



Q2 FY12/26

Financial Results



Contribute to Society Digitally

August 26, 2026

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APPENDIX: AI Development Initiatives



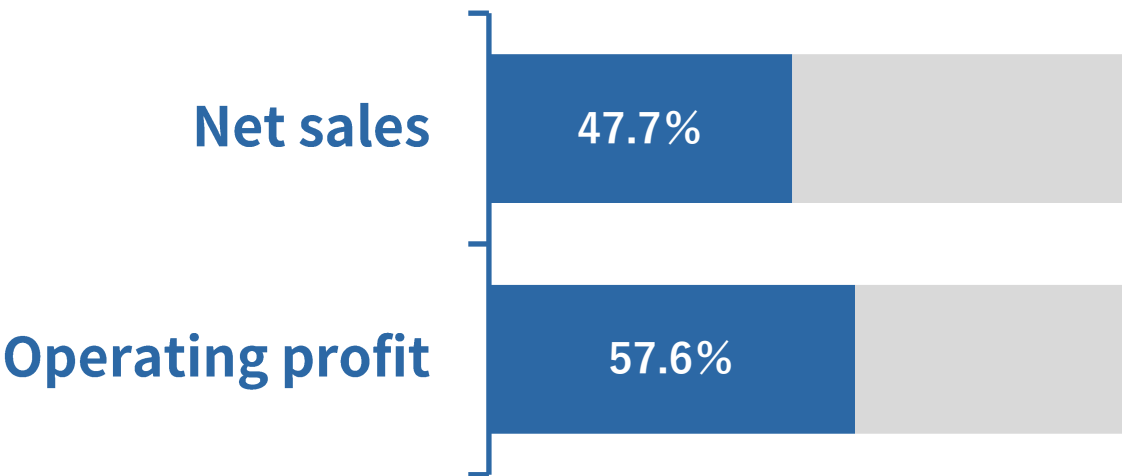
01

Q2 FY12/26

Financial Results

Net sales	Operating profit	Operating profit margin
4,505 million yen	575 million yen	12.8 %
YoY +15.1%	YoY +36.4%	YoY +2.0ppt.

Progress toward Full-Year Forecast



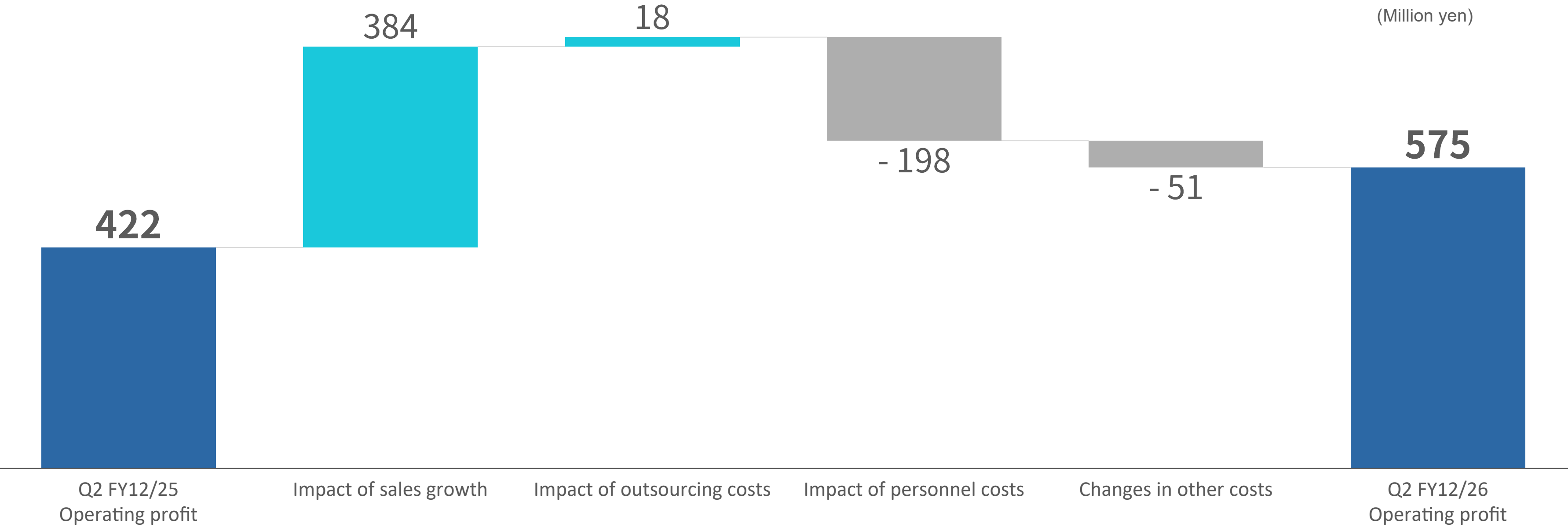
Key Points

- Net sales **increased by 15.1% YoY** and operating profit also steadily **increased by 36.4% YoY**, driven by steady accumulation of projects in the public and social infrastructure fields, a key focus area. We have achieved continuous YoY net sales growth in every quarter since our listing.
- The operating profit margin remained strong at **12.8%**. Progress is being made in both securing large-scale projects and improving profitability.
- Progress toward the full-year forecast remains strong.

- Net sales significantly increased by 15.1% YoY owing to accumulation of projects in the three core industries of the System Services Business.
- Both the gross profit margin and operating profit margin improved, as we promoted expansion into high-value-added areas.
- Progress toward Full-Year Forecast remains strong.

(Million yen)	Q2 FY12/25	Q2 FY12/26	YoY		Progress toward Full-Year Forecast
			Change	Pct. change	
Net sales	3,913	4,505	+591	15.1%	47.7%
Gross profit	1,005	1,226	+220	21.9%	51.5%
Operating profit	422	575	+153	36.4%	57.6%
Ordinary profit	436	582	+146	33.6%	58.0%
Profit	282	376	+93	32.9%	53.7%
Earnings per share (yen)	66.68	87.66	+20.97	31.5%	
Gross profit margin	25.7%	27.2%		+1.5p	
Operating profit margin	10.8%	12.8%		+2.0p	
Ordinary profit margin	11.1%	12.9%		+1.8p	

Factors Affecting Operating Profit (- indicates a negative impact)

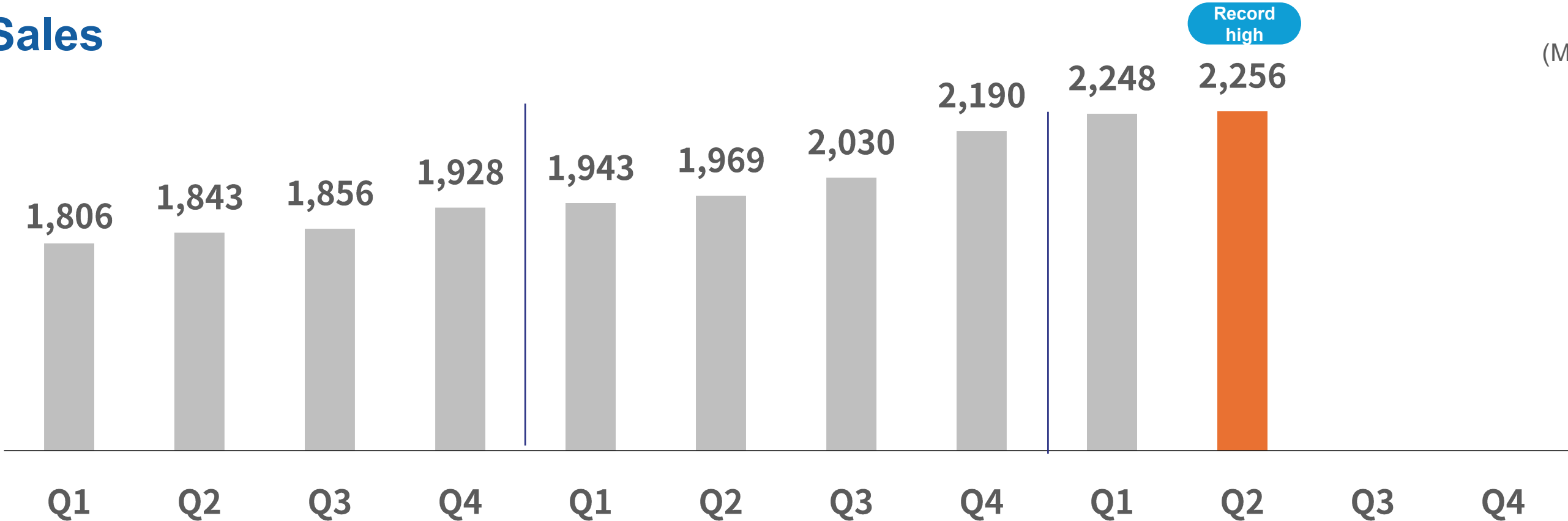


- [+384 million yen] Higher unit prices reflecting increased orders and expansion into high-value-added areas
- [+18 million yen] Efficient utilization of business partners had a positive impact on outsourcing costs.
- [-198 million yen] An increase in the number of engineers had a negative impact on personnel expenses.
- The positive impact of higher net sales and outsourcing factors more than offset increases in personnel expenses and other costs.



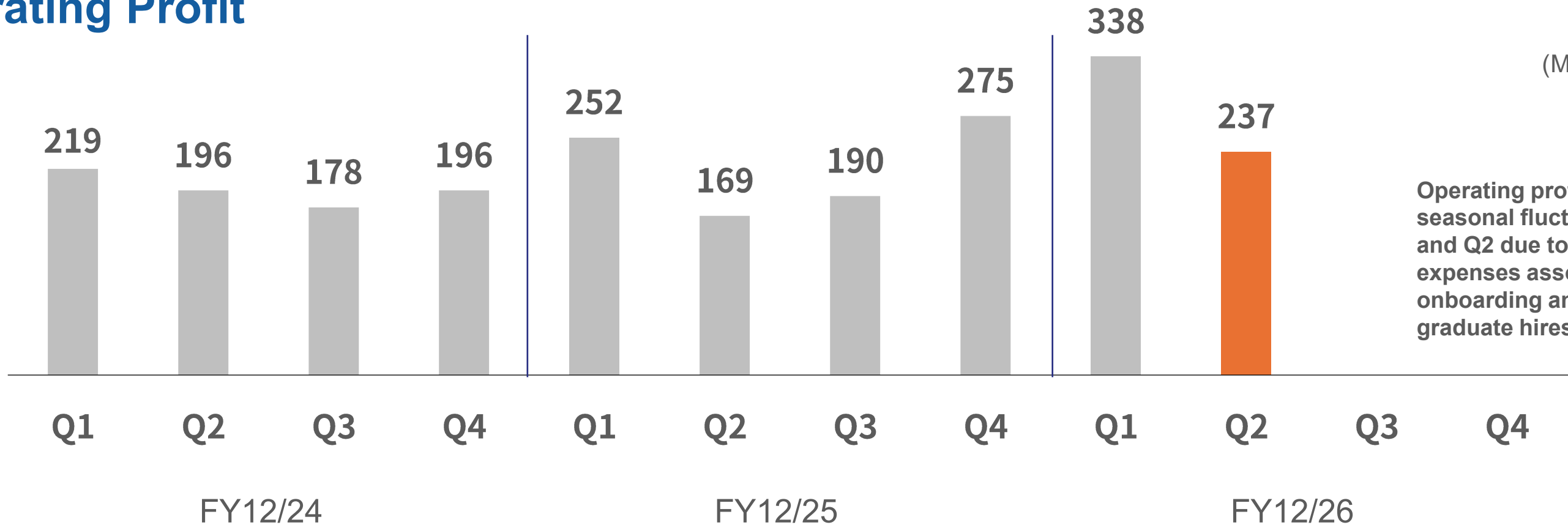
Quarterly Net Sales

(Million yen)



Quarterly Operating Profit

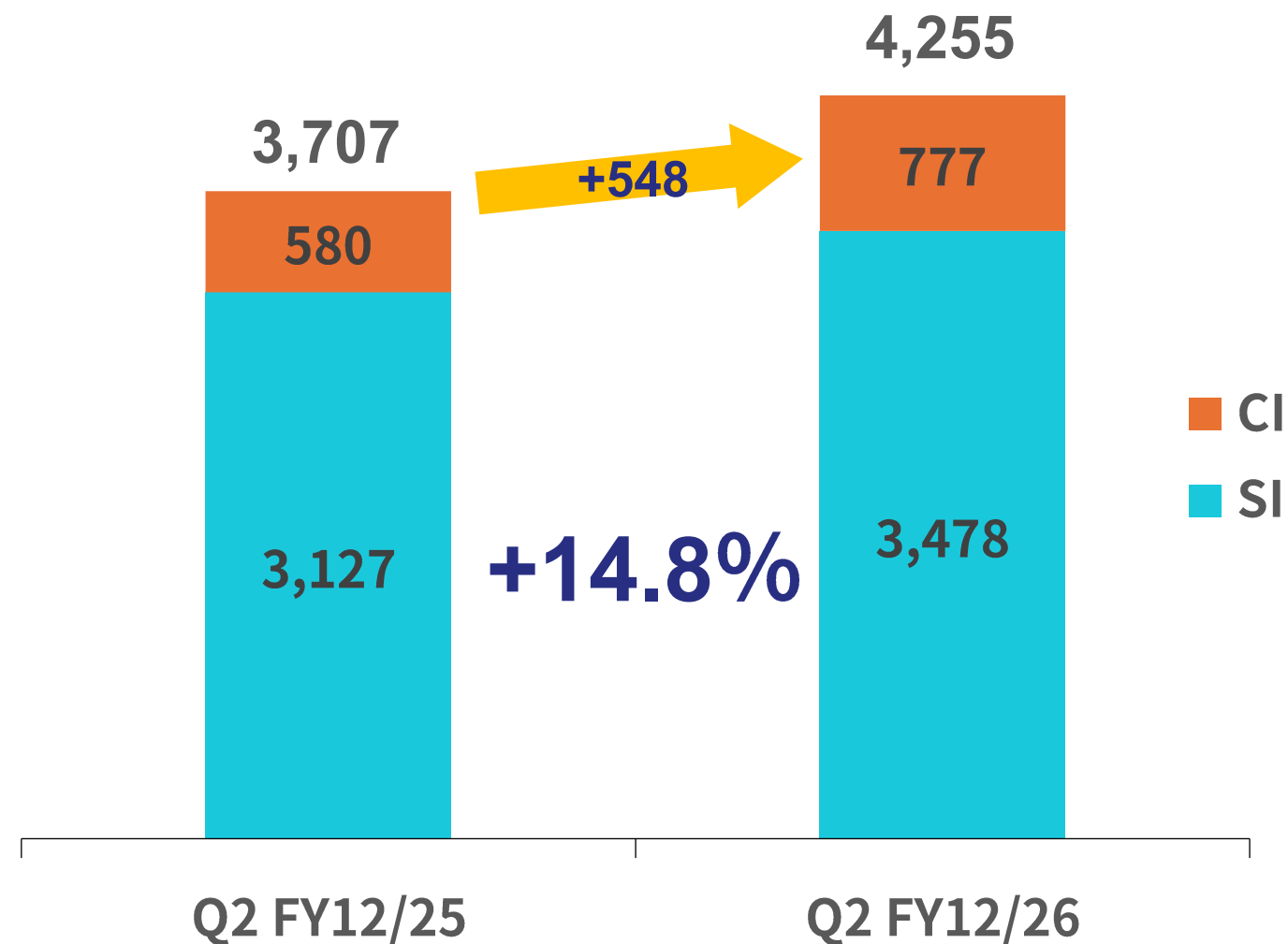
(Million yen)



Operating profit is subject to seasonal fluctuations between Q1 and Q2 due to higher personnel expenses associated with the onboarding and training of new graduate hires.

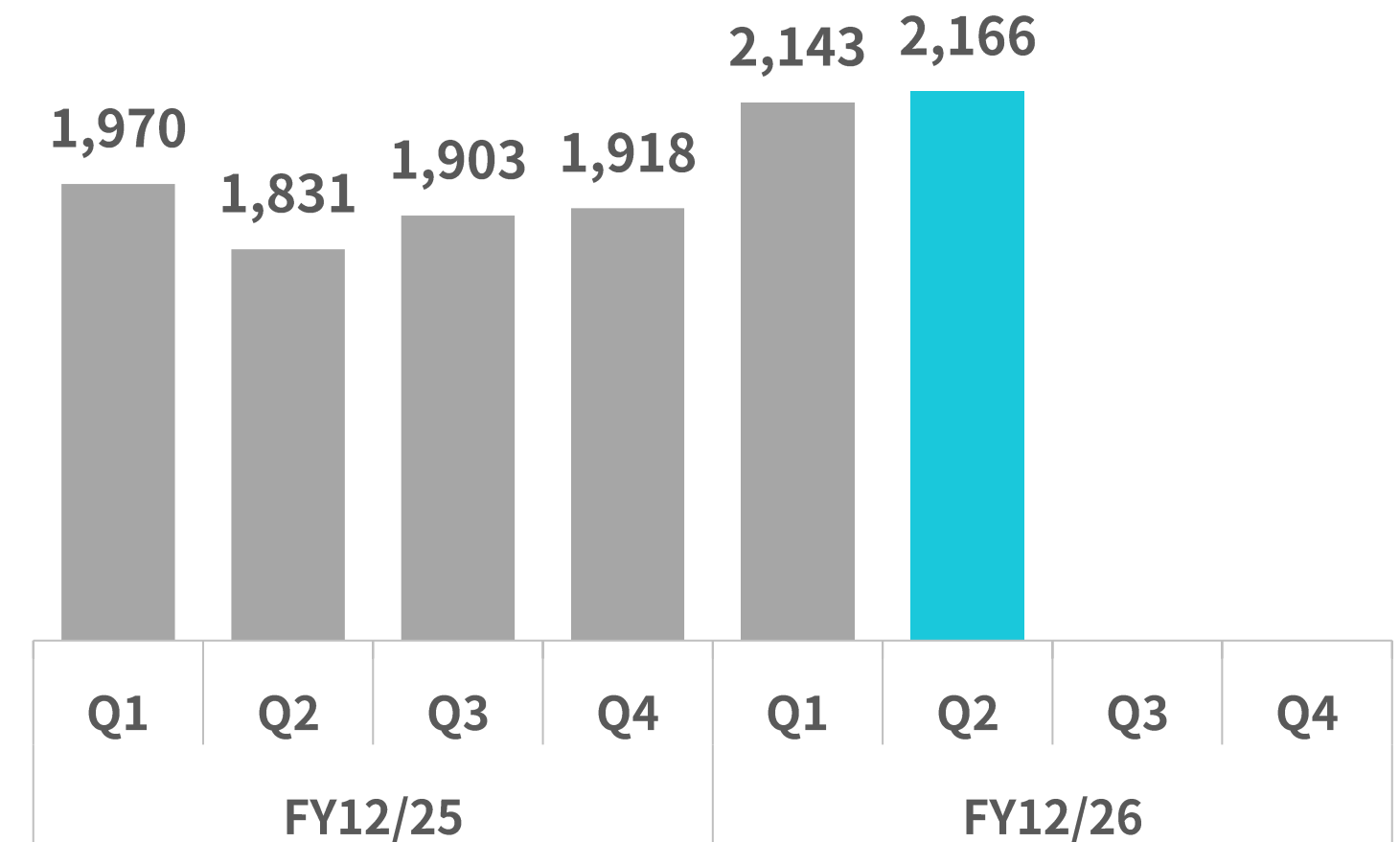
Net sales in System Services Business

(Million yen)



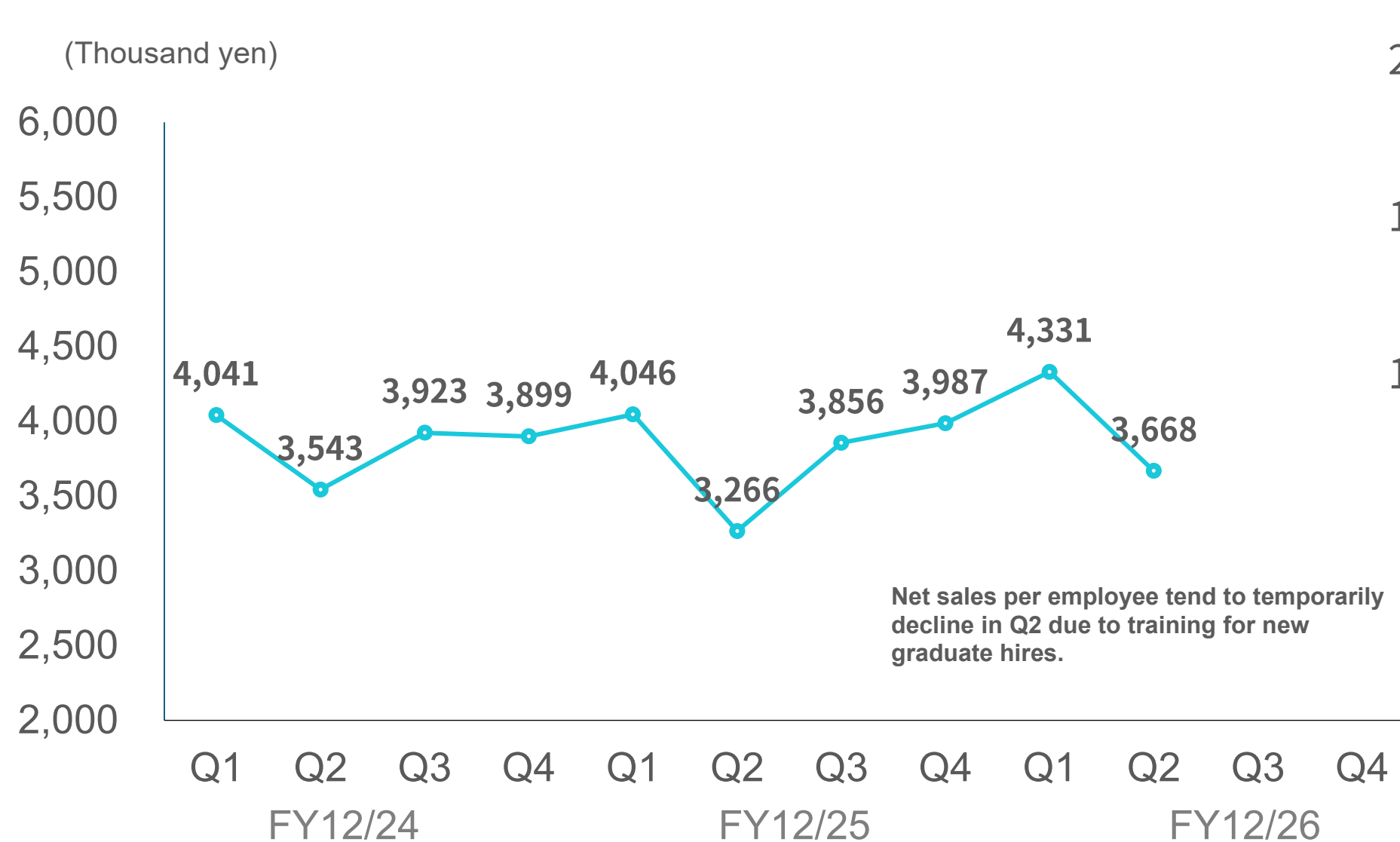
Quarterly Trends in Order Backlog

(Million yen)

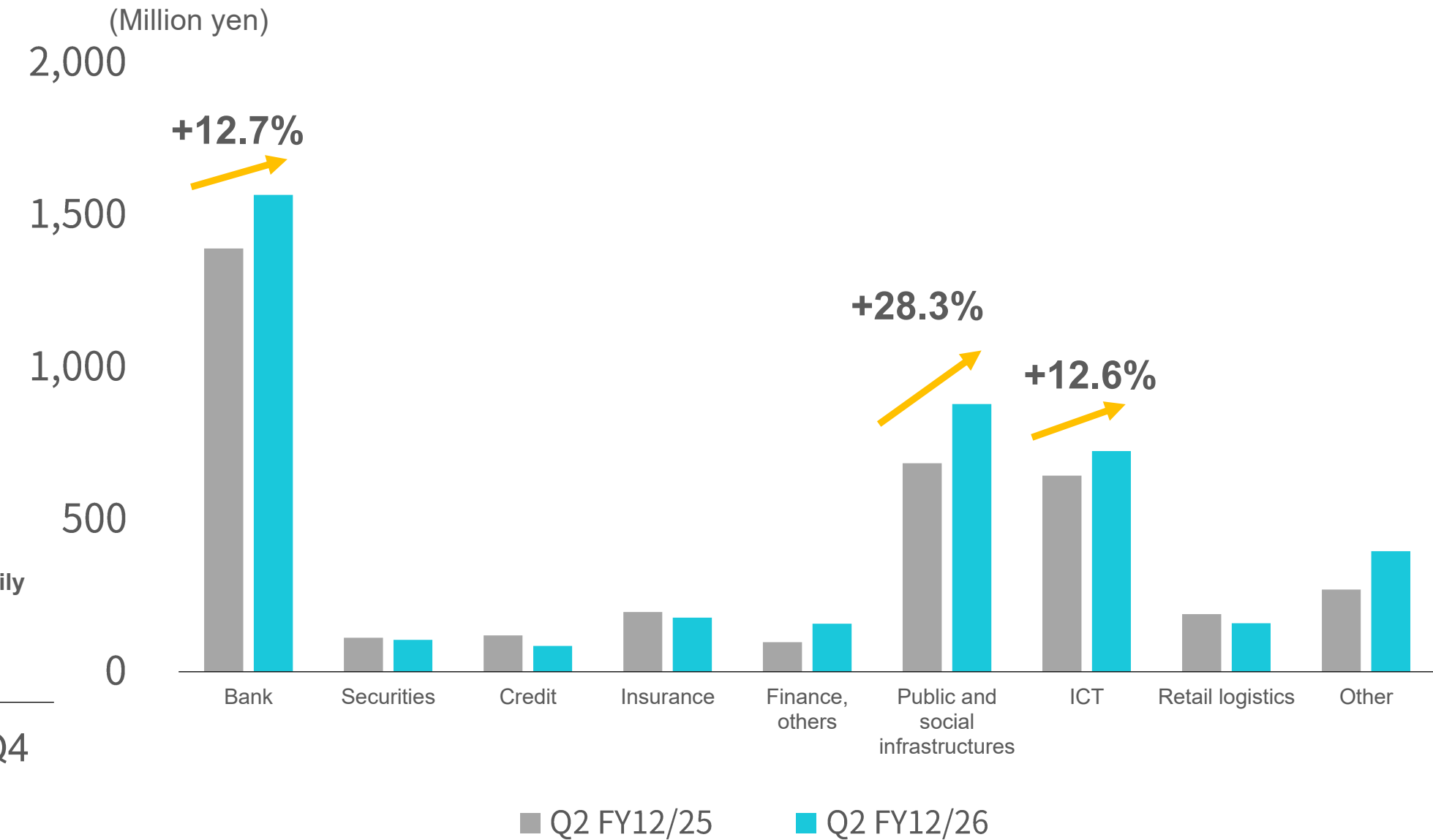


- Net sales increased by 14.8% YoY, as we steadily captured demand for system investments in the financial sector (primarily banks), as well as the public and social infrastructure and ICT sectors
- We steadily secured both new and repeat contracts, with the order backlog increasing 18.3% YoY to a record high.

Net Sales per Employee

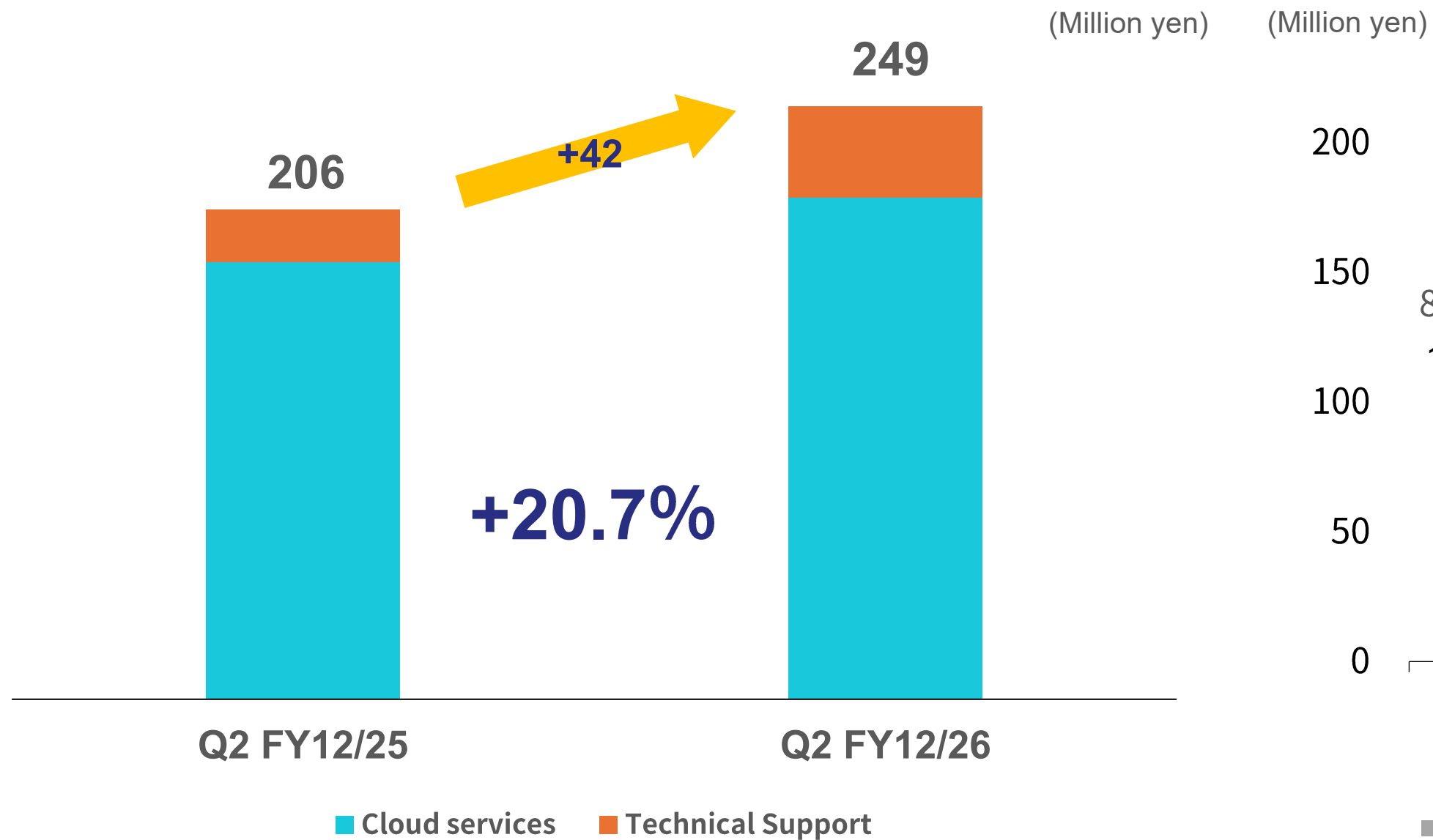


Net Sales by Industry

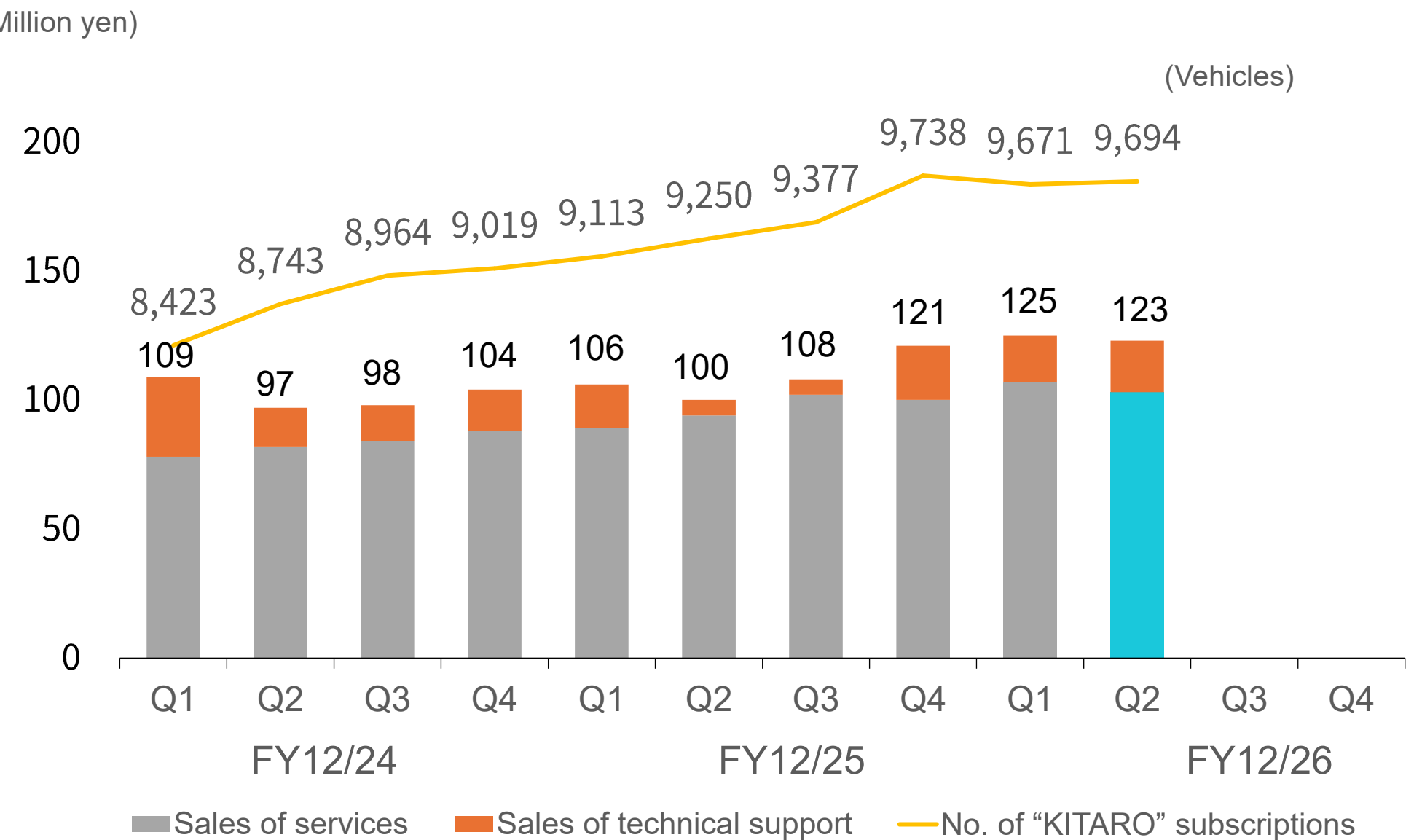


- Net sales per employee increased in line with higher overall net sales, reaching a record high for Q2.
- By industry, net sales from our core customer segment, the banking industry, increased steadily, up 12.7% YoY.
- In our focus areas of public and social infrastructure and ICT, net sales increased significantly, driven by expanded orders for automotive-related system projects and projects for government agencies.

Net Sales in IT Services Business



Trends in Quarterly Net Sales/ Number of Vehicles under KITARO Contracts



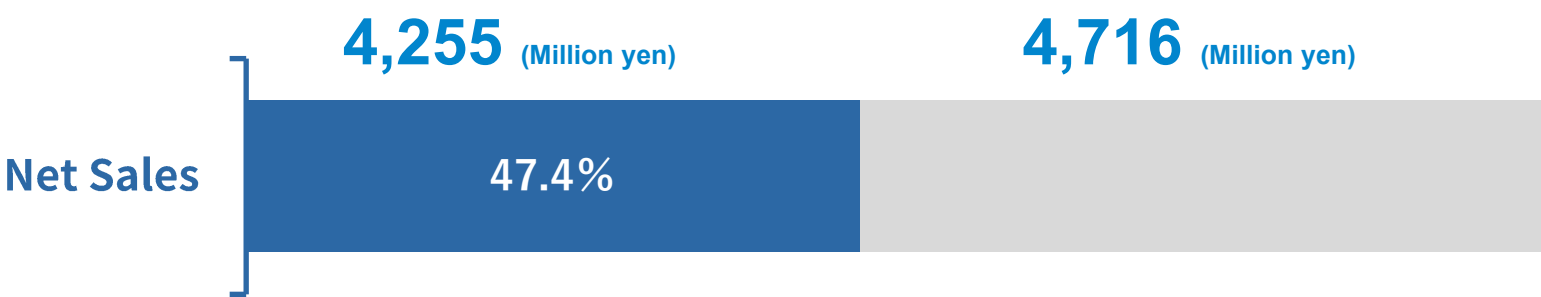
- Despite the impact of the termination of 3G network services for our cloud service KITARO (hereinafter, "KITARO"), both net sales and the number of vehicles under contract increased steadily.
- Orders for development projects for third-party services also increased, driving strong growth of 20.7% YoY.

Net Sales in System Services Business

YoY

+14.8 %

Progress toward Full-Year Forecast (8,971 million yen)



SI System Integration

Progress as of Q2

01

Deepen penetration in core industries and expand into untapped industries

Largely on track ➡

- Made progress in deepening relationships with existing customers by strengthening our sales structure
- Launched sales activities to expand into untapped industries, including manufacturing

02

Expand into high-value-added areas

On track ↗

- Orders increased in the areas of IT consulting and system planning.
- Promoting proposals and contract wins for government projects and competitive bids for turnkey contracts.

03

Expand into high-growth technology areas

Largely on track ➡

- Launched sales activities aimed at securing projects in new areas such as ServiceNow.
- Secured an AI-driven development project.

04

Enhance our business through the use of AI

Key focus area ➡

- Began utilizing AI tools to improve the efficiency of internal operations.
- Preparing to provide services utilizing our AI platform, Communication Insight.*

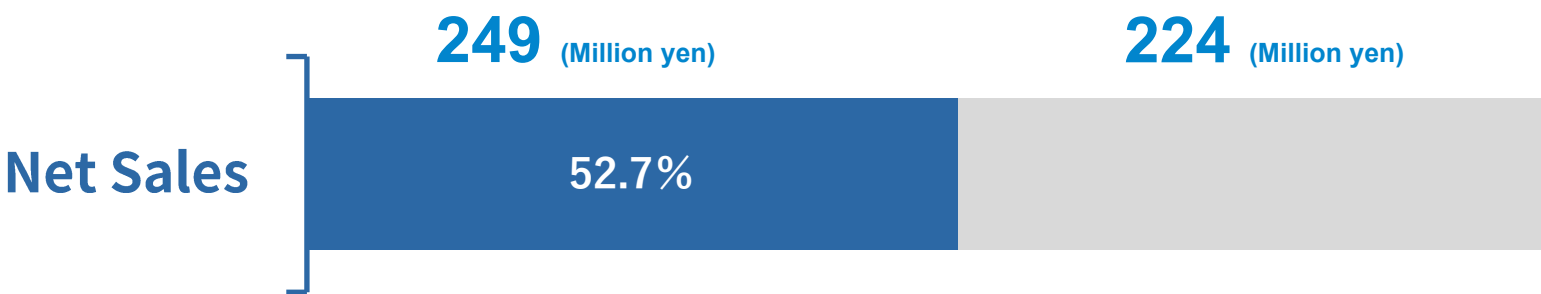
* Communication Insight: Software that utilizes AI technology for which we hold an exclusive license.

Net Sales in IT Services Business

YoY

+20.7 %

Progress toward Full-Year Forecast (473 million yen)



ITS IT Services

Progress as of Q2

01

Enhance mobility service functionality

On track 

- Enhanced the alcohol check function

02

Expand industry-specific services

On track 

- Launched a dashcam service for the vehicle transportation industry
- Began providing KITARO services for vessels

03

Expand DX support and DX consulting

Largely on track 

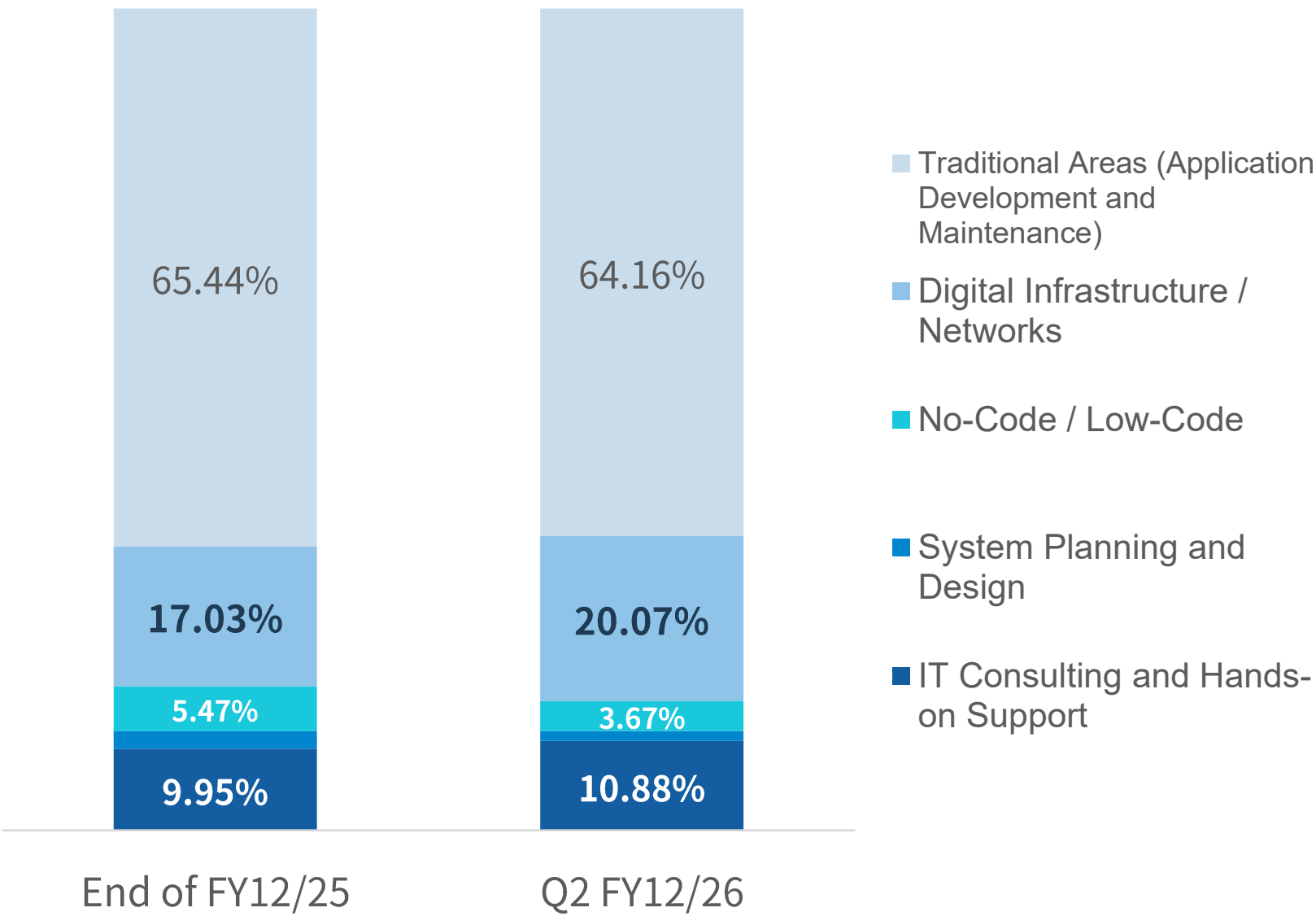
- Actively pursuing sales activities, including projects to promote DX for local governments and collaboration with regional financial institutions
- Steadily building up orders for our core BPO services, Marutto Axis and IT Support

* Marutto Axis is a DX support service that helps SMEs resolve a wide range of issues at low cost for a fixed monthly fee.

* IT Support is a BPO service that handles IT department operations on behalf of SMEs.

01 Sales Composition of High-Value-Added Areas

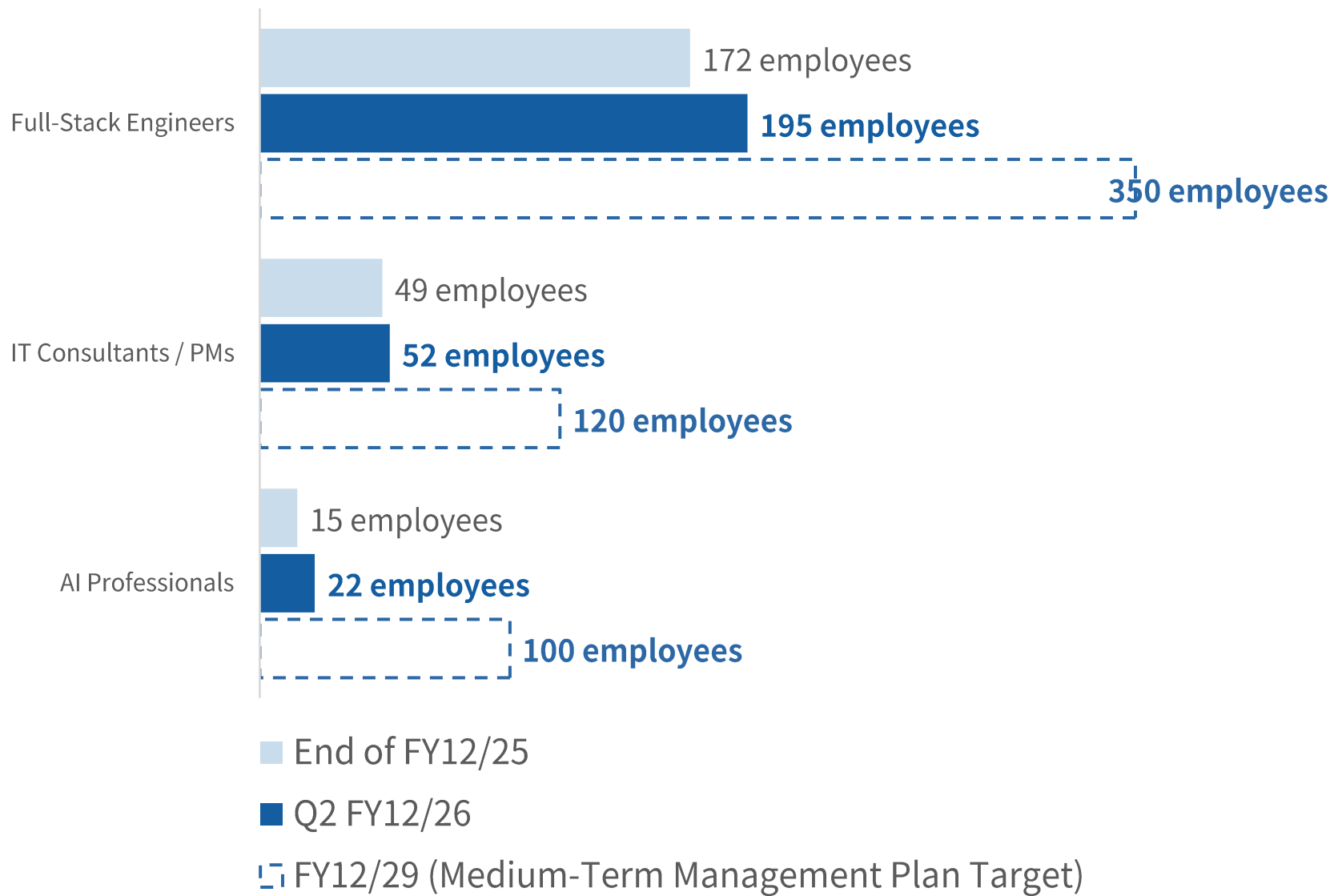
Medium-Term Management Plan (FY2029):
Increase the percentage of net sales from high-value-added areas



Percentage of Net Sales from High-Value-Added Areas: 34.56% → 35.85% (+1.29ppt.)

02 Number of Certification Holders
(Upstream Consulting, IT, and AI Professionals)

Medium-Term Management Plan (FY2029): 570 or more in total

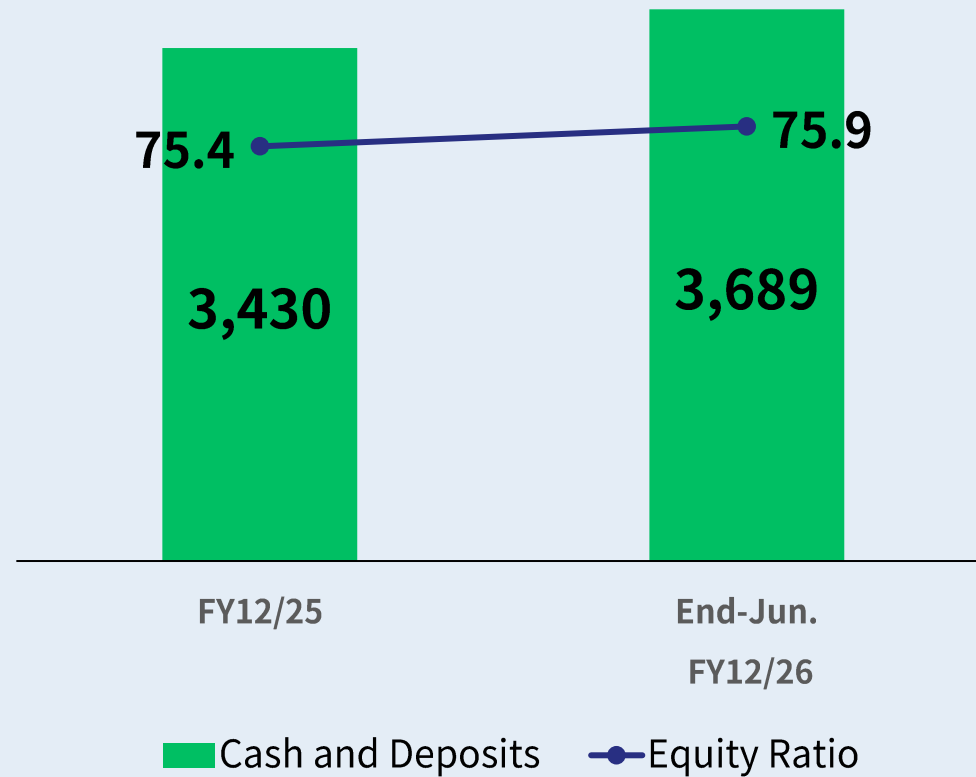


Total Number of Certification Holders:

236 employees → 269 employees (+33 employees/+14.0%)

End of FY12/25: 236 employees → Q2 FY12/26: 269 employees → FY12/29 (Medium-Term Management Plan Target): 570 employees or more

Key Financial Metrics



- Reflecting our strong business performance, we continued to maintain a sound equity ratio.
- We plan to utilize our ample cash and deposits for growth investments aimed at enhancing corporate value, including human capital investment, service development, and M&A, which are priority initiatives under our Medium-Term Management Plan.

Major Figures in B/S

(Million yen)	FY12/25	End-Jun. FY12/26	Change from FY12/25 Year-End
Current assets	4,804	5,031	+226
Cash and deposits	3,430	3,689	+258
Accounts receivable and contract assets	1,258	1,097	-160
Inventories	32	57	+25
Non-current assets	599	585	-14
Goodwill	155	141	-14
Total assets	5,404	5,616	+212
Liabilities	1,327	1,354	+26
Accounts payable	296	326	+30
Interest-bearing liabilities	—	—	—
Provision for retirement benefits	342	356	+14
Net assets	4,076	4,261	+185
Total liabilities and net assets	5,404	5,616	+212
Equity ratio	75.4%	75.9%	+0.5p

02

Topics

Our President Yokota Spoke at a Company Presentation Hosted by the Nihon Securities Journal

On June 3, our President Yokota spoke at a company presentation for individual investors hosted by the Nihon Securities Journal at Imaike Gas Hall in Nagoya, Aichi Prefecture.

More than 200 investors attended the event, where we provided an overview of our business, recent performance, and future initiatives.



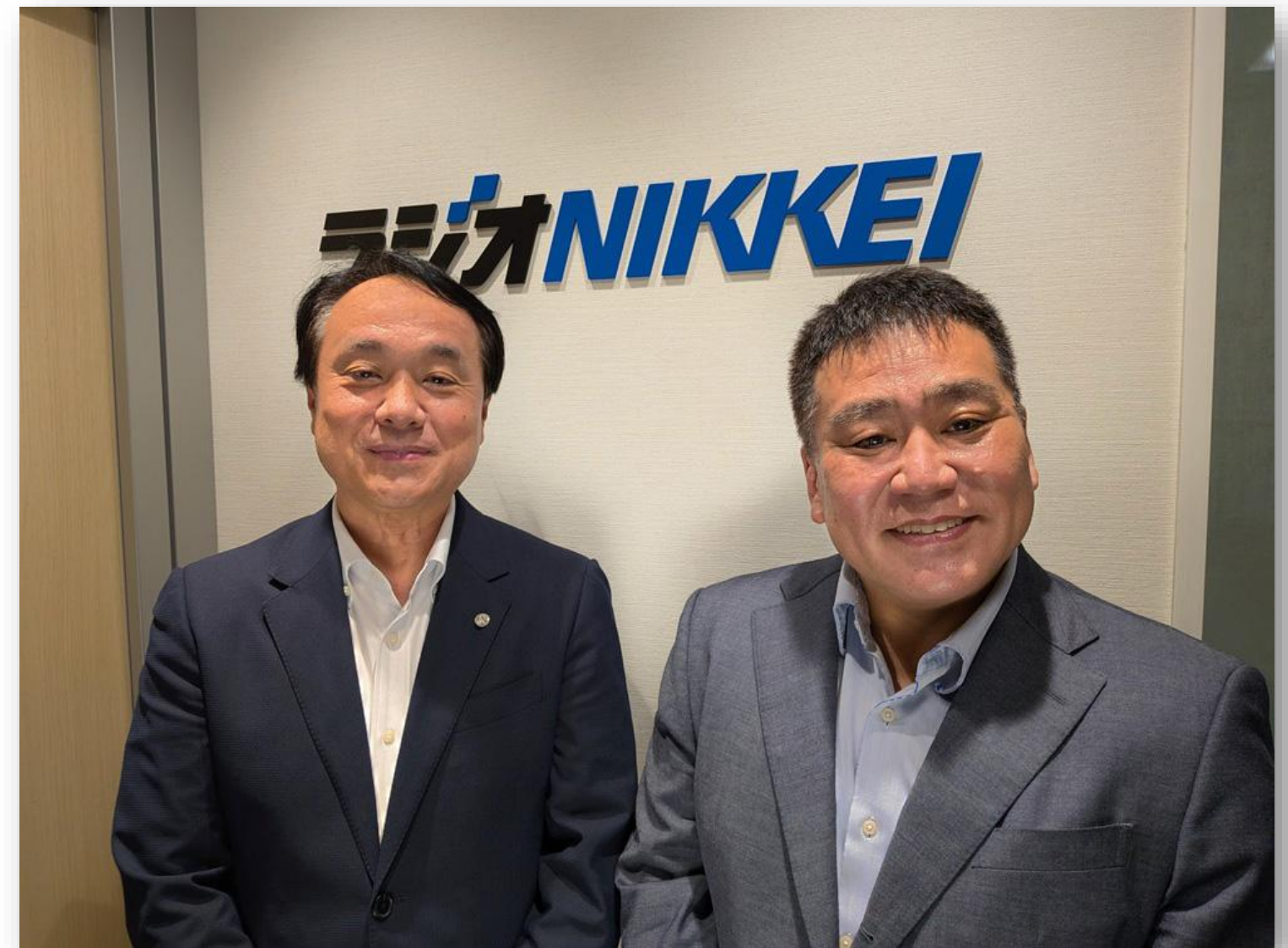
(Photo: President Mr. Yokota speaking at the company presentation hosted by the Nihon Securities Journal / Imaike Gas Hall)

During the Q&A session, we received numerous questions regarding measures to improve profitability and our medium-term growth scenario. The event provided a valuable opportunity to deepen investors' understanding of our company through dialogue.

We will continue to provide clear and accessible disclosure and engage in constructive dialogue as we work to enhance corporate value and further strengthen our IR activities.

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

Our President Yokota 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."



■ Link

<https://www.radionikkei.jp/fukunokami/20260728.html>

Social Contribution Activities through Sports Event

In July 2026, we sponsored a Sports Hinomaru Kids event. At the judo tournament, we presented sports towels as the Axis Award to the volunteer staff who supported the event.



Photo courtesy of the Sports Hinomaru Kids Association

We support the activities of Sports Hinomaru Kids, which aim to strengthen bonds between parents and children through sports, and have sponsored the organization since 2014. We will continue our efforts to help create a society in which children can grow up happy and healthy.

Received “Kurumin” Certification as a Company Supporting Child-Rearing

On June 17, 2026, we received our second “Kurumin” certification as a company supporting child-rearing from the Tokyo Labour Bureau of the Ministry of Health, Labour and Welfare.



Kurumin Certification:
Under the Act on Advancement of Measures to Support Raising Next-Generation Children, companies that meet certain requirements, including formulating and implementing action plans to help employees balance work and child-rearing, can be certified by the Minister of Health, Labour and Welfare as companies that support child-rearing.

We will continue to promote workstyle reforms, including initiatives to help employees balance work with childcare and nursing care responsibilities and improve the paid leave utilization rate, as we strive to create a workplace where all employees can work with enthusiasm.

Launch of “KITARO × Dashcam” for Vehicle Transportation Operators

In response to requests from many vehicle transportation operators seeking to achieve safer vehicle transportation that goes beyond simply preventing accidents, we worked closely with frontline personnel to develop the service from the ground up, from selecting equipment to defining service specifications.

To meet these needs, we launched “KITARO × Dashcam,” Japan’s first service for vehicle transportation operators.



We have received requests from many vehicle transportation operators to introduce this service. Going forward, we will continue to actively propose the service to such operators and work to further expand sales.

As a provider of vehicle fleet management services, we will continue to expand our range of services to help create a safer and more secure automotive society.

Number of Vehicles under KITARO Contracts Surpasses 10,000

In recent years, demand for the digitalization of fleet management has been growing, driven by factors including the promotion of DX at companies, heightened awareness of safe driving, and increasing requirements for compliance. Against this backdrop, KITARO has been increasingly adopted by companies and drivers, steadily expanding the number of vehicles under contract.

Growth in the number of vehicles under contract was also supported by increasing adoption of “KITARO × Dashcam,” Japan’s first service for vehicle transportation operators, which we launched in July 2026. As a result, the number of vehicles under KITARO contracts has now surpassed 10,000.



As a provider of vehicle fleet management services, we will continue to expand our range of services to help create a safer and more secure automotive society.

03

FY12/26

Full-year Business Forecasts

Net sales	Operating profit	Operating profit margin	Dividend (forecast)
9,444 million yen	1,000 million yen	10.6 %	57 yen
YoY +16.1%	YoY +12.6%	YoY -0.3ppt.	Dividend Payout Ratio: 35.1% Dividend Increase of 11 Yen

Performance

- We forecast a **16.1%** increase in net sales and a **12.6%** increase in operating profit, marking our seventh consecutive fiscal year of revenue and profit growth and new record highs.
- While we expect profitability to improve through expansion into high-value-added areas, we also plan to continue making upfront investments, including investments in human capital, to drive future growth. Accordingly, we forecast an operating profit margin of **10.6%**, in line with FY12/25.

Dividends

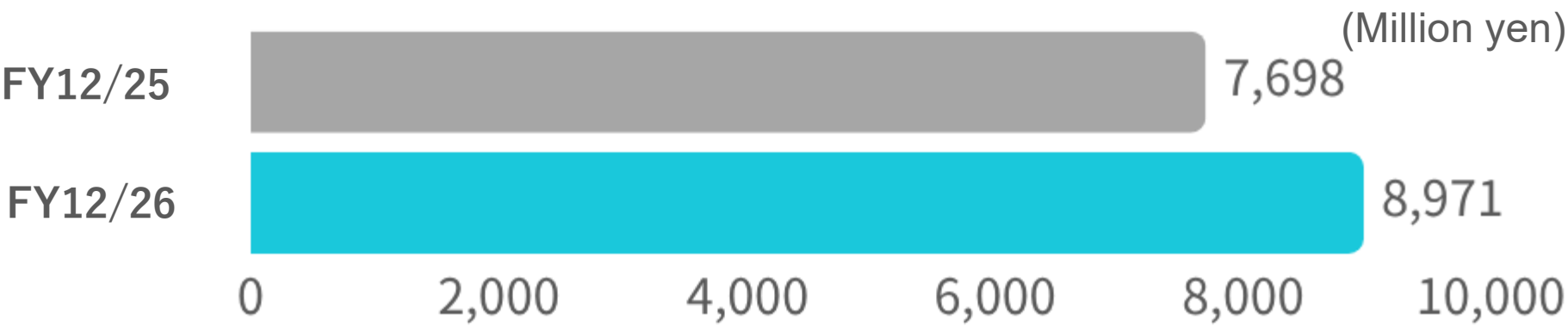
- We forecast an annual dividend of **57 yen** per share, an increase of **11 yen**, with a **dividend payout ratio of 35.1%**.

- We expect corporate IT system investment, including DX-related investment, to remain strong.
- We plan for net sales growth of 16.5% in the System Services Business and 8.6% in the IT Services Business.
- While we expect the gross profit margin to improve through expansion into high-value-added areas, we forecast a slight decline in the operating profit margin due to upfront investments, including investments in human capital.

(Million yen)	FY12/25	FY12/26 Full-year Business Forecasts	YoY		
			Change	Pct. change	
Net sales	8,134	9,444	+1,309	16.1%	
System Services Business(SS)	7,698	8,971	+1,272	16.5%	
System integration(SI)	6,456	7,394	+937	14.5%	
Cloud integration(CI)	1,242	1,577	+334	26.9%	
IT Services Business(IT)	435	473	+37	8.6%	
Gross profit	2,037	2,381	+343	16.8%	
Operating profit	888	1,000	+111	12.6%	
Ordinary profit	917	1,005	+87	9.5%	
Profit	642	700	+57	8.9%	
Earnings per share (yen)	151.03	162.61	+11.58	7.7%	
Gross profit margin	25.1%	25.2%		+0.1p	
Operating profit margin	10.9%	10.6%		-0.3p	
Ordinary profit margin	11.3%	10.6%		-0.7p	
Assumptions for the business forecasts					
SI	No. of projects (projects)	347	380	+33	9.5%
SI	Avg. net sales of projects (thousand yen)	22,186	23,607	+1,421	6.4%
SI	Net sales per employee (thousand yen)	15,155	16,048	+893	5.9%
IT	No. of KITARO subscriptions (units)	9,738	10,800	+1,062	10.9%

Net sales in System Services Business

YoY **+16.5 %**



KPIs

Average Net Sales per Project

Approx. **24** million yen

Partner Ratio

Over **50** %

SI

System Integration

01

Deepen Penetration in Core Industries and Expand into Untapped Industries

- Leveraging the business expertise we have cultivated in the financial, public and social infrastructure, and ICT sectors, we will deepen relationships with existing customers and expand into untapped industries, including manufacturing.

02

Expand into High-Value-Added Areas

- Expand our presence in IT consulting, system planning and design, no-code/low-code development, digital infrastructure, and network and security services to improve profitability

03

Expand into High-Growth Technology Areas

- Expand into technology areas such as SaaS, cloud computing, data analytics, ERP, and AI to enhance our ability to meet customer needs

04

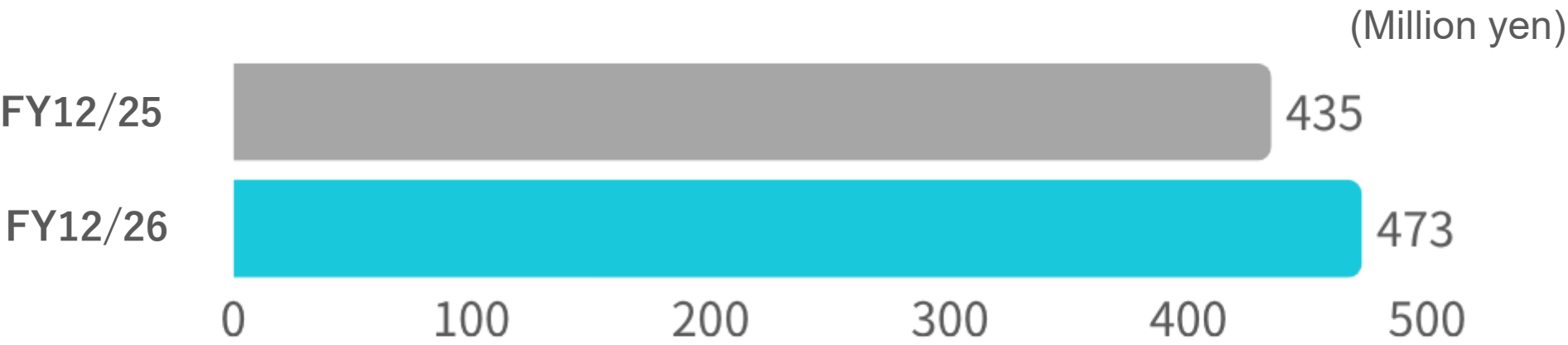
Enhance Our Business through the Use of AI

- Utilize AI to support customers' DX initiatives, enhance existing and new services, and improve productivity and quality in development and operations, thereby increasing added value

We have updated these initiatives in line with our new Medium-Term Management Plan, "Go Beyond."

Net sales in IT Services Business

YoY **+8.6%**



KPI

Number of Vehicles
under KITARO Contracts

10,800
vehicles

ITS IT Services

01

Enhance Mobility Service Functionality

- Enhance the core functionality of our mobility services, including features for safe driving management, environmental considerations, and regulatory compliance, to better meet customer needs.

02

Expand Industry-Specific Services

- Expand industry-specific services for sectors such as vehicle transportation to increase the number of vehicles under contract and enhance customer value
- Develop mobility services for modes of transportation other than automobiles, including vessels and bicycles

03

Expand DX Support and DX Consulting

- Utilize our AI platform, Communication Insight, to provide new services leveraging generative AI, RAG, and other technologies
- Work to expand contracts for our IT department BPO services, Marutto Axis and IT Support, while promoting the acquisition of small-scale development and business process improvement projects

* Marutto Axis is a DX support service that helps SMEs resolve a wide range of issues at low cost for a fixed monthly fee.

* IT Support is a BPO service that handles IT department operations on behalf of SMEs.

We have updated these initiatives in line with our new Medium-Term Management Plan, “Go Beyond.”

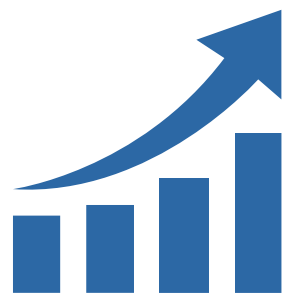
Dividend Policy



We have adopted a **progressive dividend policy** based on the principle of providing stable dividends over the long term, enabling us to continuously return profits to shareholders without being affected by temporary fluctuations in business performance.

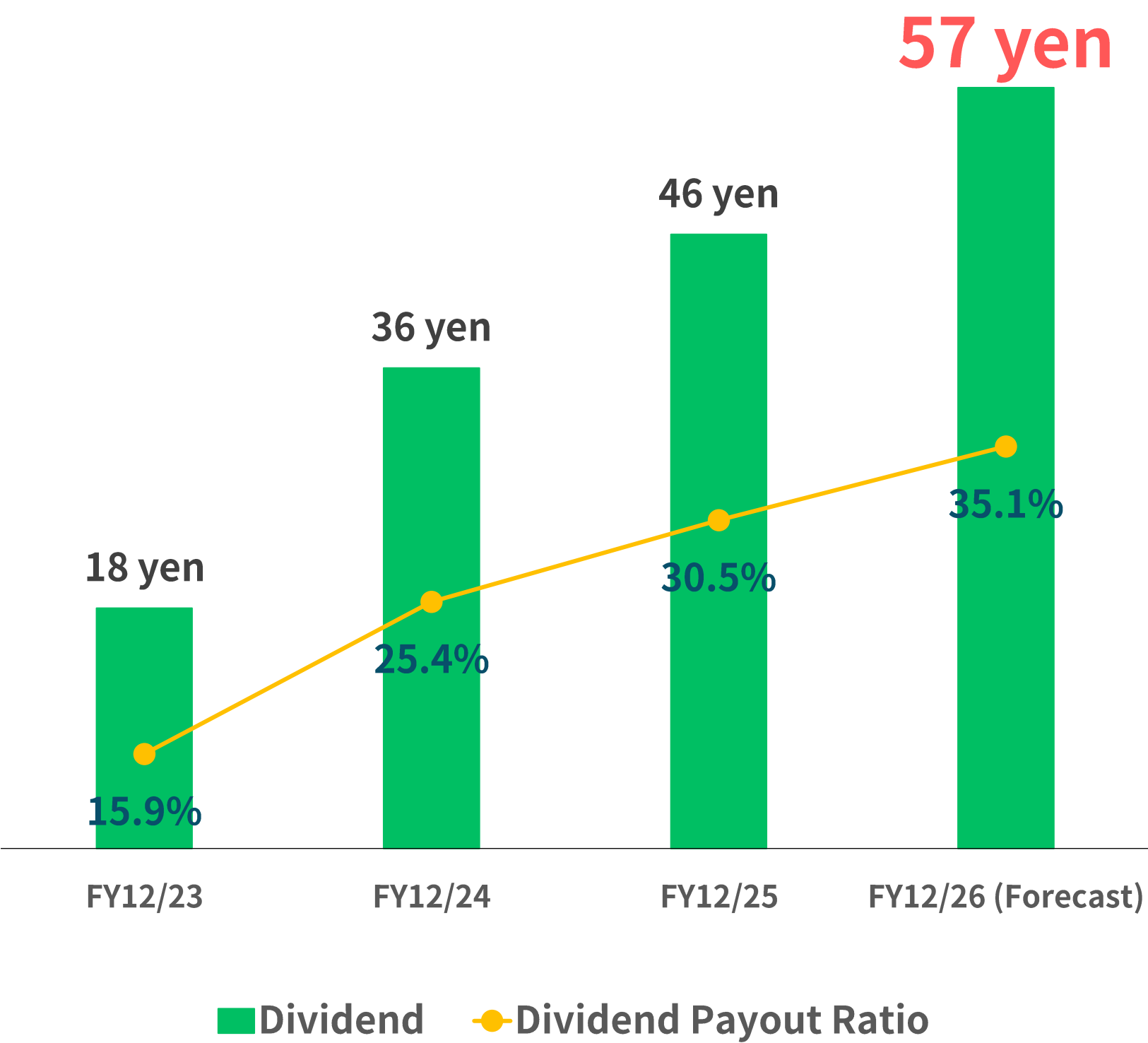
We have consistently increased dividends and will continue to pursue a balanced approach among maintaining stable dividends, increasing dividends in line with profit growth, and making investments for growth.

FY12/26 Forecast



For FY12/26, we forecast a dividend of **57 yen** per share, an increase of 11 yen, with a dividend payout ratio of **35.1%**.

Annual Dividend per Share
Increased by 11 Yen to 57 Yen



04

Appendix

AI Development Case Studies

We explain our AI-driven development initiatives from three perspectives, covering practical implementation, company-wide deployment, and our future direction.

01

P.27

Transforming the Development Process through AI-Driven Development

By dividing roles based on the concept that “People set the direction, and AI brings it to life,” we aim to achieve both higher productivity and quality.

02

P.28

Foundation Supporting Company-Wide Deployment and Utilization

AI-driven development is increasingly being utilized in development projects across our core industries. We are deploying it systematically across the organization based on three key foundations: rules, knowledge, and AI engineers.

03

P.28

Future Direction of AI Development

By leveraging local LLMs × RAG and context caching, we aim to achieve both cost efficiency and security.

- Our use of AI has moved beyond the experimental stage and is now integrated into actual development processes.
- In this Appendix, we explain our initiatives in the following order: practical implementation → company-wide expansion → future direction.

AI Development Initiatives (1): Transforming the Development Process through AI-Driven Development



By dividing roles based on the concept that “People set the direction, and AI brings it to life,” we aim to achieve both higher development productivity and quality while shifting human resources to high-value-added areas.

Changes in the Development Process — Same Process, Different Roles

Conventional Development



Deliverables at each stage are created manually, making quality and speed dependent on the skills of individual team members.

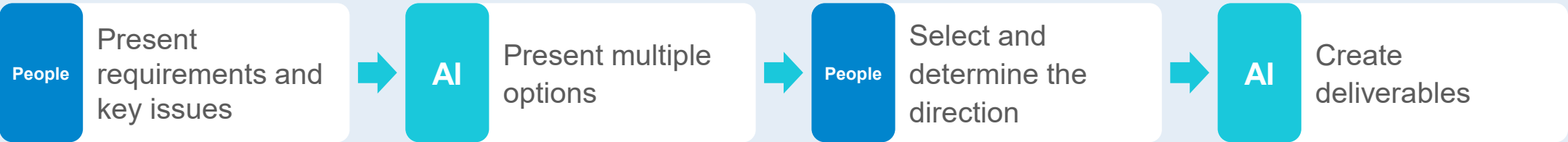


AI-Driven Development (Our Approach)



People set the direction, and AI brings it to life.

Iterative Human-AI Cycle

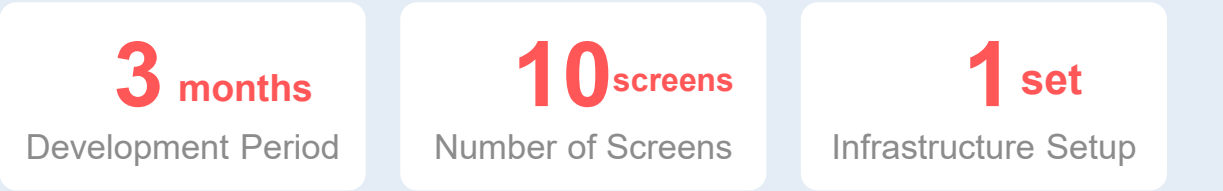


* AI-generated deliverables are reviewed by our engineers, and we remain responsible for their quality.

Initiatives in Actual Projects and Governance

Application to a Development Project (Example)

In a new business system development project, we put a generative AI coding assistant into actual use across the entire development process, from design through acceptance testing.



Quality Assurance

- Document project rules and the technology stack and standardize instructions to AI.
- Continuously verify quality through automated testing using CI/CD.
- Reduce variations in quality caused by differences in individual team members’ skill levels.

Information Security

- Standardize settings that prevent input data and source code from being used for AI training.
- Disable the sharing of ancillary data, such as location information.
- Determine the scope of AI use on a project-by-project basis in accordance with each customer’s confidentiality requirements.

*1 The project scale and scope of application described above are based on internal project materials. The customer and project names are not disclosed due to confidentiality obligations.
*2 The initiatives described on this page have not been individually quantified in terms of their contribution to business performance.
*3 CI/CD (Continuous Integration/Continuous Delivery) is an approach that continuously automates and monitors the entire process of code integration, testing, delivery, and deployment in application development.

AI Development Initiatives (2): Company-Wide Deployment and Future Direction of AI Development



AI utilization is expanding across development projects in our core industries. We are building an organization-wide framework for AI utilization supported by three foundations: rules, knowledge, and AI engineers.

Expanding Use of AI

AI utilization is progressing in development projects across our core industries, including financial services, public and social infrastructure, and ICT.

Generative AI Chat Coding Assistance Proprietary RAG Platform

We use multiple generative AI tools depending on project characteristics and apply them across design, development, and testing.

15 projects

Customer Projects (for Major Slers)

Financial services (banks, regional banks, securities), public sector, ICT, and others

Design

Development

Testing

2 projects

Prime Contractor Projects

E-commerce site development (AI-driven development) / Transportation (natural language processing and RAG)

Design

Development

Testing

3 projects

Internal Operational Efficiency Initiatives and Others

FAQ responses / HR rules and procedures inquiries / Project-to-engineer matching

Other

Three Foundations Supporting Company-Wide Deployment

01 | Establishing Rules

- Developed Guidelines for the Use of Generative AI and rolled them out company-wide through our internal portal.
- Conducted comprehension tests for all employees.

02 | Sharing Knowledge

- Consolidated use cases, technology trends, and Q&As on our internal AI portal.
- Accumulate practical know-how from individual workplaces as company-wide knowledge and share it across the organization

03 | Expanding the Pool of AI Engineers

- Number of Engineers Participating in AI-Related Projects

168 or more

Future Direction of AI Development (Our Vision)

Current

Use of cloud-based LLMs

- Use high-performance external models for development and internal operations
- Token costs increase with usage



Initiatives

Combined use of local LLMs and RAG

Process internal data in-house using local LLMs + RAG
Use external models only for tasks requiring advanced reasoning



Target State

Reduce token usage and optimize costs

Use context caching for conversations and knowledge to reduce input token volume
Control costs and make AI utilization a company-wide standard, expanding beyond selected projects

*1 The number of use cases is based on internal data as of the end of June 2026. Customer and project names are not disclosed due to confidentiality obligations.
*2 The "Future Direction of AI Development" represents our current vision and does not constitute a commitment regarding the timing of implementation or expected benefits.
*3 RAG: A technology that retrieves information from external knowledge bases and provides the retrieved information to a generative model as grounding for its output.
Local LLM: A large language model that runs within an environment managed by us.
Context caching: A mechanism that retains contextual information to reduce the number of input tokens.

Disclaimer

This material is intended to provide information regarding our business performance and management strategies and does not constitute a solicitation to buy or sell our shares.

This material contains assumptions and forward-looking information that we consider reasonable based on information available to us as of the date of its preparation.

Actual results may differ from the plans presented in this material due to various factors, including changes in social and economic conditions. Accordingly, this material does not constitute a commitment or guarantee that the projected figures or initiatives described herein will be achieved.

Figures presented in this material have been rounded down, and therefore totals may not equal the sum of the individual figures.

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