Financial Results
for Fiscal Year
Ended December 31, 2024

February 14,2025

SIOS ,Corp.

(Stock Code: 3744 on the Second Section of Tokyo Stock Exchange)

SIOS

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1. Review of Business Results for the Fiscal Year Ended December 31, 2024 (FY2024)

Consolidated Financial Results for FY 2024 SIOS

	FY2023 Results	FY2024 Results	Change	(In millions of yen) %Change
Net Sales	15,889	20,561	+4,672	+29.4%
Gross profit	5,216	5,330	+114	+2.2%
Operating income	-208	35	+243	—
Ordinary income	-15	189	+204	—
Profit (loss) attributable to owners of parent	-18	351	+370	—
EBITDA	-147	87	+234	—
ROIC	-10.1%	1.5%	—	—

*EBITDA: Operating profit + Depreciation + Amortization of goodwill
*ROIC: Operating profit after tax / (Shareholders' equity + Interest-bearing debts)
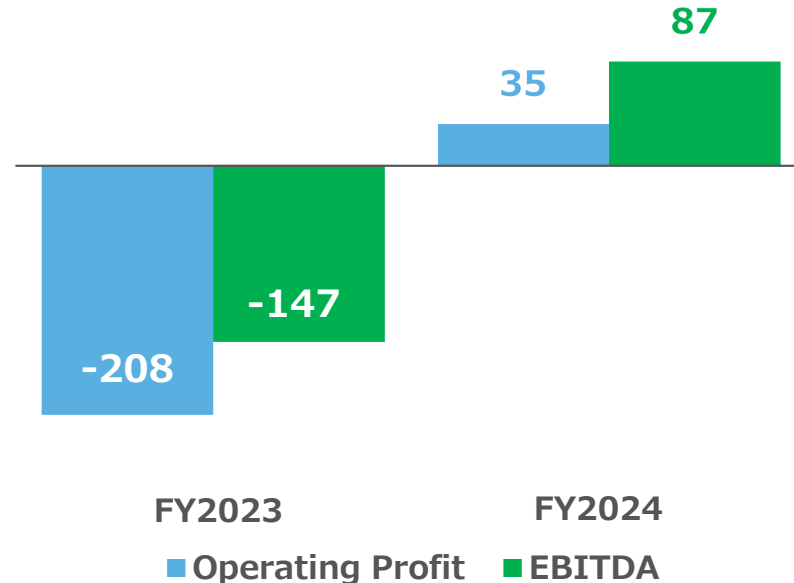
Consolidated Net Sales

（In millions of yen）

15,889

20,561

FY2023

FY2024
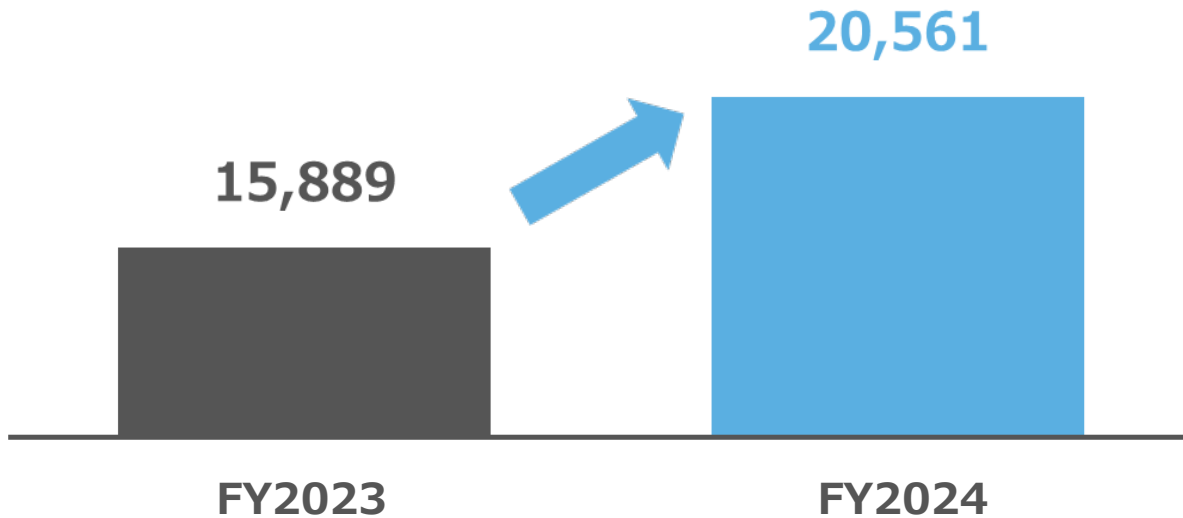
Up 29.4% year on year

Consolidated Operating Profit and EBITDA

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As a result of robust revenue in high-margin businesses and a better control of SG&A:

- **Operating profit: Improvement** of 243 million yen from the previous year's loss
- **EBITDA: Improvement** of 234 million yen from the previous year's negative performance
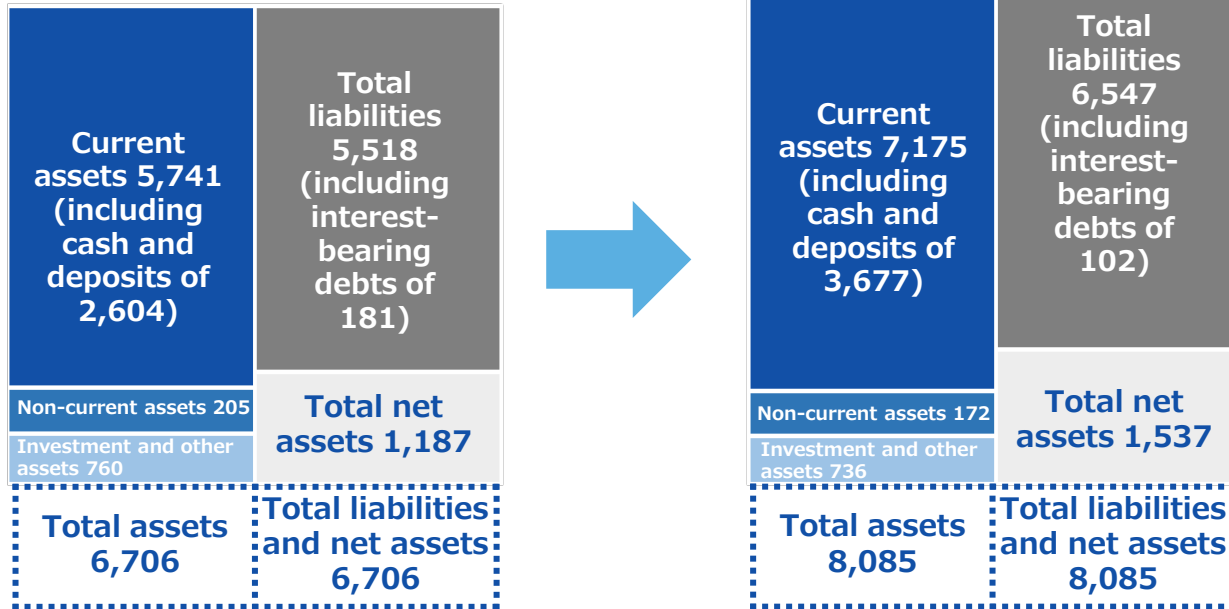
（In millions of yen）

FY2023   FY2024

■ **Operating Profit**   ■ **EBITDA**

Consolidated Balance Sheets

SIOS

(In millions of yen)

As of December 31, 2023

Current assets 5,741 (including cash and deposits of 2,604)	**Total liabilities 5,518 (including interest-bearing debts of 181)**
Non-current assets 205	
Investment and other assets 760	**Total net assets 1,187**

Total assets 6,706　**Total liabilities and net assets 6,706**

As of December 31, 2024

Current assets 7,175 (including cash and deposits of 3,677)	**Total liabilities 6,547 (including interest-bearing debts of 102)**
Non-current assets 172	
Investment and other assets 736	**Total net assets 1,537**

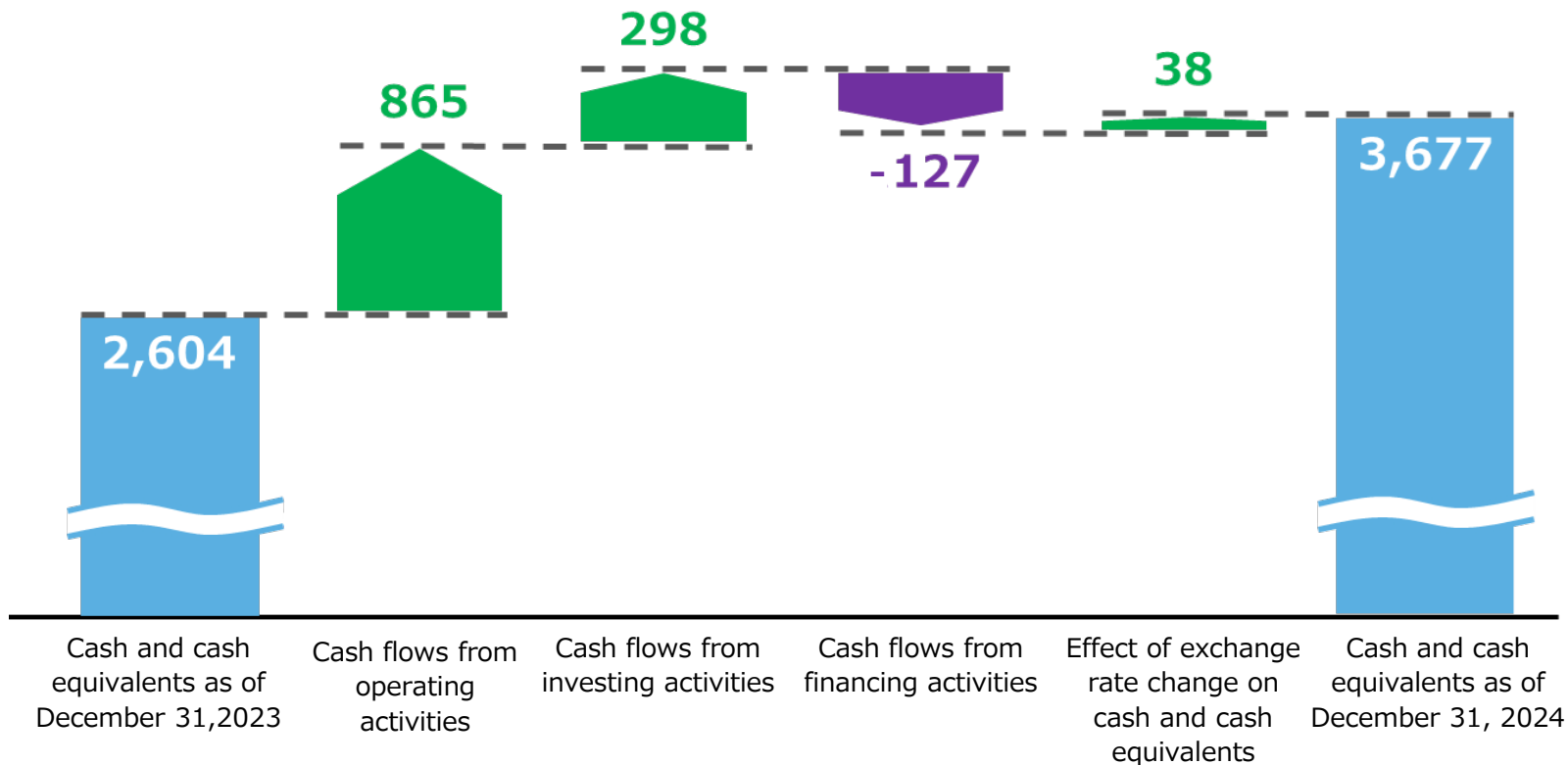**Total assets 8,085**　**Total liabilities and net assets 8,085**

- Increase in assets came primarily from an increase of 1,073 million yen in cash and deposits.
- Increase in liabilities came primarily from an increase of 638 million yen in contract liabilities.

Analysis of Consolidated Cash Flows

SIOS

(In millions of yen)

	Cash and cash equivalents as of December 31,2023	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of exchange rate change on cash and cash equivalents	Cash and cash equivalents as of December 31, 2024
Value	2,604	865	298	-127	38	3,677

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Cash Flow Analysis

		Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities
Net cash provided or used		¥865M net cash provided	¥298M net cash provided	¥127M net cash used
Breakdown	**Amount of cash provided**	• Increase in contract liabilities: ¥743M • Profit before income taxes: ¥594M • Increase in trade payables: ¥321M	• Proceeds from sale of shares of subsidiaries and associates: ¥349M • Proceeds from sale of investment securities: ¥37M	
	Amount of cash used	• Gain on sale of shares of subsidiaries and associates: ¥442M • Increase in trade receivables and contract assets: ¥183M	• Purchase of intangible assets: ¥89M	• Repayments of long-term borrowings: ¥66M • Dividends paid: ¥43M

Open System Infrastructure Business

SIOS

| Net sales | **14,573 million yen**, Up 47.1% YoY |

（In millions of yen）
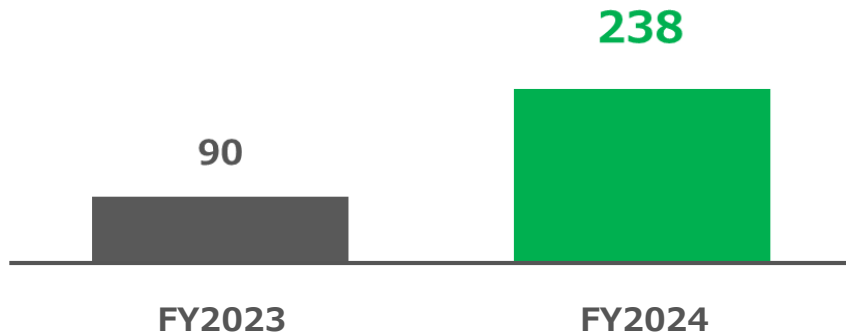

14,573

9,909

FY2023   FY2024
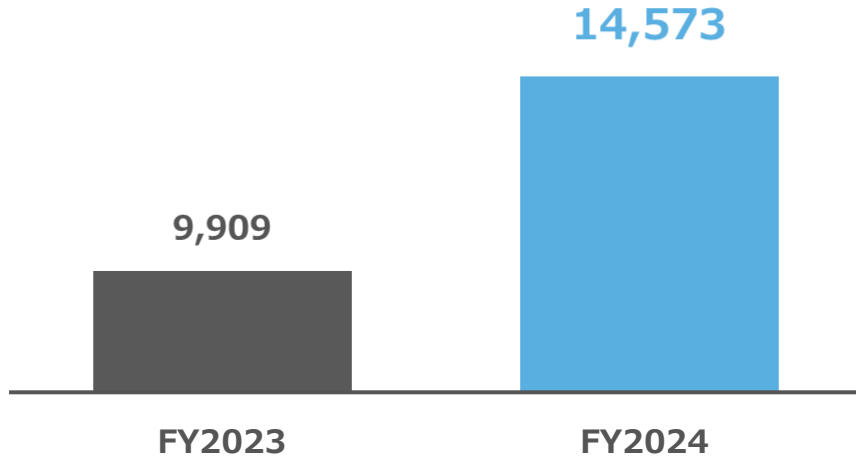
- Sales of software products sourced from Red Hat Inc.* **increased YoY**.
- Sales of LifeKeeper* were **strong** for both on-premise* and cloud* application.

Note: See the Glossary on page 35 for descriptions of terms with an asterisk.

Open System Infrastructure Business

Segment income | **238 million yen**, Up 164.8% YoY

（In millions of yen）

- Sales of software products sourced from Red Hat, Inc., were bolstered by major project orders, but had little impact on the Group's bottom line due to their low-margin nature.
- Robust sales of LifeKeeper **bolstered its profit**.

Partnered with Elastic in Generative AI* Solutions Business

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SIOS entered a strategic partnership with Elasticsearch K.K. to assist corporate clients in implementing and operating RAG* with the aid of Elastic's search AI solutions.

SIOS's three-phase assistance for successful RAG implementation

Planning phase → **PoC phase** → **Implementation phase**

Planning phase
- Interview clients about their objectives and to-be scenarios for RAG implementation
- Learn about their data sources and define their security and compliance requirements
- Assist them in developing a system design and devising a project schedule

PoC phase
- Create a PoC environment
- Assist in evaluating PoC results
- Assist in evaluating RAG performance
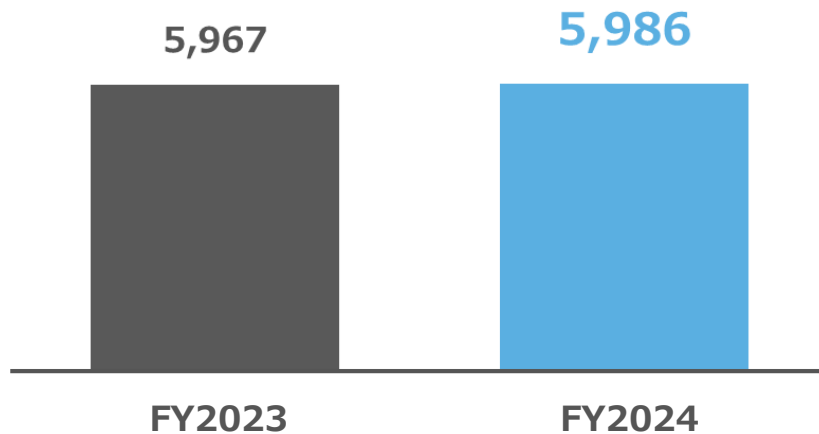- Assist in integration with large language models and generative AI solutions

Implementation phase
- Assist in designing a production environment
- Assist in creating a production environment
- Assist in operating the completed system

Application Business

SIOS

Net sales	**5,986 million yen**, Up 0.3% YoY

（In millions of yen）

5,967 — FY2023
5,986 — FY2024

- Revenue in the API* Solutions Business **achieved solid growth**, as our engineering strengths in the field of API economy catered to surging business demand.
- Revenue from Gluegent Flow and Gluegent was **up YOY**.
- Sales of software applications for MFPs* achieved **YoY growth.**
- Sales of the management support system to financial institutions were **slow**.

Application Business

| Segment income	**-205 million yen**, compared with a loss of 311 million yen the year before

(In millions of yen)

-311 FY2023

-205 FY2024

- The amount of **segment loss decreased** from the previous year as a result of the reassessment and reallocation of R&D expenses.

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Revenue from Gluegent Flow and Gluegent Gate

SIOS

Gluegent Flow
Gluegent Gate

We took a variety of actions to drive the growth of their ARR.

Combined ARR of Gluegent Flow and Gluegent Gate

（In millions of yen）

375	414	488	577	652
2020/12	2021/12	2022/12	2023/12	2024/12
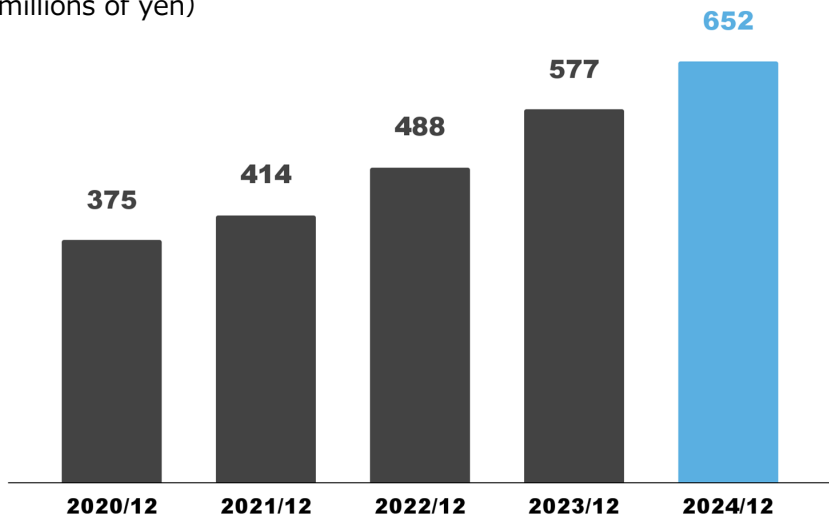
Combined ARR for FY 2024 was up 13.0% YoY

Gluegent Flow

Up 34.0%

Gluegent Gate

Up 4.6%

1. ARR: Annual Recurring Revenue, obtained by multiplying MRR (monthly recurring revenue, which is a predictable revenue that a business counts on receiving every month from subscriptions) by 12

Added Generative AI Feature to Gluegent Flow

SIOS

Gluegent Flow

Upgraded User Assist to make the workflow more useful and easier to operate.

For general users

1. **Task Summary**
   Display a summary of a task on a task list.
2. **Smart Model Search**
   Enable one-click search for recommended models to be referred to when submitting an application.

For administrators

3. **Auto Script Generation**
   Support the generation of scripts to accommodate a variety of application patterns Generate a script based on instructions written in natural language.

Incorporated AI-OCR Feature into Quick Scan

SIOS

Improved accuracy in recognizing handwritten text and white text on a black background reduces office workloads.

- Allow a user to activate the AI-OCR mode at the touch of a button on the LCD panel
- Offer improved accuracy in recognizing handwritten text

Document	White text on a black background	Italic text
	3 PDF のセキュリティ・保存・印刷	専門書・学術書・新聞
AI-OCR	3PDFのセキュリティ・保存・印刷	専門書・学術書・新聞
Conventional OCR	[Non-recognition]	蒲・糠識・諜

Name
申込人署名 難波 太郎
申込人署名難波太郎

Home telephone number
Tel（自宅）050（1745）9790
Tel(自宅)050(1745)9790

AI = ON

AI-OCR Mode

ON	Text conversion with AI-OCR
OFF	Text conversion with conventional OCR

AI-OCR

PDF files with text

Microsoft Office files

Note:An internet connection is required to use AI-OCR

Scheduled to be available from March 24, 2025.

2.Business Forecasts for the Fiscal Year Ending December 31, 2025 (FY2025)

Consolidated Business Forecast for FY2025

Bolster our legacy businesses to achieve a solid increase in operating profit

(In millions of yen)	FY2024 results	FY2025 guidance	YoY change	YoY % change
Net sales	20,561	**19,000**	-1,561	-7.6%
Operating profit	35	**70**	+34	+99.5%
Ordinary profit (Gain on valuation of derivatives, included above)	189 (53)	**160** (-)	-29	-15.3%
Profit attributable to owners of parent	351	**100**	-251	-71.6%
EBITDA	87	**122**	+30	+32.8%
ROIC	1.5%	**2.8%**	-	-
Dividend rate	-	**-**		

EBITDA: The sum of operating profit, depreciation, and amortization of goodwill
ROIC: Ratio obtained by dividing operating profit after tax by the sum of shareholders' equity and interest-bearing debts

3. Medium-Term Business Plan Updated for FY2025-2027

(1) Financial Targets

(2) Reclassification of Reportable Segments

(3) Growth Strategy for Each Reportable Segment

3. Medium-Term Business Plan Updated for FY2025-2027

(1) Financial Targets

Medium-Term Business Plan for FY 2025-2027 SIOS

Formulate a growth strategy for each reportable segment to achieve profitable growth and a greater ROIC across the Group

(In millions of yen)	2024	2025	2026	2027
Net sales	20,561	19,000	20,500	22,500
Operating profit	35	70	150	310
EBITDA	87	122	202	362
ROIC	1.5%	2.8%	5.8%	10.9%

3. Medium-Term Business Plan Updated for FY2025-2027
(2) Reclassification of Reportable Segments

Reclassify reportable segments along three business models

Reclassified reportable segments

● **Products & Services**
Develop, sell, and support in-house software products and SaaS* products

● **Consulting & Integration**
Provide consulting in planning, developing, and operating information systems, and offer system integration services

● **Software Sales and Solutions**
Sell third-party software products sourced in Japan and from abroad and provide technical support

Previous reportable segments

Application Business

Open System Infrastructure Business

Net Sales and Profit for FY2024 by Reportable Segment

 SIOS

- ●Software Sales and Solutions was the largest revenue segment.
- ●Products and Services was the most profitable segment.
- ●Profit in each segment was recognized based on its business performance, with corporate expenses recorded under adjustments.

FY2024 Results

By reclassified reportable segment

(In millions of yen)	Segment sales	Segment profit
Products & Services	6,203	488
Consulting & Integration	3,040	321
Software Sales and Solutions	11,316	108
Adjustments, including corporate expenses	2	(883)
Total	20,561	35

By previous reportable segment

(In millions of yen)	Segment sales	Segment profit
Open System Infrastructure Business	14,573	238
Application Business	5,986	(205)
Adjustments, including transactions not attributed to any segment	1	1
Total	20,561	35

3. Medium-Term Business Plan Updated for FY2025-2027

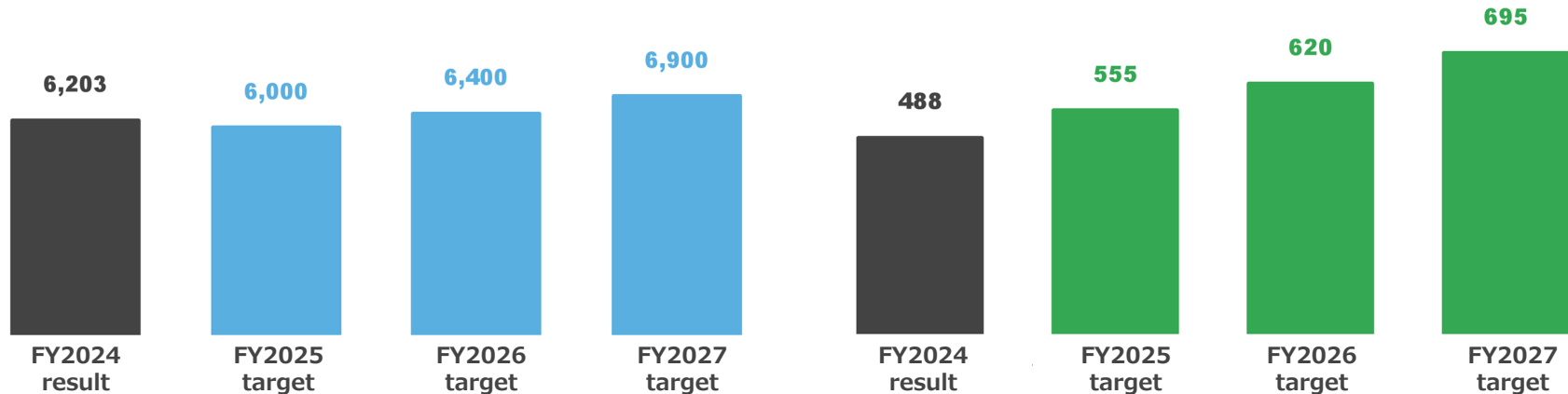## (3) Growth Strategy for Each Reportable Segment

Growth Strategy for the Products & Services Segment

SIOS

- Maintain an edge over the competition through continual feature enhancements and performance upgrades of our offerings, as well as the greater use of generative AI
- Broaden the client base by expanding sales channels and redoubling digital marketing efforts
- Increase engagement with clients, with a focus on customer success

Segment sales

Segment profit

(In millions of yen)

Segment sales				Segment profit			
6,203	6,000	6,400	6,900	488	555	620	695
FY2024 result	FY2025 target	FY2026 target	FY2027 target	FY2024 result	FY2025 target	FY2026 target	FY2027 target

Note: Net sales for FY2024 include 645 million yen in the PCI business, which was sold during the year.

Core Products Offered in the Products & Services Segment

· Quick Scan
· Speedoc
(Document management apps)
Work with MFPs to achieve a paperless office environment for greater operational efficiency

· LifeKeeper
· DataKeeper
(Disaster-recovery protection software)
Prevent a system failure from impeding business operations to ensure uninterrupted operations

· Gluegent Gate
(Cloud-based integrated ID management solution)
Enable cloud-based single sign-on and access management in a secure environment
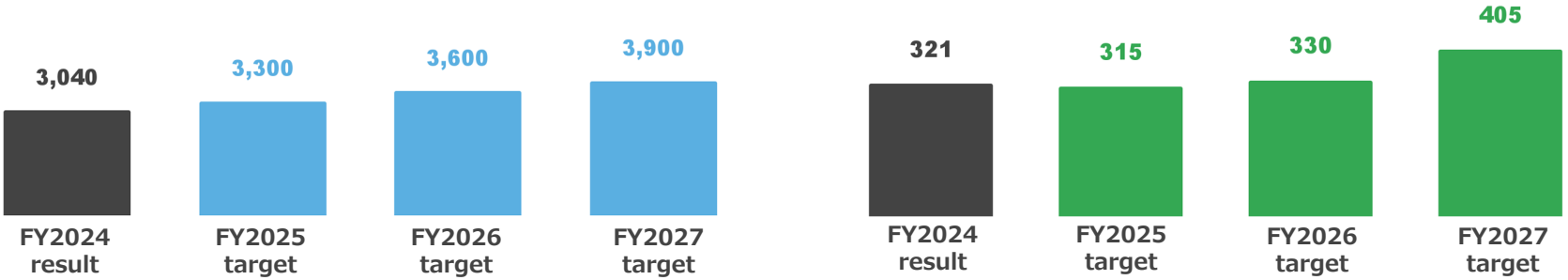
· Gluegent Flow
(Cloud-based workflow solution)
Enable making cloud-based requests and approvals in a workplace. Designed to work with generative AI*.

Growth Strategy for the Consulting & Integration Segment

- **Make greater use of open-source software to accelerate our system development efforts and enhance our competitive advantage**
- **Make greater use of generative AI to expand the scope of our system implementation support and significantly improve employee productivity internally**
- **Provide best-in-class solution planning and development and dependable operational support to increase engagement with clients**

Segment sales

Segment profit

（In millions of yen）

	Segment sales				Segment profit		
	3,040	3,300	3,600	3,900	321	315	330	405
	FY2024 result	FY2025 target	FY2026 target	FY2027 target	FY2024 result	FY2025 target	FY2026 target	FY2027 target

Core Domains of the Consulting and Integration Segment

SIOS

APIs
Provide consulting and development assistance in devising business models built around APIs, designing and implementing systems, and expanding an ecosystem

Financial services
Provide stock brokerage firms, banks, and cryptocurrency exchanges with one-stop, end-to-end assistance in system design, development, and maintenance.
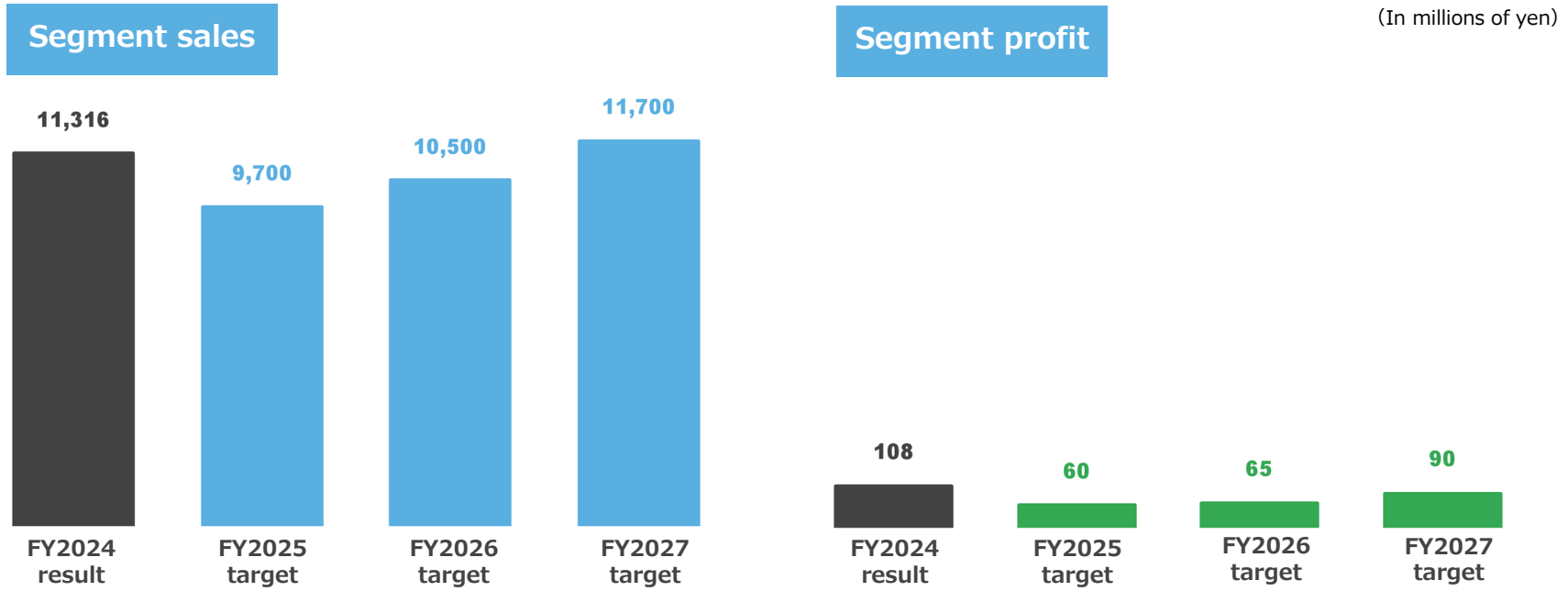
Medical care services
Develop an electronic medical record system and other digital medical management systems

Education
Provide end-to-end integrated authentication solutions for schools and universities

Growth Strategy for the Software Sales and Solutions Segment

SIOS

- ● **Expand our business with Red Hat and other partners**
- ● **Partner with Elastic in the Generative AI Solutions Business**
- ● **Offer best-in-class technical support to increase engagement with clients**

Segment sales

Segment profit

（In millions of yen）

	FY2024 result	FY2025 target	FY2026 target	FY2027 target
Segment sales	11,316	9,700	10,500	11,700
Segment profit	108	60	65	90

Our Key Partners in the Software Sales & Solutions Segment

Red Hat
SIOS is the largest authorized distributor in Japan for the U.S.-based Red Hat, boasting a solid track record of more than 25 years.
We intend to continue expanding the sales of software products sourced from Rad Hat.

Elastic
SIOS sells Elastic's search AI solutions and provides technical support.
We intend to leverage our extensive technical expertise in open-source software to support clients.

4.Appendix

About SIOS Corporation

SIOS is **I**nnovative **O**pen **S**olutions

SIOS Corporation started as a system integrator that provided solutions based on Linux and other varieties of open source software. Today, the company serves as a holding company of the SIOS Group, which includes technology firms specializing in software products and SaaS solutions.

Under the mission of making the impossible possible for the people of the world, the SIOS Group is committed to pursuing innovative solutions that resolve issues affecting people and contributing to a better society.

Visit https://www.sios.com/en to learn more about us.

Headquarters	**SIOS Building, 2-12-3 Minami Azabu Minato-ku, Tokyo, Japan**
Capital	**1,481 million yen**
Established	**May 23, 1997**
Stock listed on	**TSE Standard Market (stock code: 3744)**
No. of employees	**481 on a consolidated basis (as of December 31, 2024)**
Main consolidated subsidiaries	**Japan:** **SIOS Technology, Inc.** **U.S.A.:** **SIOS Technology Corp.**

用語集

page	Term	Description
10	**Software products sourced from Red Hat, Inc.**	Open-source software products developed by Red Hat, Inc., a provider of open-source solutions
10	**LifeKeeper**	A failover software product that automatically switches a failed primary server to a backup server
10	**On-premises**	A user enterprise owns and operates servers and software on its premises
10	**Cloud**	A user enterprise uses services provided by networks without owning servers or software on its premises
12	**Generative AI**	An AI system capable of generating new data and content from learned data
12	**RAG**	Retrieval augmented generation (RAG) is a technique to make generative AI provide a more relevant response to a query by using searchable unpublished internal data as context
13	**API**	A set of protocols that enables different software programs and applications to share information and functions
13	**Software applications for multifunction printers**	A multifunction printer (MFP) is a piece of office equipment that incorporates print, scan, copy, and fax capabilities into one unit. The Group develops, markets, and updates document management software applications, such as Quick Scan and Speedoc, that run on an MFP
24	**SaaS**	Software as a Service. A software licensing and distribution model that allows users to connect to and use cloud-based software applications over the internet

Cautionary Statement

SIOS

Forward-looking statements about the Company's business outlook contained in this document reflect management's assumptions and judgments made on the basis of available information, and may include risks and uncertainties. We caution that significant risks and uncertainties could cause actual performance to differ materially from what is discussed in the forward-looking statements. Significant risks and uncertainties that might affect our performance include, but are not limited to, the economic environment and market conditions in which we operate.

For inquiries about this document

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or fill in and send an online inquiry form available at:
https://mk.sios.com/SIOS_Inquiry_english.html