DIGITAL HEARTS HLDGS.

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Summary of Business Results for the First Half Ended September 30, 2026 [Japan GAAP] (Consolidated)

November 5, 2026

Company name: DIGITAL HEARTS HOLDINGS Co., Ltd. Listed on the TSE
Stock code: 3676 URL: https://www.digitalhearts-hd.com/
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Scheduled date to file first half securities report : November 12, 2026
Scheduled commencement of dividend payment : -
Preparation of supplementary material on financial results : Yes
Holding of financial results meeting : None

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

1. Consolidated results for the first half ended September 30, 2026 (April 1, 2026 - September 30, 2026)

(1) Consolidated business results

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six Months Ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
September 30, 2026	19,833	3.8	1,389	-3.4	1,325	-6.8	788	4.1
September 30, 2025	19,112	-4.0	1,438	74.2	1,422	75.7	757	66.5

(Reference) Comprehensive income: Six months ended September 30, 2026: 869 million yen (61.7%)
Six months ended September 30, 2025: 537 million yen (-14.2%)

	Net income per share	Diluted net income per share
Six Months Ended	(yen)	(yen)
September 30, 2026	35.37	-
September 30, 2025	33.99	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2026	22,642	10,516	45.0
As of March 31, 2026	21,531	9,961	44.7

(Reference) Shareholders' equity: 10,193 million yen (As of September 30, 2026) 9,630 million yen (As of March 31, 2026)

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year End	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2026	—	11.50	—	13.50	25.00
Fiscal year ending March 31, 2027	—	0.00			
Fiscal year ending March 31, 2027 (Forecasts)			—	0.00	0.00

(Note 1) Changes from the latest released dividend forecasts: No

(Note 2) As stated in the "Notice Regarding Revision to Dividend Forecast (No Dividend) for the Fiscal Year Ending March 31, 2027 and Abolition of the Shareholder Benefit Plan," announced on August 6, 2026, the Company does not plan to pay dividends at the end of the second quarter or at the fiscal year-end for the fiscal year ending March 31, 2027.

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

(Note) Changes from the latest released earnings forecasts: None

* Notes

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

Newly included: 1 (Company name) DIGITAL HEARTS GeeSPORTS Co., Ltd.

Excluded: 1 (Company name) CEGB Co., Ltd.

(2) Adoption of accounting treatment specific to the preparation of first half consolidated financial statements: None

(3) 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 : None

(c) Changes in accounting estimates : None

(d) Restatement : None

(4) Shares outstanding (common stock)

(a) Number of issued shares (including treasury stock)	As of September 30, 2026	23,890,800 shares	As of March 31, 2026	23,890,800 shares
(b) Number of treasury stock	As of September 30, 2026	1,591,998 shares	As of March 31, 2026	1,591,996 shares
(c) Average number of shares during the period	Six months ended September 30, 2026	22,298,804 shares	Six months ended September 30, 2025	22,289,531 shares

* First Half financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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

・Any forward-looking statements included in this report such as earnings forecasts are based on the information available to the Company at this time and certain assumptions considered reasonable; and accordingly, actual results may differ significantly from the forecasts due to various factors.

・Presentation material will be posted on TD net and the Company’s website.

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1. Overview of Business Results etc.

(1) Overview of Company Business Results

	FY2025 First half period (JPY in thousand)	FY2026 First half period (JPY in thousand)	Change (%)
Sales	19,112,058	19,833,438	3.8
Operating income	1,438,572	1,389,949	-3.4
Ordinary income	1,422,189	1,325,893	-6.8
Net income attributable to shareholder of the parent	757,678	788,732	4.1

Recently, against the backdrop of the expanding use of AI, software development is accelerating as AI takes on tasks such as code generation, while AI-specific issues such as the black-box of development processes and hallucinations are becoming apparent. As a result, the role required of software testing/QA is becoming more sophisticated, shifting from simple correctness checks to quality assurance of whether deliverables truly provide value to users.

Under these circumstances, our group is promoting the reinforcement of existing businesses and the pursuit of new business models in order to realize the value propositions of “entertainment quality assurance that leverages human sensitivity, intuition, and insight” in the DH Group Business, which provides services for game and entertainment content, and “quality assurance through QA solutions supported by advanced technologies such as AI and security solutions that protect information assets from increasingly diverse and sophisticated cyber-attacks” in the AGEST Group Business, which provides services for enterprise software. In addition, in light of the fact that industry structures and business models are undergoing significant change due to the rapid advancement of advanced technologies such as AI, we have established a new CVC (Corporate Venture Capital) division to identify new growth opportunities, and we are accelerating our initiatives to enter new markets and domains by actively investing in companies that possess technologies, ideas, business models, and the like that our group does not currently have.

During the first half of the current consolidated fiscal year, sales in the DH Group Business increased, supported by continued strong performance in Domestic debugging services on the back of an improving console game market following the launch of Nintendo Switch 2, as well as the consolidation effect of a Canadian game debugging company that became a subsidiary in November 2025. As a result, although certain services in the AGEST Group Business—such as ERP implementation support and contracted development support—contracted, net sales for the first half of the current consolidated fiscal year increased to JPY 19,833,438 thousand (up 3.8% YoY), driven by growth in the DH Group Business. On the other hand, in terms of earnings, due to factors such as deteriorating profitability accompanying the decline in sales in the AGEST Group Business, operating income was JPY 1,389,949 thousand (down 3.4% YoY), and ordinary income was JPY 1,325,893 thousand (down 6.8% YoY). Net income attributable to shareholder of the parent was JPY 788,732 thousand (up 4.1% YoY), partly reflecting factors such as a reduction in extraordinary losses.

Business results by segment are reviewed below.

In addition, from the beginning of the first half of the current consolidated fiscal year, we have changed the business segments presented as reportable segments, and comparison and analysis for the first half of the current consolidated fiscal year are based on the revised segment classification.

	FY2025 First half period (JPY in thousand)	FY2026 First half period (JPY in thousand)	Change (%)
Sales	**19,112,058**	**19,833,438**	**3.8**
DH Group Business	11,321,396	12,248,253	8.2
AGEST Group Business	7,905,328	7,629,623	-3.5
CVC Related Business	—	—	—
Adjustment amount	-114,666	-44,438	—
Operating income or Operating loss	**1,438,572**	**1,389,949**	**-3.4**
DH Group Business	1,154,844	1,265,750	9.6
AGEST Group Business	283,727	137,995	-51.4
CVC Related Business	—	-13,796	—

Net sales of each segment include internal sales or transfers between segments, and segment profit or loss is presented as operating income or operating loss.

(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 English debugging and game localization, LQA (Linguistic Quality Assurance), marketing support, game development support, and customer support.

In Domestic debugging services during the first half of the current consolidated fiscal year, we maintained a high level of net sales, as we steadily secured new title projects, including those for Nintendo Switch 2, following on from the first half of the previous consolidated fiscal year.

Furthermore, in Global and other services, which are a growth driver, strengthening collaboration among group companies in Japan and overseas and with alliance partners helped us secure new translation and LQA projects, and the performance of HUWIZ SOLUTIONS INC., a Canadian game debugging company that became a consolidated subsidiary in November 2025, also contributed. As a result, Global and other services as a whole achieved double-digit growth in net sales.

As a result, net sales of the DH Group Business for the first half of the current consolidated fiscal year were JPY 12,248,253 thousand (up 8.2% YoY), and segment profit was JPY 1,265,750 thousand (up 9.6% YoY), achieving increases in both sales and profit.

(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.

In the AGEST Group Business during the first half of the current consolidated fiscal year, SOC services performed well and the core System Testing business also secured net sales on par with the previous period; however, the impact of factors such as the completion of a large ERP implementation support project and the contraction of contracted development due to changes in the industry environment was significant, resulting in a decline in segment net sales.

Meanwhile, with a view to future growth, we worked to address new needs in the AI era and strengthen competitiveness by taking initiatives such as launching “QA for AI-driven development,” a solution that resolves quality issues across all phases of AI-driven development; jointly developing “AGEST ZERO SHIELD,” an advanced security testing solution equipped with local AI, with U.S.-based Lazarus Enterprises, Inc.; and developing “AGEST ZERO TEST,” which fully automates comparison testing between pre- and post-security-patch versions in a local environment.

As a result, net sales of the AGEST Group Business for the first half of the current consolidated fiscal year were JPY 7,629,623 thousand (down 3.5% YoY), and segment profit was JPY 137,995 thousand (down 51.4% YoY).

(3) CVC Related Business

In this segment, we make investments in companies from which we expect to acquire technologies, ideas, and business models not possessed by our group, as well as innovator talent and other resources.

There were no sales in the CVC Related Business during the first half of the current consolidated fiscal year, and the segment loss was JPY 13,796 thousand (no results in the same period of the previous year).

(2) Overview of Financial Standing in this First Half Period

(Assets)

The balance of current assets was JPY 15,218,073 thousand, up JPY 1,186,972 thousand from the level of JPY 14,031,100 thousand at the end of the previous consolidated fiscal year (up 8.5% from the previous period).

This was due mainly to an increase of JPY 1,296,445 thousand in cash and deposits, despite decreases such as JPY 135,699 thousand in notes and accounts receivable-trade and contract assets.

The balance of non-current assets was JPY 7,424,161 thousand, down JPY 76,585 thousand from the level of JPY 7,500,747 thousand at the end of the previous consolidated fiscal year (down 1.0% from the previous period).

This was due mainly to factors such as an increase of JPY 135,620 thousand in other intangible fixed assets, despite a decrease of JPY 176,389 thousand in goodwill.

(Liabilities)

The balance of current liabilities was JPY 11,800,183 thousand, up JPY 612,392 thousand from the level of JPY 11,187,790 thousand at the end of the previous consolidated fiscal year (up 5.5% from the previous period).

This was due mainly to an increase of JPY 1,297,450 thousand in short-term loans payable, despite decreases such as JPY 125,774 thousand in accounts payable-other, JPY 188,639 thousand in accrued expenses, and JPY 296,426 thousand in other current liabilities.

The balance of non-current liabilities was JPY 325,213 thousand, down JPY 57,277 thousand from the level of JPY 382,490 thousand at the end of the previous consolidated fiscal year (down 15.0% from the previous period).

(Net assets)

The balance of net assets was JPY 10,516,838 thousand, up JPY 555,271 thousand from the level of JPY 9,961,567 thousand in net assets at the end of the previous consolidated fiscal year (up 5.6% from the previous period).

This was due mainly to factors such as net income attributable to owners of the parent of JPY 788,732 thousand and an increase of JPY 67,601 thousand in foreign currency translation adjustment, despite a decrease of JPY 301,034 thousand in retained earnings due to dividends.

(Analysis of cash flow)

Cash and cash equivalents (hereinafter referred to as [funds]) during the first half of the current consolidated fiscal year were JPY 8,428,596 thousand, up JPY 401,553 thousand from the level of JPY 8,027,043 thousand in funds during the first half of the current consolidated fiscal year.

The state of each type of cash flow during the first half of the current consolidated fiscal year, and major contributing factors to each, are summarized below.

(Cash flow from operating activities)

Funds from operating activities totaled JPY 993,595 thousand (vs. revenues of JPY 981,420 thousand in the same period of the previous year).

This was mainly because factors contributing to increased funds, such as net income before income taxes of JPY 1,204,367 thousand, depreciation and amortization of JPY 341,715 thousand, and amortization of goodwill of JPY 194,629 thousand, exceeded factors contributing to decreased funds, such as income taxes paid of JPY 414,264 thousand, an increase in other current assets of JPY 179,794 thousand, and special retirement allowance payments of JPY 151,854 thousand.

(Cash flow from investing activities)

Funds used in investing activities totaled JPY 720,317 thousand (vs. expenditures of JPY 472,354 thousand in the same period of the previous year).

This was due mainly to expenditures such as JPY 308,538 thousand for acquisition of intangible assets and JPY 192,500 thousand for acquisition of long-term prepaid expenses.

(Cash flow from financing activities)

Funds from financing activities totaled JPY 973,001 thousand (vs. expenditures of JPY 131 thousand in the same period of the previous year).

This was mainly because factors contributing to increased funds, such as an increase of JPY 1,300,000 thousand in short-term loans payable, exceeded factors contributing to decreased funds, such as dividends paid of JPY 299,133 thousand.

(3) Explanation of forward-looking information, including consolidated earnings forecasts

At this time, there is no change to the earnings forecast announced in the “Summary of Business Results for the Fiscal Year Ended March 31, 2026 [Japan GAAP] (Consolidated)” dated 13 May 2026; however, we will closely monitor trends in the business environment and progress in performance, and will promptly disclose any revisions to the earnings forecast if we determine that a review is necessary.

2. First Half Consolidated Financial Statements and Important Notes

(1) First Half Consolidated Balance Sheet

(Unit: JPY thousand)

	Previous consolidated fiscal year (March 31, 2026)	This first half consolidated fiscal year (September 30, 2026)
Assets		
Current assets		
Cash and deposits	7,132,151	8,428,596
Notes and accounts receivable-trade and contract assets	5,418,201	5,282,502
Inventories	69,461	87,102
Income taxes receivable	447,358	474,858
Other	1,045,233	1,027,735
Allowance for doubtful accounts	-81,305	-82,722
Total current assets	14,031,100	15,218,073
Noncurrent assets		
Property, plant and equipment	1,620,049	1,525,618
Intangible fixed assets		
Goodwill	1,790,588	1,614,198
Other	980,182	1,115,802
Total intangible fixed assets	2,770,770	2,730,001
Investments and other assets		
Investment securities	1,341,538	1,275,727
Other	1,775,066	1,910,492
Allowance for doubtful accounts	-6,678	-17,678
Total investments and other assets	3,109,927	3,168,541
Total noncurrent assets	7,500,747	7,424,161
Total assets	21,531,848	22,642,235
Liabilities		
Current liabilities		
Short-term loans payable	5,672,900	6,970,350
Accounts payable-other	1,929,558	1,803,783
Accrued expenses	1,447,086	1,258,446
Income taxes payable	484,102	459,408
Provision for bonuses	227,625	178,102
Other	1,426,518	1,130,091
Total current liabilities	11,187,790	11,800,183
Noncurrent liabilities		
Net defined benefit liability	18,570	22,256
Other	363,920	302,957
Total noncurrent liabilities	382,490	325,213
Total liabilities	11,570,281	12,125,396

(Unit: JPY thousand)

	Previous consolidated fiscal year (March 31, 2026)	This first half consolidated fiscal year (September 30, 2026)
Net assets		
Shareholders' equity		
Capital stock	300,686	300,686
Capital surplus	63,686	63,686
Retained earnings	9,945,478	10,433,176
Treasury stock	-1,792,421	-1,792,423
Total shareholders' equity	8,517,429	9,005,125
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-27,526	-19,495
Foreign currency translation adjustment	1,140,109	1,207,710
Total accumulated other comprehensive income	1,112,583	1,188,215
Non-controlling interests	331,554	323,497
Total net assets	9,961,567	10,516,838
Total liabilities and net assets	21,531,848	22,642,235

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

(First Half Consolidated Statement of Income)

(Unit: JPY thousand)

	Previous first half consolidated accounting period (From April 1, 2025 to September 30, 2025)	This first half consolidated accounting period (From April 1, 2026 to September 30, 2026)
Sales	19,112,058	19,833,438
Cost of sales	14,108,694	14,656,459
Gross profit	5,003,364	5,176,978
Selling, general, and administrative expenses	3,564,792	3,787,029
Operating income	1,438,572	1,389,949
Non-operating income		
Interest income	15,382	8,710
Foreign exchange gains	14,569	29,595
Subsidy income	4,824	5,581
Other	8,104	12,227
Total non-operating income	42,881	56,115
Non-operating expenses		
Interest expenses	20,612	44,536
Equity in losses of affiliates	30,041	65,323
Other	8,609	10,310
Total non-operating expenses	59,263	120,170
Ordinary income	1,422,189	1,325,893
Extraordinary income		
Gain on liquidation of investment securities	—	26,933
Gain on transfer of business	—	1,000
Total extraordinary income	—	27,933
Extraordinary loss		
Loss on retirement of noncurrent assets	—	21,452
Loss on sales of noncurrent assets	—	1,814
Loss on valuation of investment securities	299,999	—
Special retirement allowance	—	10,980
Tender offer-related expenses	—	115,213
Total extraordinary loss	299,999	149,460
First half net income before income taxes	1,122,189	1,204,367
Income taxes-current	446,840	406,503
Income taxes-deferred	-90,311	3,313
Total income taxes	356,528	409,817
First half net income	765,661	794,550
Net income attributable to non-controlling interests	7,982	5,818
Net income attributable to owners of the parent	757,678	788,732

(First Half Consolidated Statement of Comprehensive Income)

(Unit: JPY thousand)

	Previous first half consolidated accounting period (From April 1, 2025 to September 30, 2025)	This first half consolidated accounting period (From April 1, 2026 to September 30, 2026)
First half net income	765,661	794,550
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,252	8,031
Foreign currency translation adjustment	-217,447	64,342
Share of other comprehensive income of equity-method affiliates	-7,105	2,724
Total other comprehensive income	-227,805	75,098
First half comprehensive income	537,855	869,649
(Breakdown)		
First half comprehensive income attributable to owners of the parent	527,851	864,364
First half comprehensive income attributable to non-controlling interests	10,003	5,284

(3) First half Consolidated Statement of Cash Flows

(Unit: JPY thousand)

	Previous first half consolidated accounting period (From April 1, 2025 to September 30, 2025)	This first half consolidated accounting period (From April 1, 2026 to September 30, 2026)
Cash flow from operating activities		
First half net income before income taxes	1,122,189	1,204,367
Depreciation and amortization	248,334	341,715
Amortization of goodwill	146,648	194,629
Increase (decrease) in allowance for doubtful accounts	3,346	9,552
Increase (decrease) in provision for bonuses	-3,843	-51,327
Increase (decrease) in provision for directors' bonuses	-166	-4,713
Interest and dividends income	-15,382	-8,710
Share-based compensation expenses	5,811	2,928
Interest expenses	20,612	44,536
Foreign exchange losses (gains)	-14,569	-29,595
Subsidy income	-4,824	-5,581
Equity in losses (earnings) from investment in affiliates	30,041	65,323
Loss (gain) on valuation of investment securities	299,999	—
Loss on sales of noncurrent assets	—	1,814
Loss on retirement of noncurrent assets	—	21,452
Special retirement allowance	—	10,980
Gain on transfer of business	—	-1,000
Tender offer-related expenses	—	115,213
Decrease (increase) in notes and accounts receivable-trade	-375,127	140,005
Decrease (increase) in inventories	6,677	-17,202
Increase (decrease) in accounts payable-other	-5,360	-55,176
Increase (decrease) in accrued expenses	92,544	-55,508
Increase (decrease) in accrued consumption taxes	74,652	-9,028
Decrease (increase) in other current assets	-65,722	-179,794
Increase (decrease) in other current liabilities	-72,375	-105,133
Other	42,084	19,240
Subtotal	1,535,573	1,648,987
Interest and dividends income received	15,206	8,710
Interest expenses paid	-20,705	-43,295
Income taxes paid	-556,616	-414,264
Income taxes refund	3,139	7,941
Subsidies received	4,824	5,581
Special retirement allowance payments	—	-151,854
Payments of tender offer-related expenses	—	-68,213
Net cash provided by (used in) operating activities	981,420	993,595

(Unit: JPY thousand)

	Previous first half consolidated accounting period (From April 1, 2025 to September 30, 2025)	This first half consolidated accounting period (From April 1, 2026 to September 30, 2026)
Cash flow from investing activities		
Purchase of property, plant and equipment	-103,896	-96,457
Proceeds from sales of property, plant and equipment	391	309
Purchase of intangible assets	-223,448	-308,538
Payment on conditional acquisition of shares of subsidiaries	-110,000	-83,574
Proceeds from transfer of business	—	1,000
Purchase of investment securities	-18,400	-190
Payments for lease and guarantee deposits	-30,493	-57,533
Proceeds from collection of lease and guarantee deposits	13,491	234
Purchase of long-term prepaid expenses	—	-192,500
Other	—	16,933
Net cash provided by (used in) investing activities	-472,354	-720,317
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	300,000	1,300,000
Repayments of lease obligations	-7,549	-14,521
Dividends paid	-278,625	-299,133
Payment of dividends to non-controlling interests	-13,957	-13,341
Purchase of treasury stock	—	-2
Net cash provided by (used in) financing activities	-131	973,001
Effect of exchange rate change on cash and cash equivalents	-75,632	50,165
Increase (decrease) in cash and cash equivalents	433,300	1,296,445
Starting balance of cash and cash equivalents	7,593,742	7,132,151
Ending balance of cash and cash equivalents at the first half period end	8,027,043	8,428,596

(4) Notes to the First Half Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Notes on marked changes to the amount of shareholder' equity)

Not applicable.

(Notes on Segment Information etc.)

[Segment Information]

I Previous First Half Consolidated Fiscal Year (from April 1, 2025 to September 30, 2025)

1. Information on sales and profit or loss by reporting segment

(Unit: JPY thousand)

	Reporting segment				Total	Adjustment amount (Note 1)	Amount recorded in the First Half Consolidated Statements of Income (Note 2)
	DH Group Business	AGEST Group Business	CVC Related Business	Total			
Sales							
Net sales to external customers	11,236,209	7,875,849	—	19,112,058	19,112,058	—	19,112,058
Internal sales or transfers between segments	85,187	29,479	—	114,666	114,666	-114,666	—
Total	11,321,396	7,905,328	—	19,226,725	19,226,725	-114,666	19,112,058
Segment profit	1,154,844	283,727	—	1,438,572	1,438,572	—	1,438,572

(Note 1) The adjustment amount of JPY -114,666 thousand for internal sales or transfers between segments represents the elimination of internal transactions between segments.

(Note 2) The amount of segment profit is consistent with operating income in the First Half Consolidated Statement of Income.

2. Information on impairment losses for fixed assets or goodwill, etc. by reporting segment

Not applicable.

II This First Half Consolidated Fiscal Year (from April 1, 2026 to September 30, 2026)

1. Information on sales and profit or loss by reporting segment

(Unit: JPY thousand)

	Reporting segment				Total	Adjustment amount (Note 1)	Amount recorded in the First Half Consolidated Statement of Income (Note 2)
	DH Group Business	AGEST Group Business	CVC Related Business	Total			
Sales							
Net sales to external customers	12,208,741	7,624,696	—	19,833,438	19,833,438	—	19,833,438
Internal between segments sales or transfers	39,511	4,926	—	44,438	44,438	-44,438	—
Total	12,248,253	7,629,623	—	19,877,876	19,877,876	-44,438	19,833,438
Segment profit or loss (-)	1,265,750	137,995	-13,796	1,389,949	1,389,949	—	1,389,949

(Note 1) The adjustment amount of JPY -44,438 thousand for internal sales or transfers between segments represents the elimination of internal transactions between segments.

(Note 2) The amount of segment profit or loss is consistent with operating income in the First Half Consolidated Statement of Income.

2. Matters relating to changes in reporting segments, etc.

(Changes in reporting segments)

In response to changes in industrial structures due to the rapid advancement of AI technologies and other factors, our Group is promoting entry into and investment in new markets and areas beyond the framework of existing businesses, and is working to keep pace with change and expand its businesses.

Since agile evaluation and decision-making with respect to investment targets and clear investment management are required in this investment area, at the board of directors meeting held on March 19, 2026, it was resolved to establish within the Company a "CVC Division" that will function as our corporate venture capital unit.

In conjunction with this organizational change, from this First Half Consolidated Fiscal Year we have added the reporting segment "CVC Related Business" to the previous two-category structure of "DH Group Business" and "AGEST Group Business," resulting in three categories.

Note that the segment information for the previous first half consolidated fiscal year is presented based on the post-change categories.

3. Information on impairment losses for fixed assets or goodwill, etc. by reporting segment

Not applicable.

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

(Share consolidation)

At the meeting of the Board of Directors of the Company held on August 6, 2026, the Company resolved to express its opinion in support of the tender offer for the Company's common shares (the "Company Shares") by Sandbox K.K. (the "Tender Offeror") (the "Tender Offer") and to recommend that its shareholders tender their shares in the Tender Offer. The Tender Offer was conducted from August 7, 2026, through September 24, 2026, and 11,187,236 Company Shares were tendered. As the total number of shares tendered reached the minimum number of shares to be purchased (5,922,743 shares), the Tender Offer was successfully completed.

However, since the Tender Offeror could not acquire all of the Company Shares through the Tender Offer (excluding the 8,925,633 Company Shares not tendered by Mr. Eiichi Miyazawa, the Company's Representative Director and Chairman and the Representative Director of the Tender Offeror ("Mr. Miyazawa"), out of the Company Shares held by him at the commencement of the Tender Offer, and the treasury shares held by the Company), at the request of the Tender Offeror, the Company has resolved, at the meeting of its Board of Directors held on October 23, 2026, that the Company convene the Extraordinary Shareholders' Meeting scheduled for November 20, 2026, and submit proposals regarding the consolidation of the Company Shares at a ratio of 2,975,211 shares to one share (the "Share Consolidation"), the abolition of provisions on the number of shares per unit, and partial amendments to the Articles of Incorporation to that meeting, for the purpose of making the Tender Offeror and Mr. Miyazawa the sole shareholders of the Company, subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting.

In the course of these procedures, the Company Shares will fall under the delisting criteria set forth in the Securities Listing Regulations of Tokyo Stock Exchange, Inc.. Accordingly, the Company Shares are scheduled to be designated as securities to be delisted from November 20, 2026, through December 10, 2026, and subsequently delisted on December 11, 2026. The effective date of the Share Consolidation is scheduled for December 15, 2026. The total number of issued shares after the effective date will be 7 shares, and the total number of authorized shares as of the effective date will be 25 shares.

For details, please refer to the "Notice Regarding the Holding of an Extraordinary Shareholders' Meeting for Share Consolidation, Abolition of Provisions on Number of Shares Per Unit, and Partial Amendments to the Articles of Incorporation" announced on October 23, 2026.

(Cancellation of treasury shares)

At the meeting of its Board of Directors held on October 23, 2026, the Company resolved to cancel its treasury shares pursuant to Article 178 of the Companies Act (Act No. 86 of 2005 as amended). Such cancellation of the treasury shares is subject to the proposal for the share consolidation being approved and passed as originally proposed at the Company's Extraordinary Shareholders' Meeting scheduled to be held on November 20, 2026.

(1) Class of shares to be cancelled

Common shares of the Company

(2) Number of shares to be cancelled

1,591,998 shares (representing 6.66% (rounded to two decimal places) of the total number of issued shares before cancellation)

(3) Scheduled date of cancellation

December 14, 2026

(Reference)

After the cancellation, the total number of issued shares of the Company will be 22,298,802 shares.

(Business acquisition)

DIGITAL HEARTS Co., Ltd., a consolidated subsidiary of the Company, resolved at its Board of Directors meeting held on August 6, 2026, to enter into a business transfer agreement to acquire the game debugging business from IMAGICA GEEQ Inc. Based on this resolution, a business transfer agreement was executed on the same date, and the business acquisition was completed as of November 1, 2026.

1. Outline of the business acquisition

(1) Name of counterparty and details of the business acquired

Name of counterparty: IMAGICA GEEQ Inc.

Details of business acquired: game debugging business

(2) Main reasons for undertaking the business acquisition

To add new business sites in Tokyo, Osaka, and Niigata and enhance our capability to provide debugging services in both quality and volume.

(3) Business acquisition date

November 1, 2026

(4) Legal form of the business acquisition

Business acquisition with cash consideration

2. Acquisition cost of the acquired business and breakdown by type of consideration

Price of acquisition (cash and deposits)	JPY 1,160,000 thousand
Acquisition cost	JPY 1,160,000 thousand

3. Amounts and breakdown of assets received and liabilities assumed

To be determined.

4. Breakdown and amounts of main costs related to the acquisition

Advisory fees, etc.: JPY 2,864 thousand

5. Amount of goodwill to be recognized, factors giving rise to it, and method and period of amortization

To be determined.