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Notice of Issuance of Tax-qualified Stock Options (Subscription Rights to Shares) by Our Consolidated Subsidiary

DIGITAL HEARTS HOLDINGS Co., Ltd. hereby announces that it was approved at its Board of Directors' Meeting held today that AGEST, Inc. ("AGEST"), our consolidated subsidiary, would issue subscription rights to shares as a tax-qualified stock options to officers and employees of AGEST.

1. Purpose and reason

As disclosed in "Notice of Commencement of Preparations for the Share-Distribution-Type Spin-Off and Commencement of Preparations for Listing the Shares of AGEST, Inc., Our Consolidated Subsidiary" on May 11, 2023, we began preparing for the Share-Distribution-Type Spin-Off and Listing the Shares of AGEST, Inc (the "Spin-Off Listing"). To realize the Spin-Off Listing and the future rapid growth as QA specialized company, AGEST has decided to issue subscription rights to shares to its directors, executive officers and employees with the aim of further enhancing the willingness to contribute and morale of them and enhancing shareholder-centered management awareness.

2. Procedures for issuing subscription rights to shares

(1) Name of subscription rights to shares

AGEST, Inc. 1st subscription rights to shares

(2) Class and number of underlying subscription rights to shares for offering

The class of shares underlying subscription rights to shares for offering shall be AGEST's common shares, and the number of shares underlying subscription rights to shares for offering (hereinafter referred to as the "number of underlying shares") shall be one shares.

If, however, AGEST conducts stock split (including gratis allotment of AGEST's common shares; the same shall apply to all references to stock splits hereinafter) or reverse stock splits with respect to common stock after the date on which subscription rights to shares is allocated (hereinafter referred to as the "Allotment Date"), the number of underlying shares subject to adjustment shall be calculated according to the following formula: Provided, however, that such adjustment shall be made only for the number of shares of subscription rights not exercised at that time and fractions less than one share resulting from the adjustment shall be discarded.

The number of underlying shares to after adjustment

= Number of underlying shares before adjustment × Ratio of stock split or reverse stock split

In addition to the above, in the event of a merger by AGEST after the Allotment Date, or in the event of an incorporation-type demerger or absorption-type demerger by AGEST, or in the event of any other unavoidable event requiring an adjustment in the number of underlying shares, AGEST will adjust the number of underlying shares as deemed necessary to the extent reasonable.

(3) Eligible persons and total number of subscription rights to shares of offering

8 directors, 2 executive officers, and 40 employees of AGEST Total of 2,850 units

The total number above is the planned number to be allocated. In the event, such as a result of non-subscription, the total number of subscription rights to shares for offering to be allotted decreases, the total number of subscription rights to shares for offering to be allotted shall be the total number of subscription rights to shares for offering to be issued.

(4) Payment amount for subscription rights to shares for offering

Payment of money in exchange for subscription rights to shares for offering shall not be required. As subscription rights to shares are allotted as incentive remuneration by AGEST for its employees, this lack of payment does not constitute a discounted issuance.

(5) Amount of assets contributed upon exercise of subscription rights to shares for offering

The amount of assets contributed upon exercise of respective subscription rights to shares for offering shall be the amount to be paid per share that can be delivered by exercising said subscription rights to shares for offering (hereinafter, the "Exercise Price") multiplied by the Number of Underlying Shares.

The Exercise Price shall be 34,600 yen.

In case any of the following events occur after subscription rights to shares allocation date, the Exercise Price shall be adjusted accordingly.

- ① In the event AGEST conducts a stock split or reverse stock split of its common shares, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up.

$$\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

- ② When AGEST issues new shares or disposes of treasury stock at a price below the market price of AGEST common stock (excluding sales of treasury shares based on the provisions of Article 194 of the Companies Act (requests for sale of odd-lot shares by shareholder with less than one unit) and exercise of subscription rights to shares), the exercise price shall be adjusted according to the following formula, and fractions less than one yen resulting from the adjustment shall be rounded up.

$$\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before new issuance}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

"Number of already issued shares " in the above formula shall be the number calculated by deducting the number of treasury stock held by AGEST from the total number of shares outstanding of AGEST, and if AGEST disposes of treasury stock, the "number of newly issued shares" shall be read as the "number of shares disposed" and the "amount paid per share" shall be read as the "amount of disposal per share."

- ③ In an event AGEST conducts a merger, a company split, or other circumstances that requires an adjustment in the Exercise Price, the Exercise Price shall be adjusted to within reasonable and necessary limits.

(6) Period during which subscription rights to shares can be exercised

From September 29, 2025 to September 28, 2033.

(7) Conditions for the exercise of subscription rights to shares for offering

- ① The holder of the stock acquisition rights must be a director, audit & supervisory board member, or employee of AGEST or one of its subsidiaries at the time of exercising the subscription rights to shares. However, this shall not apply in cases where the Board of Directors recognizes that there is a justifiable reason, as well as cases of retirement due to an expiration of term of office or mandatory retirement age.
- ② Subscription rights to shares shall be exercisable only if AGEST's common stock which is the subject of subscription rights to shares is listed on a stock exchange in Japan when exercised.
- ③ Should an allottee of subscription rights to shares pass away, a successor to such person may not exercise subscription rights to shares for offering.
- ④ Other conditions for exercise shall be provided for in the "Subscription Agreement for Subscription Rights to Shares for Offering" entered into between AGEST and a Rights Holder.

(8) Restrictions on Transfer of subscription rights to shares

Transfer of subscription rights to shares must be approved by AGEST's Board of Directors.

(9) Provisions concerning the acquisition of subscription rights to shares for offering

- ① In the event subscription rights to shares is canceled prior to the exercise of the rights pursuant to the provisions of (7) above or acquisition rights Allotment Contract, AGEST may acquire the stock acquisition rights free of charge on the day separately determined by Board of Directors of AGEST.
- ② In the event any of the proposals (a), (b), (c), (d), or (e) set forth below are approved at AGEST's General Meeting of Shareholders (or resolved by AGEST's Board of Directors in the case a resolution at the General Meeting of Shareholders is not required), AGEST may acquire subscription rights to shares for offering at no cost on the day stipulated separately by AGEST's Board of Directors:
 - (a) Proposal for approval of a merger agreement in which AGEST ceases to exist
 - (b) Proposal for approval of a company split agreement or company split plan in which AGEST is the splitting company
 - (c) Proposal for approval of a share exchange agreement or a share transfer plan in which AGEST will become a wholly-owned subsidiary
 - (d) Proposal for approval of an amendment to the Articles of Incorporation, as a matter relevant to all the shares AGEST issues, to establish a provision that the approval of AGEST is required for the acquisition of AGEST's shares by transfer
 - (e) Proposal for approval of an amendment to the Articles of Incorporation, as a matter relevant to the class of shares underlying the subscription rights to shares for offering, to establish a provision that the approval of AGEST is required for the acquisition of shares of that class by transfer or that AGEST may acquire all shares of that class by a resolution at the General Meeting of Shareholders

(10) Increases to capital and capital reserve in the event AGEST issues shares upon exercise of subscription rights to shares for offering

- ① The amount of capital to be increased in the event AGEST issues shares upon exercise of subscription rights to shares for offering shall be one half of the capital increase limit calculated pursuant to Article 17, Paragraph 1 of

the Company Accounting Ordinance. Fractions less than one yen resulting from such calculation shall be rounded up.

- ② The amount of capital reserve to be increased in the event AGEST issues shares upon exercise of subscription rights to shares for offering shall be the amount of capital increase limit stated in ① above less the amount of capital to be increased defined in ① above.

(11) Treatment in the case of reorganization

In cases where a AGEST carries out a merger (limited to cases where AGEST ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split (limited to cases where AGEST becomes a splitting company), a share exchange or a share transfer (limited to cases where AGEST becomes a wholly-owned subsidiary) (hereinafter collectively referred to as "Structural Reorganization"), subscription rights to shares of the companies (hereinafter referred to as the "Reorganized Company") as set forth in Article 236, Paragraph 1, Item 8 (a) to (e) of the Companies Act shall be delivered to right holders of the remaining subscription rights to shares for offering (hereinafter referred to as the "remaining subscription rights to shares") as of the effective date of the Structural Reorganization in each case pursuant to the following conditions. In such event, the remaining subscription rights to shares shall cease to exist and the Restructured Company shall issue new subscription rights to shares. As a condition for the provisions of this paragraph, however, the issuance of subscription rights to shares of the Reorganized Company in accordance with the conditions below shall be stipulated in the relevant absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

- ① Number of subscription rights to shares of Reorganized Company to be issued
The number of subscription rights to shares equal to the Remaining Subscription Rights to Shares held by Rights Holders shall be issued to respective Rights Holders.
- ② The class of shares of the Reorganized Company underlying the subscription rights to shares
Common stock of companies to be reorganized.
- ③ The number of shares of the Reorganized Company underlying the subscription rights to shares
The decision shall be made in accordance with (2) above, taking the conditions of the Structural Reorganization into consideration.
- ④ Amount of assets to be contributed upon subscription rights to shares
The value of the assets to be contributed upon exercise of subscription rights to shares to be issued shall be the amount calculated by multiplying the amount to be paid after the reorganization as stipulated in (5) above by the number of shares of the Reorganized Company underlying the subscription rights to shares as determined in accordance with ③ above.
- ⑤ Period during which subscription rights to shares can be exercised
From the starting date of the period which subscription rights to shares can be exercised as set forth in (6) above, and the effective date of the Structural Reorganization, whichever is later, to the final date of the said period.
- ⑥ Increases in capital and capital reserve in the event shares are issued upon exercise of subscription rights to shares
It shall be determined in accordance with (10) above.
- ⑦ Restriction on Acquisition of subscription rights to shares by Transfer
Acquisition of subscription rights to shares by assignment shall be approved by board of directors of the Reorganized Companies.
- ⑧ Provisions concerning the acquisition of subscription rights to shares
It shall be determined in accordance with (9) above.
- ⑨ Other conditions for the exercise of subscription rights to shares
It shall be determined in accordance with (7) above.

(12) Provisions concerning a fraction of less than one share resulting from exercise of subscription rights to shares for offering

In the event a fraction of less than one share to be issued to a Rights Holder results from the exercise of subscription rights to shares for offering, it shall be rounded down.

(13) Allocation Date of subscription rights to shares

September 29, 2023 (Scheduled)

(14) Issuance of warrants for the subscription rights to shares

No warrants for the subscription rights to shares will be issued.