# Consolidated Financial Results
# For the Third Quarter of FY 12/2024

November 14,2024

Name: F-code Inc　　Stock exchange listing: Tokyo Stock Exchange
Code Numbers: 9211　　URL+:https://f-code.co.jp
Representative: Tsutomu Kudo President and representive director
Contact: Shinichi Yamazaki, Director General Manager of Administration　　Phone: +81-3-6272-8991
Scheduled date of dividend payment commencement: -
Availability of supplementary briefing material on financial results:　Yes
Availability of financial result briefing session:　　Yes (Online)

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

## 1. Consolidated Financial Results for the nine Months Ended September 30, 2024 (January 1,2024 to September 30, 2024)

### (1) Consolidated Operational Results

( % indicates changes from the previous fiscal year)

| | Sales revenue | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY12/2024 3Q | 3,077 | 94.7 | 1,016 | 144.6 | 939 | 140.9 | 606 | 115.1 | 593 | 110.3 | 606 | 115.1 |
| FY12/2023 3Q | 1,580 | — | 415 | — | 390 | — | 281 | — | 281 | — | 281 | — |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| FY12/2024 3Q | 51.86 | 47.99 |
| FY12/2023 3Q | 27.50 | 26.17 |

(note) 1. As the quarterly consolidated financial statements are prepared from the first quarter of the year ending 31December 2023, the percentage change compared to the same quarter of the previous year for the third quarter of the year ending 31 December 2023 is not provided.
2. On 1 April 2024, the Company carried out a 2-for-1 share split of its ordinary shares; basic and diluted earnings per share have been calculated as if the share split had taken place at the beginning of the year ended 31 December 2023.

### (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 |
|---|---|---|---|---|
| | Million yen | Million yen | Million yen | % |
| FY12/2024 3Q | 17,628 | 5,825 | 6,277 | 35.6 |
| FY12/2023 | 10,975 | 3,319 | 3,187 | 29.0 |

## 2. Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY12/2023 | — | 0.00 | — | 0.00 | 0.00 |
| FY12/2024 | — | 0.00 | | | |
| FY12/2024 (Forecast) | | | — | 0.00 | 0.00 |

(note)　Revision of the dividend forecast from the most recently published dividend forecast　　:　None

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

(Percentages represent changes from the previous fiscal year.)

| | Sales revenue | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 4,633 | 86.7 | 1,350 | 107.1 | 1,274 | 108.2 | 822 | 69.8 | 775 | 59.9 | 66.82 |

(note)　Revisions to the most recently published forecasts　　:　None

(note) On 1 April 2024, the Company carried out a 2-for-1 share split of its ordinary shares.
Basic and diluted earnings per share have been calculated using the total number of shares outstanding as at the date of submission of the financial statements for the year ending 31 December 2024 after the said stock split.

*Notes：

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

New：2 Company：BINKS Inc.
RAGNAROCK Inc. Excluded： －

（２）Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS : None
2) Changes in accounting policies other than 1) above : None
3) Changes in accounting estimates : None

（３）Total number of issued shares (common shares)

| | | | |
|---|---|---|---|
| 1) Total number of issued shares at the end of the period (including treasury shares) | FY12/2024 3Q | 12,110,600 shares | FY12/2023 | 10,546,600 shares |
| 2) Total number of treasury shares at the end of the period: | FY12/2024 3Q | 480 shares | FY12/2023 | 476 shares |
| 3) Average number of shares during the period: | FY12/2024 3Q | 11,435,872 shares | FY12/2023 3Q | 10,252,752 shares |

（Note）On 1 April 2024, the Company carried out a 2-for-1 share split of its common shares. Accordingly, the number of shares outstanding at the end of the year, the number of treasury shares at the end of the year and the average number of shares during the year were calculated as if the stock split had taken place at the beginning of the year ended 31 December 2023.

※ Financial Results are not subject to audit by a certified public accountant or auditing firm

※ Explanation of appropriate use of earnings forecasts and other special notes

（Cautionary statement regarding forward-looking statements, etc.）

The earnings forecasts and any descriptions of the future are based on information presently available to the company and what it deems to be reasonable. Hence, outcomes may differ significantly due to multiple circumstances. Please refer to "1. Qualitative information on the current quarter's results" " (3) Future Outlook " on page 5 of the attached document for the cautionary statement regarding on assumptions underlying the earing forecasts and forecasts of financial results.

（How to obtain supplementary financial results materials）

Supplementary materials for financial results will be posted on the Company's website on November 14, 2024.

○Table of Contents

１．Qualitative information on the current quarter's results ....4
（１）Overview of Operational Results. . . . . 4
（２）Overview of Financial condition . . . . . 4
（３）Future Outlook. . . . . 5
２．Condensed Quarterly Consolidated Financial Statements and Major Notes ....6
（１）Condensed Quarterly Consolidated Statement of Financial Position . . . . . 6
（２）Condensed Quarterly consolidated income statement and statement of comprehensive income . . . . . 8
Condensed Quarterly consolidated income statement....8
For the nine of the financial year ....8
Condensed Quarterly consolidated statement of comprehensive income....9
For the nine of the financial year ....9
（３）Condensed Quarterly consolidated statement of changes in equity . . . . . 10
（４）Notes to the condensed quarterly consolidated financial statements. . . . . 12
(Notes for Assumption of Going Concern) ....12
(Changes in Accounting Policy) ....12
(Changes in Accounting Estimate) ....12
(Notes in the event of Significant changes in shareholders' Equity) ....12
(Notes to Condensed Quarterly Consolidated Statements of Cash Flows)....12
(Segment Information)....12
(Significant subsequent events) ....12

# 1. Qualitative information on the current quarter's results

## (1) Overview of Operational Results

Forward-looking statements in the text are based on the Group's judgment as at the end of the current quarter.

The Group has adopted IFRS instead of Japanese GAAP from the third quarter of the previous fiscal year.

1)Results of operations

During the current first nine months of the fiscal year ending December 31, 2024 (January 1,2024 to September 30, 2024), 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. The Group is also actively executing mergers and acquisitions with the aim of increasing earnings through synergies such as cross-selling between services by enhancing the quality and quantity of CX data and extending the capability of its services.

During the nine months ended December 31, 2024, the Company acquired a portion of the shares of BINKS Inc. on January 17, 2024 and all of the shares of RAGNAROCK Inc. on April 1, 2024, making each a consolidated subsidiary. Most recently, on November 5, 2024, the Company acquired a portion of the shares of SpinFlow Inc., making it a consolidated subsidiary. In addition, on November 12, 2024, the Company announced that SAKIYOMI Inc., a consolidated subsidiary of the Company, will acquire all shares of a new company (BUZZ Inc.) to be established through a corporate separation by Active Inc. which provides "SNS school and marketer matching business. Ltd. plans to acquire all shares of the new company (SAKIYOMI Inc.) and make it a consolidated subsidiary (sub-subsidiary) as of November 28, 2024.

As a result, the business results for the current first nine months of the accounting period were as follows, due to steady orders for technology, SaaS and various professional services, and the contribution of the Group companies that became consolidated subsidiaries through M&A in the previous fiscal year. Sales revenues of ¥3,077,867 thousand (up 94.7% year-on-year), operating profit of ¥1,016,362 thousand (up 144.6% year-on-year), profit before tax of ¥939,855 thousand (up 140.9% year-on-year), profit attributable to owners of the parent company of ¥593,090 thousand, an increase of 110.3%.

## (2) Overview of Financial condition

①Assets, liabilities and equity

(Assets)

Total assets at the end of the third quarter of the current fiscal year amounted to ¥17,628,957 thousand, an increase of ¥6,653,838 thousand compared with the end of the previous fiscal year.

This was mainly due to an increase of ¥2,981,044 thousand in cash and cash equivalents resulting from capital increase through public offering, etc. and an increase of ¥3,271,558 thousand yen in goodwill resulting from M&A executed at the end of the third quarter of the current fiscal year.

(Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to ¥11,803,474 thousand, an increase of ¥4,148,123 thousand compared to the end of the previous fiscal year.

This was mainly due to an increase of ¥433,986 thousand in the amount of other financial liabilities (non-current liabilities) related

to conditional consideration in connection with the execution of new M&A, and increases of ¥1,466,416 thousand in long-term loans payable and ¥ 642,396 thousand in current portion of long-term loans payable.

（Equity）

Total equity at the end of the third quarter of the current fiscal year amounted to ¥ 5,825,483 thousand, an increase of ¥2,505,714 thousand compared to the end of the previous financial year. This was mainly due to increases in capital stock and capital surplus of ¥1,207,169 thousand and ¥1,184,266 thousand yen, respectively, as a result of a public offering, and an increase in retained earnings of ¥593,090 thousand due to profit attributable to owners of the parent company..

## （３）Future Outlook

There are currently no changes to the forecast for the fiscal year ending December 31, 2024, which was announced on 14 February 2024. The forecasts are based on information available at the time of publication. Actual results may differ from these forecasts due to various factors.

In addition, following the acquisition of a portion of the shares of SpinFlow Inc. on November 5, 2024, the company became a consolidated subsidiary of the Company, and the Company plans to acquire all the shares of a new company (BUZZ Inc.) to be established through a corporate split by Active Inc. which provides "SNS school and marketer matching business". (scheduled to be acquired on November 28, 2024). However, the impact of this acquisition is currently under scrutiny and is not reflected in the earnings forecast above. We will promptly announce any matters that should be disclosed in the future.

## 2. Condensed Quarterly Consolidated Financial Statements and Major Notes

### (1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Thousand yen)

| | Previous Fiscal Year (December 31,2023) | 3Q of Current Fiscal Year (September 30,2024) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and equivalents | 4,039,948 | 7,020,993 |
| Trade and other receivables | 568,963 | 685,056 |
| Other financial assets | 100,000 | — |
| Other current assets | 118,168 | 160,167 |
| Total current assets | 4,827,081 | 7,866,217 |
| Non-CURRENT ASSETS | | |
| Property, plant, and equipment | 238,413 | 232,962 |
| Good will | 4,279,057 | 7,550,616 |
| Intangible assets | 119,185 | 159,836 |
| Other financial assets | 67,382 | 162,271 |
| Deferred tax assets | 1,443,172 | 1,655,747 |
| Other non-current assets | 827 | 1,306 |
| Total non-current assets | 6,148,038 | 9,762,740 |
| Total assets | 10,975,119 | 17,628,957 |

(Unit: Thousand yen)

| | Previous Fiscal Year (December 31,2023) | 3Q of Current Fiscal Year (September 30,2024) |
|---|---|---|
| Liabilities and Equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 207,581 | 194,731 |
| Contract liabilities | 22,946 | 53,028 |
| Short-term liabilities | 291,856 | 449,490 |
| Current portion of long-term borrowings | 1,104,259 | 1,746,655 |
| Lease liabilities | 50,890 | 67,679 |
| Income taxes payable | 5,487 | 24,645 |
| Other financial liabilities | — | 646,499 |
| Other current liabilities | 513,570 | 415,603 |
| Total current liabilities | 2,196,590 | 3,598,333 |
| Non-Current Liabilities | | |
| Long-term borrowings | 4,142,761 | 5,609,178 |
| Lease liabilities | 130,741 | 114,821 |
| Other financial liabilities | 1,170,814 | 2,466,699 |
| reserves | 14,442 | 14,442 |
| Total non-current liabilities | 5,458,760 | 8,205,141 |
| Total liabilities | 7,655,350 | 11,803,474 |
| Net Assets | | |
| Capital stock | 15,970 | 1,241,049 |
| Capital surplus | 2,862,240 | 4,133,992 |
| Retained earnings | 309,404 | 902,495 |
| Treasury stock | △432 | △438 |
| Total equity attributable to owners of the parent company | 3,187,182 | 6,277,098 |
| Non-controlling interests | 132,585 | △451,615 |
| Total equity | 3,319,768 | 5,825,483 |
| Total liabilities and equity | 10,975,119 | 17,628,957 |

## （２）Condensed Quarterly consolidated income statement and statement of comprehensive income

Condensed Quarterly consolidated income statement

For the nine of the financial year

(Unit: Thousand yen)

| | For the nine months ended September 30, 2023 | For the nine months ended September 30, 2024 |
|---|---|---|
| Sales revenue | 1,580,424 | 3,077,867 |
| Cost of sales | 611,549 | 1,265,114 |
| Gross profit | 968,874 | 1,812,753 |
| Selling, general and administrative expenses | 559,905 | 930,109 |
| Other income | 13,646 | 317,582 |
| Other expenses | 7,176 | 183,863 |
| Operating income | 415,438 | 1,016,362 |
| Financial income | 2,202 | 2,602 |
| Finance cost | 27,518 | 79,110 |
| Income before taxes | 390,122 | 939,855 |
| Income tax expense | 108,142 | 333,272 |
| Net income | 281,980 | 606,582 |
| | | |
| Attribution of net income | | |
| Owners of the parent | 281,984 | 593,090 |
| Non-controlling interest | △3 | 13,492 |
| Net income | 281,980 | 606,582 |
| | | |
| Net income per share | | |
| Basic earnings per share (yen) | 27.50 | 51.86 |
| Diluted earnings per share (yen) | 26.17 | 47.99 |

Condensed Quarterly consolidated statement of comprehensive income

For the nine of the financial year

(Unit: Thousand yen)

| | For the nine months ended September 30, 2023 | For the nine months ended September 30, 2024 |
|---|---|---|
| Net income | 281,980 | 606,582 |
| Other comprehensive income | — | — |
| Comprehensive income | 281,980 | 606,582 |
| | | |
| Attribution of comprehensive income for the period | | |
| Owners of the parent company | 281,984 | 593,090 |
| Non-controlling interest | △3 | 13,492 |
| Comprehensive income | 281,980 | 606,582 |

## （３）Condensed Quarterly consolidated statement of changes in equity

For the nine months ended September 30, 2023

(Unit: Thousand yen)

| | Equity attributes owners of the parent company | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total equity attributable to owners of the parent |
| January 1, 2023 | 263,592 | 596,623 | △170,299 | △289 | 689,626 |
| Net income | — | — | 281,984 | — | 281,984 |
| Other comprehensive income | — | — | — | — | — |
| Comprehensive income | — | — | 281,984 | — | 281,984 |
| Issuance of new shares | 923,233 | 904,199 | — | — | 1,827,433 |
| Acquisition of treasury stock | — | — | — | △69 | △69 |
| Stock-based compensation | — | 6,684 | — | — | 6,684 |
| Issue of stock options | 85,968 | 85,968 | — | — | 171,936 |
| Change related to business combination | — | — | — | — | — |
| Total transaction with owners | 1,009,201 | 996,852 | — | △69 | 2,005,985 |
| September 30, 2023 | 1,272,794 | 1,593,476 | 111,684 | △359 | 2,977,595 |

| | Non-controlling interests | Total net assets |
|---|---|---|
| January 1, 2023 | — | 689,626 |
| Net income | △3 | 281,980 |
| Other comprehensive income | — | — |
| Comprehensive income | △3 | 281,980 |
| Issuance of new shares | — | 1,827,433 |
| Acquisition of treasury stock | — | △69 |
| Stock-based compensation | — | 6,684 |
| Issue of stock options | — | 171,936 |
| Change related to business combination | 133,061 | 133,061 |
| Total transaction with owners | 133,061 | 2,139,046 |
| September 30, 2023 | 133,058 | 3,110,653 |

For the nine months ended September 30, 2024

(Unit: Thousand yen)

| | Equity attributes owners of the parent company | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total equity attributable to owners of the parent |
| January 1, 2024 | 15,970 | 2,862,240 | 309,404 | △432 | 3,187,182 |
| Net income | — | — | 593,090 | — | 593,090 |
| Other comprehensive income | — | — | — | — | — |
| Comprehensive income | — | — | 593,090 | — | 593,090 |
| Issuance of new shares | 1,207,169 | 1,183,915 | — | — | 2,391,084 |
| Acquisition of treasury stock | — | — | — | △5 | △5 |
| Stock-based compensation | — | — | — | — | — |
| Issue of stock options | — | 1,016 | — | — | 1,016 |
| Exercise of stock options | 17,910 | 17,910 | — | — | 35,820 |
| Put options granted to non-controlling shareholders | — | — | — | — | — |
| Changes in interests in controlled subsidiaries | — | 68,909 | — | — | 68,909 |
| Change related to business combination | — | — | — | — | — |
| Total transaction with owners | 1,225,079 | 1,271,751 | — | △5 | 2,496,825 |
| September 30, 2024 | 1,241,049 | 4,133,992 | 902,495 | △438 | 6,277,098 |

| | Non-controlling interests | Total net assets |
|---|---|---|
| January 1, 2024 | 132,585 | 3,319,768 |
| Net income | 13,492 | 606,582 |
| Other comprehensive income | — | — |
| Comprehensive income | 13,492 | 606,582 |
| Issuance of new shares | — | 2,391,084 |
| Acquisition of treasury stock | — | △5 |
| Stock-based compensation | — | — |
| Issue of stock options | — | 1,016 |
| Exercise of stock options | — | 35,820 |
| Put options granted to non-controlling shareholders | △688,890 | △688,890 |
| Changes in interests in controlled subsidiaries | 30,977 | 99,886 |
| Change related to business combination | 60,219 | 60,219 |
| Total transaction with owners | △597,693 | 1,899,131 |
| September 30, 2024 | △451,615 | 5,825,483 |

## （４）Notes to the condensed quarterly consolidated financial statements

(Notes for Assumption of Going Concern)

Not applicable.

(Changes in Accounting Policy)

Not applicable.

(Changes in Accounting Estimate)

Not applicable.

(Notes in the event of Significant changes in shareholders' Equity)

Not applicable.

(Notes to Condensed Quarterly Consolidated Statements of Cash Flows)

A summary of the consolidated quarterly cash flow statement for the third quarter cumulative period has not been prepared. The depreciation and amortization expenses for this period are as follows.

(Unit: thousand yen)

| | For the nine months ended September 30, 2023 | For the nine months ended September 30, 2024 |
|---|---|---|
| Depreciation and amortization | 50,203 | 64,046 |

(Segment Information)

As the Company’s business consists of a single segment, segment information has been omitted.

(Significant subsequent events)

(Reduction of capital and capital reserve)

At the Board of Directors meeting held on August 22, 2024, the Company resolved to reduce the amount of capital stock and capital reserve, which was approved at the Extraordinary General Meeting of Shareholders held on November 5, 2024. Such reduction of capital stock and capital reserve became effective as of November 13, 2024.

Purpose of reduction of capital and capital reserve

To ensure the flexibility and mobility of future capital policy, the company will reduce the amount of capital and capital reserves as part of its financial and tax strategy. There will be no change in the total number of issued shares or net assets, and there will be no impact on the number of shares held by shareholders or on the net asset value per share.

2. Outline of the capital reduction

(1) Amount of capital to be reduced

The amount of capital stock shall be reduced by ¥1,242,989,150 from ¥1,252,989,150 to ¥10,000,000.

(2) Method of capital reduction

The capital reduction will be made without refund, and the total amount of capital to be reduced will be transferred to other capital surplus without changing the total number of outstanding shares.

Outline of the reduction in the amount of capital reserve

(1) Amount of capital reserve to be reduced

The amount of capital reserve will be reduced by ¥0 to ¥yen.

(2) Method of reducing capital reserve

The entire amount of the capital reserve to be reduced will be transferred to other capital surplus.

Schedule

| | |
|---|---|
| (1) Date of resolution by the Board of Directors | August 22, 2024 |
| (2) Date of Public Notice of Creditors' Objection | October 3, 2024 |
| (3) Final date for creditors to file objections | November 5, 2024 |
| (4) Date of resolution of the Extraordinary General Meeting of Shareholders | November 5, 2024 |
| (5) effective date | November 13, 2024 |

(Business combination through acquisition)

At a meeting of the Board of Directors held on November 5, 2024, the Company resolved to acquire a portion of the shares of SpinFlow Inc. to make it a consolidated subsidiary, and entered into an agreement to acquire the shares of SpinFlow Inc. on the same date. The share acquisition procedure was completed on the same day, and SpinFlow Inc. became a consolidated subsidiary of the Company.

(1) Outline of business combination through acquisition of shares

(i) Name of acquired company and acquired business

Name of the counterparty company：SpinFlow Inc.

Description of Business：Generation AI utilization consulting and risk management training business

Business size Capital stock：¥10 thousand yen

(ii) Name of the counterparty of the share acquisition

Tetsuya Hirashima

(iii) Main reason 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.

SpinFlow Inc. provides consulting, business improvement support and retraining services based on the use of generative AI. The company is rapidly expanding the scope of its services in response to the needs of numerous companies, capitalizing on the tailwind of next-generation skills training. In the future, the company plans to expand its support to specific professions and industries.

Through this acquisition, we aim to leverage SpinFlow Inc.'s expertise in consulting, reskilling and operational support related to generative AI. We believe this will enable our group to provide optimal DX promotion and ultimately maximize customer value by supporting human resource training and operational improvement for client companies.

After considering all of these factors, we decided to acquire the shares as we believe it will contribute to further improving the profitability and strengthening the competitiveness of our Group.

(iv) Schedule of business combination

Date of resolution at the meeting of the Board of Directors：November 5, 2024

Date of conclusion of the agreement：November 5, 2024

Date of commencement of share transfer：November 5, 2024

(v) Legal form of business combination

Acquisition of shares for cash

(vi) Percentage of voting rights acquired

50.1%

(vii) Main basis for determining the acquiring company

The Company acquires shares for cash consideration.

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

| | |
|---|---|
| Consideration for acquisition Cash | ¥174,000 thousand |
| acquisition cost | ¥174,000 thousand |

The parties have agreed to covenants before and after the transfer of shares and to an adjustment of the transfer price according to the progress of SpinFlow Inc.'s business performance in the future, and there is a possibility that additional consideration will be paid or the purchase price will be adjusted downward depending on the performance of the business concerned. If such an event occurs, we will promptly announce it as soon as it becomes known.

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

Advisory fees, etc. (estimated amount) ¥7,000 thousand

(4) Amount of goodwill incurred and reason for incurring goodwill

Not confirmed at this time.

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

Not confirmed at this time.

(Business combination through acquisition)

At a board of directors meeting held on November 12, 2024, our company and our consolidated subsidiary SAKIYOMI Inc. resolved to acquire all shares of a new company that is scheduled to be established through a corporate split of Active Inc., which provides “SNS school and marketer matching services,” and make it a consolidated subsidiary.

The share acquisition is scheduled to be executed on November 28, 2024.

(1) Outline of business combination through acquisition of shares

(i) Name of acquired company and acquired business

Name of the counterparty company：BUZZ Inc. (to be established on November 15, 2024)

Description of Business：SNS school and marketer matching business

Business size Capital stock：¥10 thousand

(ii) Name of the counterparty of the share acquisition

Active Inc.

(iii) Main reason 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.

Active, Inc. operates the SNS School and marketer matching business and has developed a skill-building school called “Buzz College” centered on Instagram, providing over 100 types of course content and individual consulting to systematize Instagram management expertise. In addition to growth in the SNS market, the expansion of side job and freelance markets has allowed Active Inc. to accumulate a record of over 12,000 clients in the past three years.

Through this acquisition, we will leverage the SNS school management experience and support expertise that Active Inc. has developed, enabling the SAKIYOMI Group to enhance its capabilities in providing SNS support to both corporate and individual clients. We believe this will lead to optimal DX promotion, improved CX, and maximized customer value for our company and our group.

Taking all of this into consideration, we decided to acquire the shares because we believe will contribute to further improving the profitability and strengthening the competitiveness of our group.

(iv) Schedule of business combination

Date of resolution at the meeting of the Board of Directors：November 12, 2024

Date of conclusion of the agreement：November 12, 2024

Date of incorporation of new company through corporate split：November 15, 2024 (scheduled)

Date of commencement of share transfer：November 28, 2024 (scheduled)

(v) Legal form of business combination

Acquisition of shares in exchange for cash and common stock of SAKIYOMI Inc.

(vi) Percentage of voting rights acquired

100.0%

(vii) Main basis for determining the acquiring company

SAKIYOMI Inc. acquires shares in exchange for cash.

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

| | |
|---|---|
| Consideration for acquisition Cash | ¥667,080 thousand |
| acquisition cost | ¥667,080 thousand |

The parties have agreed to covenants before and after the transfer of shares and to an adjustment of the transfer price according to the progress of BUZZ Inc.'s business performance in the future, and there is a possibility that additional consideration will be paid or the purchase price will be adjusted downward depending on the performance of the business concerned and other factors. In the event of such an event, we will promptly announce it as soon as it becomes known. A portion of the consideration for the acquisitopn will be offset against the amont to be paid for the common stock that SAKIYOMI Inc. plans to allot to ACTIVE Inc. by way of a third-party allotment at a later date

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

Advisory fees, etc. (estimated amount) : ¥6,000 thousand

(4) Amount of goodwill incurred and reason for incurring goodwill

Not confirmed at this time.

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

Not confirmed at this time.