



Company name: DIGITAL HEARTS HOLDINGS Co., Ltd.
 Name of representative: President and CEO Yasumasa Ninomiya
 (Code number: 3676, Prime, Tokyo Stock Exchange)
 Contact: Executive Officer and CFO Hideto Itami
 (TEL: +81-3-3373-0081)

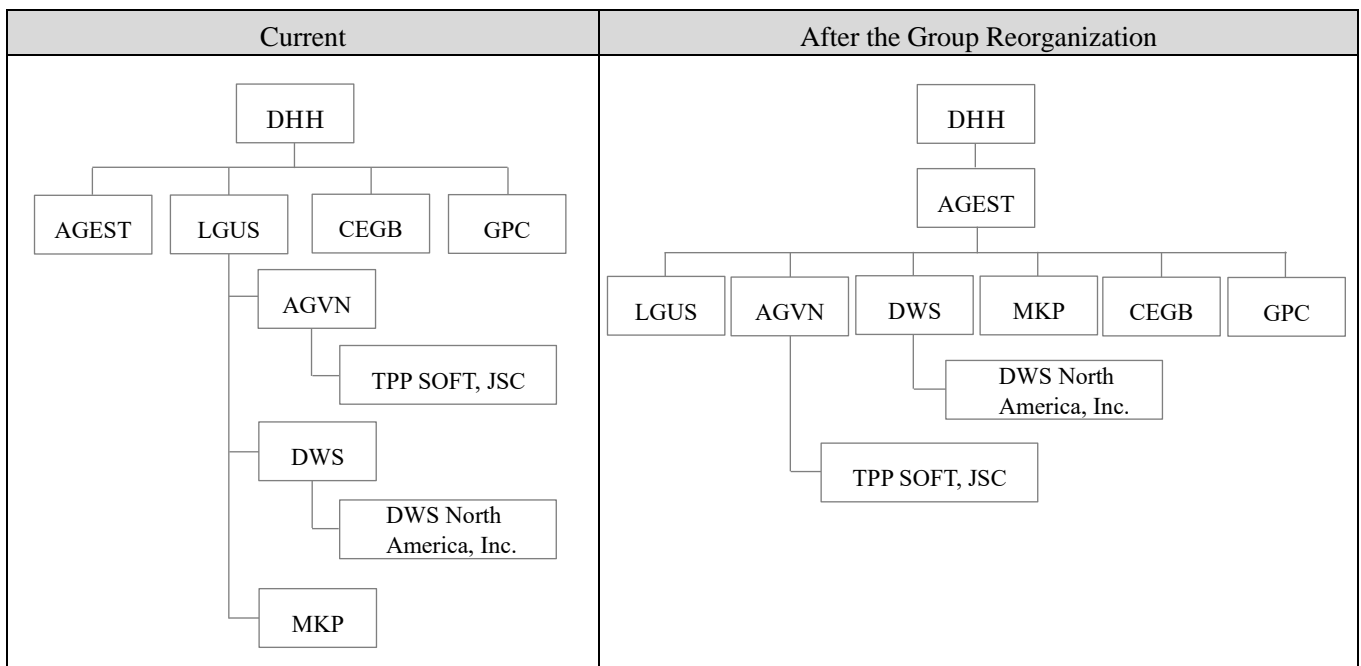
Notice of Group Reorganization (Absorption-type Company Split and Share Transfer) and the Transfer of Sub-subsidiaries, as a Part of Preparation for the Share-Distribution-Type Spin-Off and Listing of AGEST, Inc., our Wholly-Owned Subsidiary

As disclosed on May 11, 2023 in the “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”, DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the “Company” or “DHH”) has begun preparations for AGEST, Inc.’s share-distribution-type spin-off and listing (“Spin-Off Listing”), its wholly owned subsidiary. The Company announces that it passed a resolution at its Board of Directors’ Meeting held today to implement a group reorganization (“Group reorganization”) including the Company itself and its wholly-owned subsidiaries, as part of preparation for this Spin-Off Listing. In addition, the transfer of sub-subsidiaries will occur in connection with this, and we hereby notify you as follows.

Certain disclosure items have been omitted from this release of organizational restructuring by meeting certain conditions in the timely disclosure standards set forth by the Tokyo Stock Exchange.

1. Overview of Group Reorganization

As of January 1, 2024, the Company will execute an absorption-type company split (the “Absorption-type company split”) whereby business of managing of the shares of LOGIGEAR CORPORATION (“LGUS”), CEGB Co., Ltd. (“CEGB”) and GPC K.K (“GPC”) held by the Company, is succeeded to AGEST, Inc. (“AGEST”), its wholly owned subsidiary. In addition, as of the same date, LGUS will transfer all of its shares in AGEST Vietnam Co., Ltd. (formerly LOGIGEAR VIETNAM CO., LTD., “AGVN”), DEVELOPING WORLD SYSTEMS LIMITED (“DWS”) and MK Partners, Inc. (“MKP”) to AGEST.



2. Purpose of the Group reorganization

Since 2017, we have focused on expanding our Enterprise Business to develop a second earnings pillar, underpinned by the stable growth of Entertainment Business, our founding businesses. In the FY 2022, sales of Enterprise Business has grown to the size of ¥16.8 billion, which is almost the same as that of Entertainment Business. At the same time, the existence of two businesses that require different corporate cultures and different specialized knowledge has also brought about some challenges from view points of securing human resources for its businesses expansion and of capital policy for each. For these reasons, we have determined that the two businesses will maximize each business growth potential and further increase corporate value as a whole by completely separating Enterprise Business from Entertainment Business, and we have begun preparing for Spin-Off Listing of AGEST, the core subsidiary of Enterprise Business.

With the aim of achieving those objectives of Spin-Off Listing and of further strengthening the governance system, we have decided to implement this organizational restructuring, which will shift the shares of LGUS and some other group companies to be directly held by AGEST as a structure of consolidated corporate group.

3. A summary of the Absorption-type company split

(1) Schedule

Date of the Board of Directors' resolution	:	October 20, 2023	(DHH and AGEST)
Date of conclusion of the Absorption-type company split agreement	:	October 31, 2023 (Scheduled)	(DHH and AGEST)
Date of conclusion of the share transfer agreement	:	November 30, 2023 (Scheduled)	(AGEST and LGUS)
Effective date of Absorption-type company split	:	January 1, 2024 (Scheduled)	
Date of share transfer	:	January 1, 2024 (Scheduled)	

* This Absorption-type company split falls under the simplified split stipulated in Paragraph 2 of Article 784 of the Companies Act in case of DHH as a splitting company, and falls under the summary split stipulated in Paragraph 1 of Article 796 of the Companies Act in the case of a succeeding company, AGEST. Therefore, both companies are scheduled to implement this business split without obtaining approval by a resolution of the general meeting of shareholders.

(2) Method of Absorption-type company split

This is the case with DHH as the splitting company in the Absorption-type company split and AGEST as the succeeding company in the Absorption-type company split.

(3) The contents of the allotment pertaining to the Absorption-type company split

The Absorption-type company split shall take place between the parent company and wholly owned subsidiary and no allotment of shares or any other consideration shall be given in connection with the Absorption-type company split.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in connection with the Absorption-type company split

Not applicable.

(5) Paid-in capital to be increased or decreased by the company split

There is no increase or decrease in the share capital of the Company due to the Absorption-type company split.

(6) Rights and obligations to be succeeded by the succeeding company

In the Absorption-type company split, AGEST shall succeed to the rights and duties of the property pertaining to the subject business set forth in the Absorption-type company split agreement.

(7) Prospects of paying debt obligations

We have determined that there is no problem in the prospect of performance with respect to the obligations to be borne by AGEST after the effective date of this Absorption-type company split.

4. Outline of the company involved in the Absorption-type company split.

	Splitting Company	Succeeding Company												
(1) Company name	DIGITAL HEARTS HOLDINGS Co., Ltd.	AGEST, Inc.												
(2) Location	3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan	1-7-27 Kouraku, Bunkyo-ku, Tokyo, Japan												
(3) Position and name of representative	President and CEO Yasumasa NINOMIYA	President and CEO Yasumasa NINOMIYA												
(4) Business activities	Management of subsidiary, etc. (pure holding company)	Providing software testing, cyber security service, etc.												
(5) Share capital	300 million yen	100 million yen												
(6) Date established	October 1, 2013	February 28, 2018												
(7) Number of outstanding shares	23,890,800 shares	57,000 shares												
(8) Fiscal year	March 31	December 31 *1												
(9) Major shareholders and shareholding ratios *2	<table border="0"> <tr> <td>Eiichi Miyazawa</td> <td>39.9%</td> </tr> <tr> <td>NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS</td> <td>8.1%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>7.1%</td> </tr> <tr> <td>A-1 LLC</td> <td>5.9%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>3.4%</td> </tr> </table>	Eiichi Miyazawa	39.9%	NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	8.1%	The Master Trust Bank of Japan, Ltd. (Trust account)	7.1%	A-1 LLC	5.9%	Custody Bank of Japan, Ltd. (Trust Account)	3.4%	<table border="0"> <tr> <td>DIGITAL HEARTS HOLDINGS Co., Ltd.</td> <td>100.0%</td> </tr> </table>	DIGITAL HEARTS HOLDINGS Co., Ltd.	100.0%
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(10) Operating results and financial position														
Fiscal year	DHH (consolidated)	AGEST (Non-consolidated)												
	Fiscal year ended March 2023 (in million yen except for net assets per share and net income per share)	Fiscal year ended March 2023 *1 (in million yen except for net assets per share and net income per share)												
Net assets	9,474	2,344												
Total assets	19,581	4,032												
Net assets per share	395.65	41,125.54												
Net sales	36,517	9,278												
Operating income	3,000	161												
Ordinary income	3,152	155												
Net income	799	122												
Net income per share	36.50	2,144.28												

*1 At the ordinary general meeting of shareholders held on June 30, 2023, the "Partial Changes to Article of Incorporation" was approved and the fiscal year-end has been changed from March 31 to December 31.

*2 The major shareholders and shareholding ratios of DHH are based on the list of shareholders as of September 30, 2023. Although DHH holds 1,614,278 shares of treasury stock, it is excluded from the above major shareholders and its shareholding ratio is also calculated excluding treasury stock.

5. A summary of the division to be split

(1) Outline of the division to be split

Business of managing of the shares of LGUS, CEGB and GPC.

(2) The business results of the splitting business

There is no revenue other than management guidance fees and dividends from subsidiaries as it is a business for managing shares.

(3) Items and amounts of assets and liabilities to be split (As of June 30, 2023)

	Book value, etc.
Assets	Investments in subsidiaries and affiliates (sum of LGUS, CEGB and GPC) 2,199 million yen
Liabilities	—

6. Situation after the Absorption-type company split (as of January 1, 2024)

There are no plans to change the company name, location, position and name of the representative, business activities, share capital, or fiscal year-end after the Absorption-type company split for both the succeeding company and the splitting company.

7. Outline of the sub-subsidiary to be transferred

(1) Company name	LOGIGEAR CORPORATION		
(2) Location	1730 S. Amphlett Blvd. Suite 200, San Mateo, CA 94402, USA		
(3) Position and name of representative	President and CEO Satoshi FURUI		
(4) Business activities	Software testing, Test automation support, etc.		
(5) Share capital	\$5,146 thousand		
(6) Date established	February 5, 1996		
(7) Number of outstanding shares	DIGITAL HEARTS HOLDINGS Co., Ltd. 100.0% *1		
(8) Relationship between the listed company and the said company	Capital ties	A wholly-owned consolidated subsidiary of DHH. *1	
	Personnel relations	Directors and employees are concurrently serving as directors and employees of DHH.	
	Business relations	DHH provides management guidance and loans of funds.	
(9) Operating results and financial position of LGUS for the past three years (Non-consolidated) *2			
Fiscal year	Fiscal year ended December 2020	Fiscal year ended December 2021	Fiscal year ended December 2022
Net assets	\$3,989 thousand (¥598 million)	\$4,911 thousand (¥736 million)	\$5,426 thousand (¥813 million)
Total assets	\$6,348 thousand (¥951 million)	\$12,004 thousand (¥1,800 million)	\$15,636 thousand (¥2,344 million)
Net sales	\$10,782 thousand (¥1,616 million)	\$13,142 thousand (¥1,970 million)	\$14,282 thousand (¥2,141 million)
Operating income	-\$710 thousand (¥-106 million)	\$303 thousand (¥45 million)	-\$524 thousand (¥-78 million)
Ordinary income	-\$694 thousand (¥-104 million)	\$957 thousand (¥143 million)	\$600 thousand (¥90 million)
Net income	-\$643 thousand (¥-96 million)	\$940 thousand (¥140 million)	\$540 thousand (¥81 million)

*1 As a result of the Absorption-type company split scheduled on January 1, 2024, the shareholder will be AGEST (shareholding ratio 100.0%), a wholly owned subsidiary of the Company.

*2 Results shown in Japanese yen are based on conversion at the rate of 149.96 yen for one US dollar.

8. Future Prospects

We expect this matter to have a minor effect on our business results for the fiscal year ending March 31, 2024. However, we will promptly make an announcement, if it is necessary to revise our results forecast or if any matter requiring disclosure is generated in the future.