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(Stock Exchange Code 9682)
June 2, 2022

To Shareholders with Voting Rights:

Tomoaki Kitamura
Representative Director and President
DTS CORPORATION
2-23-1 Hatchobori Chuo-ku, Tokyo

NOTICE OF THE 50TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the 50th Annual General Meeting of Shareholders of DTS CORPORATION (the “Company”). The meeting will be held for the purposes as described below.

Instead of attending the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders described hereinafter, and exercise your voting rights.

Guide to Exercise of Voting Rights

Exercise of Voting Rights by attending the General Meeting of Shareholders

Date of the meeting: Thursday, June 23, 2022 at 10:00 a.m. (reception will open at 9:00 a.m.)

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

Please bring this convocation notice with you to conserve natural resources.

Exercise of Voting Rights by Mail

Voting deadline: By 5:00 p.m. on Wednesday, June 22, 2022 (Arrival of Voting Forms)

Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is received by the voting deadline.

If there is no indication for or against any proposal, the vote will be deemed to have been cast for such proposal.

Exercise of Voting Rights by electromagnetic means (via the Internet, etc.)

Voting deadline: By 5:00 p.m. on Wednesday, June 22, 2022

Please access the voting rights exercise website noted on the Voting Rights Exercise Form (<https://www.web54.net>), review the Reference Documents for the General Meeting of Shareholders that are attached on this convocation notice or posted on the voting rights exercise website, and enter your vote for or against the proposals following the on-screen instructions.

* For the details of Exercise of Voting Rights via the Internet, etc., please refer to page 3 through 4.

- 1. Date and Time:** Thursday, June 23, 2022 at 10:00 a.m. (reception will open at 9:00 a.m.)
2. Venue: 8F Conference Room (reception on 8F)
DTS CORPORATION Headquarters
Empire Building, 2-23-1 Hatchobori Chuo-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 50th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 50th Fiscal Year (April 1, 2021 - March 31, 2022)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Nine (9) Directors Who Are Not Audit and Supervisory Committee Members
Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
Proposal 5: Determination of the Amount of Compensation, etc. for Directors Who Are Not Audit and Supervisory Committee Members
Proposal 6: Determination of the Amount of Compensation, etc. for Directors Who Are Audit and Supervisory Committee Members
Proposal 7: Determination of Compensation for the Allotment of Restricted Shares to Directors Who Are Not Audit and Supervisory Committee Members

4. Other matters regarding the convocation of the General Meeting of Shareholders

If you wish to make a diverse exercise of your voting rights, please notify the Company of your intention of making a diverse exercise of voting rights and the reasons thereof by three (3) days prior to the General Meeting of Shareholders.

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- (Request) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please also bring this Notice of Convocation with you.
- (Notice) Pursuant to the laws and regulations and the provisions of the Articles of Incorporation of the Company, part of the Business Report, the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements are posted on the Company's website, and are not included in this convocation notice.
Furthermore, the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Corporate Auditors and Board of Corporate Auditors and the Accounting Auditor when creating their respective audit reports consist of all of the Financial Statements attached to this convocation notice, as well as the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements posted on the Company's website.
In addition, should the Reference Documents for the General Meeting of Shareholders and the Appendix require revision, the revised versions will be posted on the Company's website at the following address:
<https://www.dts.co.jp/>

Notes Regarding Exercise of Voting Rights via the Internet, etc.

Exercise of voting rights via the Internet is only possible via the voting rights exercise website designated by the Company. It is also possible to access the voting website using a smartphone, mobile phone, etc.

Voting deadline: By 5:00 p.m. on Wednesday, June 22, 2022

For the sake of tallying votes, please exercise your voting rights as soon as possible.

Voting rights exercise website: <https://www.web54.net>



You can access the voting rights exercise website by reading the QR code on the left using a mobile phone with a bar code reader.

For details on how to operate, please refer to the instruction manual for your mobile phone.

(QR code is a registered trademark of DENSO WAVE INCORPORATED.)

How to access the voting website using a personal computer

1. Access the voting rights exercise website
Then, click “Next.”
2. Enter the voting rights exercise code
Enter the “voting rights exercise code” written on the Voting Rights Exercise Form at hand (or in the convocation email) and click “Log In.”
3. Enter the password
Enter the “password” written on the Voting Rights Exercise Form at hand (or in the convocation email) and click “Next.”

After that, please follow the on-screen instructions to enter your vote for or against the proposals.

How to exercise your voting rights with “Smart Exercise”

1. Read the QR code
Activate a camera on your smartphone and read the “QR code to log in to the voting rights exercise website for smartphones” printed on the Voting Rights Exercise Form at hand.
2. Choose how to exercise your voting rights
3. Choose to vote for or against each proposal

Please follow the on-screen instructions to complete the exercise.

* By reading the “QR code to log in to the voting rights exercise website for smartphones,” you can access the voting rights exercise website without entering the “voting rights exercise code” or “password.” With the “Smart Exercise,” only one vote can be entered.

* When you change your vote after the exercise, it is required to re-read the QR code and enter the “voting rights exercise code” and “password” written on your Voting Rights Exercise Form (or in the convocation email).

Matters to be attended to:

- If voting rights are exercised via the Internet, etc., it is not required to exercise voting rights by mail.
If voting rights are exercised both by mail and via the Internet, the exercise of voting rights via the Internet will be deemed valid.
- If voting rights are exercised via the Internet multiple times, or they are exercised redundantly using a PC, a smartphone, a mobile phone, etc., the last exercise of voting rights will be deemed valid.
- Internet service provider connection fees and telecommunications carrier fees (telephone fees, etc.) when accessing the voting rights exercise website shall be borne by the shareholder.

For any inquiries on exercise of voting rights via the Internet, please contact the following:	
Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited	
<u>Dedicated line</u>	0120 (652) 031 (Toll free within Japan) Open from 9:00 a.m. to 9:00 p.m.
<u>Other inquiries</u>	0120 (782) 031 (Toll free within Japan) Open from 9:00 a.m. to 5:00 p.m. (except for weekends and holidays)

For institutional investors	Nominal shareholders (including standing proxies) such as management trust banks, etc. can use the electronic voting rights exercise platform operated by ICJ, Inc., which was incorporated by the Tokyo Stock Exchange, Inc., as the electromagnetic method of exercising voting rights for the General Meeting of Shareholders of the Company, in addition to exercise of voting via the Internet as described above, if an application for participation in the platform is made in advance.
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Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus, the Company proposes the following.

Matters concerning year-end dividends

The Company recognizes the return of profits to shareholders as one of its most important management issues, and believes that the enhancement of corporate value over the medium to long term will serve as the greatest source of the return of profits. Moving forward, the Company will consider required funds held for business expansion, and upon comprehensively accounting for trends in business results and financial conditions, the Company believes that continuously conducting a stable dividend policy will contribute to the return of profits to shareholders over the medium to long term.

Based on the policies mentioned above, as the Company achieved record high operating profit as well as record high profit attributable to owners of parent exceeding the initial results forecast, the Company proposes the following for the year-end dividend for the fiscal year under review.

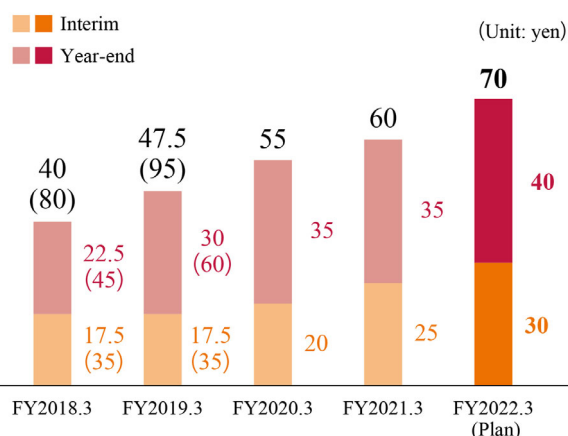
- (1) Matters concerning the allotment of dividend assets and the total amount

Amount per share of common stock: 40.0 yen
Total amount: 1,802,800,400 yen

Annual dividend for this fiscal year including the interim dividend of 30 yen that has been already paid will be 70 yen per share, an increase of 10 yen from the previous year.

- (2) Effective date of distribution of surplus
June 24, 2022

Dividend per share



* The Company carried out a two-for-one split of its common stock with an effective date of July 1, 2019. The figures in the parentheses for the reporting periods before the fiscal year ended March 31, 2019 represent the amount before the stock split.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

- (1) The Company has decided to make the transition from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee in order to expedite decision-making and further enhance discussion at the Board of Directors, as well as to strengthen the supervisory functions of the Board of Directors and further reinforce corporate governance through further enhanced oversight functions by having the Audit and Supervisory Committee Members responsible for auditing the execution of duties by Directors as members of the Board of Directors. Accordingly, the Company will make changes necessary for the transition to a company with an Audit and Supervisory Committee, including the establishment of new provisions regarding Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, and the deletion of provisions regarding Corporate Auditors and the Board of Corporate Auditors.
- (2) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company will establish provisions stipulating that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format, and provisions to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
In addition, since the current provisions for Internet disclosure and deemed provision of reference documents etc. for a General Meeting of Shareholders will no longer be required, they will be deleted, and supplementary provisions regarding the effective date, etc. will be established accompanying the aforementioned amendments.
- (3) Other necessary changes including the alteration of the wording will be made accompanying the above amendments.

2. Details of the amendments

Details of the amendments are as follows.

Amendments to the Articles of Incorporation in this proposal shall become effective at the conclusion of this Annual General Meeting of Shareholders.

(Underlined text indicates changes.)

Current	Proposed amendment
Chapter I. General Provisions	Chapter I. General Provisions
Articles 1. – 3. (Text omitted)	Articles 1. – 3. (Unchanged)
Article 4. (Organizations) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors; (2) <u>Corporate Auditors;</u> (3) <u>Board of Corporate Auditors; and</u> (4) <u>Accounting Auditor</u>	Article 4. (Organizations) The Company shall establish the following organizations, in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors; (2) <u>Audit and Supervisory Committee; and</u> (Deleted) (3) <u>Accounting Auditor</u>
Article 5. (Text omitted)	Article 5. (Unchanged)
Chapter II. Shares	Chapter II. Shares
Articles 6. – 8. (Text omitted)	Articles 6. – 8. (Unchanged)
Article 9. (Shareholder register administrator) 1. The Company shall have a shareholder register administrator. 2. The shareholder register administrator and its business handling office <u>shall be decided by resolution of the Board of Directors.</u>	Article 9. (Shareholder register administrator) 1. The Company shall have a shareholder register administrator. 2. The shareholder register administrator and its business handling office <u>shall be decided by a resolution of the Board of Directors or by a Director delegated by a resolution of the Board of Directors.</u>
3. (Text omitted)	3. (Unchanged)
Article 10. (Share Handling Rules)	Article 10. (Share Handling Rules)

Current	Proposed amendment
<p>Handling of shares in the Company, and fees therefor shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the Share Handling Rules established by the Board of Directors.</p>	<p>Handling of shares in the Company, and fees therefor shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the Share Handling Rules established by the Board of Directors <u>or a Director delegated by a resolution of the Board of Directors.</u></p>
<p style="text-align: center;">Chapter III. General Meeting of Shareholders</p>	<p style="text-align: center;">Chapter III. General Meeting of Shareholders</p>
<p>Articles 11. – 12. (Text omitted)</p>	<p>Articles 11. – 12. (Unchanged)</p>
<p>Article 13. (Convener and Chair)</p>	<p>Article 13. (Convener and Chair)</p>
<p>1. A General Meeting of Shareholders shall be convened by the President and Director, who shall act as Chair.</p> <p>2. In cases where the President and Director is unable to so act, another Director shall take his or her place in the order previously determined by the Board of Directors to convene the General Meeting of Shareholders and act as Chair.</p>	<p>1. A General Meeting of Shareholders shall be convened by the President and Director, who shall act as Chair.</p> <p>2. In cases where the President and Director is unable to so act, another Director shall take his or her place in the order previously determined by the Board of Directors <u>or a Director delegated by a resolution of the Board of Directors</u> to convene the General Meeting of Shareholders and act as Chair.</p>
<p>Article 14. <u>(Internet disclosure and deemed provision of reference documents etc. for a General Meeting of Shareholders)</u></p>	<p>(Deleted)</p>
<p><u>When convening a General Meeting of Shareholders, it may be deemed that the Company has provided shareholders with the information with respect to matters which shall be stated or presented in reference documents for the General Meeting of Shareholders, business reports, and non-consolidated and consolidated financial statements by disclosing said information via the Internet pursuant to the provisions of the applicable ordinance of the Ministry of Justice.</u></p>	
<p style="text-align: center;">(Newly established)</p>	<p>Article 14. <u>(Measures, etc. for providing information in electronic format)</u></p>
	<p><u>1. When convening a General Meeting of Shareholders, the Company shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Articles 15. – 16. (Text omitted)</p>	<p>Articles 15. – 16. (Unchanged)</p>
<p style="text-align: center;">Chapter IV. Directors and the Board of Directors</p>	<p style="text-align: center;">Chapter IV. Directors and the Board of Directors</p>
<p>Article 17. (Number of Directors)</p>	<p>Article 17. (Number of Directors)</p>
<p>The Company shall have not more than seventeen (17) Directors.</p>	<p>1. The Company shall have not more than seventeen (17) Directors <u>who are not Audit and Supervisory Committee Members.</u></p> <p>2. <u>The Company shall have not more than five (5) Directors who are Audit and Supervisory Committee Members.</u></p>
<p style="text-align: center;">(Newly established)</p>	
<p>Article 18. (Election method)</p>	<p>Article 18. (Election method)</p>
<p>1. Directors shall be elected at a General Meeting of Shareholders.</p>	<p>1. Directors shall be elected at a General Meeting of Shareholders, <u>distinguishing between Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members.</u></p>
<p>2. – 3. (Text omitted)</p>	<p>2. – 3. (Unchanged)</p>
<p>Article 19. (Term of office)</p>	<p>Article 19. (Term of office)</p>
<p>The term of office of a Director shall expire at the conclusion of the Annual General Meeting of Shareholders held with</p>	<p>1. The term of office of a Director <u>who is not an Audit and Supervisory Committee Member</u> shall expire at the</p>

Current	Proposed amendment
<p>respect to the latest fiscal year ending within one (1) year after his or her election.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p> <p>Article 20. (Representative Directors) The Company shall appoint not more than two (2) Representative Directors by resolution of the Board of Directors.</p> <p>Article 21. (Appointment of Directors with titles) The Company may, by resolution of the Board of Directors, appoint one (1) Chairman and Director, one (1) President and Director, <u>one (1) Vice-President and Director, one (1) Senior Executive Director, and several Executive Directors.</u></p> <p>Article 22. (Text omitted)</p> <p>Article 23. (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> The notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director <u>and each Corporate Auditor</u> no later than three (3) days prior to the day of the meeting; provided, however, that the above period may be shortened if it is urgently necessary. A meeting of the Board of Directors may be held without following the convocation process if so agreed by all the Directors <u>and Corporate Auditors.</u> <p style="text-align: center;">(Newly established)</p> <p>Article 24. (Omission of resolution at meeting of the Board of Directors) In cases where requirements under Article 370 of the Companies Act are satisfied, it shall be deemed that a resolution at a meeting of the Board of Directors of the Company has been adopted. (Newly established)</p> <p>Article 25. (Remunerations) Remunerations, bonuses or other economic benefits from the Company as a consideration for the performance of the duties (<u>hereinafter referred to as "Remunerations"</u>) to be received by Directors shall be determined by resolution of a General Meeting of Shareholders.</p>	<p>conclusion of the Annual General Meeting of Shareholders held with respect to the latest fiscal year ending within one (1) year after his or her election.</p> <ol style="list-style-type: none"> <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Annual General Meeting of Shareholders held with respect to the latest fiscal year ending within two (2) years after their election.</u> <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected to fill a vacancy of a Director who is an Audit and Supervisory Committee Member who retired from office before the expiration of his or her term of office, shall continue until the time at which the term of office of the retired Director who is an Audit and Supervisory Committee Member would have expired.</u> <p>Article 20. (Representative Directors) The Company shall appoint not more than two (2) Representative Directors <u>from among its Directors who are not Audit and Supervisory Committee Members</u> by resolution of the Board of Directors.</p> <p>Article 21. (Appointment of Directors with titles) The Company may, by resolution of the Board of Directors, appoint one (1) Chairman and Director <u>and</u> one (1) President and Director <u>from among the Directors who are not Audit and Supervisory Committee Members.</u></p> <p>Article 22. (Unchanged)</p> <p>Article 23. (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> The notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director no later than three (3) days prior to the day of the meeting; provided, however, that the above period may be shortened if it is urgently necessary. A meeting of the Board of Directors may be held without following the convocation process if so agreed by all the Directors. <p>Article 24. (<u>Delegation of important business execution decisions</u>) <u>Pursuant to Article 399-13, paragraph (6) of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate to the Directors all or part of the decisions on the execution of important operations (excluding the matters listed in each item of paragraph (5) of Article 399-13 of the Companies Act).</u></p> <p>Article 25. (Omission of resolution at meeting of the Board of Directors) In cases where requirements under Article 370 of the Companies Act are satisfied, it shall be deemed that a resolution at a meeting of the Board of Directors of the Company has been adopted.</p> <p>Article 26. (<u>Rules of the Board of Directors</u>) <u>Matters concerning the Board of Directors shall be governed by the Rules of the Board of Directors established by the Board of Directors in addition to laws and regulations or these Articles of Incorporation.</u></p> <p>Article 27. (Remunerations) Remunerations, bonuses or other economic benefits from the Company as consideration for the performance of duties to be received by Directors shall be determined by resolution of a General Meeting of Shareholders, <u>distinguishing between Directors who are not Audit and Supervisory Committee</u></p>

Current	Proposed amendment
<p>Article 26. (Agreement limiting liability for Directors) Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with Directors (excluding Directors who are not an executive director, etc.) to limit liability for damages prescribed in Article 423, paragraph (1) of the same Act (but only if such Outside Directors are in good faith and are not grossly negligent in performing their duties); provided, however, that the maximum amount of liability for damages under such agreements shall be the higher of either the predetermined amount of not less than one million (1,000,000) yen, or the amount provided for in applicable laws and regulations.</p> <p style="text-align: center;"><u>Chapter V.</u> <u>Corporate Auditors and Board of Corporate Auditors</u></p> <p>Article 27. (Number of Corporate Auditors) <u>The Company shall have not more than five (5) Corporate Auditors.</u></p> <p>Article 28. (Election method) 1. <u>Corporate Auditors shall be elected at a General Meeting of Shareholders.</u> 2. <u>A resolution for election of Corporate Auditors shall be adopted by a majority of the voting rights of the shareholders present at the General Meeting of Shareholders where the shareholders holding in aggregate one third (1/3) or more of the voting rights of shareholders entitled to exercise their voting rights are present.</u></p> <p>Article 29. (Term of office) 1. <u>The term of office of Corporate Auditors shall expire at the conclusion of the Annual General Meeting of Shareholders for the last business year ending within four (4) years from the time of their election.</u> 2. <u>The term of office of a Corporate Auditor who is elected to fill a vacancy of a Corporate Auditor who retired from office before the expiration of the term of office, shall continue until the time at which the term of office of the retired Corporate Auditor would have expired.</u></p> <p>Article 30. (Full-time Corporate Auditors) <u>The Board of Corporate Auditors shall, by its resolution, appoint one or more full-time Corporate Auditors from among the Corporate Auditors.</u></p> <p>Article 31. (Notice of convocation of a meeting of the Board of Corporate Auditors) 1. <u>The notice of convocation of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor no later than three (3) days prior to the day of the meeting; provided, however, that the above period may be shortened if it is urgently necessary.</u> 2. <u>A meeting of the Board of Corporate Auditors may be held without following the convocation process if so agreed by all the Corporate Auditors.</u></p> <p>Article 32. (Remunerations) <u>Remunerations for Corporate Auditors shall be determined by resolution of a General Meeting of Shareholders.</u></p> <p>Article 33. (Agreement limiting liability for Corporate Auditors) <u>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with Corporate Auditors to limit liability for damages.</u></p>	<p><u>Members and Directors who are Audit and Supervisory Committee Members.</u></p> <p>Article 28. (Agreement limiting liability for Directors) Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into agreements with Directors (excluding Directors who are not an executive director, etc.) to limit liability for damages prescribed in Article 423, paragraph (1) of the same Act (but only if such Outside Directors are in good faith and are not grossly negligent in performing their duties); provided, however, that the maximum amount of liability for damages under such agreements shall be the higher of either the predetermined amount of not less than one million (1,000,000) yen, or the amount provided for in applicable laws and regulations. (Change in Japanese only; English unchanged)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current	Proposed amendment
<p><u>prescribed in Article 423, paragraph (1) of the same Act (but only if such Corporate Auditors are in good faith and are not grossly negligent in performing their duties); provided, however, that the maximum amount of liability for damages under such agreements shall be the higher of either the predetermined amount of not less than one million (1,000,000) yen, or the amount provided for in applicable laws and regulations.</u></p>	
(Newly established)	
(Newly established)	<p style="text-align: center;">Chapter V. Audit and Supervisory Committee</p>
	<p>Article 29. <u>(Full-time Audit and Supervisory Committee Members)</u></p>
	<p><u>The Audit and Supervisory Committee may, by its resolution, appoint one or more full-time Audit and Supervisory Committee Members from among the Audit and Supervisory Committee Members.</u></p>
(Newly established)	<p>Article 30. <u>(Notice of convocation of a meeting of the Audit and Supervisory Committee)</u></p>
	<p><u>1. The notice of convocation of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member no later than three (3) days prior to the day of the meeting; provided, however, that the above period may be shortened if it is urgently necessary.</u></p>
	<p><u>2. A meeting of the Audit and Supervisory Committee may be held without following the convocation process if so agreed by all the Audit and Supervisory Committee Members.</u></p>
(Newly established)	<p>Article 31. <u>(Rules of the Audit and Supervisory Committee)</u></p>
	<p><u>Matters concerning the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee in addition to laws and regulations or these Articles of Incorporation.</u></p>
(Newly established)	<p style="text-align: center;">Chapter VI. Accounting Auditor</p>
Articles 34. – 35.	Articles 32. – 33.
(Text omitted)	(Unchanged)
Articles 36. – 39.	Articles 34. – 37.
(Text omitted)	(Unchanged)
(Newly established)	
(Newly established)	<p style="text-align: center;">Supplementary Provisions</p>
	<p>Article 1. <u>(Transitional measures concerning exemption from liability of Corporate Auditors)</u></p>
	<p><u>The agreements limiting liability for damages under Article 423, paragraph (1) of the Companies Act in relation to the acts of Corporate Auditors (including former Corporate Auditors) prior to the conclusion of the 50th Annual General Meeting of Shareholders shall apply, as per the provisions of Article 33 of the Articles of Incorporation, prior to the amendment by the resolution of the said Annual General Meeting of Shareholders.</u></p>
(Newly established)	<p>Article 2. <u>(Transitional measures concerning internet disclosure and deemed provision of reference documents etc. for a General Meeting of Shareholders)</u></p>
	<p><u>1. The deletion of Article 14 (Internet disclosure and deemed provision of reference documents etc. for a General Meeting of Shareholders) of the Articles of Incorporation before amendment by resolution of the 50th Annual General Meeting of Shareholders, and the establishment of Article 14 (Measures, etc. for providing information in electronic format) of the Articles of Incorporation after</u></p>

Current	Proposed amendment
(Newly established)	<p><u>amendment by resolution of the same Annual General Meeting of Shareholders, shall take effect from the date of enforcement of the revised provisions (hereinafter the “Date of Enforcement”) provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p>2. <u>Notwithstanding the provision of the preceding paragraph, Article 14 of the Articles of Incorporation, prior to the amendment by the resolution of the 50th Annual General Meeting of Shareholders, shall remain in effect for the General Meeting of Shareholders to be held on a date within six (6) months from the Date of Enforcement.</u></p>
(Newly established)	<p>3. <u>This Article shall be deleted after six (6) months from the Date of Enforcement or three (3) months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>



Proposal 3: Election of Nine (9) Directors Who Are Not Audit and Supervisory Committee Members



If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company makes the transition to a company with an Audit and Supervisory Committee and all ten (10) Directors will resign due to the expiration of their terms of office when the amendments to the Articles of Incorporation take effect. Accordingly, the Company proposes to elect nine (9) Directors who are not Audit and Supervisory Committee Members after the transition to a company with an Audit and Supervisory Committee.


This proposal shall become effective when Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.


The candidates are as follows:


No.	Name	Current positions at the Company	Attendance at the Board of Directors meetings	Number of years served as Director
1	<input type="checkbox"/> Reelection Koichi Nishida <input type="checkbox"/> Male	Chairperson and Representative Director	14/14 (100%)	13 years
2	<input type="checkbox"/> Reelection Tomoaki Kitamura <input type="checkbox"/> Male	Representative Director and President	14/14 (100%)	2 years
3	<input type="checkbox"/> Reelection Minoru Takeuchi <input type="checkbox"/> Male	Director Senior Managing Executive Officer	14/14 (100%)	12 years
4	<input type="checkbox"/> Reelection Isao Asami <input type="checkbox"/> Male	Director Managing Executive Officer	14/14 (100%)	3 years
5	<input type="checkbox"/> Reelection Hirotohi Kobayashi <input type="checkbox"/> Male	Director Senior Executive Officer	14/14 (100%)	6 years
6	<input type="checkbox"/> Reelection Masayuki Hirata <input type="checkbox"/> Outside Independent <input type="checkbox"/> Male	Director	14/14 (100%)	7 years
7	<input type="checkbox"/> Reelection Shinya Shishido <input type="checkbox"/> Outside Independent <input type="checkbox"/> Male	Director	14/14 (100%)	3 years
8	<input type="checkbox"/> Reelection Shinichi Yamada <input type="checkbox"/> Outside Independent <input type="checkbox"/> Male	Director	14/14 (100%)	2 year
9	<input type="checkbox"/> New election Yumiko Masuda <input type="checkbox"/> Outside Independent <input type="checkbox"/> Female	—	—	—


No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Male</div> Koichi Nishida (January 24, 1956) Number of years served as Director: 13 years (at the conclusion of the meeting)	June 2001 Head, Planning Department, Financial System Platforms Sector, NTT DATA Corporation November 2003 Deputy Head, Financial System Platforms Sector, NTT DATA Corporation May 2004 Deputy Head, Regional Banking System Platforms Sector, NTT DATA Corporation Head, General Banking Business Unit, NTT DATA Corporation June 2005 Senior Vice President, NTT DATA Corporation Head, Regional Banking System Platforms Sector, NTT DATA Corporation June 2009 Director and Executive Vice President, the Company April 2010 Representative Director and President April 2021 Chairperson and Representative Director (current position) [Significant concurrent positions] Not applicable	48,092
<p>[Reasons for nomination and outline of expected roles] Mr. Koichi Nishida has a wealth of experience in corporate management, including the organizational management in the financial sector of a major information and telecommunications company. He has been leading the overall management of the Group as Representative Director and President from FY2010 to FY2020, and has been working on business expansion and management reform. The Company expects that he will leverage his abundant experience and achievements and play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company reappoints him as a candidate for Director.</p>			
2	 <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Male</div> Tomoaki Kitamura (September 24, 1964) Number of years served as Director: 2 years (at the conclusion of the meeting)	July 2003 Head, Business Development Sector, NTT DATA Corporation July 2009 Head, Data Center Business Unit, Business Solution Sector, NTT DATA Corporation July 2012 Head, Data Center Business Unit, Fundamental System Platforms Sector, NTT DATA Corporation June 2015 President and CEO, NTT DATA TOKAI Corporation June 2018 Senior Vice President and Head, Business Solution Sector, NTT DATA Corporation Director, NTT DATA INTRAMART CORPORATION Director, NTT DATA BUSINESS SYSTEMS CORPORATION June 2020 Director and Executive Vice President, the Company April 2021 Representative Director and President (current position) Head, Digital Solution Sector (current position) [Significant concurrent positions] Not applicable	2,880
<p>[Reasons for nomination and outline of expected roles] Mr. Tomoaki Kitamura has a wealth of experience in technology and R&D and corporate management at a major information and telecommunications company and its group companies. He has been responsible for managing the Group as Representative Director and President since FY2021. The Company expects that he will leverage his abundant experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company reappoints him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Male</div> Minoru Takeuchi (June 21, 1961) Number of years served as Director: 12 years (at the conclusion of the meeting)	April 1985 Joined the Company October 2007 Executive Officer June 2010 Director and Executive Officer April 2016 Executive Managing Director and Executive Officer Chairman, DTS (Shanghai) Corporation (current position) July 2017 Chairman, DTS SOFTWARE VIETNAM Co., LTD. (current position) April 2018 Chairman, DTS America Corporation (current position) April 2019 Director and Managing Executive Officer, the Company September 2019 Chairman, Nelito Systems Limited (current position) April 2022 Director and Senior Managing Executive Officer, the Company (current position) [Significant concurrent positions] Chairman, DTS (Shanghai) Corporation Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, Nelito Systems Limited	15,765
[Reasons for nomination and outline of expected roles] In addition to organizational management in the financial sector, Mr. Minoru Takeuchi has a wealth of experience and achievements in global business development through managing Group companies outside Japan, and has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company reappoints him as a candidate for Director.			
4	 <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Male</div> Isao Asami (October 20, 1964) Number of years served as Director: 3 years (at the conclusion of the meeting)	April 1987 Joined the Company April 2010 General Manager, Corporate Planning Department April 2012 Executive Officer April 2013 General Manager, Embedded Systems Business Department, iCT Sector April 2017 Representative Director and President, DTS INSIGHT CORPORATION (current position) June 2019 Director and Executive Officer, the Company April 2020 Director and Senior Executive Officer Head, Enterprise and Solution Sector April 2022 Director and Managing Executive Officer (current position) [Significant concurrent positions] Representative Director and President, DTS INSIGHT CORPORATION	17,987
[Reasons for nomination and outline of expected roles] In addition to organizational management in the built-in software and telecommunications sector, Mr. Isao Asami has a wealth of experience and achievements in administrative departments, and has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company reappoints him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 <p data-bbox="284 573 399 640"> Reelection Male </p> <p data-bbox="233 640 448 701">Hirotooshi Kobayashi (September 4, 1960)</p> <p data-bbox="213 730 464 846">Number of years served as Director: 6 years (at the conclusion of the meeting)</p>	<p data-bbox="483 271 1292 701"> April 1980 Joined the Company April 2008 General Manager, Planning Department, Corporate Staff Division April 2010 Executive Officer March 2016 President & CEO, Digital Technologies Corporation (current position) April 2016 General Manager, General Affairs Department, the Company June 2016 Director and Executive Officer April 2019 Head, ICS Sector April 2020 Director and Senior Executive Officer (current position) June 2021 Director, I Net Rely Corporation (current position) April 2022 Head, IT Platform Service Sector, the Company (current position) </p> <p data-bbox="483 701 1023 792"> [Significant concurrent positions] President & CEO, Digital Technologies Corporation Director, I Net Rely Corporation </p>	11,520
<p data-bbox="220 857 783 882">[Reasons for nomination and outline of expected roles]</p> <p data-bbox="220 887 1417 1032">In addition to organizational management in the industry and telecommunications sector, Mr. Hirotooshi Kobayashi has a wealth of experience and achievements in administrative departments, and has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company reappoints him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	 <p style="text-align: center;"> Reelection Outside Independent Male </p> <p style="text-align: center;">Masayuki Hirata (July 30, 1947)</p> <p>Number of years served as Director: 7 years (at the conclusion of the meeting)</p>	<p>June 1998 General Manager, Business Administration Department, Group Company Headquarters, NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>July 1999 Head, Fourth Sector, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (retired in June 2000)</p> <p>June 2000 Member of the Board of Directors, General Manager of Affiliated Business Department, NTT DOCOMO, INC.</p> <p>June 2001 Executive Managing Director, General Manager of Accounts and Finance Department, NTT DOCOMO, INC.</p> <p>June 2004 Senior Executive Vice President, General Manager of Global Business Division, NTT DOCOMO, INC. (retired in June 2008)</p> <p>June 2008 President & CEO, InfoCom Research, Inc. (retired in June 2013)</p> <p>June 2013 Corporate Adviser, InfoCom Research, Inc. Outside Board Director, SKY Perfect JSAT Holdings Inc. (retired in June 2016)</p> <p>July 2014 Adviser, InfoCom Research, Inc.</p> <p>June 2015 Outside Director, CHUCO Co., Ltd. (retired in June 2019)</p> <p>Director, the Company (current position)</p> <p>July 2016 Senior Fellow, InfoCom Research, Inc. (retired in March 2022)</p> <p>[Significant concurrent positions] Not applicable.</p>	—
<p>[Reasons for nomination and outline of expected roles] Mr. Masayuki Hirata has wide-ranging operational experience in the telecommunications industry and abundant experience and a high level of insight regarding corporate management. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company reappoints him as a candidate for Outside Director. He will have served as an Outside Director of the Company for seven (7) years as of the conclusion of this Annual General Meeting of Shareholders.</p> <p>[Matters concerning Independence] Mr. Masayuki Hirata satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Hirata, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that his independence has been secured. Mr. Masayuki Hirata previously served as an executive officer of InfoCom Research, Inc. However, the Group has no business relationship with said company.</p> <p>(Note) Mr. Masayuki Hirata is a candidate for Outside Director. The Company has notified the Tokyo Stock Exchange that Mr. Masayuki Hirata is an Independent Officer. If his election is approved, the Company will continue to designate him as an Independent Officer.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	 <p style="text-align: center;"> Reelection Outside Independent Male </p> <p style="text-align: center;">Shinya Shishido (September 29, 1948)</p> <p>Number of years served as Director: 3 years (at the conclusion of the meeting)</p>	<p>April 1998 General Manager, Systems Department, Japan Housing Finance Agency</p> <p>May 2001 General Manager, Osaka Branch, Japan Housing Finance Agency</p> <p>June 2003 Director, Japan Housing Finance Agency (retired in March 2007)</p> <p>April 2007 Managing Director, HGS Co., Ltd. (retired in March 2011)</p> <p>June 2007 Representative Director and President, JLS. LTD. (retired in March 2011)</p> <p>April 2011 Chairman, Incorporated Administrative Agency Japan Housing Finance Agency (retired in March 2015)</p> <p>April 2015 Councillor, TOHOKU GAKUIN (retired in March 2019)</p> <p>May 2016 Director, Escrow Agent Japan, Inc. (retired in May 2019)</p> <p>June 2019 Director, the Company (current position)</p> <p>June 2020 Director, Takamatsu Corporation Co., Ltd. (current position)</p> <p>[Significant concurrent positions] Director, Takamatsu Corporation Co., Ltd.</p>	—
7	<p>[Reasons for nomination and outline of expected roles] Mr. Shinya Shishido has abundant experience and a high level of insight as a manager in the housing loan industry and the real estate industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company reappoints him as a candidate for Outside Director. He will have served as an Outside Director of the Company for three (3) years as of the conclusion of this Annual General Meeting of Shareholders.</p> <p>[Matters concerning Independence] Mr. Shinya Shishido satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Shishido, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that his independence has been secured. Mr. Shinya Shishido previously served as an executive officer of Incorporated Administrative Agency Japan Housing Finance Agency and Escrow Agent Japan, Inc. However, the Company has no business relationship with these companies. Mr. Shinya Shishido serves as an executive officer of Takamatsu Corporation Co., Ltd. However, the Group has no business relationship with said company.</p> <p>(Note) Mr. Shinya Shishido is a candidate for Outside Director. The Company has notified the Tokyo Stock Exchange that Mr. Shinya Shishido is an Independent Officer. If his election is approved, the Company will continue to designate him as an Independent Officer.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	 <p style="text-align: center;"> Reelection Outside Independent Male </p> <p style="text-align: center;">Shinichi Yamada (February 25, 1952)</p> <p>Number of years served as Director: 2 years (at the conclusion of the meeting)</p>	<p>June 2003 Director and Deputy Head, Business Development Sector, NTT DATA Corporation</p> <p>May 2004 Director and Head, Business Development Sector, NTT DATA Corporation</p> <p>June 2005 Senior Vice President and Head, Fundamental System Platforms Sector, NTT DATA Corporation</p> <p>June 2007 President and CEO, NTT DATA INTELLILINK Corporation (retired in June 2011) Executive Vice President; Head, Fundamental System Platforms Sector and Head, Technology Development Sector, NTT DATA Corporation</p> <p>June 2009 Representative Director and Executive Vice President; Head, Fundamental System Platforms Sector and Head, Technology Development Sector, NTT DATA Corporation</p> <p>July 2009 Representative Director and Executive Vice President; Head, S&T Company; Head, SI Competency Sector and Head, Technology Development Sector, NTT DATA Corporation (retired in June 2011)</p> <p>June 2011 President and CEO, NTT Software Corporation (retired in March 2017)</p> <p>April 2017 Director, NTT TechnoCross Corporation (retired in June 2017)</p> <p>June 2017 Special Advisor, NTT TechnoCross Corporation (retired in June 2018)</p> <p>June 2020 Director, the Company (current position)</p> <p>[Significant concurrent positions] Not applicable</p>	—
8	<p>[Reasons for nomination and outline of expected roles] Mr. Shinichi Yamada has abundant experience and a high level of insight regarding the industry trends and corporate management in the IT industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appoints him as a candidate for Outside Director. He will have served as an Outside Director of the Company for two (2) years as of the conclusion of this Annual General Meeting of Shareholders.</p> <p>[Matters concerning Independence] Mr. Shinichi Yamada satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Yamada, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that his independence has been secured. Mr. Shinichi Yamada previously served as Representative Director and Executive Vice President of NTT DATA Corporation, which is one of our business partners. However, as it has already been eleven years since he resigned from said company, and he has not been involved in execution of business of the company after his resignation, the Company has determined that his former position does not have any influence on his independence. NTT DATA Corporation and the Group had business transactions totaling less than ¥10.1 billion per year and less than 11.1% of net sales (consolidated results for the fiscal year ended March 31, 2022). Furthermore, Mr. Shinichi Yamada previously served as Director of NTT TechnoCross Corporation (NTT Software Corporation and NTT-IT Corporation were merged into NTT TechnoCross Corporation), which is one of our business partners. However, as it has already been five years since he resigned from said company, and he has not been involved in execution of business of the company after his resignation, the Company has determined that his former position does not have any influence on his independence. NTT TechnoCross Corporation and the Group had business transactions totaling less than ¥50 million per year and less than 0.1% of net sales (consolidated results for the fiscal year ended March 31, 2022).</p> <p>(Note) Mr. Shinichi Yamada is a candidate for Outside Director. The Company has notified the Tokyo Stock Exchange that Mr. Shinichi Yamada is an Independent Officer. If his election is approved, the Company will continue to designate him as an Independent Officer.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	 <p data-bbox="268 573 411 707"> <u>New election</u> <u>Outside</u> <u>Independent</u> <u>Female</u> </p> <p data-bbox="240 707 438 768">Yumiko Masuda (October 20, 1955)</p>	<p data-bbox="483 271 1284 683"> May 1990 Joined BELLSYSTEM24, Inc. as Banking Group Manager (retired in June 1996) September 1996 Solution Sales Representative, IBM Japan, Ltd. January 2003 Cluster Partner, Financial Strategy Consulting, GS Consulting Sector, IBM Japan, Ltd. (retired in June 2006) July 2006 Director, Strategic Industry Sales Department, Field Service Administration Division, SAP Japan Co., Ltd. (retired in May 2009) June 2009 Representative Director, Consumer Voice Research Institute, Limited. (current position) June 2018 Outside Director, PC DEPOT CORPORATION (current position) [Significant concurrent positions] Representative Director, Consumer Voice Research Institute, Limited. Outside Director, PC DEPOT CORPORATION </p>	<p data-bbox="1406 521 1433 539">—</p>
9	<p data-bbox="220 801 783 831">[Reasons for nomination and outline of expected roles]</p> <p data-bbox="220 831 1406 1010">Ms. Yumiko Masuda has management experience at multiple major foreign IT companies, and has expertise in consumer- and customer-oriented management and customer relations, and abundant experience and a high level of insight regarding diversity & inclusion. The Company expects that she will utilize this experience and insight in its management decisions and that she will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appoints her as a candidate for Outside Director.</p> <p data-bbox="220 1048 587 1077">[Matters concerning Independence]</p> <p data-bbox="220 1077 1406 1196">Ms. Yumiko Masuda satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Ms. Masuda, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that her independence has been secured.</p> <p data-bbox="220 1196 1385 1256">Ms. Yumiko Masuda serves as an executive officer of Consumer Voice Research Institute, Limited. However, the Group has no business relationship with said company.</p> <p data-bbox="220 1294 1385 1350">(Note) Ms. Yumiko Masuda is a candidate for Outside Director. If her election is approved, the Company will notify the Tokyo Stock Exchange that Ms. Yumiko Masuda is an Independent Officer.</p>		

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Messrs. Masayuki Hirata, Shinya Shishido, and Shinichi Yamada to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act. Under the agreement, their liability is limited to one (1) million yen or the amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is greater. If the reappointment of each of these candidates is approved, the Company plans to continue these liability limitation agreements with the candidates. If the election of Ms. Yumiko Masuda is approved, the Company will enter into the same liability limitation agreement with her.
3. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages that may arise when the Directors, etc. assume liability for the performance of their duties as well as litigation expenses. If each of the candidates is elected as a Director and assumes office, each of them will be insured under the insurance contract. The term of the insurance contract is one year, and will be renewed by resolution of the Board of Directors prior to the expiration of its term. The insurance premiums are fully borne by the Company.

Proposal 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members


If Proposal 2 “Partial Amendments to the Articles of Incorporation” is approved as originally proposed, the Company makes the transition to a company with an Audit and Supervisory Committee. Accordingly, the Company proposes to elect four (4) Directors who are Audit and Supervisory Committee Members.


The Board of Corporate Auditors has given its consent to this Proposal.


This proposal shall become effective when Proposal 2 “Partial Amendments to the Articles of Incorporation” takes effect.


The candidates are as follows:

No.	Name	Current positions at the Company	Attendance at the Board of Directors meetings	Attendance at the Board of Corporate Auditors meetings	Number of years served as Director who is Audit and Supervisory Committee Member
1	<input type="checkbox"/> New election Takao Sakamoto <input type="checkbox"/> Male	Director Managing Executive Officer	14/14 (100%)	—	—
2	<input type="checkbox"/> New election Kenji Yukimoto <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Corporate Auditor	14/14 (100%)	10/10 (100%)	—
3	<input type="checkbox"/> New election Taeko Ishii <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female	Corporate Auditor	13/14 (92%)	10/10 (100%)	—
4	<input type="checkbox"/> New election Yutaka Takei <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male	Corporate Auditor	14/14 (100%)	10/10 (100%)	—

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 <p data-bbox="268 573 411 607">New election</p> <p data-bbox="308 611 368 645">Male</p> <p data-bbox="248 645 432 701">Takao Sakamoto (January 4, 1961)</p> <p data-bbox="217 734 464 846">Number of years served as Director: 13 years (at the conclusion of the meeting)</p>	<p data-bbox="483 271 1289 730"> April 1987 Joined the Company April 2004 General Manager, Planning Department, Corporate Staff Division April 2007 Executive Officer June 2009 Director and Executive Officer April 2013 General Manager, Human Resources Department March 2014 Representative Director and President, MIRUCA CORPORATION April 2016 Executive Managing Director and Executive Officer, the Company April 2019 Director and Managing Executive Officer, the Company (scheduled to retire in June 2022) March 2020 Director, DTS palette Inc. (scheduled to retire in June 2022) June 2020 Director, JAPAN SYSTEMS ENGINEERING Corporation (scheduled to retire in June 2022) </p> <p data-bbox="483 734 823 790">[Significant concurrent positions] Not applicable</p>	19,414
<p data-bbox="220 857 783 891">[Reasons for nomination and outline of expected roles]</p> <p data-bbox="220 891 1422 1003">Mr. Takao Sakamoto has experience in administrative departments such as company-wide corporate planning and human resources, as well as experience and track records of managing Group companies. In order to utilize his experience in the Company's business execution in the audit structure of the Company, the Company appoints him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	 <p data-bbox="268 571 411 705"> New election Outside Independent Male </p> <p data-bbox="252 705 427 772">Kenji Yukimoto (April 10, 1949)</p> <p data-bbox="215 795 467 945">Number of years served as Corporate Auditor: 6 years (at the conclusion of the meeting)</p>	<p data-bbox="483 268 1284 705"> September 1974 Joined PriceWaterhouse Certified Public Accountant Firm March 1977 Registered as Certified Public Accountant January 1992 Representative Partner, Aoyama Audit Corporation PriceWaterhouse April 2000 Representative Partner, ChuoAoyama PricewaterhouseCoopers May 2007 Senior Partner, Ernst & Young ShinNihon (retired in June 2010) July 2010 President, Yukimoto Kenji Certified Public Accountant Office (current position) August 2010 Director, Alpha Profession Group (current position) March 2013 Outside Corporate Auditor, Kyodo Public Relations (retired in March 2021) June 2016 Corporate Auditor, the Company (current position) </p> <p data-bbox="483 728 1125 817"> [Significant concurrent positions] President, Yukimoto Kenji Certified Public Accountant Office Director, Alpha Profession Group </p>	—
2	<p data-bbox="220 952 1428 1131"> [Reasons for nomination and outline of expected roles] Mr. Kenji Yukimoto is certified as a certified public accountant, and has abundant experience and expertise regarding finance and accounting. The Company expects that he will utilize this experience and expertise in the audit structure of the Company, and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective. Therefore, the Company appoints him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. </p> <p data-bbox="220 1176 1428 1568"> [Matters concerning Independence] Mr. Kenji Yukimoto satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Yukimoto, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that his independence has been secured. Mr. Kenji Yukimoto previously served as Senior Partner of Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC) which is one of our business partners. However, as it has already been twelve years since he resigned from the firm, and he has not been involved in execution of business of the firm after his resignation, the Company has determined that his former position does not have any influence on his independence. The firm and the Group had business transactions totaling less than ¥70 million per year and less than 0.1% of net sales (consolidated results for the fiscal year ended March 31, 2022). Mr. Kenji Yukimoto serves as an executive officer of Yukimoto Kenji Certified Public Accountant Office and Alpha Profession Group. However, the Group has no business relationship with these companies. </p> <p data-bbox="220 1601 1428 1680"> (Note) Mr. Kenji Yukimoto is a candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company has notified the Tokyo Stock Exchange that Mr. Kenji Yukimoto is an Independent Officer. If his election is approved, the Company will continue to designate him as an Independent Officer. </p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 <p data-bbox="268 571 411 705"> <u>New election</u> <u>Outside</u> <u>Independent</u> <u>Female</u> </p> <p data-bbox="268 705 411 772">Taeko Ishii (May 7, 1956)</p> <p data-bbox="220 795 464 952">Number of years served as Corporate Auditor: 4 years (at the conclusion of the meeting)</p>	<p data-bbox="486 271 1297 324">April 1986 Registered as an attorney (Member of Dai-Ichi Tokyo Bar Association)</p> <p data-bbox="486 331 1297 385">March 1992 Established Ota Ishii Law Office as Deputy Director (current position)</p> <p data-bbox="486 392 1297 448">April 1998 Civil Conciliation Commissioner, Tokyo District Court (current position)</p> <p data-bbox="486 454 1297 600">April 2003 Member of Study Group for Case Law on Public Employees, Human resources and Pension Bureau, Ministry of Internal Affairs and Communications (currently Study Group for Case Law on Public Employees, Cabinet Human Resources Bureau, Cabinet Secretariat) (current position)</p> <p data-bbox="486 607 1297 660">April 2004 Outside Corporate Auditor, Furusato Service Co., Ltd. (current position)</p> <p data-bbox="486 667 1297 757">November 2007 Special Committee Member, Central Construction Work Disputes Committee, Ministry of Land, Infrastructure, Transport and Tourism (current position)</p> <p data-bbox="486 763 1297 790">April 2008 Part-time Lecturer, Waseda Law School, Waseda University</p> <p data-bbox="486 797 1297 824">June 2014 Outside Corporate Auditor, DATALINKS CORPORATION</p> <p data-bbox="486 831 1297 857">June 2018 Corporate Auditor, the Company (current position)</p> <p data-bbox="486 864 1297 913">June 2018 Outside Audit & Supervisory Board Member, NEC Corporation (current position)</p> <p data-bbox="486 920 1297 969">June 2018 Outside Director, Sumitomo Metal Mining Co., Ltd. (current position)</p> <p data-bbox="486 976 1297 1025">June 2021 Outside Statutory Auditor, Dai Nippon Printing Co., Ltd. (current position)</p> <p data-bbox="486 1032 1297 1220"> <u>[Significant concurrent positions]</u> Deputy Director, Ota Ishii Law Office Outside Corporate Auditor, Furusato Service Co., Ltd. Outside Audit & Supervisory Board Member, NEC Corporation Outside Director, Sumitomo Metal Mining Co., Ltd. Outside Statutory Auditor, Dai Nippon Printing Co., Ltd. </p>	—
<p data-bbox="220 1227 1476 1411"> <u>[Reasons for nomination and outline of expected roles]</u> Ms. Taeko Ishii is a licensed attorney, and has abundant experience and expertise regarding legal and labor affairs. The Company expects that she will utilize this experience and expertise in the audit structure of the Company, and that she will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective. Therefore, the Company appoints her as a candidate for Outside Director who is an Audit and Supervisory Committee Member. </p> <p data-bbox="220 1444 1476 1601"> <u>[Matters concerning Independence]</u> Ms. Taeko Ishii satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Ms. Ishii, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that her independence has been secured. Ms. Taeko Ishii serves as an executive officer of Ota Ishii Law Office. However, the Group has no business relationship with said office. </p> <p data-bbox="220 1691 1476 1776"> (Note) Ms. Taeko Ishii is a candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company has notified the Tokyo Stock Exchange that Ms. Taeko Ishii is an Independent Officer. If her election is approved, the Company will continue to designate her as an Independent Officer. </p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	 <p data-bbox="268 573 411 703"> <u>New election</u> <u>Outside</u> <u>Independent</u> <u>Male</u> </p> <p data-bbox="236 707 443 766">Yutaka Takei (October 23, 1955)</p> <p data-bbox="209 797 470 949">Number of years served as Corporate Auditor: 3 years (at the conclusion of the meeting)</p>	<p data-bbox="483 271 1286 329">April 1999 General Manager, Namba Branch, The Mitsui Trust Banking, Limited</p> <p data-bbox="483 333 1270 392">April 2000 General Manager, Namba Branch, The Chuo Mitsui Trust and Banking Company, Limited</p> <p data-bbox="483 396 1286 454">November 2000 General Manager, Nihonbashi Sales Sixth Department, The Chuo Mitsui Trust and Banking Company, Limited</p> <p data-bbox="483 459 1270 517">July 2001 General Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited</p> <p data-bbox="483 521 1270 580">October 2002 General Manager, Sendai Branch, The Chuo Mitsui Trust and Banking Company, Limited</p> <p data-bbox="483 584 1270 642">October 2003 General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited</p> <p data-bbox="483 647 1286 728">October 2007 Executive Officer and General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited (retired in May 2009)</p> <p data-bbox="483 732 1254 790">June 2009 Representative Director and President, Tokyo Securities Transfer Agent Co., Ltd. (retired in March 2017)</p> <p data-bbox="483 795 951 824">April 2017 Advisor, Fujicicio Co, Ltd.</p> <p data-bbox="483 828 951 857">May 2017 Director, Fujicicio Co, Ltd.</p> <p data-bbox="483 862 1286 920">January 2018 Executive Managing Director, Fujicicio Co, Ltd. (retired in May 2019)</p> <p data-bbox="483 925 1286 983">May 2019 Advisor, Tokyo Securities Transfer Agent Co., Ltd. (retired in October 2020)</p> <p data-bbox="483 987 1206 1016">June 2019 Corporate Auditor, the Company (current position)</p> <p data-bbox="483 1021 1254 1079">April 2021 Senior Researcher, The Japan Association of Charitable Organizations</p> <p data-bbox="483 1084 1270 1142">June 2021 Head of Research Department, The Japan Association of Charitable Organizations (current position)</p> <p data-bbox="483 1146 1190 1227">[Significant concurrent positions] Head of Research Department, The Japan Association of Charitable Organizations</p>	—
<p data-bbox="209 1234 791 1263">[Reasons for nomination and outline of expected roles]</p> <p data-bbox="209 1267 1430 1420">Mr. Yutaka Takei has abundant experience and a high level of insight as a manager of a trust bank, a securities transfer agent and a retailer. The Company expects that he will utilize this experience and insight in the audit structure of the Company, and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective. Therefore, the Company appoints him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p data-bbox="209 1451 584 1480">[Matters concerning Independence]</p> <p data-bbox="209 1485 1430 1601">Mr. Yutaka Takei satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Takei, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, the Company has determined that his independence has been secured.</p> <p data-bbox="209 1606 1430 1785">Mr. Yutaka Takei previously served as an executive officer of The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited), which is one of our business partners. However, as it has already been thirteen years since he resigned from the company, and he has not been involved in execution of business of the company after his resignation, the Company has determined that his former position does not have any influence on his independence. The company and the Group had business transactions totaling less than ¥600 million per year and less than 0.7% of net sales (consolidated results for the fiscal year ended March 31, 2022).</p> <p data-bbox="209 1789 1078 1818">The Company has no borrowings from financial institutions including the company.</p> <p data-bbox="209 1823 1430 1881">Mr. Yutaka Takei previously served as an executive officer of Tokyo Securities Transfer Agent Co., Ltd. and Fujicicio Co, Ltd. However, the Company has no business relationship with these companies.</p> <p data-bbox="209 1912 1382 1993">(Note) Mr. Yutaka Takei is a candidate for Outside Director who is an Audit and Supervisory Committee Member. The Company has notified the Tokyo Stock Exchange that Mr. Yutaka Takei is an Independent Officer. If his election is approved, the Company will continue to designate him as an Independent Officer.</p>			

(Notes)

1. There are no special interests between each candidate for Directors who are Audit and Supervisory Committee Members and the Company.
2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Mr. Kenji Yukimoto, Ms. Taeko Ishii and Mr. Yutaka Takei to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act. Under the agreement, liability is limited to one (1) million yen or the amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is greater. If the appointment of each of these candidates is approved, the Company plans to continue these liability limitation agreements with the candidates. If the election of Mr. Takao Sakamoto is approved, the Company plans to enter into the same liability limitation agreement with him.
3. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages that may arise when the Directors, etc. assume liability for the performance of their duties as well as litigation expenses. If each of the candidates is elected as a Director who is an Audit and Supervisory Committee Member and assumes office, each of them will be insured under the insurance contract. The term of the insurance contract is one year, and will be renewed by resolution of the Board of Directors prior to the expiration of its term. The insurance premiums are fully borne by the Company.

[Reference] Skills Matrix

Toward achieving the Company’s Long-Term Outlook (Vision 2030) and the Medium-Term Management Plan (FY2022 to FY2024), we identified skills that Directors are expected to demonstrate in light of the five key issues. These skills and the skills matrix are as follows:

■ Key issues

Increase in the value of proposals; Combination of SI and digital technology; Expansion into new fields and the global market; Enhancement of ESG initiatives; and Reform of its management base

■ Our stance on skills

Skills	Our stance on skills
Corporate management	To <u>enhance ESG initiatives</u> with an aim to become a company that practices sustainable management and grows together with a society, management experience and skills gained at listed companies are expected.
Internationality	To <u>expand into new fields and the global market</u> with an aim to capture new opportunities for business growth and revenue source, insight gained through experiencing overseas businesses and skills for future business development are expected.
Sales / Marketing	To <u>increase the value of proposals</u> through a broad range of proposal capabilities and solutions based on leading technologies, business experience and skills in sales and marketing field are expected.
Development / R&D	To add on digital solution services to the SI business at which we excel with an aim to realize the <u>combination of SI and digital technology</u> , business experience and skills in development / R&D field are expected.
Finance / Capital strategy	Besides accurate financial reporting, to strengthen the operations and <u>reform our management base</u> through continuous investments by taking the advantage of our solid financial base, business experience and skills in finance / capital strategy field are expected.
Human resource development / D&I	To realize diversity and inclusion where employees share the joy of work and respect diversity with an aim to <u>enhance ESG initiatives</u> , business experience and skills in human resource development / D&I field are expected.
Internal control / Risk management	To strengthen governance and to establish and practice risk management systems, as well as to <u>enhance ESG initiatives</u> , business experience and skills in internal control / risk management fields are expected.

■ Skills Matrix

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

Note: A maximum of four items that are particularly expected to be performed are indicated as ● for each person. Not all expertise and experience are presented in the table.

Proposal 5: Determination of the Amount of Compensation, etc. for Directors Who Are Not Audit and Supervisory Committee Members

The Company obtained approval for a maximum amount of compensation for Directors of the Company within 300 million yen per annum (including within 40 million yen per annum for Outside Directors) at the 44th Annual General Meeting of Shareholders held on June 23, 2016. If Proposal 2, “Partial Amendments to the Articles of Incorporation,” is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests approval for a maximum amount of compensation for Directors who are not Audit and Supervisory Committee Members after the transition within 300 million yen per annum (including within 40 million yen per annum for Outside Directors), and for the specific amount and timing, etc. of the payment of compensation to individual Directors who are not Audit and Supervisory Committee Members to be determined by resolution of the Board of Directors.

If the Company transitions to a company with an Audit and Supervisory Committee and this proposal is approved, the Company plans to establish the Policy for Determining Individual Compensation, etc. for Directors, presented at the end of this proposal, by resolution of the Board of Directors. The Company considers that the amount of compensation, etc. under this proposal to be appropriate because it is both necessary and reasonable for the payment of fixed compensation and performance-linked compensation based on the aforementioned policy, and because it was determined with reference to a range of factors including the maximum amount of compensation payable to Directors in the past, the Company’s business scale, the number of Directors, and recent economic conditions. This compensation, etc. does not include salary received in the capacity of an employee, for Directors who serve concurrently as employees.

The current number of Directors is ten (10). If Proposal 2, “Partial Amendments to the Articles of Incorporation,” and Proposal 3, “Election of Nine (9) Directors Who Are Not Audit and Supervisory Committee Members,” are approved as originally proposed, the number of Directors will be nine (9) (including four (4) Outside Directors).

The effect of this proposal shall be conditional upon the amendments to the Articles of Incorporation set forth in Proposal 2, “Partial Amendments to the Articles of Incorporation,” taking effect.

<Policy for Determining Individual Compensation, etc. for Directors>

- The method used to calculate the amount of compensation, etc. for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) shall be determined upon the comprehensive consideration of past payment records and the Company’s performance. Compensation, etc. shall consist of fixed compensation, performance-linked compensation and non-monetary compensation. Compensation for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) shall consist of fixed compensation only.
- Performance-linked compensation shall be paid as a bonus, and shall be calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year in which the bonus is to be paid, and multiplying the growth rate by the amount of the performance-linked standard. However, in the event that business performance deteriorated significantly, the bonus may not be paid.
- Non-monetary compensation shall be paid as stock-based compensation, in the form of restricted shares, and shall be calculated based on a standard amount predetermined in accordance with position in order to appropriately function as an incentive to sustainably enhance the corporate value of the Company. The standard amount shall be determined annually, based on an assessment of factors including corporate value (share price) and the degree of achievement of medium-term plans.
- When determining the payment ratios of fixed compensation, performance-linked compensation and non-monetary compensation, the ratio of basic compensation (fixed compensation) shall decrease the higher the position, and the ratios of bonus (performance-linked compensation) and stock-based compensation (non-monetary compensation) shall increase the higher the position.
- The timing for payment of compensation, etc. for Directors who are not Audit and Supervisory Committee Members shall be monthly for basic compensation and once a year for bonuses and stock-based compensation (for Directors who are not Outside Directors).
- Determination of individual compensation, etc. for Directors who are not Audit and Supervisory Committee Members shall be delegated as follows.
 - 1) Delegated person
Director and Chairman, however, if the position of Director and Chairman is vacant, Director and President
 - 2) Delegated authority

The amounts of basic compensation (fixed compensation), bonuses (performance-linked compensation) and stock-based compensation (non-monetary compensation) paid to each Director who is not an Audit and Supervisory Committee Member (Outside Directors) shall be determined within an annual amount of the compensation limit approved at the General Meeting of Shareholders and within the maximum number of shares of common stock to be granted. The basic compensation (fixed compensation) paid to each Outside Director (excluding Directors who are Audit and Supervisory Committee Members) shall be determined within the scope of the annual amount of compensation approved by the General Meeting of Shareholders.

3) Measures for the appropriate exercise of delegated authority

Delegated persons in 1) above shall calculate individual compensation in accordance with the report of deliberations by the Nomination and Compensation Committee (the majority of whose members are Independent Outside Directors).

Proposal 6: Determination of the Amount of Compensation, etc. for Directors Who Are Audit and Supervisory Committee Members

If Proposal 2, “Partial Amendments to the Articles of Incorporation,” is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests approval for a maximum amount of compensation for Directors who are Audit and Supervisory Committee Members after the transition within 60 million yen per annum, and for the specific amount and timing, etc. of the payment of compensation to individual Directors who are Audit and Supervisory Committee Members to be determined through discussion between Directors who are Audit and Supervisory Committee Members. The Company considers that the amount of compensation, etc. under this proposal to be appropriate because it was determined with reference to a range of factors including the duties of Directors who are Audit and Supervisory Committee Members and recent economic conditions.

If Proposal 2, “Partial Amendments to the Articles of Incorporation,” and Proposal 4, “Election of Four (4) Directors Who Are Audit and Supervisory Committee Members,” are approved as originally proposed, the Company will have four (4) Directors Who Are Audit and Supervisory Committee Members.

The effect of this proposal shall be conditional upon the amendments to the Articles of Incorporation set forth in Proposal 2, “Partial Amendments to the Articles of Incorporation,” taking effect.

Proposal 7: Determination of Compensation for the Allotment of Restricted Shares to Directors Who Are Not Audit and Supervisory Committee Members

The Company obtained approval for the introduction of a restricted stock compensation plan (hereinafter, the “Plan”) for current Directors of the Company (excluding Outside Directors) at the 49th Annual General Meeting of Shareholders held on June 24, 2021. If Proposal 2, “Partial Amendments to the Articles of Incorporation,” is approved as originally proposed, the Company will transition to a company with an Audit and Supervisory Committee. Accordingly, the Company requests approval to abolish the current compensation limits for Directors under the Plan, and set new compensation limits for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors; hereinafter, “Eligible Directors”) based on the details of the Plan set forth below.

These compensation limits will be separate from the compensation proposed in Proposal 5, “Determination of the Amount of Compensation, etc. for Directors Who Are Not Audit and Supervisory Committee Members,” as under the current Plan.

Outline of the Plan

Grantees	Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)
Transfer restriction period	30 years (transfer restrictions removed upon retirement)
Total amount of monetary compensation receivables	Within 45 million yen per annum
Maximum number of shares of common stock to be issued or disposed of	Within 26,000 shares per annum
Dilution ratio	0.053% 26,000 shares (total number of maximum shares) / 49,072,632 shares (total number of issued shares)

The total amount of monetary compensation receivables to be paid to Eligible Directors based on this Proposal shall be within 45 million yen per annum, as before, which is an amount considered appropriate in view of the aforementioned objectives.

If the Company transitions to a company with an Audit and Supervisory Committee and this proposal is approved, the Company plans to establish the Policy for Determining Individual Compensation, etc. for Directors, presented at the end of Proposal 5, by resolution of the Board of Directors. The specific timing and allocation of payments to each Eligible Director shall be determined by the Board of Directors in accordance with this policy.

The Company believes that the granting of restricted shares based on the Plan is appropriate, considering the objectives of the Plan and the ratio of shares granted under the Plan over a year to the total number of issued shares (as of March 31, 2022), which is a maximum 0.053% representing an insignificant dilution rate.

The current number of Directors (excluding Outside Directors) is six (6). If Proposal 2, “Partial Amendments to the Articles of Incorporation,” and Proposal 3, “Election of Nine (9) Directors Who Are Not Audit and Supervisory Committee Members,” are approved as originally proposed, the number of Eligible Directors will be five (5).

The effect of this proposal shall be conditional upon the amendments to the Articles of Incorporation set forth in Proposal 2, “Partial Amendments to the Articles of Incorporation,” taking effect.

Each fiscal year, Eligible Directors shall, in principle, make in-kind contribution of all monetary compensation receivables paid based on a resolution of the Board of Directors of the Company, and shall receive the Company’s common stock that will be issued or disposed of.

The total number of shares of the Company’s common stock that the Company will issue or dispose of for Eligible Directors under the Plan shall be a maximum of 26,000 shares per annum. However, in the event that the Company’s common stock is subject to a stock split (including the gratis allotment of the Company’s stock) or reverse stock split effective on or after the date of resolution of this General Meeting of Shareholders, the number of total shares may be adjusted within a reasonable extent on or after said effective date.

The payment amount per share of the Company’s common stock to be issued or disposed of for Eligible

Directors based on the Plan shall be determined by the Board of Directors within a range that is not especially advantageous to Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding each date of resolution by the Board of Directors meeting that determines the subscription details for said common stock of the Company (if no transactions are concluded on that day, the closing price on the immediately preceding date).

In addition, when issuing or disposing of the common stock of the Company, the Company and Eligible Directors shall enter into a restricted share allotment agreement (hereinafter, the "Allotment Agreement") whose contents shall include the following (the common stock allotted under the Allotment Agreement is hereinafter referred to as "Allotted Shares").

(1) Transfer Restriction Period

Eligible Directors shall not transfer, establish a security interest on, gift inter vivos, or otherwise dispose of Allotted Shares during a thirty-year period from the payment date of the Allotted Shares (hereinafter, "Transfer Restriction Period").

(2) Removal of the Transfer Restrictions

The Company shall remove the transfer restrictions on all Allotted Shares upon the expiration of the Transfer Restriction Period provided that Eligible Directors have continuously remained in a position as Director of the Company, or any other position stipulated by the Board of Directors of the Company during the Transfer Restriction Period.

However, in the event that an Eligible Director resigns or retires for a justifiable reason prior to the expiration of the Transfer Restriction Period, the number of Allotted Shares for which the transfer restrictions are to be removed and the timing thereof shall be reasonably adjusted as necessary.

(3) Causes for Acquisition without Consideration

In the event that there are Allotted Shares whose transfer restrictions have not been removed at the time of the removal of transfer restrictions stipulated in (2) above, the Company shall acquire these as a matter of course without consideration. Other causes for acquisition without consideration shall be stipulated in the Allotment Agreement based on resolution of the Board of Directors of the Company.

(4) Treatment in the Event of Restructuring, etc.

Notwithstanding the provisions in (1) above, in the event that, during the Transfer Restriction Period, the Company's General Meeting of Shareholders approves a merger agreement whereby the Company becomes the non-surviving company, a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary, or any other matters pertaining to restructuring, etc. (however, in the event that the approval of the Company's General Meeting of Shareholders for said restructuring, etc. is not required, approval by the Company's Board of Directors), the number of Allotted Shares whose transfer restrictions are to be removed and the timing thereof, shall be reasonably adjusted as necessary. In that event, if there are any Allotted Shares whose transfer restrictions have not been removed immediately after the transfer restrictions have been removed, the Company shall acquire them as a matter of course without consideration.

(5) Other Matters

Other matters pertaining to the Allotment Agreement shall be determined by the Board of Directors of the Company.

It is the Company's intention that shares that have been allotted to Eligible Directors under the Plan shall be managed by a securities company stipulated by the Company in dedicated accounts opened by Eligible Directors so that they cannot be subject to transfer, establishment of a security interest on, gifted inter vivos, or otherwise disposed of during the Transfer Restriction Period.

Business Report
(April 1, 2021 - March 31, 2022)

1. Overview of the Corporate Group

(1) Business Progress and Results

In the fiscal year under review, as the Japanese economy remained in a difficult situation due to the impact of the novel coronavirus disease (COVID-19), the economy was weak in some areas. Going forward, amid the uncertainty due to the situation in Ukraine, a downside risk stemming from a rise in raw material prices, constraints on the supply side, etc., the impact of COVID-19, and others require careful attention.

In this environment, the DTS Group has established a vision for its medium-term management plan (April 2019 to March 2022) of becoming a “Next Value Creator, providing new value to the society of tomorrow,” as well as drew up the three basic policies of “realization of a sustainable society,” “evolution into a new system integrator,” and “transformation into self-driven employees,” and worked on five key activities (“Strengthening marketing capability and SI capability,” “Creating new business,” “Strengthening the Group’s management foundation,” “Innovating in-house information systems and administrative processes” and “Carrying out work-style reforms”).

■ Strengthening marketing capability and SI capability

In order to expand our DX business in line with the development of a digital society, we newly established Digital Solution Sector in April 2021, and also, we are working to strengthen our marketing capability, including promotional activities, marketing research, and establishing information provision websites.

In the fiscal year under review, we implemented proposal activities in response to customer needs, such as the adoption of “ReSM plus,” which is strong in improving the efficiency of cumbersome help desk operations, in the operation of public sector network systems.

In November 2021, the Company and Pacific Business Consulting, Inc. entered into a business alliance for system development using the cloud-based business application “Microsoft Dynamics 365.” Combining the Company’s operational know-how and development capabilities with the company’s consulting capabilities, we moved forward with our first joint development project for a dedicated customer relationship management (“CRM”) system for the housing industry, working to continue to provide high value added services to our customers.

In December 2021, as we satisfied ServiceNow, Inc’s service partner program requirements including a systems integration track record, customer evaluations, and engineer development, we were certified as part of ServiceNow’s “Premier” segment. We will continue to work on the expansion of our cloud business.

■ Creating new business

In the fiscal year under review, we worked to train 900 DX employees and achieve a 35% ratio of DX-related net sales, surpassing the initial medium-term management plan target. As a result, DX-related sales for the fiscal year under review were approximately 32.5 billion yen (approximately 27.6 billion yen in the same period of the previous fiscal year), the ratio of DX-related net sales was 34.4%, and the number of DX employees was 843 people (584 people at the end of the previous fiscal year). We will continue to work on human resource development to further expand growing fields such as digital, solutions and services.

In June 2021, I Net Rely Corporation became a consolidated subsidiary of the Company. We strengthened our network solution business by combining the know-how of our network engineers with the company’s technical capabilities in infrastructure design, construction, and operation management.

Moreover, DTS INSIGHT CORPORATION entered into a capital and business alliance with CHOWA GIKEN Corporation for the purpose of expanding businesses utilizing AI as well as people-to-people exchange.

- Strengthening the Group's management foundation and innovating in-house information systems and administrative processes

It was confirmed that the Company would belong to the "Prime Market" in January 2022, and the Company moved to the market as planned in April 2022.

Regarding ESG initiatives, we established the "DTS Group SDGs award" to raise in-house awareness, and has been expanding operations that contribute to SDGs (net sales of approximately 16.6 billion yen in the previous fiscal year). In terms of the environment, we have set new goals such as further reducing CO₂ emissions and paper consumption, and are promoting reduction of the environmental load.

In November 2021, we published the DTS Group REPORT 2021 in the interest of promoting a constructive dialogue with stakeholders. Furthermore, to provide the necessary information to all our stakeholders including overseas customers and investors in an easily understandable format, we updated the English-language version of the Company's website.

Moreover, MIRUCA CORPORATION, the Group's education specialist, has developed a new training curriculum for new employees that is designed to be used online. In addition to the establishment of DX Engineer Advanced Course, we have expanded DX-related on-demand training to further enhance training according to individual skill levels. We will continue to focus on human resource development.

- Carrying out work-style reforms

As part of our health management initiatives, we have set up an environment for online medical care, which is effective for the COVID-19 crisis and remote work, and provide consultation on health checkup results, sleep apnea testing, and smoking cessation outpatient services, etc. In addition, we offer online seitai yoga (osteopathic yoga) classes and the Health Challenge Campaign^(Note 1) to help our employees get enough exercise and improve their physical and mental health.

Through these initiatives, we obtained the "Company of Health Excellence Certification (Gold Certification)"^(Note 2) once again this year. In addition, the Company was selected as a Health & Productivity Management Brand 2022^(Note 3) and certified as Health & Productivity Management Outstanding Organization (White 500) 2022^(Note 4). The Company will continue to promote health management to help our employees improve their health and create a healthy work environment for them.

- Introduction of a restricted stock compensation plan

The Company has introduced a restricted stock compensation plan in order to provide incentives for Directors (excluding Outside Directors) and Executive Officers of the Company to sustainably enhance corporate value and in order to promote further value sharing with shareholders.

- Shareholder returns

In order to improve capital efficiency and to further improve returns for our shareholders, we acquired 385,200 treasury shares from April to June 2021, and 371,900 treasury shares from February to March 2022. In addition, the Company canceled 1,371,900 shares which were part of treasury shares held in March 2022.

- Major initiatives for the new Medium-Term Management Plan

To strengthen the supervisory function for the Board of Directors and further enhance corporate governance, the Company resolved at a meeting of the Board of Directors to make a transition to a company with Audit and Supervisory Committee, subject to approval at the 50th Annual General Meeting of Shareholders to be held on June 23, 2022.

For the new medium-term management plan, which starts in April 2022, the Company made necessary organizational changes including integration of manufacturing and sales, further strengthening of the DX business and enhancement of services to address challenges such as transformation of businesses of the Group and reform of the business portfolio. In addition, to further move forward ESG activities, the Company establishes a responsible organization and further strengthen company-wide cross-sectional activities.

As the environment surrounding companies is changing drastically, based on the recognition that it is an important business challenge to balance realization of a sustainable society and sustainable corporate growth, the Group newly set up the Sustainability Committee to further strengthen its

environmental and social initiatives.

As a result of the above, the Group reported net sales of 94,452 million yen for the fiscal year under review, an improvement in sales compared to 90,493 million yen in the same period of the previous fiscal year. The main factors affecting the above were steady progress of DX-related projects and the consolidation of I Net Rely Corporation in the infrastructure product field. Gross profit was 19,141 million yen, compared to 18,054 million yen in the same period of the previous fiscal year, due to the increase in net sales. Selling, general and administrative expenses were 7,944 million yen (7,237 million yen in the same period of the previous fiscal year). This was mainly due to an increase in research and development expenses. With the increase in gross profit, operating profit came to 11,196 million yen, compared to 10,817 million yen in the same period of the previous fiscal year, and ordinary profit came to 11,403 million yen, compared to 11,131 million yen in the same period of the previous fiscal year. This marked twelve consecutive fiscal years of profit increases, and eight consecutive fiscal years of new record profits. Operating profit on net sales was 11.9%, the sixth consecutive fiscal year that it has exceeded 10%. Profit attributable to owners of parent was 7,853 million yen (compared to 7,593 million yen in the same period of the previous fiscal year), mainly due to the increase in operating profit.

Note 1: Health Challenge Campaign

Health promotion program that converts employees' activities to sustain or improve health into points and provides extra assistance for health service costs, etc. for employees who satisfy certain criteria.

Note 2: Company of Health Excellence Certification (Gold Certification)

A certification system by the Tokyo Promotion Council for Declaration of Healthy Company, which consists of members of Tokyo Metropolitan Government's Health Insurance Association and other organizations, to recognize companies that declare their commitment to improving their overall health and achieve a certain level of results.

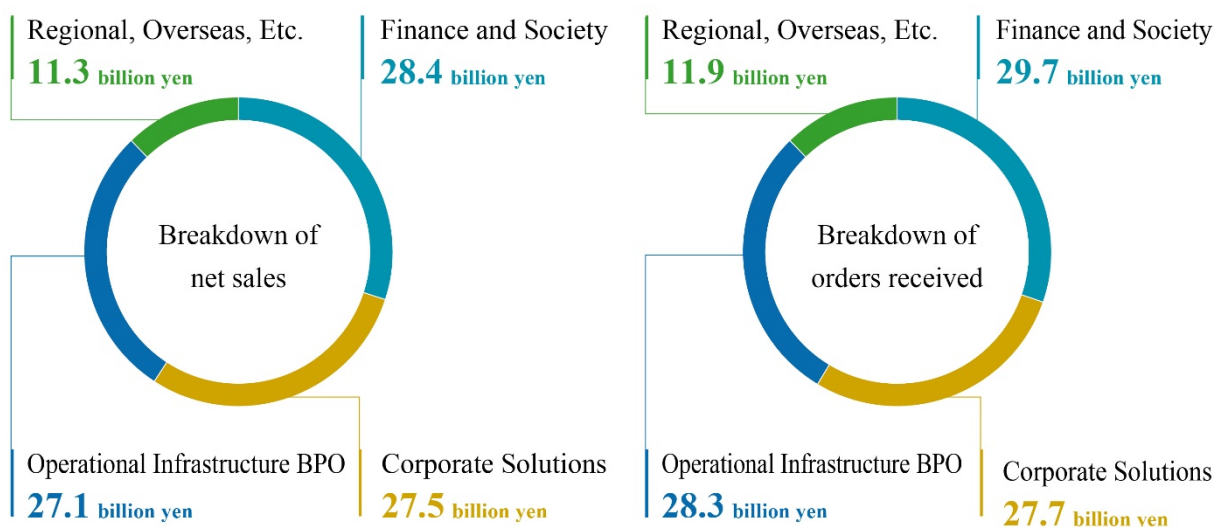
Note 3: Health & Productivity Management Brand 2022

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select 50 companies in 32 industry sectors among listed companies that think about health management of employees from a managerial viewpoint and work on health management strategically. This initiative aims to promote "health management" efforts made by companies by introducing such companies as attractive companies to investors who have stress on improvement in corporate value from a long-term standpoint.

Note 4: Health & Productivity Management Outstanding Organization (White 500)

The Health and Productivity Management Outstanding Organization awards are a system in which the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi recognize enterprises that are implementing health promotion initiatives. Under the system, 500 large enterprises that are implementing particularly outstanding health management practices are recognized as "White 500."

The overview of the initiatives by segment is as follows.



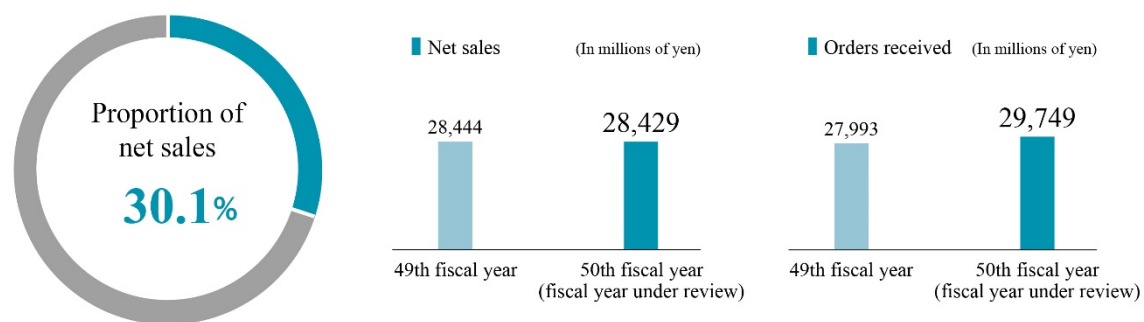
Net sales and orders received by segment
(Figures in square brackets indicate proportion of net sales)

(In millions of yen)

	Net sales				Orders received			
	49th fiscal year (FY2020)	50th fiscal year (FY2021)	Year-on-year		49th fiscal year (FY2020)	50th fiscal year (FY2021)	Year-on-year	
Finance and Society	28,444 [31.4%]	28,429 [30.1%]	Down 0.1%	■	27,993 [30.8%]	29,749 [30.4%]	Up 6.3%	■
Corporate Solutions	26,365 [29.1%]	27,512 [29.1%]	Up 4.4%	■	26,892 [29.5%]	27,780 [28.4%]	Up 3.3%	■
Operational Infrastructure BPO	25,238 [27.9%]	27,199 [28.8%]	Up 7.8%	■	25,910 [28.5%]	28,331 [29.0%]	Up 9.3%	■
Regional, Overseas, Etc.	10,444 [11.5%]	11,311 [12.0%]	Up 8.3%	■	10,230 [11.2%]	11,949 [12.2%]	Up 16.8%	■
Total	90,493 [100.0%]	94,452 [100.0%]	Up 4.4%	■	91,026 [100.0%]	97,810 [100.0%]	Up 7.5%	■

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” from the beginning of FY2021.
Year-on-year comparisons are made using results for the previous year (FY2020) before applying the new standard.

Finance and Society Segment



Due to slower progress in projects for the banking industry, despite robust progress of development projects for the telecommunications industry and securities companies, net sales were 28,429 million yen, compared to 28,444 million yen in the same period of the previous fiscal year.

In June 2021, “AMLion,” a package system that complies with international anti-money laundering standards and supports a wide range of related operations, has been adopted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. In January 2022, we began providing and offering free trials of our FSA (Financial Services Agency)-guideline-compliant sanctions list verification function to securities, insurance, and credit card companies. We will continue providing not only anti-money laundering and anti-terrorist financing measures, but also trading review management systems for securities companies and crypto-asset exchanges.

In addition, the Group is cooperating with ALTAIR ENGINEERING, LTD to provide countermeasures for false detection and new illegal hacks, which have become a problem for fraud detection for cashless payments, and launched sales of “Illicit Activity Prediction and Detection Solutions,” a hybrid solution that combines AI with a rule-based engine. Going forward, the Group will continue to provide financial institutions with total support for solutions to prevent financial crime.

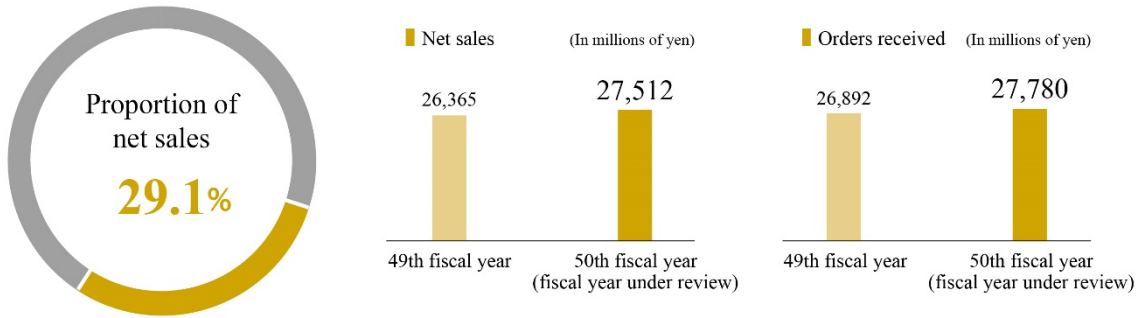
Furthermore, regarding the “DAVinCI LABS,” platform that allows anyone with operational knowledge to perform data analysis using AI easily, we began providing the SaaS-type cloud service, “DAVinCI Jr,” which can be introduced at lower cost compared to the existing model.

Main businesses

To customers in the financial sector, which includes the banking, insurance and securities industries, and the public sector, which includes medical welfare, pensions, local governments and communications, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design and construction of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of in-house developed solutions

Corporate Solutions Segment



Net sales came to 27,512 million yen, compared with 26,365 million yen in the same period of the previous fiscal year, due to satisfactory progress in DX-related projects, including cloud-based projects and those utilizing our own packages.

In June 2021, we released a construction management application with the ability to manage and report on construction progress, as well as manage drawings and other documents. In order to further improve the operational efficiency of the construction and real estate industries, we will continue to develop sales that meet the needs of our customers by adding functions and customizing flexibly.

Moreover, for eG-Connector, which provides simple interlinking with the official web portal of Government of Japan, e-Gov's online administrative services,^(Note 5) the Group is working to strengthen SAP-related solutions, such as enabling applications for health insurance societies via the Mynaportal (individual number card portal).

In February 2022, the Group began providing "AWS Introduction and Operation Service" to provide consistent support from pre-installation of Amazon Web Services (AWS) to operation and maintenance support.

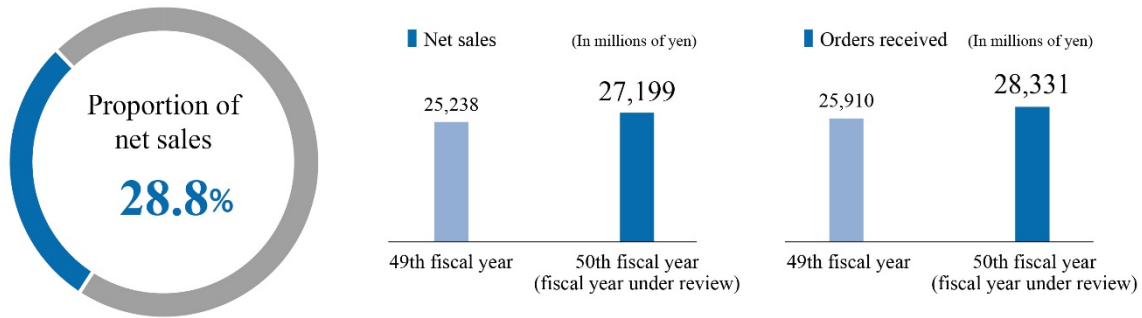
At DTS INSIGHT CORPORATION, the Group launched sales of "HiFive Unmatched" a new product for SiFive's RISC-V^(Note 6) development boards. This product provides a simple method for building RISC-V applications and products for various industries, including the automotive, industrial equipment and office automation equipment industries. Going forward, the Group will work to promote the expansion of sales of RISC-V related products.

Main businesses

To customers in the information services, manufacturing, retail, distribution, air transport and other industries, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation and maintenance of in-house developed solutions, ERP solutions, etc.

Operational Infrastructure BPO Segment



In the infrastructure product field, net sales totaled 27,199 million yen, compared with 25,238 million yen in the same period of the previous fiscal year, due to steady growth in operational design of systems for the telecommunications industry, and the consolidation of I Net Rely Corporation, despite the counter-effect of large-scale projects in the previous fiscal year and delayed deliveries caused by the semiconductor supply shortage.

We have also worked to expand sales of “ReSM plus,” which supports internal help desk operations through digital technology, and acquire SI projects for “ServiceNow,” which is utilized as a platform for ReSM plus.

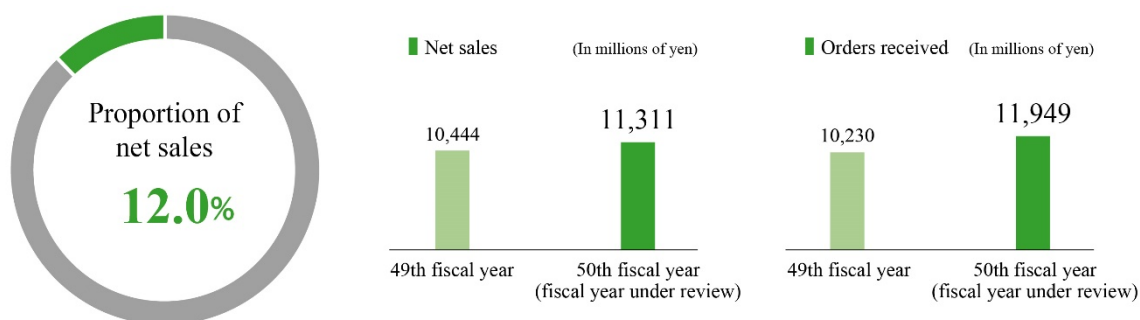
In addition, the Group made I Net Rely Corporation a consolidated subsidiary in June 2021 and constructed a system to cover the entire network infrastructure system, including the network systems of facilities. We have built a track record of collaboration since the fiscal year under review, and will work to leverage the strengths of the Group going forward in order to further expand the Network Solutions Business.

Main businesses

To customers, the Group provides the following services.

- Operational design and maintenance of total information systems, including cloud-related services and virtualization systems
- System operation either through permanently stationed personnel or remote access, monitoring operations
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Sales of system equipment, etc.

Regional, Overseas, Etc. Segment



Net sales were 11,311 million yen, compared with 10,444 million yen in the same period of the previous fiscal year, due to robust performance in development projects for the information and communications industry in the regional field, etc.

In April 2021, DTS SOFTWARE VIETNAM CO., LTD. participated in the “Sao Khue 2021” organized by Vietnam Software and IT Services Association with “Walk in home,” which the company developed under contract from the Company, and won the “Sao Khue Award”^(Note 7) for the best product and service in the field of new software products and solutions.

At DTS WEST CORPORATION, the “kotosora,”^(Note 8) AI-enhanced FAQ solution, has been introduced for the Motor Tax Chat Bot and Competitive Bidding Eligibility Chat Bot of Tottori Prefecture. Furthermore, in the city of Sodegaura, we conducted verification testing of an “Internal AI Chatbot” using the AI FAQ solution “kotosora for LGWAN”^(Note 9) compatible with the Local Government Wide Area Network.

In addition, to mitigate the risk of infection through contact, we developed a certificate issuing machine for universities using an aerial touch panel, which has been adopted by Kyoto Institute of Technology.

Going forward, we plan to continue to contribute to regional development through previously cultivated know-how and DX technologies.

Main businesses

To customers such as regional companies and overseas companies developing globally, the Group provides the following services.

- Design, development and maintenance of systems, and deployment of solutions including in-house developed solutions
- Educational services in the IT field, etc.
- Outsourcing services and design, development, operations, maintenance, etc. of software

Note 5: e-Gov’s online administrative services

Online administrative services are one function of the official web portal of Government of Japan, e-Gov. It is a system that allows online application in place of conventional administrative procedures, thereby removing the need for the application and filing by paper documents.

Note 6: RISC-V

ISA (Instruction. SetArchitecture) that has been developed publicly as open source.

Note 7: The Sao Khue Award

Has been held since 2003 to promote the development of the IT software industry in Vietnam. The award is given to outstanding IT companies and products.

Note 8: kotosora

A solution for FAQs that uses an AI chat engine to enable natural conversations feel like those of a real person.

Note 9: kotosora for LGWAN

Multi-language AI chatbot service that can be used on the Local Government Wide Area Network (LGWAN).

(2) Capital Investment

Capital investment during the fiscal year under review amounted to 312 million yen.

This mainly comprised 128 million yen for the purchase of tools, furniture and fixtures such as office equipment and network equipment, 106 million yen for the development and purchase of software for internal use, and 36 million yen for the development of software for market sale.

A description by type of business is omitted due to the difficulty in providing such information.

(3) Financing

There were no items to be reported in the fiscal year under review.

(4) Issues to Be Addressed

The environment surrounding the Group is expected to change drastically.

The Group formulated Vision2030, aiming to keep abreast of environmental changes in the IT market, technologies, ESG, etc., build a new growth model by proactively investing in digital, solution and service businesses, human resources who realize these businesses in addition to evolution of existing SI business models, and further increase its corporate value through the dual approaches of creation of social value and economic value.

To achieve these objectives, the Group has set “enhancement of the value that the Group proposes,” “combination of SI x digital,” “expanding into new fields and globally,” “strengthening of ESG initiatives,” and “reforms of the Group’s management foundation” as key challenges, and will work on initiatives.

Moreover, in the medium-term management plan (April 2022 to March 2025), which is the 1st Stage in Vision2030, the Group set key challenges in terms of both businesses and management foundation, and aims as follows to achieve them.

<Financial goals for the fiscal year ending March 31, 2025>

Operating revenue	Consolidated net sales	110.0 billion yen or more
	EBITDA	13.0 billion yen or more
	EBITDA margin	Around 12%
Investment	Investment limitation (cumulative total for three years)	25.0 billion yen
Management efficiency	ROE	13% or more
Shareholder returns	Payout ratio	50% or more
	Total return ratio	70% or more

<Non-financial goals for the fiscal year ending March 31, 2025>

Focus areas	Net sales of focus businesses (*1)	40% or more
ESG	Reduction of CO ₂ emissions (relative to FY2013)	50% or more
	SDGs-related net sales (*2)	40% or more
	Ratio of female managers	6% or more
	Ratio of female Directors	10% or more
	Independent Outside Directors	Majority


(*1) Business fields on which the Group will focus, composed of three growth engines: Digital Biz, Solution Biz and Service Biz.

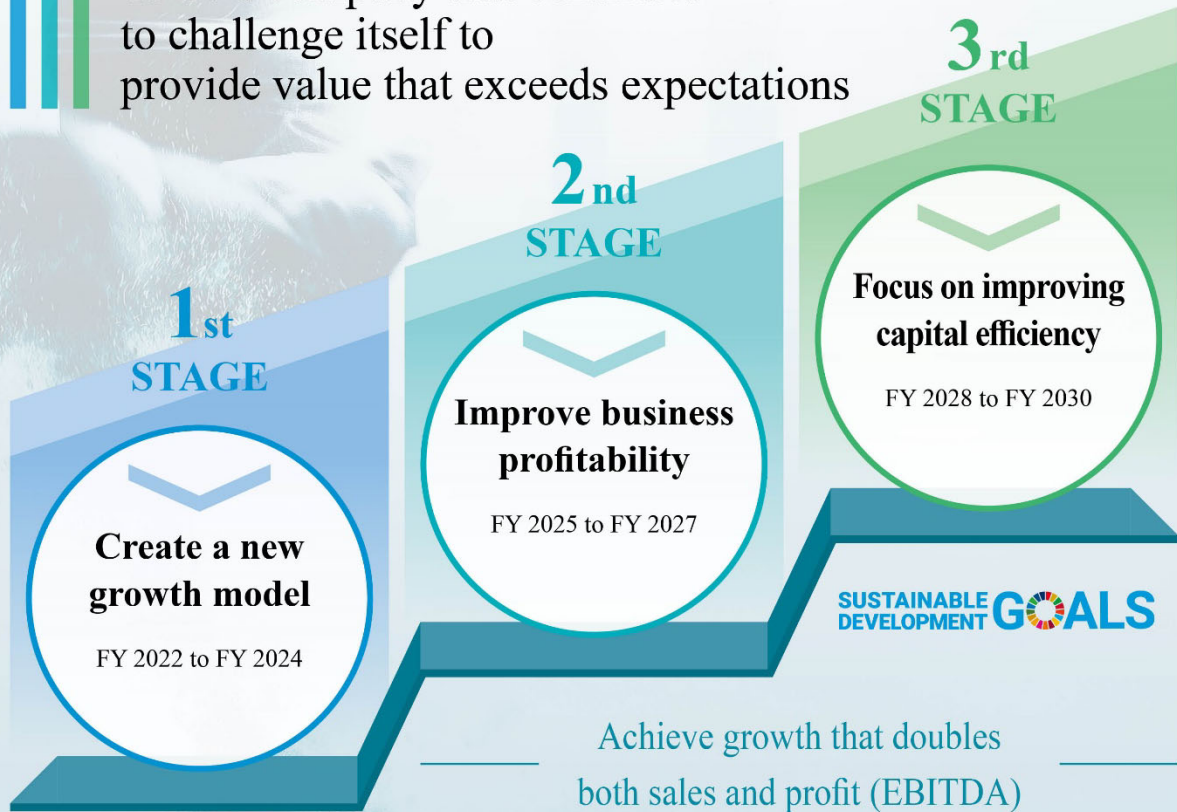
(*2) Net sales of projects adapted to SDGs goals (17 items)

(Reference) Execution process for Vision 2030

Long-Term Outlook

Promote the execution in three stages to achieve Vision 2030

 To be a company that continues to challenge itself to provide value that exceeds expectations



Carry out aggressive growth investment and improve profitability (EBITDA margin).

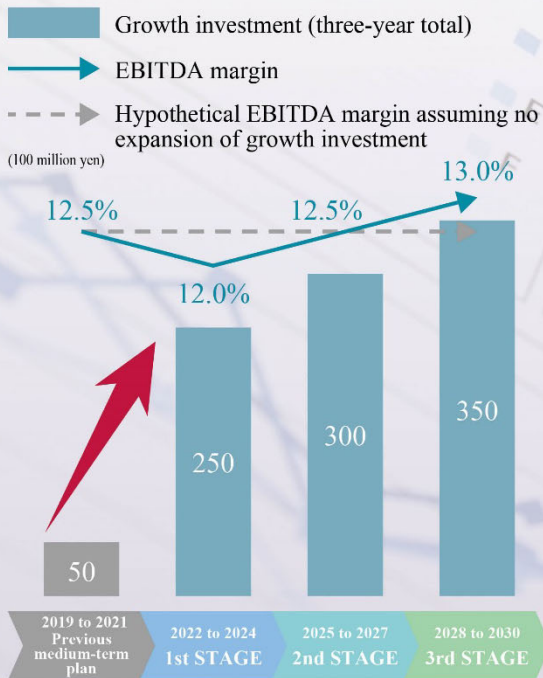
Double the amount of profit (EBITDA) and improve ROE.

Shareholder returns

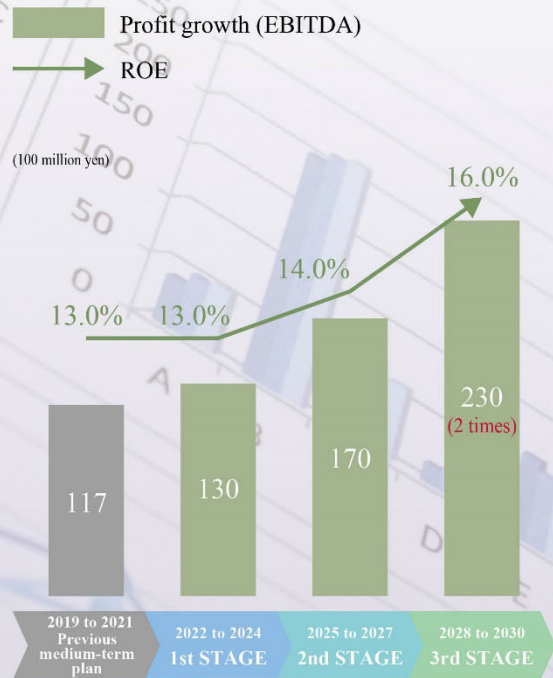
Payout ratio: **50** % or higher every fiscal year

Total return ratio: **70** % or higher every fiscal year
Approx. **130**% in FY2022

Change in growth investment



Changes in profit growth and ROE



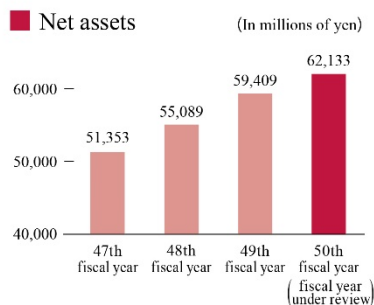
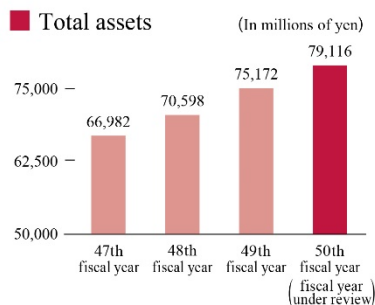
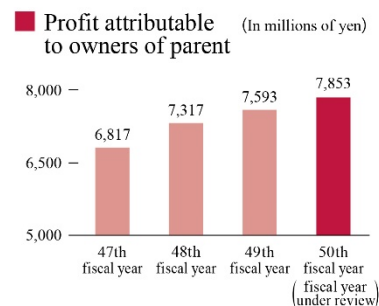
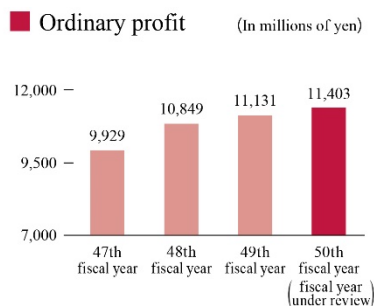
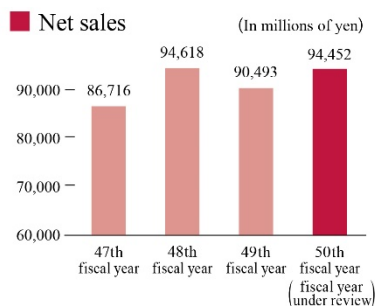
(5) Status of Assets and Income during the Most Recent Three Fiscal Years

1) Status of assets and income of the corporate group

(Thousand yen, unless otherwise specified)

Item	The 47th fiscal year ended March 31, 2019	The 48th fiscal year ended March 31, 2020	The 49th fiscal year ended March 31, 2021	The 50th fiscal year ended March 31, 2022 (Fiscal year under review)
Net sales	86,716,902	94,618,831	90,493,206	94,452,795
Ordinary profit	9,929,095	10,849,667	11,131,556	11,403,690
Profit attributable to owners of parent	6,817,732	7,317,629	7,593,533	7,853,965
Total assets	66,982,839	70,598,860	75,172,898	79,116,680
Net assets	51,353,418	55,089,070	59,409,352	62,133,792
Net assets per share (yen)	1,101.61	1,190.71	1,293.61	1,376.05
Basic earnings per share (yen)	146.10	158.01	165.49	172.78

- Notes: 1. Net assets per share is calculated based on the total number of issued shares at the end of the period, and rounded down to two decimal points.
2. Basic earnings per share is calculated based on the average number of shares during the period, and rounded down to two decimal points.
3. The Company executed a 2-for-1 stock split of its common stock on July 1, 2019. Net assets per share and basic earnings per share have been calculated as if the stock split had occurred at the start of the 47th fiscal year.
4. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. Assets and income for the fiscal year under review have been calculated after applying the new standards.

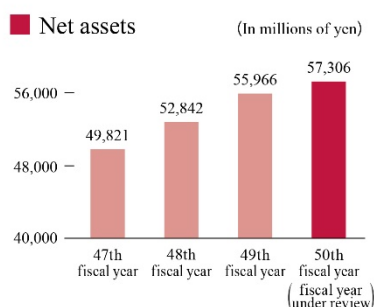
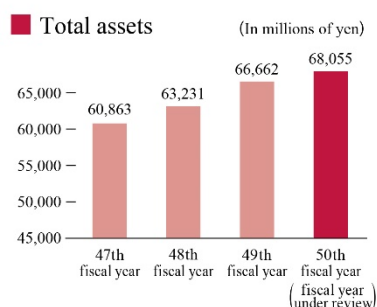
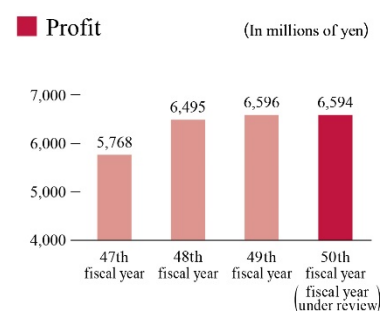
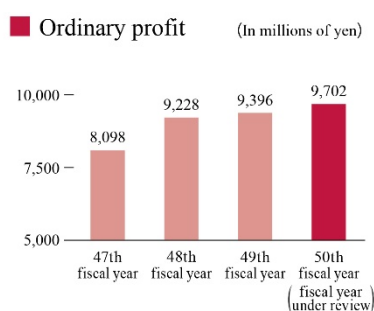
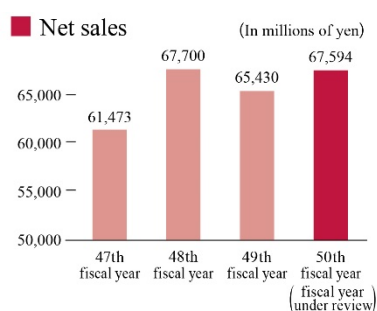


2) Status of assets and income of the Company

(Thousand yen, unless otherwise specified)

Item	The 47th fiscal year ended March 31, 2019	The 48th fiscal year ended March 31, 2020	The 49th fiscal year ended March 31, 2021	The 50th fiscal year ended March 31, 2022 (Fiscal year under review)
Net sales	61,473,604	67,700,219	65,430,738	67,594,585
Ordinary profit	8,098,115	9,228,080	9,396,403	9,702,878
Profit	5,768,321	6,495,971	6,596,396	6,594,362
Total assets	60,863,196	63,231,437	66,662,800	68,055,514
Net assets	49,821,974	52,842,128	55,966,812	57,306,569
Net assets per share (yen)	1,068.76	1,142.25	1,221.53	1,271.50
Basic earnings per share (yen)	123.62	140.27	143.76	145.07

- Notes: 1. Net assets per share is calculated based on the total number of issued shares at the end of the period, and rounded down to two decimal points.
2. Basic earnings per share is calculated based on the average number of shares during the period, and rounded down to two decimal points.
3. The Company executed a 2-for-1 stock split of its common stock on July 1, 2019. Net assets per share and basic earnings per share have been calculated as if the stock split had occurred at the start of the 47th fiscal year.
4. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. Assets and income for the fiscal year under review have been calculated after applying the new standards.



(6) Main Places of Business and Material Subsidiaries

1) Main places of business

Name	Location
Head Office	2-23-1 Hatchobori, Chuo-ku, Tokyo
Monzen-Nakacho Development Center	2-5-4 Fukuzumi, Koto-ku, Tokyo
Shinkawa Development Center	1-28-44 Shinkawa, Chuo-ku, Tokyo
Nishi-Shinjuku Development Center	2-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Kansai Development Center	2-3-13 Azuchimachi, Chuo-ku, Osaka City
Nippori Office	5-7-18 Higashinippori, Arakawa-ku, Tokyo



2) Material subsidiaries

Name	Location	Share capital	Percentage of voting rights held	Main business
Digital Technologies Corporation	5-7-18, Higashinippori, Arakawa-ku, Tokyo	100 million yen	100.00%	Information services industry
JAPAN SYSTEMS ENGINEERING CORPORATION	2-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	310 million yen	100.00%	Information services industry
DTS INSIGHT CORPORATION	4-30-3 Yoyogi, Shibuya-ku, Tokyo	200 million yen	100.00%	Information services industry
DTS WEST CORPORATION	2-3-13 Azuchimachi, Chuo-ku, Osaka City	100 million yen	100.00%	Information services industry
KYUSHU DTS CORPORATION	2-19-24 Hakata-Ekimae, Hakata-ku, Fukuoka City	100 million yen	100.00%	Information services industry

(7) Employees

1) Number of employees of the corporate group

Segment name	Number of employees
Finance and Society	1,316
Corporate Solutions	1,226
Operational Infrastructure BPO	1,017
Regional, Overseas, Etc.	2,045
Total	5,604

Note: The number of employees of the corporate group excludes those seconded to companies outside the Group, and includes those seconded to the Group from outside.

2) Number of employees of the Company

Number of employees	Increase (decrease) from the end of the previous fiscal year	Average age	Average years of service
2,999	+ 28	39.8	14.9

Segment name	Number of employees
Finance and Society	1,316
Corporate Solutions	864
Operational Infrastructure BPO	819
Total	2,999

Note: The number of employees of the Company excludes those seconded to other companies, and includes those seconded to the Company from other companies.

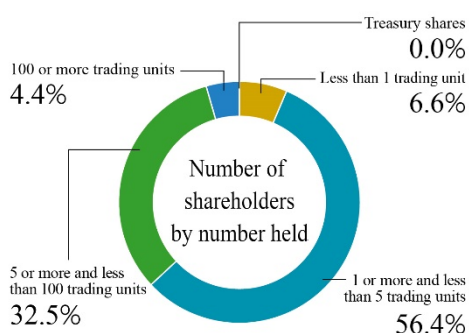
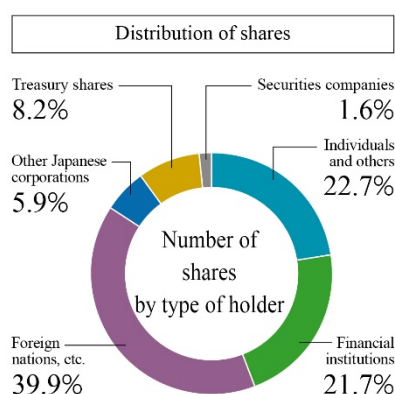
2. Matters Concerning the Company's Shares (as of March 31, 2022)

- (1) Total Number of Authorized Shares 100,000,000 shares
- (2) Total Number of Issued Shares 49,072,632 shares
- (3) Number of Shareholders 4,923 persons
- (4) Major Shareholders

Name of shareholder	Number of shares held	Holding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,945	13.19
DTS Group Employee Shareholding Association	3,082	6.84
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	2,371	5.26
Custody Bank of Japan, Ltd. (Trust Account)	2,102	4.67
AVI GLOBAL TRUST PLC	1,503	3.34
THE BANK OF NEW YORK MELLON 140044	1,211	2.69
NTC Corporation	1,171	2.60
Kumiko Akiyama	1,120	2.49
Chitomu Kosaki	803	1.78
NTT DATA Corporation	771	1.71

Note: The Company holds 4,002 thousand shares of treasury stock. The holding ratio is calculated after deducting treasury stock.

- (5) Other Important Matters Concerning Shares
None.



3. Company Officers

(1) Directors and Auditors (as of March 31, 2022)

Positions	Name	Responsibilities and significant concurrent positions
Chairperson and Representative Director	Koichi Nishida	-
Representative Director and President	Tomoaki Kitamura	Head, Digital Solution Sector
Director	Takao Sakamoto	Managing Executive Officer Director, JAPAN SYSTEMS ENGINEERING CORPORATION Director, DTS palette Inc.
Director	Minoru Takeuchi	Managing Executive Officer Chairman, DTS (Shanghai) Corporation Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, DLSE Co., Ltd. Chairman, Nelito Systems Private Limited
Director	Hirotohi Kobayashi	Senior Executive Officer Head, ICS Sector President & CEO, Digital Technologies Corporation Director, I Net Rely Corporation
Director	Isao Asami	Senior Executive Officer Head, Enterprise and Solution Sector Representative Director and President, DTS INSIGHT CORPORATION
Director Outside Independent	Tadayuki Hagiwara	Outside Corporate Auditor, Tokyo Tatemono Real Estate Sales Co., Ltd. Outside Director, Digital Information Technologies Corporation
Director Outside Independent	Masayuki Hirata	Senior Fellow, InfoCom Research, Inc.
Director Outside Independent	Shinya Shishido	Director, Takamatsu Corporation Co., Ltd.
Director Outside Independent	Shinichi Yamada	-
Full-time Auditor	Kenichiro Akamatsu	Auditor, Digital Technologies Corporation Corporate Auditor, DTS INSIGHT CORPORATION Corporate Auditor, KYUSHU DTS CORPORATION
Auditor Outside Independent	Kenji Yukimoto	President, Yukimoto Kenji Certified Public Accountant Office Director, Alpha Profession Group

Positions	Name	Responsibilities and significant concurrent positions
Auditor Outside Independent	Taeko Ishii	Deputy Director, Ota Ishii Law Office Outside Corporate Auditor, Furusato Service Co., Ltd. Outside Audit & Supervisory Board Member, NEC Corporation Outside Director, Sumitomo Metal Mining Co., Ltd. Outside Statutory Auditor, Dai Nippon Printing Co., Ltd.
Auditor Outside Independent	Yutaka Takei	General Manager of Research Department, The Japan Association of Charitable Organizations

- Notes:
1. Mr. Tadayuki Hagiwara, Mr. Masayuki Hirata, Mr. Shinya Shishido, and Mr. Shinichi Yamada are Outside Directors.
 2. Mr. Kenji Yukimoto, Ms. Taeko Ishii, and Mr. Yutaka Takei are Outside Auditors.
 3. Auditor Kenji Yukimoto is qualified as a certified public accountant, and has a considerable degree of knowledge concerning finance and accounting.
 4. Mr. Tadayuki Hagiwara, Mr. Masayuki Hirata, Mr. Shinya Shishido, Mr. Shinichi Yamada, Mr. Kenji Yukimoto, Ms. Taeko Ishii, and Mr. Yutaka Takei have been registered as Independent Officers with the Tokyo Stock Exchange.
 5. The positions, responsibilities, and significant concurrent positions of Directors that changed effective April 1, 2022, after the end of the fiscal year under review, are as follows.

Position	Name	Responsibilities and significant concurrent positions
Representative Director and President	Tomoaki Kitamura	-
Director	Minoru Takeuchi	Senior Managing Executive Officer Chairman, DTS (Shanghai) Corporation Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, Nelito Systems Private Limited
Director	Isao Asami	Managing Executive Officer Representative Director and President, DTS INSIGHT CORPORATION
Director	Hirotohi Kobayashi	Senior Executive Officer Head, IT Platform Service Sector President & CEO, Digital Technologies Corporation Director, I Net Rely Corporation
Director	Masayuki Hirata	-

6. Executive Officers (excluding those serving concurrently as Directors) as of April 1, 2022, are as follows.

Name	Responsibilities and significant concurrent positions
Makoto Kondo	Senior Executive Officer Head, Financial Sector Chairman, DLSE Co., Ltd. Representative Director and Chairman, Japan Super Electronics Co., Ltd. Director, DTS (Shanghai) Corporation
Shigeo Okubo	Executive Officer Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation

Name	Responsibilities and significant concurrent positions
Yutaka Nakamura	Executive Officer General Manager, Business Planning Department Director, DTS INSIGHT CORPORATION
Nobuhiko Ishikawa	Executive Officer Head, Public Systems and Social Infrastructure Sector
Hiroyuki Mabuchi	Executive Officer President, DTS America Corporation
Kazunori Nagasaki	Executive Officer Representative Director and President, DTS WEST CORPORATION Representative Director and President, KYUSHU DTS CORPORATION
Tetsuji Kamata	Executive Officer General Manager, General Affairs Department Director, Nelito Systems Private Limited Representative Director and President, DTS palette Inc.
Hiroshi Tani	Executive Officer Head, Enterprise and Solution Sector
Akira Nishimura	Executive Officer General Manager, Human Resources Department Representative Director and President, MIRUCA CORPORATION
Masanori Tamura	Executive Officer General Manager, Business Planning Department, and General Manager, Financial Division 1, Financial Sector Member of the general meeting, DTS SOFTWARE VIETNAM Co., LTD.
Takeo Haruki	Executive Officer General Manager, Accounting and Finance Department Auditor, DTS (Shanghai) Corporation Auditor, DLSE Co., Ltd.
Hiroyuki Norikane	Executive Officer Head, Digital Solution Sector

(2) Summary of Agreement on Limitation of Liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Directors (excluding Executive Directors, etc.) and Auditors to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act. Under the agreement, their liability is limited to one (1) million yen or the amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is greater.

(3) Summary of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers any damages that may arise when the Directors, etc. assume liability for the performance of their duties as well as litigation expenses. The term of the insurance contract is one year, and renewal is planned by resolution of the Board of Directors prior to the expiration of this term. The insurance premiums are fully borne by the Company. As a measure to ensure the appropriate execution of duties, the insurance contract does not cover causes subject to certain exemptions.

(4) Compensation for Directors and Auditors for the Fiscal Year Under Review

1) Policy for Determining Individual Compensation, etc. for Directors

At the Board of Directors meeting held on June 24, 2021, the Company resolved on the policy to determine the details of compensation for individual Directors (hereinafter referred to as the “Decision Policy”).

Compensation for Directors of the Company consists of fixed compensation, performance-linked compensation, and non-monetary compensation. Performance-linked compensation is paid as bonuses. When determining the payment ratios, the ratio of fixed compensation (basic compensation) shall decrease, and the ratio of performance-linked compensation (bonuses) and non-monetary compensation (stock compensation) shall increase the higher the position. The amount of compensation, etc. for officers and the calculation method thereof shall be determined upon comprehensive consideration of past payment records and the Company’s performance. The Board of Directors refers the Decision Policy to the Advisory Committee (which is composed of a majority of Outside Directors) for deliberation, and determines it after receiving the report of the Advisory Committee.

When determining the amounts of compensation for individual Directors, the Advisory Committee considers the matter from a variety of perspectives, including compatibility with the Decision Policy. The Chairperson and Representative Director, delegated authority by the Board of Directors, calculates these amounts in accordance with the results of deliberation reported by the Advisory Committee (which is composed of a majority of Outside Directors), and the Company therefore considers that they conform to the Decision Policy.

2) Matters concerning resolutions by General Meetings of Shareholders on compensation for Directors and Auditors

The date of the resolution of the shareholders’ meeting concerning compensation, etc. for Directors of the Company was June 23, 2016. The resolution established a maximum amount of compensation, including bonuses, for Directors of 300,000 thousand yen per annum (including within 40,000 thousand yen per annum for Outside Directors). Ten Directors (including four Outside Directors) are subject to this rule. The amount of compensation, etc. for Directors does not include compensation received in the capacity of an employee, for Directors who serve concurrently as employees.

The date of the resolution of the shareholders’ meeting concerning compensation for Auditors of the Company was June 25, 2009. The resolution established a maximum amount of compensation for Auditors of 60,000 thousand yen per annum. Five Auditors are subject to this rule.

The date of the resolution of the shareholders’ meeting concerning the payment of compensation for the allotment of restricted shares was June 24, 2021. The shareholders’ meeting resolved to pay monetary compensation receivables for the allotment of restricted shares to Directors (excluding Outside Directors) in an amount not exceeding 45 million yen per annum, separate from the compensation limit for Directors of 300 million yen per annum. Under this resolution, the maximum total number of common shares to be issued or disposed of is 26 thousand shares per annum. Six Directors (excluding Outside Directors) are subject to this rule. Restricted shares are also allotted to Executive Officers of the Company.

3) Matters concerning the delegation of decisions on compensation, etc. for individual Directors

When determining the amounts of compensation for Directors, the Company, at the meeting of the Board of Directors held after the Annual Shareholders’ Meeting, delegates the determination of the amounts of compensation and bonuses for individual Directors for the relevant fiscal year to the Chairperson and Representative Director Koichi Nishida, within the annual compensation limits approved at the shareholders’ meeting.

The reason for delegating this authority to the Chairperson and Representative Director is because he has the most thorough understanding of aspects such as the Company’s business environment and condition, and is able to determine the amounts of compensation for individual Directors from a comprehensive perspective. Furthermore, the Company considers that this delegation of authority contributes to the flexible and agile determination of compensation amounts.

Measures are in place to ensure that the individual amounts of compensation are not determined arbitrarily, and this authority is appropriately exercised, with the Chairperson and Representative Director determining these amounts in accordance with the results of deliberation reported by the Advisory Committee (which is composed of a majority of Outside Directors).

4) Matters concerning performance-linked compensation

Compensation for Directors of the Company consists of fixed compensation, performance-linked compensation, and non-monetary compensation, with performance-linked compensation paid in the form of bonuses. Regarding the determination of payment ratios, the ratio of fixed compensation (basic compensation) decreases, and the ratio of performance-linked compensation (bonuses) and non-monetary compensation (stock compensation) increases the higher the position. The amount and calculation method used for compensation for the Company's officers are determined upon comprehensive consideration of past payment records and the Company's performance.

Performance-linked compensation is paid as bonuses, and calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year in which the bonus is to be paid, multiplying the growth rate by the amount of the performance-linked standard, and adjusting the result by the degree of achievement of performance forecasts. However, in the event that business performance deteriorated significantly, the bonus may not be paid.

The indicators for performance-linked compensation comprise consolidated ordinary profit, as an indicator that ensures a healthy medium-term earnings structure across the entire Group, as well as consolidated net sales, consolidated profit, and ROE forecasts, as indicators associated with short-term business growth and the enhancement of corporate value. The Company has established internal rules on how to determine the amount of performance-linked compensation.

The standard amount of consolidated ordinary profit used as one of the indicators to calculate the performance-linked component of bonuses for the fiscal year under review has been set at 10.0 billion yen, as the minimum target to attain. The actual result was 11,403 million yen. The forecasts and results that served as the standard amounts of consolidated net sales, consolidated profit, and ROE for the fiscal year under review were as follows: the consolidated net sales forecast was 95.0 billion yen and the actual result was 94,452 million yen, the consolidated profit forecast was 7,650 million yen and the actual result was 7,853 million yen, the ROE forecast was 12.5% and the actual result was 13.0%.

5) Content of non-monetary compensation

In order to provide an incentive to Directors of the Company (excluding Outside Directors) to sustainably enhance the Company's corporate value and further promote the sharing of value with shareholders, the Company has introduced a restricted stock compensation plan as non-monetary compensation. An overview of the plan is shown below.

[Recipients] Directors (excluding Outside Directors)

[Transfer restriction period] 30 years from the payment date (transfer restrictions removed upon retirement)

[Total amount of monetary compensation receivables] Within 45 million yen per annum

[Maximum number of shares of common stock to be issued or disposed of] Within 26,000 shares per annum

The standard amount used to calculate non-monetary compensation is predetermined based on position, but is revised annually based on factors such as corporate value (share price) and the degree of achievement of medium-term plans.

A similar restricted stock compensation plan has been introduced for Executive Officers of the Company.

6) Total amounts of compensation, etc. for Directors and Auditors

Category	Total amount of compensation, etc. (Thousand yen)	Amount of compensation, etc. by type (Thousand yen)			Number of eligible officers
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (Of which Outside Directors)	254,661 (21,060)	173,951 (21,060)	69,000 (-)	11,710 (-)	10 (4)
Auditors (Of which Outside Auditors)	29,101 (11,790)	29,101 (11,790)	- (-)	- (-)	4 (3)

- (Notes) 1. The amount of compensation, etc. for Directors does not include compensation received in the capacity of an employee, for Directors who serve concurrently as employees.
2. Non-monetary compensation, etc. above is the amount of expense recorded for restricted stock compensation for six Directors (excluding Outside Directors) in the fiscal year under review.

(5) Matters Concerning Outside Officers

1) Significant concurrent positions and relationship with the Company

- i. Significant concurrent service as an executive officer of another company, etc., and the relationship between the Company and the company where this position is held

Director Shinya Shishido serves as a Director of Takamatsu Corporation Co., Ltd. However, the Group has no business relationship with said company.

Auditor Yukimoto Kenji serves as President of Yukimoto Kenji Certified Public Accountant Office and Director of Alpha Profession Group. However, the Group has no business relationship with said office and company.

Auditor Taeko Ishii serves as Deputy Director of Ota Ishii Law Office. However, the Group has no business relationship with said office.

- ii. Significant concurrent service as an outside officer of another company, etc., and the relationship between the Company and the company where this position is held

Director Tadayuki Hagiwara serves as Outside Corporate Auditor of Tokyo Tatemono Real Estate Sales Co., Ltd. However, the Group has no business relationship with said company. He also serves as Outside Director of Digital Information Technologies Corporation. However, the Group has no business relationship with said company.

Auditor Taeko Ishii serves as Outside Corporate Auditor of Furusato Service Co., Ltd., Outside Audit & Supervisory Board Member of NEC Corporation, and Outside Statutory Auditor of Dai Nippon Printing Co., Ltd. However, the Group has no business relationship with Furusato Service Co., Ltd. The Company has business relationship including systems development with NEC Corporation and Dai Nippon Printing Co., Ltd. She also serves as Outside Director of Sumitomo Metal Mining Co., Ltd. However, the Group has no business relationship with said company.

2) Main activities during the fiscal year under review

i. Attendance at meetings of the Board of Directors and Board of Corporate Auditors, and other activities

Position and name	Board of Directors meetings (held 14 times)		Board of Corporate Auditors meetings (held 10 times)		Main activities
	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate	
Director Tadayuki Hagiwara	14/14	100%	-	-	In addition to offering comments and remarks, mainly from the perspective of his experience in charge of the IT division of a bank and his abundant experience serving as a corporate manager, he contributed to effective supervision of the execution of duties.
Director Masayuki Hirata	14/14	100%	-	-	In addition to offering comments and remarks, mainly from the perspective of his abundant experience in the telecommunications industry and serving as a corporate manager, he contributed to effective supervision of the execution of duties.
Director Shinya Shishido	14/14	100%	-	-	In addition to offering comments and remarks, mainly from the perspective of his abundant experience in the housing loan industry and the real estate industry, he contributed to effective supervision of the execution of duties.
Director Shinichi Yamada	14/14	100%	-	-	In addition to offering comments and remarks, mainly from the perspective of his abundant experience regarding industry trends and corporate management in the IT industry, he contributed to effective supervision of the execution of duties.
Auditor Yukimoto Kenji	14/14	100%	10/10	100%	In addition to offering comments and remarks, mainly based on his specialized perspective and high-level insight as a certified public accountant, he contributed to the audit of the Company.
Auditor Taeko Ishii	13/14	92%	10/10	100%	In addition to offering comments and remarks, mainly based on her specialized perspective and high-level insight as an attorney, she contributed to the audit of the Company.
Auditor Yutaka Takei	14/14	100%	10/10	100%	In addition to offering comments and remarks, mainly based on his specialized perspective and high-level insight as a senior manager of a trust bank, he contributed to the audit of the Company.

ii. Comments and remarks at meetings of the Board of Directors

The Board of Directors met 14 times during the fiscal year under review. Each time, the Outside Directors and Outside Auditors actively offered necessary opinions, comments and remarks concerning all aspects of management.

iii. Comments and remarks at meetings of the Board of Corporate Auditors

The Board of Corporate Auditors met 10 times during the fiscal year under review. Each time, the Outside Auditors actively offered necessary opinions, comments and remarks concerning audit methods and other matters related to the execution of duties by Auditors.

4. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC.

(2) Compensation, etc. for the Accounting Auditor

Type of compensation	Amount
1) Amount of compensation, etc. for the fiscal year under review	53,000 thousand yen
2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries	69,134 thousand yen

- (Notes) 1. The Company's Board of Corporate Auditors has checked trends in the time taken and audit fees for each audit item, as well as the audit plan and its implementation results in the previous fiscal year, and examined the appropriateness of the estimated audit times and fees for the fiscal year under review, based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association. As a result, it has given its consent to compensation for the Accounting Auditor as prescribed in Article 399, Paragraph 1 of the Companies Act.
2. The audit contract between the Company and the Accounting Auditor does not distinguish between the amounts of audit fees for audit based on the Companies Act and audit based on the Financial Instruments and Exchange Act. The amount shown in 1) above therefore includes compensation, etc. for the Accounting Auditor based on the Financial Instruments and Exchange Act.

(3) Details of Non-Audit Services

The Company paid 16,134 thousand yen to the Accounting Auditor for advice concerning the enhancement of internal controls at overseas subsidiaries, which is a service (non-audit service) apart from those prescribed under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy Regarding Decisions on the Dismissal and Non-reappointment of the Accounting Auditor

If any of the causes listed in Article 340, Paragraph 1 of the Companies Act is applicable to the Accounting Auditor, the Board of Corporate Auditors will dismiss the Accounting Auditor with the consent of all Auditors. In this event, a Auditor selected by the Board of Corporate Auditors will report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first shareholders' meeting held after the dismissal.

The Board of Corporate Auditors may also decide, by resolution, on the content of proposals concerning the dismissal or non-reappointment of the Accounting Auditor where deemed necessary in other cases, based on factors such as the independence of the Accounting Auditor or the status of its execution of duties. Based on this decision, the Board of Directors will submit this proposal to the shareholders' meeting.

5. Status of Corporate Governance

(1) Basic Views on Corporate Governance

The Company recognizes corporate governance as one of the most important management issues. The Company has established the following basic policy and is working aggressively to develop corporate governance and internal control systems in order to ensure fair and efficient shareholder-oriented management, establish highly transparent management, continuously improve corporate value, and build relationships of trust with our stakeholders.

<Basic Policy>

1) Ensuring shareholder rights and equality

- We provide shareholders with the necessary information to enable them to exercise their rights in a timely and accurate manner, and strive to create an environment for exercising voting rights.
- When shareholders attempt to exercise their rights, the Company responds in good faith in accordance with laws

2) Cooperating appropriately with stakeholders other than shareholders

- We commit to fulfilling our obligations and responsibilities to various stakeholders through the practice of our corporate philosophy, credos, code of conduct, and other relevant policies, and to building even stronger relationships of trust with them.

3) Ensuring appropriate information disclosure and transparency

- We strive to enhance trust in the market by proactively disclosing information to shareholders and investors at the right time.
- We aim to realize transparent management by communicating smoothly with stakeholders through information disclosure.

4) Responsibilities of the Board of Directors, etc.

- We set goals for enhancing long-term corporate value based on our corporate philosophy and determine the direction of the Company that will give concrete shape to the strategies and measures designed to achieve those goals.
- We continue to appoint Outside Directors to maintain and further improve the supervisory function of Directors in the execution of their duties.

5) Dialogue with shareholders

- We seek to communicate constructively with shareholders and investors by actively providing them with information relating to the Company's financial conditions, progress on initiatives, and other similar matters not only at the shareholders' meeting but also at financial results presentation meetings and other IR activities.

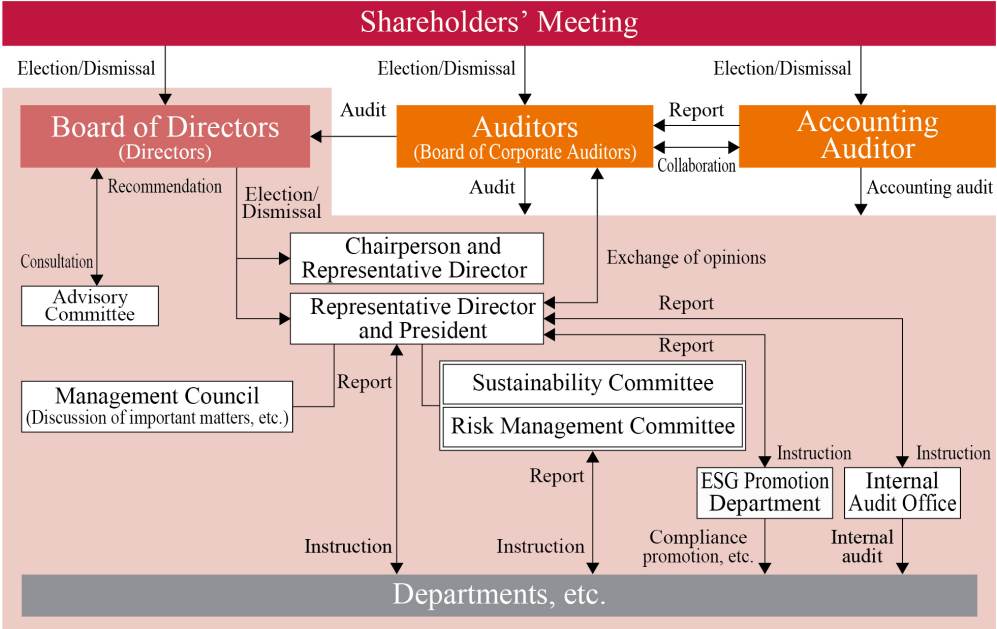
(2) Overview of the Corporate Governance System

The Company's Board of Directors currently includes 10 Directors, four of whom are Outside Directors. The Outside Directors play key roles particularly in relation to strengthening our management function based on the knowledge and experience acquired in their respective fields and strengthening the supervisory function of the Board's business execution. The Outside Directors are also appropriately involved in determining director compensation and nominating candidates for Director, engaging in deliberation and reporting as members of the voluntary Advisory Committee. Meanwhile, the Board of Corporate Auditors has four members, including three Outside Auditors. Outside Auditors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing Outside Directors and Outside Auditors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

The Company has also introduced an executive officer system, which is currently supported by 16 officers (four of whom serve concurrently as Directors). This system enables us to separate the supervisory

functions of Board of Directors’ decision-making and business execution from the Company’s business execution functions and to establish a management system that facilitates prompt and appropriate business execution. In addition, the Company has established the Management Council to serve as an organization for the Representative Director and President to discuss policies and plans for business execution and other important matters.

The Company has also established a Risk Management Committee to appropriately manage various risks. The Committee regularly assesses risks and strives to identify and grasp problems, formulates and promotes risk response planning, and monitors the organization for risks.



(As of April 1, 2022)

(3) Evaluation of the Effectiveness of the Board of Directors

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

In addition, the Company has been analyzing and evaluating the effectiveness of the Board of Directors since fiscal 2018 with the aim of improving the functions of the Board and enhancing corporate value. The outline of that analysis is as follows:

1) Method of implementation

Implementation period: October 2021
 Evaluation method: Self-evaluation by all officers (10 Directors, four Auditors)

2) Evaluation results

Regarding the evaluation results, the Company has confirmed that firm effectiveness of the Board of Directors is ensured after receiving positive evaluations from all officers, including such comments as “Very active discussions are held at the Board of Directors, and its effectiveness is high,” and “Extensive discussions were held on the medium-term management plan and long-term vision.”

3) Actions based on evaluation results, etc.

The Company has decided to promote the following initiatives to further improve the effectiveness of the Board of Directors

- Ensuring time for discussions on important themes by organizing reported items
- Enhancement of discussions on ESG and sustainability

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(Thousands of yen)

Account item	(Reference) 49th fiscal year (As of March 31, 2021)	(Fiscal year under review) 50th fiscal year (As of March 31, 2022)	Account item	(Reference) 49th fiscal year (As of March 31, 2021)	(Fiscal year under review) 50th fiscal year (As of March 31, 2022)
(Assets)			(Liabilities)		
Current assets	62,027,080	67,044,589	Current liabilities	14,627,803	15,888,748
Cash and deposits	43,705,164	46,120,434	Accounts payable - trade	5,157,861	6,256,428
Notes and accounts receivable - trade	16,069,449	-	Accounts payable - other	1,125,664	1,337,116
Notes and accounts receivable - trade, and contract assets	-	17,259,724	Income taxes payable	2,370,168	2,392,635
Securities	601,377	1,200,466	Provision for bonuses	2,898,131	2,726,963
Merchandise and finished goods	282,023	1,193,911	Provision for bonuses for directors (and other officers)	99,190	77,087
Work in process	415,280	209,440	Provision for loss on orders received	51,450	76,733
Raw materials and supplies	23,863	54,031	Other	2,925,338	3,021,784
Other	938,076	1,030,654	Non-current liabilities	1,135,741	1,094,139
Allowance for doubtful accounts	(8,154)	(24,073)	Retirement benefit liability	864,468	832,702
Non-current assets	13,145,817	12,072,090	Other	271,272	261,436
Property, plant and equipment	3,773,749	3,669,049	Total liabilities	15,763,545	16,982,888
Buildings and structures	1,120,945	1,053,188	(Net assets)		
Land	2,045,239	2,045,291	Shareholders' equity	58,256,000	61,181,516
Other	607,563	570,569	Share capital	6,113,000	6,113,000
Intangible assets	838,404	876,450	Capital surplus	6,215,781	4,992,029
Goodwill	84,690	209,586	Retained earnings	51,112,873	55,418,668
Software	746,518	659,760	Treasury shares	(5,185,654)	(5,342,181)
Other	7,195	7,103	Accumulated other comprehensive income	1,013,533	836,864
Investments and other assets	8,533,664	7,526,590	Valuation difference on available-for-sale securities	960,319	609,509
Investment securities	5,876,344	4,614,329	Foreign currency translation adjustment	(32,605)	54,842
Deferred tax assets	1,335,704	1,536,712	Remeasurements of defined benefit plans	85,818	172,512
Other	1,328,432	1,380,798	Non-controlling interests	139,818	115,411
Allowance for doubtful accounts	(6,817)	(5,250)	Total net assets	59,409,352	62,133,792
Total assets	75,172,898	79,116,680	Total liabilities and net assets	75,172,898	79,116,680

Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

Account item	(Reference) 49th fiscal year (April 1, 2020 to March 31, 2021)		(Fiscal year under review) 50th fiscal year (April 1, 2021 to March 31, 2022)	
Net sales		90,493,206		94,452,795
Cost of sales		72,438,761		75,310,996
Gross profit		18,054,444		19,141,799
Selling, general, and administrative expenses		7,237,380		7,944,933
Operating profit		10,817,063		11,196,866
Non-operating income				
Interest income	35,244		34,634	
Dividend income	79,819		80,509	
Gain on investments in investment partnerships	92,759		52,246	
Subsidy income	74,278		37,400	
Other	71,488	353,591	65,706	270,497
Non-operating expenses				
Interest expenses	31,027		31,079	
Foreign exchange losses	3,336		24,363	
Other	4,734	39,098	8,229	63,672
Ordinary profit		11,131,556		11,403,690
Extraordinary income				
Gain on sales of non-current assets	-	-	442	442
Extraordinary losses				
Loss on retirement of non-current assets	3,471		820	
Office relocation expenses	28,193		-	
Loss on cancellation of rental contracts	-		1,850	
Compensation for damage	-	31,665	16,969	19,641
Profit before income taxes		11,099,890		11,384,492
Income taxes - current	3,466,034		3,625,082	
Income taxes - deferred	4,226	3,470,260	(78,425)	3,546,657
Profit		7,629,629		7,837,834
Profit (loss) attributable to non-controlling interests		36,095		(16,130)
Profit attributable to owners of parent		7,593,533		7,853,965

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Thousands of yen)

Account item	(Reference) 49th fiscal year (As of March 31, 2021)	(Fiscal year under review) 50th fiscal year (As of March 31, 2022)	Account item	(Reference) 49th fiscal year (As of March 31, 2021)	(Fiscal year under review) 50th fiscal year (As of March 31, 2022)
(Assets)			(Liabilities)		
Current assets	48,493,612	50,937,944	Current liabilities	10,072,451	10,048,391
Cash and deposits	36,124,868	37,789,667	Accounts payable - trade	3,306,670	3,499,780
Notes receivable - trade	37,882	-	Accounts payable - other	852,624	1,070,090
Accounts receivable - trade	10,998,348	-	Accrued expenses	330,230	325,166
Notes and accounts receivable-trade, and contract assets	-	11,396,173	Income taxes payable	1,805,946	1,818,202
Securities	601,377	1,200,466	Contract liabilities	-	166,298
Merchandise	17,490	16,094	Advances received	187,903	-
Work in process	267,558	92,981	Deposits received	109,229	106,692
Supplies	5,017	5,399	Provision for bonuses	2,122,722	1,931,199
Advance payments to suppliers	119,661	136,992	Provision for bonuses for directors (and other officers)	82,800	67,800
Prepaid expenses	197,722	192,361	Provision for loss on orders received	45,108	72,070
Other	125,862	110,018	Asset retirement obligations	4,349	-
Allowance for doubtful accounts	(2,175)	(2,210)	Other	1,224,866	991,089
Non-current assets	18,169,187	17,117,570	Non-current liabilities	623,536	700,553
Property, plant and equipment	3,103,307	3,026,366	Provision for retirement benefits	547,040	623,009
Buildings	940,360	886,831	Asset retirement obligations	76,475	77,544
Tools, furniture and fixtures	197,251	173,838	Other	21	-
Land	1,965,696	1,965,696	Total liabilities	10,695,988	10,748,944
Intangible assets	610,273	551,467	(Net assets)		
Software	609,472	550,759	Shareholders' equity	55,006,492	56,697,060
Other	800	708	Share capital	6,113,000	6,113,000
Investments and other assets	14,455,607	13,539,735	Capital surplus	7,414,669	6,190,917
Investment securities	5,845,793	4,534,267	Legal capital surplus	6,190,917	6,190,917
Shares of subsidiaries and associates	6,511,123	6,472,675	Other capital surplus	1,223,751	-
Investments in capital of subsidiaries and associates	327,143	327,143	Retained earnings	46,664,477	49,735,324
Long-term prepaid expenses	29,316	29,243	Legal retained earnings	411,908	411,908
Deferred tax assets	828,402	1,140,314	Other retained earnings	46,252,568	49,323,415
Other	919,077	1,041,341	General reserve	11,170,000	11,170,000
Allowance for doubtful accounts	(5,250)	(5,250)	Retained earnings brought forward	35,082,568	38,153,415
			Treasury shares	(5,185,654)	(5,342,181)
			Valuation and translation adjustments	960,319	609,509
			Valuation difference on available-for-sale securities	960,319	609,509
			Total net assets	55,966,812	57,306,569
Total assets	66,662,800	68,055,514	Total liabilities and net assets	66,662,800	68,055,514

Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

Account item	(Reference)		(Fiscal year under review)	
	49th fiscal year (April 1, 2020 to March 31, 2021)		50th fiscal year (April 1, 2021 to March 31, 2022)	
Net sales		65,430,738		67,594,585
Cost of sales		52,053,624		53,504,084
Gross profit		13,377,114		14,090,500
Selling, general, and administrative expenses		4,674,138		4,988,620
Operating profit		8,702,975		9,101,879
Non-operating income				
Interest income	6,796		6,867	
Interest on securities	18,349		19,514	
Dividend income	534,275		486,637	
Gain on investments in investment partnerships	92,759		52,246	
Other	43,944	696,123	41,027	606,293
Non-operating expenses				
Commission for purchase of treasury shares	1,999		3,999	
Foreign exchange losses	572		1,294	
Other	123	2,695	-	5,293
Ordinary profit		9,396,403		9,702,878
Extraordinary income		-		-
Extraordinary losses				
Loss on retirement of non-current assets	3,457		403	
Office relocation expenses	28,193		-	
Loss on valuation of shares of subsidiaries and associates	-		448,950	
Other	-	31,651	1,850	451,204
Profit before income taxes		9,364,752		9,251,674
Income taxes - current	2,772,037		2,830,402	
Income taxes - deferred	(3,681)	2,768,355	(173,090)	2,657,312
Profit		6,596,396		6,594,362

Independent Auditors' Report
(English Translation)

May 11, 2022

To the Board of Directors
DTS CORPORATION

Ernst & Young ShinNihon LLC
Tokyo office

Shigeru Sekiguchi
Certified Public Accountant
Designated and Engagement Partner
Saori Nakata
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of DTS CORPORATION (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the DTS Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Statements

Other statements consist of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other statements. Auditors and the Board of Corporate Auditors are also responsible for overseeing the directors' performance of their duties with regard to the design and implementation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements and the supplementary schedules does not include the other statements, and we express no opinion on the other statements.

Our responsibility in the audit of the consolidated financial statements and the supplementary schedules is to read the other statements carefully and, in the course of that reading, to consider whether there are material differences between the other statements and the consolidated financial statements and the supplementary

schedules or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other statements besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report those facts.

We have no other matters to report in respect to the other statements.

Responsibilities of Management, Auditors, and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated

financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

We communicate with the Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report
(English Translation)

May 11, 2022

To the Board of Directors
DTS CORPORATION

Ernst & Young ShinNihon LLC
Tokyo office

Shigeru Sekiguchi
Certified Public Accountant
Designated and Engagement Partner
Saori Nakata
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of DTS CORPORATION (the "Company") for the 50th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Statements

Other statements consist of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other statements. Auditors and the Board of Corporate Auditors are also responsible for overseeing the directors' performance of their duties with regard to the design and implementation of the reporting process for the other statements.

Our audit opinion on the financial statements and the supplementary schedules does not include the other statements, and we express no opinion on the other statements.

Our responsibility in the audit of the financial statements and the supplementary schedules is to read the other statements carefully and, in the course of that reading, to consider whether there are material differences between the other statements and the financial statements and the supplementary schedules or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other statements besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other statements, we are required to report those facts.

We have no other matters to report in respect to the other statements.

Responsibilities of Management, Auditors, and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

We communicate with the Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report

(English Translation)

The Board of Corporate Auditors has prepared this Audit Report on the Directors' performance of their duties during the 50th fiscal year from April 1, 2021 to March 31, 2022, upon deliberation, based on the audit reports prepared by each Auditor, and hereby reports as follows:

1. Auditing Method Used by Auditors and the Board of Corporate Auditors, and Details Thereof

- (1) The Board of Corporate Auditors has determined the audit policy and the division of duties between each Auditor, and received reports on the status of implementation of audits and the results thereof from each Auditor. In addition, it has also received reports from Directors and others, and from the Accounting Auditor, regarding the status of the execution of their respective duties, and requested explanations as necessary.
- (2) Each Auditor, acting in accordance with the standards for audits by Auditors established by the Board of Corporate Auditors, and in compliance with the audit policy and division of duties between each Auditor, has communicated with Directors, the Internal Audit Office and other employees, etc., endeavored to collect and information and enhance the audit environment, and undertaken audits using the methods described below.
 - 1) Auditors attended meetings of the Board of Directors, and other important meetings, received reports on matters related to the execution of duties from Directors, employees, etc., requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at Head Office and important business sites. In addition, with regard to subsidiaries, Auditors took steps to communicate and exchange information with the Directors, Auditors, etc. of subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) With respect to the content of resolutions of the Board of Directors concerning the establishment of systems to ensure that the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation, and other systems prescribed under Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act that are necessary to ensure proper operations of the corporate group consisting of the Company and its subsidiaries, and the systems (internal control systems) established based on these resolutions, Auditors regularly received reports from Directors and employees, etc., regarding the status of establishment and operation of these systems, requested explanations as necessary, and expressed opinions.
 - 3) Auditors monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, received reports from the Accounting Auditor regarding the status of the performance of its duties, and requested explanations as necessary. In addition Auditors received notice from the Accounting Auditor that the "system for ensuring that duties are being carried out correctly" (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) had been prepared in accordance with the "Quality Control Standards Relating to Auditing" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above method, the Board of Corporate Auditors reviewed the business report and its accompanying supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the accompanying supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Report, etc. and Other Relevant Documents

- 1) In our opinion, the Business Report and the accompanying supplementary schedules present fairly the conditions of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- 2) We have found no instances of misconduct or material violation of the applicable laws and regulations or the Articles of Incorporation with respect to performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters requiring special mention regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems.

(2) Results of Audit of Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

May 12, 2022

The Board of Corporate Auditors, DTS CORPORATION

Full-time Auditor
Outside Auditor
Outside Auditor
Outside Auditor

Kenichiro Akamatsu
Kenji Yukimuto
Taeko Ishii
Yutaka Takei

End