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(Stock Exchange Code 9682)
August 29, 2024

To Shareholders with Voting Rights:

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

NOTICE OF THE ADJOURNMENT MEETING OF THE 52ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you of the Adjournment Meeting of the 52nd Annual General Meeting of Shareholders (the “Adjournment Meeting”) of DTS CORPORATION (the “Company”). The Adjournment Meeting will be held for the purposes as described below.

In holding the Adjournment Meeting, the Company has taken measures for providing information in electronic format and posted items subject to measures for providing information in electronic format 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>

- 1. Date and Time:** Friday, September 13, 2024 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 52nd Fiscal Year (April 1, 2023 - March 31, 2024) 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 52nd Fiscal Year (April 1, 2023 - March 31, 2024)

(Request) When attending the meeting, please submit the enclosed Adjournment Meeting of the 52nd Annual General Meeting of Shareholders Attendance Form at the reception desk. Please also bring this Notice of the Adjournment Meeting 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 Adjournment Meeting, 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.) Pursuant to laws and regulations and provisions of the Articles of Incorporation, the paper-based documents to be delivered to shareholders do not include the following items subject to measures for providing information in electronic format: system to ensure proper business execution; overview of operational progress of framework for ensuring appropriate business operations; consolidated statement of changes in equity; notes to the consolidated financial statements; non-consolidated statement of changes in equity; and notes to the non-consolidated financial statements. 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.

Convocation of the Adjournment Meeting of the 52nd Annual General Meeting of Shareholders

The Company hereby notifies shareholders that of the matters to be reported (the “Matters to be Reported”) included in the agenda for the 52nd Annual General Meeting of Shareholders held on June 25, 2024 (the “General Meeting of Shareholders”), it will hold an adjournment meeting of the General Meeting of Shareholders to report those matters:

- Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company’s 52nd Fiscal Year (April 1, 2023 - March 31, 2024) 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 52nd Fiscal Year (April 1, 2023 - March 31, 2024)

As announced in the Company’s “Notice Concerning the Establishment of a Special Investigation Committee and the Convocation of an Adjournment Meeting of the 52nd Annual General Meeting of Shareholders” dated May 24, 2024, it was found that kickbacks and other illicit payments may have been made to the management, etc. of an overseas subsidiary of the Company by business partners. The Company established a special investigation committee consisting of independent outside experts, etc. and began an investigation on the same day (the “Investigation”). Accordingly, the Company was unable to report the Matters to be Reported at the General Meeting of Shareholders because the Investigation as well as the process of year-end closing, the process of the audits by the Accounting Auditor, etc. associated with the Investigation were expected to take considerable time.

As announced in its “Notice Concerning the Receipt of the Special Investigation Committee’s Investigation Report” (in Japanese) dated August 2, 2024, the Company received the Special Investigation Committee’s investigation report on the same day.

The results of the Investigation are as stated in the investigation report for disclosure attached to the Company’s “Notice Concerning the Publication of the Special Investigation Committee’s Investigation Report for Disclosure” (in Japanese) dated August 6, 2024.

After the completion of the Investigation, the entire process of year-end closing for the 52nd fiscal year was completed, and the Company is now ready to report the Matters to be Reported.

Accordingly, the Company hereby notifies shareholders of the convocation of the Adjournment Meeting, based on the shareholders’ approval given at the General Meeting of Shareholders held on June 25, 2024 for the Company’s proposal that the Board of Directors be entrusted to determine the date and time and venue of the Adjournment Meeting.

We sincerely apologize for the considerable inconvenience and concern caused.

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

In the fiscal year under review, 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; also, business seems to have been at a standstill in Japan lately. Furthermore, we must be fully aware of the impacts of rising prices, the circumstances surrounding the Middle East, and fluctuations in the financial and capital markets.

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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 is working on initiatives.

Net sales for the fiscal year under review were 115,727 million yen (+9.0% year on year), the operating profit was 12,508 million yen (+7.0% year on year), which showed growth for the 14th consecutive year and is a record high for the 10th consecutive year, and EBITDA was 13,587 million yen (+9.3% year on year), all reaching the targets of the Medium-Term Management Plan one year ahead of schedule.

■ 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 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 48.0% 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.”

■ 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.

Furthermore, in recognition of success in our health management initiatives, we were named as one of the 2024 Health & Productivity Stocks by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange, while 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 third consecutive year. Moreover, we received certification as “Company of Health Excellence Certification/Gold Certification” for the fourth consecutive year.

In our ESG efforts related to corporate governance, we strengthened our governance system through measures such as disclosure of metrics for officers’ remuneration.

In our environmental efforts, we earned a Leadership-level score of “A-” in the assessment of climate change 2023 reporting by CDP, an international non-profit organization that operates an environmental disclosure platform.

In recognition of the efforts described above, we received an “A” in the MSCI ESG Rating. The rating is conducted by the US-based Morgan Stanley Capital International Inc. (MSCI Inc.) to evaluate companies around the world in terms of ESG efforts and disclosure.

■ 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, DIGITAL TECHNOLOGIES CORPORATION and I Net Rely Corporation, wholly-owned subsidiaries of the Company, merged on April 1, 2024.

We also acquired all shares of avanza Co., Ltd. and of Tohoku Systems Support Co., Ltd. to make them subsidiaries, with the aim of strengthening our systems development framework in Japan, improving our response capabilities in customers’ digital areas, and gaining new customers.

■ Shareholder returns

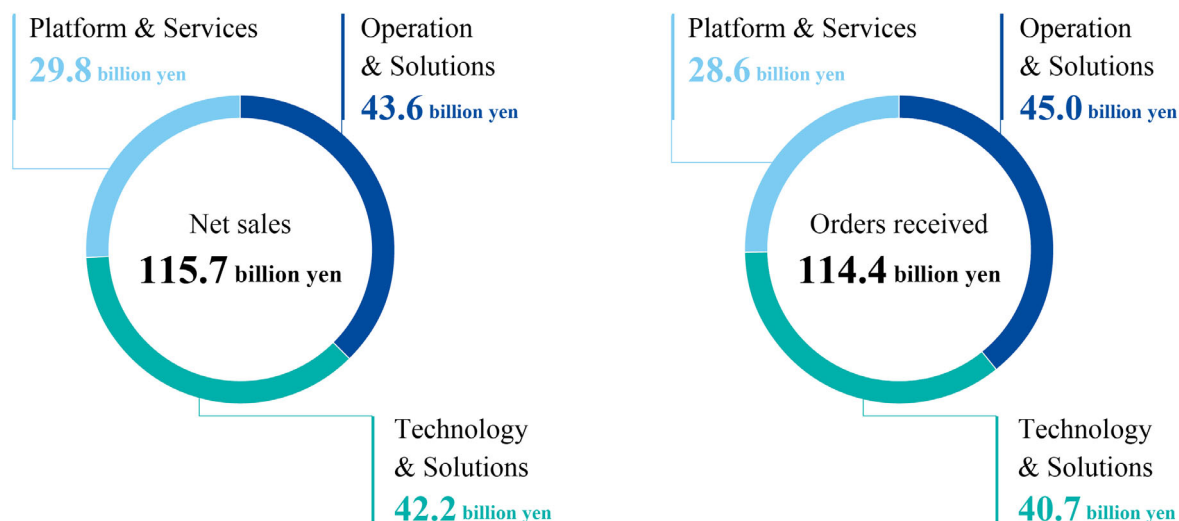
Based on a comprehensive consideration of opportunities for growth investment, capital conditions, etc., to improve capital efficiency and to further improve returns for our shareholders, we acquired approximately 1.6 billion yen in treasury shares from May to October 2023 and cancelled the acquired treasury shares in November 2023. Furthermore, we acquired approximately 1.0 billion yen in treasury shares from February to March 2024 and cancelled the acquired treasury shares in March 2024.

Note 1: Focus businesses

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

The overview of the initiatives by segment is as follows.

DTS America Corporation and DTS SOFTWARE VIETNAM CO., LTD., which were previously classified in “Operation & Solutions,” have been reclassified into “Technology & Solutions” from the fiscal year under review. 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.



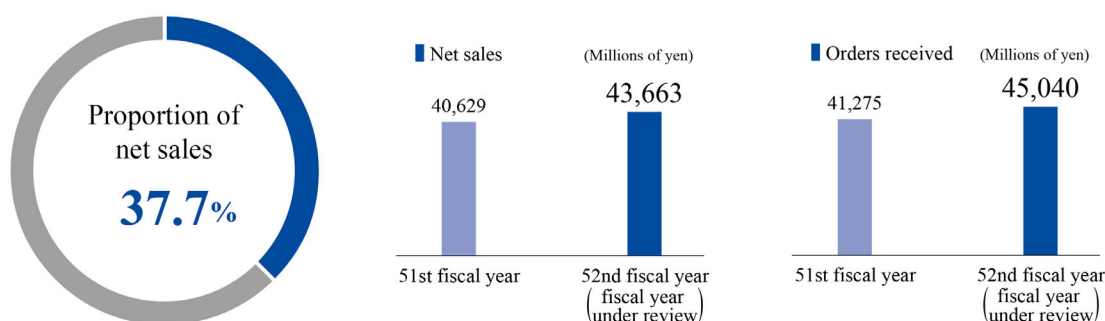
Net sales and orders received by segment

(Millions of yen)

(Figures in square brackets indicate proportion of net sales)

	Net sales				Orders received			
	51st fiscal year (FY2022)	52nd fiscal year (FY2023)			51st fiscal year (FY2022)	52nd fiscal year (FY2023)		
Operation & Solutions	40,629 [38.3%]	43,663 [37.7%]	Year-on-year Up 7.5%		41,275 [37.6%]	45,040 [39.3%]	Year-on-year Up 9.1%	
Technology & Solutions	34,394 [32.4%]	42,214 [36.5%]	Year-on-year Up 22.7%		35,204 [32.1%]	40,788 [35.6%]	Year-on-year Up 15.9%	
Platforms & Service	31,108 [29.3%]	29,849 [25.8%]	Year-on-year Down 4.0%		33,257 [30.3%]	28,642 [25.0%]	Year-on-year Down 13.9%	
Total	106,132 [100.0%]	115,727 [100.0%]	Year-on-year Up 9.0%		109,737 [100.0%]	114,471 [100.0%]	Year-on-year Up 4.3%	

Operation & Solutions Segment



Net sales came to 43,663 million yen (+7.5% 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.

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Moreover, we have 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.

We have furthermore entered into a strategic partnership with Mastercard to deliver cybersecurity solutions that enhance digital fraud detection capabilities. In December 2023, we began offering RiskRecon, an assessment solution for cybersecurity risks for companies that have websites and social media, etc., under our strategic partnership.

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

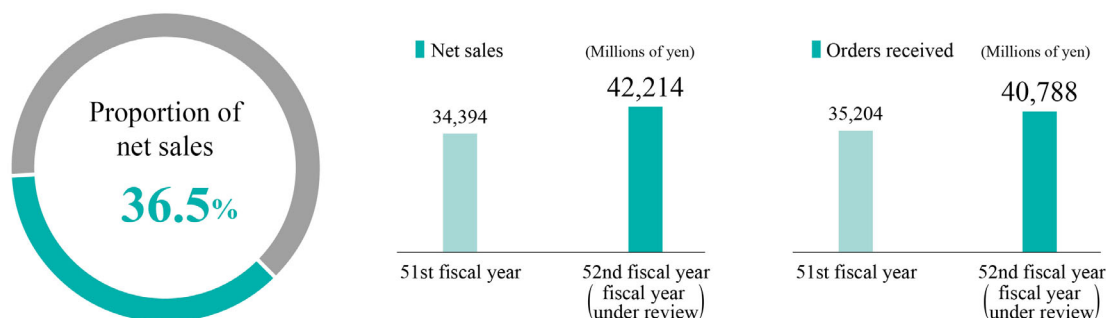
Moreover, at DTS WEST CORPORATION, the “kotosora”^(Note 3), AI-based FAQ solution, was adopted for the business for providing AI chatbot services in the LGWAN^(Note 2) environments by Japan Agency for Local Authority Information Systems (J-LIS).

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 42,214 million yen (+22.7% year on year), due to strong progress in packaged solutions such 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.

In November 2023, in the business of “HOUSING CORE,” a core system for the housing construction industry which enables centralized management and improved efficiency of a variety of systems for housing construction operations, we have launched “HOUSING CORE Ver.3” with expansion of the mobile app for construction management and builder support functions, etc. We have also launched “Walk in home 2023,” with enhanced design functions, including the automatic generation of building envelope calculations (Note 4), etc., and improved estimate accuracy.

Furthermore, Anshin Project Japan Inc., a company of the Group, has begun offering “My Room tour,” an app that allows prospective home buyers to check how well the room layout flows beforehand in a virtual game-like experience.

In addition, we began utilizing the automatic analysis functions of the AI installed in “Geminiot,” a business intelligence solution, and “Pasteriot.mi,” a manufacturing industry data utilization solution, to support IBM i (Note 5). “Autonomous improvement” of operations is enabled by automatic detection of operational problems from “IBM i” data and feedback on these problems.

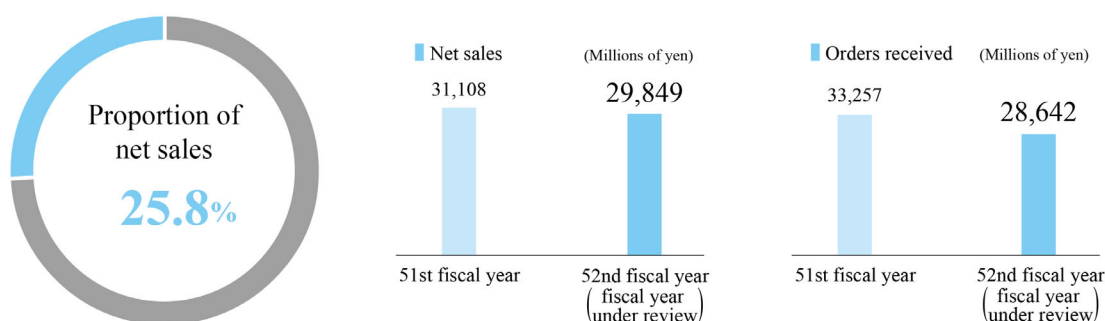
Moreover, we received SAP® Human Experience Management Award of SAP AWARD OF EXCELLENCE 2024 from SAP Japan Co., Ltd. in the field of human resource management solutions. We are rated highly for our system introduction that meets various customer demands by leveraging the know-how that we have cultivated through a large number of system introduction projects.

Main businesses

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

- 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



Despite expansion of operational and infrastructure construction projects, net sales were 29,849 million yen (-4.0% year on year) due to the reversal of a temporary increase in hardware sales in the previous fiscal year.

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, “DTS eKYC Service” that combines the Company’s Business Process Outsourcing (BPO) services with an identity verification system that can be completed online (electronic Know Your Customer: eKYC ^(Note 6)) became available.

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

In October 2023, we introduced Jira Service Management and other Atlassian products to Cloud Ace Co., Ltd., a system integrator specializing in Google Cloud, thereby constructing an IT service management system at the company.

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 stationed 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 2: 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 3: 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.

Note 4: Building envelope calculations

Calculations to build a house with higher thermal insulation properties and stable indoor conditions by calculating the heat loss from the components that separate the indoors from the outdoors, such as the building’s exterior walls, windows, floors, roof, and ceilings.

Note 5: IBM i

An operating system for platforms, used in the core systems of many companies.

Note 6: 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.

(2) Capital Investment

Capital investment during the fiscal year under review amounted to 816 million yen.

This mainly comprised 287 million yen for the purchase of tools, furniture and fixtures such as office equipment and network equipment, 187 million yen for the development and purchase of software for internal use, and 230 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 has formulated Vision 2030, 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.

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Moreover, in the Medium-Term Management Plan (April 2022 to March 2025), which is the 1st Stage in Vision 2030, the Group set key challenges in terms of both businesses and management foundation and the following goals.

<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)

As stated in the investigation report for disclosure attached to the Company's "Notice Concerning the Publication of the Special Investigation Committee's Investigation Report for Disclosure" dated August 6, 2024, it was found that an overseas subsidiary of the Company made inappropriate payments to parties related to customers, etc. The Company has seriously taken the results of the investigation conducted by the Special Investigation Committee, and on August 15, 2024, disclosed the "Notice Concerning Formulation of Measure to Prevent Recurrence" (in Japanese). Going forward, the Company will ensure that these prevention measures are implemented.

(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 49th fiscal year ended March 31, 2021	The 50th fiscal year ended March 31, 2022	The 51st fiscal year ended March 31, 2023	The 52nd fiscal year ended March 31, 2024 (Fiscal year under review)
Net sales	90,493	94,452	106,132	115,727
Ordinary profit	11,131	11,403	11,932	12,831
Profit attributable to owners of parent	7,593	7,853	8,001	7,293
Total assets	75,172	79,116	80,676	84,882
Net assets	59,409	62,133	62,376	63,402
Net assets per share (yen)	1,293.61	1,376.05	1,408.81	1,451.61
Basic earnings per share (yen)	165.49	172.78	181.41	168.51

- 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 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.

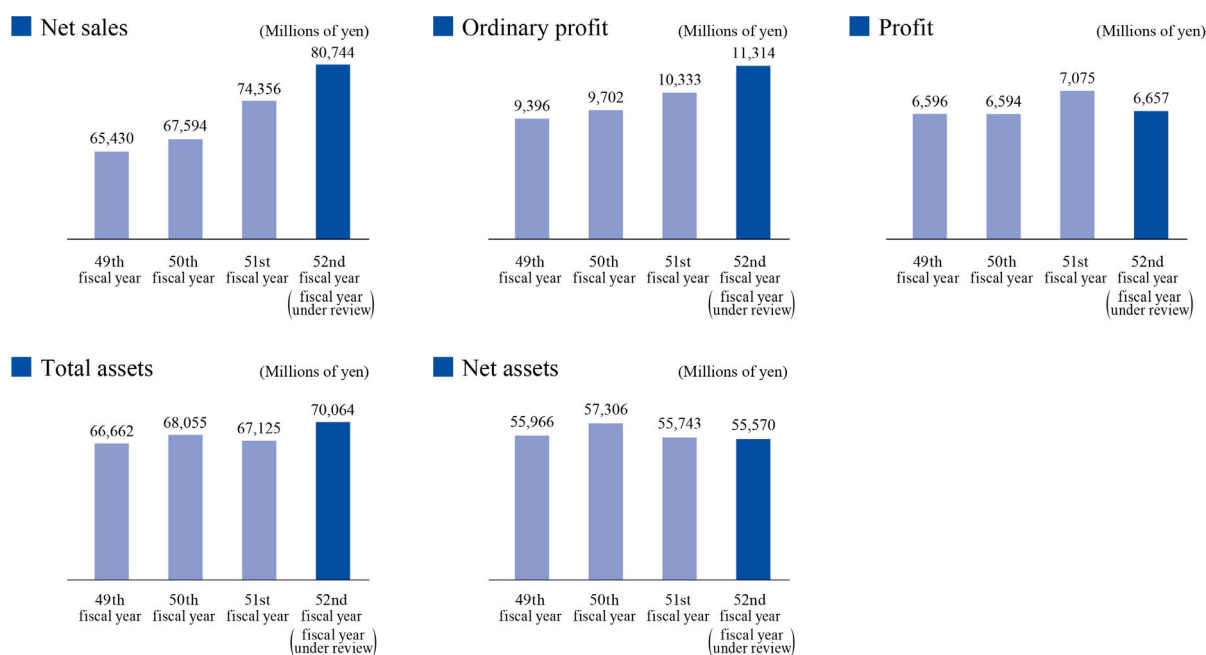


2) Status of assets and income of the Company

(Millions of yen, unless otherwise specified)

Item	The 49th fiscal year ended March 31, 2021	The 50th fiscal year ended March 31, 2022	The 51st fiscal year ended March 31, 2023	The 52nd fiscal year ended March 31, 2024 (Fiscal year under review)
Net sales	65,430	67,594	74,356	80,744
Ordinary profit	9,396	9,702	10,333	11,314
Profit	6,596	6,594	7,075	6,657
Total assets	66,662	68,055	67,125	70,064
Net assets	55,966	57,306	55,743	55,570
Net assets per share (yen)	1,221.53	1,271.50	1,278.59	1,295.42
Basic earnings per share (yen)	143.76	145.07	160.41	153.82

- 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 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
DTS INSIGHT CORPORATION	4-30-3 Yoyogi, Shibuya-ku, Tokyo	200 million yen	100.00%	Information Service
Partners Information Technology, Inc.	888 S Disneyland Drive, Suite 500, Anaheim, CA, 92802-1846 USA	5,000 US dollars	51.00%	Information Service
JAPAN SYSTEMS ENGINEERING CORPORATION	2-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	310 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	3,179
Technology & Solutions	1,951
Platform & Services	1,027
Total	6,157

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
3,111	+ 40	39.8	15.0

Segment name	Number of employees
Operation & Solutions	1,184
Technology & Solutions	1,078
Platforms & Services	849
Total	3,111

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

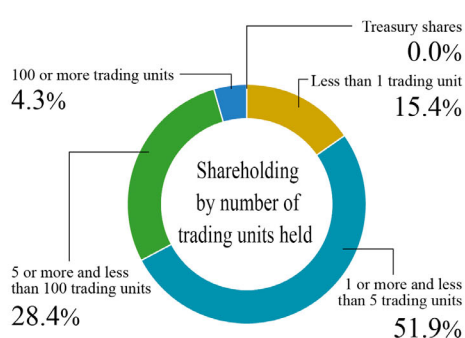
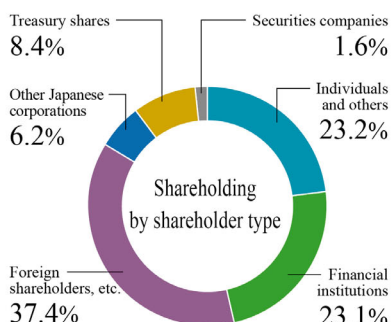
2. Matters Concerning the Company's Shares (as of March 31, 2024)

- (1) Total Number of Authorized Shares 100,000,000 shares
- (2) Total Number of Issued Shares 46,854,132 shares
- (3) Number of Shareholders 5,325 persons
- (4) Major Shareholders

Name of shareholder	Number of shares held	Holding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,095	14.21
DTS Group Employee Shareholding Association	3,069	7.16
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	2,306	5.38
Custody Bank of Japan, Ltd. (Trust Account)	2,252	5.25
NTC Corporation	1,171	2.73
Kumiko Akiyama	1,116	2.60
Ichigo Trust Pte. Ltd.	1,051	2.45
THE BANK OF NEW YORK MELLON 140044	1,051	2.45
SSBTC CLIENT OMNIBUS ACCOUNT	807	1.88
Chitomu Kosaki	803	1.87

Note: The Company holds 3,958 thousand shares of treasury stock. The holding ratio is calculated after deducting treasury stock.

Distribution of shares



(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)	4,627 shares	4
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 for the Fiscal Year Under Review, 5) Content of non-monetary compensation" on page 22.

(6) Other Important Matters Concerning Shares

None.

3. Company Officers

(1) Directors and Auditors (as of March 31, 2024)

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 Head, Operations and Solutions Segment and Head, Technology and Solutions Segment 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 General Manager, Accounting and Finance Department Representative Director and President, DTS INSIGHT CORPORATION
Director Outside Independent	Shinya Shishido	Director, Takamatsu Corporation Co., Ltd.
Director Outside Independent	Shinichi Yamada	-
Director Outside Independent	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 Corporate Auditor, avanza Co., Ltd.
Audit and Supervisory Committee Member Outside Independent	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.
Audit and Supervisory Committee Member Outside Independent	Yutaka Takei	Director, The Japan Association of Charitable Organizations
Audit and Supervisory Committee Member Outside Independent	Nobuyasu Iimuro	President, Nobuyasu Iimuro Certified Public Accountant Office Auditor, Meiji Pharmaceutical University

- Notes:
1. Mr. Shinya Shishido, Mr. Shinichi Yamada, Ms. Yumiko Masuda, Ms. Taeko Ishii, Mr. Yutaka Takei and Mr. Nobuyasu Iimuro are Outside Directors.
 2. Director who is an Audit and Supervisory Committee Member Nobuyasu Iimuro is qualified as a certified public accountant, and has a considerable degree of knowledge concerning finance and accounting.

3. Mr. Shinya Shishido, Mr. Shinichi Yamada, Ms. Yumiko Masuda, Ms. Taeko Ishii, Mr. Yutaka Takei and Mr. Nobuyasu Imuro have been registered as Independent Officers with the Tokyo Stock Exchange.
4. 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.
5. Mr. Hirotoishi Kobayashi and Mr. Masayuki Hirata retired from office of Director at the conclusion of the 51st Annual General Meeting of Shareholders held on June 22, 2023, due to expiration of their terms of office.
6. Mr. Kenji Yukimoto retired from office of Director who is an Audit and Supervisory Committee Member at the conclusion of the 51st Annual General Meeting of Shareholders held on June 22, 2023.
7. The positions, responsibilities, and significant concurrent positions of Directors that changed effective April 1, 2024, 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 Chairman, DTS SOFTWARE VIETNAM Co., LTD. Chairman, DTS America Corporation Chairman, Nelito Systems Private Limited Chairman, Partners Information Technology, Inc.

8. Executive Officers (excluding those serving concurrently as Directors) as of April 1, 2024, are as follows.

Name	Responsibilities and significant concurrent positions
Hirotoishi Kobayashi	Managing Executive Officer Head, Platform and Services Segment President & CEO, Digital Technologies Corporation
Makoto Kondo	Senior Executive Officer Deputy Head of Operations and Solutions Segment and Head of Public Systems and Social Infrastructure Sector Chairman, DLSE Co., Ltd. Representative Director and Chairman, Japan Super Electronics Co., Ltd. Chairman, DTS (Shanghai) Corporation Director, Tohoku Systems Support Co., Ltd.
Hiroyuki Norikane	Senior Executive Officer Head of Technology and Solutions Segment and Head of Digital Solution Sector
Shigeo Okubo	Executive Officer Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation
Yutaka Nakamura	Executive Officer General Manager, Business Development Department Chairperson and Representative Director, avanza Co., Ltd.
Hiroyuki Mabuchi	Executive Officer President, DTS America Corporation Director and Vice President, Partners Information Technology, Inc.

Name	Responsibilities and significant concurrent positions
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 of IT Platform Service Sector
Masanori Tamura	Executive Officer Head of Financial Sector Director, Nelito Systems Private Limited
Masakazu Takada	Executive Officer Deputy Head of Technology & Solutions Segment; Head of Enterprise and Solution Sector; General Manager, Sales Department; and Head of Housing Solution Division Representative Director and President, Anshin Project Japan Inc.
Naoki Minase	Executive Officer General Manager, ESG Promotion Department
Nobuhisa Abe	Executive Officer Deputy Head of Operation & Solutions Segment

(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 for the Fiscal Year Under Review

1) Matters concerning to policy for determining individual compensation, etc. for Directors who are not Audit and Supervisory Committee Members

At the Board of Directors meeting held on June 22, 2023, the Company resolved on the policy to determine the details of compensation for individual Directors who are not Audit and Supervisory Committee Members (hereinafter referred to as the “Decision Policy”).

The amount or the method of calculation 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 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 (the majority of whose members are Outside Directors) considers the matter from a variety of perspectives, including compatibility with the Decision Policy. The Representative Director and President, 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 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

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 who are not Audit and Supervisory Committee Members (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 23, 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.

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 Representative Director and President Tomoaki Kitamura, within the annual compensation limits approved at the shareholders' meeting.

The reason for delegating this authority to the Representative Director and President 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 Representative Director and President 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	12.83 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%	115.0 billion yen	115.72 billion yen
	Profit attributable to owners of parent	15%	8.10 billion yen	7.29 billion yen
	EBITDA	15%	13.00 billion yen	13.58 billion yen
	ROE	30%	13.1%	11.8 %

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
	EBITDA	20%	13.0 billion yen or higher
	Growth investment (cumulative total for three years)	10%	25.0 billion yen
	ROE	10%	13% or higher
Non-financial indicators	Reduction of CO ₂ emissions (compared with FY2013 figures)	20%	50% or higher
	Ratio of female managers	20%	6% or higher

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

Performance indicator	Results (FY2023)		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)	128.0%	141.3%	90.6%

6) Total amounts of compensation, etc. for Directors

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)	231 (21)	148 (21)	66 (-)	16 (-)	9 (4)
Directors who are Audit and Supervisory Committee Members (Of whom Outside Directors)	40 (20)	40 (20)	- (-)	- (-)	5 (4)

(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 five Directors (excluding Outside Directors) in the fiscal year under review.

3. The above table includes two Directors and one Director (who is an Audit and Supervisory Committee Member) who retired from office at the conclusion of the 51st Annual General Meeting of Shareholders held on June 22, 2023.

(5) Matters Concerning Outside Officers

1) Significant concurrent positions and relationship with the Company (as of March 31, 2024)

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

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

Director who is an Audit and Supervisory Committee Member Taeko Ishii serves as Deputy Director of Ota Ishii Law Office. However, the Company has no business relationship with said office.

Director who is an Audit and Supervisory Committee Member Nobuyasu Iimuro serves as President, Nobuyasu Iimuro Certified Public Accountant Office. However, the Company 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 Committee Member Yumiko Masuda serves as Outside Director of PC DEPOT CORPORATION. However, the Company has no business relationship with said company.

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

2) Main activities during the fiscal year under review

Position and name	Board of Directors 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)	
Director Shinya Shishido	13/13 (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	13/13 (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	13/13 (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) Taeko Ishii	12/13 (92%)	11/11 (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 Audit and Supervisory Committee 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	13/13 (100%)	11/11 (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 Audit and Supervisory Committee 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.
Director (Audit and Supervisory Committee Member) Nobuyasu Iimuro	11/11 (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 certified public accountant, he contributed to the audit of the Company. At Audit and Supervisory Committee 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 Mr. Nobuyasu Imuro assumed office of Director who is an Audit and Supervisory Committee Member on June 22, 2023, attendance at the Board of Directors meetings and the Audit and Supervisory Committee meetings held after his assumption of office (11 Board of Directors meetings and eight Audit and Supervisory Committee meetings) and the attendance rates 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	68 million yen
2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries	72 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 3 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 has adopted the system of a company with an Audit and Supervisory Committee in order to expedite decision-making and further enhance discussion at the Board of Directors, as well as to strengthen the supervisory functions of the Board of Directors and further reinforce corporate governance through further enhanced oversight functions by having the Audit and Supervisory Committee Members responsible for auditing the execution of duties by Directors as members of the Board of Directors.

<Board of Directors>

Of the 11 members of the Company's Board of Directors, six members, the majority of the members, have been elected as Outside Directors, two of whom are female Directors. The names of the members of the Board of Directors are as stated in "Company Officers (1) Directors and Auditors" in the Business Report, and the Board of Directors is chaired by the Chairperson and Representative Director.

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 members of the Nomination and Compensation Committee are appropriately involved in the Committee by reporting to the Board of Directors in determining the compensation of officers and in nominating candidates for Director.

The Company ensures that elected Directors, including elected Outside Directors, are persons who are well-versed on the industry in which the Company operates, the Company's business, corporate function, etc. and have a considerable degree of knowledge, experience, and skills, etc. regarding corporate management. The Company believes that each of the current Directors has the background to be expected to address major management issues and makes decisions quickly and decisively, and that the Board of Directors has a well-balanced composition in view of the Company's business size, business type, etc.

The Company has a policy to elect Director candidates based on a comprehensive review from the perspective of their respective knowledge, accurate decision-making and supervision, and expectations for improving corporate value over the medium to long term.

The Board of Directors, in accordance with the internal regulations, makes decisions on basic policies regarding the Company's corporate management, important matters regarding the Company's corporate management and business execution, matters authorized by a resolution of General Meetings of Shareholders, and other matters stipulated in laws and regulations and the Company's Articles of Incorporation. The Board of Directors also receives reports on matters stipulated in laws and regulations, the status of the Company's importation business operations, etc.

<Audit and Supervisory Committee>

The Audit and Supervisory Committee has four members, including three Outside Directors, one of whom is a female Director. The names of the members of the Audit and Supervisory Committee are as stated in "Company Officers (1) Directors and Auditors" in the Business Report, and the Audit and Supervisory Committee is chaired by an inside Director.

Outside Directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing Outside Directors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

The Audit and Supervisory Committee, in accordance with the audit policy and audit plans, audits Directors' execution of their duties by regularly exchanging opinions with the Representative Directors, attending meetings of the Board of Directors and other important meetings including of meetings of various Committees, etc., collaborating with the Accounting Auditor and the Internal Audit Office, and examining the status of the operations and assets, etc.

<Nomination and Compensation Committee>

The Nomination and Compensation Committee has six members, including the Chairperson and Representative Director, the Representative Director and President and four Outside Directors, and the Nomination and Compensation Committee is chaired by an Outside Director.

The Nomination and Compensation Committee is asked by the Board of Directors to provide advice regarding the determination of the compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) and the nomination of candidates for Directors. The Nomination and Compensation Committee then deliberates appropriately, with Outside Directors playing a leading role, and reports back to the Board of Directors.

The Board of Directors makes decisions on the compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) and the nomination of candidates for Directors by paying the maximum possible attention to the reports from the Nomination and Compensation Committee.

<Executive officer system and Management Council>

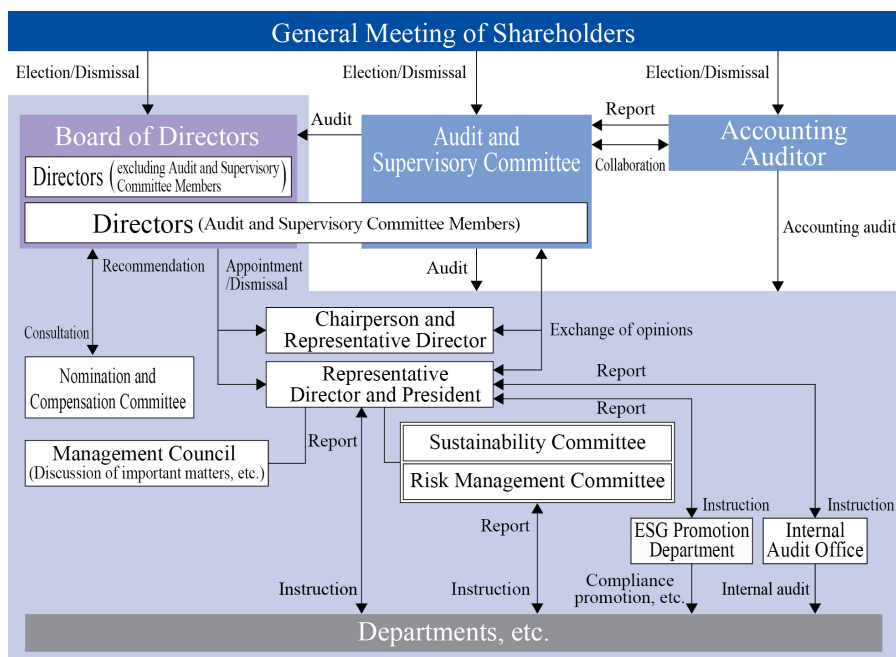
The Company has 15 Executive Officers (two of whom serve concurrently as Directors). This system enables us to separate the supervisory functions of Board of Directors' decision-making and business execution from the Company's business execution functions and to establish a management system that facilitates prompt and appropriate business execution. In addition, the Company has established the Management Council, which is chaired by the Representative Director and President and mainly consists of Directors and Executive Officers, to serve as an organization for the Representative Director and President to discuss policies and plans for business execution and other important matters.

<Risk Management Committee>

The Company has established a Risk Management Committee, which is chaired by the Representative Director and President and mainly consists of Directors and Executive Officers, 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.

<Sustainability Committee>

The Company has established a Sustainability Committee, which is chaired by the Representative Director and President and mainly consists of Directors and Executive Officers, and operates under the supervision of the Board of Directors. The Sustainability Committee formulates policies, targets and action plans for the Company's initiatives to address social issues such as those related to the environment and human resources, manages and assesses the progress against the targets, deliberates on individual measures, and regularly reports and makes recommendations to the Board of Directors.



(As of April 1, 2024)

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

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: November to December 2023

Evaluation method: Self-evaluation by all officers (including Audit and Supervisory Committee Members) (11 Directors including six Outside Directors)

2) Initiatives based on the evaluation results for the previous fiscal year, etc.

In the previous fiscal year, the Company implemented the following initiatives to further improve the effectiveness of the Board of Directors:

After gathering Directors' opinions, the Board of Directors determined themes to be included in the "subjects for discussion" for Board of Directors meetings, an agenda item that has been introduced to enhance discussion, in addition to matters to be resolved and matters to be reported.

After gathering Directors' opinions, the Board of Directors determined the annual schedule and major agenda items for Board of Directors meetings, based on the draft prepared in advance.

3) 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 "it is very effective to start to set agenda items and subjects for discussion for Board of Directors meetings," and "the Board of Directors has a well-balanced composition, with many Directors having

diverse work experience and two female Directors.”

4) 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:

- To determine and discuss at Board of Directors meetings themes that will promote discussion on fundamental issues geared toward its next Medium-Term Management Plan, as it has entered the final year of the current Medium-Term Management Plan.
- To explore ways to make key discussion points clearer in materials for agenda items and simplify report documents to enhance discussions at Board of Directors meetings.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)	Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)
(Assets)			(Liabilities)		
Current assets	67,591	64,019	Current liabilities	17,646	20,199
Cash and deposits	43,531	38,838	Accounts payable - trade	6,842	6,697
Notes and accounts receivable - trade, and contract assets	21,023	22,334	Accounts payable - other	1,386	2,068
Securities	799	562	Income taxes payable	2,583	2,934
Merchandise and finished goods	660	548	Provision for bonuses	2,964	3,656
Work in process	239	277	Provision for bonuses for directors (and other officers)	80	98
Raw materials and supplies	46	67	Provision for loss on orders received	19	84
Other	1,299	1,423	Other	3,769	4,658
Allowance for doubtful accounts	(8)	(32)	Non-current liabilities	652	1,280
Non-current assets	13,084	20,862	Retirement benefit liability	511	288
Property, plant and equipment	3,567	4,358	Other	141	991
Buildings and structures	1,039	1,441	Total liabilities	18,299	21,479
Land	2,045	2,285	(Net assets)		
Other	483	631	Shareholders' equity	60,148	59,973
Intangible assets	2,010	6,315	Share capital	6,113	6,113
Goodwill	1,277	5,540	Capital surplus	4,992	4,992
Software	725	763	Retained earnings	56,577	57,396
Other	7	10	Treasury shares	(7,534)	(8,527)
Investments and other assets	7,505	10,189	Accumulated other comprehensive income	1,272	2,296
Investment securities	4,427	5,707	Valuation difference on available-for-sale securities	926	1,563
Retirement benefit asset	-	396	Foreign currency translation adjustment	(87)	70
Deferred tax assets	1,549	1,603	Remeasurements of defined benefit plans	433	662
Other	1,534	2,488	Non-controlling interests	956	1,132
Allowance for doubtful accounts	(5)	(6)	Total net assets	62,376	63,402
Total assets	80,676	84,882	Total liabilities and net assets	80,676	84,882

Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	(Reference) 51st fiscal year (April 1, 2022 to March 31, 2023)	(Fiscal year under review) 52nd fiscal year (April 1, 2023 to March 31, 2024)	
Net sales		106,132	115,727
Cost of sales		85,346	90,851
Gross profit		20,786	24,876
Selling, general, and administrative expenses		9,091	12,367
Operating profit		11,694	12,508
Non-operating income			
Interest income	41		78
Dividend income	96		103
Surrender value of insurance policies	1		112
Gain on cancellation of lease obligation	42		-
Other	112	294	126
			420
Non-operating expenses			
Interest expenses	28		19
Loss on investments in investment partnerships	17		20
Commission for purchase of treasury shares	6		5
Foreign exchange losses	0		36
Commission expenses	-		11
Other	2	56	5
			98
Ordinary profit		11,932	12,831
Extraordinary income			
Gain on sale of non-current assets	0	0	0
Extraordinary losses			
Impairment losses	-		1,237
Loss on retirement of non-current assets	39		1
Loss on valuation of investment securities	255	295	-
			1,238
Profit before income taxes		11,637	11,592
Income taxes - current	3,996		4,532
Income taxes - deferred	(363)	3,632	(346)
		8,005	7,406
Profit			
Profit attributable to non-controlling interests		4	113
Profit attributable to owners of parent		8,001	7,293

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)	Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)
(Assets)			(Liabilities)		
Current assets	47,936	41,766	Current liabilities	10,635	13,010
Cash and deposits	32,696	25,513	Accounts payable - trade	3,938	4,591
Notes and accounts receivable-trade, and contract assets	13,201	15,037	Accounts payable - other	853	1,367
Securities	799	401	Accrued expenses	321	411
Merchandise	142	33	Income taxes payable	1,757	2,102
Work in process	108	128	Contract liabilities	400	166
Supplies	8	7	Deposits received	106	292
Advance payments to suppliers	134	98	Provision for bonuses	2,025	2,594
Prepaid expenses	320	432	Provision for bonuses for directors (and other officers)	65	69
Other	527	117	Provision for loss on orders received	9	54
Allowance for doubtful accounts	(3)	(3)	Other	1,156	1,360
Non-current assets	19,188	28,297	Non-current liabilities	747	1,484
Property, plant and equipment	2,999	3,164	Provision for retirement benefits	668	600
Buildings	847	992	Provision for loss on guarantees for subsidiaries and associates	-	119
Tools, furniture and fixtures	186	205	Provision for loss on business of subsidiaries and associates	-	236
Land	1,965	1,965	Asset retirement obligations	78	224
Intangible assets	541	706	Other	-	302
Software	540	705	Total liabilities	11,382	14,494
Other	1	1	(Net assets)		
Investments and other assets	15,647	24,426	Shareholders' equity	54,816	54,006
Investment securities	4,347	5,621	Share capital	6,113	6,113
Shares of subsidiaries and associates	8,679	15,033	Capital surplus	6,190	6,190
Investments in capital of subsidiaries and associates	327	327	Legal capital surplus	6,190	6,190
Distressed receivables	-	1	Retained earnings	50,047	50,230
Long-term prepaid expenses	105	493	Legal retained earnings	411	411
Deferred tax assets	1,170	1,825	Other retained earnings	49,635	49,818
Other	1,023	1,131	General reserve	11,170	11,170
Allowance for doubtful accounts	(5)	(6)	Retained earnings brought forward	38,465	38,648
			Treasury shares	(7,534)	(8,527)

Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)	Account item	(Reference) 51st fiscal year (As of March 31, 2023)	(Fiscal year under review) 52nd fiscal year (As of March 31, 2024)
			Valuation and translation adjustments	926	1,563
			Valuation difference on available-for-sale securities	926	1,563
			Total net assets	55,743	55,570
Total assets	67,125	70,064	Total liabilities and net assets	67,125	70,064

Non-consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	(Reference)		(Fiscal year under review)	
	51st fiscal year (April 1, 2022 to March 31, 2023)		52nd fiscal year (April 1, 2023 to March 31, 2024)	
Net sales		74,356		80,744
Cost of sales		59,176		63,396
Gross profit		15,179		17,347
Selling, general, and administrative expenses		5,476		6,931
Operating profit		9,702		10,416
Non-operating income				
Interest income	4		4	
Interest on securities	17		16	
Dividend income	575		868	
Other	58	657	49	938
Non-operating expenses				
Loss on investments in investment partnerships	17		20	
Commission for purchase of treasury shares	6		5	
Foreign exchange losses	1		13	
Other	0	26	2	41
Ordinary profit		10,333		11,314
Extraordinary income		-		-
Extraordinary losses				
Loss on retirement of non-current assets	0		0	
Loss on valuation of investment securities	255		-	
Loss on valuation of shares of subsidiaries and associates	216		1,737	
Provision for loss on guarantees for subsidiaries and associates	-		119	
Provision for loss on business of subsidiaries and associates	-	472	236	2,094
Profit before income taxes		9,860		9,220
Income taxes - current	2,955		3,499	
Income taxes - deferred	(169)	2,785	(936)	2,562
Profit		7,075		6,657

Independent Auditors' Report
(English Translation)

August 15, 2024

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 equity and the notes to the consolidated financial statements of DTS CORPORATION (the "Company") for the fiscal year from April 1, 2023 through March 31, 2024.

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, measures taken to eliminate inhibiting factors or apply safeguards to reduce them to an acceptable level.

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)

August 15, 2024

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 equity and the related notes, and the accompanying supplementary schedules of DTS CORPORATION (the "Company") for the 52nd fiscal year from April 1, 2023 through March 31, 2024.

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, 2024, 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, measures taken to eliminate inhibiting factors or apply safeguards to reduce them 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.

Audit Report

(English Translation)

The Audit and Supervisory Committee has audited the Directors' performance of their duties during the 52nd fiscal year from April 1, 2023 to March 31, 2024, 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 equity, 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 equity, 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, except for the case in which, as stated in the Business Report, it was found that an overseas subsidiary of the Company made inappropriate payments, into which the Special Investigation Committee conducted an investigation. Based on the results of the Special Investigation Committee's investigation into this case and the Committee's recommendations, the Audit and Supervisory Committee will oversee and verify the status of the implementation of the Directors' efforts to improve the Company's internal control and of the prevention measures to be taken by the Company.

(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.

August 15, 2024

The Audit and Supervisory Committee, DTS CORPORATION

Full-time Audit and Supervisory Committee Member (Director)	Takao Sakamoto
Audit and Supervisory Committee Member (Outside Director)	Taeko Ishii
Audit and Supervisory Committee Member (Outside Director)	Yutaka Takei
Audit and Supervisory Committee Member (Outside Director)	Nobuyasu Imuro
Audit and Supervisory Committee Member (Outside Director)	Hiroshi Ohno

End