

3Q FY March 2022

Results Presentation

February 1, 2022

DTS CORPORATION

Important Events

1. Decided to acquire and cancel treasury shares

In February 2022, the Board of Directors resolved to acquire treasury shares and to cancel some treasury shares in order to improve capital efficiency and to further improve returns for the Company's shareholders.

Plan to acquire: 400,000 shares worth ¥1 billion (maximum) in February to March 2022

*Acquired approx. 385,000 treasury shares worth approx. ¥1 billion in April to June 2021

2. Resolved to make organizational and personnel changes

In January 2022, DTS announced organizational and personnel changes (effective April 1) ahead of the new Medium-Term Management Plan.

- Assigned functions of the Sales Sector to other Sectors to strengthen linkages for responding swiftly to customer strategies.
- Newly established the Innovation Promotion Office to further enhance the DX business.
- Newly established the ESG Promotion Department to enhance company-wide cross-sectoral ESG activities, etc.

3. Confirmation of move to the Prime Market in the TSE restructuring

In January 2022, it was confirmed that the Company will belong to the Prime Market following the market restructuring by the Tokyo Stock Exchange scheduled in April 2022.

4. Introduced a restricted share-based remuneration plan

In July 2021, the Company 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.

5. 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.

Consolidated Results

Net sales was ¥66.92 billion (+¥2.24 billion year on year), increasing mainly due to higher sales in the Corporate Solutions and Operational Infrastructure BPO segments. 3Q net sales was a record high of ¥23.27 billion (+¥2.18 billion year on year). Operating profit was ¥7.54 billion (+¥300 million year on year) due to increased sales and other factors.

(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	669.2	—		+ 22.4	103.5%	70.5%	(-1.0pt)
Gross profit	132.2	19.8%	(+0.1pt)	+ 5.1	104.0%	69.6%	(-0.8pt)
SG&A expenses	56.7	8.5%	(+0.0pt)	+ 2.0	103.8%	71.0%	(-4.6pt)
Operating profit	75.4	11.3%	(+0.1pt)	+ 3.0	104.2%	68.6%	(+ 1.7pt)
Ordinary profit	76.5	11.4%	(-0.1pt)	+ 1.9	102.6%	68.4%	(+ 1.3pt)
Profit attributable to owners of parent	52.1	7.8%	(-0.1pt)	+ 1.3	102.7%	68.1%	(+ 1.3pt)
DX-related net sales	230.0	34.4%	(+4.9pt)	+39.3	120.6%		—

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 Segment

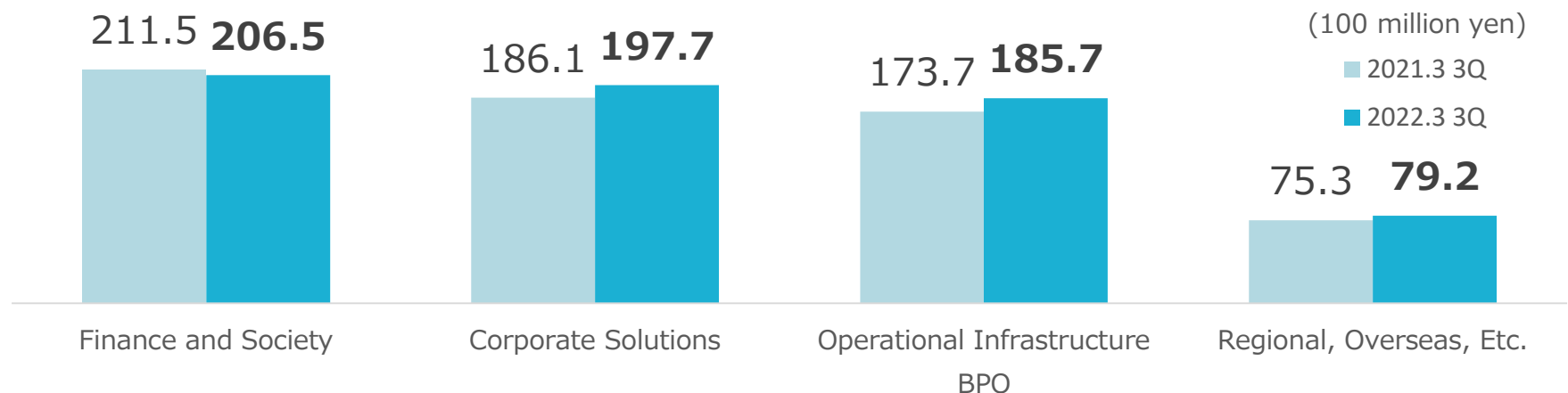
Finance and Society Segment: Sales decreased due to decline in investment by megabanks, despite steady performance of development projects for the telecommunications industry

Corporate Solutions Segment: Sales increased due to favorable sales of DX-related projects, etc.

Operational Infrastructure BPO: Sales increased as new consolidation and system operation design projects for the telecommunications industry offset the impact of large projects in the previous fiscal year

Regional, Overseas, Etc.: Sales increased due to steady performance of development projects in the telecommunications industry of the regional field and of the dispatching business in the overseas field

(Units: 100 million yen)	Results	Ratio to sales (%) / YoY		Year on year		Progress for initial forecast
Consolidated	669.2	—		+ 22.4	103.5%	70.5%
Finance and Society	206.5	30.9%	(-1.8pt)	-4.9	97.7%	70.0%
Corporate Solutions	197.7	29.5%	(+ 0.8pt)	+ 11.5	106.2%	69.1%
Operational Infrastructure BPO	185.7	27.8%	(+ 0.9pt)	+ 11.9	106.9%	70.9%
Regional, Overseas, Etc.	79.2	11.8%	(+ 0.2pt)	+3.8	105.1%	74.1%

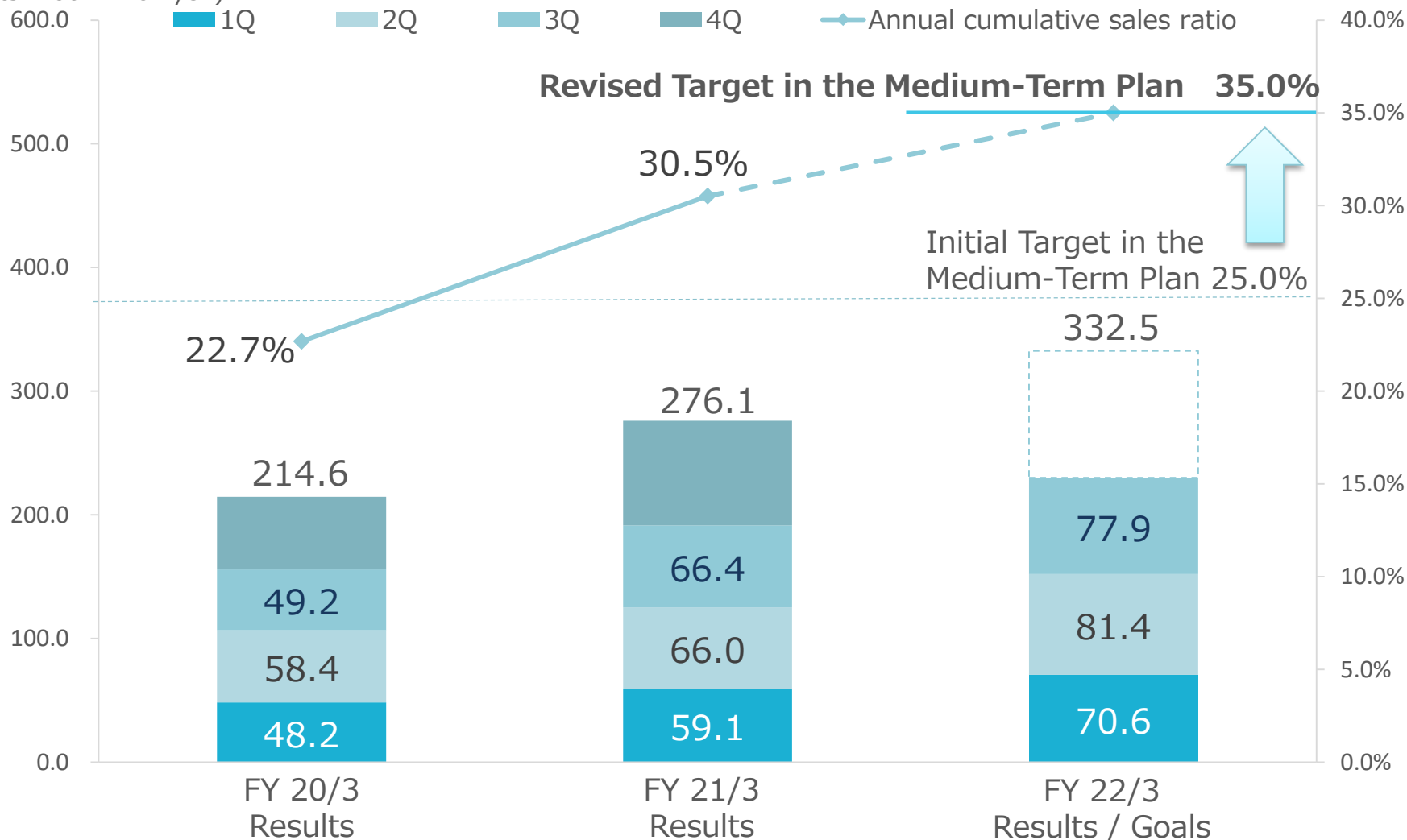


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DX-related Net Sales

DX-related net sales for the nine months under review were ¥23.00 billion (+¥3.93 billion, +20.6% year on year).

(Units: 100 million yen)

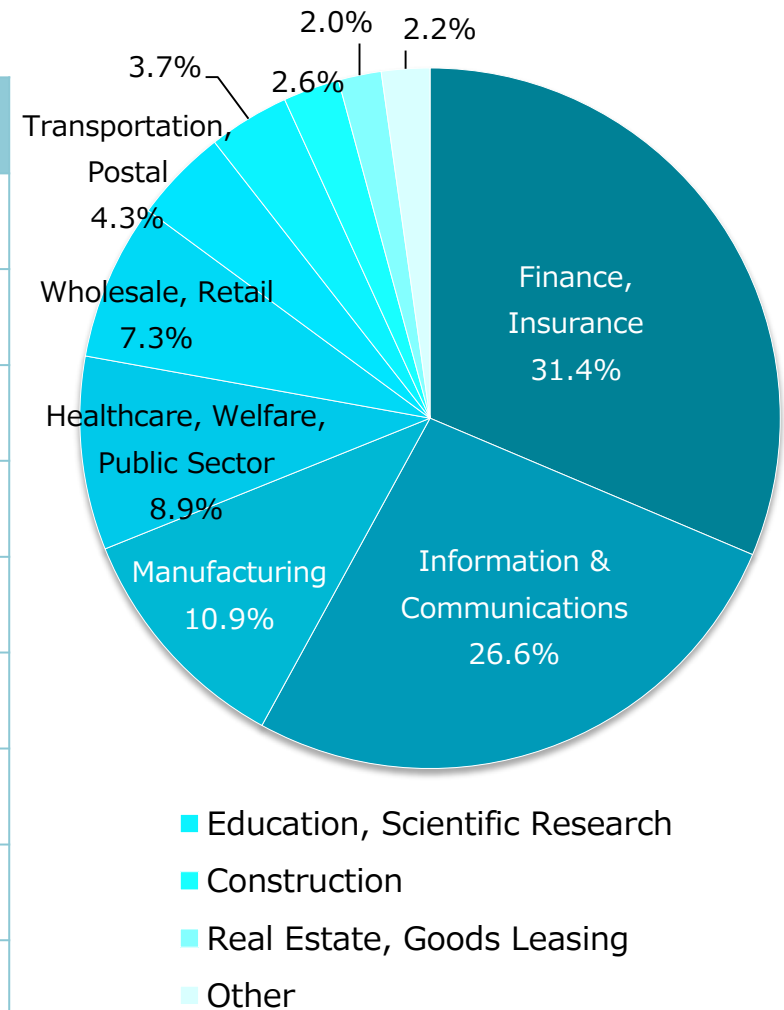


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(Reference) Consolidated Sales by Industry

Industrial Classification of METI

(100 million yen)	Amount	Composition ratio	Year on year	
Finance, Insurance	209.9	31.4%	+9.9	104.9%
Information & Communications	178.0	26.6%	+15.4	109.5%
Manufacturing	73.2	10.9%	-0.8	98.8%
Healthcare, Welfare, Public Sector	59.7	8.9%	+4.2	107.6%
Wholesale, Retail	48.5	7.3%	+1.2	102.7%
Transportation, Postal	29.0	4.3%	+0.3	101.2%
Education, Scientific Research	25.0	3.7%	-7.8	76.0%
Construction	17.3	2.6%	+3.6	127.0%
Real Estate, Goods Leasing	13.2	2.0%	-4.6	74.2%
Other	14.9	2.2%	+0.8	106.2%
Total	669.2	100.0%	+22.4	103.5%

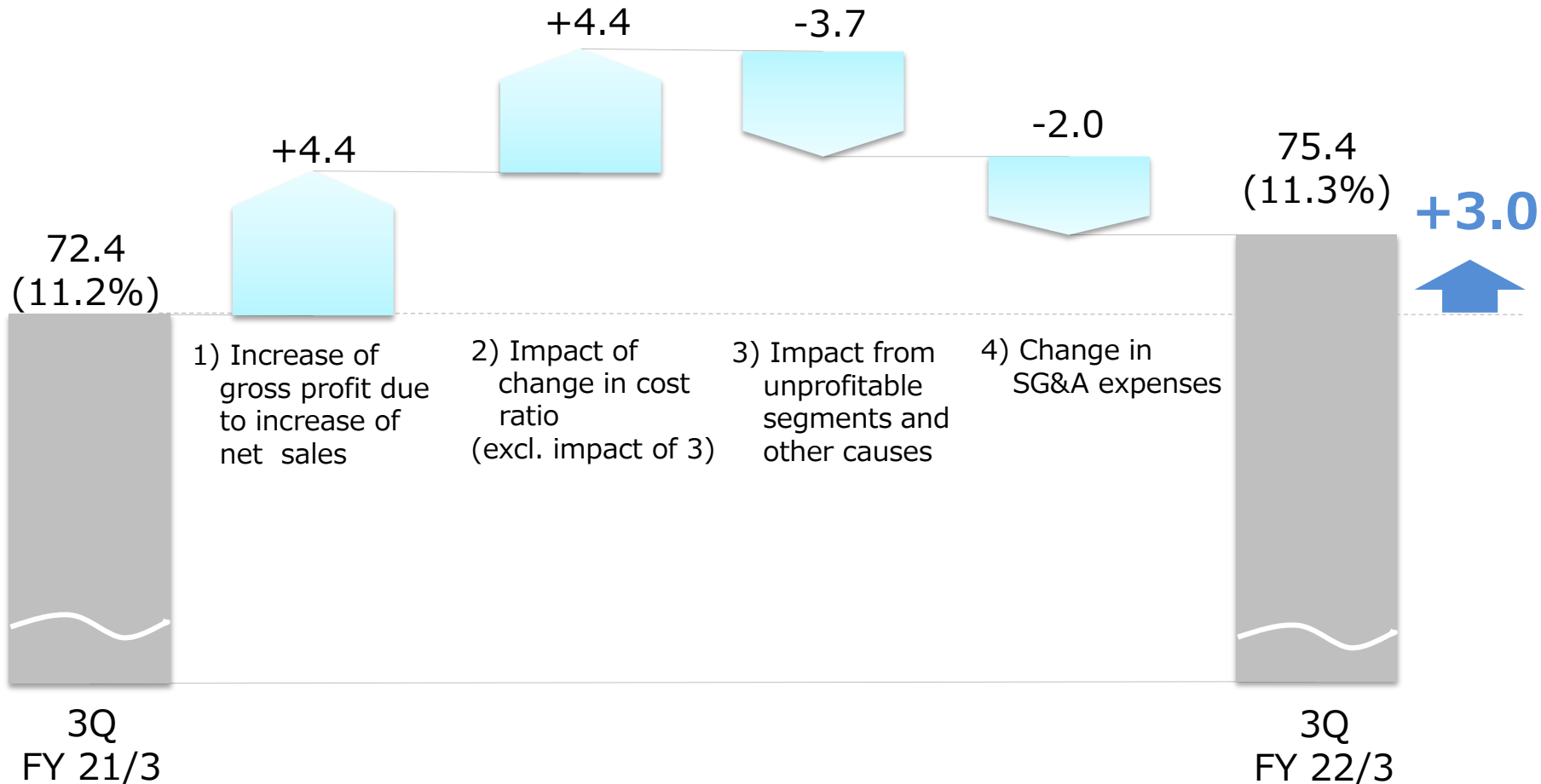


Effective from the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the "Accounting Standard for Revenue Recognition"; however, year-on-year comparisons are with the results for the same period of the previous year (fiscal year ended March 31, 2021) prior to the adoption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

Reason for the Change in Consolidated Operating Profit

Profit increased as increased income from higher sales and improvements in the cost ratio offset the impact from unprofitable segments (increased ¥300 million year on year)

(100 million yen)



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Order Volume and Order Backlog by Segment

[Order Backlogs (+¥3.35 billion year on year)]

Finance and Society Segment: Increased as acquisition of large securities projects offset the decrease in insurance industry projects

Corporate Solutions Segment: Increased due to growth in housing industry solutions projects

Operational Infrastructure BPO: Increased due to expansion of projects for central government ministries and mutual aid associations, as well as growth of the product business

Regional, Overseas, Etc.: Increased due to development projects in the telecommunications industry of the regional field

(Units: 100 million yen)	Order volume					Order backlog				
	New standard	(Reference) Previous standard				New standard	(Reference) Previous standard			
	Results	Results	Compo- sition ratio	Year on year		Results	Results	Compo- sition ratio	Year on year	
Consolidated	655.9	509.4	–	+43.9	109.4%	212.9	258.5	–	+33.5	114.9%
Finance and Society	197.3	135.9	26.7%	+0.1	100.1%	53.7	71.9	27.8%	+0.9	101.4%
Corporate Solutions	188.8	178.0	35.0%	+8.1	104.8%	49.7	63.7	24.6%	+4.5	107.7%
Operational Infrastructure BPO	184.0	109.6	21.5%	+24.8	129.4%	74.6	88.0	34.1%	+23.1	135.7%
Regional, Overseas, Etc.	85.7	85.7	16.8%	+10.7	114.4%	34.7	34.8	13.5%	+4.8	116.1%

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). Regarding order volume and order backlog, results for the fiscal year under review that have been reclassified into figures prior to the adoption of the said standard (previous standard) are compared with figures for the previous fiscal year.

(Reference) Order Volume by Segment: Quarterly

[Order Volume (3Q: +¥2.66 billion year on year)]

Finance and Society Segment: -¥200 million due to decrease in insurance industry projects despite acquisition of large securities projects

Corporate Solutions Segment: +¥540 million due to expansion of solutions projects and projects in the information and communications industry

Operational Infrastructure BPO: +¥2,020 million due to the product business, the impact of new consolidation, and growth of information and communications industry projects

Regional, Overseas, Etc.: +¥300 million due to development projects in the telecommunications industry of the regional field

<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	249.4	237.1		655.9
	140.4	186.0	138.9	444.7	910.2	143.6	200.1	165.6		509.4
Finance and Society			—			44.6	82.1	70.5		197.3
	40.0	60.0	35.7	144.0	279.9	31.0	71.1	33.7		135.9
Corporate Solutions			—			61.1	63.4	64.1		188.8
	52.1	61.5	56.2	99.0	268.9	58.6	57.7	61.6		178.0
Operational Infrastructure BPO			—			34.3	74.3	75.3		184.0
	24.0	37.8	22.9	174.3	259.1	24.7	41.7	43.1		109.6
Regional, Overseas, Etc.			—			29.1	29.4	27.1		85.7
	24.1	26.6	24.1	27.3	102.3	29.1	29.4	27.1		85.7

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).

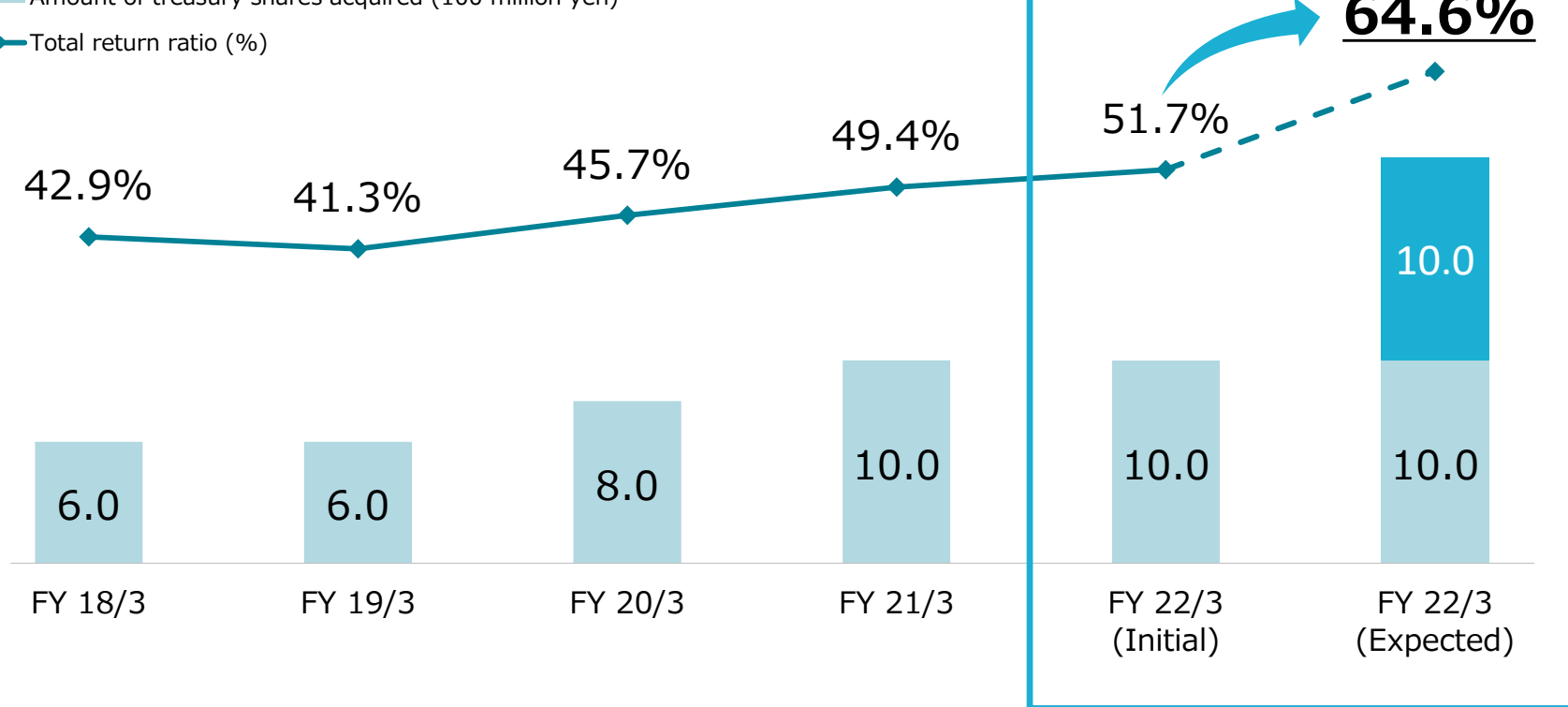
Results for the fiscal year ending March 31, 2022, that have been reclassified into figures prior to the adoption of the said standard (previous standard) are presented as well, in order to allow for meaningful year-on-year comparisons.

Changes in Total Return Ratio

Comprehensively considering factors such as opportunities for growth investment, capital and the market environment, including recent stock prices, the Company plans to flexibly acquire additional treasury shares worth up to ¥1 billion from February to March 2022 and flexibly cancel some of its treasury shares in March 2022 for the purpose of improving capital efficiency and further improving returns for shareholders. If the Company acquires the shares as planned, the total return ratio for the fiscal year ending March 31, 2022, is expected to be 64.6% at most.

■ Changes in total return ratio and amount of treasury shares acquired

- Amount of treasury shares planned to be acquired (100 million yen)
- Amount of treasury shares acquired (100 million yen)
- Total return ratio (%)



(Reference) Major News Releases

Date of release	Company	Title, brief description
2022		
February 1	DTS	<p>Notice concerning decision on matters relating to acquisition and cancellation of treasury shares</p> <p>Comprehensively considering factors such as opportunities for growth investment, capital and the market environment, including recent stock prices, DTS will flexibly acquire and cancel treasury shares for the purpose of improving capital efficiency and further improving returns for shareholders.</p> <p>1) Plan to acquire:400,000 shares; total amount of acquisition: ¥1 billion; period: February 2, 2022, to March 24, 2022</p> <p>2) Plan to cancel:1,000,000 shares and all treasury shares acquired in 1); date of cancellation: March 31, 2022</p>
January 31	DTS	<p>Launch of introduction and operation service dedicated for Amazon Web Services (AWS)</p> <p>On February 1, DTS will begin offering the “AWS Introduction and Operation Service,” which provides consistent AWS support from pre-installation to operation and maintenance support. The lineup includes eight services such as “pre-installation support,” “billing agency,” and “operation and maintenance.”</p>
January 21	DTS	<p>Notice on organizational and personnel changes</p> <p>At its meeting held on January 21, 2022, the Board of Directors resolved to make organizational and personnel changes in order to integrate manufacturing and sales, further strengthen the DX business, and revitalize ESG activities ahead of the new Medium-Term Management Plan starting in April 2022.</p>
2021		
December 20	DTS	<p>Anti-money laundering solution for securities, insurance, and credit card companies</p> <p>DTS to begin free trials of sanctions list screening system compatible with the Financial Services Agency’s guidelines</p> <p>On January 1, 2022, DTS will begin offering the Watch List Screening component and free trials of the service for securities, insurance, and credit card companies. The Watch List Screening component realizes the list screening feature available on the AMLion anti-money laundering system.</p>
December 7	DTS	<p>Acquired “Premier” segment certification under ServiceNow’s Services Partner Program</p> <p>DTS acquired certification in the “Premier” segment of ServiceNow’s services partner program, effective December 1, 2021.</p>
November 30	DTS	<p>Posted DTS Group REPORT 2021</p> <p>DTS posted DTS Group REPORT 2021 on its website on November 30 (English version; on December 22).</p>

(Reference) Major News Releases

Date of release	Company	Title, brief description
2021		
November 17	DTS	Business alliance with IT consulting firm Pacific Business Consulting System integrator DTS and IT consulting firm Pacific Business Consulting, Inc. agreed to form a business alliance to develop systems using Microsoft Dynamics 365, a cloud-based business application.
October 29	DTS	Began providing AI automated data analytics cloud service DAVinCI Jr. On October 29, 2021, DTS began providing DAVinCI Jr., a SaaS type cloud service for the AI automated data analytics platform DAVinCI LABS developed by aily Co., Ltd.
October 25	DTS WEST	Conducted demonstration experiment of the “AI Chatbot for Local Government Office,” which utilizes kotosora for LGWAN DTS West signed a demonstration experiment agreement with Sodegaura City and conducted a demonstration experiment of the “AI Chatbot for Local Government Office” using the AI-operated kotosora for LGWAN FAQ solution that supports the Local Government Wide Area Network.
October 21	DTS	Healthy company gold certification renewed For our initiatives on health and productivity management, “Company of Health Excellence Certification/Gold Certification,” which is awarded to companies that have achieved certain results, has been renewed on September 27, 2021 (initially certified in September 2020).
September 27	DTS	AI stops fraudulent transactions! Making cashless payments safer In conjunction with ALTAIR, began providing Illicit Activity Prediction and Detection Solutions to financial institutions In conjunction with ALTAIR ENGINEERING, LTD, we released the AI “Illicit Activity Prediction and Detection Solutions” that utilizes ALTAIR’s data analytics product. Leveraging AI and a rule-based engine, this solution can counter false detection and new illegal hacks, which have become a problem for fraud detection for cashless payments.

(Reference) Major News Releases

Date of release	Company	Title, brief description
2021		
September 10	DTS	Notice on the resolution to select the “Prime Market” in the TSE restructuring At its meeting held on September 10, 2021, the Board of Directors resolved to select the “Prime Market” as the market segment to which the Company will belong after the market restructuring by the Tokyo Stock Exchange scheduled in April 2022.
September 7	DTS WEST	Began operation of the “Tottori Prefecture Competitive Bidding Eligibility Chat Bot,” which utilizes kotosora Tottori Prefecture, which has introduced the AI FAQ solution “kotosora,” began operation of “Tottori Prefecture Competitive Bidding Eligibility Chat Bot,” where “kotosora” autonomously answers inquiries regarding new or renewal applications for competitive bidding eligibility on behalf of Tottori Prefecture workers.
August 30	DTS	Electronic filing to health insurance associations with SAP human resources system made easy The cloud based solution “eG-Connector,” which connects e-Gov electronic filing system (official web portal of the government) with SAP’s human resources system (*1), now has a function to work with Mynaportal API (*2), enabling electronic filing to health insurance associations. The solution simplifies work processes. *1: SAP SuccessFactors and SAP ERP Human Capital Management *2: API (application programming interface) provided to enable electronic filing via Mynaportal
July 16	DTS	Notice concerning completion of payment for disposal of treasury stock as restricted share-based remuneration DTS completed payment procedures for disposal of treasury stock as restricted share-based remuneration <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	DTS INSIGHT CORPORATION	Launched SiFive-produced development board “HiFive Unmatched” 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.

(Reference) Major News Releases

Date of release	Company	Title, brief description
2021		
June 18	DTS	Mitsubishi UFJ Morgan Stanley Securities adopts DTS' anti-money laundering measure system "AMLion" 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.
June 14	DTS	Notice concerning status and completion of treasury stock acquisition Number of shares acquired: 385,200 shares, Total amount: ¥999,871,400, Period: April 30, 2021 to June 11, 2021.
May 28	DTS	Agreement for acquisition of 100% of shares of I Net Rely Corporation Concluded share transfer agreement for the acquisition of shares of I Net Rely Corporation. Share transfer date: June 28, 2021
May 25	DTS	Walk in home received highest evaluation from the Vietnam Software & IT Services Association 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.
May 14	DTS	Notice concerning introduction of restricted share-based remuneration plan 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.
May 1	DTS WEST	Began operation of the "Tottori Prefecture Automobile Tax Chatbot," which utilizes kotosora, in Tottori Prefecture. 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.

3Q FY March 2022 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.