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From April 1, 2025 to September 30, 2025

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2026

October 30, 2025

Digital Arts Inc.

Securities Code: 2326



SSE

Supporting the achievement of simple and strong network security

NEW



IDaaS

Equipped with multi-factor authentication to help ensure the secure management of IDs for cloud services



Start In®

File

File encryption and remote deletion solutions



FINALCODE®

FINALCODE@Cloud

Web

Helping users securely connect to websites without security concerns



i-FILTER.
i-FILTER@Cloud

Endpoint Web Security Secure proxy appliance For households: Comprehensive security
i-FILTER. D-SPA. i-フィルタ10.
ブラウザ & クラウド

Mail

Helping users securely send and receive email without security concerns



m-FILTER.
m-FILTER@Cloud

Measures to provide pop-ups for email misdelivery
m-FILTER.
MailAdviser

Data protection and file transfer services



f-FILTER.

ISMAP® registration

of cloud products in all areas provided for enterprises

The Information system Security Management and Assessment Program (ISMAP) is a program under which cloud services fulfilling the government's security requirements are assessed and registered with the government. The goal of ISMAP is to ensure that cloud services with sufficient information security measures can be procured when government agencies are introducing these services.

*The Z-FILTER ISMAP registration application will be submitted after its release.

Contracts

The total amount of orders received by the Company from its customers during the current accounting period (essentially equivalent to orders received).

As an indicator, it shows the company's current performance in a more timely manner than net sales.

Net sales

The total of the amount of contracts acquired before the previous period that will be recognized as net sales in the current accounting period (net sales carried over) and the amount of contracts acquired during the current accounting period minus the amount of contracts that will be deferred and recognized as net sales in the next period and thereafter (deferred net sales).

Contracts

6,629 million yen

YoY +2,112 million yen / +46.8%

Contracts grew significantly due to extremely strong orders for the Phase 2 of the GIGA School Concept

Net sales

4,992 million yen

YoY +154 million yen / +3.2%

Net sales experienced only a modest increase due to a substantial rise in the proportion of cloud service products within the contracts.

Operating profit

2,021 million yen

YoY -31 million yen / -1.5%

Operating profit decreased as a result of the slight increase in sales, despite the fact that expenses were kept within planned limits.

Based on the results for the six months ended September 30, 2025, we have recognized a shift in our business model.

The increase in contracts centered on our cloud-based services is not a short-term fluctuation in earnings, but rather a structural transformation toward expanding our foundation for medium- to long-term growth.

As the migration to cloud services progresses, our business model is steadily evolving from “one-time license sales” to “recurring service revenue,” enabling us to achieve stable and sustainable growth over the long term.

In light of these developments, we have revised our full-year financial forecast for the fiscal year ending March 31, 2026.

Revisions to Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2026

Contracts

19,000 million yen

Change from the Previous Forecasts **+2,525 million yen / +15.3%**

YoY **+8,429 million yen / +79.7%**

Upward Revision based on favorable order status for Phase 2 of the GIGA School Concept.

Net sales

11,800 million yen

Change from the Previous Forecasts **-750 million yen / -6.0%**

YoY **+1,817 million yen / +18.2%**

Even though we anticipate a significant increase in contracts due to the reasons mentioned on the left, we are revising our forecasts downward. This is because the proportion of cloud service products within the total contract value is expected to rise.

Operating profit

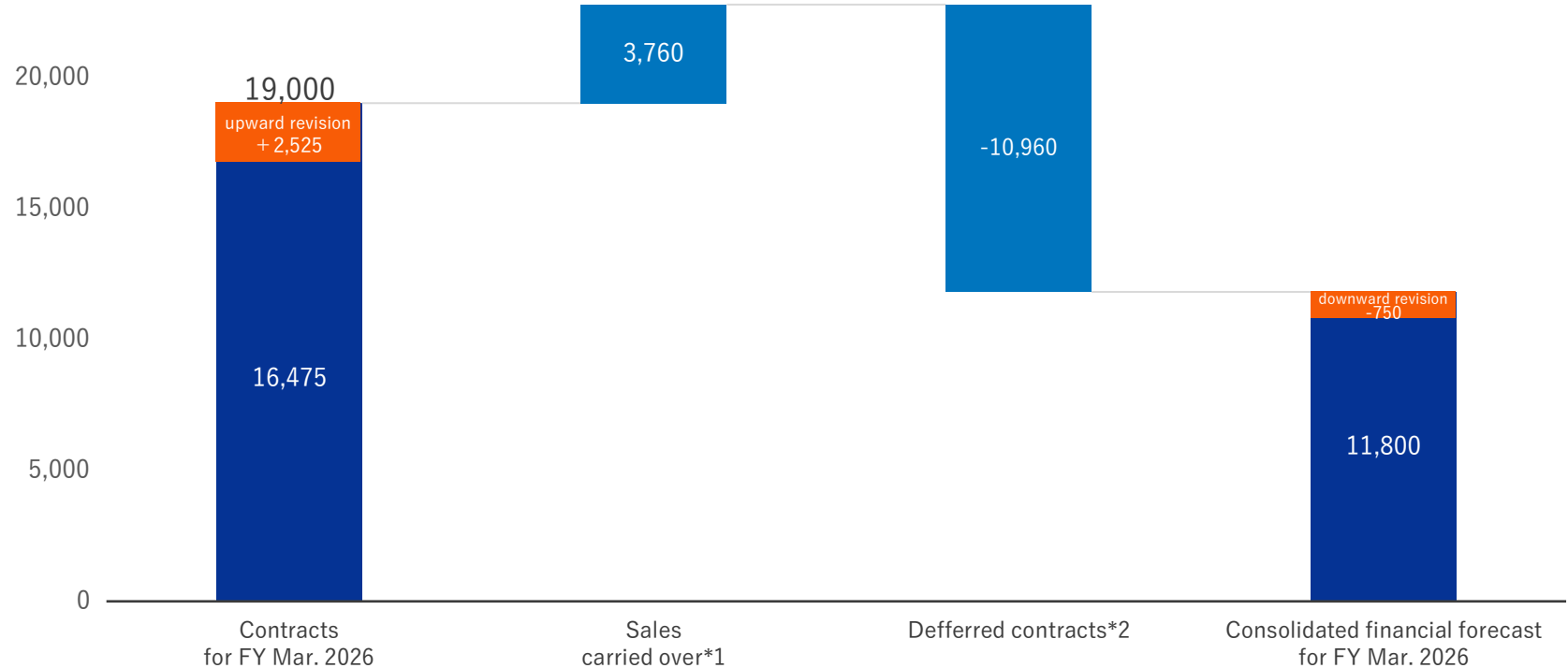
5,607 million yen

Change from the Previous Forecasts **-543 million yen / -8.8%**

YoY **+1,048 million yen / +23.0%**

In the previous period, costs were kept under control compared to the plan, but operating profit was revised downward due to the downward revision of net sales.

Revisions Forecast for Contracts and Net Sales



*1 : Sales recorded from the order backlog of contracts acquired in previous fiscal years

*2 : Contracts for the current fiscal year that are deferred to subsequent fiscal years
(contract backlogs) / Sales returns and sales at overseas subsidiaries

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Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

01. Consolidated Results Highlights



Consolidated Statement of Income

(Millions of Yen)

	FY Mar. 2025 First 6 mos.	FY Mar. 2026 First 6 mos.	Change YoY	FY Mar. 2026 Full-Year Forecast*1
Contracts	4,516	6,629	+46.8%	16,475
Net Sales	4,838	4,992	+3.2%	12,550
Cost of Sales	1,482	1,559	+5.2%	3,290
Gross profit	3,355	3,433	+2.3%	9,260
Selling, general and administrative expenses	1,302	1,411	+8.3%	3,110
Contract operating profit *2	1,731	3,657	+111.3%	-
Contract operating profit margin (%) *3	38.3%	55.2%	-	-
Operating profit	2,052	2,021	-1.5%	6,150
Operating margin (%)	42.4%	40.5%	-	49.0%
Ordinary profit	2,053	2,041	-0.6%	6,150
Profit attributable to owners of parent	1,417	1,408	-0.7%	4,200
EBITDA*4	2,559	2,514	-1.8%	-

*1: Financial Forecast is the consolidated financial forecast announced on May 8, 2025.

*2: Contract operating profit = Contracts – Cost of sales – Selling, general and administrative expenses

*3: Calculated as contract operating profit margin = (Contracts – Cost of Sales – Selling, general and administrative expenses) / Contracts × 100.

*4: EBITDA = Operating profit + Depreciation + Tax expenses included in operating expenses

Consolidated Contracts by Market

The enterprise sector market is growing steadily, and the public sector market is experiencing **significant growth**.

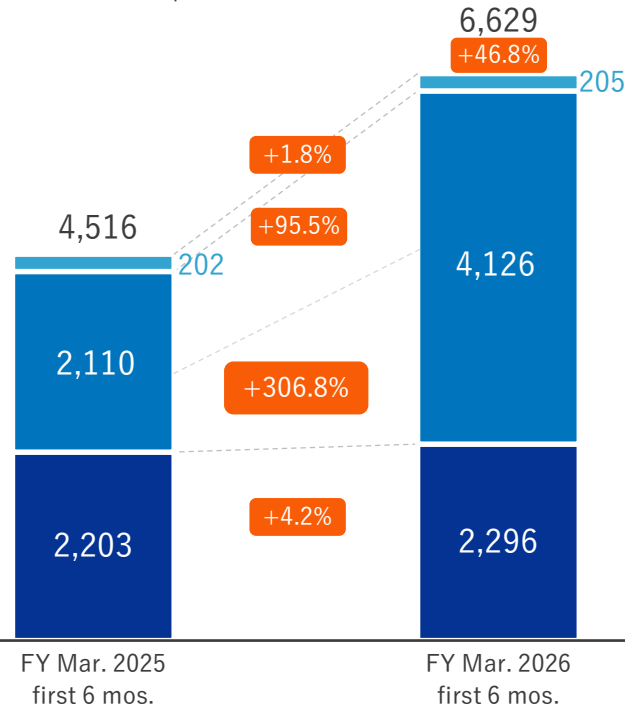
Trend in Consolidated Contracts by Market

(Millions of Yen)

■ Enterprise

■ Public

■ Consumer



Enterprise sector market

- The needs for a wide range of email security measures were captured by m-FILTER and sales of f-FILTER integration options for m-FILTER customers remained strong. In addition, sales for project orders received in the previous fiscal year were posted. As a result, contracts grew steadily. (+92 million yen / +4.2%)

Public sector market

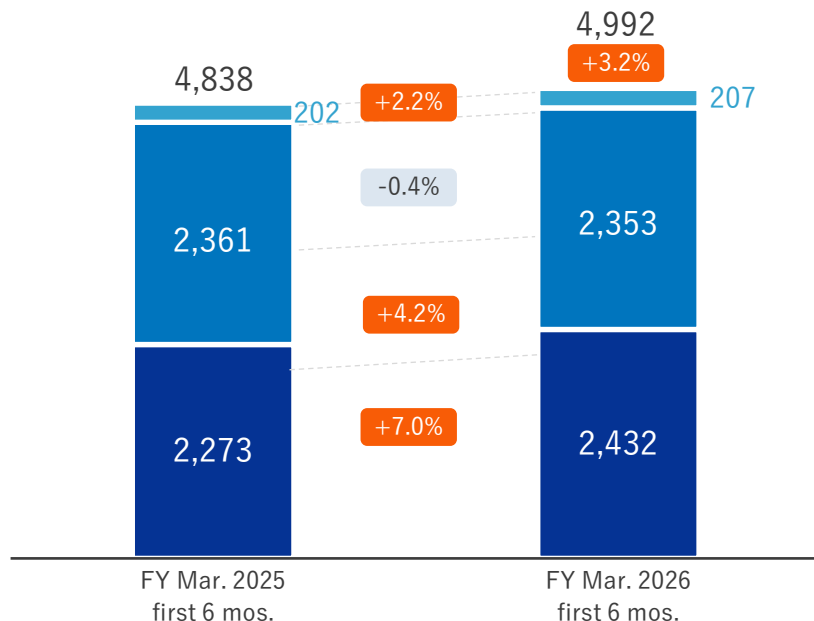
- Contracts grew significantly due to extremely strong orders for the Phase 2 of GIGA School Concept, which involves the full-scale procurement of GIGA devices starting from this fiscal year, and Next-Generation School Affairs DX projects. (+2,015 million yen / +95.5%)

Consolidated Net Sales by Market

Net sales for the enterprise sector market is growing steadily. However, net sales for public sector market decreased slightly because the growth of contracts is attributed mainly to cloud service products, and therefore net sales do not immediately reflect this growth due to corporate accounting rules.

Trend in Consolidated Net Sales by Market (Millions of Yen)

■ Enterprise ■ Public ■ Consumer



Enterprise sector market

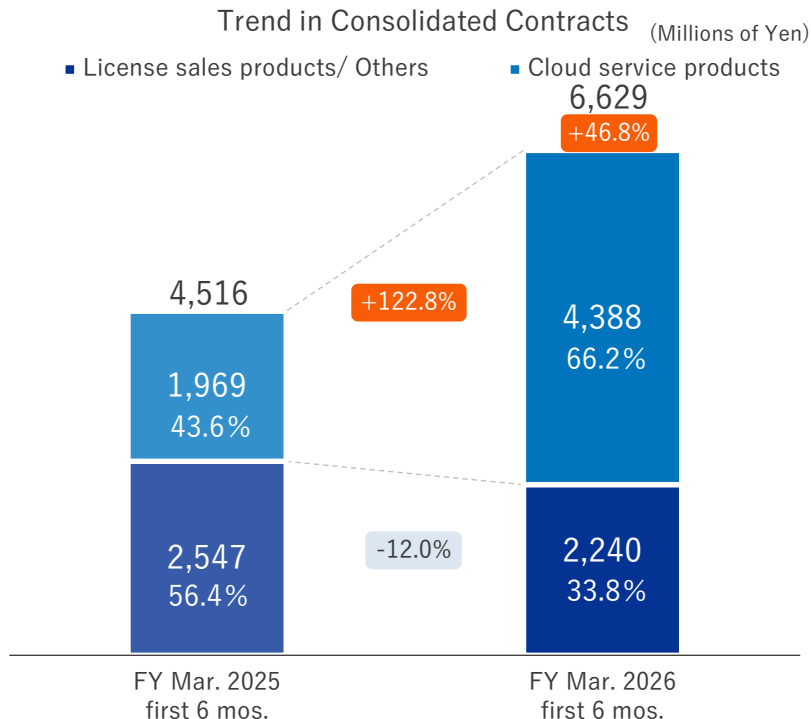
- Although the absence of large-scale project orders received for i-FILTER in the same period of the previous fiscal year and the postponement of some projects until the second six months had an impact, needs for a wide range of email security measures were captured by m-FILTER and sales of f-FILTER integration options for m-FILTER customers remained strong. In addition, sales for project orders received in the previous fiscal year were posted. As a result, net sales grew steadily. (+ 158 million yen / + 7.0%)

Public sector market

- Contracts grew significantly due to extremely strong orders for Phase 2 of the GIGA School Concept and Next-Generation School Affairs DX projects. However, net sales grew only slightly because the growth of contracts is attributed mainly to cloud service products, so net sales do not immediately reflect this growth due to corporate accounting rules. (- 8 million yen / -0.4%)

Provision Type Ratio in Consolidated Contracts

Consolidated contracts grew **122.8%** year on year to **4,388 million yen** due to high growth in cloud service products.



Cloud service products

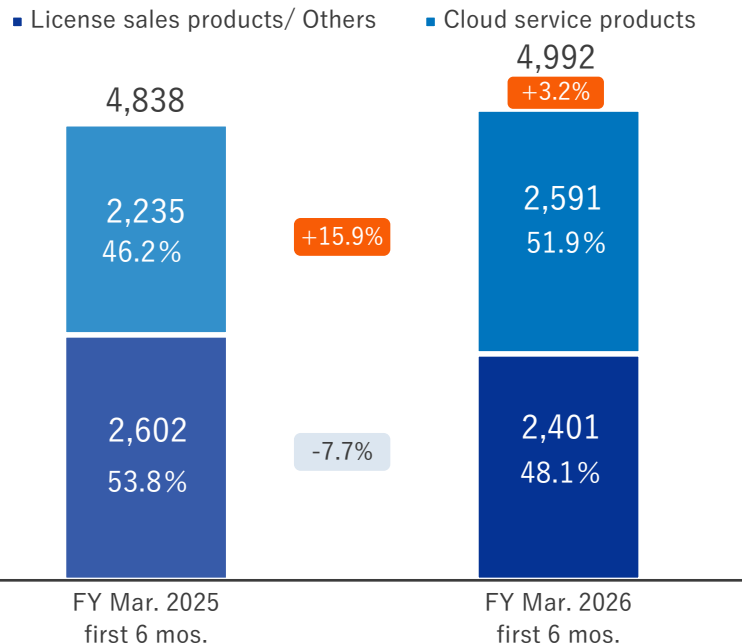
- In the enterprise sector market, the Group achieved the high growth of both i-FILTER@Cloud and m-FILTER@Cloud by capturing needs for website access security measures for mobile devices and cloud-based email security measures.
- The significant growth in the public sector market was driven mainly by i-FILTER@Cloud, due to extremely strong orders for Phase 2 of the GIGA School Concept and Next-Generation School Affairs DX projects.

License sales products/ Others

- In the public sector market, a decrease in projects for Security Improvements for Local Governments and the greater-than-expected shift of customer needs to cloud service products have resulted in negative growth.

Consolidated net sales grew **15.9%** year on year to **2,591 million yen** due to high growth in cloud service products.

Trend in Consolidated Net Sales (Millions of Yen)



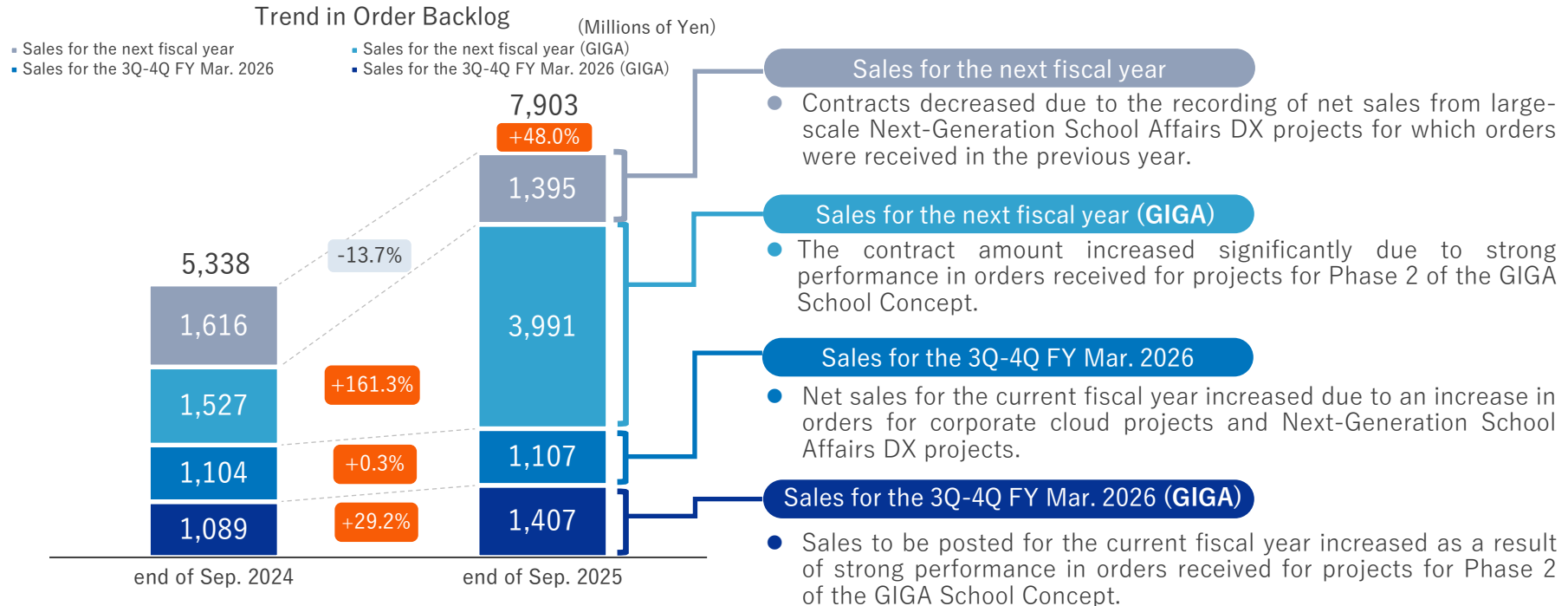
Cloud service products

- In the enterprise sector market, the Group achieved steady growth due to progress in the posting of net sales from project orders that were received in the previous fiscal year, in addition to high growth of contracts attained by capturing needs for website access security measures for mobile devices and cloud-based email security measures.
- In the public sector market, the Group achieved high growth due to the posting of net sales from Phase 2 of the GIGA School Concept and Next-Generation School Affairs DX projects.

License sales products/ Others

- In the enterprise sector market, the absence of large-scale project orders received in the same period of the previous fiscal year and the postponement of some projects until the second six months have resulted in negative growth.
- In the public sector market, a decrease in projects for Security Improvements for Local Governments and the greater-than-expected shift of customer needs to cloud service products have resulted in negative growth.

Contract balance grew significantly due to extremely strong orders for Phase 2 of the GIGA School Concept and Next-Generation School Affairs DX projects.



Consolidated Cost of Sales and Selling, General and Administrative Expenses

Although there was an increase compared to the same period last year due to enhanced investment in human resources, we were able to contain it compared to our projections.

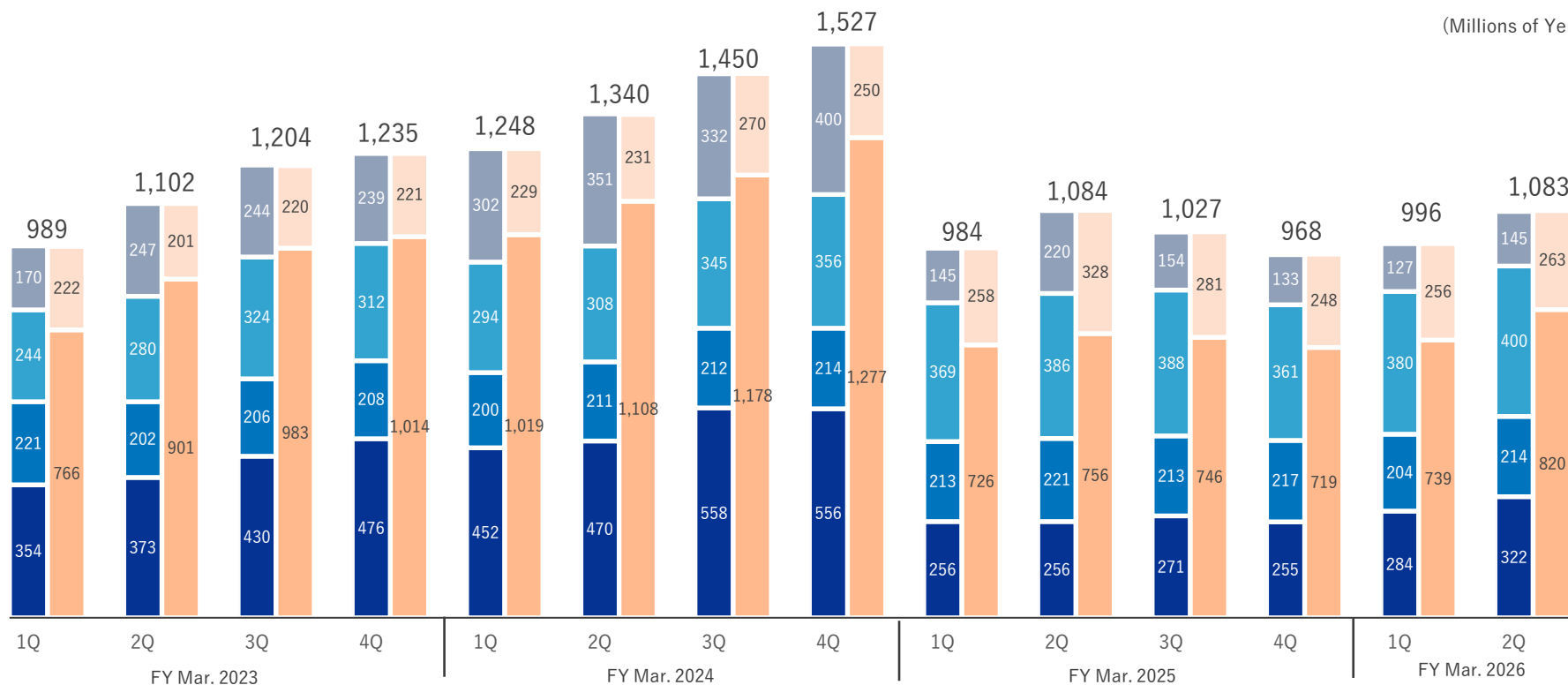
(Millions of Yen)

	FY Mar. 2025 First 6 mos.	FY Mar. 2026 First 6 mos.	Change YoY	Main Factors for Change
Cost of sales	1,482	1,559	+77	
Labor	513	606	+93	Increased due to strengthening of development personnel and staff numbers
Depreciation	434	419	-15	
Communication expenses	755	780	+25	Increased due to an increase in the number of cloud product users (+25M) Note: Including the effect of foreign exchange rates (-16M).
Others	365	273	-91	
Transfer to other accounts	-586	-520	+66	
Selling, general and administrative expenses	1,302	1,411	+108	
Personnel expenses	610	770	+159	Increased due to strengthening of sales and management departments, and staff numbers
Advertising expenses	198	119	-79	
Others	493	521	+28	

Quarterly Trend in Consolidated Cost of Sales

■ Labor ■ Depreciation ■ Communication expenses ■ Others ■ Cost of Sales ■ Transfer to other accounts

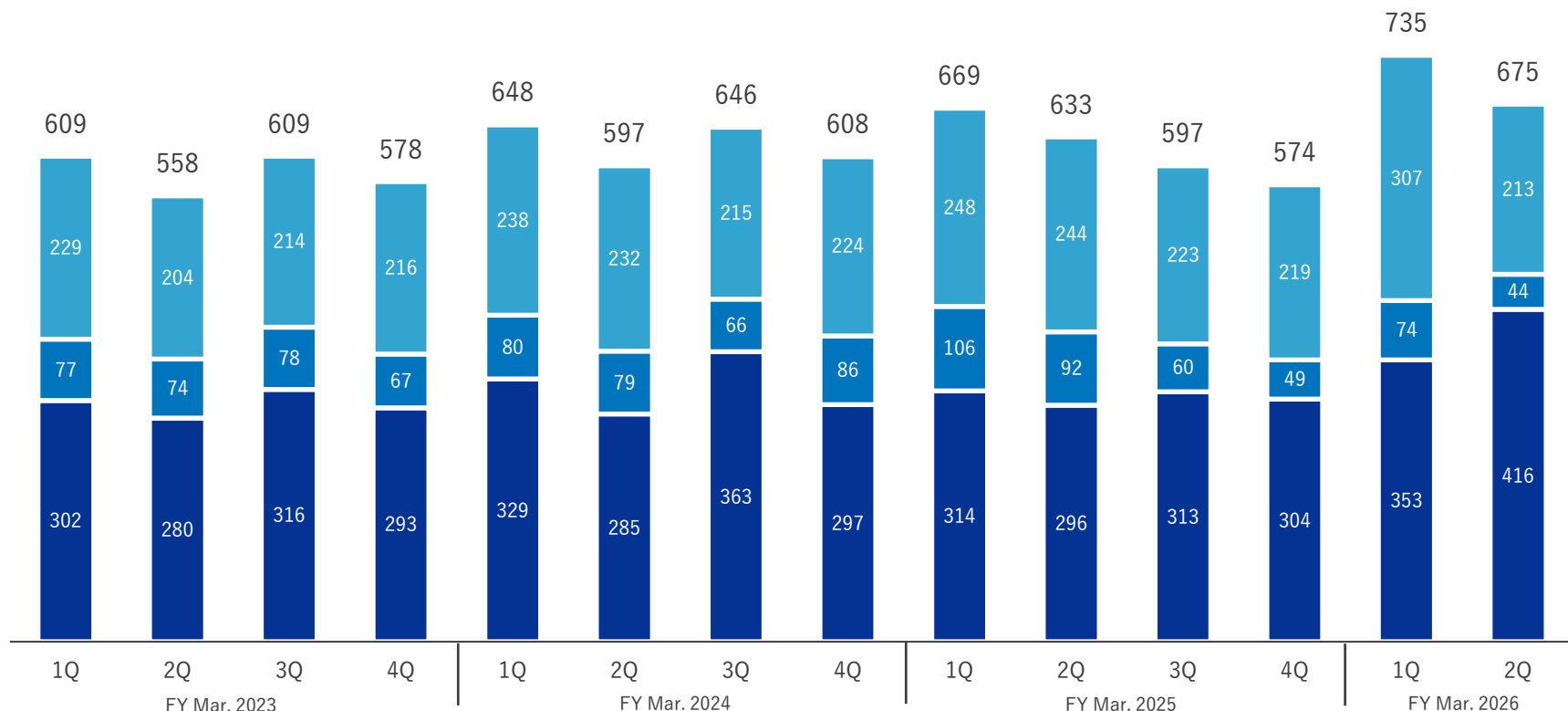
(Millions of Yen)



Quarterly Trend in Consolidated Selling, General and Administrative Expenses

■ Personnel expenses ■ Advertising expenses ■ Others

(Millions of Yen)



Consolidated Balance Sheet

Cash and advances received increased due to the significant growth in contracts.

(Millions of Yen)

	As of end of 2Q FY Mar. 2025	As of end of FY Mar. 2025	As of end of 2Q FY Mar. 2026	Change from end of FY Mar. 2025	Main Factors for Changes
Current assets	19,567	20,112	21,274	+5.8%	Increase in cash and deposit (+1,686M), decrease in accounts receivable(-262M), decrease in suspense payments that resulted from treasury share buybacks, etc.
(Cash and deposit)	18,183	17,952	19,638	+9.4%	Increased due to growth in orders
Non-current assets	2,449	2,515	2,587	+2.9%	Software in progress (+74M)
Total assets	22,016	22,627	23,862	+5.5%	
Current liabilities	5,594	5,209	6,177	+18.6%	Income taxes payable (+282M), Advances received (+783M)
(Advanced received)	4,357	4,082	4,865	+19.2%	Increased due to progress in contract acquisition.
Non-current liabilities	51	52	52	+0.1%	
Equity capital	16,358	17,336	17,603	+1.5%	Treasury share buy-back (-532M), Dividends paid (-612M), Profit (+1,408M), and others
Net assets	16,370	17,365	17,632	+1.5%	
Equity ratio	74.3%	76.6%	73.8%	-	
ROE	8.8%	19.1%	8.1%	-	
ROA	6.4%	14.1%	6.1%	-	

Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

02. Non-consolidated Results Highlights



Summary of Non-consolidated Results

(Millions of Yen)

	FY Mar. 2025 First 6 mos.	FY Mar. 2026 First 6 mos.	Change YoY	FY Mar. 2026 Full-Year Forecast ^{*1}
Contracts	4,511	6,625	+46.8%	16,470
Net Sales	4,833	4,988	+3.2%	12,545
Cost of Sales	1,481	1,558	+5.2%	3,290
Gross profit	3,351	3,430	+2.3%	9,255
Selling, general and administrative expenses	1,296	1,407	+8.5%	3,095
Contract operating profit ^{*2}	1,733	3,659	+111.1%	-
Contract operating profit margin (%) ^{*3}	38.4%	55.2%	-	-
Operating profit	2,055	2,023	-1.6%	6,160
Operating margin (%)	42.5%	40.6%	-	49.1%
Ordinary profit	2,057	2,044	-0.6%	6,160
Profit	1,421	1,411	-0.7%	4,210

*1: Financial Forecast is the consolidated financial forecast announced on May 8, 2025.

*2: Please refer to page 10 for the calculation formula.

*3: Calculated as contract operating profit margin = (Contract amount – Cost of sales – Selling and administrative expenses) / Contract amount × 100.

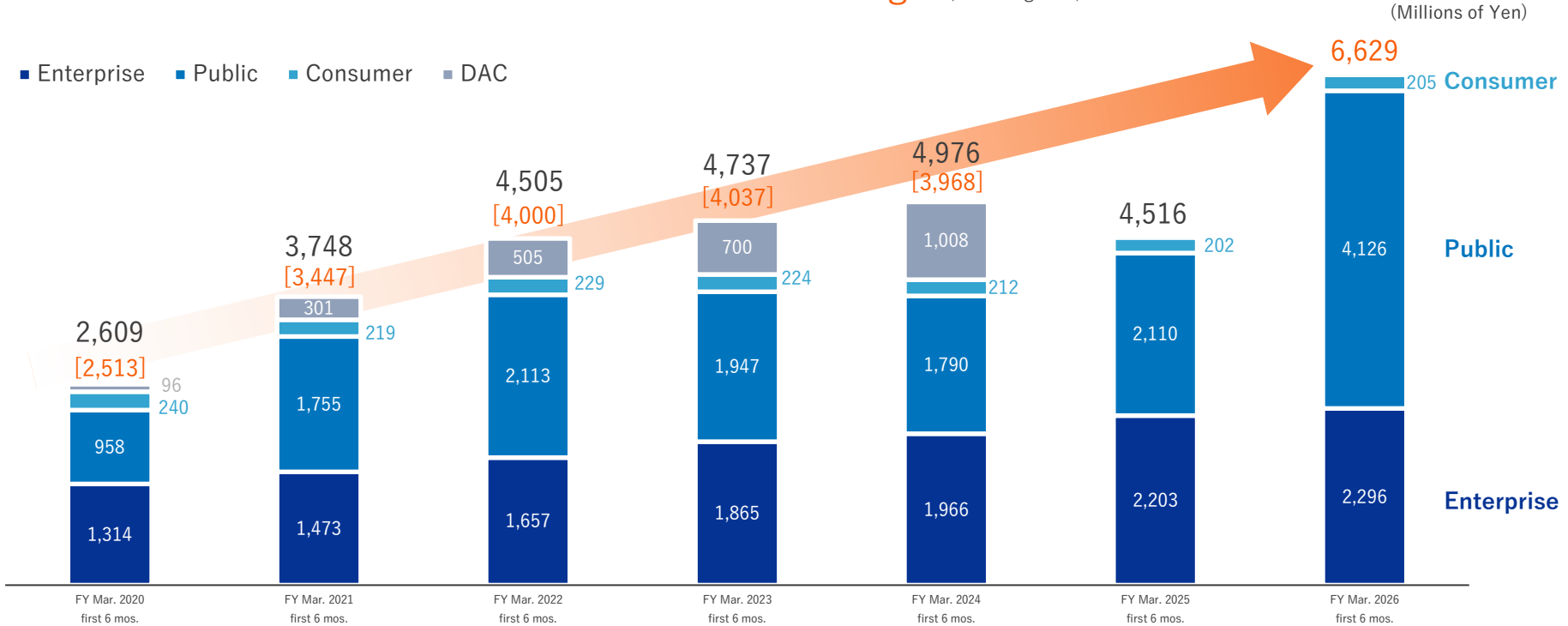
Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

03. Status of Each Market and Product



Trend in Consolidated Contracts by Market

Contracts for the first six months **reached a record high.** (excluding DAC)

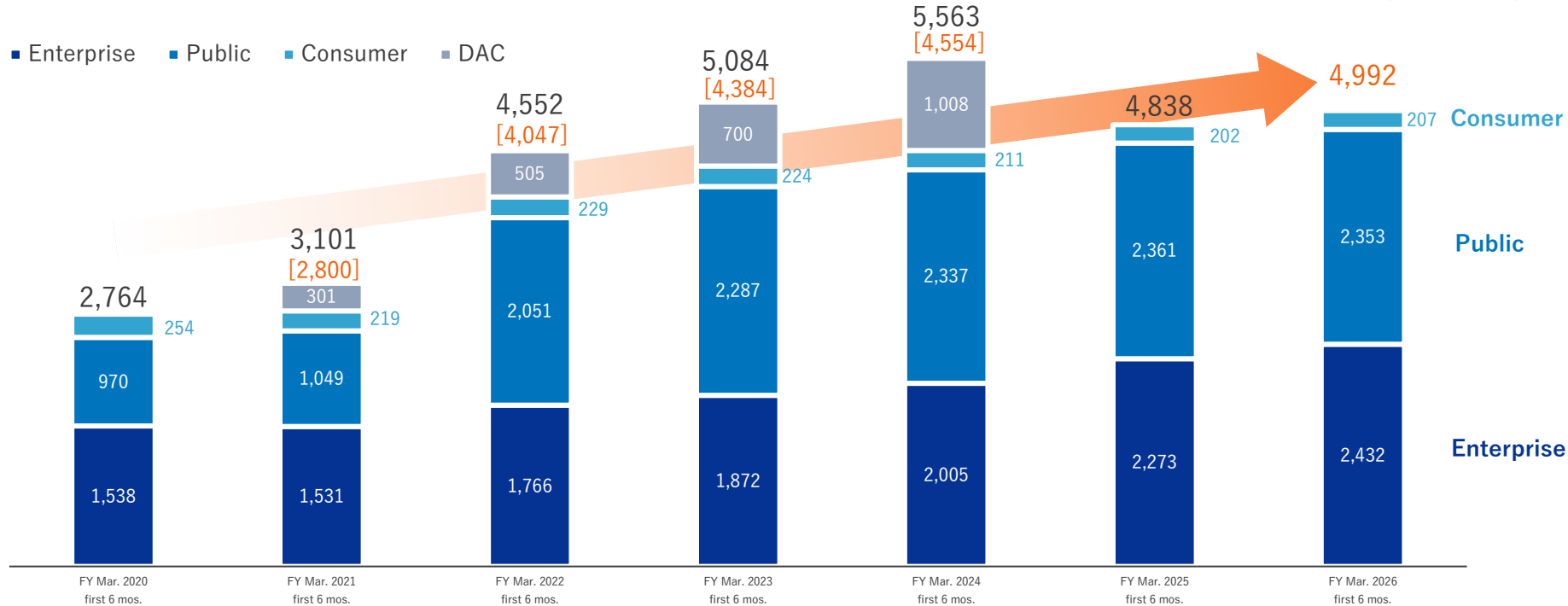


*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024)
The figure in square brackets [] represents contracts excluding DAC.

Trend in Consolidated Net Sales by Market

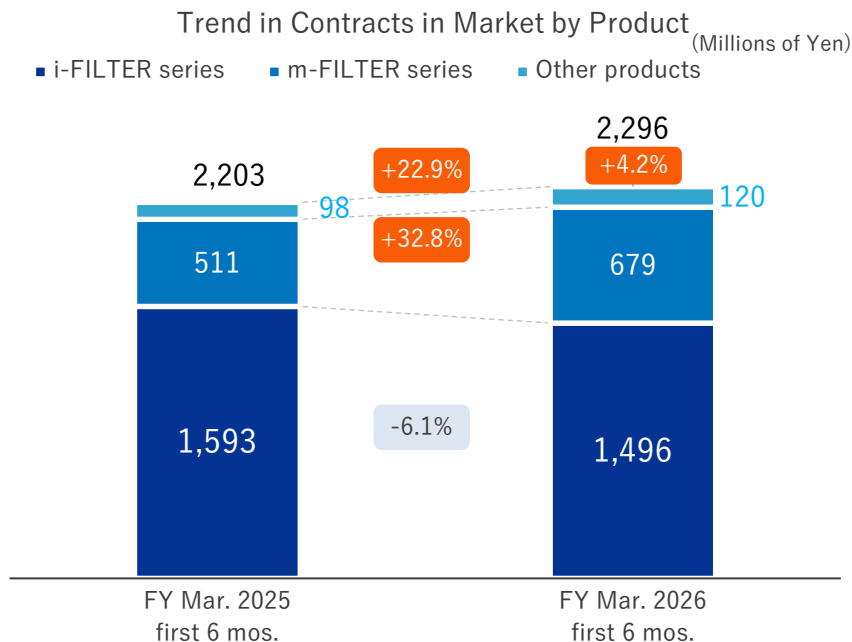
Net sales for the first six months **reached a record high.** (excluding DAC)

(Millions of Yen)



*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024)
The figure in square brackets [] represents net sales excluding DAC.

Contracts grew steadily because of by strong sales of f-FILTER integration options for m-FILTER customers and the capturing of needs for a wide range of email security measures using m-FILTER.



i-FILTER series

- i-FILTER@Cloud achieved double-digit year-on-year growth by capturing needs for website access security measures (such as SWG and CASB) for mobile devices and external devices. However, this growth did not fully compensate for the impact of the postponement of some projects until the second six months, which resulted in negative growth. (-97 million yen / -6.1%)

m-FILTER series

- Email attack and PPAP* countermeasure needs remained at a high level, and m-FILTER grew by capturing these needs. In addition, cloud-based email security measure needs are also expanding due to the increase in the number of corporate users of Microsoft 365. The capture of this demand is a factor further accelerating growth. (+167 million yen / +32.8%)

Other products

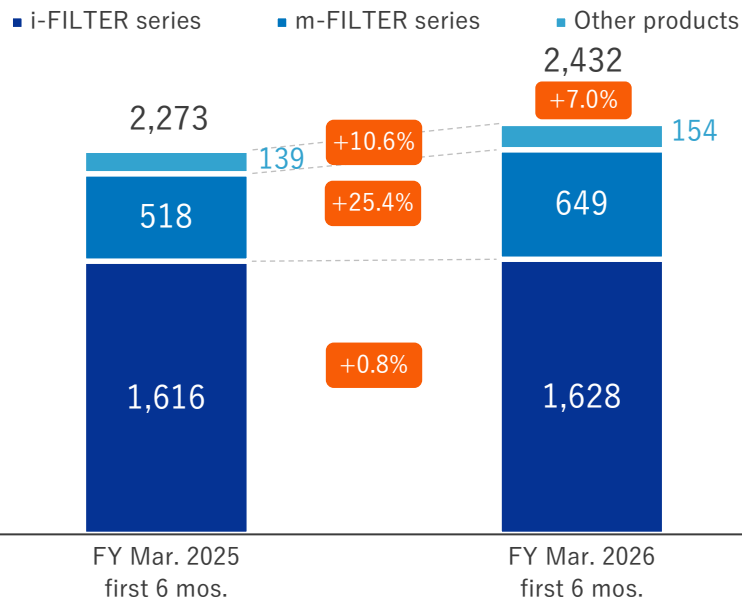
- f-FILTER has also captured demand by catering to the needs of companies seeking to implement PPAP* countermeasures through integration with m-FILTER, also resulting in strong performance.

*1: PPAP: A file transfer practice in which the file is converted into a password-protected zip file before sending and the password is sent in a separate e-mail message.

The need for a wide range of email security measures was captured. Additionally, sales of f-FILTER integration options for m-FILTER customers remained strong. Further, net sales from project orders that were received in the previous fiscal year were posted. As a result, net sales **grew steadily**.

Trend in Net Sales in Market by Product

(Millions of Yen)

**i-FILTER series**

- The significant growth was achieved because high growth of i-FILTER@Cloud by capturing needs for website access security measures (such as SWG and CASB) and posting of net sales from project orders received in the previous fiscal year. (+12 million yen /+0.8%)

m-FILTER series

- Email attack and PPAP countermeasure needs remained at a high level, and m-FILTER grew by capturing these needs. In addition, cloud-based email security measure needs are also expanding due to the increase in the number of corporate users of Microsoft 365. The capture of this demand is a factor further accelerating growth. (+131 million yen /+25.4%)

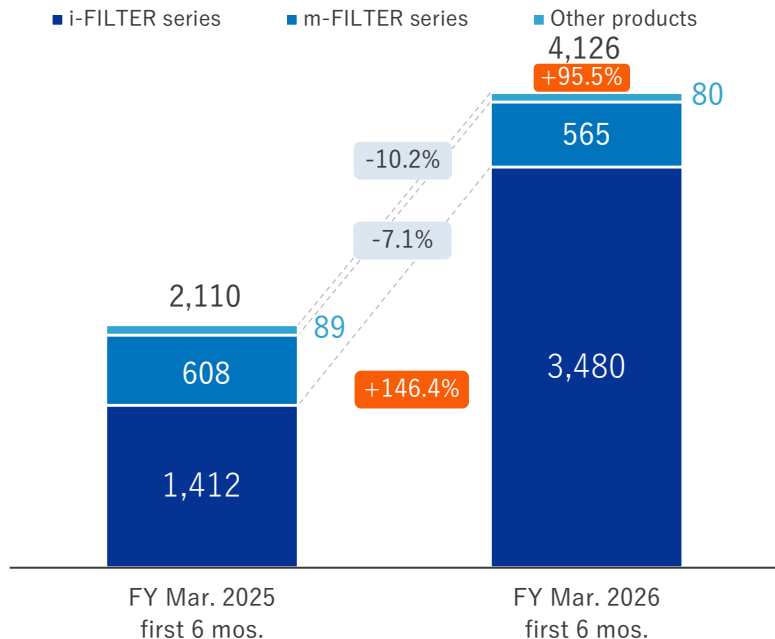
Other products

- f-FILTER has also captured demand by catering to the needs of companies seeking to implement PPAP* countermeasures through integration with m-FILTER, also resulting in strong performance

*1: PPAP: A file transfer practice in which the file is converted into a password-protected zip file before sending and the password is sent in a separate e-mail message.

Contracts grew significantly due to extremely strong orders for Phase 2 of the GIGA School Concept.

Trend in Contracts in Public Sector Market by Product
(Millions of Yen)



i-FILTER series

- Thorough project management has resulted in an extremely high Phase 2 of the GIGA School Concept project market share. In addition, orders for Next-Generation School Affairs DX projects remained strong due to a virtuous cycle in which sales opportunities are created leveraging the GIGA School Concept-related customer base. Due to these factors, contracts grew significantly. (+2,067 million yen / +146.4%)

m-FILTER series

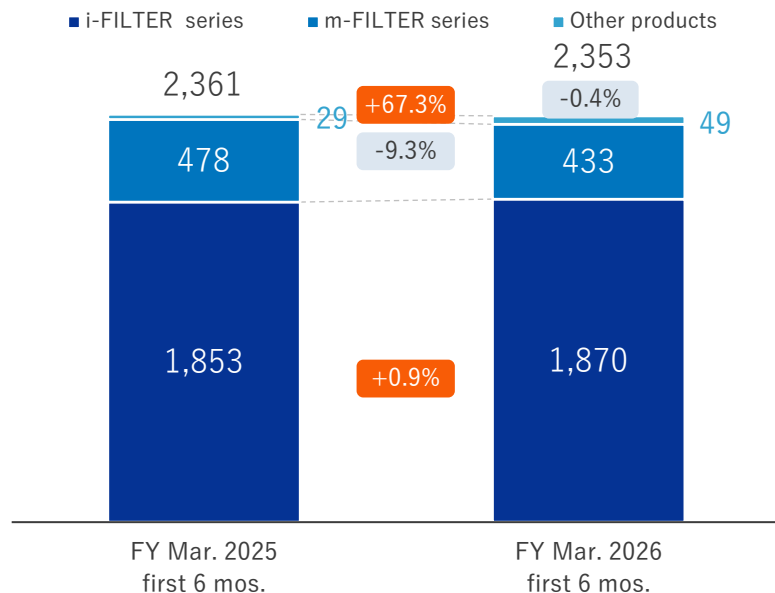
- While large-scale projects for public-sector organizations and Next-Generation School Affairs DX projects were acquired, projects for Security Improvements for Local Governments decreased year on year, resulting in negative growth. (-43 million yen / -7.1%)

Other products

- Although FinalCode remained strong due to orders for large-scale public sector organization and Next-Generation School Affairs DX projects, contracts grew negatively due to the absence of orders for Next-Generation School Affairs DX and f-FILTER projects that were received in the same period of the previous fiscal year.

Contracts grew significantly due to extremely strong orders for Phase 2 of the GIGA School Concept and Next-Generation School Affairs DX projects. However, net sales grew only slightly because the growth of contracts is attributed mainly to cloud service products, so net sales do not immediately reflect this growth due to corporate accounting rules.

Trend in Net Sales in Public Sector Market by Product
(Millions of Yen)



i-FILTER series

- Though contracts grew significantly, net sales grew only slightly because the growth of contracts do not immediately reflect this growth due to corporate accounting rules. (+16 million yen /+0.9%)

m-FILTER series

- While large-scale projects for public-sector organizations and Next-Generation School Affairs DX projects were acquired, projects for Security Improvements for Local Governments decreased year on year, and orders for Next-Generation School Affairs DX projects were mainly for cloud service products that are not immediately reflected in net sales due to corporate accounting rules. This resulted in negative growth. (-44 million yen /-9.3%)

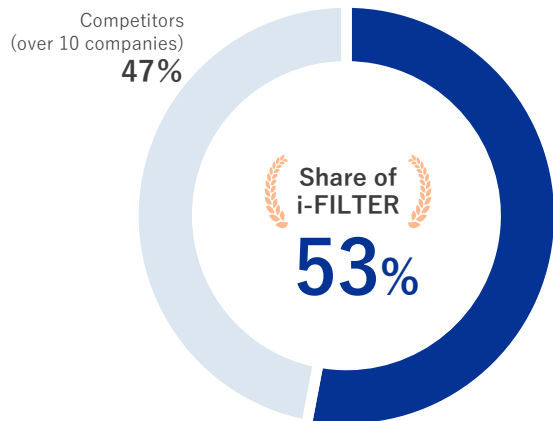
Other products

- Significant growth was achieved due to progress in the posting of net sales for FinalCode and f-FILTER in Next-Generation School Affairs DX projects for which orders were received in the previous fiscal year.

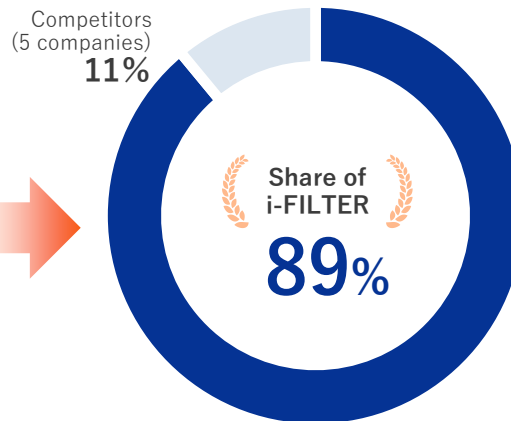
A market share of **93% or higher** has been maintained by broadly advertising i-FILTER, a product that has a competitive advantage, through sales and marketing activities.

Introduction of filtering under the GIGA School Concept*1

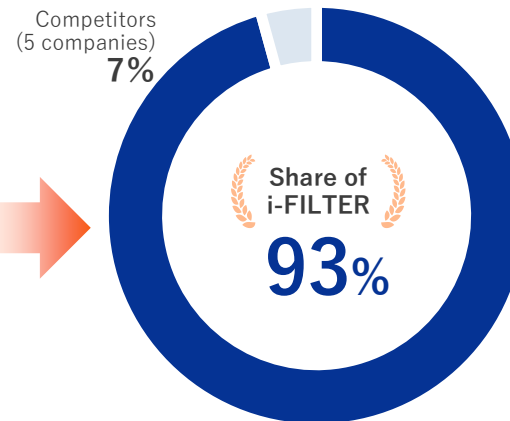
Phase 1 of the GIGA School Concept



Phase 2 of the GIGA School Concept as of March 2025



Phase 2 of the GIGA School Concept as of September 2025



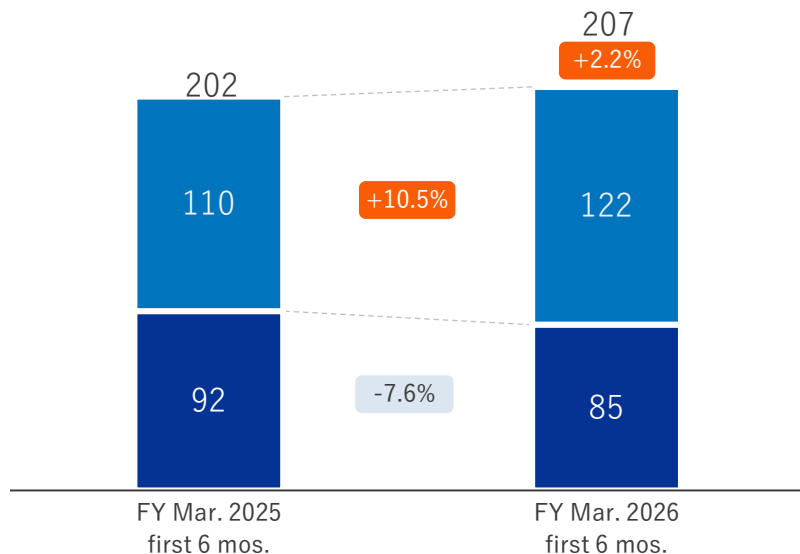
*1: According to our survey of 1,741Boards of Education (Internal research) (September 2025)

Growth was achieved as a result of the strengthening of promotional efforts regarding MVNO distribution channels and multi-year package products. We also aim to ensure that **individuals (from children to older users) can use the internet safely** by providing i-FILTER 10, a newly released comprehensive security product for individual customers.

Trend in Net Sales in Consumer Sector Market by Product
(Millions of Yen)

■ for mobile terminals, others

■ for computers



- Growth was achieved as a result of the successful strengthening of promotional efforts regarding MVNO distribution channels and multi-year package products. (+ 5 million yen /+2.2%)
- We have recently released i-FILTER 10, a comprehensive security product for individual customers, in response to various security risks that the personal use of the internet involves, such as online securities account hijacking and phishing scams.
- i-FILTER 10 features the white operation mechanism, which is offered to corporate customers, in addition to a wealth of security features. The product protects internet users from unknown threats as well as known ones.

Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

04. FY03/26 Initiatives



GIGA School Concept Status in the First 6 Months

Contracts for the GIGA School Concept increased significantly.

Initiatives for the Second 6 Months

The project team will continue to rigorously manage the progress of individual projects, aiming for greater growth than in the first 6 months.

Upsell/Cross sell for Enterprise Sector Market Status in the First 6 Months

The results were weak because a lot of resources were used in projects for Phase 2 of the GIGA School Concept.

Initiatives for the Second 6 Months

We will have a newly formed project team manage the allocation of the resources of the company as a whole to work on measures. We will accelerate growth by managing the progress of the individual projects on the target list and sharing successful examples.

Public Sector Market Excluding the GIGA School Concept Status in the First 6 Months

Some projects were postponed until the second six months due to delays in contract procedures.

Initiatives for the Second 6 Months

We formed a project team in the middle of the first six months and began to individually manage projects for public institutions. We will continue this initiative in the second six months, aiming to steadily receive orders for projects.

Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

05. FY03/26 New Products



Z-FILTER, a new product, to be released on November 4

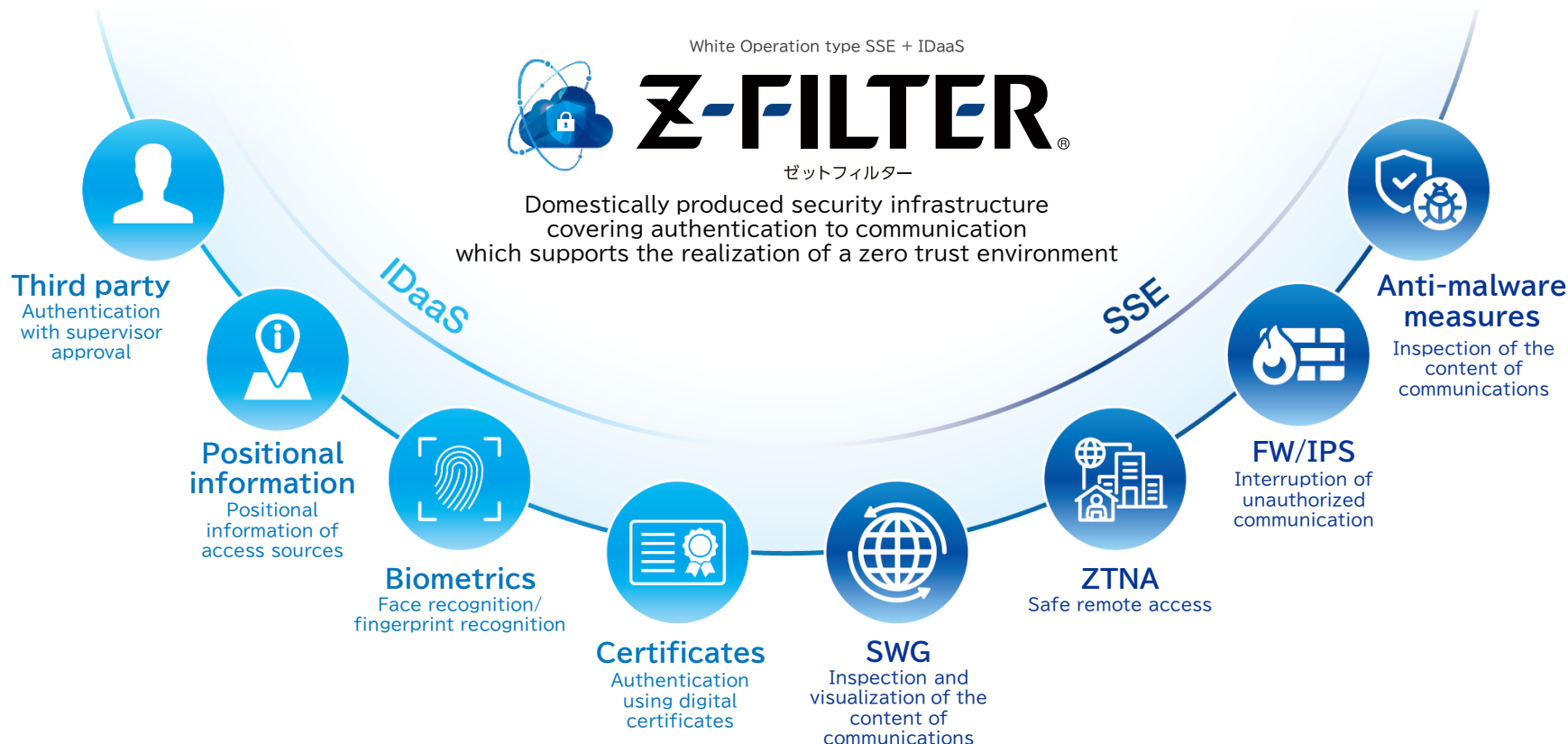
White Operation type SSE + IDaaS



Z-FILTER®

ゼットフィルター

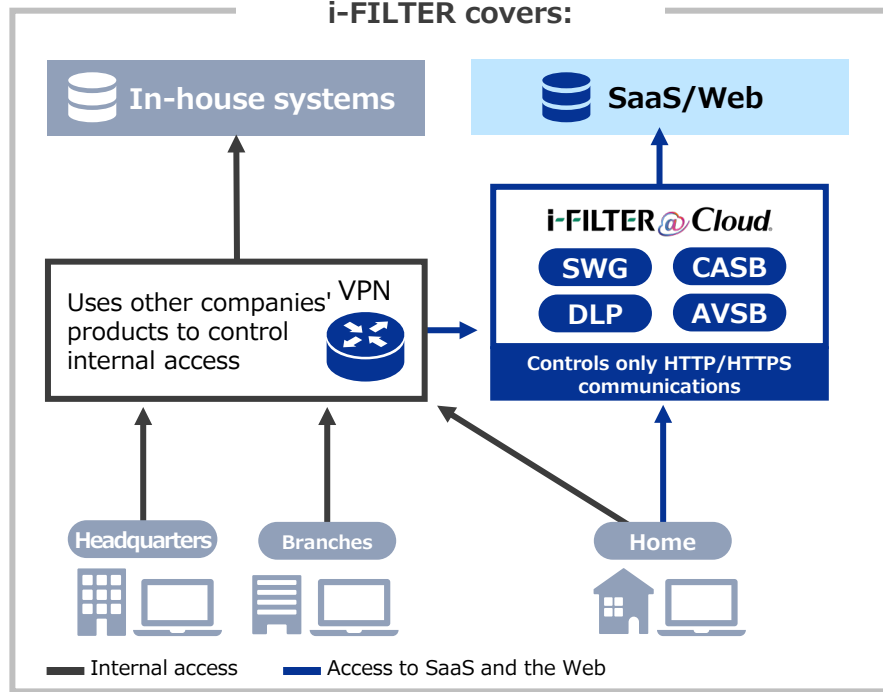
Domestically produced security infrastructure
covering authentication to communication
which supports the realization of a zero trust environment



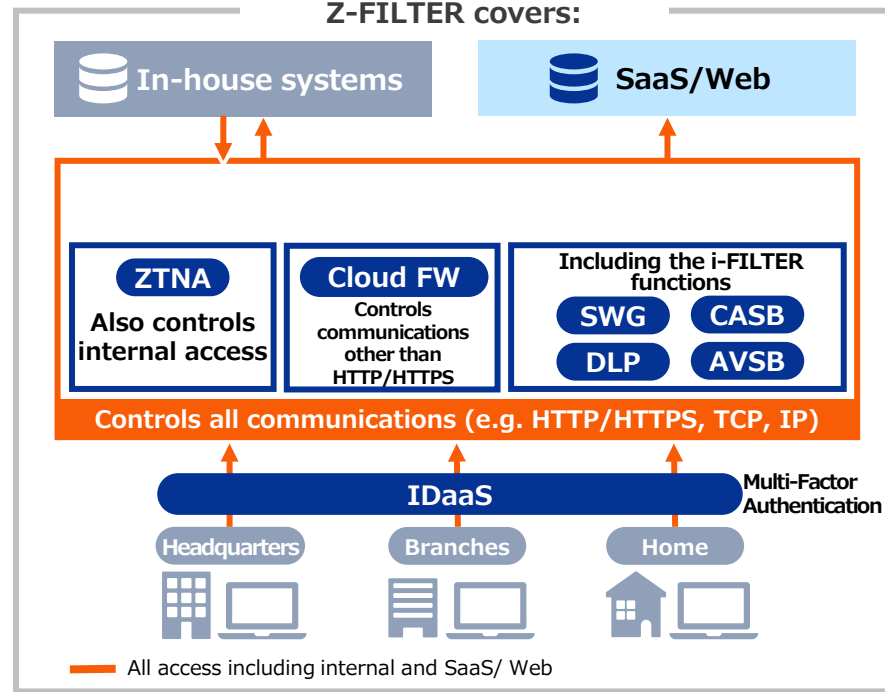
Reference: Difference Between i-FILTER and Z-FILTER

Z-FILTER includes all of the functions of i-FILTER, and further, it includes ZTNA and cloud FW. **It is therefore capable of controlling all communications.** In addition, it also permits **secure user authentication** using IDaaS.

i-FILTER covers:



Z-FILTER covers:



Reference: Plan for Z-FILTER Offering

	i-FILTER@Cloud. 500 yen / months (excluding tax)	SWG 1,500 yen / months (excluding tax)	SWG ID 1,750 yen / months (excluding tax)	SSE 2,000 yen / month (excluding tax)
ZTNA	—	—	—	●
IDaaS* ¹	—	—	●	●
URL filtering	●	●	●	●
DNS security	—	●	●	●
CASB	●	●	●	●
Cloud Firewall	—	●	●	●
IPS	—	●	●	●
Anti-Virus & Sandbox	Paid option	●	●	●
IPsec/GRE* ²	—	Paid option	Paid option	Paid option
DLP* ³	Paid option	Paid option	Paid option	Paid option

*1: It comes standard with StartIn (StartIn is indicated as the brand name) When an existing IDaaS product is used, integration with IDaaS products that are SAML 2.0 compatible is also possible.

*2: Varies according to communication bandwidth and capacity-based fees

*3: A unified rate of 100 yen /month applies per user.

i-FILTER 10, a comprehensive security product for individual customers

In August, we released i-FILTER 10, a comprehensive security product for individual customers equipped with security features that are needed in each setting where smartphones or PCs are used and White Operations.



Internet access ▶ Protection against fraudulent websites



- The product blocks phishing websites, which steal personal and other information, as well as fraudulent websites and dangerous websites.
- It also blocks newly generated fraudulent websites and dangerous websites.



Email (and SMS) ▶ Protection against fraudulent email



- Where a received email contains a malicious website which mimics the website of a bank or a public institution, the website is blocked if it is not confirmed to be safe.



Telephone ▶ Protection against malicious phone calls (unwanted phone calls)



- If an incoming call is suspicious, i-FILTER 10 displays an alert on the screen to prevent possible voice phishing scams or similar incidents.



Apps ▶ Protection against dangerous apps



- The product blocks apps which are dangerous to just install.
- It blocks connections to dangerous websites and fraudulent websites even when the device is connecting to them via an app.



Wi-Fi ▶ Detection of dangerous Wi-Fi networks



- An alert is given when a device connects to a vulnerable Wi-Fi network or one where personal information may be stolen, such as public Wi-Fi.



Monitoring assistance ▶ Visualizing usage/confirming positional information



- It can be confirmed that children or older users for whom monitoring has been set up have connected to the internet using the administration screen of the app.
- Realtime confirmation of positional information about family members' devices

Consolidated Financial Results for the First Six Months
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06. FY03/26 Expanding sales from case studies

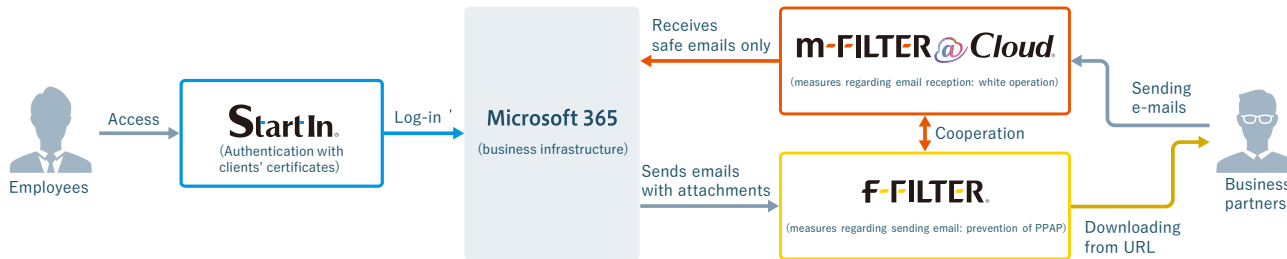


Cross-selling that resulted in the introduction of three products: m-FILTER@Cloud, f-FILTER, and StartIn

Introduction of m-FILTER@Cloud, f-FILTER, and StartIn at InfoFarm Co., Ltd.

InfoFarm Co., Ltd. is a locally based company that provides IT solutions to small and medium-sized enterprises, local governments, medical institutions and other organizations, mainly in Gifu Prefecture. The company used the migration of its email system to Microsoft 365 as an opportunity to introduce m-FILTER@Cloud, f-FILTER, and StartIn from Digital Arts Inc., aiming to ensure both convenience and security.

This has enabled features that protect against spam and viruses, prevent PPAP, and safely manage authentications using single sign-on procedures, and other features. The company established integrated security with multi-layered defense and compatibility with cloud computing and achieved stable operations in a short period of time. Going forward, the company will provide local enterprises with safe, highly reliable IT environments in anticipation of the popularization of SASE and DX, based on the idea of zero trust.



An example of customer information being protected from a ransomware attack

Introduction of FinalCode at Hoei Co., Ltd.

Hoei Co., Ltd. is a locally based company that engages in insurance agency operations for corporate and individual customers of the Bank of Yokohama and Kanagawa Bank.

Non-life and Life Insurance Agent



This company introduced FinalCode, a solution for encrypting and remotely deleting, company-wide in 2023 to ensure the safe management of more than 80,000 pieces of customer information. FinalCode automatically encrypts files the moment they are created. Operability is unaffected due to transparent encryption.

All internal files were encrypted, which resulted in an environment in which they could be shared with safety ensured automatically, even when they are emailed. The company was subject to a ransomware attack in November 2024, but it was confirmed there was no evidence that data was viewed or leaked or that the logs were altered. In addition, the Personal Information Protection Commission recognized that the data has been anonymized using high-level encryption. As a result, the incident was exempted from information leakage reporting, and it was possible to minimize damages. Hoei's policy is to continue to conduct vulnerability assessments regularly, strengthening security in a multi-layered manner, and to ensure that it is reliable and that its local customers and business partners have peace of mind by proposing cyber insurance and supporting the introduction of this kind of insurance.

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06. FY03/26 Full-Year Financial Forecast



Full-Year Financial Forecast for the Fiscal Year Ending March 31, 2026 (Consolidated)



(Millions of Yen)

	FY Mar. 2025 Full-Year Results	FY Mar. 2026 Full-Year Forecast	Change	% Change
Contracts	10,570	19,000	+8,429	+79.7%
Net sales	9,982	11,800	+1,817	+18.2%
Cost of sales	2,948	3,296	+348	+11.8%
Gross profit	7,033	8,503	+1,469	+20.9%
Gross profit point	70.5%	72.1%	-	-
Selling, general and administrative expenses	2,474	2,895	+420	+17.0%
Operating profit	4,558	5,607	+1,048	+23.0%
Operating margin	45.7%	47.5%	-	-
Ordinary profit	4,562	5,627	+1,064	+23.3%
Profit attributable to owners of parent	3,183	3,880	+696	+21.9%

Full-Year Financial Forecast for the Fiscal Year Ending March 31, 2026 (Non-Consolidated)



(Millions of Yen)

	FY Mar. 2025 Full-Year Results	FY Mar. 2026 Full-Year Forecast	Change	% Change
Contracts	10,561	18,995	+8,433	+79.9%
Net sales	9,972	11,795	+1,822	+18.3%
Cost of sales	2,945	3,295	+349	+11.9%
Gross profit	7,026	8,499	+1,472	+21.0%
Gross profit point	70.5%	72.1%	-	-
Selling, general and administrative expenses	2,464	2,883	+419	+17.0%
Operating profit	4,562	5,615	+1,052	+23.1%
Operating margin	45.8%	47.6%	-	-
Ordinary profit	4,569	5,635	+1,065	+23.3%
Profit	3,187	3,888	+700	+22.0%

Consolidated Cost of Sales and Selling, General and Administrative Expenses

(Millions of Yen)

	FY Mar. 2025 Full-Year Results	FY Mar. 2026 Full-Year Forecast	Change	% Change
Cost of Sales	2,948	3,296	+348	+11.8%
Labor	1,040	1,215	+175	+16.8%
Depreciation	865	929	+64	+7.4%
Communication expenses	1,505	1,682	+177	+11.8%
Others	653	702	+49	+7.5%
Transfer to other accounts	-1,116	-1,233	-117	-10.5%
Selling, general and administrative expenses	2,474	2,895	+421	+17.0%
Personnel expenses	1,229	1,562	+333	+27.2%
Advertising expenses	309	255	-54	-17.4%
Others	936	1,077	+141	+15.1%

Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending March 31, 2026

07. FY03/26 Return to Shareholders



Return to Shareholders for the Fiscal Year Ending Mar. 2026

Starting FY March 2026, we will change our shareholder return policy as follows to strengthen our stance on returning profit to shareholders. Under the new policy, we plan shareholder returns for the fiscal year ending March 31, 2026 as follows.

FY Mar. 2025

Policy

**Target payout ratio:
30% or more**

Shareholder returns

**Dividends:
85.00 yen per share**



FY Mar. 2026

Policy

Progressive dividends
*A dividend policy of maintaining and increasing dividends, and avoiding decreasing them in principle

Target total return ratio: 50% or more

Return to Shareholders for the Fiscal Year Ending Mar. 2026 (forecast)

Dividends
95.00 yen per share
Up 10.00 yen from FY Mar. 2025
(Dividends have increased for 12 consecutive years)
Including a commemorative dividend of 5.00 yen for the Group's 30th anniversary

Purchase of treasury shares
1 billion yen*
*We will purchase treasury shares flexibly in consideration of the trends in our performance and the stock market and other factors.

- Among the descriptions of plans, strategies and financial forecasts in this presentation material, those that are not historical facts are forward-looking statements.
- They reflect judgments made by the management of Digital Arts Inc. based on information currently available to it. They may be subject to considerable change depending on changes in the environment and other factors, and the Company does not in any way guarantee the achievement of the projections.
- Digital Arts Inc. will disclose any significant changes that occur in the future as appropriate.
- With some exceptions, the basic figures in this presentation are rounded down to the nearest million yen.

デジタルアーツ, DIGITAL ARTS, i-FILTER, i-FILTER Anti-Virus & Sandbox, i-FILTER@Cloud Anti-Virus & Sandbox, i-FILTER@Cloud Dアラート発信レポートサービス, info board, Active Rating System, D-SPA, Anti-Virus & Sandbox for D-SPA, NET FILTER, SP-Cache, White Web, ZBRAIN, クレデンシャルプロテクション, ホワイト運用, m-FILTER, m-FILTER MailFilter, m-FILTER Archive, m-FILTER Anti-Spam, m-FILTER Anti-Virus & Sandbox, m-FILTER@Cloud Anti-Virus & Sandbox, m-FILTER@Cloud Dアラート発信レポートサービス, m-FILTER File Scan, Mail Detox, m-FILTER EdgeMTA, EdgeMTA, FinalCode, i-フィルター, DigitalArts@Cloud, Desk, Desk Event, StartIn, f-FILTER, Z-FILTER, Dアラート, Dコンテンツ, f-FILTER and other logos and icons related to Digital Arts Inc. and its products are trademarks or registered trademarks of Digital Arts Inc.



- For internet convenience, safety and security -