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May 7, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



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 Listing: Tokyo Stock Exchange
 Securities code: 2326
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 Scheduled date of annual general meeting of shareholders: June 26, 2026
 Scheduled date to commence dividend payments: June 29, 2026
 Scheduled date to file annual securities report: June 25, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	%
Fiscal year ended March 31, 2026	10,835	8.5	4,791	5.1	4,840	6.1	3,427	7.7
March 31, 2025	9,982	(13.3)	4,558	3.0	4,562	2.7	3,183	(27.3)

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 3,429 million [7.8%]
 For the fiscal year ended March 31, 2025: ¥ 3,182 million [(27.5) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2026	253.57	248.17	19.2	19.2	44.2
March 31, 2025	232.79	228.83	19.1	20.2	45.7

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ - million
 For the fiscal year ended March 31, 2025: ¥ - million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2026	27,865	18,454	66.1	1,370.52
March 31, 2025	22,627	17,365	76.6	1,274.46

Reference: Equity

As of March 31, 2026: ¥ 18,425 million
 As of March 31, 2025: ¥ 17,336 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2026	8,381	(1,161)	(2,095)	23,083
March 31, 2025	2,817	(1,107)	(2,096)	17,952

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	40.00	-	45.00	85.00	1,157	36.5	7.0
Fiscal year ended March 31, 2026	-	45.00	-	50.00	95.00	1,281	37.5	7.2
Fiscal year ending March 31, 2027 (Forecast)	-	50.00	-	50.00	100.00		35.7	

Note: Breakdown of the second-quarter-end dividend for the fiscal year ended 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, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

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

* Notes

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

Newly included: - companies()
Excluded: - companies()

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2026	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 March 31, 2026	689,215 shares
As of March 31, 2025	530,296 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	13,517,919 shares
Fiscal Year ended March 31, 2025	13,673,529 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	10,828	8.6	4,798	5.2	4,850	6.2	3,439	7.9
March 31, 2025	9,972	7.2	4,562	5.4	4,569	5.1	3,187	(29.7)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	254.45	249.02
March 31, 2025	233.13	229.16

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	27,970	18,562	66.3	1,378.56
March 31, 2025	22,713	17,463	76.8	1,281.69

Reference: Equity

As of March 31, 2026: ¥ 18,533 million

As of March 31, 2025: ¥ 17,434 million

2. Non-consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	12,000	10.8	5,513	13.7	3,775	9.8	280.87

* Financial results reports are exempt from audit 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 relevant to business forecasts, refer to (4) Outlook in 1. Overview of Business Results, etc. on page 7 of the attached document.

(Obtaining the Supplementary Material for the Financial 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 in the fiscal year under review

In the consolidated fiscal year under review (April 1, 2025 to March 31, 2026) in the security industry where the Group operates, the methods used to implement cyberattacks became increasingly sophisticated and diverse. They include the unauthorized access of networks accomplished by exploiting authentication and approval information stolen using malware as a starting point, in addition to ransomware attacks, targeted attacks and phishing. Further, due to the rapid popularization of generative AI, people have begun to recognize the importance of addressing attacks that use AI and the risk of information leaks due to the use of AI. Against this background, companies, public offices, educational 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, and demand for related products and services continued to increase. It is expected that this trend will continue for the medium to long term, supported by the strengthening of cybersecurity policies, the progress in DX, and the growing use of cloud computing technologies.

Based on its Medium-Term Management Plan (fiscal year ended March 31, 2025 through fiscal year ending March 31, 2027), the Group has been implementing initiatives focused on three priority areas: the growth of security business, the increase of public sector market share, and investment in personnel to carry out new measures. During the consolidated fiscal year under review, the second year of the Medium-Term Management Plan, the Group implemented initiatives to enable next-generation products to gain a foothold in the market, increase its market share in the public and educational sectors, and strengthen its development and sales systems for future growth, in addition to measures to achieve the growth of existing mainstay products.

In the enterprise sector market, performance remained strong because i-FILTER enabled the Group to tap into needs for cloud-based website access security measures. In addition, m-FILTER kept its high growth rate after the Group strengthened proposals of combinations with other products and optional products for meeting needs for measures against threats of spoofed email and malicious file attachments and abuses of URLs. Additionally, projects related to the new Z-FILTER product have been steadily increasing since its official release in November 2025. The Company has thus made achievements regarding the development of Z-FILTER into a future growth driver as a product that expands the value of whitelisting, which is a strength of the Company, into the zero trust security domain.

In the public sector market, the Group gave priority to initiatives on the second phase of the GIGA School Concept projects and continued to enhance product functions and rigorously manage individual projects, thus driving activities to win contracts. As a result, the Group achieved both a higher percentage of orders and higher project unit prices compared to the first phase of the GIGA School Concept. For i-FILTER, the Group implemented measures including the development of a function for visualizing the status of use, which is in demand in the second phase of the GIGA School Concept. By doing this, it has increased the value of products based on the needs of people on the front lines of education, which has further increased the Group's competitiveness. On the other hand, because the contracts for these projects were related mainly to cloud service products, the growth of net sales was limited in the consolidated fiscal year under review due to the rules for recognizing revenue and despite the significant growth in contracts. The significant growth in contracts for the projects increased cash and deposits and advances received and expanded total assets, which resulted in a decline in the equity-to-asset ratio.

Further, the number of users of whitelisting products, a technology advocated by the Company, had increased to approx. 15 million as of March 31, 2026. Praise for this unique model, which only enables users to engage in safe communication and behaviors, has been increasing mainly in companies, public offices, and educational institutions. Going forward, the Group will expand the areas in which there are applications for this unique model to the consumer sector market as well, aiming to realize a safe internet use environment.

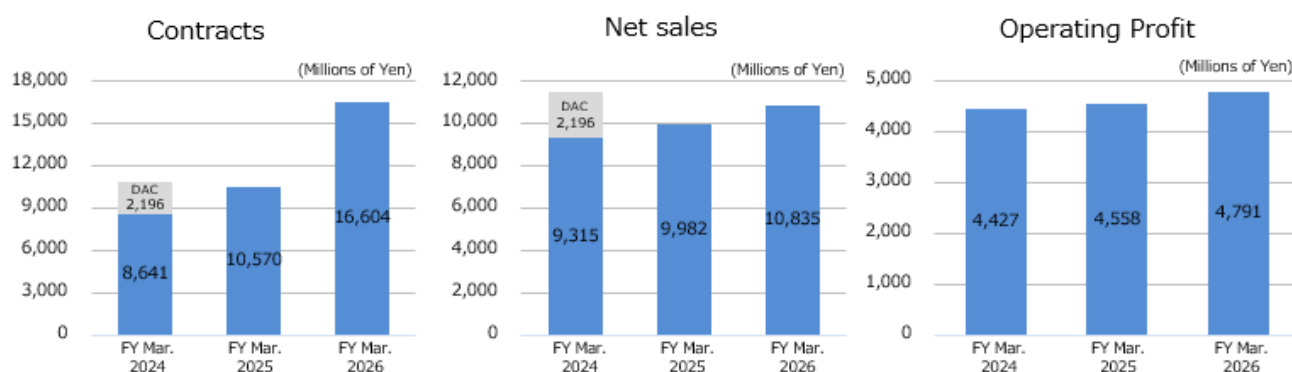
In terms of expenses, the cost of sales and selling, general and administrative expenses increased year on year due to investments in personnel made in line with policies under the Medium-Term Management Plan. On the other hand, the Group increased productivity and controlled costs by advancing and streamlining operations, including the deployment of AI, in its efforts to balance growth investments and profitability. This made it possible to appropriately manage expenses in addition to increasing sales, and profits remained strong.

As a result, contracts for the consolidated fiscal year under review amounted to 16,604 million yen (up 57.1% year on year), net sales were 10,835 million yen (up 8.5% year on year), operating profit reached 4,791 million yen (up 5.1% year on year), ordinary profit came to 4,840 million yen (up 6.1 year on year), and profit attributable to owners of parent was 3,427 million yen (up 7.7% year on year).

Overview of Consolidated Business Results

(Millions of Yen)

	Year ended March 31, 2025	Year ended March 31, 2026	Change	% Change
Contracts	10,570	16,604	+6,033	+57.1
Net sales	9,982	10,835	+852	+8.5
Operating profit	4,558	4,791	+232	+5.1
Ordinary profit	4,562	4,840	+278	+6.1
Profit attributable to owners of parent	3,183	3,427	+244	+7.7



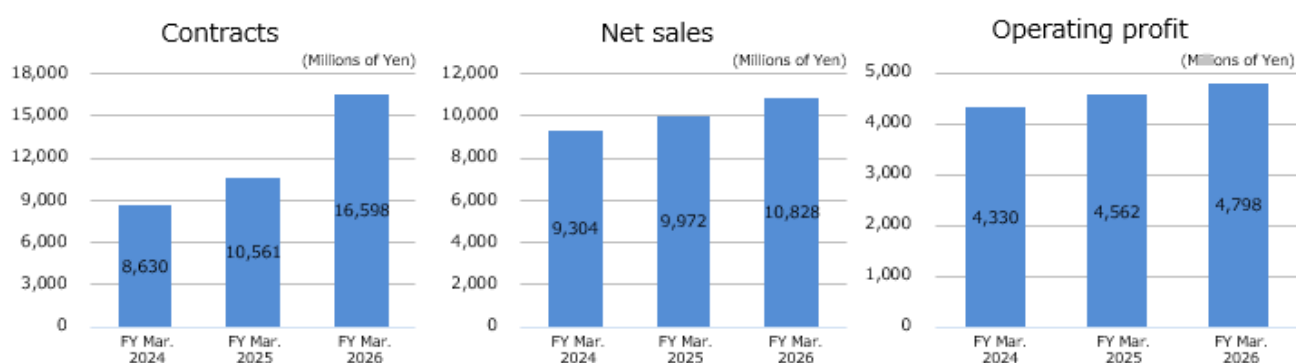
*Note: DAC: Digital Arts Consulting (a consolidated subsidiary in which shares were transferred in the fiscal year ended March 31, 2024)

(Reference)

Overview of non-consolidated business results

(Million yen)

	Year ended March 31, 2025	Year ended March 31, 2026	Change	% Change
Contracts	10,561	16,598	+6,036	+57.2
Net sales	9,972	10,828	+856	+8.6
Operating profit	4,562	4,798	+235	+5.2
Ordinary profit	4,569	4,850	+281	+6.2
Profit	3,187	3,439	+251	+7.9



The following describes business performance in separate markets.

Enterprise Sector Market

In the enterprise sector market, i-FILTER's performance was solid. It satisfied customer needs for cloud-based website access security measures and its competitiveness increased as a product making it possible to both visualize the state of the use of generative AI and ensure secure operation management using its AI Chat Filter and other features.

m-FILTER continued to grow at a high rate. It met customers' needs for measures to address threats such as email attacks involving spoofed sender names and addresses and malicious file attachments and URLs.

The Group strengthened its proposal of m-FILTER in combination with f-FILTER and Anti-Virus & Sandbox. In addition, the Group released Z-FILTER on November 4, 2025 as initially planned. Z-FILTER is a 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. Since its release, projects have been steadily increasing, and it is expected to become profitable next fiscal year. Going forward, the Group will continue to upgrade the functions of Z-FILTER with a view toward the improvement of its compatibility with customer environments and the further reduction of 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 amounted to 5,564 million yen (up 10.9% year on year), net sales stood 5,176 million yen (up 8.2% year on year).

Public Sector Market

In the public sector market, the Group continued to enhance product functions and rigorously manage individual projects for the second phase of the GIGA School Concept, which is a priority measure. As a result, the Group achieved both a higher percentage of orders and higher project unit prices than for the first phase of the GIGA School Concept. In addition, the Group added a new function to i-FILTER@Cloud GIGA School Edition that visualizes the status of the use of digital textbooks and a dashboard function for log information obtained using the Child Protection Filter. At the same time, the Group obtained Information system Security Management and Assessment Program (ISMAP) registration. ISMAP is a security assessment program for government information systems. Through these efforts, the Group has enhanced its competitiveness in the educational and public sectors. Further, the Group continued to expand into the education area by leveraging the expertise it cultivated through GIGA School Concept projects. For example, it began to provide the D Classroom web-based learning system for children as a new initiative in the educational sector.

In addition, 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. As a result of these initiatives, contracts for i-FILTER increased significantly, up 106.7% year on year.

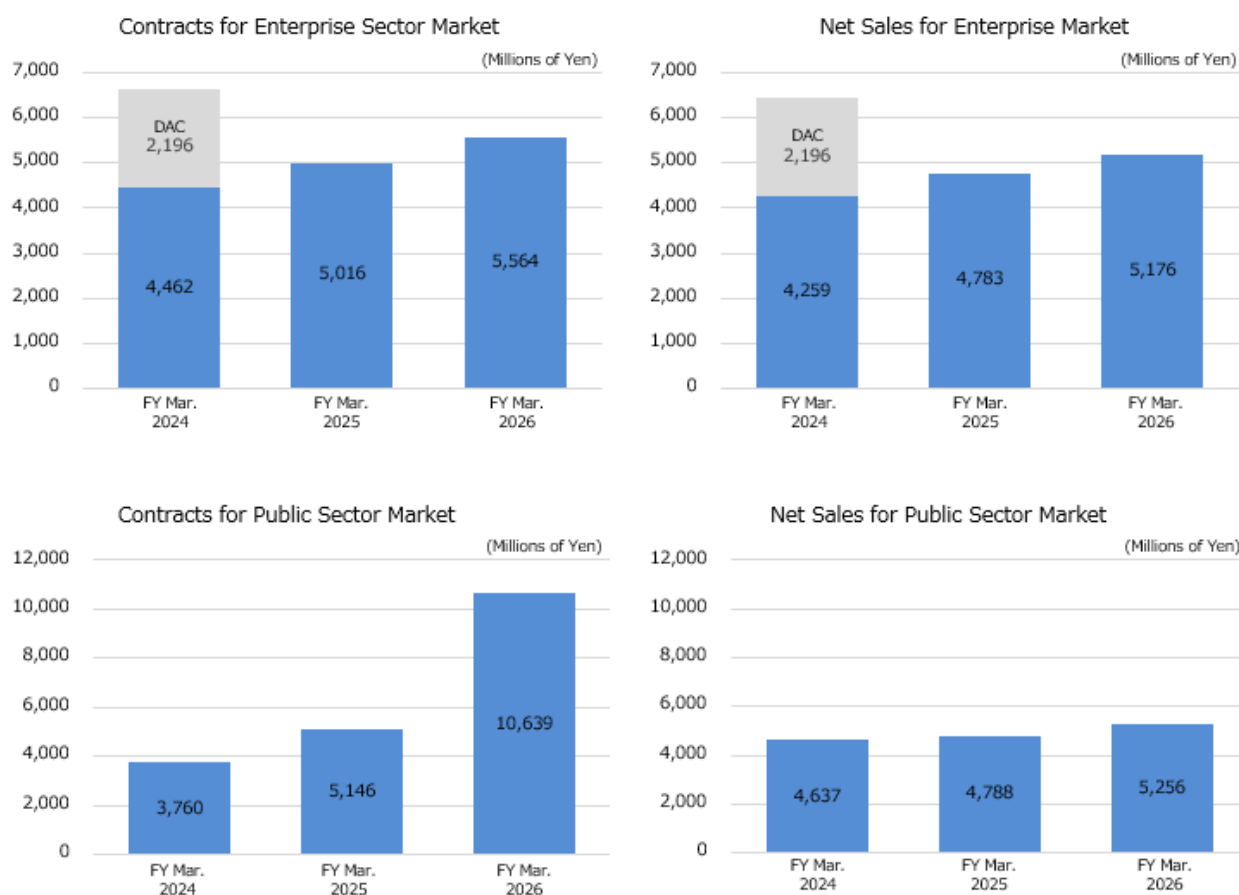
Due to corporate accounting rules, revenue was not recognized instantly because contracts for projects for the second phase of the GIGA School Concept were related mainly to cloud service products. As a result, while contracts increased significantly, net sales in the consolidated fiscal year under review only grew by double digits. ^{*1}

However, the increase of the cloud service product order backlog indicates that the revenue model is shifting steadily from temporary sales from licenses to continuous revenue from services. This is expected to lead to stable, sustainable growth in and

after the next fiscal year.

As a result, contracts in the public sector market reached 10,639 million yen (up 106.7% year on year), net sales amounted to 5,256 million yen (up 9.8% 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.



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

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.

For i-FILTER 10, a comprehensive security product for individual users that includes whitelisting features, which will be a core revenue source in the consumer sector market in the future, the Group expanded sales channels by collaborating with existing distributors and PC manufacturers, finding new distributors, and other activities with the goal of expanding the target users to adults as well as children. However, i-FILTER 10 did not become profitable in the consolidated fiscal year under review.

As a result, contracts in the consumer sector market totaled 400 million yen (down 1.9% year on year), net sales amounted to 402 million yen (down 1.8% year on year).

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

(Assets)

Total assets at the end of the consolidated fiscal year under review increased 5,237 million yen from the end of the previous fiscal year to 27,865 million yen. This was due mainly to an increase of 5,131 million yen in cash and deposits.

(Liabilities)

Total liabilities at the end of the consolidated fiscal year under review increased 4,148 million yen from the end of the previous consolidated fiscal year to 9,410 million yen. This was due mainly to increases both of 3,717 million yen in advances received and 424 million yen in income taxes payable and other items.

(Net assets)

Total net assets at the end of the consolidated fiscal year under review increased 1,088 million yen from the end of the previous consolidated fiscal year to 18,454 million yen. This was mainly due to an increase in retained earnings associated with the recording of profit attributable to owners of parent, which outweighed decreases due to the payment of dividends and the purchase of treasury shares.

(3) Overview of cash flows in the fiscal year under review

In the consolidated fiscal year under review, cash and cash equivalents increased 5,131 million yen from the end of the previous consolidated fiscal year to 23,083 million yen. Cash flows in each category are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 8,381 million yen (2,817 million yen provided in the previous year), mainly due to income taxes paid, while profit before income taxes amounted to 4,840 million yen.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,161 million yen (1,107 million yen used in the previous year), mainly due to the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 2,095 million yen (2,096 million yen in the previous fiscal year), primarily due to dividends paid and purchase of treasury shares.

(4) Outlook

The outlook for the next fiscal year (April 1, 2026 to March 31, 2027) is as follows. Amid the continued progress in the development and decentralization of the ICT environment surrounding companies, public offices, educational institutions, and households, cyberthreats, including ransomware attacks, targeted attacks, phishing, and the unauthorized access of networks, have continued to increase and grow more sophisticated. As more people begin to use cloud computing technologies and generative AI, the number of situations in which AI is not merely a support tool and instead it is actively a part of operational processes is increasing, and, consequently, the Group expects that it will be important to prepare for new risks such as malfunctions, inappropriate output, confidential information leaks, loss of control due to the automated implementation of tasks and response to visualization and accountability. Additionally, methods of attacks are becoming increasingly sophisticated and advanced due to the use of AI, so it will become more difficult than ever before to evaluate the authenticity of activities and detect anomalies. In view of this, the Group anticipates that demand for governance, including control and visualization, premised on the use of AI, will continue to grow in the medium- and long-term future, in addition to demand for comprehensive security measures addressing networks, email, authentication information and endpoints.

In this business environment, the Group has positioned the next fiscal year as a year for accelerating growth and reinforcing the foundation of its business as it moves towards the achievement of its Medium-Term Management Plan (fiscal year ended March 31, 2025 through fiscal year ending March 31, 2027).

To enable the security business to grow, the Group will accelerate its growth in the enterprise sector market by expanding sales of Z-FILTER, other new products, and related products, in addition to continuing to expand sales of i-FILTER and m-FILTER, its mainstay products. In particular, the Group will strengthen its high-touch sales to end users while continuing to collaborate with distributors. By doing this, it will improve its sales teams to propose solutions after directly examining the issues and on-site needs of customers. Doing this will enable the Group to increase its sales capabilities and incorporate opinions collected directly from end users into product development and the improvement of proposals to enhance its development and proposal capabilities. At the same time, the Group will take the initiative to visualize and manage each stage of its funnels from project creation to the acceptance of orders and create standard proposal scenarios, sales materials and forms for gathering information to increase the accuracy of proposals. It will also disseminate examples of success achieved through direct proposals to distributors to enhance their reproduction in partner sales and increase the successful order acquisition ratio.

Regarding its product strategy, the Company will enhance its product lineup and functions and more greatly value the development of products that are easy for customers to understand, introduce, and operate by leveraging the strengths of whitelisting technologies to steadily tap into the growing security demand and respond to cybersecurity policies.

In addition, the Company will provide security and governance infrastructure for the AI era based on the three axes of design, engineering, and operation to address new security risks, including glitches, inappropriate output, confidential information leaks, loss of control due to the automated execution of tasks, and transparency and accountability, which are issues that have surfaced as the use of AI has increased. Specifically, the Company will provide control and visualization and control systems leveraging a design concept for the across-the-board evaluation of all communications, patented AI and AI input/output control technologies, and operating infrastructure that is able to handle 19 billion accesses per day via i-FILTER with the goal of achieving zero incidents in the AI era.

To increase its public sector market share, the Company will leverage the knowledge and sales techniques it has developed through projects for the second phase of the GIGA School Concept to continue to enhance initiatives for projects for educational institutions and local governments, such as Next-Generation School Affairs DX projects and security improvements projects for local governments, in addition to the above projects. In particular, the Company will advertise products by accurately identifying on-site needs through its proposal activities that are conscious of contact with end users to increase its market share in terms of orders and increase project unit prices. By doing this, the Company aims to grow sustainably in the public sector market as a whole.

To invest in personnel to carry out new measures, the Company will reinforce both the sales and development aspects of its system and push forward with organizational development to enhance the value it provides to customers. Regarding sales, the Company will continue to enhance its contact with customers and invest in the personnel in charge of strengthening its solution proposal capabilities. On the development front, the Company will reinforce its system for developing products that accurately reflect the needs of the market. The Company will also use AI to increase the sophistication of and streamline its operations in a company-wide manner with the goal of balancing growth investments and improved profitability. Specifically, the development

department will use AI to support coding, create specifications and manuals, and collect and organize technology information and databases, among other uses, to improve the productivity of its development activities. Sales and marketing departments will use AI to create scripts for sales talks and pitch decks, create seminar videos, and optimize lead scoring and approaches to customers to increase the opportunity conversion rate and order acceptance rate. Support departments will develop and apply knowledge to respond to inquiries and streamline the creation of suggested responses, aiming to increase the quality and speed of responses. Administrative departments will use AI for routine tasks including a range of application, approval, labor management, and accounting tasks, aiming to increase business efficiency and the productivity of indirect departments. Through these initiatives, the Company will establish a highly efficient foundation for its business operations that is not solely dependent on increasing the number of employees.

As the Group pursues those initiatives, it expects to post contracts of 13,500 million yen (down 18.7% year on year), net sales of 12,000 million yen (up 10.8% year on year), ordinary profit of 5,505 million yen (up 13.7% year on year), and profit attributable to owners of parent of 3,770 million yen (up 10.0% year on year) in the next consolidated fiscal year.

The Company has determined the results forecasts based on information available on the day of publication of these financial results for the fiscal year ended March 31, 2026. Actual results may differ from the forecasts due to a variety of factors. If there are any significant changes, the Company will disclose them appropriately.

2. Basic Approach to Selection of Accounting Standards

The Group will prepare consolidated financial statements based on the Japan Accounting Standards for some time to come, considering a comparison with consolidated financial statements for the previous fiscal year and with financial statements of other companies. The Group will make an appropriate decision about the application of the International Financial Reporting Standards (IFRS), considering circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	17,952	23,083
Notes receivable - trade	120	380
Accounts receivable - trade	1,323	1,168
Securities	100	-
Finished goods	2	0
Supplies	1	0
Other	611	446
Total current assets	20,112	25,080
Non-current assets		
Property, plant and equipment		
Buildings	228	246
Accumulated depreciation	(142)	(146)
Buildings, net	86	100
Vehicles	25	25
Accumulated depreciation	(15)	(19)
Vehicles, net	10	6
Tools, furniture and fixtures	572	582
Accumulated depreciation	(456)	(450)
Tools, furniture and fixtures, net	116	132
Land	26	26
Construction in progress	-	0
Total property, plant and equipment	238	265
Intangible assets		
Software	1,472	1,912
Other	311	96
Total intangible assets	1,783	2,008
Investments and other assets		
Deferred tax assets	107	141
Other	385	369
Total investments and other assets	492	511
Total non-current assets	2,515	2,784
Total assets	22,627	27,865

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	30	25
Income taxes payable	389	814
Provision for bonuses	148	152
Advances received	4,082	7,800
Other	558	566
Total current liabilities	5,209	9,358
Non-current liabilities		
Asset retirement obligations	49	49
Other	3	3
Total non-current liabilities	52	52
Total liabilities	5,262	9,410
Net assets		
Shareholders' equity		
Share capital	713	713
Capital surplus	955	957
Retained earnings	18,116	20,323
Treasury shares	(2,467)	(3,589)
Total shareholders' equity	17,318	18,405
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	18,454
Total liabilities and net assets	22,627	27,865

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	9,982	10,835
Cost of sales	2,948	3,334
Gross profit	7,033	7,500
Selling, general and administrative expenses	2,474	2,708
Operating profit	4,558	4,791
Non-operating income		
Interest income	1	36
Foreign exchange gains	0	11
Gain on forfeiture of unclaimed dividends	1	1
Gain on sales of supplies	1	-
Miscellaneous income	0	1
Total non-operating income	4	50
Non-operating expenses		
Miscellaneous losses	0	0
Total non-operating expenses	0	0
Ordinary profit	4,562	4,840
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	4,563	4,840
Income taxes - current	1,350	1,447
Income taxes - deferred	29	(34)
Total income taxes	1,380	1,413
Profit	3,183	3,427
Profit attributable to owners of parent	3,183	3,427

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	3,183	3,427
Other comprehensive income		
Foreign currency translation adjustment	(0)	2
Total other comprehensive income	(0)	2
Comprehensive income	3,182	3,429
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,182	3,429

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	713	956	16,029	(1,730)	15,968	18	18	11	15,998
Changes during period									
Dividends of surplus			(1,095)		(1,095)				(1,095)
Profit attributable to owners of parent			3,183		3,183				3,183
Purchase of treasury shares				(744)	(744)				(744)
Restricted stock compensation		(1)		8	6				6
Net changes in items other than shareholders' equity						(0)	(0)	18	17
Total changes during period	-	(1)	2,087	(736)	1,349	(0)	(0)	18	1,367
Balance at end of period	713	955	18,116	(2,467)	17,318	17	17	29	17,365

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	713	955	18,116	(2,467)	17,318	17	17	29	17,365
Changes during period									
Dividends of surplus			(1,220)		(1,220)				(1,220)
Profit attributable to owners of parent			3,427		3,427				3,427
Purchase of treasury shares				(1,133)	(1,133)				(1,133)
Exercise of share acquisition rights		(2)		4	2				2
Restricted stock compensation		4		7	11				11
Net changes in items other than shareholders' equity						2	2	(0)	1
Total changes during period	-	2	2,206	(1,122)	1,086	2	2	(0)	1,088
Balance at end of period	713	957	20,323	(3,589)	18,405	19	19	29	18,454

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	4,563	4,840
Depreciation	916	974
Share-based payment expenses	6	12
Increase (decrease) in provision for bonuses	11	4
Interest income	(1)	(36)
Foreign exchange losses (gains)	(0)	(5)
Gain on reversal of share acquisition rights	(0)	(0)
Loss on retirement of non-current assets	0	0
Loss (gain) on sale of non-current assets	(0)	-
Decrease (increase) in trade receivables	(245)	3,614
Decrease (increase) in inventories	(0)	2
Increase (decrease) in trade payables	(24)	(5)
Increase (decrease) in accounts payable - other	(8)	(7)
Decrease (increase) in other current assets	(38)	(103)
Increase (decrease) in other current liabilities	10	50
Other, net	(94)	45
Subtotal	5,094	9,385
Interest and dividends received	1	37
Income taxes paid	(2,279)	(1,041)
Net cash provided by (used in) operating activities	2,817	8,381
Cash flows from investing activities		
Purchase of property, plant and equipment	(24)	(145)
Proceeds from sale of property, plant and equipment	0	-
Purchase of intangible assets	(1,046)	(1,115)
Proceeds from redemption of securities	-	100
Other, net	(37)	-
Net cash provided by (used in) investing activities	(1,107)	(1,161)
Cash flows from financing activities		
Decrease (increase) in deposits for purchase of treasury shares	(256)	256
Proceeds from disposal of treasury shares	-	1
Purchase of treasury shares	(745)	(1,134)
Dividends paid	(1,094)	(1,219)
Net cash provided by (used in) financing activities	(2,096)	(2,095)
Effect of exchange rate change on cash and cash equivalents	(0)	7
Net increase (decrease) in cash and cash equivalents	(387)	5,131
Cash and cash equivalents at beginning of period	18,339	17,952
Cash and cash equivalents at end of period	17,952	23,083

(5) Notes to consolidated financial statements

(Notes on the premise of a going concern)

There are no applicable matters.

(Segment information, etc.)

Segment information

Previous consolidated fiscal year (from April 1, 2024 to March 31, 2025) and consolidated fiscal year under review (from April 1, 2025 to March 31, 2026)

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

Related information

Fiscal 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product/service

The Group has only one product and service category, and information by product/service is omitted.

2. Information by region

(1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statement of income, and information by region is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

The Group engages in only one segment, the security business.

(Millions of Yen)

Customer name	Net sales
Daiwabo Information System Co., Ltd.	3,074
SB C&S Corp.	1,887

Fiscal 2026 (from April 1, 2025 to March 31, 2026)

1. Information by product/service

The Group has only one product and service category, and information by product/service is omitted.

2. Information by region

(1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statement of income, and information by region is omitted.

(2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

3. Information by major customer

The Group engages in only one segment, the security business.

(Millions of Yen)

Customer name	Net sales
Daiwabo Information System Co., Ltd.	3,618
SB C&S Corp.	1,942

(Related party information)

Transactions with related parties

Transactions between the company submitting consolidated financial statements and related parties

Officers and major individual shareholders of the company submitting consolidated financial statements

Fiscal 2025 (from April 1, 2024 to March 31, 2025)

There are no applicable matters.

Fiscal 2026 (from April 1, 2025 to March 31, 2026)

There are no applicable matters.

(Per share information)

	Fiscal 2025 (from April 1, 2024 to March 31, 2025)	Fiscal 2026 (from April 1, 2025 to March 31, 2026)
Net assets per share	1,274.46 yen	1,370.52 yen
Profit per share	232.79 yen	253.57 yen
Diluted profit per share Profit	228.83 yen	248.17 yen

(Note) Base for calculating profit per share and diluted profit per share

Item	Fiscal 2025 (from April 1, 2024 to March 31, 2025)	Fiscal 2026 (from April 1, 2025 to March 31, 2026)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	3,183	3,427
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	3,183	3,427
Average number of common shares during the term	13,673,529	13,517,919
Diluted profit per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares	236,833	294,342
[Of the increase, the number of share acquisition rights] (shares)]	[236,833]	[294,342]
Outline of potential shares that are not included in the calculation of the diluted profit per share because they do not have any diluting effects	Share acquisition rights Resolution on August 30, 2021 Number of potential shares: 119,000	Share acquisition rights Resolution on August 30, 2021 Number of potential shares: 103,500

(Significant subsequent events)

There are no applicable matters.