

Digital Information Technologies Corporation

**Financial Results for the Third Quarter Ended
March 2021
(TSE1: 3916)**

May 2021





1. Financial Results for FY06/21 3Q

2. Business Forecasts for FY06/21

3. Mid-Term Management Plan

4. Reference material

Financial Results for FY06/21 3Q



FY06/21 3Q Overview of Financial Results (Performance)

Sales and profits increased, reaching record-highs for the nine month period -- showed strong growth as a result of steady implementation of measures to cope with the impact of COVID-19)

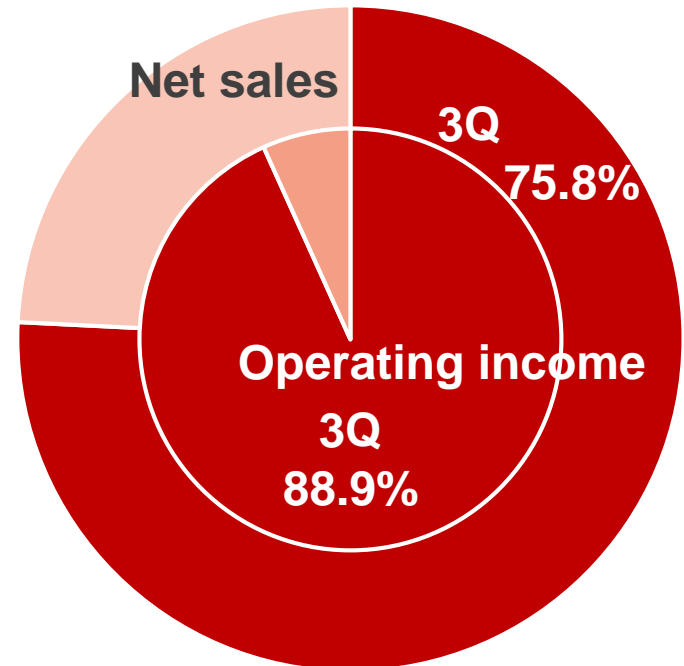
**Net sales : 10,837 million yen
(+6.1% YoY)**

**Operating income : 1,492 million yen
(+25.9% YoY)**

**Operating income margin : 13.8%
(+2.2 ppt. YoY)**

Progress rate to the revised full-year forecasts (%)

Net sales (forecast): ¥14,300 million
Operating income (forecast): ¥1,680 million



Upward Revision to Business Forecasts for FY06/21

(Announced on May 14, 2021)

- Net sales remained unchanged, and profits were further upwardly revised, as profit margin improved from the previously revised forecast.
- We plan to raise the dividend by 2 yen to 24 yen for the full year (interim: 10 yen, year-end: 14 yen (increase by 2 yen twice)).

(Millions of yen)	FY06/20 Result	Composition %	FY06/21			Composition %	YoY %
			Initial forecast	Revised forecasts (Jan 26)	Current revised forecasts (May 14)		
Net sales	13,495	100.0%	13,580	14,300	14,300	100.0%	+5.9%
Operating income	1,352	10.0%	1,358	1,600	1,680	11.7%	+24.2%
Ordinary income	1,357	10.1%	1,358	1,600	1,680	11.7%	+23.7%
Net income attributable to owners of parent	978	7.2%	942	1,088	1,142	8.0%	+16.7%

FY06/21 3Q Overview of Financial Results (Business)

The Software Development Business - our core business - grew. The Business Solutions Unit, which accounts for approx. 60% of the total sales, drove good results in particular.

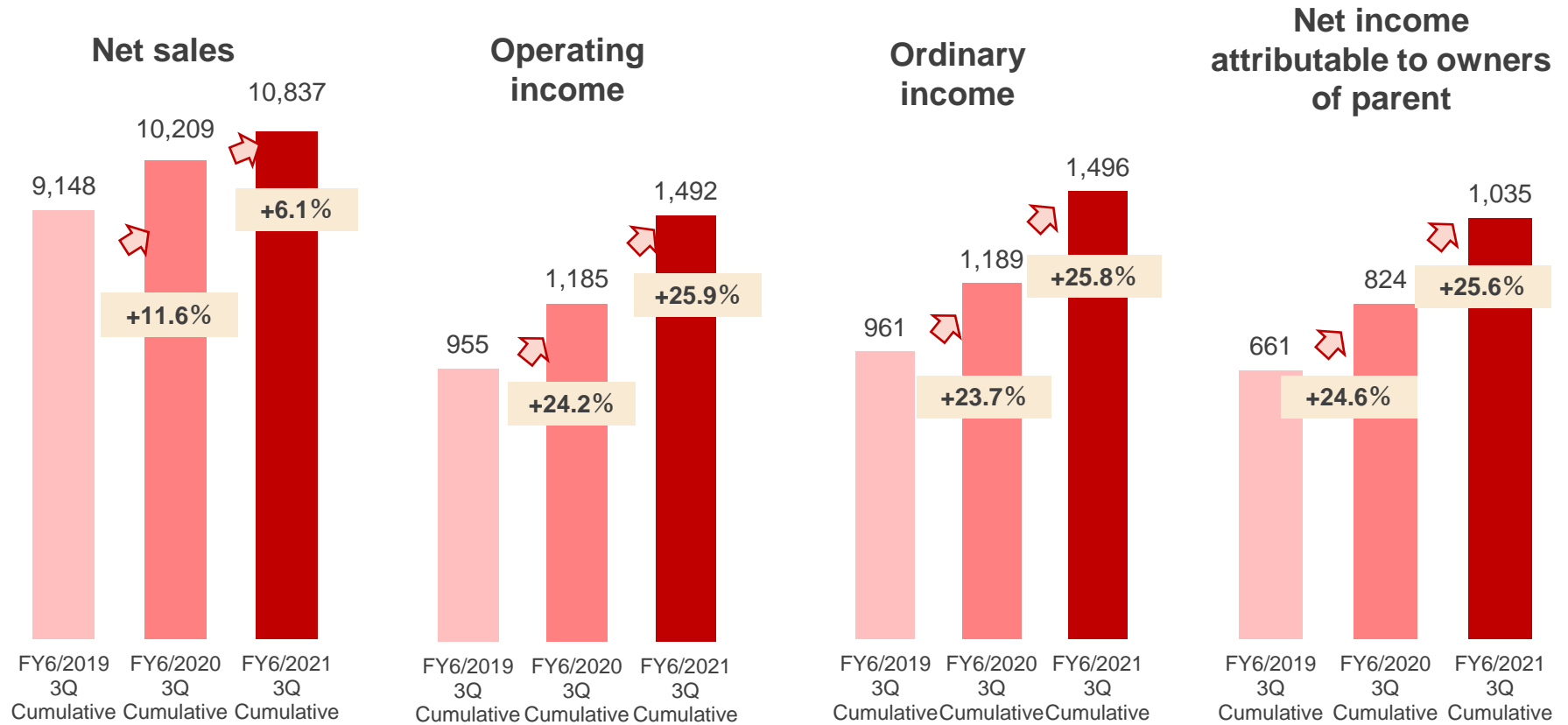
■ Software Development Business (Net sales +7.5% YoY)

- **In the Business Solutions Unit (+9.0% year-on-year)**, sales and profits significantly increased thanks to the higher-than-expected growth in orders mainly from existing customers through the successful business portfolio review. The business system development showed growth in ERP-related, medical and public systems, and the operational support showed large growth in orders also from new customers.
 - **In the Embedded Solutions Unit (+4.2% year-on-year)**, sales and profits steadily increased. Due to the steady implementation of measures to deal with the anticipated impact of COVID-19 on automobile sector, the embedded system development showed growth in semiconductor, communication, and IoT systems, and the embedded system verification showed growth in 5G-related systems.
 - **In the Original Product Unit (+18.0% year-on-year)**, xoBlos grew steadily and WebARGUS also grew faster than ever, despite the constraints on business interviews due to COVID-19. In addition, inquiries for the electronic contract service DD-CONNECT launched from 2Q, steadily increased mainly from the housing construction industry.
- ## ■ In the Systems Sales Business (Net sales -20.1% year-on-year)
- , despite efforts to promote sales using IT introduction subsidies, sales and profits both fell sharply due to the absence of the special demand for reduced tax rate support in the previous fiscal year.

FY06/21 3Q Financial Highlights

Both sales and profits showed record-highs.

(Millions of yen)



Summary of Consolidated Financial Results for 3Q FY06/21

- Significant improvement in operating income margin due to combination of qualitative improvement in business scope and lower expenses due to COVID-19.

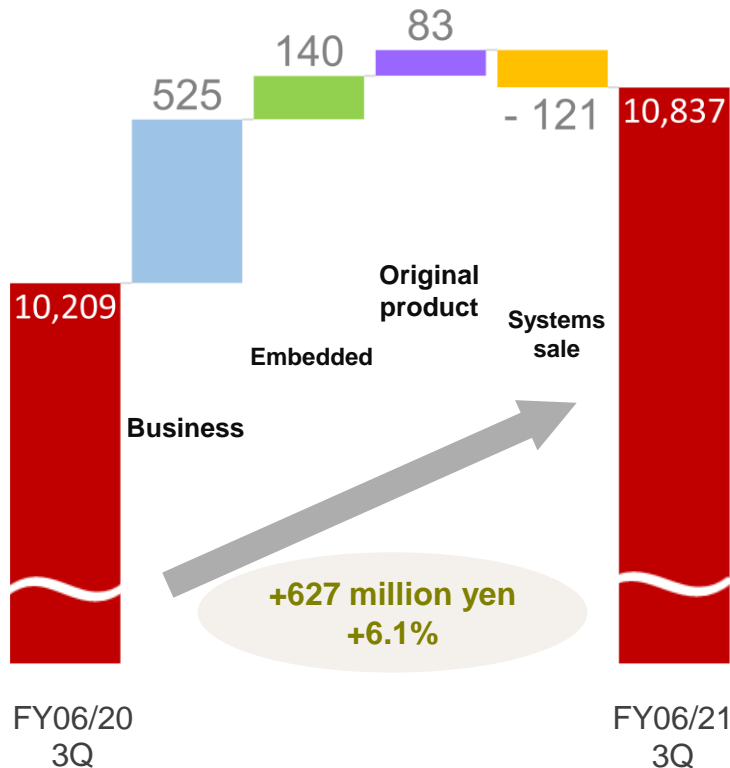
(Millions of yen)	FY06/20 3Q Result	Composition %	FY06/21 3Q Result	Composition %	FY06/21 Full-year forecasts	YoY %
Net sales	10,209	100.0%	10,837	100.0%	14,300	75.8%
Gross profit	2,583	25.3%	2,774	25.6%	-	-
SG&A	1,398	13.7%	1,282	11.8%	-	-
Operating income	1,185	11.6%	1,492	13.8%	1,680	88.9%
Ordinary income	1,189	11.7%	1,496	13.8%	1,680	89.1%
Net income attributable to owners of parent	824	8.1%	1,035	9.6%	1,142	90.7%

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

- Sales were healthy in the Business Solutions Unit, and have grown steadily also in the Original Product Unit.
- Steady growth in operating income due in part to a decrease in SG&A expenses reflecting the impact of COVID-19.

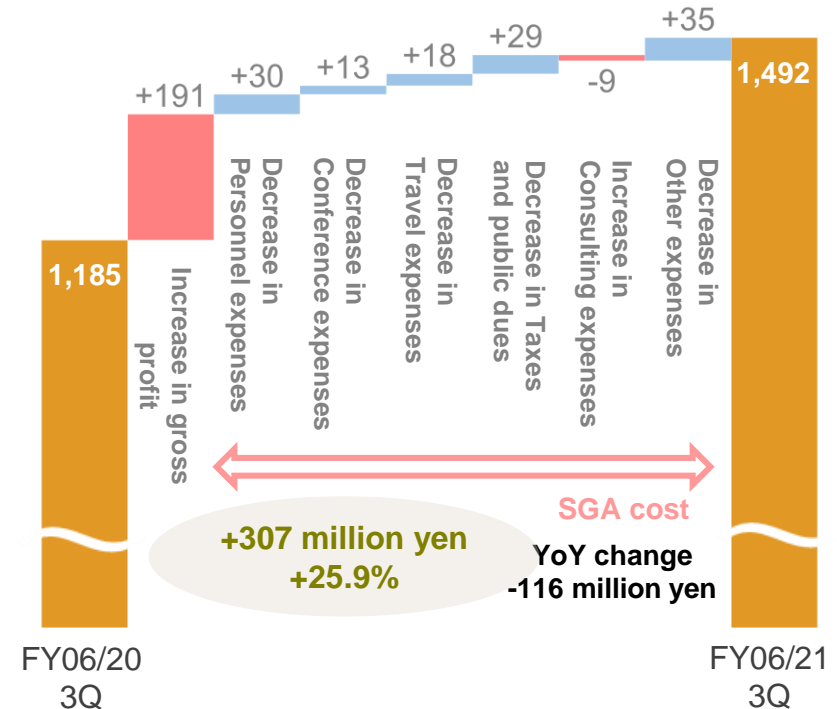
Net sales

(Millions of yen)



Operating income

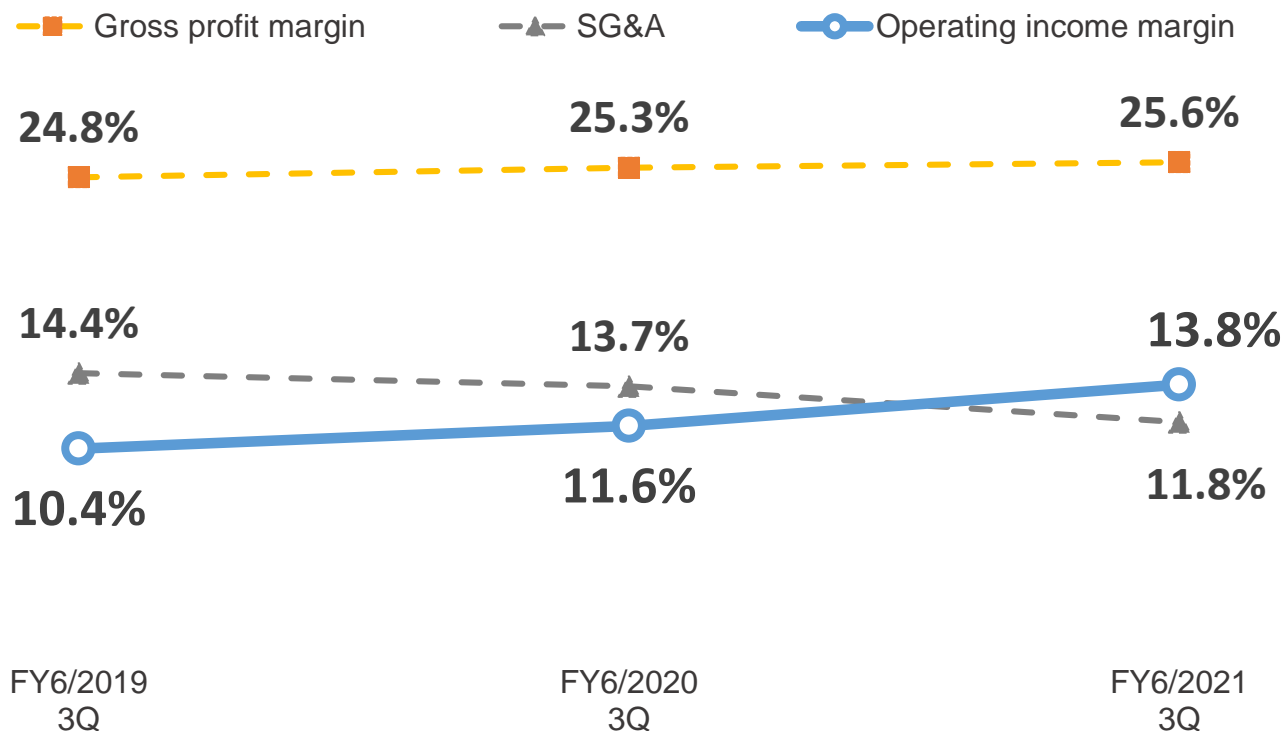
(Millions of yen)



Changes in Operating Income Margin

- The increase in the operating margin for the current fiscal year is due to the qualitative improvement of the business and the decrease in costs associated with COVID-19.

Ratio of each profit and R&D expenses to sales



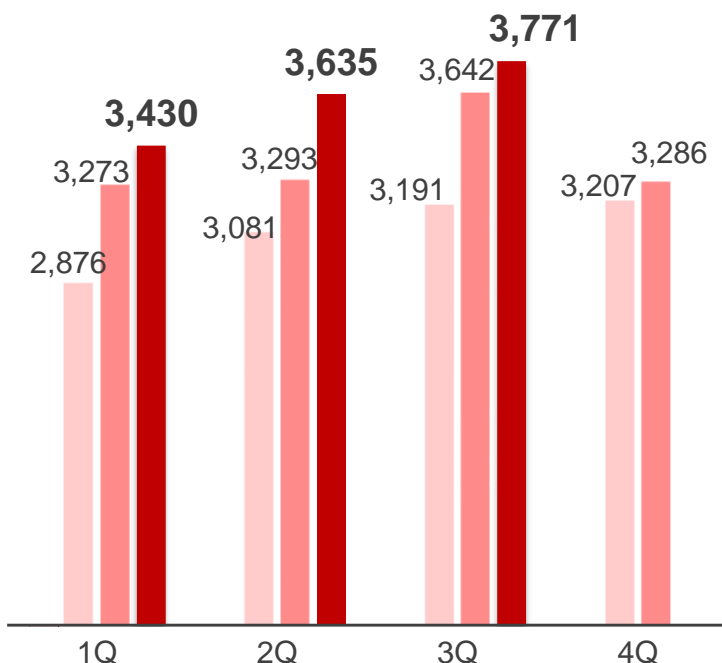
Quarterly Net Sales & Operating Income

- For 3Q, net sales and operating income showed record-highs.
- We recorded our highest-ever net sales and quarterly profit in 3Q.

Net sales

(Millions of yen)

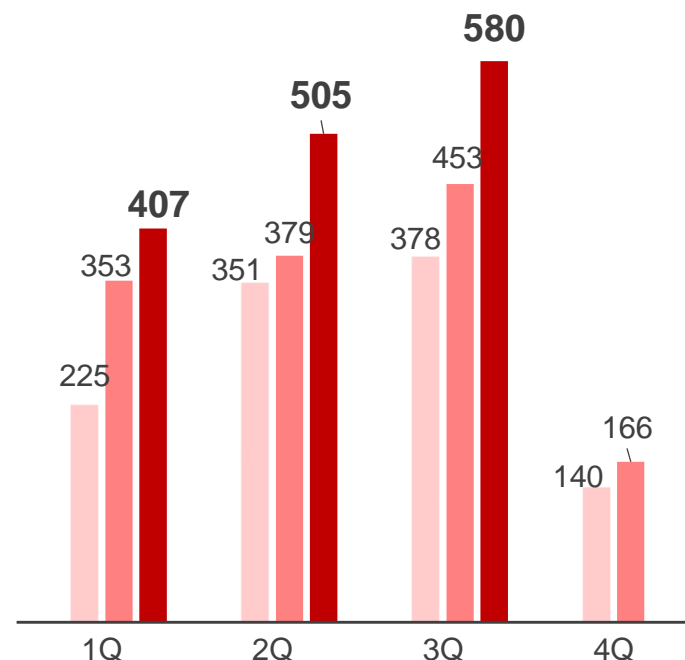
■ FY6/2019 ■ FY6/2020 ■ FY6/2021



Operating income

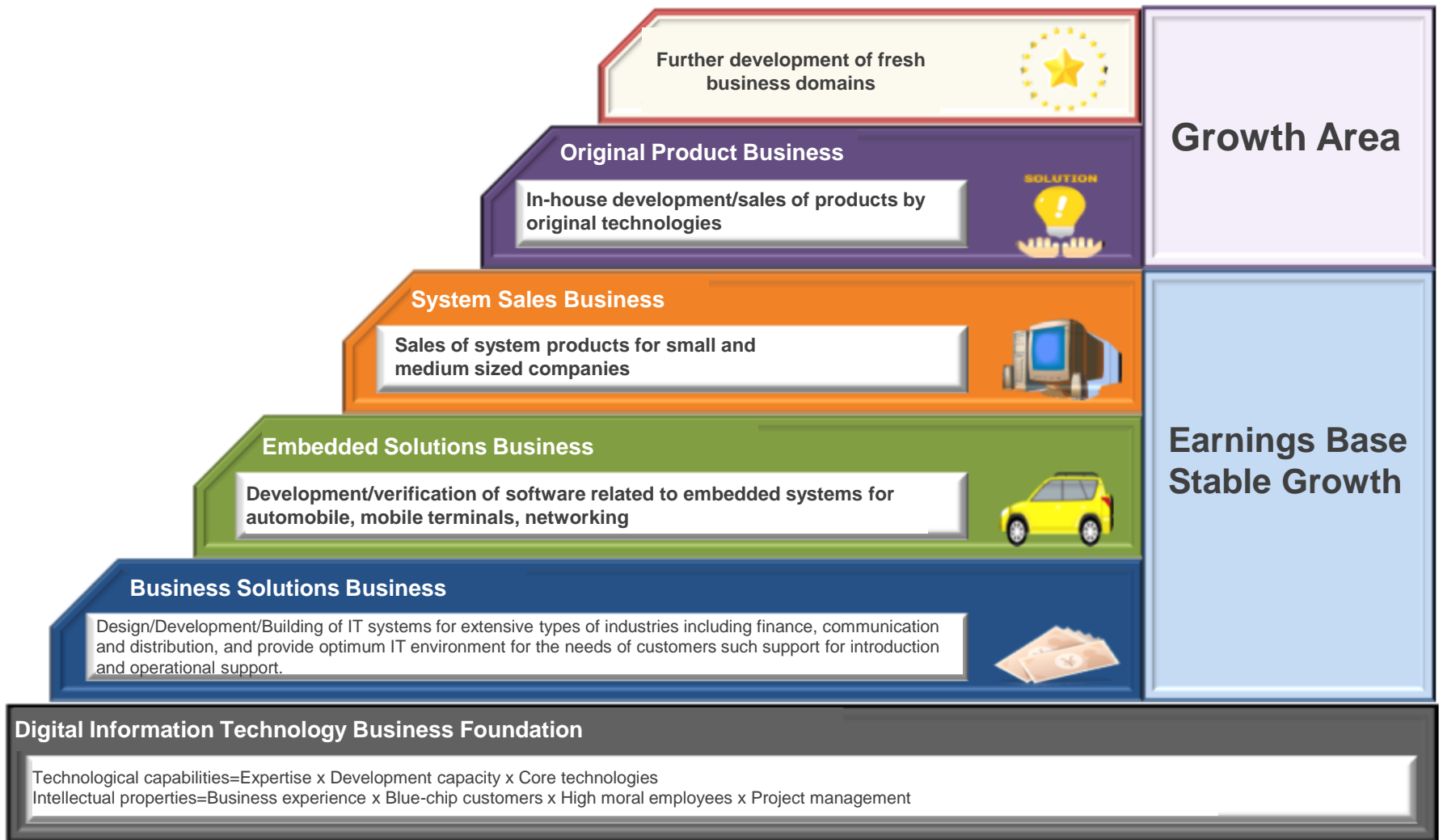
(Millions of yen)

■ FY6/2019 ■ FY6/2020 ■ FY6/2021



* 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

- The Business Solutions Unit (particularly operational support) and the Original Product Unit grew.

Businesses segment	Classification	FY06/19 3Q Cumulative Net sales Composition	FY06/20 3Q Cumulative Net sales Composition	FY06/21 3Q Cumulative Net sales Composition
Software development Business		94.4%	94.1%	95.6%
Business Solutions Unit	Business Bases	58.7%	57.2%	58.7%
Business System Development		63.5%	58.6%	57.1%
Operational Support		36.5%	41.4%	42.9%
Embedded Solutions Unit	Business Bases	31.6%	32.4%	31.9%
Embedded Product Development		76.9%	78.4%	78.4%
Embedded Product Verification		23.1%	21.6%	21.6%
Original Product Unit	Growth Field	4.2%	4.5%	5.0%
Systems Sales Business	Business Bases	5.6%	5.9%	4.4%

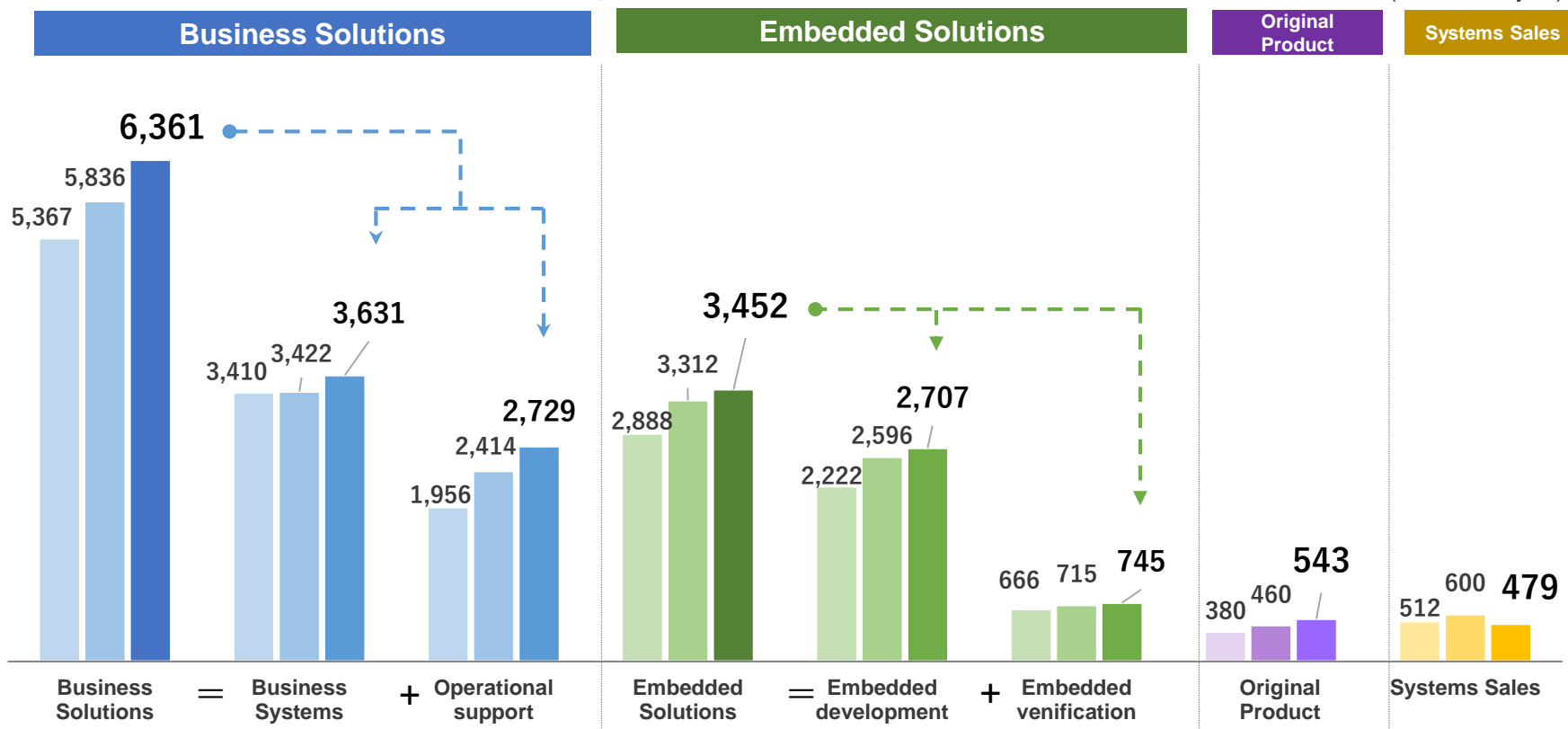
Sales by Business Segment

- We thrust aside the impact of the coronavirus crisis to surpass the results recorded in the previous year in the Embedded Solutions Unit.
- The sales of the Systems Sales Business dropped considerably due to the absence in special demand.

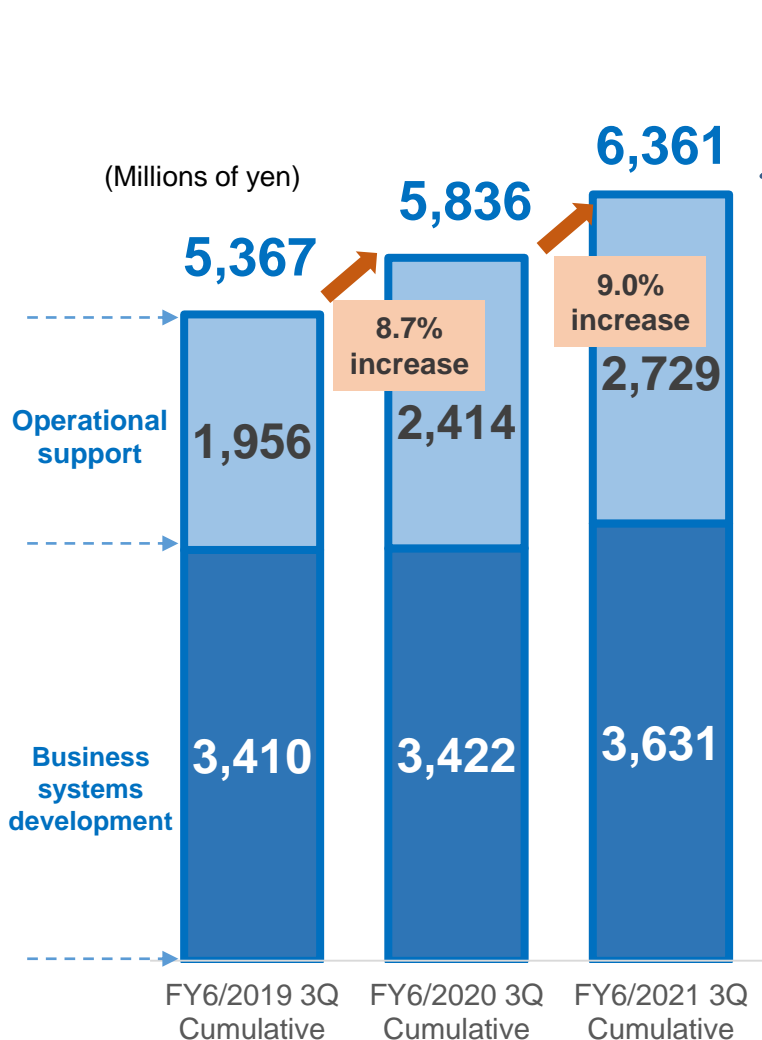
Quarterly Sales by Business

(Graphs from left to right: FY06/19 3Q, FY06/20 3Q, FY06/21 3Q)

(Millions of yen)



Net Sales by Segment: Business Solutions Unit



Progress rate
75.5%

Net sales : 6,361 million yen
YoY change : +9.0%

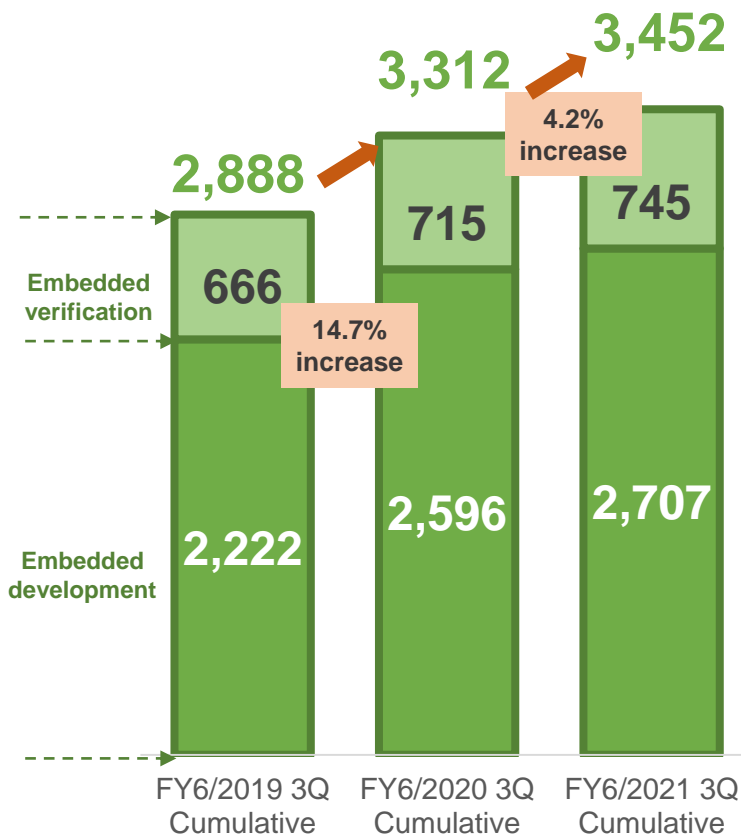
In the business as a whole, profitability continued to improve steadily, mainly with existing customers.

- In business system development, sales of mainstay financial systems are gradually declining due to a review of the business portfolio. However, sales of ERP-related systems (in particular, SAP), which have high profit margins, and medical and public-related systems increased.
- In operational support, the impact of COVID-19 was minor. Accordingly, we increased the volume of our transactions with new customers we have cultivated over the past year or two in addition to existing major customers. Therefore, both sales and profit grew significantly.

Net Sales by Segment: Embedded Solutions Unit

Progress rate
76.7%

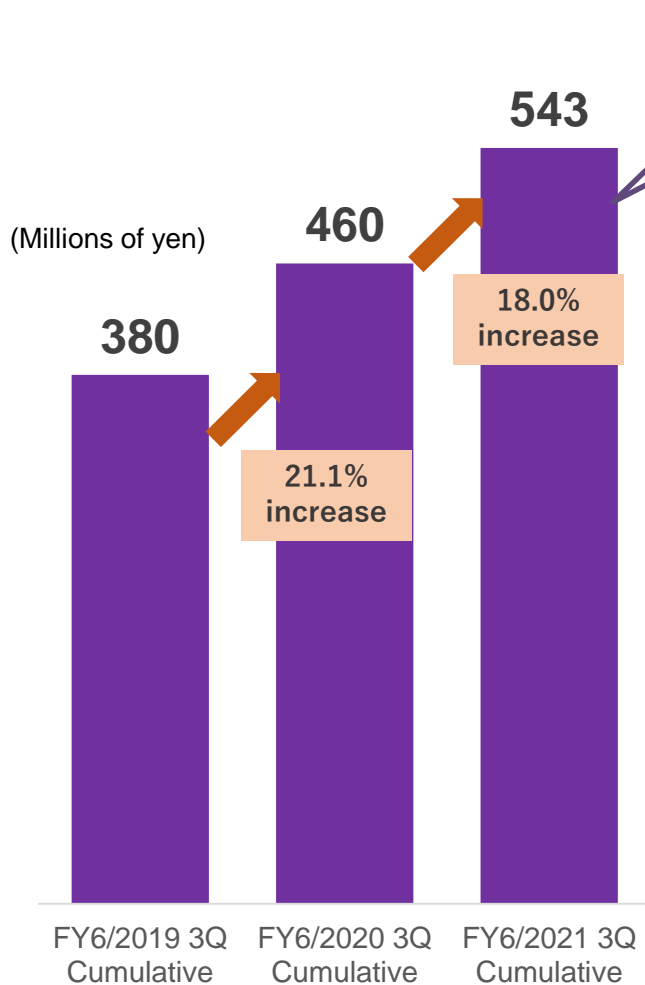
(Millions of yen)



Net sales : 3,452 million yen
YoY change : +4.2%

In the business as a whole, we took measures assuming the impact of COVID-19 on the automobile-related business, thanks to which results surpassed the previous year.

- In embedded system development, sales and profits both exceeded the previous year's levels as the performance of in-vehicle systems remained at the same level as the previous year, semiconductor and communication systems showed strong sales, and new services (especially home appliances) expanded by IoT.
- In embedded system verification, 5G-related (mobile devices and base stations) covered the decline in automotive systems, and both sales and earnings exceeded the previous year's level.



Progress rate
73.4%

Net sales : 543 million yen
YoY change : +18.0%

In the entire business, results surpassed the previous year despite restrictions on face-to-face sales due to COVID-19.

■ **[WebARGUS: CyberSecurity Products]**

Large-scale customers started full-scale operation, and the collaboration with external security firms continued for enriching the lineup of comprehensive security services, so sales grew more.

■ **[xoBlos: Operational Efficiency Products]**

The sales system we operate jointly with the subsidiary DIT Marketing Service was strengthened, and we proceeded with the xoBlos Plus one concept linked with other products, such as RPA and ERP. Then, sales expanded steadily.

■ **[DD-CONNECT]**

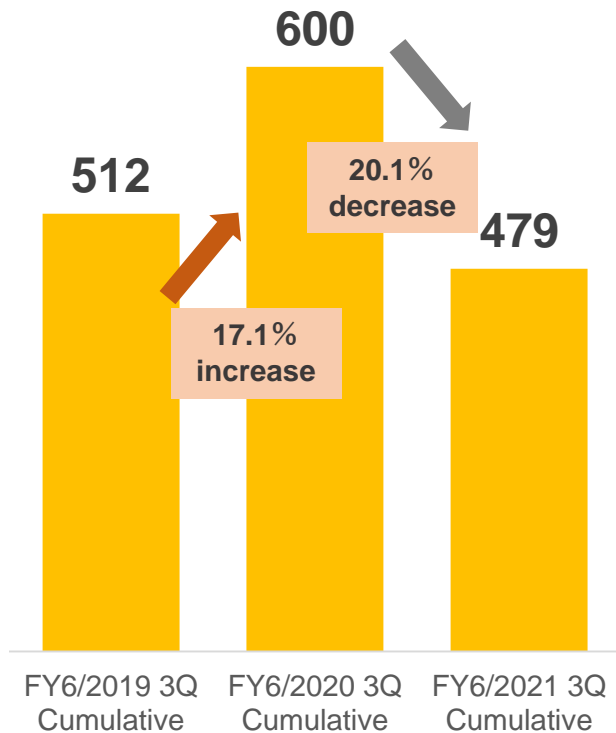
(Electronic Contract Outsourcing)

Started providing services in October. The number of business negotiations steadily increased, mainly in the housing construction industry.

Net Sales by Segment: Systems Sales Business



(Millions of yen)



Progress rate
76.2%

Net sales : 479 million yen
YoY change : -20.1%

In the business as a whole, The sales of the Systems Sales Business dropped considerably from the previous year, due to the absence of special demand, which was observed in the previous year.

- We conducted sales promotion by utilizing the subsidy for installing IT, but sales and profit dropped considerably, due to the recoil from the special demand for dealing with the reduced tax rate at the time of the consumption tax hike in the previous 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 71.1% equity ratio

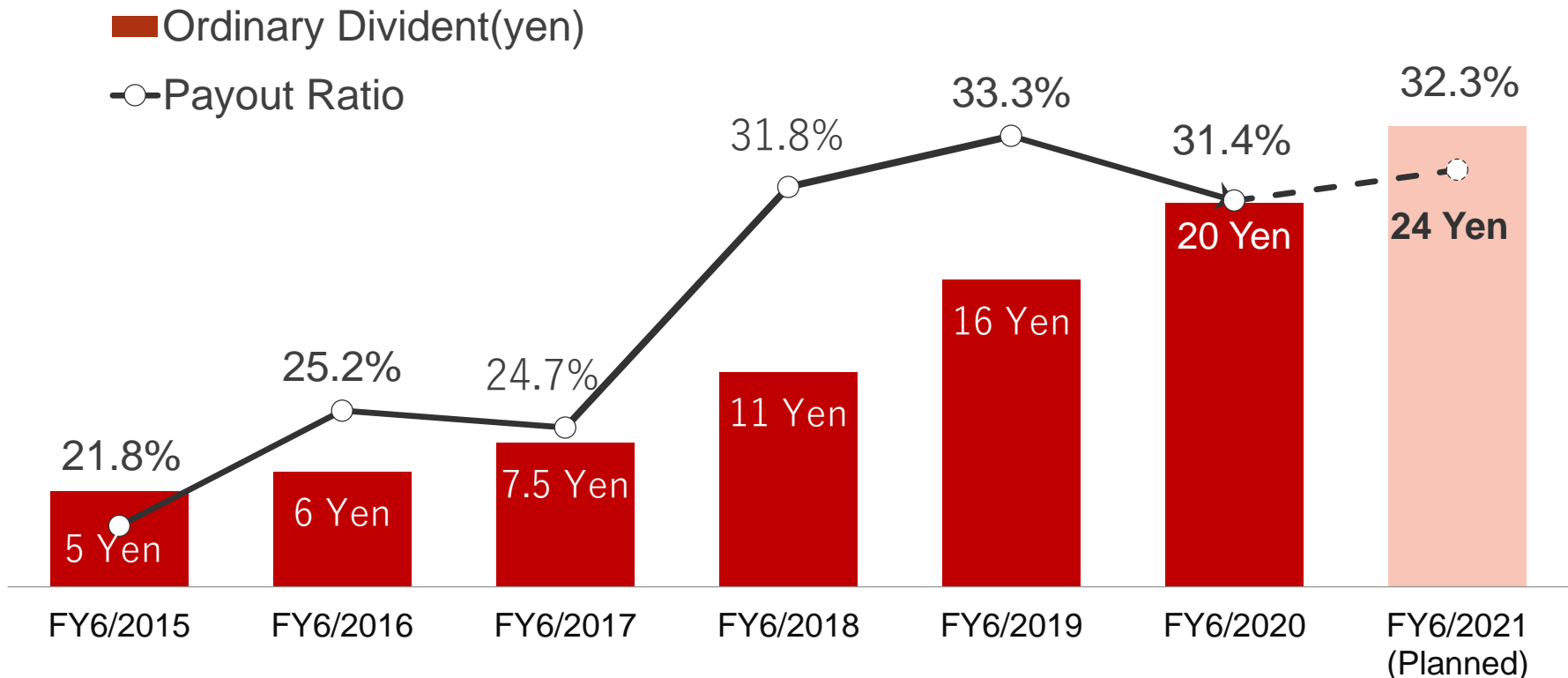
(Millions of yen)

	End-FY06/20	End-FY06/21 3Q	Change
Cash and deposits	2,399	2,781	382
Accounts receivable	1,905	2,328	423
Work in progress	208	130	- 77
Others	76	117	41
Total current assets	4,590	5,359	769
Property, plant and equipment	120	108	- 12
Intangible fixed assets	23	17	- 5
Investments and other assets	630	657	27
Total fixed assets	774	783	9
Total assets	5,364	6,143	778

	End-FY06/20	End-FY06/21 3Q	Change
Notes and accounts payable - trade	417	518	100
Short-term borrowings	—	—	—
Other	1,217	1,176	- 41
Total current liabilities	1,634	1,694	59
Long-term debt	—	—	—
Others	68	81	12
Total fixed liabilities	68	81	12
Total liabilities	1,703	1,775	71
Capital stock	453	453	—
Capital surplus	459	459	—
Retained earnings	2,747	3,455	707
Total net assets	3,660	4,367	707
Total liabilities and net assets	5,364	6,143	778

Return to Shareholders (Dividends + Purchase of Treasury Stocks)

- Target payout ratio of 30% or more
- We plan to increase the dividend by 4 yen to 24 yen for the full-year (interim dividend: 10 yen/year-end dividend: 14 yen (+4 yen)).



- Payout ratio = Total amount of dividend payment ÷ Net income attributable to owners of parent
- In 2016 and 2018, implemented 1:2 stock split, and indicated annual dividend per share after split.
- In FY6/18, implemented purchase of treasury stocks of 136 million yen (overall payout ratio: 57.5%).

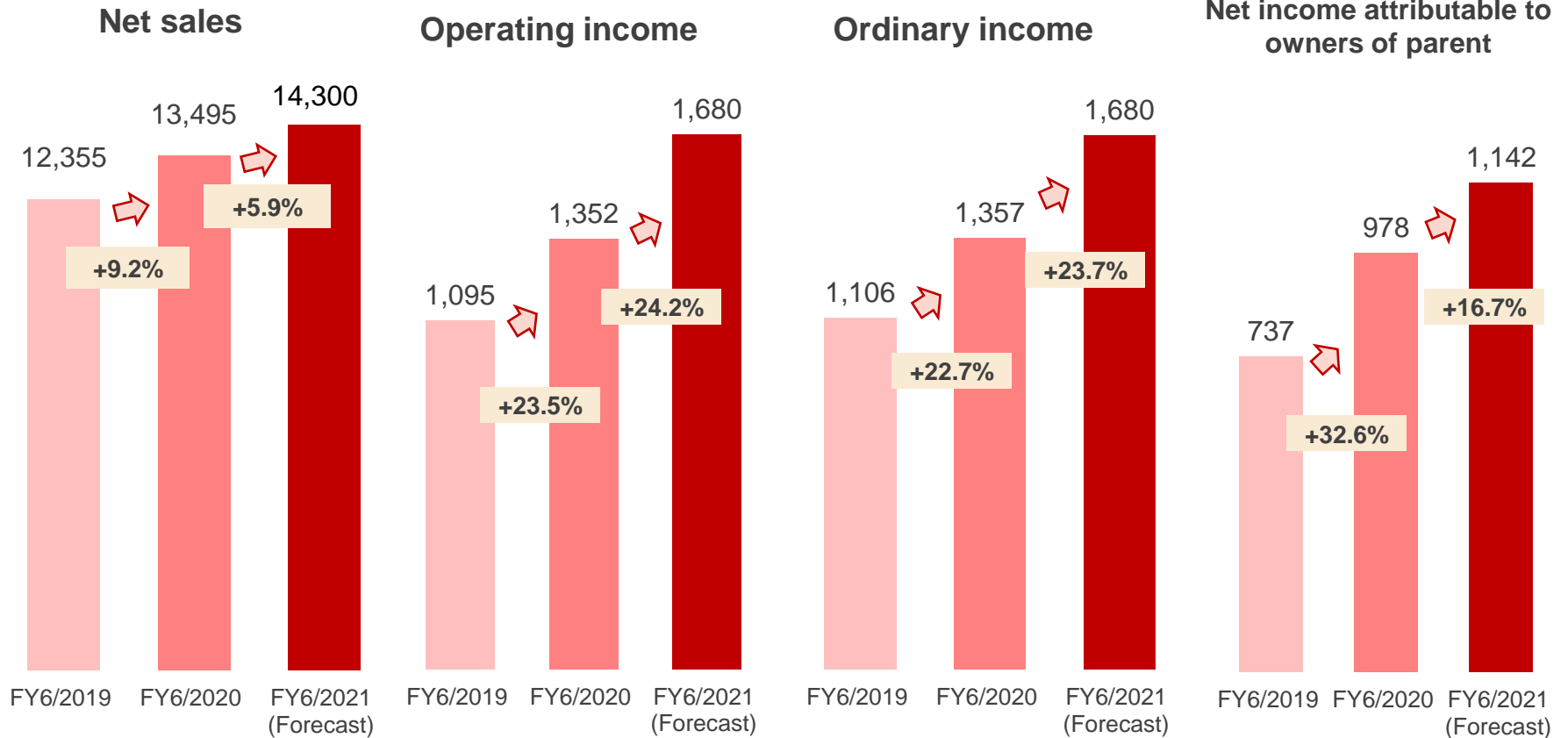
Business Forecasts for FY06/21



Business Forecasts for FY06/21

■ We plan to increase revenue and profit for the 11th consecutive term.

(Millions of yen)



Business Forecasts by Segment

- In the Software Development Business, the Company plans to increase sales by 7.2% YoY, while the Original Product Unit aims to significantly increase sales by 21.5%.

(Millions of yen)

Business Segment	FY6/2020 Net sales	FY6/2021 Net sales Forecast	Change	% Change	Composition
Software Development Business	12,756	13,670	914	7.2%	95.6%
Business Solutions Unit	7,838	8,430	592	7.6%	59.0%
Embedded Solutions Unit	4,308	4,500	192	4.5%	31.5%
Original Product Unit	609	740	131	21.5%	5.2%
System Sales Business	739	630	-109	-14.7%	4.4%
Total	13,495	14,300	805	5.9%	

Mid-Term Management Plan

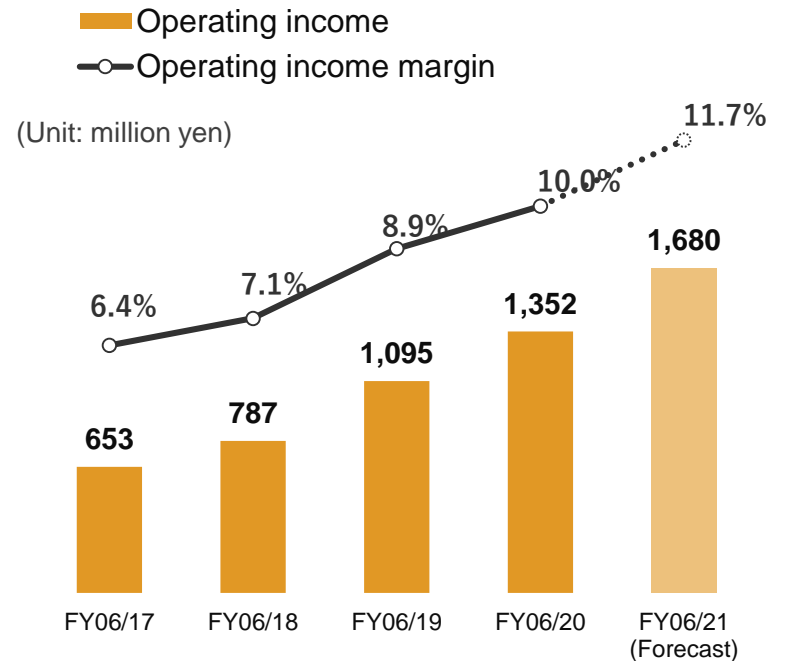
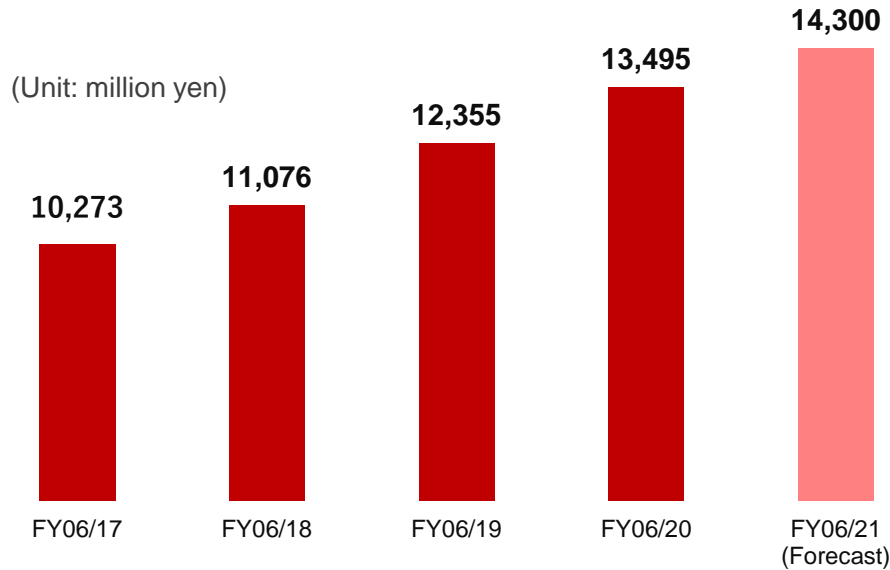


Mid-Term Management Targets : Achievement of “Triple 10”

■ Mid-Term Management Targets Started in FY06/2017: **Achieve Triple 10 within 5 years!**

Mid-term Management Targets Aim at triple-10 within 5 years	Net sales	10 billion yen (FY06/2017) <Achieved !>
	Operating income	1 billion yen (FY06/19) <Achieved !>
	Operating profit margin	10% (FY06/21) <Achieved in advance!>

Net sales



New long-term vision is being formulated

We are currently formulating a long-term vision to respond to internal and external changes, such as the achievement of our medium-term management targets ahead of schedule, the acceleration of DX, the cliff in 2025, and the arrival of the New Normal society due to COVID-19.

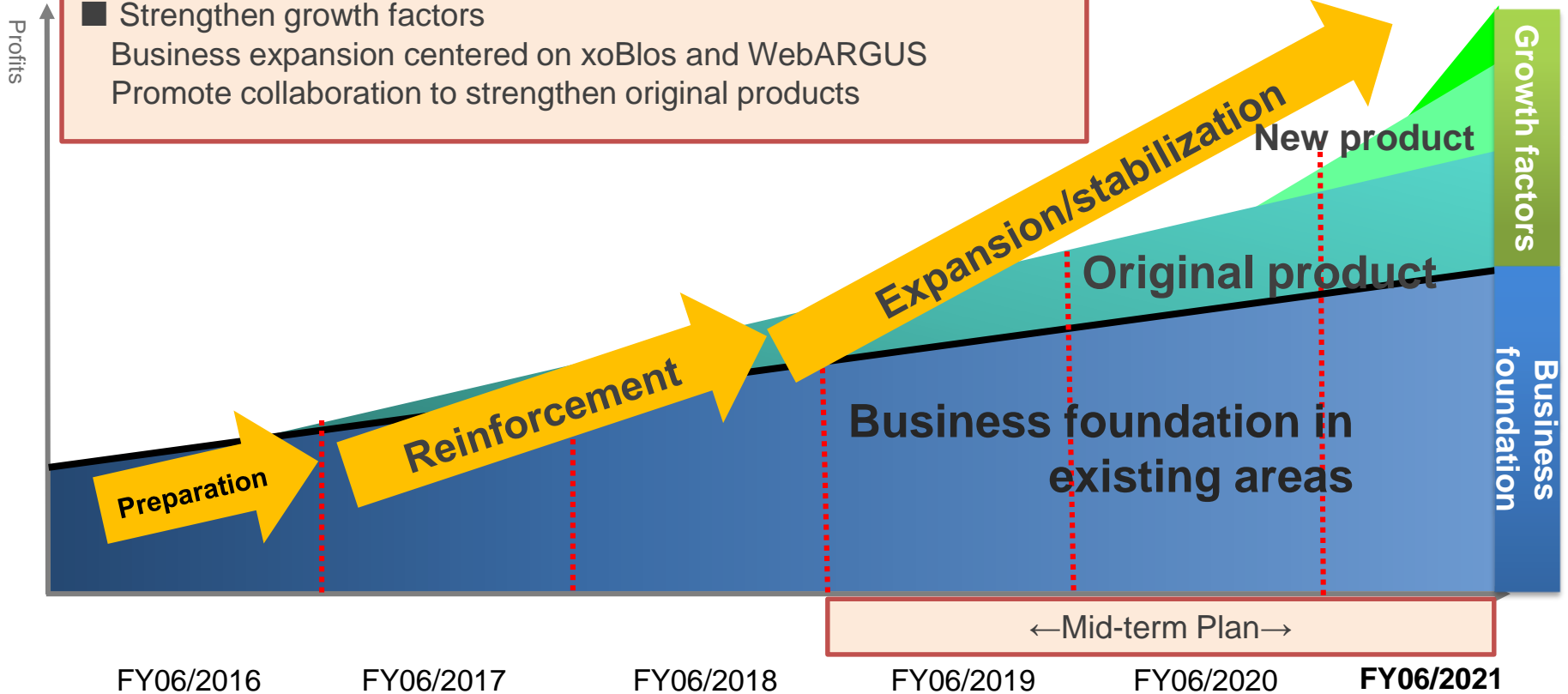
We will set our direction to grow continuously.



Mid-term Growth Model

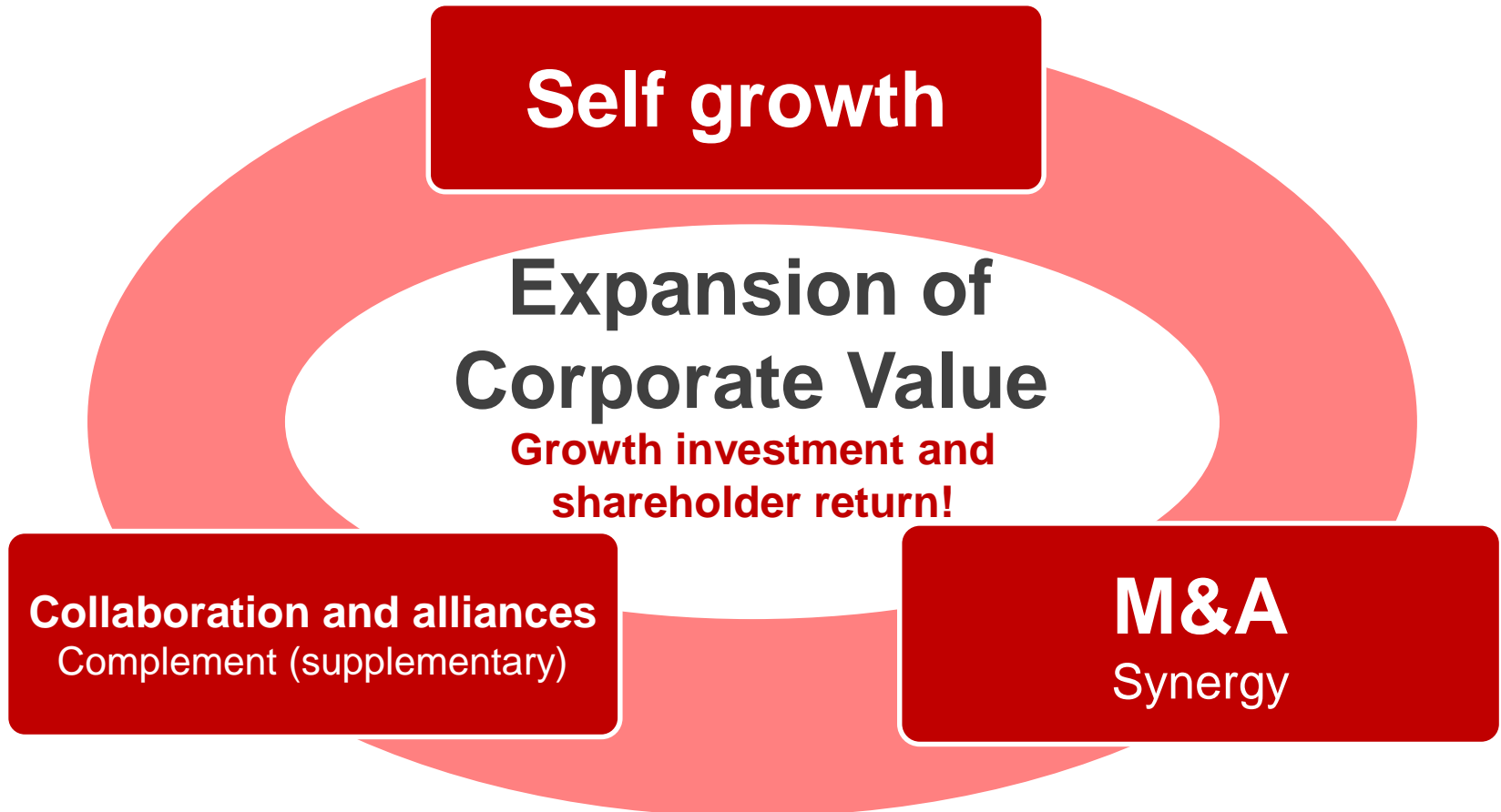
Two Pronged Business Strategy	Business foundation	Generate stable earnings in a wide variety of business areas
	Growth factors	Providing new value w/ original products at the core

- Expansion/stabilization of business foundation
Concentrate management resources in areas with growth potential
- Strengthen growth factors
Business expansion centered on xoBlos and WebARGUS
Promote collaboration to strengthen original products



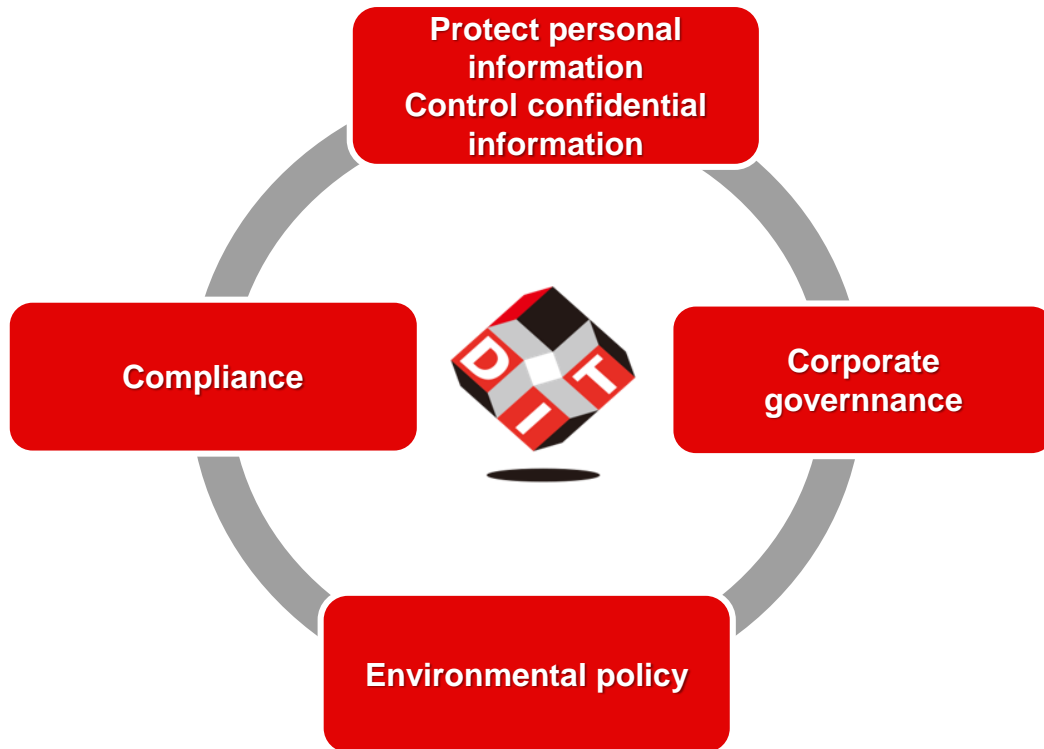
Towards expansion of corporate value

- We aim at expansion of Corporate Value through the three-in-one concept !



Our Commitment to CSR

- We will build a DIT brand that is trusted and chosen by stakeholders.



We became a sponsor of a basketball team
Kawasaki Brave Thunders.



Appendix

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 2020)
Fiscal year end :	June 30
Number of the employees	1,056 (982 on a non-consolidated basis) (As of the end of June 2020)
Officer	Norikazu Ichikawa, Representative Director and Chairman Satoshi Ichikawa, Representative Director and President 4 other internal directors and 3 outside directors 1 full-time auditor and 2 outside auditors
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 Management 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

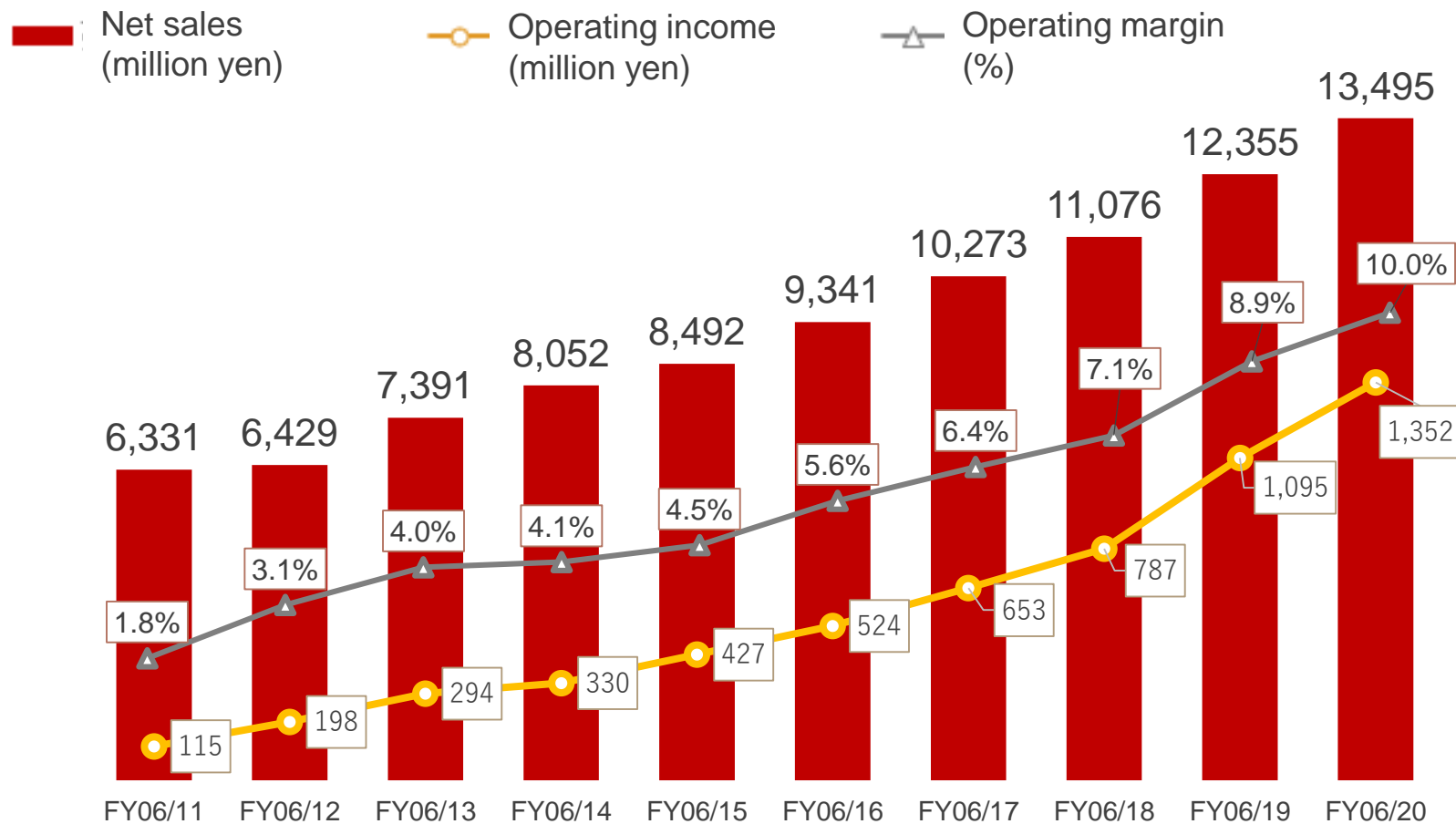
Corporate philosophy	Over-all	Client-driven	Management philosophy	Guarantee our employees' livelihood while contributing to society
	Company	Employee training/growth, Communication		
	Individuals	Increase in value added, Sense of objective / target, Passion and dedication		

Management Policy	Deliver on our commitment to value generation and adaptability to change, while aiming to realize stable growth for the company
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Business strategy	<h3>5 Basic Business Strategies</h3> <ol style="list-style-type: none"> (Strengthen our business foundation through the renovation of existing businesses) (Create new value centered around original products) (Expand our business through partnerships) (Expand our business through the perspective of services) Hire personnel and aid employee growth 	Organizational strategy	Organizational strategy involving dispersion (sub-optimization) and concentration (total optimization)																																							
			<table border="1"> <tr> <td rowspan="10" style="writing-mode: vertical-rl; transform: rotate(180deg);">Dispersion (sub-optimization) Adaptability to change / Specialization / Development of Managerial talent</td> <td>BS Company</td> <td rowspan="3">CS Division</td> <td rowspan="3">TS Division</td> <td rowspan="3">PS Division</td> <td rowspan="10">DIT America, LLC</td> <td rowspan="10">DIT Marketing Service Co., Ltd.</td> </tr> <tr> <td>eB company</td> </tr> <tr> <td>SB Company</td> </tr> <tr> <td>ES Company</td> <td colspan="3">Administration division</td> </tr> <tr> <td>NN Company</td> <td colspan="3">Corporate Planning Division</td> </tr> <tr> <td>QE Company</td> <td colspan="3">Concentration (total optimization) Control / Unification / Collaboration</td> </tr> <tr> <td>EM Company</td> <td colspan="3"></td> </tr> <tr> <td>Xobios Division</td> <td colspan="3"></td> </tr> <tr> <td>Business Division IT Security</td> <td colspan="3"></td> </tr> <tr> <td>Laboratory DX Business</td> <td colspan="3"></td> </tr> <tr> <td>New Product Development Office</td> <td colspan="3"></td> </tr> </table>	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				Xobios Division				Business Division IT Security				Laboratory DX Business				New Product Development Office	
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.																														
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	QE Company	Concentration (total optimization) Control / Unification / Collaboration																																								
	EM Company																																									
	Xobios Division																																									
	Business Division IT Security																																									
	Laboratory DX Business																																									
New Product Development Office																																										

Changes in Performance

Increase in sales and profits for 10 consecutive years



Our strengths and basic strategies

Our Strengths

- We have diverse business domains including development and operation of business systems, and development and verification of embedded systems.
- We have professional expertise, technological capabilities and price competitiveness that are highly appraised by blue-chip customers.
- Our businesses are mainly long-term stable businesses based on trustworthy relationships with customers, and our business foundation is stable.
- We have our original products which are unique and promising to expand the market.



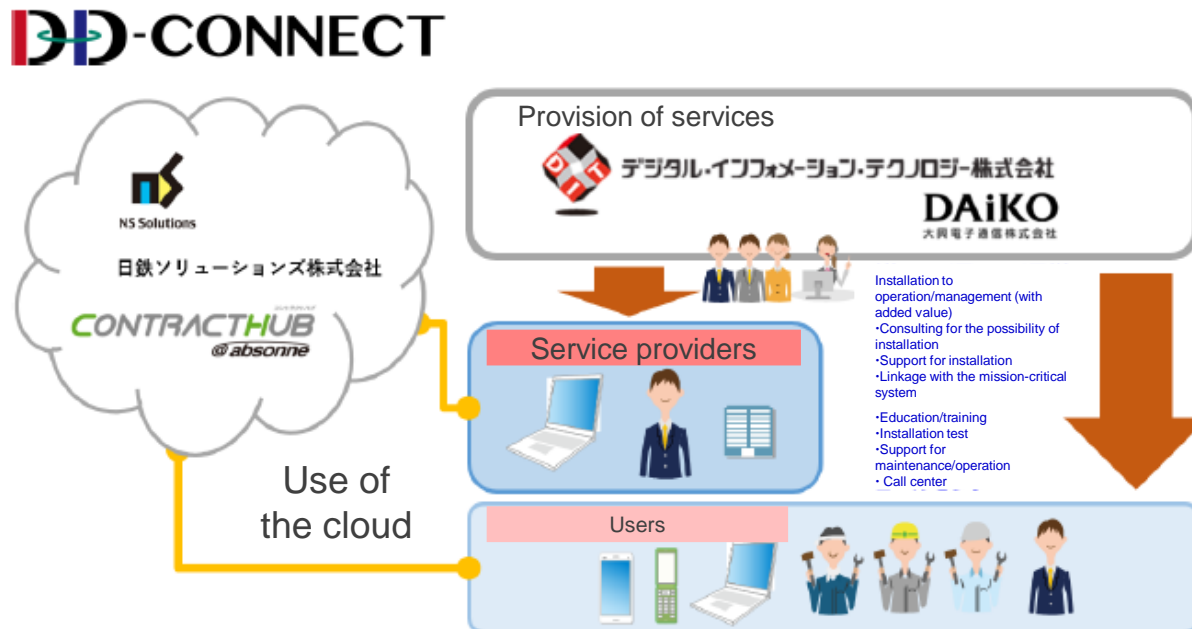
Basic Strategy

- Growth Strategy: Continue to grow through two pronged business strategy (expand and stabilize business foundations through reform of existing businesses and strengthen our original product business which is a component of our growth)
- Enhance overall corporate strengths: Push up overall strengths including technological capabilities and added value, and elevate profit per capita.

Original Product Unit: Release of DD-CONNECT

Release of DD-CONNECT, an outsourcing service for electronic contracts, for responding to the progress of DX and the development of a new normal society

Our company (DIT) and Daiko Denshi Tsushin, Ltd. (DAIKO) released DD-CONNECT, an outsourcing service of CONTRACTHUB @absonne, which is an electronic contract service of NS Solutions Corporation (NSSOL), in Oct. 2020. DIT, DAIKO, and NSSOL offer a wide array of electronic contract services with high added value, with the aim of having 100 companies adopt this service in 3 years.



Selected as "JPX-Nikkei Mid and Small Cap Index"

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*



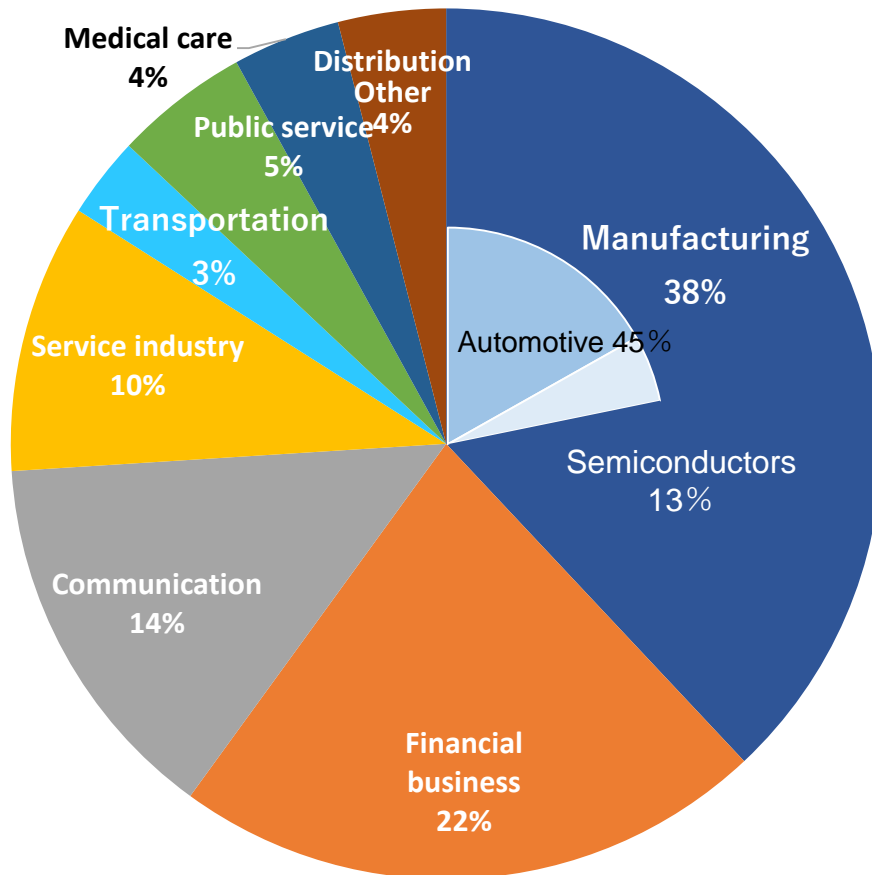
JPX-NIKKEI Mid Small

To meet the expectations of our stakeholders, we will continue to strive for sustainable enhancement of corporate value and shareholder-oriented corporate management **in accordance with the intent and purpose of the selection.**

*The index is applied from November 30, 2020 to August 30, 2021.

Customer Base

Sales Composition by Industry



■ Customers of the DIT Group are Approx. 2,700 companies

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

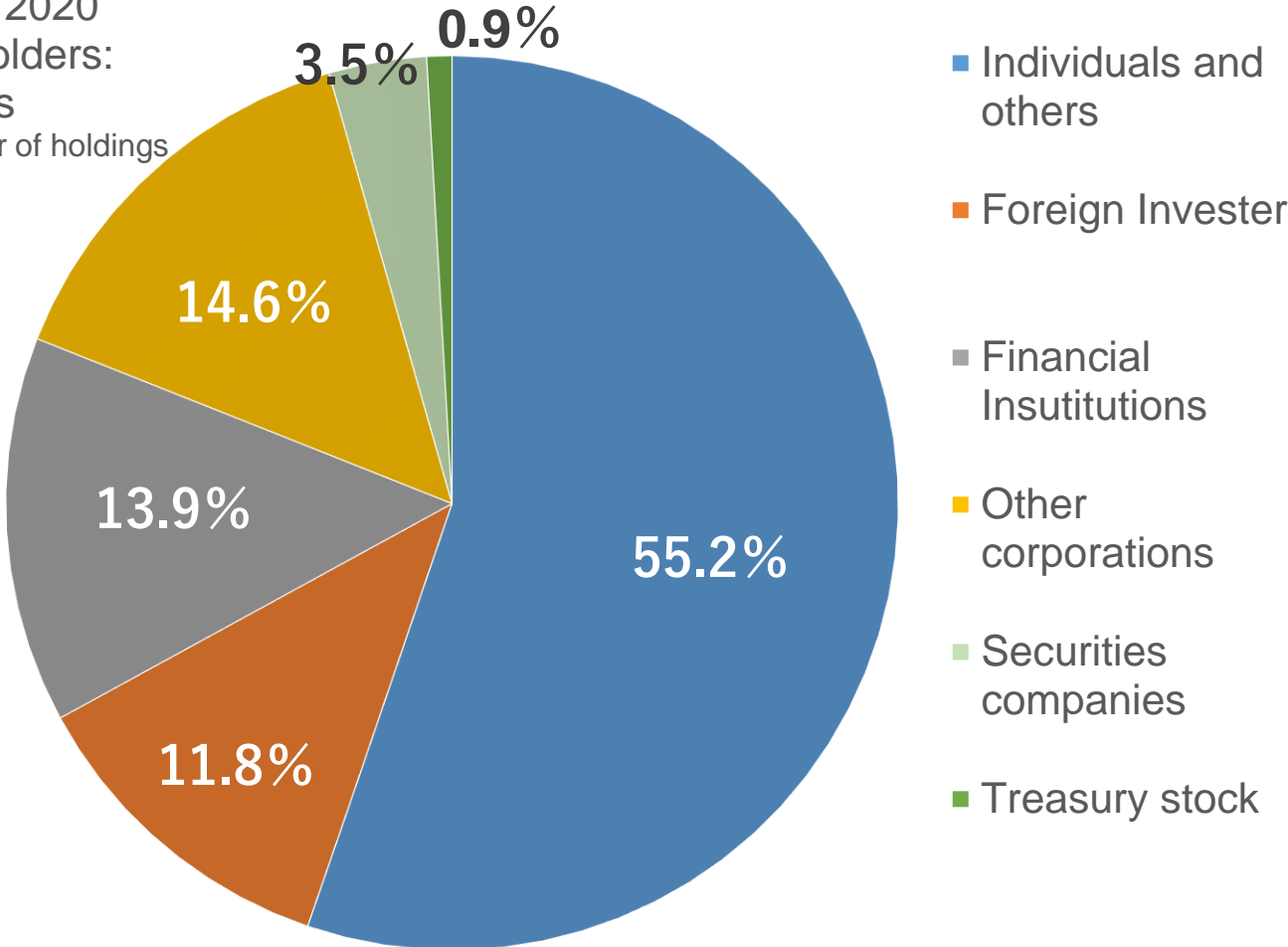
■ Sales Composition by Industry of Software Development Business (Left chart)

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

Composition of Shareholders

End of December 2020
Number of shareholders:
5,877 persons

*The graph based on number of holdings





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- 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.