Digital Hearts Hldgs.

Annual Report 2026

DIGITAL HEARTS HOLDINGS Co., Ltd.

Tokyo Stock Exchange Prime Market [3676]

Mission

SAVE the DIGITAL WORLD

Vision

As a global quality partner with a diverse team,
we are pursuing the creation of a safe and reliable digital society
where people around the world can live with a smile.

DIGITAL HEARTS HLDGS.

Contents

DIGITAL HEARTS HOLDINGS by the Numbers

(As of March 31, 2026)

1. Scale of the Company

Consolidated net sales

¥**38,928** mn

Consolidated operating income

¥**2,626** mn

Number of group companies

Domestic **9**

Overseas **17**

Number of employees

2,132 people

2. Business Basement for Sustainable Growth

Number of QA engineers

1,048 people

Number of registered testers

Approx.
8,000 people

Number of test centers in Japan

21 locations

Number of verification terminals

Game consoles	4,590
Smart devices	6,426

3. Strong Financial Base

Total assets

¥**21,531** mn

Total net assets

¥**9,961** mn

Beyond the AI Era: Turning Change into Opportunity

President and CEO

Toshiya Tsukushi

Looking back on the fiscal year ended March 31, 2026, I believe it was a year in which the rapid advancement of AI fundamentally transformed the business environment surrounding our Group. The rapid adoption of generative AI has brought sweeping changes not only to software development, but also to corporate business models and competitive dynamics. At the same time, capital markets also experienced significant shifts, with the emergence of increasingly powerful AI models triggering sharp declines in the share prices of IT-related companies, underscoring once again the profound impact AI can have on corporate value.

Against this backdrop, our Group identified one overriding priority: how to build a business foundation capable of remaining competitive in the AI era. After extensive discussions, we made the strategic decision to withdraw our previously announced plan for the share-distribution-type spin-off and listing ("Spin-Off Listing") of our consolidated subsidiary, AGEST, Inc., which had been under preparation since May 2023.

This was by no means an easy decision. However, we believe that management's responsibility is not to remain committed to a single strategy, but rather to make decisions that maximize corporate value in response to an ever-changing business environment. After careful consideration, we concluded that proceeding with the Spin-Off Listing at this point could potentially impair value for our existing shareholders. Instead, we chose to prioritize rebuilding the business foundations of each of our operations, creating new customer value by incorporating AI into our services, and focusing our resources on fundamentally strengthening our competitiveness for the AI era.

We view the advancement of AI not as a threat, but as a significant opportunity for future growth. Going forward, AI will dramatically improve software development efficiency, resulting in the creation of an unprecedented number of software products and digital services. However, in such an environment, delivering products that continue to earn the trust and loyalty of users will require rigorous quality evaluation based on human judgment, experience, and sensibility. In addition, AI-driven software development presents entirely new quality challenges, including increasingly opaque development processes and the need to address AI-generated hallucinations and other misleading outputs. We believe these challenges cannot be solved by AI alone. Rather, they require the effective combination of human expertise and AI capabilities.

For more than 25 years since our founding, our Group has remained dedicated to software quality. The expertise, talented professionals, technological capabilities, and extensive track record we have built across a wide range of industries represent unique competitive strengths that will become even more valuable in the AI era. Going forward, while actively leveraging AI to further enhance service quality and operational efficiency, we will continue strengthening our ability to create value by capitalizing on our unique talent and technological expertise.

More specifically, within the DH Group Business, we will accelerate the global expansion of our "Entertainment quality" Assurance services by leveraging the unique sensibility, intuition, and insight of professionals with deep expertise in games. To achieve this, we will strengthen collaboration not only among our domestic and overseas Group companies but also with our international business partners under strategic alliance agreements. Through these initiatives, we will continue building a global one-stop service platform capable of providing game debugging, translation and Linguistic Quality Assurance (LQA), multilingual voice recording, and related services on an integrated basis.

Within the AGEST Group Business, we will expand our solution offerings centered on TFACT, our proprietary AI-powered test management tool launched during the fiscal year ended March 2026, as well as SBOM Archi, our proprietary tool providing visibility into software vulnerability risks. Under our strategy of moving beyond the traditional labor-hour-based business model, we aim to establish a new earnings model that is less dependent on the number of engineers by expanding product- and solution-based businesses.

In addition, we have established a new Corporate Venture Capital (CVC) function to accelerate investments in companies possessing technologies, ideas, business models, and innovative talent that complement our existing capabilities. Through these investments, we will actively pursue opportunities in new markets and business domains while accelerating our challenge to create new sources of growth beyond our existing businesses.

The environment surrounding our Group is changing dramatically as AI continues to evolve. Rather than fearing change, however, we intend to embrace it, harness it, and continuously evolve ourselves.

Driven by the venture spirit that has been at the core of our Company since its founding, we will continue to combine the QA expertise we have cultivated over the years, the unique value that only people can create, and new technologies including AI. Through these efforts, we remain committed to realizing our corporate mission, "SAVE the DIGITAL WORLD," while continuously enhancing our corporate value over the long term.

We sincerely appreciate the continued support of our shareholders, and look forward to your ongoing trust and support.

History

2001

2001
Founded as the Company Specialized in "Debugging"

Expanded the field of "Debugging" service

2007
The first Japanese company to receive the Authorized Xbox 360® Test Program (AXTP)

2008
Public company listed on TSE Mothers

2011

Started overseas expansion

Established subsidiaries in the U.S., Korea and Thailand

2011
Shifted to the First Section of the TSE

2012

Accelerating diversification in the game industry

4Gamer.net

Started the Game Media Business by M&A

2013
Shifted to a pure holding company structure

2014
Rapid expansion of Creative Businesses

2017

"Second Founding Period"
The industrial shift of debugging service

Aggressively investing in human capital such as test engineers

2018
Expansion of Security Business

2019
Strengthened the test automation service

2021
Certified as Global Partner in ISTQB*

*ISTQB…International Software Testing Technician's Qualification

2022

2022
The group reorganization aiming to accelerate the growth of Enterprise Business

2022
Transferred from the First Section of the TSE to the TSE Prime

Established AGEST, Inc., the core subsidiary of the Enterprise Business

AGEST

Established new "Tech" brand

2023

2023
Started preparing for the Spin-Off Listing of AGEST, Inc.

Began independent management of the DH Group and the AGEST Group in preparation for the planned Spin-Off Listing

Strengthened the headquarters functions of AGEST, Inc., etc.

2024

2024
Accelerated the expansion and geographic reach of services for the entertainment industry, including the establishment of a joint venture in India

2024
Focused on enhancing QA capabilities in the enterprise domain, including initiatives to leverage AI in the testing process

Developed “ella,” our proprietary game-specific AI translation engine

ella translation service

Launched AI translation solutions powered by “ella”

2025

Officially launched “TFACT,” our proprietary AI-powered testing management tool

TFACT
Testing Factory
AGEST AI Assist

2026

2026
Valuations of IT-related stocks declined significantly, driven in part by the announcement of expanded AI agent capabilities for Anthropic's Claude Cowork

2026
Withdrew the planned Spin-Off Listing of AGEST, Inc. in light of the rapidly changing capital market environment and in the interests of shareholders

Continued pursuing independent growth strategies for both the DH Group and the AGEST Group to maximize corporate value

SPECIAL FEATURE

Building a Group That Thrives in the AI Era

As AI becomes increasingly widespread, software development efficiency has improved dramatically, driving continued growth in the number of games and software applications being developed. At the same time, however, AI-driven development has introduced new challenges, including increasingly opaque development processes and AI hallucinations.
Viewing these rapid changes in the business environment as an opportunity for growth, the Group is strengthening its business foundation to enhance its competitiveness in the AI era.

DIGITAL HEARTS

Key Words of DH Group

Human Expertise × AI × Global

Value provided

"Entertainment quality" assurance driven by human sensibility, intuition, and insight

Growth strategy

Expanding our unique "Entertainment quality" assurance in a growing global gaming market

AI utilization strategy

Empowering human resources

×

AGEST

Key Words of AGEST Group

QA × AI × Cyber Security

Value provided

Improving the quality of software with embedded AI speedily and accurately through AI

Growth strategy

Building a new QA and Security model for the AI era, leveraging our QA expertise

AI utilization strategy

Automating business processes

Progress of Our Growth Strategy

DH Group Business

Steadily executing initiatives to expand its services and the foreign client base with the goal of further rapid growth in the global market

Business alliance with Singapore-based companies to expand porting capabilities.

GENERAL ARCADE × LUNATE games

Capital and business alliance with a U.S.-based localization company to expand supported languages.

GameScribes

Software development | Art production | Audio and voice | Localization | Debugging/QA | Customer support | Marketing

Our Services

Acquired additional shares in G-angle Co., Ltd. to further strengthen businesses collaboration with it.

G-angle

Acquired a Canadian gaming QA company to enhance our debugging service in English.

HUWIZ

Established a consolidated subsidiary in Bangkok to expand translation and LQA bases.

DIGITAL HEARTS Bangkok

AGEST Group Business

Accelerating the adoption of AI and other technologies to build a new revenue base less dependent on the number of engineers

A unique tool providing visibility into software vulnerability risks

SBOM Archi Vulnerability RiskManagement Tool

⇒ Launched the tool in January 2026.

A unique test management tool utilizing AI

TFACT Testing Factory AGEST AI Assist

⇒ Commercially launched the tool in January 2026.

Debugging

We provide a service that detects bugs in console and mobile games from the user's perspective.
Since its founding in 2001, the Group has supported the development of high-quality games by Japanese game developers, leveraging more than 4 million bug reports accumulated over its history and its dominant position in the domestic console game debugging market.

What Makes Our Debugging Services Unique

"Entertainment quality" assurance delivered by the sensibility, intuition, and insight of experienced game professionals —capabilities that AI cannot fully replicate

Defect detection that infers "unexpected behavior" of users

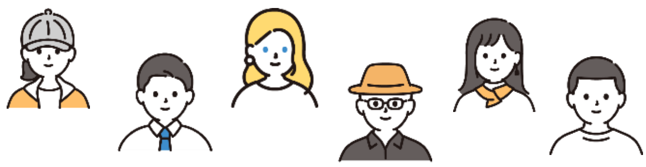
Quality improvement assuming irregular

Verify that the translation captures the game's world and character personalities

Improve game immersion

Small discomfort during operation also detected

Realizing stress-free operability



Approximately 8,000 testers from diverse backgrounds

Proven expertise in triaging(*) tens of thousands of defects

Optimize development costs

Judged the appropriateness of the difficulty level of the mission from user perspective

Optimize game balance

*Triage: A process of prioritizing, categorizing, and determining the order of response for a large volume of bugs and issues based on their severity and urgency.

Software Testing

A Bug detection service for enterprise systems, including business applications and operational platforms. Our QA-specialized engineers support software quality improvement from the early stages of development, leveraging cutting-edge technologies such as AI and test automation tools.

Translation / LQA

We offer a translation service that capture the nuances of a game's world and characters. We also provide Linguistic Quality Assurance (LQA) to ensure translated text is displayed correctly in-game. Our services support the simultaneous global release of high-quality games in multiple languages.

Creative

With over 100 creators based at our studio, we provide comprehensive services ranging from game planning and development to 3DCG production, 2D art creation, voice recording, music production, and live operations support. We also support global game launches through services such as multilingual voice recording and visual culturalization.

Marketing

We offer promotion services tailored to the game lifecycle, utilizing a variety of media resources such as our original comprehensive game information site "4Gamer.net," online advertising, TV commercials, and influencer marketing. With offices in Japan, Shanghai, Hong Kong, and Singapore, our local experts—well-versed in regional cultures and business practices—deliver optimized marketing strategies for each target market.

Cyber Security

We offer comprehensive security services, ranging from security testing such as vulnerability diagnosis, 24/7 EDR monitoring, incident response, and security training. Through strategic alliances with various technology partners, we help protect our clients' information assets against increasingly sophisticated and diverse cyber threats.

AI / Automation Solutions

Providing technology-driven quality assurance services through proprietary solutions, including the AI test management tool "TFACT" and the test automation tool "TestArchitect."

Integration

We provide various integration support services, including system development, SAP implementation support, DX in-house support, and cloud migration, covering both on-premises and cloud environments.

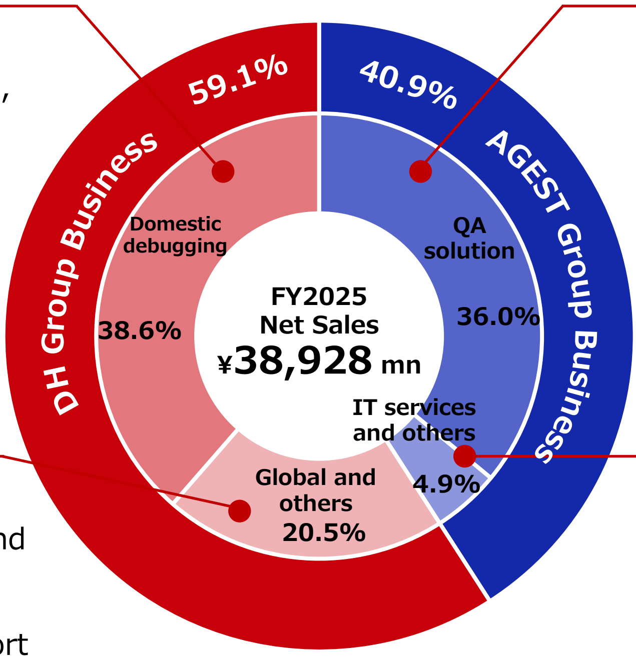
Sales Breakdown by Segment

Domestic debugging

- Debugging for console games and mobile games, etc.

QA solution

- Testing for business systems incl. online
- Support for test automation
- Security test
- Introduction of ERP and CRM
- System development



Global and others

- Global services providing game translation, LQA, and marketing support
- Creative services such as game development support
- Media services including the operation of a comprehensive game information website, etc.

*LQA··· Linguistic Quality Assurance

IT services and others

- Security monitoring
- IT support

Financial Results by Segment

(JPY mn)	FY2023	FY2024	FY2025
Net Sales	38,790	39,748	38,928
DH Group Business	23,488	23,906	23,130
Domestic debugging	13,180	13,679	15,116
Global and others	10,308	10,226	8,014
AGEST Group Business	15,975	16,158	15,994
QA solution	13,364	13,928	14,083
IT services and others	2,611	2,230	1,910
Adjustments	-674	-316	-196
Segment Income	2,039	2,430	2,626
DH Group Business	1,734	1,941	2,245
AGEST Group Business	305	488	380
Segment Income Margin	5.3%	6.1%	6.7%
DH Group Business	7.4%	8.1%	9.7%
AGEST Group Business	1.9%	3.0%	2.4%

* The Company divested identity Inc., a consolidated subsidiary, on December 25, 2024.
identity Inc. (FY2024 Results): Net sales: ¥3,103 million; Operating income: ¥70 million (after consolidation).

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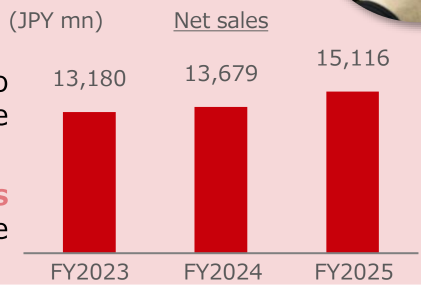
DH Group Business

YoY change excluding the sale of a subsidiary **+11.2%**

Net Sales	Segment Income
¥23,130 mn	**¥2,245 mn**
(YoY change -3.2%)	(YoY change +15.7%)

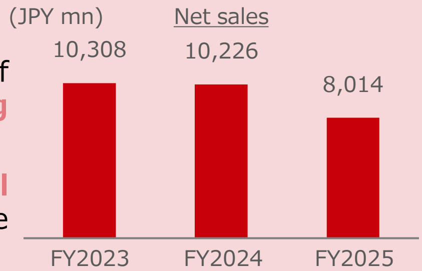
Domestic debugging

- Captured robust demand following the launch of Nintendo Switch 2, delivering **+10.5% revenue growth** and driving the Group's overall performance.
- Despite continued investment in human capital, **the gross profit margin remained strong at 27.4%**, driven by revenue growth and other factors.



Global and others

- Reported revenue declined due to the deconsolidation of identity Inc., which was divested in FY2024, **while existing businesses delivered +12.5% revenue growth**.
- Steadily **expanded our solutions portfolio** and **international customer base** through strategic alliances, including the acquisition of a Canadian game debugging company, etc.

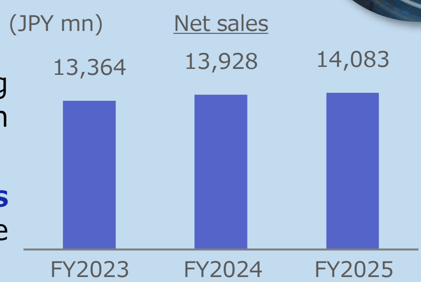


AGEST Group Business

Net Sales	Segment Income
¥15,994 mn	**¥380 mn**
(YoY change -1.0%)	(YoY change -22.1%)

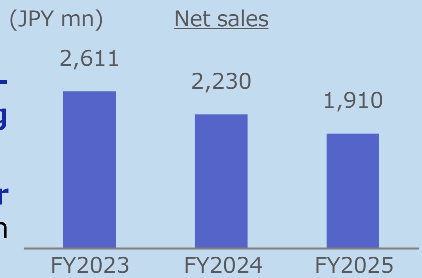
QA solution

- **Sales grew across QA solution services**, driven by strong domestic testing demand, offsetting the decline in development support services and the FY2024 divestiture.
- **Advanced the development of a new revenue model less dependent on engineering resources**, including the commercial launch of its proprietary AI test tool, TFACT.



IT services and others

- Revenue declined due to the **strategic downsizing of low-margin businesses** and **higher endpoint security licensing costs imposed** by certain vendors.
- Driven by strengthening cybersecurity regulations, **our proprietary SBOM tool** for vulnerability visibility, launched in January 2026, **saw a strong start**.



Basic Philosophy

Our Mission is "SAVE the DIGITAL WORLD."
Based on this Mission, we are building a corporate governance system with the transparency of its management and the monitoring/supervisory functions in order to further enhance our corporate value through activities responding to the expectation from stakeholders including shareholders, clients, business partners, employees, and local communities.

Corporate Governance Highlights

Point1 Transition to a Company with an Audit and Supervisory Committee

On June 25, 2026, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee. This transition is intended to accelerate and enhance the efficiency of decision-making by delegating authority over important business execution decisions to executive directors, while further strengthening the supervisory function by granting Directors who are Audit and Supervisory Committee Members voting rights at Board of Directors meetings. Through these measures, we aim to further enhance our corporate governance.

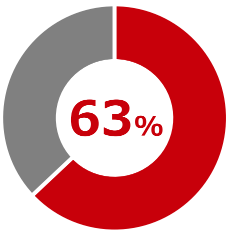
Point2 Nomination and Remuneration Committee with a Majority of Outside Directors

To enhance the transparency of the decision-making process regarding the nomination and remuneration of officers and to strengthen the Board of Directors' oversight function, the Company has established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors. The Committee is composed of a majority of Outside Directors, and its Chair is an Outside Director.

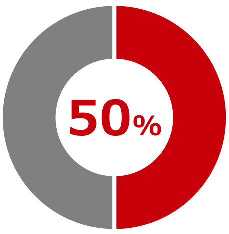
Point3 A Diverse Board of Directors

Our Board of Directors comprises individuals with diverse backgrounds, including founders, executives with management experience across a wide range of industries, certified public accountants, and attorneys, fostering well-balanced discussions from diverse perspectives. Outside Directors account for 62.5% of the Board, and their independent perspectives and advice further enhance the transparency and credibility of the Board's decision-making.

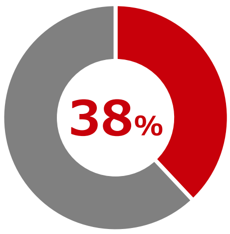
Outside Directors



Independent Directors



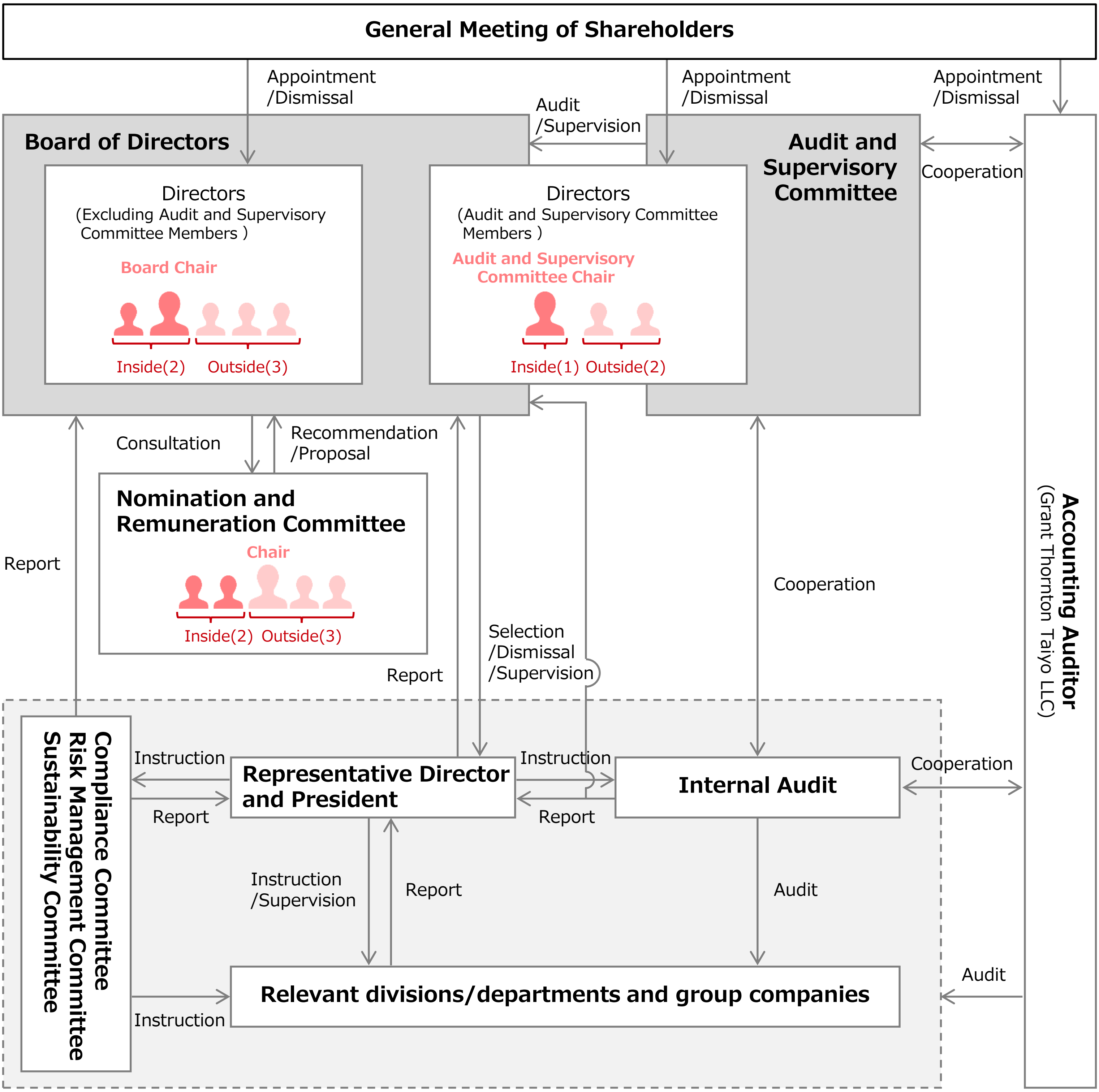
Female Directors



* As of June 25, 2026

Corporate Governance Structure

(As of June 25, 2026)



Board of Directors

Representative Director, President and CEO
Toshiya Tsukushi

Born in 1965. After working for a consulting company and a financial institution, he promoted the formulation of growth strategies as a Director, executive officer and CFO of Nissen Holdings Co., Ltd. Joined our company in 2017 and promoted M&A deals as Director and CFO. Appointed Director, Executive Vice President and CFO in 2021, Director, Executive Vice President and COO in 2023, and Representative Director, President and CEO in 2024.

Representative Director and Chairman
Eiichi Miyazawa

Born in 1972. He established the original business of DIGITAL HEARTS in 2001 and rapidly expanded it by launching a unique business model utilizing diverse human resources such as core gamers. In 2013, he was appointed Representative Director, President and CEO of our company upon the transition to a holding company structure. Appointed Director and Chairman in 2017 and Representative Director and Chairman in 2024.

Independent

Outside Director
Takashi Yanagiya

Born in 1951. At Nomura Securities Co., Ltd., he served as Representative Director, Senior Managing Director and as other titles of officers. Appointed as our Outside Director in 2014.

Independent

Outside Director
Emiko Murei

Born in 1969. She is a certified public accountant, and currently serves as the head of her own accounting firm while serving as a professor of Aoyama Gakuin University Graduate School of Professional Accountancy. Appointed as our Outside Director in 2022.

Outside Director
Ryo Chikasawa

Born in 1984. He is qualified as an attorney and currently serves as a partner lawyer at Mori Hamada & Matsumoto LPC (currently Mori Hamada & Matsumoto). Appointed as our Outside Director in 2022.

* Ryo Chikasawa does not report to the Tokyo Stock Exchange as an independent director in accordance with the internal regulations of the law office to which he belongs.

Director, Full-time Audit and Supervisory Committee Member
Masahide Date

Born in 1971. After working for KAIBUNDO PUBLISHING CO., LTD., he joined DIGITAL HEARTS Co., Ltd. in 2002. He served as Accounting Section Manager in the Administration Department before being appointed Audit & Supervisory Board Member of DIGITAL HEARTS Co., Ltd. in 2005. He was appointed Audit & Supervisory Board Member of the Company in 2013 and has served as a Director and Audit and Supervisory Committee Member since 2025.

Independent

Outside Director, Audit and Supervisory Committee Member
Emiko Akatsu

Born in 1963. She held senior HR leadership roles at several major global companies, including General Electric Capital Consumer Finance Co., Ltd. (currently Shinsei Financial Co., Ltd.), ORACLE CORPORATION JAPAN, and Takeda Pharmaceutical Company Limited, specializing in organization, talent, and diversity management. In 2021, she founded Future Me Company, Ltd. and currently serves as its President, providing HR consulting and training services. She was also appointed Outside Director of AJIS CO., LTD. in 2022. She became an Outside Audit & Supervisory Board Member of the Company in 2025 and has served as an Outside Director and Audit and Supervisory Committee Member since 2026.

Independent

Outside Director, Audit and Supervisory Committee Member
Ikuyo Horiguchi
(Current family name: Yamada)

Born in 1964. After working at Recruit Co., Ltd. and other companies, she joined Benesse Corporation, where she served as Executive Officer overseeing the Media, Mail-Order, and Food Delivery businesses. She later served as Executive Officer of Cookpad Inc., overseeing the Media, Public Relations, and Sales divisions. In 2017, she was appointed President and Representative Director of O-uccino, Inc. (currently Kufu Sumai Inc.) and subsequently held key positions within the group. She has served as an Outside Director and Audit and Supervisory Committee Member of the Company since 2026.

Skill Matrix of Directors

Name	In office number of years	Expertise and experience					
		Corporate management / Global	Finance / Accounting / M&A	Legal affairs / Risk management	ESG / Sustainability	IT (QA, DX and Security)	Sales / Marketing
Toshiya Tsukushi	8	●	●	●	●	●	
Eiichi Miyazawa	13	●			●	●	●
Takashi Yanagiya	12	●	●	●	●		●
Emiko Murei	4		●		●		
Ryo Chikasawa	4	●	●	●	●		
Masahide Date	-		●	●			
Emiko Akatsu	-	●	●		●		
Ikuyo Horiguchi	-	●	●				●

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Human Capital

In addition to strategically securing human resources with specialized skills such as engineers, and we also actively promote the development of various IT human resources by hiring people with diverse backgrounds but with potential abilities and utilizing our proprietary training programs, etc.
We aim to enhance our corporate value by utilizing these human resources to improve our service quality and technical capabilities, and to expand our services to meet the diversifying needs of our clients.
We will continue to invest in this human capital to achieve sustainable growth and contribute to solving social issues such as the growing shortage of IT human resources.

Human Resource Development

Various training programs according to each expertise

- E-Learning on the basics of software testing
- "AGEST Academy" to learn the expertise of a QA engineer

etc.

Enhancing Job Satisfaction

Ensuring the health and safety of employees

- Thorough labor management
- Training on harassment and other issues
- Establishment of consultation services provided by external organizations for employees
- Introduction of telework and flextime systems

etc.

Diversity & Inclusion

A work environment for diverse people working with each own individuality

- Promotion of women's activities
- Develop a work system and office environment where foreign nationals, people with disabilities, and people who have been shut-ins can work with peace of mind
- Collaborating with employment support agencies to offer a hands-on testing program for the unemployed

etc.

Intellectual Property

Our group is working to enhance corporate value by leveraging the intellectual properties described below, improving service quality and technical capabilities, and expanding services to meet diversifying client needs.
Our group will continue to invest in these intellectual properties in order to achieve sustainable growth.
And through its owned media "Sqripts," we will provide comprehensive information on software quality improvement, including the latest industry and technology trends, to improve the skills of not only us but all engineers and IT Human Resources in Japan as a whole, and to help solve social issues such as the worsening IT personnel shortage.

■ Major Intellectual Properties and Intangible Assets

DH Group Business

- Game debugging know-how accumulated over 20 years
- Strong customer base
- Registered tester pool of approximately 8,000 people

AGEST Group Business

- Strong relationships with global QA experts
- Testing processes compliant with global standards for software testing
- Proprietary AI test and security tools

Climate Change

Governance

To address sustainability issues, including climate change, we hold Sustainability Committee meetings at least quarterly, chaired by the President and CEO. The committee assesses risks and opportunities, formulates strategies and response policies, and regularly reports its progress to the Board of Directors, which provides oversight and guidance.

Climate Change-related Opportunities and Risks

■ Opportunities and Risks

We assessed the risks and opportunities related to climate change for our group’s businesses using two scenarios: a 1.5°C scenario with heightened transition risks, and a 4°C scenario with heightened physical risks, in line with the TCFD's risk classification framework. Based on this analysis, we identified climate-related risks and opportunities with an impact rating of 4 or higher in the medium to long term as potentially having significant effects on our company. The details of these findings and our planned responses are outlined below.

Opportunities and risks		scenario	Impact by time horizon		More about opportunities and risks	Direction of initiatives
			Medium	Long		
Physical risks	Interruption of power infrastructure due to natural disasters	4℃	3	4	Interruption of electric power infrastructure caused by natural disasters could result in business suspension and restoration of facilities.	To strengthen our business interruption risk response capabilities based on a business continuity plan (BCP) that considers the decentralization of operations to sites outside the disaster area.

■ Premises

Time horizon : 2030 (medium-term) / 2050 (long-term)

Impact : Consider the magnitude of the impact on human life and health, corporate value and brand, social credibility, business strategy, and profitability, by rating them on a 5-point scale in the table below.

Opportunities and risks impact on the company and its operations	Image of qualitative impact
	Impact on human life and health, corporate value and brand, social credibility, business strategy, and profitability
5	Extreme impact (positive or negative)
4	High impact (positive or negative)
3	Moderate impact (positive or negative)
2	Low impact (positive or negative)
1	Minimum impact (positive or negative)

Scenario Overview : 1.5℃ This is a scenario in which policies, regulations, and market changes are rapidly implemented to move toward 2050 carbon neutrality and limit the global average temperature increase to 1.5°C when compared to levels before the Industrial Revolution, increasing transition risks.

4℃ This is a scenario in which policies and regulations to reduce greenhouse gas emissions and social initiatives fail to make progress, which leads to a global average temperature increase of 4°C compared to levels before the Industrial Revolution, leading to more severe climate change impacts, such as disasters, and increasing physical risks.

Risk management

Risk management related to sustainability, including climate change, is managed by the Sustainability Committee.
In addition, the Sustainability Committee occasionally provides guidance and supervision as necessary for risk management in cooperation with each group company and each company's Risk management committee.

Topic

Held the "GeeSports Tournament" for seniors at EXPO 2025 OSAKA, KANSAI, JAPAN.

Featuring a team made up entirely of players in their 90s, including the tournament's oldest participant at age 94 !

Held the “GeeSports Tournament,” a senior eSports competition, at EXPO 2025 OSAKA, KANSAI, JAPAN on the International Day of Older Persons (October 1, 2025). They underwent an overwhelming fight with high concentration and breathtaking teamwork. During the game, players wrapped themselves in a warm air with “Keep it!” cheering from visitors on how to fight each other.

Voice of players participating

“It’s fun because I haven’t done so, and I got so caught up in practicing I forgot how tired my hands were.”

“People who have never spoken finally became familiar with the opportunity to practice games.“

“It's good that the brains were active because there is also the aspect of a battle of wits.”

Covered in over 350 articles, generating strong interest from corporations and local governments with lots of inquiries regarding future event hosting.

Cases of media coverage

*Click to view the article in Japanese.

- Television Osaka : 94-Year-Old Gamer Lights Up Expo as “Geesports” Heats Up
- Asahi Shimbun : Seniors Battle It Out in eSports, Proving Age Is No Barrier to New Challenges

Purpose and Significance of GeeSports (*)

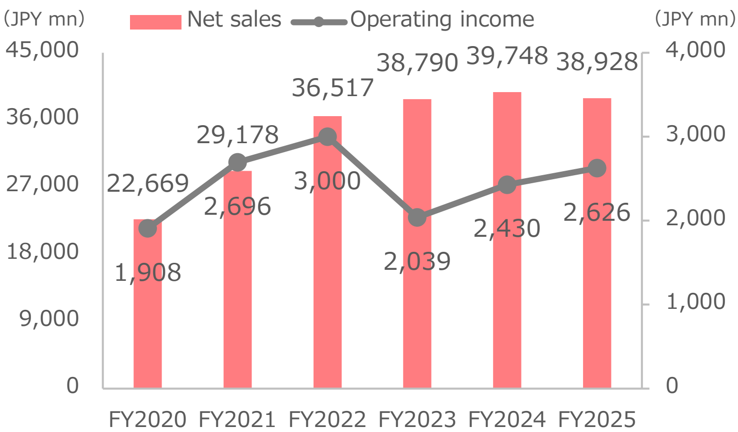
1. Creating new motivation for seniors by providing games and holding events.
2. Promoting health maintenance and dementia prevention while enjoying games.
3. Testing for new possibilities of games for social participation and multigenerational exchanges.

* GeeSports...Unique words with the acronym “**G**randParents” “**E**xciting” and “**E**mpower”

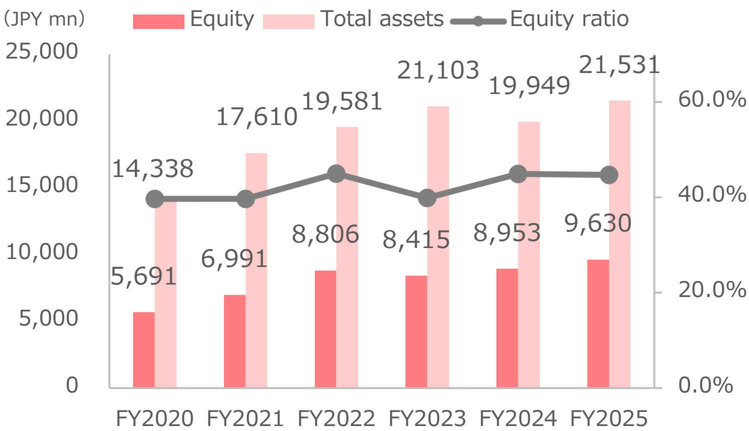
(JPY million)	FY2021	FY2022	FY2023 (Former*)	FY2023 (Current*)	FY2024	FY2025
Net sales	29,178	36,517	38,790	38,790	39,748	38,928
DH Group Business (Former Entertainment Business)	17,687	19,815	19,180	23,488	23,906	23,130
AGEST Group Business (Former Enterprise Business)	11,491	16,840	19,714	15,975	16,158	15,994
Adjustments	-	-138	-105	-674	-316	-196
Operating income	2,696	3,000	2,039	2,039	2,430	2,626
DH Group Business (Former Entertainment Business)	3,668	4,214	3,325	1,734	1,941	2,245
AGEST Group Business (Former Enterprise Business)	645	639	423	305	488	380
Adjustments	-1,616	-1,853	-1,709	-	-	-
Operating income margin	9.2%	8.2%	5.3%	5.3%	6.1%	6.7%
DH Group Business (Former Entertainment Business)	20.7%	21.3%	17.3%	7.4%	8.1%	9.7%
AGEST Group Business (Former Enterprise Business)	5.6%	3.8%	2.1%	1.9%	3.0%	2.4%
Profit attributable to owners of parent	1,778	799	176	176	629	1,181
Total assets	17,610	19,581	21,103	21,103	19,949	21,531
Current assets	10,392	12,528	13,526	13,526	14,069	14,031
Cash and deposits	5,208	6,456	6,858	6,858	7,593	7,132
Noncurrent assets	7,217	7,052	7,576	7,576	5,880	7,500
Goodwill	4,588	3,468	2,313	2,313	1,035	1,790
Total liabilities	10,044	10,107	12,250	12,250	10,688	11,570
Interest-bearing liabilities	5,590	5,127	7,133	7,133	5,249	5,771
Total net assets	7,566	9,474	8,852	8,852	9,260	9,961
Shareholders'equity	6,991	8,806	8,415	8,415	8,953	9,630
Shareholders' equity ratio	39.7%	45.0%	39.9%	39.9%	44.9%	44.7%
Net cash	-382	1,328	-275	-275	2,343	1,360
Debt Equity Ratio	0.8	0.6	0.8	0.8	0.6	0.6
Net cash provided by operating activities	3,077	2,850	1,759	1,759	3,119	3,224
Net cash used in (provided by) investing activities	-2,537	-1,903	-2,369	-2,369	-5	-3,724
Net cash provided by (used in) financing activities	-546	141	934	934	-2,555	-92
ROE	28.0%	10.1%	2.1%	2.1%	7.2%	12.7%
Dividend Payout Ratio	18.2%	57.5%	264.5%	264.5%	81.4%	47.2%

* Following the change in disclosed segments in FY2024, the segment results shown in the table above have been restated based on the current segment classification from FY2023 onward.

■ Net sales / Operating income



■ Equity / Total assets



Materiality	Item	Boundary	FY2023	FY2024	FY2025
Promotion of diversity and human resources development					
—	Number of employees	4	1,870	1,759	2,132
Empowering women in the work place	Number of women	3	392	403	417
	Ratio of women	3	23.9%	25.5%	25.3%
	Number of female managers (in japan)	4 (3)	— (19)	46 (27)	52 (26)
	Ratio of female managers (in japan)	4 (3)	— (12.4%)	18.9% (14.1%)	19.4% (13.3%)
Employment of foreigners	Number of foreign employees in all employees	3	156	177	183
	Ratio of foreign employees	3	9.5%	11.2%	11.1%
	Number of nationalities/regions	3	41	39	39
Employment of people with disabilities	Ratio of employees with disabilities in all employees	2	2.9%	2.6%	2.9%
Responsibility to employees					
Employee work environment protection	Acquisition rate of paid holidays	2	67.1%	76.9%	83.0%
	Acquisition rate of childcare leave	2	66.7%	81.5%	85.7%
	Number of occupational accidents (fatal accidents) in the last 3 years	2	0	0	0
Employee personnel development	Number of International Software Testing Qualifications Board qualification holders	4	500	572	583
	Total number of Registered Information Security Specialist Examination successful applicants	1	26	32	36
	Total number of Certified Ethical Hacker qualification holders	1	15	16	16
Create a safe and secure digital society					
Cyber security measures	Number of monitoring PCs in SOC (Security Operation Center)	1	700K	760K	930K
	Number of vulnerability diagnosis pages	1	19,652	40,789	48,264
	Number of system test projects per year	1	9,387	11,378	9,876
Resolving the shortage of IT human resources	Number of Debugger & Tester per year	1	764,778	751,063	819,655
	Debug / test operation ratio outside the Tokyo metropolitan area	1	89.6%	88.0%	88.2%
	Total number of bug training participants	1	958	1,247	1,476

Boundary

1. DIGITAL HEARTS Co., Ltd. / AGEST, Inc.
2. DIGITAL HEARTS HOLDINGS Co., Ltd. / DIGITAL HEARTS Co., Ltd. / AGEST, Inc.
3. The Company and its domestic consolidated subsidiaries
4. The Company and all of consolidated subsidiaries in Japan and overseas

(JPY thousand)

Assets	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total assets	14,338,792	17,610,296	19,581,635	21,103,096	19,949,490	21,531,848
Current assets	9,744,997	10,392,881	12,528,879	13,526,669	14,069,461	14,031,100
Cash and deposits	5,076,396	5,208,746	6,456,803	6,858,575	7,593,742	7,132,151
Notes and accounts receivable-trade	4,097,817	-	-	-	-	-
Notes and accounts receivable-trade and contract assets	-	4,411,554	5,377,205	6,003,199	5,545,690	5,418,201
Securities	155,250	34,506	39,810	42,549	-	-
Inventories	44,143	17,367	25,125	31,579	65,405	69,461
Income taxes receivable	2,478	47,112	29,041	51,943	3,890	447,358
Other	430,074	741,693	691,524	625,965	903,078	1,045,233
Allowance for doubtful accounts	-61,162	-68,099	-90,632	-87,142	-42,346	-81,305
Noncurrent assets	4,593,794	7,217,415	7,052,756	7,576,426	5,880,029	7,500,747
Property, plant and equipment	598,606	693,353	1,169,633	1,491,050	1,475,383	1,620,049
Buildings	605,431	722,403	966,661	1,143,685	1,162,760	1,194,674
Accumulated depreciation	-238,942	-281,667	-325,568	-375,808	-417,586	-494,889
Buildings, net	366,488	440,736	641,093	767,877	745,173	699,785
Vehicles	6,005	5,227	5,227	3,324	3,347	2,989
Accumulated depreciation	-4,718	-870	-2,321	-721	-2,102	-2,989
Vehicles, net	1,287	4,357	2,906	2,603	1,245	0
Tools, furniture and fixtures	728,571	869,126	1,295,633	1,619,553	1,861,818	2,229,165
Accumulated depreciation	-520,078	-639,321	-811,663	-954,501	-1,199,219	-1,423,341
Tools, furniture and fixtures, net	208,492	229,805	483,969	665,051	662,598	805,824
Land	17,568	17,568	17,568	17,568	17,568	17,568
Lease assets	45,359	31,976	57,294	79,488	102,105	172,507
Accumulated depreciation	-40,590	-31,090	-33,198	-41,537	-53,307	-75,635
Lease assets, net	4,769	886	24,096	37,950	48,797	96,872
Intangible assets	2,670,718	5,139,649	4,188,720	2,908,048	1,748,471	2,770,770
Goodwill	2,467,888	4,588,152	3,468,425	2,313,341	1,035,427	1,790,588
Other	202,830	551,496	720,294	594,706	713,043	980,182
Investments and other assets	1,324,469	1,384,412	1,694,401	3,177,327	2,656,174	3,109,927
Investment securities	191,529	236,595	494,517	1,793,427	1,340,609	1,341,538
Long-term loans receivable	30,000	40,000	20,000	10,000	-	-
Deferred tax assets	326,200	305,068	297,965	294,932	246,897	386,263
Lease and guarantee deposits	694,359	736,487	790,322	918,727	883,231	876,491
Other	92,027	74,441	91,595	177,621	208,493	512,312
Allowance for doubtful accounts	-9,648	-8,181	-	-17,381	-23,057	-6,678

(JPY thousand)

Liabilities	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total liabilities	8,024,039	10,044,072	10,107,115	12,250,734	10,688,795	11,570,281
Current liabilities	7,904,503	9,679,346	9,930,990	12,026,419	10,473,095	11,187,790
Short-term loans payable	4,728,935	5,421,296	5,106,750	7,095,072	5,200,000	5,672,900
Lease obligations	4,930	-	-	-	-	-
Accounts payable-other	1,048,155	1,361,001	1,620,348	1,883,132	2,280,008	1,929,558
Accrued expenses	950,828	1,184,413	1,165,158	1,217,779	982,267	1,447,086
Income taxes payable	453,655	511,871	677,031	338,369	574,690	484,102
Accrued consumption taxes	396,647	405,580	442,140	394,293	456,156	555,261
Provision for bonuses	53,893	100,190	136,348	160,252	150,622	227,625
Provision for directors' bonuses	-	39,184	22,162	13,156	22,332	30,929
Other	267,457	655,808	761,050	924,363	807,017	840,327
Noncurrent liabilities	119,536	364,726	176,124	224,314	215,700	382,490
Long-term loans payable	63,893	169,674	-	-	-	-
Net defined benefit liability	41,923	45,891	7,764	11,913	16,232	18,570
Deferred tax liabilities	-	55,507	45,355	34,978	22,606	169,491
Asset retirement obligations	13,719	90,256	90,581	108,611	109,190	109,756
Other	-	3,396	32,423	68,810	67,670	84,671

(JPY thousand)

Net assets	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total net assets	6,314,752	7,566,223	9,474,520	8,852,361	9,260,695	9,961,567
Shareholders' equity	5,642,705	6,774,189	8,283,925	7,685,971	7,859,061	8,517,429
Capital stock	300,686	300,686	300,686	300,686	300,686	300,686
Capital surplus	331,509	-	393,678	66,354	66,018	63,686
Retained earnings	7,575,673	9,019,199	9,427,957	9,137,264	9,298,826	9,945,478
Treasury stock	-2,565,164	-2,545,696	-1,838,397	-1,818,333	-1,806,469	-1,792,421
Accumulated other comprehensive income	48,564	217,094	522,828	729,816	1,094,783	1,112,583
Valuation difference on available-for-sale securities	581	8,921	-86,528	-107,144	10,734	-27,526
Foreign currency translation adjustment	47,983	208,173	609,357	836,960	1,084,048	1,140,109
Subscription rights to shares	13,363	-	6,345	-	-	-
Non-controlling interests	610,119	574,938	661,421	436,573	306,850	331,554
Total liabilities and net assets	14,338,792	17,610,296	19,581,635	21,103,096	19,949,490	21,531,848

(JPY thousand)

Consolidated Statement of Income	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	22,669,577	29,178,789	36,517,693	38,790,197	39,748,901	38,928,746
Cost of sales	16,235,984	20,787,432	25,885,083	28,699,374	29,611,147	28,927,860
Gross profit	6,433,592	8,391,357	10,632,610	10,090,823	10,137,754	10,000,886
Selling, general and administrative expenses	4,524,898	5,695,155	7,631,941	8,051,117	7,707,686	7,374,720
Operating income	1,908,694	2,696,201	3,000,669	2,039,705	2,430,067	2,626,166
Non-operating income	80,664	112,615	220,169	69,650	60,712	122,587
Interest income	2,598	2,520	7,810	19,961	27,085	36,324
Foreign exchange gains	-	12,239	151,327	13,520	-	-
Gain on investment in partnership	-	13,212	-	-	-	-
Gain on investments in silent partnerships	-	-	-	9,763	-	-
Subsidy income	62,296	70,107	23,846	10,505	14,736	63,284
Cashback income	-	-	-	-	8,228	-
Other	15,769	14,535	37,184	15,900	10,661	22,978
Non-operating expenses	13,964	34,739	68,289	50,240	212,334	165,986
Interest expenses	6,212	11,927	9,695	19,530	32,823	49,971
Share of loss of entities accounted for using equity method	1,425	5,395	-	-	38,721	83,738
Foreign exchange losses	2,741	-	-	-	90,254	10,249
Commission paid	252	10,288	9,400	2,692	-	-
Loss on valuation of investments in securities	-	-	38,457	-	-	-
Non-recoverable tax, etc.	-	-	455	8,547	24,269	-
Provision of allowance for doubtful accounts	-	-	-	12,943	-	-
Other	3,332	7,127	10,281	6,528	26,265	22,026
Ordinary income	1,975,394	2,774,078	3,152,548	2,059,115	2,278,445	2,582,767
Extraordinary income	55,696	83,086	75,572	-	625,075	-
Subsidy income	55,196	-	-	-	-	-
Gain on sales of noncurrent assets	-	1,233	-	-	-	-
Gain on sales of shares of subsidiaries and associates	-	707	-	-	589,206	-
Gain on forgiveness of debts	-	67,782	-	-	-	-
Gain on reversal of subscription right to shares	-	13,363	-	-	-	-
Settlement income	-	-	75,572	-	-	-
Reversal of loss on business restructuring	-	-	-	-	35,868	-
Other	500	-	-	-	-	-
Extraordinary loss	526,705	112,684	1,231,181	1,204,292	1,258,072	726,016
Loss on retirement of noncurrent assets	18,298	32,270	7,678	15,317	9,901	2,392
Office transfer expenses	44,187	14,513	5,066	2,255	-	-
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	10,509	-	135,056	87,319	-	-
Organizational restructuring expenses	-	53,742	-	-	-	-
Impairment loss	395,511	12,156	1,045,536	1,069,446	-	238,030
Loss on valuation of investments in securities	-	-	-	-	1,184,076	344,719
Loss on sales of investment securities	2,689	-	-	-	-	-
Loss on valuation of shares of subsidiaries and associates	-	-	-	-	52,350	-
Provision of allowance for doubtful accounts	-	-	-	-	6,678	-
Penalty payment or Settlement payments	-	-	37,842	18,882	3,865	-
Extra retirement payments	-	-	-	-	-	140,874
Other	55,509	-	-	11,071	1,200	-
Income before income taxes	1,504,385	2,744,481	1,996,939	854,823	1,645,449	1,856,750
Income taxes-current	600,575	729,951	1,032,241	711,836	949,909	789,064
Income taxes-deferred	-70,544	9,654	77,287	-48,606	25,171	-145,200
Total income taxes	530,030	739,606	1,109,528	663,229	975,080	643,864
Profit	974,355	2,004,875	887,411	191,593	670,368	1,212,886
Profit attributable to non-controlling interests	-136	226,224	87,861	14,665	40,904	31,218
Profit attributable to owners of parent	974,492	1,778,650	799,550	176,927	629,464	1,181,667

Comprehensive Income

(JPY thousand)

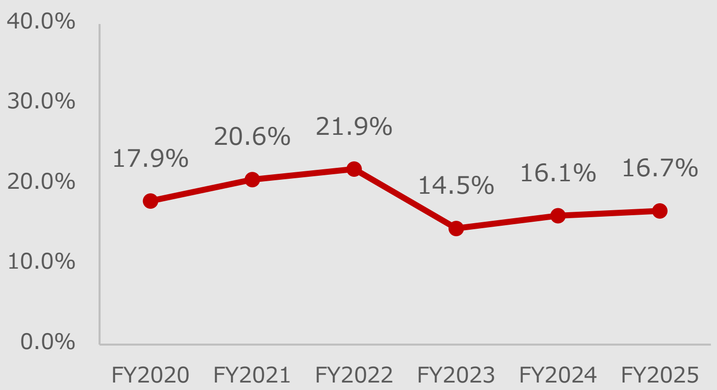
Consolidated Statement of Comprehensive Income	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Profit	974,355	2,004,875	887,411	191,593	670,368	1,212,886
Other comprehensive income	9,713	251,932	324,150	217,246	375,846	20,111
Valuation difference on available for sale securities	413	8,339	-95,449	-20,615	117,878	-38,260
Foreign currency translation adjustment	9,300	243,593	419,600	237,862	266,026	63,282
Share of other comprehensive income of entities accounted for using equity method	-	-	-	-	-8,058	-4,910
Comprehensive income	984,068	2,256,808	1,211,562	408,840	1,046,214	1,232,998
Comprehensive income attributable to owners of the parent	976,794	1,980,841	1,094,363	383,915	994,431	1,199,468
Comprehensive income attributable to non-controlling interests	7,274	275,966	117,198	24,924	51,783	33,530

Focus

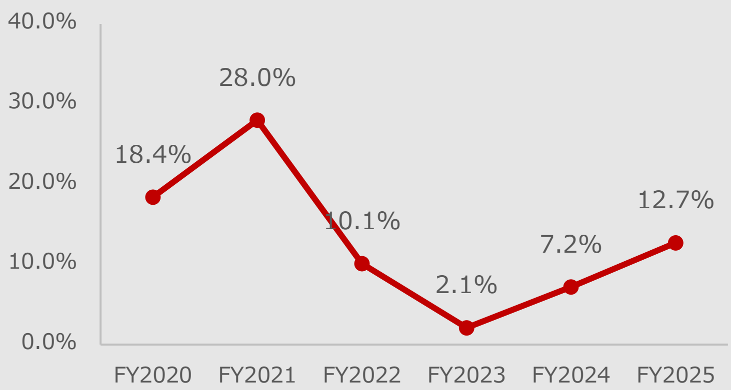
Towards Business Management with an Awareness of Capital Cost and Stock Price

With a sound financial foundation, we aim for the sustainable enhancement of corporate value through proactive growth investments in human resources, technologies, M&A, and other areas. In making investment decisions, we adhere to our financial discipline of achieving a consolidated ROIC of at least 15%, calculated on an EBITDA basis, thereby striving to maintain optimal capital efficiency. Over the five-year period ended March 31, 2026, we have consistently maintained consolidated ROIC at approximately 15–20%, significantly exceeding our cost of capital (WACC: 5–7%).
We generate stable operating cash flow of approximately ¥2–3 billion annually. While continuing to actively invest in growth areas such as human resources, technologies, and M&A, we will appropriately allocate the cash generated and aim to provide stable and continuous shareholder returns based on a progressive dividend policy.

■ ROIC



■ ROE



* Calculated by ROIC=(EBITDA×(1- Effective tax rate))÷(Interest-bearing debt ＋ Shareholders' equity)

(JPY thousand)

Cash flows from operating activities	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net cash provided by operating activities	1,416,917	3,077,118	2,850,927	1,759,092	3,119,272	3,224,551
Income before income taxes	1,504,385	2,744,481	1,996,939	854,823	1,645,449	1,856,750
Depreciation and amortization	198,365	268,228	473,068	521,605	566,387	549,423
Impairment loss	395,511	12,156	1,045,536	1,069,446	-	238,030
Amortization of goodwill	215,794	464,634	702,505	516,620	460,067	386,627
Increase (Decrease) in allowance for doubtful accounts	15,292	1,861	8,649	8,109	-42,262	-1,091
Increase (Decrease) in provision for bonuses	5,777	29,343	35,174	15,648	-7,952	76,031
Increase (decrease) in provision for directors' bonuses	-	39,184	-17,022	-9,005	9,175	8,597
Interest and dividends income	-2,612	-2,534	-7,810	-19,961	-27,085	-36,324
Interest expenses	6,212	11,927	9,695	19,530	32,823	49,971
Foreign exchange losses (gains)	2,741	-12,239	-151,327	-13,520	90,254	10,249
Share of (profit) loss of entities accounted for using equity method	1,425	5,395	-	-	38,721	83,738
Loss (Gain) on investments in partnership	-	-13,212	2,774	-	-	-
Loss on valuation of investments in securities	-	-	38,457	-	1,184,076	344,719
Loss (Gain) on sales of investment securities	2,694	-	-	-	-	-
Gain on investments in silent partnerships	-	-	-	-9,763	-	-
Gain on forgiveness of debts	-	-67,782	-	-	-	-
Share-based compensation expenses	90,014	38,146	21,967	23,094	14,470	11,669
Gain on sales of noncurrent assets	-	-1,233	-	-	-	-
Loss on retirement of noncurrent assets	18,298	32,270	7,678	15,317	9,901	2,392
Loss (gain) on sales of shares of subsidiaries and associates	-	-707	-	-	-589,206	-
Loss on valuation of shares of subsidiaries and associates	-	-	-	-	52,350	-
Office transfer expenses	44,187	14,513	5,066	2,255	-	-
Business restructuring expenses/ Loss on withdrawal from business/ Loss on sale of businesses, etc.	10,509	-	135,056	87,319	-	-
Gain on reversal of subscription rights to shares	-	-13,363	-	-	-	-
Decrease (increase) in trade receivables	-701,207	393,148	-842,041	-381,263	150,900	296,258
Decrease (Increase) in inventories	-1,137	27,752	-7,685	-5,916	-34,345	129,385
Subsidy income	-55,196	-70,107	-23,846	-10,505	-14,736	-63,284
Loss related to COVID-19	55,509	-	-	-	-	-
Organizational restructuring expenses	-	53,742	-	-	-	-
Increase (Decrease) in accounts payable - other	173,476	-295,968	249,490	63,278	795,560	-383,189
Increase (Decrease) in accrued expenses	28,756	-104,956	-73,019	33,656	-278,582	336,793
Increase (Decrease) in accrued consumption taxes	-52,972	-32,756	-6,800	-38,374	-173,131	23,669
Decrease (Increase) in other current assets	-69,989	-52,545	107,761	49,428	-38,978	-64,278
Increase (Decrease) in other current liabilities	-9,128	280,451	106,781	93,542	-69,434	-11,835
Increase (decrease) in other non-current liabilities	-	-	-1,456	-8,340	-	-
Other	-7,221	-8,880	-43,391	-137,689	2,999	134,564
Subtotal	1,869,486	3,740,949	3,772,202	2,739,337	3,777,419	3,978,868
Interest and dividends income received	26	1,917	7,341	19,703	32,534	36,324
Interest expenses paid	-5,672	-8,272	-14,135	-12,007	-41,656	-49,457
Income taxes paid	-649,797	-704,194	-960,319	-1,042,594	-716,872	-1,036,097
Income taxes refund	214,140	2,478	47,112	29,499	53,110	231,629
Office transfer expenses paid	-10,952	-2,454	-31,626	-2,255	-	-
Proceeds from subsidy income	55,196	46,695	30,353	27,410	14,736	63,284
Payments related to COVID-19	-55,509	-	-	-	-	-

(JPY thousand)

Cash flows from investing activities	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net cash used in investing activities	-1,813,519	-2,537,418	-1,903,485	-2,369,234	-5,080	-3,724,273
Proceeds from withdrawal of time deposits	-	-	35,000	-	-	-
Purchase of property, plant and equipment	-99,495	-186,762	-639,050	-617,470	-427,985	-293,033
Proceeds from sales of property, plant and equipment	-	2,270	3,472	2,761	-	433
Purchase of intangible assets	-220,988	-192,709	-394,374	-194,795	-307,987	-486,943
Proceeds from redemption of securities	-	-	-	-	45,474	-
Purchase of investment securities	-	-83,060	-446,722	-1,271,935	-728,000	-487,645
Proceeds from redemption of investment securities	-	-	10,000	-	-	-
Proceeds from sales of investment securities	2,749	54,962	-	-	-	-
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	-1,309,417	-1,813,502	-	-97,496	-	-1,890,123
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-	1,601,082	-
Proceeds from distribution of investment in partnerships	-	13,212	-	-	-	-
Proceeds from transfer of business	500	-	-	-	-	-
Payments for acquisition of businesses	-65,868	-148,883	-403,998	-42,947	-16,125	-15,195
Payments for acquisition of businesses (contingent consideration)	-18,666	-56,193	-	-18,370	-155,798	-110,000
Payments for lease and guarantee deposits	-44,920	-129,330	-112,141	-185,772	-33,092	-43,861
Proceeds from collection of lease and guarantee deposits	30,890	9,849	34,330	17,792	17,354	22,094
Decrease (Increase) in short-term loans receivable	-2,042	2,728	-	19,000	-	-
Purchase of long-term prepaid expenses	-	-	-	-	-	-440,000
Payments of long-term loans receivable	-30,000	-10,000	-	-	-	-
Proceeds from collection of long-term loans receivable	-	-	10,000	20,000	-	20,000
Payments for asset retirement obligations	-55,015	-	-	-	-	-
Other	-1,245	-	-	-	-	-

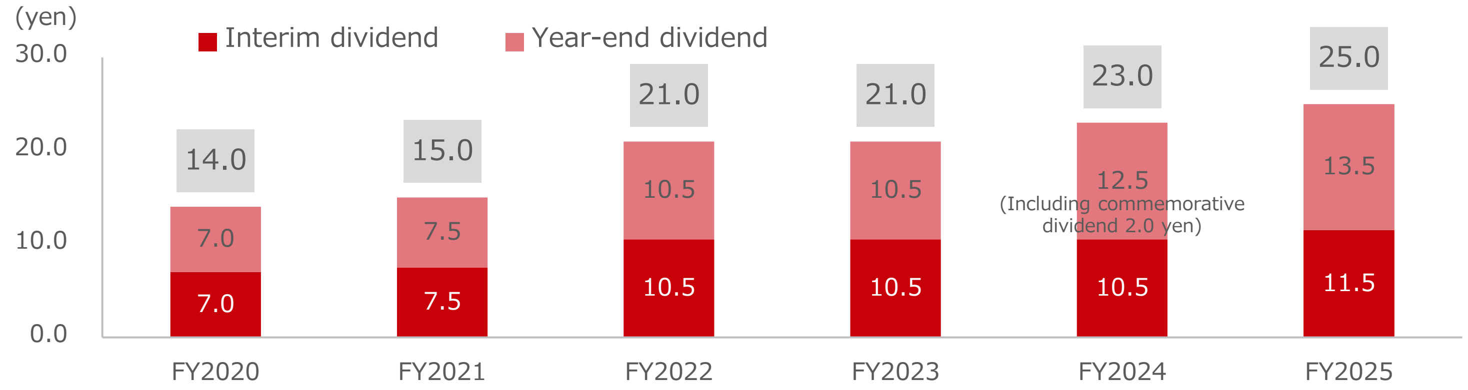
(JPY thousand)

Cash flows from financing activities	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net cash used in financing activities	1,730,291	-546,569	141,472	934,080	-2,555,521	-92,287
Increase (Decrease) in short-term loans payable	2,026,750	620,989	-300,000	1,988,322	-1,895,072	472,900
Proceeds from long-term loans payable	66,510	-	-	-	-	-
Repayments of long-term loans payable	-49,001	-168,393	-184,220	-	-	-
Proceeds from share issuance to non-controlling shareholders	-	-	-	190	-	5,130
Repayments to non-controlling shareholders	-	-	-	-	-142,333	-
Dividends paid to non-controlling interests	-10,017	-20,034	-20,034	-16,913	-39,173	-13,957
Purchase of treasury stock	-154	-246	-50	-	-	-
Proceeds from disposal of treasury shares	-	-	1,106,103	-	-	-
Payments for purchase of treasury share acquisition rights	-	-	-	-6,345	-	-
Cash dividends paid	-302,026	-314,428	-390,887	-466,568	-467,509	-534,785
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	-664,456	-80,906	-564,605	-	-
Repayments of lease obligations	-1,768	-	-	-	-11,431	-21,575
Proceeds from issuance of subscription rights to shares	-	-	11,468	-	-	-
Effect of exchange rate change on cash and cash equivalents	7,378	139,218	194,142	77,832	176,495	130,418
Net increase in cash and cash equivalents	1,341,068	132,349	1,283,057	401,771	735,166	-461,590
Cash and cash equivalents at the beginning of period	3,704,104	5,041,396	5,173,746	6,456,803	6,858,575	7,593,742
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-3,776	-	-	-	-	-
Cash and cash equivalents at the end of period	5,041,396	5,173,746	6,456,803	6,858,575	7,593,742	7,132,151

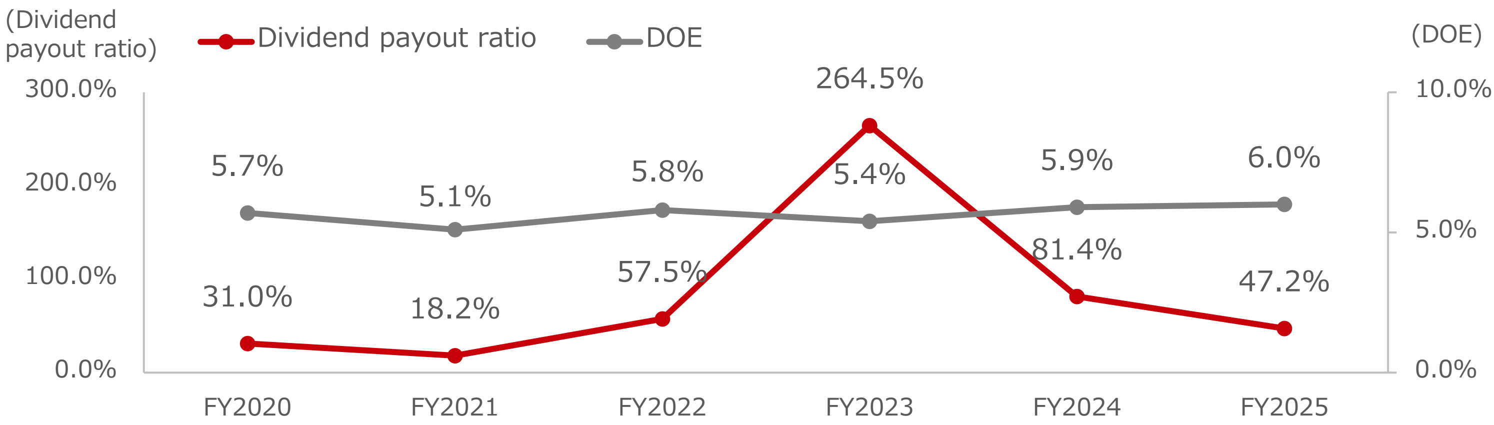
Dividends

The Company positions the return of profits to its shareholders as one of its key management priorities and, while securing the internal reserves necessary for business growth investments and the strengthening of its management foundation, has adopted as its basic policy the payment of stable and sustainable dividends based on a progressive dividend policy.
The Company's basic policy is to pay dividends twice a year, consisting of an interim dividend and a year-end dividend. To provide greater flexibility in capital allocation, the Articles of Incorporation stipulate that both dividends may be determined by resolution of the Board of Directors. Retained earnings after dividend payments will be used to strengthen existing businesses and invest in new growth opportunities. Through these initiatives, the Company aims to achieve sustainable earnings growth, maintain and enhance return on equity (ROE), and further increase corporate value.

■ Dividend per share



■ Dividend payout ratio / DOE



Shareholder Benefit Program

Eligible shareholder

Shareholders who hold 500 shares or more of our shares and are listed or recorded in the shareholder register as of the record date (March 31 of each year) are eligible.

Details of shareholder benefit

For each eligible shareholder

QUO Card 10,000yen

Introduced in FY2025

DIGITAL HEARTS HLDGS.

(As of March 31, 2026)

Company Profile	
Company Name	DIGITAL HEARTS HOLDINGS Co., Ltd.
Headquarters	3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Date Established	October 1, 2013
Representative Position and Name	Representative Director, President and CEO Toshiya Tsukushi Representative Director and Chairman Eiichi Miyazawa
Share Capital	300,686 thousand yen
Number of Consolidated Employees	2,132

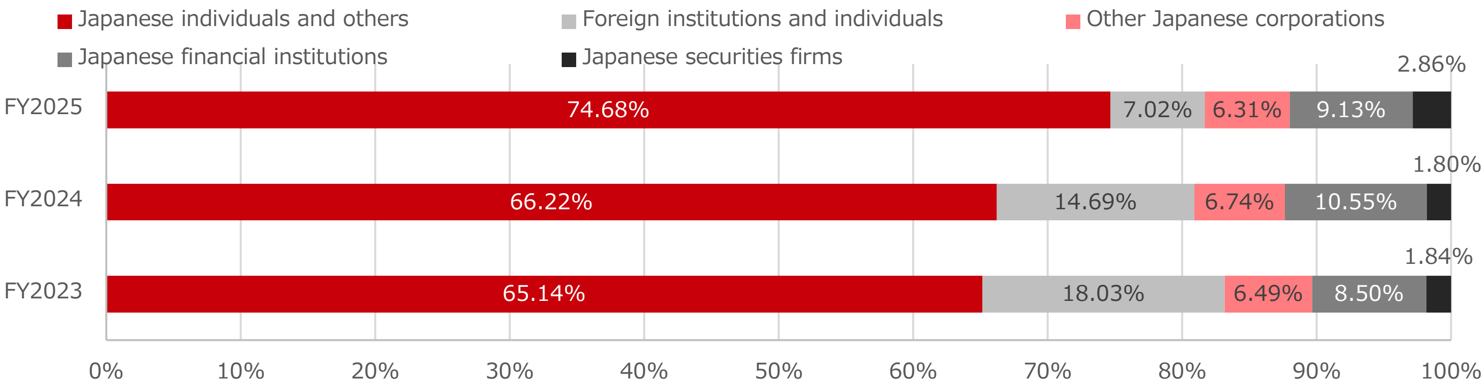
Share-related Information	
Total number of issuable shares	76,800,000
Number of issued shares	23,890,800
Number of shareholders	8,963
Stock exchange	TSE Prime Market
Securities code	3676
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

Shareholders	Number of shares (share)	Shareholding ratio (%)
Eiichi Miyazawa	9,425,633	42.27
HIKARI TSUSHIN KK Limited Partnership	1,337,100	6.00
A-1 LLC	1,324,900	5.94
The Master Trust Bank of Japan, Ltd. (Trust account)	1,044,600	4.68
Custody Bank of Japan, Ltd. (Trust Account)	1,032,000	4.63
Morgan Stanley MUFG Securities Co., Ltd.	327,548	1.47
Taichi Yabu	200,000	0.90
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	176,389	0.79
NORTHERN TRUST CO.(AVFC) RE NON TREATY CLIENTS ACCOUNT	167,913	0.75
Hiroki Ozawa	159,600	0.72
計	15,195,683	68.15

* 1,591,996 treasury shares are excluded from the number of shares above.
*Shareholding ratio are calculated based on the total number of issued shares less the number of shares in treasury stock.

Condition of Distribution by Shareholder



* Treasury shares are included in "Japanese individuals and others."

(As of March 31, 2026)

DIGITAL HEARTS HLDGS.
(Holding Company)

DH Group Business

DIGITAL HEARTS

DIGITAL HEARTS Co., Ltd.
Game debugging, Localization, etc.

DIGITAL HEARTS CROSS Group
Marketing support

DIGITAL HEARTS Seoul Co., Ltd.
Game translation, Marketing support

DIGITAL HEARTS (Shanghai) Co., Ltd.
Game debugging, Localization

DIGITAL HEARTS USA Inc.
Game debugging, Localization

Digital Hearts Linguitronics Taiwan Co., Ltd.
Game translation, etc.

HUWIZ SOLUTIONS INC.
Game debugging

FLAME Hearts Co., Ltd.
Game development and CG content development

Aetas, Inc.
Management of game media

AGEST Group Business

AGEST

AGEST, Inc.
System testing, Cyber-security,
System developing, ERP implementation, etc.

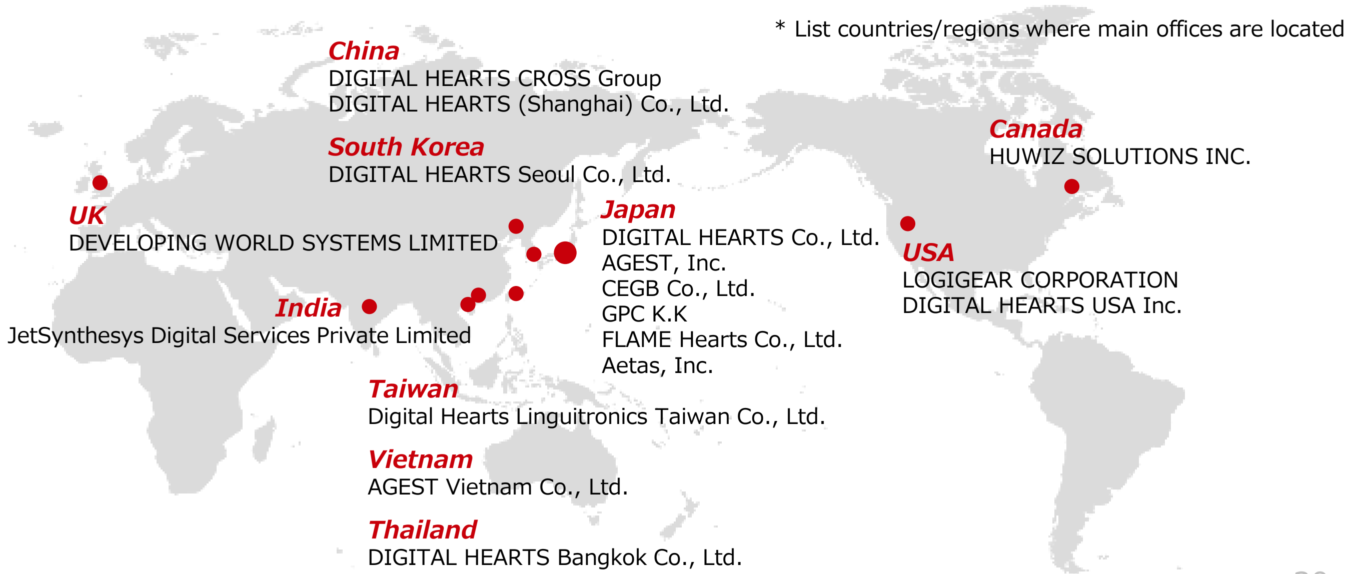
LOGIGEAR CORPORATION
System testing, Test automation support

CEGB Co., Ltd.
SAP/ERP implementation support

AGEST Vietnam Co., Ltd.
System testing, Test automation support

GPC K.K
SAP/ERP implementation support,
Open systems development

DEVELOPING WORLD SYSTEMS LIMITED
Introduction and maintenance support
for Oracle products



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