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## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [IFRS]

February 14, 2025

Company name: f-code Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9211

URL: <https://f-code.co.jp>

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Scheduled date of annual general meeting of shareholders: March 26, 2025

Scheduled date of filing annual securities report: March 27, 2025

Scheduled date of commencing dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (online)

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 1,2024 (January 1, 2024 to December 31, 2024)

#### (1) Consolidated Operating Results

(Percentages represent year-on-year changes.)

	Revenue		Operating income		Income before income taxes		Net income		To the owners of the parent Profit attributable to		Comprehensive income Total amount	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2024	5,130	106.7	1,432	122.2	1,322	118.7	934	94.9	905	88.8	934	94.9
December 31, 2023	2,482	131.5	644	391.5	604	388.1	479	591.1	479	591.7	479	591.1

	Basic per share Net income	Diluted Earnings per share	Equity attributable to owners of the parent company Net margin	Total assets Income before income taxes	Revenue Operating margin
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	77.94	71.94	18.3	8.1	27.9
December 31, 2023	46.47	44.44	24.8	8.5	26.0

(Reference) Equity in earnings (losses) of affiliates

Year ended December 31, 2024 - Millions of yen

Year ended December 31, 2023 - Millions of yen

(Note) 1. We shifted to consolidated accounting from the first quarter of the fiscal year ending December 31, 2023, and have prepared consolidated financial statements from the fiscal year ending December 31, 2023. Accordingly, the year-on-year change rate for the fiscal year ended December 31, 2023 is presented with comparative information on non-consolidated business results for the previous fiscal year.

2. The provisional accounting treatment for business combinations was finalized in the first quarter of the fiscal year ending December 31, 2012. Each figure related to the consolidated results for the fiscal year ended December 31, 2023 reflects the details of the finalization of the provisional accounting treatment.

3. We conducted a 2-for-1 stock split on April 1, 2024. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended December 31, 2023.

#### (2) Consolidated Financial Position

	Total assets	Total shareholders' equity	To the owners of the parent Equity attributable to	Owners of the parent Imputed equity ratio	Parent company per share Equity attributable to owners
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2024	21,864	6,221	6,728	30.8	548.79
December 31, 2023	10,975	3,319	3,187	20.9	302.21

#### (3) Consolidated Cash Flows

	From operating activities Cash Flows	From investing activities Cash Flows	From financing activities Cash Flows	Cash and cash equivalents Balance at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	913	△3,389	4,369	5,936
December 31, 2023	878	△3,404	5,586	4,039

## 2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (Consolidated)	Owners of the parent Ratio of dividends to imputed equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	0.00	-	0.00	0.00	-	-	-
December 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending December 31, 2025 (Forecast)	-	0.00	-	0.00	0.00		-	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating income		Income before income taxes		Net income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	10,000	94.9	2,200	53.6	2,033	53.7	1,319	41.3	1,285	41.9	104.84

(Note) We manage our business results on an annual basis and, therefore, have omitted the presentation of consolidated financial results forecasts for the interim accounting period. For details, see Attachment page 3 [1. Please refer to (4) Future Outlook of Business Results and Others.

\* Notes :

(1) Significant changes in the scope of consolidation during the period : Yes

New 4 Company

Company

(Company name)

BINKS Inc., RAGNAROK Inc., SpinFlow Inc., BUZZ Inc.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in accounting policies required by IFRS : None

2) Changes in accounting policies due to reasons other than 1) : None

3) Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury stock)

As of December 31, 2024 12,260,600 shares

As of December 31, 2023 10,546,600 shares

2) Number of treasury stock at the end of the period

As of December 31, 2024 515 shares

As of December 31, 2023 476 shares

3) Average number of shares during the period

As of December 31, 2024 11,620,926 shares

As of December 31, 2023 10,322,934 shares

(Note) We conducted a 2-for-1 stock split on April 1, 2024. Accordingly, the number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares during the period have been calculated as if this stock split had taken place at the beginning of the period ended December 2023.

## (Reference) Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

#### (1) Non-Consolidated Operating Results

(Percentages represent year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	1,980	32.2	130	△44.2	500	56.1	246	△0.6
December 31, 2023	1,498	39.8	234	6.1	320	48.3	247	31.6

  

Fiscal year ended	Per share Net income	Diluted Net income per share
	Yen	Yen
December 31, 2024	21.17	19.54
December 31, 2023	23.97	22.92

#### (2) Non-Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2024	13,807	5,757	41.7	469.59
December 31, 2023	8,843	3,001	33.9	284.59

Shareholders' equity

(Reference) As of December 31, 2024 5,757 Millions of yen  
As of December 31, 2023 3,001 Millions of yen

(Note) 1. The provisional accounting treatment for business combinations was finalized in the first quarter of the fiscal year ending December 31, 2023. Each figure related to non-consolidated financial results for the fiscal year ended December 31, 2023 reflects the details of the finalization of the provisional accounting treatment.

2. We conducted a 2-for-1 stock split on April 1, 2024. Accordingly, net income per share and diluted net income per share have been calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended December 31, 2023.

<Reasons for differences in non-consolidated results from the results of the previous fiscal year>

In the fiscal year under review, net sales increased 32.2% year-on-year due to steady orders for existing services. On the other hand, operating income decreased 44.2% year-on-year due to the parent company's burden of business management costs, which were expanded by an increase in the number of Group companies through aggressive M&A activities. In addition, ordinary income increased 56.1% year-on-year due to management guidance fees from several consolidated subsidiaries that continued from the previous fiscal year.

\* The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

\* Explanation of the proper use of financial forecasts and other special notes

(Notes on forward-looking statements)

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's

management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. For assumptions used as the basis for the earnings forecasts and notes on the use of the earnings forecasts, see page 3 [1. Please refer to (4) Future Outlook for Business Results and Others.

(Method of Obtaining Supplementary Briefing Materials on Financial Results)

Supplementary materials will be posted on our website on February 14, 2025.

○ Appendix Contents

1. Overview of Operating Results .....	6
(1) Overview of Operating Results for the Fiscal Year under Review .....	6
(2) Overview of Financial Position for the Fiscal Year under Review .....	6
(3) Overview of cash flows for the fiscal year under review .....	8
(4) Future Outlook .....	8
2. Basic Approach to Selection of Accounting Standards.....	9
3. Consolidated Financial Statements and Major Notes .....	10
(1) Consolidated Statements of Financial Position .....	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	12
Consolidated Statements of Income.....	12
Consolidated Statements of Comprehensive Income.....	13
(3) Consolidated Statements of Changes in Equity .....	14
(4) Consolidated Statements of Cash Flows .....	16
(5) Notes to Consolidated Financial Statements .....	17
(Notes on Going Concern Assumption) .....	17
(Changes in accounting policies) .....	17
(Changes in accounting estimates).....	17
(Segment Information).....	17
(Per Share Information) .....	18
(Significant subsequent events) .....	19

## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy showed signs of gradual recovery due to an improvement in the employment and income environment, as well as an increase in the number of foreign tourists resulting from the depreciation of the yen. On the other hand, the outlook remained uncertain due to persistently high raw material prices and deteriorating international conditions, including the situation in the Middle East and the protracted situation in Ukraine.

In the digital transformation ('DX') market and the digital-related IT and business consulting market in which the Group operates, the diversification of consumers' media contact points has been further enhanced by the accelerated shift of consumer activities online since the Corona disaster. The digital shift to respond to these trends is a key driver of the digital shift. Many companies are taking active steps towards DX, including a digital shift, in order to respond to these trends, and the market is attracting attention as a market where high growth is expected.

In this business environment, the Group continues to provide solutions that improve the customer experience on client companies' websites, turn customers into loyal customers and promote continuous purchasing activities, based on technology and SaaS that improve the customer experience, while also expanding into the area of marketing and creative, where needs have increased in recent years, to provide comprehensive DX support from website construction to attracting customers and promoting repeat business.

In addition, our group has been actively conducting M&A with the aim of increasing the quality and quantity of CX data and improving profitability through synergies such as cross-selling between services by expanding service capabilities.

During the consolidated cumulative period under review, the Company executed four M&A deals. On January 17, 2024, the Company acquired a portion of the shares of BINKS Inc. On April 1, 2024, the Company acquired all the shares of Ragnarok Inc. On November 5, 2024, the Company acquired a portion of the shares of SpinFlow Inc. On November 25, 2024, the Company acquired all of the shares of BUZZ Inc. and made them consolidated subsidiaries. In addition, on January 17, 2025, the Company acquired all the shares of ZEROTUS Inc., and on February 14, 2025, acquired certain shares of Ciel Zero Inc., making them consolidated subsidiaries.

As a result, in the fiscal year under review, revenue was ¥5,130,876 thousand (up 106.7% year-on-year), operating income was ¥1,432,421 thousand (up 122.2% year-on-year), income before income taxes was ¥1,322,587 thousand (up 118.7% year-on-year), and profit attributable to owners of parent was ¥905,735 thousand (up 88.8% year-on-year) due to steady orders for Technology SaaS and various professional services, and contributions from the business performance of group companies that became consolidated subsidiaries through M&A in the previous fiscal year and the current fiscal year.

### (2) Overview of Financial Position for the Fiscal Year under Review

#### 1) Assets, Liabilities and Equity

##### (Assets)

Total assets at the end of the fiscal year under review were ¥21,864,130 thousand, an increase of ¥10,889,010 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥2,196,382 thousand in cash and cash equivalents and an increase of ¥7,207,370 thousand in goodwill resulting from M&A conducted in the current consolidated cumulative period.

##### (Liabilities)

Total liabilities at the end of the fiscal year under review were ¥15,642,489 thousand, an increase of ¥7,987,138 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥3,118,108 thousand in fair value appraisal value related to contingent consideration, an increase of ¥1,318,148 thousand in contract liabilities, an increase of ¥755,673 thousand in long-term loans payable, and an increase of ¥693,468 thousand in current portion of long-term loans payable, among the items included in other financial liabilities of non-current liabilities in conjunction with the execution of a new M&A.

##### (Equity)

Total equity at the end of the fiscal year under review was ¥6,221,640 thousand, an increase of ¥2,901,872 thousand from the end of the previous fiscal year. This was mainly due to increases in capital stock of ¥1,207,169 thousand and capital surplus of ¥1,183,915 thousand as a result of the public offering, and an increase in retained earnings of ¥905,735 thousand due to the recording of profit attributable to owners of the parent. Based on the resolution of the extraordinary general meeting of shareholders held on

November 5, 2024, the capital reduction became effective as of November 13, 2024, resulting in a decrease of ¥1,242,989 thousand in capital and an increase of ¥1,242,989 thousand in capital surplus during the current consolidated cumulative period.

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

Cash and cash equivalents (hereinafter, "funds") at the end of the fiscal year under review amounted to ¥5,936,331 thousand an increase of ¥1,896,382 thousand from the end of the previous fiscal year. The status of each cash flow and its factors are as follows.

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities for the fiscal year under review was ¥913,642 thousand, compared with net cash provided by operating activities of ¥878,176 thousand in the previous fiscal year. Major components of the increase in cash flows included profit before tax of ¥1,322,587 thousand, depreciation and amortization of ¥89,300 thousand, and impairment loss of ¥247,106 thousand, an increase in trade and other receivables of ¥537,290 thousand, despite an increase in trade and other payables of ¥343,439 thousand.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities during the fiscal year under review totaled ¥3,389,240 thousand (compared to ¥3,404,280 thousand used in the previous fiscal year). This was mainly due to payments for purchases of subsidiaries of ¥3,195,234 thousand and deposits into time deposits totaling ¥300,000 thousand.

#### (Cash Flows from Financing Activities)

Net cash provided by financing activities for the fiscal year under review was ¥4,369,090 thousand compared with net cash provided by financing activities of ¥5,586,412 thousand in the previous fiscal year. This was attributable to proceeds from long-term loans payable of ¥3,640,000 thousand, and proceeds from issuance of new shares of ¥2,414,338 thousand, despite repayment of long-term loans payable of ¥2,230,337 thousand.

### (4) Future Outlook

In the fiscal year under review (ended December 31, 2024), we were able to achieve significant growth in our consolidated results as a whole, thanks to the earnings and profit contributions from the M&A that we have implemented so far, as well as the growth of our group companies.

Regarding the consolidated results for the following fiscal year (ending December 31, 2025), we will continue to actively pursue M&A to increase the corporate value of our group while aiming to maintain the growth of each of our existing group companies. Most recently, as announced in the "Notice Concerning Acquisition of Shares of Ciel Zero Inc.(to Make It a Subsidiary)" released on February 4, 2025, we acquired a portion of the shares of Ciel Zero Inc. which provides services centered on IT engineering and AI system development, and made it a consolidated subsidiary as of today, February 14, 2025. Through these measures, we will work to further improve the profitability and competitiveness of our group and strengthen and streamline our business activities and management functions through group management.

Based on these trends, for the fiscal year ending December 2025, we forecast revenue of ¥10,000 million, operating profit of ¥2,200 million, profit before tax of ¥2,033 million, and profit attributable to owners of the parent of ¥1,285 million. The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available and involve a number of uncertainties. Actual results may differ materially from those projected due to various factors in the future.

## 2. Basic Approach to Selection of Accounting Standards

From the third quarter of the fiscal year ending December 31, 2023, our Group has voluntarily adopted the International Financial Reporting Standards (IFRS) in place of the previous Japanese GAAP in order to provide more useful information to shareholders, investors, and other stakeholders, and to promote global management in the future by improving the international comparability of financial information and enhancing disclosure.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Statements of Financial Position

(Thousands of yen)

	Previous consolidated fiscal year As of December 31, 2023	Current consolidated fiscal year As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,039,948	6,236,331
Trade and other receivables	568,963	1,237,228
Other financial assets	100,000	35,796
Other current assets	118,168	1,315,573
Total current assets	4,827,081	8,824,928
Non-current assets		
Property, plant and equipment	238,413	283,269
Goodwill	4,279,057	11,486,428
Intangible assets	119,185	141,632
Other financial assets	67,382	160,737
Deferred tax assets	1,443,172	965,240
Other non-current assets	827	1,892
Total non-current assets	6,148,038	13,039,201
Total assets	10,975,119	21,864,130

(Thousands of yen)

	Previous consolidated fiscal year As of December 31, 2023	Current consolidated fiscal year As of December 31, 2024
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities		
Trade and other payables	207,581	551,021
Contractual liabilities	22,946	1,341,094
Short-term borrowings	291,856	593,334
Current portion of long-term debt	1,104,259	1,797,727
Lease liabilities	50,890	82,008
Income taxes payable	5,487	168,167
Other financial liabilities	-	397,529
Other current liabilities	513,570	994,350
Total current liabilities	2,196,590	5,925,233
Non-current liabilities		
Long-term debt	4,142,761	4,898,435
Lease liabilities	130,741	155,599
Other financial liabilities	1,170,814	4,648,778
Provision	14,442	14,442
Total non-current liabilities	5,458,760	9,717,255
Total liabilities	7,655,350	15,642,489
Shareholders' equity		
Common stock	15,970	27,910
Capital surplus	2,862,240	5,485,614
Retained earnings	309,404	1,215,140
Treasury stock	△432	△485
Equity attributable to owners of the parent	3,187,182	6,728,180
Total	132,585	△506,539
Non-controlling interests	3,319,768	6,221,640
Total shareholders' equity	10,975,119	21,864,130
Total liabilities and shareholders' equity		

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

(Thousands of yen)

	Previous consolidated fiscal year (January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (January 1, 2024 To December 31, 2024)
Revenue	2,482,032	5,130,876
Cost of sales	1,011,513	2,197,687
Gross profit on sales	1,470,519	2,933,188
Selling, general and administrative expenses	832,205	1,784,266
Other income	15,938	959,901
Other expenses	9,712	676,401
Operating income	644,539	1,432,421
Finance income	1,734	5,503
Finance costs	41,495	115,337
Income before income taxes	604,779	1,322,587
Income tax expense	125,550	388,558
Net income	479,228	934,029
Profit attributable to		
Owners of the parent	479,704	905,735
Non-controlling interests	△475	28,293
Net income	479,228	934,029
Earnings per share		
Basic earnings per share (yen)	46.47	77.94
Diluted earnings per share (yen)	44.44	71.94

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Previous consolidated fiscal year (January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (January 1, 2024 To December 31, 2024)
Net income	479,228	934,029
Other comprehensive income	-	-
Comprehensive income	479,228	934,029
Comprehensive income attributable to:		
Owners of the parent	479,704	905,735
Non-controlling interests	△475	28,293
Comprehensive income	479,228	934,029

### (3) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
January 1, 2023	263,592	596,623	△170,299	△289	689,626
Net income	—	—	479,704	—	479,704
Other comprehensive income	—	—	—	—	—
Comprehensive income	—	—	479,704	—	479,704
Issuance of new shares	923,233	904,199	—	—	1,827,433
Capital reduction	△1,262,794	1,262,794	—	—	—
Purchase of treasury stock	—	—	—	△143	△143
Stock-based compensation	—	6,684	—	—	6,684
Exercise of stock acquisition rights	91,938	91,938	—	—	183,876
Changes due to business combinations	—	—	—	—	—
Total transactions with owners	△247,622	2,265,617	—	△143	2,017,851
December 31, 2023	15,970	2,862,240	309,404	△432	3,187,182

  

	Non-controlling interests	Total shareholders' equity
January 1, 2023	—	689,626
Net income	△475	479,228
Other comprehensive income	—	—
Comprehensive income	△475	479,228
Issuance of new shares	—	1,827,433
Capital reduction	—	—
Purchase of treasury stock	—	△143
Stock-based compensation	—	6,684
Exercise of stock acquisition rights	—	183,876
Changes due to business combinations	133,061	133,061
Total transactions with owners	133,061	2,150,912
December 31, 2023	132,585	3,319,768

Current fiscal year (from January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
January 1, 2024	15,970	2,862,240	309,404	△432	3,187,182
Net income	-	-	905,735	-	905,735
Other comprehensive income	-	-	-	-	-
Comprehensive income	-	-	905,735	-	905,735
Issuance of new shares	1,207,169	1,183,915	-	-	2,391,084
Capital reduction	△1,213,139	1,213,139	-	-	-
Purchase of treasury stock	-	-	-	△52	△52
Stock-based compensation	-	1,016	-	-	1,016
Exercise of stock acquisition rights	17,910	17,910	-	-	35,820
Be granted to non-controlling interests	-	-	-	-	-
Put option	-	-	-	-	-
Changes in interests in consolidated subsidiaries	-	207,392	-	-	207,392
Changes due to business combinations	-	-	-	-	-
Total transactions with owners	11,940	2,623,374	-	△52	2,635,261
December 31, 2024	27,910	5,485,614	1,215,140	△485	6,728,180

	Non-controlling interests	Total shareholders' equity
January 1, 2024	132,585	3,319,768
Net income	28,293	934,029
Other comprehensive income	-	-
Comprehensive income	28,293	934,029
Issuance of new shares	-	2,391,084
Capital reduction	-	-
Purchase of treasury stock	-	△52
Stock-based compensation	-	1,016
Exercise of stock acquisition rights	-	35,820
Be granted to non-controlling interests	△688,890	△688,890
Put option	-	-
Changes in interests in consolidated subsidiaries	30,977	238,369
Changes due to business combinations	△9,506	△9,506
Total transactions with owners	△667,419	1,967,842
December 31, 2024	△506,539	6,221,640

## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (January 1, 2024 To December 31, 2024)
Net cash provided by operating activities		
Income before income taxes	604,779	1,322,587
Depreciation and amortization	72,861	89,300
Impairment loss	-	247,106
Finance income	△1,734	△5,503
Finance costs	41,495	115,337
Loss on disposal of property, plant and equipment	-	36,687
Decrease (△) in trade and other receivables	△118,341	△537,290
Increase (△) in trade and other payables	47,069	343,439
Others	319,884	△467,400
Subtotal	966,015	1,144,264
Interest and dividend income received	21	1,136
Interest paid	△29,465	△68,524
Income taxes paid	△58,394	△163,234
Net cash provided by operating activities	878,176	913,642
Cash flows from investing activities		
Payments into time deposits	-	△300,000
Proceeds from withdrawal of time deposits	-	100,000
Purchase of property, plant and equipment	△17,969	△6,292
Purchase of intangible assets	△28,342	△94,044
Payments for transfer of business	△318,884	-
Purchase of subsidiaries	△3,019,012	△3,195,234
Others	△20,072	106,330
Cash flows from investing activities	△3,404,280	△3,389,240
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings (△)	△158,143	300,308
Proceeds from long-term debt	4,475,000	3,640,000
Repayments of long-term debt	△712,652	△2,230,337
Proceeds from issuance of new shares	1,827,433	95,520
Proceeds from exercise of stock acquisition rights	183,876	2,414,338
Repayments of lease liabilities	△28,996	△62,616
Proceeds from share issuance to non-controlling interests	-	206,886
Others	△104	4,990
Cash flows from financing activities	5,586,412	4,369,090
Effect of exchange rate changes on cash and cash equivalents	1,677	2,890
Net increase (decrease) in cash and cash equivalents (△)	3,061,986	1,896,382
Cash and cash equivalents at beginning of year	977,962	4,039,948
Cash and cash equivalents at end of year	4,039,948	5,936,331

## (5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Segment Information)

Since our group is a single segment of the DX business, the description is omitted.

(Per Share Information)

(1) Basis for calculating basic earnings per share

Basic earnings per share and the calculation basis are as follows.

	(Thousands of yen)	
	Previous consolidated fiscal year (January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (January 1, 2024 To December 31, 2024)
Profit attributable to owners of parent		
Profit attributable to owners of the parent	479,704	905,735
Amount not attributable to common shareholders of the parent company	-	-
Use to calculate basic earnings per share	479,704	905,735
Net income		
Average number of shares of common stock outstanding	10,322,934	11,620,926
Basic earnings per share	46.47	77.94

(2) Basis for calculating diluted earnings per share

Diluted earnings per share and the calculation basis are as follows:

	(Thousands of yen)	
	Previous consolidated fiscal year (January 1, 2023 To December 31, 2023)	Current consolidated fiscal year (January 1, 2024 To December 31, 2024)
Diluted net income available to common shareholders		
Use to calculate basic earnings per share	479,704	905,735
Net income		
Adjustments to net income	-	-
Use to calculate diluted earnings per share	479,704	905,735
Net income		
Average number of shares of common stock outstanding	10,322,934	11,620,926
Effect of dilutive potential common shares: Stock acquisition rights	472,115	969,237
Adjusted for dilutive effect	10,795,049	12,590,163
Diluted earnings per share	44.44	71.94

(Note) The Company conducted a 2-for-1 stock split on April 1, 2024. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(Significant subsequent events)

(Business Combination through Acquisition)

At a meeting of the Board of Directors held on December 26, 2024, we resolved to acquire all shares of ZEROTUS Inc. and make it a consolidated subsidiary. In addition, the Company acquired shares on January 17, 2025, making the Company a consolidated subsidiary of the Company.

(1) Overview of Business Combination through Share Acquisition

1) Name of the acquired company and details of business acquired

Name of counterparty: ZEROTUS Inc.

Description of Business Data Consulting Business and Digital Marketing Business

Business scale Capital 1 million yen

2) Name of the other company to acquire shares

ZEROTUS Inc..

3) Main reasons for the business combination

Our company is expanding into the fast-growing DX (digital transformation) market and digital marketing sector, focusing on technology and SaaS solutions to improve customer experience. We are also tapping into the growing demand for marketing and creative services. We provide comprehensive support from website development to customer acquisition and retention. In addition, our recurring revenue business model enables rapid and stable revenue growth with high margins while maximizing customer value.

ZEROTUS Inc. provides ROI marketing support services that use data to visualize and maximize return on investment. In addition to advertising management, the Company provides support for a wide range of marketing, including the introduction and operation of the Creative Domain and GA4, MA and CRM tools.

We believe that the acquisition of the shares will enable us to maximize customer value by leveraging the knowledge of data analysis and utilization and broader marketing support capabilities held by ZEROTUS Inc., and by supporting the promotion of optimal DX by our group to client companies. As a result of comprehensively considering these factors, we decided to acquire shares because we determined that this would contribute to further enhancing the profitability of our group and strengthening our competitiveness.

4) Schedule of the business combination

Resolution of the Board of Directors on December 26, 2024

Agreement date December 26, 2024

Effective date of share transfer: January 17, 2025

5) Legal form of business combination

Acquisition of shares for cash consideration

6) Name of the company after the combination

There is no change.

7) Percentage of voting rights acquired

100.0%

8) Main rationale for determining the company to acquire

We acquire shares in exchange for cash.

(2) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition Cash	219 million yen
Acquisition cost	219 million yen

The Company has reached an agreement with the counterparty regarding the adjustment of the consideration for the transfer based on the progress of the business performance of ZEROTUS Inc. in the future and the pledged matters before and after the transfer of shares. Accordingly, the Company may pay additional consideration or adjust the amount of the acquisition consideration depending on the business performance of the relevant business. If such an event occurs, we will inform you as soon as it becomes known.

(3) Details and amount of major acquisition-related expenses

Advisory fees, etc. (approximate) ¥5 million

(4) Amount of goodwill arising, cause, amortization method, and amortization period

It has not been determined at this time.

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination and their main breakdown

It has not been determined at this time.

(Business Combination through Acquisition)

At the meeting of the Board of Directors held on February 4, 2025, we resolved to acquire a portion of the shares of Ciel Zero Inc. and make it a consolidated subsidiary. In addition, the Company acquired shares on February 14, 2025, making the Company a consolidated subsidiary of the Company.

(1) Overview of Business Combination through Share Acquisition

1) Name of the acquired company and details of business acquired

Name of counterparty: Ciel Zero Inc.

Business: IT Engineering Services and AI System Development

Business scale Capital 60 million yen

2) Name of the other company to acquire shares

Ciel Zero Inc.

3) Main reasons for the business combination

In the rapidly growing DX market and digital marketing domain, we have expanded our business to include marketing and creative fields, where needs are increasing in recent years, centered on technology and SaaS that improve customer experiences. We provide comprehensive support from website construction to attracting customers and promoting repeat customers. In addition, the Group aims to realize high-speed and stable sales growth and high profit margins through a business model centered on continuous earnings, while maximizing customer value.

Ciel Zero Inc. provides services centered on IT engineering and AI system development businesses. More specifically, we are engaged in the collective contracting IT business, the AI system development business, the engineer stationed support business, and the IT school business, and we are providing DX support that responds to a wide range of requests, including the development of software for business, embedded, and general-purpose systems, and the design and construction of infrastructure.

We believe that the acquisition of shares will enable us to maximize customer value by utilizing the engineering knowledge and experience and IT human resources and development resources held by Ciel Zero Inc. and by supporting the promotion of optimal DX by our group to client companies. As a result of comprehensively considering these factors, we decided to acquire shares because we judged that they would contribute to further improving the profitability and strengthening the competitiveness of our group.

4) Schedule of the business combination

Board of Directors Resolution February 4, 2024

Agreement date February 4, 2024

Effective date of share transfer: February 14, 2025

5) Legal form of business combination

Acquisition of shares for cash consideration

6) Name of the company after the combination

There is no change.

7) Percentage of voting rights acquired

80.0%

8) Main rationale for determining the company to acquire

We acquire shares in exchange for cash.

(2) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition Cash	¥1,310 million
Acquisition cost	¥1,310 million

The Company has reached an agreement with the counterparty to adjust the consideration for the transfer based on the performance of Ciel Zero Inc. in the future and the pledged items before and after the transfer of shares. Accordingly, the Company may pay additional consideration or adjust the amount of acquisition consideration depending on the performance of the relevant business. If such an event occurs, we will inform you as soon as it becomes known.

(3) Details and amount of major acquisition-related expenses

It has not been determined at this time.

(4) Amount of goodwill arising, cause, amortization method, and amortization period

Advisory fees, etc. (approximate) ¥7 million

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination and their main breakdown

It has not been determined at this time.

(Issuance of 10th Stock Acquisition Rights and 11th Stock Acquisition Rights)

On February 14, 2025, the Board of Directors of the Company resolved to issue the 10th Stock Acquisition Rights and the 11th Stock Acquisition Rights (hereinafter referred to as the "Stock Acquisition Rights") to officers and employees of the Company and its subsidiaries in accordance with the provisions of Article 236, 238 and 240 of the Companies Act.

Name of stock acquisition rights	10th stock acquisition rights
Allocation date of stock acquisition rights	March 31, 2025
Number of stock acquisition rights	9,498 units
Class of shares subject to stock acquisition rights	Common stock
Number of shares subject to stock acquisition rights	949,800 shares
Total amount of stock acquisition rights to be issued	2,849,400 yen (300 yen per piece)
Amount to be paid upon exercise of stock acquisition rights	¥1,158 per share
Exercise period of stock acquisition rights	April 1, 2026 To March 31, 2035
Issue price of shares and amount included in capital for issuance of new shares upon exercise of subscription rights to shares	Issue price 1,158 yen Amount included in capital 579 yen
Conditions for the exercise of stock acquisition rights	(Note)
Matters concerning transfer of stock acquisition rights	The transfer of stock acquisition rights shall require the approval of the Board of Directors.
Persons Subject to Allotment of Stock Acquisition Rights and Number of Units Allotted	3 directors 5,029 units 8 employees 2,750 units 4 directors of our subsidiary 1,719 units

(Note) The conditions for the exercise of stock acquisition rights are as follows:

- (1) In the event that the following conditions are met in our audited consolidated statements of income (or statements of income if the consolidated financial statements have not been prepared) to be included in the annual securities reports submitted by us for the fiscal years ended December 31, 2025 to December 31, 2033, stock acquisition rights holders may exercise the number of stock acquisition rights allocated to each stock acquisition right holder within the limit of the number of stock acquisition rights allocated to each stock acquisition right holder by the end of the exercise period from the first day of the month following the date of submission of the securities report for the fiscal year in which the stock acquisition rights are achieved. If the number of stock acquisition rights that can be exercised has a fractional number less than one, this number shall be rounded down. In addition, in the event that there is a material change in

the concept of pre-tax net income to be referenced due to a change in accounting standards, etc., we shall determine the indicators to be separately referenced by the Board of Directors within a reasonable range. In addition, if stock-based compensation expense related to the Share Acquisition Rights is recorded in our Consolidated Statements of Operations, it shall be determined with pre-tax income before stock-based compensation expense, which eliminates the impact of this.

- a. 50% if income before income taxes for either period equals or exceeds ¥3,500 million
- b. 100% if income before income taxes in any period equals or exceeds ¥5,000 million

- (2) Notwithstanding 1) above, the holders of the stock acquisition rights are required to be directors, statutory auditors or employees of us or our affiliated companies (which means our subsidiaries and other companies with which we have a capital relationship) for the period up to March 31, 2028. However, this is not the case when the Board of Directors determines that there are legitimate reasons, such as retirement or mandatory retirement due to the expiration of the term of office.
- (3) In the event that the closing price of our common stock on a financial instruments exchange falls below 310 yen at one time between the allotment date and the end of the exercise period of the Stock Acquisition Rights, pursuant to a resolution of our Board of Directors, holders of the Stock Acquisition Rights must exercise all remaining subscription rights within the exercise period determined by a resolution of our Board of Directors, provided, however, that this shall not apply to the cases listed below:
- (a) In the event that our disclosed information turns out to contain material misstatements
  - (b) In the event that we discover that we did not properly disclose material facts that should be disclosed in accordance with laws and regulations or the rules of the financial instruments exchanges
  - (c) In the event of delisting, bankruptcy, or other significant change in circumstances assumed at the date of issuance of the Stock Acquisition Rights
  - (d) In other cases where it is objectively recognized that we would significantly harm the trust of holders of stock acquisition rights
- (4) Exercise of the stock acquisition rights by the heirs of the stock acquisition rights holders is not permitted.
- (5) If the exercise of the Stock Acquisition Rights causes our total number of issued shares to exceed the authorized number of shares at that time, the exercise of such Stock Acquisition Rights may not be carried out.
- (6) Each Share Acquisition Right may not be exercised for less than one share.

Name of stock acquisition rights	11th stock acquisition rights
Allocation date of stock acquisition rights	March 31, 2025
Number of stock acquisition rights	800 units
Class of shares subject to stock acquisition rights	Common stock
Number of shares subject to stock acquisition rights	80,000 shares
Total amount of stock acquisition rights to be issued	80,000 yen (100 yen per piece)
Amount to be paid upon exercise of stock acquisition rights	¥822 per share
Exercise period of stock acquisition rights	April 1, 2025 to March 31, 2035
Issue price of shares and amount included in capital for issuance of new shares upon exercise of subscription rights to shares	Issue price 822 yen Amount included in capital 411 yen
Conditions for the exercise of stock acquisition rights	(Note)
Matters concerning transfer of stock acquisition rights	The transfer of stock acquisition rights shall require the approval of the Board of Directors.
Persons Subject to Allotment of Stock Acquisition Rights and Number of Units Allotted	800 units per employee of our company

(Note) The conditions for the exercise of stock acquisition rights are as follows:

- (1) In our audited consolidated statements of income (or statements of income if the consolidated financial statements have not been prepared) to be included in the annual securities reports submitted by us for the fiscal years ended December 31, 2024 and 2032, the holders of the warrants may exercise their respective specified percentages from the first day of the month following the date of the submission of the annual securities reports for the fiscal years in which they achieve their goals, up to the number of warrants allocated to each holder, if their sales in any fiscal year exceed ¥3 billion and their net income before income taxes exceeds ¥1 billion. If the number of stock acquisition rights that can be exercised has a fractional number less than one, this number shall be rounded down. In addition, in the event that there is a material change in the concept of pre-tax net income to be referenced due to a change in accounting standards, etc., we shall determine the indicators to be separately referenced by the Board of Directors within a reasonable range. In addition, if stock-based compensation expense related to the Share Acquisition Rights is recorded in our Consolidated Statements of Operations, it shall be determined with pre-tax income before stock-based compensation expense, which eliminates the impact of this.
- (2) The stock acquisition rights holders may not exercise the stock acquisition rights newly exercisable for all of the stock acquisition rights newly exercisable as of the end of the fiscal year in which the conditions were achieved, the period until the three months have passed, 75% of the total period until the three months have elapsed, and 50% of the total period from the one year and three months have elapsed. Notwithstanding the above, all stock acquisition rights that became exercisable under 1) above may be exercised on or after April 1, 2033.
- (3) In addition to 1) and 2) above, in the consolidated statements of income for each fiscal year from the fiscal year ended December 31, 2024 to the fiscal year ended December 31, 2033, in the event that the total amount of operating income generated by any of the consolidated subsidiaries in any fiscal year exceeds ¥900 million, the holders of the stock acquisition rights may exercise the number of the stock acquisition rights allocated to each holder by the end of the exercise period from the first day of the month following the date of the submission of the securities report for the fiscal year in which the stock acquisition rights are achieved to the extent of the number of stock acquisition rights allocated to each holder.
- (4) In the event that the closing price of our common stock on a financial instruments exchange falls below 685 yen at one time between the allotment date and the end of the exercise period of the Stock Acquisition Rights, pursuant to a resolution of our Board of Directors, holders of the Stock Acquisition Rights must exercise all remaining subscription rights within the exercise period determined by a resolution of our Board of Directors. provided, however, that this shall not apply to the cases listed below:
  - (a) In the event that our disclosed information turns out to contain material misstatements
  - (b) In the event that we discover that we did not properly disclose material facts that should be disclosed in accordance with laws and regulations or the rules of the financial instruments exchanges
  - (c) In the event of delisting, bankruptcy, or other significant change in circumstances assumed at the date of issuance of the Stock Acquisition Rights
  - (d) In other cases where it is objectively recognized that we would significantly harm the trust of holders of stock acquisition rights
- (5) Exercise of the stock acquisition rights by the heirs of the stock acquisition rights holders is not permitted.
- (6) If the exercise of the Stock Acquisition Rights results in our total number of issued shares exceeding the authorized number of shares at that time, we may not exercise such Stock Acquisition Rights.
- (7) Each Share Acquisition Right may not be exercised for less than one share.

(Notice of Partial Extinguishment of the 8th Stock Acquisition Rights (Trust-type Stock Options) and Cancellation of the 9th Stock Acquisition Rights)

At the meeting of the Board of Directors held on February 14, 2025, we resolved to partially eliminate the 8th Series of Stock Acquisition Rights (Trust-type Stock Options) (hereinafter referred to as [Trust-type SO]), acquire the 9th Series of Stock Acquisition Rights (hereinafter referred to as "Performance-based Stock Options") (hereinafter referred to as [Performance-based SO]) at no charge to us, and immediately cancel all such rights.

(1) Summary of partial extinguishment of trust SO

1) Outline of Trust Type SO

(1) Name of stock acquisition rights	8th stock acquisition rights
(2) Allottee	Kotaeru Trust Co.,Ltd. (Note)
(3) Date of trust agreement	May 11, 2022
(4) Allocation date	May 12, 2022
(5) Expiration date of the trust term	End of Dec. 2022
(6) Exercise period	From April 1, 2025 to April 30, 2032
(7) Number of stock acquisition rights issued (number of shares)	2,000 units (800,000 shares)
(8) Number of stock acquisition rights exercised (number of shares)	0 (0 shares)
(7) Number of stock acquisition rights to be extinguished (number of shares)	1,662 units (664,800 shares)
(8) Number of stock acquisition rights remaining after extinguishment (number of shares)	338 units (135,200 shares)

(Note) The Stock Acquisition Rights will be allocated to the trust with Kotaeru Trust Co.,Ltd. as the trustee and will be delivered to our officers and employees who are designated as beneficiaries as of the expiration date of the trust term. At the time of extinguishment, the beneficiary has not been determined and there is no record of granting.

2) Reasons for extinguishment

At the “Briefing on the Stock Option Tax System for Startup Managers and Supporters” held by the NTA and METI on May 29, 2023, the NTA announced its view on the tax treatment of trust-type SO, “Economic profits at the time of exercise will be taxed as salaries”. We have been paying close attention to subsequent developments, but in order to review the incentive plan for officers and employees, etc. to be more effective this time, we have decided to extinguish part of the Trust SO. For the new trust SO remaining after the extinguishment, we are considering the use of this trust as an incentive for alliances with partner companies that will contribute to enhancing our corporate value. The procedures for the extinguishment of the Trust SO are in progress in consultation with internal and external experts, and we will promptly inform you of any matters that should be disclosed.

3) Impact on business performance

The extinguishment of the Trust SO will have only a minor impact on the Company's results of operations, but we will promptly inform you of any matters that should be announced.

(2) Outline of cancellation of performance-linked SO

1) Outline of performance-linked SO

(1) Name of stock acquisition rights	9th stock acquisition rights
(2) Total number of stock acquisition rights	1,320 units
(3) Type and number of shares for stock acquisition rights	264,000 shares of common stock (200 shares per unit)
(4) Paid-in amount of stock acquisition rights	38,280 yen (29 yen per piece)
(5) Issue price of stock acquisition rights	29 yen per unit
(6) Shares of stock acquisition rights to be acquired and retired	1,320 units
(7) Acquisition price of stock acquisition rights	Free of charge
(8) Date of acquisition and cancellation	February 28, 2025

2) Reasons for Acquisition and Retirement

In view of the fact that our consolidated results have grown rapidly as a result of the M&A that we have conducted so far and the growth of our group companies, and that we have decided to aim for ¥5 billion in net income before income taxes for FY12/27 as our group's medium-term management target, as stated in the “Financial Results for the Fiscal Year Ending December 31,2024” released today, in aiming to increase our corporate value over the medium to long term, we have revised the incentive plan to a more effective one by setting new targets based on our latest business results, business progress, and the level of performance we should aim for in the future, with the aim of further enhancing our commitment to expanding our business results. We have decided to amortize performance-linked SO and issue new stock acquisition rights for a fee to executives and employees who are managerial personnel of our group.

3) Impact on business performance

The cancellation of the performance-linked SO will have only a minor impact on business results, but we will promptly announce any matters that need to be announced.