

Digital Information Technologies Corporation

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

May 2022





1. FY6/2022 3Q Financial Results

2. FY6/2022 Business Forecasts

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

4. Reference material



1. FY6/2022 3Q Financial Results

FY6/2022 3Q Overview of Financial Results(Performance)

Higher sales and profits, record-high results for the nine months period. (Strong growth achieved by steadily capturing robust demand, although the impact of COVID-19 remains)

Net sales : 11,940 million yen
(+10.2% YoY)

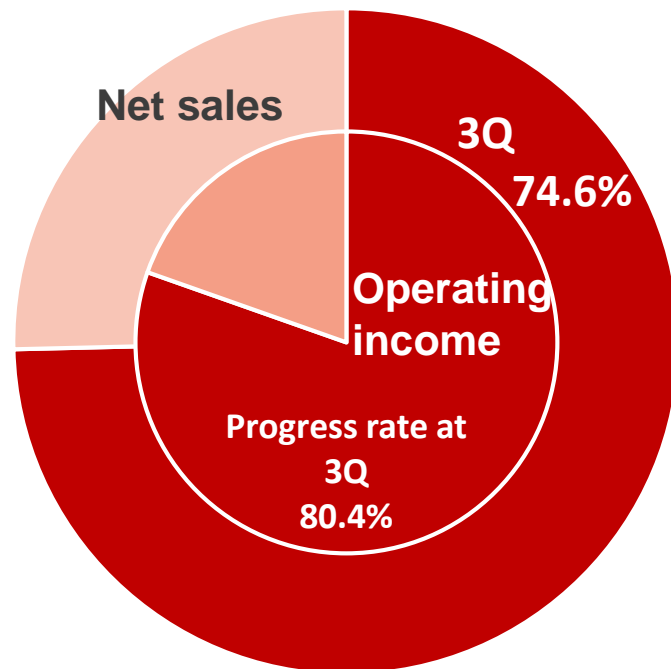
Operating income : 1,608 million yen
(+7.8% YoY)

Operating income margin : 13.5%
(-0.3 ppt. YoY)

Progress rate to the full-year forecasts

Net sales (Est.): 16,000 million yen

Operating income (Est.): 2,000 million yen



Upwardly revised full-year forecasts (Reference : press release dated May 13, 2022)

- The Company revised the full-year business forecasts upward due to significant growth in pharmaceutical system development, which is seeing increased demand, and automobile-related products, including semiconductors.
- Plan to increase dividend by 2 yen to 32 yen for the full year (interim 15 yen, year-end 17 yen (+2 yen))

(Millions of yen)	FY6/2021 Result	Composition %	FY6/2022		Composition %	YoY Pct. change
			Forecast at beginning of term	<u>Revised forecast</u>		
Net sales	14,444	100.0%	15,600	16,000	100.0%	+10.8%
Operating income	1,722	11.9%	1,900	2,000	12.5%	+16.1%
Ordinary income	1,730	12.0%	1,900	2,000	12.5%	+15.6%
Net income attributable to owners of parent	1,196	8.3%	1,318	1,387	8.7%	+16.0%
Dividend per share	24 yen	-	30 yen	32 yen	-	+8 yen

FY6/2022 3Q Overview of Financial Results (Business)

Our core Software Development Business performed well, growing by more than 10%. Medical, semiconductor, and other fields continued strong performance.

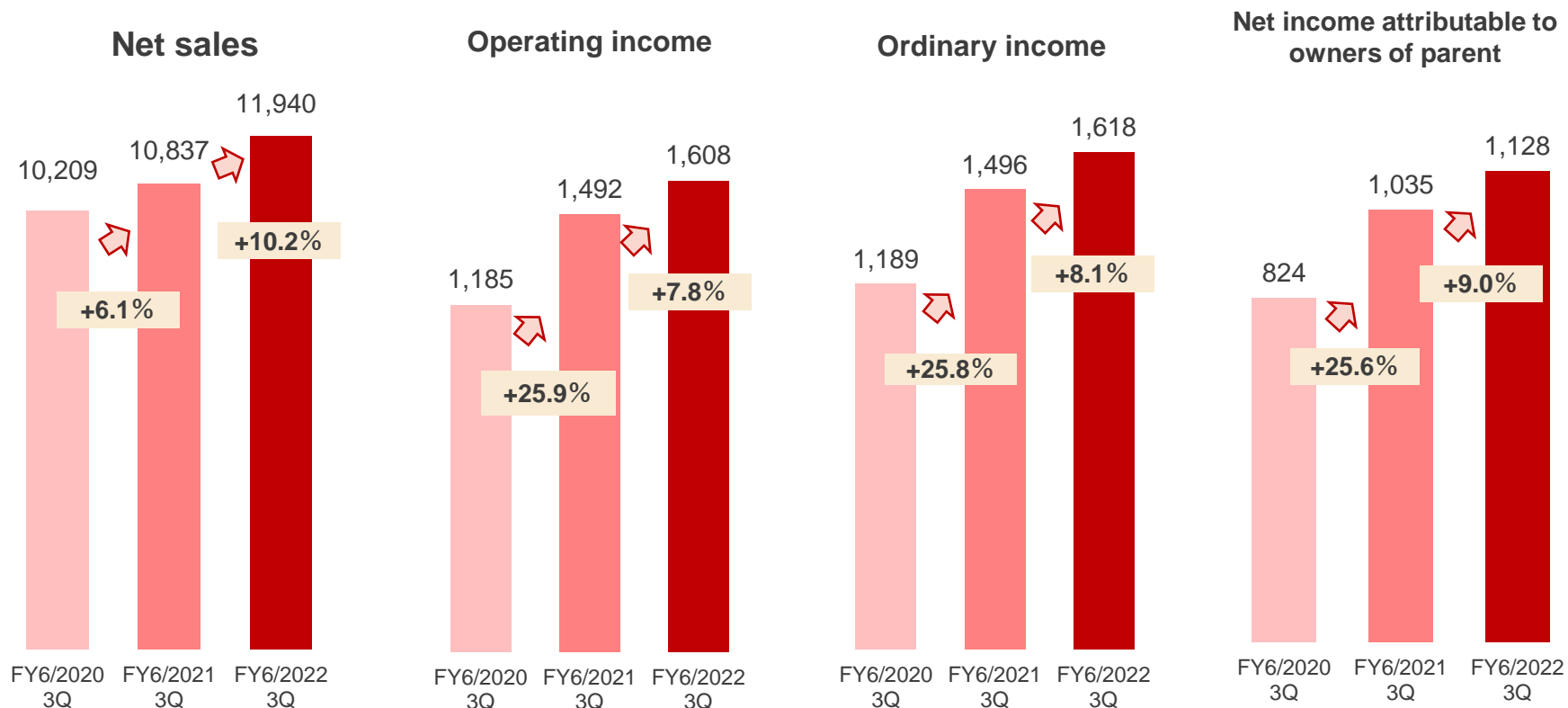
■ Software Development Business (Net sales +10.9% YoY)

- **In the Business Solutions Unit (+10.7% YoY)**, sales and profits increased thanks to the success of a review of the business portfolio. In the current fiscal year, business system development, the core business of the Company, grew significantly, with pharmaceuticals-related projects growing strongly, and the acquisition of telecommunication, manufacturing, and ERP-related projects also grew more than expected. Operational support was partly affected by business reforms at mainstay customers, but steadily grew by capturing needs such as cloud infrastructure construction.
 - **In the Embedded Solutions Unit (+10.8% YoY)**, sales and profits increased thanks to significant growth in semiconductor-related projects and increase in system verifications. In embedded system development, IoT-related sales were flat, but mainstay automobile-related sales were off to a leveling off, resulting in significant increases in sales and profits year on year. In embedded system verification, sales and profits increased significantly YoY thanks to significant growth in automotive verification, as well as growth in 5G and medical-related projects.
 - **In the Original Product Unit (+13.6% YoY)**, sales and profits increased thanks to steadily accumulated licenses in both xoBlos and WebARGUS despite continuing constraints on business negotiations following the COVID-19 crisis. Inquiries about new products such as "DD-CONNECT" and "shield cms" are increasing, and the Company will continue its efforts to expand sales.
- **In the Systems Sales Business (Net sales -5.3% YoY)**, sales declined due to the continued impact of COVID-19, as the main focus is on face-to-face sales, but segment income remained on par with the previous year due to reduction of SG&A expenses.

FY6/2022 3Q Financial Highlights

Both sales and profits achieved record-highs.

(Millions of yen)



FY6/2022 3Q Summary of Financial Results

- Although manufacturing costs increased due to the equalization of year-end bonuses in each quarter, qualitative improvement in business performance progressed, and gross profit margin remained unchanged YoY.
- Due to increased sales, each profit exceeded that of the same period of the previous year

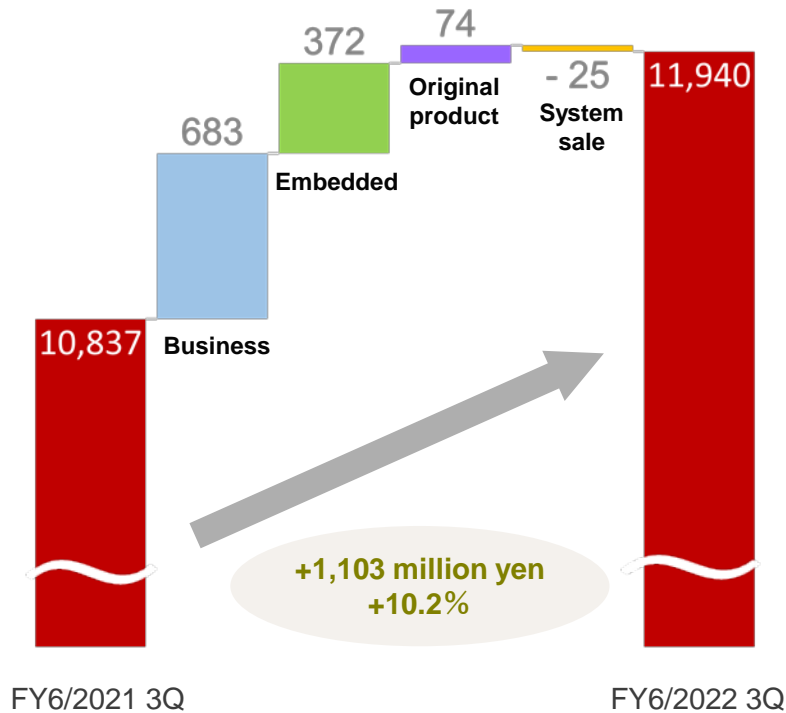
(Millions of yen)	FY6/2021 3Q Result	Composition %	FY6/2022 3Q Result	Composition %	YoY Pct. change	FY6/2022 plan	Progress rate %
Net sales	10,837	100.0%	11,940	100.0%	+10.2%	16,000	74.6%
Gross profit	2,774	25.6%	3,054	25.6%	+10.1%	-	-
SG&A	1,282	11.8%	1,446	12.1%	+12.8%	-	-
Operating income	1,492	13.8%	1,608	13.5%	+7.8%	2,000	80.4%
Ordinary income	1,496	13.8%	1,618	13.6%	+8.1%	2,000	80.9%
Net income attributable to owners of parent	1,035	9.6%	1,128	9.4%	+9.0%	1,387	81.3%

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

- Sales were strong in both the Business Solutions Units and the Embedded Solutions Units, and steady growth in the Original Product Unit.
- SG&A expenses increased by 164 million yen due to a refund of taxes and public charges in the previous 1Q in addition to an increase in personnel expenses and recruitment expenses associated with business expansion.

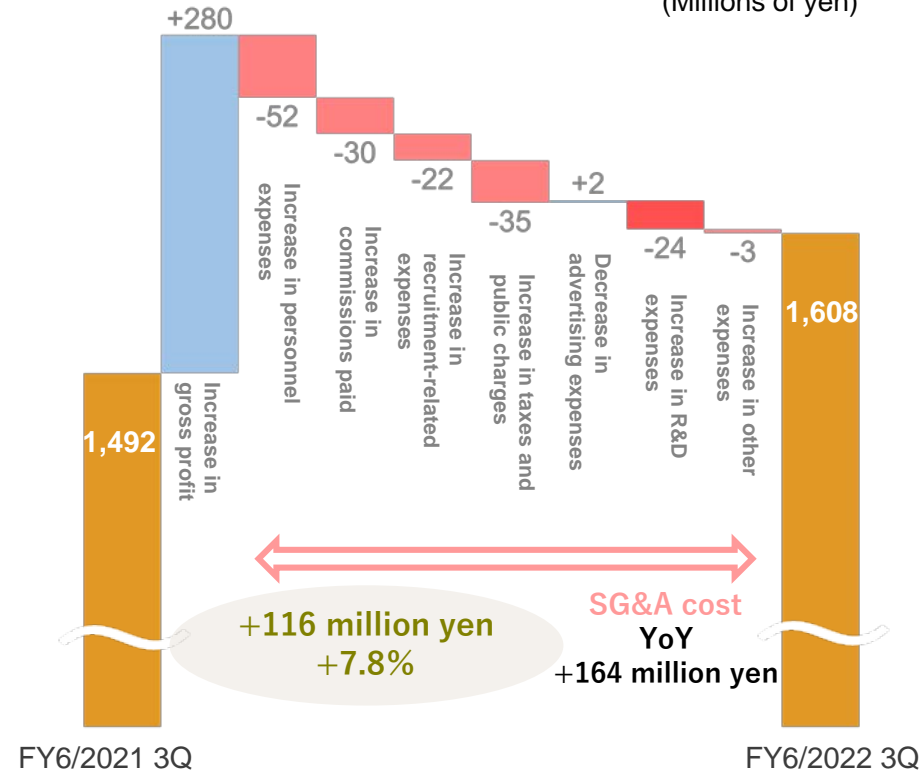
Net sales

(Millions of yen)



Operating profit

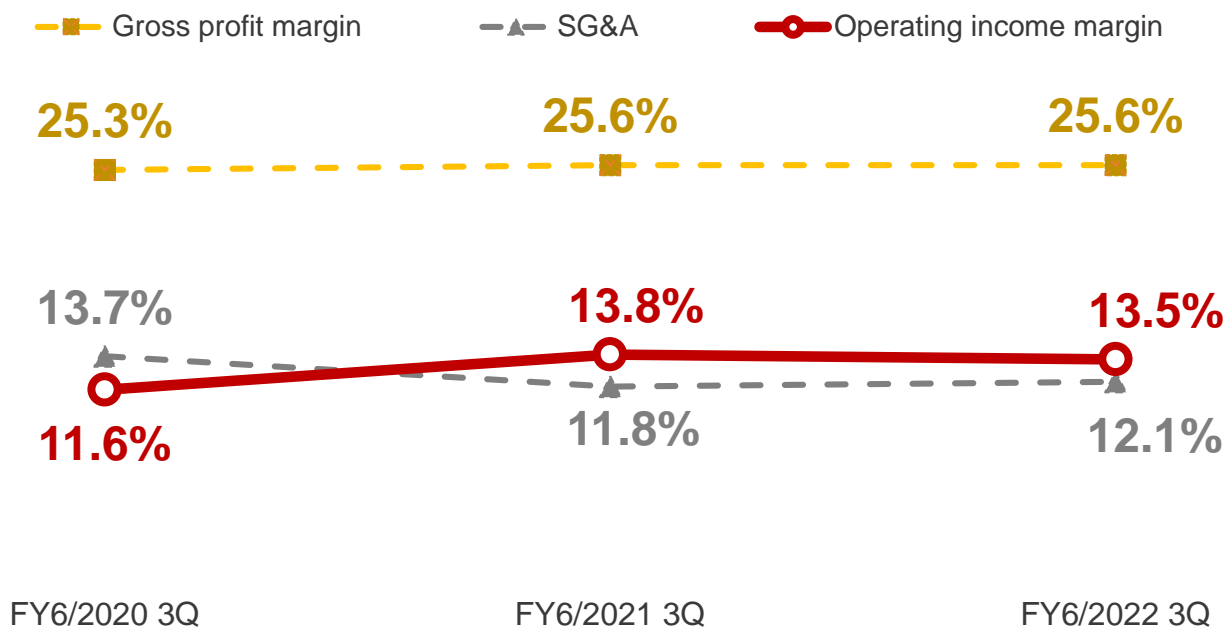
(Millions of yen)



Changes in Operating Income Margin

- Gross margin remained unchanged YoY, but is trending upward from 25.1% in the 2Q, securing a record-high profit margin.
- Operating income margin declined slightly (0.3%) due to higher SG&A expenses, but maintained a high profit margin.

Ratio of each profit and R&D expenses to sales



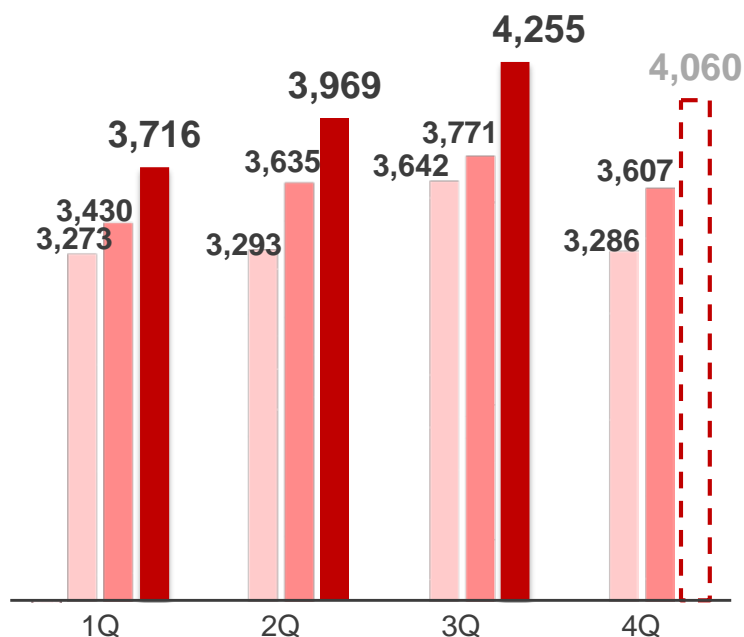
Quarterly Net Sales & Operating Income

■ For 3Q, net sales and operating income showed record-highs.

Net sales

(Millions of yen)

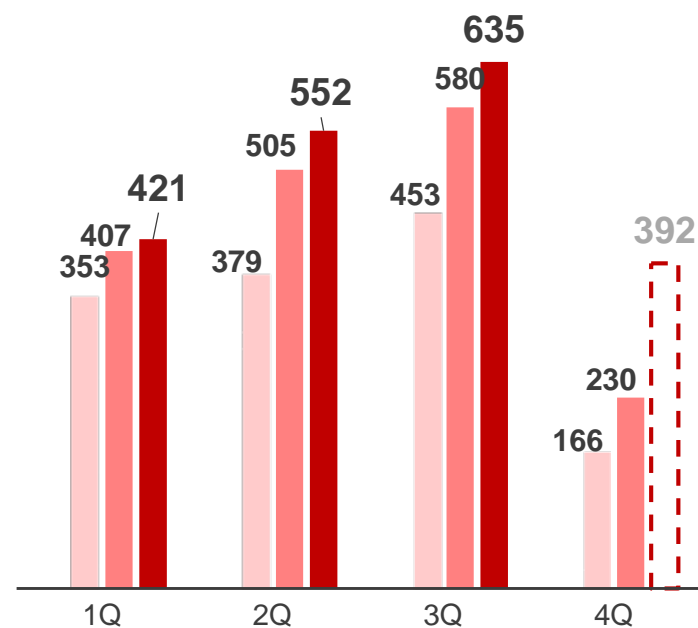
■ FY6/2020 ■ FY6/2021 ■ FY6/2022



Operating income

(Millions of yen)

■ FY6/2020 ■ FY6/2021 ■ FY6/2022



*Operating income is seasonally lower in 4Q due to new hires and year-end allowances, but we are working to reduce the decline by increasing the salary and bonus payment rate starting this fiscal year.

Business Domains: Positioning of Each Business



Business Segment and Composition of Sales

- Business system development and embedded system verification grew. Ratio of the Original Product Unit exceeded 5%.

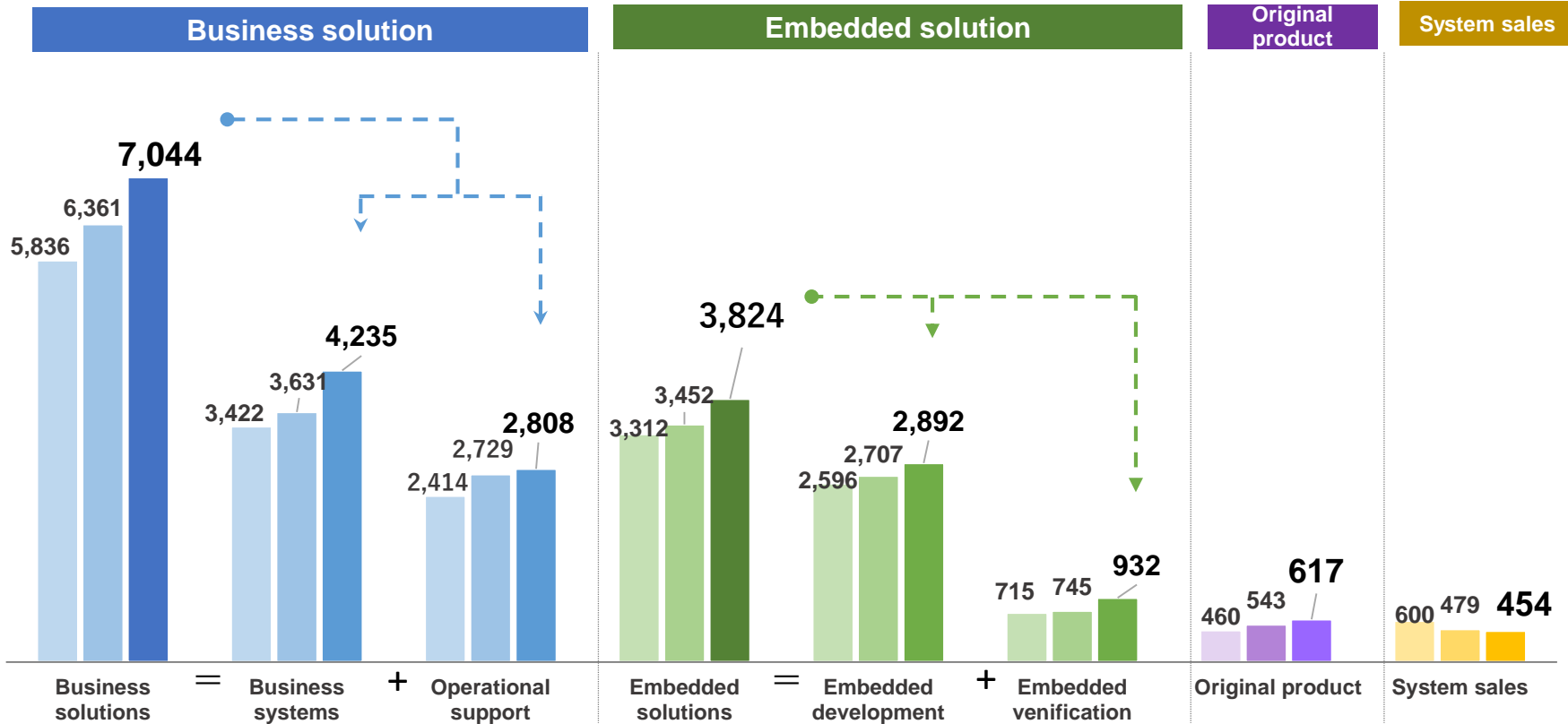
Business segment	Classification	FY6/2020 3Q Net sales Composition	FY6/2021 3Q Net sales Composition	FY6/2022 3Q Net sales Composition
Software Development Business		94.1%	95.6%	96.2%
Business Solutions Unit	Business Bases	57.2%	58.7%	59.0%
Business System Development		58.6%	57.1%	60.1%
Operational Support		41.4%	42.9%	39.9%
Embedded Solutions Unit	Business Bases	32.4%	31.9%	32.0%
Embedded Product Development		78.4%	78.4%	75.6%
Embedded Product Verification		21.6%	21.6%	24.4%
Original Product Unit	Growth Field	4.5%	5.0%	5.2%
Systems Sales Business	Business Bases	5.9%	4.4%	3.8%

Sales by Business Segment

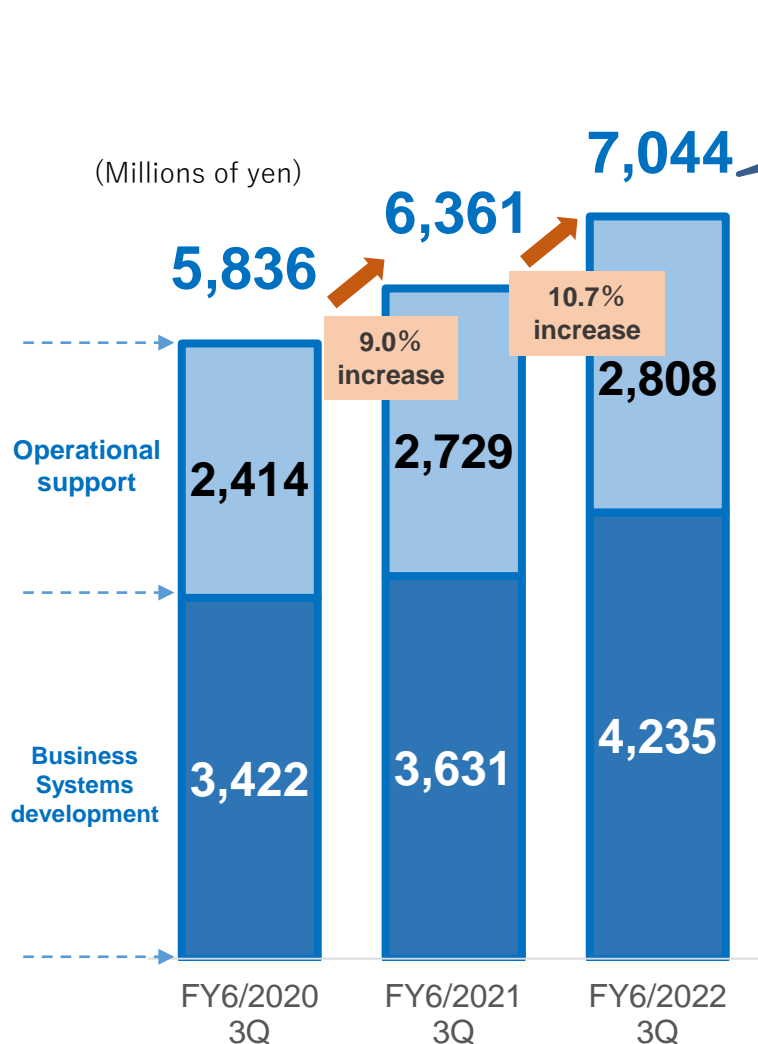
- Business solution, Embedded solution, and Original product exceeded more than 10% over the previous year
- System sales business decreased due to the impact of COVID-19, as it is mainly a face-to-face sales business

Quarterly Sales by Business
(Graphs from left to right: FY6/2020 3Q, FY6/2021 3Q, FY6/2022 3Q)

(Millions of yen)



Net Sales by Segment: Business Solutions Unit



Progress rate
74.4%

Net sales: 7,044 million yen
YoY change : +10.7%

<Entire business>

Successful review of business portfolio resulted in higher sales and profits.

■ Business System Development ■

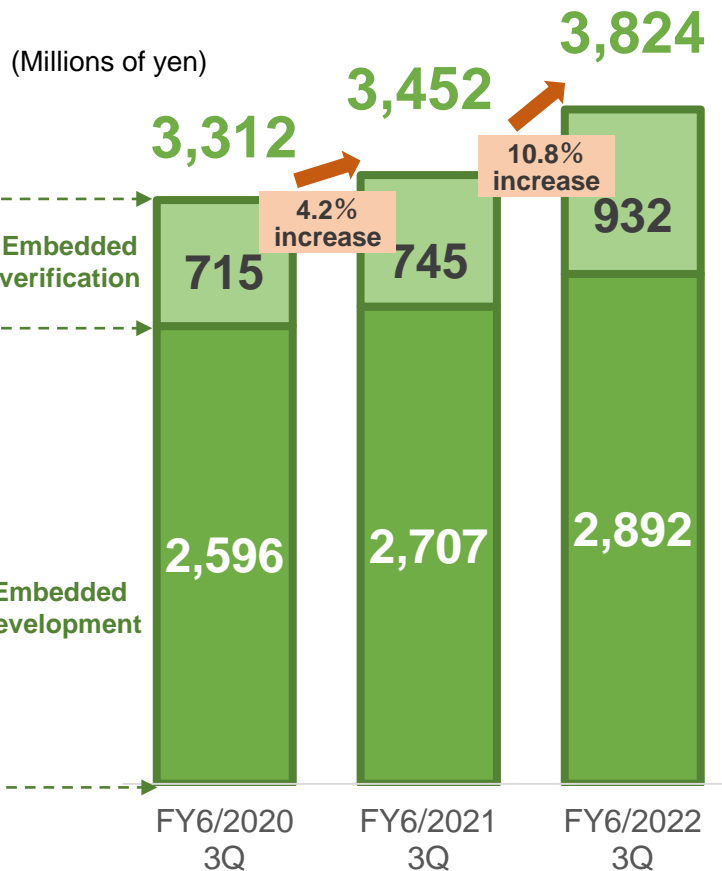
Although sales of the financial-related projects remained mostly unchanged due to a shift in personnel, sales of the pharmaceutical-related projects grew significantly, and orders in the communications, manufacturing, and ERP-related projects progressed more than expected, resulting in significant growth.

■ Operational Support ■

Despite some impacts from business reforms by mainstay customers following the COVID-19 crisis, steady growth, exceeding the same period of the previous year by capturing needs such as cloud infrastructure construction.

Net Sales by Segment: Embedded Solutions Unit

Progress rate
75.0%



Net sales : 3,824million yen
YoY change : +10.8%

<Entire business>

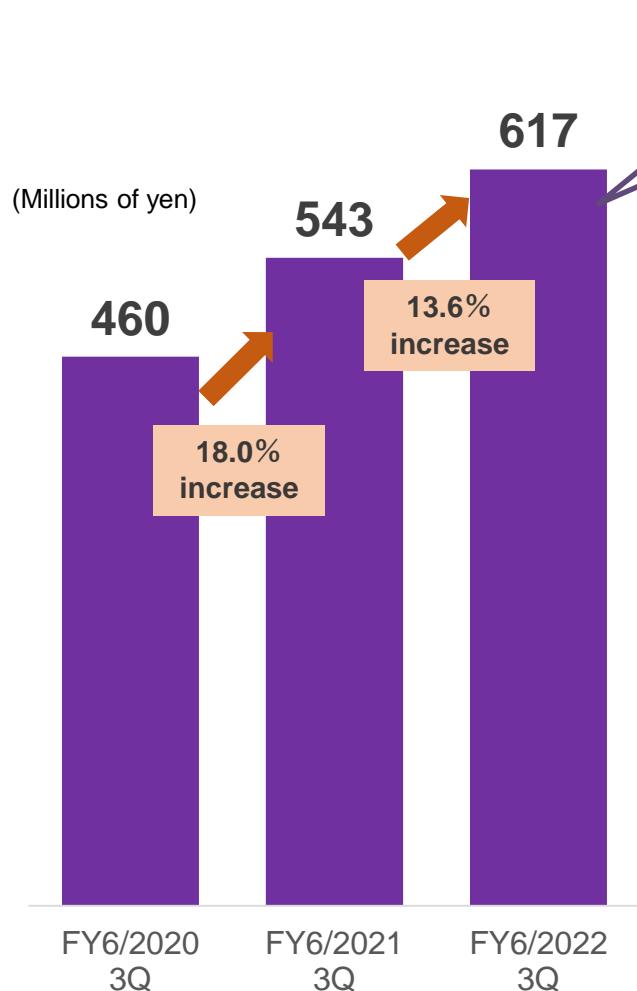
Increase in sales and income due to growth in semiconductor-related and verification services, etc.

■ Embedded Development ■

IoT-related sales, including those related to mobile devices and consumer electronics, remained flat, but automobile-related sales, including mainstay semiconductors, leveled off, resulting in significant increases in sales and profits.

■ Embedded System Verification ■

Sales and profits substantially increased, with sales growing by 25.1% YoY. This was attributable to a large growth in sales of automotive verification, and growth in 5G (mobile devices and base stations) and medical-related products.



Net sales : 617 million yen
YoY change : +13.6%

<Entire business>

Despite the remaining impact of COVID-19, results exceeded those of the previous year.

■ [WebARGUS: Cybersecurity product]

Both sales and profits were solid due to the accumulation of license sales. Continued collaboration with external cyber security specialist companies.

■ [xoBlos: Operational efficiency products]

Steady growth due to expansion of horizontal deployment within existing customers. Both sales and profits grew. Strengthened product appeal by expanding linkage functions with various systems such as RPA and ERP.

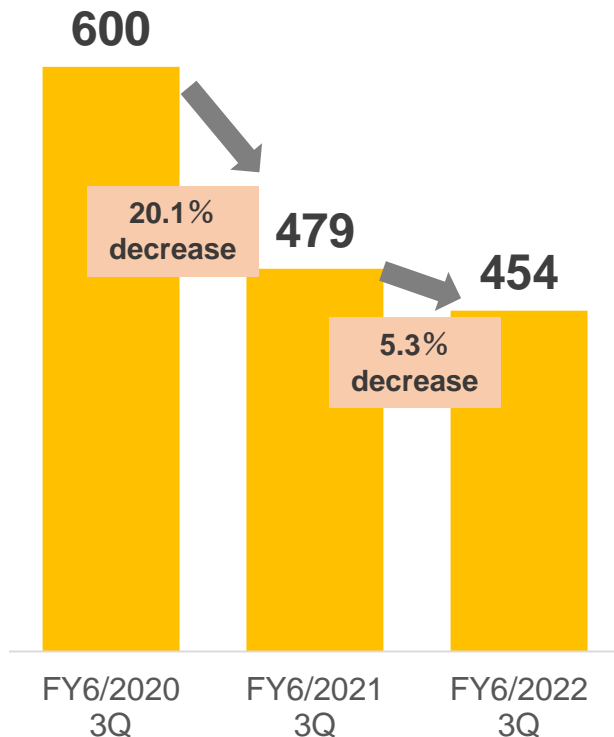
■ [Other new products]

DD-CONNECT, an electronic contract service, both received inquiries and orders increased. Develop sales agents for new product "shield cms".

Net Sales by Segment: Systems Sales Business



(Millions of yen)



Progress rate
75.7%

Net sales : 454 million yen
YoY change : -5.3%

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

- Sales decreased due to susceptibility to the COVID-19 impact, since we mainly sell product through face-to-face sales, despite a respite in the reactionary fall following the reduced tax rate from FY6/2020 to FY6/2021.

On the other hand, due to efforts to reduce SG&A expenses, segment profit remained unchanged from the previous fiscal year.

*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, with equity ratio at 73.1%

(Millions of yen)

	End-Jun. 2021	End-Mar. 2022	Change
Cash and deposits	3,333	3,651	318
Accounts receivable	2,084	—	△2,084
Accounts receivable and contract assets	—	2,625	2,625
Work in progress	131	68	△63
Others	116	197	81
Total current assets	5,664	6,541	877
Property, plant and equipment	110	145	35
Intangible fixed assets	15	13	△2
Investments and other assets	598	438	△160
Total fixed assets	724	596	△128
Total assets	6,388	7,138	750

	End-Jun. 2021	End-Mar. 2022	Change
Notes and accounts payable-trade	487	621	134
Short-term borrowings	—	—	—
Others	1,263	1,136	△127
Total current liabilities	1,750	1,758	8
Long-term debt	—	—	—
Others	111	159	48
Total fixed liabilities	111	159	48
Total liabilities	1,861	1,918	57
Capital stock	453	453	—
Capital surplus	459	459	—
Retained earnings	3,614	4,307	693
Total net assets	4,526	5,219	693
Total liabilities and net assets	6,388	7,138	750

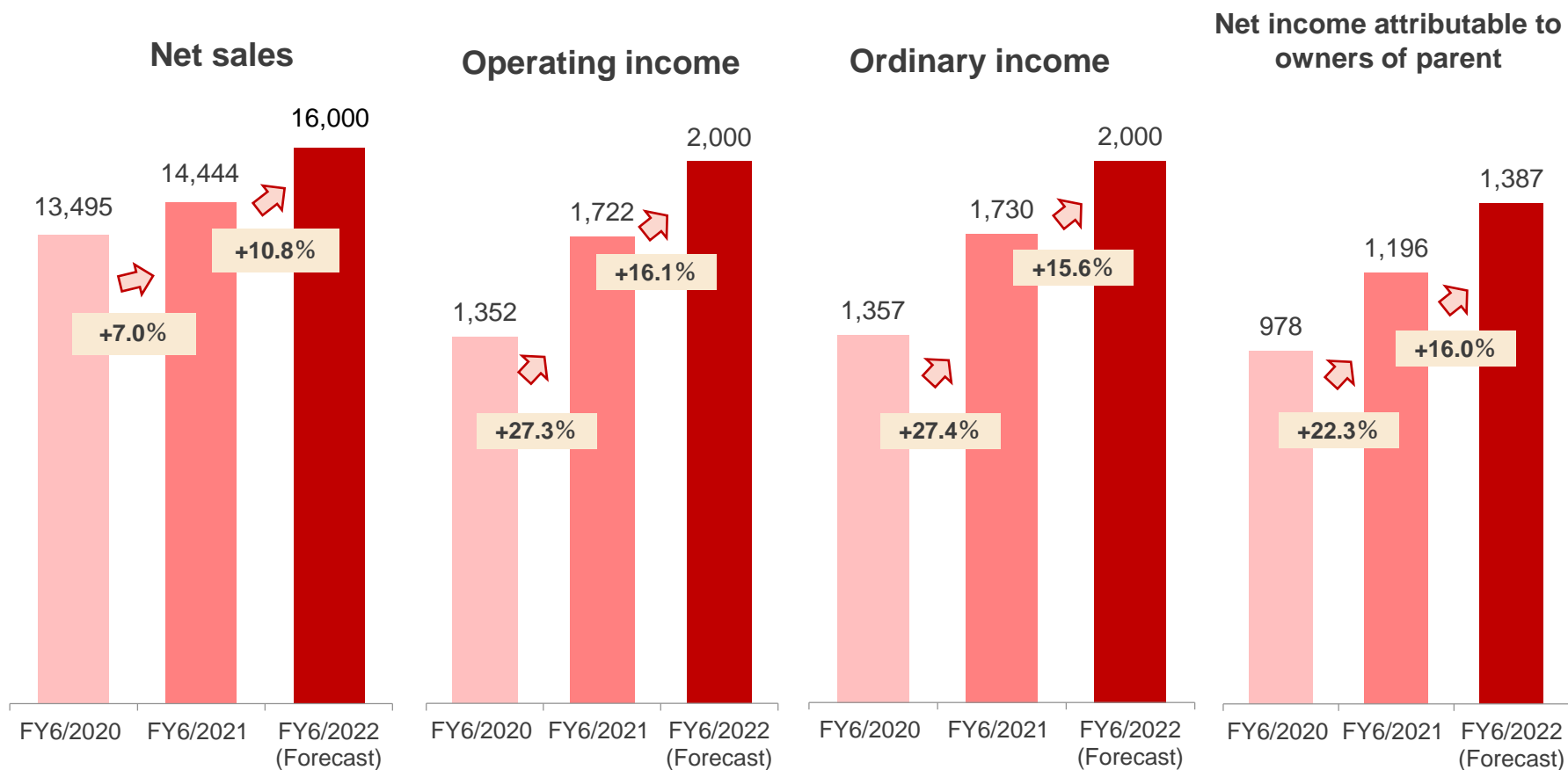


2. FY6/2022 Business Forecasts

FY6/2022 Business Forecasts

■ Plan to increase sales and profits for 12 consecutive fiscal years

(Millions of yen)



Forecast of Business Results by Segment

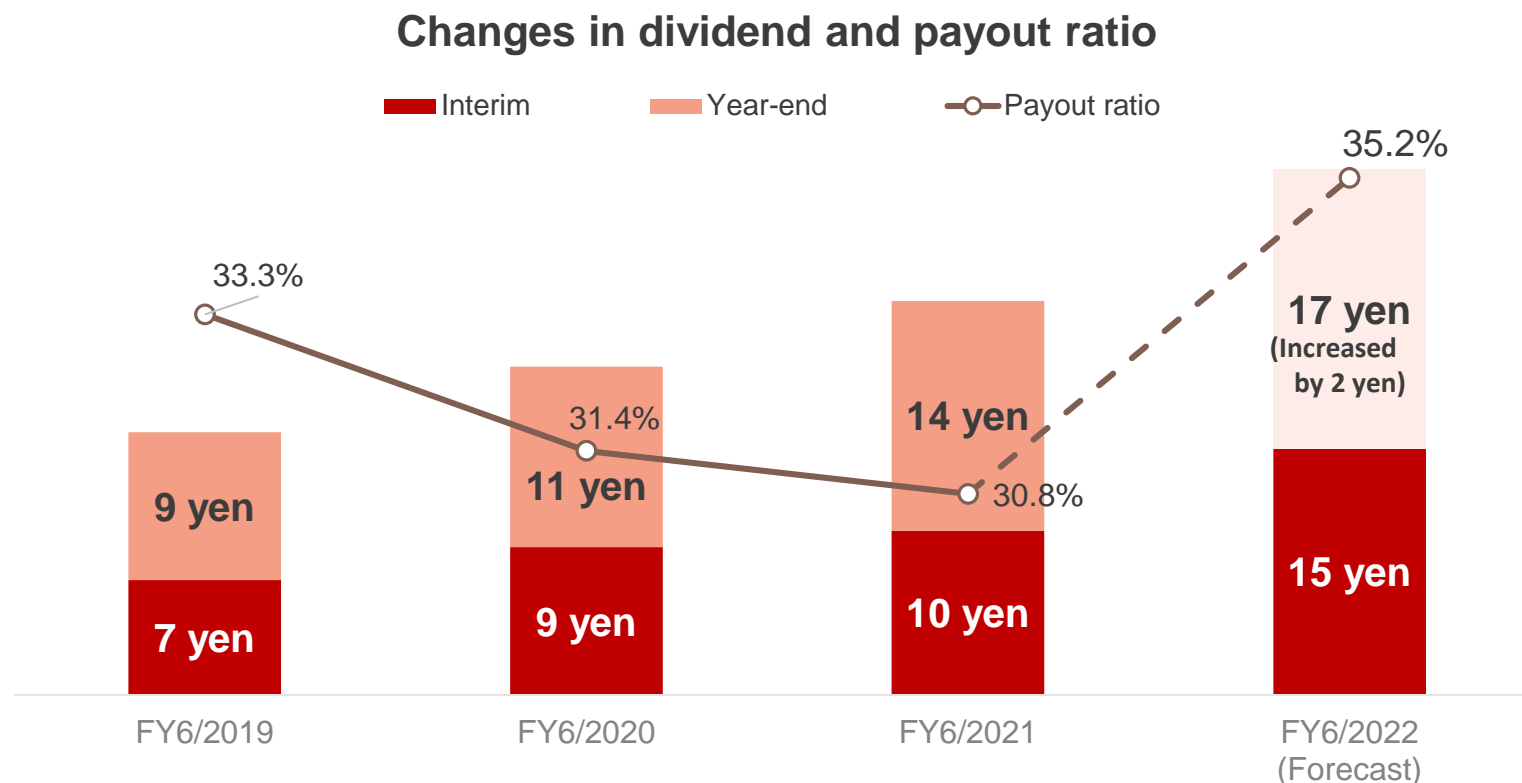
- In the Software Development Business, we plan to increase sales by 11.3% YoY
- System sales business revised to flat YoY due to the impact of COVID-19

(Millions of yen)

Business Segment	FY6/2021 Net sales	FY6/2022 Net sales Forecast	Change	% Change	Composition
Software Development Business	13,838	15,400	1,562	11.3%	96.2%
Business Solutions Unit	8,604	9,470	866	10.1%	59.2%
Embedded Solutions Unit	4,522	5,100	578	12.8%	31.9%
Original Product Unit	712	830	118	16.6%	5.2%
System Sales Business	605	600	-5	-0.9%	3.8%
Total	14,444	16,000	1,556	10.8%	

Return to Shareholders(Dividend Forecasts)

- Based on the target payout ratio of 35% or above stated in the medium-term management plan
- Increased year-end dividend per share by 2 yen (from 15 to 17 yen) in line with the upward revision of the earnings forecast



• Payout ratio = Total amount of dividend payment ÷ Net income attributable to owners of parent

3. DIT Group's Vision for 2030 and New Mid-term Management Plan (FY6/2022-FY6/24) (Excerpted from explanatory materials disclosed on Aug. 20, 2021)



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

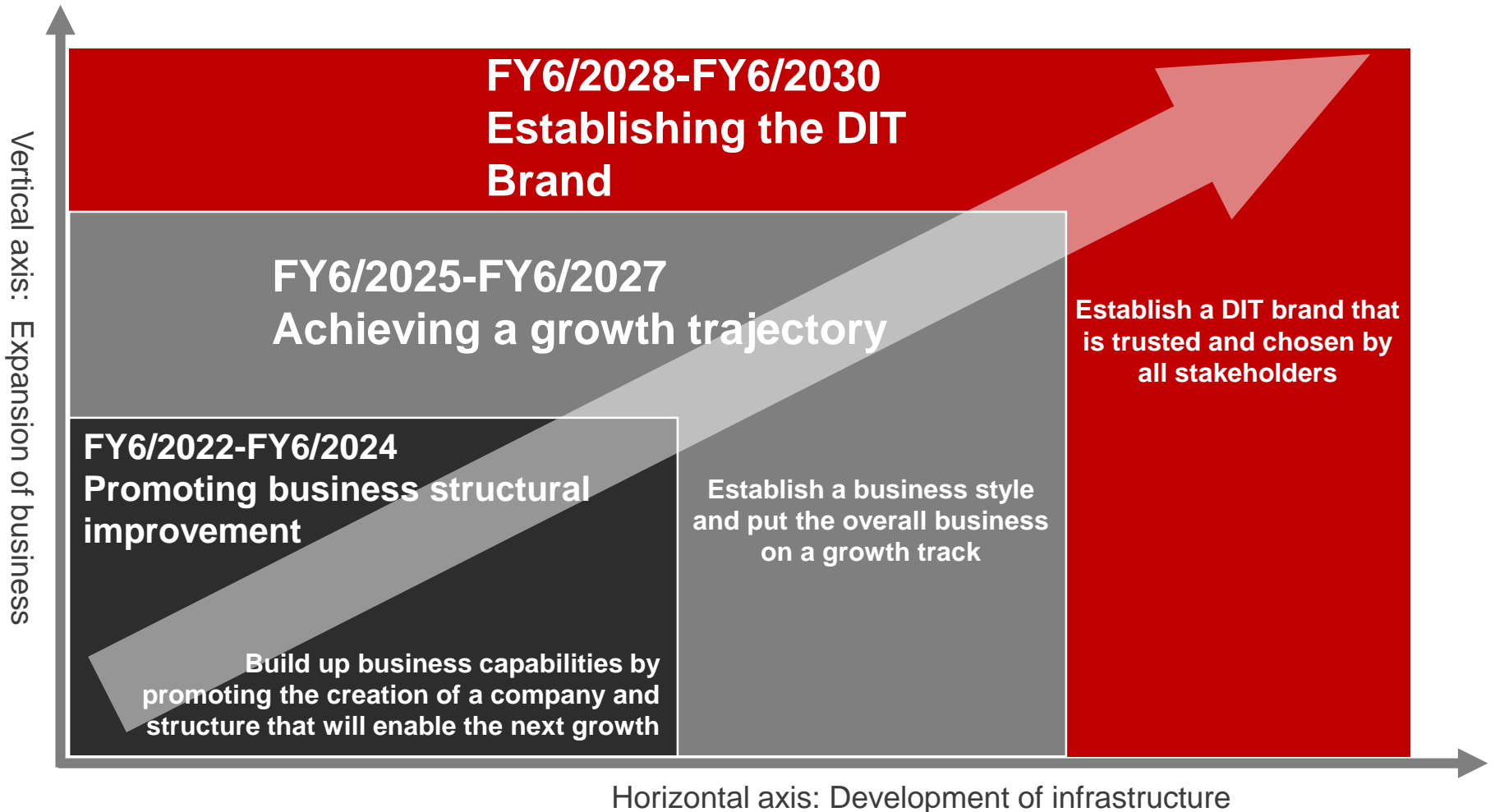


Professional group

Steps to Realize the 2030 Vision



DIT 2030 Vision

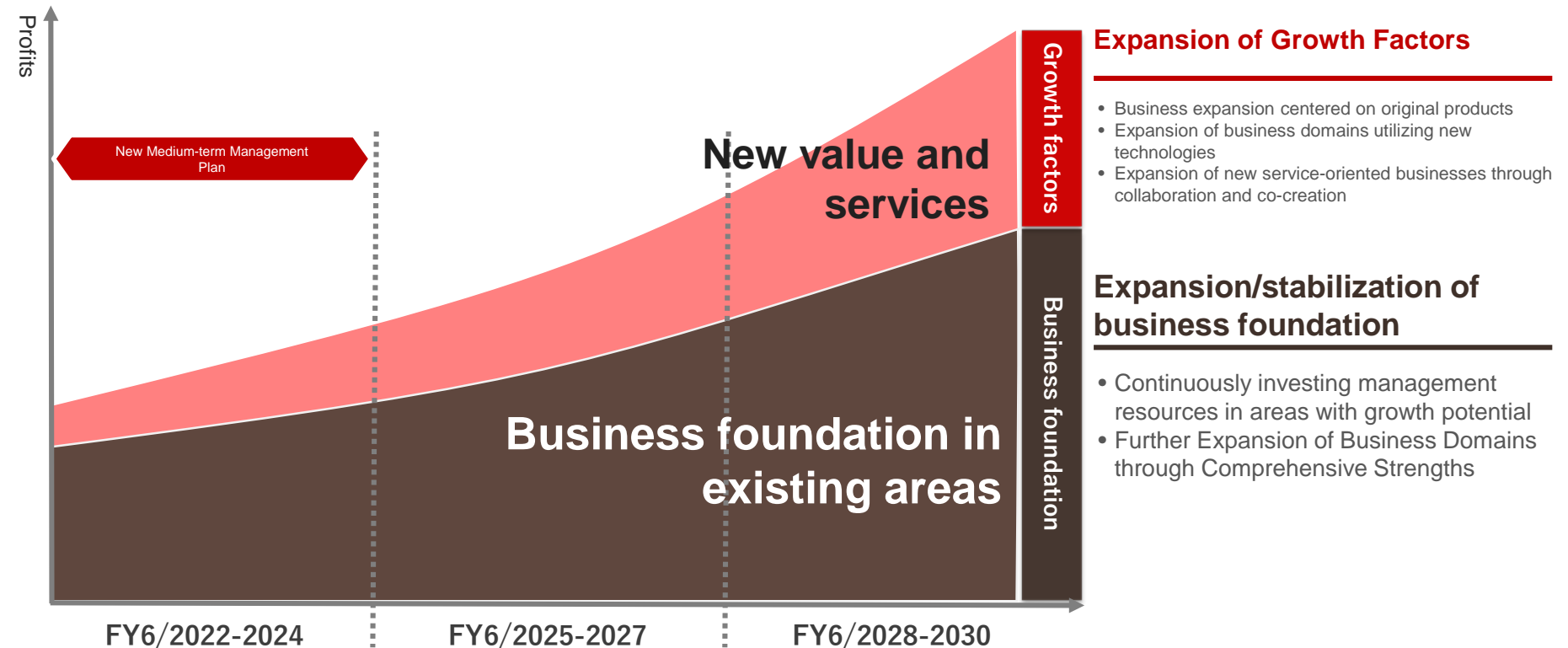


Mid-term Growth Model

■ 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>

FY6/2022 Results

FY6/2030 Target

		Organic growth	+New business · M&A, etc.
Net sales	14.4 billion yen	30 billion yen or more	50 billion yen or more
Operating income	1.72 billion yen	4 billion yen or more	5 billion yen or more

-FY6/2022

FY6/2022-FY6/2030

Dividend payout ratio	30% or more	35% or more
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Management Targets in the Medium-Term Management Plan

■ Medium-Term Management Targets for Organic Growth (updated only for FY6/2022)

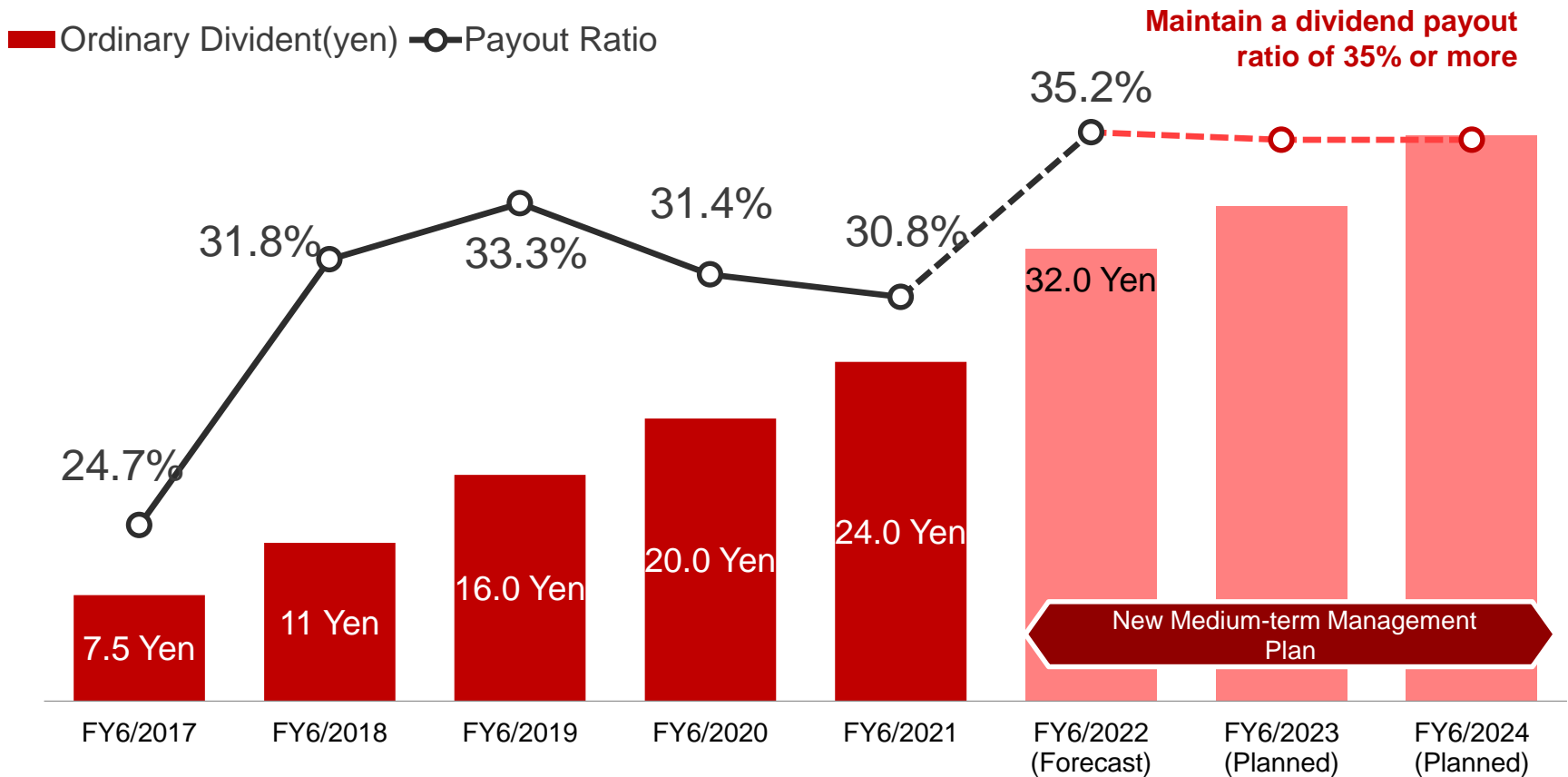
	FY6/2021 (Results)	FY6/2022 (Forecast)	FY6/2023 (Planned)	FY6/2024 (Planned)
Net sales	14.4 billion yen	16 billion yen	16.8 billion yen	18.5 billion yen
Operating income	1.72 billion yen	2 billion yen	2.15 billion yen	2.50 billion yen
Ordinary income	11.9%	12.5%	12.8%	13.5%
ROE	29.2%	Maintain 20% or more		
Dividend payout ratio	30% or more	35% or more		

■ Dividend Forecast for FY6/2022

Annual dividend per share	24.0 yen	32.0 yen
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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 (updated only for FY6/22)



SDGs: Contributing to the Realization of a Sustainable Society

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

Contribution from corporate management



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

Relevant SDGs goals



Contribution from introduction of original products, etc.



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

Relevant SDGs goals





4. Reference materials

Corporate Data

Trade name	Digital Information Technologies Corporation
Establishment	January 4, 2002
Contents of business	Development of business systems, development and verification of embedded systems, system operation services, sales of in-house developed software, and system sales business
Location of head office	5F, FORECAST Sakurabashi, 4-5-4 Hacchobori, Chuo-ku, Tokyo
Capital stock :	453,156 thousand yen (As of the end of June 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

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

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

Business strategy

5 Basic Business Strategies

- 1. (Strengthen our business foundation through the renovation of existing businesses)**
- 2. (Create new value centered around original products)**
- 3. (Expand our business through partnerships)**
- 4. (Expand our business through the perspective of services)**
- 5. Hire personnel and aid employee growth**

Organizational strategy

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

Dispersion (sub-optimization) Adaptability to change / Specialization / Development of Managerial talent	BS Company	CS Division	TS Division	PS Division	DIT America, LLC	DIT Marketing Service Co., Ltd.
	eB company					
	SB Company					
	ES Company	Administration division				
	NN Company	Corporate Planning Division				
	QE Company	Concentration (total optimization) Control / Unification / Collaboration				
	EM Company					
	Xoblos Division					
	Business Division					
	IT Security					
Laboratory						
DX Business						
Development Office						
New Product						

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*



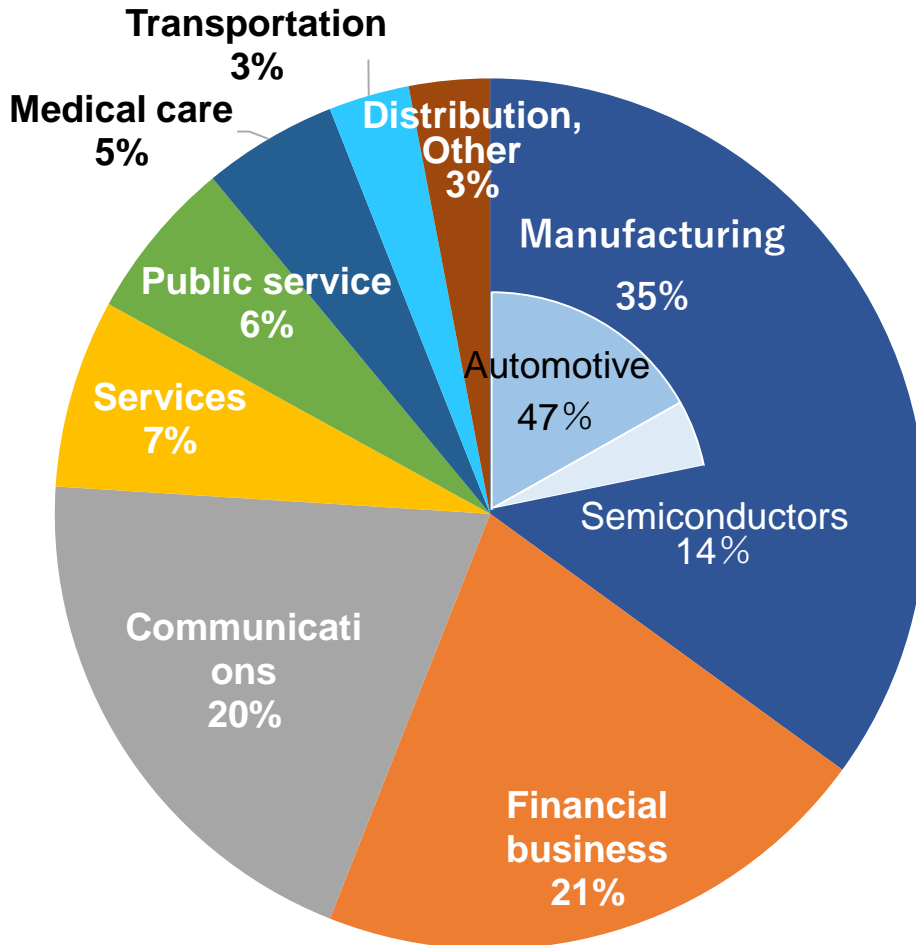
JPX-NIKKEI Mid Small

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.

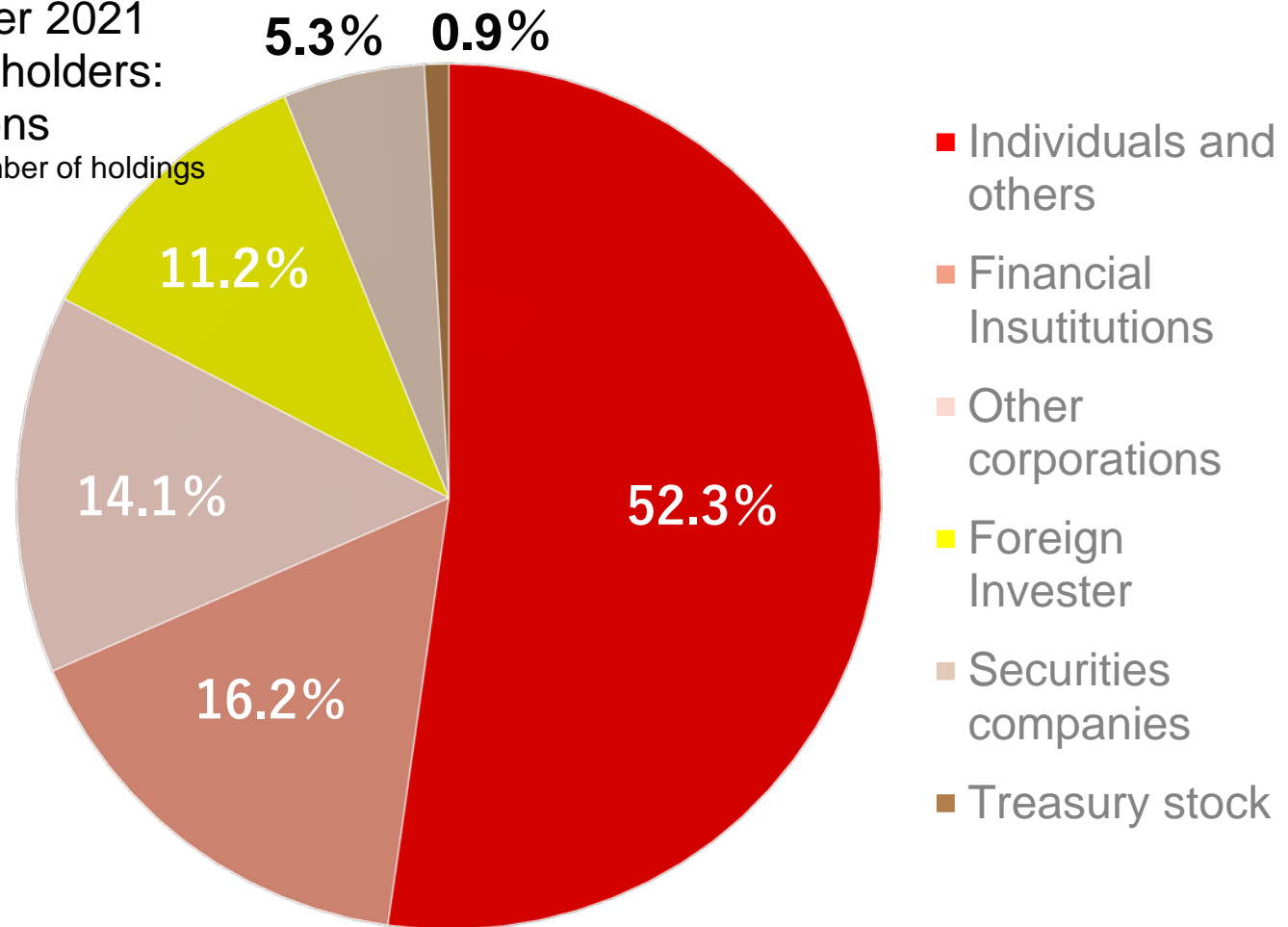
■ Sales Composition by Industry of Software Development Business (Left chart)

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

Composition of Shareholders

End of December 2021
Number of shareholders:
5,767 persons

*The graph is based on number of holdings



Launched "shieldcms", a Highly Secure Website Creation Platform

Launched "shieldcms", a website creation platform that combines safety and mobility, in September

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

Accordingly, we have combined our original security product WebARGUS with CMS services to develop a new high-security **SaaS platform** that enables instantaneous recovery of web tampering caused by cyber-attacks. The platform was launched in September. **We have been receiving much inquiries for this product.**





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- 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.