UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended September 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-14665
DAILY JOURNAL CORPORATION
(Exact name of registrant as specified in its charter)

South Carolina **(State or other jurisdiction of incorporation or organization)**	**95-4133299** **(IRS Employer Identification No.)**
915 East First Street **Los Angeles, California** **(Address of principal executive offices)**	**90012** **(Zip Code)**

Registrant's telephone number, including area code: (213) 229-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	DJCO	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☑
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☑

As of March 31, 2024, the aggregate market value of Daily Journal Corporation's voting stock held by non-affiliates was approximately $ 497,910,000.

As of November 30, 2024, there were outstanding 1,377,026 shares of Common Stock.

Disclosure Regarding Forward-Looking Statements

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain statements contained in this document, including but not limited to those in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are “forward-looking” statements that involve risks and uncertainties that may cause actual future events or results to differ materially from those described in the forward-looking statements. Words such as “expects,” “intends,” “anticipates,” “should,” “believes,” “will,” “plans,” “estimates,” “may,” variations of such words and similar expressions are intended to identify such forward-looking statements. We disclaim any intention or obligation to revise any forward-looking statements whether as a result of new information, future developments, or otherwise. There are many factors that could cause actual results to differ materially from those contained in the forward-looking statements. These factors include, among others: risks associated with software development and implementation efforts, and disruptive new technologies like artificial intelligence; Journal Technologies’ reliance on professional services engagements with justice agencies; material changes in the costs of postage and paper; additional possible changes in the law, particularly changes limiting or eliminating the requirements for public notice advertising; possible loss of the adjudicated status of the Company’s newspapers and their legal authority to publish public notice advertising; a decline in subscriber revenues; possible security breaches of the Company’s software or websites; changes in accounting guidance; material weaknesses in the Company’s internal control over financial reporting; and declines in the market prices of the securities owned by the Company. In addition, such statements could be affected by general industry and market conditions, general economic conditions (particularly in California) and other factors. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed in this Form 10-K, including in conjunction with the forward-looking statements themselves. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in documents filed by the Company with the Securities and Exchange Commission.

PART I

Item 1. Business

Daily Journal Corporation ("Daily Journal" or "the Company") publishes newspapers and websites covering California and Arizona news and produces several specialized information publications. It also serves as a newspaper representative specializing in public notice advertising. This is sometimes referred to as the Company's "Traditional Business".

Journal Technologies, Inc. ("Journal Technologies"), a wholly-owned subsidiary of the Company, supplies case management software systems and related products to courts, prosecutor and public defender offices, probation departments and other justice agencies, including administrative law organizations, city and county governments and bar associations. These organizations use the Journal Technologies family of products to help manage cases and information electronically, to interface with other critical justice partners and to extend electronic services to the public, including e-filing and a website to pay traffic citations and fees online. These products are licensed or subscribed to in approximately 32 states, and internationally.

Essentially all of the Company's U.S. operations are based in California, Arizona and Utah. The Company also has a presence in Australia where Journal Technologies is working on three software installation projects and in British Columbia, Canada, where the Company has operated a wholly-owned subsidiary, Journal Technologies (Canada) Inc. since August 2022. Financial information of the Company, including information about each of the Company's reportable segments, is set forth in Item 8 ("Financial Statements and Supplementary Data").

Products and Services

The Traditional Business

Newspapers and related online publications. The Company publishes 10 newspapers of general circulation. Each newspaper, in addition to news of interest to the general public, has a particular area of in-depth focus for its news coverage, attracting readers interested in obtaining specific information through a newspaper format.

The publications are based in the following cities:

Newspaper publications	Base of publication
Los Angeles Daily Journal	Los Angeles, California
San Francisco Daily Journal	San Francisco, California
Daily Commerce	Los Angeles, California
The Daily Recorder	Sacramento, California
The Inter-City Express	Oakland, California
San Jose Post-Record	San Jose, California
Orange County Reporter	Santa Ana, California
The Daily Transcript	San Diego, California
Business Journal	Riverside, California
The Record Reporter	Phoenix, Arizona

The Daily Journals. The Los Angeles Daily Journal and the San Francisco Daily Journal (together, “The Daily Journals”) are each published every weekday except certain holidays and were established in 1888 and 1893, respectively. In addition to covering state and local news of general interest, these newspapers focus on law and its impact on society. Generally, The Daily Journals seek to be of special use to lawyers and judges.

The Daily Journals share much content. The Los Angeles Daily Journal is the largest newspaper published by the Company, both in terms of revenues and circulation. At September 30, 2024, the Los Angeles Daily Journal had approximately 3,805 paid subscribers and the San Francisco Daily Journal had approximately 2,177 paid subscribers as compared with total paid subscriptions for both of The Daily Journals of 5,653 at September 30, 2023. The Daily Journals carry commercial advertising (display and classified) and public notice advertising required or permitted by law to be published in a newspaper of general circulation. The main source of commercial advertising revenue has been law firms and businesses wishing to reach the legal professional community. The gross revenues generated directly by The Daily Journals are attributable approximately 54% to subscriptions and 46% to the sale of advertising and other revenues. Revenues from The Daily Journals constituted approximately 11% of the Company's total operating revenues in both fiscal 2024 and 2023.

The Daily Journals include the Daily Appellate Report, providing full text and case summaries of all opinions certified for publication by the California Supreme Court, the California Courts of Appeal, the U.S. Supreme Court, the U.S. Court of Appeals for the Ninth Circuit and the U.S. Bankruptcy Appellate Panel for the Ninth Circuit. The Daily Journals also include a monthly court directory in booklet form. This directory includes a comprehensive list of sitting judges in all California courts as well as courtroom assignments, phone numbers and courthouse addresses, plus a list of judicial appointments, elevations, confirmations, resignations, retirements and deaths.

The Daily Journals are distributed by mail and hand delivery. The regular yearly subscription rate for each of The Daily Journals is $895 plus tax.

Most of the information published in The Daily Journals is available to subscribers online at www.dailyjournal.com.

Daily Commerce. Published since 1917, the Daily Commerce is based in Los Angeles and covers news of general interest, columns of interest to real estate investors and brokers, and information on distressed properties in Los Angeles County. The nature of the news coverage enhances the effectiveness of public notice advertising by distributing information about foreclosures to potential buyers. Features include default listings and probate sale notices. The Daily Commerce carries both public notice and commercial advertising. It is published each business day. A subscription includes online access to the Los Angeles and Ventura county foreclosure listings and public record database.

The Daily Recorder. The Daily Recorder, based in Sacramento, began operations in 1911. It is published each business day. In addition to general news items, it includes legal news and columns of interest to the Sacramento legal and real estate communities. It includes the Daily Appellate Report and carries commercial and public notice advertising. A subscription includes online access to Sacramento, Placer and El Dorado county foreclosure listings and public record database.

The Inter-City Express. The Inter-City Express (the "Express") has been published since 1909. It covers general news of local interest and focuses its coverage on news about the real estate and legal communities in the Oakland/San Francisco area. The Express carries public notice advertising and is published each business day. A subscription includes online access to the Alameda, Contra Costa, Stanislaus, and San Francisco county foreclosure listing and public record database.

San Jose Post-Record. The San Jose Post-Record (the "Post-Record") has been published since 1910. In addition to general news of local interest, the Post-Record focuses on legal and real estate news. It is published every business day and carries public notice advertising. A subscription includes online access to the Santa Clara and San Francisco county foreclosure listing and public record database.

Orange County Reporter. The Orange County Reporter ("Reporter") has been an adjudicated newspaper of general circulation since 1922. In addition to general news of local interest, the Reporter publishes local and state legal, business and real estate news, and carries public notice advertising. The Reporter is published three days a week. A subscription includes online access to the Orange County foreclosure listings and public record database.

The Daily Transcript. The Daily Transcript is based in San Diego and published each business day. It reports general news items and San Diego commercial real estate, business and construction news. It has been an adjudicated newspaper of general circulation since 1909. It carries commercial and public notice advertising. A subscription includes online access to the San Diego County foreclosure listings and public record database.

Business Journal. The Business Journal, established in 1991, publishes news of general interest and provides coverage of the business and professional communities in Riverside County. It also carries public notice advertising and is published each business day. The subscription includes online access to the Riverside and San Bernardino county foreclosure listings and public record database.

The Record Reporter (Arizona). The Record Reporter has been in existence since 1914. In addition to general news of local interest, The Record Reporter, which is published three days a week, focuses on legal news and public record information and carries primarily public notice advertising. The subscription includes online access to the Maricopa and Pinal county public record database.

Information Services. The specialized information services offered by the Company have grown out of its newspaper operations or have evolved in response to requests of its newspaper subscribers.

The Company has several court rules services, including multi-volume, loose-leaf sets for state and federal courts in California. The Northern California set consists of nine volumes. The Southern California set has eight volumes. The Company updates these court rules on a monthly basis. In addition, the Company publishes single-volume rules for Los Angeles and San Diego counties. The single volumes are replaced when there are rule changes.

The Judicial Profiles service contains information concerning nearly all active judges in California. The Judicial Profiles include an interview-based article previously published in The Daily Journals, biographical data and information supplied by participating judges on courtroom procedures and policies. Subscribers may purchase the ten-volume set for Southern California, the eight-volume set for Northern California or individual profiles online.

Advertising and Newspaper Representative. The Company's publications carry commercial advertising and public notice advertising. Commercial advertising consists of display and classified advertising and constituted about 4% of the Company’s total operating revenues in both fiscal 2024 and 2023.

Public notice advertising consists of many different types of legal notices required by law to be published in an adjudicated newspaper of general circulation, including notices of death, fictitious business names, trustee sale notices and notices of governmental hearings. The major types of public notice advertisers are real estate-related businesses and trustees, governmental agencies, attorneys, and businesses or individuals filing fictitious business name statements. Many government agencies use the Company’s Internet-based advertising system to produce and send their notices to the Company for publication. A fictitious business name website enables individuals to send their statements to the Company for filing and publication, and another website enables attorneys and individuals to send probate, civil, corporate, public sale and other types of public notices to the Company. California Newspaper Service Bureau (“CNSB”), a division of the Company, is a statewide newspaper representative (commission-earning selling agent) specializing since 1934 in public notice advertising. CNSB places public notices and other forms of advertising with adjudicated newspapers of general circulation, most of which are not owned by the Company, and produces a legal advertising page for some other newspapers.

Public notice advertising revenues and related advertising and other service fees, including trustee sales legal advertising revenues, constituted about 14% of the Company's total operating revenues in both fiscal 2024 and 2023. Most of these revenues were generated by (i) notices published in the Company’s newspapers, (ii) commissions and similar fees received from other publications in which the advertising was placed, and (iii) service fees to file notices with government agencies.

The California legislature passed a bill (AB542) which became effective January 1, 2024 that reduced the number of required publication days in a newspaper for self-service storage facility lien sales. The existing requirement was to publish the notice once per week for two consecutive weeks. Now, the notice can be published either once per week for two consecutive weeks in a newspaper or once in a newspaper and once on an Internet website that customarily conducts or advertises online auctions or sales. We were able to successfully adjust our advertising rates upward in anticipation of the change in law, meaning that we suffered only a small decline in revenue of approximately $14,000 in 2024 due to the new law. The effort to reduce the number of required publication notices, however, is likely to continue. Indeed, another bill (AB721) relative to school budget hearing notices, which will take effect January 1, 2027, provides that these notices may be posted on the school district’s website in lieu of being published in a newspaper.

For several years following the Global Financial Crisis that began in 2007, trustee sales legal advertising revenues were driven by the large number of foreclosures in California and Arizona, for which public notice advertising is required by law. Those revenues declined significantly in more recent years due to an improved economy and then to the COVID-related foreclosure moratoriums. Trustee sales legal advertising revenues represented about 2% of the Company's total operating revenues in both fiscal 2024 and 2023 in which those moratoriums were generally lifted.

Other revenues are attributable to fees from attorneys taking continuing legal education tests published in The Daily Journals and online, and other miscellaneous fees including reprint services of articles published in The Daily Journals.

Journal Technologies

Journal Technologies provides case management software and related services to courts and other justice agencies. Its operations constituted about 76% of the Company's total operating revenues in both fiscal 2024 and 2023. Journal Technologies earns revenues from license, maintenance and support fees paid by customers to use its software products; consulting fees paid by customers for installation, implementation and training services; and fees generated by the use of secure websites through which the general public can pay traffic citations and e-file cases. Journal Technologies has the following product solutions based on the Company's core eSeries Framework™ technology:

eCourt®, eProsecutor™, eDefender™ and eSupervision™ (formerly eProbation)™ — browser-based case processing systems that can be used by courts and other justice agencies for all case types because the screens, data elements, business rules, work queues, searches and alerts are highly configurable.

Journal Technologies offers other, complementary products including:

eFile-it™ — a browser-based interface that allows attorneys and the general public to electronically file documents with the court.

ePay-it™ — a service primarily for the online payment of traffic citations. Users can pay traffic citations by credit card and get information on traffic school. In addition, Journal Technologies also provides hosting services through AWS GovCloud for customers who choose to have it.

Almost all of Journal Technologies' customers are government agencies, and most new software installation and licensing projects are subject to competitive bidding procedures. Accordingly, the ability of Journal Technologies to secure new customers is highly unpredictable. In addition, budget constraints, especially during stressful economic times, could force governmental agencies to defer or forgo consulting services or even to stop paying their annual software maintenance fees. As a technology-based company, Journal Technologies' success depends on the continued improvement of its products, which is why the costs to update and upgrade them consistently constitute such a significant portion of the Company's expenses.

The Company's revenues from Journal Technologies' foreign customers were approximately $6,153,000 in fiscal 2024 and $3,293,000 in fiscal 2023. The remainder of the Company's other revenues in those years was attributable to the United States.

Journal Technologies (Canada)

Journal Technologies (Canada) Inc. was founded in August 2022 as a service company to provide management and advisory services related to corporate leadership, financial management, strategic planning, operational guidance, human resources, project management, software development, professional services, and various other services required by Daily Journal Corporation and Journal Technologies. It is primarily based in Victoria, Canada.

Materials and Postage

After personnel costs (included in "Salaries and employee benefits" and in "Outside services" in the accompanying consolidated statements of comprehensive income), postage and paper costs are typically the next two largest expenses for the Traditional Business. Paper and postage accounted for approximately 5% of the Traditional Business' operating costs in both fiscal 2024 and 2023.

An adequate supply of newsprint and other paper is important to the Company's operations. The Company currently does not have a contract with any paper supplier. The Company has always been able to obtain sufficient newsprint for its operations, although past shortages of newsprint have sometimes resulted in higher prices. During fiscal 2024, the price of newsprint decreased about 14% and usage decreased about 2%.

We use the U.S. Postal Service for distribution of roughly 48% of our print newspaper subscriptions. During the past several years, the Company has instituted changes in an attempt to mitigate higher postage costs. These changes have included contracting for hand delivery in urban areas of San Francisco, Santa Clara, Alameda, San Diego, Riverside, Orange and Los Angeles counties, delivering pre-sorted newspapers to post offices, and bundling newspapers to reduce per-piece charges. In addition, the Company has an ink jet labeler which eliminates paper labels and enables the Company to receive bar code discounts from the postal service on some of its newspapers.

Postal rates are dependent on the operating efficiency of the U.S. Postal Service and on legislative mandates imposed upon the U.S. Postal Service. During the past several years, the U.S. Postal Service has increased postal rates. During fiscal 2024, postage increased by $72,000 (15%) to $541,000 from $472,000.

Marketing

The Company actively promotes its individual newspapers and its multiple newspaper network as well as its other publications. The specialization of each publication creates both target subscribers and target advertisers. Subscribers are likely to be attracted because of the nature of the information carried by the particular publication, and likely advertisers are those interested in reaching such consumer groups. In marketing products, the Company also focuses on its ancillary products which can be of service to subscribers, such as its specialized information services.

The Company receives, on a non-exclusive basis, public notice advertising from a number of service providers. Such agencies ordinarily receive a commission of 15% to 25% on their sales of advertising in Company and other publications. Commercial advertising agencies also place advertising (including nearly 100% of display advertising) in Company publications and receive commissions for advertising sales.

Journal Technologies' staff includes employees who are focused on marketing with the intention of growing market share over time, via additional consulting projects and licensing of products. Most of Journal Technologies' new projects come from a competitive bidding process, but it is nonetheless important to communicate the Company's offerings to potential customers at trade shows and other channels; understanding what is possible can inform requirements and build confidence over the buying process.

Competition

Competition for readers and advertisers is very intense, both by established publications and by new entries into the market. The Daily Journals face aggressive competition in Los Angeles and San Francisco. All of the Company's publications and products face strong competition from other publications and service companies. Readers of specialized newspapers focus on the amount and quality of general and specialized news, amount and type of advertising, timely delivery and price. The Company designs its newspapers to fill niches in the news marketplace that are not covered as well by major metropolitan dailies. The in-depth news coverage which the Company's newspapers provide, along with general news coverage, attracts readers who, for personal or professional reasons, desire to keep abreast of topics to which a major newspaper cannot devote significant news space. Other newspapers do provide some of the same subject coverage, but the Company believes its coverage, particularly that of The Daily Journals, is more complete. The Company believes that The Daily Journals are the most important newspapers serving California lawyers on a daily basis.

The Company's court rules publications face competition from case management systems and the courts themselves. Subscriptions to the single and multi-volume court rules continued to decline during fiscal 2024. The Company's Judicial Profile services have indirect competition because some of the same information is available through other sources, including the courts.

The newspaper industry continues to experience significant secular decline. The Company believes the long-term trend will be in the direction of fewer subscriptions to the Company's publications, and that trend will certainly negatively impact the Company's future revenues.

In attracting commercial advertisers, the Company competes with other newspapers and magazines, television, radio and other media, including electronic and online systems for employment-related classified advertising. Factors which may affect competition for advertisers are the cost for such advertising compared with other media, and the size and characteristics of the readership of the Company's publications. Internet sites devoted to personnel recruitment have become significant competitors of our newspapers and websites for classified advertising.

In addition, there has been a steady consolidation of companies serving the legal marketplace, resulting in an ever-smaller group of companies placing display advertising. Consequently, retaining advertising revenues remains a challenge. To reduce costs, the Company has contracted with an outside advertising agency to conduct sales of its display advertising.

The Company competes with at least one serious competitor for public notice advertising revenue in each of its markets. Large metropolitan general interest newspapers normally do not carry a significant amount of legal advertising, although recently they too have solicited certain types of public notice advertising. CNSB, the Company's commission-earning selling agent, faces competition from a number of companies based in California, some of which specialize in placing certain types of notices.

There is significant competition among a limited number of companies to provide services and software to the courts and other justice agencies, and some of these companies are much larger and have greater access to capital and other resources than Journal Technologies. Others provide services for a limited number of customers, or in specialized niches. As part of the competitive bidding process, many customers will express a preference for, or even require, larger vendors or specific domain specialization.

As artificial intelligence (AI) becomes increasingly integrated into both our personal and professional lives, many of our competitors are rapidly incorporating AI capabilities into their offerings to maintain a technological advantage. We have already introduced AI features in some of our products, and to continue delivering value to our customers and outpacing the competition, we must further invest in these cutting-edge technologies.

Remaining competitive requires periodic investment in technology to ensure modern patterns are followed; Journal Technologies has begun developing next-generation development patterns and practices to address technical debts that exist within current generation offerings.

Employees

The Company had approximately 400 full-time employees and contractors and about 11 part-time employees as of September 30, 2024, including about 280 employees and contractors at Journal Technologies and 22 employees at Journal Technologies (Canada). The Company is not a party to any collective bargaining agreements. Certain benefits, including medical insurance, are provided to all full-time employees. Management considers its employee relations to be good.

Working Capital

The Company owns marketable securities that provides the Company with working capital in addition to its cash flow from operations, subject, of course, to the normal risks associated with owning securities. To a considerable extent, the Company also benefits from the fact that subscriptions and some licenses, maintenance and customer support are paid in advance. In fiscal 2013, the Company borrowed $14 million from its investment margin account to purchase all of the outstanding stock of New Dawn Technologies, Inc., and another $15.5 million to acquire substantially all of the operating assets and liabilities of ISD Technologies, Inc., in each case pledging its marketable securities to obtain favorable financing. In addition, there were subsequent borrowings of $45.5 million to purchase additional marketable securities bringing the margin loan balance up to $75 million as of September 30, 2023. In March 2024, the Company sold a portion of its marketable securities for approximately $40.6 million and used these proceeds and excess cash from operations to pay down the margin loan balance to $27.5 million at September 30, 2024.

The Company believes it has sufficient cash and marketable securities for the foreseeable future. If the Company's overall cash needs exceed cash flow and its current working capital, the Company may still have the ability to borrow against its marketable securities on favorable terms, or it may attempt to secure additional financing which may or may not be available on acceptable terms.

The Company extends unsecured credit to most of its advertising customers and some government agencies. The Company maintains a reserve account for estimated losses resulting from the inability of these customers to make required payments, but if the financial conditions of these customers were to deteriorate or the Company's judgments about their abilities to pay are incorrect, additional allowances might be required, and the Company's cash flows and results of operations could be materially affected.

Inflation

The effects of inflation are not significantly any more or less adverse on the Company's businesses than they are on other publishing and software companies. The Company has experienced the effects of inflation primarily through increases in costs of personnel. These costs have generally been offset by increased license, maintenance and support fees, which often contain a periodic cost-of-living adjustment.

The Company's investment margin account has an interest rate that fluctuates based on the Federal Funds Rate plus 50 basis points with interest only payable monthly. The interest rate as of September 30, 2024 was 5.5% after the first cut of 50 basis points to the central bank's key interest rate by Federal Reserve since 2020. The Federal Reserve may continue to reduce the rate in the near future. The Company's interest expense on the margin account has decreased primarily due to the reduction to the investment margin account borrowings during fiscal 2024 and may continue to decrease more in the future because of the decreased interest rate.

Access to Our Information

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). These filings are not available on our website, www.dailyjournal.com, which is generally dedicated to the content of our publications and services. We will, however, provide these filings in electronic or paper format free of charge upon request addressed to our Secretary at our principal executive offices. Our SEC filings are also available to the public over the Internet at the SEC's website at www.sec.gov.

Item 1A. Risk Factors

The foregoing business discussion and the other information included in this Form 10-K should be read in conjunction with the following risks, trends and uncertainties, any of which, either individually or in the aggregate, could materially and adversely affect our business, operating results or financial condition.

Risks Associated with a Public Health Event

The Company's business is likely to be materially and adversely affected by the emergence or resurgence of an epidemic or pandemic such as COVID-19, or by a similar event or the fear of such an event, and the measures that governmental authorities implement to address it.

As COVID-19 spread in early 2020, governmental authorities and health officials implemented numerous unprecedented measures to contain the virus, including “stay at home” orders for non-essential workers, travel restrictions, quarantines and business shutdowns. Most of Journal Technologies' customers, which are primarily courts and governmental agencies in the United States, Canada and Australia, either closed or significantly scaled back their activities. Similarly, many law firms and companies from which the Traditional Business derives advertising and subscription revenues also curtailed their operations and spending.

In addition, the Company relies on its portfolio of marketable securities for dividend income and balance sheet support, and the value of the portfolio can be materially affected by declines in stock prices, particularly among the common stocks of the three U.S. financial institutions and one foreign manufacturer that make up a substantial portion of the portfolio.

Due to the uncertainties associated with the duration and severity of an event like COVID-19, the efforts to contain it, and the changes in business operations and personal behaviors that are likely to follow from it, it is difficult to estimate the magnitude of its impact on the Company's business in future periods, but it could materially affect the Company's operations, staffing levels, financial condition, liquidity and cash flows going forward. Also, with new norms established, many Journal Technologies employees continue working from home most days or following a hybrid schedule. The long-term downsides of these new norms on innovation and productivity are still being determined.

Risks Associated with the Maturation of Artificial Intelligence (AI) Technologies

The Company's business may be materially affected--either positively or negatively--by the emergence of disruptive new technologies or approaches enabled by the rapid pace of innovation unfolding in the artificial intelligence space.

Worthwhile new technologies capitalize on eliminating old inefficiencies. Just as the emergence and maturation of the Internet and smartphone technologies had profound implications across many industries, AI has the potential to significantly change key factors related to the Traditional Business, Journal Technologies, and companies in the Company's holdings of marketable securities.

For the Traditional Business, there may be opportunities to automate or reduce the cost of content creation, or perhaps allow monetization of existing and/or historic content in new ways. Likewise, AI may negatively impact the business in ways that will prove difficult to circumvent.

For Journal Technologies, AI may fundamentally alter or automate key customer workflows over time, obviating the need for its technology. AI will likely also create new and better ways for customers to achieve their mandates. The Company is allocating certain resources to ensure it has the capacity to recognize and pursue these opportunities, whether through in-house engineering, partnership, or mergers and acquisitions, but whether it will be successful is uncertain.

The process and approach to engineering software itself may change in notable ways, and this could impact the business model of Journal Technologies. Monitoring potential impacts of AI on companies in the marketable securities portfolio will also require attention.

Mitigating risk and capitalizing on potential opportunity requires active engagement. The Company’s challenge is to find and exploit opportunities to ensure change precipitated by AI provides tailwinds and not headwinds, and to do so in a way that is neither too slow, nor premature.

Risks Associated with the Traditional Business

Changes in the legal requirement to publish public notice advertising or in the legal ability of our newspapers to publish those notices would have a significant adverse impact on the Traditional Business.

From time to time, the legislatures in California and Arizona (and elsewhere) have considered various proposals that would result in the elimination or reduction of the amount of public notice advertising in printed newspapers required by statute. These proposals typically focus on the availability of alternative means of providing public notices, such as via the Internet. Some proposals also question the need for public notices at all. As noted above, some of these proposals have already become law. To the extent more of these proposals are adopted, particularly in California and Arizona, they could materially adversely affect the revenues of the Traditional Business.

In September 2023, the California legislature passed a bill (AB542) effective January 1, 2024 that set in motion a decline in legal advertising revenue of approximately $14,000 during fiscal 2024 by reducing the number of required publication days in a newspaper for self-service storage facility lien sales. Another bill (AB721) relative to school budget hearing notices was also passed in September 2023. Effective January 1, 2027, these notices are to be moved to posting on the school district’s website in lieu of being published in a newspaper.

In addition, if the adjudication, which is what gives publishers the legal ability to publish public notice advertising, of one or more of the Company's newspapers were challenged and revoked, those newspapers would no longer be eligible to publish public notice advertising, and it could materially affect the revenues of the Traditional Business.

The Traditional Business faces strong competition in each of its markets.

Competition for readers and advertisers is very intense, both from established publications and from new entrants into the market. The Daily Journals face aggressive competition. The Company's court rules publications face competition in both Northern and Southern California from document management programs, online court rules services, and the courts themselves.

The Traditional Business also competes with serious competitors for public notice advertising in all of its markets. As the amount of this advertising has decreased due to the reduction in the number of foreclosures and other things discussed above, the competition to publish the remaining public notices has intensified and may result in a further decline in the Traditional Business' public notice advertising revenues.

The Traditional Business continues to experience challenges in maintaining its commercial advertising and circulation revenues, particularly due to the growth of Internet sites.

Internet sites devoted to recruitment have become significant competitors of our newspapers and websites for classified advertising. In addition, there has been a steady consolidation of companies serving the legal marketplace, resulting in an ever-smaller group of companies placing display advertising. Furthermore, newspapers like ours have been struggling to compete for display advertising generally, given the many other forums (including Internet sites) that compete for advertising dollars. These trends are expected to continue and adversely affect the Traditional Business.

During fiscal 2024, we had a slight increase of $59,000 (1%) in circulation revenues primarily resulting from promotional sale efforts which we will continue. However, overall industry-wide circulation revenues have continued to decline as more and more information has become available online. Law firm mergers have also reduced the number of firms that purchase multiple subscriptions of our newspapers. It is not practical to assume that we will be able to offset future declines in subscriptions with increases in the subscription rate, and we cannot anticipate that our circulation revenues will continue to increase.

The Traditional Business is exposed to risks associated with fluctuations in postage and paper costs.

After personnel costs, postage and paper costs are typically the Company's next two largest expenses. An adequate supply of newsprint and other paper is important to the operations of the Traditional Business. The Company currently does not have a contract with any paper supplier, and in the past, shortages of newsprint sometimes resulted in higher prices. Recently, there have been consolidations of newsprint suppliers, and paper prices may fluctuate substantially in the future.

The Traditional Business uses the U.S. Postal Service for distribution of a majority of its newspapers and products. Postal rates are dependent on the operating efficiency of the U.S. Postal Service and on legislative mandates imposed upon the U.S. Postal Service. During the past several years, postal rates have increased. Postal rates and fees may increase more in the future. Further, we may not be able to pass on increases in paper and postage costs to our customers.

We expect the Traditional Business to continue to suffer from significant secular decline.

The newspaper industry continues to experience significant secular decline, although the number of subscriptions to The Daily Journals has increased recently primarily due to promotional efforts. The Company believes the long-term trend will be in the direction of fewer subscriptions to the Daily Journals and court rule publications, and that trend will certainly impact the Company’s future revenues.

Risks Associated with Journal Technologies

The success of Journal Technologies depends in large part on the technological update and upgrade of its software products.

Journal Technologies’ success depends on the continued improvement of its products, and the costs to update and upgrade those products consistently represent a large portion of Journal Technologies’ expenses. There are many uncertainties in the process of courts and other justice agencies migrating to newer case management systems, including whether Journal Technologies’ versions of these systems will find general acceptance and whether the modification of such systems can be done in a cost-effective manner. The costs to update and upgrade Journal Technologies’ products are expensed as incurred and will impact earnings at least through the foreseeable future. To build out next-generation technology there is up-front investment required, which is now underway and will increase. Likewise, investment is required to improve existing technology to simplify the process of configuring, managing and updating systems. These investments are being made to both improve win rates and maximize the efficiency of building and deploying customer systems. The intention is to improve profitability, but if this development is not done effectively, it may not yield the expected competitive advantages or intended efficiencies.

Journal Technologies faces significant competition from other case management software vendors.

There is significant competition among a limited number of companies to provide services and software to courts and other justice agencies, and some of these companies are much larger and have greater access to capital and other resources than Journal Technologies. Normally, the vendor is selected through a bidding process, and often the customers will express a preference for, or even require, larger vendors. An inability to successfully compete in this difficult market could materially affect the earnings of Journal Technologies. Likewise, specialized vendors in specific vertical markets may develop or continue to enhance specific solutions for certain customer types that are sufficiently focused and turnkey, or leverage disruptive new approaches, that Journal Technologies will struggle to compete with them.

The customers of Journal Technologies are public sector entities, thus creating special issues and risks.

Almost all of the customers of Journal Technologies are courts, justice agencies, and other government entities. Accordingly, we face special risks associated with governmental budget constraints, especially during stressful economic times, which could force government entities to defer or forego consulting services or even stop paying their annual software license and maintenance fees. In addition, we encounter risks related to a longer and more complicated sales cycle than exists for commercial customers, political issues related to resource allocation, administration turnover and preferences for internal case management solutions or for a particular vendor, complicated bidding procedures, and fluctuations in the demand for information technology products and services. Project success frequently involves dependencies on customers or third-party vendors/partners completing their responsibilities in an organized, workmanlike, and timely fashion.

Journal Technologies generally recognizes revenues for software installations only upon completion of the applicable services and customer acceptance of the software system.

In many cases, installation fees are not due until the customer has indicated its satisfaction with the installed system, and it has “gone live” or upon completion of certain milestones. Accordingly, we do not recognize revenues for installation services or for most other consulting services until after the services have been performed and accepted. There are significant risks associated with our ability to complete our services to the satisfaction of our customers and to fulfill the requirements that entitle us to be paid. An inability to realize payment for services performed could materially affect the earnings of Journal Technologies. Additional costs may not be recoverable for historic projects with flexible scopes or scopes that are subject to interpretation, or projects that require adjustments due to technology changes that occur due to the passage of time.

The end-of-life process for legacy products and customer transitions to new products must be handled effectively.

Disruptions that affect long-standing customer relationships can have negative reputational implications for Journal Technologies and can affect its earnings.

Risks Associated with Our Holdings of Marketable Securities

A large portion of the Company’s assets is held in publicly traded securities, and the prices of those securities may decline.

As of September 30, 2024, the Company held marketable securities worth approximately $358,691,000, with an unrealized gain for financial statement purposes of $219,597,000. While this portfolio has enabled the Company to borrow on favorable terms for acquisitions and to better compete for case management software opportunities that are usually limited to “large” firms, it is unusual for a public company to invest a significant amount of its available cash in the marketable securities of other public companies. The value of these securities could decline, which would adversely affect net income and shareholders’ equity.

As of September 30, 2024, the Company's holdings of marketable securities were concentrated in just six companies. Accordingly, a significant decline in the market value of one or more of the Company's holdings may not be offset by hypothetically better performance of other holdings. This concentration of risk may result in a pronounced effect on net income and shareholders' equity.

The irreplaceable manager of our marketable securities portfolio passed away in November 2023.

Charles T. Munger, the legendary investor of Berkshire Hathaway fame, was a director of the Company for many decades, and long managed the Company's holdings of marketable securities. Mr. Munger passed away on November 28, 2023. Although the Board has been working to ensure that the portfolio remains well-managed, it's impossible to ever replace Mr. Munger. Given the loss of Mr. Munger, the Company does not expect the future financial performance of its marketable securities portfolio to rival its past performance. Henceforth, the Company expects to manage and harvest its marketable securities portfolio primarily to support the further development of Journal Technologies and its business. The Company does not anticipate initiating new investments in public common stocks unrelated to its core businesses.

The Company is required to recognize losses in a particular security for financial statement purposes even though the Company has not actually sold the security.

Under accounting rules that became effective in fiscal 2019, changes in the unrealized gains and losses on marketable securities are included in the Company's reported net income (loss), even though the Company has not actually realized any gain or loss by selling such marketable securities. Accordingly, changes in the market prices of the Company's marketable securities can have a significant impact on the Company's reported results for a particular period, even though those changes do not bear on the performance of the Company's operating businesses.

The Company may be subject to fluctuations in foreign currency rates for marketable securities that are not denominated in the United States Dollar.

At times, the Company may hold marketable securities denominated in currencies other than the United States Dollar. When it does, the Company may be at risk for significant fluctuations in the applicable foreign currency exchange rates, which would affect the profitability of such marketable securities. The Company currently owns one such investment that is denominated in Hong Kong Dollars.

General Corporate Risks

Changes in accounting guidance could have a significant effect on the Company 's reported financial results.

Preparing consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. These estimates and assumptions are affected by management's application of accounting policies and the prevailing accounting guidance. The Company considers fair value measurement and disclosures, revenue recognition, accounting for software costs and income taxes to be critical accounting policies and estimates. A change in the accounting guidance with respect to one or more of these areas could materially affect the Company's reported financial results.

As noted above, beginning in fiscal 2019, changes in unrealized gains (losses) on marketable securities are included in the Company's net income (loss) and thus may have a significant impact on the Company's reported results depending on the fluctuations of the prices of the marketable securities owned by the Company.

We cannot be sure that customer information and systems are fully protected against security breaches.

Journal Technologies' software processes and stores customer information in the conduct of its business, including in some cases by utilizing cloud-based systems supplied by third-party vendors. Despite our efforts to maintain up-to-date security controls, it is possible that our system could be improperly used to access or misappropriate customer systems or information, including personally identifiable or other confidential information. A material security breach of this nature could harm our reputation, cause us to lose current and potential customers, require us to allocate more resources to information security, or subject us or our customers to liability, resulting in increased costs, loss of revenue, or both. The Traditional Business also operates certain websites that process and, in certain cases, store customer information. Our insurance may not cover all of the costs that we may incur as a result of a material security breach.

The Company has identified material weaknesses in its internal control over financial reporting.

The Company has identified material weaknesses in its internal control over financial reporting. The Company's internal control over financial reporting has been designed to provide management and the Board of Directors with reasonable assurance regarding the preparation and fair presentation of the Company's consolidated financial statements. As a small company, we are not able to segregate duties to the extent we could if we had more people, and we have not sufficiently designed controls that support an effective assessment of our internal controls relating to the prevention of fraud and possible management override of controls. Further, the Company does not have an internal audit group, and has not engaged an outside firm to complete the documentation of its internal control assessment to the level required by the applicable criteria.

The existence of material weaknesses means that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. If we are not able to correct material weaknesses or deficiencies in internal controls in a timely way, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the SEC's rules and forms will be adversely affected. Such a result could negatively impact the market price and trading liquidity of our stock, weaken investor confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and generally materially and adversely affect our business and financial condition.

During fiscal 2024, at the request of the Board of Directors, the Company engaged a third-party to help assess opportunities to address the foregoing concerns and formulate a strategy to mitigate material weaknesses. Based on recommendations in the final report from July 2024, we have begun a process intended to rectify these material weaknesses in the Company's internal control over financial reporting in fiscal 2025.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company is committed to safeguarding its information systems and data against evolving cybersecurity threats. With operations spanning traditional publishing and the technology-driven Journal Technologies segment, the Company prioritizes robust cybersecurity measures to protect its operations, customers, and stakeholders. The Company employs a comprehensive cybersecurity risk management framework to identify, assess, and address risks that could impact business operations, sensitive client data, and the Company's portfolio of marketable securities. This framework incorporates:

1. **Technology Solutions**: Prioritizing the security of Journal Technologies' court and justice software systems, which manage critical data and workflows.
2. **Traditional Business**: Protecting the systems and data supporting the Company's publishing and printing operations.
3. **Financial Portfolio**: Securing systems and processes related to the management of the Company's substantial marketable securities portfolio.

Governance and Oversight

The Company's Board of Directors as a whole supervises the Company's cybersecurity strategy and regularly reviews cybersecurity risks, incident reports, and risk mitigation initiatives.

Journal Technologies has a Chief Information Security Office (CISO) made up of internal cybersecurity practitioners who evaluate, identify, and mitigate significant risks posed by cybersecurity threats, with a focus on safeguarding the Company's technology, data, and intellectual property.

In August 2024, Journal Technologies hired a Director of Security Operations to lead the CISO team. With extensive IT leadership experience and a Certified Information Systems Security Professional (CISSP) credential, the Director oversees security strategies, incident response plans, and risk assessments. Reporting directly to senior management, the Director works closely with internal teams and external experts to align Journal Technologies' practices with industry standards.

The Company has also established a dedicated Cybersecurity Working Group, with members from both the Traditional Business and Journal Technologies, to collaborate on threat intelligence, incident response strategies, policy alignment, and security technology advancements. This partnership ensures both entities remain proactive in addressing evolving threats and benefit from shared expertise to implement coordinated security measures. The Company's senior management works closely with the CISO and the Cybersecurity Working Group to identify matters requiring the attention of the Board of Directors.

Cybersecurity Practices and Safeguards

The Company uses a multi-layered approach to cybersecurity, including:

- **Threat Detection and Response**: The Company employs enterprise security systems as the backbone of a defense in depth (DiD) strategy, such as patch management, intrusion detection, and network segmentation. A managed detection and response (MDR) solution from a world-class security company unifies our antivirus/malware (NGAV), endpoint detection and response (EDR), cyber threat intelligence, managed threat hunting capabilities, and security hygiene.

- **Employee Training and Awareness**: The Company provides regular cybersecurity training for employees to enhance awareness of common threats, such as phishing and ransomware. All Journal Technologies employees undergo annual CJIS training and certification.

- **Risk Register**: The Company maintains a central Risk Register as part of its cybersecurity risk management framework. This Risk Register identifies risks and their potential impacts, mitigation strategies, and ongoing monitoring efforts.

- **Third-Party Risk Management**: The Company evaluates third-party vendors prior to onboarding to ensure they have industry standard best practices in place and, when applicable, verified by an external audit firm. The Company monitors third-party providers for breaches or other cybersecurity events and annually review each vendor's SOC 2 audit reports.

- **Incident Response Planning**: The Company maintains a formalized incident response (IR) plan to address and remediate cybersecurity incidents. The plan defines roles and responsibilities and includes runbooks for likely scenarios. The Company performs testing of the IR plan at least annually with the results reported to senior management.

- **Certifications**: Several of the Company's security personnel on the CISO team have and maintain CISSP, GCIH (GIAC Certified Incident Handler) and OSCP (Offensive Security Certified Professional) certifications.

- **Business Continuity**: The Traditional Business and Journal Technologies have each implemented a Business Continuity Plan and Disaster Recovery (BCP/DR) with procedures aimed at minimizing downtime and facilitating recovery of both internal and customer assets in the event of a service disruption. The plan includes clearly defined roles, step-by-step recovery processes, and prioritized action plans to address various scenarios, such as natural disasters, cyber incidents, and hardware failures. We regularly test and update our BCP/DRs.

- **Other Measures**: The Company uses other measures to protect the Company and its employees from cyberattacks including:
    - Enforcing multi-factor authentication (MFA) for all systems
    - Deploying anti-phishing solutions to detect and block suspicious emails
    - Using single sign-on (SSO) solutions integrated with secure identity providers
    - Simulating phishing attacks to measure awareness and improve training programs
    - Implementing Security Information and Event Management (SIEM) systems for continuous monitoring and logging.

Incident Reporting and Disclosure

The Company adheres to strict protocols for evaluating and reporting cybersecurity incidents. Any incidents determined to have a material impact—assessed based on financial, operational, or reputational factors—are raised with the Board of Directors and, if necessary, disclosed in accordance with regulatory requirements.

Item 2. Properties

The main Los Angeles property is comprised of a two-story, 34,000 square foot building constructed in 1990, which is occupied by the Company. Approximately 75% of the building is devoted to office space and the remainder to printing and production equipment and facilities. In 2003, the Company finished building an adjacent 37,000 square foot building and parking facilities on properties it acquired in 1996 and 1998. This building provides additional office, production and storage space. Since so many Journal Technologies employees are working remotely from home post-COVID or at clients' sites, the Company intends to consolidate the two offices into one and will continue to seek to either sell or lease out the adjacent building in 2025.

In November 2015, the Company purchased a 30,700 square foot office building constructed in 1998 on about 3.6 acres in Logan, Utah that had been previously leased for Journal Technologies. This office is also currently underutilized and, therefore, a lease to a third party or other approach may be considered at some point in the future.

Item 3. Legal Proceedings

From time to time, the Company is subject to litigation arising in the normal course of its business. While it is not possible to predict the results of such litigation, management does not believe the ultimate outcome of these types of matters will have a material adverse effect on the Company's financial position or results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The following table sets forth the sales prices of the Company's common stock for the periods indicated. Quotations are as reported by the NASDAQ Capital Market.

	High	Low
Fiscal 2024		
Quarter ended December 31, 2023	$ 357.34	$ 286.05
Quarter ended March 31, 2024	402.95	309.22
Quarter ended June 30, 2024	394.50	333.29
Quarter ended September 30, 2024	512.49	387.00
Fiscal 2023		
Quarter ended December 31, 2022	$ 311.39	$ 245.54
Quarter ended March 31, 2023	315.23	258.00
Quarter ended June 30, 2023	297.75	270.05
Quarter ended September 30, 2023	315.50	282.50

As of December 16, 2024, there were approximately 298 holders of record of the Company's common stock, and the last trade was at $577.94 per share.

The Company did not declare or pay any dividends during fiscal 2024 or 2023. A determination by the Company whether or not to pay dividends in the future will depend on numerous factors, including the Company's earnings, cash flow, financial condition, capital requirements, future prospects, acquisition opportunities, and other relevant factors. The Board of Directors does not expect that the Company will pay any dividends or other distributions to shareholders in the foreseeable future.

During fiscal 2024, the Company started a 2024 Equity Incentive Plan (the "Plan") and granted the Company's Chairman and Chief Executive Officer, Steven Myhill-Jones, 400 fully vested shares of the Company's common stock and 400 restricted stock units in July 2024. Fifty-percent of the restricted stock units shall become vested on each of the first two anniversaries of the grant date so long as Mr. Myhill-Jones is then continuing to provide service to the Company, with vesting to be accelerated if he is terminated by the Company without Cause (as defined in the Plan). The Company did not have any equity compensation plans in fiscal 2023, and it did not sell any securities, whether or not registered under the Securities Act of 1933, during the past two fiscal years.

From time to time, the Company has repurchased shares of its common stock and may do so in the future. The Company maintains a common stock repurchase program that was implemented in 1987 in combination with the Company's Management Incentive Plan. See Note 2 of Notes to Consolidated Financial Statements for more information. The Company's stock repurchase program remains in effect, but the Company did not repurchase any shares during fiscal 2024 and 2023.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company continues to operate as two different businesses: (1) The Traditional Business, being the business of newspaper publishing and related services that the Company had before 1999 when it purchased a software development company, and (2) Journal Technologies, Inc. ("Journal Technologies"), a wholly-owned subsidiary which supplies case management software systems and related products to courts, prosecutor and public defender offices, probation departments and other justice agencies, including administrative law organizations, city and county governments and bar associations. These organizations use the Journal Technologies family of products to help manage cases and information electronically, to interface with other critical justice partners and to extend electronic services to the public, including e-filing and a website to pay traffic citations and fees online. These products are licensed or subscribed to in approximately 32 states and internationally.

Reportable Segments

The Company's Traditional Business is one reportable segment and the other is Journal Technologies which includes Journal Technologies, Inc. and Journal Technologies (Canada) Inc. All inter-segment transactions were eliminated. Additional detail about each of the reportable segments and the Company's corporate income and expenses is set forth below:

Overall Financial Results (000)
For the twelve months ended September 30

	Reportable Segments							
	Traditional Business		Journal Technologies		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Advertising	$ 9,325	$ 8,955	$ ---	$ ---	$ ---	$ ---	$ 9,325	$ 8,955
Circulation	4,462	4,403	---	---	---	---	4,462	4,403
Advertising service fees and other	3,039	2,895	---	---	---	---	3,039	2,895
Licensing and maintenance fees	---	---	28,265	23,503	---	---	28,265	23,503
Consulting fees	---	---	15,086	19,776	---	---	15,086	19,776
Other public service fees	---	---	9,754	8,177	---	---	9,754	8,177
Total operating revenues	16,826	16,253	53,105	51,456	---	---	69,931	67,709
Operating expenses								
Salaries and employee benefits	10,352	10,416	36,826	33,034	---	---	47,178	43,450
Stock-based compensation	30	---	172	---	---	---	202	---
(Decrease) increase to the long-term Supplemental compensation accrual	(495)	(470)	---	175	---	---	(495)	(295)
Others	5,360	4,626	13,616	13,276	---	---	18,976	17,902
Total operating expenses	15,247	14,572	50,614	46,485	---	---	65,861	61,057
Income from operations	1,579	1,681	2,491	4,971	---	---	4,070	6,652
Dividends and interest income	---	---	---	---	7,102	8,340	7,102	8,340
Interest expenses on note payable collateralized by real estate and other	---	---	---	---	(69)	(77)	(69)	(77)
Interest expense on margin loans	---	---	---	---	(3,018)	(4,255)	(3,018)	(4,255)
Gains on sales of capital assets	---	---	---	---	4	---	4	---
Net realized and unrealized gains on marketable securities	---	---	---	---	96,142	17,446	96,142	17,446
Net unrealized gains (losses) on non-qualified deferred compensation plan	---	---	---	---	47	(4)	47	(4)
Pretax income	1,579	1,681	2,491	4,971	100,208	21,450	104,278	28,102
Income tax expense	(395)	(520)	(735)	(1,450)	(25,035)	(4,680)	(26,165)	(6,650)
Net income	$ 1,184	$ 1,161	$ 1,756	$ 3,521	$ 75,173	$ 16,770	$ 78,113	$ 21,452
Total assets	$ 14,486	$ 18,744	$ 29,838	$ 33,100	$ 359,439	$ 303,016	$ 403,763	$ 354,860
Capital expenditures	$ 23	$ 70	$ 26	$ 16	---	---	$ 49	$ 86

Fiscal 2024 compared with fiscal 2023

Consolidated Financial Comparison

Consolidated revenues were $69,931,000 and $67,709,000 for fiscal 2024 and 2023, respectively. This increase of $2,222,000 (3%) was primarily from increases in (i) Journal Technologies' license and maintenance fees of $4,762,000, and other public service fees of $1,577,000, partially offset by decreased consulting fees of $4,690,000, and (ii) the Traditional Business' advertising revenues of $370,000 and advertising service fees and other of $144,000.

Approximately 76% of the Company's revenues during fiscal 2024 and 2023 were derived from Journal Technologies. In addition, the Company's revenues during fiscal 2024 were primarily from the United States, with approximately $6,153,000 (9%) from foreign countries. Almost all of Journal Technologies' revenues are from governmental agencies.

Consolidated operating expenses increased by $4,804,000 (8%) to $65,861,000 from $61,057,000. Total salaries and employee benefits increased by $3,728,000 (9%) to $47,178,000 from $43,450,000 primarily due to the annual salary adjustments and the hiring of additional staff members to strengthen operational efficiencies, conduct product development and address technical debt, and bolster teams working on the Company's installation projects. Outside services increased by $383,000 (6%) to $7,151,000 from $6,768,000 mainly because of additional contractor services and increased third-party hosting fees which were billed to clients. Equipment and maintenance and software went up by $259,000 (20%) to $1,574,000 from $1,315,000 primarily because of purchases of additional equipment for new hires. Accounting and legal fees increased by $86,000 (9%) to $1,026,000 from $940,000 primarily resulting from increased legal fees. Other general and administrative expenses decreased slightly by $25,000 (2%) to $3,851,000 from $3,876,000 mainly because there were decreased business travel expenses as compared to the prior fiscal year, partially offset by the purchase of directors and officers insurance and additional accruals for the directors' stipends.

The Company's non-operating income, net of expenses, increased by $78,758,000 (367%) to $100,208,000 from $21,450,000 in the prior fiscal year primarily because of the recording of net realized and unrealized gains on marketable securities of $96,142,000 as compared with $17,446,000 in the prior fiscal year. These increases were partially offset by a decrease in dividends and interest income of $1,238,000 (15%) to $7,102,000 from $8,340,000.

During fiscal 2024, the Company's consolidated pretax income was $104,278,000, as compared to $28,102,000 in the prior fiscal year. There was consolidated net income of $78,113,000 ($56.73 per share) for fiscal 2024, as compared with $21,452,000 ($15.58 per share) in the prior fiscal year.

At September 30, 2024, the aggregate fair market value of the Company's marketable securities was $358,691,000. These securities had approximately $219,597,000 of net unrealized gains before taxes of $57,100,000. Most of the unrealized gains were in the common stocks of three U.S. financial institutions and one foreign manufacturer.

Taxes

During fiscal 2024, the Company recorded an income tax provision of $26,165,000 on pretax income of $104,278,000. The income tax provision consisted of tax expenses of $24,534,000 on the realized and unrealized gains on marketable securities, and $2,175,000 on operating income, partially offset by a tax benefit of $544,000 for the dividends received deduction and other permanent differences. Consequently, the overall effective tax rate for fiscal 2024 was 25.1%, after including the taxes on the realized and unrealized gains on marketable securities.

During fiscal 2023, the Company recorded an income tax provision of $6,650,000 on pretax income of $28,102,000. The income tax provision consisted of tax provisions of $4,250,000 on the realized and unrealized gains on marketable securities, and $2,803,000 on operating income, partially offset by a tax benefit of $403,000 for the dividends received deduction and other permanent differences. Consequently, the overall effective tax rate for fiscal 2023 was 23.7%, after including the taxes on the realized and unrealized gains on marketable securities.

The Company files consolidated federal income tax returns, with its domestic subsidiary, in the United States and with various state jurisdictions and is no longer subject to examinations for fiscal years before fiscal 2020 with regard to federal income taxes and fiscal 2019 for state income taxes. The Canadian subsidiary files a federal and provincial tax return in Canada.

The Traditional Business

The Traditional Business' pretax income decreased by $102,000 (6%) to $1,579,000 from $1,681,000 in the prior fiscal year. This decrease was primarily resulting from increased merchant discount fees, additional promotional expenses, postage, and press repairs and maintenance.

During fiscal 2024, the Traditional Business had total operating revenues of $16,826,000, as compared with $16,253,000 in the prior fiscal year. Advertising revenues increased by $370,000 (4%) to $9,325,000 from $8,955,000, primarily resulting from increased commercial advertising revenues of $286,000, legal notice advertising revenues of $45,000, and trustee sale notice advertising revenues of $86,000, partially offset by decreased government notice advertising revenues of $47,000.

Trustee sale notices are very much dependent on the number of California and Arizona foreclosures for which public notice advertising is required by law. The number of foreclosure notices published by the Company decreased slightly by 1% during fiscal 2024 as compared to the prior fiscal year. The Company's smaller newspapers, those other than the Los Angeles and San Francisco Daily Journals ("The Daily Journals"), accounted for about 86% of the total public notice advertising revenues during the fiscal 2024. Public notice advertising revenues and related advertising and other service fees, including trustee sales legal advertising revenues, constituted about 14% of the Company's total operating revenues for both fiscal 2024 and fiscal 2023.

The Daily Journals accounted for about 94% of the Traditional Business' total circulation revenues, which increased by $59,000 (1%) to $4,462,000 from $4,403,000. The court rule and judicial profile services generated about 4% of the total circulation revenues, with the other newspapers and services accounting for the balance. Advertising service fees and other are Traditional Business segment revenues, which include primarily (i) agency commissions received from outside newspapers in which the advertising is placed, and (ii) fees generated when filing notices with government agencies.

The Traditional Business segment operating expenses, excluding the adjustments to the long-term supplemental compensation accrual, increased by $700,000 (5%) to $15,742,000 from $15,042,000, primarily resulting from increased merchant discount fees, additional promotional expenses, postage, and press repairs and maintenance.

Journal Technologies

During fiscal 2024, Journal Technologies' business segment pretax income decreased by $2,480,000 (50%) to $2,491,000 from $4,971,000 in the prior fiscal year primarily resulting from increased operating expenses of $4,129,000, which were partially offset by increased operating revenues of $1,649,000.

Revenues increased by $1,649,000 (3%) to $53,105,000 from $51,456,000 in the prior fiscal year. Licensing and maintenance fees increased by $4,762,000 (20%) to $28,265,000 from $23,503,000. Consulting fees decreased by $4,690,000 (24%) to $15,086,000 from $19,776,000 mainly due to fewer project go-lives. Other public service fees increased by $1,577,000 (19%) to $9,754,000 from $8,177,000 primarily because of increased e-filing fee revenues.

Deferred consulting fees primarily represent advances from customers of Journal Technologies for installation services and are recognized upon final project go-lives. Deferred revenues on license and maintenance contracts represent prepayments of annual license and maintenance fees and are recognized ratably over the maintenance periods.

Operating expenses increased by $4,129,000 (9%) to $50,614,000 from $46,485,000 primarily because of (i) increased personnel costs because of annual salary adjustments, (ii) additional contractor services and the hiring of additional staff members to strengthen operational efficiencies, conduct product development and address technical debt, and bolster teams working on the Company's installation projects, and (iii) increased third-party hosting fees which were billed to clients.

Journal Technologies continues to update and upgrade its software products, which includes work deemed necessary by management to strengthen and update aspects like user experience, documentation, and ease of ongoing customer upgrades (which should correspondingly reduce costs for Journal Technologies over the longer term). These costs are expensed as incurred and will impact earnings at least through the foreseeable future.

Impact of the COVID-19 Pandemic

Although the World Health Organization has declared an end to the COVID-19 emergency, enduring changes in society and the ability to perform project work resulting from efforts to contain the COVID-19 pandemic may have continuing effects on the Company's business and margins until projects from this era are completed and invoiced. For example, for Journal Technologies, although we were able to complete many existing projects remotely, we were delayed in finishing certain implementations and trainings because of our inability to work with clients in-person. Given that we are typically paid for implementation services upon "go-live" of a system, recognition of those revenues has been delayed and in some cases costs have increased. This can also create a risk of contract cancellations for in-progress projects.

Liquidity and Capital Resources

During fiscal 2024, the Company's cash and cash equivalents, restricted cash, and marketable security positions increased by $47,796,000 after the recording of net pretax unrealized gains on marketable securities of $81,881,000. In March 2024, the Company sold a portion of its marketable securities for approximately $40,579,000. Cash and cash equivalents as well as proceeds from this sale were primarily used to pay down the margin loan balance by $47,500,000.

The investments in marketable securities, which had an adjusted cost basis of approximately $139,094,000 and a market value of about $358,691,000 at September 30, 2024, generated approximately $7,102,000 in dividends and interest income during fiscal 2024. These securities had approximately $219,597,000 of net unrealized gains before estimated taxes of $57,100,000 which will become due only when we sell securities in which there is unrealized appreciation. The balance on the Company's margin loan secured by the securities portfolio was $27,500,000 and $75,000,000 at September 30, 2024, and September 30, 2023, respectively.

Cash flows from operating activities decreased by $15,173,000 during fiscal 2024, as compared to the prior fiscal year, primarily due to (i) increases in the Company's income tax receivable of $1,052,000, (ii) decreases in accounts payable of $2,175,000, income taxable payable of $2,138,000, deferred revenues of $6,767,000, accrued liabilities of $1,840,000, including non-qualified deferred compensation, and net income of $18,855,000, excluding the increases in realized and unrealized gains on marketable securities of $78,696,000, and a decrease in stock dividends of $2,978,000. This was partially offset by decreases in the Company's accounts receivable of $1,224,000 and increases in deferred income tax payable of $16,716,000.

As of September 30, 2024, the Company had working capital of $356,052,000, including the liabilities for deferred subscriptions, deferred consulting fees and deferred maintenance agreements and others of $23,713,000.

The Company believes that it will be able to fund its operations for the foreseeable future through its cash flows from operations and its current working capital and expects that any such cash flows will be invested in its businesses. The Company may or may not have the ability to borrow additional amounts against its marketable securities and, among other possibilities, it may be required to consider selling additional securities to generate cash if needed to fund ongoing operations. The amount available for borrowing is based on the market value of the Company's investment portfolio and fluctuates depending on the value of the underlying securities. In addition, the Company could be subject to margin calls should the balance of the investment decrease significantly.

The Company is not a smaller version of Berkshire Hathaway Inc. The Company's goal is simply to continue to develop a successful and profitable software business, while continuing to enjoy the benefit of its Traditional Business for as long as possible.

Critical Accounting Policies and Estimates

The Company's financial statements and accompanying notes are prepared in accordance with U.S. generally accepted accounting principles. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are affected by management's application of accounting policies. Management believes that revenue recognition, accounting for software costs, fair value measurement and disclosures (including the long-term Incentive Plan liabilities) and income taxes are critical accounting policies and estimates.

The Company recognizes revenues in accordance with the provisions of ASU No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*.

For the Traditional Business, proceeds from the sale of subscriptions for newspapers, court rule books and other publications and other services are recorded as deferred revenue and are included in earned revenue only when the services are provided, generally over the subscription term. Advertising revenues are recognized when advertisements are published.

Journal Technologies' contracts may include several products and services, which are generally distinct and include separate transaction pricing and performance obligations. Most are one-transaction contracts. These current subscription-type contract revenues include (i) implementation consulting fees to configure the system to go-live, (ii) subscription software license, maintenance (including updates and upgrades) and support fees, and (iii) third-party hosting fees when used. Revenues for consulting are generally recognized at point of delivery upon completion of services. These contracts include assurance warranty provisions for limited periods and do not include financing terms. For some contracts, the Company acts as a principal with respect to certain services, such as data conversion, interfaces and hosting that are provided by third-parties, and recognizes such revenues on a gross basis. For legacy contracts with perpetual license arrangements, licenses and consulting services are recognized at point of delivery (go-live), and maintenance revenues are recognized ratably after the go-live. Other public service fees are earned and recognized as revenues when the Company processes credit card payments on behalf of the courts via its websites through which the public can e-file cases and pay traffic citations and other fees.

ASC 985-20, *Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed* , provides that costs related to the research and development of a new software product are to be expensed as incurred until the technological feasibility of the product is established. Accordingly, costs related to the development of new software products are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized, subject to expected recoverability. In general, “technological feasibility” is achieved when the developer has established the necessary skills, hardware and technology to produce a product and a detailed program design has been (i) completed, (ii) traced to the product specifications and (iii) reviewed for high-risk development issues. The Company believes its process for developing software is essentially completed concurrent with the establishment of technological feasibility, and accordingly, no software development costs have been capitalized to date.

ASC 820, *Fair Value Measurement and Disclosures*, requires the Company to (i) disclose the amounts of transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for the transfers and (ii) present separately information about purchases, sales, issuances and settlements in the reconciliation of Level 3 measurements. This guidance also provides clarification of existing disclosures requiring the Company to determine each class of its investments based on risk and to disclose the valuation techniques and inputs used to measure fair value for both Level 2 and Level 3 measurements. The Company made no transfers in and out of Level 1 and Level 2 measurements in fiscal years 2024 and 2023. During that time, all of the Company’s investments have been quoted on public markets and, therefore, all fair value calculations have been based on Level 1 measurements. The estimated Incentive Plan’s future commitment is calculated using Level 3 inputs, based on an average of the prior fiscal year (fiscal 2023) and the current year’s pretax earnings before certain items, discounted to the present value at 6% since each granted Incentive Plan Unit will expire over its remaining life term of up to 10 years.

ASC 740, *Income Taxes*, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and the deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the financial statements or tax returns. This accounting guidance also prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company’s financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could materially impact the Company’s financial position or its results of operations and its deferred tax liabilities related to the unrealized net gains on investments. See Note 3 of Notes to Consolidated Financial Statements for further discussion.

ASC 280-10, *Segment Reporting*, defines an operating segment as a component of a public entity that has discrete financial information that is evaluated regularly by the Company’s Chief Executive Officer to decide how to allocate resources and to assess performance. In accordance with ASC 280-10, the Company has two reportable business segments which are: (i) the Traditional Business and (ii) Journal Technologies and Journal Technologies (Canada).

The above discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto included in this report.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To The Board of Directors and Shareholders of Daily Journal Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Daily Journal Corporation (the "Company") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Determination of Distinct Performance Obligations in Software Revenue Contracts

As discussed in Note 2 to the consolidated financial statements, Journal Technologies generates revenues from contracts related to the sale of products and services including subscription software licenses, maintenance and support, implementation consulting services, and hosting services. The Company recognizes revenues for these services when or as the performance obligations are satisfied.

We identified the Company's determination of distinct performance obligations in its Journal Technologies contracts and their effect on revenue recognition as a critical audit matter. Auditing the Company's determination of distinct performance obligations related to its subscription software license products, maintenance and support services, implementation consulting services and hosting services involved complex auditor judgment. In particular, significant judgment was required when assessing whether the promised products and services are separate performance obligations or inputs to a combined performance obligation, due to the evaluation of the interdependency or interrelation of the promised products and services within each contract.

The primary procedures we performed to address this critical audit matter included:

- Obtaining an understanding of the Company's revenue recognition policy and evaluated for appropriateness.

- Evaluating the design and implementation of internal controls related to the Company's revenue recognition process.

- Evaluating whether good and services promised by the Company meet the criteria to be identified as separate or combined performance obligations, through a review of contracts, discussions with management, and inquiries of personnel outside the accounting function to corroborate our understanding of certain terms and conditions present in the contracts. More specifically, we evaluated the Company's determination of whether the contract was to deliver (1) multiple promised products or services that constitute separate performance obligations or (2) a single performance obligation that is comprised of the combined products or services. That is, considering the utility, integration, or interdependence of the products and services, we evaluated whether the multiple promised products and services that were delivered to the customer were outputs or inputs to a combined item.

- Testing a sample of Journal Technologies contracts for proper revenue recognition by inspecting the underlying customer agreements and supporting documentation, and evaluating for consistency with the Company's revenue recognition policies.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2016.

Irvine, California
December 30, 2024

DAILY JOURNAL CORPORATION

CONSOLIDATED BALANCE SHEETS (000)

	September 30 2024	September 30 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,986	$ 20,844
Restricted cash	2,191	2,100
Non-qualified deferred compensation plan – trust account asset value	748	194
Marketable securities at fair value -- common stocks	358,691	303,128
Accounts receivable, less allowance for doubtful accounts of $250,000 at September 30, 2024 and 2023	19,219	18,687
Inventories	15	72
Prepaid expenses and other current assets	612	380
Income tax receivable	33	---
Total current assets	394,495	345,405
Property, plant and equipment, at cost		
Land, buildings and improvements	16,418	16,400
Furniture, office equipment and computer software	1,723	1,703
Machinery and equipment	1,521	1,521
	19,662	19,624
Less accumulated depreciation	(10,520)	(10,264)
	9,142	9,360
Operating lease right-of-use assets	126	95
Total assets	$ 403,763	$ 354,860
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 6,049	$ 6,643
Accrued liabilities	8,517	8,789
Income tax payable	—	1,069
Note payable collateralized by real estate	164	158
Deferred subscriptions	2,558	2,678
Deferred consulting fees	2,031	5,828
Deferred maintenance agreements and others	19,124	17,033
Total current liabilities	38,443	42,198
Long term liabilities		
Investment margin account borrowings	27,500	75,000
Note payable collateralized by real estate	956	1,120
Deferred maintenance agreements	883	1,000
Accrued liabilities	3,772	4,274
Accrued non-qualified deferred compensation	784	200
Deferred income taxes	52,641	30,599
Total long-term liabilities	86,536	112,193
Commitments and contingencies (Notes 4 and 5)		
Shareholders' equity		
Preferred stock, $.01 par value, 5,000,000 shares authorized and no shares issued	---	---
Common stock, $.01 par value, 5,000,000 shares authorized; 1,805,053 shares issued, including 427,627 and 428,027 treasury shares, at September 30, 2024, and 2023, respectively	14	14
Additional paid-in capital	1,957	1,755
Retained earnings	276,813	198,700
Total shareholders' equity	278,784	200,469
Total liabilities and shareholders' equity	$ 403,763	$ 354,860

See accompanying Notes to Consolidated Financial Statements

DAILY JOURNAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (000 except for Share)

	2024	2023
Revenues		
Advertising	$ 9,325	$ 8,955
Circulation	4,462	4,403
Advertising service fees and other	3,039	2,895
Licensing and maintenance fees	28,265	23,503
Consulting fees	15,086	19,776
Other public service fees	9,754	8,177
Total revenues	69,931	67,709
Costs and expenses		
Salaries and employee benefits	47,178	43,450
Stock based compensation	202	---
Decrease to the long-term supplemental compensation accrual	(495)	(295)
Agency commissions	1,146	1,018
Outside services	7,151	6,768
Postage and delivery expenses	752	684
Newsprint and printing expenses	669	795
Depreciation and amortization	267	279
Equipment maintenance and software	1,574	1,315
Credit card merchant discount fees	2,237	1,938
Rent expenses	303	289
Accounting and legal fees	1,026	940
Other general and administrative expenses	3,851	3,876
Total costs and expenses	65,861	61,057
Income from operations	4,070	6,652
Other income (expenses)		
Dividends and interest income	7,102	8,340
Net realized and unrealized gains on investments	96,142	17,446
Net unrealized gains (losses) on non-qualified deferred compensation plan	47	(4)
Interest expense on note payable collateralized by real estate	(69)	(77)
Interest expense on margin loans and others	(3,018)	(4,255)
Gains on sale of capital assets	4	---
Income before taxes	104,278	28,102
Provision for income taxes	(26,165)	(6,650)
Net income	$ 78,113	$ 21,452
Weighted average number of common shares outstanding – basic and diluted	1,377,026	1,377,026
Basic and diluted net income per share	$ 56.73	$ 15.58
Comprehensive income	$ 78,113	$ 21,452

See accompanying Notes to Consolidated Financial Statements

DAILY JOURNAL CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (000 except for Share)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Share	Amount	Share	Amount			
Balance at September 30, 2022	1,805,053	$ 18	(428,027)	$ (4)	$ 1,755	$ 177,248	$ 179,017
Net income	---	---	---	---	---	21,452	21,452
Balance at September 30, 2023	1,805,053	18	(428,027)	(4)	1,755	198,700	200,469
Issuance of treasury stock	---	---	400	---	202	---	202
Net income	---	---	---	---	---	78,113	78,113
Balance at September 30, 2024	1,805,053	$ 18	(427,627)	$ (4)	$ 1,957	$ 276,813	$ 278,784

See accompanying Notes to Consolidated Financial Statements

DAILY JOURNAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (000)

	2024	2023
Cash flows from operating activities		
Net income	$ 78,113	$ 21,452
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Stock-based compensation	202	---
Depreciation and amortization	267	279
Gains on sales of capital assets	(4)	---
Net realized and unrealized gains on marketable securities	(96,142)	(17,446)
Stock dividends	---	(2,978)
Deferred income taxes	22,042	5,326
Changes in assets and liabilities		
(Increase) decrease in current assets		
Accounts receivable, net	(532)	(1,756)
Inventories	57	(16)
Prepaid expenses and other assets	(263)	80
Income tax receivable	(33)	1,019
Increase (decrease) in liabilities		
Accounts payable	(594)	1,581
Accrued liabilities, including non-qualified deferred compensation	(190)	1,650
Income tax payable	(1,069)	1,069
Deferred subscriptions	(120)	(1)
Deferred consulting fees	(3,797)	(566)
Deferred maintenance agreements and others	1,974	5,391
Net cash (used in) provided by operating activities	(89)	15,084
Cash flows from investing activities		
Sales of marketable securities	40,579	2,826
Purchases of marketable securities	---	(10,001)
Gains on sales of capital assets	4	---
Purchases of property, plant and equipment, net	(49)	(86)
Net cash provided by (used in) investing activities	40,534	(7,261)
Cash flows from financing activities		
Proceeds from margin loan borrowing	---	6,011
Payment to margin loan borrowing	(47,500)	(6,011)
Payment of real estate loan principal	(158)	(153)
Net cash used in financing activities	(47,658)	(153)
(Decrease) increase in cash and cash equivalents and restricted cash	(7,213)	7,670
Cash and cash equivalents and restricted cash		
Beginning of year		
Cash and Cash equivalents	20,844	13,423
Restricted cash	2,100	2,045
Non-qualified deferred compensation plan – trust account asset value	194	---
End of year	$ 15,925	$ 23,138
Interest paid during year	$ 3,050	$ 4,269
Income taxes paid during year	$ 5,128	$ 806

See accompanying Notes to Consolidated Financial Statements

DAILY JOURNAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY AND OPERATIONS

Daily Journal Corporation (“Daily Journal” or “the Company”) publishes newspapers and websites covering California and Arizona and produces several specialized information services. It also serves as a newspaper representative specializing in public notice advertising. This is sometimes referred to as the Company’s “Traditional Business”.

Journal Technologies, Inc. (“Journal Technologies”), a wholly-owned subsidiary of Daily Journal, supplies case management software systems and related products to courts, prosecutor and public defender offices, probation departments and other justice agencies, including administrative law organizations, city and county governments and bar associations. These organizations use the Journal Technologies family of products to help manage cases and information electronically, to interface with other critical justice partners and to extend electronic services to the public, including e-filing and a website to pay traffic citations and fees online. These products are licensed or subscribed to in approximately 32 states and internationally.

Essentially all of the Company’s U.S. operations are based in California, Arizona and Utah. The Company also has a presence in Australia where Journal Technologies is working on three software installation projects and in British Columbia, Canada, where the Company established a wholly-owned subsidiary, Journal Technologies (Canada) Inc., since August 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The consolidated financial statements include the accounts of the Company. All intercompany transactions have been eliminated in consolidation.

Certain reclassifications of previously reported amounts have been made to conform to the current year’s presentation.

Concentrations of Credit Risk: The Company extends unsecured credit to most of its advertising customers. The Company recognizes that extending credit and setting appropriate reserves for receivables is largely a subjective decision based on knowledge of the customer and the industry. Credit limits, setting and maintaining credit standards, and managing the overall quality of the credit portfolio is largely centralized. The level of credit is influenced by the customer’s credit and payment history which the Company monitors when establishing a reserve.

The Company maintains the reserve account for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate or its judgments about their abilities to pay are incorrect, additional allowances might be required and its results of operations could be materially affected.

Cash Equivalents: The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Restricted Cash: The Company considers cash to be restricted when withdrawal or general use is legally restricted. Restricted cash of $ 2,191,000 and $2,100,000 at September 30, 2024 and 2023, respectively, represents cash held to secure two letters of credit issued by a bank for a software installation contract in Australia.

Fair Value of Financial Instruments: The carrying amounts of cash, accounts receivable and accounts payable approximate fair value because of their short maturities. In addition, the Company has investments in marketable securities, all categorized as "available-for-sale" and stated at fair market value. In fiscal 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires an entity that holds financial assets or owes financial liabilities to, among other things, measure equity investments at fair value and recognize unrealized gains through net income. Accordingly, the Company's net income of $78,113,000 for fiscal 2024, included net realized and unrealized gains on marketable securities of $ 96,142,000. In fiscal 2023, the Company's net income of 21,452,000 included net realized and unrealized gains on marketable securities of $ 17,446,000. The Company uses quoted prices in active markets for identical assets (consistent with the Level 1 definition in the fair value hierarchy) to measure the fair value of its marketable securities on a recurring basis pursuant to Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosures*. At September 30, 2024, the aggregate fair market value of the Company's marketable securities was $358,691,000. These marketable securities had approximately $219,597,000 of net unrealized gains before taxes of $ 57,100,000. Most of the unrealized net gains were in the common stocks of three U.S. financial institutions and one foreign manufacturer. At September 30, 2023, the Company had marketable securities at fair market value of approximately $303,128,000, including approximately $137,716,000 of unrealized net gains before taxes of $ 36,260,000.

Investment in Financial Instruments (000)

	September 30, 2024			September 30, 2023		
	Aggregate fair value	Amortized/ Adjusted cost basis	Pretax unrealized gains	Aggregate fair value	Amortized/ Adjusted cost basis	Pretax unrealized gains
Marketable securities						
Common stocks	$ 358,691	$ 139,094	$ 219,597	$ 303,128	$ 165,412	$ 137,716

All marketable securities are classified as "Current assets" because they are available for sale at any time.

In March 2024, the Company sold part of its marketable securities for approximately $ 40,579,000, realizing net gains of $14,261,000. The Company used these proceeds and excess cash from operations to pay down the margin loan balance to $27,500,000 from $75,000,000, aggregating a paydown of approximately $47,500,000 during the twelve months ended September 30, 2024.

During fiscal 2023, the Company sold part of its marketable securities for approximately $ 2,826,000, realizing a total net gain of approximately $422,000, and simultaneously bought some additional marketable securities for an aggregated cost of approximately $ 10,001,000 with additional borrowings of $6,011,000 from the margin loan account. The Company subsequently repaid $ 6,011,000 reducing the balance of the margin loan to $75,000,000. In addition, the Company received stock dividends in March 2023 worth approximately $ 2,978,000 from one of the companies in which it holds marketable securities.

Comparative pretax realized and unrealized gains on investments are as follows:

	Fiscal 2024			Fiscal 2023		
	Realized Gains	Unrealized Gains	Total Pretax Gains	Realized Gains	Unrealized Gains	Total Pretax Gains
Marketable securities						
Common stocks	$ 14,261	$ 81,881	$ 96,142	$ 422	$ 17,024	$ 17,446

Inventories: Inventories, comprised of newsprint and paper, are stated at cost, on a first-in, first-out basis, which does not exceed current net realizable value.

Property, plant and equipment: Property, plant and equipment are carried on the basis of cost or fair value for assets acquired in business combinations. Depreciation of assets is provided in amounts sufficient to depreciate the cost of related assets over their estimated useful lives ranging from 3 – 39 years. At September 30, 2024, the estimated useful lives were (i) 5 – 39 years for building and improvements, (ii) 3 – 5 years for furniture, office equipment and software, and (iii) 3 – 10 years for machinery and equipment. Leasehold improvements are amortized over the term of the related leases or the useful life of the assets, whichever is shorter. Assets are depreciated using the straight-line method for financial statements and accelerated method for tax purposes. Depreciation and amortization expenses were $267,000 and $279,000 for fiscal 2024 and 2023, respectively.

Significant expenditures which extend the useful lives of existing assets are capitalized. Maintenance and repair costs are expensed as incurred. Gains or losses on dispositions of assets are reflected in current earnings.

Impairment of Long-Lived Assets: The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. There were no such impairments identified during fiscal 2024 and 2023.

Journal Technologies' Software Development Costs: Development costs related to software products for sale or licensing are expensed as incurred until the technological feasibility of the product has been established. Thereafter, until the product is released for sale, software development costs are capitalized and reported at the lower of unamortized cost or net realizable value of the related product. The establishment of technological feasibility and the ongoing assessment of recoverability of costs require considerable judgment by the Company with respect to certain internal and external factors, including, but not limited to, anticipated future product revenue, estimated economic life and changes in hardware and software technology.

The Company believes its process for developing software is essentially completed concurrent with the establishment of technological feasibility, and accordingly, no software development costs have been capitalized to date.

Revenue Recognition:

The Company recognizes revenues in accordance with the provisions of ASU No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*.

For the Traditional Business, proceeds from the sale of subscriptions for newspapers, court rule books and other publications and other services are recorded as deferred revenue and are included in earned revenue only when the services are provided, generally over the subscription term. Advertising and advertising service fees and other revenues are recognized when advertisements are published. Advertising service fees and other revenues primarily represent commissions earned by the Company for sourcing the advertisements from its customers on behalf of third-party publications and are recorded on a net basis.

Journal Technologies contracts may include several products and services, which are generally distinct and include separate transaction pricing and performance obligations. Most are one-transaction contracts. These current subscription-type contract revenues include (i) implementation consulting fees to configure the system to go-live, (ii) subscription software license, maintenance (including updates and upgrades) and support fees, and (iii) third-party hosting fees when used. For contracts containing multiple performance obligations, the Company allocates the transaction price on the basis of the relative standalone selling price of each distinct good or service, and utilizes the residual approach to estimate the standalone selling price of implementation consulting fees, whereby the standalone selling price is estimated by reference to the total transaction price less the sum of the observable standalone selling prices of its subscription software licenses, maintenance and support fees, and third-party hosting fees. These contracts include assurance warranty provisions for limited periods and do not include financing terms. For some contracts, the Company acts as a principal with respect to certain services, such as data conversion, interfaces and hosting that are provided by third parties, and recognizes such revenues and related costs on a gross basis. The Company considers several factors to determine if it controls the good or service and therefore is the principal. These factors include (1) if we have primary responsibility for fulfilling the promise; and (2) if we have discretion in establishing price for the specified good or service. For legacy contracts with perpetual license arrangements, licenses and consulting services are recognized at point of delivery, and maintenance revenues are recognized ratably after the go-live.

The Traditional Business and Journal Technologies issue invoices that have payment terms which require payment within 30 days. Contracts do not have a significant financing component and do not have variable consideration. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether transfer of control to customers has occurred. Proceeds from subscription-type revenues, including circulation revenue, license, maintenance and support services, and hosting services, are deferred at the time of sale and are recognized on a pro rata basis over the terms of the subscriptions or service period, and unearned proceeds are recognized within deferred subscriptions and deferred maintenance agreements and others in the consolidated balance sheets. Proceeds from consulting fees are recognized at point of delivery upon completion of services, and unearned consulting fee proceeds are recognized within deferred consulting fees in the consolidated balance sheets. Other public service fees are earned and recognized as revenues when the Company processes credit card payments on behalf of the courts via its websites through which the public can e-file cases and pay traffic citations and other fees.

The adoption of ASC 606 also requires the capitalization of certain costs of obtaining contracts, specifically sales commissions which are to be amortized over the expected term of the contracts. For its software contracts, the Company incurs an immaterial amount of sales commission costs which have no significant impact on the Company's financial condition and results of operations. In addition, the Company's implementation and fulfillment costs do not meet all criteria required for capitalization.

Since the Company recognizes revenues when it can invoice the customer pursuant to the contract for the value of completed performance, as a practical expedient and because reliable estimates cannot be made, it has elected not to include the transaction price allocated to unsatisfied performance obligations. These unallocated prices primarily relate to the eFile-it™ and ePay-it™ transactions of which service fees are collected and recognized when the Company processes credit card payments on behalf of the courts via its websites through which the public e-file cases or pay traffic citations. Furthermore, there are no fulfillment costs to be capitalized for the software contracts because these costs do not generate or enhance resources that will be used in satisfying future performance obligations.

Approximately 76% of the Company's revenues in fiscal 2024 and 2023 were derived from sales of software licenses, annual software licenses, maintenance and support agreements and consulting services that typically include implementation and training.

The change in total deferred revenues, including the long-term portion, is as follows:

Changes in total deferred revenues (000)

Description	Balance at Beginning of Year	Addition to the Deferral	Recognition from Deferral	Balance at End of Year
Fiscal 2024				
Total deferred revenues	$ 26,539	$ 34,581	$ (36,524)	$ 24,596
Fiscal 2023				
Total deferred revenues	$ 21,715	$ 33,295	$ (28,471)	$ 26,539

The change in allowance for doubtful accounts is as follows:

Allowance for Doubtful Accounts (000)

Description	Balance at Beginning of Year	Additions charged to Costs and Expenses	Accounts charged off less Recoveries	Balance at End of Year
Fiscal 2024				
Allowance for doubtful accounts	$ 250	$ 5	$ (5)	$ 250
Fiscal 2023				
Allowance for doubtful accounts	$ 250	$ 8	$ (8)	$ 250

Advertising: The Company's policy is to expense advertising expenses as incurred, if any. There were no advertising expenses during both fiscal 2024 and 2023 as the Company advertises itself via its own newspapers and websites.

Stock-based compensation: In fiscal 2024, the Company implemented an Equity Incentive Plan, a share-based award plan that provides for the grant of incentive stock options, non-qualified stock options, restricted stock units, and other equity-based awards to key employees. As of September 30, 2024, there were 3,320 shares available for future grants from the 3,720 shares authorized for grant under the Equity Incentive Plan. Restricted stock unit grants generally vest ratably over two years of continuous services from the date of grant. We account for share-based compensation utilizing the fair value recognition pursuant to ASC 718.

For restricted stock units, we use the closed market price on the date of grant as the fair market value of these stocks. We have not historically paid any cash dividends on our common stock and as a result do not reduce the grant-date fair value per share by the present value of dividends expected to be paid during the requisite service period for restricted stock units. We amortize the fair value of all awards on a straight-line basis over the requisite service periods, which are generally the vesting periods.

We will recognize the effect of awards for which the requisite service period is not rendered when the award is forfeited. That is, we recognize the effect of forfeitures in compensation cost when they occur. Previously recognized compensation cost for an award is reversed in the period the award is forfeited.

The following table summarized stock unit activity during the periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested at September 30, 2023	—	—
Granted	800	$ 463.64
Vested	400	463.64
Forfeited	—	—
Unvested at September 30, 2024	400	$ 463.64

As of September 30, 2024, we had total unrecognized compensation cost of approximately $ 169,000 related to unvested restricted stock units which is expected to be amortized over a weighted average amortization period of approximately 1.82 years.

The following table summarizes stock-based compensation expense related to share-based awards which is recorded in the consolidated statements of comprehensive income:

	Year ended September 30, 2024
Stock-based compensation	$ 202,000
Total stock-based compensation expense	202,000
Total tax benefit	(51,000)
Net decrease in net income	$ 151,000

Management Incentive Plan: In fiscal 1987, the Company implemented a Management Incentive Plan (the "Incentive Plan") that entitles a participant to participate in pretax earnings before adjustment for certain items of the Company for ten years. Because this plan was expanded in February 2022 to include the participation of all Journal Technologies employees, management subsequently realized in 2023 there would be an inadvertent future diluting effect on the shareholders' interest when additional staff is hired as the Company grows. Therefore, the Company decided to put a pause on any new grants under the Incentive Plan in fiscal 2023 after making grants to about 14 new Journal Technologies employees (net of terminations and expirations of outstanding Certificates after 10 years). Management intends to propose and implement a replacement plan in fiscal 2025 based on a model where adding additional employees are dilutive relative to a specific percentage of profits allocated to the program.

Certificate interests entitled participants to receive 4.38% and 4.71% (amounting to $418,700 and $388,450, respectively) of Daily Journal non-consolidated income before taxes, workers' compensation, supplemental compensation and certain other items, 20.2% and 22.2% (amounting to $702,960 and $1,491,840, respectively) for Journal Technologies and 8.12% and 8.86% (amounting to $1,059,195 and $1,260,800, respectively) for Daily Journal consolidated in fiscal 2024 and 2023, respectively. The Company accrued $3,735,000 and $4,230,000 as of September 30, 2024 and 2023, respectively, for the Incentive Plan's future commitment for those who will still have Certificates at the age of 65. This future commitment included a decrease in the accrual in fiscal 2024 of $495,000 (or -$.36 per outstanding share on a pretax basis), primarily due to no new grants of Certificates or replacement of expired Certificates under this Incentive Plan because of the pause mentioned above, as compared with a decrease in fiscal 2023 of $295,000 (or -$.21 per outstanding share). The estimated Incentive Plan's future commitment is calculated using level 3 inputs based on an average of the past year and the current year pretax earnings before certain items, discounted to the present value at 6% because each granted Certificate will expire over its remaining life term of up to 10 years. In projecting the Incentive Plan's future commitment, the significant input is the average of the past year and the current year pretax earnings before certain items. Significant increases or decreases in this input would result in a significantly lower or higher fair value measurement. In addition, the use of a different discount rate to discount cash flows to their present value would also result in a higher or lower fair value measurement.

Income taxes: The Company accounts for income taxes using an asset and liability approach which requires the recognition of deferred tax liabilities and assets for the expected future consequences of temporary differences between the carrying amounts for financial reporting purposes and the tax basis of the assets and liabilities. The Company accounts for uncertainty in income taxes under ASC 740-10 which prescribes a recognition threshold and measurement methodology to recognize and measure an income tax position taken, or expected to be taken, in a tax return. The evaluation of a tax position is based on a two-step approach. The first step requires an entity to evaluate whether the tax position would "more likely than not" be sustained upon examination by the appropriate taxing authority. The second step requires the tax position be measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. In addition, previously recognized benefits from tax positions that no longer meet the new criteria would be derecognized.

Treasury stock and net income per common share:

In June 2022, the Company received from Charles T. Munger 3,720 shares of Daily Journal common stock as his gracious personal gift (worth approximately $1 million on the date of the gift) for the purpose of establishing a new senior management equity incentive plan, which is still under consideration and has yet to be established. These donated shares were considered treasury stock, and the Company accounted for them using the par method which resulted in an immaterial effected amount on Treasury Stock and Additional Paid-in Capital. In addition, the number of outstanding shares of the Company was reduced by these 3,720 shares to reflect the actual number of outstanding shares of 1,377,026 at September 30, 2022. The net income per common share is based on the weighted average number of shares outstanding during each year. The shares used in the calculation were 1,377,026 for both fiscal 2024 and 2023. The Company does not have any common stock equivalents, and therefore basic and diluted net income per share is the same. (The Board approved the grant of 400 shares to the Company's Chief Executive Officer in July 2024, but these shares were not actually transferred to him until after September 30, 2024.)

Use of Estimates: The presentation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Right-of-Use (ROU) Asset: At the beginning of fiscal 2020, the Company adopted ASU 2016-02, *Leases (Topic 842)* which requires that all leases be recognized by lessees on the balance sheet through a right-of-use (ROU) asset and corresponding lease liability, including today's operating leases. There has been no significant impact on the Company's financial condition, results of operations or disclosures. At September 30, 2024, the Company recorded a ROU asset and lease liability of approximately $126,000 for its operating office and equipment leases, including approximately $ 37,000 beyond one year. (In the prior fiscal year, there were ROU asset and lease liability of $ 95,000 with $44,000 beyond one year.) Operating office and equipment leases are included in operating lease ROU assets, current accrued liabilities and long-term accrued liabilities in the Company's accompanying Consolidated Balance Sheets.

Accrued Liabilities: Accrued current liabilities primarily consisted of (i) accrued vacation of $ 3,425,000 and $3,160,000 at September 30, 2024 and 2023, respectively, (ii) current portion of the supplemental compensation accrual of $2,248,000 and $3,240,000 at September 30, 2024 and 2023, respectively, and (iii) accrued payroll of $1,354,000 and $1,274,000 at September, 30, 2024 and 2023, respectively. Accrued long-term liabilities primarily consist of the long-term portion of the supplemental compensation accruals of $3,735,000 and $4,230,000 at September 30, 2024 and 2023, respectively.

Accounting Pronouncement adopted in fiscal 2024: In June 2016, the Financial Accounting Standards Board issued a new Accounting Standards Codification ("ASU") requiring financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The ASU eliminates the threshold for initial recognition in current U.S. GAAP and reflects an entity's current estimate of all expected credit losses. The measurement of expected credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets. The ASU is effective for the Company beginning in the first quarter of fiscal 2024. The adoption of this guidance has not had a material effect on the Company's consolidated financial statements.

3. INCOME TAXES

The provision (benefit) (000) from income taxes consists of the following:

	2024	2023
Current:		
Federal	$ 3,000	$ 1,275
State	1,053	49
Foreign	70	0
	4,123	1,324
Deferred:		
Federal	17,005	3,940
State	5,037	1,386
Foreign	0	0
	22,042	5,326
	$ 26,165	$ 6,650

The difference between the statutory federal income tax rate and the Company's effective rate is summarized below:

	2024	2023
Statutory federal income tax rate	21.0%	21.0%
State franchise taxes (net of federal tax benefit)	5.0	5.0
Effect of state rate change on beginning balance of deferred tax liabilities	(0.4)	(1.0)
Dividends received deduction	(0.5)	(1.6)
Others	(0.0)	0.3
Effective tax rate	25.1%	23.7%

The Company's deferred income tax assets and liabilities (000) were comprised of the following:

	2024	2023
Deferred tax assets attributable to:		
Accrued liabilities, including supplemental compensation and vacation pay accrual	$ 1,903	$ 1,990
Impairment losses on marketable securities	(280)	(306)
Bad debt reserves not yet deductible	55	55
Depreciation and amortization	1,730	2,206
Deferred revenues	517	1,068
Goodwill	265	370
Net operating losses	166	281
Credits and other	103	(3)
Total deferred tax assets	4,459	5,661
Deferred tax liabilities attributable to:		
Unrealized gains on marketable securities	(57,100)	(36,260)
Net deferred income taxes	$ (52,641)	$ (30,599)

During fiscal 2024, the Company recorded an income tax provision of $ 26,165,000 on pretax income of $104,278,000. The income tax provision consisted of tax expenses of $24,534,000 on the realized and unrealized gains on marketable securities, and $ 2,175,000 on operating income, partially offset by a tax benefit of $544,000 for the dividends received deduction and other permanent differences. Consequently, the overall effective tax rate for fiscal 2024 was 25.1%, after including the taxes on the realized and unrealized gains on marketable securities.

During fiscal 2023, the Company recorded an income tax provision of $ 6,650,000 on pretax income of $28,102,000. The income tax provision consisted of tax provisions of $4,250,000 on the realized and unrealized gains on marketable securities, and $ 2,803,000 on operating income, partially offset by a tax benefit of $403,000 for the dividends received deduction and other permanent differences. Consequently, the overall effective tax rate for fiscal 2023 was 23.7%, after including the taxes on the realized and unrealized gains on marketable securities.

The Company files consolidated federal income tax returns, with its domestic subsidiary, in the United States and with various state jurisdictions and is no longer subject to examinations for fiscal years before fiscal 2020 with regard to federal income taxes and fiscal 2019 for state income taxes. The Canadian subsidiary files a federal and provincial tax return in Canada.

During fiscal 2021, the Company utilized all of its federal and certain state net operating losses (NOL). California suspended the use of NOLs for fiscal years beginning in 2020 and 2021. During fiscal 2022, the Company utilized $4.2 million of $5.5 million California NOLs and used the remaining $1.3 million of California NOLs in fiscal 2024. The Company also has NOLs in other states, expiring as follows:

Fiscal Year ended (in million)	California NOLs	Other State NOLs
September 30, 2029 through September 30, 2036	$ ---	$ .1
September 30, 2037	---	.1
September 30, 2038	---	.2
September 30, 2039	---	.1
No expiration	---	2.1
Total	$ ---	$ 2.7

4. DEBTS AND COMMITMENTS

During fiscal 2013, the Company borrowed from its investment margin account the aggregate purchase price of $ 29.5 million for two acquisitions, in each case pledging its marketable securities as collateral. In addition, there were subsequent borrowings of $45.5 million to purchase additional marketable securities bringing the margin loan balance up to $75 million during fiscal 2023. In March 2024, the Company sold a portion of its marketable securities for approximately $40.6 million and used these proceeds and excess cash from operations to pay down the margin loan balance to $ 27.5 million at September 30, 2024.

The interest rate for these investment margin account borrowings fluctuates based on the Federal Funds Rate plus 50 basis points with interest only payable monthly. The interest rate as of September 30, 2024 was 5.5% after the first cut of 50 basis points to the central bank's key interest rate by Federal Reserve since 2020. The Federal Reserve may continue to reduce the rate in the near future. These investment margin account borrowings do not mature.

In November 2015, the Company purchased a 30,700 square foot office building constructed in 1998 on about 3.6 acres in Logan, Utah that had been previously leased for Journal Technologies. The Company paid $1.24 million and financed the balance with a real estate bank loan of $ 2.26 million which had a fixed interest rate of 4.66%. This loan is secured by the Logan facility and can be paid off at any time without prepayment penalty. In October 2020, the Company executed an amendment to lower the interest rate of this loan to a fixed rate of 3.33% for the remaining 10 years. This real estate loan had a balance of approximately $1.12 million as of September 30, 2024. Each monthly installment payment is approximately $ 16,700.

The Company also owns its facilities in Los Angeles and leases space for its other offices under operating leases which expire at various dates through October 2025.

The Company is responsible for a portion of maintenance, insurance and property tax expenses relating to the leased properties. Rental expenses, inclusive of these expenses, for fiscal years 2024 and 2023 were $303,000 and $289,000, respectively.

Effective January 1, 2023, the Company began sponsoring a 401(k) retirement plan and a 409(A) non-qualified deferred compensation plan for its employees. The 401(k) retirement plan is a defined contribution plan available to employees meeting minimum service requirements. Eligible employees can contribute up to 100% of their current compensation to the plan subject to certain statutory limitations. The Company matches 50% of the 401(k) contribution up to 4% of total compensation. Contributions to the retirement plan were $ 610,000 and $363,000 for fiscal 2024 and 2023, respectively. As of September 30, 2024, there were deferred compensation liabilities of approximately $784,000 of which $748,000 were held under a trust account for the 409(A) plan.

The following table represents the Company's future obligations:

	Payments due by Fiscal Year (000)						
	2025	2026	2027	2028	2029	2030 and after	Total
Real estate loan	$ 164,000	$ 169,000	$ 175,000	$ 181,000	$ 187,000	$ 244,000	$ 1,120,000
Obligations under operating leases	89,000	37,000	---	---	---	---	126,000
Non-qualified deferred compensation 409(A) plan	---	784,000	---	---	---	---	784,000
Long-term accrued liabilities*	---	1,742,000	805,000	508,000	333,000	347,000	3,735,000
	$ 253,000	$ 2,732,000	$ 980,000	$ 689,000	$ 520,000	$ 591,000	$ 5,765,000

* The long-term accrued liabilities for the Management Incentive Plan are discounted to the present value using a discount rate of 6%.

5. CONTINGENCIES

From time to time, the Company is subject to litigation arising in the normal course of its business. While it is not possible to predict the results of such litigation, management does not believe the ultimate outcome of these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

6. REPORTABLE SEGMENTS

An operating segment is defined as a component of an enterprise which has discrete financial information that is evaluated regularly by the Company's Chief Executive Officer to decide how to allocate resources and to assess performance.

In accordance with ASC 280-10, *Segment Reporting*, the Company has two segments of business. The Company's reportable segments are: (i) the Traditional Business and (ii) Journal Technologies which includes Journal Technologies, Inc. and Journal Technologies (Canada) Inc. All inter-segment transactions were eliminated.

Additional detail about each of the reportable segments and its corporate income and expenses is set forth below:

Overall Financial Results (000)
For the twelve months ended September 30

	Reportable Segments							
	Traditional Business		Journal Technologies		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Advertising	$ 9,325	$ 8,955	$ ---	$ ---	$ ---	$ ---	$ 9,325	$ 8,955
Circulation	4,462	4,403	---	---	---	---	4,462	4,403
Advertising service fees and other	3,039	2,895	---	---	---	---	3,039	2,895
Licensing and maintenance fees	---	---	28,265	23,503	---	---	28,265	23,503
Consulting fees	---	---	15,086	19,776	---	---	15,086	19,776
Other public service fees	---	---	9,754	8,177	---	---	9,754	8,177
Total operating revenues	16,826	16,253	53,105	51,456	---	---	69,931	67,709
Operating expenses								
Salaries and employee benefits	10,352	10,416	36,826	33,034	---	---	47,178	43,450
Stock-based compensation	30	---	172	---	---	---	202	---
(Decrease) increase to the long-term Supplemental compensation accrual	(495)	(470)	---	175	---	---	(495)	(295)
Others	5,360	4,626	13,616	13,276	---	---	18,976	17,902
Total operating expenses	15,247	14,572	50,614	46,485	---	---	65,861	61,057
Income from operations	1,579	1,681	2,491	4,971	---	---	4,070	6,652
Dividends and interest income	---	---	---	---	7,102	8,340	7,102	8,340
Interest expenses on note payable collateralized by real estate and other	---	---	---	---	(69)	(77)	(69)	(77)
Interest expense on margin loans	---	---	---	---	(3,018)	(4,255)	(3,018)	(4,255)
Gains on sales of capital assets	---	---	---	---	4	---	4	---
Net realized and unrealized gains on marketable securities	---	---	---	---	96,142	17,446	96,142	17,446
Net unrealized gains (losses) on non-qualified deferred compensation plan	---	---	---	---	47	(4)	47	(4)
Pretax income	1,579	1,681	2,491	4,971	100,208	21,450	104,278	28,102
Income tax expense	(395)	(520)	(735)	(1,450)	(25,035)	(4,680)	(26,165)	(6,650)
Net income	$ 1,184	$ 1,161	$ 1,756	$ 3,521	$ 75,173	$ 16,770	$ 78,113	$ 21,452
Total assets	$ 14,486	$ 18,744	$ 29,838	$ 33,100	$ 359,439	$ 303,016	$ 403,763	$ 354,860
Capital expenditures	$ 23	$ 70	$ 26	$ 16	---	---	$ 49	$ 86

During fiscal 2024 and 2023, the Traditional Business had total operating revenues of $ 16,826,000 and $16,253,000 of which $12,364,000 and $11,850,000, respectively, were recognized after services were provided while $ 4,462,000 and $4,403,000, respectively, were recognized ratably over the subscription terms. Total operating revenues for the Company's software business were $53,105,000 and $51,456,000, of which $25,112,000 and $28,209,000, respectively, were recognized upon completion of services while $ 27,993,000 and $23,247,000, respectively, were recognized ratably over the subscription periods.

7. SUBSEQUENT EVENTS

The Company has completed an evaluation of all subsequent events through the issuance date of these financial statements and concluded that no additional subsequent events occurred that required recognition in the financial statements or disclosures in the Notes to Consolidated Financial Statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including Steven Myhill-Jones, its Chief Executive Officer ("CEO") and Tu To, its Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2024. Based on that evaluation, management concluded that its disclosure controls and procedures were not effective as of September 30, 2024. There exist material weaknesses in the Company's internal control over financial reporting because the Company does not segregate duties to the extent it could if it had more people and the Company does not have sufficient controls to support an effective management assessment of internal control over financial reporting.

At the request of the Board of Directors, in fiscal 2024 the Company engaged a third-party to help assess opportunities to address concerns and formulate a strategy to mitigate material weaknesses. Based on recommendations in the final report from July 2024, we have begun a process intended to rectify these material weaknesses in its internal control over financial reporting in fiscal 2025.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting has been designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of the Company's consolidated financial statements. All internal controls, no matter how well designed, have inherent limitations, and sometimes they can have one or more material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Each year, management is required by SEC rules to evaluate the effectiveness of the Company's internal control over financial reporting. If management identifies any material weaknesses in the course of the evaluation, the rules do not allow us to conclude that our internal control over financial reporting is effective. That evaluation is conducted under the supervision and with the participation of Steven Myhill-Jones and Tu To, and is based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on the evaluation under that framework and applicable SEC rules, management has identified the following deficiencies that constitute material weaknesses in the Company's internal control over financial reporting:

Segregation of duties: As a small company, we have one long-time knowledgeable manager overseeing both our advertising and subscription departments, eight experienced employees in the accounting department and three in the IT department. Accordingly, we are not able to segregate duties to the extent we could if we had more people. Although the Company has remediated some of the issues associated with administrative access to specific systems, these steps have not fully remediated the control issue.

Insufficient Accounting Resources: The Company does not have an internal audit group due to the small size of its accounting department, and we have not sufficiently designed controls that support an effective assessment of our internal controls relating to the prevention of fraud and possible management override of controls.

Recognizing our deficiencies, we use mitigating controls, including a variety of internal procedures to check and double-check the areas where one person is responsible for multiple duties. Among other things, the Company's monitoring activities include monthly review and comparative analysis of financial, production and public information with prior periods by the Company's department supervisors, the CEO, the CFO and the Board of Directors. We will continue to review our compensating controls and procedures in our efforts to mitigate or remediate the above-mentioned material weaknesses.

In addition, we believe our most important internal control is our hiring and retention of honest and capable people, whom we trust to do their jobs well.

In the context of the COSO 2013 Framework, however, we believe that the above-mentioned control deficiencies constitute material weaknesses, and therefore we must conclude that our internal control over financial reporting was not effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

Except as described above under Management's Report on Internal Control over Financial Reporting, there were no other changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. (At the request of the Board of Directors, in fiscal 2024 the Company engaged a third-party to help assess opportunities to address concerns and formulate a strategy to mitigate material weaknesses. Based on recommendations in the final report from July 2024, we have begun a process intended to rectify these material weaknesses in its internal control over financial reporting in fiscal 2025.)

Item 9B. Other Information

(a) None.

(b) The Company has not adopted a Rule 10b5-1 trading arrangement, and no directors or executive officers of the Company adopted or terminated a Rule 10b5-1 trading arrangement or a non Rule 10b5-1 trading arrangement during the fourth quarter of 2024.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information set forth in the tables, the notes thereto, and the paragraphs under the captions “Election of Directors”, “Corporate Governance” and “Delinquent Section 16(a) Reports” in the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held in February 2025 (the “Proxy Statement”), which Proxy Statement will be filed with the SEC within 120 days after September 30, 2024, is incorporated herein by reference.

The Company has adopted a Code of Ethics that applies to all directors, officers and employees of the Company, including the Chief Executive Officer and Chief Financial Officer. The Company’s Code of Ethics was filed as Exhibit 14 to the fiscal 2020 Form 10-K.

Item 11. Executive Compensation

The information set forth under the captions “Executive Compensation” and “Corporate Governance” in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth under the caption “Corporate Governance” in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information set forth under the caption “Other Matters Regarding Independent Registered Public Accounting Firm” in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this Report:

(1)	Consolidated Financial Statements:
	Report of Independent Registered Public Accounting Firm (PCAOB ID 23)
	Consolidated Balance Sheets at September 30, 2024 and 2023
	Consolidated Statements of Comprehensive Income for the years ended September 30, 2024 and 2023
	Consolidated Statements of Shareholders' Equity for the years ended September 30, 2024 and 2023
	Consolidated Statements of Cash Flows for the years ended September 30, 2024 and 2023
	Notes to Consolidated Financial Statements
(2)	Exhibits
3.1	Articles of Incorporation of Daily Journal Corporation, as amended (*)
3.2	Amended and Restated Bylaws of Daily Journal Corporation (*)
4.1	Description of Common Stock of Daily Journal Corporation (~)
10.1	Form of Non-Negotiable Certificate Representing an Employee Participant Interest in the Daily Journal Corporation ("DJC") Plan for Supplemental Compensation to an Employee as long as that Employee Remains Employed by DJC or one of its Subsidiaries, Based on Pre-tax Earnings of DJC and its Subsidiaries on a Consolidated Basis (~) (‡)
10.2	Daily Journal Corporation 2024 Equity Incentive Plan
10.3	Form of Restricted Stock Unit Award under the Daily Journal Corporation 2024 Equity Incentive Plan
10.4	Form of Fully Vested Stock Grant Award under the Daily Journal Corporation 2024 Equity Incentive Plan
14	Daily Journal Corporation Code of Ethics (*)
21	Daily Journal Corporation's List of Subsidiaries
31	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications by Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Daily Journal Corporation Policy Regarding Erroneously Awarded Compensation
101.INS	Inline XBRL Instance
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101)
(*)	Filed as an Exhibit to the Company's 2020 Annual Report on Form 10-K, field with the Securities and Exchange Commission on December 16, 2020
(~)	Filed as an Exhibit to the Company's 2019 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on December 12, 2019
(‡)	Management Compensatory Plan

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAILY JOURNAL CORPORATION

By /s/ Steven Myhill-Jones
Chairman of the Board and
Chief Executive Office

Date: December 30, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Steven Myhill-Jones Steven Myhill-Jones	Chairman of the Board and Chief Executive Officer	December 30, 2024
/s/ Tu To Tu To	Chief Financial Officer, (Principal Financial Officer and Principal Accounting Officer)	December 30, 2024
/s/ Mary Conlin Mary Conlin	Director	December 30, 2024
/s/ John Frank John Frank	Director	December 30, 2024
/s/ Rasool Rayani Rasool Rayani	Director	December 30, 2024

Exhibit 10.3

NOTICE OF RESTRICTED STOCK UNIT AWARD

DAILY JOURNAL CORPORATION
2024 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, capitalized terms used in this Notice of Fully Vested Stock Award (this " ***Notice of Grant***") shall have the same meanings ascribed to them in the Daily Journal Corporation 2024 Equity Incentive Plan (the "***Plan***").

The Participant named below has been granted an award of restricted stock units (" ***RSUs***"), subject to the terms and conditions set forth in the Plan, this Notice of Grant and the Restricted Stock Unit Agreement (including the Country Appendix) attached hereto as Annex A (the " ***RSU Agreement***"). Each RSU represents the right to receive one share of Common Stock (a " ***Share***"). The RSUs shall be credited to a separate book-entry account maintained for the Participant on the books of the Company.

Participant Name: Steven Myhill-Jones

Address: 628 Transit Road, Victoria BC, Canada V8S 4Z5

Total Number of RSUs: 400

Grant Date: July 25, 2024

Vesting Commencement Date: July 25, 2024

Vesting: The RSUs shall become fifty percent (50%) vested on each of the first two anniversaries of the Vesting Commencement Date (each such date, a "Vesting Date"); provided that the Participant remains in Continuous Service through each such Vesting Date.

Settlement: Except as otherwise provided herein, each vested RSU shall be settled in Shares as soon as practicable following the applicable Vesting Date, but in all cases no case later than March 15 of the calendar year following the applicable Vesting Date.

Termination of Service:

If, prior to the final Vesting Date, the Participant's Continuous Service terminates for any reason other than a termination by the Company without Cause, then all unvested RSUs shall be cancelled immediately after such termination and the Participant shall not be entitled to receive any payments with respect thereto. If Participant's Continuous Service terminates prior to the final Vesting Date due to a termination by the Company without Cause, then the vesting of all unvested RSUs shall accelerate as of the date of such termination.

Term: The term of this RSU award is 10 years from the Grant Date.

No Dividends: The Participant's account shall not be credited with any Dividend Equivalents with respect to the RSUs.

Miscellaneous:

The Participant understands that the RSUs are subject to the terms and conditions of both the Plan and the RSU Agreement, each of which are incorporated herein by reference. The participant has received and has had an opportunity to review the Plan and the RSU Agreement and agrees to be bound by all the terms and provisions of this Notice of Grant, the Plan and the RSU Agreement.

By the Participant's acceptance hereof (whether written, electronic or otherwise), the Participant agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents the Company, or any third party involved in administering the Plan which the Company may designate, delivers in connection with this grant (including the Plan, the RSU Agreement, this Notice of Grant, account statements, prospectuses, prospectus supplements, annual and quarterly reports, and all other communications and information) whether via the Company's intranet or the internet site of such third party or via email, or such other means of electronic delivery specified by the Company.

If the Participant wishes to reject this award, the Participant must so notify the Company's stock plan administrator in writing to tu_to@dailyjournal.com no later than sixty (60) days after the Grant Date. If within such sixty (60) day period the Participant neither affirmatively accepts nor affirmatively rejects this award, the Participant will be deemed to have accepted this award at the end of such sixty (60) day period pursuant to the terms and conditions set forth in this Notice of Grant, the RSU Agreement, and the Plan.

PARTICIPANT	**DAILY JOURNAL CORPORATION**
/s/ Steven Myhill-Jones	By: /s/ Tu To
Steven Myhill-Jones	Name: Tu To
	Title: Chief Financial Officer
26 July 2024 | 17:47:23 BST	26 July 2024 | 14:09:25 PDT
Date	Date

ANNEX A

RESTRICTED STOCK UNIT AGREEMENT

DAILY JOURNAL CORPORATION
2024 EQUITY INCENTIVE PLAN

The Participant has been granted restricted stock units ("***RSUs***"), subject to the terms, restrictions and conditions of the Daily Journal Corporation 2024 Equity Incentive Plan, as amended from time to time (the "***Plan***"), the Notice of Restricted Stock Unit Award (the "***Notice of Grant***") and this Restricted Stock Unit Agreement, including the Country Appendix (this "***Agreement***"). Unless otherwise defined herein, capitalized terms used in this Agreement shall have the same meanings given to them in the Plan.

Taxes.

Responsibility for Taxes. The Participant acknowledges that, regardless of any action taken by the Company or, if different and applicable, his or her employer (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable or deemed applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs or the underlying Shares, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends and/or Dividend Equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, he or she acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

Tax Withholding. In this regard, the Participant authorizes the Company, the Employer and its Affiliates, or their respective agents, at their discretion, to satisfy any applicable withholding obligations or rights with respect to all Tax-Related Items by one or a combination of the following:

withholding from the Participant's wages or other cash compensation payable to the Participant by the Company or its Affiliates;

withholding Shares that otherwise would be issued to the Participant when the Participant's RSUs are settled;

withholding from proceeds of the sale of Shares, through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent);

requiring the Participant to make a payment in cash or by check;

any other method of withholding approved by the Company and to the extent required by Applicable Laws or the Plan, approved by the Administrator; or

under such rules as may be established by the Administrator and in compliance with the Company's code of ethics, if applicable; provided, however, that, unless otherwise determined by the Administrator, if the Participant is a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be through a withholding of Shares under (ii) above.

The Company may withhold or account for Tax-Related Items by considering minimum statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate for the Participant's jurisdiction(s). If the maximum applicable rate for the Participant's jurisdiction(s) is used in connection with the withholding methods described in (ii) or (iii) above, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the withholding obligation for Tax-Related Items is satisfied by withholding in Shares as described in (ii) above, for tax purposes, the Participant will be deemed to have received the full number of Shares, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the Tax-Related Items.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

Rights as a Stockholder.

The Participant shall not be deemed for any purpose, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares underlying the RSUs unless, until and to the extent that (a) the Company shall have issued and delivered to the Participant the Shares underlying the vested RSUs and (b) the Participant's name shall have been entered as a stockholder of record with respect to such Shares on the books of the Company. The Company shall cause the actions described in clauses (a) and (b) of the preceding sentence to occur promptly following settlement as contemplated by this Agreement, subject to compliance with Applicable Laws.

Incorporation by Reference, Etc.

The provisions of the Plan and the Notice of Grant are hereby incorporated herein by reference. Except as otherwise expressly set forth herein or in the Notice of Grant, this Agreement and the Notice of Grant shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Administrator from time to time pursuant to the Plan. The Administrator shall have final authority to interpret and construe the Plan, the Notice of Grant and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his or her legal representative in respect of any questions arising under the Plan or this Agreement. Without limiting the foregoing, the Participant acknowledges that the RSUs and any Shares acquired upon settlement of the RSUs are subject to provisions of the Plan under which, in certain circumstances, an adjustment may be made to the number of the RSUs and any Shares acquired upon settlement of the RSUs.

Compliance with Applicable Laws.

The granting and settlement of the RSUs, and any other obligations of the Company under this Agreement, shall be subject to all Applicable Laws. The Administrator shall have the right to impose such restrictions on the RSUs as it deems reasonably necessary or advisable under applicable Federal or non-U.S. securities laws, the rules and regulations of any stock exchange or market upon which Shares are then listed or traded, and/or any blue sky, state securities or non-U.S. exchange control or other laws applicable to such Shares. It is expressly understood that the Administrator is authorized to administer, construe and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant. The Participant agrees to take all steps the Administrator or the Company determines are reasonably necessary to comply with all Applicable Laws in exercising his or her rights under this Agreement.

Nature of Grant. By accepting the RSUs and participating in the Plan, the Participant acknowledges, understands and agrees that:

- the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

- the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

- all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

- the RSUs grant and the Participant's participation in the Plan shall not create a right to an employment or other service relationship with the Company or any right to Continuous Service;

- the Participant is voluntarily participating in the Plan;

- unless otherwise agreed with the Company in writing, the Shares, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

- the RSUs and the Shares subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

- the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty; and

- no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of the Participant's Continuous Service or pursuant to Section 6 of this Agreement.

Clawback.

The RSUs and/or the Shares acquired upon settlement of the RSUs shall be subject (including on a retroactive basis) to clawback, recoupment, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement) to the extent required by the Company's Clawback Policy or Applicable Laws (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

Miscellaneous.

Transferability. The RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "***Transfer***") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under the Plan. Any attempted Transfer of the RSUs contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the RSUs, shall be null and void and without effect.

Amendment. The Administrator at any time, and from time to time, may amend the terms of this Agreement; provided, however, that the rights of the Participant shall not be materially adversely affected without the Participant's written consent.

Waiver. Any right of the Company or its Affiliates contained in this Agreement may be waived in writing by the Administrator. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

Section 409A. The RSUs are intended to be exempt from, or compliant with, Section 409A of the Code and shall be interpreted accordingly. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Administrator may, in its sole reasonable discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 7(d) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the RSUs or the Shares underlying the RSUs will not be subject to interest and penalties under Section 409A of the Code. Notwithstanding anything to the contrary in the Plan or this Agreement, to the extent that the Participant is a "specified employee" (within the meaning of the Company's established methodology for determining "specified employees" for purposes of Section 409A of the Code), payment or distribution of any amounts with respect to the RSUs that are subject to Section 409A of the Code will be made as soon as practicable following the first business day of the seventh month following the Participant's "separation from service" (within the meaning of Section 409A of the Code) from the Company and its Affiliates, or, if earlier, the date of the Participant's death.

General Assets. All amounts credited in respect of the RSUs to the book-entry account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in such account shall make the Participant only a general, unsecured creditor of the Company.

Notices. All notices, requests, consents and other communications to be given hereunder to any party shall be deemed to be sufficient if contained in a written instrument and shall be deemed to have been duly given when delivered in person, by nationally recognized overnight courier, or by first-class registered or certified mail, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addresser:

- if to the Company, to:

  Daily Journal Corporation
  915 East First Street
  Los Angeles, CA 90012

  Attention: Chief Financial Officer

- if to the Participant, to the Participant's home address on file with the Company. Notices may also be delivered to the Participant through the Company's e-mail system, at any time he or she is employed by or providing services to the Company or any of its Affiliates.

All such notices, requests, consents and other communications shall be deemed to have been delivered in the case of personal delivery, on the date of such delivery, in the case of nationally recognized overnight courier, on the next business day, and in the case of mailing, on the third business day following such mailing if sent by certified mail, return receipt requested. Notices delivered to the Participant through the Company's e-mail system shall be deemed to have been delivered when sent to the Participant's Company e-mail address.

Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Insider Trading/Market Abuse. The Participant acknowledges that, depending on the applicable jurisdictions, including the United States and the Participant's jurisdiction, the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect his or her ability to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares (*e.g.*, phantom awards, futures, Dividend Equivalents) during such times as the Participant is considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow Service Providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's code of ethics.

Fractional Shares. In lieu of issuing a fraction of a Share, if applicable, the Company shall be entitled to pay to the Participant an amount equal to the Fair Market Value of such fractional share.

Beneficiary. To the extent permitted by the Administrator, the Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no beneficiary is designated (or permitted to be designated), if the designation is ineffective, or if the beneficiary dies before the balance of the Participant's benefit is paid, the balance shall be paid to the Participant's estate. Notwithstanding the foregoing, however, the Participant's beneficiary shall be determined under applicable state (or other) law if such state (or other) law does not recognize beneficiary designations under Awards of this type and is not preempted by laws which recognize the provisions of this Section 7(l).

Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company or any of its Affiliates and their successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

Limitation of Liability. The Participant agrees that any liability of the officers, the Committee, the Board and the Administrator to the Participant under this Agreement shall be limited to those actions or failure to take actions which constitute self-dealing, willful misconduct or recklessness.

Governing Law; Waiver of Jury Trial. This Agreement will be governed by, and construed in accordance with, the laws of the State of South Carolina, as such laws are applied to contracts entered into and performed in such State. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE PLAN OR THIS AGREEMENT.

Signature and Acceptance . This Agreement shall be deemed to have been accepted and signed by the Participant and the Company as of the Grant Date upon the Participant's acceptance of the Notice of Grant (including online acceptance or deemed acceptance as set forth in the Notice of Grant).

Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

COUNTRY ADDENDUM TO

RESTRICTED STOCK UNIT AGREEMENT

The Company has granted to the Participant RSUs pursuant to the Plan. The award is subject to the terms and conditions set forth in the RSU Agreement and the additional provisions set forth herein (this "***Country Addendum***"). All capitalized terms not defined in this Country Addendum shall have the meanings ascribed to them in the Plan or the RSU Agreement, as applicable. For purposes of this Country Addendum, "***Employer***" means, to the extent Participant is not directly employed by the Company, the subsidiary or affiliate of the Company that employs Participant on the applicable date.

Additional Terms and Conditions

This Country Addendum includes additional terms and conditions that govern the award granted to Participant under the Plan if Participant is employed and/or resides in one of the countries listed herein. These terms and conditions are in addition to, or, if so indicated, in place of the terms and conditions set forth in the RSU Agreement. If Participant is a citizen or resident of a country other than the one in which Participant is working and/or residing on the grant date of the award, transfers to another country after the award is granted, or is considered a resident of another country for local law purposes, the Company may determine, in its discretion, the extent to which the terms and conditions contained herein will apply to Participant and the RSUs.

Notifications

This Country Addendum also includes important information regarding certain other issues of which Participant should be aware with respect to participation in the Plan. **The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 1, 2024.** Such laws are often complex and change frequently. As a result, Participant should not rely on the information in this Country Addendum as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Participant vests in the RSUs, acquires Shares or sells Shares acquired under the Plan. In addition, the information contained in this Country Addendum is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Participant should seek appropriate professional advice as to how the applicable laws in Participant's country may apply to Participant's situation. Finally, if Participant is a citizen or resident of a country other than in which Participant is currently working and/or residing, transfers to another country after the RSUs have been granted, or is considered a resident of another country for local law purposes, the information in this Country Addendum may not apply to Participant in the same manner.

CANADA

Additional Terms and Conditions

Settlement of Award. Notwithstanding anything in the RSU Agreement or any discretion retained in the Plan to the contrary, the RSUs shall be settled in Shares only (and shall not be settled in cash).

Termination of Service.

The following provision supplements the section “Termination of Service” included in the Notice of Grant:

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant’s Continuous Service (and right to vest in the RSUs under the Plan, if any), will terminate effective as of the last day of Participant’s minimum statutory notice period, but Participant will not earn or be entitled to a pro-rata vesting if the vesting date falls after the end of the statutory notice period, nor will Participant be entitled to any compensation for lost vesting.

Data Privacy Consent.

Participant hereby authorizes the Company and the Company’s representatives to discuss and obtain all relevant information regarding Participant’s RSUs and Participant’s participation in the Plan from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes the Company, the Company’s subsidiaries and affiliates, the administrator of the Plan and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to disclose and discuss the Plan and Participant’s participation in the Plan with their advisors. Participant further authorizes the Company and the Company’s subsidiaries and affiliates to record information regarding Participant’s award and Participant’s participation in the Plan and to keep such information in Participant’s file. Participant acknowledges and agree that Participant’s personal information, including any sensitive personal information, may be transferred or disclosed outside of Canada, including to the U.S. If applicable, Participant also acknowledges and authorizes the Company, the Company’s subsidiaries and affiliates, the administrator of the Plan and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on Participant or the administration of the Plan.

Notifications

Securities Law Information. Subject to other any Company requirement or any agreement between the Company and Participant, Participant is permitted to sell Shares acquired upon the vesting and settlement of the RSUs through the designated broker appointed under the Plan, if any, provided, that in all cases, any resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Stock Market.

Foreign Asset/Account Reporting Information. Specified foreign property, including the RSUs, Shares acquired under the Plan, and other rights to receive shares of a non-Canadian company held by a Canadian resident generally must be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C$100,000 at any time during the year. Thus, the unvested portion of the award must be reported – generally at a nil cost – if the C$100,000 cost threshold is exceeded because Participant holds other specified foreign property. When Shares are acquired, their cost generally is the adjusted cost base ("***ACB***") of the Shares. The ACB ordinarily will equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares, the ACB may need to be averaged with the ACB of the other Shares. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

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Exhibit 10.4

NOTICE OF FULLY VESTED STOCK AWARD

DAILY JOURNAL CORPORATION
2024 EQUITY INCENTIVE PLAN

Unless otherwise defined herein, capitalized terms used in this Notice of Fully Vested Stock Award (this " ***Notice of Grant***") shall have the same meanings ascribed to them in the Daily Journal Corporation 2024 Equity Incentive Plan (the "***Plan***").

The Participant named below has been granted an award of shares of Common Stock (" ***Shares***"), subject to the terms and conditions set forth in the Plan, this Notice of Grant and the Fully Vested Stock Agreement (including the Country Appendix) attached hereto as Annex A (the " ***Award Agreement***").

Participant Name: Steven Myhill-Jones

Address: 628 Transit Road, Victoria BC, Canada V8S 4Z5

Total Number of Shares: 400

Grant Date: July 25, 2024

Vesting: The Shares granted pursuant to the Award Agreement are fully vested.

Miscellaneous:

The Participant understands that the Shares are subject to the terms and conditions of both the Plan and the Award Agreement, each of which are incorporated herein by reference. The Participant has received and has had an opportunity to review the Plan and the Award Agreement and agrees to be bound by all the terms and provisions of this Notice of Grant, the Plan and the Award Agreement.

By the Participant's acceptance hereof (whether written, electronic or otherwise), the Participant agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents the Company, or any third party involved in administering the Plan which the Company may designate, delivers in connection with this grant (including the Plan, the Award Agreement, this Notice of Grant, account statements, prospectuses, prospectus supplements, annual and quarterly reports, and all other communications and information) whether via the Company's intranet or the internet site of such third party or via email, or such other means of electronic delivery specified by the Company.

[Continued on Next Page]

If the Participant wishes to reject this award, the Participant must so notify the Company's stock plan administrator in writing to tu_to@dailyjournal.com no later than sixty (60) days after the Grant Date. If within such sixty (60) day period the Participant neither affirmatively accepts nor affirmatively rejects this award, the Participant will be deemed to have accepted this award at the end of such sixty (60) day period pursuant to the terms and conditions set forth in this Notice of Grant, the Award Agreement, and the Plan.

PARTICIPANT

/s/ Steven Myhill-Jones
Steven Myhill-Jones

26 July 2024 | 17:47:23 BST
Date

DAILY JOURNAL CORPORATION

By: /s/ Tu To
Name: Tu To
Title: Chief Financial Officer

26 July 2024 | 14:09:25 PDT
Date

ANNEX A

FULLY VESTED STOCK AGREEMENT

DAILY JOURNAL CORPORATION
2024 EQUITY INCENTIVE PLAN

The Participant has been shares of Common Stock (" ***Shares***"), subject to the terms, restrictions and conditions of the Daily Journal Corporation 2024 Equity Incentive Plan, as amended from time to time (the "***Plan***"), the Notice of Fully Vested Stock Award (the " ***Notice of Grant***") and this Full Vested Stock Agreement, including the Country Appendix (this " ***Agreement***"). Unless otherwise defined herein, capitalized terms used in this Agreement shall have the same meanings given to them in the Plan.

1. Taxes.

(a) Responsibility for Taxes. The Participant acknowledges that, regardless of any action taken by the Company or, if different and applicable, his or her employer (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable or deemed applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Shares granted herein, the subsequent sale of Shares acquired pursuant to this Agreement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Shares to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, he or she acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to receipt of the Shares granted pursuant to this Agreement, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

(b) Tax Withholding. In this regard, the Participant authorizes the Company, the Employer and its Affiliates, or their respective agents, at their discretion, to satisfy any applicable withholding obligations or rights with respect to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant's wages or other cash compensation payable to the Participant by the Company or its Affiliates;

(ii) withholding Shares that otherwise would be issued to the Participant pursuant to this Agreement;

(iii) withholding from proceeds of the sale of Shares, through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent);

(iv) requiring the Participant to make a payment in cash or by check;

(v) any other method of withholding approved by the Company and to the extent required by Applicable Laws or the Plan, approved by the Administrator; or

(vi) under such rules as may be established by the Administrator and in compliance with the Company's code of ethics, if applicable; provided, however, that, unless otherwise determined by the Administrator, if the Participant is a Section 16 officer of the Company under the Exchange Act, then the method of withholding shall be through a withholding of Shares under (ii) above.

The Company may withhold or account for Tax-Related Items by considering minimum statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate for the Participant's jurisdiction(s). If the maximum applicable rate for the Participant's jurisdiction(s) is used in connection with the withholding methods described in (ii) or (iii) above, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the withholding obligation for Tax-Related Items is satisfied by withholding in Shares as described in (ii) above, for tax purposes, the Participant will be deemed to have received the full number of Shares, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the Tax-Related Items.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. Rights as a Stockholder.

The Participant shall have the rights and privileges of a stockholder of the Company upon issuance and delivery of the Shares to the Participant's account and entry as a stockholder of record with respect to such Shares on the books of the Company. The Company shall cause the actions described in the preceding sentence to occur promptly following the Grant Date as contemplated by this Agreement, subject to compliance with Applicable Laws.

3. Incorporation by Reference, Etc.

The provisions of the Plan and the Notice of Grant are hereby incorporated herein by reference. Except as otherwise expressly set forth herein or in the Notice of Grant, this Agreement and the Notice of Grant shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Administrator from time to time pursuant to the Plan. The Administrator shall have final authority to interpret and construe the Plan, the Notice of Grant and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his or her legal representative in respect of any questions arising under the Plan or this Agreement. Without limiting the foregoing, the Participant acknowledges that the Shares acquired in connection with this Agreement are subject to provisions of the Plan.

4. Compliance with Applicable Laws.

The granting of the Shares, and any other obligations of the Company under this Agreement, shall be subject to all Applicable Laws. The Administrator shall have the right to impose such restrictions on the Shares as it deems reasonably necessary or advisable under applicable Federal or non-U.S. securities laws, the rules and regulations of any stock exchange or market upon which Shares are then listed or traded, and/or any blue sky, state securities or non-U.S. exchange control or other laws applicable to such Shares. It is expressly understood that the Administrator is authorized to administer, construe and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant. The Participant agrees to take all steps the Administrator or the Company determines are reasonably necessary to comply with all Applicable Laws in exercising his or her rights under this Agreement.

5. Nature of Grant. By accepting the Shares and participating in the Plan, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Shares is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Shares, or benefits in lieu of Shares, even if Shares have been granted in the past;

(c) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;

(d) the Share grant and the Participant's participation in the Plan shall not create a right to an employment or other service relationship with the Company or any right to Continuous Service;

(e) the Participant is voluntarily participating in the Plan;

(f) unless otherwise agreed with the Company in writing, the Shares, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

(g) the Shares, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments; and

(h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty.

6. Clawback.

The Shares acquired pursuant to this Agreement shall be subject (including on a retroactive basis) to clawback, recoupment, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement) to the extent required by the Company's Clawback Policy or Applicable Laws (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

7. Miscellaneous.

(a) Amendment. The Administrator at any time, and from time to time, may amend the terms of this Agreement; provided, however, that the rights of the Participant shall not be materially adversely affected without the Participant's written consent.

(b) Waiver. Any right of the Company or its Affiliates contained in this Agreement may be waived in writing by the Administrator. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(c) Section 409A. The grant of Shares are intended to be exempt from, or compliant with, Section 409A of the Code and shall be interpreted accordingly. Notwithstanding the foregoing or any provision of the Plan or this Agreement, if any provision of the Plan or this Agreement contravenes Section 409A of the Code or could cause the Participant to incur any tax, interest or penalties under Section 409A of the Code, the Administrator may, in its sole reasonable discretion and without the Participant's consent, modify such provision to (i) comply with, or avoid being subject to, Section 409A of the Code, or to avoid the incurrence of taxes, interest and penalties under Section 409A of the Code, and (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A of the Code. This Section 7(c) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the Shares will not be subject to interest and penalties under Section 409A of the Code. Notwithstanding anything to the contrary in the Plan or this Agreement, to the extent that the Participant is a "specified employee" (within the meaning of the Company's established methodology for determining "specified employees" for purposes of Section 409A of the Code), payment or distribution of any amounts with respect to the Shares that are subject to Section 409A of the Code will be made as soon as practicable following the first business day of the seventh month following the Participant's "separation from service" (within the meaning of Section 409A of the Code) from the Company and its Affiliates, or, if earlier, the date of the Participant's death.

(d) Notices. All notices, requests, consents and other communications to be given hereunder to any party shall be deemed to be sufficient if contained in a written instrument and shall be deemed to have been duly given when delivered in person, by nationally recognized overnight courier, or by first-class registered or certified mail, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addresser:

(i) if to the Company, to:

Daily Journal Corporation
915 East First Street
Los Angeles, CA 90012

Attention: Chief Financial Officer

(ii) if to the Participant, to the Participant's home address on file with the Company. Notices may also be delivered to the Participant through the Company's e-mail system, at any time he or she is employed by or providing services to the Company or any of its Affiliates.

All such notices, requests, consents and other communications shall be deemed to have been delivered in the case of personal delivery, on the date of such delivery, in the case of nationally recognized overnight courier, on the next business day, and in the case of mailing, on the third business day following such mailing if sent by certified mail, return receipt requested. Notices delivered to the Participant through the Company's e-mail system shall be deemed to have been delivered when sent to the Participant's Company e-mail address.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(f) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

(g) Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(h) Insider Trading/Market Abuse. The Participant acknowledges that, depending on the applicable jurisdictions, including the United States and the Participant's jurisdiction, the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect his or her ability to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, restricted stock units) or rights linked to the value of Shares (*e.g.*, phantom awards, futures, dividend equivalents) during such times as the Participant is considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (a) disclosing the inside information to any third party and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow Service Providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's code of ethics.

(i) Fractional Shares. In lieu of issuing a fraction of a Share, if applicable, the Company shall be entitled to pay to the Participant an amount equal to the Fair Market Value of such fractional share.

(j) Beneficiary. To the extent permitted by the Administrator, the Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no beneficiary is designated (or permitted to be designated), if the designation is ineffective, or if the beneficiary dies before the balance of the Participant's benefit is paid, the balance shall be paid to the Participant's estate. Notwithstanding the foregoing, however, the Participant's beneficiary shall be determined under applicable state (or other) law if such state (or other) law does not recognize beneficiary designations under Awards of this type and is not preempted by laws which recognize the provisions of this Section 7(j).

(k) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company or any of its Affiliates and their successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(l) Limitation of Liability. The Participant agrees that any liability of the officers, the Committee, the Board and the Administrator to the Participant under this Agreement shall be limited to those actions or failure to take actions which constitute self-dealing, willful misconduct or recklessness.

(m) Governing Law; Waiver of Jury Trial. This Agreement will be governed by, and construed in accordance with, the laws of the State of South Carolina, as such laws are applied to contracts entered into and performed in such State. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE PLAN OR THIS AGREEMENT.

(n) Signature and Acceptance. This Agreement shall be deemed to have been accepted and signed by the Participant and the Company as of the Grant Date upon the Participant's acceptance of the Notice of Grant (including online acceptance or deemed acceptance as set forth in the Notice of Grant).

(o) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

COUNTRY ADDENDUM TO

RESTRICTED STOCK UNIT AGREEMENT

The Company has granted to the Participant the number of Shares pursuant to the Plan. The award is subject to the terms and conditions set forth in the Award Agreement and the additional provisions set forth herein (this "***Country Addendum***"). All capitalized terms not defined in this Country Addendum shall have the meanings ascribed to them in the Plan or the Award Agreement, as applicable. For purposes of this Country Addendum, "***Employer***" means, to the extent Participant is not directly employed by the Company, the subsidiary or affiliate of the Company that employs Participant on the applicable date.

Additional Terms and Conditions

This Country Addendum includes additional terms and conditions that govern the award granted to Participant under the Plan if Participant is employed and/or resides in one of the countries listed herein. These terms and conditions are in addition to, or, if so indicated, in place of the terms and conditions set forth in the Award Agreement. If Participant is a citizen or resident of a country other than the one in which Participant is working and/or residing on the grant date of the award, transfers to another country after the award is granted, or is considered a resident of another country for local law purposes, the Company may determine, in its discretion, the extent to which the terms and conditions contained herein will apply to Participant and the Shares.

Notifications

This Country Addendum also includes important information regarding certain other issues of which Participant should be aware with respect to participation in the Plan. **The information is based on the securities, exchange control and other laws in effect in the respective countries as of July 1, 2024.** Such laws are often complex and change frequently. As a result, Participant should not rely on the information in this Country Addendum as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time Participant sells Shares acquired under the Plan. In addition, the information contained in this Country Addendum is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Participant should seek appropriate professional advice as to how the applicable laws in Participant's country may apply to Participant's situation. Finally, if Participant is a citizen or resident of a country other than in which Participant is currently working and/or residing, transfers to another country after the Shares have been granted, or is considered a resident of another country for local law purposes, the information in this Country Addendum may not apply to Participant in the same manner.

CANADA

Additional Terms and Conditions

Data Privacy Consent.

Participant hereby authorizes the Company and the Company's representatives to discuss and obtain all relevant information regarding Participant's Shares and Participant's participation in the Plan from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes the Company, the Company's subsidiaries and affiliates, the administrator of the Plan and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to disclose and discuss the Plan and Participant's participation in the Plan with their advisors. Participant further authorizes the Company and the Company's subsidiaries and affiliates to record information regarding Participant's award and Participant's participation in the Plan and to keep such information in Participant's file. Participant acknowledges and agree that Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside of Canada, including to the U.S. If applicable, Participant also acknowledges and authorizes the Company, the Company's subsidiaries and affiliates, the administrator of the Plan and any third party brokers/administrators that are assisting the Company with the operation and administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on Participant or the administration of the Plan.

Notifications

Securities Law Information. Subject to other any Company requirement or any agreement between the Company and Participant, Participant is permitted to sell Shares acquired hereunder through the designated broker appointed under the Plan, if any, provided, that in all cases, any resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq market.

Foreign Asset/Account Reporting Information. Specified foreign property, including the Shares acquired under the Plan, and other rights to receive shares of a non-Canadian company held by a Canadian resident generally must be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C$100,000 at any time during the year. When Shares are acquired, their cost generally is the adjusted cost base ("***ACB***") of the Shares. The ACB ordinarily will equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares, the ACB may need to be averaged with the ACB of the other Shares. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

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Exhibit 21

As of September 30, 2024, Journal Technologies, Inc., a Utah Corporation, was a wholly-owned subsidiary of Daily Journal Corporation.

In addition, Journal Technologies (Canada) Inc, a British Columbia Corporation established on August 30, 2022, was also a wholly-owned subsidiary of Daily Journal Corporation at September 30, 2024.

Exhibit 31

CERTIFICATIONS BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Myhill-Jones, certify that:

1. I have reviewed this annual report on Form 10-K of Daily Journal Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 30, 2024

/s/ Steven Myhill-Jones
Steven Myhill-Jones
Chief Executive Officer
Chairman of the Board

CERTIFICATIONS BY CHIEF FINANCIAL OFFICIER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tu To, certify that:

1. I have reviewed this annual report on Form 10-K of Daily Journal Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 30, 2024

/s/ Tu To
Tu To
Chief Financial Officer

Exhibit 32

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Daily Journal Corporation (the "Company") for the fiscal year ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Myhill-Jones, Interim Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven Myhill-Jones
Steven Myhill-Jones
Chief Executive Officer
Chairman of the Board

December 30, 2024

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Daily Journal Corporation (the "Company") for the fiscal year ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tu To, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tu To
Tu To
Chief Financial Officer

December 30, 2024

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 97

DAILY JOURNAL CORPORATION POLICY FOR THE

RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

1. **Purpose**. The purpose of this Policy is to describe the circumstances in which Executive Officers will be required to repay or return Erroneously Awarded Compensation to Daily Journal Corporation (the "Company"). Each Executive Officer shall be required to sign and return to the Company the Acknowledgement attached hereto as Exhibit A.

2. **Administration**. This Policy shall be administered by the Board of Directors of the Company (the "Board"). The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determinations made by the Board shall be final and binding on all affected individuals.

3. **Application**. This Policy applies to Incentive-Based Compensation received by a person (a) after beginning services as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a listed class of securities on a national securities exchange; and (d) during the Clawback Period.

4. **Definitions**. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) "Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial restatements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) "Clawback Period" means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(c) "Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to The Nasdaq Stock Market ("***Nasdaq***").

(d) "Executive Officer" is an officer the Board designated as an executive officer under Section 16 of the Securities Exchange Act of 1934, as amended.

(e) "Financial Reporting Measures" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures.

(f) "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is "received" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

(g) "Restatement Date" means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the issuer is required to prepare an Accounting Restatement, or (ii) the date of court, regulator or other legally authorized body directs the issuer to prepare an Accounting Restatement.

5. **Repayment of Erroneously Awarded Compensation**.

(a) In the event of an Accounting Restatement, the Board shall promptly determine the amount of any Erroneously Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall promptly thereafter provide each Executive Officer with a written notice containing such amount and a demand for repayment or return, as applicable.

(b) The Board shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery.

(c) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company may take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to recover the Erroneously Awarded Compensation if the following conditions are met and the Board determines that recovery would be impracticable:

(i) The direct expenses paid to a third party to assist in enforcing the Policy against an Executive Officer would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously Awarded Compensation, documented such attempts and provided such documentation to Nasdaq; or

(ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

6. **Indemnification Prohibition**. The Company shall not be permitted to indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation.

7. **Effective Date**. This Policy shall be effective as of October 1, 2023 (the "Effective Date").

8. **Amendment**; **Termination**. The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities laws, SEC rule or the rules of any national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

9. **Other Recoupment Rights**; **No Additional Payments**. The Board intends that this Policy will be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

10. **Successors**. This Policy shall be binding and enforceable against all Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

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