



May 11, 2021

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

## Notice Regarding the Stock Acquisition of identity Inc. (Conversion into a Consolidated Subsidiary)

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

Details are as follows:

### 1. Reason for stock acquisition

The Company is currently focusing on expanding the Enterprise Business, which is the second pillar of earnings following our mainstay Entertainment Business. The Company has worked to strengthen its human resources including engineers and its technological capabilities and to expand its services and customer base. In particular, in order to increase engineers that are indispensable for business expansion, it has taken various initiatives for recruiting from outside, training internal resources, and alliances with partner companies. The Company has strengthened recruitment of IT experts, built a model to train its 8,000 testers to become engineers, and acquired a company with approximately 400 engineers in Vietnam.

On the other hand, ID is developing the IT Resource Support Business that provides recruitment agency, temporary staffing services, and freelance resource matching service to client companies, focusing on IT specialists including freelance engineers. Its registration platform of “techcareer series” which is targeting IT specialists looking for jobs, keeps the industry-leading number of freelance job offers, and has a unique support system from e-learning programs to welfare services for registrants. The number of registrants in “techcareer series” continues to increase at a pace of over 100 people per month, and it currently exceeds 11,000 people.

For the continuous high growth in the future, we have decided to acquire ID, which has rich basement of human resources including freelance engineers.

With this acquisition, the Company’s group will achieve to have a huge talent pool, including approximately 8,000 testers, approximately 400 in-house engineers/security specialists in Japan, approximately 400 engineers in offshore Vietnam and additionally 11,000 IT specialist registered to “techcareer series.” Based on this wealth of human resources, the group will aim for the next stage of growth as an IT human resource platformer in order to achieve our corporate mission of "SAVE THE DIGITAL WORLD."

### 2. Method of transfer

ID operates the IT Human Resource Platform Business, the IT Resource Support Business, and the IT Human Resource Recruitment Support Business. Among these businesses, the IT HR Recruitment Support Business, which is in the investment phase as a newly developing business, will be transferred to the new company of Work with Joy Inc., which will be established after the conclusion of the basic agreement. Then, the Company will acquire all of the shares of ID, which will become a company consisting of the IT HR Platform Business and the IT Resource Support Business, which have

already been profitable and highly compatible with our Enterprise Business. The all shares of ID are scheduled to be transferred from its existing shareholders to the asset management company, “8 Inc.”, after the conclusion of the basic agreement, and then the Company will acquire 100% shares of ID from the asset management company.

### 3. Overview of the companies to be acquired as a subsidiary

(1) Company name	identity Inc.		
(2) Location	2-1-12 Shinjuku, Shinjuku-ku, Tokyo, Japan		
(3) Position and name of representative	President Tsutomu KONNO		
(4) Business activities	IT Human Resource Platform Business, IT Resource Support Business, and IT Human Resource Recruitment Support Business		
(5) Share capital	100 million yen		
(6) Date established	August 8, 2008		
(7) Major shareholders and shareholding ratios	Tsutomu KONNO		67.4%
	3 venture capital firms		26.1%
(8) Relationship between the listed company and the said company	Capital ties	There are no notable capital ties between the Company and the said company. There are no notable capital ties between related parties/affiliates of the Company and related parties/affiliates of the said company.	
	Personnel relations	There are no notable personnel relations between the Company and the said company. There are no notable personnel relations between related parties/affiliates of the Company and related parties/affiliates of the said company.	
	Business relations	There are no notable business relations between the Company and the said company. There are no notable business relations between related parties/affiliates of the Company and related parties/affiliates of the said company.	
(9) Operating results and financial position of the said company for the past three years			
Fiscal year	Fiscal year ended July 2018	Fiscal year ended July 2019	Fiscal year ended July 2020
Net assets (thousand yen)	319,706	184,621	56,373
Total assets (thousand yen)	704,222	509,587	423,114
Net assets per share (yen)	11,397	6,581	2,009
Net sales (thousand yen)	1,178,987	1,219,476	1,264,320
Operating income (thousand yen)	-45,487	-140,287	-128,361
Ordinary income (thousand yen)	-47,372	-134,733	-127,720
Net income (thousand yen)	-47,662	-135,178	-128,043
Net income per share (yen)	-1,699	-4,819	-4,564

\*The above results include the IT Human Resource Recruitment Support Business, which is scheduled to be transferred to a newly established company. In the IT Human Resource Platform Business and other businesses that the Company acquires this time, the results for the fiscal year ended July 2020 were sales of 1,264 million yen and operating income of 36 million yen and the results for the current fiscal year ending July 2021 is estimated to be sales of 1,800 million yen and operating

income of 100 million yen.

#### 4. Overview of the counterparty to the stock acquisition

(1) Company name	8 Inc. (*Scheduled to be newly established after conclusion of basic agreement)
(2) Location	Scheduled to be established in Meguro-ku, Tokyo, Japan
(3) Relationship between the listed company and the said company	None

#### 5. Number of stocks to be acquired, acquisition cost and status of stock ownership before and after acquisition

(1) Number of stocks owned before transfer	Zero (Number of voting rights: Zero) (Ownership percentage of voting rights: 0%)
(2) Number of stocks to be acquired	28,050 shares (Number of voting rights: 28,050)
(3) The acquisition cost	The stock acquisition cost: JPY 1,600 million Other costs including the advisory cost (estimated): JPY 15 million Total cost (estimated): JPY 1,615 million
(4) Number of stocks owned after transfer	28,050 shares (Number of voting rights: 28,050) (Ownership percentage of voting rights: 100%)

#### 6. Schedule

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|--|-----------------------------|
| (1) Date of the Board of Directors' resolution         | : May 11, 2021              |
| (2) Date of conclusion of the basic agreement          | : May 11, 2021              |
| (3) Date of conclusion of the stock purchase agreement | : May 13, 2021 (Scheduled)  |
| (4) Date of the stock acquisition                      | : June 30, 2021 (Scheduled) |

#### 7. Future prospects

The forecasts for the fiscal year ending March 2022, including the impact of this issue, have been published in the "Summary of Business Results for the Fiscal Year Ended March 31, 2021 [Japan GAAP] (Consolidated)" today.

(Reference) Consolidated earnings forecasts for the current period and consolidated operating performance for the previous period

(in million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Consolidated earnings forecasts for the current period (Fiscal year ending March 2022)	28,420	2,100	2,100	1,400	64.77 yen
Consolidated operating performance for the previous period (Fiscal year ended March 2021)	22,669	1,908	1,975	974	45.15 yen