



DIGITAL HEARTS HOLDINGS Co., Ltd.

Briefing of Results for the Fiscal Year Ending March 31, 2025

May 14, 2025

[Speakers]

DIGITAL HEARTS HOLDINGS Co., Ltd.

Toshiya Tsukushi Representative Director, President and CEO

Hideto Itami Executive Officer and CFO, General Manager of IR and PR Department

AGEST, Inc.

Yasumasa Ninomiya Representative Director, President and CEO of AGEST, Inc.

Executive Summary for FY2024



Consolidated net sales	Consolidated operating income	Profit attributable to owners of parent
¥39,748 mn (YoY 102.5%)	¥2,430 mn (YoY 119.1%)	¥629 mn (YoY 355.8%)

Point 1 Double-digit growth of consolidated operating income due to steady performance in both DH Group Business and AGEST Group Business.

- In the DH Group Business, in addition to steady growth in domestic debugging, **global services^(*), such as translation and marketing support, achieved double-digit growth** against the backdrop of accelerated multi-platform and multi-language development of games.
- In the AGEST Group Business, despite sluggish overseas business and strategic downsizing of some businesses, **domestic QA solutions maintained high growth**, buoyed by the strong domestic market with DX investments, resulting in **segment income increasing approximately YoY 1.6 times**.
- In addition to operating income growth due to sales growth, there were also extraordinary gains, and although extraordinary losses were recorded as in the previous year, **net profit increased significantly**.

Point 2 Steadily advancing preparations for the Spin-off Listing of AGEST, Inc.

- In April 2024, we shifted to a new management structure, with each DH Group and AGEST Group operating independently, enabling us to swiftly execute unique growth strategies for each business.
 - Steadily built the management foundation to be required of an independent listed company, including the establishment of HQ functions at AGEST, Inc. and the appointment of Outside Directors to strengthen governance.
- ⇒ **Aiming to list on the Growth Market at the optimal timing while closely monitoring future businesses performance and stock market conditions.**

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Tsukushi: Thank you very much for taking time out of your busy schedule today to attend our financial results briefing. I would now like to begin with an overview of the financial results for the fiscal year ended March 31, 2025.

First, it will be a summary of performance.

In the DH Group Business, the domestic debugging business grew solidly, and our global services also achieved double-digit growth amid the trend toward multi-platform and multi-language games. The AGEST Group Business also continued to maintain growth in domestic QA solutions, despite the strategic downsizing of some of its overseas operations.

As a result, the Company achieved consolidated sales of JPY39,748 million, or 102.5% of the previous year's level, and operating income of JPY2,430 million, or 119.1% of the previous year's level.

On the other hand, as in the previous year, there were extraordinary losses. In recent years, we have been investing in venture businesses, and venture businesses tend to lag behind their original plans, so we have had to record impairment losses for accounting purposes. Although we have incurred extraordinary losses in this respect, we want to continue to support these businesses.

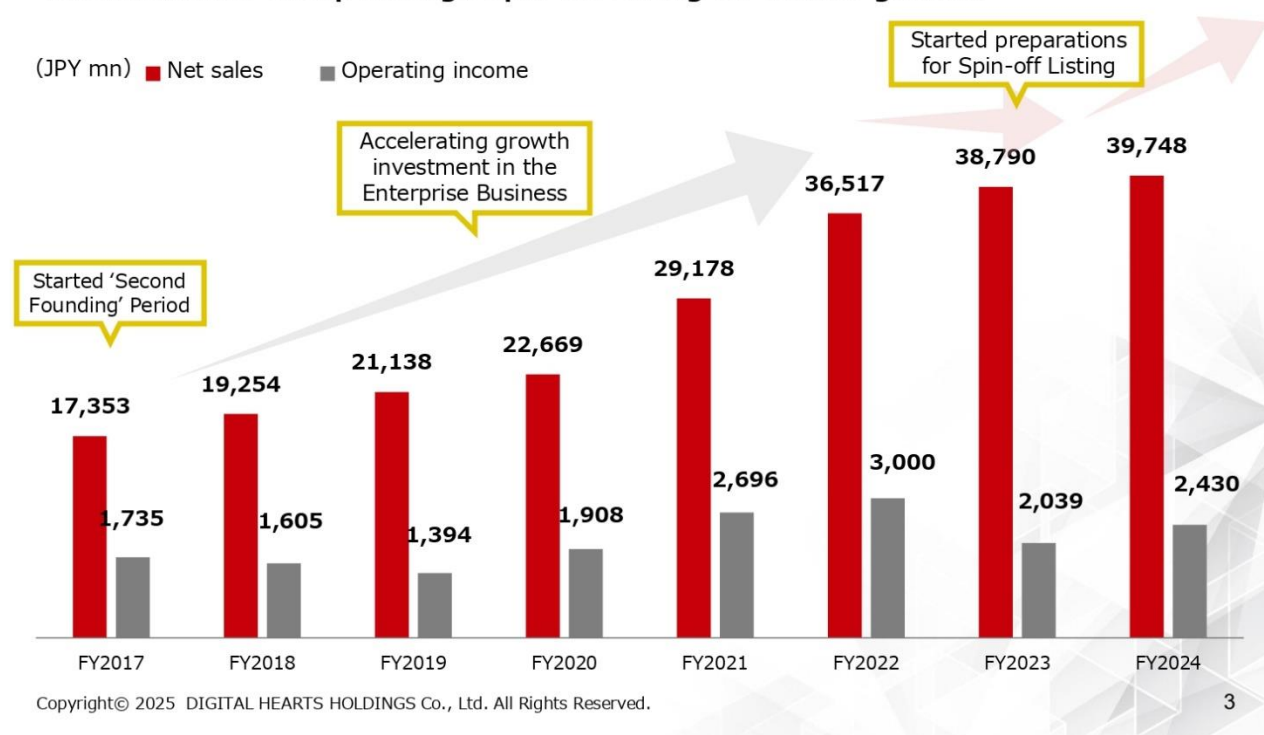
However, this fiscal year, there was an extraordinary gain from the sale of some businesses, so net income increased 355.8% from the previous year, or JPY629 million.

Meanwhile, an important management issue, the spin-off listing of AGEST, Inc. We are also steadily moving forward with preparations. We have established a solid management structure, built back-office functions, and strengthened governance by appointing outside directors. We are now ready to aim for listing on the growth market at the optimal timing.

Medium- to Long-term Performance Trends



Since its Second Founding, sales had grown steadily, mainly in the Enterprise Business. Going forward, we will aim to pursue specialization in each business of DH and AGEST Group through Spin-off Listing for further growth.



This shows the overall sales and profits of the business since its second founding period.

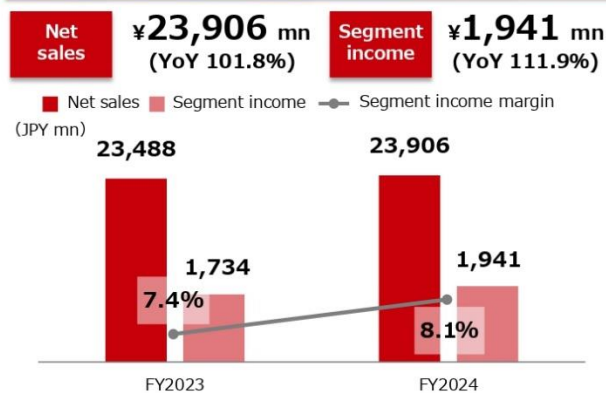
Since the start of our second founding in the fiscal year ended March 2018, we have steadily grown our enterprise business. We are now aiming to spin off and list this business in order to accelerate further growth. At the same time, we will pursue greater specialization in our DIGITAL HEARTS business with the aim of returning it to a path of growth.

Summary for FY2024 by Segment



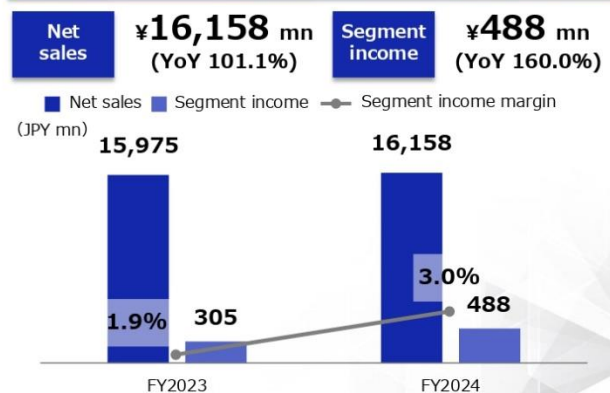
Both the DH Group Business and AGEST Group Business achieved sales growth and double-digit segment income growth. With steady growth investments, aiming for further growth in the next fiscal year and beyond.

DH Group Business



- Double-digit sales growth in global services (*), a focusing business, driven by expanding demand due of multi-platform and multi-language development
- Even in the challenging domestic game market, achieved sales growth in domestic debugging thanks to strong customer relationships and getting large orders
- Improved profitability while continuing growth investments such as human resource development including testers, and expansion of test centers' capability

AGEST Group Business



- QA solutions achieved double-digit growth in Japan. Low-margin businesses in IT services and others were strategically reduced.
- From Q2 onwards, the gross margin of domestic businesses improved due to drastic operational improvements and increased operating rates, while overseas businesses reduced expenses, resulting in a 160% improvement in profits.
- Going forward, we will strongly promote the utilization of AI in the testing field (TFACT) with a focus on the growth of domestic QA solutions.

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Here is a summary by segment.

First is the DH Group Business. As I mentioned earlier, the rapid development of multi-platform and multi-language services increased the need for our services, and our global services grew at a double-digit rate. In addition, we were able to successfully bring in orders for large projects through our strong customer relationships, which led to increased revenues in the domestic debugging business as well.

As a result, as for the DH Group Business, sales increased 101.8% from the previous year to about JPY23,906 million. Segment income also increased by 111.9% from the previous year to JPY1,941 million, which represents an increase in both sales and profit.

On the other hand, in the AGEST Group Business, the QA solution business in Japan, which continues to perform well, maintained double-digit growth, and although it was a bit of a challenge in the Q1, the gross margin improved steadily from the Q2 onward, partly by improving the operating rates.

In the AGEST Group Business, sales increased 101.1% YoY to JPY16,158 million, and segment income increased 160% YoY to JPY488 million, resulting in a significant increase in profits.

FY2025 Consolidated Financial Forecast



- Planning sales and profit growth, with continuous sales growth as an actual base.
- DH Group, aiming growth of both sales and profit as an actual base, excluding the impact of the sale of a non-core subsidiary, with the strong demand for new hardware launching and for multilingual supports in the global market.
- AGEST Group, aiming YoY 129% profit growth with investment in HR and AI in the domestic QA solution, as conservative plans amid preparations for Spin-off Listing.
- Net Profit target of YoY 264%, incl the impact of extraordinary losses in FY2024.

(JPY mn)	Full-year FY2024 (Actual)	Full-year FY2025 (Forecast)	YoY Change	YoY excluding the impact of the sale of a subsidiary (*)
Net sales	39,748	39,750	100.0%	108.5%
DH Group	23,906	22,870	95.7%	109.9%
AGEST Group	16,158	16,880	104.5%	104.5%
Adjustments	-316	—	—	—
Operating profit	2,430	2,640	108.6%	111.9%
DH Group	1,941	2,010	103.5%	107.4%
AGEST Group	488	630	128.9%	128.9%
OP margin	6.1%	6.6%	+0.5 points	+0.2 points
Ordinary income	2,278	2,640	115.9%	—
Profit attributable to owners of parent	629	1,660	263.7%	—

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*In December 2024, we transferred all shares of our consolidated subsidiary, identity Inc. These YoY figures above exclude the impact of this transaction. 5
(The impact: net sales of ¥3,103 million and operating profit of ¥70 million (after consolidation adjustments))

Here is the full-year consolidated earnings forecast for the fiscal year ending March 31, 2026.

Both businesses plan to continue to increase both sales and income on a consolidated basis, with the actual results including an increase in both sales and income.

Excluding the impact of the sale of a non-core subsidiary last year, DH Group projects net sales of JPY22,870 million, or 109.9% of the previous year's level, and operating income of JPY2,010 million, or 107.4% of the previous year's level.

On the other hand, the AGEST Group is also preparing for a spin-off listing, and although the plan is a little conservative, sales are expected to increase by 104.5% to JPY16,880 million, and operating income by 128.9% to JPY630 million, a significant increase over the previous year.

Supporting the “quality improvement” of game and entertainment content for a quarter century with “debugging” to detect game bugs as our founding business.

Our Services



“Quality” solutions that leverage the Japanese tendency to be “meticulous”



- Providing the “highest quality” to game software through services leveraging “the meticulous attention to detail unique to Japan”
- Thoroughly pursuing “fun” from the user’s perspective

HR management capabilities bringing out the potential of people with diverse backgrounds



- Recruitment regardless of educational background or work experience
- Opportunities to develop and excel in areas of expertise
- A flexible work structure for individual preferences

competitive advantage

Operational capabilities flexibly responding to fluctuations in client demand



- Daily assignment of proper testers out of approx. 8,000 registered testers to each project
- Respond to daily client requests of personnel from dozens to hundreds

Secure infrastructure that clients can trust to place businesses



- Establishment of a secure system to prevent information leaks in domestic and overseas locations
- Thorough security training even for part-time staff

As the global expansion of game content accelerates to be a “Global Quality Partner” delivering “Japan quality” to the world

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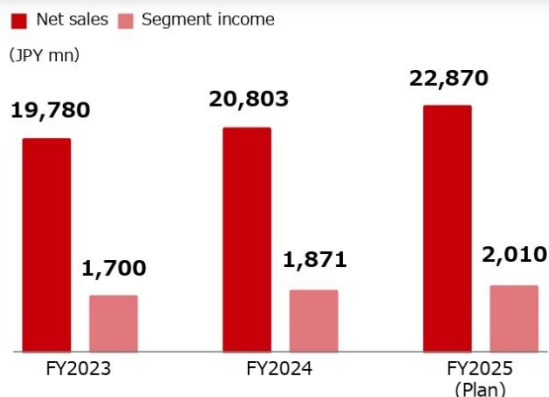
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This is the DH Group's vision.

We will continue to focus on our founding business, debugging business, while expanding our services in a number of areas. We will leverage our competitive advantages in quality, which we have cultivated through debugging, as well as our human resources and operational capabilities. Our goal is to become a global quality partner that provides one-stop, global solutions that deliver Japan quality to the world.

DH Group Business Forecast for FY2025

(*excluding the impact of the sale of a subsidiary)



■ FY2025 DH Group Business Full-Year Forecast (excluding the impact of the sale of a subsidiary*1)

Net sales	Segment income
¥22,870 mn (YoY 109.9%)	¥2,010 mn (YoY 107.4%)

*1 In December 2024, we transferred all shares of identity Inc., a consolidated subsidiary engaged in our non-core businesses. Therefore, for the purpose of consistency in comparison, all figures on this page exclude the impact of this transfer.
(The impact: net sales of ¥3,103 million and segment income of ¥70 million (after consolidation adjustments))

■ Key points of FY2025

- To expand our core Domestic debugging division, buoyed by the launch of Nintendo Switch 2**
- Aiming the double-digit growth in global services^(*) supporting the globalization, multi-platform, and multi-language development of games**
- Service expansion and new business creation by a unique talent model through an abundant and diverse workforce with various educational backgrounds, work experience, nationalities working in a variety of ways**

Test equipment for Nintendo Switch 2
Already **600 units** in stock!
(As of March 31, 2025)

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Here is the outlook for DH Group Business results for the fiscal year ending March 31, 2026.

There are three points.

The first is the Nintendo Switch 2, which will go on sale this June. We have already taken advantage of this tailwind to expand our domestic debugging sales in our core business by leveraging the many specialized testing equipment we already have.

Second, as I mentioned earlier, as globalization accelerates, the need for our global services will expand, and we will strive to achieve double-digit revenue growth in this area.

Third, human resources to support these businesses. We have a very diverse and unique talent model. We will continue to refine this area and develop its foundation with the aim of further expanding services and creating new businesses.

Continue to invest aggressively, including in capital alliances, in evolving and expanding new areas and markets as a challenge for the future, amid the rapidly changing structure of the game and entertainment industry.

Changing game content and game play environments,
with the rapid advances in technologies such as blockchain and AI,
entertainment devices, and communication environments.

Focusing Areas



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This is the future of DH Group Business.

The structure of the game and entertainment industry is changing very rapidly, and we need to seize opportunities, business opportunities in the midst of these changes.

We are therefore focusing our attention on these three areas. Blockchain (Web3), eSports, and AI. There are many companies that are taking on challenges in their respective fields with unique and original models. We are forming partnerships with these companies, including capital investment. This is not open innovation, but we are currently aiming to firmly develop these business areas and turn them into businesses.

eSports

Creating new entertainment for seniors, an eSports competition for seniors will be held at "EXPO 2025 OSAKA, KANSAI, JAPAN"



That one step
will shift the future.

In Partnership with Events at Expo 2025

- Invested in GeeSports Executive Committee LLP ("GeeSports LLP"), which develops games for seniors to prevent cognitive decline in seniors through fun games
- GeeSports LLP will hold "GeeSports Tournament" at "EXPO 2025 OSAKA, KANSAI, JAPAN"

? About GeeSports ?

To provide "**GrandParents (seniors)**" with "**Excitement**" by playing games, as well as to make them reconsider a sense of purpose and confidence in their lives. Also hope that the sight of seniors enjoying games will "**Empower**" the people around them and encourage the emergence of intergenerational communication.

eSports

To further develop the eSports market, invested in Fennel Co., Ltd., one of the leading eSports teams



- Supporting **professional players' career**
- Raising awareness of "DIGITAL HEARTS" among **Generation Z**
- **Aiming to motivate** many game enthusiasts in our group companies

Web3

Aiming to expand Web3 game market, a completely new gaming domain



- Investment in **TOKYO GameFi, Inc.**, a strategic subsidiary in the Web3 field of the CyberAgent Group
- Investment in **81RAVENS PTE. LTD.** which develops and operates P2E game "PARAVOX," attracting gamers and eSports tournaments around the world

Here are some specific examples of these challenges.

I will omit the explanation here today. However, we intend to continue challenging ourselves in these areas which are unique to the Company.

Aiming to set a new de facto standard in QA through **next-generation testing expertise** and the innovative **AI test tool TFACT**.

AGEST, Inc. supports enterprise system quality with cutting-edge technology
- an AI testing company for the AI era -



Next-Generation QA engineers, equipped with QA expertise and cutting-edge technology, supporting software testing from the development stage.

AGEST

AI test tool



AGEST's newly developed AI test tool for a new era that significantly reduces testing man-hours.



AGEST's Quality Assurance (QA) services support our clients' software quality across the entire software lifecycle from development to operation.

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This is the future of the AGEST Group.

We are truly living in the era of AI. In this era of AI, various AI-powered software and services will continue to spread throughout the world.

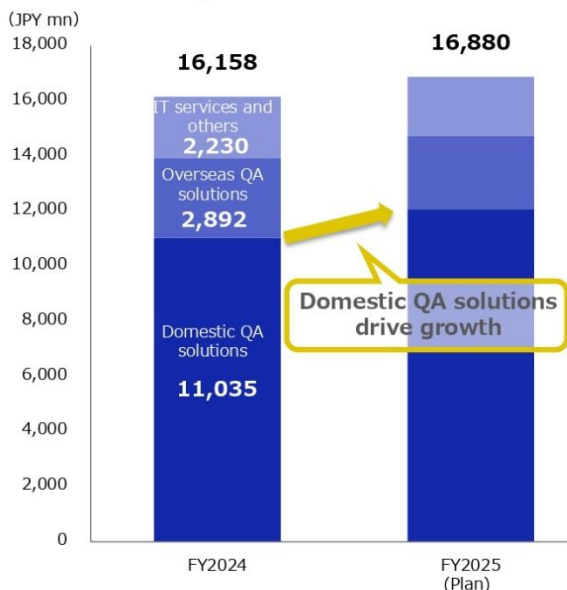
In this environment, we believe that providing solid quality support will become increasingly important. Therefore, AGEST will aim to become an AI testing company for the AI era that supports the quality of enterprise systems with cutting-edge technology.

AGEST Group Business Forecast for FY2025



Expand sales mainly in domestic QA solutions by promoting the use of AI in the testing field. Aim for significant profit growth for the second consecutive year by increasing the number of test engineers hired and improving average revenue per customer, along with enhanced gross profit margin driven by operational reforms launched in FY2024.

■ AGEST Group Business Sales Trends



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■ FY2025 AGEST Group Business Full-Year Forecast

Net sales	Segment income
¥ 16,880 mn (YoY 104.5%)	¥ 630 mn (YoY 128.9%)

- AGEST Group plan to **significant sales growth in domestic QA solutions**
- Fundamental operational improvements in FY2024, with continued high gross profit margin expected in FY2025 (Gross profit margin: FY2024 **26%** → FY2025 **27%**)
- Strengthening recruitment of Next-Generation QA engineers
- Competitive advantage established by leading the adoption of AI in the testing field, supported by favorable market conditions in Japan

	FY2024	FY2025(Plan)
Number of domestic testing engineers hired	67 people	117 people
Group average annual sales per client	¥19 mn	¥20 mn

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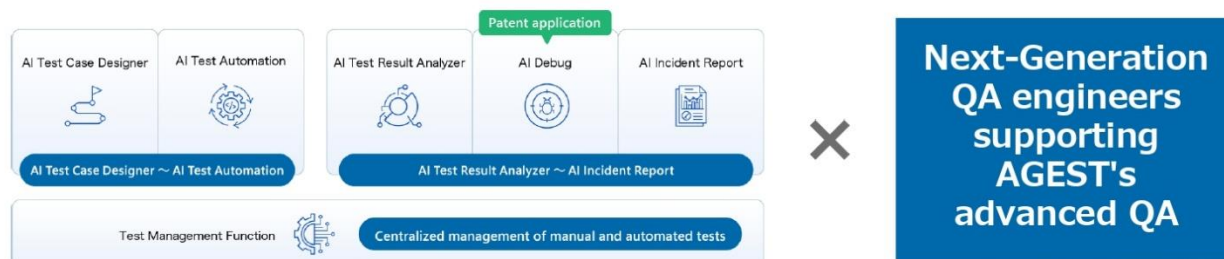
Here is AGEST's outlook for the fiscal year ending March 31, 2026.

We will continue to drive growth in QA solutions, maintain and improve gross margins, develop important AI, and continue to hire test engineers. We are aiming for JPY16,880 million in sales, up 104.5% from the previous year, and JPY630 million in segment income, up 128.9% from the previous year.

Progress of AI Test Tool TFACT



Released the innovative AI test tool “TFACT β ” in January 2025. Highly regarded for its advanced functionality - which leverages AI to assist with everything from test design to implementation and report creation - the tool has already **received over 300 inquiries** and is being used in **more than 20 projects**. We are laying the foundation for expansion by enhancing its functionality and promoting marketing efforts to raise awareness, highlighting our technological strengths such as our patent-pending AI debugging feature.



- An innovative AI test tool that delivers powerful support for QA engineers.
- AI offers end-to-end assistance - from test case creation and automatic execution to test result analysis, report creation, and test case management - reducing testing man-hours by 30%.
- While traditional automation tools improved efficiency through repeated test executions, TFACT achieves equal or greater results with just a single automated run, delivering exceptional gains in efficiency.

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Here is a story about the progress of the TFACT β version of the AI testing tool we released in January of this year.

This tool will be a tool in which AI will assist from test design to execution and reporting. The high functionality of the system has already been highly evaluated, with over 300 inquiries and 20 projects in progress. It is highly evaluated.

This year, we plan to further evolve and develop our AI testing tools and achieve significant growth in the AGEST Group Business in the current fiscal year. We hope you will look forward to it.

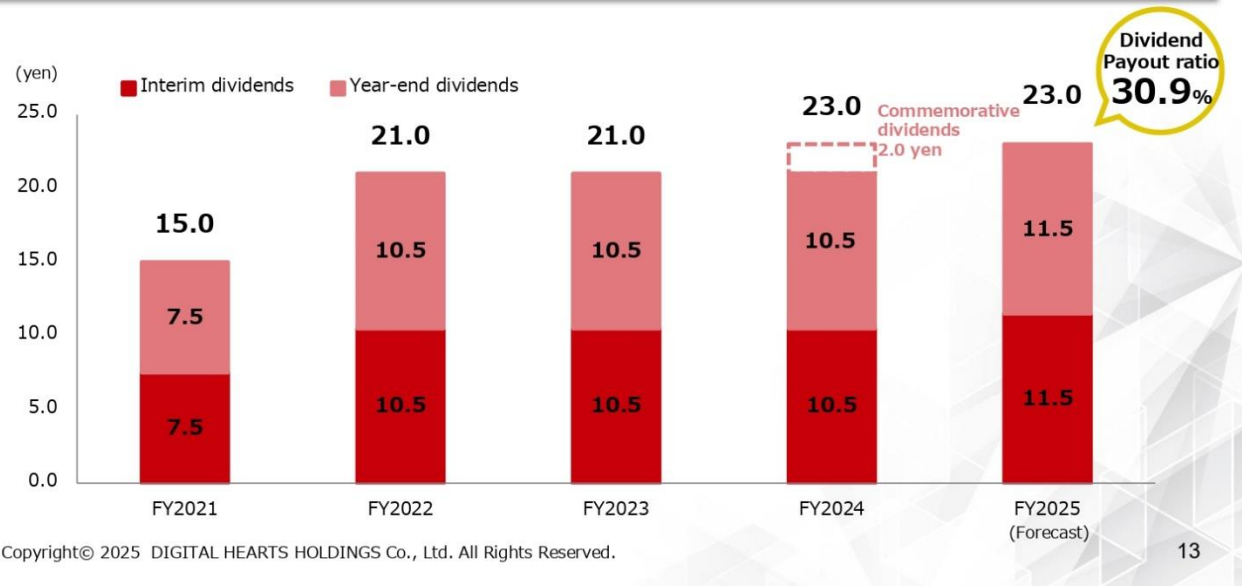
Dividends Forecast of FY2025



The annual dividend per share is expected to 23.0 yen, an increased of 2.0 yen from the previous year's ordinary dividend.

Basic Policy to Return Profits to Shareholders

While securing sufficient internal reserves to invest in business growth and strengthen our management structure, stable dividends to shareholders with a payout ratio of 20% as the minimum target.



This is followed by the dividend forecast for the current fiscal year.

Our financial position has improved greatly, and with the aim of further strengthening shareholder returns, we have increased the ordinary dividend by JPY2 compared to the previous fiscal year, for a dividend payout ratio of 30.9%, or JPY23 per share.

(References) Aims of the Spin-Off Listing

To make two businesses listed individually with clearly different businesses value creation strategies separately. To maximize the potential of each business through management focus and optimal capital policy.

DH Group Business

- Well established and differentiated business model
- Clear value proposition
- Horizontal and vertical expansion of core businesses (global expansion)

AGEST Group Business

- Changing and innovative business model
- Businesses value created by innovation
- Expand added value of technologies and specialists

Investing in new locations and achieving stable growth

Investing in technology and growing with innovation

- ✓ Expect to improve medium-term profitability with more focused management and optimal capitalization policies to attract new shareholder.
- ✓ By evaluating an inherent value of an individual business in the market, a stock price converges to its intrinsic value.
- ✓ By eliminating conglomerate discounts, it develops simple and easy-to-understand stock prices.

Spin-Off Listing scheme



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Lastly, for your information, this is the spin-off listing that we consider most important as a management issue.

To reiterate our aim, each of these businesses has extremely high growth potential, and we want to maximize that potential by completely separating and specializing in each of these businesses.

In addition, we will not only maximize corporate value but also make our business easier for investors to understand and appreciate, so that the share price will converge with the fundamental value of the business.

That is all for my explanation.

Summary of Financial Results for FY2024



- Recorded **double-digit consolidated OP growth almost in line with plans**. Both **businesses posted revenue growth**, as DH Group Business with the expansion of global services^(*) and AGEST Group Business with strong domestic business trend.
- **Net income increased YoY over 3 times** due to the gain on sales of shares of subsidiaries recorded in the current period and the increase in sales and OP.

(JPY mn)	FY2023	FY2024	YoY Change	
Net sales	38,790	39,748	958	102.5%
Cost of sales	28,699	29,611	911	103.2%
Cost of sales (%)	74.0%	74.5%		+ 0.5points
Gross profit	10,090	10,137	46	100.5%
SG&A	8,051	7,707	-343	95.7%
Operating income	2,039	2,430	390	119.1%
Operating income margin	5.3%	6.1%		+ 0.9points
Ordinary income	2,059	2,278	219	110.7%
Profit attributable to owners of parent	176	629	452	355.8%
EBITDA	3,077	3,456	378	112.3%

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Itami: I, Itami, will now explain the consolidated financial results for the fiscal year ended March 31, 2025.

The income statement for the fiscal year ended March 31, 2025, as explained earlier by Tsukushi.

Net sales were JPY39.7 billion, 102.5% of the previous year's level, and operating income was JPY2.4 billion, 119% of the previous year's level. Profit attributable to owners of parent was in the form of JPY629 million, since there were also extraordinary gains and extraordinary losses.

Consolidated Balance Sheets



(JPY mn)	Q4 FY2023 (As of March 31, 2024)	Q4 FY2024 (As of March 31, 2025)	YoY Change
Total assets	21,103	19,949	-1,153
Current assets	13,526	14,069	542
Cash and deposits	6,858	7,593	735
Noncurrent assets	7,576	5,880	-1,696
Property, plant and equipment	1,491	1,475	-15
Intangible assets	2,908	1,748	-1,159
Goodwill	2,313	1,035	-1,277
Investments and other assets	3,177	2,656	-521
Total liabilities	12,250	10,688	-1,561
Current liabilities	12,026	10,473	-1,553
Short-term loans	7,095	5,200	-1,895
Noncurrent liabilities	224	215	-8
Total net assets	8,852	9,260	408
Shareholders' equity	7,685	7,859	173
Accumulated other comprehensive income	729	1,094	364
Non-controlling interests	436	306	-129
Total liabilities and net assets	21,103	19,949	-1,153

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We will continue with the balance sheet on page 18. I would like to concentrate on the areas where there have been major movements.

First, let me explain about goodwill. We sold all shares in identity Inc., which was engaged in non-core businesses, and it was removed from our consolidated financial statements. As a result, goodwill decreased by JPY1.2 billion YoY to JPY1 billion.

Next, I would like to explain about investments and other assets. This amount also decreased by JPY500 million from the end of the previous period to JPY2.6 billion. This is due to the fact that we have made equity investments in companies that are developing in the hot fields such as Web3, eSports, and AI, while at the same time, we have recorded impairment losses on some investment securities.

As a result, fixed assets decreased by JPY1.6 billion from the previous period.

On the liabilities side, short-term loans decreased JPY1.8 billion from the end of the previous fiscal year, and total liabilities decreased JPY1.5 billion, as a result of the repayment of bank borrowings due to gains from the sale of a subsidiary and other factors.

As a result, net assets increased JPY0.4 billion from the end of the previous period to JPY9.2 billion, and total assets decreased JPY1.1 billion from the end of the previous period to JPY19.9 billion.

Consolidated Statements of Cash Flows



(JPY mn)	FY2023	FY2024	YoY Change
Net cash provided by operating activities	1,759	3,119	1,360
(*Cash flows before income taxes paid)	2,739	3,777	1,038
Net cash used in investing activities	-2,369	-5	2,364
Net cash provided by financing activities	934	-2,555	-3,489
Effect of exchange rate change on cash and cash equivalents	77	176	98
Net increase in cash and cash equivalents	401	735	333
Cash and cash equivalents at the beginning of period	6,456	6,858	401
Cash and cash equivalents at the end of period	6,858	7,593	735

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Next is the consolidated cash flow.

Operating cash flow was positive JPY3.1 billion due to the improvement in EBITDA, as well as changes in accounts receivable and accrued liabilities.

On the other hand, cash flows from investing activities, within the DH Group, included the relocation and expansion of test centers and investments in AI translation tools, as well as equity investments in promising areas. Meanwhile, the sale of shares in identity Inc. resulted in a cash inflow of approximately JPY1.6 billion. Therefore, the total cash flow from investing activities was a net outflow of JPY5 million.

Since there was also the repayment of short-term loans mentioned earlier, financial cash flow was negative JPY2.5 billion.

As a result, cash and equivalents took the form of JPY7.5 billion, an increase of JPY0.7 billion from the end of the previous fiscal year.

(References) FY2024 Non-operating Expenses / Extraordinary Income and Loss



Non-operating expenses

¥212 mn

➤ Foreign exchange losses ¥90 mn

- Foreign exchange losses on internal transactions in foreign currencies such as group loans.

Extraordinary income

¥625 mn

➤ Gain on sale of shares of subsidiaries and associates ¥589 mn

- Gain on sale of shares of MK Partners, Inc. and Identity Inc.

Extraordinary losses

¥1,258 mn

➤ Loss on valuation of investment securities ¥1,184 mn

- Impairment loss on investment securities for three companies: 81RAVENS PTE. LTD., JetSynthesys Co., Ltd. and GameWith, Inc.

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Next, I will briefly explain non-operating expenses and extraordinary gains and losses.

Non-operating expenses amounted to JPY212 million, of which foreign exchange losses amounted to JPY90 million. This mainly consists of foreign currency transactions among group companies, such as loans, and foreign exchange losses related to these transactions.

In addition, there were extraordinary gains of JPY0.6 billion. This mainly consists of the sale of shares in MK Partners, Inc. and identity Inc. which were consolidated subsidiaries.

Finally, there are extraordinary losses of JPY1.2 billion. This one shows a JPY1.1 billion loss on valuation of investment securities. As stated above, the three investment securities are: two unlisted game-related companies, 81RAVENS and JetSynthesys, and shares in the listed company GameWith. We carefully examined the market value and actual value of these securities and, as a result, recorded impairment losses.

Financial Result of DH Group Business



- **Sales growth YoY 105% excluding the impact of the sale of a non-core subsidiary, and double-digit segment income growth** despite investments for growth, such as preparation of test equipment for new hardware.
- **In Global and others, YoY 120% growth of the global services^(*)** due to strong sales in translation and LQA, which launched new services utilizing “ella,” an AI-based game translation engine, and in Marketing support, covering the impact of the sale of a non-core subsidiary.
- **In highly profitable Domestic debugging, YoY 104% sales growth** by steadily acquiring new projects with successful strategic operating activities despite in the weak domestic game-market.
- **Segment income recorded YoY 112% improvement** due to increased gross profit by sales growth and SG&A control, while investment in test centers and test equipment for new hardware and strengthening human resource development.

(JPY mn)	FY2023	FY2024	YoY Change
Net sales	23,488	23,906	101.8%
Domestic debugging	13,180	13,679	103.8%
Global and others	10,308	10,226	99.2%
*Including Identity Inc. which was transferred in December 2024.			
Segment income	1,734	1,941	111.9%
EBITDA	2,320	2,566	110.6%

Copyright© 2025 DIGITAL HEARTS HOLDINGS Co., Ltd. All Rights Reserved* Global services: Translation/ LQA, marketing support, and overseas debugging24

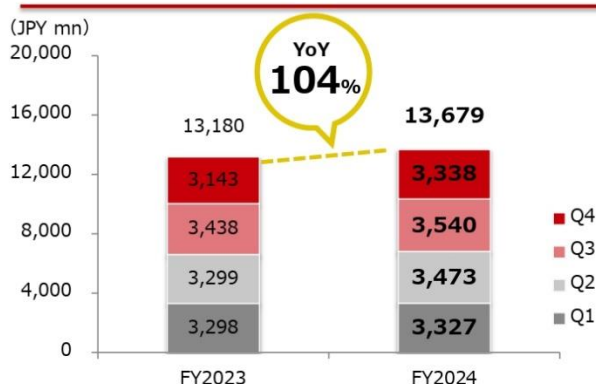
Continuing on, I would like to discuss the results by segment.

I will start with page 24, the DH Group.

Here are the results of the DH Group by segment. Net sales were JPY23.9 billion, 101.8% of the previous year's level, and segment income was JPY1.9 billion, 111.9% of the previous year's level.

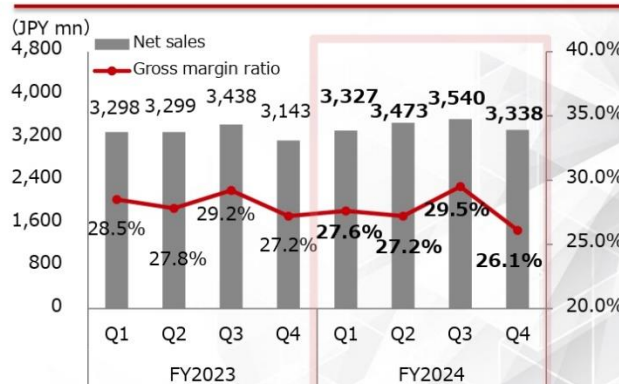
- Achieved **sales growth despite the weak domestic game market**, with successful strategic sales promotions such as strengthening relations with key clients and focusing resources on some clients with actively developing new titles.
- Continued to **invest in human capital**, including raising hourly wage rates for testers, and strengthened capability for expecting strong demand in FY2025 and beyond by **expanding floor space at the Kyoto Lab. and Nagoya Lab.** and, in Q4 FY2024, **preparing test equipment for "Nintendo Switch 2."**
- **Maintain full-year gross profit margin** at the same level as the previous year by **steadily passing on price increases** through the promotion of DHQ (Digital Hearts Quality), our unique quality method, while making investments for growth.

Quarterly sales



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Net sales and Gross margin ratio



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Domestic debugging and global and others are explained on page 27, respectively.

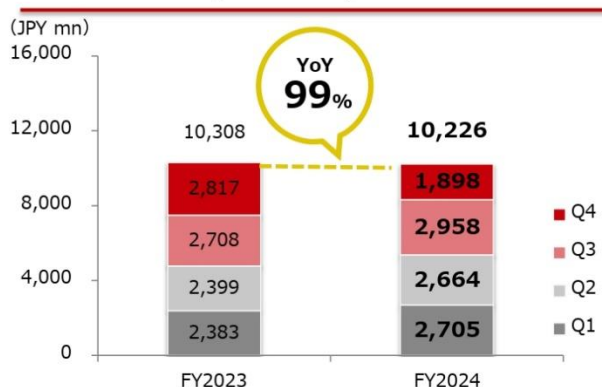
The first is the domestic debugging business, which is the core business of the DH Group.

As mentioned here, the domestic game market was not so strong, but we were able to acquire several major titles, resulting in sales of JPY13.6 billion, or 104% of the previous year's level.

In the fiscal year ended March 31, 2025, we have invested in growth in preparation for increased demand in the fiscal year ending March 31, 2026 and beyond by increasing the hourly wage of our testers, expanding our test centers "Lab.", and preparing testing equipment specifically for Switch 2. While implementing these growth investments, we were also able to steadily pass on price increases. We maintained the same gross margin as the previous fiscal year and believe that we were able to secure steady profits.

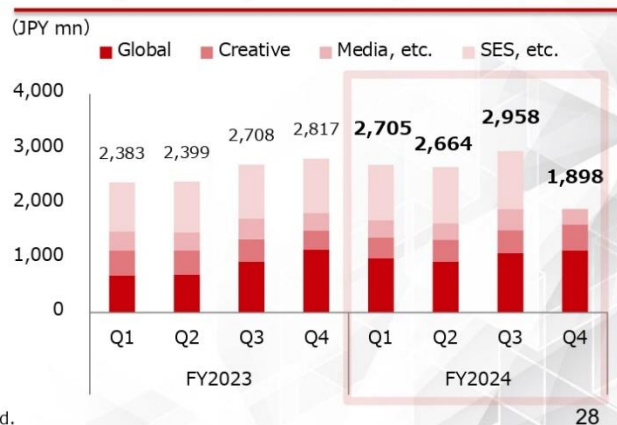
- Sales of global services (translation, LQA, marketing support, and debugging in English) achieved **high growth of YoY 120%**, by launching **translation services utilizing "ella," an innovative AI-base game translation engine.**
- **Develop the brand awareness of "DIGITAL HEARTS"** by exhibiting at large-scale game-industry trade shows in Europe, China, Japan, and South Korea.
- Promoting the restructuring of the businesses base, including **the transfer of all shares of identity Inc.,** a consolidated subsidiary that performed the "SES" business, on December 25, 2024.
- **Striving to create new seeds of growth** by actively investing in areas where market expansion is expected in the future, such as eSports, Web3, and AI.

Quarterly sales



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Quarterly sales by service



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Next will be global and others.

For the fiscal year ended March 31, 2025, we are launching an AI-based translation engine, ella, and a new translation service that utilizes this engine. In addition, we have actively participated in game shows both in Japan and overseas to increase awareness and brand recognition of "DIGITAL HEARTS", and as a result, we have recorded significant sales growth in our focused global services such as translation, LQA, and marketing support.

On the other hand, the sales of all of identity Inc.'s shares had the effect of removing the Company from consolidation, so as shown in the graph below right, sales in Q4 were down significantly in the SES service. As a result of these factors, global and others for the full year were JPY10.2 billion, slightly below the previous year's level.

Financial Result of AGEST Group Business



- **Sales growth YoY 104% in QA solutions** due to **double-digit growth in domestic businesses** on the back of increased demand for testing in Japan, despite weak overseas sales and the negative impact related to the reschedule of a particular project.
- **Decrease in IT services** and others due to **strategic contraction** of unprofitable services.
- **Gross profit margin** temporarily declined in Q1 due to the impact of a particular project and recovered in Q2 and thereafter to almost same margin as FY2023 and the strong **SG&A controls** such as restructuring overseas subsidiaries made **2H segment income margin reached 6.0%**, and resulting in a significant **YoY 1.6 times full-year segment income growth**.

(JPY mn)	FY2023	FY2024	YoY Change
Net sales	15,975	16,158	101.1%
QA solution	13,364	13,928	104.2%
IT services and others	2,611	2,230	85.4%
Segment income	305	488	160.0%
EBITDA	757	890	117.5%

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I will continue with a brief explanation of the AGEST Group's segment performance.

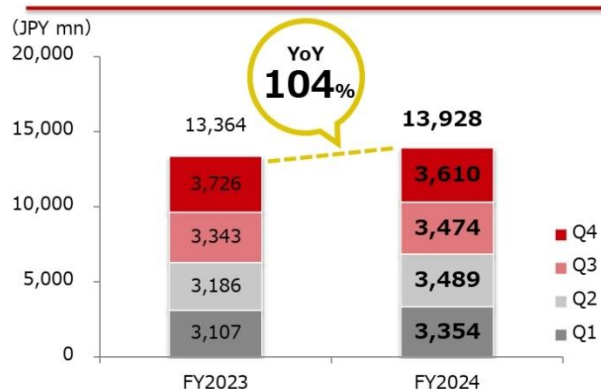
Regarding segment sales for the fiscal year ended March 31, 2025, first, domestic QA solutions are showing steady growth. We have been able to achieve double-digit growth, driven largely by increased demand for testing in the domestic market, as well as by our reputation for human resources and technological capabilities.

On the other hand, overseas business remained slightly sluggish, and in the IT services and others division, there was a decline in revenue due to the intentional downsizing of low-production profitable services.

AGEST Group sales as a whole totaled JPY16.1 billion, 101% of the previous year's level. Segment income for the AGEST Group increased approximately JPY500 million, or 160% from the previous year, due in part to strengthened cost controls and other measures.

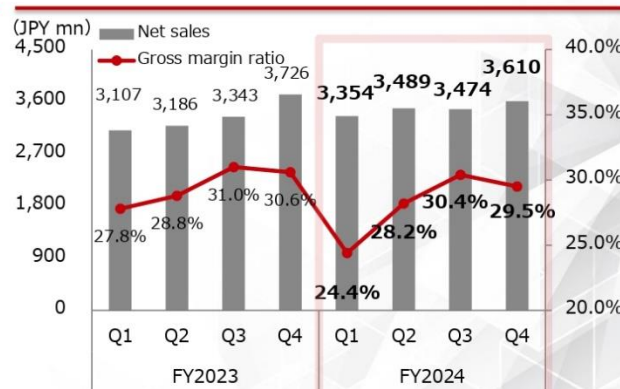
- Domestic businesses continued to achieve double-digit sales growth, YoY 112%, thanks to the increase in new and ongoing testing and ERP projects under the favorable market environment.
- Overseas business has been transformed into a profitable structure by utilizing Vietnamese engineers for projects in Japan and reviewing growth strategies in Europe and the U.S.
- Gross margin ratio, declined temporarily in Q1 due to sales contraction and heavier outsourcing costs by a particular project, recovered normal gross margin level from Q2 onward.
- Build a brand as a “tech” company and differentiate from competitors by fully utilizing AI in the testing domain, including the proprietary AI test tool “TFACT”.

Quarterly sales



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Net sales and Gross margin ratio



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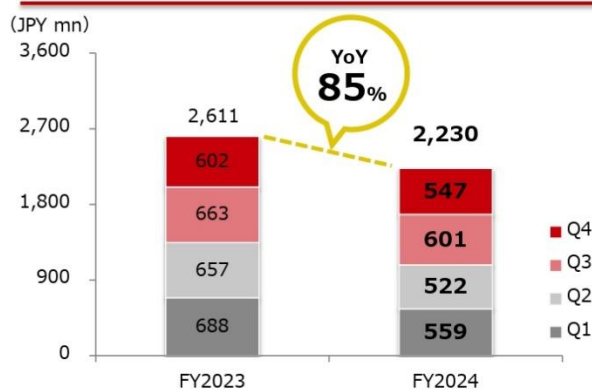
Please continue to page 32. This is the QA solution's number movement.

As I mentioned earlier, our domestic business is performing well, and we are also aggressively leveraging our overseas operations, including the use of Vietnamese engineers for projects in Japan, and reviewing the growth strategies of our subsidiaries in Europe and the United States. We believe that we have been able to transform our business structure to one that is capable of generating stable profits.

On the other hand, if you look at the quarterly trends in the lower right-hand corner, you will see that in Q1, the gross margin dropped to 24%. The gross margin temporarily declined due to the impact of specific projects, but since Q2, the gross margin has recovered to about 30%, which is the cruising speed, and we do not expect this impact to continue, and expect to maintain a high gross margin.

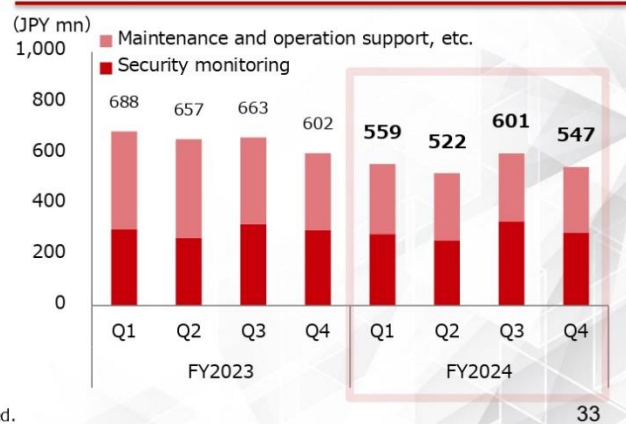
- **Strategic reduction of certain low-profit services**, such as maintenance and operation support.
- The number of **security monitoring 760 thousand units** as the top level in Japan.
- **Strengthen cybersecurity businesses** by some initiatives including investing in "Nippon Cyber Security Fund 1 Investment Limited Partnership," a fund in which cybersecurity companies invest in security service providers.

Quarterly sales



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Quarterly sales by service



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Lastly, IT services and others.

In this area, we are downsizing some low-profit services such as maintenance and operation support, while our security monitoring service, in which we have an advantage, is one of the best in Japan with 760,000 monitoring units. Since we are maintaining a high scale here, we expect stable performance for security monitoring.

That concludes my explanation of our business performance and other matters. Next, Tsukushi will explain the growth strategy of the DH Group.

Market Environment 1

- Changes in Game Players due to Technological Advancements -



New styles to enjoy games and borderless communications among players, with new technological advancements such as high-speed, large-capacity communications like 5G, the blockchain technology, and so on.

2000s

- Each country/area has its own gaming environment, and each is played in a closed environment



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2020s

- Becoming borderless, allowing players from around the world to compete simultaneously
- New styles to enjoy games, such as watching game lives or eSports



Tsukushi: I would like to explain again the business strategy of the DH Group.

First, the market situation.

Needs are really evolving very quickly, and the way in which so-called game players enjoy their games is also changing rapidly.

Until now, games have always been something fun to be played by one person, but now, people are really connecting with people all over the world and enjoying games with various people, watching games for fun or even earning money through games is rapidly becoming a reality.

Market Environment 2

- Changes in Game Makers due to Technological Advancements -



DIGITAL HEARTS HLDGS.

Actively developing and launching games with a quite new level of immersion experiences and borderless environment, led by the improvements in CG, smartphone and PC specifications, and rapid advances in network technologies.

Views from game software makers

Development cost

Rising development costs
due to complexity of games



* The image is for illustrative purposes only and do not represent actual game images.

The more complex software,
the higher risk of defects

Various game platforms

Multi platform
has become standard



Require to verify defects on PCs and
consoles with various specifications

Languages in different areas

Multilingual support
has become essential



Demand of translation and voice
recording that bring out the
worldview and character traits

Need to launch high-quality titles without defects simultaneously on a wide range of devices and in various countries and regions, bringing the expansion of business demand and new opportunities for DIGITAL HEARTS

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This technological evolution will expand the market for games. It will also make a significant contribution to the creation of more and more attractive games.

On the other hand, from the game makers' point of view, development costs are rising, and the need to support multiple platforms, as well as the need to release games simultaneously worldwide in multiple languages, places a very heavy burden on them. Conversely, we believe that this increased workload will increase the need for our services and expand our business opportunities.

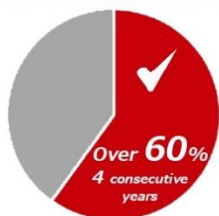
DH Group's Competitive Advantages



One of the few providers in the global market with a system capable of supporting multiple languages for multiple platforms, sustained by abundant business resources and deep experiences accumulated since our founding in 2001.

(As of March 31, 2025)

1. Overwhelming market share



* Service involvement ratio among top 100 new console game titles in Japan (2021-2024 according to our research)

2. Unique human resources



Number of registered testers

Approx. **8,000** people



Translation staff

Over **350** people
39 countries

3. Abundant testing equipment



Smart devices

7,194



Game consoles

3,780

4. Proven track record



Number of bug reports

Over **4 mn**



Number of annual debugging projects

Over **10,000**

5. Proprietary AI tools

AI translation engine specializing in game

eila translation service

Translations that bring out the worldview and character of games

6. Business locations in various regions



Domestic
17 locations

Overseas
9 locations

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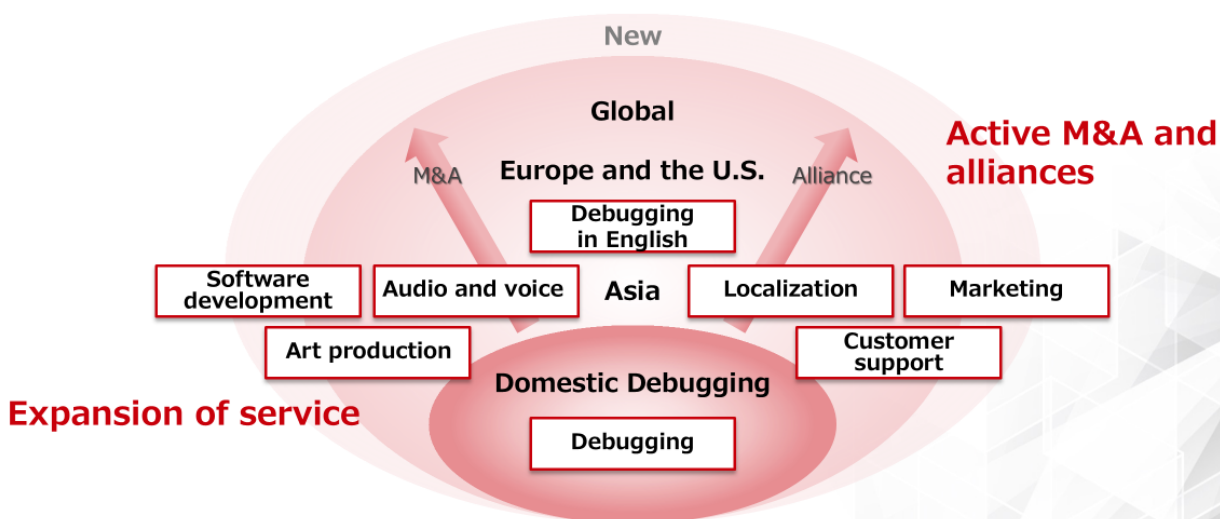
In order to meet such service needs, we have created a very unique competitive advantage, especially in debugging.

We are looking forward to expanding our global services to clients not only in Japan but also around the world by taking advantage of our competitive advantages, such as strong client trust, a rich and unique human resource base, and extensive testing equipment and experience.

Growing in the global market!

Expanding its services as **one-stop solutions** to provide “high quality and speed,” to become **“Global Quality Partner”** as the global player in the world market.

Geographical expansion



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This is the picture of our growth strategy.

The Company will use various functions and capabilities cultivated through domestic debugging to provide a wide range of services, from upstream development to downstream marketing of games.

Furthermore, we believe that we will continue to expand our service offerings geographically, not only in Japan but also in Asia, including China and South Korea, as well as in Europe, the United States, and beyond.

In implementing this growth strategy, we intend to aggressively utilize M&A and alliances to realize this growth strategy at an accelerated pace.

Key Initiatives in FY2025



In FY2025, focusing on three initiatives based on our growth strategy to improve profitability and build a solid business foundation for future growth.

FY2025 Action Plan

- 1. Expand global solutions**
- 2. Strengthen recruitment and training model focused on game/entertainment business**
- 3. Utilize AI and other technologies**

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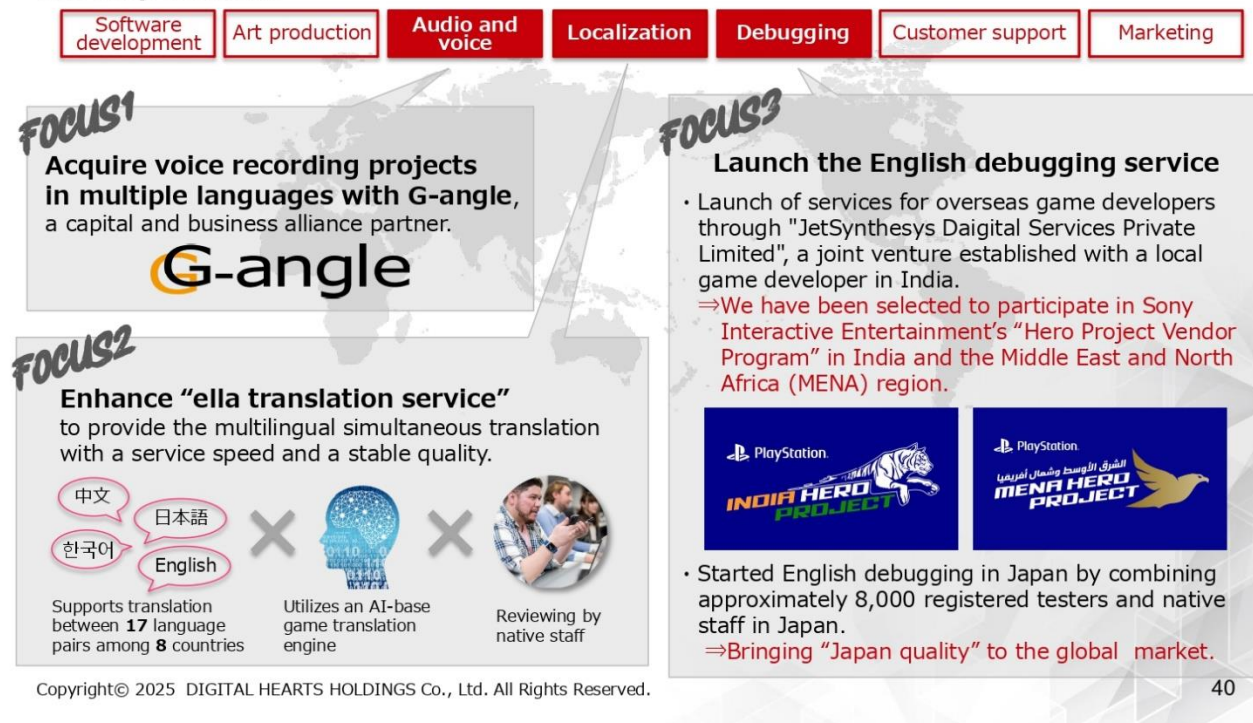
The action plans for the fiscal year ending March 31, 2026 are these three.

The first is to expand global solutions, the second is to recruit, train, and strengthen human resources, and the third is to utilize AI and other technologies. These are the three.

1. Expand Global Solutions

Strengthening our one-stop solutions for improving quality, based on the Japanese spirit of “meticulous attention to detail.”

■ One-stop solutions



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First, we are expanding our global solutions.

As was the case with debugging, we Japanese have a peculiar disposition to be concerned. We think this would be a great weapon to improve the quality of entertainment.

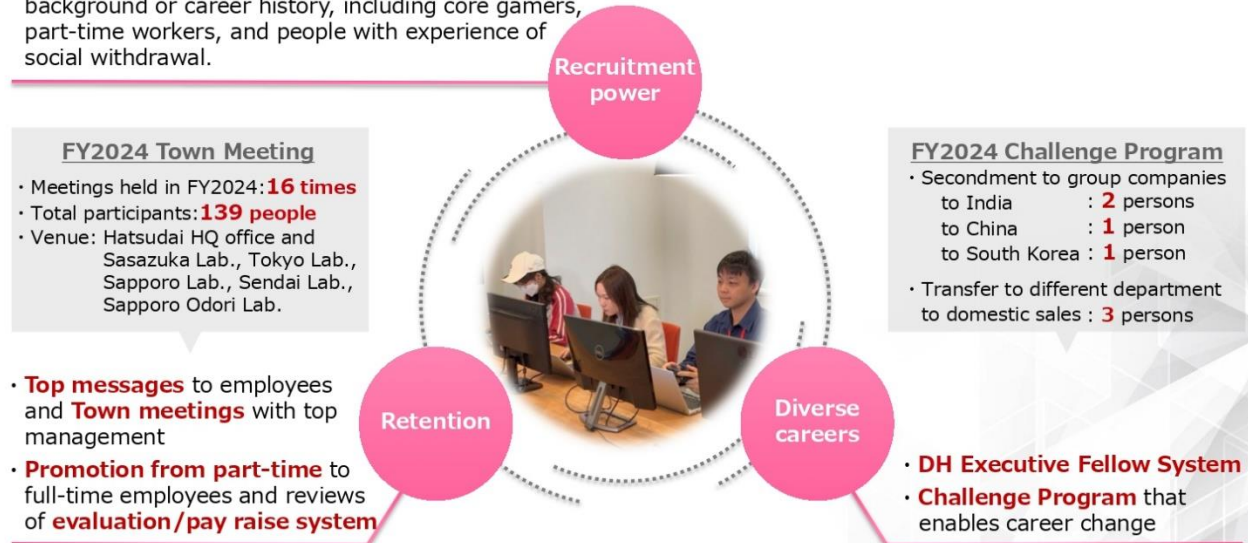
In the current fiscal year, we will utilize such weapons in a variety of solutions, such as voice recording, for which we have a capital and business alliance with G-angle, multilingual translation using AI, and debugging services in English. We would like to expand our customer base by providing services that make good use of our Japanese temperament.

2. Strengthen Recruitment and Training Model



Strengthening our human resources base to provide high value-added solutions that only people with expertise in game entertainment can provide.

- Expand **corporate awareness among Generation Z** through eSports and its official VTuber.
- Continuing to hire people regardless of educational background or career history, including core gamers, part-time workers, and people with experience of social withdrawal.



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The second is human resources.

All of the services we provide are performed by people, and especially in the game and entertainment world, the key to quality is how to train and evaluate personnel who are well versed in the game and entertainment field.

For us, this means starting by hiring young game enthusiasts, including Generation Z, educating and training them, and then promoting them to a variety of careers. I would like to develop this model of human resource development unique to DIGITAL HEARTS in a way that top management, including myself, is already committed to.

Unique human resources with expertise in games and entertainment

Rather than relying on so-called “engineers,” utilizing a diverse range of talent, including game enthusiasts, to support our clients’ global expansion with a focus on the “quality” linked with the worldviews and characters for each game title.

Step1 Hiring game/entertainment enthusiasts, regardless of educational background or work experience

- Initially hired as a part-time staff member and our small team structure allows even those with no experience to improve their skills through practical experience



Gamer



Former engineer



Foreigners



Musician



Voice actor



With experience of withdrawal etc...

Step2 Establish career paths that enable employees to choose careers that match their aspirations

Expert debugger

Translation experts

Team Manager

Administrative staff

Sales representative etc...

“DH Executive Fellow System” provides the highest position for professionals, same as an executive officer

“Challenge program” allows for transfers to other departments, such as overseas subsidiaries or sales positions

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Here is an illustration of our unique human resource model for your reference.

It means that we have a diverse group of people who truly love games, from part-time workers to engineers, and of various nationalities, and we will provide such people with a variety of career opportunities. We would like to nurture professionals by offering a variety of paths, including some who become experts and others who become managers and executives.

3. Utilize AI and Other Technologies



AI translation engine “ella” will be revolutionizing, by expressing “Emotion” in the translation of games, which has been said to be impossible in machine translation.

ella translation service

Over **70** orders received,
including ongoing trial projects!
(As of April 30, 2025)

■ Features

1. Realize emotional translation **reflecting the worldview of games and the individuality of each character.**
2. Realize overwhelming speed by **reducing time by approx. 40%** compared to conventional type of translation. (*1)
3. Securing high quality through **reviews by native staff who are familiar with game titles** and do not compromise on “Entertainment Quality”.

■ Supported Languages

All 9 languages launched in February 2025!

Asia : Japanese / Chinese(Simplified / Traditional) / Korean
Europe and America : English / French / Italian / German / Spanish



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*1 The case of translating 1 million Japanese letters into English and reviewing by native staffs.

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In terms of the third aspect, the use of technology, we really can't think of any business that doesn't make use of AI now, in this day and era.

We developed this AI translation engine ella last year. We have developed an AI translation engine capable of expressing emotions for game translation, which has been considered extremely difficult with machine translation.

We would like to expand our AI-based services by making good use of this technology to save time, while at the same time providing services that exceed the client's expectations in terms of quality, as the final review is performed by native staff who are familiar with the game.

We have already received more than 70 orders, including trials.

Recent M&A and Alliance Cases



Actively utilizing M&A and alliances to expand business areas.

Solution enhancement



Localsoft, S.L.

Business partnership with Spanish localization company



G-angle Co., Ltd.

Capital and business alliance with a company engaged in game audio recording business, etc.

New challenges for creating new businesses



81RAVENS PTE. LTD.

Investment in the development and operation company of the P2E game "PARAVOX"



TOKYO GameFi, Inc.

Investment in the company engaged in Web3 business



FENNEL

Fennel Co., Ltd.

Investment in the company that manages eSports teams, etc.

TURING

Turing Inc.

Investment in a company developing fully autonomous vehicles utilizing AI

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To further expand its business domain, the Company will actively utilize M&A and alliances.

We are expanding our solutions and partnering with various companies in a variety of fields. In terms of creating new businesses, we are investing in and partnering with companies that are undertaking unique and interesting initiatives in various fields, allowing them to make effective use of some of our management resources. We hope to develop interesting solutions and achieve results in these new business fields as well.

Medium-Term Targets of DH Group



Sales growth rate

*Including M&A

Medium-Term Targets

YoY
over **110%**

FY2024 results

YoY
101.8%
(Excluding the impact of the sale of subsidiary:
105.2%)



Global service sales growth rate

*Net sales from translation and LQA, marketing support, and overseas debugging

YoY
Over **120%**

YoY
119.5%



Operating income margin

Over **10%**

8.1%
(Excluding the impact of the sale of subsidiary:
9.0%)



ROIC over15%

* Calculated by
 $ROIC = (EBITDA \times (1 - \text{Effective tax rate})) \div (\text{Interest-bearing debt} + \text{Shareholders' equity})$

Over **15%**

16.1%^(*1)

*1 ROIC figures are calculated based on the consolidated results of the Company, including the AGEST Group Business.

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Finally, this is our DH Group's medium-term goal.

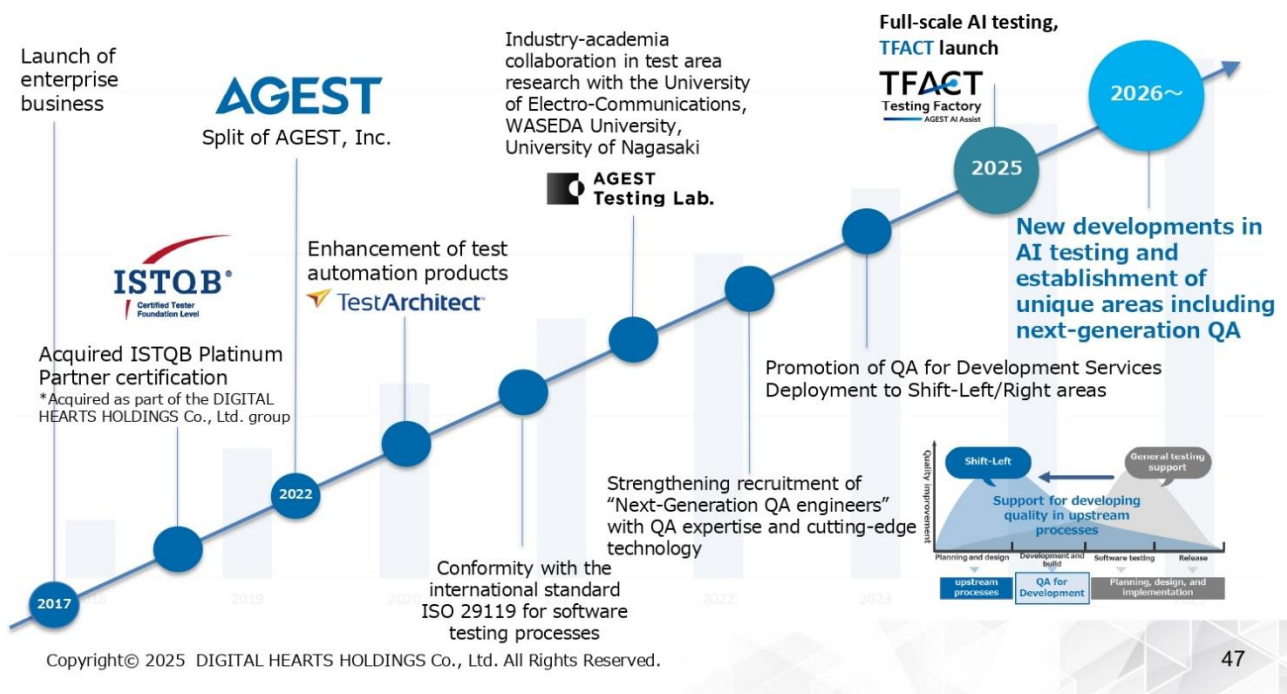
We will continue to lead the management of the DH Group with an aggressive spirit and never go on the defensive, aiming for double-digit growth of the DH Group on its own and a high operating profit margin, even after the spin-off listing of AGEST.

That is all from me.

History of AGESt Group



Since 2017, we have transitioned from providing manual testing support on a man-month basis to offering automation tools and QA services for upstream development processes. Looking ahead, we will aim to become the de facto standard in AI testing by leveraging our experience and technical expertise as a QA specialist.



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Ninomiya: I will now explain you the AGESt Group's growth strategy.

Since launching its enterprise business in 2017, AGESt has been promoting the acquisition of ISTQB certification, a recognized qualification in software testing. We are also working to ensure compliance with international standards for testing processes and conducting research into new testing techniques through industry-academia collaboration. Through these efforts, we have established a solid technical foundation. In recent years, we have used this foundation to create an area of expertise called "Shift-Left" and promote a service called QA for development.

This year, we released a β version of TFACT, the AI-based test management tool I mentioned earlier. We will greatly expand the area of AI testing, using our technology platform. AGESt aims to become the de facto standard in the area of AI testing.

Progress of Domestic QA Solutions



Recruitment of engineers for domestic QA solutions remained strong, with significant improvements in recruitment efficiency driven by initiatives such as strengthened referral hiring. In parallel, we enhanced both next-generation QA and AI-driven QA R&D, establishing a cutting-edge quality technology platform. We also reinforced our sales structure to support continued strong sales growth.

Engineer recruitment

Engineer recruitment is progressing well. We are systematizing the acquisition of low-cost hires through enhanced referral recruitment and branding. We will accelerate the recruitment of QA engineers.

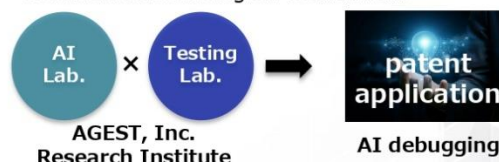


	FY2022	FY2024
recruitment unit price	¥1.5 mn	▶ ¥1.0 mn

Reduced recruitment costs by 33% in two years

Technology

AGEST, Inc. will release new services sequentially through its research and development organization. In addition, we will actively acquire patents to establish a technological foundation.



Sales

We will strengthen our sales structure, focusing on domestic QA solutions. By expanding both inside and field sales, we aim to streamline and maximize efficiency from lead to order.

	FY2024	FY2025(Plan)
Number of sales staff	35 people	▶ 56 people

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The first step will be the progress of the base, domestic QA solution.

In order to grow domestic QA solutions, three major elements will be necessary. One is the hiring of engineers and engineering resources. The other is technology. And finally, sales. We believe that these three points are very important.

First of all, with regard to the recruitment of engineers, we had some trouble with projects in Q1 of last year, which caused the operating rate to drop a little, so we refrained from hiring engineers, but recruitment has been progressing steadily since 2H of last year. In addition, we have succeeded in reducing the unit cost of recruitment itself by strengthening branding and referral recruitment. Using this structure, we hope to establish a delivery system for at least 110 employees this fiscal year, and on an ongoing basis in the next fiscal year and beyond.

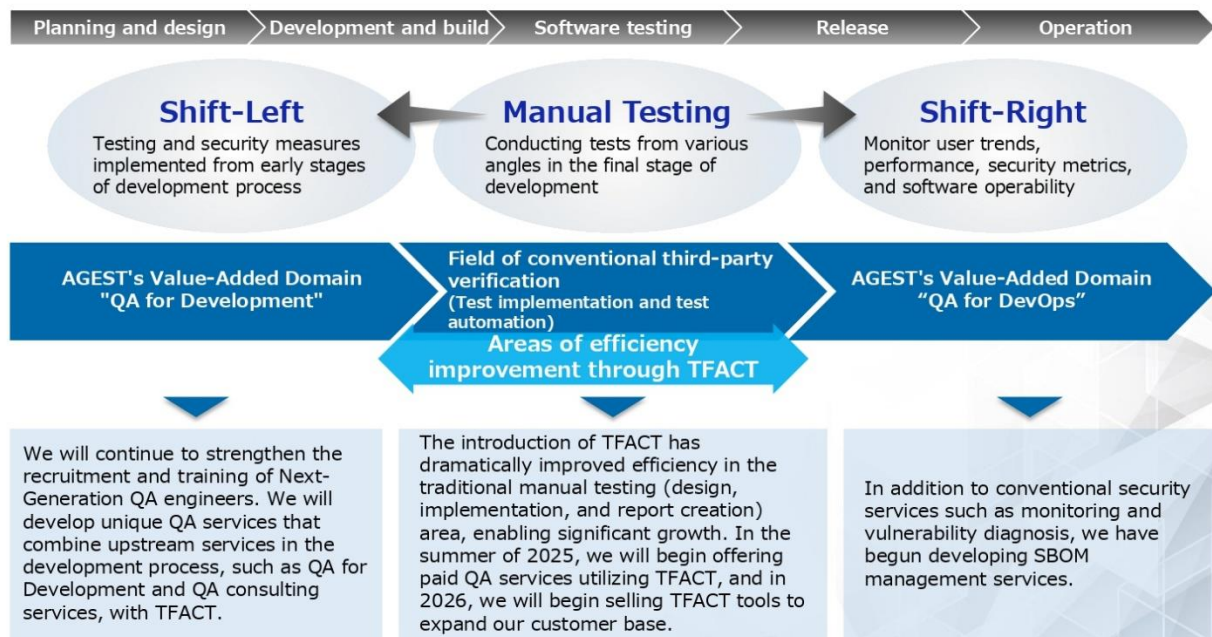
We have been doing a lot of research on technology, including industry-academia collaboration. As a result, we have launched various services under the QA for development series. However, going forward, we plan to actively pursue patent applications in order to leverage AI.

In terms of sales, since we have established a considerable delivery system, we naturally need to expand our sales structure, which we intend to do vigorously. Therefore, by expanding both inside and field sales, we hope to double the number of sales by the end of this fiscal year compared to the previous year.

Continuous Enhancement of Next-Generation QA



We will continue to strengthen our team of Next-Generation QA engineers. By leveraging TFACT, we aim to improve efficiency in manual testing such as design and implementation. We are committed to establish distinctive QA services by enhancing each area of our expertise.



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The map of our services is divided into three main categories according to the software development process.

First, we do “Shift-Left”, improving test quality from the early stages of development. With this in mind, we have created a service called QA for development. We believe that this will continue to be our area of expertise. Therefore, we will continue to strengthen our recruitment and training in next-generation QA engineers. Furthermore, we would like to develop our own QA service by integrating with AI involving TFACT, which is also in the area of this QA for development and Shift-Left.

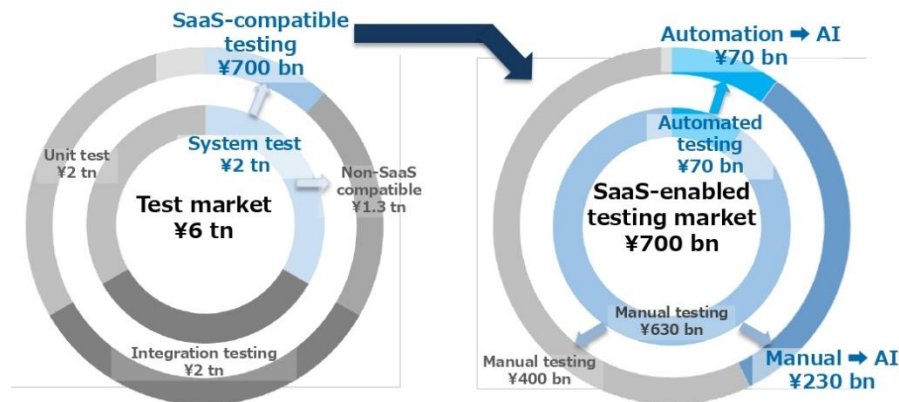
Next is manual testing, which is the area in which we, as a general third-party verification company, excel. This is precisely the area where TFACT can improve efficiency. We believe that TFACT will dramatically improve the efficiency of design, implementation, and reporting in this area, which is traditionally done by manual testing. In the summer of this year, we will make this a fee-based service, and in the next fiscal year, we will start selling the TFACT tool on its own. Through this, we would like to promote the development of new customers.

Last, “Shift-Right”, after release. This is an area where it is difficult to expand sales, but we have continued to provide services in areas such as monitoring and vulnerability diagnosis. We have started a new SBOM management service, which will be described in a later section. We would like to use this to expand sales in the shift-right area as well.

Market of TFACT



TFACT's estimated market potential is 300 billion yen.
By continuously expanding test coverage and enhancing functionality, we aim to dominant share of this market.



The market for TFACT support using current functions is estimated to be 300 billion yen. We will promote market penetration by developing services that combine manual testing and AI testing, and aim to become the de facto standard in the market through significant expansion through tool sales and other means.

System testing is estimated to be a 2 trillion yen market, while SaaS-compatible testing that can be executed on UI, such as web and app testing and some business systems, is estimated to be 700 billion yen.

The market for automated testing in SaaS-compatible testing is approximately 10% (70 billion yen). This market may transition to AI testing. The remaining 630 billion yen is currently stuck in manual testing due to reasons such as "implementation costs," "specialized expertise," "script creation time," and "insufficient input documents such as specifications." TFACT addresses each of these challenges and will be able to convert approximately 40% (230 billion yen) out of the market 630 billion yen to AI testing.

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*Source: Estimated by AGEST, Inc. based on "IT Investment by Domestic Enterprises in Japan: Key Research Findings 2024" by Yano Research Institute Ltd. and "MDB Promising Market Forecast Report: Software Testing Services" by JMA Research Institute Inc.

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I believe that the market is the first and most important part of TFACT's strategy.

First, the testing area, which is generally referred to as the testing market, is said to be approximately JPY6 trillion in Japan. The third-party verification company that can utilize TFACT is targeting this testing process, the area of post-process testing known as system testing. We believe that this area of the market is approximately 1/3, or about JPY2 trillion, in roughly positive terms.

In addition, the TFACT target areas include areas where testing can be conducted using the UI, such as testing of web applications and some business systems. This is estimated to be approximately JPY700 billion. Of the JPY700 billion SaaS-enabled testing market, about 10% is already automated, though not using AI. So, there is probably about JPY70 billion that is automated. With our TFACT, automation itself can be made more efficient. Therefore, TFACT believes that this market of automation will be the first place where conversion will be possible.

In addition, there is the unautomated market, which is about JPY630 billion. The reason why this cannot be automated is because there is a bottleneck. When automating testing, for example, the initial investment is quite expensive. Therefore, for items that need to be tested repeatedly, automation is proceeding at a rapid pace, but for other items, automation is not progressing well, including the issue of implementation costs. These bottlenecks include implementation costs, the time required to create specialized scripts, and insufficient documentation. TFACT can solve these issues that are currently limited to manual testing.

I wouldn't say all of them, but at present, about 40% of the functions. We believe this can be automated using AI. Therefore, we will initially set a sales target of approximately JPY300 billion. First, we will launch services in conjunction with manual testing, and then we will expand sales significantly through tool sales.

Expansion of Shift-Right Area



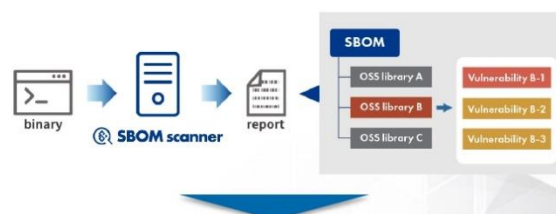
Expand the scope of existing vulnerability assessment services and launch SBOM management services. Develop a fully domestic SBOM management tool within the current fiscal year. Launch services in 2026 with the goal of expanding our capabilities the Shift-Right area.



AGEST Initiatives

SBOM Vulnerability Regular Report Service

AGEST was one of the first companies to develop SBOM management services for IoT devices. It generates SBOMs from binary files such as firmware for IoT devices and comprehensively manages vulnerability information.



AGEST will launch SBOM management services in the areas of web systems, servers, and business systems, in addition to IoT and embedded devices. AGEST aims to establish the No. 1 SBOM management service in Japan by developing tools that address issues associated with implementation in Japan.

*1 Source: QYResearch "Global Software Bill of Materials (SBOM) Market Insights, Forecast to 2030"

*2 Source: Tanium Inc. "Survey Results on the Current Status of SBOM in Japan"

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Next, as for the area of "Shift-Right", as I mentioned earlier, we have been focusing on vulnerability diagnosis.

We are now in the process of developing a purely domestic SBOM management tool for release. This SBOM, in simple terms, is a table of raw materials for software. Therefore, it is a tool to clarify and visualize software components and open-source information.

After this visualization, the service ensures the security quality of software by comparing it with vulnerability information that is updated daily.

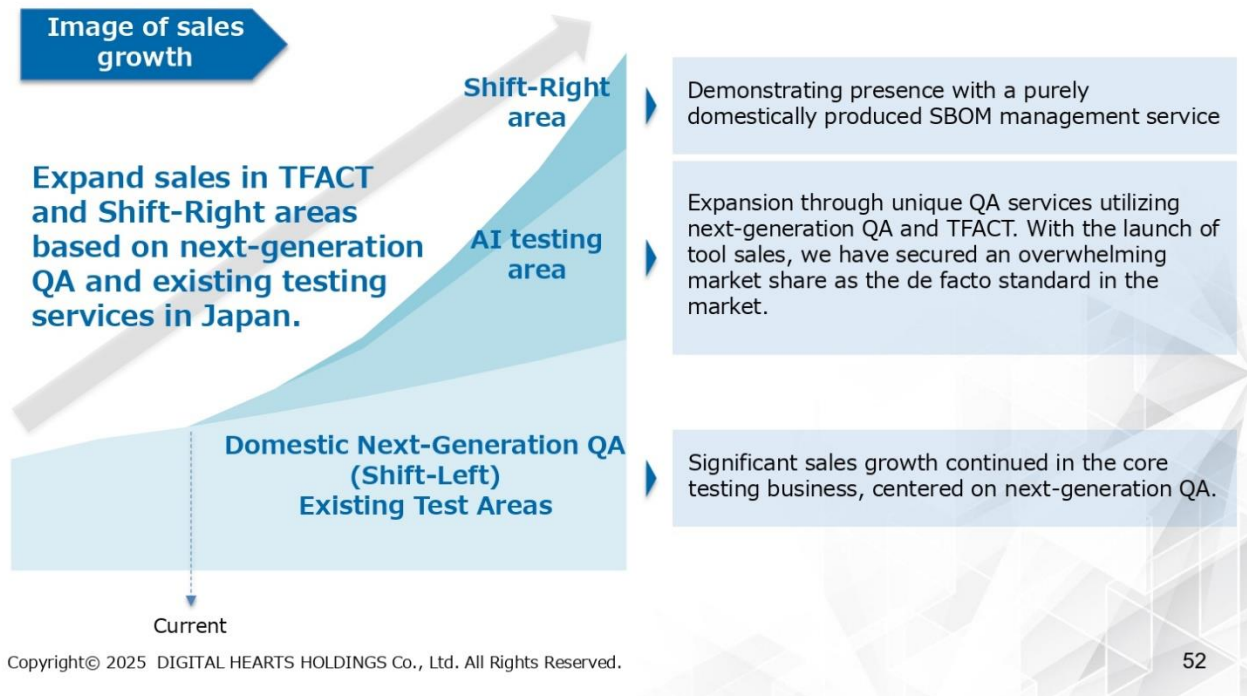
In Japan, this is not so advanced yet, but in Europe and the US, it is being promoted quite well. In the US, the President of the Biden administration had been promoting SBOM, and in the EU, some parts have become mandatory. The global growth rate is expected to be as high as 24% CAGR.

In Japan, the Ministry of Economy, Trade and Industry revised its guidelines last July, and the use of SBOM will be promoted for some critical systems. Unfortunately, not much has been introduced in Japan yet. Right now, the survey of major firms alone is 14%. When expanded further, the penetration rate is quite low.

We believe that this will become a very important service. We have already started SBOM management services for IoT devices. We would like to expand this into the areas of web systems, servers, and business systems to expand Shift-Right sales.

Furthermore, since this is quite a security issue, I believe it is very important to do so domestically. Since there are not many domestic tools available yet, we would like to accelerate our efforts to establish the number one SBOM-related service that is purely domestic.

In addition to expanding our core next-generation QA services in Japan, we will drive further growth by increasing market penetration and tool sales of TFACT, as well as by launching SBOM management services in the Shift-Right domain.



As a result, we will first focus on this existing testing area, which is centered on Shift-Left, the next generation of QA. With this, we hope to continue to expand our business and achieve a significant increase in revenues.

Furthermore, from this summer, we will increase sales in the area of AI testing, where we will firmly utilize TFACT and aim to become the de facto standard.

In addition, we have not been able to start quality control of shift-right, post-release quality control. With regard to this area as well, we would like to create a presence centered on SBOM and create a large expansion by accumulating sales.

That is all.

[END]