

Note: This document has been translated from part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for any direct, indirect or any other forms of damages arising from this translation.

(Stock Exchange Code 9682)

June 1, 2023

(Date of commencement of measures for providing information in electronic format: May 25, 2023)

To Shareholders with Voting Rights:

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

NOTICE OF THE 51ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the 51st Annual General Meeting of Shareholders of DTS CORPORATION (the “Company”). The meeting will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format and posted items subject to measures for providing information in electronic format as “Notice of the 51st Annual General Meeting of Shareholders” on the website indicated below.

The Company’s website <https://www.dts.co.jp/ir/stock/meeting/>
(in Japanese)

In addition to the above website, the Notice is also posted on the website of the Tokyo Stock Exchange (TSE). To review the information on the TSE website, access the TSE website (TSE Listed Company Search), enter the Company’s name “DTS” in the “Issue name (company name)” field or the Company’s securities code “9682” in the “Code” field and click “Search,” select “Basic information,” then “Documents for public inspection/PR information,” and select the Notice.

TSE website <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

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 in the items subject to measures for providing information in electronic format, 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 22, 2023 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 21, 2023 (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 21, 2023

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 5 through 6.

- 1. Date and Time:** Thursday, June 22, 2023 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 51st Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 51st Fiscal Year (April 1, 2022 - March 31, 2023)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Seven (7) Directors Who Are Not Audit and Supervisory Committee Members
Proposal 3: Election of One (1) Director Who Is an Audit and Supervisory Committee Member

(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) Should the items subject to measures for providing information in electronic format require revision, the revised versions will be posted on each website on which the information is posted. For this General Meeting of Shareholders, we have sent documents containing the items subject to measures for providing information in electronic format to all shareholders regardless of whether they requested the delivery of paper-based documents or not. (However, pursuant to laws and regulations and provisions of the Articles of Incorporation, certain items are not included.)

Of the items subject to measures for providing information in electronic format, pursuant to laws and regulations and provisions of the Articles of Incorporation, the items listed below are not included in the paper-based documents to be delivered to shareholders. Therefore, the paper-based documents to be delivered to shareholders are part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing their respective audit reports.

- System to Ensure Proper Business Execution
- Overview of Operational Progress of Framework for Ensuring Appropriate Business Operations
- Consolidated Statement of Changes in Net Assets
- Notes to the Consolidated Financial Statements
- Non-consolidated Statement of Changes in Net Assets
- Notes to the Non-consolidated Financial Statements

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 21, 2023

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.
-----------------------------	---

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.

Moreover, as the Company celebrated the 50th anniversary of its establishment on August 25, 2022, the Company proposes the addition of a commemorative dividend to an ordinary dividend and the following for the year-end dividend for the fiscal year under review.

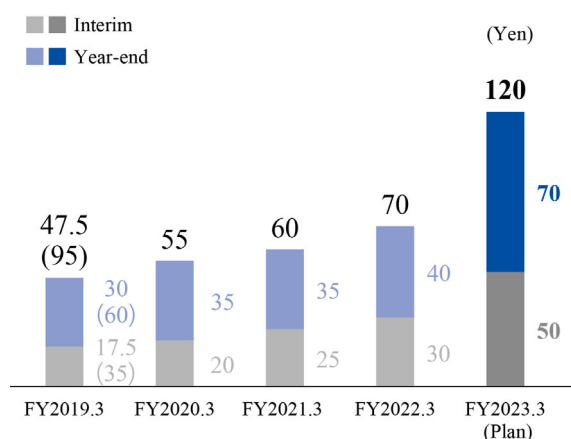
(1) Matters concerning the allotment of dividend assets and the total amount

Amount per share of common stock: 70.0 yen
(consisting of an ordinary dividend of 40 yen
and a commemorative dividend of 30 yen)
Total amount: 3,051,814,920 yen

Annual dividend for this fiscal year including the interim dividend of 50 yen (consisting of an ordinary dividend of 30 yen and a commemorative dividend of 20 yen) that has been already paid will be 120 yen per share.

(2) Effective date of distribution of surplus June 23, 2023

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: Election of Seven (7) Directors Who Are Not Audit and Supervisory Committee Members



The terms of office of nine (9) Directors who are not Audit and Supervisory Committee Members will expire at the conclusion of this Annual General meeting of Shareholders. Accordingly, the Company proposes to elect seven (7) Directors who are not Audit and Supervisory Committee Members.


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	12/12 (100%)	14 years
2	<input type="checkbox"/> Reelection Tomoaki Kitamura <input type="checkbox"/> Male	Representative Director and President	12/12 (100%)	3 years
3	<input type="checkbox"/> Reelection Minoru Takeuchi <input type="checkbox"/> Male	Director Senior Managing Executive Officer	12/12 (100%)	13 years
4	<input type="checkbox"/> Reelection Isao Asami <input type="checkbox"/> Male	Director Managing Executive Officer	12/12 (100%)	4 years
5	<input type="checkbox"/> Reelection Shinya Shishido <input type="checkbox"/> Outside Independent <input type="checkbox"/> Male	Director	12/12 (100%)	4 years
6	<input type="checkbox"/> Reelection Shinichi Yamada <input type="checkbox"/> Outside Independent <input type="checkbox"/> Male	Director	12/12 (100%)	3 years
7	<input type="checkbox"/> Reelection Yumiko Masuda <input type="checkbox"/> Outside Independent <input type="checkbox"/> Female	Director	10/10 (100%)	1 year


(Note) As Ms. Yumiko Masuda assumed office of Director on June 23, 2022, attendance at the Board of Directors meetings held after her assumption of office (10 Board of Directors meetings) and the attendance rate are indicated.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 <p>Reelection Male Koichi Nishida (January 24, 1956)</p> <p>Number of years served as Director: 14 years (at the conclusion of the meeting)</p>	<p>June 2001 Head, Planning Department, Financial System Platforms Sector, NTT DATA Corporation</p> <p>November 2003 Deputy Head, Financial System Platforms Sector, NTT DATA Corporation</p> <p>May 2004 Deputy Head, Regional Banking System Platforms Sector, NTT DATA Corporation Head, General Banking Business Unit, NTT DATA Corporation</p> <p>June 2005 Senior Vice President, NTT DATA Corporation Head, Regional Banking System Platforms Sector, NTT DATA Corporation</p> <p>June 2009 Director and Executive Vice President, the Company</p> <p>April 2010 Representative Director and President</p> <p>April 2021 Chairperson and Representative Director (current position)</p> <p>[Significant concurrent positions] Not applicable</p>	49,621
<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	 <p>Reelection Male Tomoaki Kitamura (September 24, 1964)</p> <p>Number of years served as Director: 3 years (at the conclusion of the meeting)</p>	<p>July 2003 Head, Business Development Sector, NTT DATA Corporation</p> <p>July 2009 Head, Data Center Business Unit, Business Solution Sector, NTT DATA Corporation</p> <p>July 2012 Head, Data Center Business Unit, Fundamental System Platforms Sector, NTT DATA Corporation</p> <p>June 2015 President and CEO, NTT DATA TOKAI Corporation</p> <p>June 2018 Senior Vice President and Head, Business Solution Sector, NTT DATA Corporation Director, NTT DATA INTRAMART CORPORATION Director, NTT DATA BUSINESS SYSTEMS CORPORATION</p> <p>June 2020 Director and Executive Vice President, the Company</p> <p>April 2021 Representative Director and President (current position) Head, Digital Solution Sector (current position)</p> <p>[Significant concurrent positions] Not applicable</p>	4,787
<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: 13 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) September 2019 Chairman, Nelito Systems Limited (current position) April 2022 Director and Senior Managing Executive Officer, the Company (current position) November 2022 Chairman, Partners Information Technology, Inc. (current position) April 2023 Head of Operations and Solutions Segment and Head of Technology and Solutions Segment, the Company (current position) [Significant concurrent positions] Chairman, DTS (Shanghai) Corporation Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, Nelito Systems Limited Chairman, Partners Information Technology, Inc.	16,999
[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: 4 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	18,721
[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
	 <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: 4 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>	—
5	<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 four (4) 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: 3 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>	—
6	<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 three (3) 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 twelve 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 ¥11.2 billion per year and less than 11% of net sales (the amount of business transactions including not only sales but also purchasing, etc. as a percentage of gross net sales; hereinafter the same applies.) (consolidated results for the fiscal year ended March 31, 2023). 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 six 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 ¥80 million per year and less than 0.1% of net sales (consolidated results for the fiscal year ended March 31, 2023).</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 style="text-align: center;"> Reelection Outside Independent Female </p> <p style="text-align: center;">Yumiko Masuda (October 20, 1955)</p>	<p>May 1990 Joined BELLSYSTEM24, Inc. as Banking Group Manager (retired in June 1996)</p> <p>September 1996 Solution Sales Representative, IBM Japan, Ltd.</p> <p>January 2003 Cluster Partner, Financial Strategy Consulting, GS Consulting Sector, IBM Japan, Ltd. (retired in June 2006)</p> <p>July 2006 Director, Strategic Industry Sales Department, Field Service Administration Division, SAP Japan Co., Ltd. (retired in May 2009)</p> <p>June 2009 Representative Director, Consumer Voice Research Institute, Limited. (current position)</p> <p>June 2018 Outside Director, PC DEPOT CORPORATION (current position)</p> <p>June 2022 Director, the Company (current position)</p> <p>[Significant concurrent positions] Representative Director, Consumer Voice Research Institute, Limited. Outside Director, PC DEPOT CORPORATION</p>	—
7	<p>[Reasons for nomination and outline of expected roles]</p> <p>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. She will have served as an Outside Director of the Company for one (1) year as of the conclusion of this Annual General Meeting of Shareholders.</p> <p>[Matters concerning Independence]</p> <p>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>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>(Note) Ms. Yumiko Masuda is a candidate for Outside Director. The Company has notified the Tokyo Stock Exchange that Ms. Yumiko Masuda is an Independent Officer. If her election is approved, the Company will continue to designate her as 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 Mr. Shinya Shishido Mr. Shinichi Yamada and Ms. Yumiko Masuda 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.
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 3: Election of One (1) Director Who Is an Audit and Supervisory Committee Member

Director who is an Audit and Supervisory Committee Member Kenji Yukimoto will resign at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes to elect one (1) Director who is an Audit and Supervisory Committee Member. If this proposal is approved and resolved, the number of Directors who are Audit and Supervisory Committee Members will be four (4), including the incumbent Directors who are Audit and Supervisory Committee Members.

The Audit and Supervisory Committee has given its consent to this Proposal.

The candidate is as follows:

Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
 <p data-bbox="268 860 411 987"> New election Outside Independent Male </p> <p data-bbox="248 994 430 1050">Nobuyasu Iimuro (April 21, 1962)</p>	<p data-bbox="483 589 1286 954"> September 1991 Joined Aoyama Audit Corporation August 1995 Registered as Certified Public Accountant April 2000 Audit unit, ChuoAoyama PricewaterhouseCoopers (retired in August 2006) September 2006 PricewaterhouseCoopers Aarata (retired in July 2012) July 2012 Chief Examiner, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency July 2014 Director, Audit unit, PricewaterhouseCoopers Aarata July 2017 Partner, Audit unit, PricewaterhouseCoopers Aarata LLC (retired in June 2022) July 2022 President, Nobuyasu Iimuro Certified Public Accountant Office (current position) </p> <p data-bbox="483 958 1139 1014"> [Significant concurrent positions] President, Nobuyasu Iimuro Certified Public Accountant Office </p>	<p data-bbox="1410 808 1426 824">—</p>
<p data-bbox="220 1059 783 1084">[Reasons for nomination and outline of expected roles]</p> <p data-bbox="220 1088 1425 1328">Mr. Nobuyasu Iimuro 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. Although he has never been involved in corporate management in any way other than as an outside officer in the past, for the above reasons, the Company believes that he is capable of appropriately performing his duties as an Outside Director who is an Audit and Supervisory Committee Member.</p> <p data-bbox="220 1368 584 1393">[Matters concerning Independence]</p> <p data-bbox="220 1397 1425 1516">Mr. Nobuyasu Iimuro 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. Iimuro, 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="220 1520 1334 1576">Mr. Nobuyasu Iimuro serves as an executive officer of Nobuyasu Iimuro Certified Public Accountant Office. However, the Group has no business relationship with these companies.</p> <p data-bbox="220 1617 1425 1695">(Note) Mr. Nobuyasu Iimuro is a candidate for Outside Director who is an Audit and Supervisory Committee Member. If his election is approved, the Company will notify the Tokyo Stock Exchange that Mr. Nobuyasu Iimuro is an Independent Officer.</p>		

(Notes)

1. There are no special interests between Mr. Nobuyasu Iimuro and the Company.
2. If the election of Mr. Nobuyasu Iimuro is approved, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his 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. .
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 Mr. Nobuyasu Iimuro is elected as a Director who is an Audit and Supervisory Committee Member and assumes office, he 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				●	●		●
Shinya Shishido	●		●			●	
Shinichi Yamada	●	●		●			
Yumiko Masuda		●	●			●	
Takao Sakamoto					●	●	●
Taeko Ishii						●	●
Yutaka Takei	●				●		●
Nobuyasu Imuro		●			●		●

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.

Business Report

(April 1, 2022 - March 31, 2023)

1. Overview of the Corporate Group

(1) Business Progress and Results

In the fiscal year under review, the Japanese economy showed signs of recovery despite the weakness seen in some areas. Looking ahead, as countries around the world continue with financial tightening, there is a risk that a downturn in overseas economic conditions could dampen business sentiment in Japan. Furthermore, we must be fully aware of the impacts of rising prices, supply side constraints, and fluctuations in the financial and capital markets.

Amid these conditions, the Group formulated “Vision 2030” as its management vision heading toward 2030.

The DTS Group aims 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, as well as human resources to 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 “increase sophistication of the value that we propose,” “combination of SI x digital,” “advance into new fields as well as globally,” “strengthen ESG initiatives,” and “reform management foundation” as key challenges, and will work on initiatives.

Net sales for the fiscal year under review were 106,132 million yen (+12.4% year on year), the operating profit was 11,694 million yen (+4.4% year on year), which showed growth for the 13th consecutive year and is a record high for the ninth consecutive year, and EBITDA was 12,435 million yen (+5.4% year on year).

■ Increase sophistication of the value that we propose and combination of SI x digital

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

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

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

As a first solution specializing in data use, in May 2022, we were certified as a SELECT Partner by the U.S.’s Snowflake Inc. and began selling its “Snowflake” products.

As a second solution, in July 2022, we started handling the “mcframe 7 SCM/PCM”^(Note 1) production management package. Using the Snowflake cloud platform for data utilization in combination with existing factory IoT solutions, we will integrate and share unlinked data and support solutions to issues in the manufacturing industry.

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

Through these data utilization solutions and the business know-how cultivated to date, we will advance to the “DTS DataManagement Solution (DTS DMS),” which will enable customers to solve business issues and create new business opportunities.

We are enhancing our initiatives in “focus businesses”^(Note 2) as the Company’s target areas to achieve rapid growth. Furthermore, in our medium-term management plan, we are promoting our target of net sales of focus businesses making up 40% of total net sales by the fiscal year ending March 31, 2025. In the fiscal year under review, net sales of focus businesses made up 40.4% of total net sales, showing steady progress toward our goal.

■ Advance into new fields as well as globally

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

Going forward, we will strengthen our solutions business, not only for financial institutions, which are our main customers, but also providing DX and so forth for various industries.

■ Strengthen ESG initiatives

To strengthen the oversight function of the Board of Directors by making the Audit and Supervisory Committee Members responsible for auditing the execution of duties by Directors as members of the Board of Directors, and to further enhance corporate governance by further strengthening its monitoring function, the Company transitioned from a company with corporate auditors to a company with an Audit and Supervisory Committee.

Furthermore, following the conclusion of the 50th Annual General Meeting of Shareholders, of the 13 Directors, the seven Independent Outside Directors made up a majority, and there were two female Directors. We will continue to work to improve the independence and diversity of the Board of Directors.

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. Furthermore, in addition to further promoting ESG activities, to enhance company-wide cross-sectional activities, we newly established the ESG Promotion Department.

In August 2022, we were selected as a constituent brand for the JPX-Nikkei Index 400^(Note 3) for fiscal 2022 (August 31, 2022 to August 30, 2023).

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

The procurement of renewable energy electric power is based on Non-fossil Fuel Energy Certificates with Tracking Information^(Note 4) procured in cooperation with Tokyo Tatemono Co., Ltd. which operates and manages the Empire Building.

Furthermore, success in our health management initiatives were recognized, and we were able to receive certification as “Company of Health Excellence Certification/Gold Certification” for the third consecutive year. We also received certification from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as “Health & Productivity Management Outstanding Organization (White 500)” for the second consecutive year. Moreover, we newly received certification from the Japan Sports Agency as “Sports Yell Company 2023” in the fiscal year under review.

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

■ Reform management foundation

With the transition to a company with Audit and Supervisory Committee, to accelerate decision-making, we updated the Board of Directors rules with changes to the scope of delegation of the Board of Directors and the organizational rules with authorities related to business execution.

To continue realizing fast management, we are promoting the delegation of authority and structural reforms.

■ Shareholder returns

Based on a comprehensive consideration of opportunities for growth investment, capital conditions, and the market environment including the recent stock price, to improve capital efficiency and to further improve returns for our shareholders, we acquired 1,481,800 treasury shares from May to September 2022. Then, in October 2022, we cancelled all of the above treasury shares that we acquired.

■ Introduction of a restricted stock compensation plan

The Company introduced a restricted stock compensation plan to incentivize the enhancement of corporate value over the medium to long term and to foster a sense of ownership among employees.

Note 1: mcfame 7 SCM/PCM

mcfame is a supply chain management (SCM) package for the manufacturing industry that can provide

various functions such as production, sales, inventory, and cost management, and handle steps from assembly to process manufacturing and individual production orders. It is a digital solution for the manufacturing industry that has been implemented by over 1,000 companies at more than 2,000 sites in 17 countries worldwide since its launch in 1996.

Note 2: Focus businesses

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

Note 3: JPX-Nikkei Index 400

A stock index comprised of “companies that have high investment appeal for investors” and satisfy the requirements of global investment standards, such as efficient use of capital and initiatives to strengthen corporate governance.

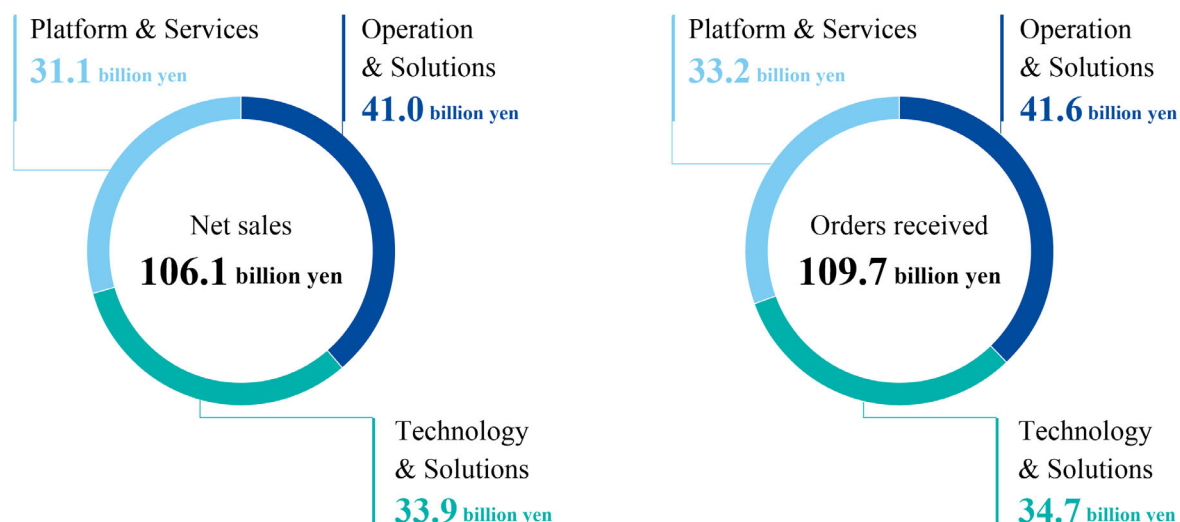
Note 4: Non-fossil Fuel Energy Certificates with Tracking Information

The “non-fossil fuel value (environmental value)” of electricity derived from non-fossil fuel power sources is converted into a certificate, and attribute information (tracking information) such as the location of the power plant is assigned.

In the fiscal year under review, in order to promote reform of the business model, we changed the reportable segments to Operation & Solutions, Technology & Solutions, and Platforms & Service.

Segment information presented for the previous fiscal year has been realigned based on the new segment classifications.

The overview of the initiatives by segment is as follows.



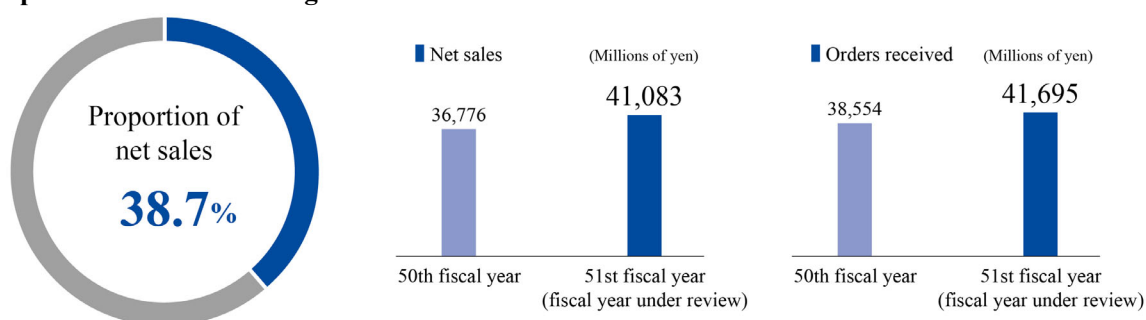
Net sales and orders received by segment

(Figures in square brackets indicate proportion of net sales)

(Millions of yen)

	Net sales				Orders received			
	50th fiscal year (FY2021)	51st fiscal year (FY2022)	Year-on-year		50th fiscal year (FY2021)	51st fiscal year (FY2022)	Year-on-year	
Operation & Solutions	36,776 [38.9%]	41,083 [38.7%]	Up 11.7%	↗	38,554 [39.4%]	41,695 [38.0%]	Up 8.1%	↗
Technology & Solutions	29,838 [31.6%]	33,940 [32.0%]	Up 13.7%	↗	30,235 [30.9%]	34,784 [31.7%]	Up 15.0%	↗
Platforms & Service	27,838 [29.5%]	31,108 [29.3%]	Up 11.7%	↗	29,020 [29.7%]	33,257 [30.3%]	Up 14.6%	↗
Total	94,452 [100.0%]	106,132 [100.0%]	Up 12.4%	↗	97,810 [100.0%]	109,737 [100.0%]	Up 12.2%	↗

Operation & Solutions Segment



Net sales came to 41,083 million yen (+11.7% year on year), due to strong progress in cloud-related projects, mainly in the financial services and information and communications industries.

In initiatives for our “focus businesses,” we are striving to “strengthen application development capability based on cloud architecture,” “strengthen capabilities for agile/low code development,” and “expand and further create industry-specific solution services,” among others.

As industry specific solutions and services, we have started providing a financial instrument screening function in our AMLion anti-money laundering measure system compliant with international standards, in addition to the transaction monitoring function.

Furthermore, AMLion has been adopted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. for economic sanctions list and negative news matching in its operations for countering money laundering and terror financing.

The DAVinCI LABS automated data analysis platform has been adopted by POCKET CARD CO., LTD. as an AutoML tool^(Note 5), enabling analytical operations such as credit, marketing, and debt control to be performed with greater efficiency and sophistication.

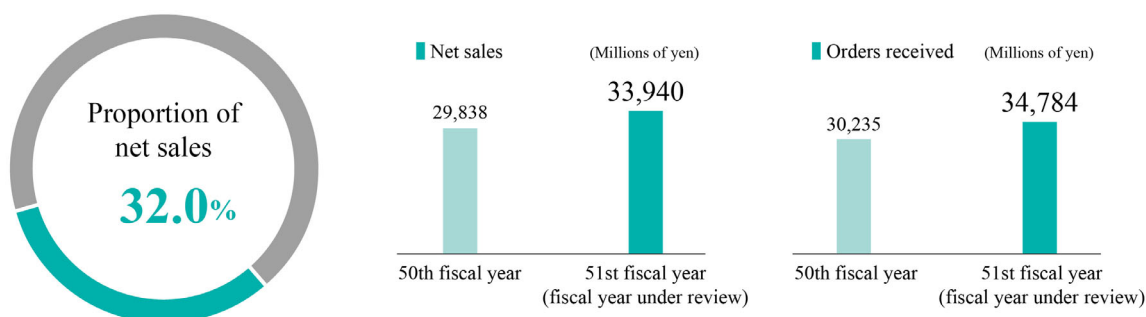
Going forward, we will contribute to increasing the level and efficiency of compliance checking operations in finance business formats.

Main businesses

The Group offers the following services by adding digital technology to project management capabilities and industry insights, which are some of our strengths, to generate new added values

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

Technology & Solutions Segment



Net sales came to 33,940 million yen (+13.7% year on year), due to strong progress in packaged solutions such as ERP and new consolidation.

In our initiatives for focus businesses, we are striving to enhance our cloud business technologies and reform our business models, enhance functions for the expansion of package sales and strengthen ERP business expansion, and establish the technologies for edge AI and cyber security, among others.

In September 2022, we started sales of “Walk in home 2022” with enhanced functionality to enable sales talks online using living space virtual reality (VR), enhanced design, and the ability to flexibly handle changes in settings following law reforms. In addition, we launched “Walk in home CUMOE,” which links data with “Walk in home,” supports the sales process, construction work, and after-sales management, and reduces the workload of on-site supervisors.

In addition, we started supplying HOUSING CORE, a core system for the housing construction industry which provides a variety of functions for housing-related businesses and enables visualization of information.

We will continue to provide housing solutions going forward, and to contribute to adoption of DX for the housing and construction industries.

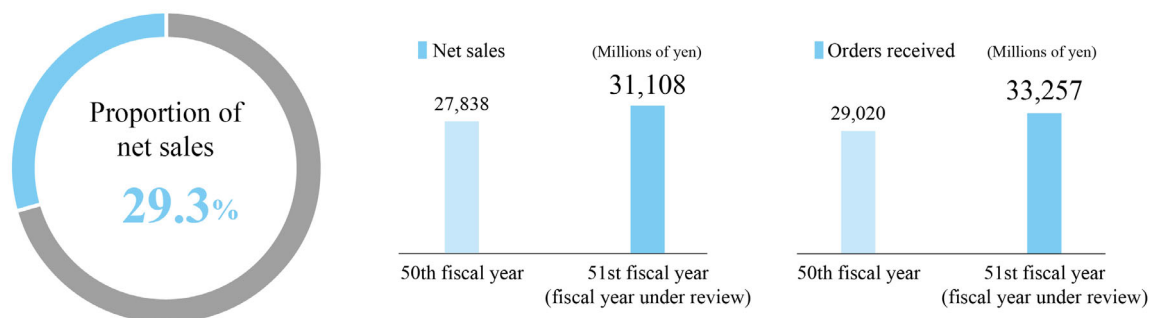
Moreover, in order to address security issues in customer cloud environments, we are focusing on providing secure cloud environments, through such measures as obtaining certification under the “AWS Well-Architected Partner Program.”^(Note 6) Going forward, our goal is to continue to realize highly secure and reliable cloud environments by offering security solutions that support the business of our customers.

Main businesses

The Group offers the following services across industries and regions by specializing in digital technology and solutions, in order to use the latest technologies to meet the diverse needs of customers.

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

Platforms & Services Segment



Net sales came to 31,108 million yen (+11.7% year on year) due to growth in product projects and operational infrastructure design and building projects.

In our initiatives for focus businesses, we are striving to expand operational service menu centered on ReSM/ReSM plus, enhance and promote the sales of Hybrid Cloud, Data Management, etc., and promote network integration business, among others.

We concluded a distributor agreement for “ReSM plus” with SOGO CAREER OPTION Co., Ltd., a company with strengths in DX and operational support for mid-sized companies, in order to help mid-sized companies improve productivity and transform work styles for the entire company through ReSM plus.

Main businesses

The Group offers the following services across industries and regions in order to support IT environments in which customers can feel reassured.

- Deployment of advanced IT equipment and building of IT platforms
- Operational design and maintenance of total information systems, including cloud-related services
- and virtualization systems
- System operation either through permanently station personnel or remote access, monitoring services
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Fee-based businesses, such as subscription and recurring business

Note 5: AutoML tools

“AutoML” refers to tools that are used to enhance the process of data analysis through automated machine learning. They can be used to automate tasks that would previously have been performed by a data scientist, such as collecting and processing data, and creating, verifying, and optimizing models, and to improve their accuracy.

Note 6: AWS Well-Architected Partner Program

AWS certifies that DTS Corporation is a partner that uses the AWS Well-Architected Framework to build high-quality solutions and check the state of cloud architecture, and has the expertise to support improvements in accordance with customer needs.

(2) Capital Investment

Capital investment during the fiscal year under review amounted to 715 million yen.

This mainly comprised 230 million yen for the purchase of tools, furniture and fixtures such as office equipment and network equipment, 120 million yen for the development and purchase of software for internal use, and 229 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)

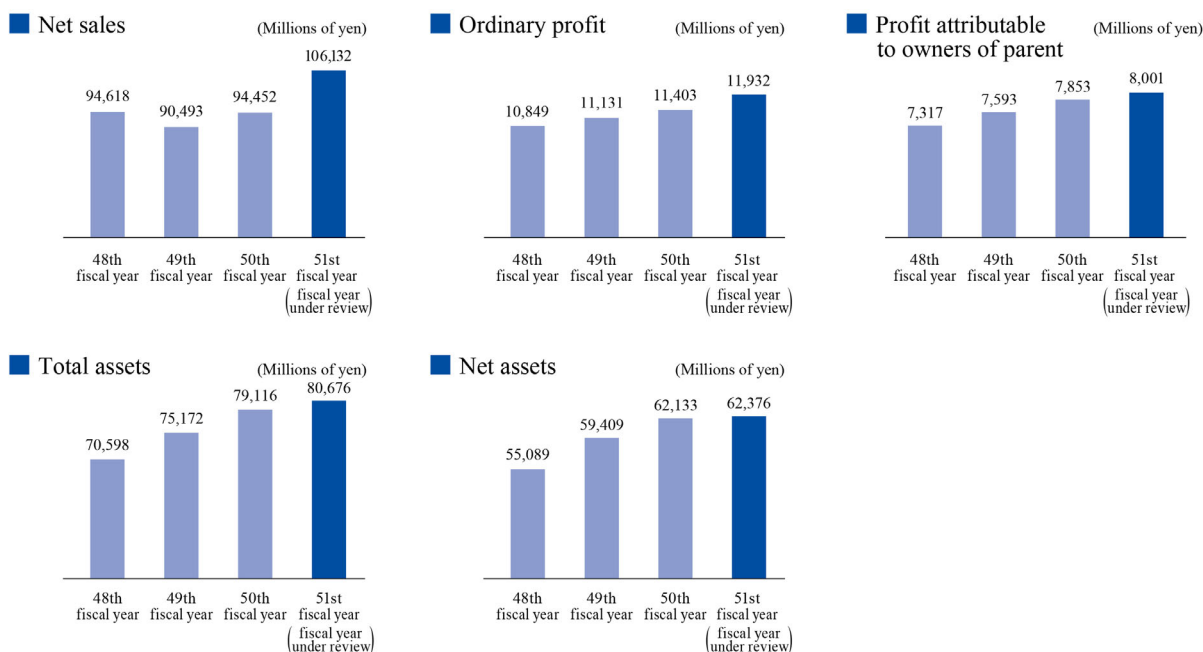
(5) Status of Assets and Income during the Most Recent Three Fiscal Years

1) Status of assets and income of the corporate group

(Millions of yen, unless otherwise specified)

Item	The 48 th fiscal year ended March 31, 2020	The 49 th fiscal year ended March 31, 2021	The 50 th fiscal year ended March 31, 2022	The 51 st fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales	94,618	90,493	94,452	106,132
Ordinary profit	10,849	11,131	11,403	11,932
Profit attributable to owners of parent	7,317	7,593	7,853	8,001
Total assets	70,598	75,172	79,116	80,676
Net assets	55,089	59,409	62,133	62,376
Net assets per share (yen)	1,190.71	1,293.61	1,376.05	1,408.81
Basic earnings per share (yen)	158.01	165.49	172.78	181.41

- 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 50th fiscal year. Assets and income for the 50th fiscal year onward have been calculated after applying the new standards.



2) Status of assets and income of the Company

(Millions of yen, unless otherwise specified)

Item	The 48th fiscal year ended March 31, 2020	The 49th fiscal year ended March 31, 2021	The 50th fiscal year ended March 31, 2022	The 51st fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales	67,700	65,430	67,594	74,356
Ordinary profit	9,228	9,396	9,702	10,333
Profit	6,495	6,596	6,594	7,075
Total assets	63,231	66,662	68,055	67,125
Net assets	52,842	55,966	57,306	55,743
Net assets per share (yen)	1,142.25	1,221.53	1,271.50	1,278.59
Basic earnings per share (yen)	140.27	143.76	145.07	160.41

- 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 50th fiscal year. Assets and income for the 50th fiscal year onward 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 Service
JAPAN SYSTEMS ENGINEERING CORPORATION	2-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	310 million yen	100.00%	Information Service
DTS INSIGHT CORPORATION	4-30-3 Yoyogi, Shibuya-ku, Tokyo	200 million yen	100.00%	Information Service
DTS WEST CORPORATION	2-3-13 Azuchimachi, Chuo-ku, Osaka City	100 million yen	100.00%	Information Service
KYUSHU DTS CORPORATION	2-19-24 Hakata-Ekimae, Hakata-ku, Fukuoka City	100 million yen	100.00%	Information Service

(7) Employees

1) Number of employees of the corporate group

Segment name	Number of employees
Operation & Solutions	2,967
Technology & Solutions	1,688
Platform & Services	1,048
Total	5,703

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
3,071	+ 72	39.6	14.9

Segment name	Number of employees
Operation & Solutions	1,183
Technology & Solutions	1,038
Platforms & Services	850
Total	3,071

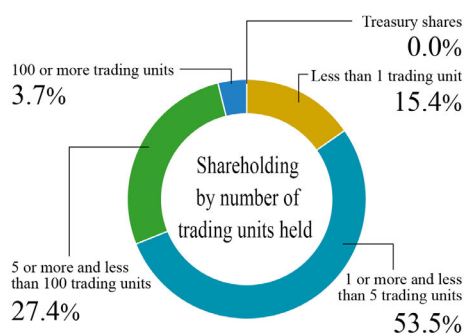
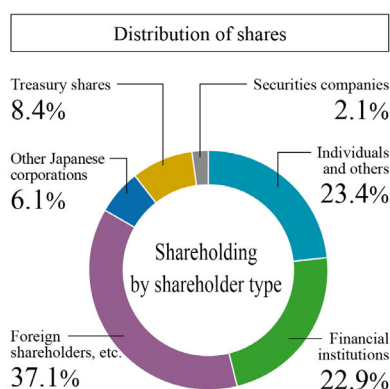
Note: The number of employees of the Company excludes those seconded to other companies, and includes those seconded to the Company from other companies.

2. Matters Concerning the Company's Shares (as of March 31, 2023)

- (1) Total Number of Authorized Shares 100,000,000 shares
- (2) Total Number of Issued Shares 47,590,832 shares
- (3) Number of Shareholders 5,841 persons
- (4) Major Shareholders

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

Note: The Company holds 3,993 thousand shares of treasury stock. The holding ratio is calculated after deducting treasury stock.



(5) Shares Delivered to Company Officers as Compensation for Execution of Duties during the Fiscal Year Under Review

Details of the shares delivered to Company officers as compensation for execution of duties during the fiscal year under review are indicated below.

Category	Number of shares	Number of eligible officers
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	5,152 shares	5
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	-	-
Directors who are Audit and Supervisory Committee Members	-	-

Note: Details of the Company's stock compensation are as stated in "(4) Compensation for Directors and Auditors for the Fiscal Year Under Review, 5) Content of non-monetary compensation" on page 36.

(6) Other Important Matters Concerning Shares

None.

3. Company Officers

(1) Directors and Auditors (as of March 31, 2023)

Positions	Name	Responsibilities and significant concurrent positions
Chairperson and Representative Director	Koichi Nishida	-
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 Chairman, Partners Information Technology, Inc.
Director	Isao Asami	Managing Executive Officer Representative Director and President, DTS INSIGHT CORPORATION
Director	Hirotoishi Kobayashi	Senior Executive Officer Head, IT Platform Service Sector President & CEO, Digital Technologies Corporation Director, I Net Rely Corporation
Director <u>Outside</u> <u>Independent</u>	Masayuki Hirata	-
Director <u>Outside</u> <u>Independent</u>	Shinya Shishido	Director, Takamatsu Corporation Co., Ltd.
Director <u>Outside</u> <u>Independent</u>	Shinichi Yamada	-
Director <u>Outside</u> <u>Independent</u>	Yumiko Masuda	Representative Director, Consumer Voice Research Institute, Limited. Outside Director, PC DEPOT CORPORATION
Director (Full-time Audit and Supervisory Committee Member)	Takao Sakamoto	Corporate Auditor, DTS INSIGHT CORPORATION
Audit and Supervisory Committee Member <u>Outside</u> <u>Independent</u>	Kenji Yukimoto	President, Yukimoto Kenji Certified Public Accountant Office
Audit and Supervisory Committee Member <u>Outside</u> <u>Independent</u>	Taeko Ishii	Deputy Director, Ota Ishii Law Office Outside Corporate Auditor, Furusato Service Co., Ltd. Outside Director, Sumitomo Metal Mining Co., Ltd. Outside Statutory Auditor, Dai Nippon Printing Co., Ltd.

Positions	Name	Responsibilities and significant concurrent positions
Audit and Supervisory Committee Member Outside Independent	Yutaka Takei	General Manager of Research Department, The Japan Association of Charitable Organizations

- Notes:
1. The Company transitioned to a company with an Audit and Supervisory Committee at the conclusion of the 50th Annual General Meeting of Shareholders held on June 23, 2022.
 2. Mr. Masayuki Hirata, Mr. Shinya Shishido, Mr. Shinichi Yamada, Ms. Yumiko Masuda, Mr. Kenji Yukimoto, Ms. Taeko Ishii, and Mr. Yutaka Takei are Outside Directors.
 3. Director who is an Audit and Supervisory Committee Member Kenji Yukimoto is qualified as a certified public accountant, and has a considerable degree of knowledge concerning finance and accounting.
 4. Mr. Masayuki Hirata, Mr. Shinya Shishido, Mr. Shinichi Yamada, Ms. Yumiko Masuda, Mr. Kenji Yukimoto, Ms. Taeko Ishii, and Mr. Yutaka Takei have been registered as Independent Officers with the Tokyo Stock Exchange.
 5. To enable the Audit and Supervisory Committee Members to continuously and effectively verify the legality, validity, and efficiency of management, the Company has appointed Mr. Takao Sakamoto as a full-time Audit and Supervisory Committee Member to perform day-to-day auditing duties, including internal control system audits and interviews with officers and employees of group companies, and to attend important internal meetings related to business execution such as the Management Council meetings to ensure sophisticated information gathering capabilities of the Audit and Supervisory Committee as a whole and smooth collaboration with the Internal Audit Office.
 6. Mr. Tadayuki Hagiwara retired from office of Director at the conclusion of the 50th Annual General Meeting of Shareholders held on June 23, 2022, due to expiration of his term of office.
 7. Mr. Kenichiro Akamatsu retired from office of Corporate Auditor at the conclusion of the 50th Annual General Meeting of Shareholders held on June 23, 2022, due to expiration of his term of office.
 8. The positions, responsibilities, and significant concurrent positions of Directors that changed effective April 1, 2023, after the end of the fiscal year under review, are as follows.

Position	Name	Responsibilities and significant concurrent positions
Director	Minoru Takeuchi	Senior Managing Executive Officer Head, Operations and Solutions Segment and Head, Technology and Solutions Segment Chairman, DTS (Shanghai) Corporation Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, Nelito Systems Private Limited Chairman, Partners Information Technology, Inc.
Director	Hirotohi Kobayashi	Managing Executive Officer Head, Platform and Services Segment President & CEO, Digital Technologies Corporation Director, I Net Rely Corporation

9. Executive Officers (excluding those serving concurrently as Directors) as of April 1, 2023, are as follows.

Name	Responsibilities and significant concurrent positions
Makoto Kondo	Senior Executive Officer Deputy Head of Operations and Solutions Segment and Head, Public Systems and Social Infrastructure Sector Chairman, DLSE Co., Ltd. Representative Director and Chairman, Japan Super Electronics Co., Ltd. Director, DTS (Shanghai) Corporation Director, DTS WEST CORPORATION
Shigeo Okubo	Executive Officer Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation
Yutaka Nakamura	Executive Officer General Manager, Business Development Department
Hiroyuki Mabuchi	Executive Officer President, DTS America Corporation Director and Vice President, Partners Information Technology, Inc.
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 Representative Director and President, DTS palette Inc.
Hiroshi Tani	Executive Officer Head, IT Platform Service Sector
Akira Nishimura	Executive Officer General Manager, Human Resources Department Representative Director and President, MIRUCA CORPORATION
Masanori Tamura	Executive Officer Head, Financial Sector and General Manager, Sales Department Director, Nelito Systems Private Limited
Takeo Haruki	Executive Officer General Manager, Accounting and Finance Department
Hiroyuki Norikane	Executive Officer Deputy Head of Technology and Solutions Segment and Head, Digital Solution Sector
Masakazu Takada	Executive Officer Head, Enterprise and Solution Sector; General Manager, Sales Department; and Head, Housing Solution Division
Naoki Minase	Executive Officer General Manager, ESG Promotion Department

(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.) 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 with an insurance company under which all the Directors, Auditors, and Executive Officers of the Company are the insured parties, stipulated in Article 430-3, Paragraph 1 of the Companies Act. 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 March 20, 2023, the Company resolved on the policy to determine the details of compensation for individual Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) (hereinafter referred to as the “Decision Policy”).

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 and adjusting the result by the degree of achievement of performance forecasts and the degree of achievement of the medium-term management plan (financial and non-financial KPIs). 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 corporate value (Company’s TSR compared with TOPIX growth rate), the degree of achievement of performance forecasts, and the degree of achievement of the medium-term management plan.

When determining the payment ratios 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. In the case of standard performance, the composition of compensation for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) is generally as follows: base compensation 62-71%, bonuses 30-23%, and stock compensation 8-6%.

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).

The Board of Directors refers the Decision Policy to the Nomination and Compensation Committee (the majority of whose members are Independent Outside Directors) for deliberation, and determines it after receiving the report of the Nomination and Compensation Committee.

When determining the amounts of compensation for individual Directors who are not Audit and Supervisory Committee Members, the Nomination and Compensation 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 Nomination and Compensation Committee (the majority of whose members are Independent Outside Directors), and the Company therefore considers that they conform to the Decision Policy.

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

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 who are not Audit and Supervisory Committee Members of the Company was June 23, 2022. The resolution established a maximum amount of compensation, including bonuses, for Directors who are not Audit and Supervisory Committee Members of 300 million yen per annum (including a maximum amount of 40 million yen per annum for Outside Directors). Nine Directors (including four Outside Directors) are subject to this rule. The amount of compensation, etc. for Directors who are not Audit and Supervisory Committee Members 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 the payment of compensation for the allotment of restricted shares was June 22, 2022. The shareholders' meeting resolved to pay monetary compensation receivables for the allotment of restricted shares to Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) in an amount not exceeding 45 million yen per annum, separate from the compensation limit for Directors who are not Audit and Supervisory Committee Members 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. Five Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) are subject to this rule. Restricted shares are also allotted to Executive Officers of the Company.

The date of the resolution of the shareholders' meeting concerning compensation for Directors who are Audit and Supervisory Committee Members of the Company was June 23, 2022. The resolution established a maximum amount of compensation for Directors who are Audit and Supervisory Committee Members of 60 million yen per annum. Four Directors who are Audit and Supervisory Committee Members are subject to this rule.

The date of the resolution of the shareholders' meeting concerning compensation for Auditors of the Company was June 25, 2029. The resolution established a maximum amount of compensation for Auditors of 60 million yen per annum. Five Auditors were subject to this rule.

3) Matters concerning the delegation of decisions on compensation, etc. for individual Directors who are not Audit and Supervisory Committee Members

When determining the amounts of compensation for Directors who are not Audit and Supervisory Committee Members, the Company, at the meeting of the Board of Directors held after the Annual Shareholders' Meeting, delegates the determination of the amounts of compensation, bonuses, and stock compensation 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 Nomination and Compensation Committee (the majority of whose members are Independent Outside Directors).

4) Matters concerning performance-linked compensation

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 the publicly announced performance forecasts (consolidated net sales, profit attributable to owners of parent, EBITDA, and ROE), as indicators associated with short-term business growth and the enhancement of corporate value. Moreover, the Company uses the targets of the medium-term management plan (consolidated net sales, EBITDA, growth investment, ROE) as financial indicators associated with medium-term enhancement of corporate value and non-financial indicators (reduction of CO₂ emissions, ratio of female managers) as sustainability indicators. The Company has established internal rules on how to determine the amount of performance-linked compensation.

Performance indicators as the basis for calculation of the amount of bonus
(calculated by comparing the standard amount 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)

Financial/non-financial	Performance indicator	Standard amount	Result
Financial indicator	Consolidated ordinary profit	10.0 billion yen	11.93 billion yen

Indicators associated with short-term enhancement of corporate value
(assessed each year and reflected in bonuses and stock compensation)

Financial/non-financial	Performance indicators	Weight	Targets	Results
Financial indicator	Consolidated net sales	40%	100.0 billion yen	106.13 billion yen
	Profit attributable to owners of parent	15%	7.95 billion yen	8.00 billion yen
	EBITDA	15%	12.1 billion yen	12.43 billion yen
	ROE	30%	12.9%	13.0%

5) Content of non-monetary compensation

In order to provide an incentive to Directors who are not Audit and Supervisory Committee Members 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 who are not Audit and Supervisory Committee Members (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.

Indicators associated with medium-term enhancement of corporate value
(assessed after the final year of the medium-term management plan and reflected in stock compensation)

Financial/non-financial	Performance indicators	Weight	Targets
Financial indicators	Consolidated net sales	20%	110.0 billion yen or higher
	Profit attributable to owners of parent	20%	13.0 billion yen or higher
	EBITDA	10%	25.0 billion yen
	ROE	10%	13% or higher
Non-financial indicators	Reduction of CO ₂ emissions (compared with FY2013 figures)	20%	50.0% or higher
	Ratio of female managers	20%	6.0% or higher

Indicators associated with long-term enhancement of corporate value
(assessed every year and reflected in stock compensation)

Performance indicator	Results (FY2022)		Assessment coefficient (Company's TSR compared with TOPIX growth rate including dividends)
	The Company's TSR	TOPIX growth rate including dividends	
The Company's TSR (compared with TOPIX growth rate)	124.7%	105.8%	117.9%

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

Category	Total amount of compensation, etc. (Millions of yen)	Amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Performance- linked compensation, etc.	Non-monetary compensation, etc.	
Directors who are not Audit and Supervisory Committee Members (Of whom Outside Directors)	249 (21)	167 (21)	66 (-)	15 (-)	11 (5)
Directors who are Audit and Supervisory Committee Members (Of whom Outside Directors)	27 (12)	27 (12)	- (-)	- (-)	4 (3)
Auditors (Of whom Outside Auditors)	7 (3)	7 (3)	- (-)	- (-)	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.
3. The above table includes two Directors and one Auditor who retired from office at the conclusion of the 50th Annual General Meeting of Shareholders held on June 23, 2022.

(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 who is not an Audit and Supervisory Board Member Shinya Shishido serves as a Director of Takamatsu Corporation Co., Ltd. However, the Group has no business relationship with said company.

Director who is not an Audit and Supervisory Board Member Yumiko Masuda serves as Representative Director of Consumer Voice Research Institute, Limited. However, the Group has no business relationship with said company.

Director who is an Audit and Supervisory Board Member Kenji Yukimoto serves as President of Yukimoto Kenji Certified Public Accountant Office. However, the Group has no business relationship with said office. He retired from office of Director of Alpha Profession Group as of August 26, 2022. The Group has no business relationship with said company.

Director who is an Audit and Supervisory Board Member 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 who is not an Audit and Supervisory Board Member Yumiko Masuda serves as Outside Director of PC DEPOT CORPORATION. However, the Group has no business relationship with said company.

Director who is an Audit and Supervisory Board Member Taeko Ishii serves as Outside Corporate Auditor of Furusato Service Co., Ltd. and Outside Statutory Auditor of Dai Nippon Printing Co., Ltd. She retired from the office of Outside Audit & Supervisory Board Member of NEC Corporation. The Group has no business relationship with Furusato Service Co., Ltd. The Company has business relationship including systems development with Dai Nippon Printing Co., Ltd. and NEC Corporation. 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

Position and name	Board of Directors meetings	Board of Corporate Auditors meetings	Audit and Supervisory Committee meetings	Main activities (Status of statements at Board of Directors Meetings and expected roles, etc.)
	Number of meetings attended (Attendance rate)	Number of meetings attended (Attendance rate)	Number of meetings attended (Attendance rate)	
Director Masayuki Hirata	12/12 (100%)	- (-)	- (-)	In addition to offering comments and remarks at Board of Directors meetings, 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. In this way, he fulfilled the roles expected of an outside officer.
Director Shinya Shishido	12/12 (100%)	- (-)	- (-)	In addition to offering comments and remarks at Board of Directors meetings, 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. In this way, he fulfilled the roles expected of an outside officer.
Director Shinichi Yamada	12/12 (100%)	- (-)	- (-)	In addition to offering comments and remarks at Board of Directors meetings, 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. In this way, he fulfilled the roles expected of an outside officer.
Director Yumiko Masuda	10/10 (100%)	- (-)	- (-)	In addition to offering comments and remarks at Board of Directors meetings, mainly from the perspective of her expertise in consumer- and customer-oriented management and customer relations, and abundant experience and a high level of insight regarding diversity & inclusion, she contributed to effective supervision of the execution of duties. In this way, she fulfilled the roles expected of an outside officer.
Director (Audit and Supervisory Committee Member) Kenji Yukimoto	9/12 (75%)	4/4 (100%)	5/8 (62%)	In addition to offering comments and remarks at Board of Directors meetings, mainly based on his specialized perspective and high-level insight as a certified public accountant, he contributed to the audit of the Company. At occasions other than Board of Directors meetings, he conducted audits and provided advice based on such experience and knowledge. In this way, he fulfilled the roles expected of an outside officer.

Position and name	Board of Directors meetings	Board of Corporate Auditors meetings	Audit and Supervisory Committee meetings	Main activities (Status of statements at Board of Directors Meetings and expected roles, etc.)
	Number of meetings attended (Attendance rate)	Number of meetings attended (Attendance rate)	Number of meetings attended (Attendance rate)	
Director (Audit and Supervisory Committee Member) Taeko Ishii	11/12 (91%)	4/4 (100%)	8/8 (100%)	In addition to offering comments and remarks at Board of Directors meetings, mainly based on her specialized perspective and high-level insight as an attorney, she contributed to the audit of the Company. At occasions other than Board of Directors meetings, she conducted audits and provided advice based on such experience and knowledge. In this way, she fulfilled the roles expected of an outside officer.
Director (Audit and Supervisory Committee Member) Yutaka Takei	12/12 (100%)	4/4 (100%)	8/8 (100%)	In addition to offering comments and remarks at Board of Directors meetings, 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. At occasions other than Board of Directors meetings, he conducted audits and provided advice based on such experience and knowledge. In this way, he fulfilled the roles expected of an outside officer.

(Note) As Ms. Yumiko Masuda assumed office of Director on June 23, 2022, attendance at the Board of Directors meetings held after her assumption of office (10 Board of Directors meetings) and the attendance rate are indicated.

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	54 million yen
2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries	69 million yen

- (Notes) 1. The Company's Audit and Supervisory Committee 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 15 million 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 Audit and Supervisory Committee will dismiss the Accounting Auditor with the consent of all Audit and Supervisory Committee Members. In this event, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee 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 Audit and Supervisory Committee 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.

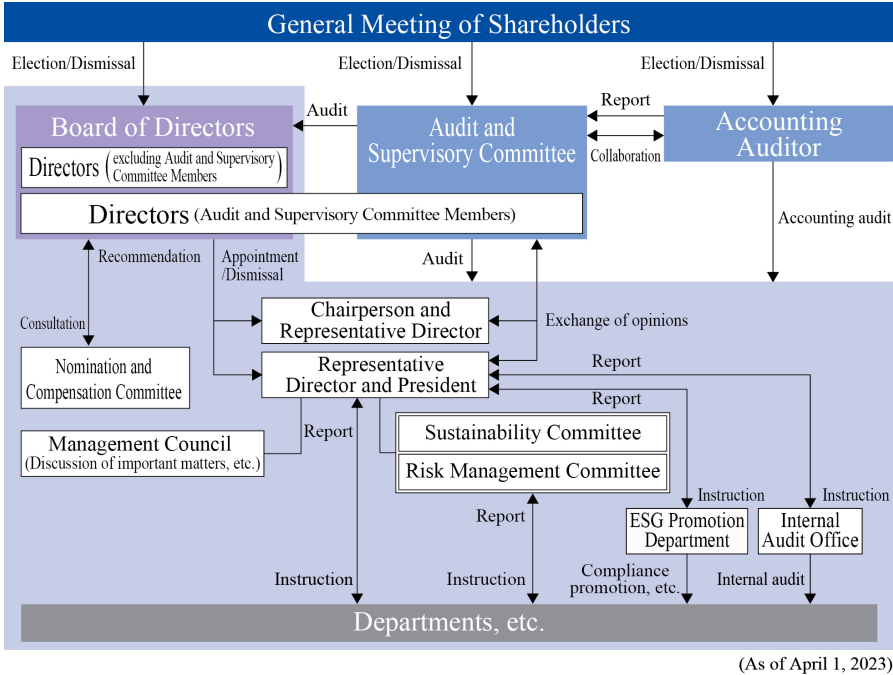
(2) Overview of the Corporate Governance System

The Company's Board of Directors currently consists of 13 Directors, of whom seven are Outside Directors and two are female. 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 who are not Audit and Supervisory Committee Members are also appropriately involved in determining director compensation and nominating candidates for Director, engaging in deliberation and reporting as members of the Nomination and Compensation Committee.

Meanwhile, the Audit and Supervisory Committee has four members, including three Outside Directors, one of whom is female. Outside Directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing Outside Directors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

The Company has also introduced an executive officer system, which is currently supported by 16 officers (three 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.



(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 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: September to October 2022
 Evaluation method: Self-evaluation by all officers (including Audit and Supervisory Committee Members) (13 Directors including seven Outside Directors)

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 “Sufficient time for concentrating on discussion was set aside and we had fruitful discussions,” and “Appointment of two female Directors enabled the Board to become more responsive to diversity.”

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

- Greater involvement of the Board of Directors in the selection and the decision of themes to be discussed by the Board of Directors, such as themes to be included in the “subjects for discussion” of the Board of Directors newly introduced to enhance discussion

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Account item	(Reference) 50th fiscal year (As of March 31, 2022)	(Fiscal year under review) 51st fiscal year (As of March 31, 2023)	Account item	(Reference) 50th fiscal year (As of March 31, 2022)	(Fiscal year under review) 51st fiscal year (As of March 31, 2023)
(Assets)			(Liabilities)		
Current assets	67,044	67,591	Current liabilities	15,888	17,646
Cash and deposits	46,120	43,531	Accounts payable - trade	6,256	6,842
Notes and accounts receivable - trade	17,259	21,023	Accounts payable - other	1,337	1,386
Notes and accounts receivable - trade, and contract assets	1,200	799	Income taxes payable	2,392	2,583
Securities	1,193	660	Provision for bonuses	2,726	2,964
Merchandise and finished goods	209	239	Provision for bonuses for directors (and other officers)	77	80
Work in process	54	46	Provision for loss on orders received	76	19
Raw materials and supplies	1,030	1,299	Other	3,021	3,769
Other	(24)	(8)	Non-current liabilities	1,094	652
Allowance for doubtful accounts	12,072	13,084	Retirement benefit liability	832	511
Non-current assets	3,669	3,567	Other	261	141
Property, plant and equipment	1,053	1,039	Total liabilities	16,982	18,299
Buildings and structures	2,045	2,045	(Net assets)		
Land	570	483	Shareholders' equity	61,181	60,148
Other	876	2,010	Share capital	6,113	6,113
Intangible assets	209	1,277	Capital surplus	4,992	4,992
Goodwill	659	725	Retained earnings	55,418	56,577
Software	7	7	Treasury shares	(5,342)	(7,534)
Other	7,526	7,505	Accumulated other comprehensive income	836	1,272
Investments and other assets	4,614	4,427	Valuation difference on available-for-sale securities	609	926
Investment securities	1,536	1,549	Foreign currency translation adjustment	54	(87)
Deferred tax assets	1,380	1,534	Remeasurements of defined benefit plans	172	433
Other	(5)	(5)	Non-controlling interests	115	956
Allowance for doubtful accounts	67,044	67,591	Total net assets	62,133	62,376
Total assets	79,116	80,676	Total liabilities and net assets	79,116	80,676

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account item	(Reference) 50th fiscal year (April 1, 2021 to March 31, 2022)		(Fiscal year under review) 51st fiscal year (April 1, 2022 to March 31, 2023)	
Net sales		94,452		106,132
Cost of sales		75,310		85,346
Gross profit		19,141		20,786
Selling, general, and administrative expenses		7,944		9,091
Operating profit		11,196		11,694
Non-operating income				
Interest income	34		41	
Dividend income	80		96	
Gain on investments in investment partnerships	52		-	
Subsidy income	37		15	
Gain on cancellation of lease obligation	-		42	
Other	65	270	99	294
Non-operating expenses				
Interest expenses	31		28	
Loss on investments in investment partnerships	-		17	
Commission for purchase of treasury shares	3		6	
Foreign exchange losses	24		0	
Other	4	63	2	56
Ordinary profit		11,403		11,932
Extraordinary income				
Gain on sales of non-current assets	0	0	0	0
Extraordinary losses				
Loss on retirement of non-current assets	0		39	
Loss on valuation of investment securities	-		255	
Loss on cancellation of rental contracts	1		-	
Compensation for damage	16	19	-	295
Profit before income taxes		11,384		11,637
Income taxes - current	3,625		3,996	
Income taxes - deferred	(78)	3,546	(363)	3,632
Profit		7,837		8,005
Profit (loss) attributable to non-controlling interests		(16)		4
Profit attributable to owners of parent		7,853		8,001

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Account item	(Reference) 50th fiscal year (As of March 31, 2022)	(Fiscal year under review) 51st fiscal year (As of March 31, 2023)	Account item	(Reference) 50th fiscal year (As of March 31, 2022)	(Fiscal year under review) 51st fiscal year (As of March 31, 2023)
(Assets)			(Liabilities)		
Current assets	50,937	47,936	Current liabilities	10,048	10,635
Cash and deposits	37,789	32,696	Accounts payable - trade	3,499	3,938
Notes and accounts receivable-trade, and contract assets	11,396	13,201	Accounts payable - other	1,070	853
Securities	1,200	799	Accrued expenses	325	321
Merchandise	16	142	Income taxes payable	1,818	1,757
Work in process	92	108	Contract liabilities	166	400
Supplies	5	8	Deposits received	106	106
Advance payments to suppliers	136	134	Provision for bonuses	1,931	2,025
Prepaid expenses	192	320	Provision for bonuses for directors (and other officers)	67	65
Other	110	527	Provision for loss on orders received	72	9
Allowance for doubtful accounts	(2)	(3)	Other	991	1,156
Non-current assets	17,117	19,188	Non-current liabilities	700	747
Property, plant and equipment	3,026	2,999	Provision for retirement benefits	623	668
Buildings	886	847	Asset retirement obligations	77	78
Tools, furniture and fixtures	173	186	Total liabilities	10,748	11,382
Land	1,965	1,965	(Net assets)		
Intangible assets	551	541	Shareholders' equity	56,697	54,816
Software	550	540	Share capital	6,113	6,113
Other	0	1	Capital surplus	6,190	6,190
Investments and other assets	13,539	15,647	Legal capital surplus	6,190	6,190
Investment securities	4,534	4,347	Retained earnings us	49,735	50,047
Shares of subsidiaries and associates	6,472	8,679	Legal retained earnings	411	411
Investments in capital of subsidiaries and associates	327	327	Other retained earnings	49,323	49,635
Long-term prepaid expenses	29	105	General reserve	11,170	11,170
Deferred tax assets	1,140	1,170	Retained earnings brought forward	38,153	38,465
Other	1,041	1,023	Treasury shares	(5,342)	(7,534)
Allowance for doubtful accounts	(5)	(5)	Valuation and translation adjustments	609	926
			Valuation difference on available-for-sale securities	609	926
			Total net assets	57,306	55,743
Total assets	68,055	67,125	Total liabilities and net assets	68,055	67,125

Non-consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account item	(Reference)		(Fiscal year under review)	
	50th fiscal year (April 1, 2021 to March 31, 2022)		51st fiscal year (April 1, 2022 to March 31, 2023)	
Net sales		67,594		74,356
Cost of sales		53,504		59,176
Gross profit		14,090		15,179
Selling, general, and administrative expenses		4,988		5,476
Operating profit		9,101		9,702
Non-operating income				
Interest income	6		4	
Interest on securities	19		17	
Dividend income	486		575	
Gain on investments in investment partnerships	52		-	
Other	41	606	58	657
Non-operating expenses				
Loss on investments in investment partnerships	-		17	
Commission for purchase of treasury shares	3		6	
Foreign exchange losses	1		1	
Other	-	5	0	26
Ordinary profit		9,702		10,333
Extraordinary income	-	-	-	-
Extraordinary losses				
Loss on retirement of non-current assets	0		0	
Office relocation expenses	-		255	
Loss on valuation of shares of subsidiaries and associates	448		216	
Other	1	451	-	472
Profit before income taxes		9,251		9,860
Income taxes - current	2,830		2,955	
Income taxes - deferred	(173)	2,657	(169)	2,785
Profit		6,594		7,075

Independent Auditors' Report
(English Translation)

May 15, 2023

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, 2022 through March 31, 2023.

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. The Audit and Supervisory Committee is 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 and the Audit and Supervisory Committee 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.

The Audit and Supervisory Committee is 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee 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 15, 2023

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 51st fiscal year from April 1, 2022 through March 31, 2023.

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, 2023, 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. The Audit and Supervisory Committee is 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 and the Audit and Supervisory Committee 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 Audit and Supervisory Committee is 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee has audited the Directors' performance of their duties during the 51st fiscal year from April 1, 2022 to March 31, 2023, and hereby reports as follows in regard to the method and results of those audits:

1. Auditing Method Used by the Audit and Supervisory Committee, and Details Thereof

(1) The Audit and Supervisory Committee has determined the audit policy and the division of duties, and in compliance with the audit policy and division of duties, has communicated with Directors, the Internal Audit Office and other employees, etc., endeavored to collect information and enhance the audit environment, and undertaken audits using the methods described below.

- 1) Audit and Supervisory Committee Members 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, Audit and Supervisory Committee Members 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 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, the Audit and Supervisory Committee 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) The Audit and Supervisory Committee 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 the Audit and Supervisory Committee 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 Audit and Supervisory Committee reviewed the business report and its accompanying supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated 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 Non-consolidated Financial Statements, the Accompanying Supplementary Schedules, and the 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 15, 2023

The Audit and Supervisory Committee, DTS CORPORATION

Full-time Audit and Supervisory Committee Member (Director)
Audit and Supervisory Committee Member (Outside Director)
Audit and Supervisory Committee Member (Outside Director)
Audit and Supervisory Committee Member (Outside Director)

Takao Sakamoto
Kenji Yukimoto
Taeko Ishii
Yutaka Takei

End