



Acquired an equity stake in Ciel Zero Inc., a company that provides IT engineering services, AI system development business.

f-code Inc. | TSE Growth Market : 9211

February 4, 2025



IT engineering services, AI system development business,
operating at 19 locations nationwide

Acquisition price: 1.31 billion yen (80% acquisition ratio), projected
operating profit for the fiscal year ending December 2025: **200
million yen~**, projected investment payback period: **5 years~**

Plans to expand through cross-selling to customers within
the f-code Group

— Introduction - Overview of Share Transfer Transactions -



Overview

Name	: Ciel Zero Inc.
Description of business	: IT engineering services, AI system development business
Scheduled transfer date	: Scheduled for mid February,2025
Scheme	: share acquisition* ¹
Acquisition costs	: Approx. 1.31 billion yen (shareholding ratio 80.0%)

Forecast

Sales: approx. 2 billion yen~ / Operating profit: approx. 200 million yen~
Net assets: approx. 100 million yen (at the time of acquisition)

*¹ We are currently in discussions with financial institutions regarding the funds for the acquisition of the shares. At the time of acquisition, we plan to use our own funds.

Ciel Zero Inc.

Location: Umeda Dai Building, 3-3-10 Umeda, Kita-ku,
Osaka-shi, Osaka-fu

Number of employees: Approx. 600

Branches: 19 nationwide (Tokyo, Nagoya, Fukuoka, etc.)

Operates the following four businesses.

- 1. Full-contract IT business***
- 2. AI system development business***
- 3. Resident engineer support business***
- 4. IT school business***

Business Summary Overview



Ciel Zero Inc. respond to a wide range of requests, from software development for business, embedded systems, and general-purpose systems to infrastructure design and construction.

1. Full-contract IT business

Provide comprehensive services, covering everything from software development and infrastructure to design and environment setup, allowing us to handle projects end-to-end.



2. AI system development business

Develop AI-powered business management systems, helping companies significantly improve operational efficiency.



3. Resident engineer support business

Support businesses across Japan with a wide range of services, including software development and infrastructure construction, assisting with projects and operations.



4. IT school business

Operate a training school with a unique curriculum for aspiring young engineers with no prior experience.



— (Reposting of quarterly earnings materials) **Growth steps for our group**



The three years following the IPO, up to 2024, have been positioned as a preparatory period for further growth, with a focus on refining the core digital business.

STEP1

A company that **supports the DX of some operations**

In addition to the existing SaaS business and digital marketing support business, the scope of what can be done through M&A is being expanded.

STEP2

A company that is **digitally reforming all of its operations**

With a focus on generative AI, all operations related to business operations are being fundamentally improved.

STEP3

A company that is **spreading digital reform around the world**

Based on our mission, we can also supporting customers in overseas areas. Expanding into APAC.

Further acceleration through Ciel Zero Inc. 's participation in our group

— Support results



Supporting and collaborating with more than 3,000 customers in various industries and business sectors at 19 offices nationwide.

Hitachi Solutions West Japan, Ltd.	INTEC Inc.	PCI Solutions Inc.
Okinawa Hitachi Network Systems, Ltd.	Comture Corporation	DENSO Solution Corporation
ISB Corporation	Nippon Information Development Co., Ltd.	TRIPLEIZE CO., LTD.
System Research Co., Ltd.	Proactive Inc.	System Support Inc.
Itochu Techno-Solutions Corp.	Canon Electronics Technology Inc.	City Ascom Co., Ltd.
SCSK Minori Solutions Co.,Ltd.	Digital Information Technologies Corporation	NCD Solutions Co., Ltd.
FUJISOFT Inc.	Class Technology Co.,Ltd.	Nara Credit Guarantee Corporation
Credit Information Center CORP.	Foresight System Consulting Inc.	NSW Inc.
UNIADEX, Ltd.	Densan System Co.,Ltd.	PERSOL CROSS TECHNOLOGY CO., LTD.
Cypress Solutions Corporation	INFORMATION DEVELOPMENT CO., LTD.	CAC Corporation

Domestic IT services market

Approximately **8.0**
trillion yen^{*1}
in 2027

Annual average growth rate of
6.2% from 2023 to 2028

Domestic market related to DX

Approximately **8.0**
trillion yen^{*2}
in 2030

2.3 times the estimated 4.0
trillion yen for 2023

^{*1} Source | IDC Japan

<https://www.idc.com/getdoc.jsp?containerId=prJPJ52768424>

^{*2} Source | Fuji Chimera Research Institute, Inc.

<https://www.fcr.co.jp/pr/24034.htm>

— Overview of our group with the participation of Ciel Zero Inc.



F-code Group consists of companies specializing in **Creating** , **“Attracting Customers”** , **“Customerization and Monetization”**. With the participation of Ciel Zero Inc., we will further accelerate our efforts to help in the IT engineer field.



Creating

Engineering



Ciel Zero Inc.

IT engineering services,
AI system development



RAGNAROCK Inc.

Growth Engineering
(New business and
product development)



SpinFlow Inc.

Consulting using Generative AI,
Reskilling Training

Creative



MICROWAVE
CREATIVE

Microwave Creative Inc.

HP and system development
for a major company



JITT Inc.

HP and system development
for small and medium-sized stores

Attracting Customers

Marketing



SAKIYOMI

SAKIYOMI Inc.

SNS Marketing Support



CRAFT Inc.

Advertisement management
for D2C



BUZZ

BUZZ Inc.

SNS Marketer Training
and Matching



ZEROTUS

ZEROTUS Inc.

Data consulting business
and digital marketing business

Customerization and Monetization

Data science



BINKS

BINKS Inc.

Data Science,
LTV Marketing Support

Data science



F-CODE

f-code Inc.

CX SaaS offerings (list below)



f-tra



GFO



CODE



EFO CUBE



GORILLA



sinclo



hachidori



KaiU



Explanation of the financial details of this matter

— Financial summary for this matter - Overview of Share Transfer Transactions -



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Prior to the transfer consideration

- A recovery period of around five years has been set for the annual operating profit after adjustment on a normal earnings basis ^{*1}. The estimated market capitalization has been calculated by taking into account the net asset value at the time of acquisition (approximately 100 million yen).
- As with past deals, a clause has been set that allows the transfer consideration to increase or decrease in accordance with the actual performance progress against the operating profit that is the standard for the deal.
- In this way, we will minimize the risk to our group in this transaction. We have designed this in a way that shares the incentives for further performance improvement with Ciel Zero Inc. and its management team.
- We are currently in discussions with financial institutions regarding the funds for the acquisition of the shares.

^{*1} : We have calculated the adjusted operating income on a normal earnings basis by conservatively reflecting the costs that can be reduced (outsourcing costs, etc.) and the costs that are expected to be incurred in addition (administrative costs, etc.) in the business performance of Ciel Zero Inc.'s business in the most recent year.

— Growth Strategy | Our M&A Strategy

M&A of adjacent industries with synergies at reasonable EV / EBITDA multiples to grow EPS and enterprise value discontinuously.

M&A Concept

- ✓ Focus on existing business areas that have complementary elements and enhance **related or adjacent** areas
- ✓ Focus only on **deals that contribute to corporate value/EPS growth in the mid-to long term**
- ✓ M&A is conducted at **a reasonable EV/EBITDA multiple (currently around 5x)** after carefully examining the **profitability** of the company/business in terms of **sustainability** (duration of sales), **growth potential** (sales growth rate), and **diversification** (individual sales diversification)
- ✓ Utilize various financing strategies to **minimize cost of capital** and **ensure financial stability**
- ✓ In addition to management support and synergy pursuit, we promote the **growth of acquired businesses** through a variety of capital policies, including group incentive design and subsidiary listings

Three target areas

① Marketing SaaS

In our main business, M&A is the starting point for other services and a top priority area.

② Digital Marketing Sales

Maximize the effectiveness of marketing SaaS by strengthening marketing/sales strategy development and execution support.

③ IT and Creative Domain

Maximize the effectiveness of marketing SaaS and digital marketing/sales by assisting companies in increasing customer LTV through IT and creative aspects.

— Handling of this document



This document contains forward-looking statements. These statements are based on information available as of the date of this document. The statements do not constitute guarantees of future results or performance. Such forward-looking statements necessarily involve known and unknown risks and uncertainties. As a result, actual future results and financial condition may differ materially from any future results or performance expressed or implied herein.

Factors that may cause results to differ materially from those described in these statements include, but are not limited to, changes in national and international economic conditions and trends in the industries in which the Company operates.

Information regarding subjects and organizations other than the company is based on publicly available information, and it does not guarantee its validity, accuracy or usefulness.



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