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FOR IMMEDIATE RELEASE

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**Notice Regarding Formulation of Medium-Term Management Plan (FY March 2025 to FY March 2027)**

Digital Arts Inc. and its group companies (the “Group”) have been moving forward with the Medium-Term Management Plan (FY March 2023 to FY March 2025), the final year of which is March 31, 2025 (the "Current Fiscal Year"), based on the announcement on May 10, 2022.

As a result of examining recent changes in the external and internal business environment, the Group has come to the conclusion that further growth is expected to be achieved over the next three years, including the Current Fiscal Year. It therefore announces a new Medium-Term Management Plan (FY March 2025 to FY March 2027), the first year of which reflects its plan for the Current Fiscal Year, or the final year of the Medium-Term Management Plan (FY March 2023 to FY March 2025).

# Medium-Term Management Plan

( From FY March 2025 to FY March 2027 )

May 8, 2024  
Digital Arts Inc.

**01** Revision of Medium-Term Management Plan Formulated in 2022

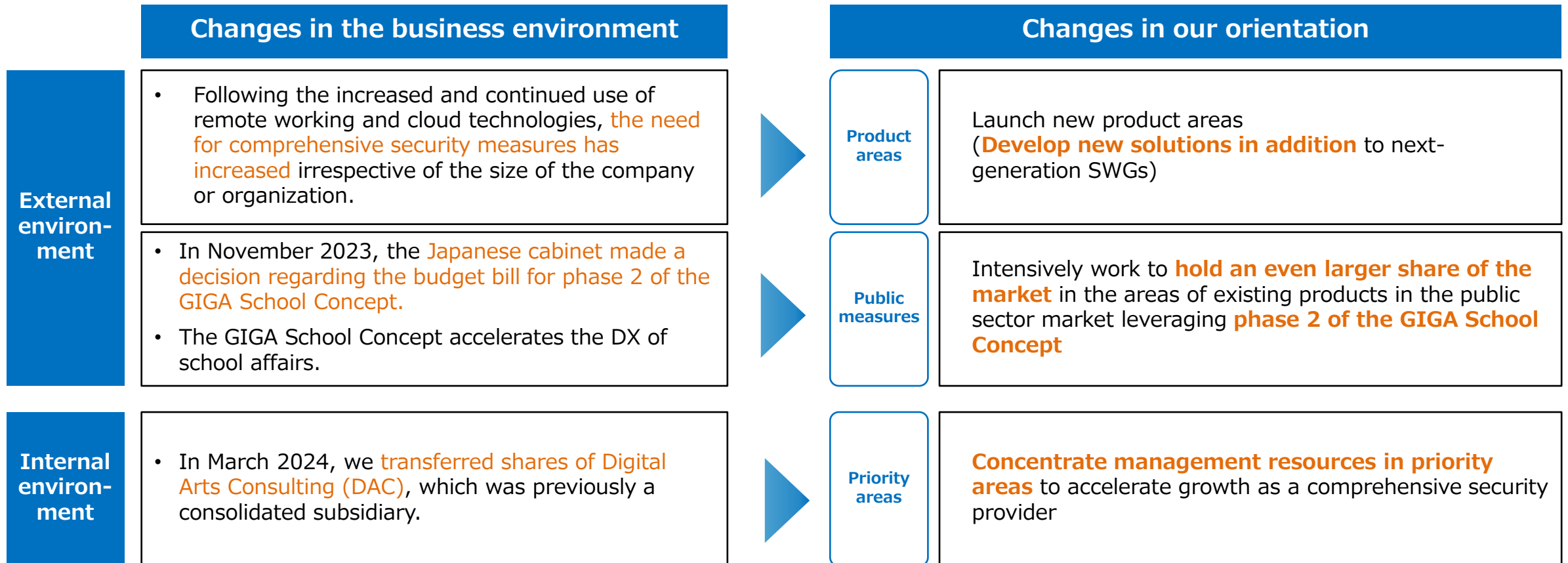
**02** Medium-Term Management Plan  
( From FY March 2025 to FY March 2027 )

**03** Three Priority Areas

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## **01 Revision of Medium-Term Management Plan Formulated in 2022**

We have adopted a new Medium-Term Management Plan, the first year of which reflects our plan for the final year of the previous Medium-Term Management Plan.



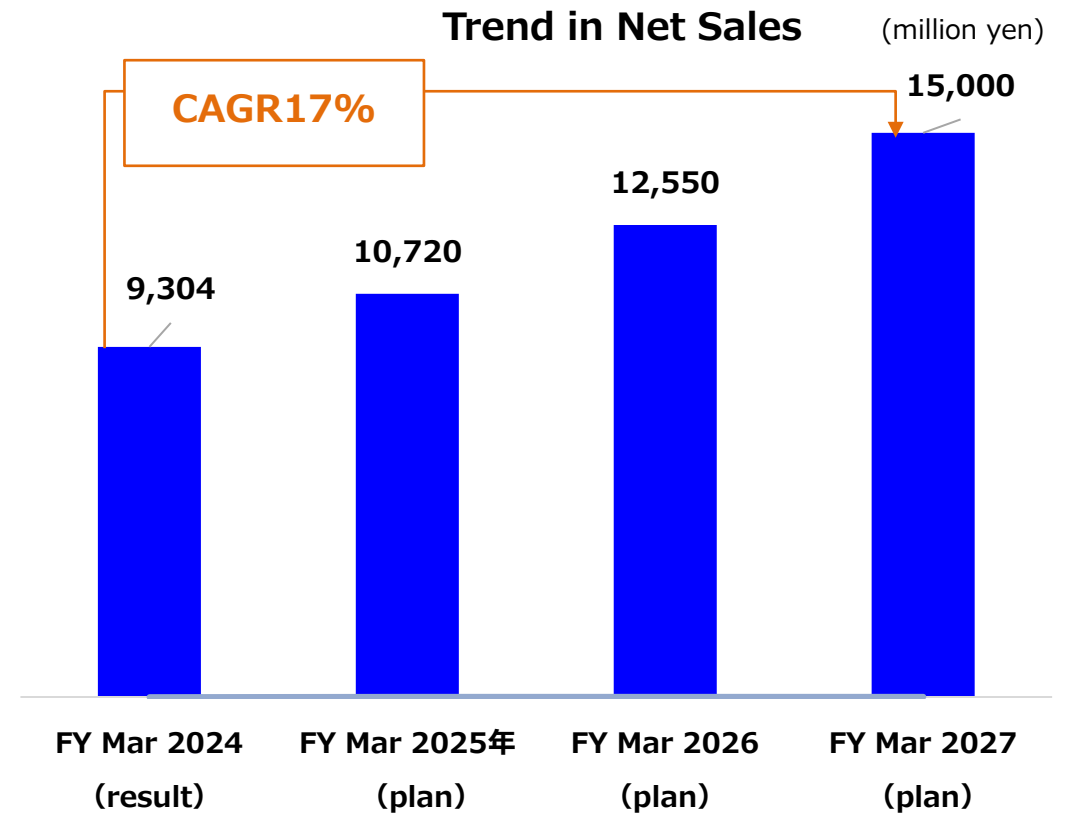
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## **02 Medium-Term Management Strategy ( FY March 2025 - FY March 2027 )**

**We aim to achieve net sales of 15 billion yen and a three-year CAGR of 17% by the fiscal year ending March 31, 2027 by undertaking initiatives in three priority areas.**

(million yen)

	FY March 2024 (Results)	FY March 2025 (Forecast)	FY March 2026 (Forecast)	FY March 2027 (Forecast)	CAGR
<b>Consolidated net sales</b>	(11,512※) 9,304	10,720	12,550	15,000	17%
<b>Operating profit</b>	(4,427※) 4,330	5,130	6,150	7,800	
<b>Operating margin</b>	(38.5%※) 46.5%	47.9%	49.0%	52.0%	
<b>Ordinary profit</b>	(4,443※) 4,348	5,140	6,150	7,800	
<b>Number of employees</b>	292 (Excluding DAC)	360	420	450	

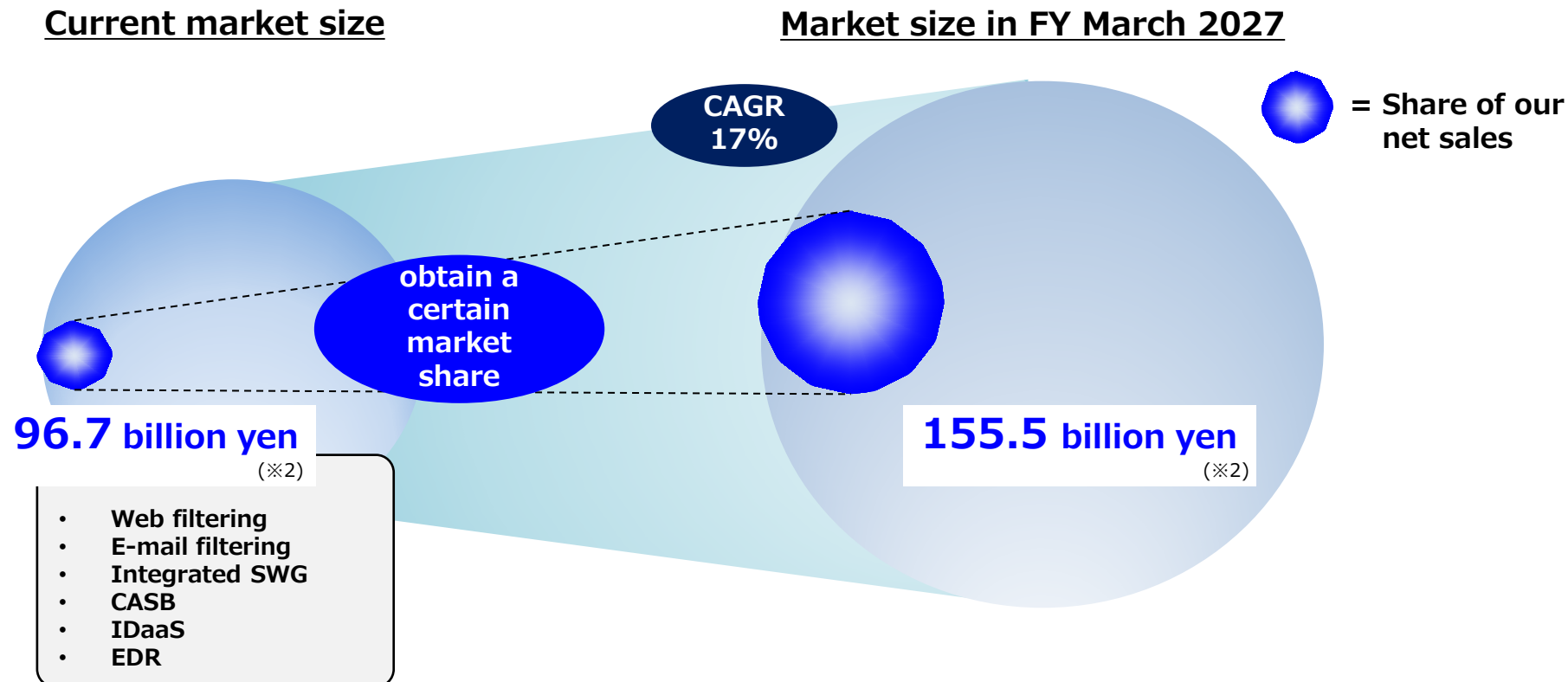


\*Sales recorded by Digital Arts Consulting Co., Ltd., for which the share transfer was completed on March 29, 2024, are reflected.

# Forecasts of Security Products Market Growth and Our Sales Growth

We expect to achieve sales growth in line with market growth rates by securing a certain market share that is commensurate with market growth.

【Forecast of growth in the network security market that we will operate within】



**Forecast of net sales growth**

**FY March 2027**  
**15.0 billion yen**



**CAGR 17%**

**FY March 2024**  
**9.3 billion yen** (※1)

(※1) Sales recorded by Digital Arts Consulting Co., Ltd., for which the share transfer was completed on March 29, 2024, are not reflected.

(※2) Our estimates based on various kinds of information



We have established three new priority areas that we will address to achieve sales targets.

[Three priority areas to be addressed]

## 01 Growth of security business

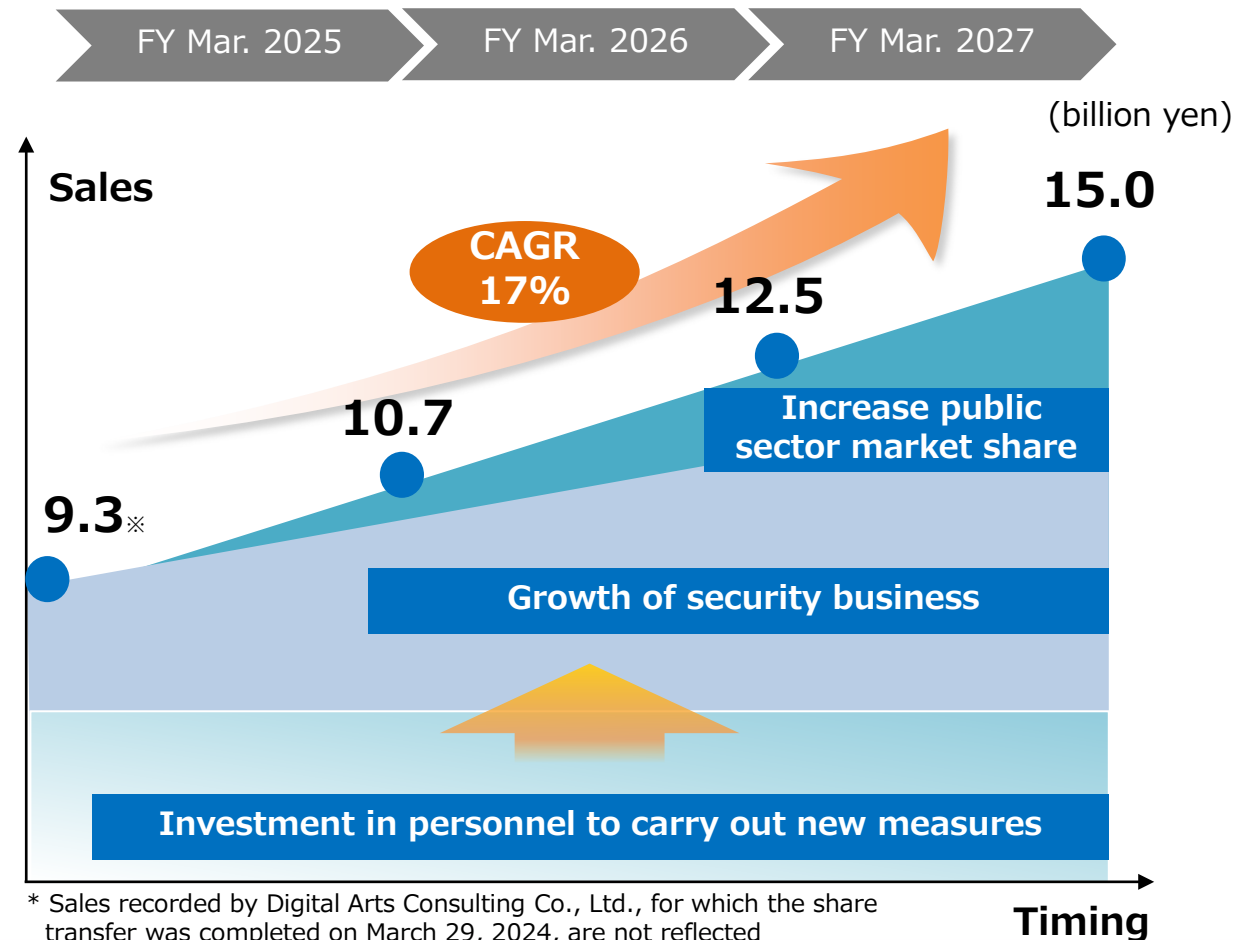
- Cultivation of new customers, cross-selling and upselling
- Enrich of security solutions

## 02 Increase public sector market share

- Increase market share during phase 2 of the GIGA School Concept
- Provision of security measures that support the DX of school affairs

## 03 Investment in personnel to carry out new measures

- Implementation of a personnel strategy to increase the number of employees
- Introduction of incentives to increase productivity



We aim to achieve sales growth in each market by facilitating initiatives in the priority areas.

	Summary of growth		Growth in sales (million yen)		
			'24/03	'27/03	CAGR
Enter prise	Growth of security business	<ul style="list-style-type: none"> <li>Secure new projects through improved partner sales and inside sales</li> <li>Promote cross-selling and upselling through high-touch sales and customer successes</li> </ul>	4,248	7,558	21%
Public	Increase public sector market share	<ul style="list-style-type: none"> <li>Secure upgrade projects and new projects during phase 2 of the GIGA School Concept</li> <li>Win new orders for next-generation DX projects</li> </ul>	4,637	6,892	14%
Consu mer	Expanding a new service	<ul style="list-style-type: none"> <li>Expand targets by rolling out new services and aim to secure new projects</li> </ul>	418	550	10%

## **03 Three Priority Areas**

- (1) Growth of security business**
- (2) Increase of public sector market share**
- (3) Investment in personnel to carry out new measures**

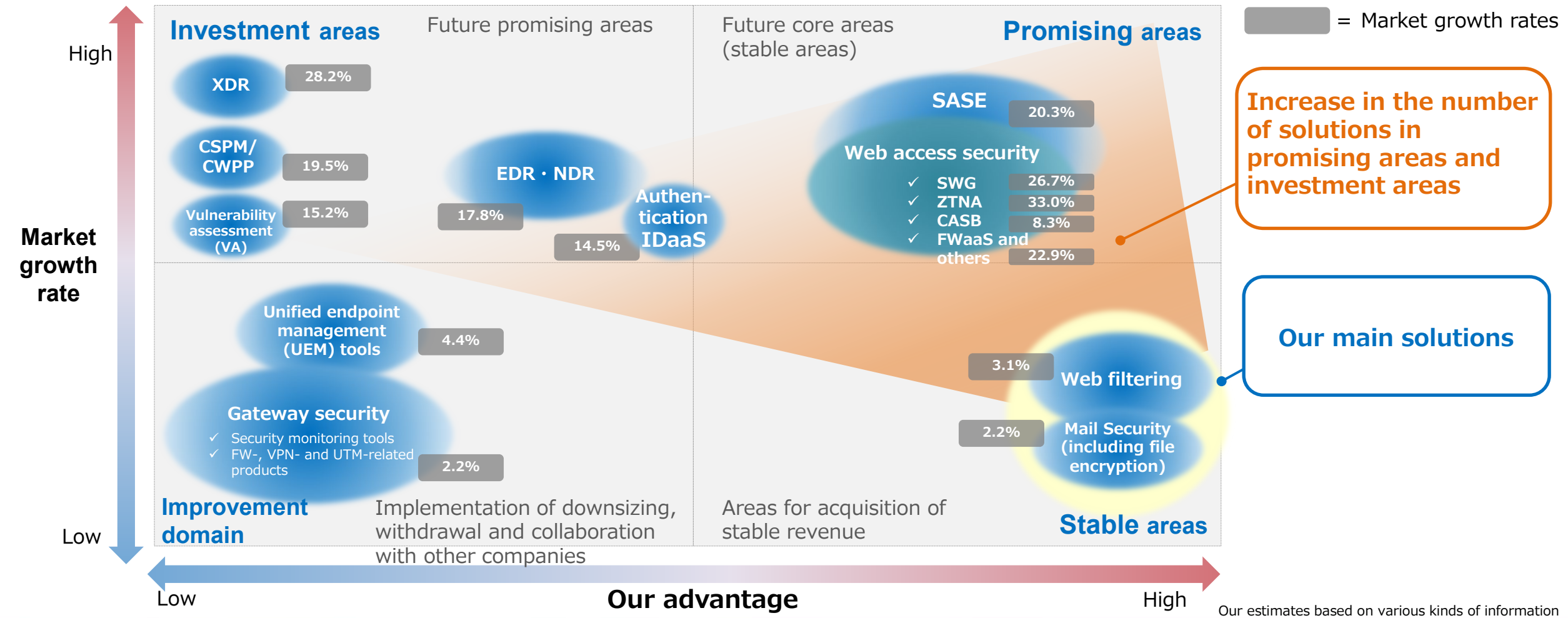
## Priority Area (1)

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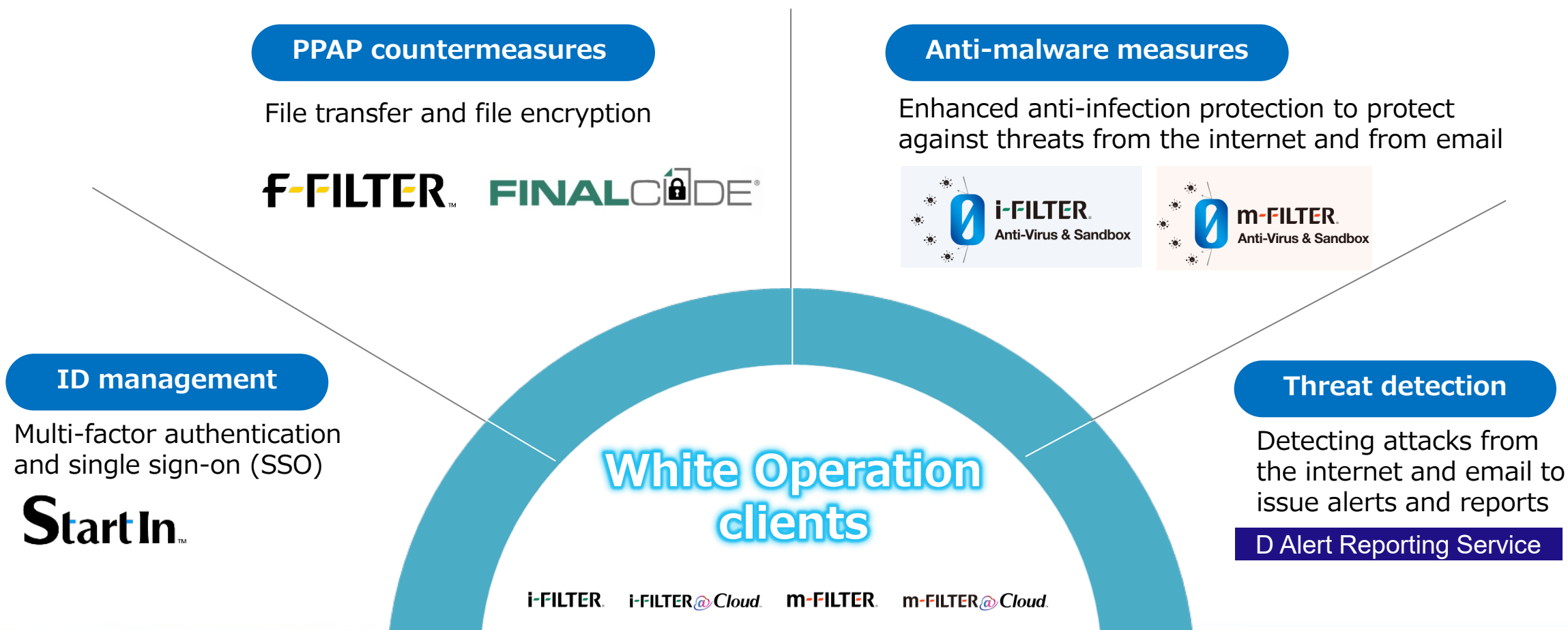
### **Growth of security business**

- Product Strategy
- Carry out upselling and cross-selling

In view of the rate of growth of the product market and our advantages, we will increase solutions in promising areas and investment areas to maximize synergy with our mainstay solutions.



We will promote cross-selling and upselling for White Operation customers.



## Priority Area (2)

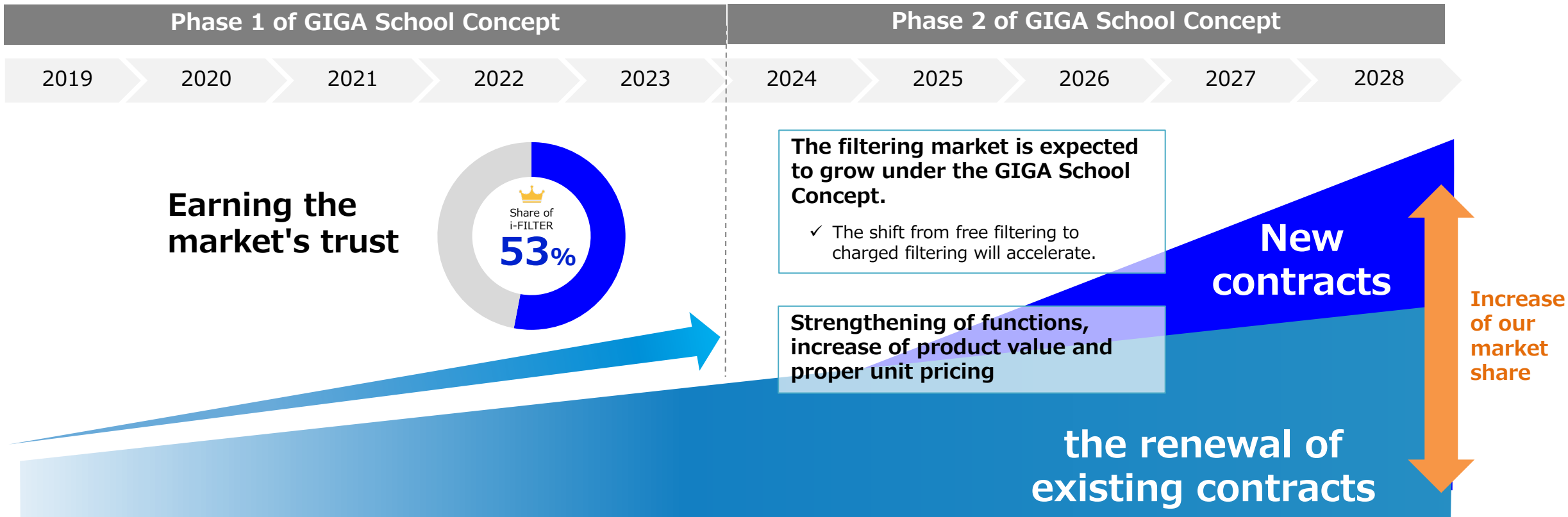
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### **Increase public sector market share**

- Initiatives in Phase 2 of GIGA School Concept
- Initiative for Next-Generation School Affairs DX

We will work proactively to ensure the renewal of existing contracts as well as receive new contracts to increase our market share.

【Our share of the GIGA School Concept market】

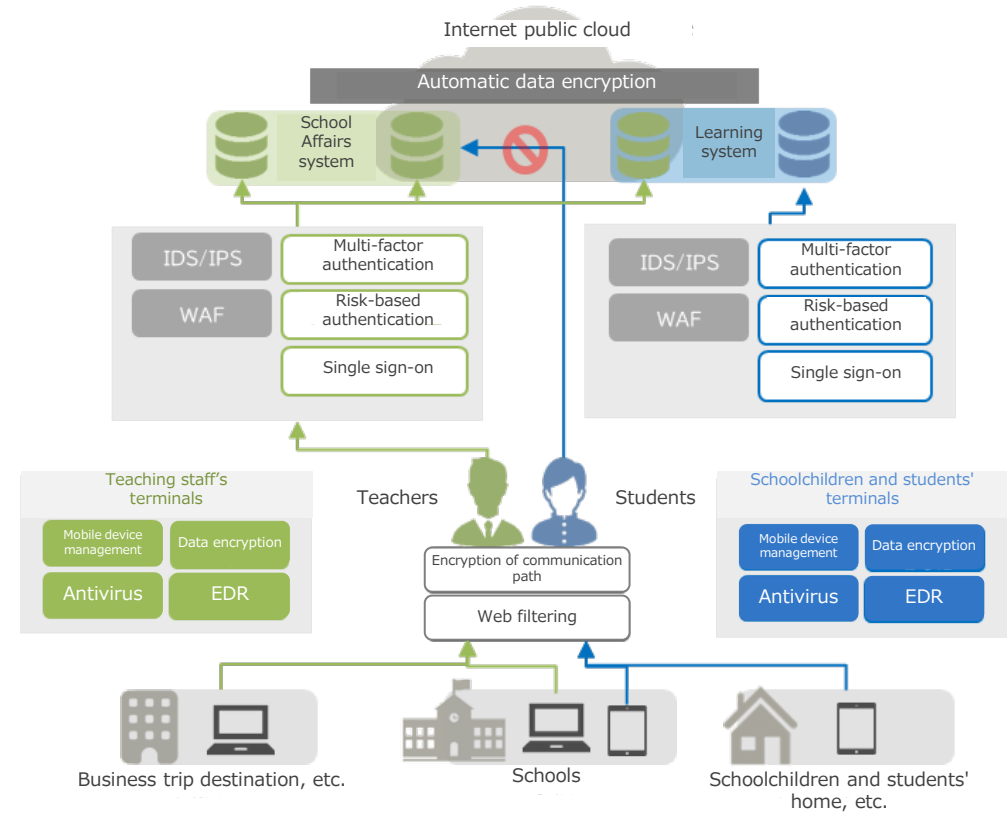




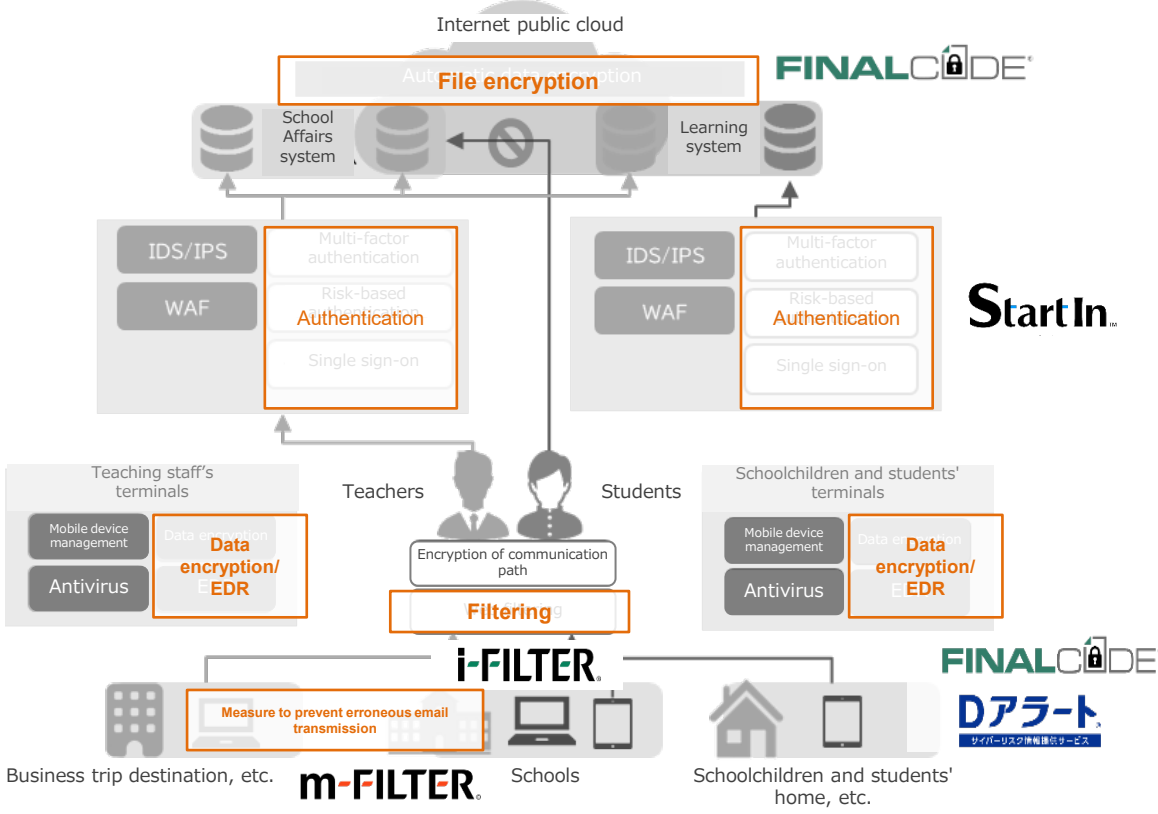
Our products are applicable in many different areas to ensure security. We will proactively advertise the value of our products.

 = Scope of supports

Overview diagram of security measures in school affairs DX



Security support map with our products



## Priority Area (3)

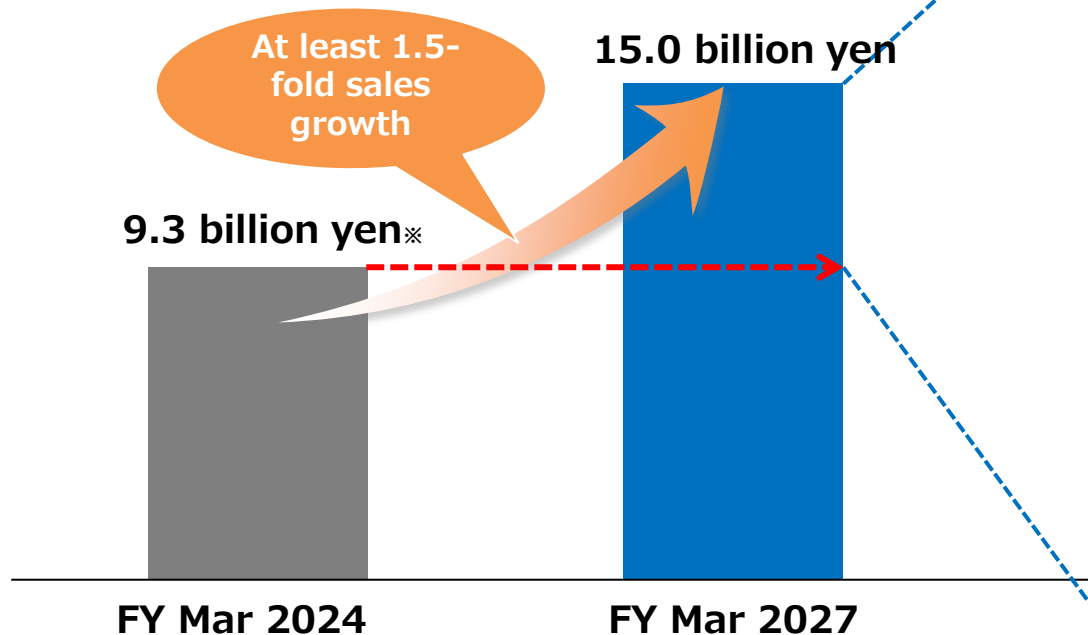
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### **Investment in personnel to carry out new measures**

- Increase the employee count
- Boost Productivity

We will implement strategies based on the ideas of boosting employee count and raising productivity, as investment in personnel to carry out new measures for sales growth.

[Sales growth (FY March 2024 to FY March 2027)]



\*Sales recorded by Digital Arts Consulting Co., Ltd., for which the share transfer was completed on March 29, 2024, are not reflected

## Investment in personnel to carry out new measures

1

### Three strategies to increase the employee count

We will make investments based on three stated strategies: the hiring, development and retention of human resources.

2

### Introduction of incentives to increase productivity

We will newly introduce incentive plans in each department, operated separately from wage systems.

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. on the basis of 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.

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