F-CODE

Acquisition of Shares in BUZZ Inc., a Company Operating SNS School and Marketer Matching Business, by Our Consolidated Subsidiary SAKIYOMI Inc.

f-code Inc. | TSE Growth Market : 9211

November 12, 2024

Executive Summary of the Acquisition of Shares in BUZZ Inc.

Developing SNS school and marketer matching business with a focus on Instagram.

Rapidly growing against the backdrop of the expansion of the SNS and side/dual job markets.

Transfer consideration: Approx. 667 million yen, estimated annual operating profit : approx. 160 million yen~,
estimated investment payback period : approx. 5 years

SAKIYOMI Inc, which develops SNS marketing business within the f-code group, executed this project. In addition to the existing mainstay B2B business, full-scale development of B2C business through synergies with BUZZ Inc.'s business

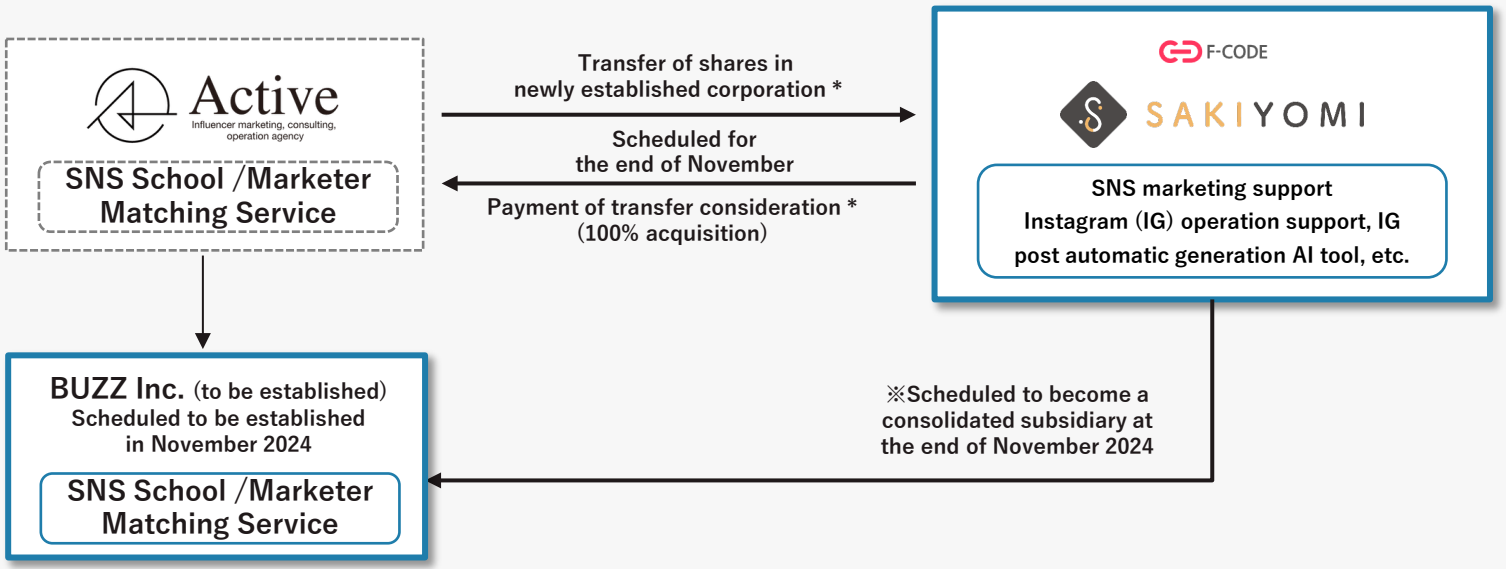
Introduction - Overview of Share Transfer Transactions -

Overview	Name ：BUZZ Inc. Description of business ：SNS school and marketer matching business Scheduled transfer date ： Scheduled for the end of November 2024 Assuming entity ：SAKIYOMI Inc. (f-code Inc. subsidiary) Scheme ： SAKIYOMI Inc. acquires the shares of the new company（BUZZ Inc.）established through an incorporation-type demerger Acquisition costs ： Approx. 667 million yen (100% acquisition ratio)
Forecast	Net sales: approx. 1.6 billion yen - / Operating income: approx. 160 million yen - *1

*1：This is an estimate of annual sales and operating income. We will examine the results for the fiscal year ending December 31, 2024, and consider disclosing them as necessary, considering the degree of impact.

Scheme of this case

Our consolidated subsidiary SAKIYOMI Inc. will acquire shares in BUZZ Inc..



*SAKIYOMI Inc. plans to acquire 100% of the shares of BUZZ Inc. for cash. After that, SAKIYOMI Inc. plans to carry out a third-party allocation of new shares to BUZZ Inc.. This is expected to strengthen efforts to grow BUZZ Inc.'s business and create synergies with SAKIYOMI Inc.. In addition, we are considering borrowing the funds for this share acquisition from financial institutions led by SAKIYOMI Inc. or from our company.

Overview of business summary

1

Buzz College, a skills-up school centered around Instagram, is being developed.

Provides over 100 course contents and personalized consulting services based on a systematic approach to Instagram management.

2

In response to the expanding SNS market and freelance/side business market, over 12,000 Clients have enrolled in the past three years.

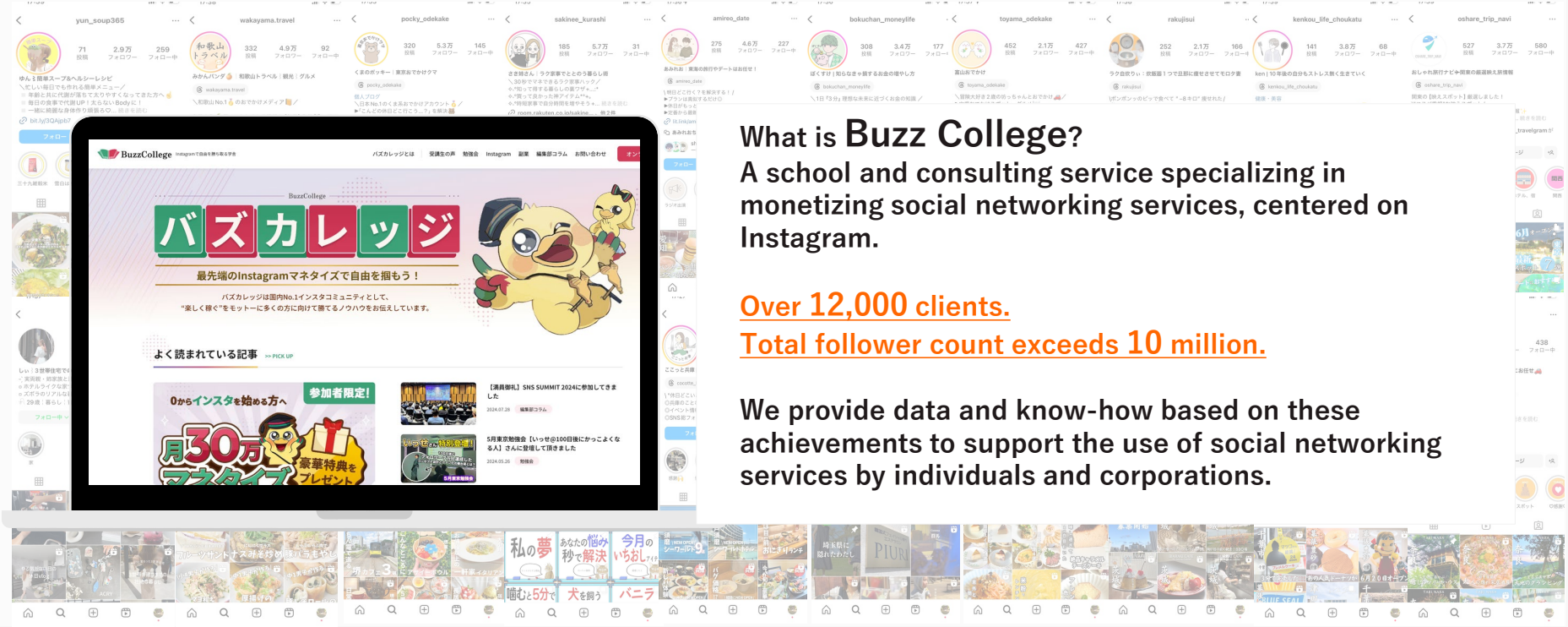
Service launched in 2022 and currently provides courses to several hundred participants each month. Total follower count of all course participants exceeds 10 million.

3

Through synergies between BUZZ Inc. and SAKIYOMI Inc., business expansion is achieved for both corporate and individual clients.

High-performing students in BUZZ Inc.'s SNS School are introduced to client projects from SAKIYOMI Inc., further expanding SNS support for clients under the SAKIYOMI Group. The increase in project volume also enhances the appeal of the school.

SNS Skill Up School 'Buzz College'



What is Buzz College?

A school and consulting service specializing in monetizing social networking services, centered on Instagram.

Over 12,000 clients.
Total follower count exceeds 10 million.

We provide data and know-how based on these achievements to support the use of social networking services by individuals and corporations.

Synergy between SAKIYOMI Inc. and BUZZ Inc. in the SNS business

We expect synergies between SAKIYOMI Inc.'s business of providing operational support and AI generation tools for corporations, and BUZZ Inc. 's business of providing schools and communities for individuals.

School graduates who achieve a certain level of results play an active role in our business for corporations.

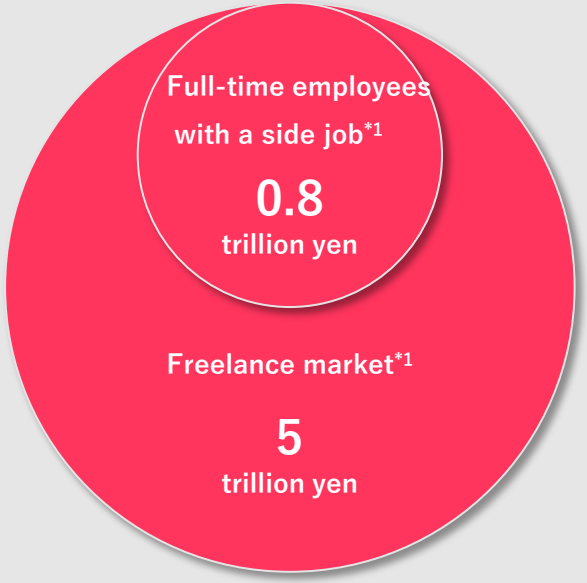
▶ Expansion of projects and sales volume



Increase in school enrollments ◀

The school is becoming more attractive because there are many opportunities after graduating from the school.

Target market



Market size of domestic social media marketing*2

1.2

trillion yen

E-learning and recurrent education market *3

0.4

trillion yen

The expansion of the market for full-time employees working side job and the freelance market will be a growth opportunity in the future.
(It will be possible to provide support for individuals who want to acquire skills and for companies that want to request work from freelancers.)
In addition, it is assumed that the expanding domestic SNS marketing market and education market will also be a tailwind for future growth.

*1 Source: CrowdWorks x Corporate Directions (CDI)
"Joint Survey on the Side Jobs of Full-Time White-Collar Employees" vol. 1
https://crowdworks.co.jp/news/p2v-g27hv/

*2 Source: Survey by CyberBuzz,Inc. and Digital InFact, Inc.
https://prtimes.jp/main/html/rd/p/000000053.000013256.html

*3 Source: Skill Up Laboratory Research
https://x.gd/GD3a9

About the Management Team

The founder and management team, including Mr. Mizoguchi and Mr. Abekawa, as well as employees, have joined our group.



Yuya Mizoguchi, Representative Director

Active Inc. was founded in May 2022. With an entrepreneurial drive since student days, the founder entered the e-commerce market as a teenager. In April 2017, they launched an accessory brand, which was sold about two years later. Building on the SNS expertise gained through this experience, they established Active Inc., which surpassed 10,000 clients in its second year. The company is now rapidly expanding as a high-growth venture, achieving over 2.6 billion yen in annual sales.



Shohei Abekawa, Director COO

Joined an SNS consulting firm in 2017, leveraging strengths in data analysis, business KPI structuring, and the formulation and execution of marketing and growth strategies to drive business growth. Later, assumed the current position at Active Inc., where responsibilities have included a broad range of tasks, from launching new projects to coordinating across departments and establishing in-house training programs.

Overview of our group with the participation of BUZZ Inc.

A group of companies specializing in ."Creating" , "Attracting Customers", "Customerization and Monetization" have come together to provide consistent support as a group.
With BUZZ Inc. joining our group, we are creating a new business segment.

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Creating

Engineering

RAGNAROCK Inc.

Growth Engineering
(New business and product development)

SpinFlow

SpinFlow Inc.

Consulting using Generative AI, Reskilling Training

Creative

Microwave Creative Inc.

HP and system development for a major company

JiTT

JITT Inc.

HP and system development for small and medium-sized stores

Attracting Customers

Marketing

SAKIYOMI Inc.

SNS Marketing Support

CRAFT

CRAFT Inc.

Advertisement management for D2C

Marketer Training, Matching

New!!

BUZZ
(to be established)

BUZZ Inc.

SNS Marketer Training and Matching

Customerization and Monetization

Data science

BINKS Inc.

Data Science,
LTV Marketing Support

Technology

f-code Inc.

CX SaaS offerings (list below)

f-tra EFO
CODE
EFO CUBE
GORILLA EFO
sinclo
hachidori
KaiU

Explanation of the financial details of this matter

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

Overview	Name ：BUZZ Inc. Description of business ：SNS school and marketer matching business Scheduled transfer date ： Mid-December 2024 (scheduled) Assuming entity ：SAKIYOMI Inc. (f-code Inc. subsidiary) Scheme ： SAKIYOMI Inc. acquires the shares of the new company（BUZZ Inc.）established through an incorporation-type demerger Acquisition costs ： Approx. 667 million yen (100% acquisition ratio)
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Financial summary for this matter

Prior to the transfer consideration

- A recovery period of around five years has been set for the annual operating profit (approximately 160 million yen~) 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.
- 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.
- The acquisition of BUZZ Inc. shares was carried out using cash consideration. Subsequently, we are considering executing the allocation of SAKIYOMI Inc. shares in combination with this
- 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 BUZZ Inc. and its management team.

*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 BUZZ 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 though a variety of capital policies, including group incentive design and subsidiary listings

Three target areas

①Marketing SaaS

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

②Digital 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.

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