

Digital Information Technologies Corporation



**Financial Results for the Second Quarter of the
Fiscal Year Ending June 2024**
(TSE Prime: 3916)

February 2024



1. Financial Results for FY6/2024 Q2

2. FY6/2024 Business Forecasts Business Status and Initiatives for H2 by Segments

3. DIT Group's Vision for 2030 and Medium-term Management Plan

4. Reference Material



1. Financial Results for FY6/2024 Q2

FY6/2024 Q2 Overview of Financial Results

- Sales hit a record high in response to strong demand. Profits could not fully compensate for the decline in Q1 due mainly to unprofitable projects, but it turned to increase in Q2 and exceeded the initial forecast.
- Announced 2 M&A deals with system integrator and software sales company for next growth (see below)

Major KPIs

Net sales: 9,575 million yen

(+ 5.6% YoY, +0.8% vs. H1 forecast)

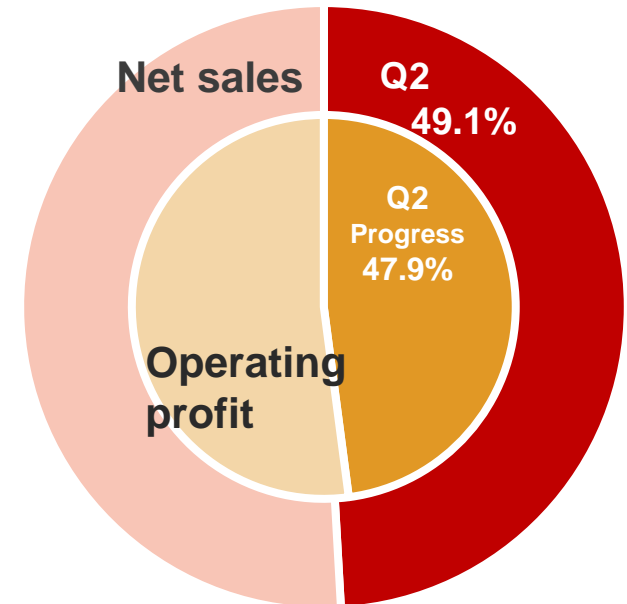
Operating profit: 1,198 million yen

(-4.1% YoY, +8.9% vs. forecast)

Operating profit margin: 12.5%

(-1.3 ppt. YoY, + 1.0% vs. forecast)

Progress rate To the full-year forecasts

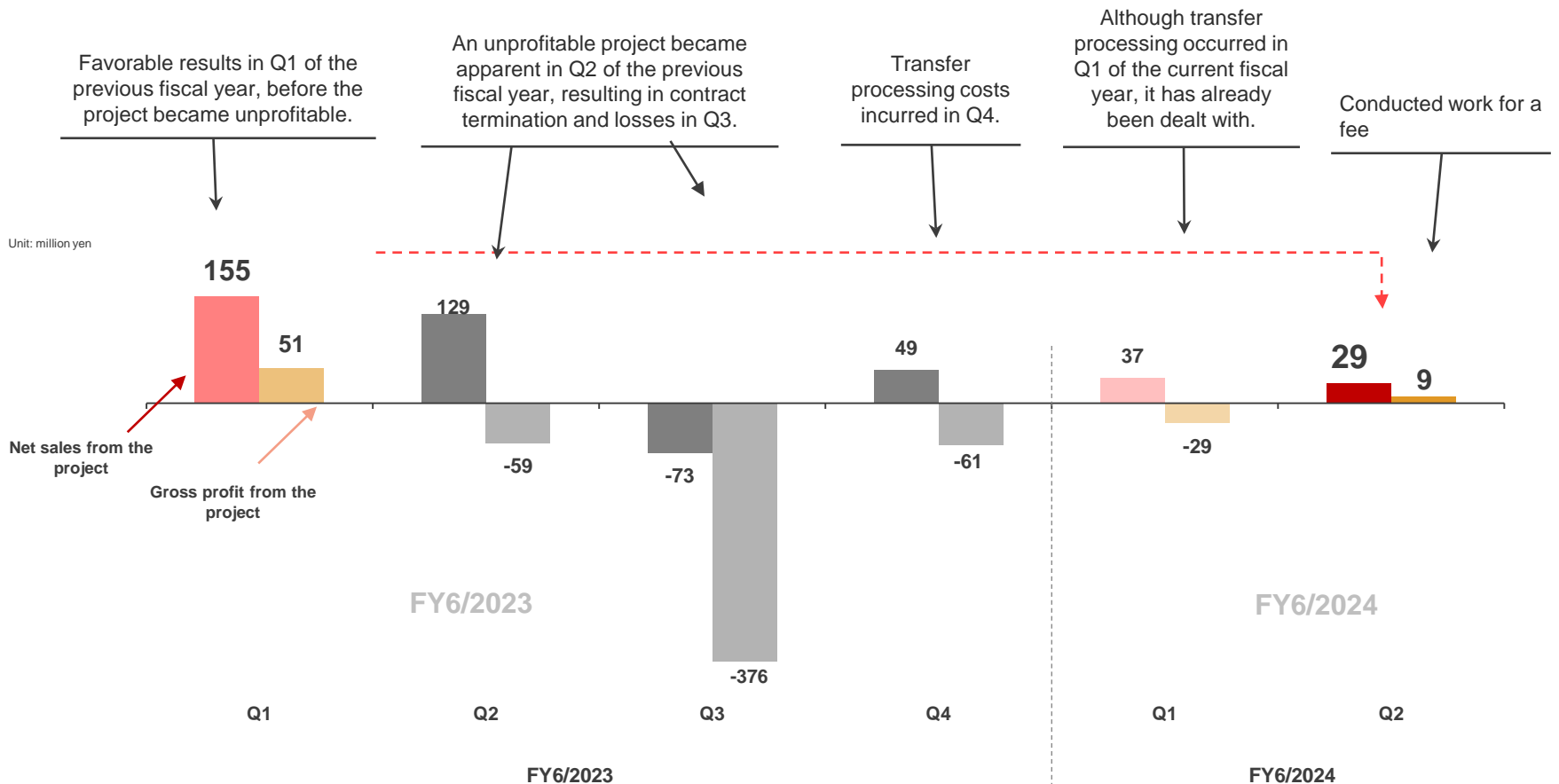


Net sales (Est.): 19,500 million yen
Operating profit (Est.): 2,500 million yen

Impact of Unprofitable Project Occurred in the Previous Fiscal Year

- The handover work that incurred transfer costs was completed in Q1, and paid support work was performed from Q2.

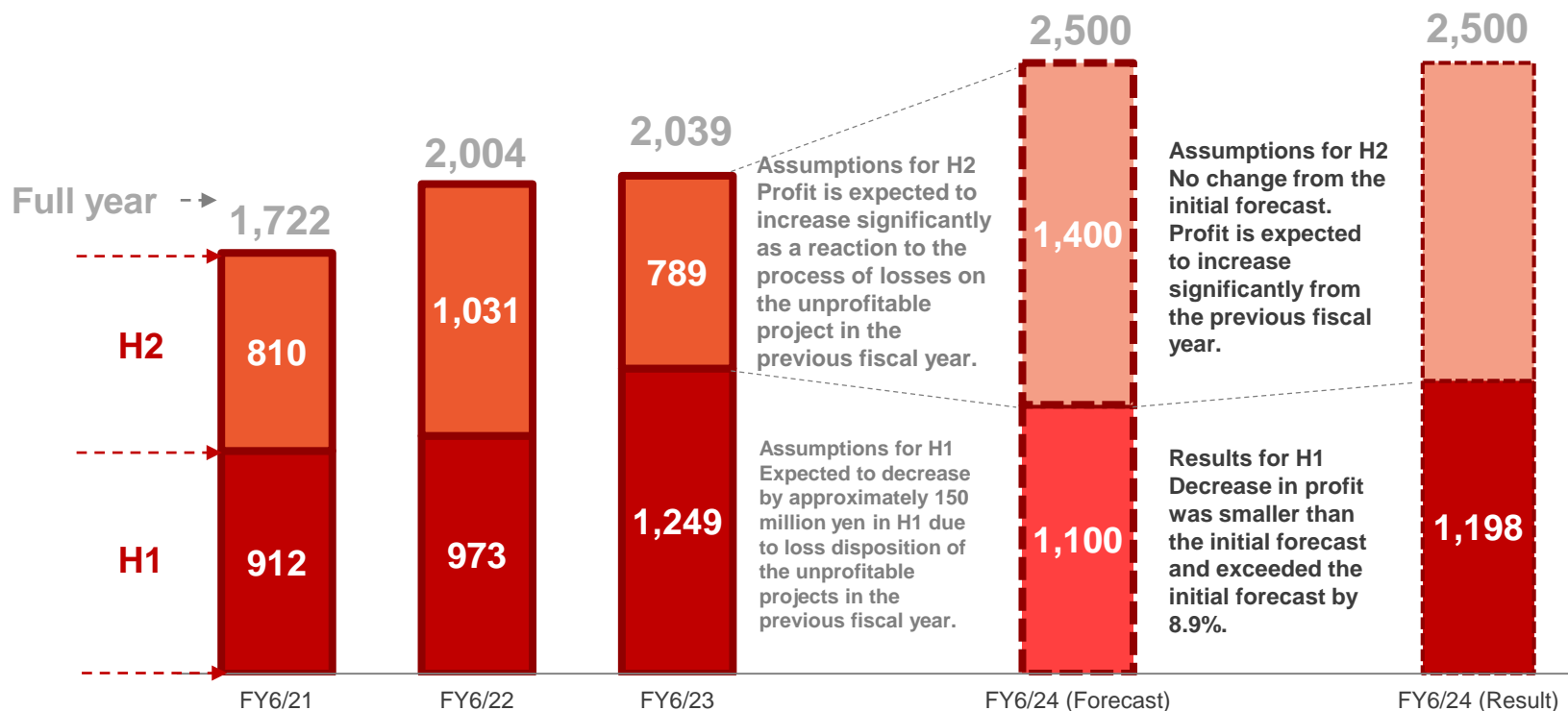
(Report on this project is completed this time.)



FY6/2024 H1 and H2 Profit Forecasts

- Although we had forecasted that profits would be biased toward H2, considering the impact of the unprofitable project in the previous fiscal year, strong business performance offset this, and profits for H1 exceeded the initial forecast. The forecast of a large increase in profits in the second half remains unchanged.

Operating Profit for H1 and H2



*Reprinted from page 26 of the financial results presentation for Q4 of the previous fiscal year

FY6/2024 Q2 Overview of Financial Results (by Business)

- **Solved the issue with our unprofitable project, but following this, it took us some time to assign technicians to other projects, negatively impacting the Business Solutions Unit, while other segments experienced growth beyond expectations.**

■ Software Development Business (Net sales: +5.2% YoY)

- **In the Business Solutions Unit (+2.2% YoY)**, despite strong demand, sales increased slightly from the previous year, while income decreased. In business system development, although the acquisition of projects in the public sector and the telecommunication field was favorable, profit decreased due to waiting man-hours between order cycles of ERP projects and the time it took us to assign technicians to other projects after we resolved the issue with the unprofitable project.

. The operational support continued to perform well, reaching record highs for both sales and profits.

- **In the Embedded Solutions Unit (+7.6% YoY)**, automotive-related sales were strong, driving profits. The ratio of high-priced projects increased, and profits have been improving. In embedded systems development, semiconductor-related sales are leveling off, but automotive and consumer electronics IoT-related businesses are growing strongly. In Embedded product verification, verification work for in-vehicle projects grew.

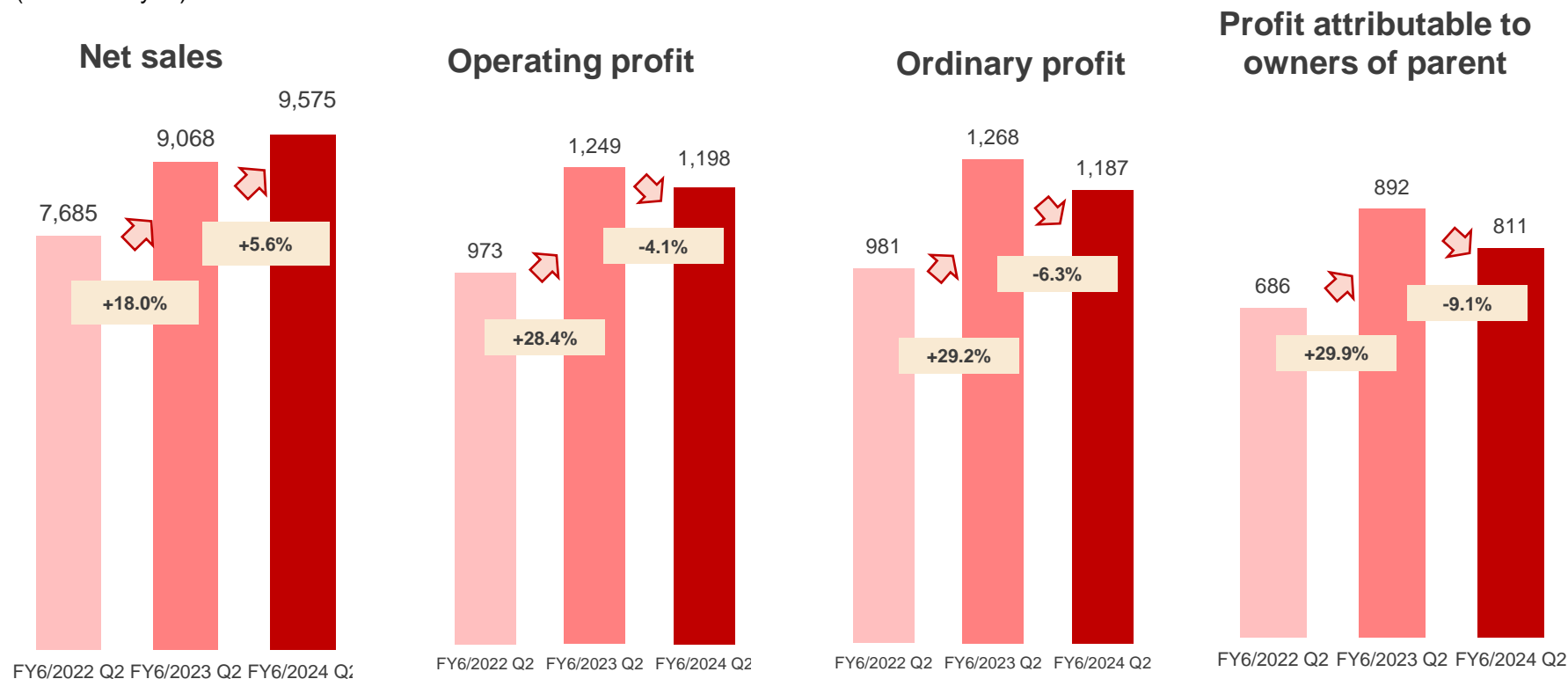
- **In the Original Product Unit (+25.2% YoY)**, both sales and profits increased due to an increase in license sales and sales related to electronic contract services. WebARGUS steadily accumulated its licensing sales, and xoBlos continued to secure projects from prospective customers added in the previous fiscal year. Sales related to "DD-CONNECT," an electronic contracting service, moved from the introduction phase to the growth phase and started to contribute to business performance.

- **Systems Sales Business (+17.1% YoY)**, In sales increased significantly year on year due to strong demand associated with the amendment to the Electronic Bookkeeping Law and the adoption of new systems, such as invoice system, however, profit declined slightly due to the strengthening of the system.

FY6/2024 Q2 Financial Highlights

Reached the record-high sales. The profit decline is better than initially anticipated, despite the decrease.

(Millions of yen)



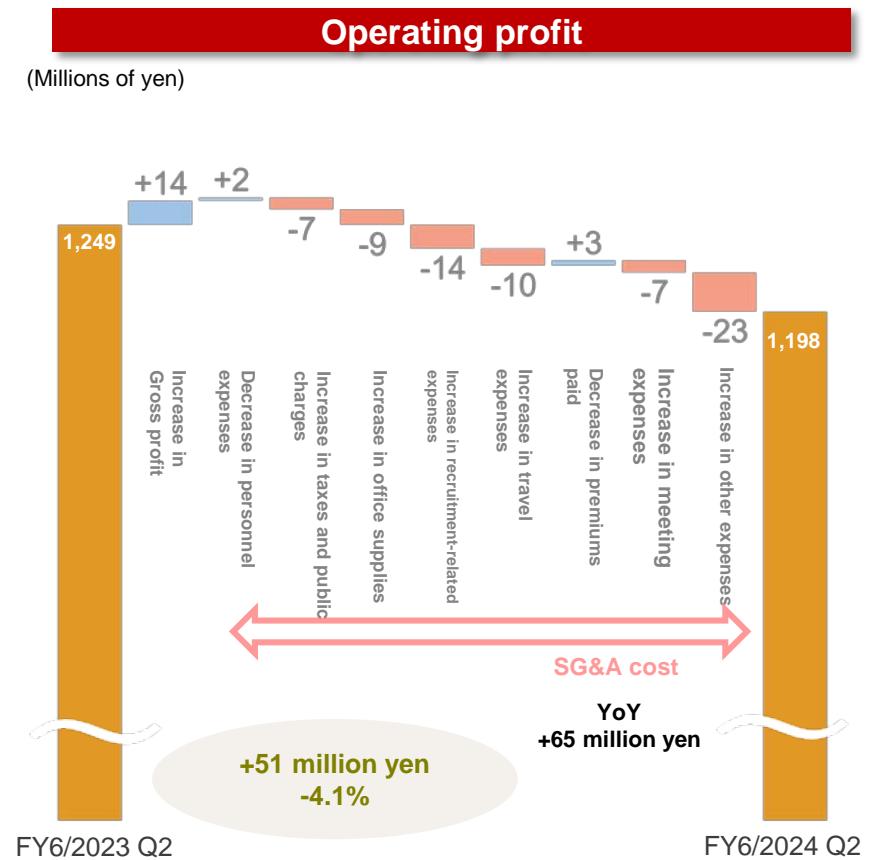
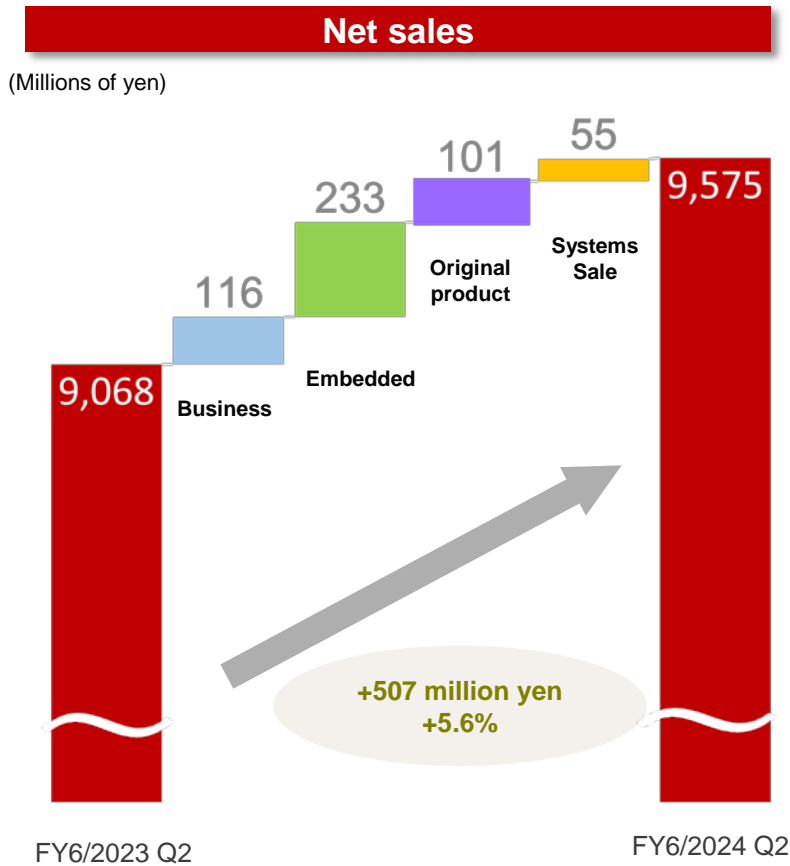
FY6/2024 Q2 Summary of Financial Results

- Net sales and profits exceeded initial forecasts.
- Gross profit margin decreased due to cost increases, such as higher expenses for improving employee compensation, higher office expenses due to scale expansion, and the strategic standby man-hours.

(Millions of yen)	FY6/2023 Q2 Result	Composition %	FY6/2024 Q2 Result	Composition %	FY6/2024 1H plan	Rate of change %
Net sales	9,068	100.0%	9,575	100.0%	9,500	+0.8%
Gross profit	2,308	25.5%	2,322	24.3%	-	-
SG&A	1,058	11.7%	1,123	11.7%	-	-
Operating profit	1,249	13.8%	1,198	12.5%	1,100	+8.9%
Ordinary profit	1,268	14.0%	1,187	12.4%	1,100	+7.9%
Profit attributable to owners of parent	892	9.8%	811	8.5%	763	+6.3%

Factors behind Changes in Net Sales and Operating Profit (YoY)

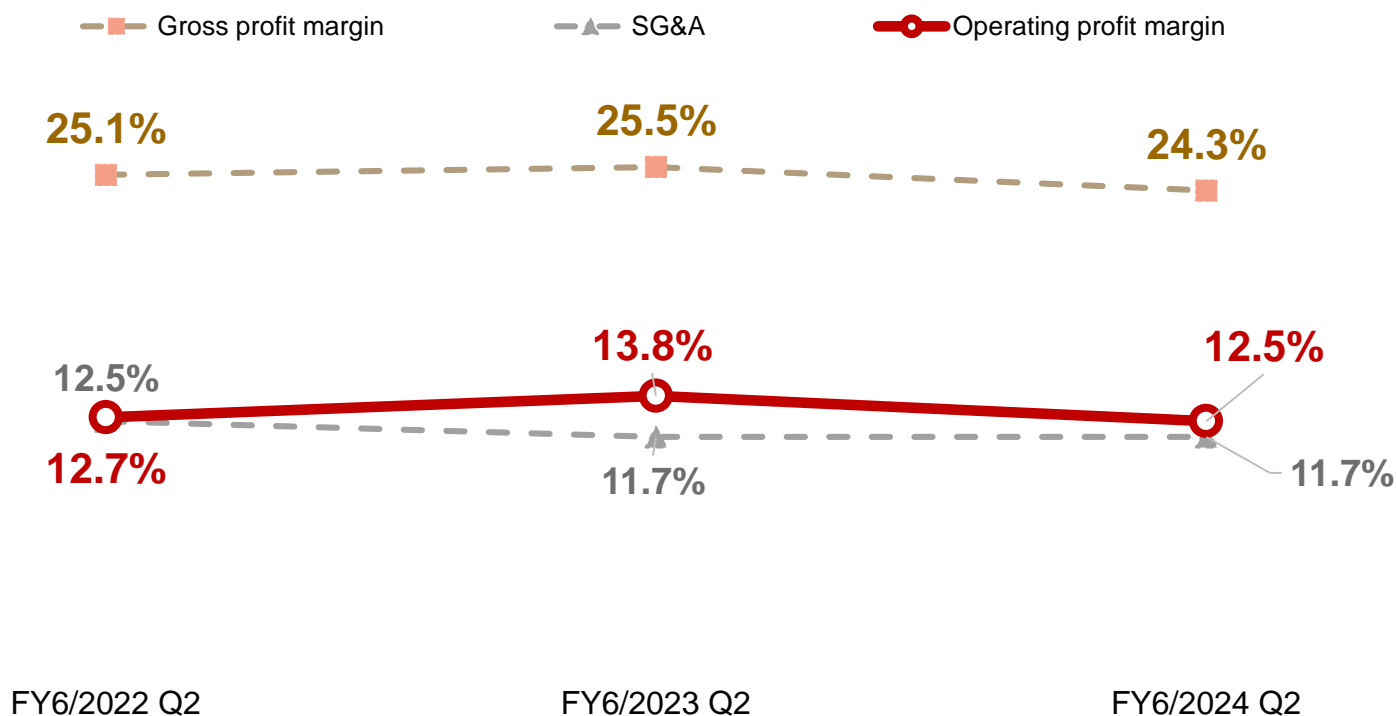
- Overall sales growth was driven by the Embedded Solutions Unit.
- While the growth in gross profit was limited, the reduction in SG&A expenses mitigated the decline in profit.



Changes in Operating Profit Margin

- Profit margins, which temporarily declined, are expected to improve through H2 as the impacts of the unprofitable project are beginning to emerge.
- Continue to strive to curb the SG&A ratio.

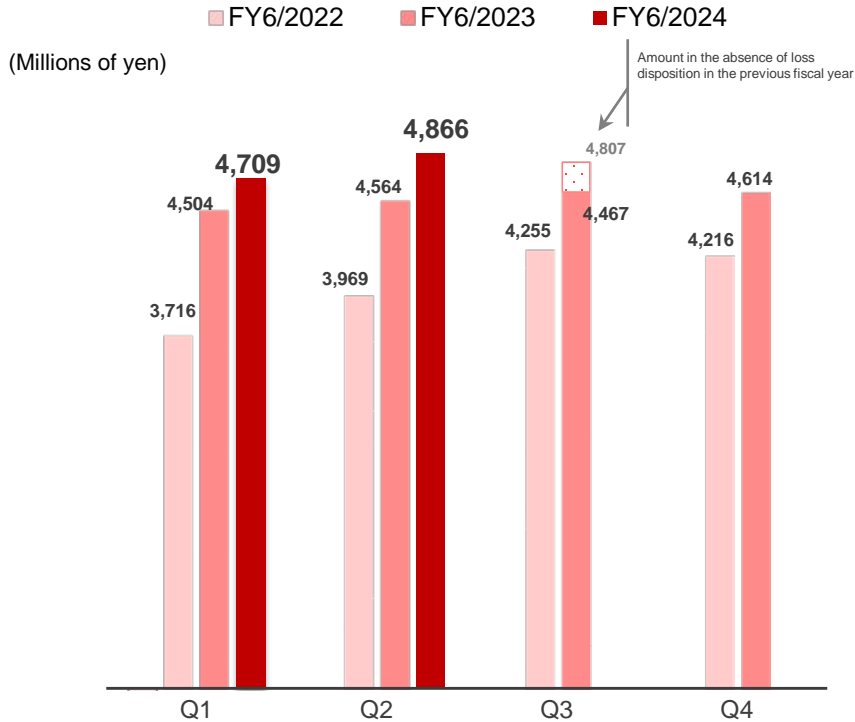
Ratio of each profit and SG&A to sales



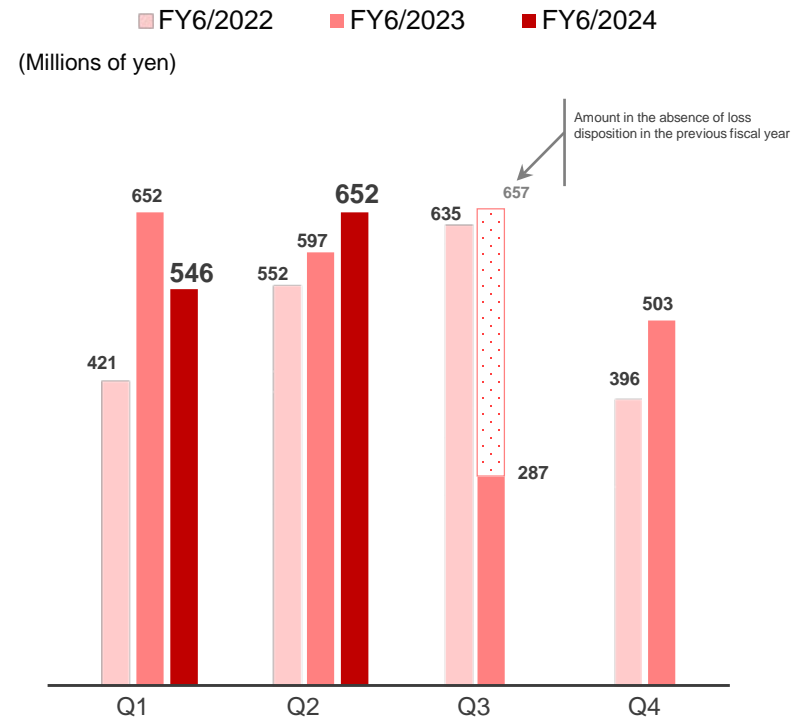
Quarterly Net Sales & Operating Profit

- Net sales for Q1 and Q2 reached record highs in each quarterly period.
- Operating profit in Q2 slightly exceeded the record high for a quarterly period.

Net sales



Operating profit



*Operating profit is seasonally lower in Q4 due to new hires and year-end allowances, but we are working to reduce the decline by increasing the salary and bonus payment rate starting the previous fiscal year.

Topics: Opened a DX R&D base in Hakodate to strengthen near-shore bases

- In November 2023, we opened a development base in Hakodate, centered on R&D for DX businesses.
- Strengthen responsiveness in Hokkaido, which had been weak, and take on the challenge of creating employment in rural areas by recruiting local human resources.

Hakodate new base

Map of DIT bases



Hakodate Branch, DX Business Laboratory

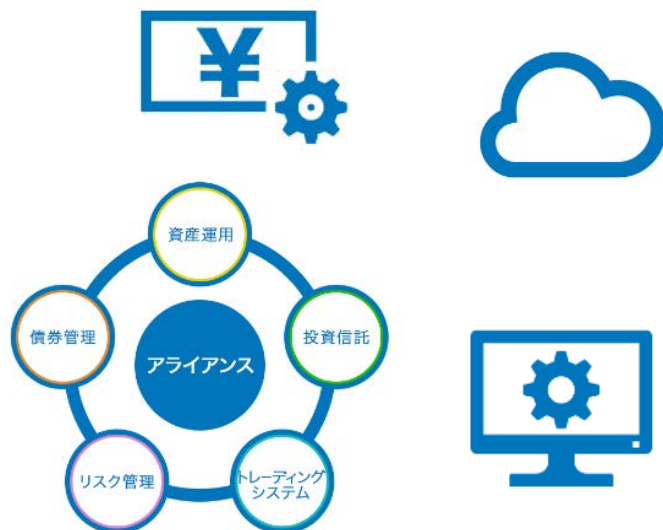
Place: 379-32, Kikyo-cho, Hakodate

Established: November 1, 2023

Recruitment: With local employment in mind, target to employ at least 3 people in the first term and 60 people in the future.

Topics: Announced 2 M&A deals

- Announced 2 M&A deals to grow further to realize "DIT2030 Vision".
- System Product Co., Ltd. is a software development company that possesses development capabilities in the financial industry, which is one of our strengths, as well as Salesforce-related technology and know-how, for which needs are increasing.



Outline of System Product Co.,Ltd.

Established: April 1979

Representative: Koji Fukuda, President

Number of employees: 61 (including directors and contract employees)

Main business: Planning, development, sales, and maintenance of computer systems and software, mainly for the financial sector

Recent results: net sales of 630 million yen, operating profit of 30 million yen, net assets of 460 million yen (all in FY3/23)

The performance of System Product is scheduled to be included in the Business Solutions Unit from the **next fiscal year (from July 2024)**

Topics: Announced 2 M&A deals

- Jungle, Inc. has strong sales capabilities in software product sales and expects to generate synergies with our proprietary product business.
- BtoC sales of new Year's card and postcard creation software developed and marketed by FUJI SOFT INCORPORATED
- As products for BtoB, the growth is driven by "Data Migration Box," a cloud migration tool for which we have exclusive sales rights, "DiskDeleter," a USB flash drive data deletion software for which we hold the copyright, and "PDF -Xchange Editor," a multifunctional PDF file editing software that we sell as a GOLD Reseller.

Jungle



Data Migration Box

(Exclusive Distribution Rights)

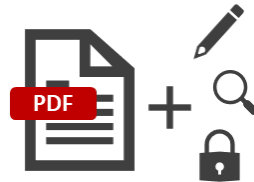


“Fude-gurume”



DiskDeleter®

(Possession of Copyright)



PDF -Xchange Editor

(GOLD Reseller)

Outline of Jungle, Inc.

Established: September 1999

Representative: Akiko Takada, Representative Director

Number of employees: 19 (including directors and contract employees)

Main business: Planning, development and sales of software and services in B-to-C and B-to-B models

Recent results: net sales of 690 million yen, operating profit of 100 million yen,

net assets of 160 million yen (all in FY3/23)

The performance of Jungle is scheduled to be included in the Original Product Unit from Q4 FY6/24 (from April 2024)

Business Domains: Positioning of Each Business



Business Segment and Composition of Sales

- The composition ratio of other strong businesses increased, due to a slight increase in net sales in the Business Solutions Unit.
- Cross-business segment project cooperation, customer support and project creation are also on the rise.

Businesses segment	Classification	FY6/2022 Q2 Sales Composition	FY6/2023 Q2 Sales Composition	FY6/2024 Q2 Sales Composition
Software Development Business		96.2%	96.4%	96.0%
Business Solutions Unit	Business Bases	59.3%	57.9%	56.1%
Business System Development		59.3%	56.5%	55.2%
Operational Support		40.7%	43.5%	44.8%
Embedded Solutions Unit	Business Bases	31.8%	34.1%	34.7%
Embedded Product Development		75.9%	72.8%	73.4%
Embedded Product Verification		24.1%	27.2%	26.6%
Original Product Unit	Growth Field	5.1%	4.4%	5.3%
System Sales Business	Business Bases	3.8%	3.6%	4.0%

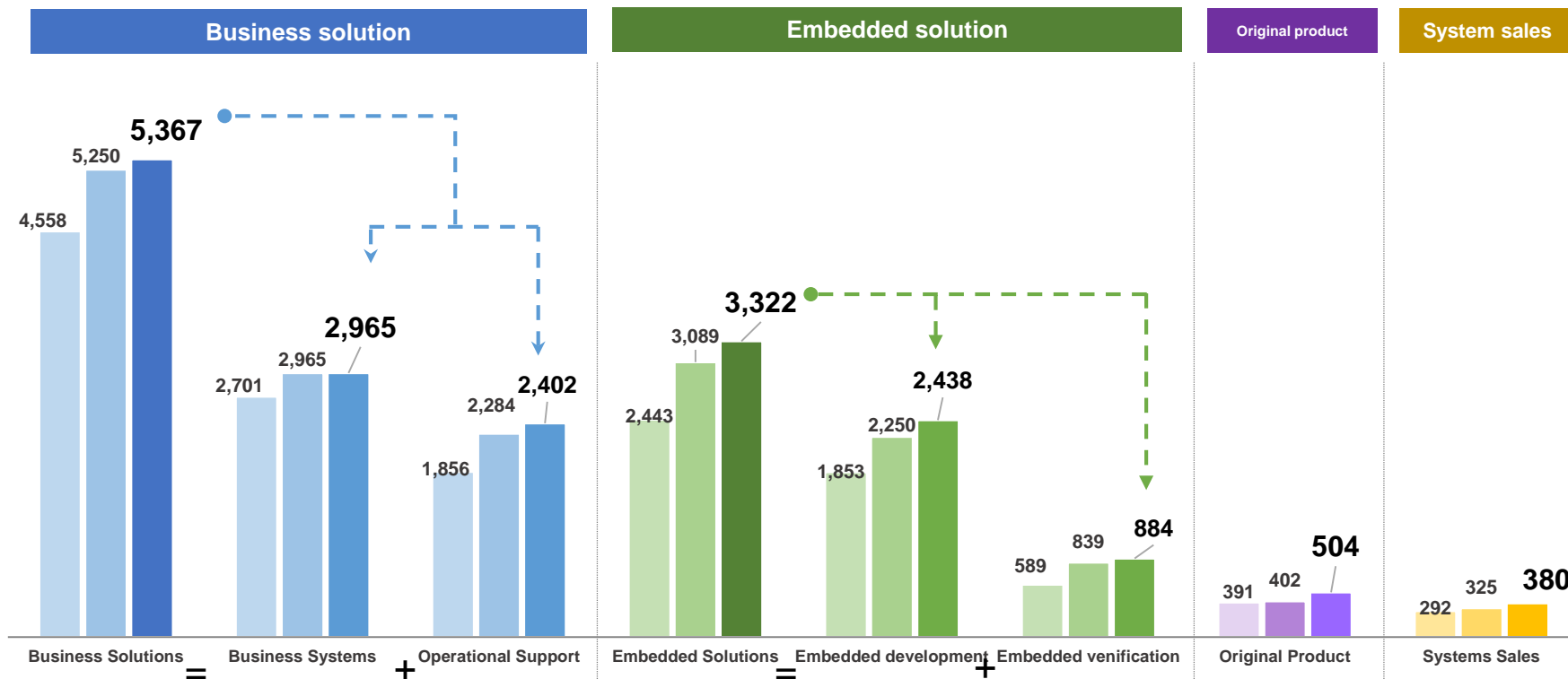
Sales by Business Segment

- Sales increased in all businesses, despite the impact of unprofitable projects in the Business Solutions Unit.
- The Embedded Solutions Unit continues to perform well, and the Original Product Unit is also performing well.

Quarterly Sales by Business

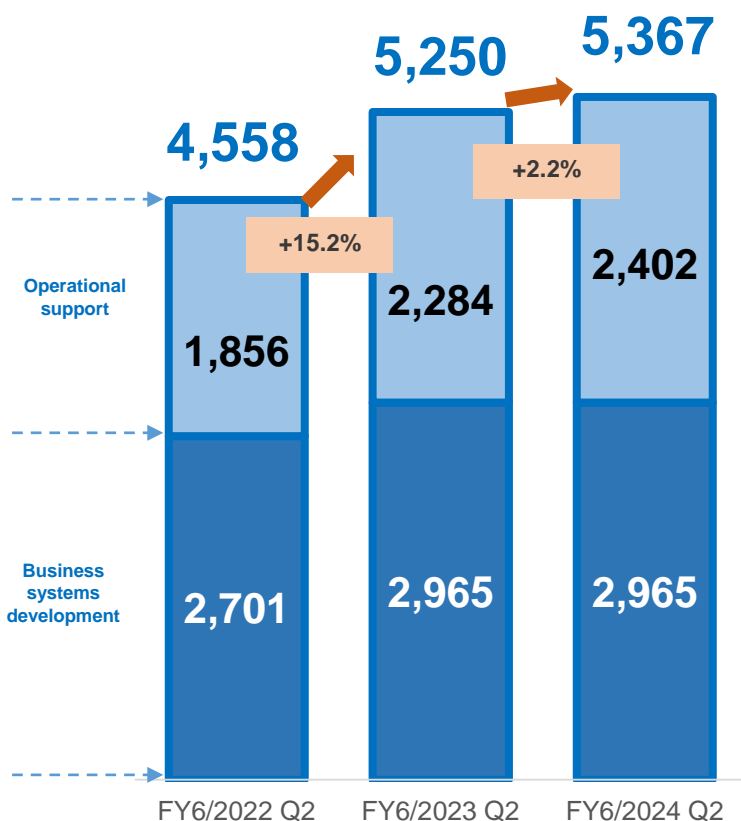
(Graphs from left to right: FY6/2022 Q2, FY6/2023 Q2, FY6/2024 Q2)

(Millions of yen)



Net Sales by Segment: Business Solutions Unit

(Millions of yen)



Net sales: 5,367 million yen
YoY change: +2.2%

<Entire business>

Although we are recovering from the impact of the unprofitable project, sales increased slightly and profits decreased. Demand itself is strong, and recovery is expected in H2.

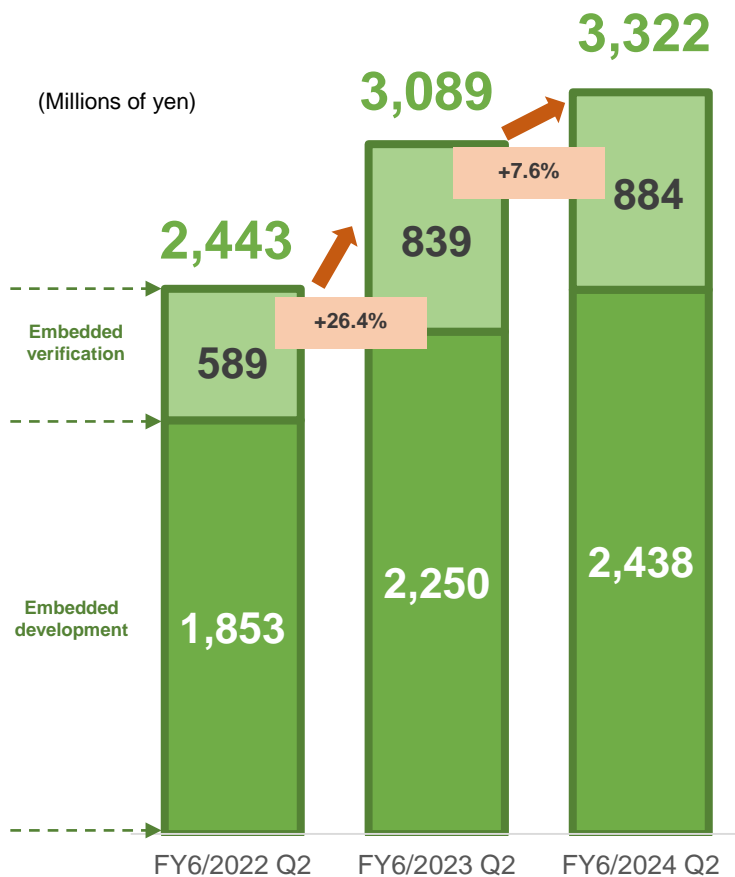
■ Business system development

We made steady progress in acquiring public sector, telecommunications, and low-code development projects. However, sales were flat and profits declined YoY due to the time required to rotate engineers after unprofitable projects were closed, and because of standby man-hours between order cycles for ERP projects.

■ Operational support

In addition to business domain expansion, synergies with subsidiary simplism, inc. resulted in record-high sales and profit.

Net Sales by Segment: Embedded Solutions Unit



Net sales: 3,322 million yen
YoY change: +7.6%

<Entire business>

Favorable growth was maintained mainly in the automotive sector. Development needs are high, especially among complete vehicle manufacturers, and growth continues to exceed initial forecasts due to strong demand. The increase in the ratio of projects with high average spending per client led to the improvement of profit margin.

■ Embedded development

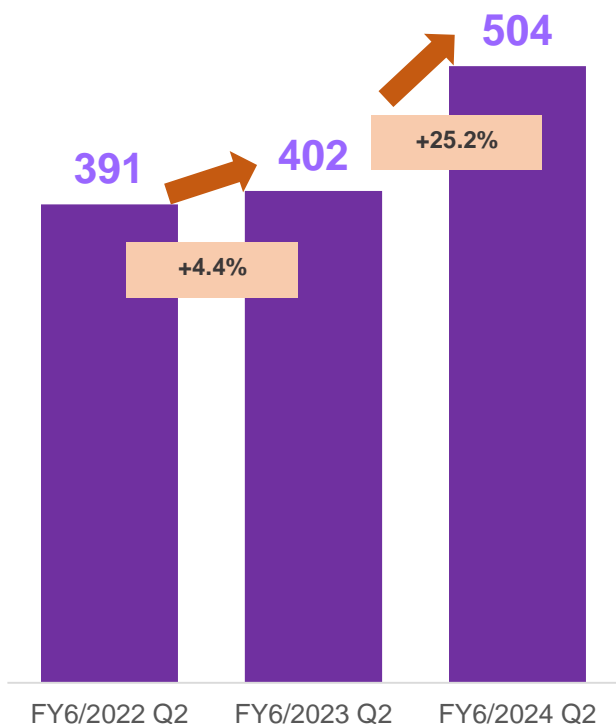
Semiconductor-related sales were leveling off, but sales and profits steadily increased in the mainstay automotive-related business due to the response to robust demand, mainly from manufacturers of completed vehicles, and the strong performance of IoT projects for consumer electronics.

■ Embedded system verification

We saw steady increases in sales and profit due to continuous strong performance in automotive verification.

Net sales: 504 million yen YoY change: +25.2%

(Millions of yen)



<Entire business>

Significant increases in sales and profits thanks to the accumulation of licensing sales and the increase in sales related to electronic contracting service.

■ [WebARGUS: Cybersecurity product]

Steady growth in both sales and profits supported by the accumulation of licensing sales. We received many inquiries for ransomware-resistant versions.

■ [xoBlos: Operational efficiency products]

In addition to horizontal expansion and cross-selling within existing clients, we were successful in capturing projects from lead clients since the previous fiscal year, resulting in a significant increase in both sales and profit.

■ [Other new products]

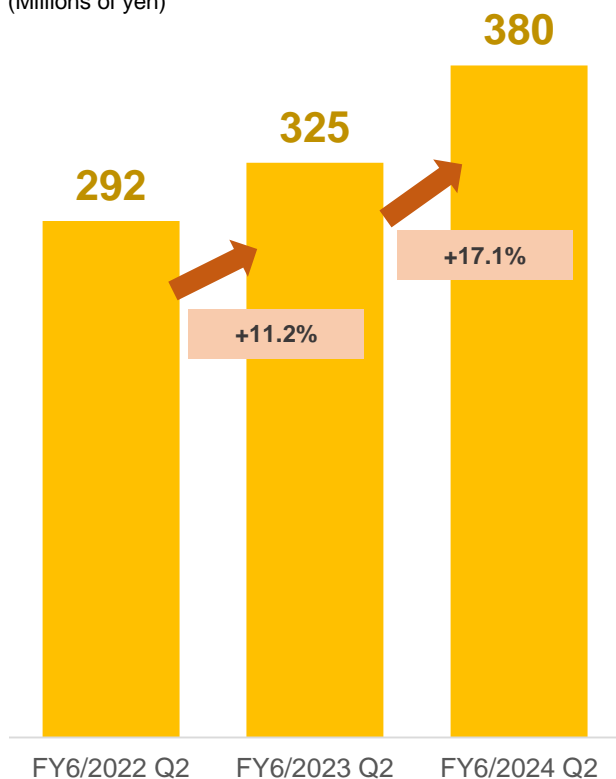
The electronic contract service "DD-CONNECT" achieved significant increases in both sales and profits by handling all peripheral development at the time of introduction.

Net Sales by Segment: Systems Sales Business



Net sales: 380 million yen
YoY change: +17.1%

(Millions of yen)



<Entire business>

Demand increased in parallel with the transition to new systems due to the Electronic Bookkeeping Law and the introduction of the invoice system.

- Sales increased significantly due to the Electronic Bookkeeping Law revision measures and rush demand for the introduction of the invoice system, but profits declined slightly YoY due to the strengthening of the business structure.

*The Systems Sales business mainly sells Rakuichi, which is a core system for providing operational support and management support to small-and medium-sized enterprises created by Casio Computer Co., Ltd.

Balance Sheet

■ Maintained a high capital adequacy ratio of 73.3%

(Millions of yen)

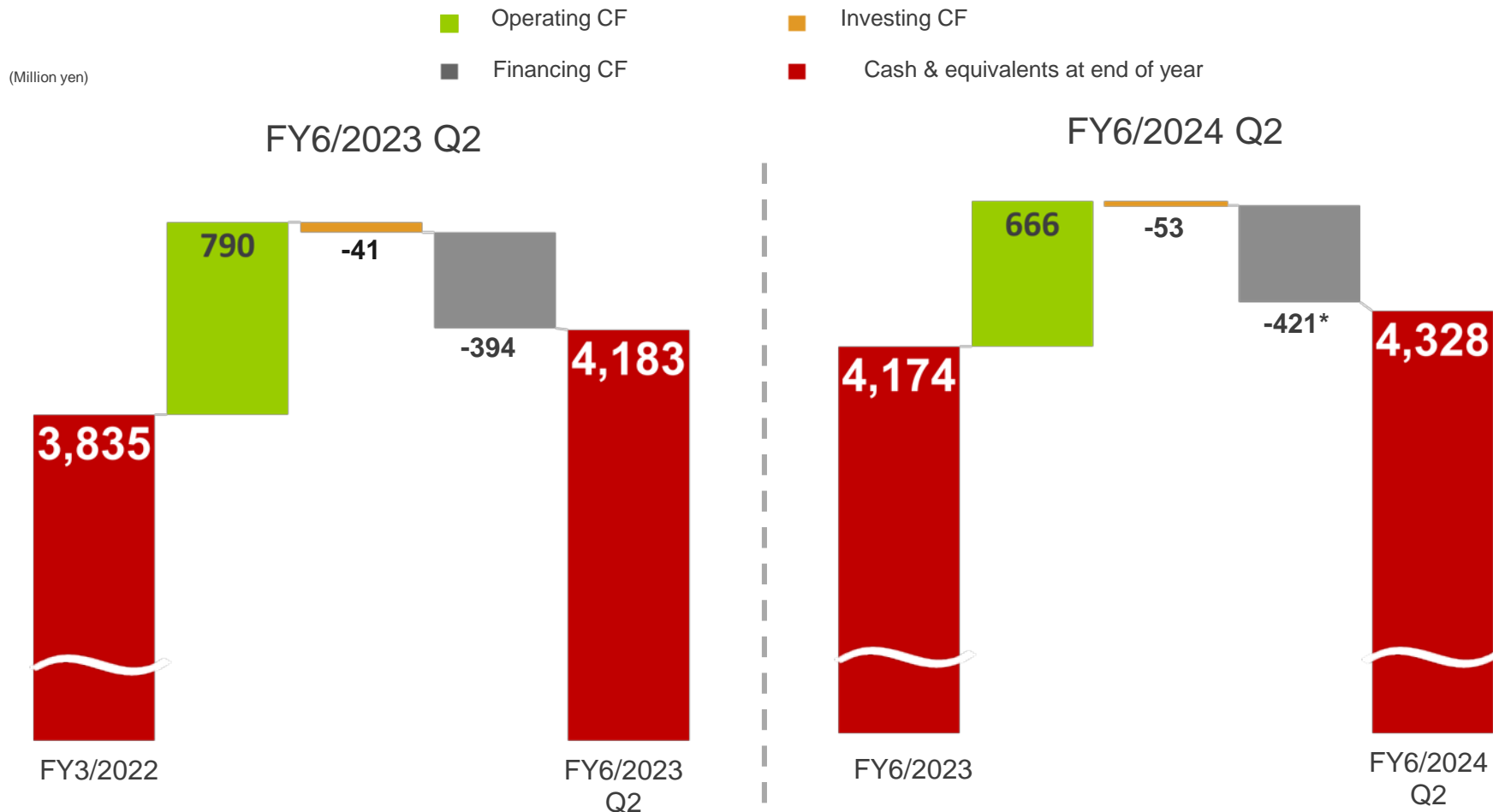
	End-Jun. 2023	End-Dec. 2023	Change
Cash and deposits	4,185	4,338	153
Accounts receivable and contract assets	2,953	3,179	225
Work in progress	108	145	37
Others	131	175	43
Total current assets	7,378	7,838	460
Property, plant and equipment	138	170	31
Intangible fixed assets	172	158	-14
Investments and other assets	487	570	83
Total fixed assets	798	898	100
Total assets	8,176	8,737	561

	End-Jun. 2023	End-Dec. 2023	Change
Accounts payable-trade	615	630	15
Income taxes payable	407	416	9
Others	957	1,053	96
Total current liabilities	1,980	2,101	120
Provision for share-based remuneration	142	156	13
Others	47	74	26
Total fixed liabilities	190	230	40
Total liabilities	2,170	2,332	161
Capital stock	453	453	-
Capital surplus	459	459	-
Retained earnings	5,094	5,493	399
Total net assets	6,006	6,405	399
Total liabilities and net assets	8,176	8,737	561

*Amounts less than one million yen are rounded down

Cash Flow

■ Cash steadily increased as operating CF increased.





2. FY6/2024 Business Forecasts Business Status and Initiatives for H2 by Segments

FY6/2024 Full-year Business Forecasts

- Aiming for 14 consecutive years of sales and profit growth in the final year of the medium-term management plan, based on the 2 axes of "stabilizing the business foundation" and "strengthening growth factors" set out in the medium-term management plan.
- Progress as of H1 exceeded the initial forecast.

(Millions of yen)	FY6/2023 Result	Composition %	FY6/2024 Forecast	Composition %	YoY %	Progress rate as of H1 %
Net sales	18,149	100.0%	19,500	100.0%	+7.4%	49.1%
Operating profit	2,039	11.2%	2,500	12.8%	+22.6%	47.9%
Ordinary profit	2,059	11.3%	2,500	12.8%	+21.4%	47.5%
Profit attributable to owners of parent	1,447	8.0%	1,734	8.9%	+19.8%	46.8%

Business Forecasts by Segment

- In the Software Development Business, we plan to increase sales by 7.7% YoY.
- Original Product Unit targets strong growth of 16.7%.

(Millions of yen)

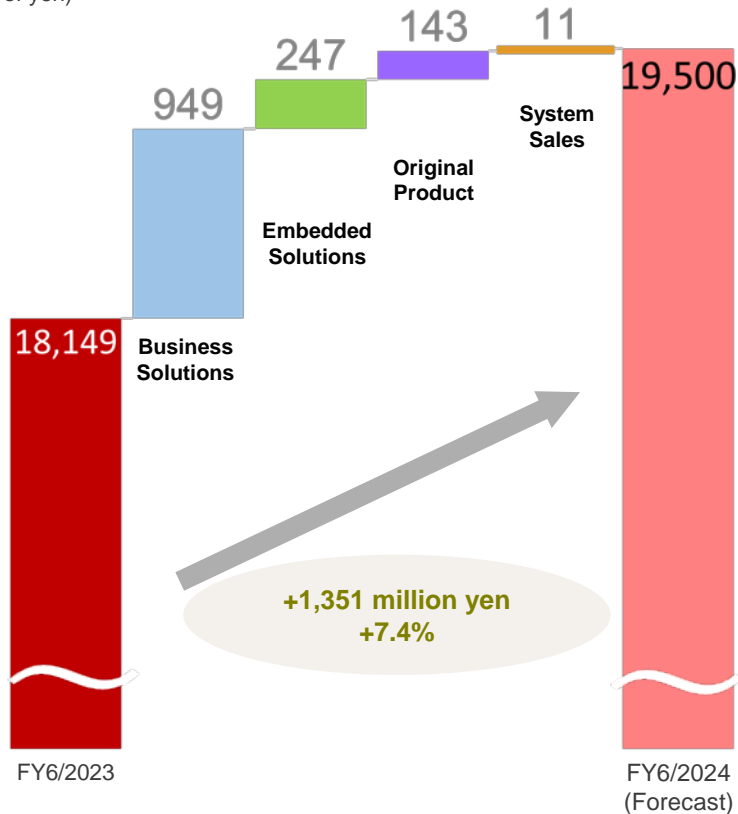
Business Segment	FY6/2023 Net sales	FY6/2024 Net sale Forecast	Change	Change %	Composition
Software Development Business	17,460	18,800	1,340	7.7%	96.6%
Business Solutions Unit	10,350	11,300	949	9.2%	57.9%
Embedded Solutions Unit	6,253	6,500	247	3.9%	33.6%
Original Product Unit	856	1,000	143	16.7%	5.1%
System Sales Business	688	700	11	1.6%	3.4%
Total	18,149	19,500	1,351	7.4%	

Key KPIs (Net sales, Operating Profit / Operating Profit Margin)

■ Forecast higher sales and profits in all businesses, led by Business Solutions Unit.

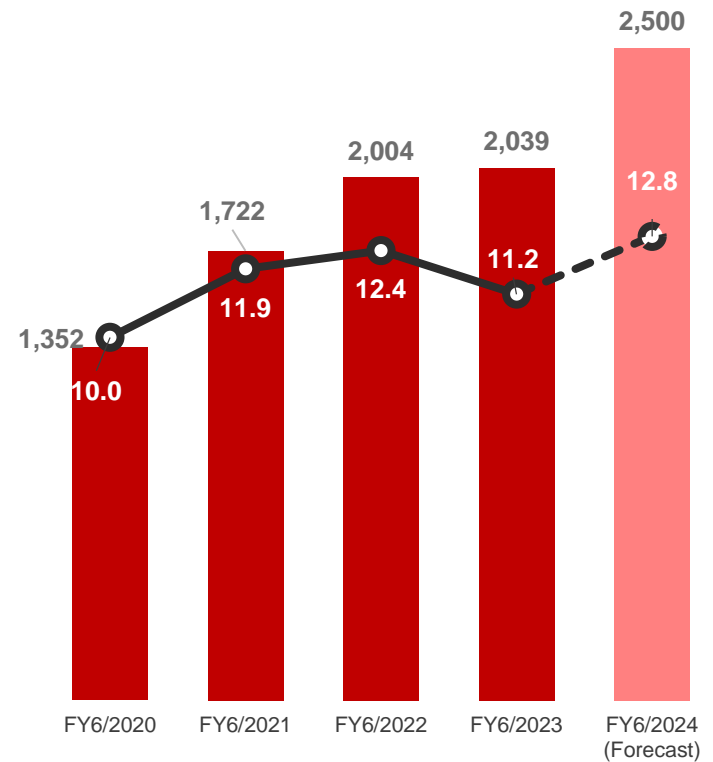
Net sales

(Millions of yen)



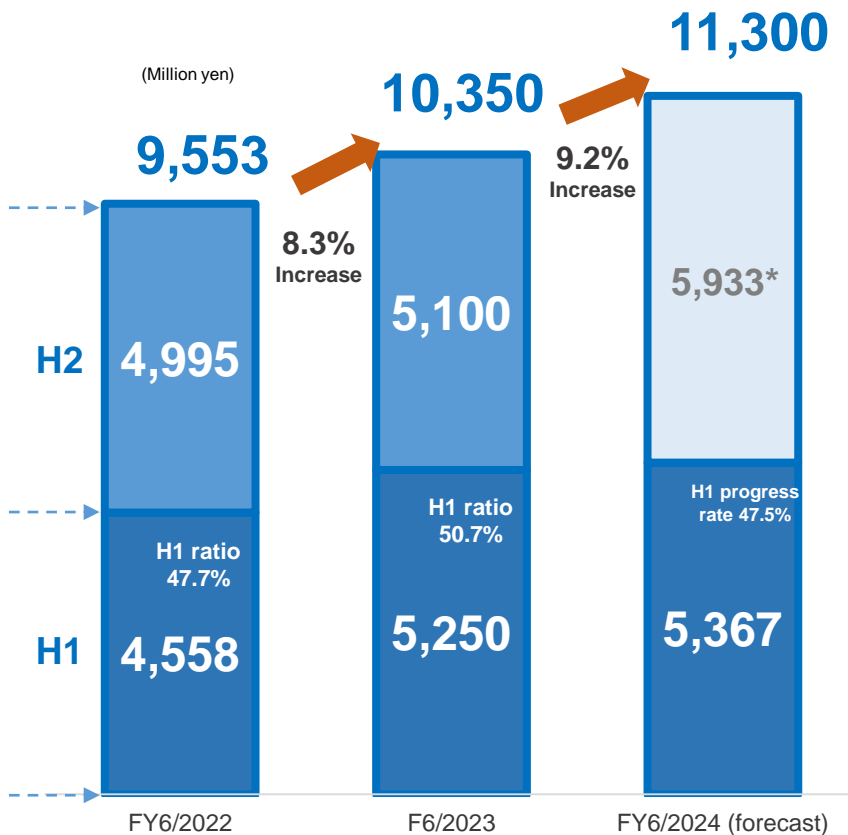
Operating profit / Operating profit margin

(Million yen, %)



Outlook by Segment: Business Solutions Unit

Net sales: 11,300 million yen
YoY change: +9.2%



<Entire Business: Initial Initiative Policy>

Accurately respond to strong demand accompanying the progress of DX, expand market share among existing customers and cultivate new customers.

- In business system development, response to the unprofitable project was settled in the first half of the year. Respond to strong orders and expect to return to a recovery trend. Aim to improve profitability by strengthening project management and winning orders for subcontracting projects of appropriate scale.
- Operational support aims for further growth by expanding the scope of support as well as the area of collaboration with simplism inc.

<Overall Business: Initiatives for the H2>

- Profit is expected to turn upward due to a recovery trend and a rebound from loss disposition (see page 5). Focus on capturing steady demand for DX and aim for further earnings growth.

*Figures for the H2 of the current fiscal year forecasts are simply subtracting the first-half results from the full-year forecasts.

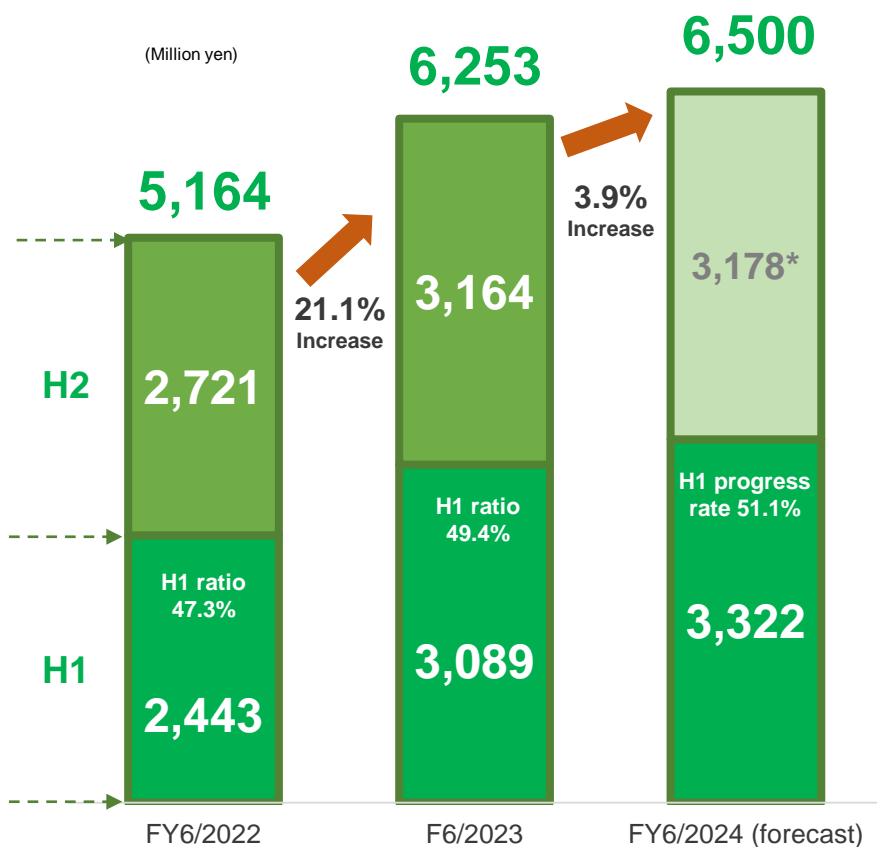
Key Strategies by Segment: Business Solutions Unit

Aim for growth by recovering by expanding existing businesses and taking on challenges in new service domains.

Priority Measures	H1 results	Initiatives for H2
1. Prioritize early closing of large-scale medical-related contract projects	The handover process to the transferring company was completed, and the project was fully completed in Q1 as planned. Implemented a strategic shift of engineers.	Expand strategically shifted projects and rebuild revenue base.
2. Win a project to develop and operate the core system for a major telecommunications company, a blue-chip client.	Changed target for core system development for a major telecommunications company due to undecided start date.	Continue to collect information, but target financial institutions where demand is strong.
3. Acquire projects from major companies using low-code development (OutSystems, etc.), a trend technology for high-speed development.	Received orders from several major companies and received high evaluations as well as a steady expansion of projects.	Secure orders for lead projects and strengthen the OutSystems response system (increase the number of qualified engineers, etc.)
4. Expand operational support business through collaboration with subsidiary simplism inc.	Monthly meetings between DIT and simplism, which have been held since the previous fiscal year, were held to share cooperative projects, and participation in actual projects gradually increased.	Expand the scope of collaboration and cooperative projects in various areas of our major customers.
5. Promote service proposal-based business by expanding operational support areas.	We strived to enhance our service lineup with Salesforce/MS365/RPA, but the demand remained high in existing areas, leading to the current status quo.	Continue to promote service proposal-based business to achieve results.
6. Ensure the implementation of measures to prevent the recurrence of the unprofitable project.	Conducted a review of the unprofitable projects with three layers (top management, middle management, and frontline staff) and formulate preventive measures to avoid recurrence.	Implement thorough measures to prevent recurrence (quality reviews, order approval meetings, etc.) and reduce risks when orders are received.
7. Utilize regional centers as "advanced near-shore development centers" and increase orders from local companies.	In addition to the steadily expanding Ehime Company (Matsuyama-shi) and East Japan Center (Sendai-shi), a branch office was opened in Hakodate City.	Promote initiatives to increase employment of local talent while contributing to the digital transformation (DX) of regional areas.

Outlook by Segment: Embedded Solutions Unit

Net sales: 6,500 million yen
YoY change: +3.9%



<Entire Business: Initial Initiative Policy>

Demand is strong, but we disclosed conservative figures because of the possibility of projects occurring in between order cycles.

Deepen relationships with existing blue-chip customers such as complete vehicle manufacturers and cultivate new customers by leveraging proprietary technologies.

- In embedded systems development, we will expand market share with blue-chip customers in the automotive and semiconductor industries, while developing mass production of automotive products and expanding IoT-related and industrial equipment products.
- In embedded systems verification, we aim to further expand business by brushing up standardization methods while expanding in the favorable automotive, medical, and 5G-related fields.

<Overall Business: Initiatives for the H2>

- Both net sales and profits progressed more than expected in H1. Inter-company collaboration in development and verification has been more successful than expected, and we expect substantial growth in H2 as well, as we continue to capture strong demand.

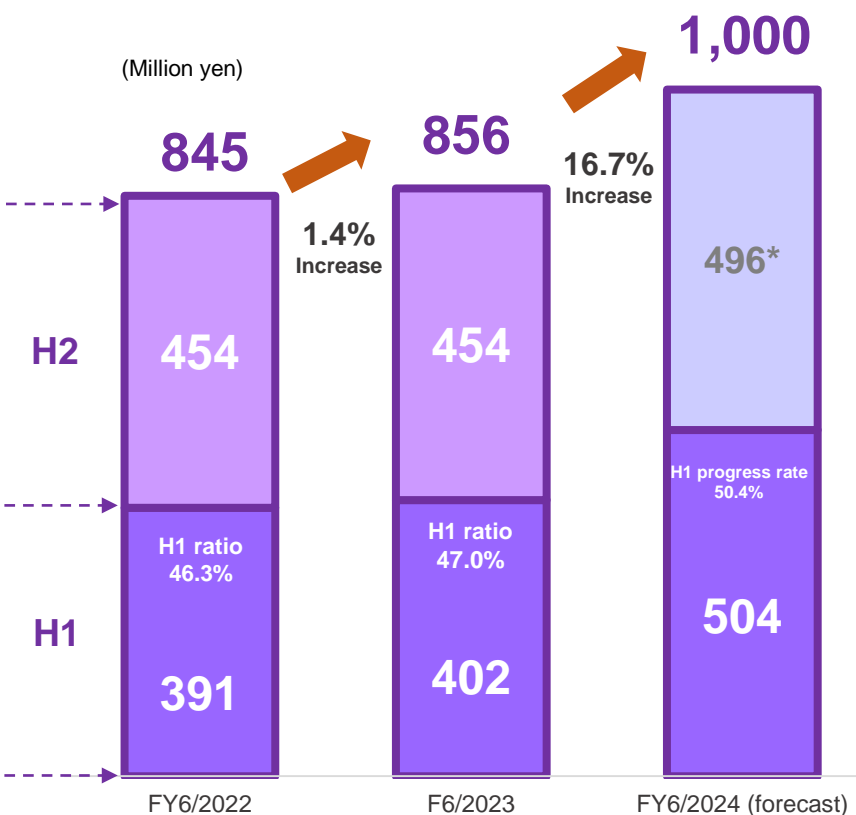
*Figures for the H2 of the current fiscal year forecasts are simply subtracting the first-half results from the full-year forecasts.

Key Strategies by Segment: Embedded Solutions Unit

Respond to the needs to form an advanced society and aim for growth through the following measures.

Priority Measures	H1 results	Initiatives for H2
1. Maintain and expand (horizontally expand and deepen) the automotive-related field (automated driving, automotive communications equipment, safety standards) centered on existing customers	The automotive-related R&D investment field expanded steadily, offsetting the periodic lag that occurred in the mass production development field.	Continue to focus on and aim for expansion in the fields of autonomous driving, automotive communications equipment, and safety standards.
2. Apart from automotive applications, we are expanding IoT deployment beyond industry boundaries, including household appliances. Sales in the industrial sector also expanded.	IoT for air conditioners expanded steadily following refrigerators in the home appliance field.	Expand the demand response system in the consumer electronics field and prepare for industrial projects.
3. Expand existing customers and cultivate new customers in the Chubu region in preparation for the establishment of the Chubu base	Participation in a major parts company in the Chubu region as a new customer was realized.	Increase the number of employees and consider establishing bases in the Chubu region.
4. Enhance our standardization methods for verification tasks to improve quality and expand the scale of orders.	Standardization guidelines completed and standardization methods disseminated within the Company.	Proceed with preparations to operate projects in accordance with standardization methods, focusing on contracted projects.
5. Expand white box verification area based on development technology capabilities.	Steadily expand white box verification area with strategic shift of development engineers.	Prepare for expansion in the area of white box verification and build a track record with currently growing customers.
6. Further expand the steadily growing automotive verification business at the U.S. subsidiary.	Although the verification work for Japanese cars ordered in the U.S. is in a trough, the results remained unchanged from the previous year due to the yen's depreciation.	Expand business performance by steadily capturing automobile-related verification work that is expected to continue for several years.

Net sales: 1,000 million yen YoY change: +16.7%



<Entire Business: Initial Initiative Policy>

Aiming for significant growth by strengthening the distribution network and sales structure to capture needs in preparation for the advent of the digital society.

- For the cybersecurity product "WebARGUS," we aim to increase licenses through upselling, acquiring large new clients, and expanding sales of the ransomware-compatible version.
- In the business efficiency-oriented product xoBlos, we aim to grow again by increasing early orders from lead customers, which are steadily increasing, and by releasing products such as RPA collaboration and multi-task (parallel processing) products.

<Overall Business: Initiatives for the H2>

Progress in H1 exceeded expectations, partly due to contributions from DD-CONNECT, an electronic contracting service. Strive to capture robust demand in H2. Full-year sales and profits are expected to increase significantly, partly due to the consolidation of the performance of the acquired subsidiary, Jungle.

*Figures for the H2 of the current fiscal year forecasts are simply subtracting the first-half results from the full-year forecasts.

Key Strategies by Segment: Original Product Unit



The superiority of the product is increasing, and the growth is expected through the following measures.

Priority Measures	H1 results	Initiatives for the H2
1. Based on the introduction track record, aggressively approach large users, especially financial institutions, and focus on up-selling existing customers.	Although there was no introduction to large-scale users, the number of licenses grew steadily due to the acquisition of new customers and the scale-up of existing customers.	Advance an approach to aggressively introduce new products and continue to provide customer-support and upsell to expand the scale of existing customers.
2. Providing total security services under the DIT Security brand. <ul style="list-style-type: none"> Further boosting service development by strengthening collaboration with partner companies. Strengthening the range of cyber security products. 	As part of our total security services, we have consistently succeeded in introducing products from other companies in collaboration.	Strengthen product lineups with other companies through collaboration and strengthen fragility diagnosis system with high needs.
3. Expand sales of WebARGUS for Ransomware, which was launched in November last year.	Launch an approach to medical institutions that suffered a lot from ransomware.	In addition to medical institutions, select and approach industries that require anti-ransomware measures.
4. Develop strategies to increase awareness (and establish the brand as a brand) and implement the strategies through various forms of advertising	By revising the keywords in our web marketing advertisements, we achieved a significant improvement in click-through rate, increasing from 0.3% to 6.8%.	Promote measures to increase the conversion rate as well as the click-through rate, and plan to renew the website.
5. Introduce IoT version WebARGUS based on the system resilience (self-detection and self-repair) concept	Exhibited a prototype at JASA's seminar booth that is designed to be compatible with container environments, where consideration for utilization of IoT devices is progressing. Reference Seminar URL: https://f2ff.jp/introduction/8509?event_id=etexpo-2023	Develop a prototype version of the product (prototype model)

Key Strategies by Segment: Original Product Unit



Through the following measures, we aim to break free from the stagnation and get back on the growth track.

Priority Measures	H1 results	Initiatives for H2
1. More than 550 companies have installed the system, further strengthening sales to large-scale users	Progress in acquiring new projects, bringing the total number of companies to 580.	New customers for distributor sales are beginning to grow, and we aim to increase the number of companies that have adopted our products by strengthening our support.
2. Early acquisition of orders from high-certainty lead customers, which are steadily increasing	Gradual progress in closing projects carried forward from the previous fiscal year.	Reduce initial costs and lead time by supporting in-house production at installation sites.
3. Strengthen user support and increase subscription licenses from existing customers.	Steady increase in licensing from existing customers, partly due to synergies from educational packages.	Introduce examples of existing customers before renewing their licenses, and encourage further use.
4. Achieve RPA collaboration and multi-tasking (parallel processing) to promote continued use and new contracts.	Selection of alliance partners and consideration of services for full-scale introduction.	Full-scale introduction started. In addition, we are considering service-collaboration with RPA operators and are searching for ways to provide non-licensing.
5. Combine xoBlos and AI techniques to achieve semi-automation of control seats to lower barriers to implementation.	Created a demo app to create control sheets semi-automatically.	Customize products for collaboration with other companies' products and plan to exhibit at exhibitions.
6. Strengthen support for sales agents and acquire new licenses via agents	Agency development progressed steadily, and agency agreements were signed with three new agencies.	Plan to start demonstration tests of new business models with distributors
7. Promote An OEM licensing business by providing OEMs to alliance partners	OEM agreements have not been signed, but discussions with several companies are ongoing.	Mutually confirm that it is a product that can be expanded through alliances, and create a situation where we can conduct a Proof of Concept (PoC) together.

Key Strategies by Segment: Original Product Unit

New
product/DX

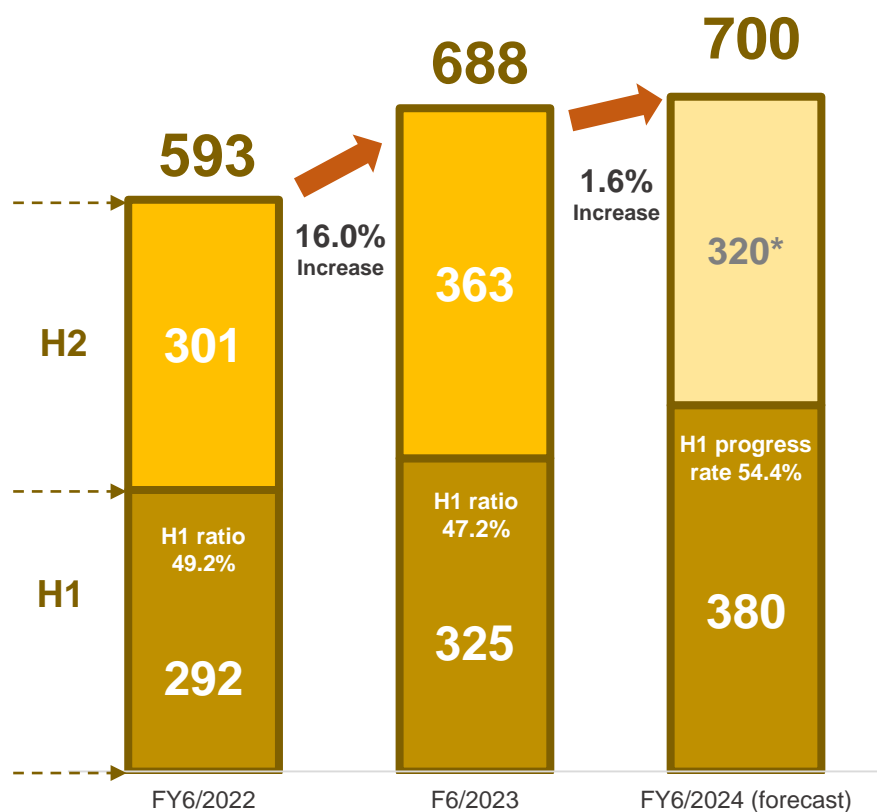
The following measures will be implemented to expand new business domains.

Priority Measures	H1 results	Initiatives for H2
1. Expand subscription licenses by receiving large-scale DD-CONNECT orders	DD-CONNECT increased steadily in both resale and direct sales. In addition, several orders were received for large-scale SI development as the first stage (mainly agile development through low cords).	Increase the ratio of direct sales and work to increase profits. Aim to expand market share by repeating demonstration tests of electronic contract services for local governments. Collaborate with housing construction package developers in the field of electronic contract collaboration and low-code development of peripheral systems.
2. Aim to expand sales by targeting shield cms.	Narrowing down the target audience and implementing the missing features for that audience is complete.	Work to expand sales in line with the H1 sales strategy
3. Start with PoC (Proof of Concept) proposals for new DX-related services such as AI, RPA, BPM, etc., and aim for full-scale introduction.	Conducted R&D to provide new services, and proposed the use of AI for inspection and alcohol checker operations at a plywood factory in the residential construction industry.	Expand the market centered on AI and RPA for the homebuilding industry and local governments. In particular, establish a municipal model and aim to expand sales
4. Validate rapidly advancing generative AI and consider new services that add value to customers.	Began verifying how ChatGPT generation AI can be used in the development phase.	Participate in customer projects and collect information in parallel with internal verification
5. Launch a new co-creation business that leverages strengths and weaknesses of both companies by leveraging strengths and domains of expertise with management consulting companies, etc.	While identifying customer issues, both companies are considering the introduction of services.	Continue to consider both companies in order to realize co-creation business with customers.

Outlook by Segment: System Sales Business



(Million yen)



Net sales: 700 million yen YoY change: +1.6%

<Entire Business: Initial Initiative Policy>

Aim to increase sales by strengthening proposal activities on the opportunity of system changes related to sales management

- Demand associated with the introduction of an invoice system is continuing for a longer period than we expect. Strengthen proposals for mandatory storage of transaction data
- Effectively utilizing IT introduction subsidies to continue contributing to the promotion of DX business by SMEs

<Overall Business: Initiatives for the H2>

Performance in H1 exceeded expectations. Work to steadily capture increased demand associated with future system revisions, such as the invoice system.

*Figures for the H2 of the current fiscal year forecasts are simply subtracting the first-half results from the full-year forecasts.

**Rakuichi" is Casio Computer Co., Ltd.'s business and management support system for SMEs

Key Strategies by Segment: System Sales Business

Through the following measures, we aim to secure more sales than planned.

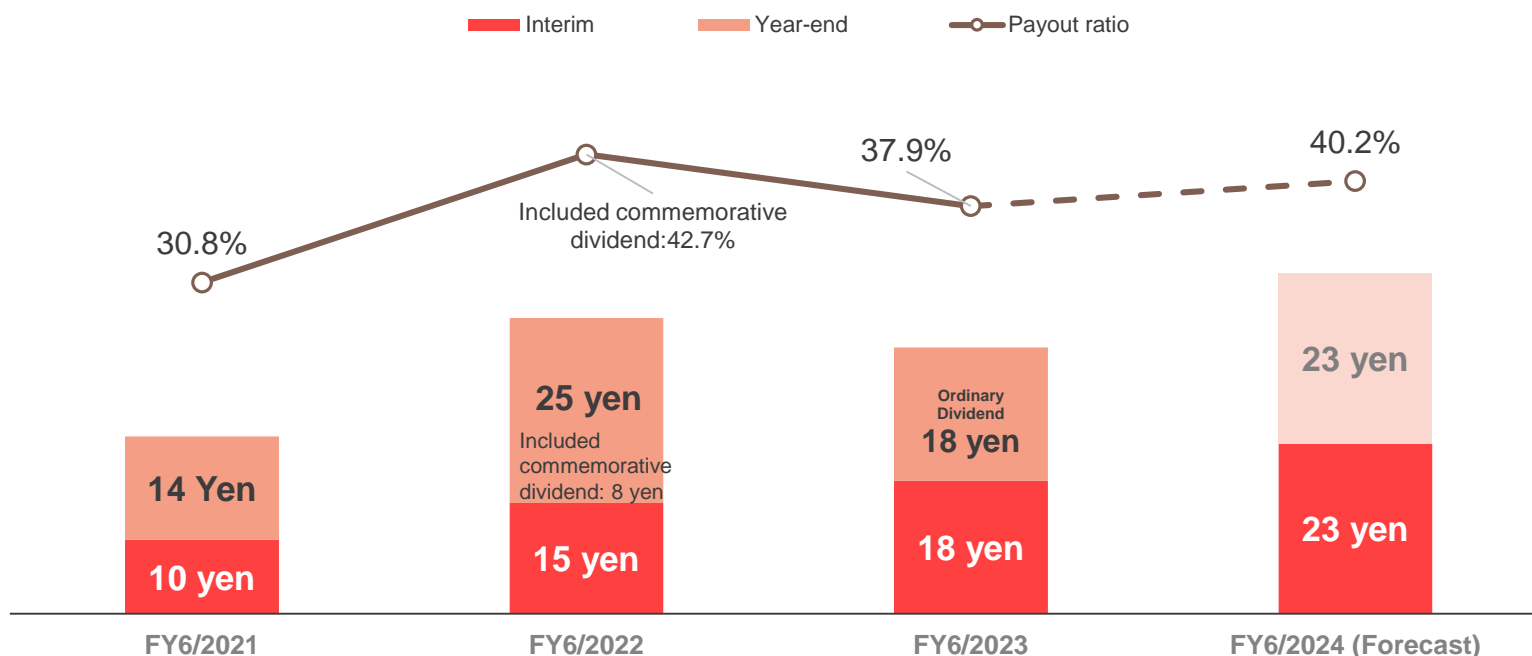
Priority Measures	H1 results	Initiatives for H2
<p>1. Until the first quarter, we respond to the "qualified invoice system (Invoice System)" introduced on October 1, 2023, and after that, we will follow up on this matter and strengthen Rakuichi sales for "electronic data transaction data storage in accordance with the revision of the Electronic Bookkeeping Law" which will become mandatory from January 2024.</p>	<p>Sales of storage equipment and voucher storage software were strong due to the introduction of an invoice system for existing users, system upgrades, and the Electronic Bookkeeping Law.</p>	<p>Continue to work to expand sales of equipment, services, and voucher storage software to customers whose the Electronic Bookkeeping Law have not been compromised.</p>
<p>2. Promote the medium-term DX of SMEs by effectively utilizing the government's IT tool introduction support measure for SMEs, the IT introduction subsidy</p>	<p>Sales using "IT Introduction Subsidy" remained strong.</p>	<p>Promote sales of SMEs promoted by the national government to improve their DX by utilizing IT introduction subsidy for FY2024 from April onward.</p>
<p>3. Centered on Strengthen proposals for various services required by customers, such as security products(UTM (integrated threat-management) and end-point security), MFPs, PC, etc.</p>	<p>Strong sales of security products and networking equipment centered on UTM(*)</p>	<p>Propose a variety of products associated with promoting DX at SMEs, work to solve problems, and lead to sales expansion</p>

*Integrated UTM: Unified Threat Management threat-management that integrates a variety of security functions such as firewalls, antiviruses, antispams, Web (URL) filtering, IDS (Intrusion Detection System/ tampering detection systems), and IPS (Intrusion Prevention System/ tampering prevention systems) into 1.

Return to Shareholders (Dividend Forecasts)

- Focusing on shareholder returns, the target dividend payout ratio of 35% or more in the medium-term management plan was changed from FY6/24 to 40% or more. Emphasizing shareholder returns, the target dividend payout ratio of 35% or more in the medium-term plan was changed to 40% or more from FY6/24. The annual dividend per share is expected to be 46 yen per share for FY6/24, for a payout ratio of 40.2%, unchanged from the initial forecast.

Changes in dividend and payout ratio



3. DIT Group's Vision for 2030 and Medium-term Management Plan

(Excerpted from explanatory materials disclosed on Aug. 10, 2023)



Medium-term Management Plan Targets

- The performance for FY6/23 exceeded the target disclosed.
- Net sales target for FY6/24 revised upward in line with strong business trends in August.

	FY6/2021 (Results)	FY6/2022 (Results)	FY6/2023 (Results)	FY6/2024 (Forecast)
Net sales	14.4 billion yen	16.1 billion yen	18.1 billion yen (Target: 18.0 billion yen)	19.5 billion yen (↑18.5 billion yen)
Operating profit	1.72 billion yen	2.0 billion yen	2.03 billion yen (Target: 1.90 billion yen)	2.50 billion yen
Ordinary profit	11.9%	12.4%	11.2% (Target: 10.6%)	12.8%
ROE	29.2%	28.6%	25.1%	Maintain 20% or more
Dividend payout ratio	30.8%	42.7% (Commemorative dividend paid)	37.9%	40% or more

■ Dividend Forecast

Annual dividend per share	24.0 yen (Ordinary dividend)	40.0 yen (Ordinary dividend: 32 yen, Commemorative dividend: 8 yen)	36.0 yen (Ordinary dividend)	46.0 yen (Ordinary dividend)
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Vision for 2030

Toward a Trusted and Selected DIT Brand

DIT Brand

- Enhance Customer Value! -

DIT Services Providing a higher level of value

+ DIT Spirits

DIT
Security



Safety and
robustness

DIT
Efficiency



Efficiency
improvement

DIT
Support



Reliable
operation

DIT
Consulting



Ability to
resolve issues
and propose
solutions

DIT
Quality



High quality

DIT
Technologie



Advanced
technology

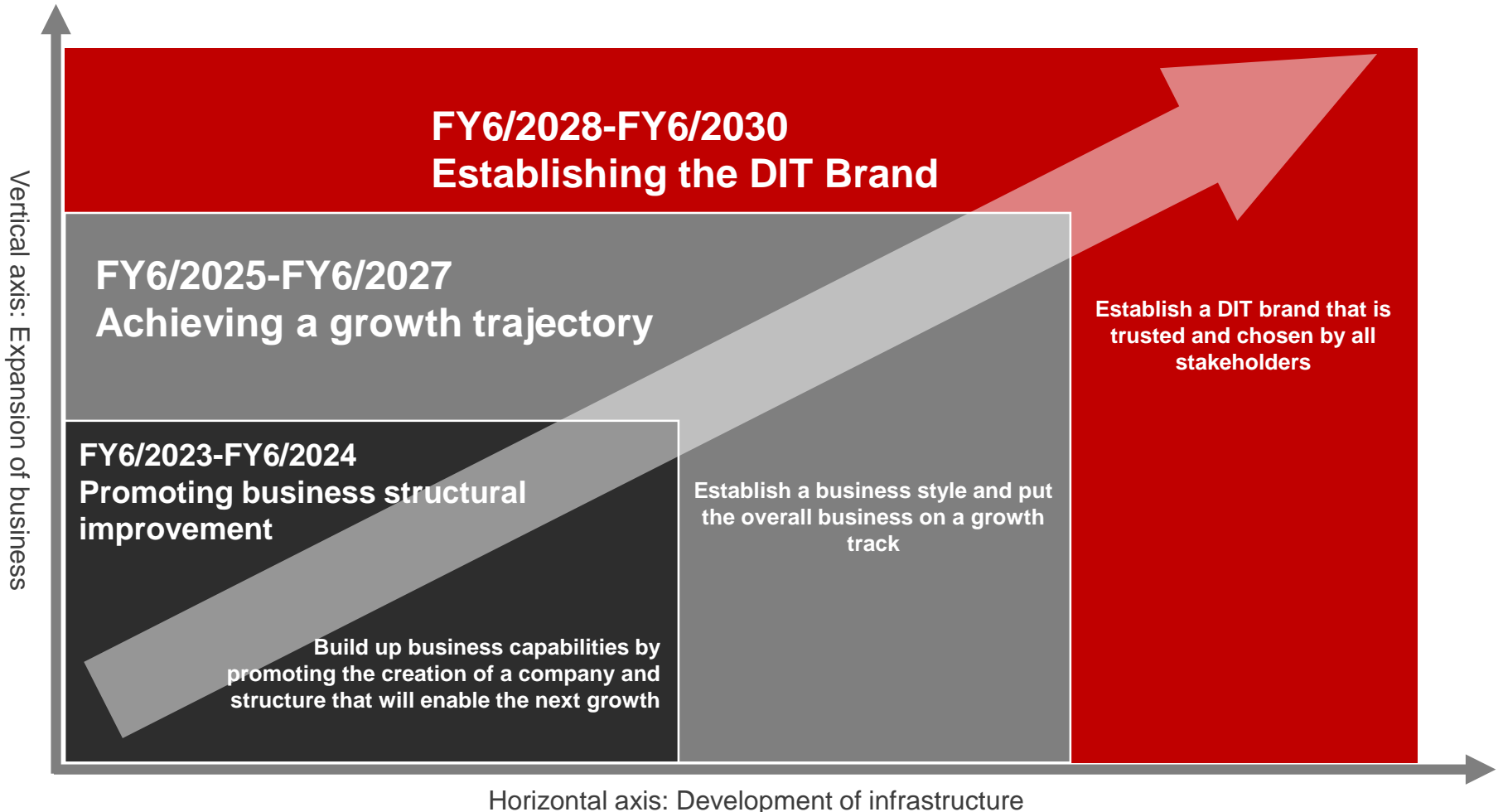


Professional group

Steps to Realize the 2030 Vision



DIT 2030 Vision

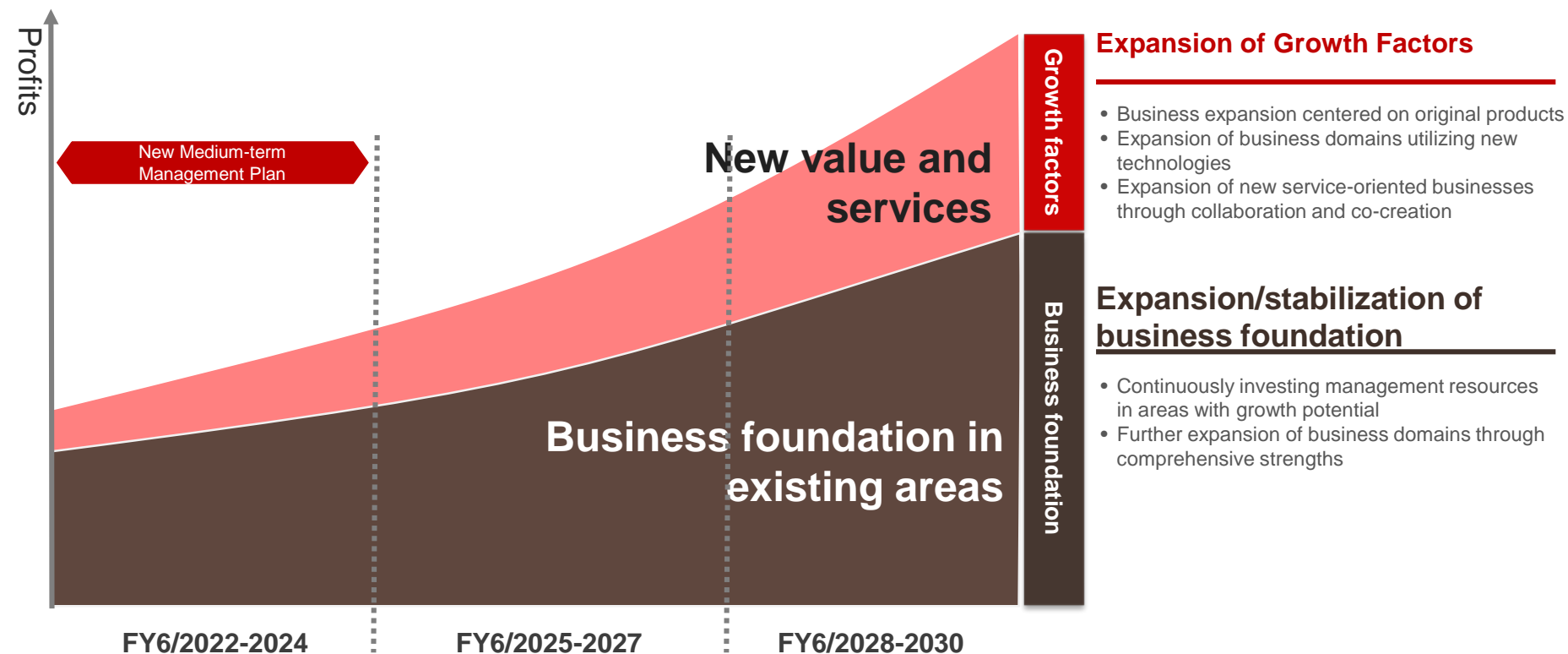


Medium-to-Long-term Growth Model

- 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.

1	Business foundation
2	Growth factors

- • • Further expanding the base by leveraging stable exchanges in a wide range of business domains as a strength
- • • Providing new value and services in response to social change



Management Targets

Challenge to sales of 50 billion yen ! <Challenge 500>

FY6/2023 Results

FY6/2030 Target

Net sales
Operating profit

18.1 billion yen

2.0 billion yen

Organic growth

+New business/M&A, etc.

30.0 billion yen or more

50.0 billion yen

4.0 billion yen or more

5.0 billion yen

Dividend payout ratio

35% or more

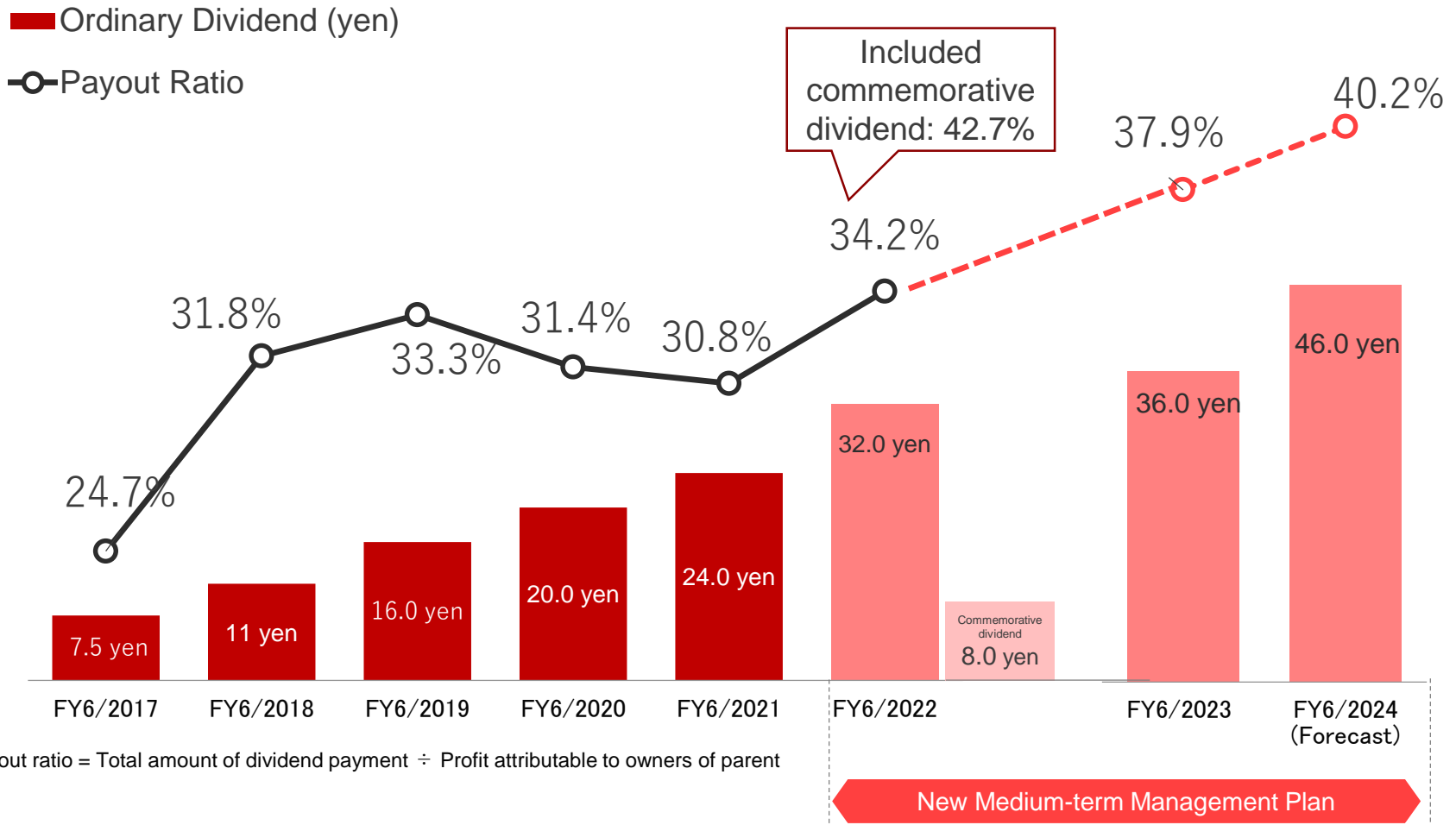
By FY6/2023

FY6/2024 onward

35% or more 40% or more

Management Targets of the Medium-term Management Plan (Dividend Payout Ratio)

- The current target for a dividend payout ratio of 35% or more will be changed to 40% or more from FY6/2024.
- Dividend payout ratio for FY6/2024 is expected to be 40.2%.



· Payout ratio = Total amount of dividend payment ÷ Profit attributable to owners of parent

4. Reference materials



Corporate Data

Trade name Digital Information Technologies Corporation

Establishment January 4, 2002

Contents of business Development of business systems, development and verification of embedded systems, system operation services, sales of in-house developed software, and system sales business

Location of head office 5F, FORECAST Sakurabashi, 4-5-4 Hacchobori, Chuo-ku, Tokyo

Capital stock : 453,156 thousand yen (As of the end of June 2023)

Fiscal year end : June 30

Number of the employees 1,330 (1,139 on a non-consolidated basis) (As of the end of June 2023)

Officer Satoshi Ichikawa, Representative Director and President
4 other internal directors and 4 outside directors
1 full-time auditor and 2 outside auditors
(As of the end of June 2023)

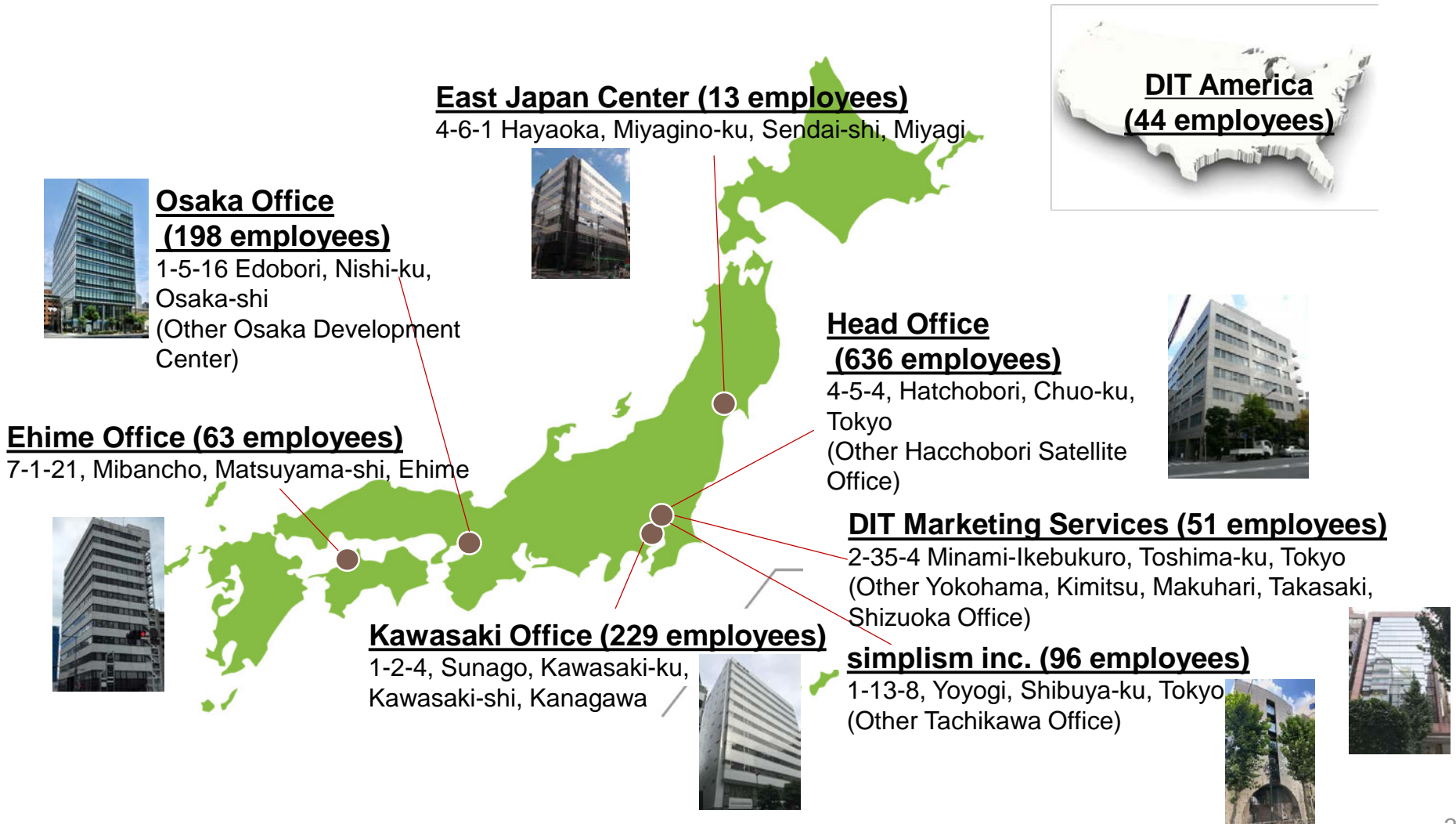
Group Companies : DIT Marketing Service Co., Ltd., DIT America, LLC.,
simprism inc.



Satoshi Ichikawa, Representative Director and President

March 2004 Joined the Company
July 2007 Executive Officer, General Manager, Corporate Planning Division
July 2010 Executive Officer, General Manager of Business Division
September 2012 Director and Executive Director, General Manager of Corporate Planning Department and Product Planning and Development Department
July 2015 Managing Director, General Manager of Business Division
July 2016 Representative Director and Senior Managing Executive Officer
July 2018 Representative Director and President

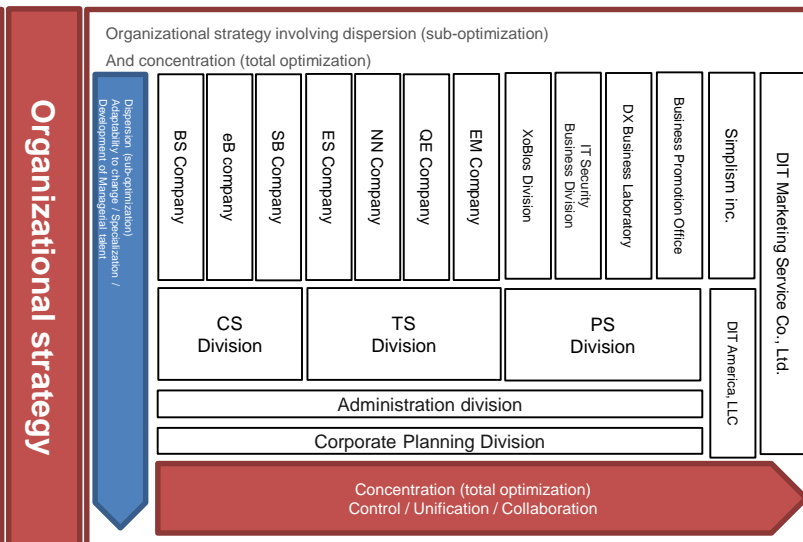
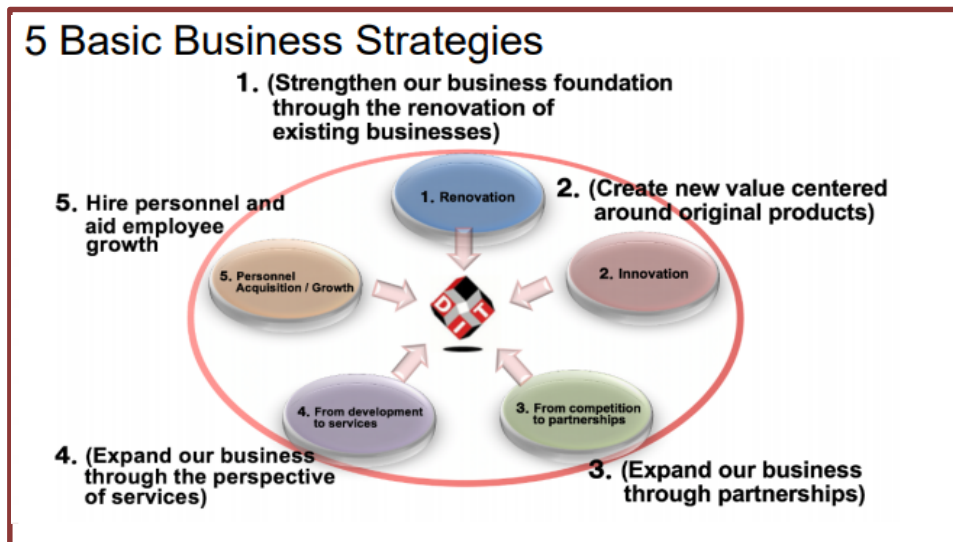
Domestic and Overseas Development Bases and the Number of Employees



Corporate Philosophy

Corporate philosophy	Over-all	Client-driven	Management philosophy	Guarantee our Employees' livelihood While contributing to Society
	Company	Employee training/growth, Communication		
	Individuals	Increase in value added, Sense of objective / target, Passion and dedication		

Management Policy Deliver on our commitment to value generation and Adaptability to change, while aiming to realize stable growth for the company



Selected as One of Stocks Constituting JPX-Nikkei Mid and Small Cap Index

We continued to be selected as one of stocks used by Tokyo Stock Exchange, Inc. and Nikkei Inc. for calculating "JPX-Nikkei Mid and Small Cap Index" in fiscal 2023*



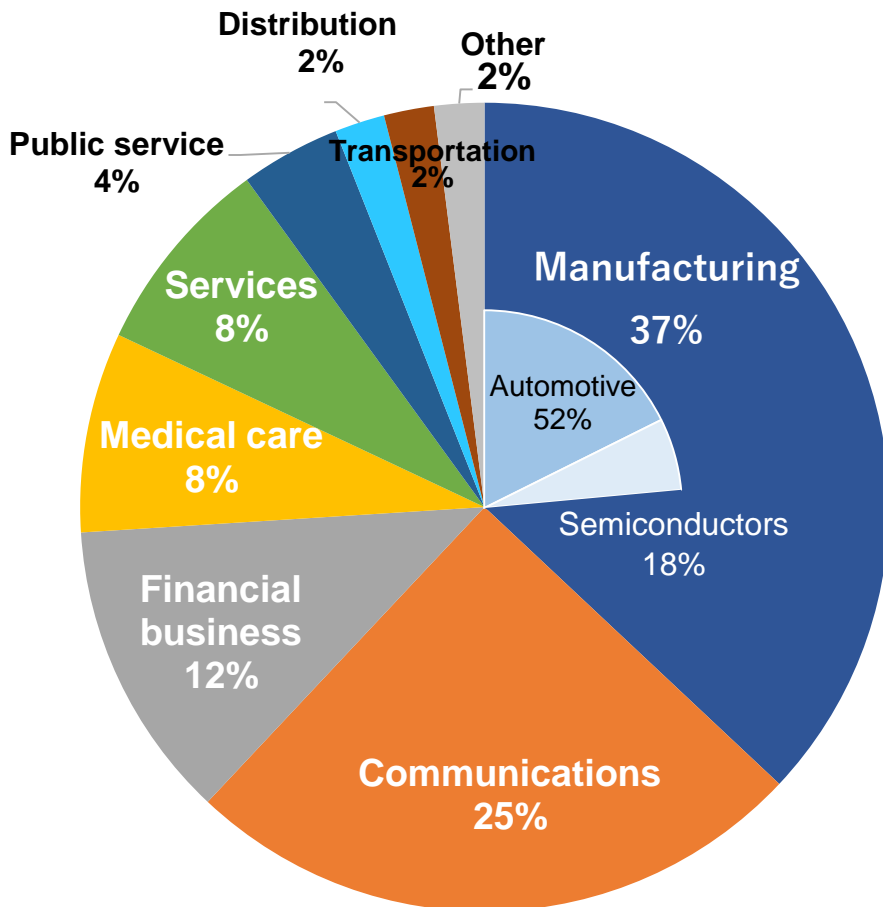
JPX-NIKKEI Mid Small

In order to live up to the expectations of stakeholders, we will strive to improve corporate value sustainably and conduct business administration while caring for shareholders, in accordance with the purpose of the selection.

*This index will be applied from August 31, 2023 to August 29, 2024.

Customer Base

Sales Composition by Industry

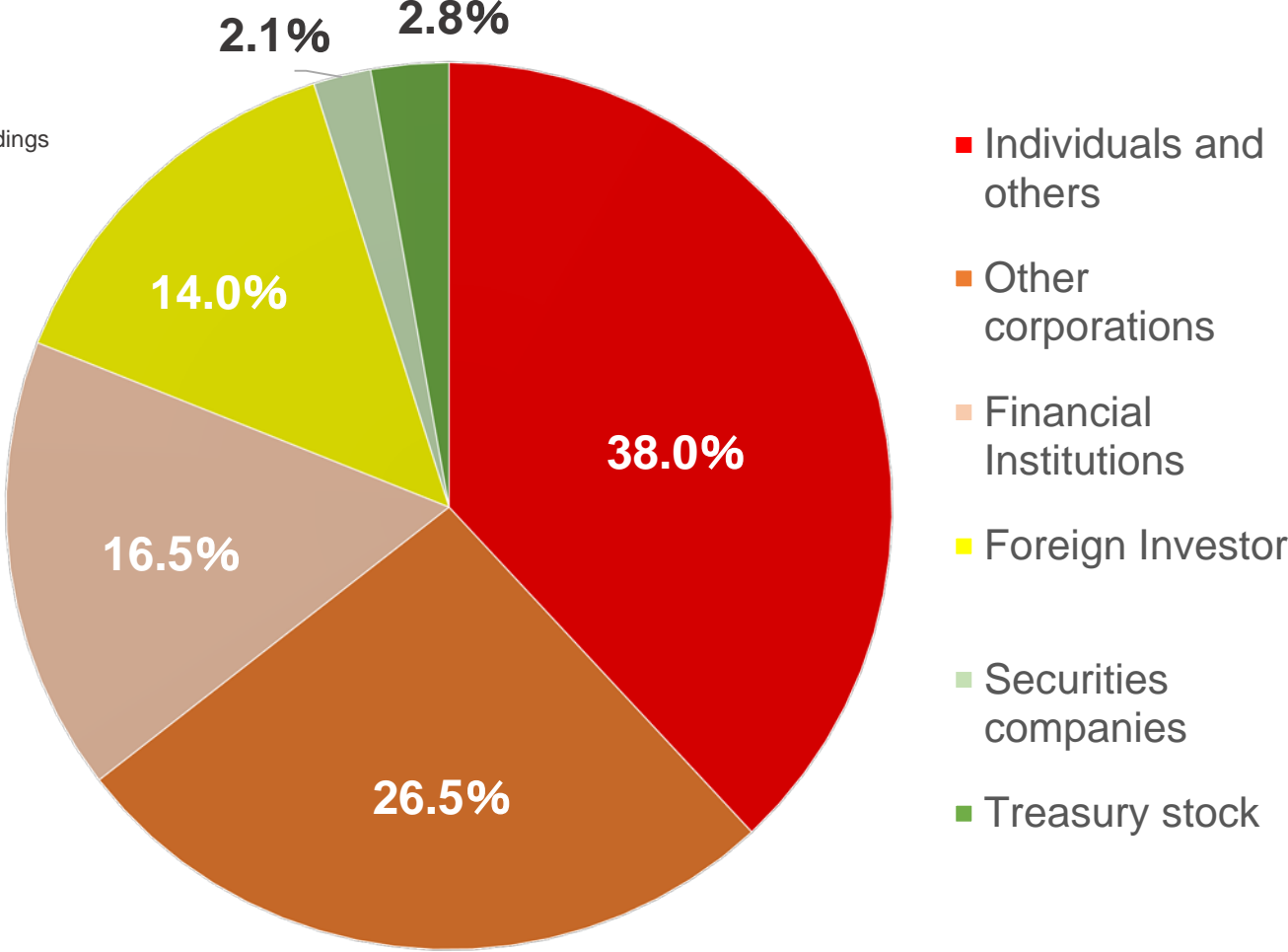


■ Customers of the DIT Group are Approx. 2,800 companies

- Software development business mainly attend listed companies and their affiliates, and system sales business mainly attend SMEs.
- Sales Composition by Industry of Software Development Business (Left chart)
 - Including information systems subsidiaries, sales for end users accounted for 80% of total sales.

Composition of Shareholders

End of December 2023
Number of shareholders:
5,022 Persons
*The graph is based on number of holdings



SDGs: Contributing to the Realization of a Sustainable Society

We will strive to support a sustainable society through appropriate corporate management and the introduction of our original products to customers.

Contribution from corporate management



Contribute to a sustainable society by enhancing employee benefits, promoting diversity through the appointment of women to managerial positions, and appropriate business management with an emphasis on governance, etc.

Relevant SDGs goals



Contribution from introduction of original products, etc.



Contribute to establishing a comfortable and secure Internet-based society and improving social productivity by introducing security products (WebARGUS) and work style reform-related products (xoBlos, DD-CONNECT), etc.

Relevant SDGs goals





Contact information:

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IR Division, Corporate Planning Division
TEL: 03-6311-6532 FAX: 03-6311-6521
E-mail: ir_info@ditgroup.jp

- The content of these materials is based on generally accepted economic and social conditions and certain assumptions that we deem reasonable. However, the content of these materials may change without notice due to changes in the business environment or other factors.
- The information provided in this presentation contains forward-looking statements. These forward-looking statements are based on current expectations, estimates and assumptions that involve risks. These statements are subject to uncertainties that could cause actual results to differ materially from those described in these statements.
- Such risks include, but are not limited to, general domestic and international economic conditions, such as general industry and market conditions, interest rate and currency exchange rate fluctuations.
- We shall not be obligated to update or revise any forward-looking statements contained in this report, even if there is any new information or future events.