DIGITAL HEARTS HOLDINGS Co., Ltd.

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

May 14, 2025

[Speakers]

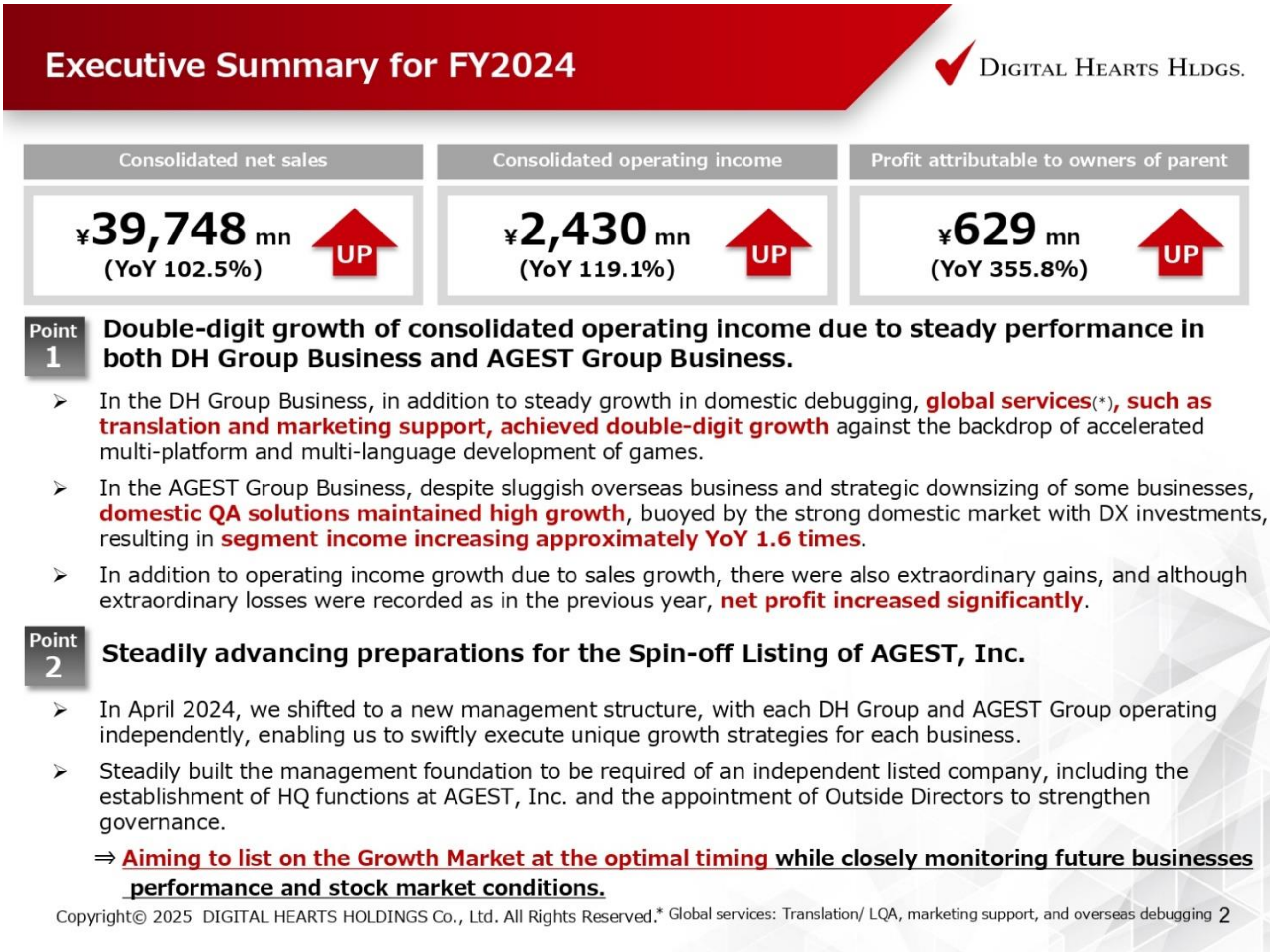
DIGITAL HEARTS HOLDINGS Co., Ltd.

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.

Presentation



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.

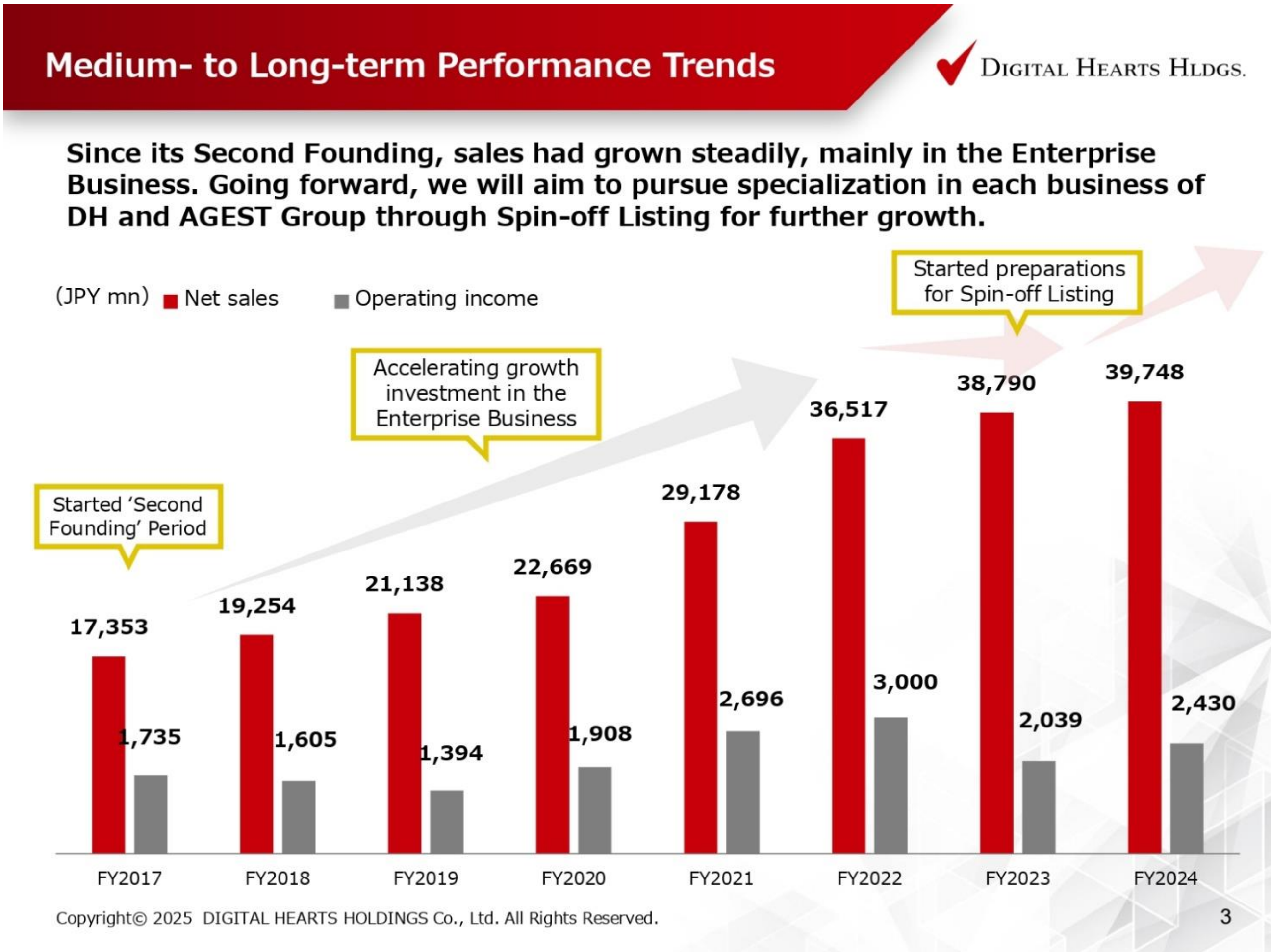
In the DH Group Business, the domestic debugging business grew solidly, and our global services also achieved double-digit growth amid the trend toward multi-platform and multi-language games. The AGEST Group Business also continued to maintain growth in domestic QA solutions, despite the strategic downsizing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

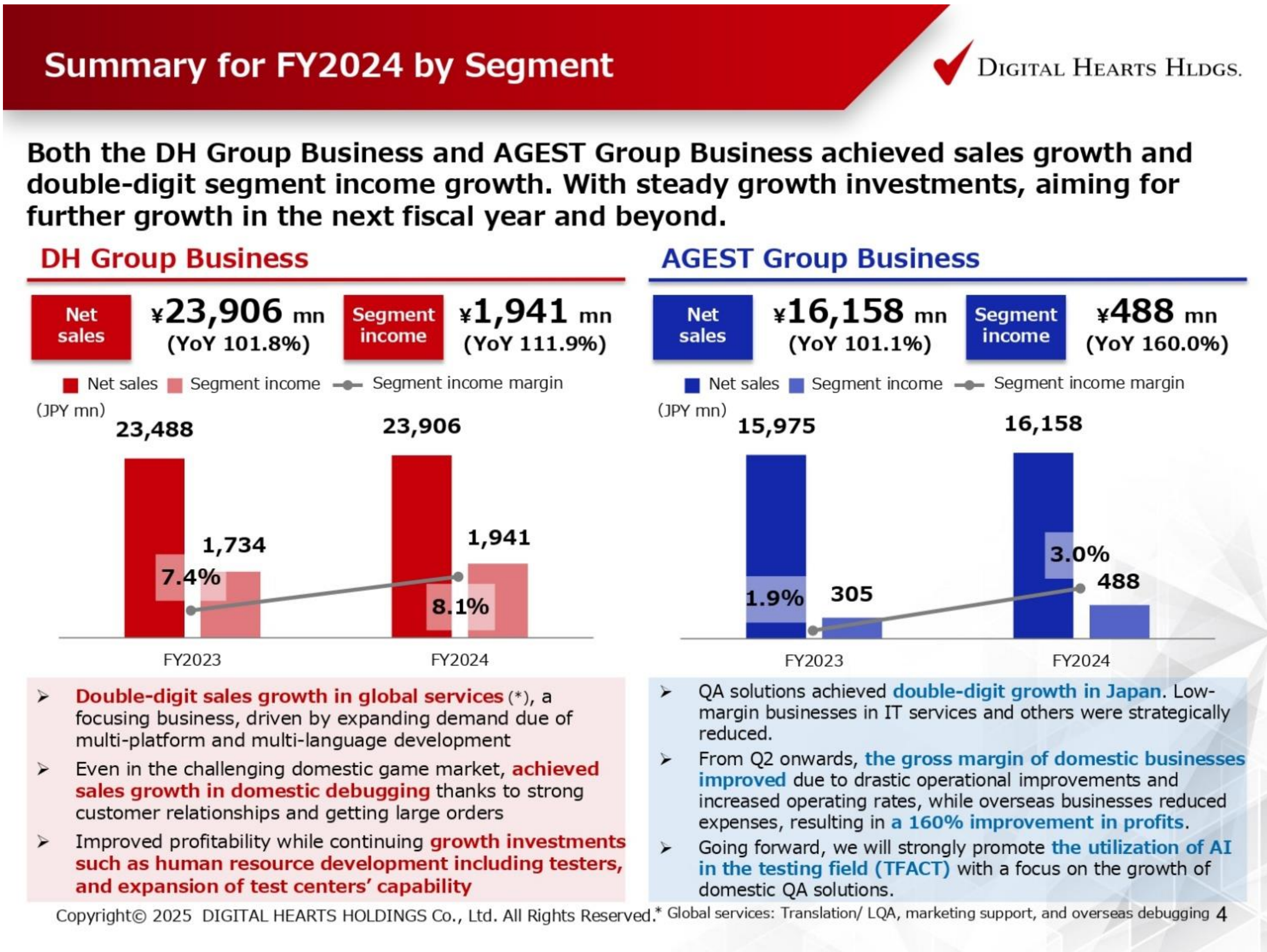
However, this fiscal year, there was an extraordinary gain from the sale of some businesses, so net income increased 355.8% from the previous year, or JPY629 million.

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.



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.



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

DIGITAL HEARTS HLDGS.

- 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%	–

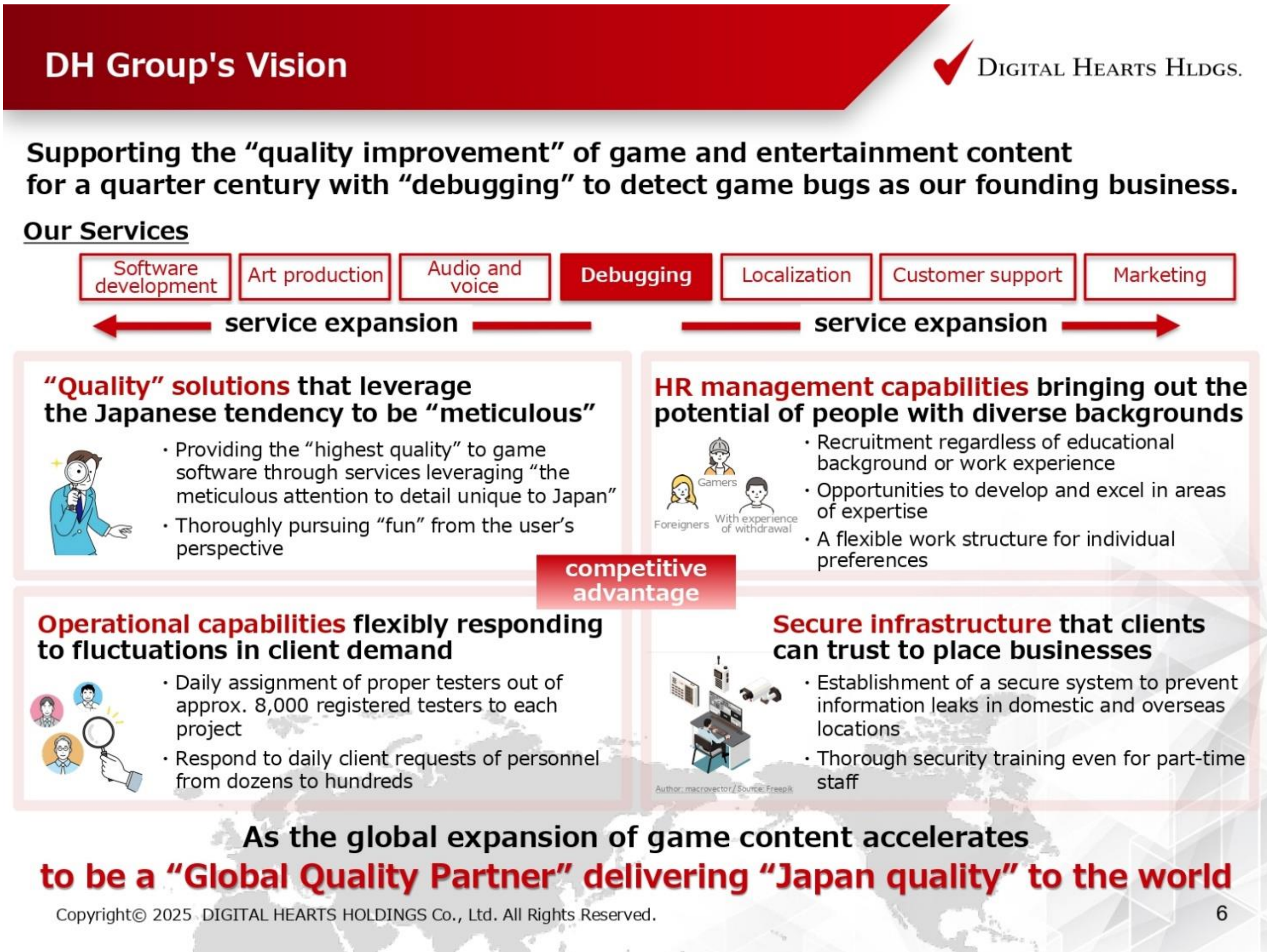
*In December 2024, we transferred all shares of our consolidated subsidiary, identity Inc. These YoY figures above exclude the impact of this transaction.
(The impact: net sales of ¥3,103 million and operating profit of ¥70 million (after consolidation adjustments))

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.

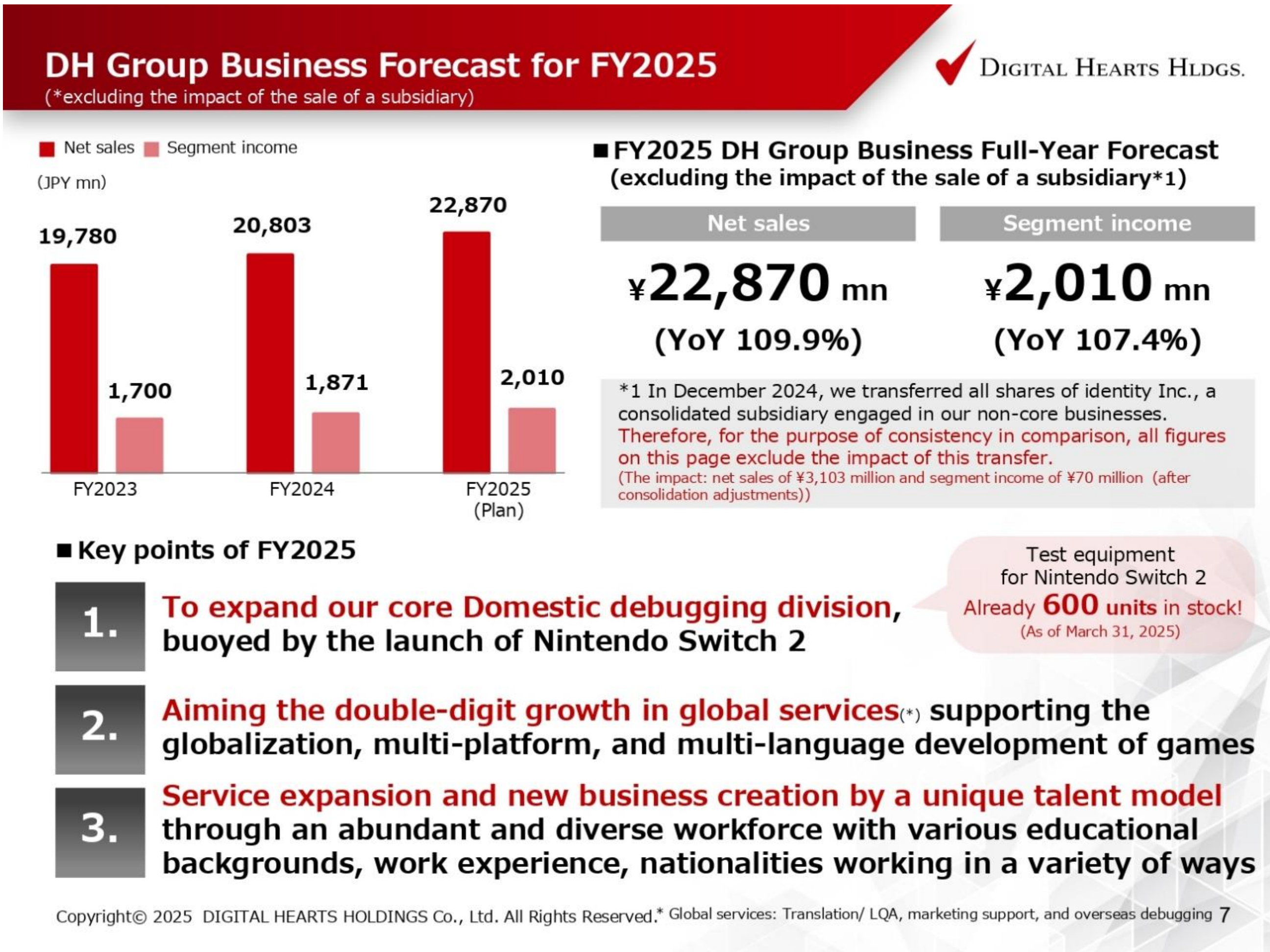
Excluding the impact of the sale of a non-core subsidiary last year, DH Group projects net sales of JPY22,870 million, or 109.9% of the previous year's level, and operating income of JPY2,010 million, or 107.4% of the previous year's level.

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.



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.



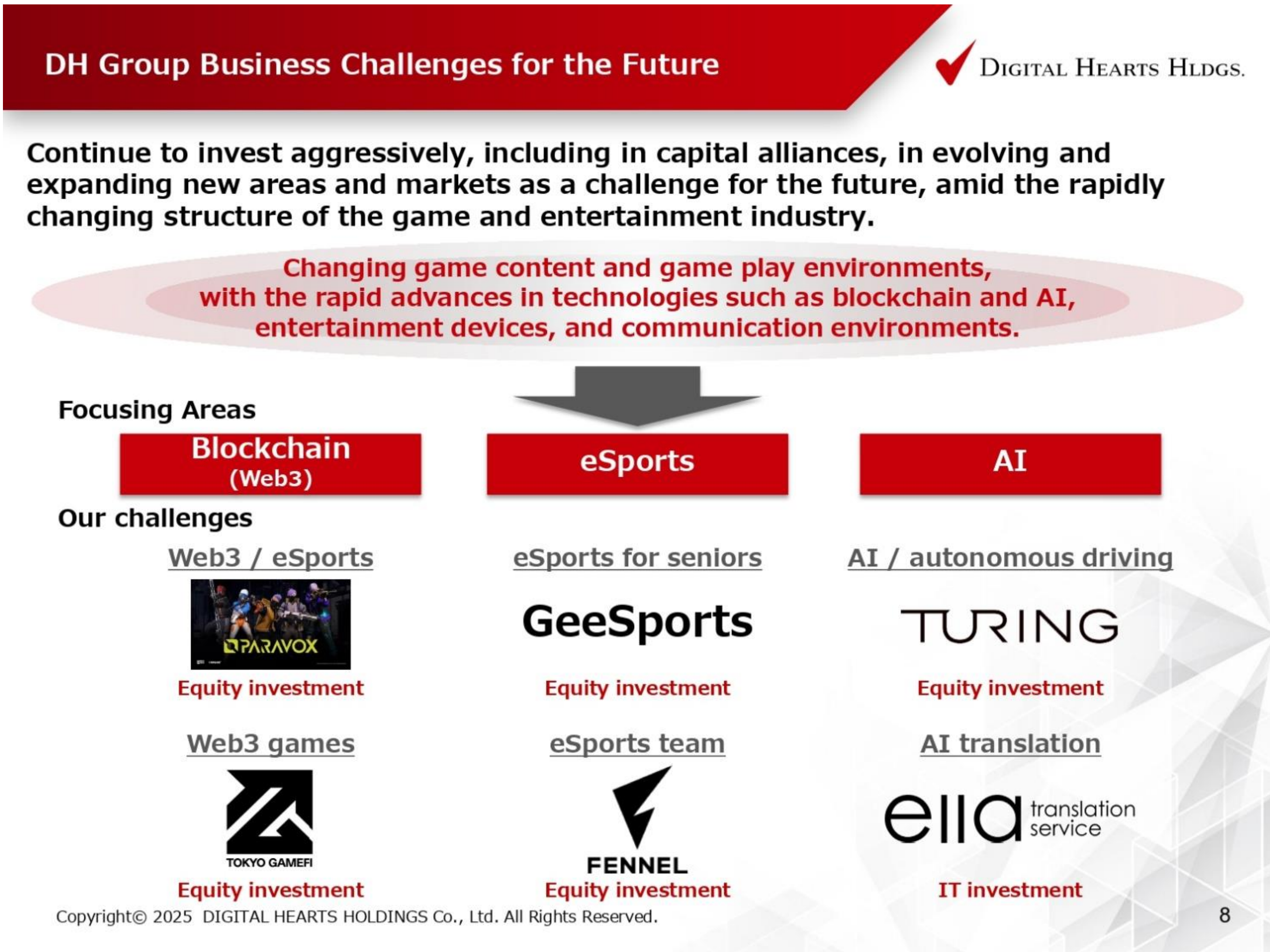
Here is the outlook for DH Group Business results for the fiscal year ending March 31, 2026.

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.

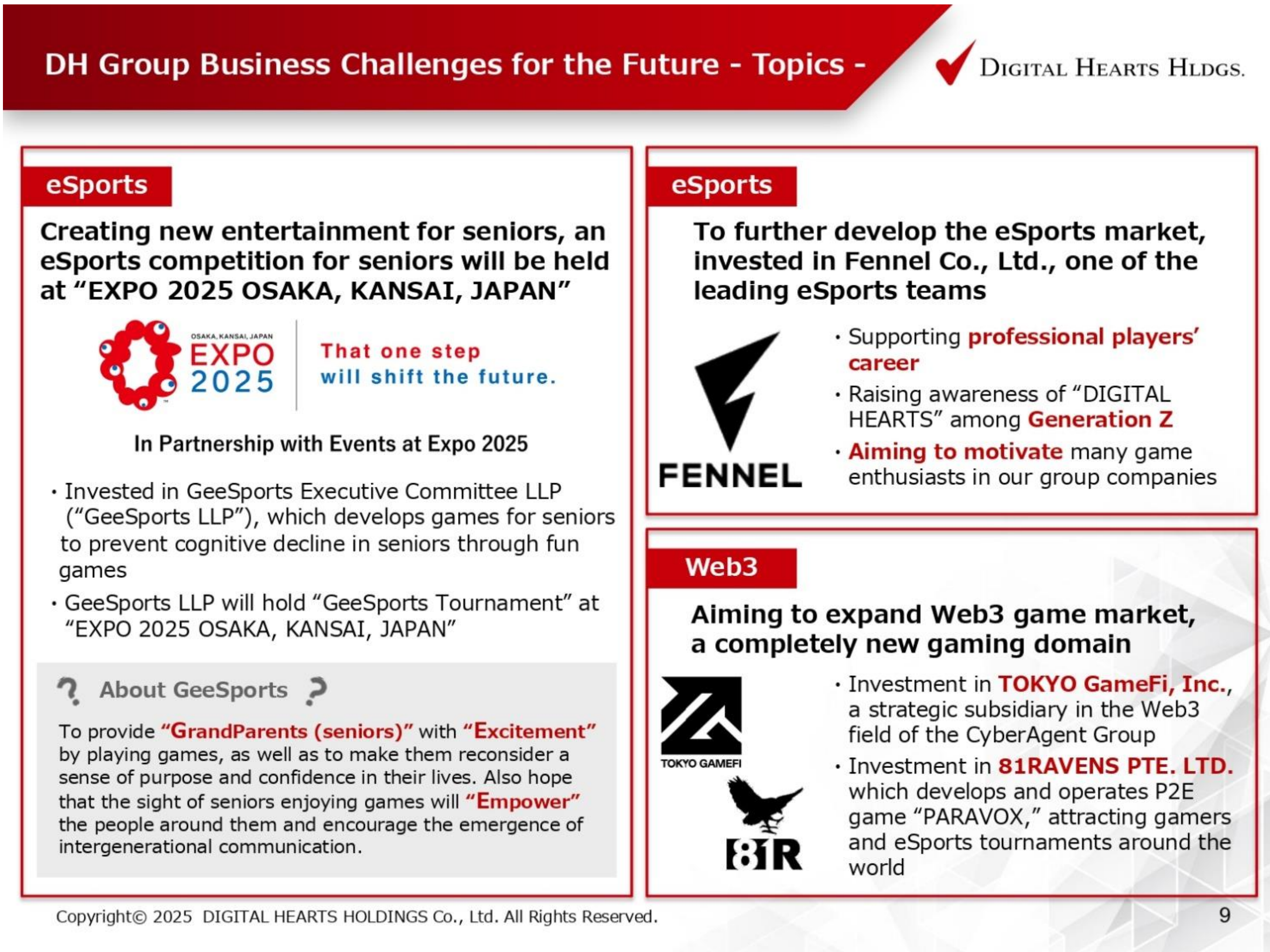
Third, human resources to support these businesses. We have a very diverse and unique talent model. We will continue to refine this area and develop its foundation with the aim of further expanding services and creating new businesses.



This is the future of DH Group Business.

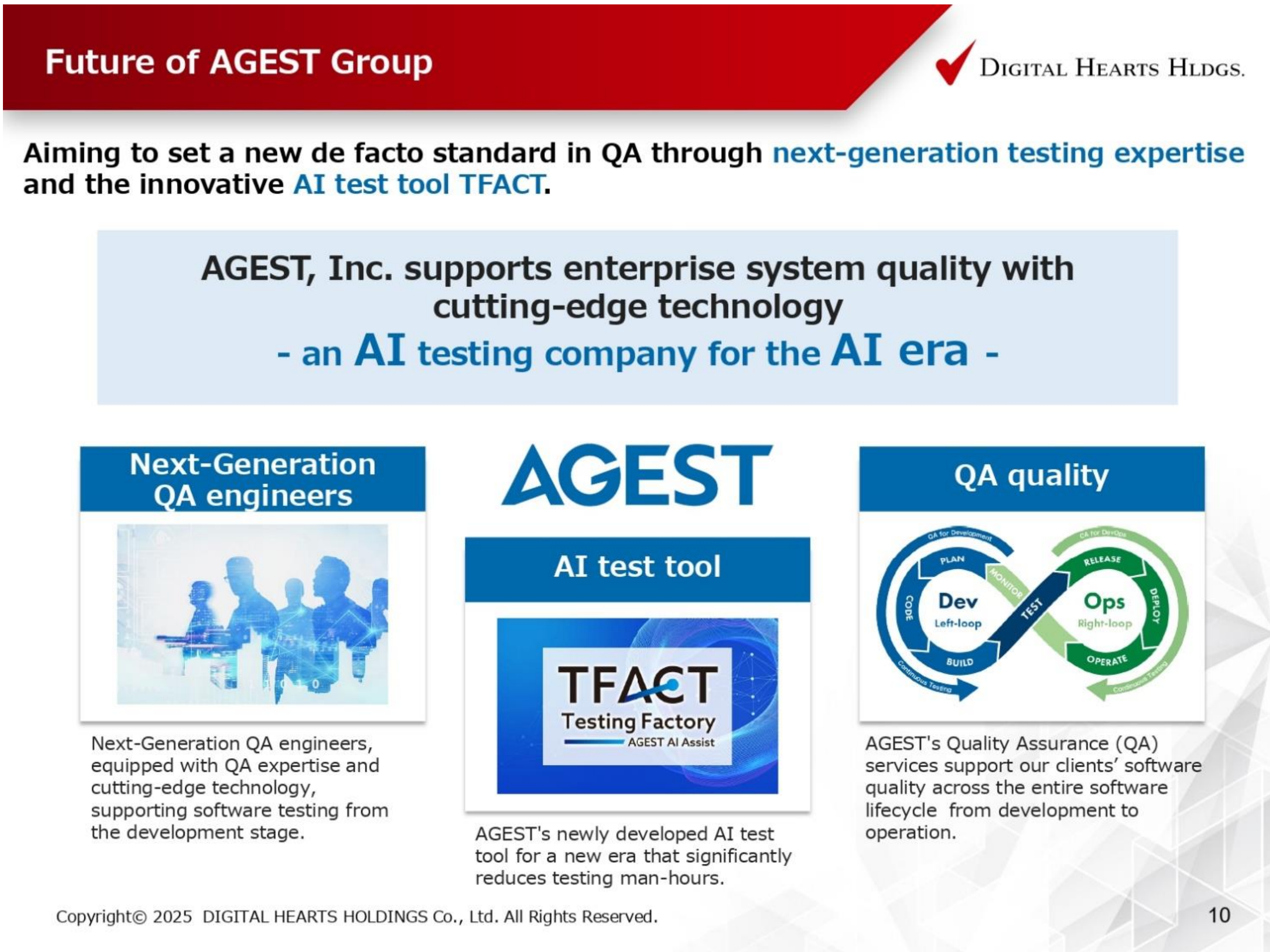
The structure of the game and entertainment industry is changing very rapidly, and we need to seize opportunities, business opportunities in the midst of these changes.

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.



Here are some specific examples of these challenges.

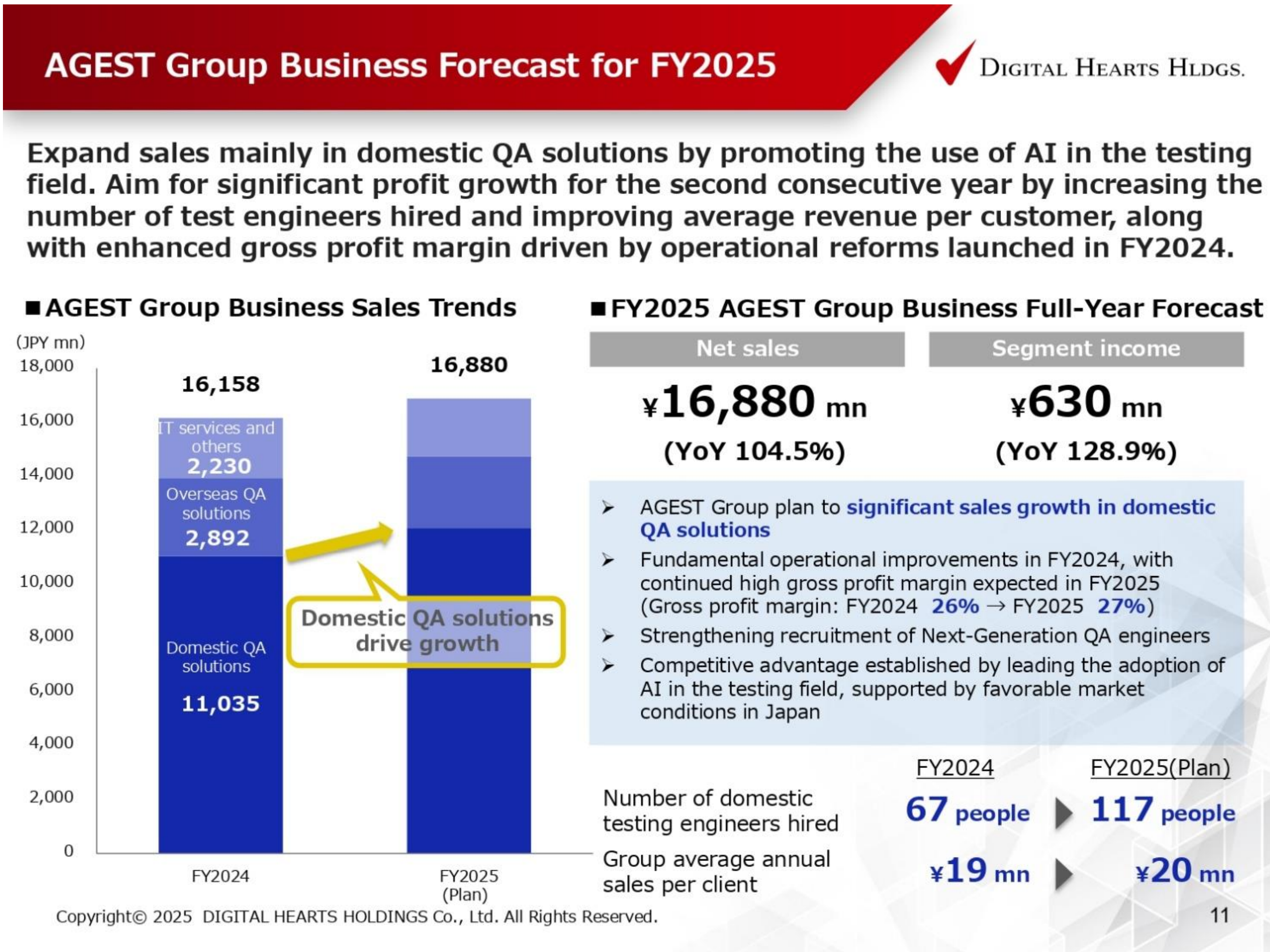
I will omit the explanation here today. However, we intend to continue challenging ourselves in these areas which are unique to the Company.



This is the future of the AGEST Group.

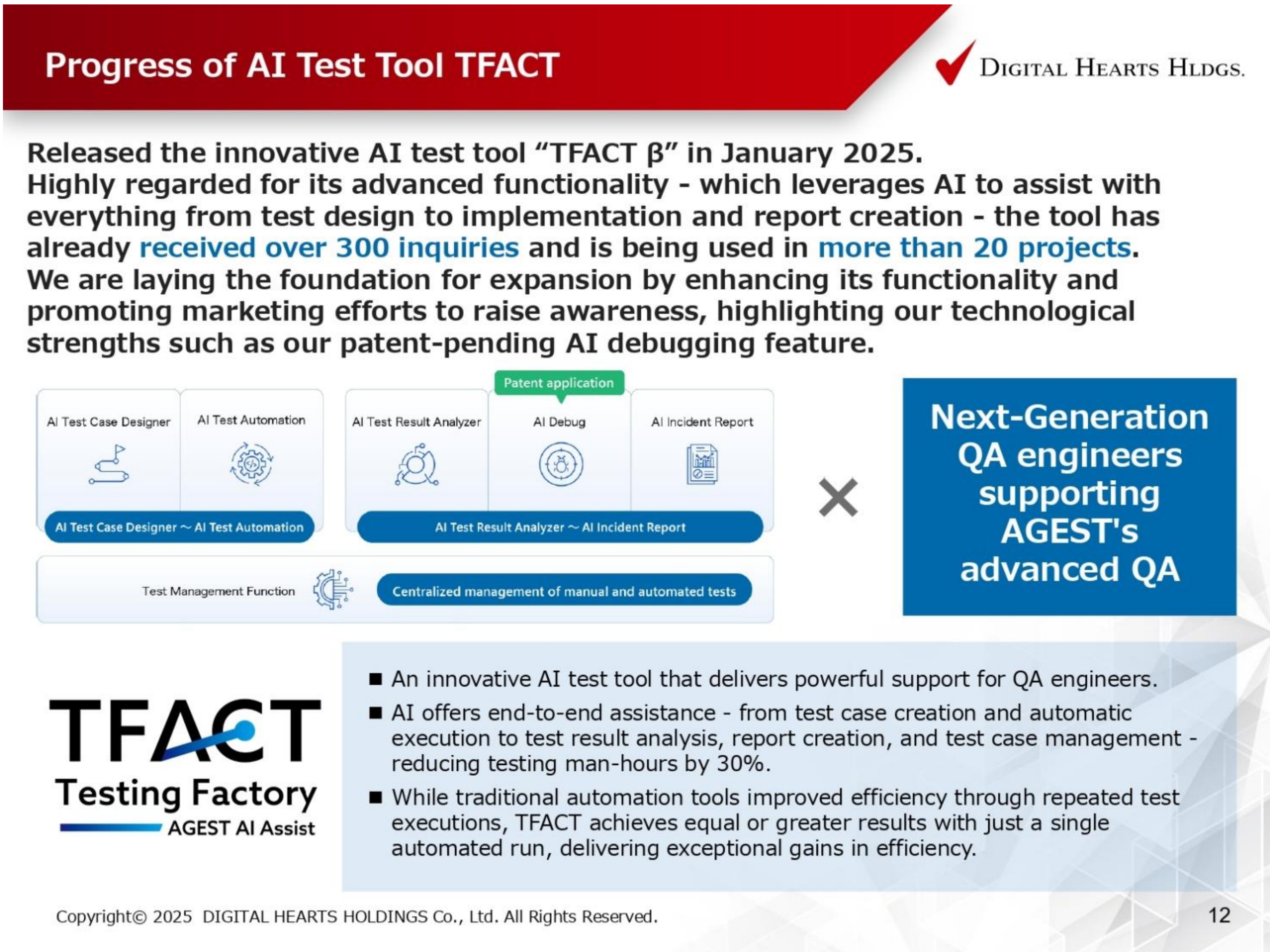
We are truly living in the era of AI. In this era of AI, various AI-powered software and services will continue to spread throughout the world.

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.



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.



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.

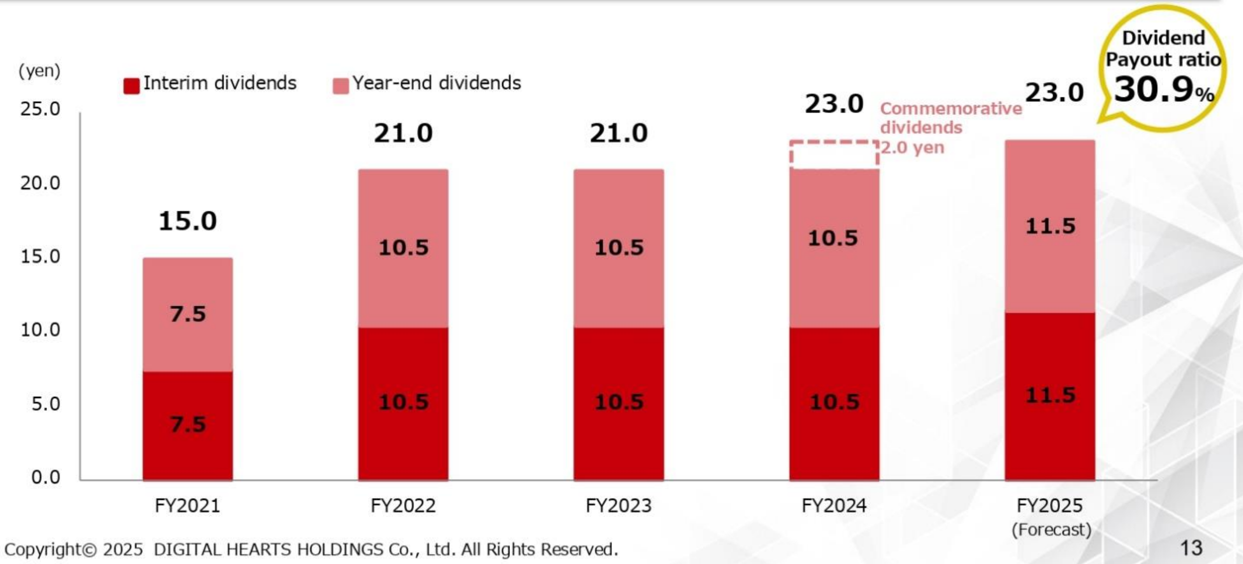
Dividends Forecast of FY2025

DIGITAL HEARTS HLDGS.

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.



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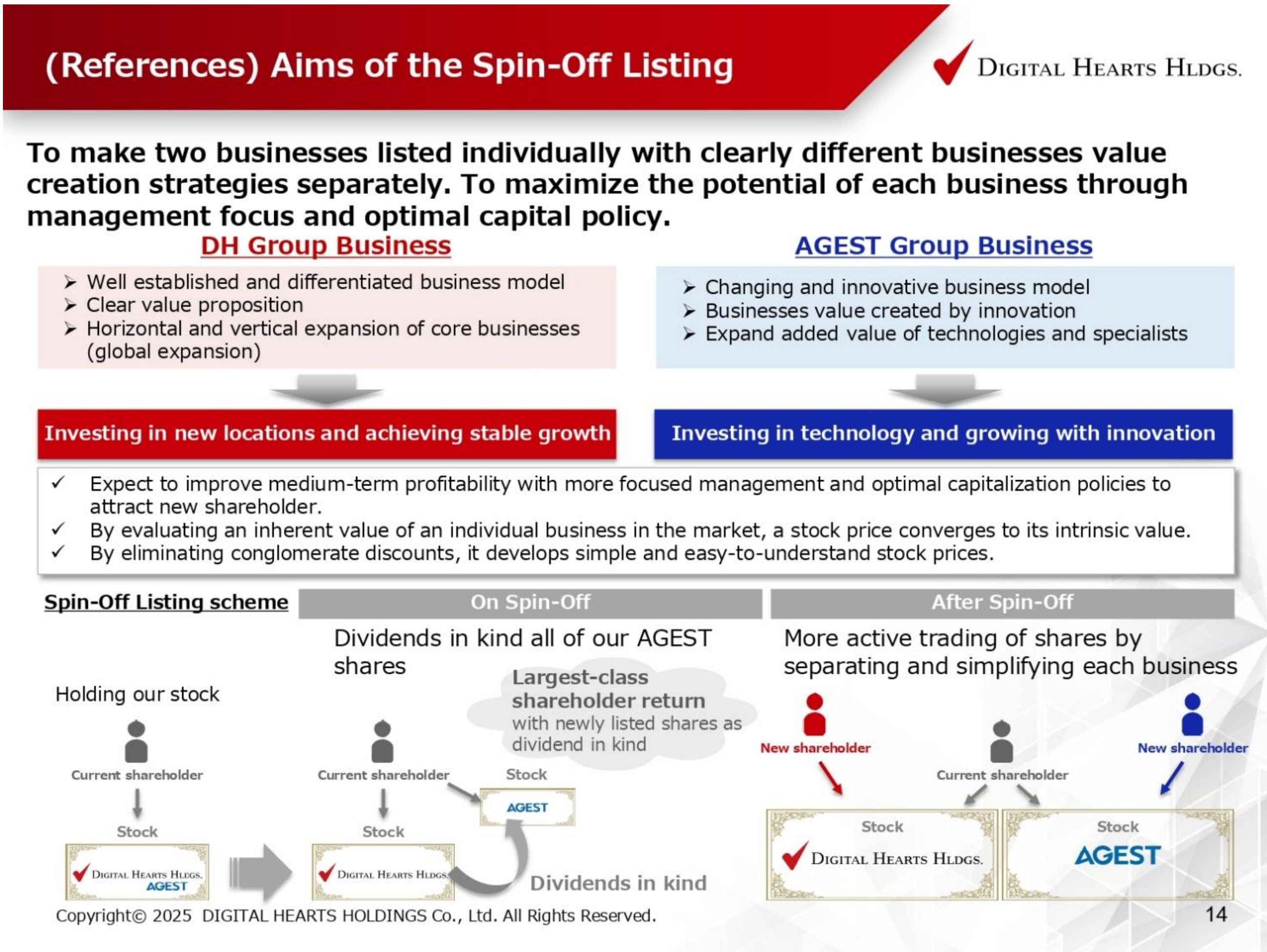
This is followed by the dividend forecast for the current fiscal year.

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.



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

DIGITAL HEARTS HLDGS.

- 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%

* Global services: Translation/ LQA, marketing support, and overseas debugging

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

DIGITAL HEARTS HLDGS.

(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

DIGITAL HEARTS HLDGS.

(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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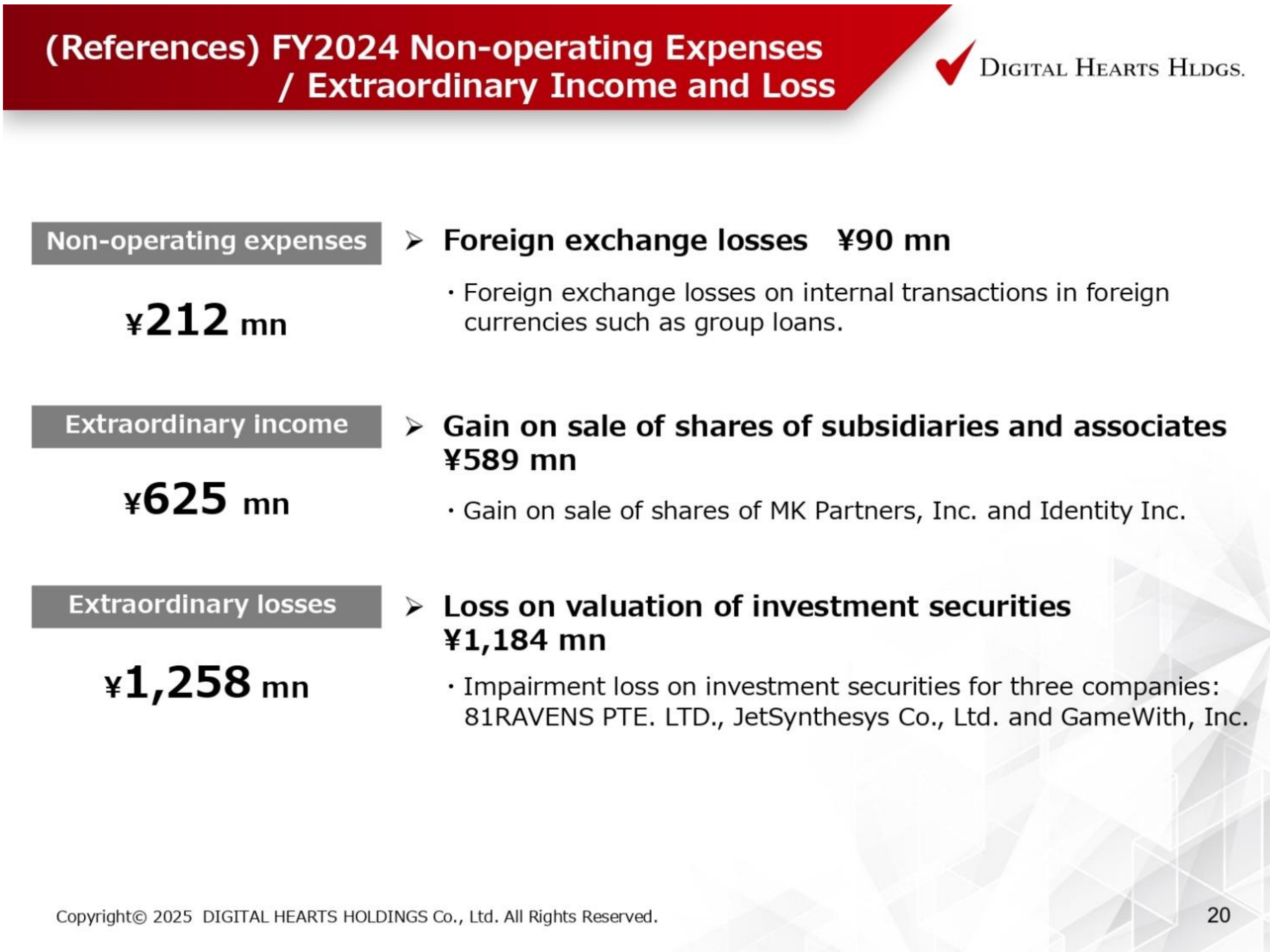
Next is the consolidated cash flow.

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.



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

DIGITAL HEARTS HLDGS.

- **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 *Including identity Inc. which was transferred in December 2024.	10,308	10,226	99.2%
Segment income	1,734	1,941	111.9%
EBITDA	2,320	2,566	110.6%

* Global services: Translation/ LQA, marketing support, and overseas debugging 24

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

I will start with page 24, the DH Group.

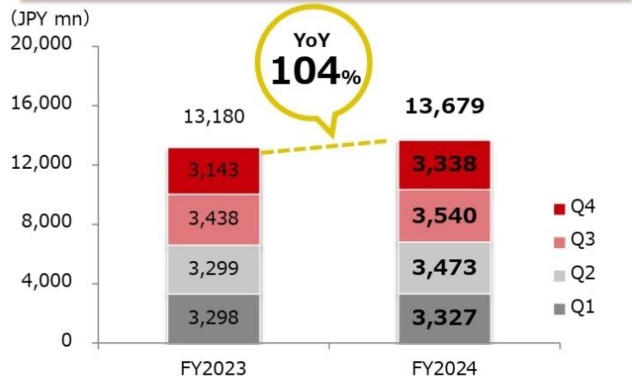
Here are the results of the DH Group by segment. Net sales were JPY23.9 billion, 101.8% of the previous year's level, and segment income was JPY1.9 billion, 111.9% of the previous year's level.

DH Group Business - Domestic debugging division

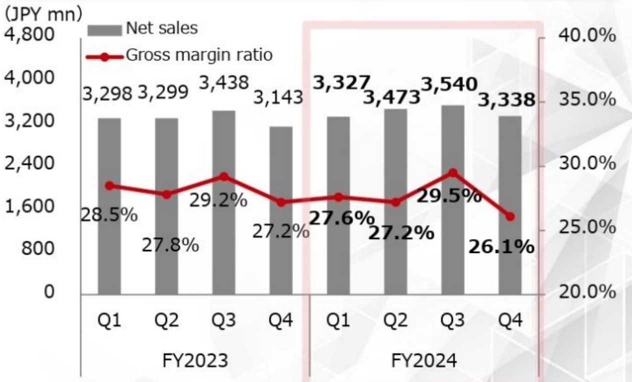
DIGITAL HEARTS HLDGS.

- **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



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.

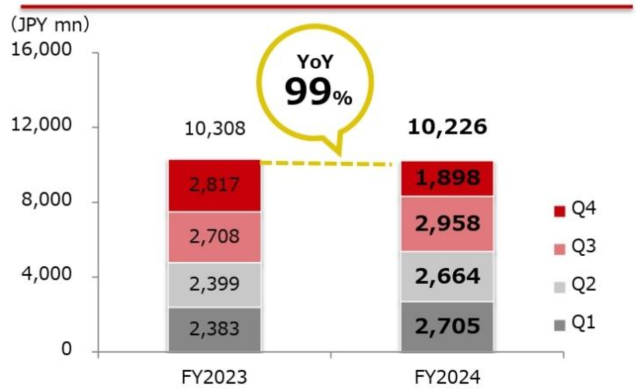
In the fiscal year ended March 31, 2025, we have invested in growth in preparation for increased demand in the fiscal year ending March 31, 2026 and beyond by increasing the hourly wage of our testers, expanding our test centers "Lab.", and preparing testing equipment specifically for Switch 2. While 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.

DH Group Business - Global and others division

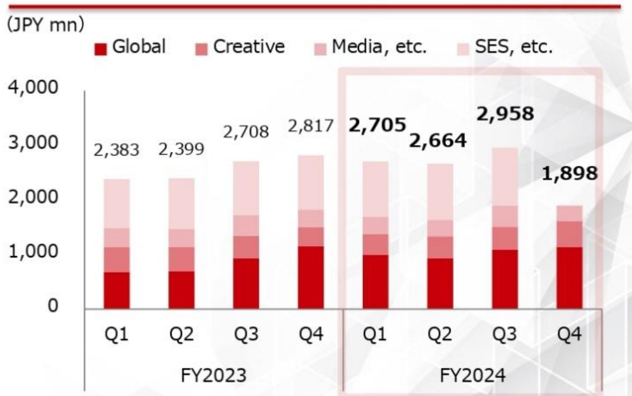
DIGITAL HEARTS HLDGS.

- **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



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

DIGITAL HEARTS HLDGS.

- **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.**

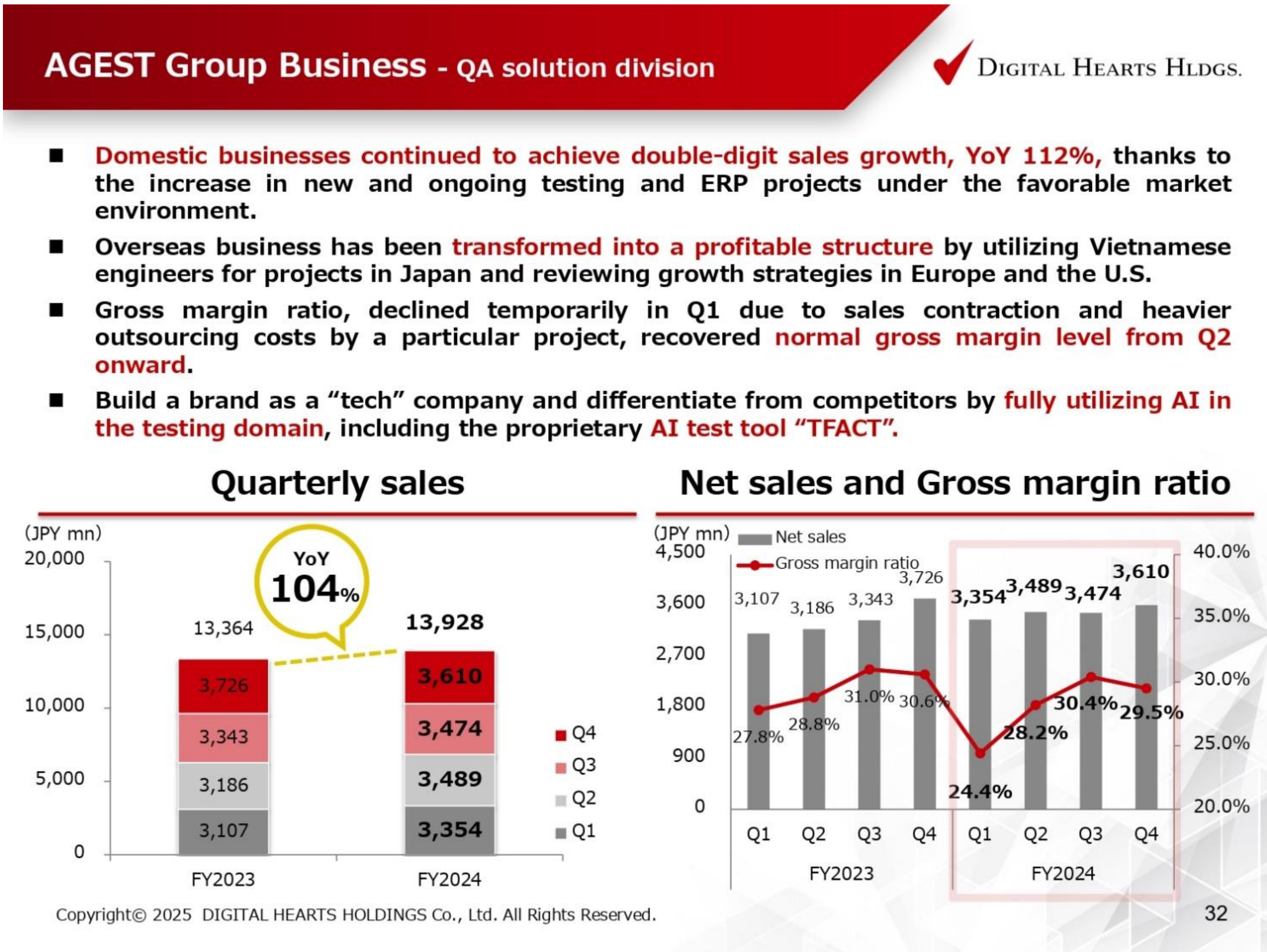
(JPY mn)	FY2023	FY2024	YoY Change
Net sales	15,975	16,158	101.1%
QA solution	13,364	13,928	104.2%
IT services and others	2,611	2,230	85.4%
Segment income	305	488	160.0%
EBITDA	757	890	117.5%

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.



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.

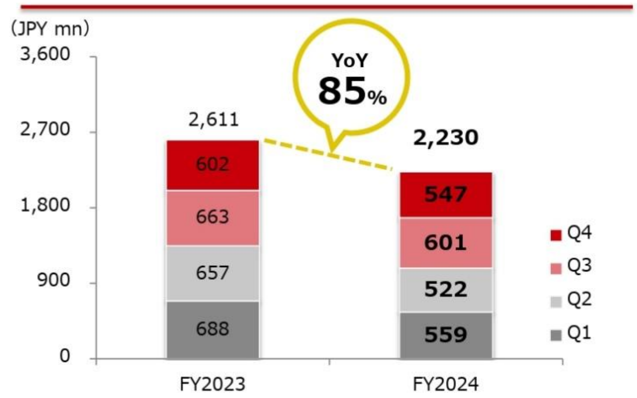
On the other hand, if you look at the quarterly trends in the lower right-hand corner, you will see that in Q1, the gross margin dropped to 24%. The gross margin temporarily declined due to the impact of specific projects, but since Q2, the gross margin has recovered to about 30%, which is the cruising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

AGEST Group Business - IT services and others division

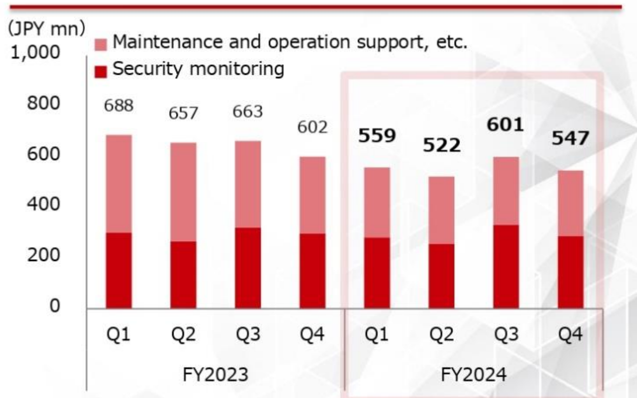
DIGITAL HEARTS HLDGS.

- **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



Quarterly sales by service



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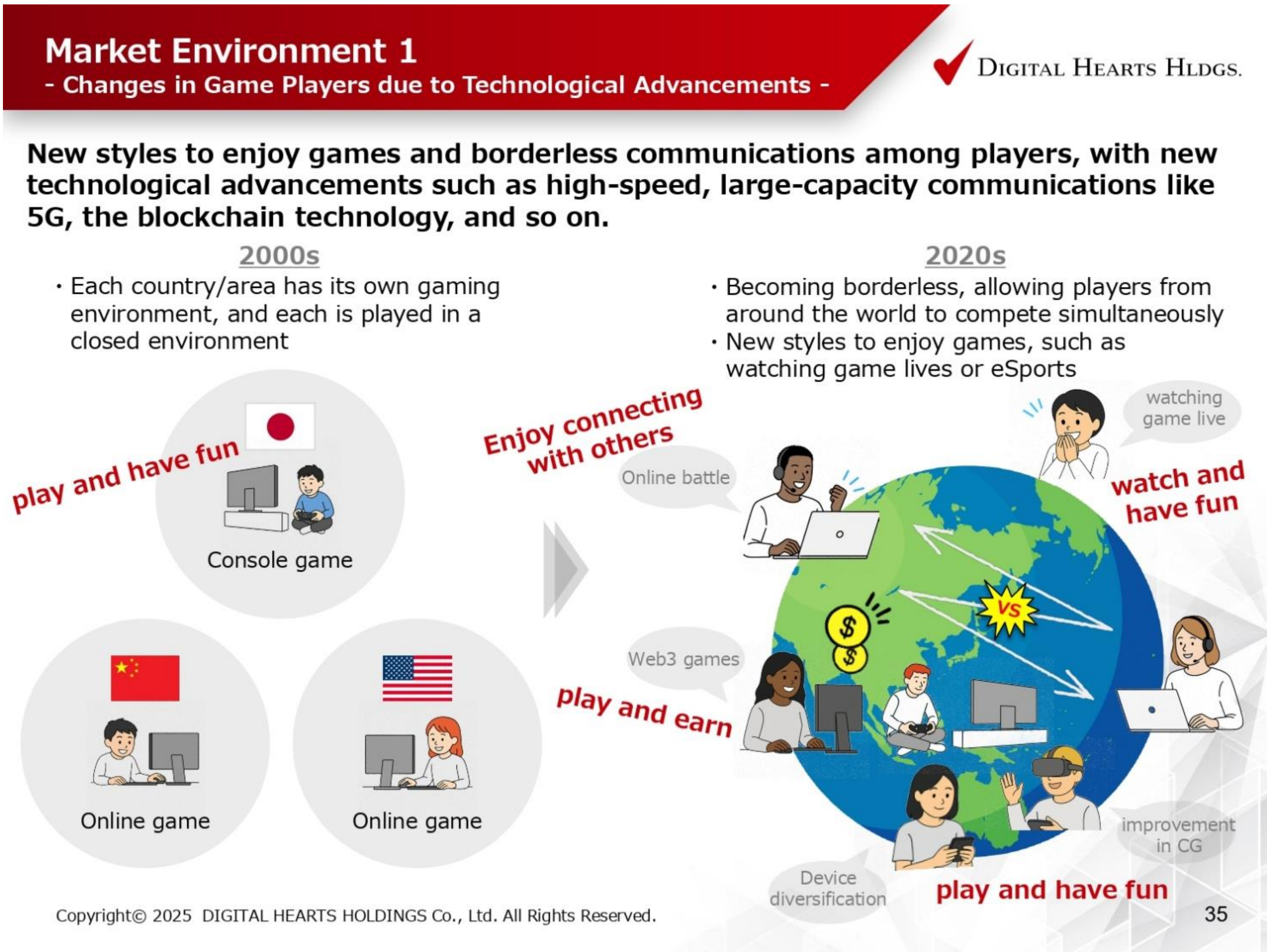
Lastly, IT services and others.

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.



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

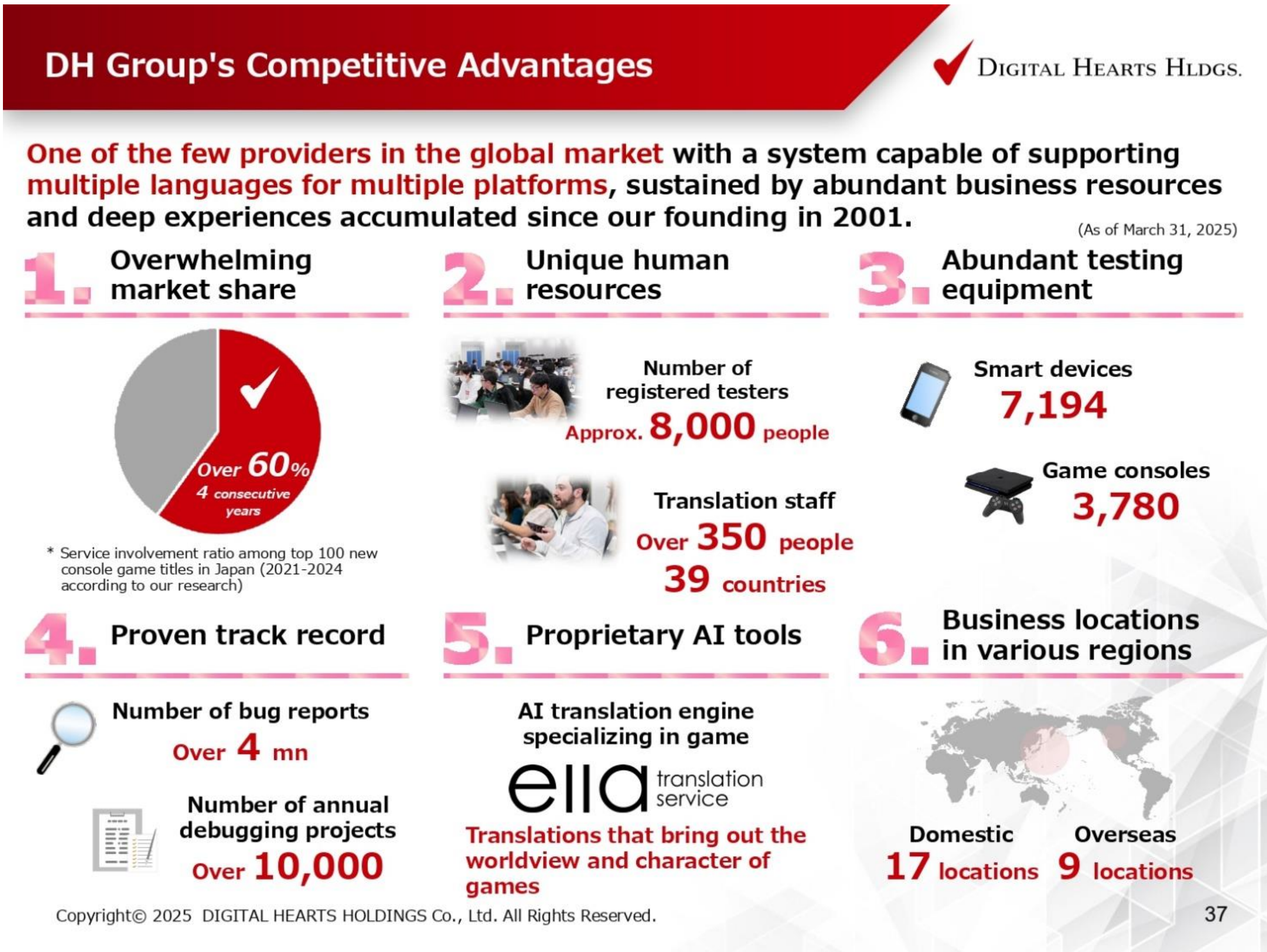
First, the market situation.

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.

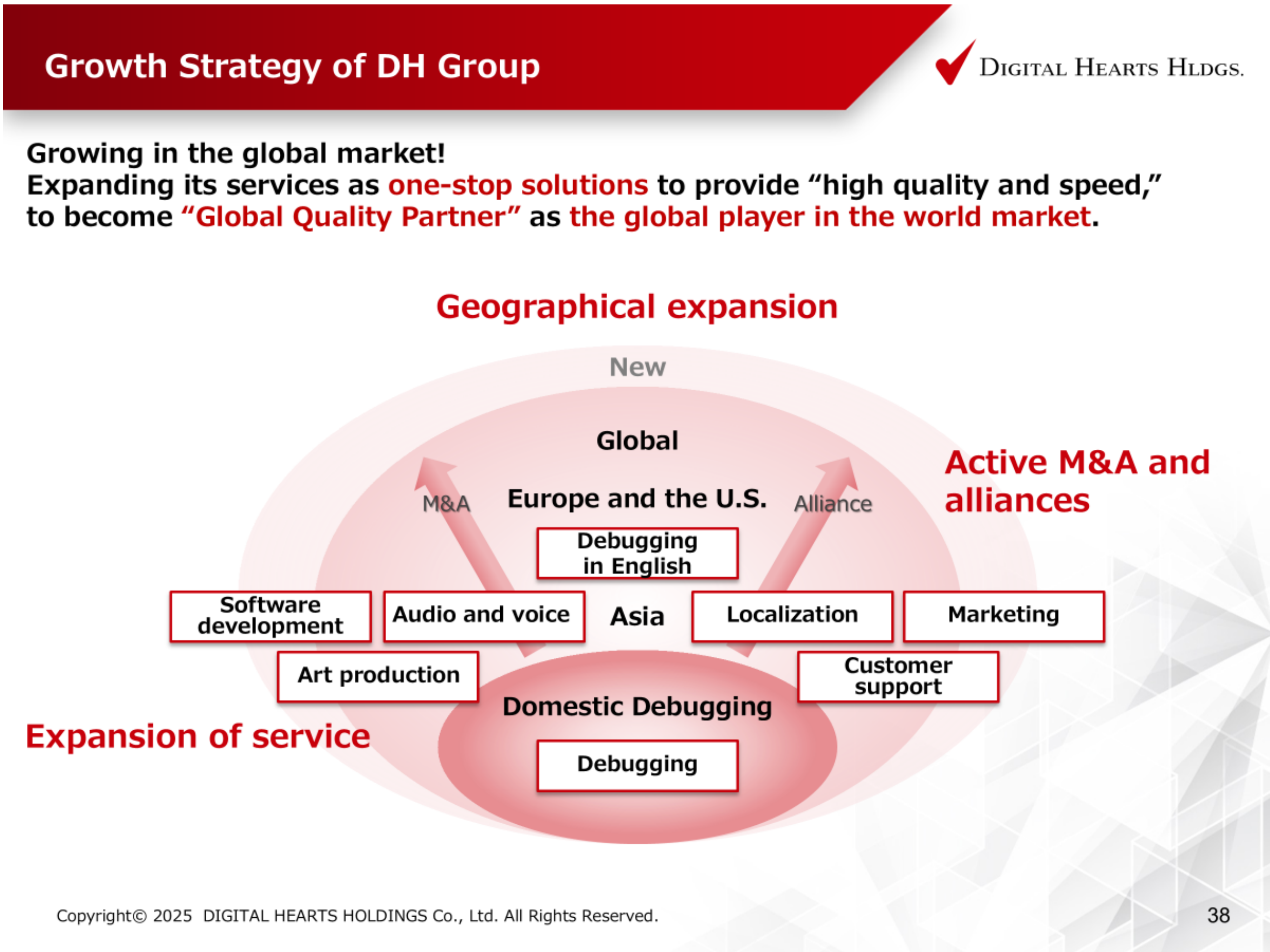
This technological evolution will expand the market for games. It will also make a significant contribution to the creation of more and more attractive games.

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.



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.



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.

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.

First, we are expanding our global solutions.

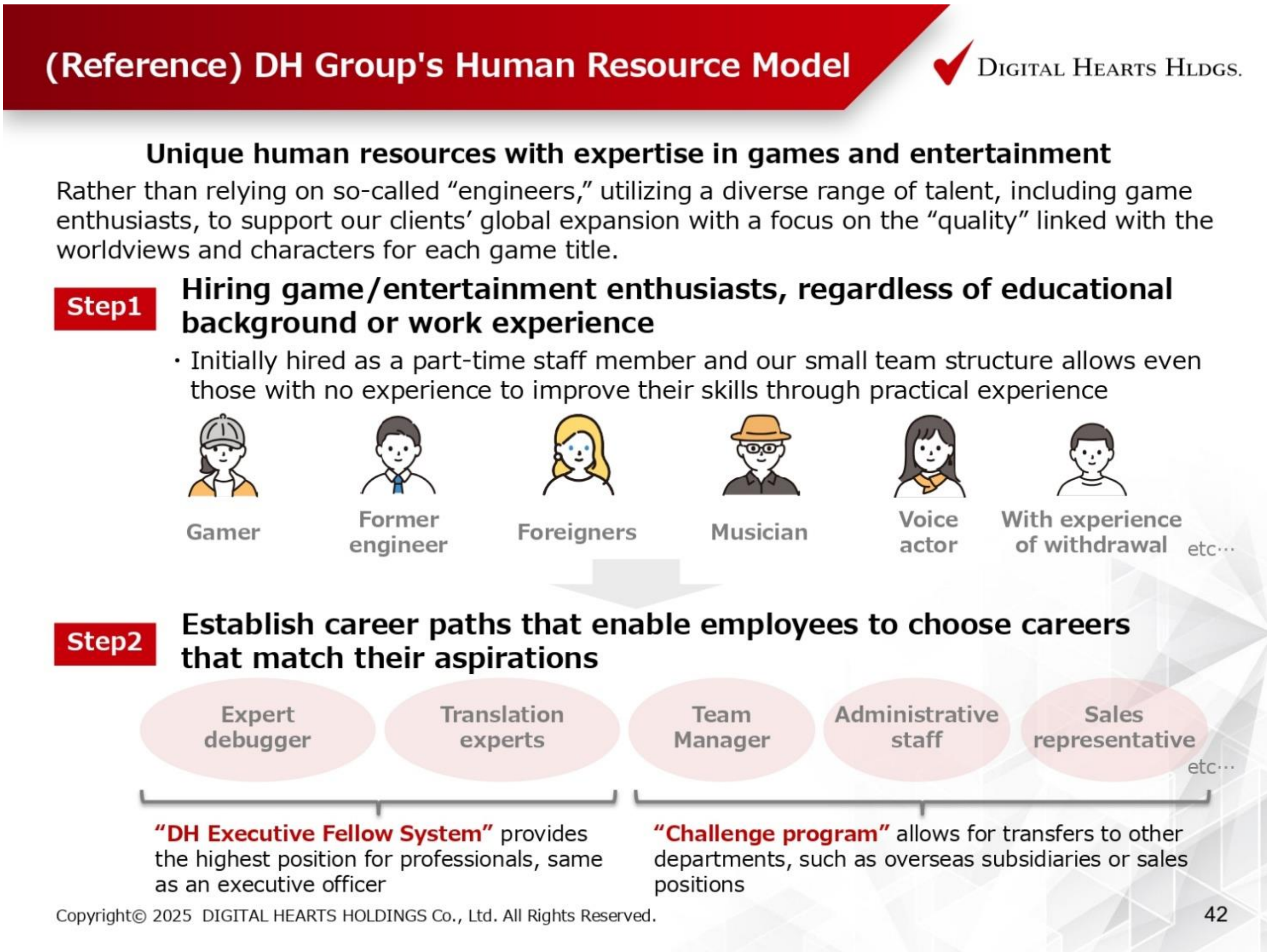
As was the case with debugging, we Japanese have a peculiar disposition to be concerned. We think this would be a great weapon to improve the quality of entertainment.

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.

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.



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.

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.

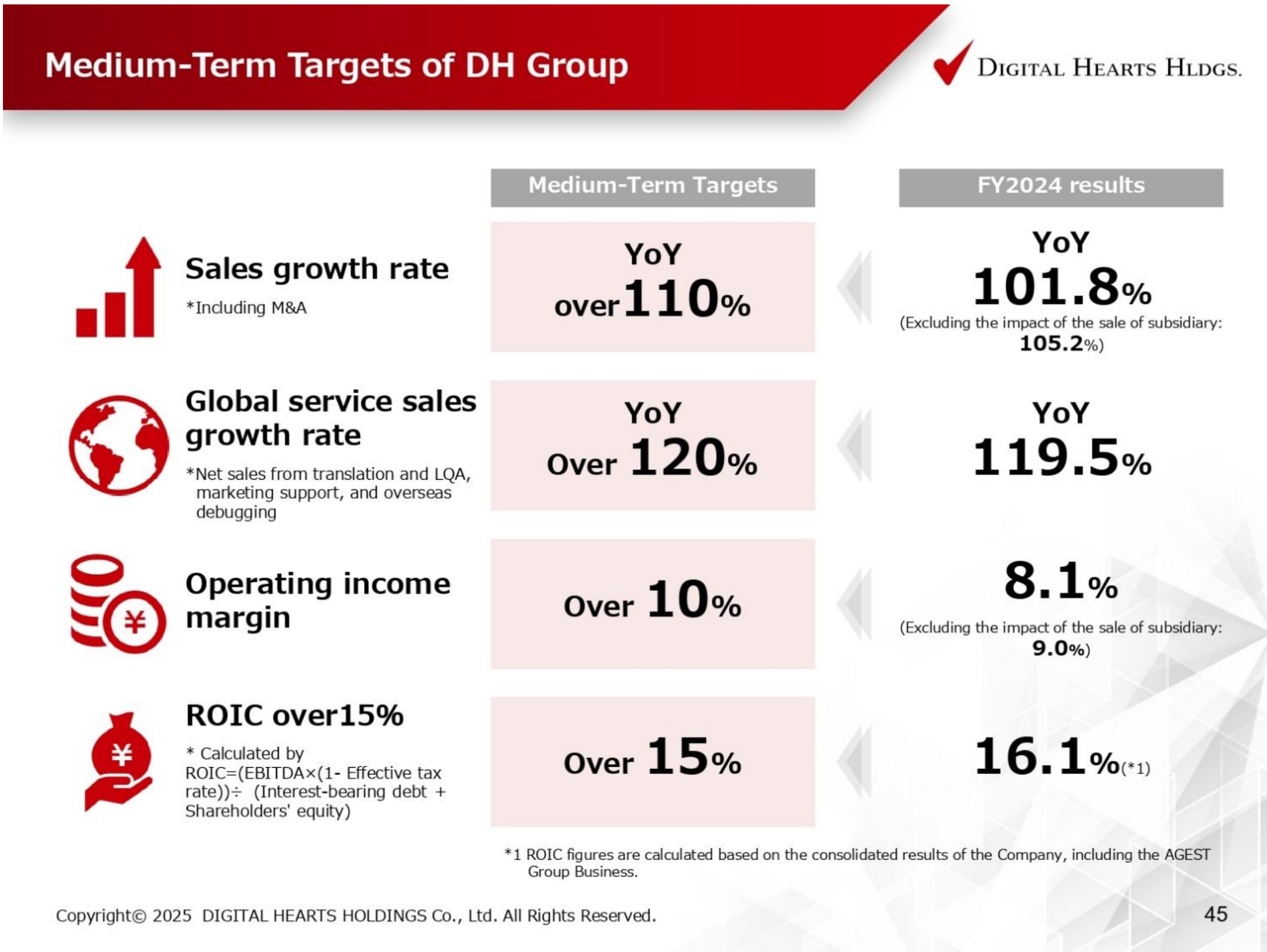
We developed this AI translation engine ella last year. We have developed an AI translation engine capable of expressing emotions for game translation, which has been considered extremely difficult with machine translation.

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.

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

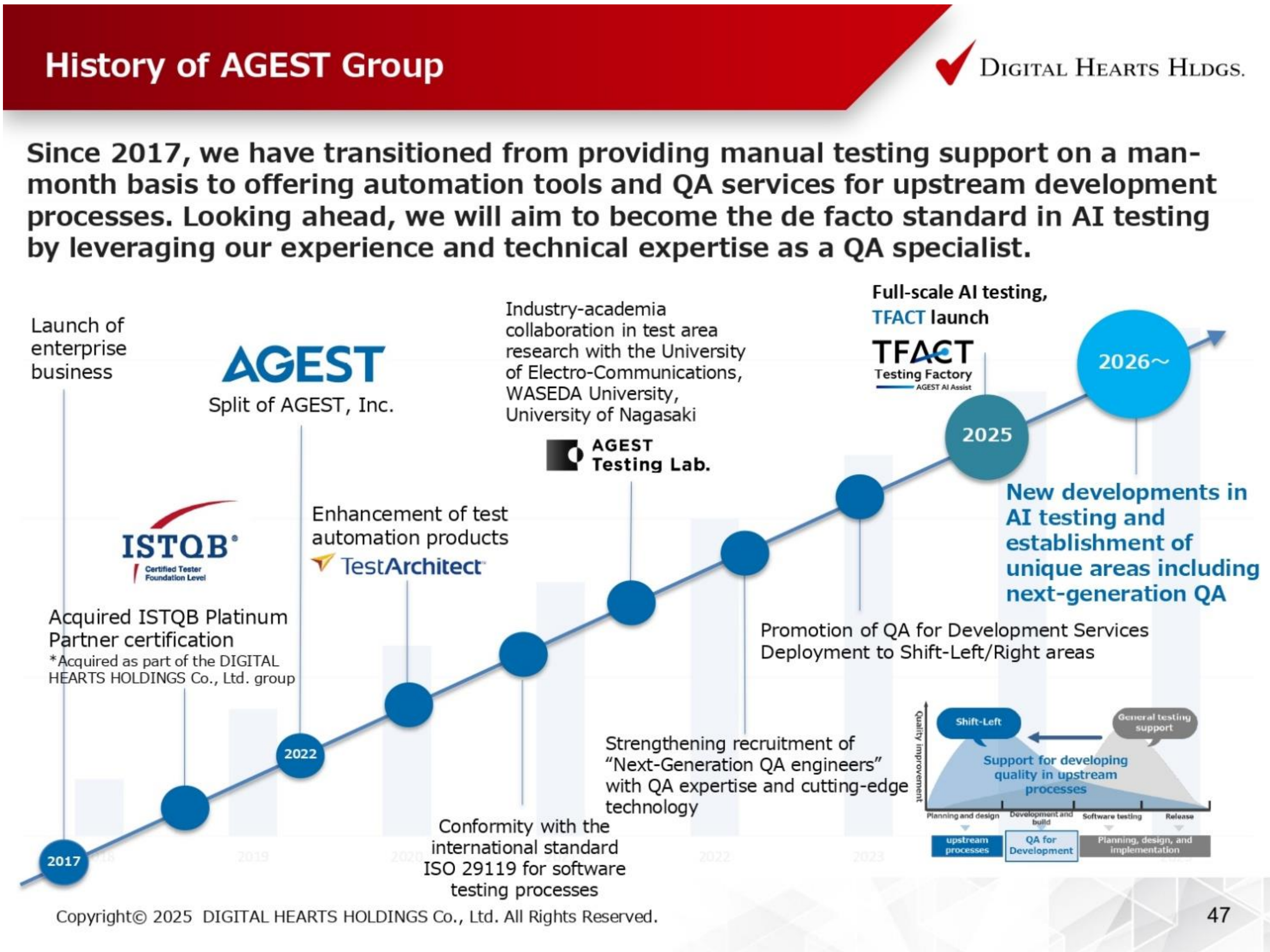
We are expanding our solutions and partnering with various companies in a variety of fields. In terms of creating new businesses, we are investing in and partnering with companies that are undertaking unique and interesting initiatives in various fields, allowing them to make effective use of some of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



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.

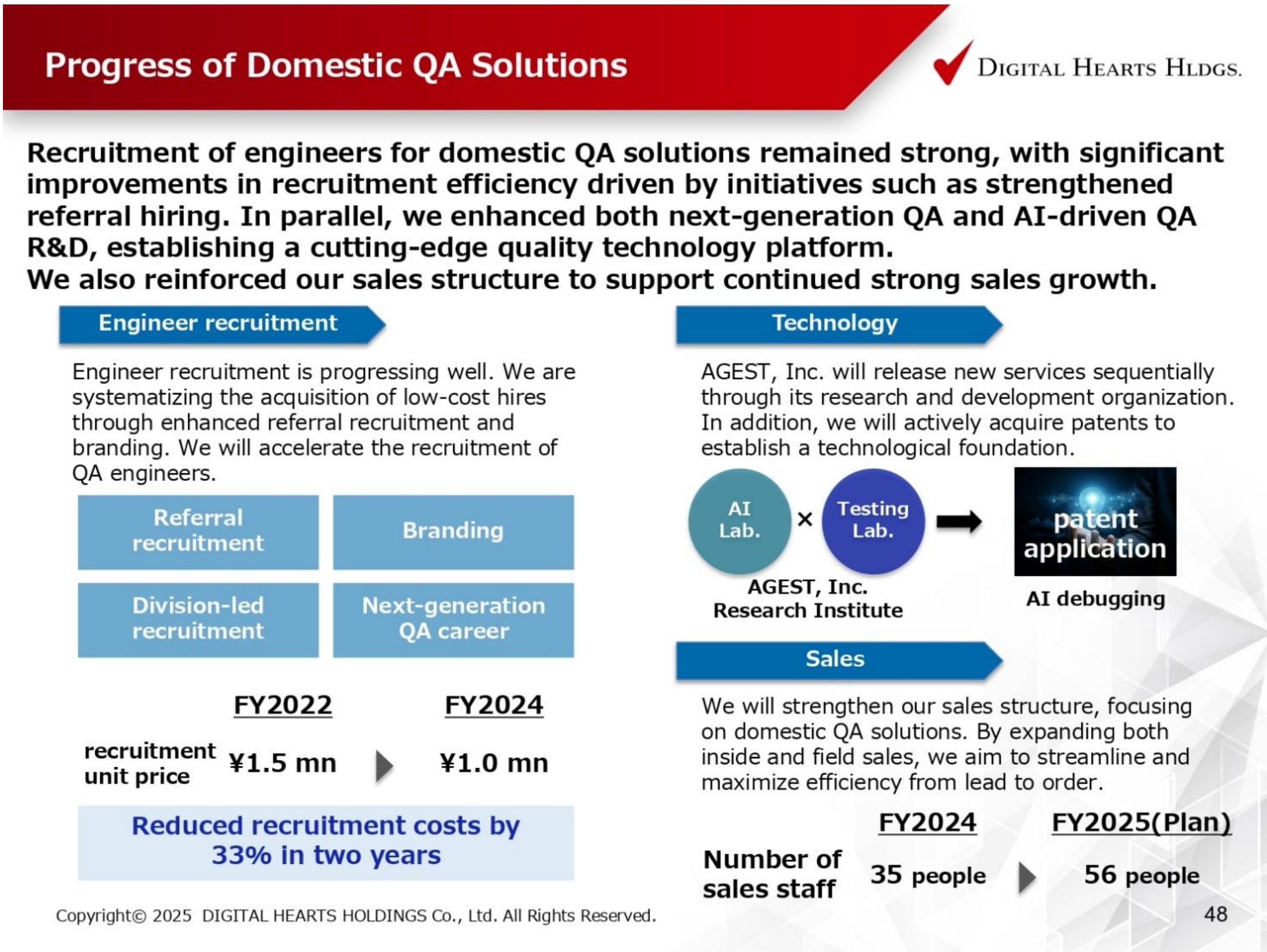
That is all from me.



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.



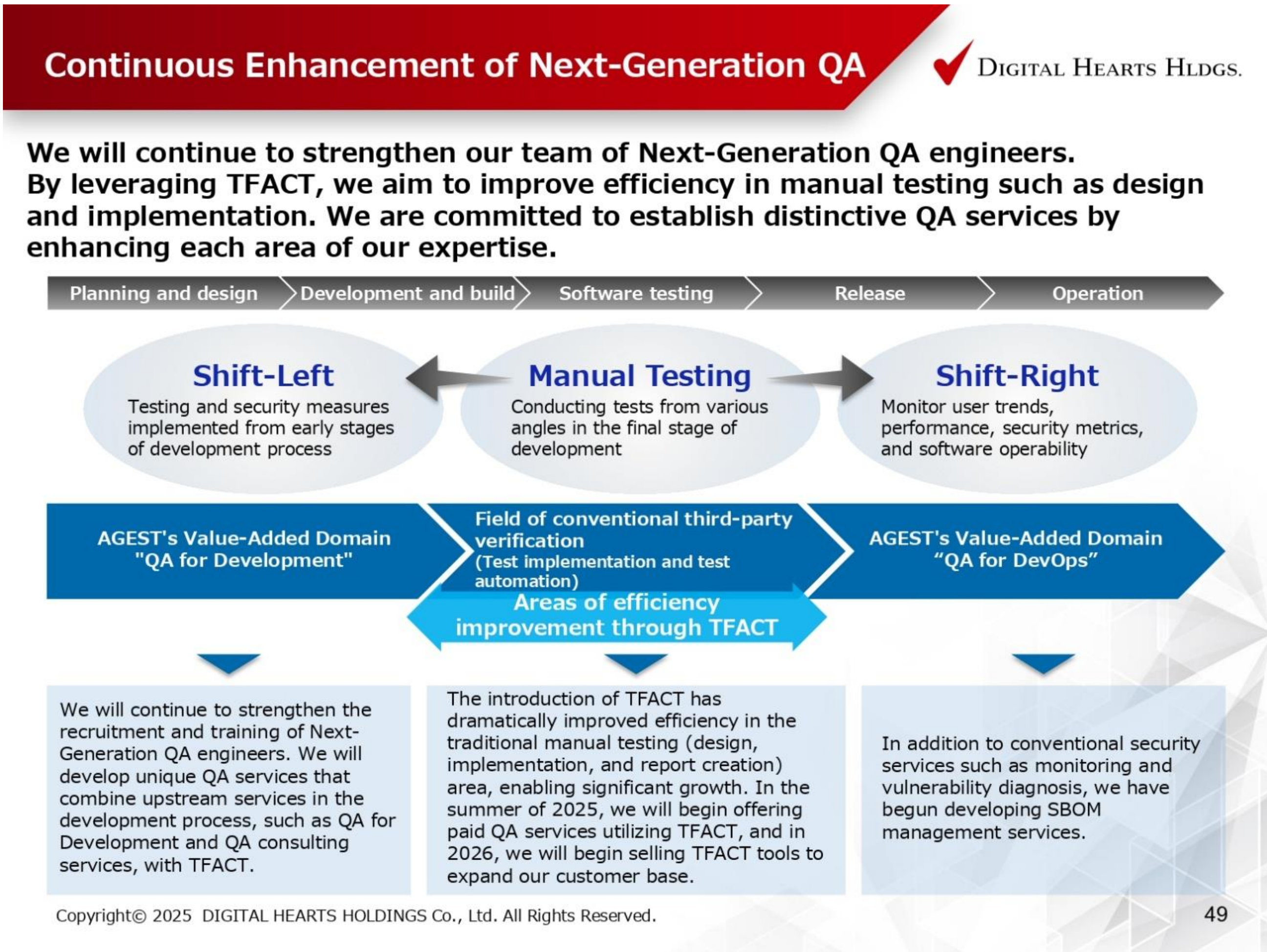
The first step will be the progress of the base, domestic QA solution.

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.

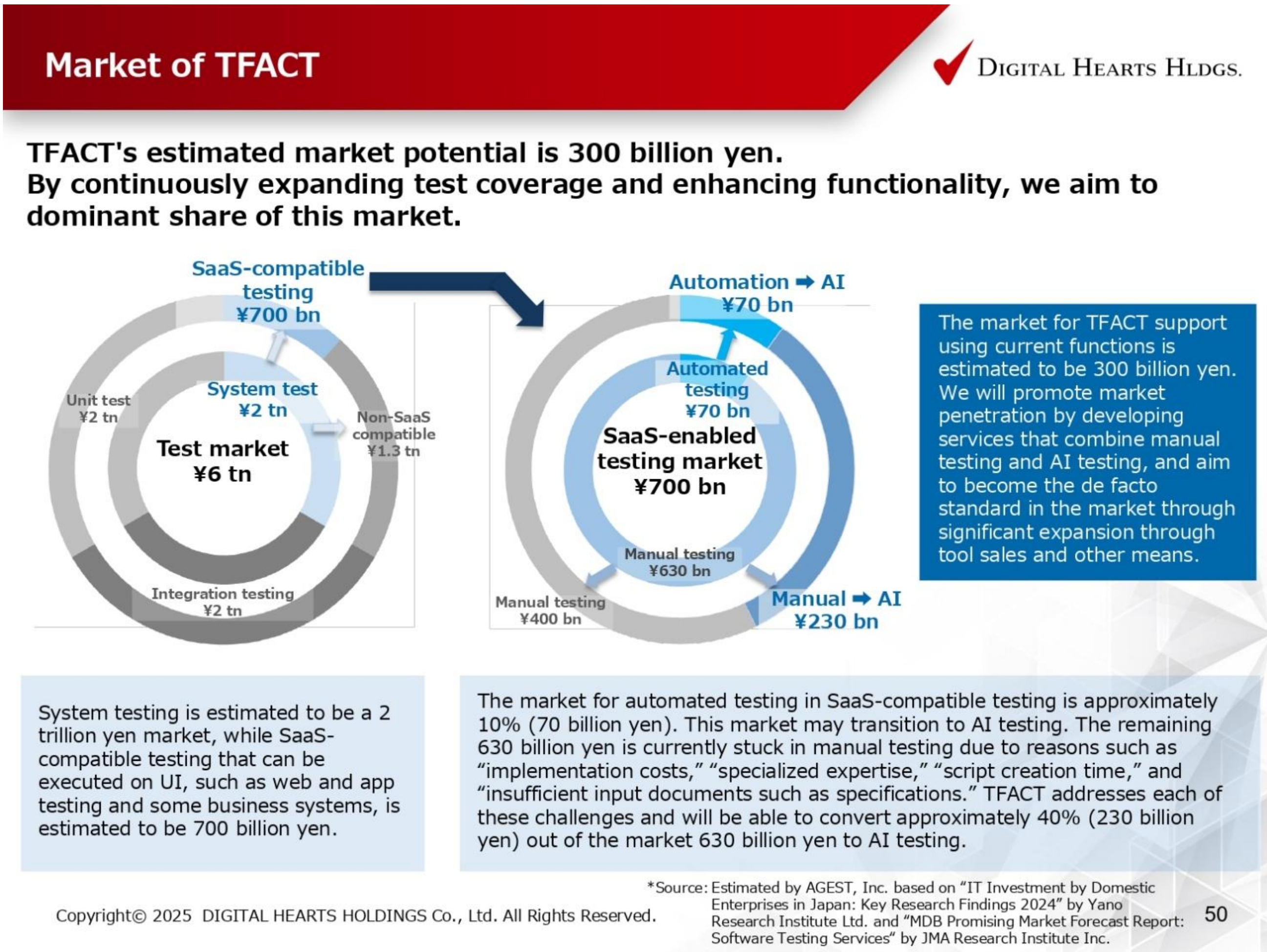


The map of our services is divided into three main categories according to the software development process.

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.



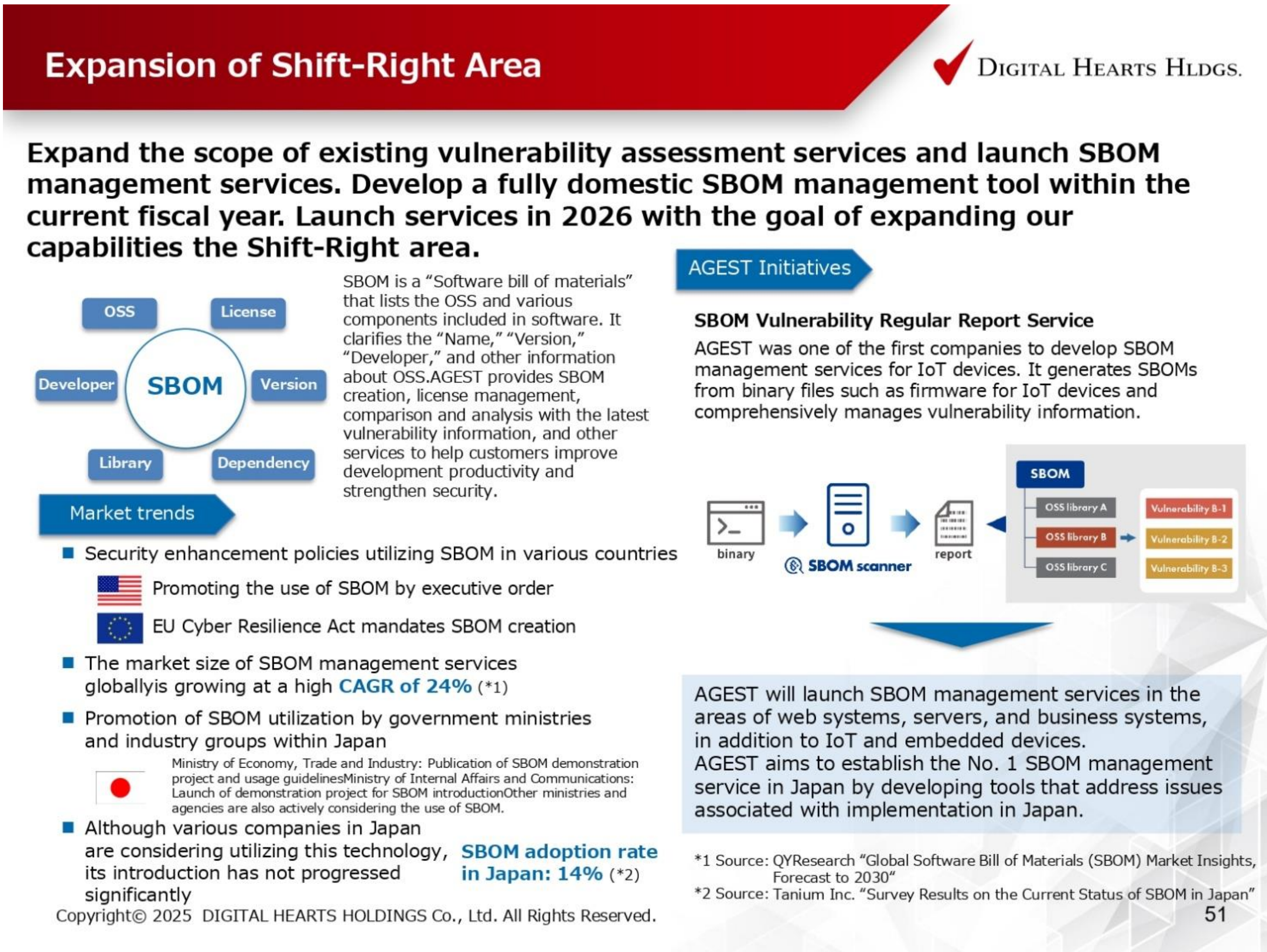
I believe that the market is the first and most important part of TFACT's strategy.

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.



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.

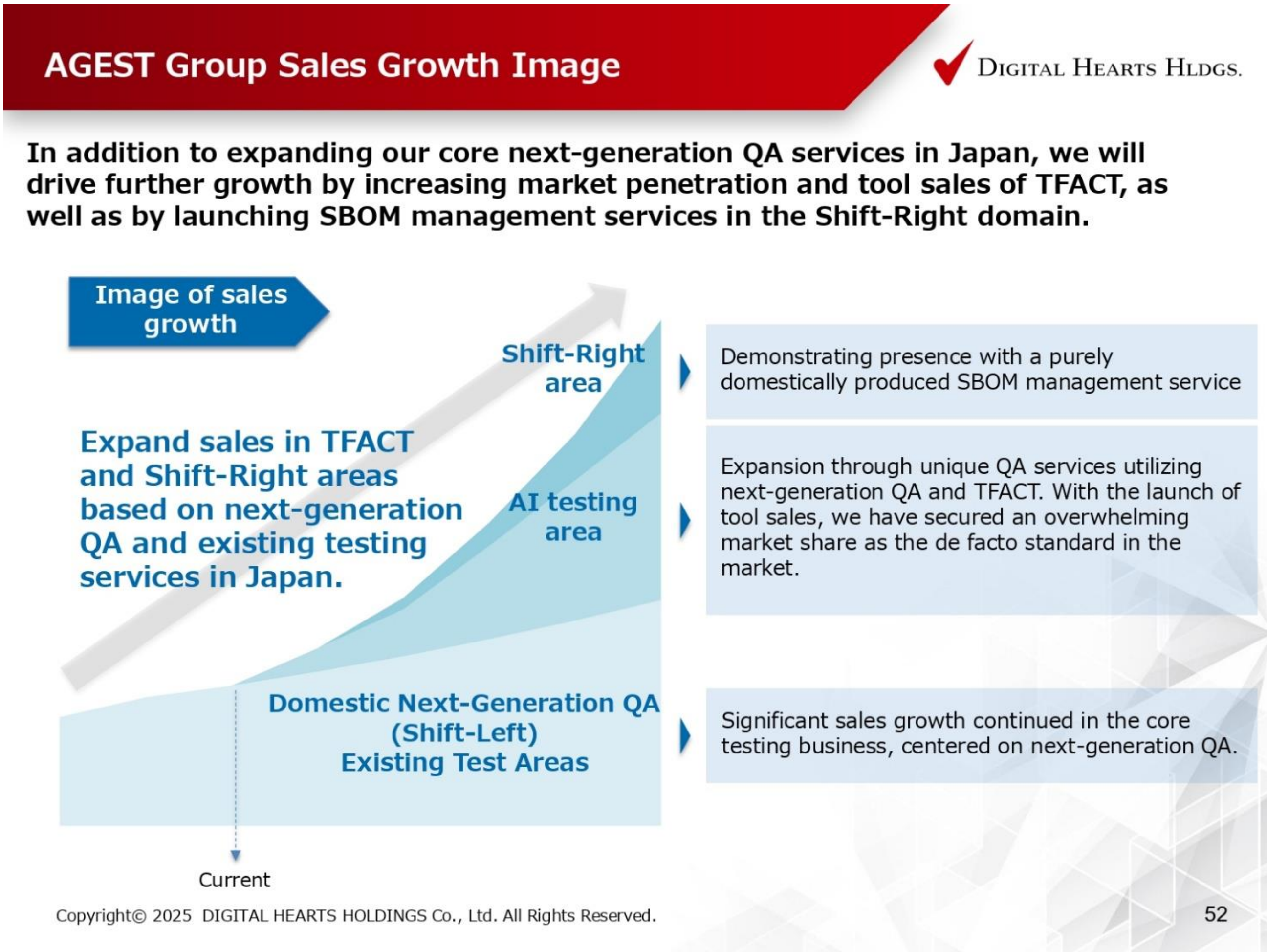
After this visualization, the service ensures the security quality of software by comparing it with vulnerability information that is updated daily.

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.



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]