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## Consolidated Financial Results for the Six Months Ended October 31, 2024 (Under Japanese GAAP)

December 13, 2024

Company name: FreeBit Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3843  
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 Scheduled date to file semi-annual securities report: December 16, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (Video streaming only)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Six Months Ended October 31, 2024 (from May 1, 2024 to October 31, 2024)

#### (1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended October 31, 2024	26,622	–	3,024	–	3,076	–	1,768	–
Six months ended October 31, 2023	27,073	–	3,071	–	3,014	–	1,980	–

Note: Comprehensive income For the six months ended October 31, 2024: 2,210 million yen [–%]  
 For the six months ended October 31, 2023: 2,485 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended October 31, 2024	88.18	87.71
Six months ended October 31, 2023	99.22	98.21

Note: A consolidated subsidiary GIGAPRIZE Co., Ltd. and its subsidiaries changed the date of their fiscal year-end from March 31 to April 30 in the previous fiscal year. As the first half of the previous fiscal year was a transitional period for changing the date of their fiscal year-end, the percentages representing year-on-year changes for the first half of the fiscal year ended April 30, 2024 and the first half of the fiscal year ending April 30, 2025 have been omitted.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of October 31, 2024	36,521	16,870	35.7
As of April 30, 2024	38,183	15,196	30.5

Reference: Equity As of October 31, 2024: 13,031 million yen  
 As of April 30, 2024: 11,628 million yen

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2024	–	0.00	–	27.00	27.00
Fiscal year ending April 30, 2025	–	0.00	–	–	–
Fiscal year ending April 30, 2025 (forecast)	–	–	–	30.00	30.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending April 30, 2025 (May 1, 2024 to April 30, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	54,000	–	5,700	–	5,500	–	3,000	–	149.61

(Note) Revisions to the forecast of consolidated financial results most recently announced: None

For details, please refer to Attachment page 6 “1. Overview of Operating Results and Financial Position (3) Explanation of Consolidated Earnings Forecasts and Other Forecast Information.” In the fiscal year ended April 30, 2024, a consolidated subsidiary GIGAPRIZE Co., Ltd. and its subsidiaries changed the date of their fiscal year-end from March 31 to April 30. As the fiscal year ended April 2024, the comparative year, was a transitional period for changing the date of their fiscal year-end, the percentages representing year-on-year changes have been omitted.

\* Notes

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

Newly included: 3 companies (YOYO Holdings Pte. Ltd. and its two subsidiaries)

Excluded: None

(2) Special accounting treatments used in preparation of the semi-annual consolidated financial statements : None

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies due to revisions to accounting standards, etc. : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement of revisions : None

(4) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of October 31, 2024	23,414,000 shares
As of April 30, 2024	23,414,000 shares

(ii) Number of treasury shares at the end of the period

As of October 31, 2024	3,232,541 shares
As of April 30, 2024	3,441,941 shares

(iii) Average number of shares outstanding during the period

Six months ended October 31, 2024	20,051,722 shares
Six months ended October 31, 2023	19,964,620 shares

\* Review of the accompanying semi-annual consolidated financial statements are exempt from audit conducted by a certified public accountant or an auditing firm.

\* Explanations concerning the appropriate use of business performance forecasts, and other special notes

*Notes on forward-looking statements*

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, but are not promises by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to Attachment page 6 “1. Qualitative Information on Operating Results and Financial Position (3) Explanation of Consolidated Earnings Forecasts and Other Forecast Information” for assumptions for business performance forecasts and points to consider in utilizing them.

*Method of obtaining supplementary material on financial results and details of financial results briefing*

- The supplementary material will be disclosed on TDnet on the same day and will also be posted on our website.
- The recorded video of the financial results briefing will be posted promptly on our website.

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## 1. Overview of Operating Results and Financial Position

### (1) Overview of Operating Results for the Period under Review

The forward-looking statements contained in this document are based on the Group’s judgments as of the end of the first six months of the fiscal year ending April 30, 2025 (the “six months ended October 31, 2024” or the “period under review”).

Our consolidated subsidiary GIGAPRIZE Co., Ltd. (“GIGAPRIZE”) and its subsidiaries changed their fiscal year-end from March 31 to April 30, which is the same as the consolidated fiscal year-end, in the previous fiscal year. As a result, the previous fiscal year of these consolidated subsidiaries was the 13 months started April 1, 2023 and ended April 30, 2024. Accordingly, the financial results of these consolidated subsidiaries for the seven months started April 1, 2023 and ended October 31, 2023 were incorporated in the consolidated financial results for the first six months of the fiscal year ended April 30, 2024 (the “six months ended October 31, 2023”).

The full forms and explanations of the terms used in “Overview of Operating Results for the Period under Review ” are as follows:

Term used in this section	Full form	Explanation
web3	web3	A concept of the next-generation, distributed internet, which enables users to exchange data and content directly with each other without involving a giant platform provider
Web 2.0	Web 2.0	A form of the internet that allows users to share and distribute contents generated on the internet through centralized platforms such as social media
AI	Artificial Intelligence	Technologies that use computers to learn or reproduce human intellectual behavior
DX	Digital Transformation	To transform products, services, business models, and others by utilizing data and digital technologies
5G	5th Generation	An abbreviation for the fifth generation mobile communication systems, which is one of the next generation communications standards
MVNO	Mobile Virtual Network Operator	An acronym for Mobile Virtual Network Operator
IoT	Internet of Things	A system that enables automatic recognition and automatic control without human intervention equipping things with a communication function to allow the things to interact with each other
MVNE	Mobile Virtual Network Enabler	An operator that provides support for MVNOs
Cloud	Cloud computing	A general term for systems that provide software and other computing resources to users over networks as well as data centers and servers in which the data of such resources are accumulated or operated

The businesses description of each reportable segment are as follows:

Reportable segment	Main services
5G Infrastructure Support Business	<ul style="list-style-type: none"> <li>• Business support services for ISPs</li> <li>• Business support services for MVNOs (MVNE)</li> <li>• Cloud services for corporate customers</li> </ul>
5G Lifestyle Support Business	<ul style="list-style-type: none"> <li>• Mobile communications-related services for individual customers</li> <li>• Internet connection-related services for individual customers</li> <li>• Internet connection-related services for housing complexes</li> <li>• Real estate-related services</li> <li>• web3-related platforms</li> </ul>
Enterprise/Creator 5G DX Support Business	<ul style="list-style-type: none"> <li>• Internet marketing-related services</li> <li>• Ad technology-related services</li> <li>• Support platforms for creators</li> </ul>

The Group has been promoting corporate management with a view to the 10-year plan from 2021 to 2030. We have started a three-year medium-term management plan “SiLK VISION 2027” (the ‘MTMP “SiLK VISION 2027”’), which ends in the fiscal year ending April 30, 2027, from the fiscal year ending April 30, 2025 (the “fiscal year under review”). The theme of the MTMP “SiLK VISION 2027” is to pursue becoming a company “Where Trust Belongs” as what is needed to solve social issues we face on a global scale. This is an initiative based on our belief that it is important to create a situation where people can put their trust in us even though the environment surrounding us is flooded with uncertain information, and to achieve such a situation utilizing our web3 technology and patented technologies, among other things. Then, through the combination of our accumulated expertise in telecommunications with our proprietary Layer-1 blockchain technology, we aim to solve social issues by making a variety of things trusted, while gradually and complementarily implementing Web2.0 and web3 in a hybrid manner. The Group will transform into a driving force in web3 implementation, where stocks are valued at higher price-earnings ratios (PERs), as a “web3 implementation company leveraging expertise in telecommunications” that goes beyond merely providing telecommunications services. By doing so, the Group will drive forward with its all-hands-on-deck efforts to expand its business areas with the consolidated performance targets of net sales of 63 billion yen to 70 billion yen and operating profit of 8 billion yen set for the fiscal year ending April 30, 2027, the final year of the MTMP “SiLK VISION 2027.”

In the period under review, despite concerns about the adverse impact of unstable international situations and price increases on the economy, the domestic IT market continued to grow at a solid rate, thanks to the acceleration of investments in AI-related products and DX. Moreover, in addition to the spread of the 5G communications standard, the emergence of a new concept of shifting from the conventional Web 2.0 (centralized) to web3 (decentralized) internet services has led us to the launch of a new business originated from this concept.

Under such an environment, in the fiscal year under review, the first year of the MTMP “SiLK VISION 2027,” we will strategically utilize operating cash flows to be generated from existing businesses to allocate our capital with the aim of enhancing corporate value through consistent growth, while responding to accelerating technological innovations and other changes. Through such efforts, we will work to promote investments businesses and human capital based on our growth strategy, while balancing investment and returns, thereby enhancing and expanding our strategic business portfolio.

The operating results of each reportable segment are as follows:

From the period under review, the Company partially changed the classification of reportable segments. Accordingly, the figures for the same period last year have been restated to reflect the said changes for the following year-on-year comparisons and analyses.

(i) 5G Infrastructure Support Business

In the fixed-line network sector, changes in working styles and lifestyles have boosted the use of social media and rich content such as online video viewing and video game playing at home, and online meetings and learning have become the norm with the spread of telework and home learning, both of which have led to a continued increase in the use of various services via the internet. This has increased the use of fixed lines, resulting in the persistently high network costs.

In the mobile-line network sector, the growth of independent MVNO service providers has continued to be affected by the provision of inexpensive service plans by major mobile carriers and the offering of such plans under their sub-brands. However, the mobile market as a whole has continued to grow, and we believe that the market will continue to expand in the future as the use of independent MVNO services for IoT and inbound tourists is expected to increase.

Against this backdrop, the 5G Infrastructure Support Business posted net sales of 5,166,353 thousand yen (up 4.9% year on year) and segment profit of 689,066 thousand yen (down 27.4% year on year) as a result of increases in costs for communication quality improvement and personnel and other expenses, despite solid growth in the size of business support services for MVNOs we offer as an MVNE.

(ii) 5G Lifestyle Support Business

As explained in “5G Infrastructure Support Business” above, network costs have been increasing in the fixed-line network service market. However, the market size of 5G Homestyle services (internet services for housing complexes) is likely to continue to grow at a steady pace as the high-speed broadband environment aimed at improving the asset value and occupancy rates of buildings is being standardized, and the use of telework, online learning, video content viewing and other services has been recognized to be the norm. In view of such a business environment, we endeavored to expand the scope of services we offer, including security-related services such as cloud-based security and surveillance camera services, in addition to internet services for housing complexes and services for single-family houses for rent, thereby further expanding our revenue base.

GIGAPRIZE, which provides the 5G Homestyle services (internet services for housing complexes), made an investment in NHN iCAME Corp., a company established by NHN JAPAN Corp., with the aim of further improving its service quality and competitiveness, thereby expanding its cloud-based camera and other IoT solutions services. Through this investment, GIGAPRIZE strengthened its structure in order to further increase its market share as well as to expand its business into new markets, such as restaurants and nursing-care facilities.

As to the 5G Lifestyle services (mobile communications and internet-related services for individual customers), we are expanding the number of targeted smartphone models to 160 and promoting a further increase in users in accordance with the “TONE IN” strategy. The goal of this strategy is to enable the roll-out of technologies and services cultivated in a smartphone service “Tone Mobile,” which utilizes the Group’s proprietary technologies, in smartphones other than in-house smartphones and a wide range of other devices, as well as in other sectors, including IoT.

Against this backdrop, the 5G Lifestyle Support Business posted net sales of 12,619,289 thousand yen and segment profit of 1,637,922 thousand yen, mainly as a result of steady progress in the number of housing complexes to which we have provided the 5G Homestyle services (internet services for housing complexes).

In the six months ended October 31, 2023, our consolidated subsidiary GIGAPRIZE and its subsidiaries changed their fiscal year-end from March 31 to April 30. As the six months ended October 31, 2023 was a transitional period for the change in fiscal year-end, year-on-year percentage changes are not provided.

(iii) Enterprise/Creator 5G DX Support Business

As for internet marketing and ad technology services offered by a consolidated subsidiary Full Speed Inc. (“Full Speed”) and its subsidiaries, demand for advertising continued to increase with the acceleration of digital measures attributable to the diversification of society and work styles triggered by the COVID-19 pandemic, amid the ongoing digital shift by consumers. Under such an environment, we made steady progress in capturing demand for ad technology services in the affiliate business both in Japan and abroad. We also worked to achieve efficient business operations by implementing cost-cutting measures.

In addition, the segment saw an increase in the number of service offerings for a creator platform “StandAlone,” which allows creators to disseminate information themselves without involving major platform providers to maximize the value of such information. The StandAlone is intended to form fan communities and expand the creator economy (economic community where creators monetize their own skills) in the 5G/web3 era.

Furthermore, For it Inc. (“Forit”), a subsidiary of Full Speed, acquired a majority of shares issued by YOYO Holdings Pte. Ltd. (“YOYO”), which offers an influencer platform “PopStar” primarily in Southeast Asia, through FORIT DIGITAL SDN. BHD., a wholly-owned subsidiary of Forit in Malaysia as of September 3, 2024, making YOYO a subsidiary. Through the acquisition of YOYO, Forit will achieve an early entry into growth markets and significantly strengthen its positioning in the performance marketing and influencer marketing markets in the ASEAN region.

Against this backdrop, the Enterprise/Creator 5G DX Support Business posted net sales of 10,075,578 thousand yen (up 2.8% year on year) and segment profit of 709,243 thousand yen (up 64.5% year on year) as a result of solid performance, especially in the affiliate business.

As a result of the above, the Group posted net sales of 26,622,919 thousand yen, operating profit of 3,024,896 thousand yen, ordinary profit of 3,076,581 thousand yen, and profit attributable to owners of parent of 1,768,175 thousand yen for the period under review. In the six months ended October 31, 2023, our consolidated subsidiary GIGAPRIZE and its subsidiaries changed their fiscal year-end from March 31 to April 30. As the six months ended October 31, 2023 was a transitional period for the change in fiscal year-end, year-on-year percentage changes are not provided.

(Reference 1)

Year-on-year comparison of net sales for the six months ended October 31, 2023 and 2024 excluding the impact of the change in fiscal year-end of GIGAPRIZE and its subsidiaries

(Thousands of yen)

Segment	(Reference) Six months ended October 31, 2023	Six months ended October 31, 2024	YoY change	YoY change (%)
5G Infrastructure Support Business	4,924,334	5,166,353	242,018	4.9
5G Lifestyle Support Business	11,923,235	12,619,289	696,053	5.8
Enterprise/Creator 5G DX Support Business	9,799,019	10,075,578	276,559	2.8
Adjustments	(1,304,998)	(1,238,301)	66,697	–
Total	25,341,590	26,622,919	1,281,328	5.1

Note: The figures for the six months ended October 31, 2023 are unaudited figures for reference purposes calculated for the year-on-year comparison of net sales.

(Reference 2)

Year-on-year comparison of operating profit for the six months ended October 31, 2023 and 2024 excluding the impact of the change in fiscal year-end of GIGAPRIZE and its subsidiaries

(Thousands of yen)

Segment	(Reference) Six months ended October 31, 2023	Six months ended October 31, 2024	YoY change	YoY change (%)
5G Infrastructure Support Business	948,899	689,066	(259,832)	(27.4)
5G Lifestyle Support Business	1,303,529	1,637,922	334,393	25.7
Enterprise/Creator 5G DX Support Business	431,162	709,243	278,081	64.5
Other	(10,553)	(10,721)	(167)	–
Adjustments	519	(614)	(1,134)	–
Total	2,673,557	3,024,896	351,339	13.1

Note: The figures for the six months ended October 31, 2023 are unaudited figures for reference purposes calculated for the year-on-year comparison of operating profit.

Net sales and segment profit (loss) by segment (Thousands of yen)

Classification	Net sales	Segment profit (loss)
5G Infrastructure Support Business	5,166,353	689,066
5G Lifestyle Support Business	12,619,289	1,637,922
Enterprise/Creator 5G DX Support Business	10,075,578	709,243
Other	–	(10,721)
Adjustments	(1,238,301)	(614)
Total	26,622,919	3,024,896

(2) Overview of Financial Position for the Period under Review

As of the end of the period under review, total assets amounted to 36,521,596 thousand yen, a decrease of 1,661,993 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,058,152 thousand yen in cash and deposits, which was partially offset by increases of 144,719 thousand yen in raw materials and supplies and 275,491 thousand yen in software.

Total liabilities amounted to 19,651,446 thousand yen, a decrease of 3,335,316 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 172,848 thousand yen in notes and accounts payable - trade, 513,620 thousand yen in current portion of long-term borrowings, 290,437 thousand yen in income taxes payable, 1,879,758 thousand yen in long-term borrowings, and 190,698 thousand yen in lease liabilities (non-current liabilities).

Total net assets amounted to 16,870,150 thousand yen, an increase of 1,673,323 thousand yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings. As a result, the equity ratio as of the end of the period under review stood at 35.7%.

(3) Explanation of Consolidated Earnings Forecasts and Other Forecast Information

The full-year consolidated earnings forecast for the fiscal year ending April 30, 2025 has remained unchanged from the figures announced on June 14, 2024 as the financial results for the period under review were generally in line with the forecast.



## 2. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	FY4/2024 (As of April 30, 2024)	First six months of FY4/2025 (As of October 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	18,722,373	16,664,221
Notes and accounts receivable - trade, and contract assets	8,506,073	8,505,322
Merchandise and finished goods	83,453	145,193
Work in process	195,266	225,581
Raw materials and supplies	1,982,762	2,127,482
Other	2,381,374	2,324,182
Allowance for doubtful accounts	(53,727)	(54,649)
Total current assets	31,817,576	29,937,334
Non-current assets		
Property, plant, and equipment	3,037,524	2,940,357
Intangible assets		
Goodwill	2,406	101,708
Software	248,223	523,714
Other	334,503	198,959
Total intangible assets	585,132	824,382
Investments and other assets		
Investment securities	989,025	1,112,848
Long-term loans receivable	1,496,914	1,498,414
Guarantee deposits	482,037	487,485
Other	1,506,984	1,453,534
Allowance for doubtful accounts	(1,731,604)	(1,732,760)
Investments and other assets	2,743,356	2,819,522
Total non-current assets	6,366,013	6,584,262
Total assets	38,183,589	36,521,596
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	352,019	179,171
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	4,948,783	4,435,163
Accounts payable - other	5,272,919	5,265,412
Income taxes payable	1,131,940	841,503
Provisions	361,624	247,063
Other	1,782,580	1,619,661
Total current liabilities	14,149,868	12,887,974
Non-current liabilities		
Long-term borrowings	7,629,384	5,749,626
Lease liabilities	708,750	518,052
Provision for retirement benefits for directors (and other officers)	60,527	60,527
Retirement benefit liability	66,206	72,532
Other	372,025	362,733
Total non-current liabilities	8,836,893	6,763,471
Total liabilities	22,986,762	19,651,446

(Thousands of yen)

	FY4/2024 (As of April 30, 2024)	First six months of FY4/2025 (As of October 31, 2024)
Net assets		
Shareholders' equity		
Share capital	4,514,185	4,514,185
Capital surplus	1,496,844	1,508,245
Retained earnings	8,693,075	9,922,004
Treasury shares	(3,240,129)	(3,043,007)
Total shareholders' equity	11,463,975	12,901,427
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174,924	140,989
Foreign currency translation adjustments	(10,015)	(11,283)
Total accumulated other comprehensive income	164,909	129,705
Share award rights	133,359	9,507
Share acquisition rights	780	780
Non-controlling interests	3,433,802	3,828,729
Total net assets	15,196,827	16,870,150
Total liabilities and net assets	38,183,589	36,521,596

## (2) Semi-annual Consolidated Statements of Income and Comprehensive Income

## Semi-annual Consolidated Statement of Income

(Thousands of yen)

	First six months of FY4/2024 (May 1, 2023–October 31, 2023)	First six months of FY4/2025 (May 1, 2024–October 31, 2024)
Net sales	27,073,021	26,622,919
Cost of sales	19,280,739	18,818,074
Gross profit	7,792,281	7,804,845
Selling, general and administrative expenses	4,720,616	4,779,948
Operating profit	3,071,664	3,024,896
Non-operating income		
Interest and dividend income	813	2,307
Share of profit of entities accounted for using equity method	2,090	122
Foreign exchange gains	16,665	9,246
Gain on sale of investment securities	–	108,860
Penalty income	14,395	11,348
Other	8,569	5,538
Total non-operating income	42,535	137,424
Non-operating expenses		
Interest expenses	54,123	45,319
Loss on valuation of investment securities	7,198	13,445
Commission expenses	16,347	13,704
Other	22,341	13,270
Total non-operating expenses	100,011	85,739
Ordinary profit	3,014,188	3,076,581
Extraordinary income		
Gain on sale of investment securities	172,799	–
Gain on sale of shares of subsidiaries and associates	86,462	–
Total extraordinary income	259,262	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,023	3,388
Loss on liquidation of subsidiaries and associates	–	2,854
Total extraordinary loss	2,023	6,242
Profit before income taxes	3,271,427	3,070,338
Income taxes - current	727,833	767,268
Income taxes - deferred	34,566	57,464
Total income taxes	762,399	824,732
Profit	2,509,027	2,245,605
Profit attributable to non-controlling interests	528,128	477,430
Profit attributable to owners of the parent	1,980,899	1,768,175

## Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY4/2024 (May 1, 2023–October 31, 2023)	First six months of FY4/2025 (May 1, 2024–October 31, 2024)
Profit	2,509,027	2,245,605
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,704)	(33,935)
Foreign currency translation adjustments	(8,293)	(1,268)
Total other comprehensive income	(23,997)	(35,203)
Comprehensive income	2,485,029	2,210,402
(Comprehensive income attributable to:)		
Owners of the parent	1,956,901	1,732,971
Non-controlling interests	528,128	477,430

## (3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY4/2024 (May 1, 2023–October 31, 2023)	First six months of FY4/2025 (May 1, 2024–October 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,271,427	3,070,338
Depreciation	367,791	331,751
Amortization of goodwill	9,371	854
Increase (decrease) in allowance for doubtful accounts	(3,898)	2,077
Interest and dividend income	(813)	(2,307)
Interest expenses on borrowings and bonds	54,123	45,319
Foreign exchange losses (gains)	(217)	(43)
Share of loss (profit) of entities accounted for using equity method	(2,090)	(122)
Loss (gain) on sale of investment securities	(171,027)	(108,860)
Loss (gain) on sale of shares of subsidiaries and associates	(86,462)	–
Decrease (increase) in trade receivables	(284,401)	65,960
Decrease (increase) in inventories	(220,480)	(236,774)
Decrease (increase) in other current assets	111,366	38,185
Increase (decrease) in trade payables	(40,325)	(178,024)
Increase (decrease) in accounts payable - other	(392,271)	185,236
Increase (decrease) in other current liabilities	(97,621)	(165,722)
Other, net	115,260	91,318
Subtotal	2,629,730	3,139,185
Interest and dividends received	602	2,296
Interest paid	(54,376)	(45,256)
Income taxes paid	(745,370)	(1,087,177)
Income taxes refund	91,829	7,449
Cash flows from operating activities	1,922,415	2,016,498
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(841,301)	(156,128)
Purchase of intangible assets	(138,595)	(285,484)
Purchase of investment securities	–	(199,920)
Proceeds from sale of shares of subsidiaries and associates	112,500	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(38,834)
Other, net	182,760	5,534
Net cash provided by (used in) investing activities	(684,635)	(674,833)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	800,000	–
Repayments of short-term borrowings	(2,164,113)	(2,393,378)
Dividends paid	(158,828)	(537,003)
Dividends paid to non-controlling interests	(72,616)	(167,005)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(217,201)	(82)
Repayments of lease liabilities	(446,637)	(301,079)
Other, net	4,821	–
Net cash provided by (used in) financing activities	(2,254,575)	(3,398,548)
Effect of exchange rate change on cash and cash equivalents	(8,292)	(1,268)
Net increase (decrease) in cash and cash equivalents	(1,025,088)	(2,058,152)
Cash and cash equivalents at beginning of period	18,305,769	18,722,373
Cash and cash equivalents at end of period	17,280,681	16,664,221

(4) Notes to Semi-annual Consolidated Financial Statements

*Segment Information*

I First six months of FY4/2024 (May 1, 2023, to October 31, 2023)

Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Enterprise/Creator 5G DX Support Business		
Net sales					
Sales to customers	3,814,488	13,598,546	9,659,985	–	27,073,021
Intersegment sales and transfers	1,109,846	56,118	139,033	–	1,304,998
Total	4,924,334	13,654,665	9,799,019	–	28,378,019
Segment profit (loss)	948,899	1,701,636	431,162	(10,553)	3,071,144

(Thousands of yen)

	Adjustment (Note 2)	Amount recorded in semi-annual consolidated statement of income (Note 3)
Net sales		
Sales to customers	–	27,073,021
Intersegment sales and transfers	(1,304,998)	–
Total	(1,304,998)	27,073,021
Segment profit (loss)	519	3,071,664

Notes: 1. The “Other” category is a business segment not included in any reportable segments and includes the startup investment development business.

2. The “Adjustment” of segment profit (loss) of 519 thousand yen includes the reclassification of allowance for doubtful accounts.

3. Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statement of income.

II First six months of FY4/2025 (May 1, 2024 to July 31, 2024)

1. Information on sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable Segments			Other (Note 1)	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Enterprise/Creator 5G DX Support Business		
Net sales					
Sales to customers	4,132,235	12,557,614	9,933,069	–	26,622,919
Intersegment sales and transfers	1,034,118	61,674	142,508	–	1,238,301
Total	5,166,353	12,619,289	10,075,578	–	27,861,221
Segment profit (loss)	689,066	1,637,922	709,243	(10,721)	3,025,510

(Thousands of yen)

	Adjustment (Note 2)	Amount recorded in semi-annual consolidated statement of income (Note 3)
Net sales		
Sales to customers	–	26,622,919
Intersegment sales and transfers	(1,238,301)	–
Total	(1,238,301)	26,622,919
Segment profit (loss)	(614)	3,024,896

Notes: 1. The “Other” category is a business segment not included in any reportable segments and includes the startup investment development business.

2. The “Adjustment” of segment profit (loss) of 614 thousand yen includes the elimination of intersegment transactions.

3. Segment profit (loss) is adjusted with operating profit in the semi-annual consolidated statement of income.

2. Matters concerning changes in reportable segments

From the current semi-annual consolidated accounting period, expenses related to certain basic research, which were previously classified into the 5G Infrastructure Support Business, 5G Lifestyle Support Business or Enterprise/Creator 5G DX Support Business have been reclassified into the 5G Lifestyle Support Business due to reaching the social implementation stage. The segment information for the previous semi-annual period is prepared and disclosed based on the classification for the current semi-annual period.

*Significant Changes in the Amount of Shareholders’ Equity*

Not applicable.

*Going Concern Assumptions*

Not applicable.