

# Digital Information Technologies Corporation

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**Financial Results for the Third Quarter of the  
Fiscal Year Ending June 2024**  
(TSE Prime: 3916)

May 2024





**1. Financial Results for FY6/2024 Q3**

**2. FY6/2024 Business Forecasts**

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

**4. Reference Material**



# 1. Financial Results for FY6/2024 Q3

# FY6/2024 Q3 Overview of Financial Results

- Sales and profits increased, reaching record highs, as we steadily captured robust demand.
- Profit growth remained in line with initial expectations due to the following factors: delays in launching projects due to personnel reallocation, including business partners, following the unprofitable project; expenses for expanding business scale, such as costs associated with increasing floor space at each office, etc., and payment of fees related to the two acquired companies. However, the upward trend in profits is expected to continue.

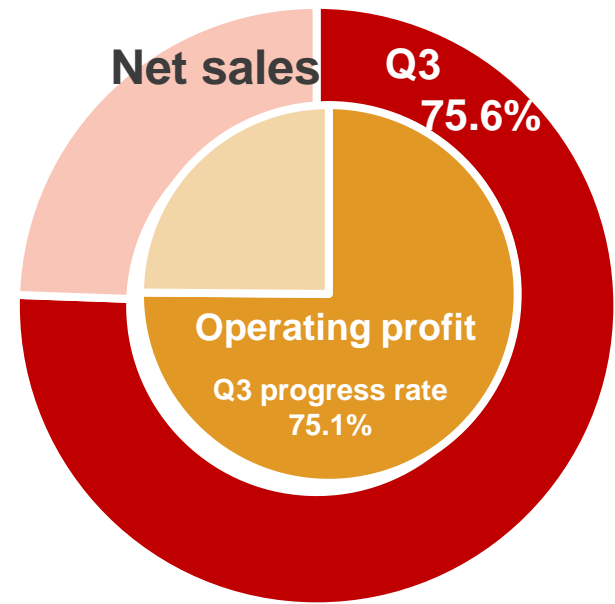
## Major KPIs

**Net sales: 14,736** million yen  
(+8.9% YoY)

**Operating profit: 1,878** million yen  
(+22.2% YoY)

**Operating profit margin: 12.7%**  
(+1.4 ppt. YoY)

## Progress rate to the full-year forecasts



Net sales (Est.): 19,500 million yen  
Operating profit (Est.): 2,500 million yen

# FY6/2024 Q3 Overview of Financial Results (by Business)

- **Sales and profits increased in all businesses, although it took time to recover the performance in the Business Solutions Unit.**

- **Software Development Business (Net sales: +8.8% YoY)**

- **In the Business Solutions Unit (+7.3% YoY)**, sales and profits significantly exceeded the previous year's figures due to a rebound from the losses incurred from the unprofitable project in the previous year. While sales of financial projects recovered and public, telecommunications and low-code development projects were strong, sales and profits from pharmaceutical and ERP projects decreased, and both sales and profits remained within expectations. Continued strong performance in operation support, with both net sales and profits reaching record highs.
- **In the Embedded Solutions Unit (+9.7% YoY)**, sales and profits increased thanks to continued strong automotive-related sales. Profits improved due to an increase in the ratio of high-priced projects. In embedded systems development, semiconductor-related sales are leveling off, but automotive and consumer electronics IoT-related businesses are growing strongly. In Embedded system verification, verification work for in-vehicle projects continues to grow.
- **In the Original Product Unit (+20.4% YoY)**, both sales and profits increased due to an increase in license sales and sales related to electronic contract services. XoBlos continued to secure projects from prospective customers added in the previous fiscal year, thanks to the steady accumulation of licensing sales of WebARGUS. Sales related to "DD-CONNECT," an electronic contracting service, increased as it moved from the introduction phase to the growth.

- **Systems Sales Business (+11.4% YoY)**, sales increased significantly due to strong demand associated with the amendment to the Electronic Bookkeeping Law and the adoption of new systems, such as invoice system, however, profit declined due to the strengthening of the structure.

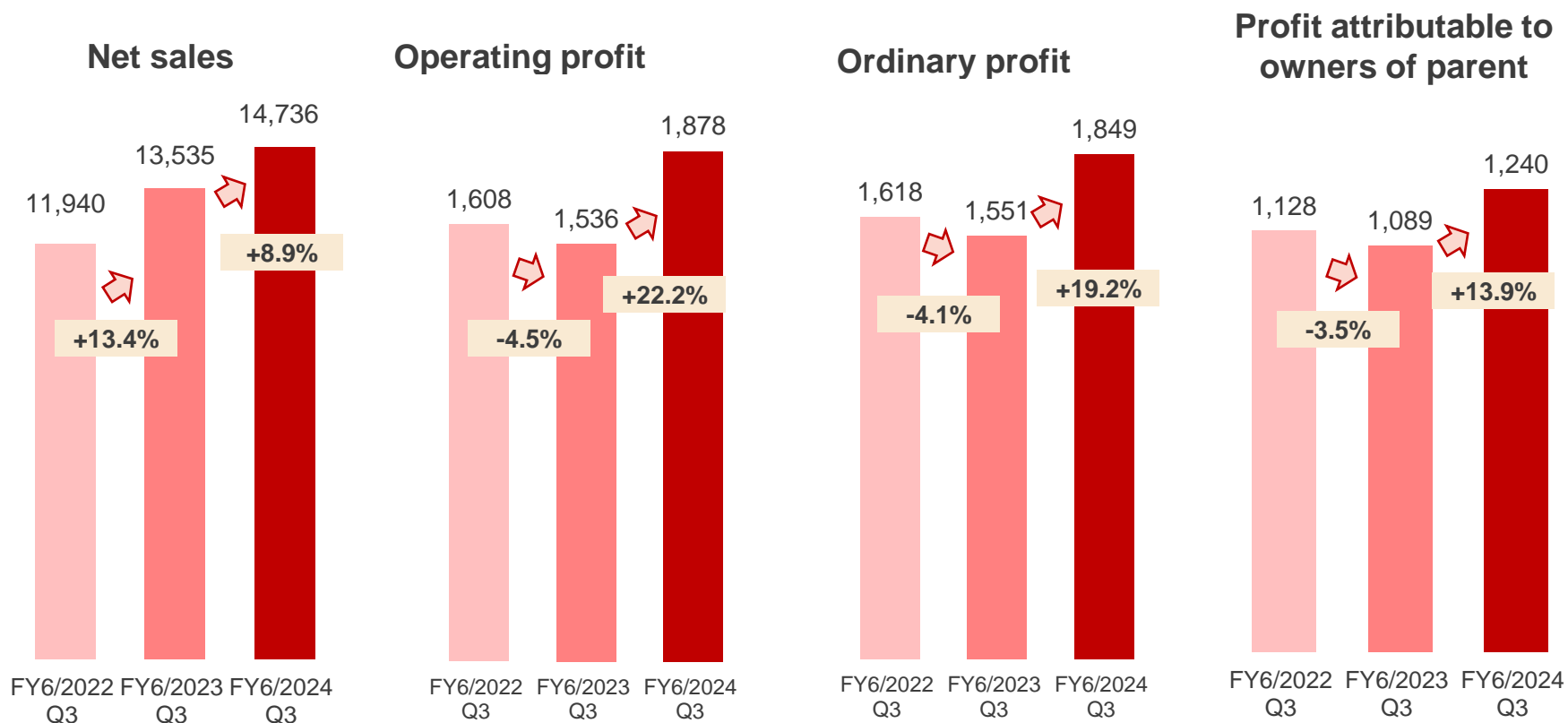
# FY6/2024 Q3 Summary of Financial Results

- Sales and profits increased YoY as we steadily captured strong demand.
- Growth in profits remains within expectations, partly due to increased costs associated with business expansion.

(Millions of yen)	FY6/2023 Q3 Result	Composition %	FY6/2024 Q3 Result	Composition %	Rate of change %
<b>Net sales</b>	<b>13,535</b>	100.0%	<b>14,736</b>	100.0%	+8.9%
<b>Gross profit</b>	<b>3,150</b>	23.3%	<b>3,630</b>	24.6%	+15.2%
<b>SG&amp;A</b>	<b>1,613</b>	11.9%	<b>1,751</b>	11.9%	+8.6%
<b>Operating profit</b>	<b>1,536</b>	11.3%	<b>1,878</b>	12.7%	+22.2%
<b>Ordinary profit</b>	<b>1,551</b>	11.5%	<b>1,849</b>	12.6%	+19.2%
<b>Profit attributable to owners of parent</b>	<b>1,089</b>	8.0%	<b>1,240</b>	8.4%	+13.9%

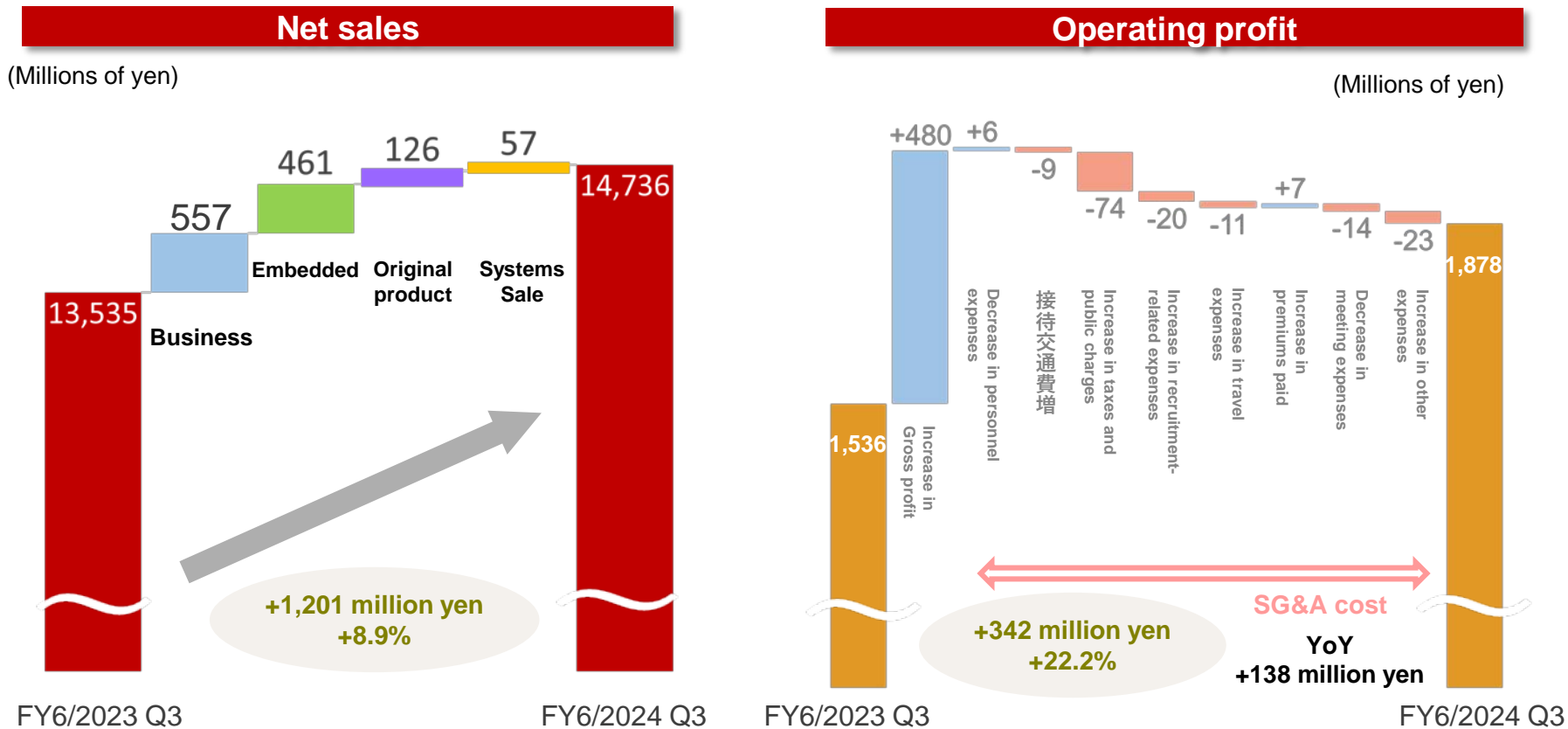
# FY6/2024 Q3 Financial Highlights

Record highs for net sales and profits.



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

- Sales grew in all businesses.
- Profit increased, as the growth in gross profit offset the increased SG&A expenses due to the temporary increase in commissions paid associated with the acquisition of two companies and recruiting activity expenses .

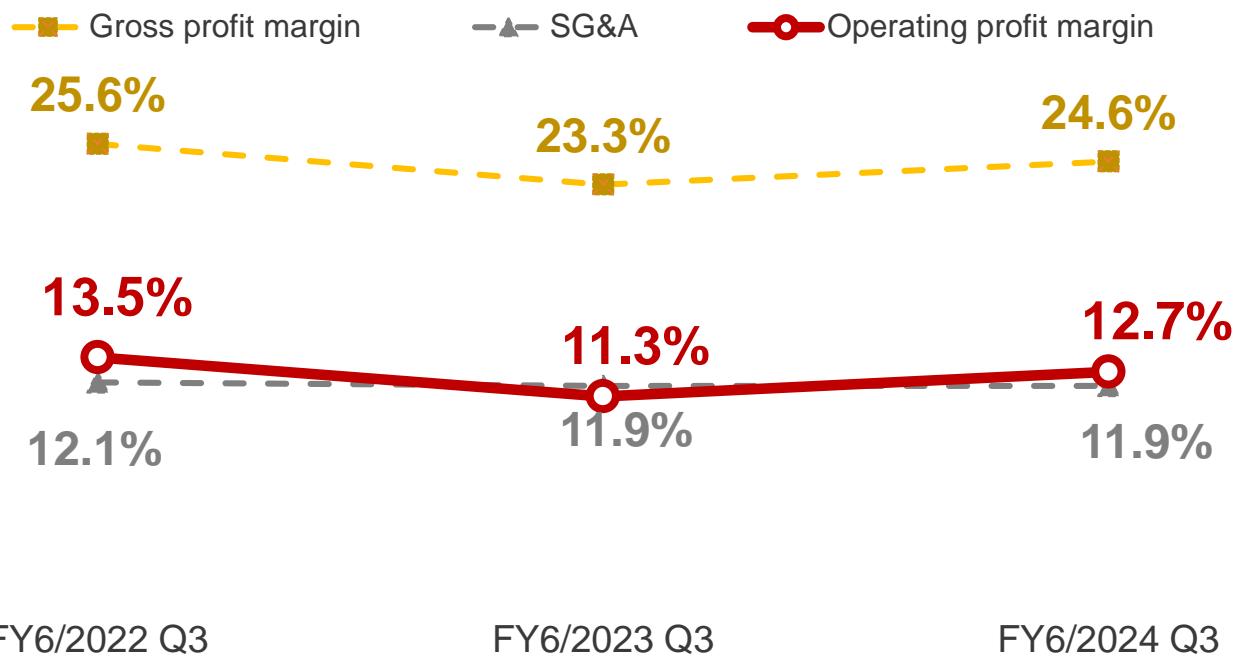




# Changes in Operating Profit Margin

- In the same period of the previous fiscal year, the gross profit margin declined due to the direct impact of the unprofitable project, but it has recovered steadily this term.
- SG&A expenses remained at the same level as the previous year, and the operating profit margin also recovered steadily.

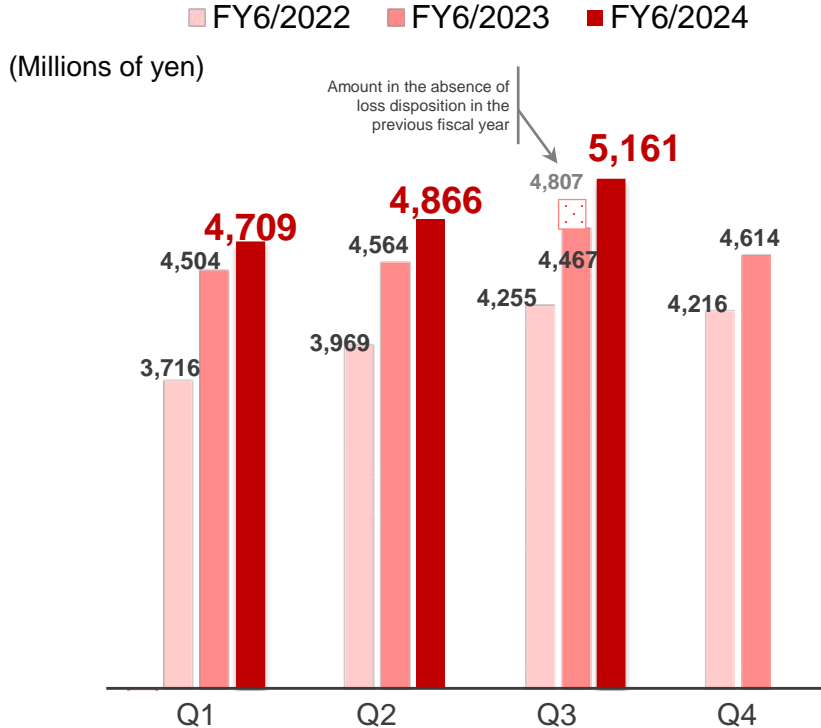
Ratio of each profit and SG&A to sales



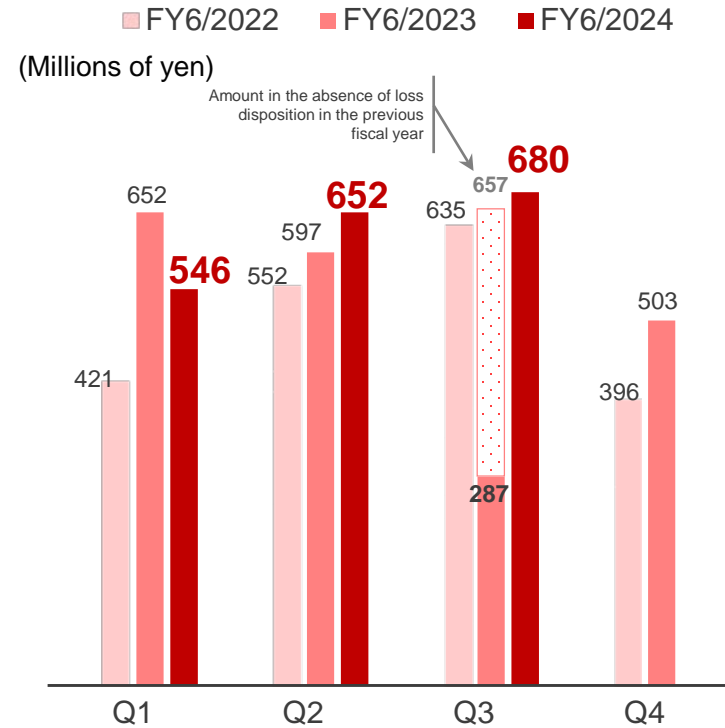
# Quarterly Net Sales & Operating Profit

- Following Q1 and Q2, sales in Q3 reached record highs in the quarterly period.
- Operating profit also reached a new record high following Q2.

## Net sales



## Operating profit



\* Operating profit is seasonally lower in Q4 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 the previous fiscal year.

# Business Domains: Positioning of Each Business



# Business Segment and Composition of Sales

- While all businesses are expanding in scale, the proportion of the strong Embedded Solutions Unit is gradually increasing.
- Cross-business segment project cooperation, customer support and project creation are also on the rise.

Businesses segment	Classification	FY6/2022 Q3 Sales Composition	FY6/2023 Q3 Sales Composition	FY6/2024 Q3 Sales Composition
<b>Software Development Business</b>		<b>96.2%</b>	<b>96.3%</b>	<b>96.2%</b>
<b>Business Solutions Unit</b>	Business Bases	<b>59.0%</b>	<b>56.8%</b>	<b>55.9%</b>
Business System Development		60.1%	55.4%	55.4%
Operational Support		39.9%	44.6%	44.6%
<b>Embedded Solutions Unit</b>	Business Bases	<b>32.0%</b>	<b>35.0%</b>	<b>35.3%</b>
Embedded Product Development		75.6%	73.5%	73.7%
Embedded Product Verification		24.4%	26.5%	26.3%
<b>Original Product Unit</b>	Growth Field	<b>5.2%</b>	<b>4.6%</b>	<b>5.0%</b>
<b>System Sales Business</b>	Business Bases	<b>3.8%</b>	<b>3.7%</b>	<b>3.8%</b>

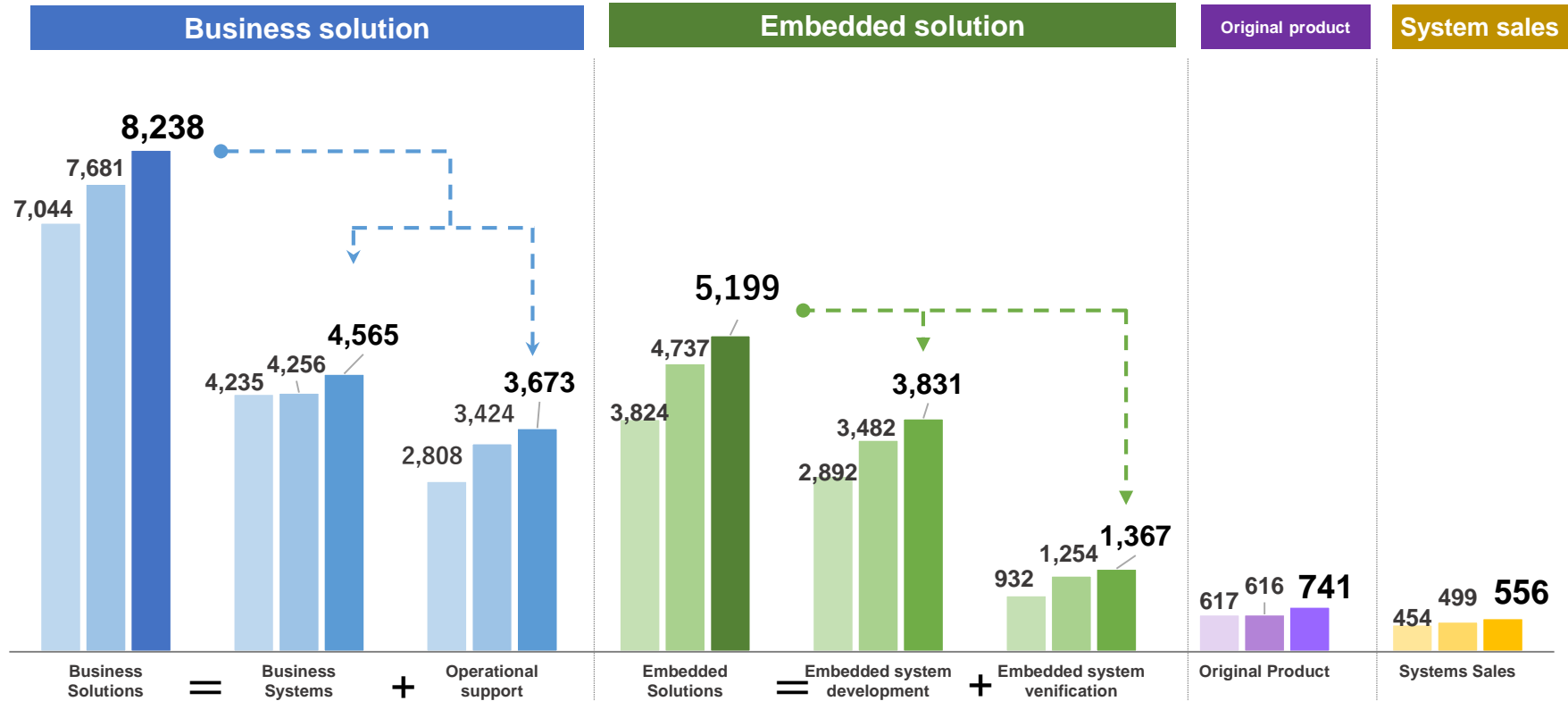
# Sales by Business Segment

■ All businesses saw higher sales, all of which were Q3 record highs.

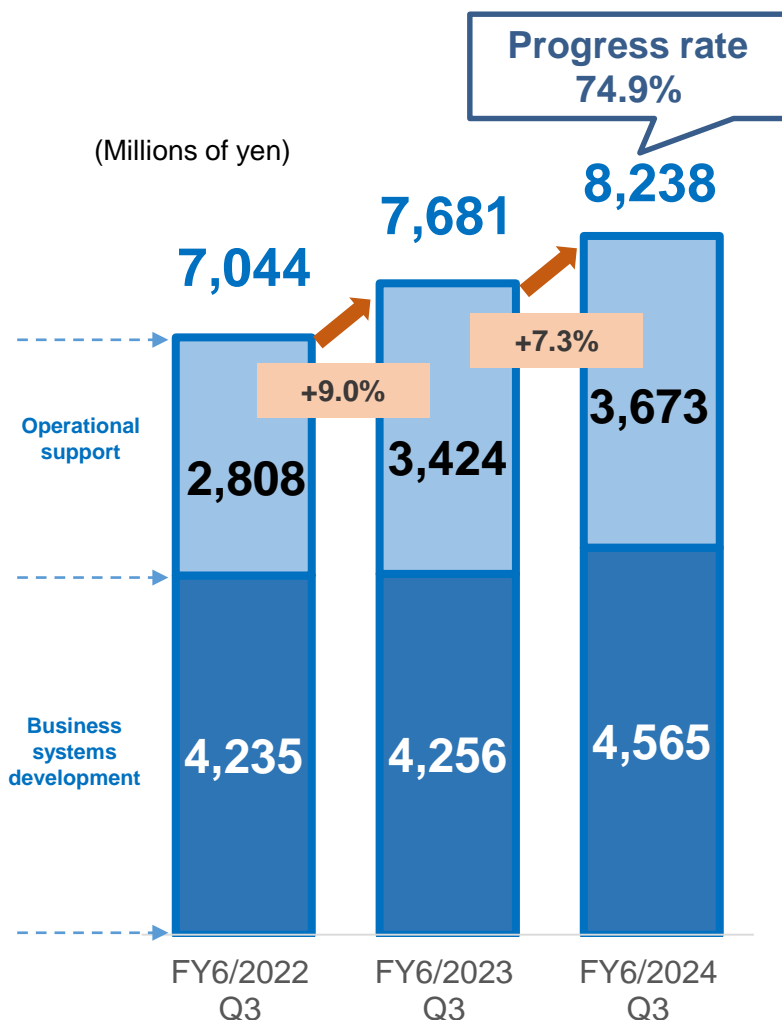
## Quarterly Sales by Business

(Graphs from left to right: FY6/2022 Q3, FY6/2023 Q3, FY6/2024 Q3)

(Millions of yen)



# Net Sales by Segment: Business Solutions Unit



**Net sales: 8,238 million yen**  
**YoY change: +7.3%**

## <Entire business>

The direct impact of the unprofitable project has been eliminated. Sales and profits increased due in part to a rebound from the losses incurred from the unprofitable project in the previous year. There are rapid changes in technology, such as low-code development and generative AI, but we aim to respond to these market changes and grow.

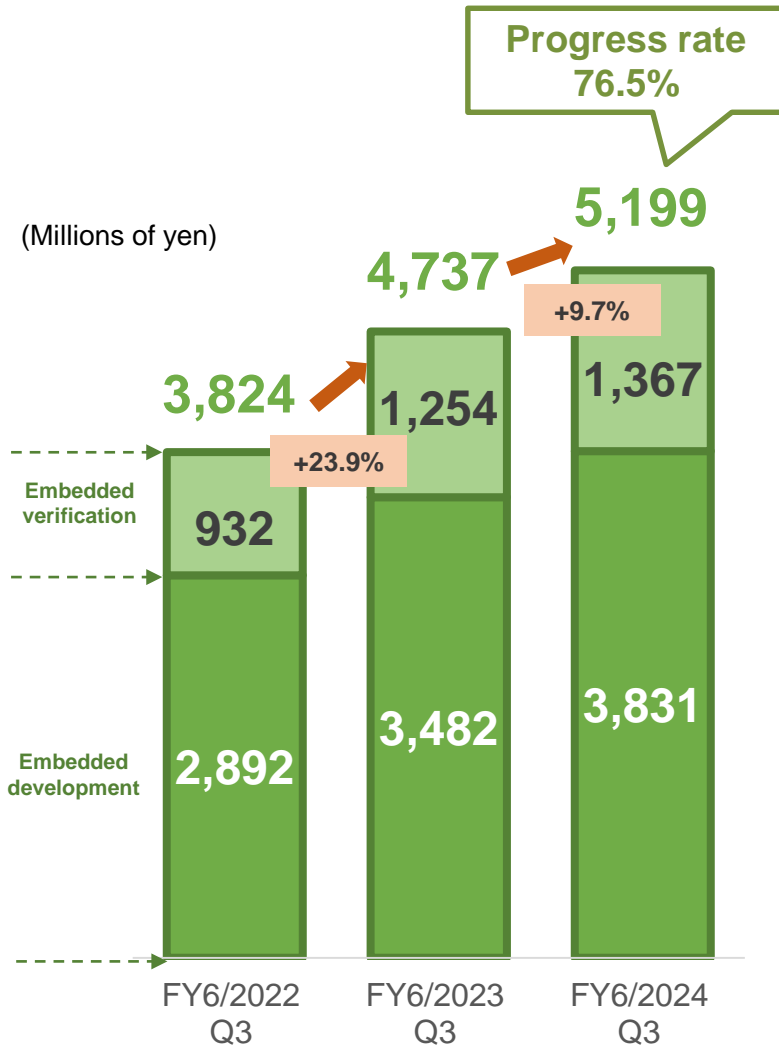
## ■ Business system development

Sales and profits increased YoY. In the financial sector, the number of pharmaceutical and ERP projects decreased, despite the recovery trend and the strong performance of public sector projects and communications projects. It took some time to rotate engineers after the work to close the unprofitable project, but preparations for a counteroffensive are now in place for the next term.

## ■ Operational support

Both net sales and profits achieved record highs and remained strong. In addition to expanding business domains, synergies with subsidiary simplism inc. also contributed to the performance.

# Net Sales by Segment: Embedded Solutions Unit



**Net sales: 5,199 million yen**  
**YoY change: +9.7%**

## <Entire business>

Sales and profits increased due to a strategic shift to automotive-related business and continued strong performance. Investment appetite is strong, particularly among major domestic car manufacturers, due to trends such as electric vehicles and autonomous driving, and growth continues to exceed initial forecasts. The ratio of high-unit-price projects also continued to improve, leading to further improvements in profitability.

## ■ Embedded system development

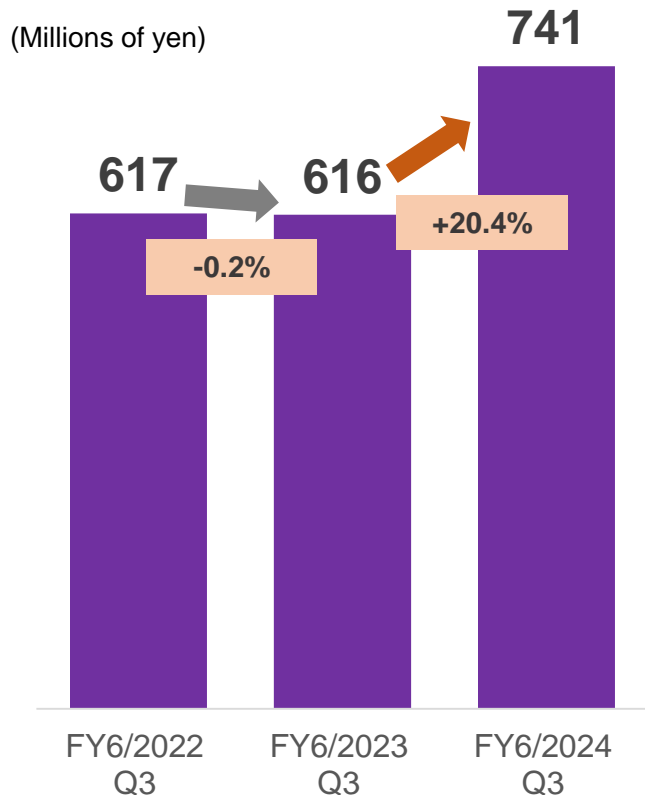
Sales and profit growth continued. Semiconductor-related sales remained sluggish, but demand continued to be strong for mainstay automotive systems, mainly for manufacturers of completed vehicles, and IoT projects for consumer electronics also performed strongly.

## ■ Embedded system verification

Maintained steady increases in sales and profits. Automotive verification services continue to perform well.

**Net sales: 741 million yen**  
**YoY change: +20.4%**

Progress rate  
74.2%



## <Entire business>

Significant increases in sales and profits continued due to the accumulation of licensing sales and the increase in sales related to electronic contracting service.

### ■ [WebARGUS: Cybersecurity product]

Steady growth in both sales and profits is supported by the accumulation of licensing sales. We received many inquiries for ransomware-resistant versions.

### ■ [xoBlos: Operational efficiency products]

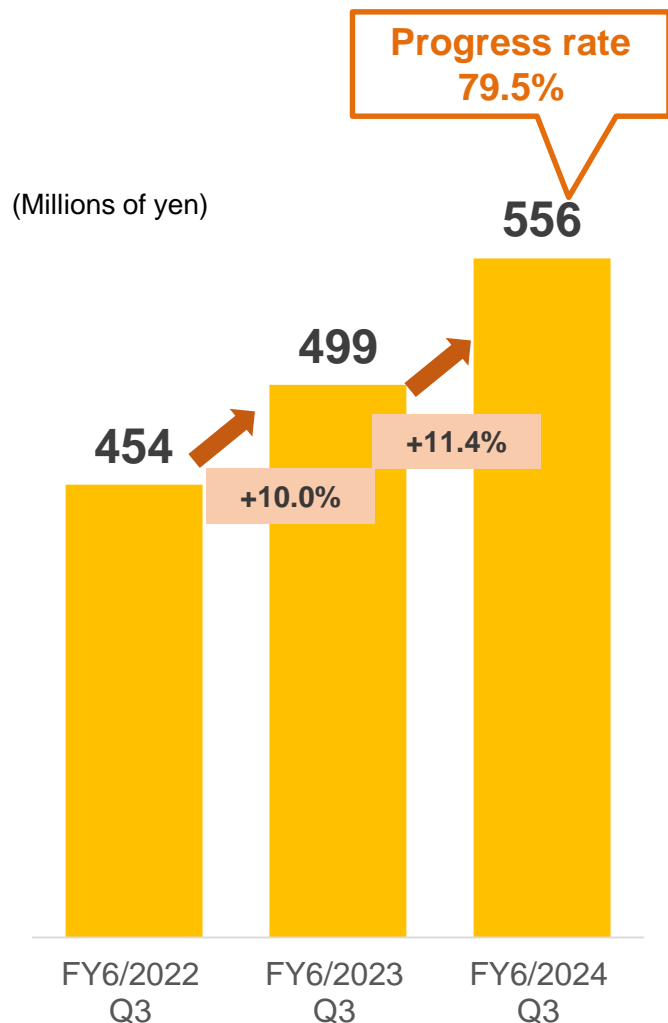
Significant increases in sales and profits due to the contribution of horizontal expansion and cross-selling within existing clients, as well as the continued acquisition of projects from lead customers, which had been accumulated since the previous fiscal year.

### ■ [Other new products]

Significant increases in sales and profits continued due to the success of the development of "DD-CONNECT," an electronic contract service, which covers everything from peripheral development at the time of its introduction.



# Net Sales by Segment: Systems Sales Business



**Net sales: 556 million yen**  
**YoY change: +11.4%**

## <Entire business>

Demand continued to increase in parallel with the transition to new systems due to the Electronic Bookkeeping Law and the introduction of the invoice system.

- Sales increased significantly due to the Electronic Bookkeeping Law revision measures and rush demand for the introduction of the invoice system, but profit continues to decline YoY due to the strengthening of the business structure.

\* 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

- Maintained a high capital adequacy ratio of 67.2%
- Significant increase in intangible assets, etc. due to the acquisition of two companies announced in February. (Millions of yen)

	End-Jun. 2023	End-Mar. 2024	Change
Cash and deposits	4,185	3,861	-323
Accounts receivable and contract assets	2,953	3,763	810
Work in progress	108	61	-46
Others	131	277	145
<b>Total current assets</b>	<b>7,378</b>	<b>7,964</b>	<b>586</b>
Property, plant and equipment	138	181	43
Intangible assets	172	886	714
Investments and other assets	487	666	179
<b>Total intangible assets</b>	<b>798</b>	<b>1,735</b>	<b>936</b>
<b>Total assets</b>	<b>8,176</b>	<b>9,699</b>	<b>1,522</b>

	End-Jun. 2023	End-Mar. 2024	Change
Accounts payable-trade	615	812	197
Income taxes payable	407	387	-19
Others	957	1,419	462
<b>Total current liabilities</b>	<b>1,980</b>	<b>2,620</b>	<b>640</b>
Long-term borrowings	-	185	185
Provision for share awards	142	163	20
Others	47	109	62
<b>Total noncurrent liabilities</b>	<b>190</b>	<b>458</b>	<b>268</b>
<b>Total liabilities</b>	<b>2,170</b>	<b>3,078</b>	<b>908</b>
Capital stock	453	453	-
Capital surplus	459	459	-
Retained earnings	5,094	5,708	614
<b>Total net assets</b>	<b>6,006</b>	<b>6,620</b>	<b>614</b>
<b>Total liabilities and net assets</b>	<b>8,176</b>	<b>9,699</b>	<b>1,522</b>

\*Amounts less than one million yen are rounded down



## 2. FY6/2024 Business Forecasts

# FY6/2024 Business Forecasts

- Aiming for 14 consecutive years of sales and profit growth in the final year of the medium-term management plan, based on the 2 axes of "stabilizing the business foundation" and "strengthening growth factors" set out in the medium-term management plan.
- Progress rates at the end of Q3 were basically as expected.

(Millions of yen)	FY6/2023 Result	Composition %	FY6/2024 Forecast	Composition %	YoY %	Q3 Progress rate %
<b>Net sales</b>	<b>18,149</b>	100.0%	<b>19,500</b>	100.0%	+7.4%	75.6%
<b>Operating profit</b>	<b>2,039</b>	11.2%	<b>2,500</b>	12.8%	+22.6%	75.1%
<b>Ordinary profit</b>	<b>2,059</b>	11.3%	<b>2,500</b>	12.8%	+21.4%	74.0%
<b>Profit attributable to owners of parent</b>	<b>1,447</b>	8.0%	<b>1,734</b>	8.9%	+19.8%	71.5%

# Business Forecasts by Segment

- Growth rates for each of the Software Development and System Sales businesses remain unchanged, and consolidated performance is expected to increase by 7.4%.
- Minor revisions have been made to some of the forecast figures for the breakdown of the Software Development Business. The Business Solutions Unit is expected to decline slightly, but it is expected to be complemented by the Embedded Solutions Unit.

(Millions of yen)

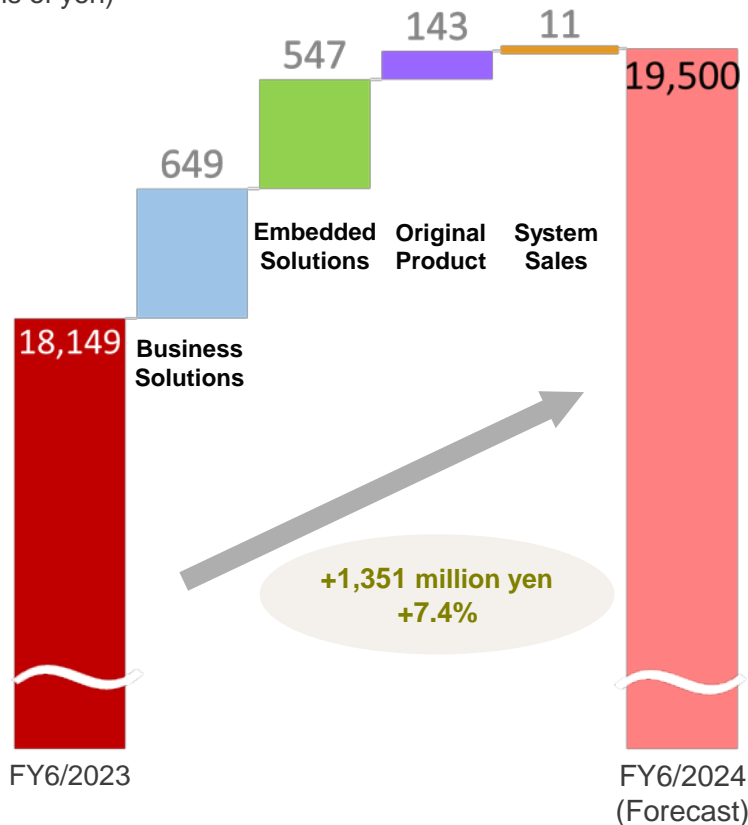
Business Segment	FY6/2023 Net sales	FY6/2024 Revised forecast	YoY change %	Composition	FY6/2024 Initial forecast	Vs. initial forecast %
Software Development Business	17,460	18,800	7.7%	96.3%	18,800	-
Business Solutions Unit	10,350	11,000	6.3%	56.4%	11,300	-2.7%
Embedded Solutions Unit	6,253	6,800	8.7%	34.9%	6,500	+4.6%
Original Product Unit	856	1,000	16.7%	5.1%	1,000	-
System Sales Business	688	700	1.6%	3.6%	700	-
Total	18,149	19,500	7.4%	-	19,500	-

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

- Despite forecast revisions for some breakdowns, sales and profits are expected to increase in all businesses.

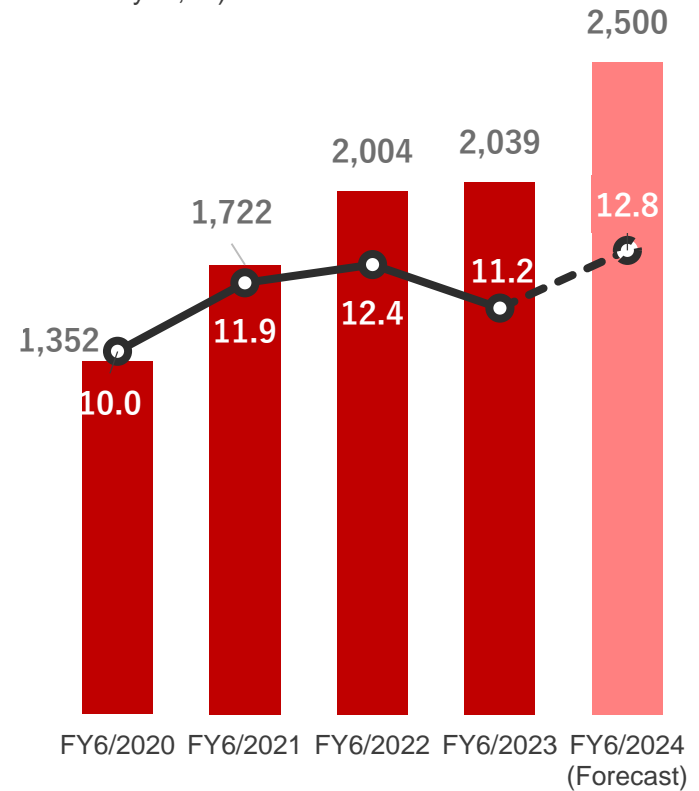
## Net sales

(Millions of yen)



## Operating profit / Operating profit margin

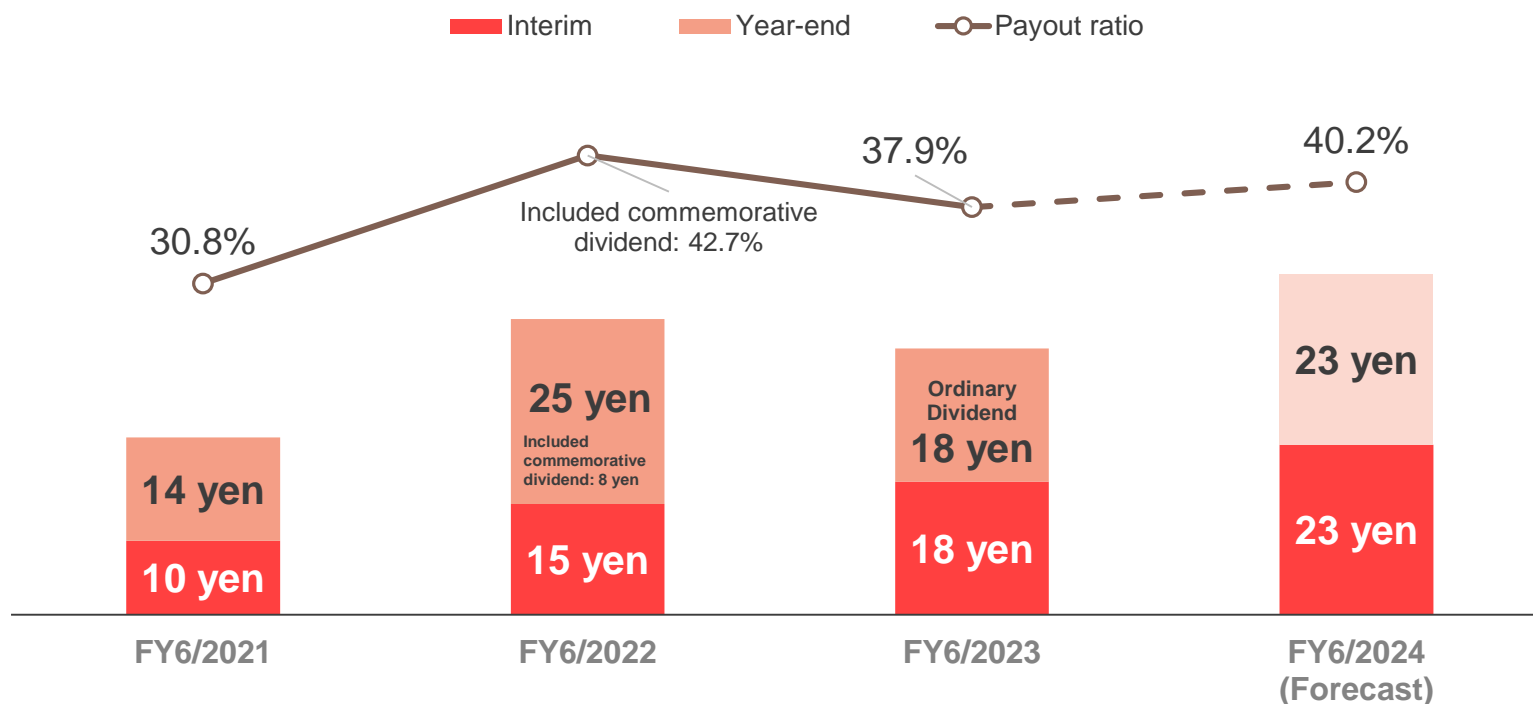
(Millions of yen, %)



# Return to Shareholders (Dividend Forecasts)

- Focusing on shareholder returns, we changed the medium-term plan's target dividend payout ratio of 35% or more to 40% or more, starting from FY6/24. For FY6/24, the annual dividend per share is planned to be 46 yen, with the payout ratio of 40.2%, no change from the initial forecast.

## Changes in dividend and payout ratio



### 3. DIT Group's Vision for 2030 and Medium-term Management Plan

(Excerpted from explanatory materials disclosed on Aug. 10, 2023)





# Medium-term Management Plan Targets

- Both sales and profits exceeded the FY6/23 target, and we expect to achieve targets in FY6/24 as well.
- New medium-term management plan to be announced in August of this year.

	FY6/2021 (Results)	FY6/2022 (Results)	FY6/2023 (Results)	FY6/2024 (Forecast)
<b>Net sales</b>	14.4 billion yen	16.1 billion yen	<b>18.1 billion yen</b> (Target: 18.0 billion yen)	<b>19.5 billion yen</b> (↑18.5 billion yen)
<b>Operating profit</b>	17.2 billion yen	2.0 billion yen	<b>2.03 billion yen</b> (Target: 1.90 billion yen)	<b>2.50 billion yen</b>
<b>Ordinary profit</b>	11.9%	12.4%	<b>11.2%</b> (Target: 10.6%)	<b>12.8%</b>
<b>ROE</b>	29.2%	28.6%	<b>25.1%</b>	Maintain 20% or more
<b>Dividend payout ratio</b>	30.8%	42.7% (Commemorative dividend paid)	<b>37.9%</b>	<b>40% 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)	<b>46.0 yen</b> (Ordinary dividend)
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# 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

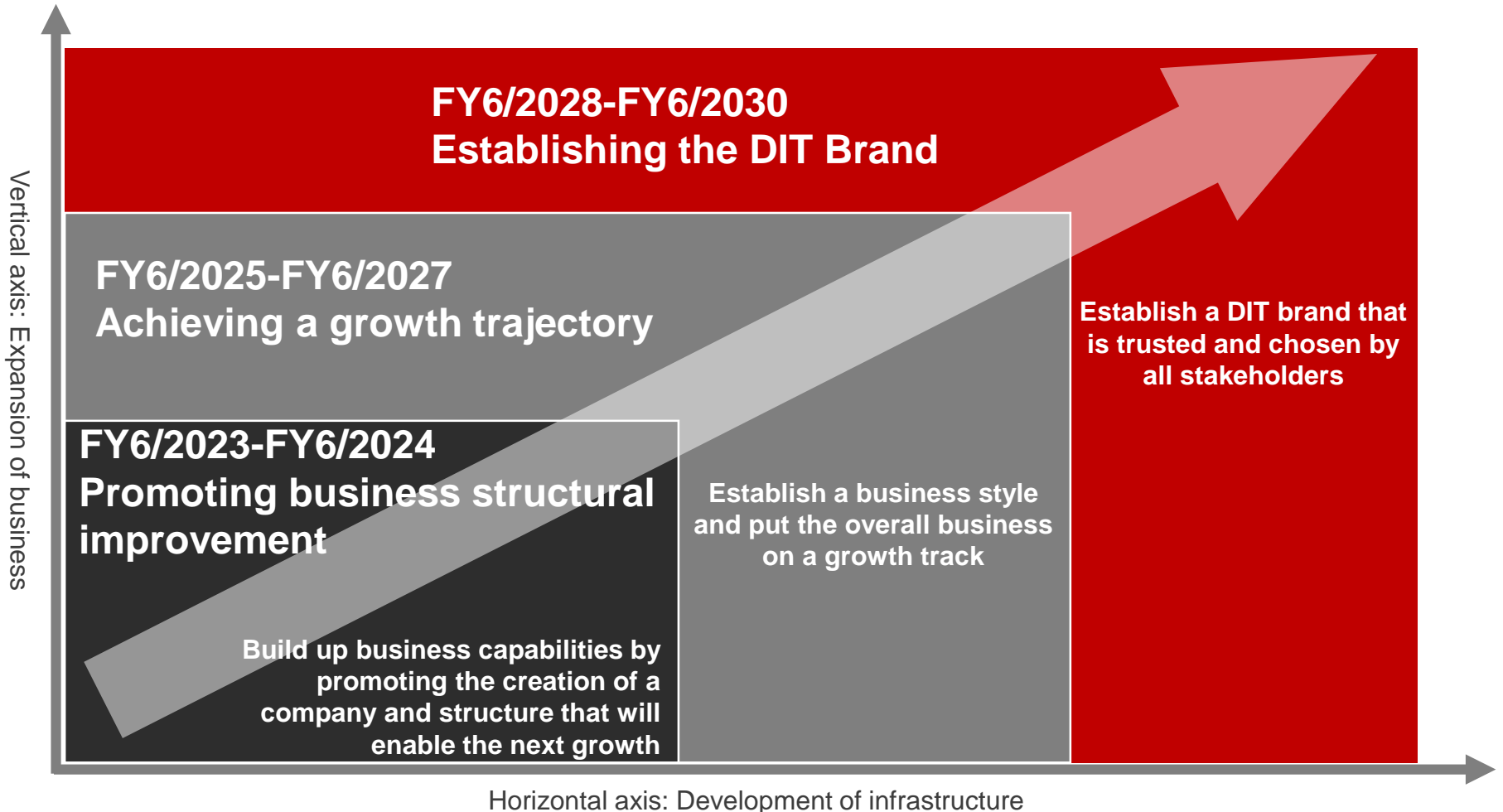


Professional group

# Steps to Realize the 2030 Vision



## DIT 2030 Vision

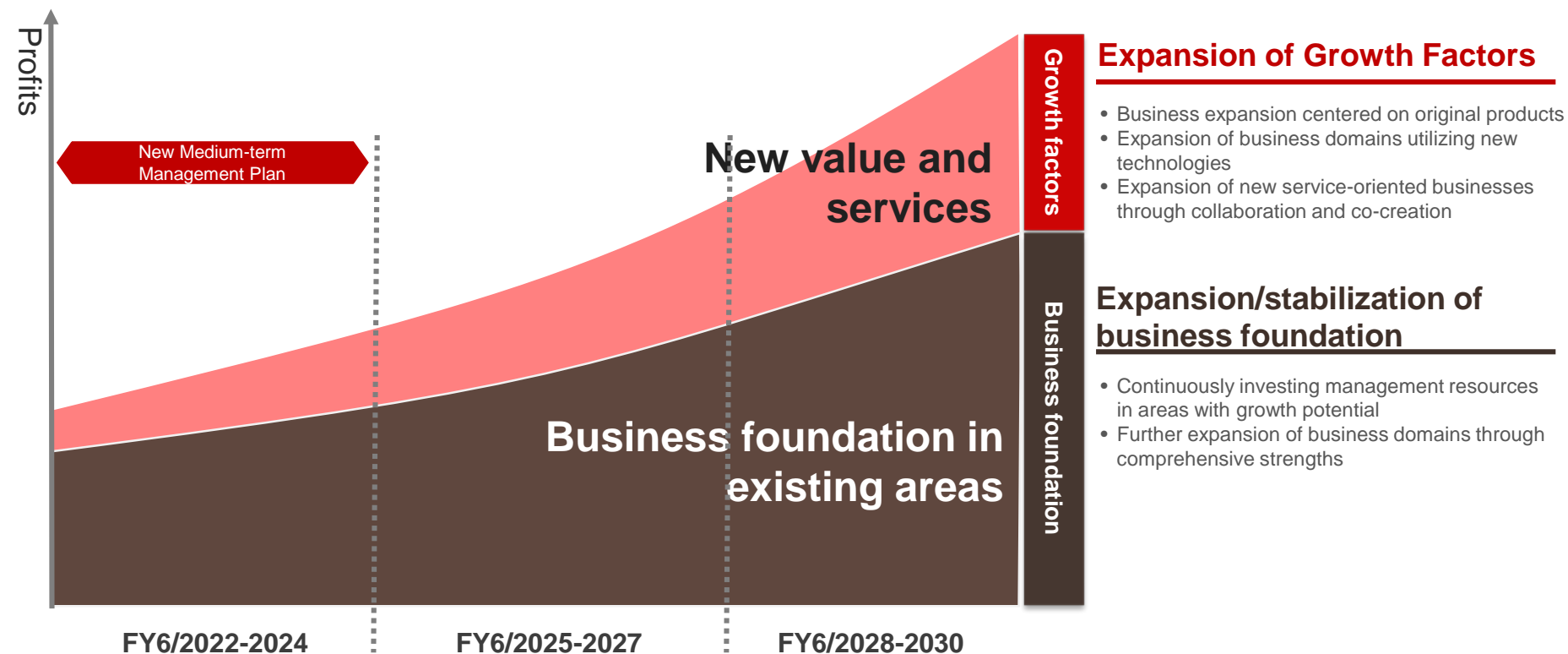


# Medium-to-Long-term Growth Model

■ 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>

FY6/2023 Results

FY6/2030 Target

**Net sales**

**Operating profit**

**18.1** billion yen

**2.0** billion yen

Organic growth

+New business/M&A, etc.

**30.0** billion yen or more

**50.0** billion yen

**4.0** billion yen or more

**5.0** billion yen

**Dividend payout ratio**

**35%** or more

By FY6/2023

FY6/2024 onward

**35%** or more **40%** or more

# Announced Two M&A Deals on February 14 (Part 1)

- Announced two M&A deals to grow further to realize "DIT2030 Vision."
- System Product Co., Ltd. is a software development company that possesses development capabilities in the financial industry, which is one of our strengths, as well as Salesforce-related technology and know-how, for which needs are increasing.



## Outline of System Product Co., Ltd.

Established: April 1979

Representative: Koji Fukuda, President

Number of employees: 61 (including directors and contract employees)

Main business: Planning, development, sales, and maintenance of computer systems and software, mainly for the financial sector

Recent results: net sales of 630 million yen, operating profit of 30 million yen, net assets of 460 million yen (all in FY3/23)

The performance of System Product is scheduled to be included in the Business Solutions Unit from the **next fiscal year (from July 2024)**

# Announced Two M&A Deals on February 14 (Part 2)

- Jungle, Inc. has strong sales capabilities in software product sales and expects to generate synergies with our proprietary product business.
- BtoC sales of new Year's card and postcard creation software developed and marketed by FUJI SOFT INCORPORATED
- As products for BtoB, the growth is driven by "Data Migration Box," a cloud migration tool for which we have exclusive sales rights, "DiskDeleter," a USB flash drive data deletion software for which we hold the copyright, and "PDF -Xchange Editor," a multifunctional PDF file editing software that we sell as a GOLD Reseller.

## Jungle



### Data Migration Box

(Exclusive Distribution Rights)

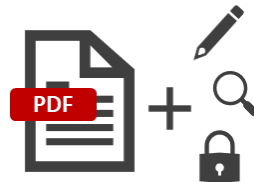


### DiskDeleter®

(Possession of Copyright)



### "Fude-gurume"



### PDF -Xchange Editor

(GOLD Reseller)

## Outline of Jungle, Inc.

Established: September 1999

Representative: Akiko Takada, Representative Director

Number of employees: 19 (including directors and contract employees)

Main business: Planning, development and sales of software and services in B-to-C and B-to-B models

Recent results: net sales of 690 million yen, operating profit of 100 million yen,

net assets of 160 million yen (all in FY3/23)

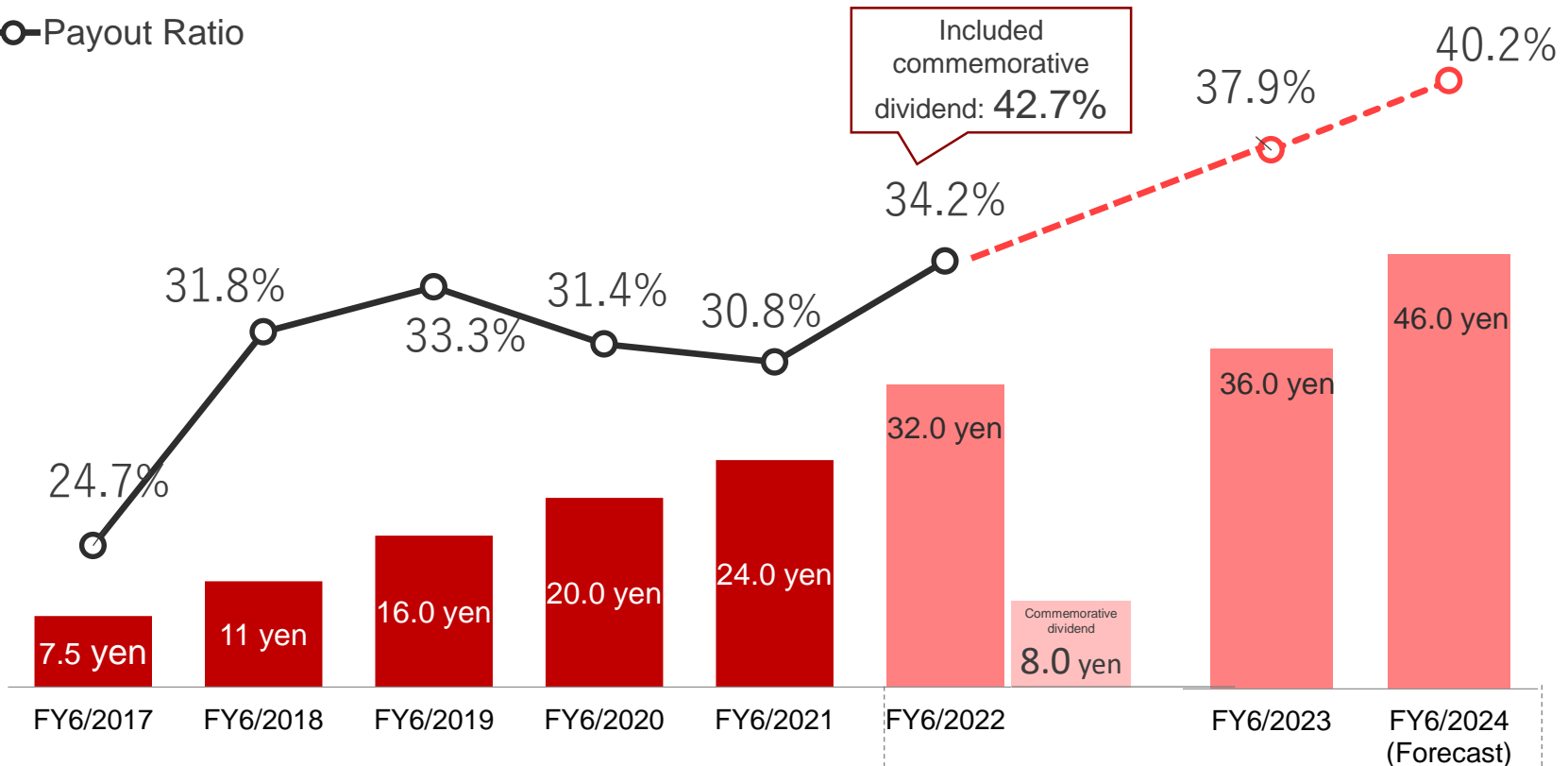
The performance of Jungle is scheduled to be included in the Original Product Unit from Q4 FY6/24 (from April 2024)

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

- The current target for a dividend payout ratio of 35% or more was changed to 40% or more from FY6/2024.
- Dividend payout ratio for FY6/2024 is expected to be 40.2%.

■ Ordinary Dividend (yen)

○ Payout Ratio



· Payout ratio = Total amount of dividend payment ÷ Profit attributable to owners of parent

New Medium-term Management Plan





## 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 2023)

Fiscal year end : June 30

Number of the employees 1,330 (1,139 on a non-consolidated basis) (As of the end of June 2023)

Officer Satoshi Ichikawa, Representative Director and President  
4 other internal directors and 4 outside directors  
1 full-time auditor and 2 outside auditors  
(As of the end of June 2023)

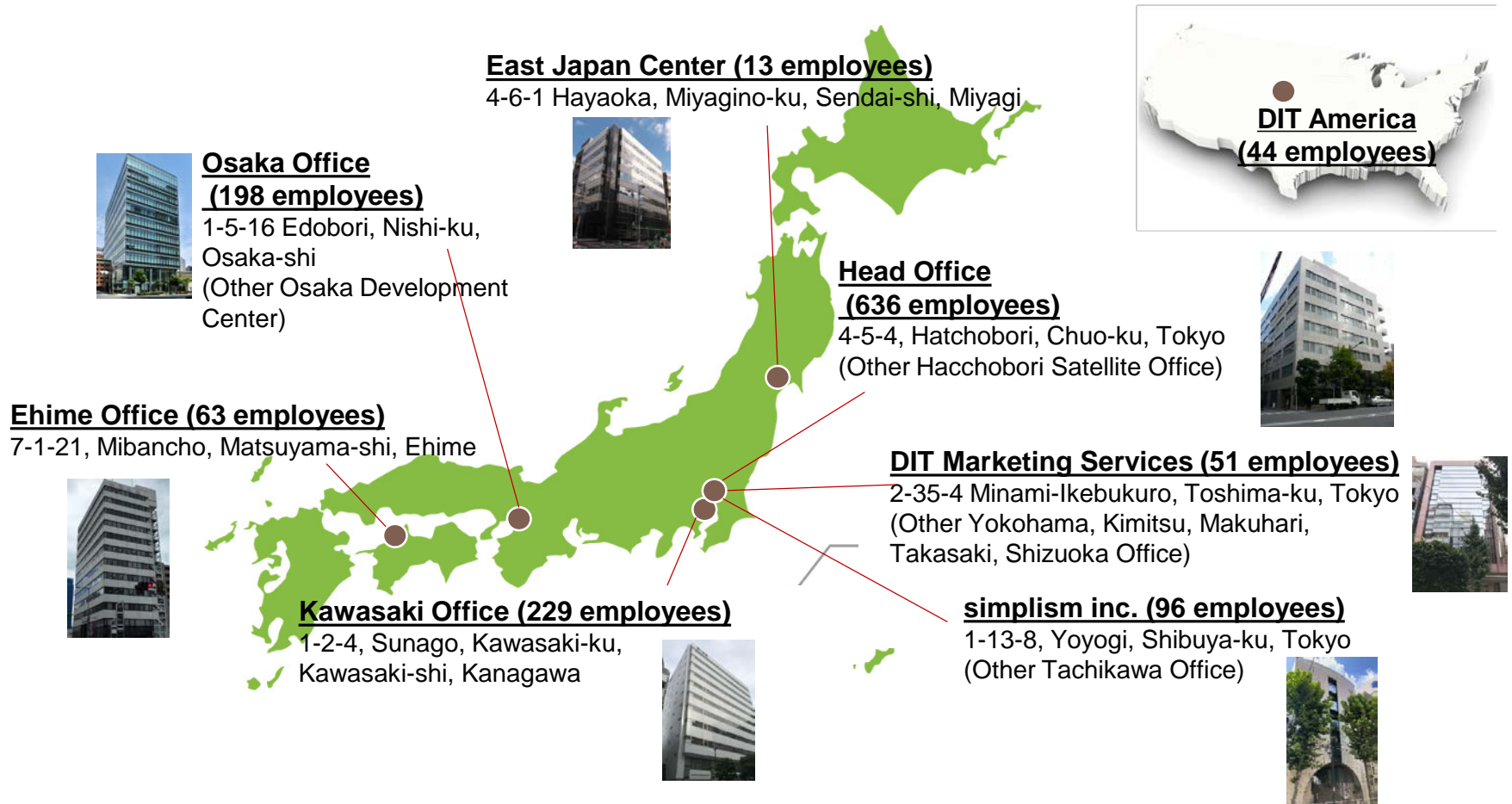
Group Companies : DIT Marketing Service Co., Ltd., DIT America, LLC.,  
simprism inc. (As of the end of June 2023)



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

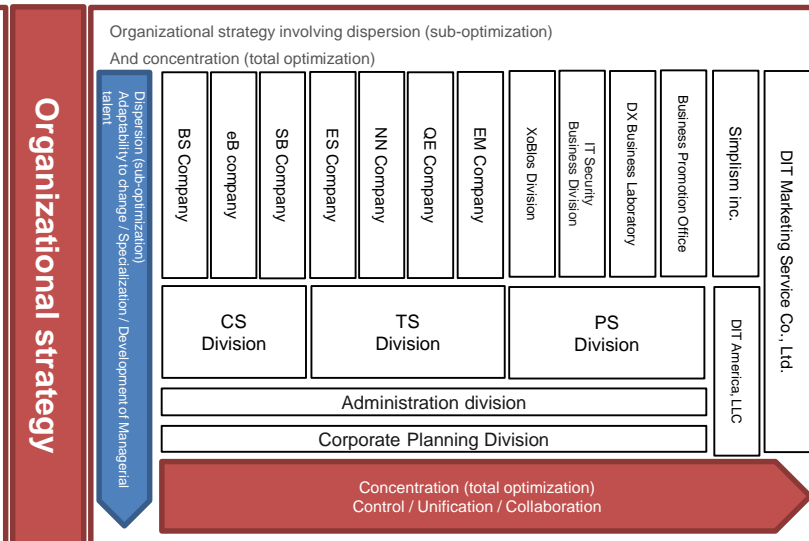
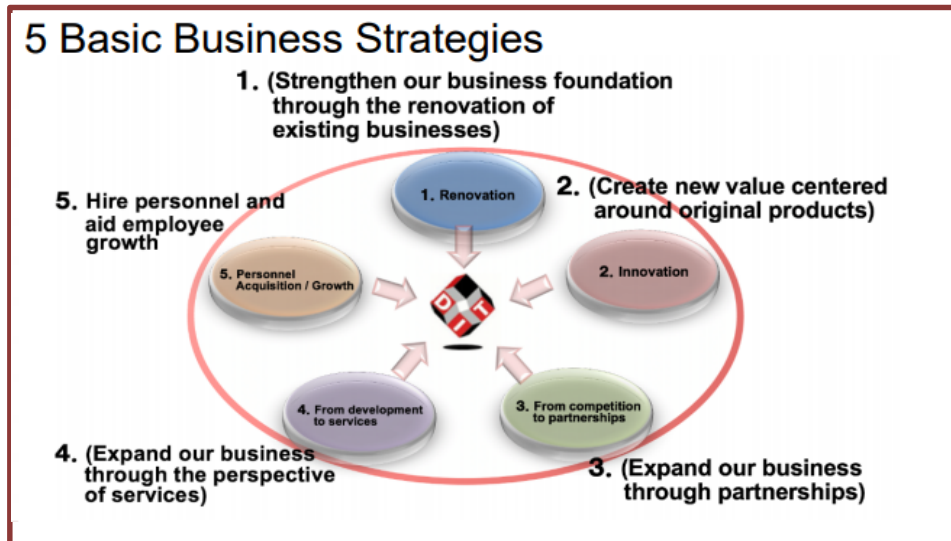
# Domestic and Overseas Development Bases and the Number of Employees



# 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



## 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 2023\***



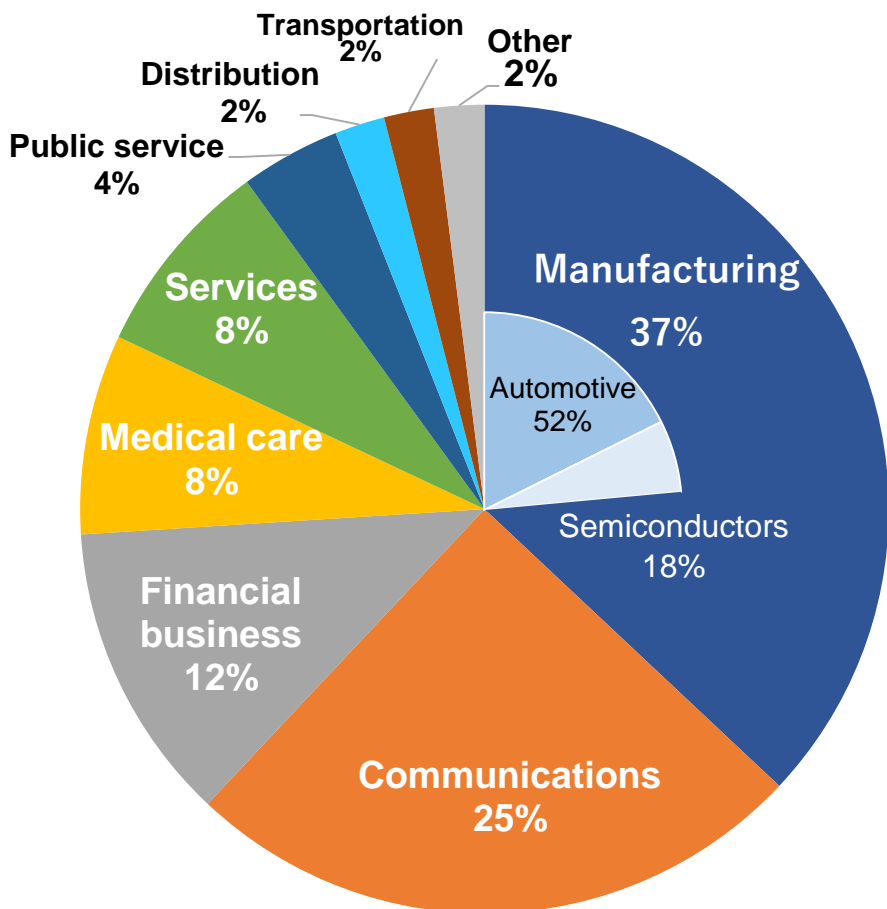
# JPX-NIKKEI Mid Small

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, 2023 to August 29, 2024.

# Customer Base

## Sales Composition by Industry



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

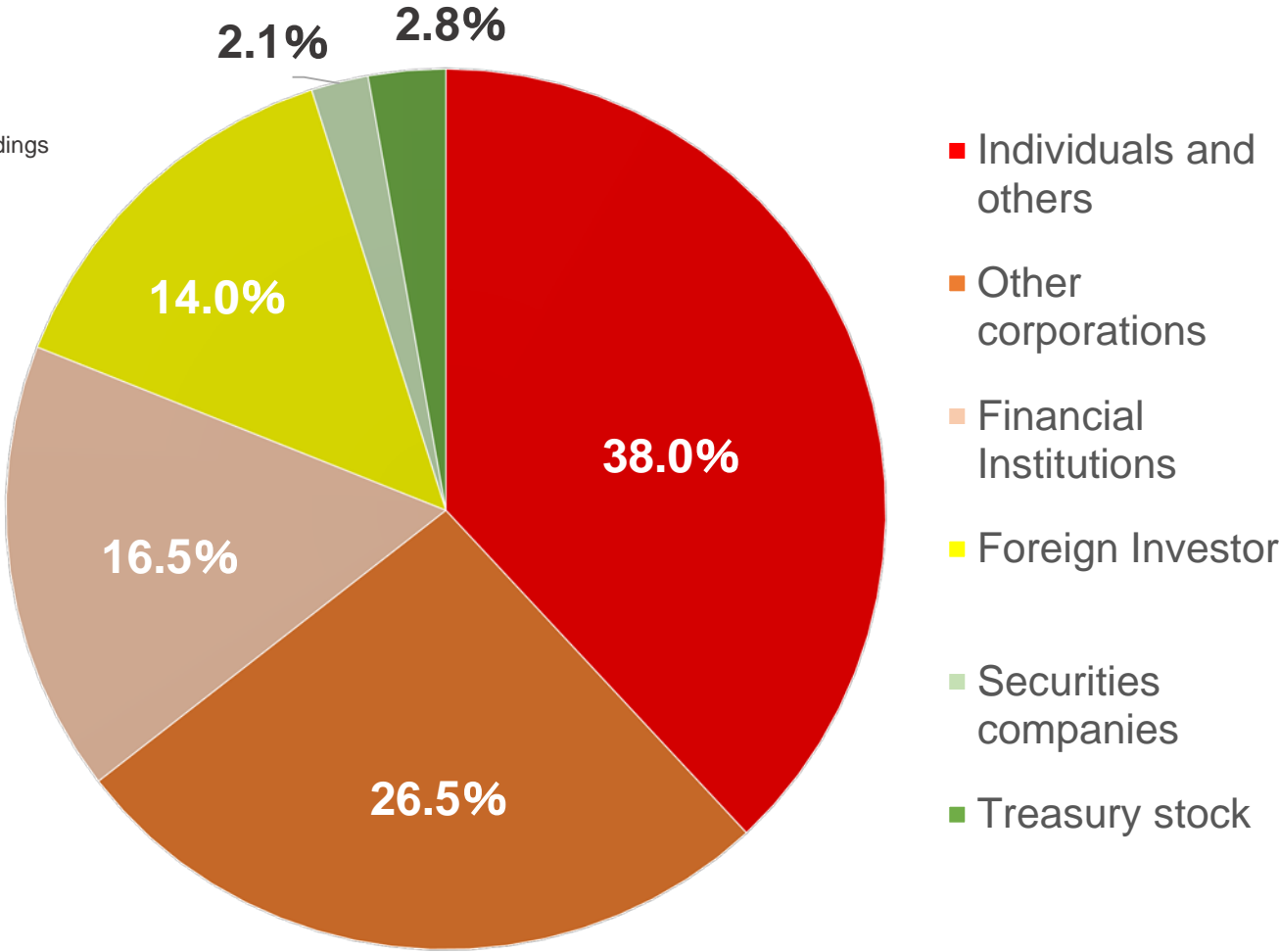
- Software development business mainly attend listed companies and their affiliates, and system sales business mainly attend SMEs.

### ■ 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 2023  
Number of shareholders:  
5,022 persons  
\*The graph is based on number of holdings



# 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







## 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.