

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

October 31, 2024

Company name: Digital Arts Inc.

Listing: Tokyo

Securities code: 2326

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

Representative: Toshio Dogu

Inquiries: Fumihiko Tanizaki

Telephone: +81-3-5220-1670

Scheduled date to file semi-annual securities report: November 8, 2024

Scheduled date to commence dividend payments: December 3, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director, President and CEO

General Manager of the Investor Relations Office

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

#### (1) Consolidated Operating Results

(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, 2024 | 4,838           | (13.0) | 2,052            | (6.2) | 2,053           | (6.7) | 1,417                                   | (6.8) |
| September 30, 2023                  | 5,563           | 9.4    | 2,188            | (2.6) | 2,201           | (2.7) | 1,521                                   | (2.4) |

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 1,415 million [ (7.3)%  
Six months ended September 30, 2023: ¥ 1,526 million [ (2.5)%]

|                                     | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| Six months ended September 30, 2024 | Yen<br>103.41            | Yen<br>101.96              |
| September 30, 2023                  | 108.90                   | 107.02                     |

#### (2) Consolidated Financial Position

|                          | Total assets              | Net assets                | Capital adequacy ratio | Net assets per share |
|--------------------------|---------------------------|---------------------------|------------------------|----------------------|
| As of September 30, 2024 | Millions of yen<br>22,016 | Millions of yen<br>16,370 | %<br>74.3              | Yen<br>1,199.20      |
| March 31, 2024           | 22,518                    | 15,998                    | 71.0                   | 1,162.40             |

(Reference) Equity: As of September 30, 2024: ¥ 16,358 million  
As of March 31, 2024: ¥ 15,986 million

## 2. Dividends

|   | Annual dividends |                 |                 |          |       |
|---|------------------|-----------------|-----------------|----------|-------|
|   | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
|   | Yen              | Yen             | Yen             | Yen      | Yen   |
| Fiscal year ended March 31, 2024                | -                | 40.00           | -               | 40.00    | 80.00 |
| Fiscal year ending March 31, 2025               | -                | 40.00           |                 |          |       |
| Fiscal year ending March 31, 2025<br>(Forecast) |                  |                 | -               | 45.00    | 85.00 |

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(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 | 10,720          | (6.9) | 5,140            | 16.1 | 5,140           | 15.7 | 3,540                                   | (19.1) | 257.39                   |

(Note) Revision to the financial results forecast announced most recently: None

### \* Notes:

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

Newly included: - (Company name: )  
Excluded: - (Company name: )

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

(Note) For details, please refer to "2. Semi-annual Consolidated Financial Statements and Primary Notes (4) Notes to semi-annual consolidated financial statements (Application of special accounting methods 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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 14,133,000 shares  
March 31, 2024: 14,133,000 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 491,354 shares  
March 31, 2024: 379,630 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 13,710,741 shares  
Six months ended September 30, 2023: 13,972,909 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 accomplishment 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 for semi-annual results)

The material is available at Digital Arts Inc. corporate website.

(Reference) Overview of the non-consolidated business results

1. Non-consolidated financial results for the Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

|                    | Net sales                |        | Operating profit           |        | Ordinary profit |       | Profit          |       |
|--------------------|--------------------------|--------|----------------------------|--------|-----------------|-------|-----------------|-------|
|                    | Millions of yen          | %      | Millions of yen            | %      | Millions of yen | %     | Millions of yen | %     |
| Six months ended   |                          |        |                            |        |                 |       |                 |       |
| September 30, 2024 | 4,833                    | 6.2    | 2,055                      | (5.3)  | 2,057           | (5.8) | 1,421           | (6.0) |
| September 30, 2023 | 4,548                    | 3.9    | 2,171                      | (2.1)  | 2,183           | (1.9) | 1,512           | (1.7) |
|                    | Basic earnings per share |        | Diluted earnings per share |        |                 |       |                 |       |
| Six months ended   |                          | Yen    |                            | Yen    |                 |       |                 |       |
| September 30, 2024 |                          | 103.68 |                            | 102.22 |                 |       |                 |       |
| September 30, 2023 |                          | 108.25 |                            | 106.39 |                 |       |                 |       |

(2) Non-consolidated financial position

|                          | Total assets    | Net assets      | Capital adequacy ratio | Net assets per share |
|--------------------------|-----------------|-----------------|------------------------|----------------------|
|                          | Millions of yen | Millions of yen | %                      | Yen                  |
| As of September 30, 2024 | 22,104          | 16,469          | 74.5                   | 1,206.46             |
| March 31, 2024           | 22,595          | 16,091          | 71.2                   | 1,169.18             |

(Reference) Equity: As of September 30, 2024: ¥ 16,458 million  
As of March 31, 2024: ¥ 16,080 million

## Table of Contents for the Attached Document

|   |    |
|---|----|
| 1. Overview of Business Results, etc. ....  | 2  |
| (1) Overview of business results for the first six months of the consolidated fiscal year under review ...            | 2  |
| (2) Overview of financial position for the first six months of the consolidated fiscal year under review              | 5  |
| (3) Explanation about information on future forecasts such as consolidated results forecasts .....                    | 5  |
| 2. Semi-annual Consolidated Financial Statements and Primary Notes .....  | 6  |
| (1) Semi-annual consolidated balance sheet.....   | 6  |
| (2) Semi-annual consolidated statement of income and comprehensive income.....  | 7  |
| Semi-annual consolidated statement of income .....  | 7  |
| Semi-annual consolidated statement of comprehensive income .....  | 8  |
| (3) Semi-annual consolidated statement of cash flows.....   | 9  |
| (4) Note to semi-annual consolidated financial statements .....   | 10 |
| (Notes on the premise of a going concern).....  | 10 |
| (Notes on significant changes in the amount of shareholders' equity).....   | 10 |
| (Application of special accounting methods to the preparation of semi-annual consolidated financial statements) ..... | 10 |
| (Notes on segment information, etc.) .....  | 10 |

## 1. Overview of Business Results, etc.

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

During the first six months of the consolidated fiscal year under review (from April 1, 2024 to September 30, 2024), in the security industry where the Digital Arts Group ("the Group") operates, there was growing awareness of the need for security among companies and organizations using information and communication technology (ICT) equipment for business and educational purposes, leading to growth in demand for products equipped with countermeasures. This reflects the growing intensity of ransomware attacks and cyberattacks that abuse generative AI, as well as the frequent occurrence of information leakage incidents attributable to unauthorized access and internal fraud. This trend is expected to expand and persist, as it is widespread irrespective of the size or sector of companies and organizations.

At the end of the previous fiscal year, the Company transferred all of the shares it owned in Digital Arts Consulting Inc. (DAC), a consolidated subsidiary engaged in the security consulting business. That produced an impact of a decrease in net sales for the first six months of the consolidated fiscal year under review of around 1,008 million yen. Reflecting these developments, the Group re-established its Medium-Term Management Plan (fiscal year ending March 31, 2025 through fiscal year ending March 31, 2027), taking advantage of a change in a business situation that enabled it to focus on product expansion as a general Japan-made security manufacturer this fiscal year. This plan defines three priority areas: growth of the security business, increased public sector market share and investment in personnel to execute new measures. Accordingly, the Group started pursuing a number of different initiatives in the current fiscal year. In the enterprise sector market, the Group continued to enhance the functions of its mainstay products, namely i-FILTER, m-FILTER, and added new functions to StartIn and f-FILTER, which are new products. It also advertised the optional product Anti-Virus & Sandbox in a bid to boost net sales by meeting customers' comprehensive security needs and to increase its brand value as a general Japan-made security manufacturer. In the public sector market, the Group sought to improve product value by upgrading i-FILTER's functions for schools with the objective of winning projects related to the second phase of the GIGA School Concept and Next-Generation School Affairs DX, while simultaneously implementing a range of systematic initiatives to achieve steady growth in sales and further expansion in market share. In particular, during the first six months of the consolidated fiscal year under review, the Group received orders linked to proposals on solutions featuring the combination of i-FILTER and m-FILTER, its mainstay products, and f-FILTER, a new product, with respect to the Next-Generation School Affairs DX. It will apply these good examples to other projects going forward.

With regard to expenses, DAC's cost of sales and personnel expenses declined following the exclusion of DAC from consolidation. However, communication expenses increased as a result of larger-than-expected orders for cloud service editions of products in projects for the public sector market. As a result, the increase in the cost of sales exceeded projections.

As a result, net sales for the first six months of the consolidated fiscal year under review amounted to 4,838 million yen (down 13.0% year on year), operating profit was 2,052 million yen (down 6.2% year on year), ordinary profit came to 2,053 million yen (down 6.7% year on year), and profit attributable to owners of parent was 1,417 million yen (down 6.8% year on year).

Excluding the effect of the DAC transfer, net sales were up 6.2% year on year.

#### Overview of Consolidated Business Results

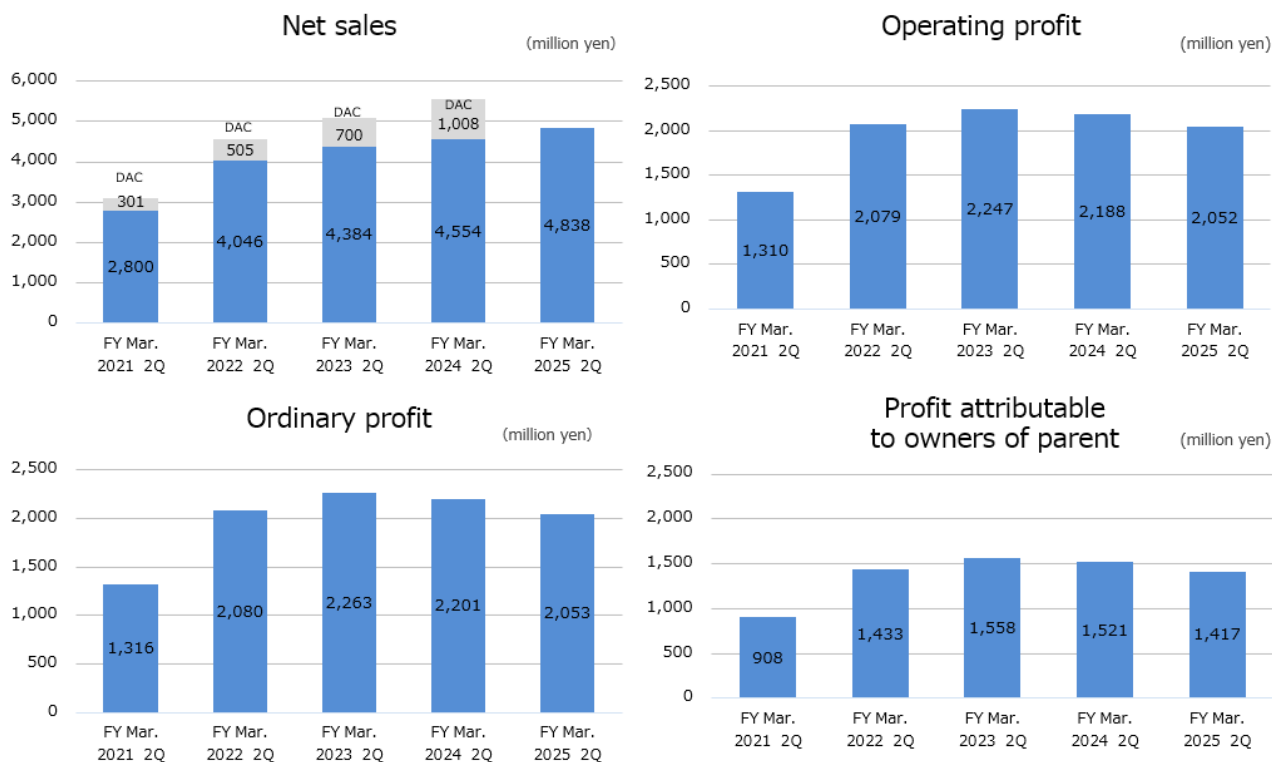
|  | (million yen)                                       |  |        |          |
|--|---|--|--------|----------|
|  | First six months of<br>year ended March 31,<br>2024 | First six months of<br>year ending March 31,<br>2025 | Change | % Change |
| Net sales  | 5,563   | 4,838  | (725)  | (13.0)   |
| Operating profit   | 2,188   | 2,052  | (135)  | (6.2)    |
| Ordinary profit  | 2,201   | 2,053  | (147)  | (6.7)    |
| Profit attributable to<br>owners of parent for first<br>six months | 1,521   | 1,417  | (103)  | (6.8)    |

(Reference)

Overview of non-consolidated business results (net sales)

(million yen)

|           | First six months of year ended March 31, 2024 | First six months of year ending March 31, 2025 | Change | % Change |
|-----------|---|--|--------|----------|
| Net sales | 4,548   | 4,833  | +284   | +6.2     |



\*The transfer of all shares in Digital Arts Consulting Inc., a consolidated subsidiary, owned by the Company at the end of the previous fiscal year has an impact of lowering net sales for the first six months of the consolidated fiscal year under review by around 1,008 million yen. (Excluding this effect, net sales were up 6.2% year on year.)

The following describes business performance in separate markets.

### Enterprise Sector Market

In the enterprise sector market, the Group proposed i-FILTER, including Anti-Virus & Sandbox, its optional product, to address the need for a shift to cloud security as well as a switch to the Group's products as a result of the end of support (EOS) for the security products of other companies. These activities resulted in a significant growth in the number of orders for new projects. In addition, the Group's cloud edition, m-FILTER performed solidly in the acquisition of orders for new projects, reflecting the high marks it receives for its comprehensive functions, such as countermeasures against ransomware attacks, and the provision of measures to meet needs for cloud-based e-mail security measures linked to the popularization of a cloud-edition of e-mail services. Efforts were also made to facilitate collaboration between f-FILTER, the Group's new product, and m-FILTER in providing measures relating mainly to 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. As a result, steady progress was made in the acquisition of orders in projects. Meanwhile, the transfer of all shares in Digital Arts Consulting Inc., a consolidated subsidiary, owned by the Company at the end of the previous fiscal year produced an impact of decreasing net sales by around 1,008 million yen.

As a result, net sales in the enterprise sector market stood 2,273 million yen (down 24.6% year on year).

Excluding the effect of the DAC transfer, net sales in the enterprise sector market were up 13.3% year on year.



\* The transfer of all shares in Digital Arts Consulting Inc., a consolidated subsidiary, owned by the Company at the end of the previous fiscal year produced an impact of lowering net sales in the enterprise sector market for the first six months of the consolidated fiscal year under review by around 1,008 million yen. (Excluding this effect, net sales in the enterprise sector market were up 13.3% year on year.)

## Public Sector Market

In the public sector market, the Group made comprehensive proposals on solutions compatible with the Guidelines for Educational Information Security Policies in Next-Generation School Affairs DX projects. Consequently, the Group is well-positioned to receive orders in new projects, including orders for the Group's new product f-FILTER. With regard to projects related to the second phase of the GIGA School Concept, boards of education are in the process of preparing budgets with an eye toward the next fiscal year, in which the program is expected to gather further momentum. In light of this move, steady progress is being made in preparations for the acquisition of orders in new projects and associated initiatives through continued efforts to upgrade i-FILTER's functions for schools, as well as to strengthen sales promotions aimed at promoting the Group's advantages. In association with projects pertaining to the Security Improvements for Local Governments initiatives, the Group proposed solutions in line with the Guidelines for Information Security Policies in Local Governments and succeeded in continuously receiving orders for new projects. In addition, while licenses sales products, which are on-premises products, will record the majority of contract amount at the same time of shipment, on the other hand, cloud service products will record the contract amount monthly over the service period. During the first six months of the consolidated fiscal year under review, the Group was not able to record all such sales due to orders for cloud service products increasing more than expected.

As a result, net sales in the public sector market reached 2,361 million yen (up 1.0% year on year).

## Consumer Sector Market

In the consumer sector market, the Group made efforts to sell i-FILTER for Multiple Devices, which can be used on multiple operating systems with a single serial ID, and to acquire commissioned development projects related to this. However, revenue from mobile network carriers, MVNOs, etc. decreased.

As a result, net sales in the consumer sector market amounted to 202 million yen (down 4.2% year on year).

## (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 decreased 501 million yen from the end of the previous fiscal year to 22,016 million yen. This was due mainly to a decrease of 338 million yen in note and accounts receivable trade.

### (Liabilities)

Total liabilities at the end of the first six months of the consolidated fiscal year under review decreased 873 million yen from the end of the previous consolidated fiscal year to 5,646 million yen. This was due mainly to a decrease of 676 million yen in income taxes payable.

### (Net assets)

Net assets at the end of the first six months of the consolidated fiscal year under review increased 372 million yen from the end of the previous fiscal year to 16,370 million yen. This was mainly due to an increase in retained earnings associated with the recording of profit attributable to owners of parent for the first six months, which outweighed decreases due to the payment of dividends and the purchase of treasury shares.

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

Operating results for the first six months of the consolidated fiscal year under review remained steady overall, and there was therefore no change in the forecast of consolidated financial results for the year ending March 31, 2025 announced on May 8, 2024.

The Company has determined the results forecasts based on information available on the day of these financial results for the first six months of the year ending March 31, 2025. Actual results may be different from the forecasts due to a variety of factors. If there are any significant changes, the Company will disclose them appropriately.



## 2.Semi-annual Consolidated Financial Statements

### (1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

|  | As of March 31, 2024 | As of September 30, 2024 |
|--|----------------------|--------------------------|
| <b>Assets</b>                                |                      |                          |
| Current assets                               |                      |                          |
| Cash and deposits                            | 18,339               | 18,183                   |
| Notes and accounts receivable - trade        | 1,535                | 1,196                    |
| Finished goods                               | 0                    | 1                        |
| Supplies                                     | 2                    | 0                        |
| Other  | 305                  | 185                      |
| Total current assets                         | 20,183               | 19,567                   |
| Non-current assets                           |                      |                          |
| Property, plant and equipment                | 211                  | 204                      |
| Intangible assets                            |                      |                          |
| Software                                     | 1,367                | 1,482                    |
| Other  | 234                  | 232                      |
| Total intangible assets                      | 1,602                | 1,715                    |
| Investments and other assets                 | 521                  | 528                      |
| Total non-current assets                     | 2,334                | 2,449                    |
| Total assets                                 | 22,518               | 22,016                   |
| <b>Liabilities</b>                           |                      |                          |
| Current liabilities                          |                      |                          |
| Accounts payable - trade                     | 54                   | 32                       |
| Income taxes payable                         | 1,354                | 678                      |
| Provision for bonuses                        | 137                  | 147                      |
| Advances received                            | 4,418                | 4,357                    |
| Other  | 501                  | 378                      |
| Total current liabilities                    | 6,467                | 5,594                    |
| Non-current liabilities                      |                      |                          |
| Asset retirement obligations                 | 49                   | 49                       |
| Other  | 3                    | 2                        |
| Total non-current liabilities                | 52                   | 51                       |
| Total liabilities                            | 6,519                | 5,646                    |
| <b>Net assets</b>                            |                      |                          |
| Shareholders' equity                         |                      |                          |
| Share capital                                | 713                  | 713                      |
| Capital surplus                              | 956                  | 955                      |
| Retained earnings                            | 16,029               | 16,897                   |
| Treasury shares                              | (1,730)              | (2,223)                  |
| Total shareholders' equity                   | 15,968               | 16,342                   |
| Accumulated other comprehensive income       |                      |                          |
| Foreign currency translation adjustment      | 18                   | 16                       |
| Total accumulated other comprehensive income | 18                   | 16                       |
| Share acquisition rights                     | 11                   | 11                       |
| Total net assets                             | 15,998               | 16,370                   |
| Total liabilities and net assets             | 22,518               | 22,016                   |



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

(Millions of yen)

|  | For the six months<br>ended September 30, 2023 | For the six months<br>ended September 30, 2024 |
|--|--|--|
| Net sales  | 5,563  | 4,838  |
| Cost of sales                                    | 2,128  | 1,482  |
| Gross profit                                     | 3,435  | 3,355  |
| Selling, general and administrative expenses     | 1,246  | 1,302  |
| Operating profit                                 | 2,188  | 2,052  |
| Non-operating income                             |  |  |
| Interest income                                  | 0  | 0  |
| Gain on forfeiture of unclaimed dividends        | 0  | 0  |
| Foreign exchange gains                           | 9  | -  |
| Miscellaneous income                             | 2  | 1  |
| Total non-operating income                       | 13   | 2  |
| Non-operating expenses                           |  |  |
| Foreign exchange losses                          | -  | 1  |
| Miscellaneous losses                             | 0  | 0  |
| Total non-operating expenses                     | 0  | 1  |
| Ordinary profit                                  | 2,201  | 2,053  |
| Extraordinary income                             |  |  |
| Gain on reversal of share acquisition rights     | 0  | 0  |
| Gain on sale of non-current assets               | 4  | -  |
| Total extraordinary income                       | 4  | 0  |
| Extraordinary losses                             |  |  |
| Loss on retirement of non-current assets         | 0  | 0  |
| Total extraordinary losses                       | 0  | 0  |
| Profit before income taxes                       | 2,205  | 2,054  |
| Income taxes                                     | 683  | 636  |
| Profit   | 1,522  | 1,417  |
| Profit attributable to non-controlling interests | 1  | -  |
| Profit attributable to owners of parent          | 1,521  | 1,417  |

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

|  | For the six months<br>ended September 30, 2023 | For the six months<br>ended September 30, 2024 |
|--|--|--|
| Profit   | 1,522  | 1,417  |
| Other comprehensive income                                     |  |  |
| Foreign currency translation adjustment                        | 3  | (2)  |
| Total other comprehensive income                               | 3  | (2)  |
| Comprehensive income   | 1,526  | 1,415  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 1,525  | 1,415  |
| Comprehensive income attributable to non-controlling interests | 1  | -  |

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

|   | For the six months<br>ended September 30, 2023 | For the six months<br>ended September 30, 2024 |
|---|--|--|
| <b>Cash flows from operating activities</b>                     |  |  |
| Profit before income taxes                                      | 2,205  | 2,054  |
| Depreciation  | 433  | 458  |
| Increase (decrease) in provision for bonuses                    | (52)   | 9  |
| Interest income   | (0)  | (0)  |
| Loss (gain) on sale of non-current assets                       | (4)  | -  |
| Loss on retirement of non-current assets                        | 0  | 0  |
| Foreign exchange losses (gains)                                 | (12)   | (4)  |
| Gain on reversal of share acquisition rights                    | (0)  | (0)  |
| Decrease (increase) in trade receivables                        | 22   | 277  |
| Decrease (increase) in inventories                              | 17   | 1  |
| Increase (decrease) in trade payables                           | (144)  | (22)   |
| Increase (decrease) in accounts payable - other                 | 9  | (97)   |
| Decrease (increase) in other current assets                     | 84   | 122  |
| Increase (decrease) in other current liabilities                | (27)   | (20)   |
| Other, net  | 3  | (27)   |
| <b>Subtotal</b>   | <b>2,534</b>                                   | <b>2,751</b>                                   |
| Interest and dividends received                                 | 0  | 0  |
| Income taxes paid   | (784)  | (1,289)  |
| <b>Net cash provided by (used in) operating activities</b>      | <b>1,750</b>                                   | <b>1,462</b>                                   |
| <b>Cash flows from investing activities</b>                     |  |  |
| Purchase of property, plant and equipment                       | (45)   | (22)   |
| Proceeds from sale of property, plant and equipment             | 9  | -  |
| Purchase of intangible assets                                   | (435)  | (547)  |
| Other, net  | 5  | -  |
| <b>Net cash provided by (used in) investing activities</b>      | <b>(466)</b>                                   | <b>(570)</b>                                   |
| <b>Cash flows from financing activities</b>                     |  |  |
| Proceeds from disposal of treasury shares                       | 0  | -  |
| Purchase of treasury shares                                     | (885)  | (500)  |
| Decrease (increase) in deposits for purchase of treasury shares | (615)  | -  |
| Dividends paid  | (561)  | (549)  |
| <b>Net cash provided by (used in) financing activities</b>      | <b>(2,061)</b>                                 | <b>(1,050)</b>                                 |
| Effect of exchange rate change on cash and cash equivalents     | 18   | 1  |
| <b>Net increase (decrease) in cash and cash equivalents</b>     | <b>(759)</b>                                   | <b>(156)</b>                                   |
| Cash and cash equivalents at beginning of period                | 17,018   | 18,339   |
| Cash and cash equivalents at end of period                      | 16,259   | 18,183   |

(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 special accounting methods to the preparation of semi-annual consolidated financial statements)

Calculation of tax expenses

With respect to the calculation of tax expenses, reasonable estimations are performed on an effective tax rate established after applying tax accounting to profit before income taxes for the consolidated fiscal year, which includes the first six months of the consolidated fiscal year under review, and such tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes.

(Notes on segment information, etc.)

Segment information

First six months of Consolidated Fiscal 2024 (from April 1, 2023 to September 30, 2023) and first six months of Consolidated Fiscal 2025 (from April 1, 2024 to September 30, 2024)

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