DIGITAL HEARTS HLDGS.

Annual Report 2025

DIGITAL HEARTS HOLDINGS Co., Ltd.

Tokyo Stock Exchange Prime Market [3676]

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

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.

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

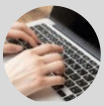
Started the Game Media Business by M&A

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.

Aiming to maximize the corporate value of both businesses through Spin-Off Listing in the future

DIGITAL HEARTS HLDGS.

To be the Global Quality Partner in the Entertainment Industry

AGEST

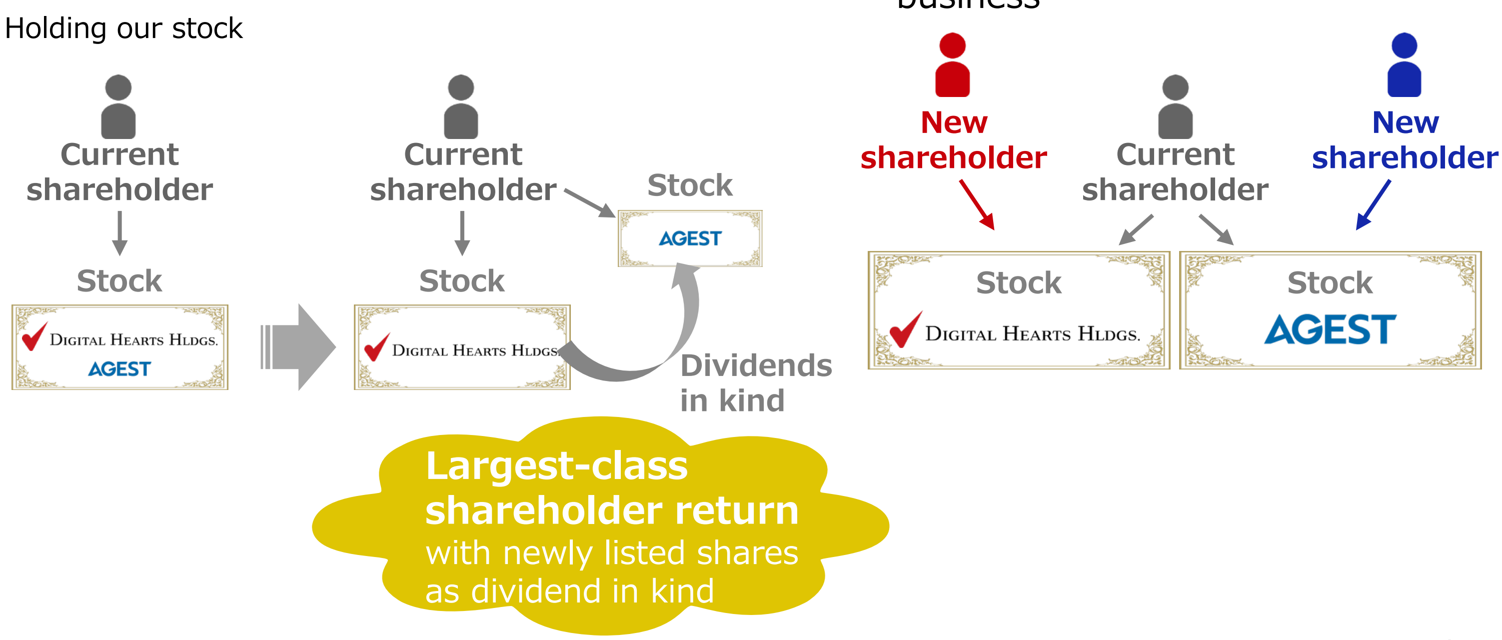
To be an AI-era testing company that ensures the quality of enterprise systems with cutting-edge technology

Expected effects of Spin-Off Listing

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

Spin-Off Listing scheme

	On Spin-Off	After Spin-Off
	Dividends in kind all of our AGEST shares	More active trading of shares by separating and simplifying each business



In our 25th year, we are accelerating our unique growth strategy to reach a new stage of growth

President and CEO
Toshiya Tsukushi

On April 19, 2025, our company entered to the 25th year since the founding of Digital Hearts, as our predecessor limited liability company. This important milestone would not have been possible without the continued support of our shareholders and all those who have contributed to our journey. I would like to express my deepest gratitude for your unwavering support over the years.

Over the around 25 years in the past, we have experienced many significant changes. We began as a company specializing in console game debugging services, and then we have since expanded our services to include mobile and PC games. Along the way, we have diversified within the gaming industry to offer software development and promotional support services as well. In 2017, we entered a “Second Founding period” and made a full-scale entry into the enterprise field, which is outside the game field, and in just four years, we achieved sales of 10 billion yen, focusing on business expansion in new fields. In this way, we have consistently taken on new challenges to drive growth. And now, the biggest challenge we are tackling is the stock distribution spin-off and listing of AGEST, Inc., our core business company in the enterprise service segment (hereinafter referred to as the “Spin-Off Listing”).

We believe that this Spin-Off Listing will enhance management focus by listing two businesses with clearly distinct business value creation strategies separately, maximize the potential of each business through optimal capital policies, and deliver the best possible results for all stakeholders, including the business, shareholders, customers, and employees. As part of the preparations for this Spin-Off Listing, we have transitioned to a new management structure and commenced independent operations as two separate groups: the DH Group, which operates in the game and entertainment industry, and the AGEST Group, which operates in the enterprise sector. By operating independently, we have realized that we can now make swift management decisions in line with our specialized expertise and growth strategies, as originally envisioned, and that we are better positioned to execute agile management in response to changing times.

For example, in the DH Group Business, we were able to accelerate our efforts to expand our share in the global market. Specifically, we actively participated in the largest game shows held in Europe, China, Japan and South Korea to increase awareness of the “DIGITAL HEARTS” brand among overseas game makers. In addition, we have been strengthening the promotion of our translation and LQA solutions, for which demand is growing. In FY2024, we launched the translation service utilizing “ella,” which is our unique game-specialized AI translation engine, and it already received more than 70 orders, including trial orders. The speed and quality of this new translation service has been highly evaluated and attracted a great deal of interest from our clients. Unlike ordinary machine translation, the most important feature of “ella” is that it enables the expression of the game's world view and characterization, which is essential for game translation. We are confident that this will be an innovative service in the current game development field, where simultaneous global release in multiple languages is the norm. On top of these existing businesses, we have also aggressively taken on challenges in new growth areas, including accelerated investment in new areas such as eSports, Web3, and AI.

Meanwhile, the AGEST Group Business has been pursuing its technological capabilities as a “testing specialist company,” taking advantage of the increasing demand for testing in domestic businesses against the backdrop of a shortage of IT personnel and accelerating investment in DX. Specifically, we have worked to provide high value-added solutions in response to “Shift-Left,” which supports quality improvement from the upstream process of software development, and we have promoted test automation and utilizing AI in the testing domain. We launched the β version of our original AI test tool “TFACT” in January 2025, which can reduce testing man-hours by about 30% through automation, etc. TFACT is a unique tool that no other company has, and it provides a one-stop service for everything from test case creation to test execution, results analysis, and report generation, as well as test case management. We have applied for patents for some of TFACT functions.

As such, under new management structures, the DH Group and the AGEST Group are each focusing on business operations tailored to their respective areas of expertise and growth strategies. Preparations for the Spin-Off Listing are progressing steadily, and we are closely monitoring business performance and stock market conditions while aiming for an optimal timing for the Spin-Off Listing. Going forward, through the Spin-Off Listing, the DH Group will aim to become a “Global quality partner in the entertainment industry,” while the AGEST Group will strive to become an “AI-era testing company that ensures the quality of enterprise systems with cutting-edge technology,” each accelerating their respective growth strategies.

We are grateful for our shareholders' ongoing support and hope for its continuation.

DIGITAL HEARTS HOLDINGS by the Numbers

(As of March 31, 2025)

1. Scale of the Company

Consolidated net sales

¥39,748 mn

Consolidated operating income

¥2,430 mn

Number of group companies

Domestic 8

Overseas 14

Number of employees

1,759 people

2. Business Basement for Sustainable Growth

Number of QA engineers

1,041 people

Number of registered testers

Approx. 8,000 people

Number of test centers in Japan

20 locations

Number of verification terminals

Game consoles 3,780

Smart devices 7,194

3. Strong Financial Base

Total assets

¥19,949 mn

Total net assets

¥9,260 mn

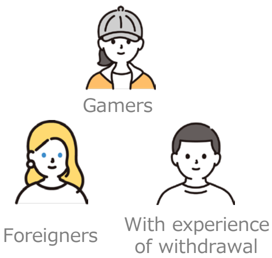
Debugging

We provide a service that detects bugs in console and mobile games from the user's perspective. Since our founding in 2001, we have reported over 4 million bugs and have maintained a 60%+ share of the domestic console game debugging market for four consecutive years(*), supporting high-quality game development by Japanese game developers.

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

Our Strengths

1. Operational capability
to flexibly accommodate client demand variability



- Daily assignment of suitable testers from a pool of approx. 8,000 registered testers with diverse backgrounds for each project.
- Respond to daily client requests of personnel from dozens to hundreds

2. Secure infrastructure
that clients can trust to place businesses

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

3. Abundant testing equipment

Smart devices
7,194

Game consoles
3,780

(As of March31, 2025)

4. Proven track record

Number of bug reports
Over 4 mn

Number of annual debugging projects
Over 10,000

(As of March31, 2025)

Translation / LQA

We offer a translation service that capture the nuances of a game's world and characters. We also provide Linguistic Quality Assurance (LQA) to ensure translated text is displayed correctly in-game. Our services support the simultaneous global release of high-quality games in multiple languages.

Marketing

We offer promotion services tailored to the game lifecycle, utilizing a variety of media resources such as our original comprehensive game information site “4Gamer.net,” online advertising, TV commercials, and influencer marketing. With offices in Japan, Shanghai, Hong Kong, and Singapore, our local experts—well-versed in regional cultures and business practices—deliver optimized marketing strategies for each target market.

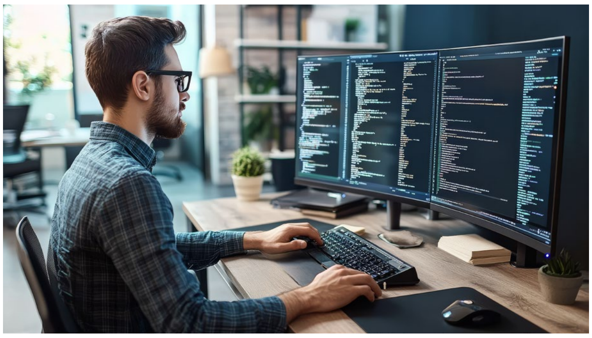
Creative

With over 100 creators based at our studio, we provide comprehensive services ranging from game planning and development to 3DCG production, 2D art creation, voice recording, music production, and live operations support.
We also support global game launches through services such as multilingual voice recording and visual culturalization.

Software Testing

A Bug detection service for enterprise systems, including business applications and operational platforms. Our QA-specialized engineers support software quality improvement from the early stages of development, leveraging cutting-edge technologies such as AI and test automation tools.

Integration



We provide various integration support services, including system development, SAP implementation support, DX in-house support, and cloud migration, covering both on-premises and cloud environments.

Cyber Security

We offer comprehensive security services, ranging from security testing such as vulnerability diagnosis, 24/7 EDR monitoring, incident response, and security training. Through strategic alliances with various technology partners, we help protect our clients' information assets against increasingly sophisticated and diverse cyber threats.

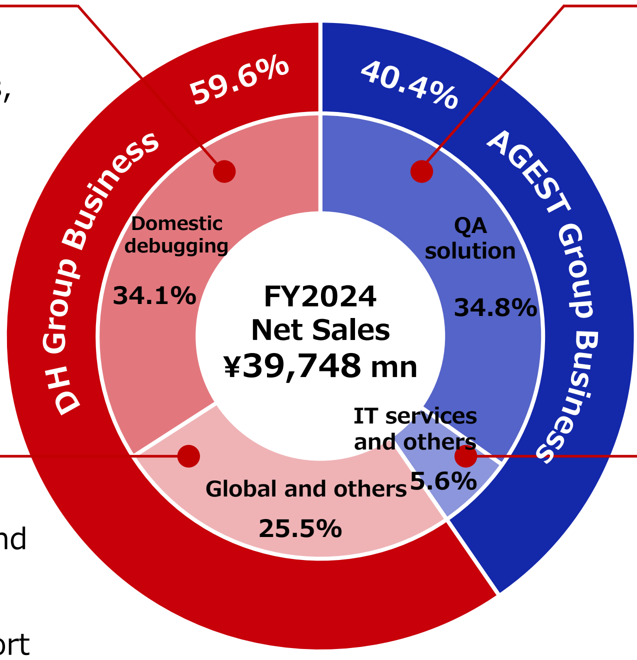
Sales Breakdown by segment

Domestic debugging

- Debugging for console games and mobile games, etc.

QA solution

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



Global and others

- Global services providing game translation, LQA, and marketing support
- Creative services such as game development support
- Media services including the operation of a comprehensive game information website, etc.

*LQA… Linguistic Quality Assurance

IT services and others

- Security monitoring
- IT support

Segment changes

Segment disclosures in "DH Group" and "AGEST Group" since FY2024 in preparation for Spin-Off Listing.

*The changes are **Underlined**

■Before FY2023

Reporting segment		Main services
Entertainment Business		
	Domestic debugging	Game debugging
	Global and others	Translation and LQA Marketing support Game development support Customer support
Enterprise Business		
	QA solution	System test Security test System development Introduction of ERP and CRM
	IT services and others	<u>**IT engineer platform service**</u> Security monitoring Maintenance and operation support
Adjustments		Inter-segment transactions <u>**Holding company expenses**</u>

■After FY2024

Reporting segment		Main services
DH Group Business		<u>**Holding company expenses**</u>
	Domestic debugging	Game debugging <u>**Other software debugging, etc**</u> <u>**(partial subcontracting of AGEST work, etc.)**</u>
	Global and others	Translation and LQA Marketing support Game development support Customer support <u>**IT engineer platform service**</u> (*1)
AGEST Group Business		
	QA solution	System test Security test System development Introduction of ERP and CRM
	IT services and others	Security monitoring Maintenance and operation support
Adjustments		Inter-segment transactions

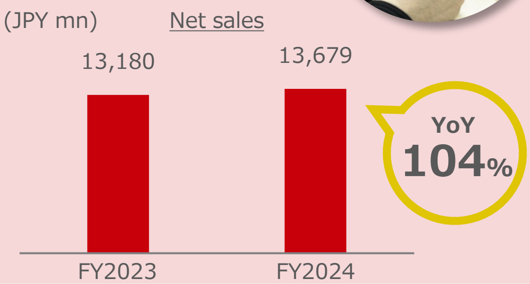
*1 On December 25, 2024, we transferred all shares held in identity Inc., which operates IT engineer platform service.

DH Group Business

Net Sales	Segment Income
¥23,906 mn	¥1,941 mn
(YoY 101.8%)	(YoY 111.9%)

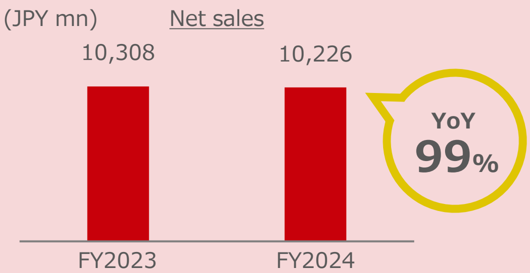
Domestic debugging

- **Achieved revenue growth** despite the weak domestic gaming market, with **stronger client relationships** and **strategic sales efforts**.
- Active investment in future growth includes **expanding test centers' capability** and **preparing test equipment for "Nintendo Switch 2"**.



Global and others

- While overall revenue declined due to the divestiture of identity Inc., **core business revenue rose 108% year-over-year**.
- **Expanding global solutions by launching services utilizing "ella,"** our unique AI translation engine specialized for games.

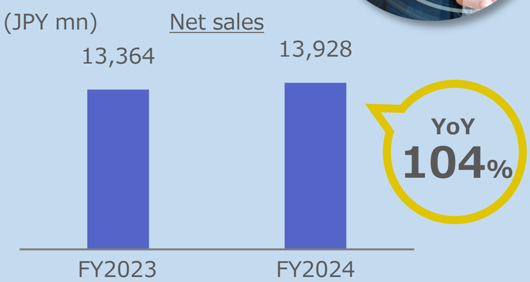


AGEST Group Business

Net Sales	Segment Income
¥16,158 mn	¥488 mn
(YoY 101.1%)	(YoY 160.0%)

QA solution

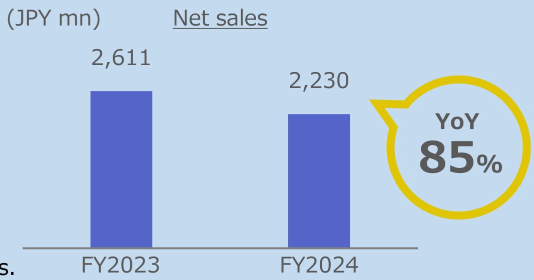
- **Double-digit growth in domestic QA solutions**, driven by rising local demand, offset overseas weakness and **supported overall revenue growth**.
- **Accelerating the implementation of AI** in the testing field, including the use of **our unique AI testing tool "TFACT"**.



IT services and others

- **Strategic reduction of certain low-profit services**, such as maintenance and operation support.
- **Strengthen cybersecurity businesses** by some initiatives including investing in "Nippon Cyber Security Fund 1 Investment Limited Partnership(*)".

*A fund in which cybersecurity companies invest in security service providers.



Growth Strategy of DH Group Business

To be the Global Quality Partner
in the Entertainment Industry

By expanding our services and geographic reach, we provide comprehensive solutions aligned with the content lifecycle to maximize the value of entertainment content.

DH Group's major solutions

Focus

Revolutionizing game translation with "ella," our proprietary AI engine that captures emotion

ella translation service

Supports **17** language pairs spoken across **8** countries, from Asia to Western languages

■Features

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

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

To be an AI-era testing company
that ensures the quality of enterprise systems with cutting-edge technology

By offering solutions that address a wide range of QA needs—from shift-left to shift-right testing—we help enhance software quality throughout the development lifecycle.

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

Shift-Left
Testing and security measures implemented from early stages of development process

Manual Testing
Conducting tests from various angles in the final stage of development

Shift-Right
Monitor user trends, performance, security metrics, and software operability

AGEST's Value-Added Domain “QA for Development”

Field of conventional third-party verification
(Test implementation and test automation)

AGEST's Value-Added Domain “QA for DevOps”

Areas of efficiency improvement through TFACT

FOCUS

By leveraging our proprietary AI testing tool “TFACT”, we accelerate testing, enhance QA, and address the shortage of skilled engineers.

TFACT
Testing Factory
AGEST AI Assist

- AI test case designer
- AI test automation
- AI test result analyzer
- AI debug (Patent application)
- AI incident report

AI test case designer – AI test automation

AI test result analyzer - AI incident report

Test management function — **Centralized management of manual and automated tests**

■ Features

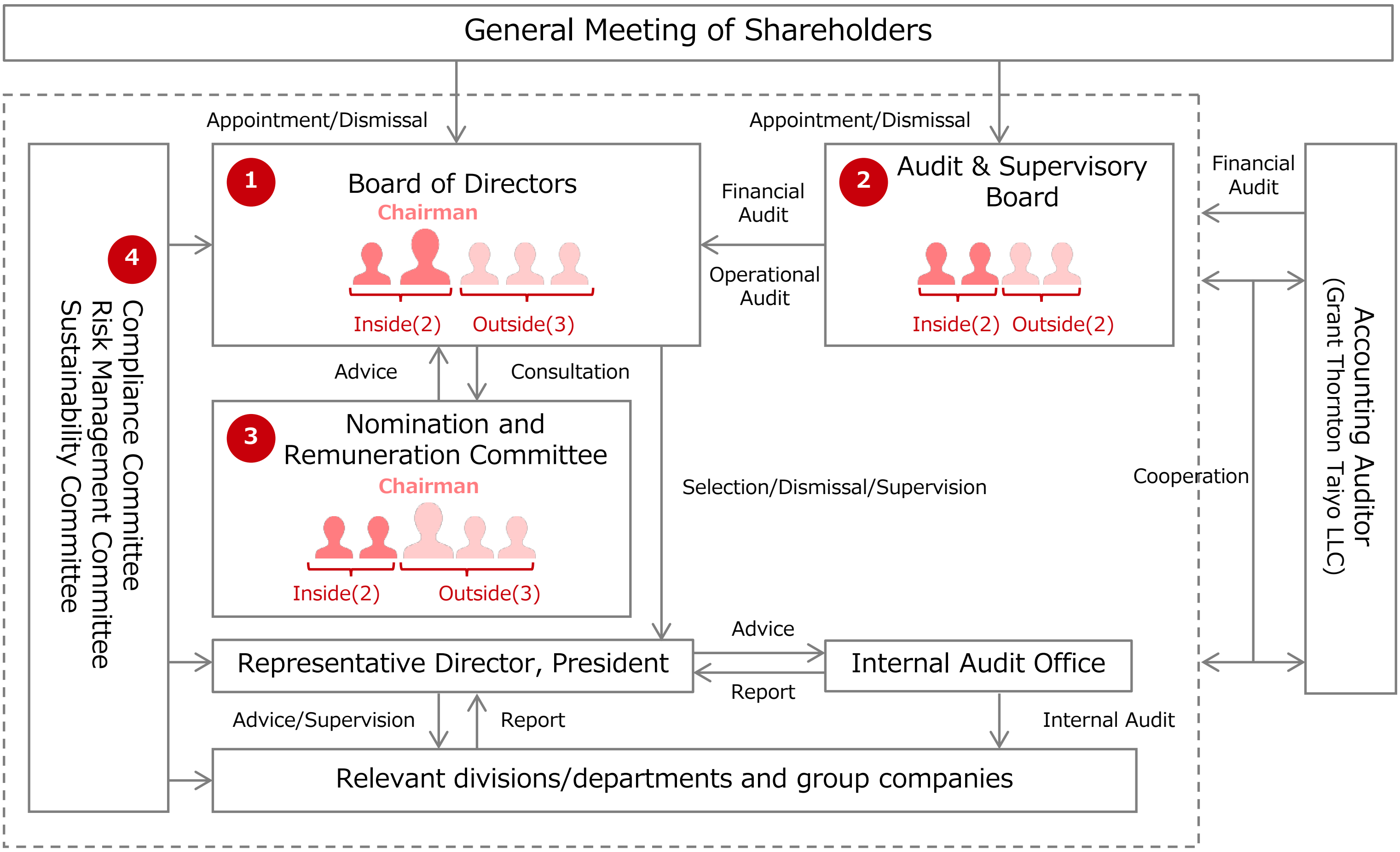
1. AI performs to support engineers for each process, such as advance preparation, results verification, and analysis. Different from just executing test automation.
2. Efficient collaboration with test automation tools.
3. **Reduce testing number of man-hours by 30%** through the introduction of “TFACT”.

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.

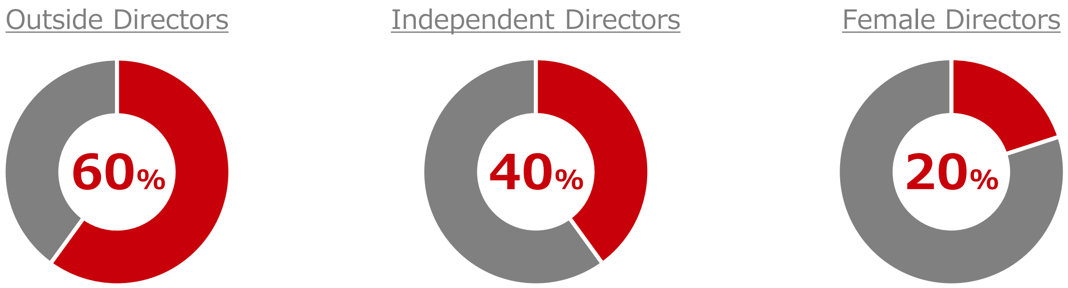
Corporate Governance Structure

(As of June 26, 2025)



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

Each group company establishes a compliance committee comprising directors, auditors, dispatched employees from our company, and other senior staff. Based on the Group Compliance Guidelines, these committees promote compliance and regularly report their activities to our Board of Directors.

Accounting Audit

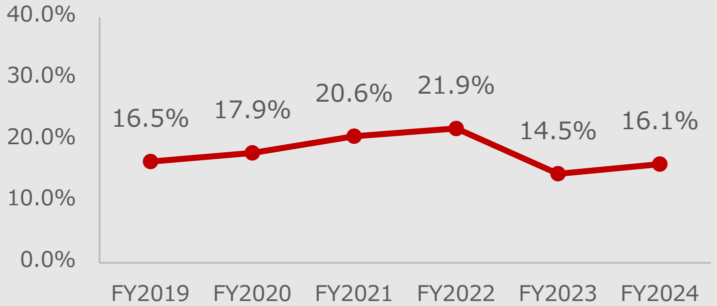
Name of Audit Firm	Grant Thornton Taiyo LLC
Selection Policy and Reasons	The appointment or reappointment of an audit firm is based on comprehensive consideration of independence, plans, systems, performance, compensation, and other factors.
Evaluation of the Audit Firm	The Audit & Supervisory Board conducts a comprehensive evaluation of the accounting auditor’s independence, quality control, operational framework, and audit execution, based on input from relevant departments and meetings with the audit firm, in accordance with guidelines published by the Japan Audit & Supervisory Board Members Association.

Focus

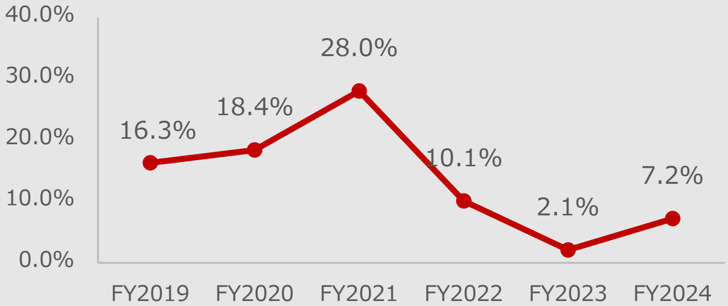
Towards Business Management with an Awareness of Capital Cost and Stock Price

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, 2025, we achieved a high sales growth rate of CAGR approximately +10% in DH Group Business as a stable business, and CAGR over +20% in AGEST Group Business as a rapid growing segment. On the other hand, in terms of capital-efficiency, we maintained a level significantly higher than our WACC (4-6%), 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 AGEST Group Business, in order to accelerate the pace of growth of both DH Group Business and AGEST Group 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 LPC (currently 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
Yoko Okano
(Current family name: Sato)

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.

Independent

Outside Audit & Supervisory Board Member
Emiko Akatsu

Born in 1963. She has held key roles in human resources, organizational development, talent development, and diversity at several major global companies, including General Electric Capital Consumer Finance Co., Ltd. (currently Shinsei Financial Co., Ltd.), ORACLE CORPORATION JAPAN, and Takeda Pharmaceutical Company Limited. In 2022, she founded Future Me Company, Ltd. and became its president, working as an HR consultant and training instructor. In the same year, she was appointed as an outside director of AJIS CO., LTD. and CLIS Co., Ltd. In 2025, she was appointed as an Outside Audit & Supervisory Board Member of our company.

Grounds for election

With extensive experience as a leader in talent and organizational development at both Japanese and global companies, as well as expertise as a human capital strategy consultant, she brings deep knowledge and insight. We believe this expertise will greatly contribute to her role as an external auditor for our company.

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	7	●	●	●	●	●	
Eiichi Miyazawa	12	●			●	●	●
Takashi Yanagiya	11	●	●	●	●		●
Emiko Murei	3		●		●		
Ryo Chikasawa	3	●	●	●	●		

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
- "AGEST Academy" to learn the expertise of a QA engineer
- Support for obtaining ISTQB certification for software test engineers

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
- Collaborating with employment support agencies to offer a hands-on testing program for the unemployed

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

DH Group Business

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

AGEST Group Business

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

Climate Change

Governance

To address sustainability issues, including climate change, we hold Sustainability Committee meetings at least quarterly, chaired by the President and CEO. The committee assesses risks and opportunities, formulates strategies and response policies, and regularly reports its progress to the Board of Directors, which provides oversight and guidance.

Climate Change-related Opportunities and Risks

■ Opportunities and Risks

We assessed the risks and opportunities related to climate change for our group's businesses using two scenarios: a 1.5°C scenario with heightened transition risks, and a 4°C scenario with heightened physical risks, in line with the TCFD's risk classification framework. Based on this analysis, we identified climate-related risks and opportunities with an impact rating of 4 or higher in the medium to long term as potentially having significant effects on our company. The details of these findings and our planned responses are outlined below.

Opportunities and risks		scenario	Impact by time horizon		More about opportunities and risks	Direction of initiatives
			Medium	Long		
Physical risks	Interruption of power infrastructure due to natural disasters	4℃	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 : 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.

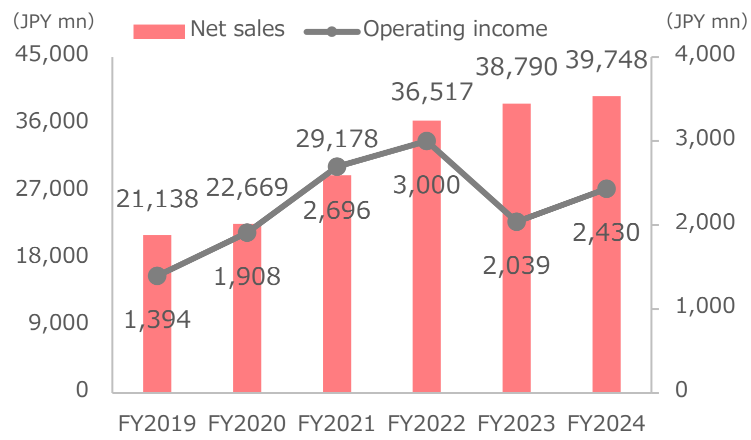
Risk management

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.

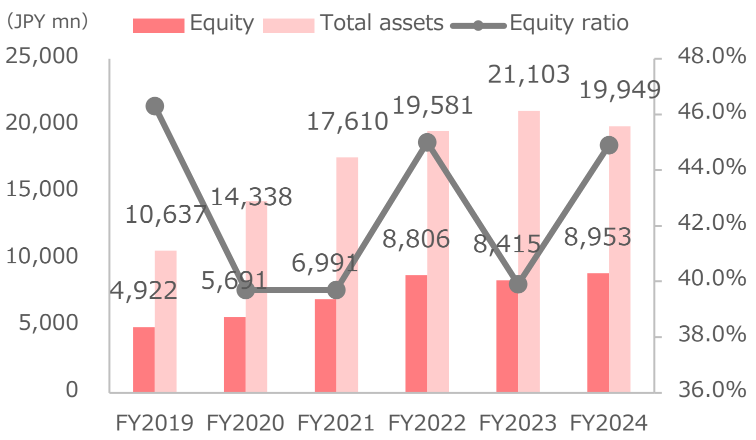
(JPY million)	FY2020	FY2021	FY2022	FY2023 (Former*)	FY2023 (Current*)	FY2024
Net sales	22,669	29,178	36,517	38,790	38,790	39,748
DH Group Business (Former Entertainment Business)	15,647	17,687	19,815	19,180	23,488	23,906
AGEST Group Business (Former Enterprise Business)	7,021	11,491	16,840	19,714	15,975	16,158
Adjustments	-	-	-138	-105	-674	-316
Operating income	1,908	2,696	3,000	2,039	2,039	2,430
DH Group Business (Former Entertainment Business)	3,077	3,668	4,214	3,325	1,734	1,941
AGEST Group Business (Former Enterprise Business)	188	645	639	423	305	488
Adjustments	-1,356	-1,616	-1,853	-1,709	-	-
Operating income margin	8.4%	9.2%	8.2%	5.3%	5.3%	6.1%
DH Group Business (Former Entertainment Business)	19.7%	20.7%	21.3%	17.3%	7.4%	8.1%
AGEST Group Business (Former Enterprise Business)	2.7%	5.6%	3.8%	2.1%	1.9%	3.0%
Profit attributable to owners of parent	974	1,778	799	176	176	629
Total assets	14,338	17,610	19,581	21,103	21,103	19,949
Current assets	9,744	10,392	12,528	13,526	13,526	14,069
Cash and deposits	5,076	5,208	6,456	6,858	6,858	7,593
Noncurrent assets	4,593	7,217	7,052	7,576	7,576	5,880
Goodwill	2,467	4,588	3,468	2,313	2,313	1,035
Total liabilities	8,024	10,044	10,107	12,250	12,250	10,688
Interest-bearing liabilities	4,797	5,590	5,127	7,133	7,133	5,249
Total net assets	6,314	7,566	9,474	8,852	8,852	9,260
Shareholders’equity	5,691	6,991	8,806	8,415	8,415	8,953
Shareholders’ equity ratio	39.7%	39.7%	45.0%	39.9%	39.9%	44.9%
Net cash	278	-382	1,328	-275	-275	2,343
Debt Equity Ratio	0.8	0.8	0.6	0.8	0.8	0.6
Net cash provided by operating activities	1,416	3,077	2,850	1,759	1,759	3,119
Net cash used in (provided by) investing activities	-1,813	-2,537	-1,903	-2,369	-2,369	-5
Net cash provided by (used in) financing activities	1,730	-546	141	934	934	-2,555
ROE	18.4%	28.0%	10.1%	2.1%	2.1%	7.2%
Dividend Payout Ratio	31.0%	18.2%	57.5%	264.5%	264.5%	81.4%

*We have changed the disclosed segments from FY2024. The results by segment in the above list are based on the current disclosed segments only for FY2023 and FY2024. The segment results for FY2022 and earlier years are based on the former segment definition.

■ Net sales / Operating income



■ Equity / Total assets



Materiality	Item	Boundary	FY2022	FY2023	FY2024
Promotion of diversity and human resources development					
—	Number of employees	4	1,746	1,870	1,759
Empowering women in the work place	Number of women	3	329	392	403
	Ratio of women	3	22.6%	23.9%	25.5%
	Number of female managers (in japan)	4 (3)	— (21)	— (19)	46 (27)
	Ratio of female managers (in japan)	4 (3)	— (13.6%)	— (12.4%)	18.9% (14.1%)
Employment of foreigners	Number of foreign employees in all employees	3	114	156	177
	Ratio of foreign employees	3	7.8%	9.5%	11.2%
	Number of nationalities/regions	3	35	41	39
Employment of people with disabilities	Ratio of employees with disabilities in all employees	2	3.1%	2.9%	2.6%
Responsibility to employees					
Employee work environment protection	Acquisition rate of paid holidays	2	65.8%	67.1%	76.9%
	Acquisition rate of childcare leave	2	33.3%	66.7%	81.5%
	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	387	500	572
	Total number of Registered Information Security Specialist Examination successful applicants	1	22	26	32
	Total number of Certified Ethical Hacker qualification holders	1	14	15	16
Create a safe and secure digital society					
Cyber security measures	Number of monitoring PCs in SOC (Security Operation Center)	1	650K	700K	760K
	Number of vulnerability diagnosis pages	1	26,733	19,652	40,789
	Number of system test projects per year	1	6,311	9,387	11,378
Resolving the shortage of IT human resources	Number of Debugger & Tester per year	1	830,111	764,778	751,063
	Debug / test operation ratio outside the Tokyo metropolitan area	1	88.3%	89.6%	88.0%
	Total number of bug training participants	1	749	958	1,247

Boundary

1. DIGITAL HEARTS Co., Ltd. / AGEST, Inc.
2. DIGITAL HEARTS HOLDINGS Co., Ltd. / DIGITAL HEARTS Co., Ltd. / AGEST, Inc. / DIGITAL HEARTS PLUS Co., Ltd.
3. The Company and its domestic consolidated subsidiaries
4. The Company and all of consolidated subsidiaries in Japan and overseas

(JPY thousand)

Assets	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total assets	10,637,014	14,338,792	17,610,296	19,581,635	21,103,096	19,949,490
Current assets	7,453,227	9,744,997	10,392,881	12,528,879	13,526,669	14,069,461
Cash and deposits	3,739,104	5,076,396	5,208,746	6,456,803	6,858,575	7,593,742
Notes and accounts receivable-trade	2,985,211	4,097,817	-	-	-	-
Notes and accounts receivable-trade and contract assets	-	-	4,411,554	5,377,205	6,003,199	5,545,690
Securities	165,046	155,250	34,506	39,810	42,549	-
Inventories	43,005	44,143	17,367	25,125	31,579	65,405
Income taxes receivable	214,147	2,478	47,112	29,041	51,943	3,890
Other	346,384	430,074	741,693	691,524	625,965	903,078
Allowance for doubtful accounts	-39,673	-61,162	-68,099	-90,632	-87,142	-42,346
Noncurrent assets	3,183,787	4,593,794	7,217,415	7,052,756	7,576,426	5,880,029
Property, plant and equipment	579,192	598,606	693,353	1,169,633	1,491,050	1,475,383
Buildings	587,138	605,431	722,403	966,661	1,143,685	1,162,760
Accumulated depreciation	-210,467	-238,942	-281,667	-325,568	-375,808	-417,586
Buildings, net	376,671	366,488	440,736	641,093	767,877	745,173
Vehicles	6,005	6,005	5,227	5,227	3,324	3,347
Accumulated depreciation	-4,075	-4,718	-870	-2,321	-721	-2,102
Vehicles, net	1,930	1,287	4,357	2,906	2,603	1,245
Tools, furniture and fixtures	669,941	728,571	869,126	1,295,633	1,619,553	1,861,818
Accumulated depreciation	-493,343	-520,078	-639,321	-811,663	-954,501	-1,199,219
Tools, furniture and fixtures, net	176,598	208,492	229,805	483,969	665,051	662,598
Land	17,568	17,568	17,568	17,568	17,568	17,568
Lease assets	45,359	45,359	31,976	57,294	79,488	102,105
Accumulated depreciation	-38,934	-40,590	-31,090	-33,198	-41,537	-53,307
Lease assets, net	6,424	4,769	886	24,096	37,950	48,797
Intangible assets	1,379,280	2,670,718	5,139,649	4,188,720	2,908,048	1,748,471
Goodwill	1,027,617	2,467,888	4,588,152	3,468,425	2,313,341	1,035,427
Other	351,663	202,830	551,496	720,294	594,706	713,043
Investments and other assets	1,225,313	1,324,469	1,384,412	1,694,401	3,177,327	2,656,174
Investment securities	192,839	191,529	236,595	494,517	1,793,427	1,340,609
Long-term loans receivable	-	30,000	40,000	20,000	10,000	-
Deferred tax assets	251,257	326,200	305,068	297,965	294,932	246,897
Lease and guarantee deposits	728,696	694,359	736,487	790,322	918,727	883,231
Other	62,038	92,027	74,441	91,595	177,621	208,493
Allowance for doubtful accounts	-9,519	-9,648	-8,181	-	-17,381	-23,057

(JPY thousand)

Liabilities	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total liabilities	5,198,545	8,024,039	10,044,072	10,107,115	12,250,734	10,688,795
Current liabilities	5,134,811	7,904,503	9,679,346	9,930,990	12,026,419	10,473,095
Short-term loans payable	2,546,384	4,728,935	5,421,296	5,106,750	7,095,072	5,200,000
Lease obligations	1,768	4,930	-	-	-	-
Accounts payable-other	507,165	1,048,155	1,361,001	1,620,348	1,883,132	2,280,008
Accrued expenses	903,379	950,828	1,184,413	1,165,158	1,217,779	982,267
Income taxes payable	550,653	453,655	511,871	677,031	338,369	574,690
Accrued consumption taxes	441,233	396,647	405,580	442,140	394,293	456,156
Provision for bonuses	44,153	53,893	100,190	136,348	160,252	150,622
Provision for directors' bonuses	-	-	39,184	22,162	13,156	22,332
Other	140,072	267,457	655,808	761,050	924,363	807,017
Noncurrent liabilities	63,734	119,536	364,726	176,124	224,314	215,700
Long-term loans payable	-	63,893	169,674	-	-	-
Lease obligations	4,930	-	-	-	-	-
Net defined benefit liability	43,361	41,923	45,891	7,764	11,913	16,232
Deferred tax liabilities	-	-	55,507	45,355	34,978	22,606
Asset retirement obligations	13,714	13,719	90,256	90,581	108,611	109,190
Other	1,727	-	3,396	32,423	68,810	67,670

(JPY thousand)

Net assets	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total net assets	5,438,469	6,314,752	7,566,223	9,474,520	8,852,361	9,260,695
Shareholders' equity	4,898,105	5,642,705	6,774,189	8,283,925	7,685,971	7,859,061
Capital stock	300,686	300,686	300,686	300,686	300,686	300,686
Capital surplus	355,735	331,509	-	393,678	66,354	66,018
Retained earnings	6,904,318	7,575,673	9,019,199	9,427,957	9,137,264	9,298,826
Treasury stock	-2,662,635	-2,565,164	-2,545,696	-1,838,397	-1,818,333	-1,806,469
Accumulated other comprehensive income	24,202	48,564	217,094	522,828	729,816	1,094,783
Valuation difference on available-for-sale securities	168	581	8,921	-86,528	-107,144	10,734
Foreign currency translation adjustment	24,033	47,983	208,173	609,357	836,960	1,084,048
Subscription rights to shares	13,363	13,363	-	6,345	-	-
Non-controlling interests	502,797	610,119	574,938	661,421	436,573	306,850
Total liabilities and net assets	10,637,014	14,338,792	17,610,296	19,581,635	21,103,096	19,949,490

(JPY thousand)

Consolidated Statement of Income	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	21,138,200	22,669,577	29,178,789	36,517,693	38,790,197	39,748,901
Cost of sales	15,566,267	16,235,984	20,787,432	25,885,083	28,699,374	29,611,147
Gross profit	5,571,932	6,433,592	8,391,357	10,632,610	10,090,823	10,137,754
Selling, general and administrative expenses	4,177,866	4,524,898	5,695,155	7,631,941	8,051,117	7,707,686
Operating income	1,394,065	1,908,694	2,696,201	3,000,669	2,039,705	2,430,067
Non-operating income	22,705	80,664	112,615	220,169	69,650	60,712
Interest income	1,350	2,598	2,520	7,810	19,961	27,085
Foreign exchange gains	-	-	12,239	151,327	13,520	-
Gain on investment in partnership	1,205	-	13,212	-	-	-
Gain on investments in silent partnerships	-	-	-	-	9,763	-
Subsidy income	5,134	62,296	70,107	23,846	10,505	14,736
Cashback income	-	-	-	-	-	8,228
Other	15,015	15,769	14,535	37,184	15,900	10,661
Non-operating expenses	44,394	13,964	34,739	68,289	50,240	212,334
Interest expenses	5,356	6,212	11,927	9,695	19,530	32,823
Share of loss of entities accounted for using equity method	5,968	1,425	5,395	-	-	38,721
Foreign exchange losses	5,346	2,741	-	-	-	90,254
Commission paid	5,864	252	10,288	9,400	2,692	-
Loss on valuation of investments in securities	-	-	-	38,457	-	-
Loss on bond retirement	15,258	-	-	-	-	-
Non-recoverable tax, etc.	-	-	-	455	8,547	24,269
Provision of allowance for doubtful accounts	-	-	-	-	12,943	-
Other	6,600	3,332	7,127	10,281	6,528	26,265
Ordinary income	1,372,376	1,975,394	2,774,078	3,152,548	2,059,115	2,278,445
Extraordinary income	-	55,696	83,086	75,572	-	625,075
Subsidy income	-	55,196	-	-	-	-
Gain on sales of noncurrent assets	-	-	1,233	-	-	-
Gain on sales of shares of subsidiaries and associates	-	-	707	-	-	589,206
Gain on forgiveness of debts	-	-	67,782	-	-	-
Gain on reversal of subscription right to shares	-	-	13,363	-	-	-
Settlement income	-	-	-	75,572	-	-
Reversal of loss on business restructuring	-	-	-	-	-	35,868
Other	-	500	-	-	-	-
Extraordinary loss	75,944	526,705	112,684	1,231,181	1,204,292	1,258,072
Loss on retirement of noncurrent assets	-	18,298	32,270	7,678	15,317	9,901
Office transfer expenses	16,002	44,187	14,513	5,066	2,255	-
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	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 valuation of investments in securities	-	-	-	-	-	1,184,076
Loss on sales of investment securities	-	2,689	-	-	-	-
Loss on valuation of shares of subsidiaries and associates	-	-	-	-	-	52,350
Provision of allowance for doubtful accounts	-	-	-	-	-	6,678
Penalty payment or Settlement payments	-	-	-	37,842	18,882	3,865
Other	-	55,509	-	-	11,071	1,200
Income before income taxes	1,296,432	1,504,385	2,744,481	1,996,939	854,823	1,645,449
Income taxes-current	547,721	600,575	729,951	1,032,241	711,836	949,909
Income taxes-deferred	-48,496	-70,544	9,654	77,287	-48,606	25,171
Total income taxes	499,224	530,030	739,606	1,109,528	663,229	975,080
Profit	797,207	974,355	2,004,875	887,411	191,593	670,368
Profit attributable to non-controlling interests	5,077	-136	226,224	87,861	14,665	40,904
Profit attributable to owners of parent	792,130	974,492	1,778,650	799,550	176,927	629,464

Comprehensive Income

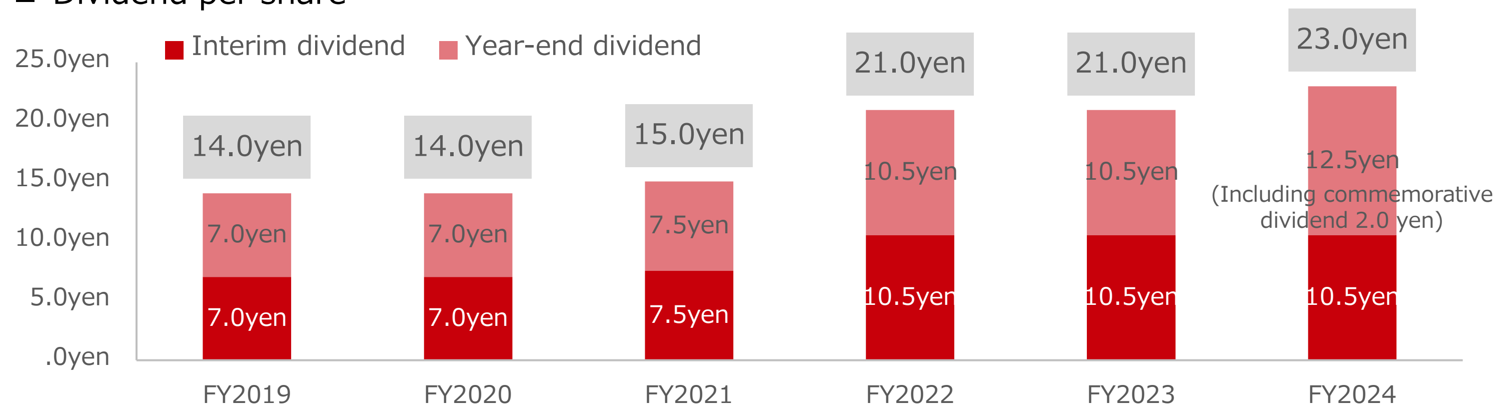
(JPY thousand)

Consolidated Statement of Comprehensive Income	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Profit	797,207	974,355	2,004,875	887,411	191,593	670,368
Other comprehensive income	1,683	9,713	251,932	324,150	217,246	375,846
Valuation difference on available for sale securities	-154	413	8,339	-95,449	-20,615	117,878
Foreign currency translation adjustment	1,838	9,300	243,593	419,600	237,862	266,026
Share of other comprehensive income of entities accounted for using equity method	-	-	-	-	-	-8,058
Comprehensive income	798,891	984,068	2,256,808	1,211,562	408,840	1,046,214
Comprehensive income attributable to owners of the parent	788,169	976,794	1,980,841	1,094,363	383,915	994,431
Comprehensive income attributable to non-controlling interests	10,721	7,274	275,966	117,198	24,924	51,783

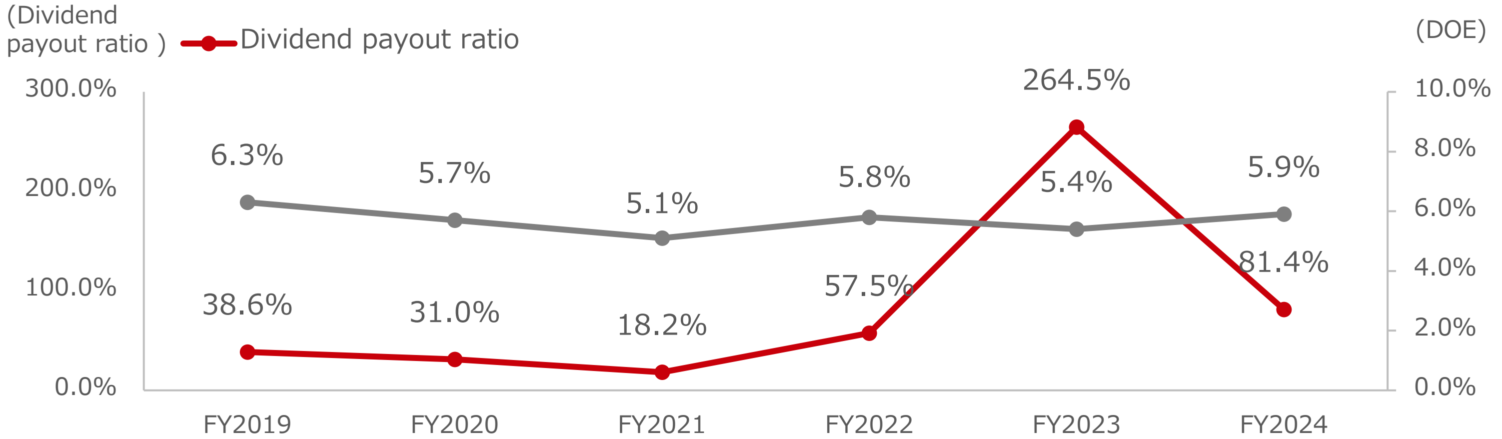
Shareholder Return

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



DIGITAL HEARTS HLDGS.

(JPY thousand)

Cash flows from operating activities	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net cash provided by operating activities	1,086,745	1,416,917	3,077,118	2,850,927	1,759,092	3,119,272
Income before income taxes	1,296,432	1,504,385	2,744,481	1,996,939	854,823	1,645,449
Depreciation and amortization	174,617	198,365	268,228	473,068	521,605	566,387
Impairment loss	22,527	395,511	12,156	1,045,536	1,069,446	-
Amortization of goodwill	164,063	215,794	464,634	702,505	516,620	460,067
Increase (Decrease) in allowance for doubtful accounts	-3,000	15,292	1,861	8,649	8,109	-42,262
Increase (Decrease) in provision for bonuses	-42,119	5,777	29,343	35,174	15,648	-7,952
Increase (decrease) in provision for directors' bonuses	-	-	39,184	-17,022	-9,005	9,175
Interest and dividends income	-1,363	-2,612	-2,534	-7,810	-19,961	-27,085
Interest expenses	5,356	6,212	11,927	9,695	19,530	32,823
Foreign exchange losses (gains)	18,017	2,741	-12,239	-151,327	-13,520	90,254
Share of (profit) loss of entities accounted for using equity method	5,968	1,425	5,395	-	-	38,721
Loss (Gain) on investments in partnership	-1,205	-	-13,212	2,774	-	-
Loss on valuation of investments in securities	-	-	-	38,457	-	1,184,076
Loss (Gain) on sales of investment securities	-	2,694	-	-	-	-
Gain on investments in silent partnerships	-	-	-	-	-9,763	-
Gain on forgiveness of debts	-	-	-67,782	-	-	-
Share-based compensation expenses	136,892	90,014	38,146	21,967	23,094	14,470
Gain on sales of noncurrent assets	-	-	-1,233	-	-	-
Loss on retirement of noncurrent assets	-	18,298	32,270	7,678	15,317	9,901
Loss (gain) on sales of shares of subsidiaries and associates	-	-	-707	-	-	-589,206
Loss on valuation of shares of subsidiaries and associates	-	-	-	-	-	52,350
Office transfer expenses	16,002	44,187	14,513	5,066	2,255	-
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	37,414	10,509	-	135,056	87,319	-
Gain on reversal of subscription rights to shares	-	-	-13,363	-	-	-
Decrease (increase) in trade receivables	-10,567	-701,207	393,148	-842,041	-381,263	150,900
Decrease (Increase) in inventories	-22,205	-1,137	27,752	-7,685	-5,916	-34,345
Subsidy income	-	-55,196	-70,107	-23,846	-10,505	-14,736
Loss related to COVID-19	-	55,509	-	-	-	-
Organizational restructuring expenses	-	-	53,742	-	-	-
Increase (Decrease) in accounts payable - other	13,633	173,476	-295,968	249,490	63,278	795,560
Increase (Decrease) in accrued expenses	-206,861	28,756	-104,956	-73,019	33,656	-278,582
Increase (Decrease) in accrued consumption taxes	185,139	-52,972	-32,756	-6,800	-38,374	-173,131
Decrease (Increase) in other current assets	-43,411	-69,989	-52,545	107,761	49,428	-38,978
Increase (Decrease) in other current liabilities	-2,549	-9,128	280,451	106,781	93,542	-69,434
Increase (decrease) in other non-current liabilities	-	-	-	-1,456	-8,340	-
Other	-31,596	-7,221	-8,880	-43,391	-137,689	2,999
Subtotal	1,711,184	1,869,486	3,740,949	3,772,202	2,739,337	3,777,419
Interest and dividends income received	1,350	26	1,917	7,341	19,703	32,534
Interest expenses paid	-5,356	-5,672	-8,272	-14,135	-12,007	-41,656
Income taxes paid	-628,327	-649,797	-704,194	-960,319	-1,042,594	-716,872
Income taxes refund	27,894	214,140	2,478	47,112	29,499	53,110
Office transfer expenses paid	-	-10,952	-2,454	-31,626	-2,255	-
Business structure improvement expenses paid / Loss on liquidation of business paid, etc.	-20,000	-	-	-	-	-
Proceeds from subsidy income	-	55,196	46,695	30,353	27,410	14,736
Payments related to COVID-19	-	-55,509	-	-	-	-

(JPY thousand)

Cash flows from investing activities	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net cash used in investing activities	-1,018,402	-1,813,519	-2,537,418	-1,903,485	-2,369,234	-5,080
Proceeds from withdrawal of time deposits	-	-	-	35,000	-	-
Purchase of property, plant and equipment	-150,211	-99,495	-186,762	-639,050	-617,470	-427,985
Proceeds from sales of property, plant and equipment	-	-	2,270	3,472	2,761	-
Purchase of intangible assets	-106,637	-220,988	-192,709	-394,374	-194,795	-307,987
Proceeds from redemption of securities	-	-	-	-	-	45,474
Purchase of investment securities	-10,563	-	-83,060	-446,722	-1,271,935	-728,000
Proceeds from redemption of investment securities	-	-	-	10,000	-	-
Proceeds from sales of investment securities	215	2,749	54,962	-	-	-
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	-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 sale of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-	-	1,601,082
Proceeds from distribution of investment in partnerships	2,836	-	13,212	-	-	-
Proceeds from transfer of business	-	500	-	-	-	-
Payments for acquisition of businesses	-71,922	-65,868	-148,883	-403,998	-42,947	-16,125
Payments for acquisition of businesses (contingent consideration)	-	-18,666	-56,193	-	-18,370	-155,798
Payments for lease and guarantee deposits	-104,260	-44,920	-129,330	-112,141	-185,772	-33,092
Proceeds from collection of lease and guarantee deposits	15,314	30,890	9,849	34,330	17,792	17,354
Collection of loans receivable	-	-	-	-	-	-
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	-1,758	-1,245	-	-	-	-

(JPY thousand)

Cash flows from financing activities	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net cash used in financing activities	-515,831	1,730,291	-546,569	141,472	934,080	-2,555,521
Increase (Decrease) in short-term loans payable	800,000	2,026,750	620,989	-300,000	1,988,322	-1,895,072
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	-523,858	-	-	-	-	-
Proceeds from share issuance to non-controlling shareholders	32,000	-	-	-	190	-
Repayments to non-controlling shareholders	-	-	-	-	-	-142,333
Dividends paid to non-controlling interests	-20,034	-10,017	-20,034	-20,034	-16,913	-39,173
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	-296,472	-302,026	-314,428	-390,887	-466,568	-467,509
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-1,400	-	-664,456	-80,906	-564,605	-
Repayments of lease obligations	-1,721	-1,768	-	-	-	-11,431
Proceeds from issuance of subscription rights to shares	-	-	-	11,468	-	-
Effect of exchange rate change on cash and cash equivalents	-11,023	7,378	139,218	194,142	77,832	176,495
Net increase in cash and cash equivalents	-458,511	1,341,068	132,349	1,283,057	401,771	735,166
Cash and cash equivalents at the beginning of period	4,162,616	3,704,104	5,041,396	5,173,746	6,456,803	6,858,575
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-3,776	-	-	-	-
Cash and cash equivalents at the end of period	3,704,104	5,041,396	5,173,746	6,456,803	6,858,575	7,593,742

(As of March 31, 2025)

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	Representative Director, President and CEO Toshiya Tsukushi Representative Director and Chairman Eiichi Miyazawa
Share Capital	300,686 thousand yen
Number of Consolidated Employees	1,759

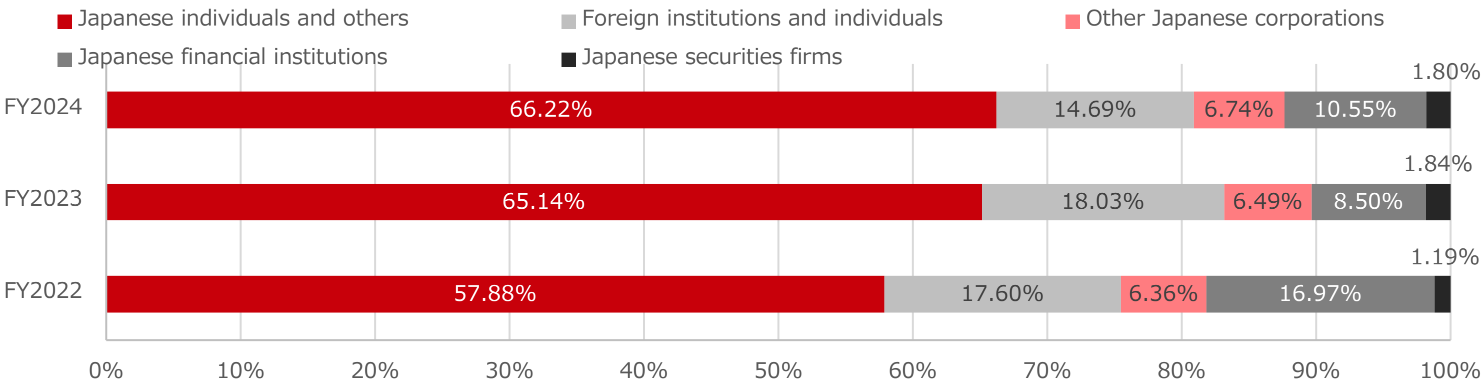
Share-related Information	
Total number of issuable shares	76,800,000
Number of issued shares	23,890,800
Number of shareholders	7,403
Stock exchange	TSE Prime Market
Securities code	3676
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholders	Number of shares (share)	Shareholding ratio (%)
Eiichi Miyazawa	9,424,569	42.29
The Master Trust Bank of Japan, Ltd. (Trust account)	1,566,000	7.03
A-1 LLC	1,324,900	5.94
Custody Bank of Japan, Ltd. (Trust Account)	849,600	3.81
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	846,364	3.80
MSIP CLIENT SECURITIES	250,484	1.12
Taichi Yabu	240,000	1.08
STATE STREET BANK AND TRUST COMPANY 505019	226,200	1.01
STATE STREET BANK AND TRUST COMPANY 505103	221,700	0.99
JPMorgan Securities Japan Co., Ltd.	215,470	0.97
Total amount	15,165,287	68.05

*1,604,473 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."

(As of March 31, 2025)

DIGITAL HEARTS HLDGS.
(Holding Company)

DH Group Business

DIGITAL HEARTS

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

DIGITAL HEARTS CROSS Group
Marketing support

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

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

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

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

DIGITAL HEARTS USA Inc.
Game debugging, Localization

Aetas, Inc.
Management of game media

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

AGEST Group Business

AGEST

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

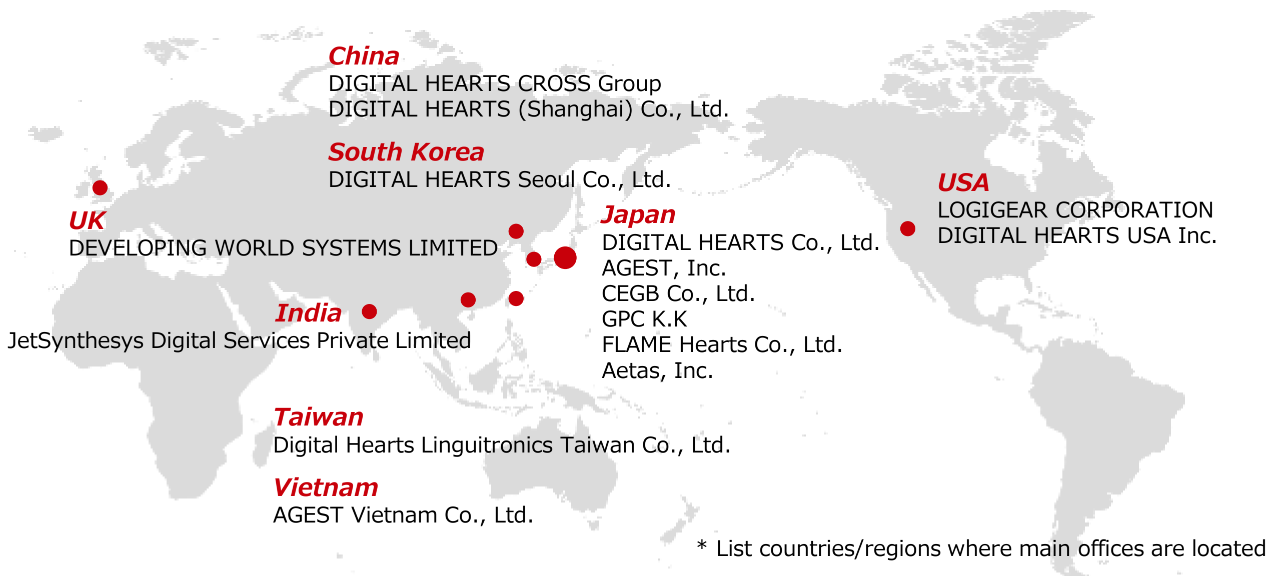
LOGIGEAR CORPORATION
System testing, Test automation support

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

DEVELOPING WORLD SYSTEMS LIMITED
Introduction and maintenance support
for Oracle products

CEGB Co., Ltd.
SAP/ERP implementation support

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



* 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/