

3Q FY March 2020

Results Presentation

February 3, 2020

DTS CORPORATION

Consolidated Results



Net sales increased ¥6,990 million year on year, reflecting the increased income in the Finance and the Corporate Solutions segments, including the sales of newly consolidated Nelito and a change of the accounting period of Digital Technologies Corporation (“DTC”).

Operating income rose ¥520 million year on year, mainly due to an increase in profit resulting from higher income, despite the strategic usage of SG&A expenses and a reactionary fall in sales due to the absence of special demand for the embedded system business that had existed in the previous year.

The cumulative results in the nine months under review were the highest for both net sales and operating income.

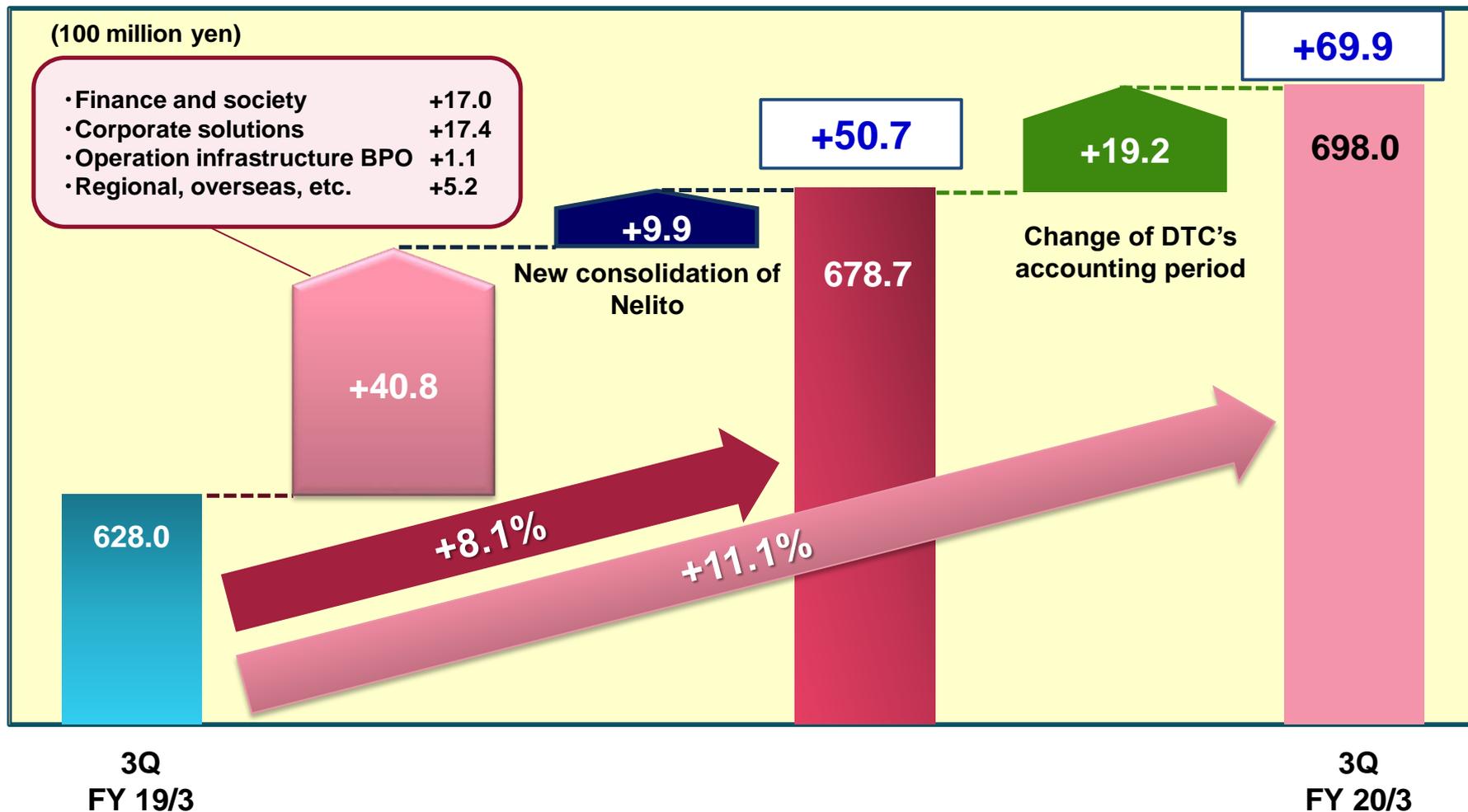
(Units: 100 million yen, %)	Results	Ratio to sales (%) / YoY		Year on year		Compared to initial forecast
Net sales	698.0 <678.7>	—		+69.9 <+50.7>	111.1% <108.1%>	74.7% * 73.6%
Gross profit	136.1 <134.2>	19.5% <19.8%>	(-0.8pt) <-0.5pt>	+8.8 <+6.8>	106.9% <105.4%>	74.2%
SG&A expenses	61.0 <59.6>	8.7% <8.8%>	(-0.4pt) <-0.4pt>	+3.5 <+2.2>	106.2% <103.9%>	73.1%
Operating income	75.1 <74.5>	10.8% <11.0%>	(-0.4pt) <-0.2pt>	+5.2 <+4.6>	107.5% <106.6%>	75.2% * 76.1%
Recurring income	76.7 <76.0>	11.0% <11.2%>	(-0.3pt) <-0.1pt>	+5.6 <+4.9>	107.9% <107.0%>	75.6%
Profit attributable to owners of parent	52.4 <52.0>	7.5% <7.7%>	(-0.2pt) <-0.0pt>	+4.0 <+3.5>	108.3% <107.4%>	76.0%

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

* The progress ratio excluding the impact from the new consolidation of Nelito.

(Reference) Factors for the Change in Net Sales

Net sales rose ¥5,070 million (up 8.1%) year-on-year when the impact of the change of DTC's accounting period is excluded.



Non-Consolidated Results

Net sales increased ¥3800 million year on year due to the increased income in the Finance and the Corporate Solutions segments.

Operating income rose ¥780 million year on year with an increase in the strategic usage of SG&A expenses offset by an increase in profit resulting from higher income and the reduction of unprofitable projects.

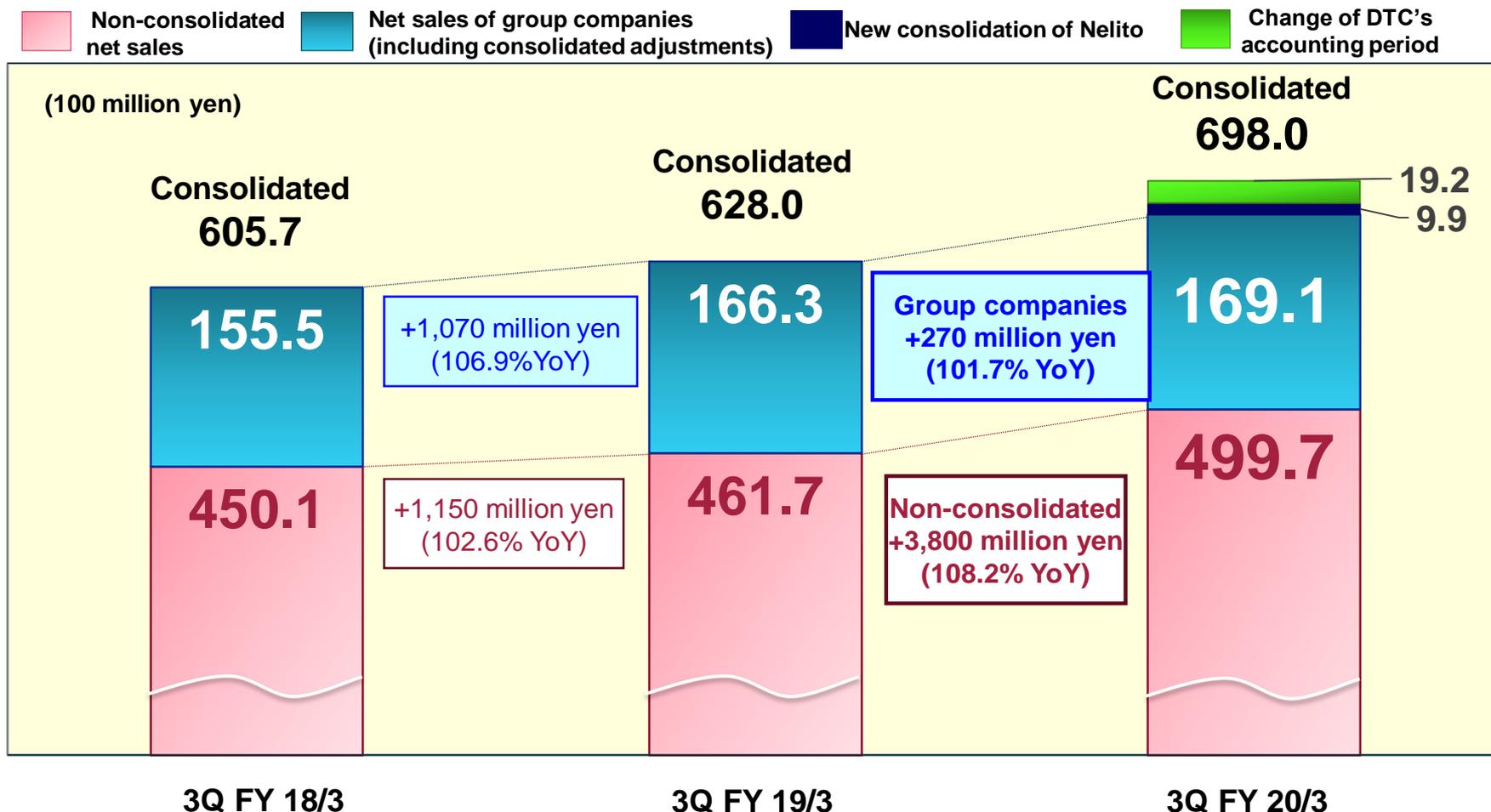
(Units: 100 million yen, %)	Results	Ratio to sales (%)/ YoY		Year on year	
Net sales	499.7	—		+38.0 <+61.9>	108.2% <114.2%>
Gross profit	99.9	20.0%	(+0.1pt) <+0.0pt>	+8.2 <+12.4>	109.0% <114.3%>
SG&A expenses	37.0	7.4%	(-0.5pt) <-0.4pt>	+0.3 <+2.7>	101.0% <108.1%>
Operating income	62.8	12.6%	(+0.7pt) <+0.4pt>	+7.8 <+9.6>	114.3% <118.2%>
Recurring income	68.7	13.8%	(+1.0pt) <+0.7pt>	+9.6 <+11.4>	116.3% <120.0%>
Net income	48.6	9.7%	(+0.5pt) <+0.3pt>	+6.0 <+7.2>	114.2% <117.6%>

* The year-on-year changes are figures after adjustment for the impact of the merger with DATALINKSCORPORATION 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 ¥3,800 million thanks to the positive results of the securities and housing-related segments.

Net sales of the Group companies grew ¥270 million year-on-year (excluding the impact from the new consolidation of Nelito and the change in DTC's accounting period) as a result of the strong performance of the regional business segment.



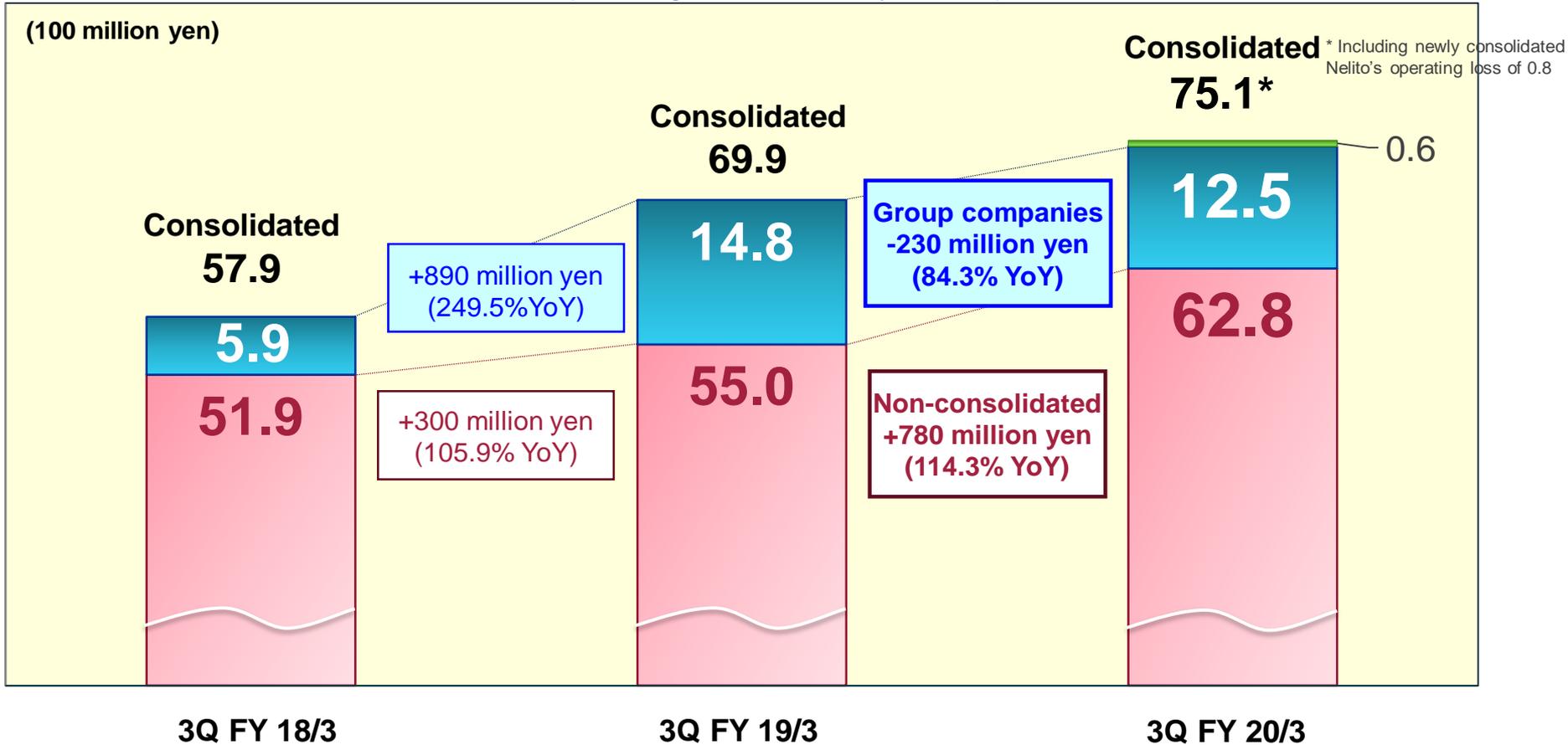
The non-consolidated net sales for the fiscal year ended March 31, 2018, and the fiscal year ended March 31, 2019, are figures after adjustment for the impact of the merger with DATALINKS CORPORATION conducted in 2018.

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

Non-consolidated (DTS) operating income increased ¥780 million thanks to a rise in profit resulting from an increase in sales.

Operating income of the Group companies decreased ¥230 million yen due in part to a reactionary fall from special demand for the embedded business that existed in the previous year.

■ Non-consolidated operating income
 ■ Operating income of group companies (including consolidated adjustments)
 ■ Change of DTC's accounting period



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.

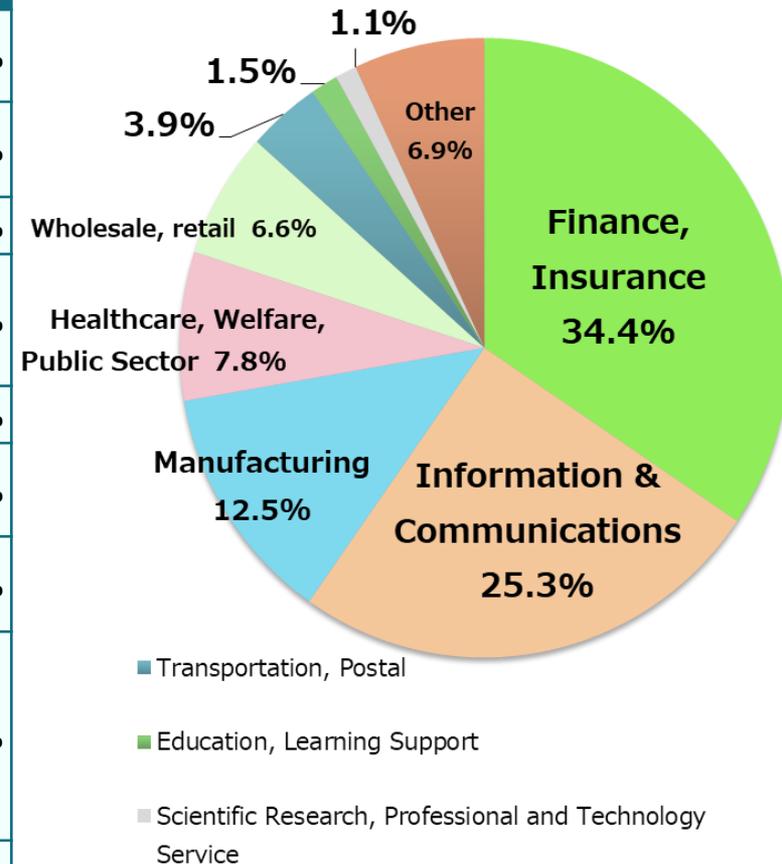
(Units: 100 million yen, %)	Results	Ratio to sales (%) / YoY		Year on year		Progress for initial forecast
Net sales	698.0 <678.7>	—		+69.9 <+50.7>	111.1% <108.1%>	74.7%
Finance and society	231.2	33.1% <34.1%>	(-1.0pt) <-0.0pt>	+17.0	107.9%	74.6%
Corporate solutions	198.9	28.5% <29.3%>	(-0.4pt) <+0.4pt>	+17.4	109.6%	72.9%
Operation infrastructure BPO	188.8 <169.5>	27.1% <25.0%>	(+0.2pt) <-1.8pt>	+20.3 <+1.1>	112.1% <100.7%>	73.2%
Regional, overseas, etc	79.0	11.3% <11.6%>	(+1.2pt) <+1.5pt>	+15.1	123.8%	84.1%

* 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.

(Reference) Consolidated Sales by End User

Industrial Classification of METI

(100 million yen)	Amount	Composition ratio	Year on year	
Finance, Insurance	233.8	34.4%	+22.3 (*)	110.6%
Information & Communications	171.7	25.3%	+3.2 (*)	101.9%
Manufacturing	84.8	12.5%	+7.8	110.3%
Healthcare, Welfare, Public Sector	52.6	7.8%	+1.7	103.5%
Wholesale, Retail	44.6	6.6%	+3.4	108.4%
Transportation, Postal	26.4	3.9%	+1.1	104.6%
Education, Learning Support	9.8	1.5%	+1.3	116.3%
Scientific Research, Professional and Technology Service	7.6	1.1%	-1.1	87.4%
Other	47.1	6.9%	+10.5	128.8%
Total	678.7	100.0%	+50.7	108.1%

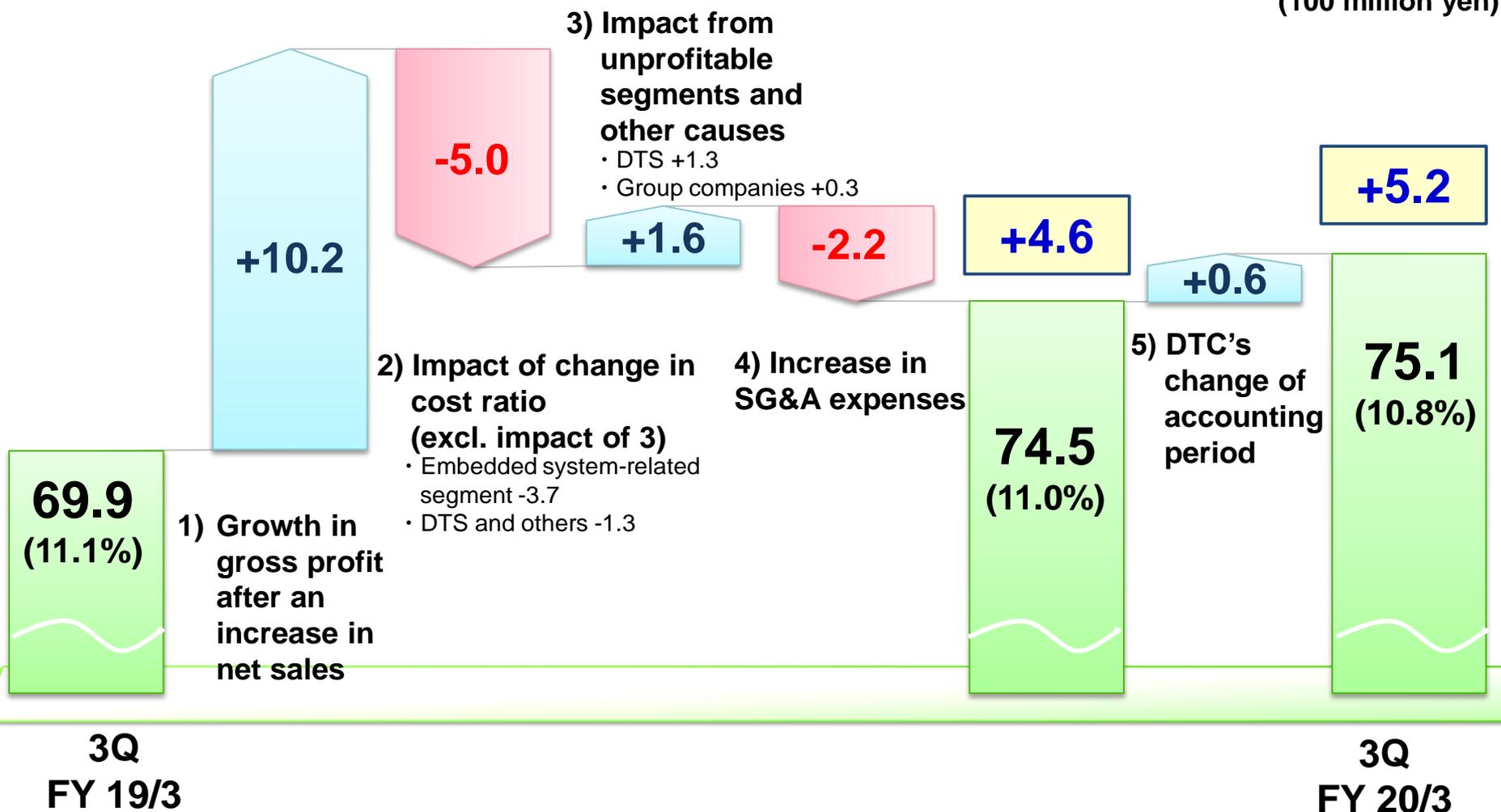


* Includes sales in newly consolidated Nelito: up 4.8 for Finance/Insurance, and up 3.9 for Information & Communications.

Reason for an Increase in Consolidated Operating Income

Operating income rose ¥520 million due to an increase in profit resulting from higher sales, offsetting an increase in the strategic usage of SG&A expenses and a reactionary fall in sales due to the absence of special demand for the embedded system business that had existed in the previous year.

(100 million yen)



Order Volume and Order Backlog by Segments

[Order Backlogs]

- Decreased in the Finance and Society segment, largely due to the completion of OA projects and the reduction of megabank projects.
- Increased in the Corporation Solutions segment due to growth in housing-related and SAP projects.
- Remained at the year-ago level in the Operational Infrastructure BPO, excluding the impact of the change of DTC's accounting period.
- Increased in the Regional, Overseas, Etc. segment primarily due to the new consolidation of Nelito and the strong results of the Regional segment.

(Units: 100 Million yen, %)	Order Volume				Order Backlog			
	Results	Composition ratio	Year on year		Results	Composition ratio	Year on year	
Total	525.9 <503.9>	—	+41.8 <+19.7>	108.6% <104.1%>	219.4 <216.5>	—	+9.5 <+6.7>	104.6% <103.2%>
Finance and society	147.7	28.1% <29.3%>	-5.5	96.4%	70.7	32.3% <32.7%>	-15.4	82.1%
Corporate solutions	191.0	36.3% <37.9%>	+16.4	109.4%	65.1	29.7% <30.1%>	+6.8	111.7%
Operation infrastructure BPO	105.3 <83.2>	20.0% <16.5%>	+14.0 <-7.9>	115.4% <91.2%>	49.4 <46.6>	22.5% <21.5%>	+3.4 <+0.6>	107.5% <101.4%>
Regional, overseas, etc	81.7	15.5% <16.2%>	+16.8	126.0%	34.0	15.5% <15.7%>	+14.7	176.4%

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

(Reference) Major Press Releases



Date of release	Company	Title, brief description
2019		
April 26	DTS	<p>India: DTS to Make Nelito Systems Ltd. a subsidiary</p> <p>* DTS decided to make an additional purchase of the shares of Nelito Systems Limited 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.</p>
August 5	DTS INSIGHT	<p>“DTS INSIGHT began receiving orders for the system LSI design solution service”</p> <p>*One-stop service for the design and production of hardware such as system LSIs, FPGAs and peripheral circuits/boards and the development of software such as OS and porting drivers. This service reduces the burden on customers for making arrangements with multiple vendors and management operations, enabling the design of LSIs implementing customized hardware and firmware.</p>
September 5	DTS WEST	<p>“DTS WEST began offering of ‘kotosora for LGWAN’ operable on LGWAN as a first of such products in Japan”</p> <p>* Began offering multilingual AI chatbot service on the Local Government Wide Area Network (LGWA). It allows local municipality staff to concentrate on operations that require human labor, such as the provision of services to local residents by using the chatbot’s operation for simple routine operations.</p>
September 25	DTS INSIGHT	<p>“DTS INSIGHT concluded a partnership agreement with SiFive as an authorized distributor for the Japanese market”</p> <p>* DTS INSIGHT concluded a partnership agreement with SiFive, a U.S. company leading the commercial RISC-V processor IPs and semiconductor silicone solutions industry, to sell RISC-V IP and tools in the Japanese market.</p>
October 7	DTS WEST	<p>“kotosora chosen for the multilingual AI chatbot service provided by LanguageOne Corporation”</p> <p>* “kotosora,” an AI FAQ solution by DTS WEST, was adopted for the multilingual AI chatbot service offered by LanguageOne Corporation, a company offering multilingual telephone/video interpretation services.</p>

(Reference) Major Press Releases



Date of release	Company	Title, brief description
2019		
November 11	DTS INSIGHT	<p>DTS INSIGHT developed the adviceXcross JTAG debugging tool (to start being offered in the spring of 2020).</p> <p>*DTS INSIGHT developed the adviceXcross as a successor model to the adviceLUNA II JATAG debugging tool. Significant improvements were made in the response performance thanks to the redesign of hardware and the GUI debugger for the advice series and the enhancement of basic functions. In addition, the product contributes to improvements in debugging and testing efficiency with the incorporation of new functions such as a hypervisor support function.</p>
November 27	DTS	<p>DTS received the Eruboshi mark in a certification system instituted based on the Act on Promotion of Women's Participation and Advancement in the Workplace.</p> <p>*DTS's efforts were favorably evaluated in four of five evaluation items: 1. Recruitment, 2. Continuation of employment, 3. Workstyle-related matters such as working hours, and 5. Diverse career development paths, leading to the receipt of the second level of the three-level certification on October 17, 2019.</p>
December 9	DTS	<p>DTS started to sell ReSM plus, a BPO service that facilitates the digital transformation of internal help desk operations.</p> <p>*DTS began offering ReSM plus, a BPO service for staff members of information systems or general affairs departments who are in charge of internal help desk operations, on December 9. The service offers digital technology-based support to improve the way internal FAQ and operation manuals are utilized.</p>
December 16	DTS WEST	<p>DTS WEST received the "Kyoto city Brilliant area enterprise award" from Kyoto city.</p> <p>*DTS WEST received the "Kyoto city Brilliant area enterprise award," a category of awards that Kyoto city grants to regional companies, in recognition of initiatives such as the development of disaster prevention information systems for Kyoto city's fire department and Kyoto city.</p>
2020		
January 14	DTS INSIGHT	<p>DTS INSIGHT plans to sell the NETIMPRESS acorde flash onboard programmer.</p> <p>*DTS INSIGHT will start selling NETIMPRESS acorde, a multi-channel programmer, as a successor model to the G-NETIMPRESS flash onboard programmer on February 20, 2020. The software reduces the time taken to write data into a flash microcomputer by improving communication baud rates and expediting internal processes.</p>

3Q FY March 2020 Results Presentation

Thank you for your attention.



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.