

1Q FY March 2022

Results Presentation



July 30, 2021

DTS CORPORATION

Important Events

1. Made I Net Rely Corporation a consolidated subsidiary

In June 2021, the Company made I Net Rely Corporation a consolidated subsidiary in order to further strengthen and develop the network solution business. By adding the company's human resources, technology, and know-how in the network domain to our group, we aim to develop new customers, expand existing customers, and create new business models by mutually utilizing the sales channels and technologies of both companies.

2. Introduced a restricted share-based remuneration plan

In July 2021, DTS introduced a restricted share-based remuneration plan to provide incentives to its directors and executive officers to sustainably enhance corporate value and to promote further value sharing between eligible directors and shareholders.

3. Acquisition of treasury shares

From April to June 2021, we acquired treasury shares in order to improve capital efficiency and to further improve returns for our shareholders. (Approximately 385,000 shares, approximately ¥1 billion)

Consolidated Results

Net sales increased by ¥1,250 million year on year, mainly due to higher sales in the Infrastructure Products and Corporate Solutions segments.

Operating profit increased by ¥170 million year on year due to the effect of increased sales.

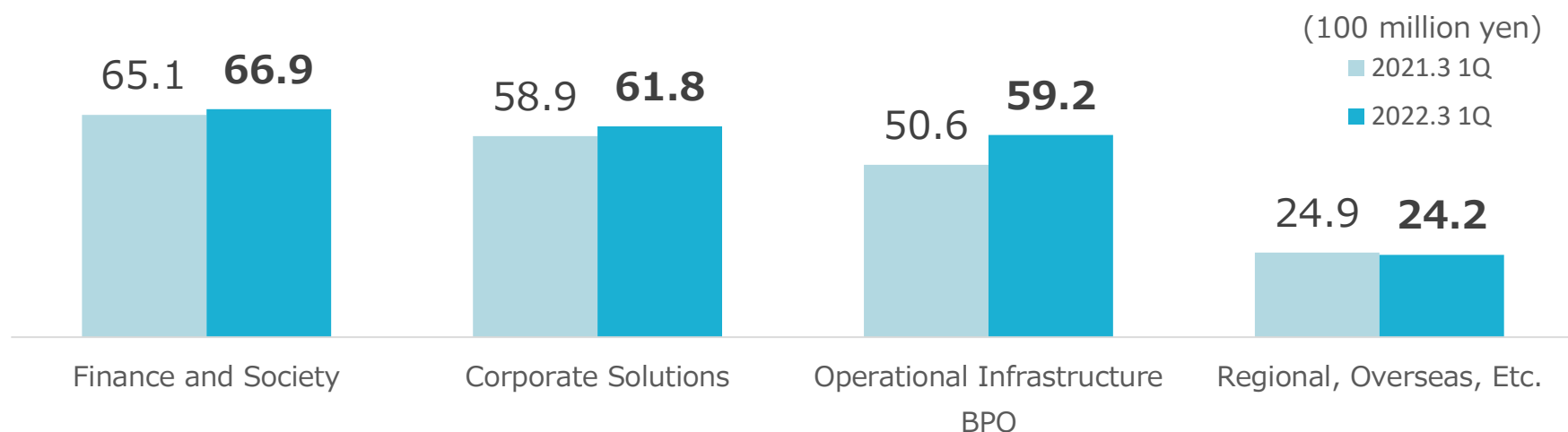
(Units: 100 million yen)	Results	Ratio to sales (%) / YoY	Year on year		Progress for initial forecast	Comparison with the rate of progress in the previous fiscal year
Net sales	212.2	—	+12.5	106.3%	22.3%	(+0.3pt)
Gross profit	40.1	18.9% (-0.2pt)	+1.9	105.2%	21.1%	(+0.0pt)
SG&A expenses	19.9	9.4% (-0.5pt)	+0.2	101.3%	24.9%	(-2.3pt)
Operating profit	20.1	9.5% (+0.3pt)	+1.7	109.5%	18.3%	(+1.3pt)
Ordinary profit	20.6	9.7% (+0.1pt)	+1.5	108.0%	18.4%	(+1.3pt)
Profit attributable to owners of parent	13.8	6.5% (+0.0pt)	+0.9	107.1%	18.1%	(+1.1pt)
DX-related sales	70.6	33.3% (+3.7pt)	+11.5	119.5%		—

Effective from the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the "Accounting Standard for Revenue Recognition"; however, year-on-year comparisons are with the results for the same period of the previous year (fiscal year ended March 31, 2021) prior to the adoption of the said standard.

Net Sales by Segments

Finance and Society Segment:	Sales increased due to steady performance of development projects for life insurance companies and the telecommunications industry
Corporate Solutions Segment:	Sales increased due to favorable sales of DX-related projects, etc.
Operational Infrastructure BPO:	Sales increased due to steady performance of system operation design in the telecommunications industry and the impact of new consolidation.
Regional, Overseas, Etc.:	Sales decreased due to a decrease in local government-related projects in the regional field

(Units: 100 million yen)	Results	Ratio to sales (%) / YoY		Year on year		Progress for initial forecast
Consolidated	212.2	—		+12.5	106.3%	22.3%
Finance and Society	66.9	31.5%	(-1.1pt)	+1.7	102.7%	22.7%
Corporate Solutions	61.8	29.1%	(-0.4pt)	+2.8	104.9%	21.6%
Operational Infrastructure BPO	59.2	27.9%	(+2.6pt)	+8.5	117.0%	22.6%
Regional, Overseas, Etc.	24.2	11.4%	(-1.1pt)	-0.7	97.2%	22.6%

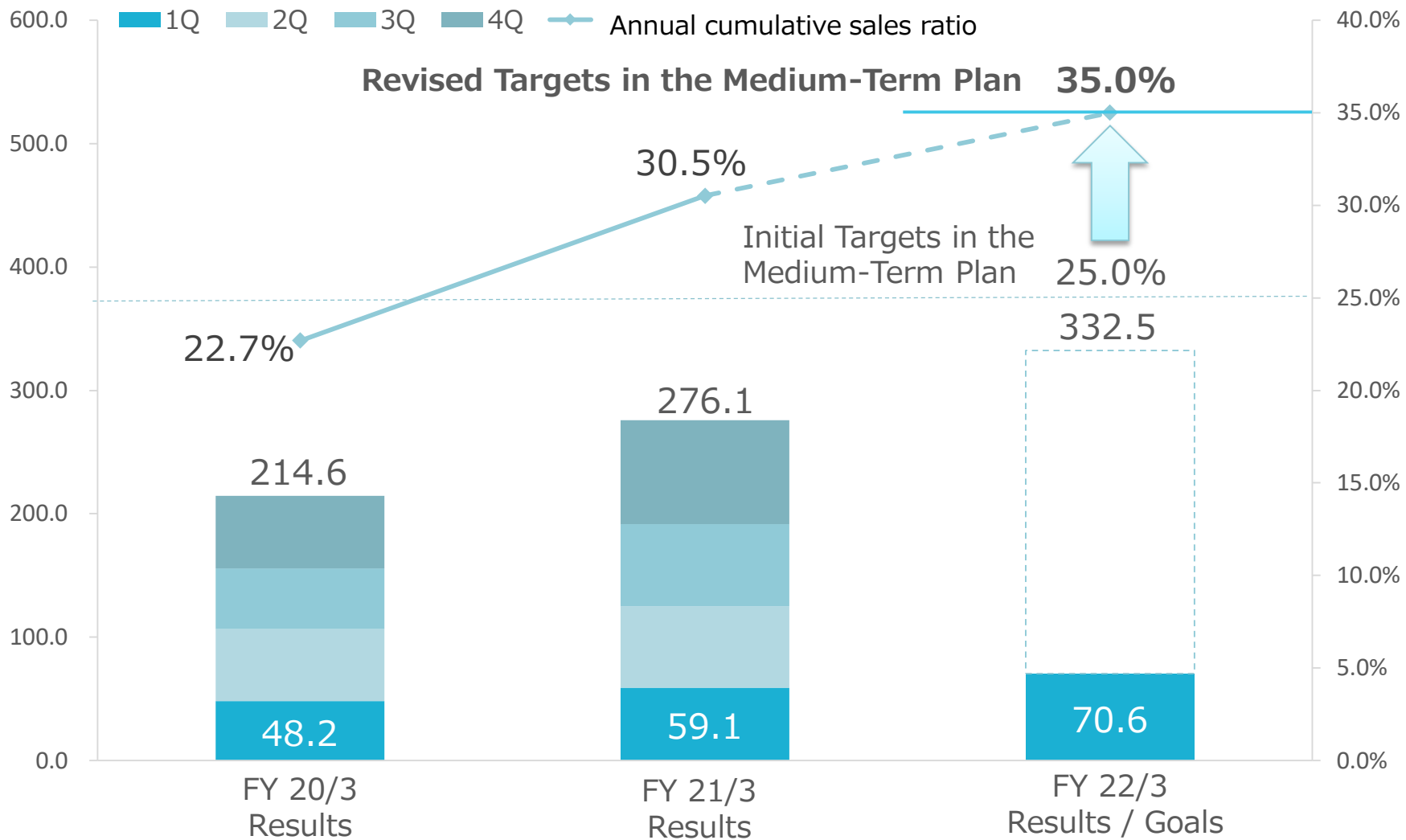


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DX-related sales

DX-related sales in the first quarter were ¥7.06 billion (+¥1.15 billion, +19.5% year on year).

(Units: 100 million yen)

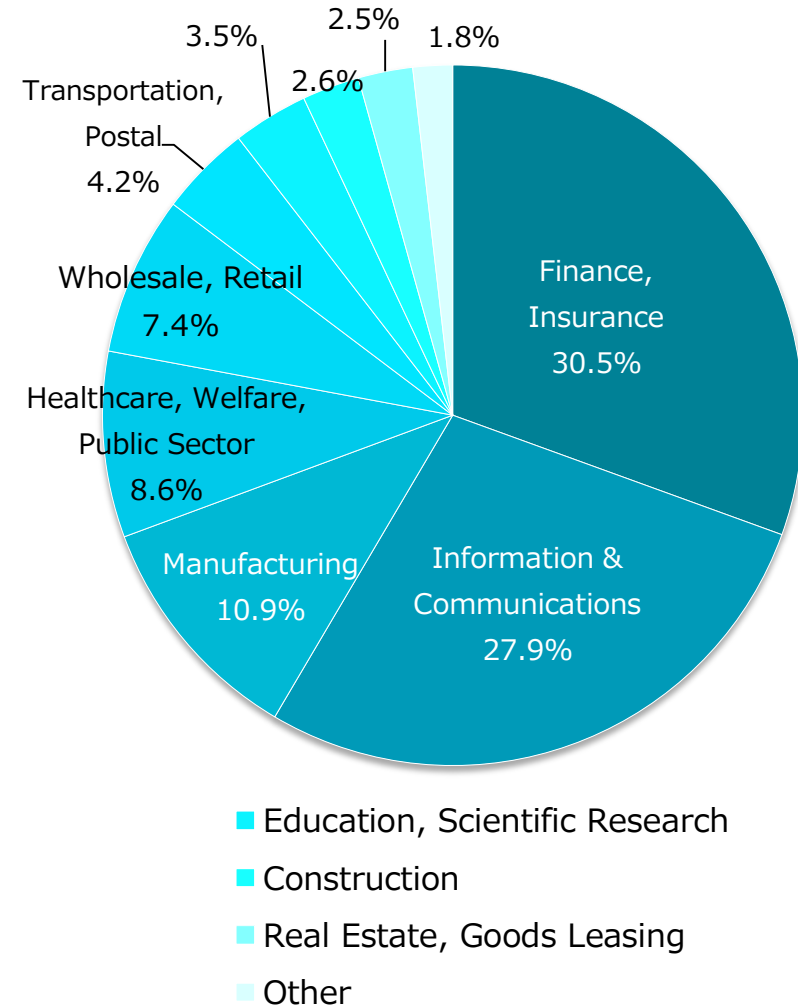


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(Reference) Consolidated Sales by Industry

Industrial Classification of METI

(100 million yen)	Amount	Composition ratio	Year on year	
Finance, Insurance	64.8	30.5%	+1.5	102.5%
Information & Communications	59.2	27.9%	+7.7	114.9%
Manufacturing	23.0	10.9%	-0.9	95.9%
Healthcare, Welfare, Public Sector	18.2	8.6%	+1.8	111.2%
Wholesale, Retail	15.6	7.4%	+0.7	104.9%
Transportation, Postal	8.9	4.2%	-0.0	98.9%
Education, Scientific Research	7.3	3.5%	+2.0	137.9%
Construction	5.6	2.6%	+1.4	134.4%
Real Estate, Goods Leasing	5.3	2.5%	-0.7	87.3%
Other	3.8	1.8%	-0.8	81.2%
Total	212.2	100.0%	+12.5	106.3%

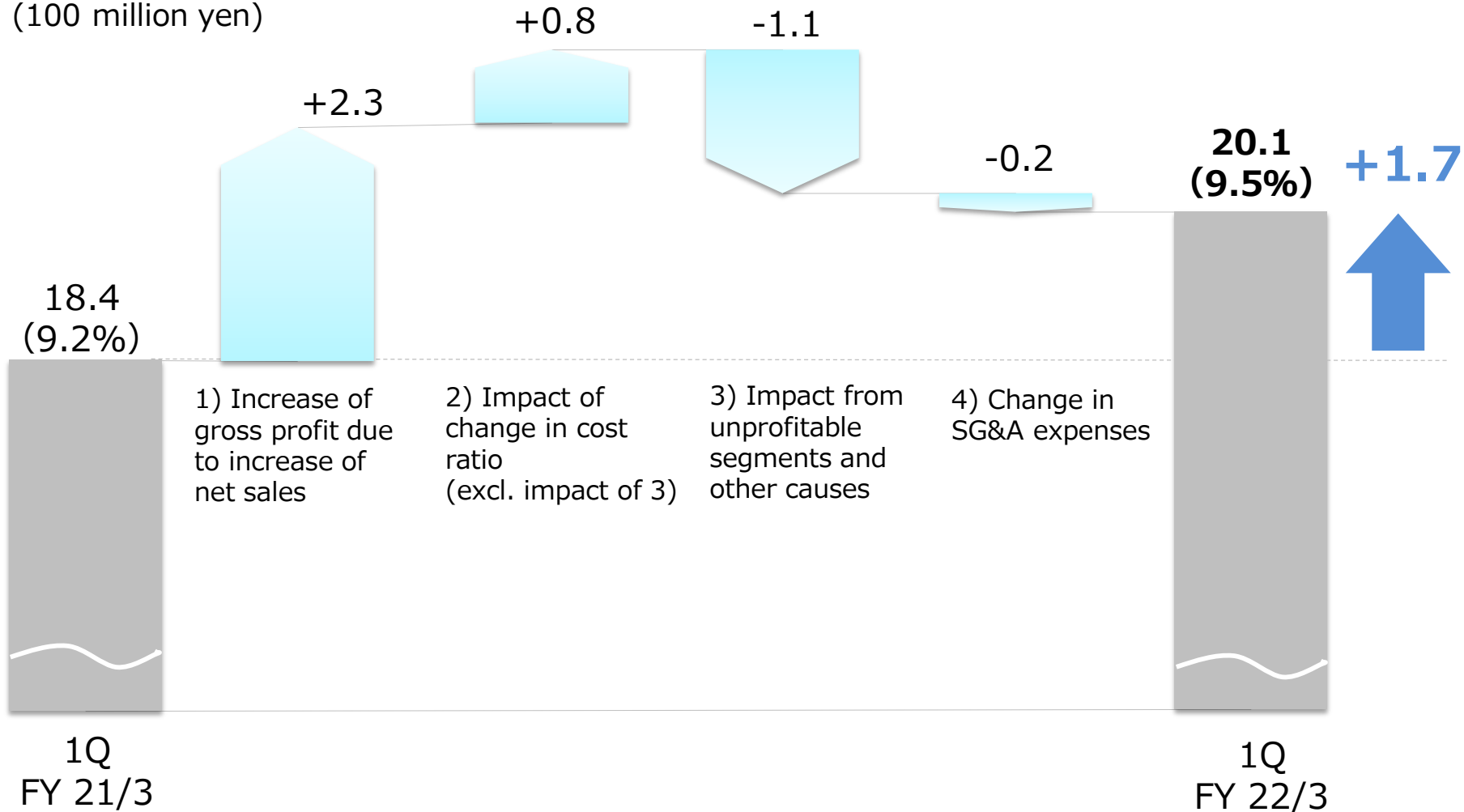


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Reason for the Change in Consolidated Operating Profit

Profit increased due to factors such as increased income from higher sales and the improvement of cost ratio covering the impact from unprofitable segments (increased ¥170 million year on year)

(100 million yen)



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Order Volume and Order Backlog by Segments

[Order Backlogs]

Finance and Society Segment: Decreased due to the reduction of megabank projects, etc. despite growth in life insurance-related projects
 Corporate Solutions Segment: Increased due to growth in development projects in the housing and transportation industries, etc.
 Operational Infrastructure BPO: Increased due to expansion of IT outsourcing projects, etc. for central government ministries and the information and communications industry
 Regional, Overseas, Etc.: Increased due to expansion of existing projects in the overseas area and regional segment, etc.

(Units: 100 million yen)	Order volume					Order backlog				
	New standard	(Reference) Previous standard				New standard	(Reference) Previous standard			
	Results	Results	Composition ratio	Year on year	Results	Results	Composition ratio	Year on year		
Consolidated	169.3	143.6	—	+3.1	102.3%	183.3	349.4	—	+2.2	100.6%
Finance and Society	44.6	31.0	21.6%	-9.0	77.5%	40.6	107.4	30.7%	-14.0	88.4%
Corporate Solutions	61.1	58.6	40.9%	+6.5	112.5%	58.0	79.4	22.7%	+10.7	115.7%
Operational Infrastructure BPO	34.3	24.7	17.2%	+0.7	103.0%	51.4	129.2	37.0%	+1.8	101.5%
Regional, Overseas, Etc.	29.1	29.1	20.3%	+4.9	120.5%	33.1	33.4	9.6%	+3.6	112.3%

Effective from the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the "Accounting Standard for Revenue Recognition" (new standard). Order volume and order backlog are compared with results for the fiscal year under review using figures reclassified prior to the adoption of the said standard (previous standard).

(Reference) Order Volume by Segment: Quarterly

[Order Volume]

Finance and Society Segment:	Decreased due to the reduction of megabank projects despite growth in projects for the communications industry, etc.
Corporate Solutions Segment:	Increased due to expansion of projects for the information and communications industry and the bringing forward of orders for embedded system-related projects
Operational Infrastructure BPO:	Increased due to expansion of IT outsourcing projects, etc. for the information and communications industry
Regional, Overseas, Etc.:	Increased due to expansion of existing projects, etc. in the dispatching business in the overseas area as well as in the regional segment

<Upper: New standard (after adoption of the Accounting Standard for Revenue Recognition); Lower: Previous standard (prior to adoption of the Accounting Standard for Revenue Recognition)>

(Units: 100 million yen)	Results for FY 21/3					Results for FY 22/3				
	1Q	2Q	3Q	4Q	Cumulative	1Q	2Q	3Q	4Q	Cumulative
Consolidated			—			169.3				169.3
	140.4	186.0	138.9	444.7	910.2	143.6				143.6
Finance and Society			—			44.6				44.6
	40.0	60.0	35.7	144.0	279.9	31.0				31.0
Corporate Solutions			—			61.1				61.1
	52.1	61.5	56.2	99.0	268.9	58.6				58.6
Operational Infrastructure BPO			—			34.3				34.3
	24.0	37.8	22.9	174.3	259.1	24.7				24.7
Regional, Overseas, Etc.			—			29.1				29.1
	24.1	26.6	24.1	27.3	102.3	29.1				29.1

Effective from the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (new standard). Results for the fiscal year ending March 31, 2022, are presented together with figures reclassified prior to the adoption of the said standard (previous standard) due to substantial year-on-year comparisons.

(Reference) Major News Releases

Date of release	Company	Title, brief description
July 16, 2021	DTS	<p>Notice concerning completion of payment for disposal of treasury stock as restricted share-based remuneration</p> <p>DTS completed payment procedures for disposal of treasury stock as restricted share-based remuneration</p> <ul style="list-style-type: none"> • ¥2,633 per share • 10,264 shares of common stock of the Company • Allocation: 5,930 shares for six directors (excluding outside directors); 4,334 shares for 11 executive officers
June 21, 2021	DTS INSIGHT CORPORATION	<p>Launched SiFive-produced development board “HiFive Unmatched”</p> <p>From June 21, 2021, launched the new RISC-V development board product announced by SiFive in the U.S. “HiFive Unmatched,” which is limited to Japanese corporations.</p>
June 18, 2021	DTS	<p>Mitsubishi UFJ Morgan Stanley Securities adopts DTS’ anti-money laundering measure system “AMLion”</p> <p>The Company received an order from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. for the introduction of an anti-money laundering measure and anti-terrorist financing measure system. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is the first Japanese securities company to adopt AMLion, and full-fledged operation by January 2022 is being aimed for.</p>
June 14, 2021	DTS	<p>Notice concerning status and completion of treasury stock acquisition</p> <p>Number of shares acquired: 385,200 shares, Total amount: ¥999,871,400, Period: April 30, 2021 to June 11, 2021.</p>
May 28, 2021	DTS	<p>Agreement for acquisition of 100% of shares of I Net Rely Corporation</p> <p>Concluded share transfer agreement for the acquisition of shares of I Net Rely Corporation.</p> <p>Share transfer date: June 28, 2021</p>

(Reference) Major News Releases

Date of release	Company	Title, brief description
May 25, 2021	DTS	<p>Walk in home received highest evaluation from the Vietnam Software & IT Services Association</p> <p>DTS Vietnam entered the living space presentation CAD software “Walk in home” that contracts development from DTS at “Sao Khue 2021,” which was sponsored by the Vietnam Software & IT Services Association, and it received the “Sao Khue Award,” which is the highest evaluation, in the “Products” and “Services (Development)” divisions in the New Software Products & Services category.</p>
May 14, 2021	DTS	<p>Notice concerning introduction of restricted share-based remuneration plan</p> <p>Resolved to introduce a restricted share-based remuneration plan in order to provide incentives for directors (excluding outside directors) and executive officers to sustainably enhance corporate value and in order to promote further value sharing with shareholders.</p>
May 1, 2021	DTS WEST	<p>Began operation of the “Tottori Prefecture Automobile Tax Chatbot,” which utilizes kotosora, in Tottori Prefecture.</p> <p>Tottori Prefecture began operation of the “Tottori Prefecture Automobile Tax Chatbot,” where the AI FAQ solution “kotosora” automatically answers inquiries related to the various automobile tax procedures in place of Tottori’s government employees.</p>

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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.