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

August 6, 2026

Company name: DIGITAL HEARTS HOLDINGS Co., Ltd.

Listed on the TSE

Stock code: 3676

URL: <https://www.digitalhearts-hd.com/>

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Scheduled commencement of dividend payment: -

Preparation of supplementary material for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

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

1. Consolidated results for the first quarter ended June 30, 2026 (April 1, 2026 - June 30, 2026)

(1) Consolidated business results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three Months Ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
June 30, 2026	9,847	5.0	624	-11.7	562	-20.4	358	-22.7
June 30, 2025	9,380	-4.6	707	139.2	706	124.0	463	119.0

(Reference) Comprehensive income: Three months ended June 30, 2026: 537 million yen (83.5%)
Three months ended June 30, 2025: 293 million yen (-20.2%)

	Net income per share	Diluted net income per share
Three Months Ended	(yen)	(yen)
June 30, 2026	16.07	-
June 30, 2025	20.82	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of June 30, 2026	21,351	10,185	46.2
As of March 31, 2026	21,531	9,961	44.7

(Reference) Shareholders' equity: 9,864 million yen (As of June 30, 2026) 9,630 million yen (As of March 31, 2026)

2. Dividends

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

(Note 1) Changes from the latest released dividend forecasts: Yes

(Note 2) Notes on Dividends: For details regarding revision to dividend forecast, please refer to "Notice Regarding Revision to Dividend Forecast (No Dividend) for the Fiscal Year Ending March 31, 2027 and Abolition of the Shareholder Benefit Plan," announced on August 6, 2026.

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

(Percentages are changes from the previous year.)

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

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

* Notes

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

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

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

(2) Application of specified accounting treatment used in preparation of quarterly consolidated financial statements: None

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

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

(4) Shares outstanding (common stock)

(a) Number of issued shares (including treasury stock)	As of June 30, 2026	23,890,800 shares	As of March 31, 2026	23,890,800 shares
(b) Number of treasury stock	As of June 30, 2026	1,591,996 shares	As of March 31, 2026	1,591,996 shares
(c) Average number of shares during the period	Three months ended June 30, 2026	22,298,804 shares	Three months ended June 30, 2025	22,286,327 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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

- Any forward-looking statements included in this report such as earnings forecasts are based on the information available to the Company at this time and certain assumptions considered reasonable; and accordingly, actual results may differ significantly from the forecasts due to various factors.
- Presentation material will be posted on TD net and the Company's website.

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1. Overview of Business Results etc.

(1) Overview of Company Business Results during the Cumulative Period under Review

	FY2025 Q1 (JPY in thousand)	FY2026 Q1 (JPY in thousand)	Change (%)
Sales	9,380,367	9,847,239	5.0
Operating income	707,945	624,937	-11.7
Ordinary income	706,412	562,599	-20.4
Net income attributable to owners of the parent	463,903	358,395	-22.7

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

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

During the cumulative period through the consolidated first quarter under review, supported by a recovery in the console game market following the launch of Nintendo Switch 2, Domestic debugging services continued to perform strongly, and together with the effect of newly consolidating a Canadian game debugging company that became a subsidiary in November 2025, the DH Group Business achieved double-digit sales growth. As a result, although certain services in the AGEST Group Business were scaled down due to factors such as the completion of a large ERP introduction support project, the DH Group Business drove the growth of the entire group, and sales during the cumulative period through the consolidated first quarter increased to JPY 9,847,239 thousand (up 5.0% YoY). On the other hand, in terms of earnings, due to a decline in profitability associated with lower sales in the AGEST Group Business and other factors, operating income was JPY 624,937 thousand (down 11.7% YoY), ordinary income was JPY 562,599 thousand (down 20.4% YoY), and net income attributable to owners of the parent was JPY 358,395 thousand (down 22.7% YoY).

Business results by segment are reviewed below.

Furthermore, from the consolidated first quarter under review, we have changed the business segments disclosed as reportable segments, and segment information for the previous consolidated first quarter cumulative period as well as comparison and analysis for the current consolidated first quarter cumulative period are based on the segments after this change.

	FY2025 Q1 (JPY in thousand)	FY2026 Q1 (JPY in thousand)	Change (%)
Sales	9,380,367	9,847,239	5.0
DH Group Business	5,512,731	6,180,165	12.1
AGEST Group Business	3,917,477	3,690,226	-5.8
CVC Related Business	—	—	—
Adjustment amount	-49,841	-23,152	—
Operating income or Operating loss	707,945	624,937	-11.7
DH Group Business	640,771	688,353	7.4
AGEST Group Business	67,173	-60,699	—
CVC Related Business	—	-2,716	—

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

(1) DH Group Business

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

In Domestic debugging services during the cumulative period through the consolidated first quarter, by winning new title projects including those for Nintendo Switch 2, we maintained a high level of sales, continuing on from the previous fiscal year.

In Global and other services, translation and LQA services, which we position as growth drivers, steadily secured new projects by strengthening collaboration among group companies and with alliance partners, and together with the contribution from HUWIZ SOLUTIONS INC., a Canadian game debugging company that became a consolidated subsidiary in November 2025, global and other services as a whole achieved double-digit sales growth.

As a result, sales in the DH Group Business during the cumulative period through the consolidated first quarter increased to JPY 6,180,165 thousand (up 12.1% YoY), and segment income also increased to JPY 688,353 thousand (up 7.4% YoY).

(2) AGESt Group Business

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

In the AGESt Group Business during the cumulative period through the consolidated first quarter, sales decreased due to the impact of factors such as the completion of a large project in ERP introduction support and the downsizing of contract development in response to changes in the industry environment.

At the same time, with a view to future growth, we worked to enhance the added value of our solutions by conducting strategic sales activities and building operational structures for clients where demand is expected to grow in system testing, and by promoting the use of our proprietary AI test management tool “TFACT.” Furthermore, in order to make security services our second pillar of growth, we strengthened sales of our proprietary SBOM (Software Bill of Materials) management tool, which visualizes vulnerability risks and has been offered since January 2026, and, in collaboration with Lazarus Enterprises, Inc. in the United States, we launched initiatives for the joint development and commercialization of an autonomous AI cybersecurity platform.

As a result, net sales of the AGESt Group Business during the cumulative period through the consolidated first quarter were JPY 3,690,226 thousand (down 5.8% YoY), due largely to the impact of lower sales from ERP implementation support and contract development. In terms of profit, due to factors including deteriorated profitability stemming from the decline in sales, the segment loss of JPY 60,699 thousand (segment income of JPY 67,173 thousand in the same quarter of the previous fiscal year).

(3) CVC Related Business

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

There were no net sales in the CVC Related Business during the cumulative period through the consolidated first quarter, and the segment loss was JPY 2,716 thousand (no results in the same quarter of the previous fiscal year).

(2) Overview of financial standing in the cumulative period through the quarter under review

(Assets)

The balance of current assets was JPY 13,888,536 thousand, down JPY 142,564 thousand from the level of JPY 14,031,100 thousand at the end of the previous consolidated fiscal year (down 1.0% from the previous period).

This was due mainly to factors such as an increase of JPY 127,867 thousand in notes and accounts receivable-trade and contract assets and an increase of JPY 330,723 thousand in other current assets, despite a decrease of JPY 587,182 thousand in cash and deposits.

The balance of noncurrent assets was JPY 7,463,035 thousand, down JPY 37,711 thousand from the level of JPY 7,500,747 thousand at the end of the previous consolidated fiscal year (down 0.5% from the previous period).

This was due mainly to factors such as an increase of JPY 76,016 thousand in other intangible fixed assets, despite a decrease of JPY 57,070 thousand in property, plant and equipment and a decrease of JPY 53,827 thousand in goodwill.

(Liabilities)

The balance of current liabilities was JPY 10,778,729 thousand, down JPY 409,061 thousand from the level of JPY 11,187,790 thousand at the end of the previous consolidated fiscal year (down 3.7% from the previous period).

This was due mainly to factors such as an increase of JPY 200,300 thousand in short-term loans payable, despite decreases of JPY 269,599 thousand in accounts payable-other, JPY 104,705 thousand in accrued expenses, and JPY 221,480 thousand in income taxes payable.

The balance of noncurrent liabilities was JPY 387,818 thousand, up JPY 5,327 thousand from the level of JPY 382,490 thousand at the end of the previous consolidated fiscal year (up 1.4% from the previous period).

(Net assets)

The balance of net assets was JPY 10,185,025 thousand, up JPY 223,458 thousand from the level of JPY 9,961,567 thousand at the end of the previous consolidated fiscal year (up 2.2% from the previous period).

This was due mainly to factors such as an increase of JPY 358,395 thousand in quarterly net income attributable to owners of the parent and an increase of JPY 158,431 thousand in foreign currency translation adjustment, despite a decrease of JPY 301,034 thousand in retained earnings due to dividends.

(3) Explanation of forward-looking information such as forecasts of consolidated financial results

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

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousand)

	Previous consolidated fiscal year (31 March 2026)	This consolidated first quarter period (30 June 2026)
Assets		
Current assets		
Cash and deposits	7,132,151	6,544,969
Notes and accounts receivable-trade and contract assets	5,418,201	5,546,069
Inventories	69,461	93,801
Income taxes receivable	447,358	407,044
Other	1,045,233	1,375,957
Allowance for doubtful accounts	-81,305	-79,303
Total current assets	14,031,100	13,888,536
Noncurrent assets		
Property, plant and equipment	1,620,049	1,562,978
Intangible fixed assets		
Goodwill	1,790,588	1,736,760
Other	980,182	1,056,198
Total intangible fixed assets	2,770,770	2,792,959
Investments and other assets		
Investment securities	1,341,538	1,328,925
Other	1,775,066	1,795,849
Allowance for doubtful accounts	-6,678	-17,678
Total investments and other assets	3,109,927	3,107,097
Total noncurrent assets	7,500,747	7,463,035
Total assets	21,531,848	21,351,572
Liabilities		
Current liabilities		
Short-term loans payable	5,672,900	5,873,200
Accounts payable-other	1,929,558	1,659,958
Accrued expenses	1,447,086	1,342,381
Income taxes payable	484,102	262,621
Provision for bonuses	227,625	163,873
Other	1,426,518	1,476,694
Total current liabilities	11,187,790	10,778,729
Noncurrent liabilities		
Net defined benefit liability	18,570	19,847
Other	363,920	367,970
Total noncurrent liabilities	382,490	387,818
Total liabilities	11,570,281	11,166,547

(Unit: JPY thousand)

	Previous consolidated fiscal year (31 March 2026)	This consolidated first quarter period (30 June 2026)
Net assets		
Shareholders' equity		
Capital stock	300,686	300,686
Capital surplus	63,686	63,686
Retained earnings	9,945,478	10,002,839
Treasury stock	-1,792,421	-1,792,421
Total shareholders' equity	8,517,429	8,574,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-27,526	-8,423
Foreign currency translation adjustment	1,140,109	1,298,541
Total accumulated other comprehensive income	1,112,583	1,290,118
Non-controlling interests	331,554	320,116
Total net assets	9,961,567	10,185,025
Total liabilities and net assets	21,531,848	21,351,572

(2) Quarterly Consolidated Income Statement and Quality Consolidated Comprehensive Income Statement

(Quarterly Consolidated Income Statement)

(Cumulative period through the consolidated First Quarter of this fiscal year)

	(Unit: JPY thousand)	
	Cumulative period through the consolidated first quarter of the previous fiscal year (From 1 April 2025 to 30 June 2025)	Cumulative period through the consolidated First Quarter of this fiscal year (From 1 April 2026 to 30 June 2026)
Sales	9,380,367	9,847,239
Cost of sales	6,854,058	7,249,901
Gross profit	2,526,309	2,597,338
Selling, general, and administrative expenses	1,818,364	1,972,400
Operating income	707,945	624,937
Non-operating income		
Interest income	6,673	3,697
Foreign exchange gains	17,126	—
Subsidy income	4,509	5,331
Other	5,158	4,419
Total non-operating income	33,467	13,449
Non-operating expenses		
Interest expenses	10,585	19,789
Equity in losses of affiliates	22,772	30,819
Foreign exchange losses	—	22,562
Other	1,643	2,615
Total non-operating expenses	35,000	75,787
Ordinary income	706,412	562,599
Extraordinary income		
Gain on liquidation of investment securities	—	26,933
Gain on transfer of business	—	1,000
Total extraordinary income	—	27,933
Extraordinary loss		
Loss on retirement of noncurrent assets	—	101
Special retirement payments	—	10,980
Total extraordinary loss	—	11,082
Quarterly net income before income taxes and minority interests	706,412	579,450
Income taxes-current	227,836	184,096
Income taxes-deferred	14,477	35,684
Total income taxes	242,313	219,781
Net income	464,098	359,669
Quarterly net income attributable to non-controlling interests	195	1,273
Net income attributable to owners of the parent	463,903	358,395

(Quarterly Consolidated Comprehensive Income Statement)

(Cumulative period through the consolidated First Quarter of this fiscal year)

(Unit: JPY thousand)

	Cumulative period through the consolidated first quarter of the previous fiscal year (From 1 April 2025 to 30 June 2025)	Cumulative period through the consolidated First Quarter of this fiscal year (From 1 April 2026 to 30 June 2026)
Net income	464,098	359,669
Other comprehensive income		
Valuation difference on available-for-sale securities	-7,916	19,103
Foreign currency translation adjustment	-156,865	152,345
Share of other comprehensive income of entities accounted for using the equity method	-6,197	6,715
Total other comprehensive income	-170,979	178,164
Quarterly comprehensive income	293,118	537,833
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	290,470	535,930
Quarterly comprehensive income attributable to non- controlling interests	2,648	1,903

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Going-Concern Assumption)

Not applicable

(Notes on marked changes to amounts of shareholder' equity)

Not applicable

(Notes on Segment Information etc.)

[Segment Information]

I Cumulative period through the consolidated first quarter of the previous fiscal year (From 1 April 2025 to 30 June 2025)

1. Information on net sales and income or loss by reporting segment

(Unit: JPY thousand)

	Reporting segment				Total	Adjustment amount (Note 1)	Amount recorded in the Quarterly Consolidated Income Statement (Note 2)
	DH Group Business	AGEST Group Business	CVC Related Business	Total			
Sales							
Net sales to external customers	5,467,716	3,912,651	—	9,380,367	9,380,367	—	9,380,367
Internal sales or transfers between segments	45,015	4,825	—	49,841	49,841	-49,841	—
Total	5,512,731	3,917,477	—	9,430,209	9,430,209	-49,841	9,380,367
Segment income	640,771	67,173	—	707,945	707,945	—	707,945

(Note 1) The adjustment amount for internal sales or transfers between segments of JPY -49,841 thousand is the amount eliminated for inter-segment internal transactions.

(Note 2) Segment income is consistent with operating income in the Quarterly Consolidated Income Statement.

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

Not applicable

II Cumulative period through the consolidated first quarter of this fiscal year (From 1 April 2026 to 30 June 2026)

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

(Unit: JPY thousand)

	Reporting segment				Total	Adjustment amount (Note 1)	Quarterly Consolidated Income Statement Amount recorded (Note 2)
	DH Group Business	AGEST Group Business	CVC Related Business	Total			
Sales							
Net sales to external customers	6,161,001	3,686,238	—	9,847,239	9,847,239	—	9,847,239
Internal sales or transfers between segments	19,163	3,988	—	23,152	23,152	-23,152	—
Total	6,180,165	3,690,226	—	9,870,392	9,870,392	-23,152	9,847,239
Segment income (loss)	688,353	-60,699	-2,716	624,937	624,937	—	624,937

(Note 1) The adjustment amount for internal sales or transfers between segments of JPY -23,152 thousand is the amount eliminated for inter-segment internal transactions.

(Note 2) Segment income (loss) is consistent with operating income in the Quarterly Consolidated Income Statement.

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

(Change in reporting segments)

In response to changes in the industrial structure due to factors such as the rapid advancement of AI technology, our group is promoting expansion and investment into new markets and areas beyond the framework of existing businesses, and is working to keep pace with change and expand our business.

In these investment areas, agile evaluation and decision-making regarding investment targets and clear investment management are required; accordingly, at the Board of Directors meeting held on 19 March 2026, we resolved to establish a new “CVC Division” within the Company to serve the corporate venture capital function.

With the establishment of this new organization, starting from the consolidated first quarter of this fiscal year, we have added “CVC Related Business” as a reporting segment to the previous two segments, “DH Group Business” and “AGEST Group Business,” resulting in three segments.

Segment information for the cumulative period through the consolidated first quarter of the previous fiscal year is presented as prepared under the revised segment classification.

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

Not applicable

(Notes to the Statement of Cash Flows)

We have not prepared a Quarterly Consolidated Statement of Cash Flows for the cumulative period through the consolidated first quarter of this fiscal year. Depreciation and amortization (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the cumulative period through the consolidated first quarter were as follows.

	Cumulative period through the consolidated first quarter of previous fiscal year (From 1 April 2025 to 30 June 2025)	Cumulative period through the consolidated first quarter of this fiscal year (From 1 April 2026 to 30 June 2026)
Depreciation and amortization	JPY 120,944 thousand	JPY 169,211 thousand
Amortization of goodwill	JPY 73,848 thousand	JPY 97,203 thousand

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

At the Board of Directors meeting held today, we resolved to express its support for the tender offer (hereinafter referred to as “Tender Offer”) by Sandbox K.K. (“Tender Offeror”) for the DIGITAL HEARTS HOLDINGS Co., Ltd.'s common stock (“Company Shares”), which will be conducted as part of a so-called management buyout (MBO) (*), and to recommend that the DIGITAL HEARTS HOLDINGS Co., Ltd.'s shareholders tender their shares in the Tender Offer.

In addition, the above resolution of the Board of Directors was adopted on the premise that the Tender Offeror intends to take Company Shares private through this Tender Offer and a series of subsequent procedures, and that Company Shares are scheduled to be delisted.

For details, please refer to “Notice of Implementation of MBO and Recommendation for Tendering Shares,” published on 6 August 2026.

(*) A management buyout (MBO) generally refers to a transaction in which the target company's management contributes all or part of the acquisition funds and acquires the target company's shares on the premise of the continuation of the target company's business.