

From April 1, 2025 to March 31, 2026

Consolidated Financial Results

of the Fiscal Year Ended March 31, 2026

May 7, 2026

Digital Arts Inc.

Securities Code: 2326

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 **grew sharply (+57.1%)** as the project acquisition rate for Phase 2 of the GIGA School Concept was high and project unit prices increased.

Contracts

16,604 million yen

YoY **+6,033 million yen / +57.1%**

Net sales

10,835 million yen

YoY **+852 million yen / +8.5%**

Operating profit

4,791 million yen

YoY **+232 million yen / +5.1%**

INDEX

01. Consolidated Results Highlights
02. Non-consolidated Results Highlights
03. Status of Each Market and Product
04. FY03/26 Results of Measures
05. FY03/27 Initiatives
06. FY03/27 Full-Year Financial Forecast
07. FY03/27 Return to Shareholders

Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

01. Consolidated Results Highlights

Consolidated Statement of Income



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

(Millions of Yen)

	FY Mar. 2025	FY Mar. 2026	Change YoY	FY Mar. 2026 Full-Year Forecast*1
Contracts	10,570	16,604	+57.1%	19,000
Net Sales	9,982	10,835	+8.5%	11,800
Cost of Sales	2,948	3,334	+13.1%	3,296
Gross profit	7,033	7,500	+6.6%	8,503
Selling, general and administrative expenses	2,474	2,708	+9.5%	2,895
Contract operating profit *2	5,147	10,560	+105.2%	-
Contract operating profit margin (%) *3	48.7%	63.6%	-	-
Operating profit	4,558	4,791	+5.1%	5,607
Operating margin (%)	45.7%	44.2%	-	47.5%
Ordinary profit	4,562	4,840	+6.1%	5,627
Profit attributable to owners of parent	3,183	3,427	+7.7%	3,880
EBITDA*4	5,566	5,864	+5.4%	-

*1: Financial Forecast is the consolidated financial forecast announced on October 30, 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

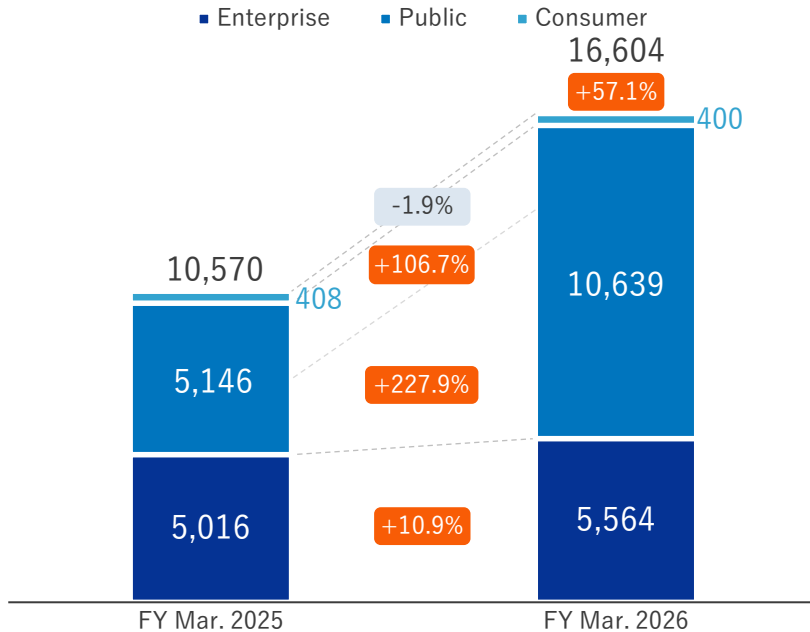
Consolidated Contracts and Net sales by Market



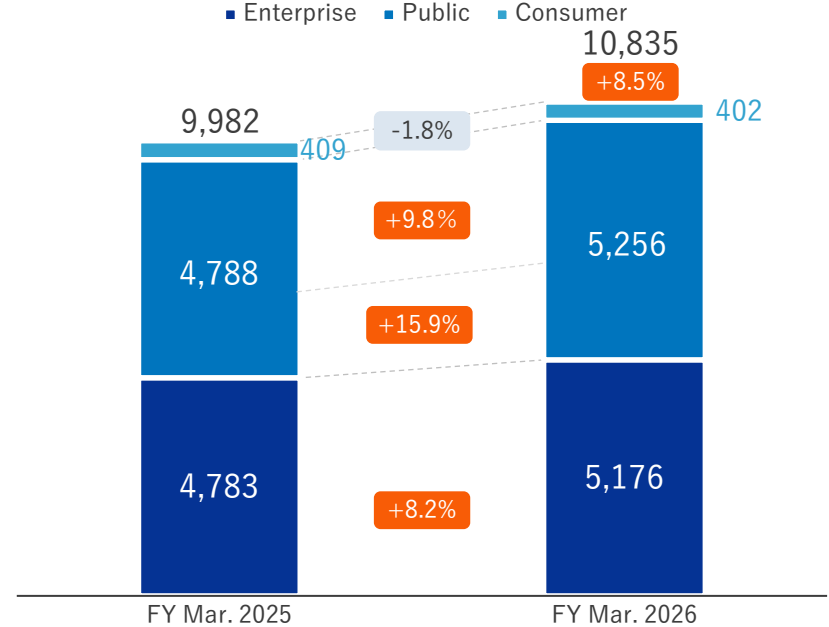
Enterprise sector market: **Double-digit growth** of contracts was **achieved** as demand for cloud-based security measures was captured.

Public sector market: The acquisition of projects for Phase 2 of the GIGA School Concept **drove a major increase** in contracts.

Trend in Consolidated Contracts by Market (Millions of Yen)



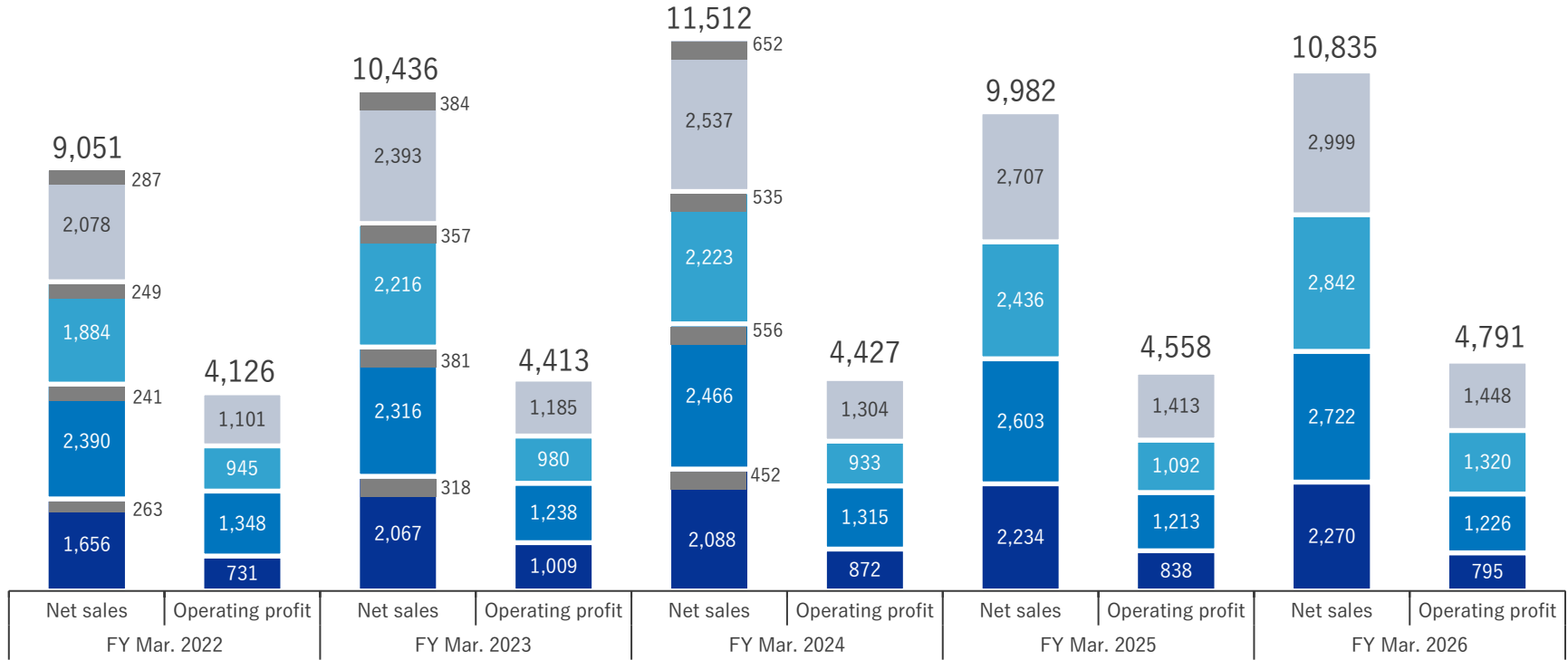
Trend in Consolidated Net Sales by Market (Millions of Yen)



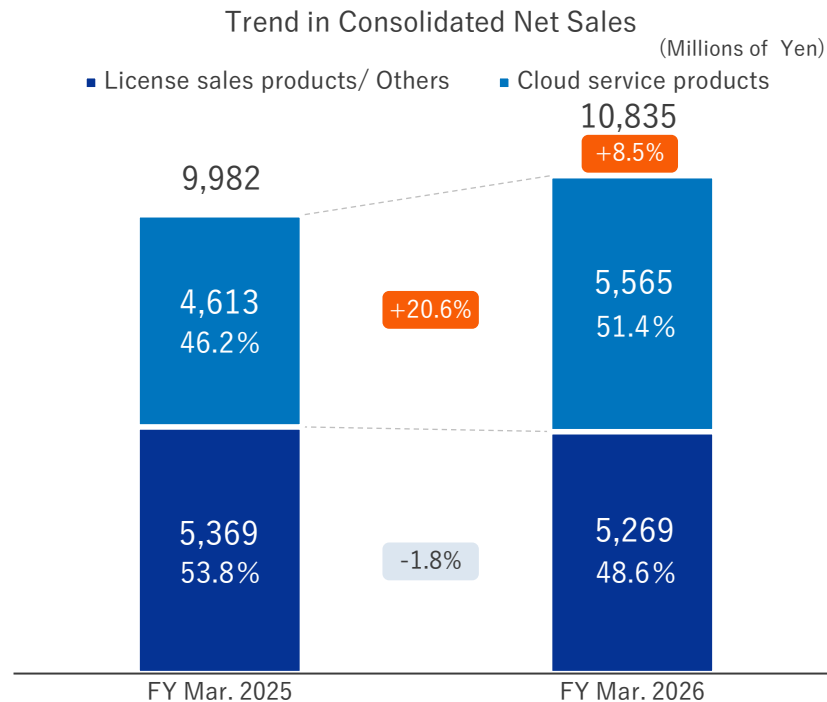
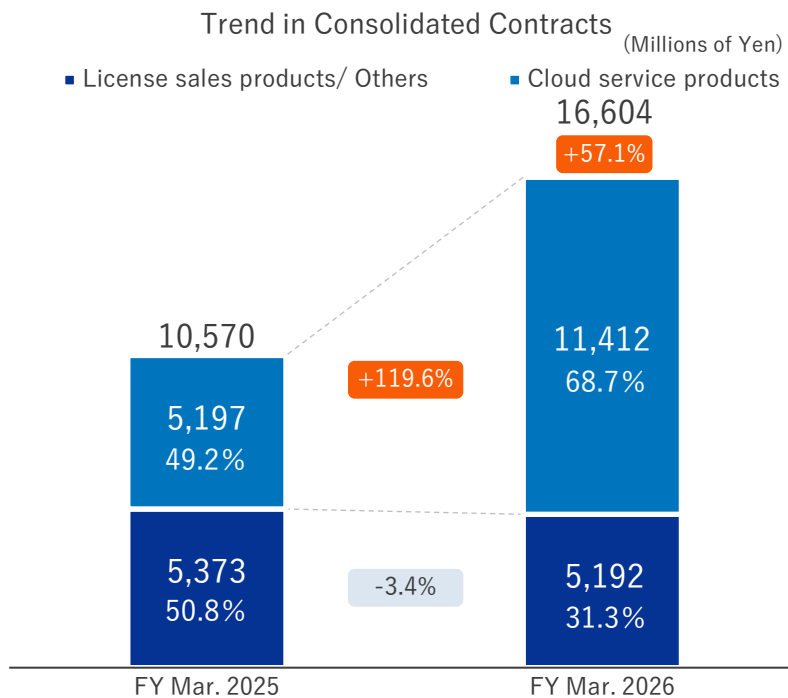
Trend in Consolidated Net sales, Operating profit

(Millions of Yen)

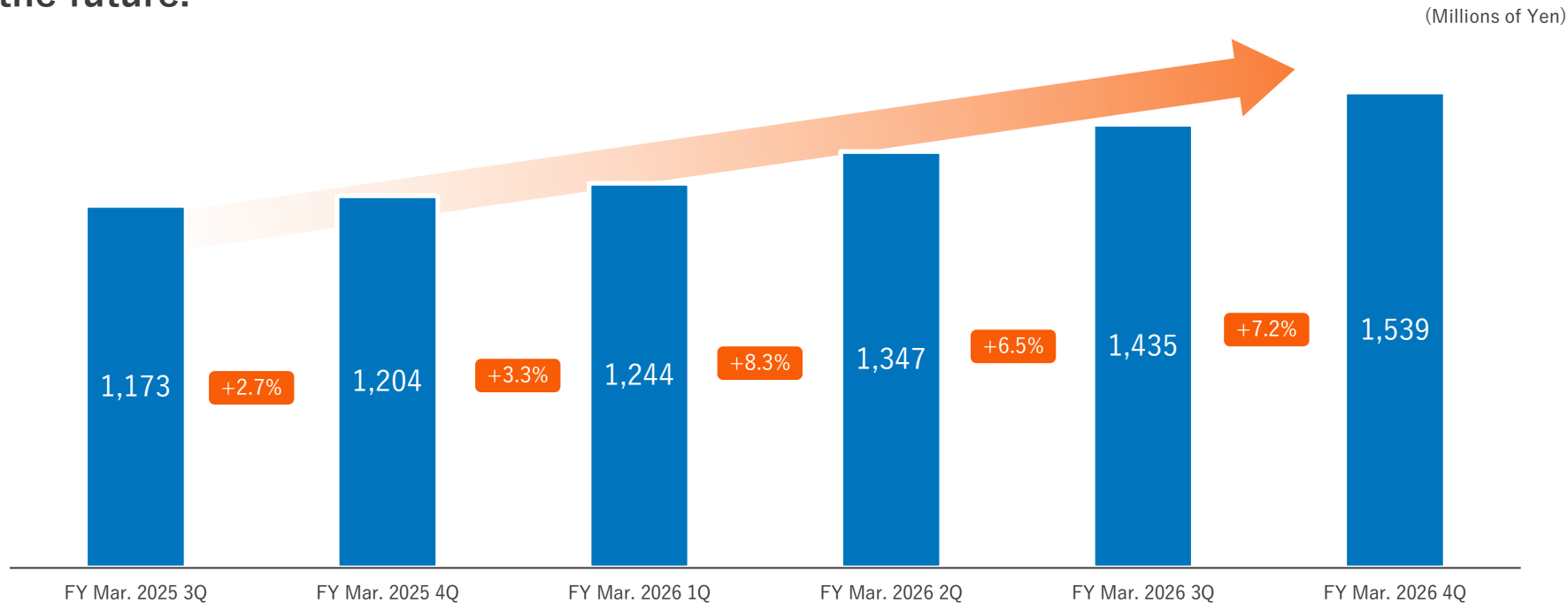
■ 1Q ■ 2Q ■ 3Q ■ 4Q ■ DAC



In both contracts and in net sales, the cloud service product ratio **increased**.

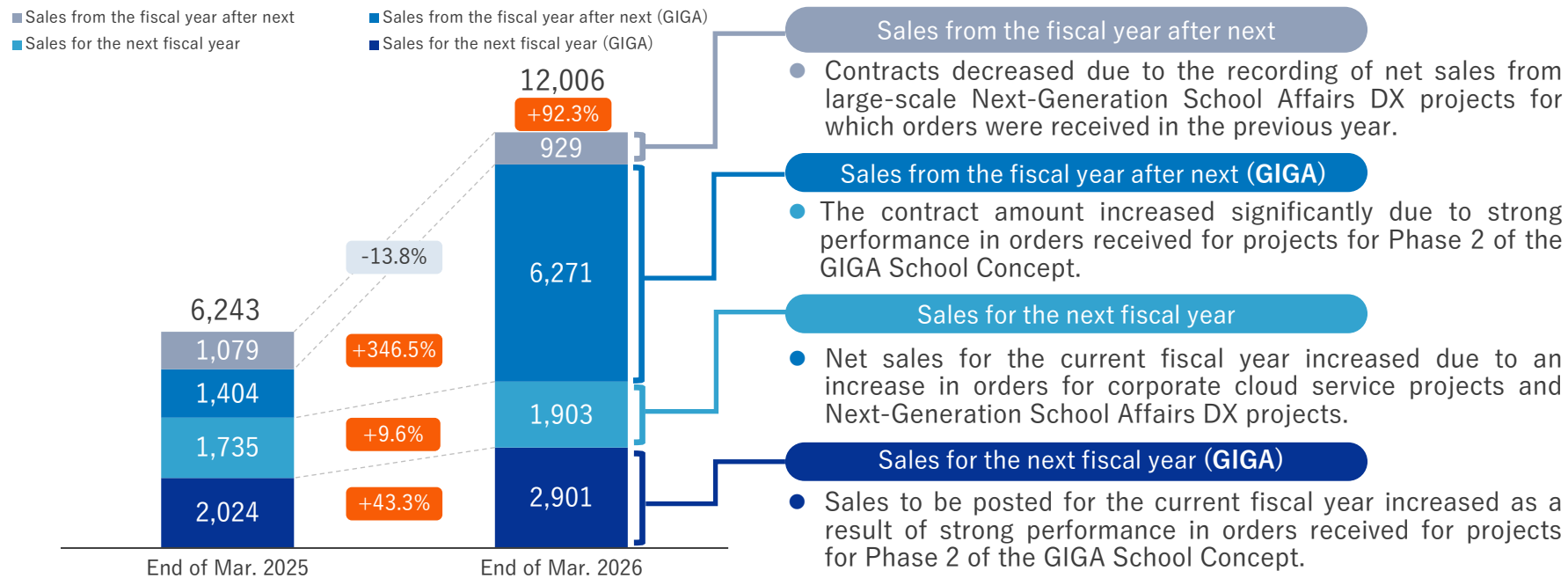


Sales of cloud service products of the fiscal year ended March 31, 2026 **hit a new high**. It is expected that the recurring revenue foundation will continue to expand in the future.



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

Trend in Order Backlog (Millions of Yen)



Consolidated Cost of Sales and Selling, General and Administrative Expenses



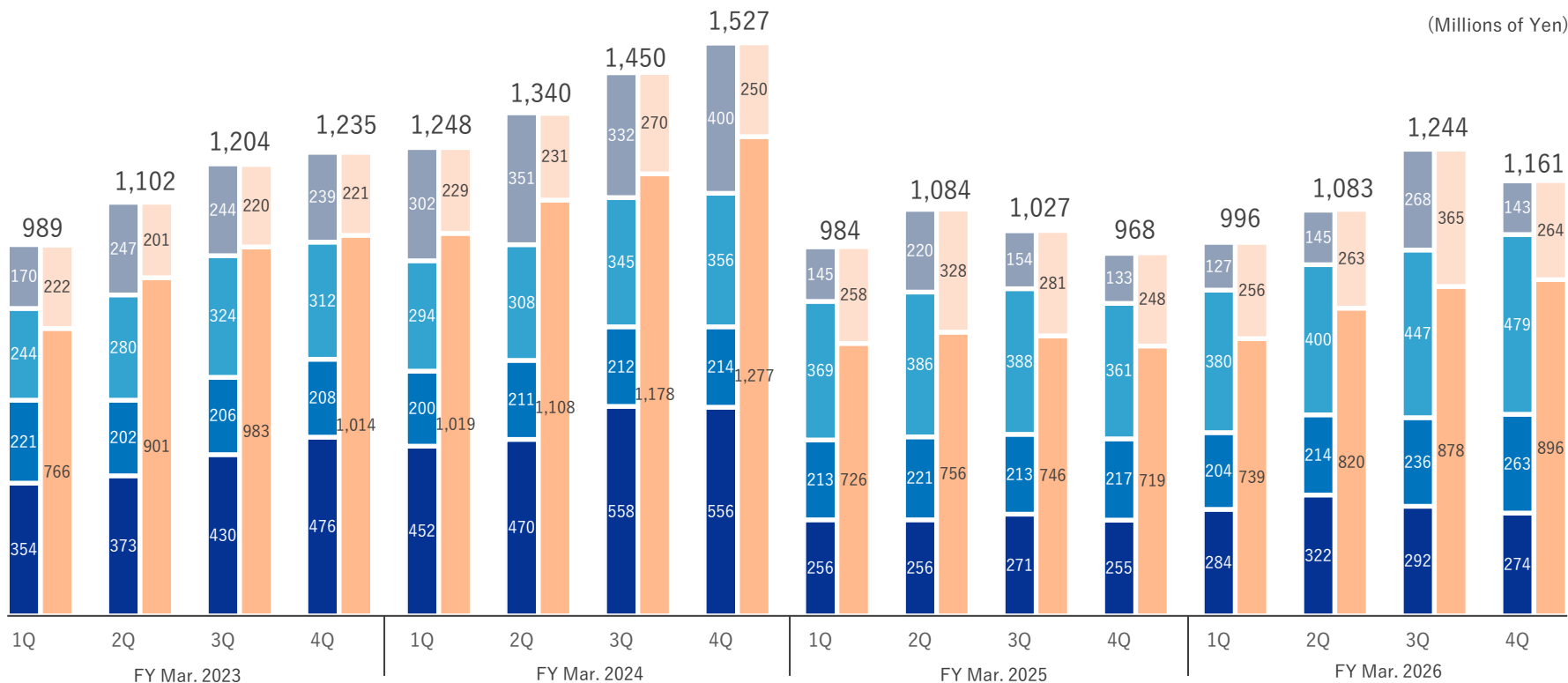
While the cost of sales and selling, general and administrative expenses increased year on year due to increased investment in human resources, **a cost structure appropriate for the plan was created** by deploying AI to advance and streamline operations.

(Millions of Yen)

	FY Mar. 2025	FY Mar. 2026	Change YoY	Main Factors for Change
Cost of sales	2,948	3,334	+386	
Labor	1,040	1,172	+131	Increased due to strengthening of development personnel
Depreciation	865	919	+54	
Communication expenses	1,505	1,707	+202	Increased due to an increase in the number of cloud product users Note: Including the effect of foreign exchange rates (-10M)
Others	653	685	+31	
Transfer to other accounts	-1,116	-1,150	-33	
Selling, general and administrative expenses	2,474	2,708	+234	Achieved an appropriate cost structure relative to plan by encouraging the use of AI in operations (e.g. system development, support, sales and marketing)
Personnel expenses	1,229	1,476	+247	Increased due to strengthening of sales and management departments,
Advertising expenses	309	240	-68	Spot promotion measures implemented in the previous fiscal year were not conducted in the current fiscal year, and expenses for offering trial versions of cloud service products were kept within planned limits.
Others	936	991	+54	

Quarterly Trend in Consolidated Cost of Sales

■ Labor
 ■ Depreciation
 ■ Communication expenses
 ■ Others
 ■ Cost of sales
 ■ Transfer of other accounts

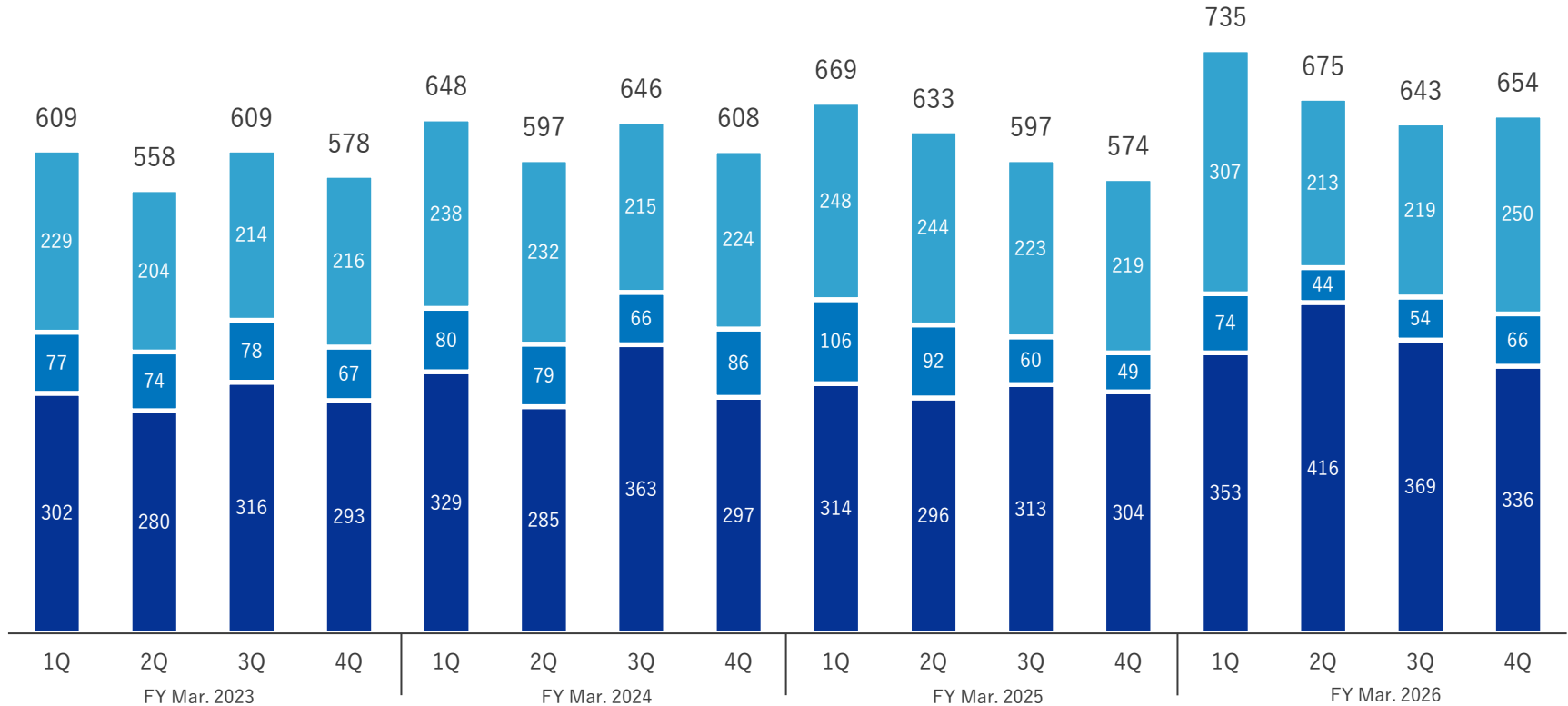


Quarterly Trend in Consolidated Selling, General and Administrative Expenses



■ Personnel expenses ■ Advertising expenses ■ Others

(Millions of Yen)



Advances received increased due to the significant growth in contracts.

(Millions of Yen)

	As of end of FY Mar. 2025	As of end of FY Mar. 2026	Change from end of FY Mar. 2025	Main Factors for Changes
Current assets	20,112	25,080	+24.7%	Increase in cash and deposit (+5,131M), decrease in suspense payments that resulted from treasury share buybacks, etc.
(Cash and deposit)	17,952	23,083	+28.6%	Increased due to growth in orders
Non-current assets	2,515	2,784	+10.7%	Software (+439M), Software in progress (-214M)
Total assets	22,627	27,865	+23.1%	
Current liabilities	5,209	9,358	+79.6%	Advances received (+3,717M), Income taxes payable etc. (+424M)
(Advanced received)	4,082	7,800	+91.1%	Increased following a sharp increase in contracts for cloud service products
Non-current liabilities	52	52	+0.7%	
Equity capital	17,336	18,425	+6.3%	Treasury share buy-back (-1,122M), Dividends paid (-1,220M), Profit (+3,427M), and others
Net assets	17,365	18,454	+6.3%	
Equity ratio	76.6%	66.1%	-	Decreased due to an increase in advances received following growth in contracts
ROE	19.1%	19.2%	-	Remained high at 19.2%, unchanged from the previous fiscal year, as a result of the growth of profit.
ROA	14.1%	13.6%	-	Decreased following an increase in total assets, reflecting the growth in contracts that led to an increase in advances received.

Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

02. Non-consolidated Results Highlights

Summary of Non-consolidated Results

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

(Millions of Yen)

	FY Mar. 2025	FY Mar. 2026	Change YoY	FY Mar. 2026 Full-Year Forecast*1
Contracts	10,561	16,598	+57.2%	18,995
Net Sales	9,972	10,828	+8.6%	11,795
Cost of Sales	2,945	3,332	+13.1%	3,295
Gross profit	7,026	7,496	+6.7%	8,499
Selling, general and administrative expenses	2,464	2,697	+9.5%	2,883
Contract operating profit *2	5,151	10,568	+105.1%	-
Contract operating profit margin (%)*3	48.8%	63.7%	-	-
Operating profit	4,562	4,798	+5.2%	5,615
Operating margin (%)	45.8%	44.3%	-	47.6%
Ordinary profit	4,569	4,850	+6.2%	5,635
Profit	3,187	3,439	+7.9%	3,888

*1: Financial Forecast is the consolidated financial forecast announced on October 30, 2025.

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

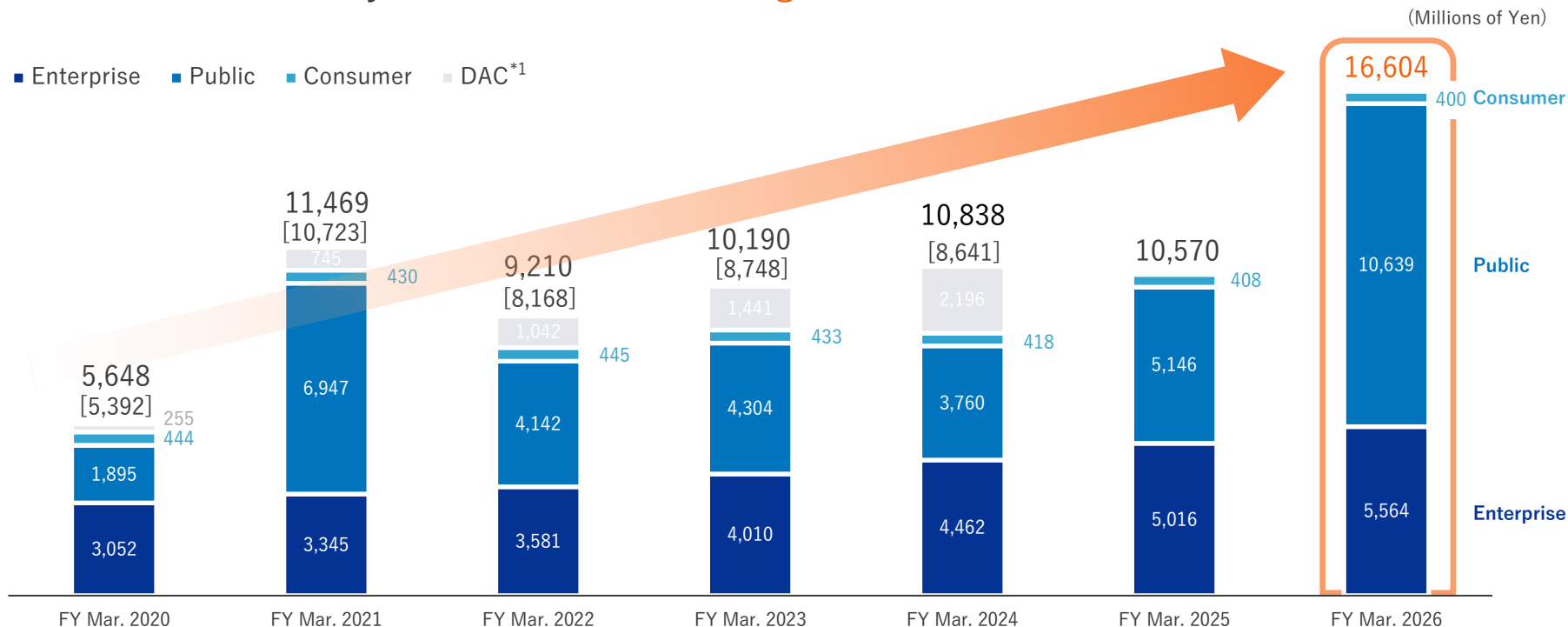
*3: Calculated as contract operating profit margin = (Contract amount – Cost of sales – Selling and administrative expenses) / Contract amount × 100.

Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

03. Status of Each Market and Product

Trend in Consolidated Contracts by Market

Contracts for the full year **reached a record high.**



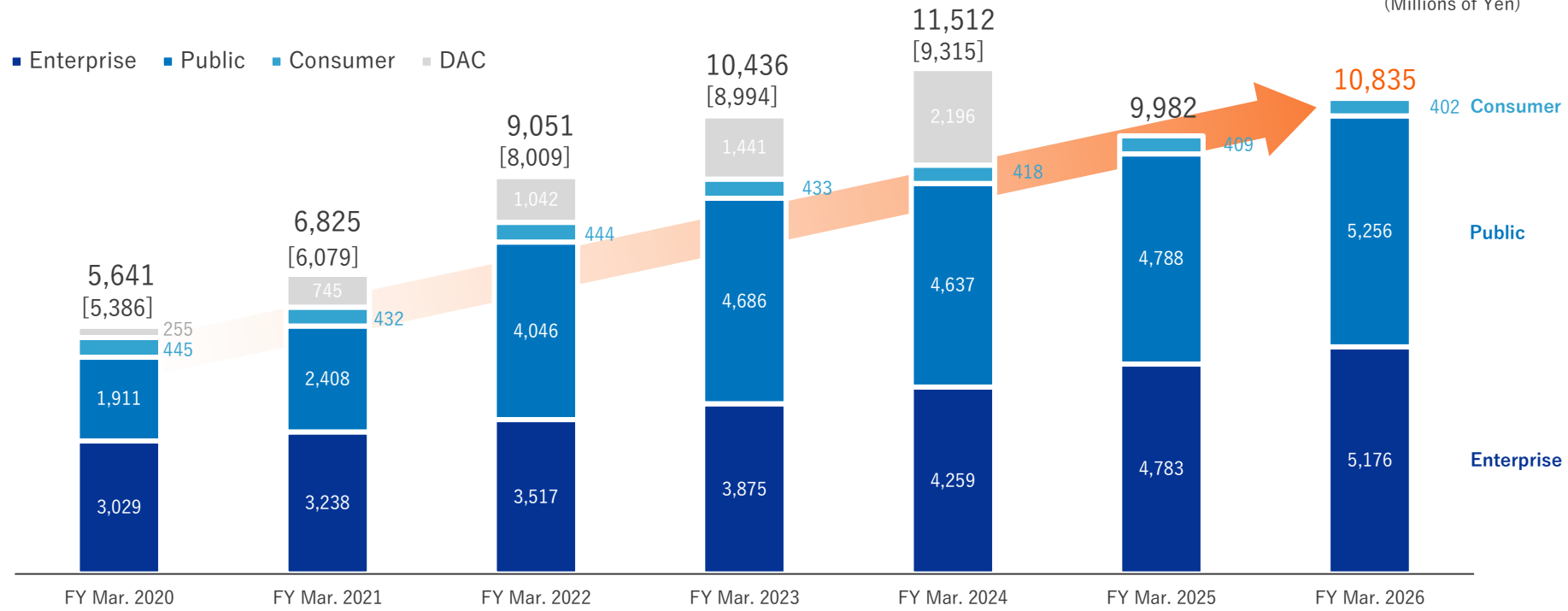
*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024)
The figure in square brackets [] represents contracts excluding DAC.

Trend in Consolidated Net Sales by Market



Net sales for the full year **reached a record high**. (Excluding DAC*)

(Millions of Yen)

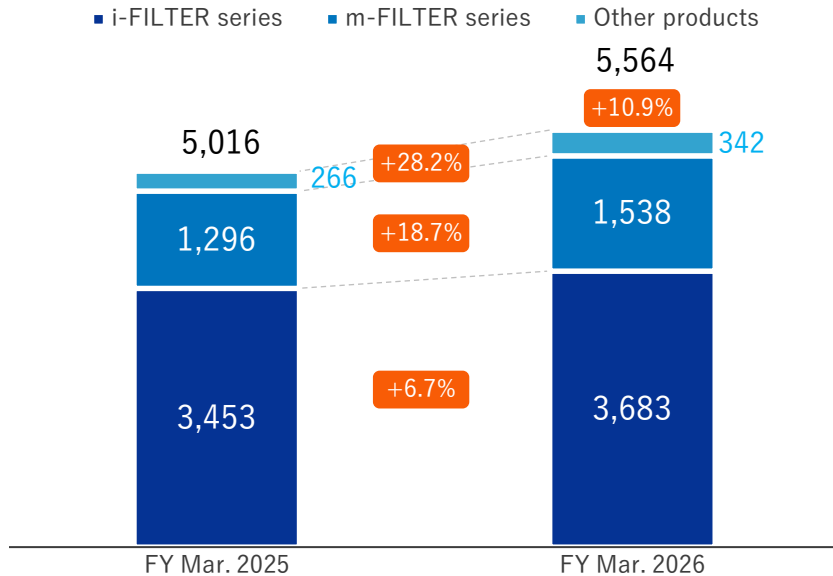


*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024). The figure in square brackets [] represents contracts excluding DAC.

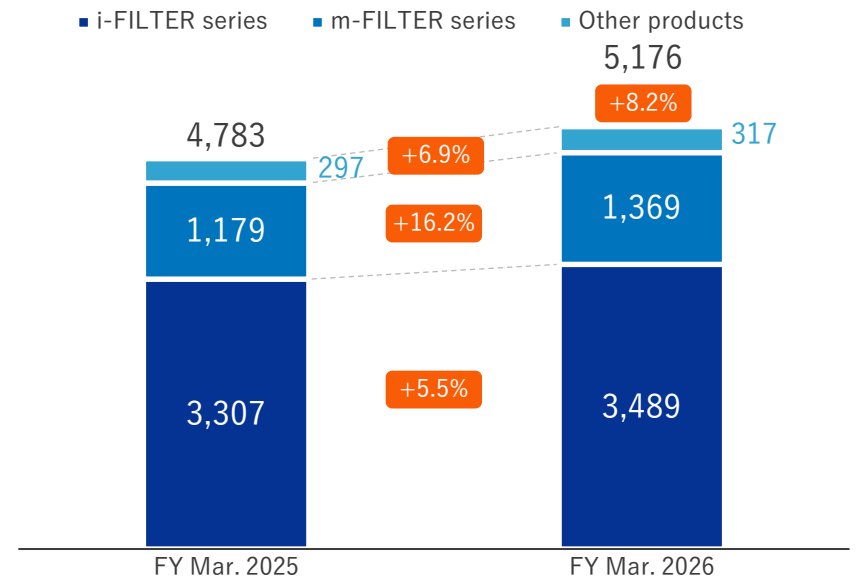
i-FILTER: Contracts and net sales **were buoyant** as demand for cloud-based web access security measures was steadily captured.

m-FILTER: **A high growth rate was maintained** as demand for measures against threats such as spoofed email, malicious file attachments and URLs was captured.

Market Contracts Trends by Product (Millions of Yen)



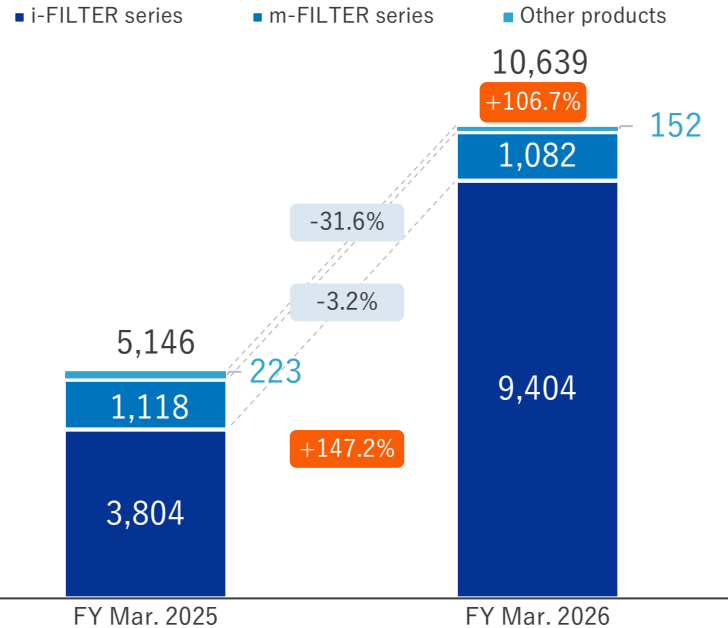
Market Net Sales Trends by Product (Millions of Yen)



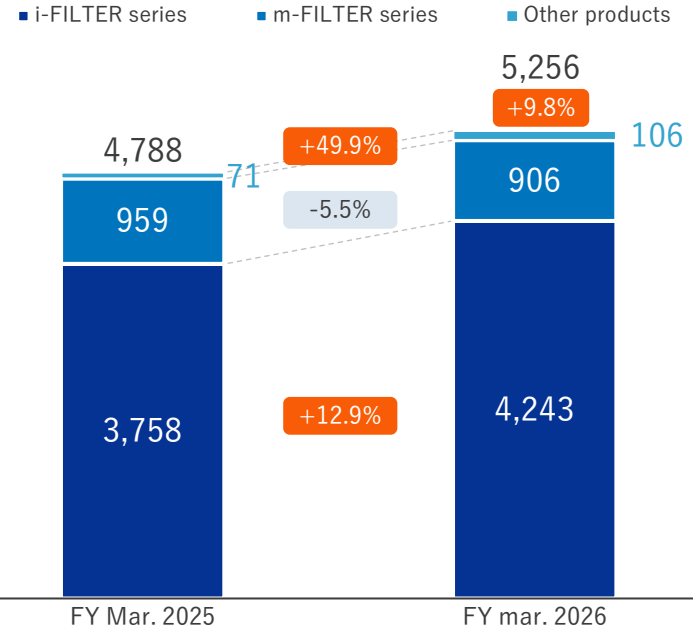
i-FILTER: Continued to grow fast mainly due to the acquisition of projects for the GIGA School Concept and large-scale projects for public-sector organizations.

m-FILTER: Decreased due to the absence of the projects for improvements Security Improvements for Local Governments that were gained in the same period of the previous year.

Market Contracts Trends by Product (Millions of Yen)

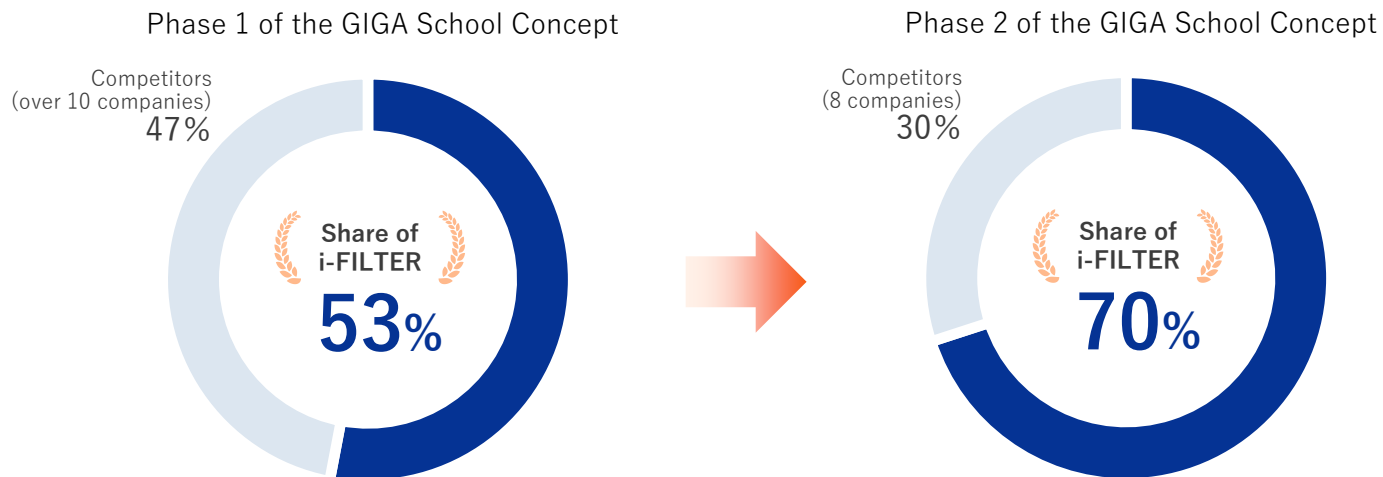


Market Net Sales Trends by Product (Millions of Yen)



i-FILTER **secured a market share that was larger** than in Phase 1 of the GIGA School Concept. In addition, the order unit prices was **approximately 30% higher** than in Phase 1 of the GIGA School Concept.

Introduction of filtering under the GIGA School Concept*1



*1: According to our survey of 1,741 Boards of Education (Internal research) (March 2026)

Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

04. FY03/26 Results of Measures

The new product releases expanded the scope of network security and authentication security offerings.

SSE

Supporting the achievement of simple and strong network security

NEW



Z-FILTER
ゼットフィルター

Authentication

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

NEW



a-FILTER

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 **ID-SPA** **i-フィルター10**
ブラウザー & 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

File

File encryption and remote deletion solutions



FINALCODE

FINALCODE @Cloud

Data protection and file transfer services



f-FILTER

Z-FILTER® *2

セットフィルター

NEW

Reference Price (monthly):

ZTNA @1,000 yen

SWG @1,500 yen

SWG ID @1,750 yen

SSE @2,000 yen

i-FILTER@Cloud

Reference Price (monthly): 500 yen

i-FILTER®

Reference Price (monthly): 250 yen
(for purchases of 500 licenses)

i-FILTER@Cloud

GIGAスクール版

Reference Price (monthly): 150 yen

m-FILTER@Cloud

Reference Price (monthly): 500 yen

m-FILTER®

Reference Price (monthly): 250 yen
(for purchases of 500 licenses)

f-FILTER

Reference Price (monthly): 300 yen
(for purchases of 10 licenses)

Measures to provide pop-ups for email misdelivery
For Outlook/Becky!/Thunderbird version

m-FILTER
MailAdviser

Reference Price (monthly): 300 yen

Measures to provide pop-ups for email misdelivery
For Microsoft365 software

m-FILTER
MailAdviser

Reference Price (monthly): 300 yen

FINALCODE®

Reference Price (monthly): 1,000 yen*1
(for purchases of 10 licenses)

a-FILTER™

Reference Price (monthly): 500 yen
(for a minimum of 10 licenses)

NEW

Option

Available options when purchased
together with i-FILTER or m-FILTER

Anti-Virus & Sandbox

Reference Price (monthly): 200 yen

f-FILTER

Reference Price (monthly): 100 yen

FINALCODE@Cloud

Reference Price (monthly): 1,000 yen*1
(for purchases of 10 licenses)

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.

*1: Charges apply only to users who perform encryption or editing within the organization *2: Z-FILTER's ISMAP registration application is being prepared.

Number of White Operations® users

14.97 million

0 reports of malware infection*1



i-FILTER®
Ver.10

m-FILTER®
Ver.5

Z-FILTER® **NEW**
ゼットフィルター

*1: The number of reports on damage due to malware infection from users of i-FILTER Ver. 10, m-FILTER Ver. 5, i-FILTER@Cloud and m-FILTER@Cloud as of March 2026 (Source: Digital Arts)

Reference: White Operation® -our unique model for security measures



Conventional security measures mainly involve "detection and response" based on the premise of being attacked. However, as cyber attacks become more sophisticated and it becomes increasingly difficult to completely prevent damage using conventional approaches, companies now need to eliminate an attack itself before it happens, by allowing only trusted communications and behavior.

Point of Comparison	Conventional approaches other than white operation	The Company's white operations
Approach	Find and intercept malicious communications	Allow only trusted communications
Security Perspective	Based on post-damage response	Designed to essentially prevent damage
Learning Data	Build detection models based on attack logs	Created by the Company based on reliable sources of information The Company distributes the whitelist database to users (to reduce their person-hours)
Order of Defense Measures	Detect and respond after a breach	Eliminate access itself in the stages prior to a breach
Risk Tolerance	Assumption that a certain amount of damage is inevitable	Emphasis on proactive defense aiming for zero damage

It creates an environment for conveniently and securely connecting to websites, SaaS products and internal systems from anywhere.

Z-FILTER®

01

Only providing necessary personnel with necessary access authorities



Preventing the unauthorized access of systems to prevent information leaks

02

Simple and secure without requiring a VPN



No cumbersome process needed to connect to an environment from anywhere

03

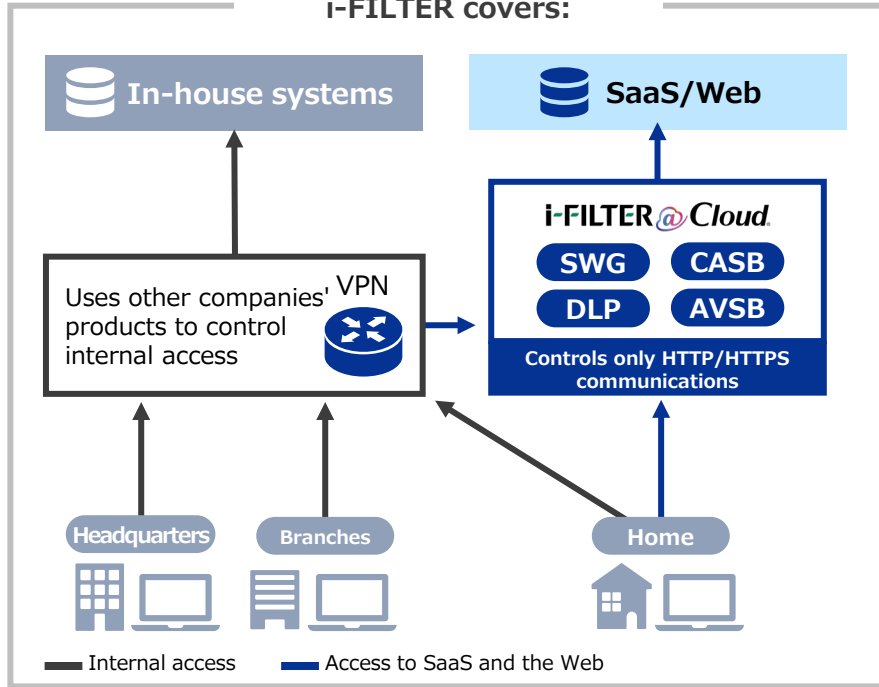
Also provides security measures for the use of websites and SaaS products



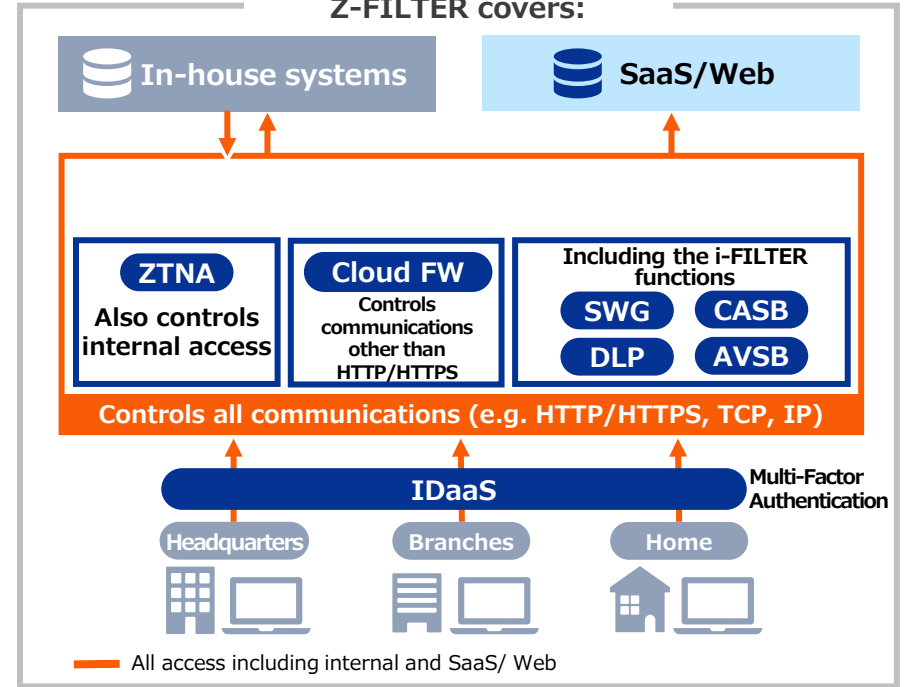
Blocking access to hazardous or inappropriate websites and systems
Preventing shadow IT practices as well

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:



By replacing the cumbersome entry of passwords with a single tap on a smartphone, this new product reduces burdens borne by employees and the management workload at the same time, and it mitigates risks related to the leak of IDs and passwords and the unauthorized use of systems.

Integrated authentication platform



- Windows log-on authentication
 - Multi-Factor Authentication (MFA)
 - Single Sign-On (SSO)
 - ID synchronization and ID provisioning
 - Log management
- Registered with ISMAP
Security assessment system for government information systems

Integrating authentication from device log-ins to cloud access

- Mitigating risks related to the unauthorized use of systems if IDs or passwords are leaked or devices are lost
- Reducing the operational workload of administrators to ensure operations are less susceptible to environmental factors

Multi-factor authentication for logging on to Windows on computers



An online learning system that supports learning using knowledge cultivated in GIGA School Concept projects

i-FILTER@Cloud GIGA School Edition, a free service for a limited number of users

Helping children solidify their foundational understanding while

Issues to be solved

- While devices are ubiquitous, there are disparities in the adoption and continued use of devices for learning.
- There is a lack of support for children's personalized learning activities and the visualization of learning records, including homework.
- Teacher workloads are heavy, including checking the progress of students, preparing teaching materials, speaking to children and other operations.

Service orientation

- Evolution into an educational platform that provides one-stop support for the implementation of educational activities, record keeping, retention, and reviews of activities.

Expected effect

- Expanding points of contact with customers in the education market based on the existing GIGA School user base

D教室

ログイン中: デジタルアーツたろろ

つかいかず アカウント

今日はこの問題からチャレンジしよう!

分より短い時間

1日みんなでログインすると
ボーナスポイント50枚付
そろそろポイント570
みんなでログイン15日目

570
ログインポイント.....270
みんなでポイント.....300

問題をえらぶ

	1年生	2年生	3年生	4年生
	STEP1 復習モード	STEP2 練習モード	STEP3 しつかりモード	STEP4 チャレンジモード
1 00あるかけ算	100点 問題をみる 問題をとく	100点 問題をとく	100点 問題をとく	100点 01:33 問題をとく
2 分より短い時間	42点 問題をみる 問題をとく	---点 問題をとく	---点 問題をとく	---点 問題をとく

Account function
Keeping records of learning to review past activities

Reward points
Giving users reward points for their work to increase their motivation to learn

Small-step learning
Learning in four small steps and moving on to the next stage after a perfect score is achieved to ensure foundational knowledge is learned.

Learning guide
Automatically notifying users of what they will learn next to help them continue to learn without confusion

Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

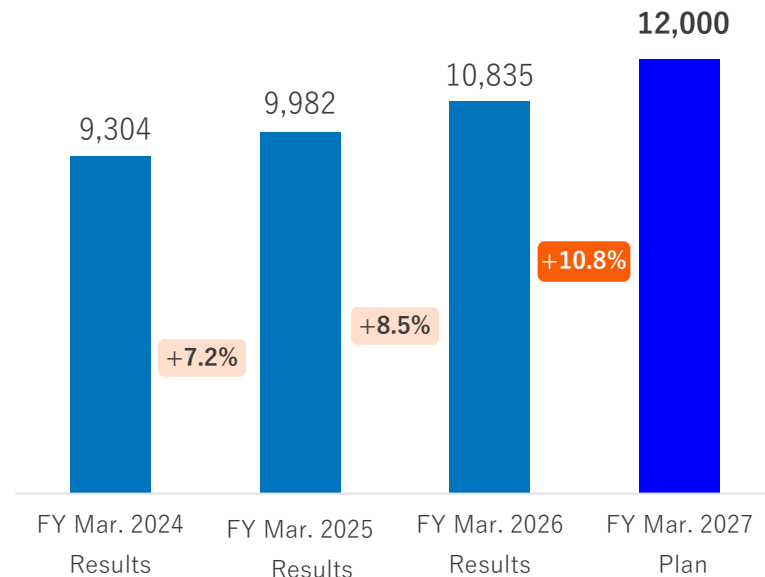
05. FY03/27 Initiatives

Aim for net sales of **12 billion yen** and operating profit of **5.4 billion yen** with a focus on recurring revenue

Trend in Net Sales

(Millions of Yen)

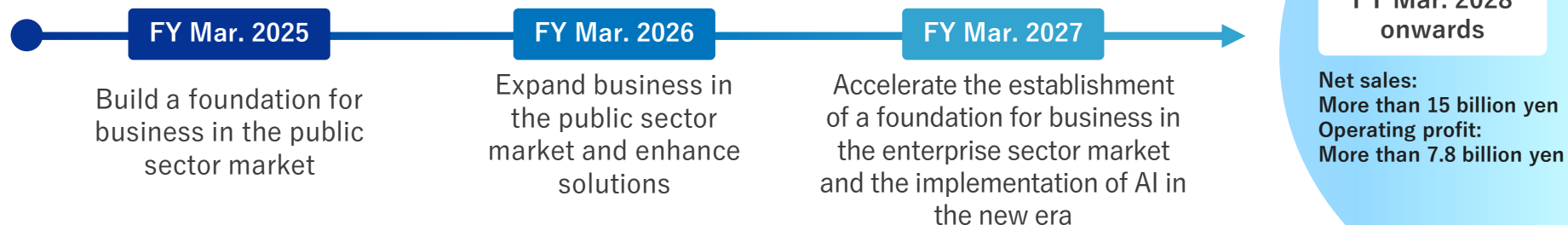
	FY Mar. 2024 Results	FY Mar. 2025 Results	FY Mar. 2026 Results	FY Mar. 2027 Financial Forecast
Consolidated Net Sales	9,304	9,982	10,835	12,000
Operating profit	4,330	4,558	4,791	5,400
Number of employees	292 employees	318 employees	326 employees	360 employees



*Note: The figures exclude the financial results of Digital Arts Consulting Co., Ltd., for which the share transfer was completed on March 29, 2024.

Fiscal Year Ending March 31, 2027: Final Fiscal Year of Medium-Term Management Plan

The next fiscal year is the final fiscal year of the plan. It is defined as the fiscal year for establishing a foundation for the enterprise sector market and accelerating the implementation of AI in the new era. The initial financial targets were revised to set new targets of **12** billion yen in net sales and **5.4** billion yen in operating profit.



In the current fiscal year, the Company's sales teams will directly approach end users to accelerate business. This ensures that the Company will take the initiative in project management, aim to increase the successful order acquisition ratio and expand earning opportunities. The Company will also provide security products that are in demand in the AI era and advance and streamline operations using AI.

The Group will continue its initiatives in three priority areas to achieve its financial targets.

Priority areas	Summary of initiatives
① Growth of security business	<ul style="list-style-type: none">- Implement high-touch sales to end users to upgrade the sales structure- Acquire orders from steadily growing Z-FILTER projects and generate more opportunities- Respond to policy-related projects such as the Security Measures Evaluation System to Strengthen Supply Chains- Provide solutions to security risks which are increasing in line with the increased use of AI
② Increase in public sector market share	<ul style="list-style-type: none">- Increase market share regarding projects in the ongoing Phase 2 of the GIGA School Concept and increase the order unit prices- Acquire new Next-Generation School Affairs DX projects, secure a larger market share regarding projects for the third security improvements for local governments and increase the order unit prices
③ Strengthening of sales and development teams supporting high-touch sales	<ul style="list-style-type: none">- Develop and increase the number of sales personnel and build up a structure for proposing activities to step up high-touch sales to end users- Strengthen the development team to swiftly incorporate customers' opinions into the development of products and features- Advance and streamline operations including the use of AI to improve the productivity of sales and development functions

Increase the proposal capabilities of sales personnel and increase points of contact with customers to increase sales power
In parallel, construct a structure for providing end user feedback directly to development teams to improve development capabilities

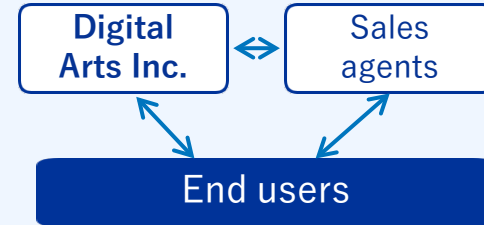
As Is



Indirect relationships

In product sales, the Company's personnel accompany sales agents when visiting customers. The number of opportunities to engage in high-touch sales to end users, excluding GIGA School Concept customers, was limited. Consequently, the Company lacked an ability to sell to corporate users and an understanding of customers in its product and function development processes.

To Be



Reciprocal relationships

The Company's sales staff will directly propose solutions to corporate customers, as they do to GIGA School Concept customers, to enhance their understanding of customers and increase their sales and development capabilities. The knowledge obtained from direct proposals will be shared with sales agents to strengthen partner sales as well.

Plan for Z-FILTER Offering — New Plan Added

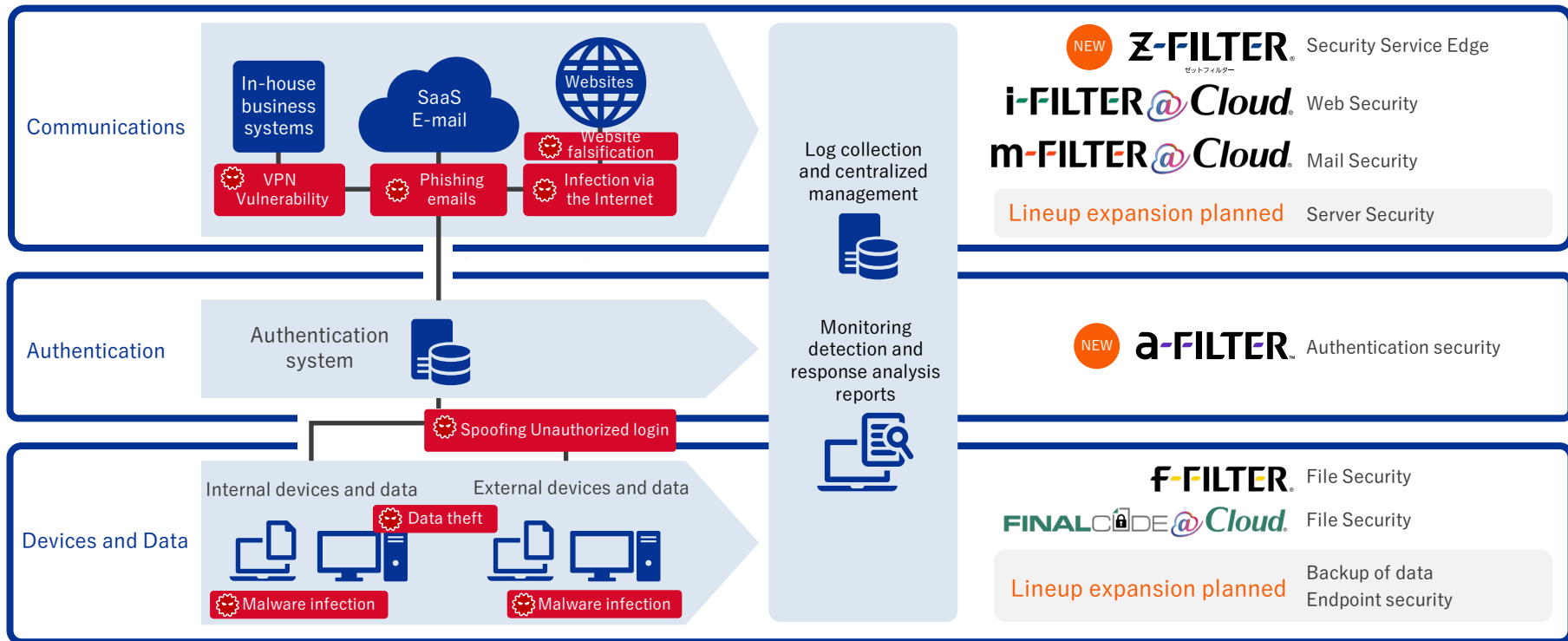


A new plan for introducing ZTNA alone was launched to fulfill the need to address vulnerabilities, setting errors and discontinued support regarding virtual private networks (VPNs), which have been the riskiest paths for ransomware intrusions in recent years.

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

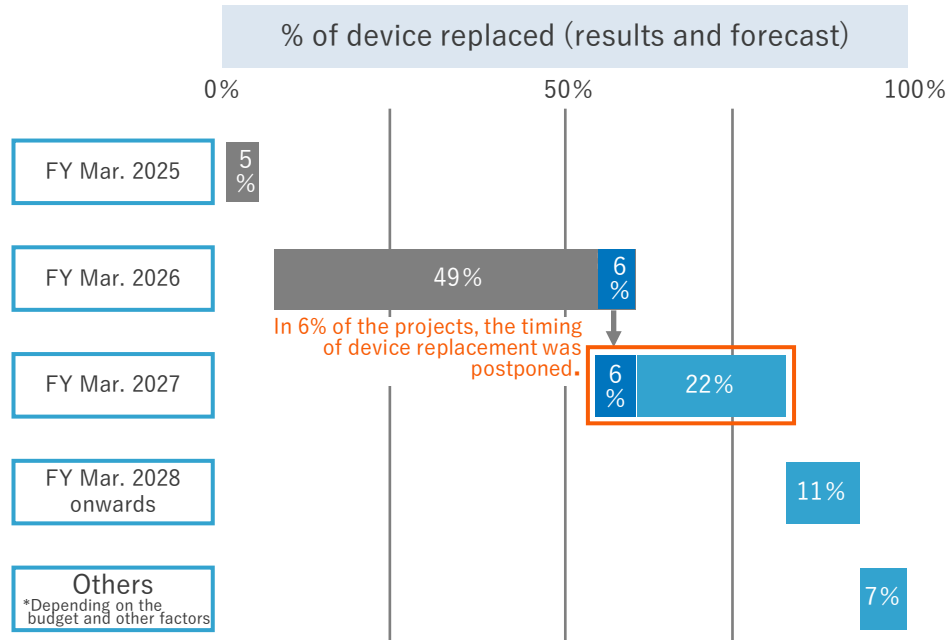
Response to Cybersecurity Policies

To adapt to cybersecurity policies, including the Security Measures Evaluation System to Strengthen Supply Chains, the Company will address any areas where its current solutions are insufficient through in-house development or in collaboration with other companies.



It is expected that projects in Phase 2 of the GIGA School Concept will be renewed continually. The Company aims to further increase its market share and the order unit prices in this area.

GIGA device replacement timing



POINT

- It is projected that **nearly 28%** of all of the boards of education will renew their contracts for GIGA School devices in FY March 2027.
- the Company will **continue to improve product features** and **rigidly manage individual projects**, aiming to increase market share and order unit prices.
- In addition, the Company will continue to approach **boards of education that have introduced free filtering products** in FY March 2026 to maximize earning opportunities.

Source: The data were prepared by the Company based on data of the Ministry of Education, Culture, Sports, Science and Technology and media reports.



The Company's position

A cybersecurity company enabling the safe use of AI

Since the use of AI has become widespread, businesses have encountered new risks such as the risk of information leaks, malfunctions, the automatic execution of tasks and accountability, even as they enjoy enhanced convenience.

The Company offers a foundation for utilization control, visualization and operation that is required in the AI era based on technologies supported by its unique database for controlling websites, email and other technologies.



Malfunctions and improper output

The risk of AI generating unexpected output and impacting business decision making



Leaks of confidential information

Unintended outflow of confidential data entered into and output from AI products



Risk of AI agents automatically executing tasks

Loss of control due to AI agents autonomously executing tasks



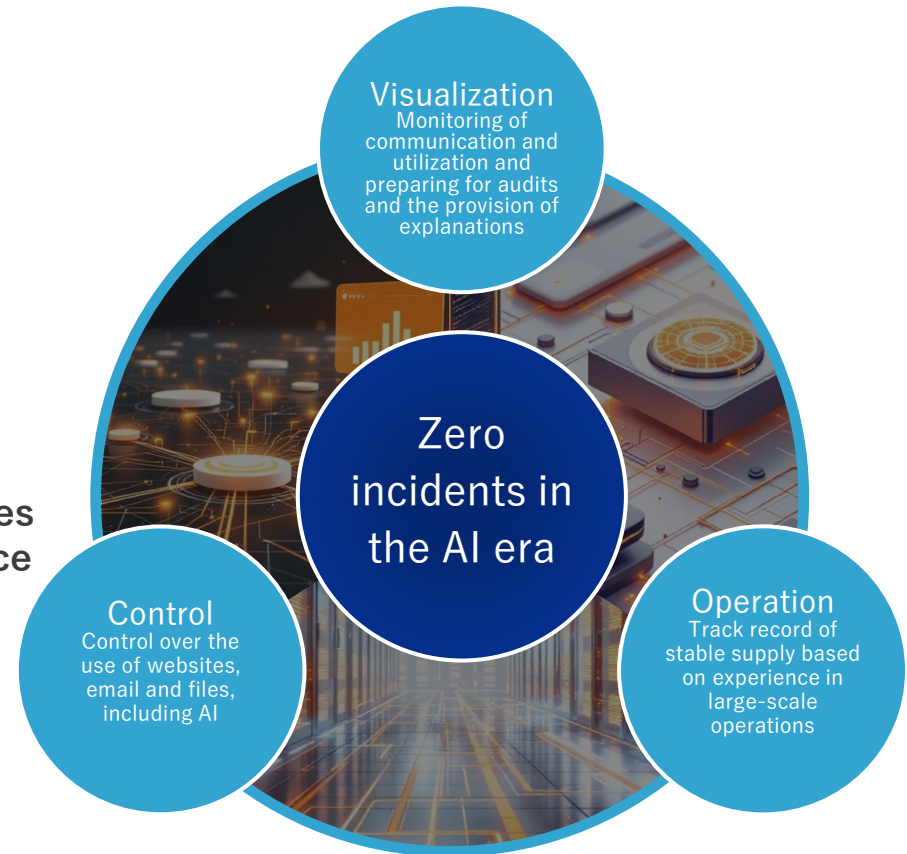
Visualization of decision-making processes and audit preparedness

Not being able to explain or audit AI decision-making processes is a serious governance risk

As the use of AI expands, infrastructure for control and visualization for secure utilization will be increasingly essential to businesses.

Using the Company's existing technologies, databases and operational track record to provide solutions to address the risks in the AI era

As AI is more widely used in society and by businesses, security and governance infrastructure needs will increase. The Company will focus on design, technologies and operations to offer security and governance infrastructure in the AI era and provide solutions addressing new risks.



Security Measures for Using Generative AI (Patented)



In addition to ensuring the security of generative AI responses, this technology evaluates the data users enter into generative AI products to protect the entire AI utilization process.

Dual protection by evaluating both the responses generated and the data entered to ensure generative AI products can be used securely.

Ensuring data security in generative AI responses

When a generative AI product's response is inappropriate, the technology deletes the improper data and displays the reasons for the deletion.

Evaluation of responses

Evaluation of data entered

If inappropriate



- Evaluation of generative AI responses to identify any inappropriate data
- Deletion of inappropriate data, display of reasons for deletion and modification of responses to ensure data security.

Secure use of generative AI

Operation and auditing

Stopping users from accessing generative AI responses if the response may be harmful to the user.

Patent No. 7598424

Evaluation of data entered by users and control of responses

The technology evaluates the data that users enter into AI products. If any data is deemed to be inappropriate, it prohibits the transmission of the AI response or transmits an edited response.

If inappropriate



- Evaluation of data entered by users to identify any inappropriate data
- Prohibition of transmission of AI responses or transmission of edited responses when user-entered data is inappropriate

Preventing information leaks and other problems resulting from users entering data into AI products.

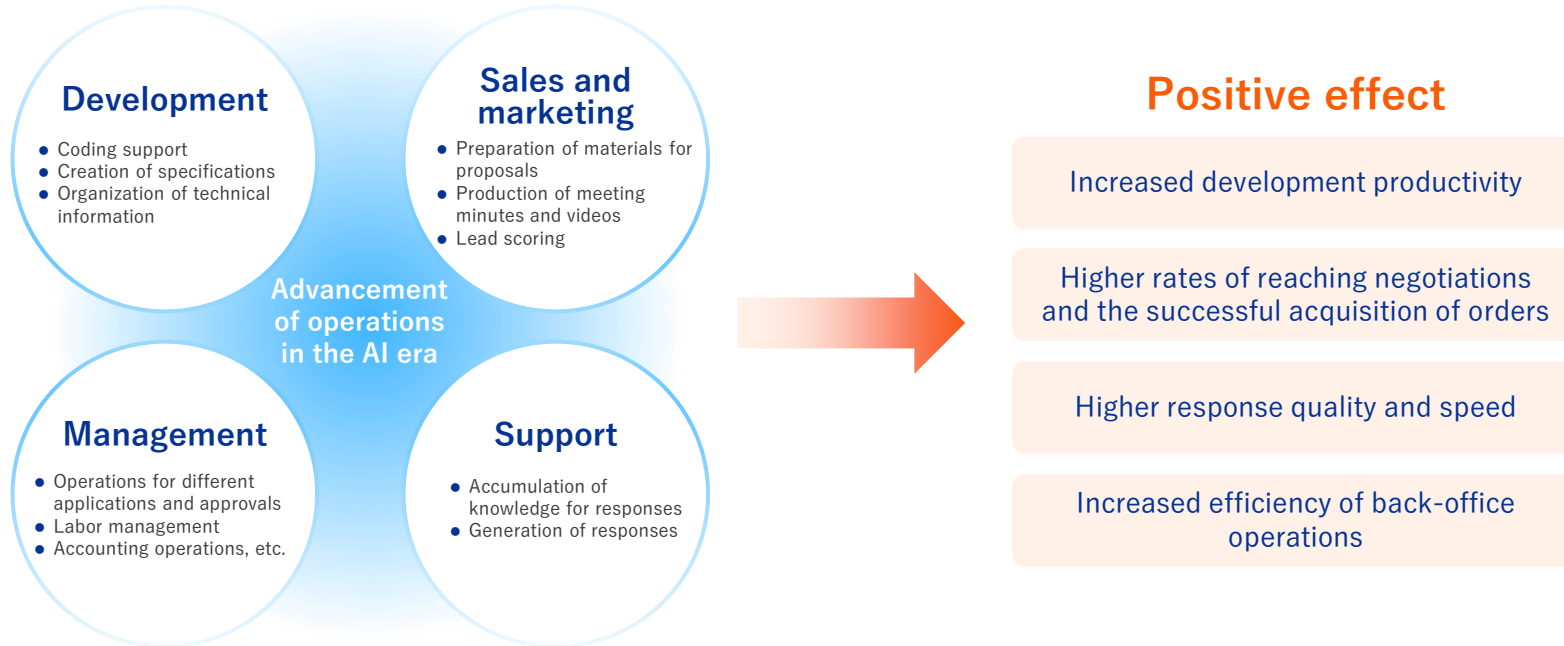
Patent No. 7826448

Based on patented technologies, the Company is moving forward with AI security that protects all of the data entry, response and operation processes related to generative AI.

Advancement and Streamlining of Operations Using AI Internally

Individual departments incorporate AI into their practical operations with a view to investing in growth and enhancing profitability.

Integration of AI into individual business processes to construct a highly efficient foundation for the operation of a business that is not solely dependent on increasing the number of staff members.



Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

06. FY03/27 Full-Year Financial Forecast

Full-Year Financial Forecast for the Fiscal Year Ending March 31, 2027 (Consolidated)



The Group expects that by increasing sales of new products, investing in human resources and enhancing products, net sales and operating profit will increase as it meets the growing demand for security and new governance-related demand following the increase in the utilization of AI.

(Millions of Yen)

	FY Mar. 2026 Full-Year Results	FY Mar. 2027 Full-Year Forecast	Change	% Change	Note
Contracts	16,604	13,500	-3,104	-18.7%	
Net sales	10,835	12,000	+1,164	+10.8%	Net sales are forecast to increase as a result of the accumulation of existing contracts, the expansion of sales of new and related products and the progress in the posting of sales from cloud service-related projects obtained in and before FY Mar. 2026, although contracts are expected to decrease as the acquisition of projects for Phase 2 of the GIGA School Concept has already peaked.
Cost of sales	3,334	3,823	+488	+14.6%	It is anticipated that depreciation will increase following the increased investment in development personnel and the enhancement of products. It is also anticipated that communication expenses will climb in association with the increase in the number of cloud service product users.
Gross profit	7,500	8,176	+676	+9.0%	
Gross profit point	69.2%	68.1%	-	-	
Selling, general and administrative expenses	2,708	2,776	+67	+2.5%	It is projected that around 40 million yen will be invested in increasing base pay, recruitment and training.
Operating profit	4,791	5,400	+609	+12.7%	
Operating margin	44.2%	45.0%	-	-	
Ordinary profit	4,840	5,505	+664	+13.7%	
Profit attributable to owners of parent	3,427	3,770	+342	+10.0%	

Full-Year Financial Forecast for the Fiscal Year Ending March 31, 2027 (Non-Consolidated)

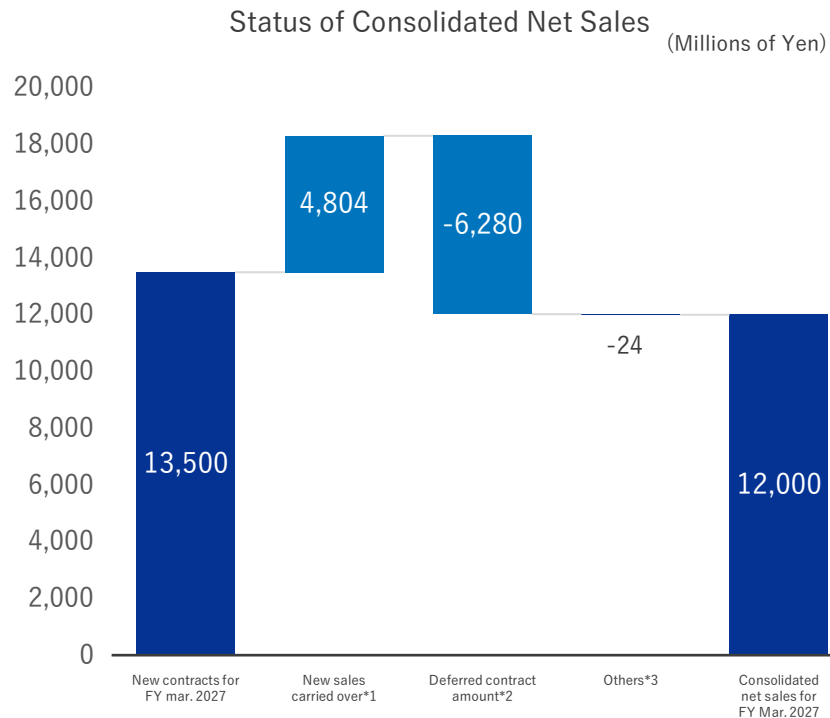


The Group expects that by increasing sales of new products, investing in human resources and enhancing products, net sales and operating profit will increase as it meets the growing demand for security and new governance-related demand following the increase in the utilization of AI.

(Millions of Yen)

	FY Mar. 2026 Full-Year Results	FY Mar. 2027 Full-Year Forecast	Change	% Change	Note
Contracts	16,598	13,500	-3,098	-18.7%	
Net sales	10,828	12,000	+1,171	+10.8%	Net sales are forecast to increase as a result of the accumulation of existing contracts, the expansion of sales of new and related products and the progress in the posting of sales from cloud service-related projects obtained in and before FY Mar. 2026, although contracts are expected to decrease as the acquisition of projects for Phase 2 of the GIGA School Concept has already peaked.
Cost of sales	3,332	3,823	+490	+14.7%	It is anticipated that depreciation will increase following the increased investment in development personnel and the enhancement of products. It is also anticipated that communication expenses will climb in association with the increase in the number of cloud service product users.
Gross profit	7,496	8,176	+680	+9.1%	
Gross profit point	69.2%	68.1%	-	-	
SG & A	2,697	2,768	+70	+2.6%	It is projected that around 40 million yen will be invested in increasing base pay, recruitment and training.
Operating profit	4,798	5,408	+609	+12.7%	
Operating margin	44.3%	45.1%	-	-	
Ordinary profit	4,850	5,513	+663	+13.7%	
Profit	3,439	3,775	+336	+9.8%	

Consolidated net sales are forecast as follows:



Net sales for the current fiscal year

- For FY Mar. 2027, the Group will construct a foundation in the enterprise sector market and accelerate implementation in the AI era with an eye toward the final fiscal year of the Medium-Term Management Plan.
- The Group will focus its efforts on expanding sales of new and related products, strengthening high-touch sales and acquiring projects in the public sector market.
- It is projected that consolidated net sales will be 12,000 million yen due to the posting of sales from contracts received in FY Mar. 2027 and sales of cloud service products for which orders were obtained in or before the previous fiscal year, while contracts are expected to shrink as the acquisition of projects for Phase 2 of the GIGA School Concept has already peaked.

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

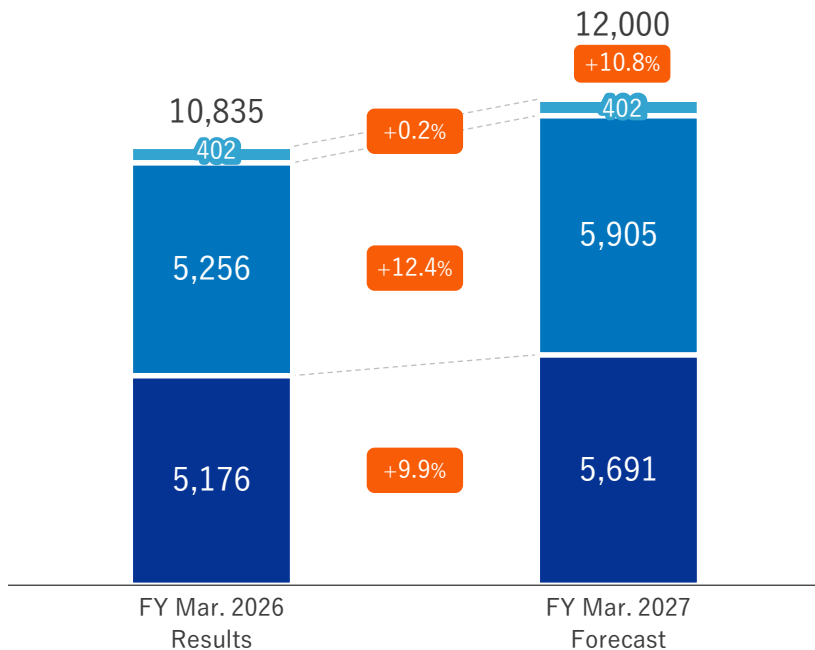
*2 : Contracts for the current fiscal year that are deferred to subsequent fiscal years (contract backlogs)

*3 : Sales returns and sales at overseas subsidiaries

Consolidated contracts by market are forecast as follows:

Trend in Consolidated Contracts by Market (Millions of Yen)

■ Enterprise ■ Public ■ Consumer



Enterprise sector market

- In the enterprise sector market, the Group will continue to expand sales of its mainstay i-FILTER and m-FILTER products and work to increase sales of Z-FILTER and other new and related products. The Group expects that net sales will increase due to it stepping up its high-touch sales to directly understand the issues faced by customers and working to improve the accuracy of its proposals and the successful order acquisition ratio.

Public sector market

- In the public sector market, the Group will strive to continuously obtain projects for Phase 2 of the GIGA School Concept, utilize the customer base established through projects to enhance features for educational institutions, and work on Next-Generation School Affairs DX projects and projects for security improvements for local governments. The Group expects that net sales will grow due to solution-proposal activities that pay attention to contact with end users to communicate the appeal of products that precisely fulfill their needs to achieve both a larger market share in terms of orders and higher project unit prices.

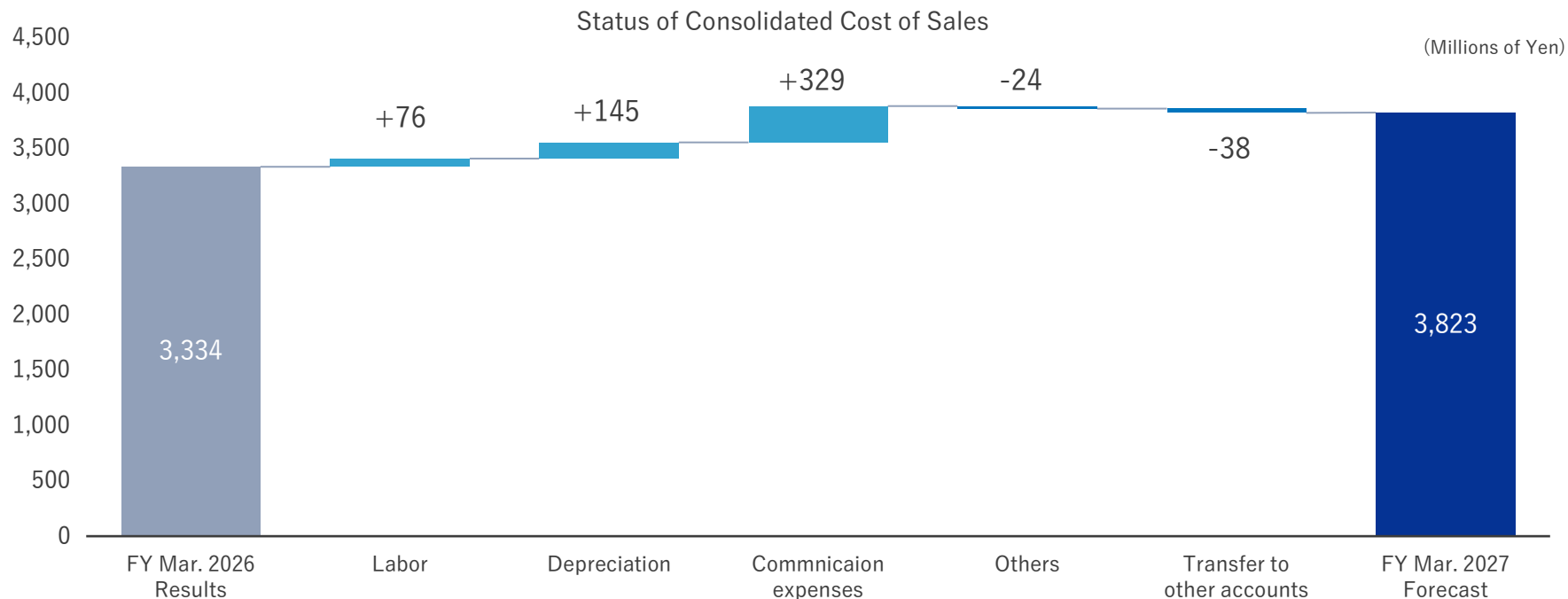
Consolidated Cost of Sales and Selling, General and Administrative Expenses

The Group will continue to build a foundation in the enterprise sector market and invest in growth to accelerate implementation in the AI era. It is projected that the cost of sales and selling, general and administrative expenses will increase, chiefly because of the increase in development personnel, improvement of product features and expansion of the sales team.

(Millions of Yen)

	FY Mar. 2026 Full-Year Results	FY Mar. 2027 Full-Year Forecast	Change YoY	Main Factors for Change
Cost of Sales	3,334	3,823	+14.6%	
Labor	1,172	1,249	+6.5%	Investment in new products and personnel for functional development
Depreciation	919	1,063	+15.8%	Increase in depreciation associated with software development and improvement
Communication expenses	1,707	2,037	+19.3%	Communication expenses are expected to increase following the increase in the number of cloud service product users.
Others	685	661	-3.5%	Decrease in development outsourcing expenses and others
Transfer to other accounts	-1,150	-1,189	+3.4%	Transfer of costs related to software development to other accounts
SG & A	2,708	2,776	+2.5%	
Personnel expenses	1,476	1,522	+3.1%	Investments in human resources, such as investments to increase staff, increase base pay and provide an incentive plan
Advertising expenses	240	248	+3.3%	Investments in marketing to increase sales of new and related products and to acquire projects in the public sector market
Others	991	1,004	+1.4%	Strengthening of hiring, etc.

Depreciation is expected to increase due to investments in personnel for the development of new products and new functions and the development and improvement of software. Communication expenses are forecast to increase slightly after implementation of fundamental cost control measures.



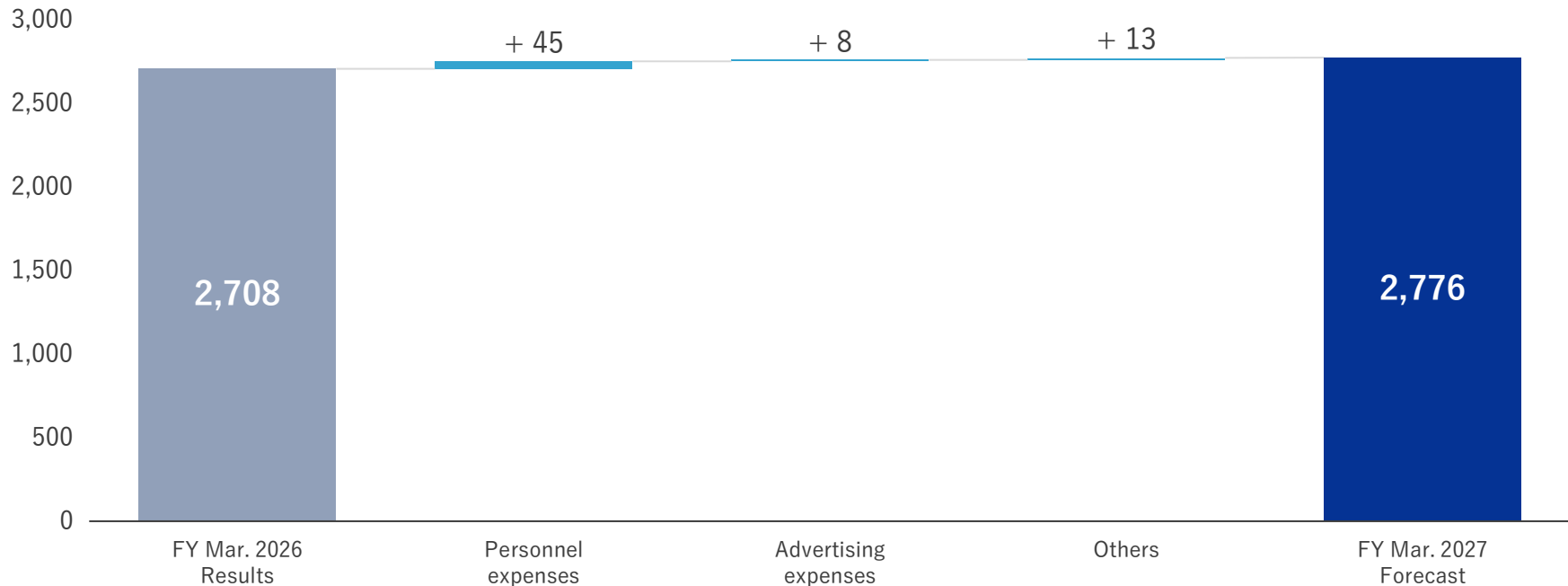
Status of Consolidated Selling, General and Administrative Expenses



Personnel expenses and hiring expenses are expected to increase for increasing investment in personnel, which is a priority area in the Medium-Term Management Plan.

Status of Consolidated Selling, General and Administrative Expenses

(Millions of Yen)



Consolidated Financial Results of the Fiscal Year Ended
March 31, 2026

07. FY03/27 Return to Shareholders

Shareholder Return Policy

Shareholder
Return Policy
for FY Ending
Mar. 2027

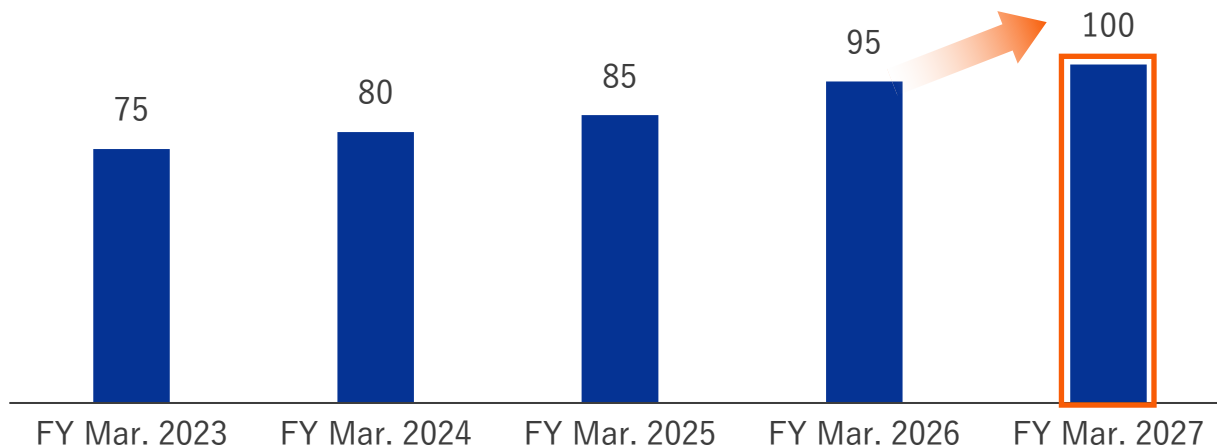
Major policy

Dividends

Purchase of
treasury shares

- **Implementation of progressive dividends** and a total return ratio target of **50% or more**
- Dividends of **100** yen per share. It is expected that dividends will increase for the 13th consecutive fiscal year.
- We will purchase treasury shares flexibly in consideration of the trends in our performance and the stock market and other factors.

■ Dividend (in yen) per share



Amount of treasury shares
purchased (Estimate)

500 million yen

930 million yen

740 million yen

1,130 million yen

Flexible purchase of treasury shares

- 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, a-FILTER, f-FILTER, Z-FILTER, Dアラート, Dコンテンツ, and other logos and icons related to Digital Arts Inc. and its products are trademarks or registered trademarks of Digital Arts Inc.

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