

This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the latter shall prevail in all respects.

Securities code: 3676
June 9, 2022

To our shareholders

3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
DIGITAL HEARTS HOLDINGS Co., Ltd.
Representative Director and President Yasumasa Ninomiya

Notice of the 9th Ordinary General Meeting of Shareholders

We would like to express our sincere thanks for your continued support.

This is to notify you that our 9th ordinary general meeting of shareholders will be held as follows.

As you are entitled to exercise your voting rights by way of either of the following methods, we respectfully ask that you review the reference materials for our ordinary general meeting of shareholders as presented below and take steps to exercise your voting rights.

[If you wish to exercise your voting rights in writing]

Indicate whether you are for or against the agenda items set forth in the enclosed voting rights exercise form and return this form to us so that we receive it by no later than 6:00 p.m. on June 27, 2022 (Monday).

[If you wish to exercise your voting rights online]

Indicate whether you are for or against the agenda items by no later than 6:00 p.m. on June 27, 2022 (Monday), in accordance with the on-screen instructions by accessing our designated voting rights exercise website (<https://evote.tr.mufg.jp/>). When exercising voting rights online, you are asked to read the Instructions for Exercising Voting Rights Online as provided for on page 4.

Kindest regards

Notes

- | | |
|---|--|
| 1. Date and time | June 28, 2022 (Tuesday), 3:00 p.m. |
| 2. Location | 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Conference Room 2, 7F, Tokyo Opera City Tower |
| 3. Objectives | |
| Matters reported | <ol style="list-style-type: none">1. To report the contents of our business report, the contents of our consolidated financial statements, and the results of an audit of our consolidated financial statements as conducted by an Accounting Auditor and our Audit & Supervisory Board for our 9th fiscal year (April 1, 2021, to March 31, 2022).2. To report on the contents of our financial statements for our 9th fiscal year (April 1, 2021, to March 31, 2022). |
| Matters for which resolutions are to be adopted | |
| Agenda Item 1 | Partial amendment to the Articles of Incorporation |
| Agenda Item 2 | Election of six (6) Directors |
| Agenda Item 3 | Election of one (1) Substitute Audit & Supervisory Board Member |

- When attending this meeting on the day in question, please submit the enclosed voting rights exercise form to the reception desk at the venue.
- As the following matters, which are included in the documents that should be provided when providing the Notice of the Convocation of Our Ordinary General Meeting of Shareholders, have been posted to our website (on the <https://www.digitalhearts-hd.com/>) in accordance with relevant laws and regulations and the provisions of Article 13 of our Articles of Incorporation, these matters are not included in the documents that are physically provided for the Notice of the Convocation of Our Ordinary General Meeting of Shareholders.
 - Consolidated financial statements: [Consolidated Statement of Changes in Shareholders' Equity] and [Notes to the Consolidated Financial Statements]
 - Non-consolidated financial statements: [Statement of Changes in Shareholders' Equity]

Accordingly, the consolidated financial statements and non-consolidated financial statements included in the documents that are physically provided for the Notice of the Convocation of Our Ordinary General Meeting of Shareholders constitute a part of the consolidated financial statements and non-consolidated financial statements that have been audited by the Accounting Auditor or our Audit & Supervisory Board Members in preparing the Accounting Audit Report or Audit Report.

As any document posted to our website can be physically mailed to shareholders upon request, any shareholder wishing to receive such a document should contact us (at +81-3-3373-0081).
- Any amendment made to the reference documents for the general meeting of shareholders, business report, consolidated financial statement, or non-consolidated financial statement shall be posted to our website (<https://www.digitalhearts-hd.com/>).
- No gift will be provided to attending shareholders. We ask for your understanding on this point.
- The Notice of Resolutions as concerns this Ordinary General Meeting of Shareholders and Shareholder Newsletters for investor relations (IR) will be posted to our website (<https://www.digitalhearts-hd.com/>) in lieu of sending them by post.

Measures to prevent the spread of COVID-19

From the standpoint of preventing the spread of COVID-19, we ask for the understanding and cooperation of our shareholders as we will take the following measures at this general meeting of shareholders.




- We ask that shareholders exercise their voting rights in writing or via the Internet in advance and refrain from attending the general meeting of shareholders in person.
- Warming will be checked at the reception desk. We ask for your understanding on this point as we may refuse to enter the venue to shareholders who are considered to be in ill health.
- We ask that all shareholders in attendance cooperate in wearing a mask and disinfecting with alcohol.
- Officers and operating staff seeking to attend this general meeting of shareholders shall be required to wear masks.
- Any changes made to the contents of these responses in response to future changes in circumstances will be posted to our website (on the <https://www.digitalhearts-hd.com/>).



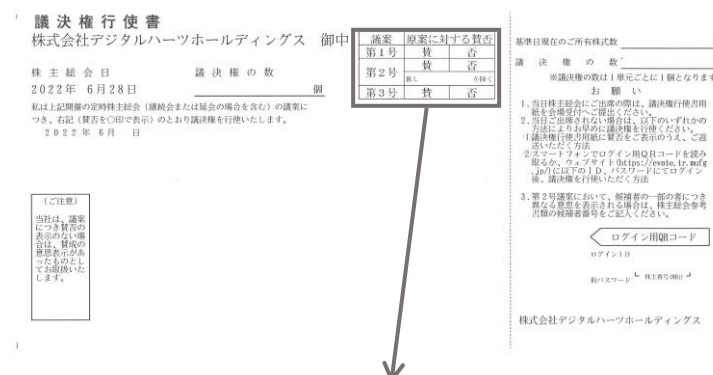
Guide to exercising your voting rights

The right to vote at a general meeting of shareholders is an important right belonging to shareholders. We ask that you study the following reference documents for general meetings of shareholders and exercise your voting rights accordingly.

There are three ways to exercise voting rights as outlined below:

 <p>At the general meeting of shareholders If you are attending</p> <p>Submit the enclosed voting rights exercise form to the reception desk at the venue.</p> <p style="text-align: center;">Date and time</p> <hr/> <p style="text-align: center;">June 28, 2022 (Tuesday) 3:00 p.m.</p>	 <p>To voting rights in writing (by postal mail) If exercised</p> <p>Indicate whether you are for or against the agenda items set forth in the enclosed voting rights exercise form and mail this form to us without affixing a stamp to the envelope.</p> <p style="text-align: center;">Deadline for exercising your voting rights</p> <hr/> <p style="text-align: center;">June 27, 2022 (Monday) Should be received by 6:00 p.m.</p>	 <p>If you are exercising your voting rights online via the Internet</p> <p>Indicate whether you are for or against the agenda items by following the instructions set forth on the following page.</p> <p style="text-align: center;">Deadline for exercising your voting rights</p> <hr/> <p style="text-align: center;">June 27, 2022 (Monday) Should be entered and submitted by 6:00 p.m.</p>
--	---	--

Guide to filling out the voting rights exercise form



議決権行使書
株式会社デジタルハーツホールディングス 御中

議案	原案に対する賛否
第1号	賛 否
第2号	賛 否
第3号	賛 否

基票日現在のご所有株式数 _____ 株
議決権の数 _____ 股
議決権の数1株ごとに1個となります。

お願い
1. 当株主総会にご出席の際は、議決権行使用紙を全会場へご提出ください。
2. 当日ご出席されない場合は、以下のいずれかの方法により議決権の行使を行ってください。
① 議決権行使用紙に賛否をご表示のうえ、ご返送いただく方法
② ネット上でログインID・QRコードを読み取るか、ウェブサイトにログイン/ID・QRコードを読み取る方法
③ 第2号議案において、候補者の一部若しくは全員の賛否を表示する場合は、株主総会番号若しくは候補者番号をご記入ください。

ログイン用QRコード
ログインID
パスワード 株主総会開催日

株式会社デジタルハーツホールディングス

<p>Proposal1 and 3</p>	<p>In case you approve → Please circle the "approval""賛" colmn In case you disapprove → Please circle the "disapproval""否" colmn</p>
<p>Proposal2</p>	<p>In case you approve all the candidates → Please circle the "approval""賛" colmn In case you disapprove all the candidates → Please circle the "disapproval""否" colmn In case you disapprove certain candidates → Please circle the "approval""賛" colmn and fill in the candidate number(s) of the candidate(s) you disapprove</p>

If you exercise your voting rights both in writing (postal mail) and online via the Internet, the exercising of your voting rights online via the Internet will be treated as the only valid exercising of your voting rights. In addition, if you exercise your voting rights multiple times online via the Internet, the most recent exercising of your voting rights online via the Internet will be treated as the only valid exercising of your voting rights.

Guidance Notes on the Exercise of Voting Rights through the Internet

The exercise of voting rights through the Internet is allowed through either of the following two methods:

- (1) Reading the QR code
- (2) Entering the Code for Exercise of Voting Rights and password.

(1) Reading the QR code

Step 1: Read the QR code on the lower right-hand side of the Form for Exercise of Voting Rights with your smartphone

You are able to log-in to the website for exercising voting rights without entering the Code for Exercise of Voting Rights and password.

*Note: "QR code" is a registered trademark of Denso Wave Incorporated.

Step 2: Please continue by following the directions on the screen and enter your approval or disapproval of each resolution

You can only log in once with the use of your QR Code.

If you wish to exercise your voting rights again or exercise your voting rights without using your QR Code, follow the instructions for entering your login ID and temporary password below.

(2) Entering the Code for Exercise of Voting Rights and password

Step 1: Access to the website for exercising voting rights

Website URL for exercise of voting rights: <https://evote.tr.mufg.jp/>

Step 2: Enter "Code for Exercise of Voting Rights" indicated on the Form for Exercise of Voting Rights and click "Login." When accessing for the first time, it will move on to the password change screen.

Step 3: Enter the initial password indicated on the Form for Exercise of Voting Rights and set up a new password for actual use.

Step 4: Please continue by following the directions on the screen and enter your approval or disapproval of each resolution

By exercising your voting rights online via the Internet
For operating the computer and smartphone
Contact us at the contact information presented to the right
if you have any questions.

Help Desk, Securities Agency Division, Mitsubishi UFJ Trust and
Banking Corporation
0120-173-027
(Toll-free / Hours of operation: 9:00 a.m. to 9:00 p.m.)

Institutional investors can use the Electronic Voting Rights Exercise Platform for Institutional Investors administered by ICJ, Inc.

(Appendix)

Business Report
(April 1, 2021
to March 31, 2022)

I. Matters concerning the current state of our corporate group

1. Business progress and results

■ Analysis of operating results (consolidated)

	FY2020 (JPY in thousand)	FY2021 (JPY in thousand)	Change (%)
Net sales	22,669,577	29,178,789	28.7
Operating income	1,908,694	2,701,031	41.5
Ordinary income	1,975,394	2,778,908	40.7
Profit attributable to owners of parent	974,492	1,780,699	82.7

Against a backdrop of exponentially increasing use of Internet of Things (IoT) technologies and accelerating digital transformation (DX), the digital markets in which the Group does business are undergoing diversification of content and services at an extremely rapid pace. At the same time, as individual companies are facing chronic shortages in the IT human resources needed to support their development and operation activities, the Group expects continued growth in revenue opportunities from providing services to support clients in areas such as software development, testing, maintenance and operation, and security.

Under these conditions, in the Enterprise Business, which it considered an important business field, the Group will aim toward continued rapid growth through strengthening the human resources, technologies, and customer base that it has built. During this consolidated fiscal year, thanks to the favorable market conditions, we endeavored to realize potential outsourcing needs for system testing and security services through proactive use of solutions-based sales activities to improve software quality. Thanks to these efforts, we realized new customer development and growth in the scale of transactions with existing customers, and both net sales and operating income grew massively. We also endeavored to enhance competitiveness through expanding the pool of engineering human resources and improving specialization in ERP domains through proactive M&A activities. Furthermore, in order to further accelerate growth in the Enterprise Business, we also resolved on April 1, 2022 to spin out the Enterprise Business Division, which is as one department of a major subsidiary, to form AGEST, Inc. ("AGEST") and to implement Group organizational restructuring through consolidating some domestic companies in the Enterprise Business into AGEST on the same day. To this end, beginning in the second half of this consolidated fiscal year we began preparations for the development of an attractive environment for engineers, through means including formulating strategies for establishing new branding practices that differ from those of "Game / Entertainment," as well as pursuing cutting-edge technologies related to quality, in preparation for this organizational restructuring.

At the same time, in our core Entertainment Business the Group secured transactions for several large-scale titles for console games in the domestic debugging service, and improvements in efficiency at test centers, etc. resulted in large-scale growth in both net sales and profit. In global services, which are considered pillars of growth in the Entertainment Business, we also sought to enhance Group-wide coordination to swiftly realize synergies with DIGITAL HEARTS CROSS Marketing and Solutions Limited (formerly Metaps Entertainment Limited, "DIGITAL HEARTS CROSS"), which became a subsidiary through acquisition in March 2021.

As a result, both Enterprise Business and Entertainment Business reached high growth and recorded record-high levels of net sales and operating income, to net sales JPY29,178,789 thousand (up 28.7% from the previous period), operating income JPY2,701,031 thousand (up 41.5% from the previous period), ordinary income JPY2,778,908 thousand (up 40.7% from the previous period), and profit attributable to owners of the parent JPY1,780,699 thousand (up 82.7% from the previous period).

Business results by segment are reviewed below.

	FY2020 (JPY in thousand)	FY2021 (JPY in thousand)	Change (%)
Net sales	22,669,577	29,178,789	28.7
Enterprise Business	7,021,610	11,491,525	63.7
Entertainment Business	15,647,967	17,687,264	13.0
Operating income	1,908,694	2,701,031	41.5
Enterprise Business	188,452	649,872	244.8
Entertainment Business	3,077,109	3,668,034	19.2
Adjustment amount	-1,356,867	-1,616,875	—

Net sales of each segment includes internal sales or transfers between segments, and segment information. Net income is based on operating income.

(Enterprise Business)

This segment provides System Testing Services for detecting defects in enterprise computer systems, system development support services, maintenance and operation services, and security services such as security inspection and monitoring services.

Sales by service in the Enterprise Business are reviewed below.

The service categories used in reporting were modified during the first quarter, and comparison and analysis for this consolidated fiscal year is based on the categories after this revision.

	FY2020 (JPY in thousand)	FY2021 (JPY in thousand)	Change (%)
System Testing	3,581,870	4,954,022	38.3
IT Service and Security	3,439,739	6,537,502	90.1
Enterprise Business Total	7,021,610	11,491,525	63.7

(i) System Testing

System Testing services mainly provide services in detecting defects in enterprise systems.

In this consolidated fiscal year, in addition to the conventional strengths of manual testing and vulnerability diagnostics, we also proactively propose total solutions for quality improvement, combining high-value-added services such as test automation. As a result, we were able to develop new customers and increase the scale of transactions with existing customers. In addition, besides continuous investment in increasing the number of engineers, the Group endeavored to enhance its structures for receiving orders through means including coordination within the Group, including the use of engineers and freelance engineers at its Vietnam facility, as well as striving to enhance service recognition and brand-ing, centered on specialist human resources newly hired in sales, marketing, and other areas. Furthermore, U.S. subsidiary LOGIGEAR CORPORATION endeavored to expand the test business in the CRM and ERP domains, through means including expanding transactions with companies that have introduced Oracle products, through means including the acquisition of U.K. subsidiary DEVELOPING WORLD SYSTEMS LIMITED in January 2022.

As a result, net sales of System Testing services in this consolidated fiscal year grew considerably to JPY4,954,022 thousand (up 38.3% from the previous period).

(ii) IT Service and Security

In the IT Service and Security, we provide services such as system development support services and maintenance and operation support services as well as security inspection and monitoring services.

In this consolidated fiscal year, we achieved improvements in earnings across all services, including contracted development services, maintenance and operation, and security services. In particular, in contracted development services, thanks to factors including the contributions of identity Inc., which was made a subsidiary in June 2021, we recorded large-scale growth of more than 2.5 times from the previous period. Furthermore, in March 2022 we made CEGB Co., Ltd., a subsidiary that provides SAP introduction and operation consulting services, a subsidiary, with the aim of developing structures for providing wide-ranging services to SAP-related markets, for which demand is rapidly growing, and we also made progress on efforts toward business growth in the next period and beyond.

As a result, in this consolidated fiscal year net sales grew massively from the previous year to JPY6,537,502 thousand (up 90.1% from the previous period), thanks in part to the effects of M&A activities.

As a result of the above factors, in this consolidated fiscal year net sales continued their growth from the previous period, to JPY11,491,525 thousand (up 63.7% from the previous period), while segment income grew massively, to JPY649,872 thousand (up 244.8% from the previous period).

(Entertainment Business)

This segment mainly consists of domestic debugging services for console games, mobile games, pachinko pachislo software, and similar software, global services such as game localization and LQA* services, 2D/3D graphics production, marketing support, and other services.

* Linguistic quality assurance, through checking the quality of translated text and structures.

Net sales of individual services in the Entertainment Business are reviewed below.

	FY2020 (JPY in thousand)	FY2021 (JPY in thousand)	Change (%)
Domestic Debugging	11,536,375	12,123,492	5.1
Global and others	4,111,592	5,563,771	35.3
Entertainment business total	15,647,967	17,687,264	13.0

(i) Domestic debugging

Domestic Debugging services mainly involve detection of software defects in domestic console games, mobile games, pachinko pachislo software, and similar software and reporting them to clients.

During this consolidated fiscal year, development of new titles by client companies was active, centered on the console-game market. Under these market conditions, the Group secured transactions

for numerous major new titles through providing high-quality services responsive to flexible development schedules. We also endeavored to improve profitability through means including improving the operation of test centers, and promoting unique efficiency improvements in debugging processes.

As a result, net sales of Domestic Debugging services in this consolidated fiscal year totaled JPY12,123,492 thousand (up 5.1% from the previous period).

(ii) Global and others

Global and other services mainly include global services, such as the localization, LQA, and marketing support that is essential to introducing game titles in overseas markets as well as Creative Services including system development support services for game and 2D/3D graphics production, along with Media Services that include operation of the 4Gamer.net game information site.

During this consolidated fiscal year, we realized double-digit growth in sales in all sectors of Global, Creative, and Media services. In global services in particular, thanks to the active global deployment of content, progress on securing localization transactions centered on translation and LQA services from overseas game makers, including those in China, resulted in favorable sales. We also endeavored to secure new transactions through enhancing collaboration with DIGITAL HEARTS CROSS, which became a subsidiary in March 2021, and building a structure for providing one-stop services from translation and LQA to marketing support.

As a result, net sales of global and other services in this consolidated fiscal year totaled JPY5,563,771 thousand (up 35.3% from the previous period), thanks in part to the effects of M&A activities.

This resulted in considerable growth in both net sales and segment income in the Entertainment Business, as its net sales totaled JPY17,687,264 thousand (up 13.0% from the previous period) and its segment income was JPY3,668,034 thousand (up 19.2% from the previous period).

2. Status of capital investments

Capital investments made in the current consolidated fiscal year totaled JPY368 million, mainly due to the purchase of debugging equipment, replacement of servers, and the development of human resources systems.

3. Status of the procurement of funds

Funds required by our corporate group are raised through self-financing and the borrowing of funds. JPY0.9 billion were borrowed from financial institutions during the current consolidated fiscal year.

4. Issues to be addressed

Our corporate group regards the following five points as key issues and is working to address these issues in order to reinforce our earnings base and achieve further growth.

(1) Securing and cultivating human resources

To enable our group to continue to increase its corporate value, we recognize that securing exceptional human resources and the development of existing human resources who will be responsible for the future are important issues for management.

In particular, System Testing, which is a focus business, requires engineers to perform planned and designed testing, as well as specialized knowledge of quality improvement in areas such as vulnerability diagnostics and test automation, in addition to manual testing. Thus, it is essential to raise the level of employees' technical skills and expertise through securing and cultivating engineers.

To this end, our group is endeavoring to build a base of exceptional human resources through enhancing the hiring of new graduates and mid-career workers by creating an attractive environment for engineers, centered on AGEST, Inc., and providing proprietary engineer-training programs that condense the expertise of authority in software testing in Japan and overseas. Furthermore, we will build a structure for responding to rapidly increasing demand through proactively harnessing external resources, including freelance engineers and business partners.

In addition, even in the mainstay domestic debugging business, the development of an organizational framework capable of expediently and continuously providing high-quality services in accordance with clients' dynamic development schedules necessitates the securing of many temporary employees as testers. To this end, our group has secured a wealth of testers through the strategic deployment of test centers laboratories centered on DIGITAL HEARTS Co., Ltd.

Going forward, our group will continue to work to expand the pool of human resources by developing work styles, educational systems, and more suited to its diverse human resources.

(2) Increasing value added to services

To intensify the development of new contents and services against the backdrop of the growth of the Internet of Things (IoT) and the acceleration of digital transformation (DX) in the digital-related markets in which our corporate group operates, we recognize the ability to flexibly accommodate changes in the market environment and the diversification of client needs as a critical management issue.

Our corporate group will provide comprehensive services in accordance with client needs across a wide range of processes from development to maintenance and operations. This will be done by combining the competencies and expertise of the entire Group in a way that transcends business and regional boundaries while we leverage the competitive edge and diversity we have cultivated primarily in the entertainment business as our driving force. In addition, we will strive to provide high value-added services by proactively working on the development of new services.

(3) Deploying services overseas

Our corporate group also considers the deployment of services overseas as a critical management issue that must be addressed if we wish to achieve sustainable growth.

To this end, our corporate group has deployed various businesses, including test services for enterprise systems and game debugging and localization services, through overseas subsidiaries in the United States, the United Kingdom, China, South Korea, Taiwan, and Vietnam and is working to build an overseas business base to achieve sustainable growth.

We will continue to expand our business operations globally in accordance with a basic policy of providing services in markets where we can expect high levels of profit and growth.

(4) Expanding business domains and promoting new businesses

Even as we maintain our Entertainment Business as a significant source of revenue, our corporate group recognizes that the promotion of new businesses along with the expansion of existing business domains is an important management issue for establishing stable growth from a diverse range of revenue sources.

To that end, we have been proactively working to expand the scale of our businesses in multifaceted

ways using mergers and acquisitions, among other options, and development of new services in the pursuit of a unique identity. We will continue to focus on the cultivation of new business domains and the creation and growth of new businesses as well as on putting together a stable business portfolio reflecting a wide range of revenue sources.

(5) Maintaining a stable financial base

Our corporate group has sustained a high level of profitability primarily through the Entertainment Business, which is highly capable of producing a strong cash flow in addition to maintaining a sound financial structure that provides reliable returns to shareholders in the form of stable dividends.

However, we understand that the strengthening of our financial base is an even more important management issue than before as we face a severe external environment, including the long-term risk of global economic slump. We will continue to fortify our cash-flow management and continue to work to secure a stable financial base, such as through taking flexible measures by way of procuring external funds from financial institutions when necessary.

We respectfully ask for the continued support and encouragement of our shareholders.

5. Status of assets and income (loss)

Category	FY No. 6 FY2018	FY No. 7 FY2019	FY No. 8 FY2020	FY No. 9 (This consolidated fiscal year) FY2021
Net sales (JPY in thousand)	19,254,610	21,138,200	22,669,577	29,178,789
Ordinary income (JPY in thousand)	1,651,281	1,372,376	1,975,394	2,778,908
Net income attributable to owners of the parent (JPY in thousand)	1,575,576	792,130	974,492	1,780,699
net income per share (JPY)	72.13	36.31	45.15	82.35
Total assets (JPY in thousand)	9,832,330	10,637,014	14,338,792	17,565,361
Net assets (JPY in thousand)	5,012,666	5,438,469	6,314,752	7,576,339
Net assets per share (JPY)	219.06	228.62	263.32	323.81

Notes: 1. Net income per share is calculated based on the average number of shares during the term.

2. Indicated monetary amounts are rounded down to the nearest thousand JPY. Provided, however, that net income per share and net assets per share are rounded to two decimal places.

6. Status of important parent companies and subsidiaries

(1) Relationship to parent companies

Not applicable

(2) Status of important subsidiaries

Company Name	Capital stock	For us Stake owned	Main lines of business
DIGITAL HEARTS Co., Ltd.	JPY 276 million	100.0%	Debugging, System Testing, commissioned system development, security, and more
DIGITAL HEARTS USA Inc.	USD 1,464 thousand	100.0%	Localization and more
DIGITAL HEARTS(Shanghai)Co., Ltd.	RMB 6 million	100.0%	Debugging, localization, and more
Aetas, Inc.	JPY 89 million	60.0%	Operations of a game information website and more
FLAME Hearts Co., Ltd.	JPY 60 million	100.0%	Commissioned development of games and graphics production
AGEST, Inc.	JPY 30 million	100.0% (100.0%)	Information provision service and more
ANET Corporation	JPY 40 million	100.0%	System Testing and more
Orgosoft Co., Ltd.	KRW 50 million	100.0%	Debugging, localization, and more
LOGIGEAR CORPORATION	USD 5,759 thousand	85.5%	System Testing and more
LOGIGEAR VIETNAM CO., LTD.	VND 8,352 million	85.5% (85.5%)	System Testing and more
LOGIGEAR JAPAN CORPORATION	JPY 9 million	100.0%	System Testing and more
Red Team Technologies Co., Ltd.	JPY 40 million	100.0%	Provision of ethical hacking services and more
Digital Hearts Linguitronics Taiwan Co., Ltd.	NTD 5,000 thousand	55.0% (55.0%)	Localization and more
DIGITAL HEARTS CROSS Marketing and Solutions Limited	USD 13,490 thousand	100.0%	Intermediate holding company
DIGITAL HEARTS CROSS Shanghai Co., Ltd.	RMB 25 million	100.0% (100.0%)	Marketing
DH & Luminous Media International Corporation	USD 1,300 thousand	51.0% (51.0%)	Marketing
KOL Media Limited	USD 1 thousand	100.0% (100.0%)	Marketing
DIGITAL HEARTS CROSS Tokyo Co., Ltd.	JPY 25 million	100.0% (100.0%)	Marketing
MK Partners, Inc.	USD 5 thousand	52.3% (52.3%)	System Consulting
TPP SOFT, JSC	USD 101 thousand	43.6% (43.6%)	Software Development
identity Inc.	JPY 100 million	100.0%	Human resources platform business and more
DEVELOPING WORLD SYSTEMS LIMITED	GBP 450	85.5% (85.5%)	Support for introduction of Oracle products, maintenance, operation, and more
DWS North America Inc	-	85.5% (85.5%)	Support for introduction of Oracle products, maintenance, operation, and more
CEGB Co., Ltd.	JPY 15 million	100.0%	Introduction of SAP, operation consulting, system development support, and more

- Notes: 1. A figure in parentheses in the "Stake owned by us" column denotes the percentage corresponding to indirect ownership (included number).
2. Acquired all shares of identity Inc. on June 30, 2021, making it a wholly-owned subsidiary.
3. As a result of the transfer of shares of LOGIGEAR JAPAN CORPORATION, from our consolidated subsidiary LOGIGEAR CORPORATION on December 28, 2021, the Company became a wholly-owned subsidiary.
4. As a result of the acquisition of shares of DEVELOPING WORLD SYSTEMS LIMITED by our consolidated subsidiary LOGIGEAR CORPORATION on January 17, 2022, the same company and its subsidiary DWS North America Inc. became consolidated subsidiaries.
5. Acquired all shares of CEGB Co., Ltd., on March 31, 2022, and made it a wholly-owned subsidiary.
6. The following subsidiaries changed their trade names as follows.

Current trade name	Former trade name	Date of change of trade name
DH & Luminous Media International Corporation	Metaps & Luminous Media International Corporation	June 4, 2021
DIGITAL HEARTS CROSS Marketing and Solutions Limited	Metaps Entertainment Limited	June 16, 2021
DIGITAL HEARTS CROSS Tokyo Co., Ltd.	Metaps Entertainment Inc.	June 22, 2021
DIGITAL HEARTS CROSS Shanghai Co., Ltd.	Metaps Shanghai Co., Ltd.	July 5, 2021
AGEST, Inc.	DIGITAL HEARTS NETWORKS Co., Ltd.	December 10, 2021

(3) Status of specified wholly-owned subsidiaries as of the end of the fiscal year

Company Name	Address	At book value Total amount	For us Total assets
DIGITAL HEARTS Co., Ltd.	3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	JPY 2,279,300 thousand	JPY 11,619,631 thousand

7. Major business contents (as of March 31, 2022)

businesses	Major services
Enterprise Business	Provision of the following services for enterprise systems
System Testing	Service for detecting defects in enterprise systems, including Web systems and business systems
IT Service and Security	Commissioned system development, maintenance and operation support, security inspection and monitoring services, and more
Entertainment Business	Provision of the following services for entertainment content, including console games, mobile games, and amusement devices
Domestic Debugging	A service to detect software defects from a user's perspective and report our findings to client companies primarily for console games, mobile games, and amusement devices in Japan
Global and others	In addition to global services, such as the localization, LQA, and marketing support that is essential to introducing game titles in overseas markets, Creative Services include contracted development services for game and 2D/3D graphics production, along with Media Services that include operation of the 4Gamer.net game information site

8. Major places of business and other details (as of March 31, 2022)

(1) The Company

Name	Address
Head office	Shinjuku-ku, Tokyo

(2) subsidiary

Company Name	Address
DIGITAL HEARTS Co., Ltd.	Shinjuku-ku, Tokyo
DIGITAL HEARTS USA Inc.	United States
DIGITAL HEARTS(Shanghai)Co., Ltd.	China
Aetas, Inc.	Chuo-ku, Tokyo
FLAME Hearts Co., Ltd.	Minato-ku, Tokyo
AGEST, Inc.	Shinjuku-ku, Tokyo
ANET Corporation	Ueda-shi, Nagano Prefecture
Orgosoft Co., Ltd.	South Korea
LOGIGEAR CORPORATION	United States
LOGIGEAR VIETNAM CO., LTD.	Vietnam
LOGIGEAR JAPAN CORPORATION	Shinjuku-ku, Tokyo
Red Team Technologies Co., Ltd.	Shinjuku-ku, Tokyo
Digital Hearts Linguitronics Taiwan Co., Ltd.	Taiwan
DIGITAL HEARTS CROSS Marketing and Solutions Limited	British Virgin Islands
DIGITAL HEARTS CROSS Shanghai Co., Ltd.	China
DH & Luminous Media International Corporation	British Virgin Islands
KOL Media Limited	Hong Kong
DIGITAL HEARTS CROSS Tokyo Co., Ltd.	Shinjuku-ku, Tokyo
MK Partners, Inc.	United States
TPP SOFT, JSC	Vietnam
identity Inc.	Shinjuku-ku, Tokyo
DEVELOPING WORLD SYSTEMS LIMITED	United Kingdom
DWS North America Inc	United States
CEGB Co., Ltd.	Minato-ku, Tokyo

9. Status of employees (as of March 31, 2022)

Segment	Number of employees (person(s))	Increase or decrease from the end of the preceding consolidated fiscal year (number of persons)
Entertainment Business	525 (3,466)	-42 (178)
Enterprise Business	929 (130)	220 (7)
Companywide (shared services)	229 (41)	74 (-5)
Total	1,683 (3,637)	252 (180)

- Notes: 1. The number of employees is the number of persons in employment.
2. The annual average number of temporary employees is indicated in parentheses in the column corresponding to the number of employees.
3. The number of temporary employees includes permanent part-time employees and temporary employees.
4. "Company-wide (common)" refers to employees belonging to the Administrative Department or other such sections that cannot be classified into specific segments.
5. The number of employees increased by 252 in the current consolidated fiscal year primarily due to the addition of new consolidated subsidiaries and the expansion of our enterprise business.

10. Major lenders (as of March 31, 2022)

Lender	Outstanding balance of loans owing
MUFG Bank, Ltd.	JPY 3,000,000 thousand
Sumitomo Mitsui Banking Corporation	JPY 1,600,000 thousand
Resona Bank, Limited	JPY 500,000 thousand
Mizuho Bank, Ltd.	JPY 300,000 thousand

II. Matters concerning shares of the Company (as of March 31, 2022)

1. Total number of authorized shares 76,800,000 shares
2. Total shares issued and outstanding 23,890,800 shares(including 2,260,031 treasury shares)
3. Number of shareholders 5,605 persons
4. Major shareholders

Name of shareholder	Number of shares held	Stock ownership ratio (%)
Eiichi Miyazawa	9,184,714	42.46%
NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	1,882,156	8.70%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,837,900	8.50%
Custody Bank of Japan, Ltd. (Trust Account)	1,383,400	6.40%
A-1 Limited Liability Company	1,324,900	6.13%
FIDELITY INVESTMENT TRUST : FIDELITY JAPAN FUND	307,692	1.42%
STATE STREET BANK AND TRUST COMPANY 505103	231,000	1.07%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	220,300	1.02%
FIDELITY INVESTMENT TRUST : FIDELITY PACIFIC BASIN FUND	193,000	0.89%
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	147,000	0.68%

Note: We hold 2,260,031 treasury shares but are excluded from the above list of major shareholders. The shareholding ratio (stake) is calculated net of treasury shares.

5. Status of shares issued to officers of the Company as compensation for the execution of duties during the current fiscal year

	Number of shares	Number of persons to whom shares have been issued
Directors (excluding Outside Directors)	14,189 shares	3 persons

III. Matters concerning officers of the Company

- Names of and other details pertaining to Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Responsibilities and important concurrent positions
Representative Director and President	Yasumasa Ninomiya	CEO Representative Director & President, AGEST, Inc. Representative Director & President, DIGITAL HEARTS Co., Ltd.
Director and Chairman	Eiichi Miyazawa	
Director and Executive Vice President	Toshiya Tsukushi	CFO Director, DIGITAL HEARTS Co., Ltd. Representative Director & President, FLAME Hearts Co., Ltd. DIGITAL HEARTS CROSS Marketing and Solutions Limited Director
Director	Takashi Yanagiya	Outside Director, Alpha Systems, Inc.; Outside Director, Showa Sangyo Co., Ltd.; Chairman, Board of Trustees, Meiji University; Chairman, Board of Trustees, Nakano Gakuen
Director	Gaku Ishiwata	Partner, Mori Hamada & Matsumoto; Outside Director, XEBIO Holdings Co., Ltd.; Visiting Professor, University of Tokyo Graduate Schools for Law and Politics
Standing Audit & Supervisory Board Member	Masahide Date	
Audit & Supervisory Board Member	Keiya Kazama	
Audit & Supervisory Board Member	Toshifumi Nikawa	
Audit & Supervisory Board Member	Yoko Okano	

- Notes: 1. Directors Takashi Yanagiya and Gaku Ishiwata are Outside Directors as prescribed in item xv of Article 2 of the Companies Act. Takashi Yanagiya satisfies the criteria for independence as prescribed by the Tokyo Stock Exchange. He has been designated as an independent officer as set forth by the Tokyo Stock Exchange and notified accordingly to the Tokyo Stock Exchange. Gaku Ishiwata has not been notified to the Tokyo Stock Exchange in accordance with the internal regulations of the law firm to which he belongs.
- Auditors Toshifumi Nikawa and Yoko Okano are Outside Audit & Supervisory Board Members as prescribed in item xvi of Article 2 of the Companies Act. Both individuals have been notified to the Tokyo Stock Exchange as independent officers.
 - Standing Audit & Supervisory Board Member Masahide Date has accounting experience at DIGITAL HEARTS Co., Ltd., and possesses substantial knowledge of finance and accounting.
 - Audit & Supervisory Board Member Keiya Kazama is a certified public accountant and certified tax accountant and possesses substantial knowledge of finance and accounting in part from being in charge of the finance and accounting departments at the Company and other companies belonging to our corporate group.
 - Audit & Supervisory Board Member Toshifumi Nikawa has many years of experience at financial institutions and possesses substantial knowledge of finance and accounting.
 - Audit & Supervisory Board Member Yoko Okano has many years of experience as an attorney and possesses a wealth of experience and expertise.
 - Representative Director and President Yasumasa Ninomiya was appointed Representative Director and President of AGEST, Inc., on December 10, 2021. He was also appointed Representative Director and President of DIGITAL HEARTS Co., Ltd., on June 24, 2021 and resigned on March 31, 2022.
 - Director and Executive Vice President Toshiya Tsukushi was appointed Representative Director and President of DIGITAL HEARTS Co., Ltd., on April 1, 2022.

- Overview of contracts limiting liability

The Outside Directors and Outside Audit & Supervisory Board Members of the Company have, in accordance with the provisions of paragraph (1) of Article 427 of the Companies Act, concluded agreements limiting their liability for damages as provided for in paragraph (1) of Article 423 of the same act. The maximum amount of the liability for damages under these agreements is the minimum amount of liability as prescribed in relevant laws and regulations.

- Summary of content of executive liability insurance policy

The Company has concluded a liability insurance agreement for officers as prescribed in paragraph (1) of Article 430-3 of the Companies Act with an insurance company. The scope of insured persons as provided for in this insurance agreement encompasses the officers of the Company and the officers of subsidiaries of the Company and all premiums shall be assumed in full by the Company. This insurance agreement covers damages arising from the assumption of liability by insured persons concerning the execution of

duties thereby and from received claims related to the pursuit of the liability of insured persons.

4. Amount of remuneration for Directors and Audit & Supervisory Board Members

- (1) After respecting, to the maximum extent possible, the report as submitted by the Nomination and Remuneration Committee, the majority of whose members comprise Outside Directors, the Board of Directors resolved a policy for determining the details of the remuneration of individual Directors on February 19, 2021. The contents thereof are as follows.

The Board of Directors has respected, to the maximum extent possible, the contents of the report as submitted by the Nomination and Remuneration Committee, the majority of whose members comprise Outside Directors, and determined the remuneration of individual Directors for the current fiscal year accordingly to the extent of the maximum amount of remuneration as approved at a general meeting of shareholders. Thus, the details with respect to the remuneration of individual Directors for the current fiscal year have been deemed to be in accordance with the policy applicable to the determination thereof.

Basic policy

The basic policy on the remuneration of the Directors of the Company treats remuneration as being linked to shareholder earnings so as to fully function as an incentive for sustainably increasing the value of the company, such that the remuneration of each Director shall be set to an appropriate level based on the duties thereof.

Specifically, the remuneration of an Executive Director shall consist of basic remuneration as fixed remuneration, bonuses as performance-linked remuneration, and share-based remuneration and determined at a meeting of the Board of Directors based on a report submitted by the Nomination and Remuneration Committee. An Outside Director in charge of supervisory functions shall be paid only the basic remuneration in light of the duties thereof.

Policy on determining the amount of basic remuneration (monetary remuneration) for an individual Director

The basic remuneration for our Directors shall be fixed and monthly and determined in accordance with the Director's position, responsibilities, and number of years in office (hereinafter referred to as "position and other factors") upon comprehensively taking into account the level of basic remuneration at other companies, our performance, and the level of employee salaries.

Policy on determining the details of performance-linked remuneration and the method by which the amount or number thereof is calculated

For performance-linked remuneration, a cash bonus reflecting key performance indicators (KPI) is paid to raise awareness of the need to increase performance each fiscal year and an amount calculated according to the extent to which financial KPIs, such as consolidated operating income, have been attained for the given fiscal year and the extent to which ESG-related non-financial KPIs have been attained shall be paid within a certain period of time after the results for the given fiscal year have been finalized. Target KPIs and their values shall be set at the time a plan for the fiscal year is formulated to ensure consistency with the plan and reviewed as needed based on a report submitted by the Nomination and Remuneration Committee in response to environmental changes.

The details of non-monetary remuneration and the policy on determining the method by which the amount or number thereof is calculated

For non-monetary remuneration, share-based remuneration subject to transfer restrictions shall be granted for the purpose of providing an incentive to increase the corporate value of the Company on a sustainable basis and sharing value with shareholders and the number of shares to be granted as determined upon comprehensively taking position and other factors into account shall be provided at a certain time each year. Shares subject to transfer restrictions shall be administered in a dedicated account opened with a securities firm during the term of the restrictions on the transfer thereof in order to prevent their disposition, such as by way of the transfer thereof or the attachment of a security right therein, during the term of the restrictions on the transfer thereof.

Policy on determining the percentages of remuneration for an individual Director accounted for by the amount of monetary remuneration, the amount of performance-linked remuneration, and the amount of non-monetary remuneration

The Nomination and Remuneration Committee shall investigate remuneration percentages by type of Executive Director based on remuneration levels benchmarked against companies of a comparable scale of business as the Company or companies belonging to related industries and business categories as the Company with the weight of performance-linked remuneration and share-based remuneration rising for higher-ranking positions.

Matters concerning the determination of the details of remuneration for an individual Director

With respect to the amount of remuneration for an individual Director, the Board of Directors shall resolve the amounts of basic remuneration and bonuses for an individual Director and the number of shares to be allocated as share-based remuneration based on the contents of a report submitted by the Nomination and Remuneration Committee, the majority of whose members comprise Outside Directors, with the utmost respect given for such report.

(2) Total amount of remuneration corresponding to the current fiscal year

	Total amount of remuneration etc.	Total amounts of remuneration etc. by type			Be subject Number of officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (Outside Directors included in this figure)	JPY 107,447 thousand (JPY 12,499 thousand)	JPY 73,549 thousand (JPY 12,499 thousand)	JPY 39,184 thousand (-)	JPY 33,897 thousand (-)	6 persons (2 persons)
Audit & Supervisory Board Member (External Auditors included in this figure)	JPY 17,194 thousand (JPY 6,219 thousand)	JPY 17,194 thousand (JPY 6,219 thousand)	- (-)	- (-)	5 persons (3 persons)
Total (Outside Officers included in this figure)	JPY 124,641 thousand (JPY 18,718 thousand)	JPY 90,743 thousand (JPY 18,718 thousand)	JPY 39,184 thousand (-)	JPY 33,897 thousand (-)	11 persons (5 persons)

- Notes: 1. The amount of remuneration for Directors does not include the salaries for employees given to Directors who also serve as employees.
2. The above figures include one Director and one Audit & Supervisory Board Member (including one Outside Audit & Supervisory Board Member) who resigned at the conclusion of the 8th ordinary general meeting of shareholders as held on June 24, 2021.
3. Bonuses are paid as performance-linked remuneration and the aforementioned amounts indicate provisions for directors' bonuses corresponding to the current fiscal year. The method by which we calculate the amount of performance-linked remuneration is as stated in [1:the policy on determining the details of performance-linked remuneration and the method by which the amount or number thereof is calculated]. The following indicators have been set as performance indicators that form the basis for calculating the amount of performance-linked remuneration in accordance with the fiscal year plan. Results related to performance indicators for the current fiscal year are as follows.

KPI		Target value	Actual value	Valuation weight
Financial KPIs	Operating income	JPY 2.1 billion	JPY 2.7 billion	80%
	ROIC	15%	21%	
Non-financial KPIs	Number of IT human resources and Qualitists Percentage of female managers Employment rate of persons with disabilities	Set for each index	-	20%

* Qualitists are our unique term for quality improvement specialists.

4. Non-monetary remuneration consists of the granting of common stocks of the Company as share-based remuneration subject to transfer restrictions and the number of shares to be granted as determined upon comprehensively taking performance, position, and other factors into account shall be provided at a certain time each year. The status of payments in the current fiscal year is as follows: [II] This is indicated in 5. The status of shares issued to our officers as compensation for the execution of duties during the current fiscal year.
5. It was resolved at the 3rd ordinary general meeting of shareholders as held on June 29, 2016, that the total amount of monetary remuneration for Directors shall be no more than JPY340 million per year (of which the amount per year for Outside Directors shall be no more than JPY30 million; exclusive of salaries for employees given to Directors who also serve as employees). The number of Directors as of the conclusion of this general meeting of shareholders is five (of whom two are Outside Directors).

It was resolved at the 8th ordinary general meeting of shareholders as held on June 24, 2021, that the amount of remuneration for the granting of shares subject to transfer restrictions to Directors other than Outside Directors, which is distinct from monetary remuneration, shall be no more than JPY260 million per year (exclusive of salaries for employees given to Directors who also serve as employees). The number of Directors excluding Outside Directors as of the conclusion of this general meeting of shareholders is three.

It was resolved at the 3rd ordinary general meeting of shareholders as held on June 29, 2016, that the total amount of monetary remuneration for Audit & Supervisory Board Members shall be no more than JPY24 million per year. The number of Audit & Supervisory Board Members as of the conclusion of this general meeting of shareholders is four (of whom three are Outside Audit & Supervisory Board Members).

5. Matters concerning outside officers

(1) Relationship between the entity where an officer holds an important concurrent position and the Company

Name	Entity where an officer holds a concurrent position	Concurrent position	Relationship with the other juridical person or entity
Takashi Yanagiya	ALPHA SYSTEMS INC.	Outside Director	There is no special relationship between the Company and the entity where the officer holds a concurrent position.
	Showa Sangyo Co., Ltd.	Outside Director	There is no special relationship between the Company and the entity where the officer holds a concurrent position.
	Meiji University	Chairman, Board of Trustees	There is no special relationship between the Company and the entity where the officer holds a concurrent position.
	Nakano Gakuen	Chairman, Board of Trustees	There is no special relationship between the Company and the entity where the officer holds a concurrent position.
Gaku Ishiwata	Mori Hamada & Matsumoto	Partner Attorney at law	While the Company has concluded a legal advisory agreement with the entity where the officer holds a concurrent position in this case, the amount of remuneration under this arrangement equals less than 1% of the sales of the other entity and less than 1% of the consolidated sales of the Company.
	XEBIO HOLDINGS CO., LTD.	Outside Director	There is no special relationship between the Company and the entity where the officer holds a concurrent position.
	The University of Tokyo	Visiting Professor	There is no special relationship between the Company and the entity where the officer holds a concurrent position.

(2) Status of major activities during the current fiscal year

Category	Name	Status of major activities and Outline of duties carried out in connection with the role expected of the Outside Director
Outside Director	Takashi Yanagiya	<p>He attended 16 out of 16 meetings of the Board of Directors held in the current fiscal year.</p> <p>He primarily expresses, based on knowledge derived from his extensive experience as a corporate manager, his opinions on a proactive basis from this perspective at meetings of the Board of Directors and fulfills an appropriate role in ensuring the validity and appropriateness of decision-making, such as by supervising and giving advice from an objective standpoint. He also attended seven out of seven meetings of the Nomination and Remuneration Committee held in the current fiscal year as a member of this committee and carried out supervisory functions in the process of selecting our candidates for positions as officers and the process of determining the remuneration of officers from an objective and neutral standpoint.</p>
Outside Director	Gaku Ishiwata	<p>He attended 16 out of 16 meetings of the Board of Directors held in the current fiscal year.</p> <p>He primarily expresses, based on specialized knowledge obtained as an attorney, his opinions on a proactive basis from this perspective at meetings of the Board of Directors and fulfills an appropriate role in ensuring the validity and appropriateness of decision-making, such as by supervising and giving advice from an objective standpoint. He also attended seven out of seven meetings of the Nomination and Remuneration Committee held in the current fiscal year as a member of this committee and carried out supervisory functions in the process of selecting our candidates for positions as officers and the process of determining the remuneration of officers from an objective and neutral standpoint.</p>
Outside Audit & Supervisory Board Member	Toshifumi Nikawa	<p>He attended 16 out of 16 meetings of the Board of Directors and 12 out of 12 meetings of the Audit & Supervisory Board held in the current fiscal year.</p> <p>He primarily makes necessary statements on agenda items from this perspective at meetings of the Board of Directors based on knowledge gained through working at a financial institution. He also makes timely, necessary statements on, among other matters, the Company's compliance system and development of internal controls by the Company at meetings of the Audit & Supervisory Board.</p>
Outside Audit & Supervisory Board Member	Yoko Okano	<p>She attended 13 out of 13 meetings of the Board of Directors and 10 out of 10 meetings of the Audit & Supervisory Board held since she assumed office on June 24, 2021.</p> <p>She primarily makes necessary statements on agenda items from this perspective at meetings of the Board of Directors based on specialized knowledge obtained as an attorney. She also makes timely, necessary statements on compliance at meetings of the Audit & Supervisory Board.</p>

IV. Status of our Accounting Auditor

1. Name of our Accounting Auditor

Grant Thornton Taiyo LLC

Note: Deloitte Touche Tohmatsu LLC, which was our Accounting Auditor, resigned at the conclusion of the 8th ordinary general meeting of shareholders as held on June 24, 2021.

2. Amount paid

	Grant Thornton Taiyo LLC	Deloitte Touche Tohmatsu LLC
Amount paid	JPY 40,500 thousand	JPY 1,500 thousand
Monetary amounts to be paid to the Accounting Auditor by us and our subsidiaries Total other property benefits	JPY 40,500 thousand	JPY 1,500 thousand

Notes: 1. As a result of checking results corresponding to audit hours by audit item and by hierarchy in the previous fiscal year's audit plan, changes in the remuneration amount, and the status of the execution of duties by the Accounting Auditor based on the Practical Guidelines for Coordinating with Accounting Auditors as published by the Japan Audit & Supervisory Board Members Association and reviewing the validity of the audit plan and remuneration amount for the current fiscal year, the Company's Audit & Supervisory Board gave its consent as provided for in paragraph (1) of Article 399 of the Companies Act.

2. The audit agreement concluded by and between the Company and the Accounting Auditor does not clearly distinguish amounts of remuneration for auditing between audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act. As it is also not possible to distinguish these amounts in any practical sense, the sum of these amounts are stated in the amount of remuneration corresponding to the current fiscal year.

3. While no policy on determining remuneration for audits to be paid to the Company's Accounting Auditor has been set forth, remuneration is determined upon taking the number of days an audit takes to complete, the contents of the work involved, and other factors comprehensively into account.

4. Some of our consolidated subsidiaries have been subject to audits performed by auditing firms other than the Company's Accounting Auditor.

3. Contents of non-audit services

Not applicable

4. Overview of contracts limiting liability

We, Grant Thornton Taiyo LLC, have concluded an agreement to limit liability for damages as provided for in paragraph (1) of Article 423 of the Companies Act in accordance with the provisions of paragraph (1) of Article 427 of the same Act. The maximum amount of the liability for damages under these agreements is the minimum amount of liability as prescribed in relevant laws and regulations.

5. Policy on determining the dismissal or non-reappointment of the Accounting Auditor

The Audit & Supervisory Board shall decide that the dismissal or non-reappointment of the Accounting Auditor shall be made a purpose of a general meeting of shareholders where the execution of the duties of the Accounting Auditor is impeded or where otherwise deemed necessary.

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the unanimous consent of the Auditors of the Company where it is deemed that the Accounting Auditor falls under any of the items set forth in paragraph (1) of Article 340 of the Companies Act. In such a case, a Audit & Supervisory Board Member elected by the Board of Directors shall report the fact of and the grounds for the dismissal of the Accounting Auditor at the first general meeting of shareholders to be convened subsequent to the dismissal of the Accounting Auditor.

6. Matters concerning any suspension of business currently in effect

Not applicable

7. Matters concerning any suspension of business to which the Company has been subject in the last two years

Not applicable

8. Matters concerning an Accounting Auditor who has resigned or who has been dismissed

Not applicable

V. Company systems and policies

1. Matters concerning the development of systems for ensuring the appropriateness of operations

The contents of a basic policy on establishing internal control systems as resolved by the Board of Directors are as follows.

- (1) System for ensuring that the execution of duties by the Directors and employees of the Company and by the directors and employees of subsidiaries of the Company complies with laws, regulations, and the applicable articles of incorporation

We and our group companies shall, in accordance with the Group Compliance Guidelines, construct a system for ensuring that the execution of duties by the directors and employees of us and our group companies complies with laws, regulations, and the applicable articles of incorporation as well as with social norms, corporate ethics, and internal rules and for having such duties executed in an appropriate and sound manner.

We provide compliance training to the officers and employees of our Group in order to cultivate an awareness of compliance throughout the entire Group.

We and our group companies shall take decisive actions in accordance with the law against antisocial forces and organizations that pose a threat to the order and safety of civil society, ban any relationship therewith, and refrain from engaging in conduct that has the effect of aiding or abetting the activities thereof.

In order to ensure the reliability of financial reporting, we and our Group companies shall develop and operate internal controls in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations.

- (2) System concerning the retention and management of information pertaining to the execution of duties by the Directors of the Company

We shall record information pertaining to the execution of duties by Directors in documents or on electromagnetic media and appropriately retain and manage the foregoing in accordance with relevant laws and regulations and internal rules.

In response to any request to access such information as made by a Director or Audit & Supervisory Board Member, the information in question shall be promptly made available for perusal.

- (3) Regulations and other systems concerning the management of the risk of loss as adopted by the Company and its subsidiaries

We shall address risks that could potentially cause losses to the management of the Group in accordance with the Regulations Governing the Management of Group Risks. The Board of Directors and Risk Management Committee shall study a policy for dealing with especially serious risks and shall accurately identify and manage such risks.

In the event that a serious risk materializes, we shall establish an emergency response team headed by the President or a person appointed by our President and appropriately implement countermeasures on a timely basis.

Group companies shall appropriately establish their own risk-management systems and crisis-management systems.

- (4) Systems to ensure that the efficient execution of the duties of the Directors of the Company and the directors of the Company's subsidiaries

We shall formulate a management strategy for the entire Group and a basic policy to constitute the basis of the management of the Group, provide guidance to Group companies, and conduct regular checks of the state of progress for the entire Group through meetings of the boards of directors of Group companies and Group companies shall formulate and implement business plans based on the aforementioned strategy and basic policy.

We shall prescribe standards applicable to the chain of command, authority, and other organizational matters in the Group and Group companies shall develop rules and systems accordingly.

- (5) System for ensuring the appropriateness of operations of the corporate group comprising the Company and its subsidiaries

We shall prescribe Regulations Governing the Management of Affiliated Companies, engage in appropriate management and provide appropriate guidance in accordance with the status of Group

companies based on these regulations and the relevant laws and regulations, and treat the determination of important matters at Group companies as matters to be submitted to and subject to approval by our Board of Directors.

We shall build a unity of purpose for the entire Group and instruct and supervise Group companies through the directors of our Group companies.

We shall dispatch officers to Group companies to monitor and supervise these companies and our Internal Audit Department shall conduct audits of us and our Group companies and otherwise strengthen the audit system in collaboration with Audit & Supervisory Board Members from the standpoint of ensuring compliance on the part of us and our Group companies with relevant laws and regulations and with internal regulations.

We shall establish an internal reporting system for the Group in order to enable officers and employees of our corporate group to directly report on compliance matters concerning us and our Group companies to the Internal Audit Department and Audit & Supervisory Board Members.

Group companies shall report important information to us via the President and the state of progress with respect to sales and business operations, monthly financial statements, and other matters concerning the operations of Group companies in general regularly to us via our Administrative Department.

- (6) Matters concerning an employee whose assignment has been requested by an Audit & Supervisory Board Member of the Company for the purpose of assisting the Auditor in his or her duties (auxiliary employee), matters concerning the independence of this employee from the Directors of the Company, and matters for ensuring the effectiveness of instructions issued to this employee

Where our Audit & Supervisory Board Members have requested the assignment of an auxiliary employee, we shall assign a full-time employee or employee with a concurrent position.

The auxiliary employee shall comply with our Employment Regulations but the right to issue commands and orders shall belong to our Audit & Supervisory Board Members and personnel matters pertaining to the auxiliary employee, such as any transfer, personnel evaluation, or disciplinary action affecting the auxiliary employee, shall be determined with the agreement of our Audit & Supervisory Board Members.

- (7) System for reporting to the Company's Audit & Supervisory Board Members
Our directors and employees shall make necessary reports and provide information as requested by our Audit & Supervisory Board Members.
The directors and employees of the Company and its Group companies shall report statutory matters as well as matters that substantially affect our Group, the status of internal audits, and the status of reports made through the Group's internal reporting system to our Audit & Supervisory Board Members.
- (8) System for ensuring that persons who report to the Company's Audit & Supervisory Board Members are not subject to disadvantageous treatment as a result thereof
The Company bans the imposition of disadvantageous treatment on any director or employee of the Company or any of its Group companies who has submitted a report to an Audit & Supervisory Board Member of the Company on the grounds that such a report was made and shall ensure that the directors and employees of the Company and its Group companies are fully aware of this ban.
- (9) Matters concerning the policy on procedures applicable to prepayments or reimbursements of costs incurred for the execution of duties by the Audit & Supervisory Board Members of the Company and the treatment of costs or debts incurred for the execution of such duties
Where our Audit & Supervisory Board Members make a request for the prepayment of costs for the execution of their duties, the costs for which the request was made shall be promptly processed except where it is demonstrated that the costs for which the request was made do not need to be incurred for the execution of duties by the Audit & Supervisory Board Member in question.
Our Directors shall take measures to secure a budget to cover costs to be incurred for the execution of duties by our Audit & Supervisory Board Members so as to ensure the effectiveness of audits.
- (10) Other systems to ensure that audits are effectively conducted by the Audit & Supervisory Board Members of the Company
Our Audit & Supervisory Board Members shall, where necessary, conduct hearings of opinions to be obtained from the directors and important employees of the Company and its Group companies.
Our Audit & Supervisory Board Members shall regularly meet with the directors of us and our Group companies.
Our Audit & Supervisory Board Members shall attend important meetings of us and our Group companies and may verify the status of deliberations concerning and reporting on important matters at these meetings.
Our Audit & Supervisory Board Members shall regularly exchange information and opinions with the Internal Audit Department and the Accounting Auditor and conduct audits in collaboration with each other.

2. Outline of the operational status of systems for ensuring the appropriateness of operations

The main operational status of the aforementioned internal control systems in our 9th fiscal year (April 1, 2021, to March 31, 2022) is as follows.

(1) Compliance initiatives

The Company's compliance initiatives entail efforts to raise awareness of compliance matters among the directors of the Company and its Group companies through the sharing of information and provision of training related to compliance through meetings of the Compliance Committee and other meetings held by the Company and its Group companies in accordance with the Group Compliance Guidelines.

In addition, the Company endeavors to increase the effectiveness of compliance by establishing a reporting system applicable to the entire Group on the basis of an internal reporting system for the Group.

(2) Initiatives concerning the management of the risk of loss and risks

With respect to initiatives concerning the management of risks for the entire Group, risks are ascertained, evaluated, and otherwise managed through meetings of the Compliance Committee and other meetings held by the Company and its Group companies.

(3) Initiatives for ensuring the appropriateness and efficiency of the execution of duties

Our Board of Directors comprises five Directors, including two independent Outside Directors, and four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. In our ninth fiscal year (April 1, 2021, to March 31, 2022), 16 meetings of the Board of Directors were held to allow the Board of Directors to engage in deliberations to confirm the status of the execution of duties by Directors, confirm the status of the operations at each Group company, analyze the performance of us and our Group companies, and deal with other relevant matters and oversee the status of the execution of duties by the directors of us and our Group companies and other relevant matters. In addition, officers dispatched by the Company are appropriately involved in important decision-making matters pertaining to management at Group companies and such matters are also submitted to and approved at meetings of the Board of Directors of the Company in accordance with the Regulations Governing the Management of Affiliated Companies as prescribed by the Company and rules of authority as prescribed by each Group company.

(4) Execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other committees of the Company and major meetings held by subsidiaries to confirm the status of deliberations and reports concerning important matters and share information at meetings of the Board of Auditors in accordance with the audit plan. In addition, Audit & Supervisory Board Members shall endeavor to ascertain a broad range of risks through operational audits conducted in collaboration with the Internal Audit Department and interviews with officers and employees and shall regularly meet with the Accounting Auditor.

3. Basic policy on control of the Company

There are no particular stipulations that have been made by the Company with respect to a basic policy concerning persons with control over decisions on the financial and business policies of the Company.

4. Matters concerning transactions with a parent company

Not applicable

5. Policy on the determination of dividends from surplus

The Company's basic policy is to pay dividends with a dividend payout ratio of at least 20% while regarding the ongoing and stable redistribution of profits to shareholders as an important management issue and working to secure internal reserves required to invest in business growth and reinforce management practices. In addition, the Articles of Incorporation stipulate that the Company's basic policy is to distribute dividends from surplus twice a year, which shall consist of an interim dividend and a year-end dividend, and that both such dividends shall be determined through resolutions adopted at meetings of the Board of Directors in order to enable their flexible implementation.

In accordance with this basic policy, the annual dividend from surplus for the current term was JPY15.00 per share (JPY7.50 for the interim dividend and JPY7.50 for the year-end dividend). The annual dividend from surplus for the next term is slated to be JPY21.00 per share (JPY10.50 for the interim dividend and JPY10.50 for the year-end dividend).

We will also work to further increase our corporate value by effectively harnessing our internal reserves after dividends as funds for further expanding our existing businesses and investing in new businesses and endeavoring to sustainably improve our performance and maintain and enhance our return on shareholders' equity (ROE).

Matters concerning the year-end dividend

- (1) Matters concerning the allocation of dividend assets to shareholders and the total amount thereof
JPY7.50 per common stock of the Company total amount of JPY162,230,767
- (2) Effective date of the distribution of the dividend from surplus
June 10, 2022

Note: Monetary amounts indicated in this Business Report are rounded down to the nearest unit.

Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: JPY thousand)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	10,392,881	current liabilities	9,679,346
Cash and deposits	5,208,746	Short-term loans payable	5,421,296
Notes and accounts receivable-trade and contract assets	4,411,554	Accounts payable-other	1,361,001
Short-term investment securities	34,506	Accrued expenses	1,184,413
Inventories	17,367	Income taxes payable	511,871
Income taxes receivable	47,112	Accrued consumption taxes	405,580
Other	741,693	Provision for bonuses	100,190
Allowance for doubtful accounts	-68,099	Provision for directors' bonuses	39,184
Noncurrent assets	7,172,479	Other	655,808
Property, plant and equipment	693,353	Noncurrent liabilities	309,674
Buildings	440,736	Long-term loans payable	169,674
Vehicles	4,357	Deferred tax liabilities	456
Tools, furniture and fixtures	229,805	Net defined benefit liability	45,891
Land	17,568	Asset retirement obligations	90,256
Lease assets	886	Other	3,396
Intangible fixed assets	5,094,713	Total liabilities	9,989,021
Goodwill	4,763,421	(Net assets)	
Other	331,292	Shareholders' equity	6,776,238
Investments and other assets	1,384,412	Capital stock	300,686
Investment securities	236,595	Retained earnings	9,021,248
Long-term loans receivable	40,000	Treasury stock	-2,545,696
Deferred tax assets	305,068	Accumulated other comprehensive income	228,022
Lease and guarantee deposits	736,487	Valuation difference on available-for-sale securities	8,921
Other	74,441	Foreign currency translation adjustment	219,101
Allowance for doubtful accounts	-8,181	Non-controlling interests	572,078
Total assets	17,565,361	Total net assets	7,576,339
		Total liabilities and net assets	17,565,361

Note: Indicated monetary amounts are rounded down to the nearest thousand JPY.

Consolidated Income Statement

(April 1, 2021
to March 31, 2022)

(Unit: JPY thousand)

Account	Amount	
Net sales		29,178,789
Cost of sales		20,787,432
Gross profit		8,391,357
Selling, general, and administrative expenses		5,690,326
Operating income		2,701,031
Non-operating income		
Interest income	2,520	
Foreign exchange gains	12,239	
Gain on investments in partnership	13,212	
Subsidy income	70,107	
Other	14,535	112,615
Non-operating expenses		
Interest expenses	11,927	
Equity in losses of affiliates	5,395	
Commission fee	10,288	
Other	7,127	34,739
Ordinary income		2,778,908
Extraordinary income		
Gain on sales of noncurrent assets	1,233	
Gain on sales of stocks of subsidiaries and affiliates	707	
Gain on forgiveness of debts	67,782	
Gain on reversal of subscription rights to shares	13,363	83,086
Extraordinary loss		
Loss on retirement of noncurrent assets	32,270	
Impairment loss	12,156	
Head office transfer cost of subsidiary	2,454	
Office transfer expenses	12,059	
Organizational restructuring expenses	53,742	112,684
Net income before taxes		2,749,310
Income taxes-current	729,951	
Income taxes-deferred	12,435	742,386
Current net income		2,006,923
Net income attributable to minority interests		226,224
Net income attributable to owners of the parent		1,780,699

Note: Indicated monetary amounts are rounded down to the nearest thousand JPY.

Balance Sheet

(As of March 31, 2022)

(Unit: JPY thousand)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	1,084,854	current liabilities	8,082,816
Cash and deposits	269,868	Short-term loans payable	7,835,000
Prepaid expenses	56,627	Accounts payable-other	104,812
Accounts receivable - other	292,547	Accrued expenses	64,285
Income taxes receivable	47,108	Income taxes payable	6,404
Other	418,702	Deposits received	10,272
Noncurrent assets	10,534,777	Provision for bonuses	8,688
Property, plant and equipment	67,758	Provision for directors' bonuses	39,184
Buildings	55,326	Dividends payable	1,476
Vehicles	4,357	Other	12,692
Tools, furniture and fixtures	8,075	Total liabilities	8,082,816
Intangible fixed assets	111,908	(Net assets)	
Software	12,290	Shareholders' equity	3,527,924
Trademark rights	701	Capital stock	300,686
Other	98,916	Capital surplus	3,048,045
Investments and other assets	10,355,110	Legal capital surplus	300,686
Investment securities	204,194	Other capital surplus	2,747,359
Shares of subsidiaries and associates	8,769,250	Retained earnings	2,724,889
Long-term loans to subsidiaries and affiliates	2,375,000	Other retained earnings	2,724,889
Deferred tax assets	67,346	Retained earnings brought forward	2,724,889
Other	197,047	Treasury stock	-2,545,696
Allowance for doubtful accounts	-1,257,729	Valuation and translation adjustments	8,890
		Valuation difference on available-for-sale securities	8,890
Total assets	11,619,631	Total net assets	3,536,815
		Total liabilities and net assets	11,619,631

Note: Indicated monetary amounts are rounded down to the nearest thousand JPY.

Income Statement

(April 1, 2021
to March 31, 2022)

(Unit: JPY thousand)

Account	Amount	
Operating revenue		
Consulting fee income	967,728	
Fiduciary obligation fee	539,533	
Dividends from subsidiaries and affiliates	230,507	1,737,769
Operating expenses		1,489,708
Operating income		248,060
Non-operating income		
Interest income	10,925	
Gain on investments in partnership	13,212	
Reversal of allowance for doubtful accounts	95,226	
Other	3,732	123,096
Non-operating expenses		
Interest expenses	13,980	
Foreign exchange losses	1,695	
Commission fee	10,288	
Other	1,189	27,153
Ordinary income		344,003
Extraordinary income		
Gain on sales of noncurrent assets	1,233	
Gain on reversal of subscription rights to shares	13,363	14,596
Extraordinary loss		
Loss on retirement of noncurrent assets	19,402	
Loss on valuation of stocks of subsidiaries and affiliates	25,243	
Office transfer expenses	27,464	72,111
Current net income before taxes		286,488
Income taxes-current	3,956	
Income taxes-deferred	50,313	54,269
Current net income		232,219

Note: Indicated monetary amounts are rounded down to the nearest thousand JPY.

Certified copy of the audit report on the consolidated financial statements as issued by the
Accounting Auditor

Independent Auditor's
Report

May 18, 2022

To the Board of Directors of
DIGITAL HEARTS HOLDINGS Co., Ltd.

Grant Thornton Taiyo LLC
Tokyo Office

Designated limited liability partner	Certified Public	Kenichi Nakamura
Executive Partners	<u>Accountant</u>	
Designated limited liability partner	Certified Public	Jun Ono
Executive Partners	<u>Accountant</u>	

Auditor's opinion

We conducted an audit of consolidated financial statements consisting of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity, and notes to the consolidated financial statements corresponding to the consolidated fiscal year extending from April 1, 2021, to March 31, 2022, of DIGITAL HEARTS HOLDINGS Co., Ltd., in accordance with the provisions of paragraph (4) of Article 444 of the Companies Act.

It is our opinion that the aforementioned consolidated financial statements properly present, in all material respects, the financial situation and situation in terms of profit and loss as pertains to the period corresponding to the consolidated financial statements in question of the corporate group that comprises DIGITAL HEARTS HOLDINGS Co., Ltd., and its consolidated subsidiaries in accordance with generally accepted principles of auditing in Japan.

Evidence for the auditor's opinion

We conducted our audit in accordance with generally accepted principles of auditing in Japan. Our responsibilities under these principles of auditing are described under "Auditor's responsibilities in auditing of consolidated financial statements." In accordance with rules of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and fulfill other ethical responsibilities of an auditor. We believe that we have obtained sufficient and appropriate grounds for auditing to serve as the basis for statement of our opinion on the audit.

Other descriptions

The other details are a business report and supplementary schedules. Management is responsible for preparing and disclosing the other contents of this document. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the reporting process for the other content.

Our opinion on the consolidated financial statements does not include any other opinion, and we do not express an opinion on the other contents.

Our responsibilities in auditing the consolidated financial statements are to read and analyze, in the process of reading the other information, whether or not the other information contained in this document differs materially from the consolidated financial statements or knowledge obtained through the audit process, and to pay attention to whether or not there are any other material errors in the content of this document other than those material differences.

We are required to report, based on our assessment, the fact of any material error in the contents of this report.

There are no other matters that we should report.

Responsibilities of management, the Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding the consolidated financial statements

Management is responsible for proper preparation of consolidated financial statements conforming to generally accepted principles of corporate accounting in Japan. This includes the development and operation of internal controls as deemed necessary by management for the purpose of preparation of consolidated financial statements that present information accurately and are free from material misrepresentation due to malfeasance or error.

In preparing the consolidated financial statements, management is responsible for assessing the propriety of preparing consolidated financial statements based on the going-concern assumption and disclosing, as necessary, matters related to the going-concern assumption in accordance with generally accepted principles of corporate accounting in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the financial reporting process.

Responsibilities of Audit & Supervisory Board Members in an audit of the consolidated financial statements

Our responsibilities are to secure, based on our audit, reasonable assurance concerning whether or not the consolidated financial statements as a whole are free from material misrepresentation due to malfeasance or error and to state, in the audit report, an independent opinion on the consolidated financial statements. Misstatement may arise due to malfeasance or error, and it is judged to constitute material misstatement if it reasonably can be expected to impact decision-making by users of the consolidated financial statements, either individually or in sum.

Through the audit process in accordance with generally accepted principles of auditing in Japan, we implemented the following measures based on our judgment as specialists and a professional spirit of skeptical inquiry:

- Identification and assessment of the risks of material misrepresentation due to malfeasance or error; Drafting and implementation of audit procedures suited to the risks of material misrepresentation; Making judgments on selection and application of audit procedures; and, Securing sufficient and appropriate audit evidence to serve as the basis for statement of our opinion.
- While the purpose of a consolidated financial statements audit is not to offer an opinion on the efficacy of internal controls, in assessing risks we do consider internal controls related to the audit, in order to propose audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods of application as well as the reasonability of accounting estimates made by management and the appropriateness of related notes.
- We reach a conclusion on whether or not management's preparation of consolidated financial statements based on the going-concern assumption is appropriate and whether, based on audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that could lead to material doubts regarding the going-concern assumption. If any material uncertainties are recognized regarding the going-concern assumption, attention must be drawn to the notes to the consolidated financial statements in the audit report. If the notes to the consolidated financial statements concerning material uncertainties are inappropriate, then an opinion must be expressed that mentions such exceptions to the consolidated financial statements. The auditor's conclusions are based on audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.
- We assess whether or not the presentation and notes in the consolidated financial statements conform to generally accepted principles of corporate accounting in Japan; the presentation, structures, and content of the consolidated financial statements, including related notes; and whether or not the consolidated financial statements accurately present the transactions and accounting facts on which they are based.
- We obtain sufficient and appropriate grounds for auditing concerning the financial information of the Company and its consolidated subsidiaries to serve as the basis for statement of our opinion on the consolidated financial statements. We are responsible for instructions, oversight, and implementation related to auditing of the consolidated financial statements. We are responsible for expression of an independent audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that we maintain independence in accordance with rules of professional ethics in Japan and on any matters that reasonably could be considered to impact the independence of auditors and the content of any safeguards taken to eliminate or mitigate any such impediments.

Conflicts of interest

There are no conflicts of interest between the Company / consolidated subsidiaries and our firm or the Engagement Partners that should be disclosed under the provisions of the Certified Public Accountants Act.

End of document

Independent Auditor's
Report

May 18, 2022

To the Board of Directors of
DIGITAL HEARTS HOLDINGS Co., Ltd.

Grant Thornton Taiyo LLC
Tokyo Office

Designated limited liability partner	Certified Public Accountant	Kenichi Nakamura
Executive Partners	Certified Public Accountant	Jun Ono

Auditor's opinion

We conducted an audit of financial statements consisting of the balance sheet, income statement, statement of changes in shareholders' equity, notes to the financial statements, and supplementary schedules related thereto (hereinafter referred to as "financial statements") corresponding to the ninth fiscal year, which extended from April 1, 2021, to March 31, 2022, of DIGITAL HEARTS HOLDINGS Co., Ltd., in accordance with the provisions of item (i) of paragraph (2) of Article 436 of the Companies Act.

It is our opinion that the aforementioned financial statements properly present, in all material respects, the financial situation and situation in terms of profit and loss as pertains to the period corresponding to the financial statements in question in accordance with generally accepted principles of auditing in Japan.

Evidence for the auditor's opinion

We conducted our audit in accordance with generally accepted principles of auditing in Japan. Our responsibilities under these principles of auditing are described under "Auditor's responsibilities in auditing of financial statements." In accordance with rules of professional ethics in Japan, we are independent from the Company and fulfill other ethical responsibilities of an auditor. We believe that we have obtained sufficient and appropriate grounds for auditing to serve as the basis for statement of our opinion on the audit.

Other descriptions

The other details are a business report and supplementary schedules. Management is responsible for preparing and disclosing the other contents of this document. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the reporting process for the other content.

Our opinion on the financial statements does not include any other opinion, and we do not express an opinion on the other contents.

Our responsibilities in auditing the financial statements are to read and analyze, in the process of reading the other statements, whether or not the other statements differ materially from the financial statements, or from our knowledge obtained in the process of auditing, and to pay attention to whether or not there are any other material errors in the contents of the statements other than those material differences.

We are required to report, based on our assessment, the fact of any material error in the contents of this report.

There are no other matters that we should report.

Responsibilities of management, Audit & Supervisory Board Members, and the Audit & Supervisory Board regarding the financial statements

Management is responsible for proper preparation of financial statements conforming to generally accepted principles of corporate accounting in Japan. This includes the development and operation of internal controls as deemed necessary by management for the purpose of preparation of financial statements that present information accurately and are free from material misrepresentation due to malfeasance or error.

In preparing the financial statements, management is responsible for assessing the propriety of preparing financial statements based on the going-concern assumption and disclosing, as necessary, matters related to the going-concern assumption in accordance with generally accepted principles of corporate accounting in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the financial reporting process.

Responsibilities of Audit & Supervisory Board Members in an audit of the financial statements

Our responsibilities are to secure, based on our audit, reasonable assurance concerning whether or not the financial statements as a whole are free from material misrepresentation due to malfeasance or error and to state, in the audit report, an independent opinion on the financial statements. Misstatement may arise due to malfeasance or error, and it is judged to constitute material misstatement if it reasonably can be expected to impact decision-making by users of the financial statements, either individually or in sum.

Through the audit process in accordance with generally accepted principles of auditing in Japan, we implemented the following measures based on our judgment as specialists and a professional spirit of skeptical inquiry:

- Identification and assessment of the risks of material misrepresentation due to malfeasance or error; Drafting and implementation of audit procedures suited to the risks of material misrepresentation; Making judgments on selection and application of audit procedures; and, Securing sufficient and appropriate audit evidence to serve as the basis for statement of our opinion.
- While the purpose of a financial statements audit is not to offer an opinion on the efficacy of internal controls, in assessing risks we do consider internal controls related to the audit, in order to propose audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods of application as well as the reasonability of accounting estimates made by management and the appropriateness of related notes.
- We reach a conclusion on whether or not management's preparation of financial statements based on the going-concern assumption is appropriate and whether, based on audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that could lead to material doubts regarding the going-concern assumption. If any material uncertainties are recognized regarding the going-concern assumption, attention must be drawn to the notes to the financial statements in the audit report. If the notes to the financial statements concerning material uncertainties are inappropriate, then an opinion must be expressed that mentions such exceptions to the financial statements. The auditor's conclusions are based on audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.
- We assess whether or not the presentation and notes in the financial statements conform to generally accepted principles of corporate accounting in Japan; the presentation, structures, and content of the financial statements, including related notes; and whether or not the financial statements accurately present the transactions and accounting facts on which they are based.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the fact that we maintain independence in accordance with rules of professional ethics in Japan and on any matters that reasonably could be considered to impact the independence of auditors and the content of any safeguards taken to eliminate or mitigate any such impediments.

Conflicts of interest

There are no conflicts of interest between the Company and our firm or the Engagement Partners that should be disclosed under the provisions of the Certified Public Accountants Act.

End of document

Certified copy of the audit report of the Audit & Supervisory Board

Audit & Supervisory Board Member's Report

After carrying out deliberations, we prepared this audit report based on audit reports prepared by each Audit & Supervisory Board Member with respect to the execution of duties by Directors during the 9th fiscal year, which extended from April 1, 2021, to March 31, 2022. Accordingly, we hereby report as follows.

1. Method by which Audit & Supervisory Board Members and the Audit & Supervisory Board conducted the audit and the contents thereof

(1) The Audit & Supervisory Board set forth an audit policy and the allocation of duties, received a report on the status of the conducting of an audit and the results thereof from each Audit & Supervisory Board Member, received reports from Directors and the Accounting Auditor on the status of the execution of their duties, and, where necessary, requested explanations.

(2) In accordance with the standards applicable to audits conducted by Audit & Supervisory Board Members as prescribed by the The Audit & Supervisory Board, each Audit & Supervisory Board Member endeavored to communicate with Directors, the Internal Controls Department, and other employees and parties and develop an environment for collecting and auditing information and conducted an audit in the following manner.

(i) Each Audit & Supervisory Board Member attended (1) meetings of the Board of Directors and other important meetings, received reports from Directors and employees on the status of the execution of their duties, requested explanations as required, perused important approval documents and other materials, and investigated the status of operations and assets at head office and major business offices. In addition, each Audit & Supervisory Board Member endeavored to communicate and exchange information with directors, auditors, and other parties at subsidiaries and received reports on business from subsidiaries as required.

(ii) Each Audit & Supervisory Board Member received regular reports and requested explanations as required from Directors, employees, and other parties and disclosed opinions on the contents of resolutions adopted by the Board of Directors concerning the development of a system for ensuring the compliance of the execution of duties by Directors as stated in the business report with the relevant laws and regulations and the Articles of Incorporation and any other system as prescribed in paragraphs (1) and (3) of Article 100 of the Ordinance for Enforcement of the Companies Act as required to ensure the appropriateness of operations of the corporate group that comprises the stock company and its subsidiaries as well as systems developed according to these resolutions (internal control systems) and on the status of the development and operations thereof.

(iii) Each Audit & Supervisory Board Member monitored and verified to check whether the Accounting Auditor maintained its independence and conducted an appropriate audit, received a report from the Accounting Auditor on the status of the execution of its duties, and requested explanations as required. Each Audit & Supervisory Board Member received notifications from the Accounting Auditor to the effect that a "system for ensuring that duties are properly carried out" (matters enumerated in the items of Article 131 of the Ordinance on Company Accounting) has been developed in accordance with the "quality-control standards applicable to audits" (Business Accounting Council, October 28, 2005) and asked for explanations as required.

In accordance with the aforementioned approach, the business report and supplementary schedules, financial statements (balance sheet, income statement, statement of changes in shareholders' equity, and notes to the financial statements) and supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated notes to the financial statements) corresponding to the fiscal year in question were examined.

2. Audit results

(1) Results of the audit of the business report and other documents

(i) In our opinion, the business report and supplementary schedules correctly present the condition of the company in accordance with the relevant laws and regulations and the Articles of Incorporation.

(ii) We found no misconduct or material fact in contravention of relevant laws, regulations, or the Articles of Incorporation in the execution of duties by the Directors.

(iii) In our opinion, the contents of resolutions adopted by the Board of Directors as concerns internal control systems are appropriate. In our opinion, there are also no matters that need to be pointed out as regards the contents of the business report or the execution of duties by Directors in connection with these internal control systems.

(2) Results of the audit of the financial statements and supplementary schedules

In our opinion, the method by which an audit was conducted by Grant Thornton Taiyo LLC and the results thereof are appropriate.

(3) Results of the audit of the consolidated financial statements

In our opinion, the method by which an audit was conducted by Grant Thornton Taiyo LLC and the results thereof are appropriate.

May 20, 2022

Audit & Supervisory Board, DIGITAL HEARTS HOLDINGS Co., Ltd		
Standing Audit & Supervisory Board Member		Masahide Date
Audit & Supervisory Board Member		Keiya Kazama
Audit & Supervisory Board Member	(Outside Audit & Supervisory Board Member)	Toshifumi Nikawa
Audit & Supervisory Board Member	(Outside Audit & Supervisory Board Member)	Yoko Okano

End of document

Reference Materials for the General Meeting of Shareholders

Agenda items and reference matters

Agenda Item 1 Partial amendment to the Articles of Incorporation

1. Rationale for the proposal

In accordance with the amended provisions stipulated in Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of 2019), which will come into effect on September 1, 2022, the Company will make the following necessary amendments to its Articles of Incorporation in order to introduce a system for the electronic provision of materials for general meetings of shareholders.

- (1) The proposed amendments to Paragraph 1 of Article 13 stipulate that information that constitutes the content of reference documents, etc. for general meetings of shareholders be made available through an electronic system.
- (2) The proposed amendments to Paragraph 2 of Article 13 establish a provision to limit the scope of information included in physical documents sent to shareholders who have requested paper copies.
- (3) The provisions related to the Provision of Reference Documents for General Meetings of Shareholders Via the Internet (Article 13 of the current Articles of Incorporation) will become unnecessary and therefore be deleted.
- (4) Supplementary provisions will be established which specify the date from which the aforementioned additions and deletions to the Articles of Incorporation will take effect.

2. Contents of changes

The contents of these revisions are as follows.

(Underlined sections indicate where changes are made.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet disclosure and deemed distribution of Supplementary Information for General Meeting of Shareholders etc.)</u></p> <p><u>Article 13 In case the Company discloses any information, which shall be written or appeared on Supplementary Information for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, through the Internet in accordance with the ministerial ordinance of Ministry of Justice, shareholders of the Company shall be deemed provided such information by the Company</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p data-bbox="975 263 1551 290"><u>(Measures for electronic provision of information etc.)</u></p> <p data-bbox="1000 312 1551 515"><u>Article 13 In case the Company convene a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in Supplementary Information for General Meeting of Shareholders.</u></p> <p data-bbox="1093 537 1551 806"><u>2 Among the matters provided electronically, the Company may partially or fully omit matters designated by the Ordinance of the Ministry of Justice in the documents furnished to shareholders who have requested a printed copy of reference documents prior to the record date for voting rights.</u></p>
(Newly established)	<p data-bbox="975 836 1277 864"><u>(Supplementary Provisions)</u></p> <p data-bbox="1093 886 1551 1396"><u>1 The deletion of Article 13 (Internet disclosure and deemed distribution of Supplementary Information for General Meeting of Shareholders etc.) of the Articles of Incorporation and the establishment of Article 13 (Measures for electronic provision of information etc.) of the Articles of Incorporation shall come into effect on the effective date of the amendment provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as “Effective Date”).</u></p> <p data-bbox="1093 1418 1551 1725"><u>2 Notwithstanding the preceding paragraph, Article 13 (Internet disclosure and deemed distribution of Supplementary Information for General Meeting of Shareholders etc.) of the Articles of Incorporation shall remain in effect for a General Meeting of Shareholders held within six months from the Effective Date.</u></p> <p data-bbox="1093 1747 1551 1983"><u>3 These supplementary provisions shall be deleted on the date when six months have elapsed from the Effective Date or three months have elapsed from the date of a General Meeting of Shareholders provided in the preceding paragraph, whichever comes later.</u></p>

Agenda Item 2 Election of six (6) Directors

The terms of office of all five (5) Directors will come to an end at the conclusion of this general meeting.

Therefore, from the standpoint of enhancing the supervisory functions of the Board of Directors, it is requested that one (1) Outside Director be increased and six (6) Directors (including three (3) Outside Directors) elected.

The candidates for the position of Director are as follows.

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
1	[Re-appointment] Yasumasa Ninomiya (Born August 18, 1972)	<p>April 1995 Joined Osaka Yusen Hoso Corporation (now USEN-NEXT Holdings).</p> <p>April 2009 General Manager of the Personal Business Division of the same company</p> <p>December 2010 Director, U-NEXT Co., Ltd. (current USEN-NEXT Holdings)</p> <p>May 2011 Director, U-MX Co., Ltd.</p> <p>March 2017 Representative Director & President, Y.U-mobile Co., Ltd.</p> <p>July 2017 Executive Officer (overseeing sales) of the Company</p> <p>October 2017 Director and General Manager of the BS Business Division, DIGITAL HEARTS Co., Ltd.</p> <p>April 2018 Director & Vice-President of the same company</p> <p>June 2019 Director of the Company</p> <p>June 2021 Our Representative Director, President and CEO (current position)</p> <p>June 2021 Representative Director & President, DIGITAL HEARTS Co., Ltd.</p> <p>December 2021 Representative Director & President, AGEST, Inc. (current position)</p> <p>April 2022 Director, DIGITAL HEARTS Co., Ltd. (current position)</p>	10,553 shares
	<p>[Grounds for election] Yasumasa Ninomiya has been overseeing operating activities for the entire Group as a Director since June 2019 and has been managing our group as a Representative Director and President since June 2021. In addition, he has management knowledge and experience, and is expected to continue to spearhead our Group management and help increase our corporate value.</p>		

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
2	[Re- appointment] Eiichi Miyazawa (Born July 19, 1972)	<p>April 2001 Established DIGITAL HEARTS Co., Ltd. Representative Director and President</p> <p>May 2006 Representative Director, President & CEO of the same company</p> <p>April 2010 Representative Director, President & CEO of the same company</p> <p>October 2013 Representative Director, President & CEO of the Company</p> <p>July 2017 Representative Director & Chairman of the Company (current position)</p>	9,184,714 shares
<p>[Grounds for election] Eiichi Miyazawa is the founder of the Company, has been spearheading the management of this corporate group since it was founded, possesses a wealth of experiences, achievements, and knowledge pertaining to management, and is expected to continue to help increase the corporate value of the Company.</p>			

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
3	[Re- appointment] Toshiya Tsukushi (Born June 23, 1965)	<p>April 1989 Joined Showa Shell Sekiyu K.K. (now Idemitsu Kosan Co.).</p> <p>September 1995 Joined Price Waterhouse Consultants Co., Ltd. (now IBM Japan, Ltd.).</p> <p>July 1999 Joined General Electric Capital Consumer Finance Co., Ltd. (current Shinsei Financial Co., Ltd.).</p> <p>December 2005 Executive Officer of the same company</p> <p>September 2006 Executive Officer and General Manager of the Business Development Group, Nissen Holdings Co., Ltd.</p> <p>March 2008 Director, Executive Officer, General Manager of the Financial Planning Office of the same company</p> <p>June 2009 Director, Executive Officer & CFO of the same company</p> <p>June 2017 Executive Officer & CFO of the Company</p> <p>October 2017 Director and General Manager of the Administration Division, DIGITAL HEARTS Co., Ltd.</p> <p>June 2018 Director & CFO of the Company</p> <p>March 2020 Representative Director & President, FLAME Hearts Co., Ltd. (current position)</p> <p>March 2021 Director, Metaps Entertainment Limited (current DIGITAL HEARTS CROSS Marketing and Solutions Limited) (current position)</p> <p>April 2021 Director (overseeing global operations), DIGITAL HEARTS Co., Ltd.</p> <p>June 2021 Director, Executive Vice President and CFO of the Company (current position)</p> <p>April 2022 Representative Director & President, DIGITAL HEARTS Co., Ltd. (current position)</p> <p>April 2022 Director, AGEST, Inc. (current position)</p>	7,798 shares
<p>[Grounds for election]</p> <p>Toshiya Tsukushi has been promoting management control of the entire Group and mergers and acquisitions in Japan and overseas as a Director and Executive Vice President and CFO since June 2021, possesses a wealth of knowledge and experience in part from serving as a person in charge of business operations and as a CFO at holding companies for many years, and is expected to continue to spearhead the management of our corporate group and help increase our corporate value.</p>			

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
4	[Re- appointment] [Outside / Independent] Takashi Yanagiya (Born November 13, 1951)	October 2001 Full-Time Director, Nomura Securities Co., Ltd. April 2002 Representative Director & Senior Managing Director of the same company June 2003 Representative Executive Officer & Senior Managing Executive Officer of the same company April 2006 Representative Executive Officer, Executive Officer & Vice-President of the same company April 2008 Executive Officer & Vice-President of the same company October 2008 Executive Officer & Vice-President of the same company April 2012 Permanent Advisor of the same company August 2012 Advisor of the same company March 2013 Resigned from the same company June 2013 Outside Director, Alpha Systems, Inc. (current position) June 2014 Outside Director of the Company (current position) June 2015 Outside Director, Showa Sangyo Co., Ltd. (current position) May 2016 Chairman, Board of Trustees, Meiji University (current position) May 2016 Chairman, Board of Trustees, Nakano Gakuen (current position)	— shares
[Outline of grounds for election and expected roles] Takashi Yanagiya is expected to continue to provide useful advice to the Board of Directors of the Company and supervise the management of the Company from an objective standpoint based on his extensive experience as a company manager. If he is elected, it is expected that he will also be involved in selecting candidates for officers of the Company and determining officer remuneration and other matters from an objective and neutral standpoint as a member of the Nomination and Remuneration Committee.			

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
5	[New candidate] [Outside / Independent] Emiko Murei (Born January 11, 1969)	April 1992 Joined Chuo Shinko Audit Firm March 1995 Registered as a certified public accountant (until May 2005) February 2006 Registered as a certified public accountant (current position) Chief, MUREI C.P.A. Office (current position) April 2007 Specially appointed associate professor, Graduate School of Accounting, University of Hyogo April 2009 Associate professor, Graduate School of Accounting, University of Hyogo April 2012 Associate professor, Aoyama Gakuin University Graduate School of professional Accountancy (current position) June 2015 Outside Director, Kansai Super Market Ltd. (current KANSAI FOOD MARKET LTD.) (Audit & Supervisory Committee Member)	— shares
[Outline of grounds for election and expected roles] Emiko Murei has a wealth of experience as a certified public accountant and university faculty member, and is expected to provide our Board of Directors with advice on sustainability, financial affairs, and accounting matters and supervise our management from an objective standpoint. If she is elected, it is expected that she will also be involved in selecting candidates for officers of the Company and determining officer remuneration and other matters from an objective and neutral standpoint as a member of the Nomination and Remuneration Committee. While she has no experience in managing a company other than as an outside officer, she is highly knowledgeable about corporate accounting as a certified public accountant and is believed to be someone who can appropriately execute her duties as a Outside Director.			

Candidate Number	Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
6	[New candidate] [Outside] Ryo Chikasawa (Born May 16, 1984)	September 2008 Registered Lawyer (Daini Tokyo Bar Association) Joined the Mori Hamada & Matsumoto January 2019 Partner lawyer, Mori Hamada & Matsumoto (current position)	— shares
	[Outline of grounds for election and expected roles] Ryo Chikasawa is qualified as an attorney and is expected to provide our Board of Directors with advice on corporate governance and compliance matters and supervise our management from an objective standpoint. If he is elected, it is expected that he will also be involved in selecting candidates for officers of the Company and determining officer remuneration and other matters from an objective and neutral standpoint as a member of the Nomination and Remuneration Committee. While he has no experience in managing a company, he is highly knowledgeable about global corporate legal affairs as an attorney and is believed to be someone who can appropriately execute her duties as an Outside Director.		

- Notes:
1. Emiko Murei and Ryo Chikasawa are new candidates.
 2. There are no special interests between any of the candidates for Director and the Company. While we have concluded a legal advisory agreement with the law firm to which Ryo Chikasawa belongs, the amount of remuneration under this arrangement equals less than 1% of the sales of the same law firm and less than 1% of the consolidated sales of the Company.
 3. Takashi Yanagiya, Emiko Murei, and Ryo Chikasawa are candidates for Outside Directors.
 4. Takashi Yanagiya is currently an Outside Director of the Company and his term of office will be eight (8) years as of the conclusion of this general meeting.
 5. We have concluded an agreement to limit liability for damages as provided for in paragraph (1) of Article 423 of the Companies Act to the minimum liability amount as prescribed by law in accordance with the provisions of paragraph (1) of Article 427 of the same Act with Takashi Yanagiya. If his re-election is approved, this agreement is slated to be continued with the same individual. If the assumption of office of Emiko Murei and Ryo Chikasawa is approved, we are planning to conclude a similar agreement with both individuals.
 6. We have concluded a liability insurance agreement for officers as prescribed in paragraph (1) of Article 430-3 of the Companies Act with an insurance company and an outline of the contents of this agreement is as stated on page 20 of the business report. Yasumasa Ninomiya, Eiichi Miyazawa, Toshiya Tsukushi, and Takashi Yanagiya are included in the scope of insured persons under this insurance agreement. If this agenda item is approved in its original form and each candidate assumes the office of Director of the Company accordingly, they will continue to be included in the scope of insured persons under this insurance agreement. If this agenda item is approved in its original form and each candidate assumes the office of Director of the Board of Directors of the Company as well, it will also be included in the scope of insured persons under this insurance agreement. In addition, this insurance agreement is slated to be renewed with the same contents during the terms of office of the Directors under this agenda item.
 7. Takashi Yanagiya and Emiko Murei satisfy the criteria for independence as prescribed by the Tokyo Stock Exchange. We have designated Takashi Yanagiya as an independent officer in accordance with provisions as set forth by the Tokyo Stock Exchange and notified the Tokyo Stock Exchange of the fact thereof. If the re-election of Takashi Yanagiya is approved, the Company plans to continue to notify his status as an independent officer to the Tokyo Stock Exchange. If the newly-election of Emiko Murei is approved, the Company plans to notify the Tokyo Stock Exchange of the fact thereof as an independent officer. If the newly-election of Ryo Chikasawa is approved, the Company plans to not submit a notification as an independent officer to the Tokyo Stock Exchange in accordance with the internal regulations of the law firm to which he belongs.

[Reference] Skills matrix of candidates for the position of Director

The skills matrix for Directors in the event that Agenda Item 2 is approved in its original form is as follows.

Number	Name	Position	Age	Gender	In office Number of years	Expertise and experience					
						Corporate management Global	Finance Accounting M&A	Legal Affairs Risk Management	ESG Sustainability	IT technology (QA, DX and Security)	Sales Marketing
1	Yasumasa Ninomiya	Representative Director President	49	Male	3	•			•	•	•
2	Eiichi Miyazawa	Director Chairman	49	Male	9	•			•	•	•
3	Toshiya Tsukushi	Director Executive Vice President	57	Male	4	•	•	•	•	•	
4	Takashi Yanagiya	Outside Director	70	Male	8	•	•	•	•		•
5	Emiko Murei	Outside Director	53	Female	—		•		•		
6	Ryo Chikasawa	Outside Director	38	Male	—	•	•	•	•		

Agenda Item 3 Election of one (1) Substitute Audit & Supervisory Board Member

In anticipation of a shortfall in the number of Outside Audit & Supervisory Board Members as mandated by law, the election of one (1) Substitute Audit & Supervisory Board Member is requested in advance.

This agenda item is to be elected as a vacancy for the current Outside Audit & Supervisory Board Members Toshifumi Nikawa and Yoko Okano. Where the individual assumes office as a Audit & Supervisory Board Member, his or her term of office will expire at the end of the term of office of the resigning Audit & Supervisory Board Member pursuant to provisions of our Articles of Incorporation.

In addition, the election of an Audit & Supervisory Board Member may be revoked by way of the adoption of a resolution by the Board of Directors with the consent of the Audit & Supervisory Board only prior to the assumption of office by the individual as a Outside Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained with respect to this agenda item.

The candidate for a Audit & Supervisory Board Member to fill a vacancy is as follows.

Name (Date of birth)	Brief background description, positions, responsibilities, and any important concurrent positions	Be owned Number of our shares
[Outside / Independent] Satoru Koga (Born January 22, 1982)	<p>August 2006 Joined Accenture PLC.</p> <p>December 2014 Registered as an attorney (Tokyo Bar Association)</p> <p>April 2016 Joined the Kimura Masanori Law Firm (current Kimura & Koga Law Firm).</p> <p>August 2020 Partner, Kimura & Koga Law Firm (current position)</p>	— shares
	<p>[Grounds for election]</p> <p>The Company would like to see Satoru Koga, who is qualified as an attorney, put to use his extensive knowledge of corporate legal affairs and compliance matters for audits as a Outside Audit & Supervisory Board Member of the Company. While he has no experience in directly managing a company, he is highly knowledgeable about corporate legal affairs and compliance matters as an attorney and is believed to be someone who can appropriately execute his duties as a Outside Audit & Supervisory Board Member.</p>	

- Notes:
1. There are no special interests between Satoru Koga and the Company.
 2. Satoru Koga is a candidate for Outside Audit & Supervisory Board Member to fill a vacancy.
 3. If Satoru Koga assumes office as a Outside Audit & Supervisory Board Member, the Company plans to conclude an agreement to limit liability for damages as provided for in paragraph (1) of Article 423 of the Companies Act to the minimum liability amount as prescribed by law in accordance with the provisions of paragraph (1) of Article 427 of the same Act.
 4. We have concluded a liability insurance agreement for officers as prescribed in paragraph (1) of Article 430-3 of the Companies Act with an insurance company and an outline of the contents of this agreement is as stated on page 20 of the business report. If this agenda item is approved in its original form and Satoru Koga assumes the office of External Auditor of the Company, he will be included in the scope of insured persons under this insurance agreement.
 5. Satoru Koga satisfies the requirements of an independent officer in accordance with provisions as set forth by the Tokyo Stock Exchange. If his election is approved, the Company plans to designate him as an independent officer and notify the Tokyo Stock Exchange of the fact thereof.

End of document

Map for arriving at the venue for our general meeting of shareholders

3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Conference Room 2, 7F, Tokyo Opera City Tower
TEL 03-5333-1231

(Take any elevator from the second floor to arrive at the seventh floor.)

From the standpoint of preventing the spread of COVID-19, we ask all shareholders who will be attending this general meeting of shareholders to pay attention to their infection status and health condition until the day of this general meeting of shareholders and arrive at the venue after putting on a mask and taking other prudent precautions.

•As voting rights can be exercised in writing or via the Internet at this general meeting of shareholders, we ask that shareholders refrain from attending this general meeting of shareholders in person and instead exercise their voting rights in advance by submitting the enclosed voting rights exercise form by postal mail or via the Internet as much as possible.

●Transportation information

3-minute walk from the east exit of Hatsudai Station on the Keio New Line (heading towards the Toei Shinjuku Line)