



DTS Group Report

Integrated Report 2023

DTS CORPORATION

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1 Philosophy

Technology is the power to make people happy and create greater enrichment in society.

At DTS Group, we use:

- technology to build the trust and confidence of our customers,
- technology to increase our corporate value,
- technology to improve the lives of our employees,
- technology to contribute to the society.

2 Vision

Vision2030

Become a company that continuously takes on challenges in order to provide value that exceeds expectations

3 Credo

Always enjoy change

(For our clients)
Sincerity and trust

- Approach customer's issues sincerely, from a customer perspective.
- Build a trusting relationship with customers, and continue to be a reliable partner to them.
- Continue tackling customer's issues until the very end, and contribute to the advancement of their business.

(For our shareholders)
Growth and contribution

- Secure sound and healthy profits through contribution to society.
- Seek to expand business operations from a global perspective.
- Increase corporate value by developing new and unique products and technologies.

(As individuals)
Independence and spirit of challenge

- Think for ourselves and challenge ourselves with passion, and a bright and positive attitude.
- Act speedily, and do not be afraid of change or overstepping our own boundaries.
- Achieve a healthy work-life balance and support the happiness of our family.

(As members of the Group)
Respect and co-creation

- Work to achieve group-wide innovation through individual growth and development.
- Respect diversity and grow together with our fellow work colleagues and partners.
- Realize and appreciate our own value, and collaborate with the group in co-creation.

(As members of society)
Integrity and fairness

- Always maintain good faith, and act based on sound and sensible judgment.
- Contribute to the advancement of society through the Group's corporate activities.
- Endeavor to protect the environment and conserve resources, and pass on a rich and affluent society to the next generation.

4 Code of Conduct

DTS Group employees observe the following eight items of the Code of Conduct.

- Respect for human rights and creation of workplaces with fulfillment through work
- Maintain good relationships with customers and improve customer satisfaction (CS)
- Rigorous information management and confidentiality
- Free competition and fair trading
- Appropriate handling of intellectual property
- Appropriate operation management and information disclosure
- Prohibition on involvement with anti-social forces
- Environmental and social contribution initiatives

As an independent system integrator (Sler), the DTS Group has historically engaged in solving social issues through constantly evolving IT services and by creating shared value with society and communities. In the process, we have increased our corporate value and grown.

Through the medium of this integrated report, the DTS Group is both marking this important point in its history and communicating its current state and its vision in line with the DTS Group Way, which comprises four elements: Philosophy, Vision, Credo, and Code of Conduct. Together, these present the DTS Group's reason for existence, its important values, and guidelines for individual employees carrying out their daily duties.

Management of Value Creation

History of the DTS Group..... 03

The DTS Group's Business Performance... 05

Message from the President 07

Implementation of Value Creation

Value Creation Process..... 13

Relationship between the DTS Group's Businesses and Society 15

Implementation Process for Vision2030 17

Progress of the Medium-Term Management Plan 18

DTS's Growth Strategies..... 21

Intellectual Capital:

DTS's Technology Strategies 23

Roundtable Discussion on the Professional Advancement of Women 25

Human Capital:

DTS's Human Resource Strategies 29

DTS's Financial Strategies 31

DTS's Segment Strategies 35

Value Creation Accomplishments (Financial and Non-financial Highlights) 49

Foundation of Value Creation

The DTS Group's Sustainability Management 51

Environmental Initiatives 53

Social Initiatives 57

Rules of Value Creation

Roundtable Discussion between Outside Directors..... 67

Governance Initiatives 73

Corporate Officers 83

Financial Data and Non-financial Data 87

Corporate Overview and Stock Information 89

Period covered
April 1, 2022 to March 31, 2023
(Includes information about certain events occurring after the reporting period)

Scope of report
DTS CORPORATION and its Group companies in Japan and overseas
Note: Details regarding initiatives related to businesses, the medium-term management plan, and corporate social responsibility are presented on DTS's official website.

Solutions and Packages
<https://www.dts.co.jp/section/>

Investor Relations (IR)
<https://www.dts.co.jp/ir/>

Sustainability
<https://www.dts.co.jp/sustainability/>

Guidelines referenced

- Ministry of Economy, Trade and Industry
Guidance for Collaborative Value Creation
- International Integrated Reporting Council (IIRC) International Integrated Reporting Framework
- ISO 26000 (Guidance on Social Responsibility)

Inquiries
DTS CORPORATION
ESG Promotion Department

Disclaimer
In this integrated report, statements concerning the future, such as forecasts regarding the DTS Group's operating results, financial position, other general management information, targets, and plans are based on information currently available to the Company and certain assumptions that it deems reasonable. By their nature, these judgments and assumptions are subjective and uncertain.

Furthermore, there is no guarantee that statements regarding the future will be realized as stated, and actual business performance may differ significantly due to various factors.

The names of companies and products used in this report are the trademarks or registered trademarks of their respective owners.

History of the DTS Group

Since its founding, the DTS Group has continued growing in its key area of providing solutions to clients in finance, telecommunications, and the public sector as an independent system integrator. We have participated in large-scale projects for critical systems in financial organizations and built online stores and various management systems for retail businesses. Through the development of such products as embedded systems related to self-driving car technologies, we have contributed to the development of many companies and society. Going forward, the Group will continue striving to provide new value in an era of digital transformation (DX).

1970s

Inception phase

Expansion of Business Results Due to Solid Mainframe Sales and the Second Online Banking Movement

Computers called mainframes took on a major role in society in the early 1970s, and DTS took its first steps in Nishi-Shinbashi as Data Tsushin System. The Company was launched by President Toshio Sasanuki and nine other members with a basic business policy comprising the three pillars of developing financial systems, developing telecommunications systems, and conducting operations. At that time in the financial industry, the second online banking movement was making progress in uniting a core banking system that had been constructed for to deal with each banking transaction on a individual basis. Amid this trend, DTS was also commissioned for many large-scale banking projects. We played a major role in the development of the financial industry and rapidly expanded our operations.

1980s

Phase of business domain expansion

Striving to Further Strengthen Our Management System amid the Emergence of PCs and Robust Demand for Systems

As we entered the 1980s, the cost performance of PCs was rapidly improving and these devices gradually came to be seen as essential to business. Companies were looking to automate their offices and demand for systems increased, triggered in part by the third wave of movement toward online banking. Also pushing demand was a drive to respond to easing regulations and greater deregulation (including of interest rates, insurance fees, and airline fees), against the backdrop of transition into the Heisei era.

To meet this robust demand, DTS recruited more people and focused on standardizing operations and educating employees. In addition, we strove to further strengthen our management system by, for example, establishing a corporate mission, launching meetings with the purpose of thinking about the Company's future, which comprise a strategy formulating body centered on top management, and moving the head office.

1990s

Phase of business scale expansion

Rebuilding Organizations and Systems with the Aim of Further Expanding Business

From around this time, there was a rapid acceleration away from mainframes and toward PCs as across all industries, companies sought to downsize and open up their organizations. In addition, as LAN technology advanced and internet usage became more widespread, the idea of decentralized processing through clients and servers became more accepted.

In light of the social changes that began from the late 1990s, namely the financial big bang (including deregulation and expanding financial and securities systems) and the shift to multimedia in the telecommunications industry, DTS steadily expanded its business in the financial and telecommunications fields, its sources of strength. The Company was listed on the Second Section of the Tokyo Stock Exchange and then moved up to the First Section.

2000s

Phase of expansion as a corporate group entity

Undertaking a Major Transformation Aimed at Independence amid an IT Industry Shakeup

In the hardware field, the emergence of laptops and smartphones drove the widespread adoption of mobile computing. In the business field, the concept of various online IT services developed from the perspective of enterprise resource planning (ERP). We also saw the sprouting of cloud computing.

Following a paradigm shift in the IT industry that saw downsizing and increased openness, a wave swept through the industry, shaking it up and leading to larger systems integration (SI) companies. Amid this situation, we strove to extricate ourselves from a business structure reliant on existing businesses and shift to a structure with stronger footing. We proactively and boldly rolled out a suite of measures, including establishing an independent development standard, cultivating new business, pursuing M&A, and advancing overseas.

2010s

Phase of strengthening the Group's management foundation and expanding its overseas operations

Expansion of Global Business and Cultivation of New Business Fields

Various services using the cloud advanced, and a group of "Big Tech" companies emerged. AI, IoT, big data and other new technologies rapidly gained widespread acceptance and the business environment changed significantly. To respond to these changes, DTS rolled out new solutions.

In addition, DTS strove to increase its base level of project management (PM) and focused on participating in large-scale financial integration projects and acquiring prime projects.

Moreover, we began fully pursuing M&A on a global scale and cultivating new business fields, including embedded systems.

2020s

Phase of transforming into a value creation-based company

Become a company that continuously takes on challenges in order to provide value that exceeds expectations

We built a new growth model to take advantage of environmental changes, including DX and ESG, while expanding business by creating new solutions and services and ramping up proactive investment in research and development and human resources to realize these goals.

We also formulated Vision2030, which looks to the long term, and aim to further enhance corporate value by creating both social and economic value.



1972

Establishment of Data Tsushin System in the Shinbashi 2-chome district of Minato-ku, Tokyo



1987

Obtained a license for a specified worker dispatch business from the Ministry of Health, Labour and Welfare

1991

Registered with Japan Securities Dealers Association as a storefront sales brand

1997

Listed on the Second Section of the Tokyo Stock Exchange



1999

Listed on the First Section of the Tokyo Stock Exchange



2000

Established KYUSHU DTS CORPORATION

2001

Made DATALINKS CORPORATION a subsidiary

2002

Received JIPDEC privacy mark certification

Became a loan stock on the First Section of the Tokyo Stock Exchange

2003

Data Tsushin System renamed DTS CORPORATION

2006

Made JAPAN SYSTEMS ENGINEERING CORPORATION a subsidiary

2007

Made SOUGOU SYSTEM SERVICE Corporation a subsidiary

Established MIRUCA CORPORATION

Established DTS (Shanghai) CORPORATION

2009

Established DIGITAL TECHNOLOGIES CORPORATION

2011

Established DTS palette Inc. as a special subsidiary

Established DTS America Corporation

2014

Established DTS WEST CORPORATION

Made ART System Co., Ltd. a subsidiary

Made YOKOGAWA DIGITAL COMPUTER CORPORATION a subsidiary

Established DTS SOFTWARE VIETNAM CO., LTD.

2015

Merged SOUGOU SYSTEM SERVICE Corporation with DTS WEST CORPORATION (the surviving company name is DTS WEST CORPORATION)

2017

Formed a capital alliance with India-based Nelito Systems Limited

Merged YOKOGAWA DIGITAL COMPUTER and ART System to establish DTS INSIGHT CORPORATION

Made DATALINKS CORPORATION a wholly owned subsidiary through a share exchange

Moved the head office to Hatchobori 2-chome, Chuo-ku, Tokyo

2018

Conducted an absorption-type merger with DATALINKS CORPORATION

2019

DTS (Shanghai) CORPORATION concluded an agreement with Dalian SuperElectronics Co., Ltd. to increase its stake

Made Nelito Systems Limited a subsidiary

2021

Made I Net Rely Corporation a wholly owned subsidiary

2022

Moved to the Prime Market of the Tokyo Stock Exchange

Made Partners Information Technology, Inc. a subsidiary

2023

Made Anshin Keikaku Co., Ltd. a subsidiary

The DTS Group's Business Performance

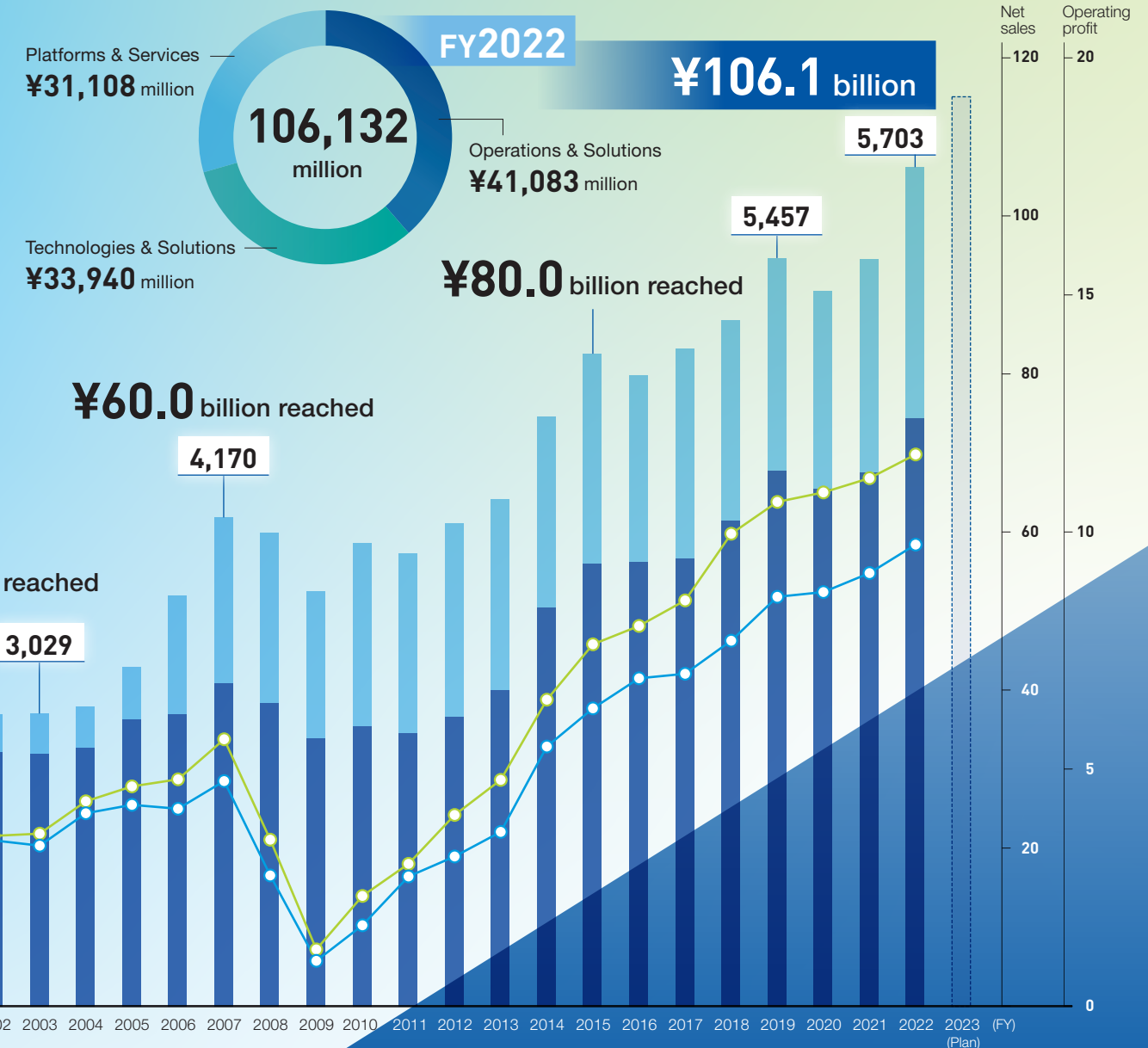
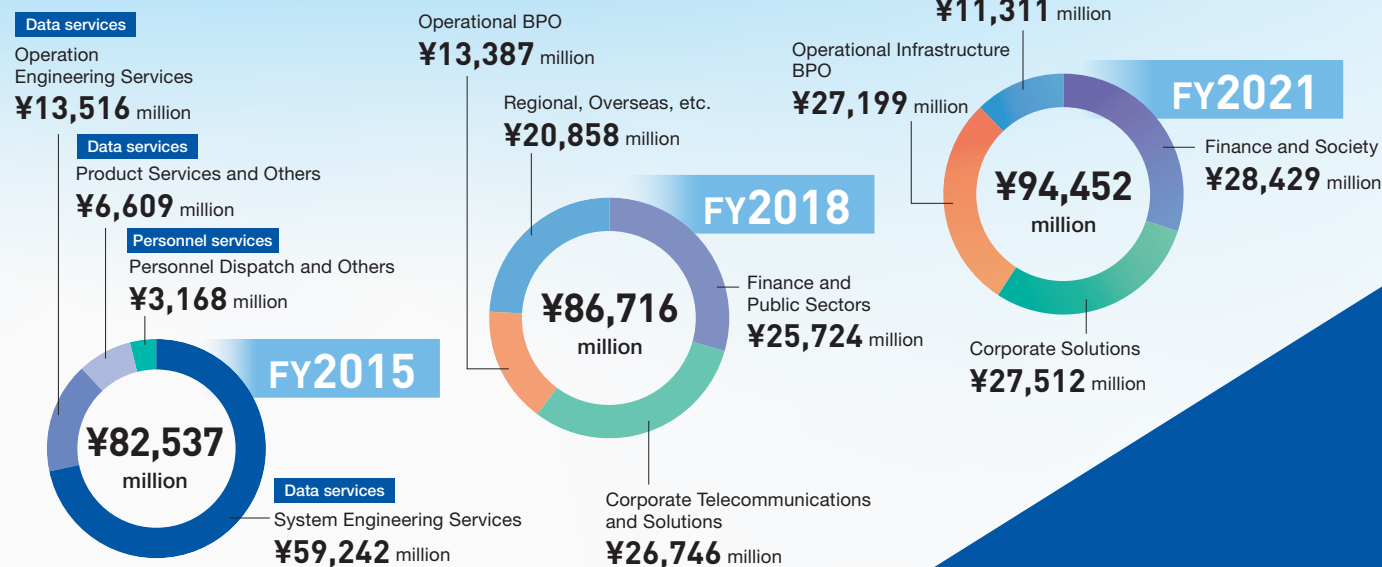
Values Cherished by DTS

Always Enjoy Change

Since its founding in 1972, the DTS Group has provided IT services to clients representing a wide range of industries and formats. As the computer age dawned, we began our business, starting with finance-related system development, eventually establishing a system capable of supporting customers in everything from design to development, operation, and maintenance. From around 1995 to 2001, we switched over to system development for the most part, using C#, Java, Perl, Ruby, Python and other languages, and from 2002 to 2009, we worked to expand our scale mainly through M&A, putting together a system that can also handle large-scale projects. Since 2010, we have promoted the global expansion of our development systems primarily through overseas subsidiaries and the establishment of Group companies. The DTS Group Way was established on the 45th anniversary of DTS in 2017, and the Group is working as one to transform into a value creation-based company.

In April 2022, we formulated our long-term vision, Vision2030, with the target year of fiscal 2030 and a medium-term management plan that begins fiscal 2022. We will continue realizing Vision2030 by promoting it in three separate stages.

Breakdown of consolidated net sales (former segments)



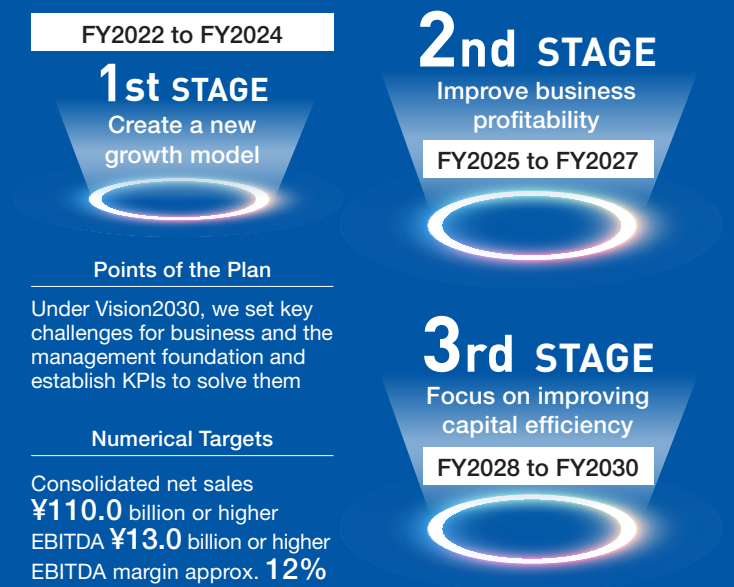
Evolution of the medium-term management plan

FY2016 to FY2018
Theme
Generating New Value Change! for the Next
Points of the Plan
Three Changes: Management Revolution, Business Transformation, and Sales Reformation
Numerical Targets
Net sales ¥86.7 billion
Operating profit margin 11.3%

FY2019 to FY2021
Theme
Providing New Value to the Society of Tomorrow Next Value Creator
Points of the Plan
Realizing sustainable growth and corporate value enhancement for the DTS Group by creating social and economic value
Numerical Targets
Net sales ¥100.0 billion or higher
Operating profit margin 10% or higher
Overseas business net sales ¥5.0 billion or higher

Vision2030 (long-term vision)

Become a company that continuously takes on challenges in order to provide value that exceeds expectations



Message from the President



Tomoaki Kitamura

Representative Director and President

First Year of the Medium-Term Management Plan Kicks Off to a Strong Start Signs of Change Emerge in Employee Mindsets

Review of FY2022

In FY2022 (ended March 31, 2023), revenue and profit both increased, with net sales totaling ¥106,132 million and operating profit reaching ¥11,694 million.

Although under the previous medium-term management plan we fell short of our target of ¥100.0 billion in net sales, we breached this threshold in the year of our 50th anniversary, marking a great milestone. Moreover, operating profit cleared the ¥11.4 billion forecast, setting a new record high for a second consecutive year.

Looking at net sales by segment, profit in all three segments increased more than 10% year on year. In the Operation and Solutions segment, sales expanded due to a recovery in the financial industry, which had been tightening IT investment the last few years. In the Technology and Solutions segment, which we especially expect to grow, the performance of ERP and other package solutions was strong, and we acquired U.S.-based IT service company Partners Information Technology, Inc. which operates under the trademark Calance. The consolidation of operating results for a fiscal quarter pushed up sales. In the Platform and Services segment, product sales projects related to system bases as well as design and construction projects related to operation bases expanded.

Driving our solid performance are the net sales of our focus businesses comprising service-related, solutions-related, and digital-related businesses in the DX sector spanning every segment. We established focus businesses as a growth area under the medium-term management plan (the “Plan”) and set a target for net sales of such businesses comprising 40% or more of total net sales by FY2024. We were able to clear this target in the first fiscal year of the Plan.

DTS has long relied on the strength of its legacy sectors but is now looking to steadily shift from legacy sectors to new digital and service solution sectors. Since becoming President, I have been successful in spurring a transition to a more ambitious corporate culture, and, while the work is not yet done, I feel there has been a significant shift in employee mindsets.

Message from the President

Progress of Growth Investments

The DTS Group will make ¥25.0 billion in growth investments, an area that it had not previously been able to pursue, with ¥7.5 billion earmarked for investments in human resources. In FY2022, we invested ¥6.0 billion, ¥1.4 billion more than initially planned. Of this total, ¥2.0 billion went toward investments in human resources, and ¥2.5 billion was used for M&A. This represents a ¥4.2 billion rise in growth investments from the previous fiscal year, a major increase.

As for investments in human resources, until the previous Plan our emphasis had been on expanding our project management capabilities, in particular, enhancing efficiency without increasing the number of employees. Going forward, we will aggressively recruit new graduates and mid-career professionals and aim to provide sustainable returns to employees by improving employee compensation, including higher base pay, and proactively conducting education and training, including advanced personnel training programs.

For these investments, we have established three levels within the professional certification system for such job types as IT specialists, consultants, DX engineers, and base and operation engineers. We have also built personnel development programs with on- and off-the-job training for each sector and established a workplace environment where leading-edge technologies can be used.

We already had this kind of system for project managers and have now extended it to include ideal human resource profiles for sales people, producers promoting new business, and others in addition to expanding our ideal human resources to include those in the digital sector. We conduct education and training for each of these occupational fields and evaluate their proficiency using a professional certification system. Through such efforts, we are continuing to systematically sync up the qualitative enhancement and quantitative expansion of human resources.

As for growth investments outside of human resources, we racked up results in M&A. Following the acquisition of Calance, which was aimed at further expanding our U.S. business, we made Anshin Project Japan Inc. a subsidiary. This company has a wealth of know-how related to sales and operational maintenance and is a standout agency for Walk in home, a living space proposal system that uses 3D CAD models developed by DTS.

For the residential construction industry, we launched HOUSING CORE, a core system for centrally managing and enhancing the efficiency of various operational systems, and the cloud-based construction management system Walk in home CUMOE. Going forward, we will continue contributing to the DX of the residential and construction industries by providing various housing solutions.



Progress of the Plan by Segment

In the Operation and Solutions segment, performance was strong due to an expansion in orders from major financial institutions and the insurance industry. However, looking deeper, we realize that there is still room for expansion regarding the strengthening of DX responses and promoting modernization businesses that promote the shift away from the legacy systems that had been our focus sectors. In addition, despite our efforts to convert implicit knowledge into explicit knowledge, the persistent importance of operational knowledge in business means that we are only halfway to the point of escaping from the idea that true knowledge is the domain of the few. Regarding the modernization of financial institution systems, we expect major changes going forward.

Regarding the Technology and Solutions segment, which is expected to be a growth field, our initiatives are going according to plan. These initiatives include expanding the aforementioned housing solutions, launching our new business intelligence (BI) tools, which support strategic decision making, and establishing managers for promoting the ServiceNow Business.

DTS has acquired Premier certification from the service partner program of ServiceNow, Inc., the next biggest specialized SaaS after Salesforce, Inc. Each DTS operating division is using multiple existing systems to integrate its formerly siloed systems. We position ServiceNow's Platform of Platforms, which enhances the efficiency of and standardizes operations, as a focus sector in the Plan because we expect it to gain widespread adoption in Japan as well.

In the Platform and Services segment, net sales cleared ¥30.0 billion, which is the target for the final year of the Plan, due in part to strong orders for large-scale product marketing projects related to system bases from the Group company DIGITAL TECHNOLOGIES CORPORATION.

DTS’s M&A

In the United States, DTS America Corporation has expanded business for Japanese financial institutions through its network of bases (West Coast, East Coast, Midwest). As this business had reached a lull, we decided to acquire Calance in order to expand our customer base to include manufacturing and other industries outside of financial institutions.

Based on the West Coast in Anaheim, California, Calance has built a specialized team capable of introducing solutions and conducting maintenance, has major strengths in the provision of IT staff with highly specialized skills in these fields as well as IT services, and is able to swiftly find and select necessary personnel for placement in the United States. Japanese companies have a considerable need for bilingual System Integrators (SIs), and half of Calance’s customers are Japanese companies.

From 2017, DTS America has maintained an alliance with Calance as a strategic partner, jointly working to respond to the introduction of ERP and SAP as well as to aid in the construction of customers’ systems. With this current acquisition, we are gaining customers in various different sectors and taking a step toward U.S. expansion.

Calance’s characteristic service is its 24-hour operational support commissioned by BPO operations. This service is provided from Anaheim during the day on weekdays, and a team in Delhi, India, takes over when it is night in the United States.

Because Japanese companies always have a parent organization in Japan, we strive to leverage synergies arising from collaboration with those and other organizations.

Thus, using M&A and other measures, the DTS Group is proactively supplementing sectors it is deficient in. There is a rapidly rising need for near-shore development, wherein large-scale projects are contracted out to regional areas for development, and we are studying M&A to supplement this field.

Furthermore, to stabilize our operating results, I feel we need to strengthen our public sector operations as a part of our business portfolio. I realize that the public sector involvement is key to creating a portfolio that will ensure the Company remains strong during tough economic times. I intend to work hard to stabilize our portfolio by bringing the financial, public, and other corporate sectors into equilibrium.

Become a Company That Continuously Takes on Challenges in Order to Provide Value That Exceeds Expectations

To realize its 2030 vision, the DTS Group laid out these ESG initiatives: realizing carbon neutrality, realizing diversity and inclusion, and strictly adhering to the Corporate Governance Code.

First, regarding governance, in June 2022 we shifted our structure from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance. As a result of Audit and Supervisory Committee members becoming members of the Board of Directors, as of March 31, 2023, seven of our 13 directors are independent outside directors, constituting over half. With two directors being women, the ratio of women on the Board of Directors is 15.4%, clearing the 10% or higher target set out in the medium-term management plan ahead of schedule. Going forward, we will continue striving to enhance the independence and diversity of the Board of Directors.

Furthermore, in April 2022 we established a new Sustainability Committee to further strengthen the Group’s environmental and social initiatives as well as the new ESG Promotion Department to strengthen Company-wide ESG activities.

As for environmental initiatives, we switched all electric power used at the head office building over to renewable energy. Under Vision2030, we set a target of achieving net zero Scope 1 and 2 CO₂ emissions by 2030 and will continue promoting similar initiatives for electric power at the Development Center and other bases. We also set a net zero target for Scope 3 emissions by 2050, and we will continue requesting that our partner companies realize carbon neutrality.

As for social initiatives, the Company introduced telework due to the pandemic and decided to continue the initiative going forward from the perspective of creating an environment where it is easy to work. As for health management initiatives, we received Gold Certification as a Health Outstanding Company for the third consecutive year and were certified by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a Health & Productivity Management Outstanding Organization (White 500) for the second consecutive year.

As for comprehensive compensation improvement for employees, we have flexibly responded based on social trends. For example, we made our largest ever increase in base pay and introduced a restricted stock compensation plan for employees. Going forward, we will continue distributing and returning corporate profit through a continual increase in wages.

The DTS Group will rush toward realizing its vision, “Become a company that continuously takes on challenges in order to provide value that exceeds expectations.” We will contribute to the vision by providing value that exceeds everyone’s expectations.

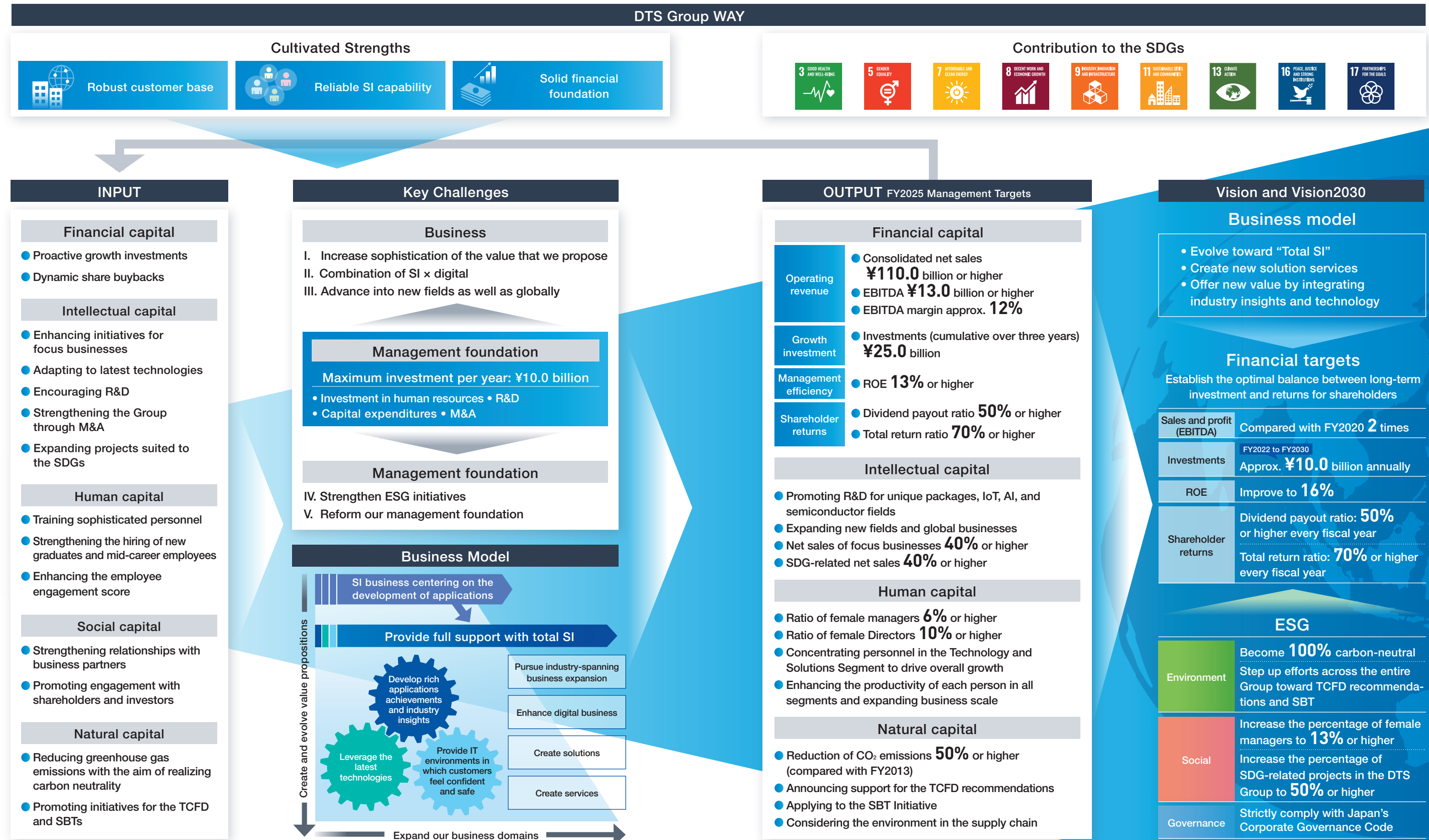
I ask for your continued support going forward.



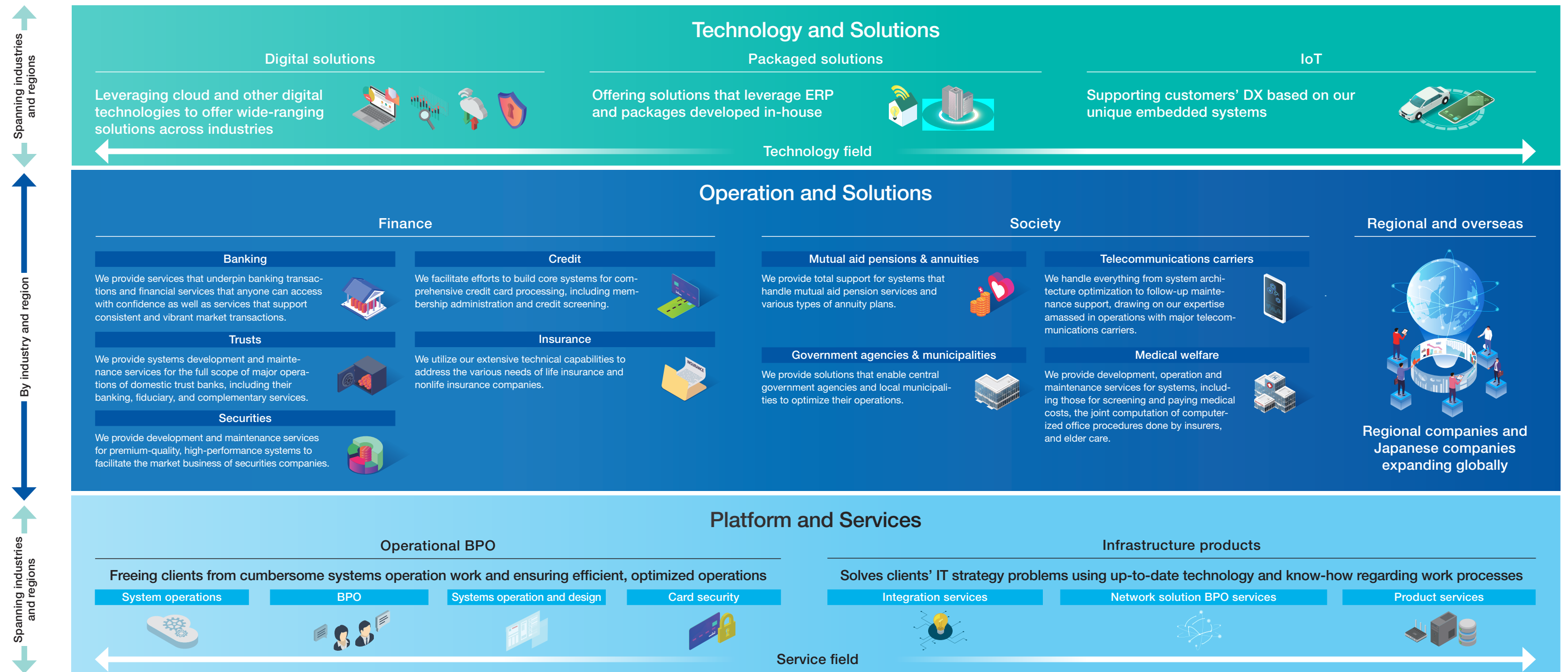
Value Creation Process

The DTS Group aims to further improve corporate value through the creation of both social value and financial value by understanding environmental changes to areas such as the IT market, technology and ESG. Specifically, we establish operating segments and business models while flexibly addressing changes in the business environment, and implement these business models in a manner that involves injecting various forms of equity. The solutions

and services that result from such efforts enable us to create new value for society and our clients. The DTS Group's competitive advantages and achievement of sustainable growth is thanks to our consistent and persistent efforts. This growth, in turn, enables us to further strengthen our financial standing which consequently helps us newly address social challenges.



Relationship between the DTS Group's Businesses and Society



Overview of Three Segments

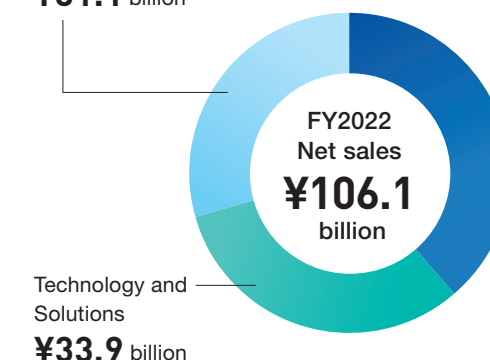
Under our long-term outlook, Vision2030, to promote the dynamic transformation of our business model, it will be necessary to build businesses based on technologies and services. Accordingly, we reorganized our businesses into three segments: Operation and Solutions, which focuses on individual industries and regions; the technology-focused Technology and Solutions; and the service-focused Platform and Services, both of which span industries and regions.

The first, Operation and Solutions, offers new high value-added services to customers by combining digital technology with our strengths in project management and industry insight. This segment also actively creates industry-specific solutions.

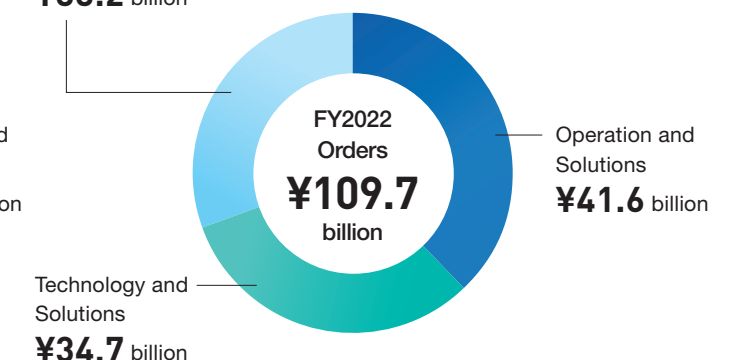
The second, Technology and Solutions, specializes in digital technology and solutions, using the latest technologies to meet the diverse needs of customers, regardless of industry or sector. We support customers' DX with our outstanding technological capabilities and wide-ranging solutions, placing the cloud business at the core. To this end, we will continue training full stack engineers and DX consultants well versed in various digital technologies as well as business producers capable of creating cloud-first solutions.

The third, Platform and Services, supports IT environments that customers can be confident of by providing advanced IT equipment, building IT platforms, and offering operations monitoring services.

Platform and Services
¥31.1 billion



Platform and Services
¥33.2 billion

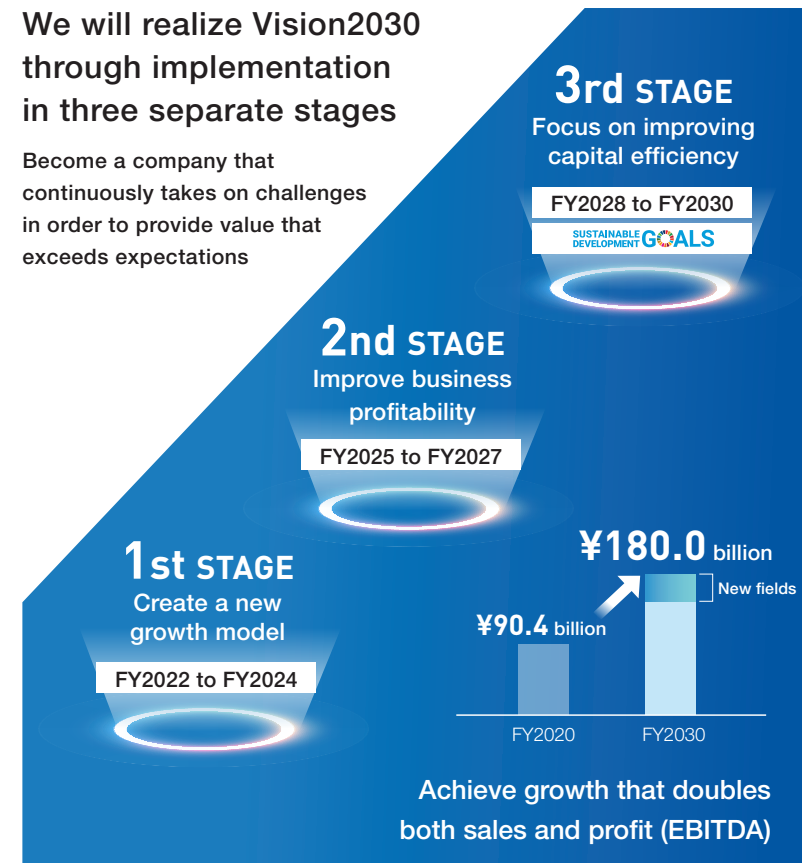


Implementation Process for Vision2030

Under Vision2030, we have designated and are advancing initiatives to address the following five key challenges: increase sophistication of the value that we propose; combination of SI × digital; advance into new fields as well as globally; strengthen ESG initiatives; and reform our management foundation.

We will realize Vision2030 through implementation in three separate stages

Become a company that continuously takes on challenges in order to provide value that exceeds expectations



Vision2030/Financial Targets

Sales and Profit (EBITDA)	Compared with FY2020 2 times
Investments	FY2022 to FY2030 Approx. ¥10.0 billion annually
ROE	Improve to 16%
Shareholder returns	Dividend payout ratio: 50% or higher every fiscal year Total return ratio: 70% or higher every fiscal year

Vision2030/Non-Financial Targets

Environment	Become 100% carbon-neutral Step up efforts across the entire Group toward TCFD recommendations and SBT
Social	Increase the percentage of female managers to 13% or higher Increase the percentage of SDG-related projects in the DTS Group to 50% or higher
Governance	Strictly comply with Japan's Corporate Governance Code

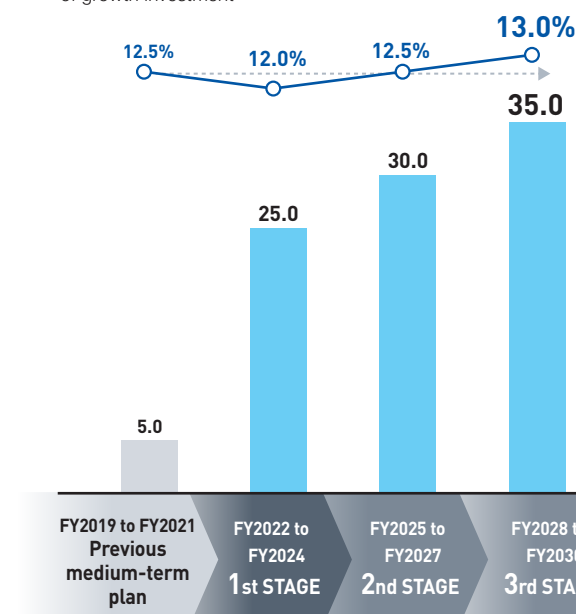
Planned growth investment

(Billions of yen)

■ Growth investment (three-year total)

○ EBITDA margin

--- Hypothetical EBITDA margin assuming no expansion of growth investment

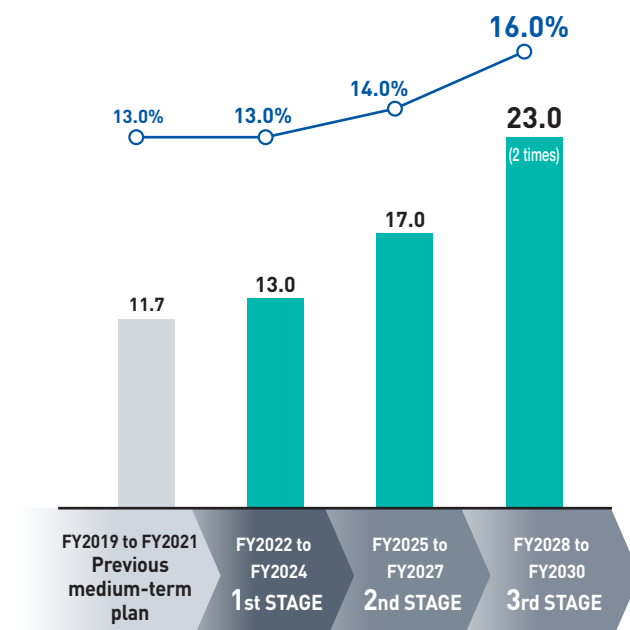


Planned profit growth and ROE

(Billions of yen)

■ Profit growth (EBITDA)

○ ROE



Progress of the Medium-Term Management Plan

Medium-Term Management Targets (Financials)

FY2022, the first year of the medium-term management plan, saw net sales surpass ¥100.0 billion, our previous target, and record-high operating profit, marking a very strong start toward the targets for the plan's final year.

Also in the first year of the plan, we cleared our annual investment goal in line with our intention to make ¥25.0 billion in growth investments over the three years of the plan.

Financial targets for FY2024			FY2022 results	
Operating revenue	Consolidated net sales	¥110.0 billion or higher	¥106.1 billion	
	EBITDA	¥13.0 billion or higher	¥12.4 billion	
	EBITDA margin	Approx. 12%	11.7%	
Growth investment	Investments (cumulative over three years)	¥25.0 billion	¥6.0 billion	
Management efficiency	ROE	13% or higher	13.0%	
Shareholder returns	Dividend payout ratio	50% or higher	66.1%	
	Total return ratio	70% or higher (Approx. 130% in FY2022)	127.9%	

Medium-Term Management Targets (Non-financials)

We also made a solid start in terms of non-financial KPIs, reaching 40.4% net sales from focus businesses, compared with our target of 40% or higher for the final year of the medium-term management plan. Going forward, we will strive to continue to exceed our targets.

Furthermore, we are making steady progress on ESG issues. We have been advancing such initiatives as switching to 100% renewable energy for the DTS head office building, implementing diversity and inclusion efforts, and reinforcing governance by appointing Independent Outside Directors as a majority of the Board of Directors.

Management targets for FY2024			FY2022 results	
Focus areas	Net sales of focus businesses*1	40% or higher	40.4%	
ESG	Reduction of CO ₂ emissions (compared with FY2013)	50% or higher	44%	
	SDG-related net sales*2	40% or higher	34.6%	
	Ratio of female managers	6% or higher	3.7%	
	Ratio of female Directors	10% or higher	15.4%	
	Independent Outside Directors	Over 50%	Over half	

*1 Business fields that will be areas of focused effort going forward, comprising the three growth engines of the digital business, solution business, and service business as growth engines

*2 Net sales from projects contributing to the 17 Sustainable Development Goals (SDGs).

Status of Efforts to Address the Key Challenges

I Increase sophistication of the value that we propose II Combination of SI × digital

To increase coordination between the front lines and sales and thereby improve the sophistication of the value that we propose, in April 2022, we transferred the sales promotion functions that had been consolidated in the Sales Sector to the individual business sectors.

In October 2022, we established an organization to take charge of promoting the ServiceNow business and launched IT services that provide total support, from IT strategy planning to systems operation and maintenance, including digitalizing workflows and integrating multiple unlinked systems using ServiceNow®.

In March 2023, we agreed to acquire issued shares of Anshin Project Japan Inc. Our aim is to strengthen the housing solution business by combining our development know-how in the Walk in home housing space proposal system—which uses 3D CAD developed in-house—with the sales know-how, sales base, and operations and maintenance know-how accumulated by Anshin Project Japan over many years of selling Walk in home.

As our foray into data utilization solutions, in May 2022 we were certified as a SELECT Partner by the U.S.-based Snowflake Inc. and began selling “Snowflake” products.

III Advance into new fields as well as globally

In November 2022, we acquired 51% of the shares of U.S.-based IT services company Partners Information Technology, Inc. in order to build a firmer partnership with that company and strengthen our business in the United States.

IV Strengthen ESG initiatives

To enhance corporate governance by further strengthening monitoring functions, the Company transitioned from a company with a board of corporate auditors to a company with an audit and supervisory committee. To strengthen the oversight function of the Board of Directors, the Company made the Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, members of the Board of Directors.

As the environment surrounding companies is changing drastically, based on the recognition that balancing the realization of a sustainable society and sustainable corporate growth is an important management issue, the Group established the Sustainability Committee in April 2022 to further strengthen its environmental and social initiatives.

In August 2022, we were selected as a constituent brand for the JPX-Nikkei Index 400 for fiscal 2022 (August 31, 2022 to

V Reform our management foundation

With the transition to a company with an audit and supervisory committee, to accelerate decision making, we updated the Board of Directors rules with changes to the scope of delegation of the Board’s responsibilities and updated the

As a second solution, in July 2022 we started handling the mcframe 7 SCM/PCM production management packages. Using the Snowflake cloud platform for data utilization in combination with existing IoT solutions for factories, we will integrate and share unlinked data in order to support solutions to issues in the manufacturing industry.

As a third solution, in November 2022 the Company launched Geminiot, a business intelligence solution for advanced data utilization, and Pasteriot.mi, a manufacturing industry data utilization solution.

Using these data utilization solutions and the business know-how we have cultivated to date, we will roll out DTS DataManagement Solution (DTS DMS), which is designed to help customers to solve business issues and create new business opportunities.

We are reinforcing our initiatives in focus businesses, which the Company has designated as growth areas. Furthermore, under our medium-term management plan, we have set the target of net sales of focus businesses making up 40% of total net sales by the fiscal year ending March 31, 2025. In the fiscal year under review, the net sales of focus businesses were firm, accounting for 40.4% of total net sales.

Going forward, we will continue to strengthen our DX and other solution businesses, not only for financial institutions, which are our main customers, but also for a wide range of industries.

August 30, 2023).

In December 2022, we converted all electricity used at our head office to 100% renewable energy.

In recognition of the success of our health management initiatives, we received Company of Health Excellence Certification (Gold Certification) for the third consecutive year. We also received certification from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a Health & Productivity Management Outstanding Organization (White 500) for the second consecutive year. Moreover, we newly received certification from the Japan Sports Agency as a Sports Yell Company 2023 in February 2023.

The Company will continue to promote health management to help employees improve their health and create a healthy work environment for them.

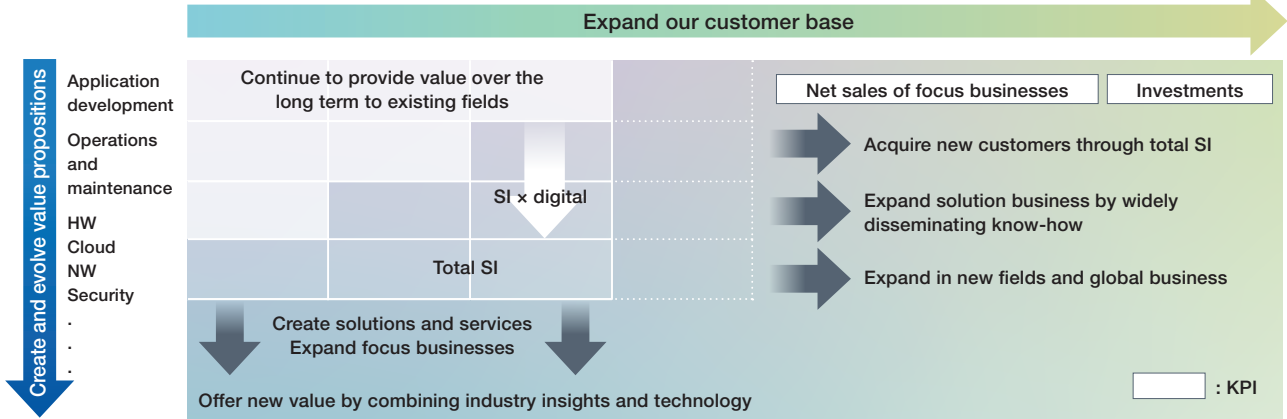
organizational rules with changes to provisions about business execution authority.

To realize fast management, we will continue to promote the delegation of authority and structural reforms.

The Five Key Challenges of Vision2030 and Initiatives Under the Medium-Term Management Plan

Key business challenges

I Increase sophistication of the value that we propose II Combination of SI × digital III Advance into new fields as well as globally



Key management foundation challenges

IV Strengthen ESG initiatives	Promote efforts for the environment	<ul style="list-style-type: none">Promote carbon-free management, including the procurement of renewable energyExpand and promote SDG-conscious projectsSet up a sustainability committee to accelerate discussion and responseEnsure more employee-friendly work environments where diverse personnel thriveStrategically train management personnelConduct periodic employee engagement surveys and ensuing analysis/responseTransition to a company with an audit and supervisory committeeEnhance the independence and diversity of the Board of DirectorsEnrich non-financial information and improve the disclosure of company performance continually
	Reduce CO ₂ emissions	
	SDG-related net sales	
V Reform our management foundation	Promote employee engagement and diversity	<ul style="list-style-type: none">Delegate authority to enhance agility and encourage ambitious effortsTransform our management style to be data-driven, thereby becoming a reference model for customers
	Ratio of female managers	
	Enhance governance and information disclosures	
	Ratio of female directors	
	Ratio of independent outside directors	
	Overhaul business processes and leverage cutting-edge technologies	

Status of Growth Investments

Looking at the medium-term management plan target of ¥25.0 billion (three-year total), at ¥6.0 billion, first-year investments exceeded the annual plan.

Growth Investments ¥6.0/¥25.0 billion		¥1.4 billion higher than planned	¥4.2 billion higher than FY2021
Investments in human resources (including the increase in personnel expenses due to workforce expansion)	¥2.0/¥7.5 billion	<ul style="list-style-type: none">Increasing the number of domestic employees, and increasing base pay and allowancesEducation and training for developing highly skilled human resources	
Investments in research and development	¥0.3/¥2.0 billion	<ul style="list-style-type: none">Development of new solutions (BI/IoT solutions utilizing Snowflake and mcframe)Development of services in the security domain (zero trust)	
Capital Expenditures	¥0.7/¥3.0 billion	<ul style="list-style-type: none">Housing-related solutions (Walk in home 2022 / HOUSING CORE)Data utilization solutions (Geminiot / Pasteriot.mi)	
M&A	¥2.5/¥10.0 billion	<ul style="list-style-type: none">Acquisition of Partners Information Technology, Inc. stockCosts related to M&A	
Other investment	¥0.4 billion	<ul style="list-style-type: none">Establishment of ServiceNow businessPromotion costs for solutions	

DTS's Growth Strategies



Comprehensive support, from upstream processes to final operation and monitoring, is the factor that most sets DTS apart

Minoru Takeuchi

Director and Senior Managing Executive Officer

plan, we are reviewing career paths from the perspective of strategic human resource development.

In order to strengthen its human resources in its focus businesses, in addition to utilizing existing IT skill standards, DTS is working to define its own standards for digital skills in an effort to enhance the breadth and sophistication of its DX personnel.

Such initiatives are yielding results affecting our corporate culture, which until now tended to be inward-looking and

diligently focused on short-term sales growth. Today, there are promising signs of a shift toward a mindset that embraces a variety of challenges.

However, the key factor underpinning DTS's growth and the tremendous trust its customers place in it is its unmatched level of operational knowledge. We must not focus so much on developing DX personnel that we forget about this strength. I have particularly asked that management in the Operation and Solutions segment keep this in the forefront of their minds.

Focus Businesses: DTS's Growth Engines

DTS has designated DX-related businesses as focus businesses, with the digital business, solution business, and service business as growth engines.

Sales from these focus businesses came to 40.4% of total net sales in FY2022, up 6.2 percentage points year on year, and meeting the 40% target for the final year of the medium-term management plan ahead of schedule.

Currently, our modernization business—leveraging a combination of operational knowledge, development capabilities, and project management capabilities—accounts for the greatest volume of our business. Going forward, we will use our platform to provide ServiceNow operational transformation solutions to realize one-stop services, our specialty. These services will span from business consultation with customers to the provision and construction of optimal solutions, as well as operational management and services.

The increasing use of the cloud by companies presents growing security issues. In FY2022, we provided comprehensive support for an online bank's zero trust solutions,

from implementation to operation. This was a particularly challenging project, but I am confident that we will be able to use the experience gained through it to further expand our business going forward.

In addition, we launched DTS DataManagement Solution (DTS DMS), a data-driven sales solution, to very promising initial results.

DTS has never been engaged in business with just a single solution or in a single domain; indeed, we have developed our business as a total Sler. Leveraging the operational knowledge and development capabilities we have built up over the years, along with our many engineers highly proficient in the latest technologies, we offer comprehensive support, from upstream processes, such as consulting from the customer's perspective and selecting optimal platforms for the characteristics of customers' operations and systems, to final operation and monitoring. I believe that this is the factor that most sets DTS apart from the competition.

Major Results of the Change to Three Segments

In April 2022, we announced our long-term vision, Vision2030, as well as a medium-term management plan. To steadily carry these out, in April 2023, we transitioned to a new, segment-centered operational framework.

In FY2022, coinciding the medium-term management plan, we launched three new segments, Operation and Solutions, Technology and Solutions, and Platform and Services, with the aim of structurally integrating production and sales to facilitate greater speed and precision in the provision of customer proposals.

At first, there were concerns that this change would silo off the segments and impede inter-segment cross-selling. On the contrary, we have seen is an increase in inter-organizational projects and more active coordination between sales teams.

As a percentage of total net sales, sales from cross-selling and sales efforts or projects implemented in coordination across operational sectors came to 18.5% in FY2022. This greater-than-expected result has led us to reexamine our very business framework.

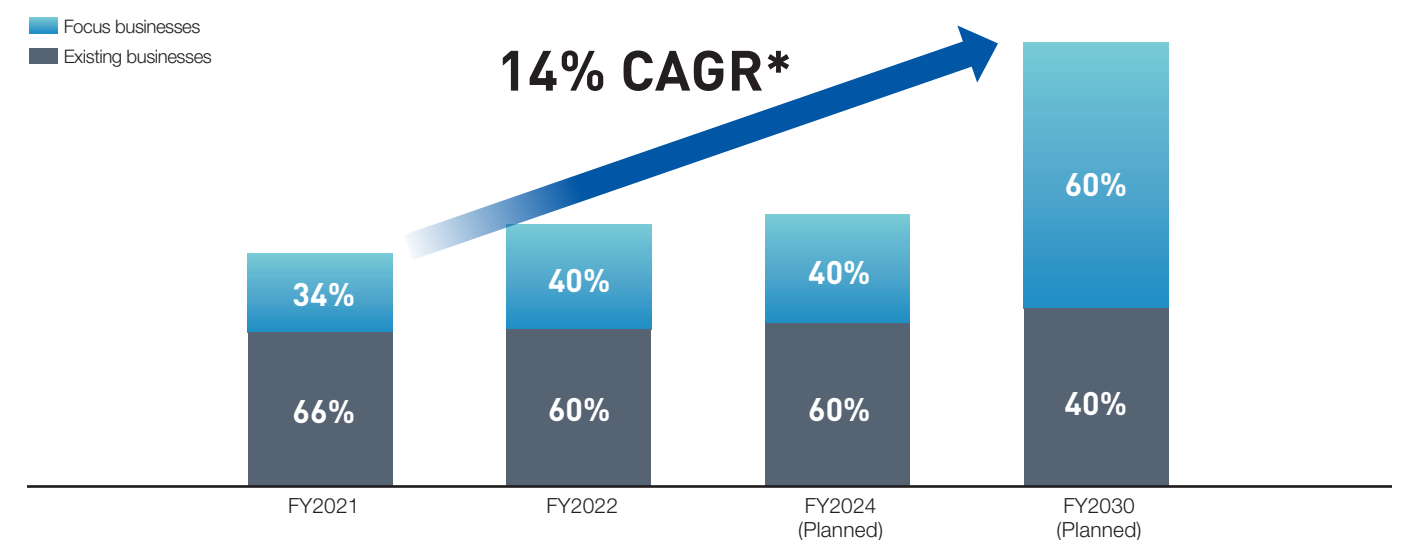
In terms of technology, until now, most of our business has entailed work contracted by specific customers. Now, however, we are beginning to see the emergence of solutions that we can propose as prime (directly contracted) projects. Through the provision of prime offerings not tailored solely for specific clients, we are acquiring a larger number of customers and thereby building market momentum. While further developing prime customers, we aim to secure orders for projects that will enable us to handle all aspects of customers' IT systems, from development to operation.

Expanding Opportunities by Steadily Developing DX Personnel

Under the previous medium-term management plan, we focused on developing DX personnel and advanced efforts to obtain qualifications related to various digital technologies—mainly related to the cloud—including agile development, AI, and robotics. For some time, the acquisition of

qualifications did not readily contribute to business, but recently opportunities to put these qualifications to use have been increasing significantly, and our efforts to acquire qualifications up front and accumulate knowledge are now paying off. Under the current medium-term management

Focus Business Net Sales Targets

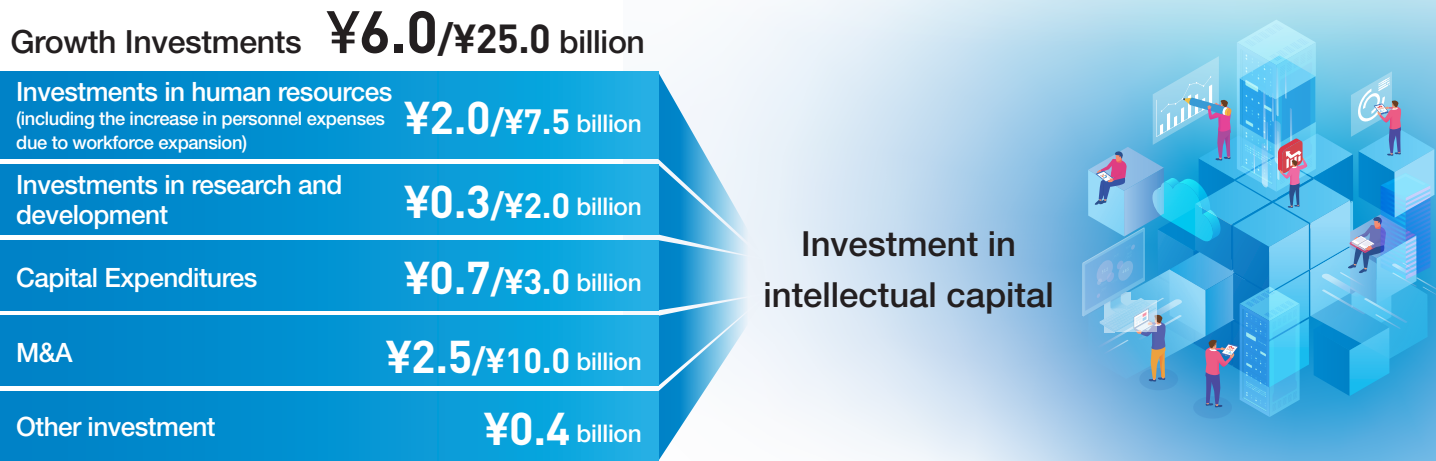


* CAGR of focus business net sales from FY2021 to FY2030

Intellectual Capital: DTS's Technology Strategies

The DTS Group is working to reinforce its intellectual capital through investment in human resources and research and development with an eye toward creating new solution businesses. By doing so, we aim to expand our business areas and build new growth models.

Over the three-year period of the medium-term management plan, we plan to make growth investments totaling ¥25.0 billion. In FY2022, the first year, we invested a total of ¥6.0 billion, in particular working to reinforce our intellectual capital.



Main Initiatives to Reinforce Intellectual Capital

AMLion Anti-Money Laundering System

AMLion is an anti-money laundering, anti-terrorist financing software aligned with the latest domestic and international guidelines. In July 2023, we launched a version of AMLion specially designed to meet the particular needs and requirements of the credit card industry and facilitate compliance with the anti-money laundering guidelines of Japan's Financial Services Agency and Ministry of Economy, Trade and Industry.

In addition, leveraging our operational track record in combating money laundering and other financial crime, we have developed a solution for implementing measures required under the Criminal Accounts Damage Recovery Act that we launched in September 2023. This solution helps improve the efficiency and robustness of operations related to compliance with the Criminal Accounts Damage Recovery Act at banks and credit unions, supporting relief for victims of fraud.

Snowflake Cloud Data Platform

In light of society's ongoing digitalization and move to the cloud, DTS has added Snowflake, a cloud data utilization platform, to its lineup.

As we steadily add new solutions, we will build around data utilization, the key to DX, to provide everything from consultations to system construction, maintenance, and operation in a one-stop format. By doing so, we will provide powerful support for corporate DX.

Housing-Related Solutions HOUSING CORE and Walk in home CUMOE

The construction industry faces the challenges of reducing the workload of construction site supervisors, improving communications with construction sites, and simplifying material handling and procurement. To address these and other issues, we developed Walk in home CUMOE, a cloud-based construction management system for housing construction. Launched in October 2022, this system utilizes our first-party products Walk in home and HOUSING CORE, a core system for the housing construction industry.

Data Utilization Solutions Geminiot and Pasteriot.mi

We offer data utilization solutions to enhance the sophistication of data usage. Specifically, we are realizing manufacturing industry DX by combining our Geminiot DigitalTwin/AI-based 3rd-generation BI solution with our Pasteriot.mi data utilization solution for manufacturing industries.

In addition, we have begun offering Operation up Navi Pro factory IoT solutions and mcframe production management packages, which are designed specifically for manufacturing industries, to help solve the issues faced by customers in these industries.

By combining these in various ways, we will increase the sophistication of data utilization, which until now has been limited to explaining and verifying business challenges, and develop the DTS DataManagement Solution (DTS DMS), which enables the creation of new business opportunities. In these ways, we are taking our customers' DX one step further toward new business creation.

Zero-Trust Security

With the spread of cloud services and mobile devices and the normalization of remote work in recent years, conventional methods of protecting information assets are no longer always adequate. In response, zero-trust security has emerged as a more stringent approach to security, and demand for it as a key information security solution is on the rise. We conduct demonstration tests of the various products and services that comprise zero-trust security solutions in our internal network environment to evaluate and verify their usefulness and effectiveness while accumulating implementation know-how.

Expanding the Capabilities of the ServiceNow Operational Reform DX Solution

DTS has positioned ServiceNow as a focus area with the aims of evolving its existing system integration business model, which has until now centered on application development, and expanding its business areas through the creation of new solutions and services.

ServiceNow is a solution that supports the enhancement of companies' operational productivity, employee engagement, and the employee experience. By speeding up and automating operations and services, ServiceNow frees up time to focus on work with higher added value, helping customers create new businesses and expand the value they provide.

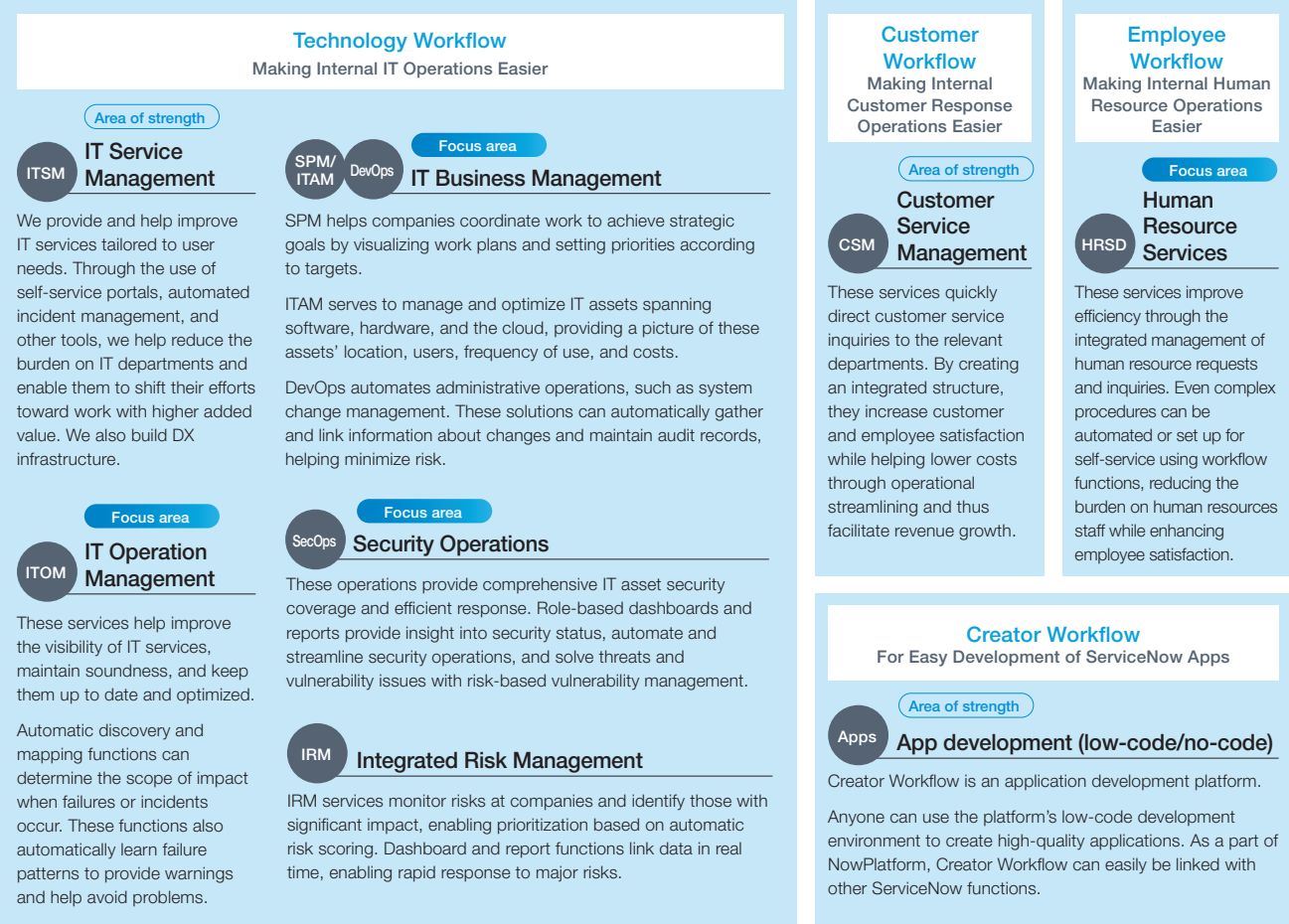
DTS has positioned ServiceNow as a business pillar because the ServiceNow market offers relatively mild competition and solid growth potential. To more robustly and rapidly support

customers' operational reforms through digital solutions, we have established a department in charge of promoting the ServiceNow business within the Digital Solution Sector.

Until now, our staff with experience in ServiceNow were scattered across the Company. By gathering our ServiceNow engineers and consultants in one place, we aim to expand our ServiceNow-related businesses and coverage.

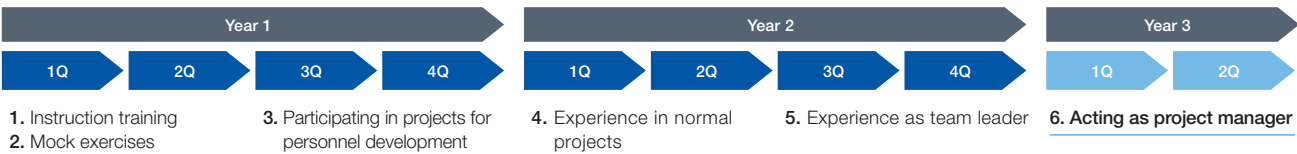
DTS sees ServiceNow's future focus areas as the development of business applications using ServiceNow, the replacement of and migration from current systems, the integration of business applications with other companies' tools, and data management. Working in these areas, we will proactively support customers' operational reforms.

Overview of ServiceNow and DTS's Coverage



ServiceNow Training Program

DTS has set up a ServiceNow personnel training program to quickly develop in-demand DX personnel who provide high added value. Through a clearly defined development plan of basic skills study and practical experience, the program produces human resources ready for project management in just two years.



Roundtable Discussion on the Professional Advancement of Women

Helping Women Break Out of Their Shells to Ambitiously Create New Value



Yumiko Masuda
Outside Director

Sayaka Sakai
General Manager,
Public Relations
Department

Hiroko Onoda
General Manager,
Corporate Planning
Department

Ayano Kumagai
Representative Director
and President, MIRUCA
CORPORATION

Taeko Ishii
Outside Director

Q The Japanese government's Basic Policy on Gender Equality and Empowerment of Women 2023 encourages companies listed on the Tokyo Stock Exchange's Prime Market to raise their ratio of female executives to at least 30% by 2030. What are your thoughts on recent trends related to promoting the professional advancement of women?

Ishii I used to feel some unease toward setting such numerical targets for the professional advancement of women. There is more to the issue than just numbers, and we are each individuals. Promoting women's advancement just because we are women felt like a kind of denial of individual identity, and I was concerned that it could actually narrow women's professional opportunities.

However, in the recently published Gender Gap Index,* Japan ranked near the very bottom. Seeing how far Japan is clearly lagging behind internationally, I have changed my mind. Rather than fretting about the ways such an approach is imperfect, I think we need to first move ahead with increasing the number of women in such positions.

How the world sees us is also important when it comes to doing business globally. As the number of working adults in Japan decreases, I think that companies with few women may start to lose trust in business transactions, financing, and ratings.

DTS has also set numerical targets, and I think that it should work toward their achievement. However, rather than

focusing solely on numbers, I think that qualitative aspects will also be important, such as taking care to start development early in the careers of women and allowing them to stumble.

Masuda There have been a number of recent developments, such as the establishment of the ISO 30414 guidelines for human capital reporting and the ensuing amendment of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, as well as the January 2023 addition of new disclosure requirements for securities reports. Taken together, these are certainly providing an impetus for change.

However, as Ms. Ishii touched on, more than these top-down policy changes themselves, how they are actually applied on the ground will be the deciding factor going forward.

* In the Global Gender Gap Report 2023 published by the World Economic Forum (WEF), Japan ranked 125th of 146 countries in the Gender Gap Index, down nine places from the previous year (116th of 146) and its lowest rank ever since the index was created in 2006. In political empowerment, Japan ranked 138th, among the very lowest.

Q What kind of initiatives are needed for DTS's diversity and inclusion (D&I) efforts to evolve?

Onoda Many issues remain, but I have keenly felt that employee mindsets have changed considerably. It is now accepted as completely normal for men to take childcare leave. However, even though DTS has made great progress in establishing internal systems, there is still a lot to be done in terms of their actual usage.

One important issue is improving the working conditions of project leaders—men and women alike—as these key human resources confront very difficult conditions on the

front lines of business. The work project leaders deal with can cover a great breadth and volume, and they have to communicate with a wide range of other actors, so they struggle to find enough time. It would be ideal if DTS could reduce the burden on project leaders and create environments that allow them to take on other types of challenges. In my role with the Corporate Planning Department, I hope we can build a variety of support frameworks to this end.

Kumagai I think that the IT industry is relatively easy for women to advance in. It is true that a lot of the work can be burdensome, involving long working hours at the peak of a project, the need to respond to sudden issues, and hard negotiations with customers. However, compared with industries that are particularly male-dominated, such as construction and distribution, I think that the IT industry offers conditions that make it easier for women to excel.

That said, compared with other companies in the industry, DTS is certainly not at the forefront in promoting women's advancement. One of the reasons for this—something I have observed myself on occasion—is that conscientious male employees, in trying to be considerate, worry about whether certain work will be too much for their female colleagues, avoid burdening women who are raising small children, or keep women away from particularly demanding and aggressive customers.

While I appreciate their consideration, this results in opportunity loss for women by keeping them from taking on ambitious challenges, learning from failure and growing while developing their careers.

I feel that our younger employees, in particular, have a strong awareness of gender equality and expectations of sharing both work and childcare responsibilities regardless of gender. In recent years, around 30% to 40% of DTS's new graduate hires have been women, so it is crucial that we eliminate this kind of opportunity loss.

Masuda Yes, I agree, there is a strong tendency toward that kind of issue.

It is extremely important to find ways of creating environments and support systems that enable women to take on challenging work with real responsibility.



My career has been in an industry similar to DTS's, and there was always a tendency for men to give special consideration to women. But, that kind of consideration can in itself be a form of unconscious bias.

I think that women have also internalized this. Even as they struggle to break out of their shells, the reality is that they still often end up setting self-imposed limits based on ideas about the role of women, for example.

I think that we will need to both find ways to encourage independent mindsets in women themselves and to support them in their work.

Sakai One thing I appreciate about DTS is that, in addition to women, people with disabilities are also an active part of the workforce. Despite such groundwork being in place, I get the sense that many people at DTS still have preconceptions about the limits of the work that women can do.

Ishii In my work as an attorney, people often ask me about the kind of situation in which well-intentioned efforts to lighten someone's work load result in the loss of advancement opportunities. I think that, along with effective workplace communication, key to dealing with such issues is for top management to establish clear policies on promoting women's professional advancement and on providing consideration when consideration is needed. Good intentions are often not clear to those on the receiving end, so openness and clarity are extremely important.



I think that regular, clear communication is also essential to fostering a spirit of ambition. One of the good things about Japanese companies is the value placed on psychological safety, that is, ensuring employees know that they will have support and understanding when they need it or if they stumble. We must draw on that culture to make communication similarly valued.

Masuda The foundation of good two-way communication is the assurance of psychological safety and an atmosphere that allows individuals to speak openly. The relationships of trust this engenders are also essential to the foundation of comfortable work environments. It is extremely important for top management to continually emphasize the importance of thorough communication, and I think it would be good to create more opportunities for direct dialog with employees.

Kumagai When talking with female employees, I have noticed a tendency among them to think that not much is expected of them. Even when presented with an opportunity, some end up pulling back, feeling that their abilities are not up to the task, or that if they take the lead, they will end up causing difficulties for others. This is terrible a waste of potential, and I think that insufficient communication may be one factor behind it.

It is difficult to know precisely how employees really feel, but I personally view the negative impact that a decline in employee motivation can have on corporate performance as an important issue. My work is in human resource development, and I strive to provide opportunities for employees to challenge themselves and build confidence, for example, by furnishing training, aiding in qualification acquisition, and setting up expertise-based internal certification systems (namely, the professional certification system) that recognize employee's on-the-job experience.

By taking on such challenges and achieving results, employees can be officially recognized as "professionals" by the Company, improving the visibility of women and other diverse employees who are using their expertise to excel professionally.

Roundtable Discussion on the Professional Advancement of Women

Through such frameworks, I hope that we can help to convey the great expectations that DTS's current top management have for employees and foster a culture that conveys the efforts of the diverse employees who share in Vision2030 to management and to customers.

Masuda DTS carries out engagement surveys. What do you think about the score results?

Kumagai Since the latter half of FY2021, we have been implementing surveys twice a year. The most recent was the fourth survey, in May 2023. The score improved significantly from the first survey to the second, but since then has leveled off.



A particular feature of DTS is the predominance of businesses in which employees are stationed at customer sites. As a result, even though employees' satisfaction with their specific workplaces or supervisors is relatively high, satisfaction with the Company

as a whole and the content of their work is somewhat lower. Employees are quick to notice improvements in their immediate workplaces, but changes in policy and measures at the company-wide level take time to register. As such, we see this as a crucial period and will steadfastly continue to implement measures.

At the organizational level, the number of organizations where scores are good is rising, but there are also some where various longstanding imbalances and issues remain. Also, by job category, the scores of project leaders and managers are lower, and we understand that there are issues regarding this subject, as well.

Masuda Scores of employees in their 30s are also relatively low.

Kumagai That's right. I think that low scores are a sign of some kind of underlying problem, such as excessive burden on a particular segment of employees, or the inadequate conveyance of messages from top management. Such scores are a kind of call for help from employees, so we at the

corporate level will make sure to effectively address them.

Onoda When I was a project leader and manager, I often really felt that, in many ways, I didn't have enough time. It didn't lead to a loss of motivation for me, but it was hard. I think it would help to have support systems that can kick in when employees discover problems and are struggling. The issues indicated by the engagement survey results are things I've experienced, and, for me, they highlight the issues in terms of support from the Company for employees and their work.

Personally, even when I am short on time, I make sure to maintain communication with my colleagues as much as possible. I act first and foremost to share my situation, that of the people around me, and my perception of our overall situation. When a problem arises with a project or when a child suddenly needs to be picked up, the sharing of information among everyone involved creates better conditions for all of us and makes it easier for cooperate in dealing with such issues.

Sakai For me, I think that the period after I gave birth may have been when my productivity increased the most. I absolutely had to leave work on time for child pick-up, but I also had to reach my targets at work. The time restraint led me to think in ways I never had before and, as a result of efforts to trim the fat and build frameworks for functioning as a team, my performance improved significantly.

In terms of engagement, I think that when employees enjoy their work, it generates a sense of responsibility, and when they bring an interest to their work, the project itself becomes interesting. I think that the Company may need to create such environments as much as possible.

The kind of work that DTS does offers employees the chance to directly experience creating new things for the future with their own abilities. That itself can have a positive impact on mental health, I think.



projects, an area of strength of DTS. By becoming a more muscular company, DTS achieved major successes.

Now, under President Kitamura, as DTS takes on new challenges, I think that are still many aspects of DTS's strengths and market value that employees themselves have not yet realized. It is important to communicate that the Company is not going to take a drastic turn, but rather evolve by leveraging and actively adding to its strengths. Doing so will be necessary to foster a sense of psychological safety and encourage employees to take on challenges.

For example, if employee mindsets shift to thinking that, career-wise, transferring to new positions is normal, and even that not taking action is risky, I think we will see a spread in willingness to take on challenges. All employees should be thinking about mechanisms to ensure that businesses can continue to run even as specific employees transfer in and out. We need them to step up their mindsets to the next level, beyond simply diligently completing the work given to them as instructed.

Masuda That is exactly the role of us here, isn't it?

Kumagai One of the things I tell the staff of MIRUCA that I myself am striving for has to do with the kind of place I want MIRUCA to be for employees. I do not want it to be a place for passively receiving training, but something like a dojo, where they can improve and learn from one another, gaining experience that they can then take back to their work, and where they don't need to be afraid of taking on challenges and failing.

I have also heard many people say that they don't know what kind of human resources DTS has. In that regard, I think that using the professional certification system to shine a light on role models and let people know about the various opportunities and ways of working within DTS will provide an impetus for change.

Sakai With projects, similarly, people within DTS are often unaware of the great results that various projects have achieved. Insufficient internal information sharing about such

results is thus also an issue. I think that strengthening internal communications is an important role for us in public relations.

I also believe that our human resources and public relations teams must work attentively to foster more active communication by, for example, creating opportunities for employees to interact with each other. I would like to focus on internal branding, including such activities.



Onoda I feel that the former organizational walls were a surprisingly big barrier, and that the reorganization to new segments has made it easier to collaborate by allowing us to see things about one another's operations that we previously could not.

Of the ¥25.0 billion in growth investment planned for the three-year period beginning with FY2022, ¥6.0 billion was invested in FY2022. We plan to increase the annual investment in the current fiscal year, FY2023. By ambitiously moving forward with an awareness that this spending is for our future, I believe that we will make major progress on the creation of new growth models during the period of the medium-term management plan.

Masuda As an Outside Director, I am very glad to hear you all speak so powerfully.

To become a total system integrator, I think cognitive diversity will crucial. I believe that this—encompassing diversity in ways of seeing things, thinking, and values—is an especially important type of diversity. Only the combination of cognitive diversity with diversity in terms of things like gender, age, and nationality will produce dynamic solutions.

Ishii This conversation has really driven home for me that the foundation of corporate growth lies in valuing employees and enabling them to take enjoyment and fulfillment from their work.

Q Lastly, what message do you have for female employees or women considering joining DTS?

Onoda When we talk about "value that exceeds expectations," the expectations we refer to include the expectations of customers, but also, based on these, the expectations of the organization, as well as the expectations of one's colleagues, and each person's expectations for themselves. I think it is important to keep in mind that working to meet one's expectations for oneself plays an important role in meeting the expectations of society. I believe that if we all act with this awareness, we can achieve more and move forward in a better direction.

Sakai I would ask them to not get caught up in the differences they face as women, but to focus on themselves as they engage with their work.

Ultimately, even the work you do for a company is on some level a means to self-realization, so it could be fun for employees to think of the Company as something for them to use to that end and take on various challenges.

Kumagai I came to DTS with no experience in IT, thinking that I would stay perhaps until the age of 30 or so. Yet, as I found fulfillment in my work and developed an awareness of issues, I began to want to make certain things happen and solve certain issues and, at the same time, came to understand how I could go about doing so. Continuing to work toward such goals has led me to where I am today. The growth of each individual is also the growth of the Company, so I hope that women will break out of their shells to take on challenges and discover a new side of themselves.

Q What kind of approach do you think needs to be taken to contribute to the goal outlined in Vision2030 of becoming "a company that continuously takes on challenges in order to provide value that exceeds expectations."

Masuda President Kitamura is constantly emphasizing the importance embracing and enjoying change and challenges. There is something exciting in that idea of enjoyment.

Ishii Yes, I think that a sense of excitement is extremely important. The other major issue is securing human resources. It seems to me that excitement alone doesn't mean much if employees end up leaving, but I'm curious to hear your thoughts.

Kumagai Yes, it's a feedback loop. The presence of appealing, magnetic people draws in others who want to work with them. And when these people gather, with ample human resource development efforts, they themselves become magnetic, leading to workplaces where appealing people gather and thrive.

Under DTS's previous president, Koichi Nishida, DTS built solid corporate foundations, in particular developing the strength needed to complete large and difficult development

Human Capital: DTS's Human Resource Strategies

To achieve our vision as defined in Vision2030, "Become a company that continuously takes on challenges in order to provide value that exceeds expectations," we aim to have all employees take on a variety of challenges while always embracing change.

Aware that human resources are the DTS Group's most important form of capital and that the growth of employees is a source a corporate value, we are advancing four human resource strategies.

DTS's Human Resource Strategies

Themes and Key Initiatives

1 Attract and Develop Human Resources

- Reinforce the acquisition and development of highly skilled professionals
- Diversify career paths and job types
- Reinforce DX personnel development

2 Diversity & Inclusion

- Raise the ratio of female Directors
- Reinforce the development of female managers
- Support for balancing work with childcare and nursing care
- Promote the employment of people with disabilities

3 Workstyle Reform / Health Management

- Reduce work hours
- Realize flexible workstyles
- Implement health promotion activities

4 Employee Engagement

- Implement regular employee engagement surveys
- Advance improvement activities via autonomous workplace-level PDCA cycles
- Implement measures based on mutual trust between management and employees

Main achievements and results in FY2022



- Highly skilled professionals (internally certified individuals) **274**
- Created two new job types (six specialties) in the digital domain; individuals certified at the highest grade **6**
- Employee-held external qualifications in digital fields **855**



- Ratio of female directors **15.4%**
- Ratio of female managers **3.7%**
- Male childcare leave usage rate **45.8%**
- Ratio of employees with disabilities **2.29%**



- Average monthly overtime **23hours 59minutes**
- Percentage of paid leave taken **72.9%**
- Adopted flex-time system
- Certified as a 2023 Health & Productivity Management Outstanding Organization (White 500)



- Employee engagement score **+3.4 points** (from FY2021)
- Percentage of workplaces with good conditions **+20 percentage points** (from FY2021)
- Rate of resonance with Vision2030 **65.9%**

Employees

Embrace change
Take on various challenges



DTS Group

Provide value that
exceeds expectations

In particular, under ①, Attract and develop human resources, we are working to reinforce human resource development with an awareness of both the quantity and quality of highly skilled professionals (the human resource portfolio). We have designated DX personnel, of which there is a shortage in the labor market, as a key area. Accordingly, we are proactively investing in human resources, aiming to reinforce the development of personnel who create new value in such areas as cloud, AI, IoT, and other new technologies; the evolution of operation and maintenance expertise into

knowledge-intensive businesses; and the planning and promotion of new solutions and services.

To develop highly skilled professionals, DTS operates a professional certification system. This internal system certifies human resources who have achieved strong results in their work using sophisticated knowledge and skills. In FY2022, we established two new job types in the digital domain under the professional certification system, and we are actively advancing the placement and promotion of human resources developed through this system.

New Personnel System Based on Job Descriptions

To attract and promote the professional success of human resources with high market value in focus business areas (highly skilled professionals), in April 2022, we introduced a job description-based personnel system with a salary structure that is competitive even for mid-career hires (beyond the regular salary table).

New Restricted Stock Compensation Plan for Employees

As an incentive for employees, the Board of Directors decided in November 2022 to adopt a system for granting restricted stock to employees through the DTS Group Employee Shareholding Association. The system began operation in FY2023.

DTS's Financial Strategies

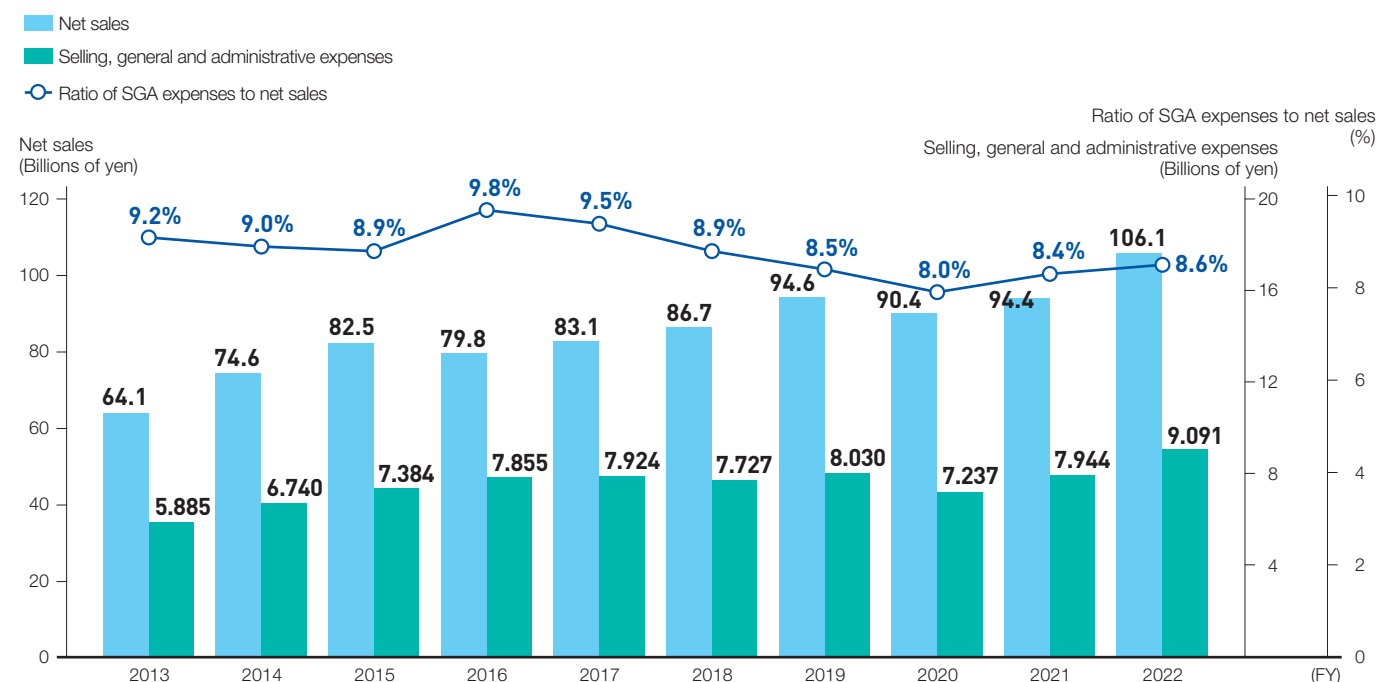


We made a strong start, with double-digit growth in all segments

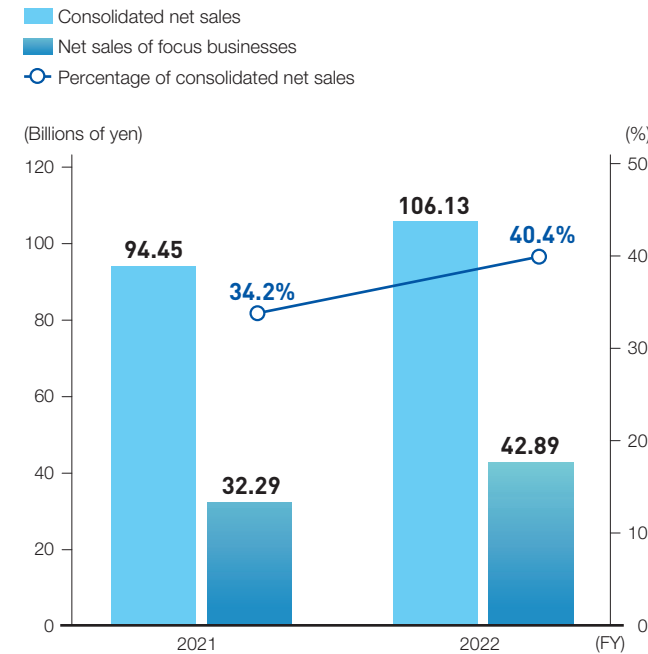
We will tackle the challenges before us in pursuit of ongoing growth

Isao Asami
Director and Managing Executive Officer

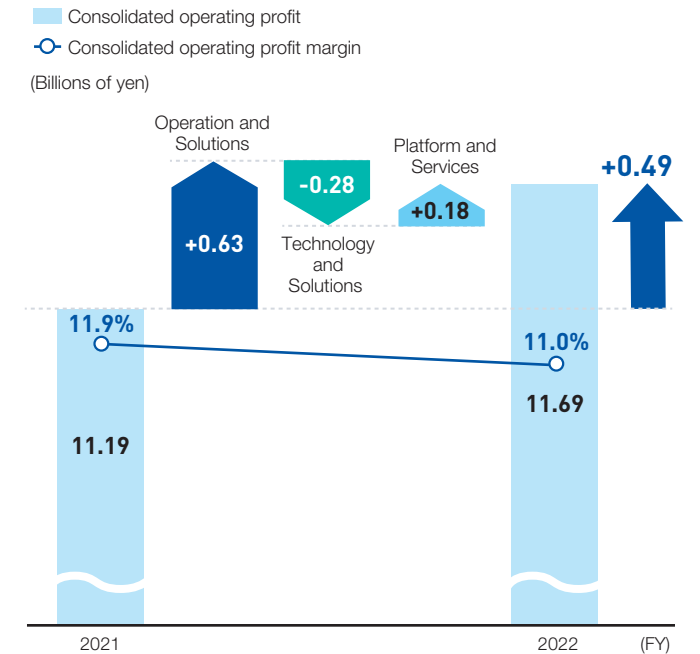
Net sales; selling, general and administrative expenses; and ratio of SGA expenses to net sales



Net sales of focus businesses



Changes in consolidated operating profit by segment



A Strong Start to the Medium-Term Management Plan and Vision2030 Long-Term Vision With a Firm Grasp on the Challenges Before Us, We Will Work to Improve

In FY2022, net sales grew ¥11.67 billion year on year (12.4%) to ¥106.13 billion, while operating profit rose ¥0.49 billion (4.4%) to ¥11.69 billion, increasing for a 13th consecutive year.

Looking at sales by segment, all segments saw year-on-year sales growth in excess of 10%. Notably, results reflected the inclusion of the newly acquired Partners Information Technology, Inc. ("Calance") in the scope of consolidation for one quarter.

Sales in the focus businesses, which are growth areas being targeted under all segments, accounted for 40.4% of consolidated net sales, reaching the medium-term management plan for said ratio early.

As these results indicate, FY2022 marked a very strong start to the medium-term management plan and Vision2030 long-term vision.

However, the current medium-term management plan is a period of preparation—three years for building a foundation through new initiatives.

From that perspective, as investments in new solutions, such as ServiceNow, are included in the ¥6 billion in main growth

investments in FY2022, I think that we have not made the results of such investments adequately visible. This is an important issue.

In the focus businesses, rather than simply increasing the percentage of total sales, we must change our revenue model from businesses based on the one-off work of employees to recurring-revenue businesses, transitioning to a business structure that is not reliant on discrete projects. The current medium-term management plan is a three-year period for building the core of this new structure, and I believe that this will take concerted effort.

Our FY2022 results indicated an improvement in per-employee productivity. Although this was mainly attributable to the rise in net sales, lower than expected growth in the number of employees must also be considered. Over the three-year period of the medium-term management plan, we plan to increase our ranks by 350 employees. So far, however, we are lagging with regard to mid-career hires.

We seek to ensure that our growth is not constrained in the long run. To this end, we are taking action, including by providing greater returns to employees.

DTS's Financial Strategies

Building a Systematic Investment Decision Framework and Fostering a More Ambitious Stance toward Investment

When making decisions about investments, we use the capital asset pricing model (CAPM) to calculate the cost of shareholder's equity and set a hurdle rate. Nevertheless, there is room to make for investment judgements more systematic.

Between our existing one-off businesses, ServiceNow and other projects for which we are building new revenue models, and M&A, our investments vary considerably. As such, we must also thoroughly instill employees with appropriate ways of thinking for each as we move forward.

Until now, DTS has not greatly excelled in investment, and there is some concern that simply setting a hurdle rate could dampen investment efforts. To keep this from happening, and in line with our encouragement to employees to embrace

change, I hope to help foster a more ambitious stance toward investment, even if our efforts start out a little rough.

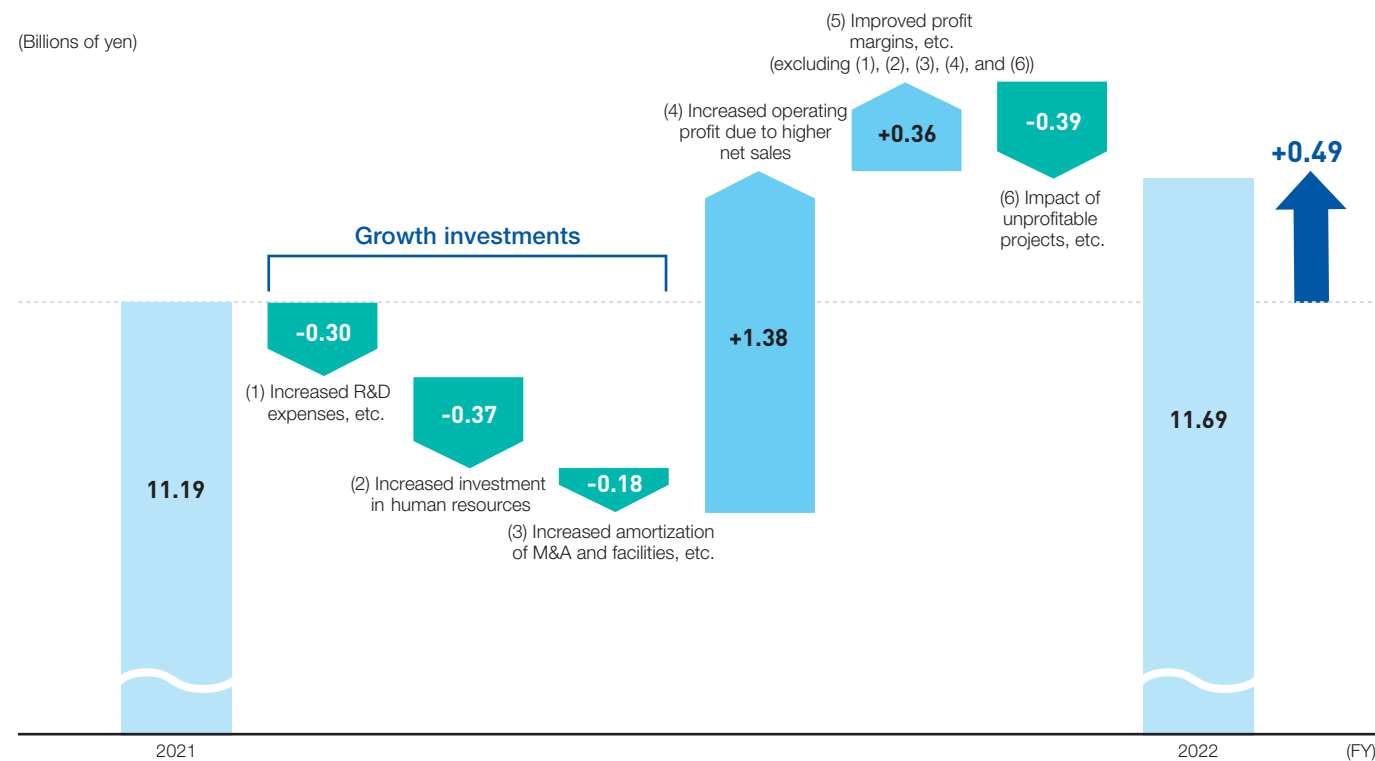
These days, return on invested capital (ROIC) is often the focus in investment decisions. However, as DTS has almost no debt, our ROIC is almost equal to ROE.

In light of broader trends, I would also like to provide more detailed disclosure about investment, including progress, and we are discussing this possibility at the Board of Directors.

Turning to the forecast of results for FY2023, in addition to Calance's full-year contribution, Anshin Project Japan Inc., which we acquired at the end of May 2023, will be newly included in the scope of consolidation. Apart from these, we expect to see organic growth of about 3%.

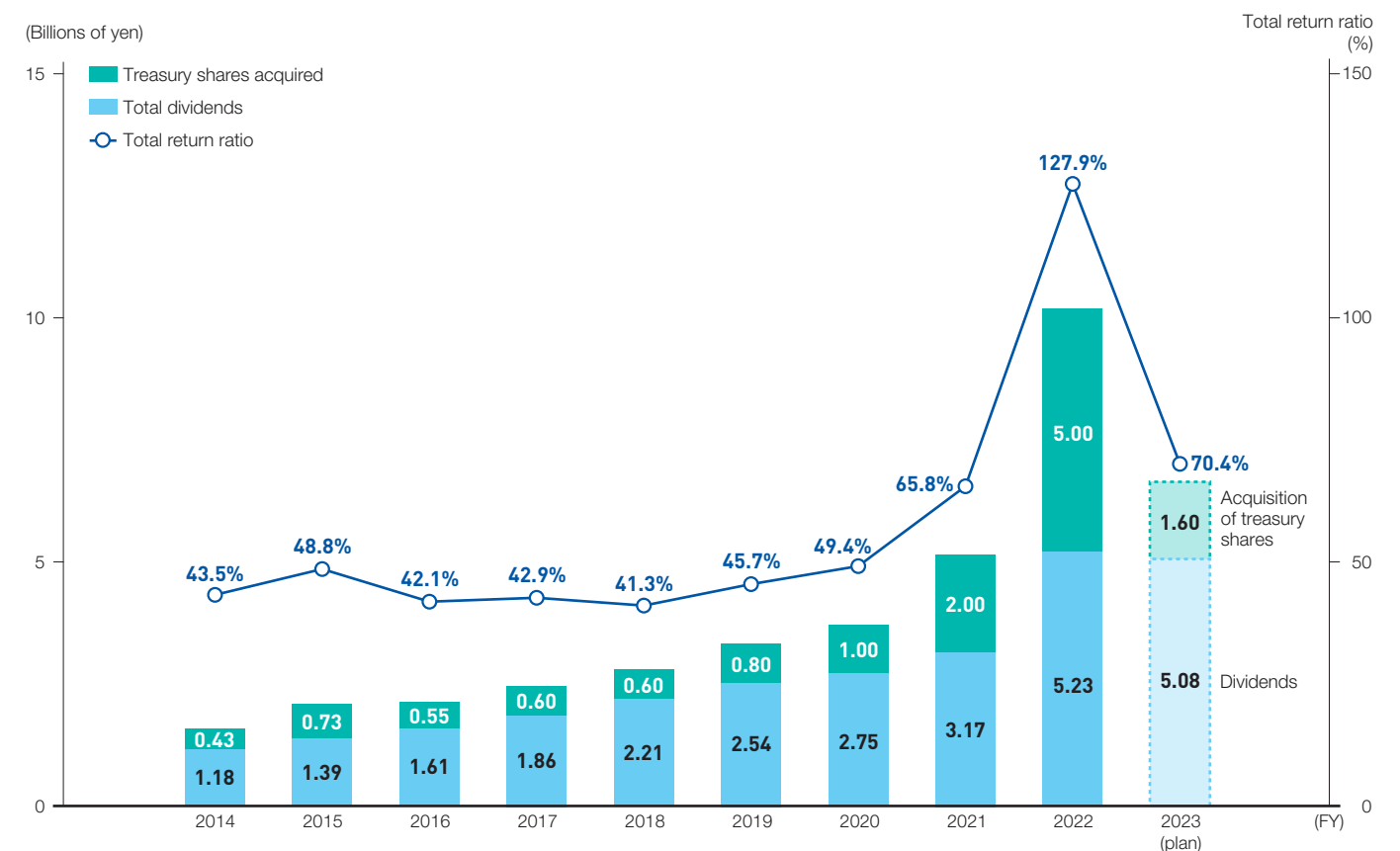
Changes in consolidated operating profit

(Billions of yen)



Shareholder returns

(Billions of yen)



Shareholder Returns

During the period of the medium-term management plan, we plan to maintain a dividend payout ratio of 50% and a total return ratio of 70% or higher.

Regarding cash reserves, we are considering their use for forward-looking investments to boost medium- to long-term corporate value. These include the development of new information technology, capital alliances to expand operations and cultivate new businesses, human resource development, and strengthening business management functions.

Reflecting our solid operating results, we paid a year-end dividend for FY2022 of ¥70 per share (including a ¥30 per share commemorative dividend), as planned. Together with the ¥50 mid-year dividend already paid (including a ¥20 per

share commemorative dividend), the annual dividend totaled ¥120 per share.

Based on a comprehensive consideration of factors including growth investment opportunities, capital conditions, recent stock prices, and other market conditions, aiming to enhance capital efficiency and further enhance shareholder returns, from May to September 2022, DTS acquired 1,481,800 treasury shares. In October 2022, the Company cancelled all of the said shares.

For FY2023, we expect pay an annual dividend of ¥95 per share, comprising a mid-year dividend of ¥45 and a year-end dividend of ¥50.

DTS's Segment Strategies

Segment Overview (FY2022)

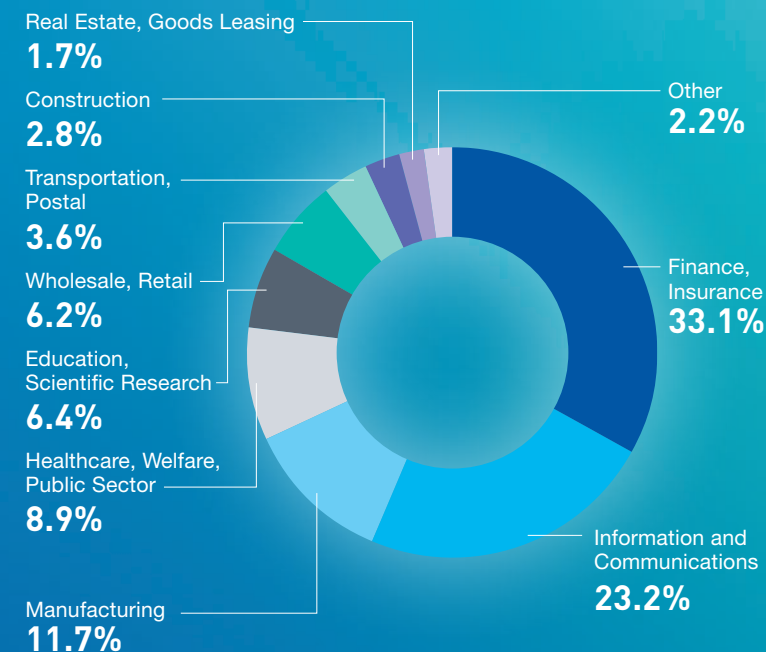
Net sales by segment

(Billions of yen)	Results	Year-on-year comparison		Percent of total sales (year-on-year comparison)	Progress toward initial forecast
Consolidated	106.13	+11.67	112.4%	—	101.1%
Operation and Solutions	41.08	+4.30	111.7%	38.7% (-0.2 pt)	100.7%
Technology and Solutions	33.94	+4.10	113.7%	32.0% (+0.4 pt)	99.8%
Platform and Services	31.10	+3.27	111.7%	29.3% (-0.2 pt)	103.0%

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	35.13	+6.10	121.0%	33.1%
Information and Communications	24.66	+1.14	104.9%	23.2%
Manufacturing	12.46	+2.15	120.9%	11.7%
Healthcare, Welfare, Public Sector	9.40	+0.73	108.5%	8.9%
Education, Scientific Research	6.83	+1.40	125.9%	6.4%
Wholesale, Retail	6.60	+0.28	104.5%	6.2%
Transportation, Postal	3.84	-0.98	79.7%	3.6%
Construction	2.98	+0.63	127.1%	2.8%
Real Estate, Goods Leasing	1.81	-0.05	97.1%	1.7%
Other	2.38	+0.24	111.5%	2.2%
Total	106.13	+11.67	112.4%	100.0%

Consolidated net sales by industry



Order volume and order backlog by segment

(Billions of yen)	Order volume				Order backlog			
	Results	Year-on-year comparison		Percent of total	Results	Year-on-year comparison		Percent of total
Consolidated	109.73	+11.92	112.2%	—	34.23	+8.25	131.8%	—
Operation and Solutions	41.69	+3.14	108.1%	38.0%	10.97	+0.61	105.9%	32.1%
Technology and Solutions	34.78	+4.54	115.0%	31.7%	12.13	+5.49	182.7%	35.4%
Platform and Services	33.25	+4.23	114.6%	30.3%	11.12	+2.14	123.9%	32.5%

M&A Initiatives

Reinforced U.S. Business by Acquiring a U.S. IT Service Company

DTS acquired 51% of the shares of U.S.-based IT service company Partners Information Technology, Inc. from its parent company, Calance Software Pvt. Ltd., an IT company based in India.

Partners Information Technology does business under the Calance brand in the United States. Calance, founded in October 2011, currently has more than 150 corporate customers in the United States, primarily Japan-based companies, and offers high value-added IT staffing; contracted development of business applications; system maintenance and operation; and IT services, such as DX support leveraging cloud services and AI. The company's IT staffing business boasts a database of more than 10,000 engineers that enables it to quickly search for and select the right person for the job. In addition, by offshoring business application development to India, where the parent company is located, Calance realizes high-quality, low-cost IT services with short lead times.

Until now, DTS has provided system integrator services to financial institutions, retailers, healthcare companies, and manufacturers through the U.S. network (East Coast, South Central, and West Coast) of DTS America Corporation, a DTS Group company operating in the United States. Going forward, Calance will share its knowledge in the IT staffing and IT services businesses in the U.S. market, aiming for further business expansion.



Acquired a Major Agency to Reinforce the Housing Solution Business

To strengthen the housing solution business, DTS acquired 100% of the shares of Anshin Project Japan Inc., a major sales agency for DTS's Walk in home housing solution business based around CAD tools. Anshin Project Japan has developed and maintains a deep trove of master data on furniture and a wide range of other housing components. Anshin Project Japan also has a strong end-user support team and a roster of other housing solutions in addition to Walk in home. As such, cooperation between the company and DTS is expected to enable the provision of total solutions to customers and enhance competitiveness. Going forward, we will more proactively develop joint solutions and work toward business expansion.



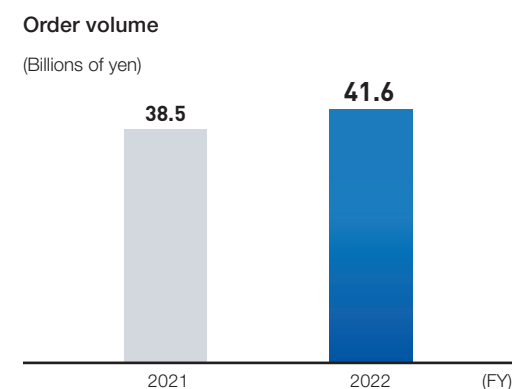
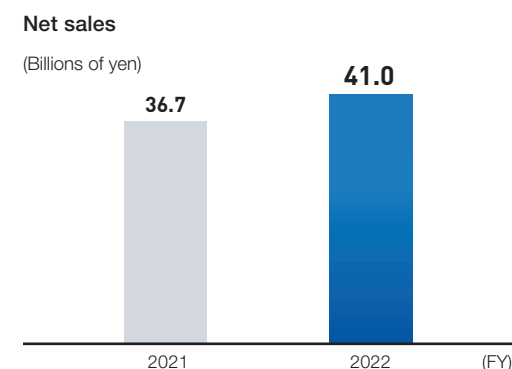
Operation and Solutions

Offering new high value-added services to customers by combining digital technology with project management and industry insight and actively creating industry-specific solutions.

Percent of total net sales
38.7%

FY2022 Highlights

- ◎ The percent of net sales from focus businesses grew significantly, up 6.9 percentage points year on year
- ◎ Expanded cloud-based application development leveraging operational knowledge



FY2022 Achievements

- **Expanded the modernization business**
Secured orders mainly in transitioning from on-premises to cloud-based systems for major banks and insurance companies.
- **Expanded industry-specific solution services**
Expanded the functions of AMLion, an anti-money laundering system that meets international standards, and launched screening against economic sanction lists and negative news as part of anti-money laundering and anti-terrorist financing operations for major securities companies.

Segment Characteristics and Growth Potential

- Offers new high value-added services to customers by combining digital technology with DTS's strengths in project management and industry insight
- Actively creates industry-specific solutions

Main Businesses

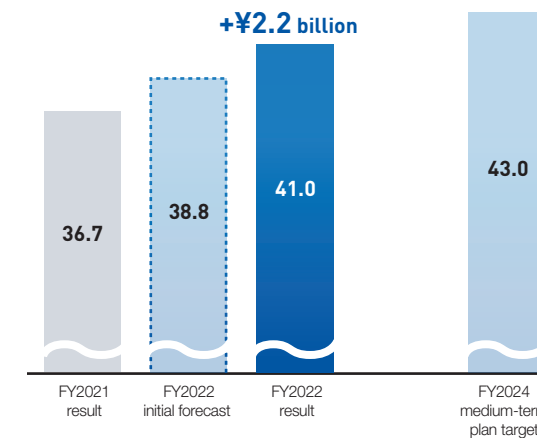
- Consulting in relation to the deployment of systems
- System design, development, operation, maintenance, etc. (including the design and construction of platforms and networks)
- Creation of industry-specific solutions, etc.

Group Bodies

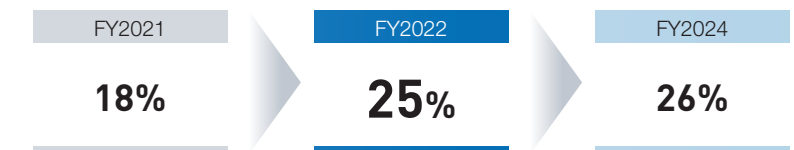
- Financial Sector
- Public Systems and Social Infrastructure Sector
- KYUSHU DTS CORPORATION
- JAPAN SYSTEMS ENGINEERING CORPORATION
- DTS WEST CORPORATION
- MIRUCA CORPORATION
- DTS (Shanghai) CORPORATION
- Nelito Systems Private Limited
- Dalian SuperElectronics Co., Ltd.
- Japan SuperElectronics Co., Ltd.

Progress of the Medium-Term Management Plan

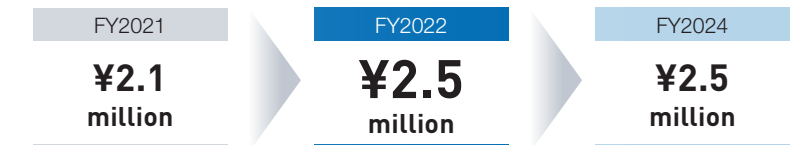
Net sales
(Billions of yen)



Percent of net sales from focus businesses



Productivity (profit per person)



Growth Strategies under the Medium-Term Management Plan

- Ⅰ Increase sophistication of the value that we propose Ⅱ Combination of SI × digital Ⅲ Advance into new fields as well as globally

- Ⅰ Expand modernization business
- Ⅱ Strengthen DX capabilities (blending digital technologies with project management capabilities and operational insights)
- Ⅲ Strengthen co-creative relationships among Group companies in Japan and overseas (across customers, nearshore and offshore)
- Ⅰ Increase new customers by evolving value provided

Initiatives of Focus Businesses

- Strengthen cloud architecture-based application development capability (including containers, DevOps, micro services, CI/CD)
- Strengthen capabilities for agile and low-code development (including Scrum, OutSystems, GeneXus)
- Expand and further create industry-specific solutions and services (AMLion, DAVinCI LABS, industry-specific solutions)

Main Growth Investments

- Develop and hire highly skilled personnel (including business consultants, application specialists, business producers, and global personnel)
- Conduct R&D to expand the functions of AMLion and Nelito FinCraft
- Create industry-specific solutions
- Expand strengths, including M&A, and co-create with business solutions producers in Japan and overseas

Operation and Solutions Strategies

Creating a Virtuous Cycle of Enhancing Human Resource Value and Corporate Value through Future-Oriented Investment

Earning Trust and Repeat Orders through Front-Line Strengths

The business relationships it has built up over the years with major financial institutions, major vendors, and manufacturing system integrators constitute a tremendous strength of the Operation and Solutions segment. Based on these relationships of trust, the segment receives a large volume of repeat orders, and its business performance is highly stable.

Customers particularly praise DTS's front-line strengths. For us, front-line strength refers to the wealth of industry- and customer-specific operational knowledge we have built up through our business operations over the years. It is proof of the trust we have won by working in close partnership with our customers.

Customers also express their appreciation for the continuity and stability of DTS's services, even as the staff

providing them changes over time, as well as their great trust in the organization and company. In addition to our front-line staff, middle and upper management have also built strong relationships with customers.

In these ways, the Operation and Solutions segment maintains a focus on meeting the needs of its customers, earning their trust and thus increasing the share of their business it receives, which, in turn, raises its market position.

Going forward, to "become a company that continuously takes on challenges in order to provide value that exceeds expectations," as outlined under Vision2030, we aim to continue to not merely meet customer wants and needs, but offer proposals that exceed customer expectations.

Greater Than Expected Expansion in Focus Businesses

Within the Operation and Solutions segment, the digital business accounts for more than 80% of the focus businesses designated as growth areas. This business consists mainly of cloud-related businesses, followed by robot process automation (RPA) and low-code/no-code development.

We expected this to be the case, of course, but our estimates were somewhat conservative, and the wave of digital business has been higher than anticipated. As such, we are rapidly advancing human resource development, including the acquisition of qualifications, and mid-career hiring.

Many of the new graduates seeking to work in IT are more technically inclined, so when they are assigned to the Operation and Solutions segment, where operational knowledge has greater weight, there is sometimes a gap between their expectations and their actual work. We are therefore working to better convey the appeal of this work in our recruitment publicity.

In terms of securing resources, growing needs for nearshore development are helping to boost the performance of KYUSHU DTS CORPORATION.



Operation and Solutions Growth Strategies

The Operation and Solutions segment has four growth strategies.

The first is to expand the modernization business, such as that for financial institution accounting systems. We are seeing a major increase in projects aiming to update core systems, for example, shifting away from mainframe computers and otherwise moving from on-premises to cloud systems, as well as system migration from existing software assets to open systems. For instance, in the public sector, utilizing government cloud systems and unifying and standardizing the operational systems of municipalities are significant issues, representing an area in which DTS can make effective use of its accumulated operational knowledge and development track record.

The second is to pursue expansion with new customers by further developing the value that we propose. Building on our accumulated operational knowledge, we will make proposals that combine cloud implementation, agile development, low-code/no-code development, and other forms of value.

The third is to strengthen our DX capabilities. As the digital business is growing, we are working to better meet needs in this area by developing human resources with cloud skills and enhancing our proposal capabilities, including low-code/no-code development approaches.

Last is to utilize nearshoring—contracting the development of large-scale projects originating in the Tokyo metropolitan area out to regional areas of Japan. The Operation and Solutions segment nearshores to KYUSHU DTS CORPORATION (Fukuoka), DTS WEST CORPORATION

(Osaka and Kyoto) and JAPAN SYSTEMS ENGINEERING CORPORATION (Sapporo). KYUSHU DTS has been implementing related efforts in earnest for a decade and has built a foundation for remote development, growing into a major revenue pillar. Using this success as a model, we will deepen cooperation with DTS WEST and JAPAN SYSTEMS ENGINEERING.

At the same time, due to factors related to the COVID-19 pandemic, country risk, and foreign currency exchange, we are increasingly seeing switchovers from offshore to nearshore development operations. DTS's business operations in China have redirected their focus to expanding business targeting companies within China. Meanwhile, at Nelito Systems Private Limited in India, the performance of the mainstay personnel dispatch business has been sluggish, reflecting overheated competition for engineers, and we are working to rebuild the business.

As such, the financial sector, the public sector, and nearshoring will be key to growth in Operation and Solutions.

The challenge for our growth strategy is to secure human resources. To secure cloud professionals, we are working to quickly develop engineers by having them learn new technologies from the moment they begin new hire training. Mid-career hiring remains difficult, but we are working to resolve the resource shortage by making effective use of nearshoring. In addition, we are advancing such initiatives as taking in the new hires of partner companies for training alongside DTS employees.

In parallel with these efforts, we are also considering M&A and business alliances.

Aiming for a True Prime Position

In Operation and Solutions, we are working to direct profits from our current strong performance into future-oriented investments. Specifically, we are investing in human resources, research and development, and other capital expenditures. By developing human resources, improving compensation, and pursuing M&A opportunities, we will power a virtuous cycle that improves human resource value and corporate value over the coming decade.

Furthermore, utilizing our accumulated operational knowledge, we aim to achieve a true prime position. For example, our bank customers utilize not only core systems, but also personnel, labor, general affairs, accounting and a variety of other internal systems. These are accompanied by a range of hardware and operational concerns. Working in cooperation with the Technology and Solutions and Platform and Services segments, we aim to occupy a true prime position, addressing the full range of IT issues faced by such customers.

Technology and Solutions

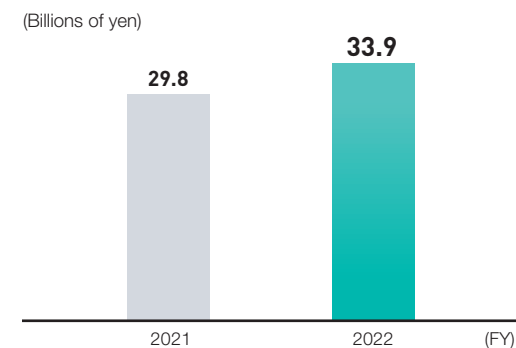
Specializing in digital technology and solutions, using the latest technologies to meet the diverse needs of customers, regardless of industry or sector

Percent of total net sales
32.0%

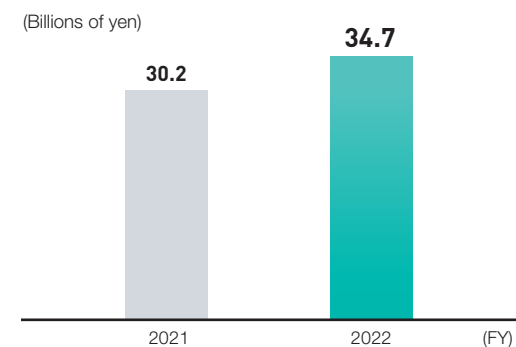
FY2022 Highlights

- ◎ Prepared to further expand the cloud infrastructure business and launched the zero-trust security businesses
- ◎ Implemented M&A to reinforce areas of strength, including the solution business

Net sales



Order volume



FY2022 Achievements

- **Reinforced the ServiceNow promotion structure**
Established a dedicated body and promoted human resource development and knowledge accumulation. Acquired sales partner certification.
- **Launched new businesses/reinforced the solution business**
Zero-trust solutions, data usage solutions, and housing solutions.
- **Pursued M&A to reinforce areas of strength**
Acquisitions of Partners Information Technology, Inc. and Anshin Project Japan Inc.

Segment Characteristics and Growth Potential

- Specializes in digital technology and solutions and uses the latest technologies to meet the diverse needs of customers, regardless of industry or sector

Main Businesses

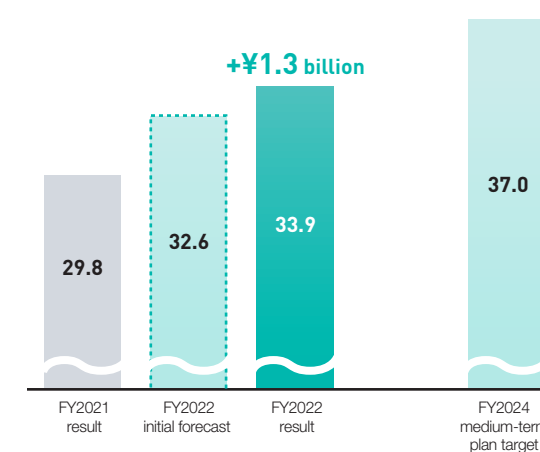
- Consulting related to the deployment of information systems
- System design, development, operation, maintenance, etc. (including the design, construction, and embedding of platforms and networks)
- Deployment, operation, and maintenance of solutions (first- and third-party), etc.

Group Bodies

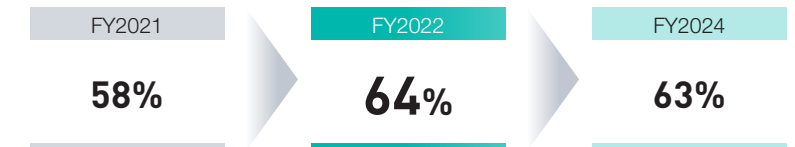
- Enterprise and Solution Sector
- Digital Solution Sector
- DTS INSIGHT CORPORATION
- Anshin Project Japan Inc.
- DTS America Corporation
- DTS SOFTWARE VIETNAM CO., LTD.
- Partners Information Technology, Inc.

Progress of the Medium-Term Management Plan

Net sales (Billions of yen)



Percent of net sales from focus businesses



Productivity (profit per person)



Growth Strategies under the Medium-Term Management Plan

- ① Increase sophistication of the value that we propose ② Combination of SI × digital ③ Advance into new fields as well as globally

- ② Further expand cloud infrastructure business, promote the launch of zero-trust security business, and reform our business models

- ① Further enhance and promote our proprietary solutions and special skills

- ② Promote the expansion and integration of technological areas in the field of IoT

- ① Build business models in data-driven areas

Initiatives of Focus Businesses

- Enhance our cloud business technologies and reform our business models (including AWS, Azure, ServiceNow, Snowflake, and Okta)
- Enhance functions for the expansion of package sales and strengthen ERP business expansion (including Walk in home, GalleriaSolo, and SAP)
- Establish the technologies for edge AI and cyber security (including AI and LSI design (RISC-V, Arm))

Main Growth Investments

- Develop and hire highly skilled personnel (such as infrastructure technology engineers, cloud technology engineers, business producers, and data scientists)
- Conduct R&D in the fields of proprietary packages, IoT, AI, and semiconductors
- Develop services in the security area
- Invest, including equity investments, in areas that need more service development

Technology and Solutions Strategies

Combine wide-ranging technologies to create unique and powerful solutions

Technology and Solutions Growth Strategies

In the Technology and Solutions segment, we seek to grow DX solutions in areas that offer significant market growth potential and customer value. By combining DTS's strengths in operational know-how and digital technology, we will advance our growth strategies with a focus on seven fields.

Operational Reform DX

Currently, DX is in some cases limited to operational improvements, such as introducing automation to increase productivity. DTS provides total DX solutions optimized for customers' operations by combining, for example, ServiceNow with a wide range of technologies, including solutions developed in-house. Leveraging the wide-ranging operational know-how we have cultivated to date and cutting-edge technologies to create unique and powerful solutions is the mission of the Technology and Solutions segment. Moving beyond our conventional approach of building solutions in response to the requests of customers, we aim to grow into a system integrator that helps drive customers' businesses by making proposals regarding areas that they have not yet even thought of.

The mainstream of development is shifting away from development from scratch and toward the use of SaaS, and we believe that these solutions will eventually become a digital platform ecosystem.

Cloud Infrastructure

In cloud infrastructure, Amazon's AWS currently has a high market share, but cloud infrastructure is transitioning to a red ocean market. Rather than clinging to integration under AWS, DTS will combine Microsoft's Azure and SaaS and other application layer cloud services (creating multicloud architectures) while adding cloud security and other functions. By doing so, we will focus on achieving and evolving cloud integration that always provides optimal environments for customers.

Data Usage and ERP

In November 2022, we launched two first-party business intelligence (BI) solutions, Geminiot and Pasteriot.mi, which analyze and improve the transparency of a variety of data for use in business management and operations. Pasteriot.mi combines a digital twin world specialized for manufacturing industries with AI, and does more than simply gather and analyze data, enabling more sophisticated data use tailored to manufacturing needs to enhance operations. By focusing on industries in which we have operational know-how, we will offer DX proposals that spark innovation that aligns with customer operations.

We will first accumulate specialized know-how and then work to expand our offerings by combining this know-how with new technologies.

From this perspective, we will also consider revising our ERP packages. We presently have a wide range of packages, so we will carefully examine which areas are growing and where opportunities lie in order to focus on initiatives that will allow us to utilize our strengths to the fullest.



IoT

The DTS Group includes companies that have powerful device control technologies.

To generate business synergies among companies within the segment in and outside Japan, we will create new businesses by strengthening data utilization and edge data linkage through IoT technologies.

Housing

DTS boasts HOUSING CORE, a powerful industry-specific solution for housing builders that boasts a top-three market share. We will further upgrade the packages we already have to take the top spot and ultimately evolve them for provision via an SaaS model.

Zero Trust

Security is always a key consideration, both for applications and for infrastructure. Today, personal information protection and measures to deal with cyberattacks and other threats are a barometer of a company's trustworthiness, even as security risks are increasing with the spread of remote work and other workstyle changes.

DTS regards these conditions as a major business opportunity and has been aggressively rolling out zero-trust solutions since 2022. Going forward, we will build a framework to provide total support for dealing with security risks.

Accelerating Human Resource Development to Pursue New Growth Areas

DTS has spent the last decade developing project leaders. However, as from-scratch development decreases and instances requiring agile no-code/low-code development increase, quickly developing sharp talent specializing in particular technologies will be important to increasing DTS's market presence. Above all, quickly securing market share is a sure way of growing new endeavors into big businesses a few years down the line.

In the United States, the use of IT service management (ITSM) tools to provide optimal IT services to users is

growing. ServiceNow is one such tool, but there are still few ServiceNow engineers in Japan. As such, we will work to rapidly develop engineers and advance initiatives to increase the value of ServiceNow by enhancing it with the unique spice of DTS.

Furthermore, in order to leverage the benefits of integrated manufacturing and sales, we will focus efforts on integrating training for development and sales personnel to raise the overall strength of the segment while simultaneously reinforcing our solutions and technologies.

The Determination to Help Our Customers Change Their Businesses

The challenge facing the Technology and Solutions segment is to quickly build a new business structure. Our greatest struggle is with shortages in human resources and capabilities. Strong product creation abilities are not enough—to scale our businesses, we will also need frameworks for expanding operations and sales.

That said, a culture of taking on challenges in new areas is beginning to emerge, and the way that a mid- to long-term perspective is taking root—such as with each individual beginning to develop a profit-focused business awareness—is a sign of major change. Above all, employees have become very alert to what the Company is trying to do.

Going forward, system integrators will need to bring to bear a determination to help change their customers'

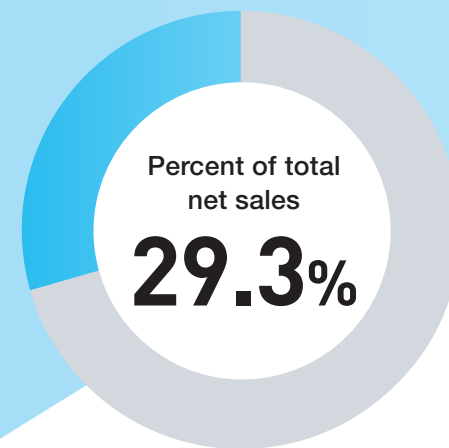
businesses in order to differentiate themselves from the competition. We aim to expand markets by anticipating areas of high customer value and areas that will grow through the effective use of IT in the future, and then quickly providing services that are superior in quality and function to those of our competitors.

Of DTS's three segments, Technology and Solutions has the highest compound annual growth rate (CAGR). The segment is expected to take on unprecedented new challenges. By combining the segment's strength in outstanding digital technologies with its accumulated wealth of operational know-how, we will change our customers' businesses.

DTS's Segment Strategies

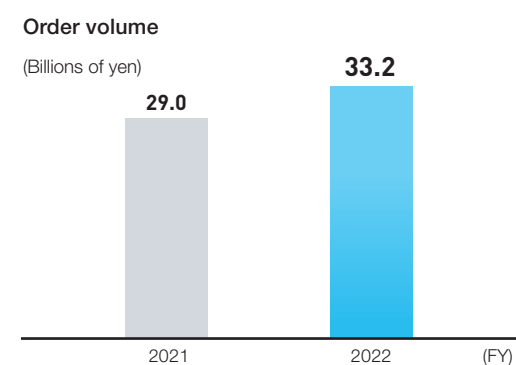
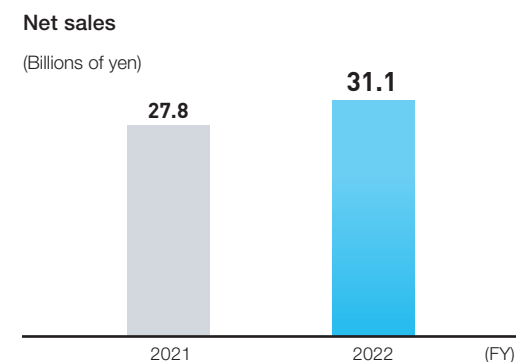
Platform and Services

Supporting IT environments that customers can be confident of by providing advanced IT equipment, building IT platforms, and offering operations monitoring services



FY2022 Highlights

- ◎ The percent of net sales from focus businesses grew 4.8 percentage points year on year, and productivity (profit per person) grew ¥100,000 year on year
- ◎ Cloud solution business expansion drove sales



FY2022 Achievements

- **Shifted to service provision systems**
Service provision businesses grew, including the expansion of ReSM.
- **Reinforced hybrid cloud solutions**
Virtual infrastructure projects grew and net sales increased.
- **Received a major order for a supercomputer**
Received an order for a major supercomputer project for an educational institution.

Segment Characteristics and Growth Potential

- Supports IT environments that customers can be confident of by providing advanced IT equipment, building IT platforms, and offering operations monitoring services

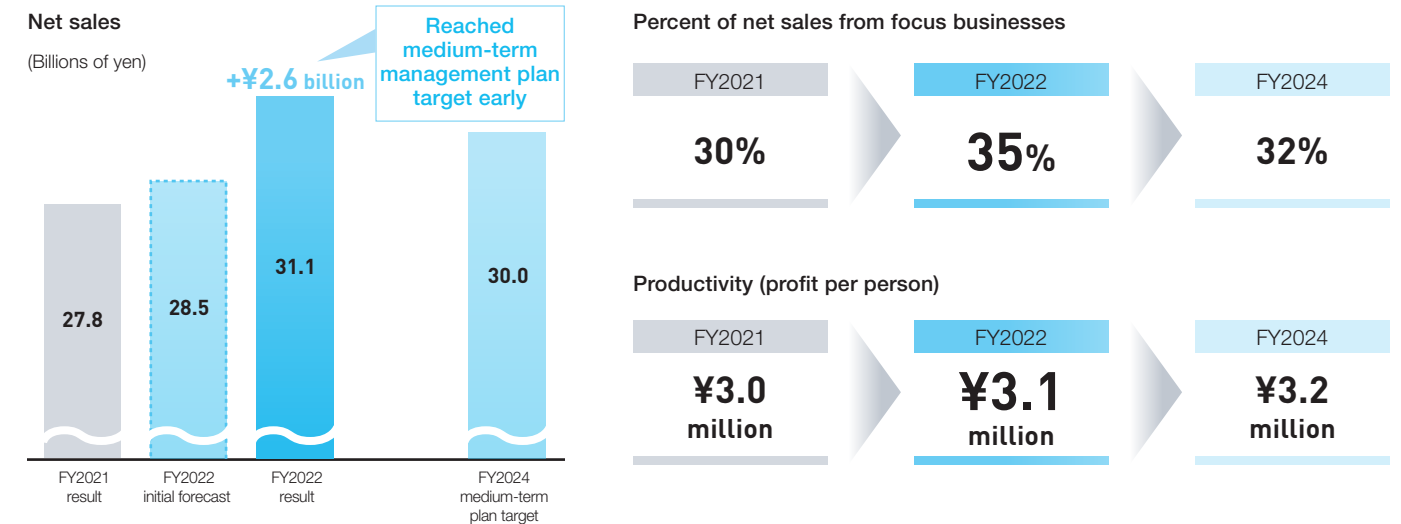
Main Businesses

- Implementing advanced IT equipment and building IT platforms
- Operational design and maintenance of total information systems, including cloud-related services and virtual systems
- On-site and remote system administration and monitoring services
- System operational diagnosis and optimization services, mainly in IT infrastructure
- Fee-based businesses, such as subscription and recurring model businesses

Group Bodies

- IT Platform Service Sector
- DIGITAL TECHNOLOGIES CORPORATION
- I Net Rely Corporation

Progress of the Medium-Term Management Plan



Growth Strategies under the Medium-Term Management Plan

- Ⅰ Increase sophistication of the value that we propose Ⅱ Combination of SI × digital Ⅲ Advance into new fields as well as globally

- Ⅰ Transforming from a labor-intensive business to more sophisticated knowledge-intensive business style
- Ⅰ Expanding service provision through the evolution of service-oriented business
- Ⅱ Promoting customers' DX business by leveraging our products and services

Initiatives of Focus Businesses

- Expand our operational services menu centered on ReSM/ReSMplus (including AWS, Azure, ServiceNow, and zero-trust models)
- Enhance and promote sales of HybridCloud, Data Management, and other such services (AWS, Azure, VMware Cloud, Telework, HCI, and other backup technologies)
- Promote network integration business (including SDN, 5G, VPN, WAN, LAN, Internet, and security)

Main Growth Investments

- Train and hire highly skilled personnel (including business consultants, infrastructure technology engineers, and cloud technology engineers)
- Conduct R&D to evaluate and deploy new technology
- Establish the Second ReSM Center and a new showroom
- Promote mergers, acquisitions, and alliances to strengthen DX business, including SaaS-type monitoring tools

Platform and Services Strategies

Evolving from labor-intensive to knowledge-intensive and service provision business models

Strengths of the Platform and Services Segment and Review of FY2022

The Platform and Services segment supports IT environments that customers can be confident of by providing advanced IT equipment, building IT platforms, and offering operations monitoring services.

In the operational BPO field, we provide system operations, BPO, and operational design. In the infrastructure products field, we offer customers information about optimal products and solutions, which we provide along with further added value.

Drawing on a wealth of know-how that reflects a track record and experience spanning 50 years, we have established a framework capable of providing high-quality operational service. This major segment strength is underpinned by the strong understanding of IT service management that all of our employees bring to their work.

Approximately 70% of the Platform and Services segment's business is in recurring-revenue businesses. However, in FY2022, the greatest business growth was in non-recurring infrastructure products, and we secured an order for a major product-based project in the educational field, an area of strength for the segment. At the same time, in operational BPO, we secured firm orders for small and medium-sized projects, achieving growth with a good balance of recurring and non-recurring projects and thus contributing to performance.

Platform and Services Challenges and Growth Strategies

Operational BPO is based predominantly on a labor-intensive business style and operates with the support of approximately 800 employees and even more partners.

Although we have seen no decline in inquiries related to labor-intensive businesses, over the long term, we will need to shift toward knowledge-intensive and service provision businesses and strengthen our operational structures.

To this end, we will advance “ambidextrous” management, constantly improving our main, existing businesses and maintaining competitiveness by adding new value while also working to create and advance new service provision businesses.

In terms of our employee makeup, the portion accounted for by IT operation engineers is high. However, as systems become more complex, diverse, and sophisticated, skill and know-how requirements are shifting from the routine work of the past to more technically advanced operational design, monitoring, infrastructure construction, and network design.

Ongoing growth will not be possible without effective human resource recruitment and development. As such, we are increasing new hiring and revising assignment and training approaches to advance the development of DX personnel. In addition, we aim to help conventional engineers step up their careers through reskilling.

Platform and Services Risks and Opportunities

One risk for operational BPO is potential market shrinkage for labor-intensive businesses as companies seek to improve efficiency in a variety of ways, such as by using automated or unmanned solutions, adopting AI-based operations, eliminating operations, or moving operations in-house.

For infrastructure products, one risk is a decrease in hardware sales as the shift toward cloud technologies advances in earnest.

On the other hand, in terms of opportunities in operational BPO, to resist such moves, we will create our own operation and BPO solutions (ServiceNow, Jira, and

PCIDSS) that utilize services provided by remote centers, BPO centers, and overseas companies to expand and strengthen our service provision businesses. Furthermore, in order to continue to improve the quality and sophistication of the services we provide in line with the shift to services, we will work to develop human resources and acquire advanced and cutting-edge technologies.

Looking at opportunities in infrastructure products, until now, on-premises solutions have made up a relatively large portion of the segment's business. Despite concerns that the growing spread of cloud solutions could cause this business area to shrink, in reality, many companies are moving back to on-premises systems to take advantage of their particular advantages.

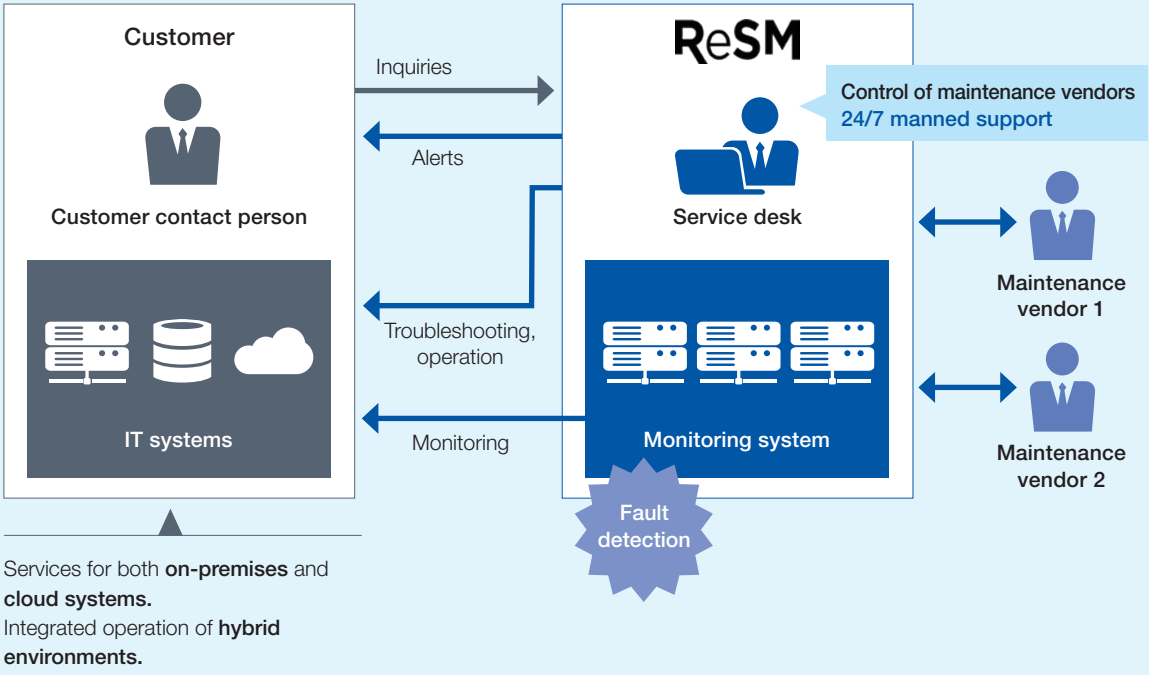
The Platform and Services Segment is focusing efforts on hybrid cloud solutions, working to reinforce services that enable the use of both on-premises and cloud systems. Specifically, we aim to offer new derivative SaaS products in storage, backup, and security—three areas of strength—and to collaborate with manufacturers to expand sales.

To expand opportunities for business growth, we will need to pursue M&A and alliances. Specifically, we will proactively work to reinforce solutions, secure human resources, and expand sales channels.

In M&A, I Net Rely Corporation, which has strengths in contracted system development involving network infrastructure design, construction, operation, and management, joined the Group in 2021. As a result, we are now able to provide one-stop network infrastructure construction services covering everything from physical layer telecommunications construction and environmental site surveys to transportation, assembly, installation, communication checks, and equipment collection and recycling. This has generated a variety of synergies with our operational BPO and infrastructure business, and we will continue to grow the results of such synergies over the three years of the medium-term management plan.

Focus Business of the Platform and Services Segment

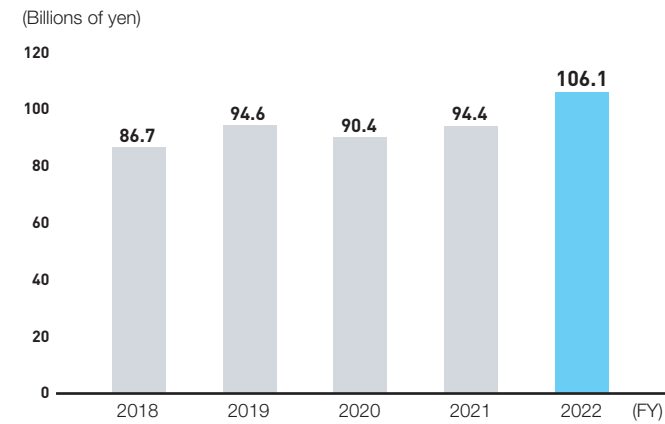
We have partnered with vendors to launch the provision of security functions through ReSM, adding to its 24/7 remote operation and monitoring services. Going forward, we aim to grow these services together as a set.



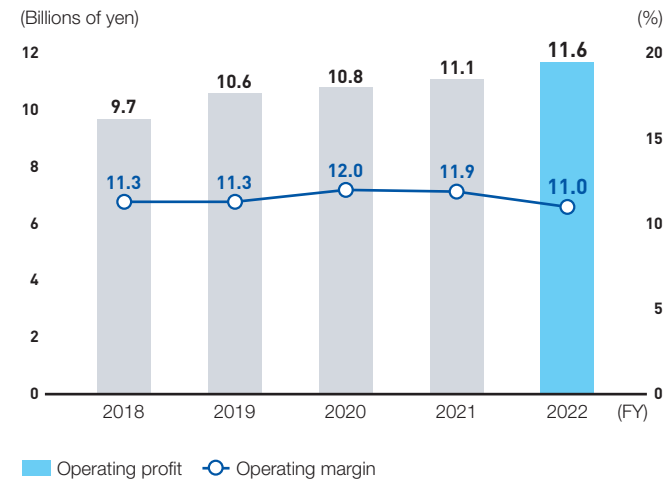
Value Creation Accomplishments (Financial and Non-financial Highlights)

Financial Highlights

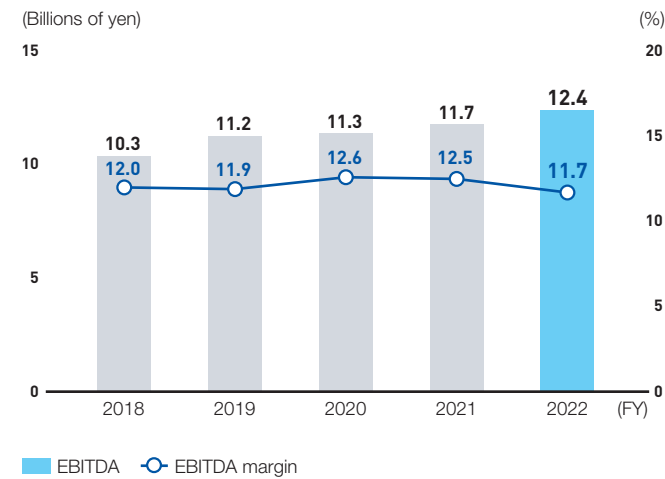
Net sales (consolidated)



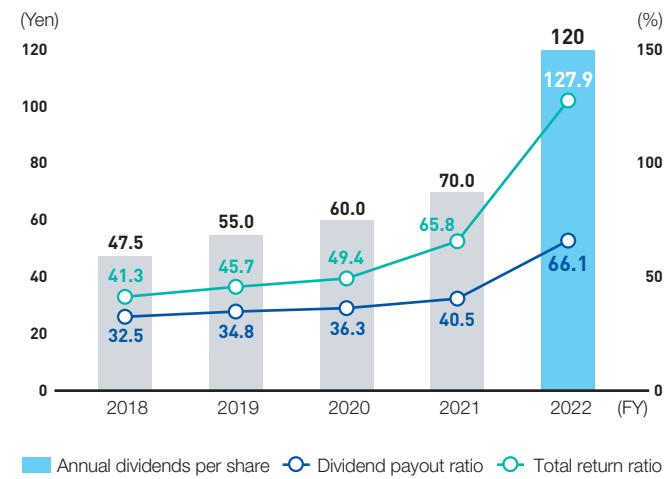
Operating profit/Operating margin (consolidated)



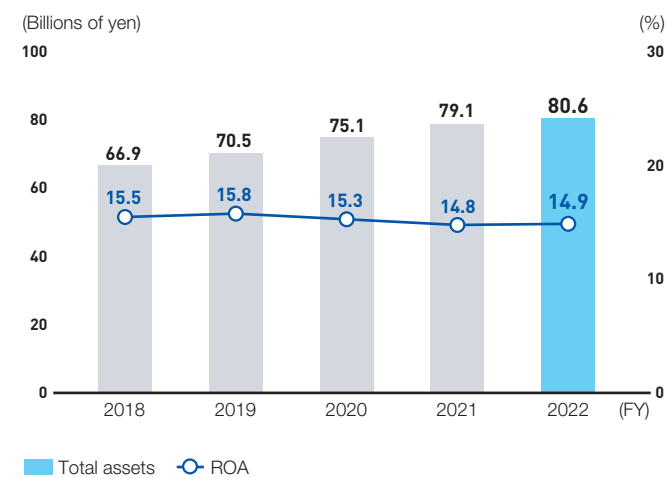
EBITDA/EBITDA margin (consolidated)



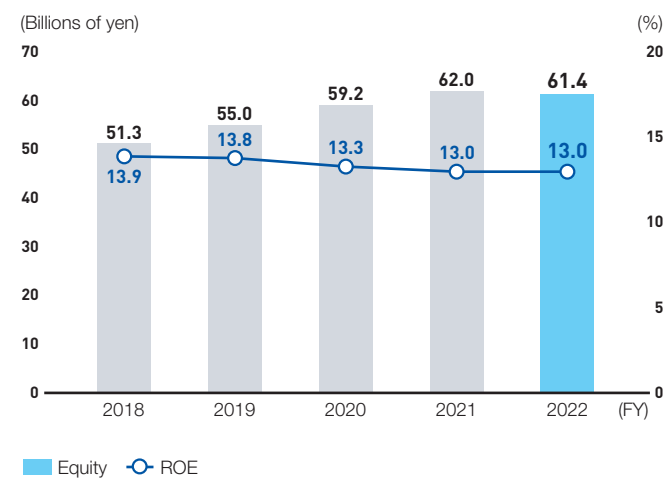
Annual dividends per share/Dividend payout ratio/Total return ratio (consolidated)



Total assets/ROA (consolidated)

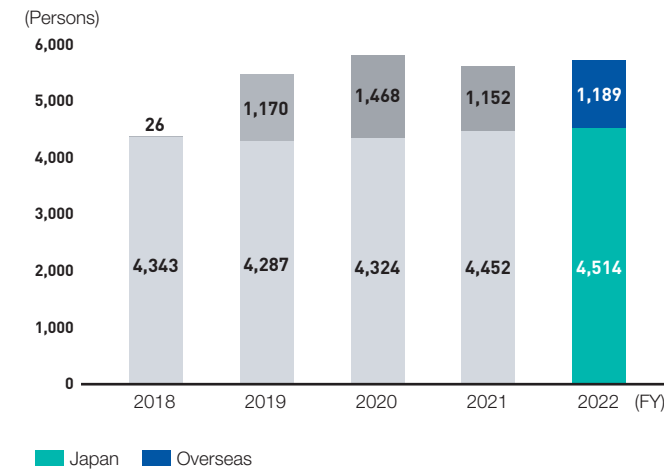


Equity/ROE (consolidated)

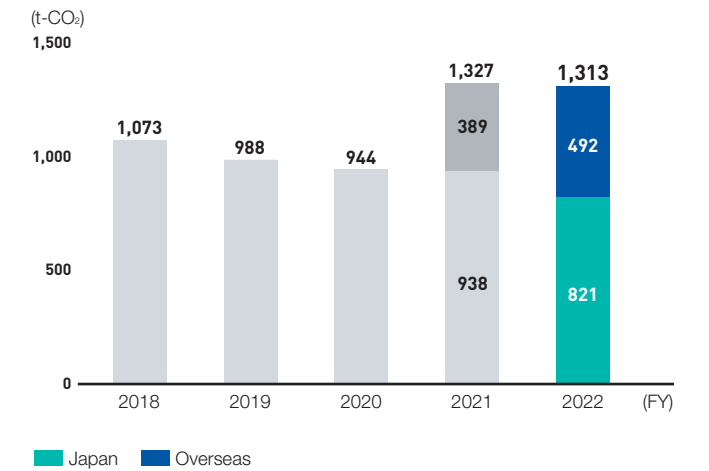


Non-financial Highlights

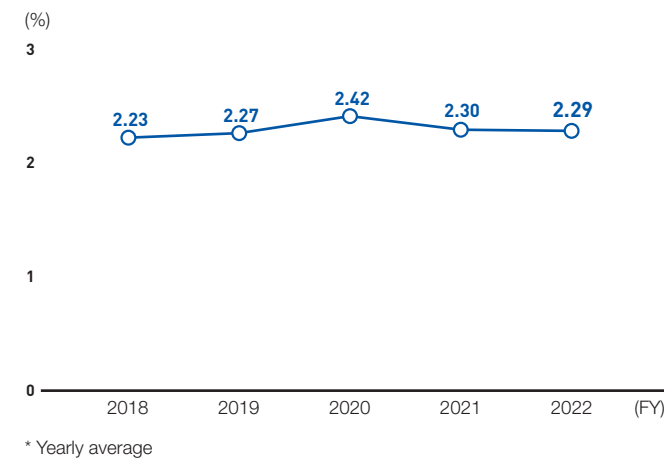
Number of employees (consolidated)



Greenhouse gas emissions (Scope 1 + 2) (consolidated)

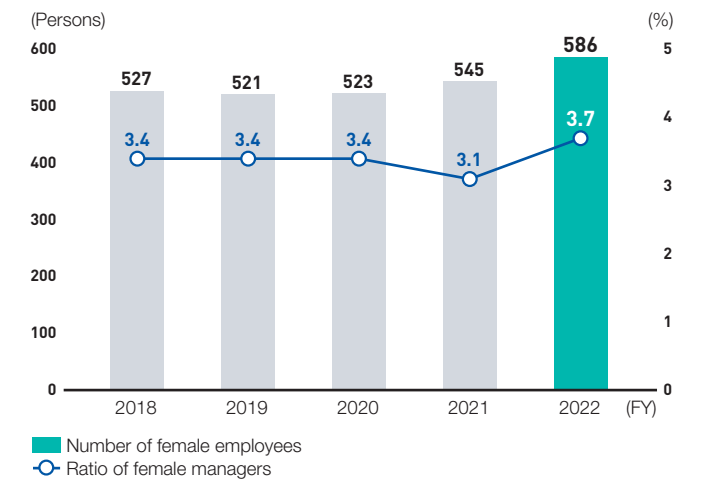


Ratio of employees with disabilities (non-consolidated)*

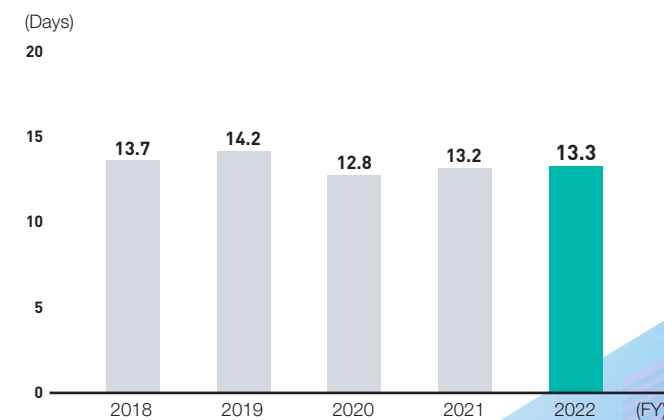


* Yearly average

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



Average number of days of annual paid leave taken (non-consolidated)



The DTS Group's Sustainability Management

ESG Management for Vision2030

The DTS Group is stepping up its ESG efforts to help realize a sustainable society, such as by becoming carbon neutral. We promote our ESG initiatives in line with three pillars: promote efforts for the environment, promote employee engagement and diversity, and enhance governance and information disclosures. We have set KPIs for each of these pillars. In addition, to urge our people to take on challenges and speed up management decision making, we will continue working to reform our management foundation by overhauling operational processes and leveraging cutting-edge technologies. Through these initiatives, we aim to grow sustainably with society, achieving sustainable corporate growth while helping realize a sustainable society.

- Promote carbon-free management, including the procurement of renewable energy
 - Expand and promote SDG-conscious projects
 - Set up a sustainability committee to accelerate discussion and response
- ☉ Medium-term plan
☉ KPIs
- ▶ Long-term vision
- ☉ Reduction of CO₂ emissions (compared to FY2013): **50% or higher**
- ☉ SDG-related net sales: **40% or higher**

- ▶ Become carbon-neutral: **100%**
- ▶ Promote TCFD and SBT initiatives group-wide

- Ensure more employee-friendly work environments where diverse personnel thrive
 - Strategically train management personnel
 - Conduct periodic employee engagement surveys and ensuing analysis/response
- ☉ Ratio of female managers: **6% or higher**

- ▶ Ratio of female managers: **13% or higher**
- ▶ Percentage of SDG-related net sales in the DTS Group: **50% or higher**

Reform our management foundation

Overhaul business processes and leverage cutting-edge technologies

- Delegate authority to enhance agility and encourage ambitious efforts
- Transform our management style to be data-driven, thereby becoming a reference model for customers



- Transition to a company with an audit and supervisory committee
- Enhance the independence and diversity of the Board of Directors
- Enrich non-financial information and improve the disclosure of company performance continually

- ☉ Ratio of female directors: **10% or higher**
- ☉ Ratio of independent outside directors: **Over half**

- ▶ Strictly comply with Japan's Corporate Governance Code

Material Issues for Sustainability Management

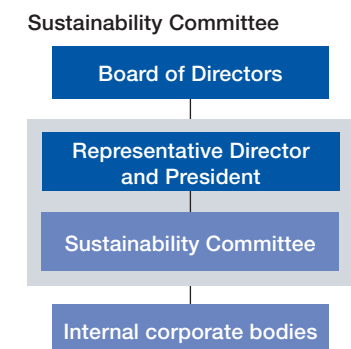
As part of the promotion of ESG management, DTS identified issues that have an outside impact on both the Group and its stakeholders as material issues. To do so, the Sustainability Committee first identified issues of high importance on the axes of social value and economic value in light of our long-term outlook, medium-term management plan and key points for its achievement. The Board of Directors then discussed these issues and made the final decision on the adoption of the material issues.

Initiative Policies	Material Issues	Main Activities	Contributions to the SDGs
Creating shared value	Creating a rich future through IT	<ul style="list-style-type: none">• Solving social issues through business (expand SDG-related net sales)• Develop and hire highly skilled human resources (business architects, digital engineers, IT service management professionals, etc.)• Establish DTS Guidelines for Responsible Corporate Conduct Guidelines in the Supply Chain and apply them to partner companies	<ul style="list-style-type: none">3 GOOD HEALTH AND WELL-BEING5 GENDER EQUALITY
E Environment	Aiming to realize a sustainable society that is kind to the environment and people	Contributing to the global environment through business <ul style="list-style-type: none">• Promoting carbon-free management (reducing Scope 1, 2, and 3 emissions; SBT initiatives; promoting paperless operations)• Disclosure of information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)• Supply of carbon-free solutions adapted to net-zero energy houses (ZEHs)	<ul style="list-style-type: none">7 AFFORDABLE AND CLEAN ENERGY8 DECENT WORK AND ECONOMIC GROWTH9 INDUSTRY, INNOVATION AND INFRASTRUCTURE11 SUSTAINABLE CITIES AND COMMUNITIES13 CLIMATE ACTION16 PEACE, JUSTICE AND STRONG INSTITUTIONS17 PARTNERSHIPS FOR THE GOALS
S Social	Strengthening personnel management as the source of corporate value and promoting new workstyles adapted to the new normal	<ul style="list-style-type: none">• Respecting and maintaining awareness of human rights• Promoting diversity and inclusion	<ul style="list-style-type: none">10 REDUCED INEQUALITIES11 SUSTAINABLE CITIES AND COMMUNITIES13 CLIMATE ACTION16 PEACE, JUSTICE AND STRONG INSTITUTIONS17 PARTNERSHIPS FOR THE GOALS
G Governance	Aiming to establish highly transparent management, continually enhance corporate value, and build relationships of trust with stakeholders	Strengthening governance underpinning sustainability management <ul style="list-style-type: none">• Strictly comply with Japan's Corporate Governance Code (in addition to mandatory agenda items and reporting items, establish of new items subject to discussion by the Board of Directors to enhance discussions)• Enhance disclosure (add sustainability information to the Annual Securities Report and provide disclosure in English)• Strengthen internal control (enhance the risk management system)	<ul style="list-style-type: none">13 CLIMATE ACTION16 PEACE, JUSTICE AND STRONG INSTITUTIONS17 PARTNERSHIPS FOR THE GOALS

Establishment of the Sustainability Committee

Amid major changes in the environment surrounding companies, we recognize that a key management issue will be realizing a sustainable society and simultaneously achieving sustainable corporate growth. With this perspective in mind, we newly established the Sustainability Committee in April 2022 to further strengthen the Group's environmental and social initiatives.

The Sustainability Committee will promote group-wide initiatives related to sustainability issues, such as the SDGs and climate change. In addition, the committee fulfills the roles of identifying risks and opportunities related to sustainability, such as those related to climate change, and of reporting to the Board of Directors regarding initiative plans and evaluations.



Environmental Initiatives

Aiming to realize a sustainable society that is environment- and people-friendly

Resolving global environmental issues such as climate change and realizing a sustainable society are urgent issues faced by all of humanity. The DTS Group has worked continuously to reduce its environmental impact, with nine Group companies in Japan (including the Company) acquiring ISO 14001 certification. Looking ahead, we will continue our environmental activities, aiming to establish the DTS Group's reputation for being environment- and people-friendly.

Disclosure in Line with the TCFD Recommendations

The DTS Group positions action on climate change problems as an important management issue and implements various measures accordingly. In September 2022, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD). Accordingly, we are expanding disclosure of climate change-related business risks and opportunities.



Governance

Board of Directors

The Company's Board of Directors oversees the setting and implementation of targets and plans related to climate change risks and opportunities. The Board of Directors also monitors progress toward environmental impact reduction targets on a quarterly basis.

Major climate change-related strategies and annual budgets are discussed and enacted by the Management Council and Sustainability Committee, and their progress is reported as needed to the Board of Directors.

Risk Management Committee and Sustainability Committee

DTS maintains the Risk Management Committee and Sustainability Committee, both of which are chaired by the president. The committees regularly evaluate risks, assess problems, and formulate action plans. In addition, they regularly monitor whether or not new risks have emerged.

Strategies

We analyze actual and potential impacts of climate-related risks and opportunities on the Group's business, strategies, and financial plans and then disclose these, including the severity of impact and time frames (period of impact).

In addition, with an eye to the highly uncertain future that is accompanying the shift to a low-carbon society, we have conducted the scenario analyses recommended by the TCFD for 1.5°C and 4°C rises in global temperature in order to determine the kind of business issues that might emerge. We found that, whether in the sustainable 1.5°C world enabled by decarbonization or the 4°C world where greater economic development is expected, enabled by reliance on fossil fuels, there will be customer needs in a wide range of industries for new AI technologies, IoT, and DX action using the Company's information technologies, as well as for energy-saving technologies related to customers' efforts to shorten working hours. Thus, there will be climate change-related opportunities for business expansion. In particular, our quantitative analysis results indicated that in the 1.5°C world, we will see steady expansion in sales of maintenance and operation services, which are the Company's core businesses. This finding reaffirms the great importance of achieving the Company's 2030 net zero CO₂ emissions goal. Accordingly, this enhanced our recognition that climate-related problems and the transition to a low-carbon society are strongly connected to the Company's development.

Management of Value Creation	Implementation of Value Creation	Foundation of Value Creation	Rules of Value Creation
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Climate Change-Related Risks and Opportunities

Categories		Risks and opportunities	Indicators	Degree of financial impact	Period of impact	Relevant scenarios	
Risks	Transition	Policy and legal	Risk of increased procurement costs due to the introduction of carbon taxes and those costs being shifted to the operation contracting costs of partner companies	Increased costs	Large	Medium term	1.5°C
			Risk of increased carbon taxes on electric power used by the Company	Increased costs	Small	Long term	1.5°C
			Risk of increased offset costs due to difficulty in reducing Scope 2 emissions amid delays in introducing renewable energy in buildings occupied by tenants	Increased costs	Small	Medium to long term	1.5°C
		Reputation	Risks of lost orders and other effects of declining market value due to inability to meet disclosure requests from investors related to efforts to achieve a low-carbon society (qualitative evaluation only)	Decreased sales	Small	Medium term	1.5°C
			Risk of decreased sales due to customers switching to other companies due to delay in implementing energy-saving measures (qualitative evaluation only)	Decreased sales	Small	Medium term	1.5°C
		Technology	Risk of increased costs related to securing and training human resources in order to keep pace with accelerating DX	Increased costs	Medium	Long term	1.5°C/4°C
	Physical	Acute	Risk of decreased sales due to being forced to suspend business activities as a result of an increase in extreme disasters	Decreased sales	Small	Short term	1.5°C/4°C
		Chronic	Increased operational costs, such as for air conditioning, as average temperatures rise	Increased costs	Small	Long term	4°C
Opportunities	Products and services	Opportunities to expand business to support decarbonization, such as using IoT and AI on the front lines of manufacturing	Increased sales	Small	Medium term	1.5°C/4°C	
		Opportunities to expand business in line with increasing needs for the further development of the car-embedded technologies we already provide as CASE progresses	Increased sales	Small	Medium term	1.5°C/4°C	
		Opportunities to expand the residential solutions business related to environmental problems and energy saving as a way of enhancing the overall living environment	Increased sales	Small	Medium term	1.5°C/4°C	
		Opportunities to expand demand for our proprietary services amid the accelerating digitalization of customer operations (going paperless)	Increased sales	Small	Medium term	1.5°C/4°C	
		Opportunities to expand business in infrastructure and operation-related services to keep up with the increasing use of cloud services as a countermeasure for increasingly extreme disasters	Increased sales	Small	Medium term	1.5°C/4°C	
		Opportunities to expand business related to energy-saving services as customers' work hours shorten	Increased sales	Large	Medium to long term	1.5°C/4°C	
		Opportunities to expand business in healthcare and medical-related services due to growing health concerns as temperatures rise	Increased sales	Small	Medium to long term	4°C	
	Markets	Opportunities to expand sales related to existing maintenance and operation services due to being increasingly chosen by customers thanks to achieving our net zero goal	Increased sales	Large	Medium to long term	1.5°C	

* Degree of financial impact is determined as follows: Large: ¥2.0 billion or more; medium: ¥0.5 billion or more; small: below ¥0.5 billion or evaluated qualitatively only

Risk management

The DTS Group positions climate-related risks and opportunities as matters of strategy that can lead to sustainable growth if companies take appropriate action.

1. We identify climate-related risks and opportunities and evaluate them using three metrics: probability and, if they become prominent, quantitative impact and qualitative impact.
2. Regarding climate-related risks and opportunities that have a significant impact on the Group's strategies, we formulate measures to address risks and seize opportunities, and the Sustainability Committee monitors progress.
3. To minimize losses and achieve sustainable growth throughout the Group, we have designated the Risk Management Committee to appropriately manage crises and risks related to the Group's businesses. Climate-related risks are integrated into enterprise risk management (ERM) by the Sustainability Committee and reflected in the Group's strategies as part of the Board of Director's supervision of company-wide risks.

Metrics and targets

The Group has established goals to reduce long-term greenhouse gas (GHG) emissions to achieve the goal of a less than 1.5°C rise in average global temperatures. In FY2022, we submitted a commitment letter regarding our aim to receive validation from the international Science Based Targets (SBT) initiative for our Scope 1, 2, and 3 emission reduction goals in FY2024.

In line with the long-term Vision2030, the Group aims to achieve net zero CO₂ emissions in 2030 for Scopes 1 and 2 and has set ambitious targets for Scope 3, aiming to realize carbon neutrality.

GHG emissions (Scopes 1, 2, 3)

	Target year	CO ₂ emission target	CO ₂ emission reduction rate target	FY2021 results (base year)	FY2022 results
Scope 1 and 2	2030	0t-CO ₂	Net zero	1,327 t-CO ₂	1,313 t-CO ₂
	2050	0t-CO ₂	Net zero (maintain)		
Scope 3	2030	40,467 t-CO ₂	50% reduction (compared to FY2021)	80,935 t-CO ₂	65,754 t-CO ₂
	2050	0t-CO ₂	Net zero		

Environmental Initiatives

Climate Change Initiatives

In response to the progression of global climate change, the DTS Group is working to reduce greenhouse gas (GHG) emissions in line with the Paris Agreement.

To reduce Scope 2 emissions, we are promoting the use of renewable energy at our offices, aiming to realize carbon neutrality by 2030.

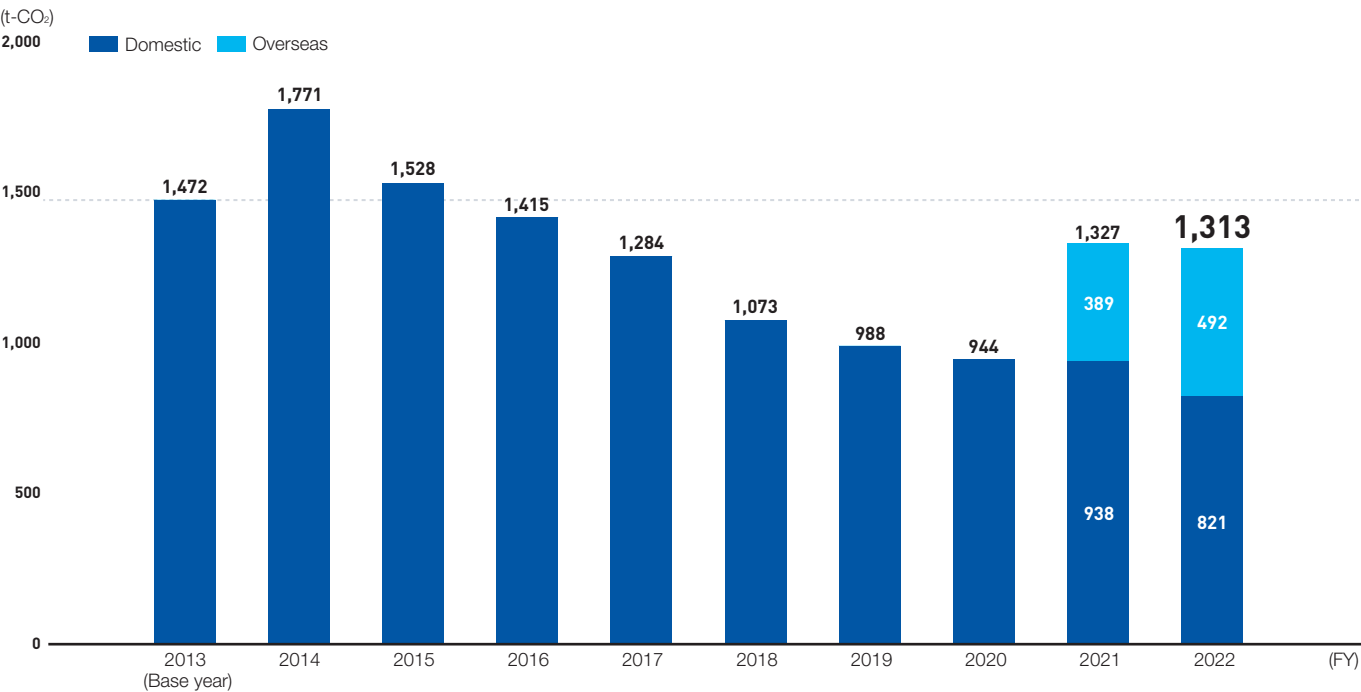
To reduce Scope 3 emissions, we are working with suppliers to target reductions in Category 1, which accounts for approximately 90% of the Group's Scope 3 emissions.

External Recognition

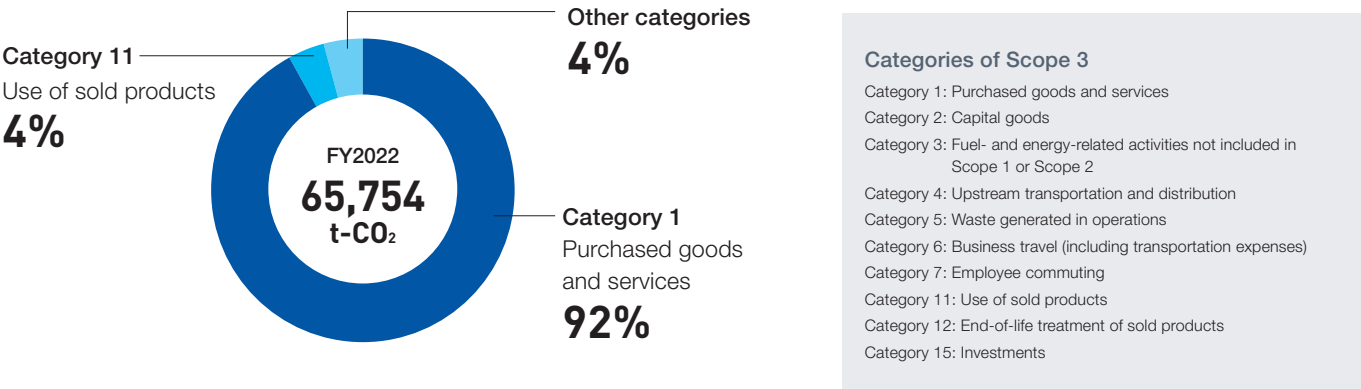
In FY2022, we received a B rank on our responses to the climate change questionnaire of the CDP global environmental information disclosure platform.



GHG Emissions
Scope 1 + Scope 2



Scope 3 Emissions



DTS Group Environmental Policy

The DTS Group recognizes that preservation of the global environment is an important issue faced by all of humanity. As a company that is responsible to the society of the future, we have created an environmental policy. In particular, in carrying out our business activities (including comprehensive consultation on IT systems, software development, and system operations), we are conducting the following main initiatives to address key challenges.

Main initiatives

- Reduction of resource and energy consumption
- Promotion of recycling and reduction of waste
- Promotion of green procurement
- Provision of new social infrastructure based on IT

Environmental Policy
<https://www.dts.co.jp/sustainability/eco/environment/>

Overview and Structure of the Environmental Management System (EMS)

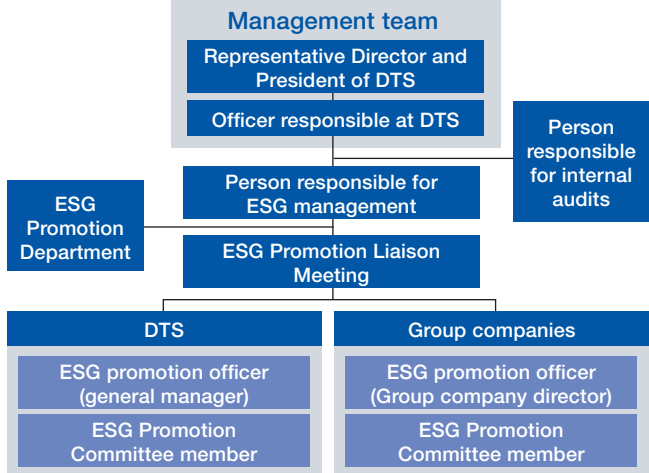
The DTS Group is working to reduce its environmental impact across the Group, with nine Group companies in Japan (including the Company) currently ISO 14001 certified.

The DTS Group has constructed and operates a system for promoting ESG initiatives, including environmental efforts under the leadership of DTS's management team.

Registered organizations (in order of acquisition)

- DTS CORPORATION
- JAPAN SYSTEMS ENGINEERING CORPORATION
- DTS WEST CORPORATION
- DTS INSIGHT CORPORATION
- KYUSHU DTS CORPORATION
- DIGITAL TECHNOLOGIES CORPORATION
- MIRUCA CORPORATION
- I Net Rely Corporation
- DTS palette Inc.

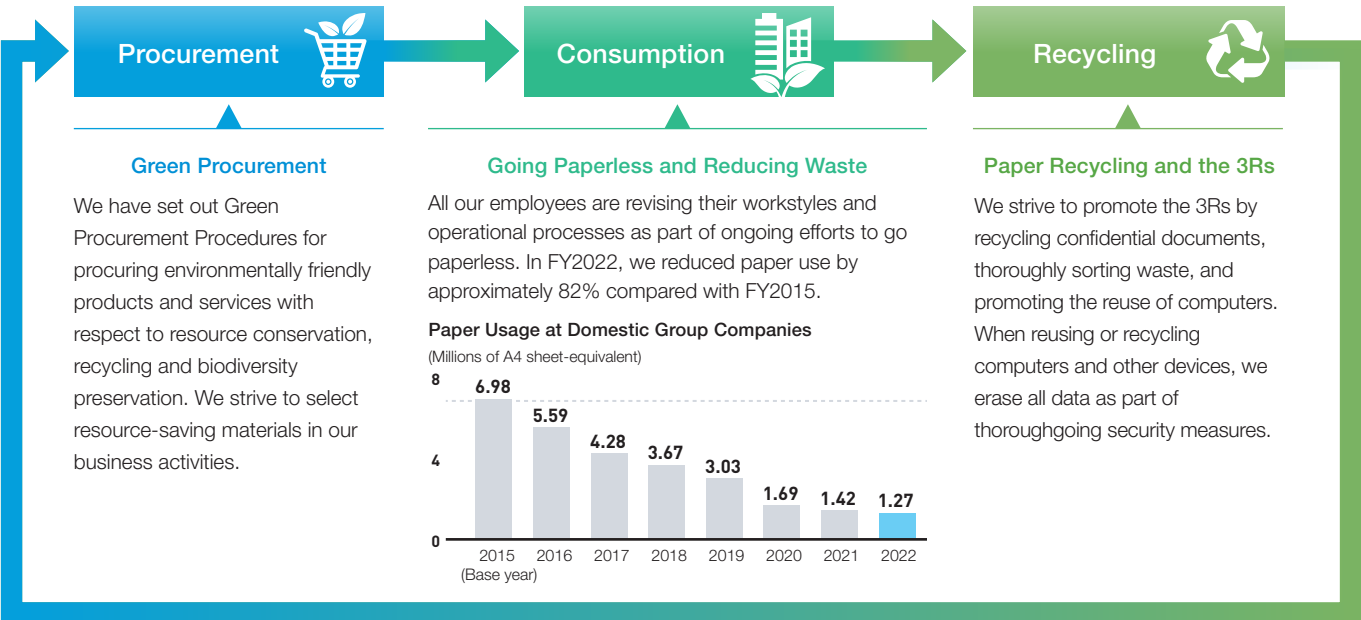
ESG promotion structure



Environmental Management System
<https://www.dts.co.jp/sustainability/eco/environment/>

Sustainable Resource Use

The DTS Groups aims to use resources sustainably. We strive to procure environmentally friendly products, reduce resource consumption, and reuse and recycle resources after use. By doing so, we work to increase resource efficiency and reduce environmental burden from a life cycle perspective.



Social Initiatives

Enhancing employee engagement and diversity as we promote the transformation into a new era

Among the issues we need to address is meeting new social demands through workstyle reforms, the promotion of women's participation and advancement in the workplace, and the realization of diversity. The DTS Group will continue addressing these issues using the five credos of the DTS Group Way as guidelines as we shift to workstyles for a new era.

Initiatives to Improve Quality

DTS has built quality management systems with the aim of achieving consistency in quality, cost, and delivery, as well as mitigating risks. By working to standardize and continuously improve operations, we seek to enhance the maturity of our organization.

Proprietary standardized processes to meet demands for high-end quality

The DTS Group strives to achieve greater transparency in ensuring product and service quality. Our efforts to such ends have involved developing our own processes based on the CMMI® framework, establishing our Project Management Strategy (PMS) as standardized processes, and enlisting the entire organization responsible for systems development in efforts to achieve JIS Q 9001 (ISO 9001) certification.

Moreover, aiming to fortify our systems integration capabilities and increase productivity, we have adopted agile development and other modern approaches and are working to incorporate automation tools. Going forward, we will continue working to improve PMS functionality.

With regard to systems administration, we have also been managing services that utilize information technologies based on the PDCA cycle approach. We provide one-stop services underpinned by high-quality operations in line with Information Technology Services Management System (ITSMS) practices for systematically ensuring and improving

the quality of IT services. (CMMI® is a registered trademark of Carnegie Mellon University in the United States.)

To prevent projects from becoming unprofitable, departments charged with production and quality control regularly monitor each project, examining data regarding estimated profitability, total working hours, including overtime hours, spent on the project, and other factors.

In addition, we have developed a framework that issues an alert if a project is in danger of seeing a deterioration in profitability so that all relevant managers are aware of the danger at the earliest possible stage. This framework has been operational since October 2022.

If a given project becomes unprofitable, the Project Promotion Committee, which is composed of members of top management, is swiftly informed so that it can issue appropriate instructions regarding countermeasures.

Implementing a client satisfaction survey

For more than 50 years, the DTS Group has met customer needs by providing IT services based on top-quality systems informed by deep industry insights, operational knowledge, and information technology. As a result, we have built a customer base in an incredibly wide range of sectors and industries that has become a stable base of revenue not easily influenced by the economic environment.

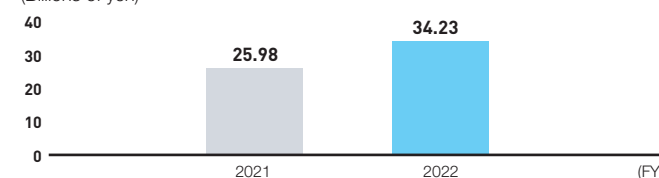
According to a customer satisfaction survey we conducted in October 2022, our system-related services earned an average of more than 3.7 points on a scale of 1 to 5, suggesting a positive response among a broad range of customers.

Overall customer satisfaction ratings
(Based on a five-point rating system)

Item	FY2022
Sales desk	3.54
Our services	3.74

Change in order backlog

(Billions of yen)



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 telework 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.

Protection of personal information

DTS considers the appropriate handling of personal information to be a matter of social responsibility, and the organization has formulated and follows a "Personal Information Protection Policy," which is based on the Act on the Protection of Personal Information and "JIS Q 15001: Personal information protection management systems - requirements."

Moreover, in order to prevent personal information from being leaked, lost, or damaged and to exert appropriate control over

specific personal information, we have identified the risks that should be managed.

We periodically carry out measures to raise awareness and monitor these risks as part of our efforts to provide information security-related education, training, and inspections.

 Personal Information Protection Policy
https://www.dts.co.jp/sustainability/governance/privacy_policy/ (Japanese only)

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-(11)

• Acquisition of ISO/IEC 27001 (ISMS); JUSE-IR-026

Acquisition of ISO/IEC 27017 (ISMS cloud security)

JUSE-IR-026-CS01

Platform and Services Segment

IT Platform Service Sector, IT Platform Service Division 3, Members in charge of ITS No. 1, ReSM Team and relevant departments (IT Platform Service Business Planning Department)

• Acquisition of ISO/IEC 27001 (ISMS); JUSE-IR-345

Platform and Services Segment

IT Platform Service Sector, IT Platform Service Division 2, Members in charge of BPO No. 4, Tokorozawa Center and relevant departments (IT Platform Service Business Planning Department)

• Acquisition of PCI DSS (Payment Card Industry Data Security Standard) version 3.2.1; ICMS-PCI 0217

Platform and Services Segment

IT Platform Service Sector, IT Platform Service Division 2, Members in charge of BPO No. 4

Social Initiatives

Growth Investments

Proactive growth investments

In FY2022, we invested a total of ¥6.0 billion in growth, surpassing our planned budget by ¥1.4 billion. For the most part the investment has been for the acquisition of shares in Partners Information Technology, Inc. and other M&A deals as well as in human resources, including spending for the development of highly skilled personnel.

Going forward, we will strive to enhance our profit margin (EBITDA margin) over the medium to long term through proactive growth investments and, by FY2030, strive to enhance ROE and double profit (EBITDA).

Growth Investments ¥6.0/¥25.0 billion		¥1.4 billion higher than planned	¥4.2 billion higher than FY2021
Investments in human resources <small>(including the increase in personnel expenses due to workforce expansion)</small>	¥2.0/¥7.5 billion	• Increasing the number of domestic employees, and increasing base pay and allowances • Education and training for developing highly skilled human resources	
Investments in research and development	¥0.3/¥2.0 billion	• Development of new solutions (BI/IoT solutions utilizing Snowflake and mcframe) • Development of services in the security domain (zero trust)	
Capital Expenditures	¥0.7/¥3.0 billion	• Housing-related solutions (Walk in home 2022 / HOUSING CORE) • Data utilization solutions (Geminiot / Pasteriot.mi)	
M&A	¥2.5/¥10.0 billion	• Acquisition of Partners Information Technology stock • Costs related to M&A	
Other investment	¥0.4 billion	• Establishment of ServiceNow business • Promotion costs for solutions	

Shareholder Returns

Dividend payout ratio and total return ratio

DTS regards the return of profits to shareholders as one of the priority issues of management and believes that medium- to long-term growth in corporate value is the largest source of profit return. With the aim of ensuring the return of profits to shareholders in the medium- and long-term, the Company works to pay stable dividends on an ongoing basis and implements a flexible capital policy that includes the purchase of treasury shares based on a comprehensive consideration of results trends, its financial position and other factors as well as cash reserves needed for business expansion.

Over the course of the medium-term management plan, we will aim for a dividend payout ratio of 50% or more and a total return ratio of 70% or more through the execution of robust shareholder returns.

In FY2022, we achieved robust operating results. We therefore paid a year-end dividend of ¥70 per share (including a commemorative dividend of ¥30 per share), in line with our initial forecast. With the ¥50 mid-year dividend already paid (including a commemorative dividend of ¥20), the annual dividend totaled ¥120 per share.

Management targets for FY2024	
Dividend payout ratio	50% or higher
Total return ratio	70% or higher

Realizing Human Resources Management

Basic policy of human resource systems and approach

The Group recognizes that securing and training personnel with strong technical capabilities and specializations is an indispensable factor for sustainable growth and has established the following basic policies.

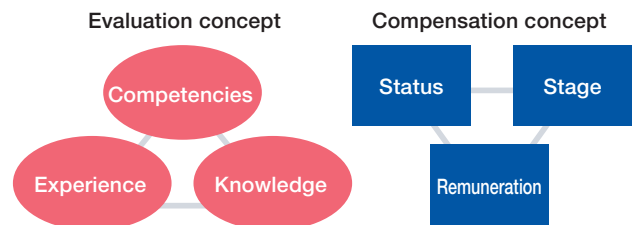
Basic policies

We establish and operate various human resource systems based on the policy of “establishing ranks in line with the scale of the roles required of each person, providing appropriate compensation in line with roles and accomplishments, and realizing a transformation of organizations and people.” In addition, we have upgraded to an open and fair evaluation system and provide diverse learning opportunities.

- Ranking system: The rankings clarify the targets being striven for
- Evaluation system: There are clear and fair evaluations for actions and results based on roles
- Remuneration system: Salary and bonuses are awarded for actions and results in accordance with roles

1. Professional certification system

This is a system in which employees autonomously enhance their areas of expertise and specializations in line with their own career plans, take on challenges, and achieve remarkable results. The Company then recognizes those achievements, compensates them, and provides them with the opportunity to embark on the next stage of growth and activity. We recognize diverse occupations aligned with business environments and encourage career building based on employees’ own decisions and ambitions.



Defined by occupation type and level based on IT skill standards, we internally certify people as professionals at level 3 or higher.

Professional certification system (As of April 2023)

	PM Project manager	ITC IT consultant	DE Digital engineer	ITA IT architect	ITSM IT service management	BA Business architect	PLN Planner
Grade s (TSS level 5)	Top tier human resources at DTS						
Grade a (TSS level 4)	Human resources playing leading and core roles in each business	Marketing Consultant	IT architect IT specialist Application specialist Software specialist Data scientists	IT architect IT specialist Operational application engineer Software development	Operational management System management	Business architect Service designer	Planner
Grade sb (TSS level 3)	Human resources serving as subleaders in each business		Methodology design	Methodology design			
Middle (TSS level 2)			Infrastructure Applications New development methods	Infrastructure Applications			Staff
Entry (TSS level 1)							

2. Internal award system

This is a system that awards employees with the aim of boosting their ambitions and contributing to productivity.

(1) President Award, Special Award, Distinguished Achievement Award

(2) Length of Service Award

(3) Award for Passing Qualification Tests

3. Education and training system

To enable employees to continually grow and level up as engineers, we offer a broad lineup of training options across the Group through the Group company MIRUCA CORPORATION.

We support employee growth by upgrading training systems and announcing the availability of training to employees. This includes training common to DTS Group employees; rank-based training, including for new hires, mid-level employees, and managers; and training related to specialization in line with each employee’s career path.

In addition, we provide an environment that enables employees to autonomously enhance their capabilities in a timely manner in part by introducing on-demand video training that can be viewed anywhere at any time covering the latest technological information, including on digital technologies.

4. Internal open recruitment system

Separate from ordinary personnel rotations, this system aims to further enhance DTS’s competitive edge by opening recruitment to a broad range of personnel with an eye to fostering employees’ autonomous career development and willingness to try out new businesses and participation is entirely voluntary.

5. Self-reporting system

This system aims to vitalize employee development and workplaces by holding once-per-year interviews where employees report to superiors regarding the current status of their physical health, careers, and desire for rotation.

Social Initiatives

Transition to a human resources system that values employee ambitions

To evolve our existing SI business model into a total SI one and expand our business area by creating new solutions and services, we will need personnel who can take bold risks and take on new challenges. Creating a culture in which personnel always embrace change will be a key challenge.

We have upgraded the work environment to one that enables active personnel to take on the challenges of creating solutions and new technologies aimed at future growth with no fear of failure. Our evaluation system emphasizes taking on challenges related to such factors as the degree of difficulty and newness. In addition, we are working to transition from a system based

on the conventional labor-intensive business model to a more sophisticated, knowledge-intensive business model. The professional certification system encourages employee growth and improves the visibility of employee skill levels as a foundation for our human resources portfolio. To strengthen the digital area under this system, we established two new job types related to this area in FY2022 and certified six people as having achieved the highest internal grade as of April 2023.

Through these measures, we aim to create a corporate culture that encourages individual employees to transform their behavior and proactively take on challenges.

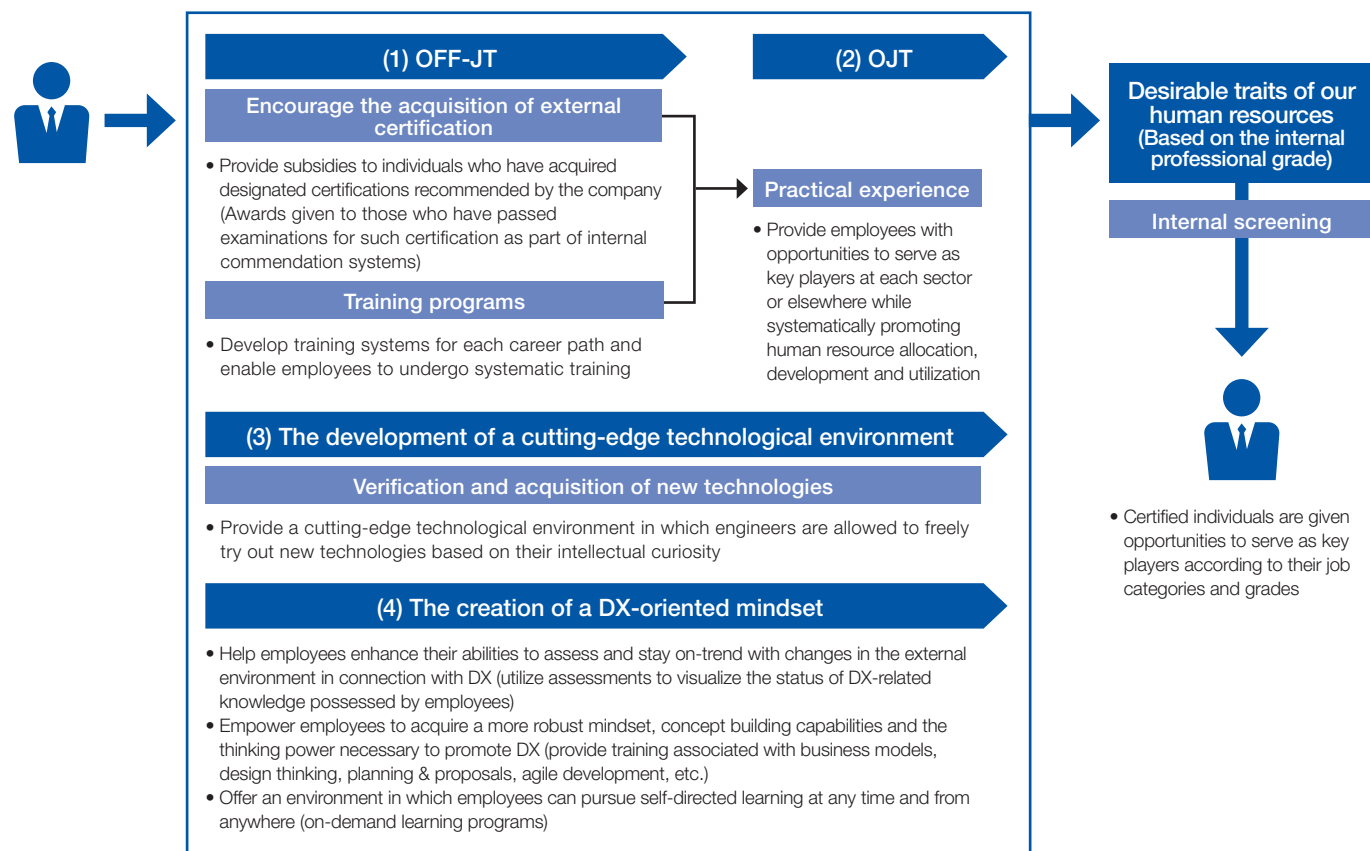
Promoting the Development of DX Personnel

To “Become a company that continuously takes on challenges in order to provide value that exceeds expectations,” as defined under Vision2030, the DTS Group is promoting the development of human resources capable of creating new value. Accordingly, we strive to equip employees with such skills as those related to cloud, AI, IoT, and other new technologies. We also nurture individuals with expertise regarding the transition to a more sophisticated business model via the consolidation of know-how and knowledge of system operation and maintenance as well as those capable of the planning and promotion of innovative solutions and services. Moreover, we aim to develop an organizational culture in which all employees understand the importance of

DX, take it on as their own challenge, work autonomously to acquire the necessary knowledge and skills, and freely leverage their own ideas.

We have also defined the human resource models necessary to promote new business models. In accordance with this definition, we promote the development of professional human resources equipped with highly specialized skills and certified as having achieved internal professional grade through investment in (1) off-the-job training (OFF-JT); (2) on-the-job training (OJT); (3) the development of a cutting-edge technological environment; and (4) the creation of a DX-oriented mindset.

Initiatives to develop DX personnel



Promotion of Workstyle Reforms

Flex-time system

To achieve flexible workstyles, we introduced a flex-time system from April 2022.

Valuing employee autonomy, we shifted to super flex-time with no set core time. This allows personnel to efficiently process their tasks in accordance with planned operational schedules. In these and other ways, we promote an optimal work-life balance.

	FY2020	FY2021	FY2022
Number of overwork hours	21 hrs. 46 min. per month	23 hrs. 05 min. per month	23 hrs. 59 min. per month
Percentage of paid leave taken	68.9%	71.4%	72.9%

Health Management Promotion

Health management policy

“Respect for human rights and creation of workplaces with fulfillment through work” is one of the phrases in the Code of Conduct. Based on this, the DTS Group aims for individuals and the Company to continue growing by enabling all employees to maintain mental and physical health, work with motivation, and leverage their capabilities.

External recognition

DTS publicly announced its “Health Company Declaration” in November 2018 and launched initiatives to encourage health promotion activities. As a result, DTS acquired Company of Health Excellence Certification (Gold Certification) in September 2020, and has maintained it to date. In addition, in March 2022, we were selected as a “Health Management Stock” and acquired certification as a “Health & Productivity Management Outstanding Organization (White 500) 2022.” Moreover, DTS’s initiatives for maintaining and boosting employee health have been recognized with certification as a “Sports Yell Company 2023” and “Health & Productivity Management Outstanding Organization (White 500) 2023” in February and March 2023, respectively.



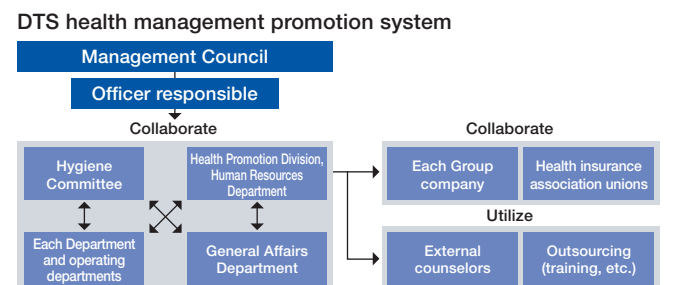
Staggered working hours system (My Select Time)

Allowing employees to select early or late arrival and leaving work hour patterns, My Select Time is a staggered working hours system introduced with the aim of improving the quality of individual’s lives by allowing sliding work start and end times. The system is intended to facilitate flexible workstyles that enable individuals to engage in such undertakings as childcare, nursing care, hospital visits, self-development, and recovery from fatigue. This is intended to reduce commuting stress, encourage dedication to work, enhance time management awareness, and motivate self-improvement efforts.

Promotion structure

We established a Health Promotion Office in the Human Resources Department with a full-time industrial physician and public health nurse.

The office offers consultation covering both physical illness and mental health. In addition, in collaboration with health unions we have constructed systems that utilize external resources.



Promoting health improvement

DTS promotes employee health while conducting PDCA cycles.

Through surveys related to health and health check-up results, we assess employee health issues, determine which issues to prioritize, and formulate action plans (health management strategy MAP).

Main initiatives

- Establishing “no overtime days” and targets for taking paid leave
- Encouraging health checkups and guidance as well as encouraging and confirming the receipt of medical care and reexaminations
- Expanding mental health training and health seminars
- Balancing work and medical care

We aim to repeat a cycle of evaluating the implementation status of these initiatives, confirming results, and continually improving plans.

To date, we have prioritized health maintenance measures aimed at rapidly detecting and preventing the escalation of illness. Going forward, we will continue to take initiatives to promote health.

Social Initiatives

Realizing Diversity and Inclusion

The DTS Group promotes diversity and inclusion in order to fully leverage each employee's capabilities and is working to create upgraded work environments where everyone can thrive. We aim to achieve sustainable growth and enhance the

Company's competitive advantage by respecting and utilizing diversity with regard to gender, age, nationality, disability, and forms of employment.

Promoting the participation and advancement of women

In the medium-term management plan, we set targets to be achieved in FY2024 for the ratio of female directors and managers. In action plans based on the Act on Promotion of Women's Participation and Advancement, we set milestones for improving the overall ratio of female employees and have been promoting the advancement of women in management, working to develop the skills of female manager candidates and incumbent managers. Furthermore, the ratio of female directors reached 15.4% as of March 31, 2023, surpassing our FY2024 target of 10.0% or higher. On the other hand, the ratio of female managers as of the same date was 3.7% compared with our FY2024 target of 6.0% or higher. In FY2023, we will keep encouraging growth and revitalizing the entire organization mainly by creating opportunities for

advancement in a wide range of fields while developing female manager candidates through the hosting of network-ing meetings for female employees and the provision of mentoring (periodic interviews).

Targets and results for women's participation and advancement in the workplace

	Targets FY2024	Results FY2022
Ratio of female employees	22.0%	19.3%
Ratios of women in the management candidate group and female project leaders	10.0%	6.7%
Ratio of female managers	6.0%	3.7%
Ratio of female directors	10.0%	15.4%

Acquiring Eruboshi certification based on the Act on Promotion of Women's Participation and Advancement

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 the 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.



Supporting childbirth, child-raising, and nursing care

DTS is working to strengthen its initiatives to support those who are balancing medical treatment and work from a perspective of health management (maintaining and promoting employee health). When employees require medical treatment, it is necessary to take appropriate care to ensure that their illness does not get worse due to working.

Therefore, we respond flexibly to meet individual needs by liaising with relevant persons, developing workplace environments, and providing individual support for employees and have established an in-house consultation service. To support employees on their return to work after taking leave, we provide a return-to-work support program with advice from occupational doctors and so forth.

In addition, DTS is working to support balancing childcare and work. We conduct diversity and inclusion (D&I) training for all employees as part of supporting the advancement of women and development of the next generation. We are fostering an environment where employees, whether or not engaged in childcare, will gain a deeper understanding of the Company's D&I initiatives and D&I awareness as well as of the action sought from employees while respecting, supporting and inspiring each other. In FY2022, by working to promote the use of childcare leave among male employees, we reduced the gender gap in the ratio of taking childcare leave and will continue supporting the balance of childcare and work for both men and women.

Acquiring "Kurumin" certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children

In November 2022, DTS was granted the "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.



Promoting the employment of people with disabilities

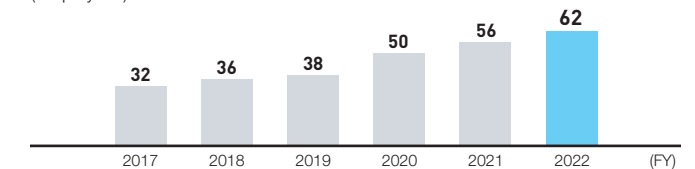
DTS established the special subsidiary, DTS palette Inc., as a wholly owned subsidiary in 2011. In addition to fulfilling the corporate social responsibility of creating employment for people with disabilities, the company proactively hires people with disabilities with the aim of being a company where they can work with confidence, engage in permanent work, and find job satisfaction.

DTS palette Inc. employs people with various disabilities, including visual, auditory, mental, intellectual, physical, and internal, all of whom serve as active workforce members while exercising their individuality. This subsidiary boasts a track record more than a decade long in the provision of business support in response to orders from other DTS Group companies and has thus handled over 100 types of tasks, including printing operations, mail sorting, in-house delivery (within and between business bases), image production, and video editing.

Also, DTS palette Inc. places utmost priority on ensuring that its employees can work with confidence and, to this end, constantly strives to improve its workplace environment. For example, the subsidiary has made it a rule to set the delivery date when an order is received in a way that allows sufficient

time for employees to carry out the task in light of capacities of each individual. Furthermore, this subsidiary has established a system of leave for attending hospital while encouraging autonomous health management by employees. In 2018, DTS palette Inc. introduced a telework system so that employees with leg impairment can work over the long term. This move resulted in the installation of cameras, Zoom, Teams, and other communication tools at the workplace, with the aim of enabling individuals who work remotely to stay in touch with what is going on at the company. In 2020, we began providing monthly interviews conducted by working life counselors for persons with disabilities while opening a phone-based counseling desk. In these ways, we have reinforced our structure for accommodating employee requests for counseling.

Number of employees at DTS palette Inc.
(Employees)



Hiring global personnel

We engage in global business operations by acting in collaboration with overseas Group companies operating in the United States, China, India, and Vietnam. In light of the recent acceleration of globalization, we consider the concerted promotion of global businesses involving Group members at home and abroad to be a matter of growing importance. Accordingly, the DTS Group is focused on endeavoring day in and day out to foster an employee mindset that takes on

international collaboration, promotes mutual understanding among Group members with different cultural backgrounds, and helps them inspire one another to work on common goals and grow together irrespective of nationality or gender. Looking ahead, we will promote diversity & inclusion for the entire DTS Group through the proactive exchange of human resources with overseas Group companies.

Initiatives Regarding Human Rights

Basic approach

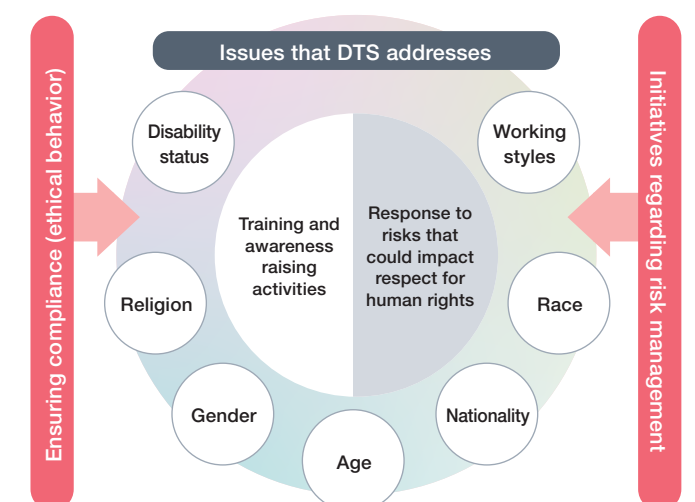
1. We will strive to create a workplace in which unique personalities are mutually respected and diverse value systems embraced so that each employee can work vibrantly and realize their potential to the fullest.
2. We will build a widespread corporate culture in which no human rights violations or misconduct are tolerated or kept under the rug.
3. We will not condone any type of association, directly or indirectly, with forced labor or child labor.

Creation of the DTS Harassment Prevention Guidelines

Workplace harassment not only damages the victim's honor and dignity as a person but also leads to the deterioration of the workplace environment.

With the enforcement of a law for the prevention of power harassment (the Revised Act on Comprehensive Promotion of Labor Measures) in June 2020, the DTS Group created the DTS Harassment Prevention Guidelines. Under these guidelines, we

constantly strive to educate employees by, for example, mandating that all employees undergo anti-harassment training in the form of manager training or compliance training. In this way, we aim to raise general awareness of power harassment among employees and prevent its occurrence.



Social Initiatives

Supply Chain Management

The DTS Group has stipulated free competition and fairness in business dealings as a code of conduct in the DTS Compliance Guide to ensure fair trading. We adhere rigorously to this code.

Basic approach to selecting business partners

The DTS Group recognizes that collaboration with partners is essential for increasing added value. Based on this recognition, in April 2023 we disclosed Guidelines on Responsible Corporate Conduct for DTS Supply Chain Constituents. In selecting partner companies, we observe these guidelines as well as laws, regulations, and social norms as a matter of course and also emphasize partners that contribute to a sustainable society that is considerate of human rights and the environment.

 Guidelines on Responsible Corporate Conduct for DTS Supply Chain Constituents <https://www.dts.co.jp/sustainability/social/supplychain/> (Japanese only)

Guidelines on Responsible Corporate Conduct for DTS Supply Chain Constituents (excerpt)

1. Compliance with laws and regulations as well as respect for international standards

We need to comply with applicable laws and regulations in countries or regions in which we are based or engaged in business operations while respecting international conduct standards.

2. Human rights and labor rights

We need to not only comply with human rights- and labor-related laws and regulations but also respect the human rights of workers in reference to international standards, including the Core Labour Standards established by the International Labour Organization (ILO).

3. Occupational safety and health

We need to comply with laws and regulations related to occupational safety and health while giving due consideration to, for example, the ILO's Guidelines on Occupational Safety and Health, in order to provide workers with a safe and hygienic working environment designed to minimize their risk of sustaining injuries or developing mental or physical diseases in the course of operations.

4. The environment

We need to proactively tackle global environmental problems, such as resource depletion, climate change, and environmental pollution, even as we give due consideration to the health and safety of residents of communities surrounding our operations and address environmental concerns specific to such communities.

5. Fair transactions and corporate ethics

We need to adhere to an impeccable moral stance in the course of business activities while complying with laws and regulations.

6. Quality and safety

We need to secure the safety and quality of the products and services we offer while delivering accurate information regarding such products and services.

7. Information security

We need to prevent the leakage of secret or private information and, to this end, strengthen information security.

8. Business continuity plans

We need to take preparatory steps to secure the ability to achieve the early resumption of production activities when our own facilities or suppliers' facilities are affected by major natural disasters or other phenomena, with the aim of fulfilling our responsibilities as a provider of products and services.

Free competition and fair trading

The DTS Group conducts business with its partners based on agreements between equals. Partners are selected based on an objective standard evaluating the level of their technological capabilities, quality, pricing, and service. We conduct fair business dealings, observing laws and regulations regarding subcontracting. When entering an agreement with a partner company, DTS conducts a voluntary inspection using a contracted and consigned operations regulation check list based on the Criteria for Classification of Worker Dispatching Operations and Contracted Operations (Notification No. 37).

Promoting information security measures

In order to prevent information security incidents, or the recurrence of past incidents, DTS continuously implements measures including education, awareness raising, and information sharing. In particular, training is implemented each year when starting new operations, or for companies continuing their contracts.

When consigning operations to a partner company, we stipulate that the partner must have the same level of information security management and personal information handling as DTS.

Implementing workstyle reforms and health management

DTS is working to promote workstyle reforms together with its partner companies. We are striving to reduce overtime work, including at our partner companies, by sharing DTS operational work hours and streamlining operations.

Moreover, we communicate the Company's policy on initiatives for health and productivity management and confirm the status of initiatives at our partner companies through surveys.

Over 80% of contracts concluded with partners are already electronic, and we will continue to further promote electronic contracts moving forward. To enable workstyles aligned with the situation, we will continue to implement telework systems for partner company employees.

Supply chain assessment

DTS conducts annual supply chain evaluations of its partner companies for new transactions and those continuing their contracts. These surveys are used to comprehensively evaluate the technological capabilities, quality, productivity, deadline conformance, and financial status of partner companies while serving as indicators for evaluation such initiatives as those related to the SDGs.

In addition, DTS periodically checks public announcements for the names of companies that have violated laws and regulations, then cross checks to see if it has business dealings with them.

Social Contribution Activities

We actively promote social contribution activities, believing it important that individual employees increase their awareness of social contribution and put it into action. As a "good corporate citizen," we aim to uphold our social responsibility and create a society where people can live with greater peace of mind.

Medical support

▶ Collaborating with the Red Cross Blood Center in Tokyo on blood donation

DTS participates in the blood donation supporter program. In collaboration with the Red Cross Blood Center in Tokyo, many employees voluntarily participate, donating blood twice a year in the winter and in the spring at the end of the Golden Week holidays, when blood is in especially short supply.



International collaboration and disaster recovery support

▶ Volunteer Activities Supporting the Recovery from the Great East Japan Earthquake (Tomioka Town, Futaba District, Fukushima Prefecture, 2018~)

Since 2018, the Group has conducted volunteer activities supporting the recovery from the Great East Japan Earthquake at the vineyards of Tomioka Wine Domaine in Tomioka Town, Futaba District, Fukushima Prefecture. In addition, in 2022 we offered aid through a crowd-funding effort conducted by Tomioka Wine Domaine.



▶ Supporting the BHN Association

As an official member company since FY2017, DTS provides ongoing support for the non-profit BHN Association. With a focus on data and telecommunications, this organization conducts support activities for developing countries, with the aim of providing humanitarian aid and international contributions.

▶ Supporting Room to Read Japan

In FY2016, we donated to the non-profit Room to Read Japan, which supports literacy and girls' education for children in developing countries.

Through this donation, a library was established at an elementary school in northeastern Vietnam's Bac Giang Province. In addition, from FY2017, we have continuously supported the organization as a partner company.

▶ Delivering donations to support a kindergarten project undertaken in a rural part of Vietnam

In November 2022, DTS SOFTWARE VIETNAM CO., LTD provided donations to support a project associated with facility construction and operation at the Na Thua kindergarten in Lang Son Province in the northeastern part of Vietnam. The kindergarten is equipped with a nursing home for children who are unable to go to school due to poverty as well as for children with disabilities, with nearly 100 children living together and receiving education. Through these donations, the kindergarten has gained ability to accommodate additional 20 children.



▶ Other international collaboration and disaster recovery support

DTS provides donations to people affected by disasters in regions around the world through the Japanese Red Cross Society. In FY2022, we delivered donations to victims of the following disasters.

- Turkey-Syria earthquake
- Pakistan floods
- Typhoon No. 15 in 2022 (Shizuoka Prefecture, Japan)
- Heavy rains that started from August 3, 2022 and Typhoon No. 8, which subsequently made landfall (Yamagata, Niigata, Ishikawa and Aomori prefectures, Japan)

Local activities

▶ Participating in Chuo-ku's Clean Day

DTS participates in Clean Day, which is held in Chuo-ku, Tokyo, where its head office is located.

Supporting social welfare

▶ Support for The Eye Mate, Inc.

Since 2008, DTS has been a support member of The Eye Mate, Inc., which has a strong track record in training seeing eye dogs.

Supporting sport and culture

▶ Participating in a charity relay race

Since 2014, DTS has been participating in the NIPPON IT Charity EKIDEN, a relay race organized to rescue people in socially vulnerable positions due to depression or social withdrawal.

Roundtable Discussion between Outside Directors



For my part, I aim to leverage my experience with various companies and organizations as a certified public accountant to contribute to DTS's sound growth.

Shishido I think that the discussions of DTS's Board of Directors are quite lively, and there is an ample exchange of views.

While discussions of individual matters are of course important, in the current fiscal year (ending March 2024), we have implemented a new process of agenda setting, in which we first discussed the more fundamental question of what topics to include in the Board of Directors' agenda. This year, we plan to pursue deeper discussions of such topics as response to climate change and risk management.

In my role as chairperson of the Nomination and Compensation Committee, I meet with various relevant offices before committee meetings and strive to share the knowledge obtained from these meetings with the other committee members so that we can have more substantive discussions.

Takei One of the features of DTS's Board of Directors is that, in addition to such professionals as attorneys and accountants, there are also many members with backgrounds in corporate management.

Outside Directors so involved in the selection of topics for discussion. I hope to see such initiatives become a strength of DTS's governance going forward.

Iimuro From an outside perspective, I think that these initiatives have been extremely meaningful in clarifying which management issues are important for the Board to discuss. It will be a major achievement if they help to improve the evaluations of the Board of Directors' effectiveness.

Masuda I also have been a Director at DTS for only a year, so I cannot compare conditions before and after the transition, but, as everyone has said, the Board's discussions are substantive and very lively. And, because we have formed a consensus about what the key management issues for the fiscal year are, I think we can expect to see strong results from the change in institutional design.

Ishii Even before the transition to a company with an audit and supervisory committee, I feel that discussions at the Board of Directors, which did already include the Audit and Supervisory Board Members, were lively. From a global perspective, however, I think that the new system has made it easier to gain the understanding of shareholders and investors.

As for my own approach to my role, I feel that, now that I am an Audit and Supervisory Committee Member with a vote on the Board of Directors, my responsibilities have qualitatively changed.

Yamada We discussed certain topics in depth last year, too, but I look forward to exploring them further in line with the agenda we have set.

The wide range of opinions expressed at the Board of Directors meetings, reflecting the perspectives of stakeholders of various backgrounds, have been extremely instructive to me, personally. At our meetings, above all, I take care to confirm whether growth investments are yielding results. By asking questions, I strive to pin down whether or not M&A projects are yielding the results intended, and, if not, what the Company is going to do.

Takei Going forward, as DTS's governance evolves and the number of Outside Directors with sophisticated expert knowledge increases, we will need to consider having Outside Directors take part in what are now executive committees operating directly under the president, such as the Sustainability Committee.

In addition, in terms of the governance structure, I think that we will need to continue to consider whether a company with a nominating committee structure might be the optimal model for DTS.

That said, I myself would like to particularly focus on further deepening substantive discussions.



When we get deep into discussion, each of us brings their own unique insights, including experience in a diverse range of industries, whether overseas or in Japan, and experience in corporate acquisitions and establishing and managing merged companies. I think that this is a notable feature made possible by our varied backgrounds, and something that I would like DTS's investors and other stakeholders to know about, as it is not fully conveyed by the skills matrix alone.

We set the agenda based on the views expressed in the evaluation of the effectiveness of the Board of Directors, taking into consideration sustainability management and Group management perspectives, as well as the results of dialog with investors. I think that few other companies have

Q What do you think of the results so far from the June 2022 transition to a company with an audit and supervisory committee?

Iimuro Having been newly appointed as a director this year, I do not have any firsthand knowledge of how things were before, but I understand that the two goals of the transition were to enhance discussions at the Board of Directors and to reinforce the Board of Directors' supervisory function.



In terms of reinforcing the Board's supervisory function, one of the points of adopting the new system is that the former Audit and Supervisory Board Members can now vote on resolutions as full members of the Board of Directors, strengthening oversight.

The introduction of this system alone cannot be expected to directly lead to the enhancement of Board of Directors discussions, of course. However, upon the transition to the new system, DTS also took steps to speed up decision making, namely, making changes to the rules governing the Board and the definitions of employee job authority to reduce the number of items that needed to be reported on at Board of Directors meetings and thereby free up more time for discussion.

At the meetings, Board members offer opinions informed by their various backgrounds. The president and chairman always ask me to freely speak my mind, and I can tell that the Company is serious about wanting to foster lively discussion.

Roundtable Discussion between Outside Directors

Q Please tell us your thoughts on corporate performance during the first year of the medium-term management plan.

Ishii The world is in the midst of major changes, such as the advance of DX and AI, as well as the emergence and recovery from the COVID-19 pandemic. At such a time, it is exciting to see the Company taking up the banner of embracing change, rather than seeing change merely as a risk factor or something to be dealt with. Boosted by a strong start for the three new segments, I think that employee awareness and ambition, as well as the corporate culture, are beginning to change.



Shishido I have been impressed by the highly ambitious initiatives of various divisions and the results they have recently achieved. Sustaining this momentum will require DTS to dig even deeper. Speaking from my own experience, smooth sailing never lasts forever, and finding ways to quickly get back on track when faced with setbacks or slowdowns in growth is key to transforming organizational culture. When results begin to dip, those of us with experience will look for ways to offer support and contribute.

Yamada The Company's results in the first year were truly outstanding. That said, we will not see the results of growth investments until the period of the next medium-term management plan, so it is still a bit early to judge. The results of R&D, in particular, are still a long way off.

As President Kitamura has explained, in addition to R&D to create first-party products, some investment is for R&D in broader sense, such as that related to ServiceNow or zero-trust security.

With regard to ServiceNow, the initiatives that President Kitamura has been advancing since last year, such as creating a promotional framework, have gradually begun to bear fruit.

The SI business entails more than just creating first-party products. As such, the evaluation and testing of other companies' products and their use in various combinations can be considered a kind of R&D. I will be monitoring the progress of R&D, including such efforts.

One concern I have is that, because consumer prices are rising, DTS needs to increase employee compensation. Part of this comes down to price negotiations with customers, but DTS must also work to raise productivity and added value. We did not anticipate this issue when formulating the medium-term management plan. In addition, ESG-related measures are also expected to increase overhead. I hope to discuss increasing productivity and added value at the Board of Directors at some point.

As Mr. Shishido said, there is the risk that things will not continue to go smoothly, but at the moment, companies' capital expenditure is rising, and IT investment is also expected to increase. The industry tailwinds are expected to continue for some time, so I think that DTS can move forward bullishly.

Takei One of my takeaways from the Company's recent performance is that President Kitamura's messaging is getting across effectively. Whether at the Board of Directors, briefings for employees, or informal employee social events, I feel that, as a result of the effective communication of the president's thinking, everyone is on board. For example, by communicating what he felt on his overseas business trips, or what we would like to do in the United States and India, and how, factoring these in, he aims to change DTS's business model, President Kitamura is gradually developing concrete policy, which I think is extremely promising.

Masuda I agree that the messaging from President Kitamura has been excellent. I think it is vital that employees are able to feel a sense of ownership regarding the Company's initiatives and grow autonomously, supported by effective investment in human resources.

Iimuro The simple fact that all three segments saw double-digit growth in the first year of the plan is not all that surprising, considering the underlying strength of the Company. More than that, I would like to draw attention to the fact that the focus businesses, which are a pillar of the Company's growth strategy, surpassed ¥10.0 billion in net sales. We expected such results to take more time, so it is very impressive not just that current performance is strong, but that the Company is achieving growth in new areas.

Shishido Thinking about why employees are now working so proactively to enact the Company's growth strategy, I

think a major factor has been the efforts under President Kitamura's leadership to clearly show the Company's direction to each and every employee through major organization changes.

Yamada To me, it seems like President Kitamura is displaying great patience and would really like to move much faster if he could. But, by being patient and waiting for everyone to get on board, he is building a solid foundation as he goes.

Masuda The employee social events that Mr. Takei mentioned have also served to help employees understand how President Kitamura has continually taken on new challenges and launched numerous businesses as project owner, which helps further convince them with regard to the Company's current initiatives.

Q What are your thoughts on diversity and inclusion at DTS? How will you contribute to efforts in this area?

Ishii As one aspect of diversity, I think that the recent decision to promote more women to management positions is highly commendable.

Promoting the professional participation and advancement of women is not something that happens overnight. Rather, it will require careful effort to develop younger employees and enhance support measures for employees balancing work and family. I think the important thing now is to decisively select women to promote to management positions and give them responsibility and fulfilling work.

Masuda Over the past two years, DTS has been conducting regular surveys to calculate an engagement score. The score increased significantly from the first survey to the second, but after that has hit something of a lull. It seems to me that there was a major swell at first in expectations regarding change in the company, but to make this change effective will require getting employees actively involved—taking ownership of change rather than waiting for it to come from elsewhere. Performance on that front has perhaps been a bit weak.

I think that a key part of breaking past this lull will be for middle management, in particular, to take ownership of changing DTS's culture. They need to discard the culture of stoic determination conventionally required of system integrators and adopt a new culture of embracing change.

To achieve this, I feel that it will be necessary to shift from pursuing operations whose execution is mainly contained within the scope of individual organizations to a more multi-dimensional approach that cuts across and pulls in various divisions along the axes of solutions.

As Mr. Yamada said, while I think President Kitamura has an extremely strong desire to speed up initiatives, it seems to me that he is working on organization and personnel design while waiting for internal conditions to ripen.

Takei I get the strong impression that President Kitamura really listens to others and talks with employees while directing them. He is very focused on changing the Company's business model.

Iimuro Even with Vision2030, rather than providing a specific picture of what the Company will look like in 10 or 20 years, I think President Kitamura is sending a powerful message about how the Company will strive to take on new challenges as the world changes.

The embrace of change and challenges will require diversity not only in terms of gender, nationality, or age, but also in terms of values and ways of thinking, that is, cognitive diversity. I will thus be keeping a close eye on DTS's diversity and inclusion from the perspective of bringing in different elements to spark new chemical reactions.



Yamada At a recent employee social event, I was seated next to Mr. Takei, and we talked about corporate culture.

In my personal opinion, DTS has a project management-centered culture that always tries to identify and avoid risks as much as possible. Because change tends to look like risk, efforts to respond to change tend to lag, as energy is instead directed to avoiding the risk. In contrast to this, Mr. Takei commented that DTS's competitors have a more sales-oriented culture that looks for ways in which change can contribute to business.

Roundtable Discussion between Outside Directors

From that perspective, it seems to me that DTS’s culture places too much emphasis on project management, and that it will be difficult to really move forward without making it a little more sales-oriented.

The ServiceNow promotion team is at the forefront of our solutions sales, and its initiatives are driving efforts to bring a sales-oriented culture to DTS. This also affects the way in which other teams are put together from the sales and project sides, and Ms. Masuda’s comments make me think that perhaps there is a need to alter the ratio of these two components.

Takei I see the issue of corporate culture similarly to Ms. Masuda and Mr. Yamada.

At the start of this discussion, we touched on the rich diversity of backgrounds on the Board of Directors. I hope that this diversity and the differences in our values can positively affect DTS’s culture.

As an aspect of human resource strategy, diversity and inclusion can be seen as an approach to effectively utilizing human resources.

Shishido I have been at multiple companies with few women in management positions that moved to improve this ratio. In cases where it went poorly, they had pinpointed some isolated outstanding employees for promotion, as seemed very natural, but doing so failed to



Q What kind of expectations do you have for DTS’s evolution to “become a company that continuously takes on challenges in order to provide value that exceeds expectations,” as outlined in Vision2030?

Shishido This is not a direct answer, but rather than thinking about it as an evolution, I think it will important for DTS to steadily complete each of three stages by FY2030.

Namely, these are to first create a growth model, then improve business profitability, and, finally, improve capital efficiency. These stages are, in a sense, the fundamental blueprint of any medium- to long-term plan.

yield the expected effect. In cases where it went well, multiple employees were promoted to the same level at once. They were able to help each other solve common issues they faced, and their discussions led to new discoveries and suggestions that worked. In my experience, creating a group of employees at a certain level like this helps diversity promotion efforts succeed.

Masuda One-on-one sessions between supervisors and their team members are viewed as very important, but a number of companies have demonstrated that organizations where employees feel a high degree of psychological safety also have high performance. While developing such work environments, I think it is crucial to foster a dense web of real person-to-person connections in three dimensions—vertical, but also diagonal and horizontal.

limuro The objective of diversity and inclusion measures is to contribute to corporate growth by broadening the opportunities for each individual. Personally, I think that is important to monitor such measures over the medium to long term to make sure they are ultimately contributing to the company’s objectives and growth.

When a company introduces KPIs to measure progress in this area, there is a tendency, to which I myself am not immune, to get caught up in the ups and downs of the numerical result. It is crucial to always remember that the KPI itself is not the real objective.

I think our role is to steadily do what needs to be done over the medium and long term, observing and considering what specific measures and ways of monitoring will lead to real sustainable corporate growth, the realization of employee-friendly environments, and the improvement of the Company.

Masuda I always say, there are two sides to using KPIs. The first is the indicator of performance itself, which measures results. The other is the processes and content that will lead to the desired result. Simultaneously monitoring both is extremely important.

I understand evolution as something that emerges as a natural and necessary result of steadily working toward an achievement like Vision2030, not as something to try to make happen in accordance with an ideology. The organization as a whole must work to accurately understand various issues, including technological factors and changes in social demands; as it works to overcome these issues, the course of its evolution will naturally

become clear. Evolution through collaboration in technological fields is certainly possible.

However, I think that by putting one foot in front of the other with the intention of seeing Vision2030 through to completion, the next steps will be naturally become clear at each point along the way. Steadily proceeding based on this kind of approach will prompt evolution.

limuro As Mr. Shishido indicated, the targets of the long-term vision are wide-ranging, and when I first saw them, my honest reaction was that it would be wonderful if the Company could achieve all of them.

On the financial side, the targets for FY2030 call for a doubling of net sales from FY2020, ROE of 16%, annual investment of ¥10 billion, and a total shareholder return ratio of 70% or higher. I am therefore interested to see how the Company will change in the course of working to meet these targets, and I have high expectations.

In reality, I think the existing SI business is quite outstanding in terms of finances, technology, and human resources. So, looking toward 2030 and beyond, transforming existing businesses will be extremely important.

Personally, I think that by proactively engaging with technologies and solutions that help solve social issues, such as those stemming from Japan’s low birth rate and personnel shortages, DTS can have an enormous social impact. In advancing such efforts, it will be important for the Company and Group to create workplaces that allow each and every employee to exercise their abilities to the fullest. I look forward to seeing progress in this area.

Ishii I think that DTS is already sufficiently evolved in terms of its outstanding technologies and its honest dealings with customers; where I hope to see further evolution is in attracting, developing, and keeping human resources.

When it comes to developing ambitious and autonomous human resources, as with promoting the professional advancement of women, I think it is important to give employees responsibility early on, along with a vision of how they can shape their individual careers, with the understanding that sometimes you will need to be tolerant of failures as they learn.

Masuda Looking ahead to 2030, at the macro level, there are many open questions. How will the emerging digital society use technological innovation, like generative AI, to solve social issues? How will environmental issues change? From this perspective, to be honest, I think we cannot yet tell what DTS should look like in 2030.

Of course, the only way forward is to maintain stable earnings from existing businesses while continuing to take

on new challenges. As Mr. limuro said, I hope to work together with the executive divisions and employees to determine the specific direction in which DTS should evolve in order to achieve the 2030 targets.

Yamada Continuously taking on challenges in order to provide value that exceeds expectations requires, first, that the Company build relationships of mutual trust with customers. This is because properly understanding one’s own company and using that understanding to make a variety of propositions leads to taking on challenges to provide value that exceeds expectations. If DTS can do that, then it will of course be able to continue to stably evolve.

In other words, the steady accumulation of effort actually provides the energy that will expand a company’s horizons. In particular, handling customers’ information system networks on their behalf is part of the Japanese-style SI business, so nothing is more important than relationships of trust. This is unlikely to change.



Takei DTS has been working to increase revenue and profit for some time. Because it seeks to provide value that exceeds expectations, the targets it has set under Vision2030 are extremely high. To achieve these targets, DTS will need to combine efforts on multiple fronts, such as increasing volume while also transforming its business models.

While I’m sure everyone at DTS is feeling the pressure to meet the ambitious targets the Company has set to exceed market expectations, Vision2030 assumes that change will occur as a matter of course and encourages employees to embrace it. Given that, I am sure that DTS still has the capacity to push even further, and I look forward to seeing the Company go beyond its current capabilities.

Governance Initiatives

Aiming to establish highly transparent management, continually enhance corporate value, and build relationships of trust with 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.

Overview of Corporate Governance

Basic Approach

The DTS Group regards corporate governance as one of its priority management issues. Moreover, we seek to engage in fair and efficient shareholder-oriented management, establish highly transparent business practices, 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, and
- (5) Engaging in dialog with shareholders.

Board of Directors

The Company currently appoints 11 directors. Of these, six are outside directors, accounting for the majority. Moreover, two of directors are women.

The names of directors are as presented in the chart titled "Membership of the Board of Directors, the Audit and Supervisory Committee (previously the Board of Corporate Auditors), and the Nomination and Compensation Committee and the attendance and tenure of their members" on page 75. The Board of Directors is chaired by Chairman of the Board.

Drawing on the knowledge and experience they have acquired in their respective fields, the outside directors play key roles, particularly in relation to strengthening management functions and the Board's supervisory function over business execution. Those outside directors who are not members of the Audit and Supervisory Committee are appropriately involved in determining compensation for officers, etc., and in nominating candidates for directors by, for example, providing reports to the Board of Directors as members of the Nomination and Compensation Committee.

The Company appoints directors, including outside directors, who are familiar with the industry to which the Company belongs as well as its business content and corporate

functions and who possess a reasonable level of management-related knowledge, experience, and capabilities. The Company believes that all our directors currently have the backgrounds required to generate sound responses to major management issues and make prompt and decisive decisions. We also believe that the composition of the Board is suitably balanced in view of the Company's size and type of business.

Our policy for the nomination of director candidates is to comprehensively examine and then select candidates based on their knowledge, their competencies in terms of accurate decision-making and supervision, and our expectations for their contribution to enhancing the Company's medium to long-term corporate value.

In accordance with in-house rules, the Board of Directors makes decisions on basic policies regarding its business operations, important matters related to business management and execution, and matters delegated to it upon a 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 also receives reports on matters specified by laws and regulations and the execution status of important business operations, etc.

Audit and Supervisory Committee

The Audit and Supervisory Committee has four members, including one female member, three of whom are outside directors. The names of directors are as presented in the chart titled "Membership of the Board of Directors, the Audit and Supervisory Committee (previously the Board of Corporate Auditors), and the Nomination and Compensation Committee and the attendance and tenure of their members" on page 75. The Audit and Supervisory Committee is chaired by an internal director.

Outside directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing outside directors. The

Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

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.

Nomination and Compensation Committee

The Nomination and Compensation Committee has six members consisting of the Chairperson and Representative Director, Representative Director and President, and four outside directors who have no concurrent membership in the Audit and Supervisory Committee. The Nomination and Compensation Committee is chaired by an outside director.

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.

The Board of Directors pays maximum heed to those reports when making final decisions on compensation for directors (excluding directors serving as members of the Audit and Supervisory Committee) and the nomination of director candidates.

Executive Officer System and Management Council

The Company has appointed 16 executive officers (two of whom serve concurrently as directors). This system enables us to separate the Board of Directors' decision-making and business execution supervisory functions from the Company's business execution functions and to establish a management

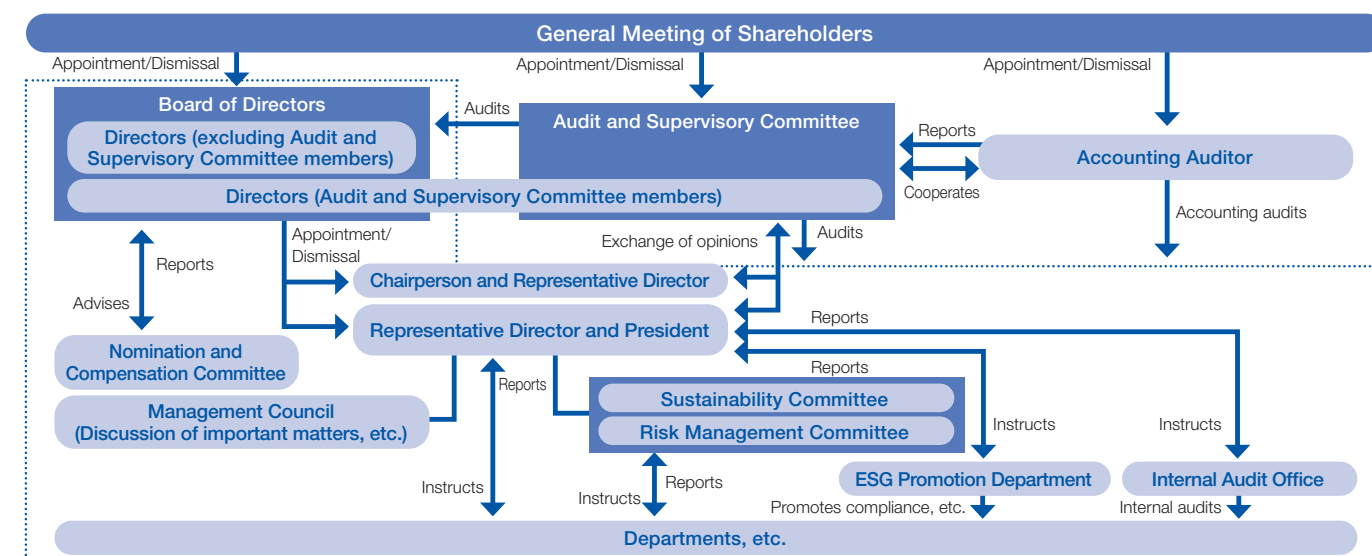
system that facilitates prompt and appropriate business execution. In addition, the Company has established the Management Council to serve as an organization for the Representative Director and President to discuss policies and plans for business execution and other important matters.

Risk Management Committee

The Company has also established a Risk Management Committee, which is chaired by the Representative Director and President and consists mainly of directors and executive officers, in order to appropriately manage various risks. The

Committee regularly assesses risks and strives to identify and grasp problems, formulates and promotes risk response planning, and monitors the organization for risks.

Corporate governance structure



Governance Initiatives

Membership of the Board of Directors, the Audit and Supervisory Committee (previously the Board of Corporate Auditors), and the Nomination and Compensation Committee and the attendance and tenure of their members

Official title or position			Name	Attendance in FY2022 (Attendance rate)*1				Tenure	
				Board of Directors	Board of Corporate Auditors*2	Audit and Supervisory Committee	Nomination and Compensation Committee		
Representative Director and Chairman			Koichi Nishida	12/12 (100%)	—	—	Member	9/9 (100%)	14 years
Representative Director and President			Tomoaki Kitamura	12/12 (100%)	—	—	Member	9/9 (100%)	3 years
Director and Senior Managing Executive Officer			Minoru Takeuchi	12/12 (100%)	—	—	—	—	13 years
Director and Managing Executive Officer			Isao Asami	12/12 (100%)	—	—	—	—	4 years
Director	Independent	Outside	Shinya Shishido	12/12 (100%)	—	—	Chair	9/9 (100%)	4 years
Director	Independent	Outside	Shinichi Yamada	12/12 (100%)	—	—	Member	9/9 (100%)	3 years
Director	Independent	Outside	Yumiko Masuda	10/10*3 (100%)	—	—	Member	8/8*3 (100%)	1 years
Director and Full-time Audit and Supervisory Committee Member			Takao Sakamoto	12/12 (100%)	—	8/8 (100%)	—	—	1 years
Director and Audit and Supervisory Committee Member	Independent	Outside	Taeko Ishii	11/12 (91%)	4/4 (100%)	8/8 (100%)	—	—	1 years
Director and Audit and Supervisory Committee Member	Independent	Outside	Yutaka Takei	12/12 (100%)	4/4 (100%)	8/8 (100%)	Member	—	1 years
Director and Audit and Supervisory Committee Member	Independent	Outside	Nobuyasu Iimuro	—	—	—	—	—	—

*1 The above chart represents the FY2022 status of directors currently in office as of July 1, 2023 and, accordingly, does not include the status of directors who have retired.
*2 In accordance with a resolution passed at the 50th Annual General Meeting of Shareholders held on June 23, 2022, the Company transitioned to a company with an audit and supervisory committee organizational structure. Board of Corporate Auditors meetings were convened four times during FY2022 prior to this transition. For reference purposes, the above chart shows the number of these meetings directors attended and their attendance rates.
*3 Ms. Yumiko Masuda was appointed as a director on June 23, 2022. Accordingly, her data for the number of meetings attended and attendance rate are based on the number of meetings held (10 Board of Directors meetings and eight Nomination and Compensation Committee meetings) after she assumed the office of director.

Analysis and Evaluation of Board Effectiveness

The Company conducts an analysis roughly twice a year of the composition of Directors, the status of proposal submissions, the frequency of meetings, the appropriateness of meeting times, and the quality of comments and remarks. Directors actively speak out on the proposals raised, and the Board of Directors meets more frequently than is legally required and makes timely and appropriate decisions.

In addition, the Company has been analyzing and evaluating the effectiveness of the Board of Directors since FY2018 with the aim of improving the functions of the Board and enhancing corporate value. The outline of that analysis is as follows:

- (1) Method of implementation
- Implementation period: September to October 2022

Evaluation method: Self-evaluation by all directors, including those serving as members of the Audit and Supervisory Committee (13 directors, including seven outside directors)

- (2) Evaluation results
- Regarding the evaluation results, the Company has confirmed that the sound effectiveness of the Board of Directors is ensured after receiving positive evaluations from all officers, including such comments as “the Board members were given sufficient time to intensively address each agenda item and able to have quite meaningful discussions” and “The composition of the Board has become more diverse than before due to the appointment of two female directors.”
- (3) Actions based on evaluation results, etc.
- The Company has decided to promote the following initiatives to further improve the effectiveness of the Board of Directors.
- Stepping up the Board of Directors’ involvement in the selection and determination of agenda items up for discussion, including items newly established to enhance the quality of deliberations

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.

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 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. The standard amount shall be determined annually, based on an assessment of corporate value (Company’s TSR compared with TOPIX growth rate), the degree of achievement of performance forecasts, and the degree of achievement of the medium-term management plan.

When determining the payment ratios for fixed compensation, performance-linked compensation and non-monetary compensation, the ratio of fixed compensation (basic compensation) shall decrease the higher the position, and the ratios of performance-linked compensation (bonuses) and non-monetary compensation (stock-based compensation) shall increase the higher the position. In cases in which operating results meet prescribed standards, the approximate payment ratios of compensation for directors who are not Audit and Supervisory Committee members of the Company (excluding outside directors) breaks down as follows: basic compensation: 62% to 71%; bonuses: 30%-23%; and stock-based compensation: 8%-6%.

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 Board of Directors examines and deliberates on the appropriateness of the purpose of each of the holdings every year.

In addition, we will reduce and otherwise reconsider shareholdings for which we have deemed the appropriateness of

The timing for payment of compensation for Directors who are not Audit and Supervisory Committee members (excluding outside directors) shall be monthly for basic compensation and once a year for bonuses and the stock-based compensation.

Fixed compensation (base compensation) for individual directors who are Audit and Supervisory Committee members is determined through discussion between the directors who are Audit and Supervisory Committee members, and performance-linked compensation (bonuses) and non-monetary compensation (stock compensation) are not paid to them.

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.

Dialog with Shareholders and Institutional Investors

Regarding structural upgrades and initiatives to encourage constructive dialog with shareholders, we have established the following policies.

- Dialogs with shareholders are overseen by the director in charge of the administrative department.
 - While the ESG Promotion Department fulfills a central role in conducting dialogs with shareholders, directors and executive officers play their part to a reasonable extent in line with shareholders’ desires and other factors.
 - Information necessary to ensuring meaningful dialogs with shareholders is collected by the ESG Promotion Department from other relevant departments and utilized in such dialog as much as possible when the disclosure of said information is not problematic.
 - In addition to meeting with individuals, we facilitate dialog through results presentations for analysts and institutional investors each quarter. Moreover, we strive to employ a diverse range of communication methods, such as participating in presentation meetings for individual investors.

The Status of Dialogs with Shareholders, etc. (FY2022)

- Personnel mainly responsible for dialogs with shareholders**
A director in charge of the administrative department and general manager of the ESG Promotion Department (executive officer)
 - Shareholders and investors with whom we conduct dialogs**
IR activities: Fund managers (68 firms) and analysts (18 firms)
SR activities: Persons in charge of ESG and the exercise of voting rights (21 firms)
Note: When we engage in dialog 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.
 - Main topics discussed and subjects of shareholder concerns**
ESG, operating results and medium-term management plans

- 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 dialogs**
IR activities: Quarterly feedback sessions at Board of Directors meetings (June 2022, September 2022, January 2023 and March 2023)
SR activities: Annual feedback sessions at Board of Directors meetings (April 2023)
 - Items incorporated based on conclusions reached via dialogs or subsequent feedback**
Improvements in information disclosure and content featured in the Integrated Report/Information disclosure in accordance with the TCFD recommendations/The disclosure of cash allocation status

Governance Initiatives

Information Disclosure

We appropriately and fairly disclose the corporate data needed for timely disclosure in line with investment securities listing regulations established by the Financial Instruments and Exchange Act and the Tokyo Securities Exchange as well as other corporate data that has a major impact on investment decisions. We also work hard to enhance the quality of disclosures, such as by expanding transparency and the content of disclosed materials.

DTS has built a system that ensures appropriate information management prior to disclosure. The directors in charge of administrative department are also responsible for handling information. Prior to disclosure, all important corporate information is swiftly reported to said directors responsible for handling information. Said directors confirm the content of the important information, consider the necessity for disclosure and methods of disclosure, and promptly report their findings to the Representative Director and President.

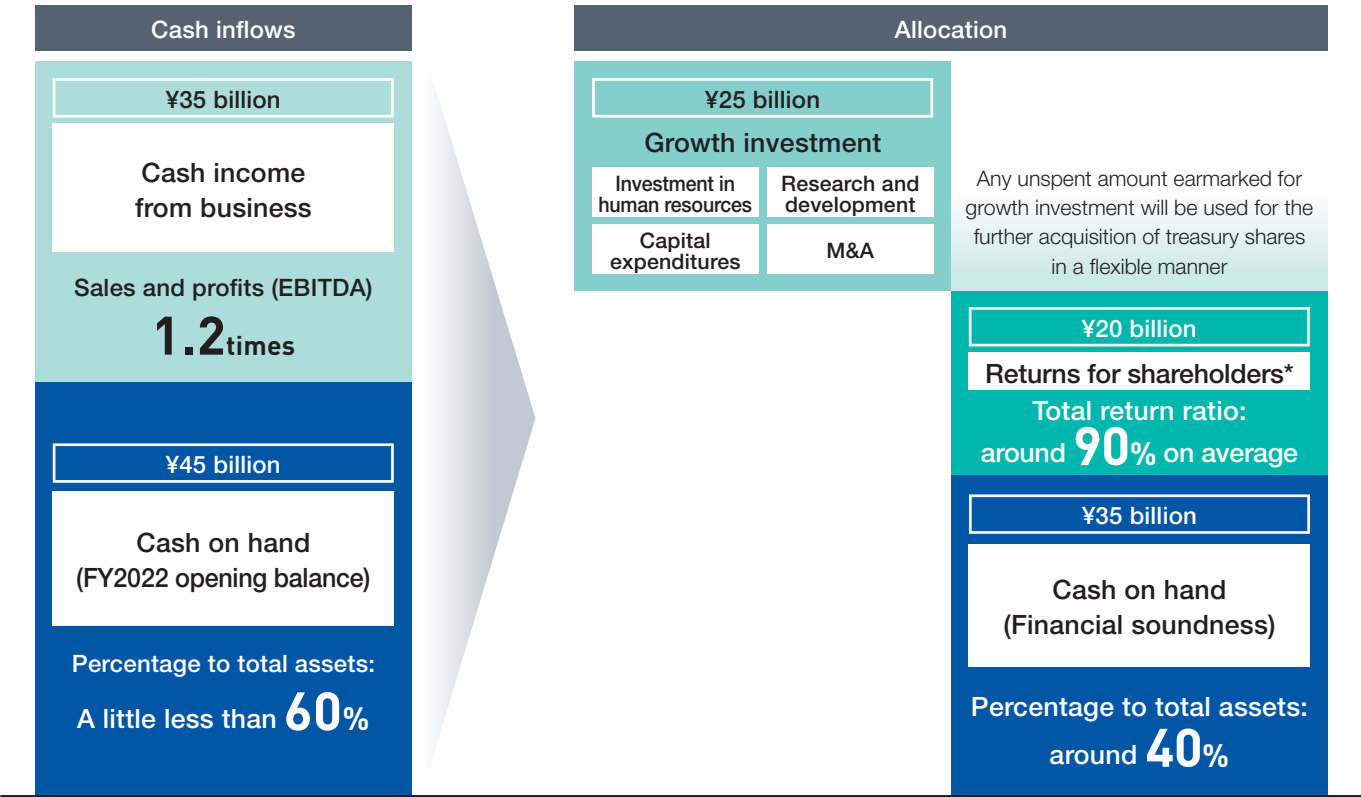
Important information that needs to be disclosed is swiftly disclosed after being deliberated on by the Management Council, which mainly comprises executive officers, and receiving approval from the Board of Directors. The Board of Directors meets as needed, and, after receiving approval, urgent matters are disclosed with the approval of the Representative Director and President and later reported on to the Board of Directors.

When disclosing information, in line with guidance of the directors responsible for handling information, the ESG Promotion Department discloses information through the Tokyo Stock Exchange's TDnet and on our website.

Business Management Conscious of Capital Profitability

As part of the medium-term management plan, we have formulated a cash allocation policy to define the allocation of capital to cash-generating business operations, investment for growth and returns for shareholders. In addition, we have identified targets for consolidated net sales, EBITDA, ROE, funds extended in investment, the payout ratio, and the total return ratio. As such, we engage in business management conscious of capital profitability while focusing on securing business profitability, undertaking growth investment, and executing robust shareholder returns.

Medium-Term Management Plan—Cash Allocation (FY2022 – FY2024)



* In FY2022, we acquired ¥5 billion in treasury shares and delivered a ¥50 per share commemorative dividend to mark the 50th anniversary of our founding.

Matters Concerning the Internal Control System

Basic Views on Building the Company's Internal Control System

When establishing internal control systems, the Company shall seek to formulate and appropriately operate frame-works related to the building of an internal control system based on the concept explained 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.

(1) The Board of Directors shall decide on policies and plans for the development of internal control systems and receive regular progress reports.

(2) 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.

(3) The Representative Director and President shall establish, operate, and improve the internal control system as the chief executive officer for business execution.

(4) The Company shall establish an Internal Control Promotion Department to build, operate, and improve internal control systems.

(5) 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.

(6) 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.

Individual Frameworks Related to the Internal Control System

The following is an outline of the individual frameworks constituting the Company's internal control systems. (Note: The following is an excerpt of key items. For more details, please refer to the Corporate Governance Report.)

1. A framework for ensuring that the execution of duties by directors and employees of the Company complies with laws and regulations and the Articles of Incorporation
2. A framework for storing and managing information pertaining to the execution of duties by directors of the Company
3. Regulations and other frameworks for managing the risk of incurring losses at the Company
4. A framework to ensure that the execution of duties performed by directors of the Company is carried out efficiently
5. A framework for ensuring the appropriateness of operations in the Group, which comprises the Company and its subsidiary companies
6. A framework for reporting to the Company matters pertaining to the execution of duties performed by directors, etc., of subsidiary companies
7. Regulations and other systems for managing the risk of incurring losses at subsidiary companies
8. A framework for ensuring that the execution of duties by directors of subsidiary companies is efficient
9. A framework for ensuring that the execution of duties by directors, etc., and employees of subsidiary companies complies with laws and regulations and the Articles of Incorporation
10. Matters concerning employees who are required to assist with the duties of the Company's Audit and Supervisory Committee
11. Matters concerning the independence of the employees referred to in item 10 above from the Directors who are not Audit and Supervisory Committee members
12. Matters related to ensuring the effectiveness of the Audit and Supervisory Committee's instructions to employees assisting the Audit and Supervisory Committee
13. A framework for directors who are not Audit and Supervisory Committee members and employees to report to the Audit and Supervisory Committee, and other frameworks related to reporting to the Audit and Supervisory Committee
14. A framework for ensuring that directors or employees, etc., of subsidiary companies, or any individuals who receive reports from those directors, employees, etc., convey the substance of those reports to the Company's Audit and Supervisory Committee
15. A framework for ensuring that no individual who has conveyed a report to the Audit and Supervisory Committee is treated disadvantageously for having done so
16. Procedures for the prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee members (limited to expenses related to the execution of duties of the Audit and Supervisory Committee) and other items regarding policies pertaining to the processing of expenses or obligations arising from the execution of said duties
17. Other frameworks for ensuring that audits by the Audit and Supervisory Committee are conducted effectively

Governance Initiatives

Overview of the Operational Progress of the Framework for Ensuring Appropriate Business Operations

The following is an outline of the operational progress made on the framework for ensuring the appropriateness of business operations in FY2022. In addition, the Company transitioned to a company with an audit and supervisory committee organizational structure based on the resolution of the 50th General Meeting of Shareholders held on June 23, 2022. Although “The Execution of Duties by the Audit and Supervisory Committee” in (4) below describes the status of operations after the transition, the Company had secured and operated a similar framework for the Board of Corporate Auditors even before said transition.

- (1) Framework on Compliance with Laws and Regulations and the Articles of Incorporation
The Company and its Group companies conduct compliance education and training for executives, employees, and partner company employees and take measures to raise compliance awareness. In addition, the Company has set up a common whistleblowing hotline for the Group and ensures that the hotline is operated appropriately.
Regarding the management of information deemed necessary for the execution of duties by officers and employees, the Company has established frameworks for information security and protecting personal information and manages those systems appropriately in accordance with its Rules on the Management of Information Assets.
- (2) Risk Management Framework
The Company has established a Risk Management Committee to appropriately manage various risks. The Committee regularly assesses risk and strives to identify and grasp problems, formulates and promotes risk response planning, and regularly monitors for the emergence of any risks. The Risk Management Committee also confirms the status of risks and the implementation of response plans for important risks at Group companies and helps Group companies improve their risk management systems.
- (3) The Execution of Duties by Directors
In FY2022, the Company held 12 meetings of the Board of Directors to determine matters stipulated by laws and regulations, etc., as well as important management-related issues, and to supervise business execution from the perspective of compliance with laws and regulations, the

Company’s Articles of Incorporation, and the appropriateness of business operations. We have determined the Rules Relating to the Management of Affiliated Companies and respond appropriately to all matters related to Group companies. The Company has introduced an executive officer system to separate the supervisory functions of Board of Directors’ decision-making and business execution from business execution functions, and to secure a management framework that facilitates prompt and appropriate business execution. The Company also held 32 meetings of the Management Council to discuss policies and plans and other important matters when the Representative Director and President execute duties based on the management policy determined by the Board of Directors.

(4) The Execution of Duties by the Audit and Supervisory Committee Audit and Supervisory Committee Members, including Outside Directors, conduct audits based on audit plans determined in the Audit and Supervisory Committee and attend important meetings such as the Board of Directors’ and various committee meetings to obtain a clear grasp of the Directors’ decision-making processes and the status of business execution. In FY2022, the Audit and Supervisory Committee convened eight times. (From April to June 2022, prior to the transition to a company with an audit and supervisory committee organizational structure based on the resolution of the 50th Ordinary General Meeting of Shareholders held on June 23, 2022, four Board of Corporate Auditors meetings were held under the company with a board of corporate auditors organizational structure.)
Following the transition, the Audit and Supervisory Committee held two meetings with the Chairperson and Representative Director and two meetings with the Representative Director and President, for a total of four meetings, to exchange views on important audit-related issues. The Audit and Supervisory Committee Members also exchange opinions with Corporate Auditors and other members of Group companies and conduct audits of Group companies in cooperation with local auditing staff.

Basic Views on Eliminating Antisocial Forces

The DTS Group Code of Conduct has established the following basic approach to eliminating antisocial forces:

(1) The Company is determined to firmly eliminate ties with antisocial forces and organizations (Sokaiya, organized crime groups, etc.) that pose a threat to the order and safety of civil society as part of the Company’s ethical corporate duty.

- (2) Driven by a basic premise to never give them money, never use them, never fear them, the Company strives to always maintain a level of crisis-management awareness and never gives antisocial forces and organizations the opportunity to take advantage.
- (3) If any problems with antisocial forces or organizations do arise, the Company execute a systematic response, such as communication with police and lawyers, based on a rapid communication system.

How We Are Striving to Eliminate Antisocial Forces

The Company has established the following system in order to eliminate antisocial forces:

(1) Progress on Establishing a Response Management Department and Person in Charge of Preventing Unreasonable Demands

Our General Administration Department serves as our response management department for the elimination of antisocial forces and our General Manager of the General Administration Department is designated as the person in charge of preventing acquiescence to unreasonable demands.

- (2) Cooperation with External Specialist Organizations
The Company is working with specialist organizations, such as the Metropolitan Police Department, the Anti-Organized Crime Campaign Center of Tokyo, the Open Intelligence Association, and the Tokyo Bar Association.
- (3) The Collection and Management of Information on Antisocial Forces
The Company collects and stores information by closely exchanging information with external specialist organizations.

- (4) Progress on Preparing a Response Manual
The DTS Compliance Guide, which is distributed to all employees, clearly lays out the Company’s basic stance and specific responses to the elimination of antisocial forces and provides guidance and education on the subject.
- (5) Training Activities
The Company actively participates in workshops hosted by specialist organizations.

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 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 FY2022, 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 FY2022	
Compliance training sessions*1	Three times a year; 9,878 attendees (average per round) (First round: 9,877 attendees / Attendance rate: 100%) (Second round: 9,913 attendees / Attendance rate: 100%) (Third round: 9,843 attendees / Attendance rate: 100%)
Of which, anti-corruption training sessions	Once a year; 9,843 attendees
Compliance questionnaire*2	Once a year; 5,474 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.”

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)

► 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

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.

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.

Risk Management

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

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 FY2022.

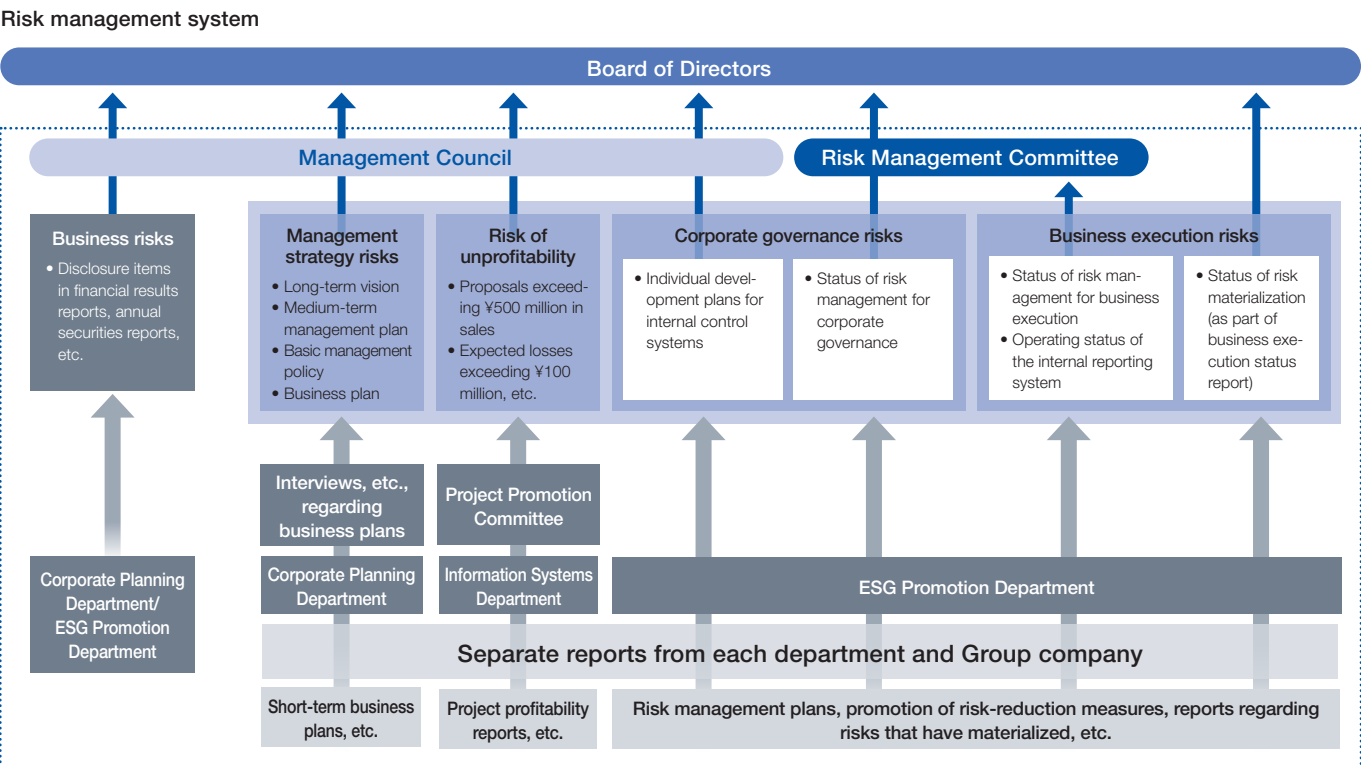
Risk category	Description	Measures to address risk
1 Changes in the business environment	<ul style="list-style-type: none">• Risk that the trends in customers' IT investment could change as a result of changes in social and economic conditions• Risk that could affect the DTS Group's earnings performance as a result of the aforementioned change	<ul style="list-style-type: none">• Provide IT services according to the needs of customers in a wide range of industries and types of business on the basis of quality that relies on business expertise and information technology
2 Price competition	<ul style="list-style-type: none">• Risk that competition will intensify in the information services industry with regard to prices as a result of new entrants from other industries, entry into Japan by overseas companies, or the increasing availability of software packages• Risk that the results of the DTS Group may be affected if any external factor causes downward price pressure in excess of that anticipated by the Company	<ul style="list-style-type: none">• Thoroughly promote project profit management• Improve productivity• Engage in efforts to train DX personnel• Provide high-value added services that use new technology
3 Business overseas	<ul style="list-style-type: none">• Risk inherent in overseas business transactions in terms of problems arising from insufficient understanding or research regarding national and local laws, such as export control laws, and trade customs, or differences between such laws and customs• Risk with respect to the establishment, share acquisition, and operation of overseas subsidiaries, including inability to comply properly with local laws, accounting treatments, labor management practices, contracts, and project management• Risk that the Group may become liable for damages if it is unable to comply appropriately with local legal regulations, etc.• Risk that could affect the Group's earnings performance as a result of the aforementioned	<ul style="list-style-type: none">• Strengthen governance, including that of overseas subsidiaries• Recognize risks listed to the left and strengthen risk management by putting a business division in charge of handling risks
4 Business models and technological innovation	<ul style="list-style-type: none">• Risk of earnings performance becoming subject to effects of the Group falling behind in adjusting to rapid changes in customer needs, such as their adaption to DX, or falling behind in adjusting to technological innovation	<ul style="list-style-type: none">• Proactively invest in digital-driven solution and service businesses as well as human resources capable of realizing such businesses to develop a new growth model
5 Legal regulation	<ul style="list-style-type: none">• Risk of the Group becoming subject to deteriorating social credibility due to a serious compliance violation or due to the occurrence of an event involving a conflict with laws and regulations such as the Companies Act, the Financial Instrument and Exchange Act, or the Personal Information Protection Act	<ul style="list-style-type: none">• Comply with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, and the Personal Information Protection Act• Create the Group's compliance basic principles, code of conduct, etc.• Provide compliance training and awareness programs to the Group corporate officers and employees as well as partner company employees
6 Litigation, etc.	<ul style="list-style-type: none">• Risk that the Group could become the subject of litigation, including claims for damages due to faults, defects, or delivery delays in the services provided by the Group, infringement of the rights of third parties, customer information leaks, including of personal information, defamation, inappropriate labor management, or other matters	<ul style="list-style-type: none">• Strengthen corporate governance• Establish and strengthen compliance, information security and quality control systems
7 Intellectual property rights, etc.	<ul style="list-style-type: none">• Risk that the Group's business may receive a claim for infringement on an intellectual property right of another company• Risk that a third party may infringe on an intellectual property right of the Group	<ul style="list-style-type: none">• Improve employees' awareness regarding intellectual property rights through training, etc.• File applications and register patents and trademarks for the technologies and business models that the Group needs
8 Human resources, etc.	<ul style="list-style-type: none">• Risk of progress not materializing as expected in terms of securing and developing employees having high technical skills and expertise, which serves as one of essential factors for sustainable growth of the Group.• Risk that earnings performance and business development may be affected by an exodus of employees or decrease of productivity caused by the deterioration of the working environment	<ul style="list-style-type: none">• Secure and develop employees having high technical skills and expertise• Respect the individuality and diversity of employees• Introduce various systems for workstyle reforms• Promote a proper balance between work and private life and improve working environments, including through proper working time management and active leave acquisition• Hire new graduates from a medium- to long-term perspective and career employees with excellent expertise• Continue learning of new techniques in the DX area and support the acquisition of professional qualifications

Management of Value Creation		Implementation of Value Creation		Foundation of Value Creation		Rules of Value Creation	
9	Management of software development projects	<ul style="list-style-type: none">• Risk of encountering projects subject to deteriorating profitability due to shortened systems development turnaround times along with accompanying unforeseen circumstances with respect to project management and quality control		<ul style="list-style-type: none">• Prevent occurrence of unprofitable projects by using the Project Promotion Committee to regularly deliberate on matters that include the dissemination of DTS in-house development standards; whether or not to accept projects involving across-the-board undertakings at monetary amounts above certain levels; and the status of projects in terms of their progress			
	10	Security	<ul style="list-style-type: none">• Risk that the Company becomes liable for damages due to serious leakage of information• Risk of contract cancellation and other such outcomes arising from loss of trust among clients		<ul style="list-style-type: none">• Develop internal rules on the handling and management of information• Obtain "Privacy Mark" certification as one of the Company's activities for the protection of personal information• Carry out training to enhance awareness about handling information among Company employees and partner company employees• Obtain certification for the Company's Information Security Management System (ISMS) and strengthen its security management structure further• Formulate a Compliance Guide to be followed by the entire DTS Group, including Group companies in Japan and overseas, and develop internal rules at each Group company• Raise employees' awareness regarding the handling of security information		
	11	Business continuity	<ul style="list-style-type: none">• Risk that the earnings performance of the Group may be particularly affected by delays in providing services associated with restoration in the event of an unexpected occurrence, such as the outbreak of a large-scale natural disaster or the spread of a contagious disease in Japan's greater metropolitan areas, where many bases, including the corporate headquarters, are concentrated		<ul style="list-style-type: none">• Draw up preliminary plans in preparation for disasters such as major earthquakes, fires, and epidemics• Regularly carry out emergency drills for disaster contingencies, such as for major earthquakes and fires• Adopt safety confirmation systems and develop a disaster response manual• Assure business continuity while utilizing working systems, including telework and staggered working hours, prioritizing the safety and security of employees, and determining customers' intentions		

Establishment of a Risk Management System

DTS has established the Risk Management Committee for the purpose of appropriately managing various risks. The committee regularly evaluates risks, identifies concerns, and draws up contingency plans. It also regularly monitors developments to determine whether or not risk is likely to

materialize. Furthermore, the Risk Management Committee addresses major risks incurred by Group companies by checking the status of risks and viability of contingency plans while also supporting efforts to improve the risk management systems of Group companies.



Corporate Officers

As of July 1, 2023 (number of shares of the Company held as of March 31, 2023)

Directors



Koichi Nishida
Chairperson and Representative Director
(Date of birth: January 24, 1956)

Career summary, positions, responsibilities and significant concurrent positions

June 2001 Head, Planning Department, Financial System Platforms Sector, NTT DATA Corporation

November 2003 Deputy Head, Financial System Platforms Sector, NTT DATA Corporation

May 2004 Deputy Head, Regional Banking System Platforms Sector, NTT DATA Corporation
Head, General Banking Business Unit, NTT DATA Corporation

June 2005 Senior Vice President, NTT DATA Corporation
Head, Regional Banking System Platforms Sector, NTT DATA Corporation

June 2009 Director and Executive Vice President, the Company

April 2010 Representative Director and President

April 2021 Chairperson and Representative Director (current position)

Number of shares of the Company held

49,621

Reasons for appointment

Mr. Koichi Nishida has a wealth of experience in organizational operations, including corporate management, in the financial sector of a major information and telecommunications company. He led the overall management of the Group as Representative Director and President from FY2010 to FY2020, working on business expansion and management reform. The Company expects that he will leverage his abundant experience and achievements to play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company appointed him as Director.



Shinya Shishido
Outside Director
(Date of birth: September 29, 1948)

Career summary, positions, responsibilities and significant concurrent positions

April 1998 General Manager, Systems Department, Japan Housing Finance Agency

May 2001 General Manager, Osaka Branch, Japan Housing Finance Agency

June 2003 Director, Japan Housing Finance Agency (retired in March 2007)

April 2007 Managing Director, HGS Co., Ltd. (retired in March 2011)

June 2007 Representative Director and President, JLS. LTD. (retired in March 2011)

April 2011 Chairman, Incorporated Administrative Agency Japan Housing Finance Agency (retired in March 2015)

April 2015 Councilor, TOHOKU GAKUIN (retired in March 2019)

May 2016 Director, Escrow Agent Japan, Inc. (retired in May 2019)

June 2019 Director, the Company (current position)

June 2020 Director, Takamatsu Corporation Co., Ltd. (current position)

Number of shares of the Company held

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Reasons for appointment

Mr. Shinya Shishido has abundant experience and a high level of insight as a manager in the housing loan industry and the real estate industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening business execution supervisory functions and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as Outside Director.



Tomoaki Kitamura
Representative Director and President
(Date of birth: September 24, 1964)

Career summary, positions, responsibilities and significant concurrent positions

July 2003 Head, Business Development Sector, NTT DATA Corporation

July 2009 Head, Data Center Business Unit, Business Solution Sector, NTT DATA Corporation

July 2012 Head, Data Center Business Unit, Fundamental System Platforms Sector, NTT DATA Corporation

June 2015 President and CEO, NTT DATA TOKAI Corporation

June 2018 Senior Vice President and Head, Business Solution Sector, NTT DATA Corporation
Director, NTT DATA INTRAMART CORPORATION
Director, NTT DATA BUSINESS SYSTEMS CORPORATION

June 2020 Director and Executive Vice President, the Company

April 2021 Representative Director and President (current position); Head, Digital Solution Sector

Number of shares of the Company held

4,787

Reasons for appointment

Mr. Tomoaki Kitamura has a wealth of experience in technology, R&D, and corporate management at a major information and telecommunications company and its group companies. He has been responsible for managing the Group as Representative Director and President since FY2021. The Company expects that he will leverage his abundant experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company appointed him as Director.



Shinichi Yamada
Outside Director
(Date of birth: February 25, 1952)

Career summary, positions, responsibilities and significant concurrent positions

June 2003 Director and Deputy Head, Business Development Sector, NTT DATA Corporation

May 2004 Director and Head, Business Development Sector, NTT DATA Corporation

June 2005 Senior Vice President and Head, Fundamental System Platforms Sector, NTT DATA Corporation

June 2007 President and CEO, NTT DATA INTELLILINK Corporation (retired in June 2011)
Executive Vice President; Head, Fundamental System Platforms Sector, and Head, Technology Development Sector, NTT DATA Corporation

June 2009 Representative Director and Executive Vice President; Head, Fundamental System Platforms Sector, and Head, Technology Development Sector, NTT DATA Corporation

July 2009 Representative Director and Executive Vice President; Head, S&T Company; Head, SI Competency Sector, and Head, Technology Development Sector, NTT DATA Corporation (retired in June 2011)

June 2011 President and CEO, NTT Software Corporation (retired in March 2017)

April 2017 Director, NTT TechnoCross Corporation (retired in June 2017)

June 2017 Special Advisor, NTT TechnoCross Corporation (retired in June 2018)

June 2020 Director, the Company (current position)

Number of shares of the Company held

—

Reasons for appointment

Mr. Shinichi Yamada has abundant experience and a high level of insight regarding industry trends and corporate management in the IT industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening business execution supervisory functions and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as Outside Director.



Minoru Takeuchi
Director and Senior Managing Executive Officer
(Date of birth: June 21, 1961)

Career summary, positions, responsibilities and significant concurrent positions

April 1985 Joined the Company

October 2007 Executive Officer

June 2010 Director and Executive Officer

April 2016 Executive Managing Director and Executive Officer
Chairman, DTS (Shanghai) CORPORATION (current position)

July 2017 Chairman, DTS SOFTWARE VIETNAM CO., LTD. (current position)

April 2018 Chairman, DTS America Corporation (current position)

September 2019 Chairman, Nelito Systems Limited (current position)

April 2022 Director and Senior Managing Executive Officer, the Company (current position)

November 2022 Chairman, Partners Information Technology, Inc. (current position)


April 2023 Head of Operations and Solutions Segment and Head of Technology and Solutions Segment, the Company (current position)

Number of shares of the Company held

16,999

Reasons for appointment

With his experience and track record in organizational management in the financial sector, as well as in global business through the management of Group companies outside Japan, Mr. Minoru Takeuchi has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company appointed him as Director.



Yumiko Masuda
Outside Director
(Date of birth: October 20, 1955)

Career summary, positions, responsibilities and significant concurrent positions

May 1990 Banking Group Manager, BELLSYSTEM24, Inc. (retired in June 1996)

September 1996 Solutions Sales, IBM Japan Ltd.

January 2003 Financial Strategy Consulting Cluster Partner, GS Consulting Department, IBM Japan (retired in June 2006)

July 2006 Director, Strategic Industry Sales Division, Field Service Control Division, SAP Japan Co., Ltd. (retired in May 2009)

June 2009 Representative Director, Consumer Voice Research Institute, Limited (current position)

June 2018 Outside Director, PC Depot Corporation (current position)

June 2022 Director, the Company (current position)

Number of shares of the Company held

—

Reasons for appointment

Ms. Yumiko Masuda has experience in management at multiple major foreign-owned IT companies and specialized knowledge of consumer and customer sentiment management and customer engagement, as well as abundant experience and a high level of insight regarding diversity and inclusion. The Company expects that she will utilize this experience and insight in its management decisions to contribute to strengthening business execution supervisory functions and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed her as Outside Director.



Isao Asami
Director and Managing Executive Officer
(Date of birth: October 20, 1964)

Career summary, positions, responsibilities and significant concurrent positions

April 1987 Joined the Company

April 2010 General Manager, Corporate Planning Department

April 2012 Executive Officer

April 2013 General Manager, Embedded Systems Business Department, ICT Sector

April 2017 Representative Director and President, DTS INSIGHT CORPORATION (current position)

June 2019 Director and Executive Officer, the Company

April 2020 Director and Senior Executive Officer
Head, Enterprise and Solution Sector

April 2022 Director and Managing Executive Officer, the Company (current position)

Number of shares of the Company held

18,721

Reasons for appointment

With his experience and track record in organizational management in the built-in software and telecommunications sector and in administrative departments, Mr. Isao Asami has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company appointed him as Director.

Audit and Supervisory Committee



Takao Sakamoto
Director and Full-Time Audit and Supervisory Committee Member
(Date of birth: January 4, 1961)

Career summary, positions, responsibilities and significant concurrent positions

April 1987 Joined the Company
April 2004 General Manager, Planning Department, Corporate Staff Division
April 2007 Executive Officer
June 2009 Director and Executive Officer
April 2013 General Manager, Human Resources Department
March 2014 Representative Director and President, MIRUCA CORPORATION
April 2016 Executive Managing Director and Executive Officer, the Company
April 2019 Director and Managing Executive Officer, the Company
June 2022 Corporate Auditor, DTS INSIGHT CORPORATION (current position)
Director (Full-Time Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

19,433

Reasons for appointment

Mr. Takao Sakamoto has experience in administrative departments related to Company-wide corporate planning and human resources, as well as experience and a track record in managing Group companies. The Company expects that he will leverage his experience in business execution in its audit structure. Therefore, the Company appointed him as a Director who is an Audit and Supervisory Committee Member.



Taeko Ishii
Outside Director and Audit and Supervisory Committee Member
(Date of birth: May 7, 1956)

Career summary, positions, responsibilities and significant concurrent positions

April 1986 Registered as an attorney (Member of Dai-Ichi Tokyo Bar Association)
March 1992 Established Ota Ishii Law Office as Deputy Director (current position)
April 1998 Civil Conciliation Commissioner, Tokyo District Court (current position)
April 2003 Member of Study Group for Case Law on Public Employees, Human Resources and Pension Bureau, Ministry of Internal Affairs and Communications (currently Study Group for Case Law on Public Employees, Cabinet Human Resources Bureau, Cabinet Secretariat) (current position)
April 2004 Outside Corporate Auditor, Furusato Service Co., Ltd. (current position)
November 2007 Special Committee Member, Central Construction Work Disputes Committee, Ministry of Land, Infrastructure, Transport and Tourism (current position)
April 2008 Part-time Lecturer, Waseda Law School, Waseda University
June 2014 Outside Corporate Auditor, DATALINKS CORPORATION
June 2018 Corporate Auditor, the Company (retired in June 2022)
June 2018 Outside Audit and Supervisory Board Member, NEC Corporation (retired in June 2022)
June 2018 Outside Director, Sumitomo Metal Mining Co., Ltd. (current position)
June 2021 Outside Corporate Auditor, Dai Nippon Printing Co., Ltd. (current position)
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

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Reasons for appointment

Ms. Taeko Ishii is an attorney. The Company expects that she will utilize her wealth of experience and specialized knowledge regarding legal matters and labor in its audit structure, contribute to strengthening business execution supervisory functions, and provide advice from a broader perspective. Therefore, the Company appointed her as an Outside Director who is an Audit and Supervisory Committee Member.



Yutaka Takei
Outside Director and Audit and Supervisory Committee Member
(Date of birth: October 23, 1955)

Career summary, positions, responsibilities and significant concurrent positions

April 1999 General Manager, Namba Branch, The Mitsui Trust and Banking Company, Limited
April 2000 General Manager, Namba Branch, The Chuo Mitsui Trust and Banking Company, Limited
November 2000 General Manager, Nihonbashi Sales Sixth Department, The Chuo Mitsui Trust and Banking Company, Limited
July 2001 General Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited
October 2002 General Manager, Sendai Branch, The Chuo Mitsui Trust and Banking Company, Limited
October 2003 General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited
October 2007 Executive Officer and General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited (retired in May 2009)
June 2009 Representative Director and President, Tokyo Securities Transfer Agent Co., Ltd. (retired in March 2017)
April 2017 Advisor, Fujicitio Co, Ltd.
May 2017 Director, Fujicitio Co, Ltd.
January 2018 Executive Managing Director, Fujicitio Co, Ltd. (retired in May 2019)
May 2019 Advisor, Tokyo Securities Transfer Agent Co., Ltd. (retired in October 2020)
June 2019 Corporate Auditor, the Company (retired in June 2022)
April 2021 Senior Researcher, The Japan Association of Charitable Organizations
June 2021 Head of Research Department, The Japan Association of Charitable Organizations (current position)
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)
June 2023 Director, Japan Association of Charitable Organizations (current position)

Number of shares of the Company held

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Reasons for appointment

Mr. Yutaka Takei has abundant experience and a high level of insight as a manager of a trust bank, a securities transfer agent, and a retailer. The Company expects that he will utilize this experience and insight in its audit structure, contribute to strengthening business execution supervisory functions, and provide advice from a broader perspective. Therefore, the Company appointed him as an Outside Director who is an Audit and Supervisory Committee Member.



Nobuyasu Iimuro
Outside Director and Audit and Supervisory Committee Member
(Date of birth: April 21, 1962)

Career summary, positions, responsibilities and significant concurrent positions

September 1991 Joined Aoyama Audit Corporation
August 1995 Registered as Certified Public Accountant
April 2000 Audit unit, ChuoAoyama PricewaterhouseCoopers (retired in August 2006)
September 2006 PricewaterhouseCoopers Aarata (retired in July 2012)
July 2012 Chief Examiner, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency (retired in June 2014)
July 2014 Director, Audit unit, PricewaterhouseCoopers Aarata
July 2017 Partner, Audit unit, PricewaterhouseCoopers Aarata LLC (retired in June 2022)
July 2022 President, Nobuyasu Iimuro Certified Public Accountant Office (current position)
June 2023 Director (Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

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Reasons for appointment

Mr. Nobuyasu Iimuro is a certified public accountant and has abundant experience and expertise regarding finance and accounting. The Company expects that he will utilize this experience and expertise in the audit structure of the Company, and that he will contribute to strengthening business execution supervisory functions and provide advice from a broader perspective. Therefore, the Company appointed him as an Outside Director who is an Audit and Supervisory Committee Member.

With an eye toward achieving the Company's Long-Term Vision (Vision2030) and the Medium-Term Management Plan (FY2022 to FY2024), 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

Increase sophistication of the value that we propose; Combination of SI × digital; Advance into new fields as well as globally; Strengthen ESG initiatives; Reform our management foundation

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.
Internationality	To advance into 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 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.

Skills Matrix

Name			Corporate management	Internationality	Sales / Marketing	Development / R&D	Finance / Capital strategy	Human resource development / D&I	Internal control / Risk management
Koichi Nishida			●		●	●	●		
Tomoaki Kitamura			●		●	●		●	
Minoru Takeuchi				●	●	●			
Isao Asami						●	●		●
Shinya Shishido	Outside	Independent	●		●			●	
Shinichi Yamada	Outside	Independent	●	●		●			
Yumiko Masuda	Outside	Independent		●	●			●	
Takao Sakamoto							●	●	●
Taeko Ishii	Outside	Independent						●	●
Yutaka Takei	Outside	Independent	●				●		●
Nobuyasu Iimuro	Outside	Independent		●			●		●

Note: 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.

Executive Officers

Note: Excludes those concurrently serving as directors

Managing Executive Officer	Hirotoishi Kobayashi	Head, Platform and Services Segment; President & CEO, DIGITAL TECHNOLOGIES CORPORATION; Director, I Net Rely Corporation
Senior Executive Officer	Makoto Kondo	Deputy Head, Operations and Solutions Segment; Head, Public Systems and Social Infrastructure Sector; Chairman, Dalian SuperElectronics Co., Ltd.; Representative Director and Chairman, Japan SuperElectronics Co., Ltd.; Director, DTS (Shanghai) CORPORATION
Executive Officers	Shigeo Okubo	Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation
	Yutaka Nakamura	General Manager, Business Development Department
	Hiroyuki Mabuchi	President, DTS America Corporation; Director and Vice President, Partners Information Technology, Inc.
	Kazunori Nagasaki	Representative Director and President, DTS WEST CORPORATION; Director, KYUSHU DTS CORPORATION
	Tetsuji Kamata	General Manager, General Affairs Department; Representative Director and President, DTS palette Inc.
	Hiroshi Tani	Head, IT Platform Service Sector
	Akira Nishimura	General Manager, Human Resources Department; Director, MIRUCA CORPORATION
	Masanori Tamura	Head, Financial Sector and General Manager, Sales Department; Director, Nelito Systems Private Limited
	Takeo Haruki	General Manager, Accounting and Finance Department
	Hiroyuki Norikane	Deputy Head, Technology and Solutions Segment; Head, Digital Solution Sector
	Masakazu Takada	Head, Enterprise and Solution Sector; General Manager, Sales Department; Head, Housing Solution Division; Representative Director and President, Anshin Project Japan Inc.
	Naoki Minase	General Manager, ESG Promotion Department

Financial Data and Non-financial Data

Financial Data

(Millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
Results					
Net sales	86,716	94,618	90,493	94,452	106,132
Cost of sales	69,199	75,913	72,438	75,310	85,346
Gross profit	17,517	18,705	18,054	19,141	20,786
Selling, general and administrative expenses	7,727	8,030	7,237	7,944	9,091
Operating profit	9,789	10,674	10,817	11,196	11,694
Ordinary profit	9,929	10,849	11,131	11,403	11,932
Profit before income taxes	9,911	10,773	11,099	11,384	11,637
Profit	6,817	7,315	7,629	7,837	8,005
Profit attributable to owners of parent	6,817	7,317	7,593	7,853	8,001
EBITDA	10,378	11,255	11,393	11,798	12,435
Order volume	89,292	96,102	91,026	97,810	109,737
Order backlog	37,945	40,629	41,181	25,980	34,233

Financial position as of the fiscal year-end

Current assets	53,359	56,899	62,027	67,044	67,591
Non-current assets	13,622	13,699	13,145	12,072	13,084
Current liabilities	14,732	14,286	14,627	15,888	17,646
Non-current liabilities	896	1,223	1,135	1,094	652
Net assets	51,353	55,089	59,409	62,133	62,376
Equity	51,353	55,083	59,269	62,018	61,420
Total assets	66,982	70,598	75,172	79,116	80,676

Cash flows

Cash flows from operating activities	6,947	7,551	9,366	7,589	7,642
Cash flows from investing activities	(1,770)	(1,360)	(694)	(139)	(931)
Cash flows from financing activities	(2,477)	(3,047)	(3,848)	(5,025)	(9,095)
Free cash flows	5,177	6,191	8,672	7,450	6,711
Cash and cash equivalents at end of period	35,140	38,276	43,327	45,817	43,364

Financial indicators

Gross profit margin	20.2%	19.8%	20.0%	20.3%	19.6%
Operating margin	11.3%	11.3%	12.0%	11.9%	11.0%
EBITDA margin	12.0%	11.9%	12.6%	12.5%	11.7%
Return on equity (ROE)	13.9%	13.8%	13.3%	13.0%	13.0%
Return on assets (ROA)	15.5%	15.8%	15.3%	14.8%	14.9%
Equity-to-asset ratio	76.7%	78.0%	78.8%	78.4%	76.1%
Dividend payout ratio	32.5%	34.8%	36.3%	40.5%	66.1%
Total return ratio	41.3%	45.7%	49.4%	65.8%	127.9%

Capital expenditures / Depreciation / Research and development expenses

Capital expenditures	614	913	318	312	715
Depreciation	473	473	534	532	608
Research and development expenses	436	316	133	226	294

Per share information

(Yen)

Profit	146.10	158.01	165.49	172.78	181.41
Net assets	1,101.61	1,190.71	1,293.61	1,376.05	1,408.81
Annual dividends*	47.5	55	60	70	120

Stock information

(Times)

Price-to-earnings ratio (PER)	14.00	11.90	15.26	15.50	17.75
Price-to-book ratio (PBR)	1.86	1.58	1.95	1.95	2.29

Note: The Company carried out a two-for-one split of its common stock with an effective date of July 1, 2019.

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.

* 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	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees		Employees	4,369	5,457	5,792	5,604
						5,703

Non-consolidated		Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Basic data	Number of employees	Male	Employees	2,488	2,446	2,448	2,454	2,485
		Female	Employees	527	521	523	545	586
		Total	Employees	3,015	2,967	2,971	2,999	3,071
	Number of hires	Male	Employees	110	126	121	129	175
		Female	Employees	37	51	44	52	81
		Total	Employees	147	177	165	181	256
		New graduate	Employees	131	164	162	170	231
		Mid-career	Employees	16	13	3	11	25
	Employee turnover rate		%	4.96	5.77	4.41	3.95	5.15
	Average length of service		Years	13.9	14.3	14.6	14.9	14.8
		(Of which, female employees)	Years	(10.6)	(10.7)	(10.6)	(10.1)	(9.8)

Human resource development	Number of highly skilled professional human resources	Employees	280	293	287	275	274
	Employee-held external qualifications in digital fields	Qualifications	—	—	—	—	855
	Education and training expenses	Millions of yen	385	424	285	380	489

Flexible working styles	Number of employees using system for staggered working hours (My Select Time)	Employees	—	—	356	331	268
	Teleworking rate	%	—	—	43.8	50.4	50.6

Health management	Annual paid holidays	Number of days used	Days	13.7	14.2	12.8	13.2	13.3
		Rate of usage	%	73.5	75.5	68.9	71.4	72.9
	Average number of monthly overtime hours		hh:mm	25:46	23:44	21:46	23:05	23:59

Diversity	Ratio of female employees*		%	16.5	17.0	17.6	18.3	19.3
	Ratio of female managers		%	3.4	3.4	3.4	3.1	3.7
	Gender wage gap (all workers)		%	—	—	—	—	77.4
	Ratio of employees with disabilities		%	2.23	2.27	2.42	2.30	2.29

Childcare and nursing care	Rate of usage of childcare leave and other leave for childcare purposes	Male	%	47.9	46.3	39.7	46.7	45.8
		Female	%	92.9	125.0	100.0	100.0	118.2
	Return rate after childcare leave		%	94.1	93.8	93.8	87.2	92.8
	Number of employees using system for shortened working hours for childcare	Employees		94	91	97	75	64
	Number of employees using family care leave system	Employees		9	14	9	5	6
	Number of employees using caregiver leave system	Employees		6	5	0	1	2
	Number of employees using nursing care leave system	Employees		7	0	4	2	0

Note: Data calculation date of record: March 31 of each fiscal year. However, the ratio of employees with disabilities is presented as an average for the fiscal year.

* 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	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Greenhouse gas emissions (Scope 1)		t-CO ₂	—	—	—	4
Greenhouse gas emissions (Scope 2)		t-CO ₂	1,073	988	944	1,323
Greenhouse gas emissions (Scope 3)		t-CO ₂	—	—	—	80,935
Electricity use		kWh	2,572,619	2,563,313	2,800,613	2,668,409
Renewable energy use		kWh	—	—	—	—
Paper resource use (A4 sheet-equivalent)		Japan Millions of sheets	3.67	3.03	1.69	1.28
Water use		Japan m ³	22,523	24,037	21,666	20,956
Waste		Japan t	143	173	160	198

Note: CO₂ emission coefficient: Uses emission coefficient for each electric utility operator

Renewable energy use includes renewable energy and power procured with green power certificates

Corporate Overview and Stock Information

Corporate Overview



Trade name	DTS CORPORATION
Headquarters	Empire Building, 2-23-1 Hatchobori, Chuo-ku, Tokyo 104-0032
Official website	https://www.dts.co.jp/
Date established	August 25, 1972
Capital	¥6,113 million (As of March 31, 2023)
Number of employees	3,071 (As of March 31, 2023; non-consolidated basis) 5,703 (As of March 31, 2023; consolidated basis)
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

Group companies

Japan
KYUSHU DTS CORPORATION
JAPAN SYSTEMS ENGINEERING CORPORATION
DTS WEST CORPORATION
MIRUCA CORPORATION
DIGITAL TECHNOLOGIES CORPORATION
DTS palette Inc.
DTS INSIGHT CORPORATION
I Net Rely Corporation
Anshin Project Japan Inc.

Overseas
DTS (Shanghai) CORPORATION
DTS America Corporation
DTS SOFTWARE VIETNAM CO., LTD.
Nelito Systems Private Limited
Dalian SuperElectronics Co., Ltd.
Japan SuperElectronics Co., Ltd.
Partners Information Technology, Inc.

Stock Information (As of March 31, 2023)

Stock listing	Tokyo Stock Exchange, Prime Section (Stock code: 9682)
Total number of authorized shares	100,000,000
Total number of outstanding shares	47,590,832
Number of shareholders	5,841
Stock transfer agency	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

Major shareholders

Name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,916	13.57
DTS Group Employee Shareholding Association	3,082	7.07
Custody Bank of Japan, Ltd. (Trust account)	2,564	5.88
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	2,252	5.17
AVI GLOBAL TRUST PLC	1,251	2.87
NTC Corporation	1,171	2.69
Kumiko Akiyama	1,120	2.57
The Bank of New York Mellon 140044	942	2.16
Chitomu Kozaki	803	1.84
JPMorgan Chase Bank 385632	790	1.81

Note: The Company holds 3,993 thousand shares of treasury stock, and the shareholding ratios are calculated after deducting treasury stock.

