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November 14, 2024

## Summary of Business Results for the Three Months Ended September 30, 2024 [Japan GAAP] (Consolidated)

Company name: Digital Information Technologies Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3916  
 URL: <http://www.ditgroup.jp/>  
 Representative: Satoshi Ichikawa, President and Representative Director  
 Inquiries: Hiroyuki Komatsu, Vice President, Division Manager of Corporate Planning Division  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended September 30, 2024 (from July 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
September 30, 2024	5,632	19.6	641	17.4	645	20.1	412	12.7
September 30, 2023	4,709	4.5	546	-16.3	537	-18.0	365	-21.7

Note: Comprehensive income For the three months ended September 30, 2024: ¥376 million [-0.7%]  
 For the three months ended September 30, 2023: ¥379 million [-19.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
September 30, 2024	27.62	-
September 30, 2023	24.45	-

Note: Diluted earnings per share is not presented because there are no dilutive shares.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	9,762	6,946	70.1
June 30, 2024	10,217	7,058	68.1

Reference: Equity  
 As of September 30, 2024: ¥6,845 million  
 As of June 30, 2024: ¥6,958 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	23.00	-	23.00	46.00
Fiscal year ending June 30, 2025	-				
Fiscal year ending June 30, 2025 (Forecast)		30.00	-	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes.)

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

Note: Revisions to the forecast of financial results most recently announced: None

**\* Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (4) Number of issued shares (common shares)

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

As of September 30, 2024	15,501,820 shares
As of June 30, 2024	15,501,820 shares

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

As of September 30, 2024	629,742 shares
As of June 30, 2024	553,580 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2024	14,923,515 shares
Three months ended September 30, 2023	14,961,749 shares

Note: The number of treasury stock to be deducted from the calculation of the number of treasury stock at the end of the period and the number of treasury stock during the period includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust E-Account) as trust assets under the Employees' Benefit Trust (J-ESOP) Plan.

- \* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- \* Proper use of earnings forecasts, and other special matters

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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# 1. Qualitative Information Regarding Consolidated Quarterly Business Results

## (1) Explanation of Business Results

During the first quarter of the current fiscal year (July 1, 2024 to September 30, 2024), consumer sentiment remained weak in line with rising prices and energy prices, despite an improvement in business sentiment in Japan. In addition, rising raw material prices placed a large burden mainly on the manufacturing industry, and measures to cope with increased costs became an issue for many companies. As a result, the outlook remained uncertain.

In the information services industry to which we belong, there has been a continued steady investment in software. According to the Bank of Japan Tankan survey (September) announced on October 1, 2024, the software investment plan (total for all industries and enterprises of all sizes) for fiscal 2025 showed a continued expansion trend, rising 13.1% compared to fiscal 2024.

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

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

Under such conditions, the DIT Group formulated the following five business strategies and continues to take proactive measures to achieve them.

- Renovation (Expand and stabilize business foundation through reform of existing businesses)
- Innovation (Create new value centered on in-house products)
- Shift from competition to collaboration (Expand business through cooperative efforts)
- Shift from development to services (Expand business from service-oriented perspective)
- Secure and develop human assets (Hire and train personnel)

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

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

**Purpose**

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

**Purpose**

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

**Mindset that DIT values**

**Provide value that can adapt to changes of the times**

~ Enhance Customer Value ! ~

**We value the responsiveness to changes.**

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

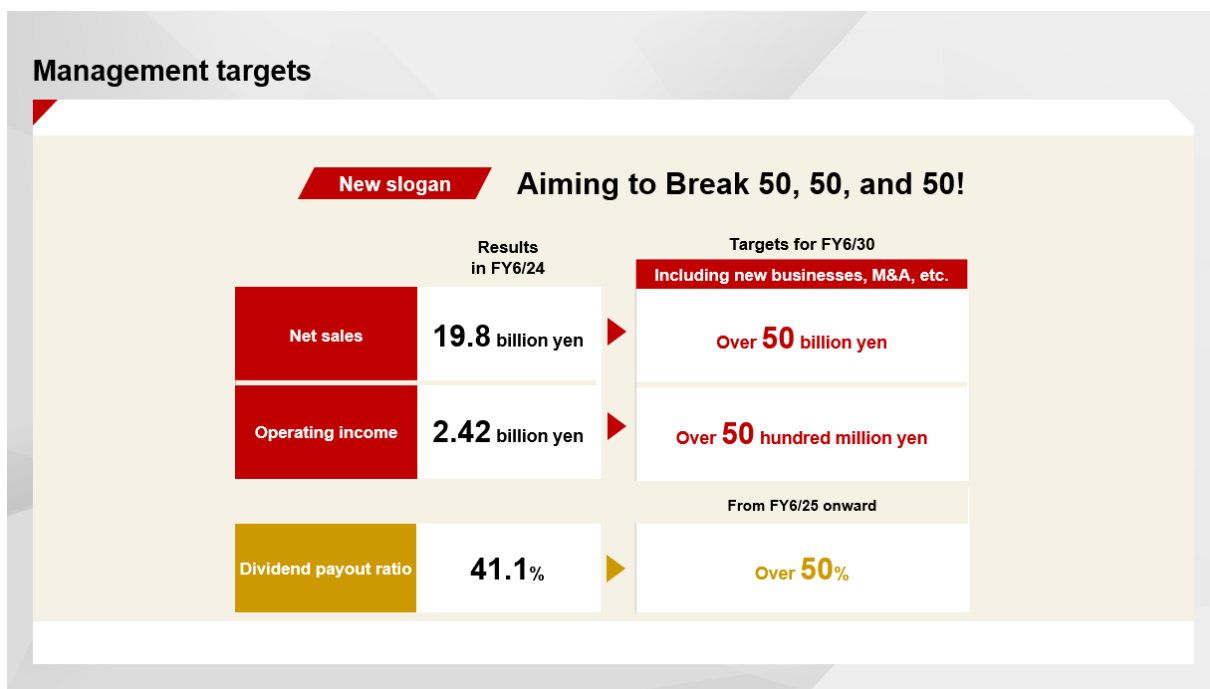
We will engage in businesses and provide services that can adapt to changes in the current of the times and the trend in technology.

As the immediate step, we will clarify the direction that we will move in by developing a long-term vision that can accommodate changes, such as development of innovative technology including generative AI, the aging society with a declining birthrate and a decrease in the working population, and work style reforms and diversifying lifestyles, and strive for continuous growth.

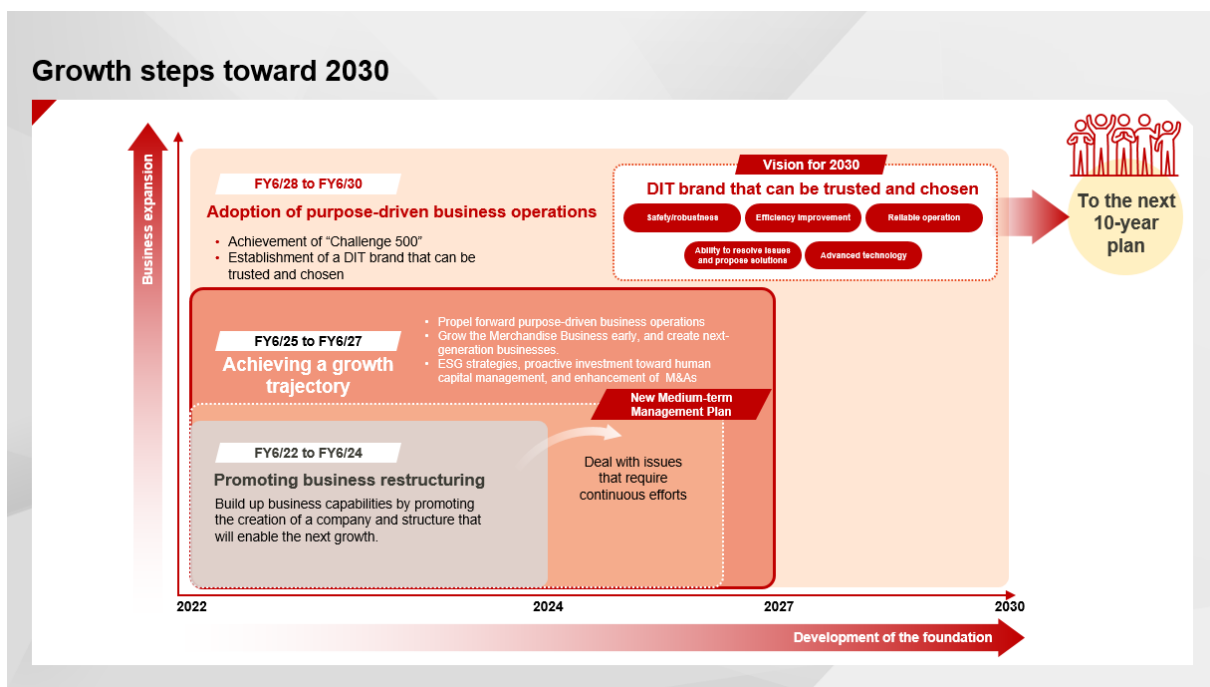
We believe that our mission is to contribute to society and enrich the lives of our stakeholders from all walks of life by achieving the aforementioned.

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In addition, we will continue to build “Trusted and Chosen DIT Brand” as our 2030 vision, and take on the challenge of achieving goals under the new slogan “Aiming to Break 50, 50, and 50!” which states that more than 50 billion yen of net sales, 50 hundred million yen of operating profit, and 50% of dividend payout ratio, respectively.



As a step toward achieving this 2030 Vision, we set the period from FY6/25 to FY6/27 as the period for “achieving a growth trajectory” to address issues newly recognized when promoting business structural reform, to promote Purpose management, to establish a business style and put the overall business on a growth track. Moreover, the period from FY6/28 to FY6/30 is the period for “establishing the DIT brand”, that is trusted and chosen by all stakeholders by establishing a Purpose.



■ Summary of Business Results for the First Quarter of the Fiscal Year Ending June 30, 2025

During the first quarter of the current fiscal year, costs increased significantly due to improvements in employee compensation (an average salary increase of 9%), depreciation (goodwill) associated with M&A, and an increase in the unit price of partners. However, strong demand to absorb these increases led to significant increases in both sales and profits.

In particular, profits declined in the first quarter of the previous fiscal year due to the handover of an unprofitable project in the year before last to solve this issue. However, profits began to increase from the second quarter onward, and profits continued to accumulate steadily in the first quarter of the current fiscal year.

As a result, net sales in the first quarter of the current fiscal year reached a record high of 5,632,019 thousand yen (up 19.6% year on year) on a quarterly basis, with operating profit of 641,058 thousand yen (up 17.4%), ordinary profit of 645,905 thousand yen (up 20.1%), and profit attributable to owners of parent of 412,260 thousand yen (up 12.7%).

Results by segment are as follows.

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

① Software Development Business

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

In business system development, our strategy of returning to finance-related projects has paid off, and public works, communications, and manufacturing projects have grown. In addition, sales of System Products Co.,Ltd., which joined our group through an M&A in February this year, were added to sales in this category. As a result, we achieved significant increases in both sales and profits.

In operations support, sales and profits increased slightly due to the impact of cost reductions at major customers, despite the steady expansion of business domains, including growth in cloud-related infrastructure construction domains.

In the Embedded Solutions Unit (embedded system development and embedded system verification), the automotive-related business continued favorably, resulting in significant growth in sales and profits.

In embedded system development, sales and profits increased significantly from the previous year due to growth in automotive-related R&D and IoT-related projects for home appliances and others.

In embedded system verification, sales and profits increased significantly from the previous year, as we received an order for an automotive IVI project from a major component manufacturer, based on our proven track record.

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

In the cyber security business, sales and profits increased from the previous year due to a steady increase in licensing sales from existing customers in WebARGUS (\*1). We have also launched our own vulnerability diagnostics and developed a new product with enhanced functionality for “WebARGUS for Ransomware” security that reliably protects critical data from ransomware attacks and other attacks, the biggest threat to information security.

In the operational efficiency business, sales and profits increased from the previous year due to progress in capturing lead customers of xoBlos (\*2), which had been accumulated from the previous fiscal year.

In the post-COVID era, DD-CONNECT, an outsourcing service for electronic contracts, has seen increased demand due to the proliferation of remote work, boosting sales, especially in SI development within the residential construction industry.

In addition, sales and profits of JUNGLE, Inc., which joined our group in the previous fiscal year and began reflecting the performance from the fourth quarter of the previous fiscal year, also contributed significantly to the business results of the Product Solutions Unit. Jungle, Inc. develops and sells the following products that have strong market needs.

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

As a result, net sales in the Software Development business amounted to 5,442,653 thousand yen (up 20.9% year on year), with segment profit (operating profit) of 622,848 thousand yen (up 20.8%).

- (\*1) WebARGUS is a new type of website security solution that detects the tampering of websites as it occurs, and immediately restores the site to its original state. Instant detection and restoration protect corporate and other websites from malicious, unknown cyber-attacks, while at the same time prevents the escalation of the damage, such as viruses spreading via the tampered website.
- (\*2) xoBlos is an innovation platform for Excel to automate inefficient Excel-based tasks. (Excel® is a registered trademark in the U.S. and other countries by the U.S. Microsoft Corporation)

## ② System Sales Business

In the System Sales segment, which is centered on “Rakuichi,” an operations and management support system for small and medium-sized enterprises manufactured by Casio Computer Co., Ltd., the performance increased significantly in the first quarter of the previous year due to the revision of the Electronic Book Retention Law, which became mandatory in January 2024 and a rush demand for the introduction of the Qualified Invoice System. However, as demand for compliance with revisions to laws and regulations has plateaued in the fiscal year under review, sales and profits declined.

As a result, net sales in the System Sales segment amounted to 199,645 thousand yen (down 5.1% year on year), with segment profit (operating profit) of 18,209 thousand yen (down 40.5%).

## (2) Explanation of Financial Position

The status of assets, liabilities, and net assets at the end of the subject first quarter cumulative period is as follows.

### (Current Assets)

Current assets amounted to 8,123,073 thousand yen at the end of the first quarter, a decrease of 413,369 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 509,453 thousand yen in cash and deposits, an increase of 58,070 thousand yen in merchandise, and an increase of 34,396 thousand yen in other.

### (Noncurrent Assets)

Noncurrent assets amounted to 1,639,137 thousand yen at the end of the first quarter, a decrease of 41,707 thousand yen compared to the end of the previous fiscal year. This was due mainly to a decrease of 40,902 thousand in goodwill.

### (Current Liabilities)

Current liabilities amounted to 2,460,616 thousand yen at the end of the first quarter, a decrease of 213,334 thousand yen compared to the end of the previous fiscal year. This was due mainly to increases of 141,836 thousand yen in accounts payable-trade and 153,946 thousand yen in provision for bonuses, and decreases of 223,487 thousand yen in income taxes payable and 278,246 thousand yen in other.

### (Noncurrent Liabilities)

Noncurrent liabilities amounted to 354,596 thousand yen at the end of the first quarter, a decrease of 130,429 thousand yen compared to the end of the previous fiscal year. This was due mainly to a decrease of 123,690 thousand yen in Long-term borrowings.

### (Net Assets)

Net assets amounted to 6,946,997 thousand yen at the end of the first quarter, a decrease of 111,313 thousand yen compared to the end of the previous fiscal year. This was mainly due to increases of 65,856 thousand yen in retained earnings and 141,567 thousand yen in treasury stock.

## (3) Explanation of Results Forecasts and Other Future Predictions

No revisions have been made to the full-year consolidated business forecast announced on August 9, 2024. We will disclose changes to our forecasts as necessary in light of future social conditions.



## 2. Consolidated Quarterly Financial Statements and Major Notes

### (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	FY6/24 (June 30, 2024)	Q1 FY6/25 (September 30, 2024)
<b>ASSETS</b>		
Current assets		
Cash and deposits	4,615,790	4,106,337
Trade and contract assets	3,579,997	3,566,792
Merchandise	49,459	107,530
Work in process	120,543	136,485
Raw materials and supplies	5,281	6,108
Other	165,434	199,830
Allowance for doubtful accounts	-64	-12
Total current assets	8,536,443	8,123,073
Noncurrent assets		
Property, plant and equipment	207,234	201,755
Intangible assets		
Goodwill	810,685	769,783
Other	52,127	46,748
Total intangible assets	862,813	816,531
Investments and other assets		
Other	643,248	653,277
Allowance for doubtful accounts	-32,451	-32,427
Total investments and other assets	610,796	620,849
Total noncurrent assets	1,680,844	1,639,137
Total assets	10,217,287	9,762,210

(Thousand yen)

	FY6/24 (June 30, 2024)	Q1 FY6/25 (September 30, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	733,257	875,093
Current portion of long-term loans payable	22,260	14,760
Current portion of bonds payable	16,600	16,600
Income taxes payable	495,189	271,702
Provision for bonuses	36,985	190,932
Provision for loss on orders received	84	200
Other	1,369,574	1,091,327
Total current liabilities	2,673,950	2,460,616
Noncurrent liabilities		
Long-term loans payable	179,580	55,890
Bonds payable	25,100	16,800
Retirement benefit liability	10,829	9,795
Provision for share based remuneration	175,766	182,734
Other	93,749	89,376
Total noncurrent liabilities	485,026	354,596
Total liabilities	3,158,977	2,815,213
Net assets Shareholders' equity		
Capital		
Capital	453,156	453,156
Capital surplus	459,214	459,214
Retained earnings	6,783,090	6,848,947
Treasury stock	-831,646	-973,214
Total shareholders' equity	6,863,813	6,788,103
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,807	26,925
Foreign currency translation adjustments	59,920	30,778
Total accumulated other comprehensive income	94,728	57,704
Non-controlling interests	99,768	101,189
Total net assets	7,058,310	6,946,997
Total liabilities and net assets	10,217,287	9,762,210

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Quarterly Statements of Income)  
(First Quarter Cumulative)

(Thousand yen)

	Q1 FY6/24 (July 1, 2023 to September 30, 2023)	Q1 FY6/25 (July 1, 2024 to September 30, 2024)
Net sales	4,709,564	5,632,019
Cost of sales	3,598,668	4,283,085
Gross profit	1,110,895	1,348,934
Selling, general and administrative expenses	564,836	707,875
Operating profit	546,059	641,058
Non-operating income		
Interest income	97	406
Commission fee	413	569
Insurance premiums refunded cancellation	2	848
Subsidy income	41	2,540
Gain on forfeiture of unclaimed dividends	375	593
Foreign exchange gains	-	3,393
Other	125	79
Total non-operating revenues	1,056	8,430
Non-operating expenses		
Interest expenses	125	697
Commission fee	-	2,885
Exchange loss	414	-
Office transfer expenses	8,503	-
Other	137	-
Total non-operating expenses	9,181	3,583
Ordinary profit	537,935	645,905
Extraordinary income		
Gain on sale of investment securities	-	80
Total extraordinary income	-	80
Profit before income taxes	537,935	645,985
Income taxes - current	201,723	250,212
Income taxes-deferred	-29,604	-17,867
Total income tax	172,119	232,345
Profit	365,815	413,639
Profit attributable to non-controlling interests	-	1,378
Profit attributable to owners of parent	365,815	412,260

(Consolidated Quarterly Statements of Comprehensive Income)

(First Quarter Cumulative)

(Thousand yen)

	Q1 FY6/24 (July 1, 2023 to September 30, 2023)	Q1 FY6/25 (July 1, 2024 to September 30, 2024)
Profit	365,815	413,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,013	-7,839
Foreign currency translation adjustments	6,304	-29,142
Total other comprehensive income	13,317	-36,981
Comprehensive income	379,133	376,657
(Breakdown)		
Comprehensive income attributable to owners of parent	379,133	375,236
Comprehensive income attributable to non-controlling interests	-	1,421

(3) Notes to Quarterly Consolidated Financial Statements

(Segment Information)

Segment Information

I Q1 FY6/24 (July 1, 2023 to September 30, 2023)

Information Relating to the Amounts of Net Sales, Profit, and Loss

(Thousand yen)

	Reporting Segments			Adjustment amount	Amount recorded on consolidated quarterly statements of income (Note)
	Software Development Business	System Sales Business	Total		
Net sales					
Net sales to outside customers	4,501,030	208,534	4,709,564	-	4,709,564
Intersegment net sales and transfers	-	1,817	1,817	-1,817	-
Total	4,501,030	210,351	4,711,381	-1,817	4,709,564
Segment profit	515,447	30,611	546,059	-	546,059

(Note) Segment profit is adjusted with operating profit in the consolidated quarterly statements of profit.

II Q1 FY6/25 (July 1, 2024 to September 30, 2024)

Information Relating to the Amounts of Net Sales, Profit, and Loss

(Thousand yen)

	Reporting Segments			Adjustment amount	Amount recorded on consolidated quarterly statements of income (Note)
	Software Development Business	System Sales Business	Total		
Net sales					
Net sales to outside customers	5,442,653	189,365	5,632,019	-	5,632,019
Intersegment net sales and transfers	-	10,280	10,280	-10,280	-
Total	5,442,653	199,645	5,642,299	-10,280	5,632,019
Segment profit	622,848	18,209	641,058	-	641,058

(Note) Segment profit is adjusted with operating profit in the consolidated quarterly statements of profit.

(Notes Regarding Substantial Change in Shareholders' Equity)

Not applicable.

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Consolidated Statements of Cash Flows)

The quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation related to the first quarter (including amortization of intangible assets excluding goodwill) and amortization of goodwill are as follows.

	Q1 FY6/24 (July 1, 2023 to September 30, 2023)	Q1 FY6/25 (July 1, 2024 to September 30, 2024)
Depreciation	12,972 thousand yen	19,969 thousand yen
Amortization of goodwill	9,944	40,902