Annual Report 2024

DIGITAL HEARTS HOLDINGS Co., Ltd.

Tokyo Stock Exchange Prime Market [3676]

DIGITAL HEARTS HLDGS.

Who is DIGITAL HEARTS?

“An essential company“

who should be in the digital world,

by finding bugs which should not be

in the software.

We enjoy digital devices and smartphone applications quite naturally without any doubts and any troubles.

Behind such convenience of our daily life, there always be software testing process to assure the quality of them.

DIGITAL HEARTS HOLDINGS is a **”software testing” solution provider** to thoroughly detects fatal bugs from all aspects, including functionality, usability, and safety.

We are always behind the scenes supporting the safety and security of the digital society that surrounds you.

Mission

SAVE the DIGITAL WORLD

Vision

As a global quality partner with a diverse team,
we are pursuing the creation of a safe and reliable digital society
where people around the world can live with a smile.

DIGITAL HEARTS HLDGS.

Contents

History

2001

2001
Founded as the Company Specialized in "Debugging"

Expanded the field of "Debugging" service

2007
The first Japanese company to receive the Authorized Xbox 360® Test Program (AXTP)

2008
Public company listed on TSE Mothers

2011

Started overseas expansion

Established subsidiaries in the U.S., Korea and Thailand

2011
Shifted to the First Section of the TSE

2012

Accelerating diversification in the game industry

4Gamer.net

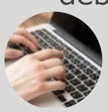
Started the Game Media Business by M&A

2013
Shifted to a pure holding company structure

2014
Rapid expansion of Creative Businesses

2017

"Second Founding Period" The industrial shift of debugging service



Aggressively investing in human capital such as test engineers

2018
Expansion of Security Business

2019
Strengthened the test automation service

2021 Certified as Global Partner in ISTQB*

*ISTQB···International Software Testing Technician's Qualification

2022

2022
The group reorganization aiming to accelerate the growth of Enterprise Business

2022
Transferred from the First Section of the TSE to the TSE Prime

Established AGEST, Inc., the core subsidiary of the Enterprise Business

AGEST

Established new "Tech" brand

2023

2023
Started preparing for the Spin-Off Listing of AGEST, Inc.

DIGITAL HEARTS HOLDINGS by the Numbers

(As of March 31, 2024)

1. Scale of the Company

Consolidated net sales

¥**38,790** mn

Consolidated operating income

¥**2,039** mn

Number of group companies

Domestic **9**

Overseas **16**

Number of employees

1,870 people

2. Business Basement for Sustainable Growth

Number of QA engineers

1,080 people

Number of registered testers

Approx.

8,000 people

Number of test centers in Japan

21 locations

Number of verification terminals

Game consoles **3,236**

Smart devices **7,177**

3. Strong Financial Base

Total assets

¥**21,103** mn

Total net assets

¥**8,852** mn

Started a new challenge to maximize corporate value

President and CEO
Toshiya Tsukushi

My name is Toshiya Tsukushi, and I have been appointed President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the "Company") as of April 1, 2024.

In May 2023, the Company resolved to commence preparations for the Share-Distribution-Type Spin-Off and Listing ("Spin-Off Listing") of AGEST, Inc. ("AGEST"), a core subsidiary in the Enterprise Business. The management decision of "Spin-Off Listing", which is still rare in Japan, was made in response to major changes in the business environment surrounding our group. In the Enterprise Business, against the backdrop of increasingly complex and agile software development, the demand of software testing is growing for quality improvement solutions that leverage the unique expertise of testing specialists, rather than simply testing on behalf of clients. In addition, it is essential to proactively respond to cutting-edge technologies such as the AI-based services. Meanwhile, in the Entertainment Business, demand related to translation, voice recording, and marketing support is growing as the global expansion of game titles accelerates. Furthermore, new business opportunities are arising from the shift to multi-platform for gaming including subscription services, and from the diversification of entertainment content, such as video streaming and manga applications.

In this rapidly changing business environment, in order to achieve the growth for each business, which has each different markets and specialties, we have considered that it is better to completely separate the two businesses and build the foundations for human resources, technologies, and business operations specialized in each field, rather than executing the strategies under the single group.

Actually, since we began preparing for this Spin-Off Listing, we have made it clear that each business will aim for, and I believe that we are now able to promote initiatives for future growth with an unprecedented sense of speed. For example, in Enterprise Business, in order to become “the leading QA solution provider in the global market with the leading-edge quality technology,” we have strengthened our business operation focusing on “QA and Technology” by launching a series of new “Shift-Left” services which are not provided by other third-party verification and also by utilizing cutting-edge technologies including “Human-AI Teaming”. In addition, by promoting these initiatives, AGEST's brand has started to be penetrated the market as a “tech company” utilizing the new technologies, and the recruiting of high-skill engineers has steadily progressed as well. On the other hand, in the Entertainment Business, to become “the global quality partner in the entertainment industry,” the Group has aggressively pursued M&A and alliances. We expanded our services such as translation for European languages and audio/voice recording for games, established a joint venture that conducts debugging in English, and we have been developing AI translation engine for game titles. Thus, we are now able to implement a number of moves to shift the company from a stable growth phase to a growth trajectory. The atmosphere within the company, both in the Enterprise and Entertainment Businesses, is one of “boldly taking on new challenges without fear of failure,” and I feel that we are on the right track for future growth.

Over the past year, we have been steadily preparing for the establishment of AGEST's own head office functions and the implementation of a group capital restructuring, with the goal of a Spin-Off Listing within 2025. In addition, the management structure has been changed since April 2024. Mr. Ninomiya, who has been a core member of the AGEST Group since its foundation, became focused on the AGEST Group, which operates the Enterprise Business. Mr. Miyazawa, the founder, and I are mainly focusing on the DH Group, which operates the Entertainment Business. Under this new structure, we will aim to maximize the sustainable growth and corporate value of each of the two businesses based on prompt management decisions.

We hope that shareholder will continue to look forward to the challenges for future growth and will continue to support us.

Purpose of Spin-Off Listing

Maximize the growth potential of both business by completely separating the two businesses, which have different specialties and different corporate cultures.

	Enterprise Business (AGEST Group)	Entertainment Business (DH Group)
Goal	Aiming for “Safe and secure software”	Aiming for “Maximizing the Attractiveness of Entertainment Contents”
Value	“Expert in QA” to help improve the accuracy and efficiency of testing	Support for improving content quality from the “user's perspective”
Human resources	Group of engineers pursuing cutting-edge technologies	Diverse human resources with rich creativity, including game enthusiasts

DIGITAL HEARTS HLDGS.

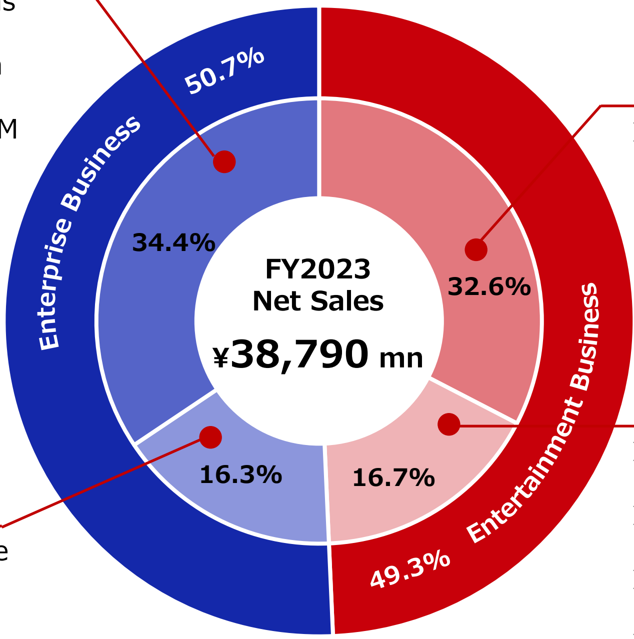
Sales Breakdown by Segment

QA solution

- Testing for business systems incl. online
- Support for test automation
- Security test
- Introduction of ERP and CRM
- System development

IT services and others

- IT engineer platform service
- Security monitoring
- IT support



Domestic debugging

- Debugging for console games and mobile games, etc.

Global and others

- Translation, LQA*, and localization for game software
- Marketing support for game launching in overseas markets
- Game development and CG development
- Planning and operation of game information site "4Gamer.net"

*LQA… Linguistic Quality Assurance

Financial Results by Segment

(JPY mn)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net Sales	19,254	21,138	22,669	29,178	36,517	38,790
Enterprise Business	3,302	5,022	7,021	11,491	16,840	19,714
QA solution	2,556	3,446	5,157	6,861	10,480	13,362
IT services and others	746	1,575	1,864	4,629	6,360	6,352
Entertainment Business	15,951	16,115	15,647	17,687	19,815	19,180
Domestic debugging	12,012	12,356	11,536	12,123	13,386	12,667
Global and others	3,939	3,759	4,111	5,563	6,429	6,513
Adjustments	-0	-	-	-	-138	-105
Segment Income	1,605	1,394	1,908	2,696	3,000	2,039
Enterprise Business	-226	-67	188	645	639	423
Entertainment Business	3,086	2,964	3,077	3,668	4,214	3,325
Adjustments	-1,254	-1,503	-1,356	-1,616	-1,853	-1,709
Segment Income Margin	8.3%	6.6%	8.4%	9.2%	8.2%	5.3%
Enterprise Business	-	-	2.7%	5.6%	3.8%	2.1%
Entertainment Business	19.3%	18.4%	19.7%	20.7%	21.3%	17.3%

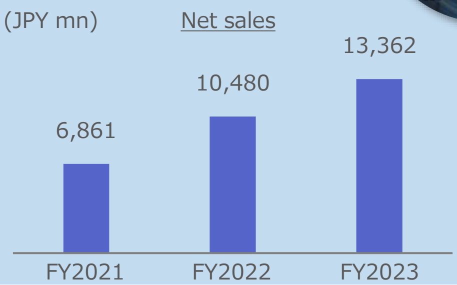
Enterprise Business

Including approx. 300 million yen of Spin-Off Listing preparation cost in FY2023.

Net Sales	Segment Income
¥19,714 mn (YoY 117.1%)	¥423 mn (YoY 66.3%)

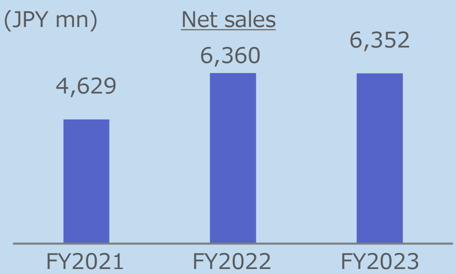
QA solution

- **Achieved double-digit sales growth of 118%** excluding the impact of M&A, mainly in Japan.
- **Strengthening of test engineers** and **expansion of services** that leverage the unique knowledge of a company specializing in QA.



IT services and others

- **Sales of SES and security monitoring grew**, but some less profitable businesses were strategically downsized.
- Number of security monitored units **exceeded 700,000, one of the largest in Japan**.

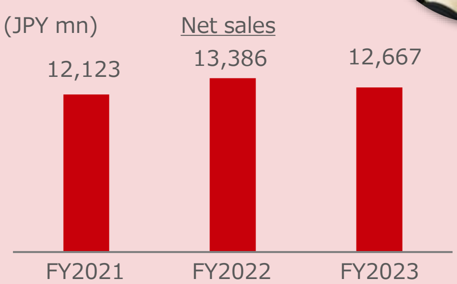


Entertainment Business

Net Sales	Segment Income
¥19,180 mn (YoY 96.8%)	¥3,325 mn (YoY 78.9%)

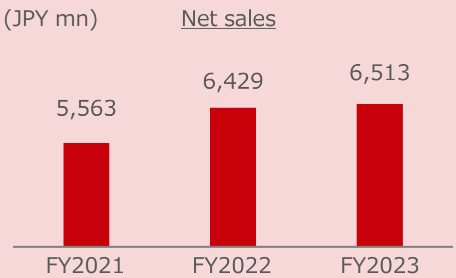
Domestic debugging

- Sales are decreased compared with **the previous fiscal year** when console games were strong.
- **Raised hourly wage for testers to more than before** to secure talented human resources and increase employee motivation.



Global and others

- Sales of translation, LQA, and marketing support services increased **due to full-fledged business expansion in Europe and the U.S.**
- **Accelerate alliance initiatives for new growth,** including jointly developing AI-based game translation engine, etc.



Growth Strategy of AGEST Group

To be the leading QA solution provider in the global market with the leading-edge quality technology

Supporting software quality improvement by providing solutions for a wide range of diversified QA needs from shift-left to shift-right domains

Planning and design → Development and build → Software testing → Release → Operation

Shift-Left
Testing and cyber-security measures from an early stage in the development process to avoid unnecessary returning due to bugs and vulnerabilities.

Manual Testing
Manual software testing is performed from various angles in the final process of development.

Shift-Right
Monitoring user behaviors, usage, performance, and security indicators to check for effective operation of the software.

AGEST's Value-Added Domain "QA for Development"	Field of conventional third-party verification	AGEST's Value-Added Domain "QA for DevOps"

Points
- Training the "Next-Generation QA engineers"
- Promote utilization of AI and other advanced technologies

Progress of Growth Strategy

1. Rapid business expansion driven by favorable market conditions

Net sales	Number of engineers	Number of clients with orders	Annual sales per client
FY2023	Q4 FY2023	Q4 FY2023	Q4 FY2023
¥19.7 bn ↑	1,080 people ↑	872 companies ↑	¥15 mn ↑
(5year CAGR +43.0%)	(YoY +71 people)	(YoY +64 companies)	(YoY+2 million yen)

* Net sales are for the Enterprise Business as a whole, and Others are for the QA Solution.

2. Launching a series of "QA for Development" services and actively utilizing AI

Focus New services using AI

AI Technical Code Review
- **Review in a short time** even for large number of target codes.
- **Improve the accuracy of reviews** by utilizing prompts and tools based on AGEST's unique review perspective and AI knowledge.

AI Debugging for Enterprise
- **Significantly reduce developer man-hours** by identifying problem areas and presenting corrections at the source code level.
- **Significantly reduce man-hours of QA**, such as reproducing bugs and preparing bug reports.

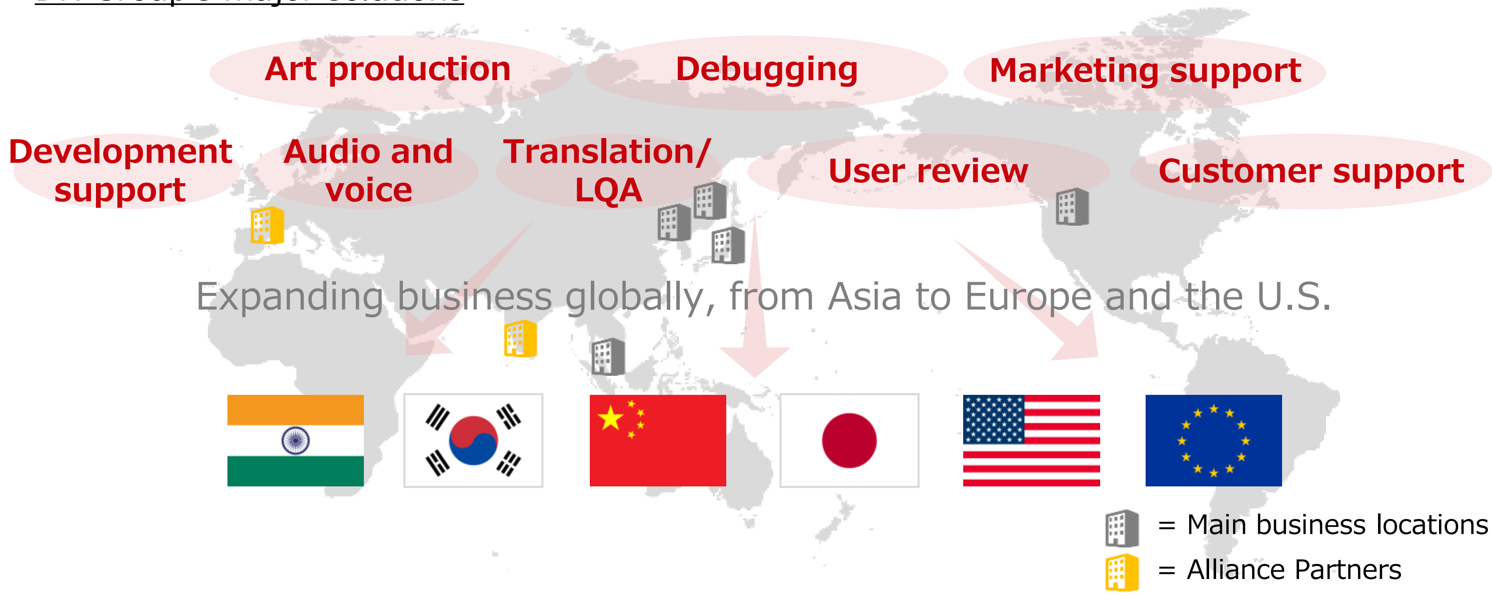
Growth Strategy of DH Group

To be the Global Quality Partner

in the Entertainment Industry

Maximize the appeal of content by offering a wide range of solutions tailored to the lifecycle of entertainment content through service expansion and geographic expansion

DH Group's major solutions



Progress of Growth Strategy

1. Expand services and geographic coverage while actively leveraging alliances

Expand business in U.S. and Europe

Localsoft Localization Services

Formed a business alliance with localization company in Spain

Expand audio/voice recording services

G-angle

Capital and business alliance with a Japanese company strong in audio/voice recording of games

Expand functional QA in English language

JetSynthesys Digital Services Private Limited

Established a joint-venture company with a major Indian IT and entertainment company

2. Steady increase in overseas clients

505 GAMES

NEXON

3. Strategic investing to expand AI-related businesses

ELLA

Joint development of game-specific AI translation engine with Rozetta Corp.

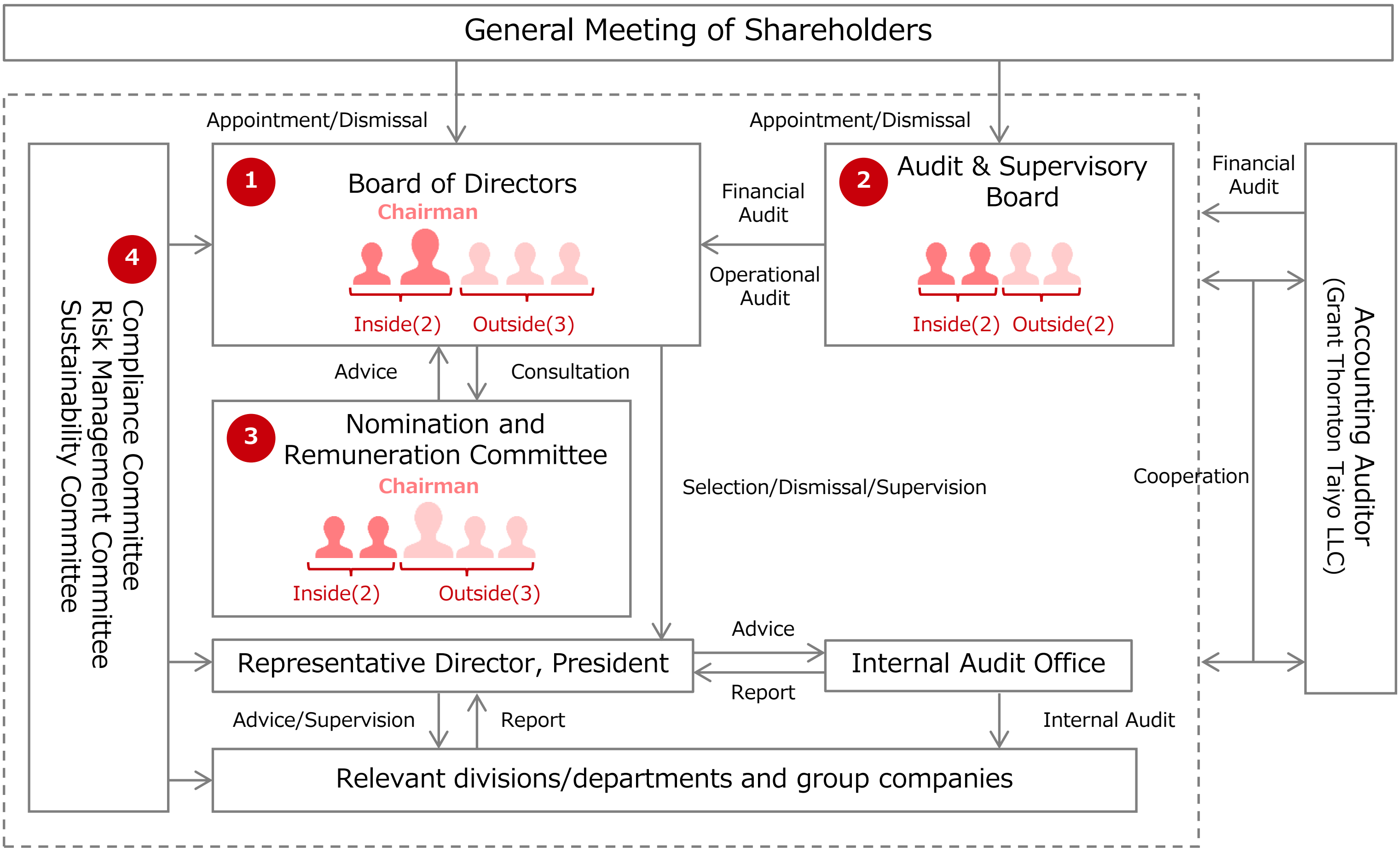
TURING

Capital participation in growing company to expand annotation business

Basic Philosophy

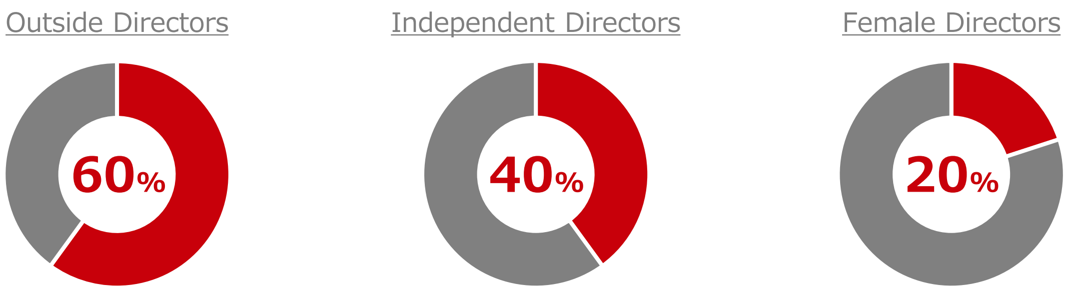
Our Mission is "SAVE the DIGITAL WORLD."
Based on this Mission, we are building a corporate governance system with the transparency of its management and the monitoring/supervisory functions in order to further enhance our corporate value through activities responding to the expectation from stakeholders including shareholders, clients, business partners, employees, and local communities.

Corporate Governance Structure



1 Board of Directors

Consists of members from diverse backgrounds, including entrepreneurs, corporate management experiences in various industries, certified public accountants, and lawyers, and holds discussions from a diverse perspective.



2 Audit & Supervisory Board

Members with specialized knowledge and experience in finance, accounting, compliance, etc., audit the execution of duties by directors.

3 Nominating and Remuneration Committee

Ensure fairness and objectivity in decision-making regarding executive compensation, etc. Resolved by and reported to the Board of Directors after consulting with the Nomination and Compensation Committee on important personnel at the Company and its major subsidiaries.

4 Compliance Committee

The committee consists of directors, auditors, employees dispatched from the Company, and other executives from each Group company. The committee promotes compliance based on the Group Compliance Guidelines and reports regularly to the Company's Board of Directors on compliance-related matters.

Accounting Audit

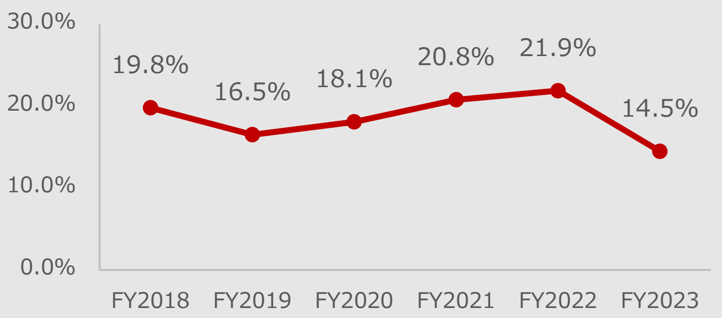
Name of Audit Firm	Grant Thornton Taiyo LLC
Selection Policy and Reasons	The appointment or reappointment of an audit firm is based on comprehensive consideration of independence, plans, systems, performance, compensation, and other factors.
Evaluation of the Audit Firm	The Board of Corporate Auditors comprehensively evaluates the independence of the accounting auditors, the status of quality control, the appropriateness of the system for execution of duties, and the status of implementation of accounting audits, based on interviews with relevant departments and meetings with the audit firm, and in accordance with the practical guidelines issued by the Japan Corporate Auditors Association.

Focus

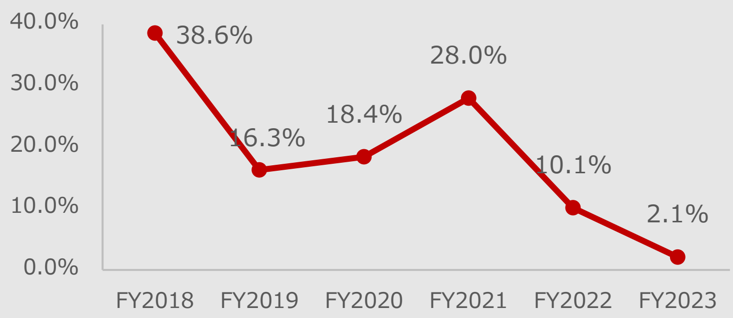
Towards Business Management with an Awareness of Capital Cost and Stock Price

With a sound financial foundation, we aim to sustainably improve our corporate value by actively investing in human resources, technologies, M&As, and other developments. We also strive to maintain optimal capital efficiency by adhering to our financial discipline of "ROIC over 15%" when making investment decisions.
Consequently, over the five years ended March 31, 2023, we achieved a high sales growth rate of CAGR +54.8% in Enterprise Business as a rapid growing segment, and CAGR +4.9% in Entertainment Business as a stable business. On the other hand, in terms of capital-efficiency, we maintained a level significantly higher than our WACC (5-7%), with ROIC at around 15-20% for the same five years period.
Furthermore, since May 2023, we have been preparing for Spin-Off Listing of AGEST, Inc., the core subsidiary of the Enterprise Business, in order to accelerate the pace of growth of both Enterprise Business and Entertainment Business and to maintain and improve our capital efficiency. Going forward, we intend to maximize our corporate value by continuing to manage our business with such cost of capital in mind and to take on the challenge for further growth.

■ ROIC



■ ROE



* Calculated by ROIC=(EBITDA×(1- Effective tax rate))÷(Interest-bearing debt + Shareholders' equity)

Directors

Representative Director, President and CEO
Toshiya Tsukushi

Born in 1965. After working for a consulting company and a financial institution, he promoted the formulation of growth strategies as a Director, executive officer and CFO of Nissen Holdings Co., Ltd. Joined our company in 2017 and promoted M&A deals as Director and CFO. Appointed Director, Executive Vice President and CFO in 2021, Director, Executive Vice President and COO in 2023, and Representative Director, President and CEO in 2024.

Grounds for election

As Director, Executive Vice President and CFO since 2021, he has been promoting group-wide business management and M&As both in Japan and overseas. He also has extensive knowledge and experience, including serving for many years as a businesses manager and CFO at a holding company. He is expected to continue to drive the management of our group and contribute to the enhancement of our corporate value.

Representative Director and Chairman
Eiichi Miyazawa

Born in 1972. He established the original business of DIGITAL HEARTS in 2001 and rapidly expanded it by launching a unique business model utilizing diverse human resources such as core gamers. In 2013, he was appointed Representative Director, President and CEO of our company upon the transition to a holding company structure. Appointed Director and Chairman in 2017 and Representative Director and Chairman in 2024.

Grounds for election

He was the founder of the Company and has led the management of the Group since its founding. He also has extensive experience, achievements and knowledge in management, and he is expected to continue contributing to the enhancement of our corporate value in the future.

Independent

Outside Director
Takashi Yanagiya

Born in 1951. At Nomura Securities Co., Ltd., he served as Representative Director, Senior Managing Director and as other titles of officers. Appointed as our Outside Director in 2014.

Grounds for election

He is expected to provide valuable advice with our board of directors from his extensive experience as a corporate manager, to supervise our management from an objective standpoint, and to be involved in the selection of our candidates for directors and the determination of executive remuneration as members of the Nomination and Remuneration Committee from an objective and neutral standpoint.

Independent

Outside Director
Emiko Murei

Born in 1969. She is a certified public accountant, and currently serves as the head of her own accounting firm while serving as a professor of Aoyama Gakuin University Graduate School of Professional Accountancy. Appointed as our Outside Director in 2022.

Grounds for election

As a certified public accountant and a faculty member of a university, she is expected to provide advices to our board of directors on sustainability, finance, and accounting. She is also expected to supervise our management from an objective standpoint, and to be involved in the selection of our executive candidates and decisions on executive compensation, etc. as a member of the Nomination and Remuneration Committee from an objective and neutral standpoint.

Outside Director
Ryo Chikasawa

Born in 1984. He is qualified as an attorney and currently serves as a partner lawyer at Mori Hamada & Matsumoto. Appointed as our Outside Director in 2022.

Grounds for election

He is qualified as an attorney and is expected to provide advices to our board of directors on corporate governance and compliance. He is also expected to supervise our management from an objective standpoint, and to be involved in the selection of our executive candidates and decisions on executive compensation, etc. as a member of the Nomination and Remuneration Committee from an objective and neutral standpoint.

* Ryo Chikasawa does not report to the Tokyo Stock Exchange as an independent director in accordance with the internal regulations of the law office to which he belongs.

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member
Masahide Date

Born in 1971. After working for KAIBUNDO PUBLISHING CO., LTD., he joined DIGITAL HEARTS Co., Ltd. in 2002. After serving in the Accounting Section Manager of the Administration Department, he was appointed as an Audit & Supervisory Board Member of the company in 2005. Appointed as our Audit & Supervisory Board Member in 2013.

Grounds for election

He has experience in accounting at DIGITAL HEARTS Co., Ltd. and many years of experience as an Audit & Supervisory Board Member. He possesses knowledge of our company in general and accounting. He is expected to utilize this knowledge in our auditing.

Audit & Supervisory Board Member
Keiya Kazama

Born in 1975. Holds certified public accountant and tax accountant qualifications. After working for Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC), he joined DIGITAL HEARTS Co., Ltd. in 2010. He served as General Manager of the Administration Division, Executive Officer, and Director at this company. Appointed as our director in 2013. Appointed as our Audit & Supervisory Board Member in 2018.

Grounds for election

He has extensive knowledge of the company's business, finance and accounting. He has qualifications as a certified public accountant and certified public tax accountant and many years experience as the manager of the finance and accounting departments of our group companies. He is expected to utilize these knowledge in our audits.

Independent

Outside Audit & Supervisory Board Member
Toshifumi Nikawa

Born in 1948. After working for financial institutions including The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.), he was appointed Outside Audit & Supervisory Board Member of DIGITAL HEARTS Co., Ltd. in 2008. Appointed as our Outside Audit & Supervisory Board Member in 2013.

Grounds for election

He has many years of working experience at a financial institution and specialized knowledge and experience in finance and accounting. He is expected to utilize them in our audits.

Independent

Outside Audit & Supervisory Board Member
Yoko Okano

Born in 1975. She is qualified as an attorney. She has been affiliated with Gokita and Miura Law Office since 2006. Appointed as our Outside Audit & Supervisory Board Member in 2021.

Grounds for election

As an attorney, she has abundant knowledge of corporate legal affairs and compliance, and she is expected utilize these knowledge in its audits.

Skill Matrix of Directors

Name	In office number of years	Expertise and experience					
		Corporate management / Global	Finance / Accounting / M&A	Legal affairs / Risk management	ESG / Sustainability	IT (QA, DX and Security)	Sales / Marketing
Toshiya Tsukushi	6	●	●	●	●	●	
Eiichi Miyazawa	11	●			●	●	●
Takashi Yanagiya	10	●	●	●	●		●
Emiko Murei	2		●		●		
Ryo Chikasawa	2	●	●	●	●		

Human Capital

In addition to strategically securing human resources with specialized skills such as engineers, and we also actively promote the development of various IT human resources by hiring people with diverse backgrounds but with potential abilities and utilizing our proprietary training programs, etc.
We aim to enhance our corporate value by utilizing these human resources to improve our service quality and technical capabilities, and to expand our services to meet the diversifying needs of our clients.
We will continue to invest in this human capital to achieve sustainable growth and contribute to solving social issues such as the growing shortage of IT human resources.

Human Resource Development

Various training programs according to each expertise

- E-Learning on the basics of software testing
- "DH Cyber Boot Camp" for learning the basics of cyber security
- "AGEST Academy" to learn the expertise of a QA engineer

etc.

Enhancing Job Satisfaction

Ensuring the health and safety of employees

- Thorough labor management
- Training on harassment and other issues
- Establishment of consultation services provided by external organizations for employees
- Introduction of telework and flextime systems

etc.

Diversity & Inclusion

A work environment for diverse people working with each own individuality

- Promotion of women's activities
- Develop a work system and office environment where foreign nationals, people with disabilities, and people who have been shut-ins can work with peace of mind
- Opened social firm office to accept people who have difficulty in finding work

etc.

Intellectual Property

Our group is working to enhance corporate value by leveraging the intellectual properties described below, improving service quality and technical capabilities, and expanding services to meet diversifying client needs.
Our group will continue to invest in these intellectual properties in order to achieve sustainable growth. And through its owned media "Sqripts," we will provide comprehensive information on software quality improvement, including the latest industry and technology trends, to improve the skills of not only us but all engineers and IT Human Resources in Japan as a whole, and to help solve social issues such as the worsening IT personnel shortage.

■ Major Intellectual Properties and Intangible Assets

Enterprise Business

- Strong relationships with global QA experts
- Testing processes compliant with global standards for software testing
- Our group's original test automation tools

Entertainment Business

- Game debugging know-how accumulated over 20 years
- Strong customer base
- Registered tester pool of approximately 8,000 people

Climate Change

Governance

We have been developing a system of initiatives for disclosure based on the TCFD framework.
The Sustainability Committee, headed by President and CEO, meets at least once a quarter to discuss and manage risks and opportunities, formulate policies and strategies to address them, and report regularly to the Board of Directors on the status of these efforts. In addition, the Board of Directors supervises and advises the committee.

Climate Change-related Opportunities and Risks

■ Opportunities and Risks

At some point in the short to long term, items rated impact 4 or higher were identified as opportunities and risks that may have a large impact on the company in particular, as shown below, with details of the results of the review and the direction of the response.

Opportunities and risks		scenario	Impact by time horizon			More about opportunities and risks	Direction of initiatives
			Short	Medium	Long		
Transition opportunities	Increased needs for testing and IT services for systems	1.5℃	3	4	3	The expansion of development of systems necessary for efficient energy use and energy conservation to achieve carbon neutrality by 2050 is raising the demand for system installation by companies and local governments, which may in turn increase the need for system.	We continue to expand our human resources, education, research and development, in addition to strengthening our system testing and IT service systems so that we can respond quickly to our client's needs.
Physical risks	Interruption of power infrastructure due to natural disasters	4℃	1	3	4	Interruption of electric power infrastructure caused by natural disasters could result in business suspension and restoration of facilities.	To strengthen our business interruption risk response capabilities based on a business continuity plan (BCP) that considers the decentralization of operations to sites outside the disaster area.

■ Premises

Time horizon : Around 2025 (short-term) / 2030 (medium-term) / 2050 (long-term)

Impact : Consider the magnitude of the impact on human life and health, corporate value and brand, social credibility, business strategy, and profitability, by rating them on a 5-point scale in the table below.

Opportunities and risks impact on the company and its operations	Image of qualitative impact
	Impact on human life and health, corporate value and brand, social credibility, business strategy, and profitability
5	Extreme impact (positive or negative)
4	High impact (positive or negative)
3	Moderate impact (positive or negative)
2	Low impact (positive or negative)
1	Minimum impact (positive or negative)

Scenario Overview : 1.5℃ This is a scenario in which policies, regulations, and market changes are rapidly implemented to move toward 2050 carbon neutrality and limit the global average temperature increase to 1.5°C when compared to levels before the Industrial Revolution, increasing transition risks.

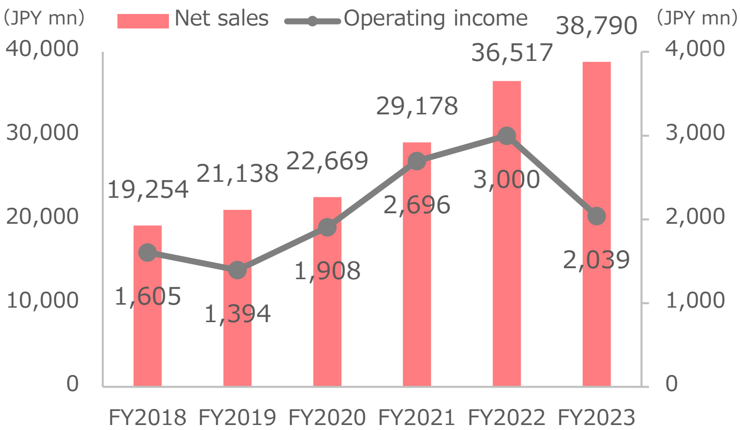
4℃ This is a scenario in which policies and regulations to reduce greenhouse gas emissions and social initiatives fail to make progress, which leads to a global average temperature increase of 4°C compared to levels before the Industrial Revolution, leading to more severe climate change impacts, such as disasters, and increasing physical risks.

Risk management

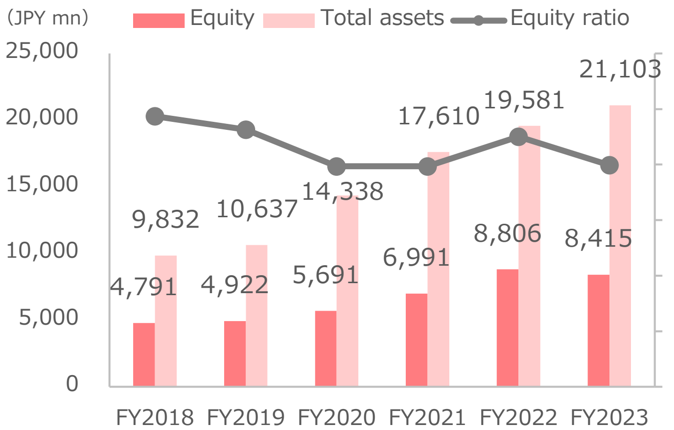
Risk management related to sustainability, including climate change, is managed by the Sustainability Committee.
In addition, the Sustainability Committee occasionally provides guidance and supervision as necessary for risk management in cooperation with each group company and each company's Risk management committee.

(JPY million)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	19,254	21,138	22,669	29,178	36,517	38,790
Enterprise Business	3,302	5,022	7,021	11,491	16,840	19,714
Entertainment Business	15,951	16,115	15,647	17,687	19,815	19,180
Adjustments	-0	-	-	-	-138	-105
Operating income	1,605	1,394	1,908	2,696	3,000	2,039
Enterprise Business	-226	-67	188	645	639	423
Entertainment Business	3,086	2,964	3,077	3,668	4,214	3,325
Adjustments	-1,254	-1,503	-1,356	-1,616	-1,853	-1,709
Operating income margin	8.3%	6.6%	8.4%	9.2%	8.2%	5.3%
Enterprise Business	-	-	2.7%	5.6%	3.8%	2.1%
Entertainment Business	19.3%	18.4%	19.7%	20.7%	21.3%	17.3%
Profit attributable to owners of parent	1,575	792	974	1,778	799	176
Total assets	9,832	10,637	14,338	17,610	19,581	21,103
Current assets	7,403	7,453	9,744	10,392	12,528	13,526
Cash and deposits	4,197	3,739	5,076	5,208	6,456	6,858
Noncurrent assets	2,428	3,183	4,593	7,217	7,052	7,576
Goodwill	481	1,027	2,467	4,588	3,468	2,313
Total liabilities	4,819	5,198	8,024	10,044	10,107	12,250
Interest-bearing liabilities	1,764	2,553	4,797	5,590	5,106	7,095
Total net assets	5,012	5,438	6,314	7,566	9,474	8,852
Shareholders'equity	4,791	4,922	5,691	6,991	8,806	8,415
Shareholders' equity ratio	48.7%	46.3%	39.7%	39.7%	45.0%	39.9%
Net cash	2,433	1,186	278	-382	1,350	-236
Debt Equity Ratio	0.4	0.5	0.8	0.8	0.6	0.8
Net cash provided by operating activities	889	1,086	1,416	3,077	2,850	1,759
Net cash used in (provided by) investing activities	62	-1,018	-1,813	-2,537	-1,903	-2,369
Net cash provided by (used in) financing activities	-693	-515	1,730	-546	141	934
ROE	38.6%	16.3%	18.4%	28.0%	10.1%	2.1%
Dividend Payout Ratio	18.0%	38.6%	31.0%	18.2%	57.5%	264.5%

■ Net sales / Operating income



■ Equity / Total assets



Materiality	Item	Boundary	FY2021	FY2022	FY2023
Promotion of diversity and human resources development					
—	Number of employees	4	1,683	1,746	1,870
Empowering women in the work place	Number of women	3	294	329	392
	Ratio of women	3	22.7%	22.6%	23.9%
	Number of female managers	3	13	21	19
	Ratio of female managers	3	11.8%	13.6%	12.4%
Employment of foreigners	Number of foreign employees in all employees	3	111	114	156
	Ratio of foreign employees	3	8.6%	7.8%	9.5%
	Number of nationalities/regions	3	31	35	41
Employment of people with disabilities	Number of employees with disabilities in all employees	3	66	87	82
	Ratio of employees with disabilities in all employees	2	2.5%	3.1%	2.9%
Responsibility to employees					
Employee work environment protection	Acquisition rate of paid holidays	2	73.4%	65.8%	67.1%
	Acquisition rate of childcare leave	2	25.0%	33.3%	66.7%
	Number of occupational accidents (fatal accidents) in the last 3 years	2	0	0	0
Employee personnel development	Number of International Software Testing Qualifications Board qualification holders	4	365	387	500
	Total number of people who have completed the Cyber Boot Camp	1	179	193	193
	Total number of Registered Information Security Specialist Examination successful applicants	1	20	22	26
	Total number of Certified Ethical Hacker qualification holders	1	14	14	15
Create a safe and secure digital society					
Cyber security measures	Number of monitoring PCs in SOC (Security Operation Center)	1	530K	650K	700K
	Number of vulnerability diagnosis pages	1	15,807	26,733	19,652
	Number of system test projects per year	1	3,253	6,311	9,387
Resolving the shortage of IT human resources	Number of IT human resources incl. Qualitist *	4	10,660	15,490	19,555
	Number of Debugger & Tester per year	1	773,453	830,111	764,778
	Debug / test operation ratio outside the Tokyo metropolitan area	1	90.5%	88.3%	89.6%
	Total number of bug training participants	1	545	749	958

*Qualitist...Our original term for specialist contributing to the quality incl. engineers

Boundary

1. AGEST, Inc. / DIGITAL HEARTS Co., Ltd.
   *On April 1, 2023, the Enterprise Business of DIGITAL HEARTS Co., Ltd. was transferred to AGEST, Inc. through an absorption-type company split. As a result, figures for FY2021 is for DIGITAL HEARTS Co., Ltd. only.
2. DIGITAL HEARTS HOLDINGS Co., Ltd. / AGEST, Inc. / DIGITAL HEARTS Co., Ltd. / DIGITAL HEARTS PLUS Co., Ltd.
3. The entire domestic group companies
4. The entire group companies including overseas

(JPY thousand)

Assets	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total assets	9,832,330	10,637,014	14,338,792	17,610,296	19,581,635	21,103,096
Current assets	7,403,762	7,453,227	9,744,997	10,392,881	12,528,879	13,526,669
Cash and deposits	4,197,616	3,739,104	5,076,396	5,208,746	6,456,803	6,858,575
Notes and accounts receivable-trade	2,724,434	2,985,211	4,097,817	-	-	-
Notes and accounts receivable-trade and contract assets	-	-	-	4,411,554	5,377,205	6,003,199
Securities	-	165,046	155,250	34,506	39,810	42,549
Inventories	20,814	43,005	44,143	17,367	25,125	31,579
Income taxes receivable	27,895	214,147	2,478	47,112	29,041	51,943
Other	464,908	346,384	430,074	741,693	691,524	625,965
Allowance for doubtful accounts	-31,907	-39,673	-61,162	-68,099	-90,632	-87,142
Noncurrent assets	2,428,568	3,183,787	4,593,794	7,217,415	7,052,756	7,576,426
Property, plant and equipment	558,027	579,192	598,606	693,353	1,169,633	1,491,050
Buildings	485,695	587,138	605,431	722,403	966,661	1,143,685
Accumulated depreciation	-186,454	-210,467	-238,942	-281,667	-325,568	-375,808
Buildings, net	299,240	376,671	366,488	440,736	641,093	767,877
Vehicles	6,005	6,005	6,005	5,227	5,227	3,324
Accumulated depreciation	-3,111	-4,075	-4,718	-870	-2,321	-721
Vehicles, net	2,894	1,930	1,287	4,357	2,906	2,603
Tools, furniture and fixtures	663,682	669,941	728,571	869,126	1,295,633	1,619,553
Accumulated depreciation	-433,438	-493,343	-520,078	-639,321	-811,663	-954,501
Tools, furniture and fixtures, net	230,243	176,598	208,492	229,805	483,969	665,051
Land	17,568	17,568	17,568	17,568	17,568	17,568
Lease assets	45,359	45,359	45,359	31,976	57,294	79,488
Accumulated depreciation	-37,279	-38,934	-40,590	-31,090	-33,198	-41,537
Lease assets, net	8,080	6,424	4,769	886	24,096	37,950
Intangible assets	763,380	1,379,280	2,670,718	5,139,649	4,188,720	2,908,048
Goodwill	481,218	1,027,617	2,467,888	4,588,152	3,468,425	2,313,341
Other	282,161	351,663	202,830	551,496	720,294	594,706
Investments and other assets	1,107,160	1,225,313	1,324,469	1,384,412	1,694,401	3,177,327
Investment securities	190,868	192,839	191,529	236,595	494,517	1,793,427
Long-term loans receivable	-	-	30,000	40,000	20,000	10,000
Deferred tax assets	202,242	251,257	326,200	305,068	297,965	294,932
Lease and guarantee deposits	672,033	728,696	694,359	736,487	790,322	918,727
Other	53,888	62,038	92,027	74,441	91,595	177,621
Allowance for doubtful accounts	-11,873	-9,519	-9,648	-8,181	-	-17,381

(JPY thousand)

Liabilities	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total liabilities	4,819,664	5,198,545	8,024,039	10,044,072	10,107,115	12,250,734
Current liabilities	4,192,428	5,134,811	7,904,503	9,679,346	9,930,990	12,026,419
Short-term loans payable	1,704,882	2,546,384	4,728,935	5,421,296	5,106,750	7,095,072
Lease obligations	1,721	1,768	4,930	-	-	-
Accounts payable-other	479,262	507,165	1,048,155	1,361,001	1,620,348	1,883,132
Accrued expenses	907,311	903,379	950,828	1,184,413	1,165,158	1,217,779
Income taxes payable	593,491	550,653	453,655	511,871	677,031	338,369
Accrued consumption taxes	255,427	441,233	396,647	405,580	442,140	394,293
Provision for bonuses	86,272	44,153	53,893	100,190	136,348	160,252
Provision for directors' bonuses	-	-	-	39,184	22,162	13,156
Other	164,059	140,072	267,457	655,808	761,050	924,363
Noncurrent liabilities	627,235	63,734	119,536	364,726	176,124	224,314
Long-term loans payable	50,960	-	63,893	169,674	-	-
Lease obligations	6,699	4,930	-	-	-	-
Net defined benefit liability	36,397	43,361	41,923	45,891	7,764	11,913
Deferred tax liabilities	-	-	-	55,507	45,355	34,978
Asset retirement obligations	13,708	13,714	13,719	90,256	90,581	108,611
Other	10,869	1,727	-	3,396	32,423	68,810

(JPY thousand)

Net assets	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total net assets	5,012,666	5,438,469	6,314,752	7,566,223	9,474,520	8,852,361
Shareholders' equity	4,763,783	4,898,105	5,642,705	6,774,189	8,283,925	7,685,971
Capital stock	300,686	300,686	300,686	300,686	300,686	300,686
Capital surplus	366,598	355,735	331,509	-	393,678	66,354
Retained earnings	6,408,407	6,904,318	7,575,673	9,019,199	9,427,957	9,137,264
Treasury stock	-2,311,908	-2,662,635	-2,565,164	-2,545,696	-1,838,397	-1,818,333
Accumulated other comprehensive income	28,162	24,202	48,564	217,094	522,828	729,816
Valuation difference on available-for-sale securities	323	168	581	8,921	-86,528	-107,144
Foreign currency translation adjustment	27,839	24,033	47,983	208,173	609,357	836,960
Subscription rights to shares	13,363	13,363	13,363	-	6,345	-
Non-controlling interests	207,356	502,797	610,119	574,938	661,421	436,573
Total liabilities and net assets	9,832,330	10,637,014	14,338,792	17,610,296	19,581,635	21,103,096

(JPY thousand)

Consolidated Statement of Income	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	19,254,610	21,138,200	22,669,577	29,178,789	36,517,693	38,790,197
Cost of sales	13,791,192	15,566,267	16,235,984	20,787,432	25,885,083	28,699,374
Gross profit	5,463,418	5,571,932	6,433,592	8,391,357	10,632,610	10,090,823
Selling, general and administrative expenses	3,857,859	4,177,866	4,524,898	5,695,155	7,631,941	8,051,117
Operating income	1,605,558	1,394,065	1,908,694	2,696,201	3,000,669	2,039,705
Non-operating income	109,273	22,705	80,664	112,615	220,169	69,650
Interest income	135	1,350	2,598	2,520	7,810	19,961
Foreign exchange gains	-	-	-	12,239	151,327	13,520
Dividends income	15	-	-	-	-	-
Gain on investment in partnership	5,961	1,205	-	13,212	-	-
Gain on investments in silent partnerships	-	-	-	-	-	9,763
Subsidy income	91,901	5,134	62,296	70,107	23,846	10,505
Other	11,259	15,015	15,769	14,535	37,184	15,900
Non-operating expenses	63,550	44,394	13,964	34,739	68,289	50,240
Interest expenses	3,147	5,356	6,212	11,927	9,695	19,530
Share of loss of entities accounted for using equity method	3,983	5,968	1,425	5,395	-	-
Foreign exchange losses	211	5,346	2,741	-	-	-
Commission paid	19,848	5,864	252	10,288	9,400	2,692
Loss on valuation of investments in securities	-	-	-	-	38,457	-
Loss on bond retirement	7,629	15,258	-	-	-	-
Settlement payments	24,041	-	-	-	-	-
Non-recoverable tax, etc.	-	-	-	-	455	8,547
Provision of allowance for doubtful accounts	-	-	-	-	-	12,943
Other	4,687	6,600	3,332	7,127	10,281	6,528
Ordinary income	1,651,281	1,372,376	1,975,394	2,774,078	3,152,548	2,059,115
Extraordinary income	733,470	-	55,696	83,086	75,572	-
Subsidy income	-	-	55,196	-	-	-
Gain on sales of noncurrent assets	-	-	-	1,233	-	-
Gain on sales of shares of subsidiaries and associates	-	-	-	707	-	-
Gain on forgiveness of debts	-	-	-	67,782	-	-
Gain on sales of investment securities	733,470	-	-	-	-	-
Gain on reversal of subscription right to shares	-	-	-	13,363	-	-
Settlement income	-	-	-	-	75,572	-
Other	-	-	500	-	-	-
Extraordinary loss	51,511	75,944	526,705	112,684	1,231,181	1,204,292
Loss on retirement of noncurrent assets	-	-	18,298	32,270	7,678	15,317
Office transfer expenses	8,492	16,002	44,187	14,513	5,066	2,255
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	43,019	37,414	10,509	-	135,056	87,319
Organizational restructuring expenses	-	-	-	53,742	-	-
Impairment loss	-	22,527	395,511	12,156	1,045,536	1,069,446
Loss on sales of investment securities	-	-	2,689	-	-	-
Penalty payment	-	-	-	-	-	18,882
Settlement payments	-	-	-	-	37,842	-
Loss related to COVID-19	-	-	55,509	-	-	-
Other	-	-	-	-	-	11,071
Income before income taxes	2,333,240	1,296,432	1,504,385	2,744,481	1,996,939	854,823
Income taxes-current	756,413	547,721	600,575	729,951	1,032,241	711,836
Income taxes-deferred	-10,760	-48,496	-70,544	9,654	77,287	-48,606
Total income taxes	745,653	499,224	530,030	739,606	1,109,528	663,229
Profit	1,587,586	797,207	974,355	2,004,875	887,411	191,593
Profit attributable to non-controlling interests	12,010	5,077	-136	226,224	87,861	14,665
Profit attributable to owners of parent	1,575,576	792,130	974,492	1,778,650	799,550	176,927

Comprehensive Income

(JPY thousand)

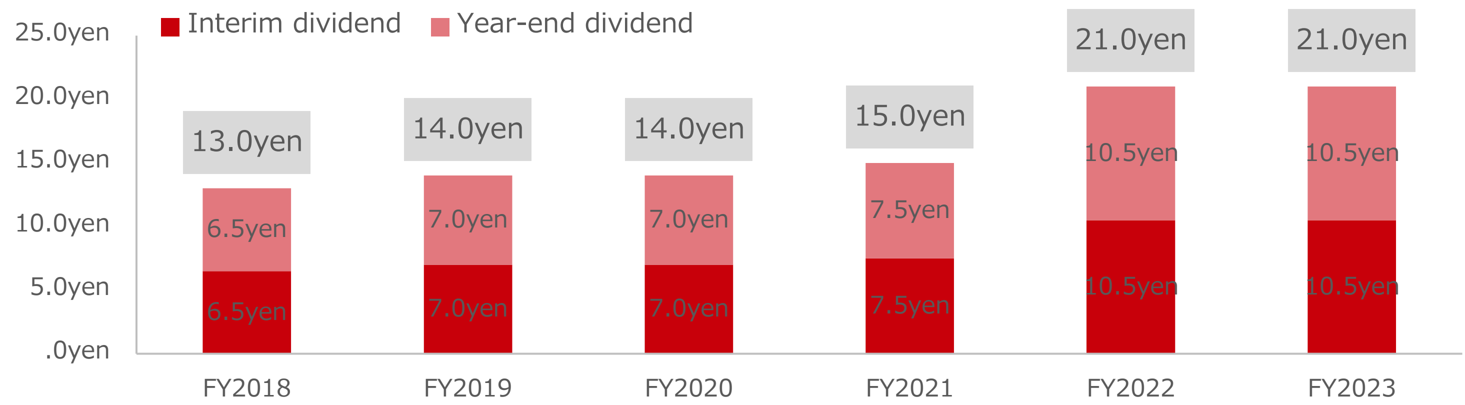
Consolidated Statement of Comprehensive Income	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Profit	1,587,586	797,207	974,355	2,004,875	887,411	191,593
Other comprehensive income	-760	1,683	9,713	251,932	324,150	217,246
Valuation difference on available for sale securities	-2,356	-154	413	8,339	-95,449	-20,615
Foreign currency translation adjustment	1,596	1,838	9,300	243,593	419,600	237,862
Comprehensive income	1,586,826	798,891	984,068	2,256,808	1,211,562	408,840
Comprehensive income attributable to owners of the parent	1,575,086	788,169	976,794	1,980,841	1,094,363	383,915
Comprehensive income attributable to non-controlling interests	11,739	10,721	7,274	275,966	117,198	24,924

Shareholder Return

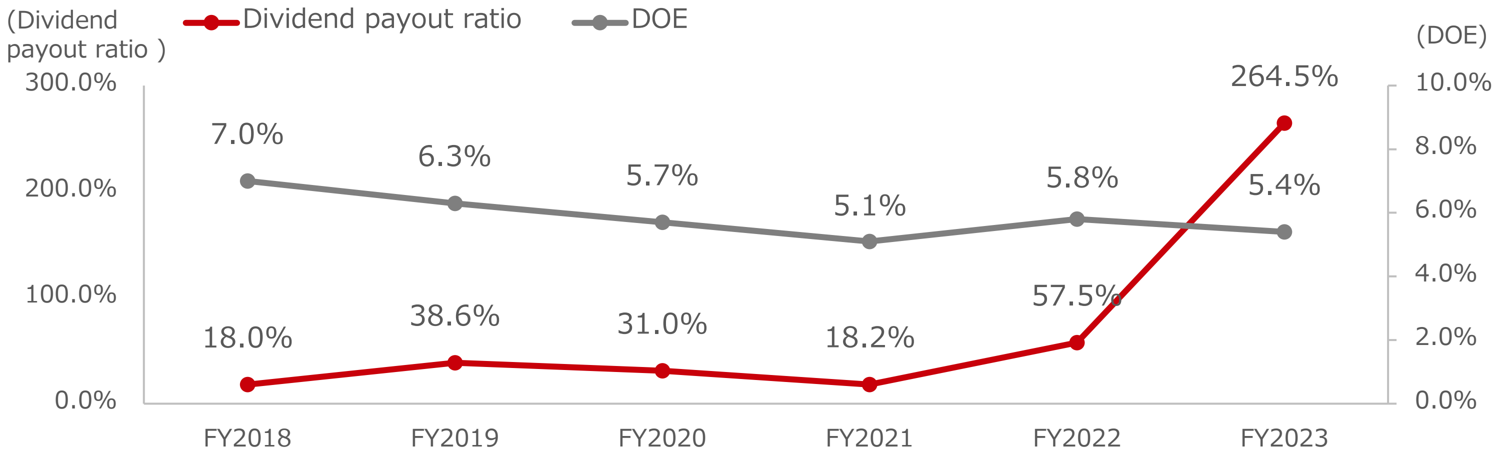
While securing sufficient internal reserves to invest in business growth and strengthen our management structure, stable dividends to shareholders with a payout ratio of 20% as the minimum target. In addition, the Company's basic policy for dividends from retained earnings is to pay interim dividends and year-end dividends twice a year. The Company's Articles of Incorporation provide that both dividends are determined by resolution of the Board of Directors in order to enable flexible implementation.

Retained earnings after dividends will be effectively used to further enhance existing businesses and invest in new businesses, and we will strive to sustainably improve business performance, maintain and increase return on equity, and further increase corporate value.

■ Dividend per share



■ Dividend payout ratio / DOE



(JPY thousand)

Cash flows from operating activities	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net cash provided by operating activities	889,656	1,086,745	1,416,917	3,077,118	2,850,927	1,759,092
Income before income taxes	2,333,240	1,296,432	1,504,385	2,744,481	1,996,939	854,823
Depreciation and amortization	135,801	174,617	198,365	268,228	473,068	521,605
Impairment loss	-	22,527	395,511	12,156	1,045,536	1,069,446
Amortization of goodwill	118,154	164,063	215,794	464,634	702,505	516,620
Increase (Decrease) in allowance for doubtful accounts	9,903	-3,000	15,292	1,861	8,649	8,109
Increase (Decrease) in provision for bonuses	3,676	-42,119	5,777	29,343	35,174	15,648
Increase (decrease) in provision for directors' bonuses	-	-	-	39,184	-17,022	-9,005
Interest and dividends income	-150	-1,363	-2,612	-2,534	-7,810	-19,961
Interest expenses	3,147	5,356	6,212	11,927	9,695	19,530
Foreign exchange losses (gains)	525	18,017	2,741	-12,239	-151,327	-13,520
Share of (profit) loss of entities accounted for using equity method	3,983	5,968	1,425	5,395	-	-
Loss (Gain) on investments in partnership	-5,961	-1,205	-	-13,212	2,774	-
Loss on valuation of investments in securities	-	-	-	-	38,457	-
Loss (Gain) on sales of investment securities	-733,470	-	2,694	-	-	-
Gain on investments in silent partnerships	-	-	-	-	-	-9,763
Gain on forgiveness of debts	-	-	-	-67,782	-	-
Share-based compensation expenses	133,196	136,892	90,014	38,146	21,967	23,094
Gain on sales of noncurrent assets	-	-	-	-1,233	-	-
Loss on retirement of noncurrent assets	-	-	18,298	32,270	7,678	15,317
Loss (gain) on sales of shares of subsidiaries and associates	-	-	-	-707	-	-
Settlement package	24,041	-	-	-	-	-
Office transfer expenses	8,492	16,002	44,187	14,513	5,066	2,255
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	43,019	37,414	10,509	-	135,056	87,319
Gain on reversal of subscription rights to shares	-	-	-	-13,363	-	-
Decrease (increase) in trade receivables	-204,891	-10,567	-701,207	393,148	-842,041	-381,263
Decrease (Increase) in inventories	-5,595	-22,205	-1,137	27,752	-7,685	-5,916
Subsidy income	-	-	-55,196	-70,107	-23,846	-10,505
Loss related to COVID-19	-	-	55,509	-	-	-
Organizational restructuring expenses	-	-	-	53,742	-	-
Increase (Decrease) in accounts payable - other	-165,082	13,633	173,476	-295,968	249,490	63,278
Increase (Decrease) in accrued expenses	-117,352	-206,861	28,756	-104,956	-73,019	33,656
Increase (Decrease) in accrued consumption taxes	45,105	185,139	-52,972	-32,756	-6,800	-38,374
Decrease (Increase) in other current assets	-158,841	-43,411	-69,989	-52,545	107,761	49,428
Increase (Decrease) in other current liabilities	349	-2,549	-9,128	280,451	106,781	93,542
Increase (decrease) in other non-current liabilities	-	-	-	-	-1,456	-8,340
Other	-55,636	-31,596	-7,221	-8,880	-43,391	-137,689
Subtotal	1,415,654	1,711,184	1,869,486	3,740,949	3,772,202	2,739,337
Interest and dividends income received	150	1,350	26	1,917	7,341	19,703
Interest expenses paid	-3,228	-5,356	-5,672	-8,272	-14,135	-12,007
Income taxes paid	-501,782	-628,327	-649,797	-704,194	-960,319	-1,042,594
Income taxes refund	6,242	27,894	214,140	2,478	47,112	29,499
Office transfer expenses paid	-8,492	-	-10,952	-2,454	-31,626	-2,255
Business structure improvement expenses paid / Loss on liquidation of business paid, etc.	-18,888	-20,000	-	-	-	-
Proceeds from subsidy income	-	-	55,196	46,695	30,353	27,410
Payments related to COVID-19	-	-	-55,509	-	-	-

DIGITAL HEARTS HLDGS.

(JPY thousand)

Cash flows from investing activities	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net cash used in investing activities	62,284	-1,018,402	-1,813,519	-2,537,418	-1,903,485	-2,369,234
Proceeds from withdrawal of time deposits	-	-	-	-	35,000	-
Purchase of property, plant and equipment	-84,352	-150,211	-99,495	-186,762	-639,050	-617,470
Proceeds from sales of property, plant and equipment	-	-	-	2,270	3,472	2,761
Purchase of intangible assets	-157,025	-106,637	-220,988	-192,709	-394,374	-194,795
Purchase of investment securities	-55,775	-10,563	-	-83,060	-446,722	-1,271,935
Proceeds from redemption of investment securities	-	-	-	-	10,000	-
Proceeds from sales of investment securities	841,826	215	2,749	54,962	-	-
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	-377,961	-597,799	-1,309,417	-1,813,502	-	-97,496
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	6,382	-	-	-	-
Proceeds from distribution of investment in partnerships	13,780	2,836	-	13,212	-	-
Proceeds from transfer of business	-	-	500	-	-	-
Payments for acquisition of businesses	-99,167	-71,922	-65,868	-148,883	-403,998	-42,947
Payments for acquisition of businesses (contingent consideration)	-	-	-18,666	-56,193	-	-18,370
Payments for lease and guarantee deposits	-95,732	-104,260	-44,920	-129,330	-112,141	-185,772
Proceeds from collection of lease and guarantee deposits	48,570	15,314	30,890	9,849	34,330	17,792
Collection of loans receivable	28,657	-	-	-	-	-
Decrease (Increase) in short-term loans receivable	-	-	-2,042	2,728	-	19,000
Payments of long-term loans receivable	-	-	-30,000	-10,000	-	-
Proceeds from collection of long-term loans receivable	-	-	-	-	10,000	20,000
Payments for asset retirement obligations	-	-	-55,015	-	-	-
Other	-535	-1,758	-1,245	-	-	-

(JPY thousand)

Cash flows from financing activities	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net cash used in financing activities	-693,955	-515,831	1,730,291	-546,569	141,472	934,080
Increase (Decrease) in short-term loans payable	104,882	800,000	2,026,750	620,989	-300,000	1,988,322
Proceeds from long-term loans payable	-	-	66,510	-	-	-
Repayments of long-term loans payable	-	-4,298	-49,001	-168,393	-184,220	-
Redemption of bonds	-516,229	-523,858	-	-	-	-
Proceeds from share issuance to non-controlling shareholders	-	32,000	-	-	-	-
Purchase of treasury stock	-	-500,047	-154	-246	-50	-
Proceeds from disposal of treasury shares	-	-	-	-	1,106,103	-
Payments for purchase of treasury share acquisition rights	-	-	-	-	-	-6,345
Cash dividends paid	-273,314	-296,472	-302,026	-314,428	-390,887	-466,568
Cash dividends paid to non-controlling interests	-20,034	-20,034	-10,017	-20,034	-20,034	-16,913
Liquidating dividends paid to non-controlling interests	-1,919	-	-	-	-	-
Proceeds from share issuance to non-controlling shareholders	-	-	-	-	-	190
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-1,400	-	-664,456	-80,906	-564,605
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	1,400	-	-	-	-	-
Repayments of lease obligations	-2,104	-1,721	-1,768	-	-	-
Proceeds from issuance of subscription rights to shares	13,363	-	-	-	11,468	-
Effect of exchange rate change on cash and cash equivalents	279	-11,023	7,378	139,218	194,142	77,832
Net increase in cash and cash equivalents	258,265	-458,511	1,341,068	132,349	1,283,057	401,771
Cash and cash equivalents at the beginning of period	3,894,356	4,162,616	3,704,104	5,041,396	5,173,746	6,456,803
Increase in cash and cash equivalents from newly consolidated subsidiary	9,994	-	-	-	-	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-	-3,776	-	-	-
Cash and cash equivalents at the end of period	4,162,616	3,704,104	5,041,396	5,173,746	6,456,803	6,858,575

DIGITAL HEARTS HLDGS.

(As of March 31, 2024)

Company Profile	
Company Name	DIGITAL HEARTS HOLDINGS Co., Ltd.
Headquarters	3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Date Established	October 1, 2013
Representative Position and Name (As of April 1, 2024)	Representative Director, President and CEO Toshiya Tsukushi Representative Director and Chairman Eiichi Miyazawa
Share Capital	300,686 thousand yen
Number of Consolidated Employees	1,870

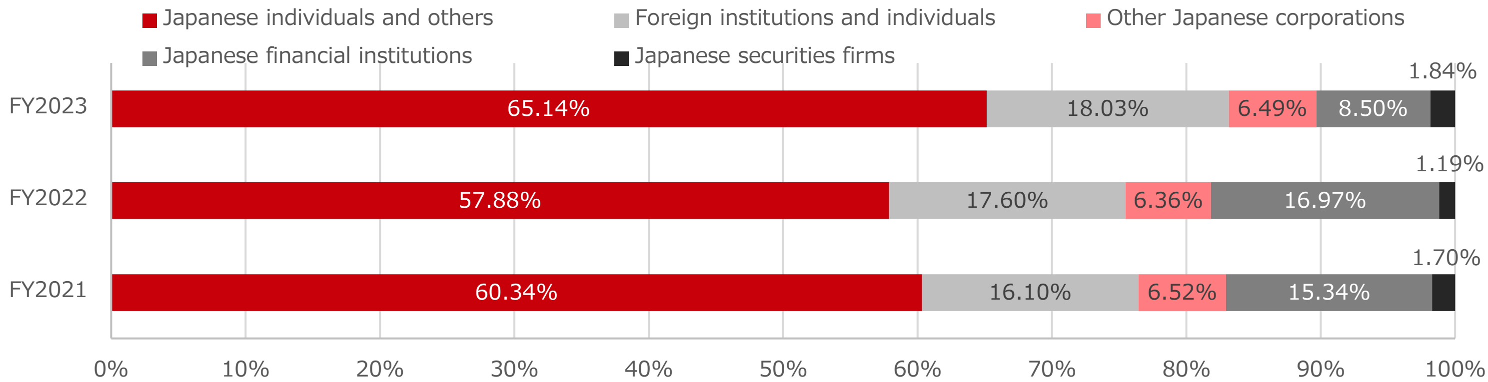
Share-related Information	
Total number of issuable shares	76,800,000
Number of issued shares	23,890,800
Number of shareholders	6,575
Stock exchange	TSE Prime Market
Securities code	3676
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholders	Number of shares (share)	Shareholding ratio (%)
Eiichi Miyazawa	9,423,655	42.30
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,902,364	8.54
A-1 LLC	1,324,900	5.95
The Master Trust Bank of Japan, Ltd. (Trust account)	1,285,000	5.77
Custody Bank of Japan, Ltd. (Trust Account)	666,200	2.99
STATE STREET BANK AND TRUST COMPANY 505103	230,500	1.03
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	217,500	0.98
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	189,450	0.85
INTERACTIVE BROKERS LLC	189,400	0.85
Taichi Yabu	180,500	0.81
Total amount	15,609,469	70.07

*1,615,011 treasury shares are excluded from the number of shares above.
*Shareholding ratio are calculated based on the total number of issued shares less the number of shares in treasury stock.

Condition of Distribution by Shareholder



* Treasury shares are included in "Japanese individuals and others."

DIGITAL HEARTS HLDGS.

(As of FY2023)

DIGITAL HEARTS HLDGS.
(Holding Company)

Enterprise Business

AGEST

AGEST, Inc.
System testing, Cyber-security, System developing, ERP implementation, etc.

LOGIGEAR CORPORATION
System testing, Test automation support

AGEST Vietnam Co., Ltd.
System testing, Test automation support

TPP SOFTWARE COMPANY LIMITED
System development

MK Partners, Inc.
Salesforce consulting

DEVELOPING WORLD SYSTEMS LIMITED
Introduction and maintenance support for Oracle products

GPC K.K
SAP/ERP implementation support, Open systems development

identity Inc.
IT freelance engineer platform service

CEGB Co., Ltd.
SAP/ERP implementation support

Entertainment Business

DIGITAL HEARTS

DIGITAL HEARTS Co., Ltd.
Game debugging, Localization, etc.

DIGITAL HEARTS CROSS Group
Marketing support

DIGITAL HEARTS Seoul Co., Ltd.
Game translation, Marketing support

DIGITAL HEARTS (Shanghai) Co., Ltd.
Game debugging, Localization

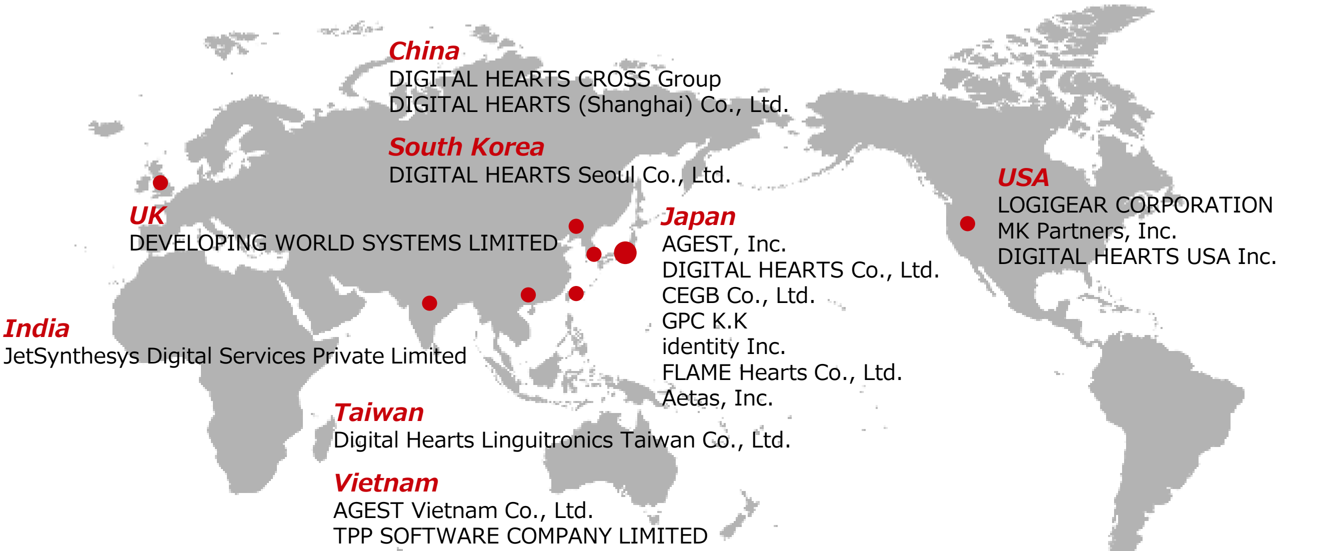
DIGITAL HEARTS USA Inc.
Game debugging, Localization

FLAME Hearts Co., Ltd.
Game development and CG content development

Aetas, Inc.
Management of game media

Digital Hearts Linguitronics Taiwan Co., Ltd.
Game translation, etc.

JetSynthesys Digital Services Private Limited
Debugging business for customers in India and global markets



＊ List countries/regions where main offices are located

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