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October 30, 2026

Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)



Company name: Digital Arts Inc.

Listing: Tokyo Stock Exchange

Securities code: 2326

URL: <https://www.daj.jp/>

Representative: Toshio Dogu

Inquiries: Fumihiko Tanizaki

Telephone: +81-3-5220-1670

Representative Director, President and CEO

General Manager of the Investor Relations Office

Scheduled date to file semi-annual securities report: November 9, 2026

Scheduled date to commence dividend payments: December 3, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for Institutional Investors and Analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2026	6,024	20.7	2,785	37.8	2,838	39.1	1,924	36.7
September 30, 2025	4,992	3.2	2,021	(1.5)	2,041	(0.6)	1,408	(0.7)

Note: Comprehensive income For the six months ended September 30, 2026: ¥ 1,924 million [36.7%]
For the six months ended September 30, 2025: ¥ 1,408 million [(0.5)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	143.50	141.59
September 30, 2025	103.83	101.54

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2026	32,173	19,342	60.1	1,439.37
March 31, 2026	27,865	18,454	66.1	1,370.52

Reference: Equity

As of September 30, 2026: ¥ 19,322 million

As of March 31, 2026: ¥ 18,425 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	45.00	-	50.00	95.00
Fiscal year ending March 31, 2027	-	50.00			
Fiscal year ending March 31, 2027 (Forecast)			-	50.00	100.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,000	10.8	5,400	12.7	5,505	13.7	3,770	10.0	280.45

Note: Revisions to the financial result forecast most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - companies()

Excluded: - companies()

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

* For details, please refer to "2. Semi-annual Consolidated Financial Statements and Primary Notes (4) Notes to semi-annual consolidated financial statements (Application of specific accounting treatment to the preparation of semi-annual consolidated financial statements)" on page 10 of the attached materials.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2026	14,133,000 shares
As of March 31, 2026	14,133,000 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2026	708,521 shares
As of March 31, 2026	689,215 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2026	13,412,516 shares
Six months ended September 30, 2025	13,563,810 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Forward-looking statements)

Business forecasts and other forward-looking statements in this material contain predictions based on future assumptions, outlooks and plans as of the date of publication of this material. The Company does not warrant the achievement of the forecasts. Actual results may differ significantly from the forecasts due to risks and uncertain factors associated with the world economy, the state of competition, and fluctuations in foreign exchange rates and interest rates.

For matters concerning results forecasts, please refer to "1. Overview of Business Results, etc. (3) Explanation about information on future forecasts such as consolidated results forecasts" on page 5 of the attached materials.

(How to obtain supplementary materials on financial results)

The material is available on the Digital Arts Inc. corporate website.

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1. Overview of Business Results, etc.

(1) Overview of business results for the first six months of the consolidated fiscal year under review

As announced on October 21, 2026, unauthorized access to the operational environment of our cloud services and our internal environment was confirmed. We sincerely apologize for the significant concern and inconvenience this has caused our customers, shareholders, investors and other stakeholders.

This incident resulted from a third party obtaining, without authorization, credentials used to operate our cloud services. The intrusion did not exploit vulnerabilities in the security functions provided by our products. Furthermore, the intruder had neither the permissions nor an access path to the systems for registering, classifying and distributing data in the whitelist database that underpins “White Operation.” Based on logs and configuration information, we have confirmed that the database has not been tampered with. Accordingly, the effectiveness of “White Operation” is unaffected.

We take this incident very seriously. We will strengthen our security management framework, ensure the thorough implementation of measures to prevent recurrence, and work across the entire Company to restore the trust of our customers and other stakeholders.

In the security industry in which the Digital Arts Group (the “Group”) operates, attack methods became increasingly diverse during the period under review (April 1 to September 30, 2026). These included the exploitation of vulnerabilities in software and VPN equipment, unauthorized logins using stolen credentials, and intrusions through outsourcing providers and external services such as SaaS. As the business use of cloud services and generative AI expands, key challenges include protecting devices used off-site and at individual locations, managing the use of unapproved cloud and generative AI services, and strengthening security governance across the entire supply chain, including business partners and outsourcing providers.

Against this backdrop, the Group has identified three priority areas for the final year of its Medium-Term Management Plan (fiscal year ended March 31, 2025 through fiscal year ending March 31, 2027): the growth of security business, the expansion of public sector market share, and the strengthening of sales and development teams supporting high-touch sales. Under these priorities, the Group worked to expand sales of its mainstay products, monetize new products, strengthen enterprise sales initiatives and win projects in the public and education sectors. To address evolving threats and future security needs, we will also accelerate the development of security solutions and expand our product lineup so that our products can provide integrated protection for customers’ Internet environments across communications, authentication and devices.

In the enterprise sector market, m-FILTER drove growth by capturing a broad range of email security demand, including demand for inbound email security measures. Project creation for the new product z-FILTER also progressed, while the launch of the NEC Cyber Secure Package in partnership with the NEC Group expanded our sales network. In sales activities, we promoted high-touch sales to end users and made progress in generating new projects based on customer needs.

In the public sector market, we continued to recognize net sales from contracts won in prior fiscal years for Phase 2 of the GIGA School Concept. We also made progress in winning central government projects and projects under the Third-Phase Local Government Information Security Enhancement initiative, expanding the range of projects in the government sector.

As a result, net sales increased significantly year on year. This reflected the recognition of net sales over the respective contract terms of cloud service product contracts won in prior fiscal years, including projects for Phase 2 of the GIGA School Concept, together with growth in the government sector and in enterprise products. Contracts also increased year on year, as growth in the enterprise sector market and government sector offset a decline in contracts for Phase 2 of the GIGA School Concept following the concentration of orders in the same period of the previous fiscal year.

On the cost side, cost of sales increased due to higher communication expenses associated with growth in the number of cloud service product users, increased software amortization following new product releases, and other factors. Selling, general and administrative expenses decreased year on year, despite higher advertising expenses associated with participation in exhibitions, due to a reduction in expenses related to the Company’s 30th anniversary incurred in the previous fiscal year, efforts to contain recruitment costs, and other factors. As a result, higher net sales helped raise the operating margin to 46.2%, compared with 40.5% in the same period of the previous fiscal year.

Consequently, for the six months ended September 30, 2026, contracts totaled 6,889 million yen (up 3.9% year on year), net sales were 6,024 million yen (up 20.7%), operating profit was 2,785 million yen (up 37.8%), ordinary profit was 2,838 million yen (up 39.1%), and profit attributable to owners of parent was 1,924 million yen (up 36.7%).

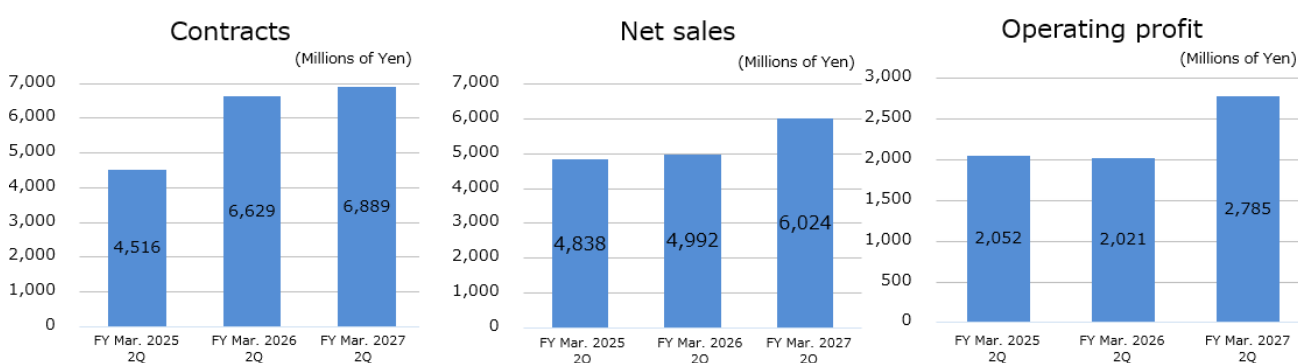
* Note on the recognition of net sales from projects for Phase 2 of the GIGA School Concept:

For license sales products, which are on-premises products, most of the contract value is generally recognized as net sales upon shipment. In contrast, for cloud service products (which account for most projects for Phase 2 of the GIGA School Concept), net sales are generally recognized on a pro rata basis over the service provision period in accordance with revenue recognition standards.

Overview of Consolidated Financial Results

(Millions of yen)

	FY Mar. 2026 2Q	FY Mar. 2027 2Q	Change	Change (%)
Contracts	6,629	6,889	+259	+3.9
Net sales	4,992	6,024	+1,031	+20.7
Operating profit	2,021	2,785	+763	+37.8
Ordinary profit	2,041	2,838	+797	+39.1
Profit attributable to owners of parent	1,408	1,924	+516	+36.7



Business performance by market was as follows.

Enterprise Sector Market

In the enterprise sector market, i-FILTER maintained its existing customer base by meeting demand for the appropriate management of cloud and generative AI service usage, in addition to Web access control. For m-FILTER, demand for alternatives to PPAP drove adoption in combination with inbound email security measures. The product also captured demand for migration to cloud services, driven by factors such as the migration of mail servers to the cloud. Contracts for m-FILTER continued to grow strongly, increasing 26.9% year on year.

The new product z-FILTER captured demand for integrated security management across corporate groups and multiple locations, making progress in developing project opportunities and winning orders. At the end of August 2026, we launched the NEC Cyber Secure Package utilizing z-FILTER in partnership with the NEC Group to expand our sales network. We also made progress in expanding sales of FINAL CODE@Cloud and f-FILTER, with contracts for other products increasing substantially by 83.3% year on year.

In sales activities, we promoted high-touch sales to end users and made progress in generating new projects through proposals based on an understanding of customer needs. To support the secure business use of generative AI, we also pursued product development and functional enhancements, with i-FILTER and z-FILTER at the core, to improve visibility into generative AI usage and strengthen our response to security risks associated with inputs and outputs.

As net sales from cloud service products are recognized over their contract terms, contracts won during the current interim period are expected to contribute progressively to future net sales.

As a result, contracts in the enterprise sector market totaled 2,598 million yen (up 13.2% year on year), and net sales were 2,604 million yen (up 7.1%).

Public Sector Market

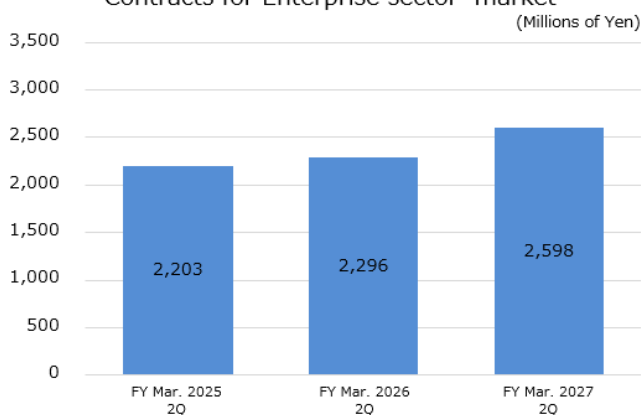
In the public sector market, we maintained a high share of orders for Phase 2 of the GIGA School Concept despite intensifying competition, through continued follow-up with existing customers and product enhancements tailored to the needs of educational institutions. Order unit prices have also increased compared with Phase 1 of the GIGA School Concept, and cumulative contracts under the concept have continued to grow steadily. During the current interim period, the recognition of net sales from contracts won in prior fiscal years drove net sales growth in the public sector market. However, contracts for these projects decreased year on year following the concentration of orders in the same period of the previous fiscal year. We also leveraged the customer base established through the GIGA School Concept to make progress in winning projects in the education sector, including Next-Generation School Affairs DX projects.

In the government sector, we won central government projects by leveraging our portfolio of ISMAP-registered cloud products. We also enhanced product functionality and pursued proposal activities for the Third-Phase Local Government Information Security Enhancement initiative, which started in the current fiscal year. These efforts captured demand related to security clouds and local government security enhancement, leading to increased adoption of our products, particularly m-FILTER. Contracts for m-FILTER doubled year on year.

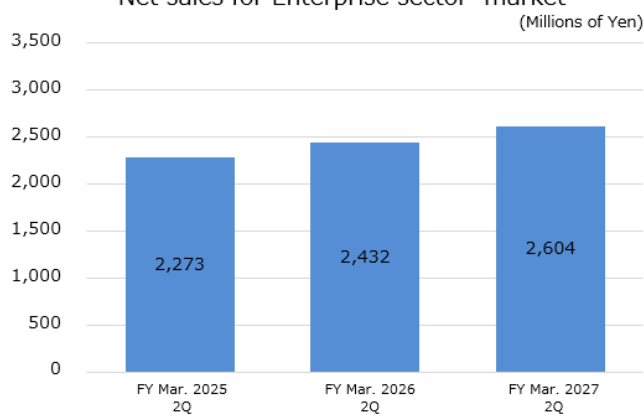
As a result, contracts for projects other than the GIGA School Concept grew to approximately twice the level recorded in the same period of the previous fiscal year. Our business serving central and local governments made significant progress as a new growth area helping to offset the decline in contracts for Phase 2 of the GIGA School Concept.

Consequently, contracts in the public sector market totaled 4,100 million yen (down 0.6% year on year), and net sales were 3,230 million yen (up 37.3%).

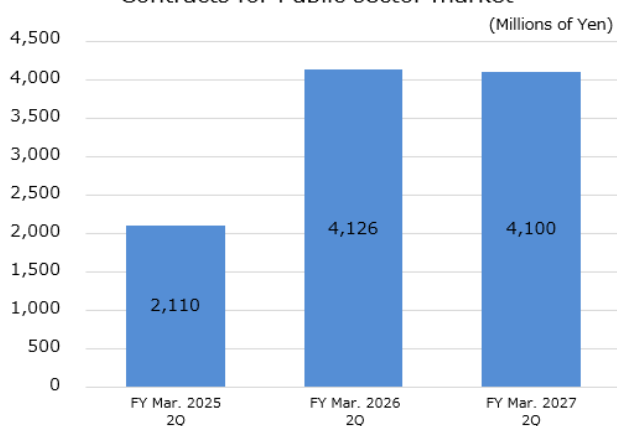
Contracts for Enterprise sector market



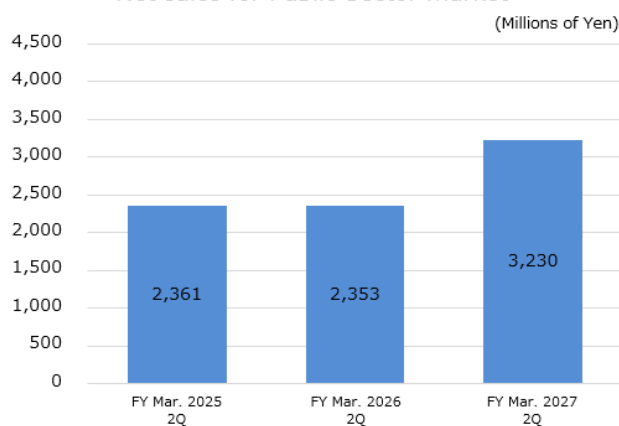
Net sales for Enterprise sector market



Contracts for Public sector market



Net sales for Public Sector market



Consumer Sector Market

In the consumer sector market, individuals continue to fall victim to scams, including phishing attacks impersonating financial institutions, online retailers and other organizations. Against this backdrop, we strengthened the promotion of i-FILTER 10, which incorporates the “White Operation” feature, as a product that helps prevent fraud by controlling access to phishing websites and other harmful sites and supports safe Internet use for the entire family, from children to adults. In August, we conducted a campaign encouraging safe smartphone use among adults, including working adults and university students, to reach new user segments beyond the traditional market for children. We also worked to expand MVNO sales channels and strengthen the promotion of multi-year packaged products. However, lower demand through existing sales channels resulted in year-on-year declines in both contracts and net sales.

As a result, contracts in the consumer sector market totaled 189 million yen (down 8.0% year on year), and net sales were 188 million yen (down 8.9%).

(2) Overview of financial position for the first six months of the consolidated fiscal year under review

(Assets)

Total assets at the end of the first six months of the consolidated fiscal year under review increased by 4,308 million yen from the end of the previous fiscal year to 32,173 million yen. This was mainly attributable to a 4,405 million yen increase in cash and deposits.

(Liabilities)

Total liabilities at the end of the first six months of the consolidated fiscal year under review increased by 3,420 million yen from the end of the previous fiscal year to 12,830 million yen. This was mainly attributable to a 3,357 million yen increase in advances received.

(Net assets)

Total net assets at the end of the first six months of the consolidated fiscal year under review increased by 888 million yen from the end of the previous fiscal year to 19,342 million yen. This was mainly because the increase in retained earnings resulting from the recording of profit attributable to owners of parent exceeded the decreases due to dividend payments and purchases of treasury shares.

(3) Explanation about information on future forecasts such as consolidated results forecasts

Business results for the first six months of the consolidated fiscal year under review progressed steadily. The forecast of consolidated financial results for the full fiscal year remains unchanged from the forecast announced on May 7, 2026.

The Company has determined these forecasts based on information available on the publication date of this document. Actual results may differ from the forecasts due to various factors. The Company will make appropriate disclosures if any significant changes occur.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	23,083	27,488
Notes and accounts receivable - trade	1,548	1,550
Finished goods	0	0
Supplies	0	0
Other	446	247
Total current assets	25,080	29,288
Non-current assets		
Property, plant and equipment	265	293
Intangible assets		
Software	1,912	1,739
Other	96	329
Total intangible assets	2,008	2,068
Investments and other assets	511	522
Total non-current assets	2,784	2,884
Total assets	27,865	32,173
Liabilities		
Current liabilities		
Accounts payable - trade	25	20
Income taxes payable	814	949
Provision for bonuses	152	163
Advances received	7,800	11,157
Other	566	487
Total current liabilities	9,358	12,778
Non-current liabilities		
Asset retirement obligations	49	49
Other	3	2
Total non-current liabilities	52	52
Total liabilities	9,410	12,830
Net assets		
Shareholders' equity		
Share capital	713	713
Capital surplus	957	698
Retained earnings	20,323	21,413
Treasury shares	(3,589)	(3,521)
Total shareholders' equity	18,405	19,303
Accumulated other comprehensive income		
Foreign currency translation adjustment	19	19
Total accumulated other comprehensive income	19	19
Share acquisition rights	29	19
Total net assets	18,454	19,342
Total liabilities and net assets	27,865	32,173

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	4,992	6,024
Cost of sales	1,559	1,864
Gross profit	3,433	4,159
Selling, general and administrative expenses	1,411	1,373
Operating profit	2,021	2,785
Non-operating income		
Interest income	12	53
Gain on forfeiture of unclaimed dividends	0	0
Foreign exchange gains	5	-
Miscellaneous income	1	1
Total non-operating income	19	55
Non-operating expenses		
Foreign exchange losses	-	2
Miscellaneous losses	0	0
Total non-operating expenses	0	2
Ordinary profit	2,041	2,838
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	2,041	2,838
Income taxes	633	914
Profit	1,408	1,924
Profit attributable to owners of parent	1,408	1,924

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit	1,408	1,924
Other comprehensive income		
Foreign currency translation adjustment	(0)	(0)
Total other comprehensive income	(0)	(0)
Comprehensive income	1,408	1,924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,408	1,924

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	2,041	2,838
Depreciation	445	540
Increase (decrease) in provision for bonuses	13	10
Interest income	(12)	(53)
Loss on retirement of non-current assets	0	0
Foreign exchange losses (gains)	(5)	2
Gain on reversal of share acquisition rights	(0)	(0)
Share-based payment expenses	9	0
Decrease (increase) in trade receivables	1,017	3,354
Decrease (increase) in inventories	1	0
Increase (decrease) in trade payables	(0)	(4)
Increase (decrease) in accounts payable - other	(43)	(52)
Decrease (increase) in other current assets	144	206
Increase (decrease) in other current liabilities	(16)	(3)
Other, net	25	(8)
Subtotal	3,620	6,830
Interest and dividends received	13	53
Income taxes paid	(362)	(774)
Net cash provided by (used in) operating activities	3,271	6,109
Cash flows from investing activities		
Purchase of property, plant and equipment	(73)	(73)
Purchase of intangible assets	(505)	(577)
Proceeds from redemption of securities	100	-
Net cash provided by (used in) investing activities	(478)	(651)
Cash flows from financing activities		
Proceeds from disposal of treasury shares	0	286
Purchase of treasury shares	(540)	(665)
Decrease (increase) in deposits for purchase of treasury shares	40	-
Dividends paid	(611)	(671)
Net cash provided by (used in) financing activities	(1,111)	(1,050)
Effect of exchange rate change on cash and cash equivalents	5	(2)
Net increase (decrease) in cash and cash equivalents	1,686	4,405
Cash and cash equivalents at beginning of period	17,952	23,083
Cash and cash equivalents at end of period	19,638	27,488

(4) Notes to semi-annual consolidated financial statements

(Notes on the premise of a going concern)

There are no applicable matters.

(Notes on significant changes in the amount of shareholders' equity)

There are no applicable matters.

(Application of specific accounting treatment to the preparation of semi-annual consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax-effect accounting to profit before income taxes for the fiscal year that includes the six-month period under review, and multiplying profit before income taxes for the six-month period by that estimated effective tax rate.

(Notes on segment information, etc.)

Segment information

The Group has only one segment, which is the security business, and segment information is omitted.