

Consolidated Financial Results

for the First Quarter of the Fiscal Year Ending December 31, 2025 [IFRS]

May 15, 2025

Company name: f-code Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9211

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

Representative: Representative: Tsutomu Kudo, President and representative director

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Scheduled date of commencing dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (online)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results (Cumulative) (Percentages represent changes from the same quarter of the previous year.)

	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	%
FY2025 1Q	2,416	133.4	572	80.9	540	82.9	352	84.9	324	77.6	352	84.9
FY2024 1Q	1,035	168.7	316	175.4	295	174.5	190	155.1	182	144.6	190	155.1

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY2025 1Q	26.35		24.98	
FY2024 1Q	17.28		15.73	

(Note) 1. We conducted a 2-for-1 stock split on April 1, 2024. Basic earnings per share and diluted earnings per share have been calculated as if the stock split had taken place at the beginning of the fiscal year ended December 31, 2024.

2. The provisional accounting treatment for business combinations was finalized in the first quarter of the fiscal year ending December 31, 2025. Each figure related to the first quarter of the fiscal year ending December 31, 2024 reflects the details of the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total Asset	Total Equity	Equity attributable to owner of the parent company	Equity attributable to owner of the parent company ratio
	Millions of yen	Millions of yen	Millions of yen	%
FY2025 1Q	24,552	5,945	6,619	27.0
FY2024	21,687	6,041	6,665	30.7

(Note) The provisional accounting treatment for business combinations was finalized in the first quarter of the fiscal year ending December 31, 2025. Each figure related to the fiscal year ended December 31, 2024 reflects the details of the finalization of the provisional accounting treatment.

2. Dividends

	Annual dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	-	0.00	-	0.00	0.00
FY2025	-	-	-	-	-
FY2025(Forecast)	-	0.00	-	0.00	0.00

(Note) Revisions to the dividend forecasts most recently announced : None

3. Forecast of Consolidated Financial Results 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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	10,000	94.9	2,200	64.6	2,033	65.7	1,319	51.4	1,285	52.4	104.84

(Note) Revisions to the most recently announced earnings forecasts : None

(Note) We finalized the provisional accounting treatment for business combinations in the first quarter of the fiscal year ending December 31, 2025. The rate of change in the forecast of consolidated financial results compared with the previous fiscal year is based on a comparison with the consolidated financial results for the fiscal year ended December 31, 2024, which reflects the details of the finalization of the provisional accounting treatment.

* Notes :

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

		(Company name)
New	3 Company	ZEROTUS Inc. Ciel Zero Inc. Smart Contact Inc.

Exclusion	- Company	(Company name)	-
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(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)

FY2025 1Q : 12,371,000 shares

FY2024 : 12,260,600 shares

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

FY2025 1Q : 40,563 shares

FY2024 : 515 shares

3) Average number of shares during the period

FY2025 1Q : 12,316,081 shares

FY2024 : 10,578,099 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 2024.

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm : None

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

(Note regarding 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 "(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements" of the Quarterly Consolidated Financial Results for the Period under Review.

(Method of Obtaining Supplementary Briefing Materials on Quarterly Financial Results)

Supplementary materials for quarterly financial results will be posted on our website on May 15, 2025.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

Forward-looking statements in the text are based on the judgment of our group as of the end of this quarter.

Financial Position and Operating Results

1) Operating Results

In the first quarter of the current fiscal year, the Japanese economy is heading toward a moderate recovery due to improvements in corporate earnings, wages, and the employment situation, despite a slowdown in some areas of personal consumption due to high prices. On the other hand, the outlook remains uncertain due to concerns about the impact of policy changes resulting from the change in the U.S. administration.

In the digital transformation (DX) market and the digital-related IT & business consulting market, in which our group operates, consumer media contact points are becoming increasingly diversified due to the rapid development of online consumer activities after the Corona crisis, and digital shifts to respond to this are being actively promoted in many companies. In addition, with the recent remarkable advances in AI technology, the possibility of dramatically increasing corporate productivity through the automation of operations and the sophistication of decision-making is becoming a reality. DX's efforts that incorporate this technology are attracting attention not only as a means of improving operational efficiency, but also as a means of creating new value and establishing a competitive advantage. Against this backdrop, this market continues to attract attention as an area where high growth is expected in the future.

In this business environment, our Group provides services primarily in two areas with the aim of supporting corporate digital reforms. First, we are working in the Marketing area, where we respond to the ever-increasing number of digital contacts and provide support to maximize the company's marketing results. Second, in order to promote corporate DXs and sophisticated digitization, we are focusing on the AI and Technology domain, which provides support through the use of AI and system-development. Furthermore, our Group is actively pursuing M&A with the aim of expanding our service capabilities and improving earnings by generating synergies through cross-selling between services that leverage the strengths and customer bases of each Group company.

During the first quarter of the fiscal year under review, the Company acquired all of the shares of ZEROTUS Inc. on January 17, 2025, purchased certain shares of Ciel Zero Inc. on February 14, 2025, and purchased certain shares of Smart Contact Inc. on March 10, 2025.

As a result, in the first quarter of the fiscal year under review, revenue was ¥2,416,545 thousand (up 133.4% year on year), operating profit was ¥572,973 thousand (up 80.9% year on year), profit before tax was ¥540,528 thousand (up 82.9% year on year), and profit attributable to owners of parent was ¥324,562 thousand (up 77.6% year on year) due to steady orders for Technology SaaS and various professional services and contributions from group companies that became consolidated subsidiaries through M&A in the previous fiscal year.

(2) Explanation of Financial Position

Assets, Liabilities and Equity

(Assets)

Total assets at the end of the first quarter under review were ¥24,552,519 thousand, an increase of ¥2,865,139 thousand from the end of the previous fiscal year. This was mainly due to increases of ¥2,424,271 thousand in goodwill and ¥530,188 thousand in deferred tax assets as a result of new M&A, while there was a decrease of ¥1,267,634 thousand in cash and cash equivalents.

(Liabilities)

Total liabilities at the end of the first quarter under review were ¥18,606,620 thousand an increase of ¥2,961,208 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥1,335,214 thousand in bonds and borrowings under non-current liabilities and an increase of ¥1,312,307 thousand in fair value appraised value related to contingent consideration among those included in other financial liabilities under non-current liabilities following the execution of a new M&A.

(Equity)

Total equity at the end of the first quarter of the current fiscal year was ¥5,945,899 thousand yen, a decrease of ¥96,068

thousand yen from the end of the previous fiscal year. This was mainly due to an increase of ¥324,562 thousand in retained earnings due to the recording of quarterly profit attributable to owners of the parent, and decreases of ¥323,389 thousand in capital surplus and ¥49,735 thousand in non-controlling interests due to the acquisition of additional shares of subsidiaries and the exercise of written put options related to non-controlling interests, as well as the recognition of new put options.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

At this time, there are no changes to the forecast for the fiscal year ending December 31, 2025, which was announced on February 14, 2025. The earnings forecasts are based on information available as of the date of announcement of these materials. Actual results may differ from the forecasts due to various factors going forward.

In addition, the Company became a consolidated subsidiary on March 10, 2025 following the acquisition of a portion of the shares of SmartContact Inc. The impact is not reflected in the above forecast because the Company is currently in the process of scrutinizing. We will promptly inform you of any matters that should be disclosed in the future.

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Thousands of yen)

	Previous consolidated fiscal year As of December 31, 2024	Current 1st quarter Consolidated accounting period As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	6,236,331	4,968,697
Trade and other receivables	1,237,228	1,805,213
Other financial assets	35,796	39,448
Other current assets	1,196,079	1,290,368
Total current assets	8,705,434	8,103,727
Non-current assets		
Property, plant and equipment	283,269	515,391
Goodwill	11,402,681	13,826,953
Intangible assets	182,132	194,579
Other financial assets	160,737	406,533
Deferred tax assets	951,231	1,481,420
Other non-current assets	1,892	23,914
Total non-current assets	12,981,945	16,448,791
Total assets	21,687,379	24,552,519

(Thousands of yen)

	Previous consolidated fiscal year As of December 31, 2024	Current 1st quarter Consolidated accounting period As of March 31, 2025
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities		
Trade and other payables	551,021	806,542
Contractual liabilities	1,378,661	1,246,350
Short-term borrowings	48,334	-
Bonds and borrowings	1,797,727	1,927,963
Lease liabilities	82,008	132,468
Income taxes payable	168,167	169,690
Other financial liabilities	1,197,529	624,009
Other current liabilities	847,689	1,310,573
Total current liabilities	6,071,139	6,217,598
Non-current liabilities		
Bonds and borrowings	5,443,435	6,778,649
Lease liabilities	155,599	316,169
Other financial liabilities	3,960,795	5,273,103
Provision	14,442	21,099
Total non-current liabilities	9,574,272	12,389,021
Total liabilities	15,645,411	18,606,620
Shareholders' equity		
Common stock	27,910	49,879
Capital surplus	5,485,614	5,162,225
Retained earnings	1,152,674	1,477,236
Treasury stock	(485)	(69,961)
Total equity attributable to owners of the parent	6,665,714	6,619,380
Non-controlling interests	(623,746)	(673,481)
Total shareholders' equity	6,041,967	5,945,899
Total liabilities and shareholders' equity	21,687,379	24,552,519

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

Condensed Quarterly Consolidated Statements of Income

First quarter consolidated cumulative accounting period

	(Thousands of yen)	
	Previous 1st Quarter (January 1, 2024 to March 31, 2024)	First Quarter of FY2025 (January 1, 2025 to March 31, 2025)
Revenue	1,035,356	2,416,545
Cost of sales	400,524	808,100
Gross profit on sales	634,831	1,608,445
Selling, general and administrative expenses	320,295	1,185,354
Other income	7,047	249,553
Other expenses	4,858	99,671
Operating income	316,725	572,973
Finance income	1,191	2,652
Finance costs	22,386	35,097
Quarterly profit before tax	295,530	540,528
Income tax expense	104,973	188,205
Quarterly profit	190,556	352,323
Quarterly profit attributable to		
Owners of the parent	182,757	324,562
Non-controlling interests	7,799	27,760
Quarterly profit	190,556	352,323
Quarterly earnings per share		
Basic quarterly earnings per share (yen)	17.28	26.35
Diluted quarterly earnings per share (yen)	15.73	24.98

Condensed Quarterly Consolidated Statements of Comprehensive Income

First quarter consolidated cumulative accounting period

(Thousands of yen)

	Previous 1st Quarter (January 1, 2024 to March 31, 2024)	First Quarter of FY2025 (January 1, 2025 to March 31, 2025)
Quarterly profit	190,556	352,323
Other comprehensive income	-	-
Quarterly comprehensive income	190,556	352,323
Quarterly comprehensive income attributable to		
Owners of the parent	182,757	324,562
Non-controlling interests	7,799	27,760
Quarterly comprehensive income	190,556	352,323

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

First Quarter (January 1, 2024 to March 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
Quarterly profit	-	-	182,757	-	182,757
Other comprehensive income	-	-	-	-	-
Quarterly comprehensive income	-	-	182,757	-	182,757
Purchase of treasury stock	-	-	-	(5)	(5)
Issuance of stock acquisition rights	-	1,016	-	-	1,016
Exercise of stock acquisition rights	11,940	11,940	-	-	23,880
Changes due to business combinations	-	-	-	-	-
Total transactions with owners	11,940	12,956	-	(5)	24,891
March 31, 2024	27,910	2,875,197	492,162	(438)	3,394,831

	Non-controlling interests	Shareholders' equity Total
January 1, 2024	132,585	3,319,768
Quarterly profit	7,799	190,556
Other comprehensive income	-	-
Quarterly comprehensive income	7,799	190,556
Purchase of treasury stock	-	(5)
Issuance of stock acquisition rights	-	1,016
Exercise of stock acquisition rights	-	23,880
Changes due to business combinations	60,219	60,219
Total transactions with owners	60,219	85,111
March 31, 2024	200,605	3,595,436

First Quarter (January 1, 2025 to March 31, 2025)

(Thousands of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
January 1, 2025	27,910	5,485,614	1,152,674	(485)	6,665,714
Quarterly profit	-	-	324,562	-	324,562
Other comprehensive income	-	-	-	-	-
Quarterly comprehensive income	-	-	324,562	-	324,562
Purchase of treasury stock	-	-	-	(69,476)	(69,476)
Exercise of stock acquisition rights	21,969	21,969	-	-	43,939
Put options granted to non-controlling interests	-	378,249	-	-	378,249
Changes in interests in consolidated subsidiaries	-	(723,608)	-	-	(723,608)
Changes due to business combinations	-	-	-	-	-
Total transactions with owners	21,969	(323,389)	-	(69,476)	(370,896)
March 31, 2025	49,879	5,162,225	1,477,236	(69,961)	6,619,380

	Non-controlling interests	Shareholders' equity Total
January 1, 2025	(623,746)	6,041,967
Quarterly profit	27,760	352,323
Other comprehensive income	-	-
Quarterly comprehensive income	27,760	352,323
Purchase of treasury stock	-	(69,476)
Exercise of stock acquisition rights	-	43,939
Put options granted to non-controlling interests	(85,253)	292,995
Changes in interests in consolidated subsidiaries	168,976	(554,631)
Changes due to business combinations	(161,219)	(161,219)
Total transactions with owners	(77,496)	(448,392)
March 31, 2025	(673,481)	5,945,899

(4) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Purchase of treasury stock

Based on the resolution of the Board of Directors meeting held on March 13, 2025, we acquired 40,000 shares of treasury stock in the first quarter of the current fiscal year. As a result, treasury stock increased by ¥69,407 thousand yen.

Additional acquisition of shares of subsidiaries

During the first quarter of the fiscal year under review, we acquired additional shares in our consolidated subsidiary CRAFT Inc. making it a wholly owned subsidiary. As a result, capital surplus and non-controlling interests decreased by ¥646,537 thousand and ¥153,462 thousand respectively.

The share acquisition is also based on the exercise of written put options on subsidiary interests that were granted to the owners of the noncontrolling interest in CRAFT Inc. A short put option on a subsidiary's interest granted to the owner of the non-controlling interest recognized the present value of the exercise price as a financial liability and reduced the same amount from the non-controlling interest. Following the exercise of the put option, the non-controlling interest was reversed and the difference with the actual redemption amount was recorded as capital surplus in the amount of ¥378,249 thousand yen (increase).

As a result, capital surplus was ¥5,162,225 thousand and treasury stock was ¥69,961 thousand for the first quarter of the current fiscal year.

(Notes to Condensed Quarterly Consolidated Statements of Cash Flows)

Condensed quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization related to the first quarter of the consolidated fiscal year under review are as follows:

(Thousands of yen)

	Previous 1st Quarter (January 1, 2024 to March 31, 2024)	First Quarter of FY2025 (January 1, 2025 to March 31, 2025)
Depreciation and amortization	41,718	36,980

(Segment Information)

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

(Significant subsequent events)

(Acquisition of Treasury Stock)

At the meeting of the Board of Directors held on April 2, 2025, the Company resolved the following matters related to the repurchase of treasury stock in accordance with Article 156 of the Companies Act, which is applied by replacing the term pursuant to Article 165-3 of the Companies Act.

① Reason for acquisition of treasury stock

The purpose of the plan is to improve capital efficiency by flexibly implementing the plan, taking into account the current level of stock price, etc.

② Details of acquisition-related matters

Class of Shares Subject to Acquisition Our Common Stock

Total number of shares that can be acquired: 160,000 shares (maximum)

(1.30% of the total number of issued shares (excluding treasury stock))

Total purchase price of shares: ¥400 million (maximum)

Acquisition period April 3, 2025 to May 30, 2025

Method of acquisition: Purchase on the Tokyo Stock Exchange on a discretionary basis