



February 18, 2022

Company name:	DIGITAL HEARTS HOLDINGS Co., Ltd.
Name of representative:	President and CEO Yasumasa Ninomiya (Code number: 3676, First Section of the Tokyo Stock Exchange)
Contact:	Executive Vice President Toshiya Tsukushi and CFO, Director (TEL: +81-3-3373-0081)

Notice of the Stock Acquisition of CEGB Co., Ltd.
(Conversion into a Consolidated Subsidiary)

DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the “Company”) announces that it passed a resolution at its Board of Directors’ Meeting held today to convert CEGB Co., Ltd. (“CEGB”) to a subsidiary through the acquisition of all shares of CEGB.

Details are as follows:

1. Reason for stock acquisition

To provide comprehensive service for software "quality improvement," our group is currently focused on expanding our System Testing business to detect defects of enterprise systems and provide a variety of services, including manual testing by leveraging our human resource pools, test automation services, and security testing. In particular, in the ERP (Enterprise Resources Planning) field, as a service partner of SAP, to support the introduction and operation of SAP in client companies, we provide comprehensive testing solutions for SAP by utilizing tools such as ‘Panaya’ for impact analysis and ‘Worksoft’ for test automation.

In recent years, SAP-related demand has spiked with the fact that the maintenance period for existing SAP ERP ends at the end of 2027, and the number of companies moving toward the successor product ‘SAP S/4HANA®’ has increased. We have decided to acquire CEGB as a group company to further strengthen our comprehensive testing solutions for SAP and to develop a broad range of services flexibly meeting clients’ needs for upgrades in SAP's conversion, such as consulting, impact analysis, customization, and operation supports.

CEGB is a company that provides consultation on the SAP introduction and operation, which was founded in 2005. They have a wealth of achievements and know-how under the leadership of its experienced Project Managers, including the implementation of numerous SAP deployment projects. Specifically, through collaboration with partners including those in India, they have provided direct support for SAP introduction and operation in a variety of industries. They have also been involved in the introduction of ‘SAP Business ByDesign’, a cloud-based ERP for small and medium-sized businesses. In this way, they have developed creative services for SAP ERP as a business partner of clients. They are also focusing on training SAP engineers, and about 60% of their employees are certified by SAP and have many engineers, including foreign employees, with specialized knowledge.

With the addition of CEGB to our group, we will expand our SAP businesses capabilities by combining the existing testing solutions such as the Group's test automation services including tools of ‘Panaya’ and ‘Worksoft’ in the ERP field, with newly joining CEGB's specialized SAP engineers and its extensive knowledge. We will aim to provide solutions to SAP's users who will have challenges in 2027.

2. Overview of the company to be acquired as a subsidiary

(1) Company name	CEGB Co., Ltd.	
(2) Location	5-29-20 Shiba, Minato-ku, Tokyo, Japan	
(3) Position and name of representative	President Tetsuo SERIZAWA	
(4) Business activities	SAP introduction and operation consulting, system development support, etc.	
(5) Share capital	15 million yen	
(6) Date established	November 9, 2005	
(7) Major shareholders and its shareholding ratios	Tetsuo SERIZAWA	100%
(8) Relationship between the listed company and the said company	Capital ties	There are no notable capital ties between the Company and the said company. There are no notable capital ties between related parties/affiliates of the Company and related parties/affiliates of the said company.
	Personnel relations	There are no notable personnel relations between the Company and the said company. There are no notable personnel relations between related parties/affiliates of the Company and related parties/affiliates of the said company.
	Business relations	There are no notable business relations between the Company and the said company. There are no notable business relations between related parties/affiliates of the Company and related parties/affiliates of the said company.

* As this transaction does not meet the timely disclosure standards stipulated by the Tokyo Stock Exchange, CEGB's results of operations and financial position for the past three years have been omitted.

3. Number of shares to be acquired, and status of stock ownership before and after acquisition

(1) Number of shares owned before transfer	Zero (Number of voting rights: Zero) (Ownership percentage of voting rights: 0%)
(2) Number of shares to be acquired	300 shares (Number of voting rights: 300)
(3) Number of shares owned after transfer	300 shares (Number of voting rights: 300) (Ownership percentage of voting rights: 100%)

* Since this case does not meet the timely disclosure standards set forth by the Tokyo Stock Exchange, the acquisition price is not disclosed. However, the acquisition price is calculated in a fair manner by referring to due diligence by a third party.

4. Schedule

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| (1) Date of the Board of Directors' resolution | : February 18, 2022 |
| (2) Date of conclusion of the share transfer agreement | : February 18, 2022 |
| (3) Date of the stock acquisition | : March 31, 2022 (Scheduled) |

5. Future prospects

We expect the stock acquisition to have a minor effect on our business results for the fiscal year ending March 31, 2022. However, we will promptly make an announcement if it is necessary to revise our results forecast or if any matter requiring disclosure is generated in the future.