

# **Supplemental Material** **on Preparations for the Share-Distribution-Type Spin-Off and** **Commencement of Preparations for Listing the Shares of AGEST, Inc.**

May 11, 2023

Tokyo Stock Exchange Prime Market: Code 3676

<https://www.digitalhearts-hd.com>

## Spin-Off Listing of AGESt, Inc.

aiming to accelerate the growth of the Enterprise Business and to achieve the regrowth of the Entertainment Business

**“Second Founding”, “establishment of AGESt” and to be independent two listed entities by Spin-Off Listing with each different goal and strategy**

### FY2017 Consolidated Financial Results

Net sales  
¥17.3 bn  
Operating income  
¥1.7 bn

### FY2022 Consolidated Financial Results

Net sales  
¥36.5 bn  
Operating income  
¥3.0 bn

FY2028 (Target)	
<b>New AGESt Group</b>	
Net sales	¥ 80.0 bn
Operating income	¥ 8.5 bn
<b>New DH Group</b>	
Net sales	¥ 35.0 bn
Operating income	¥ 4.5 bn

Fully entered the enterprise field as the Company's “Second Founding”



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



Spin-Off Listing of AGESt, Inc.



Accelerating the pace of growth  
Shifting from a stable growth to regrowth phase



To maximize growth potential with unique and independent two groups by Spin-Off Listing, different management, independent capital, and unique human capital.

Expected Effect	New AGEST Group	New DH Group																								
Corporate Culture and Human capital	<p><b>Recruitment of talented engineers</b> Corporate branding with "Leading-edge quality technology" and stock-based incentives for engineers.</p>	<p><b>Recruitment and training of human resources by leveraging "Game related Business" brand</b> Acquire and train to expand human resources for global expansion and new businesses.</p>																								
Businesses management	<p><b>Pursuit of the leading-edge quality technology in the global markets</b> Shifting to the business management with engineered ideas and knowledge of leading-edge technology.</p>	<p><b>Evolving businesses and new challenges</b> Revitalize existing businesses and improve management from a global perspective to leverage its own strengths.</p>																								
Investment	<p><b>Investment of around ¥10.0 bn in human capital, technology and M&amp;As</b> Flexible fund raising and execution of large-scale investments.</p>	<p><b>Investment in new areas and shareholder returns</b> Invest in new businesses and improve shareholder returns utilizing its stable businesses cashflow.</p>																								
Targets	<table border="1"> <thead> <tr> <th></th> <th>FY2022*</th> <th>FY2025</th> <th>FY2028</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>¥16.8 bn</td> <td>¥32.0 bn</td> <td>¥80.0 bn</td> </tr> <tr> <td>Operating income</td> <td>-</td> <td>¥2.5 bn</td> <td>¥8.5 bn</td> </tr> </tbody> </table>		FY2022*	FY2025	FY2028	Net sales	¥16.8 bn	¥32.0 bn	¥80.0 bn	Operating income	-	¥2.5 bn	¥8.5 bn	<table border="1"> <thead> <tr> <th></th> <th>FY2022*</th> <th>FY2025</th> <th>FY2028</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>¥19.8 bn</td> <td>¥25.0 bn</td> <td>¥35.0 bn</td> </tr> <tr> <td>Operating income</td> <td>-</td> <td>¥3.0 bn</td> <td>¥4.5 bn</td> </tr> </tbody> </table>		FY2022*	FY2025	FY2028	Net sales	¥19.8 bn	¥25.0 bn	¥35.0 bn	Operating income	-	¥3.0 bn	¥4.5 bn
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## New AGEST Group

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

-Accelerate business expansion and investment in future growth-

- Pursue leading-edge quality technology and expand businesses globally by strengthening PP&T (People, Process, and Technology).

### Key initiatives

1. Pursue leading-edge quality technology and expand business globally
2. Accelerate investment in human capital, technologies and M&As
3. Recruit utilizing the brand awareness as a listed company and strengthen human resources with a unique incentive system
4. Strengthen the management and governance system as a listed company
5. Flexible fund raising and quick investment decisions

## New DH Group

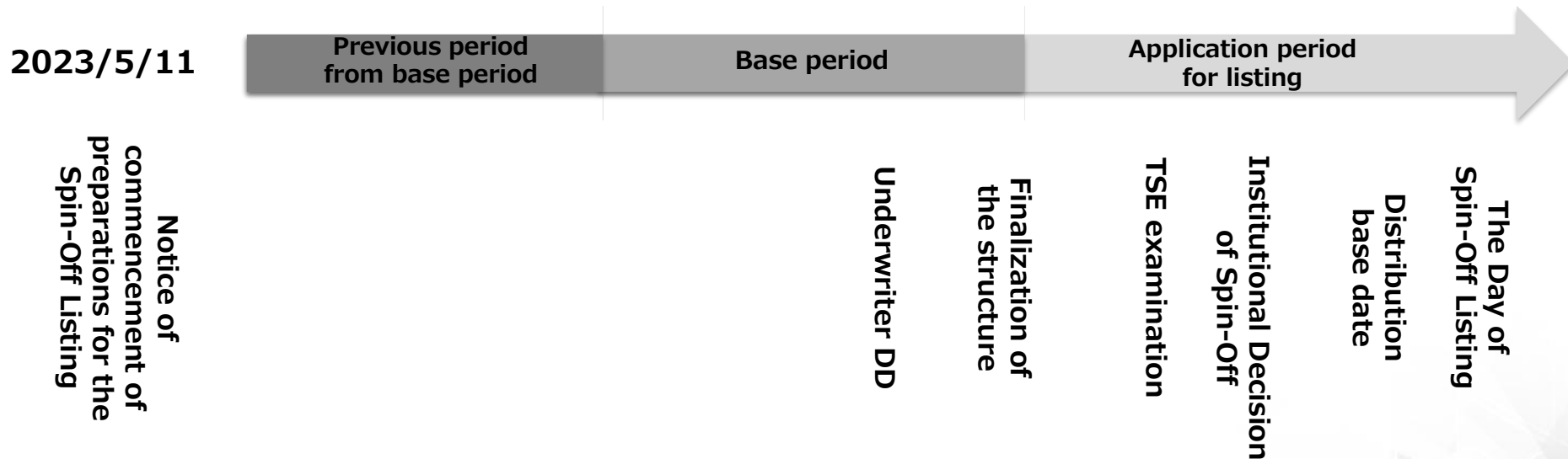
**To be the Global Quality Partner in the Entertainment Industry**

-Regrowth of existing businesses and creation of new businesses-

- Boost, revitalize and evolve the existing businesses, expand the global businesses not only in Asia but also in the U.S. and Europe, and challenge to develop new business opportunity.

### Key initiatives

1. Leverage core competencies to add higher value and improve productivity of existing business
2. Expand the global business and take on the challenge of entering new businesses areas
3. Recruit and train human resources by leveraging its corporate culture with "Game" branding
4. M&As and strategic investments utilizing rich operating cash flow
5. Improve shareholder returns and expand growth investment



## Preparation period for Spin-Off Listing

- ✓ Establishment of head office functions, including structure of management and governance
- ✓ Conclusion of a lead managing underwriter contract and audit contract
- ✓ Reorganization of group companies
- ✓ Appointment of Independent Director
- ✓ Establishment of Board of Corporate Auditors

\* Here is an example as an ordinary schedule image plan.  
Actual schedules may be revised in the process of preparing for the Spin-Off Listing.



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