

# Digital Information Technologies Corporation

---

**Financial Results for the First Quarter of  
the Fiscal Year Ending June 2022**  
(TSE1: 3916)

November 2021





**1. Financial Results for FY6/2022 1Q**

**2. Business Forecasts for FY6/2022**

**3. DIT Group's Vision for 2030 and  
New Mid-term Management Plan**

**4. Reference material**

# Financial Results for FY6/2022 1Q



# FY6/2022 1Q Overview of Financial Results (Performance)

- The performance remained firm as we steadily responded to the growing trend in software investment.
- While the business performance was favorable, the operating income margin was steady at 11.3%, down 0.6 ppt. from the previous fiscal year, as tax and dues in SG&A expenses, which had been reduced due to a refund in the previous fiscal year, returned to the normal level.

**Net sales: 3,716 million yen**

**(+8.3% YoY)**

**Operating income: 421 million yen**

**(+3.6% YoY)**

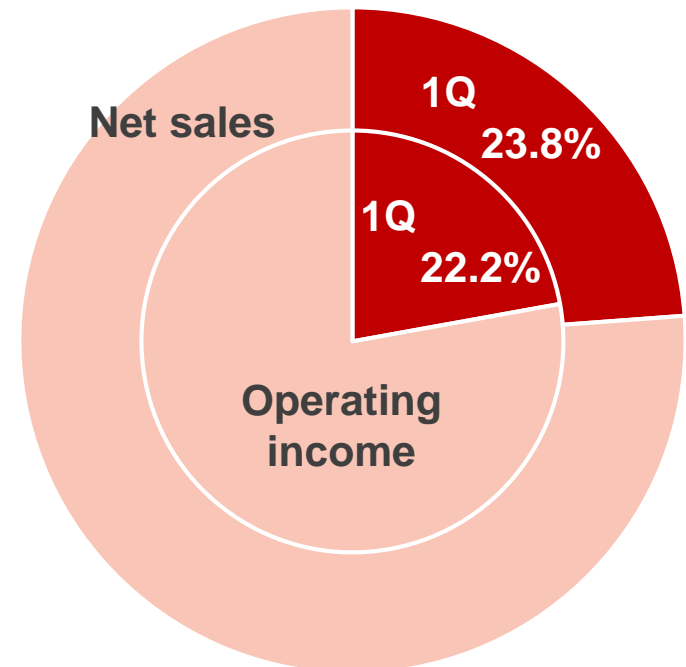
**Operating income margin: 11.3%**

**(-0.6 ppt. YoY)**

## Progress rate to the full-year forecasts

Net sales (Est.): 15,600 million yen

Operating income (Est.): 1,900 million yen



# FY6/2022 1Q Overview of Financial Results (Business)

---

**Software Development Business performed well despite the COVID-19 crisis**

## ■ Software Development Business (+9.1% YoY)

- **In the Business Solutions Unit (+8.4% YoY)**, we saw higher sales and profits, partly due to the effect of the business portfolio revisions. In the business system development, sales of pharmaceutical-related projects grew significantly. Sales of distribution and ERP-related projects also progressed more than expected. Sales from financial institutions decreased due to a shift in personnel. Distribution-related sales also decreased reflecting the impact of COVID-19. Operational support grew due to an increase in demand for cloud infrastructure construction, as the impact of the COVID-19 was small.
- **In the Embedded Solutions Unit (+9.2% YoY)**, automotive-related sales increased slightly YoY in the development-related business, although it took time to recover from the COVID-19 crisis. IoT-related sales, including those related to mobile devices and consumer electronics, steadily expanded. In the system verification, sales related to 5G were strong, and sales of pharmaceuticals-related also grew.
- **In the Original Product Unit (+17.4% YoY)**, sales were firm, exceeding the level of the same period of the previous fiscal year, despite constraints on sales activities due to COVID-19. In the cyber security business, license sales are increasing. In the operational efficiency improvement business, the horizontal expansion of existing customers to other departments is progressing.

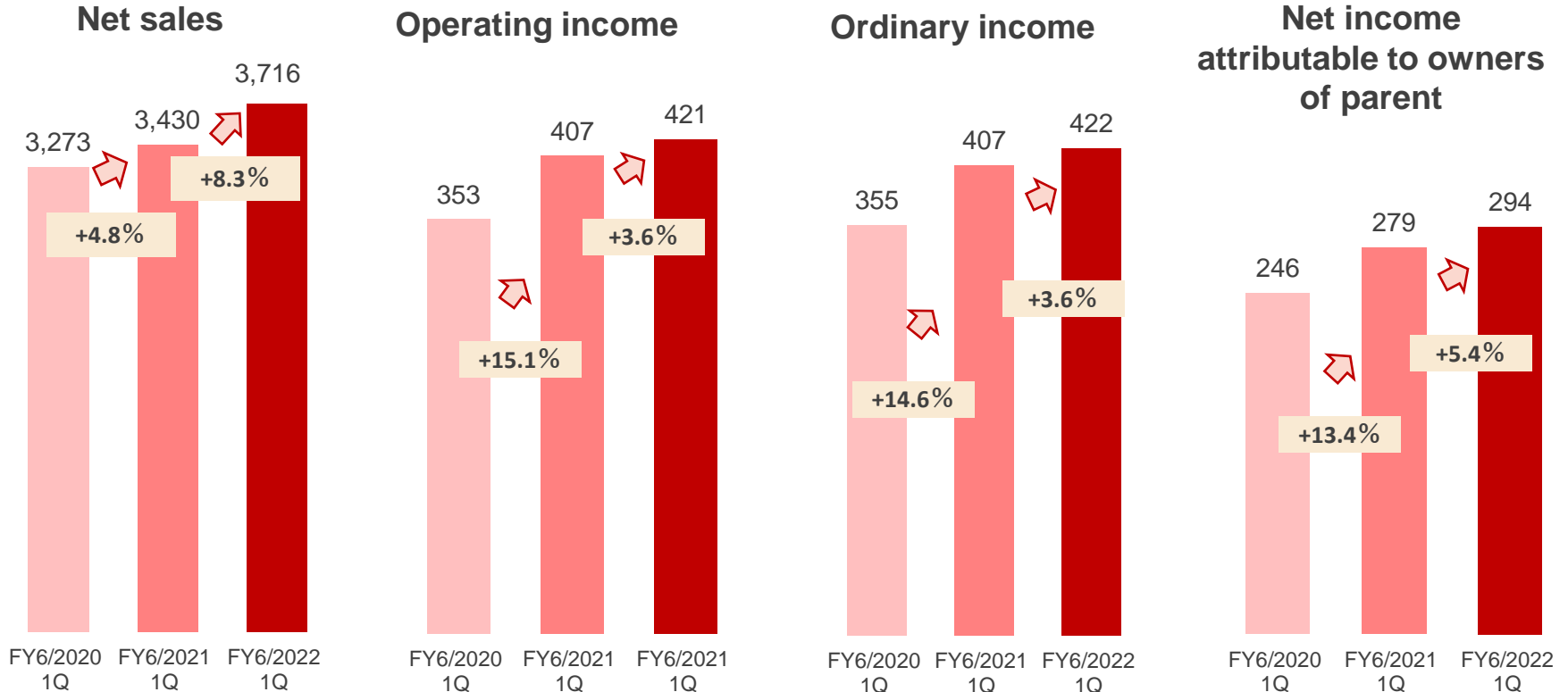
## ■ Systems Sales Business (-9.4% YoY)

Both sales and profits declined year-on-year due to the significant impact of COVID-19.

# FY6/2022 1Q Financial Highlights

Record-highs in net sales, operating income, ordinary income, and net income attributable to owners of parent.

(Millions of yen)



# Summary of Financial Results for FY6/2022 1Q

- Amid the COVID-19 disaster, we achieved a year-on-year increase in business results.
- Gross margin improved by 0.6 ppt. year-on-year, but higher SG&A expenses led to decline in operating income margin by 0.6 ppt. year-on-year.

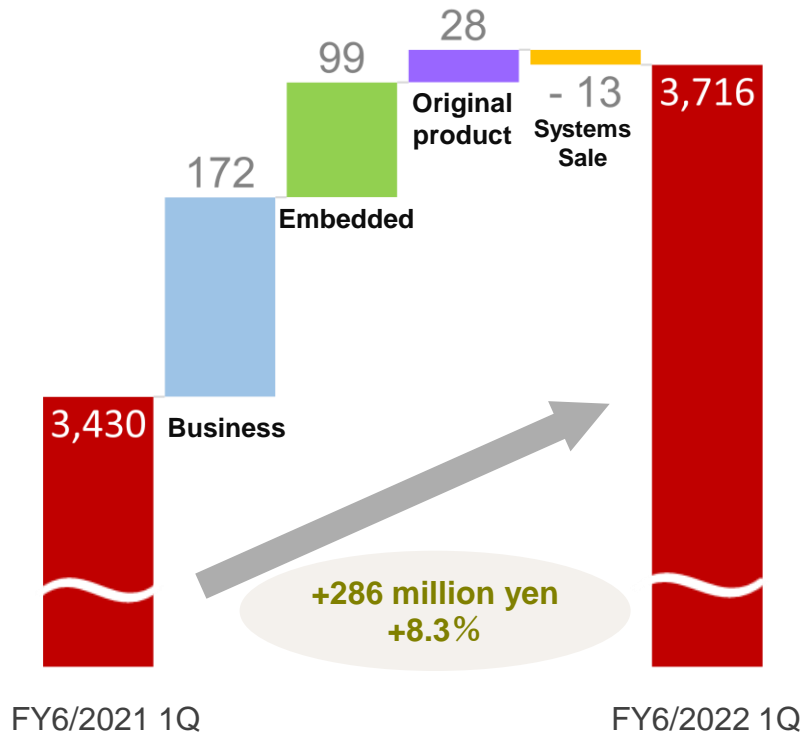
(Millions of yen)	FY6/2021 1Q Result	Composition %	FY6/2022 1Q Result	Composition %	FY6/2022 plan	Progress rate %
<b>Net sales</b>	<b>3,430</b>	100.0%	<b>3,716</b>	100.0%	<b>15,600</b>	23.8%
<b>Gross profit</b>	<b>815</b>	23.8%	<b>905</b>	24.4%	-	-
<b>SG&amp;A</b>	<b>408</b>	11.9%	<b>483</b>	13.0%	-	-
<b>Operating income</b>	<b>407</b>	11.9%	<b>421</b>	11.3%	<b>1,900</b>	22.2%
<b>Ordinary income</b>	<b>407</b>	11.9%	<b>422</b>	11.4%	<b>1,900</b>	22.2%
<b>Net income attributable to owners of parent</b>	<b>279</b>	8.1%	<b>294</b>	7.9%	<b>1,318</b>	22.3%

# Factors behind Changes in Net Sales and Operating Income (YoY)

- Net sales increased in each field of the Software Development Business.
- Operating income increased despite an increase in personnel expenses due to the expansion of business scale and the impact of a temporary refund of taxes and dues in the previous year.

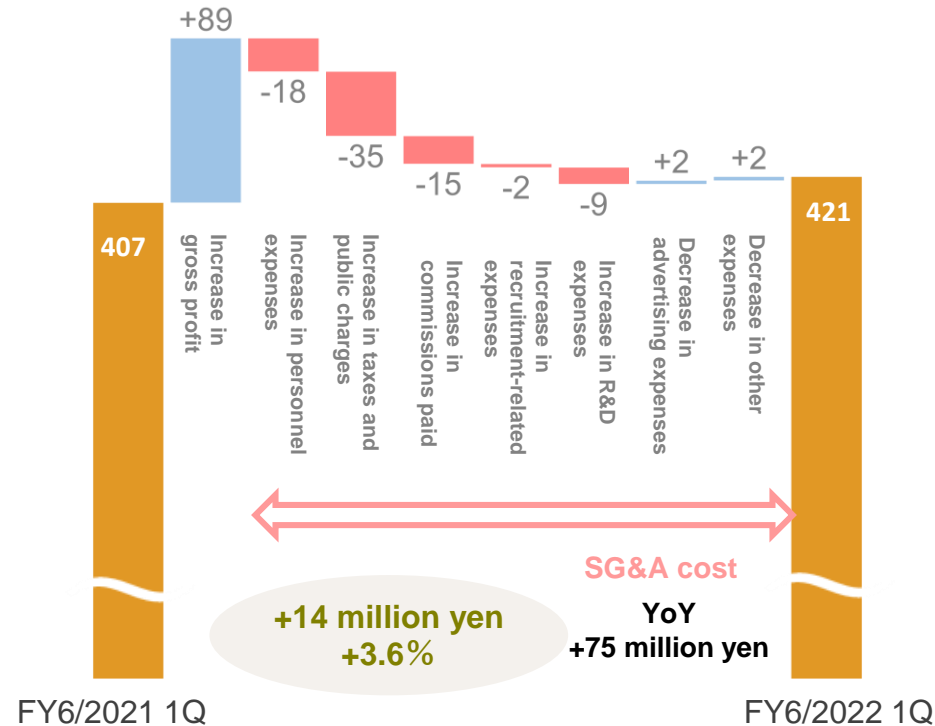
## Net sales

(Millions of yen)



## Operating income

(Millions of yen)





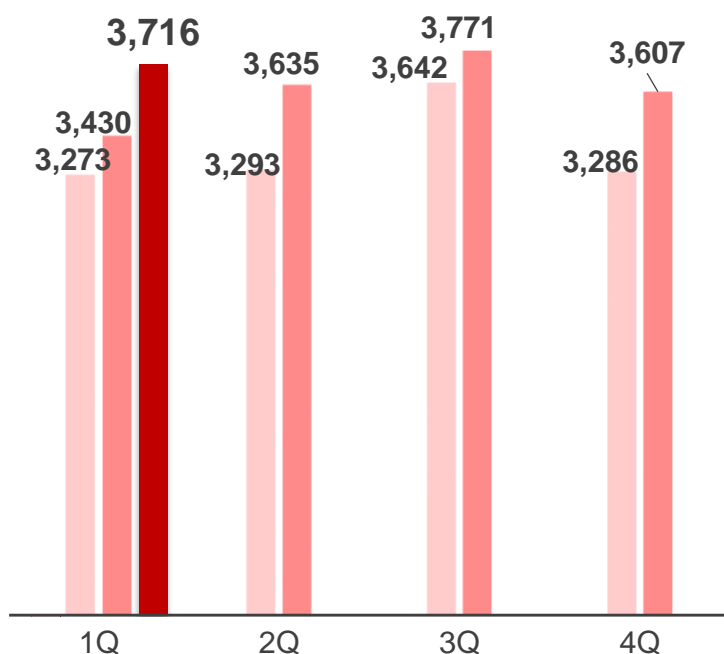
# Quarterly Net Sales & Operating Income

■ For 1Q, net sales and operating income showed record-highs.

## Net sales

(Millions of yen)

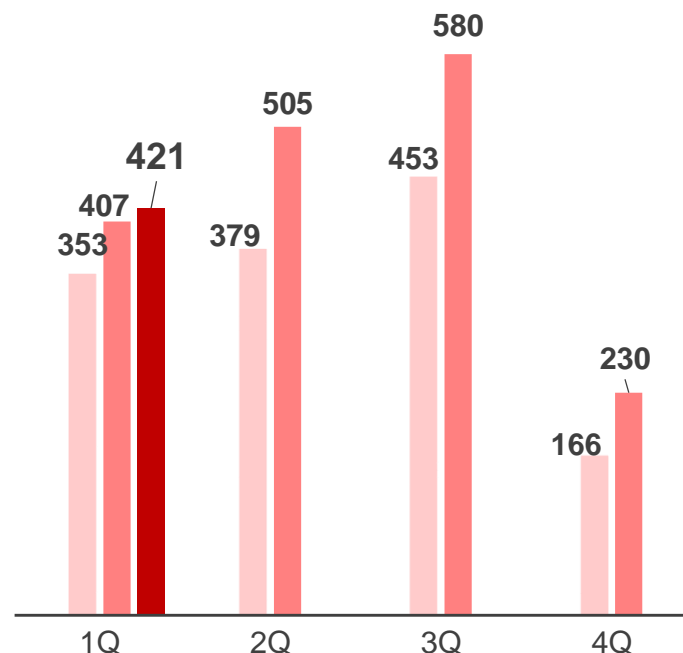
■ FY6/2020 ■ FY6/2021 ■ FY6/2022



## Operating income

(Millions of yen)

■ FY6/2020 ■ FY6/2021 ■ FY6/2022



\* Operating income has seasonal factors to decline in 4Q mainly due to acceptance of new employees and year-end allowances.

# Business Domains: Positioning of Each Business



# Business Segment and Composition of Sales

- Original Product Unit is growing, accounting for more than 5% of total sales

Businesses segment	Classification	FY6/2020 1Q Net sales Composition	FY6/2021 1Q Net sales Composition	FY6/2022 1Q Net sales Composition
<b>Software Development Business</b>		<b>92.9%</b>	<b>95.7%</b>	<b>96.4%</b>
<b>Business Solutions Unit</b>	Business Bases	<b>55.2%</b>	<b>59.5%</b>	<b>59.6%</b>
Business System Development		60.3%	57.9%	57.8%
Operational Support		39.7%	42.1%	42.2%
<b>Embedded Solutions Unit</b>	Business Bases	<b>33.5%</b>	<b>31.4%</b>	<b>31.7%</b>
Embedded Product Development		78.7%	79.4%	75.4%
Embedded Product Verification		21.3%	20.6%	24.6%
<b>Original Product Unit</b>	Growth Field	<b>4.2%</b>	<b>4.8%</b>	<b>5.2%</b>
<b>Systems Sales Business</b>	Business Bases	<b>7.1%</b>	<b>4.3%</b>	<b>3.6%</b>

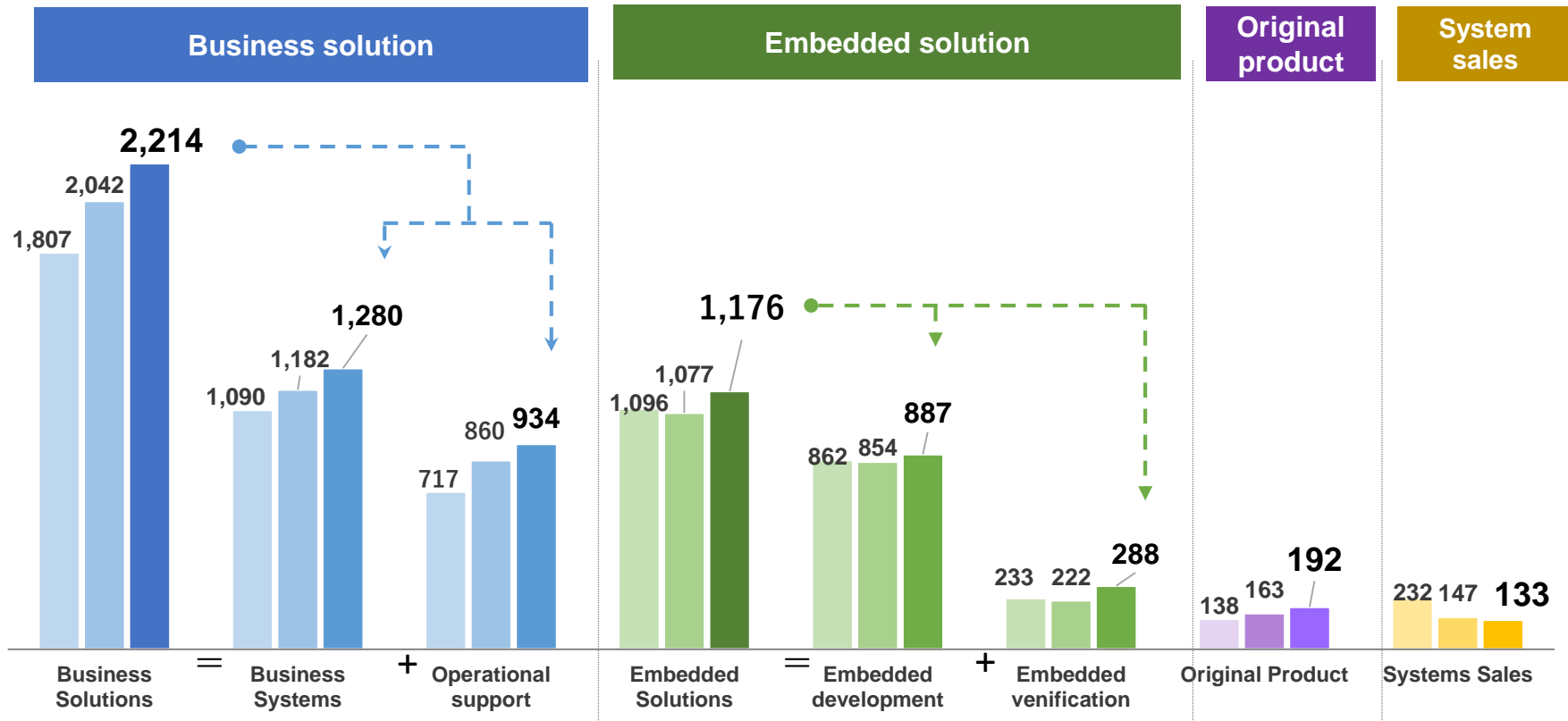
# Sales by Business Segment

- In addition to the strong performance of the Business Solutions and Original Product Units, the Embedded Solutions Unit also showed signs of recovery.

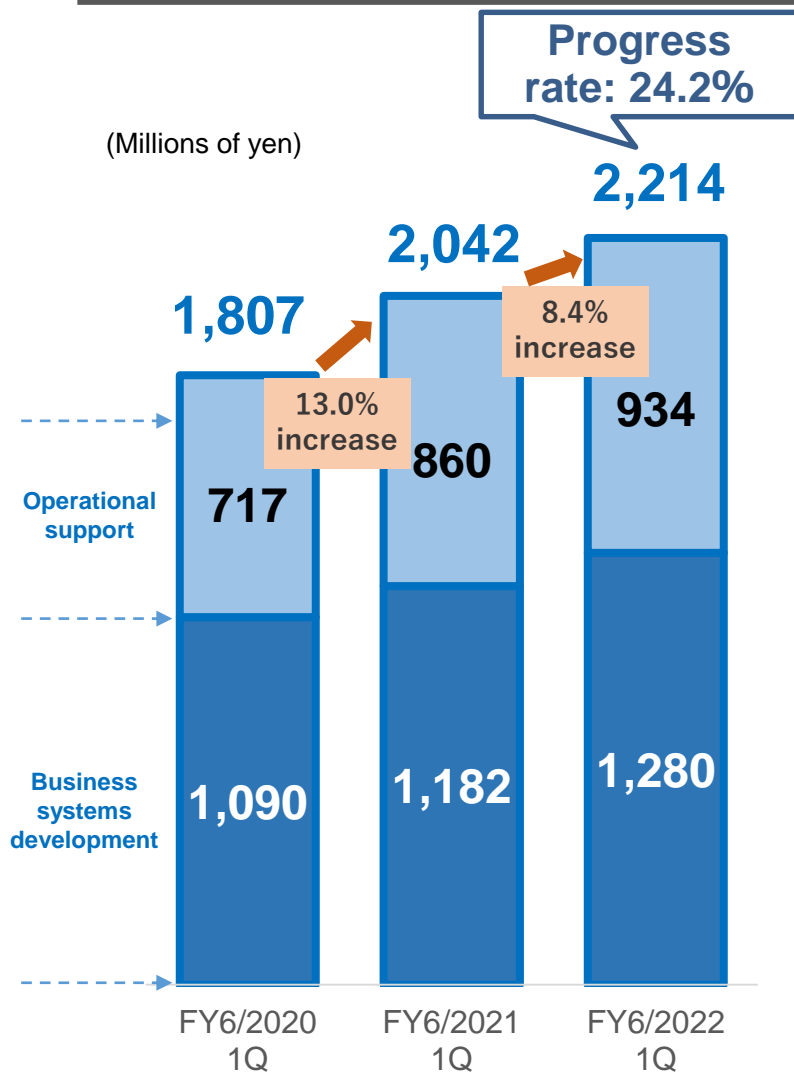
## Quarterly Sales by Business

(Graphs from left to right: FY6/2020 1Q, FY6/2021 1Q, FY6/2022 1Q)

(Millions of yen)



# Net Sales by Segment: Business Solutions Unit

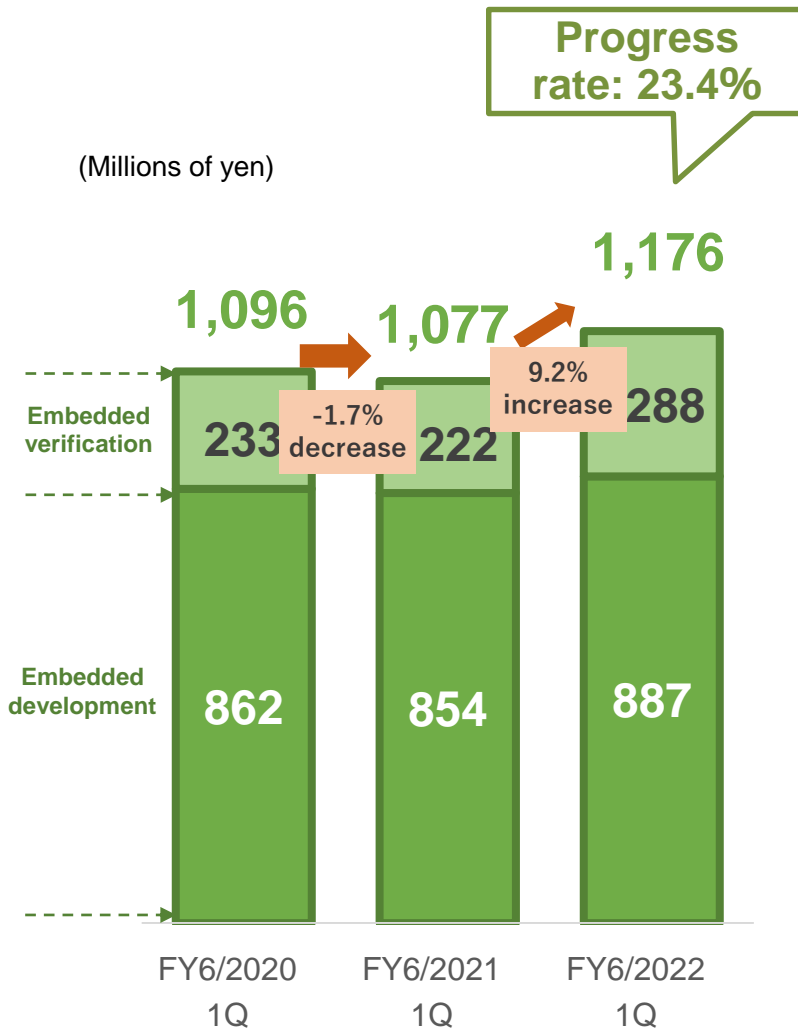


**Net sales : 2,214 million yen**  
**YoY change : +8.4%**

In the business as a whole, sales and profits increased due to the effect of business portfolio revisions

- In the business system development, sales of the financial-related projects decreased due to the rotation of long-term employees to other divisions, while sales of the pharmaceutical-related projects grew significantly, and we have steadily acquired distribution and ERP-related projects.
- In the operational support, the impact of COVID-19 was small, and the business expanded by steadily responding to needs for cloud infrastructure construction, etc.

# Net Sales by Segment: Embedded Solutions Unit



Net sales : 1,176 million yen  
YoY change : +9.2%

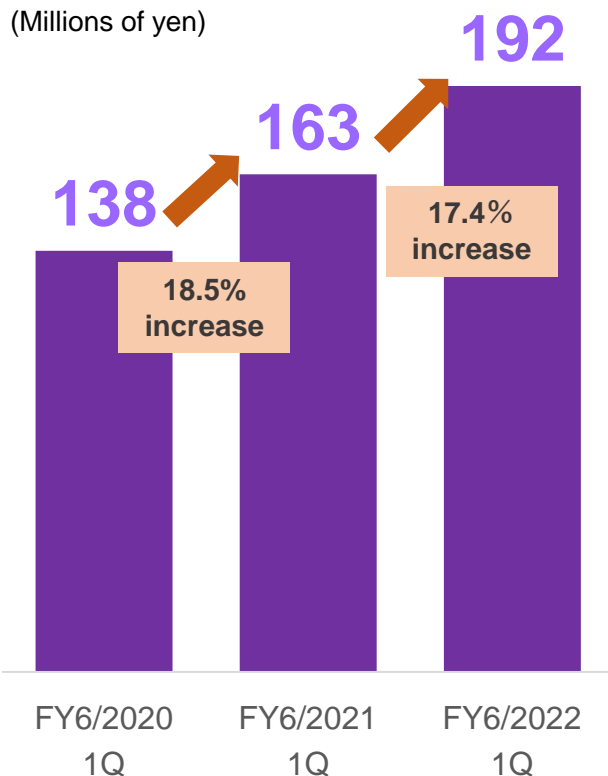
In the business as a whole, sales and profits increased despite the severe market conditions caused by COVID-19.

- In embedded development, recovery from the COVID-19 in the automotive sector was slower than expected, but sales increased slightly from the previous year. On the other hand, sales of IoT-related projects including mobile phones and home appliances, expanded steadily.
- In embedded verification, sales of 5G-related projects (mobile terminals and base stations) were strong, and sales of pharmaceutical-related projects also grew.

# Net Sales : 192 million yen

## YoY change : +17.4%

Progress rate: 23.4%



Overall business performance increased year-on-year, despite remaining impact of COVID-19.

- [WebARGUS: Cybersecurity product]  
Sales remained steady due to the increased license sales. Continued to collaborate with external cyber security specialist companies.
- [xoBlos: Operational efficiency products]  
Steady growth thanks to the horizontal expansion among existing customers. Strengthen sales to distributors by promoting the xoBlos Plus One concept linked with other products, such as RPA and ERP.
- [Other new products]  
Inquiries for “DD-CONNECT”, an electronic contract service, gradually increased. In addition, we started sales of a new original product, “shieldcms”.

# Launched "shieldcms", a highly secure website creation platform

## Launch of "shieldcms", a website creation platform that combines "safety" and "mobility" of website creation, in September.

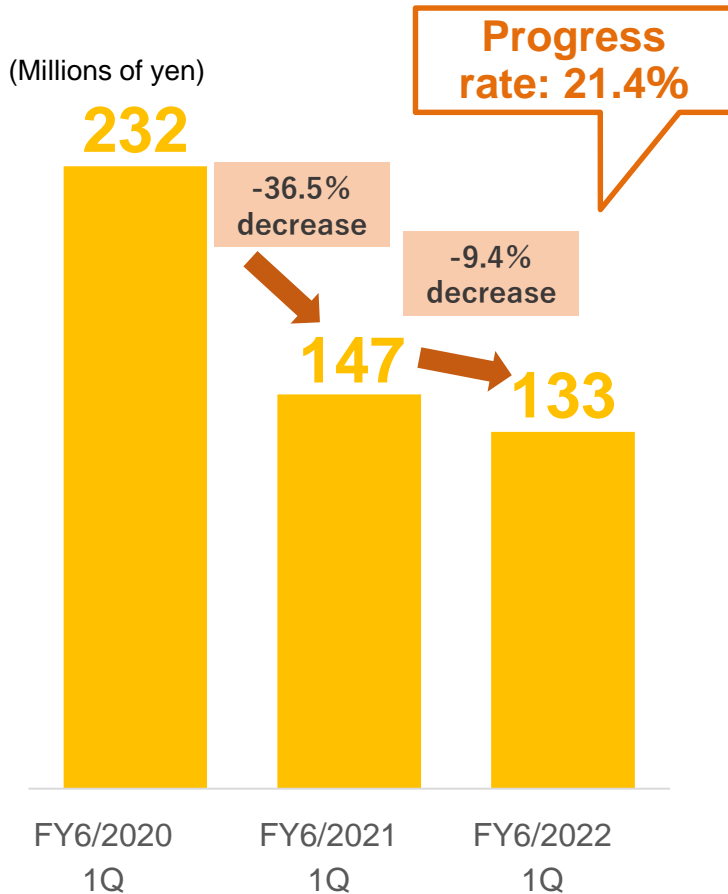
SaaS and open source services are often poorly secured and are vulnerable to cyber-attacks such as falsification of websites

In response, we combined our original security product "WebARGUS" with CMS service to develop a new high-security SaaS platform that can instantly recover from falsification caused by cyber attacks, and started providing it in September.





# Net Sales by Segment: Systems Sales Business



Net Sales : 133 million yen  
YoY change : -9.4%

Sales and profits in the systems sales business declined year-on-year due to the impact of COVID-19.

- As the main product is selling through face-to-face sales, it is susceptible to the COVID-19 impact, and both sales and profits decline.
- The large decline from 1Q FY6/2020 to 1Q FY6/2021 is due to the absence of special demand for the reduced tax rate in response to the consumption tax hike.

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

# Balance Sheet

## ■Debt-free management, equity ratio 74.1%

(Millions of yen)

	End-Jun. 2021	End-Sep. 2021	Change
<b>Cash and deposits</b>	3,333	2,958	-374
<b>Accounts receivable</b>	2,084	—	-2,084
<b>Accounts receivable and contract assets</b>	—	2,270	2,270
<b>Work in progress</b>	131	78	-53
<b>Others</b>	116	163	48
<b>Total current assets</b>	<b>5,664</b>	<b>5,470</b>	<b>-193</b>
<b>Property, plant and equipment</b>	110	105	-5
<b>Intangible fixed assets</b>	15	15	0
<b>Investments and other assets</b>	598	642	44
<b>Total fixed assets</b>	<b>724</b>	<b>764</b>	<b>40</b>
<b>Total assets</b>	<b>6,388</b>	<b>6,235</b>	<b>-153</b>

	End-Jun. 2021	End-Sep. 2021	Change
<b>Notes and accounts payable - trade</b>	487	564	77
<b>Short-term borrowings</b>	—	—	—
<b>Other</b>	1,263	938	-325
<b>Total current liabilities</b>	<b>1,750</b>	<b>1,502</b>	<b>-248</b>
<b>Long-term debt</b>	—	—	—
<b>Others</b>	111	115	4
<b>Total fixed liabilities</b>	<b>111</b>	<b>115</b>	<b>4</b>
<b>Total liabilities</b>	<b>1,861</b>	<b>1,617</b>	<b>-244</b>
<b>Capital stock</b>	453	453	—
<b>Capital surplus</b>	459	459	—
<b>Retained earnings</b>	3,614	3,705	91
<b>Total net assets</b>	<b>4,526</b>	<b>4,617</b>	<b>91</b>
<b>Total liabilities and net assets</b>	<b>6,388</b>	<b>6,235</b>	<b>-153</b>

# Business Forecasts for FY6/2022



# Business Forecasts for FY6/2022

- Aim to increase sales and profits by promoting business based on the two pillars of "stabilizing the business foundation" and "strengthening growth factors".

(Millions of yen)	FY6/2021 Result	Composition %	FY6/2022 Forecast	Composition %	YoY %
<b>Net sales</b>	<b>14,444</b>	100.0%	<b>15,600</b>	100.0%	+8.0%
<b>Operating income</b>	<b>1,722</b>	11.9%	<b>1,900</b>	12.2%	+10.3%
<b>Ordinary income</b>	<b>1,730</b>	12.0%	<b>1,900</b>	12.2%	+9.8%
<b>Net income attributable to owners of parent</b>	<b>1,196</b>	8.3%	<b>1,318</b>	8.4%	+10.2%

# Forecast of Business Results by Segment

- In the Software Development Business, we plan to increase sales by 8.2% YoY, and in the Original Product Unit, we aim to increase sales by 15.2%.

(Millions of yen)

Business Segment	FY6/2021 Net sales	FY6/2022 Net sales Forecast	Change	% Change	Composition
<b>Software Development Business</b>	13,838	14,975	1,136	8.2%	96.0%
Business Solutions Unit	8,604	9,133	529	6.1%	58.5%
Embedded Solutions Unit	4,522	5,022	500	11.0%	32.2%
Original Product Unit	712	820	108	15.2%	5.3%
<b>System Sales Business</b>	605	625	20	3.2%	4.0%
<b>Total</b>	14,444	15,600	1,156	8.0%	

# DIT Group's Vision for 2030 and New Mid-term Management Plan (FY6/2022-FY6/2024)

(Excerpted from explanatory materials disclosed on Aug. 20)



Vision for 2030

## Toward a Trusted and Selected DIT Brand

# DIT Brand

- Enhance Customer Value! -

**DIT Services** Providing a higher level of value



**DIT Spirits**

DIT  
Security



Safety and  
robustness

DIT  
Efficiency



Efficiency  
improvement

DIT  
Support



Reliable  
operation

DIT  
Consulting



Ability to  
resolve issues  
and propose  
solutions

DIT  
Quality



High quality

DIT  
Technologie



Advanced  
technology

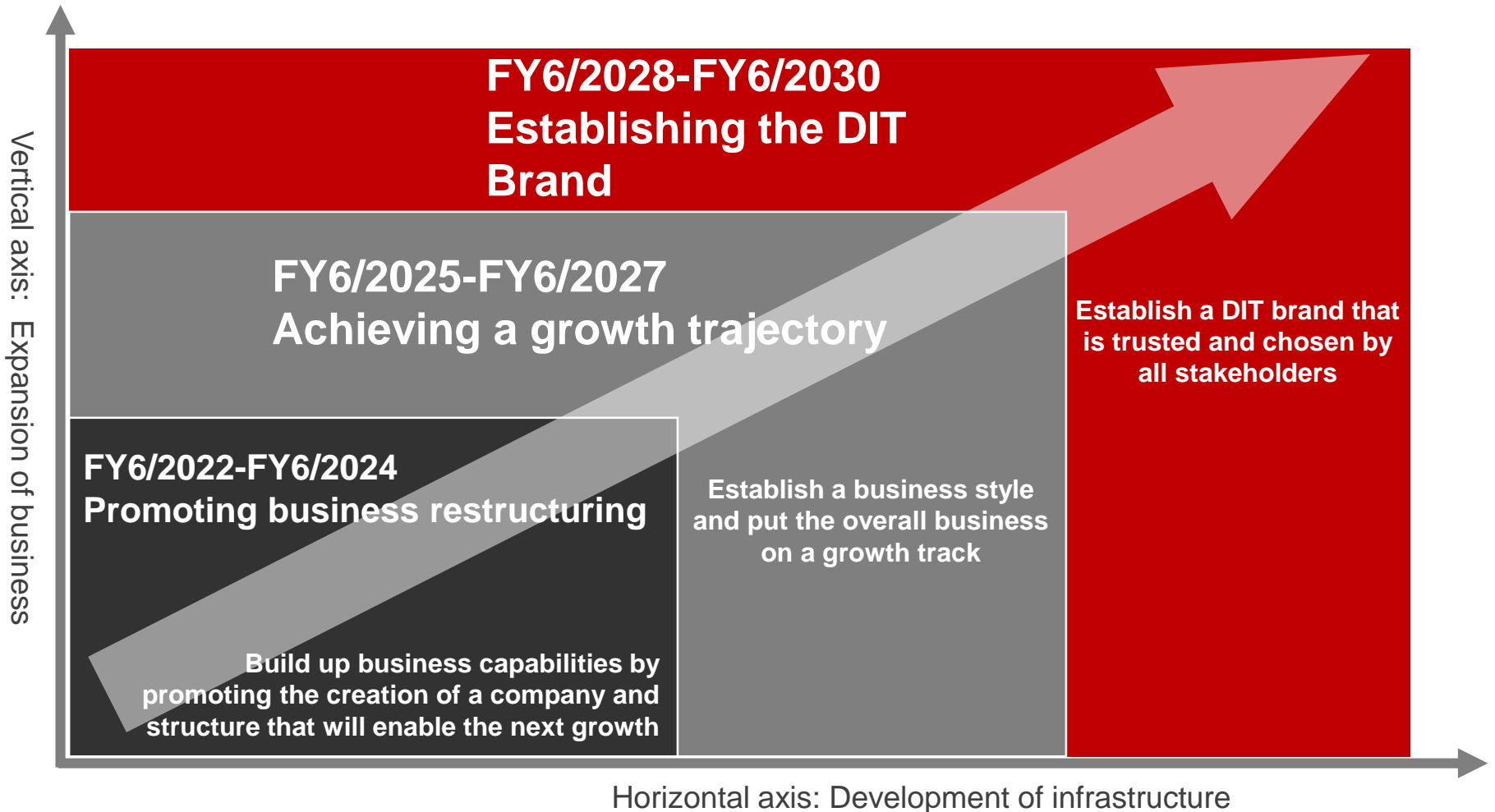


Professional group

# Steps to Realize the 2030 Vision



## DIT 2030 Vision



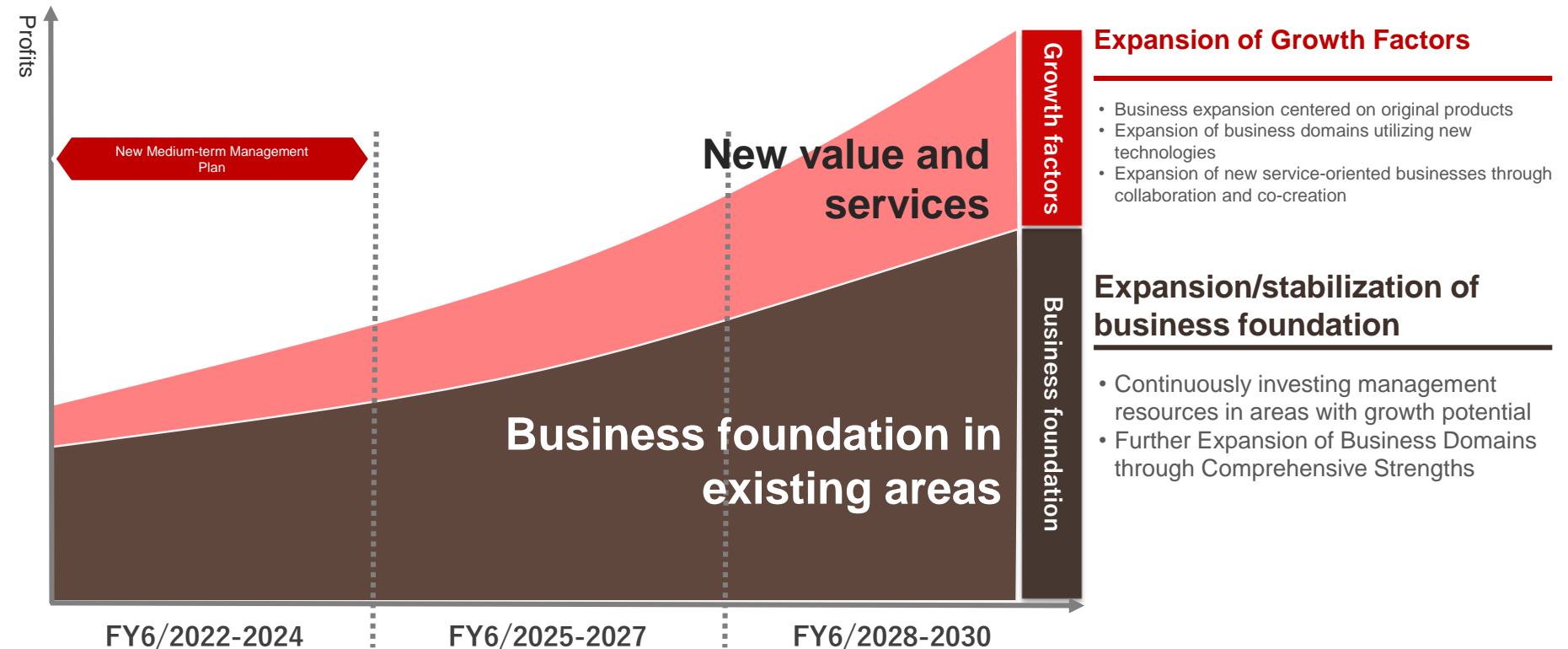


# Mid-term Growth Model

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

1	Business foundation
2	Growth factors

- • • Further expanding the base by leveraging stable exchanges in a wide range of business domains as a strength
- • • Providing New Value and Services in Response to Social Change



# Management Targets

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

FY6/2021 Results

FY6/2030 Target

Net sales
Operating income

14.4 billion yen

1.72 billion yen

Organic growth

+New business · M&A, etc.

30 billion yen or more

50 billion yen or more

4 billion yen or more

5 billion yen or more

-FY6/2021

FY6/2022-FY6/2030

Dividend payout ratio

30% or more

35% or more

# Management Targets in the Medium-Term Management Plan

## ■ Medium-Term Management Targets for Organic Growth

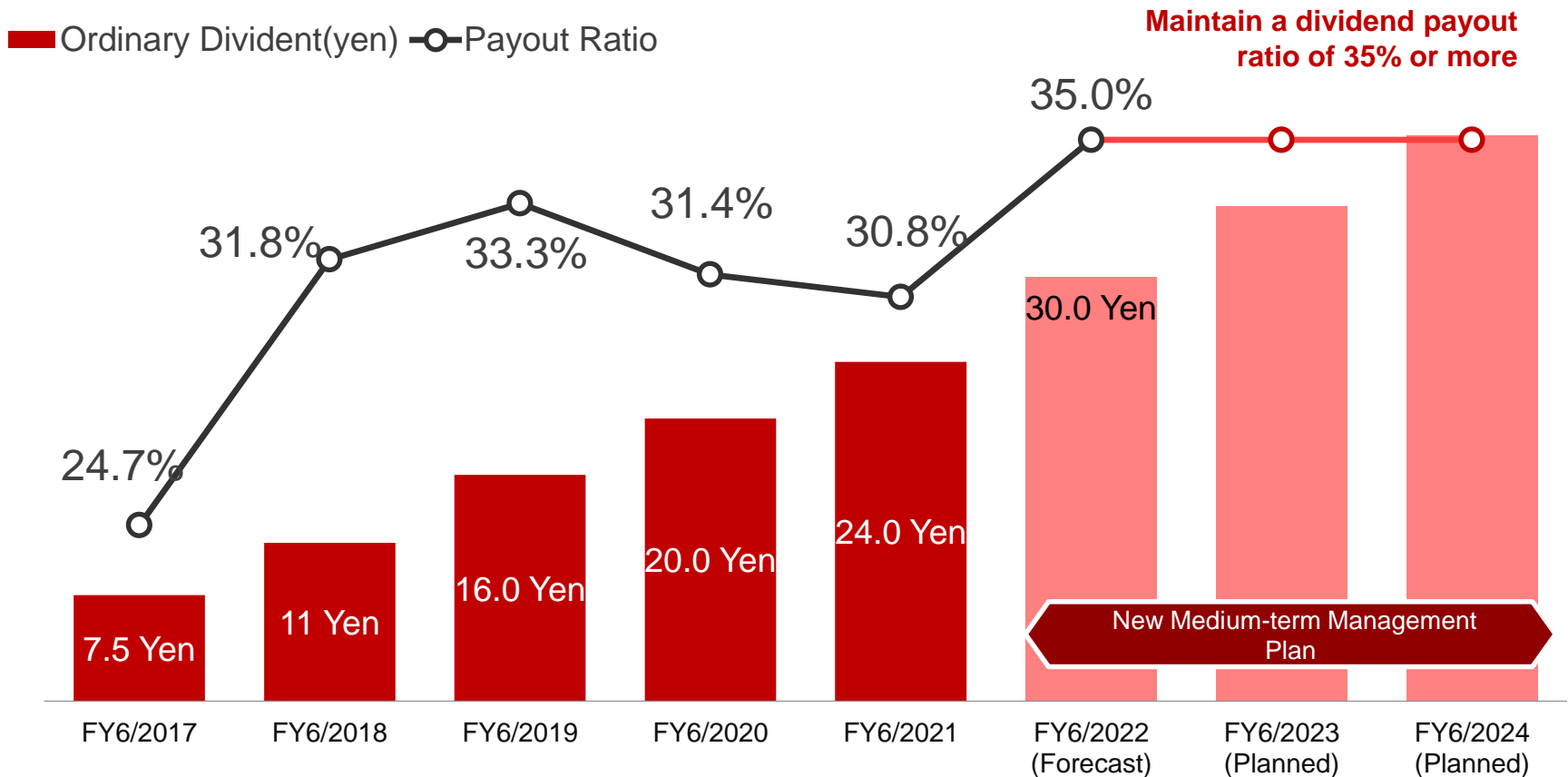
	FY6/2021 (Results)	FY6/2022 (Forecast)	FY6/2023 (Planned)	FY6/2024 (Planned)
<b>Net sales</b>	14.4 billion yen	15.6 billion yen	16.8 billion yen	18.5 billion yen
<b>Operating income</b>	1.72 billion yen	1.90 billion yen	2.15 billion yen	2.50 billion yen
<b>Ordinary income</b>	11.9%	12.2%	12.8%	13.5%
<b>ROE</b>	29.2%	Maintain 20% or more		
<b>Dividend payout ratio</b>	30% or more	35% or more		

## ■ Dividend Forecast for FY6/2022

<b>Annual dividend per share</b>	24.0 yen	30.0 yen
----------------------------------	----------	----------

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

## ■ Raising the dividend payout ratio from the current 30% level to 35% or more





## Reference materials

# Corporate Data

Trade name Digital Information Technologies Corporation

Establishment January 4, 2002

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

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

Capital stock : 453,156 thousand yen (As of the end of June 2021)

Fiscal year end : June 30

Number of the employees 1,097 (1,016 on a non-consolidated basis) (As of the end of June 2021)

Officer Satoshi Ichikawa, Representative Director and President  
6 other internal directors and 4 outside directors  
1 full-time auditor and 2 outside auditors  
(As of the end of September 2021)

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



Satoshi Ichikawa, Representative Director and President

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

# Domestic and overseas development bases and the number of employees



# Corporate Philosophy

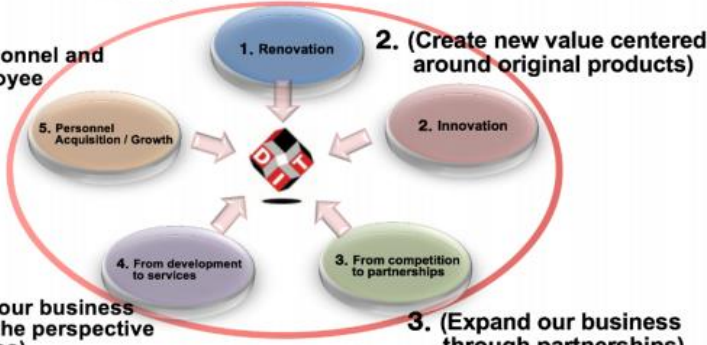
<b>Corporate philosophy</b>	Over-all	Client-driven	<b>Management philosophy</b>	Guarantee our employees' livelihood while contributing to society
	Company	Employee training/growth, Communication		
	Individuals	Increase in value added, Sense of objective / target, Passion and dedication		

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

## 5 Basic Business Strategies

1. (Strengthen our business foundation through the renovation of existing businesses)

5. Hire personnel and aid employee growth



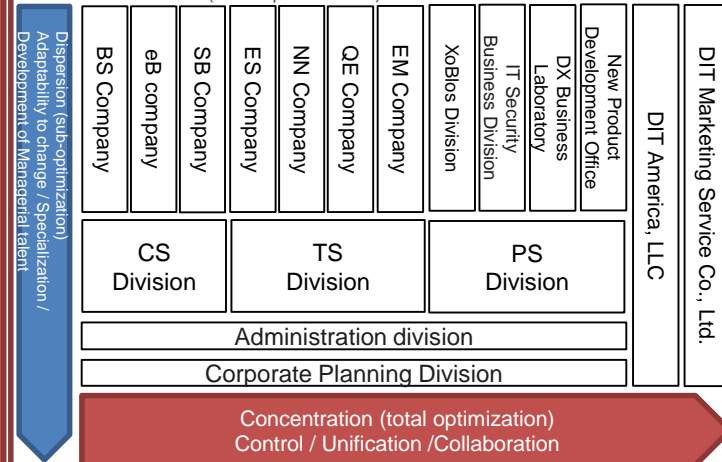
4. (Expand our business through the perspective of services)

3. (Expand our business through partnerships)

Business strategy

Organizational strategy

Organizational strategy involving dispersion (sub-optimization) and concentration (total optimization)





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

---

**We continued to be selected as one of stocks used by Tokyo Stock Exchange, Inc. and Nikkei Inc. for calculating "JPX-Nikkei Mid and Small Cap Index" in fiscal 2020\***



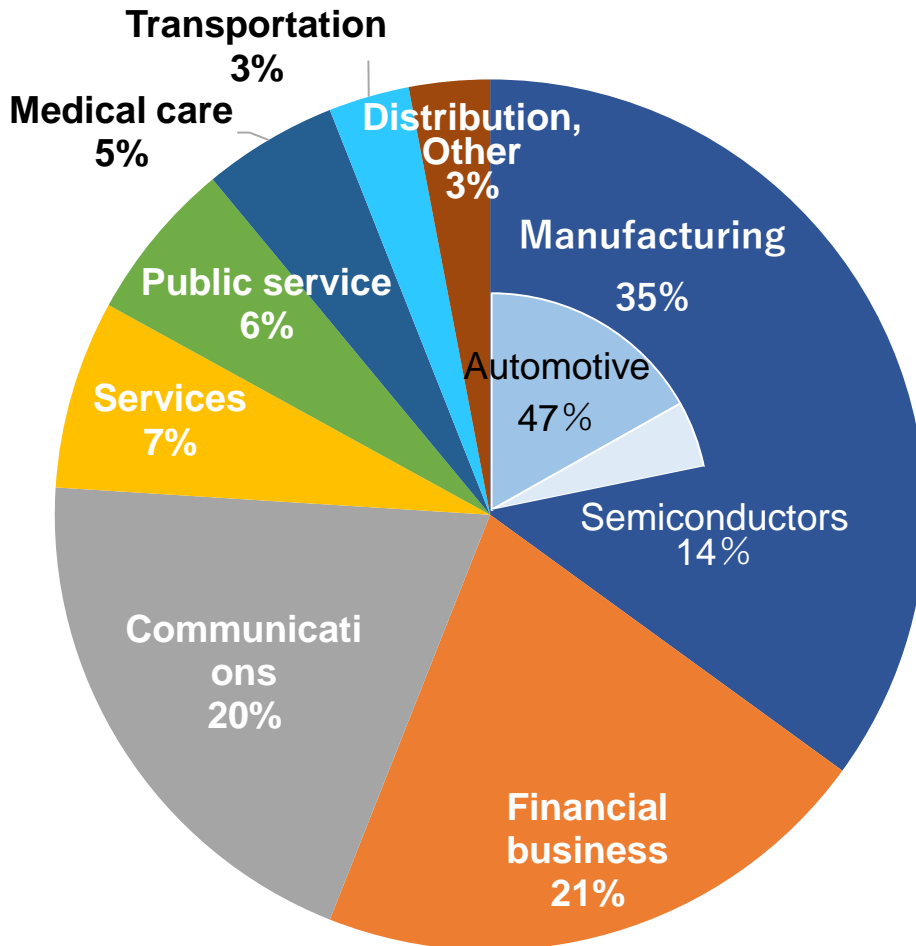
**JPX-NIKKEI Mid Small**

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

\*This index will be applied from August 31, 2021 to August 30, 2022.

# Customer Base

## Sales Composition by Industry



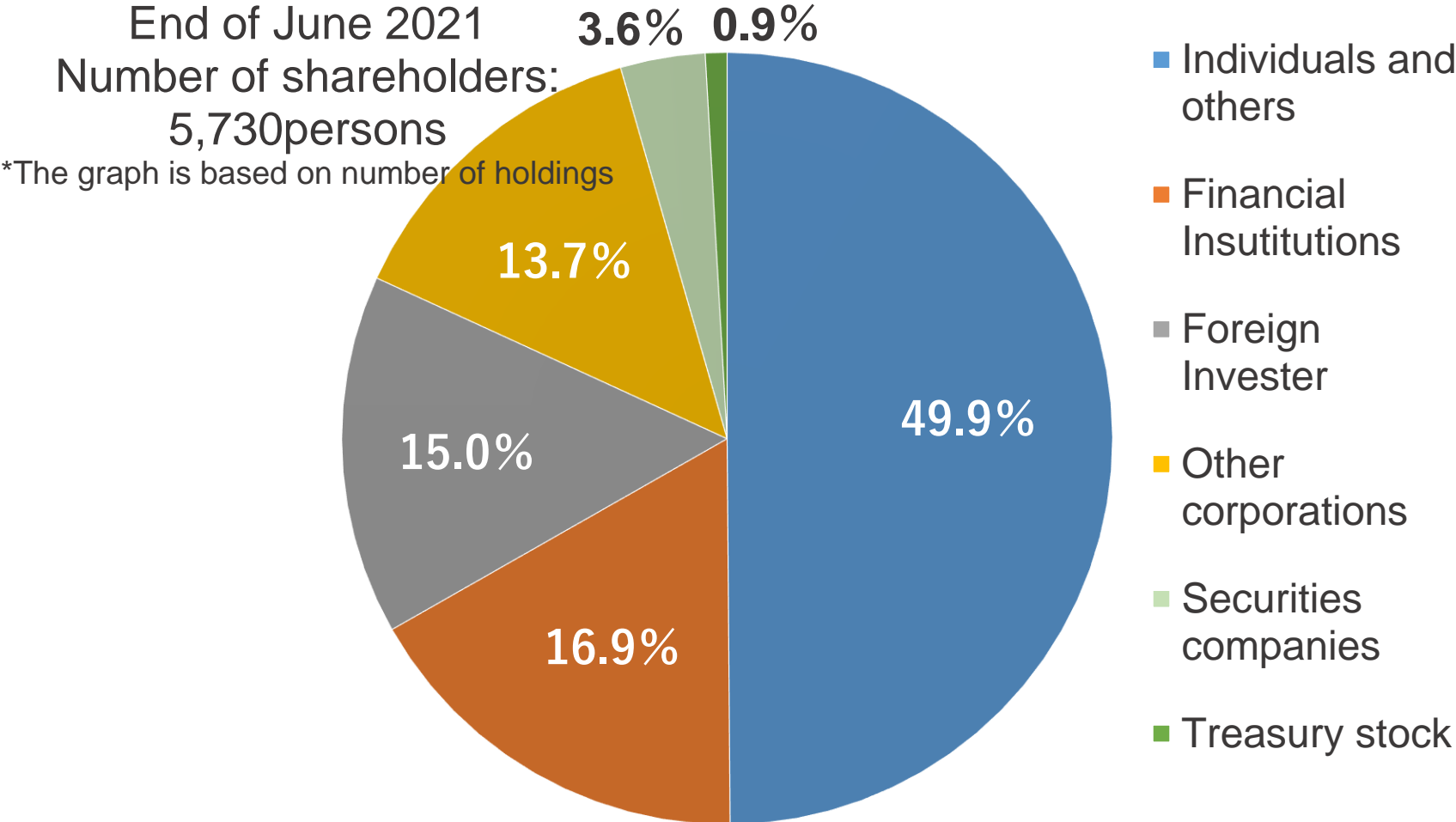
### ■ Customers of the DIT Group are Approx. 2,800 companies

- Software development business mainly attend listed companies and their affiliates, and system sales business mainly attend SMEs.

### ■ Sales Composition by Industry of Software Development Business (Left chart)

- Including information systems subsidiaries, sales for end users accounted for 80% of total sales.

# Composition of Shareholders



# SDGs: Contributing to the Realization of a Sustainable Society

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

## Contribution from corporate management



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

### Relevant SDGs goals



## Contribution from introduction of original products, etc.



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

### Relevant SDGs goals





## Contact information :

**Enomoto,  
IR Division, Corporate Planning Division  
TEL: 03-6311-6532 FAX: 03-6311-6521  
E-mail: [ir\\_info@ditgroup.jp](mailto:ir_info@ditgroup.jp)  
<https://www.ditgroup.jp>**

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