **2.42** billion yen | ▶ | Over **5** billion yen |
|  |  |  | **From FY6/25 onward** |
| **Dividend payout ratio** | **41.1**% | ▶ | Over **50**% |

# Definition of the Medium-term Management Plan

| Guidelines for Action | Corporate/Management philosophy | Management policy |
| --- | --- | --- |

**Purpose**

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

**Vision for 2030** To develop a DIT brand that can be trusted and chosen

| Safety/robustness | Efficiency improvement | Reliable operation | Ability to resolve issues and propose solutions | High quality | Advanced technology |
| --- | --- | --- | --- | --- | --- |

**Basic policies of the New Medium-term Management Plan**

**External challenges**

| Strategy 1 | Strategy 2 | Strategy 3 |
| --- | --- | --- |
| **Business foundation** | **Growth factors** | **Management base** |

**Internal challenges**

**Priority measures/Action plans**

**Investment in human resources, research, and equipment**

# Business environment surrounding the DIT Group

The era of VUCA*, difficult to predict and prone to rapid changes, calls for corporate management which is sustainable and friendly to the environment and society.

### Trends in the IT industry as a whole

- The IT industry shows an expanding trend due to the emergence of cloud computing, big data analysis, AI, 5G, etc. and accelerated growth of needs for DX.
- Increase of investments in research to establish a business model utilizing generative AI, and intensification of competition on the market

### Acceleration of qualitative change

- Progress in DX accelerates qualitative changes in businesses.
- The digitalization of automobiles, medical and other devices and the adoption of IoT for them will accelerate.
- Reform into a development style incorporating low-code, generative AI, DevOps, etc.

### Shortage of IT human resources

- The needs for conventional IT personnel will decrease due to the promotion of DX and expansion of businesses utilizing AI.
- Meanwhile, the desired skills and expertise will change, aggravating the shortage of highly skilled IT personnel.

### social issues

- Shrinkage of the domestic market is projected due to a decline of the working population, individual consumption, etc.
- Response to intensifying natural disasters and the deterioration of public infrastructure present an issue.
- Global environmental issues, human rights issues and threats to cybersecurity.

**It is indispensable to grow into a company which can swiftly pick up on changes in the world, incorporate new technologies and methods and flexibly respond.**

*A word consisting of the four capital letters of Volatility, Uncertainty, Complexity and Ambiguity, used to describe a society or economic situation that is difficult to predict and prone to rapid changes.

# Investment for growth

- Make four kinds of investment for growth to establish foundations allowing for continuous growth in the medium/long term.

- Focus especially on R&D for creating new business, investments in the expansion of growing fields and investments in human resources to elevate human value.

## R&D/Business enhancement

- Development of new products to expand the Original Product Unit
- R&D of new and cutting-edge technologies and creation of new businesses
- Strategic allocation of human resources to growing fields

## Investment in human resources

- Improvement of working conditions (raising wage levels, enrichment of employee benefits, etc.)
- Continuous proactive recruitment of human resources
- Development of strategic IT engineers
- Fostering next-generation management and candidates for executive positions

## M&A

- Synergetic effects accelerating the expansion of existing businesses
- Acquisition of cutting-edge technologies and know-how for specialized business operations to boost competitiveness
- Utilization of new sales channels

## Investment in equipment

- Promotion of DX with regard to in-house business operations
- Arrangement of a comfortable working environment
- Development of new operational bases and expansion of branch offices to keep up with business expansion

# Basic strategy

Investment in "human resources"

| Strategy 1 | **Business foundation** | **Further elevate the capability to co-create value and market competitiveness to** |
|---|---|---|

# reinforce the core revenue-earning business model

**Priority themes**

**1**
Foster project management capabilities (QCD) necessary for achieving the success of projects.

**2**
Offer technologies and services matching the customer needs by incorporating the latest development methods, etc.

**3**
Build a system for stable provision of value to meet the demand of customers.

**4**
Develop human resources for consultation and proposal-based marketing, who can propose solutions by identifying issues.

**5**
Acquire and train highly skilled IT personnel in step with the acceleration of digitalized society.
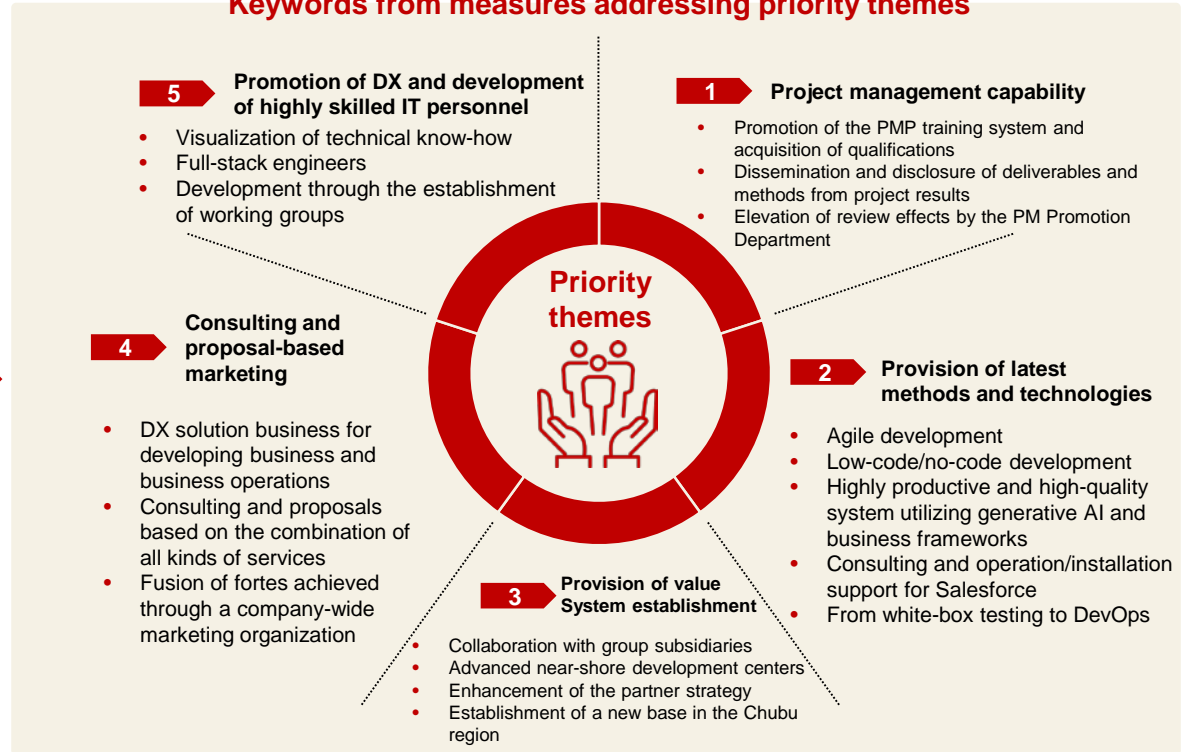
# Strategy 1: Business foundation

**Further elevate the capability to co-create value and market competitiveness to reinforce the core revenue-earning business model**

**Acknowledged challenges from the previous Medium-term Management Plan**

**I** Shift to a service proposal-based business model

**II** Strengthening frontline capabilities through investments in human resources

**III** Capability to solve social issues through the promotion of digital reform

## Keywords from measures addressing priority themes

**Priority themes**

**5** **Promotion of DX and development of highly skilled IT personnel**
- Visualization of technical know-how
- Full-stack engineers
- Development through the establishment of working groups

**1** **Project management capability**
- Promotion of the PMP training system and acquisition of qualifications
- Dissemination and disclosure of deliverables and methods from project results
- Elevation of review effects by the PM Promotion Department

**4** **Consulting and proposal-based marketing**
- DX solution business for developing business and business operations
- Consulting and proposals based on the combination of all kinds of services
- Fusion of fortes achieved through a company-wide marketing organization

**2** **Provision of latest methods and technologies**
- Agile development
- Low-code/no-code development
- Highly productive and high-quality system utilizing generative AI and business frameworks
- Consulting and operation/installation support for Salesforce
- From white-box testing to DevOps

**3** **Provision of value System establishment**
- Collaboration with group subsidiaries
- Advanced near-shore development centers
- Enhancement of the partner strategy
- Establishment of a new base in the Chubu region

# Strategy 1: Business foundation

## Business Solutions Unit

- One-stop receipt of orders following consulting and proposal, which has evolved a step further from the conventional style

- Create an account plan matching the customer characteristics and steadily implement it to respond to the customer needs.

- Exert synergetic effects based on the system for cooperation among group subsidiaries.

| Business system development | | Operational support |
|---|---|---|
| **1** Expand the business domain and establish a stable foundation in the financial business where DIT has an abundance of experience and achievements. | **2** Provide a highly productive and high-quality system utilizing generative AI and frameworks. | **1** Build a cloud architect group to develop cloud environment services originating from DX. |
| **3** Evolve into a solution vendor which can make the optimal proposal combining all kinds of technologies, such as low-code and no-code development. | **4** Turn the fusion of low-code development and agile development into a DIT standard model to provide value to customers. | **2** Foster a strong point of specialization in the installation and operation services for Salesforce, etc. |
| **5** Build a system for stable provision of value through advanced near-shore development centers in Ehime, Hakodate, etc. | | **3** Shift from the conventional user support business to a DX solution vendor, strong in service technologies for the Microsoft 365 software, etc. |

# Strategy 1: Business foundation

## Embedded Solutions Unit

- Achieved expansion and stabilization in the automotive systems, IoT and semiconductor fields with the coordination between "development and verification."
- Establish a new base in Chubu region to respond to needs from automobile manufacturers, Tier-1 customers, etc., aiming for expansion into new fields.

### Business system development

**1** Concentrate resources in the growing fields of infotainment (related to IVI, CDC, meta and cockpit) and ECU to achieve expansion.

**2** Expand to the Out-Car (server) field, utilizing the expertise concerning cloud servers, in addition to the In-Car field.

**3** Establish quality management process to continuously and stably receive orders for the development of mass-produced automotive systems.

**4** Swiftly collect information on new technologies such as AD/ADAS and refine skills by learning skills.

**5** Increase new clients by utilizing the sublicense partnership with major semiconductor companies.

**6** Expand the range in the IoT field mainly to household appliance manufacturers. Further refine technologies in possession and aim for next-generation IoT development by combining technical elements with AI, data science tools, etc.

### Product verification

**1** Verification service business evolves into quality service business, realizing quality from upstream processes and verifying quality in downstream processes.

**2** Expand the range from white-box testing to DevOps (from development to operation).

**3** Launch the business of business system verification and build up skills to make it the pillar of the verification business.

**4** Deploy full-scale automated verification business, utilizing generative AI and RPA.

# Strategy 1: Business foundation

Developing human resources and creating systems to support the business foundation

Investment in "human resources"

## Development of human resources

- Define the project management level and develop human resources.

- Disseminate and share deliverables and methods from project results.

- Set targets for the acquisition of qualifications matching the business segment and promote the acquisition of qualifications.

- Foster highly skilled IT personnel by visualizing technical know-how.

- Establish working groups (AI utilization, cloud technologies, agile development, etc.).

## Reinforcement of partnership

- Share the technical skills of partners across all companies, and select excellent partners.

- Organize partner gatherings to share information and reinforce collaboration.

- Clarify the characteristics of desired partners and work on reaching out to new partners by utilizing conventions and various events.

## Enhancement of marketing and proposal-making capabilities

- Concentrate resources in the marketing organization and acquire new business opportunities through company-wide activities fusing the strengths of various companies.

- Present value-added proposals and enhance marketing capability by establishing proposal templates.

# Basic strategy

Investment in "human resources"

Investment in "technology"

| Strategy 2 | Growth factors |

**Swiftly grasp the constantly evolving digitalized society to**

# Accelerate the growth of the Product Business and create next-generation business

## Priority themes

**1**

Pursue added value by creating business utilizing generative AI.

**2**

Promote cooperation with alliance partners to expand the DX business domain.
(Streamlining of business operations, data preparation and DD-Connect)

**3**

Evolve into a company excellent in security both in name and reality by differentiating security products.

**4**

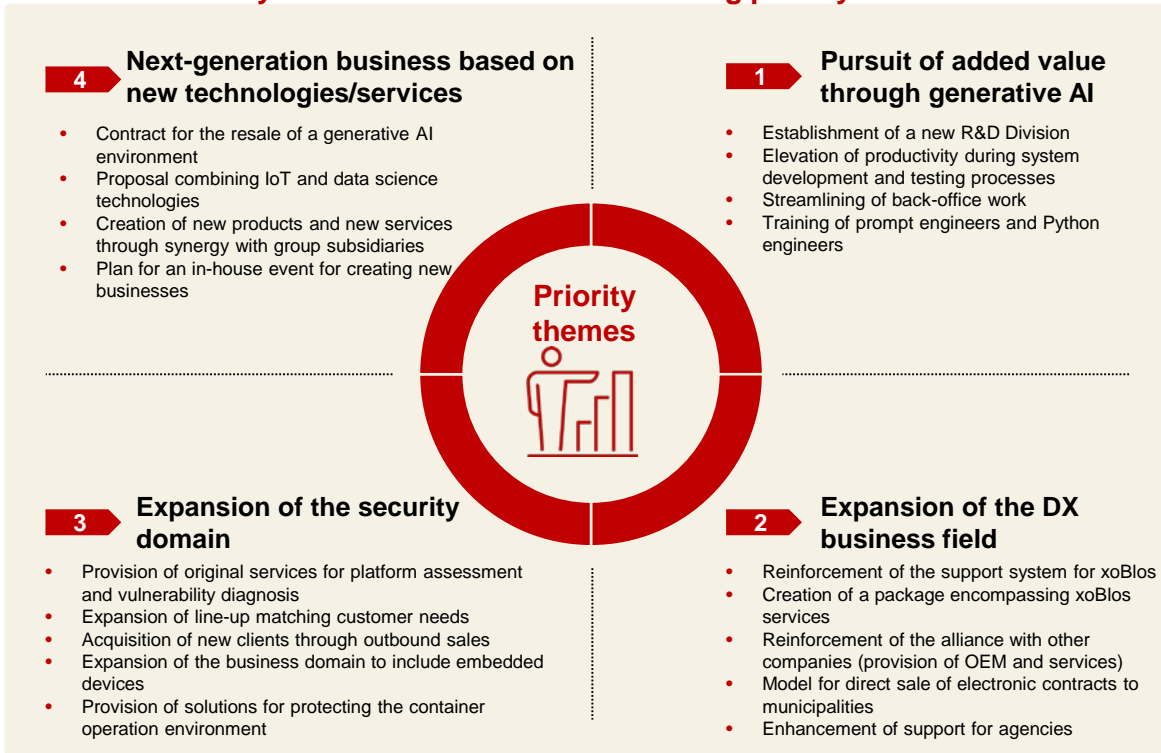Create next-generation business by research and investment in new technologies and new services.

# Strategy 2: Growth factors

**Swiftly grasp the constantly evolving digitalized society to Accelerate the growth of the Product Business and create next-generation business**

**Acknowledged challenges from the previous Medium-term Management Plan**

**IV** Improvement of responsiveness to changes in trends and new technologies

**V** Acceleration of growth of the Product Business by enhancing our product appeal which captures the needs of the market

## Keywords from measures addressing priority themes

**4 Next-generation business based on new technologies/services**
- Contract for the resale of a generative AI environment
- Proposal combining IoT and data science technologies
- Creation of new products and new services through synergy with group subsidiaries
- Plan for an in-house event for creating new businesses

**1 Pursuit of added value through generative AI**
- Establishment of a new R&D Division
- Elevation of productivity during system development and testing processes
- Streamlining of back-office work
- Training of prompt engineers and Python engineers

**Priority themes**



**3 Expansion of the security domain**
- Provision of original services for platform assessment and vulnerability diagnosis
- Expansion of line-up matching customer needs
- Acquisition of new clients through outbound sales
- Expansion of the business domain to include embedded devices
- Provision of solutions for protecting the container operation environment

**2 Expansion of the DX business field**
- Reinforcement of the support system for xoBlos
- Creation of a package encompassing xoBlos services
- Reinforcement of the alliance with other companies (provision of OEM and services)
- Model for direct sale of electronic contracts to municipalities
- Enhancement of support for agencies

# Strategy 2: Growth factors

## Product Business  ( DX Solutions )

- Establish a business model through the reinforced alliance with other companies (provision of OEM and services).

- Take on a challenge at new methods for the sale of both original products and products from other companies through synergy with group subsidiaries.

- Promote the establishment of a revenue structure which enables continuous expansion of profit by accumulating recurring revenues from subscriptions.

### xoBlos

High-speed, safe and accurate automatization of complex processes in Excel work to enable significant streamlining of business operations

- Expand sales and profit by upselling to existing customers through educational support, technical support, sessions for consulting the improvement of business operations, etc.

- Enrich the support system by providing educational and technical assistance to encourage continuous usage.

- Create a package combining "license, creation of control sheet and paid education" at affordable prices to increase the number of companies that use the service.

- Develop and sell next-generation xoBlos (SaaS model and model enabling integration with products from other companies).

### D-CONNECT

Installation, operational tests and after-sales support for electronic contract services

- Establish a model for direct sale of electronic contracts to municipalities and apply it to other municipalities.

- Focus on the B2C market early, mainly the construction and real estate industries, in the electronic contract business.

- Utilize the IT subsidy system to promote sales targeting small and medium-sized enterprises.

# Strategy 2: Growth factors

## Product Business  ( Cybersecurity )

● Total security service centered on WebARGUS, cybersecurity software that immediately detects and restores website tampering

**WA WebARGUS**®     **WA WebARGUS**® for Ransomware

| | |
|---|---|
| **1** Launch original services for platform assessment and vulnerability diagnosis in addition to the existing original products and products from other companies. | **2** Expand the lineup of products to meet the security needs of existing customers. |
| **3** Increase new customers through various marketing measures matching market trends and situation (marketing, Internet measures, telecalls, exhibitions, seminars, etc.). | **4** Release a product which will be the successor to WebARGUS for Ransomware. |
| **5** R&D of solutions for the comprehensive protection of container operation environment (currently applying for a patent for the protection technology). | |

# Strategy 2: Growth factors

## Creation of next-generation business

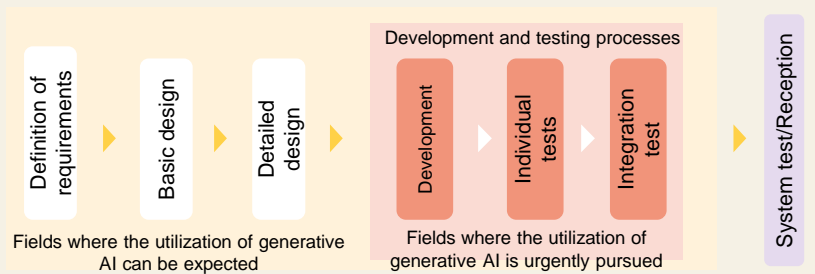Investment in "technology"　Investment in "human resources"

### New technologies/services

- Conclude partnership contracts that will enable the resale of generative AI environment and consider handling products that will generate synergy.

- Consider the creation of a service that includes the know-how for building generative AI environment and increase new customers.

- Present new consultation service and proposals that combine IoT and data science technologies.

- Develop a model business for services for municipalities and support for regional revitalization.
(On the occasion of launching the government cloud for municipalities in 2025, led by the Ministry of Internal Affairs and Communications)

- Hold "Future DIT Challenge," an in-house event for creating new businesses, in a proactive manner.

### Establishment of a new R&D Division

- Establish a new R&D Division, create new businesses and pursue added value by utilizing mainly generative AI.

- Study and verify the improvement of productivity at development sites with regard to system development and testing processes using generative AI.

- Verify streamlining of back-office work by utilizing generative AI.

- Train prompt engineers and Python engineers to utilize generative AI further.

Development and testing processes

Definition of requirements → Basic design → Detailed design → Development → Individual tests → Integration test → System test/Reception

Fields where the utilization of generative AI can be expected

Fields where the utilization of generative AI is urgently pursued

# Basic strategy

Investment in "human resources"

Investment in "equipment"

**Strategy 3** | **Management base**

Respond to all kinds of changes in the environment to

## establish a management base that allows for sustainable growth

**Priority themes**

**1** Elevation of human value

**2** Creation of an environment and systems to achieve sustainable growth

**3** Definite implementation of ESG initiatives

# Strategy 3: Management base

**Respond to all kinds of changes in the environment to establish a management base that allows for sustainable growth**

## Acknowledged challenges

**VI** Further reinforcement of the management base that will allow for sustainable growth

**VII** Promotion of ESG initiatives

**VIII** Clarification of fields for investment for growth and actual investments

**Set up company-wide committees to launch initiatives focusing on priorities.**

| Committee | Strategy | Category |
|---|---|---|
| **Human Value Elevation Committee** | Strategy 3 | Management base |
| **Sustainable Management Committee** (ESG, SDGs, etc.) | Strategy 3 | Management base |
| **New R&D Technologies Committee** | Strategy 2 | Growth factors |
| **Project Quality Management Improvement Committee** | Strategy 1 | Business foundation |
| **In-house Environment DX Committee** (investment in facilities) | | |

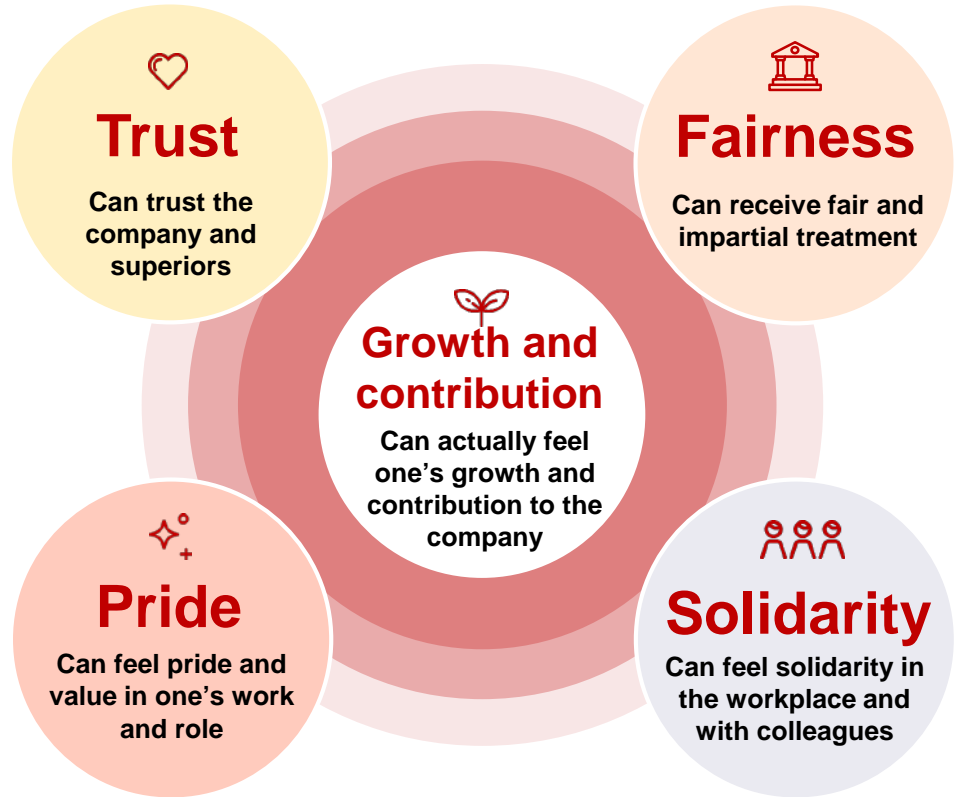| Company | Company | Company | Company |
|---|---|---|---|

# Initiatives toward the elevation of human value

Aiming for DIT where each and every employee can feel that their work is worthwhile through our purpose.

**Meaningfulness** + **Comfortable workstyle**
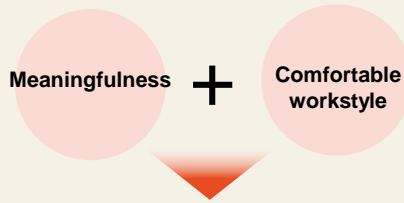
## Worthwhile work

Elevate the awareness concerning "**Trust,**" "**Fairness,**" "**Pride,**" "**Solidarity**" and "**Growth and contribution.**"

**Trust**
Can trust the company and superiors

**Fairness**
Can receive fair and impartial treatment

**Growth and contribution**
Can actually feel one's growth and contribution to the company

**Pride**
Can feel pride and value in one's work and role

**Solidarity**
Can feel solidarity in the workplace and with colleagues

# Initiatives toward the elevation of human value

- Promote initiatives for continuous elevation of human value and draw out the value of each and every person to the maximum.

- Create many opportunities allowing for the growth and active participation of diverse human resources to accelerate the growth cycle.

**Changes in the consolidated number of employees**

■ Consolidated number of employees
■ New graduates

| | FY6/19 | FY6/20 | FY6/21 | FY6/22 | FY6/23 | FY6/24 |
|---|---|---|---|---|---|---|
| Consolidated number of employees | 1,009 | 1,056 | 1,097 | 1,270 | 1,330 | 1,402 |
| New graduates | 52 | 52 | 53 | 77 | 80 | 91 |
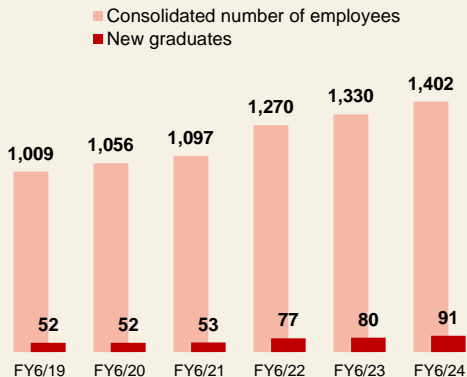
## Past initiatives

- Implementation of training programs classified by years of career, class, etc.

- Rich educational program provided over 1.5 years including the period of prospective employment for employees fresh out of college

- Arrangement of a comfortable working environment through mental health care, prevention of harassment, etc.

- Reinforcement of incentives such as an employee stockholding association and the employee stock ownership plan

- Reinforcement of the hiring of mid-career workers by introducing the referral-based recruitment system (introduction by employees)

- Visualization of the skills of individual employees based on talent management

- Promotion of engagement in small organizational structures utilizing the strengths of the company system

## Initiatives to be upgraded

- Maintain the target of hiring 100 new graduates or more and actively hire mid-career workers.

- Improve the working conditions of the employees (raise the wage level, enrich employee benefits, consider the system for leaves from work, etc.).

- Utilize the visualization of skills to provide accurate training and allocate right people to right positions.

- Further promote engagement (elevate well-being).

- Develop "AAA" human resources desired by DIT.

  **A**utonomous
  Acting autonomously and independently based on own will and judgment

  **A**gility
  Adapting to changes in the situation to respond swiftly with a flexible mindset

  **A**ggressive
  Aggressively taking on challenges and taking action even amid hardships

# Initiatives toward the elevation of human value

- Engage in various measures utilizing the "DIT Human Resources Knowledge (talent management)" based on the "business strategy" and "human resources strategy," which originate from our purpose.

- Proactively invest in these initiatives, aiming for "fostering the next generation," "employee growth (fostering of AAA human resources)" and "creating worthwhile work."



"AAA" of AAA human resources is an acronym of Autonomous, Agility, Aggressive.
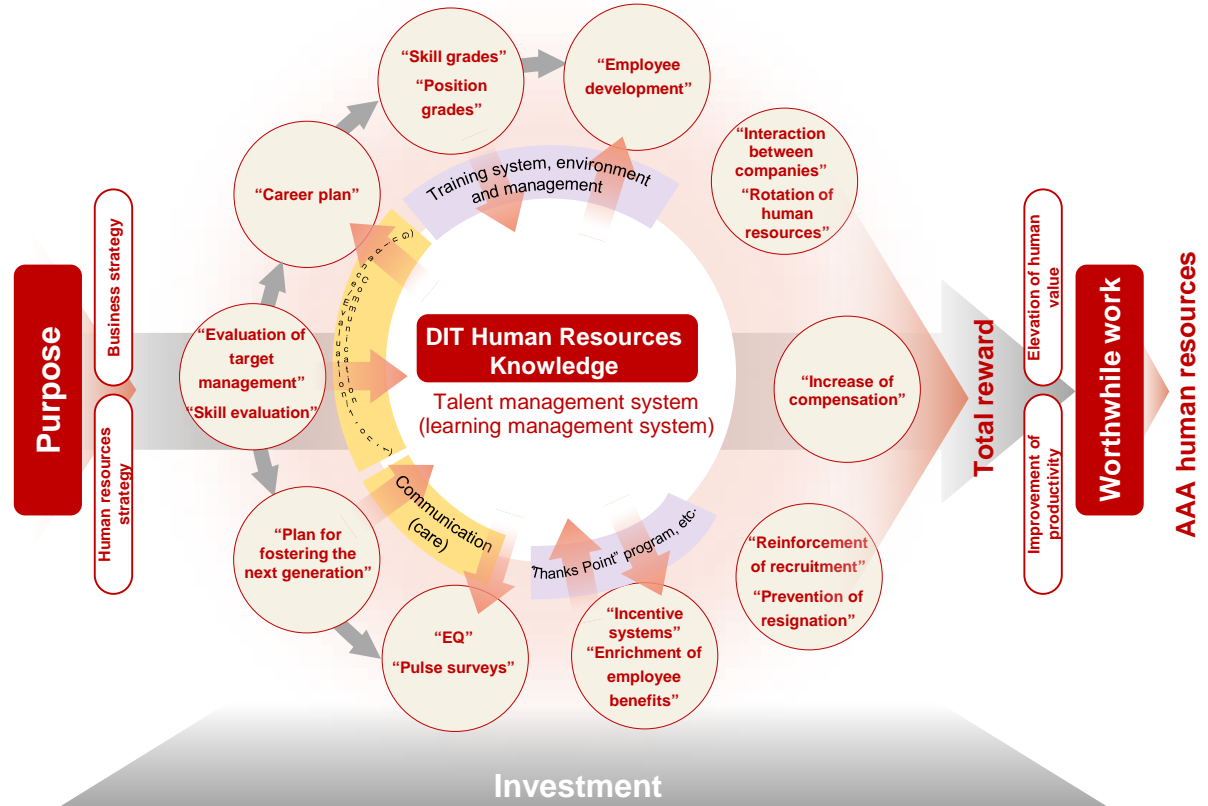
# Initiatives toward sustainability

- Contribute to sustainable society by promoting the DX of society in core businesses and solving social issues by introducing original products.

- Set up a Sustainable Committee and engage in activities to achieve the purpose of "enriching people's lives."

## Relevant SDGs

| Category | Theme | Details |
|---|---|---|
| **Environment** | Addressing social issues through original products | • Solve social issues by introducing security products (WebARGUS), products related to the work style reform (xoBlos) and products for paperless business operation (DD-CONNECT). WebARGUS xoBlos DD-CONNECT |
| | Environmental conservation | • Promote in-house shift to paperless administration, and visualize the amount of used electricity and paper.<br>• Disclose TCFD initiatives.<br>• Consider collaboration with municipalities in the blue carbon business. |
| **Social** | D&I | • Improve the ratio of women in managerial positions.<br>• Recruit and promote capable persons regardless of gender, nationality, etc. |
| | Elevation of well-being | • Develop a comfortable working environment compatible with diverse workstyles, and create worthwhile work.<br>• Enrich employee benefits and encourage health-oriented management.<br>• Promote initiatives for hearing the voices of employees.<br>• Invest for elevating human value.<br>• Improve working conditions of employees. |
| | Regional revitalization | • Revitalize regions by creating employment in the countryside.<br>• Engage in activities contributing to the region such as volunteering and participation in local events (in the district where the headquarters is located). |
| **Governance** | Corporate governance | • Revise the system for the compensation for executives.<br>• Make information disclosure transparent and enriched.<br>• Reinforce the governance of group companies. |
| | Risk management | • Elevate quality by continuously revising BCP.<br>• Reinforce measures against cyber risks. |

# M&A Strategy

Proactively engage in M&A to achieve "Challenge 500."

(Net sales of 50 billion yen and operating income of 5 billion yen by FY6/30)

**Role of M&A**

**Further reinforce the fusion of "Business foundation," "Growth factors," and "Strengthening our management base."**

**Business foundation**

- Upgrade of existing businesses
- Cross-selling and upselling utilizing the sales channels of existing businesses

**Growth factors**

- Development of new sales channels
- Enhancement of marketing know-how, product planning and selling capability
- Acquisition of cutting-edge technologies and know-how for specialized business operations

**Strengthening our management base**

- Hiring excellent engineers
- Elevation of employee awareness

**Achieve a Win-Win relationship for both the M&A target company and DIT stakeholders.**

**Achievements and vision**
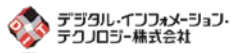
| Business domains | | | Company (business unit) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | BS | eB | SB | ES | NN | QE | EM | xoB | ITS | DX |
| Business Solutions Unit | Business system development | | ● | ● | | | ● | | ● | | | |
| | Operational support | | | | ● | | | | | | | |
| Embedded Solutions Unit | Product development | | | | | ● | ● | | | | | |
| | Product verification | | | | | | | ● | | | | |
| Product Solutions Unit | | | | | | | | | | ● | ● | ● |
| System Sales Business | | | | | | | | | ● | | | |

System Products Co., Ltd    *Field to be further reinforced*

SIMPLISM.INC

*Field to be further reinforced*

DIT AMERICA, LLC.

DIT マーケティングサービス株式会社    Jungle    *Field to be further reinforced*

DIT マーケティングサービス株式会社
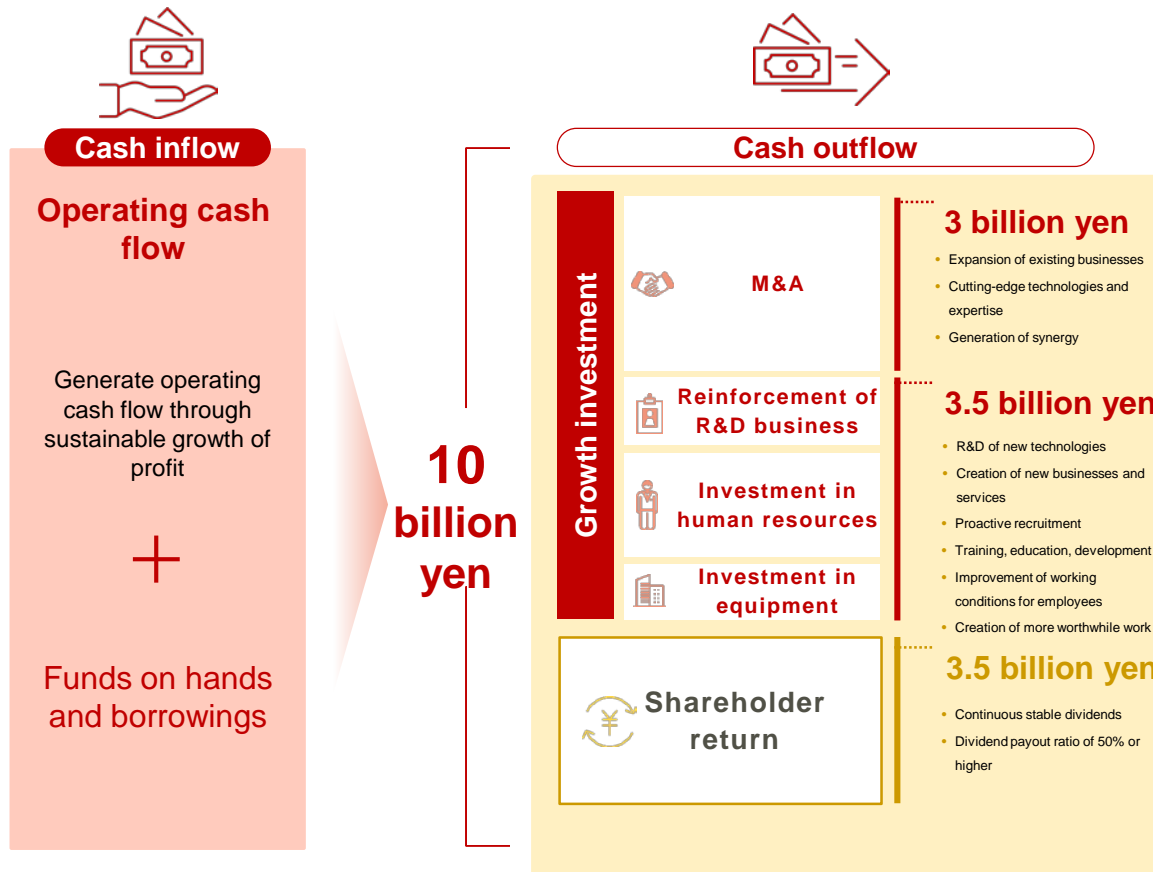
# Cash allocation

- Make proactive investments for growth from the medium/long-term perspective to work toward continuous elevation of value.

- As for shareholder return, we will raise the target dividend payout ratio to 50% or higher, stably provide dividends and comprehensively consider and discuss increase of dividends.

- Take into account the market environment, etc. to make judgment concerning acquisition of treasury stocks.

**Cash inflow**

**Operating cash flow**

Generate operating cash flow through sustainable growth of profit

**+**

Funds on hands and borrowings

**10 billion yen**

**Cash outflow**

**Growth investment**

**M&A**

**3 billion yen**
- Expansion of existing businesses
- Cutting-edge technologies and expertise
- Generation of synergy

**Reinforcement of R&D business**

**Investment in human resources**

**Investment in equipment**

**3.5 billion yen**
- R&D of new technologies
- Creation of new businesses and services
- Proactive recruitment
- Training, education, development
- Improvement of working conditions for employees
- Creation of more worthwhile work

**Shareholder return**

**3.5 billion yen**
- Continuous stable dividends
- Dividend payout ratio of 50% or higher

# Management targets of the Medium-term Management Plan

## Financial targets

| | FY6/24 | FY6/25 | FY6/26 | FY6/27 | |
|---|---|---|---|---|---|
| | | Numerical targets（KPI） | | | |
| Net sales | 19.8 billion yen → | 22 billion yen | 24.2 billion yen | 26.7 billion yen | CAGR 10.3% |
| Operating income | 2.42 billion yen → | 2.6 billion yen | 2.87 billion yen | 3.2 billion yen | CAGR 9.7% |
| Operating profit margin | 12.2% → | 11.8% | 11.9% | 12.0% | |
| ROE | 25.8% → | Maintain 25% or higher | | | |
| Dividend payout ratio | 41.1% → | 50% or higher | | | |

## Non-financial targets
### (FY6/27)

| Ratio of women in managerial positions | **20% or higher** |
|---|---|

| Number of newly acquired advanced IT qualifications | **Double** |
|---|---|

| Attendance ratio of purpose-related training | **100%** |
|---|---|

Increase in "AAA" human resources
*Achieve through the utilization of a target management system and talent management tools