

Securities code: 4012
Tokyo Stock Exchange Standard Market

Axis Co., Ltd.

Financial Results for FY12/25 Q2

August 28, 2025

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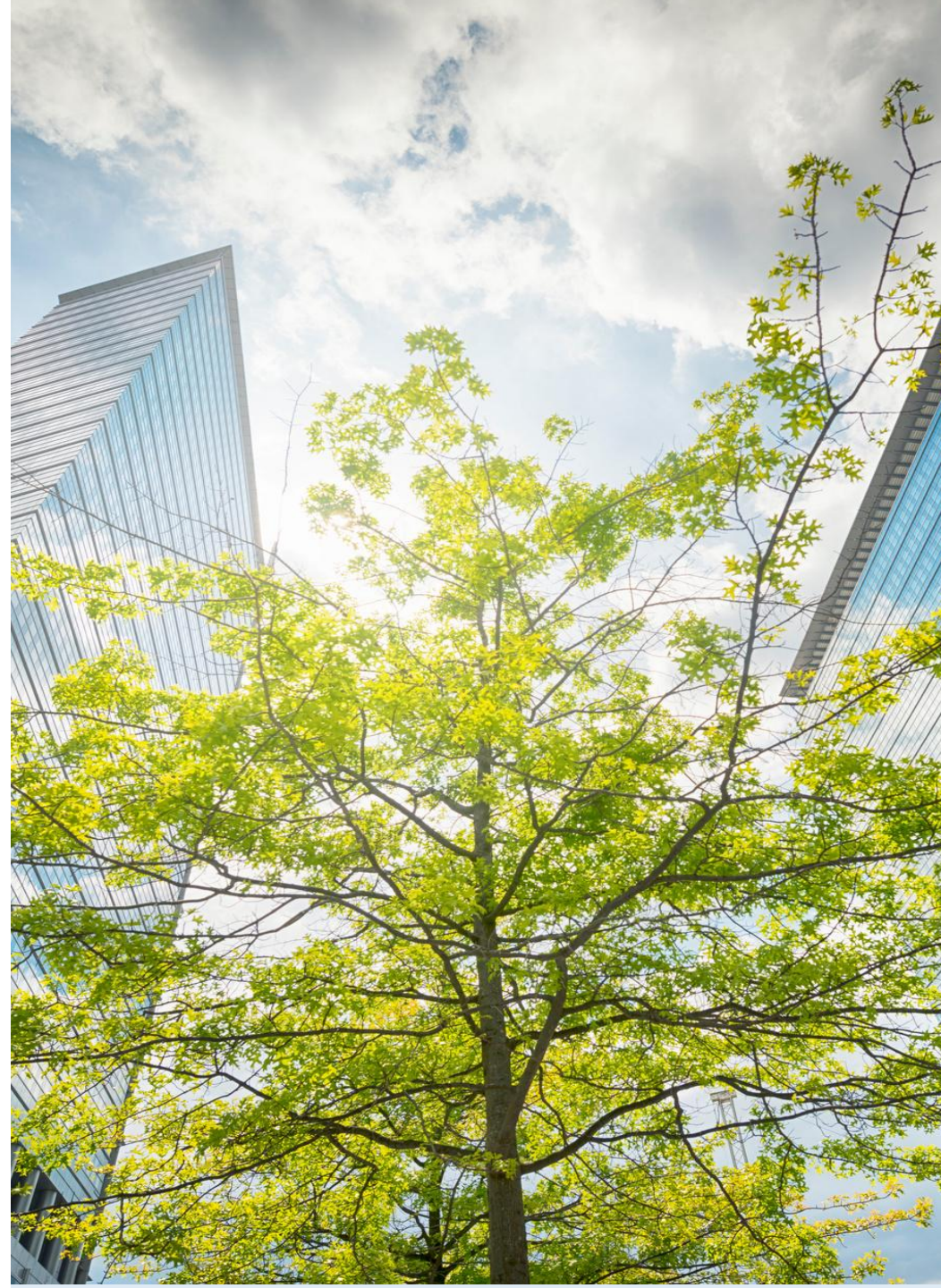


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“AI Communications Insight”**



1


Financial Results for FY12/25 Q2

Financial Summary


Net sales

3,913 million yen 
(+7.2% YoY)

Operating profit

422 million yen 
(+1.7% YoY)

Operating profit margin

10.8% 
(-0.6ppt. YoY)

Key Points

- Net sales increased by 7.2% YoY and operating profit increased by 1.7% YoY showing strong performance. Continued to achieve sales growth for all quarters since listing.
- Operating profit margin was 10.8%, down 0.6ppt. YoY.
- Slight delay in the progress rate against full-year forecast due to failure to receive orders for public and social infrastructure projects, etc.
- Order backlog remained strong aiming for further expansion of projects in the second half.

Progress Rate against Full-year Forecast



Summary of the Profit-and-Loss Statement

Slight rebound from the same period of the previous year due to the impact of significant upswing factors in the same period a year ago.

Point 1

- Net sales increased by 7.2% YoY showing strong performance.

Point 2

- Interim net profit increased by 3.1% and earnings per share increased by 2.0%.

Point 3

- Slight decreases in gross profit margin and operating profit margin due to rebound in the same period of the previous year.

(Million yen)	FY12/24 Q2	FY12/25 Q2	YoY		Progress rate against full- year forecast
			Change	Pct. change	
Net sales	3,649	3,913	+263	Point 1 7.2%	45.5%
Gross profit	956	1,005	+49	5.2%	42.8%
Operating profit	415	422	+7	1.7%	45.9%
Ordinary profit	427	436	+8	2.0%	46.7%
Interim net profit	274	282	+8	Point 2 3.1%	44.5%
Earnings per share (yen)	65.38	66.68	+1.30	2.0%	
Gross profit margin	26.2%	25.7%	Point 3 -0.5ppt.		
Operating profit margin	11.4%	10.8%	-0.6ppt.		
Ordinary profit margin	11.7%	11.1%	-0.6ppt.		

Analysis of Factors Behind Changes in Operating Profit

Point 1

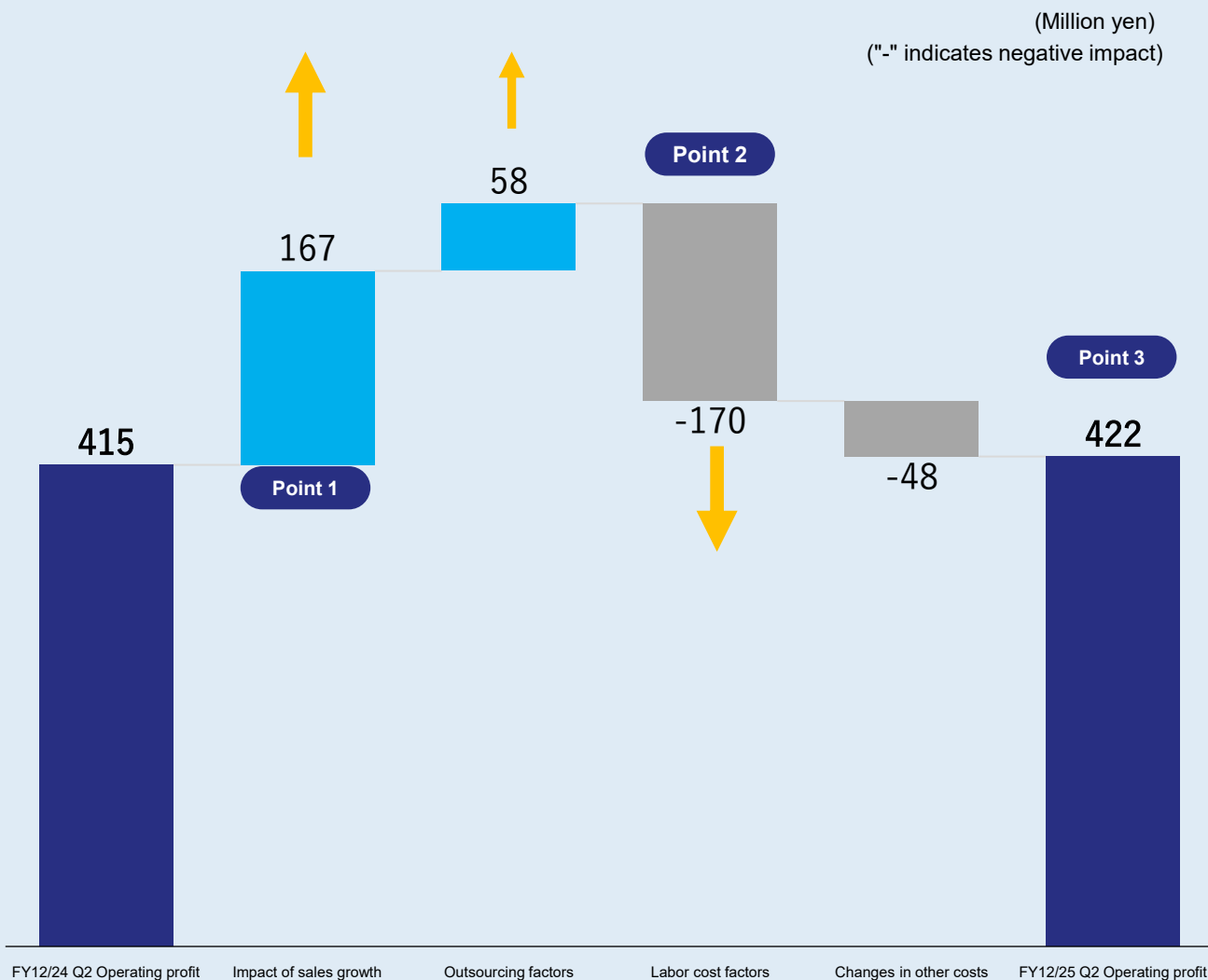
- Increase in net sales led to sales growth of 167 million yen YoY.

Point 2

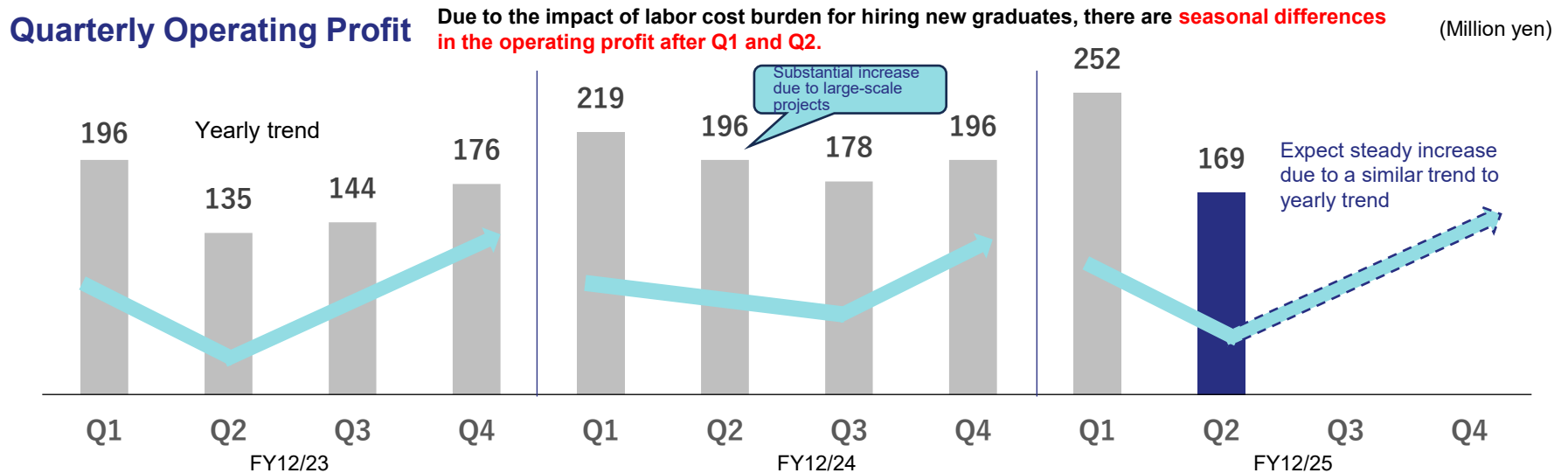
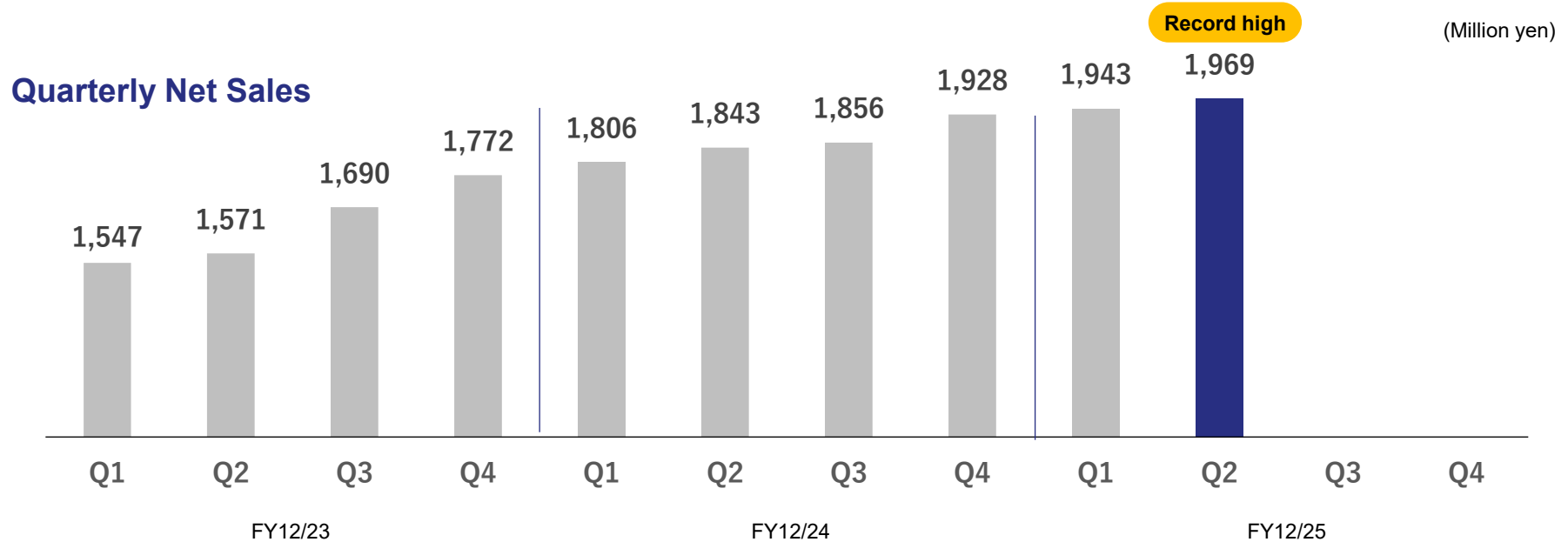
- Personnel expenses increased by 170 million yen due to the recruitment of engineers and high-level human resources, resulting in a negative impact on profit.

Point 3

- Increase in profit due to the impact of sales growth and outsourcing factors absorbed increases in costs including labor costs.



Trends in Quarterly Performance



(Million yen)

	FY12/24 Q2	FY12/25 Q2	YoY	
			Change	Pct. change

Point 1

- System Services business showed strong performance. IT Services business remained the same level as in the same period a year ago.

Net Sales by Business

Point 1

System Services business (SS)	3,443	3,707	+263	7.7%
IT Services business (IT)	206	206	+0	0.1%
Total (net sales)	3,649	3,913	+263	7.2%

Point 2

- Order backlog increased steadily compared with the same period a year ago.
- The number of “KITARO” subscriptions steadily increased by more than 500 units from the same period a year ago.

Major KPIs

Point 2

SS	Order backlog (million yen)	1,742	1,831	+89	5.1%
SS	Net sales per employee (thousand yen)	7,584	7,312	-272	-3.6%
IT	No. of “KITARO” subscriptions (units)	8,743	9,250	+507	5.8%

Operating Results by Business System Services Business

Point 1

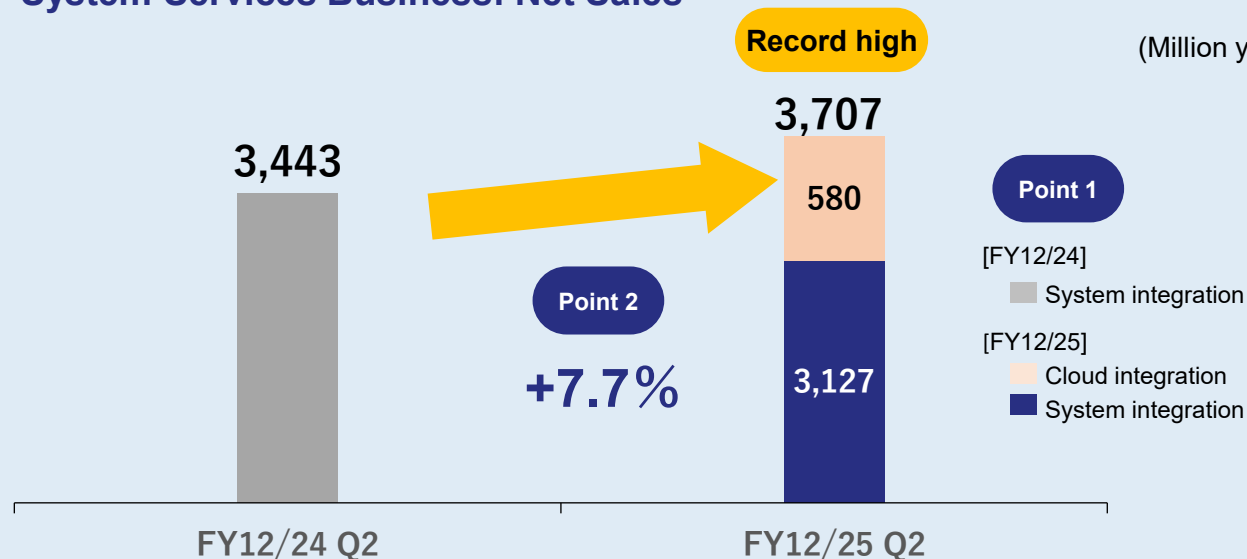
- Net sales expanded due to accumulation of orders for new projects despite the rebound from favorable orders for large-scale projects in the same period a year ago.

Point 2

- Steady progress in order backlog due to new contracts and renewal of contracts although it is impacted by a failure to receive orders for public and social infrastructure projects.

System Services Business: Net Sales

(Million yen)



Quarterly Trends in Order Backlog

(Million yen)



Operating Results by Business System Services Business

Point 1

- Net sales per employee decreased slightly as a result of increase in engineers in charge of in-house development due to departmental organization at the beginning of the period.

Point 2

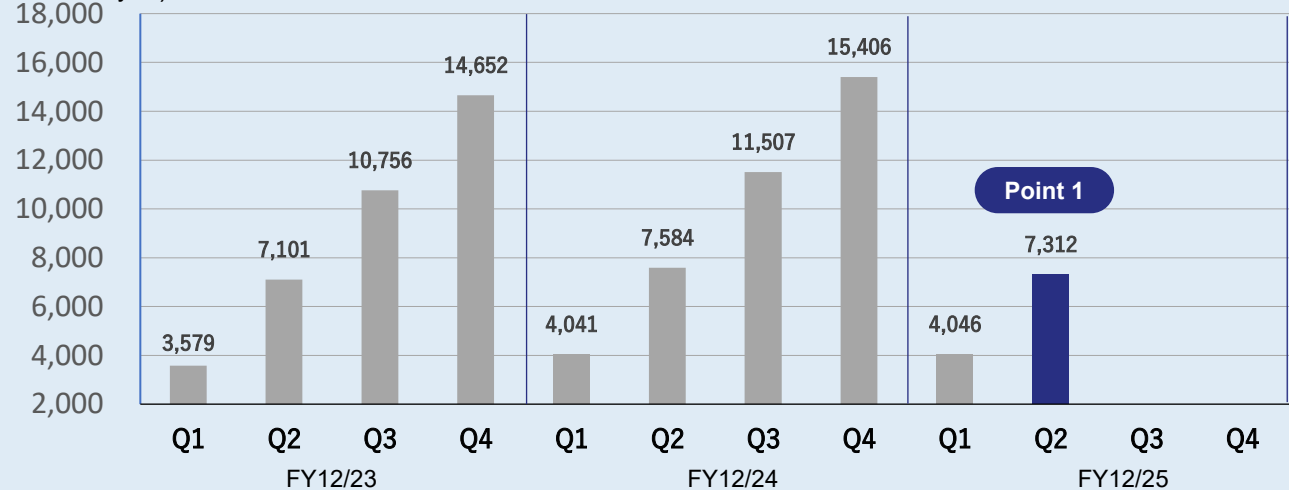
- Net sales by industry continued to steadily increase by 3.3% YoY in the bank sector.

Point 3

- Net sales for public and social infrastructures decreased by 4.2% YoY due mainly to the continued downsizing of aviation-related projects from the previous period but did well in receiving orders in the information and telecommunications sector resulting in 19.6% increase YoY.

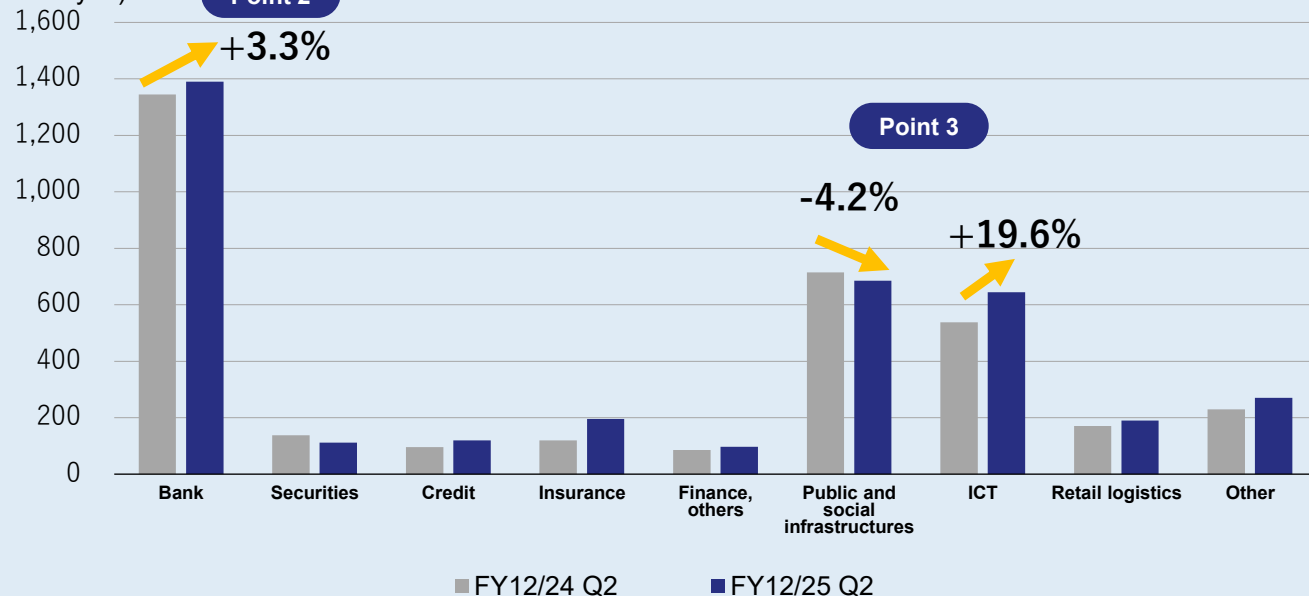
Net Sales per Employee

(Thousand yen)



Net Sales by Industry

(Million yen)



Operating Results by Business

IT Services Business

Point 1

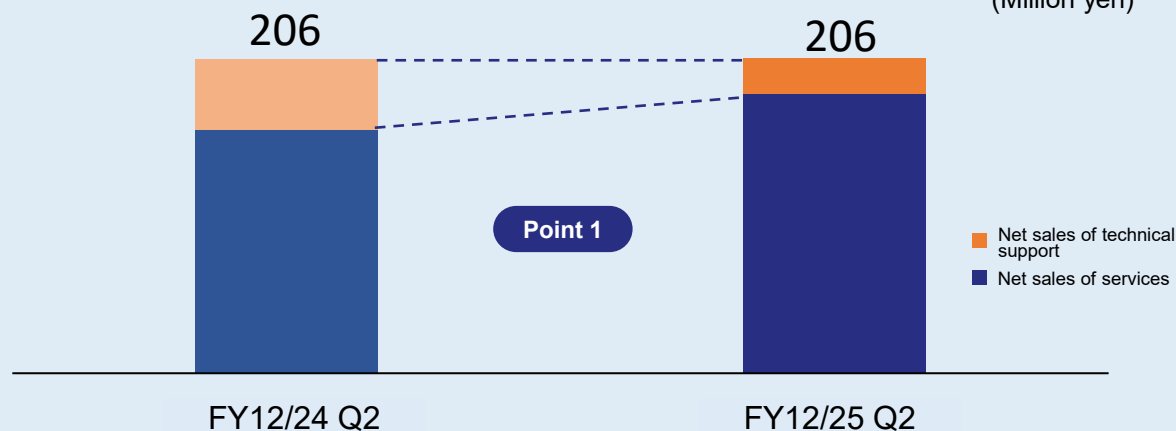
- While the number of the cloud service “KITARO” subscriptions increased steadily, development and delivery of initial contracts regarding technical support for other companies’ services were completed. As a result, net sales decreased from the same period of the previous year. The entire IT Services business remained flat.

Point 2

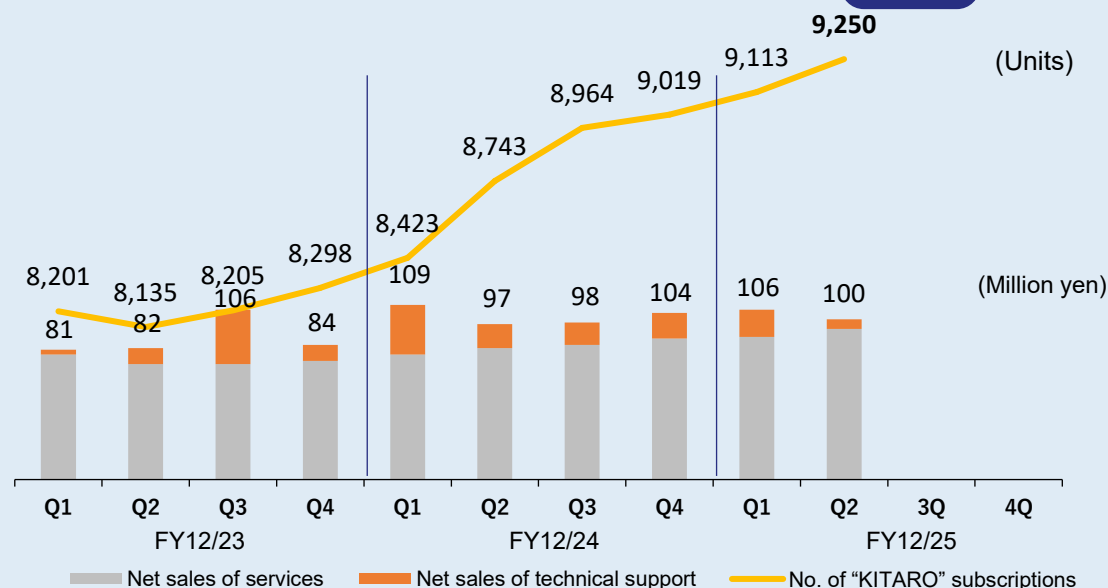
- The number of the cloud service “KITARO” subscriptions steadily increased to 9,250 units at the end of FY12/25 Q2
- Business negotiations for several large projects are underway but obtaining contracts are behind schedule.

IT Services Business: Net Sales





(Million yen)

Trends in Quarterly Net Sales/
No. of “KITARO” Subscriptions (Units)





Point 2



Progress toward Achieving FY2025 Plan: System Services Business

Priority Measures		Progress in Q2	
Shift to IT Consulting Services	<ul style="list-style-type: none"> ✓ Collaborate with consulting firms, etc. to gain expertise in consulting services. ✓ Expand orders for consulting and upstream SI processes by reskilling existing personnel and recruiting highly skilled professionals. 		<p>Following Q1, the Company is continuing to seek out collaborative projects with consulting firms. In Q2, the Company has received orders for collaborative projects related to streamlining operations, while continuing to expand services that can be collaborated.</p> <p>In addition, based on the annual plan, the Company is systematically promoting the acquisition of consulting-related qualifications.</p>
Expansion into High-Growth Areas	<ul style="list-style-type: none"> ✓ Expand System Integration (SI) services based on platforms such as Salesforce. ✓ Actively conduct research and development on generative AI and promote AI applications in the System Services business. 		<p>Orders for projects using Salesforce and other platforms are progressing as planned, and the Company is promoting sales activities to further acquire projects and training experts. The Company is promoting the creation of synergies with existing businesses and the utilization of new services through software that utilizes AI techniques developed by Jetrunk Technologies Inc.</p>
Growth in Existing Areas	<ul style="list-style-type: none"> ✓ Increase direct orders from end-users and shift toward high-profit customers to improve profit margins. ✓ Enhance management capabilities and expand workforce capacity to handle larger-scale projects. 		<p>While the order volume is small, orders for projects for end users, mainly in the non-financial field are expanding. In addition to continuing to strengthen sales activities from Q3 onward, proceed with planned measures to increase the size of orders.</p>
Expansion of Cloud Business	<ul style="list-style-type: none"> ✓ Promote the Cloud business including cloud-native development and cloud infrastructure construction. ✓ Focus on securing comprehensive outsourcing contracts for cloud operations and maintenance. ✓ Expand into new areas such as network infrastructure construction, which the Company has not previously engaged in. 		<p>Following Q1, the Company is promoting sales activities such as building relationships with cloud providers and collaborating with major SIs. In the networking field, the Company is continuing to strengthen its sales activities to develop projects, and it is preparing a structure to expand orders from Q3 onward.</p>

Progress toward Achieving FY2025 Plan: IT Services Business

Priority Measures		Progress in Q2	
KITARO Service	<ul style="list-style-type: none"> ✓ Actively utilize digital marketing to enhance brand awareness of KITARO services. ✓ Promote service usage among existing customers to prevent early cancellations. ✓ Strengthen sales efforts toward major customers to further increase contract volume. ✓ Target figures: 10,000 subscriptions by the end of FY12/25. 		<p>Acquisition of new contracts through the implementation of measures to raise awareness progressed as planned, and as of Q2, the Company achieved approximately 9,200 units. Continue to strengthen sales efforts toward major customers.</p>
Service Development Support	<ul style="list-style-type: none"> ✓ Expand support for customer service development by leveraging KITARO service technology. 		<p>Completed the development and delivery of technical support for the services of other companies for the initial contract. Orders for additional development projects were expected but results fell sharply from the same period a year ago due to project contraction. Organizational changes to acquire projects in the second half. The Company will continue to focus on sales activities to acquire new projects from Q3 onward aiming to increase earnings.</p>
Provision of New Services	<ul style="list-style-type: none"> ✓ Actively develop new services based on expertise in location-based services. 		<p>Developments toward the planning and releases of new services are progressing as scheduled. Plan to release new services in the second half.</p>
DX Consulting	<ul style="list-style-type: none"> ✓ Collaborate with regional financial institutions to actively promote DX consulting sales aiming to secure digital transformation support projects that enhance productivity and profitability for small and mid-sized companies. ✓ Promote Business Process Outsourcing (BPO) of the IT department and small-scale development project contracts alongside the provision of "Marutto Axis"* service. 		<p>Following Q1, the Company is actively promoting sales activities such as businesses to promote DX of local governments and collaborations with regional financial institutions. With the acquisition of "Marutto Axis" project, acquisition of the Business Process Outsourcing (BPO) project of the IT department within the Company are underway.</p>

*"Marutto Axis" is a DX support service designed to help small and mid-sized companies solve various business challenges at a low fixed monthly cost.

Balance Sheet

Point 1

- We plan to strategically use abundant cash and deposits for growth investment which contributes to the improvement of sustainable corporate value such as execution of M&As, development of AI-related and other new services, and acquisition and fostering of superior human resources who support business expansion.
- In particular, we are focusing on M&As, and are examining projects that are expected to generate synergies with existing businesses.

Point 2

- Net assets increased steadily driven by profit growth.

Point 3

- Capital-to-asset ratio rose by 1.2 ppt. to 75.9% maintaining a high-level of financial stability.

Major Figures in B/S

(Million yen)

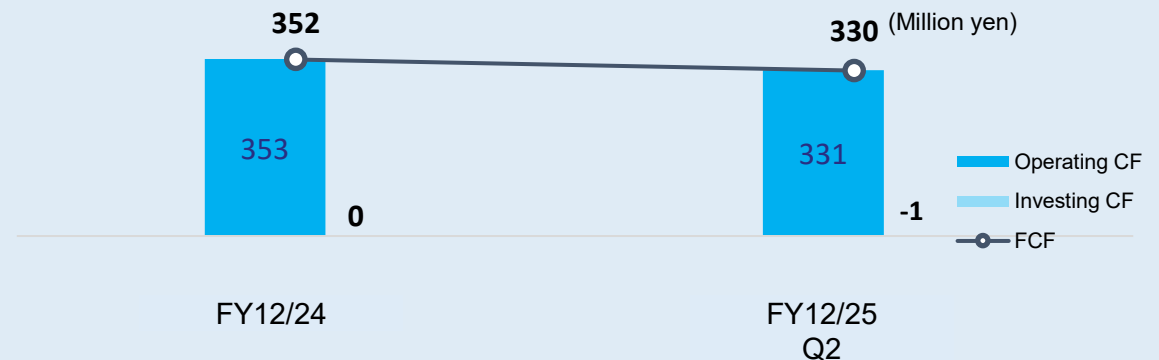
	FY12/24 end of Dec.	FY12/25 end of Jun.	Change from previous fiscal year end
Current assets	4,225	4,357	+131
Cash and deposits	3,023	3,198	+175
Accounts receivable and contract assets	1069	991	-77
Inventory assets	58	63	+4
Non-current assets	546	531	-15
Goodwill	185	170	-14
Total assets	4,772	4,889	+116
Liabilities	1208	1,180	-28
Accounts payable	294	277	-16
Interest-bearing liabilities	—	—	—
Provision for retirement benefits	296	318	+21
Net assets	3,563	3,709	+145
Total liabilities and net assets	4,772	4,889	+116
Capital-to-asset ratio	74.7%	75.9%	+1.2ppt.

Point 1

Point 2

Point 3

Major Cash Flows



2

Topics

45 New employees joined the Company in FY12/25

Total of 45 new employees including 33 employees at the head office and 12 employees at local offices joined the Company on April 1, 2025.



Our Company continues to employ new graduates every year and we plan to employ about 50 new graduates in the next fiscal year.

Raised the base salary of our employees

In addition to the regular salary revision implemented every April, our Company raised the monthly base salary of our employees by a flat **10,000 yen**.



Summary of Increase in Employees' Base Salary

Detail: Raise the monthly base salary by a flat **10,000 yen**
Rate of increase in salary : About **6%**
(Our Company's total amount including revised FY12/25 regular salary)
Period : From April 2025 payment

High resource price worldwide and rising prices of necessities due to the impact of exchange are affecting the lives of our employees. We will protect the lives of our employees and immediately improve employment situation so that they can work free from anxiety. In addition, we will improve the competitiveness of our Company by improving our employees' motivations.

This matter has been factored into the annual plan and will not have any impact on the forecast of operating results.

Supporting the activities of Sports Hinomaru Kids since 2014

In June 2025, we sponsored the 14th Hinomaru Kids Tohoku Elementary School Students Judo Tournament. At the Judo Tournament, we presented sports towels to the volunteer staff who supported the tournament as the Axis Award.



Photo provided by Sports Hinomaru Kids Association

We support Sports Hinomaru Kids's activities to deepen the bond between parents and children, and have been a co-sponsor since 2014. We will continue to work for a society in which children can enjoy a bright life.

Our President Mr. Ogura, appeared as a guest on Radio NIKKEI's program "Kono Kigyo ni Chumoku! So-ba no Fukunokami"

Our President Mr. Ogura, appeared as a guest on Radio NIKKEI's program "Kono Kigyo ni Chumoku! So-ba no Fukunokami" talking with the analyst Nobuyuki Fujimoto, known as "the God of Good Fortune in the Market."



■ Introduction website

<https://www.radionikkei.jp/fukunokami/20250701.html>

Certified as the Saitama DX Promotion Support Network “Saitama DX Gold Partner 2025”

Certified and registered as the “Saitama DX Gold Partner” of the Saitama DX Promotion Support Network which the Saitama Industrial Promotion Public Corporation promotes DX of companies in Saitama.



This system scores the number of proposals, business negotiations and contracts, and the Company with the highest total score is certified. Axis scored the highest score out of about 350 partners, and was **ranked first among the eight companies certified annually.**

We will continue to deepen our cooperation with the Saitama DX Promotion Support Network to support the promotion of DX by companies.

■ Saitama DX Promotion Support Network
<https://www.saitamadx.com/>

New functions released for "KITARO x DoraReco" - Adding a function to acquire videos at arbitrary timing -

In addition to the conventional auto-recording of dangerous driving, KITARO x DoraReco (Dynabook product) has added an "optional video capture function" that allows users to capture video at any time in response to customer feedback.



As a Company providing services related to the management of automobile operations, we will continue to expand our functions and upgrade our services to contribute to the realization of a safer and more secure mobility society.

■ Notice of New Functions released for "KITARO x DoraReco"
<https://www.axis-net.co.jp/ir-news>

Topics – 4

Change in Dividend Policy (Introduction of Progressive Dividends)

We have continued to increase dividends, but we have decided to introduce progressive dividends to clarify our continuous proactive shareholder returns without being affected by temporary changes in operating results. (Note)

Dividend policy

Before change :

Plan to raise about 5% in stages every fiscal year so that the dividend payout ratio for FY12/26 will be more than 35%.

After change :

Our basic policy is to continue to pay progressive dividends and raise about 5% in stages every fiscal year so that the dividend payout ratio for FY12/26 will be more than 35%.

We will continue our efforts to achieve sustainable growth, increase corporate value, and increase shareholder value by investing management resources in business fields with growth potential from a medium-to long-term perspective.

(Note) Dividend policy of maintaining or increasing dividends without reducing dividends in principle.

3

Full-year Business Forecasts for FY12/25

(No Changes from the Initial Forecasts)

Summary of Full-year Business Forecasts for FY12/25

Net sales

8,593 million yen 
(+15.6% YoY)

Operating profit

919 million yen 
(+16.3% YoY)

Operating profit margin

10.7% 
(+0.1ppt. YoY)

Dividend (forecast)

45 yen per share
(Dividend payout ratio: **30.2%**)

Performance

- **15.6%** YoY sales growth and **16.3%** YoY operating profit growth, marking the sixth consecutive year of sales and profit growth, with expectations to achieve a new record high.
- While investing in human resources for growth, we aim to strengthen profitability by shifting to high-growth sectors. However, due to upfront investments in human resources and other areas, the operating profit margin for FY12/25 is expected to remain at **10.7%**, the same level as in FY12/24.

Dividend

- We plan to achieve the dividend payout ratio of 35% or higher as scheduled in the medium-term management plan, one year ahead of schedule, and it is projected at **30.2%**, with a **9-yen** increase in dividends per share to **45 yen** in FY12/25.

Full-year Business Forecasts

Point 1

- Expecting continued strong corporate IT investments including DX.
- Sales in the System Services business is expected to grow by 13.6%, while the IT Services business is projected to increase by 49.6%.

Point 2

- The operating profit margin is expected to see a slight increase, as the shift toward project-based pricing and high-margin projects raises the gross profit margin, despite upfront investments in human resources and other areas.

(Million yen)

	FY12/24	FY12/25 Full-year forecasts	YoY	
			Change	Pct. change
Net sales	7,434	8,593	+1159	15.6%
System Services business (SS)*1	7,025	7,980	+955	13.6%
System Integration (SI)	-	6,662	-	-
Cloud Integration (CI)	-	1,317	-	-
IT Services business (IT)	409	612	+203	49.6%
Gross profit	1,848	2,352	+504	27.3%
Operating profit	790	919	+129	16.3%
Ordinary profit	848	935	+87	10.3%
Net profit	597	636	+39	6.5%
Earnings per share (yen)	141.84	148.99	+7.15	5.0%
Point 2				
Gross profit margin	24.9%	27.1%		+2.2ppt.
Operating profit margin	10.6%	10.7%		+0.1ppt.
Ordinary profit margin	11.4%	10.9%		-0.5ppt.

Assumptions for the business forecasts

SI	No. of projects (projects)	303	330	+27	8.9%
SI	Avg. net sales of projects (thousand yen)	23,185	24,166	+981	4.2%
SI	Net sales per employee (thousand yen)	15,406	15,760	+354	2.3%
IT	No. of KITARO subscriptions (units)	9,019	10,000	+981	10.8%

*1) From FY12/25, the System Integration business has been renamed to System Services business in response to organizational restructuring associated with service expansion. The System Services business consists of: System Integration which provides IT consulting and business application development, etc., and Cloud Integration which provides cloud business and network-related services.

Priority Measures in the FY12/25 Business Plan

System Services Business

Priority Measures

System Integration

[Shift to IT Consulting Services]

- ✓ Collaborate with consulting firms to gain expertise in consulting services.
- ✓ Expand orders for consulting and upstream SI processes by reskilling existing personnel and recruiting highly skilled professionals.

[Expansion into High-Growth Areas]

- ✓ Expand System Integration (SI) services based on platforms such as Salesforce.
- ✓ Actively conduct research and development on generative AI and promote AI applications in the System Services Business.

[Growth in Existing Areas]

- ✓ Increase direct orders from end-users and shift toward high-profit customers to improve profit margins.
- ✓ Enhance management capabilities and expand workforce capacity to handle larger-scale projects.
- ✓ Target Figures: Average project sales: 24 million yen

Partner ratio: Over 50% by the end of FY12/25

Cloud Integration

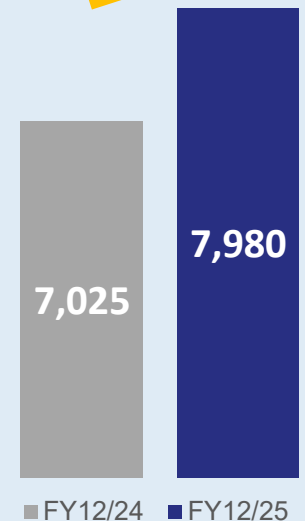
[Expansion of Cloud Business]

- ✓ Promote the Cloud business, with cloud-native development and cloud infrastructure construction.
- ✓ Focus on securing comprehensive outsourcing contracts for cloud operations and maintenance.
- ✓ Expand into new areas such as network infrastructure construction, which the Company has not previously engaged in.

Net sales in the System Services Business

+13.6%

(Million yen)



Priority Measures in the FY12/25 Business Plan

IT Services Business

Priority Measures

[KITARO Services]

- ✓ Actively utilize digital marketing to enhance brand awareness of KITARO services.
- ✓ Promote service usage among existing customers to prevent early cancellations.
- ✓ Strengthen sales efforts toward large-scale customers to further increase contract volume.
- ✓ Target Figures: 10,000 subscriptions by the end of FY12/25.

[Service Development Support]

- ✓ Expand support for customer service development by leveraging KITARO service technology.

[New Service Offerings]

- ✓ Actively develop new services based on expertise in location-based services.

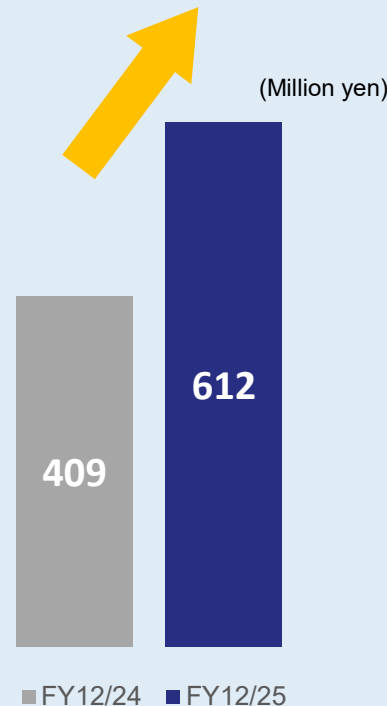
[DX Consulting]

- ✓ Collaborate with regional financial institutions to actively promote DX consulting sales, aiming to secure digital transformation support projects that enhance productivity and profitability for small and mid-sized companies.
- ✓ Promote IT department BPO (Business Process Outsourcing) services and small-scale development project contracts alongside the "Marutto Axis"* service.

*"Marutto Axis" is a DX support service designed to help small and mid-sized companies solve various business challenges at a low fixed monthly cost.

Net sales in the IT Services Business

+49.6%



Shareholder Return

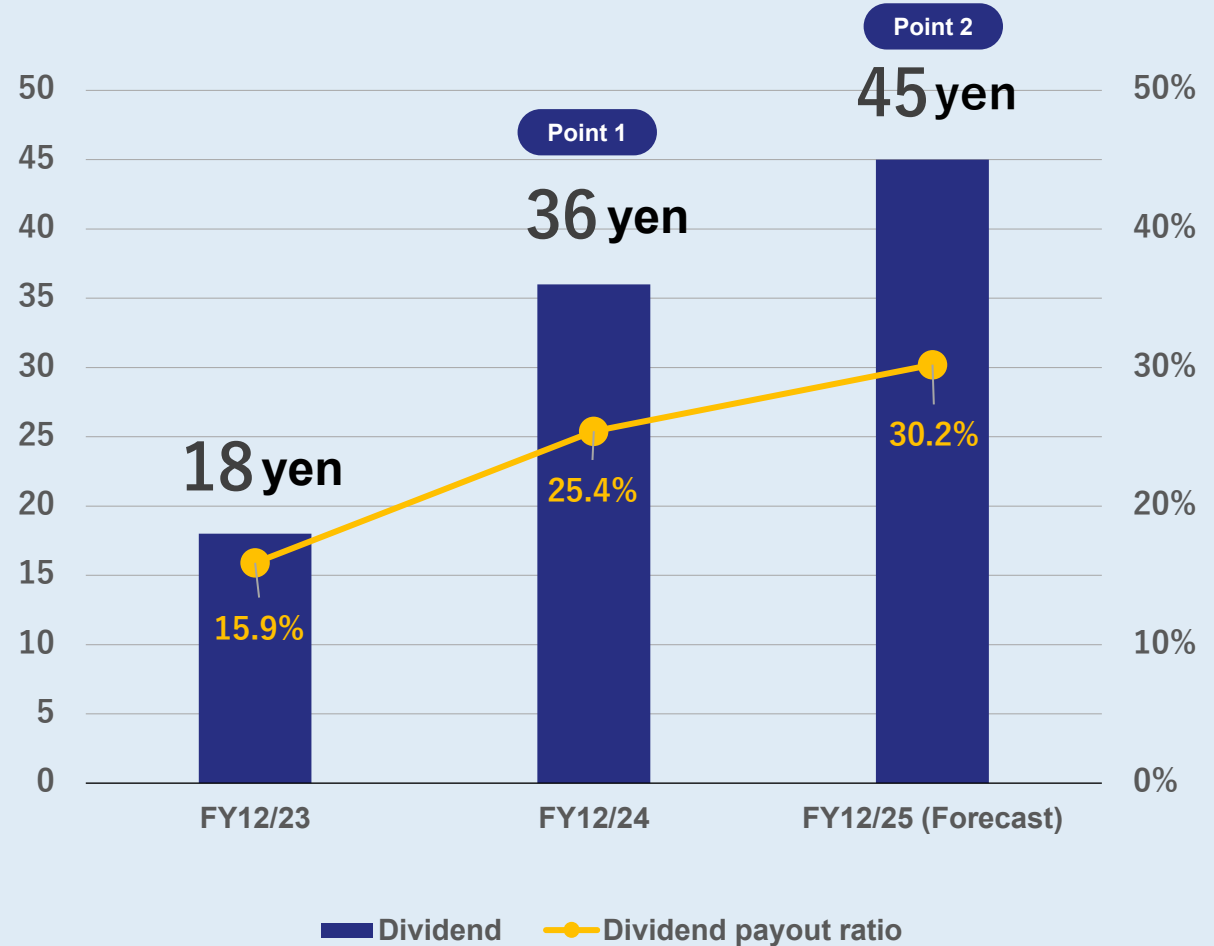
Point 1

- As for the dividend payout ratio for FY12/24, we achieved its medium-term target of 35% or more one year ahead of schedule, increasing the ratio by approximately **10 percentage points** YoY.

Point 2

- For FY12/25, the dividend payout ratio is projected at **30.2%**, with an expected 9-yen increase in dividends per share to 45 yen.
- We have changed our dividend policy and introduced progressive dividends to continue to return our profits to shareholders without being affected by temporary changes in operating results.

Annual dividend increased by
9 yen per share to a total of 45 yen





Development of AI Services through “AI Communications Insight”

Development of AI Services through “AI Communications Insight”

Signing of Exclusive License Agreement for “AI Communications Insight” Software -

Background of Conclusion of Agreement

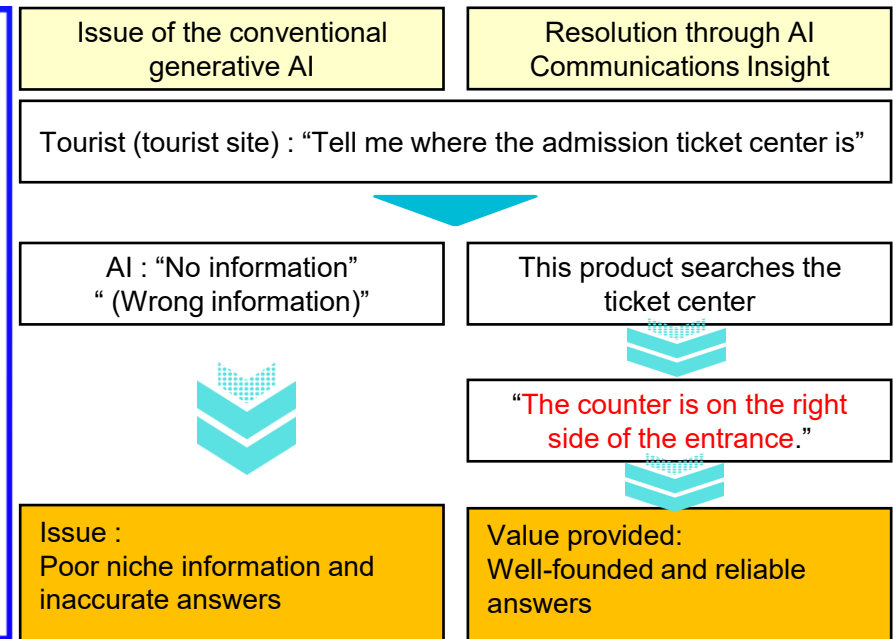
By **leveraging RAG*1**, we will provide a variety of AI services using "**AI Communications Insight**" which provide up-to-date information through **LLM*2** and accurate and highly reliable answers as a platform.

Summary of the Software (Features)

Name : AI Communications Insight

Features :

- ❑ Improve accuracy and reliability by combining our “**Natural Language Processing Technology (TrueText)**” and the latest AI technology “**RAG**.”
- ❑ Accurately understand the ambiguous question intentions of users and extract accurate answers from information within the Company.
- ❑ Supports API integration and multilingual processing to ensure availability and foreign language support.



Use cases for “AI Communications Insight”

- AI information services at train stations, hospitals and other facilities, as well as at tourist sites (available in foreign languages)
- Respond to inquiries about internal regulations and operational manuals
- Support for operators at call-centers (advanced FAQ search)

*1 RAG is a technique for retrieving external knowledge-bases and providing reinforcement information to the generated model. It realizes high-precision answers.

*2 Abbreviation of Large Language Model. It is a model which AI can learn a large amount of textual data and understand and generate human language.

This material is intended to provide information on our business performance and management strategy, and we do not solicit the purchase or sale of our shares.

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