



February 14, 2024

FOR IMMEDIATE RELEASE

Company name: Digital Arts Inc.
Representative: Toshio Dogu, Representative Director,
President and CEO
(Securities Code: 2326, TSE Prime Market)
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Notice of Change (Share Transfer) in Consolidated Subsidiary (Specified Subsidiary)

Digital Arts Inc. (the “Company”) hereby announces that at the meeting held on February 14, 2024, the Board of Directors passed a resolution to transfer all shares of Digital Arts Consulting Inc. (headquartered in Chiyoda-ku, Tokyo; Tadao Matsumoto, Representative Director and President; "Digital Arts Consulting"), a consolidated subsidiary of the Company, held by the Company to CHANGE Holdings, Inc. (“CHANGE Holdings”) (the “Transfer”).

1. Reason for the Transfer

Digital Arts Consulting is a consulting firm established as a consolidated subsidiary of the Company in April 2016 for the purpose of improving sales of security products to large companies and raising the brand value. It has achieved steady growth by providing one-stop services in IT strategy and security consulting and has made a significant contribution to the initial purpose of its founding.

It is important for Digital Arts Consulting to grow its business by expanding its service lineup in the consulting business. Digital Arts Consulting has entered a business phase in which securing human resources equipped with diverse knowledge and skills and making an ongoing investment in human resources to strengthen the structure are needed more than ever to achieve growth.

With this business condition, the Company considers that Digital Arts Consulting will be able to maximize its business value by sharing the management resources of CHANGE Holdings, which already has an extensive service lineup and human resources in its IT strategy and security consulting business and is also seeking further growth, and has decided on the Transfer.

The Company and Digital Arts Consulting will maintain a partnership (sales agency agreement) to share their knowledge and resources developed in the sale of security products.

Since the previous fiscal year, the Company has been aiming to expand its business area, grow net sales and operating profit, and further increase its operating margin by releasing a range of products to meet demand for total security. It will consider using the fund gained through the Transfer as a source of investment in the acceleration of

growth as a comprehensive security provider, including the expansion of product lines, continuous functional improvement of existing products, and promotional activities, with the aim of further growing its business.

The Medium-term Management Plan (fiscal year ending March 31, 2023, through fiscal year ending March 31, 2025) announced on May 10, 2022, is currently being revised based on the Transfer. The Company will announce the details of changes made to the plan as soon as they are determined.

2. Overview of the subsidiary whose shares are being transferred

(1)	Company name	Digital Arts Consulting Inc.		
(2)	Address	1-5-1 Otemachi, Chiyoda-ku, Tokyo, Japan		
(3)	Representative	Tadao Matsumoto, Representative Director and President		
(4)	Business	IT strategy consulting, information security consulting, etc.		
(5)	Share capital	73 million yen		
(6)	Established	April 1, 2016		
(7)	Major shareholders and shareholding ratios	Digital Arts Inc.: 91.86% Tadao Matsumoto: 6.56%		
(8)	Relationship between the listed company and the relevant company	Capital relationship	The Company's consolidated subsidiary	
		Personal relationship	Two Directors of the Company concurrently serve as officers of Digital Arts Consulting.	
		Business relationship	Having an outsourcing partnership	
(9)	Operating results and financial position of the company for the last three years			
	Accounting period	FY March 2021	FY March 2022	FY March 2023
	Net assets	153 million yen	227 million yen	254 million yen
	Total assets	280 million yen	365 million yen	534 million yen
	Net assets per share	20,255.00 yen	29,892.49 yen	33,391.74 yen
	Net sales	839 million yen	1,106 million yen	1,663 million yen
	Operating profit	46 million yen	106 million yen	25 million yen
	Ordinary profit	47 million yen	108 million yen	33 million yen
	Profit	29 million yen	73 million yen	26 million yen
	Profit per share	3,834.34 yen	9,637.50 yen	3,449.70 yen
	Dividend per share	—	—	—

3. Overview of the transferee receiving the shares

(1)	Company name	CHANGE Holdings, Inc.	
(2)	Address	3-17-1 Toranomon, Minato-ku, Tokyo, Japan	
(3)	Representative	Hirosshi Fukudome, Representative Director, Executive Officer, and President	
(4)	Business	NEW-IT Transformation Business, Public technology business	
(5)	Share capital	1,004 million yen	
(6)	Established	April 10, 2003	
(7)	Net assets	39,888 million yen	
(8)	Total assets	43,488 million yen	
(9)	Major shareholders and shareholding ratios	SBI Holdings, Inc.: 30.32% The Master Trust Bank of Japan, Ltd. (Trust account): 9.88% Custody Bank of Japan, Ltd. (Trust account): 6.28%	
(10)	Relationships with the listed company	Capital relationship	Not applicable.
		Personal relationship	Not applicable.
		Business relationship	Not applicable.
		Status as related party	Not applicable.

4. Number of shares transferred, status of shareholding before and after acquisition, etc.

(1) Number of shares held before the transfer	7,000 shares (Number of voting rights: 7,000) (Ownership ratio of voting rights: 91.86%)
(2) Number of shares to be transferred	7,000 shares (Number of voting rights: 7,000)
(3) Transfer price	2,296 million yen (equivalent to 91.86% of stock value of 25 billion yen)
(4) Number of shares held after the transfer	0 shares (Number of voting rights: 0) (Ownership ratio of voting rights: -)

5. Schedule

(1) Date of resolution by the Board of Directors	February 14, 2024
(2) Date of contract	February 14, 2024
(3) Date of share transfer	March 29, 2024 (plan)

6. Future outlook

For the impact of the Transfer on the Company's consolidated financial results, please refer to the IR News, "Notice of Recording of Extraordinary Income and Revision of Full-year Consolidated Financial Results Forecast" posted at the same time today.