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[Document Submitted]	Quarterly Securities Report (“Shihanki Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Date of Submission]	November 8, 2023
[Quarterly Accounting Period]	Second Quarter of the 52nd Fiscal Year (From July 1, 2023 to September 30, 2023)
[Company Name]	Kabushiki Kaisha DTS
[Company Name (in English)]	DTS CORPORATION
[Position and Name of Representative]	Tomoaki Kitamura, Representative Director and President
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[Contact for Communications]	Takeo Haruki, Executive Officer, General Manager, Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Note: This document has been translated from 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.

Part I. Company Information

I. Overview of Company

1. Key financial data and trends

Fiscal year		First six months of 51st	First six months of 52nd	51st
Fiscal period		From April 1, 2022 to September 30, 2022	From April 1, 2023 to September 30, 2023	From April 1, 2022 to March 31, 2023
Net sales	(Millions of yen)	49,925	56,739	106,132
Ordinary profit	(Millions of yen)	5,176	6,120	11,932
Profit attributable to owners of parent	(Millions of yen)	3,314	4,139	8,001
Comprehensive income	(Millions of yen)	3,492	4,849	8,365
Net assets	(Millions of yen)	58,851	63,162	62,376
Total assets	(Millions of yen)	74,378	80,624	80,676
Basic earnings per share (Yen)	(Yen)	74.29	95.28	181.41
Diluted earnings per share	(Yen)	–	–	–
Equity ratio	(%)	79.0	77.0	76.1
Cash flows from operating activities	(Millions of yen)	2,955	6,067	7,642
Cash flows from investing activities	(Millions of yen)	207	(3,249)	(931)
Cash flows from financing activities	(Millions of yen)	(6,710)	(4,833)	(9,095)
Cash and cash equivalents at end of the period	(Millions of yen)	42,354	41,451	43,364

Fiscal year		Second quarter of 51st	Second quarter of 52nd
Fiscal period		From July 1, 2022 to September 30, 2022	From July 1, 2023 to September 30, 2023
Basic earnings per share	(Yen)	43.18	53.09

Notes: 1. Key financial data and trends are not presented since the Company prepares quarterly consolidated financial statements.

2. Diluted earnings per share is not presented since no potential shares exist.

2. Description of business

In the six months under review, there were no significant changes in the description of business operated by the Company and its subsidiaries and associates. In addition, there were no changes in major subsidiaries and associates.

II. Overview of Business

1. Business and other risks

In the six months under review, there were no new business or other risks.

In addition, there were no significant changes in business or other risks presented in the Annual Securities Report for the previous fiscal year.

2. Management's analysis of financial position, operating results and cash flows

(1) Financial position and operating results

Forward-looking statements in this document are based on our views as of the end of the quarter under review.

In the first six months of the year ending March 31, 2024, although the Japanese economy has been recovering moderately, there is a risk that a downturn in overseas economic conditions could dampen business sentiment in Japan looking ahead amid factors that include effects associated with financial tightening worldwide and concerns regarding the Chinese economic outlook. Furthermore, we must be fully aware of the impacts of rising prices and fluctuations in the financial and capital markets.

The Group formulated "Vision 2030" in April 2022 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.

In the fiscal year under review, we are aiming for net sales of ¥115.0 billion and EBITDA of ¥13.0 billion, one year ahead of the goals of our medium-term management plan.

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

We are enhancing our initiatives in "focus businesses" (Note 1) as the Group's target areas to achieve rapid growth. In the 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 six months under review, net sales of focus businesses made up 46.9% of total net sales, showing steady progress toward our goal.

We acquired all shares of Anshin Project Japan Inc. on May 2023. We are working on enhancing the value of our proposals in 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 know-how, sales base, and operational and maintenance know-how accumulated by Anshin Project Japan Inc. over many years of selling "Walk in home."

(Note 1) Focus businesses

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

■ "Strengthen ESG initiatives"

We issued stock based on a newly established restricted stock compensation plan for employees in August 2023. The plan helps employees build their wealth in addition to providing incentive to

employees of the Company to sustainably increase the corporate value of the Company and promote further sharing among employees of value with the Company's shareholders.

We actively promote social contribution activities, believing it important that individual employees increase their awareness of social contribution and put it into action.

The Group has conducted volunteer activities supporting the recovery from the Great East Japan Earthquake at the vineyards of Tomioka Wine Domaine which aims to develop a new community with wine at its core. During the fiscal year under review, approximately 50 Group employees participated in the project, helping to maintain covers to protect wine grape seedlings and weeding, etc.

In June 2023, MIRUCA CORPORATION, education and training services provider in the IT field, became the first Group company to appoint a woman to serve as Representative Director and President.

In August 2023, we were selected for the second consecutive year as a constituent brand for the JPX-Nikkei Index 400 (Note 1) for fiscal 2023 (August 31, 2023 to August 29, 2024).

(Note 1) 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.

■ "Reform management foundation"

As we entered the second year of Vision 2030 and the medium-term management plan, in order to steadily implement growth strategies for each business segment, the Company transitioned to a segment-centric business management system. Specifically, from the standpoint of clarifying the mission, increasing agility, flexibly allocating resources, enhancing collaboration within the group, etc., the Company established a control organization that oversees the unit that each segment belongs to, as well as a promotion department that is in charge of formulating and implementing medium- to long-term plans.

Furthermore, aiming to further strengthen and expand the system infrastructure-related business, effectively utilize management resources, and increase the efficiency of business operations, we resolved at the Board of Directors meeting to conduct a merger of DIGITAL TECHNOLOGIES CORPORATION and I Net Rely Corporation, wholly-owned subsidiaries of the Company. The effective date of merger is scheduled for April 1, 2024.

■ "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 resolved at the Board of Directors meeting held in April 2023 to acquire and cancel up to ¥1.6 billion in treasury shares from May to October 2023.

As a result of the above, the Group reported net sales of ¥56,739 million for the six months under review (+ 13.6% year on year).

Gross profit was ¥11,642 million (+24.8% year on year) due to the increase in net sales.

Selling, general and administrative expenses were ¥5,610 million (+33.8% year on year). With the increase in gross profit, operating profit came to ¥6,031 million (+17.5% year on year), and ordinary profit came to ¥6,120 million (+18.3% year on year). Profit attributable to owners of parent was ¥4,139 million (+24.9% year on year), mainly due to the increase in ordinary profit.

(Millions of yen)

	Consolidated	Year-on-year change
		(%)
Net sales	56,739	13.6
Operating profit	6,031	17.5
Ordinary profit	6,120	18.3
Profit attributable to owners of parent	4,139	24.9

<Breakdown of net sales>

(Millions of yen)

	Consolidated	Year-on-year change
		(%)
Operation & Solutions	20,703	6.0
Technology & Solutions	20,409	28.5
Platforms & Services	15,626	7.7
Total	56,739	13.6

Summaries of the operational conditions of each segment are as follows.

Operation & Solutions Segment

Net sales came to ¥20,703 million (+6.0% year-on-year), due to steady growth in system development for the banking industry and the government sector.

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.

We began offering AMLion, an anti-money laundering system that meets the “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism in Credit Card Companies” by the Financial Services Agency and the Ministry of Economy, Trade and Industry (METI) to the credit card industry. We have been providing our AMLion anti-money laundering measure system compliant with international standards, as an industry-specific solution and service, to securities firms and others.

Moreover, we have entered into a strategic partnership with Mastercard to deliver cybersecurity solutions that enhance digital fraud detection capabilities.

We have furthermore started providing Solutions related to the Criminal Accounts Damage Recovery Act, developed by leveraging our prior experience in bank systems development and our successful record in the field of combatting financial crimes.

Going forward, we will contribute to increasing the level and efficiency of anti-financial crime operations.

Moreover, at DTS WEST CORPORATION, the “kotosora,” (Note 2) AI-based FAQ solution was adopted for the business for providing AI chatbot services in the LGWAN (Note 1) environments by Japan Agency for Local Authority Information Systems (J-LIS).

(Note 1) LGWAN

LGWAN stands for Local Government Wide Area Network. It refers to a communications network exclusively for government use connecting the intranets of local public entities while maintaining high levels of security.

(Note 2) kotosora

The kotosora service operates within a web browser and employs artificial intelligence (AI) to enable natural language processing, thereby providing responses to frequently asked questions (FAQs) in the form of chat-based dialogue.

Technology & Solutions Segment

Net sales came to ¥20,409 million (+28.5% year on year), due to strong progress in packaged solutions such impacts as production management systems 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, strengthen ERP business expansion, and establish the technologies for edge AI and cyber security, among others.

We have positioned ServiceNow® as one of our key areas of focus in seeking to extend our business domain by creating new solutions and services that prompt evolution from existing SI business models centered on applications development. We will accordingly establish employee training programs for enabling development in the short-term of digital professionals and value-generating talent sought after by the market.

Platforms & Services Segment

Net sales came to ¥15,626 million (+7.7% year on year) due to increases in operational and infrastructure construction projects and large-scale 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 HybridCloud, Data Management, etc.,” and “promote network integration business,” among others.

In April 2023, an identity verification system that can be completed online (electronic Know Your Customer: eKYC (Note 1)) and “DTS eKYC Service” that combine the Company’s Business Process Outsourcing (BPO) services became available.

In addition, in order to support the efficiency and sophistication of enterprise IT service management, we will start offering consulting and utilization support services for the introduction of the Jira product line, centered on Jira Service Management provided by Atlassian Pty Ltd, utilizing our extensive know-how in system operation.

(Note 1) eKYC

A service that allows customers to complete identity verification required when opening an account or starting to use a service online. By using AI (e.g., facial recognition), the eKYC system eliminates time and effort including document exchange, and achieves identity verification in a short period of time. Furthermore, by transforming the process of identification verification required online, this also achieves simplification of administrative processes on the company’s side.

Total assets as of September 30, 2023 were ¥80,624 million. Goodwill increased by ¥1,443 million, investment securities included in other under investments and other assets increased by ¥892 million, prepayment of treasury share repurchases included in other under current assets increased by ¥456 million, work in process increased by ¥356 million, and long-term prepaid expenses included in other under investments and other assets increased by ¥272 million. However, total assets decreased by ¥51 million compared to the end of the previous fiscal year due to the decrease in notes and accounts receivable - trade, and contract assets of ¥2,647 million, and the decrease of cash and deposits of ¥828 million.

Liabilities were ¥17,462 million. Long-term accounts payable - other included in other under non-current liabilities increased by ¥299 million, and accounts payable - other included in other under current liabilities increased by ¥294 million. However, liabilities decreased by ¥837 million compared to the end of the previous fiscal year due to the decrease in accounts payable - trade of ¥861 million and the decrease in accrued consumption taxes included in other under current liabilities of ¥522 million.

Net assets were ¥63,162 million. Net assets increased by ¥785 million compared to the end of the previous fiscal year due to profit attributable to owners of parent of ¥4,139 million, the increase in valuation difference on available-for-sale securities of ¥364 million, the increase in foreign currency translation adjustment of ¥236 million, and the increase in non-controlling interests of

¥135 million, despite dividends of surplus of ¥3,051 million and purchase of treasury shares of ¥1,144 million.

(2) Cash flows

Cash and cash equivalents (hereinafter, “cash”) as of September 30, 2023 was ¥41,451 million, a decrease of ¥1,912 million from ¥43,364 million as of the previous fiscal year-end.

The respective cash flow positions in the six months under review and comparisons with the same period of the previous fiscal year are as follows.

Net cash provided by operating activities was ¥6,067 million. There was an increase in cash provided of ¥3,112 million compared with the same period of the previous fiscal year. This mainly reflected factors such as an increase in revenue of ¥2,066 million due to a decrease in trade receivables and contract assets, and an increase in revenue of ¥1,200 million due to an increase in profit before income taxes.

Net cash used in investing activities was ¥3,249 million. There was an increase in cash used of ¥3,457 million compared with the same period of the previous fiscal year. This mainly reflected factors such as an increase in purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,547 million, an increase in payments into time deposits of ¥1,041 million, and a decrease in proceeds from redemption of securities of ¥500 million.

Net cash used in financing activities was ¥4,833 million. There was a decrease in cash used of ¥1,876 million compared with the same period of the previous fiscal year. This mainly reflected factors such as a decrease of purchase of treasury shares including the prepayment of ¥3,403 million, despite an increase of dividends paid of ¥1,253 million.

(3) Business and financial issues to be addressed

[Issues to be addressed by the Group]

In the six months under review, there were no new issues nor significant changes in business and financial issues to be addressed by the Group.

(4) Research and development activities

The amount of research and development expenses of the Group for the six months under review was ¥76 million.

In the six months under review, there were no significant changes in research and development activities conducted by the Group.

(5) Results of production, orders and sales

In the six months under review, order volume and order backlog in the “Technology & Solutions” increased dramatically year on year. This was due to the inclusion of the results of Partners Information Technology, Inc. in the scope of consolidation from the fourth quarter of the previous fiscal year. Order backlog in the “Platforms & Services” decreased dramatically year on year. This was mainly due to reactionary decline in orders received for large-scale projects in the same period of the previous fiscal year.

Effective from the first quarter of the fiscal year ending March 31, 2024, DTS America Corporation and DTS SOFTWARE VIETNAM CO., LTD. which were previously classified in the “Operation & Solutions,” have been reclassified into the “Technology & Solutions.” For the year-on-year percentage change below, we use figures from the same period of the previous fiscal year prepared based on the classification method following the change.

For details, please refer to IV. Financial Information; 1. Quarterly consolidated financial statements; Notes to quarterly consolidated financial statements (Segment information, etc.).

(i) Production

Production in the six months under review is as follows.

Segment	Production (Millions of yen)	Year-on-year change (%)
Operation & Solutions	20,703	6.0
Technology & Solutions	20,409	28.5
Platforms & Services	15,626	7.7
Total	56,739	13.6

Note: Inter-segment transactions have been eliminated.

(ii) Orders

Orders in the six months under review are as follows.

Segment	Order volume (Millions of yen)	Year-on-year change (%)	Order backlog (Millions of yen)	Year-on-year change (%)
Operation & Solutions	20,767	15.4	11,097	27.4
Technology & Solutions	20,594	32.3	12,131	88.4
Platforms & Services	12,004	(27.8)	7,499	(32.4)
Total	53,367	6.3	30,729	17.1

Note: Inter-segment transactions have been eliminated.

(iii) Sales

Sales in the six months under review are as follows.

Segment	Sales (Millions of yen)	Year-on-year change (%)
Operation & Solutions	20,703	6.0
Technology & Solutions	20,409	28.5
Platforms & Services	15,626	7.7
Total	56,739	13.6

Note: Inter-segment transactions have been eliminated.

3. Important business contracts

For the second quarter under review, there were no decisions or conclusion of material contracts, etc.

III. Corporate Information

1. Information on the Company's shares

(1) Number of shares and other

(i) Number of shares

Class of shares	Total number of authorized shares
Common stock	100,000,000
Total	100,000,000

(ii) Issued shares

Class of shares	Number of shares issued as of the end of the second quarter (Shares) (September 30, 2023)	Number of shares issued as of the submission date (Shares) (November 8, 2023)	Name of listed financial instruments exchange or registered or licensed financial instruments firms association	Description
Common stock	47,590,832	47,590,832	Tokyo Stock Exchange Prime Section	The number of shares constituting a standard unit 100 shares
Total	47,590,832	47,590,832	–	–

(2) Status of the share acquisition rights

(i) Stock option plans

No items to report.

(ii) Other share acquisition rights, etc.

No items to report.

(3) Exercise status of bonds with share acquisition rights containing a clause for exercise price adjustment

No items to report.

(4) Changes in the number of shares issued and the amount of share capital and other

Date	Changes in the number of shares issued (Shares)	Balance of the number of shares issued (Shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From July 1, 2023 to September 30, 2023	–	47,590,832	–	6,113	–	6,190

(5) Major shareholders

As of September 30, 2023

Name	Address	Number of shares held (Thousand shares)	Number of shares (excluding treasury shares) held as a percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	5,761	13.30
DTS Group Employee Shareholding Association	Empire Building, 2-23-1 Hatchobori, Chuo-ku, Tokyo	3,110	7.18
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,411	5.56
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	100 King Street West, Suite 3500, PO BOX 23 Toronto, Ontario M5X 1A9 Canada (Tower A, SHINAGAWA INTERCITY, 2-15-1, Konan, Minato-ku, Tokyo)	2,307	5.33
NTC Corporation	28F, Sunshine 60 Bldg., 3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	1,171	2.70
Kumiko Akiyama	Meguro-ku, Tokyo	1,120	2.58
AVI GLOBAL TRUST PLC (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	51 New North Road Exeter Devon EX4 4EP United Kingdom (Tower A, SHINAGAWA INTERCITY, 2-15-1, Konan, Minato-ku, Tokyo)	952	2.20
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 Greenwich Street, New York, NY 10286, United States (Tower A, SHINAGAWA INTERCITY, 2-15-1, Konan, Minato-ku, Tokyo)	931	2.15
Chitomu Kosaki	Urayasu City, Chiba	803	1.85
JPMorgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (Tower A, SHINAGAWA INTERCITY, 2-15-1, Konan, Minato-ku, Tokyo)	792	1.83
Total	–	19,362	44.71

Notes: 1. According to its Large Shareholding Report (Change Report) issued for public inspection dated December 22, 2020, Mizuho Bank, Ltd. and its joint holders owned a stake in the Company as of December 15, 2020 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of the end of the second quarter under review, and the Company has not included Mizuho Bank, Ltd. in the list of major shareholders detailed above.

For reference, the content of the Large Shareholding Report (Change Report) is as follows:

Individual or company name	Address	Number of shares held (Thousand shares)	Percentage of shares, etc. held (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	621	1.23
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	1,298	2.57

2. According to its Large Shareholding Report (Change Report) issued for public inspection dated August 5, 2021, Acadian Asset Management LLC owned a stake in the Company as of July 30, 2021 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of the end of the second quarter under review, and the Company has not included Acadian Asset Management LLC in the list of major shareholders detailed above.

For reference, the content of the Large Shareholding Report (Change Report) is as follows:

Individual or company name	Address	Number of shares held (Thousand shares)	Percentage of shares, etc. held (%)
Acadian Asset Management LLC	20F, 260 Franklin Street, Boston, Massachusetts, United States	1,749	3.47

3. According to its Large Shareholding Report (Change Report) issued for public inspection dated February 15, 2022, Asset Value Investors Limited owned a stake in the Company as of February 14, 2022 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of the end of the second quarter under review, and the Company has not included Asset Value Investors Limited in the list of major shareholders detailed above.

For reference, the content of the Large Shareholding Report (Change Report) is as follows:

Individual or company name	Address	Number of shares held (Thousand shares)	Percentage of shares, etc. held (%)
Asset Value Investors Limited	2 Cavendish Square London, United Kingdom	4,489	8.90

4. According to its Large Shareholding Report (Change Report) issued for public inspection dated November 7, 2022, Sumitomo Mitsui Trust Bank, Limited and its joint holders owned a stake in the Company as of October 31, 2022 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of the end of the second quarter under review, and the Company has not included Sumitomo Mitsui Trust Bank, Limited in the list of major shareholders detailed above.

For reference, the content of the Large Shareholding Report is as follows:

Individual or company name	Address	Number of shares held (Thousand shares)	Percentage of shares, etc. held (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	531	1.12
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo	1,387	2.92
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	640	1.35

(6) Status of voting rights

(i) Issued shares

As of September 30, 2023

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Others)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common stock 4,292,400	–	–
Shares with full voting rights (Others)	Common stock 43,268,300	432,683	–
Stocks of less than a standard unit	Common stock 30,132	–	Stocks of less than a standard unit (100 shares)
Total number of issued shares	47,590,832	–	–
Total voting rights held by all shareholders	–	432,683	–

Note: Number of shares and number of voting rights in the “Shares with full voting rights (Others)” section include 26,800 shares and 268 voting rights in the name of Japan Securities Depository Center.

(ii) Treasury shares, etc.

As of September 30, 2023

Name or designation of owner	Addresses of owner	Number of shares held under own name (Shares)	Number of shares held under the name of a third party (Shares)	Total number of shares held (Shares)	Ratio of shares held to the total number of shares issued (%)
DTS CORPORATION	2-23-1 Hatchobori, Chuo-ku, Tokyo	4,292,400	–	4,292,400	9.01
Total	–	4,292,400	–	4,292,400	9.01

- Notes:
1. At a meeting of the Board of Directors held on April 28, 2023, the Company resolved on the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act. Accordingly, the Company acquired 336,300 treasury shares during the period from May 8, 2023 to September 26, 2023.
 2. At a meeting of the Board of Directors held on June 22, 2023, the Company resolved on the disposal of treasury shares as restricted stock compensation. Accordingly, 9,932 shares were disposed on July 14, 2023.
 3. At a meeting of the Board of Directors held on June 22, 2023, the Company resolved on the disposal of treasury shares for granting restricted shares for the Employee Shareholding Association. Accordingly, 27,573 shares were disposed on August 30, 2023.
 4. As a result of the acquisition and disposals as described in Notes 1 through 3 above, the total of the number of treasury shares held and the number of shares held were 4,292,427 shares, respectively, including the number of shares acquired through the repurchase of the fractional shares.

2. Directors (and other officers)

No items to report.

IV. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the Cabinet Office Ordinance No. 64, 2007 “Regulation on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements.”

2. Auditing and attestation

The quarterly consolidated financial statements for the second quarter of the fiscal year ending March 31, 2024 and for the first six months of the fiscal year ending March 31, 2024 (from April 1, 2023 to September 30, 2023) were reviewed by Ernst & Young ShinNihon LLC, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

1. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	43,531	42,702
Notes and accounts receivable - trade, and contract assets	21,023	18,376
Securities	799	500
Merchandise and finished goods	660	787
Work in process	239	596
Raw materials and supplies	46	37
Other	1,299	1,723
Allowance for doubtful accounts	(8)	(15)
Total current assets	67,591	64,708
Non-current assets		
Property, plant and equipment	3,567	3,666
Intangible assets		
Goodwill	1,277	2,721
Other	733	855
Total intangible assets	2,010	3,577
Investments and other assets		
Other	7,511	8,678
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	7,505	8,672
Total non-current assets	13,084	15,916
Total assets	80,676	80,624

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable – trade	6,842	5,981
Income taxes payable	2,583	2,193
Provision for bonuses	2,964	3,132
Provision for bonuses for directors (and other officers)	80	39
Provision for loss on orders received	19	13
Other	5,156	5,081
Total current liabilities	17,646	16,442
Non-current liabilities		
Retirement benefit liability	511	505
Other	141	514
Total non-current liabilities	652	1,019
Total liabilities	18,299	17,462
Net assets		
Shareholders' equity		
Share capital	6,113	6,113
Capital surplus	4,992	5,051
Retained earnings	56,577	57,664
Treasury shares	(7,534)	(8,605)
Total shareholders' equity	60,148	60,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	926	1,290
Foreign currency translation adjustment	(87)	148
Remeasurements of defined benefit plans	433	408
Total accumulated other comprehensive income	1,272	1,847
Non-controlling interests	956	1,091
Total net assets	62,376	63,162
Total liabilities and net assets	80,676	80,624

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	49,925	56,739
Cost of sales	40,596	45,097
Gross profit	9,328	11,642
Selling, general and administrative expenses	*4,193	*5,610
Operating profit	5,134	6,031
Non-operating income		
Interest income	17	36
Dividend income	50	51
Other	27	58
Total non-operating income	95	145
Non-operating expenses		
Interest expenses	13	5
Loss on investments in investment partnerships	11	10
Foreign exchange losses	21	36
Other	7	3
Total non-operating expenses	53	55
Ordinary profit	5,176	6,120
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	255	–
Total extraordinary losses	255	0
Profit before income taxes	4,920	6,120
Income taxes	1,625	1,931
Profit	3,294	4,188
Profit (loss) attributable to non-controlling interests	(19)	49
Profit attributable to owners of parent	3,314	4,139

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,294	4,188
Other comprehensive income		
Valuation difference on available-for-sale securities	72	364
Foreign currency translation adjustment	132	321
Remeasurements of defined benefit plans, net of tax	(6)	(25)
Total other comprehensive income	198	660
Comprehensive income	3,492	4,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,503	4,714
Comprehensive income attributable to non-controlling interests	(10)	135

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,920	6,120
Depreciation	278	288
Amortization of goodwill	35	212
Increase (decrease) in provision for bonuses	185	143
Increase (decrease) in provision for bonuses for directors (and other officers)	(33)	(40)
Increase (decrease) in provision for loss on orders received	90	(5)
Increase (decrease) in retirement benefit liability	27	(40)
Loss (gain) on valuation of investment securities	255	–
Decrease (increase) in trade receivables and contract assets	775	2,841
Decrease (increase) in inventories	208	(295)
Increase (decrease) in trade payables	(1,071)	(957)
Other, net	(634)	(33)
Subtotal	5,038	8,233
Interest and dividends received	69	72
Interest paid	(13)	(5)
Income taxes paid	(2,138)	(2,231)
Net cash provided by (used in) operating activities	2,955	6,067
Cash flows from investing activities		
Proceeds from redemption of securities	800	300
Purchase of property, plant and equipment	(159)	(85)
Purchase of intangible assets	(123)	(225)
Purchase of investment securities	(325)	(400)
Payments into time deposits	(173)	(1,215)
Proceeds from withdrawal of time deposits	176	201
Net decrease (increase) in short-term loans receivable	(1)	(2)
Proceeds from distributions from investment partnerships	15	21
Purchase of long-term prepaid expenses	–	(297)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,547)
Other, net	(1)	1
Net cash provided by (used in) investing activities	207	(3,249)
Cash flows from financing activities		
Purchase of treasury shares	(5,007)	(1,147)
Decrease (increase) in segregated deposits for purchase of treasury shares	–	(456)
Dividends paid	(1,796)	(3,050)
Other, net	94	(179)
Net cash provided by (used in) financing activities	(6,710)	(4,833)
Effect of exchange rate change on cash and cash equivalents	84	103
Net increase (decrease) in cash and cash equivalents	(3,462)	(1,912)
Cash and cash equivalents at beginning of period	45,817	43,364
Cash and cash equivalents at end of period	*42,354	*41,451

Notes to quarterly consolidated financial statements

(Changes in scope of consolidation or scope of application of the equity method)

For the first quarter of the fiscal year ending March 31, 2024, the Company acquired shares of Anshin Project Japan Inc., and it became a consolidated subsidiary of the Company.

(Changes in accounting estimates)

(Changes in actuarial differences in accounting for retirement benefits and years of amortization for past service cost)

Regarding changes in actuarial differences in accounting for retirement benefits and years of amortization for past service cost, previously, actuarial gains and losses and past service cost were amortized over a certain number of years within the average remaining service period of employees, with actuarial gains and losses being amortized over 12 to 15 years and past service cost being amortized over 12 years. However, since the average remaining service period is lower than this, the number of years for amortization of actuarial gains and losses and the number of years for amortization of past service costs have been changed to 10 to 12 years and 10 years, respectively, effective from the first quarter.

The effect of this change on profit or loss for the six months under review is immaterial.

(Specific accounting applied for preparing quarterly consolidated financial statements)

(Calculation of taxes)

Taxes are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the second quarter under review, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.

(Consolidated statements of income)

* Main items of selling, general and administrative expenses

	(Millions of yen)	
	For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Salaries and allowances	1,526	2,018
Provision for bonuses	410	513

(Consolidated statements of cash flows)

* Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheets

	(Millions of yen)	
	For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Cash and deposits	42,672	42,702
Time deposits with a maturity over 3 months	(317)	(1,250)
Cash and cash equivalents	42,354	41,451

(Shareholders' equity)

I For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
June 23, 2022 Annual General Meeting of Shareholders	Common stock	1,802	40	March 31, 2022	June 24, 2022	Retained earnings

2. Dividends for which the record date falls in the six months under review and the effective date is arriving after the end of the second quarter under review

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
October 31, 2022 Board of Directors	Common stock	2,179	50	September 30, 2022	November 22, 2022	Retained earnings

Note: The dividend of ¥50 per share resolved by the Board of Directors on October 31, 2022, includes a commemorative dividend of ¥20 for the 50th anniversary of the Company's foundation.

II For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
June 22, 2023 Annual General Meeting of Shareholders	Common stock	3,051	70	March 31, 2023	June 23, 2023	Retained earnings

Note: The dividend of ¥70 per share resolved at the Annual General Meeting of Shareholders on June 22, 2023, includes a commemorative dividend of ¥30 for the 50th anniversary of the Company's foundation.

2. Dividends for which the record date falls in the six months under review and the effective date is arriving after the end of the second quarter under review

(Resolution)	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
October 30, 2023 Board of Directors	Common stock	1,948	45	September 30, 2023	November 21, 2023	Retained earnings

(Segment information, etc.)

Segment Information

I For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information about net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount reported on the quarterly consolidated statements of income (Note 2)
	Operation & Solutions	Technology & Solutions	Platforms & Services	Total		
Net sales						
Sales to external customers	19,535	15,882	14,507	49,925	–	49,925
Intersegment sales or transfers	691	57	292	1,041	(1,041)	–
Total	20,226	15,939	14,800	50,966	(1,041)	49,925
Segment profit	2,018	1,708	1,407	5,134	(0)	5,134

- Notes: 1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the quarterly consolidated statements of income.

II For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information about net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount reported on the quarterly consolidated statements of income (Note 2)
	Operation & Solutions	Technology & Solutions	Platforms & Services	Total		
Net sales						
Sales to external customers	20,703	20,409	15,626	56,739	–	56,739
Intersegment sales or transfers	709	30	221	961	(961)	–
Total	21,413	20,439	15,847	57,700	(961)	56,739
Segment profit	2,400	2,164	1,463	6,027	3	6,031

- Notes: 1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the quarterly consolidated statements of income.

2. Matters concerning changes in reportable segments

DTS America Corporation and DTS SOFTWARE VIETNAM CO., LTD. which were previously included in “Operation & Solutions” are included in “Technology & Solutions” from the first quarter. The effect of this change is immaterial.

Segment information presented for the six months ended September 30, 2022 has been realigned based on the new segment classifications.

3. Information about impairment loss or goodwill, etc. on non-current assets by reportable segment (Significant changes in amount of goodwill)

In the first quarter, goodwill was recognized in the “Technology & Solutions” segment due to the acquisition of Anshin Project Japan Inc. The increase in goodwill from this event was ¥1,271 million.

(Revenue recognition)

Breakdown of revenue arising from contracts with customers

For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segment			Total
	Operation & Solutions	Technology & Solutions	Platforms & Services	
Services	1,423	4,715	10,066	16,205
SI and development	18,093	11,041	753	29,888
Products	18	124	3,687	3,831
Revenue arising from contracts with customers	19,535	15,882	14,507	49,925
Sales to external customers	19,535	15,882	14,507	49,925

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segment			Total
	Operation & Solutions	Technology & Solutions	Platforms & Services	
Services	1,175	5,971	10,853	18,000
SI and development	19,501	14,290	650	34,442
Products	26	146	4,123	4,296
Revenue arising from contracts with customers	20,703	20,409	15,626	56,739
Sales to external customers	20,703	20,409	15,626	56,739

Note: Matters concerning changes in reportable segments

Effective from the first quarter of the fiscal year ending March 31, 2024, reportable segments have been reclassified. For details, please refer to IV. Financial Information; 1. Quarterly consolidated financial statements; Notes to quarterly consolidated financial statements (Segment information, etc.).

Breakdown of revenue arising from contracts with customers presented for the six months ended September 30, 2022 has been realigned based on the new segment classifications.

(Per share information)

Basic earnings per share and calculation basis are as follows.

	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Basic earnings per share (Yen)	74.29	95.28
<i>(Calculation basis)</i>		
Profit attributable to owners of parent (Millions of yen)	3,314	4,139
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common stock (Millions of yen)	3,314	4,139
Average number of outstanding shares of common stock during the period (Shares)	44,611,000	43,443,625

Note: Diluted earnings per share is not presented since no potential shares exist.

(Significant subsequent events)

No items to report.

2. Other

At the Board of Directors meeting held on October 30, 2023, the Company resolved on the interim dividends for the 52nd fiscal year as follows.

The total amount of interim dividends	¥1,948 million
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Dividend per share	¥45
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Effective date of the right to claim payment of dividends and the payment commencement date	November 21, 2023
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Note: The Company will pay dividends to shareholders registered or recorded on the shareholders' register as of September 30, 2023.

Part II. Information on Guarantors for the Company

No items to report.

**Independent Auditors' Report on the Quarterly Review of
the Quarterly Consolidated Financial Statements**
(English Translation)

November 8, 2023

To the Board of Directors
DTS CORPORATION

Ernst & Young ShinNihon LLC.
Tokyo office

Shigeru Sekiguchi
Designated and Engagement Partner
Certified Public Accountant

Saori Nakata
Designated and Engagement Partner
Certified Public Accountant

Conclusion

Pursuant to the provisions in Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have conducted the quarterly review on accompanying quarterly consolidated financial statements, which comprise the consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of cash flows and notes of DTS CORPORATION (the "Company") for the second quarter of the fiscal year ending March 31, 2024 and for the first six months of the fiscal year ending March 31, 2024 (from April 1, 2023 through September 30, 2023) of the fiscal year from April 1, 2023 through March 31, 2024, as listed in "Financial Information."

In our quarterly review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not present fairly, in all material respects, the financial positions of DTS CORPORATION and its consolidated subsidiaries as of September 30, 2023, and that their operating results and cash flows status for the first six months ended on such date are not in conformity with preparation standards generally accepted in Japan.

Basis for conclusion

We conducted the quarterly review in accordance with quarterly review standards generally accepted in Japan. Our responsibility under the quarterly review standards is stated in "Auditor's Responsibility for the Quarterly Review of the Quarterly 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 evidence to provide a basis for our conclusion.

Responsibilities of Management and the Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with preparation standards of the quarterly consolidated financial statements generally accepted in Japan. This includes design and operation of internal control as management determines is necessary to enable the preparation and fair presentation of the quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly 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 preparation standards of quarterly consolidated financial statements generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the execution of Directors' duties

related to designing and operating the financial reporting process.

Auditor's Responsibility for the Quarterly Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express our conclusion on these quarterly consolidated financial statements from an independent standpoint in a Report on the Quarterly Review of the Quarterly Consolidated Financial Statements based on our quarterly review.

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

- Mainly make inquiries to management, persons in charge of financial and accounting matters, and other relevant personnel, and perform analytical and other quarterly review procedures. Quarterly review procedures are more limited in scope than an audit of annual financial statements performed in accordance with auditing standards generally accepted in Japan.
- Based on the audit evidence, if we determine that 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, we will conclude on whether nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements are not fairly presented in accordance with preparation standards for quarterly consolidated financial statements generally accepted in Japan. In addition, 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 quarterly consolidated financial statements in the Report on the Quarterly Review of the Quarterly Consolidated Financial Statements, or if the notes to the quarterly consolidated financial statements pertaining to the significant uncertainty are inappropriate, the auditor is required to express a qualified conclusion or an adverse conclusion on the quarterly consolidated financial statements. While the auditor's conclusion is based on the evidence obtained up to the date of the Report on the Quarterly Review of the Quarterly Consolidated Financial Statements, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether nothing has come to our attention that causes us to believe that the presentation of and notes to the quarterly consolidated financial statements are not in accordance with preparation standards generally accepted in Japan, assess whether nothing has come to our attention that causes us to believe that the presentation, structure, and content of the quarterly consolidated financial statements including related notes, and the transactions and accounting events on which the quarterly consolidated financial statements are based are not fairly presented.
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision, and performance of the quarterly review of the quarterly consolidated financial statements. We are solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope, timing and significant findings of the quarterly review.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the provisions of professional ethics in Japan regarding independence, and to communicate with them matters that may reasonably be thought to bear on our independence, and details of whether measures are taken to delete disincentives or whether safeguards are applied in order to mitigate disincentives to an acceptable level.

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.

Notes: 1. The original of the above Report on the Quarterly Review of the Quarterly Consolidated Financial Statements is kept separately by the Company (the company submitting the Quarterly Securities Report).
2. The XBRL data is not included in the scope of quarterly review.