

# Digital Information Technologies Corporation



**Financial Results for the First Quarter  
of the Fiscal Year Ending June 2023  
(Prime: 3916)**

**November 2022**



**1. Financial Results for FY6/2023 Q1**

**2. Business Forecasts for FY6/2023**

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

**4. Reference material**



# Financial Results for FY6/2023 Q1

# FY6/2023 Q1 Overview of Financial Results (Performance)

- Major KPIs significantly increased as we captured strong demand and improved profitability.
- Record performance not only in Q1 but also compared to other quarters.

## Major KPIs

**Net sales: 4,504 million yen**

**(+21.2% YoY)**

**Operating income: 652 million yen**

**(+54.6% YoY)**

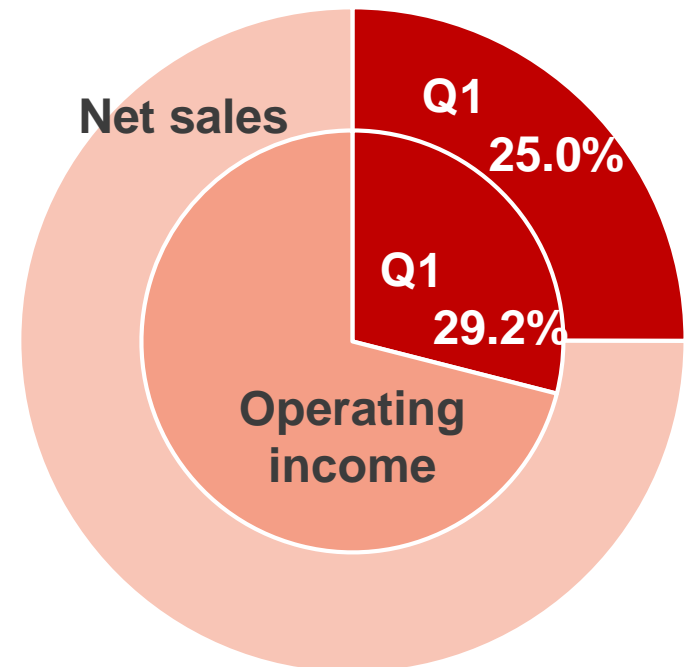
**Operating income margin: 14.5%**

**(+3.2 ppt. YoY)**

## Progress rate to the full-year forecasts

Net sales (Est.): 18,000 million yen

Operating income (Est.): 2,250 million yen



# FY6/2023 Q1 Overview of Financial Results (by Business)

- **Solid performance in all businesses. Primarily, the mainstay Business Solutions Unit and the Embedded Solutions Unit significantly grew.**
- **Cooperation between internal companies in the acquisition of new projects contributed to improved performance.**

## ■ Software Development Business (+21.2% YoY)

- **In the Business Solutions Unit (+18.9% YoY)**, sales and profits significantly increased YoY due to an expansion in the scope of business due to strong demand and an increase in highly profitable subcontracting projects. Significant growth in both business system development and operation support. In business system development, while sales in the financial sector remained flat, sales in pharmaceuticals, communications, manufacturing, and ERP sectors increased. The impact of clients' business restructuring has slowed down, and operation support sales have also increased, mainly due to the expansion of service areas.
- **In the Embedded Solutions Unit (+27.9% YoY)**, the automotive sector recovered from the impact of COVID-19. Both sales and profits increased significantly YoY due to the expansion of verification services. In embedded system development, automotive-related projects, including semiconductors, began in earnest, and IoT related projects also grew steadily, resulting in significant growth. In embedded system verification, both sales and profits increased substantially, with significant growth in automotive systems and growth in 5G and energy-related projects.
- **In the Original Product Unit (+7.3% YoY)**, both sales and profits increased YoY due to the accumulation of licensing sales. We are steadily building up licensing sales of WebARGUS. xoBlos is making progress in horizontal development of new customer base from existing customers, but delays in launching the RPA integration platform version and other factors impacted new customer acquisition. New products such as DD-CONNECT also began to contribute to performance. We prepared to launch the ransomware version of the new product WebARGUS within the year.

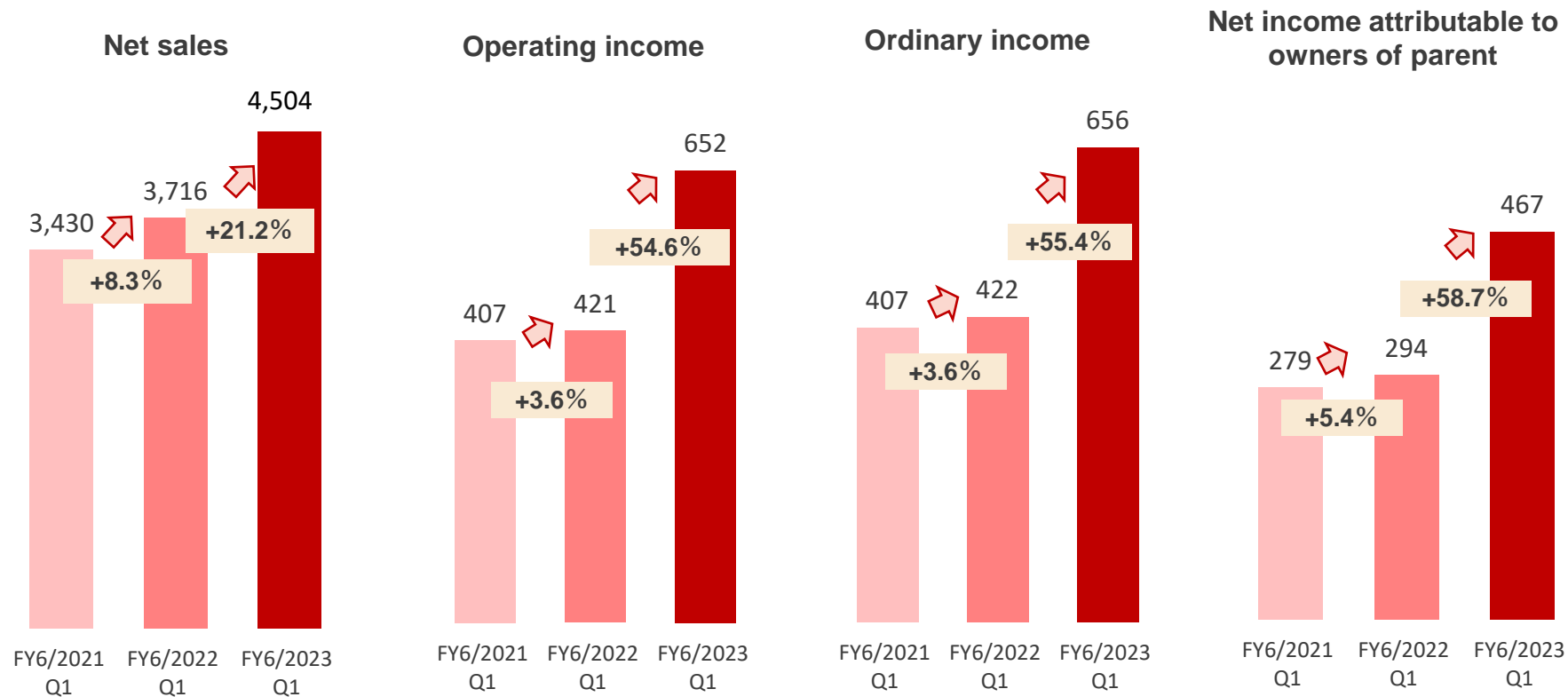
## ■ Systems Sales Business (+20.0% YoY)

Achieved higher sales and profits YoY due to the easing of sales restrictions on COVID-19, showing a recovery trend.

# FY6/2023 Q1 Financial Highlights

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

(Millions of yen)



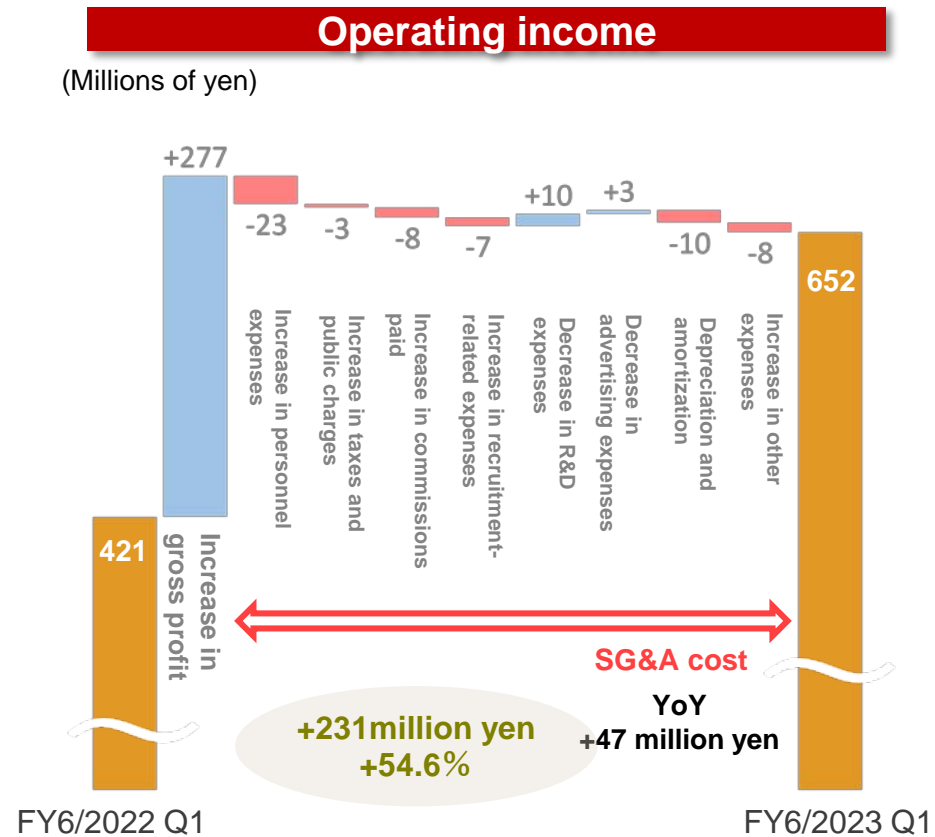
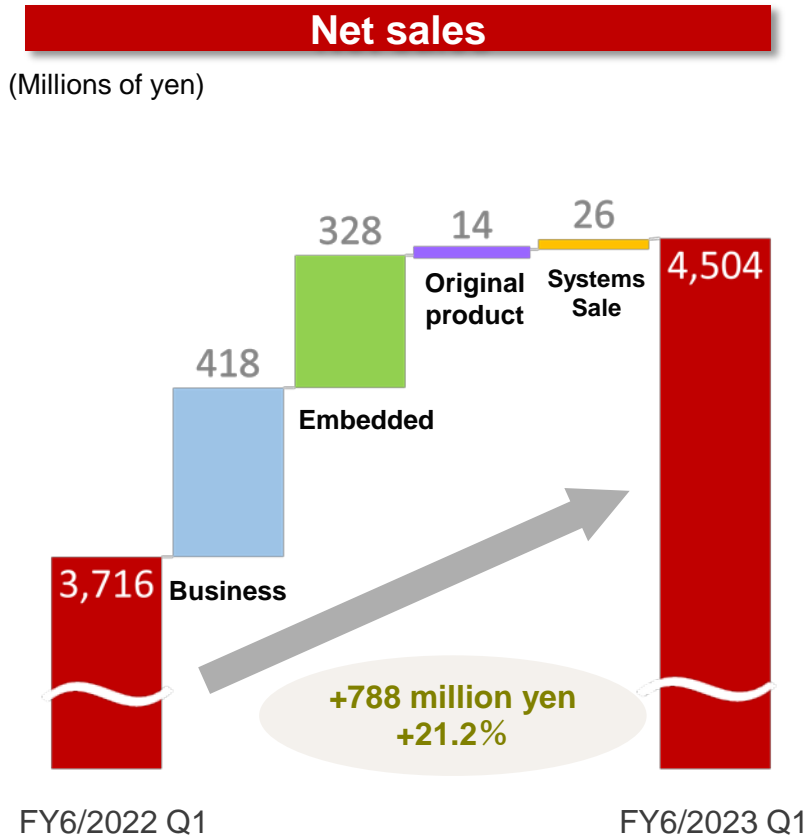
# FY6/2023 Q1 Summary of Financial Results

- Gross margin increased by 1.9 ppt. thanks to the improvement in profitability.
- Operating income margin increased by 3.2 ppt. due to the control of growth in SG&A expenses.

(Millions of yen)	FY6/2022 Q1 Result	Composition %	FY6/2023 Q1 Result	Composition %	FY6/2023 plan	Progress rate %
<b>Net sales</b>	<b>3,716</b>	100.0%	<b>4,504</b>	100.0%	<b>18,000</b>	25.0%
<b>Gross profit</b>	<b>905</b>	24.4%	<b>1,182</b>	26.3%	-	-
<b>SG&amp;A</b>	<b>483</b>	13.0%	<b>530</b>	11.8%	-	-
<b>Operating income</b>	<b>421</b>	11.3%	<b>652</b>	14.5%	<b>2,250</b>	29.0%
<b>Ordinary income</b>	<b>422</b>	11.4%	<b>656</b>	14.6%	<b>2,250</b>	29.2%
<b>Net income attributable to owners of parent</b>	<b>294</b>	7.9%	<b>467</b>	10.4%	<b>1,561</b>	29.9%

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

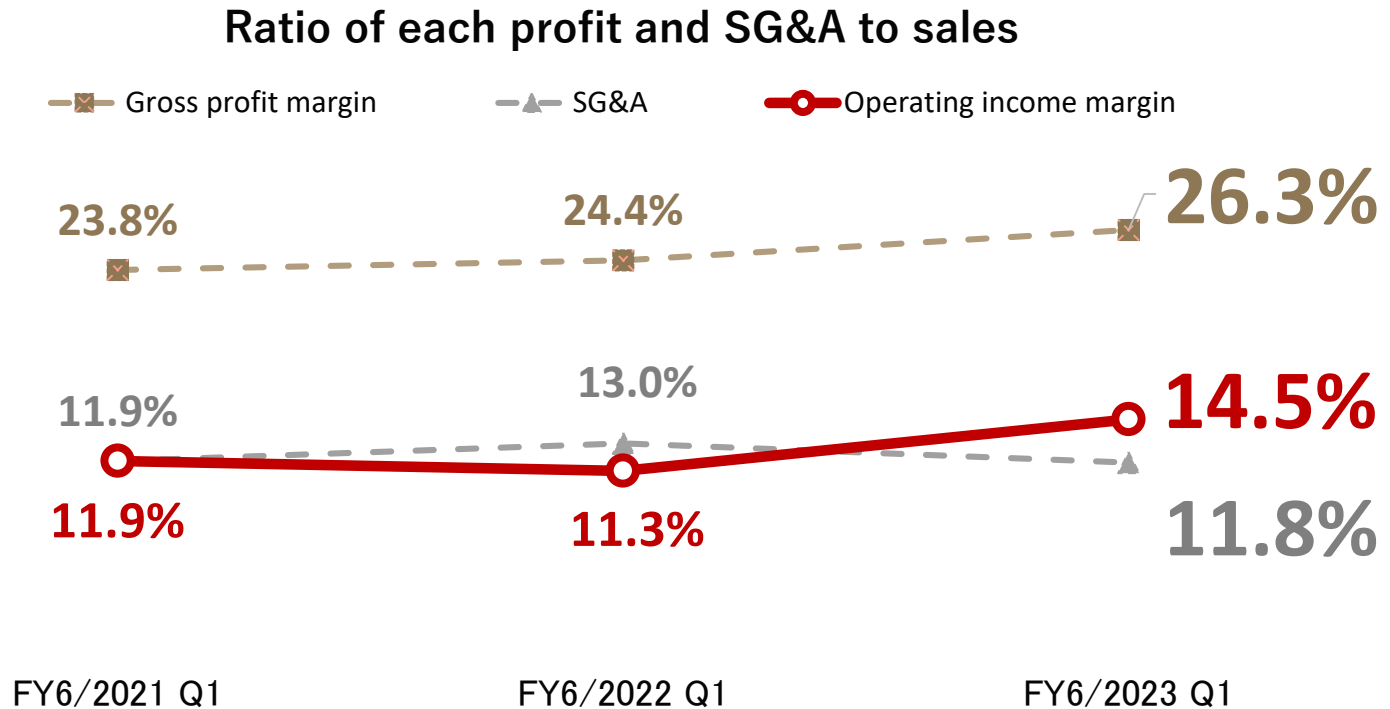
- Net sales grew in all businesses, including significant growth in the two core businesses.
- Operating income increased significantly, as growth in gross profit absorbed higher personnel and recruitment costs associated with business expansion and amortization (depreciation) of goodwill associated with M&A.





# Quarterly Net Sales & Operating Income

- Operating income margin reached a record high level due to an increase in the gross profit margin and a decrease in the SG&A expenses ratio.



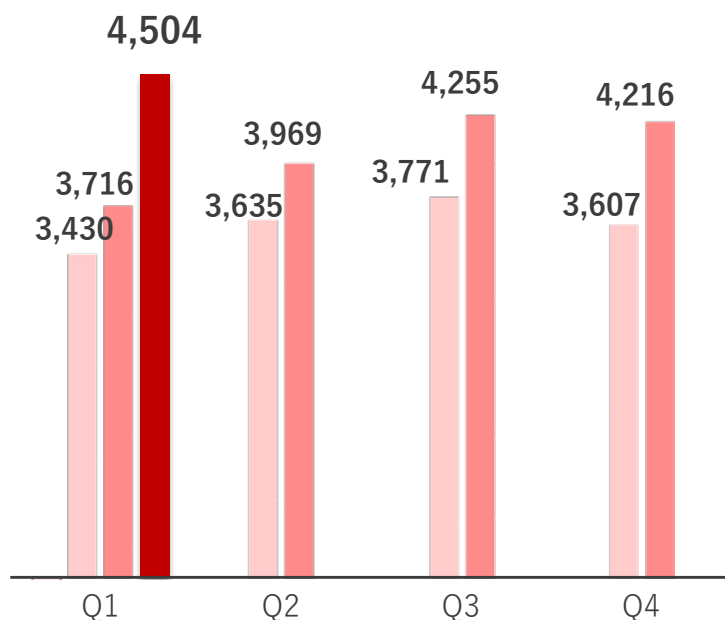
# Quarterly Net Sales & Operating Income

- Record-high net sales and operating income for the Q1 and on a quarterly basis.

## Net sales

(Millions of yen)

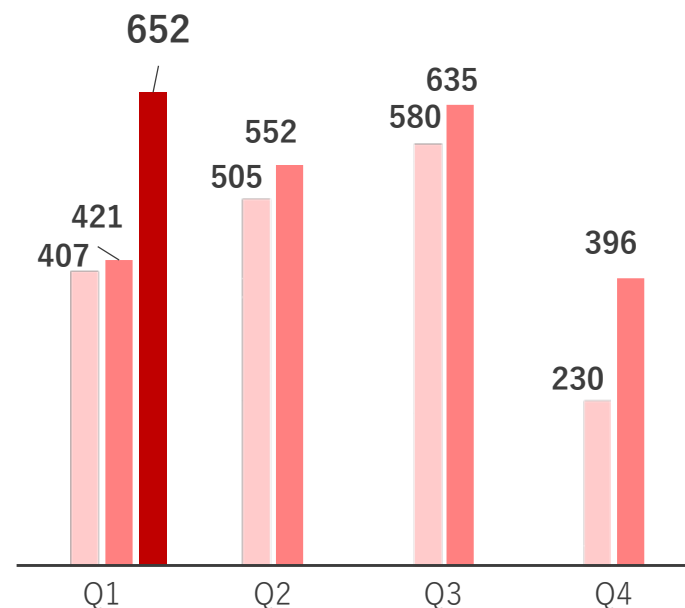
■ 'FY6/2021 ■ 'FY6/2022 ■ 'FY6/2023



## Operating income

(Millions of yen)

■ 'FY6/2021 ■ 'FY6/2022 ■ 'FY6/2023



\*There is a seasonality in operating income that declines in Q4 due to factors such as the acceptance of new employees and year-end allowances. From the previous fiscal year, however, we have been working to reduce the extent of the decline by raising the salary and the bonus payment rate.

# Business Domains: Positioning of Each Business



# Business Segment and Composition of Sales

- The ratio of embedded solutions sales grew in line with the full-fledged recovery in automotive-related sales.
- Sales of original products (growth fields) grew, but did not reach the growth of the core earnings base business, and its sales ratio decreased.

Businesses segment	Classification	FY6/2021 Q1 Net sales Composition	FY6/2022 Q1 Net sales Composition	FY6/2023 Q1 Net sales Composition
<b>Software Development Business</b>		<b>95.7%</b>	<b>96.4%</b>	<b>96.4%</b>
<b>Business Solutions Unit</b>	Business Bases	<b>59.5%</b>	<b>59.6%</b>	<b>58.5%</b>
Business System Development		57.9%	57.8%	56.9%
Operation Support		42.1%	42.2%	43.1%
<b>Embedded Solutions Unit</b>	Business Bases	<b>31.4%</b>	<b>31.7%</b>	<b>33.4%</b>
Embedded System Development		79.4%	75.4%	73.4%
Embedded System Verification		20.6%	24.6%	26.6%
<b>Original Product Unit</b>	Growth Field	<b>4.8%</b>	<b>5.2%</b>	<b>4.6%</b>
<b>System Sales Business</b>	Business Bases	<b>4.3%</b>	<b>3.6%</b>	<b>3.6%</b>

# Sales by Business Segment

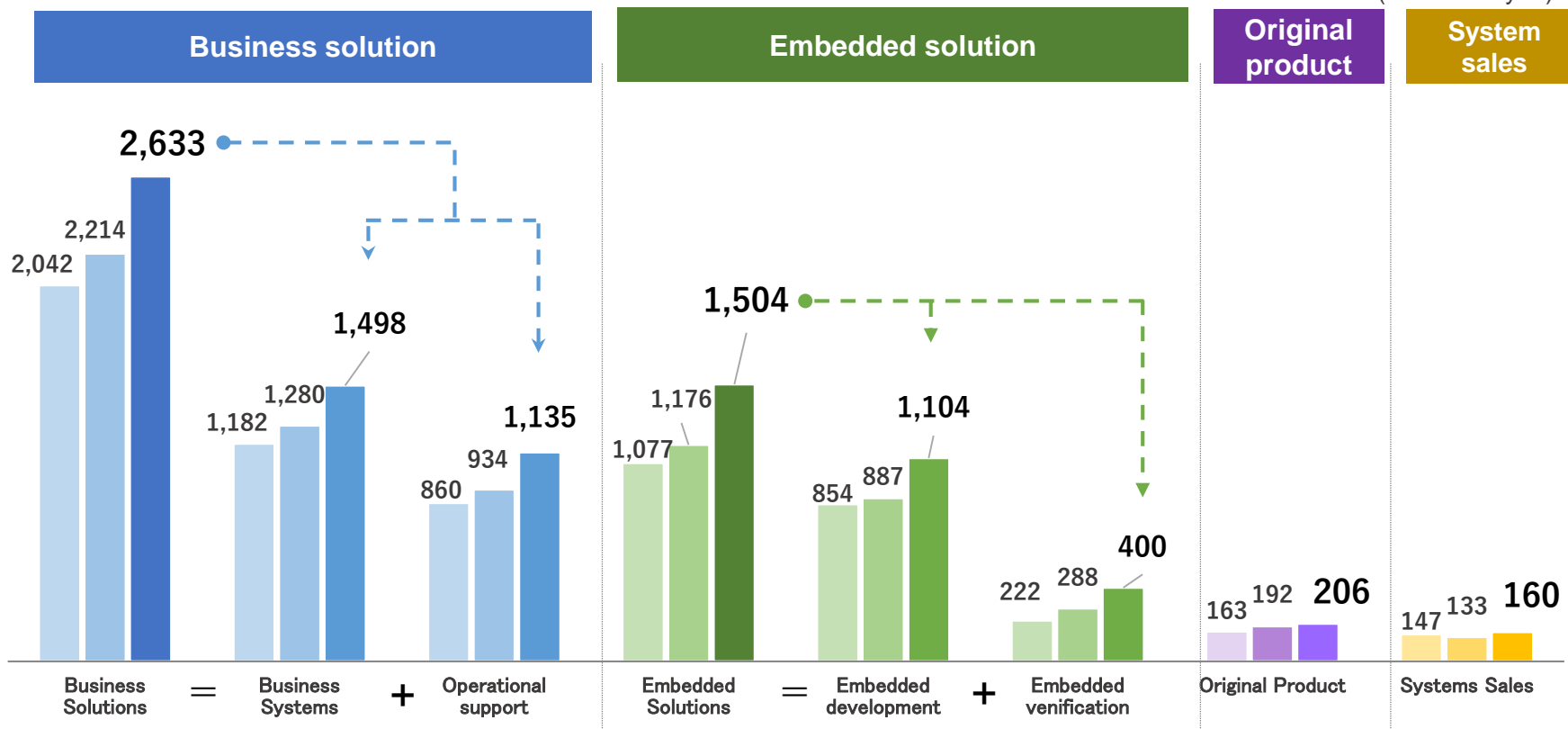
## ■ Growth in all segments

In terms of sales, business system development, embedded system development, and operational support grew in that order. Sales growth was driven by embedded system verification, embedded system development, and operational support, in that order.

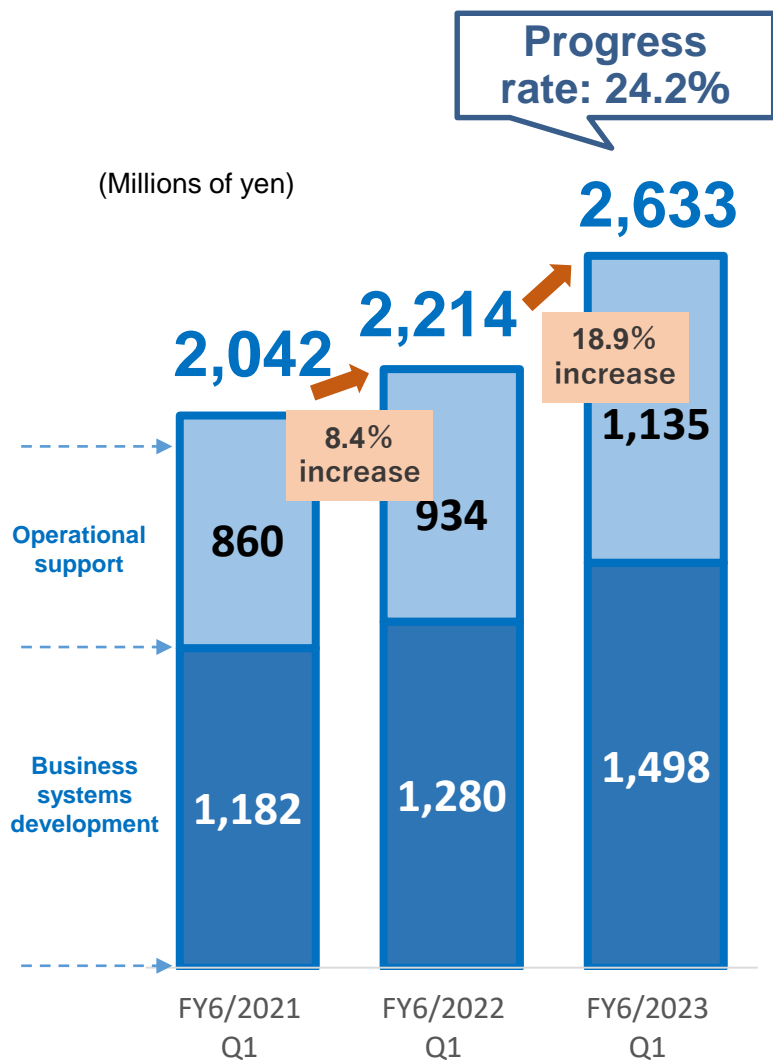
## Quarterly Sales by Business

(Graphs from left to right: FY6/2021 Q1, FY6/2022 Q1, FY6/2023 Q1)

(Millions of yen)



# Net Sales by Segment: Business Solutions Unit



**Net sales : 2,633 million yen**  
**YoY change : +18.9%**

## <Entire business>

Thanks to strong demand and expand of project scale, net sales increased significantly by more than double digits.

Profitability improved due to improved project quality and an increase in contracted projects.

## ■ Business system development

Sales from the financial sector remained flat due to the shift of personnel to highly profitable fields, but the medical sector grew significantly due to the expansion of contracted projects.

Sales and profits significantly increased due to steady acquisition of projects related to telecommunications, manufacturing, and ERP(SAP).

## ■ Operational support

Sales and profits significantly increased due to a slow down in the impact of business restructuring at major clients following the COVID-19 disaster, expansion of the areas handled, and other factors.

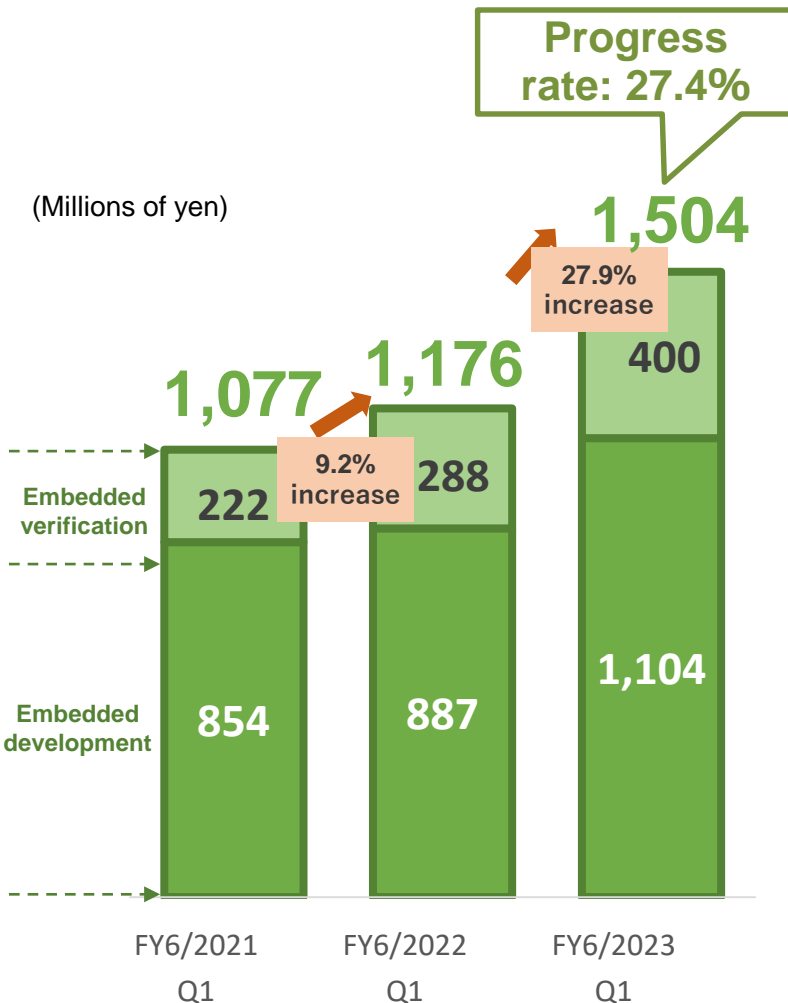
(Including sales of 130 million yen from simplism inc., which we acquired)

# Net Sales by Segment: Embedded Solutions Unit

**Net sales : 1,504 million yen**  
**YoY change : +27.9%**

Progress rate: 27.4%

(Millions of yen)



## <Entire business>

Sales significantly increased due to full-fledged recovery in automotive and semiconductor-related business. Profitability also improved due to an increase in orders for bundled embedded development and verification through in-house company collaboration.

## ■ Embedded system development

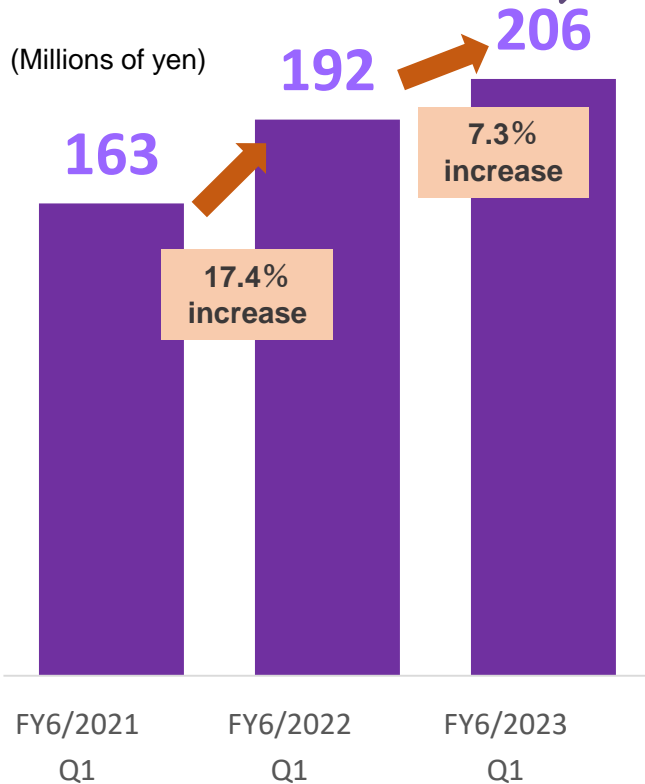
Sales and profits significantly increased due to the full-fledged recovery in automotive-related business and steady growth in IoT related business such as mobile-related and consumer electronics.

## ■ Embedded system verification

Sales and profits significantly increased due to strong growth in automotive-related business and steady growth in 5G and energy-related business.

**Net Sales : 206 million yen**  
**YoY change : +7.3%**

Progress rate: 20.6%



**<Entire business>**

Sales and profits grew steadily due to the accumulation of licensing sales for the subscription model.

■ **[WebARGUS: Cybersecurity product]**

Both sales and profits were solid due to the accumulation of licensing sales.

Prepare for the release of ransomware-compliant version by the end of the year

■ **[xoBlos: Operational efficiency products]**

Horizontal customer expansion within existing customers remained firm, but new customer acquisition did not progress due to delays in launching platforms linked to RPA, etc., resulting in YoY declines in both sales and profits

■ **[Other new products]**

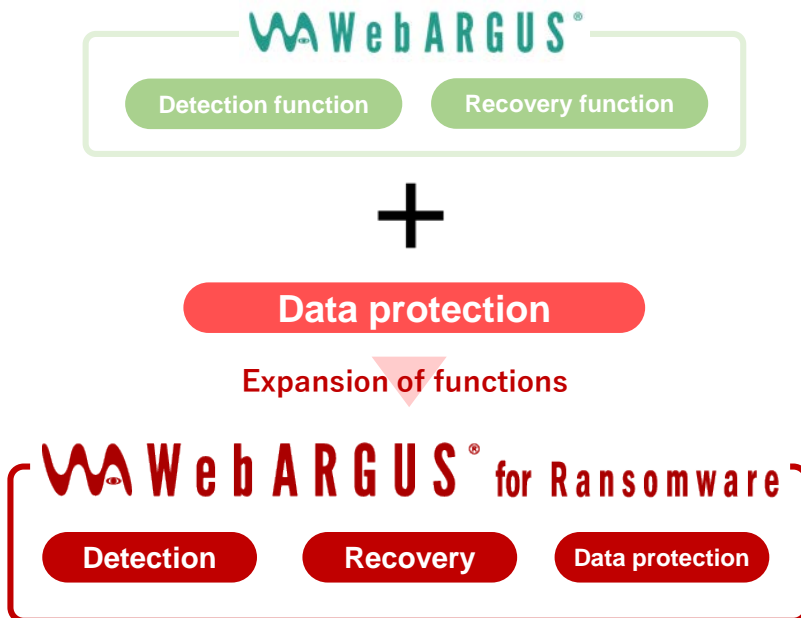
Orders for DD-CONNECT, an electronic contract service, increase and begin to contribute to sales and profits.



# WebARGUS: Planning to launch a version compatible with ransomware

- Launch a ransomware-compatible version of WebARGUS, a security product, with data protection function
- Contributing to sustainable socioeconomic activities by responding to ransomware, the serious threat of cyberspace
- Upselling to existing customers. Expect to acquire a wide range of new customers

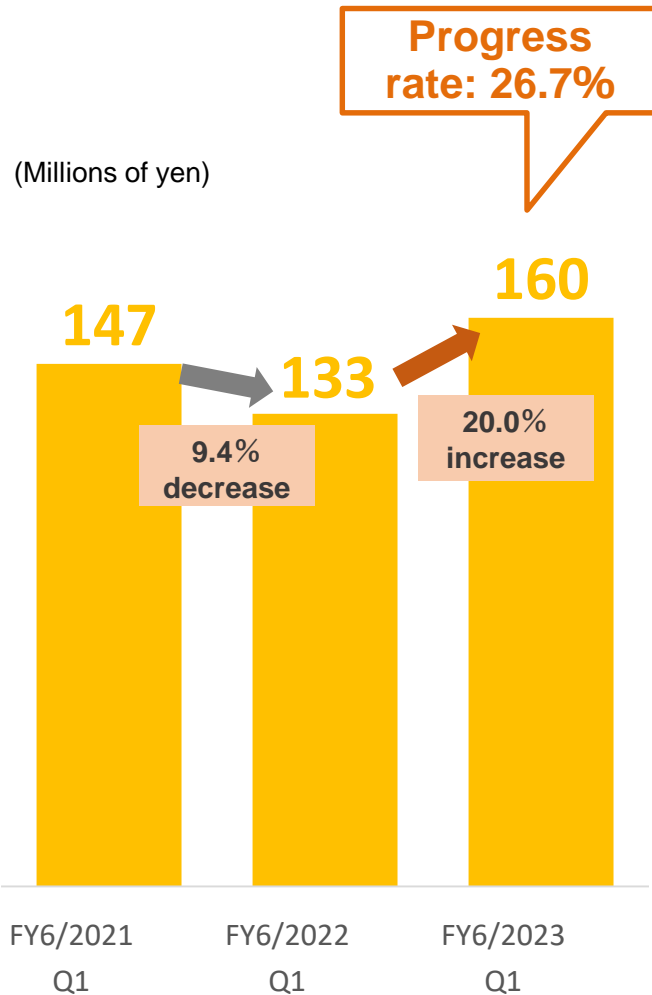
## Expansion of product support areas



## Features and sales strategy

- ✓ **Data protection (protection) functionality has been added to the existing WebARGUS**, which only detects and recovers data, increasing the value of the product.
- ✓ Real-time monitoring, which is different from the competitive periodic monitoring type, **provides both high recoverability and reduced system load.**
- ✓ **The sales target is a cumulative license amount of 150 million yen by June 2024.** We are working for upselling to existing customers and also acquiring new customer bases.

# Net Sales by Segment: System Sales Business



**Net Sales : 160 million yen**  
**YoY change : +20.4%**

## <Entire business>

The rebound from two years of special demand for reduced tax rates has slowed, and the impact of the COVID-19 has subsided, indicating a recovery trend.

- Sales and profits increased YoY due to gradual easing of face-to-face sales constraints in recent years due to COVID-19.

\*The System 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 73.1%

(Millions of yen)

	End-Jun. 2022	End-Sep. 2022	Change
<b>Cash and deposits</b>	3,843	3,555	-288
<b>Accounts receivable and contract assets</b>	2,841	3,105	263
<b>Work in progress</b>	90	87	-2
<b>Others</b>	141	207	65
<b>Total current assets</b>	<b>6,917</b>	<b>6,954</b>	<b>37</b>
<b>Property, plant and equipment</b>	144	139	-4
<b>Intangible fixed assets</b>	210	200	-10
<b>Investments and other assets</b>	409	424	14
<b>Total fixed assets</b>	<b>764</b>	<b>763</b>	<b>-0</b>
<b>Total assets</b>	<b>7,681</b>	<b>7,718</b>	<b>37</b>

\*Amounts less than one million yen are rounded down

	End-Jun. 2022	End-Sep. 2022	Change
<b>Notes and accounts payable - trade</b>	592	642	49
<b>Short-term borrowings</b>	2	2	0
<b>Other</b>	1,365	1,264	-101
<b>Total current liabilities</b>	<b>1,960</b>	<b>1,908</b>	<b>-52</b>
<b>Long-term debt</b>	2	2	0
<b>Others</b>	166	169	2
<b>Total fixed liabilities</b>	<b>168</b>	<b>171</b>	<b>2</b>
<b>Total liabilities</b>	<b>2,129</b>	<b>2,079</b>	<b>-49</b>
<b>Capital stock</b>	453	453	-
<b>Capital surplus</b>	459	459	-
<b>Retained earnings</b>	4,639	4,726	87
<b>Total net assets</b>	<b>5,552</b>	<b>5,639</b>	<b>87</b>
<b>Total liabilities and net assets</b>	<b>7,681</b>	<b>7,718</b>	<b>37</b>



## 2. Business Forecasts for FY6/2023

# Business Forecasts for FY6/2023

- Aim to increase sales and profits by promoting business based on the two pillars of "stabilizing the business foundation" and "strengthening growth factors".
- Progress in Q1 was favorable, in line with plan; no change to full-year forecasts at this time.

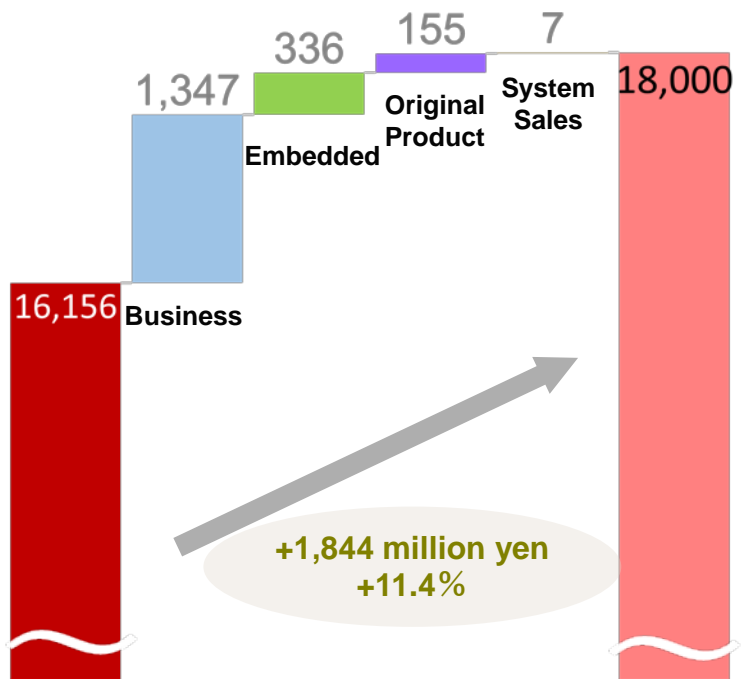
(Millions of yen)	FY6/2022 Result	Compositi on %	FY6/2023 Forecast	Compositio n %	YoY %	Progress rate at end-Q1 %
<b>Net sales</b>	<b>16,156</b>	100.0%	<b>18,000</b>	100.0%	+11.4%	25.0%
<b>Operating income</b>	<b>2,004</b>	12.4%	<b>2,250</b>	12.5%	+12.2%	29.0%
<b>Ordinary income</b>	<b>2,004</b>	12.4%	<b>2,250</b>	12.5%	+12.3%	29.2%
<b>Net income attributable to owners of parent</b>	<b>1,439</b>	8.9%	<b>1,561</b>	8.7%	+8.5%	29.9%

# Key KPIs (Net sales, Operating Income/ Operating Income Margin)

- Plan to increase sales (540 million yen) in the Business Solutions Unit by making simplism a subsidiary.

## Net sales

(Millions of yen)



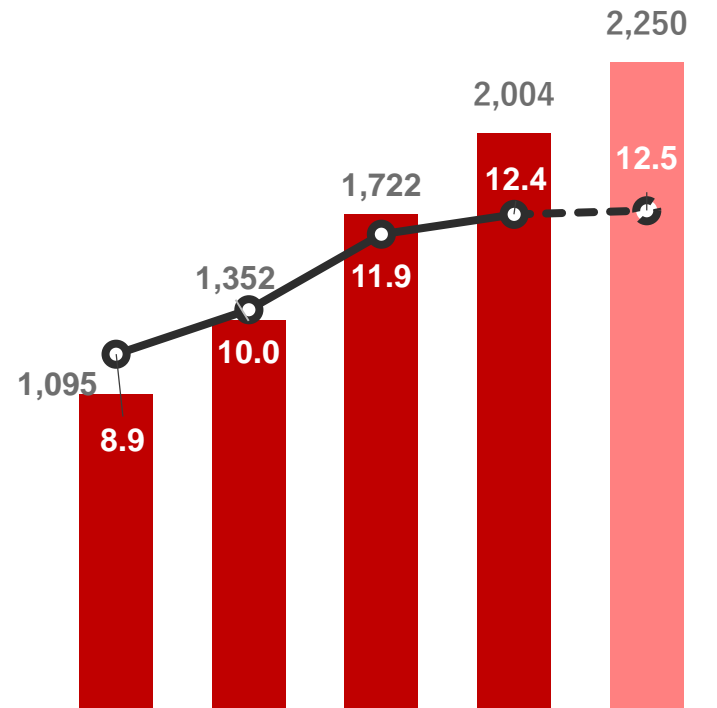
FY6/2022

FY6/2023  
(Forecast)

## Operating Income / Operating Income Margin

(Millions of yen)

(Unit : %)



FY6/2019 FY6/2020 FY6/2021 FY6/2022 FY6/2023  
(Forecast)

# Forecast of Business Results by Segment

- In the Software Development Business, we plan to increase sales by 11.8% YoY, and in the Original Product Unit, we aim to increase sales by 18.3%.

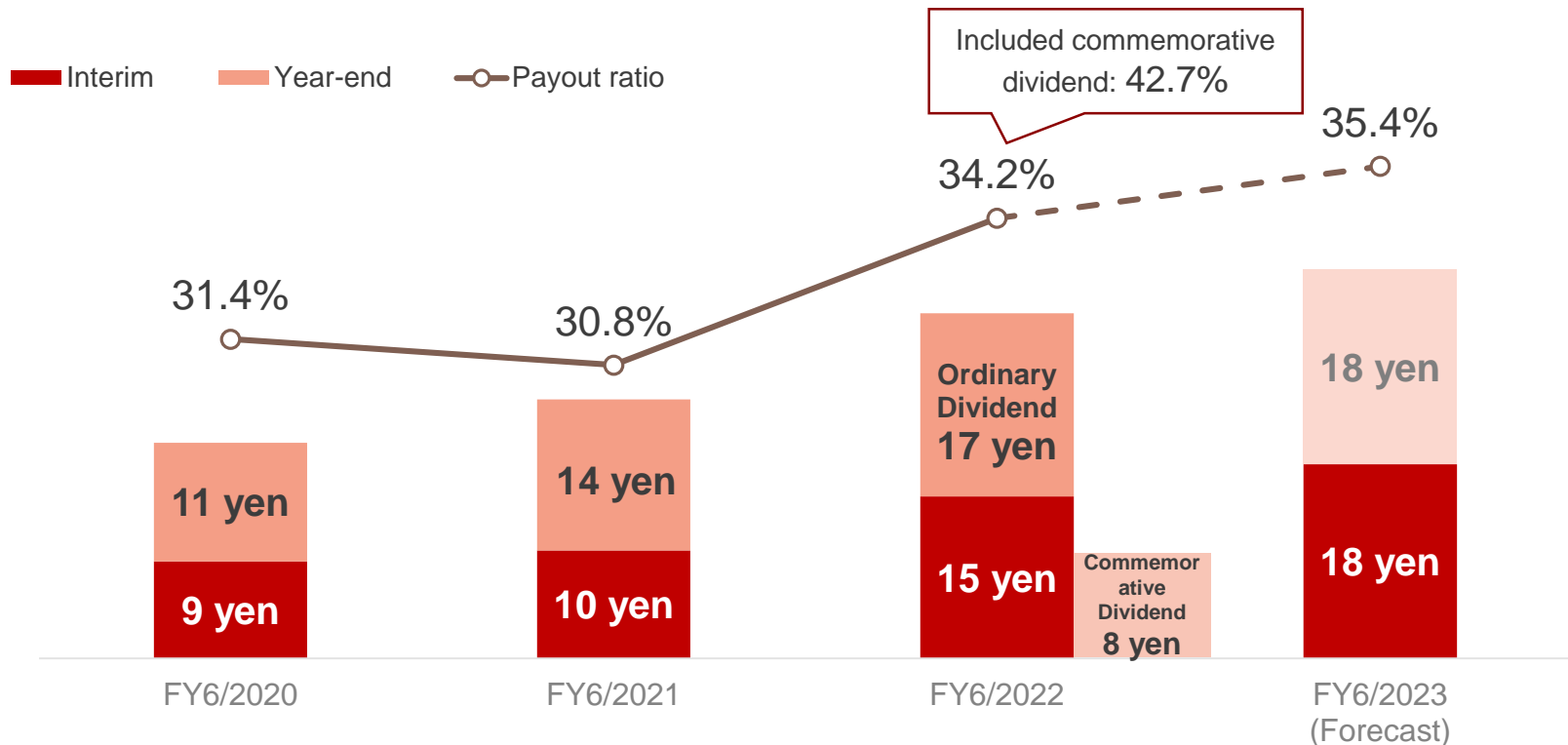
(Millions of yen)

Business Segment	FY6/2021 Net sales	FY6/2022 Net sales Forecast	Change	% Change	Composition
<b>Software Development Business</b>	15,562	17,400	1,838	11.8%	96.7%
Business Solutions Unit	9,553	10,900	1,347	14.1%	60.6%
Embedded Solutions Unit	5,164	5,500	336	6.5%	30.6%
Original Product Unit	845	1,000	155	18.3%	5.6%
<b>System Sales Business</b>	593	600	7	1.2%	3.3%

# Return to Shareholders(Dividend Forecasts)

- Based on the target dividend payout ratio of 35% or more in the medium-term management plan, an annual dividend for FY6/2023 is forecasted to be 36 yen per share.

## Changes in dividend and payout ratio



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



# DIT Group's Vision for 2030 and New Mid-term Management Plan (FY6/2023-FY6/2024)

(Excerpted from explanatory materials disclosed on Aug. 19)



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

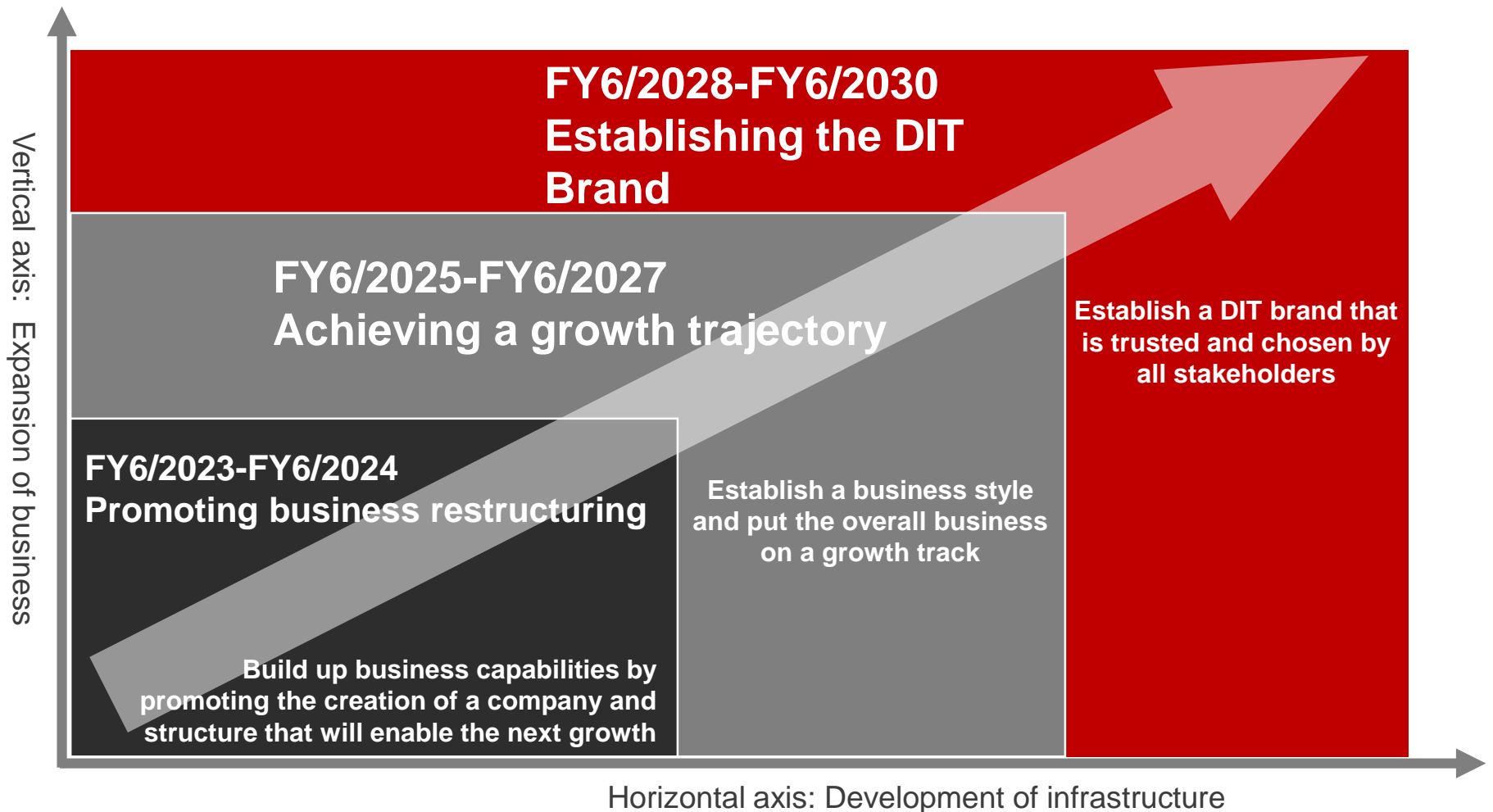


Professional group

# Steps to Realize the 2030 Vision



## DIT 2030 Vision

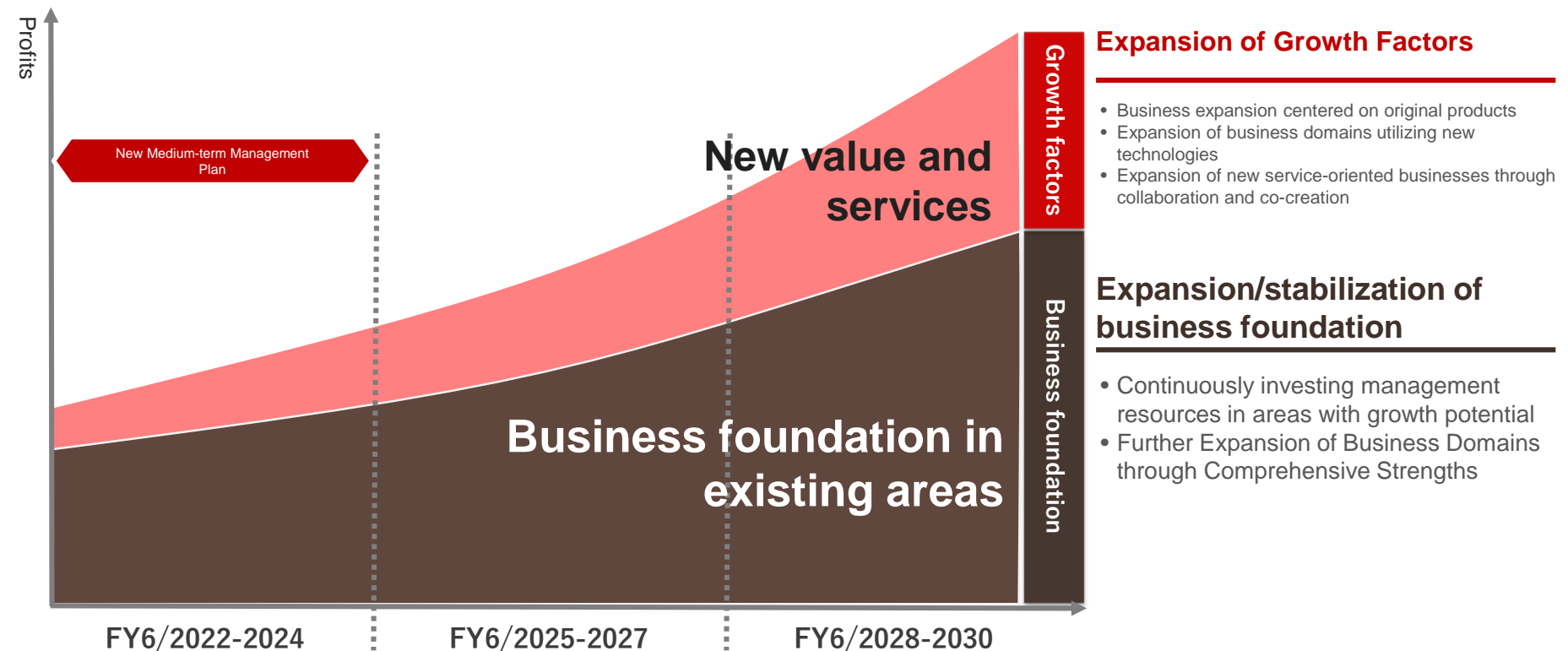


# Mid-term Growth Model

■ 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	16.1 billion yen	30 billion yen or more	50 billion yen or more
Operating income	2.0 billion yen	4 billion yen or more	5 billion yen or more

FY6/2022-FY6/2030

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

- Full-year forecasts for FY6/2023 remain unchanged from the upward revision in August.
- Targets for FY6/2024 remain unchanged as we are still examining them.

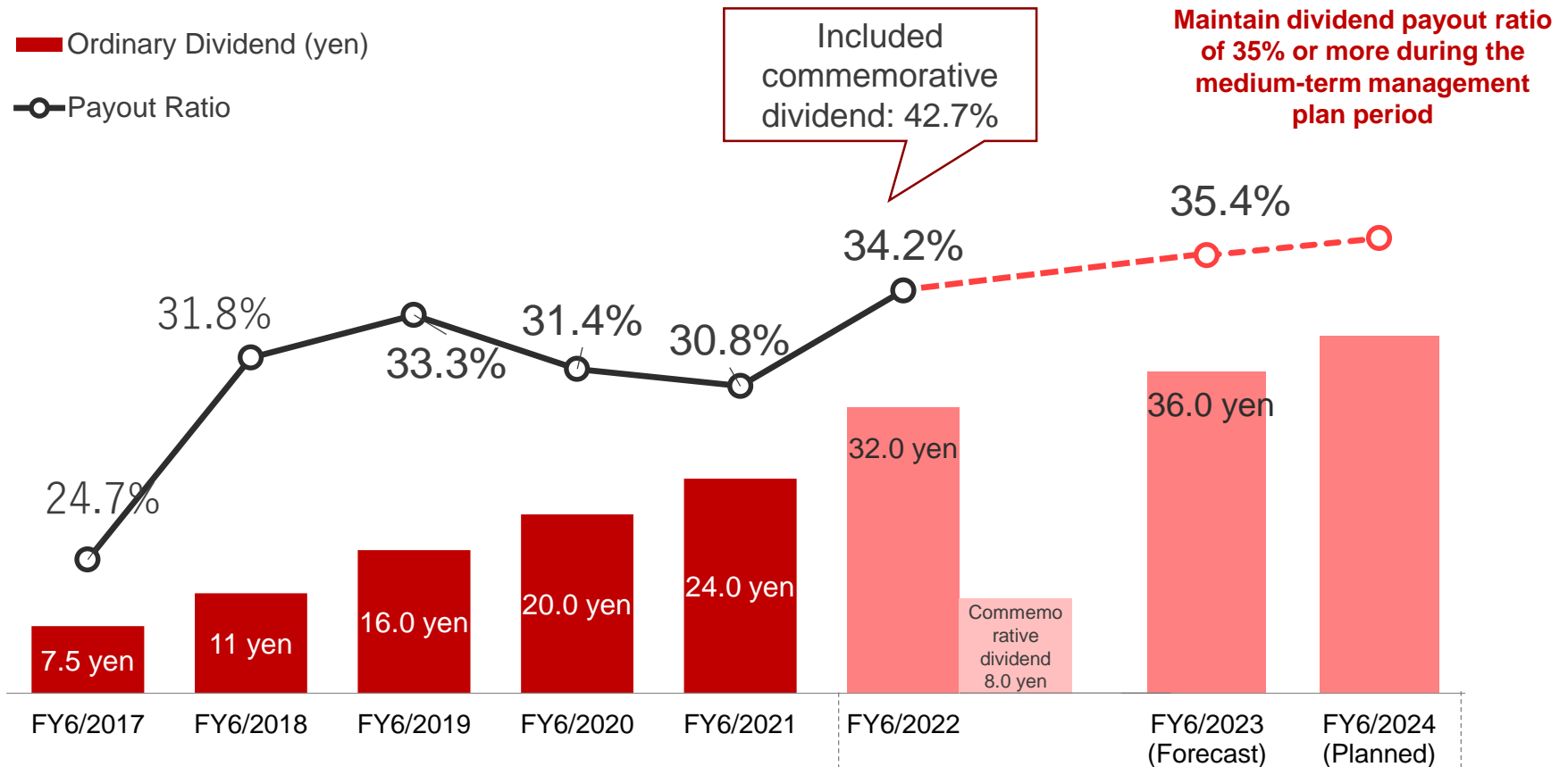
	FY6/2021 (Results)	FY6/2022 (Results)	FY6/2023 (Forecast)	FY6/2024 (Planned)
<b>Net sales</b>	14.4 billion yen	16.1 billion yen	<b>18.0 billion yen</b> (↑ 16.8 billion yen)	<b>18.5 billion yen</b>
<b>Operating income</b>	1.72 billion yen	2 billion yen	<b>2.25 billion yen</b> (↑ 2.15 billion yen)	<b>2.50 billion yen</b>
<b>Ordinary income</b>	11.9%	12.4%	<b>12.5%</b>	<b>13.5%</b>
<b>ROE</b>	29.2%	28.6%	<b>Maintain 20% or more</b>	
<b>Dividend payout ratio</b>	30% or more	<b>42.7%</b> (Commemorative dividend paid)	<b>35.4%</b>	<b>35% or more</b>

## ■ Dividend Forecast

<b>Annual dividend per share</b>	<b>24.0 yen</b> (Ordinary dividend)	<b>40.0 yen</b> (Ordinary dividend: 32 yen, Commemorative dividend: 8 yen)	<b>36.0 yen</b> (Ordinary dividend)
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# Management Targets of the Medium-Term Management Plan (Dividend Payout Ratio)

- Target dividend payout ratio of 35% or more to be maintained from FY6/2022
- Dividend payout ratio to be 42.7% in FY6/2022, including commemorative dividend



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

New Medium-term Management Plan



## Reference materials



# Corporate Data

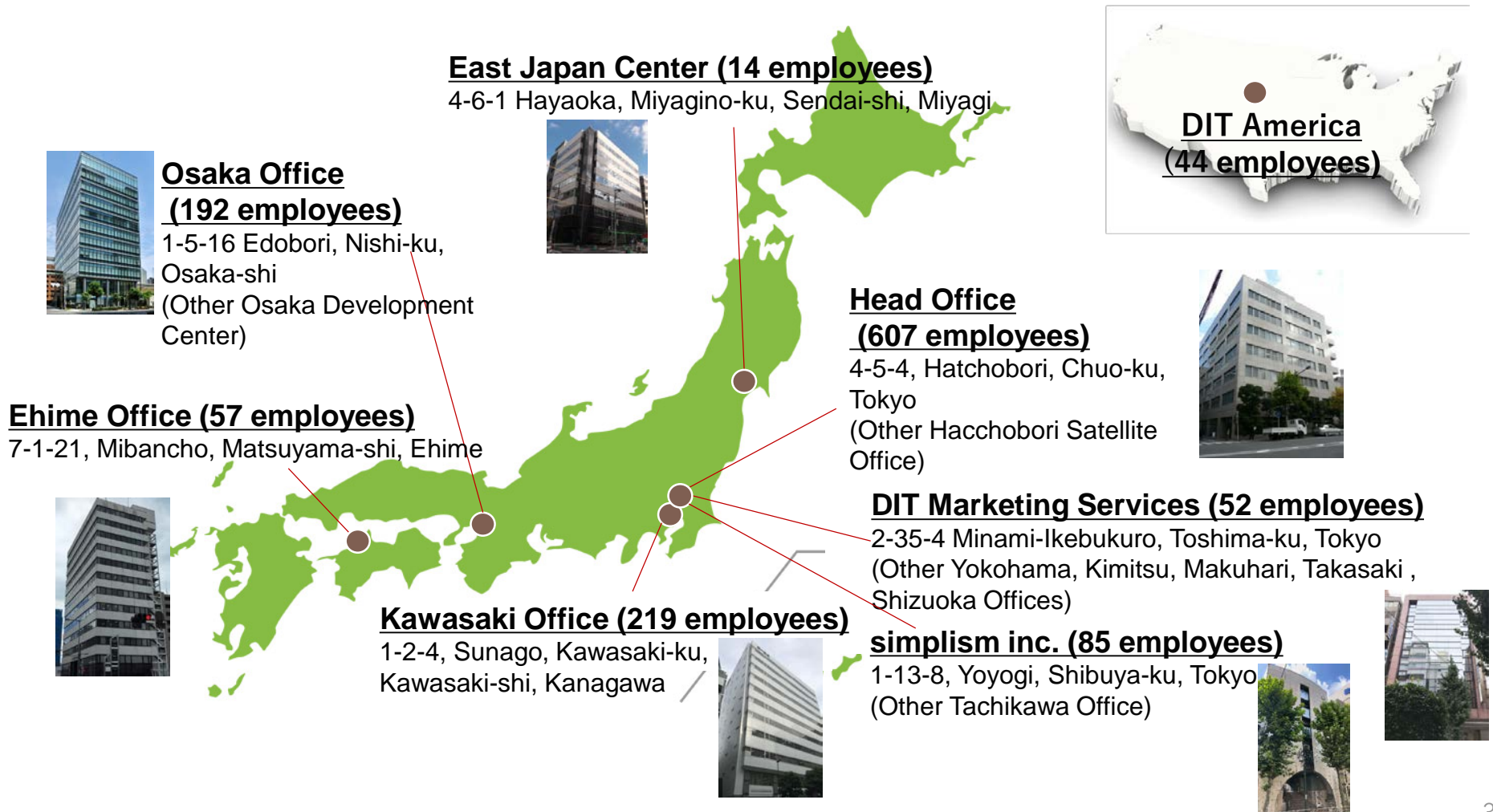
Trade name	Digital Information Technologies Corporation
Establishment	January 4, 2002
Contents of business	Development of business systems, development and verification of embedded systems, system operation services, sales of in-house developed software, and system sales business
Location of head office	5F, FORECAST Sakurabashi, 4-5-4 Hacchobori, Chuo-ku, Tokyo
Capital stock :	453,156 thousand yen (As of the end of June 2022)
Fiscal year end :	June 30
Number of the employees	1,270 (1,089 on a non-consolidated basis) (As of the end of June 2022)
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 June 2022)
Group Companies :	DIT Marketing Service Co., Ltd., DIT America, LLC., simprism inc.



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

**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					
	Xobios 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

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**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 2022\***



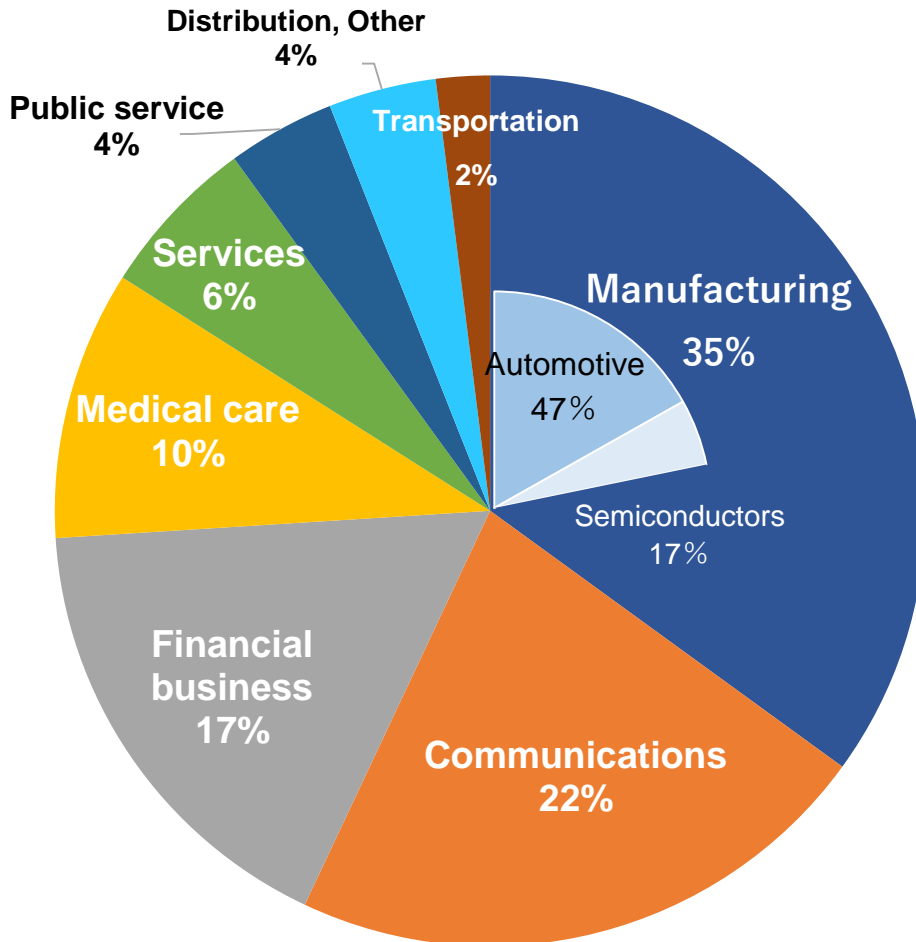
**JPX-NIKKEI Mid Small**

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, 2022 to August 30, 2023.

# 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.

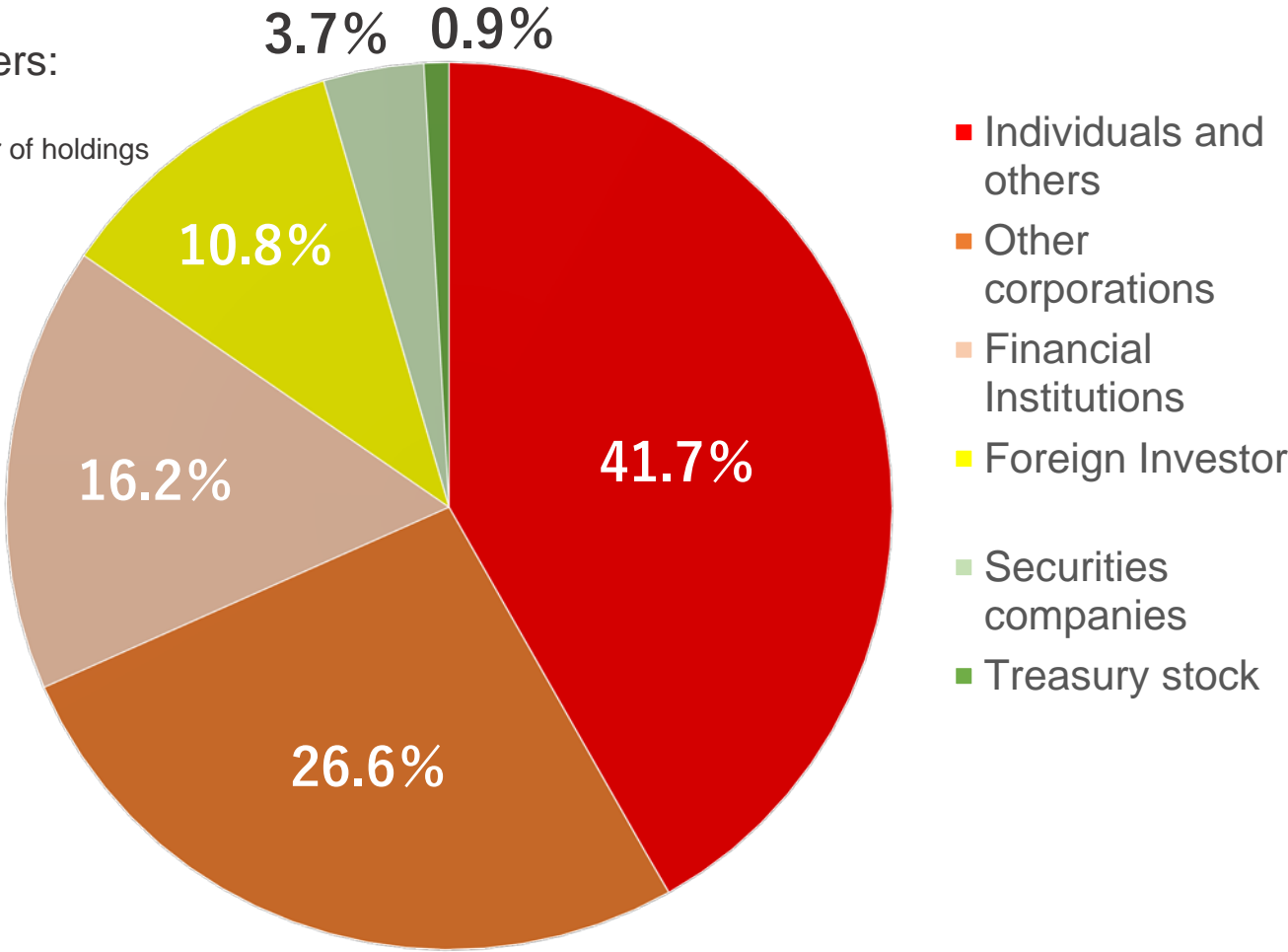
### ■ Sales Composition by Industry of Software Development Business (Left chart)

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

# Composition of Shareholders

End of June 2022  
Number of shareholders:  
6,287 persons

\*The graph is based on number of holdings



# 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 :

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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.