Fact Book 2023

DIGITAL HEARTS HOLDINGS Co., Ltd.

Tokyo Stock Exchange Prime Market [3676]

DIGITAL HEARTS HLDGS.

Mission

SAVE the DIGITAL WORLD

In recent years, more and more aspects of our daily life have become supported by digital services and software.
As a "Global Quality Partner" specializing in software testing, we have been supporting various clients in improving the quality of their software development.
We are pursuing the creation of a safe and reliable digital society by providing our unique value with clients through our diverse human resources and our technological capabilities.

DIGITAL HEARTS HLDGS.

Contents

History

2001

2001
Founded as the Company Specialized in "Debugging"

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

Expanded the field of "Debugging" service

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

2013
Shifted to a pure holding company structure

Accelerating diversification in the game industry

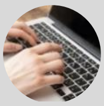
4Gamer.net

Started the Game Media Business by M&A

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

To be a Global Quality Partner

Top Message

Taking on new challenges toward a next business stage

President and CEO, Yasumasa Ninomiya

Under our corporate mission of "SAVE the DIGITAL WORLD," we have been focusing on expanding our Enterprise Business since 2017 as our ‘Second Founding’ period, in order to build a second earnings pillar following the Entertainment Business, which is our founding business. Until now, in the Enterprise Business, we have invested aggressively in increasing the number of engineers, expanding services, and actively utilizing M&A. In April 2022, we newly formed AGEST as a core company in the Enterprise Business, and have been working to develop the brand awareness of AGEST as a Tech company and the technology to sustain the strong QA (Quality Assurance) services. As a result, in the fiscal year ended March 31, 2023, Enterprise Business has grown close to half of our consolidated net sales, and we have established its profitability to contribute to the whole consolidated operating income.

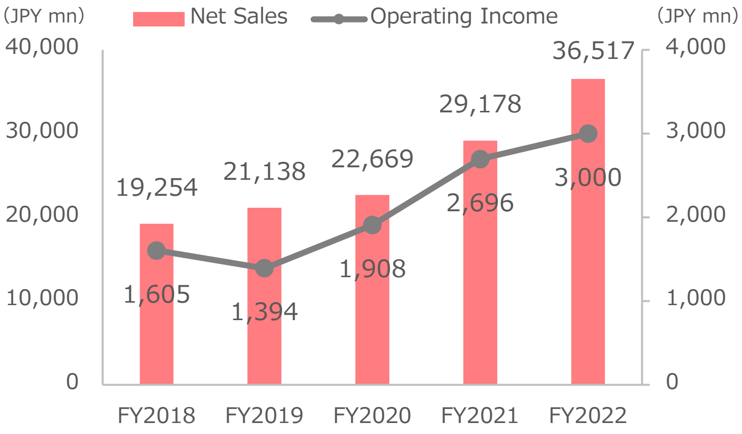
On the other hand, we have also come to see some challenges in order to make a growth for each, with these two different businesses within the same group that differ greatly in their speed of growth and corporate culture. In Enterprise Business, several kinds of investments are essential to capture rapidly increasing demand. To quickly launch a high-value-added QA solution such as our "QA for Development," we need to continue investing in human capital, in technology to improve expertise, and also to flexibly implement M&As to accelerate the strengthening of these capabilities with a greater sense of speed than in the past. On the other hand, the Entertainment Business also has different business opportunities from the Enterprise Business, such as development of high-value-added services by utilizing our unique human resources in the "game" industry, globalization of our business solutions, and businesses expansion into new areas such as NFT games and Webtoon. In order to achieve the growth of both businesses with different business models and different expertise, we reached to consider it extremely important to separate both businesses completely in order to concentrate each management resource on each business with quick decisions, to conduct each unique corporate branding, to develop each businesses basement, and to pursue necessary technology and expertise. Accordingly, we decided to start preparations for the Spin-Off of AGEST and the listing of AGEST's shares (the "Spin-Off Listing"), with the aim of making the Enterprise Business centered on AGEST to be a separate business group under an independent listed company.

We believe that this Spin-Off Listing will be a turning point for our company following our ‘Second Founding’ period. Now we have begun taking on new challenges for both the Enterprise and Entertainment Businesses to move up to a stage yet to be seen, and I feel that the morale of the entire group, including not only myself and other members of the management team but also our front-line employees, is higher than ever before. With this Spin-Off Listing, we aim to further accelerate growth in the Enterprise business and shift from a stable growth phase to a regrowth phase in the Entertainment Business, thereby enhancing the corporate value of each.

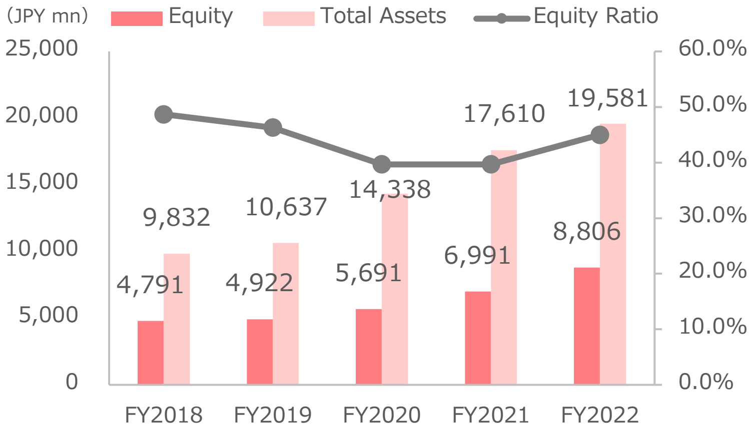
I hope that all of our shareholders will look forward to our future growth and continue to support us.

Financial Highlights

■ Net Sales / Operating Income



■ Equity / Total Assets



Non-financial Highlights

(As of March 31, 2023)

Resolving the shortage of IT human resources

Boundary:1

Number of IT human resources incl. Qualitist*

15,490 people

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

Empowering women in the work place

Boundary:2

Ratio of female managers

13.6%

Create a safe and secure digital society

Boundary:3

Number of system test projects per year

6,311 projects

Create a safe and secure digital society

Boundary:3

Number of monitoring PCs in SoC (Security Operation Center)

650K

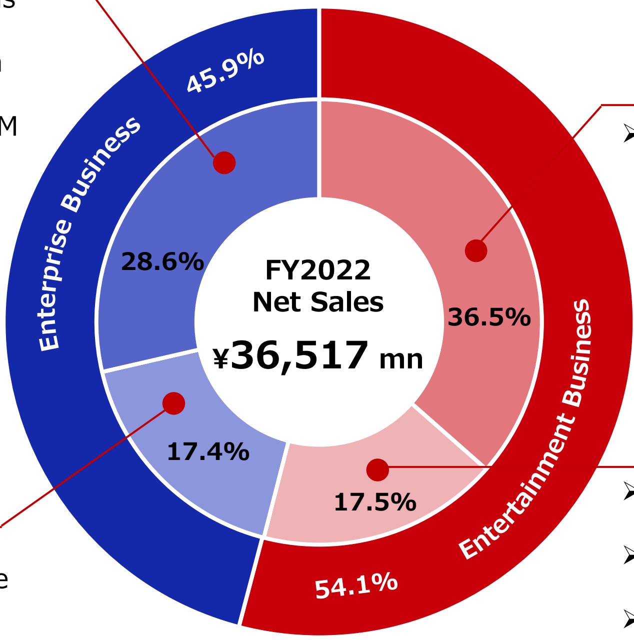
Boundary

1. The entire group 2. Domestic group companies excl. overseas 3. AGEST, Inc. / DIGITAL HEARTS Co., Ltd.

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



Domestic debugging

- Debugging for console games and mobile games

IT services and others

- IT engineer platform service
- Security monitoring
- IT support

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

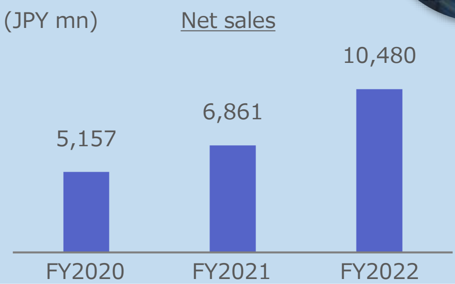
(JPY mn)	FY2018	FY2019	FY2020	FY2021	FY2022
Net Sales	19,254	21,138	22,669	29,178	36,517
Enterprise Business	3,302	5,022	7,021	11,491	16,840
QA solution	2,556	3,446	5,157	6,861	10,480
IT services and others	746	1,575	1,864	4,629	6,360
Entertainment Business	15,951	16,115	15,647	17,687	19,815
Domestic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

Enterprise Business

Net Sales	Segment Income
JPY **16,840** mn	JPY **639** mn
(YoY 146.5%)	(YoY 99.1%)

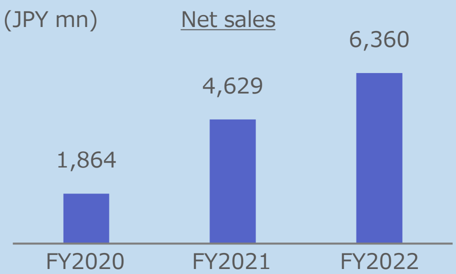
QA solution

- **Significant organic growth of YoY 134.3%**, excluding M&A impacts, with continuous strong sales trends 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

- **Achieved higher sales in both services**, SES (temporary engineer staffing) and security monitoring/other.
- The number of engineers registered at identity Inc. **reached to 27,000 people**.

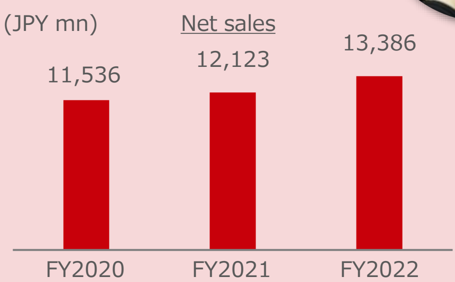


Entertainment Business

Net Sales	Segment Income
JPY **19,815** mn	JPY **4,214** mn
(YoY 112.0%)	(YoY 114.9%)

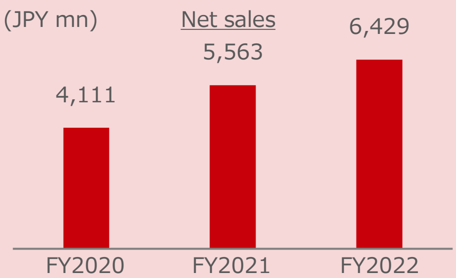
Domestic debugging

- High sales growth in the Domestic debugging driven by **around YoY 1.4 times expansion of service for game consoles**.
- **Maintained high gross margin ratio** by securing testers and conducting efficient operations in response to the increase in projects.



Global and others

- **Achieved higher sales in all services**, Global, Creative and Media.
- Under the uncertain circumstances in China, **strengthen marketing personnel in South Korea** and **localization in Europe and the U.S.**



Topics

2022

Apr.
Implemented group reorganization

AGEST

Established AGEST, Inc., transitioned to an organizational structure centered on AGEST, Inc. for the Enterprise Business and DIGITAL HEARTS Co., Ltd. for the Entertainment Business.

May
Opened new Iidabashi Tech Center

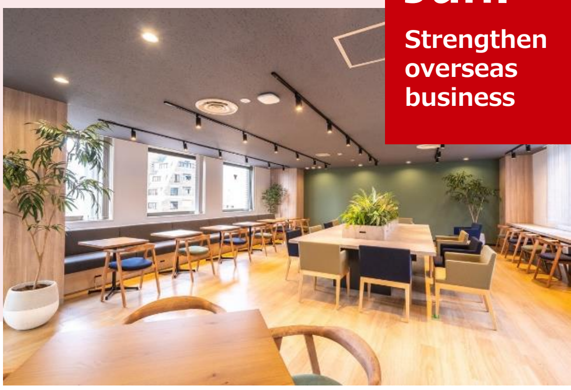
Created an engineer-first environment at AGEST, Inc.

Jun.
Strengthen Governance

Increased the number of outside directors by one, half of the Board of Directors will be outside directors.

Established "TOKYO Lab.", a dedicated base for game translation and LQA.

Jun.
Strengthen overseas business



GameWith

Jun.
Promoting new value creation

Concluded a capital and business alliance agreement with GameWith, Inc. for the purpose of developing new services, etc.

Jun.
Resolution to raise funds

Resolved to raise funds through MS warrants to secure M&A funds, etc.

Transaction size (plan)
Approx. ¥4.2 billion
(Approximate amount after payment of expenses)

Tenor
July 20, 2022 to July 19, 2024

Jul.

Expanded services

Started providing "Mutation testing", utilizing specialized QA knowledge.

What is "Mutation testing" ?

Mutation testing is a method of randomly adding error codes to a program in order to check unit testing processes appropriately done or not.

Aug.

Increased number of engineers

Succeeded QA business of Sobal Corporation including approx. 130 test engineers.

Sobal™ corporation

Dec.

Launched owned media

Providing information necessary for improving software quality through new owned media "Sqripts".

</Sqripts >

2023

Ryu Eunji

Choi Hyangsook

Jan.

Strengthen business in South Korea

Newly invited two marketing experts in South Korea.

Apr.

Support the livelihood of employees

Decided to raise hourly wages of game testers by 5% to 10% in response to price hikes.

Apr.

Strengthen expertise

Made GPC K.K a subsidiary to strengthen the SAP area.

GPC

Enterprise Business

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

Establish "QA for Development"

What is QA for Development?

QA solutions for the development and build process, the stage prior to testing, not covered by conventional third-party verification.

- Strengthen human resources, processes, and technology while leveraging the knowledge of global experts and other resources.
- Especially in human resources, focus on securing and training "Next-generation QA engineers" who can respond to "QA for Development".

Accelerate global expansion of business

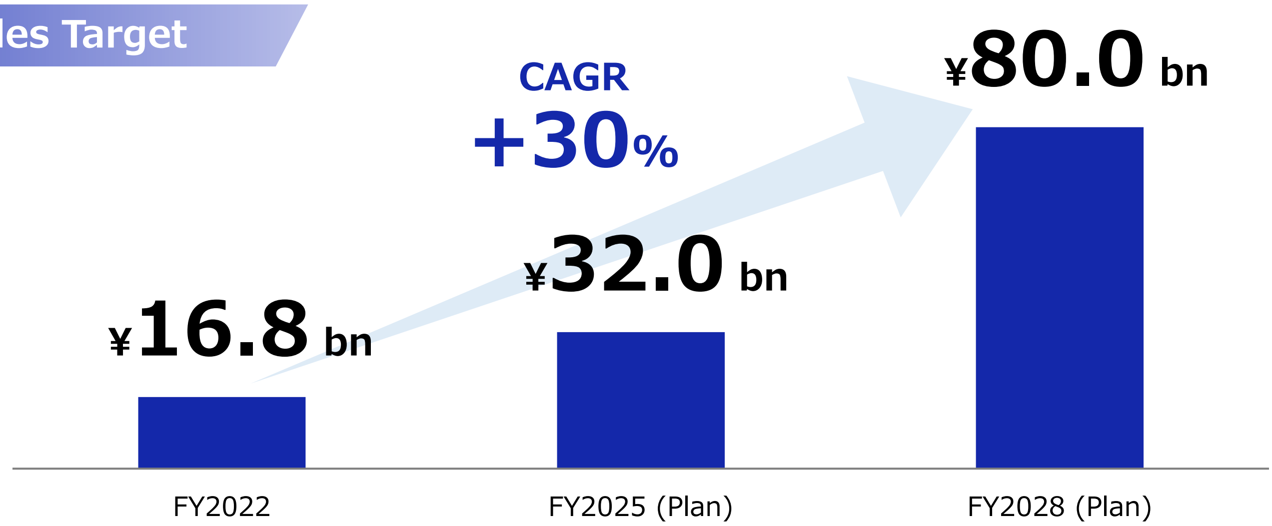
- Providing services not only in Japan but also globally including Europe and the U.S.

Accelerate M&A

- Continue to conduct M&A to strengthen engineers and technology, and in the future, strengthen M&A not only in Japan but also in overseas markets.

Accelerating the pace of growth

Sales Target



Entertainment Business

To be the Global Quality Partner
in the Entertainment Industry

Strengthen existing businesses by promoting DHQ

What is DHQ (Digital Hearts Quality)?

Our unique quality control method to discover defects efficiently and effectively and to achieve the optimal QCD (Quality, Cost, Delivery) for client companies.

- Pursuing service quality that no other company can imitate while utilizing management assets cultivated since our founding.
- Leveraging the "game" brand, strengthen recruitment and training of testers and global human resources.

Expand global business

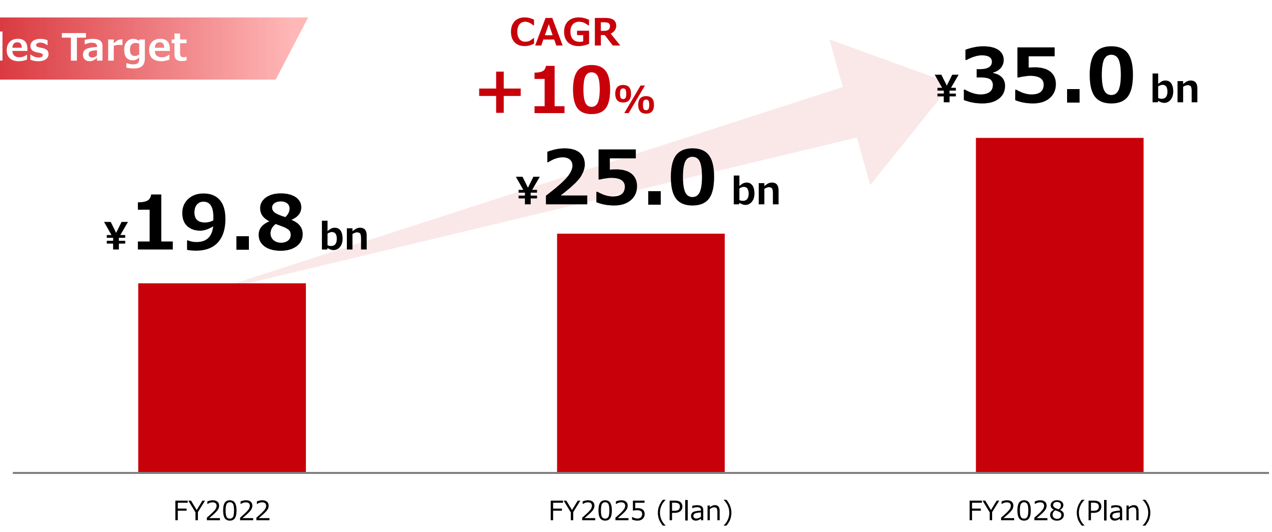
- Strengthen solutions to provide comprehensive support for clients' overseas expansion, not only in Asia, but also in Europe and the U.S.

Challenges in new business

- Promote the development of services in non-gaming areas, such as Metaverse and Webtoon, and the use of leading-edge technologies in business processes.

Shifting from a stable growth to regrowth phase

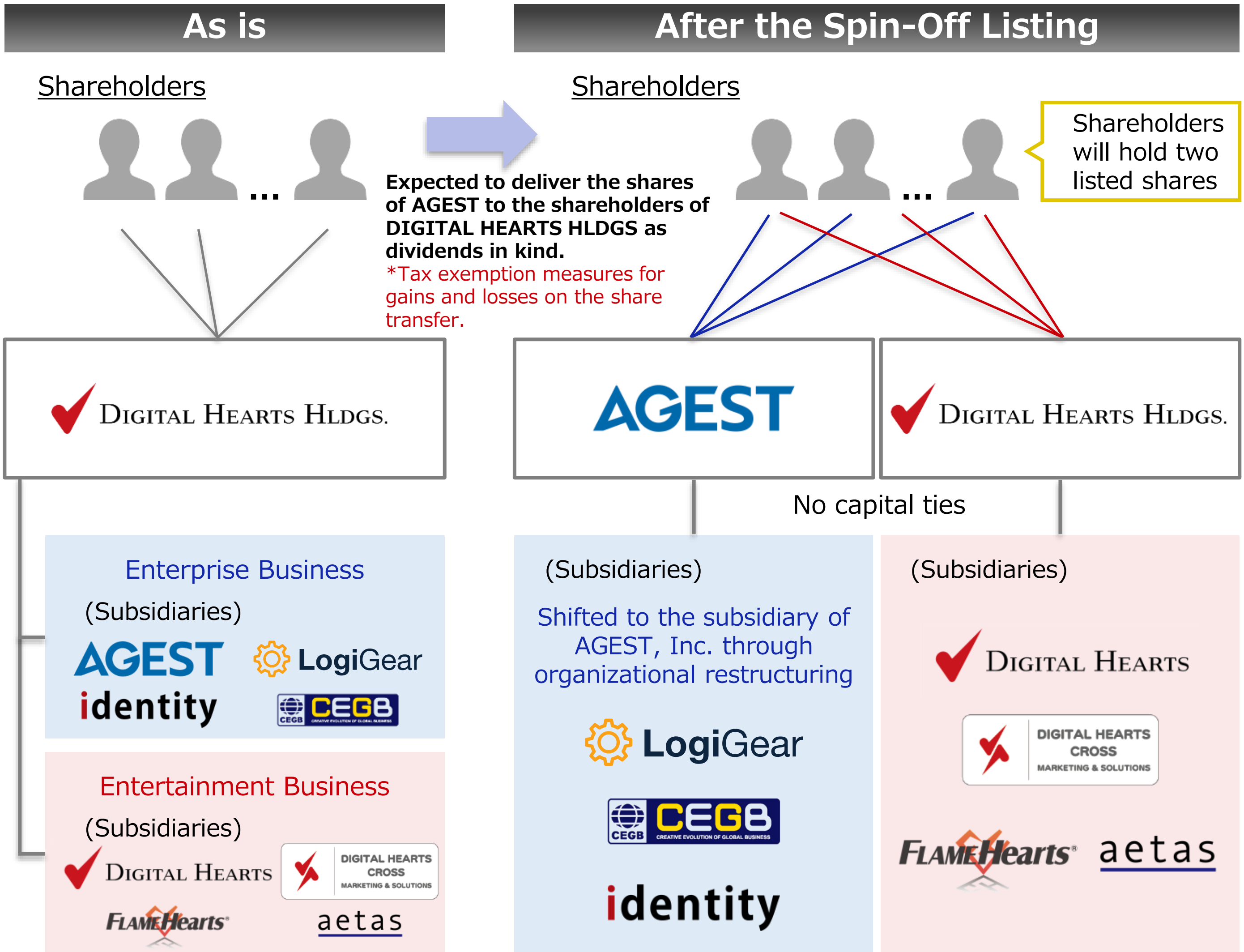
Sales Target



Focus

Preparations begin for Spin-Off Listing of AGEST, inc. to maximize the growth potential of both businesses.

The Spin-off Listing is planned to use a share-distribution-type spin-off in which the shares of AGEST, Inc. ("AGEST") held by the Company will be delivered to the existing shareholders of the Company in the form of a dividend in kind. Therefore, as a result of the Spin-off Listing, the existing shareholders of the Company will own two listed shares, one of the Company's shares and one of AGEST's shares. In addition, in conjunction with the Spin-Off, the Company is planning to have a group reorganization to make consolidated subsidiaries of Enterprise Business to be owned by AGEST. As a result of the Spin-Off Listing, AGEST and other group companies of Enterprise Business will become independent group companies with listed AGEST that will have no capital relationship with the Company. The Spin-Off Listing is subject to the listing of AGEST shares, and preparation for the listing may take 2-3 years, including the establishment of AGEST’s head office functions and governance structure, etc. The timing and other details will be determined during the preparation process.

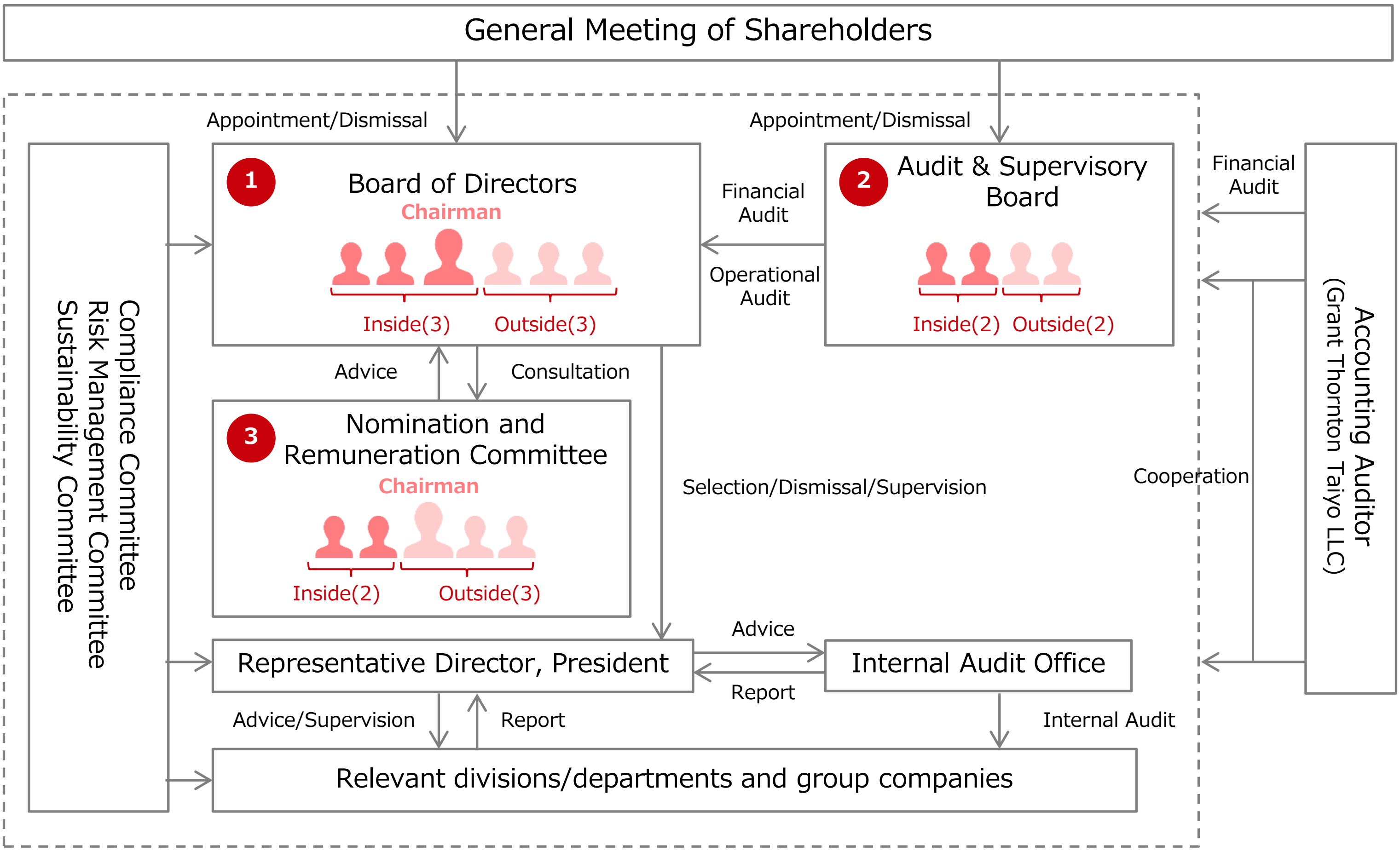


* In the preparation for the Spin-Off Listing, there is a possibility that the Spin-Off will not be conducted if some event occurs, such as failure to obtain listing approval. We will promptly disclose any event that should arise in the future, including the impact on our group's business performance.

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.

DIGITAL HEARTS HLDGS.

Directors

Representative Director, President and CEO
Yasumasa Ninomiya

Born in 1972. He served as a director of U-NEXT Co., Ltd. (currently USEN-NEXT Holdings) and executives of its group companies. Joined us in 2017 and promoted the launch of Enterprise Business as a director in charge of this division. Appointed Representative Director, President and CEO in 2021.

Grounds for election

He has been supervising operating activities as a director since 2019 and responsible for the management of entire group as a Representative Director, President and CEO since 2021. Based on his knowledge and experience in management, he is expected to continue to lead our group management and contribute to the enhancement of our corporate value.

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, shifting to a holding company structure, he became its Representative Director, President and CEO, and in 2017 he was appointed Director and Chairman.

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.

Director, Executive Vice President and COO
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 us in 2017 and promoted M&A deals as Director and CFO. Appointed Director, Executive Vice President and CFO in 2021 and Director, Executive Vice President and COO in 2023.

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.

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
Yasumasa Ninomiya	4	●			●	●	●
Eiichi Miyazawa	10	●			●	●	●
Toshiya Tsukushi	5	●	●	●	●	●	
Takashi Yanagiya	9	●	●	●	●		●
Emiko Murei	1		●		●		
Ryo Chikasawa	1	●	●	●	●		

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)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	17,353	19,254	21,138	22,669	29,178	36,517
Enterprise Business	1,892	3,302	5,022	7,021	11,491	16,840
Entertainment Business	15,568	15,951	16,115	15,647	17,687	19,815
Adjustments	-108	-0	-	-	-	-138
Operating income	1,735	1,605	1,394	1,908	2,696	3,000
Enterprise Business	-14	-226	-67	188	645	639
Entertainment Business	2,966	3,086	2,964	3,077	3,668	4,214
Adjustments	-1,215	-1,254	-1,503	-1,356	-1,616	-1,853
Operating income margin	10.0%	8.3%	6.6%	8.4%	9.2%	8.2%
Enterprise Business	-	-	-	2.7%	5.6%	3.8%
Entertainment Business	19.1%	19.3%	18.4%	19.7%	20.7%	21.3%
Profit attributable to owners of parent	1,200	1,575	792	974	1,778	799
Total assets	8,575	9,832	10,637	14,338	17,610	19,581
Current assets	6,813	7,403	7,453	9,744	10,392	12,528
Cash and deposits	3,894	4,197	3,739	5,076	5,208	6,456
Noncurrent assets	1,761	2,428	3,183	4,593	7,217	7,052
Goodwill	150	481	1,027	2,467	4,588	3,468
Total liabilities	5,005	4,819	5,198	8,024	10,044	10,107
Interest-bearing liabilities	1,610	1,764	2,553	4,797	5,590	5,106
Total net assets	3,570	5,012	5,438	6,314	7,566	9,474
Shareholders'equity	3,369	4,791	4,922	5,691	6,991	8,806
Shareholders' equity ratio	39.3%	48.7%	46.3%	39.7%	39.7%	45.0%
Net cash	2,283	2,433	1,186	278	-382	1,350
Debt Equity Ratio	0.5	0.4	0.5	0.8	0.8	0.6
Net cash provided by operating activities	1,436	889	1,086	1,416	3,077	2,850
Net cash used in (provided by) investing activities	-618	62	-1,018	-1,813	-2,537	-1,903
Net cash provided by (used in) financing activities	-250	-693	-515	1,730	-546	141
ROE	40.0%	38.6%	16.3%	18.4%	28.0%	10.1%
Dividend Payout Ratio	20.9%	18.0%	38.6%	31.0%	18.2%	57.5%

DIGITAL HEARTS HLDGS.

Materiality	Item	Boundary	FY2020	FY2021	FY2022
Promotion of diversity and human resources development					
—	Number of employees	4	1,431	1,683	1,746
Empowering women in the work place	Number of women	3	253	294	329
	Ratio of women	3	21.6%	22.7%	22.6%
	Number of female managers	3	11	13	21
	Ratio of female managers	3	10.7%	11.8%	13.6%
Employment of foreigners	Number of foreign employees in all employees	3	92	111	114
	Ratio of foreign employees	3	7.9%	8.6%	7.8%
	Number of nationalities/regions	3	27	31	35
Employment of people with disabilities	Number of employees with disabilities in all employees	3	67	66	87
	Ratio of employees with disabilities in all employees	3	5.7%	4.1%	5.8%
Responsibility to employees					
Employee work environment protection	Acquisition rate of paid holidays	2	76.3%	73.4%	65.8%
	Acquisition rate of childcare leave	2	26.7%	25.0%	33.3%
	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	368	365	387
	Total number of people who have completed the CyberBootCamp	1	126	179	193
	Total number of Registered Information Security Specialist Examination successful applicants	1	16	20	22
	Total number of Certified Ethical Hacker qualification holders	1	10	14	14
Create a safe and secure digital society					
Cyber security measures	Number of monitoring PCs in SoC (Security Operation Center)	1	370K	530K	650K
	Number of vulnerability diagnosis pages	1	16,968	15,807	26,733
	Number of system test projects per year	1	2,923	3,253	6,311
Resolving the shortage of IT human resources	Number of IT human resources incl. Qualitist *	4	4,517	10,660	15,490
	Total number of Debugger & Tester	1	773,157	773,453	830,111
	Debug / test operation ratio outside the Tokyo metropolitan area	1	87.2%	90.5%	88.3%
	Total number of bug training participants	1	223	322	749

*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 FY2020 and FY2021 are 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	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Total assets	8,575,286	9,832,330	10,637,014	14,338,792	17,610,296	19,581,635
Current assets	6,813,750	7,403,762	7,453,227	9,744,997	10,392,881	12,528,879
Cash and deposits	3,894,356	4,197,616	3,739,104	5,076,396	5,208,746	6,456,803
Notes and accounts receivable-trade	2,480,648	2,724,434	2,985,211	4,097,817	-	-
Notes and accounts receivable-trade and contract assets	-	-	-	-	4,411,554	5,377,205
Securities	-	-	165,046	155,250	34,506	39,810
Inventories	14,924	20,814	43,005	44,143	17,367	25,125
Deferred tax assets	80,997	-	-	-	-	-
Income taxes receivable	7,483	27,895	214,147	2,478	47,112	29,041
Other	349,744	464,908	346,384	430,074	741,693	691,524
Allowance for doubtful accounts	-14,404	-31,907	-39,673	-61,162	-68,099	-90,632
Noncurrent assets	1,761,536	2,428,568	3,183,787	4,593,794	7,217,415	7,052,756
Property, plant and equipment	473,564	558,027	579,192	598,606	693,353	1,169,633
Buildings	451,334	485,695	587,138	605,431	722,403	966,661
Accumulated depreciation	-161,867	-186,454	-210,467	-238,942	-281,667	-325,568
Buildings, net	289,467	299,240	376,671	366,488	440,736	641,093
Vehicles	6,005	6,005	6,005	6,005	5,227	5,227
Accumulated depreciation	-1,666	-3,111	-4,075	-4,718	-870	-2,321
Vehicles, net	4,339	2,894	1,930	1,287	4,357	2,906
Tools, furniture and fixtures	575,727	663,682	669,941	728,571	869,126	1,295,633
Accumulated depreciation	-405,705	-433,438	-493,343	-520,078	-639,321	-811,663
Tools, furniture and fixtures, net	170,022	230,243	176,598	208,492	229,805	483,969
Land	-	17,568	17,568	17,568	17,568	17,568
Lease assets	45,359	45,359	45,359	45,359	31,976	57,294
Accumulated depreciation	-35,623	-37,279	-38,934	-40,590	-31,090	-33,198
Lease assets, net	9,735	8,080	6,424	4,769	886	24,096
Intangible assets	286,854	763,380	1,379,280	2,670,718	5,139,649	4,188,720
Goodwill	150,368	481,218	1,027,617	2,467,888	4,588,152	3,468,425
Other	136,486	282,161	351,663	202,830	551,496	720,294
Investments and other assets	1,001,117	1,107,160	1,225,313	1,324,469	1,384,412	1,694,401
Investment securities	268,293	190,868	192,839	191,529	236,595	494,517
Long-term loans receivable	-	-	-	30,000	40,000	20,000
Deferred tax assets	109,416	202,242	251,257	326,200	305,068	297,965
Lease and guarantee deposits	596,561	672,033	728,696	694,359	736,487	790,322
Other	27,120	53,888	62,038	92,027	74,441	91,595
Allowance for doubtful accounts	-274	-11,873	-9,519	-9,648	-8,181	-

DIGITAL HEARTS HLDGS.

(JPY thousand)

Liabilities	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Total liabilities	5,005,154	4,819,664	5,198,545	8,024,039	10,044,072	10,107,115
Current liabilities	3,929,183	4,192,428	5,134,811	7,904,503	9,679,346	9,930,990
Short-term loans payable	1,600,000	1,704,882	2,546,384	4,728,935	5,421,296	5,106,750
Lease obligations	3,766	1,721	1,768	4,930	-	-
Accounts payable-other	574,794	479,262	507,165	1,048,155	1,361,001	1,620,348
Accrued expenses	986,180	907,311	903,379	950,828	1,184,413	1,165,158
Income taxes payable	259,408	593,491	550,653	453,655	511,871	677,031
Accrued consumption taxes	204,112	255,427	441,233	396,647	405,580	442,140
Provision for bonuses	64,227	86,272	44,153	53,893	100,190	136,348
Provision for directors' bonuses	-	-	-	-	39,184	22,162
Other	236,693	164,059	140,072	267,457	655,808	761,050
Noncurrent liabilities	1,075,971	627,235	63,734	119,536	364,726	176,124
Convertible bonds	1,017,200	508,600	-	-	-	-
Long-term loans payable	-	50,960	-	63,893	169,674	-
Lease obligations	6,757	6,699	4,930	-	-	-
Net defined benefit liability	-	36,397	43,361	41,923	45,891	7,764
Deferred tax liabilities	-	-	-	-	55,507	45,355
Asset retirement obligations	16,625	13,708	13,714	13,719	90,256	90,581
Other	35,387	10,869	1,727	-	3,396	32,423

Net assets	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Total net assets	3,570,132	5,012,666	5,438,469	6,314,752	7,566,223	9,474,520
Shareholders' equity	3,340,904	4,763,783	4,898,105	5,642,705	6,774,189	8,283,925
Capital stock	300,686	300,686	300,686	300,686	300,686	300,686
Capital surplus	331,729	366,598	355,735	331,509	-	393,678
Retained earnings	5,113,524	6,408,407	6,904,318	7,575,673	9,019,199	9,427,957
Treasury stock	-2,405,036	-2,311,908	-2,662,635	-2,565,164	-2,545,696	-1,838,397
Accumulated other comprehensive income	28,652	28,162	24,202	48,564	217,094	522,828
Valuation difference on available-for-sale securities	2,679	323	168	581	8,921	-86,528
Foreign currency translation adjustment	25,972	27,839	24,033	47,983	208,173	609,357
Subscription rights to shares	-	13,363	13,363	13,363	-	6,345
Non-controlling interests	200,575	207,356	502,797	610,119	574,938	661,421
Total liabilities and net assets	8,575,286	9,832,330	10,637,014	14,338,792	17,610,296	19,581,635

DIGITAL HEARTS HLDGS.

(JPY thousand)

Consolidated Statement of Income	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	17,353,218	19,254,610	21,138,200	22,669,577	29,178,789	36,517,693
Cost of sales	12,394,477	13,791,192	15,566,267	16,235,984	20,787,432	25,885,083
Gross profit	4,958,740	5,463,418	5,571,932	6,433,592	8,391,357	10,632,610
Selling, general and administrative expenses	3,222,876	3,857,859	4,177,866	4,524,898	5,695,155	7,631,941
Operating income	1,735,864	1,605,558	1,394,065	1,908,694	2,696,201	3,000,669
Non-operating income	57,554	109,273	22,705	80,664	112,615	220,169
Interest income	491	135	1,350	2,598	2,520	7,810
Foreign exchange gains	-	-	-	-	12,239	151,327
Dividends income	15	15	-	-	-	-
Share of profit of entities accounted for using equity method	8,729	-	-	-	-	-
Gain on investment in partnership	5,612	5,961	1,205	-	13,212	-
Subsidy income	21,822	91,901	5,134	62,296	70,107	23,846
Surrender value of insurance	6,240	-	-	-	-	-
Other	14,643	11,259	15,015	15,769	14,535	37,184
Non-operating expenses	10,800	63,550	44,394	13,964	34,739	68,289
Interest expenses	2,918	3,147	5,356	6,212	11,927	9,695
Share of loss of entities accounted for using equity method	-	3,983	5,968	1,425	5,395	-
Foreign exchange losses	745	211	5,346	2,741	-	-
Commission for purchase of treasury shares	6,239	-	-	-	-	-
Commission paid	48	19,848	5,864	252	10,288	9,400
Loss on valuation of investments in securities	-	-	-	-	-	38,457
Loss on bond retirement	-	7,629	15,258	-	-	-
Settlement package	-	24,041	-	-	-	-
Other	848	4,687	6,600	3,332	7,127	10,736
Ordinary income	1,782,618	1,651,281	1,372,376	1,975,394	2,774,078	3,152,548
Extraordinary income	2,112	733,470	-	55,696	83,086	75,572
Subsidy income	-	-	-	55,196	-	-
Gain on sales of noncurrent assets	2,112	-	-	-	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	151,913	51,511	75,944	526,705	112,684	1,231,181
Loss on retirement of noncurrent assets	1,066	-	-	18,298	32,270	7,678
Office transfer expenses	25,806	8,492	16,002	44,187	14,513	5,066
Business structure improvement expenses/ Loss on liquidation of business, etc.	24,988	43,019	37,414	10,509	-	135,056
Organizational restructuring expenses	-	-	-	-	53,742	-
Impairment loss	2,739	-	22,527	395,511	12,156	1,045,536
Loss on valuation of investments in securities	97,312	-	-	-	-	-
Loss on sales of investment securities	-	-	-	2,689	-	-
Settlement package	-	-	-	-	-	37,842
Loss related to COVID-19	-	-	-	55,509	-	-
Income before income taxes	1,632,817	2,333,240	1,296,432	1,504,385	2,744,481	1,996,939
Income taxes-current	562,482	756,413	547,721	600,575	729,951	1,032,241
Income taxes-deferred	-59,271	-10,760	-48,496	-70,544	9,654	77,287
Total income taxes	503,210	745,653	499,224	530,030	739,606	1,109,528
Profit	1,129,606	1,587,586	797,207	974,355	2,004,875	887,411
Profit attributable to non-controlling interests	-70,567	12,010	5,077	-136	226,224	87,861
Profit attributable to owners of parent	1,200,174	1,575,576	792,130	974,492	1,778,650	799,550

Comprehensive Income

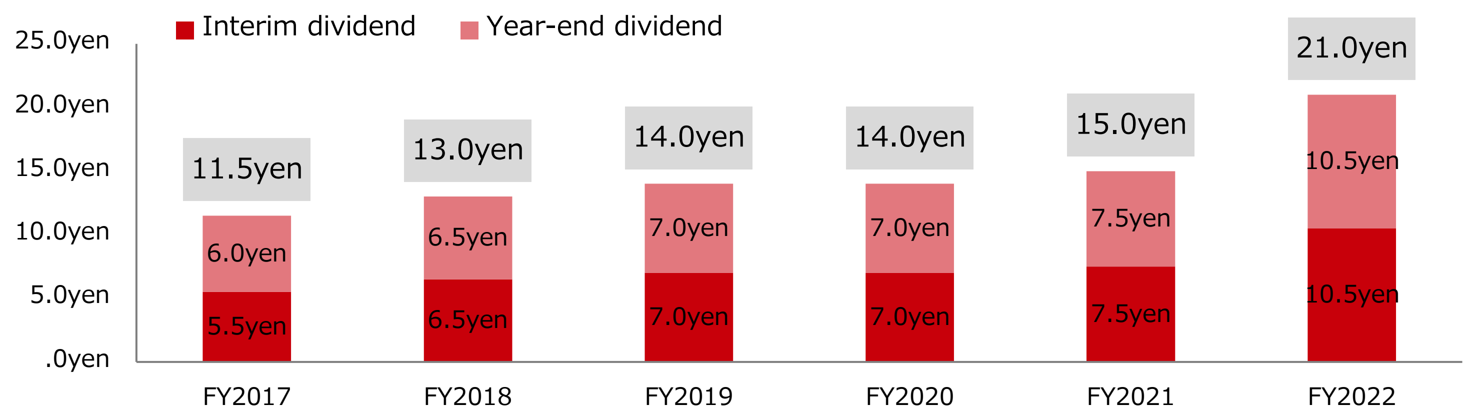
(JPY thousand)

Consolidated Statement of Comprehensive Income	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Profit	1,129,606	1,587,586	797,207	974,355	2,004,875	887,411
Other comprehensive income	-16,709	-760	1,683	9,713	251,932	324,150
Valuation difference on available for sale securities	-2,877	-2,356	-154	413	8,339	-95,449
Foreign currency translation adjustment	-13,832	1,596	1,838	9,300	243,593	419,600
Comprehensive income	1,112,896	1,586,826	798,891	984,068	2,256,808	1,211,562
Comprehensive income attributable to owners of the parent	1,186,583	1,575,086	788,169	976,794	1,980,841	1,094,363
Comprehensive income attributable to non-controlling interests	-73,686	11,739	10,721	7,274	275,966	117,198

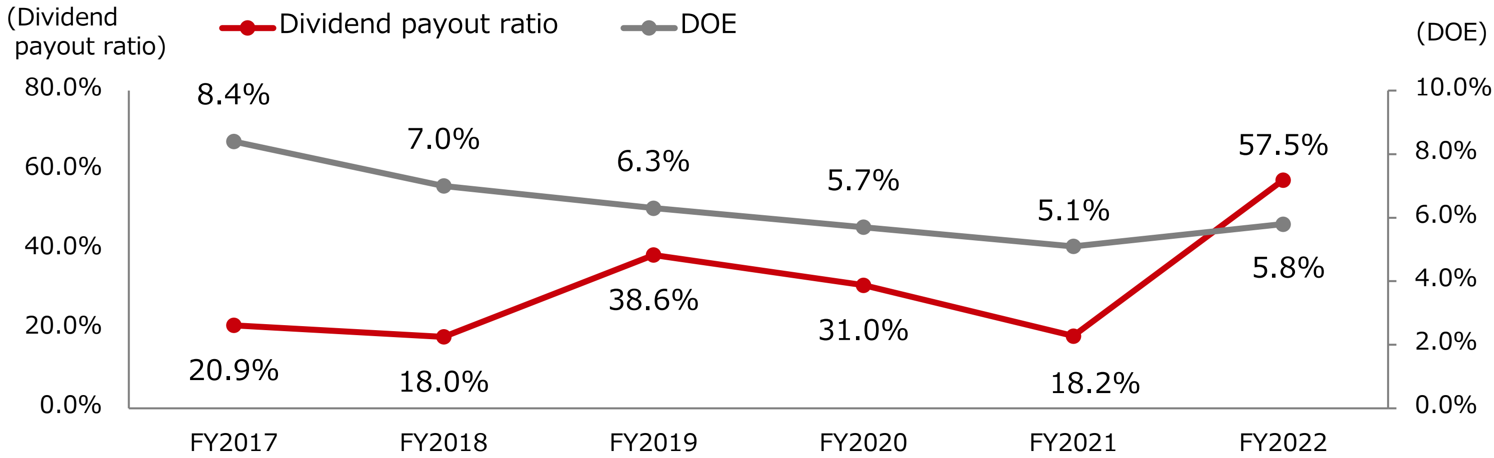
Shareholder Return

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	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net cash provided by operating activities	1,436,316	889,656	1,086,745	1,416,917	3,077,118	2,850,927
Income before income taxes	1,632,817	2,333,240	1,296,432	1,504,385	2,744,481	1,996,939
Depreciation and amortization	197,433	135,801	174,617	198,365	268,228	473,068
Impairment loss	2,739	-	22,527	395,511	12,156	1,045,536
Amortization of goodwill	76,931	118,154	164,063	215,794	464,634	702,505
Increase (Decrease) in allowance for doubtful accounts	8,549	9,903	-3,000	15,292	1,861	8,649
Increase (Decrease) in provision for bonuses	1,494	3,676	-42,119	5,777	29,343	35,174
Increase (decrease) in provision for directors' bonuses	-	-	-	-	39,184	-17,022
Interest and dividends income	-506	-150	-1,363	-2,612	-2,534	-7,810
Interest expenses	2,918	3,147	5,356	6,212	11,927	9,695
Foreign exchange losses (gains)	449	525	18,017	2,741	-12,239	-151,327
Share of (profit) loss of entities accounted for using equity method	-8,729	3,983	5,968	1,425	5,395	-
Loss (Gain) on investments in partnership	-5,612	-5,961	-1,205	-	-13,212	2,774
Loss on valuation of investments in securities	-	-	-	-	-	38,457
Loss (Gain) on sales of investment securities	97,312	-733,470	-	2,694	-	-
Gain on forgiveness of debts	-	-	-	-	-67,782	-
Share-based compensation expenses	111,598	133,196	136,892	90,014	38,146	21,967
Loss (Gain) on sales of property, plant and equipment	-2,112	-	-	-	-	-
Gain on sales of noncurrent assets	-	-	-	-	-1,233	-
Loss on retirement of noncurrent assets	1,066	-	-	18,298	32,270	7,678
Loss (gain) on sales of shares of subsidiaries and associates	-	-	-	-	-707	-
Settlement package	-	24,041	-	-	-	-
Office transfer expenses	25,806	8,492	16,002	44,187	14,513	5,066
Business structure improvement expenses/Loss on liquidation of business, etc.	24,988	43,019	37,414	10,509	-	135,056
Gain on reversal of subscription rights to shares	-	-	-	-	-13,363	-
Decrease (Increase) in notes and accounts receivable - trade	-539,197	-204,891	-10,567	-701,207	393,148	-842,041
Decrease (Increase) in inventories	-1,825	-5,595	-22,205	-1,137	27,752	-7,685
Subsidy income	-	-	-	-55,196	-70,107	-23,846
Loss related to COVID-19	-	-	-	55,509	-	-
Organizational restructuring expenses	-	-	-	-	53,742	-
Increase (Decrease) in accounts payable - other	286,201	-165,082	13,633	173,476	-295,968	249,490
Increase (Decrease) in accrued expenses	208,465	-117,352	-206,861	28,756	-104,956	-73,019
Increase (Decrease) in accrued consumption taxes	-10,803	45,105	185,139	-52,972	-32,756	-6,800
Decrease (Increase) in other current assets	-94,497	-158,841	-43,411	-69,989	-52,545	107,761
Increase (Decrease) in other current liabilities	101,873	349	-2,549	-9,128	280,451	106,781
Increase (decrease) in other non-current liabilities	-	-	-	-	-	-1,456
Other	31,099	-55,636	-31,596	-7,221	-8,880	-43,391
Subtotal	2,148,457	1,415,654	1,711,184	1,869,486	3,740,949	3,772,202
Interest and dividends income received	581	150	1,350	26	1,917	7,341
Interest expenses paid	-2,928	-3,228	-5,356	-5,672	-8,272	-14,135
Income taxes paid	-955,180	-501,782	-628,327	-649,797	-704,194	-960,319
Income taxes refund	290,979	6,242	27,894	214,140	2,478	47,112
Office transfer expenses paid	-25,806	-8,492	-	-10,952	-2,454	-31,626
Business structure improvement expenses paid / Loss on liquidation of business paid, etc.	-19,785	-18,888	-20,000	-	-	-
Proceeds from subsidy income	-	-	-	55,196	46,695	30,353
Payments related to COVID-19	-	-	-	-55,509	-	-

DIGITAL HEARTS HLDGS.

(JPY thousand)

Cash flows from investing activities	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net cash used in investing activities	-618,565	62,284	-1,018,402	-1,813,519	-2,537,418	-1,903,485
Proceeds from withdrawal of time deposits	-	-	-	-	-	35,000
Purchase of property, plant and equipment	-292,677	-84,352	-150,211	-99,495	-186,762	-639,050
Proceeds from sales of property, plant and equipment	2,112	-	-	-	2,270	3,472
Purchase of intangible assets	-69,274	-157,025	-106,637	-220,988	-192,709	-394,374
Purchase of investment securities	-118,734	-55,775	-10,563	-	-83,060	-446,722
Proceeds from redemption of investment securities	50,000	-	-	-	-	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	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-	6,382	-	-	-
Proceeds from distribution of investment in partnerships	11,120	13,780	2,836	-	13,212	-
Proceeds from transfer of business	-	-	-	500	-	-
Payments for acquisition of businesses	-31,197	-99,167	-71,922	-65,868	-148,883	-403,998
Payments for acquisition of businesses (contingent consideration)	-	-	-	-18,666	-56,193	-
Payments for lease and guarantee deposits	-253,871	-95,732	-104,260	-44,920	-129,330	-112,141
Proceeds from collection of lease and guarantee deposits	83,922	48,570	15,314	30,890	9,849	34,330
Collection of loans receivable	-	28,657	-	-	-	-
Decrease (Increase) in short-term loans receivable	-	-	-	-2,042	2,728	-
Payments of long-term loans receivable	-	-	-	-30,000	-10,000	-
Proceeds from collection of long-term loans receivable	-	-	-	-	-	10,000
Payments for asset retirement obligations	-	-	-	-55,015	-	-
Other	34	-535	-1,758	-1,245	-	-

(JPY thousand)

Cash flows from financing activities	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net cash used in financing activities	-250,606	-693,955	-515,831	1,730,291	-546,569	141,472
Increase (Decrease) in short-term loans payable	0	104,882	800,000	2,026,750	620,989	-300,000
Proceeds from long-term loans payable	-	-	-	66,510	-	-
Repayments of long-term loans payable	-35,244	-	-4,298	-49,001	-168,393	-184,220
Redemption of bonds	-	-516,229	-523,858	-	-	-
Proceeds from non-controlling interests for investment	76,500	-	-	-	-	-
Proceeds from share issuance to non-controlling shareholders	-	-	32,000	-	-	-
Purchase of treasury stock	-6,092	-	-500,047	-154	-246	-50
Proceeds from disposal of treasury shares	-	-	-	-	-	1,106,103
Cash dividends paid	-253,005	-273,314	-296,472	-302,026	-314,428	-390,887
Cash dividends paid to non-controlling interests	-20,034	-20,034	-20,034	-10,017	-20,034	-20,034
Liquidating dividends paid to non-controlling interests	-	-1,919	-	-	-	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-10,389	-	-1,400	-	-664,456	-80,906
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	1,400	-	-	-	-
Repayments of lease obligations	-2,339	-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	-2,259	279	-11,023	7,378	139,218	194,142
Net increase in cash and cash equivalents	564,884	258,265	-458,511	1,341,068	132,349	1,283,057
Cash and cash equivalents at the beginning of period	3,344,688	3,894,356	4,162,616	3,704,104	5,041,396	5,173,746
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	-15,215	-	-	-3,776	-	-
Cash and cash equivalents at the end of period	3,894,356	4,162,616	3,704,104	5,041,396	5,173,746	6,456,803

DIGITAL HEARTS HLDGS.

(As of March 31, 2023)

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	President and CEO, Yasumasa Ninomiya
Share Capital	300,686 thousand yen
Number of Consolidated Employees	1,746

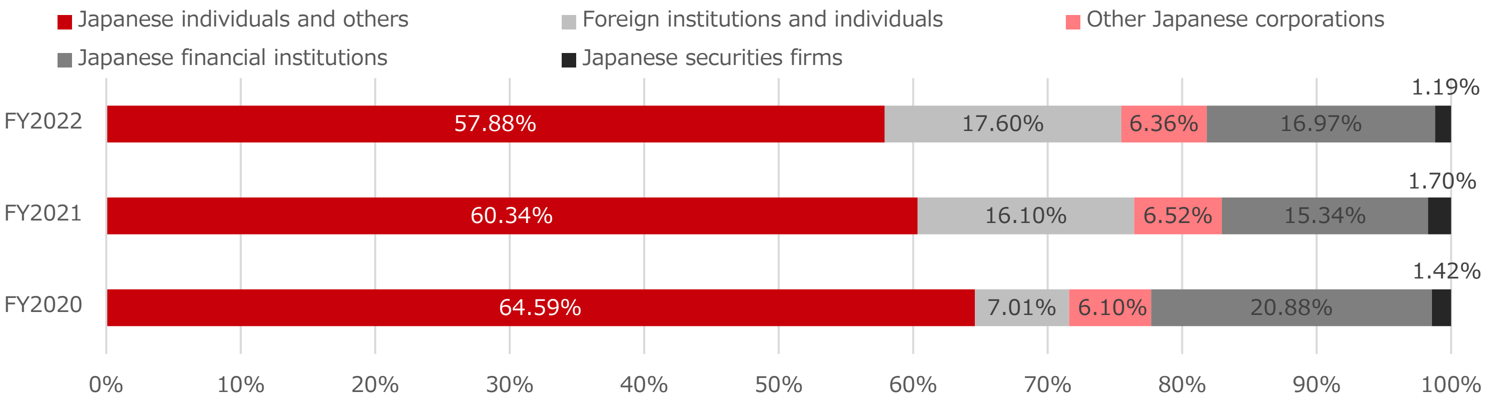
Share-related Information	
Total number of issuable shares	76,800,000
Number of issued shares	23,890,800
Number of shareholders	6,387
Stock exchange	TSE Prime Market
Securities code	3676
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholders	Number of shares (share)	Shareholding ratio (%)
Eiichi Miyazawa	8,878,590	39.89
The Master Trust Bank of Japan, Ltd. (Trust account)	2,352,600	10.57
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,886,764	8.48
Custody Bank of Japan, Ltd. (Trust Account)	1,348,600	6.06
A-1 LLC	1,324,900	5.95
FIDELITY INVESTMENT TRUST : FIDELITY JAPAN FUND	306,492	1.38
STATE STREET BANK AND TRUST COMPANY 505103	235,400	1.06
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	196,800	0.88
FIDELITY INVESTMENT TRUST : FIDELITY PACIFIC BASIN FUND	192,200	0.86
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	191,300	0.86
Total amount	16,913,646	75.99

*1,632,090 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



* 1,632,090 treasury shares are included in "Japanese individuals and others."

DIGITAL HEARTS HLDGS.

(As of April 1, 2023)

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

MK Partners, Inc.
Salesforce consulting

LOGIGEAR VIETNAM CO., LTD.
System testing, Test automation support

TPP SOFT, JSC
System development

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

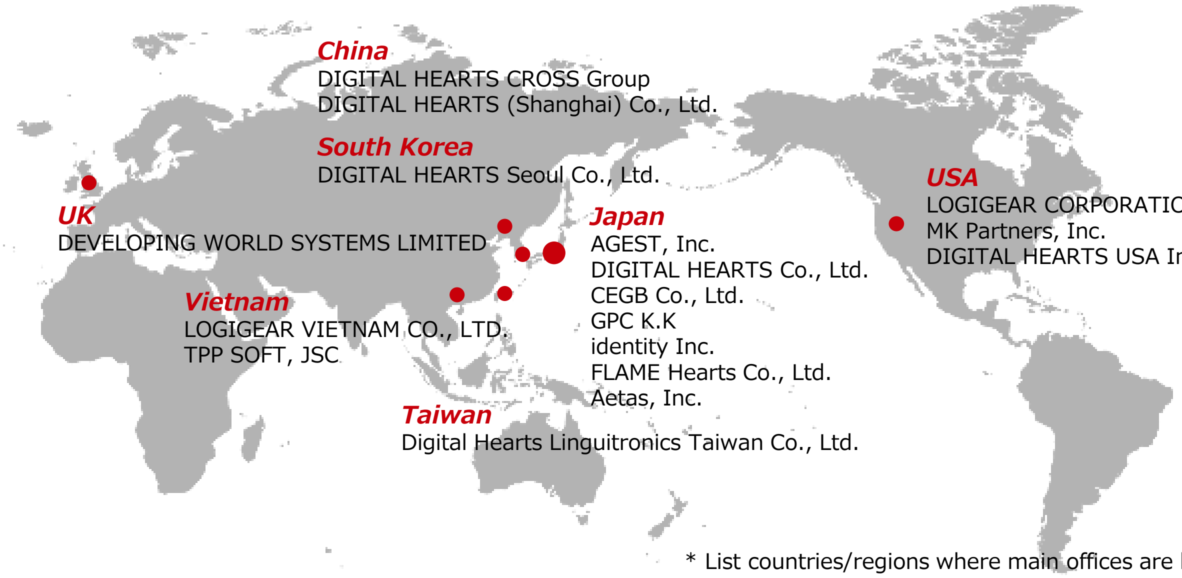
DIGITAL HEARTS (Shanghai) Co., Ltd.
Game debugging, Localization

DIGITAL HEARTS USA Inc.
Game debugging, Localization

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

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

Aetas, Inc.
Operation of a game information site, “4Gamer.net”



* List countries/regions where main offices are located

DIGITAL HEARTS HOLDINGS Co., Ltd.
3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo, 163-1441
TEL: +81 3-3373-0081
E-mail : ir_info@digitalhearts.com
HP : https://www.digitalhearts-hd.com/