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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending April 30, 2024 (Japanese GAAP)

September 8, 2023

Listed company name FreeBit Co., Ltd. Listing: Tokyo Stock Exchange

Code No. 3843 URL <https://freebit.com/>

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Quarterly results briefing: Yes (Video streaming Only)

(all amounts rounded down to the nearest million yen)

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending April 30, 2024 (May 1, 2023 to July 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(percentages shown represent year-on-year % change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
July 31, 2023	14,040	-	1,664	-	1,623	-	863	-
July 31, 2022	11,142	4.4	864	-16.2	773	-23.9	305	-45.7

(Note) Comprehensive income July 31, 2023 1,181Millions of yen (-%) ,July 31, 2022 482Millions of yen (-34.6%)

	Net income per share	Net income per share (Diluted)
Three months ended	Yen	Yen
July 31, 2023	43.26	42.80
July 31, 2022	16.26	16.14

(Note) Consolidated subsidiary GIGAPRIZE Co., Ltd. and its subsidiaries have changed the date of their fiscal year-end from March 31 to April 30. As the first quarter of the current fiscal year is a transitional period for changing the date of their fiscal year-end, percentages representing year-on-year change has been omitted.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' Equity Ratio
As of	Millions of yen	Millions of yen	%
July 31, 2023	35,102	11,892	25.4
April 30, 2023	35,926	11,032	22.9

(Reference) Shareholders' equity: July 31, 2023 : 8,907 Millions of yen ; April 30, 2023 : 8,242 Millions of yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of Term	Total
	Yen	Yen	Yen	Yen	Yen
FY2023/04	-	0.00	-	8.00	8.00
FY2024/04	-	-	-	-	-

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of Term	Total
FY2024/04(Forecast)		-	-	-	-

(NOTE) Revisions during this quarter of dividends forecast for fiscal year: None

At present, the dividend forecast for the fiscal year ending April 2024 is undecided.

Forecast of Consolidated Financial Results for the Fiscal Year Ending April 30, 2024 (May 1, 2023 to April 30, 2024)

(percentages shown represent year-on-year % change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024/04	50,000	6.9	5,000	24.8	4,500	21.4	2,500	39.5	125.25

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for FY2024: None

Since we manage our operations on an annual basis, we have omitted the presentation of consolidated earnings forecasts for the second quarter (cumulative).

For more information, please refer to "(3) Consolidated Results Forecasts and Other Forward-looking Information" of P.8"

Qualitative Information on Quarterly Financial Results", etc.

※ Notes

(1) Transfers in significant subsidiaries during the period (changes in specified subsidiaries resulting in transfers in the scope of consolidation): None

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

(3) Changes in accounting policy, changes in accounting estimates, restatements

① Changes resulting from revisions to accounting standard, etc.: None

② Changes other than those specified above: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of outstanding shares (Common Shares)

① Outstanding shares at period end (inc. treasury)

② Treasury shares at period end

③ Average number of shares during the period

Q1 FY2024/04	23,414,000shares	FY2024/04	23,414,000shares
Q1 FY2024/04	3,453,741shares	FY2024/04	3,453,741shares
Q1 FY2024/04	19,960,259shares	Q1 FY2023/04	18,800,031shares

※ Quarterly financial results are not subject to quarterly review by independent auditors.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(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 and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to "(3) Consolidated Results Forecasts and Other Forward-looking Information" of P.8" Qualitative Information on Quarterly Financial Results" for the assumptions upon which the forecasts are based and for notes regarding the use of the forecasts.

(Method of obtaining supplementary material on financial results and details of quarterly financial results briefing session)

- Supplementary materials will be disclosed on TDnet on the same day and will also be posted on our website.
- The content of the financial results briefing will be posted on our website with the recorded videos.

○ Appendix Table of Contents

1. Qualitative Information on Quarterly Financial Results	4
(1) Operating Results	4
(2) Financial Position	8
(3) Consolidated Results Forecasts and Other Forward-looking Information	8
2. Quarterly Consolidated Financial Statements and Major Notes	9
(1) Quarterly Consolidated Balance Sheets	9
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	11
Quarterly Consolidated Statements of Income	
First quarter consolidated cumulative accounting period	11
Quarterly Consolidated Statements of Comprehensive Income	
First quarter consolidated cumulative accounting period	12
(3) Notes to Quarterly Consolidated Financial Statements	13
(Notes regarding the going concern assumption)	13
(Notes regarding changes impacting shareholders' equity)	13
(Changes in the scope of consolidation or application of the equity method)	13
(Segment Information)	13

1. Qualitative Information on Quarterly Financial Results

(1) Operating Results

Forward-looking statements in the text are based on judgments as of the end of the current quarterly period.

GIGAPRIZE CORPORATION (GIGAPRIZE) and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same as our consolidated fiscal year-end. As a result, the consolidated subsidiary in the current fiscal year has an irregular settlement of accounts for the 13 months from April 1, 2023, to April 30, 2024. In the first quarter of the fiscal year under review, the four months from April 1, 2023, to July 31, 2023, have been included in the consolidated settlement.

For more information on the change in fiscal year-end, see “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in the scope of consolidation or the scope of application of the equity method)” of p.13.

The official names and explanations of the names used in “Explanation of Operating Results” are as follows.

Name in use	Official name	Explanation
5G	5th Generation	Abbreviation for 5th Generation Mobile Communications System, which is one of the next generation communications standards
web3	Web3(Web 3.0)	Concept of the next-generation distributed Internet, which enables users to exchange data and content directly with each other without going through a huge platform former
MVNO	Mobile Virtual Network Operator	Virtual mobile operator
Cloud	Cloud Computing	A generic term for a data center or server group in which a system for providing software, etc. to users over a network and data is stored and operated
IoT	Internet of Things	A system that allows goods to communicate with each other by equipping them with a communication function, thereby enabling automatic recognition and automatic control without human intervention.
MVNE	Mobile Virtual Network Enabler	MVNO support provider
Metaverse	Metaverse	Virtual space that is used over the Internet
AI	Artificial Intelligence	Techniques that use computers to study or conduct human intellectual behavior
TONE Care	TONE Care	One of TONE Laboratory's demonstration test projects An online service that allows customers to promptly provide various health consultations remotely, such as consultations on health concerns and counseling on the overuse of children's smartphones
DX	Digital Transformation	Reforming products, services, business models, etc. by utilizing data and digital technologies
NFT	Non-Fungible Token	Technology that can clarify whether digital content is real, who is the producer, and who is the owner

Our group promotes corporate management with a view to the 10-year plan from 2021 to 2030. In line with this, we are currently promoting management to achieve net sales of 50 billion yen and operating income of 5 billion yen in the three-year medium-term management plan “SiLK VISION 2024” that ends in the current consolidated fiscal year.

In addition, with an eye to the Next Medium-Term Management Plan “SiLK VISION 2027”, we will invest our management resources in the mobile revolution, lifestyle revolution, and production revolution domains, which we consider to be growth domains worldwide while contributing to the realization of a sustainable society. In this way, we will aim to expand our business through Exponential Technology "exponentially growing technologies" as “5G/web3 era Platform Maker”.

The business operations of each reportable segment are as follows.

<5G Infrastructure Support Business>

In addition to support services for entry into the MVNO business and business support services for ISPs, we promote support services for various business corporations to introduce cloud and IoT, etc. We will also build next-generation networks and data centers to respond to the 5G era. We will strengthen service provision that leverages our cloud infrastructure and deploy services that utilize 5G, and eSIM (embedded SIM), as well as expand services that combine these and other business resources.

<5G Lifestyle Support Business>

In addition to providing mobile communications services using smartphones and other devices targeting individuals and Internet-related services via fixed lines, we are promoting the provision of 5G Homestyle (Internet Services for Collective

Housing). In 5G Homestyle, we are also focusing on establishing new services other than Internet services for apartment buildings.

In addition, we will develop and provide services with an eye to the future changes in lifestyles in the 5G/web3 era using “TONE”, our proprietary smartphone using Maker's Maker platforms. In addition to existing businesses, we will also develop and expand new services in fields such as 5G Workstyle and 5G Healthstyle, 5G Lifestyle, and 5G Carlifestyle, while “TONE” is responsible for the positioning of our group's technologies as Showroom.

<Corporate and Creator 5G DX Support Business>

We are expanding our 5G marketing-conscious services and influencer marketing. In addition to promoting Internet marketing and ad technology-related businesses with a view to web3, we are developing Bizmodel Maker that is a mechanism that allows companies that start Creator Maker and new businesses, which are platforms that allow YouTubers and other creators and influencers to spread their works, to provide services via their platforms.

In the first quarter of the fiscal year under review, despite concerns about a temporary slowdown in the pace of growth due to the slowdown in overseas economies and the impact of high prices, firm growth is expected in the domestic IT market environment. However, while 5G and web3 are expected to penetrate, their spread is still in the process of being spread. In addition, in our group, we consider it highly likely that all business areas will be affected by the emergence of disruptive technologies and changes in the market environment.

In this environment, we have positioned the current consolidated fiscal year as “Transformation Term” again. We will respond to rapid technological and other changes and reexamine our business, organizational, and human resources strategies. We will also implement effective strategic investing that effectively utilizes the Group's management resources. In this way, we will strive to establish our position as Platform Maker of “5G/web3 era” at the earliest possible time.

The operating results of each reportable segment are as follows.

① 5G Infrastructure Support Business

In the fixed-line network, the use of many services via the Internet continues to increase due to an increase in online video viewing at home and the use of rich content and SNS, including games, along with changes in working styles and lifestyles, and the generalization of online-format conferences and classes, such as the spread of telework and home-based learning. As a result, network costs remain on a high trend.

In the mobile network business, the provision of inexpensive plans by major mobile telecommunications carriers and the deployment of these plans under subbrands continue to affect the growth of proprietary MVNO service providers, but the growth of the mobile market as a whole continues and is expected to expand in the future, including the expected increase in use for IoT.

Against this backdrop, MVNE's support business for MVNO expanded and remained firm in our group.

As a result, the segment recorded sales of 2,427,530 thousand yen (up 4.3% year on year) and the segment profit of 438,45 thousand yen (up 11.5% year on year).

② 5G Lifestyle Support Business

As explained in “5G Infrastructure Support Business”, network costs are rising in the fixed-line network services market, but the market for 5G Homestyle (Internet Services for Collective Housing), one of the Group's main services, is expected to steadily expand in the future as the high-speed broadband environment aimed at improving the asset value of buildings and occupancy rates is being standardized, and the use of telework, online classes, video content viewing, and other services has been recognized as standard. As a result, the market size of these services is expected to steadily expand in the future. To respond to the growing demand for high-speed communications, we have also begun offering ISP services for faster apartment buildings. In addition, as part of our efforts to realize “Smart Town” (a town where the convenience of urban infrastructures is enhanced through the use of digital technologies), we will propose new lifestyles and lifestyles in the 5G/web3 era utilizing various advanced technologies in community towns “LIVING TOWN Minato Mirai”.

In 5G Lifestyle (mobile communications services for individuals and Internet-related services), we provide smartphone devices with an eye to the arrival of the 5G/web3/ metaverse era in smartphone services “Tone Mobile” utilizing the proprietary technologies offered by our group. We are also working to resolve a variety of social issues, such as the development of a watch-and-watch service for families equipped with “TONE Anshin AI” that monitors families in AI as a unique service using smartphones. We are also providing specialist counseling on the “overuse of smartphones” in the next-generation online health consulting service “TONE Care” to solve the social issue of Internet dependency, which is worldwide in danger. In order to increase the number of subscribers to “Tone Mobile”, we implemented marketing measures mainly in performance-based advertising given cost-effectiveness.

As GIGAPRIZE and its subsidiaries responsible for 5G Homestyle changed their fiscal year-end in the current fiscal year, in the first quarter of the fiscal year under review, the four months from April 1, 2023, to July 31, 2023, have been included in the consolidated financial results.

As a result, the segment recorded sales of 7,600,326 thousand yen (up 38.8% year on year) and the segment profit of 1,034,418 thousand yen (up 174.4% year on year).

In addition, even a comparison of the first quarter under review estimated over the same three-month period as the first quarter of the previous fiscal year, both net sales and segment income increased from the previous fiscal year due to the smooth performance of the business itself.

③ Corporate and Creator 5G DX Support Business

In the Internet marketing and ad technology services offered by Full Speed Inc. (Full Speed), economic activity began to normalize due to the relaxation of action restrictions along with the transition to a new type of coronavirus infectious disease, and demand for advertising was also on a gradual recovery trend. In this environment, we worked to promote DX for our Internet marketing-related business by leveraging our accumulated Internet marketing expertise. We are also moving forward with initiatives for new businesses for medium-term growth. We have strengthened our efforts to expand creator economies (economic zones in which creators make monetization through their own skills) through a platform for creators “StandAlone” that allows creators to disseminate information themselves without going through major platforms, and maximize the value of this information. We have also strengthened our provision of NFT issuance support services for creators. We also worked to improve operational efficiency and control costs by implementing PMI after making Full Speed a wholly-owned subsidiary.

As a result, the segment recorded sales of 4,668,227 thousand yen (up 15.6% year on year) and the segment profit of 197,427 thousand yen (up 104.7% year on year).

In addition, as a result of incorporating the four months from April 1, 2023, to July 31, 2023, of GIGAPRIZE and its subsidiaries into the consolidated results for the first quarter of the fiscal year under review, net sales were 14,040,063 thousand yen, operating income was 1,664,687 thousand yen, ordinary income was 1,623,744 thousand yen, and profit attributable to owners of the parent was 863,491 thousand yen.

(Reference 1)

Comparison of net sales between the first quarter of the previous fiscal year and the first quarter of this fiscal year, excluding the impact of change of fiscal year-end (Thousands of yen)

Segment	FY2023/04 First quarter	(Reference) FY2024/04 First quarter	Change	Change (%)
5G Infrastructure Support Business	2,328,232	2,427,533	99,301	4.3
5G Lifestyle Support Business	5,477,492	5,868,896	391,404	7.1
Corporate and Creator 5G DX Support Business	4,039,096	4,668,227	629,130	15.6
Adjusted amount	△702,676	△656,024	46,652	-
Total	11,142,144	12,308,633	1,166,488	10.5

(Note) For the first quarter of the fiscal year ending April 2024, these figures are unaudited reference figures calculated for purposes of comparing net sales.

(Reference 2)

Comparison of operating income (excluding strategic investments (temporary investments)) between the first quarter of the previous fiscal year and the first quarter of this fiscal year, excluding the impact of fiscal year-end change

(Thousands of yen)

Segment	(Reference) FY2023/04 First quarter	(Reference) FY2024/04 First quarter	Change	Change (%)
5G Infrastructure Support Business	453,487	512,989	59,501	13.1
5G Lifestyle Support Business	527,397	761,964	234,566	44.5
Corporate and Creator 5G DX Support Business	127,429	210,260	82,830	65.0
Other	-3,966	-5,381	-1,414	-
Adjusted amount	1,963	-228	-2,191	-
Total	1,106,310	1,479,603	373,292	33.7

(Note) These figures are unaudited reference figures calculated for the purpose of comparing operating income for the first quarter of the fiscal year ending April 2023 and the first quarter of the fiscal year ending April 2024.

Net Sales and Segment Income (Loss) by Segment

(Thousands of yen)

Classification	Net sales	Segment profit Or (loss)
5G Infrastructure Support Business	2,427,533	438,451
5G Lifestyle Support Business	7,600,326	1,034,418
Corporate and Creator 5G DX Support Business	4,668,227	197,427
Other	-	-5,381
Adjusted amount	-656,024	-228
Total	14,040,063	1,664,687

(2) Financial Position

Total assets at the end of the first quarter of the fiscal year under review were 35,102,907 thousand yen decreased by 823,579 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,471,445 thousand yen, despite an increase in notes receivable, accounts receivable and contract assets of 192,728 thousand yen, accounts receivable-other included in other current assets of 349,709 thousand yen, and lease receivables (tangible) included in other current assets of 209,176 thousand yen.

Liabilities were 23,210,268 thousand yen, a decrease of 1,683,865 thousand yen from the end of the previous fiscal year. This was mainly due to decreases in accounts payable-other by 357,229 thousand yen, income taxes payable by 280,343 thousand yen, long-term loans payable by 799,085 thousand yen, and lease obligations (non-current) by 143,447 thousand yen.

Net assets increased 860,285 thousand yen from the end of the previous fiscal year to 11,892,638 thousand yen due to an increase in retained earnings, etc., and as a result, the equity ratio was 25.4%.

(3) Consolidated Results Forecasts and Other Forward-looking Information

There is no change in the full-year forecast for the fiscal year ending April 2024 from the figure announced on June 9, 2023, as the results for the first quarter of the fiscal year under review have generally remained in line with forecasts.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Fiscal Year As of April 30, 2023	1st Quarter Current Fiscal Year As of July 31, 2023
Assets		
Current Assets		
Cash and deposits	18,305,769	16,834,324
Negotiable instruments receivable, accounts receivable, and contract assets	8,395,261	8,587,989
Merchandise and finished goods	338,698	288,071
Work in process	251,623	221,305
Raw materials and supplies	1,248,072	1,433,119
Other	2,167,888	2,438,279
Allowance for doubtful accounts	△66,882	△66,577
Total current assets	30,640,431	29,736,513
Fixed Assets		
Property, plant, and equipment	2,475,825	2,571,489
Intangible fixed assets		
Goodwill	37,149	31,807
Software	171,899	181,817
Other	180,221	214,196
Total intangible assets	389,271	427,821
Investments and other assets		
Increase in loss on valuation of investment securities	949,050	952,019
Long-term loans receivable	1,496,914	1,496,914
Guarantee deposits	480,969	480,894
Other	1,229,373	1,172,212
Allowance for doubtful accounts	-1,735,348	-1,734,957
Investments and other assets	2,420,958	2,367,083
Total fixed assets	5,286,055	5,366,394
Total assets	35,926,487	35,102,907
Liabilities		
Current liabilities		
Negotiable instruments payable and accounts payable	256,361	259,163
Short-term Debt	300,000	500,000
Current portion of long-term debt	4,492,962	4,394,588
Accounts payable-other	5,936,200	5,578,971
Income tax payable	708,358	428,015
Allowance	198,548	203,612
Other	2,471,517	2,237,712
Total current liabilities	14,363,947	13,602,062
Long-term liabilities		
Long-term Debt	9,084,282	8,285,197
Lease obligations	1,073,433	929,986
Reserve for retirement benefits for directors	60,527	60,527
Obligations for retirement pay	57,300	60,679
Other	254,643	271,816
Total long-term liabilities	10,530,186	9,608,206
Total liabilities	24,894,134	23,210,268

(Thousands of yen)

	Previous Fiscal Year As of April 30, 2023	1st Quarter Current Fiscal Year As of July 31, 2023
Net assets		
Shareholders' equity		
Common stock	4,514,185	4,514,185
Capital Surplus	1,645,027	1,605,421
Retained earnings	5,286,747	5,990,557
Treasury stock	-3,251,237	-3,251,237
Total owners' equity	8,194,722	8,858,926
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	54,227	60,177
Foreign Currency Translation Adjustments	-6,500	-11,305
Total other accumulated comprehensive income	47,726	48,872
Stock purchase warrants	75,185	91,082
Stock acquisition right	780	780
Non-controlling shareholders' equity	2,713,938	2,892,977
Total net assets	11,032,352	11,892,638
Total liabilities and net assets	35,926,487	35,102,907

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

First quarter consolidated cumulative accounting period

(Thousands of yen)

	1st Quarter Previous Fiscal Year (3months to July 31, 2022)	1st Quarter Current Fiscal Year (3months to July 31, 2023)
Net sales	11,142,144	14,040,063
Cost of goods sold	7,902,399	9,915,733
Gross profit	3,239,744	4,124,329
Selling and general administrative expenses	2,375,117	2,459,641
Operating income	864,627	1,664,687
Non-operating income		
Interest and dividend income	108	472
Equity in earnings of affiliates	502	2,078
Profit on currency exchange	13,412	7,550
Gain on valuation of investment securities	3,932	-
Penalty income	5,427	7,562
Other	5,324	3,067
Total non-operating income	28,709	20,731
Non-operating expenses		
Interest expense	30,711	29,741
Commissions paid	78,661	15,895
Other	10,597	16,037
Total non-operating expenses	119,970	61,674
Ordinary income	773,365	1,623,744
Extraordinary income		
Reversal of provision for loss on indemnification of damages	21,315	-
Total extraordinary income	21,315	-
Extraordinary losses		
Loss on disposal of fixed assets	781	2,023
Write-down of investment securities	50,274	-
Total extraordinary loss	51,056	2,023
Quarterly income before income taxes and minority interests	743,625	1,621,720
Income taxes	233,366	385,981
The Deferred Corporation Tax, etc.	38,769	55,287
Total income taxes	272,135	441,269
Quarterly net income	471,489	1,180,451
Quarterly net income attributable to non-controlling interests	165,841	316,959
Quarterly profit attributable to owners of the parent	305,648	863,491

Quarterly Consolidated Statements of Comprehensive Income
 First quarter consolidated cumulative accounting period

(Thousands of yen)

	1st Quarter Previous Fiscal Year (3months to July 31, 2022)	1st Quarter Current Fiscal Year (3months to July 31, 2023)
Quarterly net income	471,489	1,180,451
Other comprehensive income		
Unrealized gain on available-for-sale securities	6,490	5,950
Foreign Currency Translation Adjustments	4,090	-4,804
Total other comprehensive income	10,581	1,145
Quarterly comprehensive income	482,070	1,181,596
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	315,684	864,637
Quarterly comprehensive income attributable to noncontrolling interests	166,386	316,959

(3) Notes to Quarterly Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Notes regarding change impacting Shareholders' Equity)

Not applicable.

(Changes in the scope of consolidation or application of the equity method)

Changes in matters concerning the fiscal year, etc. of consolidated subsidiaries

During the fiscal year under review, GIGAPRIZE, GIGATEC, Soft Volatile, and LTM changed their fiscal year-end from March 31 to April 30, and are the same as the consolidated fiscal year-end.

As a result of the change in the fiscal year-end, the consolidated subsidiary's fiscal year under review was four months for the first quarter under review, and the impact of the change in the fiscal year-end is adjusted through the consolidated statement of income.

The consolidated subsidiary recorded net sales of 1,731,430 thousand yen, operating income of 398,106 thousand yen, and ordinary income and income before income taxes and minority interests of 395,372 thousand yen for the period from April 1, 2023, to April 30, 2023.

(Segment Information)

I Previous first quarter (May 1, 2022, to July 31, 2022)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G lifestyle Support Business	Corporate and creator 5G DX Support Business		
Net sales					
Sales to customers	1,734,656	5,449,947	3,957,541	-	11,142,144
Intersegment sales Or the amount transferred	593,576	27,544	81,555	-	702,676
Total	2,328,232	5,477,492	4,039,096	-	11,844,821
Segment income (or loss)	393,178	377,002	96,450	-3,966	862,664

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in the quarterly consolidated statement of income (NOTE)3
Net sales		
Sales to customers	-	11,142,144
Intersegment sales Or the amount transferred	-702,676	-
Total	-702,676	11,142,144
Segment income (or loss)	1,963	864,627

(Note) 1. "Others" is a business segment that is not included in the reportable segments and includes the startup investment development business.

2. Adjustments to segment income -1,963 thousand yen include reclassifications of allowance for doubtful accounts.

3. Segment income (or loss) is reconciled to operating income in the quarterly consolidated statements of income.

II Current First Quarter (May 1, 2023-July 31, 2023)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G lifestyle Support Business	Corporate and creator 5G DX Support Business		
Net sales					
Sales to customers	1,868,099	7,572,473	4,599,489	-	14,040,063
Intersegment sales Or the amount transferred	559,433	27,852	68,737	-	656,024
Total	2,427,533	7,600,326	4,668,227	-	14,696,087
Segment income (or loss)	438,451	1,034,418	197,427	-5,381	1,664,916

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in the quarterly consolidated statement of income (NOTE)3
Net sales		
Sales to customers	-	14,040,063
Intersegment sales Or the amount transferred	-656,024	-
Total	-656,024	14,040,063
Segment income (or loss)	-228	1,664,687

(Note) 1. "Others" is a business segment that is not included in the reportable segments, and includes the startup investment development business.

2. Adjustments to segment income -228 thousand yen include reclassifications of allowance for doubtful accounts.

3. Segment income (or loss) is reconciled to operating income in the quarterly consolidated statements of income.