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January 30, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)



Company name: Digital Arts Inc.

Listing: Tokyo Stock Exchange

Securities code: 2326

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

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 nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	7,835	7.7	3,342	6.3	3,376	7.2	2,328	7.0
December 31, 2024	7,274	(12.6)	3,145	0.7	3,150	0.6	2,174	0.6

Note: Comprehensive income For the nine months ended December 31, 2025: ¥ 2,329 million [7.0%]
For the nine months ended December 31, 2024: ¥ 2,176 million [0.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	171.93	168.15
December 31, 2024	158.89	156.37

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	23,876	17,464	73.0	1,295.16
March 31, 2025	22,627	17,365	76.6	1,274.46

Reference: Equity

As of December 31, 2025: ¥ 17,435 million

As of March 31, 2025: ¥ 17,336 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, 2025	-	40.00	-	45.00	85.00
Fiscal year ending March 31, 2026	-	45.00	-		
Fiscal year ending March 31, 2026 (Forecast)				50.00	95.00

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

Note: Breakdown of the second quarter dividend for the fiscal year ending March 31, 2026 :

Ordinary dividend	40.00 yen
Special dividend for 30th anniversary commemoration	5.00 yen

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	11,800	18.2	5,607	23.0	5,627	23.3	3,880	21.9	286.06

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 quarterly consolidated financial statements: Yes

*For details, please refer to "2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to quarterly consolidated financial statements (Application of special accounting methods to the preparation of quarterly consolidated financial statements) " on page 9 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 December 31, 2025	14,133,000 shares
As of March 31, 2025	14,133,000 shares

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

As of December 31, 2025	670,815 shares
As of March 31, 2025	530,296 shares

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

Nine months ended December 31, 2025	13,541,182 shares
Nine months ended December 31, 2024	13,687,619 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 quarterly results)

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

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1. Overview of Business Results, etc.

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

In the security industry where the Group operates, the first nine months of the consolidated fiscal year under review (from April 1, 2025 to December 31, 2025) saw a large number of security incidents in which authentication and approval information that had been stolen using malware was exploited as the starting point of a cyber-attack. Ransomware attacks targeting large companies caused system failures that resulted in prolonged disruptions of product shipments and online services. Services closely tied to social infrastructure were significantly impacted, and businesses again recognized security incidents as a serious risk to corporate management.

Against this background, companies, public institutions and households that use information and communication technology (ICT) equipment for business, educational and everyday life purposes exhibited an increasing awareness of the need for security. The momentum behind this trend will continue to increase amid the strengthening of cybersecurity policies.

The Group established a Medium-Term Management Plan (fiscal year ended March 31, 2025 through fiscal year ending March 31, 2027) in the previous year. It has identified three priority areas: the growth of security business, the increase of public sector market share, and investment in personnel to carry out new measures. Accordingly, the Group has been implementing initiatives. This fiscal year marks the second year of the Group's Medium-Term Management Plan.

In the enterprise sector market, i-FILTER, one of the Group's mainstay products, enabled the Group to capture website access security measure needs for devices for external use. This accelerated the growth of business. Another mainstay product, m-FILTER, enabled the Group to capture needs for cloud-based measures against email attacks and data leaks when sending email due to events such as the use of PPAP or the mis-delivery of email.

In the public sector market, the Group continued to enhance products and rigorously manage individual projects. This increased the percentage of orders for the second phase of the GIGA School Concept projects that we received to 95% and drove the rapid growth in contracts.

At the same time, the steady progress in the recording of net sales of cloud service products magnified the sharpness of the increase in net sales. Contracts for cloud service products are expected to grow strongly given the current order environment, leading to the continued expansion of the revenue base of the recurring revenue business.

The Group released Z-FILTER as scheduled. It is a new whitelisting product that combines security service edge (SSE) and identity as a service (IDaaS) for this year. Since its release, projects have been steadily increasing. The Group has already received some orders.

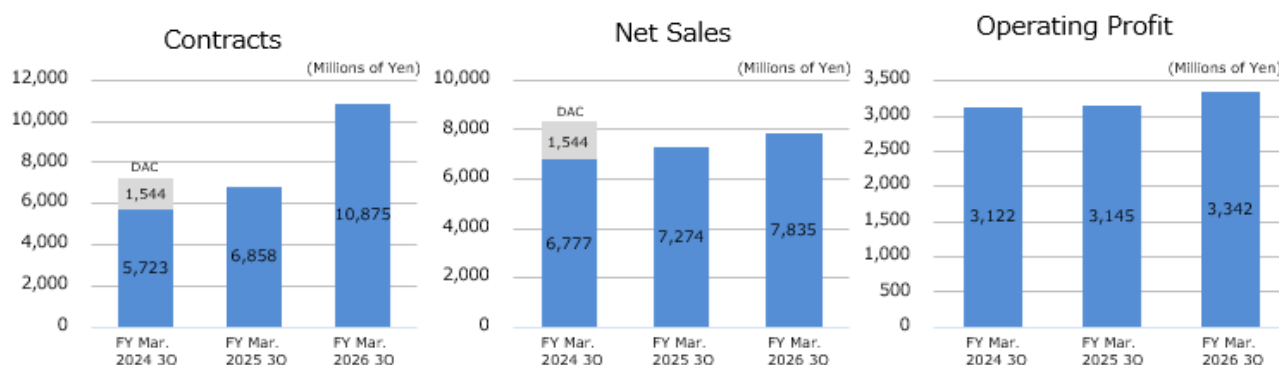
In terms of expenses, though the cost of sales and selling, general and administrative expenses increased year on year due to increased investment in human resources, a cost structure appropriate for the plan was created by deploying AI to advance and streamline operations in system development, support, sales and marketing and other operations and revising the personnel recruitment policy etc.

The accelerated growth of net sales and the reduction of expenses resulted in an upturn in the operating profit trend.

As a result, contracts for the first nine months of the consolidated fiscal year under review climbed 10,875 million yen (up 58.6% year on year), net sales reached 7,835 million yen (up 7.7% year on year), operating profit amounted to 3,342 million yen (up 6.3% year on year), ordinary profit came to 3,376 million yen (up 7.2% year on year), and Profit attributable to owners of parent for the first nine months was 2,328 million yen (up 7.0% year on year).

Overview of Consolidated Business Results

	First nine months of year ended March 31, 2025	First nine months of year ending March 31, 2026	Change	% Change
Contracts	6,858	10,875	+4,016	+58.6
Net Sales	7,274	7,835	+560	+7.7
Operating profit	3,145	3,342	+197	+6.3
Ordinary profit	3,150	3,376	+226	+7.2
Profit attributable to owners of parent for the first nine months	2,174	2,328	+153	+7.0



The following describes business performance in separate markets.

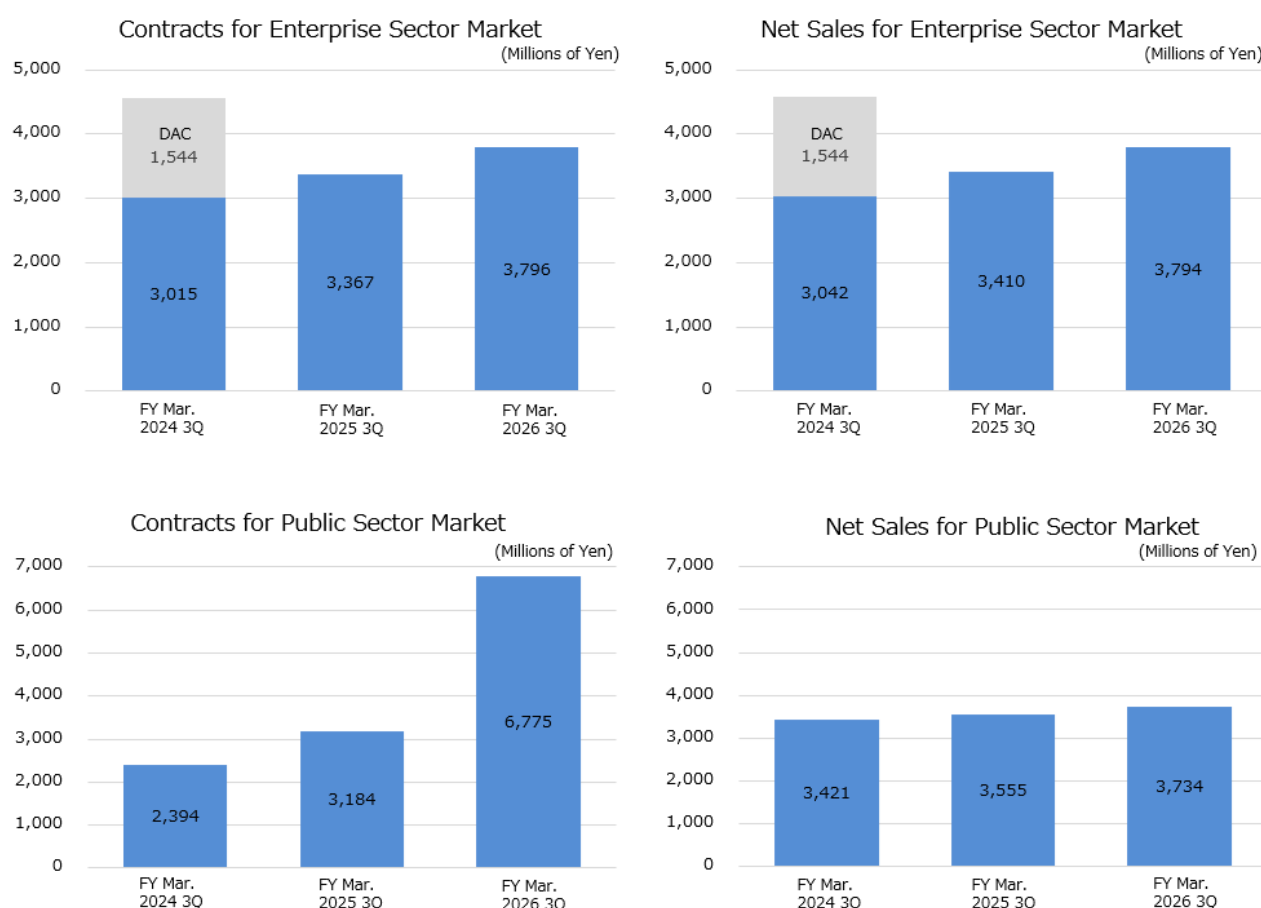
Enterprise Sector Market

In the enterprise sector market, the growth of the Group's mainstay i-FILTER accelerated, as it enabled the Group to capture needs for website access security measures for devices for external use, such as corporate-use laptops, mobile phones and tablets. These measures include secure gateways and cloud access security brokers (CASBs).

Amid the shift from mail servers to cloud services, m-FILTER sales continued to grow at a high rate. The combination of m-FILTER and f-FILTER enables the Group to meet needs for cloud-based measures against email attacks and data leaks when sending email due to events such as the use of PPAP or the mis-delivery of email.

In addition, the Group released Z-FILTER on November 4, 2025 as initially planned. It is a new whitelisting SSE and IDaaS product. Z-FILTER is an unprecedented made-in-Japan zero trust security solution that provides a range of services from authentication to access control on a single platform based on whitelisting. Numerous inquiries were received before it was released. Since its release, projects have been steadily increasing, and some orders have already been received. The Group will continue to upgrade the functions of Z-FILTER with a view toward further reducing the operational burdens on customers. Additionally, the Group's policy is to accelerate collaboration with distributors and establish Z-FILTER as a pillar of its revenue base in the medium to long term.

As a result, contracts in the enterprise sector market reached 3,796 million yen (up 12.7% year on year), net sales amounted to 3,794 million yen (up 11.2% year on year).



*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024)

Public Sector Market

In the public sector market, orders related to projects for the second phase of the GIGA School Concept remained strong, achieving a 95% market share thanks to continued product enhancement and rigorous project management. Moreover, the Group conducted sales activities using the customer base established in the GIGA School Concept for Next-Generation School Affairs DX projects. The success of this approach resulted in thriving performance. Additionally, the Group's acquisition of large-scale projects for public-sector organizations as initially planned facilitated the exceptionally high growth of contracts for i-FILTER.

At the same time, sales of m-FILTER decreased due to the absence of the projects for security improvements for local governments that were acquired in the same period of the previous year.

Up to the first half, due to corporate accounting rules, revenue was not recognized instantly because these contracts were related mainly to cloud service products. These factors resulted in a decrease in net sales. *1

However, during the first nine months of the consolidated fiscal year under review, there was an upward turn in the net sales trend following steady progress in the recording of sales from the order backlog for cloud service products.

As a result, contracts in the public sector market climbed 6,775 million yen (up 112.8% year on year), net sales reached 3,734 million yen (up 5.0% year on year).

*1: For on-premises products, which are products sold as licenses, most of the contracted amount is recorded as sales in a lump sum at the time of shipment. In contrast, cloud service products, orders for which are received mainly in GIGA School Concept and Next-Generation School Affairs DX projects, are subject to the corporate accounting rules which state that sales are recorded on a monthly-prorated basis during the relevant service period.

Consumer Sector Market

In the consumer sector market, the Group received orders for new projects by strengthening its MVNO distribution channels, while also stepping up its efforts to promote multi-year package products.

The Group is working together with distributors to expand target users of i-FILTER 10, a comprehensive security product for individual customers that includes whitelisting features, to adults as well as children.

As a result, contracts in the consumer sector market totaled 304 million yen (down 0.9% year on year), net sales were 305 million yen (down 0.6% year on year).

(2) Overview of financial position for the fiscal year under review

(Assets)

Total assets at the end of the first nine months of the consolidated fiscal year under review increased 1,248 million yen from the end of the previous fiscal year to 23,876 million yen. This was due mainly to an increase of 1,356 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the first nine months of the consolidated fiscal year under review increased 1,149 million yen from the end of the previous consolidated fiscal year to 6,411 million yen. This was due mainly to increases of 1,198 million yen in advances received.

(Net assets)

Total net assets at the end of the first nine months of the consolidated fiscal year under review increased 99 million yen from the end of the previous consolidated fiscal year to 17,464 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 half, 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 nine 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, 2026 announced on October 30, 2025.

The Company has determined the results forecasts based on information available on the day of these financial results for the first three months of the year ending March 31, 2026. 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. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	17,952	19,308
Notes and accounts receivable - trade	1,444	1,528
Securities	100	-
Finished goods	2	1
Supplies	1	0
Other	611	333
Total current assets	20,112	21,172
Non-current assets		
Property, plant and equipment	238	230
Intangible assets		
Software	1,472	1,758
Other	311	238
Total intangible assets	1,783	1,996
Investments and other assets	492	476
Total non-current assets	2,515	2,704
Total assets	22,627	23,876
Liabilities		
Current liabilities		
Accounts payable - trade	30	50
Income taxes payable	389	390
Provision for bonuses	148	80
Advances received	4,082	5,281
Other	558	557
Total current liabilities	5,209	6,359
Non-current liabilities		
Asset retirement obligations	49	49
Other	3	2
Total non-current liabilities	52	51
Total liabilities	5,262	6,411
Net assets		
Shareholders' equity		
Share capital	713	713
Capital surplus	955	958
Retained earnings	18,116	19,223
Treasury shares	(2,467)	(3,480)
Total shareholders' equity	17,318	17,416
Accumulated other comprehensive income		
Foreign currency translation adjustment	17	19
Total accumulated other comprehensive income	17	19
Share acquisition rights	29	29
Total net assets	17,365	17,464
Total liabilities and net assets	22,627	23,876

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the Nine-Month Period

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Net sales	7,274	7,835
Cost of sales	2,228	2,438
Gross profit	5,045	5,397
Selling, general and administrative expenses	1,900	2,054
Operating profit	3,145	3,342
Non-operating income		
Interest income	0	20
Gain on forfeiture of unclaimed dividends	1	1
Foreign exchange gains	2	11
Miscellaneous income	1	1
Total non-operating income	5	34
Non-operating expenses		
Miscellaneous losses	0	0
Total non-operating expenses	0	0
Ordinary profit	3,150	3,376
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Gain on sale of non-current assets	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	3,150	3,376
Income taxes	975	1,048
Profit	2,174	2,328
Profit attributable to owners of parent	2,174	2,328

Quarterly Consolidated Statement of Comprehensive Income
For the Nine-Month Period

(Millions of yen)

	For the nine months ended December 31, 2024	For the nine months ended December 31, 2025
Profit	2,174	2,328
Other comprehensive income		
Foreign currency translation adjustment	1	1
Total other comprehensive income	1	1
Comprehensive income	2,176	2,329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,176	2,329

(3) Notes to Quarterly Consolidated Financial Statements

(Application of special accounting methods to the preparation of quarterly 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 nine 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 nine months of fiscal 2025 (from April 1, 2024 to December 31, 2024) and first nine months of fiscal 2026 (from April 1, 2025 to December 31, 2025)

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

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

There are no applicable matters.

(Notes on the premise of a going concern)

There are no applicable matters.

(Notes on statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first nine months under review. Depreciation (including amortization of intangible assets) for the first nine months under review is as follows.

	First nine months of fiscal 2025 (from April 1, 2024 to December 31, 2024)	First nine months of fiscal 2026 (from April 1, 2025 to December 31, 2025)
Depreciation	685 million yen	695 million yen