

Consolidated Financial Results for the Year Ended April 30, 2023 [Japanese GAAP]

June 9, 2023

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

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

Representative Title: President, CEO and CTO Name: Atsuki Ishida

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Scheduled date of ordinary general meeting of shareholders: July 27, 2023 Scheduled date of commencement of dividend payment: 2023年7月13日

Scheduled date of filing of annual securities report: July 28, 2023

Preparation of supplementary material on financial results: Yes

Holding of financial results meeting: (Video streaming only)
Yes

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ending April 2023 (from May 1, 2022 to April 30, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022/04	46,771	8.6	4,007	26.6	3,707	28.8	1,792	116.5
FY2022/4	43,075	-	3,165	-	2,878	-	827	-

(NOTE)

Comprehensive income FY2022/04 2,604 Millions of yen 65.9%) FY2022/4 1,570 Millions of yen (-%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
FY2022/04	95.07	94.31	23.7	10.4	8.6
FY2022/4	41.86	41.65	10.6	8.2	7.3

(Reference) Equity in earnings of affiliates FY2022/04 $\Delta 1$ Million of yen FY2022/4 $\Delta 0$ Million of yen

(NOTE)The "Accounting Standard for Recognition of Revenue" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the previous fiscal year. The figures for the fiscal year ended April 2022 are based on the figures after the adoption of the accounting standard and do not show the year-on-year change.

(2) Consolidated Financial Position

	Total assets	Net Assets	Self-capitalization ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022/04	35,926	11,032	22.9	412.94
FY2022/4	35,050	11,039	19.6	366.01

Reference: Shareholders' equity FY2022/04 8,242 Million of yen FY2022/4 6,881 Million of yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Cash Flows from investment activities	Cash Flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022/04	3,322	$\Delta 644$	$\Delta 2,110$	18,305
FY2022/4	2,333	510	$\Delta 2,731$	17,741

2. Dividends

	Annual dividends					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of First Quarter	End of second quarter	End of the third quarter	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022/4	-	0.00	-	7.50	7.50	141	17.9	1.9
FY2023/4	-	0.00	-	8.00	8.00	159	8.4	2.1
Fiscal year ended April 2024	-	-	-	-	-		-	

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

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

(Percentages indicate year-on-year changes.)

通期	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	50,000	6.9	5,000	24.8	4,500	21.4	2,500	39.5	132.63

(NOTE) 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 "(4) Future Outlook" of P.5"1. Business Results, etc.

※ Notes

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

New-(Company name), Excluded-(Company name)

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

① Changes in accounting policies due to revisions to accounting standards, etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(NOTE) For further information, please refer to "(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" of P13"3. Consolidated Financial Statements and Major Notes."

(3) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of the period (including treasury stock)

	FY2023/04	Sh 23,414,000 ar es	FY2022/4	Sh 23,414,000 ar es

② Number of treasury stock at the end of the period

	FY2023/4	Sh 3,453,741 ar es	FY2022/4	Sh 4,613,969 ar es

③ Average number of shares outstanding

	FY2023/04	Sh 18,849,604 ar es	FY2022/4	Sh 19,775,876 ar es

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the year ended April 30, 2023 (from May 1, 2022 to April 30, 2023)

(1) Non-Consolidated Results of Operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022/04	9,285	6.0	541	△4.3	512	△36.9	143	△43.6
FY2022/4	8,756	-	565	-	811	-	254	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022/04	7.61	7.55
FY2022/4	12.86	12.80

(NOTE) The "Accounting Standard for Recognition of Revenue" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the previous fiscal year. The figures for the fiscal year ended April 2022 are based on the figures after the adoption of the accounting standard, and the rate of change from the previous fiscal year is not shown.

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Self-capitalization ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2023/04	26,068	7,439	28.3	369.61
FY2022/4	21,315	5,915	27.6	313.21

Reference: Shareholders' equity FY2022/04 7,377 Million of yen FY2022/4 5,888 Million of yen

<Reasons for differences in non-consolidated results from the results of the previous fiscal year>

Due to a decrease in non-operating income as a result of a decrease in dividends from subsidiaries in the fiscal year under review, there is a difference in actual ordinary income between the previous fiscal year and the fiscal year under review.

※ The financial results are outside the scope of audits by a certified public accountant or an auditing firm.

※ 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 "(4) Future Outlook" of P.5"1. Business 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 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.

○Accompanying Materials – Contents

1. 1.Overview of Operating Results and Financial Position	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Summary of Financial Position for the Fiscal Year under Review	4
(3) Overview of Cash Flows for the Fiscal Year under Review	5
(4) Forecast	5
2. Basic Approach to Selection of Accounting Standards	5
3. Consolidated Financial Statements And Supplementary Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	8
Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
(Notes on Going Concern Assumptions)	13
(Changes in Accounting Policies)	13
(Additional Information)	13
(Segment Information)	13
(Per Share Information)	16
(Significant Subsequent Events)	16

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

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

In the overview of operating results, the official names and explanations of the names used are as follows.

Name in use	Official name	Explanation
5 G	5th Generation	Abbreviation for 5th Generation Mobile Communications System, which is one of the next generation communications standards
MVNO	Mobile Virtual Network Operator	Virtual mobile operator
MVNE	Mobile Virtual Network Enabler	MVNO support provider
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
DX	Digital Transformation	Reforming products, services, business models, etc. by utilizing data and digital technologies
web 3	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
AI	Artificial Intelligence	Techniques that use computers to study or conduct human intellectual behavior
Metaverse	Metaverse	Virtual space that is used over the Internet
NFT	Non-Fungible Token	Technology that can clarify whether digital content is real, who is the producer, and who is the owner

Reportable segments for the fiscal year under review are as follows.

Reportable Segment	Main services
5 G Infrastructure Support Business	<ul style="list-style-type: none"> • Business support services for ISP • Business support (MVNE) services for MVNO • Cloud services for corporate customers
5 G Lifestyle Support Business	<ul style="list-style-type: none"> • Mobile communications-related services for individuals • Internet connection-related services for individuals • Internet access services for apartment complexes • Management service for company housing
Corporate and creator 5G DX support business	<ul style="list-style-type: none"> • Internet marketing-related services • Ad-Tech Services

① Management policies and strategie

Based on our corporate philosophy of "spreading our Being The NET Frontier! (Internet and contributing to society," our group provides Internet-related services mainly to corporations and individuals, with our strengths in accumulating technological capabilities such as developing core Internet-related technologies and operating large-scale systems.

We are promoting corporate management with a view to the 10-year plan from 2021 to 2030. In line with this plan, we are currently developing our business with an eye to the execution of the three-year medium-term management plan "SiLK VISION 2024," which ends in the fiscal year ending April 2024.

Under this SiLK VISION 2024, we aim to expand our business through technologies that grow exponentially as Platform Maker for 5G/web3 age. While contributing to the realization of a sustainable society, we are concentrating our management resources on the mobile revolution, lifestyle revolution, and production revolution domains, which we consider to be growth domains worldwide. In this way, we are striving to achieve net sales of ¥50 billion and operating income of ¥5 billion for the fiscal year ending April 2024.

In addition, with respect to PMI with Full Speed Co., Ltd. ("Full Speed"), which became our wholly owned subsidiary on November 1, 2022 (the integration process after the conversion to a wholly owned subsidiary), we are currently working to redesign our full speed business model, optimize human resources, and efficiently consolidate back-office functions, while promoting further DX and enhanced data-linkage of the entire Group.

And as we announced on March 31, 2023 in the "Notice of Capital and Business Alliance with Alps Alpine Co., Ltd. Disposal of Treasury Stock through Third-Party Allotment, and Change of Major Shareholder", we will build a more collaborative structure with the company as a partner to address 5G/web3/AI technologies.

In LIVING TOWN Minato Mirai, a community town that proposes new lifestyles and lifestyles in 5G/web3 era, which we are developing, we have already begun technical collaboration in 5G Homestyle field, including the launch of vertically integrated joint demonstration tests utilizing 5G Communication Device Evaluation Kit for public and local 5G provided by Alps Alpine Co., Ltd.

② Business environment

In the business environment surrounding our group, despite signs of a gradual pick-up against the backdrop of relaxation of restrictions on socioeconomic activities due to a new type of coronavirus infectious disease, the outlook remains uncertain due to various concerns about the global situation, such as soaring natural resource and energy prices and rising prices, as well as the continued impact of interest rate and exchange rate fluctuations.

In this environment, in the information and telecommunications market in which our group operates, in addition to the increasing need for Internet services due to the normalization of telework and the expansion of cloud usage, rich contents such as online videos and games at home, and increased use of SNS, the number of users of Internet services via mobile line networks has also increased, and the issues facing us are improving the quality and speed of communications and responding to cyber-security, mainly due to the increase in communication traffic.

On the other hand, in the market for Internet services for apartment buildings, internet facilities are being standardized for new properties, and existing properties are also expected to remain firm as demand for switching to high-speed, stable internet lines is rising in line with the diversifying needs and lifestyles of tenants.

In the Internet marketing market, despite a recovery trend from stagnant demand for services attributable to the expansion of the new type of coronavirus infectious disease, conditions remained severe due to changes in the service provision environment with an awareness of personal information protection, the emergence of new service fields, and intensified competition accompanying an increase in the number of business entrants.

③ Our group's achievements

Results by 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 contents and SNS, including games, along with changes in working styles and lifestyles, and the generalization of online-format conferences and classes associated with 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.

Against this backdrop, MVNE's support business for MVNO expanded and the cost control of the support business for ISP was successful.

As a result, the segment recorded sales of 9,489,228,000 yen (up 5.1% year on year) and segment profit of 1,378,392,000 yen (up 21.6% 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 steadily expanding as the introduction of high-speed broadband environments aimed at improving the asset value of buildings and occupancy rates has progressed, 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.

Furthermore, 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), on April 29, 2023, we pre-opened LIVING TOWN Minato Mirai, a community town that proposes new lifestyles and lifestyles in 5G/web3 era using advanced technologies.

In 5G Lifestyle (mobile communications services for individuals and Internet-related services), we provide smartphone devices with an eye to the arrival of 5G/web3/ metaverse era in Tone Mobile, a smartphone service that utilizes the proprietary technologies offered by our group. We are also working to resolve a variety of social issues, such as TONE Family, a watch-and-watch service for families equipped with TONE Anshin AI that monitors families in AI, as a unique service using smartphones. In TONE Care, a next-generation on-line health consulting service with a view to solving the social issue of Internet dependency, which is worldwide in danger, we have begun providing specialist counseling on "overuse smartphones." In order to increase the number of subscribers to NTT DOCOMO, INC.'s store network, we implemented a marketing strategy centered on performance-based advertising and invested resources in field marketing with

the aim of strengthening sales promotions at each stores.

As a result, the segment recorded sales of 23,261,191,000 yen (up 7.0% year on year) and segment profit of 2,039,485,000 yen (up 41.1% year on year).

(3) Corporate and creator 5G DX support business

In the Internet marketing and ad technology services offered by Full Speed, despite a gradual recovery from the sluggish demand for advertising due to the impact of the new coronavirus infectious disease, the market conditions have not returned to prior to the Corona crisis. In this environment, we worked to promote Internet marketing-related DX 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 support for the expansion of creator economies (economic zones in which creators make monetization through their own skills) through StandAlone, a platform for creators 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.

As a result, the segment recorded sales of 23,261,191,000 yen (up 9.5% year on year) and segment profit of 2,039,485,000 yen (up 0.1% year on year).

As a result of the above, net sales were 46,771,516,000 yen (up 8.6% year on year), operating income was 4,007,556,000 yen (up 26.6% year on year), ordinary income was 3,707,329,000 yen (up 28.8% year on year), and profit attributable to owners of parent was 1,792,049,000 yen (up 116.5% year on year).

Net Sales and Segment Income (Loss) by Segment

(Thousands of yen)

Classification	Net sales	Segment profit (loss) (△)
5 G Infrastructure Support Business	9,489,228	1,378,392
5 G Lifestyle Support Business	23,261,191	2,039,485
Corporate and creator 5G DX support business	16,849,059	604,414
Other	-	△16,540
Adjusted amount	△2,827,962	1,803
合計	46,771,516	4,007,556

Comparison of Business Results for the Current Fiscal Year and the Previous Fiscal Year

(単位：千円)

	April 2022 (A) (May 1, 2021-April 30, 2022)	Fiscal year ended April 2023 (B) (May 1, 2022-April 30, 2023)	Difference (B-A)	Change o n p r e v i o u s f i s c a l y e a r (%)
Net sales	43,075,732	46,771,516	3,695,783	8.6
Gross profit	12,409,538	13,327,292	917,753	7.4
Selling and general administrative expenses	9,244,323	9,319,736	75,413	0.8
Operating income	3,165,215	4,007,556	842,340	26.6
Ordinary income	2,878,922	3,707,329	828,406	28.8
Net income attributable to owners of the parent	827,851	1,792,049	964,198	116.5

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets at the end of the fiscal year under review increased 876,334,000 yen from the end of the previous fiscal year to 35,926,487,000 yen.

This was mainly due to increases of 564,513,000 yen in cash and deposits, 330,920,000 yen in accounts receivable-trade, 259,472 thousand yen in lease receivables and investment assets, 216,107 thousand yen in merchandise and finished goods, and 320,167 thousand yen in deferred tax assets, despite a decrease of 462,951,000 yen in advance payment included in other current assets and 315,184,000 yen in lease assets (tangible).

(Liabilities)

Total liabilities at the end of the fiscal year under review increased 883,189,000 yen from the end of the previous fiscal year to 24,894,134,000 yen.

This was mainly due to an increase in current portion of long-term loans payable of 542,018,000 yen and long-term loans payable of 1,072,022,000 yen, despite a decrease in bonds payable of ¥300,000,000 and lease obligations (non-current) of 487,548,000 yen.

(Net assets)

The following is an explanation of total net assets for the current fiscal year. Retained earnings increased by 1,651,049,000 yen. Treasury stock decreased by 1,092,193,000 yen due to the disposal of treasury stock by third-party allotment to Alps Alpine Electronics, Inc. Ltd. and a decrease of 1,405,264,000 yen in capital surplus and 1,392,733,000 yen in noncontrolling interest due to FullSpeed Corp. becoming a wholly owned subsidiary of the Company, resulting in a decrease of 6,854,000 yen from the previous fiscal year-end to 11,032,352,000 yen. As a result, the equity ratio was 22.9%.

(3) Overview of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review was 18,305,769,000 yen, an increase of 564,513,000 yen from the end of the previous fiscal year.

The status of each cash flow for the current consolidated fiscal year and its factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased by 3,322,201,000 yen (from 2,333,843,000 yen in the previous fiscal year). This was mainly due to income before income taxes and minority interests of 3,442,606,000 yen and depreciation and amortization of 890,517,000 yen, despite income taxes paid of 1,304,354,000 yen.

(Cash flows from investing activities)

Net cash used in investing activities was 644,624,000 yen (compared with 510,690,000 yen in the previous fiscal year). This was mainly due to the purchase of property, plant and equipment of 558,484,000 yen and the purchase of intangible assets of 110,614,000 yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,110,714,000 yen (a decrease of 2,731,200,000 yen in the previous fiscal year). This was mainly due to repayments of long-term loans payable of 4,185,960,000 yen and purchase of shares of subsidiaries not resulting in change in scope of consolidation of 3,932,017,000 yen, despite proceeds from long-term loans payable of 5,800,000,000 yen.

(4) Future Outlook

We have positioned SiLK VISION 2024, our medium-term management plan that began in the fiscal year ending April 2022, as the first of our 10-year plan. As a Platform Maker in 5G/web3 age, we aim to expand our business through technologies that grow exponentially in Exponential Technology era. While contributing to the realization of a sustainable society, we will concentrate our management resources on the mobile revolution, lifestyle revolution, and production revolution domains, which we consider to be growth domains worldwide. In this way, we will strive to achieve net sales of 50,000,000,000 yen and operating income of 5,000,000,000 yen for the fiscal year ending April 2024.

In the fiscal year ending April 2024, we plan to invest management resources in strategic investments and DX and new business fields aimed at growing our businesses in three revolutionary domains. We also plan to conduct business operations in a balanced manner with a view to the final year of SiLK VISION 2024.

As a result of the above, the forecasts for the fiscal year ending April 2024 were for net sales of 50,000,000,000 yen, operating income of 5,000,000,000 yen, ordinary income of 4,500,000,000 yen, and profit attributable to owners of parent of 2,500,000,000 yen.

※ The above forecasts are based on information available as of the date when this document was released. Actual results may differ from the forecasts due to various factors in the future.

2. Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements between periods and between companies, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2022	Current Consolidated Fiscal Year As of April 30, 2023
Assets		
Current Assets		
Cash and deposits	17,741,256	18,305,769
Notes receivable	32,405	65,912
Accounts receivable	7,861,788	8,192,709
Contract assets	37,610	29,446
Lease receivables and investment assets	135,452	394,925
Merchandise and finished goods	122,591	338,698
Work in process	165,240	251,623
Raw materials and supplies	1,342,516	1,248,072
Prepaid expenses	461,290	468,303
Accounts receivable	587,189	680,089
Other	1,416,616	731,764
Allowance for doubtful accounts	△83,961	△66,882
Total current assets	29,819,998	30,640,431
Fixed Assets		
Property, plant, and equipment		
Buildings and structures, net	626,959	582,223
Land	296,105	296,105
Lease assets, net	1,416,469	1,101,285
Other, net	143,144	496,211
Net property, plant and equipment	2,482,678	2,475,825
Intangible fixed assets		
Goodwill	74,587	37,149
Software	277,590	171,899
Development cost of software in progress	93,289	162,227
Other	17,152	17,994
Total intangible assets	462,620	389,271
Investments and other assets		
Increase in loss on valuation of investment securities	1,143,316	949,050
Long-term loans receivable	1,501,384	1,496,914
Deferred tax assets	544,072	864,239
Guarantee deposits	529,375	480,969
Other	301,819	365,133
Allowance for doubtful accounts	△1,735,113	△1,735,348
Investments and other assets	2,284,855	2,420,958
Total fixed assets	5,230,154	5,286,055
資産合計	35,050,152	35,926,487

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2022	Current Consolidated Fiscal Year As of April 30, 2023
Liabilities		
Current liabilities		
Negotiable instruments payable and accounts payable	342,066	256,361
Short-term Debt	300,000	300,000
Current portion of bonds payable	200,000	300,000
Current portion of long-term debt	3,950,944	4,492,962
Lease obligations	820,320	741,035
Accounts payable-other	5,846,296	5,936,200
Income tax payable	725,668	708,358
Contractual liabilities	327,104	579,468
Accrued bonuses	191,756	150,092
Other provisions	77,220	48,455
Other	1,020,988	851,012
Total current liabilities	13,802,366	14,363,947
Long-term liabilities		
Corporate bond	300,000	-
Long-term Debt	8,012,260	9,084,282
Lease obligations	1,560,982	1,073,433
Reserve for retirement benefits for directors	57,487	60,527
Obligations for retirement pay	48,413	57,300
Other	229,435	254,643
Total long-term liabilities	10,208,578	10,530,186
Total liabilities	24,010,945	24,894,134
Net assets		
Shareholders' equity		
Common stock	4,514,185	4,514,185
Capital Surplus	3,050,292	1,645,027
利益剰余金	3,635,697	5,286,747
Treasury stock	△4,343,431	△3,251,237
Total owners' equity	6,856,743	8,194,722
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	27,985	54,227
Foreign Currency Translation Adjustments	△3,728	△6,500
Total other accumulated comprehensive income	24,256	47,726
Stock purchase warrants	50,755	75,185
Stock acquisition right	780	780
Non-controlling shareholders' equity	4,106,671	2,713,938
Total net assets	11,039,207	11,032,352
Total liabilities and net assets	35,050,152	35,926,487

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Profit and Loss Statement)

(Thousands of yen)

	Previous Consolidated Fiscal Year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net sales	43,075,732	46,771,516
Cost of goods sold	30,666,193	33,444,223
Gross profit	12,409,538	13,327,292
Selling and general administrative expenses	9,244,323	9,319,736
Operating income	3,165,215	4,007,556
Non-operating income		
Interest and dividend income	293	742
Commission received	5,485	3,307
Profit on currency exchange	-	5,742
Penalty income	13,720	11,015
Other	15,546	11,150
Total non-operating income	35,046	31,959
Non-operating expenses		
Interest expense	103,669	113,717
Equity in losses of affiliates	118	1,922
Commissions paid	194,201	137,070
Litigation charge	-	39,207
Other	23,349	40,267
Total non-operating expenses	321,339	332,186
Ordinary income	2,878,922	3,707,329
Extraordinary income		
Gain on sales of investment securities	18,399	-
Gain on liquidation of affiliates	2,491	-
Reversal of provision for loss on indemnification of damages	-	21,315
Total extraordinary income	20,890	21,315
Extraordinary losses		
Impairment loss	97,052	36,898
Loss on disposal of fixed assets	13,318	1,357
Write-down of investment securities	105,499	212,452
Loss on disposal of business	312	-
Office relocation expenses	12,311	-
Cost of disposal of telecommunications facilities	-	35,330
Total extraordinary loss	228,494	286,038
Income before income taxes and minority interests	2,671,319	3,442,606
Income taxes	1,151,195	1,187,318
The Deferred Corporation Tax, etc.	△151,337	△325,461
Total income taxes	999,858	861,856
Net income	1,671,461	2,580,749
Net income attributable to non-controlling interests	843,609	788,699
Net income attributable to owners of the parent	827,851	1,792,049

Consolidated Statements of Comprehensive Income

(単位：千円)

	Previous Consolidated Fiscal Year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net income	1,671,461	2,580,749
Other comprehensive income		
Unrealized gain on available-for-sale securities	△91,489	26,242
Foreign Currency Translation Adjustments	△9,617	△2,347
Total other comprehensive income	△101,107	23,894
Comprehensive income	1,570,354	2,604,644
(Comprehensive income attributable to)		
Comprehensive profit attributable to owners of the parent	730,851	1,815,519
Comprehensive income attributable to noncontrolling interests	839,502	789,124

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (May 1, 2021, to April 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital Surplus	利益剰余金	Treasury stock	Total owners' equity
Opening balance	4,514,185	3,121,858	2,811,389	△1,854,484	8,592,948
Cumulative effect of changes in accounting policies			143,399		143,399
Balance at the beginning of the period reflecting changes in accounting policies	4,514,185	3,121,858	2,954,789	△1,854,484	8,736,348
Change during the year					
Dividend of surplus			△146,942		△146,942
Net income attributable to owners of the parent			827,851		827,851
Purchase of treasury stock				△2,497,445	△2,497,445
Change in treasury shares of parent arising from transactions with non-controlling interests		△65,354			△65,354
Restricted stock awards		△6,211		8,498	2,286
Net change in items other than shareholders' equity					
Total changes in current term	-	△71,566	680,908	△2,488,947	△1,879,604
Ending Balance	4,514,185	3,050,292	3,635,697	△4,343,431	6,856,743

	Accumulated other comprehensive income			Stock purchase warrants	Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gain on available-for-sale securities	Foreign Currency Translation Adjustments	Total other accumulated comprehensive income				
Opening balance	119,463	1,792	121,256	-	780	3,433,766	12,148,751
Cumulative effect of changes in accounting policies							143,399
Balance at the beginning of the period reflecting changes in accounting policies	119,463	1,792	121,256	-	780	3,433,766	12,292,151
Change during the year							
Dividend of surplus							△146,942
Net income attributable to owners of the parent							827,851
Purchase of treasury stock							△2,497,445
Change in treasury shares of parent arising from transactions with non-controlling interests							△65,354
Restricted stock awards							2,286
Net change in items other than shareholders' equity	△91,478	△5,521	△96,999	50,755	-	672,905	626,660
Total changes in current term	△91,478	△5,521	△96,999	50,755	-	672,905	△1,252,944
当期末残高	27,985	△3,728	24,256	50,755	780	4,106,671	11,039,207

Current fiscal year (from May 1, 2022 to April 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital Surplus	利益剰余金	Treasury stock	Total owners' equity
Opening balance	4,514,185	3,050,292	3,635,697	△4,343,431	6,856,743
Change during the year					
Dividend of surplus			△141,000		△141,000
Net income attributable to owners of the parent			1,792,049		1,792,049
Purchase of treasury stock				△74	△74
Disposal of treasury stock		397,441		1,073,158	1,470,600
Change in treasury shares of parent arising from transactions with non-controlling interests		△1,800,406			△1,800,406
Restricted stock awards		△2,299		19,109	16,809
Net change in items other than shareholders' equity					
Total changes in current term	-	△1,405,264	1,651,049	1,092,193	1,337,978
当期末残高	4,514,185	1,645,027	5,286,747	△3,251,237	8,194,722

	Accumulated other comprehensive income			Stock purchase warrants	Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gain on available-for-sale securities	Foreign Currency Translation Adjustments	Total other accumulated comprehensive income				
Opening balance	27,985	△3,728	24,256	50,755	780	4,106,671	11,039,207
Change during the year							
Dividend of surplus							△141,000
Net income attributable to owners of the parent							1,792,049
Purchase of treasury stock							△74
Disposal of treasury stock							1,470,600
Change in treasury shares of parent arising from transactions with non-controlling interests							△1,800,406
Restricted stock awards							16,809
Net change in items other than shareholders' equity	26,242	△2,772	23,469	24,430	-	△1,392,733	△1,344,833
Total changes in current term	26,242	△2,772	23,469	24,430	-	△1,392,733	△6,854
Ending Balance	54,227	△6,500	47,726	75,185	780	2,713,938	11,032,352

(4) Consolidated Cash Flow Statement

(Thousands of yen)

	Previous Consolidated Fiscal Year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net cash provided by operating activities		
Income before income taxes and minority interests	2,671,319	3,442,606
Depreciation	1,022,136	890,517
Impairment loss	97,052	36,898
Amortization of goodwill	40,183	37,437
Increase (decrease) in allowance for doubtful accounts (△: decrease)	△60,882	△16,843
Interest and dividend income	△293	△742
Interest paid and interest on corporate bonds	103,669	113,717
Foreign exchange gains (losses) (gains on △)	△18,276	83
Equity in earnings (△) of affiliates	118	1,922
Unrealized gains (losses) on available-for-sale securities. (Gain on △)	119,883	234,101
Decrease (increase) in notes and accounts receivable- trade (increase in △)	△1,225,141	△364,427
Decrease (increase) in inventories (increase in △)	△111,543	△208,045
Increase (decrease) in accounts receivable-other (increased by △)	1,257,696	△42,911
Decrease (△ increased) in other current assets	△950,118	430,911
Increase (decrease) in accounts payable-other (decrease in △)	112,827	98,889
Decrease (△) in other current liabilities	183,347	△84,869
Other	396,358	64,209
Subtotal	3,638,337	4,633,458
Interest and dividends received	289	744
Interest paid	△102,202	△114,072
Income taxes paid	△1,461,646	△1,304,354
Income taxes refunded	259,065	106,425
Net cash provided by operating activities	2,333,843	3,322,201
Cash Flows from investment activities		
Purchases of property, plant and equipment	△125,646	△558,484
Purchases of intangible assets	△135,773	△110,614
Collection of fixed leasehold deposits	45,751	59,615
Other	726,359	△35,140
Cash Flows from investment activities	510,690	△644,624
Cash Flows from financing activities		
Net increase (decrease) in short-term borrowings (△)	△100,000	-
Proceeds from long-term debt	6,000,000	5,800,000
Repayment of long-term debt	△3,421,117	△4,185,960
Redemption of bonds	△1,400,000	△200,000
Proceeds from sale of treasury stock	-	1,470,600
Purchase of treasury stock	△2,497,445	△74
Dividends paid	△146,360	△140,878
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△148,689	△3,932,017
Net repayment of lease obligations	△937,278	△870,005
Other	△80,309	△52,378
Cash Flows from financing activities	△2,731,200	△2,110,714
Translation adjustments on cash and Cash Equivalents	8,360	△2,350
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	121,694	564,513
The beginning balances of cash and Cash Equivalents	17,619,562	17,741,256
The ending balances of cash and Cash Equivalents.	17,741,256	18,305,769

(5)Notes fo consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Calculation of Market Value)

The "Implementation Guidance on Accounting Standard for Calculation of Market Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Guidance on Accounting Standard for Market Value Calculation") was applied from the beginning of the consolidated fiscal year under review, and the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Market Value Calculation shall be applied in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Accounting Standard for Market Value Calculation in the future. There is no impact on the consolidated financial statements.

(Additional Information)

(Restricted Stock Awards)

Full Speed Co., Ltd., a consolidated subsidiary of the Company, has introduced a restricted stock compensation system for the directors (excluding outside directors) of Full Speed Co., Ltd. by a resolution of an extraordinary general meeting of shareholders held on January 19, 2023. The purpose of this system is to further strengthen our efforts to enhance the corporate value of the Group and to further promote the sharing of value with our shareholders.

On February 15, 2023, we disposed of 10,100 shares of our treasury stock (¥9507000) as an allocation of restricted stock awards pursuant to the resolution of our Board of Directors on January 19, 2023.

(Segment Information)

[Segment Information]

1. The outline of any Reporting Segment

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business performance.

Our group develops comprehensive domestic and overseas strategies for the services we handle and conducts business activities. Accordingly, our group consists of segments based on services. We have three reportable segments: 5G Infrastructure Support Business, 5G Lifestyle Support Business, and the Corporate and Creator 5G DX Support Business.

5G Infrastructure Support Business provides business support services for ISP, business support (MVNE) services for MVNO, and cloud services for corporations. 5G Lifestyle Support Business provides mobile communications-related services for individuals, Internet connection-related services for individuals, Internet connection services for multifamily homes, and company housing management agency services. The Corporate and Creator 5G DX Support Buprovides Internet marketing-related services and ad technology-related services.

In addition, from the current consolidated fiscal year, some services that had been classified as "5G lifestyle support business" have been reclassified as "Corporate and creator 5G DX support business" in view of the actual status of services due to the increase in their quantitative importance. Segment information for the previous fiscal year is prepared and disclosed based on the classification for the current fiscal year.

2. Calculation method for net sales, income or loss, assets and other items by reportable segment

The method of accounting for reportable business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Income (loss) of reportable segments is based on operating income.

Inter-segment profits or transfers are based on prevailing market prices.

3. Information on net sales, income (loss), assets and other items by reportable segment

Previous fiscal year (May 1, 2021, to April 30, 2022)

(単位：千円)

	Reportable Segments			Others (NOTE)1	合計
	Infrastructure Support Business	5 G Lifestyle Support Business	Corporate and creator 5G DX support business		
Net sales					
Sales to customers	6,497,906	21,607,028	14,970,797	-	43,075,732
Intersegment sales	2,534,870	127,607	417,111	-	3,079,588
Total	9,032,776	21,734,636	15,387,909	-	46,155,321
Segment profit (loss) (△)	1,133,878	1,445,911	603,794	△15,222	3,168,361
Segment assets	3,222,307	10,906,520	3,605,377	440,856	18,175,061

(単位：千円)

	Adjusted amount (NOTE)2	Consolidated Financial Statements Amount recorded (NOTE)3
Net sales		
Sales to customers	-	43,075,732
Intersegment sales	△3,079,588	-
Total	△3,079,588	43,075,732
Segment profit (loss) (△)	△3,145	3,165,215
Segment assets	16,875,091	35,050,152

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

business.

2. Adjustments are as follows.

(1) Adjustments to segment income (△) ¥3145000 include reclassifications of allowance for doubtful accounts.

(2) Adjustments to segment assets of ¥16875091000 include cash and deposits of ¥17741256000 and △ of consolidation adjustments of ¥866165000.

3. Segment income (△) is reconciled to operating income in the consolidated financial statements.

Current fiscal year (from May 1, 2022 to April 30, 2023)

(単位：千円)

	Reportable Segments			Others (NOTE)1	合計
	5 G Infrastructure Support Business	5 G Lifestyle Support Business	Corporate and creator 5G DX support business		
Net sales					
Sales to customers	7,156,127	23,117,078	16,498,310	-	46,771,516
Intersegment sales	2,333,101	144,113	350,748	-	2,827,962
Total	9,489,228	23,261,191	16,849,059	-	49,599,479
Segment profit (loss) (△)	1,378,392	2,039,485	604,414	△16,540	4,005,752
Segment assets	3,484,706	10,813,505	3,742,398	425,660	18,466,270

(単位：千円)

	Adjusted amount (NOTE)2	Consolidated Financial Statements Amount recorded (NOTE)3
Net sales		
Sales to customers	-	46,771,516
Intersegment sales	△2,827,962	-
Total	△2,827,962	46,771,516
Segment profit (loss) (△)	1,803	4,007,556
Segment assets	17,460,216	35,926,487

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

2. Adjustments are as follows.

(1) Adjustments to segment income (△) of ¥1803000 include reclassifications of allowance for doubtful accounts.

(2) Adjustments to segment assets of ¥17460216000 include cash and deposits of ¥18305769000 and △ of consolidation adjustments of ¥845553000.

3. Segment income (△) is reconciled to operating income in the consolidated financial statements.

(Per Share Information)

	Previous Consolidated Fiscal Year (May 1, 2022-April 30, 2023) To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2022)
Net assets per share	366.01 Yen	412.94 Yen
Net income per share	41.86 Yen	95.07 Yen
Diluted net income per share	41.65 Yen	94.31 Yen

(NOTE)The basis for calculating net income per share and diluted net income per share is as follows.

	Previous Consolidated Fiscal Year (May 1, 2021 To April 30, 2022)	Current Consolidated Fiscal Year (May 1, 2022 To April 30, 2023)
Net income per share		
Net income attributable to owners of the parent (Thousands of yen)	827,851	1,792,049
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common stock (thousand yen)	827,851	1,792,049
Average number of shares of common stock during the period (shares)	19,775,876	18,849,604
Diluted net income per share		
Increase in common stock (shares)	101,477	152,059
(Stock acquisition rights (shares))	(-)	(2,908)
Subsequent grants of restricted stock awards (shares)	(101,477)	(149,150)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	Stock options under the treasury stock acquisition method resolved at the Board of Directors meeting on February 18, 2015 (number of shares: 78,000)	-

(Significant subsequent events)

Not applicable.