

# **Presentation Material**

## **for the Three Months Ended June 30, 2025**

**August 7, 2025**

Tokyo Stock Exchange Prime Market: Code 3676  
<https://www.digitalhearts-hd.com/>

# Consolidated Financial Results for Q1 FY2025

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【Notice regarding Earnings by Segment】

- Net sales by segment include inter-segment sales or transfers.  
Segment income is based on operating income.

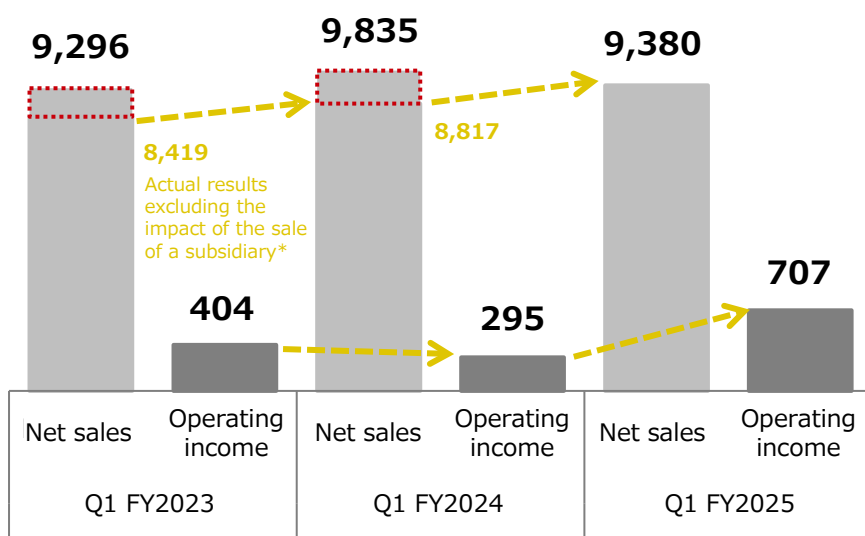
DH Group Business performs well on the back of Nintendo Switch 2 launch. Both businesses achieve revenue growth and double-digit profit growth in real terms, making a smooth start toward achieving full-year targets.

Net sales	Operating income	Profit attributable to owners of parent
<p><b>¥9,380 mn</b> (YoY change <b>-4.6%</b>)</p> <p><small>* In real terms excluding the impact of the sale of a subsidiary</small> <b>YoY change +6.4%</b></p>	<p><b>¥707 mn</b> (YoY change <b>+139.2%</b>)</p> <p><small>* In real terms excluding the impact of the sale of a subsidiary</small> <b>YoY change +162.1%</b></p>	<p><b>¥463 mn</b> (YoY change <b>+119.0%</b>)</p>

## Performance trends

(JPY mn)

■ Net sales ■ Operating income --- In real terms growth



## Key points of financial results

- **Net sales decreased due to the exclusion of identity Inc.** from the consolidated financial statements following its sale in Q3 FY2024; however, **in real terms excluding this impact, revenue increased by +6.4%.**
- Driven by the sales expansion of the DH Group Biz due to the strong trends of the console game development market following the launch of new hardware, and the profitability improvement of AGEST Group Biz, **consolidated operating income reached a record high of ¥707 mn for Q1.**
- Progress toward the full-year plan stands at 23.6% for revenue and 26.8% for operating income, **with operating income exceeding the plan.**
- Taking on the challenge of accelerating growth investment and unlocking greater corporate value through Spin-Off Listing.

Aiming for Spin-Off Listing, both businesses will increase their management focus and vigorously promote their unique growth strategies.

## DH Group Business

### Market environment

- 1.** The game/entertainment content industry with world-class IP is now leading Japan.
- 2.** High-performance game devices and the bigger size of development budget have made quality improvement an important issue.
- 3.** Simultaneous global launches in multiple languages and across multiple platforms (PC, console, smartphone) have become the norm.

⇒ **Increasing demand for our multilingual and cross-platform QA services.**

### Growth strategy

Expanding our **one-stop service** supporting quality such as debugging and localization.

To be a **“Global Quality Partner in the Entertainment Industry.”**

## AGEST Group Business

### Market environment

- 1.** IT investment is expanding globally, driven by digital transformation and AI adoption.
- 2.** As services like e-commerce and online brokerage platforms reach wider audiences, quality has become increasingly critical.
- 3.** There is a serious shortage of IT personnel in Japan.

⇒ **Quality is becoming increasingly important, and outsourcing needs for QA specialists are expanding.**

### Growth strategy

Pursuing **technical expertise unique to a testing specialist company.**

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

# Summary of Results by Segment - DH Group Biz



DIGITAL HEARTS HLDGS.

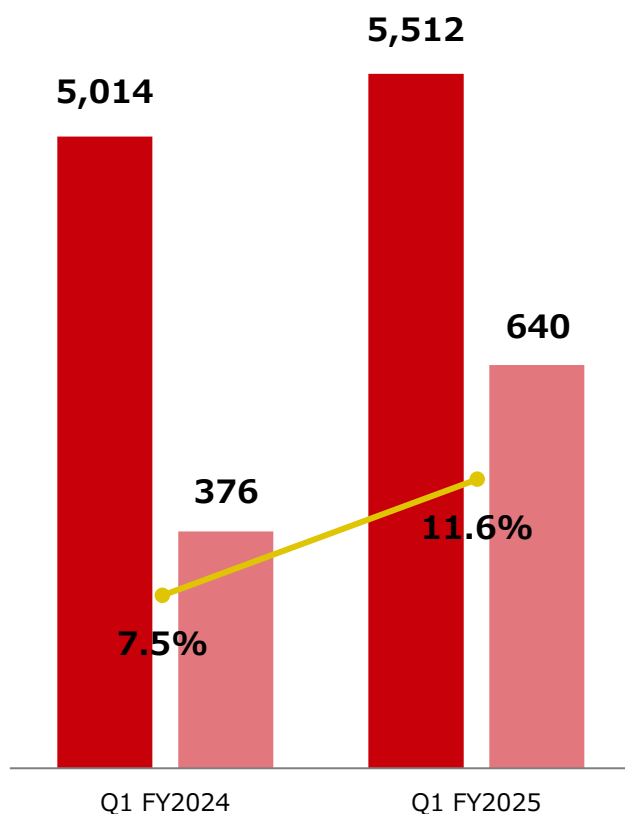
\*1 The results for Q1 FY2024 exclude the impact of the sale of a subsidiary

Driven by favorable market conditions, we recorded highest level of Q1 sales and segment profits ever, as good start toward achieving full-year targets.

## ■ DH Group Business results

\*1 The results for Q1 FY2024, exclude the impact of the sale of a subsidiary.

(JPY mn) ■ Net sales ■ Segment income  
—●— Segment income margin



## ■ Key points of financial results

- Amid favorable market conditions such as the release of the Nintendo Switch 2, we steadily acquired new large-scale projects and **achieved record quarterly sales in the Domestic debugging.**
- Our focusing “global service” also saw an increase in demand for multilingual translation, with **our projects in multiple languages accounting for approximately 50% (\*)** of the total.
- High-margin domestic debugging grew, resulting in **double-digit profit growth.**

### Point 1

*Nintendo Switch 2*

Already have over **600 units** of test equipment for Nintendo Switch 2.



Gaining new title projects expected to see active development in the future, leveraging our strengths in testing equipment and testing personnel pool!

### Point 2

*AI*

Received **four large-scale projects with over 1 million characters** as new service utilizing unique AI translation engine “ella”.



Steadily building up a track record and aiming to acquire more projects.

\*1 The figures are excluding the impact of the sale of the consolidated subsidiary, identity Inc. on December 25, 2024.

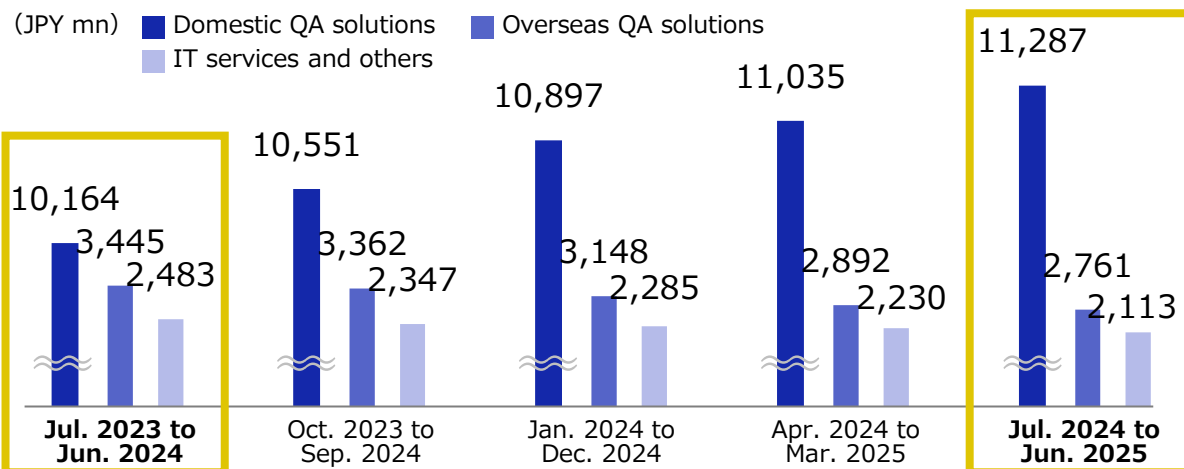
(The impact of Q1 FY2024: net sales ¥1,017 mn and OP ¥25 mn (after consolidation))

\*2 Ratio of translation projects received in the first quarter of FY2025 that involved translation from Japanese into multiple languages.

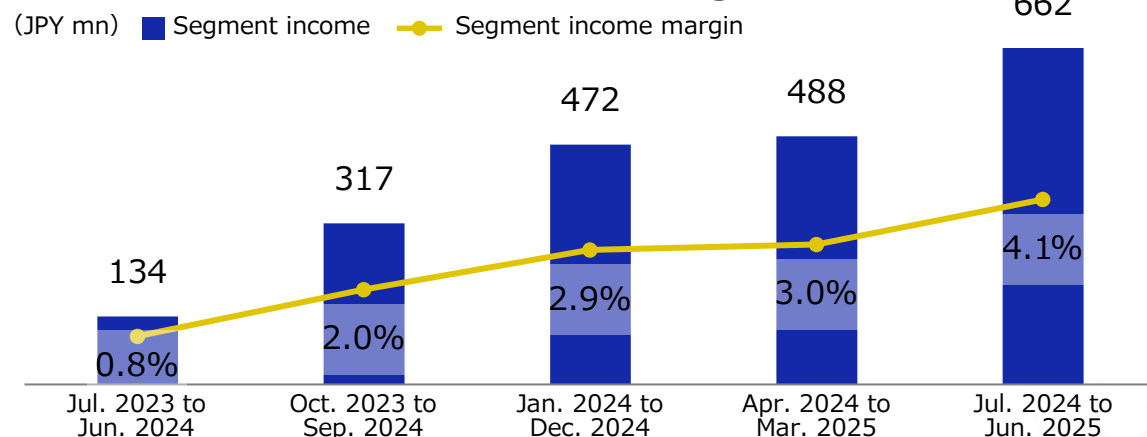
Against the backdrop of growing sales of domestic QA solutions, we have achieved both profitability and growth investment in HR and AI.

Last 12 Months segment income reached a record high of ¥662 mn.

## ■ Trend of the latest 12 months sales for each service



## ■ Trend of the latest 12 months segment income



### Points

- Our mainstay domestic QA solutions **achieved YoY double-digit sales growth** in the last 12 months. We expect **this upward growth trend to continue**.
- In overseas QA solutions, we are **restructuring our business**, including a review of our growth strategy. Seeing signs of recovery in Q1 and aim **to return to a growth trajectory** in Q2 and beyond.
- IT services and others divisions are **strategically downsized** low profit margins.

### Points

- Strategic business portfolio development leads to **steady improvement in profitability**.
- In Q1 FY2025, we actively recruited test engineers and **invested in our unique AI test tool TFACT** and achieved the last 12 months segment income **exceeded the FY2025 full-year forecast of ¥630 mn**.

Q1 FY2024

Q1 FY2025

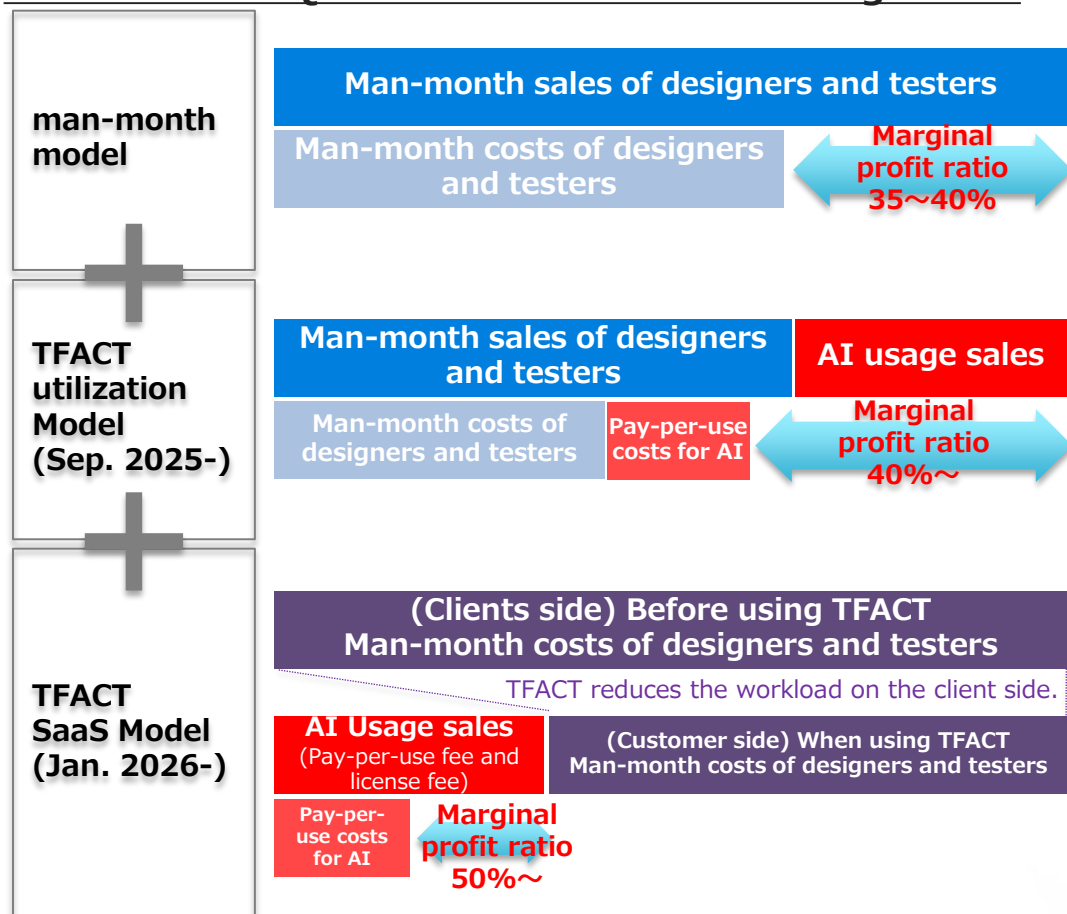
Number of domestic test engineers hired

**35 people**

**60 people**

Innovative AI test tool “TFACT,” as the new paid version, to be officially released in September 2025. In addition to the existing man-month model, TFACT will be added as utilization Model and SaaS model. By accelerating both new high-profit models, aiming to become the de facto standard for AI testing.

## ■ Overview of QA solutions after introducing TFACT



- Standard man-month model with designers and test engineers
- Accelerated allocation of engineers to the man-month model through the use of TFACT
- ➔ **Expansion of engineer capacity for man-month basis**
- ➔ **Reduction in recruitment costs**
- Reduce design and implementation man-month by 30%
- Include sales from AI usage
- ➔ **Reduce testing period by approximately 30% compared to the man-month model**
- ➔ **Standardize high quality through AI utilization**
- ➔ **Build price competitiveness through cost reduction**
- External sales model for TFACT tools
- On the client side, reduce the workload of designers and testers by approximately 30%
- On the client side, shorten testing period by approximately 30%
- Pay-per-use billing for AI usage and licensing fees per TFACT account issued
- ➔ **Development of customers who want to in-house their testing**
- ➔ **Establishment of a new revenue model for testing**

# Summary of Financial Results for Q1 FY2025

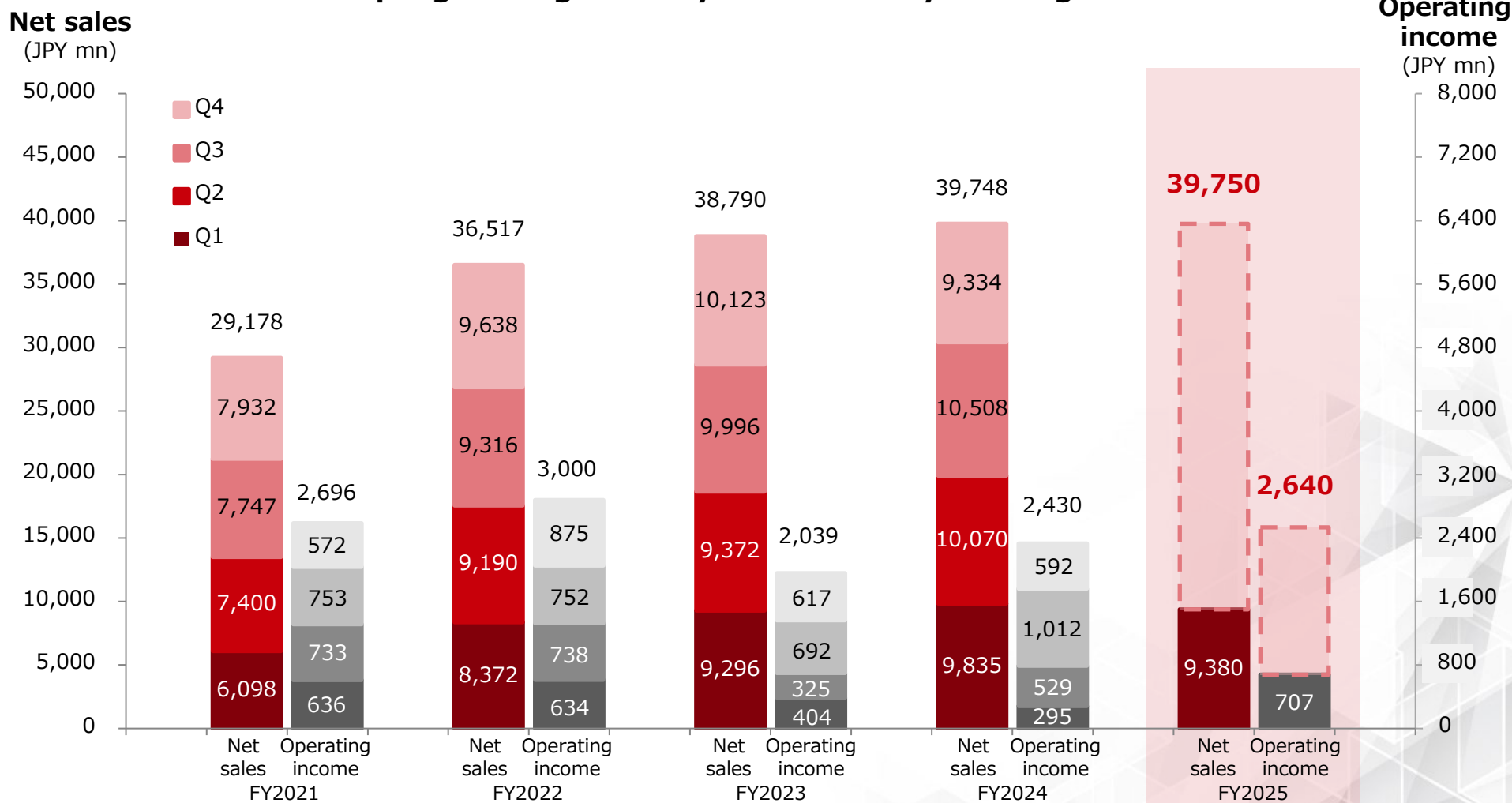
- Although sales declined mainly due to the sales of a subsidiary in Q3 FY2024, **both businesses achieved sales growth in real terms**, excluding this impact.
- **Achieved over double Operating income year on year**, driven by strong sales of highly profitable Domestic debugging in DH Group business, boosted by new hardware's launch, and by improved profitability of AGEST Group business.

(JPY mn)	Q1 FY2024	Q1 FY2025	YoY change		YoY change excluding the sale of a subsidiary(*)
<b>Net sales</b>	<b>9,835</b>	<b>9,380</b>	<b>-454</b>	<b>-4.6%</b>	<b>+6.4%</b>
<b>Cost of sales</b>	<b>7,488</b>	<b>6,854</b>	<b>-634</b>	<b>-8.5%</b>	<b>+3.0%</b>
<b>Cost of sales (%)</b>	<b>76.1%</b>	<b>73.1%</b>		<b>-3.1points</b>	<b>-2.4points</b>
<b>Gross profit</b>	<b>2,346</b>	<b>2,526</b>	<b>+179</b>	<b>+7.7%</b>	<b>+16.9%</b>
<b>SG&amp;A</b>	<b>2,050</b>	<b>1,818</b>	<b>-232</b>	<b>-11.3%</b>	<b>-3.8%</b>
<b>Operating income</b>	<b>295</b>	<b>707</b>	<b>+411</b>	<b>+139.2%</b>	<b>+162.1%</b>
<b>Operating income margin</b>	<b>3.0%</b>	<b>7.5%</b>		<b>+4.5points</b>	<b>+4.5points</b>
<b>Ordinary income</b>	<b>315</b>	<b>706</b>	<b>+391</b>	<b>+124.0%</b>	<b>—</b>
<b>Profit attributable to owners of parent</b>	<b>211</b>	<b>463</b>	<b>+252</b>	<b>+119.0%</b>	<b>—</b>
<b>EBITDA</b>	<b>542</b>	<b>902</b>	<b>+360</b>	<b>+66.3%</b>	<b>+90.3%</b>

# Trend in Net Sales and Operating Income

**Achieved a record-high quarterly OP of ¥707 mn in Q1, driven by domestic debugging growth and improved profitability of AGEST Group.**

**Both businesses are progressing steadily toward full-year targets.**



(JPY mn)	Q4 FY2024 (As of March 31, 2025)	Q1 FY2025 (As of June 30, 2025)	Change from Q4 FY2024
<b>Total assets</b>	<b>19,949</b>	<b>19,706</b>	<b>-242</b>
Current assets	14,069	14,006	-63
Cash and deposits	7,593	7,215	-377
Noncurrent assets	5,880	5,700	-179
Property, plant and equipment	1,475	1,434	-40
Intangible assets	1,748	1,704	-43
Goodwill	1,035	936	-99
Investments and other assets	2,656	2,561	-95
<b>Total liabilities</b>	<b>10,688</b>	<b>10,445</b>	<b>-243</b>
Current liabilities	10,473	10,231	-242
Short-term loans	5,200	5,200	—
Noncurrent liabilities	215	214	-1
<b>Total net assets</b>	<b>9,260</b>	<b>9,261</b>	<b>+0</b>
Shareholders' equity	7,859	8,044	+185
Accumulated other comprehensive income	1,094	921	-173
Non-controlling interests	306	295	-11
<b>Total liabilities and net assets</b>	<b>19,949</b>	<b>19,706</b>	<b>-242</b>

To make two businesses listed individually with clearly different businesses value creation strategies separately. To maximize the potential of each business through management focus and optimal capital policy.

## DH Group Business

- Well established and differentiated business model
- Clear value proposition
- Horizontal and vertical expansion of core businesses (global expansion)



### Investing in new locations and achieving stable growth

- ✓ 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.

## AGEST Group Business

- Changing and innovative business model
- Businesses value created by innovation
- Expand added value of technologies and specialists



### Investing in technology and growing with innovation

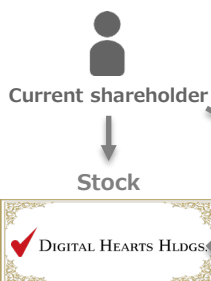
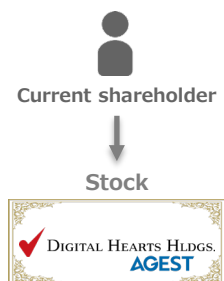
## Spin-Off Listing scheme

### On Spin-Off

Dividends in kind all of our AGEST shares

**Largest-class shareholder return**  
with newly listed shares as dividend in kind

Holding our stock



Stock



Dividends in kind

### After Spin-Off

More active trading of shares by separating and simplifying each business



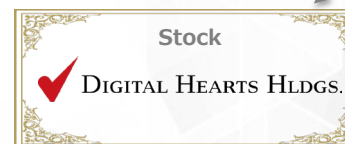
New shareholder



Current shareholder



New shareholder



# Financial Results Q1 FY2025 by Segment and Full-Year Consolidated Financial Forecasts

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【Notice regarding Earnings by Segment】

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Segment income is based on operating income.

# Summary of Financial Results by Segment

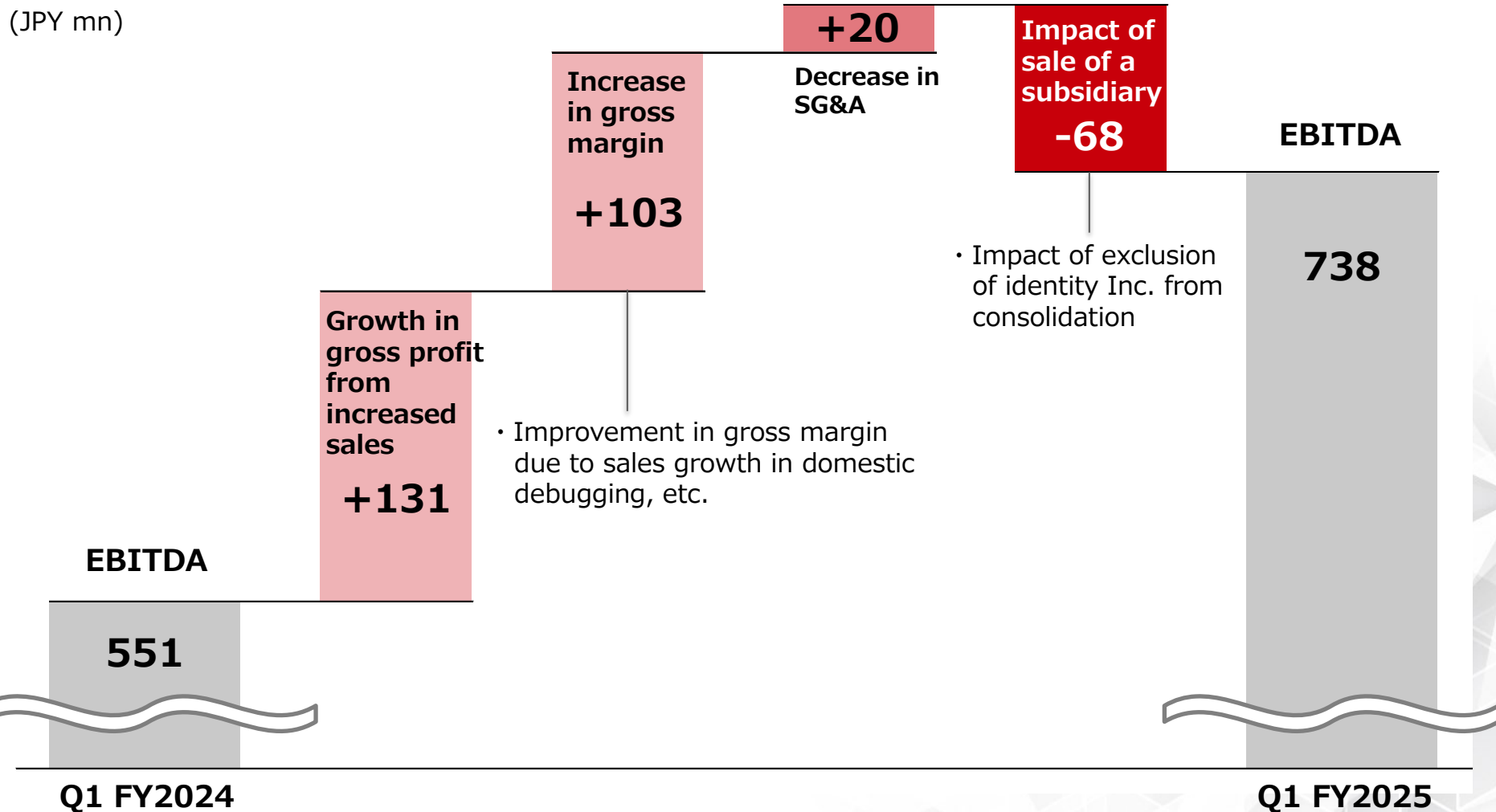


(JPY mn)	Q1 FY2024	Q1 FY2024 excluding the impact of the sale of a subsidiary(*)	Q1 FY2025	YoY change	YoY change excluding the impact of the sale of a subsidiary(*)
<b>Net sales</b>	<b>9,835</b>	<b>8,817</b>	<b>9,380</b>	<b>-4.6%</b>	<b>+6.4%</b>
DH Group	6,032	5,014	5,512	-8.6%	+9.9%
AGEST Group	3,913	3,913	3,917	+0.1%	+0.1%
Adjustments	-111	-111	-49	—	—
<b>Operating income</b>	<b>295</b>	<b>270</b>	<b>707</b>	<b>+139.2%</b>	<b>+162.1%</b>
DH Group	402	376	640	+59.3%	+70.2%
AGEST Group	-106	-106	67	—	—
<b>EBITDA</b>	<b>542</b>	<b>474</b>	<b>902</b>	<b>+66.3%</b>	<b>+90.3%</b>
DH Group	551	483	738	+34.0%	+52.9%
AGEST Group	-8	-8	163	—	—

- Revenue declined mainly due to the sale of a subsidiary in Q3 FY2024. **The Domestic debugging performed well, achieving double-digit sales growth**, driven by the launch of Nintendo Switch 2. As a result, **in real terms, net sales increased YoY +10% and segment income increased YoY +70%**, achieving significant growth in both sales and income.
- We steadily expanded project acquisition by differentiating ourselves through translation services powered by **“ella”, our unique AI engine that conveys emotional nuance**, including multilingual and large-scale projects.
- To more accurately reflect the actual situation in period profit and loss, **the depreciation method at DIGITAL HEARTS Co., Ltd. has been changed from Q1 FY2025** in response to the large amount procurement of specialized testing equipment and the establishment of a new operation system. As a result, segment income in Q1 increased by ¥15 mn.

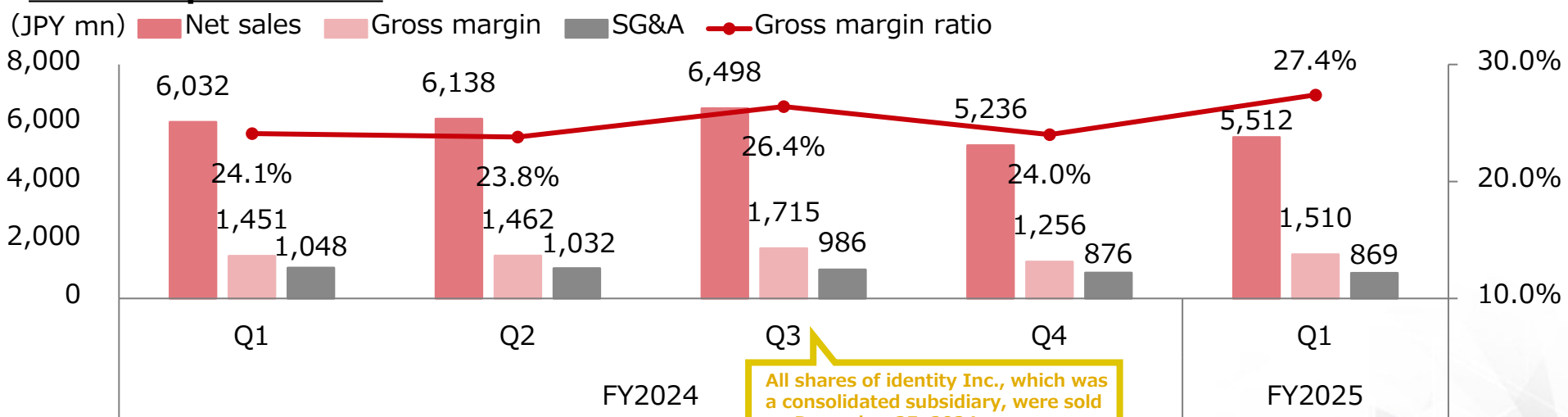
(JPY mn)	Q1 FY2024	Q1 FY2025	YoY change
<b>Net Sales</b>	<b>6,032</b>	<b>5,512</b>	<b>-8.6%</b>
<b>Domestic debugging</b>	<b>3,327</b>	<b>3,830</b>	<b>+15.1%</b>
<b>Global and others</b>	<b>2,705</b>	<b>1,681</b>	<b>-37.8%</b>
<small>*Q1 FY2024 results include identity Inc., which was sold in December 2024.</small>			
<b>Segment income</b>	<b>402</b>	<b>640</b>	<b>+59.3%</b>
<b>EBITDA</b>	<b>551</b>	<b>738</b>	<b>+34.0%</b>

EBITDA reached a record high of ¥738 mn in Q1 FY2025 due to sales growth in highly profitable Domestic debugging service.

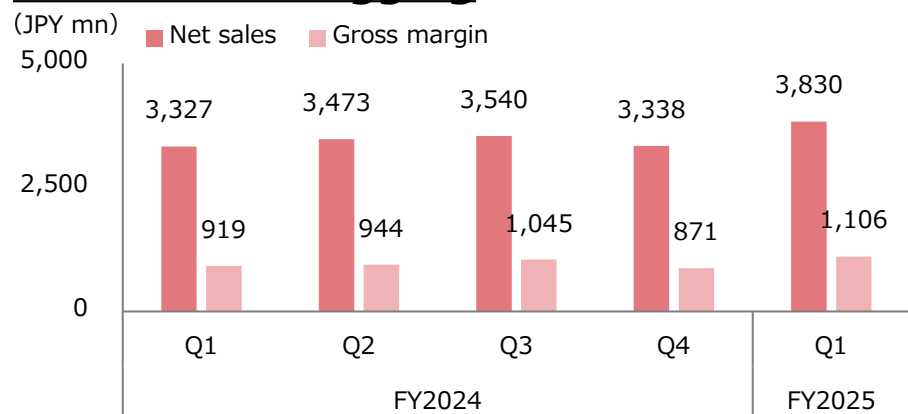


## Performance Trends

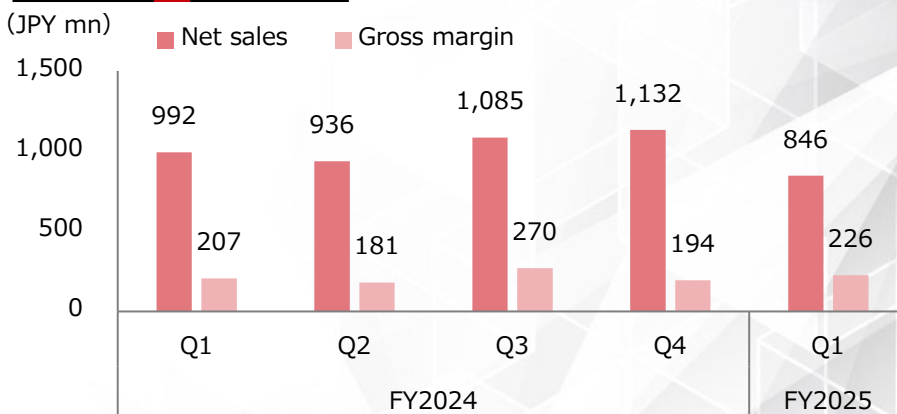
### DH Group Business



### Domestic debugging

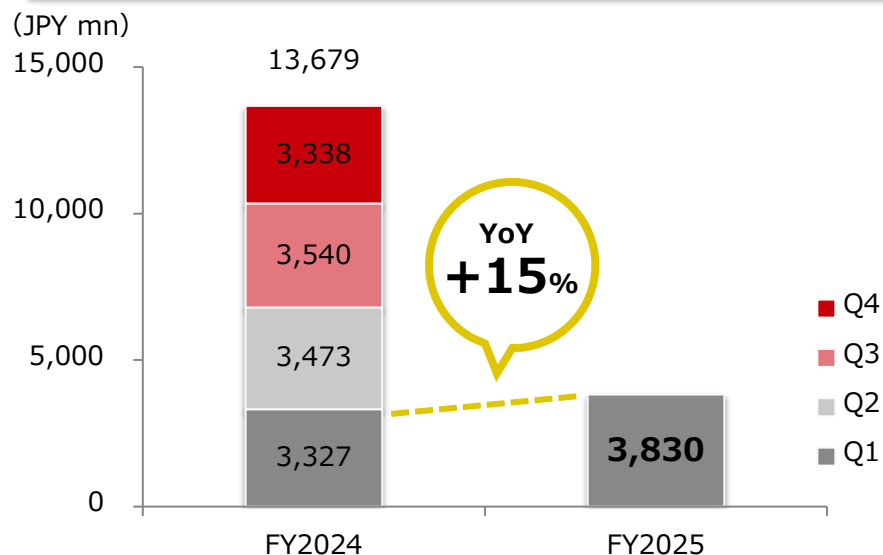


### Global(\*)service

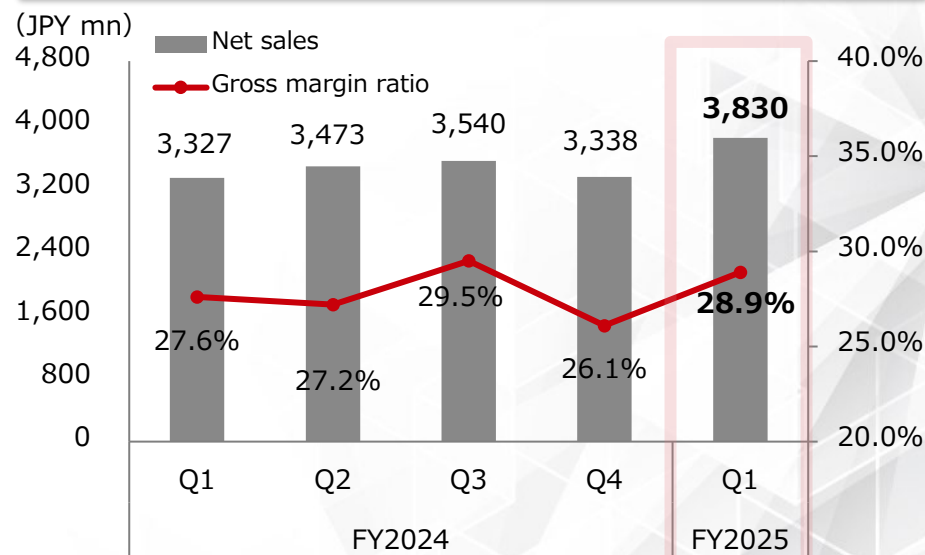


- **Quarterly record sales of ¥3.8 bn** with strong growth in console game projects, driven by larger testing capability through the test center expansion in FY2024 and **over 600 new testing equipment specialized for new hardware** procured since the end of FY2024.
- While continuing to **invest in human capital**, including raising the hourly wages of testers, we **maintained a high gross margin** through sales expansion and operational efficiency improvements.
- Amid expectations of the further development of new console game titles, we will continue to promote our unique quality methodology, DHQ (Digital Hearts Quality), **to secure further new projects.**

## Quarterly sales

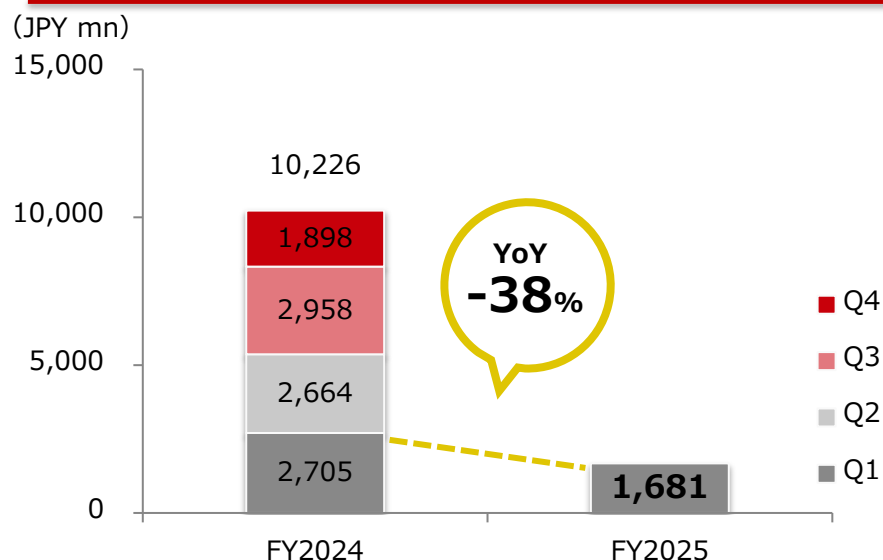


## Net sales and Gross margin ratio

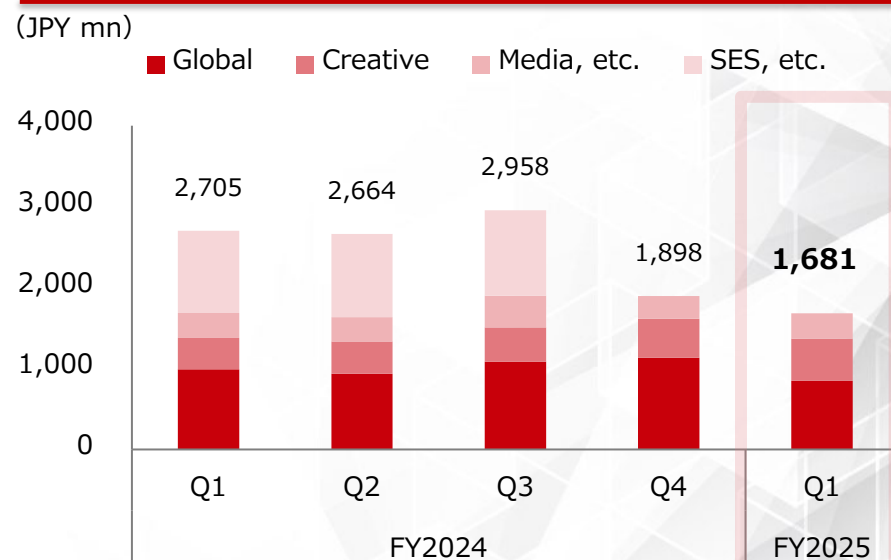


- Despite the impact of the large orders for marketing support services last year, net sales in real terms remained almost the same level as the previous year, excluding the impact of the exclusion of SES subsidiary which was sold in Q3 FY2024.
- Steadily acquired translation service orders by differentiating ourselves from competitors, including **four new large orders with over 1 million characters** for services utilizing “ella” as our innovative AI translation engine specializing in games.
- **Gross profit amount increased** due to improved profitability in creative service, etc.
- As a growth driver for the DH Group Business, we will aim for **steady sales growth in real terms from Q2 FY2025 onwards** by gaining increasing demand, mainly in translation/LQA and marketing support.

## Quarterly sales



## Quarterly sales by service

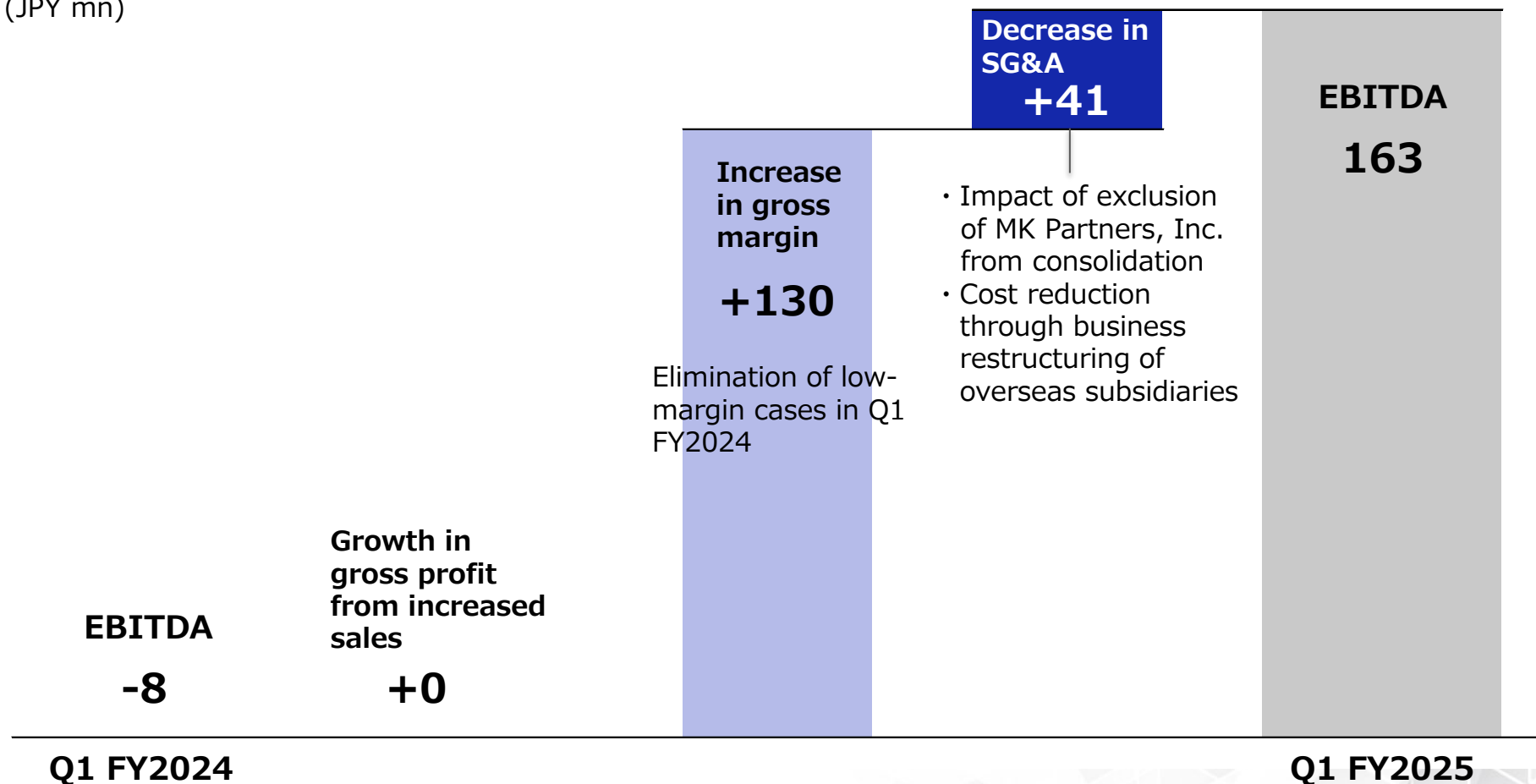


- **Sales growth in domestic QA solutions** against a backdrop of increasing demand for testing in Japan offset sluggish overseas businesses, resulting in **YoY +4% increase in sales for QA solutions** as a whole.
- Revenue in IT services and others decreased due to **the strategic downsizing** of low-profit businesses, etc.
- While **actively investing in the growth**, such as human resources including engineers and AI test tools, we strengthened cost control mainly at overseas subsidiaries and achieved **a significant profit improvement by ¥173 mn from Q1 FY2024** which included a negative impact by a certain low-profit project.

(JPY mn)	Q1 FY2024	Q1 FY2025	YoY change
<b>Net sales</b>	<b>3,913</b>	<b>3,917</b>	<b>+0.1%</b>
QA solution	<b>3,354</b>	<b>3,474</b>	<b>+3.6%</b>
IT services and others	<b>559</b>	<b>443</b>	<b>-20.8%</b>
<b>Segment income</b>	<b>-106</b>	<b>67</b>	<b>—</b>
<b>EBITDA</b>	<b>-8</b>	<b>163</b>	<b>—</b>

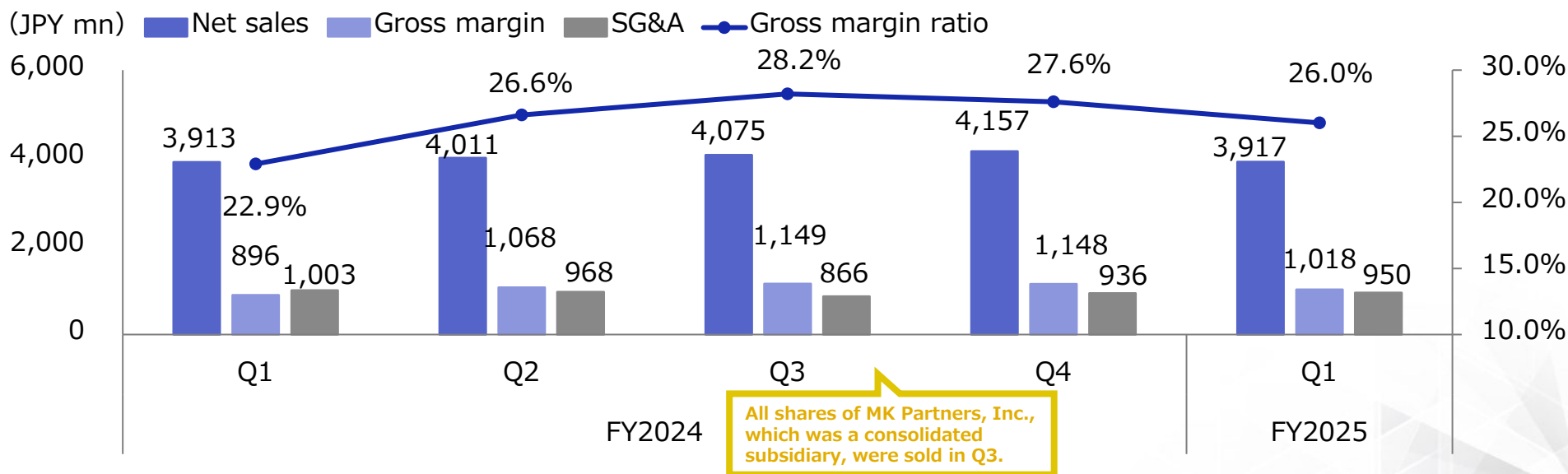
EBITDA in Q1 FY2025 improved significantly by ¥172 mn from Q1 FY2024 which had a negative impact to gross margin by a certain low-profit project, partly due to the restructuring of overseas subsidiaries.

(JPY mn)



## AGEST Group Business

### Performance Trends



### QA solution division KPI

#### Number of clients with orders(\*1/\*2)

Q1 FY2024

**707** companies

Q1 FY2025

**734** companies

Breakdown of YoY changes in number of clients with orders

Domestic +31 companies  
Overseas -4 companies

#### Annual sales per client(\*1/\*2)

Q1 FY2024

**¥18** mn

Q1 FY2025

**¥19** mn

#### Number of engineers(\*2)

Q1 FY2024

**1,060** people

Q1 FY2025

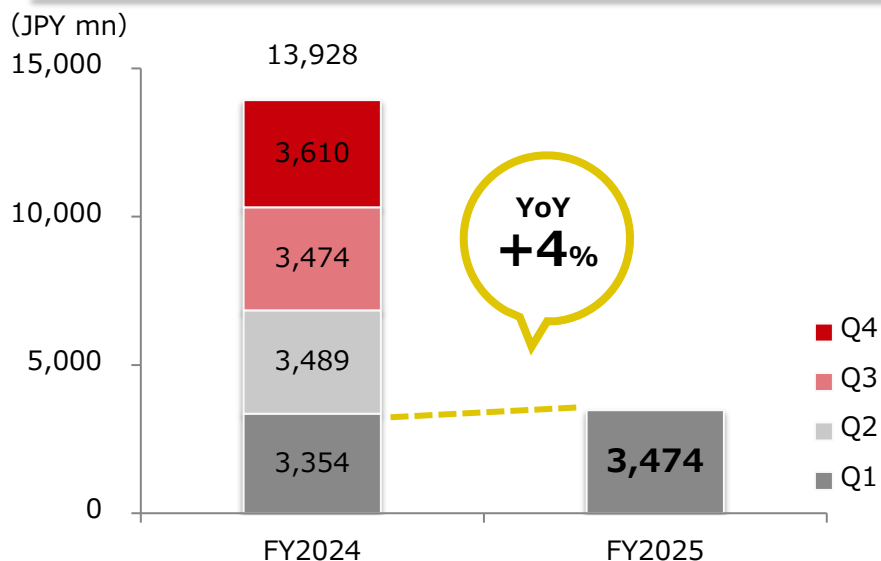
**1,083** people

Breakdown of YoY changes in number of engineers

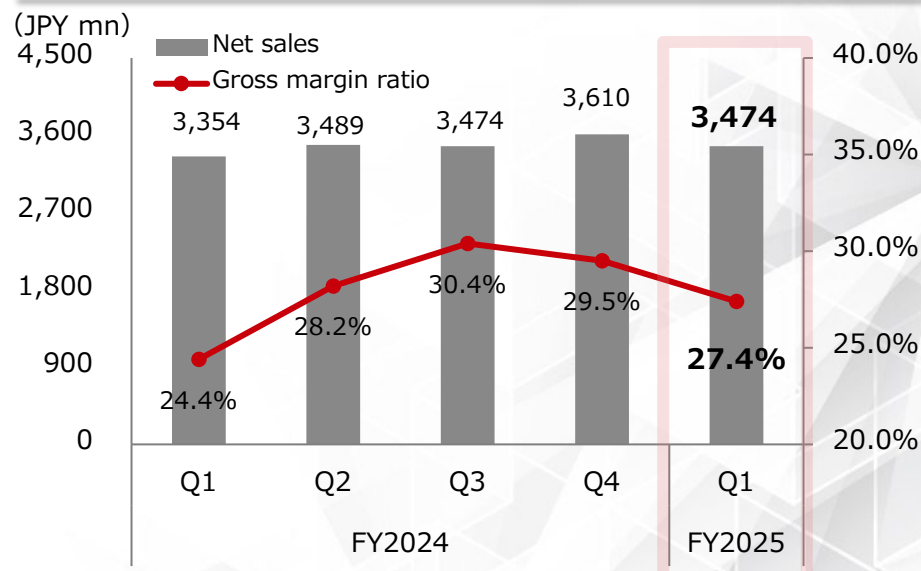
Domestic +67 people  
Overseas -44 people

- **Domestic businesses** achieved **YoY +10% sales growth**, steadily acquiring new testing projects, buoyed by favorable market conditions.
- **Overseas businesses** continued to see a decline in sales, partly due to the sale of MK Partners, Inc., but **profitability improved** mainly due to business restructuring.
- The gross profit margin remained stable at over 27%, excluding Q1 FY2024, when it temporarily declined due to a certain low-profit project. We will **accelerate growth investments in engineers and AI test tools** to further expand our business.
- We plan to officially launch our unique AI test tool, TFACT, in September 2025, and will begin **full-scale utilization of AI in testing**.

## Quarterly sales



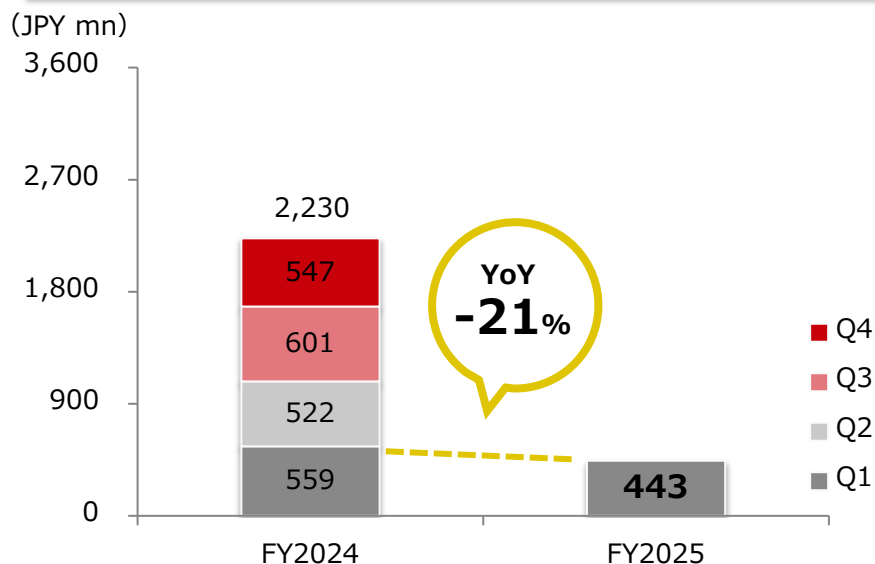
## Net sales and Gross margin ratio



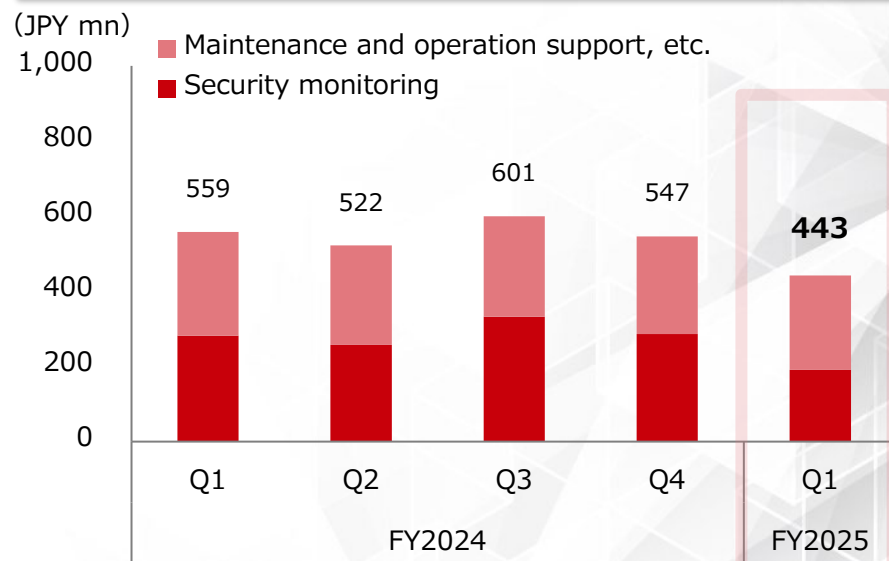
- **Strategic reduction of certain low-profit services**, such as maintenance and operation support.
- License renewal revenue declined in the security monitoring service due to **price increases on endpoint security devices** by a certain vendor.
- Expand the scope of existing vulnerability assessment services and **launch SBOM management services**. Develop a fully domestic SBOM management tool within the This fiscal year.

\*SBOM (Software Bill of Materials) refers to a structured list of OSS and other components contained in software.

## Quarterly sales



## Quarterly sales by service



# FY2025 Consolidated Financial Forecast

- **Planning sales and profit growth**, with continuous sales growth in real terms.
- DH Group is aiming to **grow both its sales and profit in real terms**, excluding the impact of the sale of a non-core subsidiary, with the strong demand due to the release of new hardware and increase in multilingual titles in the global market.
- AGEST Group is aiming **YoY +29% profit growth** with investment in HR and AI in the domestic QA solution, as **conservative plans amid preparations for Spin-Off Listing**.
- **Net Profit target of YoY +164%**, incl the impact of extraordinary losses in FY2024.

(JPY mn)	Full-year FY2024 (Actual)	Full-year FY2025 (Forecast)	YoY change	YoY change excluding the impact of the sale of a subsidiary (*)
<b>Net sales</b>	<b>39,748</b>	<b>39,750</b>	<b>+0.0%</b>	<b>+8.5%</b>
DH Group	23,906	22,870	-4.3%	+9.9%
AGEST Group	16,158	16,880	+4.5%	+4.5%
Adjustments	-316	—	—	—
<b>Operating profit</b>	<b>2,430</b>	<b>2,640</b>	<b>+8.6%</b>	<b>+11.9%</b>
DH Group	1,941	2,010	+3.5%	+7.4%
AGEST Group	488	630	+28.9%	+28.9%
<b>OP margin</b>	<b>6.1%</b>	<b>6.6%</b>	<b>+0.5points</b>	<b>+0.2points</b>
<b>Ordinary income</b>	<b>2,278</b>	<b>2,640</b>	<b>+15.9%</b>	—
<b>Profit attributable to owners of parent</b>	<b>629</b>	<b>1,660</b>	<b>+163.7%</b>	—

# DH Group Business Forecast for FY2025

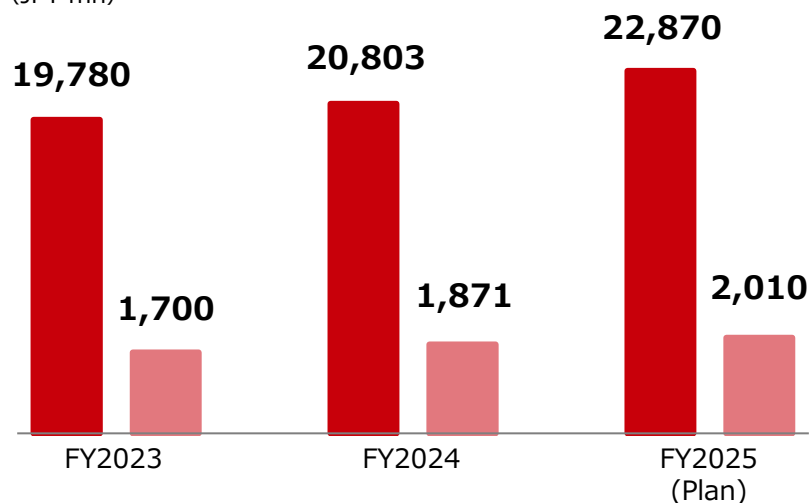
(\*excluding the impact of the sale of a subsidiary)



DIGITAL HEARTS HLDGS.

■ Net sales ■ Segment income

(JPY mn)



## ■ FY2025 DH Group Business Full-Year Forecast (excluding the impact of the sale of a subsidiary\*1)

Net sales

¥**22,870** mn

(YoY change +9.9%)

Segment income

¥**2,010** mn

(YoY change +7.4%)

\*1 In December 2024, we transferred all shares of identity Inc., a consolidated subsidiary engaged in our non-core businesses. Therefore, for the purpose of comparison, the results for FY2023 and FY2024 on this page exclude the impact of this change (FY2024 net sales of ¥3,103 mn and segment income of ¥70 mn (after consolidation)).

## ■ Key points of FY2025

1.

**To expand our core Domestic debugging division,** buoyed by the launch of Nintendo Switch 2

Test equipment  
for Nintendo Switch 2  
Already **600 units** in stock!  
(As of March 31, 2025)

2.

**Aiming the double-digit growth in global services(\*)** supporting the globalization, multi-platform, and multi-language development of games

3.

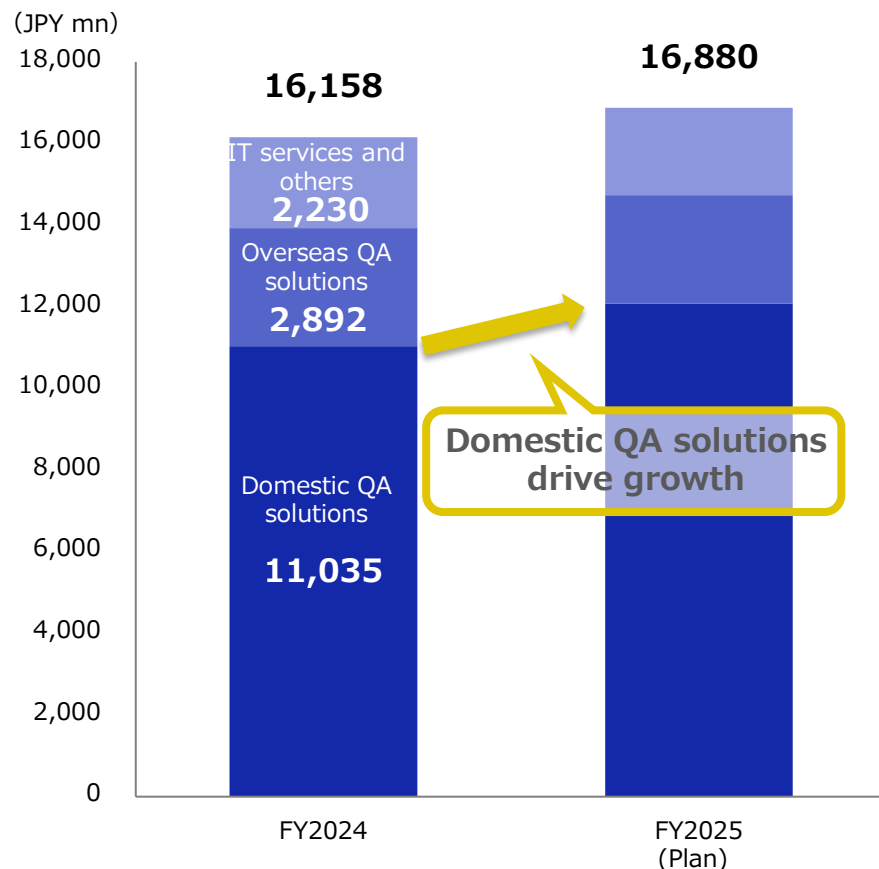
**Service expansion and new business creation by a unique talent model** through an abundant and diverse workforce with various educational backgrounds, work experience, nationalities working in a variety of ways

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

**Expand sales mainly in domestic QA solutions** by promoting the use of AI in the testing field. Aim for **significant profit growth for the second consecutive year**, while increasing the number of test engineers hired and improving average revenue per customer, along with enhanced gross profit margin driven by operational reforms launched in FY2024.

## ■ AGEST Group Business Sales Trends

## ■ FY2025 AGEST Group Business Full-Year Forecast



### Net sales

### Segment income

**¥16,880 mn**

**¥630 mn**

(YoY change +4.5%)

(YoY change +28.9%)

- AGEST Group plan to **significant sales growth in domestic QA solutions**
- Fundamental operational improvements in FY2024, with continued high gross profit margin expected in FY2025 (Gross profit margin: FY2024 **26%** → FY2025 **27%**)
- Strengthening recruitment of Next-Generation QA engineers
- Competitive advantage established by leading the adoption of AI in the testing field, supported by favorable market conditions in Japan

FY2024

FY2025(Plan)

**67 people**

**117 people**

**¥19 mn**

**¥20 mn**

Number of domestic test engineers hired

Group average annual sales per client

# Growth Strategy of DH Group Business

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(Selected section of [Presentation Material for the Fiscal Year Ended March 31, 2025]  
dated May 13, 2025.)

# Market Environment 1

## - Changes in Game Players due to Technological Advancements -



DIGITAL HEARTS HLDGS.

New styles to enjoy games and borderless communications among players, with new technological advancements such as high-speed, large-capacity communications like 5G, the blockchain technology, and so on.

### 2000s

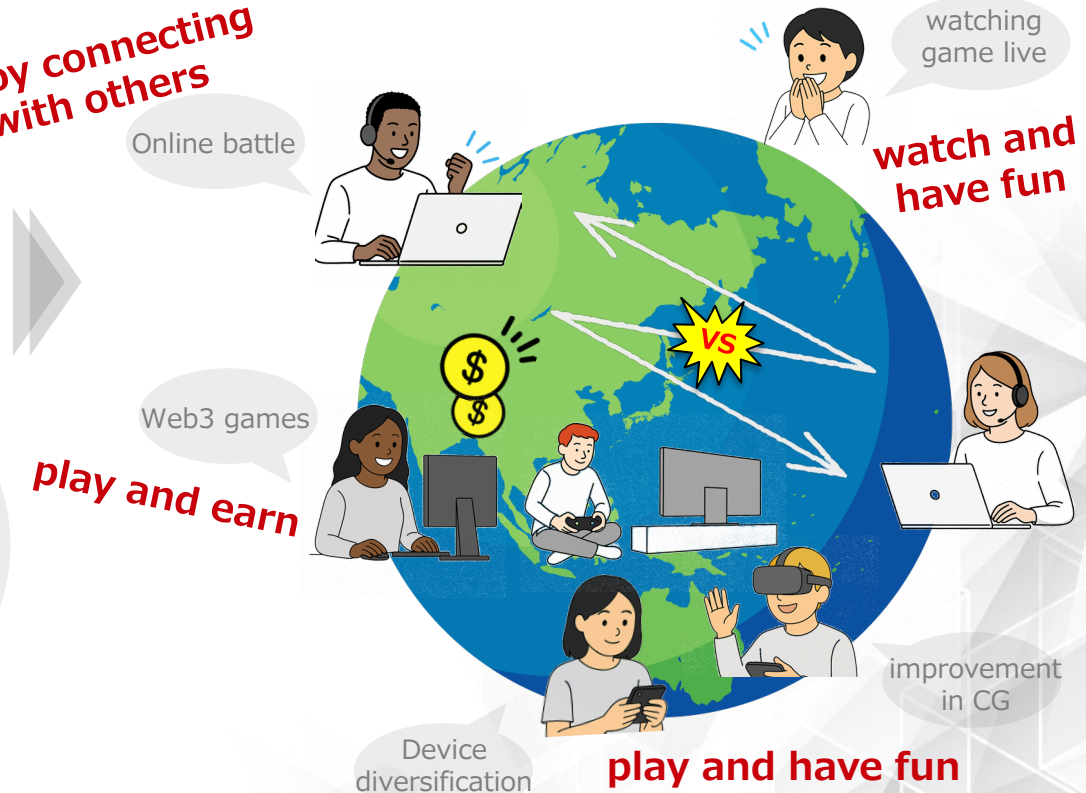
- Each country/area has its own gaming environment, and each is played in a closed environment



### 2020s

- Becoming borderless, allowing players from around the world to compete simultaneously
- New styles to enjoy games, such as watching game lives or eSports

Enjoy connecting with others



## Market Environment 2

### - Changes in Game Makers due to Technological Advancements -



DIGITAL HEARTS HLDGS.

Actively developing and launching games with a quite new level of immersion experiences and borderless environment, led by the improvements in CG, smartphone and PC specifications, and rapid advances in network technologies.

#### Views from game software makers

##### Development cost

**Rising development costs**  
due to complexity of games



\* The image is for illustrative purposes only and do not represent actual game images.

The more complex software,  
the higher risk of defects

##### Various game platforms

**Multi platform**  
has become standard



Require to verify defects on PCs and  
consoles with various specifications

##### Languages in different areas

**Multilingual support**  
has become essential



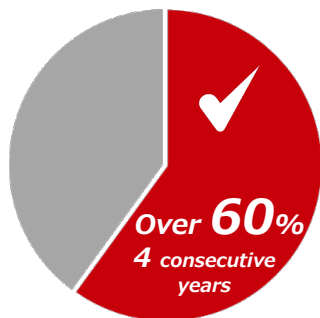
Demand of translation and voice  
recording that bring out the  
worldview and character traits

Need to launch high-quality titles without defects simultaneously on a wide range of devices and in various countries and regions, **bringing the expansion of business demand and new opportunities for DIGITAL HEARTS**

One of the few providers in the global market with a system capable of supporting multiple languages for multiple platforms, sustained by abundant business resources and deep experiences accumulated since our founding in 2001.

(As of March 31, 2025)

## 1. Overwhelming market share



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

## 4. Proven track record



Number of bug reports

Over 4 mn



Number of annual debugging projects

Over 10,000

## 2. Unique human resources



Number of registered testers

Approx. 8,000 people



Translation staff

Over 350 people  
39 countries

## 5. Proprietary AI tools

AI translation engine specializing in game

eila translation service

Translations that bring out the worldview and character of games

## 3. Abundant testing equipment



Smart devices

7,194



Game consoles

3,780

## 6. Business locations in various regions



Domestic

17 locations

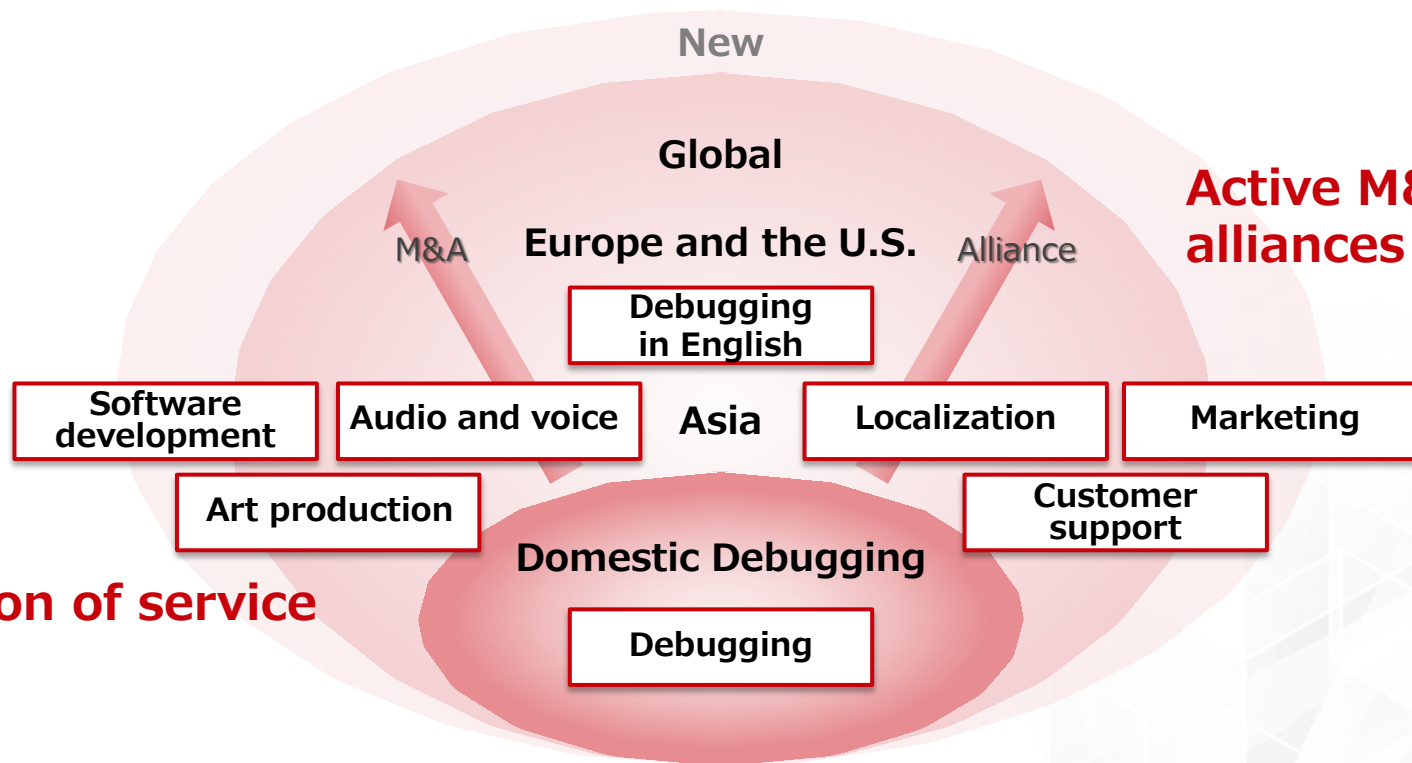
Overseas

9 locations

Growing in the global market!

Expanding its services as **one-stop solutions** to provide “high quality and speed,” to become “**Global Quality Partner**” as the global player in the world market.

## Geographical expansion



In FY2025, focusing on three initiatives based on our growth strategy to improve profitability and build a solid business foundation for future growth.

### FY2025 Action Plan

**1.**

**Expand global solutions**

**2.**

**Strengthen recruitment and training model focused on game/entertainment business**

**3.**

**Utilize AI and other technologies**

Strengthening our one-stop solutions for improving quality, based on the Japanese spirit of “meticulous attention to detail.”

## ■ One-stop solutions

Software development

Art production

Audio and voice

Localization

Debugging

Customer support

Marketing

### FOCUS1

Acquire voice recording projects in multiple languages with G-angle, a capital and business alliance partner.

 G-angle

### FOCUS2

#### Enhance “ella translation service”

to provide the multilingual simultaneous translation with a service speed and a stable quality.

中文

日本語

한국어

English



Supports translation between **17** language pairs among **8** countries

Utilizes an AI-base game translation engine

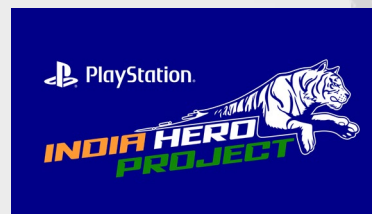
Reviewing by native staff

### FOCUS3

#### Launch the English debugging service

- Launch of services for overseas game developers through "JetSynthesys Daigital Services Private Limited", a joint venture established with a local game developer in India.

⇒We have been selected to participate in Sony Interactive Entertainment’s “Hero Project Vendor Program” in India and the Middle East and North Africa (MENA) region.



- Started English debugging in Japan by combining approximately 8,000 registered testers and native staff in Japan.

⇒Bringing “Japan quality” to the global market.

## 2. Strengthen Recruitment and Training Model

Strengthening our human resources base to provide high value-added solutions that only people with expertise in game entertainment can provide.

- Expand **corporate awareness among Generation Z** through eSports and its official VTuber.
- Continuing to hire people regardless of educational background or career history, including core gamers, part-time workers, and people with experience of social withdrawal.

### FY2024 Town Meeting

- Meetings held in FY2024: **16 times**
- Total participants: **139 people**
- Venue: Hatsudai HQ office and Sasazuka Lab., Tokyo Lab., Sapporo Lab., Sendai Lab., Sapporo Odori Lab.

- **Top messages** to employees and **Town meetings** with top management
- **Promotion from part-time** to full-time employees and reviews of **evaluation/pay raise system**

Recruitment  
power

Retention

Diverse  
careers

### FY2024 Challenge Program

- Secondment to group companies to India : **2** persons  
to China : **1** person  
to South Korea : **1** person
- Transfer to different department to domestic sales : **3** persons

- **DH Executive Fellow System**
- **Challenge Program** that enables career change

## Unique human resources with expertise in games and entertainment

Rather than relying on so-called “engineers,” utilizing a diverse range of talent, including game enthusiasts, to support our clients’ global expansion with a focus on the “quality” linked with the worldviews and characters for each game title.

### Step1

## Hiring game/entertainment enthusiasts, regardless of educational background or work experience

- Initially hired as a part-time staff member and our small team structure allows even those with no experience to improve their skills through practical experience



Gamer



Former  
engineer



Foreigners



Musician



Voice  
actor



With experience  
of withdrawal etc...



### Step2

## Establish career paths that enable employees to choose careers that match their aspirations

Expert  
debugger

Translation  
experts

Team  
Manager

Administrative  
staff

Sales  
representative  
etc...

“**DH Executive Fellow System**” provides the highest position for professionals, same as an executive officer

“**Challenge program**” allows for transfers to other departments, such as overseas subsidiaries or sales positions

AI translation engine “ella” will be revolutionizing, by expressing “Emotion” in the translation of games, which has been said to be impossible in machine translation.

**ella** translation  
service

Over **70** orders received,  
including ongoing trial projects!  
(As of April 30, 2025)

#### ■ 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. (\*1)
3. Securing high quality through **reviews by native staff who are familiar with game titles** and do not compromise on “Entertainment Quality”.

#### ■ Supported Languages

**All 9 languages launched in February 2025!**

Asia : Japanese / Chinese(Simplified / Traditional) / Korean

Europe and America : English / French / Italian / German / Spanish



Actively utilizing M&A and alliances to expand business areas.

### Solution enhancement



Localsoft, S.L.

Business partnership with  
Spanish localization company



G-angle Co., Ltd.

Capital and business alliance with  
a company engaged in game  
audio recording business, etc.

### New challenges for creating new businesses



81RAVENS PTE. LTD.

Investment in the  
development and operation  
company of the P2E game  
"PARAVOX"



TOKYO GameFi, Inc.

Investment in the company  
engaged in Web3 business



Fennel Co., Ltd.

Investment in the company  
that manages eSports  
teams, etc.



Turing Inc.

Investment in a company  
developing fully autonomous  
vehicles utilizing AI



## Medium-Term Targets

## FY2024 results



### Sales growth rate

\*Including M&A

YoY  
Over **+10%**

YoY  
**+1.8%**

(Excluding the impact of the sale of subsidiary:  
**+5.2%**)



### Global service sales growth rate

\*Net sales from translation and LQA, marketing support, and overseas debugging

YoY  
Over **+20%**

YoY  
**+19.5%**



### Operating income margin

Over **10%**

**8.1%**

(Excluding the impact of the sale of subsidiary:  
**9.0%**)



### ROIC over15%

\* Calculated by  
$$\text{ROIC} = (\text{EBITDA} \times (1 - \text{Effective tax rate})) \div (\text{Interest-bearing debt} + \text{Shareholders' equity})$$

Over **15%**

**16.1%(\*1)**

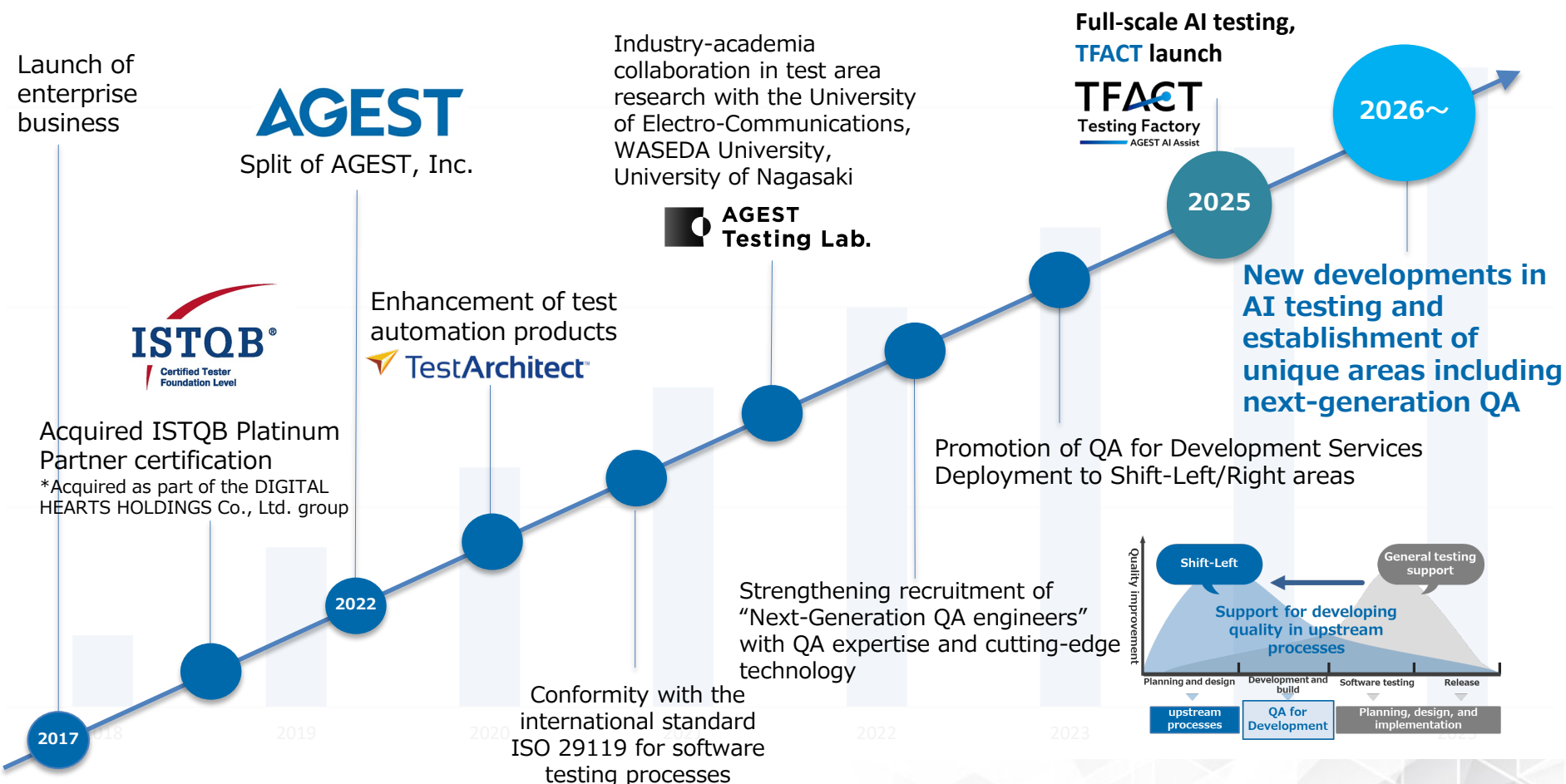
\*1 ROIC figures are calculated based on the consolidated results of the Company, including the AGEST Group Business.

# Growth Strategy of AGEST Group Business

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(Selected section of [Presentation Material for the Fiscal Year Ended March 31, 2025]  
dated May 13, 2025.)

Since 2017, we have transitioned from providing manual testing support on a man-month basis to offering automation tools and QA services for upstream development processes. Looking ahead, we will aim to become the de facto standard in AI testing by leveraging our experience and technical expertise as a QA specialist.



Recruitment of engineers for domestic QA solutions remained strong, with significant improvements in recruitment efficiency driven by initiatives such as strengthened referral hiring. In parallel, we enhanced both next-generation QA and AI-driven QA R&D, establishing a cutting-edge quality technology platform.

We also reinforced our sales structure to support continued strong sales growth.

## Engineer recruitment

Engineer recruitment is progressing well. We are systematizing the acquisition of low-cost hires through enhanced referral recruitment and branding. We will accelerate the recruitment of QA engineers.

Referral  
recruitment

Branding

Division-led  
recruitment

Next-generation  
QA career

**FY2022**

**FY2024**

recruitment  
unit price

¥1.5 mn

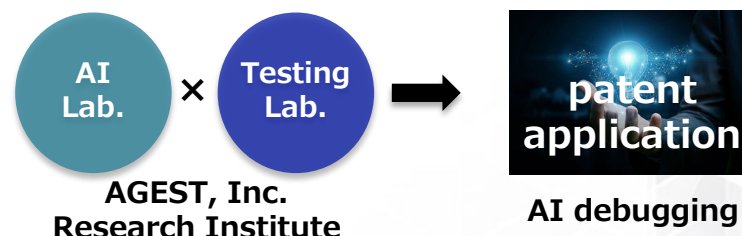


¥1.0 mn

**Reduced recruitment costs by  
33% in two years**

## Technology

AGEST, Inc. will release new services sequentially through its research and development organization. In addition, we will actively acquire patents to establish a technological foundation.

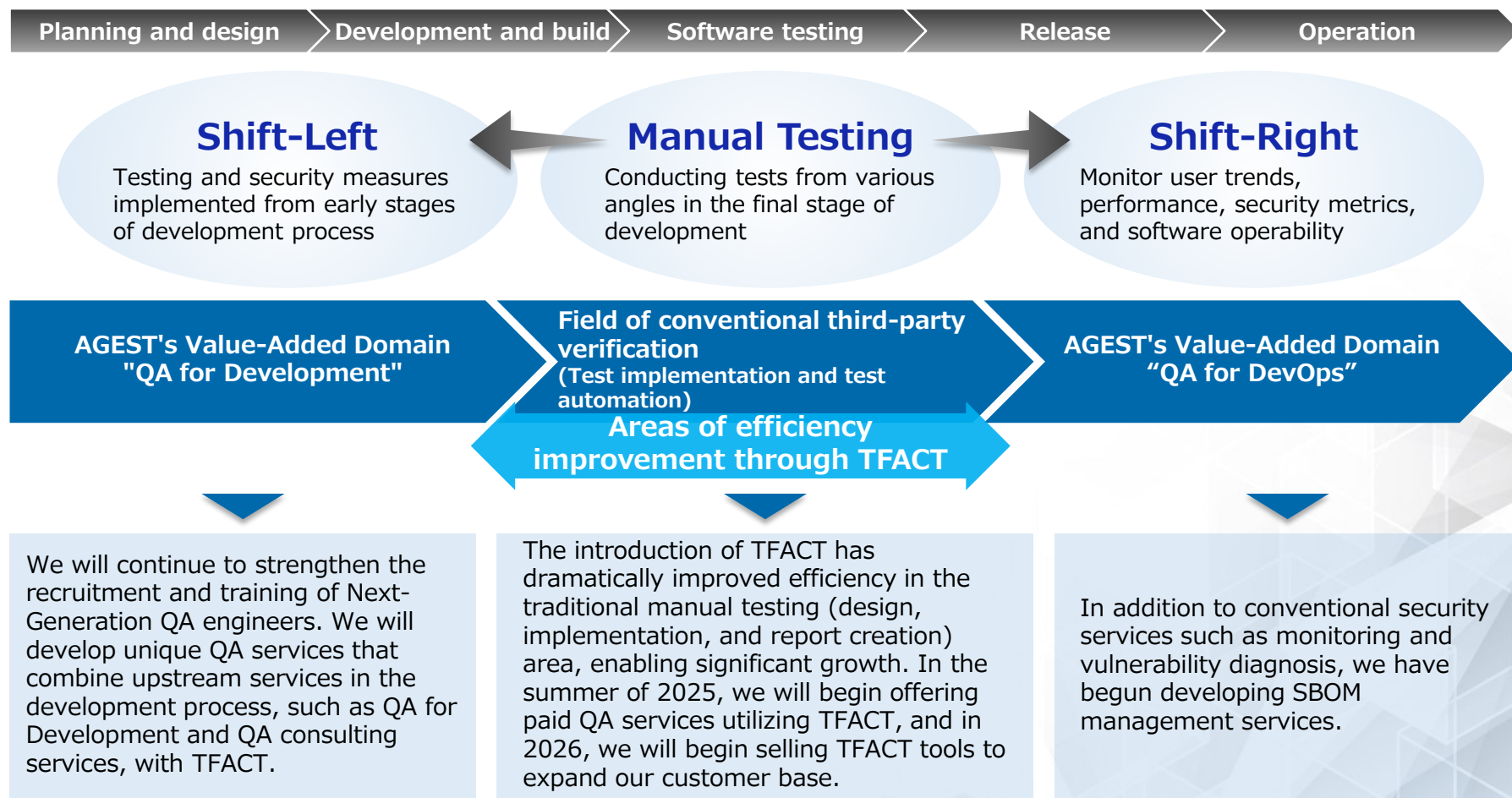


## Sales

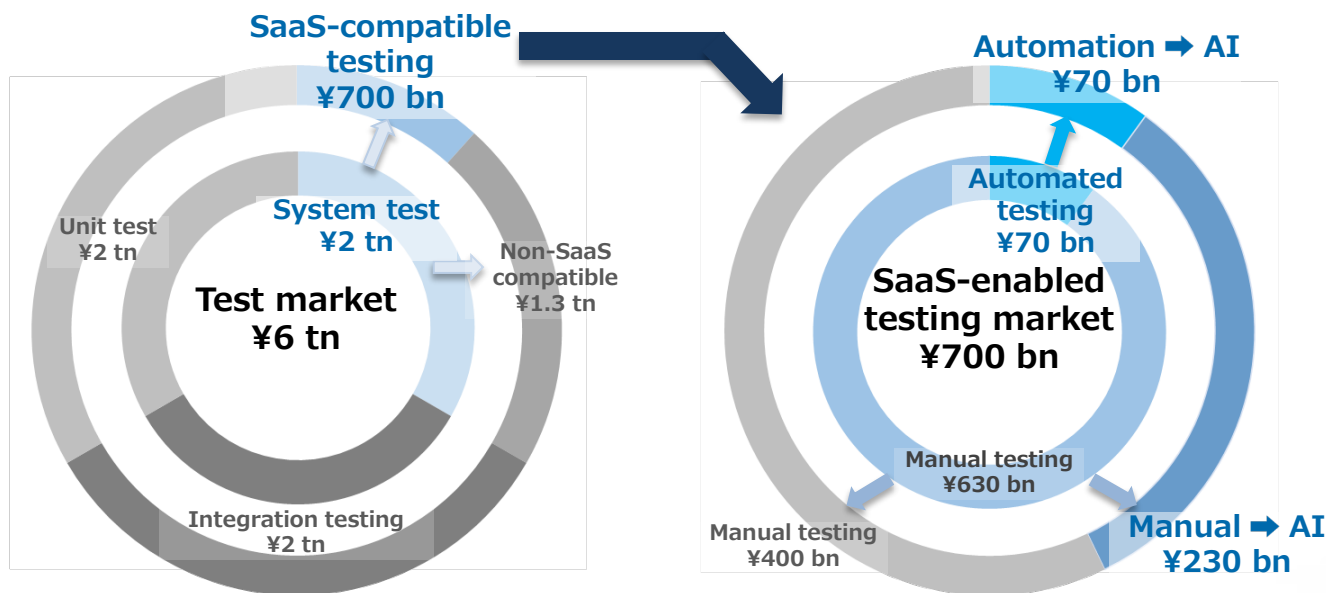
We will strengthen our sales structure, focusing on domestic QA solutions. By expanding both inside and field sales, we aim to streamline and maximize efficiency from lead to order.

	<b>FY2024</b>	<b>FY2025(Plan)</b>
Number of sales staff	35 people	56 people

We will continue to strengthen our team of Next-Generation QA engineers. By leveraging TFACT, we aim to improve efficiency in manual testing such as design and implementation. We are committed to establish distinctive QA services by enhancing each area of our expertise.



**TFACT's estimated market potential is 300 billion yen.**  
**By continuously expanding test coverage and enhancing functionality, we aim to**  
**dominant share of this market.**

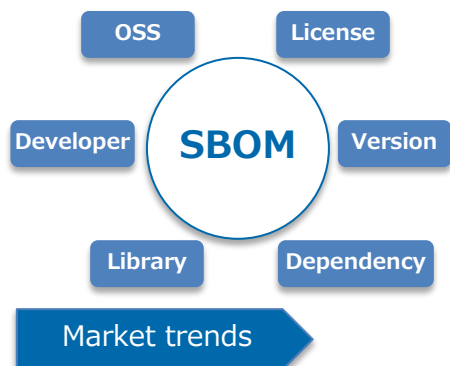


The market for TFACT support using current functions is estimated to be 300 billion yen. We will promote market penetration by developing services that combine manual testing and AI testing, and aim to become the de facto standard in the market through significant expansion through tool sales and other means.

System testing is estimated to be a 2 trillion yen market, while SaaS-compatible testing that can be executed on UI, such as web and app testing and some business systems, is estimated to be 700 billion yen.

The market for automated testing in SaaS-compatible testing is approximately 10% (70 billion yen). This market may transition to AI testing. The remaining 630 billion yen is currently stuck in manual testing due to reasons such as "implementation costs," "specialized expertise," "script creation time," and "insufficient input documents such as specifications." TFACT addresses each of these challenges and will be able to convert approximately 40% (230 billion yen) out of the market 630 billion yen to AI testing.

**Expand the scope of existing vulnerability assessment services and launch SBOM management services. Develop a fully domestic SBOM management tool within the current fiscal year. Launch services in 2026 with the goal of expanding our capabilities the Shift-Right area.**



SBOM is a "Software bill of materials" that lists the OSS and various components included in software. It clarifies the "Name," "Version," "Developer," and other information about OSS. AGEST provides SBOM creation, license management, comparison and analysis with the latest vulnerability information, and other services to help customers improve development productivity and strengthen security.

## ■ Security enhancement policies utilizing SBOM in various countries



Promoting the use of SBOM by executive order



EU Cyber Resilience Act mandates SBOM creation

## ■ The market size of SBOM management services globally is growing at a high **CAGR of 24%** (\*1)

## ■ Promotion of SBOM utilization by government ministries and industry groups within Japan



Ministry of Economy, Trade and Industry: Publication of SBOM demonstration project and usage guidelines  
Ministry of Internal Affairs and Communications: Launch of demonstration project for SBOM introduction  
Other ministries and agencies are also actively considering the use of SBOM.

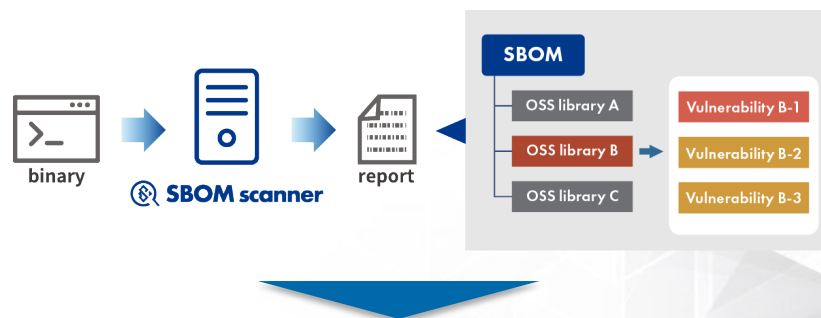
## ■ Although various companies in Japan are considering utilizing this technology, its introduction has not progressed significantly

**SBOM adoption rate in Japan: 14%** (\*2)

## AGEST Initiatives

### SBOM Vulnerability Regular Report Service

AGEST was one of the first companies to develop SBOM management services for IoT devices. It generates SBOMs from binary files such as firmware for IoT devices and comprehensively manages vulnerability information.



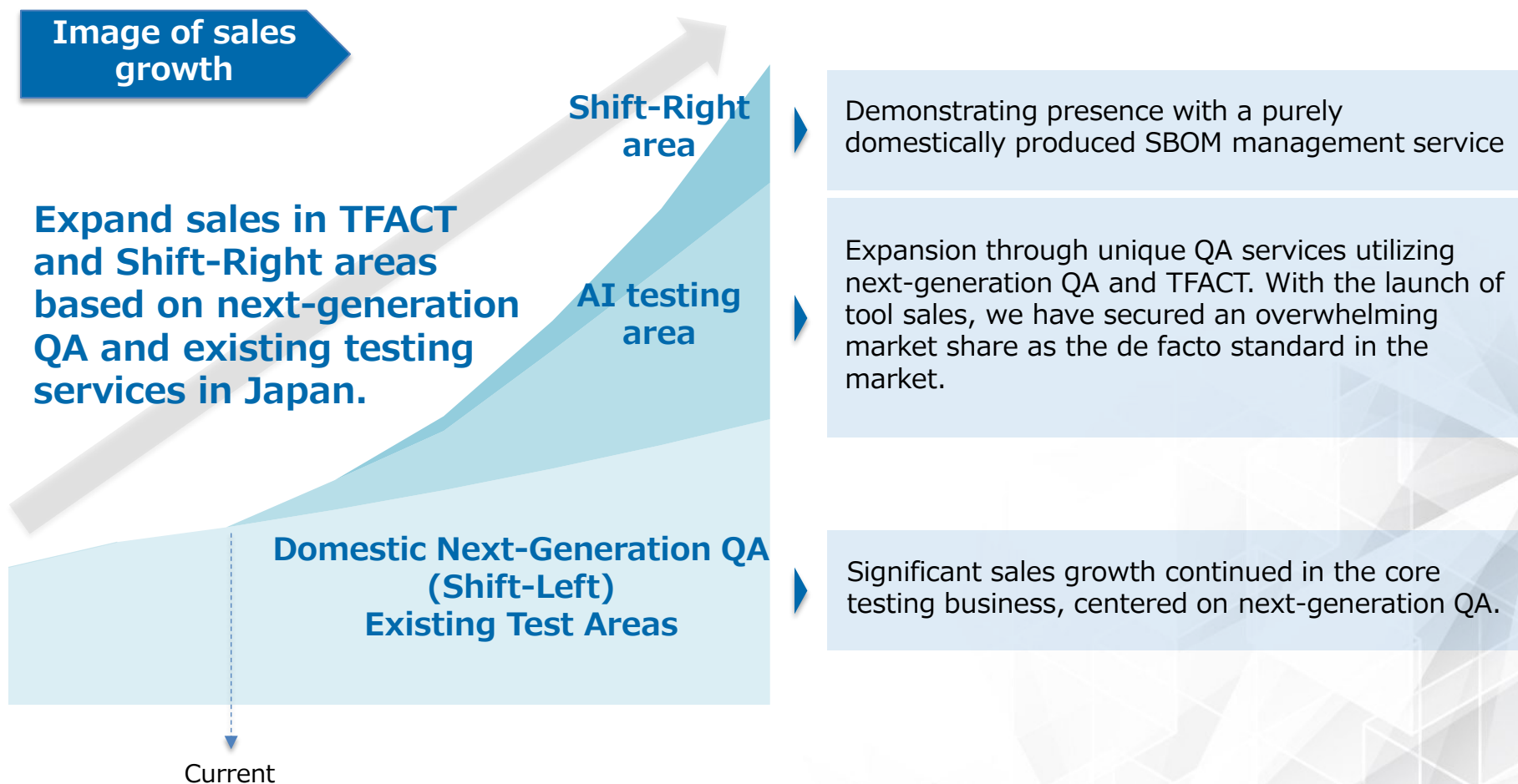
AGEST will launch SBOM management services in the areas of web systems, servers, and business systems, in addition to IoT and embedded devices.

AGEST aims to establish the No. 1 SBOM management service in Japan by developing tools that address issues associated with implementation in Japan.

\*1 Source: QYResearch "Global Software Bill of Materials (SBOM) Market Insights, Forecast to 2030"

\*2 Source: Tanium Inc. "Survey Results on the Current Status of SBOM in Japan"

In addition to expanding our core next-generation QA services in Japan, we will drive further growth by increasing market penetration and tool sales of TFACT, as well as by launching SBOM management services in the Shift-Right domain.



# Appendix

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Our mission

## SAVE the DIGITAL WORLD

Market environment

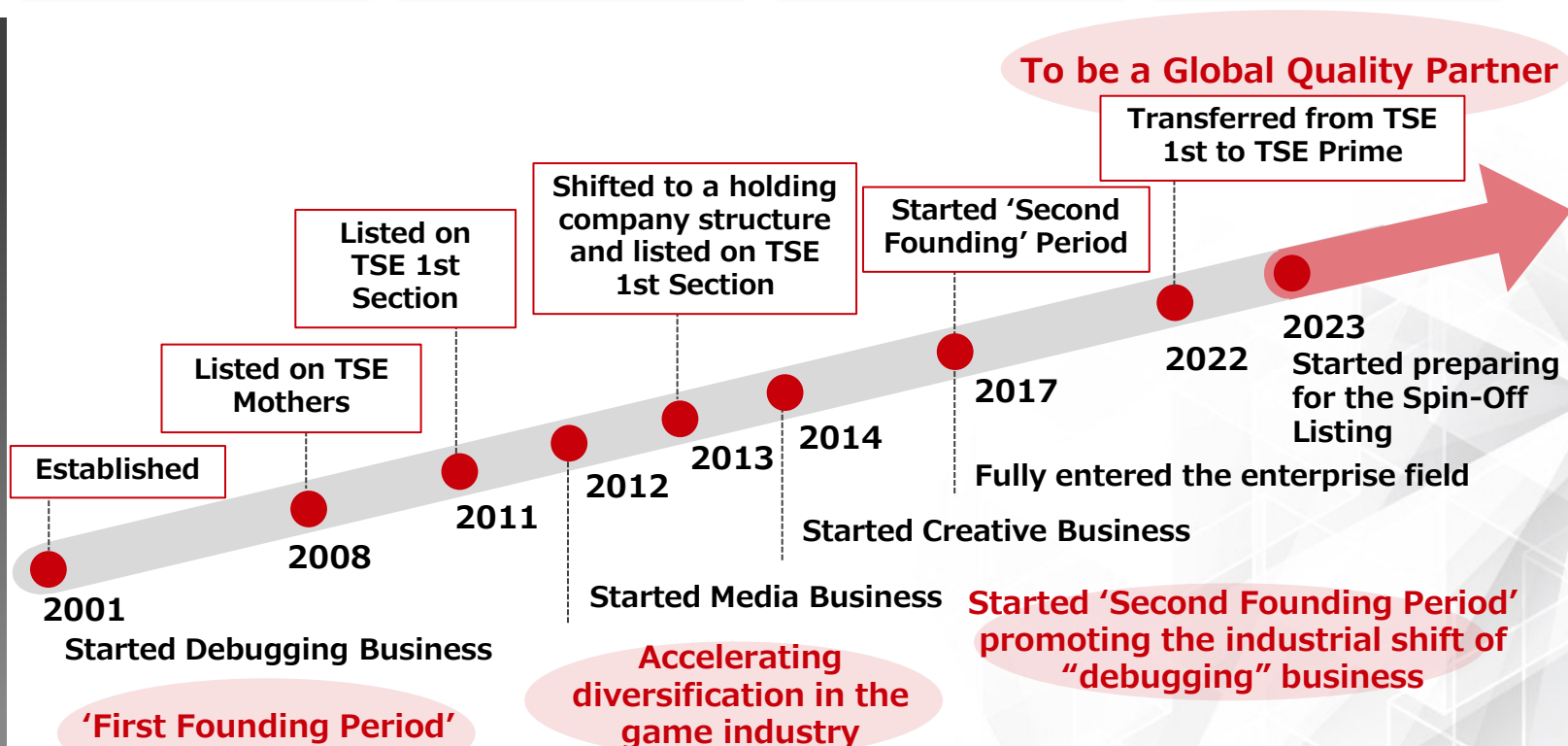
Growth of console game market

Growth of mobile game market

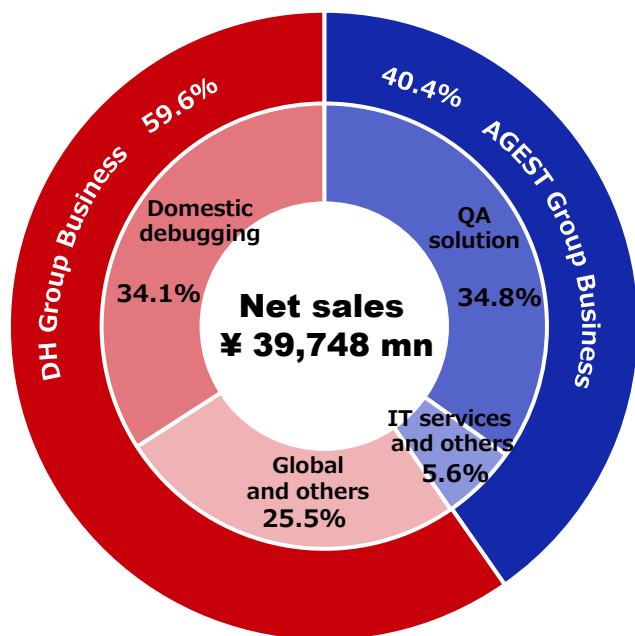
Expansion of IoT

Expansion of DX

History



## Our core business: Debugging and QA(Quality Assurance)



## Sales breakdown by segment (FY2024)

\*Segments include inter-company sales and/or transfers.

DH Group Business	Domestic debugging	34.1%	<ul style="list-style-type: none"> <li>➤ Debugging for console games, mobile games, etc.</li> </ul>
	Global and others	25.5%	<ul style="list-style-type: none"> <li>➤ Translation, LQA*, and localization for game software</li> <li>➤ Marketing support for game launching in overseas markets</li> <li>➤ Game development and CG development</li> <li>➤ Game information site "4Gamer.net"</li> </ul>
AGEST Group Business	QA solution	34.8%	<ul style="list-style-type: none"> <li>➤ Testing for business systems incl. online</li> <li>➤ Support for test automation</li> <li>➤ Security test</li> <li>➤ Introduction of ERP and CRM</li> <li>➤ System development</li> </ul>
	IT services and others	5.6%	<ul style="list-style-type: none"> <li>➤ Security monitoring</li> <li>➤ IT support</li> </ul>



## DIGITAL HEARTS HLDGS. (Holding Company)

(As of June 30, 2025)

### DH Group Business

#### **DIGITAL HEARTS Co., Ltd.**

Game debugging for Japanese game makers,  
Localization, etc.

#### **DIGITAL HEARTS CROSS Group**

Marketing support, etc.

#### **DIGITAL HEARTS (Shanghai) Co., Ltd.**

Game debugging, Localization, etc.

#### **DIGITAL HEARTS Seoul Co., Ltd.**

Game translation, Marketing support, etc.

#### **Digital Hearts Linguitronics Taiwan Co., Ltd.**

Game translation

#### **JetSynthesys Digital Services Private Limited**

Game debugging for overseas game makers

#### **FLAME Hearts Co., Ltd.**

Game development and CG content development

#### **Aetas, Inc.**

Operation of a game information site, "4Gamer.net"

### AGEST Group Business

#### **AGEST, Inc.**

System testing, Cyber-security, etc.

#### **AGEST Vietnam Co., Ltd.**

System testing, Test automation support

#### **LOGIGEAR CORPORATION**

System testing, Test automation support

#### **DEVELOPING WORLD SYSTEMS LIMITED**

Introduction and maintenance support for Oracle products

#### **CEGB Co., Ltd.**

SAP implementation and operation support, system development support, etc.

#### **GPC K.K**

SAP/ERP implementation support, System development, etc.

(As of June 30, 2025)



# Consolidated Financial Statement

(JPY mn)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Former*)	FY2023 (Current*)	FY2024
Net sales	17,353	19,254	21,138	22,669	29,178	36,517	38,790	38,790	39,748
DH Group Business (Former Entertainment Business)	15,568	15,951	16,115	15,647	17,687	19,815	19,180	23,488	23,906
AGEST Group Business (Former Enterprise Business)	1,892	3,302	5,022	7,021	11,491	16,840	19,714	15,975	16,158
Adjustments	-108	-0	-	-	-	-138	-105	-674	-316
Operating income	1,735	1,605	1,394	1,908	2,696	3,000	2,039	2,039	2,430
DH Group Business (Former Entertainment Business)	2,966	3,086	2,964	3,077	3,668	4,214	3,325	1,734	1,941
AGEST Group Business (Former Enterprise Business)	-14	-226	-67	188	645	639	423	305	488
Adjustments	-1,215	-1,254	-1,503	-1,356	-1,616	-1,853	-1,709	-	-
Operating income margin	10.0%	8.3%	6.6%	8.4%	9.2%	8.2%	5.3%	5.3%	6.1%
DH Group Business (Former Entertainment Business)	19.1%	19.3%	18.4%	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	1,200	1,575	792	974	1,778	799	176	176	629
Total assets	8,575	9,832	10,637	14,338	17,610	19,581	21,103	21,103	19,949
Current assets	6,732	7,403	7,453	9,744	10,392	12,528	13,526	13,526	14,069
Cash and deposits	3,894	4,197	3,739	5,076	5,208	6,456	6,858	6,858	7,593
Noncurrent assets	1,842	2,428	3,183	4,593	7,217	7,052	7,576	7,576	5,880
Goodwill	150	481	1,027	2,467	4,588	3,468	2,313	2,313	1,035
Total liabilities	5,005	4,819	5,198	8,024	10,044	10,107	12,250	12,250	10,688
Interest-bearing liabilities	2,627	2,272	2,553	4,797	5,590	5,127	7,133	7,133	5,249
Total net assets	3,570	5,012	5,438	6,314	7,566	9,474	8,852	8,852	9,260
Shareholders' equity	3,369	4,791	4,922	5,691	6,991	8,806	8,415	8,415	8,953
Shareholders' equity ratio	39.3%	48.7%	46.3%	39.7%	39.7%	45.0%	39.9%	39.9%	44.9%
Net cash	1,266	1,924	1,186	278	-382	1,328	-275	-275	2,343
Debt Equity Ratio	0.8	0.5	0.5	0.8	0.8	0.6	0.8	0.8	0.6
Net cash provided by operating activities	1,436	889	1,086	1,416	3,077	2,850	1,759	1,759	3,119
Net cash used in (provided by) investing activities	-618	62	-1,018	-1,813	-2,537	-1,903	-2,369	-2,369	-5
Net cash provided by (used in) financing activities	-250	-693	-515	1,730	-546	141	934	934	-2,555
ROE	40.0%	38.6%	16.3%	18.4%	28.0%	10.1%	2.1%	2.1%	7.2%
Dividend Payout Ratio	20.9%	18.0%	38.6%	31.0%	18.2%	57.5%	264.5%	264.5%	81.4%

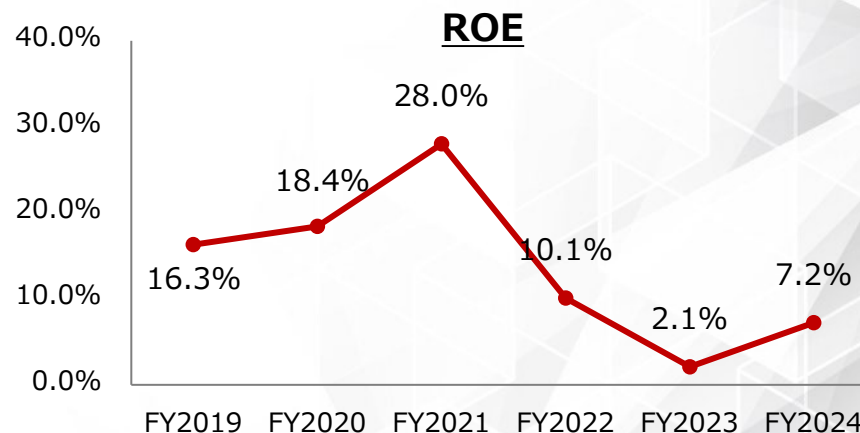
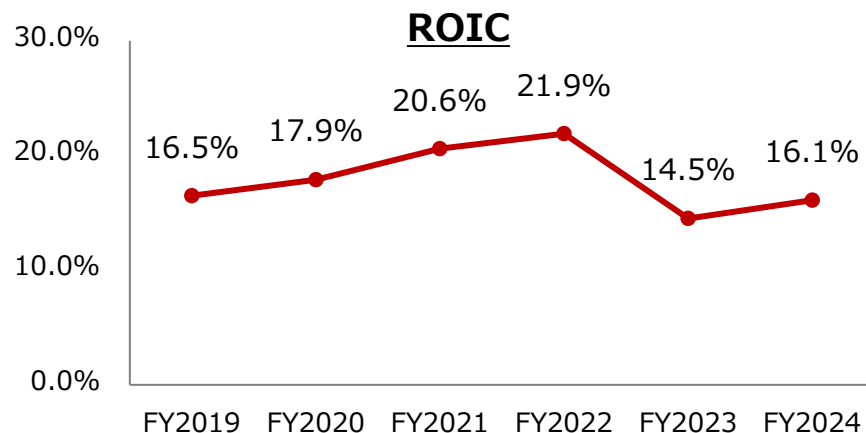
\*We have changed the disclosed segments from FY2024. The results by segment in the above list are based on the current disclosed segments only for FY2023 and FY2024. The segment results for FY2022 and earlier years are based on the former segment definition.



## Basic policy

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.

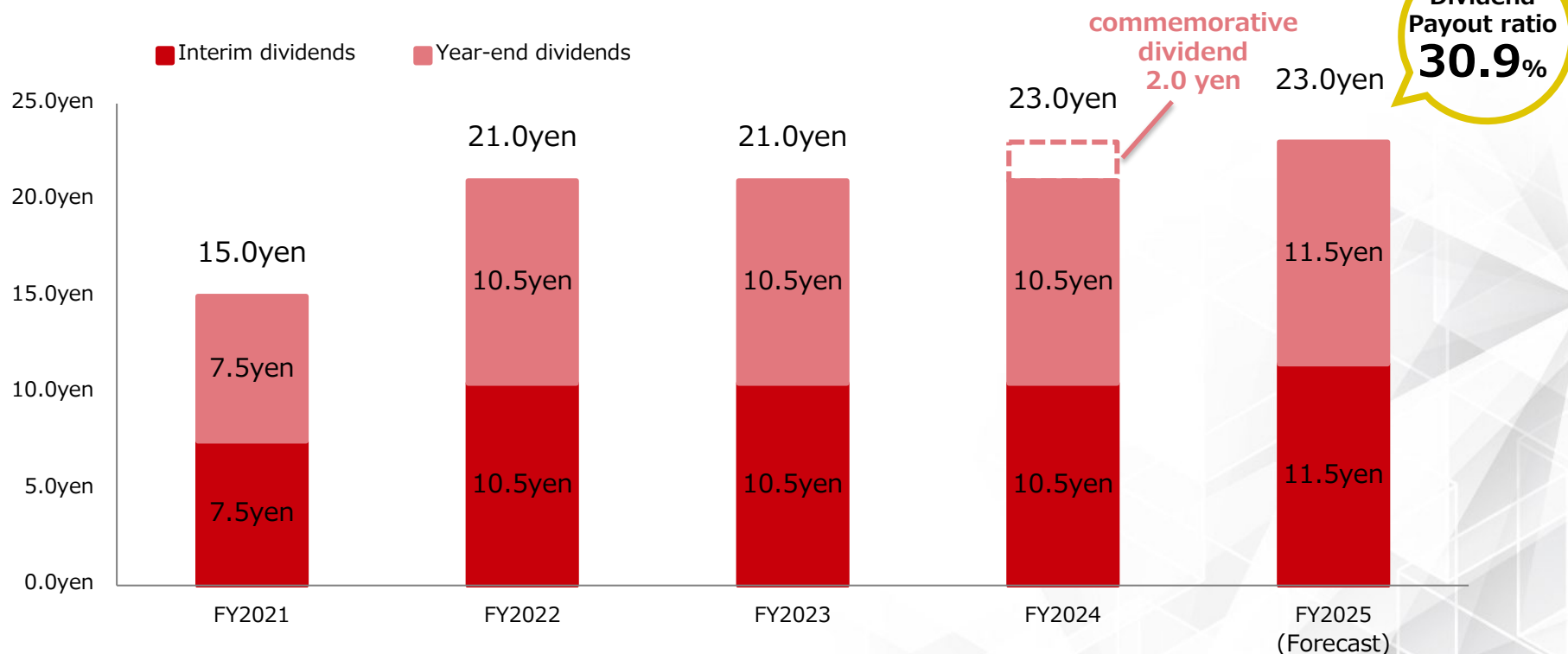
## ROIC and ROE



## Basic Policy to Return Profits to Shareholders

While securing sufficient internal reserves to invest in business growth and strengthen our management structure, stable dividends to shareholders with a payout ratio of 20% as the minimum target

## Changes in dividends





## Major risks

## Countermeasures

### 1. Leakage of confidential information

- Prohibiting staff members from bringing personal items into the test room
- Physical security measures including access control with fingerprint authentication and the installation of security cameras
- Introduction of a personal reference system that applies to all registered testers

### 2. Obsolescence of existing services by technological innovation

- Focusing on the application of the latest technologies, including a test automation and AI Utilization
- Developing new services to improve added value

### 3. Reduction of productive population in Japan

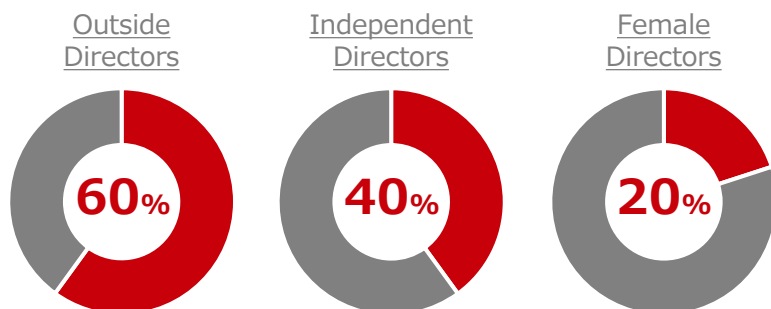
- Developing internal training programs that will enable the active participation of members with diverse generational, racial, and other backgrounds
- Strategically acquiring human resources through our overseas offices

### 4. Expansion of corporate acquisition and new businesses

- In-depth market research and due diligence
- Reducing risks by building a system for appropriate business management after acquisition

## Board of Directors

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



## Audit & Supervisory Board

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

## Investment Committee

Implement appropriate investment with a certain discipline by deliberating in advance for large scale investments including M&As.

## Risk Management Committee

Identify risks and formulate countermeasures on a cross-group basis.

**Ratio of female managers \*1**

**18.9%**

**Ratio of foreign employees \*2**

**11.2%**

**Ratio of employees with disabilities \*3**

**2.6%**

\*1 Reporting target: The Company and all of consolidated subsidiaries in Japan and overseas

\*2 Reporting target: The Company and all of domestic consolidated subsidiaries

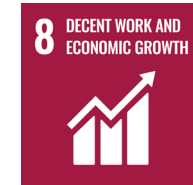
\*3 Reporting target: DIGITAL HEARTS HOLDINGS Co., Ltd., DIGITAL HEARTS Co., Ltd., AGEST, Inc., DIGITAL HEARTS PLUS Co., Ltd.

## Our Major Initiatives and Sustainable Development Goals (SDGs)

### Human resource

#### To resolve the shortage of IT human resource

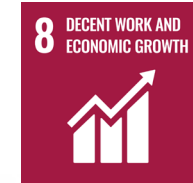
- Internal support system for obtaining software test certification of “ISTQB”.
- Provides world-class test engineer training programs at its unique educational institution, AGESt Academy



### Human resource

#### Workplace for diverse human resources

- Provide workplaces for diverse people such as students, part-timers, young actors and musicians, and people with disabilities at test centers with over 3,000 people every day.
- Employ foreign nationalities of more than 35 countries/areas, such as Asia, Europe and the U.S., who engage in translation/linguistic debugging service, etc.



### Technology

#### To realize a secure and safe digital society

- Established AGESt Testing Lab., a unique technology research institute, to promote research on new testing techniques to support a constantly evolving software society through industry-academia collaboration.
- Develop original unique tools and business solutions by utilizing AI.



### Communities

#### To revitalize local community and resolve IT disparities

- Create jobs throughout nationwide test centers (Lab.) and promote teleworking/work-from-home style by Remote Debugging service.





Terms	Definition
System Testing	This is a term used in our Enterprise Business and the same meaning of software testing. System testing comprises detection of system bugs for enterprise resource planning (ERP) software, websites, business apps, etc.
Debugging	This is a term used in our Entertainment Business. We run tests and find software bugs from the perspective of the user. Debugging generally refers to the identification and correction of errors, but we specialize in identifying and reporting them. Mobile games comprise two-thirds of our debugging requests, with console games making up the other third.
QA	An abbreviation for Quality Assurance. It includes both of software testing and game debugging.
LQA	An abbreviation for Linguistic Quality Assurance. LQA focuses on finding and fixing in-game linguistic errors that occur when translating from a foreign language.
Shift Left	This is the concept about software development process. The idea is to implement testing and security measures early in the total development process. By making it smaller to have a development rework due to bugs and vulnerabilities, it is expected to speed up and secure the entire development cycle.
Shift Right	A method to continuously improve the software quality by utilizing data obtained from user operations after software release.
QA for Development	It is the name for our original services, which are high-value-added solutions to support “Shift Left”.
DHQ	DHQ, as Digital Hearts Quality, shows our unique QA methods and code of conduct that defines our commitment to client success.
Tester	Staff members who carry out debugging. Most of our testers are registered part-time workers. Some are trained to work as test engineers or cybersecurity specialists.
Next-generation QA engineer	The highest-class QA engineer with knowledge of both software development and testing to contribute to client’s service quality improvement for all from development to post-release.
Console Games	A game played using dedicated hardware such as the Nintendo Switch or PlayStation.



DIGITAL HEARTS HLDGS.

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