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Commencement date of electronic provision measures: June 3, 2026

13th Ordinary General Meeting of Shareholders  
Other Matters Subject to Electronic Provision Measures  
(Matters omitted from the delivered documents)

Consolidated Statement of Changes in Shareholders' Equity

Notes to Consolidated Financial Statements

Statement of Changes in Shareholders' Equity

Notes to Non-Consolidated Financial Statements

(From April 1, 2025 to March 31, 2026)

**DIGITAL HEARTS HOLDINGS Co., Ltd.**

## Consolidated Statement of Changes in shareholder' Equity

( From April 1, 2025  
to March 31, 2026 )

(Unit: JPY thousand)

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

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

(Note) Indicated monetary amounts are rounded down to the nearest thousand JPY.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Notes Concerning the Going-Concern Assumption

Not applicable

### 2. Notes, etc. on Significant Matters that Serve as the Basis for the Preparation of Consolidated Financial Statements

#### (1) Matters on the scope of consolidation

##### (i) Number of consolidated subsidiaries and the names of major consolidated subsidiaries

Number of consolidated subsidiaries: 22

Names of major companies, etc.

DIGITAL HEARTS Co., Ltd.

AGEST, Inc.

DIGITAL HEARTS USA Inc.

DIGITAL HEARTS (Shanghai) Co., Ltd.

Aetas, Inc.

FLAME Hearts Co., Ltd.

DIGITAL HEARTS Seoul Co., Ltd.

LOGIGEAR CORPORATION

AGEST Vietnam Co., Ltd.

Digital Hearts Linguitronics Taiwan Co., Ltd.

DIGITAL HEARTS CROSS Marketing and Solutions Limited

DIGITAL HEARTS CROSS Shanghai Co., Ltd.

DIGITAL HEARTS CROSS Tokyo Co., Ltd.

DEVELOPING WORLD SYSTEMS LIMITED

DWS North America, Inc.

CEGB Co., Ltd.

GPC K.K

HUWIZ SOLUTIONS INC.

DIGITAL HEARTS Bangkok Co., Ltd.

##### (ii) Names, etc. of major non-consolidated subsidiaries

GeeSports Executive Committee LLP

(Reason for exclusion from the scope of consolidation)

Total assets, net sales, net income or loss for the period (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. have a negligible impact on the consolidated financial statements, and are not material overall; therefore, they are excluded.

In addition, DIGITAL HEARTS PLUS Co., Ltd., which was a non-consolidated subsidiary in the previous consolidated fiscal year, completed liquidation in the current consolidated fiscal year.

#### (2) Matters on application of the equity method

##### (i) Number of affiliates accounted for by the equity method and the names of major companies, etc.

Number of affiliates accounted for by the equity method: 4

Name of a major company, etc.: JetSynthesys Digital Services Private Limited

##### (ii) Names, etc. of major companies among non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of non-consolidated subsidiaries to which the equity method is not applied

GeeSports Executive Committee LLP

(Reason for not applying the equity method)

Net income or loss for the period (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest), etc. have a negligible impact on the consolidated financial statements, and are not material overall; therefore, the equity method is not applied.

In addition, DIGITAL HEARTS PLUS Co., Ltd., which was a non-consolidated subsidiary in the previous consolidated fiscal year, completed liquidation in the current consolidated fiscal year.

(3) Matters concerning the fiscal periods of consolidated subsidiaries

[Companies with a December 31 fiscal year-end]

DIGITAL HEARTS (Shanghai) Co., Ltd.

LOGIGEAR CORPORATION

DIGITAL HEARTS CROSS Marketing and Solutions Limited

12 other companies

[Companies with a October 31 fiscal year-end]

HUWIZ SOLUTIONS INC.

In preparing the consolidated financial statements, among the consolidated subsidiaries listed above, AGEST, Inc. and five other companies use financial data based on provisional financial closing with 31 March as the closing date, and HUWIZ SOLUTIONS INC. uses financial data based on provisional financial closing with 31 January as the closing date. For LOGIGEAR CORPORATION and eight other companies, as the difference in closing dates does not exceed three months, consolidation is performed based on the subsidiaries' regular financial closing.

With respect to significant transactions occurring between the subsidiaries' closing dates and the consolidated closing date, adjustments necessary for consolidation have been made.

(4) Accounting policies

(i) Valuation standards and valuation methods for assets

(i) Securities

Bonds held to maturity

Cost method

Other securities

a. Securities other than shares, etc. without a market price

The fair value method is applied (valuation differences are recognized directly in net assets in full, and cost of sales is calculated using the moving-average method).

b. Shares, etc. without a market price

The cost method is mainly applied using the moving-average method.

For investments in investment limited partnerships and similar partnerships (deemed securities under Article 2, paragraph (2) of the Financial Instruments and Exchange Act), the method used is to recognize, on a net basis, the amount corresponding to the equity interest based on the most recent financial statements available in accordance with the financial reporting date specified in the partnership agreement.

(ii) Inventories

Inventories held for normal sale

Valuation is based on the cost method (with write-down of book value due to decline in profitability).

a. Merchandise

Moving-average method

b. Work in process

Specific identification method

c. Supplies

First-in, first-out method

(ii) Depreciation methods for depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Mainly, the straight-line method is applied.

The principal useful lives are as follows:

a. Buildings 3 to 18 years

b. Vehicles 6 years

c. Tools, furniture and fixtures 3 to 20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

For software for internal use, the straight-line method is applied based on the useful life within the Company (5 years), and for software intended for sale in the market, based on the estimated useful life (within 3 years).

(iii) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied with the lease term as the useful life and the residual value as zero.

(iii) Accounting standards for provisions

(i) Allowance for doubtful accounts

To provide for losses due to uncollectible receivables, the estimated uncollectible amount is recognized for general receivables based on historical write-off rates, and for specific receivables such as receivables at risk of default and bankrupt/rehabilitation receivables by considering collectability on an individual basis.

(ii) Provision for bonuses

To provide for bonus payments to employees, the provision is recognized based on the estimated amount to be paid.

(iii) Provision for directors' bonuses

To provide for bonus payments to directors, the provision is recognized based on the estimated amount to be paid.

(iv) Accounting treatment for retirement benefits

Certain consolidated subsidiaries use a simplified method for calculating net defined benefit liability and retirement benefit expenses, whereby the amount required to be paid upon voluntary termination at the fiscal year-end is deemed to be the retirement benefit obligation.

(v) Recognition of revenues and expenses

The Group recognizes revenue at an amount that reflects the consideration expected to be entitled to in exchange for transferring goods or services to customers, based on the following five-step approach.

In the Group's principal transactions involving the provision of services, the performance obligation is to provide contracted services in accordance with the contract terms; as the Group's performance obligation is satisfied when the services are actually provided, revenue and expenses are recognized at that point in time.

The payment terms for the Group's principal transactions are payment by the end of the following month after the performance obligation has been provided, and the contracts do not include a significant financing component.

Step 1 : Identify the contract(s) with a customer

Step 2 : Identify the performance obligations in the contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligations in the contract

Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

(i) DH Group Business

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

Domestic debugging services, our core service, are service provision transactions under quasi-mandate contracts, and revenue is recognized when the provision of services has been completed and becomes billable.

(ii) AGEST Group Business

AGEST Group Business provides services such as system testing, security testing, ERP implementation support, software development support, and security monitoring, mainly for enterprise systems.

For our core service provision transactions under quasi-mandate contracts, revenue is recognized when the provision of services has been completed and becomes billable.

For contracted transactions where customer inspection/acceptance of deliverables is required, as the customer's assets increase and the customer obtains control of such assets in accordance with the progress of the contract, and the Group's performance obligation is satisfied accordingly, revenue is recognized based on the degree of progress of the contract. The degree of progress of the contract is calculated based on the proportion that inputs used to satisfy the performance obligation (costs incurred) bear to total inputs expected to be incurred until the performance obligation is fully satisfied. In addition, for certain transactions, performance obligations are satisfied over time as the contract term elapses, and revenue is recognized on a time-apportioned basis over the contract period during which the performance obligation is satisfied.

6. Other significant matters for the preparation of consolidated financial statements

(i) Criteria for translating significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate as of the consolidated closing date, and translation differences are recognized in profit or loss. Assets and liabilities of overseas subsidiaries, etc. are translated into yen at the spot exchange rate as of the consolidated closing date, and

revenues and expenses are translated into yen at the average exchange rate during the period; translation differences are included in the foreign currency translation adjustment account within net assets and in non-controlling interests.

(ii) Method and period of amortization of goodwill

Goodwill is amortized on a straight-line basis over a period of 5 to 10 years.

### 3. Notes on changes in presentation methods

#### (Consolidated Income Statement)

""Cashback income"" under ""Non-operating income,"" which was presented as a separate line item in the previous consolidated fiscal year (JPY 796 thousand in the current consolidated fiscal year), is included in ""Other"" from the current consolidated fiscal year because its amount has become immaterial.

In addition, ""non-deductible consumption taxes, etc."" under ""Non-operating expenses,"" which was presented as a separate line item in the previous consolidated fiscal year (JPY 5,235 thousand in the current consolidated fiscal year), is included in ""Other"" from the current consolidated fiscal year because its amount has become immaterial.

### 4. Notes on accounting estimates

#### (Evaluation of goodwill)

##### (1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

Carrying amount of goodwill in the consolidated financial statements	JPY1,790,588 thousand
of which DH Group Business (HUWIZ SOLUTIONS INC.)	JPY1,257,512 thousand
AGEST Group Business (GPC K.K)	JPY121,429 thousand

##### (2) Information on the content of significant accounting estimates related to the identified items

###### (i) Method used to calculate the amounts recorded in the consolidated financial statements for the current consolidated fiscal year

The Group performs asset grouping in accordance with the management accounting segments based on business units. For asset groups for which there are indications of impairment, when the total undiscounted future cash flows expected to be generated from the relevant asset group are less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recorded as an impairment loss.

In the current consolidated fiscal year, for asset groups for which indications of impairment were identified, the total undiscounted future cash flows were compared with the carrying amount; where the undiscounted future cash flows exceeded the carrying amount, the Group determined that no impairment loss should be recognized.

###### (ii) Key assumptions used to calculate the amounts recorded in the consolidated financial statements for the current consolidated fiscal year

Whether there are indications of impairment of goodwill is assessed by examining whether there has been a significant decline in excess earning power based on (a) comparisons between the business plan at the time of acquisition of the relevant subsidiary and actual results and (b) the latest business plan. In evaluating excess earning power, the estimation of future cash flows in the business plan is made based on certain assumptions regarding future forecasts and other factors. These assumptions take into account future uncertainties.

##### (3) Impact on the consolidated financial statements for the next consolidated fiscal year

The Group carefully considers the identification of indications of impairment and the recognition of impairment losses and believes that the above estimates of undiscounted future cash flows are reasonable; however, if changes occur in the conditions or assumptions underlying those estimates due to changes in the market environment, etc., there is a possibility that the consolidated financial statements for the next consolidated fiscal year and subsequent periods may be significantly affected.

#### (Valuation of investment securities)

##### (1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

Carrying amount of investment securities in the consolidated financial statements	JPY1,341,538 thousand
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##### (2) Information on the content of significant accounting estimates related to the identified items

For shares, etc. without market prices, if the fair value has fallen significantly compared with the acquisition cost, an impairment is to be recognized unless recoverability is sufficiently supported by evidence.

5. Changes in accounting policy that are difficult to distinguish from changes in accounting estimates, and changes in accounting estimates

(Change in depreciation method for property, plant and equipment)

Tools, furniture and fixtures owned by the consolidated subsidiary DIGITAL HEARTS Co., Ltd. were depreciated using the declining-balance method through the previous consolidated fiscal year, but the method was changed to the straight-line method from the current consolidated fiscal year.

This change was implemented because, following the worldwide simultaneous release of new game hardware in the gaming industry during the current consolidated fiscal year, the Company procured a large volume of testing equipment and established an order-receipt framework in anticipation of expanding demand, and as a result, it is expected that the future usage of testing facilities and equipment will be stable; accordingly, the change was made to more accurately reflect the actual usage of the assets in periodic profit or loss.

As a result of this change, compared with the previous method, operating income, ordinary income, and income before income taxes for the current consolidated fiscal year each increased by JPY 41,494 thousand.

(Change in depreciation method and change in useful lives for low-value depreciable assets)

At the consolidated subsidiary DIGITAL HEARTS Co., Ltd., through the previous consolidated fiscal year, testing facilities and equipment with an acquisition cost of JPY 100 thousand or more but less than JPY 200 thousand were treated as lump-sum depreciable assets and were amortized evenly over 3 years in accordance with the provisions of the Corporation Tax Act; however, from the current consolidated fiscal year, the depreciation method was changed to the straight-line method.

In addition, in connection with the change in depreciation method for low-value depreciable assets relating to testing facilities and equipment, the useful lives of mobile device equipment and game equipment among such assets were changed from 3 years to 5 years.

These changes were implemented to more accurately reflect the usage of the assets in periodic profit or loss, taking into account that the company has a comprehensive management system covering both fixed assets and low-value depreciable assets for its testing facilities, equipment, etc., as well as the reality that the periods of use of mobile device equipment and game equipment have become longer.

As a result of this change, compared with the previous method, operating income, ordinary income, and income before income taxes for the current consolidated fiscal year each increased by JPY 52,361 thousand.

6. Notes to the Consolidated Balance Sheet

Accumulated depreciation directly deducted from assets (accumulated depreciation includes accumulated impairment losses.)

Property, plant and equipment	JPY1,996,856 thousand
Buildings	JPY494,889 thousand
Vehicles	JPY2,989 thousand
Tools, furniture and fixtures	JPY1,423,341 thousand
Lease assets	JPY75,635 thousand

7. Notes to the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters regarding shares outstanding

Type of shares	Beginning of the current consolidated fiscal year	Increase	Down	End of the current consolidated fiscal year
Common stock (shares)	23,890,800	—	—	23,890,800

(2) Matters relating to dividends

(i) Cash dividends paid

Resolution	Class of shares	Total amount of dividends (JPY in thousand)	Dividend per share (JPY)	Record Date	Effective date
May 13, 2025 Board of Directors	common stock	278,579	12.50	March 31, 2025	June 11, 2025
November 6, 2025 Board of Directors	common stock	256,436	11.50	September 30, 2025	December 5, 2025

(Note) The dividend per share of JPY 12.50 pursuant to the resolution of the Board of Directors meeting held on May 13, 2025 includes a commemorative dividend of JPY 2.00 for the 25th anniversary of the Company's founding.

(ii) Dividends whose record date falls within the current consolidated fiscal year, but whose effective date falls in the next consolidated fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (JPY in thousand)	Dividend per share (JPY)	Record Date	Effective date
May 13, 2026 Board of Directors	common stock	Retained earnings	301,033	13.50	March 31, 2026	June 10, 2026

## 8. Notes on Financial Instruments

### (1) Matters regarding the status of financial instruments

#### (i) Policy for financial instruments

With respect to fund management, the Group's policy is, in principle, to invest surplus funds in highly safe financial assets and not to engage in speculative transactions, except where there is a rational reason. With respect to financing, the Group's policy is, in principle, to fund working capital and small capital expenditures with its own funds, and to raise other substantial funds required for investments, etc. mainly through borrowings from financial institutions such as banks and through corporate bonds, etc.

#### (ii) Details, risks, and risk management system for financial instruments

(i) Notes and accounts receivable-trade and contract assets, which are operating receivables, are exposed to customers' credit risk. With respect to such risk, based on credit management regulations, etc., the Group mitigates risk by periodically monitoring the credit status of customer companies and by monitoring receivable balances on an ongoing basis.

(ii) Investment securities are other securities and are exposed to risks such as market price fluctuation risk; however, the Group periodically monitors fair values and the financial condition of issuers, etc., and continuously reviews its holdings.

(iii) Security deposits and guarantee deposits mainly relate to deposits and guarantees associated with leasing office sites. These are exposed to the credit risk of the counterparty; however, the Group ascertains the counterparty's credit status when entering into lease agreements and endeavors to monitor credit status as appropriate.

(iv) Most accounts payable, which are operating payables, have payment due dates within 1 year. These are exposed to liquidity risk; however, the Group mitigates such risk through cash flow budget management, etc.

(v) Borrowings are exposed to interest rate fluctuation risk; however, the Group manages such risk by keeping borrowing periods short so that it can respond flexibly to interest rate changes and by monitoring interest rate trends, etc. on an ongoing basis.

#### (iii) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments includes values based on market prices and, when there is no market price, values reasonably calculated. Because such values incorporate variable factors in their calculation, such values may also vary depending on the adoption of different assumptions and other conditions.

(2) Matters regarding the estimated fair value of financial instruments

The carrying amounts in the consolidated balance sheet, fair values, and differences between them are as follows. Shares, etc. without market prices are not included in the following table (see Note 3).

(Unit: JPY thousand)

	Carrying amount	Fair value	Difference
Investment securities			
Other securities	157,012	157,012	—

(Note 1) Matters regarding methods for calculating the fair value of financial instruments

(1) Assets

Cash and deposits; notes and accounts receivable-trade; and contract assets

Because these are settled in a short period and their fair values approximate their carrying amounts, the related disclosure is omitted.

(2) Liabilities

Short-term borrowings; accounts payable

Because these are settled in a short period and their fair values approximate their carrying amounts, the related disclosure is omitted.

(Note 2) Matters regarding the calculation of fair value of financial instruments, etc.

Investment securities

For other securities, the amounts recorded on the consolidated balance sheet by type, the acquisition cost, and the differences between them are as follows. There were no other securities sold during the current consolidated fiscal year.

(Unit: JPY thousand)

Category	Type	Carrying amount	Acquisition cost	Difference
Items for which the amount recorded on the consolidated balance sheet does not exceed the acquisition cost	Stocks	157,012	499,497	-342,485
Total		157,012	499,497	-342,485

(Note 3) Shares, etc. without a market price

(Unit: JPY thousand)

Category	Carrying amount
Unlisted shares	309,441
Equity securities of non-consolidated subsidiaries and affiliated companies	799,149
Investments in limited liability investment partnerships, etc.	75,935

(\* ) These are not included in “other securities.”

(Note 4) Scheduled redemption amounts after the consolidated closing date for securities with maturities

(Unit: JPY thousand)

	Within 1 year	Over 1 year to within 5 years	Over 5 year to within 10 years	Over 10 years
Investment securities				
Among other securities, those with maturities	—	—	70,000	—
Total	—	—	70,000	—

(3) Matters concerning breakdowns by appropriate categories of fair value of financial instruments, etc.

The fair values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used in measuring fair value.

Level 1 fair value : Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 fair value : Fair value measured using inputs other than Level 1 inputs that are directly or indirectly observable

Level 3 fair value : Fair value measured using significant unobservable inputs

If multiple inputs that have a significant effect on the fair value measurement are used, the fair value is classified into the level with the lowest priority in the fair value measurement among the levels to which those inputs belong.

(i) Financial assets and financial liabilities for which the amounts recorded on the consolidated balance sheet are fair value  
(Unit: JPY thousand)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Investment securities				
Stocks	157,012	—	0	157,012

(ii) Financial assets and financial liabilities for which the amounts recorded on the consolidated balance sheet are not fair value

Not applicable

(Note) Description of valuation techniques and inputs used in measuring fair value

Investment securities

Listed shares are valued using quoted prices and, since they are traded in active markets, their fair values are classified as Level 1 fair value.

J-KISS-type stock acquisition rights are classified as Level 3, as their most recent fair values are estimated based on past transaction prices, taking into account events that affect the value of the financial instruments,

We have estimated its fair value and classified it as Level 3.

## 9. Notes on Revenue Recognition

### (1) Disaggregated information on revenue arising from contracts with customers

(Unit: JPY thousand)

	Reportable segments		Total
	DH Group Business	AGEST Group Business	
Revenue arising from contracts with customers	22,998,143	15,930,603	38,928,746
Other revenue	—	—	—
Net sales to external customers	22,998,143	15,930,603	38,928,746

### (2) Information that forms the basis for understanding revenue arising from contracts with customers

The Group recognizes revenue at an amount that reflects the consideration expected to be entitled to in exchange for transferring goods or services to customers, based on the following five-step approach.

In the Group's principal transactions involving the provision of services, the performance obligation is to provide contracted services in accordance with the contract terms; as the Group's performance obligation is satisfied when the services are actually provided, revenue and expenses are recognized at that point in time.

The payment terms for the Group's principal transactions are payment by the end of the following month after the performance obligation has been provided, and the contracts do not include a significant financing component.

Step 1 : Identify the contract(s) with a customer

Step 2 : Identify the performance obligations in the contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligations in the contract

Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

#### (i) DH Group Business

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

Domestic debugging services, our core service, are service provision transactions under quasi-mandate contracts, and revenue is recognized when the provision of services has been completed and becomes billable.

#### (ii) AGEST Group Business

AGEST Group Business provides services such as system testing, security testing, ERP implementation support, software development support, and security monitoring, mainly for enterprise systems.

For our core service provision transactions under quasi-mandate contracts, revenue is recognized when the provision of services has been completed and becomes billable.

For contracted transactions where customer inspection/acceptance of deliverables is required, as the customer's assets increase and the customer obtains control of such assets in accordance with the progress of the contract, and the Group's performance obligation is satisfied accordingly, revenue is recognized based on the degree of progress of the contract. The degree of progress of the contract is calculated based on the proportion that inputs used to satisfy the performance obligation (costs incurred) bear to total inputs expected to be incurred until the performance obligation is fully satisfied. In addition, for certain transactions, performance obligations are satisfied over time as the contract term elapses, and revenue is recognized on a time-apportioned basis over the contract period during which the performance obligation is satisfied.

### (3) Information on the relationship between satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in and after the next consolidated fiscal year from contracts with customers existing as of the end of the current consolidated fiscal year

#### (i) Amounts of contract assets and contract liabilities

Claims arising from contracts with customers fall under “Notes and accounts receivable-trade and contract assets.” As of the end of the previous consolidated fiscal year and during the current consolidated fiscal year, the amounts of contract assets and contract liabilities, as well as the amount of revenue recognized from performance obligations satisfied in prior periods, are not material. In addition, contract liabilities are omitted because the balance is not material and no significant fluctuations have occurred.

(ii) Transaction price allocated to remaining performance obligations

Since the Group does not have any material transactions for which the expected individual contract period exceeds one year, the Group applies a practical expedient and omits disclosure of information on remaining performance obligations. In addition, there are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

#### 10. Notes on Per Share Information

(1) Net assets per share	JPY 431.86
(2) Net income per share	JPY 53.00

#### 11. Notes on Impairment Losses

During the current consolidated fiscal year, the Company and its consolidated subsidiaries recorded impairment losses on the following asset groups.

##### (1) Outline of the asset groups for which impairment losses were recognized

Location	Use	Type	Amount (JPY in thousand)
British Virgin Islands (DIGITAL HEARTS CROSS Marketing and Solutions Limited)	—	Goodwill	195,238
South Korea (DIGITAL HEARTS Seoul Co., Ltd.)	—	Goodwill	36,933
	Business assets	Buildings	553
		Tools, furniture and fixtures	5,305
Total			238,030

##### (2) Circumstances leading to the impairment losses

The Company's consolidated subsidiaries, DIGITAL HEARTS CROSS Marketing and Solutions Limited and DIGITAL HEARTS Seoul Co., Ltd., operate a marketing support business; however, marketing costs of key customers such as local game manufacturers have been trending downward, and uncertainties have been increasing regarding the acquisition of new projects and incentive income that supports those companies' earnings. In light of these changes in the business environment, the Company reviewed its future business plans and profit plans, and as a result was unable to achieve the performance assumed at the time of acquisition; accordingly, impairment losses were recorded on goodwill and business assets.

##### (3) Method of grouping

In applying impairment accounting, the Group groups assets in accordance with management accounting classifications based on business units.

##### (4) Method of calculating recoverable amount

The recoverable amount is calculated based on value in use, and is determined by discounting future cash flows at 13.05%.

#### 12. Notes on Special Retirement Allowances

Special retirement allowances paid in connection with the early retirement program implemented as part of business structure reform at a consolidated subsidiary are recorded as extraordinary losses.

13. Notes on Business Combinations, etc.

(Business combination by acquisition)

Based on a resolution of the Board of Directors meeting held on November 6, 2025, the Company acquired all shares outstanding of HUWIZ SOLUTIONS INC. and made it a subsidiary.

1. Overview of the business combination

(1) Name of the acquired company and details of its business

Name of acquired company: HUWIZ SOLUTIONS INC.

Details of business: Debugging and QA for game software

(2) Primary reason for the business combination

This was for the purpose of increasing capacity to handle debugging in English and expanding the customer base in Europe and the United States.

(3) Business combination date

November 20, 2025

(4) Legal form of the business combination

Share acquisition

(5) Name of the entity after the combination

There is no change in the name.

(6) Voting rights ratio acquired

100%

(7) Primary evidence for determining the acquirer

This is because the Company acquired the shares in exchange for cash.

2. Period of the acquired company's results included in the consolidated financial statements

From November 21, 2025 to January 31, 2026

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition (cash and deposits)	JPY2,062,055 thousand
Acquisition cost	JPY2,062,055 thousand

4. Details and amounts of major acquisition-related costs

Advisory fees, etc.: JPY26,717 thousand

5. Amount of goodwill recognized, cause, amortization method, and amortization period

(1) Amount of goodwill recognized

JPY1,274,408 thousand

(2) Cause

This primarily represents future excess earning power expected from future business development.

(3) Amortization method and amortization period

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

6. Amount of assets accepted and liabilities assumed on the date of the business combination, and the major breakdown thereof

Current assets	JPY 1,076,385 thousand
Noncurrent assets	JPY 81,802 thousand
<u>Total assets</u>	<u>JPY 1,158,187 thousand</u>
current liabilities	JPY 227,179 thousand
Noncurrent liabilities	JPY 143,362 thousand
<u>Total liabilities</u>	<u>JPY 370,541 thousand</u>

7. The estimated amount of influence that would be exerted on the consolidated profit and loss statement for the current Consolidated Fiscal Year if the Business Combination is assumed to have been completed on the day of commencement of the consolidated fiscal year, and the calculation method thereof

Net sales: JPY1,553 million

Operating income: JPY443 million

(Method for calculating the estimated amount)

The estimated amount of influence is the difference between net sales and the profit and loss information calculated by assuming that the Business Combination was completed on the day of commencement of the current Consolidated Fiscal Year, and net sales and the profit and loss information on the consolidated profit and loss statement of the acquiring enterprise.

This note has not been audited.

#### 14. Additional information

An overseas consolidated subsidiary of the Company has received a subsidy grant related to the production of multimedia works, and the subsidy amount of JPY25,090 thousand has been deducted from cost of sales.

## Statement of Changes in shareholder' Equity

( From April 1, 2025  
to March 31, 2026 )

(Unit: JPY thousand)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the start of the period	300,686	300,686	2,736,553	3,037,240	2,735,221	2,735,221
Changes during the period						
Dividends from surplus					-535,016	-535,016
Current net income					-351,103	-351,103
Disposal of treasury stock			-2,331	-2,331		
Net changes of items other than shareholder' equity						
Total changes during the period	—	—	-2,331	-2,331	-886,119	-886,119
Balance at end of current period	300,686	300,686	2,734,221	3,034,908	1,849,102	1,849,102

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the start of the period	-1,806,469	4,266,679	10,734	10,734	4,277,413
Changes during the period					
Dividends from surplus		-535,016			-535,016
Current net income		-351,103			-351,103
Disposal of treasury stock	14,047	11,715			11,715
Net changes of items other than shareholder' equity			-38,260	-38,260	-38,260
Total changes during the period	14,047	-874,403	-38,260	-38,260	-912,664
Balance at end of current period	-1,792,421	3,392,275	-27,526	-27,526	3,364,749

(Note) Indicated monetary amounts are rounded down to the nearest thousand JPY.

## Notes to Non-Consolidated Financial Statements

### 1. Notes Concerning the Going-Concern Assumption

Not applicable

### 2. Notes on matters relating to significant accounting policies

#### (1) Valuation standards and valuation methods for securities

##### (i) Shares of subsidiaries and affiliated companies

These are valued using the cost method based on the moving-average method.

##### (ii) Other securities

Securities other than shares, etc. without market value

The fair value method is applied (valuation differences are recognized directly in net assets in full, and cost of sales is calculated using the moving-average method).

Shares, etc. without market value

The cost method is mainly applied using the moving-average method.

For investments in investment limited partnerships and similar partnerships (deemed securities under Article 2, paragraph (2) of the Financial Instruments and Exchange Act), the method used is to recognize, on a net basis, the amount corresponding to the equity interest based on the most recent financial statements available in accordance with the financial reporting date specified in the partnership agreement.

#### (2) Depreciation method for fixed assets

##### (i) Property, plant and equipment

The declining-balance method is applied.

However, the straight-line method is applied for building fixtures acquired on or after 1 April 2016.

The principal useful lives are as follows:

Buildings	6 to 15 years
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Tools, furniture and fixtures	3 to 15 years
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##### (ii) Intangible fixed assets

The straight-line method is applied.

For software for internal use, the straight-line method is applied based on the useful life within the Company (5 years).

#### (3) Standards for recording provisions

##### (i) Allowance for doubtful accounts

To provide for losses due to bad debts on receivables from subsidiaries, the amount deemed necessary is recorded in consideration of the financial condition of the relevant company.

##### (ii) Provision for bonuses

To provide for bonus payments to employees, the provision is recognized based on the estimated amount to be paid.

##### (iii) Provision for directors' bonuses

To provide for bonus payments to directors, the provision is recognized based on the estimated amount to be paid.

#### (4) Revenue recognition standard

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, 31 March 2012), etc., and recognizes revenue at the amount expected to be received in exchange for the goods or services at the point in time when control of the promised goods or services is transferred to the customer.

The Company's revenue mainly consists of management advisory fees received from subsidiaries. For management advisory fees, the performance obligation is to provide contracted services in accordance with the contract terms with subsidiaries; since the Company's performance obligation is satisfied when the services are actually provided, revenue is recognized at that time.

(5) Other significant matters that serve as the basis for the preparation of financial statements

Translation of foreign currency denominated assets and liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate on the balance sheet date, and resulting exchange differences are recognized as profit or loss.

### 3. Notes on accounting estimates

#### (Valuation of shares of subsidiaries and affiliates)

##### (1) Amount recorded in the financial statements for the current fiscal year

Carrying amount of shares of subsidiaries and affiliates in the financial statements	JPY7,927,733 thousand
of which HUZIZ SOLUTIONS INC.	JPY2,089,926 thousand
DIGITAL HEARTS Co., Ltd.	JPY1,726,003 thousand

##### (2) Information on the content of significant accounting estimates related to the identified items

###### (i) Method of calculating the amount recorded in the financial statements for the current fiscal year

The shares of subsidiaries and affiliates held by the Company are shares without market value, and certain shares of subsidiaries and affiliates were acquired at a price higher than net assets because they include an amount equivalent to goodwill. In determining whether a valuation loss should be recognized, if the substantive value has fallen significantly below the book value, the carrying amount is written down to the substantive value and the decrease is recorded as loss on valuation of shares of subsidiaries and affiliates.

In the current fiscal year, the Company compared the substantive value with the book value and determined not to recognize a loss on valuation of shares of subsidiaries and affiliates for those items for which there was no significant decline. For other items for which the Company determined that a loss on valuation of shares of subsidiaries and affiliates should be recognized, as recorded under extraordinary losses in the income statement, the Company wrote them down to the substantive value and recognized the decrease as loss on valuation of shares of subsidiaries and affiliates.

###### (ii) Key assumptions used in calculating the amount recorded in the financial statements for the current fiscal year

To identify declines in the substantive value of shares of subsidiaries and affiliates and to determine recoverability, the Company examines (i) comparisons between the business plans at the time of acquisition of the relevant subsidiaries and actual results, and (ii) the latest business plans. In formulating business plans, estimates are made based on certain assumptions regarding future forecasts, etc. These assumptions take into account future uncertainties.

##### (3) Impact on the financial statements for the following fiscal year

The Company carefully considers whether a valuation loss should be recognized for shares of subsidiaries and affiliates and judges the above estimate of substantive value to be reasonable; however, if changes in the market environment, etc. result in changes to the conditions or assumptions underlying the estimate, there is a possibility that this could have a significant impact on the financial statements for the following fiscal year and thereafter.

#### (Valuation of investment securities)

##### (1) Amount recorded in the financial statements for the current fiscal year

Carrying amount of investment securities in the financial statements	JPY528,175 thousand
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##### (2) Information on the content of significant accounting estimates related to the identified items

For shares, etc. without market prices, if the fair value has fallen significantly compared with the acquisition cost, an impairment is to be recognized unless recoverability is sufficiently supported by evidence.

#### 4. Notes to the balance sheet

##### (1) Accumulated depreciation directly deducted from assets

Property, plant and equipment	JPY109,234 thousand
Buildings	JPY59,752 thousand
Tools, furniture and fixtures	JPY49,482 thousand

##### (2) Guarantee obligations

Guarantee obligations for related companies' settlement of purchase transactions and bank borrowings are as follows.

DIGITAL HEARTS CROSS Tokyo Co., Ltd.	JPY310,869 thousand
DIGITAL HEARTS Bangkok Co., Ltd.	JPY72,900 thousand

##### (3) Monetary claims and monetary obligations with related companies

The amounts of monetary claims or monetary obligations with such related companies, other than those presented by classification, are as follows.

Short-term monetary claims against related companies	JPY209,689 thousand
Short-term monetary obligations to related companies	JPY1,971,218 thousand

#### 5. Notes to the income statement

##### Transactions with related companies

Operating transactions (income)	JPY1,577,270 thousand
Operating transactions (expenditures)	JPY48,407 thousand
Non-operating transactions (income)	JPY24,174 thousand
Non-operating transactions (expenditures)	JPY6,317 thousand

#### 6. Notes to the statement of changes in shareholders' equity

##### Matters regarding treasury stock

Type of shares	Beginning of the current fiscal year	Increase	Decrease	End of this fiscal year
Common stock (shares)	1,604,473	—	12,477	1,591,996

##### (Summary of reasons for changes)

The breakdown of the decrease in the number of treasury shares is as follows.

Disposition of treasury shares by a resolution of the Board of Directors	12,477 shares
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#### 7. Notes on tax effect accounting

##### Breakdown of deferred tax assets and deferred tax liabilities by major cause of occurrence

(Unit: JPY thousand)

Deferred tax assets	
Provision for bonuses	2,832
Investment securities	572,926
Share-based compensation expenses	17,399
Shares of subsidiaries and associates	2,421,151
Allowance for doubtful accounts	433,010
Other	23,822
Subtotal of deferred tax assets	3,471,142
Valuation allowance	-3,371,245
Total deferred tax assets	99,896
Deferred tax assets, net	99,896

8. Notes on transactions with related parties

Subsidiaries and affiliates, etc.

Type	Names or names of the companies	Ownership (holding) ratio of voting rights, etc. (%)	Relationship to related parties	Transaction details	Transaction amount (JPY in thousand)	Account	Ending balance (JPY in thousand)
subsidiary	DIGITAL HEARTS Co., Ltd.	(Holding) Direct 100.0	Concurrent service of officers Management advisory Borrowing of funds Acceptance of entrusted services	Receipt of management advisory fees (Note 1)	1,484,628	Accounts receivable - other	137,071
				Acceptance of entrusted services (Note 2)	1,674		
				Borrowing of funds	1,600,000	Short-term loans payable	1,600,000
				Payment of interest (Note 3)	5,866	Accrued expenses	4,823
subsidiary	FLAME Hearts Co., Ltd.	(Holding) Direct 100.0	Concurrent service of officers Lending of funds	Collection of funds	60,000	Long-term loans to subsidiaries and affiliates (Note 4)	1,300,000
				Receipt of interest (Note 3)	12,520	Other (Current assets)	10,756
subsidiary	DIGITAL HEARTS CROSS Tokyo Co., Ltd.	(Holding) Indirect 100.0	Lending of funds Guarantee of obligations	Lending of funds	50,000	Short-term loans to subsidiaries and affiliates (Note 4)	360,000
				Collection of funds	130,000		
				Receipt of interest (Note 3)	3,827	Other (Current assets)	925
				Guarantee of obligations (Note 5)	310,869	—	—
subsidiary	DIGITAL HEARTS Seoul Co., Ltd.	(Holding) Direct 100.0	Concurrent service of officers Lending of funds	Lending of funds	80,000	Long-term loans to subsidiaries and affiliates (Note 4)	470,000
				Receipt of interest (Note 3)	7,156	—	—
subsidiary	DIGITAL HEARTS CROSS Marketing and Solutions Limited	(Holding) Direct 100.0	Concurrent service of officers Borrowing of funds	Borrowing of funds	199,850	Short-term loans payable	199,850
				Payment of interest (Note 3)	250	Accrued expenses	258
subsidiary	DIGITAL HEARTS CROSS Hong Kong Limited	(Holding) Indirect 100.0	Concurrent service of officers Borrowing of funds	Borrowing of funds	159,880	Short-term loans payable	159,880
				Payment of interest (Note 3)	200	Accrued expenses	206

(Notes) 1. Management advisory fees are reasonably determined through mutual consultation, comprehensively taking into account expenses, etc. for the provision of services.

2. Service outsourcing fees are determined reasonably in consideration of personnel expenses, etc.

3. With respect to the lending and borrowing of funds, interest rates are determined reasonably in consideration of market interest rates, etc.

4. For loans to subsidiaries, we have recorded an allowance for doubtful accounts of JPY1,373,763 thousand, a provision for allowance for doubtful accounts of JPY102,540 thousand, and a reversal of allowance for doubtful accounts of JPY72,265 thousand.

5. We provide debt guarantees for obligations arising from subsidiaries' purchase transactions.

Directors and major individual shareholders, etc.

Type	Names of companies or individuals	Ownership (holding) ratio of voting rights, etc. (%)	Relationship to related parties	Transaction details	Transaction amount (JPY in thousand)	Account	Ending balance (JPY in thousand)
Director	Eiichi Miyazawa	(owned) Direct 42.30	Chairman and representative director	Disposition of treasury stock (Note 1)	999	—	—
A company in which a director and his/her close relatives own a majority of voting rights	GeeSports Executive Committee LLP	(Holding) Direct 20.0	Concurrent serving as an executive officer Subscription to capital increase	Subscription to capital increase (Note 2)	18,400	Shares of subsidiaries and associates	4,636

(Notes) 1. This is due to the allocation of treasury shares in connection with the restricted stock compensation plan.

2. This relates to the subscription to the capital increase implemented by GeeSports Executive Committee LLP.

9. Notes on Revenue Recognition

The basic information necessary to understand revenues arising from contracts with customers is as stated in “2. Notes on matters related to significant accounting policies (4) Criteria for recording revenue.”

10. Notes on Per Share Information

(1) Net assets per share	JPY150.89
(2) Net loss per share for the current period (-)	JPY-15.75