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February 14, 2025

Summary of Business Results for the Six Months Ended December 31, 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 file semi-annual securities report: February 14, 2025
 Scheduled date to commence dividend payments: March 7, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended December 31, 2024 (from July 1, 2024 to December 31, 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 | % |
| Six months ended | | | | | | | | |
| December 31, 2024 | 11,807 | 23.3 | 1,600 | 33.5 | 1,606 | 35.2 | 1,072 | 32.2 |
| December 31, 2023 | 9,575 | 5.6 | 1,198 | -4.1 | 1,187 | -6.3 | 811 | -9.1 |

Note: Comprehensive income For the six months ended December 31, 2024: ¥1,070 million [28.1%]
 For the six months ended December 31, 2023: ¥835 million [-5.5%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| December 31, 2024 | 72.19 | - |
| December 31, 2023 | 54.24 | - |

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 | % |
| December 31, 2024 | 10,518 | 7,300 | 68.4 |
| June 30, 2024 | 10,217 | 7,058 | 68.1 |

Reference: Equity
 As of December 31, 2024: ¥7,196 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 | - | 30.00 | | | |
| Fiscal year ending June 30, 2025 (Forecast) | | | - | 36.00 | 66.00 |

Note: Revisions to the forecast of cash dividends most recently announced: Yes

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 |
| Full year | 24,000 | 20.7 | 2,900 | 19.6 | 2,900 | 20.4 | 1,943 | 15.2 | 131.45 |

Note: Revisions to the forecast of financial results most recently announced: Yes

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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 December 31, 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 December 31, 2024 | 791,142 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)

| | |
|------------------------------------|-------------------|
| Six months ended December 31, 2024 | 14,850,367 shares |
| Six months ended December 31, 2023 | 14,954,984 shares |

Note: The number of treasury shares to be deducted from the calculation of the number of treasury shares at the end of the period and the number of treasury shares 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.

- * Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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

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

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1. Qualitative Information Regarding Semi-annual Business Results

(1) Explanation of Business Results

As for the business environment during the second quarter of the current fiscal year (July 1, 2024 to December 31, 2024), the economy showed a moderate recovery trend in Japan. However, the recovery in demand remained limited, as rising prices and high energy prices affected consumer sentiment. In addition, the rising prices of raw materials increased the cost burden, particularly in the manufacturing industry, and it became an urgent issue for many companies to review their profit structures. 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 (December) announced on December 13, 2024, the software investment plan (total for all industries and enterprises of all sizes) for fiscal 2024 showed a continued expansion trend, rising 12.1% compared to fiscal 2023.

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

In addition, ransomware damage that disrupts business operations by encrypting corporate data and demanding a ransom to recover it has increased. 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.

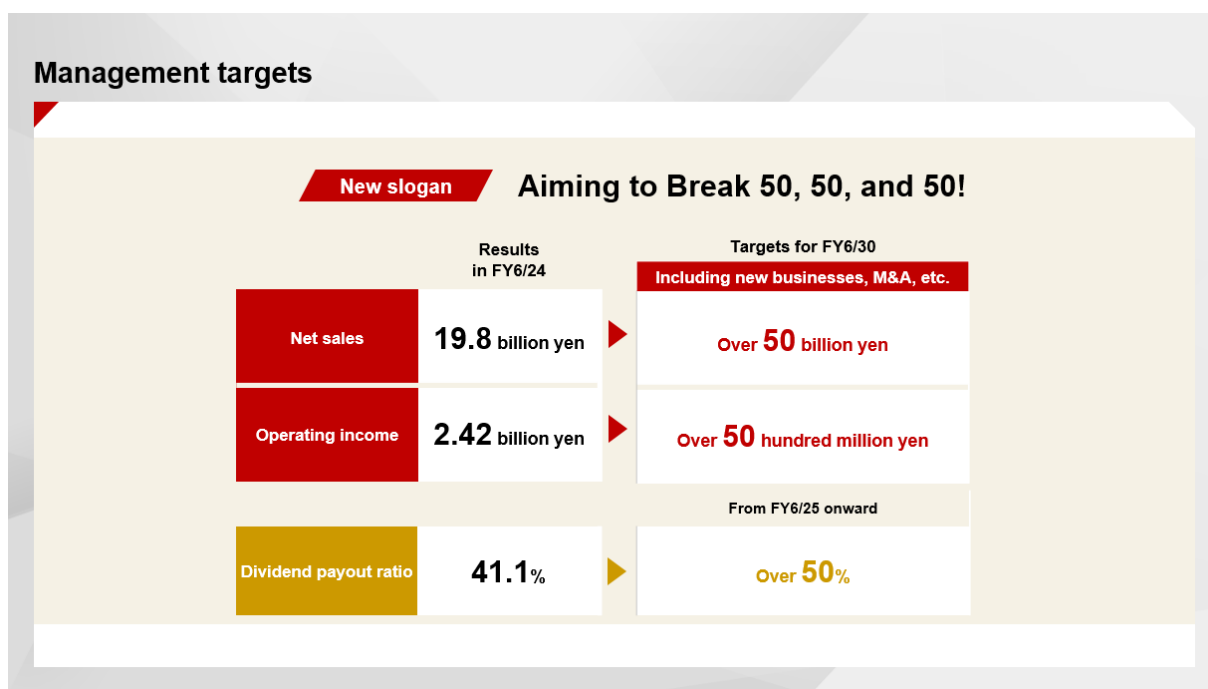
We will engage in businesses and provide services that can adapt to changes in the current of the times and the trend in technology.

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.

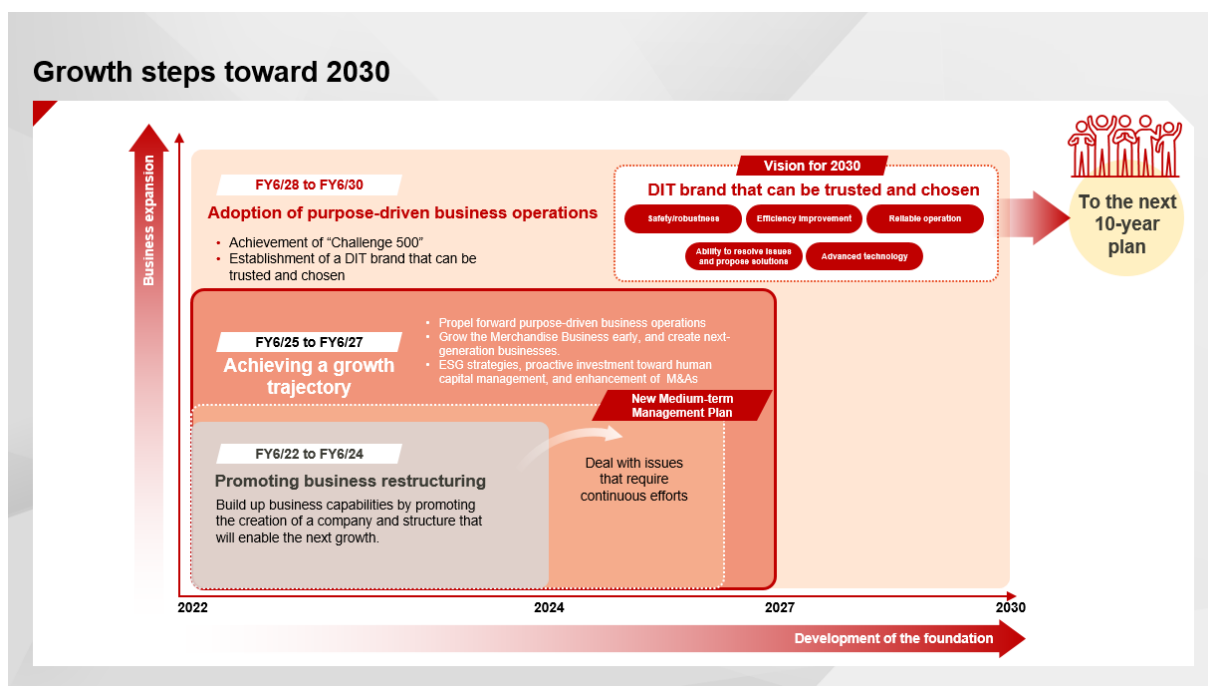
We believe that our mission is to contribute to society and enrich the lives of our stakeholders from all walks of life by achieving the aforementioned.

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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 Half of the Fiscal Year Ending June 30, 2025

During the second quarter of the current fiscal year, costs increased significantly due to improvements in employee compensation (an average salary increase of 9%), the amortization of goodwill associated with M&A, and the improvement in the unit price of partners. However, sufficiently strong demand to absorb these increases led to significant increases in both sales and profits, and we were able to further strengthen our earnings base.

In particular, profits declined in the second quarter of the previous fiscal year due to the handover of an unprofitable project, which occurred the year before last, in the first quarter of the previous fiscal year to solve this issue. However, since then, profits began to increase and have steadily accumulated through the second quarter of the current fiscal year.

As a result, net sales in the second quarter of the current fiscal year amounted to 11,807,498 thousand yen (up 23.3% year on year), with operating profit of 1,600,146 thousand yen (up 33.5%), ordinary profit of 1,606,069 thousand yen (up 35.2%), and profit attributable to owners of parent of 1,072,039 thousand yen (up 32.2%).

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 year on year, partly due to a reaction to converge an unprofitable project in the first quarter of 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 also 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 particular, in terms of profits, high-priced public-sector projects, which peaked in the second quarter, made a significant contribution.

In operation support, although we are steadily expanding our business domains, such as growth in the area of cloud-related infrastructure construction, the development of new services such as Salesforce has been delayed. As a result, although we were able to increase sales, we recorded only a slight increase in profits.

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 subscription licenses, an increase in sales of 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. In particular, in the second quarter of the current fiscal year, sales of “Fude-gurume” contributed greatly to special seasonal demand despite a decline in sending New Year's cards.

- “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 “Platinum 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 11,419,852 thousand yen (up 24.2%), with segment profit (operating profit) of 1,572,734 thousand yen (up 36.0%).

(*1) WebARGUS is a new type of website security solution that detects the tampering of websites as it occurs, and immediately restores the site to its original state. Instant detection and restoration protect corporate and other websites from malicious, unknown cyber-attacks, while at the same time prevents the escalation of the damage, such viruses spreading via the tampered website.

(*2) xoblos is an innovation platform for Excel to automate inefficient Excel-based tasks. (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., we worked to increase sales by taking over the business from a new Rakuichi sales agent based in the Hokuriku region, in anticipation of a decline in demand following the previous fiscal year’s “Qualified Invoice System” and the “Mandatory the Electronic Book Retention Law.” As a result, profit decreased due to the amortization of goodwill, but net sales increased from the previous fiscal year.

As a result, net sales in the System Sales Business amounted to 404,066 thousand yen (up 4.9%), with segment profit (operating profit) of 27,412 thousand yen (down 35.4%).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

The analysis of the financial position at the end of the subject second quarter cumulative period is as follows.

(Current Assets)

Current assets amounted to 8,893,547 thousand yen at the end of the second quarter, an increase of 357,104 thousand yen compared to the end of the previous fiscal year.

This was due mainly to increases of 62,059 thousand yen in cash and deposits; and 233,202 thousand yen in accounts receivable - trade, and contract assets.

(Noncurrent Assets)

Noncurrent assets amounted to 1,624,837 thousand yen at the end of the second quarter, a decrease of 56,006 thousand yen compared to the end of the previous fiscal year.

This was due mainly to a decrease of 81,804 thousand in goodwill.

(Current Liabilities)

Current liabilities amounted to 2,868,956 thousand yen at the end of the second quarter, an increase of 195,005 thousand yen compared to the end of the previous fiscal year.

This was mainly due to increases of 132,653 thousand yen in accounts payable - trade, 99,573 thousand yen in income taxes payable, and 64,587 thousand yen in provision for bonuses, and decreases of 94,308 thousand yen in others.

(Noncurrent Liabilities)

Noncurrent liabilities amounted to 348,978 thousand yen at the end of the second quarter, a decrease of 136,047 thousand yen compared to the end of the previous fiscal year.

This was due mainly to a decrease of 127,380 thousand yen in Long-term borrowings.

(Net Assets)

Net assets amounted to 7,300,450 thousand yen at the end of the second quarter, an increase of 242,140 thousand yen compared to the end of the previous fiscal year.

This was mainly due to increases of 725,635 thousand yen in retained earnings and 484,019 thousand yen in treasury shares.

Cash Flows

Cash and cash equivalents at the end of the second quarter increased by 140,707 thousand yen from the end of the previous fiscal year to 4,647,651 thousand yen.

The factors contributing to the changes in cash flows in the second quarter of the fiscal year under review are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 1,112,724 thousand yen (666,826 thousand yen provided for the same quarter of the previous year). This was mainly due to the recording of profit before income taxes (1,606,149 thousand yen), the increase in trade receivables and contract assets (233,202 thousand yen), the increase in provision for bonuses (64,587 thousand yen), recording of amortization of goodwill (91,990 thousand yen), proceeds from increase in trade payables (132,653 thousand yen), and the payment of income taxes (448,503 thousand yen).

(Cash Flows from Investing Activities)

Net cash provided by investing activities amounted to 30,804 thousand yen (53,797 thousand yen provided for the same quarter of the previous year). This was mainly due to the purchase of intangible assets (13,918 thousand yen), payments for acquisition of businesses (17,373 thousand yen), payments of leasehold and guarantee deposits (14,779 thousand yen), and proceeds from withdrawal of time deposits (81,242 thousand yen).

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 999,660 thousand yen (421,944 thousand yen used in the same period of the previous fiscal year), due to repayments of borrowings (134,880 thousand yen), purchase of treasury shares (488,422 thousand yen), and dividends paid (346,318 thousand yen).

(3) Explanation of Results Forecasts and Other Future Predictions

We have revised the consolidated full-year business forecasts on February 14, 2025. For details, please refer to the “Notice of Revisions to Business Forecasts and Dividend Forecasts” announced on the same day.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

| | FY6/24 (June 30, 2024) | Q2 FY6/25 (December 31, 2024) |
|--|---------------------------|----------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 4,615,790 | 4,677,849 |
| Accounts receivable - trade, and contract assets | 3,579,997 | 3,813,200 |
| Merchandise | 49,459 | 45,643 |
| Work in process | 120,543 | 158,848 |
| Raw materials and supplies | 5,281 | 5,455 |
| Other | 165,434 | 192,715 |
| Allowance for doubtful accounts | -64 | -165 |
| Total current assets | 8,536,443 | 8,893,547 |
| Noncurrent assets | | |
| Property, plant and equipment | 207,234 | 195,065 |
| Intangible assets | | |
| Goodwill | 810,685 | 728,881 |
| Other | 52,127 | 52,882 |
| Total intangible assets | 862,813 | 781,764 |
| Investments and other assets | | |
| Other | 643,248 | 680,403 |
| Allowance for doubtful accounts | -32,451 | -32,395 |
| Total investments and other assets | 610,796 | 648,008 |
| Total noncurrent assets | 1,680,844 | 1,624,837 |
| Total assets | 10,217,287 | 10,518,385 |

(Thousand yen)

| | FY6/24 (June 30, 2024) | Q2 FY6/25 (December 31, 2024) |
|---|---------------------------|----------------------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable - trade | 733,257 | 865,910 |
| Current portion of long-term borrowings | 22,260 | 14,760 |
| Current portion of bonds payable | 16,600 | 16,600 |
| Income taxes payable | 495,189 | 594,762 |
| Provision for bonuses | 36,985 | 101,572 |
| Provision for loss on orders received | 84 | 84 |
| Other | 1,369,574 | 1,275,266 |
| Total current liabilities | 2,673,950 | 2,868,956 |
| Noncurrent liabilities | | |
| Long-term borrowings | 179,580 | 52,200 |
| Bonds payable | 25,100 | 16,800 |
| Retirement benefit liability | 10,829 | 9,874 |
| Provision for share awards | 175,766 | 189,701 |
| Other | 93,749 | 80,402 |
| Total noncurrent liabilities | 485,026 | 348,978 |
| Total liabilities | 3,158,977 | 3,217,934 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 453,156 | 453,156 |
| Capital surplus | 459,214 | 460,618 |
| Retained earnings | 6,783,090 | 7,508,725 |
| Treasury shares | -831,646 | -1,315,666 |
| Total shareholders' equity | 6,863,813 | 7,106,834 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 34,807 | 33,079 |
| Foreign currency translation adjustment | 59,920 | 56,774 |
| Total accumulated other comprehensive income | 94,728 | 89,853 |
| Non-controlling interests | 99,768 | 103,762 |
| Total net assets | 7,058,310 | 7,300,450 |
| Total liabilities and net assets | 10,217,287 | 10,518,385 |

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
(Semi-annual Consolidated Quarterly Statements of Income)

(Thousand yen)

| | Q2 FY6/24 (July 1, 2023 to December 31, 2023) | Q2 FY6/25 (July 1, 2024 to December 31, 2024) |
|--|---|---|
| Net sales | 9,575,383 | 11,807,498 |
| Cost of sales | 7,253,064 | 8,777,921 |
| Gross profit | 2,322,319 | 3,029,577 |
| Selling, general and administrative expenses | 1,123,757 | 1,429,430 |
| Operating profit | 1,198,562 | 1,600,146 |
| Non-operating income | | |
| Interest income | 174 | 487 |
| Commission income | 921 | 1,218 |
| Foreign exchange gains | 185 | - |
| Subsidy income | 41 | 13,520 |
| Surrender value of insurance policies | 106 | 957 |
| Gain on forfeiture of unclaimed dividends | 413 | 593 |
| Other | 189 | 136 |
| Total non-operating income | 2,031 | 16,912 |
| Non-operating expenses | | |
| Interest expenses | 269 | 973 |
| Commission expenses | - | 6,004 |
| Foreign exchange losses | - | 1,877 |
| Office relocation expenses | 12,424 | 2,133 |
| Other | 137 | 0 |
| Total non-operating expenses | 12,830 | 10,990 |
| Ordinary profit | 1,187,763 | 1,606,069 |
| Extraordinary income | | |
| Gain on sale of investment securities | - | 80 |
| Total extraordinary income | - | 80 |
| Profit before income taxes | 1,187,763 | 1,606,149 |
| Income taxes - current | 392,914 | 549,993 |
| Income taxes - deferred | -16,242 | -19,647 |
| Total income taxes | 376,671 | 530,346 |
| Profit | 811,091 | 1,075,803 |
| Profit attributable to non-controlling interests | - | 3,764 |
| Profit attributable to owners of parent | 811,091 | 1,072,039 |

(Semi-annual Consolidated Statements of Comprehensive Income)

(Thousand yen)

| | Q2 FY6/24 (July 1, 2023 to December 31, 2023) | Q2 FY6/25 (July 1, 2024 to December 31, 2024) |
|---|---|---|
| Profit | 811,091 | 1,075,803 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 29,439 | -1,751 |
| Foreign currency translation adjustment | -4,578 | -3,146 |
| Total other comprehensive income | 24,861 | -4,897 |
| Comprehensive income | 835,952 | 1,070,905 |
| Comprehensive income attributable to | | |
| Owners of parent | 835,952 | 1,067,164 |
| Non-controlling shareholders | - | 3,741 |

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

| | Q2 FY6/24 (July 1, 2023 to December 31, 2023) | Q2 FY6/25 (July 1, 2024 to December 31, 2024) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,187,763 | 1,606,149 |
| Depreciation | 25,106 | 36,523 |
| Amortization of goodwill | 19,888 | 91,990 |
| Increase (decrease) in allowance for doubtful accounts | -42 | 44 |
| Increase (decrease) in provision for loss on orders received | -12,110 | - |
| Increase (decrease) in provision for bonuses | 45,241 | 64,587 |
| Increase (decrease) in retirement benefit liability | 371 | -955 |
| Increase (decrease) in provision for share awards | 13,935 | 13,935 |
| Interest and dividend income | -174 | -487 |
| Interest expenses | 269 | 973 |
| Decrease (increase) in accounts receivable - trade, and contract assets | -232,144 | -233,202 |
| Decrease (increase) in inventories | -45,587 | -34,434 |
| Increase (decrease) in trade payables | 14,484 | 132,653 |
| Increase (decrease) in accounts payable - other, and accrued expenses | 41,164 | -49,894 |
| Decrease (increase) in other assets | -36,452 | -24,058 |
| Increase (decrease) in other liabilities | 11,043 | -47,297 |
| Other | -114 | -8,332 |
| Subtotal | 1,032,639 | 1,548,194 |
| Interest and dividends received | 174 | 487 |
| Interest paid | -269 | -973 |
| Proceeds from insurance income | 31 | - |
| Subsidies received | 41 | 13,520 |
| Income taxes paid | -365,792 | -448,503 |
| Cash flows from operating activities | 666,826 | 1,112,724 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | -2,748 | -2,200 |
| Purchase of intangible assets | -8,739 | -13,918 |
| Payments for acquisition of businesses | - | -17,373 |
| Purchase of investment securities | - | -1,200 |
| Proceeds from withdrawal of time deposits | - | 81,242 |
| Purchase of insurance funds | -2,391 | -3,042 |
| Proceeds from cancellation of insurance funds | 198 | 1,919 |
| Payments of leasehold and guarantee deposits | -56,469 | -14,779 |
| Proceeds from refund of leasehold and guarantee deposits | 16,300 | 20 |
| Other | 54 | 136 |
| Net cash provided by (used in) investing activities | -53,797 | 30,804 |
| Cash flows from financing activities | | |
| Repayments of lease liabilities | -12,517 | -16,242 |
| Repayments of borrowings | - | -134,880 |
| Redemption of bonds | - | -8,300 |
| Purchase of treasury shares | -137,108 | -488,422 |
| Dividends paid | -272,319 | -346,318 |
| Other | - | -5,496 |
| Net cash provided by (used in) financing activities | -421,944 | -999,660 |
| Effect of exchange rate change on cash and cash equivalents | -4,560 | -3,161 |
| Net increase (decrease) in cash and cash equivalents | 186,523 | 140,707 |
| Cash and cash equivalents at beginning of period | 4,174,928 | 4,506,944 |
| Net increase (decrease) in cash and cash equivalents resulting from change in fiscal year-end of consolidated subsidiaries | -33,277 | - |
| Cash and cash equivalents at end of period | 4,328,174 | 4,647,651 |

(4) Notes on Semi-annual Consolidated Financial Statements

(Notes Regarding Segment Information)

Segment Information

I Q2 FY6/24 (July 1, 2023 to December 31, 2023)

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

(Thousand yen)

| | Reporting Segments | | | Adjustment amount | Amount recorded on semi-annual consolidated statement of income (Note) |
|--------------------------------------|-------------------------------|-----------------------|-----------|-------------------|--|
| | Software Development Business | System Sales Business | Total | | |
| Net sales | | | | | |
| Net sales to outside customers | 9,194,761 | 380,622 | 9,575,383 | - | 9,575,383 |
| Intersegment net sales and transfers | - | 4,508 | 4,508 | -4,508 | - |
| Total | 9,194,761 | 385,130 | 9,579,892 | -4,508 | 9,575,383 |
| Segment profit | 1,156,109 | 42,453 | 1,198,562 | - | 1,198,562 |

(Note) Segment profit is adjusted with operating profit in the semi-annual consolidated statement of income.

II Q2 FY6/25 (July 1, 2024 to December 31, 2024)

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

(Thousand yen)

| | Reporting Segments | | | Adjustment amount | Amount recorded on semi-annual consolidated statement of income (Note) |
|--------------------------------------|-------------------------------|-----------------------|------------|-------------------|--|
| | Software Development Business | System Sales Business | Total | | |
| Net sales | | | | | |
| Net sales to outside customers | 11,419,822 | 387,675 | 11,807,498 | - | 11,807,498 |
| Intersegment net sales and transfers | 29 | 16,390 | 16,419 | -16,419 | - |
| Total | 11,419,852 | 404,066 | 11,823,918 | -16,419 | 11,807,498 |
| Segment profit | 1,572,734 | 27,412 | 1,600,146 | - | 1,600,146 |

(Note) Segment profit is adjusted with operating profit in the semi-annual consolidated statement of income.

(Notes Regarding Substantial Change in Shareholders' Equity)

Not applicable.

(Notes Regarding Going Concern Assumptions)

Not applicable.