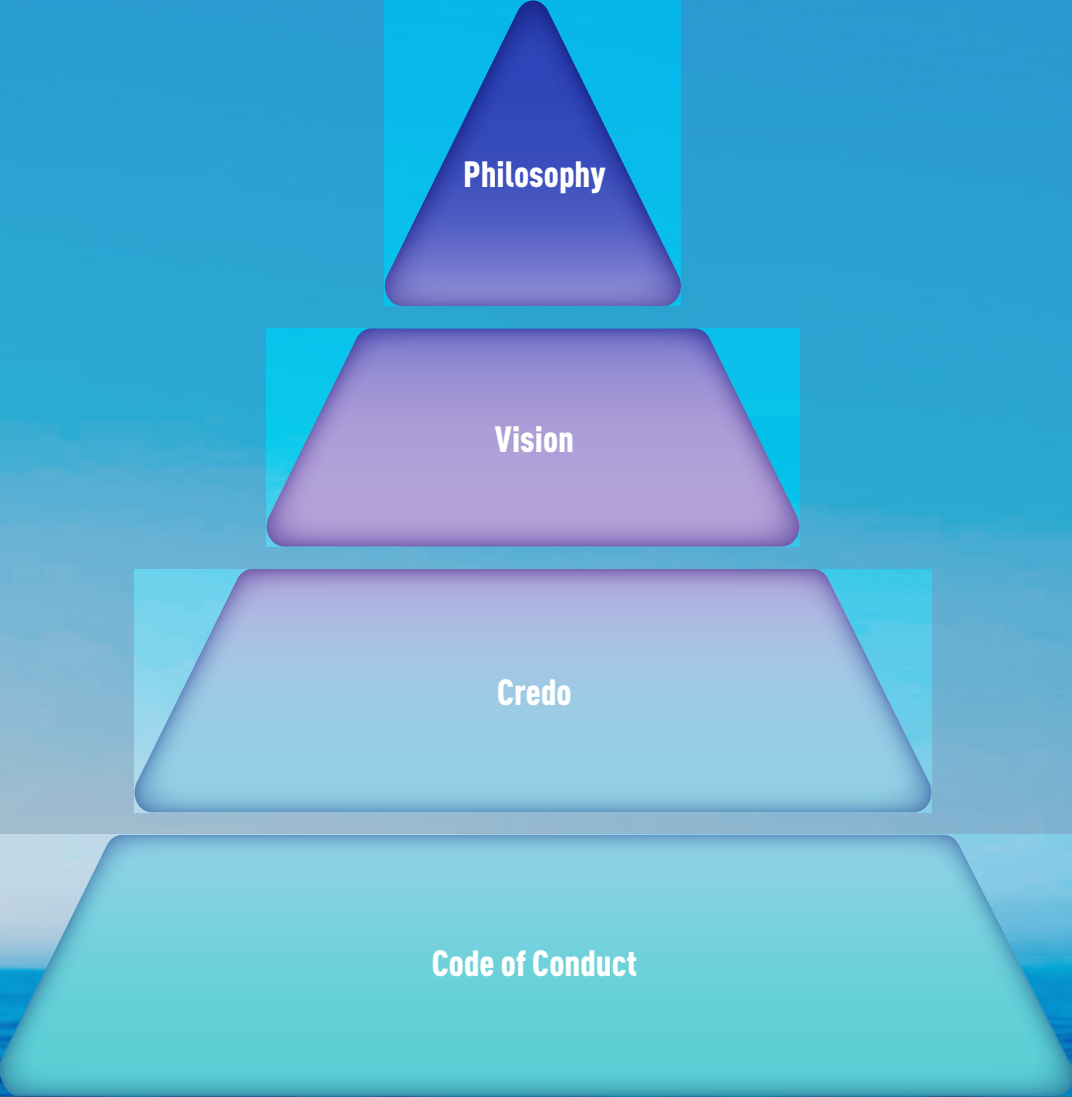


DTS Group Report 2026

Integrated Report

DTS's Vision



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 society

Vision

Vision2030
Become a company that continuously takes on challenges in order to provide value that exceeds expectations

Credo

Hold our values close Always enjoy change

For our clients: Sincerity and trust
For our shareholders: Growth and contribution
As individuals: Independence and spirit of challenge
As members of the Group: Respect and co-creation
As members of society: Integrity and fairness

Code of Conduct

DTS Group employees observe these eight items contained in 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
- 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



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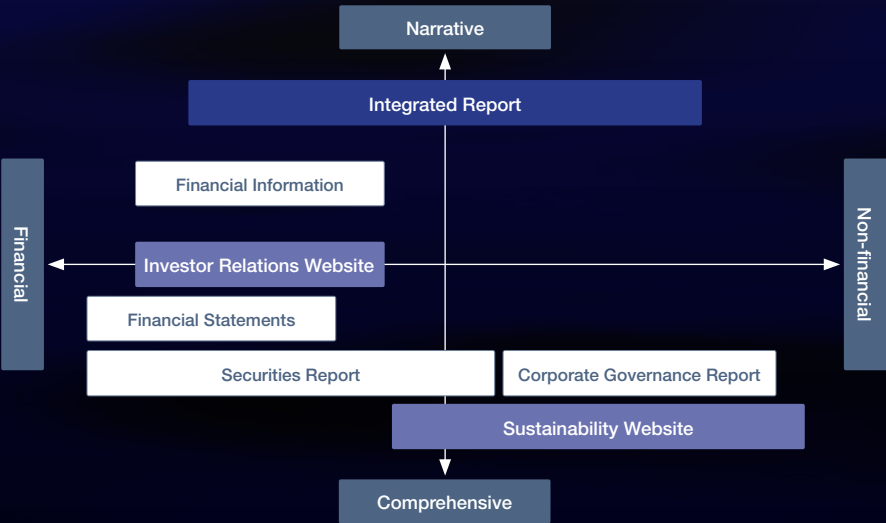
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Editorial Policy

This integrated report is published as a tool to facilitate constructive dialogue with various stakeholders, including investors, shareholders, customers, and employees, regarding the Company's growth strategy and ESG. It provides an overall picture of DTS's corporate activities, with a focus on areas of particular importance, and integrates both financial and non-financial information.

Information Disclosure System



Scope of Report	DTS CORPORATION and its Group companies in Japan and overseas
Period Covered	FY2025: April 1, 2025 to March 31, 2026 (Includes information about certain events occurring after the reporting period)
Publication Date	October 2026
Referenced Guidelines	- 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)
Notes to this Report	The names of companies and products used in this report are the trademarks or registered trademarks of their respective owners.
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.
Websites	Details regarding initiatives related to businesses, the medium-term management plan, and corporate social responsibility (CSR) are presented on the Company's official website as follows. Solutions and Packages: https://www.dts.co.jp/section/ Investor Relations (IR): https://www.dts.co.jp/en/ir/ Sustainability: https://www.dts.co.jp/en/sustainability
Inquiries	DTS CORPORATION Sustainability Promotion Department



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What growth should the DTS Group strive for?

In the more than fifty years since its founding as an independent systems integrator in 1972, DTS has supported the core systems of a wide range of customers in finance, telecommunications, manufacturing, distribution, and the public sectors, progressing beyond systems development to cultivate business expertise and relationships of trust by focusing on technology and engaging deeply with our customers' actual, onsite business processes and operations.

Our long-standing business relationships are built on our commitment to tackling challenges head-on and serving a diverse customer base across a wide range of industries. Furthermore, these relationships are foundational to our systems integrator business, which generates stable cash flows even during economic fluctuations, contributing to a stable profit base that supports our business portfolio.

We have established our reputation as a systems integrator capable of achieving stable profitability and delivering consistently high quality by repeatedly demonstrating our ability to execute large-scale, complex projects and appropriately control project risks with a focus on contract development to generate steady growth and stable profit.

Since becoming President in April 2021, Mr. Kitamura has leveraged his extensive experience in launching new businesses and expanding the business portfolio to accelerate DTS's transformation towards further growth. He is driving the shift towards the focus businesses, especially DX and AI, rather than allowing DTS to remain on its established path of contract development. Under his motto of "Always enjoy change," he is leading us in the transformation of our business into a proposal-focused model that provides value exceeding customer expectations.

The results have been excellent: the Company's compound annual growth rate (CAGR) for net sales was 5.1% from 2010 to 2020, but has risen dramatically to 9.3% since President



Kitamura took office in 2021, shifting the Company into high gear for growth.

In the medium-term management plan launched in 2025, we further evolved our key focus by clearly defining five areas of concentrated investment and two areas of forward-looking investment, and developed segment-specific growth strategies accordingly. Here, too, sales were higher than expected, with the proportion of sales from focus businesses surpassing the 57.0% targeted and hitting 62.9% in the first year. Going forward, we will continue to prioritize reallocating cash generated from stable core business operations to the DX and AI areas and thereby advance the structural transformation of the business portfolio.

To further accelerate this growth, we will leverage the expertise gained through our focus businesses to serve as a transformation partner for our customers and support their



business transformation.

As AI rapidly advances, customer interest has also been growing beyond simply optimizing system development, and now they are looking to transform their business processes themselves with AI to drive new business value. DTS leverages the business expertise it has cultivated over many years in addition to its deep understanding of customers' operations and existing systems to apply AI where appropriate and provide comprehensive support from implementation into business processes, and pursue results together. DTS aims to be a partner for transformation that goes beyond just building systems—we work side by side with our customers to transform their business processes with AI.

At the same time, we are also transforming development processes with AI-driven advancements. We are receiving ever-increasing requests from our customers to offer development proposals that incorporate generative AI, and we are doing so by applying our unique generative AI usage rules to determine best practices and know-how for every stage of the process, from defining the requirements to design, implementation, testing, and operation. As we deepen our knowledge in these ways, while continuously revise and expand the application of our usage rules, we will accelerate the use of AI in both our customers' business transformation and systems development.

On the other hand, as AI implementation across business operations becomes more widespread, the importance of governance and security to ensure its safe use also becomes more important. Although the advancement of frontier AI enables more efficient operations and creates new value, it also creates new risks, such as advanced attacks through the misuse of generative AI, data breaches, and the spread of misinformation. To use AI safely, we must assess risks in consideration of the realities of business operations and systems in addition to technical countermeasures.

These environmental changes present business opportunities for DTS. Our expertise in business, supporting mission-critical systems, and identifying and resolving challenges will be invaluable in implementing security measures and building secure utilization platforms for the AI era. Accordingly, DTS will seek to turn these changes into growth opportunities by devising new value propositions and offering integrated solutions that encompass governance, security, and operational design to support AI utilization.



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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 systems 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, and 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. The DTS Group will continue striving to provide new value through digital transformation (DX) and AI.

History of the Company's Founding

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

Mainframe computers began taking on a major role in society in the early 1970s when DTS was taking its first steps in Nishi-Shinbashi as DATA COMMUNICATION SYSTEM CO., LTD. The Company was launched by President Toshio Sasanuki and nine other members with a business policy targeting three areas: developing financial systems, developing telecommunications systems, providing operations services.

At that time, the financial industry was advancing the second wave of online banking, integrating core banking systems that had previously been built separately for each account category. In line with this trend, DTS won many large-scale banking projects, played a major role in the development of the financial industry, and rapidly expanded its business.



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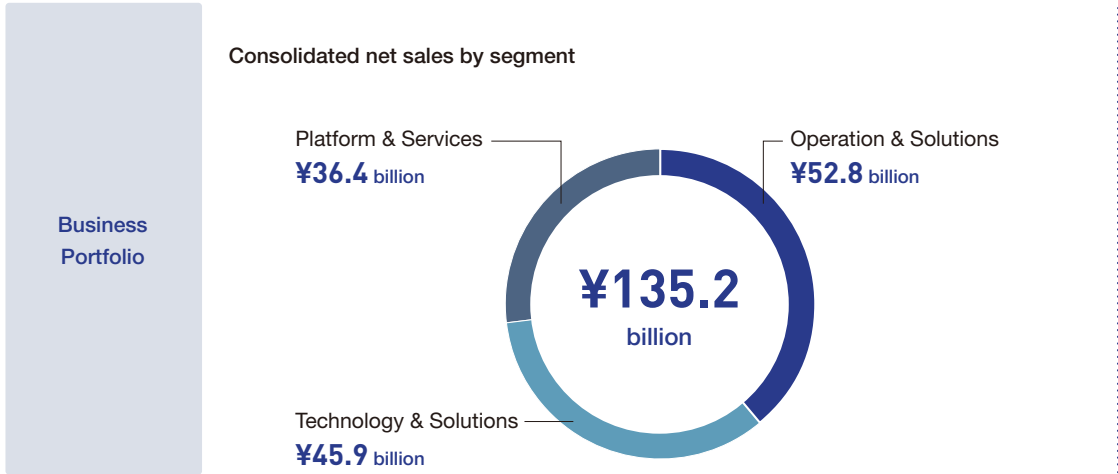
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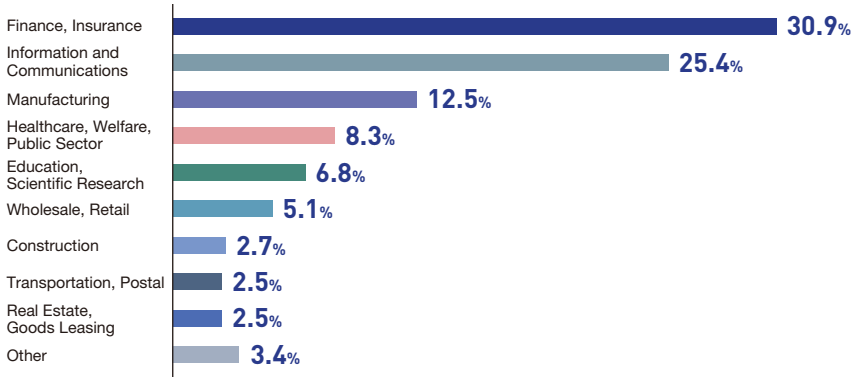
At a Glance (FY2025)

Financial indicators	Net sales	Operating profit	Operating margin	Human Capital	Number of employees (consolidated)	Ratio of female managers (non-consolidated)
	¥135.2 billion	¥16.4 billion	12.2%		6,135	5.4%
Shareholder Returns	Profit attributable to owners of parent	ROE	Productivity (In Japan; operating profit per employee)	External Networks and Customer Base	Number of highly skilled professionals (non-consolidated)	Employee-held external qualifications in digital fields (non-consolidated)
	¥11.6 billion	19.2%	¥3.2 million		351	1,407
	Dividend payout ratio	Total return ratio	Annual dividends		Business partners	Customer base
	50.7%	72.1%	¥37*		Approximately 530 companies	Over 3,500 companies annually

* The Company carried out a four-for-one split of its common stock with an effective date of October 1, 2025. The above figures reflect this change as of the beginning of FY2025.



Consolidated net sales by industry



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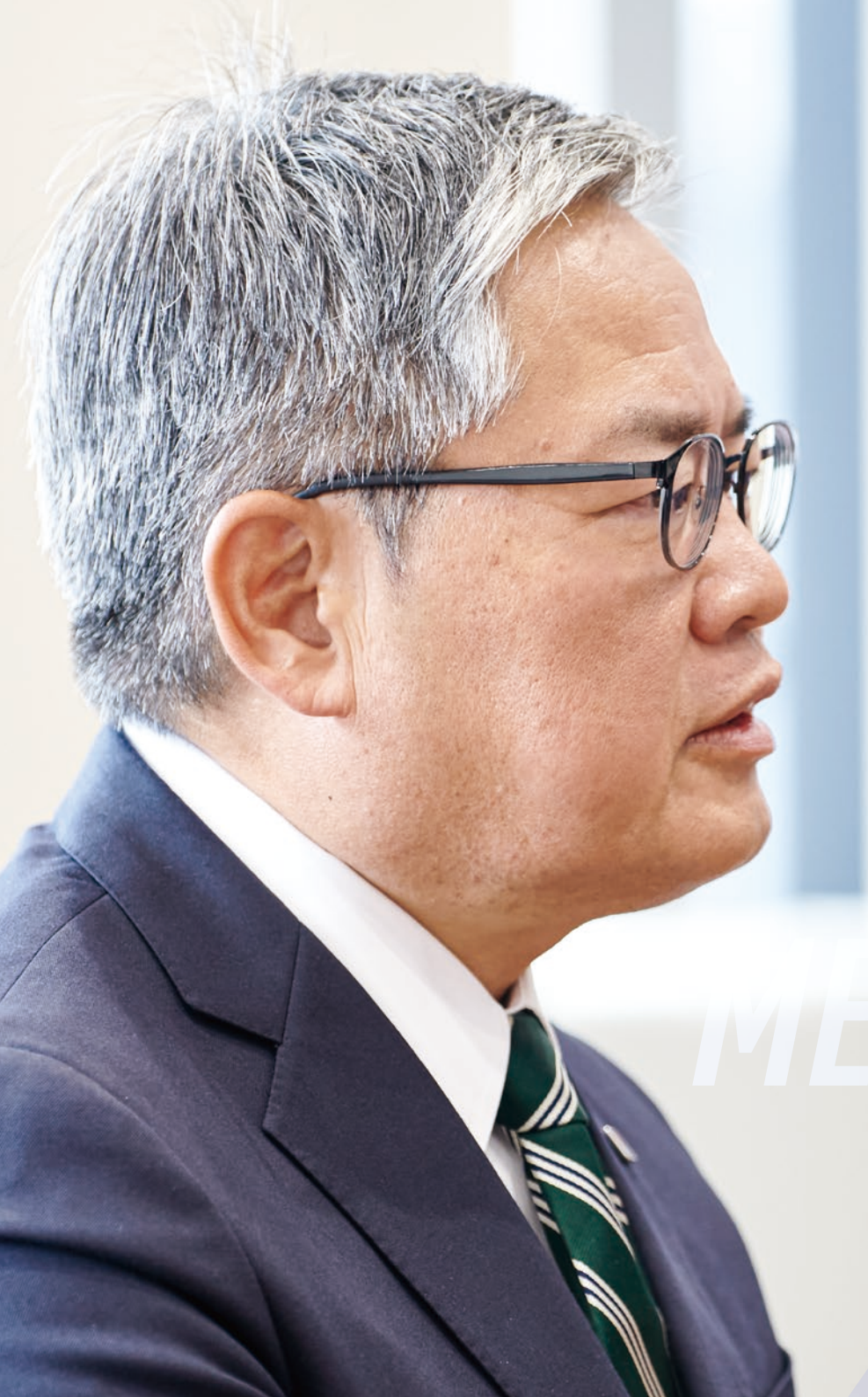
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How to Deliver Value Beyond Expectations in the Age of AI

Tomoaki Kitamura

Representative Director and President

*MESSAGE FROM
THE PRESIDENT*



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My Perspective on the AI Transformation

I studied artificial intelligence (AI) at university. This was in the mid-1980s, when Japan's Ministry of International Trade and Industry (MITI) launched its Fifth-Generation Computer Systems project aimed at achieving intelligent information processing and the country's bubble economy was booming. Since its very first iterations in the 1950s, AI has gone through successive booms and "winters," and my experience was during the second AI boom.

During the second AI boom, the challenge was how to solve problems within a certain amount of time using the expert systems available at the time. I explored how to implement globally diversified investment strategies, but the work came to a halt following the collapse of the bubble economy.

Today, we can ask AI a question and receive an answer instantly, but back then, problems could not be solved so quickly. This was mostly because computing power at the time was limited compared to today's,

but the critical difference today is the internet. Today's AI is connected twenty-four hours a day, 365 days a year, and continues to "learn," showing astonishing progress. I truly feel that we are living in an exciting era in which what I had hoped to achieve long ago has become possible.

Meanwhile, amid the remarkable evolution of AI, concerns have emerged that the businesses of system integrators like us and software companies could be replaced. As a result, the death of SaaS, a phrase which became a topic of discussion at the end of 2024, has once again drawn attention, even causing the share prices of related companies to plunge.

As we are witnessing now, AI is changing the world. For system integrators like us, AI is one of the many cutting-edge technologies we can use to deliver value to our customers. Although it can serve as a powerful tool for transforming customers' operations, we do not view it as a threat to our business.

In the IT industry, we have heard repeated claims that system integrators would no longer be needed. For example, when packaged software gained prominence in the 1990s, it was said that custom development, in which custom-built systems were developed from scratch, would decline and system integrators would lose their work. In reality, as the convenience of IT became widely recognized, new users increased and existing users expanded the scope of their IT investments. On the contrary, work actually increased and the market expanded.

We also use AI to accelerate our daily operations and management decision-making. For example, when assessing the impact of U.S. tariff policies on our customers, we used generative AI to organize information on their business portfolios and exposure to exports, completing in approximately thirty minutes research that would previously have taken several days. AI does not merely replace tasks; it enables rapid decision-making and proactive action.

The same applies to system development. As AI streamlines the development process, it becomes increasingly important to make sound upstream decisions about what to build and which issues to resolve. To



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utilize AI effectively, the key question we need to ask is what new challenges we will pursue with this technology. Humans will still be responsible for understanding customers' businesses and operations, identifying issues to be resolved, and defining the requirements for the systems to deliver those solutions, and this role will only become even more important. System development involves design, coding, and testing based on defined requirements, followed by operations. AI can support design, automatically generate programs, and make testing more efficient, but only humans can verify the underlying requirements and determine the value that should be delivered to customers.

AI can also be used to improve efficiency in the design phase, but its greatest impact will be in coding. Programs will be generated automatically, substantially reducing development time. The testing phase will also likely be shortened. This will create a world in which system development that previously took one year can be completed in, for example, six months—half the time.

However, we do not believe this will eliminate our business. Our customers' competitors will also benefit from AI and accelerate their releases. If a competitor's newly released system offers superior functionality or introduces a new approach, customers will naturally have to follow suit.

Moreover, faster system development will not simply make work easier. Changes in the competitive environment, particularly IT investment cycles, will also accelerate, and we expect work to increase rather than decrease.

In April 2026, U.S.-based Anthropic announced that it had developed the ability to instantly and automatically detect zero-day (undisclosed) vulnerabilities and automatically generate exploit code, sending shock waves around the world with its frontier AI, Claude Mythos (hereinafter, Mythos). In Japan, the Financial Services Agency and the Bank of Japan jointly published nine measures in May, calling on financial institutions and other entities to implement said measures promptly.

Initially, Anthropic did not release Mythos publicly due to the high risk

of misuse such as in cyberattacks and provided it to only 50 organizations, primarily U.S. companies. These organizations have already reportedly discovered more than 10,000 critical vulnerabilities.

Then, in June, access was expanded to approximately 150 organizations across more than 15 countries, including Japan. These included some Japanese banks, where testing is currently underway.

Previously, customers did not invest substantially in security. Although it is currently difficult to predict the scale and scope of revising security measures in response to Mythos, I believe substantial investment will be necessary.

In the past, systems within closed networks were generally considered to have few security issues. Going forward, customers' approach to security is likely to change, with security expected to be maintained at all times, even in closed environments. In terms of our involvement, even after development is completed and a system enters the operation and monitoring phase, it may become difficult to significantly reduce personnel because resources will be needed to respond to unexpected incidents. I believe new business opportunities may emerge in this way. System development workloads have typically had peaks and troughs, but the troughs may become less pronounced.

Expansion of Focus Businesses

In our long-term outlook, Vision2030, announced in 2022, we defined our aspiration as follows: "Become a company that continuously takes on challenges in order to provide value that exceeds expectations." In the 1st STAGE (FY2022–FY2024), we executed ¥27.3 billion in growth investments, exceeding the initial target of ¥25.0 billion, and achieved the key targets of the medium-term management plan ahead of schedule in the plan's second year. Central to this effort were the



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focus businesses, through which we are aiming to create new value leveraging the business expertise and technical capabilities fostered through our systems integration business, concentrated on application development. We have positioned the solutions business, the services business, and the digital business as key growth areas, and we have advanced our transition from simply developing what customers request to a business model that proactively identifies issues and proposes and provides solutions.

Under the current medium-term management plan, which began in FY2025, we are establishing five concentrated investment areas and two forward-looking investment areas to further develop our focus businesses and are pursuing segment-specific growth strategies for these areas.

As a result, the Cloud Computing & Modernization and Enterprise Application Services areas, both positioned for concentrated investment, achieved their final-year sales targets in the first year of the plan. The Data Utilization area also achieved its target, driving expansion at a pace exceeding the plan. As a result, the focus business net sales ratio rose to 62.9%, achieving the target of at least 57.0%, again ahead of schedule.

In the legacy domain, the shift to the Cloud Computing & Modernization domain also progressed faster than anticipated. Although sales in the Operation & Solutions segment fell year on year partly due to the temporary decline following a special-demand project for a megabank last year, excluding this impact, our business in the financial sector has continued to grow over the medium to long term. The business expertise we have cultivated with our existing systems also gives us an important competitive advantage in advancing modernization.

Considering such factors as the anticipated expansion of investment in the security domain driven by Anthropic's Mythos, I believe the financial sector still has significant growth potential.

The introduction of the segment-based business format has also proven effective in the expansion of the focus businesses. The segment heads began overseeing the entire business, including Group companies

as well as their own departments, and began self-directed consideration of growth strategies and resource allocation. Cross-segment support also progressed, and this fiscal year, hardware sales in AI & Generative AI, an area for forward-looking investment, offset the decrease in the Operation & Solutions segment.

To date, DTS has focused primarily on application system development in both legacy and focus businesses, improving productivity through rigorous project management for large-scale systems.

As our customers' business environments continue to change rapidly, their needs are evolving to go beyond application development to include the introduction of cloud services and generative AI to their organizations, the adoption of new solutions, and hardware purchasing, and DTS must address all these needs.

Although we still have some way to go, we believe that evolving into a total systems integrator capable of meeting customers' needs across a broader range of areas is key to further improving productivity.



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As we consider the future of the DTS Group, we do not focus on any particular competitors. This is because benchmarking against others inevitably leads us to resemble them, whether we like it or not.

In general, I dislike imitating others and firmly believe that originality is essential to prevailing in competition. I also recognize that it is impossible for DTS to pursue every possible direction, so I always remain mindful of prioritizing and focusing resources.

I believe the key driver of DTS's growth has been our sharp focus on seven investment domains that transform customers' operations while continuously harnessing cutting-edge technologies.

Improving Compensation and Productivity

I am now in my sixth year as President. During this time, one of my consistent priorities has been to share the benefits of business growth with employees and make the Company a place where employees can feel that they are growing. One of the tenets of the Company's management philosophy is to use technology to improve the lives of our employees. Improving employee compensation is a management initiative that puts this philosophy into practice.

DTS has raised base salaries and provided special bonuses for four consecutive years, starting during the previous medium-term management plan. Going forward, we will further enhance compensation by combining base salary increases with both short- and long-term incentives to reward employee efforts. At the same time, the Company will pursue growth investments and shareholder returns, striking the appropriate balance among these initiatives to sustainably enhance corporate value.

However, to sustain improvements in employee compensation rather than allowing them to end as temporary measures, each person must contribute accordingly. The key is improving every employee's individual

productivity. Productivity is an area where all employees, regardless of their job or role, can contribute ideas and pursue improvements.

Productivity (domestic operating profit per employee) has already reached ¥3.2 million, the final-year target of the medium-term management plan, ahead of schedule. This achievement reflects our successful price negotiations, expansion of recurring revenue businesses, collaboration with partners, optimized project management, and the gradual shift of resources from low-productivity areas to high value-added areas. Employees have also embraced the mindset of eliminating waste and efficiently creating greater value.

Looking at productivity, the experience of the COVID-19 pandemic also provided an important lesson. DTS had already implemented remote work, but its excessive use impaired communication and management in some teams, leading to an increase in unprofitable projects.

System development is done in teams, but remote work caused those teams to become fragmented, making it difficult for employees to quickly seek advice on problems and preventing supervisors from promptly offering support even when they saw their team members struggling. These management duties that supervisors previously carried out easily between other commitments were no longer effective. Reflecting on this experience, the Company adopted an office-based approach in October 2023 with specific exceptions for remote work in such cases as inclement weather, childcare, family caregiving, or injury. By revising work arrangements and strengthening project management, unprofitable projects decreased significantly. This was not simply the result of changing where employees work, but of restoring a framework in which teams share knowledge, identify early signs of problems, and respond swiftly. The resulting profits are then returned to employees.

In the third year since I became President, we are focusing particularly on improving productivity per employee. One objective is to make productivity improvement a theme that everyone—regardless of job type—can focus on with their own ingenuity. Most importantly, higher



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individual productivity can be used to improve employee compensation.

Going forward, we will redirect people and time toward high value-added work through measures such as standardizing operations, utilizing AI, improving project management, and expanding recurring revenue businesses. The essence of productivity improvement is not simply to increase workloads, but to create greater value in the same amount of time. We will use the resulting gains to fund improvements in employee compensation.

Neither improved employee compensation nor higher productivity should take priority over the other. Higher productivity generates profit, which we return to employees. This increases their motivation and capabilities, enabling them to create even greater value. We will translate this positive cycle into sustainable growth.

It is important to balance team productivity with project quality while also allowing for flexible workstyles. We will pursue management that enables every employee to drive improvement and experience the results through better compensation.



Closing Distance with Employees and Sharing the DTS Vision

As I mentioned previously, there are specific areas we are aiming to grow our business, while leaving the details to frontline employees as much as possible. Before I became president, I had the distinct impression that DTS had been a top-down organization in which employees quietly followed instructions. In my leadership, I believe that the era of unquestioningly following instructions from above is over — and that DTS should move into the future.

To ensure a shared understanding of my approach to management, I have held active dialogue sessions to communicate my views directly.

Following dialogues with division heads and General Managers, over the past two years or so I have also spoken with every section manager, closing the distance with employees while emphasizing interactive communication. Sessions were limited to a maximum of 10 participants, averaging seven to eight, and we spoke candidly over *bento* box meals and beers after work.

Through these repeated efforts to foster a shared understanding of our vision for DTS, our employee engagement score has also steadily improved.

DTS owes its position today entirely to the support of all its stakeholders, including customers, shareholders and investors, as well as our employees and their families.

From this position of gratitude, we will continue striving to achieve our vision of becoming a company that continuously takes on challenges in order to provide value that exceeds expectations. By translating growth investments into results with capital efficiency in mind, we aim to provide value that exceeds expectations to all our stakeholders.



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Overview of the First Year of the Medium-Term Management Plan (2025–2027)

Performance and Profitability Exceeded Plans, Next Focus Aimed at Executing Investments

The medium-term management plan (2025–2027) (hereinafter “the plan”) started in FY2025 as the second stage in the execution of our long-term outlook, Vision2030, with a focus on improving operating revenue. Driving this execution are three pillars of the plan—the evolution of focus businesses and deepening of core businesses, the execution of strategic alliances, and the strengthening of the Group’s management foundation—along with efforts to expand business growth and improve stability and reliability. In the first year of the plan, FY2025, consolidated net sales reached ¥135.2 billion and operating profit ¥16.4 billion, both setting new records, with profitability and capital efficiency exceeding the plan’s final year targets. However, while progress was made in shifting the portfolio toward focus businesses, we continued to face challenges in such areas as the sluggish growth in core businesses and the execution of growth investments, particularly M&A, and some non-financial aspects of business, including human capital. In the second year of the plan, we aim to secure the further growth of focus businesses, strengthen the profit base for our core businesses, and translate investments and alliances into concrete business performance.

Vision2030 Long-Term Outlook

1st STAGE FY2022–2024

Create a new growth model

Key Points of the Plan

Under Vision2030, we set key challenges for business and the management foundation and establish KPIs to address them

Performance

Consolidated net sales	¥125.9 billion
EBITDA.....	¥15.6 billion
EBITDA margin	12.4%
ROE.....	17.7%
Focus business net sales	51.6%
Growth investments	¥27.3 billion

2nd STAGE FY2025–2027

Improve business profitability

Key Points of the Plan

To promote business growth and expansion while strengthening stability and reliability, the plan consists of three pillars: the evolution of focus businesses and deepening of core businesses, the execution of strategic alliances, and the strengthening of the Group’s management foundation

Numerical Targets

Consolidated net sales	¥160.0 billion
EBITDA.....	¥20.0 billion
EBITDA margin	12.5%
ROE.....	18% or higher
Focus business net sales	57.0% or higher
Growth investments (3-year total)	¥32.5 billion

Progress Against Management Indicators

Operating Revenue	FY2025 Results	FY2027 Targets
Consolidated Net Sales	¥135.2 billion	¥160.0 billion
Operating Profit	¥16.4 billion	¥18.7 billion
EBITDA	¥17.7 billion	¥20.0 billion
EBITDA Margin	13.2%	12.5%
Focus Business Net Sales Ratio	62.9%	57.0% or higher
Productivity (Domestic Operating Profit per Employee)	¥3.2 million	¥3.2 million

Management Efficiency	FY2025 Results	FY2027 Targets
ROE	19.2%	18% or higher

Investment	FY2025 Results	FY2027 Targets
Growth Investments (Cumulative Total)	¥5.7 billion	¥32.5 billion

Shareholder Returns	FY2025 Results	FY2027 Targets
Dividend Payout Ratio	50.7%	50% or higher
Total Return Ratio	72.1%	70% or higher

Non-Financial	FY2025 Results	FY2027 Targets
Engagement Score	52.6 points	55 points or higher
Ratio of Female Managers	5.4%	8.5% or higher
Ratio of Female Directors	20.0%	20% or higher
Ratio of Independent Outside Directors	Majority	Majority

Please see the following website for details on the Vision2030 long-term outlook and the medium-term management plan. <https://www.dts.co.jp/ir/management/middle/>

3rd STAGE FY2028–2030

Focus on improving capital efficiency

Vision2030

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

Numerical Targets

Sales and Profit (EBITDA)	Twice the FY2020 level
Growth Investment	Approx. ¥10.0 billion annually from FY2022–FY2030
ROE	Improve to 16%
Focus business net sales	60% or higher
Shareholder returns	Dividend payout ratio: 50% or higher every fiscal year
.....	Total return ratio: 70% or higher every fiscal year



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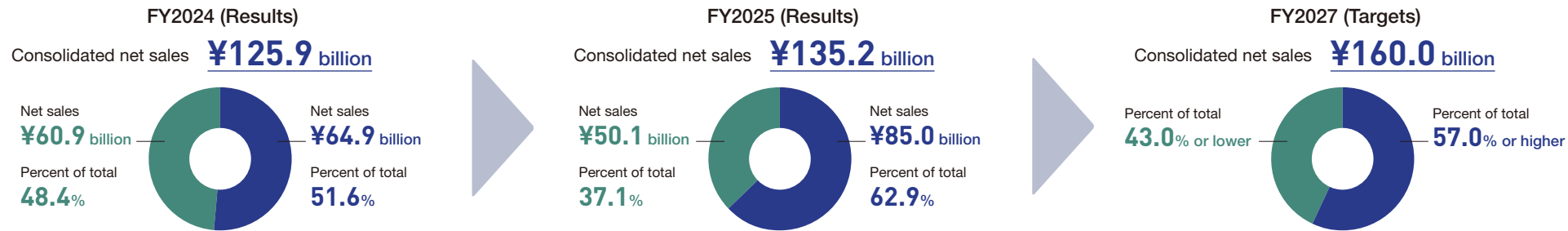
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Evolution of Focus Businesses and Deepening of Core Businesses

The transformation of DTS's business portfolio is being driven by growth in two key areas: our focus businesses and the core businesses that support the existing customer base. In FY2025, the focus businesses grew substantially, while core businesses declined due to a shift in attention towards focus businesses and a rebound resulting from a higher number of large-scale projects in the previous fiscal year. As a result, the focus business sales ratio reached 62.9%, and business portfolio transformation progressed ahead of plans.

Progress of Business Portfolio Transformation (Percentage of Total Net Sales)

■ Focus businesses (key growth areas) ■ Core businesses (stable profit base)



Note: Focus businesses and core businesses are defined as laid out in the medium-term management plan (2025–2027).

Role, Progress, and Future Direction of Business Portfolio

Evolution of Focus Businesses (Growth Drivers)	
Position	Areas that drive the growth of the DTS Group Accelerate shift towards high value-added services and solutions
FY2025 Progress	Net sales ¥85.0 billion / Percent of total 62.9% Exceeded target for FY2027 (57.0% or higher) ahead of schedule
Future Direction	- Strengthen the allocation of talent, technology, and investment to key growth areas - Shift from existing SI business model to high value-added services and solutions - Build a repeatable growth model by transforming knowledge gained from projects into services and solutions - Improve profitability and expand business scale

Deepening of Core Businesses (Stable Profit Base)	
Position	Leverage long-standing customer base and business expertise to ensure a stable profit base that consistently supports every aspect of business from upstream processes to development, maintenance, and operation
FY2025 Progress	Net sales ¥50.1 billion / Percent of total 37.1% Decrease is attributable to the shift to focus businesses and a rebound resulting from a higher number of large-scale projects in the previous fiscal year
Future Direction	- Strengthen capabilities in upstream processes and solution proposals to ensure the quality and stability of orders, with a primary focus on prime contracts - Exercise thorough quality control and advanced project management to eliminate unprofitable projects and improve productivity - Build a stable development and operational framework, primarily by strengthening nearshore development and collaboration with business partners

Sustain the growth of focus businesses while enhancing the quality, productivity, and proposal capabilities of core businesses, thus building a business portfolio that seamlessly integrates growth and stability



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 Execution of Strategic Alliances

Aiming to realize the medium-term management plan, we are integrating external knowledge, technology, human resources, and development capabilities into DTS's management resources with an eye to strengthening key growth areas and capabilities as well as creating new value. As part of our strategic alliances, we are pursuing M&A, partnerships with other companies, and collaboration with academia and local entities, and in FY2025, we furthered these efforts in such key areas as generative AI, joint research with universities, and expanding the regional development system. We are also continuing to explore and consider potential M&A partners with the aim of business expansion in key growth areas.



Note: Investment plans and progress are based on the medium-term management plan (2025–2027).

Major Initiatives for FY2025

Section	Initiatives	Overview	Aims and Results
 Partnerships with Other Companies	Undertake collaboration with OpenAI Japan	Establish a collaborative system in the generative AI field and strengthen support for this technology's commercialization and utilization	Create new solutions utilizing generative AI and strengthen delivery capabilities
	Step up collaboration with solutions vendors	Reinforce collaboration in focus areas and improve proposal and implementation capabilities for cloud, data, and business infrastructure, etc.	Improve implementation and add value through the newest technologies
 Collaboration with academia and local entities	Launch joint research with Keio University	Begin joint research on AI that enhances human creativity	Acquire knowledge from cutting-edge research and promote its implementation
	Hold special business lectures at Kyushu Sangyo University	Hold special business lectures on 3D-CAD and generative AI	Cultivate next-generation DX personnel and boost early networking
	Open Kitakyushu Development Center (KYUSHU DTS)	Open new development center in Kokurakita-ku, Kitakyushu to facilitate the expansion of nearshore development	Strengthen development capabilities and contribute to local economies

Continuously pursue diverse alliances to incorporate external expertise, technology, talent, and development capabilities, thereby reinforcing DTS's key growth areas, creating new value, expanding its business foundation, and sustainably enhancing corporate value



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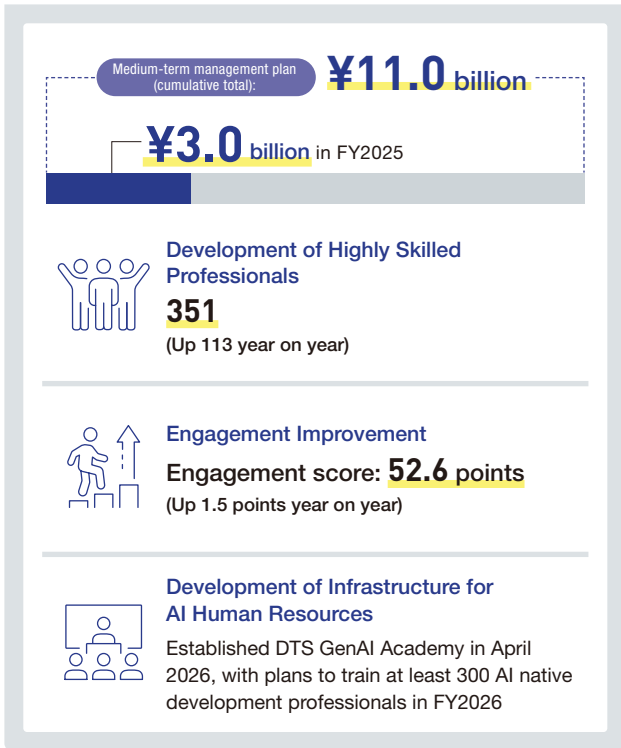
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Strengthening the Group's Management Foundation

The DTS Group is taking action to realize its medium-term management plan by strengthening its human capital, Group governance, and system infrastructure and supporting the shift towards key growth areas and enhanced Group management. In FY2025, we advanced investment into human resource development, improved Group-wide management systems and compliance, and updated in-house systems.

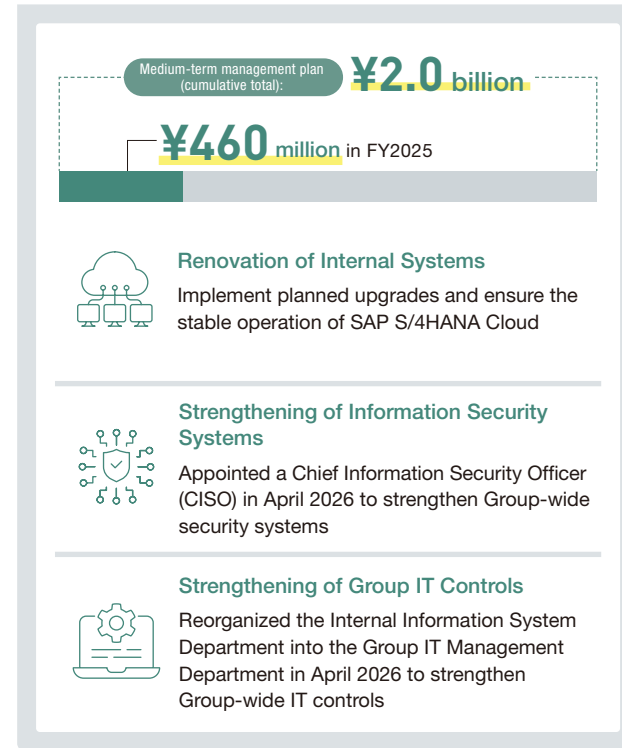
Investment in Human Capital Build up the foundation of human resources that drives corporate growth



Reinforcing Group Governance Strengthen the Group-wide framework to uphold controls and trust



Reinforcement of System Infrastructure Enhance the IT infrastructure supporting management and operations



Note: Investment plans are based on the medium-term management plan (2025–2027).

Comprehensively strengthen talent development and participation while ensuring effective governance and secure an efficient IT infrastructure to realize sustainable growth and higher reliability across the entire DTS Group



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Shigeyoshi Kashimura

Executive Officer
Head of Finance Planning Group and
General Manager,
Sustainability Promotion Department

Realizing Sustainable Corporate Value Enhancement Through Financial Strategy Improvement

As I have a background in financial institutions, when I joined DTS in April 2025, I was assigned to finance-related sales before being given responsibility over the Finance Planning Group in April 2026. My previous work experience included administrative planning, HR operations, and corporate planning as well as sales positions related to corporate financing and real estate, and I was able to offer support for our customers' efforts to enhance their corporate value, create policies related to capital, and formulate financial strategies. I am now utilizing this wide range of experience and knowledge to help the DTS Group grow and enhance its corporate value.

Promoting Financial Strategies from a Company-Wide Perspective

DTS's financial functions were previously handled variously by the Corporate Planning Department, Accounting and Finance Department, and Sustainability Promotion Department, with each taking charge of their respective areas. However, in recent years, expectations from capital markets for improved corporate value, higher capital

efficiency, and increased shareholder returns have risen considerably. In light of these market changes, we have established the Finance Planning Group, which will bring together and coordinate finance-related functions that had previously been dispersed across departments and work to formulate and promote financial strategies from a Company-wide perspective.

The foundational goal of these financial strategies is to generate sustainable cash flows through our business activities. Furthermore, we will steadily execute investments necessary to secure future growth, maintain a robust financial base, and enhance returns to our shareholders. I believe that establishing a cycle based on these factors and consistently generating returns that exceed the cost of capital will enhance corporate value over the medium to long term.

Regarding our current performance, in FY2025, the first year of the medium-term management plan, we achieved solid results in key management indicators, with net sales increasing 7.4% year on year to ¥135.2 billion and operating profit reaching a record high of ¥16.4 billion. The expansion of highly profitable projects and the growth of our focus businesses contributed to increased revenue, and ROE remained high at 19.2%. In addition, we realized shareholder returns in line with the indicators set forth in our medium-term management plan, recording a payout ratio of 50.7% and a total return ratio of 72.1%.

On the other hand, I believe we have come only halfway in terms of improving our financial strategies. It will be important to continue to carefully evaluate whether growth investments are properly linked to future revenue growth and enhanced corporate value rather than simply executing such investments.

As such, it will be necessary to link our business strategies and financial strategies to improve the quality of our investment decisions as we continuously monitor results and allocate our limited management resources more effectively.

Furthermore, it will be crucial to clearly communicate the value DTS creates and its future growth potential to capital markets. While we have achieved some success in improving our ROE and shareholder returns, we believe there is room for improvement

regarding adequate communication of DTS's strengths and its growth story to capital markets. We will continue to manage our business with an awareness of the cost of capital and stock price as we deepen dialogue with our investors and properly share DTS's growth story and strengths.

The Finance Planning Group is not simply an organization that manages financial figures. Instead, it works together with business units to identify opportunities for future growth and contributes to the sustainable enhancement of the DTS Group's corporate value by enhancing its financial strategies.

Strengthening the Financial Base Supporting Business Growth and Properly Allocating Capital

Our efforts to strengthen our financial base focus on generating stable cash flow from business activities, managing an appropriate level of cash reserves, and strategically utilizing debt as needed to secure the financial flexibility necessary for agile investment in growth opportunities. At the same time, we strive to maintain financial stability to ensure business continuity and fund essential investment amid a changing business environment.

Furthermore, the cash our businesses generate is properly allocated in order to balance growth investments with shareholder returns. We will create a virtuous cycle in accordance with investment opportunities and the business environment by balancing growth investments, financial stability, and shareholder returns as we work to enhance profitability through growth investments and use the cash generated for further growth investments.

During my time at financial institutions, I had the opportunity to observe many companies in the course of working to provide them with total solutions. Currently, as a member of the DTS Group, I am working to enhance its corporate value.

I would like to continue to leverage my experience as I work to ensure the DTS Group continues to provide value to all its stakeholders, including shareholders and investors, by enhancing our financial strategies.



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Growth Investment Results and the Future

At DTS, we prioritize using cash for growth investments to enhance corporate value.

Many shareholders and investors have expressed their preference for cash generated to be utilized in future growth investments, and we also believe in the importance of creating a positive growth cycle through active investment.

In line with this approach, DTS's medium-term management plan calls for growth investments amounting to ¥32.5 billion over its three-year period. In the plan's first year, we executed ¥5.7 billion in growth investments. We will continue to pursue growth investments with a particular focus on human resources.

We also see M&A as an important tool for accelerating business growth. Although no new acquisitions were made in the first year of the plan, we are carefully examining deals with the potential to spark synergies with our existing business and strengthen our capabilities in such key growth areas as technology and human resources while helping expand our customer base.

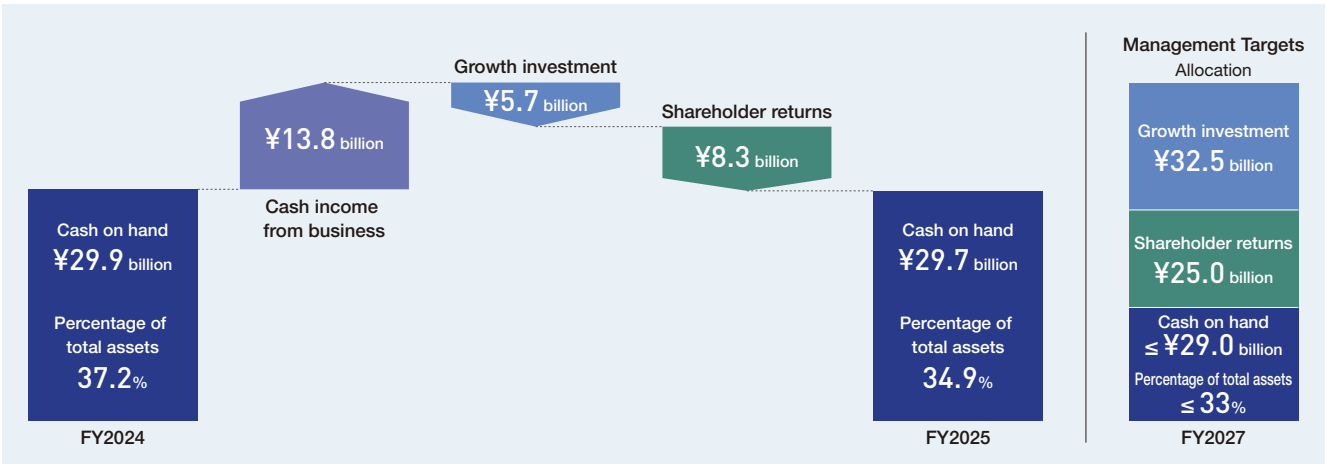
DTS will further enhance its ability to execute growth investments by allocating management resources to areas that enhance corporate value.

Cash Allocation

In line with the medium-term management plan, we have adopted a policy of allocating cash on hand and cash generated by operations toward growth investments and shareholder returns, utilizing debt as needed. In the plan's first year, FY2025, we allocated ¥13.8 billion in cash generated by operations to growth investments and shareholder returns. Thus, cash on hand (net of borrowings) at the end of the year amounted to ¥29.7 billion and accounted for 34.9% of total assets, demonstrating our ability to use funds effectively.

We will further enhance the effectiveness of fund allocation based on this first year's performance. With the targets of ¥29.0 billion or less in cash on hand that accounts for less than 33% of total assets at the end of the year in mind, simply reducing cash on hand is not a priority. We will flexibly procure interest-bearing debt for such investment opportunities as M&A and pursue an optimized balance between growth investment, financial soundness, and shareholder returns.

	FY2025 Results	Growth Investment Plans Under the Medium-Term Management Plan (2025–2027)	Investment Details
Growth investment	¥5.7 billion	¥32.5 billion	
M&A investment	—	¥10.0 billion	• Evaluation of M&A opportunities for DTS and its Group companies
Investment in human resources	¥3.0 billion	¥11.0 billion	• Expand hiring in Japan • Further develop human resources, improve compensation, provide special bonuses, and issue restricted stock
Capital expenditures	¥800 million	¥4.5 billion	• Package software development (Walk in home, HOUSING CORE) • Relocation of development center to Tokyo, opening of the KYUSHU DTS Kitakyushu Development Center
Investment in R&D	¥400 million	¥2.0 billion	• R&D of new products and functionality for IoT product business • Utilize generative AI (services including surveys and research, collaboration with OpenAI Japan, etc.)
Other business investment	¥1.3 billion	¥5.0 billion	• Improve product lineups and strengthen focus businesses (AMLion, ServiceNow, security, Informatica, ITSM, etc.) • Strengthen external communications (advertising, official partnerships, etc.)



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Our Approach to Shareholder Returns

With regard to shareholder returns, our policy is to allocate cash generated by operations to growth investments and shareholder returns while maintaining a focus on capital efficiency. Any surplus remaining after growth investments will be flexibly considered for improving shareholder returns, for example, through the acquisition of treasury shares.

Aiming for stable shareholder returns, we have set targets of a dividend payout ratio of 50% or higher and a total return ratio of 70% or higher since FY2022. For FY2026, we expect to pay an annual dividend per share of ¥38, resulting in a dividend payout ratio of 50.7%. In addition, we plan to repurchase ¥5.0 billion in treasury shares, bringing the total return ratio to an estimated 93.0%.

Going forward, we will continue to pursue sustainable shareholder returns, balancing them against growth investments.

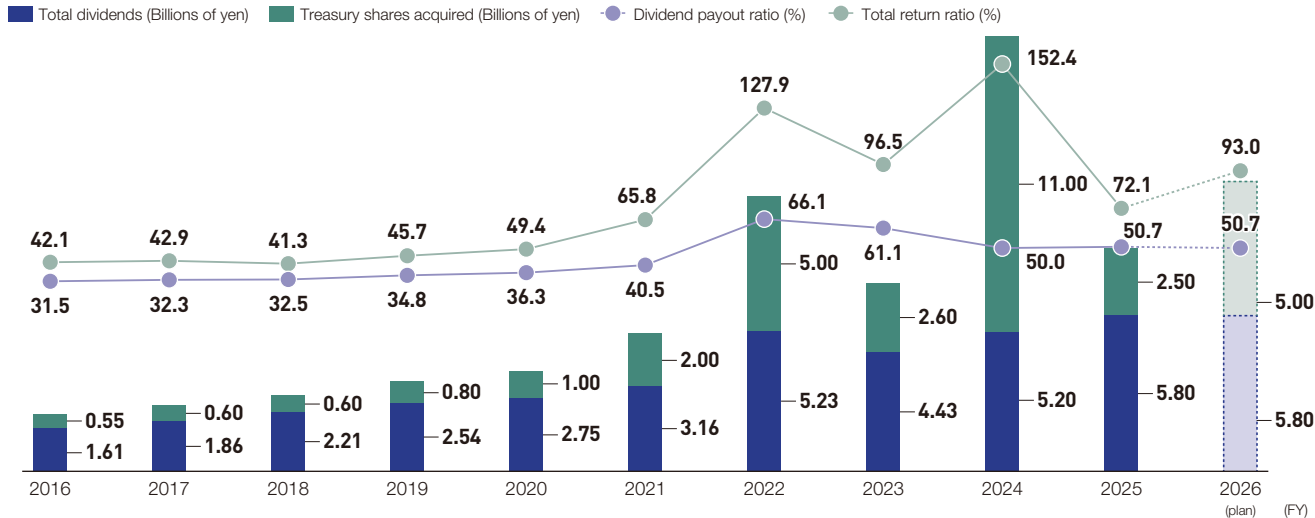
Management with a Focus on Capital Cost and Stock Price

In the first year of the medium-term management plan, we achieved an ROE of 19.2%, a figure well above our capital cost, demonstrating a good start with capital efficiency. However, PBR declined to 2.58 times from 2.77 times and PER fell to 14.08 times from 15.74 times in the previous fiscal year. Although we saw success in profitability and shareholder returns, we recognize the remaining challenge of adequately translating growth investments into revenue growth and increased corporate value, and how this is evaluated in the capital markets.

Going forward, we will maintain the current level of ROE while taking advantage of the results of growth investments to expand profits and continuously generate returns that exceed capital cost. The Finance Planning Group will connect business and financial strategies, monitor the progress and results of investments, and allocate management resources to ensure enhanced corporate value.

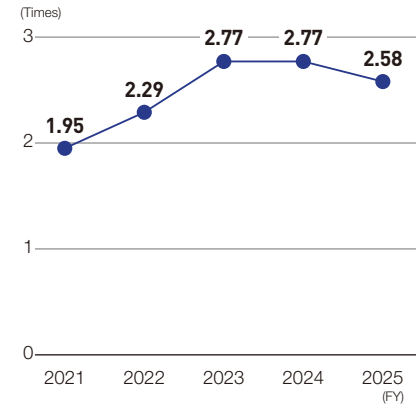
We continuously monitor such indicators as stock price, PBR, PER, and ROE and analyze our market valuation in comparison with those of our competitors in addition to our performance and the market environment. This information is discussed with the Board of Directors and used to deepen dialogue with shareholders and investors. We will continue to clearly communicate DTS's growth story and strengths to support appropriate market valuation.

Shareholder Returns

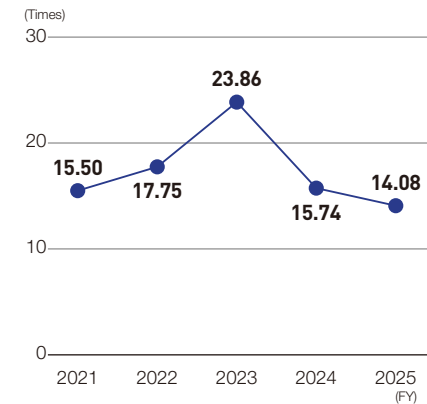


Changes in PBR, PER, ROE, and Cost of Equity

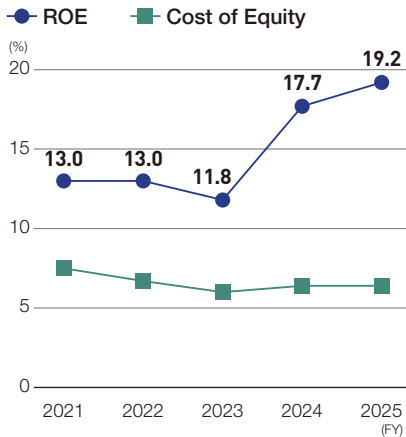
PBR



PER



Cost of shareholder's equity



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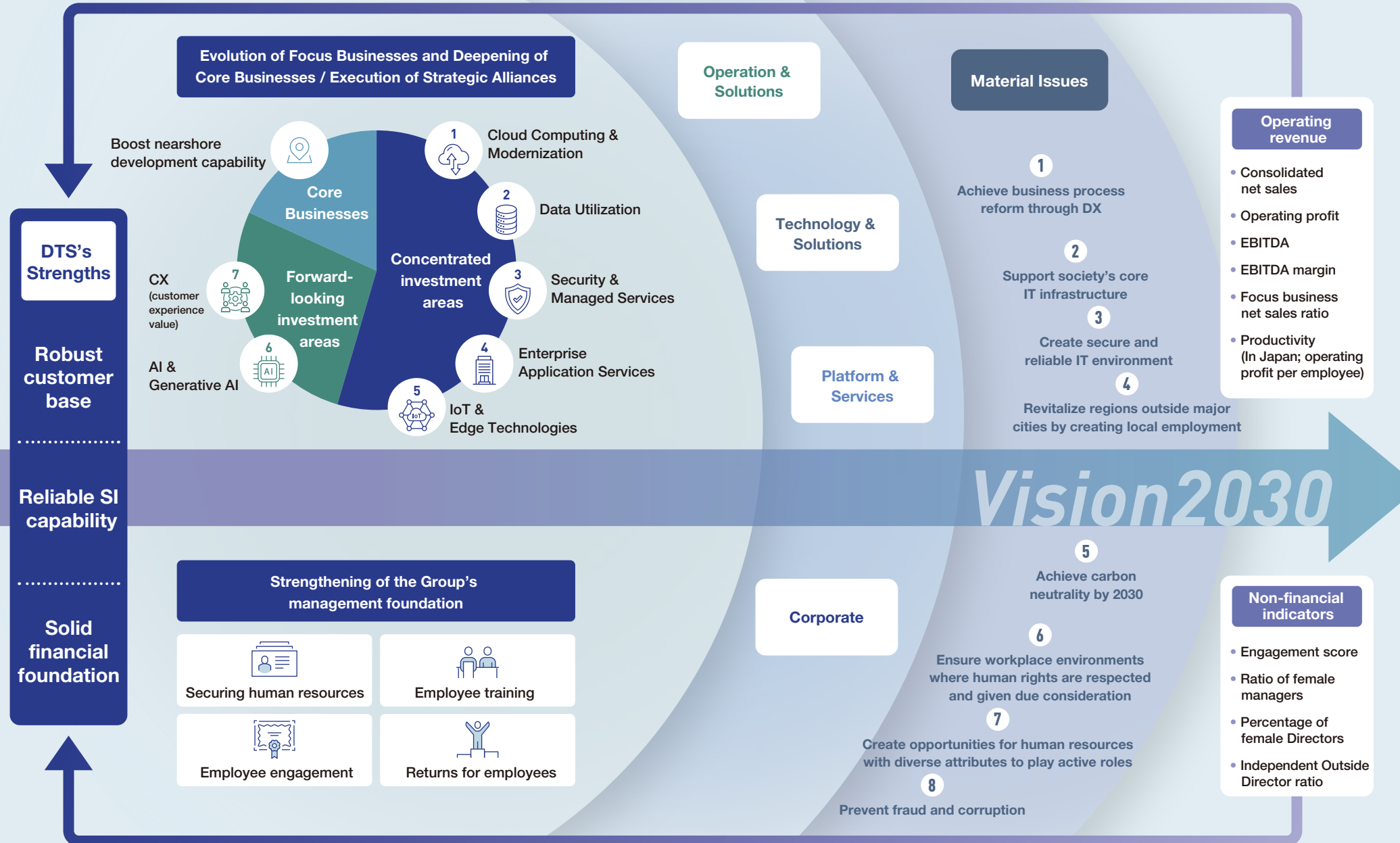
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Serving as a Catalyst for

Widespread AI Adoption as Our Customers'

Transformation Partner

Isao Asami

Director and Senior
Managing Executive Officer

Growth Strategy Centered on the Evolution of Focus Businesses

AI is evolving even faster than we anticipated at the time of the medium-term management plan's formulation. Some have even said that generative AI could change the way software is developed or the role of systems integrators. However, when I look at customer trends, it is clear to me that conventional systems development is not going to be instantly replaced with AI anytime soon. Many of our customers are looking at incorporating AI, but in doing so they are exercising careful consideration of quality, security, and return on investment. I see AI not as a threat, but as an opportunity for DTS to further grow into its role as a support for customers going through this transition.

DTS has built core businesses that generate stable profits by leveraging a reputation for high quality and reliability that it has cultivated with core systems in the financial and public sectors. As the business environment changes dramatically around us, we must secure sustainable growth by both protecting these strengths and shifting our attention to growth markets, namely, our focus businesses in the Cloud, Data Utilization, Security, AI & Generative AI, and customer experience value (CX) domains.

The proportion of segment net sales accounted for by focus businesses in FY2025 was 62.9%, exceeding the FY2027 target of 57% set under the medium-term management plan. Cloud Computing & Modernization, Data Utilization, and Security & Managed Services drove growth, and the transformation of our business portfolio progressed faster than anticipated. I believe that this success is a result of consistently adapting to changes in the market and translating the needs of our customers into tangible solutions.

From the perspective of the business life cycle, a core business is a mature business that leverages a customer base cultivated over many years and operational knowledge to generate stable profits. In contrast, a focus business is one being cultivated for future growth alongside related investment in human resources, technology, and service offerings. We will direct profit and knowledge gained through the core businesses to key growth areas, and deliver the new technologies acquired through our focus businesses to existing customers. Through the strengthening of this cycle, we will protect our current profit base while developing the next pillar of profit.

Going forward, we will focus particularly on expanding security, AI, and CX. It will be crucial to ensure that this approach facilitates not only sales growth but evolution toward high value-added, high-productivity business backed by advanced technical capabilities. To this end, we must continue to pursue R&D and proof-of-concept creation, as well as systematically train and nurture the engineers working to enhance our capabilities. Regardless of how well the business is performing now, we must not neglect investment in human resources as we look to the future.



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Achieve Stable Profit by Deepening Core Businesses

DTS has been cultivating the core businesses that are the source of its competitiveness since its founding. In particular, our ability to reliably build and operate high-quality mission-critical systems, including those for financial institutions, is not something that can be duplicated easily or quickly. We possess a deep understanding of our customers' businesses and systems along with a high level of trust built up over many years, a position that facilitates new proposal generation and the growth of the focus businesses.

In FY2025, some projects previously classified as core businesses shifted to Cloud Computing & Modernization, which reduced core business net sales and increased focus business net sales on a classification basis. This does not mean that existing businesses have shrunk, but rather that the categorization of our operations is shifting to accommodate shifts in our customers' core systems to new types of technologies.

On the other hand, some customers are still using older operating environments and employing such equipment as mainframes and programming languages like COBOL and assembler. Many of these crucial systems are part of the foundation of the nation's society and economy, and our mission is to ensure their stability. We will secure engineers and ensure their know-how is passed on, while also enhancing productivity through standardization and automation where possible, thus building systems that maintain high quality with limited human resources.

In April 2026, Anthropic announced that its large language model, Claude Mythos, demonstrated a high capability to conduct zero-day attacks that exploit vulnerabilities unknown to software developers, causing a major stir. This has become a nationwide

issue in Japan, prompting action by the Financial Services Agency, and financial institutions—among DTS's major customers—are taking steps to respond. Although the extent of the impact cannot yet be assessed, our customers' IT investment priorities could change significantly depending on their deliberations. We are therefore gathering information and preparing the measures we may need to take. By leveraging the expertise we have developed in the financial sector, we aim to contribute to our customers.

State of the AI Business, An Area of Forward-Looking Investment

The AI business grew substantially in FY2025, with performance driven by hardware sales for infrastructure that supports generative AI and high-performance computing, although part of this growth was due to one-time special demand. To realize sustained growth, we will expand the AI business for systems development, our specialty.

In general, our customers' needs fall into one of two categories: integrate AI into their own products and services to create new value or use AI in system development to increase productivity and quality. In either case, there are some customers with a clear vision of how they want to use AI and some without. For those who aren't sure of how they want to integrate AI, DTS can take a proactive approach and offer proposals suggesting how AI could be used to improve service levels.

Through our AI Center of Excellence (AI-CoE), we are advancing various initiatives to promote the use of AI and feeding the results back to frontline teams, which has led to an increase in proposals. We plan to develop at least 300 engineers capable of using AI in

development by the end of FY2026. This is not the end goal: we need to increase the number of people who can use AI in their day-to-day work to 500 and then 1,000, and we will continue to strengthen our talent base.

Ensuring quality is essential when using AI in systems development. At present, human review is still required for AI-generated code. Nevertheless, our proof-of-concept trial improved productivity by approximately 20% in the implementation phase. Going forward, we plan to expand verification to upstream and testing phases, aiming to improve productivity while maintaining quality and demonstrating measurable benefits.

I believe that the IT industry as a whole is pioneering AI, and we in the industry are working as the catalyst for more widespread adoption. I believe that we can serve as a partner for our customers to take advantage of this cutting-edge technology in their own businesses. Thank you and please join us in looking forward to a brighter future as we continue to exceed expectations.



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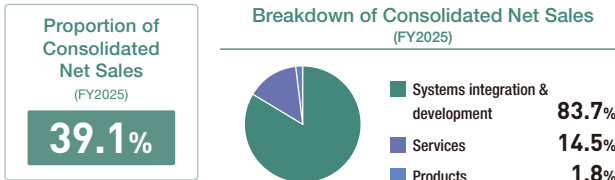
Overview of Segment Strategies

The DTS Group leverages the strengths of its three business segments to deliver a wide range of value, from the development and maintenance of systems that support social infrastructure to cloud computing, data utilization, security, and AI.

In line with the medium-term management plan (2025–2027), we are striving for sustainable growth and enhanced corporate value by expanding the focus businesses. We will move forward by balancing the shift towards key growth areas and strengthening the profit base for core businesses by utilizing each segment’s customer base, operational knowledge, and technical capabilities while enhancing existing systems integration efforts and developing new solutions and services.

Operation & Solutions Segment

We contribute to the maintenance and strengthening of such social infrastructure sectors as finance, insurance, public services, and telecommunications, by developing and supporting core systems and providing business process reform and security solutions.

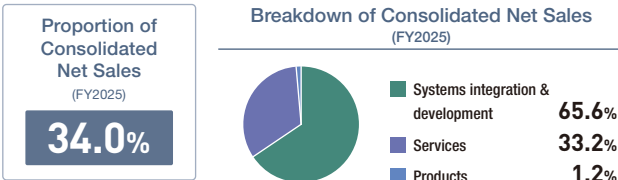


Net Sales, Operating Profit, and Employee Trends

	FY2023	FY2024	FY2025
Net sales (Billions of yen)	43.6	53.2	52.8
Operating profit (Billions of yen)	5.3	6.8	7.5
Number of employees	3,179	3,184	3,124

Technology & Solutions Segment

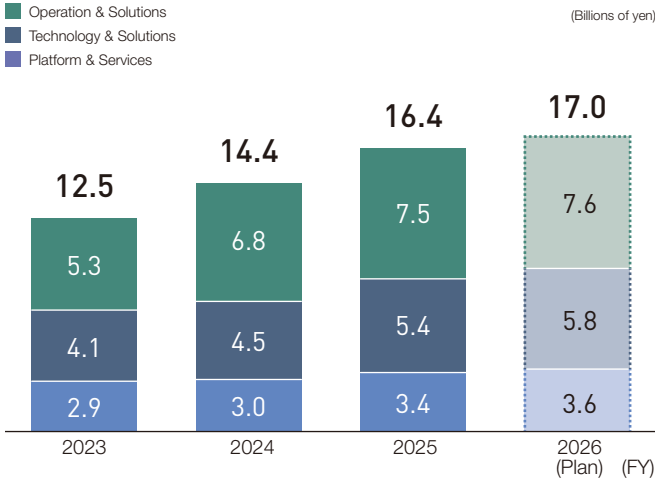
We support our customers' digital transformation and efforts to strengthen competitiveness through the provision of cloud infrastructure, zero trust, data utilization, enterprise resource planning (ERP), ServiceNow®, and housing-related solutions.



Net Sales, Operating Profit, and Employee Trends

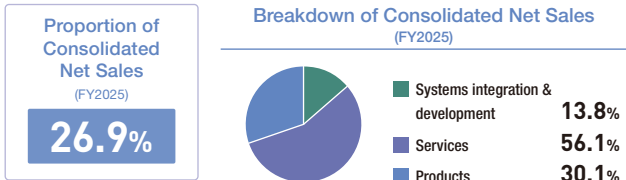
	FY2023	FY2024	FY2025
Net sales (Billions of yen)	42.2	42.8	45.9
Operating profit (Billions of yen)	4.1	4.5	5.4
Number of employees	1,951	1,994	2,001

Operating Profit by Segment



Platform & Services Segment

We support optimal IT infrastructure operation and improve operational efficiency and help ensure our customers' business continuity by delivering products related to supercomputers and virtualized environments, operational design and infrastructure construction, business process outsourcing (BPO), and services such as information technology service management (ITSM) and our ReSM operational service.



Net Sales, Operating Profit, and Employee Trends

	FY2023	FY2024	FY2025
Net sales (Billions of yen)	29.8	29.8	36.4
Operating profit (Billions of yen)	2.9	3.0	3.4
Number of employees	1,027	1,010	1,010



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Operation & Solutions Segment

Aiming for a True Prime Position through Operational Capabilities

Makoto Kondo

Managing Executive Officer, Head of Operation & Solutions Segment



Growth Strategy under the Medium-Term Management Plan

- **Expand the scale of focus businesses**
Expand the business by leveraging our advanced technologies and proven track record in cloud migration and modernization, primarily in the financial and public sectors.
Enhance the value we provide and productivity by promoting AI-driven development and strengthening our capabilities for supporting customers' use of AI.
- **Deepen core businesses**
Utilize accumulated foundational knowledge related to operations and systems to maintain and expand existing customer engagements and further develop prime business areas.
Strengthen our development platform through talent development, collaboration with partners, and expansion of our nearshore capabilities.

— Review of Performance

In FY2025, the Operation & Solutions Segment recorded lower net sales but higher operating profit, with net sales down 0.7% year on year and operating profit up by 10.4%. Although we worked to offset the absence of special financial sector project sales recorded in the previous fiscal year, we were unable to secure large-scale projects as planned, resulting in lower net sales. Nevertheless, operating profit increased year on year, supported by efforts to curb unprofitable projects, growth at Group companies, and productivity improvements.

Initiatives targeting focus businesses center on combining digital technologies with industry insights for application in financial, public, and other sectors, and we are expanding areas of concentrated investment, primarily in Cloud Computing & Modernization, Enterprise Application Services, IoT & Edge Technology, and Security & Managed Services.

Cloud Computing & Modernization is seeing strong demand for cloud migration, renewal of mission-critical systems, and migration services in the financial and public sectors, making it the segment's largest growth driver. This area is also central to renewing and advancing the core businesses that are the lifeline of the segment, and core business areas as a whole, including Cloud Computing & Modernization, continued to perform steadily. We are also strengthening our development structure to support business expansion. Following the opening of the Nagasaki Development Center in April 2025, KYUSHU DTS CORPORATION opened the Kitakyushu Development Center in March 2026.

For Security & Managed Services, DTS offers AMLion, an anti-financial crime solution, as a proprietary package and service. We are conducting sales activities across a wide range of financial

sectors, including banks, securities firms, insurance companies, and card companies. We secured a major project from an online bank and are expanding the solution to insurance companies.

In IoT & Edge Technology, Tohoku Systems Support Co., Ltd. launched MONISTOR, a new asset and equipment management solution that uses RFID (a contactless identification technology that automatically reads and writes information on specific tags) and barcodes, in April 2026. We have already generated leads from several dozen prospective customers, and its market launch is progressing smoothly.

As for the forward-looking investment area of AI & Generative AI, we are developing human resources through efforts that include segment-based training while continuing to utilize generative AI in development processes and promoting initiatives aimed toward increasing development efficiency and product quality.

— Major Points and Progress for the Medium-Term Management Plan

In the first year of the medium-term management plan, we achieved certain results, including higher profit through productivity improvements and the curbing of unprofitable projects. However, we take the decline in net sales seriously. In response, we are giving top priority to strengthening our sales, proposal, and pipeline-building capabilities.

Although focus businesses are growing faster than planned, this growth is supported by core businesses. By combining focus businesses with our greatest strength—customer-specific business and systems knowledge developed through core businesses—we will maintain and expand the business.

At the same time, as the use of AI drives greater efficiency and labor savings, customers are accelerating business transformation and the creation of new services. We therefore expect the role required of DTS to expand further upstream into the creation of new value. To respond to this change, we will combine our strength in business knowledge with AI to provide higher-value-added services. As a company responsible for systems of social importance, we will also respond appropriately to new requirements and heightened security demands arising from rapid technological advances, thereby maintaining the trust of our customers.

To further drive these initiatives, we have also been focusing on strengthening our consulting functions. Drawing on our operational knowledge, we work very closely with our customers from the issue identification and planning/conceptualization stage and offer comprehensive support throughout the entire process of system integration, including consulting, design, development, operation, and upgrading as we evolve together towards a new stage of growth.

In line with our slogan, “Aiming for a True Prime Position through Operational Capabilities,” we will strive to further strengthen sales capabilities, enhance productivity, invest in human capital, and improve Group coordination through our operations. As the first point of contact when our customers have concerns, we will provide value that combines our operational knowledge with digital technology as we realize sustainable growth in order to meet the expectations of stakeholders.

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Technology & Solutions Segment

Leading Business Innovation in the New Age of AI as a Total Systems Integrator

Hiroyuki Norikane

Senior Executive Officer, Head of Technology & Solutions Segment



Growth Strategy under the Medium-Term Management Plan

- To improve business profitability, we will shift business towards key growth areas and switch to a high-profit model to achieve sustainable growth and improved productivity, thus realizing dramatic growth in such key businesses as ServiceNow®, mcframe, data management solutions (DMS), and zero trust by launching new solutions like managed services that utilize generative AI as well as strategically investing in human capital to strengthen consulting and sales capabilities.
- DTS is a total systems integrator, providing the comprehensive IT solutions our customers need to secure business growth, from upstream business design through installation, operation, and maintenance. We constantly strive to maximize the value we provide customers and support their transformation into highly profitable businesses. We help customers realize digital transformation (DX) and are working to accelerate the shift toward managed and recurring services via our core data integration platforms.

— Review of FY2025 Business Results

Under the previous medium-term management plan ended in FY2024, we clearly defined our areas of focus and actively transformed aspects of our business to realize a highly profitable model. We undertook initiatives aimed at reinforcing our business foundation, including strengthening and accelerating human resource development, strengthening alliances with partners, and creating reliable delivery systems, that have yielded definitive results. Under the current medium-term management plan, we have taken the next step, establishing four indicators covering sales, operating profit, operating profit per employee, and number of employees with the aim of realizing sustained major growth through improved productivity.

In FY2025, segment net sales were ¥45.9 billion (up 7.3% year on year) and operating profit was ¥5.4 billion (up 19.5% year on year)—both record highs—and DTS achieved the targets of its current medium-term management plan two years ahead of schedule. All four indicators were successfully achieved thanks to the expansion of the focus businesses, and I believe we have made a great start toward major growth. On the other hand, looking at global market conditions, growth has been sluggish due to such changes in the economic environment as tariffs and the situation in the Middle East, and we saw the necessity of enacting some strategic and structural reforms.

These included productivity-focused reforms involving the shift of human resources from low-profit to highly profitable projects in focus businesses, significantly improving profit per employee. We also incorporated generative AI into the development process and

expanded the range of major solutions covered by templates, which has also positively affected productivity. Finally, we implemented expert training focused on major business areas, thus further differentiating our business leading to DTS's improved market position and an expansion in orders.

As we move forward, we will strive to enhance corporate value as a total systems integrator by expanding the functions offered in our focus businesses, including ServiceNow® for business reform DX and mcframe for ERP for manufacturing, in addition to solutions integrating data management and infrastructure solutions across the supply chain and security solutions.

— Major Points and Progress Under the Medium-Term Management Plan

As part of this segment's growth strategy, we have steadily implemented business transformation and improved profitability by revising the business portfolio, thus acting as an engine for growth to realize the Vision2030 long-term outlook. This year, we achieved higher revenue, higher profit, and higher productivity by expanding the focus businesses, thus demonstrating the effectiveness of this segment's growth strategy of expanding areas of concentrated investment and taking on the challenge of forward-looking investment.

Going forward, we will focus on becoming a total systems integrator, further expanding the focus businesses, and shifting towards a circular business model centered on managed services with the aim of achieving sustainable revenue growth, profit growth, and improved productivity to then continuously enhance corporate value.

To expand the focus businesses, we are concentrating on the planned development of highly skilled DX personnel, experts, and project managers. By nurturing experts through our human resource development program, we are also cultivating highly skilled professionals, further enhancing DTS's advanced technological capabilities. In addition, the mcframe business, focused on the manufacturing industry, has successfully expanded into supply chain management and factory digitalization, earning the mcframe Award for two consecutive years.

We are actively taking on new challenges in such forward-looking investment areas as AI & generative AI and CX to create new growth opportunities. In CX, we are working to improve customer touch-points by utilizing generative AI while also creating new business designs together with our customers. We are also leveraging AI to enhance service functionality and create value in areas of focus to maximize value for our customers.

Going forward, we will continue to work in this segment to deliver value as a partner for our customers' business transformation while simultaneously realizing sustainable growth and improving profitability to meet the expectations of all of our stakeholders.



Won the Excellent Partner Award in the mcframe Award 2026



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Platform & Services Segment

Expand Focus Businesses and Shift to Service-Oriented Businesses

Hiroshi Tani

Senior Executive Officer, Head of Platform and Services Segment



Growth Strategy under the Medium-Term Management Plan

- **Help improve our customers' business efficiency by providing a one-stop solution covering system construction to operations**
We provide one-stop IT management services, from design and construction to maintenance and operations as well as to facility and network services.
In collaboration with other segments, we will promote expansion through cross-selling and the upselling of solutions and other products.
- **Activities in areas of concentrated investment and forward-looking investment**
To capitalize on continued strong cloud-related business opportunities, we will strengthen our efforts while focusing on the development and shift of talent toward cloud computing. In AI & generative AI, we will focus on achieving results both in product sales and in software.

— Review of Performance

In FY2025, we successfully expanded the focus businesses in this segment, making significant progress in the first year of the medium-term management plan.

Looking at sales, we were able to exceed our targets by securing large-scale projects, primarily in the AI infrastructure and high-performance computer (HPC) fields. In particular, the subsidiary DIGITAL TECHNOLOGIES CORPORATION drove segment growth thanks to winning an order to build a supercomputer system for the Quantum-HPC Hybrid Platform, a project being led by RIKEN.



Nevertheless, segment operating profit fell short of plans. Although we saw an overall sales increase with the rise in large-scale flow-type projects, the profit margin decreased, reflecting a higher proportion of sales accounted for by low profit margin hardware products, an effect compounded by such temporary factors as exchange rate fluctuations and costs attributable to cyberattack response.

The lessons learned from these results will inform our actions as we move forward. We have once again seen a demonstration of the

importance of coupling growth with improved profitability rather than merely chasing sales volume, and we have clarified the direction of business structure reforms accordingly. Thus, in FY2026, we are shifting toward a service-based and recurring revenue business model, not simply aiming for higher sales. We are also prioritizing profitability in our business operations and working to establish a solid foundation for continued growth.

With regard to human resources, we are investing strongly in recruitment, training, and internal rotation to address the labor shortages in our focus businesses. In the first year of the medium-term management plan, both shifts in personnel allocations and mid-career recruitment made good progress, exceeding plans.

Going forward, it will be essential to develop and recruit talent for more upstream processes as well as to secure more AI-capable personnel. We will strongly promote this development with the support of the AI-CoE.

— Major Points and Progress of the Medium-Term Management Plan

IT infrastructure is undergoing a major transformation. Technological innovations including cloud computing, AI, security, and data utilization are becoming ever more important parts of the foundation that supports our customers' business transformation.

In the Platform & Services segment, we see these changes as opportunities for growth and are making efforts to expand focus businesses and shift towards a service-based business model. We have already begun to see the fruits of these foundational efforts in

our FY2025 performance. In the focus businesses, AI & generative AI operations saw great results. Sales were up, reinforcing the progress we have made in building a foundation for a recurring revenue business.

I believe that demand for cloud migration, AI utilization, enhanced security, data utilization, and advanced IT operations will only continue to grow. We will work to evolve our business model from simply building systems and selling products to providing value to our customers by providing continuous operations and services. FY2026 will be a crucial year for us to further improve profitability and reform the business structure, enabling us to connect focus business growth to the tangible enhancement of corporate value.

We will also advance human resource investment to develop specialists in high value-added areas, such as cloud architects, AI engineers, infrastructure technology engineers, and business consultants.

In addition, we will work to secure sales and technical personnel by strengthening recruitment efforts and leveraging referral programs. We will also promote the development of female management candidates and improve employee engagement to ensure DTS is a place where diverse talent thrives.

In this era of ever-growing technological advancement, I believe that investing in human resources will prove essential to ensuring our competitive edge into the future.

The Platform & Services segment will continue to take advantage of its technological capabilities and onsite expertise to support our customers' safe and secure IT usage, while working towards continued growth and enhanced corporate value.

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Expanding Focus Businesses Centered on Seven Key Growth Areas

In the medium-term management plan (2025–2027), the DTS Group has redefined its focus businesses into five areas of concentrated investment and two areas of forward-looking investment to strengthen its capabilities in seven areas: Cloud Computing & Modernization, Data Utilization, Security & Managed Services, Enterprise Application Services, IoT & Edge Technologies, AI & Generative AI, and CX. In FY2025, net sales from focus businesses reached ¥85 billion due to the expansion of projects in these areas and accounted for 62.9% of DTS's total net sales.

Sales results and targets by business area are as follows.

Focus business net sales	Percentage of net sales	Year-on-year increase
¥85.0 billion FY2025	62.9% FY2027 target: 57.0% or higher	+20.1 billion Net sales ratio: +11.3 points

Technology Strategies

The DTS Group views technologies not as standalone functions, but as capacities that can be implemented to enhance its customers' business value.

In the key areas defined in our medium-term management plan, we seek to continuously improve the value we deliver by combining advanced technologies with our business expertise and channeling the knowhow gained through our projects into our human resources, services, and solutions.

Concentrated investment areas

1 Cloud Computing & Modernization FY2024 results ¥20.6 billion FY2025 results ¥26.4 billion Medium-term management plan (2025–2027) FY2027 target ¥25.0 billion Supporting the creation and continued evolution of business platforms for core systems, cloud, hybrid cloud, etc.	2 Data Utilization FY2024 results ¥1.0 billion FY2025 results ¥2.5 billion Medium-term management plan (2025–2027) FY2027 target ¥2.5 billion Close support for data utilization platforms that bring about business results as the importance of utilizing and preparing data increases amidst the emergence of generative AI and other such developments	3 Security & Managed Services FY2024 results ¥6.9 billion FY2025 results ¥7.3 billion Medium-term management plan (2025–2027) FY2027 target ¥10.0 billion Support for IT risk responses including the implementation, protection, and evolution of AMLion, zero trust, ReSM operational services, etc.	4 Enterprise Application Services FY2024 results ¥8.4 billion FY2025 results ¥14.2 billion Medium-term management plan (2025–2027) FY2027 target ¥14.0 billion Support for solution capabilities centered on SAP, intra-mart, mcframe, and ServiceNow, which help operational frameworks improve and continue to grow	5 IoT & Edge Technologies FY2024 results ¥8.9 billion FY2025 results ¥10.9 billion Medium-term management plan (2025–2027) FY2027 target ¥11.5 billion Support for enhancing operations from onsite data, including development for embedded and automotive systems, solutions for specialized markets such as RFID and in the construction/residence fields, etc.
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Forward-looking Investment Area

6 AI & Generative AI FY2025 results ¥7.8 billion FY2030 target (including systems integration) around ¥10.0 billion Support for operational reforms connected to AI and operational results through data utilization platforms and knowledge of operations	7 Customer experience value (CX) FY2025 results ¥2.8 billion FY2030 target ¥5.0 billion Simultaneous support for improving customer experience and operational efficiency including digital marketing, CRM, and enhanced customer interaction and user experience through UI/UX
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Technological assets (Proprietary solutions)

The DTS Group leverages the technical expertise it has cultivated over many years as a technological asset that can be utilized across projects, proposals, development, and operations rather than being confined to individual activities. This allows us to enhance quality and productivity while providing high value-added services tailored to our customers' needs.



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Raising Implementation and Provision Capacity in Major Technological Areas to Support Customers Implementing DX

The DTS Group combines the technological and operational expertise it has cultivated to enhance its ability to provide solutions tailored to the challenges its customers face. Leveraging the products and services of our technology partners, we support modernization, data utilization, security enhancement, business process transformation, and the use of generative AI, etc., contributing to our customers’ efforts to promote DX and improve the value of their businesses.

Initiatives by Area

- 1

Cloud Computing & Modernization

We promote cloud migration, modernization, and infrastructure construction for financial institutions, public institutions, and private companies, covering everything from core/operational systems to internal IT infrastructure. We provide comprehensive support from concept formulation to design, construction, and operational reforms while also developing cloud engineers and strengthening alliances to ensure the stable operation and continuous enhancement of key systems.
- 2

Data Utilization

With a data integration platform at the core of our efforts, we combine DWH (data warehouses for analysis), business intelligence (data visualization and analysis), and extraction, transformation, and load (ETL) to support everything from the visualization and analysis of corporate data to operational reforms and support for management decisions. We are also incorporating analysis and design support using generative AI to advance our efforts to connect data to business results.
- 3

Security & Managed Services

We support companies in terms of IT risk management and business continuity through zero trust, ID management, 24/7 remote operation monitoring and maintenance, financial crime prevention, and more. We are strengthening the services we offer, including enhanced self-resolution capabilities, operational automation, and continuous improvement by utilizing ReSM, ReSMPlus, ServiceNow, Dynatrace, and other such solutions.
- 4

Enterprise Application Services

We utilize various solutions, primarily ServiceNow®, SAP, mcframe, HOUSING CORE, Jira, and our own proprietary solutions, to support business process reforms, core system modernization, production management, human resources, business systems for the housing industry, IT service management, and more. By combining business expertise with the use of our software packages, we promote standardization, enhancements, and the improvement of operational quality.
- 5

IoT & Edge Technologies

We develop solutions utilizing embedded and edge technologies, IoT platforms, RFID, and the cloud for various sectors, including the automotive, industrial equipment, construction, and asset and equipment management industries. Through digital transformation focused on acquiring and utilizing field data, streamlining development and verification processes, and physical security, we support the improvement of onsite operations in manufacturing, distribution, construction, and social infrastructure sectors.
- 6

AI & Generative AI

In addition to utilizing generative AI in system development processes and supporting its implementation in customers’ internal development departments, we are also working on developing high-performance computing infrastructure to support AI utilization. Through its application in code generation, testing, review, and knowledge retrieval as well as the expansion of our AI infrastructure domain, we are driving increased customer value and higher development productivity.
- 7

Customer experience value (CX)

We combine solutions for the housing industry, ServiceNow®, data utilization, cloud, and generative AI to support improvements in customer engagement and user experience. Through housing sales support, inquiry handling, business portals, UI/UX improvements, enhanced service quality, and more, we strive to achieve both an improved user experience and higher operational efficiency.

Technology Partners That Support Technology Areas

The DTS Group combines the products and services of its technology partners with its own business expertise and implementation capabilities to support its customers in promoting DX and enhancing their business value.

Cloud Computing & Modernization



- Solution Provider
- Well-Architected Partner Program
- Migration and Modernization Services Competency







Security & Managed Services







Enterprise Application Services









IoT & Edge Technologies



AI & Generative AI



Customer experience value (CX)





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How Should DTS Continue Utilizing AI?

The following is a discussion between four key members of DTS in which they share their real-world perspectives on using AI.

Note: This roundtable was held in June 2026.



Hiroto Asano

General Manager, Platform
and Services Segment
Promotion Department



Akihiro Sawazaki

Senior Manager,
Digital Integration Division,
Advanced Solution Unit 1



Hiroshi Nakashima

Executive Officer
General Manager,
AI Center of Excellence



Kotaro Saito

Senior Manager, Public Systems
and Social Infrastructure
Business Planning Department,
Business Engineering Unit



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How has DTS’s use of AI developed over the past year?

Nakashima DTS began working to apply AI in 2023 with the distribution of one hundred GitHub Copilot IDs throughout all five business divisions. After that, we began using OpenAI’s ChatGPT and its development agent, Codex, in October 2025. Right now, about 2,500 of our employees use ChatGPT, and 450 use Codex. Many of them have shown interest in the development agent and the number of users is growing, demonstrating the rapid progress of generative AI usage.

Saito Since 2025, the public systems and social infrastructure sector has been looking into how many projects use generative AI, and the results show that approximately 43% of projects utilize it in some way.

Nakashima In FY2025, we established the Generative AI Business Promotion Office with the aim of supporting customers who have challenges in utilizing generative AI as well as to provide solutions that incorporate it.

In September, we announced a partnership with OpenAI Japan LLC to fully promote generative AI, and within DTS, we began using ChatGPT and Codex in corporate operations and business divisions, with the entire Company participating in these efforts.

In FY2026, we changed the name of the office to AI Center of Excellence (AI-CoE) and transformed it into a Company-wide organization that also handles overall governance and rule-making.

Currently, in terms of human resources, the Human Resources Department and Group company MIRUCA are collaborating on training at least 300 AI-native development professionals during the current fiscal year. We are also

selecting members from each corporate department to promote business reform using AI. In addition, we are utilizing AI-driven system development. The emergence of development agents like Codex and Claude Code has enabled the use of code assistants to tackle everything from design through testing. However, there are still many challenges that need to be addressed in such areas as large-scale development, quality, and reproducibility, and we are currently conducting use case testing. Until last year, most people thought that it would not be possible practically to leave all system development to AI from the perspective of reproducibility and quality, but as the evolution of AI and agents accelerates, this is becoming a realistic possibility. Examples of AI-driven development involve approaches such as Spec-Driven Development (SDD); the earlier-mentioned development directed at realizing corporate business reforms is being carried out using SDD.



Saito In the Operation and Solutions Segment, we are urgently working to determine how to apply generative AI in the development process. We are also conducting repeated research and testing on AI agents.

Because our customers are also interested in the effectiveness of generative AI, we prepared an experiment where we rebuilt a small-scale system using generative AI

with different architecture based on particular customer requirements and a basic design. This model yielded a five-fold increase in efficiency across processes that included everything from detailed design to integration testing.

During FY2026, we plan to apply AI-driven development to projects we have been commissioned to do and will use the expertise gained through this work to further refine our guidelines.

Because large language models (LLMs) are evolving so rapidly, rather than getting caught in the ups and downs of LLM performance, I believe it is crucial to focus on making them work as intended in line with current specifications, especially in the financial and public sectors. At the same time, we must also remain highly conscious of security and governance when preparing an environment for an LLM and establish controls for AI agents. Building these processes properly from the very start will be what differentiates us from other companies.

I would like to explore business models that leverage our operational expertise and allow us to work closely with clients while implementing AI business process outsourcing (BPO) systems.

Sawazaki My department operates within the Technology and Solutions Segment and focuses on data management-related businesses.

The data collected by AI plays a crucial role in effectively leveraging AI technology. To address common business issues, such as data that is outdated, data being interpreted differently depending on the department, and data of unknown origin, we must first establish a data infrastructure. First, we establish a data storage and analysis platform using Snowflake and data integration and governance using Informatica and then employ AI to analyze data and drive a continuous cycle of



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business improvement.

We are currently working on a variety of projects, and our plan is to identify elements that can be standardized and expand on those standardization efforts. By combining our track record in building and operating core and business systems with our data management capabilities, we aim to contribute to improving our customers' operations and management.

Asano In the Platform and Services Segment, we take on many duties that involve direct interaction with our customers' production environments, such as system operations and BPO. Therefore, we have incorporated Microsoft Copilot for auxiliary tasks, but we are still in the early stages of implementing it in our actual operations.

On the other hand, since this segment also handles products, we are seeing an increase in tasks related to the introduction of GPU servers, which serve as infrastructure for AI learning, inference, and large-scale parallel computing.

We also incorporate generative AI in our in-house help desk outsourcing service, ReSMplus. Using the Now Assist program from ServiceNow®, we have created a hybrid environment in which customer inquiries are first responded to by generative AI using natural language, with inquiries that generative AI is not able to resolve being passed on to human operators.



What are your thoughts on the medium-term management plan's target of ¥10 billion in AI-related net sales, including systems integration?

Nakashima Although there are some customers who have yet to embrace AI, I believe it will become on a similar scale to cloud computing. The target of ¥10 billion is equal to less than one-tenth of DTS's total sales, and if we factor in AI's rapid evolution and rate of adoption, I believe that it will soon be used across a number of businesses, not only to aid development processes but also in building data infrastructure to extract value, so I am confident that we can achieve it.

Anthropic's Claude Code and OpenAI's Codex started out as development agents, but their use is expanding to totally non-coding tasks like document creation, data analysis, and business process automation. Their applications are expanding to more general purposes, and I believe these agents will drive rapid AI adoption.

One example of this is with Claude Mythos, which attracted attention for its ability to discover security vulnerabilities, and for DTS, ensuring the security of our deliverables is extremely important. To address this, we have begun tackling code vulnerabilities by utilizing such security solutions as Codex Security and Trusted Access for Cyber (TAC) provided by OpenAI, one of our partners. Going forward, we will aim to achieve our goals by incorporating these security considerations into our integrated services.

Saito In order to achieve the plan's target, we are focusing first on initiatives that will promote the use of AI, as the target will only be reachable once we have established a foundation that is acceptable to our customers. This foundation must

include explanations on how to use AI that customers can fully understand while providing an operating environment and control functions that allow AI agents to run stably.

Sawazaki I believe that the quickest way to achieve this target is to have my department approach a wide variety of customers and propose solutions that go beyond simple AI use cases to encompass data integration, preparation, and governance across different segments. This will facilitate the Company-wide utilization of AI technology as well as the preparation of relevant data and development of platforms toward that purpose.



Asano Enhanced operational management will be essential for the AI foundation mentioned earlier. It is necessary to visualize and predict how an AI-developed system will behave and to use our solutions to enhance it. In addition, it is important for the operations team to understand how a system is built and what kind of business and services it supports. The team must also go beyond simply notifying users of the visualized results and use them to propose additional improvements.



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Please explain the current status of initiatives to enhance productivity through AI and your hopes for the future.

Nakashima As I briefly mentioned earlier, productivity varies greatly depending on how you use development agents like Codex and Claude Code. Of course, they can also be used as coding assistants, but this only increases productivity by 20%–30%. The other approach is for humans to define specifications before allowing agents to handle the subsequent design, implementation, and testing. This can increase productivity by five to ten times. To reiterate, at the scale we provide AI-related services, there are still many challenges, including quality and reproducibility, so we are currently at the verification stage and incorporating new approaches, such as SDD, harness engineering, and loop engineering, as we continue to test AI in internal operations.

Saito Our man-month business model is primarily based on working hours, but even if the use of AI enables a reduction in total hours worked, the value of the system being assessed does not decrease. On the contrary, the use of AI will undoubtedly improve quality and allow for faster system utilization, thereby increasing value for our customers. We



must ensure that our customers recognize this value and that it is properly reflected in our services.

Sawazaki From now on, manufacturing operations that are expected to be safe will be entrusted to AI, and employees will be required to be able to judge whether the results produced by the AI are correct. Only when this ability is exercised effectively can productivity and quality be improved.

Asano Our department focuses primarily on operations and BPO, so we expect a significant increase in productivity once AI BPO becomes fully implemented. On the other hand, we must also diligently work on creating new AI-powered services to offset the impact of labor-saving measures.

How do you think AI governance should be structured at DTS?

Nakashima In February of this year, we formulated the DTS Group AI Ethics Policy and are working to improve our AI governance and create rules while referencing works that include the AI Guidelines for Business published jointly by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications as well as reports from Japan AISI. We also believe it is important to keep updating these policies in line with the evolution of AI. Therefore, our focus is on frontier models with built-in governance, such as OpenAI's GPT and Anthropic's Claude, to help us create a robust infrastructure and establish operational procedures.

However, as the use of AI evolves, such challenges are emerging as token management (including token fees for corporations) and the handling of sensitive information. In light of these factors, we are also exploring using open weight

models besides frontier models, and working to ensure proper governance to address these issues.

Saito We must create a system that does not rely too heavily on the performance of a large language model (LLM). In my view, even if an LLM's performance is only average, it is important to use appropriate tools in conjunction with it to create a system that works smoothly. If a process becomes too dependent on a single high-performance model, it becomes impossible to avoid the risk of the model driving costs several times higher. Thoroughly evaluating how the system works and is applied is essential for business stability.

Sawazaki Personal information leaks can still occur when utilizing AI, so we recognize the importance of both AI and data governance.

On the other hand, excessively zealous governance may create unnecessary restrictions. We should approach AI governance with the idea of creating a foundation that allows for the safe use of AI and work to ensure that the speed of AI adoption is not hindered. Of course, it goes without saying that it is important to go beyond simply developing guidelines so that we can integrate them into our customers' daily business processes and put them into practice. I believe that DTS's experience in building business systems can be leveraged in such situations.

Asano When utilizing AI, human judgment is ultimately necessary, so it is crucial to develop human resources, especially those who can thoroughly understand and effectively use AI. Accordingly, even though the accuracy of AI results is improving, we need to develop human resources who can make informed judgments and utilize this knowledge in our operations rather than blindly accepting results.



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Message from the Head of Technology & Solutions Segment

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With the social issues and needs that corporations must address becoming more complex and varied, the DTS Group views this time of great change as an opportunity for growth and will implement sustainability management from a long-term perspective.

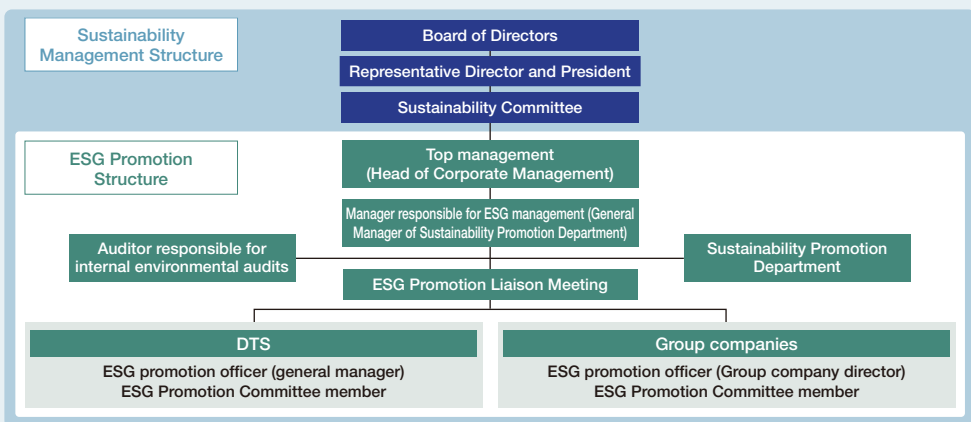
The Group is guided by its philosophy, “Technology is the power to make people happy and create greater enrichment in society,” aiming to realize a sustainable society and achieve sustainable corporate growth. The Company identifies material issues in line with challenges in society alongside stakeholder expectations, and creates social and economic value through its business activities, thus contributing to improving corporate value over the medium to long term.

As part of the sustainability management promotion system, the Board of Directors supervises sustainability management, and regularly receives reports on and oversees its progress. In addition, we have established a Sustainability Committee chaired by Representative Director and President that deliberates on sustainability management, formulates strategies, and monitors progress of initiatives.

We consider climate change and related sustainability and corporate social responsibility issues to be sustainability risks for the Group’s business and, accordingly, manage them through the Risk Management Committee. Under this structure, we will conduct sustainability management alongside business activities, thus contributing to sustainable society and the Group’s continued growth.

p. 74 Enhancing the Risk Management System

Sustainability Governance System



Themes of Reports Submitted to and Discussions Undertaken by the Sustainability Committee (FY2025)

First Meeting (May 13, 2025)

- ESG promotion in FY2024 and plans for FY2025
- Disclosure of sustainability information
- Status of human rights due diligence
- Production of the *Integrated Report 2025*
- Evaluations of the Company by ESG rating organizations

Second Meeting (September 11, 2025)

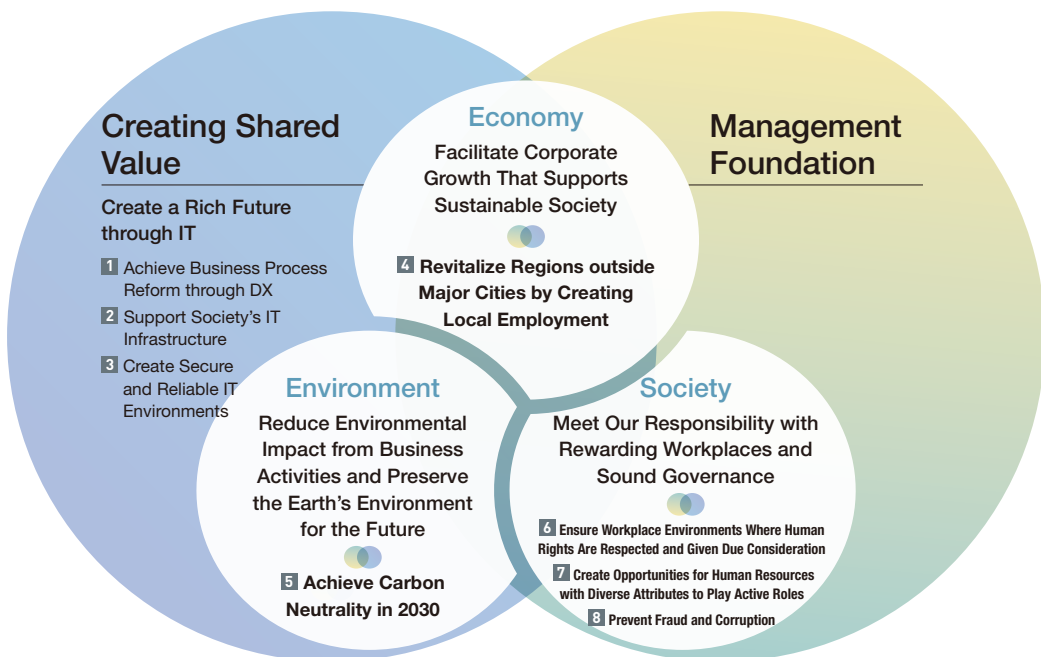
- Publication of the *Integrated Report 2025*
- Review of the DTS Group Environmental Management System (DTS-EMS)
- Initiatives to promote healthy lifestyles

Third Meeting (November 17, 2025)

- ESG promotion for the first half of FY2025

Fourth Meeting (February 26, 2026)

- Status of DTS-EMS operations
- FY2025 stress checks
- Employee engagement
- Agenda proposals for FY2026 for the Sustainability Committee



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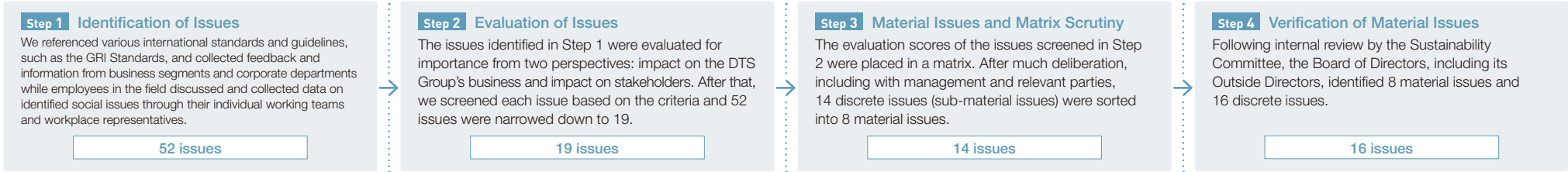
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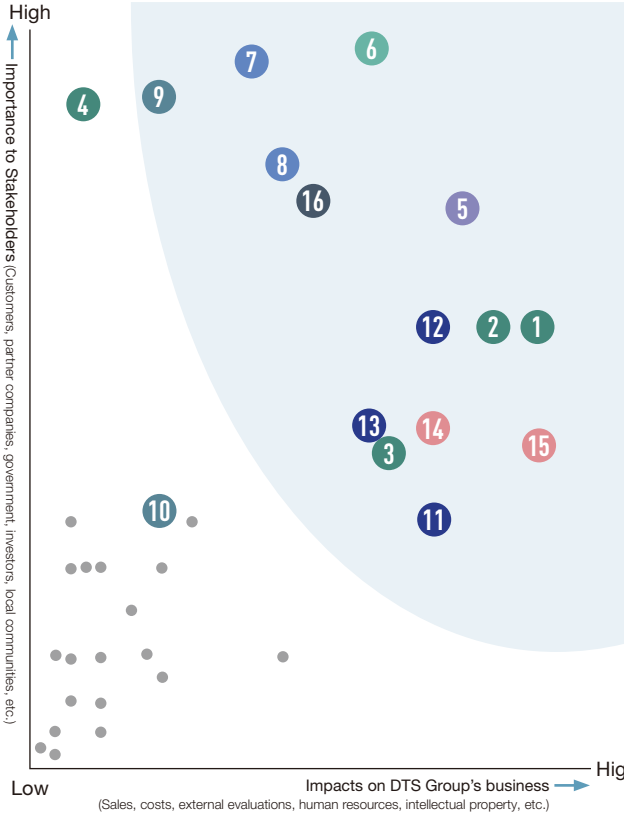
As part of our sustainability management strategy, we undertook the following process to identify material issues based on changes in the external environment surrounding sustainability, including stakeholder expectations.



Material Issues

Initiative Policies	Material Issues (Key Challenges)	Discrete Issues
Creating shared value Create a rich future through IT	1 Achieve business process reform through DX	1 Implement DX leveraging solutions and services as soon as possible 2 Enhance solutions leveraging AI, IoT, etc. 3 Reform work practices by digitalizing work tasks 4 Link public- and private-sector data to address the merging of the real-world and cyberspace
	2 Support society's IT infrastructure	5 Contribute to secure, reliable use of financial services and the stable operation of other IT systems in society
	3 Create secure and reliable IT environments	6 Take action to address the increasing frequency and severity of cyberattacks
Economy Corporate growth that supports sustainable society	4 Revitalize regions outside major cities by creating local employment	7 Reduce the gap between major cities and other regions by revitalizing local economies 8 Create employment in depopulated regions
Environment Reduce environmental impact from business activities and preserve the Earth's environment for the future	5 Achieve carbon neutrality by 2030	9 Control CO ₂ emissions by procuring renewable energy 10 Conserve energy
Society Meet our responsibilities to society through fulfilling workplaces and sound governance	6 Ensure workplace environments where human rights are respected and given due consideration	11 Facilitate employees' personal growth by improving their satisfaction levels 12 Provide workplace environments in which employees can work with enthusiasm and promote employee health 13 Increase work productivity by ensuring that employees feel psychologically secure
	7 Create opportunities for human resources with diverse attributes to play active roles	14 Revitalize organizations by ensuring diversity 15 Train professionals & DX employees and create opportunities for them to play active roles
	8 Prevent fraud and corruption	16 Ensure the prevention of all corruption, including bribery

Material Issue Matrix



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Indicators and Targets for Material Issues

In the medium-term management plan, which began in FY2025, the Group set indicators and targets to monitor progress toward achieving the material issues and is advancing initiatives accordingly.

In creating shared value, we contribute through our focus businesses to transforming business processes, bolstering the IT infrastructure supporting society, and developing safe and secure IT environments. Specifically, we develop services using generative AI, modernize financial systems, and implement zero trust and data protection.

From an economic perspective, we work to create job opportunities with the establishment of regional offices.

Looking the environment, we are working to reduce CO₂ emissions by expanding the use of renewable energy and advancing the shift to energy-saving equipment.

In the social sphere, we are working to improve employee engagement, promote health management, develop a working environment that respects human rights and helps diverse talent thrive through such efforts as cultivating female managers and highly skilled professionals, and promoting employment of people with disabilities.

We are also committed to transparent and effective corporate management through compliance and anti-bribery training, raising awareness of the internal whistleblowing system, and strengthening group governance, including that of overseas Group companies.

We will continuously monitor progress of these material issue indicators and targets, assess the results and challenges of each initiative, and improve their effectiveness while strengthening alignment with the management strategy.

Material Issues		Indicators	Targets (FY2027)	Results (FY2025)
Creating Shared Value	1 Achieve business process reform through DX	Cloud Computing & Modernization	¥25.0 billion	¥26.4 billion
		Data Utilization	¥2.5 billion	¥2.5 billion
		Security & Managed Services	¥10.0 billion	¥7.3 billion
	2 Support society's IT infrastructure	Enterprise Application Services	¥14.0 billion	¥14.2 billion
		IoT & Edge Technologies	¥11.5 billion	¥10.9 billion
	3 Create secure and reliable IT environment	AI & Generative AI	¥10.0 billion (FY2030)	¥7.8 billion
		CX (customer experience value)	¥5.0 billion (FY2030)	¥2.8 billion
Economy	4 Revitalize regions outside major cities by creating local employment	Establishment of Regional Offices	—	KYUSHU DTS Opened Nagasaki Development Center Opened Kitakyushu Development Center
Environment	5 Achieve carbon neutrality by 2030	CO ₂ emissions (Scope 1 and Scope 2)	Reduced by 60% (vs. FY2021)	Reduced by 46.8% (vs. FY2021)
Society	6 Ensure workplace environments where human rights are respected and given due consideration	Employee engagement score KPI	55 points or higher	52.6 points (non-consolidated)
		Supporting workplace safety as well as employees' mental and physical health	—	Certified as a Health & Productivity Management Outstanding Organization (White 500)
	7 Create opportunities for human resources with diverse attributes to play active roles	Ratio of female managers KPI	8.5% or higher	5.4%
		Ratio of employees with disabilities	2.7% or higher	2.5%
	8 Prevent fraud and corruption	Strengthening the governance system	—	Strengthening supervision of overseas Group companies



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Achieve Business Processes Reform Through DX: Supporting Every Step from Establishing the Foundation for Business Transformation to Enhancing Customer Touchpoints

Corporate DX is more than simply renovating individual systems. A comprehensive review of business processes, IT infrastructure, and customer touchpoints is crucial to establishing a system with real-world applications. The DTS Group leverages the knowledge and technical expertise it has aggregated through years of operations to support customers’ business transformations, providing standardized cloud utilization, system modernization, and the digitalization of services.

Kirii Construction Materials Co., Ltd.

■ Establishing Shared Rules for Cloud Utilization and Building a Foundation for Company-wide DX

Kirii Construction Materials Co., Ltd. needed to create company-wide rules and standards for design and operation after they expanded cloud migration for core systems and peripheral subsystems. DTS provided the support needed for the formulation of guidelines to control cloud usage.

In particular, we helped this client build a foundation that enhances reproducibility and controls cloud utilization, enabling safe and efficient DX.

Themes	Created company-wide rules and standards for design and operation to accommodate expanded cloud migration
DTS's support	Supported the formulation of cloud infrastructure guidelines
Major features and effects	Enhanced reproducibility and control of cloud utilization, enabling safe and efficient DX

Cloud infrastructure solution details (Japanese only): <https://dts-digital.jp/cloud/casestudy/casestudy16/>

Daiichi Life Insurance Co., Ltd.

■ Restructured Billing System That Improves Customer Experience

We worked with Daiichi Life Techno Cross Co., Ltd. to restructure the claims procedure navigation system for Daiichi Life Insurance Co., Ltd. Now accessible via dedicated tablets or online, the improved system offers 90% faster processing time for claims and is highly stable, contributing to higher customer trust while enhancing the customer experience.

Themes	Improved stability and processing speed, providing convenience with expanded digital features
DTS's support	Rebuilt claims procedure navigation system
Major features and effects	Reduced processing time, improved convenience for staff, and enhanced CX

Related press release: "Daiichi Life Insurance Restructures Claims Processing System to Improve CX and Reduce Processing Time by 90%," published June 24, 2026 (Japanese only): <https://www.dts.co.jp/news/2026/press-202606241000.html>



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Supporting the Social IT Infrastructure: Leveraging Advanced IT to Support the Reliability of Systems for Financial Services and Public Institutions

Systems used by financial services and public institutions require accuracy, reliability, security, and the capacity for continuous operation. The DTS Group leverages the operational knowledge and systems development expertise it has cultivated in the financial and public sectors to support the social IT infrastructure by optimizing system operations, improving information management, and strengthening countermeasures for financial crimes.

National Institute of Technology and Evaluation (NITE)

Supporting the Digitalization of Communications for Chemicals Management

NITE is Japan's central agency supporting the chemicals management system that contributes to public health and environmental protection and provides such services as evaluating reports on new chemicals based on the Chemical Substances Control Law and offering technical consultations.

DTS built an environment for the secure management of highly confidential information based on ISMAP-compliant kintone (a registered trademark or trademark of Cybozu, Inc.), and is also contributing to the digitalization of communication related to the Chemical Substances Control Law to improve efficiency and transparency.

Themes	Streamlined communication and strengthened information administration for chemicals management
DTS's support	Supported construction of operations improvement systems based on kintone
Major features and effects	Improved operational efficiency, enhanced information security, and increased reliability of system operations

Related press release: "DTS Wins Order to Rebuild Communications System for National Institute of Technology and Evaluation (NITE) under the Chemical Substances Control Law; Aim for Rapid Development and Operations Improvement with Highly Flexible, ISMAP-Compliant kintone Cloud Service," published December 10, 2025 (Japanese only): <https://www.dts.co.jp/news/2025/press-202512101000.html>

DOCOMO SMTB Net Bank, Inc.*

Single-Platform Support for the Prevention of Money Laundering and Financial Crimes

DTS's AMLion, an anti-money laundering (AML) product, was introduced and fully launched at DOCOMO SMTB Net Bank, Inc. AMLion provides anti-money laundering services, including customer risk assessments, filtering, transaction monitoring, alert management, and investigation support, all within a single platform. DTS will continue to support the prevention of money laundering and terrorist financing with AMLion for financial institutions.

* DOCOMO SMTB Net Bank, Inc. changed its company name from SBI Sumishin Net Bank, Ltd. on August 3, 2026.

Themes	Enhanced prevention of financial crime and efficient management of operations to prevent money laundering and terrorist financing
DTS's support	Introduced AMLion to centralize operations related to prevention of money laundering and terrorist financing
Major features and effects	Improved security of financial services through risk detection, alert management, and investigation support

Related press release: "Launched AMLion Anti-Money Laundering System for SBI Sumishin Net Bank to Improve Accuracy in Detecting Financial Crimes and Optimize Operations," published June 8, 2026 (Japanese only): <https://www.dts.co.jp/news/2026/news-202606081000.html>



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Creating Secure and Reliable IT Environments: Building and Running High-Performance, High-Reliability, High-Efficiency IT Environments for Cutting-Edge Research

A stable IT environment that can efficiently use large-scale computing resources is essential for conducting cutting-edge research. The DTS Group works with its partners to support the construction of high-performance, high-reliability infrastructure that integrates quantum and high-performance computing (HPC), thus supporting the stable, secure IT environments underpinning research and development.

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Rikagaku Kenkyusho (RIKEN) Institute of Physical and Chemical Research

Construction of Powerful, Reliable Infrastructure to Support Quantum and High-Performance Computing Integration

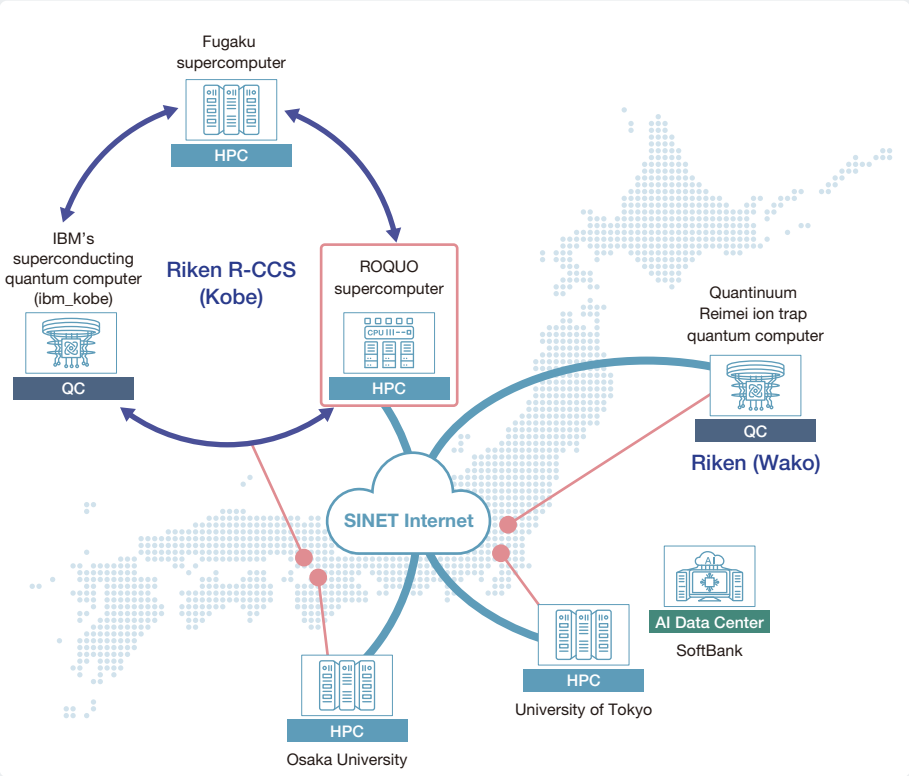
DTS formed a joint team with Group company DIGITAL TECHNOLOGIES CORPORATION and partners ScaleWorX and GIGA Computing Technology to construct a supercomputer for the quantum-HPC hybrid platform being developed by RIKEN.

We completed the build of the ROQUO JHPC-quantum GPU supercomputer with a comprehensive system for equipment procurement, system construction, installation, and maintenance, and operations commenced on schedule. In addition to high-performance computing, this system contributes to stable research infrastructure and efficient management.

Themes	Constructed a supercomputer for the quantum-HPC hybrid platform
DTS's support	Worked as a team with Group companies and partners for equipment procurement, system construction, installation, and maintenance
Major features and effects	Provided high-reliability research infrastructure with an HPL benchmark of 19.80 petaflops (PFLOPS), 540 GPUs, low-latency and high-bandwidth communication, and energy-efficient operation

Related press releases: "DTS Team Wins Order for Construction of Supercomputer for the Quantum-HPC Hybrid Platform," published November 18, 2025 (Japanese only): <https://www.dts.co.jp/news/2025/press-202511181000.html>

"RIKEN's ROQUO Supercomputer Built by DTS-Led Joint Team Begins Operation, Accelerating the Development of the Quantum-HPC Hybrid Platform," published June 19, 2026 (Japanese only): <https://www.dts.co.jp/news/2026/press-20260619.html>



Human Resources Are Key for Creating

Value for Customers in the AI Era

Kazumasa Taninaka

Director and Managing Executive Officer

In addition to being a Director and Managing Executive Officer, I serve as Head of Corporate Management, in which capacity I supervise such corporate functions as the development of management foundations, human resource strategies, financial planning, and governance. I would like to contribute to the sustainable enhancement of DTS's corporate value by establishing a foundation to support business growth.

Human Capital Management at DTS

Human resources are at the core of DTS's business. In the face of constant technological evolution, often in dramatic new directions, it is paramount that we understand how we can leverage advances in technology to transform them into value that will benefit our customers. As human resources play an essential role in this process, human capital management is at the core of our management efforts.

In terms of human capital strategies geared toward executing business strategies, because our current challenge is to strengthen the focus businesses outlined in the medium-term management plan (hereinafter "the plan") we are striving to expand the quality and quantity of personnel capable of handling necessary technologies in our seven key growth areas. It is essential to clearly identify the kind

of skills needed in which areas and the pace of deployment.

Human capital strategy is not limited to development. To enable employees to take on challenges with motivation and continue building their capabilities, we must address job satisfaction, ease of work, compensation, and career development in an integrated manner. Initiatives since the previous medium-term management plan—including increases in base pay, special bonuses, the relocation and consolidation of development centers, and preparations for DTS's head office relocation—have improved both the work environment and employee compensation. These efforts form the foundation of a human capital strategy that supports business growth. Under the current plan, we have positioned investment in human resources as one of our growth investments and plan to invest ¥11.0 billion over three years, of which ¥3.0 billion was invested in the first year.

As for the work environment, last year we relocated and consolidated our development centers to more convenient sites based on feedback from dialogue between the President and employees. Currently, we are also preparing to move our head office from Hatchobori, Chuo-ku to Akasaka, Minato-ku, Tokyo.

To promote women's advancement, we are developing mechanisms that enable employees to plan their careers with full consideration for each stage of life, as we work toward achieving the plan's target of at least 8.5% for the ratio of female managers. The engagement score—another KPI under the plan that measures employees' trust in the Company and their work, as well as their willingness to contribute, from multiple perspectives—is also improving toward the target of 55 points or higher.

Our commitment to valuing our employees and our ongoing efforts to support them have resulted in a high retention rate, with the Company-wide turnover rate at 5.1% and the turnover rate for university graduates within three years of joining the Company at 7.6%, which is lower than both the national average and that of the IT industry, where employee turnover is high.

Thus, strengthening human capital management from both the perspective of addressing key growth areas and developing foundational aspects of personnel management, such as job satisfaction and ease of work, is what enables DTS to execute its



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business strategies.

Human Resource Development that Supports Business Strategies

We believe that insight into how the world and business environment surrounding DTS and system integrators is changing, and the ability to quickly reflect these changes in management policies is increasingly necessary for management and will create competitive advantages for DTS.

Until now, DTS has focused on developing project managers (PMs) who lead our core contract-based systems development business. As training PMs takes many years, we have revised our human resource development process to include a step-by-step breakdown of the skill levels required to reach the rank of PM and incorporated a certification system to increase transparency.

In key growth areas, we are aiming for faster development by defining ideal employee profiles in each specialized field, strengthening the implementation of certification systems, and utilizing on-the-job training for human resource development. Specifically, we are using original programs developed by MIRUCA, a Group company specializing in corporate training. For younger employees in particular, we believe it is effective to create more intensive programs that encourage proactive participation.

In particular, we must be acutely aware that the AI era has already arrived with regard to human capital management. At DTS GenAI Academy, we have created a unique program and set a goal of training more than 300 AI professionals in the current fiscal year to improve the skills of our employees. First, we believe that quantity is important when disseminating basic technologies and knowledge, and we aim to raise the AI literacy level of our employees. It is true that we have some concerns about whether a target of 300 people is really sufficient, and we would like to set a more ambitious goal in two or three years.

Once we have firmly expanded this foundational skill base, the

next talent profile we aim to develop is forward-deployed engineers (FDEs), who know how to use AI effectively in the development process and work alongside customers to support their use of AI. We plan to train 300 to 500 of these FDEs.

Practical experience in proof-of-concept work and on projects is essential for development, so we will also utilize practical field experience such as AI utilization projects with customers through our capital and business alliance with Spice Factory.

In terms of human resource development, the plan set a target of developing 350 highly skilled professional human resources through DTS's unique professional certification system. As of March 31, 2026, we had already reached 351 such personnel, an increase of 113 from the previous fiscal year.

Thanks to these development efforts and the growth of our focus businesses, our productivity (operating profit per employee in Japan) also achieved the plan's target of ¥3.2 million in the first year. This figure reflects our success in securing high-value-added projects in the cloud, security, and AI fields, where talent is becoming scarce.

DTS's Advantages in Human Capital Management in the AI Era

Even in the AI era, DTS's track record in mission-critical systems, particularly in the financial sector, and its deep business knowledge will remain important strengths. As AI becomes more widely adopted, the question more becomes not simply how to build systems using AI, but how to transform our customers' businesses through AI. In mission-critical fields, mechanisms for ensuring security will also be crucial.

DTS's numerous business systems engineers and business architects have a deep understanding of customers' operations. These FDEs are unique to DTS, and are a major point of differentiation in the AI era.

AI will thus streamline all stages of system integration, from requirements definition and design to development, testing, and

operation, in what is often referred to as the waterfall model. However, the value that the created system can contribute to customers' businesses, such as sales and profits, is not necessarily brought about solely by streamlining the system development process.

What is needed now are individuals who can think from a customer perspective and understand how the systems they build will provide customer value. These individuals are not the same as external advisory consultants. DTS aims to develop upstream human resources who, based on the two foundations of technology and business knowledge, will work to solve problems, including implementation, in line with the customer's perspective.

We will shift personnel with knowledge of our core business operations to upstream roles through the acquisition of AI and specialized technical skills. Simultaneously, we will increase the number of upstream personnel in both key growth areas and core business operations by combining the development of highly skilled professionals with on-the-job training. In this way, we will build a three-dimensional portfolio that brings together human resources from both core businesses and key growth areas to ensure our ability to handle upstream operations effectively.

At the same time, in the AI era, the boundaries among specialized technology fields such as AI, security, cloud computing, and managed services are becoming increasingly blurred. We must therefore continually consider connections across fields. Rather than confining people to a single area, it is essential to give them experience in adjacent fields and in combinations of fields that can deliver value. We recognize that we have not achieved sufficient internal mobility for employees across these fields. We must avoid a situation in which human-resource constraints become a bottleneck and prevent us from keeping pace with advances in AI.

Developing people drives business growth, while business growth creates further opportunities for people to develop. Corporate growth is a positive cycle in which business expansion creates opportunities for employees to grow, and their growth in turn drives further business expansion. We believe that advancing both business growth and human development is the foundation of human capital management.



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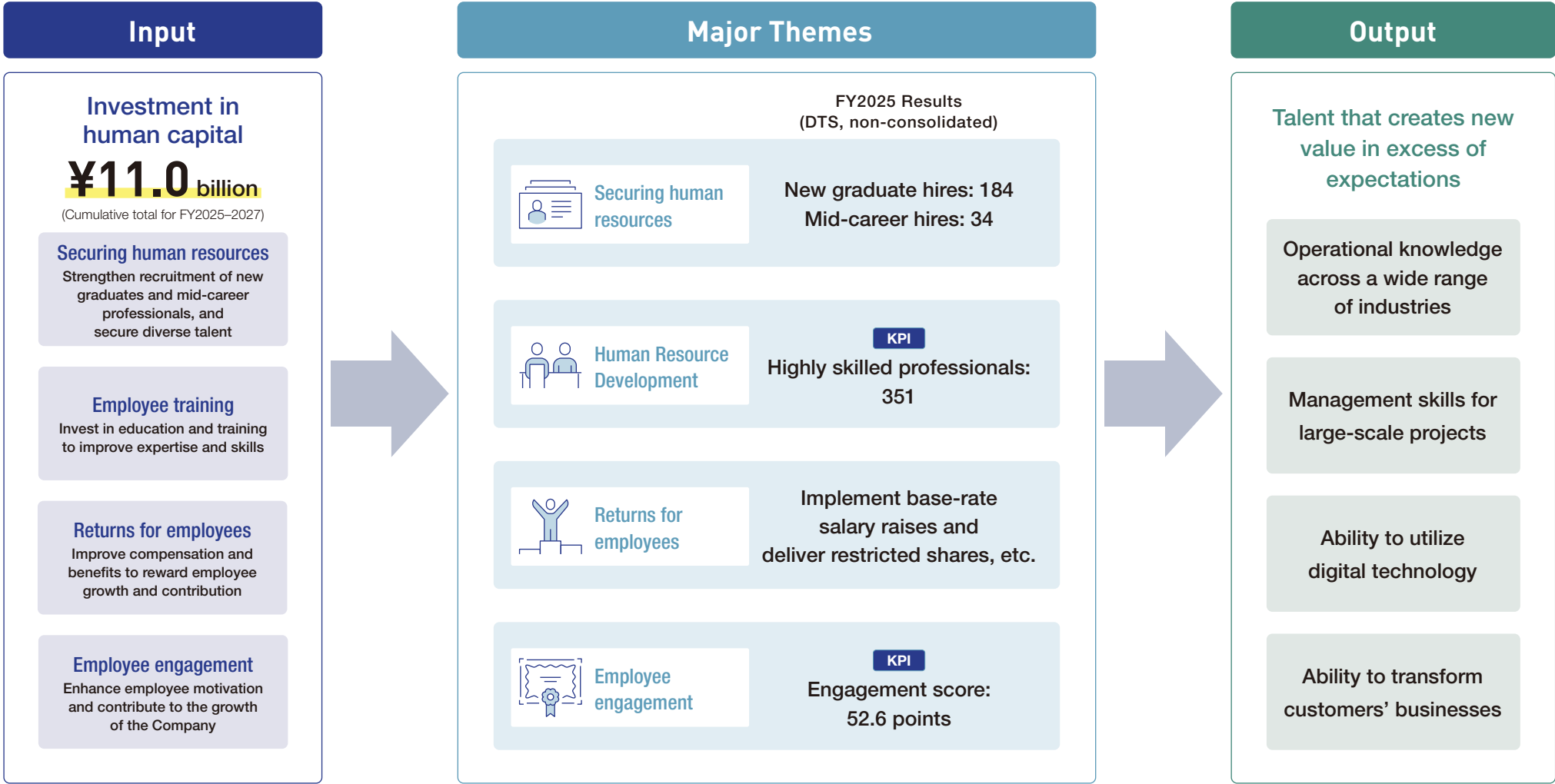
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The DTS Group recognizes that its human resources are the source of its competitiveness and therefore undertakes human capital management that aligns management with human resource strategies. We are working to establish the portfolio of human resources needed to realize both management and business strategies and are investing in human capital to achieve these goals. This investment is directed toward securing and cultivating talent that creates new value in excess of expectations and aligns with the following key themes while contributing to the achievement of KPIs and quantitative targets.



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Securing Human Resources

We are stepping up the recruitment of the next generation of talent who will drive our efforts to realize the Vision2030 goal of becoming “a company that continuously takes on challenges in order to provide value that exceeds expectations.”

Recruitment of New Graduates: Transforming Diverse Individuality into Strength for the Future

We recruit new graduates from throughout Japan without regard to their field of study, place of origin, or nationality. We look for individuals who enjoy change, take the initiative to learn, and work with others to create new value. We also promote the recruitment of international students and those with study-abroad experience. At recruitment events and throughout the selection process, employees ranging from junior staff to managers speak directly about the rewards of their work and opportunities for professional growth. Following recruitment, we provide ongoing support for each employee’s development through training, on-the-job learning, and assistance in obtaining professional qualifications.

Recruitment of Mid-Career Hires: Accelerating Transformation through Experience and Expertise

Our mid-career recruitment efforts focus on securing engineers and highly skilled professionals who can drive growth in Cloud Computing, Data Utilization, Security, IoT, AI & Generative AI, CX, and other key growth areas identified in our medium-term management plan. By diversifying our recruitment channels—including talent agency services, job boards, direct scouting, employee referrals, and the rehiring of former employees—we are expanding opportunities for talent to engage with DTS. For individuals with advanced expertise, we apply a job description-based human resources system that clearly defines duties and expected roles, together with competitive compensation. After joining DTS, we support employees’ autonomous career development through specialized training, professional certification, internal job postings, and other initiatives, thereby translating their diverse experience into value that exceeds the expectations of customers and society.

Employee Hiring Trends

(Persons)		FY2022	FY2023	FY2024	FY2025
New graduate hires	DTS and its consolidated subsidiaries (domestic)	291	263	342	297
	Of which, DTS only	231	194	221	184
	Men	155	132	157	133
	Women	76	62	64	51
Mid-career hires	DTS and its consolidated subsidiaries (domestic)	64	86	121	108
	Of which, DTS only	25	37	49	34
	Men	20	25	33	18
	Women	5	12	16	16

Advancing Strategic Recruitment Aligned with the Management Strategy

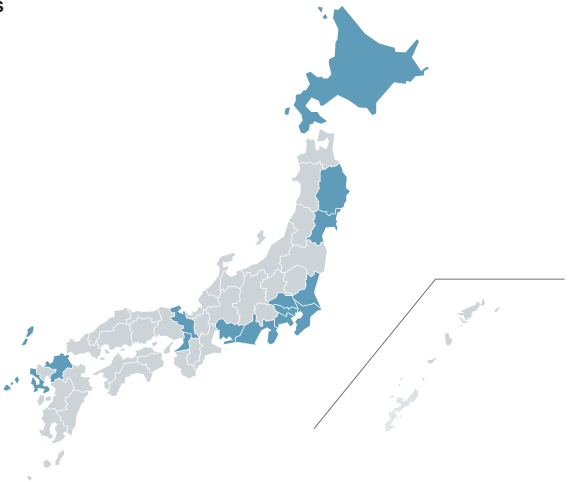
We conduct strategic recruitment to support the building of the diverse talent portfolio needed to drive our businesses forward.

Recruitment Activities across the DTS Group

- The DTS Group recruits nationwide, looking for talent without consideration of region of origin, and offers placements in a wide range of areas, with a particular focus on the Greater Tokyo Area.

DTS Group Assignment Locations

- Hokkaido
 - Iwate
 - Miyagi
 - Chiba
 - Ibaraki
 - Saitama
 - Kanagawa
- Tokyo
 - Shizuoka
 - Aichi
 - Kyoto
 - Osaka
 - Fukuoka
 - Nagasaki



Recruiting Talent with Diverse Experience

- We actively recruit mid-career professionals from other industries who are motivated to take on new challenges in the IT field.
- Leveraging the strengths of MIRUCA, the Group’s human resources and training subsidiary, we offer an extensive range of training programs that enable employees without prior IT experience to quickly acquire the necessary skills and thrive in their roles.



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Employee Training

We provide training and opportunities to take on new challenges that empower employees to pursue their own career paths, thereby developing highly skilled professionals who create value for customers through their expertise.

Professional Certification System

This system enables employees to independently improve their expertise and specializations in line with their career plans, take on challenges, and achieve excellent results, which we then recognize and reward, providing opportunities to continue to grow and thrive. We define 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 (ITSS), we internally certify employees as professionals at ITSS level 3 or higher.

The number of highly skilled professionals (employees certified as Professional S/A and employees in managerial positions possessing advanced expertise) reached 351 as of the end of FY2025. Although we achieved the target of 350 set in the medium-term management plan (2025–2027) ahead of schedule, we will continue working to increase this number.

New Employee Training / CDP Basic

For the first three months after joining the Company, new graduate employees participate in a training program provided by Group company MIRUCA CORPORATION. In addition to learning basic business etiquette and knowledge, these employees begin their careers as IT engineers with carefully tailored instruction suited to their individual skill levels, including technical training and project-based exercises, covering three specialized tracks—digital, application, and infrastructure technologies.

Three months after this training, new employees are assigned to their posts where they continue their development through CDP Basic, a three-year program for new employees. The program enables them to track their progress through designated training courses, professional qualification acquisition, skill assessments, and other measures. By achieving the program's development targets, they acquire the capabilities needed to work independently as IT engineers.

Developing the Next Generation of Management

We develop future leaders in a systematic manner to support sustainable organizational growth. Our comprehensive development programs combine training with opportunities to gain practical experience, preparing employees to assume future management responsibilities.

Please see the following website for details on employee training. https://www.dts.co.jp/en/sustainability/social/human_capital/

On-Demand Training

To support employees' self-directed learning, we offer on-demand educational materials in addition to group-based training. Through flexible learning platforms such as Udemy for Business and GLOBIS Unlimited, employees can independently study the latest technologies and business knowledge anytime and anywhere, at their own pace and during gaps in their schedules.

Training for All Employees

We provide training for all employees aimed at fostering a shared understanding of the Company's values and essential knowledge. By applying what they learn in their respective workplaces, employees help strengthen compliance and security awareness and the creation of workplaces with a high degree of psychological safety.

- Compliance training
- D&I training
- Information security training
- Mental health training

Expanding Opportunities to Take on Challenges in Key Growth Areas

We empower employees to take ownership of their careers and pursue new challenges in key growth areas. By providing diverse opportunities for gaining experience, we support the development of expertise and cultivate talent that will drive new value creation.

Internal Open Recruitment System

We operate an internal job posting system that allows employees to apply for positions they wish to pursue. With more than 30 positions advertised internally each year, the system provides opportunities to take on a diverse range of roles.

Career Rotation

Through planned job rotations, we help employees gain diverse experience and broaden their perspectives. Assignments across departments and job types enable them to deepen their expertise while expanding the breadth of their experience.

Assignments to Key Growth Areas

In line with our business strategy, we strategically assign talent to key growth areas, including focus businesses and forward-looking investment areas. By gaining experience in priority fields, including new businesses, employees develop the capabilities needed to lead the creation of new value.

Self-Reporting

Once a year, employees meet with their supervisors to discuss their career plans and preferences regarding transfers. Based on these discussions, supervisors and the organization work to resolve job-related issues and provide necessary support while promoting employee development and assignments aligned with their career aspirations.



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Returns for Employees

In executing its business strategy, DTS aims to achieve harmony between business growth and individual growth through appropriate compensation and a wide variety of employee benefits that reward success.

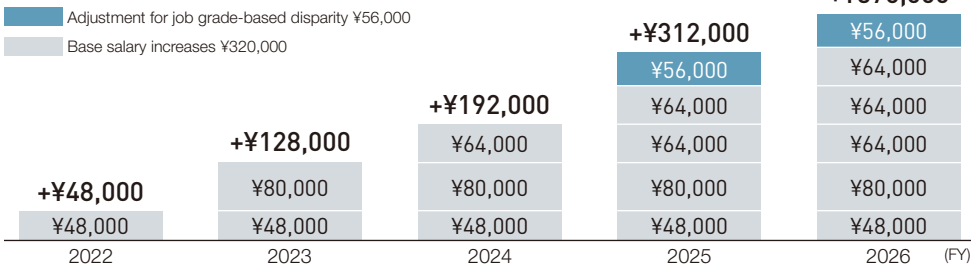
Variety of Employee Benefits

Since FY2022 (the fiscal year ending March 2023), we have continuously implemented base salary increases as a way of giving back to our employees. In FY2025, we further improved benefits for higher-level employees by increasing the rise in salaries accompanying the change in rank (pay and grade alignment adjustment) enforcing employees' appreciation of the Company's expectations for higher ranks. We also improved starting salaries for new employees in April 2026.

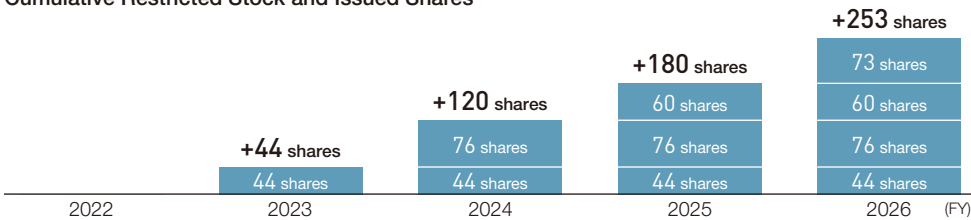
Furthermore, in FY2022, DTS introduced a restricted stock compensation system through the Employee Shareholding Association as a long-term incentive for employees and to enhance corporate value over the medium to long term, and the Company has continued to provide shares for four consecutive years since FY2023. The Employee Shareholding Association offers an incentive payment of 15% for each contribution made by an employee, and combined with the restricted stock scheme, this increases their motivation and sense of unity while also supporting their asset building over the medium to long term.

Model Returns Per Person (vs. FY2021 for highest-ranked general employees)

Annual Base Salary Increases and Job Grade-Based Pay Adjustments Disparity



Cumulative Restricted Stock and Issued Shares



Internal Award System

To improve employee motivation and engagement, DTS grants in-house awards. Recipients receive recognition, and receive cash prizes, at ceremonies held during the anniversary of the Company's founding or specific department-based events.

Company-wide awards (President Award, Distinguished Achievement Award, Special Award): Recognizes achievements that contribute to the Company's development and reputation

Length of Service Award: Recognizes employees with ten, twenty, and thirty years of service

Sector Award: Recognizes contributions to the value of various departments

Award for Passing Qualification Tests: Recognizes employees who have passed external qualification exams relevant to the Company

President Award (FY2025)

Financial Division 1
Project for Upgrading Mizuho Bank's
MINORI Core Banking System &
Information Systems Infrastructure



Award for Passing
Qualification Tests

DTS is committed to encouraging its employees to acquire information processing engineer certifications and various vendor certifications. In FY2025, a total of 448 employees received this award. This award has encouraged many individuals to obtain advanced certifications.



Yasuyuki Uekusa
(3rd consecutive year)
2026 Japan AWS Top Engineers (Services)



Koji Shimanuki
ServiceNow CTA



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Employee Engagement

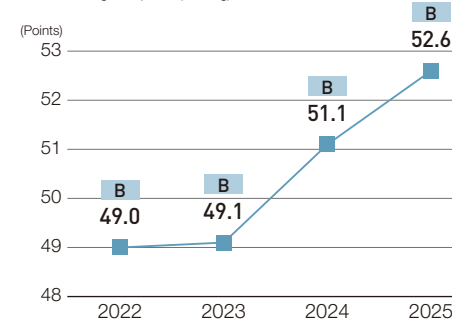
DTS is committed to creating a work environment and corporate culture in which employees thrive and feel fulfilled while taking pride in their work.

We conduct an annual employee engagement survey to track the status of motivation and engagement amongst employees and utilize the feedback to identify and resolve any issues, thus translating the results into organizational strengths.

In the survey for FY2025, the Company-wide score reached 52.6 points (up 1.5 points year on year and higher than the national average of 50 points). One challenge was that employee satisfaction with the Company overall was lower than satisfaction with individual departments and workplaces. Thanks to improvements to Company systems and self-directed improvements within the departments, unity has been fostered amongst executives and management as well as amongst management and general employees. This resulted in the departments with a B rating or higher rising to 87% from 72% last year, showing overall revitalization of the organization and stronger employee engagement.

Trends in Employee Engagement Scores (DTS, Non-Consolidated)

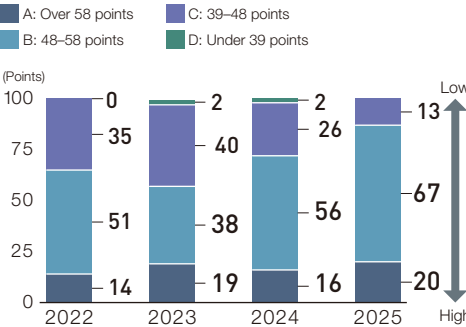
Nationwide average: 50 points (B rating)



Major Company Initiatives

- Dialogue with the President and executives
- Task improvements utilizing generative AI
- Updates to internal systems (Microsoft 365, Zoho, etc.)
- Expanding internal job posting opportunities to stimulate in-house rotation
- Development program for young employees (Career Development Program Basic)

Ratings Distribution by Division, Department, and Office (DTS, Non-Consolidated)



Major Organizational Initiatives

- Training for 4th-year employees
- Interviews with Project Leaders
- Site visits by sector heads and corporate planning general managers
- Work environment improvements (opening new development center)
- Implementation of wellbeing surveys
- Workshops to revitalize the organization

Health Management

Please see the following website for details on health management.
<https://www.dts.co.jp/en/sustainability/social/health/>

DTS aims for continued success of both the Company and each employee, promoting physical and mental health so that they can work with motivation and leverage their capabilities. To this end, we have established the Health Promotion Office in the Human Resources Department with a full-time industrial physician and public health nurse. We analyze the results of annual health check-ups and surveys to understand what health issues our employees face and formulate plans for priority issues (see Health Management strategy map). In addition to working to eliminate negative outcomes (reducing the number of those who are ill) and achieve positive outcomes (helping those who are healthy thrive), we remain committed to improving productivity. We encourage employees to get health checkups and offer support for employees to return to work after a leave of absence. In addition, we offer incentives to improve presenteeism, including measures to improve diet and exercise, as well as to counter eye strain and hay fever. We also recognize departments with high participation rates in these initiatives. To improve our employees' health literacy, we have industrial physicians and public health nurses provide educational content, including in video format.

Women's Career Advancement

Please see the following website for details on women's career advancement.
<https://www.dts.co.jp/en/sustainability/social/diversity/>

At DTS, we aim to enable every employee, regardless of gender, to leverage their capabilities. Although the Company applies the same compensation conditions regardless of gender, in FY2025 the gender wage gap (with wages for male employees as 100%) was 81.3%. Although this is a 0.9-point improvement from last year's 80.4%, the gap still remains. To address the underlying issue of imbalanced gender distribution across job grades and promote the advancement of women, we have set numerical targets for increasing the proportions of female employees, female management candidates, and female managers. In concrete terms, we facilitate women's career advancement by checking for any gender bias during performance evaluations or promotion recommendations, and by organizing dialogue sessions with female managers.

Supporting Childbirth, Childcare, and Nursing Care

Please see the following website for details on diverse work styles and work-life balance.
<https://www.dts.co.jp/en/sustainability/social/workstyle/>

DTS is focusing particularly on promoting the use of childcare leave by male employees. We have provided information on the childcare leave system for male employees and made specific efforts to encourage those who have used it to share their experiences. Through these efforts, we aim to reduce the gender gap in the ratio of those taking childcare leave and will continue supporting the balance of childcare and work for both men and women. To support the work-life balance of employees with nursing care responsibilities, in addition to the mandated caregiver leave systems we have established voluntary systems, such as remote work, flex-time, and staggered work hours.



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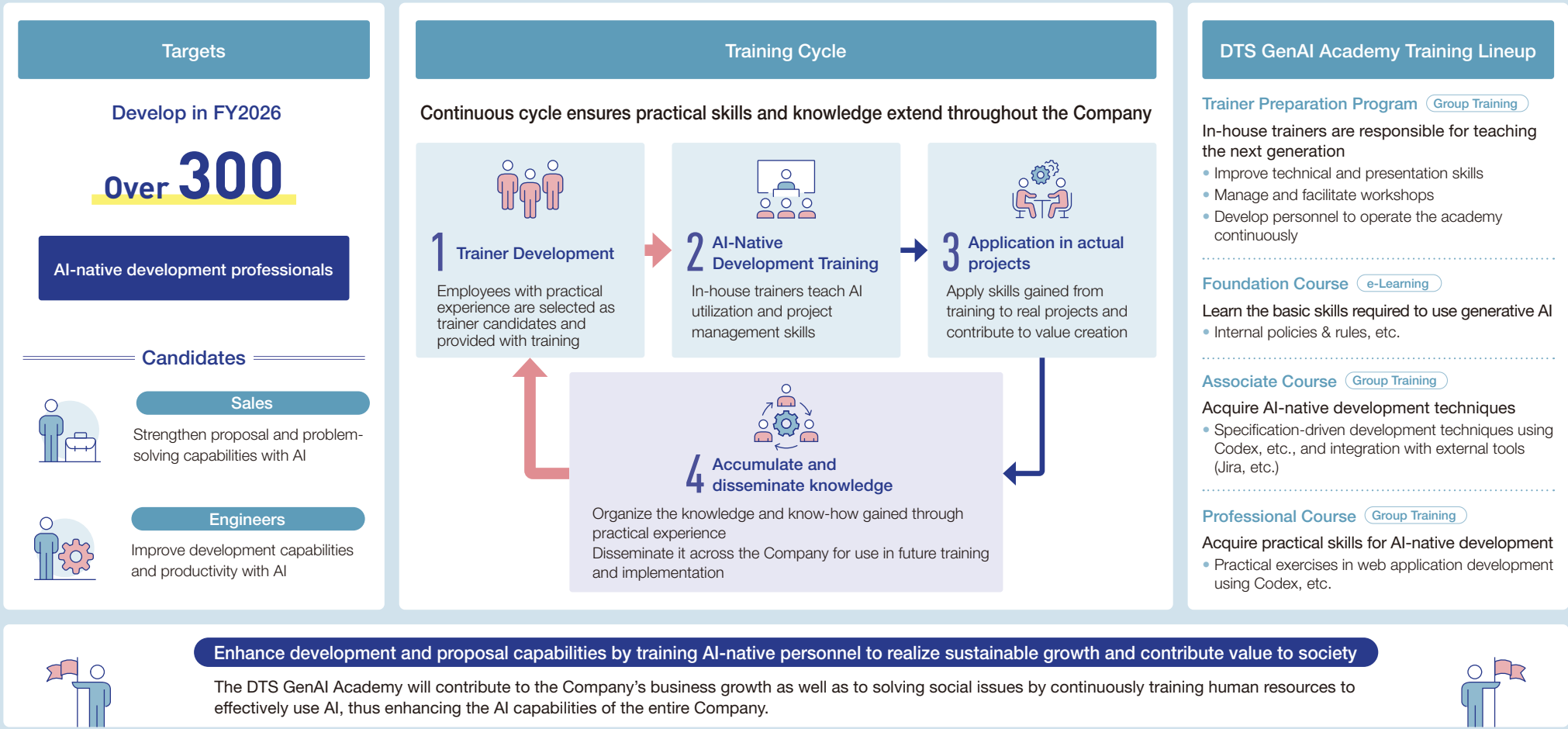
Developing AI Personnel

Human Resource Development to Transform AI Utilization into Company-Wide Capabilities

In April 2026, we established the DTS GenAI Academy to strengthen development and proposal capabilities by drawing on generative AI. The academy is operated by Group company MIRUCA, which specializes in human resource development, with supervision by the AI-CoE, which specializes in AI utilization, and integrates theoretical training with practical application in real projects with the goal of developing at least 300 AI-native development professionals in FY2026.



A course at the DTS GenAI Academy



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Balancing the Growth of AI Utilization with Reliability

While AI technologies, including generative AI, expand the possibilities for business reforms and the creation of new value, they also bring with them challenges that companies must appropriately address in areas ranging from information management and the protection of intellectual property rights to ensuring accountability, fairness, and safety. The DTS Group has positioned AI as one of its key growth areas and, in order to maintain and build trust with its employees, partner companies, customers, and society, the Group promotes the development of AI governance and responsible use based on the basic principles of the DTS Group AI Ethics Policy.

DTS Group AI Ethics Policy

 Please see the following website for details on the DTS Group AI Ethics Policy.
<https://www.dts.co.jp/en/sustainability/social/aipolicy/>

Basic Principles of Responsible AI Utilization

The DTS Group established the DTS Group AI Ethics Policy to ensure that the innovativeness and convenience of artificial intelligence technologies, including generative AI, are maximized while the ethical and social risks associated with their use are appropriately managed and trustworthy AI utilization is promoted.

Establishing and Utilizing an AI Governance Policy and Individual Guidelines

The DTS Group is developing and implementing an internal AI Governance Policy to put its AI Ethics Policy into practice. Based on the Ministry of Economy, Trade and Industry's AI Guidelines for Business, this policy will outline basic concepts and management goals for AI utilization from two perspectives: AI providers and AI users.

Furthermore, for AI tools used internally, such as ChatGPT and Codex, we are developing and implementing tool-specific usage guidelines. We also intend to ensure safe and appropriate use with due attention to the handling of confidential and personal information, reviewing AI-generated output, considering intellectual property rights, and ensuring that the intended purpose is appropriate.

6 Basic Principles

1 Human-Centric Approach and Respect for Fairness

We prioritize human-centered values and give due consideration to fairness and diversity. Our general principle is to ensure human involvement in matters involving significant decision-making.

2 Ensuring Safety, Quality Control, and Proper Data Management

We implement technical and organizational security measures and thorough quality control while managing personal information and confidential information properly in accordance with laws, regulations, and internal rules.

3 Transparency and Accountability

We strive to ensure accountability and transparency regarding the purpose, mechanisms, and basis of AI judgments and outputs, and we will respond sincerely to any questions or concerns.

4 Addressing Social Issues and Promoting Innovation

We view AI as a tool that can contribute to solving social challenges and will work toward creating new value and realizing a sustainable society.

5 Compliance with Laws and Fair Business Practices and AI Governance

We comply with domestic and international laws, regulations, and guidelines, and respect the rights of third parties. We will establish responsible management and oversight frameworks.

6 Education and Enhancement of AI Literacy

Through employee education and awareness initiatives, we strive to develop personnel with high ethical standards and a high level of AI literacy.

Business Growth and Reliability

The DTS Group positions AI and generative AI as one of its forward-looking investment areas in its medium-term management plan and is promoting the commercialization of generative AI applications, primarily through its AI Center of Excellence (AI-CoE), to drive business expansion in FY2030. Leveraging its cooperative relationship with OpenAI Japan LLC, the Group will support the introduction of business-specific AI agents and expand the use of generative AI in system integration.

When connecting these initiatives to sustainable business growth, functionality and speed of implementation as well as quality and reliability are essential so that customers can continue to use AI with confidence. The DTS Group will combine the operational knowledge and system development capabilities it has cultivated over many years with a responsible approach to AI utilization to enhance its ability to provide AI services that support its customers' business reforms and the creation of new value.

Education and Continuous Improvement

To properly utilize AI, both technical understanding and the ability to make judgments that account for risks and social impacts are essential. In addition to technical education and human resource development centered on AI-CoE, the DTS Group will enhance education and awareness-raising initiatives regarding AI ethics, AI risks, information management, and precautions when using generative AI as it strives to develop highly ethical and AI-literate human resources.

Furthermore, we will review our AI governance policy and related guidelines as needed, taking into account domestic and international laws, regulations, and guidelines related to AI as well as technological trends, changes in social conditions, and the evolution of AI technology while continuously improving our management practices regarding responsible AI utilization.



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Nobuhisa Abe
Senior Executive Officer
Chief Information Security
Officer (CISO) and
General Manager, Business
Development Department

Utilizing the DX and Cybersecurity
Related Skills, Knowledge, and
Connections We Have Been Cultivating
in the Age of AI

Recognizing DTS’s Brand Value and Aligning Ourselves with Our Customers’ Priorities

I worked at a megabank for over 30 years before coming to DTS. Prior to starting my career, I had received a degree in engineering, but I felt a strong desire to work directly with customers, so I began working in sales at a branch office of a bank. I then went on to handle retail product planning for over 10 years and became deeply involved in efforts that included product development and requirement definition during the early days of internet banking, which I believe served as a platform for my next career. After a long period of helping formulate medium-term management plans and other such initiatives at the bank’s Corporate Planning Department, I returned to where I had started in sales, but this time as the head of a branch office. While handling the initial formation and expansion of the office’s new specialized DX and fintech organizations, I was able to build important connections with individuals inside and outside the bank that still prove useful today. After that, I was placed

in charge of internal audits and gained experience in evaluating risk from a bird’s-eye view, before overseeing cybersecurity as the bank’s Chief Information Security Officer (CISO) for two years. In 2024, I joined DTS.

In the two years since joining DTS, I have served as the Deputy Head of the Operation and Solutions segment and have worked to strengthen sales.

My first impression of DTS, as someone with a background in financial institutions, was that there was a discrepancy in how the Company saw itself. I remember thinking that a financial institution would see DTS as a systems integrator capable of handling difficult projects in a responsible manner and seeing them through to the end, but I did not feel as though this was recognized by DTS as part of its brand value. To me, it seemed that failing to leverage this perceived value in the eyes of financial institutions, industries, or other sectors was a mistake.

Another issue, and I think this one is common among all systems integrators, not just DTS, is that financial institutions’ level of urgency or priorities regarding risks are not always accurately communicated to the systems integrators developing their systems. For example, in cybersecurity, while the general public may have the impression that there has been a rapid influx of threats and issues due to the advent of frontier AI, people in the financial industry know that this has been a management issue for several years, and response measures are constantly improving. Systems integrators primarily handle customer-oriented systems development, and because of this I believe customers have come to expect them to go beyond development and accurately recognize the issues a customer is facing while aligning themselves with the customer’s priorities. As such, I think there will continue to be higher demand for back-and-forth communication between systems integrators and customers.

Resisting Dramatic Changes in Speed and Scale and Continuing to Chase Goals

This year marked another term for me handling cybersecurity but in

a new role as DTS’s CISO.

Until recently there were not that many companies that viewed cybersecurity as a management risk, with this distinction dependent on industry and business conditions. In truth, there have been language barriers, and, because cyberattacks needed to be initiated by actual people, companies have been able to take their time in their responses, at least to a certain extent.

If I were asked today what I thought had changed most rapidly due to frontier AI, I would have to say it would be the speed and scale of cyberattacks. Security holes discovered by AI can be hit simultaneously with a large number of automated attacks, meaning that companies are completely unable to fight back with conventional methods. It is now necessary to create measures and procedures to withstand and resist huge simultaneous barrages coming as fast as cyberattackers are capable of launching them. This is a major and recent change, and all signs point to it not ever stopping, only accelerating. Although DTS has always determined annual budgets and goals and set out to achieve them, from now on the goalposts themselves will change constantly, and it seems to me that they will only become farther and farther away if ignored. We must constantly reevaluate which matters must be handled first and calmly evaluate our efforts. And, if we fail to find them sufficient, quickly course correct. This sort of response will be necessary not only at DTS itself, but at foreign and domestic Group companies as well as throughout the supply chain. It is vital that the DTS Group, its customers, each industry and sector, and even Japan as a whole are persistent in their efforts to improve their cybersecurity.

I believe that the DTS Group should continue leveraging its broad client base in various industries, particularly in the financial industry, where there is a demand for advanced cybersecurity measures that the Group can address by flexibly and accurately responding to global conditions. Through these efforts, the DTS Group can continue proactively helping improve the level of security available.



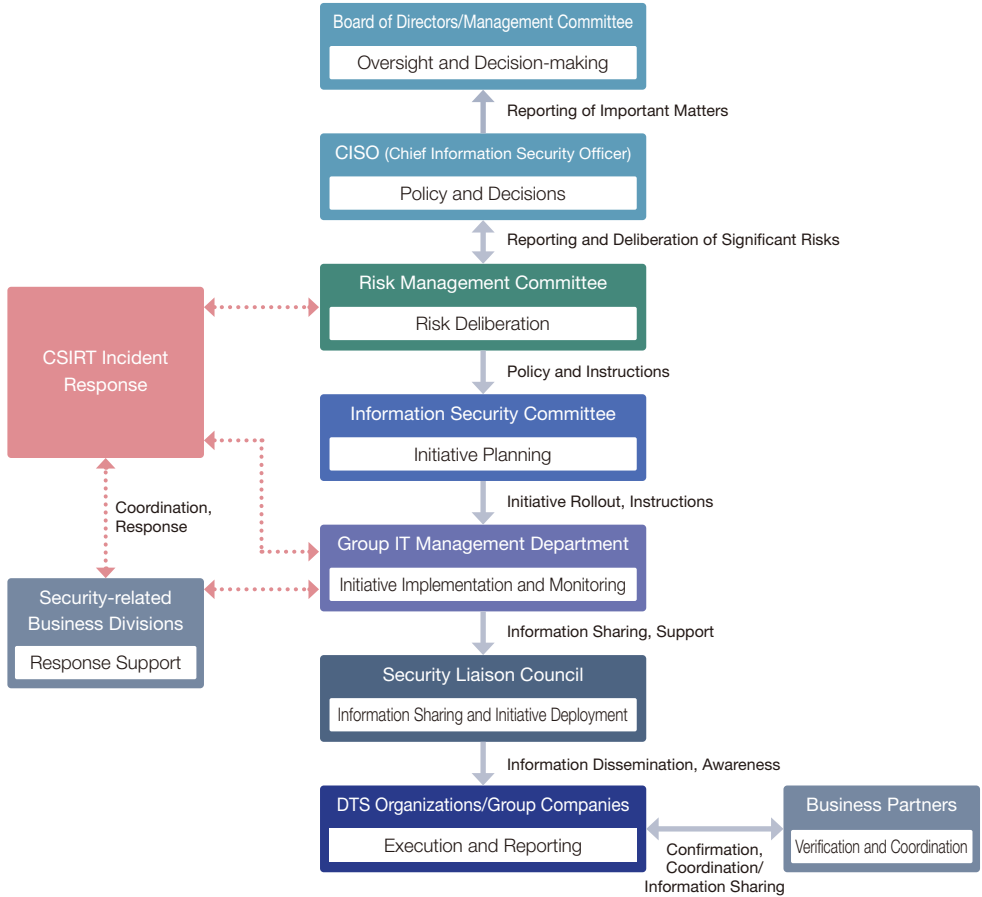
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Information Security Management That Includes the Group and Business Partners

The DTS Group positions information security as a theme to be continuously managed and improved across the entire Group and is working to develop a management system that includes each organization, Group company, and business partner. We are working to improve security standards throughout the entire supply chain through education and awareness campaigns, verification processes for outsourcing operations, and the use of outsourcing checklists.

Please see the following website for more details on Information Security. <https://www.dts.co.jp/en/sustainability/social/security/>

Information Security Organizational Structure Chart



We will continue to enhance awareness and management standards regarding information security throughout the entire supply chain, including among our business partners as we work to strengthen our framework for providing our customers with safe and secure IT services.

4 Initiatives to Improve Effectiveness

1 Group-Wide Policy Development and Monitoring

The DTS Group implements information security policies and rules across all its organizations and Group companies and continuously monitors compliance in daily operations. The Group IT Management Department works with each organization to promote initiatives related to education and awareness campaigns, verification processes for outsourcing operations, and incident response while taking responsibility for maintaining and improving security standards across the entire Group.

2 Education and Awareness Campaigns for Employees and Business Partners

The prevention of information security incidents requires system-based measures as well as the understanding and participation of every individual involved in operations. The DTS Group conducts information security training for its own employees as well as for our business partners with the goal of deepening their understanding of cyberattack methods (such as ransomware and unauthorized access), the required response should an incident occur, and key points of information management to be aware of in daily operations. We also conduct supply chain management training to deepen understanding of security risks in the supply chain and to learn the response requirements of both customers and contractors. To respond to evolving risks, we continuously review training content and promote education and awareness campaigns.

3 Strengthening Verification Processes for Outsourcing Operations

The DTS Group requires that its business partners match its own standards regarding information security management and personal information handling. In particular, when business partners perform work outside of DTS's jurisdiction, we utilize an outsourcing checklist to verify the work location, terminals used, data storage location, etc., to identify security risks before work commences. This ensures that our verification processes for outsourcing operations are not observed as a mere formality but are instead performed as an effective management measure that reduces risk.

p. 53 Supply Chain Management

4 Improving Security Standards Across the Supply Chain

The risk of cyberattacks pertains not only to our own systems and internal operations but also when interfacing with business partners. We at the DTS Group believe that improving information security standards throughout the entire supply chain, including among business partners, is essential for providing our customers with safe and secure IT services. We are committed to improving the security awareness and management standards of all stakeholders involved in our operations through education and awareness campaigns, contract verification, and the use of outsourcing checklists.

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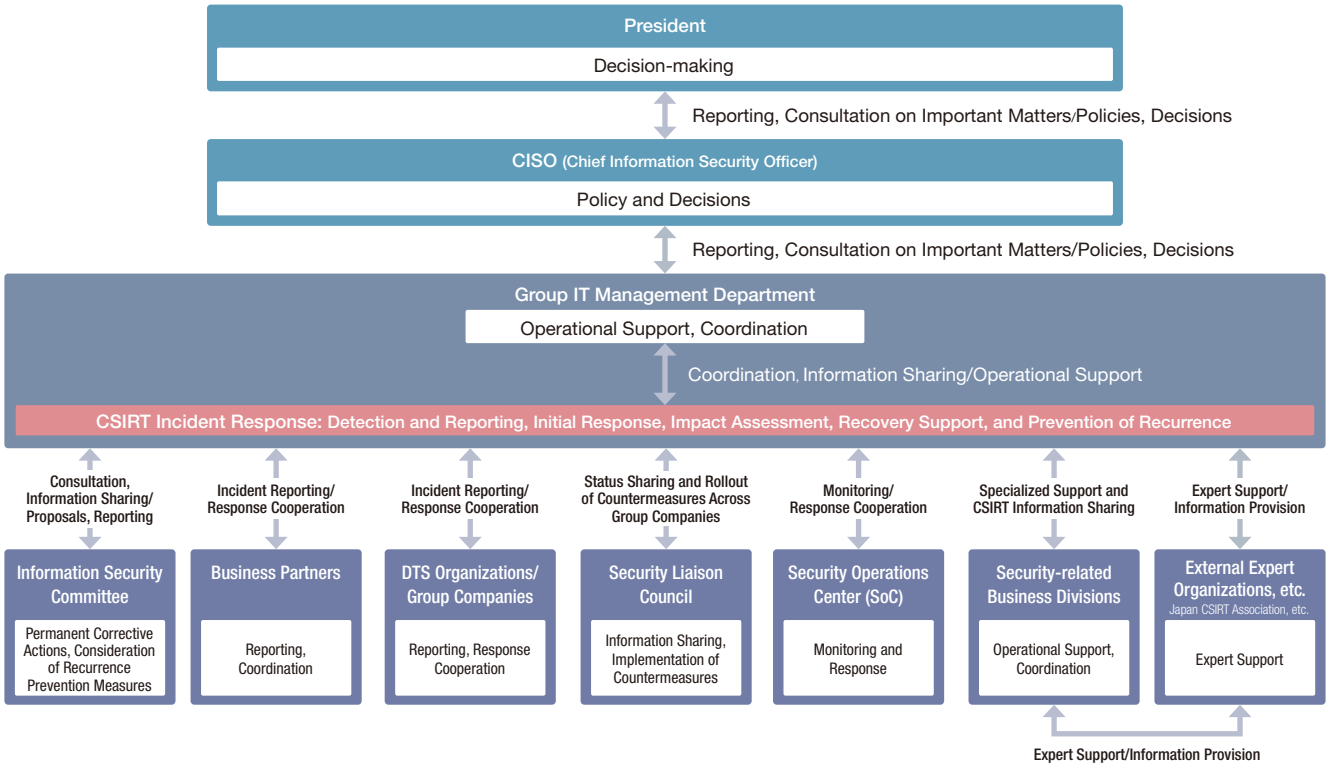


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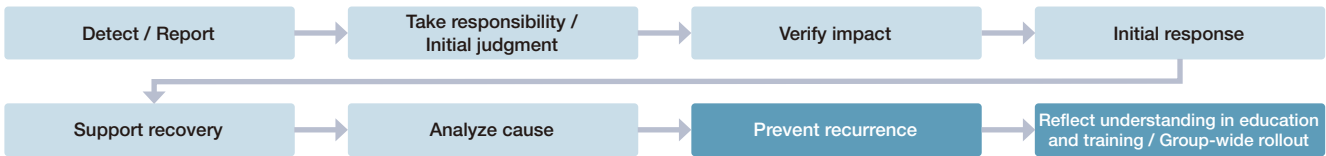
Strengthening Incident Response Capabilities Around the CSIRT

The DTS Group has established the Computer Security Incident Response Team (CSIRT), whose goal is to quickly establish the facts of the situation when a security incident occurs and minimize its damage and impact. The CSIRT works in cooperation with the CISO and relevant departments to promote a series of processes, from initial responses and impact assessments to recovery support and prevention of recurrence.

CSIRT Organizational Structure



Incident Response Process



Main Initiatives for Raising Incident Response Capabilities

1 Emergency Response

In the event of an incident, we will confirm the scope and severity of the detected or reported events and work with relevant departments to develop initial response measures, recovery support, and measures to prevent recurrence. We will promptly share this information with the CISO and relevant departments as needed to minimize impacts on business operations and customers. Furthermore, if permanent corrective actions or recurrence prevention measures are required, we will collaborate with the Information Security Committee and other relevant bodies to develop internal countermeasures.

2 Education and Training

To prevent information security incidents, system-based measures are essential, but so are the understanding and actions of each individual involved in operations. The DTS Group conducts information security training for its employees and business partners to deepen their understanding of cyberattack methods and the responses required when an incident occurs. In the future, we will incorporate the knowledge gained through CSIRT's operations in our education and training.

3 Vulnerabilities and Preventive Measures

We collect threat and vulnerability information during normal operations and assess potential impacts on the DTS Group's systems and services. We issue alerts to relevant departments as needed and work to both prevent incidents and detect them early on through vulnerability assessments of websites and other systems.

4 Preventing Recurrences and Making Improvements

Following an incident response, we identify the cause of said incident and challenges faced when responding in order to develop measures to prevent recurrence. The knowledge gained will be incorporated in education and training, response procedures, and operational rules, in turn contributing to improving overall information security standards across the Group. Furthermore, if it is necessary to share information and develop countermeasures at individual Group companies, we will work to prevent similar incidents from occurring through the Security Liaison Council and other such organizations.



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Basic Approach to Human Rights

As awareness grows for human rights in Japan and around the world, there is now an expectation for corporations to address the impacts of their business on human rights and respond appropriately. The DTS Group endorses the United Nations’ Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work while also promoting business activities that respect human rights. In line with these principles, the DTS Group has established the DTS Group Human Rights Policy and will continue to advance efforts aimed at ensuring respect for human rights.

 Please see the following website for details on the DTS Group Human Rights Policy. https://www.dts.co.jp/en/sustainability/social/human_rights/

Human Rights Due Diligence

The DTS Group continuously carries out human rights due diligence to identify the negative impacts of its operations, based on which it strives to prevent or mitigate them. The progress of such efforts is reported on and discussed by the Sustainability Committee.

1 Plan: Identify/Report Negative Impacts on Human Rights

The Group evaluates past human rights-related cases, focusing especially on due diligence checks concerning power harassment, under- or non-payment of wages, and excessive working hours.



2 Do: Preventive / Corrective Measures

- **Improvement of Internal Environment, Systems, Guidelines, and Hotlines**
We have established the DTS Harassment Prevention Guidelines as well as guidelines for compliance and established various consultation channels, including hotlines for preventing, correcting, and otherwise addressing human rights violations.
- **Development and Training**
We also implement training for human rights awareness for employees and partners and distribute video material to partner companies.

3 Check: Monitoring

We conduct regular questionnaires evaluating employee awareness and practices aimed at respecting human rights as part of our compliance surveys. We also extend these to our partner companies in the form of corporate surveys before engaging in new contracts or renewing existing ones.

4 Act: Information Disclosure

In line with the DTS Group Human Rights policy, we widely disclose information about our human rights-related due diligence efforts.

Major Initiatives in FY2025

Category	Initiatives	Results and Current Status
Employee/partner training & awareness	Awareness campaigns promoting respect for human rights and the creation of rewarding workplaces as part of compliance training	Jul.–Oct. 2025: 11,058 participants
Partner company training & awareness	Distribute videos to raise awareness of the DTS Supply Chain Responsible Corporate Behavior Guidelines	Feb.–Mar. 2026: 401 companies received training
Employee monitoring	Examine awareness and real practices around harassment and working hours through compliance surveys	Sep. 2025: 4,980 respondents
Partner company monitoring	Conduct surveys on awareness and real practices around respecting human rights when new contracts are signed or existing ones are renewed starting in FY2026	Mar.–Apr. 2026: 334 corporate respondents



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Compliance

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 includes the Basic Compliance 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 FY2025, we appointed Risk Management Officers and Compliance Officers to each section of the business promotion and corporate departments, thus strengthening the compliance implementation system.

We are also working to strengthen training and educational programs, information disclosure, and management systems aimed at preventing corruption, taking such measures as detailing the Company’s anti-bribery and corruption measures online and revamping the DTS Compliance Guide.

Results for FY2025

Activity	Participants
Compliance training sessions*1	First round: 11,058 attendees Second round: 10,694 attendees
Compliance questionnaire*2	4,980 respondents

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

Preventing All Types 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-Bribery Guidelines that it has communicated to its officers and employees. We also regularly conduct compliance training covering anti-bribery and related topics.

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

Please see the following website for details on compliance & anti-corruption.
<https://www.dts.co.jp/en/sustainability/social/compliance/>

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” that 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.

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 on matters of concern and seek consultation via one of the following points of contact set up specifically for such use.

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

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

We strictly protect the privacy of whistleblowers and the confidentiality of reports throughout the reporting and investigation process. We furthermore ensure that whistleblowers are not subjected to any disadvantage as a result of making a report.

Please see the following website for details on internal reporting system (help line).
<https://www.dts.co.jp/en/sustainability/social/compliance/>

Internal Reporting Framework Encompassing Overseas Subsidiaries

Group companies comply with local laws and regulations, and the internal reporting system has also been communicated to overseas subsidiaries, enabling reports and consultations to be made in local languages, including English, Chinese, and Vietnamese. We furthermore coordinate efforts with local law firms and other such entities in alignment with the specifics of reporting and consultation, and have otherwise established a system for furnishing replies in local languages.

Please see the following website for details on the Personal Information Protection Policy. https://www.dts.co.jp/en/sustainability/social/privacy_policy/



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Supply Chain Management

Creating a Responsible Supply Chain with Our Business Partners: Building a Stable Service Delivery System with Fair Trade and Mutual Trust

The DTS Group views its business partners not merely as another party in a contract, but as important collaborators who work with us to deliver value to customers. We prioritize fair trade, information security, respect for human rights, and compliance in all business areas (including system development, infrastructure construction, system operation and maintenance, and BPO) and are committed to the maintenance and improvement of a stable IT service delivery system.

 Please see the following website for details on the Guidelines on Responsible Corporate Conduct for DTS Supply Chain Constituents and supply chain management. <https://www.dts.co.jp/en/sustainability/social/supplychain/>



Key Themes to Address with Business Partners

**Fair Trade**

When embarking on a new business relationship, the DTS Group comprehensively reviews technical capabilities, quality, price, service, legal compliance, and other factors. In addition, we strive to maintain an equal and transparent relationship and engage in fair transactions.

**Quality and Stable Delivery**

The DTS Group is responsible for project management and quality control and works to ensure the stable delivery of services and continued improvement of quality and productivity by engaging in dialogue and problem-solving together with its business partners.

p. 54 Quality Management

**Information Management**

The DTS Group requires every business partner to maintain a level of information security at least equivalent to that which the Group and its employees adhere to, and we reduce risks to information management by performing security checks before entering into contracts and conducting continuous training and awareness programs.

p. 49 Information Security

**Human Rights, Workstyles, and Compliance**

The DTS Group disseminates its Code of Conduct and workplace rules to its business partners, and we endeavor to increase awareness and prevent accidents by implementing training before new work commences and confirming attendance records. Our whistleblowing system is also available for use by business partners.

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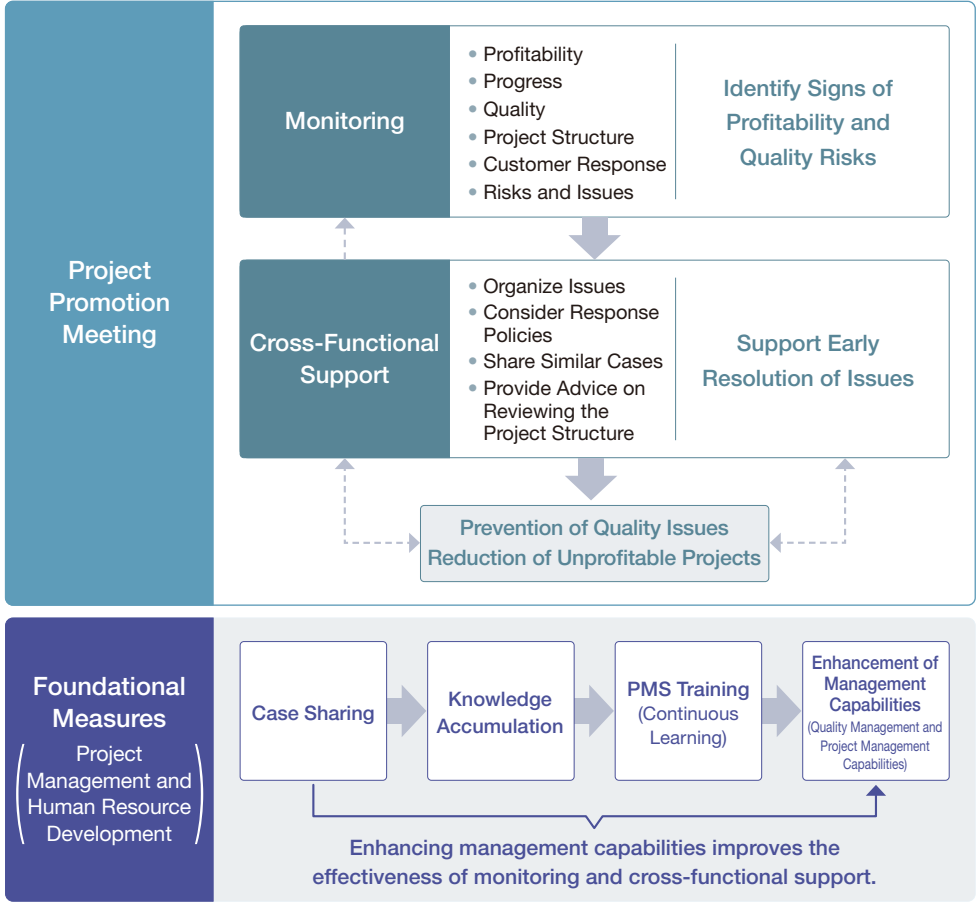
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Improving Project Quality by Swiftly Identifying Quality Risks and Providing Cross-Functional Support: Detecting Early Signs of Risks Affecting Profitability, Progress, and Quality Assurance and Other Organizational Issues Impacting Stable Project Management

The DTS Group views quality management as essential to the management foundation underpinning the stability of business operations and customer trust. Leveraging the development and operational expertise we have cultivated in the finance, public services, and telecommunications sectors, we continuously monitor projects' profitability, progress, quality, and organizational functions to identify risks promptly and prevent lapses into unprofitability or other issues. We are working to improve Group-wide quality management by implementing project management meetings and training.

Please see the following website for details on quality management. <https://www.dts.co.jp/en/sustainability/social/quality/>

Prevention of Quality Issues and Unprofitable Projects



Monitoring Profitability and Quality Risks in Advance

The DTS Group conducts monitoring at the Company-wide, segment, and business unit levels in accordance with each project's scale and risk. We consider planning, progress, quality issues, and personnel systems in addition to regular evaluation of forecasts of sales, costs, and profits, customer service status, challenges, and risks when looking for early signs of problems concerning profitability and quality.

In FY2025, we revised the criteria for project management meeting content, expanding the scope of review from 77 projects last year to 323 projects in FY2025. Broadening the scope of these meetings will strengthen our system and enable the early detection of changes in profitability, progress, quality, and organizational structure, as well as their cause and impact, improving our response.

Improving Quality Control through Cross-Functional, Group-Wide Support

While each business unit and Group company leads their own projects, a cross-functional quality control system ensures that the overall situation is monitored, with advice and support provided as necessary. This system views issues from an objective perspective without bias towards any particular department in order to contribute to consistent project management by examining response strategies, sharing similar cases, and advising on organizational restructuring.

Developing Project Management Personnel through PMS Training

The DTS Group conducts continuous training for managers and management candidates to ensure the implementation of a consistent Project Management Strategy (PMS) and to improve project management skills. This training covers the basic concepts and operational rules of PMS in addition to the management of project profitability, quality control, risks, and case analyses of unprofitable projects, in this way supporting skill and know-how acquisition that can then be applied to real-life project management. By incorporating case studies from project management meetings and the results of past projects into the training content, overall knowledge increases, thus helping prevent recurrence and improving management capabilities.



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Using Customer Feedback to Improve Quality, Proposals, and Responsiveness

The DTS Group considers long-term relationships of trust with its clients to be the foundation of value creation and conducts a regular Client Satisfaction Survey among clients with whom it has a continuous business relationship. The results of the surveys are used to understand how customers evaluate our service quality and sales activities as well as to improve project management, proposal activities, and account plans.

Customer feedback and suggestions collected through these surveys are shared with the sales and project managers of each business department, enabling us to provide tailor-made improvements for each customer's unique challenges and expectations. We work to improve quality, proposal capabilities, and responsiveness with guidance from management when necessary to further enhance the value we deliver to our customers.

Positive Feedback and Challenges Revealed by Customer Feedback

In the survey for FY2025, sales representatives were evaluated highly for their ability to handle problems and requests. We believe that the promptness of responses and convenience of consultation for everyday interactions with customers contributed to this positive result. However, we recognize that there is still room for improvement in providing more information on IT trends and industry developments, the frequency of in-person meetings, and proposal activities. For products and services, although our industry knowledge, on-time delivery, and problem-solving were highly rated, challenges were identified regarding the prevention of problems, adequacy of project management capabilities, and ensuring that proposals reflect customer needs. The DTS Group organizes these results by department and is working on improvements in the areas of customer contact, project quality consistency, and information exchange between sales and project departments. Rather than focusing only on one year's results at a time, we take a long-term view and utilize them for further improvements and to deepen dialogue with customers.

	Positively Evaluated Items	Challenge Items	Initiative Direction
Sales Contact	- Handling problems as soon as they occur - Responding to requests	- Quality of information from sales representatives on IT trends and industry developments - Not enough proposal activities and in-person meetings	- Strengthen customer engagement through integrated sales and delivery initiatives across the Company - Shift from in-person visits to proposals with KPI management - Sales representatives participate in project meetings - Regularly communicate technology trends and industry information
System Services	- Engineer and manager industry knowledge - Deadline adherence - Problem handling	Problem prevention, project management skills, and proposals incorporating customer requests	- Swiftly identify and resolve problem cases, and maintain quality through sales collaboration - Develop individual action plans for underperforming departments - Cultivate project manager candidates - Ensure a deep pool of experts through re-skilling

Initiatives Translating Survey Results into Improvements

The survey revealed a considerable decrease in the accuracy of system services as well as in the quality of proposals for customers' requests compared to other evaluation matters. To resolve this downward trend in customer satisfaction, we will implement the following initiatives.

1 Improving Project Management

In system services, we are identifying project-specific challenges and developing concrete proposals and resolution strategies based on customer feedback and improvement suggestions gathered from survey results. By appropriately sharing quality, progress, challenges, and responses, we aim to improve the quality of deliverables and strengthen our response capabilities.

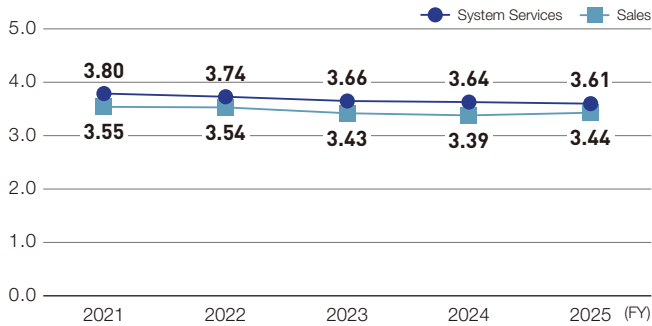
2 Strengthening Proposal Activities and Follow-Up

In sales, we continuously deliver new proposals and follow-up support to existing customers to boost understanding of DTS's products and services, increase repeat orders, and promote cross-selling and upselling. We strive to accurately comprehend the challenges our customers face as the business environment changes, and we work together with business departments to provide an optimal response.

3 Continuous Improvement with Account Plans

We develop and implement account plans tailored to every customer's specific circumstances, and continuously implement improvement initiatives based on the survey results. Our sales and project teams will also collaborate and use customer feedback to improve quality and further enhance the value we offer with guidance from management as needed.

Customer Satisfaction Survey Scores



Companies surveyed in FY2025:
System Services: 102 companies (87 responses) Sales: 267 projects (218 responses)

In the FY2025 survey, the Company-wide average score for sales contacts increased year on year. However, the score for system services declined, confirming the remaining challenge of improving project quality and proposal activities. The survey results are analyzed on a departmental basis and reflected in improvement initiatives.



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Contribution to the Global Environment

The DTS Group recognizes that the preservation of the global environment is an important issue faced by all of humanity. As a company with a responsibility to the future of society, we will help reduce societal impacts on the environment through our business operations and implement internal energy- and resource-saving initiatives, thereby helping to realize a sustainable society.

 Please see the following website for details on the Environmental Policy and Environmental Management System. <https://www.dts.co.jp/en/sustainability/eco/environment/>

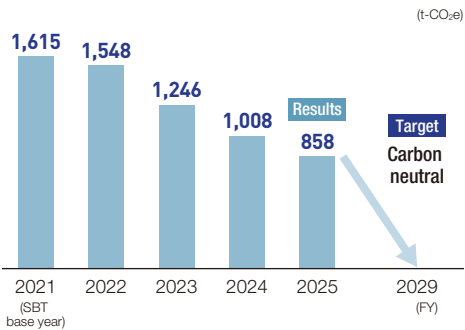
Climate Change Initiatives

In response to the increasing severity of climate change across the globe, the DTS Group has positioned climate change as its top-priority environmental issue and is working to reduce greenhouse gas (GHG) emissions in line with the Paris Agreement. In line with Vision2030, its long-term outlook, DTS aims to achieve net-zero Scope 1 and Scope 2 emissions by 2030, as well as to realize carbon neutrality.

Plans for Reducing Scope 1 and 2 Emissions

Because the DTS Group does not own data centers, which consume large amounts of electricity, most of its Scope 1 and 2 emissions consist of electricity consumption from the running of offices. We are working to increase the proportion of renewable energy used by our offices and are utilizing environmental offset certificates with the goal of achieving carbon neutral operations by 2030. We are also implementing such measures as office equipment upgrades and energy-saving initiatives to reduce energy consumption. These measures will allow us to speed up the reduction of GHGs from our business activities.

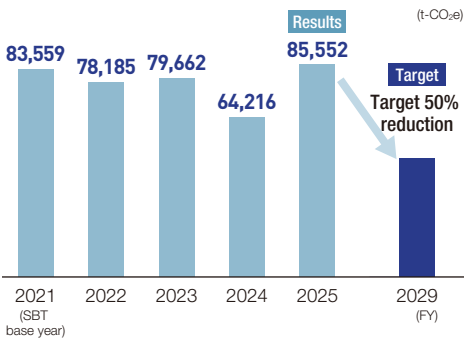
Progress Towards Scope 1 and 2 Reduction Targets



Plans for Reducing Scope 3 Emissions

The DTS Group faces a major challenge in reducing its Category 1 emissions (from purchased goods and services), which comprise approximately 74% of its Scope 3 emissions. To address this challenge, we conduct annual surveys of our partner companies on their responses to climate change while continuing to strengthen our collection of emissions data, and are distributing informational videos to promote understanding of the DTS climate change response, including with regard to its GHG reduction policy and emissions calculation methods. We provide major partner companies with individual assistance in making calculations and exchanging opinions. Through these measures, we are endeavoring to achieve our goal of reducing emissions by 50% by 2030.

Progress Against Scope 3 Reduction Targets



Environmental Management

The DTS Group has an environmental management team overseen by the Head of Corporate Management. The system promotes Group-wide responses to climate change and actions to reduce environmental impacts.

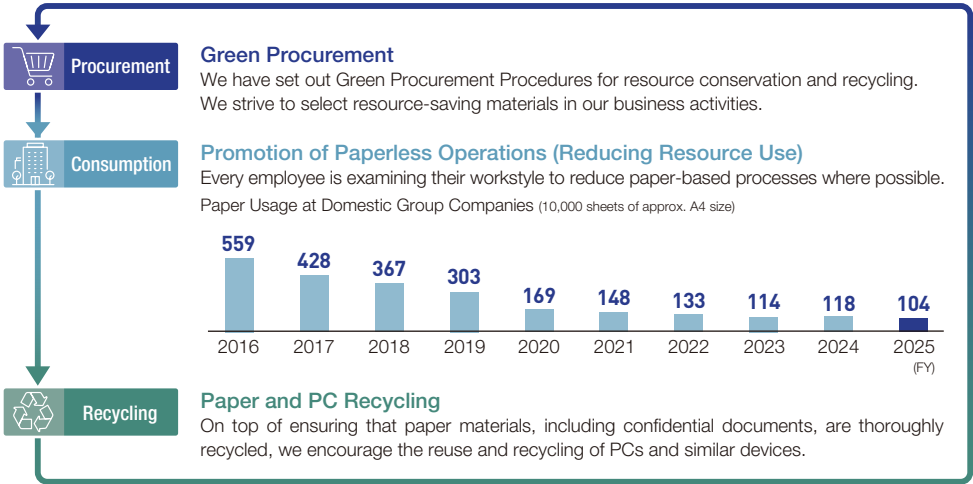
To promote a Group-wide approach to environmental issues, we have acquired ISO 14001 certification and implement our proprietary DTS Environmental Management System (EMS). In FY2025, we began expanding the DTS EMS within our overseas network, working on a global scale to understand and reduce GHG emissions.

Progress toward carbon neutrality and other aspects of the Company's climate change response are periodically reported to the Board of Directors and the Sustainability Committee.

 Please see the following website for details on the sustainability governance system. <https://www.dts.co.jp/en/sustainability/eco/climatechangeinitiatives/>

Sustainable Resource Use

The DTS Group 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 are helping to increase resource efficiency and reduce environmental burden from a life cycle perspective.



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Information Disclosure Based on TCFD Recommendations

The DTS Group has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses the progress of its initiatives in line with the TCFD framework, while also strengthening its initiatives for climate change and promoting decarbonization through management.

 Please see the following website for details on climate change initiatives. <https://www.dts.co.jp/en/sustainability/eco/climatechangeinitiatives/>

Item	Response						
Governance	Corporate Governance for Climate Risks and Opportunities		• The Sustainability Committee is chaired by the Representative Director and President and conducts discussions, develops strategies, and monitors climate change, regularly reporting to the Board of Directors • Established environmental management system with the Head of Corporate Management at its top to implement climate change and environmental impact reduction initiatives				
Strategy	Real and potential impacts of climate risks and opportunities on the Company’s business, strategy, and financial plans		• Analyzed the impact of climate change on businesses using 1.5C° and 4C° scenarios, and identify and evaluate transition risks, physical risks, and business opportunities • Formulate measures based on the results of the analysis to address risks and business opportunities				
			Climate Change-Related Risks and Opportunities				
			Scenarios	Categories	Details (period affected*1)	Level of impact*2	DTS response
			1.5°C	Risks (transition and regulatory)	Increased costs due to the introduction of carbon taxes (medium to long term)	Small	• Reduce GHG emissions by procuring renewables (switching electricity contracts, utilizing environmental offset certificates) • Reducing energy used in offices through equipment upgrades such as LED lights
				Risks (transition and reputation)	Worsened reputation due to failing to meet demand from investors for climate change-related information disclosure	Medium	• Establish a specialist organization and Sustainability Committee to proactively respond to climate change and disclose information • Facilitate dialogue with investors
				Opportunities (transition and market)	If the Company responds sufficiently to climate change, the Company will gain an advantage in customers’ sustainable procurement, leading to increased sales	Small	• Engage in extensive dialogue with customers and work to meet their climate change-related demands
			4°C	Risks (physical and acute)	Frequent natural disasters such as large typhoons and heavy rains interrupt business activities due to flooding and other damage	Medium	• Implement measures and training to maintain system environments and ensure our ability to swiftly respond in the event of a disaster • Establish remote work environment for employees
				Opportunities (Products and services)	Growing demand for cloud services as a countermeasure for increasingly extreme disasters	Medium	• Improve proposal capabilities tailored to business operations that contribute to BCPs and meet customer needs • Invest in human resources to cultivate cloud engineers and employees prepared for further advances in cloud services
			*1 Short term is within one year, medium term is one to three years, and long term is three years or longer				
			*2 Financial impacts by the final year of Vision2030: large is ¥2 billion or more, medium is ¥500 million to under ¥2 billion, and small is less than ¥500 million				
Risk Management	Process for Selection, Management, and Evaluation of Climate Risks and Opportunities		• DTS’s Risk Management Regulations classify climate-related risks as sustainability risks, and are comprehensively managed as business-related risks by the Risk Management Committee				
Indicators and Targets	Indicators and Targets for Evaluation and Management of Climate Risks and Opportunities		• Set targets for Vision2030 to reduce GHG emissions (Scopes 1, 2, and 3) versus FY2021 Net-zero Scope 1 and 2 emissions by 2030, and 50% lower Scope 3 emissions versus FY2021 (targets certified as SBTs in 2024) • Aim for net-zero Scope 1, 2, and 3 emissions by 2050  Please see the following website for details on environmental data. https://www.dts.co.jp/en/sustainability/eco/data/				



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

Basic Policies

- 1

Ensuring shareholder rights and impartiality
- 2

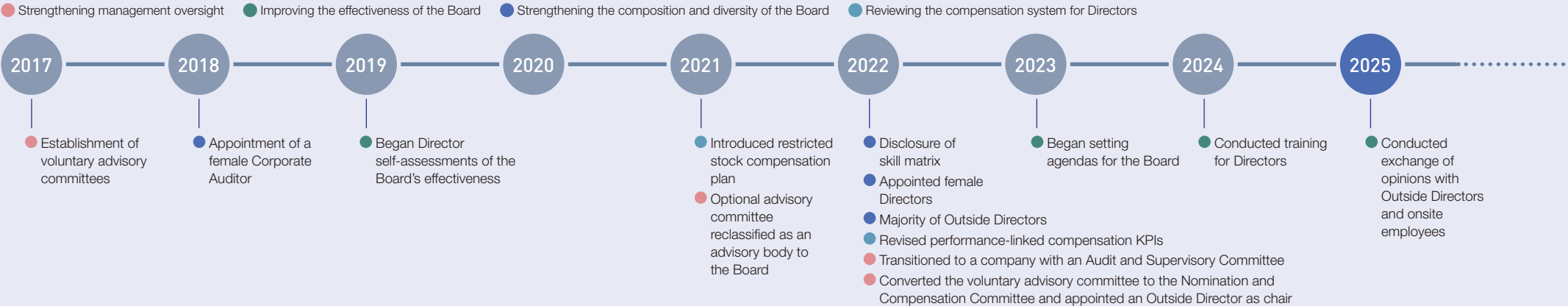
Appropriately cooperating with stakeholders other than shareholders
- 3

Appropriately disclosing information and ensuring transparency
- 4

Executing the responsibilities of the Board of Directors and other such bodies
- 5

Engaging in dialogue with shareholders

Initiatives to Strengthen Corporate Governance



Numbers and Ratios After the Annual General Meeting of Shareholders in June

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Directors	10	10	13	11	10	10	10
Independent Outside Directors	4	4	7	6	6	6	6
Independent Outside Director ratio	40%	40%	53%	54%	60%	60%	60%
Of which, women	—	—	2	2	2	2	2
Corporate Auditors	4	4	—	—	—	—	—
Executive Officers, Directors (including those concurrently serving other positions)	15	16	15	16	15	13	15
Of which, women	—	—	—	—	—	1	2



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Corporate Governance Structure

Corporate Officers

Roundtable Discussion between Outside Directors

Evaluation of the Effectiveness of the Board of Directors / Cross-Shareholdings

Directors' Compensation

Dialogues with Shareholders and Institutional Investors

Information Disclosure for Transparency

Risk Management

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Corporate Governance Structure

DTS has adopted the Company with an Audit and Supervisory Committee structure. This structure is intended to further enhance corporate governance by accelerating decision-making, enriching discussions at Board of Directors meetings, and strengthening the Board's supervisory function through the inclusion of Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by Directors, as members of the Board.

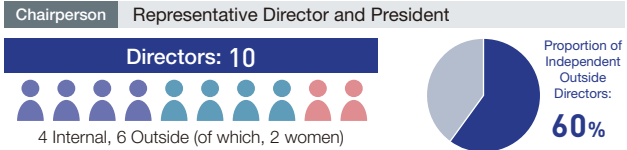
Overview of the Corporate Governance Structure (as of June 23, 2026)

■ Directors ■ Internal Director ■ Independent Outside Director (male) ■ Independent Outside Director (female)

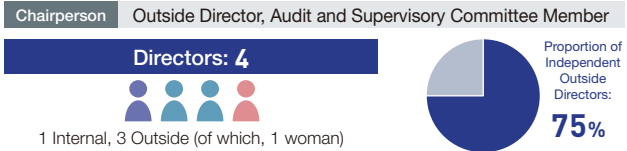
Total number of Directors

10

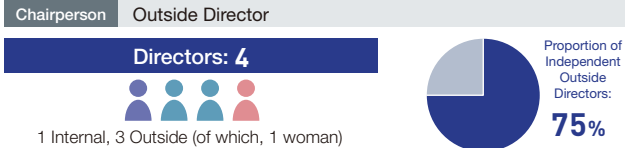
Board of Directors



Audit and Supervisory Committee



Nomination and Compensation Committee

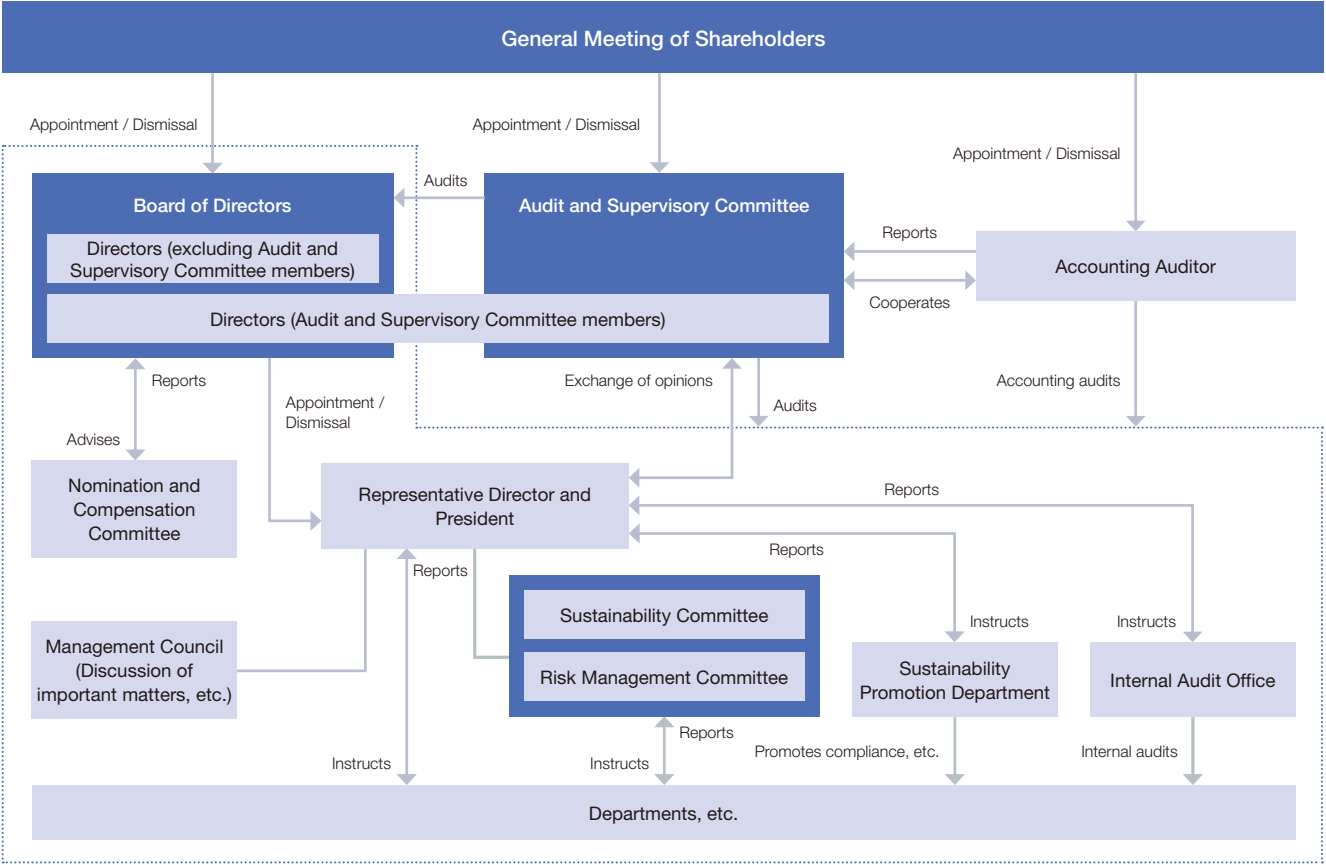


Compliance with the Corporate Governance Code

The Company complies with all items outlined in the Corporate Governance Code.

Please see the following website for details on corporate governance. <https://www.dts.co.jp/en/ir/management/governance/>

Corporate Governance Structure



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Board of Directors

In accordance with Company regulations, the Board of Directors formulates fundamental management policies, determines important matters concerning management and business execution, determines matters authorized by resolutions of the Shareholders' Meeting, and determines matters stipulated by laws and regulations and the Articles of Incorporation. The Board also receives reports on matters stipulated by law and the status of execution of important business. Independent Outside Directors represent the majority of the Board with the goal of enhancing corporate value over the medium to long term.

Audit and Supervisory Committee

The Audit and Supervisory Committee, which has a majority of Independent Outside Directors, audits the performance of duties of Directors. The committee works to ensure the legality and appropriateness of management based on audit policies and plans by regularly exchanging opinions with the Representative Director, attending important meetings including of the Board of Directors and other committees, coordinating with the Accounting Auditor and Internal Audit Office, and investigating business operations and assets.

Nomination and Compensation Committee

The Nomination and Compensation Committee serves as a voluntary advisory body to the Board of Directors and is composed primarily of Independent Outside Directors. In response to consultations from the Board, the Committee deliberates on matters including compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) and the nomination of Director candidates, and submits its recommendations to the Board. Through an objective and transparent process, the Committee supports fairness in the selection and compensation of management.

Special Topics Discussed by the Nomination and Compensation Committee (FY2025)

To achieve Vision2030, the Committee deliberated on revisions to the compensation system aimed at strengthening the linkage between management indicators and executive compensation evaluation metrics and increasing the motivation of Directors and Executive Officers to contribute to enhancing corporate value.

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Board of Directors	Major Agenda Items for FY2025
	- Medium-term management plan (2025–2027) - Results of management evaluation on internal control reporting system - Yearly internal audit report and internal audit plan - Risk management status - Cross-shareholdings - Disclosure of the Corporate Governance Report - Results of the review of the Corporate Governance Code - Effectiveness evaluation of the Board of Directors - Reports on the results of regular shareholder engagement and the status of investor relations - Response to climate change - Orders with project sales over ¥500 million and proposals over ¥2 billion - Review of M&A - Human resources strategy

Audit and Supervisory Committee	Major Audit Items for FY2025
	- Status of measures related to the 3 pillars of the medium-term management plan (2025–2027) in its first year - Risk response for new elements in the Group's organizational structure and business

Nomination and Compensation Committee	Major Discussion Items for FY2025
	- Performance evaluation for Director compensation for FY2024 and review of Director compensation amounts - Policy for determining individual Director compensation - Directors for FY2026 (starting from the General Meeting of Shareholders in June 2026) - Structure of the Nomination and Compensation Committee for FY2026 (starting from the General Meeting of Shareholders in June 2026)

Status of Board of Directors' Deliberations

		First quarter			Second quarter			Third quarter			Fourth quarter		
Board of Directors meetings		April	May	June	July	August	September	October	November	December	January	February	March
Main discussion content	Medium-term management plans		●			●			●			●	
	Internal controls		●										●
	Large-scale projects and investments		●	●		●				●			
	Stock		●	●		●			●				
	Internal audit plans and reports		●										
	Engagement activities with shareholders and investors		●	●		●			●		●		●
	Compliance with the Corporate Governance Code			●					●				●
	Risk management		●						●				
	Medium-scale projects and investments		●			●					●	●	
	Sustainability matters					●			●				
	Growth investments									●	●		●
	Human resources strategy											●	●



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Corporate Officers As of July 1, 2026 (Company shares held as of March 31, 2026)

Directors											
Official Title or Position & Name		Tomoaki Kitamura Representative Director and President	Isao Asami Director and Senior Managing Executive Officer	Kazumasa Taninaka Director and Managing Executive Officer	Shinichi Yamada Outside Director Independent	Yumiko Masuda Outside Director Independent	Shigeo Kizaki Outside Director Independent	Yutaka Nakamura Director and Full-Time Audit and Supervisory Committee Member	Taeko Ishii Outside Director and Audit and Supervisory Committee Member Independent	Nobuyasu Iimuro Outside Director and Audit and Supervisory Committee Member Independent	Hiroshi Ohno Outside Director and Audit and Supervisory Committee Member Independent
Number of Company shares held		42,568	85,171	8,787	0	0	0	22,639	0	0	0
Tenure		6 years	7 years	1 year	6 years	4 years	1 year	1 year	4 years	3 years	2 years
Attendance in FY2025 (Attendance rate)	Board of Directors	Chairman 15/15 (100%)	15/15 (100%)	12/12 (100%)*2	15/15 (100%)	14/15 (93%)	12/12 (100%)*3	12/12 (100%)*4	15/15 (100%)	15/15 (100%)	15/15 (100%)
	Audit and Supervisory Committee	—	—	—	—	—	—	8/8 (100%)*4	Chair 11/11 (100%)	11/11 (100%)	11/11 (100%)
	Nomination and Compensation Committee	Committee member 8/8 (100%)	—	—	Committee member 8/8 (100%)	Chair 8/8 (100%)	Committee member 7/7 (100%)*3	—	—	—	—
Skills held**	Corporate management	●			●		●				●
	International scope			●	●	●	●			●	
	Sales / Marketing	●	●			●	●	●			●
	Development / R&D	●	●	●	●						
	Finance / Capital strategy			●			●	●		●	●
	Human resource development / D&I	●	●			●			●		
	Internal control / Risk management		●	●				●	●	●	

*1 Up to four skills that each Director is particularly expected to demonstrate are indicated with a dot. The marked items do not represent all of the knowledge and experience possessed by each Director.
*2 Because Mr. Kazumasa Taninaka was appointed as a Director on June 24, 2025, his attendance reflects only the meetings held after his appointment.
*3 Because Mr. Shigeo Kizaki was appointed as a Director and a member of the Nomination and Compensation Committee on June 24, 2025, his attendance reflects only the meetings held after his appointment.
*4 Because Mr. Yutaka Nakamura was appointed as a Director and Audit and Supervisory Committee Member on June 24, 2025, his attendance reflects only the meetings held after his appointment.



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Skills Required of Directors

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

Our Stance on Skills

Skills	Corporate management	International scope	Sales / Marketing	Development / R&D	Finance / Capital strategy	Human resource development / D&I	Internal control / Risk management
Our Stance on Skills	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.	To engage in initiatives in new fields as well as globally with the aim of capturing new opportunities for business growth and revenue sources, directors are expected to demonstrate insight gained through experience in overseas businesses and skills for future business development.	To increase the sophistication of the value that we propose through a broad range of proposal capabilities and solutions based on leading technologies, directors are expected to demonstrate business experience and skills in the sales and marketing field.	To support the addition of digital technologies, solutions, and 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.	To strengthen operations and reform our management foundations through continuous investments that take advantage of our solid financial base while ensuring accurate financial reporting, directors are expected to demonstrate business experience and skills in the finance / capital strategy field.	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.	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.

Executive Officers As of July 1, 2026 (Excluding those concurrently serving as directors)

Managing Executive Officer	Makoto Kondo	Head of Operations and Solutions Segment and Head of Public Systems and Social Infrastructure Sector Chairman, DTS (Shanghai) CORPORATION Chairman, DTS SOFTWARE VIETNAM CO., LTD.
Senior Executive Officers	Hiroyuki Norikane	Head of Technology and Solutions Segment and Head of Digital Solution Sector
	Hiroshi Tani	Head of Platforms and Services Segment and Head of IT Platform Service Sector Director, DIGITAL TECHNOLOGIES CORPORATION
	Nobuhisa Abe	Chief Information Security Officer and General Manager, Business Development Department Director (Board of Directors) and Audit Committee Member, Nelito Systems Private Limited Director, Spice Factory Co., Ltd.
Executive Officers	Hiroyuki Mabuchi	Director, President & Chief Executive Officer, DTS America Corporation Executive Vice President and Director, Partners Information Technology, Inc.
	Masanori Tamura	Head of Financial Sector Director (Board of Directors), Nelito Systems Private Limited
	Masakazu Takada	Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation Representative Director and President, Anshin Project Japan Inc.

Key Challenges

- 1

Increase sophistication of the value that we propose
- 2

Combination of SI × digital
- 3

Engage in initiatives in new fields as well as globally
- 4

Strengthen ESG initiatives
- 5

Reform our management foundation



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We Must Maintain Our Principle of “Always Enjoy Change” in the AI Era



Our Outside Directors share their processes and perspectives on conducting discussions and monitoring during the first year of the new medium-term management plan.

Top row, from left:

Shinichi Yamada Independent Outside Director

Yumiko Masuda Independent Outside Director

Shigeo Kizaki Independent Outside Director

Bottom row, from left:

Taeko Ishii Independent Outside Director, Audit and Supervisory Committee Member

Nobuyasu Iimuro Independent Outside Director, Audit and Supervisory Committee Member

Hiroshi Ohno Independent Outside Director, Audit and Supervisory Committee Member

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Was there good progress on the medium-term management plan (2025–2027) during its first year?

Yamada We consider the Company's FY2025 performance to be excellent, exceeding plans. To be honest, we were relieved to see these results, as we had been told by executives last year that this year would be quite tough. And, indeed, sales in core businesses did decrease. But this was a deviation from initial plans and attributable to a faster than anticipated acceleration in the shift to cloud services. From a different perspective, this is a very significant achievement, as our core area engineers acquired cloud-compatible skills and met customer expectations. However, looking only at the results, revenue in core businesses has decreased, and we need to explain this carefully to avoid misunderstandings among investors.

The Board of Directors also gained a clearer understanding of the post-acquisition status of M&A deals. For example, the initiative to reinforce group growth by shifting certain operations from the Tokyo metropolitan area to a regional company via nearshoring is still in progress, but it is being actively discussed at Board meetings, and we are accumulating knowledge about growth investments.

Furthermore, given the strong performance in the first and second quarters, some have wondered why we have not revised our forecast upwards. After all, if we had been able to foresee the results a little earlier and make an upward revision, the market's assessment of the business may have been different.

Masuda As Director Yamada just mentioned, we had a very good start in our first year of the plan. Achieving our target sales ratio for our focus businesses ahead of schedule

has been a strong selling point for the market.

On the other hand, the earnings forecast for FY2026 could be interpreted as an indication that growth is expected to slow, so we need to discuss whether it aligns with our growth scenario and how reforms to our business portfolio are progressing.

As part of my monitoring duties, I keep a constant and close watch on the relationship between growth investments and results over time. I also monitor how external expectations regarding growth stages align with actual progress and how this is perceived by end-users, including our customers, as well as shareholders and society at large.

Kizaki In terms of outcomes, as you both mentioned, we have quantified and publicly presented the goals of our medium-term management plan and have achieved very good results. However, what



is important is that we had a vision of the kind of group we want to become and that we were able to act in accordance with it. Even if the KPIs set out in the medium-term management plan seem favorable when calculated, we have always been more interested in and are monitoring what is actually happening to cause those figures.

For example, in our core businesses and in our Operation & Solutions Segment, our extensive business knowledge is a major strength. While this is a crucial asset for our company, we must be able to demonstrate the value of this knowledge to other customers and different industries if we are to achieve further growth.

Ishii While our focus businesses have grown and we have gotten off to a promising start, our investments in growth and

human resources were somewhat lacking. The financial sector is a very important industry for us and maintaining that relationship in the medium to long term is critical. AI is also expected to develop across a number of fields, giving us another important risk area to keep an eye on.

Imuro One of the pillars of our medium-term management plan is strengthening Group governance. As an Audit and Supervisory Committee Member, I am focusing on how management is strengthening and utilizing governance and internal controls. Since experiencing misconduct at an overseas subsidiary, DTS has taken various steps to enhance its internal audits in the first year of the medium-term management plan, including bringing in external experts. This is a very positive development, and I hope that we will continue to strengthen these measures.

Ohno I agree with the evaluations you all have given regarding the results of the first year of the medium-term management plan. Such plans need to inspire hope and raise the expectations of all stakeholders.

The role of outside directors is to monitor management, and although many associate monitoring with the detection of misconduct, it is much more and encompasses efforts to ensure that the company being monitored is pursuing its stated objectives and taking appropriate actions to achieve its goals. On the other hand, monitoring also involves determining the propriety of measures or responses being taken to achieve a plan's goals while providing frank feedback to management. The progress of the medium-term management plan needs to be checked from both of these perspectives.



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What is the nature of the discussions the Board of Directors is having on the risks and opportunities DTS will face from the popularization of AI?

Kizaki Changes related to AI are so rapid that the situation can be entirely different after a week, and the speed of change in the world in general is so fast that there are limits to what can be accomplished by a monthly Board meeting.

DTS's business is not focused on heavily investing in cutting-edge technologies to create and deliver brand-new IT industry innovations. Rather, we deal with customers struggling with navigating the rapidly changing world of AI, so it is essential that we rethink our relationships with them by thoroughly considering how we can be of service and by responding to their needs in a timely manner. We must consider how DTS can support our customers in bridging the gap between the changes brought about by cutting-edge technology and the changes they are experiencing, especially financial institutions, and carry out this role effectively.

Yamada Up until now, we have interpreted the impact of AI as an opportunity, not a risk, because it allows for more efficient work and shorter delivery times. However, with the emergence of frontier AI, the strategies of financial institutions



may change significantly, and we believe we will also be affected. Therefore, we will work closely with our customers to devise effective responses, and I think we now must emphasize the need to accelerate human

resource development toward this end.

I am keeping a close eye on what major Indian companies doing business in the U.S. market are up to. India is moving fast, constantly proposing businesses that utilize AI agents, and the AI-readiness of its workforce is progressing at an incredible pace.

While developing an AI agent is one possible solution, as a company that provides both upstream and downstream services, we believe that we can improve the productivity of DTS's engineers and achieve results more quickly by making full use of commercially available AI tools without relying too heavily on our own AI agent. We are also working on establishing an AI-CoE and the DTS GenAI Academy, and we will monitor the results of these initiatives.

Ohno There is not a day that goes by without AI being mentioned. It is undoubtedly a topic that will have a huge impact on DTS and cannot be ignored, but I think it is also necessary to observe it calmly. When the internet first began to spread, it was said its impact would be comparable to the Industrial Revolution, something that would turn the world upside down, but, on the whole, we have adapted easily. While I am aware that AI will have a big impact on DTS, I think it is important to calmly look ahead and find out how our customers will change.

Jimuro Because I viewed AI as a convenient tool, I never anticipated that its negative aspects would become so pronounced. And there is no way to predict what new, completely different thing could pop up next year. In that sense, my honest impression is that risks associated with it are unpredictable.

Furthermore, investments in AI are on a completely different scale, making it difficult to consider return on investment.

Ishii It might sound like science fiction, but the rapid and

explosive pace of advancements makes me feel somewhat pessimistic about what the future holds. I cannot help but imagine, though it may perhaps be delusional, AI developing and testing software itself, potentially taking away jobs.

On the other hand, in terms of labor laws, the difference between contracting and dispatching is that contracting and outsourcing are not based on a man-month rate, but rather on the value of the deliverables. With the advent of AI, I believe this presents an opportunity to turn away from the current man-month pricing model, returning instead to original labor principles as we re-evaluate pricing.

Masuda Given that many of DTS's main customers are financial institutions, we believe that our strength lies in working with them to realize a foundation for IT utilization based on a premise of safe and ethical use. The ability to connect to actual conditions on the macro and micro levels and handle various risks, such as vulnerabilities and ethical issues, as well as to leverage them for business success also fits with DTS's corporate culture. I believe that the planning, proposal, and design skills needed to take advantage of and apply these advances will ultimately remain with human beings and will define the roles that people will play.

What is the Board of Directors discussion with regard to human capital investment?

Ishii Human capital management requires ingenuity at every level, including recruitment, training, and



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keeping employees from leaving DTS or transferring to a different organization. Since we have already achieved results in recruiting and training new graduates, I would like to continue focusing on these areas.

On the other hand, the low engagement scores of managers are a cause for concern impacting employee retention. We need to implement countermeasures based on thorough analyses, not only of compensation but also the scope of discretion and authority granted to employees.

Iimuro Regarding human capital, items have been added to annual securities reports from the perspective of sustainability management, with potentially more to follow. The ability to analyze the extent to which various measures related to human capital contribute to improving corporate value may therefore become necessary.

Masuda In terms of human capital investment, progress is being made in developing highly skilled professionals and improving engagement scores, as outlined in the medium-term management plan. The question now is how well these results will translate into growth strategies. We want to carefully examine which key growth areas our investments in human resources are impacting and how they contribute to increased productivity and revenue growth.

Another point of concern is our competitiveness in the talent market. While we are seeing strong growth in new graduate hiring, we are struggling with bringing in experienced personnel. We also recognize the gap between global skills and job types. It is important to clearly define not only the skills necessary for key growth areas, but also the competencies required to translate those skills into action. I hope we can elevate our talent development to a level where we can cultivate talent that is valued in the external market.

Ohno I believe the Board of Directors has a very strong

understanding that investing in human capital is one of our top priorities.

In order to ensure that a lack of highly skilled professionals does not become a constraint limiting the sustainable growth of the Group, we must pursue both qualitative advancement and quantitative expansion. As a member of the Board of Directors, I support this expansion based on this understanding.

Kizaki Looking at the breakdown of highly skilled professionals, while the number and depth of highly skilled technical personnel have increased significantly, there is still a noticeable shortage of technically qualified personnel on the business side—that is, personnel who can understand our customers’ businesses and translate that understanding into proposals. Strengthening upstream processes is a hot topic throughout the industry, and we recognize that bridging this gap is a major challenge for DTS. This is an issue we absolutely cannot avoid, so the Board of Directors will continue to monitor the situation while generating various ideas and raising issues.

Yamada Director Ishii presented the Board of Directors with a lecture on human capital management. Afterward, I realized that, for example, when we say that the growth of our cloud business was due to the development of cloud-related personnel, we do not currently have a means of explaining how much time and money was required for cloud-related personnel development, or how much growth it led to. I came to understand that we cannot just look at the results, but must also discuss the contributing factors.

What are your feelings on the financial strategy, which was created with considerations toward utilizing debt?

Kizaki I understand the argument from investors that we should utilize debt, and I believe there is a shared understanding on the Board of Directors that we should do so. However, it is merely a means to an end, and I believe that any decision should be based on a thorough consideration of both growth investments and financial optimization when thinking about the kind of growth we should pursue.

Iimuro Up until now, the Company has made investments using cash on hand. However, as we consider future growth investments, and maybe larger-scale projects, I believe the consensus of the Board of Directors is that utilizing debt in addition to our own funds has become an option.

Ishii The goal is not simply to utilize debt, but rather to consider what we want to achieve. We should think about how much cash we have on hand when investment opportunities arise and then evaluate how to utilize debt efficiently.

Ohno While there is a common understanding that leveraging debt offers a viable option for realizing growth investments, rising interest rates necessitate a higher level of focus on profitability. For example, in the case of M&A, it is necessary to consider whether a target company has the financial strength to withstand higher interest rates and what their impact will be.



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On the other hand, because DTS operates debt-free, we would likely be in a favorable position in terms of fundraising capabilities if we were to compete with other companies in M&A efforts. Also, many DTS customers are in the financial industry, so rising interest rates could work to our advantage. For these reasons, I believe we should aggressively and boldly pursue growth investments, including taking on loans.

Yamada One of the key metrics for growth investments is how far ahead a project is looking, and I believe this is something that should be carefully considered. It is very unfortunate that cash often ends up being used for share buybacks because it cannot be fully utilized.

Furthermore, I personally believe it is time to take on a large-scale M&A, even if it means taking on debt. When a target is small, operations tend to rely too heavily on specific individuals; however, with a deal of significant scale, systems are already in place to accumulate and share know-how. By integrating these assets, I believe we can take DTS to the next level.

With interest rates rising and other companies also seeking opportunities through M&A, conditions are not exactly ideal. However, if our medium-term management plan requires a hop, step, and jump to achieve its goals, I believe now is the time to be setting up for the jump.

How are you reacting to evaluations of DTS by capital markets? What sorts of approaches are you considering on to enhance DTS's corporate value?

Yamada We pay close attention to stock price trends, which

are a frequent topic of discussion at the Board of Directors.

While it is difficult to control stock prices themselves, companies can control the profit they generate, which influences market valuations. Therefore, I believe we should focus on increasing productivity and generating profits.

Masuda Although the Company has received a certain level of valuation from the stock market, it seems that the premium value of our growth is not being perceived.

Like Director Yamada, I believe it is time to present a concrete scenario for moving to the next stage of growth and to consider M&A efforts that will incorporate a new level of talent and business infrastructure. I think a more strategic growth scenario needs to be discussed in depth by the Board of Directors, and I also recognize that the ability to communicate this kind of information, including corporate branding, will be important in this next stage.

Kizaki In the case of DTS, I think it is difficult to perceive what kind of event would cause its stock price to suddenly rise. For example, there was news that a major Japanese bank had licensed Claude Mythos from Anthropic. If more people had understood what DTS does at that time, I think its stock price would have reacted positively, but the Company has not yet adequately communicated what it wants the capital markets to value.

Ishii I think the stock price issue is largely due to the entire industry being affected by the Anthropic shock. While we recognize that M&A efforts are important for growth, the difficulty of implementing effective governance after acquisitions, both domestically and internationally, is unavoidable. Right now, we may be so cautious that we are afraid to take any risks, but it is necessary to carefully assess the situation.

Jimuro In terms of market valuation, this would translate to stock price, but I think many of our employees may question

such a valuation, as even though we are providing solid shareholder returns and achieving record-breaking results, our stock price remains low.

On the other hand, analysts' assessments are neutral because they are not seeing much to either support or negatively impact our future. I believe we should clearly articulate and promote strategies that will inspire confidence in our future.

Ohno We basically have no choice regarding stock prices but to respond with results. We must discuss, develop, and implement what we intend to do in the current and next medium-term management plans, and I think doing so should be enough.

What sort of discussions are taking place regarding issues such as succession plans and director compensation at the Nomination and Compensation Committee?

Masuda The Nomination and Compensation Committee meets every year in accordance with the annual agenda, and I have served as its chair since the previous fiscal year. During this time, we have reviewed the compensation system for Directors and dedicated time to discussing compensation-related themes.

Regarding succession plans, we are focusing our discussions on the kind of management talent needed in the medium to long term and how it should be developed, as our top



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executives have historically enjoyed relatively long tenures. From this perspective, we are deepening our relationships by engaging potential candidates in dialogue. Moving forward, we must pursue more in-depth discussions that take into account the challenges faced during DTS's growth stage and what is required of the next top executive before connecting these discussions to succession plans. We are exploring various options, including internal promotion and external recruitment, from multiple perspectives.

Regarding compensation, which was the theme of the previous fiscal year, we were able to submit recommendations for adjustments based on market prices and the introduction of evaluation criteria that emphasize transparency, explainability, and acceptability. We are confident that the approach taken in this revision will also impact employee benefits and recruitment.

Yamada Our performance continues to be strong, there are no major problems, and the environment is changing rapidly due to the advancement of AI, so I do not think now is the time to discuss a change in leadership. I believe that the leadership quality to look for going forward will, given the unpredictability of the future, be the ability to handle everything on their own while still involving those around them and moving forward.

In our discussions on revising the compensation system, I believe we were able to simplify it by proposing increases in stock-based compensation, enhanced performance-based compensation to create more differentiation, and improved compensation to a level that makes it possible to recruit from outside DTS.

Kizaki To secure growth into the future, DTS will require a stronger top management team, and this can only be achieved through a combination of internal training and

external recruitment.

Compensation is also extremely important, and the recent revision has allowed us to bring our ability to recruit mid-career professionals up to market standards. We believe that our biggest challenge is to further strengthen our top team by implementing these sorts of measures.

What sorts of challenges should be taken in pursuit of further growth? Please give us your thoughts, including your expectations of President Kitamura.

Yamada While we have been promoting younger talent, as Director Kizaki mentioned, we need to cultivate more young management personnel. We must also increase the media exposure of our executives, including President Kitamura. I want to emphasize this point because it will also lead to an increase in individual investors.

Masuda I agree that it is important to strengthen the depth of the management team and enhance external communication capabilities. Another point is that while DTS has a long-term outlook, Vision2030, it really needs to specifically communicate the challenges it intends to take on and the kind of future it aims to achieve. This overlaps with today's discussion, but it will require the integrated management of strategy, human resources, and capital, and the Company should show how it intends to do this. I hope President Kitamura will demonstrate a commitment to strong leadership and use his strong communication skills to make this a reality.

Kizaki Since taking office, President Kitamura has

dedicated himself to improving DTS's weaknesses, focusing on such areas as growth potential and operating margins, and has achieved results. We are now carefully considering what we will add to the Company.

I would very much like him to be involved in this process of consideration.

Ishii This is an industry in which people are key to success, I hope that DTS will go beyond simply securing talent and ensure that it is an appealing company that people do not want to leave.

When President Kitamura took office, he declared, "Always enjoy change." I hope that he will maintain that spirit and approach market changes, including those related to AI, with a mindset set on prevailing over and even utilizing change.

Iimuro Times are constantly changing, but I hope President Kitamura will never lose that essential spirit of challenge and seize opportunities to act boldly. In terms of defense, with the risks changing so significantly, I hope he will be able to implement management strategies in response.

Ohno No matter what a company undertakes, building a strong workforce is essential. Even in M&A, it is people who drive synergy with the other party, and stimulating a passion for taking on challenges is crucial for that. Especially in these times, I hope we can further instill the idea of "Always enjoy change."

President Kitamura is a very bright and proactive person and not the type to do any sort of grandstanding. However, when it comes to enjoying change, I hope he will break out of his shell a bit and inspire DTS by being more adventurous.



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Evaluation of the Effectiveness of the Board of Directors / Cross-Shareholdings

Initiatives for Improving the Board's Effectiveness

The Company has been analyzing and evaluating the effectiveness of the Board of Directors since FY2018 with the aim of improving its functions and enhancing overall corporate value. An overview of our FY2025 initiatives is as follows:

Method of implementation

Implementation period: November to December 2025

Evaluation method: Self-evaluation by all Directors, including those serving as members of the Audit and Supervisory Committee (10 Directors, including six Independent Outside Directors)

Overview of Initiatives in FY2025

Improvement activities

Implement initiatives based on the results of the FY2024 evaluation

- The Board will regularly monitor the progress of the medium-term management plan launched in FY2025
- Increase opportunities to provide information on frontline initiatives and strengthen support for Outside Directors

Step 1

Conduct interviews with all Directors (Main interview items)

- Operations of the Board of Directors
- Composition, role, and function of the Board of Directors
- Matters discussed by the Board of Directors

- Support for Directors
- Operations of the Audit and Supervisory Committee

- Operations of the Nomination and Compensation Committee
- Collecting opinions regarding discussion themes for corporate governance

Step 2

Analysis, discussion, and evaluation conducted by the Board of Directors (Overview of evaluation results for FY2025)

All Directors provided positive assessments on the following points, and the Company therefore recognizes that the effectiveness of the Board of Directors is ensured.

- The size of the Board and the balance between internal and Outside Directors are appropriate, and diversity is ensured.
- The Board comprehensively discussed the next medium-term management plan
- Outside Directors benefitted from opportunities to communicate directly with employees on the Company's business situation, etc.

Step 3

Engage in initiatives aimed at improving the Board of Directors' functionality based on evaluations

- The Board continuously monitors the progress of the medium-term management plan
- Continue to increase opportunities for onsite initiative updates and strengthen support for Outside Directors

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 as well as for the purpose of collecting information in anticipation of future business alliances.

Verifying the Suitability of Cross-Shareholdings

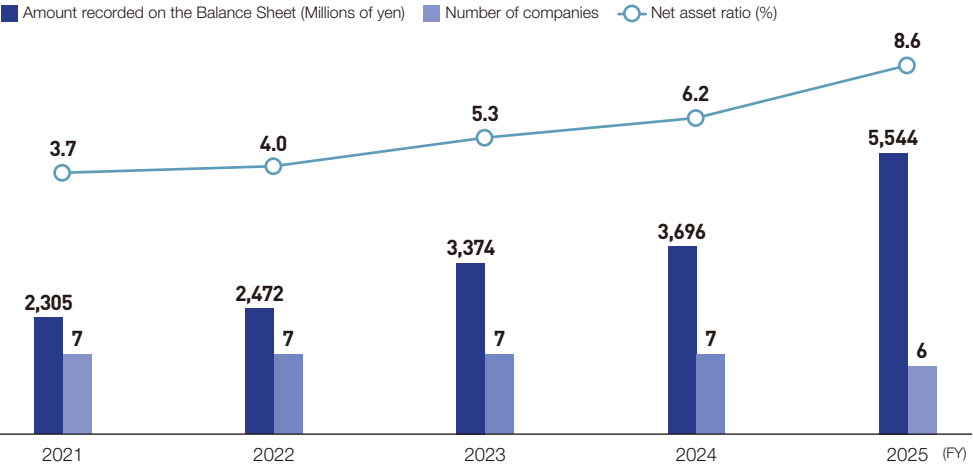
To verify the suitability of holding these cross-shareholdings, the Company annually examines the ratio of these cross-shareholdings to total net assets, ensuring that the benefits and risks of each shareholding are commensurate with capital costs, and comprehensively confirming that the purpose of holding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

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

Criteria for Exercising Voting Rights Pertaining to Cross-Shareholdings

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

Overview of current Cross-Shareholdings (Listed)



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Directors’ Compensation

Policy for Determining Directors’ Compensation and the Compensation System

- The policy for determining Director compensation is set by the Board of Directors and reflects the recommendations of the Nomination and Compensation Committee, which is composed of a majority of Outside Directors
- The amounts of compensation for each individual are calculated by the Representative Director and President under the authorization of the Board of Directors, after the Nomination and Compensation Committee considers a number of factors, including consistency with the decision-making policy
- The maximum compensation for Directors who are not Audit and Supervisory Committee members is ¥300 million per year (of which, up to ¥40 million is paid to Outside Directors)
- The maximum compensation for Audit and Supervisory Committee members is ¥60 million per year

Compensation for Directors not Serving as Audit and Supervisory Committee Members

- Basic compensation is determined based on a comprehensive review of past payment records and the Company’s performance
- Compensation includes fixed compensation (basic compensation), performance-linked compensation (bonuses), and non-monetary compensation (stock-based compensation)
- Outside Directors receive only fixed compensation
- Fixed compensation is paid monthly, and bonuses and stock-based compensation are paid annually (excluding Outside Directors)
- The proportion of fixed compensation decreases and bonuses and stock-based compensation increase the higher the position
- Revised the proportions of fixed compensation, bonuses, and stock-based compensation in FY2026; compensation for the President will be composed of 50% fixed, 35% bonus, and 15% stock-based compensation in years of typical performance

Fixed Compensation (Basic Compensation)

- Determined according to the responsibilities of each position

Performance-Linked Compensation (Bonuses)

- Moreover, for standard position-determined amounts, 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
- In FY2026, we are revising evaluation indicators from the perspective of profitability and growth, with profit attributable to owners of parent, EBITDA, and consolidated net sales as performance indicators; the President’s compensation will be 100% linked to the Company’s performance, while 70% of compensation for Directors who are Senior or Managing Executive Officers will reflect the Company’s performance with the remaining 30% tied to individual performance
- Compensation may be withheld if business performance declines substantially

Non-Monetary Compensation (Stock Compensation)

- As non-monetary compensation, the Company offers a restricted stock compensation plan as an incentive to strive for the sustainable improvement of the Company’s corporate value with the goal of sharing value with its shareholders
- Base amounts are predetermined according to position and calculations include consideration for corporate value (stock price); in the medium-term management plan’s final year, calculations also reflect achievement of the plan
- Starting in FY2026, compensation will reflect achievement of stock price-related indicators and targets of the medium-term management plan to strengthen the connection to enhancing medium- to long-term corporate value
- There is also a restricted stock compensation plan for the Company’s Executive Officers

Compensation for Directors Serving as Audit and Supervisory Committee Members

- Compensation of Directors on the Audit and Supervisory Committee is determined through discussions based on consultations with the Nomination and Compensation Committee; Directors on the Audit and Supervisory Committee receive only fixed compensation and do not receive performance-linked or non-monetary compensation

Clawback System

- In the event of a serious violation of laws or regulations after a bonus has been paid, the Board can utilize the clawback system to request the return of some or all of the bonus amount
- In the restricted stock compensation plan, if the Board determines that a recipient of the restricted stock has committed misconduct as defined in the restricted stock agreement, there is a malus clause that allows the Board to reclaim all granted shares without compensation

Total Amount of Directors’ Compensation in FY2025

Position	Total compensation amount (Millions of yen)	Total compensation amount by type (Millions of yen)			Number of Directors eligible for fixed compensation
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors who are not Audit and Supervisory Committee members (including Outside Directors)	171 (21)	109 (21)	42 (—)	20 (—)	8 (4)
Audit and Supervisory Committee members (including Outside Directors)	39 (21)	39 (21)	— (—)	— (—)	5 (3)

Notes:
1. Compensation for Directors who also serve as employees of the Company does not include their respective employee salaries.
2. The non-monetary compensation for the four Directors (excluding Outside Directors) reflects the cost of restricted stock compensation for FY2025.
3. The figures include The figures include two Directors and one Director who served as an Audit and Supervisory Committee members and who stepped down at the end of the 53rd Annual General Meeting of Shareholders held on June 24, 2025.



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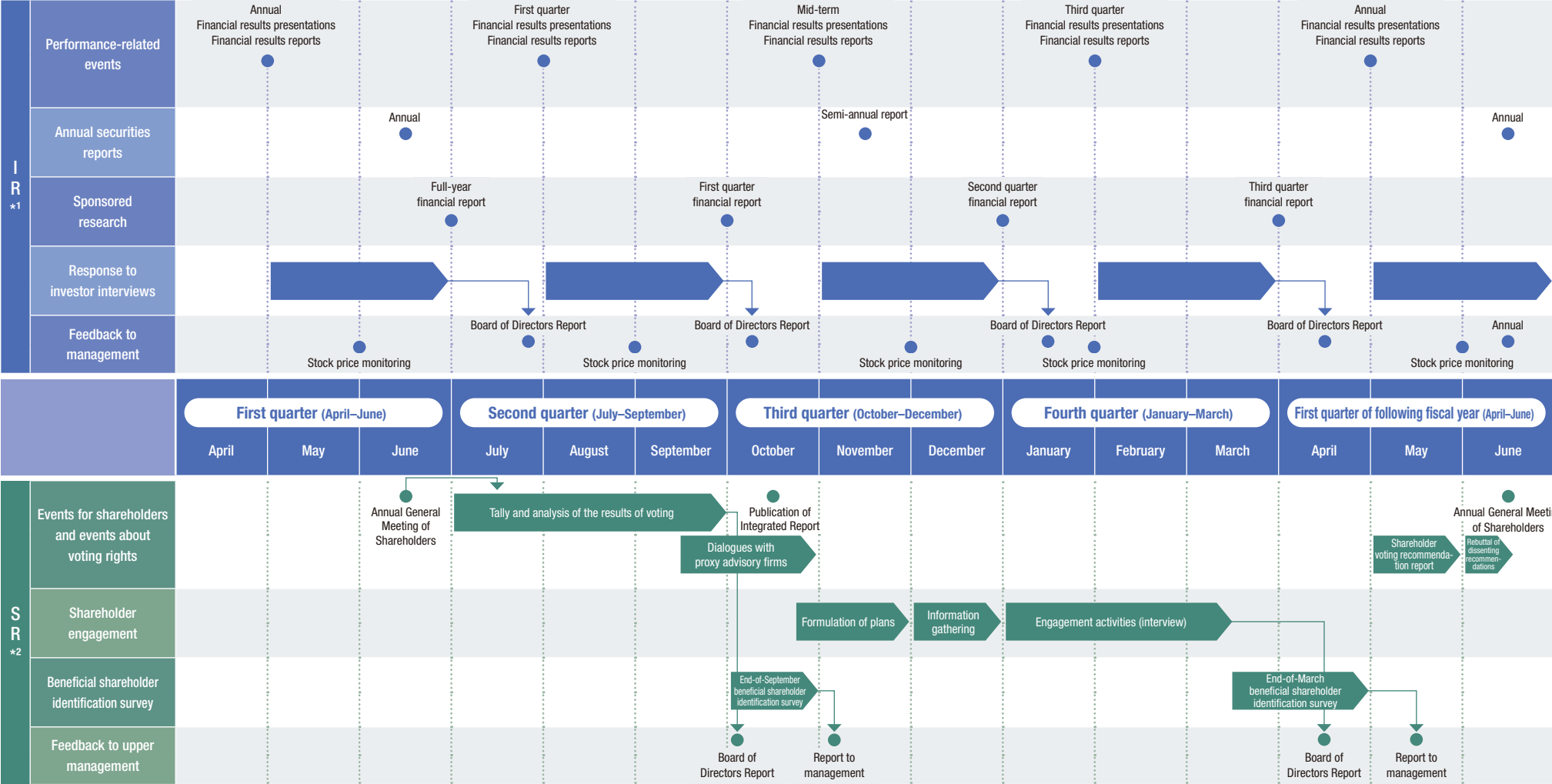
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Dialogues with Shareholders and Institutional Investors

The DTS Group provides many opportunities over the year for engagement through dialogue with shareholders and investors, such as performance briefings, individual meetings, investor interviews, and shareholder engagement. Feedback and concerns expressed during the course of these dialogues are shared with the Board of Directors, the management team, and the relevant departments, and reflected in improvements in management decision-making and disclosure.

Yearly schedule



*1 Investor relations *2 Shareholder relations with existing shareholders, primarily focused on ESG and the exercise of voting rights

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Major Themes for Investors and Shareholders

Dialogues with investors and shareholders during FY2025 included a wide variety of topics related to enhancing corporate value, including the progress of the medium-term management plan, growth potential of focus businesses, impacts of generative AI on business, investment in human capital, capital efficiency, shareholder returns, and the effectiveness of governance. We are working to improve initiatives going forward as well as explanations on such areas as growth strategy, capital policy, human resource strategy, and governance in line with the opinions and concerns raised during these dialogues.

Dialogue Insights and Reflection in Management and Disclosure

Major Themes for Investors and Shareholders	Major Insights from Dialogues	Major Matters Reported to the Board of Directors and Management	Response
Progress of the Medium-Term Management Plan	- High interest in achieving the medium-term management plan and its operating profit target - Much focus on progress of business structure transformation, such as M&A, shift to focus businesses, and an increase in the proportion of prime contracts	- Evaluation of progress by investors for the first year of the medium-term management plan - Areas of investor interest regarding growth drivers, growth investments, and business structure transformation	- Disclosure of sales figures and segment breakdowns for focus businesses and core businesses - Disclosure of details of the progress of growth investments
Focus Businesses	Continued interest in progress of areas of concentrated and forward-looking investment	Challenges in explaining the growth drivers and competitive advantages of each area and how they differ from existing businesses	Disclosure of sales figures for 7 key growth areas
AI and Generative AI Utilization	- Significant interest in impacts of generative AI on existing systems integrator businesses, particularly in financial and core systems - Major issues include productivity, billing rates, profit margins, labor planning, and impacts on opportunities for new projects - DTS's AI usage	- Investors' opinions on impacts of generative AI on business - Challenges in explaining internal use, customer projects, talent development, and the impact on profitability	- GenAI Academy begins training AI engineers - Presented the current state of DTS's AI utilization through a roundtable discussion in the Integrated Report
Human Capital	- High interest in recruitment, retention, and compensation of highly skilled professionals - Interest in the connection between human capital policies, medium-term management plans, and enhancement of corporate value	- Increasing interest in connecting human capital (talent acquisition and development) with management strategy - Expectations from investors for employee engagement, returns to employees, and development of highly skilled professionals	- Introduction of human resources strategy through an interview format - Added a new section on human capital management in the Integrated Report
Capital Efficiency and Shareholder Returns	Continued interest in cash allocation, growth investment, shareholder returns, and cash on hand from the previous medium-term management plan	- Main opinions on management that is conscious of the cost of capital and the share price - Challenges in explaining growth investments, shareholder returns, and cash on hand	Continued disclosure of cash allocation
Governance	- High focus on governance as part of sustainability management - Interest in Director compensation, cross-shareholdings, ratio of female directors, and measures to prevent recurrence of misconduct	Investor opinions on oversight functions of the Board of Directors, Directors' compensation, and cross-shareholdings	- Enhancement of disclosure on the Company's website - Disclosure of the evolution of initiatives to strengthen corporate governance in the Integrated Report

Major Results of FY2025 Dialogue

Personnel mainly responsible	Head of Corporate Management (Director and Managing Executive Officer) General manager of the Sustainability Promotion Department	
Shareholders and investors with whom we conduct dialogues	IR	Fund managers (159 firms) and analysts (20 firms)
	SR	Persons in charge of ESG and the exercise of voting rights (11 firms)
Main topics	ESG results, medium-term management plans, and implementation of management that considers cost of capital and stock prices	
Feedback for Management and Board of Directors	IR	Quarterly feedback reported at Board of Directors meetings (June 2025, September 2025, January 2026, and May 2026)
	SR	Annual feedback reported at Board of Directors meetings (May 2026)
Major Points Based on Dialogue	Improvements in information disclosure and content featured in the Integrated Report, and disclosure related to management that is conscious of cost of capital and share price	

Note: If the same company engages in both IR and SR, each is counted separately.



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Information Disclosure for Transparency

Providing Timely and Fair Disclosure and Continuously Improving Quality

The DTS Group regards timely and fair information disclosure as foundational to management transparency. Because the information we disclose could significantly affect investment decisions, we not only adhere to laws, regulations, and stock exchange rules, we also ensure that disclosure is carried out in a fair, accurate, and easy-to-understand manner. Furthermore, based on insights gained through dialogue with investors and shareholders, we are working to improve access to information by clarifying the respective roles of the Integrated Report, sustainability website, IR website, and other disclosure channels.

Basic Policy

The DTS Group handles information disclosure in accordance with the Financial Instruments and Exchange Act and the Securities Listing Regulations of the Tokyo Stock Exchange. Furthermore, as the information so disclosed could significantly affect investment decisions, we present it in a fair, accurate, and easy-to-understand manner.

The Director and Managing Executive Officer responsible for the corporate division is also responsible for information handling. We have established a system under which all material corporate information is promptly reported to this officer and appropriately managed until it is disclosed. The officer reviews the reported information, determines whether disclosure is necessary and the appropriate method of disclosure, and promptly reports to the Representative Director and President.

Material information subject to timely disclosure is released promptly following deliberation by the Management Council, which is composed primarily of Executive Officers, and approval by the Board of Directors. The Board of Directors is convened as necessary to provide such approval. However, events requiring urgent disclosure may be announced with the approval of the Representative Director and President and subsequently reported to the Board of Directors.

We also draw on dialogue with investors and shareholders to understand their information needs and continually review the roles of the Integrated Report, Sustainability website, IR website, and other disclosure channels. These efforts complement our statutory and timely disclosures and make information more accessible.

Reviewing the Information Disclosure Framework

Based on feedback received through dialogue with investors and shareholders, we reviewed the roles of our information disclosure channels, while continuing to ensure appropriate statutory and timely disclosure. The integrated report serves as an introduction to the DTS Group, while the Sustainability website and IR website provide detailed and regularly updated supplementary information.

p. 02 Information Disclosure System

Disclosure Channels	Main Role	Main Information Provided
Integrated Report	Introduction to the DTS Group and a tool for dialogue	Value creation story, growth strategy, financial strategy, human capital, key governance information, etc.
Sustainability Website	Comprehensive and ongoing disclosure of sustainability information	Sustainability initiatives and policies, non-financial data
IR Website	Platform providing access to information useful for investment decisions	Financial results presentation materials, shareholder and stock information, financial data, IR news, etc.
Financial Data Book	Provision of basic data required for investment decisions (Excel format)	Financial highlights and data from the three primary financial statements

In addition to making appropriate statutory and timely disclosures, we seek to improve access to information by using each disclosure channel in a complementary manner.



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Risk Management

Enhancing the Risk Management System

The Company has established a Risk Management Committee to appropriately manage various internal and external risks related to its business as well as to formulate and implement a Company-wide risk management policy with the aim of maintaining and enhancing corporate value.

The committee deliberates on the Company-wide risk management system and important risks to be handled by the entire Company and approves risk management reports from each division and department. The committee also receives reports on Group companies' risk management status and provides them with guidance and advice on countermeasures as necessary.

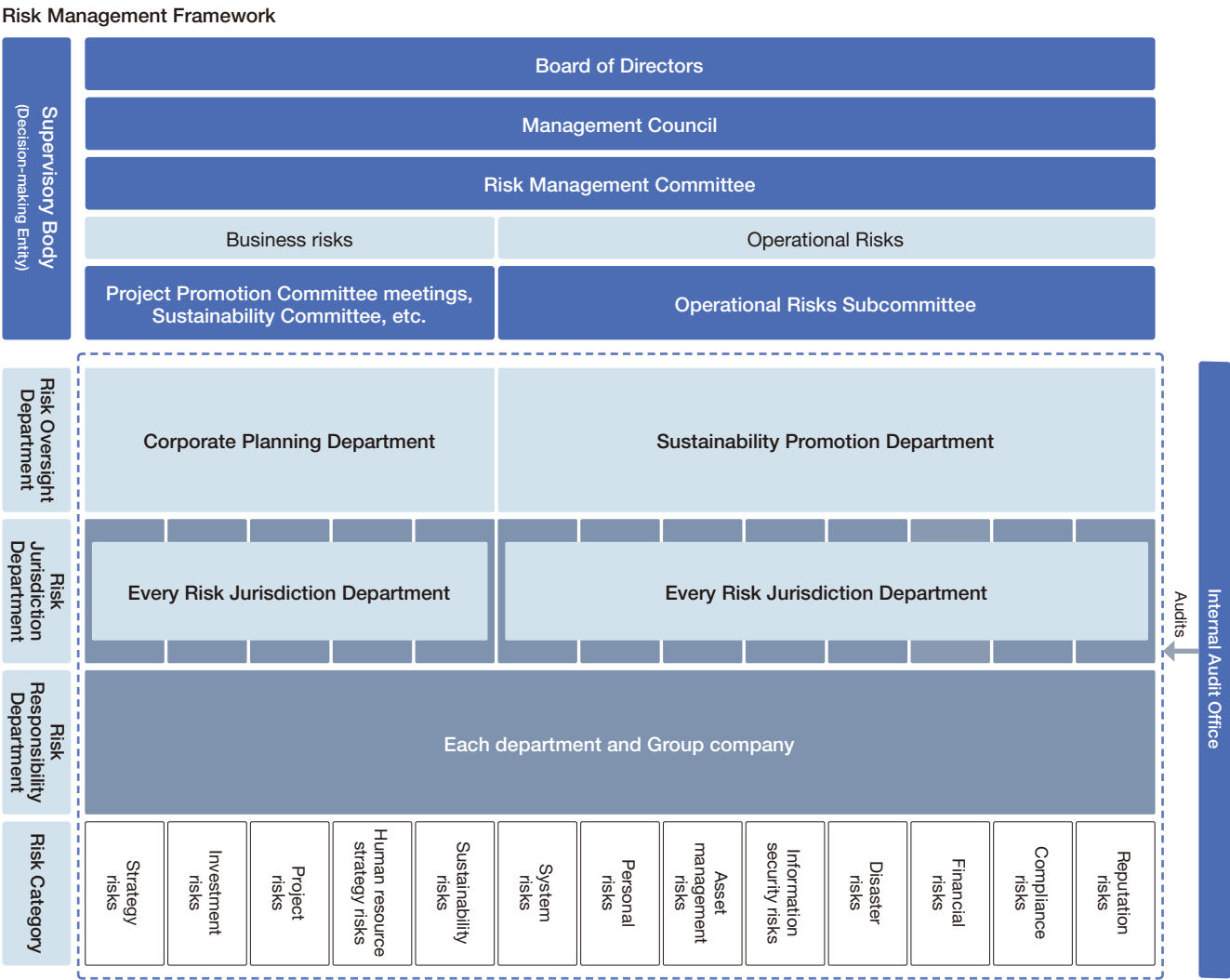
Furthermore, the committee continuously monitors the approval and status of response measures related to highly critical risks.

Under the supervision of the Risk Management Committee, we have established the Operational Risk Subcommittee to deliberate on the identification and assessment of critical risks and monitor the status of response measures. The results of the committee's deliberations are reported to the Risk Management Committee and the Board of Directors.

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

Strengthening risk management and the compliance promotion system

In FY2025, we clarified each employees' responsibilities within the Risk Responsibility Department, which directly handles risks, and strengthened the risk management and compliance promotion systems on the ground. Now, we can quickly collect information if an incident occurs and promptly share relevant details with the appropriate department. We are working to improve our know-how for countermeasures and recurrence prevention as well as to raise the overall level of compliance awareness.



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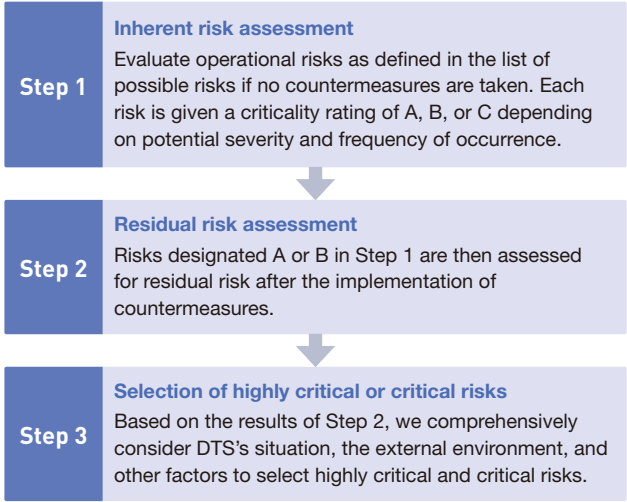
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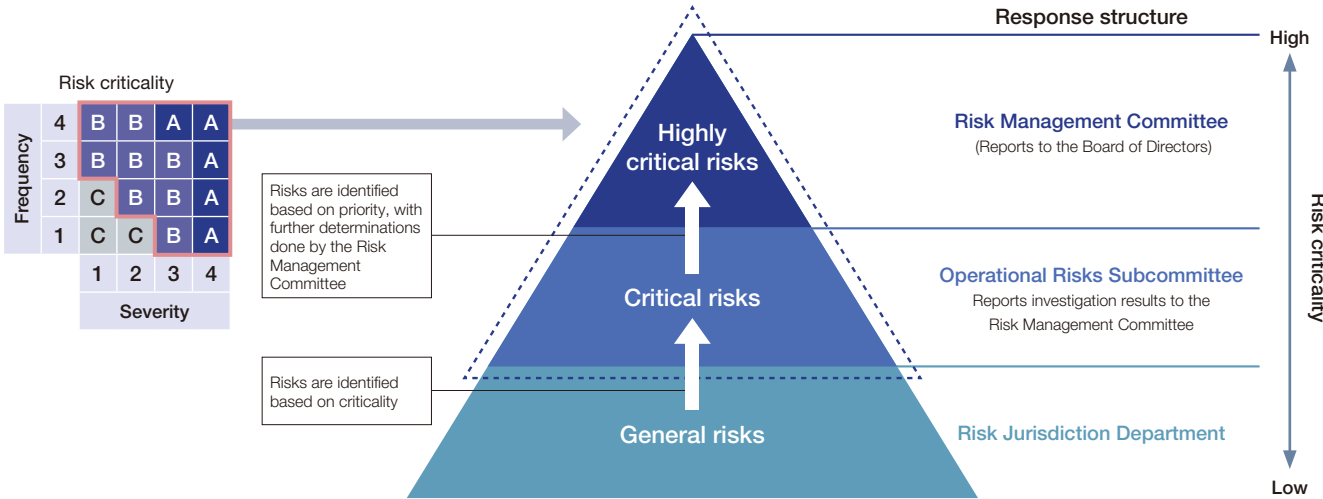
Risk Management Process

DTS comprehensively identifies risks and has formulated a list of possible risks, which contains business risks of 81 items categorized in five risk categories, and operational risks of 94 items in eight categories. For operational risks in particular, we assess the criticality of the risks based on severity and frequency, classifying risks that require priority attention as critical or highly critical. We then regularly monitor risk response strategies and their implementation.

Selection Process for Highly Critical and Critical Risk Candidates



Operational Risk Classification and Response Structure



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

The DTS Group has identified seven risks to business and nine risks to operations, defined as highly critical risks, based on a comprehensive analysis of potential impact on operating results and financial position. The Group works to prevent these business mitigate any impacts that it cannot prevent through the development and strengthening of its risk management system, in addition to the implementation of necessary countermeasures.

For further details on business risks, please refer to the Company's website or securities report.

Business Risks, etc.

Business Risks	Price Competition	Business Models and Technology Innovation	Human Resources	Business Environment Changes	Overseas Business	M&A Investment	Software Development Project Management		
Operational Risks	Security	Litigation, etc.	Internal Controls	Data Privacy	Labor-Related Laws	Business Continuity	Internal Misconduct/ Waste or Misappropriation of Funds	Financial Reporting and Disclosure	Corruption

Please see the following website for details on risk management. https://www.dts.co.jp/en/sustainability/governance/risk_management/
Please see the following website for the securities report. https://www.dts.co.jp/en/ir/library/securities_report/

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External Evaluations (As of June 2026)

ESG Evaluations by International Assessment Organizations



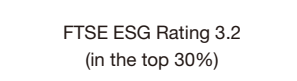
MSCI ESG Ratings
BBB Rating



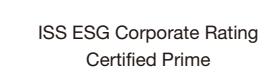
Corporate ESG
Performance
Prime



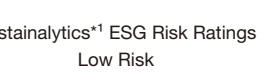
Rated
SUSTAINALYTICS



FTSE ESG Rating 3.2
(in the top 30%)



ISS ESG Corporate Rating
Certified Prime



Sustainalytics*1 ESG Risk Ratings
Low Risk

Inclusion in Indices



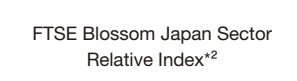
FTSE Blossom
Japan Sector
Relative Index



2026 CONSTITUENT MSCI Nihonkabu
ESG SELECT LEADERS INDEX



S&P/JPX
Carbon
Efficient
Index



FTSE Blossom Japan Sector
Relative Index*2



MSCI Japan
ESG Select Leaders Index*3



S&P/JPX Carbon
Efficient Index



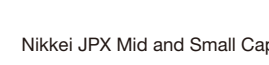
JPX-NIKKEI 400



JPX-NIKKEI Mid Small



Nikkei JPX 400



Nikkei JPX Mid and Small Cap

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

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

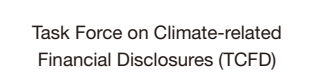
Endorsed Initiatives



TCFD
TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



SCIENCE
BASED
TARGETS
initiative



Task Force on Climate-related
Financial Disclosures (TCFD)



Science Based Targets initiative
(SBTi)

External Evaluations



CDP
Climate Change Report
2025 Score: A



2026
健康経営優良法人
KENKO Investment for Health
太極投法人部門
ホワイト500



SPORTS
YELL
COMPANY
2026



Women's Career Advancement
Eruboshi Certification



Childcare Support Corporation
Kurumin Certification



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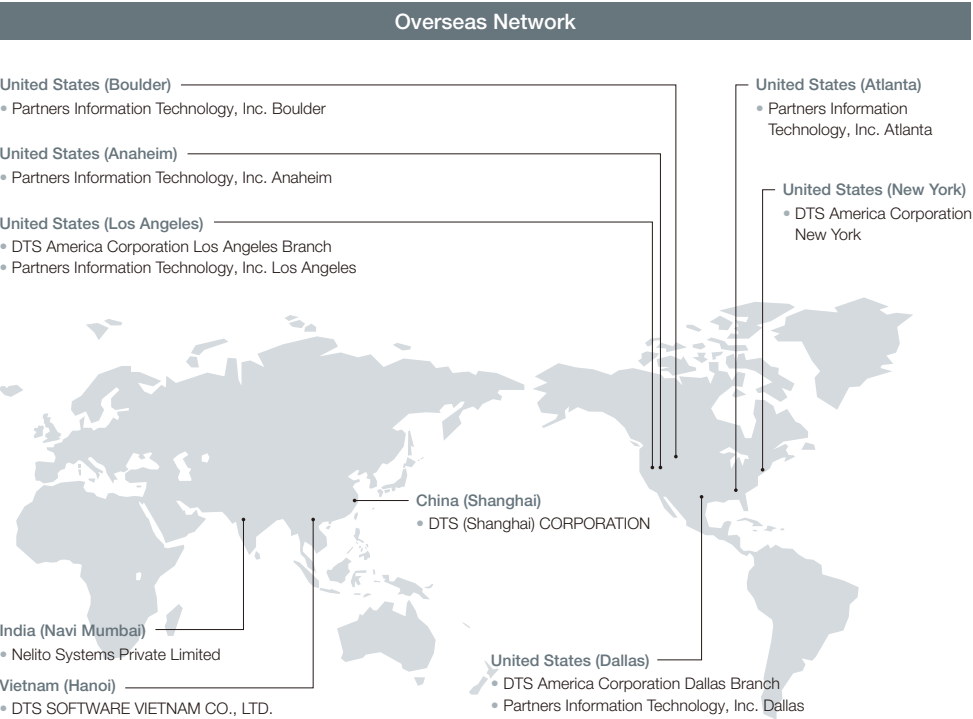
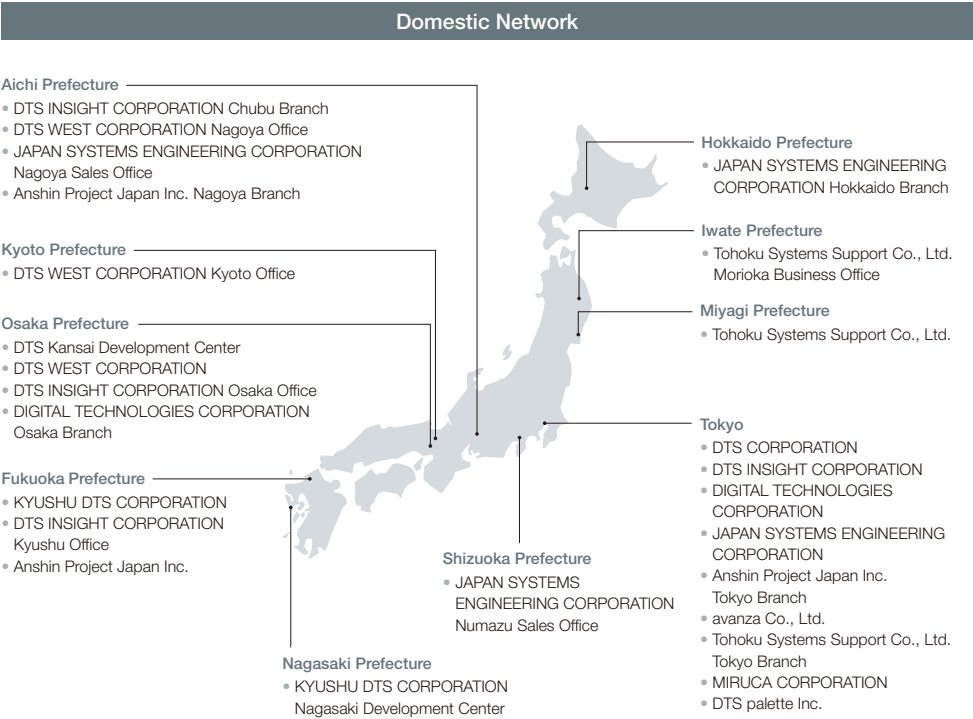
Corporate Overview

Trade Name	DTS CORPORATION
Headquarters	Empire Building, 2-23-1 Hatchobori, Chuo-ku, Tokyo 104-0032 Telephone: 03-3948-5488 Website: https://www.dts.co.jp/en/
Date established	August 25, 1972

Capital	¥6,113 million
Number of employees	6,135 (consolidated)
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

DTS Group Network

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



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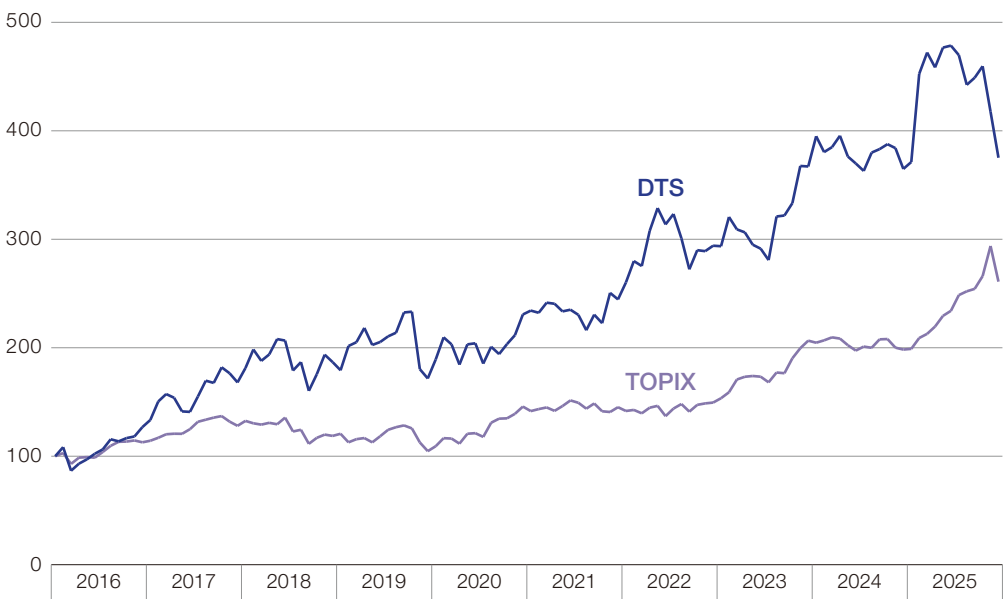
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Stock Information

Stock listing	Tokyo Stock Exchange, Prime Market (Stock code: 9682)
Total number of authorized shares	400,000,000
Total number of issued shares	163,954,928
Number of shareholders	6,632
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

DTS Share Price Movements



Notes:

1 The DTS share price and Tokyo Stock Price Index (TOPIX) are plotted using closing price data from April 2016 set at 100.

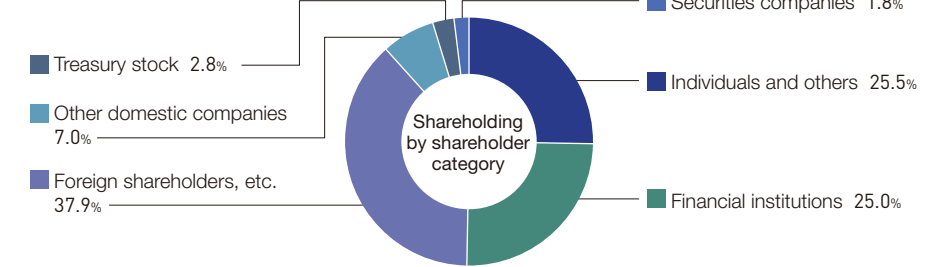
2 Stock splits were undertaken on July 1, 2019 and October 1, 2025, with each share of common stock being split into two shares on the former date and into four shares on the latter date. Pre-split stock prices have been retroactively adjusted to reflect this change.

Major shareholders

Note: The Company holds 4,615,000 shares of treasury stock, and the shareholding ratios are calculated after deducting treasury stock.

Name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,753	14.91
DTS Group Employee Shareholding Association	11,855	7.44
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	9,160	5.75
Custody Bank of Japan, Ltd. (Trust account)	7,024	4.41
NTC Corporation	4,684	2.94
State Street Bank and Trust Company 505001	4,520	2.84
The Bank of New York Mellon 140044	4,142	2.60
Chitomu Kozaki	3,213	2.02
NTT DATA Japan Corporation	3,084	1.94
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	2,870	1.80

Share distribution



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<https://www.dts.co.jp/en/>