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## Summary of Consolidated Financial Statements for the First Quarter Ended June 30, 2025 (Japanese GAAP)

August 5, 2025

Name of listed company: AXELL CORPORATION  
Code #: 6730  
Representative (Post): Akihiro Saito (President)  
Inquiries (Post): Daisuke Tanaka (Executive Officer, General Manager of Management Department)  
Scheduled date of dividend payment: —  
Availability of supplementary explanatory materials prepared for financial results: Available  
Briefing session on financial results to be held: None

Stock Exchange: Tokyo

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(Figures are rounded down to the nearest million yen.)

### 1. Consolidated Business Results for the First Quarter of Fiscal Year 2025 (April 1, 2025 to June 30, 2025)

#### (1) Consolidated Operating Results (Cumulative) (Percentage figures indicate the rate of year-on-year increase (decrease).)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Q1 FY 2025	4,027	(0.8)	807	52.7	839	61.0	585	59.3
Q1 FY 2024	4,061	(9.3)	528	(32.0)	521	(34.3)	367	(36.8)

(Note) Comprehensive income: Q1 FY 2025: 842 million yen [228.1%] Q1 FY 2024: 256 million yen [(58.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY 2025	53.45	53.43
Q1 FY 2024	33.62	33.49

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
Q1 FY 2025	15,103	13,311	87.2	1,207.29
FY 2024	15,042	13,015	85.6	1,174.61

(Reference) Equity capital Q1 FY 2025: 13,172 million yen FY 2024: 12,878 million yen

### 2. Dividend Payments

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2024	—	0.00	—	45.00	45.00
FY 2025	—	—	—	—	—
FY 2025 (Projection)	—	0.00	—	33.00	33.00

(Note) Revision of dividend projection from recently announced figures: None

### 3. Consolidated Forecast Results for Fiscal Year 2025 (April 1, 2025 to March 31, 2026)

(Percentage figures indicate the rate of year-on-year increase (decrease).)

	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
First half	6,200	(23.9)	500	(46.7)	510	(48.8)	350	(49.5)	31.92
Full Year	12,000	(21.3)	1,000	(31.6)	1,020	(33.9)	730	(25.4)	66.58

(Note) Revision of forecast results from recently announced figures: None

The Company has purchased its treasury shares pursuant to the resolution of the Board of Directors' meeting held on June 16, 2025. However, the impact of the treasury shares is immaterial, and therefore it has not been taken into account in the basic earnings per share of the consolidated forecast results.

#### \* Matters of Note

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

New inclusion: —

Exclusion: —

##### (2) Application of special accounting processes for the preparation of Quarterly Consolidated Financial Statements: Yes

(Note) For details, please refer to [Appendix] P. 7 “2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Notes regarding special accounting processes for the preparation of Quarterly Consolidated Financial Statements).”

##### (3) Changes to accounting policies, changes to accounting estimates, and restatements:

- 1) Changes to accounting policies accompanying the revision of accounting standards, etc.: None
- 2) Changes to accounting policies other than 1) above: None
- 3) Changes to accounting estimates: None
- 4) Restatements: None

##### (4) Number of shares issued (common shares)

1) Number of shares issued at end of period (including treasury shares)	Q1 FY 2025	11,211,989 shares	FY 2024	11,211,989 shares
2) Number of treasury shares at end of period	Q1 FY 2025	301,372 shares	FY 2024	247,772 shares
3) Average number of common shares during period (cumulative)	Q1 FY 2025	10,957,149 shares	Q1 FY 2024	10,936,277 shares

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

#### \* Explanation of appropriate use of results forecasts, other matters of note:

(Note on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable at the date of publication of this document. Actual results may differ significantly from these forecasts due to various factors.

#### (Method of obtaining supplementary explanatory materials on financial results)

The supplementary explanatory materials on financial results will be posted on the Company's website.

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## 1. Overview of Business Results, etc.

### (1) Overview of business results for the quarter under review

During the three months ended June 30, 2025, the Japanese economy showed signs of a pick-up in economic conditions, and moderate recovery is expected to continue. Nevertheless, the risk of an economic downturn is increasing due to the impact of U.S. trade policies. Moreover, the future economic outlook still remains uncertain because the continued rise in prices also poses a risk to the economy by negatively affecting personal consumption through a decline in consumer sentiment and other factors.

In the pachinko and pachislot machine market, which is the main market for the Group, the overall trend has been stable with the spread of smart gaming machines. In the pachislot machine market, as a pace of the transition to smart pachislot machines became more gradual, a certain sense of slowdown emerged in the market expansion. On the other hand, the pachinko machine market remained firm through the continued introduction of models featuring new rules specific to smart pachinko machines.

Under such circumstances, the Group focused on efforts to secure stable profits in the pachinko and pachislot machine market, to expand sales of graphics LSI products for the embedded system market (Note 1), and to expand the scale of new businesses centered on the AI area. Furthermore, with a view to accelerating new business development, the Group actively considered initiatives including alliances and investments.

As a result, for the three months ended June 30, 2025, the Company recorded net sales of 4,027 million yen, down 34 million yen from the same period of the previous fiscal year (year-on-year decrease of 0.8%). Gross profit increased by 246 million yen (year-on-year increase of 20.2%) to 1,462 million yen. Gross profit margin increased by 6.4 percentage points year-on-year to 36.3%, driven by factors including a change in the product mix. Selling, general and administrative expenses amounted to 655 million yen, a decrease of 32 million yen from the same period of the previous fiscal year (year-on-year decrease of 4.7%). Of this, research and development expenses accounted for 318 million yen, down 29 million yen (year-on-year decrease of 8.5%).

Consequently, for the three months ended June 30, 2025, the Company recorded an operating profit of 807 million yen, an increase of 278 million yen from the same period of the previous fiscal year (year-on-year increase of 52.7%), an ordinary profit of 839 million yen, an increase of 318 million yen (year-on-year increase of 61.0%), and a profit attributable to owners of parent of 585 million yen, an increase of 218 million yen (year-on-year increase of 59.3%).

The business performance by segment is as follows. In addition, besides the following segments, corporate expenses not allocated to each segment amounted to 150 million yen.

#### 1) LSI Business for Japanese Entertainment Machines

The LSI Business for Japanese Entertainment Machines segment deals with products for pachinko and pachislot machines, the existing businesses of the Company. For the three months ended June 30, 2025, the Company recorded net sales of 3,857 million yen, a decrease of 67 million yen from the same period of the previous fiscal year (year-on-year decrease of 1.7%), and an operating profit of 1,029 million yen, an increase of 232 million yen from the same period of the previous fiscal year (year-on-year increase of 29.2%). Regarding the Company's mainstay products, graphics LSI products for pachinko and pachislot machines, the number of units sold decreased by 39,000 units from the same period of the previous fiscal year to 130,000 units, and sales of memory-module products (Note 2) exceeded those of the same period of the previous fiscal year. Moreover, the order backlog for the segment as of June 30, 2025 stood at 10,182 million yen.

#### 2) Middleware (AI, Block Chain and Other) and LSI Business for New Business

This segment is a start-up business focusing on the areas of AI, Web3, and block chain in addition to products for embedded systems. For the three months ended June 30, 2025, the Company recorded net sales of 169 million yen, up 33 million yen, or 24.5%, from the same period of the previous fiscal year, and an operating loss of 72 million yen, down 27 million yen from the loss of 99 million yen reported in the same period of the previous fiscal year.

(Note 1) "Embedded system market" refers to the market relating to the manufacture of embedded systems, excluding pachinko and pachislot machines. Embedded systems refer to electronic devices that have a computer embedded that carries out a particular processing specific to a certain application. Embedded systems include devices of various types and in various areas, ranging from medical devices, vending machines, to home electric appliances.

(Note 2) "Memory-module" refers to the mechanism of the part that retains the image data installed in the graphics-rendering circuit boards of pachinko and pachislot machines.

## **(2) Overview of financial position for the quarter under review**

Total assets as of the end of the first quarter of fiscal 2025 stood at 15,103 million yen, up 61 million yen, or 0.4%, from the end of the previous fiscal year. Main factors contributing to this outcome included an increase in trade receivables and contract asset (308 million yen), an increase in merchandise and finished goods (443 million yen), and an increase in investment securities (363 million yen), despite a decrease in cash and deposits (639 million yen) and a decrease in securities (300 million yen).

Total liabilities as of the end of the first quarter of fiscal 2025 stood at 1,791 million yen, down 235 million yen, or 11.6%, from the end of the previous fiscal year. Main factors contributing to this outcome included a decrease in accounts payable - trade (400 million yen).

Total net assets as of the end of the first quarter of fiscal 2025 stood at 13,311 million yen, up 296 million yen, or 2.3%, from the end of the previous fiscal year. Main factors contributing to this outcome included an increase in valuation difference on available-for-sale securities (254 million yen).

## **(3) Explanation of future forecast information such as consolidated results forecasts**

For forecast results for fiscal 2025, please refer to “Summary of Consolidated Financial Statements for the Year Ended March 31, 2025” released on May 9, 2025. The consolidated results for the three months ended June 30, 2025 show progress of 33.6% and 80.7% in sales and operating profit, respectively, compared to the full-year consolidated results forecast, which is favorable. This strong performance is attributable to the earlier-than-expected progress in sales of new products that had been anticipated from the second quarter onward, which created front-loaded demand in certain areas.

Therefore, at this stage, there is no change to the full-year earnings forecasts. In addition, the half-year consolidated results are expected to exceed the forecast to some extent. However, in consideration of the uncertainty surrounding the timing of market and customer demand, the Company considers that there is no need to revise the forecast figures at this time. If we deem it necessary to revise our results forecast due in part to future business performance or trends in customer demand, we will disclose the revised forecast promptly.

**2. Quarterly Consolidated Financial Statements and Primary Notes****(1) Quarterly Consolidated Balance Sheets**

	(Millions of yen)	
	FY 2024 (As of March 31, 2025)	Q1 FY 2025 (As of June 30, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	5,000	4,360
Trade receivables and contract asset	1,488	1,797
Securities	1,600	1,300
Merchandise and finished goods	3,908	4,351
Work in process	3	—
Raw materials and supplies	0	0
Other	410	360
Allowance for doubtful accounts	(0)	(0)
Total current assets	12,411	12,169
Non-current assets		
Property, plant and equipment	191	180
Intangible assets	29	27
Investments and other assets		
Investment securities	2,179	2,543
Other	230	182
Total investments and other assets	2,410	2,725
Total non-current assets	2,631	2,933
Total assets	15,042	15,103
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,571	1,170
Income taxes payable	76	221
Provision for bonuses	—	22
Other	336	257
Total current liabilities	1,984	1,671
Non-current liabilities		
Asset retirement obligations	42	42
Other	—	77
Total non-current liabilities	42	119
Total liabilities	2,026	1,791
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,028	1,028
Capital surplus	987	987
Retained earnings	10,714	10,807
Treasury shares	(195)	(248)
Total shareholders' equity	12,535	12,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	343	597
Total accumulated other comprehensive income	343	597
Share acquisition rights	28	28
Non-controlling interests	108	111
Total net assets	13,015	13,311
Total liabilities and net assets	15,042	15,103

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statements of Income**

	(Millions of yen)	
	Q1 FY 2024 (From April 1, 2024 to June 30, 2024)	Q1 FY 2025 (From April 1, 2025 to June 30, 2025)
Net sales	4,061	4,027
Cost of sales	2,845	2,565
Gross profit	1,216	1,462
Selling, general and administrative expenses	687	655
Operating profit	528	807
Non-operating income		
Interest income	0	2
Dividend income	23	3
Foreign exchange gains	—	25
Other	1	0
Total non-operating income	25	32
Non-operating expenses		
Foreign exchange losses	33	—
Commission for purchase of treasury shares	—	0
Other	0	0
Total non-operating expenses	33	0
Ordinary profit	521	839
Extraordinary losses		
Impairment losses	2	1
Total extraordinary losses	2	1
Profit before income taxes	518	837
Income taxes	155	249
Profit	363	588
Profit (loss) attributable to non-controlling interests	(3)	2
Profit attributable to owners of parent	367	585

**Quarterly Consolidated Statements of Comprehensive Income**

	(Millions of yen)	
	Q1 FY 2024 (From April 1, 2024 to June 30, 2024)	Q1 FY 2025 (From April 1, 2025 to June 30, 2025)
Profit	363	588
Other comprehensive income		
Valuation difference on available-for-sale securities	(107)	254
Total other comprehensive income	(107)	254
Comprehensive income	256	842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	260	839
Comprehensive income attributable to non-controlling interests	(3)	2



**(3) Notes to Quarterly Consolidated Financial Statements****(Notes regarding special accounting processes for the preparation of Quarterly Consolidated Financial Statements)****(Calculation of tax expenses)**

Tax expenses have been calculated by multiplying profit before income taxes by an effective tax rate reasonably estimated after the application of tax effect accounting to profit before income taxes for the fiscal year including the first quarter ended June 30, 2025.

**(Notes regarding segment information, etc.)****I First three months of fiscal 2024 (April 1, 2024 to June 30, 2024)****1. Information about amounts of net sales, profit and loss by reportable segment****(Millions of yen)**

	Reportable segment		Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated financial statement (Note 2)
	LSI Business for Japanese Entertainment Machines	Middleware (AI, Block Chain and Other) and LSI Business for New Business			
Sales					
Revenues from external customers	3,925	136	4,061	—	4,061
Transactions with other segments	—	—	—	—	—
Net sales	3,925	136	4,061	—	4,061
Operating profit (loss)	796	(99)	697	(168)	528

(Notes) 1. The (168) million yen adjustments to operating profit (loss) are corporate expenses not distributed to each reportable segment, mainly general and administrative expenses not attributable to reportable segments.

2. Operating profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

**II First three months of fiscal 2025 (April 1, 2025 to June 30, 2025)****1. Information about amounts of net sales, profit and loss by reportable segment****(Millions of yen)**

	Reportable segment		Total	Adjustments (Note 1)	Amount recorded in quarterly consolidated financial statement (Note 2)
	LSI Business for Japanese Entertainment Machines	Middleware (AI, Block Chain and Other) and LSI Business for New Business			
Sales					
Revenues from external customers	3,857	169	4,027	—	4,027
Transactions with other segments	—	—	—	—	—
Net sales	3,857	169	4,027	—	4,027
Operating profit (loss)	1,029	(72)	957	(150)	807

(Notes) 1. The (150) million yen adjustments to operating profit (loss) are corporate expenses not distributed to each reportable segment, mainly general and administrative expenses not attributable to reportable segments.

2. Operating profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

**(Notes in cases where there are significant changes in amount of shareholders' equity)**

N/A

**(Notes regarding going concern assumption)**

N/A

**(Notes regarding Quarterly Consolidated Statements of Cash Flows)**

The Company has not prepared Quarterly Consolidated Statements of Cash Flows for the first three months of fiscal 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first three months of each fiscal year are as follows.

	Q1 FY 2024 (From April 1, 2024 to June 30, 2024)	Q1 FY 2025 (From April 1, 2025 to June 30, 2025)
Depreciation	19 million yen	19 million yen
Amortization of goodwill	2	—

**(Notes regarding major subsequent events)**

(Disposal of treasury shares as restricted stock remuneration)

At the Board of Directors' meeting on July 18, 2025, the Company resolved to dispose of treasury shares as restricted stock remuneration.

## 1. Purpose and reasons for disposal

At the Board of Directors' meeting held on May 28, 2020, in order that Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members; hereinafter, "Eligible Directors") share the benefits and risks of stock price fluctuations with shareholders, and to further increase their motivation to contribute to the rise in stock prices and improving corporate value, the Company resolved to introduce a stock remunerations system delivering restricted stock to Eligible Directors (hereinafter, the "System"). In addition, at the 25th Ordinary General Meeting of Shareholders held on June 30, 2020, it was approved that, based on the System, the total amount of monetary remuneration claims granted as remunerations, etc. regarding restricted stock to Eligible Directors shall be set within the threshold of 30 million yen per year, that the maximum number of restricted stock to be allotted to Eligible Directors each fiscal year shall be 37,500 shares, and that the transfer restriction period of the restricted stock shall be a period stipulated by the Board of Directors of the Company ranging from 20 years to 30 years.

## 2. Outline of the disposal

(1) Payment due date	August 15, 2025
(2) Class and number of shares to be disposed of	26,170 common shares of the Company
(3) Disposal price	955 yen per share
(4) Total disposal amount	24,992,350 yen
(5) Scheduled disposal recipients	5 Directors of the Company (excluding Directors serving as Audit and Supervisory Committee Members); 26,170 shares

### 3. Others

#### Recent trends in quarterly business results

#### Fiscal Year ending March 31, 2026

(Millions of yen)

	Q1 FY 2025 From April 2025 to June 2025	Q2 FY 2025 From July 2025 to September 2025	Q3 FY 2025 From October 2025 to December 2025	Q4 FY 2025 From January 2026 to March 2026
Net sales	4,027	—	—	—
Gross profit	1,462	—	—	—
Operating profit	807	—	—	—
Ordinary profit	839	—	—	—
Profit before income taxes	837	—	—	—
Profit	588	—	—	—
Profit attributable to owners of parent	585	—	—	—
Comprehensive income	842	—	—	—
Basic earnings per share	53.45 yen	—	—	—
	As of end of Q1	As of end of Q2	As of end of Q3	As of end of Q4
Total assets	15,103	—	—	—
Net assets	13,311	—	—	—
Net assets per share	1,207.29 yen	—	—	—

#### Fiscal Year ended March 31, 2025

(Millions of yen)

	Q1 FY 2024 From April 2024 to June 2024	Q2 FY 2024 From July 2024 to September 2024	Q3 FY 2024 From October 2024 to December 2024	Q4 FY 2024 From January 2025 to March 2025
Net sales	4,061	4,081	3,738	3,362
Gross profit	1,216	1,110	1,117	943
Operating profit	528	409	362	160
Ordinary profit	521	474	334	213
Profit before income taxes	518	473	206	205
Profit	363	328	138	154
Profit attributable to owners of parent	367	325	139	146
Comprehensive income	256	506	247	(39)
Basic earnings per share	33.62 yen	29.70 yen	12.76 yen	13.32 yen
	As of end of Q1	As of end of Q2	As of end of Q3	As of end of Q4
Total assets	14,330	15,153	14,807	15,042
Net assets	12,265	12,801	13,053	13,015
Net assets per share	1,109.67 yen	1,156.22 yen	1,179.00 yen	1,174.61 yen