



3Q FY March 2021 Results Presentation

February 1, 2021

DTS CORPORATION

Consolidated Results

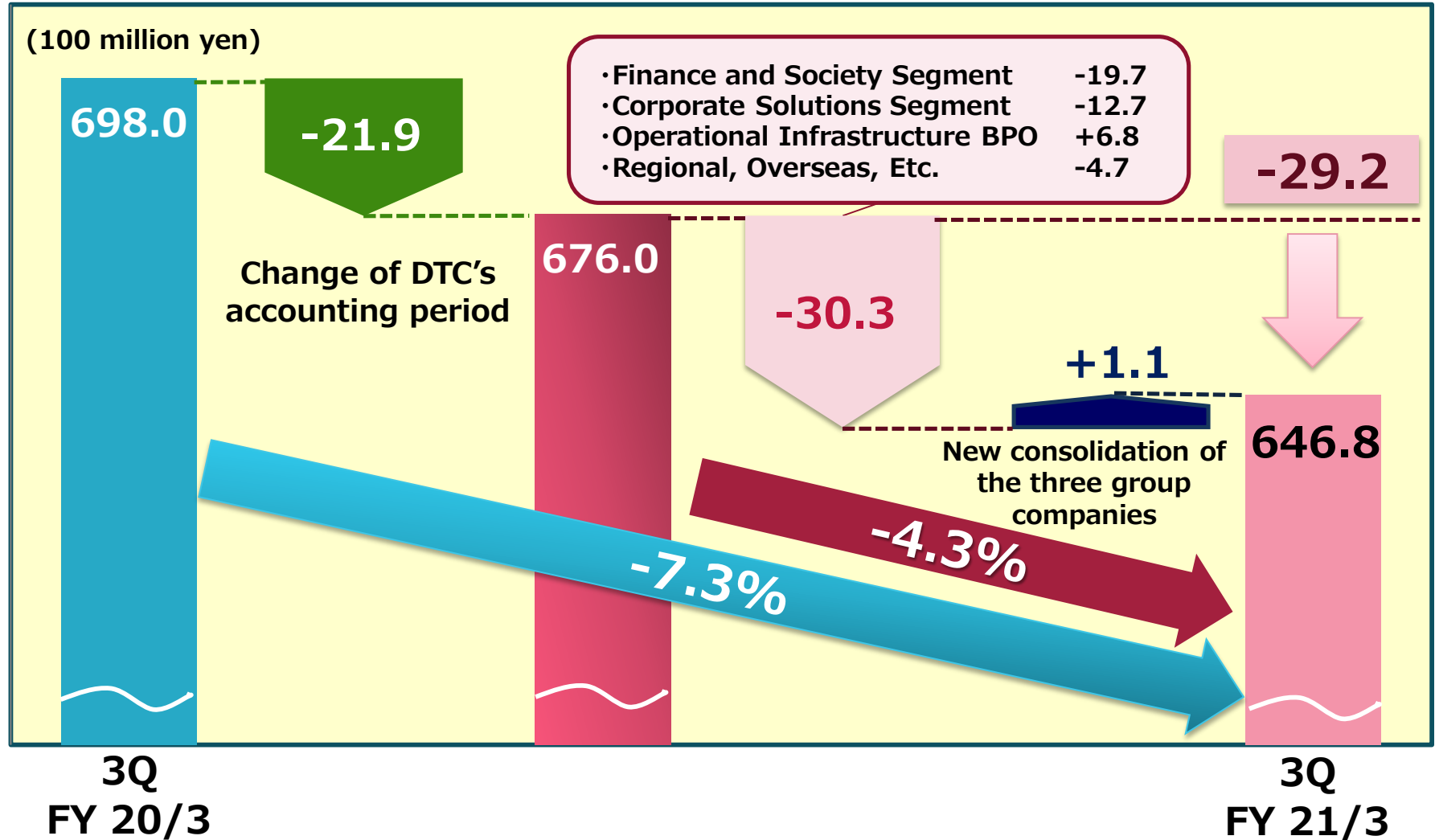
Net sales decreased ¥5,110 million year on year, reflecting a change in the accounting period of DIGITAL TECHNOLOGIES CORPORATION ("DTC") and a fall in three segments, all of the segments except Operational Infrastructure BPO.

Operating profit decreased ¥270 million year on year, mainly reflecting a decline in income due to lower sales, which more than offset initiatives to reduce SG&A expenses and curb unprofitable projects that led to increased profit for the stand-alone third quarter.

(Units: 100 million yen, %)	Results	Ratio to sales (%) / YoY	Year on year		Progress for initial forecast
Net sales	646.8	—	-51.1 <-29.2>	92.7% <95.7%>	69.9%
Gross profit	127.1	19.6% (+0.1pt) <-0.1pt>	-9.0 <-6.3>	93.3% <95.2%>	71.4%
SG&A expenses	54.7	8.5% (-0.3pt) <-0.4pt>	-6.3 <-5.0>	89.6% <91.6%>	70.1%
Operating profit	72.4	11.2% (+0.4pt) <+0.3pt>	-2.7 <-1.3>	96.3% <98.2%>	72.4%
Ordinary profit	74.6	11.5% (+0.6pt) <+0.4pt>	-2.0 <-0.5>	97.3% <99.2%>	73.2%
Profit attributable to owners of parent	50.7	7.8% (+0.3pt) <+0.2pt>	-1.7 <-0.7>	96.7% <98.5%>	73.5%

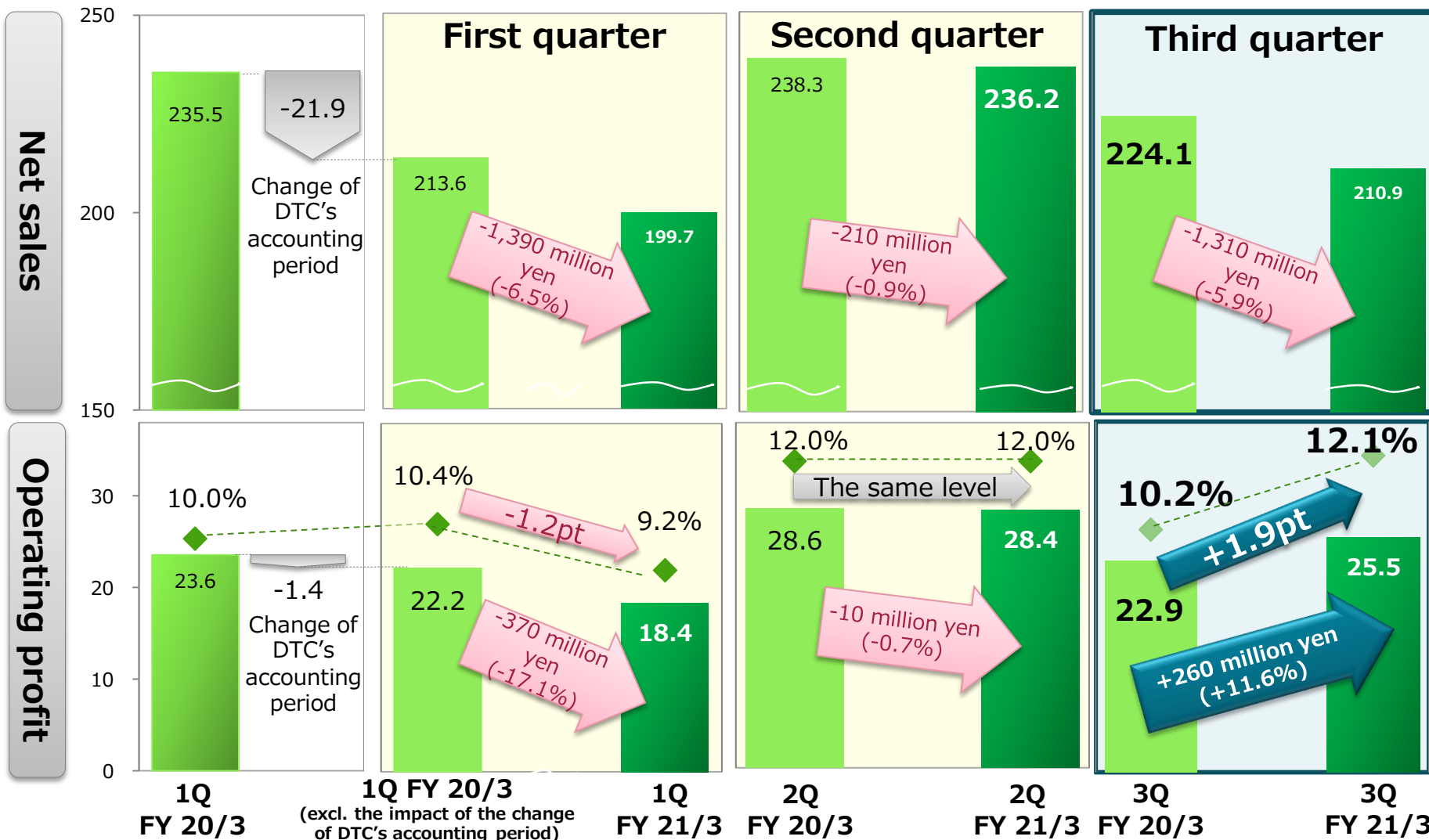
(Reference) Factors for the Change in Net Sales

Net sales fell ¥2,920 million (down 4.3%) year-on-year when the impact of the change of DTC's accounting period is excluded.



(Reference) Accounting Period YoY Comparison

The year-on-year change for operating profit in the third quarter switched to positive. The operating margin was 12.1% (up 1.9 points year on year).



Non-Consolidated Results

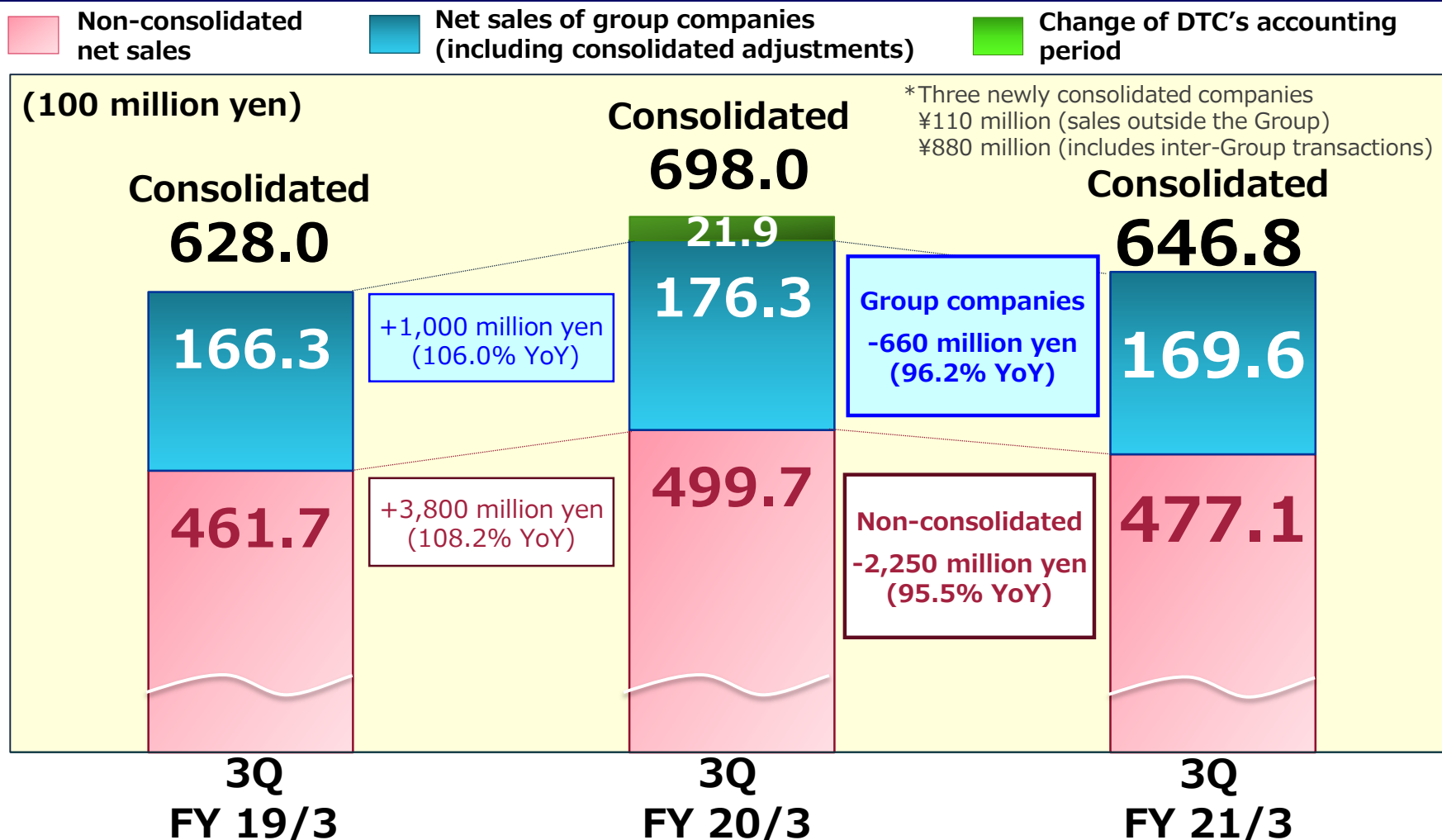
Non-Consolidated Results Net sales decreased ¥2,250 million year on year, chiefly due to a decline in sales in the Finance field that more than offset rises in the Society field and in the Operational Infrastructure BPO field.

Although operating profit decreased ¥330 million year on year, mainly reflecting a decline in income due to lower sales, the operating margin was about level with the corresponding period of the previous year.

(Units: 100 million yen, %)	Results	Ratio to sales (%) / YoY		Year on year	
Net sales	477.1	—		-22.5	95.5%
Gross profit	95.0	19.9%	(-0.1pt)	-4.8	95.2%
SG&A expenses	35.4	7.4%	(+0.0pt)	-1.5	95.9%
Operating profit	59.5	12.5%	(-0.1pt)	-3.3	94.7%
Ordinary profit	65.8	13.8%	(+0.0pt)	-2.9	95.8%
Profit	46.5	9.7%	(+0.0pt)	-2.1	95.6%

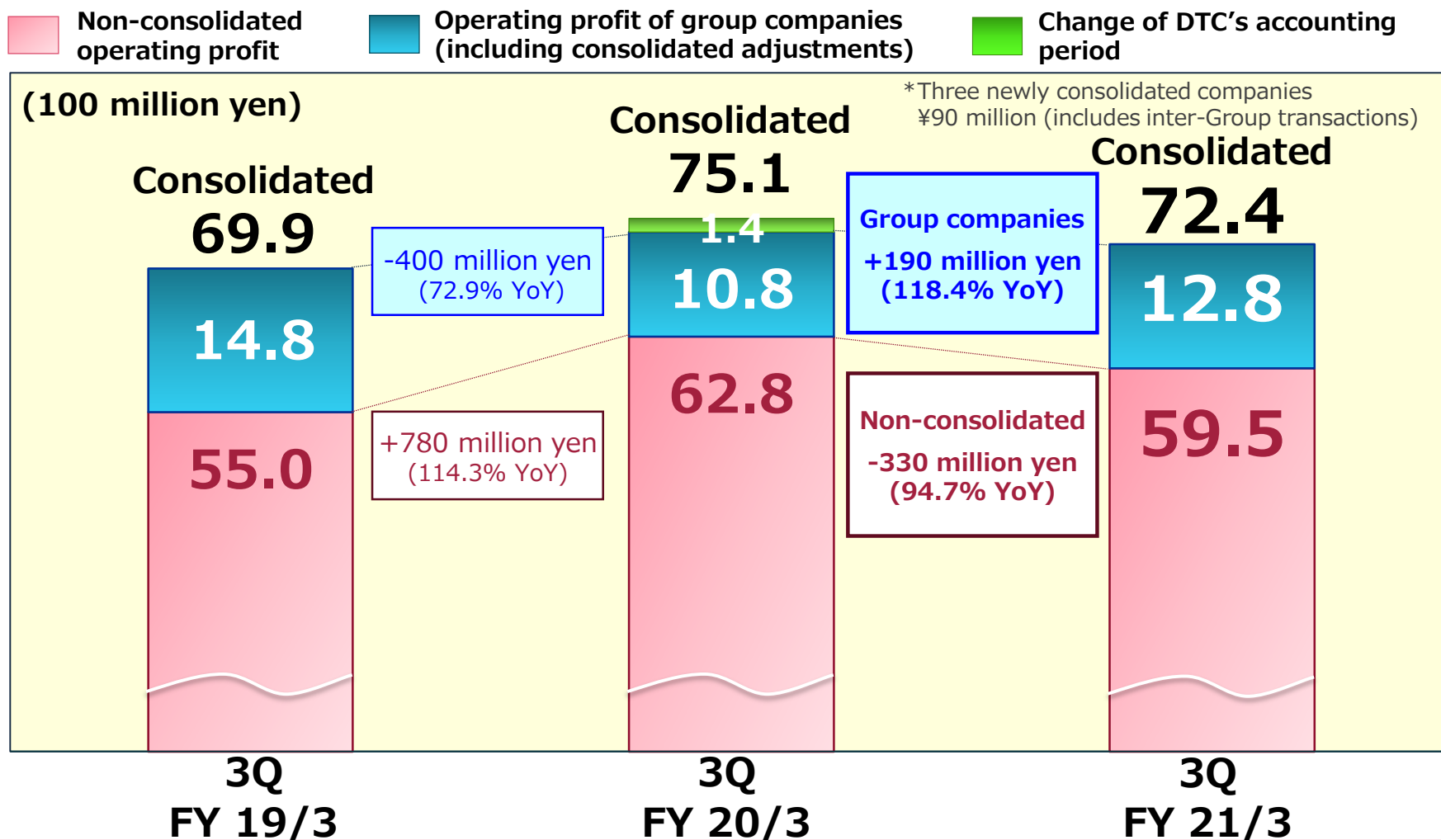
Changes in Net Sales [Non-Consolidated/Group Companies]

Non-consolidated (DTS) net sales decreased ¥2,250 million year on year, reflecting a decline associated with large securities projects that had reached their peak that more than offset firm performance primarily in system development projects in the public sector.
Group companies' net sales decreased ¥660 million year on year, mainly reflecting decreases in the embedded system field and regional field.



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

Non-consolidated (DTS) operating profit decreased ¥330 million year on year, mainly reflecting a decline in income resulting from lower sales.
Group companies' operating profit increased ¥190 million year on year, due to the effect of new consolidation, and the promotion of structural reforms at Nelito Systems.



Net Sales by Segments

- Net sales in the Finance and Society segment decreased due to a fall in investment by megabanks, despite firm performance in the public sector.
- Net sales in the Corporate Solutions segment decreased due to a decline in embedded system-related projects and a decrease in development projects in the housing industry.
- In the Operational Infrastructure BPO segment, product sales rose if the effect of the change in DTC's accounting period is excluded.
- Net sales in the Regional, Overseas, Etc. segment decreased, chiefly attributable to a decrease in financial projects at regional companies.

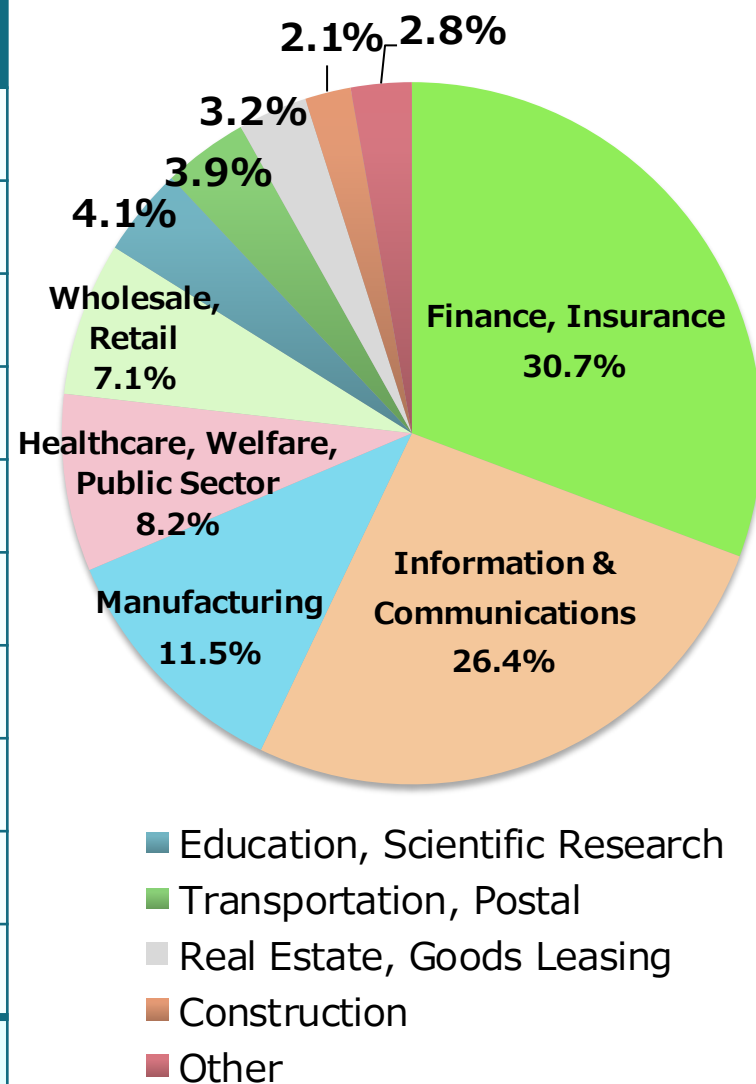
(Units: 100 million yen, %)		Results	Ratio to sales (%) / YoY		Year on year		Progress for initial forecast
Net sales		646.8	—		-51.1 <-29.2>	92.7% <95.7%>	69.9%
Finance and Society	211.5	32.7%	(-0.4pt) <-1.5pt>		-19.7	91.5%	71.2%
Corporate Solutions	186.1	28.8%	(+0.3pt) <-0.6pt>		-12.7	93.6%	70.9%
Operational Infrastructure BPO	173.7	26.9%	(-0.2pt) <+2.2pt>		-15.0 <+6.8>	92.0% <104.1%>	68.2%
Regional, Overseas, Etc.	75.3	11.7%	(+0.3pt) <+0.0pt>		-3.6	95.4%	68.2%

* 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 Industry

Industrial Classification of METI

(100 million yen)	Amount	Composition ratio	Year on year	
Finance, Insurance	198.6	30.7%	-35.2	84.9%
Information & Communications	170.7	26.4%	-0.2	99.8%
Manufacturing	74.5	11.5%	-9.2	88.9%
Healthcare, Welfare, Public Sector	52.8	8.2%	-2.6	95.2%
Wholesale, Retail	45.7	7.1%	-0.2	99.4%
Education, Scientific Research	26.3	4.1%	+13.2	200.7%
Transportation, Postal	25.3	3.9%	-1.1	95.8%
Real Estate, Goods Leasing	20.7	3.2%	+9.3	181.7%
Construction	13.6	2.1%	-3.2	80.6%
Other	18.1	2.8%	+0.3	102.1%
Total	646.8	100.0%	-29.2	95.7%

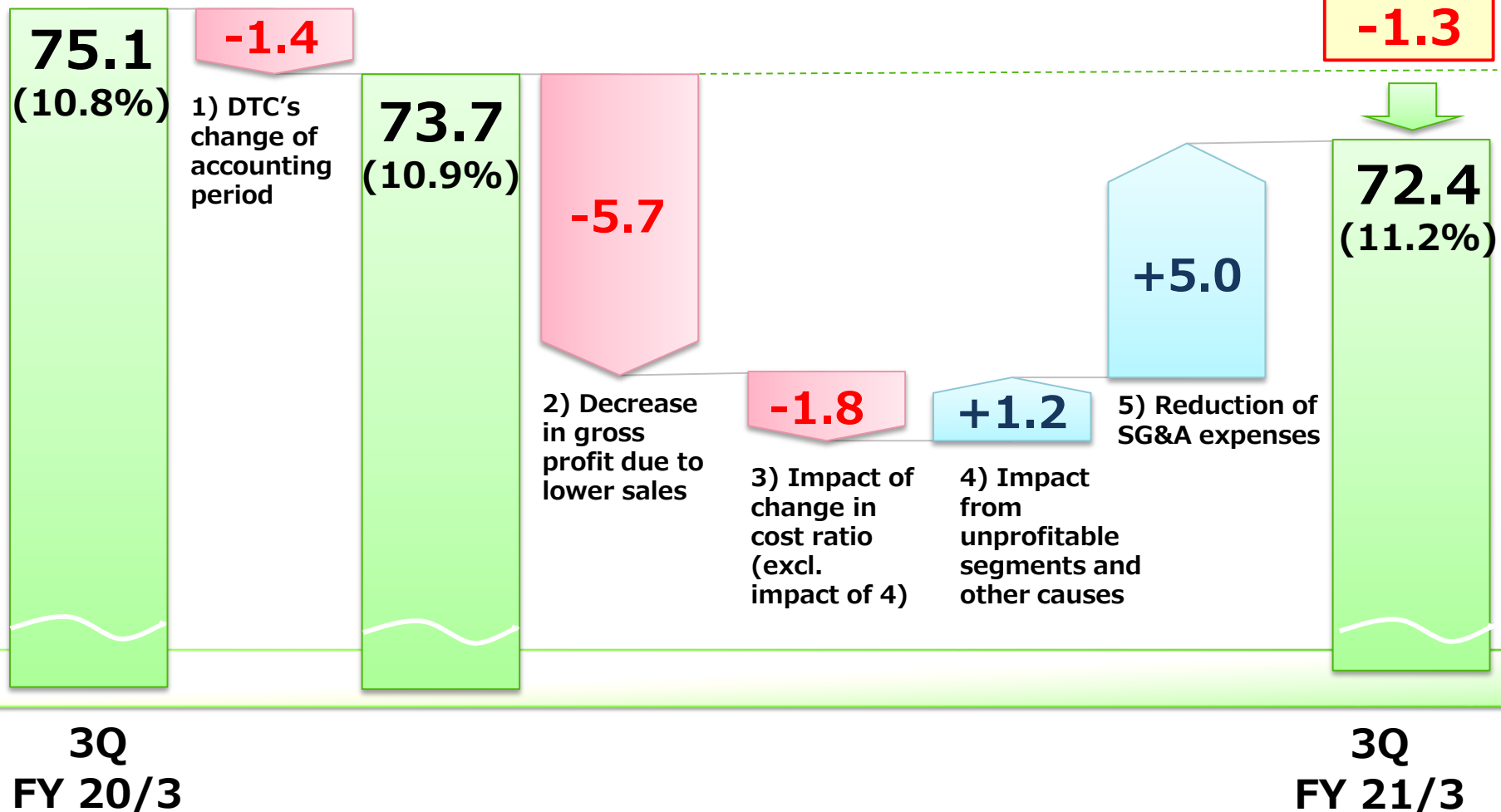


(The impact of the change of DTC's accounting period is excluded.)

Reason for the Change in Consolidated Operating Profit

Consolidated operating profit fell ¥130 million year on year due to a decline in income resulting from lower sales, which more than offset the effects of initiatives to reduce SG&A expenses and curb unprofitable projects.

(100 million yen)



Order Volume and Order Backlog by Segments

[Order Backlogs]

- The Finance and Society segment is on par with the previous year, chiefly due to an increase in system development projects in the public sector.
- The Corporate Solutions segment saw a decrease as housing-related projects reached a peak, which more than offset strong results of cloud-related projects.
- Increased in the Operational Infrastructure BPO chiefly due to increases in production projects for research and educational institutions.
- The Regional, Overseas, Etc. segment saw a decrease, mainly reflecting the reduction of regional government agency projects.

(Units: 100 million yen, %)		Order volume				Order backlog			
		Results	Composition ratio	Year on year		Results	Composition ratio	Year on year	
Consolidated		465.4	–	-60.5 <-44.1>	88.5% <91.3%>	225.0	–	+ 5.6	102.6%
	Finance and Society	135.8	29.2%	-11.9	91.9%	70.9	31.5%	+ 0.1	100.2%
	Corporate Solutions	169.8	36.5%	-21.1	88.9%	59.1	26.3%	-5.9	90.9%
	Operational Infrastructure BPO	84.7	18.2%	-20.5 <-4.2>	80.5% <95.3%>	64.9	28.8%	+ 15.4	131.3%
	Regional, Overseas, Etc.	74.9	16.1%	-6.8	91.6%	30.0	13.3%	-3.9	88.3%

(Reference) Major News Releases (1)



Date of release	Company	Title, brief description
2021		
January 13	DTS WEST	Commencement of Demonstration Experiments for Tourism Information Boards Utilizing Contactless Touch Panels By using the Parity Mirror® manufactured by Parity Innovations Co., Ltd., DTS WEST developed a contactless version of an information board that previously worked by contact-based interaction, which can be operated by operations made in the air. The demonstration experiment provides an opportunity to verify the effectiveness of the contactless function and the safety that this new innovation offers by installing a contactless tourist information board for use by park visitors. (Demonstration experiment period: January 13, 2021 to February 17, 2021)
2020		
December 7	DTS WEST	DTS WEST Earns Place in AWS' APN Consulting Partner Select Tier DTS WEST has achieved the Select Tier of APN Consulting Partners, in the AWS Partner Network (APN), a partner program of Amazon Web Services (AWS).
November 30	DTS	DTS posted DTS Group REPORT 2020. DTS posted DTS Group REPORT (2020) on its website.
October 30	DTS	Notice concerning a revision to the results forecast DTS revised the results forecast announced on April 30, 2020 (net sales: ¥92.5 billion; operating profit: ¥10.0 billion).
October 21	DTS	Healthy company gold certification achieved DTS achieved Healthy Company Step 2 status in December 2019 and promoted safety and health at its workplaces through health and productivity management. DTS satisfied the criteria for gold certification and became certified in September 2020.

(Reference) Major News Releases (2)

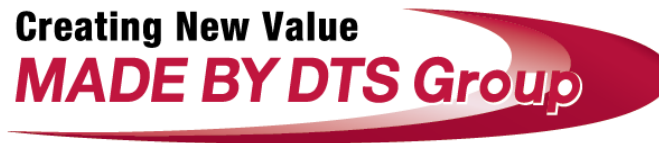
Date of release	Company	Title, brief description
October 15	D T S W E S T	<p>The Multi-database Search System for Historical Chinese Characters, which has been created by the Historiographical Institute, The University of Tokyo, the Nara National Research Institute for Cultural Properties, and other institutes, became available.</p> <p>Following the development of the MOJIZO system (image matching search system for mokkan (wooden tablets) and cursive characters) and the Mokkanko (wooden tablet database) and the building of the foundation for a Nara National Research Institute for Cultural Properties image database, DTS WEST provided technical cooperation in the building of the portal of the multi-database search system for historical Chinese characters. DTS WEST built a portal that displays images searched for across the image databases of six organizations in Japan and overseas, including the Historiographical Institute, The University of Tokyo and the Nara National Research Institute for Cultural Properties.</p>
October 7	D T S W E S T	<p>Ferris Chat, an AI chat bot using kotosora, launched at Ferris University.</p> <p>Ferris University introduced Ferris Chat, an AI chat bot using kotosora, to provide a new method enabling everyone to easily find answers to questions that are frequently asked by students in addition to the existing methods (visiting contact desks, using internal Q&A services). The new system enables students to access the information they need 24 hours a day, every day. The system is expected to improve convenience for students and increase the work efficiency of university staff by reducing the time to answer the questions.</p>
August 6	D T S	<p>DTS upgraded its BPO service that helped stop the retention of credit card information and began providing new services.</p> <p>DTS's security support center, which absolutely complies with PCI DSS Ver3.2.1, mainly handled credit card information. On August 1, the security support center renewed the service and began handling account information in higher security environments and began handling sensitive information, including national identification numbers, as new BPO services.</p>
July 1	D T S W E S T	<p>DTS WEST commenced a demonstration experiment of a kotosora for LGWAN-solution based automatic response system for staff members of Kasugai city hall.</p> <p>DTS WEST commenced the demonstration experiment of an automatic response system for staff members of Kasugai city hall, which utilizes the AI-operated kotosora for LGWAN FAQ solution that supports the Local Government Wide Area Network. (period: July 1, 2020 to August 31, 2020)</p>

(Reference) Major News Releases (3)

Date of release	Company	Title, brief description
June 15	D T S	Notice concerning status and completion of treasury stock acquisition Number of shares acquired: 444,100 shares, Total amount: 999,798 thousand yen, Period: May 1, 2020 to June 12, 2020.
May 18	D T C	DTC concluded a distributorship agreement with Druva and provision of a solution that protects end points in the telework environment. DTC concluded a sales distributorship agreement with Druva Inc., a U.S. company that is a leader in the cloud protection and management technology. The Company will enhance end-point protection solutions that include not only servers but also cloud applications by adding Druva's Phoenix and inSync products to its product lineup. This reflects the background of growing demand for simple and highly cost effective backup servers, as well as the data protection and security of end points in the cloud age.
May 12	D T S	Notice concerning change of an accounting auditor The Board of Corporate Auditors of DTS passed a resolution to change an accounting auditor, the submission of which as a proposal to a General Meeting of Shareholders (June 19) will be decided at a meeting of the Board of Directors on May 14. (The proposal was approved at the General Meeting of Shareholders held on June 19.)
April 24	D T S	DTS started to sell Pasteriot, an IoT platform for manufacturing sites to help achieve DX (digital transformation) using the IoT and AI. DTS started to sell Pasteriot, an IoT platform to help with digitization at manufacturing sites (edges), on April 24. Pasteriot can digitize information on production conditions of pieces of manufacturing equipment made by different manufacturers. Pasteriot helps increase operational efficiency and productivity by setting control rules at manufacturing sites and using AI.

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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.