

S Executing Social Responsibility

Connecting with Society through the Power of Sports: DTS's Diverse Support Initiatives

At DTS, we believe in the power of sports to provide motivation, connect society, and support health. Since its founding, DTS has valued the community that sports provide, including through its in-house baseball team. Sport is incorporated into our corporate culture to support the physical and mental health of our employees, cultivate a sense of unity, and deepen our connection with the local community and society. In this section, we offer details about DTS advertising at Koshien Stadium, DTS's support for women's baseball, partnership with a professional basketball team, and activities to promote employee health.

From Koshien to Japan: Communicating through DTS Advertising

DTS has placed advertisements featuring its name at Hanshin Koshien Stadium, which celebrated its 100th anniversary in 2024. Koshien Stadium is building on tradition as Japan's oldest baseball stadium and possesses values in line with DTS's management policy of continuously taking on challenges and embracing change, which has been at the forefront of the Company since its founding over fifty years ago.



Hanshin Koshien Stadium bench awning sign

DTS has maintained an in-house baseball team since its founding. We are excited to use the opportunity afforded by these advertisements to spread awareness of DTS from the home of Japanese baseball and every DTS Group employee will strive to share our achievements and capabilities as a total systems integrator.

Sharing the Excitement of Supporting Women's Baseball

DTS has been contributing to women's baseball as an official partner of the Hanshin Tigers Women since 2024. In July 2025, at the Women's Baseball Traditional Match held at the Tokyo Dome, DTS employees all cheered on the team in an exciting game against the Yomiuri Giants Women's Team. In the heated match alongside 7,000 spectators, the Hanshin Tigers Women won 9 points to 3. DTS's employees very much enjoyed watching the enthusiastic players, and it was a great opportunity to share a sense of unity and excitement through their support. The DTS in-house baseball team also practiced together with the Hanshin Tigers Women. Through these and other exchanges that go beyond gender and position, employees can experience the power of sports and gain motivation.



Spectators watching the exciting match

A New Challenge with the Sunrockers Shibuya

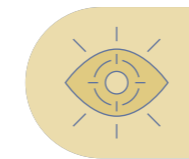
In August 2025, DTS signed an official partnership agreement with the Sunrockers Shibuya B.LEAGUE professional basketball team for the 2025-2026 season. The Sunrockers Shibuya are a team beloved by numerous fans for their fast-paced playstyle and community-based activities. The team's attitude resonates deeply with DTS's long-term outlook, Vision 2030, which encourages continuous challenge and expanding one's potential.

DTS's logo will be featured on practice uniforms, banners at home games, and in various PR materials. Going forward, DTS will cultivate a corporate culture that promotes unity amongst employees as well as contribute to the local community through sports and other initiatives.



We at DTS believe in the power of sports and will continue to support those who take on challenges. Going forward, we will continue to cultivate connections with our employees, local communities, and society as we take steps to realizing a sustainable future.

G Highly Transparent Governance



Establish highly transparent business management, continuously increase our corporate value, and aim to build relationships of trust with our stakeholders

The DTS Group is working to improve its corporate value by strengthening its business foundations. At the same time, we constantly strive to practice fair and efficient shareholder-oriented management while ensuring thorough compliance. Furthermore, we are developing internal control and risk management structures and stepping up information disclosure. Through these endeavors, we will secure a high level of conformity with the Corporate Governance Code.

Basic Approach to and Structure of Corporate Governance

Basic Approach

The DTS Group regards corporate governance as one of its top priority management issues. Moreover, we seek to engage in fair and efficient shareholder-oriented management, establish highly transparent business management, continuously increase our corporate value, and build relationships of trust with our stakeholders. To this end, DTS has established basic policies with respect to the matters listed below, taking a proactive approach to the development of corporate governance and internal control systems.






















- (1) Ensuring shareholder rights and impartiality
- (2) Appropriately cooperating with stakeholders other than shareholders
- (3) Appropriately disclosing information and ensuring transparency
- (4) Executing the responsibilities of the Board of Directors and other such bodies
- (5) Engaging in dialogue with shareholders.

Overview of the Corporate Governance Structure (as of June 24, 2025)

Organizational Structure	Company with an Audit and Supervisory Committee
Number of Directors	10 (Of which, six are Independent Outside Directors)
Chairperson of the Board of Directors	Tomoaki Kitamura (Representative Director and President)
Number of Audit and Supervisory Committee members	4 (Of which, three are Independent Outside Directors)
Directors' term as defined in the Articles of Incorporation	Directors who are not Audit and Supervisory Committee members: 1 year Directors who are Audit and Supervisory Committee members: 2 years
Other	Adopted Executive Officer System

Progress on Strengthening Corporate Governance

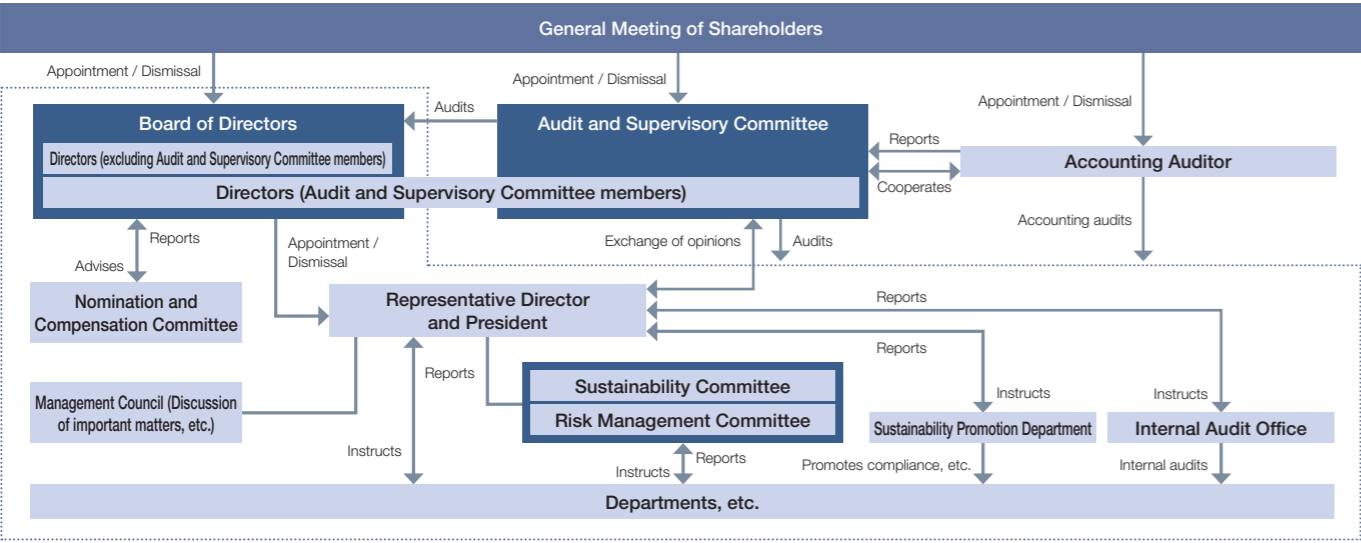
Numbers and ratios based on data gathered after the General Meeting of Shareholders held every June



	Numbers and ratios based on data gathered after the General Meeting of Shareholders held every June					 Internal Director	 Independent Outside Director (male)	 Independent Outside Director (female)				
	Total number of Directors	Board of Directors			Board of Corporate Auditors / Audit and Supervisory Committee* ¹	Nomination and Compensation Committee* ²		Executive Officer				
		Directors	Independent Outside Director ratio	Chairperson		Directors	Independent Outside Director ratio		Directors	Independent Outside Director ratio	Directors	
FY2020	14	10	40%		Representative Director and President	4	75%		5	80%		15
FY2021	14	10	40%		Chairperson and Representative Director	4	75%		6	66%		16
FY2022	13	13	53%			4	75%		6	66%		15
FY2023	11	11	54%			4	75%		6	66%		16
FY2024	10	10	60%		Representative Director and President	4	75%		4	75%		15
FY2025	10	10	60%			4	75%		4	75%		13



*1 As a result of the changes made to the Articles of Incorporation at the General Meeting of Shareholders on June 23, 2022, we shifted our structure from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee. Thus, figures for years prior to FY2021 reflect the number of Directors and Outside Directors comprising the Board of Corporate Auditors.



*2 As the Nomination and Compensation Committee was established in FY2020, figures for prior years reflect the number of Directors and Independent Outside Directors comprising the Advisory Committee.

Corporate Governance Structure



Name		Independent Outside Director
Board of Directors Chair: Representative Director and President Members: See pages: pp. 081-082 Corporate Officers Number of times held in FY2024: 15		6 (4 men  , 2 women ) of 10 Directors
Role / Structure / Initiatives		
Role of Independent Outside Directors	<ul style="list-style-type: none">Strengthen management functions through knowledge and experience acquired in their respective fieldsStrengthen the Board's supervisory function of business execution	
Structure	<ul style="list-style-type: none">The Company appoints individuals who are familiar with the industry in which it operates as well as the content and nature of its business and corporate functions. In addition, it seeks out persons who possess a reasonable level of management-related knowledge, experience, and capabilities.The Company comprehensively examines and selects candidates based on their knowledge, their competencies in terms of accurate decision making and supervision, and its expectations regarding their contributions to the Company's medium to long-term corporate value.All Directors have the backgrounds required to generate sound responses to major management issues and make prompt and resolute decisions.The composition of the Board is suitably balanced in view of the Company's size and type of business.	
Initiatives	<ul style="list-style-type: none">In accordance with internal rules, the Board of Directors makes decisions on basic policies for its business operations, important matters related to business management and execution, and matters delegated to it upon the resolution of the General Meeting of Shareholders along with other matters specified by laws, regulations, and the Company's Articles of Incorporation.The Board of Directors receives reports on matters specified by laws and regulations and the execution status of important business operations, etc.The Board of Directors pays maximum heed to reports from the Nomination and Compensation Committee when making final decisions on compensation for Directors (excluding Directors serving as Audit and Supervisory Committee members) and the nomination of director candidates.	

Name		Independent Outside Director
Audit and Supervisory Committee Chair: Independent Outside Director Members: See pages: pp. 081-082 Corporate Officers Number of times held in FY2024: 13		3 (2 men  , 1 woman ) of 4 members
Role / Structure / Initiatives		
Role of Independent Outside Directors	<ul style="list-style-type: none">Establish an objective and fair audit system, etc.	
Structure	<ul style="list-style-type: none">The appointment of Outside Directors strengthens management accountability and improves management transparency, ensuring that the Company has an appropriate system for securing the trust of shareholders, investors, and other stakeholders.	
Initiatives	<ul style="list-style-type: none">In accordance with its audit policies and plans, the Audit and Supervisory Committee is engaged in the periodic exchange of opinions with Representative Directors, while its members attend important meetings, including those held by the Board of Directors and other various committees, even as they act in collaboration with accounting auditors and the Internal Audit Office and inspect the status of business operations and financial assets. Through these and other endeavors, the Audit and Supervisory Committee audits duties executed by Directors.	

Name		Independent Outside Director
Nomination and Compensation Committee Chair: Independent Outside Director Members: See pages: pp. 081-082 Corporate Officers Number of times held in FY2024: 10		3 (2 men  , 1 woman ) of 4 members
Role / Structure / Initiatives		
Initiatives	<ul style="list-style-type: none">The Board of Directors consults with and receives reports from the Nomination and Compensation Committee on the determination of compensation for Directors (excluding Directors serving as members of the Audit and Supervisory Committee) and the nomination of director candidates, with Outside Directors playing central roles at meetings of said committee in robustly deliberating these matters.	

Initiatives Regarding Board of Directors' Agenda Items and Meaningful Discussions

With regard to important discussions, the Company strives to allot sufficient time for deliberations as well as to provide Outside Directors with relevant information and support beforehand. Agenda items of the Board of Directors as well as an overview of FY2024 initiatives are as follows:

Main Agenda Items and Content

Section	Resolutions	Reports	Discussions
Project and content	<ul style="list-style-type: none">Items regarding internal controlItems regarding large-scale projects and investmentsItems regarding measures to prevent recurrence at an overseas subsidiaryItems regarding cross-shareholdings	<ul style="list-style-type: none">Yearly internal audit report and internal audit planResults of the exercise of voting rights at the General Meeting of ShareholdersStatus of investor engagement activitiesItems regarding IR activitiesItems regarding corporate governanceItems regarding risk managementItems regarding medium-scale projects and investments	<p>Under the DTS Group medium-term management plan (2025–2027):</p> <ul style="list-style-type: none">InitiativesMaterial issuesGlobal strategiesFinancial strategies

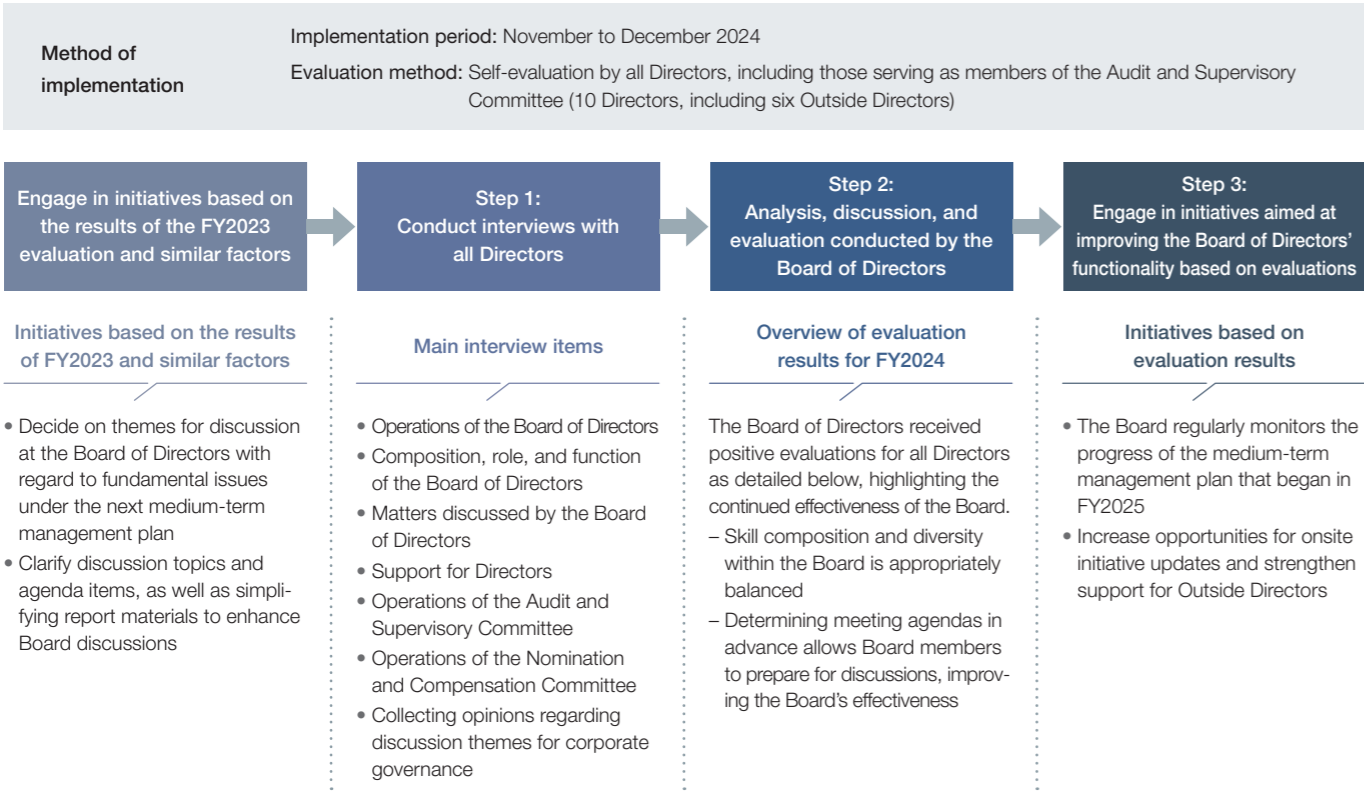
Main Initiatives for Fostering Meaningful Discussions

Providing relevant information and support to Outside Directors	<ul style="list-style-type: none">We distribute discussion materials prior to Board of Directors meetings.Items discussed by the Management Council are made available to Outside Directors to give them a better understanding of our business and onsite operations.Performance results are reported to the Board of Directors for each segment, sector, and Group company.To ensure lively exchanges are conducted during Board of Directors meetings, agenda items are prepared and reviewed in advance.Outside Directors are provided with essential materials and information as well as supplementary materials upon request.To facilitate better internal information sharing, we have introduced TUNAG, an internal social media smartphone application utilizing DX that helps with task management, workflow, communication, and other similar internal matters.
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Analysis and Evaluation of Board Effectiveness

Initiatives for Improving the Board's Effectiveness

The Company has been analyzing and evaluating the effectiveness of the Board of Directors since FY2018 with the aim of improving its functions and enhancing overall corporate value. An overview of our FY2024 initiatives is as follows:



Support and Training Structure for Directors

Support Structure for Outside Directors

- To ensure lively exchanges during Board of Directors meetings, agenda items are prepared and reviewed in advance.
- The yearly schedule of the Board of Directors and main agenda items are determined after opinions are exchanged by the Board.
- Board of Directors meetings are accessible both remotely and in person as a way of increasing the attendance rate.
- We equip Outside Directors with iPads to ensure they can easily participate in meetings remotely, providing separate iPads for document viewing and video participation.
- We distribute discussion materials prior to Board of Directors meetings.

Director Training Policy

We regularly conduct explanatory meetings for Directors outlining their legal obligations and responsibilities as well as other relevant matters requiring their strict compliance. Moreover, Directors can attend external training programs, industry seminars, and workshops as necessary to gain essential knowledge, with the Company covering related expenses based on the official rules of administrative authority.

When an Outside Director is appointed, we arrange a briefing to familiarize them with the industry, the Company's financial and business conditions, and the internal control system to ensure they understand both the Company's and their own personal responsibilities.

Cross-Shareholdings

Cross-Shareholding Policy

The Company holds shares in its customers' and business partners' firms for the purpose of maintaining and developing medium- to long-term business relationships and also for the purpose of collecting information in anticipation of future business alliances.

Verifying the Suitability of Cross-Shareholdings

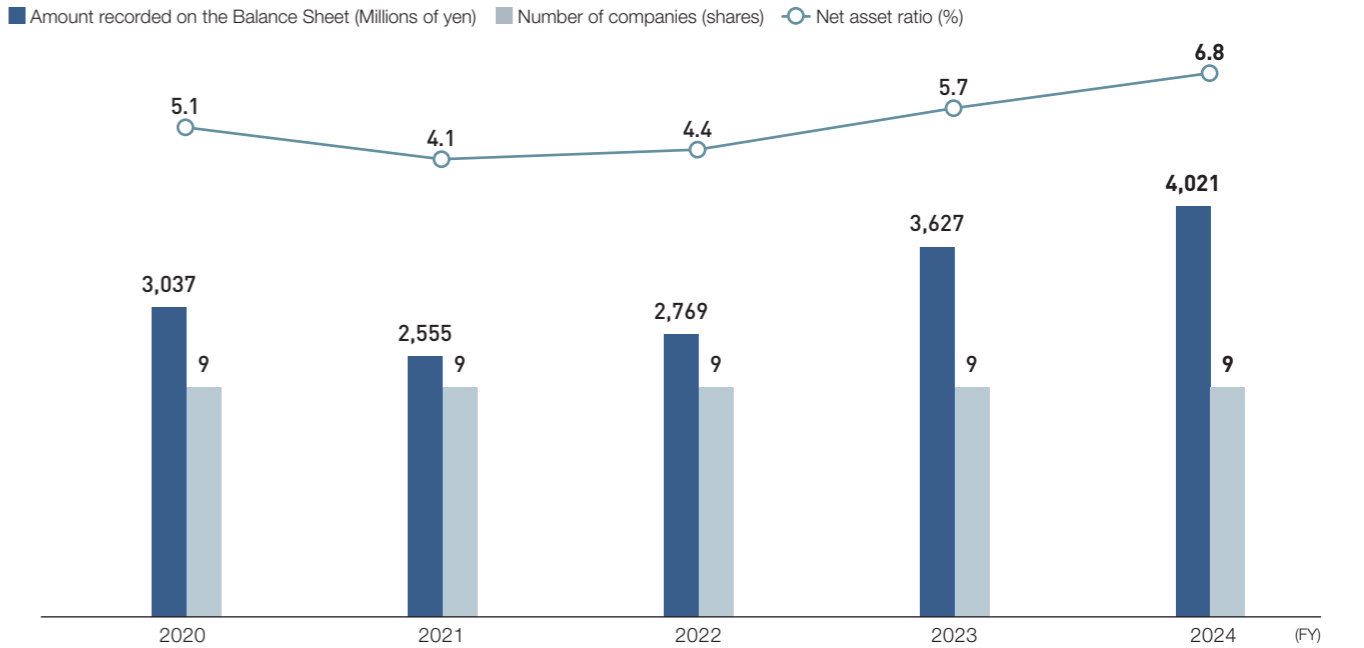
To verify the suitability of holding these cross-shareholdings, the Company annually examines the ratio of these cross-shareholdings to total net assets, ensuring that the benefits and risks of each shareholding are commensurate with capital costs, and comprehensively confirming that the purpose of holding these cross-shareholdings aligns with its goals. The Board of Directors then deliberates over the appropriateness of all cross-shareholdings.

In addition, we will reduce and otherwise reconsider shareholdings for which we have deemed the appropriateness of maintaining such shareholdings is not justified due to changes in circumstances or other such rationales going forward.

Criteria for Exercising Voting Rights Pertaining to Cross-Shareholdings

We comprehensively evaluate the pros and cons of proposals involving the exercise of voting rights associated with our shareholdings, considering such factors as the financial and non-financial circumstances of the share issuing company, premised on the notion that appropriately exercising voting rights will help bring about greater value over the medium- to long-term and facilitate sustainable growth with respect to the issuing company.

Overview of current cross-shareholdings



Number of companies (shares) held for reasons other than pure investment and amount recorded on the Balance Sheet

	FY2023		FY2024	
	Number of companies (shares)	Amount recorded on the Balance Sheet (Millions of yen)	Number of companies (shares)	Amount recorded on the Balance Sheet (Millions of yen)
Total	9	3,627	9	4,021
Shares in unlisted companies	2	253	2	324
Other shares	7	3,374	7	3,696

G Highly Transparent Governance | Roundtable Discussion between Outside Directors

— Roundtable Discussion between Outside Directors —

A discussion at the Board of Directors on the medium-term management plan, breaking down its growth targets



Shigeo Kizaki
Independent Outside
Director

Yumiko Masuda
Independent Outside
Director

Shinichi Yamada
Independent Outside
Director

Taeko Ishii
Independent Outside Director,
Audit and Supervisory
Committee Member

Nobuyasu Iimuro
Independent Outside Director,
Audit and Supervisory
Committee Member

Hiroshi Ohno
Independent Outside Director,
Audit and Supervisory
Committee Member

How did the Board of Directors deliberate on setting targets for the medium-term management plan?

Ohno: Under the previous medium-term management plan (hereinafter, the previous plan), performance was excellent, exceeding final-year targets in the second year. Therefore, when we began discussions on the new medium-term management plan, it was from a starting point of confidence in our ability to achieve even better results. The executive side also shared this stance of aiming even higher.

As a result, I think we've set very ambitious targets for DTS. Our discussions began with looking at the reasoning behind setting such ambitious targets and examining the challenges to achieving them.

The biggest topic of discussion was growth investment, a persistent challenge continuing from the previous plan. We needed to ask ourselves how we can overcome the challenges that will face the Company going forward, and what corporate changes are needed to address them. The discussions at the Board of Directors largely focused on such fundamental forward-looking matters.

Iimuro: Because the targets of the previous plan were achieved a year ahead of schedule, as someone looking at it from an external perspective, I had to wonder if DTS's initial targets were overly conservative. However, President Kitamura was able to

explain how the previous plan was formulated amid the entirely different, uncertain circumstances of the COVID-19 pandemic, so that the targets set at the time seemed perfectly reasonable.

On the other hand, as an Outside Director, I do think it's important to be conscious of how we appear to outside observers. During the formulation of the new medium-term management plan, some Outside Directors suggested we set more ambitious targets. Thus, the new plan was formulated to reflect DTS's current position while also incorporating challenging goals.

Personally, I believe productivity is very important, and I shared my opinions on the numerical targets as well.

Yamada: Speaking of numerical targets, we also discussed how we could increase the profit margin and improve productivity. On the other hand, we also need to balance such targets against investment in human resources—knowing such investment entails a tradeoff regarding profits—in particular, improving employee compensation and benefits.

To improve productivity, my suggestion is to negotiate prices more thoroughly with customers, and then use those funds to benefit both employees and business partners.

Masuda: Looking to set net sales and profit targets, we discussed how our business portfolio serves as the foundation for these targets. In addition, I think that sufficiently ambitious business targets have been set for both concentrated investment and forward-looking investment.

I think these targets are also linked to human capital, which



we have also been actively discussing.

Ishii: The new medium-term management plan reflects DTS's ambitions to achieve even better results, and I have no apprehensions about the overall outlook for business performance. However, I'm still concerned about the challenges our human resources are facing.

The overall trend of career mobility is positive and can be advantageous if utilized well, but carries with it the risk of losing valuable employees. Similarly, the issue of employee compensation and how much to invest in training and development programs are also challenges that need to be addressed. Self-driven career development is becoming a bigger trend, and I think companies need to show how much time and money they will spend to support the career development of their employees.

With the decline of the workforce in Japan, we must further support women's active participation starting from the recruitment stage.

What initiatives will be crucial to further expand the focus businesses?



Yamada: The solution business is a focus business, and our top priority will be to strengthen its sales capabilities with a focus on changing the sales structure from a system integrator model to a solutions model. We will also need to improve our consulting capabilities.

DTS's in-house solutions alone cannot address all issues a business might be confronting, so we'll also need to take advantage of external partnerships. One of the Company's chief selling points has always been its technological expertise, but we need to refine this even further. Thus, we really need to strengthen our capabilities in every direction.

The aim of the previous plan was to sow the seeds of growth. This called for carefully taking stock of these seeds and choosing which to follow up on as well as deciding on where to focus investment for big growth. Through discussions we defined concentrated investment areas, forward-looking investment areas, and core businesses, thus clearly laying out how we will advance our business going forward.

We need to incorporate the groundwork laid in the previous medium-term management plan to ensure significant growth, as

6 Highly Transparent Governance | Roundtable Discussion between Outside Directors

well as sufficiently invest in people and funds.

I believe that the new medium-term management plan is an excellent expression of both the Outside Directors' expectations and the aspirations of the executive side.

Masuda: I believe that it will be important to create different scenarios for how we can commercialize the focus businesses, particularly in the concentrated and forward-looking investment areas. This will strengthen our sales and marketing capabilities to meet the growing expectations of the market throughout the next growth stage.

limuro: Since President Kitamura was appointed, the Company has set itself some big challenges and is continuing to instill this mindset in its employees. I think we still have a lot of work to do to disseminate this message and need to step up our efforts to share this.

Ohno: I would like to share two impressions I had when I was briefed on each segment's current situation and future during the formulation process of the new medium-term management plan.

First, I really felt that every segment had a clear direction for its future. Everyone on the ground is hands-on, striving to deeply understand their customers' specific concerns, and they have confidence in their own ability. Each segment is demonstrating its strength and wisdom. Next, DTS is a very serious company, so even in its focus businesses, its commitment is to creating excellent products and satisfying its customers.

Because DTS makes such good products, their market reception is likely to prove even better than expected. Because of this, I think it will be good to take on a variety of challenges. For example, we should attempt new approaches to sales like tapping into unknown customer bases or trying new sales models.

What sort of initiatives are needed to improve productivity in core businesses?

Yamada: The most conventional approach is to improve management capabilities and utilize business partnerships—in other words, we should increase the proportion of outsourcing. Most system integrators these days are taking this approach, but taken too far, it can lead to inefficient and unprofitable operations. However, if utilized effectively to strengthen project management skills and management capabilities, outsourcing could reduce some issues and improve productivity.

In addition—although at this point it almost seems mundane—utilizing AI tools could help improve each employee's added value. We can also look at strengthening the productivity of recently acquired domestic Group companies, where there is often room for improvement when they are compared to DTS (non-consolidated). President Kitamura is already aware of this so I believe it will eventually be addressed, although it may take a little time.

Masuda: Yes, I think that it's crucial even amongst core

businesses to ensure we can efficiently deliver our central offerings while internally testing and providing AI tools.

Ishii: I believe we need business partners capable of developing relationships of trust with their customers and ensuring long-term business ties. It may be wise to consider ways to strengthen DTS's brand power so as to ease price negotiation with customers.

limuro: I think we also need to increase the proportion of prime projects among our core businesses. If we can robustly manage unprofitable projects at DTS and its Group companies, I think this will significantly impact both profit and productivity.

In addition, we need to look at our existing business relationships. Given the fact we don't have unlimited resources, we need to decide if it still makes sense to accept business orders that generate high sales but low profits. I think we ought to review DTS's current relationships and even reconsider our approach to projects.

How will the Board of Directors monitor growth investments?

Ohno: Although a primary goal of the Board of Directors is to increase growth investments, the desire to keep a close eye on such investments is strong. We annually review the hurdle rate based on the cost of capital and don't tolerate deviations. On the topic of risks, in FY2024, an incident occurred in which a risk manifested from an unexpected source, so now we are even more aware of when we need to pump the brakes and

provide supervision.

limuro: We also review reports on the performance of companies we invest in through M&A and discuss how current performance compares to plans. I believe this approach really enhances the Board's monitoring functionality. We encourage new investments but require prior careful consideration of the cost of capital.

Ishii: Naturally, carefully reviewing the performance of growth



investments is critical. The Board of Directors also considers a variety of questions about the soundness and risks of potential investments.

We're currently in a phase where we're refining our expertise related to risk reduction.

Masuda: Growth investment and the monitoring thereof is so

How will debt be utilized in financial strategy?

Ohno: Many companies strive to utilize debt appropriately to achieve growth over the medium to long term. Right now, DTS has no borrowings at all, which means we have a very powerful card to play if and when we decide to use it.

limuro: Under the new medium-term plan, some ¥56.5 billion in cash generated from business will be allocated to undertake growth investment of ¥32.5 billion and shareholder returns of ¥25.0 billion. If something comes up that offers major potential, I think there's a consensus among the Board that we should consider the effectiveness of utilizing debt.

Masuda: It's definitely a valid option, but we also all agree that we don't necessarily need to use debt. I think it's more a question of timing when it comes to using debt for a specific large-scale project.

Yamada: Personally, I would like to see DTS conduct M&A using debt—particularly on a large-scale. The Company now has a good level of experience in M&A, and since we're aiming to eventually realize future net sales of ¥150 or ¥200 billion, I would like to see accelerated growth through large-scale M&A.

important that there's almost never a Board of Directors meeting where it's not mentioned. Through our discussions, it became clear that there's an underlying issue particularly in the lack of growth investment in the development field.

As we restructure our business portfolio, we're increasingly deliberating on how to address this lack, including making growth investments from a different perspective and on a different level from before, like strategic alliances and M&A of listed companies. I believe that the Board of Directors will need to closely monitor both concentrated and forward-looking investments.

Yamada: Conditions at acquired companies and their productivity have become quite topical, and I feel that DTS's level of management has become even stronger. As we monitor the new medium-term management plan, I would like to focus on the results yielded by areas of concentrated investment.



Kizaki: I feel some external pressure for DTS to disseminate some sort of message or story about the manner and timing of its next steps as it looks to grow beyond its status as a medium-sized systems integrator in Japan.

I think that deciding on the term "focus business" was a great start to communicating this message externally, in addition to setting internal goals and offering incentives. From now on, I think we need to refine our understanding of our focus businesses and ensure we're really moving in the right direction.

How would you evaluate DTS's ongoing human resource investment, and what challenges do you foresee for the future?

Masuda: I regard the improvements in DTS's employee turnover rate, number of new graduate hires, and engagement scores as

excellent achievements attributable to its attractive employee benefits and expanded human resources policies.

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However, to achieve growth throughout the next stage, the company's foundational human capital still has room for improvement in terms of broadening the base and taking on new, different challenges. For example, we can up our investment in human capital through such bold action as incorporating entire organizations through large-scale M&A.

Ishii: With the growing importance of human capital management, we are now able to quantify various intangible things through engagement surveys and by tracking such factors as wage gaps across genders and the utilization of childcare leave. As a result, I think we now have the opportunity to reconsider DTS's admittedly vague past policies, which were about having a friendly workplace that values its people. Because this type of information is also disclosed publicly, it's becoming an increasingly important factor in the competition to acquire talent.

Ohno: The Board of Directors is united in its commitment to investing in human resources. In line with this undertaking, we are making progress in improving employee compensation and benefits. In addition to continuing to make foundational improvements, we need to ensure that the Company's human



resources system encourages even greater change and growth, and this extends to acquiring specialist talent and establishing a grade advancement system for existing employees.

Kizaki: When I interact with people at DTS, it feels very Japanese. That's one option, but I feel like the IT industry has largely transcended nationalities, and the world today has become a melting pot where everyone can bring their own strengths. In this way, I think it's possible that we're not doing enough to address things we ought to in terms of human resources.

How should the Company reformulate the business strategies for its overseas business?

Ohno: The compliance violations at an overseas subsidiary have further increased our awareness of the challenges inherent to overseas operations that aren't necessarily present domestically. Considering these risks, as well as the necessary investment in human resources and related work, the overseas business has inevitably become an overall lower priority for the Company.

Rather than actively developing markets overseas, we are looking at utilizing our strengths to work with existing customers to expand their overseas businesses.

Iimuro: This compliance violation was the topic of extensive discussion at the Board of Directors last year. DTS established a



special investigation committee in May 2024 for this incident and, based on its results, formulated and announced measures to prevent a recurrence. Although this investigation came to a close at the end of March 2025, I believe that DTS must continue to properly implement such measures and make improvements as needed in line with any future changes.

As an Audit and Supervisory Committee Member, I note that we need to first focus on establishing a governance system for existing overseas subsidiaries and, once we have established solid financial management and are able to generate a profit, we can look at what comes next. For example, if we were to acquire a large company overseas, I think it would be extremely difficult to control it as we are now.

I would want to offer close supervision as well as my opinions on how to strengthen both governance and accounting management at subsidiaries as an Audit and Supervisory Committee Member. **Ishii:** Even large companies have difficulty managing overseas subsidiaries, but for the Company's future, I think that we must expand internationally. I think DTS should start on a level commensurate with its current capabilities and scale up gradually going forward. I would also like to closely monitor efforts to

prevent a recurrence of this incident.

Kizaki: I understand that there are no aggressive plans at present, but when it comes to acquiring the talent we need for the future, I believe focusing only on Japan will lead to significant limitations on our ability to do so.

I don't mean to say that DTS necessarily needs to suddenly expand globally by selling its products overseas, but I think there are more ways to build up a presence, including by collecting information and making alliances. We need to encourage DTS to be more open, both in Japan and internationally.

Masuda: It's also true that there are big gaps in our overseas subsidiaries' operations in such areas as offshore development. There are too many variables, and we need to ask ourselves how we should position the overseas business in light of the business model we're looking at as a system integrator for 2030. I think now is the time to really discuss this again. Considering the diversity and talent shortage, it's inconceivable to ignore international IT talent.

Overseas, BPO/CRM centers equipped with advanced AI are starting operations, and I recognize that discussions about our

What do you expect from President Kitamura to do to realize further growth?

Yamada: I think President Kitamura is already steadily putting Vision 2030 into practice, and I hope to see him continue in this way. I would also like to see President Kitamura take on a more active role and share DTS more with the outside world.

Masuda: I think he has really worked to cultivate the business foundation and laid the groundwork for transformation by inviting talent into new fields. It's said that a company's culture is created by the intention of its top management, and as we move forward into the 2nd stage of Vision 2030, I'm excited to support President Kitamura in taking on challenges even more dynamically.

Kizaki: I think because business performance is strong now, it's a good time to separate what needs to be separated, and I think this is already under way.

I believe in the importance of creating a succession system—even at the Board level—where the baton can be passed on, and I would like to see President Kitamura to make efforts in this direction.

Ishii: DTS is pursuing reform with great sincerity and integrity. The Company has also made proactive efforts towards supporting women's active participation in the workplace, and seeing women in management thrive shows that there are many

overseas strategy are still in very early days.

Yamada: The Company's response to the incident last year is not yet complete—rather, we still need to build a system to regularly review and provide feedback on operations. I know some have said that we should maintain conditions overseas at their current levels and focus on efforts within Japan as resources are limited. However, I believe that we should put in the effort overseas. I think there are two possible approaches.

Considering the current global situation, there's no doubt that Japanese companies will continue to expand operations in the United States. I think the first approach is to ride this wave of Japanese business expansion and take this chance. I believe we should take the second approach and act strategically by collaborating with overseas companies that provide solutions and services similar to our own, for example, ServiceNow® and Jira operations and anti-money laundering services.

Since Mr. Kizaki has joined the Board, I've appreciated his deep insight into international markets, and I am looking forward to having substantial discussions on such issues as what resources DTS can allocate to its overseas business.

opportunities available.

Amidst such changes in the world, I am glad to see DTS's employees are unafraid of change.

Iimuro: I believe that President Kitamura is thinking about the new medium-term management plan from a broader perspective than the next three years. With that in mind, I hope to see him take some bold actions.

I also hope to see him make steady progress in such areas as human resources so that the Company's employees continue to feel happy working at DTS.

Ohno: Since DTS achieved higher-than-expected growth under the previous medium-term plan, its corporate culture has become less conservative, and I feel that awareness of its growth has spread.

Under the new medium-term management plan, the Company is aiming to achieve even higher growth than under the previous plan, and I believe this will prove challenging. However, given DTS's track record, I think everyone expects that this can be achieved under President Kitamura's leadership. In addition to achieving these results, I hope to see the cultivation of the seeds of future growth so we will see even more transformation over the medium to long term.

6 Highly Transparent Governance

Corporate Officers As of July 1, 2025 (Company shares held as of March 31, 2025)

Directors						
Official Title or Position & Name		Tomoaki Kitamura Representative Director and President	Isao Asami Director and Senior Managing Executive Officer	Kazumasa Taninaka Director and Managing Executive Officer	Shinichi Yamada Outside Director Independent	Yumiko Masuda Outside Director Independent
Number of Company shares held		8,358	20,124	42	0	0
Tenure		5 years	6 years	— ^{*3}	5 years	3 years
Attendance in FY2024 (Attendance rate) ^{*1}	Board of Directors	Chairman 15/15 (100%)	15/15 (100%)	— ^{*3}	15/15 (100%)	15/15 (100%)
	Audit and Supervisory Committee	—	—	— ^{*3}	—	—
	Nomination and Compensation Committee	Committee member 10/10 (100%)	—	— ^{*3}	Committee member 10/10 (100%)	Chair 10/10 (100%)
Skills held ^{*2}	Corporate management	●			●	
	International scope			●	●	●
	Sales / Marketing	●	●			●
	Development / R&D	●	●	●	●	
	Finance / Capital strategy			●		
	Human resource development / D&I	●	●			●
	Internal control / Risk management		●	●		

Executive Officers As of September1, 2025 (Excluding those concurrently serving as directors)

Managing Executive Officer	Makoto Kondo	Head of Operations and Solutions Segment and Head of Public Systems and Social Infrastructure Sector Chairman, DTS (Shanghai) CORPORATION; Director
Senior Executive Officers	Hiroyuki Norikane	Head of Technology and Solutions Segment and Head of Digital Solution Sector Chairman, DTS SOFTWARE VIETNAM CO., LTD.
	Hiroshi Tani	Head of Platforms and Services Segment and Head of IT Platform Service Sector Director, DIGITAL TECHNOLOGIES CORPORATION
Executive Officers	Hiroyuki Mabuchi	President, DTS America Corporation Director and Vice President, Partners Information Technology, Inc.
	Masanori Tamura	Head of Financial Sector Director, Nelito Systems Private Limited
	Masakazu Takada	Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation Representative Director and President, Anshin Project Japan Inc.
	Naoki Minase	General Manager, Sustainability Promotion Department Chairperson & Director, and Chairperson of Audit Committee, Nelito Systems Private Limited
	Nobuhisa Abe	Deputy Head of Operations and Solutions Segment Director and Audit Member, Nelito Systems Private Limited Director, Spice Factory Co., Ltd.
	Hiroshi Nakashima	General Manager, Innovative Business Promotion Department
	Ayano Kumagai	General Manager, Human Resources Department Representative Director and President, MIRUCA CORPORATION
	Masayuki Kimura	Head of Enterprise and Solution Sector



Shigeo Kizaki
Outside Director
Independent



Yutaka Nakamura
Director and Full-Time Audit and Supervisory Committee Member
Independent



Taeko Ishii
Outside Director and Audit and Supervisory Committee Member
Independent



Nobuyasu Iimuro
Outside Director and Audit and Supervisory Committee Member
Independent



Hiroshi Ohno
Outside Director and Audit and Supervisory Committee Member
Independent

	0	5,582	0	0	0
— ^{*3}	— ^{*3}	— ^{*4}	3 years	2 years	1 years
— ^{*3}	— ^{*3}	— ^{*4}	14/15 (93%)	15/15 (100%)	12/12 (100%)*5
— ^{*3}	— ^{*3}	— ^{*4}	Chair 13/13 (100%)	13/13 (100%)	10/10 (100%)*5
Committee member — ^{*3}	— ^{*4}	—	—	—	—
●					●
●				●	
●	●				●
●	●				
●	●			●	●
		●			
	●	●		●	

*1 The above chart represents the FY2024 status of directors in office as of July 1, 2025 and, accordingly, does not include the status of directors who have retired.
*2 A maximum of four items that are particularly expected to be performed are indicated for each person. Not all expertise and experience are presented in the table.
*3 Mr. Kazumasa Taninaka and Mr. Shigeo Kizaki were appointed as Directors on June 24, 2025.
*4 Mr. Yutaka Nakamura was appointed as a Director and Audit and Supervisory Committee Member on June 24, 2025.
*5 Because Mr. Hiroshi Ohno was appointed as Director and Audit and Supervisory Committee Member on June 25, 2024, his attendance reflects the meetings held after his appointment.

Skills Required of Directors

With an eye toward achieving the Company's Long-Term Vision, Vision2030, and the Medium-Term Management Plan (FY2025 to FY2027), we identified skills that directors are expected to demonstrate in light of the five key challenges. These skills and the skills matrix are as follows.

Key Challenges	① Increase sophistication of the value that we propose ② Combination of SI × digital ③ Engage in initiatives in new fields as well as globally ④ Strengthen ESG initiatives ⑤ Reform our management foundation
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Our Stance on Skills

Skills	Our stance on skills
Corporate management	To enhance ESG initiatives aimed at becoming a company that practices sustainable management and grows together with society, directors are expected to demonstrate management experience and skills gained at listed companies.
International scope	To engage in initiatives in new fields as well as globally with the aim of capturing new opportunities for business growth and revenue sources, directors are expected to demonstrate insight gained through experience in overseas businesses and skills for future business development.
Sales / Marketing	To increase the sophistication of the value that we propose through a broad range of proposal capabilities and solutions based on leading technologies, directors are expected to demonstrate business experience and skills in the sales and marketing field.
Development / R&D	To support the addition of digital solution services to the SI business at which we excel and thus realize the combination of SI and digital technology, directors are expected to demonstrate business experience and skills in the development / R&D field.
Finance / Capital strategy	Besides ensuring accurate financial reporting, to strengthen operations and reform our management foundations through continuous investments by taking the advantage of our solid financial base, directors are expected to demonstrate business experience and skills in the finance / capital strategy field.
Human resource development / D&I	To realize diversity and inclusion such that employees share the joy of work and respect diversity with the aim of enhancing ESG initiatives, directors are expected to demonstrate business experience and skills in the human resource development / D&I field.
Internal control / Risk management	To strengthen governance and to establish and practice risk management systems, as well as to enhance ESG initiatives, directors are expected to demonstrate business experience and skills in the internal control / risk management fields.

Directors’ Compensation

Basic Policy for Determining Directors’ Compensation and the Compensation System

The amount of compensation, etc., for Directors who are not Audit and Supervisory Committee members (excluding Outside Directors), and the calculation method thereof, shall be determined upon the comprehensive consideration of past payment records and the Company's performance. This compensation consists of fixed compensation, performance-linked compensation, and non-monetary compensation. On the other hand, compensation for Outside Directors (excluding Directors who are Audit and Supervisory Committee members) shall consist of fixed compensation only.

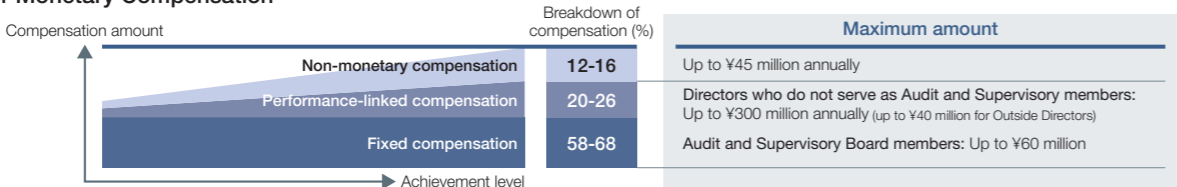
When determining the payment ratios for fixed compensation, performance-linked compensation and non-monetary compensation, the proportion of fixed compensation (basic compensation) shall decrease the higher the position, while the proportions of performance-linked compensation (bonuses) and non-monetary compensation (stock-based compensation) shall increase.

The timing of payment of compensation for Directors who are not Audit and Supervisory Committee members (excluding Outside Directors) shall be monthly for fixed compensation (basic compensation) and once a year for performance-linked compensation (bonuses), and for non-monetary compensation (stock-based compensation), excluding Outside Directors. The policy for determining Directors' compensation is set by the Board of Directors and reflects the recommendations of the Nomination and Compensation Committee, which is composed of a majority of Outside Directors.

When determining individual compensation for Directors who are not Audit and Supervisory Committee members, the Nomination and Compensation Committee conducts a comprehensive review in line with the compensation policy. This committee provides its recommendations to the President and Representative Director who, having been granted the necessary authority by the Board of Directors, then sets compensation that reflects said recommendations, thereby ensuring that individual compensation is in compliance with the policy.

Furthermore, fixed compensation (base compensation) for individual Directors who are Audit and Supervisory Committee members is determined through discussion among said Directors, who are not eligible for performance-linked compensation (bonuses) and non-monetary compensation (stock compensation).

Maximum Director Monetary Compensation



■ Performance-linked Compensation (Bonuses)

Performance-linked compensation shall be provided as a bonus. This shall be calculated by (1) establishing a minimum criterion to be achieved for consolidated ordinary profit, (2) calculating the growth rate based on a comparison of that criterion and actual consolidated ordinary profit in the fiscal year for which the bonus is to be paid, and (3) multiplying the standard amount of performance-linked compensation by the aforementioned growth rate. Moreover, the degree of performance achievement compared with financial forecasts, and the degree of achievement of the medium-term management plan targets (financial and non-financial KPIs) shall also be taken into account when determining the amount of compensation. However, in the event that business performance deteriorates significantly, the bonus may not be paid.

Indicators for determining performance-linked compensation are consolidated ordinary profit, as a measure of efforts made to achieve stable profit for the Group over the medium-to long-term; and publicly disclosed performance forecasts (consolidated net sales, profit attributable to owners of parent, EBITDA, and ROE), which provide measures of short-term business growth and corporate value improvement.

We have also established internal rules for the base amount of performance-linked compensation (bonuses) according to position.

■ Non-monetary Compensation (Stock Compensation)

As non-monetary compensation, the Company offers a restricted stock compensation plan for Directors who are not Audit and Supervisory Committee members (excluding Outside Directors), as an incentive to strive for the sustainable improvement of the Company's corporate value with the goal of sharing value with its shareholders. An overview of this plan is as follows.

- **Eligible recipients:** Directors who are not Audit and Supervisory Committee members (excluding Outside Directors)
- **Restriction period:** 30 years from the payment date (restriction lifted on retirement)
- **Maximum receivable compensation amount:** Up to ¥45 million annually
- **Maximum number of issued or disposed of common shares:** Up to 26,000 shares annually

Non-monetary compensation shall be paid as stock-based compensation in the form of restricted shares and shall be calculated based on a standard amount determined annually after evaluating corporate value (share price) in accordance with position in order to appropriately function as an incentive for the recipient to work to sustainably enhance the corporate value of the Company. In the final year of every medium-term management plan, the level of achievement of the plan's targets is evaluated in terms of the medium-term enhancement of corporate value, and this is reflected in the base amount of compensation.

Furthermore, DTS also offers a restricted stock compensation plan for the Company's Executive Officers.

Director Compensation

Compensation type	Performance-linked	Proportion		Indicator							
		Internal Directors who are not Audit and Supervisory Committee members	Outside Directors, Directors who are Audit and Supervisory Committee members								
Fixed compensation (Paid monthly)	No	58%–68%	100%	Payment according to position							
Performance-linked (bonuses) (Paid annually)	Yes	20%–26%	–	Short-term performance indicators to calculate the base bonus amount							
				Financial / Non-financial		Performance evaluation indicators		Base amount		Results FY2024	
				Financial indicator		Consolidated ordinary profit		¥10 billion		¥15.45 billion	
				Performance indicators related to short-term improvement in corporate value							
				Financial / Non-financial	Performance evaluation indicators	Weight of indicator	FY2024		FY2025		
							Target	Results	Target		
				Financial indicators	Consolidated net sales		40%	¥125.0 billion	¥125.9 billion	¥135.0 billion	
					Profit attributable to owners of parent		15%	¥9.15 billion	¥10.63 billion	¥10.9 billion	
					EBITDA		15%	¥14.95 billion	¥15.61 billion	¥16.7 billion	
					ROE		30%	14.5%	17.7%	Undisclosed	
Non-monetary compensation (Stock compensation) (Paid annually)	Yes	12%–16%	–	Performance indicators related to medium-term improvement in corporate value							
				Financial / Non-financial	Performance evaluation indicators	Medium-term management plan (FY2022–FY2024)			Medium-term management plan (FY2025–FY2027)		
						Weight of indicator	Target	Results	Weight of indicator	Target	
				Financial indicators	Consolidated net sales		20%	¥110.0 billion or higher	¥125.9 billion	20%	¥160.0 billion
					EBITDA		20%	¥13.0 billion or higher	¥15.6 billion	20%	¥20.0 billion
					Annual growth investments (3-year total)		10%	¥25.0 billion	¥27.3 billion	15%	¥32.5 billion
					ROE		10%	13%	17.7%	15%	18% or higher
				Non-financial indicators	Reduction of CO ₂ emissions (compared with FY2013)		20%	50% or higher	52.7%	–	–
					Engagement score		–	–	–	15%	55 or higher
					Ratio of female managers (non-consolidated)		20%	6% or higher	5.6%	15%	8.5% or higher
				Performance indicators related to long-term improvement in corporate value							
				Performance evaluation indicators	Results (FY2024)				Evaluation factor (the Company's TSR compared with dividend-inclusive TOPIX growth rate)		
					The Company's TSR		Dividend-inclusive TOPIX growth rate				
				The Company's TSR (compared with TOPIX growth rate)	102.5%		98.4%		104.1%		

Note: Compensation linked to performance indicators of corporate value improvement over the medium term is adjusted in the final year of the medium-term management plan.

Total Amount of Directors’ Compensation (FY2024)

Position	Total compensation amount (Millions of yen)	Total compensation amount by type (Millions of yen)			Number of eligible Directors
		Fixed compensation	Performance-linked compensation	Non-monetary compensation (restricted stock compensation)	
Directors (excluding Audit and Supervisory Committee members and Outside Directors)	170	91	66	12	4
Audit and Supervisory Committee members (excluding Outside Directors)	20	20	—	—	1
Outside Directors	43	43	—	—	7

- Notes:
1. Compensation for Directors who also serve as employees of the Company does not include their respective employee salaries.
 2. The non-monetary compensation for the four Directors (excluding Outside Directors) reflects the cost of restricted stock compensation for FY2024.
 3. The figures include one Director who served as an Audit and Supervisory Committee member and who stepped down at the end (when deliberations finished) of the 52nd Annual General Meeting of Shareholders held on June 25, 2024.

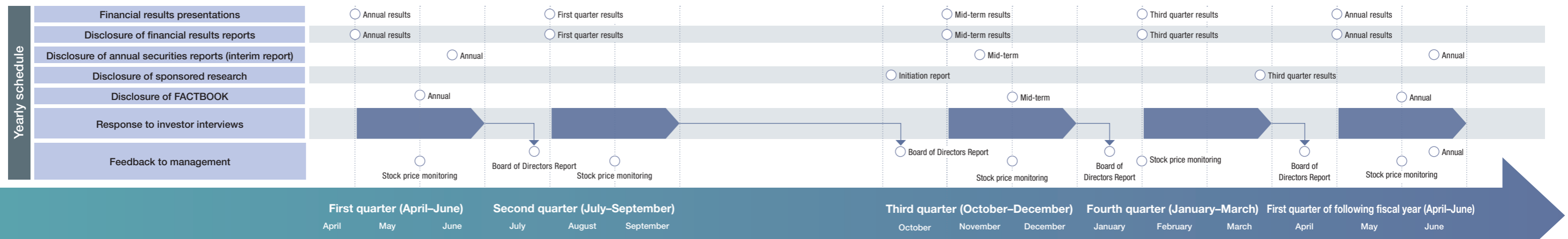
Dialogues with Shareholders and Institutional Investors

A Word from Our Investors

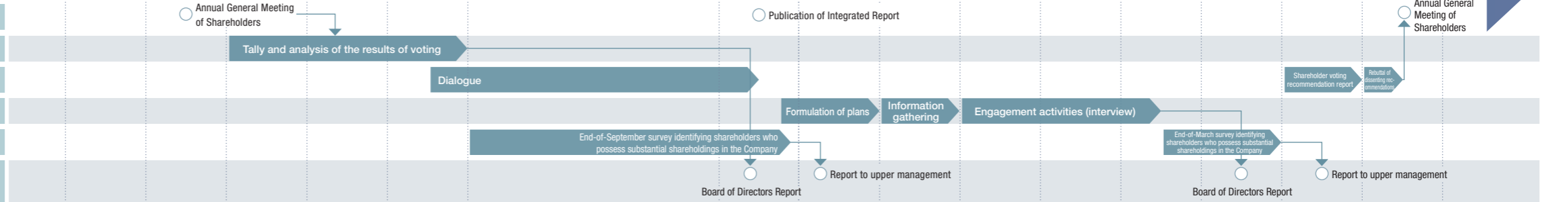
 Policies related to constructive dialogue with investors <https://www.dts.co.jp/en/ir/management/governance/>

■ The Status of Dialogues with Investors, etc. (FY2024)

1. **Personnel mainly responsible for dialogues with investors**
Head of Corporate Management (Director and Managing Executive Officer) and general manager of the Sustainability Promotion Department (executive officer)
2. **Investors with whom we conduct dialogues**
IR activities: Fund managers (75 firms) and analysts (21 firms)
Note: When we engage in multiple dialogues with the same entity in the course of both IR and SR activities, each engagement is counted as if it were with a separate entity.
3. **Main topics discussed and subjects of investor concerns**
 - Operating results
 - Medium-term management plans
4. **The status of input delivered to top management and the Board of Directors with regard to investor opinions and concerns assessed in the course of dialogues**
IR activities: Quarterly feedback sessions at Board of Directors meetings (June 2024, September 2024, January 2025, and March 2025)
5. **Items incorporated based on conclusions reached via dialogues or subsequent feedback**
 - Improvements in information disclosure and content featured in the Integrated Report
 - Disclosure related to Management That is Conscious of Cost of Capital and Share Price



Yearly schedule	Events
	Analysis of shareholder voting patterns
	Dialogues with proxy advisory firms
	Shareholder engagement
	Survey identifying shareholders who possess substantial shareholdings in the Company
	Feedback to upper management



Engagement with Our Shareholders

■ The Status of Dialogues with Shareholders (FY2024)

1. **Personnel mainly responsible for dialogues with shareholders**
Head of Corporate Management (Director and Managing Executive Officer) and general manager of the Sustainability Promotion Department (executive officer)
2. **Shareholders with whom we conduct dialogues**
SR activities: Persons in charge of ESG and the exercise of voting rights (13 firms)
Note: When we engage in dialogues with the same entity in the course of both IR and SR activities, each engagement is counted as if it were with a separate entity.
3. **Main topics discussed and subjects of shareholder concerns**
 - ESG and medium-term management plans
 - Implementation of management that considers cost of capital and stock prices
4. **The status of input delivered to top management and the Board of Directors with regard to shareholder opinions and concerns assessed in the course of dialogues**
SR activities: Annual feedback sessions at Board of Directors meetings (May 2025)
5. **Items incorporated based on conclusions reached via dialogues or subsequent feedback**
 - Improvements in information disclosure and content featured in the Integrated Report
 - Disclosure related to Management That is Conscious of Cost of Capital and Shared Price

■ Content of dialogues with proxy advisory firms

- Evaluation of the Company based on feedback contained in the shareholder voting recommendation report at the General Meeting of Shareholders in June
- Exchange of ideas on future trends in the criteria for exercising voting rights

Feedback to Upper Management

Management and Board of Directors reports (given quarterly)

	Items
Report on the status of investor response	Report on the financial results presentation
	Summary of the response to investor interviews
	Main questions and opinions from investors to DTS
	Individual questions from investors to DTS
DTS Stock price monitoring report*	Stock price/PER/PBR

* Monitoring of various metrics among DTS and other companies in the industry

English translation of documents for disclosure —

Items	
Financial results reports	Quarterly
Financial results presentation materials	Quarterly
Annual securities reports	Semi-annually
Sponsored research reports	Twice per year
Corporate Governance Report	Once per year*

* Additional disclosure as needed

Feedback to Upper Management

The results of analyses of shareholder voting patterns and dialogues with shareholders are all reported to upper management and the Board of Directors.

■ Analysis of shareholder voting patterns

We review the voting results reported by foreign and domestic institutional investors at the General Meeting of Shareholders, tallying the number of assenters and dissenters for each topic.

For topics with low rates of approval, we verify and analyze voting patterns and the shareholder voting recommendation report provided by the proxy advisory firm.

■ Shareholder engagement

Based on results of the survey identifying shareholders who possess substantial shareholdings in the Company, which is conducted using the registry of shareholders as of the end of September, we identify engagement candidates and, during October and November, formulate an engagement plan (highlighting the Company's strengths).

In addition, as foreign investors comprise approximately 40% of our total shareholders, we have been engaging them in dialogues since FY2022.

Matters addressed through dialogues

- What we have done in the past year concerning the opinions gathered through previous dialogues
- Discussion of our ESG-related initiatives utilizing the Integrated Report
- Gathering insights and exchanging opinions on trends in criteria for exercising voting rights from all investors

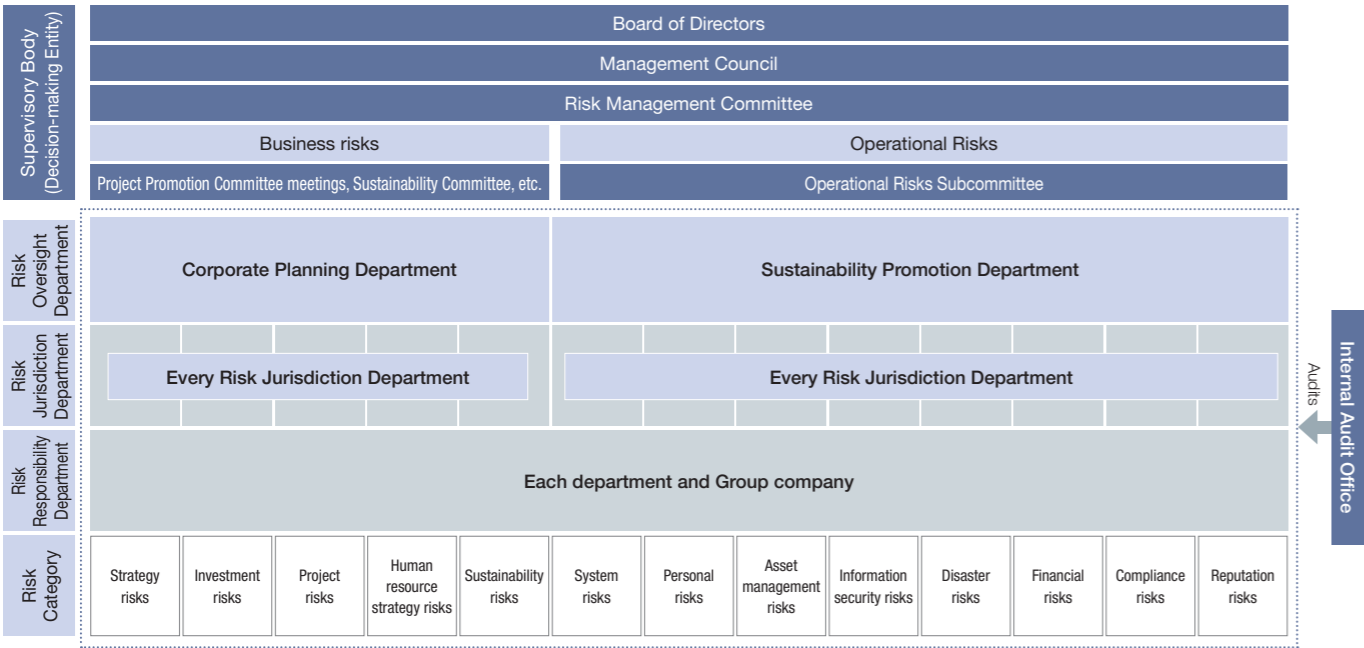
Risk Management

Enhancing the Risk Management System

The Company has established a Risk Management Committee to appropriately manage various internal and external risks related to its business as well as to formulate a Company-wide risk management policy with the aim of maintaining and increasing corporate value. The committee deliberates on the Company-wide risk management system and risk management to be handled by the entire Company and approves risk management reports from each division and department. The committee also receives reports on Group companies' risk management status and provides them with guidance on countermeasures as necessary.

Under the Risk Management Committee, we have established a Risk Oversight Department as well as a Risk Jurisdiction Department. These departments operate and monitor the internal control system for each risk category, providing the necessary support, advice, and supervision.

Risk management framework

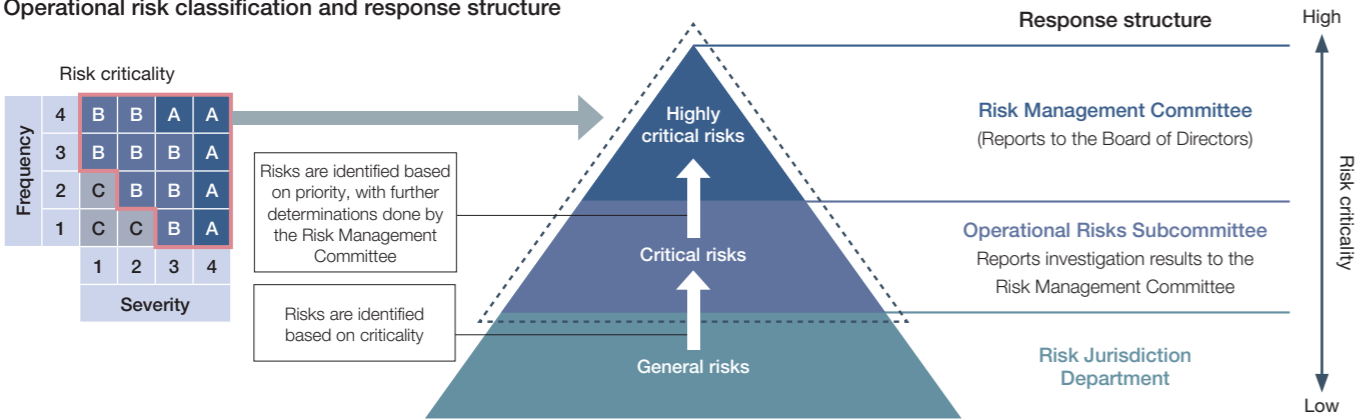


Risk Management Process

DTS comprehensively identifies risks and has formulated a list of possible risks.

For operational risks in particular, we assess the criticality of the risks based on severity and frequency, classifying risks that require priority attention as highly critical or critical. We then regularly monitor risk response strategies and their implementation.

Operational risk classification and response structure



The DTS Group's Potential Risks and Measures to Address Such Risks

Risks that may have an impact on the operating results and financial position of the DTS Group are as follows. We have identified changes in the social environment along with risks faced by the DTS Group and are accordingly establishing systems and taking action to mitigate such risks. Please note, descriptions associated with future events are based on judgments made by the DTS Group (DTS and its consolidated subsidiaries) as of the close of FY2024.

Business risks

Risk category	Risk overview	Measures to address risk
Business Environment Changes	<ul style="list-style-type: none">• Risk of changes in customers' IT investment tendencies with different socioeconomic conditions• Risk of such changes affecting Group performance	<ul style="list-style-type: none">• Provide IT services that meet customer needs across many industries and business types, based on quality, business knowledge, and IT
Price Competition	<ul style="list-style-type: none">• Risk of growing price competition in the information services industry from newcomers from other industries, foreign companies expanding into the Japanese market, and expansion of software packages• Risk to Group performance if prices are pushed down by external factors beyond expectations	<ul style="list-style-type: none">• Thoroughly manage project profitability• Improve productivity• Initiatives to develop digital human resources• Provide high-value-added services that leverage new technologies
Overseas Business	<ul style="list-style-type: none">• Risk of problems arising from insufficient knowledge and research into domestic laws such as export control laws, as well as local laws and business practices in overseas transactions• Risk of mishandling local laws, accounting procedures, labor management, contracts, project management, or other considerations when establishing, acquiring shares of, or operating overseas local subsidiaries• Risk of damage liability if local legal regulations or other considerations cannot be properly handled• Risk of such factors affecting Group performance	<ul style="list-style-type: none">• Strengthen governance, including at overseas subsidiaries• Recognize these risks, clarify and define responsible departments, develop and strengthen the overseas Group company management system, as well as the Group management operations and management systems
Business Models and Technology Innovation	<ul style="list-style-type: none">• Risk of impacts to Group performance from rapid changes in customer needs, such as adjusting to DX, and slow Group adaptation to technology innovation	<ul style="list-style-type: none">• Build new growth models by actively investing in the Digital, Solutions, and Service Businesses, as well as into the human resources needed for such growth
M&A Investment	<ul style="list-style-type: none">• Risk of impacts to Group performance if capital that cannot be recovered is invested into M&A, problems unknown to the Group arise after investment, or that smooth business operation becomes problematic due to lack of proper control	<ul style="list-style-type: none">• Evaluate return on investment, valuation results with the DCF method, or other third-party methods when making decisions on investments for M&A• Execute due diligence with external experts such as financial advisors, CPAs, and lawyers, and verify risks and countermeasures at the Management Meeting, with the final decision and approval of the transaction made by resolution of the Board of Directors• Create and swiftly implement a post-merger integration (PMI) plan to maximize the effects of M&A
Software Development Project Management	<ul style="list-style-type: none">• Risk of a project becoming unprofitable if the system development period is shortened, and associated unforeseen situations in project management or quality control	<ul style="list-style-type: none">• Prevent unprofitable projects by establishing the Project Promotion Committee meetings to implement our unique development standards, regularly discuss accepting bulk contract projects above a certain amount, and monitor progress

Operational Risks

Risk category	Risk overview	Measures to address risk
Labor-Related Laws	<ul style="list-style-type: none">Failure to comply with government regulations and requirements related to labor laws and regulations resulting in legal violations, fines, lawsuits, and harm to the Company's reputation.	<ul style="list-style-type: none">Implement risk management trainingMonitor and call attention to issues as necessary regarding labor conditions at the expanded Corporate Planning Department Management MeetingMonitor and call attention to issues as necessary regarding labor conditions at the expanded Management CouncilRaise awareness among important department heads and general employeesConduct surveys on projects high employee workloads
Cyber Security	<ul style="list-style-type: none">Failure to detect or prevent cyber-attacks by malicious actors using digital communication channels, leading to the leakage, alteration, or destruction of the Company's digital assets.	<ul style="list-style-type: none">Implement regular vulnerability assessmentsUpdate guide to security measures and strengthen supply chain management through Group collaborationConduct cybersecurity trainingIntroduce EDR to client terminals and implement real-time monitoringIntroduce such services as ASM to strengthen entrance and exit measures and consider strengthening vulnerability investigation operational rulesTighten vulnerability investigation rules when launching new sites and servers
Business Interruption	<ul style="list-style-type: none">Failure to develop, test, and update business continuity plans and recovery strategies that affect the Company's ability to continue critical operations and provide essential products or services in the event of a major disaster, leading to unnecessary operating costs.	<ul style="list-style-type: none">Develop a disaster response manual (for disaster preparation)Formulate a business continuity plan response manual
Internal Misconduct/ Waste or Misappropriation of Funds	<ul style="list-style-type: none">Failure to prevent or detect internal fraud, waste, or misappropriation of funds, resulting in legal violations and missed opportunities to recover losses from fraudulent activities.	<ul style="list-style-type: none">Monitor Officers through the Board of DirectorsPromote awareness of the internal reporting channels within the Company and Group companiesConduct compliance trainingConduct fraud risk training
Litigation	<ul style="list-style-type: none">Failure to meet responsibilities, obligations, or liabilities related to customer satisfaction, compensation, or other forms of reimbursement resulting in substantial contract-related penalties or financial damages that negatively impact the Company's financial condition, operating performance, or cash flow.	<ul style="list-style-type: none">Establish a compliance guide that outlines the Code of Conduct
Internal Controls	<ul style="list-style-type: none">Failure to secure, communicate, and monitor compliance with accounting and financial internal control frameworks, resulting in substantial damages that could affect management assessment as well as reporting in line with local regulations.	<ul style="list-style-type: none">Establish and implement internal controlsImplement management evaluations of internal controls
Financial Reporting and Disclosure	<ul style="list-style-type: none">Failure to report and disclose financial information could result in material misrepresentations or omissions being released to existing and potential investors, creditors, and regulatory bodies (Financial Services Agency, Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare, etc.) or difficulty in complying with relevant accounting and reporting requirements (such as J-SOX).	<ul style="list-style-type: none">Establish and implement internal controlsImplement management evaluations of internal controls
Data Privacy	<ul style="list-style-type: none">Failure to restrict access to IT systems and applications could result in confidential Company, employee, customer, or business data being accessed by an unauthorized third party.	<ul style="list-style-type: none">Determine system access rights according to job authorityEstablish appropriate access rights according to job title, exemptions, and personnel transfersExamine access rights at the end of the fiscal year
Corruption	<ul style="list-style-type: none">Failure to maintain ethical behavior over the course of transactions could result in localized corruption, leading to the incurrance of financial impacts ranging from large fines to loss of credibility and the deterioration of relationships with regulatory and other bodies.	<ul style="list-style-type: none">Create a compliance guide that includes a Code of ConductImplement compliance trainingEstablish anti-bribery guidelines

Internal Control System

When establishing internal control systems, the Company shall seek to formulate and appropriately operate frameworks related to the building of an internal control system based on the concepts outlined below, and strive to continuously improve those frameworks in response to changes in the environment to ensure that its internal control systems comply with laws and regulations and the Company's Articles of Incorporation as well as to ensure the appropriateness of business operations and the reliability of financial reporting.

- The Board of Directors shall decide on policies and plans for the development of internal control systems and receive regular progress reports.
- The Company shall seek to maintain and further improve the supervisory function of directors in the execution of their duties by continuously appointing outside directors.
- The Representative Director and President shall establish, operate, and improve the internal control system as the chief executive officer for business execution.
- The Company shall establish an Internal Control Promotion Department to build, operate, and improve internal control systems.
- The Company shall establish the Internal Audit Office as a department that conducts internal audits from a standpoint that is independent from business activities. The Internal Audit Office shall monitor the effective building of frameworks to help establish an internal control system and to point out any necessary improvements.
- The Company shall implement appropriate initiatives designed to ensure the reliability of internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

For further details about our internal control system, please see the Corporate Governance Report.


 Corporate Governance Report <https://www.dts.co.jp/en/ir/management/governance/>

Compliance Violations that Occurred at an Overseas Subsidiary in FY2024

In the release published by the Company on August 6, 2024 entitled "Notice Regarding the Special Investigation Committee's Report (Disclosure)," (available in Japanese), the Company confirmed that improper payments and recordings of false expenses had been conducted systematically over a long period of time at an overseas subsidiary.

In response to this incident, we have seriously examined any deficiencies in both the Company's and the overseas subsidiary's internal controls, and recognized them as material deficiencies for disclosure that have a significant impact on the Company's financial reporting.

To rectify these deficiencies, both the Company and the overseas subsidiary are taking the following measures and actions to prevent a recurrence.

 "Notice Regarding the Special Investigation Committee's Report (Disclosure)" (Japanese only)
<https://contents.xj-storage.jp/xcontents/AS04298/c1411fa96/bb19/467b/ac8e/df35b381b189/140120240806563997.pdf>

Recurrence Prevention Measures at DTS

- Clarify global strategy
- Strengthen global compliance risk response
- Review the Internal Audit Office structure and audit categories, etc.
- Examine emergency response and improve information sharing from a multifaceted perspective

DTS' Response

- Evaluate overseas Group management operations and identify responsible departments
- Discuss medium- to long-term global business policies and formulate strategies
- Conduct anti-bribery training in addition to regular compliance training at the Company and every Group company
- Promote awareness of the internal reporting channels within the Company and Group companies
- Review emergency reporting and contact system

Recurrence Prevention Measures for the Overseas Group Company

- Strengthen the governance system
- Strengthen the compliance system
- Improve the global hotline
- Improve internal controls for procurement processes, etc.

Overseas Subsidiary's Response

- Reform the management structure
- Rebuild the audit committee system with independent outside members who are not involved in business execution
- Establish and assign staff to a department responsible for compliance and risk management
- Review internal rules, establish and implement a compliance program, and conduct the relevant training

Through these measures, the Company has confirmed that significant deficiencies requiring disclosure have been corrected as of March 31, 2025, and has determined that the results of the evaluation of internal controls over financial reporting is valid.

Compliance (Ethical Behavior)

The DTS Group regards compliance as one of its key management challenges. The Group has made efforts to raise awareness among its officers (including Directors) and employees, and the employees of partner companies, by furnishing all relevant personnel with the DTS Compliance Guide, which contains its compliance with basic principles and code of conduct.

We furthermore seek to raise compliance awareness by implementing training on a yearly basis with the aim of ensuring that our officers and employees take ownership of compliance issues from their respective standpoints and apply that mindset to the management of our operations. In FY2024, we held compliance training sessions three times for our officers and employees as well as temporary workers and employees of our partner companies participating in our operations.

We monitor the effectiveness of such initiatives by administering compliance questionnaires to our officers and employees once per year. These questionnaires are used for conducting surveys of compliance awareness and identifying issues, based on which we devise actions as necessary.

Results for FY2024	Participants
Compliance training sessions*1	First round: 11,769 attendees
	Second round: 11,361 attendees
	Third round: 11,712 attendees
Anti-corruption training*2	5,623 attendees
Compliance questionnaire*2	5326 respondents

*1 Targets DTS and its Group companies in Japan (including partner companies)
*2 Targets DTS and its Group companies in Japan and overseas

Preventing All Kinds of Corruption, Including Bribery

The DTS Group observes relevant laws and regulations, including those applied in the industries in which its clients operate, and conducts its business fairly and openly. In order to cultivate sound and positive relationships with its business partners, DTS calls on its employees to exercise common sense and moderation in relation to exchanges of gifts and entertainment and has drawn up Anti-corruption Guidelines that it has communicated with directors and employees. We also conduct training against corruption and other topics.

The Company has also established a reporting system on entertainment and gifts received. This allows the Company to confirm that exchanges of gifts and entertainment have been conducted within the bounds of common sense, that no excessive gifts or entertainment have been accepted, and that illegal profits have not been demanded by business partners.

Internal Reporting System (Help Line)

The DTS Group has established an internal reporting system (Help line) with the aim of promoting ethical and legal compliance by preventing legal violations, including fraudulent acts and other illegal behavior, detecting such developments early on, and taking corrective action.

Our employees are able to report matters and seek consultation via one of the following contact points set up specifically for such use.

- (1) Help line (in-house contact point)
- (2) Reporting line to directors (appointed from among Audit and Supervisory Committee members)
- (3) External contact point for all Group companies (external attorney)

We have established multiple reporting routes that include e-mail, dedicated telephone lines, and written documentation for such reporting and consultation, and have otherwise created an environment conducive to enabling employees and others to readily report matters and seek consultation as necessary. In addition, these points of contact have been used every year.

We stringently ensure the protection of those reporting matters in terms of their privacy, specifics of reported concerns, receipt of such reports, and investigations. We furthermore ensure that those reporting matters do not become subject to unfavorable treatment as a consequence of such reporting.

Internal Reporting Framework Encompassing Overseas Subsidiaries

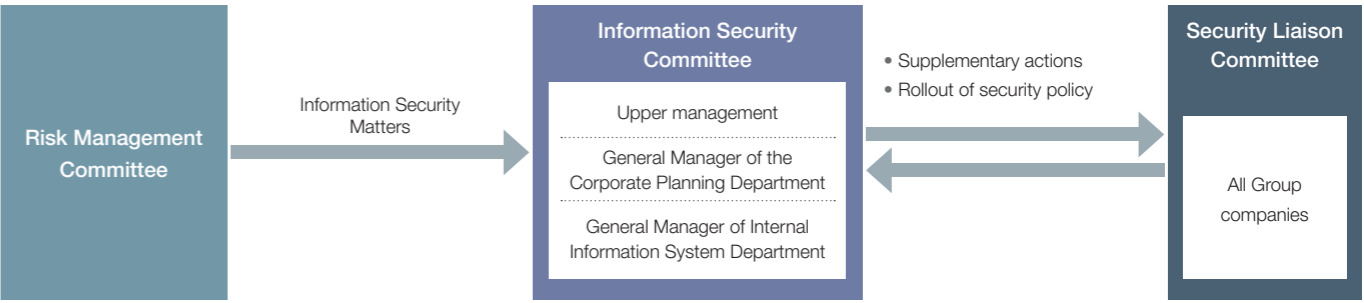
We inform our overseas subsidiaries about the external contact point for all Group companies, and make it possible to report matters and seek consultation in local languages, including English, Chinese, and Vietnamese. We furthermore coordinate efforts with local law firms and other such entities in alignment with the specifics of reporting and consultation, and have otherwise established a system for furnishing replies in local languages.

Handling of Security Incidents

The Group has established a risk management system that encompasses both cyber and information security, with the Representative Director and President participating as well as those in charge at relevant divisions. In addition, for the Group as a whole we have established a Security Liaison Committee as well as an internal Information Security Committee to consider and promote measures for all security issues, including but not limited to cyber security.

In the event of a security-related incident, the Information Security Committee considers long-term solutions and promotes internal prevention measures, and if necessary, experts from the business division will also be consulted. The Security Liaison Committee then works to share information with all Group companies.

Diagram of security measure management structure



Recent Security Measures

- (1) Expansion of the Zero Trust Environment
We have been shifting our internal framework from a firewall-based segregation model to a hybrid model incorporating features of both the segregation model and a zero trust environment. Through this, we are promoting the control and visualization of the shadow IT domain as well as the expansion of multi-factor authentication while raising security levels by applying zero trust principles to the office automation, development, and mobile environments.
- (2) Establishment of Security Operations Center (SoC)
To address security-related concerns, we have introduced SoC functions that run in parallel with our existing monitoring center (in operation 24/7), performing real time monitoring and responding to issues as needed. In FY2024, we added targets for security monitoring and will expand these in FY2025.
- (3) Introduction of AI-based Endpoint Detection and Response (EDR) Capabilities
We have introduced the latest AI-based security tools, which go beyond conventional reliance on pattern files by introducing tools for behavioral analysis to detect viruses, ransomware, and other threats.
- (4) Expanding Vulnerability Assessments
We engage experts to regularly conduct vulnerability assessments on websites and similar platforms associated with DTS. In FY2025, we introduced tools for constant diagnostics as well as a system to follow up with the latest counters to vulnerabilities. Going forward, we will continue to implement measures for enhanced security.

Going forward, we will continue implementing security-conscious measures.

Security Incident at a Group Company

Regarding an incident of unauthorized access at a Group company, it has been determined that unauthorized access to a gateway installed at said company led to information leakage and damage to internal systems. The internal systems have now been fully restored, and the company has implemented a number of security strengthening measures based on advice from an external company specializing in digital security.

Each Group company operates on a completely separate network, so this incident has not affected any other Group company, including DTS itself.

We will use this experience to further improve Group-wide security through the Information Security Committee and Security Liaison Committee.

Information Security

At DTS, we embrace the social responsibilities inherent in our information management practices, serving as a comprehensive information service provider. DTS accordingly operates in a manner that utilizes management systems in compliance with various laws, regulations, and guidelines pertaining to information management. We furthermore develop systems for lending support to our respective Group companies.

Policy for Information Security

In order to protect important information assets and to maintain the trust of clients, officers, employees, business partners, and other stakeholders, DTS has formulated a Basic Policy for Information Security, in accordance with which it builds and operates information security management systems. In addition, DTS is aware of information security risks, and takes measures to prevent improper access to information assets or the loss, destruction, falsification, or leaking of information assets.

 Policy for information security https://www.dts.co.jp/corp/security_isms/ (Japanese only)

Management System for Information Security

DTS has appointed an officer responsible for the management of information assets, placing this individual in charge of building information security systems, and works to maintain and enhance information security.

In recent years, it has also become necessary to provide support that keeps pace with the needs of the modern era, such as remote work and the use of the cloud. For these reasons, we have formulated Information Security Guidelines that set out specific information security procedures that should be followed by our employees and are striving to raise awareness of this topic. These guidelines apply not only to our internal operating environment but also to those of customers and represent our efforts to improve compliance with information security.

Information Security Education and Training

Every year, DTS implements educational and awareness-raising measures for all officers and employees, including those of Group companies, and for employees of partner companies involved in DTS projects, so as to ensure that they recognize the importance of information security.

In order to prevent information security incidents, we are also taking steps to roll out and inspect workplace structures for information security management, as well as establishing activities for continuous improvement.

Information Security Certifications

Particularly when it comes to its client services, DTS strives to deliver high-quality services, enlisting management systems optimally tailored to clients' business operations with the aims of providing smart information services and appropriately handling their information assets.

[Certifications]

- Acquisition of “Privacy Mark” certification: No. 11820145-(12)
 - ISMS (ISO/IEC 27001): Acquisition of Information Security Management System (ISMS) certification JUSE-IR-026
 - ISMS-CS (ISO/IEC 27017): Acquisition of ISMS cloud security certification JUSE-IR-026-CS01
 - Platform and Services Segment
 - IT Platform Service Sector
 - IT Platform Service Division 1
 - Members in charge of ReSM
 - ReSM Team and relevant departments
 - (IT Platform Service Business Planning Department)
- ISMS (ISO/IEC 27001): Acquisition of ISMS certification JUSE- IR-345
 - Platform and Services Segment
 - IT Platform Service Sector
 - IT Platform Service Division 3
 - Members in charge of BPO
 - Tokorozawa Center and relevant departments
 - (IT Platform Service Business Planning Department)
 - PCI DSS: Acquisition of PCI Data Security Standard version 4.0 certification ICMS-PCI 0217
 - Platform and Services Segment
 - IT Platform Service Sector
 - IT Platform Service Division 3, Members in charge of BPO

External Evaluations As of June 2025

ESG Evaluations by International Assessment Organizations	MSCI*1 ESG Ratings BBB Rating 	FTSE ESG Rating 3.0 (in the top 27%)	Sustainalytics*2 ESG Risk Ratings Medium Risk 
Inclusion in Indices	FTSE Blossom Japan Sector Relative Index*3  FTSE Blossom Japan Sector Relative Index	MSCI Japan ESG Select Leaders Index 2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX	S&P/JPX Carbon Efficient Index 
Endorsed Initiatives	Task Force on Climate-related Financial Disclosures (TCFD) 	Science Based Targets initiative (SBTi)  SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	
External Evaluations	CDP Climate Change Report 2024 Score: A 	The 2025 Outstanding Organizations of KENKO Investment for Health 	Sports Yell Company  DTS issued its “Health Company Declaration” in November 2018 and launched initiatives to encourage health promotion activities. Reflecting our dedication, we have been certified as a “The 2025 Outstanding Organizations of KENKO Investment for Health” for four consecutive years since 2022. Moreover, DTS’s initiatives for maintaining and boosting employee health have been recognized with certification as a “Sports Yell Company 2025” for the third consecutive year.

Women's Career Advancement
Eruboshi Certification



In October 2019, DTS acquired second-stage Eruboshi certification, which is promoted by the Ministry of Health, Labour and Welfare, in recognition of its excellent track record related to the advancement of women. Of the five evaluation items of Eruboshi certification, DTS was evaluated on the following four: 1) Hiring, 2) Continuous employment, 3) Working hours and other workstyle factors, and 5) Diverse career course. The Company provides detailed data related to the status of women's advancement in the Ministry of Health, Labour and Welfare's Corporate Database of Companies' Promotion of Women's Advancement.

Childcare Support Corporation
Kurumin Certification



In November 2022, DTS was granted “Kurumin” certification by the Minister of Health, Labour and Welfare in recognition of its track record in supporting employees engaged in child rearing based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Factors leading to the granting of this certification included our efforts to improve various childcare-related assistance systems and frameworks to make them easier to utilize, as well as measures in place to support employees who aim for early reinstatement from childcare leave or strive to develop robust careers while engaging in child rearing.

*1 The inclusion of DTS CORPORATION in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, an endorsement, or a promotion of DTS CORPORATION by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

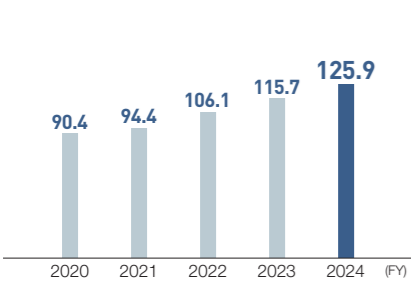
*2 Copyright 2025 Morningstar Sustainalytics. All rights reserved. This article contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary properties of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project or investment advice and are not guaranteed to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions provided at <https://www.sustainalytics.com/legal-disclaimers>.

*3 FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby confirms that DTS CORPORATION has been independently assessed and found to satisfy the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is widely used in the creation and evaluation of sustainable investment funds and other financial products.

Financial and Non-financial Highlights

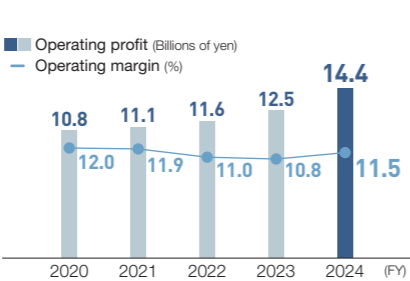
Financial Highlights (Consolidated)

Net sales (Billions of yen)



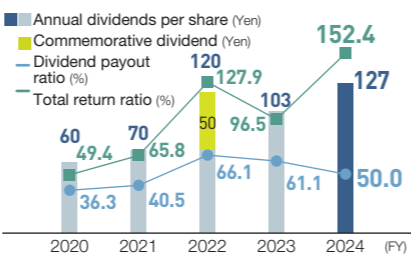
Net sales declined due to fewer housing and business process solution projects as well as recoil from large projects in the previous fiscal year. However, such factors as new projects in the banking industry, new consolidations, more projects involving ServiceNow®, cloud infrastructure, and embedded technologies along with an increase in operational infrastructure construction projects, contributed to a ¥10.2 billion year on year increase in overall sales to ¥125.9 billion and the achievement of our medium-term management plan target.

Operating profit/Operating margin



Operating profit was up ¥1.9 billion year on year to ¥14.4 billion as a result of increased sales across all segments, including banking projects in Operation and Solutions, ServiceNow® and cloud projects in Technology and Solutions, and operations and infrastructure construction projects in Platform and Services.
The operating margin was 11.5%, up 0.7 points from the previous fiscal year.

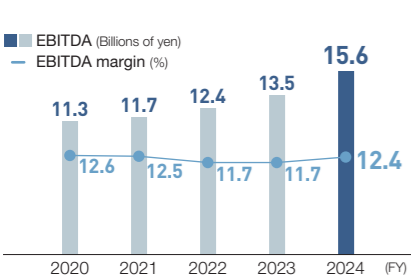
Annual dividends per share/
Dividend payout ratio/Total return ratio



The annual dividend for FY2024 totaled ¥127 per share, ¥17 higher than the forecast, reflecting record-high operating profit and profit attributable to owners of parent that exceeded the initial forecast.

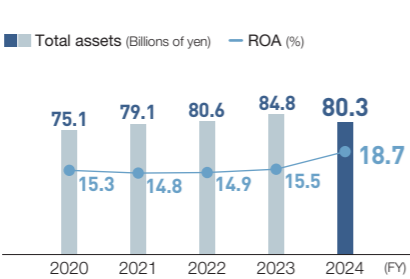
Note: Annual dividends for the fiscal year ended March 31, 2023 include a 50th anniversary commemorative dividend of ¥50.

EBITDA/EBITDA margin



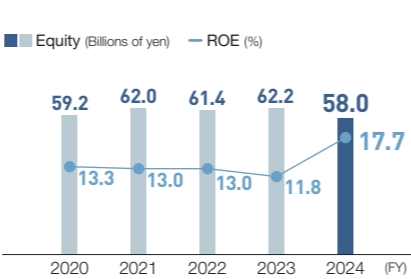
EBITDA (earnings before interest, taxes, depreciation, and amortization) was up ¥2.1 billion year on year to ¥15.6 billion, achieving the target of the medium-term management plan. The EBITDA margin increased 0.7 points year on year to 12.4%.

Total assets/ROA



Total assets fell ¥4.5 billion year on year to ¥80.3 billion due to goodwill impairment losses, resulting in a change to the amount. Return on assets (ROA) increased 3.2 points year on year to 18.7%.

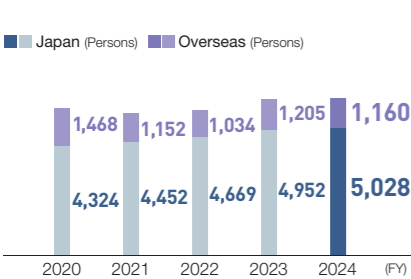
Equity/ROE



The acquisition and cancellation of treasury stock contributed approximately ¥11.0 billion to equity. This, along with decreased retained earnings due to payment of dividends from surplus, resulted in a decrease in equity of ¥4.2 billion year on year to ¥58.0 billion.
Return on equity (ROE) was up 5.9 points year on year to 17.7%.

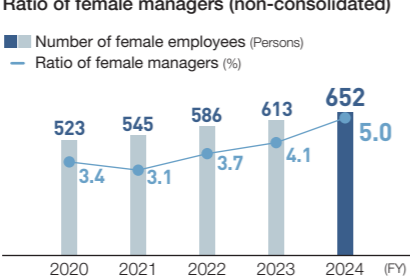
Non-financial Highlights

Number of employees (consolidated)



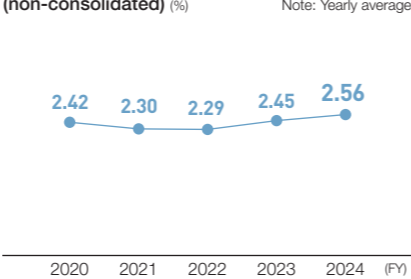
The number of consolidated Group employees increased year on year by 76 to 5,028 people in Japan, and decreased by 45 to 1,160 people overseas, for a net year-on-year increase of 31 to 6,188 employees.

Number of female employees/
Ratio of female managers (non-consolidated)



The number of female employees at the Company (non-consolidated) increased by 39 year on year to 652 people in total. The percentage of female employees in management positions at the Company (non-consolidated) was up 0.9 points year on year to 5.0%.

Ratio of employees with disabilities
(non-consolidated) (%)



The percentage of employees with disabilities at the Company (non-consolidated) was up 0.11 points to 2.56% year on year.

Net Sales

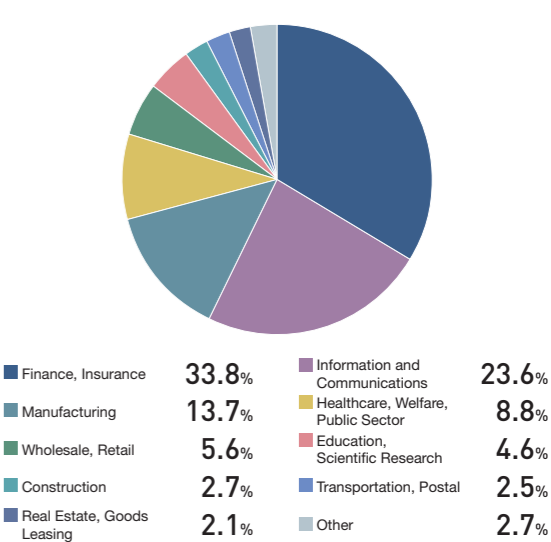
Group-wide

(Billions of yen)	FY2023	FY2024	Year-on-year comparison
Net sales	115.72	125.90	↑
Progress toward initial forecast	100.6%	100.7%	—

Net sales by industrial sector defined by Japan's Ministry of the Economy, Trade and Industry

(Billions of yen)	Amount	Year-on-year comparison		Percent of total
Finance, Insurance	42.59	+5.71	115.5%	33.8%
Information and Communications	29.71	+4.40	117.4%	23.6%
Manufacturing	17.22	+1.56	110.0%	13.7%
Healthcare, Welfare, Public Sector	11.05	(0.44)	96.1%	8.8%
Wholesale, Retail	7.03	(0.02)	99.6%	5.6%
Education, Scientific Research	5.73	(2.51)	69.5%	4.6%
Construction	3.35	+0.30	110.1%	2.7%
Transportation, Postal	3.18	(0.07)	97.6%	2.5%
Real Estate, Goods Leasing	2.63	+0.51	124.4%	2.1%
Other	3.39	+0.73	127.4%	2.7%
Total	125.90	+10.18	108.8%	100.0%

Consolidated net sales by industry



Segment Overview

Operation and Solutions

(Billions of yen)	FY2023	FY2024	Year-on-year comparison	Percent of total
Net sales	43.66	53.20	↑	42.3%
Progress toward initial forecast	104.0%	106.4%	—	—
Order volume	45.04	55.80	↑	42.1%
Order backlog	12.43	15.86	↑	40.3%

Technology and Solutions

(Billions of yen)	FY2023	FY2024	Year-on-year comparison	Percent of total
Net sales	42.21	42.87	↑	34.1%
Progress toward initial forecast	102.0%	97.0%	—	—
Order volume	40.78	44.89	↑	33.9%
Order backlog	10.44	12.82	↑	32.6%

Platform and Services

(Billions of yen)	FY2023	FY2024	Year-on-year comparison	Percent of total
Net sales	29.84	29.82	↓	23.7%
Progress toward initial forecast	94.5%	96.8%	—	—
Order volume	28.64	31.78	↑	24.0%
Order backlog	9.03	10.64	↑	27.1%

Financial Data

Consolidated	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Results (Billions of yen)											
Net sales	82.537	79.858	83.163	86.716		94.618	90.493	94.452	106.132	115.727	125.908
Cost of sales	67.553	64.016	66.714	69.199		75.913	72.438	75.310	85.346	90.851	97.538
Gross profit	14.984	15.842	16.448	17.517		18.705	18.054	19.141	20.786	24.876	28.370
Selling, general and administrative expenses	7.384	7.855	7.924	7.727		8.030	7.237	7.944	9.091	12.367	13.880
Operating profit	7.599	7.986	8.523	9.789		10.674	10.817	11.196	11.694	12.508	14.489
Ordinary profit	7.707	8.093	8.574	9.929		10.849	11.131	11.403	11.932	12.831	15.457
Profit before income taxes	7.084	7.698	8.531	9.911		10.773	11.099	11.384	11.637	11.592	15.131
Profit	4.456	5.268	5.781	6.817		7.315	7.629	7.837	8.005	7.406	10.669
Profit attributable to owners of parent	4.341	5.121	5.765	6.817		7.317	7.593	7.853	8.001	7.293	10.635
EBITDA	8.620	8.816	9.170	10.378		11.255	11.393	11.798	12.435	13.587	15.618
Order volume*1	82.636	83.492	84.505	89.292		96.102	91.026	97.810	109.737	114.471	132.482
Order backlog	30.392	34.026	35.369	37.945		40.629	41.181	25.980	34.233	31.916	39.331
Financial position as of the fiscal year-end (Billions of yen)											
Current assets	47.093	47.983	50.589	53.359		56.899	62.027	67.044	67.591	64.019	57.798
Non-current assets	8.038	9.158	10.940	13.622		13.699	13.145	12.072	13.084	20.862	22.588
Current liabilities	14.114	12.796	13.581	14.732		14.286	14.627	15.888	17.646	20.199	20.445
Non-current liabilities	0.661	0.684	0.986	0.896		1.223	1.135	1.094	0.652	1.280	0.596
Net assets	40.355	43.660	46.962	51.353		55.089	59.409	62.133	62.376	63.402	59.344
Equity	38.814	42.091	46.962	51.353		55.083	59.269	62.018	61.420	62.270	58.061
Total assets	55.131	57.141	61.365	66.982		70.598	75.172	79.116	80.676	84.882	80.387
Cash flows (Billions of yen)											
Cash flows from operating activities	5.060	3.764	6.761	6.947		7.551	9.366	7.589	7.642	10.410	9.181
Cash flows from investing activities	5.423	(1.199)	(1.806)	(1.770)		(1.360)	(0.694)	(0.139)	(0.931)	(8.516)	(2.322)
Cash flows from financing activities	(2.064)	(2.216)	(2.967)	(2.477)		(3.047)	(3.848)	(5.025)	(9.095)	(7.817)	(16.087)
Free cash flows	10.483	2.565	4.955	5.177		6.191	8.672	7.450	6.711	1.894	6.859
Cash and cash equivalents at end of period	30.120	30.459	32.454	35.140		38.276	43.327	45.817	43.364	37.557	28.405
Financial indicators (%)											
Gross profit margin	18.2	19.8	19.8	20.2		19.8	20.0	20.3	19.6	21.5	22.5
Operating margin	9.2	10.0	10.2	11.3		11.3	12.0	11.9	11.0	10.8	11.5
EBITDA margin	10.4	11.0	11.0	12.0		11.9	12.6	12.5	11.7	11.7	12.4
Return on equity (ROE)	11.5	12.7	12.9	13.9		13.8	13.3	13.0	13.0	11.8	17.7
Return on assets (ROA)	14.5	14.4	14.5	15.5		15.8	15.3	14.8	14.9	15.5	18.7
Equity-to-asset ratio	70.4	73.7	76.5	76.7		78.0	78.8	78.4	76.1	73.4	72.2
Dividend payout ratio	32.1	31.5	32.3	32.5		34.8	36.3	40.5	66.1	61.1	50.0
Total return ratio	48.8	42.1	42.9	41.3		45.7	49.4	65.8	127.9	96.5	152.4
Capital expenditures / Depreciation / Research and development expenses (Billions of yen)											
Capital expenditures	0.517	0.267	0.731	0.614		0.913	0.318	0.312	0.715	0.816	0.946
Depreciation	0.534	0.460	0.421	0.473		0.473	0.534	0.532	0.608	0.628	0.703
Research and development expenses	0.470	0.463	0.439	0.436		0.316	0.133	0.226	0.294	0.184	0.168
Per share information (yen)											
Profit	93.34	111.24	123.95	146.10		158.01	165.49	172.78	181.41	168.51	253.80
Net assets	835.64	916.02	1,001.62	1,101.61		1,190.71	1,293.61	1,376.05	1,408.81	1,451.61	1,440.87
Annual dividends*2, 3	30	35	40	47.5		55	60	70	120	103	127
Stock information (times)											
Price-to-earnings ratio (PER)	11.53	12.49	14.84	14.00		11.90	15.26	15.50	17.75	23.86	15.74
Price-to-book ratio (PBR)	1.29	1.52	1.84	1.86		1.58	1.95	1.95	2.29	2.77	2.77

Notes:
*1 Order volume, order backlog: The Company applies the Accounting Standard for Revenue Recognition from the first quarter of the fiscal year ended March 31, 2022.
*2 The Company carried out a two-for-one split of its common stock with an effective date of July 1, 2019. Results from before the split are shown with figures retroactively converted to the post-split standard.
*3 Annual dividends for the fiscal year ended March 31, 2023 include a 50th anniversary commemorative dividend of ¥50.

Non-financial Data

Human resources-related data

Consolidated	Category		FY2020	FY2021	FY2022	FY2023	FY2024
Basic data	Number of employees (Group-wide)		5,792	5,604	5,703	6,157	6,188
	Number of employees (Domestic)	Total	—	—	4,669	4,952	5,028
		Men	—	—	3,748	3,916	3,921
		Women	—	—	921	1,036	1,107
Human resource development	Number of hires* ¹	Total	—	—	355	349	463
		New graduates	—	—	291	263	342
		Mid-career	—	—	64	86	121
	Employee-held external qualifications in digital fields* ¹ (Qualifications)		—	—	855	1,487	1,551
	Education and training expenses* ¹ (Millions of yen)		—	—	—	670	732
Engagement	Employee engagement score (points)		—	—	—	48.0	49.6
Diversity	Number of management staff* ¹	Total	—	—	—	655	666
		Men	—	—	—	614	615
		Women	—	—	—	41	51
	Ratio of female managers* ¹ (%)		—	—	4.0	6.3	7.7
	Male childcare leave usage rate* ¹ (%)		—	—	45.9	72.7	61.1

Non-consolidated	Category		FY2020	FY2021	FY2022	FY2023	FY2024
Basic data	Number of employees	Total	2,971	2,999	3,071	3,111	3,172
		Men	2,448	2,454	2,485	2,498	2,520
		Women	523	545	586	613	652
	Number of hires	Total	165	181	256	231	270
		Men	121	129	175	157	189
		Women	44	52	81	74	81
		New graduate	162	170	231	194	221
		Mid-career	3	11	25	37	49
	Employee turnover rate* ² (%)		4.80	4.43	5.62	6.48	6.08
	Rate of employees choosing to leave their positions* ³ (%)		4.41	3.95	5.15	5.82	5.14
	Retention rate of new graduates three years after hiring (%)		84.7	90.9	77.2	84.1	77.1
	Average length of service (Years)		14.6	14.9	14.8	15.2	15.5
		Of which, female employees	10.6	10.1	9.8	9.9	9.8
	Average salary* ⁴ (Previous standard, thousands of yen)		5,985	6,002	6,013	6,125	—
		Men	—	—	6,282	6,391	—
		Women	—	—	4,864	5,036	—
	Average salary* ⁴ (New standard, thousands of yen)		—	—	—	—	6,436
		Men	—	—	—	—	6,641
		Women	—	—	—	—	5,535
Human resource development	Number of highly skilled professionals		287	275	274	262	238
	Number of IT engineer certifications held		—	—	—	—	2,306
	Number of PMPs held		—	—	—	—	593
	Employee-held external qualifications in digital fields (Qualifications)		—	—	—	1,217	1,278
	Education and training expenses (Millions of yen)		285	380	489	532	558
Flexible working styles	Number of employees using system for staggered working hours (My Select Time) (Employees)		356	331	268	324	427
	Rate of remote work system usage (%)		43.8	50.4	50.6	33.4	22.5
Health management	Annual paid holidays	Number of days used (Days)	12.8	13.2	13.3	14.0	13.7
		Rate of usage (%)	68.9	71.4	72.9	76.6	75.7
	Average number of monthly overtime hours (hh:mm)		21:46	23:05	23:59	22:44	22:15
	Percentage of high-stress employees (#57 in occupational stress survey)		8.5	7.2	15.1	13.6	13.3
	Percentage of presenteeism (the University of Tokyo single-item edition)		15.5	15.5	14.0	18.9	19.6
	Absenteeism (days off due to illness)		0.97	1.62	1.92	2.06	2.48

Non-consolidated	Category		FY2020	FY2021	FY2022	FY2023	FY2024
Diversity	Ratio of female employees* ⁵ (%)		17.6	18.3	19.3	20.1	21.7
	Number of management staff* ⁵	Total	378	360	381	395	382
		Men	365	349	367	379	363
		Women	13	11	14	16	19
	Ratio of female managers (%)		3.4	3.1	3.7	4.1	5.0
	Gender wage gap (all workers) (%)		—	—	77.4	78.8	80.4
	Ratio of employees with disabilities (%)		2.42	2.30	2.29	2.45	2.56
Childcare and nursing care	Rate of usage of childcare leave and other leave for childcare purposes (%)	Men	39.7	46.7	45.8	76.9	56.8
		Women	100.0	100.0	118.2	142.9	161.5
	Return rate after childcare leave (%)		93.8	87.2	92.8	87.5	92
	Number of employees using system for shortened working hours for childcare (Employees)		97	75	64	59	51
	Number of employees using family care leave system (Employees)		9	5	6	14	4
	Number of employees using caregiver leave system (Employees)		0	1	2	0	1
	Number of employees using nursing care leave system (Employees)		4	2	0	2	4
Engagement	Employee engagement score (points)		—	45.6	49.0	49.1	51.1
Governance	Number of directors	Total	10	10	13	11	10
		Of which, women	0	0	2	2	2
	Percentage of female Directors (%)		0	0	15.4	18.2	20.0
	Number of Outside Directors		4	4	7	6	6
	Percentage of Outside Directors		40.0	40.0	53.8	54.5	60.0

Note: Data calculation is recorded on March 31 of each fiscal year. However, the ratio of employees with disabilities is presented as an average for the fiscal year.
*1 Excludes overseas Group companies
*2 Includes mandatory retirement, death, disciplinary dismissal, and termination resulting from rescinding acceptance of secondment

*3 Excludes mandatory retirement, death, disciplinary dismissal, and termination resulting from rescinding acceptance of secondment
*4 Starting in FY2024, the new average salary standard reflects that of full-time employees, excluding those on temporary or other leave.
*5 In accordance with the Act on Promotion of Women's Participation and Advancement, the number of Company employees includes employees seconded to the Company, etc.

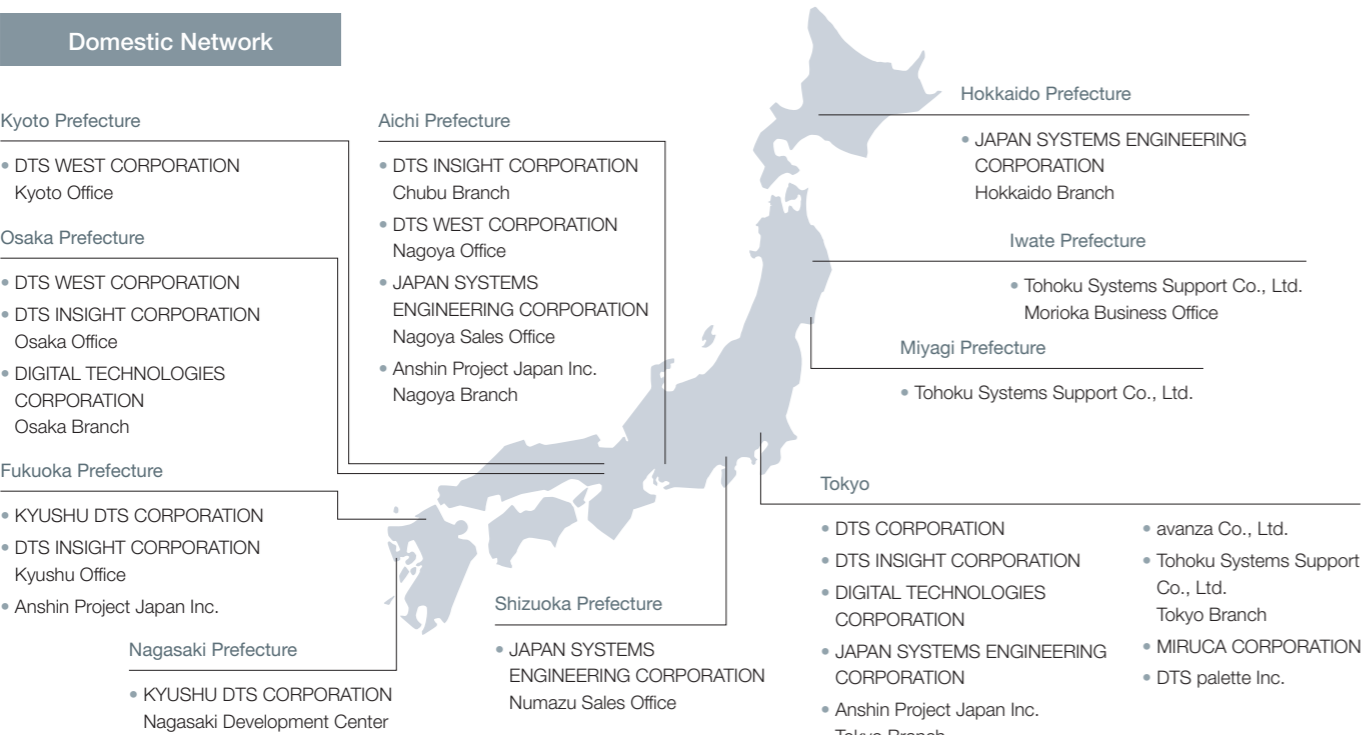
Environmental data

Consolidated	Category		FY2020	FY2021	FY2022	FY2023	FY2024
CO ₂ emissions* ¹	Scope 1* ¹ (t-CO ₂)	Scope 2 and market standards* ^{1,2} (t-CO ₂)	—	5	4	2	2
		Total	944	1,650	1,598	1,332	1,108
		Category 1: Purchased goods and services	—	85,386	70,344	73,010	56,768
		Category 2: Capital goods	—	73,879	64,754	66,799	48,464
		Category 3: Energy-related activities not included in Scopes 1 or 2	—	700	1,000	1,333	1,274
		Category 4: Upstream transportation and delivery	—	231	224	199	219
		Category 5: Waste generated in operations	—	26	38	28	19
		Category 6: Business travel (including transportation expenses)	—	109	85	107	139
		Category 7: Employee commuting	—	836	813	802	812
		Category 8: Upstream leased assets	—	1,032	953	1,248	1,520
		Category 9: Downstream transportation and distribution	—	—	—	—	—
		Category 10: Processing of sold products	—	—	—	—	—
		Category 11: Use of sold products	—	—	8,548	2,461	2,480
		Category 12: Disposal of sold products	—	11	3	3	5
		Category 13: Downstream leased assets	—	—	—	—	—
	Scope 3 (t-CO ₂)	Category 14: Franchises	—	—	—	—	—
		Category 15: Investments	—	—	14	13	11
			11	10	11	10	10
	Electricity use (kWh)		2,800,613	3,407,424	3,545,171	3,511,252	3,785,328
	Renewable energy use (kWh)		—	25,108	346,057	703,257	1,573,283
	Paper resource use* ³ (A4 sheet-equivalent) (Millions of sheets)		1.69	1.48	1.33	1.14	0.92
	Water use* ³ (m ³)		21,666	20,956	22,736	22,932	25,655
	Waste* ³ (t)		160	200	179	185	200

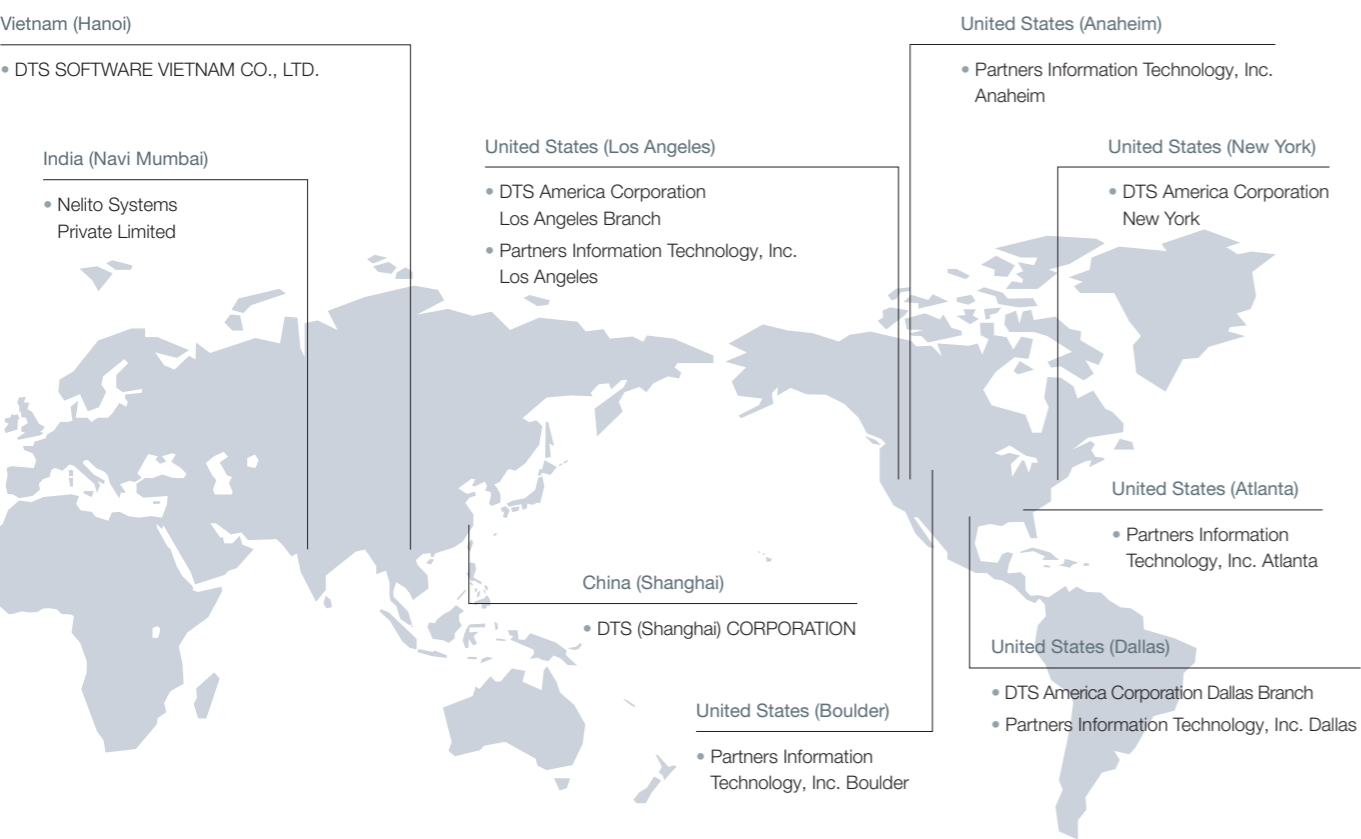
*1 Calculated by multiplying the amount of electricity, gas, gasoline, etc. used at each site by the emission coefficient (based on those published by Japan's Ministry of the Environment)
*2 Calculated including renewable energy power options and procured environmental offset certificates
*3 Excludes overseas Group companies

DTS Group Network

The DTS Group consists of 16 companies: 11 domestic companies (including DTS) and 5 overseas companies. By leveraging their individual strengths and working together, Group companies address a wide range of IT needs.



Overseas Network

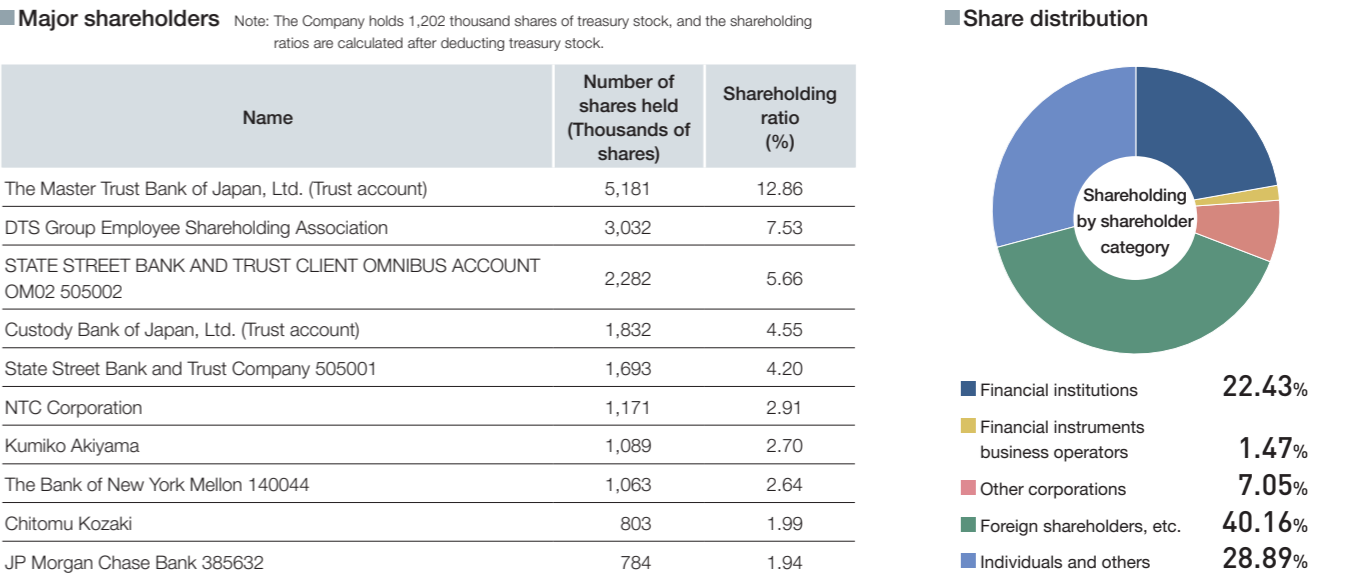


Corporate Overview

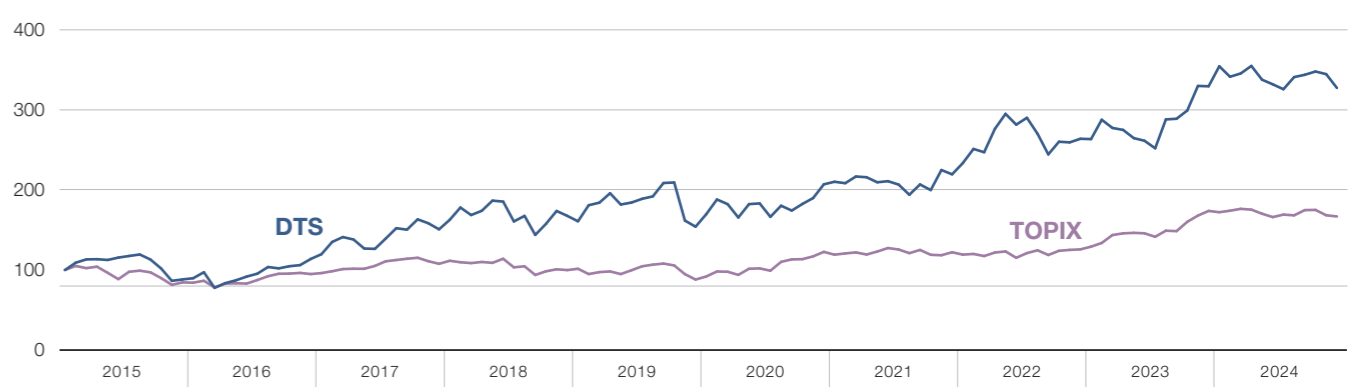
Trade Name	DTS CORPORATION	Capital	¥6,113 million
Headquarters	Empire Building, 2-23-1 Hatchobori, Chuo-ku, Tokyo 104-0032 Telephone: 03-3948-5488 Website: https://www.dts.co.jp/en/	Number of employees	6,188 (consolidated)
Date established	August 25, 1972	Fiscal year	April 1 of each year to March 31 of the following year
		Annual General Meeting of Shareholders	Held in June of each year
		Accounting Auditor	Ernst & Young ShinNihon LLC

Stock Information (As of March 31, 2025)

Stock listing	Tokyo Stock Exchange, Prime Section (Stock code: 9682)
Total number of authorized shares	100,000,000
Total number of outstanding shares	41,498,032
Number of shareholders	5,170
Stock transfer agency	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233



DTS Share Price Movements



Notes:
1 The DTS share price and Tokyo Stock Price Index (TOPIX) are indexed using closing price data from April 2015 set at 100.
2 On July 1, 2019, each share of common stock held by shareholders was split into two shares. Pre-split values have been retroactively adjusted to reflect this change.