Notice: This document was prepared by machine translation, and no manual modification has been made to the translated contents. This document is to be used only as a reference, and in cases any differences occur between English version and the original Japanese version, the Japanese version shall prevail. The consolidated financial statements in this document are unaudited.

Summary of Business Results for the Fiscal Year Ended March 31, 2026 [Japan GAAP] (Consolidated)

May 13, 2026

Company name: DIGITAL HEARTS HOLDINGS Co., Ltd. Listed on the TSE
Stock code: 3676 URL: https://www.digitalhearts-hd.com/
Representative: Toshiya Tsukushi, President and CEO
Contact: Hideto Itami, Executive Officer and CFO TEL: +81-3-3373-0081

Scheduled date of the ordinary general shareholder meeting : June 25, 2026
Scheduled commencement of dividend payment : June 10, 2026
Scheduled date of submission of financial reports : June 23, 2026
Preparation of supplementary material for fiscal year financial results : Yes
Holding of financial results meeting : Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Fiscal year ended March 2026 consolidated results (April 1, 2025 – March 31, 2026)

(1) Consolidated business results

(Percentages are changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2026	38,928	-2.1	2,626	8.1	2,582	13.4	1,181	87.7
March 31, 2025	39,748	2.5	2,430	19.1	2,278	10.7	629	255.8

(Note) Comprehensive income: Fiscal year ended March 31, 2026: 1,232 million yen (17.9%)
Fiscal year ended March 31, 2025: 1,046 million yen (155.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating margin
Fiscal year ended	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2026	53.00	—	12.7	12.5	6.7
March 31, 2025	28.25	—	7.2	11.1	6.1

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2026: -83 million yen
Fiscal year ended March 31, 2025: -38 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2026	21,531	9,961	44.7	431.86
As of March 31, 2025	19,949	9,260	44.9	401.76

(Reference) Shareholders' equity: 9,630 million yen (As of March 31, 2026) 8,953 million yen (As of March 31, 2025)

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
Fiscal year ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2026	3,224	-3,724	-92	7,132
March 31, 2025	3,119	-5	-2,555	7,593

2. Dividends

	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Full fiscal year			
Fiscal year ended	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
March 31, 2025	―	10.50	―	12.50	23.00	512	81.4	5.9
March 31, 2026	―	11.50	―	13.50	25.00	577	47.2	6.0
Fiscal year ending March 31, 2027 (Forecasts)	―	12.50	―	12.50	25.00		30.1	

(Note) Year-end dividend for the fiscal year ended March 31, 2025 : ordinary dividend 10.50 yen
commemorative dividend 2.00 yen

3. Consolidated earnings forecasts for the fiscal year ending March 2027 (April 1, 2026 - March 31, 2027)

(Percentages are changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	41,080	5.5	2,730	4.0	2,730	5.7	1,850	56.6	82.96

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 (Company name) HUWIZ SOLUTIONS INC. and one other company

(2) Changes in accounting policies and accounting estimates and restatement

(a) Changes in accounting policies associated with revision of accounting standards : None
(b) Changes in accounting policies other than (a) above : Yes
(c) Changes in accounting estimates : Yes
(d) Restatement : None

(Note) For details, see Attached Materials 16 page “3. Consolidated Financial Statements and Important Notes (5) Notes to the Consolidated Financial Statements (Changes in accounting policies that are difficult to differentiate from changes in accounting estimates and changes in accounting estimates).”

(3) Shares outstanding (common stock)

(a) Number of issued shares (including treasury stock)	As of March 31, 2026	23,890,800 shares	As of March 31, 2025	23,890,800 shares
(b) Number of treasury stock	As of March 31, 2026	1,591,996 shares	As of March 31, 2025	1,604,473 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2026	22,294,155 shares	Fiscal year ended March 31, 2025	22,282,372 shares

* The certified public accountant or the audit procedures are not applicable to this financial results report.

* Explanation of the proper use of earnings forecasts and other special notes

・This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management’s views and assumptions formed using information available at the time. Accordingly, forecasts may differ from actual results due to a variety of factors.

・A financial results meeting for institutional investors and analysts is scheduled to be held on May 14, 2026. Materials for this meeting will be posted on TD net and the Company’s website.

○Contents of Attached Materials

1. Overview of Business Results etc.

(1) Overview of Company Business Results

	FY2024 (JPY in thousand)	FY2025 (JPY in thousand)	Change (%)
Sales	39,748,901	38,928,746	-2.1
Operating income	2,430,067	2,626,166	8.1
Ordinary income	2,278,445	2,582,767	13.4
Net income attributable to owners of the parent	629,464	1,181,667	87.7

We operate two businesses: the DH Group Business, which provides services for entertainment content, and the AGEST Group Business, which provides services for enterprise systems. Because these two businesses each have completely different business models and expertise, we are promoting unique growth strategies specialized for each business in order to maximize their respective strengths.

The DH Group Business is facing growing demand for the Debugging and localization capabilities required to simultaneously release high-quality game-titles without bug or defect in various devices, and in various countries and regions. As a result, in the Debugging, our founding businesses, we will strive to enhance the added value of our services through promoting the unique quality method “DHQ (Digital Hearts Quality)”, and at the same time, through enhancing and expanding our solutions for localization, including translation and LQA (Linguistic Quality Assurance), multilingual recording, and marketing support, we will aim to grow into a company capable of competing in the global market as a global quality partner in the entertainment industry.

In the AGEST Group Business, the economic losses and damage to corporate brand caused by software defects have been increasing year by year. As a result, the importance of “Quality” is growing more than ever. At the same time, the shortage of IT human resources in Japan is becoming increasingly serious. Under these conditions, we are working to enhance our unique testing solutions by offering high value-added services, such as “Shift-Left” support in upstream development processes, and by actively leveraging AI and automation tools to improve testing accuracy and efficiency. Through these efforts, we aim to evolve into an AI-era testing company that ensures the quality of enterprise systems with cutting-edge technology.

During the consolidated fiscal year under review, Domestic debugging in the DH Group Business achieved double-digit sales growth, driven by tailwinds such as the launch of the Nintendo Switch 2, thereby contributing significantly to the overall performance of the Company. Meanwhile, in the AGEST Group Business, although the core system testing services continued to achieve sales growth, system development services contracted against the backdrop of the expanding adoption of AI, while security monitoring services also experienced a temporary decline due in part to price increases for endpoint security products by certain vendors.

In addition, since May 2023, the Company had been preparing for a share-distribution-type spin-off and listing (hereinafter referred to as the “Spin-off Listing”) of AGEST, Inc., the core subsidiary of the AGEST Group Business, with the aim of maximizing the growth potential of both businesses. However, amid growing uncertainty in the stock market caused by the expanding adoption of AI and other factors, we strategically revised our policy, including the withdrawal of the Spin-off Listing plan.

As a result, consolidated net sales for the fiscal year under review amounted to JPY38,928,746 thousand (down 2.1% YoY). While Domestic debugging achieved significant growth, overall sales were impacted by the deconsolidation of a subsidiary sold in December 2024 and decreased sales in the AGEST Group Business. On the profit side, operating income increased to JPY2,626,166 thousand (up 8.1% YoY) and ordinary income rose to JPY2,582,767 thousand (up 13.4% YoY), mainly driven by increased sales in the highly profitable Domestic debugging. In addition, net income attributable to owners of the parent amounted to JPY1,181,667 thousand (up 87.7% YoY), supported in part by a reduction in extraordinary losses.

Business results by segment are reviewed below.

	FY2024 (JPY in thousand)	FY2025 (JPY in thousand)	Change (%)
Sales	**39,748,901**	**38,928,746**	**-2.1**
DH Group Business	23,906,371	23,130,981	-3.2
AGEST Group Business	16,158,981	15,994,761	-1.0
Adjustment amount	-316,451	-196,996	—
Operating income	**2,430,067**	**2,626,166**	**8.1**
DH Group Business	1,941,426	2,245,556	15.7
AGEST Group Business	488,641	380,609	-22.1

Net sales of each segment includes internal sales or transfers between segments, and segment income is considered to be a Operating income.

① DH Group Business

This segment mainly consists of Domestic debugging services for detecting bug or defect in console games and mobile games, as well as Global and other services such as game localization and LQA (Linguistic Quality Assurance), marketing support, game development support, and customer support.

During the consolidated fiscal year under review, the Domestic debugging services achieved double-digit sales growth by steadily securing new projects against the backdrop of strong demand driven by the launch of the Nintendo Switch 2. This growth was supported by proactive sales activities leveraging our strengths, including an extensive lineup of dedicated testing equipment for new hardware, as well as company-wide efforts to implement flexible and agile operations tailored to customer needs, such as resource sharing across different sites.

Meanwhile, in the Global and others services, which we position as a growth driver, translation and LQA services expanded through the full-scale deployment of solutions utilizing our proprietary game-specialized AI translation engine, “ella.” In addition, game development support services maintained a high level of activity in new projects, while the performance contribution from HUWIZ SOLUTIONS INC., which became a consolidated subsidiary in November 2025, also supported growth. As a result, excluding the impact of subsidiaries sold in the previous consolidated fiscal year, net sales achieved significant growth. Furthermore, in pursuit of further growth in the global domain, we worked to enhance and geographically expand our solutions through initiatives such as establishing a new base in Thailand, strengthening localization language capabilities through a capital and business alliance with a U.S. company, and expanding porting capabilities through a strategic business alliance with a Singapore-based company.

As a result of the above, DH Group Business recorded net sales of JPY23,130,981 thousand (down 3.2% YoY) for the consolidated fiscal year under review. Although existing services such as Domestic debugging performed strongly, overall sales were significantly impacted by the deconsolidation of subsidiaries sold in the previous consolidated fiscal year. On the other hand, segment profit increased substantially to JPY2,245,556 thousand (up 15.7% YoY), mainly driven by growth in the highly profitable Domestic debugging services.

② AGEST Group Business

This segment mainly consists of QA solutions including system testing to detect defects in enterprise systems, system development, and ERP implementation support. In addition, this segment provides SOC (Security Operation Center) operations that monitor software and networks, detect and counter attacks, and IT services and other services that provide system maintenance and operational support.

During the consolidated fiscal year under review, QA solution achieved overall sales growth despite a decline in orders for system development and other projects due to the expanding adoption of AI and related factors. This was primarily because the system testing service, which we position as a growth driver, steadily secured new projects. Meanwhile, sales of IT services and others services declined, mainly due to a temporary decrease in license renewal sales in the security monitoring business caused by price increases for endpoint security products by certain vendors.

During the consolidated fiscal year under review, the business environment changed significantly against the backdrop of the expanding adoption of AI. In order to respond swiftly to these changes, we worked to establish a QA model suited for the

AI era and to build new revenue models that are not dependent on the number of engineers. These efforts included the launch of “TFACT,” our proprietary testing tool equipped with AI functionality as a standard feature, as well as a fully domestic SBOM (Software Bill of Materials) management tool, for which demand is expected to expand going forward.

As a result, net sales in the AGEST Group Business for the consolidated fiscal year under review amounted to JPY15,994,761 thousand (down 1.0% YoY), mainly due to the contraction of system development and the highly profitable security monitoring service. Segment profit totaled JPY380,609 thousand (down 22.1% YoY).

(2) Overview of financial standing in this period

(Assets)

The balance of current assets was JPY14,031,100 thousand, a decrease of JPY38,360 thousand, or 0.3%, from JPY14,069,461 thousand in current assets at the end of the previous fiscal year.

This was mainly due to decreases of JPY461,590 thousand in cash and deposits and JPY127,488 thousand in notes and accounts receivable-trade and contract assets, despite increases of JPY443,467 thousand in income taxes refundable and JPY142,155 thousand in other current assets.

The balance of fixed assets was JPY7,500,747 thousand, an increase of JPY1,620,717 thousand, or 27.6%, from JPY5,880,029 thousand at the end of the previous fiscal year.

This was mainly due to increases of JPY755,160 thousand in goodwill, JPY267,138 thousand in other intangible assets, and JPY303,819 thousand in other investments and other assets.

(Liabilities)

The consolidated of current liabilities was JPY11,187,790 thousand, up JPY714,695 thousand, or 6.8%, from JPY10,473,095 thousand at the end of the previous fiscal year.

This was mainly due to a decrease of JPY350,450 thousand in accounts payable-other, despite increases of JPY472,900 thousand in short-term loans payable and JPY464,818 thousand in accrued expenses.

The balance of long-term liabilities was JPY382,490 thousand, an increase of JPY166,790 thousand, or 77.3%, from JPY215,700 thousand in long-term liabilities at the end of the previous fiscal year.

This was due mainly to factors such as an increase of JPY146,885 thousand in deferred tax liabilities payable.

(Net assets)

Net assets stood at JPY9,961,567 thousand, an increase of JPY700,871 thousand, or 7.6%, compared with net assets of JPY9,260,695 thousand at the end of the previous fiscal year.

This was mainly due to a decrease in retained earnings of JPY535,016 thousand due to dividends, despite net income attributable to shareholder of the parent company of JPY1,181,667 thousand.

(3) Overview of cash flow during the period

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review amounted to JPY7,132,151 thousand, a decrease of JPY461,590 thousand from JPY7,593,742 thousand at the end of the previous fiscal year.

Cash flow as of this consolidated fiscal year, and major contributing factors, are summarized below.

(Cash flow from operating activities)

Net cash provided by operating activities was JPY3,224,551 thousand (compared with net cash provided of JPY3,119,272 thousand in the previous fiscal year).

This was mainly due to cash inflow items such as income before income taxes of JPY1,856,750 thousand, depreciation of JPY549,423 thousand, Impairment losses of JPY238,030 thousand, amortization of goodwill of JPY386,627 thousand, valuation loss on investment securities of JPY344,719 thousand, and change in notes and accounts receivable-trade of JPY296,258 thousand, which outweighed cash outflow items such as changes in accounts payable-other of JPY383,189 thousand and income taxes paid of JPY1,036,097 thousand.

(Cash flow from investing activities)

Net cash used in investing activities for investing activities was JPY3,724,273 thousand (compared with net cash used of JPY5,080 thousand in the previous fiscal year).

This was mainly due to purchase of property, plant and equipment of JPY293,033 thousand, purchase of intangible assets of JPY486,943 thousand, purchase of investment securities of JPY487,645 thousand, purchase of long-term prepaid expenses of JPY440,000 thousand, and purchase of shares of subsidiary resulting in change in scope of consolidation of JPY1,890,123 thousand.

(Cash flow from financing activities)

Net cash used in financing activities was JPY92,287 thousand (compared with net cash used in financing activities of JPY2,555,521 thousand in the previous fiscal year).

This was mainly due to the fact that cash decrease items such as cash dividends paid of JPY534,785 thousand exceeded cash increase items such as increase (decrease) in short-term loans payable of JPY472,900 thousand.

(4) Future outlook

In recent years, against the backdrop of the rapid expansion of AI adoption, the software development landscape has undergone significant transformation. As AI increasingly takes on roles such as code generation, the barriers to software development have been lowered, resulting in a growing volume of software being developed. At the same time, however, challenges unique to AI-driven development—such as the black-box nature of development processes and hallucinations—have become increasingly apparent. Consequently, the role expected of testing and QA is evolving from conventional verification of whether software is "built correctly" to a more advanced form of quality assurance focused on whether software is "not only built correctly, but also truly valuable for users."

Under these circumstances, the DH Group Business, which provides services for game and entertainment content, is pursuing initiatives aimed at delivering "Entertainment quality" assurance that leverages human sensitivity, intuition, and insight. Meanwhile, the AGEST Group Business, which provides services for enterprise software, is working to realize value through "quality assurance supported by cutting-edge technologies such as AI, as well as security solutions that protect information assets from increasingly sophisticated and diversified cyberattacks." To achieve these goals, we are strengthening existing businesses while also taking on the challenge of developing new business models.

In the DH Group Business, we aim to achieve further growth by expanding globally our "Entertainment quality" assurance capabilities cultivated through debugging operations since our founding. In particular, as simultaneous global launches of game titles have become increasingly common in recent years, we are strengthening collaboration not only among our domestic and overseas group companies but also with overseas companies with which we have entered into business alliance agreements. Through these efforts, we are building a framework capable of providing debugging, translation and LQA, multilingual voice recording, and other services on a one-stop global basis, thereby striving to expand our global client base. At the same time, we are also working to strengthen the human resources and operational foundations that support these businesses. Specifically, we are promoting employee empowerment through the introduction of our AI-collaborative operational platform "HumanOps OS," while actively leveraging AI across services, operations, and back-office functions to improve operational efficiency.

Meanwhile, in the AGEST Group Business, we are promoting a shift from conventional labor-intensive solution offerings to AI-powered solutions in order to provide "quality assurance that is truly valuable for users." Specifically, we are strengthening the deployment of solutions utilizing our proprietary AI testing tool "TFACT" and vulnerability risk visualization tool "SBOM Archi," both launched in the fiscal year ended March 31, 2026, in an effort to establish new revenue models that are not dependent on the number of engineers. In addition, as demand for consulting related to optimal AI utilization continues to grow during the early stages of AI-driven development, we are strengthening talent development initiatives, including the reskilling of engineers, in order to address these emerging needs.

Furthermore, amid rapid advances in AI that are significantly transforming industry structures and business models, we established a new CVC (Corporate Venture Capital) division with the aim of identifying new growth opportunities. Going forward, we will accelerate our efforts to enter and invest in new markets and domains beyond our existing businesses by making investments of approximately ¥500 million annually in companies from which we expect to gain technologies, ideas, business models, and innovative talent not currently possessed by the company.

Based on the above efforts, we project the following figures for full-year business results in the next period.

■ Full year consolidated business performance forecasts

	This period FY2025 (JPY in millions)	Next period FY2026(forecast) (JPY in millions)	Change (%)
Sales	38,928	41,080	5.5
Operating income	2,626	2,730	4.0
Ordinary income	2,582	2,730	5.7
Net income attributable to owners of the parent	1,181	1,850	56.6

The above forecasts are based on information currently available to the Company and on certain assumptions judged to be reasonable, and do not constitute guarantees of future performance. Actual results may differ significantly from these forecasts due to various factors.

2. Basic concept on choice of accounting standards

While the Company prepares consolidated financial statements based on Japanese GAAP, based on the criterion of accurately disclosing the Group's business results and financial standing to shareholders and investors, in choice of accounting standards in the future it has adopted a policy of considering use of accounting standards to contribute to appropriate disclosure of information by the Group, in light of the need for international comparability among accounting figures in response to factors such as trends in the composition of Company shareholders and trends among other companies in Japan.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Unit: JPY thousand)

	Previous consolidated fiscal year (March 31, 2025)	This consolidated fiscal year (March 31, 2026)
Assets		
Current assets		
Cash and deposits	7,593,742	7,132,151
Notes and accounts receivable-trade and contract assets	5,545,690	5,418,201
Inventories	65,405	69,461
Income taxes receivable	3,890	447,358
Other	903,078	1,045,233
Allowance for doubtful accounts	-42,346	-81,305
Total current assets	14,069,461	14,031,100
Noncurrent assets		
Property, plant and equipment		
Buildings	1,162,760	1,194,674
Accumulated depreciation	-417,586	-494,889
Buildings, net	745,173	699,785
Vehicles	3,347	2,989
Accumulated depreciation	-2,102	-2,989
Vehicles, net	1,245	0
Tools, furniture and fixtures	1,861,818	2,229,165
Accumulated depreciation	-1,199,219	-1,423,341
Tools, furniture and fixtures, net	662,598	805,824
Land	17,568	17,568
Lease assets	102,105	172,507
Accumulated depreciation	-53,307	-75,635
Lease assets, net	48,797	96,872
Total property, plant and equipment	1,475,383	1,620,049
Intangible fixed assets		
Goodwill	1,035,427	1,790,588
Other	713,043	980,182
Total intangible fixed assets	1,748,471	2,770,770
Investments and other assets		
Investment securities	1,340,609	1,341,538
Deferred tax assets	246,897	386,263
Lease and guarantee deposits	883,231	876,491
Other	208,493	512,312
Allowance for doubtful accounts	-23,057	-6,678
Total investments and other assets	2,656,174	3,109,927
Total noncurrent assets	5,880,029	7,500,747
Total assets	19,949,490	21,531,848

(Unit: JPY thousand)

	Previous consolidated fiscal year (March 31, 2025)	This consolidated fiscal year (March 31, 2026)
Liabilities		
Current liabilities		
Short-term loans payable	5,200,000	5,672,900
Accounts payable-other	2,280,008	1,929,558
Accrued expenses	982,267	1,447,086
Income taxes payable	574,690	484,102
Accrued consumption taxes	456,156	555,261
Provision for bonuses	150,622	227,625
Provision for directors' bonuses	22,332	30,929
Other	807,017	840,327
Total current liabilities	10,473,095	11,187,790
Noncurrent liabilities		
Deferred tax liabilities	22,606	169,491
Net defined benefit liability	16,232	18,570
Asset retirement obligations	109,190	109,756
Other	67,670	84,671
Total noncurrent liabilities	215,700	382,490
Total liabilities	10,688,795	11,570,281
Net assets		
Shareholders' equity		
Capital stock	300,686	300,686
Capital surplus	66,018	63,686
Retained earnings	9,298,826	9,945,478
Treasury stock	-1,806,469	-1,792,421
Total shareholders' equity	7,859,061	8,517,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,734	-27,526
Foreign currency translation adjustment	1,084,048	1,140,109
Total accumulated other comprehensive income	1,094,783	1,112,583
Non-controlling interests	306,850	331,554
Total net assets	9,260,695	9,961,567
Total liabilities and net assets	19,949,490	21,531,848

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

(Unit: JPY thousand)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Sales	39,748,901	38,928,746
Cost of sales	29,611,147	28,927,860
Gross profit	10,137,754	10,000,886
Selling, general, and administrative expenses	7,707,686	7,374,720
Operating income	2,430,067	2,626,166
Non-operating income		
Interest income	27,085	36,324
Subsidy income	14,736	63,284
Other	18,890	22,978
Total non-operating income	60,712	122,587
Non-operating expenses		
Interest expenses	32,823	49,971
Loss on investments accounted for using the equity method	38,721	83,738
Foreign exchange losses	90,254	10,249
Other	50,535	22,026
Total non-operating expenses	212,334	165,986
Ordinary income	2,278,445	2,582,767
Extraordinary income		
Gain on sales of stock of affiliates	589,206	—
Reversal of loss on businesses restructuring	35,868	—
Total extraordinary income	625,075	—
Extraordinary losses		
Loss on retirement of noncurrent assets	9,901	2,392
Impairment losses	—	238,030
Loss on valuation of investment securities	1,184,076	344,719
Valuation loss on shares of affiliates	52,350	—
Provision for allowance for doubtful accounts	6,678	—
Penalty	3,865	—
Extra retirement allowances	—	140,874
Other	1,200	—
Total extraordinary losses	1,258,072	726,016
Net income before taxes	1,645,449	1,856,750
Income taxes-current	949,909	789,064
Adjustment amount income taxes	25,171	-145,200
Total income taxes	975,080	643,864
Current net income	670,368	1,212,886
Net income attributable to non-controlling shareholder	40,904	31,218
Net income attributable to owners of the parent	629,464	1,181,667

Consolidated Statement of Comprehensive Income

(Unit: JPY thousand)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Current net income	670,368	1,212,886
Other comprehensive income		
Valuation difference on available-for-sale securities	117,878	-38,260
Foreign currency translation adjustment	266,026	63,282
Share of other comprehensive (loss) income in associates	-8,058	-4,910
Total other comprehensive income	375,846	20,111
Comprehensive income	1,046,214	1,232,998
(Breakdown)		
Comprehensive income attributable to owners of parent	994,431	1,199,468
Comprehensive income attributable to non-controlling interests	51,783	33,530

(3) Consolidated Statement of Changes to Shareholders' Equity

Previous fiscal year (From April 1, 2024, to March 31, 2025)

(Unit: JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Starting balance	300,686	66,354	9,137,264	-1,818,333	7,685,971
Changes of items during the period					
Dividends of surplus			-467,902		-467,902
Net income attributable to owners of the parent			629,464		629,464
Sale of treasury stock		-336		11,864	11,528
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-336	161,561	11,864	173,090
Current year-end balance	300,686	66,018	9,298,826	-1,806,469	7,859,061

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Starting balance	-107,144	836,960	729,816	436,573	8,852,361
Changes of items during the period					
Dividends of surplus					-467,902
Net income attributable to owners of the parent					629,464
Sale of treasury stock					11,528
Net changes of items other than shareholders' equity	117,878	247,088	364,966	-129,723	235,243
Total changes of items during the period	117,878	247,088	364,966	-129,723	408,333
Current year-end balance	10,734	1,084,048	1,094,783	306,850	9,260,695

This consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Starting balance	300,686	66,018	9,298,826	-1,806,469	7,859,061
Changes of items during the period					
Dividends of surplus			-535,016		-535,016
Net income attributable to owners of the parent			1,181,667		1,181,667
Sale of treasury stock		-2,331		14,047	11,715
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-2,331	646,651	14,047	658,367
Current year-end balance	300,686	63,686	9,945,478	-1,792,421	8,517,429

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Starting balance	10,734	1,084,048	1,094,783	306,850	9,260,695
Changes of items during the period					
Dividends of surplus					-535,016
Attributable to shareholder, the parent company Current net income					1,181,667
Sale of treasury stock					11,715
Items other than shareholder' equity Net changes of	-38,260	56,060	17,800	24,704	42,504
Total changes of items during the period	-38,260	56,060	17,800	24,704	700,871
Current year-end balance	-27,526	1,140,109	1,112,583	331,554	9,961,567

(4) Consolidated Statement of Cash Flows

(Unit: JPY thousand)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Net cash provided by (used in) operating activities		
Net income before taxes	1,645,449	1,856,750
Depreciation and amortization	566,387	549,423
Impairment losses	—	238,030
Amortization of goodwill	460,067	386,627
Increase (decrease) in allowance for doubtful accounts	-42,262	-1,091
Increase (decrease) in provision for bonuses	-7,952	76,031
Increase (decrease) in provision for directors' bonuses	9,175	8,597
Interest and dividends income	-27,085	-36,324
Interest expenses	32,823	49,971
Foreign exchange losses (gains)	90,254	10,249
Loss on evaluation of investment securities	1,184,076	344,719
Share-based compensation expenses	14,470	11,669
Equity in losses (earnings) from investment in affiliates	38,721	83,738
Loss (gain) on sales of shares of subsidiaries and associates (gain on -)	-589,206	—
Valuation loss on shares of affiliates	52,350	—
Decrease (increase) in notes and accounts receivable-trade	150,900	296,258
Decrease (increase) in inventories	-34,345	129,385
Subsidy income	-14,736	-63,284
Loss on retirement of noncurrent assets	9,901	2,392
Increase (decrease) in accounts payable-other	795,560	-383,189
Increase (decrease) in accrued expenses	-278,582	336,793
Increase (decrease) in accrued consumption taxes	-173,131	23,669
Decrease (increase) in other current assets	-38,978	-64,278
Increase (decrease) in other current liabilities	-69,434	-11,835
Other	2,999	134,564
Subtotal	3,777,419	3,978,868
Interest and dividends income received	32,534	36,324
Interest expenses paid	-41,656	-49,457
Income taxes paid	-716,872	-1,036,097
Income taxes refund	53,110	231,629
Subsidies received	14,736	63,284
Net cash provided by (used in) operating activities	3,119,272	3,224,551

(Unit: JPY thousand)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Net cash provided by (used in) investing activities		
Proceeds from redemption of securities	45,474	—
Purchase of property, plant and equipment	-427,985	-293,033
Proceeds from sales of property, plant and equipment	—	433
Purchase of intangible assets	-307,987	-486,943
Purchase of investment securities	-728,000	-487,645
Payments for transfer of business	-16,125	-15,195
Payments for lease and guarantee deposits	-33,092	-43,861
Proceeds from collection of lease and guarantee deposits	17,354	22,094
Proceeds from collection of lease and long-term loans	—	20,000
Purchase of long-term prepaid expenses	—	-440,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-1,890,123
Proceeds from sales of shares of subsidiary resulting in change in scope of consolidation	1,601,082	—
Payment on conditional acquisition of shares of subsidiaries	-155,798	-110,000
Net cash provided by (used in) investing activities	-5,080	-3,724,273
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	-1,895,072	472,900
Repayments of lease obligations	-11,431	-21,575
Cash dividends paid	-467,509	-534,785
Payment of dividends to non-controlling interests	-39,173	-13,957
Proceeds from payments from non-controlling interests	—	5,130
Payments for reimbursement to non-controlling shareholder	-142,333	—
Net cash provided by (used in) financing activities	-2,555,521	-92,287
Effect of exchange rate change on cash and cash equivalents	176,495	130,418
Increase (decrease) in cash and cash equivalents	735,166	-461,590
Starting balance of cash and cash equivalents	6,858,575	7,593,742
Balance of cash and cash equivalents at end of period	7,593,742	7,132,151

(5) Notes to the Consolidated Financial Statements

(Notes Regarding the Going-Concern Assumption)

Not applicable

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates and changes in accounting estimates)

(Change in Depreciation Method for Property, Plant and Equipment)

Tools, furniture and fixtures owned by DIGITAL HEARTS Co., Ltd., a consolidated subsidiary, were depreciated using the declining-balance method until the previous fiscal year. However, the straight-line method was changed from the fiscal year under review.

This change was made in response to the global simultaneous launch of new game machines in the gaming industry in the current fiscal year, and as a result of constructing a system for large-scale procurement of test machines and receiving orders in anticipation of future growth in demand, it is anticipated that the usage of facilities and equipment for testing in the future will be stable, and will be implemented in order to more accurately reflect the actual usage of assets in the period's profit and loss.

As a result of this change, Operating income, ordinary income and income before income taxes for the fiscal year under review increased JPY41,494 thousand, respectively, compared with the previous method.

(Change in depreciation method and change in useful life of petty sum depreciable assets)

DIGITAL HEARTS Co., Ltd., a consolidated subsidiary, adopted the straight-line method of depreciation over 3 years as stipulated in the Corporation Tax Act for testing facilities and equipment with a purchase price of JPY0.1 million or more but less than JPY0.2 million until the previous fiscal year. However, from the fiscal year under review, this method was changed to the straight-line method of depreciation.

In addition, the depreciation method for minor depreciable assets related to test equipment and equipment was changed. As a result, the useful lives of mobile handset equipment and game equipment were changed from 3 years to 5 years.

These changes will be implemented in order to more accurately reflect the usage of the assets in the period of profit or loss, considering that the Company's test equipment and equipment are a comprehensive management system that covers fixed assets and small-amount depreciable assets, and that the usage period of mobile handsets and game equipment is lengthening.

As a result of this change, Operating income, ordinary income and income before income taxes for the fiscal year under review increased JPY52,361 thousand, respectively, compared with the previous method.

(Additional Information)

Our overseas consolidated subsidiary receives grants for the production of multimedia works and deducts JPY25,090 thousand from cost of sales.

(Corporate consolidations etc.)

(Corporate consolidation through acquisition)

Companys acquired all of shares outstanding of HUWIZ SOLUTIONS INC. and made it a subsidiary in accordance with board of directors resolution held on November 6, 2025.

1. Overview of this corporate consolidation

(1) Name of acquired firm and its lines of business

Name of the acquired company　HUWIZ SOLUTIONS INC

Business descriptions　Debugging and QA for game software

(2) Main reasons for acquisition

To increase the capacity of Debugging in English-language and to expand its customer or client base in Europe and the United States.

(3) Date of corporate consolidation

November 20, 2025

(4) Legal form of corporate consolidation

Acquisition of shares

(5) Company name after consolidation

There is no change in the name.

(6) Percentage of voting rights acquired

100%

(7) Main evidence for the decision on acquisition

This was due to the acquisition of shares by us in exchange for cash.

2. Period of business results of the acquisition included in the consolidated financial statements

November 21, 2025 to January 31, 2026

3. Price of acquisition and breakdown of price by type

Price of acquisition (cash and deposits)	JPY2,062,055 thousand
Acquisition cost	JPY2,062,055 thousand

4. Details and amounts of main costs related to acquisition

Advisory fees JPY26,717 thousand

5. Resulting amount of goodwill, its cause, and its redemption method and redemption period

(1) Resulting amount of goodwill

JPY1,274,408 thousand

(2) Causes

Mainly future excess earning ability expected to result from future business development

(3) Redemption method and redemption period

Which will be amortized on a straight-line basis over 10 years.

6. Amounts and main breakdown of assets received and liabilities underwritten on the date of the corporate consolidation

Current assets	JPY1,076,385 thousand
Noncurrent assets	JPY81,802 thousand
Total assets	JPY1,158,187 thousand
Current liabilities	JPY227,179 thousand
Noncurrent liabilities	JPY143,362 thousand
Total liabilities	JPY370,541 thousand

(Segment Information etc.)

【Segment information】

1. Summary of reporting segments

The Group's reporting segments are constituent units of the Group for which separate financial information can be obtained. They are subject to review at regular intervals by the Board of Directors to make decisions on allocation of corporate resources and to assess business performance.

In our group, businesses segments are aggregated after considering the service content and economic characteristics, and the 2 reportable segments are “DH Group Business” and “AGEST Group Business.”

DH Group Business provides services such as Debugging, translating and LQA (Linguistic Quality Assurance), marketing support, and game development support, mainly for entertainment content such as console games and mobile games.

AGEST Group Business primarily provides enterprise systems with services such as System Testing, security testing, ERP implementation support, software-development support, and security monitoring.

2. Methods of calculating amounts of net sales and profit/loss per reporting segment

The method of accounting for the reportable businesses segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Income of reportable segments is based on Operating income. Inter-segment sales and transfers are based on prevailing market prices.

(Change in Depreciation Method for Property, Plant and Equipment)

As stated in “Notes (Changes in Accounting Policies and Changes in Accounting Estimates Difficult to Differentiate from Changes in Accounting Estimates),” the Company has changed the depreciation method for property, plant and equipment (excluding leased assets) to the straight-line method from the current fiscal year at certain domestic consolidated subsidiary.

As a result of this change, DH Group Business segment income for the fiscal year under review increased by JPY41,494 thousand.

(Change in depreciation method and change in useful life of petty sum depreciable assets)

As stated in “Notes (Changes in Accounting Policies and Changes in Accounting Estimates Difficult to Differentiate from Changes in Accounting Estimates),” the depreciation methods and useful lives of minor depreciable assets have been changed for certain domestic consolidated subsidiary from the current fiscal year.

As a result of this change, DH Group Business segment income for the fiscal year under review increased by JPY52,361 thousand.

3. Information on net sales, profit, or loss amounts by reporting segment

Previous fiscal year (From April 1, 2024, to March 31, 2025)

(Unit: JPY thousand)

	Reporting segment			Total	Adjustment amount (Note 1)	Amounts on consolidated financial statements (Note 2)
	DH Group Businesses	AGEST Group Business	Total			
Sales						
Net sales to external customers	23,630,476	16,118,424	39,748,901	39,748,901	—	39,748,901
Internal sales or transfers between segments	275,894	40,556	316,451	316,451	-316,451	—
Total	23,906,371	16,158,981	40,065,352	40,065,352	-316,451	39,748,901
Segment profit	1,941,426	488,641	2,430,067	2,430,067	—	2,430,067

(Note 1) Adjustments to intersegment sales and transfers JPY-316,451 thousand represents eliminations related to intersegment transactions.

(Note 2) Segment income is consistent with Operating income in the consolidated statements of income.

This consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Unit: JPY thousand)

	Reporting segment			Total	Adjustment amount (Note 1)	Amounts on consolidated financial statements (Note 2)
	DH Group Business	AGEST Group Business	Total			
Sales						
Net sales to external customers	22,998,143	15,930,603	38,928,746	38,928,746	—	38,928,746
Internal sales or transfers between segments	132,838	64,157	196,996	196,996	-196,996	—
Total	23,130,981	15,994,761	39,125,743	39,125,743	-196,996	38,928,746
Segment profit	2,245,556	380,609	2,626,166	2,626,166	—	2,626,166

(Note 1) Adjustments to intersegment sales and transfers JPY-196,996 thousand represents eliminations related to intersegment transactions.

(Note 2) Segment income is consistent with Operating income in the consolidated statements of income.

(Per-share Information)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Net assets per share	JPY401.76	JPY431.86
Net income per share	JPY28.25	JPY53.00

(Note 1) Diluted net income per share for the previous fiscal year and the current fiscal year is not presented because there were no dilutive potential shares.

(Note 2) The basis for calculation of net income per share is as follows.

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	This consolidated fiscal year (April 1, 2025 to March 31, 2026)
Net income per share		
Net income attributable to parent company shareholder (JPY in thousand)	629,464	1,181,667
Net income attributable to shareholder of the parent company related to common stock (JPY in thousand)	629,464	1,181,667
Average shares of common stock during the period (shares)	22,282,372	22,294,155

(Important developments arising after the end of the fiscal year)

(Change in Segment Classification)

In response to changes in the industrial structure resulting from the rapid development of AI technology. We are promoting the expansion into new markets and domains that transcend the existing businesses framework, and are working to keep pace with change and expand our businesses.

In this investment area, flexible evaluation of investment targets, decision-making, and clear investment management are required. Accordingly, on March 19, 2026, board of directors resolved to establish a new CVC division within the Company to serve as the corporate venture capital function.

As a result of the establishment of this new organization, the reportable segments of “CVC Related Business” have been added to the previous 2 categories of "DH Group Business" and “AGEST Group Business” from the following fiscal year (fiscal year ending March 2027) and are now classified into 3 categories.

The addition of this segment classification had no impact on information on net sales or income or loss by reportable segment for the fiscal year under review.