

## Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

# Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Based on IFRS)

February 14, 2025

Company name: ORO Co., Ltd  
 Stock exchange listing: TSE  
 Stock code: 3983 URL <https://www.oro.com>  
 Representative: Atsushi Kawata, Representative Director, President and CEO  
 Inquiries: Yasuhisa Hino, Director and Senior Managing Executive Officer, and General Manager for Corporate Department TEL: +81-3-5724-7001

Scheduled date to hold ordinary general meeting of shareholders: March 25, 2025  
 Scheduled date to file Annual Securities Report: March 25, 2025  
 Scheduled date to commence dividend payments: March 27, 2025  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

## 1. Consolidated financial results for the Fiscal Year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended December 31, 2024	7,899	12.3	2,720	6.8	2,856	9.7	2,070	13.2
Fiscal Year ended December 31, 2023	7,033	13.2	2,547	11.4	2,602	10.6	1,829	12.2
	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%	Yen		Yen	
Fiscal Year ended December 31, 2024	2,072	12.9	2,088	12.8	128.56		-	
Fiscal Year ended December 31, 2023	1,836	13.1	1,851	11.9	113.90		-	
	Ratio of net income to equity attributable to owners of the parent		Ratio of income before income taxes to total assets		Ratio of operating income to revenue			
	%		%		%			
Fiscal Year ended December 31, 2024	21.6		22.0		34.4			
Fiscal Year ended December 31, 2023	22.7		22.2		36.2			

Reference: Share of profit or loss of entities accounted for using equity method: Fiscal Year Ended December 31, 2024: -million yen  
 Fiscal Year Ended December 31, 2023: -million yen

### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	13,590	10,281	10,283	75.7	641.09
As of December 31, 2023	12,373	8,884	8,884	71.8	550.91

### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow 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 December 31, 2024	2,490	(163)	(1,183)	9,903
Fiscal Year Ended December 31, 2023	2,515	(129)	(517)	8,707

## 2. Cash dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends / net assets (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year Ended December 31, 2023	-	0.00	-	30.00	30.00	483	26.3	6.0
Fiscal Year Ended December 31, 2024	-	0.00	-	35.00	35.00	561	27.2	5.9
Fiscal Year Ending December 31, 2025 (Forecasts)	-	0.00	-	50.00	50.00		37.9	

## 3. Forecast of consolidated financial results for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

Percentages indicate changes from the same period of the previous year

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2025	4,163	9.1	1,187	(9.4)	1,204	(16.6)	835	(15.7)	835	(16.1)	52.47
Full year	9,142	15.7	2,985	9.7	3,020	5.7	2,099	1.4	2,099	1.3	131.80

## Notes

- (1) Changes in significant changes in scope of consolidation: None
- (2) Changes in accounting policies and changes in accounting estimates
- Changes in accounting principles required by IFRS: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- (3) Number of issued shares (common shares)

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

As of December 31, 2024	16,156,453 shares	As of December 31, 2023	16,156,453 Shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2024	115,305 shares	As of December 31, 2023	30,282 Shares
-------------------------	----------------	-------------------------	---------------

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

Fiscal Year ended December 31, 2024	16,123,909 shares	Fiscal Year ended December 31, 2023	16,123,454 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Reference: Non-Consolidated Results

Non-Consolidated Operating Results and Financial Position of the Fiscal 2024 (January 1, 2024 – December 31, 2024)

### (1) Non-Consolidated Operating Results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended December 31, 2024	7,483	11.5	2,597	7.0	2,829	3.5	2,074	5.3
Fiscal Year Ended December 31, 2023	6,708	13.6	2,427	13.3	2,732	21.8	1,970	24.5
	Profit per share		Profit per share after full dilution					
	Yen		Yen					
Fiscal Year Ended December 31, 2024	128.69		-					
Fiscal Year Ended December 31, 2023	122.20		-					

### (2) Non-Consolidated Financial position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	12,719	9,901	77.8	617.27
As of December 31, 2023	11,479	8,517	74.2	528.20

Reference: Equity capital As of December 31, 2024: 9,901 million yen As of December 31, 2023: 8,517million yen

\* These Consolidated basic Results are not included in the scope of audits by certified public accountants or audit corporations.

\* Explanation concerning appropriate use of the earnings forecast and other matters to note

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements contained in this document are based on information available at the time of this document's preparation and on certain assumptions that are deemed to be reasonable. These forward-looking statements do not guarantee future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

(Method of obtaining supplementary materials to financial results)

The Company plans to hold a briefing for institutional investors and analysts online. The supplementary materials for the financial results to be used in this briefing will be disclosed on TDnet and the Company's website on the same day.

1. Overview of operating results	
(1) Analysis of full-year results	5
(2) Overview of financial position for the fiscal year ended December 31, 2024	5
(3) Overview of cash flows for the fiscal year ended December 31, 2024	6
(4) Future outlook	7
(5) Basic policy on profit distribution and dividends for the current and next fiscal year	8
2. Basic policy for selection of accounting standards	8
3. Consolidated financial statement and key notes	9
(1) Consolidated statement of financial position	9
(2) Consolidated statement of income and consolidated statement of comprehensive income	11
Consolidated statement of income	11
Consolidated statement of comprehensive income	12
(3) Consolidated statement of changes in equity	13
(4) Consolidated statements of cash flows	14
(5) Notes on consolidated financial statements	15
(Note on the going-concern assumption)	15
(Segment information)	15
(Revenue)	17
(Information per share)	18
(Significant subsequent events)	18

## 1. Overview of operating results

### (1) Analysis of full-year results

For the fiscal year spanning January 1, 2024, to December 31, 2024, the Japanese economy has been gradually recovering overall, driven by an increase in service demand and inbound tourism, as well as growth in capital investment, including software, despite some areas experiencing stagnation. However, uncertainties persist due to ongoing inflation, geopolitical risks, concerns over overseas economies, and fluctuations in financial markets.

In the domestic information services sector, the demand for cloud services in corporate systems has been continuously increasing. Additionally, as enterprises pursue digital transformation (DX), there's a growing demand for information systems that offer superior cost efficiency and convenience for enhancing productivity and operational efficiency.

In the internet industry, while the DX trend continues to reshape existing business models and industry structures, primarily among major players, the advertising market is evolving to include not just a digital shift in media but also an integrated approach to customer engagement that incorporates traditional legacy media.

Against this backdrop, our group has maintained its integrated manufacturing and sales system, offering cloud services and supporting company marketings. Our cloud solution business's flagship products, Cloud ERP "ZAC" and "Reforma PSA," have seen stable growth and contributed significantly to our performance, demanded broadly across sectors that require project management. In our marketing solutions business, we have provided a range of solutions to support clients in implementing their marketing strategies by translating these strategies into actionable tactics, including strategy formulation, management, and performance evaluation of web advertising based on data analytics, creation of websites and digital content, and planning and development of applications and SNS strategy. Efforts have also been made to enhance corporate value sustainably by acquiring new clients, deepening relationships with key accounts, investing in marketing initiatives and research and development, as well as bolstering recruitment.

Consequently, the consolidated results for this fiscal year were as follows: revenues reached 7,899,305 thousand yen (an increase of 12.3% year-on-year), operating profit was 2,720,442 thousand yen (an increase of 6.8% year-on-year), profit before tax stood at 2,856,388 thousand yen (an increase of 9.7% year-on-year), and profit attributable to owners of parent was 2,072,900 thousand yen (an increase of 12.9% year-on-year).

Segment-wise performance is detailed as follows:

#### (a) Cloud Solutions Business

In the current fiscal year, the number of new contracts for ZAC slightly exceeded the full-year plan, and the monthly service fees from existing customers steadily grew. On the other hand, proposals for customization to existing customers underperformed, leading to sluggish revenue growth in support services and customization related to ZAC implementation. Consequently, the revenues reached 4,929,715 thousand yen (an increase of 10.1% year-on-year) and a segment operating profit was 2,162,269 thousand yen (an increase of 7.0% year-on-year).

#### (b) Marketing Solutions Business

In the current fiscal year, strengthened efforts in acquiring new customers contributed to revenue growth in the System/web integration, etc. segment. Transactions with existing customers also progressed largely in line with the plan. On the other hand, there was an increase in personnel expenses due to workforce expansion, along with a temporary rise in outsourcing costs. Consequently, the revenues were 2,969,590 thousand yen (an increase of 16.2% year-on-year) and a segment operating profit was 557,826 thousand yen (an increase of 5.9% year-on-year).

### (2) Overview of financial position for the fiscal year ended December 31, 2024

#### Assets

Total assets at the end of the fiscal year ended December 31, 2024 increased by 1,216,662 thousand yen from the end of the previous fiscal year to 13,590,184 thousand yen. This was mainly due to increases of 1,195,637 thousand yen in cash and cash equivalents, offset by reductions in deferred tax assets by 201,777 thousand yen, and a decrease in property, plant and equipment by 156,803 thousand yen.

#### Liabilities

Total liabilities at the end of the fiscal year ended December 31, 2024 were reduced by 180,682 thousand yen compared to the end of the prior fiscal year, totaling 3,308,559 thousand yen. This was chiefly due to a decrease of 158,408 thousand yen in contract liabilities.

#### Equity

Total equity at the end of the fiscal year ended December 31, 2024 increased by 1,397,344 thousand yen from the end of the previous fiscal year to 10,281,625 thousand yen. This was mainly because of a 2,072,900 thousand yen increase of retained earnings due to the recording of profit attributable to owners of the parent, which was partially offset by a 483,785 thousand yen decrease of retained earnings due to the cash dividends paid.

(3) Overview of cash flows for the fiscal year ended December 31, 2024

The balance of cash and cash equivalents (“net cash”) at the end of the current fiscal year was 9,903,123 thousand yen, an increase of 1,195,637 thousand yen compared to the end of the previous fiscal year (increased by 13.7% year-on-year). The respective cash flows for the current fiscal year and their contributing factors are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was 2,490,780 thousand yen (2,515,291 thousand yen provided in the previous fiscal year). This was mainly due to profit before income taxes of 2,856,388 thousand yen, which was partially offset by a decrease of 580,490 thousand yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was 163,780 thousand yen (129,762 thousand yen used in the previous fiscal year). This was mainly due to purchase of intangible assets of 74,362 thousand yen and purchase of property, plant and equipment of 67,161 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,183,789 thousand yen (517,736 thousand yen used in the previous fiscal year). This was mainly due to cash dividends paid of 483,549 thousand yen, a decrease of 274,831 thousand yen due to an increase in deposits for the acquisition of treasury shares and an expenditure of 226,057 thousand yen for the acquisition of treasury shares.

(Reference) Indicators related to cash flows

	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2021	Fiscal Year ended Dec. 31, 2022	Fiscal Year ended Dec. 31, 2023	Fiscal Year ended Dec. 31, 2024
Ratio of equity attributable to owners of the parent (%)	65.2	63.2	66.4	71.8	75.7
Ratio of equity attributable to owners of the parent based on market value (%)	749.1	516.8	277.0	337.4	304.3
Ratio of interest-bearing debt to cash flow (years)	0.6	0.3	0.3	0.2	0.1
Interest coverage ratio (times)	220.2	437.5	414.8	715.1	770.3

Ratio of equity attributable to owners of the parent: Equity attributable to owners of the parent/Total assets

Ratio of equity attributable to owners of the parent based on market value (%): Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest payments

Note: 1. All the above indicators are calculated based on consolidated financial figures.

Since IFRS is applied from the fiscal year ended December 31, 2021 with a transition date of January 1, 2020, no information is presented for the fiscal year ended December 31, 2019 and earlier.

2. Cash flows from operating activities in the consolidated statements of cash flows are used for cash flows. The amount of interest paid in the consolidated statements of cash flows is used for interest payments.

#### (4) Future outlook

##### 1) Revenue

###### a) Cloud Solutions

In the next fiscal period (ending December 2025), we will focus on maximizing new contract acquisitions and expanding transactions with existing customers by strengthening our own marketing initiatives and enhancing collaboration with sales agents. Additionally, we will drive product development aimed at improving system usability and increasing added value.

Revenue from the cloud solutions business is estimated by aggregating monthly revenue projections, which are calculated based on the order backlog at the end of the current fiscal year and past performance trends. We project the number of new ZAC contracts to increase by 21 companies to 89 companies, compared to this fiscal year. Additionally, we expect ARPA (Average Revenue Per Account) to rise by 57.5 thousand yen to 579.3 thousand yen. The Net Retention Rate (NRR) is anticipated to be 111.1%, a decrease of 7.3 points from this fiscal year's performance, and the monthly churn rate (12-month moving average) is projected to be 0.32%, a decrease of 0.03 points from this fiscal year. Consequently, we anticipate the cloud solutions business's revenue to grow by 20.9% year-on-year to 5,959 million yen.

###### b) Marketing Solutions

In the next fiscal period, revenue from the Marketing / promotion segment, including marketing and promotional planning, advertising placements, and research (including ad operations and agency sales)—is expected to be significantly impacted by budget reductions in advertising expenditures by a key client. While the outlook remains uncertain, transactions with the key client continue at a reduced budget level. Accordingly, we will focus on providing marketing support to contribute to the business recovery. Furthermore, we will continue to strengthen relationships with existing clients and advertising agencies, pursue new customer acquisitions in the next fiscal year, and expand transactions through enhanced overseas sales leveraging our consolidated subsidiaries.

Revenue forecasts for the marketing solutions business are based on the order backlog at the current fiscal year's end and monthly revenue estimates, incorporating past performance. As a result, we forecast an 7.2% increase in revenue year-on-year to 3,182 million yen.

##### 2) Cost of sales

The cost of revenue for the cloud solutions and marketing solutions businesses consists of labor costs associated with development and implementation support, alongside subcontracting expenses. Our anticipated increase in staffing, underpinned by aggressive recruitment strategies, is reflected in our labor cost projections across all departments. We calculate subcontracting expenses based on the cost-to-revenue ratio specific to each business unit. As a result, we project the cost of revenue in the cloud solutions business to escalate by 25.2% year-on-year, reaching 1,632 million yen, and in the marketing solutions business, to also increase by 13.7% year-on-year, totaling 1,498 million yen.

##### 3) Selling, general and administrative expenses

Selling, General, and Administrative (SG&A) expenses primarily consist of personnel costs for the sales and corporate departments, along with other miscellaneous expenses. These expenses are projected by aggregating individual costs. In the next fiscal year, we anticipate increases in recruitment and personnel expenses due to the expansion of our sales force. In the cloud solutions business, we plan to enhance our product offerings through increased R&D expenses and commit to test marketing and other preparatory measures for market research in anticipation of launching overseas sales in 2026. Additionally, we aim to strengthen the sales of the SaaS management tool, dxeco. Therefore, SG&A expenses are expected to increase by 17.7% year-on-year to 3,026 million yen.

##### 4) Other income (expenses)

Other income (expenses) is not projected.

##### 5) Finance income (costs)

Interest received is expected to increase by 5.0% year on year to 33 million yen.

Accordingly, at this point, the Group's consolidated financial results for the next period ending December 31, 2025, are estimated as follows:

Revenue	9,142 Millions of yen (increased by 15.7% year-on-year)
Operating profit	2,985 Millions of yen (increased by 9.7% year-on-year)
Profit before tax	3,020 Millions of yen (increased by 5.7% year-on-year)

Profit attributable to owners of parent

2,099 Millions of yen (increased by 1.3% year-on-year)

(5) Basic policy on profit distribution and dividends for the current and next fiscal year

The Company places great emphasis on continuously improving corporate value and the stable return of profits to shareholders. To achieve stable shareholder returns and sustainable company growth, the Company will adopt a progressive dividend policy, considering financial results, financial position, future business development and other relevant factors. The acquisition of treasury stock will be determined from a comprehensive standpoint, considering planned. The decision-making body for dividends is the Board of Directors for second quarter-end dividends and the General Meeting of Shareholders for annual dividends.

In this current fiscal year, the Company continued to achieve revenue and profit growth, and net income attributable to owners of the parent was broadly in line with the initial earnings forecast. Accordingly, the Company plans to set the annual dividend at 35 yen per share (an increase of 5 yen). For the next fiscal year, based on the earnings forecast, the Company plans to pay an annual dividend of 50 yen per share (an increase of 15 yen).

Regarding the acquisition of treasury shares, the Company makes a comprehensive assessment based on factors such as planned growth investments in response to the management environment and the impact on its financial position. In this current fiscal year, the Company executed a 500 million yen share repurchase. Going forward, the Company will continue to evaluate share buybacks in line with its Basic Policy on Shareholder Return.

2. Basic policy for selection of accounting standards

For enhancing the international comparability of its financial information in capital markets, the Company has adopted the International Financial Reporting Standards (IFRS) starting with its consolidated financial statements in Annual Securities Report (Yukashoken Hokokusho) for the fiscal year ended December 31, 2021.



### 3. Consolidated financial statement and key notes

#### (1) Consolidated statement of financial position

(Thousands of yen)		
	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	8,707,486	9,903,123
Trade and other receivables	998,173	974,577
Contract assets	447,407	434,012
Other financial assets	641,152	746,188
Other current assets	126,445	397,363
Total current assets	10,920,664	12,455,265
Non-current assets		
Property, plant and equipment	731,017	574,214
Intangible assets	83,338	119,889
Other financial assets	111,251	113,626
Deferred tax assets	488,796	287,019
Other non-current assets	38,452	40,169
Total non-current assets	1,452,857	1,134,918
Total assets	12,373,522	13,590,184

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	455,382	472,523
Contract liabilities	1,759,116	1,600,707
Lease liabilities	195,412	140,310
Income tax payables	229,569	233,141
Provisions	27,639	45,396
Other current liabilities	476,106	494,532
Total current liabilities	3,143,227	2,986,612
Non-current liabilities		
Lease liabilities	220,118	195,519
Provisions	125,895	126,427
Total non-current liabilities	346,014	321,946
Total liabilities	3,489,241	3,308,559
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,202	1,095,202
Treasury shares	(112,862)	(313,398)
Retained earnings	6,620,867	8,202,954
Other components of equity	87,318	105,470
Equity attributable to owners of the parent	8,884,053	10,283,756
Non-controlling interests	227	(2,131)
Total equity	8,884,280	10,281,625
Total liabilities and equity	12,373,522	13,590,184

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

Fiscal Year ended December 31, 2023 and 2024

(Thousands of yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Revenue	7,033,155	7,899,305
Cost of sales	2,358,468	2,622,020
Gross profit	4,674,687	5,277,284
Selling, general and administrative expenses	2,081,276	2,458,513
Research and development	45,925	98,675
Other income	49,614	2,496
Other expenses	49,762	2,149
Operating profit	2,547,337	2,720,442
Finance income	62,627	143,105
Finance costs	7,193	7,159
Profit before tax	2,602,772	2,856,388
Income tax expenses	772,882	785,699
Profit	1,829,889	2,070,689
Profit attributable to:		
Owners of parent	1,836,415	2,072,900
Non-controlling interests	(6,525)	(2,211)
Profit	1,829,889	2,070,689
Earnings per share		
Basic earnings per share (Yen)	113.90	128.56
Diluted earnings per share (Yen)	-	-

Consolidated statement of comprehensive income

Fiscal Year ended December 31, 2023 and 2024

(Thousands of yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Profit	1,829,889	2,070,689
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	21,553	18,005
Total of items that may be reclassified subsequently to profit or loss	21,553	18,005
Other comprehensive income, net of taxes	21,553	18,005
Comprehensive income	1,851,443	2,088,694
Attributable to:		
Owners of the parent	1,857,563	2,091,052
Non-controlling interests	(6,120)	(2,358)
Comprehensive income	1,851,443	2,088,694

## (3) Consolidated statement of changes in equity

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2023	1,193,528	1,095,202	(141,788)	5,117,976
Profit				1,836,415
Other comprehensive income				
Total comprehensive income	-	-	-	1,836,415
Restricted Stock-based payment transactions			28,925	(11,181)
Dividends			-	(322,343)
Total transactions with owners	-	-	28,925	(333,524)
Balance on December 31, 2023	1,193,528	1,095,202	(112,862)	6,620,867
Profit				2,072,900
Other comprehensive income				
Total comprehensive income	-	-	-	2,072,900
Restricted Stock-based payment transactions			25,522	(7,028)
Dividends				(483,785)
Acquisition of treasury stock			(226,057)	
Total transactions with owners	-	-	(200,535)	(490,814)
Balance on December 31, 2024	1,193,528	1,095,202	(313,398)	8,202,954

	Equity attributable to owners of parent				
	Other components of equity			Non-controlling interests	Equity
	Exchange differences on translation of foreign operations	Total	Total		
Balance on January 1, 2023	66,170	66,170	7,331,089	6,347	7,337,436
Profit			1,836,415	(6,525)	1,829,889
Other comprehensive income	21,147	21,147	21,147	405	21,553
Total comprehensive income	21,147	21,147	1,857,563	(6,120)	1,851,443
Restricted Stock-based payment transactions			17,744		17,744
Dividends			(322,343)		(322,343)
Total transactions with owners	-	-	(304,598)	-	(304,598)
Balance on December 31, 2023	87,318	87,318	8,884,053	227	8,884,280
Profit			2,072,900	(2,211)	2,070,689
Other comprehensive income	18,152	18,152	18,152	(146)	18,005
Total comprehensive income	18,152	18,152	2,091,052	(2,358)	2,088,694
Restricted Stock-based payment transactions			18,493		18,493
Dividends			(483,785)		(483,785)
Acquisition of treasury stock			(226,057)		(226,057)
Total transactions with owners	-	-	(691,349)	-	(691,349)
Balance on December 31, 2024	105,470	105,470	10,283,756	(2,131)	10,281,625

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal Years ended December 31, 2023	Fiscal Year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,602,772	2,856,388
Depreciation and amortization	342,729	358,189
Finance income	(59,759)	(137,354)
Finance costs	3,527	3,233
Settlement payment	45,000	-
Decrease (increase) in trade and other receivables	410,542	22,108
Decrease (increase) in contract assets	66,937	13,987
Increase (decrease) in trade and other payables	26,242	35,126
Increase (decrease) in contract liabilities	(43,266)	(158,913)
Increase (decrease) in provision	10,131	17,646
Other	47,924	29,478
Subtotal	3,452,782	3,039,891
Interest received	21,790	34,613
Interest paid	(3,527)	(3,233)
Settlement paid	(45,000)	-
Income taxes paid	(910,754)	(580,490)
Cash flows from operating activities	2,515,291	2,490,780
Cash flows from investing activities		
Payments into time deposits	(18,361)	(29,077)
Purchase of property, plant and equipment	(52,474)	(67,161)
Purchase of intangible assets	(40,399)	(74,362)
Payments for lease and guarantee deposits	(21,095)	(2,536)
Proceeds from collection of lease and guarantee deposits	-	10,296
Other	2,569	(938)
Cash flows from investing activities	(129,762)	(163,780)
Cash flows from financing activities		
Repayments of lease liabilities	(195,686)	(199,351)
Cash dividends paid	(322,050)	(483,549)
Payments for acquisition of treasury shares	-	(226,057)
Decrease (increase) in deposits for acquisition of treasury shares	-	(274,831)
Cash flows from financing activities	(517,736)	(1,183,789)
Net increase (decrease) in cash and cash equivalents	1,867,792	1,143,211
Cash and cash equivalents at beginning of period	6,831,944	8,707,486
Effect of exchange rate change on cash and cash equivalents	7,748	52,426
Cash and cash equivalents at end of period	8,707,486	9,903,123

(5) Notes on consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment information)

(1) Summary of reportable segments

The Group's reportable segments are the Company's structural units of which segregated financial information is available and that is subject to a periodical review by the Board of Directors so that the allocation of management resources can be determined and financial results can be evaluated.

The Group establishes Cloud Solutions and Marketing Solutions as two separate reportable segments, each of which plans and determines a strategy for the Group.

The businesses included in each of the reportable segments are as follows:

Cloud Solutions: development and sale, etc. of cloud-based enterprise systems

Marketing Solutions: provision of a variety of digitally-driven solutions that transform customer experience, such as planning digital transformation strategies and digital marketing services including management of digital advertisements

(2) Information on reportable segments

Revenues and results for each reportable segment of the Group are as follows:

Fiscal Year ended December 31, 2023

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	4,477,444	2,555,710	7,033,155	—	7,033,155
Intersegment revenue	—	—	—	—	—
Total	4,477,444	2,555,710	7,033,155	—	7,033,155
Segment income	2,020,971	526,513	2,547,485	(147)	2,547,337
Finance income					62,627
Finance costs					7,193
Profit before tax					2,602,772
Other					
Depreciation and amortization	225,362	117,366	342,729	—	342,729

(Note)

1. The adjustment of (147) thousand yen to segment income mainly consists of "Other income" and "Other expense" that are not attributable to any reportable segment.
2. Segment income corresponds to operating profit in the consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

Fiscal Year ended December 31, 2024

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solutions	Marketing Solutions	Total		
Revenue					
Revenue from external customers	4,929,715	2,969,590	7,899,305	—	7,899,305
Intersegment revenue	—	—	—	—	—
Total	4,929,715	2,969,590	7,899,305	—	7,899,305
Segment income	2,162,269	557,826	2,720,095	346	2,720,442
Finance income					143,105
Finance costs					7,159
Profit before tax					2,856,388
Other					
Depreciation and amortization	237,571	120,617	358,189	—	358,189

(Note)

1. The adjustment of 346 thousand yen to segment income mainly consists of “Other income” and “Other expense” that are not attributable to any reportable segment.

2. Segment income corresponds to operating profit in the consolidated statements of income.

3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

### (3) Matters related to changes in reportable segments

From the first quarter of the current consolidated fiscal year, the Company has revised its reportable segments to better align with the actual business conditions. The main changes are as follows:

1. The domestic sales agency business of the SEO tool “Semrush,” previously reported under the digital transformation business, is now classified as part of the Cloud Solutions business.
2. The digital transformation business has been discontinued, and a new Marketing Solutions business has been established. Marketing support operations (excluding “Semrush”), previously reported under the digital transformation business, will now be reported under the Marketing Solutions business.
3. The SaaS management tool “dxeco” was previously considered a new business in the pre-commercialization stage, with its costs distributed between two segments. However, since its commercialization is expected in the current fiscal year, all its sales and expenses will now be reported entirely under the cloud solutions business.

Due to these changes, the cloud solutions business will now focus on developing and providing proprietary cloud services, along with services from other companies. The marketing solutions business will primarily offer marketing support services to clients.

Segment information for Fiscal Year ended December 31, 2023 is presented according to the new reporting segment classifications.



(Revenue)

The breakdown of revenue from contracts with customers

The Group establishes cloud solutions and marketing solutions as two separate reportable segments. The breakdown of revenue from contracts with customers in each business segment is as follows:

(Thousands of yen)

	Fiscal Year ended December 31, 2023			Fiscal Year ended December 31, 2024		
	Cloud Solutions	Marketing Solutions	Total	Cloud Solutions	Marketing Solutions	Total
ZAC license fee, maintenance fee, and SaaS and other monthly service fees	3,182,123	—	3,182,123	3,830,533	—	3,830,533
ZAC ERP installation consultation, customization	873,725	—	873,725	583,655	—	583,655
Reforma PSA	154,570	—	154,570	183,324	—	183,324
dxeco, Semrush, and other products, etc.	267,025	—	267,025	332,201	—	332,201
Marketing / promotion	—	1,215,233	1,215,233	—	1,407,293	1,407,293
System / website integration, etc.	—	691,753	691,753	—	899,934	899,934
Operation support / operation office	—	648,723	648,723	—	662,362	662,362
Total	4,477,444	2,555,710	7,033,155	4,929,715	2,969,590	7,899,305

Cloud Solutions

1. The business segment “ZAC license fee, maintenance fee, and SaaS and other monthly service fees” includes sales of software license, maintenance of systems, provision of cloud environment and monthly service on SaaS contract, regarding “ZAC.” The Company provides a combination of software licensing, system maintenance, cloud environment provision, and other services that are necessary for customers to use the systems to allow the customers to enjoy the benefits of using the systems, and thus these are considered a single performance obligation. There are two types of software licensing contracts: one-time purchase contract and SaaS contract.

Under a one-time purchase contract, software license fees are received in a lump sum at the time of the conclusion of the contract, and maintenance and other fees are received monthly. Software licensing and maintenance and other services are recognized together as a single performance obligation to be satisfied over time during the period such fees are expected to provide the customer with material rights. The period the fees are expected to provide the customer with material rights is determined by considering the characteristics of the software licensing and related services (history of continued use by the customer, quality, etc.) since the contract period is not specified in the contracts concluded with customers. Specifically, as the one-time purchase fee is approximately equivalent to the 30-month fee of a SaaS contract, the amount of such a one-time purchase fee is allocated to the material rights and recognized as revenue over the 30 months.

Under a SaaS contract, software license fees are received monthly, the same as system maintenance fees, cloud environment provision service fees and other monthly service fees under a one-time purchase contract. These performance obligations are primarily satisfied over time, and thus the monthly fees are recognized as monthly revenue over the period the services are rendered.

2. The business segment “ZAC ERP installation consultation, customization” includes installation support service related to “ZAC” and additional development required at the time of installation. If the contract amount or the total cost to completion can be estimated reliably, revenue is recognized as the performance obligation is satisfied based on the progress towards satisfaction of the performance obligation measured as of the end of the reporting period. The progress towards satisfaction of the performance obligation is measured using the input method (the cost-to-cost method) at the costs incurred relative to the estimated total cost to completion. If the contract amount or the total cost to completion cannot be estimated reliably, revenue is recognized in an amount equal to the portion of the costs incurred that is considered highly recoverable (the cost recovery method).

3. The business segment “Reforma PSA” includes provision of monthly license for Reforma PSA. Its performance obligation is to provide an environment for the use of software. This performance obligation is primarily satisfied over time, and thus revenue is recognized over the period the service is rendered.

4. The business segment “dxeco, Semrush, and other products, etc.” includes monthly service fee for SaaS contracts of dxeco and sales of an agent of software developed by other vendors.

For SaaS contracts related to the SaaS management tool “dxeco,” software license fees are collected monthly. The performance obligation is primarily fulfilled over time, so the monthly fee is recognized as monthly revenue throughout the service period.

Regarding the sale of third-party software as an agent, the performance obligation for these sales is satisfied when the contractual delivery conditions are met, such as when the product is transferred to, or accepted, by the customer, and thus revenue is recognized at that point in time. As the Group is considered to be an agent in the nature of the business, given its primary responsibility for fulfilling promises, its exposure to inventory risk, and its discretion in establishing prices, revenue is recognized in the net amount of consideration received as a fee from the customer for the services rendered, less related costs, or in the amount of consideration as a certain fee in the form of a commission.

Marketing Solutions

5. The business segment “Marketing / promotion” includes planning of customer’s marketing and promotion, placement of advertisements,

and research (including sales from advertisement management and those achieved as an agency). Revenue is recognized depending on the nature of the rights granted to the customer. When the rights are transferred to the customer at a certain point in time, revenue is recognized at that point in time, and when the rights are available for use by the customer over a certain period, revenue is recognized over that period of time. For sales from advertisement management and those achieved as an agency, the Group is considered to be an agent in the nature of the business, given its primary responsibility for fulfilling promises, its exposure to inventory risk, and its discretion in establishing prices, revenue is recognized in the net amount of consideration received as a fee from the customer for the services rendered, less related costs, or in the amount of consideration as a certain fee in the form of a commission.

6. The business segment “System / website integration, etc.” includes construction and renewal of websites, and contracted development and maintenance of systems as a system integrator, etc. For construction and renewal of websites and contracted development, if the contract amount or the total cost to completion can be estimated reliably, revenue is recognized as the performance obligation is satisfied based on the progress towards satisfaction of the performance obligation measured as of the end of the reporting period. The progress towards satisfaction of the performance obligation is measured using the input method (the cost-to-cost method) at the costs incurred relative to the estimated total cost to completion. If the contract amount or the total cost to completion cannot be estimated reliably, revenue is recognized in an amount equal to the portion of the costs incurred that is considered highly recoverable (the cost recovery method). For maintenance of systems, etc., revenue is recognized when the services are completed and billable.

7. The business segment “Operation support / operation office” includes operation, updating and other services on websites. The performance obligation is satisfied when the service rendered is accepted by the customer, and thus revenue is recognized at that point in time.

(Information per share)

Basic earnings per share and the basis for its calculation are as follows. Note that there are no potentially dilutive common shares.

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 31, 2024
Profit attributable to owners of parent (thousands of yen)	1,836,415	2,072,900
Average number of shares during the fiscal year (shares)	16,123,454	16,123,909
Basic earnings per share (yen)	113.90	128.56

(Significant subsequent events)

Not applicable