Delivering Tomorrow's Solutions

1Q FY March 2020

Results Presentation

July 29, 2019

DTS CORPORATION

Important Events

1. Conversion of Nelito Systems Limited to a subsidiary

In June 2019, DTS purchased additional shares of Nelito Systems Limited (“Nelito“) based in Mumbai, India, and made it a consolidated subsidiary to expand DTS’s global business in the financial industry.

2. Treasury stock acquisition

Acquired treasury shares in May 2019 to improve capital efficiency and raise the return to shareholders (approx. 177 thousand shares, approx. 800 million yen).

3. Improvement of the effectiveness of corporate governance

After the 47th Annual General Meeting of Shareholders, Independent Officers accounted for a majority, seven out of 13 Directors. DTS will continue its efforts to ensure the effectiveness of its corporate governance.

4. Stock split

In July 2019, DTS conducted a two-for-one split of common stock to increase stock liquidity.

Consolidated Results

Net sales increased ¥3,240 million year-on-year, including the new consolidation of Nelito and a change of the accounting period of Digital Technologies Corporation (“DTC”), thanks to DTS’s strong non-consolidated results, such as the year-on-year growth of the financial industry business.

Operating profit rose ¥470 million year-on-year mainly as a result of increased profit based on sales growth and improved profitability based on reduced unprofitable operations, which more than offset a reactionary fall from special demand in the embedded business of the previous year.

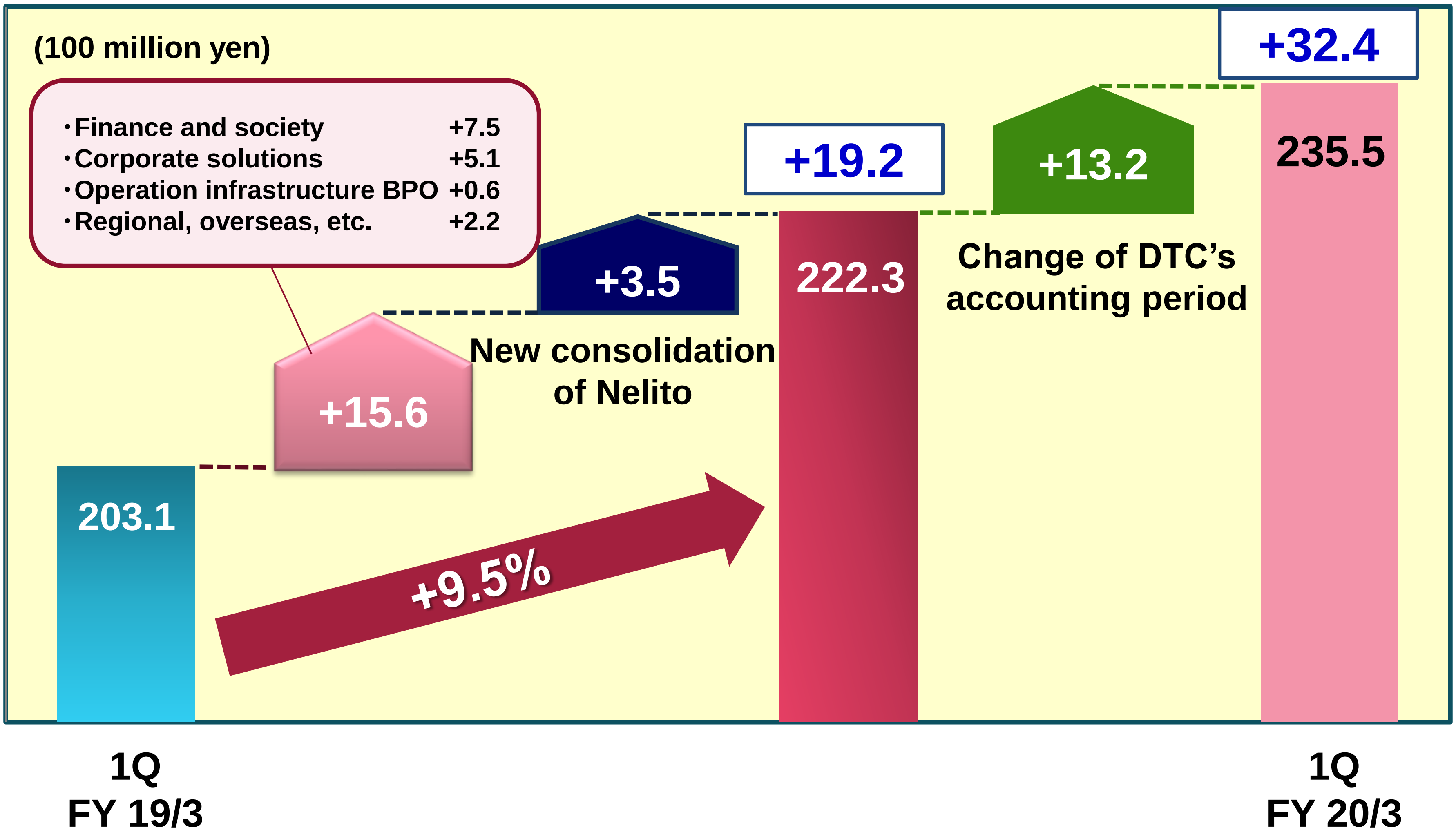
The operating margin for the first three months under review exceeded 10% for the first time since the start of quarterly account settlement.

(Units: 100 million yen, %)	Results	Ratio to sales (%) / YoY		Year on year		Compared to initial forecast
Net sales	235.5 <222.3>	–		+32.4 <+19.2>	116.0% <109.5%>	25.2%
Gross profit	45.0 <43.3>	19.1% <19.5%>	(-0.2pt) <+0.1pt>	+5.7 <+4.0>	114.6% <110.3%>	24.6%
SG&A expenses	21.4 <20.0>	9.1% <9.0%>	(-1.0pt) <-1.0pt>	+0.9 <-0.3>	104.8% <98.2%>	25.7%
Operating income	23.6 <23.3>	10.0% <10.5%>	(+0.7pt) <+1.2pt>	+4.7 <+4.4>	125.3% <123.5%>	23.7%
Recurring income	24.2 <23.8>	10.3% <10.7%>	(+0.7pt) <+1.2pt>	+4.8 <+4.4>	124.9% <122.9%>	23.8%
Profit attributable to owners of parent	16.8 <16.6>	7.2% <7.5%>	(+0.7pt) <+1.0pt>	+3.7 <+3.4>	128.5% <126.6%>	24.5%

* The figures in the brackets (<>) are results after adjustment for the impact of the change of DTC’s accounting period.

(Reference 1) Factors for the Change in Net Sales

Net sales rose ¥1,920 million (up 9.5%) year-on-year when the impact of the change of DTC's accounting period is excluded.



Non-Consolidated Results

Net sales grew ¥1,420 million year-on-year as a result of year-on-year growth of the financial business and the strong results of the Corporate Solutions segment.

Operating profit rose ¥490 million year-on-year, which was mainly attributable to an increase in profit resulting from sales growth and the reduction of unprofitable projects.

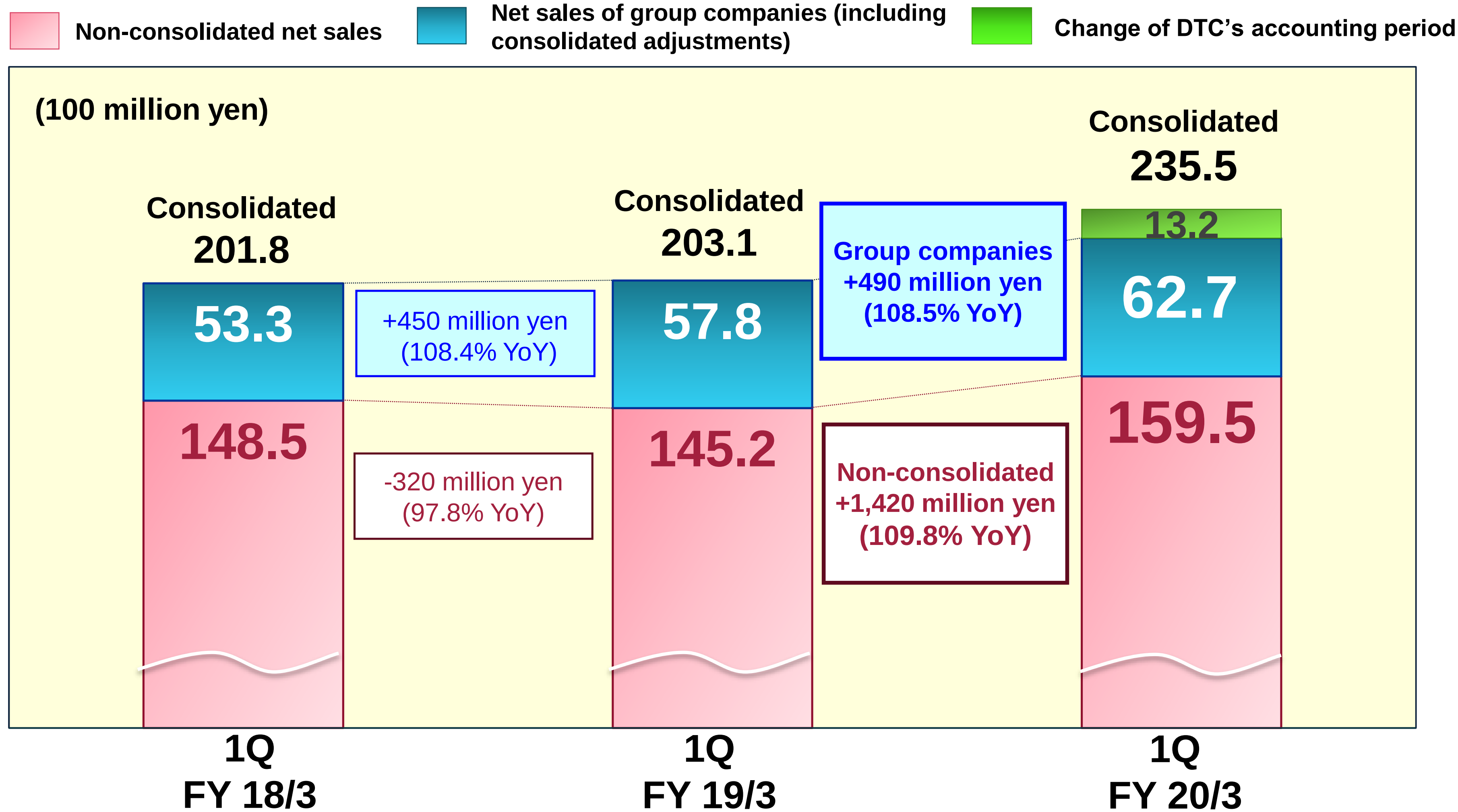
(Units: 100 million yen, %)	Results	Ratio to sales (%)/ YoY		Year on year	
Net sales	159.5	–		+14.2 <+26.7>	109.8% <120.1%>
Gross profit	31.1	19.5%	(+0.9pt) <+0.7pt>	+4.1 <+6.1>	115.3% <124.5%>
SG&A expenses	12.2	7.7%	(-1.3pt) <-1.3pt>	-0.8 <+0.3>	93.4% <102.6%>
Operating income	18.8	11.8%	(+2.3pt) <+2.0pt>	+4.9 <+5.8>	136.0% <144.5%>
Recurring income	23.5	14.8%	(+2.9pt) <+2.4pt>	+6.2 <+7.1>	136.4% <143.2%>
Net income	17.5	11.0%	(+2.2pt) <+1.8pt>	+4.7 <+5.3>	137.2% <143.4%>

* The year-on-year changes are figures after adjustment for the impact of the merger with DATALINKS CORPORATION conducted in 2018. The figures in the brackets (<>) are results before the adjustment.

Changes in Net Sales [Non-Consolidated/Group Companies]

Non-consolidated (DTS) net sales increased ¥1,420 million year-on-year thanks to the strong results of a securities company's intranet, and residential housing-related projects.

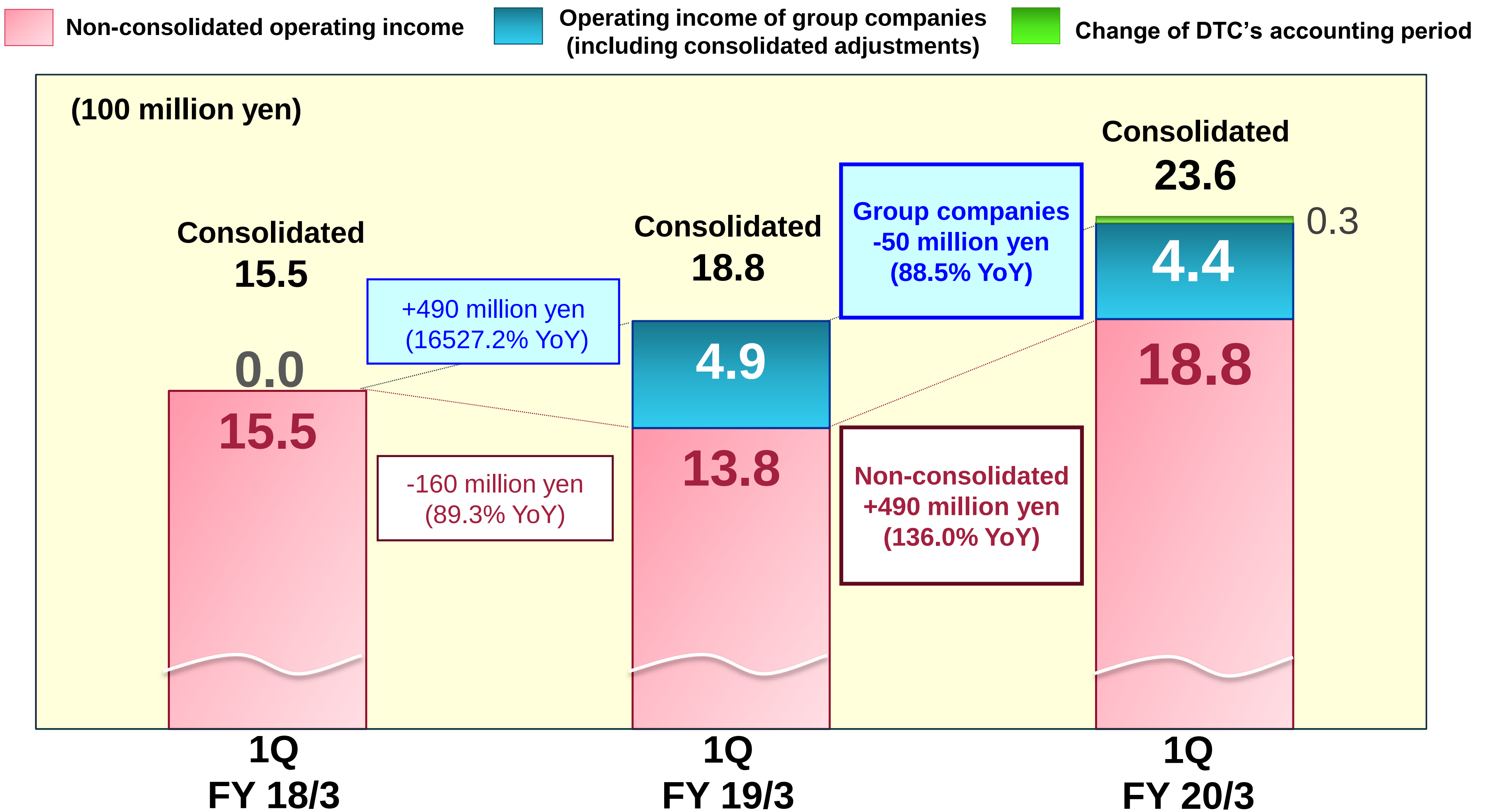
Net sales of the Group companies grew ¥490 million year-on-year as a result of the strong performance of the regional segment and the new consolidation of Nelito.



* The non-consolidated net sales for the fiscal year ended March 31, 2018, and the fiscal year ended March 31, 2019, are figures after adjustment for the impact of the merger with DATALINKS CORPORATION conducted in 2018.

Change in Operating Income [Non-Consolidated/Group Companies]

Non-consolidated (DTS) operating income increased ¥490 million primarily thanks to a rise in profit resulting from sales growth and the reduction of unprofitable projects.
Operating income of the Group companies decreased ¥50 million yen due in part to a reactionary fall from special demand for the embedded business that existed in the previous year.



* The non-consolidated net sales for the fiscal year ended March 31, 2018, and the fiscal year ended March 31, 2019, are figures after adjustment for the impact of the merger with DATALINKS CORPORATION conducted in 2018.

Net Sales by Segments

- Net sales in the Finance and Society segment grew thanks to an increase in large securities projects, government-related financial institutions, etc.
- Net sales in the Corporate Solutions segment increased thanks to strong results of housing-related and other projects.
- Net sales in the Operational Infrastructure BPO segment remained unchanged year-on-year when the impact of the change of DTC's accounting period is excluded.
- Net sales in the Regional, Overseas, Etc. segment grew, which was mainly attributable to strong results of the regional segment and new consolidation of Nelito.

(Units: 100 million yen, %)	Results	Ratio to sales (%)/ YoY		Year on year		Progress for initial forecast
Net sales	235.5 <222.3>	–		+32.4 <+19.2>	116.0% <109.5%>	25.2%
Finance and society	74.3	31.6% <33.5%>	(-1.3pt) <+0.6pt>	+7.5	111.3%	24.0%
Corporate solutions	61.6	26.2% <27.7%>	(-1.6pt) <-0.1pt>	+5.1	109.2%	22.6%
Operation infrastructure BPO	74.1 <60.8>	31.5% <27.4%>	(+1.8pt) <-2.3pt>	+13.9 <+0.6>	123.1% <101.1%>	28.7%
Regional, overseas, etc	25.4	10.8% <11.4%>	(+1.1pt) <+1.8pt>	+5.7	129.4%	27.0%

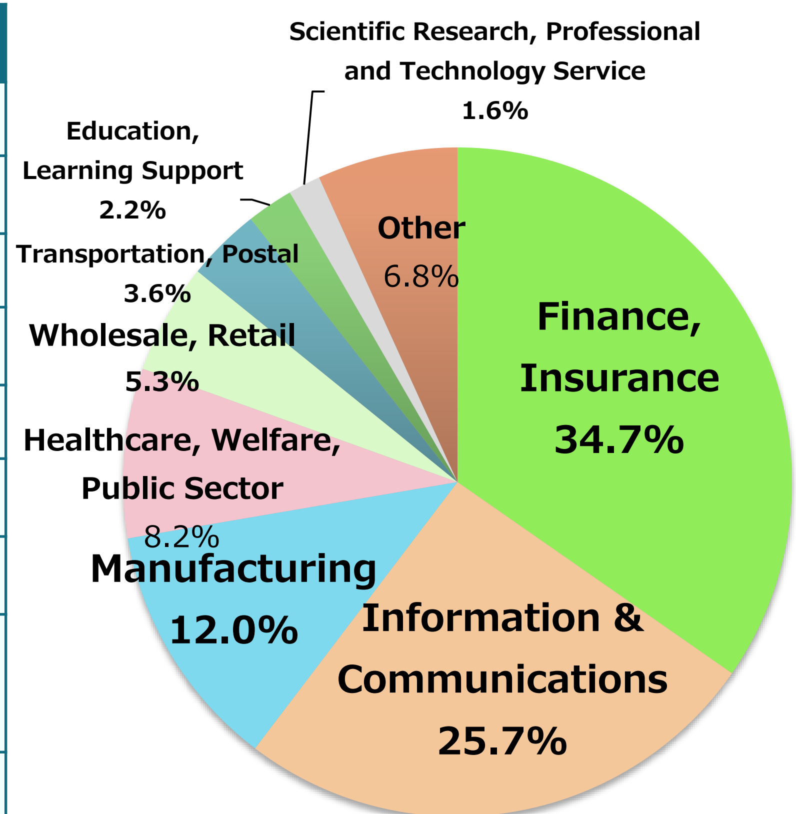
* The results represent net sales outside the Group and the brackets (<>) are results after adjustment for the impact of the change of DTC's accounting period.

Consolidated Sales by End User

- Sales to finance and insurance business grew due to an increase in large securities projects, government-related financial institutions, etc.
- Sales to information and communications companies grew due to the expansion of infrastructure projects for the communication industry.
- Sales to manufacturing companies rose due to the strong performance of automotive equipment manufacturers and others in embedding-related projects.

Industrial Classification of METI

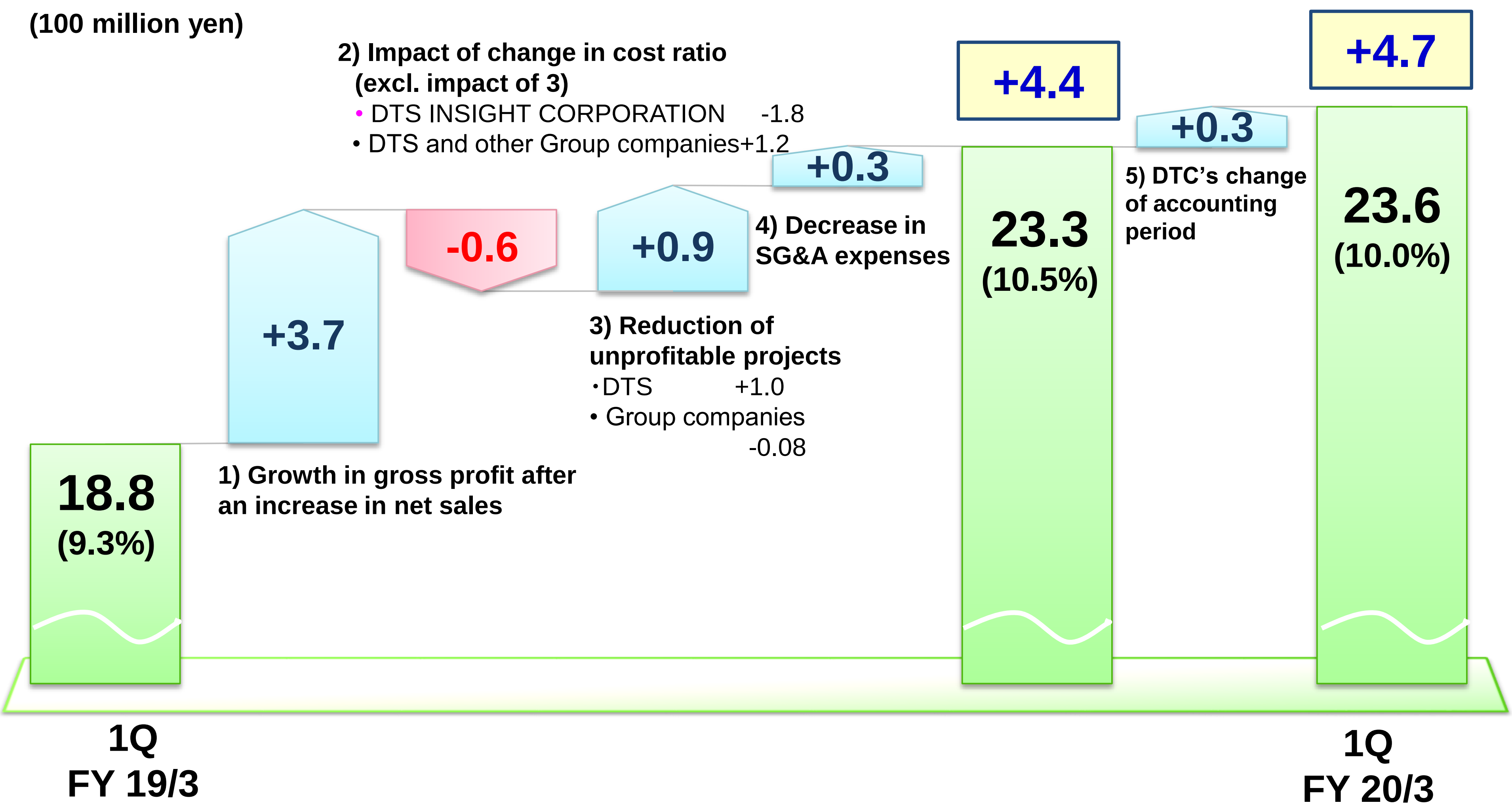
(Units: 100 million yen, %)	Amount	Composition ratio	Year on year	
Finance, Insurance	77.1	34.7%	+10.7	116.1%
Information & Communications	57.0	25.7%	+1.7	103.1%
Manufacturing	26.5	12.0%	+2.5	110.6%
Healthcare, Welfare, Public Sector	18.2	8.2%	+3.8	127.2%
Wholesale, Retail	11.8	5.3%	+0.2	102.4%
Transportation, Postal	7.9	3.6%	+0.5	107.6%
Education, Learning Support	4.9	2.2%	+0.0	101.3%
Scientific Research, Professional and Technology Service	3.4	1.6%	-2.1	62.2%
Other	15.0	6.8%	+1.5	111.4%
Total	222.3	100.0%	+19.2	109.5%



* The impact of the change of DTC's accounting period is excluded.

Reason for an Increase in Consolidated Operating Income

Consolidated operating income increased ¥470 million year-on-year due to a rise in profit resulting from sales growth and a reduction of unprofitable projects, which more than offset the reactionary fall from special demand that existed in the previous year.



Order Volume and Order Backlog by Segments

[Order Backlogs]
- Increased in the Finance and Society segment largely due to OA projects of a securities company's intranet, and other financial institutions.
- Increased in the Corporate Solutions segment due to growth in housing-related, transportation, and other projects.
- Increased in the Operational Infrastructure BPO segment primarily due to expansion of retail operation projects.
- Slightly increased in the Regional, Overseas, Etc. segment when the new consolidation of Nelito (¥1,170 million is excluded).

(Units: 100 Million yen, %)	Order Volume				Order Backlog			
	Results	Composition ratio	Year on year		Results	Composition ratio	Year on year	
Total	173.3 <160.5>	–	+31.7 <+19.0>	122.4% <113.4%>	329.1 <329.5>	–	+37.0 <+37.4>	112.7% <112.8%>
Finance and society	42.2	24.4% <26.3%>	+9.4	128.8%	122.1	37.1% <37.1%>	+9.0	108.0%
Corporate solutions	58.5	33.8% <36.4%>	+5.2	109.8%	69.8	21.2% <21.2%>	+7.7	112.5%
Operation infrastructure BPO	46.0 <33.3>	26.6% <20.8%>	+12.1 <-0.5>	136.0% <98.4%>	104.9 <105.2>	31.9% <31.9%>	+8.0 <+8.3>	108.3% <108.6%>
Regional, overseas, etc	26.4	15.3% <16.5%>	+4.9	122.8%	32.3	9.8% <9.8%>	+12.2	160.7%

* The figures in the brackets (<>) are results after adjustment for the impact of the change of DTC's accounting period.

(Reference 2) Overview of Nelito

In June 2019, DTS purchased additional shares of Nelito, an India-based IT company with which DTS had entered into a capital and business alliance in March 2017, and made it a consolidated subsidiary.

nelito
Solutions that perform™

Purpose of making Nelito a subsidiary

To expand DTS' global business in the financial industry by developing greater synergy.

Company Profile	
Location	**Month and Year of Establishment**
Mumbai, India (*)	May 1995
Capital	**Number of Employees** (End of March 2019)
Approx. ¥30 million	1,091
Business	
System integration for banks, provision of solutions, and SWIFT partner service	
Latest Financial Results (FY ended March 31, 2019; Indian accounting standard)	
Net sales: approx. ¥1,550 million Operating income: approx. ¥120 million	

* The head office is scheduled for relocation (within Mumbai) in August 2019 to further strengthen cooperation with the DTS Group.

(Reference 3) Major Press Releases

Date of release	Company	Title, brief description
April 26	DTS	**India: DTS to Make Nelito Systems Ltd. a subsidiary** * DTS decided to make an additional purchase of the shares of Nelito Systems to make it a subsidiary. The DTS Group will aim to expand its global business by creating further business synergy in its financial business segment.
April 26	DTS	**Notice concerning determination of matters pertaining to treasury stock acquisition** * Scheduled to acquire treasury stock to raise capital efficiency and further increase shareholder returns. (Numbers of share acquired: 200,000, total amount: 800 million yen, period: May 8 to June 7, 2019)
April 26	DTS	**Notice concerning a stock split** * DTS made a decision to implement a two-for-one split of its common shares to increase share liquidity. (Effective date: July 1, 2019)
May 30	DTS	**Notice concerning progress and completion of purchase of treasury shares** * Total number purchased: 177,600 shares; total amount purchased: ¥799,804,000; period: May 8 – May 29, 2019

1Q FY March 2020
Results Presentation

Thank you for your attention.

Creating New Value
MADE BY DTS Group

Caution

Sales and income forecasts included in this document are based on assumptions made on the basis of information currently available, including business trends, economic circumstances, clients' trends, etc., and can be affected by various uncertainties. Actual sales and income may differ materially from the forecasts.