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FreeBit

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Executive summary

The FreeBit group provides a wide range of internet-related services to both corporate and individual customers. Operations in the B2B domain include support services for mobile virtual network operators (MVNOs*; see box below for definition) and internet service providers (ISPs)*, as well as cloud and online advertising-related services. In B2B2C, the company provides proprietary ISP services for housing complexes, and in B2C, it operates as an MVNO and also offers fiber-optic services. FreeBit does not own infrastructure; instead, it procures network and bandwidth mainly from the NTT group. In FY04/25, consolidated revenue was JPY55.1bn (+3.8% YoY) and operating profit was JPY5.9bn (-0.1% YoY). Excluding the impact of the change in the fiscal year-end for its consolidated subsidiaries, FY04/25 revenue was up 7.3% YoY, and operating profit rose 7.2% YoY. The company operates in three reportable segments: 5G Infrastructure Support, 5G Lifestyle Support, and Enterprise/Creator 5G DX Support.

FreeBit expanded its operations through timely rollout of new services in line with the evolution of telecom infrastructures. During the dial-up access era (until around 2001), the company established its position in fixed-line communication by offering free services, and with the industry's shift to broadband services like xDSL and FTTH, it expanded business by offering internet connectivity to ISPs while running its own ISP services dedicated to housing complexes. In mobile communication, during the 3G era, the company offered DTI SIM (lowest-priced in the industry) and the "freebit mobile" service as an MVNO. The company currently provides a mobile virtual network enabler (MVNE) services using both 4G and 5G networks. As its history proves, FreeBit initially expands its services by offering attractive pricing; then shifts to providing the platforms on which these services run. With 5G, the company intends to pursue this approach further and become an integrated service provider, aiming to accelerate its transformation into "a Web3 implementation company rooted in telecommunications."

FreeBit was established in May 2000 for the purpose of supporting internet businesses. The company first launched an ISP support service, and has since expanded its operations from the infrastructure layer to the service layer, widening its scope of customers from B2B to B2C (including B2B2C) based on its corporate philosophy of "Being the NET Frontier!" (expanding the Internet's potential and contributing to society). Instead of just helping to build communication infrastructures, the company focused on providing services and marketing support to operators that used such infrastructures, and sought to accomplish this inorganically through acquisitions.

In August 2007, the company acquired Dream Train Internet Inc. (DTI; unlisted) that provided mobile communication and internet services to general consumers. In March 2009, it acquired a 60.89% stake (as of end-October 2024) in Giga Prize Co., Ltd. (delisted on April 18, 2025, following the TOB by FreeBit) that offered ISP services for housing complexes. In August 2010, it acquired an online ad agency Full Speed Inc. (delisted on September 1, 2022), and For it Inc. that operated an affiliate advertising business. In February 2025, FreeBit placed a tender offer to take Giga Prize private, and Giga Prize was subsequently delisted.

5G Infrastructure Support: In this segment (accounting for 18.4% of consolidated revenue and 23.9% of operating profit in FY04/25), FreeBit serves as an MVNE, supports ISPs, and provides corporate-use cloud services. Here, the parent company is the main entity driving operations. FreeBit does not disclose a revenue breakdown nor other details such as total subscriptions or the average revenue per user for this segment. The company says, however, that the majority of revenue in this segment comes from the MVNE business, followed by services for ISPs and cloud services.

In the mainstay MVNE services offered as "freebit MVNO Pack," FreeBit procures bandwidth from NTT Docomo, and sells services based on a customer-specific rate plan or bandwidth contract, adding other components such as network operation monitoring, user management tools, cloud, and security depending on customer needs. In addition to external MVNOs, the DTI SIM and Tone Mobile businesses operated by subsidiary DTI (5G Lifestyle Support segment) also use the freebit MVNO Pack.

Revenue from the freebit MVNO Pack varies depending on the type of contract. Fees are charged based on the number of lines or the bandwidth the company supplies, with fees added for other functions such as cloud and security services offered in combination. On the cost front, the company pays for the bandwidth procured from NTT Docomo, as well as operation and equipment fees.

The basis for bandwidth cost is the mobile data interconnection charge (unit price), which each mobile network operator (MNO)* notifies to the Ministry of Internal Affairs and Communications. NTT Docomo's interconnection charge (actual) has declined at an average annual rate of roughly 21.1% from 2018 to 2023. FreeBit says that although the amount of

bandwidth it procures has been on the rise accompanying an increase in customer count, the falling per-unit interconnection charge has reduced the company's bandwidth cost. Particularly in FY04/22, bandwidth cost decreased substantially owing to a roughly 27.5% YoY decline in the interconnection charge. According to the company, revenue turned up with the acquisition of business from new MVNOs following a downtrend caused by price markdowns to reflect the lower interconnection charge, and service gross profit maintained an uptrend in FY04/24.

There were 2,050 MVNOs in Japan as of March 2025, according to a study by the Ministry of Internal Affairs and Communications. Of this total, 889 were primary MVNOs that procure mobile lines directly from MNOs and 1,161 were secondary MVNOs that source lines from other MVNOs at wholesale price. Customers of MVNEs are the secondary MVNOs, which are mostly small operators (only 33 of the secondary MVNOs had at least 30 thousand subscriptions). By service category, among the MVNOs with over 30 thousand subscriptions, 79 companies were MVNOs that chiefly offered SIM-card based services for smartphones. Of this total, 32 were secondary MVNOs whose numbers have only grown slightly over the years. Total subscriptions of SIM card-based MVNOs have decreased to 14.92mn in March 2022, due to the introduction of low-priced plans by MNOs and the growing presence of MNO sub-brands. However, it rose back to 17.75mn in March 2025.

While multiple companies operate in the MVNE space, it is difficult for them to differentiate on the cost front; nor are there significant differences in the ancillary services, such as network operation monitoring and security, these companies offer. Shared Research thus understands that customers select FreeBit for its price competitiveness as an MVNE. In the 5G era that enables connectivity of a variety of things, cost consciousness will likely heighten especially in the communication module market, creating opportunities for the company's MVNE business.

5G Lifestyle Support: In this segment (accounting for 45.7% of consolidated revenue and 60.3% of operating profit in FY04/25), FreeBit provides ISP services for housing complexes and manages corporate housing under the 5G Homestyle business. In the 5G Lifestyle business, it offers mobile communication services mainly for young children and seniors, and also provides internet services for homes. The 5G Homestyle business is primarily handled by Giga Prize, and subsidiary DTI (5G Lifestyle Support segment), and FreeBit (the parent) manages other new businesses in the segment.

Giga Prize generates about 85% of revenue, and operating profit exceeds segment profit. (The remaining about 15% of revenue comes from the company and DTI.) In the ISP services for housing complexes, Giga Prize mainly offers bulk internet services that cover all units of small to medium-sized multi-family housing, such as apartments and condos. In FY04/24, 98.1% of Giga Prize's revenue came from its Home IT segment, which mainly provides ISP services for housing complexes. Following its delisting, Giga Prize's results for FY04/25 were not disclosed.

In ISP services for housing complexes, Giga Prize handles the design, installation, and construction work concerning internet facilities for such properties, as well as operation, maintenance, and tenant support that follow. In this business, Giga Prize enters into contracts directly with house builders, property management companies, and other customers. Since it installs internet facilities for entire housing complexes, individual contracts with tenants are unnecessary, and tenants can enjoy internet access as soon as they move in. The actual installation work is mostly carried out by Giga Prize subsidiary, Giga Tech.

In FY04/24, the line usage fees billed on a recurring basis accounted for 70.5% of revenue in Giga Prize's Home IT segment; the remaining 29.5% of revenue was one-off initial income from the installation and configuration of network devices. The company's core OEM customers are D.U-Net Co., Ltd. (41.3% of total revenue in FY04/24), a group company of Daiwa House Industry Co., Ltd. (TSE Prime: 1925); Daito Trust Construction Co., Ltd. (TSE Prime: 1878; 2.0%); and its subsidiary Daito Kentaku Partners Co., Ltd. (16.6%). These three companies, together with Sekisui House Real Estate Tokyo Ltd. (9.4%), a group company of Sekisui House Ltd. (TSE Prime: 1928), accounted for 69.2% of total revenue. As of end-FY04/25, Giga Prize provided ISP services to roughly 1.34mn homes, up by about 132 thousand YoY.

According to the "Market Share Survey of Whole Building-Type ISP for Condominiums" (end-March 2024) released by MM Research Institute, the number of homes in Japan receiving services from such ISPs reached a record high of 5.79mn at end-March 2024, representing a YoY increase by 580 thousand. Giga Prize ranked tenth in market share according to the survey, but the ranking was based on figures that excluded OEM-based transactions. Including OEMs to D.U-Net (ranked fourth in survey), Giga Prize provided ISP services to roughly 1.21mn homes (YoY increase by about 158 thousand) as of end-March 2023, as noted above. On this basis, the total surpassed that of Arteria Networks, which ranked first in the survey.

DTI provides mobile communication services for individuals as well as fiber-optics and other home internet services. DTI has two brands in the mobile communication business: Tone Mobile and DTI SIM. The Tone Mobile services, previously sold online and through the stores of camera and electronics retailer Kitamura Co., Ltd. (unlisted), also became available

through Docomo stores starting December 2021 under the NTT Docomo Economy MVNO framework. DTI SIM products are only sold online.

In the mainstay Tone Mobile business, the company has been seeking differentiation by offering a single plan that gives unlimited internet access (up to 1GB for video viewing) for JPY1,100 a month (including tax), by focusing on a user base of small children and seniors, and by selling original smartphone handsets. It is currently advancing its "TONE IN" strategy, which enables deployment across a wide range of devices, including smartphones from other manufacturers. As of June 2025, the number of compatible devices had expanded to over 200 models across all carriers.

Enterprise/Creator 5G DX Support: This segment (accounting for 36.0% of consolidated revenue and 16.2% of operating profit in FY04/25) mainly includes internet marketing business and ad technology services operated by Full Speed, For it (Full Speed's wholly owned subsidiary), and FreeBit (the parent). The majority of revenue and operating profit in this segment comes from the Full Speed group.

Full Speed stands out for handling both internet marketing and ad technology. The majority of revenue from the internet marketing business comes from the social media marketing service and listing ads. Here, the ad placement fees received from customers are booked as revenue; on the cost side, the company pays search portals and online media for the ad space it procures.

In the ad technology business, the performance marketing platform "afb" and the ad network for display ads, ADMATRIX DSP, generate most of the revenue. The source of revenue for "afb" is the advertising fee received when a measurable outcome is achieved, and on the cost side, performance-based commissions are paid to the affiliate media. Shared Research understands that, in ADMATRIX DSP, revenue is based on cost per click (fee paid by an advertiser per each click on an ad) and cost per mille (fee paid per 1,000 impressions of an ad); meanwhile, the company pays fees to online media for the ad space it procures.

Earnings trends

In FY04/25, revenue increased 3.8% YoY, while operating profit, and recurring profit and net income attributable to owners of the parent declined 0.1% YoY, 9.1% YoY, and 22.9% YoY, respectively. In Q1 FY04/24 Giga Prize Co., Ltd. and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same date as the company, resulting in a 13-month accounting period from April 1, 2023 to April 30, 2024 for FY04/24. The company stated that excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, FY04/25 revenue and operating profit grew 7.3% YoY and 7.2% YoY, respectively.

FreeBit exceeded its full-year forecasts, achieving 102.0% of the revenue target, 103.2% of the operating profit target, 104.6% of the recurring profit target, and 109.9% of the net income target attributable to owners of the parent. FreeBit stated the full-year results exceeded its forecast, reflecting increased growth investments for the period beyond FY04/26.

FreeBit forecasts full-year results for FY04/26 of JPY60.0bn in revenue (+8.9% YoY), JPY6.1bn in operating profit (+3.7% YoY), JPY5.8bn in recurring profit (+10.3% YoY), and JPY3.5bn in profit attributable to owners of the parent (+27.3% YoY).

The projected increase in revenue reflects continued growth aligned with the company's medium-term plan, SiLK VISION 2027, which targets a CAGR of 7–10%. To achieve the final-year targets of SiLK VISION 2027, the company plans to actively pursue growth investments and business refactoring. In conjunction with its capital and business alliance with SoftBank, and the reclassification of Giga Prize into a wholly owned (voting rights) subsidiary, FreeBit is undertaking a fundamental overhaul of its business structure. This includes the integration of group-wide management, joint procurement, collaborative sales, and co-development of technology and services to generate synergy. Furthermore, although telecommunications has traditionally been the group's core business, it now seeks to transform its business model into a high-margin, sustainable enterprise by leveraging advanced technologies such as Web3 and AI to address social challenges.

On July 24, 2024, FreeBit its medium-term management plan, SiLK VISION 2027, with a theme of "transformation into a Web3 implementation company rooted in telecommunications." The company will make full use of its proprietary blockchain and AI, which are the core technologies of Web3, and will further promote efforts to implement them in society. FreeBit targets FY04/27 consolidated revenue of JPY63bn–JPY70bn, and operating profit of JPY8.0bn. In existing businesses, FreeBit targets JPY62.0bn in revenue and JPY7.4bn in operating profit, with plans to build up revenue and operating profit by JPY11bn and JPY1.9bn, respectively, from FY04/24. In addition, to drive growth, the

company targets further accumulation of JPY1.0bn–JPY8.0bn in revenue and JPY600mn in operating profit from existing businesses, including overseas expansion and M&A, with a focus on seed investment, by SV2024.

Under SV2027, FreeBit plans to pay a dividend based on a total return ratio of 25% or JPY30 per share, whichever is higher. For FY04/26, the company forecasts an annual DPS of JPY41.00. In FY04/27, the final year of SV2027, FreeBit aims to achieve a total return ratio of 30%. The group expects cash inflows of over JPY16.0bn, comprising more than JPY14.0bn generated from three years of business activities under SV2027 and JPY2.0bn raised through a third-party allotment to SoftBank. However, these are expected to be offset by cash outflows including over JPY11.0bn for growth investments, such as repayments of loans related to making GigaPrize a wholly owned subsidiary, around JPY3.0bn for shareholder returns, and approximately JPY2.0bn for personnel investments, internal reserves, and other purposes.

Strengths and weaknesses

FreeBit's strengths, according to Shared Research (See the "Strengths and weaknesses" section for details)

1. Possesses a proprietary technology platform that enables the social implementation of Web3
2. Ability to independently promote social implementation of next-generation technologies through utilizing multilayered sales channels and partnership networks
3. Possesses a stable revenue base and an execution-capable management structure that enables a growth model founded on a long-term vision

Weaknesses

1. Ability to expand MVNO services is limited because of relatively small business scale
2. Low brand recognition in services for individuals
3. It takes time for Full Speed's earnings structure reform to materialize

Mobile virtual network operator (MVNO): A business operator that provides services by leasing telecommunications infrastructure from a mobile network operator such as NTT Docomo

Mobile network operator (MNO): A business operator, such as NTT Docomo, that provides telecommunications services using their own network infrastructure and the spectrum allocations it receives directly from a regulatory/government entity, which is the Ministry of Internal Affairs and Communications in the case of Japan

Mobile virtual network enabler (MVNE): An MVNE procures connectivity from MNOs in bulk, providing it to MVNOs in smaller lots while engaging in telecommunications control. An MVNE also offers technology, expertise, and other support to assist MVNOs' operations

Internet service provider (ISP): A business operator that provides an access point necessary to establish internet connectivity

Colocation: A service that allows customers to rent space in a data center to place their own servers and network equipment

Key Financial Data

Income statement	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25	FY04/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Company forecast
Revenue	28,390	35,222	38,654	50,366	55,295	52,010	43,076	46,772	53,038	55,073	60,000
YoY	32.2%	24.1%	9.7%	30.3%	9.8%	-5.9%	-17.2%	8.6%	13.4%	3.8%	8.9%
Gross profit	8,212	8,215	10,667	15,153	16,817	15,449	12,410	13,327	15,386	15,713	
YoY	8.6%	0.0%	29.8%	42.1%	11.0%	-8.1%	-19.7%	7.4%	15.5%	2.1%	
Gross profit margin	28.9%	23.3%	27.6%	30.1%	30.4%	29.7%	28.8%	28.5%	29.0%	28.5%	
OP	1,903	1,321	1,851	2,982	2,588	3,403	3,165	4,008	5,888	5,884	6,100
YoY	52.9%	-30.6%	40.1%	61.1%	-13.2%	31.5%	-7.0%	26.6%	46.9%	-0.1%	3.7%
OPM	6.7%	3.8%	4.8%	5.9%	4.7%	6.5%	7.3%	8.6%	11.1%	10.7%	10.2%
Recurring profit	1,323	808	1,426	2,569	2,481	3,662	2,879	3,707	5,756	5,231	5,770
YoY	34.6%	-38.9%	76.6%	80.1%	-3.4%	47.6%	-21.4%	28.8%	55.3%	-9.1%	10.3%
Recurring profit margin	4.7%	2.3%	3.7%	5.1%	4.5%	7.0%	6.7%	7.9%	10.9%	9.5%	9.6%
Net income	553	-150	-567	279	-619	1,587	828	1,792	3,566	2,749	3,500
YoY	-46.1%	-	-	-	-	-	-47.8%	116.5%	99.0%	-22.9%	27.3%
Net margin	1.9%	-0.4%	-1.5%	0.6%	-1.1%	3.1%	1.9%	3.8%	6.7%	5.0%	5.8%
Per-share data (split- and reverse split-adjusted; JPY)											
Shares issued (year-end) (000 shares)	22,195	22,195	22,195	22,195	21,944	20,992	18,800	19,960	19,972	21,781	
EPS	24.75	-6.77	-25.56	12.59	-27.93	74.06	41.86	95.07	178.58	135.81	160.69
Dividend per share	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.00	27.00	30.00	41.00
Book value per share	449.30	434.70	399.88	405.57	368.19	415.12	366.01	412.94	582.26	297.46	
Balance sheet (JPYmn)											
Cash and cash equivalents	7,911	10,249	13,656	15,459	15,721	17,621	17,741	18,306	18,722	20,678	
Total current assets	15,990	17,414	22,013	27,558	33,116	28,797	29,820	30,640	31,818	34,104	
Tangible fixed assets	1,710	1,886	2,123	2,925	2,725	2,661	2,483	2,476	3,038	2,776	
Investments and other assets	1,839	1,588	2,391	3,045	2,958	2,828	2,285	2,421	2,743	2,874	
Intangible assets	2,393	4,709	4,269	5,636	3,672	551	463	389	585	804	
Total assets	21,932	25,597	30,797	39,164	42,472	34,836	35,050	35,926	38,184	40,559	
Notes and accounts payable	53	286	87	449	652	421	342	256	352	105	
Short-term debt	2,846	2,212	2,697	3,349	5,460	5,892	5,271	5,834	5,806	6,135	
Total current liabilities	9,050	9,580	10,352	13,835	17,764	13,908	13,802	14,364	14,150	15,846	
Long-term debt	1,585	4,288	9,411	13,593	13,438	8,426	9,873	10,158	8,338	15,615	
Total fixed liabilities	1,717	4,766	9,769	14,021	13,860	8,779	10,209	10,530	8,837	16,176	
Total liabilities	10,767	14,346	20,121	27,855	31,624	22,687	24,011	24,894	22,987	32,022	
Total net assets	11,165	11,251	10,675	11,309	10,849	12,149	11,039	11,032	15,197	8,537	
Total interest-bearing debt	4,431	6,500	12,108	16,942	18,897	14,318	15,145	15,992	14,144	21,750	
Cash flow statement (JPYmn)											
Cash flows from operating activities	1,752	3,812	1,030	3,182	1,480	7,123	2,334	3,322	4,226	4,573	
Cash flows from investing activities	-509	-2,291	-2,141	-3,688	-1,870	-2,656	511	-645	-1,085	-687	
Cash flows from financing activities	-306	844	4,505	2,321	626	-2,572	-2,731	-2,111	-2,720	-1,925	
Financial ratios											
ROA (RP-based)	6.4%	3.4%	5.1%	7.3%	6.1%	9.5%	8.2%	10.4%	15.5%	13.3%	
ROE (ROE)	5.6%	-1.5%	-6.1%	3.1%	-7.3%	18.9%	10.6%	23.7%	35.9%	30.4%	
Equity ratio	45.5%	37.7%	28.8%	23.0%	19.0%	25.0%	19.6%	22.9%	30.5%	16.0%	

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Trends and outlook

Quarterly trends and results

Earnings (cumulative)	FY04/25				FY04/26				FY04/26	
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	Company forecast
Revenue	13,291	26,623	40,551	55,073	15,178	30,799			51.3%	60,000
YoY	-5.3%	-1.7%	1.4%	3.8%	14.2%	15.7%				8.9%
Cost of revenue	9,342	18,818	28,726	39,360	10,986	22,454				
YoY	-5.8%	-2.4%	1.4%	4.5%	17.6%	19.3%				
Cost ratio	70.3%	70.7%	70.8%	71.5%	72.4%	72.9%				
Gross profit	3,949	7,805	11,825	15,713	4,192	8,346				
YoY	-4.2%	0.2%	1.5%	2.1%	6.1%	6.9%				
Gross profit margin	29.7%	29.3%	29.2%	28.5%	27.6%	27.1%				
SG&A expenses	2,486	4,780	7,134	9,830	2,505	4,882				
YoY	1.1%	1.3%	2.1%	3.5%	0.7%	2.1%				
SG&A-to-sales ratio	18.7%	18.0%	17.6%	17.8%	16.5%	15.9%				
OP	1,463	3,025	4,690	5,884	1,687	3,464			56.8%	6,100
YoY	-12.1%	-1.5%	0.4%	-0.1%	15.3%	14.5%				3.7%
OPM	11.0%	11.4%	11.6%	10.7%	11.1%	11.2%				10.2%
Recurring profit	1,451	3,077	4,639	5,231	1,650	3,308			57.3%	5,770
YoY	-10.6%	2.1%	1.0%	-9.1%	13.7%	7.5%				10.3%
Recurring profit margin	10.9%	11.6%	11.4%	9.5%	10.9%	10.7%				9.6%
Net income	814	1,768	2,528	2,749	1,063	2,270			64.9%	3,500
YoY	-5.7%	-10.7%	-11.9%	-22.9%	30.6%	28.4%				27.3%
Net margin	6.1%	6.6%	6.2%	5.0%	7.0%	7.4%				5.8%
Quarterly	FY04/25				FY04/26					
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue	13,291	13,332	13,928	14,522	15,178	15,622				
YoY	-5.3%	2.3%	7.8%	11.3%	14.2%	17.2%				
Cost of revenue	9,342	9,476	9,908	10,634	10,986	11,468				
YoY	-5.8%	1.2%	9.4%	14.2%	17.6%	21.0%				
Cost ratio	70.3%	71.1%	71.1%	73.2%	72.4%	73.4%				
Gross profit	3,949	3,856	4,020	3,889	4,192	4,154				
YoY	-4.2%	5.1%	4.1%	4.2%	6.1%	7.7%				
Gross profit margin	29.7%	28.9%	28.9%	26.8%	27.6%	26.6%				
SG&A expenses	2,486	2,294	2,354	2,695	2,505	2,377				
YoY	1.1%	1.4%	4.0%	7.2%	0.7%	3.7%				
SG&A-to-sales ratio	18.7%	17.2%	16.9%	18.6%	16.5%	15.2%				
OP	1,463	1,562	1,665	1,193	1,687	1,776				
YoY	-12.1%	11.0%	4.2%	-2.0%	15.3%	13.7%				
OPM	11.0%	11.7%	12.0%	8.2%	11.1%	11.4%				
Recurring profit	1,451	1,625	1,562	592	1,650	1,658				
YoY	-10.6%	16.9%	-1.0%	-49.2%	13.7%	2.0%				
Recurring profit margin	10.9%	12.2%	11.2%	4.1%	10.9%	10.6%				
Net income	814	954	759	221	1,063	1,207				
YoY	-5.7%	-14.6%	-14.5%	-68.3%	30.6%	26.5%				
Net margin	6.1%	7.2%	5.5%	1.5%	7.0%	7.7%				

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Earnings trends by segment

Earnings (cumulative)	FY04/25				FY04/26				FY04/26	
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	Company forecast
Revenue	13,291	26,623	40,551	55,073	15,178	30,799			51.3%	60,000
YoY	-5.3%	-1.7%	1.4%	3.8%	14.2%	15.7%				
5G Infrastructure Support	2,547	5,166	7,839	10,568	2,869	5,850				
YoY	4.9%	4.9%	5.6%	6.4%	12.7%	13.2%				
% of revenue	18.3%	18.5%	18.5%	18.4%	18.2%	18.3%				
5G Lifestyle Support	6,214	12,619	19,177	26,308	6,919	13,977				
YoY	-18.2%	-7.6%	-3.7%	-1.1%	11.3%	10.8%				
% of revenue	44.6%	45.3%	45.2%	45.7%	43.9%	43.7%				
Enterprise/Creator 5G DX SupportDX Support	5,162	10,076	15,375	20,699	5,974	12,137				
YoY	10.6%	2.8%	4.9%	7.4%	15.7%	20.5%				
% of revenue	37.1%	36.2%	36.3%	36.0%	37.9%	38.0%				
Other	-	-	-	-	-	-				
YoY	-	-	-	-	-	-				

Source: Shared Research based on company materials
Note: Figures may differ from company materials due to differences in rounding methods.

- Revenue: JPY30.8bn (+15.7% YoY)
- Operating profit: JPY3.5bn (+14.5% YoY)
- Recurring profit: JPY3.3bn (+7.5% YoY)
- Net income attributable to owners of the parent: JPY2.3bn (+28.4% YoY)



Shared Research

Against the company's full-year forecast, 1H revenue reached 51.3% of the target (vs. 48.3% in 1H FY04/25), operating profit 56.8% (51.4%), recurring profit 57.3% (58.8%), and net income attributable to owners of the parent 64.9% (64.3%). The company noted that the results reflect steady performance centered on 5G Infrastructure Support, and it has maintained its full-year forecast.

Revenue

In 1H FY04/26, consolidated revenue totaled JPY30.8bn (+15.7% YoY). Revenue increased YoY across all segments: JPY5.9bn (+13.2% YoY) in 5G Infrastructure Support, JPY14.0bn (+10.8% YoY) in 5G Lifestyle Support, and JPY12.1bn (+20.5% YoY) in Enterprise/Creator 5G DX Support.

Operating profit

Operating profit amounted to JPY3.5bn (+14.5% YoY) in 1H FY04/26. Operating profit rose 45.3% YoY to JPY1.0bn in 5G Infrastructure Support and 21.9% YoY to JPY2.0bn in 5G Lifestyle Support, while decreasing 33.8% YoY to JPY469mn in Enterprise/Creator 5G DX Support.

In 1H FY04/26, investment in new growth drivers totaled JPY242mn, compared to JPY249mn in 1H FY04/25. Investments were directed toward the StandAlone platform, the 5G Healthstyle domain, and Web3 projects based on the company's proprietary Web3 infrastructure technology, Portfolia. 5G Lifestyle Support accounted for JPY119mn (vs. JPY87mn in 1H FY04/25), and Enterprise/Creator 5G DX Support for JPY121mn (JPY76mn). There were no investments in new growth drivers under 5G Infrastructure Support during the period (JPY84mn). The company defines investments in new growth drivers as those targeting areas beyond its current core businesses, as outlined in the medium-term plan SILK VISION 2027.

Recurring profit

Recurring profit amounted to JPY3.3bn (+7.5% YoY) in 1H FY04/26. In addition to higher operating profit, the increase was mainly driven by foreign exchange gains, although this was partially offset by an increase in interest expenses and expenses related to the acquisition of shares in its subsidiary.

Net income attributable to owners of the parent

Net income attributable to owners of the parent in 1H FY04/26 stood at JPY2.3bn (+28.4% YoY). In addition to an increase in recurring profit, gains on the liquidation of an investment partnership and impairment losses were recorded under extraordinary gains/losses. Although tax expenses increased, net income attributable to non-controlling interests declined following the reclassification of Giga Prize into a wholly owned subsidiary (based on voting rights).

5G Infrastructure Support

- Revenue: JPY5.9bn (+13.2% YoY)
- Operating profit: JPY1.0bn (+45.3% YoY)

As business support services for MVNOs expanded steadily, revenue grew 13.2% YoY to JPY5.9bn, and operating profit rose 45.3% YoY to JPY1.0bn.

In 1H FY04/26, recurring revenue totaled JPY4.8bn (+16.2% YoY). Of this, mobile revenue accounted for JPY3.8bn (+23.5% YoY), while fixed-line revenue totaled JPY1.0bn (-4.2% YoY). Although fixed-line revenue continues to decline, consistent growth in mobile revenue is underpinning a stable revenue base.

Operating profit increased JPY312mn YoY. The main positive factor was a JPY395mn profit contribution from higher service usage in the B2B2X (B/C) mobile service. Offsetting factors included a JPY25mn decrease due to lower service usage in the B2B2X (B/C) fixed-line network service, a JPY51mn increase in common expenses due to increased personnel, and company-wide expenses and other costs totaling JPY7mn. There were no investments in new growth drivers under 5G Infrastructure Support during the period.

In mobile services for MVNOs, in addition to offering unique plans (account wholesaling) and bandwidth to meet customer needs (bandwidth wholesaling), the company provides network operation and monitoring services, management tools, and components such as cloud services, fixed IP, and VoIP. According to FreeBit, although bandwidth wholesaling accounts for the majority of lines in absolute terms, it is account wholesaling that is growing, and the ratio of

SIMs with data+SMS+voice in account wholesaling continues to rise, leading to revenue growth and an improvement in the gross profit margin. The breakdown of SIMs sold at end-Q2 FY04/26 was 59.1% data+SMS+voice (56.0% for end-Q1 FY04/26), 1.9% data+SMS (2.2%), and 39.0% data (41.7%).

In the direct sales segment for corporate clients—the freebit Business—the number of fixed IP addresses provided under the Dokodemo IP service exceeded 1,000 companies as of end-Q2 FY04/26, representing a 20.8% increase from the previous quarter. Additionally, on January 16, 2025, the company launched freebit mobile Biz, a 5G-compatible SIM for corporate use that allows a single device to utilize both private and business lines. As of end-Q2 FY04/26, more than 300 companies were using the service, representing growth of 274.0% from the previous quarter.

Earnings (cumulative) (JPYmn)	FY04/25				FY04/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	2,547	5,166	7,839	10,568	2,869	5,850		
YoY	4.9%	4.9%	5.6%	6.4%	12.7%	13.2%		
Recurring revenue	2,023	4,132	6,299	8,518	2,361	4,801		
YoY	8.9%	9.8%	10.4%	11.2%	16.7%	16.2%		
Mobile	1,474	3,042	4,672	6,361	1,838	3,757		
YoY	14.4%	15.6%	16.3%	17.5%	24.7%	23.5%		
Fixed-line network	549	1,090	1,627	2,157	523	1,044		
YoY	-3.3%	-3.5%	-3.8%	-4.0%	-4.7%	-4.2%		
Other revenue	524	1,034	1,540	2,050	508	1,049		
YoY	-8.1%	-11.0%	-10.3%	-9.7%	-3.0%	1.4%		
OP	325	689	1,056	1,405	498	1,002		
YoY	-29.7%	-27.4%	-25.7%	-13.0%	53.3%	45.3%		
OPM	12.8%	13.3%	13.5%	13.3%	17.4%	17.1%		
Investment in new growth drivers	40	84	143	190	-	-		
Quarterly (JPYmn)	FY04/25				FY04/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	2,547	2,619	2,673	2,729	2,869	2,981		
YoY	4.9%	4.9%	6.9%	8.8%	12.7%	13.8%		
Recurring revenue	2,023	2,109	2,167	2,219	2,361	2,440		
YoY	8.9%	10.7%	11.4%	13.4%	16.7%	15.7%		
Mobile	1,474	1,568	1,630	1,689	1,838	1,919		
YoY	14.4%	16.8%	17.8%	20.7%	24.7%	22.4%		
Fixed-line network	549	541	537	530	523	521		
YoY	-3.3%	-3.7%	-4.3%	-4.8%	-4.7%	-3.7%		
Other revenue	524	510	506	510	508	541		
YoY	-8.1%	-13.8%	-9.0%	-7.5%	-3.0%	6.0%		
OP	325	364	367	349	498	503		
YoY	-29.7%	-25.1%	-22.2%	79.0%	53.3%	38.3%		
OPM	12.8%	13.9%	13.7%	12.8%	17.4%	16.9%		
Investment in new growth drivers	40	44	59	47	-	-		

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

5G Lifestyle Support

- Revenue: JPY14.0bn (+10.8% YoY)
- Operating profit: JPY2.0bn (+21.9% YoY)

The company steadily increased the number of households for its 5G Homestyle service (an internet service for housing complexes). As a result, revenue increased 10.8% YoY to JPY14.0bn, and operating profit rose 21.9% YoY to JPY2.0bn. As of end-Q2 FY04/26, Giga Prize provided ISP services to roughly 1.41mn homes, up by about 65 thousand from end-FY04/25.

Recurring revenue for 1H from ISP services for housing complexes increased to JPY8.2bn (+8.7% YoY), reflecting the company's continued progress in building a stable recurring revenue base. Other revenue also expanded to JPY5.8bn (+13.8% YoY), which included initial sales from Web3 development for SoftBank; however, the main driver of overall revenue growth was increased recurring revenue, particularly from construction projects at Giga Prize and corporate housing management service.

Operating profit increased JPY358mn YoY. The main positive factor contributing to higher profit was a JPY508mn increase in revenue at Giga Prize. On the other hand, negative factors included a JPY47mn decrease from reduced usage of the fixed-line network service in 5G Lifestyle (DTI), JPY57mn in increased expenses for Web3 project investments, and JPY46mn in other costs. In 1H FY04/26, the company's investment in growth drivers for 5G Lifestyle Support totaled JPY119mn.

As of end-Q2 FY04/26, Giga Prize provided ISP services to roughly 1.41mn homes, up by about 65 thousand from end-FY04/25, achieving 48.1% progress toward its full-year target of 1.48mn homes (+135 thousand from end-FY04/25).

Earnings (cumulative)		FY04/25				FY04/26			
(JPYmn)		Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue		6,214	12,619	19,177	26,308	6,919	13,977		
YoY		-18.2%	-7.6%	-3.7%	-1.1%	11.3%	10.8%		
Recurring revenue (Giga Prize)		3,721	7,511	11,386	15,330	4,040	8,164		
YoY		12.5%	11.9%	11.6%	11.5%	8.6%	8.7%		
Other revenue		2,493	5,108	7,791	10,978	2,879	5,813		
YoY		-41.9%	-26.4%	-19.7%	-14.7%	15.5%	13.8%		
OP		769	1,638	2,671	3,546	918	1,996		
YoY		-23.7%	-3.7%	7.0%	10.6%	19.3%	21.9%		
OPM		12.4%	13.0%	13.9%	13.5%	13.3%	14.3%		
Investment in new growth drivers		39	87	131	197	52	119		
Giga Prize									
Number of households served by ISP (Cumulative, '000)		1,243	1,274	1,300	1,342	1,377	1,407		
Net increase		34	30	26	42	35	30		
Quarterly		FY04/25				FY04/26			
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue		6,214	6,405	6,557	7,131	6,919	7,058		
YoY		-18.2%	5.8%	4.9%	6.3%	11.3%	10.2%		
Recurring revenue (Giga Prize)		3,721	3,790	3,875	3,944	4,040	4,124		
YoY		12.5%	11.3%	11.2%	11.2%	8.6%	8.8%		
Other revenue		2,493	2,615	2,682	3,187	2,879	2,934		
YoY		-41.9%	-1.3%	-3.0%	0.8%	15.5%	12.2%		
OP		769	869	1,033	875	918	1,078		
YoY		-23.7%	25.4%	30.0%	23.4%	19.3%	24.1%		
OPM		12.4%	13.6%	15.8%	12.3%	13.3%	15.3%		
Investment in new growth drivers		39	48	44	66	52	67		

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Enterprise/Creator 5G DX Support

- Revenue: JPY12.1bn (+20.5% YoY)
- Operating profit: JPY469mn (-33.8% YoY)

Revenue increased 20.5% YoY to JPY12.1bn, driven mainly by strong demand in the affiliate business. Operating profit, however, declined 33.8% YoY to JPY469mn, reflecting higher expenses related to the expansion of the affiliate business as well as increased provisions for doubtful accounts.

Operating profit declined JPY240mn YoY. The main positive factors contributing to higher profit were a JPY105mn profit contribution from the affiliate business in Japan and a JPY5mn increase from other factors. Offsetting factors included a JPY113mn increase in SG&A expenses due to higher advertising expenses from affiliate business growth initiatives, and a JPY237mn decline in profit from changes in the revenue mix in the overseas business, such as affiliate and influencer operations, as well as upfront investments to establish a business foundation. The company invested JPY121mn in new growth drivers in 1H under Enterprise/Creator 5G DX Support, mainly in the StandAlone platform. As of end-Q2, the number of registered users on the StandAlone app increased 46.7% YoY.

Earnings (cumulative)		FY04/25				FY04/26			
(JPYmn)		Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue		5,162	10,076	15,375	20,699	5,974	12,137		
YoY		10.6%	2.8%	4.9%	7.4%	15.7%	20.5%		
OP		373	709	976	954	272	469		
YoY		87.7%	64.5%	26.6%	-14.0%	-27.2%	-33.8%		
OPM		7.2%	7.0%	6.4%	4.6%	4.6%	3.9%		
Investment in new growth drivers		45	76	140	249	57	121		
Quarterly		FY04/25				FY04/26			
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue		5,162	4,914	5,299	5,325	5,974	6,163		
YoY		10.6%	-4.2%	9.1%	15.2%	15.7%	25.4%		
OP		373	336	267	-22	272	197		
YoY		87.7%	44.6%	-21.4%	-106.5%	-27.2%	-41.2%		
OPM		7.2%	6.8%	5.0%	-0.4%	4.6%	3.2%		
Investment in new growth drivers		45	31	64	109	57	64		

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Full-year company forecast

FY04/26 company forecast

(JPYmn)	FY04/25			FY04/26		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
Revenue	26,623	28,450	55,073	30,799	29,201	60,000
YoY	-1.7%	9.6%	3.8%	15.7%	2.6%	8.9%
OP	3,025	2,859	5,884	3,464	2,636	6,100
YoY	-1.5%	1.5%	-0.1%	14.5%	-7.8%	3.7%
OPM	11.4%	10.0%	10.7%	11.2%	9.0%	10.2%
Recurring profit	3,077	2,154	5,231	3,308	2,462	5,770
YoY	2.1%	-21.4%	-9.1%	7.5%	14.3%	10.3%
Recurring profit margin	11.6%	7.6%	9.5%	10.7%	8.4%	9.6%
Net income	1,768	980	2,749	2,270	1,230	3,500
YoY	-10.7%	-38.2%	-22.9%	28.4%	25.5%	27.3%
Net margin	6.6%	3.4%	5.0%	7.4%	4.2%	5.8%

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Initial company forecast (out June 13, 2025)

- Revenue: JPY60.0bn (+8.9% YoY)
- Operating profit: JPY6.1bn (+3.7% YoY)
- Recurring profit: JPY5.8bn (+10.3% YoY)
- Net income attributable to owners of the parent: JPY3.5bn (+27.3% YoY)
- Annual DPS: JPY41.00 (JPY30.00 in FY04/25)

FreeBit forecasts full-year results for FY04/26 of JPY60.0bn in revenue (+8.9% YoY), JPY6.1bn in operating profit (+3.7% YoY), JPY5.8bn in recurring profit (+10.3% YoY), and JPY3.5bn in profit attributable to owners of the parent (+27.3% YoY).

In FY04/26, the second year of its medium-term management plan, SiLK VISION 2027, FreeBit plans to pursue a major transformation under its One freebit initiative, aiming to integrate its core strengths with those of its wholly owned subsidiaries—Giga Prize, Full Speed, and For it.

The projected increase in revenue reflects continued growth aligned with the company's medium-term plan, SiLK VISION 2027, which targets a CAGR of 7–10%. By segment, FreeBit stated that the growth in Giga Prize is expected to drive expansion in the 5G Lifestyle Support segment. This will be followed by growth in the Enterprise/Creator 5G DX Support segment, backed by continued strength in the affiliate business. The 5G Infrastructure Support segment is projected to continue growing in line with existing trends.

For operating profit, FreeBit plans to undertake growth investments and business refactoring aimed at achieving the final-year targets of SiLK VISION 2027. Following its capital and business alliance with SoftBank and with Giga Prize becoming a wholly owned (based on voting rights) subsidiary, FreeBit plans to implement structural reforms aimed at strengthening group-wide operations. These reforms include integrated group management, joint procurement, joint sales, and shared technology and service development to enhance operational efficiency and generate synergies. In addition, the group is shifting from a telecommunications-focused business toward a more sustainable and higher-margin model by exploring the application of emerging technologies such as Web3 and AI to address societal challenges. In making Giga Prize a wholly owned subsidiary, the company will account for the amount equivalent to goodwill as a reduction in shareholders' equity; accordingly, it will not incur goodwill or goodwill amortization.

In FY04/26, FreeBit forecasts an annual DPS of JPY41.00, representing a payout ratio of 25.5%. This reflects a decrease in profit attributable to non-controlling interests following the reclassification of Giga Prize into a wholly owned (based on voting rights) subsidiary, profit growth driven by business expansion, and the company's adherence to its dividend policy under SiLK VISION 2027, which targets a total payout ratio of 25% or JPY30 per share, whichever is higher.

Medium-term earnings outlook

Medium-term management plan, SiLK VISION 2027

In May 2024, FreeBit launched the medium-term management plan SiLK VISION 2027 ("SV2027"). The outline of the plan is as follows.

Period

Three years from FY04/25 to FY04/27

Details

The group is promoting corporate management with a view to a 10-year plan from 2021 to 2030. Under the previous three-year medium-term management plan, SiLK VISION 2024 (SV2024), the company actively made strategic investments and improved its financial position through off-balancing and vertical integration of businesses based on the SiLK Investment Policy. In addition, the group 1) accelerated the launch of new businesses and reallocated resources by making Full Speed Inc. a wholly owned subsidiary, 2) changed the fiscal year-end of Giga Prize Co., Ltd., and 3) conducted joint development in the mobility field through forging a capital and business alliance with Alps Alpine Electronics, and promoted a joint 5G demonstration experiment for LIVINGTOWN Minato Mirai.

As a result, in FY04/24, the final year of SV2024, the company achieved results far exceeding its initial performance targets of JPY50bn in revenue and JPY5bn in operating profit. In addition, the company's Web3 initiatives have developed business seeds in line with the "de-centralization movement," including the TONE Chain, which has reached the third-largest number of nodes in the world (source: FreeBit), and the medical/healthcare, Edge LLM, and generative AI domains. Preparations for SV2027 have also been completed.

Meanwhile, in order to solve social issues such as economic disparities that emerged as a result of geopolitical changes during the SV2024 period, the company believes it is essential to create a decentralized structure. To implement such a structure, the group believes that it is necessary to combine Web2.0 and Web3 in a hybrid manner through cooperation and coordination, rather than having them as opposing axes.

In order to solve social issues, based on the "Trusted Web" concept promoted by the Japanese government, the company has set SV2027 with a theme of "transformation into a Web3 implementation company rooted in telecommunications," at the core of which is 'trust' gained from the traceability of communications and AI and the reliable execution of promises. The company will make full use of its proprietary blockchain and AI, which are the core technologies of Web3, and will further promote efforts to implement them in society.

FY04/27 earnings target

- Consolidated revenue: JPY63bn–JPY70bn
- Consolidated operating profit: JPY8.0bn

In existing businesses, FreeBit targets JPY62.0bn in revenue and JPY7.4bn in operating profit, with plans to build up revenue and operating profit by JPY11bn and JPY1.9bn, respectively, from FY04/24. In addition, as a new growth driver, the company targets further accumulation of JPY1.0bn–JPY8.0bn in revenue and JPY600mn in operating profit from existing businesses, including overseas expansion and M&A, with a focus on seed investment, by SV2024. Revenue target is provided in a range, assuming that the indicator will vary depending on the business model, such as hardware, software, or services.

In existing businesses, FreeBit (parent) anticipates growth of the MVNE (5G) business in line with the market expansion, while Giga Prize plans to maintain ISP service provision to an annual average of 150,000 homes. In addition, For it Inc. plans to continue growing its affiliate business, and Full Speed plans to improve productivity and profitability in its internet marketing business.

New growth drivers include 1) new joint ventures between the company and Giga Prize, 2) a new B2B platform, 3) Platform Maker services, and 4) the development of the medical, self-driving, and IoT domains. DTI, the operator of TONE, will consider developing its own Web3 services, including IEO initial exchange offering (IEO) services such as

TONE Coin and TONE Chain, and a new trust service as a new type of credit service. Giga Prize will take on the challenge of solving social issues by providing all-in-one circuits, + α. Full Speed, in addition to expanding its creator support business, plans to aggressively expand overseas under the new SiLK VISION, SiLK VISION 2030, and as a preliminary measure, For it Inc. will represent the company in overseas expansion, mainly in Asia. CRAID Inc. is aiming to become a leading technology assembly group in the Web3/AI domain, especially in the area of digital identity.

Shareholder return policy

In consideration of the revenue and profit growth planned in SV2027, FreeBit will proactively return profits to shareholders through dividends or share buybacks commensurate with its capital surplus and financial strength. Meanwhile, it will work to maintain a balance between 1) shareholder returns, 2) capital investments and M&A to develop future businesses and strengthen competitiveness, and 3) sound financial position.

Under SV2027, FreeBit plans to pay a dividend based on a total return ratio of 25% or JPY30 per share, whichever is higher, in FY04/26, and aim for a total return ratio of 30% in FY04/27, the final year of SV2027.

Furthermore, the company launched FreeBit Shareholder DAO App on June 30, 2024, through which shareholders are provided "TONE Coin" as a reward for their participation and contribution to the TONE Chain network, a layer 1 blockchain developed by the company, and will also be provided the right to participate in a shareholder forum where they can interact with other shareholders as well as with the company management and IR staff.

Capital allocation

Updates on capital allocation (June 13, 2025)

In light of its capital and business alliance with SoftBank and Giga Prize becoming a wholly owned (based on voting rights) subsidiary, the company has updated the capital allocation plan it announced under SV2027 at the time of the FY04/25 results announcement.

Regarding cash inflows, the company expects to generate over JPY14.0bn from the business activities during the three-year period under SV2027, plus JPY2.0bn raised through a capital and business alliance with SoftBank, for total inflows of more than JPY16.0bn.

In terms of cash outflows, the company anticipates over JPY11.0bn in growth investments, including repayment of borrowings associated with the reclassification of Giga Prize into a wholly owned (based on voting rights) subsidiary, around JPY3.0bn for shareholder returns, and approximately JPY2.0bn for other uses such as sustainability initiatives, personnel investment, and internal reserves.

Updates on capital allocation (January 31, 2025)

In light of its capital and business alliance with SoftBank and the privatization of Giga Prize, the company has updated the capital allocation plan it announced under SV2027. On the cash outflow side, the previously disclosed growth investment of over JPY7.5bn has been revised to include the funds used for the privatization of Giga Prize (exceeding JPY7.5bn for share acquisition).

On the cash inflow side, the company had initially projected generating over JPY12.0bn over three fiscal years through business activities. This has since been updated to include approximately JPY2.0bn raised through a third-party allotment of treasury shares to SoftBank in connection with the capital and business alliance, as well as loans from financial institutions—Tranche A: JPY8.9bn (credit facility limit) and Tranche B: JPY4.0bn (drawn amount). With these developments, the company aims to expand cash generation through its business activities, leveraging the partnership with SoftBank and the Giga Prize privatization to drive continued growth and enhance corporate value.

Updates on capital allocation under SV2027 (July 24, 2025)

The group expects to generate more than JPY12.0bn in operating cash flow from its business activities under SV2027. The group plans to allocate more than JPY7.5bn of this cash flow for growth investment, including for business investment for continued growth of existing businesses, funds for M&A to enable flexible acquisitions and promotion of the group's strategy based on SiLK Investment Policy. In addition, the company plans to allocate approximately JPY3.0bn for total shareholder returns in line with the above-mentioned shareholder return policy, and approximately JPY1.5bn for retained earnings for continuous human resource investment and maintenance of a sound financial position.

Management conscious of cost of capital and corporate value

The company's return on equity averaged 23.4% in SV2024, which remains above the TSE prime market average and the assumed cost of capital (8–9%). The company's price-to-earnings ratio is currently in the 9x range, reflecting the company's current valuation as a telecommunications category stock. The company will focus on initiatives outlined in SV2027, which is centered on a theme of "transformation into a Web3 implementation company rooted in telecommunications," as well as the following priority areas: 1) continued business growth, including existing businesses, 2) M&A, 3) investment in growth area through the promotion of group strategies in line with the SiLK Investment Policy, and 4) increase shareholder returns. FreeBit aims to further increase corporate value by moving to the Web3 (PER of 40–60x) and AI (PER of 35–70x) sectors, where stocks are valued at higher multiples.

Review of SiLK VISION 2027 at the FY04/25 results

Under the theme of "transforming into a Web3 implementation company rooted in telecommunications," the company is pursuing its SiLK VISION 2027 plan. In the first fiscal year of the plan (FY04/25), the company believes it achieved strong growth in both revenue and profit across all categories.

Beyond financial performance, FreeBit secured multiple partnerships in the first year, including existing partner Alps Alpine Electronics, the Fujita Medical School Group in the medical field, and SoftBank. Through these alliances, the company has built an integrated sales and distribution framework by unifying previously fragmented functions, enabling it to roll out its products in a fully unified manner. Leveraging these partnerships, the company aims to drive economic growth, improve profitability, and advance both social and commercial implementation toward overseas expansion.

Key initiatives in FY04/25 included the development of a smartphone-based edge LLM generative AI system and the advancement of technology under the TONE IN strategy. The latter separated Tone Mobile's core services, previously limited to dedicated devices, from the hardware, making them available on more than 200 models of SIM-free and other carriers' devices, including NTT Docomo.

In its joint research and development with the Fujita Medical School Group on medical data management using Web3/Trusted Web technologies, the company completed Proof of Concept¹ in September 2024. It is now advancing experiments and service development for a decentralized personal healthcare record (PHR), combining My Number authentication and edge LLM technology.

In the fan economy, including overseas markets, the company is developing and offering an IT platform that incorporates Web3 technologies. This includes the adoption of DTI's globally compatible billing system and the establishment of an operational framework by Full Speed that extends to external SNS platforms. The initiative aims to integrate with real-world media and ultimately achieve full Web3 compatibility.

Development of Portfolia, a decentralized Web3 platform representing the culmination of its technological innovations (announced on July 23, 2025)

On July 23, 2025, the company announced the development of Portfolia, a new platform designed for the social implementation of Web3. The platform is built on a proprietary technology portfolio accumulated over more than 20 years since the company's founding. Portfolia integrates the company's core technologies, including the SDN-based Emotion Link, the EVM (Ethereum Virtual Machine)-compatible mobile blockchain Trusta, a decentralized ID (DID) wallet, and the on-device large language model Edge LLM, to form a fully Web3-compliant infrastructure platform.

Portfolia is designed to bridge Web 2.0 and Web3 environments, allowing users to manage and use their data locally on their devices. This approach reduces dependence on centralized platform providers and supports the development of user-controlled digital infrastructure. The company plans to implement various use cases through Portfolia, including the FreeBit Shareholder DAO service and other product initiatives.

FreeBit is working to position Portfolia at the center of its strategy to accelerate its transformation into a Web3 implementation company, in line with its "One freebit giga-speed for freedom" vision, and to expand decentralized services aimed at building a sustainable and reliable internet society. Initial implementation of Portfolia is already underway across the group's businesses. Examples of proprietary applications within each group company include the following.

FreeBit, DTI, and Tone Mobile

The three companies are implementing decentralized security and identity management across all product lines to improve user convenience and significantly reduce operating costs. Early applications include TONE Coin and the Shareholder DAO. The company is also adapting all TONE IN product lines for integration with Portfolia to offer Tone Mobile's technologies to external companies.

Giga Prize

Giga Prize, in partnership with SoftBank, is developing next-generation platforms for authentication, personal data protection, and incentive provision. These platforms leverage dedicated applications built into Portfolia and aim to integrate fixed-line and mobile communications.

Full Speed and For it

The two companies are preparing to test an advertising delivery platform built on Portfolia, aiming to enable personalized marketing while significantly strengthening personal data protection.

CRAID

CRAID is incorporating Portfolia as the core infrastructure for its StandAlone fan community app and has begun operational trials to explore its application in a Web3-based fan economy.

SiLK VISION 2024

FreeBit unveiled its current medium-term management plan, SiLK VISION 2024, in July 2021. The plan targeted consolidated revenue of JPY50.0bn (+16.1% from FY04/22) and operating profit of JPY5.0bn (+58.0%) in its final year, FY04/24. Against its FY04/24 revenue and operating profit targets, FreeBit achieved 106.1% and 117.8%, respectively. SiLK VISION 2024 is based on FreeBit's ten-year plan spanning 2021 to 2030, which places 5G and Web3 at the center of technological transformations during the period. The ten-year plan has three phases: the initial phase—SiLK Vision 2024—dubbed the "Pre 5G/Web3" phase, followed by SiLK VISION 2027 dubbed the "Core 5G/Web3" phase, and finally SiLK VISION 3030, which is the "6G/Web4 Standby" phase. FreeBit plans to release its next medium-term management plan, SiLK VISION 2027, in July 2024.

Now that 5G has started to spread, under SiLK VISION 2024, FreeBit will work on "exponential technology" (technology that grows exponentially) with the intent to become an integrated service provider, or what the company refers to as "Platform Maker" of the 5G/Web3 era. To this end, it will pursue business expansion while being mindful of social sustainability. It will aim to fulfill the goals of its medium-term management plan by focusing on the business domains of mobile transformation, lifestyle transformation, and production transformation, which it considers to be areas of global growth, and intensively deploy management resources in these areas.

FreeBit positions its existing operations such as the 5G Infrastructure Platform businesses (MVNE, fixed-line network, cloud, etc.) and the 5G Homestyle business (ISP services for housing complexes) in what it calls the "performance zone," where it anticipates continued business growth amid 5G and other changes. In the "transformation zone," it will seek to groom the 5G Lifestyle businesses (Tone Mobile and DTI) into growth drivers, and in the "incubation zone," it will develop new businesses (such as 5G Workstyle, 5G Healthstyle, Creator Maker [StandAlone], and Bizmodel Maker [4.0]). To this end, it will invest strategically in these two zones. FreeBit maintains that SiLK VISION 2024 is an investment phase for creating new businesses that cater to the lifestyles of the 5G era.

In line with the announcement of SiLK VISION 2024, FreeBit reclassified its reportable segments into 5G Infrastructure Support, 5G Lifestyle Support, and Enterprise/Creator 5G DX Support. In the 5G Infrastructure Support segment, which falls under the mobile transformation domain, the company will work to provide infrastructure platforms that enable safe and inexpensive connectivity among vast numbers of people and things, using 5G, embedded SIM, AI, and blockchain technologies. In the 5G Lifestyle Support segment (lifestyle transformation domain), the company looks to provide business platforms that support the creation of experience-based markets associated with safe and secure living, health, and work styles. In the Enterprise/Creator 5G DX Support segment (production transformation domain), the company will seek to provide platforms covering the stages from market creation/value creation and verification, to launch and CRM.

5G strategy

Since its inception, FreeBit has engaged in the "smart infrastructure business" supporting the infrastructures of various telecommunication services. Central to the company's operations is the interface called Building Blocks, where various FreeBit-owned technologies can be combined in different ways, much like how Lego blocks work. Building Blocks enables the provision of a variety of services including ISP, IoT, and subscription-based services, simply by changing the combination of technologies.

FreeBit has historically expanded its operations through timely introduction of new services in line with the evolution of telecom infrastructures. During the dial-up access era (until around 2001), FreeBit established its position in fixed-line communications by offering free services, and with the industry shift to broadband services like xDSL and FTTH, the company expanded business by offering internet connectivity to internet service providers (ISPs) and running its own ISP service dedicated to housing complexes. In the 4G era that followed, FreeBit launched its mobile virtual network enabler (MVNE) business, although it has yet to lead the market in this field.

FreeBit understands that major players have shifted every ten years during the evolution of telecoms infrastructure from 2G to 3G, and to 4G. As 5G becomes mainstream and eventually shifts to 6G in the next ten years, the company sees the need to first envision how the 5G era will evolve in ten years' time, and then calculate backwards to work out its strategies during the period.

FreeBit believes that it owns certain technologies crucial to the 5G era, in the fields of 5G itself as well as blockchain, AI, data, and IoT. With this in mind, it plans to further invest in three areas in preparation for the 5G era: namely, faster wireless speeds; shift from fixed-line to mobile network; and a business to support platformers. By doing so, the company intends to make a shift from a smart infrastructure provider to an integrated service provider, or what the company refers to as "Platform Maker" of the 5G/Web3 era, offering high value-added services that use Building Blocks to support platforms.

Capital and business alliance with Alps Alpine Co., Ltd.

On March 31, 2023, FreeBit entered into a capital and business alliance agreement with Alps Alpine Co., Ltd. (TSE Prime: 6770). The capital alliance entailed the allotment of 1,140,000 FreeBit shares (treasury stock) to Alps Alpine. The two parties had already concluded a business alliance agreement in the CASE* and MaaS* fields on July 23, 2019, and in the process, Alps Alpine had obtained 2,370,600 shares of FreeBit. The additional acquisition of FreeBit shares under the latest capital alliance increased Alps Alpine's ownership of FreeBit's shares (excluding treasury stock) from 12.60% (as of October 31, 2022) to 17.59% (as of April 30, 2023).

CASE: An acronym for "connected, autonomous, shared, electric," which is a term used in the auto industry to describe transformative features of advanced cars

MaaS: Mobility as a Service; services that utilize multiple modes of transportation as well as information and communication technology

Under the business alliance, the parties plan to collaborate on mobility and IoT products using blockchain and other Web3-related technologies and to also develop a business model that generates profit on an ongoing basis. The alliance aims to achieve high-speed and low-latency communications related to mobility and IoT products, accomplish migration to Web3, strengthen the protection of personal information, and improve global competitiveness.

In FreeBit's mainstay MVNE business, the company expects that with the spread of the 5G Standalone (SA)* standard, its customer base will expand from conventional MVNOs to individuals and general enterprises, as well as IoT operators and automotive manufacturers that pursue autonomous driving. The company perceives the spread of 5G SA to be a business opportunity, but at the same time, recognizes it as an area of challenge.

5G Standalone (SA): A wireless communication standard under which 5G is implemented solely using a 5G core network without any dependence on 4G LTE

Alps Alpine has a strong track record in supplying car navigation and in-vehicle infotainment (IVI) systems* to automakers in Japan and overseas, and has design and manufacturing technologies for a wide range of components including in-vehicle input/output devices and components for telecommunications. According to its medium-term management plan, Alps Alpine launched the Digital Cabin Solution business, aiming to provide solutions that deliver the three values of safety, comfort, and excitement through integration of automotive cockpits. Alps Alpine also indicated that it looks to provide these solutions based on a business model that generates profit on a recurring basis.

In-vehicle infotainment (IVI) system: A general term describing automotive systems designed to provide information and entertainment

FreeBit determined that Alps Alpine would be the best partner to pursue solutions services that address 5G, Web3, and AI technologies and to propose joint businesses, considering the close relationship and the business results the two companies have achieved since the alliance concluded in July 2019. With the latest capital and business alliance, the two parties aim to expand the areas of collaboration under the previous business alliance (July 2019) to Web3, 5G, and ADAS* domains, jointly develop technologies, and build businesses, including one that is based on a recurring-revenue model.

ADAS: Advanced driver-assistance systems

On a gross basis, the allotment of FreeBit's treasury stock to Alps Alpine was slated to raise JPY1,470.6mn. The proceeds net of issuance and other fees (JPY14.0mn) were estimated at JPY1,456.6mn. These proceeds are earmarked for the following uses.

Use of proceeds	Amount JPYmn	Scheduled period of use
(1) Development of basic system for a decentralized common ID, taking DIDs into account	140	May 2023- April 2025
(2) Development of a general-purpose billing system for recurring charges, taking global settlement into account	312	May 2023- April 2028
(3) Basic development of CRM system as an ancillary system for (1) and (2) above	192	May 2023- April 2028
(4) Development of various connectors linking Web3	100	May 2023- April 2026
(5) Research on blockchain intellectual property (IP) in the automotive domain; expenditure to acquire such IP	150	May 2023- April 2028
(6) Enhancement of existing infrastructure to manage blockchain products	562	May 2023- April 2028
Total	1,456	

Source: Shared Research based on company materials

As the first stage of the capital and business alliance, FreeBit and Alps Alpine are conducting proof-of-concept tests on blockchain-based smart security and research into new urban development in the areas of housing, work, and mobility, vertically integrating 5G, Web3, AI, and IoT technologies for incubation business LIVINGTOWN Minato Mirai that Giga Prize is due to open in September 2023.

Web3 strategy

FreeBit understands that the 5G era will generate a shift from a society that centers around major platformers to one that is decentralized. In this context, it thinks that determining how to handle the new Web3 movement, which utilizes blockchain and other new technologies, is of vital importance to the company. Accordingly, FreeBit has positioned its Web3 strategy at the core of group initiatives and will be dedicating a large part of future efforts to Web3.

Blockchain: A type of database technology for recording information, where data is managed in units called blocks, and is stored by stringing these blocks together like a chain. It is called a blockchain because the blocks are connected in chronological order. There is no central authority retaining control over the blockchain; instead, all or part of the ledger is shared, stored, and managed by all participants handling the crypto assets.

FreeBit sees Web1.0 and Web2.0 as a period when application layers that provided applications that ran on internet protocols were the ones in the center of spotlight, rather than the telecom carriers or the ISPs undergirding the protocol layer of communication networks. However, FreeBit believes that the value of the protocol layer will heighten in Web3 era because consensus algorithms and protocols can guarantee the reliability of the data itself flowing on the blockchain.

Issues surrounding blockchains

In this respect, the company believes that there are a considerable number of issues surrounding blockchains themselves when viewed from the side of the protocol layer.

Consensus algorithm: In a blockchain, which does not have a central authority validating transactions, all participants of the blockchain network share the ledger information, and partake in reaching a common agreement about the state of the ledger. Consensus algorithm is the procedure through which a common agreement is reached.

Protocol: Procedures and standards for computer-to-computer communication

Issues surrounding blockchains, according to FreeBit, are as follows.

1. Yet to achieve node* scale suitable for the market value (9,000–17,000 nodes even for Bitcoin or Ethereum)
2. Uneven distribution of node operators
3. High environmental impact of mining* (Proof of Work*)
4. Slow transaction processing speed
5. High barriers for general users to take on blockchains
6. High volatility of crypto assets that function as an incentive for node operators
7. Progress in related legislation differs from country to country

In terms of issue #1 shown above, even Bitcoin that leads in market capitalization at JPY84tn (as of June 27, 2023) only has about 16,853 nodes, according to a study by FreeBit. The estimated one-hour cost of completing a so-called 51% attack* on a cryptocurrency network (acquiring processing capability of 51% of the network, allowing the attacker to conduct fraudulent transactions) is only about JPY190mn (source: Crypto51). In this sense, FreeBit believes the mechanism of Bitcoin is not exactly persuasive for the size of its market capitalization.

Node: A terminal (communication device) that monitors and manages transaction information and approves transactions

Mining: The act of storing transaction data in a block in the blockchain after verifying and approving the data, then earning cryptocurrency as a reward for the series of actions performed

Proof of Work (PoW): A type of consensus algorithm. When a transaction occurs, the miners (blockchain participants that engage in mining) compete with each other in a race to verify the transaction. The first miner to correctly complete a required computation is rewarded with cryptocurrency. PoW has been adopted by Bitcoin and many other cryptocurrencies.

Proof of Stake (PoS): A type of consensus algorithm, which requires a participant to stake some of its cryptocurrency holdings as collateral to be awarded the work to verify a transaction. The probability of being assigned a role for validation rises in proportion to the amount of cryptocurrency owned. The validator (see below) earns cryptocurrency when the verification is completed. Ethereum shifted its consensus algorithm from PoW to PoS in September 2022.

51% attack: Attack mounted by a malicious group or individual seeking to conduct fraudulent transactions by controlling 51% (50% or more) of an entire network's hash rate

With regard to issue #2, Ethereum implemented a large upgrade to Ethereum2.0 in September 2022, also shifting to the PoS algorithm (see box above). As a result, its node count increased and validators* became more widely distributed. Yet, according to FreeBit's study, top ten staking providers still account for 58% of Ethereum validators.

Validator: A node that verifies the correctness of transaction data for Ethereum2.0 and other crypto assets (currencies). The term is mainly used in blockchains that adopt PoS. A validator takes on a role similar to that of a miner in the PoW consensus algorithm.

In terms of issue #3, the environmental impact of the PoW consensus algorithm is extremely high because its mechanism encourages miners to compete based on the processing power of their computers as they battle to become the first to complete a required computation and be rewarded with cryptocurrency. According to FreeBit, the amount of electricity consumed annually by Bitcoin's mining activities surpasses that of countries like Sweden and Ukraine. The Ethereum2.0 blockchain, which has shifted to PoS, is said to be able to reduce electricity consumption by 99.5%. Nonetheless, it still takes four days worth of household electricity for Ethereum to issue one non-fungible token (NFT).*

Non-Fungible Token (NFT): Non-substitutable digital data created on a blockchain. NFTs take many forms. Digital art, digital fashion, game items, and various other tangible and intangible items have been converted to NFTs.

With regard to issue #4, among credit cards, Masters Card processes 5,000 transactions per second (maximum capacity of 65,000 transactions) and Visa Card, roughly 1,700 transactions per second (24,000). The processing speed of blockchains differs substantially in comparison, with Bitcoin processing three to seven transactions per second and Ethereum, between 15 and 25 transactions per second.

freebit web3 Blocks

With a view to overcoming these issues, FreeBit unveiled "freebit web3 Blocks," which can create a new type of Layer-1 blockchain adaptable to both public and private communities. With "freebit web3 Blocks," not only servers but also smartphones and other mobile devices can be used as nodes, and in addition to its functionality as user interface, it can create Layer-1 blockchains.

Conventional blockchains take the form of a large Layer-1 blockchain, like Bitcoin and Ethereum. They are based on the idea of using a single large blockchain to satisfy the needs of various communities; when the needs cannot be met, the blockchain is extended to a Layer-2 blockchain, but in any case, problems concerning electric power consumption and

blockchain transactions still remain. In contrast, "freebit web3 Blocks" takes a different approach where each community operates its own Layer-1 blockchain adaptable to the varying needs specific to the community. Thus, unlike the conventional concept of Web3 in which everything is concentrated in one Layer-1 blockchain, the key feature of "freebit web3 Block" is the distribution of Layer-1 blockchains themselves to each community.

The ability to run on smartphones is another outstanding feature of "freebit web3 Blocks." Since it operates blockchain applications using surplus power, resources, and CPUs of smartphones, the environmental impact is minimized.

In May 2022, FreeBit started the TONE Labo demonstration trial as its first "freebit web3 Blocks" project. The trial targeted the users of the company's TONE e22 smartphones. These users were offered a loyalty point program (a decentralized app*), TONE Coin, based on the world's first Ethereum-compatible Layer-1 blockchain that runs on smartphones, called TONE Chain (source: FreeBit). In March 2024, the company announced that TONE Chain had more than 6,010 nodes in regular operation in just about 21 months into the trial project, making it the third largest Layer-1 blockchain globally by number of nodes in operation (source: FreeBit).

Decentralized Applications (DApps): A general term for apps that run on a blockchain-based decentralized network. Development of DApps is underway on Ethereum and various other blockchains.

During SiLK VISION 2024, FreeBit looks to start up various businesses that can showcase the company's capabilities, and under SiLK VISION 2027, it plans a social implementation. It will seek to roll out services for various communities and layers of the blockchain, making use of Building Blocks including freebit web3 Blocks.

According to the company, it aims to open up health and medical service TONE Care, which is currently undergoing proof-of-concept testing, using TONE as a platform, and provide individual B2C services, centering on TONE, and B2B platforms for medical institutions. The company is also preparing services that make abundant use of its Building Blocks interface.

Business

Business overview

FreeBit Co., Ltd. and its subsidiaries mainly provide internet-related services to both corporate and individual customers. The business areas of the parent company FreeBit include support services for mobile virtual network operators (MVNOs) where the company serves as a mobile virtual network enabler (MVNE), support services for internet service providers (ISPs), and corporate-use cloud services. As for the core subsidiaries, Giga Prize Co., Ltd. (delisted on April 18, 2025 following the TOB placed by FreeBit) offers internet-related services for housing complexes, Dream Train Internet Inc. (DTI; unlisted) offers mobile communication and internet-related services to individuals, and Full Speed Inc. engages in online advertising services. (Note: Full Speed delisted on September 1, 2022, following FreeBit's tender offer for its shares; Full Speed is currently a wholly owned subsidiary of the company.)

Mobile virtual network operator (MVNO): A business operator that provides services by leasing telecommunications infrastructure from a mobile network operator such as NTT Docomo

Mobile network operator (MNO): A business operator, such as NTT Docomo, that provides telecommunications services using their own network infrastructure and the spectrum allocations it receives directly from a regulatory/government entity, which is the Ministry of Internal Affairs and Communications in the case of Japan

Mobile virtual network enabler (MVNE): An MVNE procures connectivity from MNOs in bulk, providing it to MVNOs in smaller lots while engaging in telecommunications control. An MVNE also offers technology, expertise, and other support to assist MVNOs' operations

Internet service provider (ISP): A business operator that provides an access point necessary to establish internet connection

The company operates in three reportable segments: 5G Infrastructure Support, 5G Lifestyle Support, and Enterprise/Creator 5G DX Support.

Businesses in each segment and the companies in charge

By segment	Business description	Company in charge
5G Infrastructure Support	• 5GInfra Platform	FreeBit Co., Ltd.
	Support services for MVNOs (MVNE business)	
	Support services for ISPs	
	Corporate-use cloud services	
5G Lifestyle Support	• 5GHomestyle	Giga Prize
	Internet services for housing complexes	
	Corporate housing management service	
	• 5GLifestyle	Dream Train Internet Inc. (DTI)
	Mobile communication services for individuals	
	Internet services for individuals	
Enterprise/Creator 5G DX SupportDX Support	• 5GWorkstyle (New business)	FreeBit Co., Ltd.
	• 5GHealthstyle (New business)	FreeBit Co., Ltd.
	• 5GCarlifestyle (New business)	FreeBit Co., Ltd.
	• Internet marketing-related services	Full Speed
	• Ad technology-related services	For it Inc.
	CreatorMaker (New business)	FreeBit Co., Ltd., Full Speed
	BizmodelMaker (New business)	FreeBit Co., Ltd., Full Speed

Source: Shared Research based on company materials

5G Infrastructure Support

In the 5G Infrastructure Support segment, FreeBit seeks to provide platforms that help create future experience-centered markets by utilizing embedded SIMs, AI, and blockchain technologies to establish connectivity among people and among a vast number of things in a safe and inexpensive manner. More specifically, businesses offered in this segment include support services for MVNOs (with FreeBit serving as an MVNE), support services for ISPs, and cloud services for corporate use. The parent company is the main entity driving operations in this segment. In FY04/25, revenue in 5G

Infrastructure Support was JPY10.6bn (18.4% of consolidated revenue) and operating profit was JPY1.4bn (23.9% of consolidated operating profit).

FreeBit does not disclose a revenue breakdown for this segment nor other details such as total subscriptions or the average revenue per user. The company says, however, that the majority of revenue in this segment comes from its MVNE services, followed by services for ISPs, and cloud services, with the MVNE services on a continued growth track. FreeBit offers MVNE services called the freebit MVNO Pack, where it procures bandwidth from NTT Docomo, and sells services based on a customer-specific rate plan or bandwidth contract, adding other components such as network operation monitoring, user management tools, cloud, and security depending on customer needs. In addition to external MVNOs, the consumer-use DTI SIM and TONE mobile businesses operated by DTI in the 5G Lifestyle Support segment also use the freebit MVNO Pack.

While multiple companies offer MVNE services, it is difficult for them to achieve differentiation on the cost front; nor are there significant differences in the ancillary services, such as network operation monitoring and security, these companies offer. Shared Research thus surmises that customers are selecting FreeBit for its price competitiveness. In the 5G era that enables connectivity of a variety of things, cost consciousness will likely heighten especially in the communication module market, creating opportunities for the company's MVNE services.

FreeBit explained that, as part of its capital and business alliance with SoftBank, it may consider sourcing mobile lines for its MVNE services from SoftBank in the future. Currently, the company procures mobile lines from NTT Docomo but believes that diversifying suppliers could enhance redundancy and potentially lower costs.

Revenue structure

According to the company, revenue from the freebit MVNO Pack service varies depending on the type of contract. Shared Research understands that FreeBit charges fees either based on the number of lines or the bandwidth it supplies, with fees added for other functions such as cloud and security services offered in combination. On the cost front, the company pays for the bandwidth it procures from NTT Docomo, as well as operation and equipment fees. The basis for bandwidth cost is the mobile data interconnection charge (unit price), which each mobile network operator (MNO)* notifies to the Ministry of Internal Affairs and Communications. NTT Docomo's interconnection charge (actual) has declined at an average annual rate of roughly 21.1% from 2018 to 2023. FreeBit says that although the amount of bandwidth it procures has been on the rise accompanying an increase in the number of customers, the falling per-unit interconnection charge has reduced the company's bandwidth cost. Particularly in FY04/22, bandwidth cost decreased substantially owing to a roughly 27.5% decline in the interconnection charge. According to the company, after declining due to price markdowns conducted to reflect the lower interconnection charge, revenue turned up from the amount of bandwidth the company provides increasing with the acquisition of business from new MVNOS, and service gross profit continue to rise in FY04/23 onward.

Changes in NTT Docomo's mobile data interconnection charges

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2026
							Plan	Plan	Plan	Plan
Mobile data interconnection charge (Mbps/JPY/Month)	49,311	42,702	37,280	27,024	19,979	15,042	12,862	10,874	10,383	9,052
YoY	-6.0%	-13.4%	-12.7%	-27.5%	-26.1%	-24.7%	-14.5%	-15.5%	-4.5%	-12.8%

Source: Shared Research based on the Ministry of Internal Affairs and Communications

FreeBit (parent): Cost of revenue breakdown

Cost of revenue (JPYmn)	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Labor costs	540	617	524	541	557	606	636	753	819	871
Various costs	8,003	10,044	9,637	9,421	8,909	8,630	5,076	5,462	5,512	6,324
Line usage fees	5,817	7,942	7,254	7,288	6,762	6,748	3,617	3,944	3,904	4,410
Rent expenses	580	574	569	572	538	514	451	403	446	431
Commission expenses	-	-	-	371	503	534	234	274	308	375
Depreciation	278	309	372	424	394	257	124	-	-	-
Outsourcing expenses	855	732	708	488	432	314	378	418	392	524
Other	473	487	735	278	280	264	273	423	463	584
Cost of business	8,542	10,661	10,160	9,962	9,466	9,235	5,712	6,215	6,332	7,195
Beginning goods	84	676	159	182	171	73	32	7	26	21
Cost of purchased goods	1,160	1,201	1,232	1,194	678	642	730	735	106	94
Total	1,244	1,877	1,391	1,376	849	715	763	742	132	115
Transfer to other accounts	7	9	203	60	108	22	13	36	3	3
Ending goods	676	159	182	171	73	32	7	26	21	12
Cost of goods	561	1,710	1,006	1,145	668	661	743	681	108	100
Cost of revenue	9,104	12,371	11,166	11,107	10,134	9,896	6,455	6,896	6,440	7,295

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Earnings trends

The company began disclosing earnings for 5G Infrastructure Support from FY04/21 in line with the change in segment classification. In FY04/25, revenue in this segment grew 6.4% YoY to JPY10.6bn (accounting for 18.4% of consolidated revenue) and operating profit fell 13.0% YoY to JPY1.4bn (23.9% of consolidated operating profit).

Operating profit decreased JPY210mn YoY. Increased service usage in the B2B2X (B/C) mobile business provided a JPY568mn boost to operating profit. However, operating profit was depressed by several factors: higher cost for improving communication quality incurred in the B2B2X (B/C) mobile business (JPY386mn), one-time costs associated with network facility upgrades in the same segment (JPY69mn), and higher procurement costs in the cloud service business due to forex fluctuations (JPY62mn). Other factors leading to lower profits included a JPY27mn decrease in usage of B2B2X (B/C) fixed line network service, a JPY205mn increase in common expenses due to increased personnel, and a JPY29mn increase in company-wide expenses and other costs. In addition, JPY190mn was invested in new growth drivers in 5G Infrastructure Support, including the relocation of the 5G data centers.

5G Infrastructure Support: Full-year results

5G Infrastructure Support (JPYmn)	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Revenue	11,652	9,033	9,489	9,932	10,568
YoY	-	-22.5%	5.1%	4.7%	6.4%
OP	470	1,134	1,378	1,616	1,405
YoY	-	141.3%	21.6%	17.2%	-13.0%
OPM	4.0%	12.6%	14.5%	16.3%	13.3%
strategic investments	267	284	300	301	190
Effect of adoption of revenue recognition standards, etc.					
Revenue	-	-1,887	-	-	-
OP	-	18	-	-	-

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

5G Infrastructure Support: Quarterly results

Earnings (cumulative) (JPYmn)	FY04/24				FY04/25			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	2,428	4,924	7,425	9,932	2,547	5,166	7,839	10,568
YoY	4.3%	4.1%	4.4%	4.7%	4.9%	4.9%	5.6%	6.4%
OP	463	949	1,421	1,616	325	689	1,056	1,405
YoY	17.7%	29.4%	22.4%	17.2%	-29.7%	-27.4%	-25.7%	-13.0%
OPM	19.1%	19.3%	19.1%	16.3%	12.8%	13.3%	13.5%	13.3%
strategic investments	74	131	214	301	40	84	143	190
Quarterly (JPYmn)	FY04/24				FY04/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	2,428	2,497	2,500	2,508	2,547	2,619	2,673	2,729
YoY	4.3%	3.8%	5.2%	5.4%	4.9%	4.9%	6.9%	8.8%
OP	463	486	472	195	325	364	367	349
YoY	17.7%	42.9%	10.5%	-10.4%	-29.7%	-25.1%	-22.2%	79.0%
OPM	19.1%	19.5%	18.9%	7.8%	12.8%	13.9%	13.7%	12.8%
strategic investments	74	57	83	87	40	44	59	47

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

5G Lifestyle Support

In the 5G Lifestyle Support segment, FreeBit uses the platforms emerging from the 5G Infrastructure Support segment to build and provide business platforms that help create various experience-centered markets unique to the 5G era, such as those tied to safe and secure lifestyles, health, work styles, and homes. More specifically, in the 5G Homestyle business, the company provides internet services for housing complexes as well as corporate housing management services, and in the 5G Lifestyle business, it provides mobile communication and internet services for individuals. New businesses in this segment include 5G Workstyle, 5G Healthcare, and 5G Carlifestyle.

Operations in the 5G Homestyle Support segment center around Giga Prize Co., Ltd., DTI which handles the 5G Lifestyle services, and FreeBit (the parent) which drives the new businesses. In FY04/25, segment revenue stood at JPY26.3bn (accounting for 45.7% of consolidated revenue) and operating profit came to JPY3.5bn (60.3% of consolidated operating profit). Shared Research understands that earnings contribution of Giga Prize is substantial in this segment, as it generates about 85% of revenue, and operating profit exceeds segment profit. (The remaining about 15% of revenue comes from the company and DTI.)

Under its theme of "transformation into a Web3 implementation company rooted in telecommunications," FreeBit is advancing joint R&D with the Fujita Medical School Group on medical data management using web3/Trusted Web technologies. The company completed Proof of Concept1 in September 2024, and is now conducting experiments and developing services for a decentralized personal healthcare record (PHR) that combines My Number authentication with edge LLM technology. In the future, the company intends to make this available to external medical institutions.

Under its capital and business alliance with SoftBank, the company is working on an ID linkage platform using Web3 and other technologies, developing connectivity solutions for IoT and unmanned devices, and jointly creating secure smartphone services. For Giga Prize, initiatives include using SoftBank's proprietary fixed-line ISP services for housing complexes, offering bundle discounts with SoftBank mobile lines, and jointly developing housing complex solutions to expand revenue and reduce costs.

Earnings trends

FreeBit began disclosing results for the 5G Lifestyle Support segment from FY04/21, following changes in the segment classification. In FY04/25, segment revenue decreased 1.1% YoY to JPY26.3bn (45.7% of consolidated revenue), while operating profit increased 10.6% YoY to JPY3.5bn (60.3% of consolidated operating profit).

Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, revenue was up 5.7% YoY, and operating profit was up 26.3% YoY.

Operating profit increased JPY341mn YoY. Positive factors included the growth in revenue at Giga Prize (+JPY625mn), a JPY154mn decrease in expenses for the Web3/5G Healthstyle domain and data-linkage projects, and profit improvement of JPY28mn in the TONE business owing to better acquisition cost control. Meanwhile, factors depressing operating profit included a JPY45mn increase in costs related to the establishment and operation of the acquiring entity, and a

JPY23mn profit decline due to reduced usage in fixed line network service of 5G Lifestyle (DTI). In FY04/25, the company's investments in growth drivers for 5G Lifestyle Support totaled JPY197mn.

Full-year earnings trends of 5G Lifestyle Support

5G Lifestyle Support (JPYmn)	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Revenue	22,973	21,735	23,261	26,612	26,308
YoY	-	-5.4%	7.0%	14.4%	-1.1%
Giga Prize	15,879	15,790	17,869	21,669	-
YoY	16.3%	-0.6%	13.2%	21.3%	-
Home IT	15,178	15,621	17,680	21,263	-
Real Estate	691	160	181	412	-
Other	10	9	7	-	-
Adjustments	0	-	-	-7	-
Dream Train Internet Inc. (DTI) (100%Subsidiary)	7,189	5,610	5,068	-	-
TLS (100%Subsidiary)	-	-	-	-	-
FreeBit-other	-95	335	325	4,944	-
OP	2,143	1,446	2,039	3,205	3,546
YoY	-	-32.5%	41.1%	57.1%	10.6%
OPM	9.3%	6.7%	8.8%	12.0%	13.5%
Giga Prize	2,158	2,239	2,941	3,855	-
YoY	74.7%	3.8%	31.3%	31.1%	-
OPM	13.6%	14.2%	16.5%	17.8%	-
Home IT	3,599	3,532	4,266	5,380	-
Real Estate	-133	18	12	-31	-
Other	2	1	1	-	-
Adjustments	-1,310	-1,312	-1,338	-1,495	-
Dream Train Internet Inc. (DTI)	-	-	-	-	-
TLS	-	-	-	-	-
FreeBit-other	-15	-793	-901	-650	-
strategic investments	827	1,246	769	524	197
Effect of adoption of revenue recognition standards, etc.					
Revenue	-	-1,493	-	-	-
Of which, Giga Prize	-	-1,069	-	-	-
OP	-	-265	-	-	-
Of which, Giga Prize	-	-249	-	-	-

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

Quarterly earnings of 5G Lifestyle Support

Earnings (cumulative) (JPYmn)	FY04/24				FY04/25			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	7,600	13,655	19,904	26,612	6,214	12,619	19,177	26,308
YoY	38.8%	22.4%	18.7%	14.4%	-18.2%	-7.6%	-3.7%	-1.1%
OP	1,009	1,702	2,496	3,205	769	1,638	2,671	3,546
YoY	167.5%	73.6%	62.6%	57.1%	-23.7%	-3.7%	7.0%	10.6%
OPM	13.3%	12.5%	12.5%	12.0%	12.4%	13.0%	13.9%	13.5%
strategic investments	125	271	404	524	39	87	131	197
Giga Prize								
Number of households served by ISP (Cumulative, '000)	1,099	1,130	1,158	1,210	1,243	1,274	1,300	1,342
Net increase	47	31	27	52	34	30	26	42
Quarterly (JPYmn)	FY04/24				FY04/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	7,600	6,054	6,249	6,709	6,214	6,405	6,557	7,131
YoY	38.8%	6.6%	11.5%	3.3%	-18.2%	5.8%	4.9%	6.3%
OP	1,009	693	795	709	769	869	1,033	875
YoY	167.5%	14.9%	43.1%	40.5%	-23.7%	25.4%	30.0%	23.4%
OPM	13.3%	11.4%	12.7%	10.6%	12.4%	13.6%	15.8%	12.3%
strategic investments	125	146	133	120	39	48	44	66

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

Giga Prize Co., Ltd.

Giga Prize chiefly provides internet services for housing complexes, as well as corporate housing management services. On a consolidated basis, these fall under the 5G Homestyle business within Freebit's 5G Lifestyle Support segment. Giga

Prize's reportable segments break down into Home IT (mainly offering bulk internet services covering all units of small to medium-sized multi-family properties like apartments and condos), Real Estate (including corporate housing management services and the VR-based display homes business), and Other (mainly comprising a staffing business). In FY04/24, 98.1% of Giga Prize's revenue was in Home IT, and operating profit of Home IT accounted for 100.6% of the total. FY04/24 fiscal year for Giga Prize and subsidiaries was a 13-month period from April 1, 2023, to April 30, 2024, due to the change in fiscal year-end. In March 2025, FreeBit placed a tender offer to take Giga Prize private, and Giga Prize was delisted on April 18, 2025.

In ISP services, Giga Prize handles the design, installation, and construction work associated with internet facilities for housing complexes. Following installation, it takes care of service operation and maintenance, and also provides tenant support. Giga Prize enters into contracts directly with customers such as house builders, property management companies, and individual owners. Since Giga Prize installs internet facilities for the entire housing complex, individual contracts with tenants are unnecessary, and tenants can enjoy internet access as soon as they move in. The actual installation work is mostly carried out by Giga Prize subsidiary, Giga Tech Co., Ltd., which is equipped to handle construction work nationwide.

Giga Prize: Revenue and operating profit by segment

Revenue by segment/OP (JPYmn)	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY04/24
Revenue	2,179	2,928	3,754	6,355	10,922	13,649	15,879	15,790	17,869	21,669
YoY	18.4%	34.4%	28.2%	69.3%	71.9%	25.0%	16.3%	-0.6%	13.2%	21.3%
Home IT	-	2,903	3,733	5,866	10,264	12,723	15,178	15,621	17,680	21,263
YoY	-	-	28.6%	57.1%	75.0%	24.0%	19.3%	2.9%	13.2%	20.3%
% of revenue							95.6%	98.9%	98.9%	98.1%
Real Estate	-	-	-	471	645	917	691	160	181	412
YoY				-	36.9%	42.2%	-24.6%	-76.9%	13.2%	127.9%
% of revenue							4.4%	1.0%	1.0%	1.9%
System Development	-	-	-	-	-	-	-	-	-	-
YoY										
% of revenue										
Other	-	25	21	19	14	10	10	9	7	-
YoY		-	-18.7%	-6.5%	-29.7%	-26.5%	-3.2%	-2.1%	-20.8%	
% of revenue							0.1%	0.1%	0.0%	
Adjustments	-	-	-	-1	-1	-0	-0	-	-	-7
OP	358	464	501	559	1,292	1,235	2,158	2,239	2,941	3,855
YoY	140.4%	29.5%	8.0%	11.7%	131.0%	-4.4%	74.7%	3.8%	31.3%	31.1%
OPM	16.4%	15.8%	13.3%	8.8%	11.8%	9.1%	13.6%	14.2%	16.5%	17.8%
Home IT	-	809	1,032	1,724	2,889	2,913	3,599	3,532	4,266	5,380
YoY	-	-	27.6%	67.0%	67.6%	0.8%	23.5%	-1.9%	20.8%	26.1%
OPM	-	27.9%	27.7%	29.4%	28.2%	22.9%	23.7%	22.6%	24.1%	25.3%
% of OP	-	99.2%	99.4%	123.2%	121.4%	119.1%	103.8%	99.5%	99.7%	100.6%
Real Estate	-	-	-	-328	-512	-468	-133	18	12	-31
YoY				-	-	-	-	-	-31.7%	-
OPM				-69.7%	-79.4%	-51.0%	-19.2%	11.1%	6.7%	-7.5%
% of OP				-23.4%	-21.5%	-19.1%	-3.8%	0.5%	0.3%	-0.6%
System Development	-	-	-	-	-	-	-	-	-	-
YoY										
OPM										
% of OP										
Other	-	7	6	4	3	2	2	1	1	-
YoY	-	-	-9.9%	-38.0%	-20.5%	-45.7%	4.4%	-30.1%	-22.3%	
OPM		27.2%	30.2%	20.0%	22.6%	16.7%	18.0%	12.9%	12.6%	
% of OP		0.8%	0.6%	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%	
Adjustments	-	-352	-538	-840	-1,089	-1,212	-1,310	-1,312	-1,338	-1,495

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Due to delisting, results for FY04/25 have not been disclosed.

In FY04/24, the line usage fees charged to customers on a recurring basis accounted for 70.5% of revenue in the Home IT segment; the remaining 29.5% was one-off initial income from the installation and configuration of network devices. Of the recurring revenue, 88.9% came from services provided to house builders and property management companies on an OEM basis, 5.6% was from RentAgent (Giga Prize's proprietary service targeting for-lease housing complexes), and 5.5% was from MyAgent (service targeting for-sale housing complexes). Revenue grew 25.0% YoY for the OEM-based service, 23.3% YoY for RentAgent, and 18.7% YoY for MyAgent. By customers, 69.2% of Giga Prize's total revenue came from four core OEM customers: D.U-Net Co., Ltd. (41.3% of total revenue in FY04/24), a group company of Daiwa House Industry Co., Ltd. (TSE Prime: 1925); Daito Trust Construction Co., Ltd. (TSE Prime: 1878; 2.0%); its subsidiary Daito Kentaku

Partners Co., Ltd. (16.6%); and Sekisui House Real Estate Tokyo, Ltd., a subsidiary of Sekisui House Ltd. (TSE Prime: 1928; 9.4%). As of end-FY03/24, Giga Prize provided ISP services to 1,209,522 homes, an increase of 157,918 YoY.

Giga Prize: Results in the Home IT business

Home IT (JPYmn)	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY04/24
Revenue	-	2,903	3,733	5,866	10,264	12,723	15,178	15,621	17,680	21,263
YoY	-	-	28.6%	57.1%	75.0%	24.0%	19.3%	2.9%	13.2%	20.3%
Recurring revenue	1,213	1,848	2,545	3,312	4,702	6,934	8,691	10,424	12,030	14,980
YoY	68.5%	52.3%	37.7%	30.1%	42.0%	47.5%	25.3%	19.9%	15.4%	24.5%
For-sale housing complexes	545	557	566	573	583	591	602	619	691	820
YoY	4.2%	2.2%	1.6%	1.2%	1.7%	1.4%	1.9%	2.8%	11.6%	18.7%
For-rent housing complexes	184	235	309	377	432	498	559	609	678	836
YoY	57.3%	27.7%	31.5%	22.0%	14.6%	15.3%	12.2%	8.9%	11.3%	23.3%
OEM	484	1,056	1,670	2,362	3,687	5,845	7,530	9,196	10,661	13,324
YoY	505.0%	118.2%	58.1%	41.4%	56.1%	58.5%	28.8%	22.1%	15.9%	25.0%
Initial revenue	-	1,055	1,188	2,554	5,562	5,789	6,487	5,197	5,650	6,283
YoY	-	#VALUE!	12.6%	114.9%	117.8%	4.1%	12.1%	-19.9%	8.7%	11.2%
OP	-	809	1,032	1,724	2,889	2,913	3,599	3,532	4,266	5,380
YoY	-	-	27.6%	67.0%	67.6%	0.8%	23.5%	-1.9%	20.8%	26.1%
OPM	-	27.9%	27.7%	29.4%	28.2%	22.9%	23.7%	22.6%	24.1%	25.3%
Effect of revenue recognition standard on revenue	-	-	-	-	-	-	-	-1,069	-	-
Effect of revenue recognition standard on operating profit	-	-	-	-	-	-	-	-249	-	-
Homes to which ISP services were newly provided ('000)	100	142	191	257	425	564	745	901	1,052	1,210
Net increase	39	42	49	66	168	139	181	155	151	158

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Giga Prize: Revenue from core customers

Sales to major customers (JPYmn)	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY04/24
D.U-Net Co., Ltd.	532	1,177	1,729	2,768	4,877	5,640	6,442	6,282	7,318	8,942
YoY	350.5%	121.2%	46.9%	60.0%	76.2%	15.6%	14.2%	-2.5%	16.5%	22.2%
% of revenue	24.4%	40.2%	46.1%	43.6%	44.7%	41.3%	40.6%	39.8%	41.0%	41.3%
Daito Trust Construction Co., Ltd.	-	-	-	447	990	1,165	764	507	460	436
YoY	-	-	-	-	121.6%	17.7%	-34.4%	-33.7%	-9.3%	-5.1%
% of revenue	-	-	-	7.0%	9.1%	8.5%	4.8%	3.2%	2.6%	2.0%
Daito Kentaku Partners Co., Ltd.	-	-	-	32	245	694	1,881	3,213	3,207	3,591
YoY	-	-	-	-	664.5%	183.4%	171.2%	70.8%	-0.2%	12.0%
% of revenue	-	-	-	0.5%	2.2%	5.1%	11.8%	20.4%	17.9%	16.6%
Sekisui House Real Estate Tokyo	-	-	-	-	-	-	-	1,533	1,986	2,030
YoY	-	-	-	-	-	-	-	-	29.5%	2.2%
% of revenue	-	-	-	-	-	-	-	9.7%	11.1%	9.4%

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Revenue structure

In ISP services for housing complexes, revenue comprises initial income from installing and configuring network devices at such properties, and recurring income from network usage. The latter ensures stable revenue generation, as Giga Prize charges usage fees regularly based on the number of homes receiving the service. The main source of revenue in the Real Estate segment is the corporate housing management business. Also based on a recurring revenue model, here, Giga Prize earns stable revenue by billing fees regularly per each housing it manages.

Outlays, as Shared Research understands, include the costs of procuring telecommunication lines from NTT East and NTT West (subsidiaries of Nippon Telegraph and Telephone Corporation [TSE Prime: 9432]), as well as the costs of purchasing network equipment for installation at housing complexes and associated construction work, which are variable costs. Consolidated subsidiary Giga Tech mainly handles the installation work, but Giga Prize outsources the work to outside contractors if the area is not covered by Giga Tech. The main component of fixed costs is personnel expenses related to service operation/maintenance and tenant support, as these tasks are managed using in-house resources.

Dream Train Internet Inc. (DTI)

DTI utilizes FreeBit's support services for MVNOs (5G Infrastructure Support segment) to provide mobile communication services for individuals. It also provides fiber-optics and other home internet services. DTI has two brands in the mobile communication business: Tone Mobile and DTI SIM. The Tone Mobile services are sold online and, since December 2021, have also been available through Docomo stores under the NTT Docomo Economy MVNO framework. In contrast, DTI SIM products are only sold online. In the mainstay Tone Mobile business, the company has been seeking differentiation by offering a single plan that gives unlimited internet access (up to 1GB for video viewing) for JPY1,100 a month (including tax), targeting the user base of small children and seniors, and also by selling original smartphone handsets. In FY04/24, the company expanded the range of devices its service supports, to include all Android/iPhone handsets handled by NTT Docomo from 2021 onward up to the latest models.

DTI earnings results

Dream Train Internet Inc. (DTI) (JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Revenue	4,795	4,638	4,666	4,337	5,424	7,189	5,610	5,068	4,597	3,985
YoY	-11.3%	-3.3%	0.6%	-7.1%	25.1%	32.5%	-22.0%	-9.7%	-9.3%	-13.3%
OP	1,044	944	859	796	619	293	408	404	287	150
YoY	117.6%	-9.5%	-9.0%	-7.3%	-22.3%	-52.7%	39.1%	-0.8%	-28.9%	-47.9%
OPM	21.8%	20.4%	18.4%	18.4%	11.4%	4.1%	7.3%	8.0%	6.2%	3.8%
Recurring profit	1,257	1,052	930	843	666	345	425	387	288	161
YoY	109.9%	-16.3%	-11.6%	-9.3%	-21.0%	-48.1%	23.0%	-9.0%	-25.6%	-43.9%
Recurring profit margin	26.2%	22.7%	19.9%	19.4%	12.3%	4.8%	7.6%	7.6%	6.3%	4.1%
Net income	1,281	803	632	582	449	-11	283	261	1,192	122
YoY	32.5%	-37.3%	-21.4%	-7.9%	-22.8%	-	-	-7.8%	357.3%	-89.7%
Net margin	26.7%	17.3%	13.5%	13.4%	8.3%	-0.2%	5.0%	5.1%	25.9%	3.1%
Net assets	8,571	8,471	7,702	7,391	6,938	5,765	5,874	6,137	6,300	6,424
Total assets	10,601	10,331	9,657	9,094	8,933	8,027	8,067	7,837	7,789	7,695

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

FY04/21 was a 13-month fiscal period due to a change in the company's fiscal year-end.

Tone Mobile for Docomo

On October 7, 2021, NTT Docomo announced that it has agreed to partner with FreeBit under Docomo's Economy MVNO framework. The system allows partner MVNOs to sell low-cost, low-volume data plans linked to NTT Docomo's *d-account* customer IDs and the *d-point* loyalty program, with the Docomo stores taking care of new contracts (issuing SIM cards and activating the lines), handset sales, and initial setup support. FreeBit launched a new price plan—Tone Mobile for Docomo—and began sales of the TONE for iPhone service on December 22, 2021, and the TONE for Android service on February 24, 2022. It currently offers the single plan that gives unlimited internet access (up to 1GB for video viewing) for JPY1,100 a month (including tax). The service mainly caters to small children and seniors.

Comparison of low-volume data plans

Company	Price plan	Monthly price (incl. tax) (JPY)	Voice (per every 30 seconds)	Data	Note
FreeBit Co., Ltd.	Tone Mobile for Docomo	1,100	JPY11	Unlimited use	Up to 1GB for video viewing. +JPY330 per additional 1GB
IIJ	Giga plan	2GB	850	JPY11	2GB +JPY220 per additional 1GB
	Giga plan	5GB	950	JPY11	5GB +JPY220 per additional 1GB
NTT Docomo	Docomo mini	4GB	2,750	JPY22	4GB +JPY1100 per additional 1GB
Softbank	Y!mobile	Simple 3S	3,058	JPY22	5GB +JPY550 per additional 2GB
KDDI	UQ mobile	Toku Toku plan 2	2,948	JPY22	up to 5GB +JPY1,100 (5GB–30GB)

Source: Shared Research based on company websites

As of November 2021, only 112 retail stores—primarily Kitamura locations—handled Tone Mobile services. These services were discontinued as of April 13, 2025. However, thanks to the partnership with NTT Docomo, this number climbed to roughly 2,163 by June 2024, with the addition of some 2,055 Docomo stores. To subscribe to the Tone Mobile for Docomo service, the customer first goes to a Docomo store for consultation, contract signing, and payment. In about two to three days following the store visit, the customer will receive delivery of a SIM card and/or TONE handset from the Tone Mobile distribution center. For handsets, the company provides a tool called TONE Zen that uses AI technology to optimally configure the handset in about 20 seconds, based on the SIM registration data. Customers can also make use of the free initial setup service available at Docomo stores if they wish to do so.

The Tone Mobile service was initially sold at the stores of video and book store chain Tsutaya based on FreeBit's capital and business alliance with Culture Convenience Club Co., Ltd. that operated the chain. According to FreeBit, bringing the service to a Tsutaya outlet required an initial outlay of about JPY1mn per store and the company also had to bear the cost of store inventory. In contrast, we understand that the alliance with NTT Docomo is free of initial opening costs or inventory burdens, so the main cost is the sales commission payable when the customers sign a contract. An uptick in the number of contracts raises the amount of sales commissions paid upfront, which may weigh down earnings in the short term. However, Shared Research thinks that the company will be able to turn a profit in this business, assuming that the churn rate is low for the target user base of small children and seniors. In particular, since 3G services are scheduled to be discontinued effective end-March 2026, we believe that Tone Mobile for Docomo could become a viable option for seniors who still use 3G.

ToneMobile is currently promoting its TONE IN strategy, which enables the deployment of technologies and services for the 5G/Web3 era on a wide range of devices, including smartphones sold by other companies, toward the social implementation of 5G/Web3, the main theme of the company's next medium-term management plan, SiLK VISION 2027. As a first step, from March 2024, all Android and iPhone devices sold by NTT Docomo in or after 2021 can use Tone Mobile's core services by simply inserting a Tone Mobile SIM. By June 2025, TONE IN coverage have expanded to more than 200 different handsets from all carriers.

Enterprise/Creator 5G DX Support

In the Enterprise/Creator 5G DX Support segment, FreeBit applies its original digital transformation (DX) methods to help not only companies but also creators and influencers in building their platforms for creative activities in the 5G era. The company envisions these platforms to support customers through the stages of market/value creation, verification, launch, and CRM. Specific business areas include internet marketing services, ad technology services, as well as Creator Maker and Bizmodel Maker, which are new businesses.

Full Speed Inc., its wholly owned subsidiary For it Inc., and FreeBit (the parent) handle operations in this segment. In FY04/25, segment revenue was JPY20.7bn (accounting for 36.0% of consolidated revenue) and operating profit was JPY954mn (16.2%). The lion's share of revenue and operating profit in this segment comes from the Full Speed group.

Earnings trends

FreeBit began disclosing results for the Enterprise/Creator 5G DX Support segment from FY04/21, following changes in the segment classification. In FY04/25, segment revenue rose 7.4% YoY to JPY20.7bn (accounting for 36.0% of consolidated revenue), while operating profit decreased 14.0% YoY to JPY954mn (16.2%).

Operating profit declined by JPY155mn YoY. Although increased revenue from overseas operations, primarily in the affiliate business, contributed a JPY186mn boost to operating profit, this was outweighed by higher costs associated with the multifaceted roll-out of the StandAlone platform and upfront investment in the e-commerce business (-JPY244mn), as well as lower profitability due to changes in the product mix within the internet marketing business (-JPY84mn), and other factors (-JPY13mn). In FY04/25, the company invested JPY249mn in the Enterprise/Creator 5G DX Support, part of which was allocated to development activities related to the multifaceted roll-out of the StandAlone platform.

Enterprise/Creator 5G DX Support: Full-year results

Enterprise/Creator 5G DX SupportDX Support (JPYmn)	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Revenue	15,613	15,388	16,849	19,278	20,699
YoY	-	-1.4%	9.5%	14.4%	7.4%
Full Speed	19,836	15,088	-	-	-
Internet marketing	8,429	3,700	-	-	-
Ad technology	13,148	12,913	-	-	-
Other	779	838	-	-	-
Elimination	-2,520	-2,363	-	-	-
FreeBit-other	-4,223	300	-	-	-
OP	736	604	604	1,109	954
YoY	-	-18.0%	0.1%	83.5%	-14.0%
OPM	4.7%	3.9%	3.6%	5.8%	4.6%
Full Speed	813	735	-	-	-
Internet marketing	504	556	-	-	-
Ad technology	661	586	-	-	-
Other	122	229	-	-	-
Elimination	3	2	-	-	-
Company-wide expenses	-478	-638	-	-	-
FreeBit-other	-77	-132	-	-	-
strategic investments	0	139	213	136	249
Effect of revenue recognition standard on revenue	-	-1,188	-	-	-

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

Enterprise/Creator 5G DX Support: Quarterly results

Earnings (cumulative)	FY04/24				FY04/25			
(JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	4,668	9,799	14,655	19,278	5,162	10,076	15,375	20,699
YoY	15.6%	21.3%	18.0%	14.4%	10.6%	2.8%	4.9%	7.4%
Full Speed	-	-	-	-	-	-	-	-
Internet marketing	-	-	-	-	-	-	-	-
Ad technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-
FreeBit-other	-	-	-	-	-	-	-	-
OP	199	431	771	1,109	373	709	976	954
YoY	106.3%	68.7%	60.1%	83.5%	87.7%	64.5%	26.6%	-14.0%
OPM	4.3%	4.4%	5.3%	5.8%	7.2%	7.0%	6.4%	4.6%
Full Speed	-	-	-	-	-	-	-	-
Internet marketing	-	-	-	-	-	-	-	-
Ad technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-
Company-wide expenses	-	-	-	-	-	-	-	-
FreeBit-other	-	-	-	-	-	-	-	-
strategic investments	12	24	79	136	45	76	140	249
Quarterly	FY04/24				FY04/25			
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	4,668	5,131	4,855	4,624	5,162	4,914	5,299	5,325
YoY	15.6%	27.1%	11.9%	4.3%	10.6%	-4.2%	9.1%	15.2%
Full Speed	-	-	-	-	-	-	-	-
Internet marketing	-	-	-	-	-	-	-	-
Ad technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-
FreeBit-other	-	-	-	-	-	-	-	-
OP	199	232	340	338	373	336	267	-22
YoY	106.3%	45.9%	50.3%	175.6%	87.7%	44.6%	-21.4%	-106.5%
OPM	4.3%	4.5%	7.0%	7.3%	7.2%	6.8%	5.0%	-0.4%
Full Speed	-	-	-	-	-	-	-	-
Internet marketing	-	-	-	-	-	-	-	-
Ad technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Elimination	-	-	-	-	-	-	-	-
Company-wide expenses	-	-	-	-	-	-	-	-
FreeBit-other	-	-	-	-	-	-	-	-
strategic investments	12	12	55	57	45	31	64	109

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Strategic investments from FY04/25 onward will focus on funding new growth drivers.

Full Speed Inc.

Full Speed Inc. offers services in the internet marketing business, mainly covering social media marketing, content marketing, affiliate ads, and listing ads. It also develops and provides DX-related consulting services and ad technology services. FreeBit believes that the market for internet marketing itself is in a transitional period. Competition has intensified, and in the wake of major platformers announcing to phase out third-party cookies*, there are growing concerns over managing targeted ads that are based on behavioral tracking. Taking this into consideration, FreeBit made Full Speed its wholly owned subsidiary through a tender offer, and Full Speed delisted on September 1, 2022.

Third-party cookie: A cookie refers to a mechanism that temporarily stores behavioral logs and input information in a user's web browser, such as Chrome and Safari, when the user visits a website. Third-party cookies are created by domains other than the website being visited by the user; they enable ad display and user tracking across different domains. Cookies created by the website being visited by the user are called first-party cookies.

Internet marketing

In the internet marketing business (accounting for 21.2% of Full Speed's FY04/22 revenue before elimination, and 40.6% of operating profit before elimination and company-wide expenses), social media marketing and listing ads* generate the

bulk of revenue. In social media marketing, Full Speed seeks to promote wide dissemination of information via social media by encouraging viewers to appreciate and share the information, thereby ensuring effective marketing. In content marketing, Full Speed provides services for companies looking to attract customers to their websites or to step up corporate advertising. For instance, it creates and distributes content aimed at boosting traffic to customer sites, and also combines various other online advertising methods to provide comprehensive solutions for customers.

In the listing ad business, Full Speed sells listing ad and content-linked ad services offered by Yahoo Japan Corporation (subsidiary of Z Holdings Corporation [TSE Prime: 4689]) and Google Inc. It provides full operational support to customers, including keyword selection, bidding price adjustment, and ad text preparation, to ensure cost-effective ad placement.

Listing ads: Text ads displayed in a designated ad space within the search results page of a search engine. The advertiser is charged a fee only when a visitor to the search site clicks on the text ad.

In DX consulting, Full Speed offers end-to-end support to companies (such as regional restaurant operators) looking to begin e-commerce or have already begun and wish to bolster online sales. Specific areas of support include online store development, sales support, and web-based promotions.

Ad Technology

In the Ad Technology segment (accounting for 74.0% of Full Speed's FY04/22 revenue before elimination, and 42.7% of operating profit before elimination and company-wide expenses), the performance marketing platform of subsidiary For it Inc., and the ad network of subsidiary CRAID Inc. generate the bulk of revenue. The performance marketing platform builds a network of advertisers and partner websites and mediates ad transactions; "performance marketing" means that advertisers pay only when a measurable outcome is achieved. For it Inc., established in April 2010 through an incorporation-type company split, provides the performance marketing platform "afb." In the ad network business, Full Speed aggregates ad space from multiple websites and distributes display ads to these slots. The system requires coordination among multiple ad networks, and thus calls for advanced technology. CRAID operates an own-brand ad distribution platform, ADMATRIX DSP, while also engaging in service development.

Full Speed: Revenue and operating profit by segment

Revenue/operating profit by service (JPYmn)	FY04/13	FY04/14	FY04/15	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22
Revenue	10,722	11,306	11,920	15,062	18,066	19,040	20,567	21,158	19,836	15,088
YoY	-	5.4%	5.4%	26.4%	19.9%	5.4%	8.0%	2.9%	-6.2%	-23.9%
Internet Marketing	-	-	7,371	8,015	8,521	8,236	8,950	8,171	8,429	3,700
YoY	-	-	-	8.7%	6.3%	-3.3%	8.7%	-8.7%	3.2%	-56.1%
% of revenue	-	-	53.7%	46.6%	40.3%	38.1%	38.1%	34.8%	37.7%	21.2%
Ad Technology	-	-	6,308	9,073	12,421	13,007	13,840	14,647	13,148	12,913
YoY	-	-	-	43.8%	36.9%	4.7%	6.4%	5.8%	-10.2%	-1.8%
% of revenue	-	-	45.9%	52.7%	58.7%	60.1%	59.0%	62.5%	58.8%	74.0%
Internet Ad Agency	7,998	7,391	-	-	-	-	-	-	-	-
YoY	-	-7.6%	-	-	-	-	-	-	-	-
% of revenue	65.4%	57.5%	-	-	-	-	-	-	-	-
Ad Network	4,093	5,361	-	-	-	-	-	-	-	-
YoY	-	31.0%	-	-	-	-	-	-	-	-
% of revenue	33.5%	41.7%	-	-	-	-	-	-	-	-
Information Media	71	-	-	-	-	-	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-
% of revenue	0.6%	-	-	-	-	-	-	-	-	-
Creative	63	-	-	-	-	-	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-
% of revenue	0.5%	-	-	-	-	-	-	-	-	-
Other	-	99	56	126	206	387	670	632	779	838
YoY	-	-	-43.6%	125.9%	63.7%	88.0%	73.2%	-5.7%	23.2%	7.6%
% of revenue	-	0.8%	0.4%	0.7%	1.0%	1.8%	2.9%	2.7%	3.5%	4.8%
Adjustments	-1,504	-1,545	-1,815	-2,152	-3,082	-2,590	-2,893	-2,293	-2,520	-2,363
OP	566	603	569	956	850	1,347	1,248	1,074	813	735
YoY	-	6.6%	-5.6%	67.9%	-11.0%	58.5%	-7.4%	-13.9%	-24.3%	-9.6%
OPM	5.3%	5.3%	4.8%	6.3%	4.7%	7.1%	6.1%	5.1%	4.1%	4.9%
Internet Marketing	-	-	320	385	143	617	581	496	504	556
YoY	-	-	-	20.0%	-62.9%	331.7%	-5.8%	-14.5%	1.6%	10.3%
OPM	-	-	4.3%	4.8%	1.7%	7.5%	6.5%	6.1%	6.0%	15.0%

% of OP	-	-	31.2%	26.6%	9.9%	32.1%	31.6%	30.9%	39.2%	40.6%
Ad Technology	-	-	687	1,007	1,236	1,276	1,159	1,092	661	586
YoY	-	-	-	46.6%	22.7%	3.3%	-9.2%	-5.8%	-39.4%	-11.4%
OPM	-	-	10.9%	11.1%	10.0%	9.8%	8.4%	7.5%	5.0%	4.5%
% of OP	-	-	67.0%	69.7%	85.7%	66.4%	63.0%	68.0%	51.4%	42.7%
Internet Ad Agency	401	325	-	-	-	-	-	-	-	-
YoY	-	-18.8%	-	-	-	-	-	-	-	-
OPM	5.0%	4.4%	-	-	-	-	-	-	-	-
% of OP	44.0%	33.1%	-	-	-	-	-	-	-	-
Ad Network	486	652	-	-	-	-	-	-	-	-
YoY	-	34.1%	-	-	-	-	-	-	-	-
OPM	11.9%	12.2%	-	-	-	-	-	-	-	-
% of OP	53.3%	66.3%	-	-	-	-	-	-	-	-
Information Media	-4	-	-	-	-	-	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-
OPM	-5.1%	-	-	-	-	-	-	-	-	-
% of OP	-0.4%	-	-	-	-	-	-	-	-	-
Creative	28	-	-	-	-	-	-	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-
OPM	44.5%	-	-	-	-	-	-	-	-	-
% of OP	3.1%	-	-	-	-	-	-	-	-	-
Other	-	5	18	53	63	30	99	18	122	229

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

In FY04/22, Full Speed recorded revenue of JPY15.1bn. The application of the Accounting Standard for Revenue Recognition from FY04/22 reduced revenue and cost of revenue by JPY4.9bn. According to Full Speed's estimates, revenue grew 1.0% YoY when compared to the FY04/21 figure retroactively adjusted to reflect the new accounting standard. By segment, FY04/22 revenue was JPY3.7bn in the internet marketing business and JPY12.9bn in the Ad Technology business. Versus the retroactively adjusted figures, internet marketing revenue declined 1.8% YoY while Ad Technology revenue was down 1.1% YoY.

Operating profit stood at JPY735mn, falling YoY as Full Speed stepped up investment into new businesses and human capital. In the Internet Marketing segment, operating profit rose YoY to JPY556mn thanks to steady growth of consulting services, especially in social media marketing. The Ad Technology segment logged an operating profit of JPY586mn. Full Speed worked to develop global marketing as well as marketing of the Web3 era, which is driven by non-fungible tokens (NFT; non-substitutable digital data created based on blockchains).

Revenue structure

In the internet marketing business, the majority of revenue comes from the social media marketing service and listing ads. Here, the ad placement fees received from customers are booked as revenue. On the cost side, Full Speed pays search portals and online media for the ad space it procures from them. In the Ad Technology segment, the performance marketing platform "afb" (operated by subsidiary For it) and the ad network for display ads ADMATRIX DSP (operated by subsidiary CRAID) are the main services generating most of the revenue.

The source of revenue for "afb" is the advertising fee received when a measurable outcome is achieved, and cost is primarily the performance-based commissions paid to the affiliate media. In ADMATRIX DSP, revenue is based on cost per click* and cost per mille*; meanwhile, fees are paid to online media for the ad space procured.

Cost per click (CPC): The amount of money advertisers pay each time a user clicks on their ads
 Cost per mille (CPM): The amount of money advertisers per 1,000 impressions of an ad

The third-party cookie issue

Concerns over privacy on the internet have led to a revision of the Personal Information Protection Act in Japan, and the tightening of regulations related to cookies. Although Google has withdrawn its policy of phasing out the use of third-party cookies from 2025, Apple has already completely banned them in Safari, and Microsoft has announced that it will eventually discontinue them in Edge. The elimination of third-party cookies by major platformers will inevitably have an impact on targeted ads based on behavioral tracking, and could affect the performance of Full Speed significantly. Amid these shifts in the business environment, FreeBit has made Full Speed a wholly owned subsidiary and is developing new

businesses through data collaboration and utilization by enhancing group cooperation and bolstering the Enterprise/Creator 5G DX Support business, including the StandAlone creator platform.

Market and value chain

MVNO Market

According to the "Quarterly Data on Number of Telecommunications Service Contracts and Market Share" released by the Ministry of Internal Affairs and Communications, there were 2,050 MVNOs in Japan as of March 2025. Of this total, 889 were primary MVNOs that procure mobile lines directly from mobile network operators (MNOs) and 1,161 were secondary MVNOs that source lines from other MVNOs at wholesale price. Customers of MVNE services fall under the latter category. These MVNOs are mostly small operators; the number of secondary MVNOs with at least 30 thousand subscriptions totaled only 33, whereas those with less than 30 thousand subscriptions came to 1,128.

Number of MVNOs

Number of MVNOs	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
(Number of MVNOs)								
MVNOs w/ at least 30,000 subscriptions (primary MVNO)	48	56	64	64	69	73	78	82
(primary MVNO)								
MVNOs w/ less than 30,000 subscriptions (primary MVNO)	396	472	546	589	626	718	750	807
MVNOs w/ at least 30,000 subscriptions (primary MVNO)	15	23	22	24	27	29	31	33
(secondary MVNO)								
MVNOs w/ less than 30,000 subscriptions (secondary MVNO)	682	735	770	838	922	964	1,029	1,128
Total	1,141	1,286	1,402	1,515	1,644	1,784	1,888	2,050

Source: Shared Research based on the Ministry of Internal Affairs and Communications

Number of MVNOs by service category

MVNOs by service category (MVNOs with at least 30,000 subscriptions)	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
(Number of MVNOs)								
SIM card-based service to end users	42	52	57	57	60	65	74	79
primary MVNO	24	27	34	31	32	35	43	47
secondary MVNO	18	25	23	26	28	30	31	32
Service specializing in communications modules	19	21	23	24	29	31	32	37
primary MVNO	14	15	16	17	22	24	25	26
secondary MVNO	5	6	7	7	7	7	7	11
Simple resale to end user	22	26	27	28	30	30	28	30
primary MVNO	17	19	19	20	18	17	17	18
secondary MVNO	5	7	8	8	12	13	11	12
Wholesale to another MVNO	35	41	48	46	52	55	56	60
primary MVNO	24	29	32	32	36	37	37	38
secondary MVNO	11	12	16	14	16	18	19	22
Other	3	3	3	1	1	1	1	0
primary MVNO	2	2	2	0	0	0	0	0
secondary MVNO	1	1	1	1	1	1	1	0

Source: Shared Research based on the Ministry of Internal Affairs and Communications

By service category, among the MVNOs with at least 30,000 subscriptions, 79 companies were MVNOs that chiefly offered SIM-card based services for smartphones. Of this total, 32 were secondary MVNOs whose numbers have only grown slightly over the years. Total subscriptions of SIM card-based MVNOs have declined to 14.92mn in March 2022, with subscription ratio falling to 9.2% of all mobile communication service contracts in Japan, but the total subscriptions rose back again to 17.75mn in March 2025. Shared Research thinks the communications module services will continue to present business opportunities for MVNEs, as 5G will be connecting a wide range of physical objects.

Number of MVNO subscriptions

	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
('000)								
MVNO subscriptions (MVNO subscriptions [mobile phones, PHS, and BWA])	18,490	21,570	24,710	26,100	26,540	30,160	34,450	38,010
SIM card-based service to end users	10,520	12,950	15,630	15,680	14,920	15,600	16,360	17,750
Service specializing in communications modules	4,860	5,780	6,830	7,590	8,910	10,460	12,420	11,390
Simple resale to end user	1,730	1,720	1,480	1,400	1,220	1,110	1,030	1,340
Other	1,380	1,120	770	1,430	1,490	2,990	4,640	7,530

Source: Shared Research based on the Ministry of Internal Affairs and Communications

SIM cards cards cards card-based MVNO subscriptions (%)

	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
Subscriptions of SIM card-based MVNOs as a percentage of all mobile communication service contracts	6.9%	8.3%	10.0%	9.8%	9.2%	9.5%	10.0%	10.6%

Source: Shared Research based on the Ministry of Internal Affairs and Communications

Looking at the market shares of MVNOs by subscription count of SIM card-based services, the top three have a combined market share of 38.5%: namely, Internet Initiative Japan, Optage (unlisted; subsidiary of Kansai Electric Power [TSE Prime: 9503]), and NTT Docomo (services related to the former NTT Resonant Technology Inc.). Generally speaking, the top operators are primary MVNOs, which, we understand, are not customers of FreeBit's MVNE business. However, the market shares of MVNOs outside the top five are also on an uptrend, which may be a precursor to further growth of FreeBit's MVNE and MVNO businesses.

Operator shares by number of SIM cards card-based MVNO subscriptions

	March 2018	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024	March 2025
Internet Initiative Japan Inc. (IIJ)	15.4%	14.1%	13.3%	15.2%	18.1%	19.8%	21.6%	23.3%
Optage	10.7%	10.0%	8.7%	8.9%	9.2%	9.0%	8.7%	8.1%
NTT Docomo (former NTT Resonant Technology)	12.4%	11.4%	10.7%	11.5%	14.0%	11.9%	9.7%	7.1%
NTT Communications	-	-	-	-	-	-	-	4.9%
Fujitsu Limited	-	-	-	-	-	5.6%	5.6%	4.6%
Aeon Retail	-	-	-	-	-	4.8%	4.7%	-
Rakuten Mobile (MVNO)	16.3%	16.0%	18.0%	11.4%	6.2%	-	-	-
Biglobe	5.5%	5.3%	-	-	5.8%	-	-	-
LINE Mobile	-	-	5.8%	6.7%	-	-	-	-
Other	39.7%	43.2%	43.5%	46.3%	46.7%	48.9%	49.7%	52.0%

Source: Shared Research based on the Ministry of Internal Affairs and Communications

Market for internet services targeting housing complexes

According to the "Market Share Survey of Whole Building-Type ISP for Condominiums (as of March 2025)" released by MM Research Institute on August 4, 2025, the number of homes in Japan receiving services from such ISPs reached 6.42mn at end-March 2025, representing a YoY increase of 552 thousand. In fiscal 2024 (April 2024–March 2025), the number continued to grow steadily, although the pace of installations in existing properties slowed down slightly, as in the previous fiscal year.

By operator (market share excluding OEM arrangements), Tsunagu Network Communications (a subsidiary of Arteria Networks Corporation [TSE Prime: 4423], delisted on Oct. 18, 2023), which provided services to 1.15mn homes (+86 thousand YoY), topped the market for the eighth consecutive year with a share of 17.9%. Fibergate Inc. (TSE Prime: 9450) came in second with a share of 9.3%, providing services to 594 thousand homes (+67 thousand YoY), Familynet Japan Corporation (a subsidiary of Tokyo Electric Power Company Holdings [TSE Prime: 9501]) came in third with a share of 8.9%, providing services to 572 thousand homes (+18 thousand YoY), and D.U-NET came in fourth, providing services to 539 thousand homes (+15 thousand YoY).

According to the survey, Giga Prize ranked tenth in market share, but the ranking was based on figures excluding OEM arrangements. Giga Prize provides services to D.U-Net (ranked fourth) on an OEM basis. The number of homes Giga Prize provided services to, including OEMs, totaled roughly 1.34mn as of end-April 2025 (+132 thousand YoY), surpassing the top-ranked Arteria Networks. In addition to the main small-scale rental properties, the company also targeted large-scale condominiums, and continued to expand sales with an OEM strategy.

The survey estimates that while the pace of installations in existing properties will remain stable in FY2025 and beyond, installations in new properties will continue to rise, leading to the ongoing increase in adoption of whole-building ISP services. The survey also indicates that if installations continue at a steady pace, mainly in new properties, the net increase in the number of units is expected to gradually recover.

Based on Giga Prize's estimates, 82.8% of the for-rent housing and for-sale condos the company targets as its market were yet to introduce whole building-type ISP services, as of end-March 2022. According to the 2023 "Housing and Land Survey" (conducted by the Ministry of Internal Affairs and Communications every five years), Japan's housing market totaled 55.67mn units, of which 19.46mn were housing for rent. Further, the data released by the Ministry of Land, Infrastructure, Transport and Tourism showed that the housing stock of for-sale condos totaled 7.04mn units at end-2023. Adding the numbers from these studies yields 26.5mn housing units, which is the size of Giga Prize's target market. Since the number of homes receiving whole building-type ISP services was 5.79mn according to the MM Research Institute survey, dividing this number by 26.5mn roughly comes to 21.8%, which is the percentage of homes being served by whole building-type ISP services. In other words, services have not been introduced to 78.2% of the target market, leaving ample room for future business.

Online ad market in Japan

According to "Advertising Expenditures in Japan" released by Dentsu Inc. (TSE Prime: 4324), total advertising expenditures in 2024 reached JPY7.67tn (+4.9% YoY), marking a record high for the third consecutive year. This growth was supported by strong corporate earnings, increased consumer spending, major global events, and rising inbound demand. Led by online advertising, all three major categories—online advertising, the four traditional mass media, and promotion media—posted growth.

Online advertising expenditures have grown as a percentage of total advertising expenditures year after year, accounting for approximately 47.6% of total advertising expenditures in 2024. Online advertising expenditures totaled JPY3.65tn in 2024 (+9.6% YoY), substantially surpassing the combined advertising expenditures of the four traditional media (newspapers, magazines, radio, and TV), which stood at JPY2.34tn (+0.9% YoY).

By transaction method, programmatic advertising accounted for the lion's share of online advertising media expenditures. As of 2024, social advertising made up about 37% of media costs in online advertising, and video advertising, about 29%.

In 2019, Dentsu added the new category of "merchandise-related EC platform ad expenditures" (ad expenditures invested within EC platforms by businesses that have opened stores on those platforms; this does not refer to total online ad expenditures to promote sales in the EC domain). This has caused the online advertising expenditures in 2019 to grow by a relatively large margin in statistical terms.

Online advertising expenditures and their breakdown

(JPYbn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total advertising expenditures	6,171.0	6,288.0	6,390.7	6,530.0	6,938.1	6,159.4	6,799.8	7,102.1	7,316.7	7,673.0
YoY	0.3%	1.9%	1.6%	2.2%	6.2%	-11.2%	10.4%	4.4%	3.0%	4.9%
Online advertising expenditures	1,159.4	1,310.0	1,509.4	1,758.9	2,104.8	2,229.0	2,705.2	3,091.2	3,333.0	3,651.7
% of total (% of Total advertising expenditures)	18.8%	20.8%	23.6%	26.9%	30.3%	36.2%	39.8%	43.5%	45.6%	47.6%
YoY	10.2%	13.0%	15.2%	16.5%	19.7%	5.9%	21.4%	14.3%	7.8%	9.6%
Media costs	919.4	1,037.8	1,220.6	1,448.0	1,663.0	1,756.7	2,157.1	2,480.1	2,687.0	2,961.1
Merchandise-related EC platform ad expenditures					106.4	132.1	163.1	190.8	210.1	217.2
Production costs	240.0	272.2	288.8	310.9	335.4	340.2	385.0	420.3	435.9	473.4
Method	Programmatic advertising	622.6	738.3	940.0	1,151.8	1,326.7	1,455.8	1,838.2	2,118.9	2,349.0
	Reservation-based advertising		153.8	175.8	197.1	231.4	202.4	224.9	264.7	278.9
	Affiliate advertising		145.7	104.9	99.0	104.9	98.5	94.0	96.5	73.2
Device	Mobile advertising	497.9	647.6	831.7	1,018.1					
	Desktop advertising	421.5	390.2	388.9	429.9					
Ad type	Display ads		498.8	563.8	554.4	573.3	685.6	737.2	770.1	765.0
	Paid search ads		483.1	570.8	668.3	678.7	799.1	976.6	1,072.9	1,193.1
	Video ads	51.6	86.9	115.5	202.7	318.4	386.2	512.8	592.0	686.0
	Instream					180.0	292.1	345.6	383.7	426.0
	Outstream					206.3	220.7	246.3	302.2	417.8
	Affiliate advertising		104.9	99.0	104.9	98.5	94.0	96.5	73.2	72.7
	Other		18.3	11.7	17.0	20.0	65.7	77.8	84.7	86.4
Social	Social advertising			389.0	489.9	568.7	764.0	859.5	973.5	1,100.8
	SNS				228.0	248.8	316.8	367.5	407.0	455.0
	Video sharing				113.9	158.5	261.0	305.2	337.2	405.4
	Other				148.0	161.5	186.1	186.8	229.4	240.4
	Non-social advertising			1,059.0	1,173.1	1,188.0	1,393.1	1,620.6	1,713.5	1,860.3

Source: Shared Research based on Dentsu Group's "Advertising Expenditures in Japan" and "Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media"

Note: Figures may differ from company materials due to differences in rounding methods.

[Definitions of transaction methods]

Programmatic advertising: Paid search advertising and advertising transacted by an auction system through digital platforms (tools) and ad networks.

Reserved advertising: Transactions where pure ads and tie-up ads are sold to advertisers directly or through agencies or media representatives; also advertising conducted through digital platforms (tools) and ad networks via non-auction (fixed price) transactions.

Affiliate advertising: Transactions in which advertisers reward the hosting media or browsing user when the user performs a preset action after viewing an online ad.

[Definitions of ad types]

Display ads: Text- and image-based ads that are displayed in the ad space of a website or app

Paid search ads: Ads that are displayed on search results pages when users query specific keywords

Video ads: Ads in video file format (video/audio)

Affiliate ads: Ads in which advertisers reward the hosting media or browsing user when the user performs a preset action after viewing the ad

Other online ads: Online advertising in formats other than the above. Includes email ads, audio ads, and others

[Definition of social advertising]

Social advertising refers to advertisement deployed on social media (media [platforms] that provide services for sharing and interaction between users and whose content comprises information posted by users). According to the JIAA Internet Advertising Basic Glossary FY2019, social networking services (SNS), blog services, mini (micro) blogs, video sharing sites, social bookmarking, and electronic bulletin boards as examples of social media.

[Definition of video advertising]

Video advertising refers to advertisement in video (video/audio) format. Instream and outstream ads are types of video ads.

Instream ads: Video ads that play before, during, or after video content

Outstream ads: Video ads that play in non-video environments such as display ad spaces. Outstream ads include in-feed video ads that play in online advertising spaces or article content screens.

Strengths and weaknesses

Strengths

Possesses a proprietary technology platform that enables the social implementation of Web3

Since its founding, FreeBit has focused on developing communications infrastructure technologies while proactively entering new fields ahead of industry trends. Recently, it has been working on the social implementation of Web3 technologies such as decentralized ID (DID) and Verifiable Credentials (VC), supported by multiple proprietary technologies. Examples include Trusta, an EVM-compatible mobile blockchain that runs on smartphones; Emotion Link, an SDN that serves as a core technology for large-scale network virtualization; and Edge LLM, a large language model operating on the user's device. These technologies form a portfolio that enables the company to handle the full stack from infrastructure to service layers in-house. The company has already applied these to shareholder-oriented services and new products, and Shared Research believes they represent a key strength in establishing its position in Web3 adoption.

Ability to independently promote the social implementation of next-generation technologies through utilizing multilayered sales channels and partnership networks

FreeBit has built a framework to offer its proprietary technology components and platforms to external parties through multiple channels, including B2B, B2C, OEM supply, and application deployment. In particular, by providing solutions designed for integration into smartphones, IoT equipment, and other devices, the company can address a broader range of use cases. In addition, through partnerships with group companies such as Giga Prize, Tone Mobile, and Full Speed, as well as with major sensing technology companies, telecommunications carriers, and university hospitals, the company is advancing business development from proof-of-concept to full-scale implementation. Shared Research believes that, in addition to its expertise in both networks and devices, FreeBit's group structure, multilayered sales channels, and partnership network capable of driving social implementation give it a significant advantage in capturing new growth opportunities from next-generation technologies such as 5G and Web3.

Possesses a stable revenue base and an execution-capable management structure that enables a growth model founded on a long-term vision

Guided by its medium-term management plan, SiLK VISION, and its long-term vision, FreeBit has built a track record of steady business growth. In its existing businesses, including telecommunications, it operates a vertically integrated portfolio of services such as ISP, MVNE, cloud, and security, building a stable and sustainable revenue base. On this foundation, it is actively investing in next-generation technologies including Web3 and AI to develop new growth areas. Under its previous medium-term plan, SiLK VISION 2024, results exceeded the targets, reflecting effective execution in line with its stated objectives. Shared Research believes that a stable revenue base, coupled with a management team capable of executing a long-term vision and pursuing growth in new areas, enhances the company's prospects for increasing corporate value over the medium to long term.

Weaknesses

Ability to expand MVNO services is limited because of relatively small business scale

In mobile communication services for individuals, FreeBit's business scale is small compared to major mobile carriers (MNOs) and the largest MVNO, Internet Initiative Japan (TSE Prime: 3774; consolidated revenue of JPY316.8bn and operating profit of JPY30.1bn in FY03/25). Since MVNOs all borrow network infrastructure from the MNOs, there is not much difference in the basic network quality, including the area coverage they offer. However, the larger the number of users, the more efficiently bandwidth can be used. Marketing activities also tend to merit from economies of scale. FreeBit's smaller make-up compared to the competition forces it to adopt a localized strategy, such as focusing on a user base of young children and seniors.

Low brand recognition in services for individuals

FreeBit operates a B2C business centered on mobile communications services for individuals. As raising name recognition is becoming more important, annual advertising expenses were approximately JPY1.1bn in FY04/22, but they were not disclosed since FY04/23 due to the lack of materiality in monetary terms. Meanwhile, MNOs spend over

JPY100bn annually on advertising, and top-ranking MVNOs utilize their parent companies' brands to sell their services. As a result, at present, the company's name recognition and the brand power of the Tone Mobile service lag behind the competition. While access to NTT Docomo's store network stirs high expectations, low name recognition may prevent the company from achieving the anticipated results.

It takes time for Full Speed's earnings structure reform to materialize

Concerns over privacy on the internet have led to a revision of the Personal Information Protection Act in Japan, and the tightening of regulations related to cookies. Although Google has withdrawn its policy of phasing out the use of third-party cookies from 2025, Apple has already completely banned them in Safari, and Microsoft has announced that it will eventually discontinue them in Edge. The elimination of third-party cookies by major platformers will inevitably have an impact on targeted ads based on behavioral tracking, and could affect the performance of Full Speed significantly.

Given these changes in the business environment, FreeBit recognized that a drastic structural reform and a shift away from the conventional ad agency business were necessary for Full Speed's continued growth and earnings improvement. Accordingly, it made Full Speed a wholly owned subsidiary. Shared Research thinks FreeBit made this move because of Full Speed's reliance on the affiliate business (74.0% of FY04/22 revenue before eliminations), which is susceptible to changes in third-party cookie regulations. In terms of synergies from making Full Speed a wholly owned subsidiary, FreeBit is working to create new businesses through strengthening group-wide collaboration and utilization of various data and drive forward Enterprise/Creator 5G DX Support including the StandAlone creator platform. Shared Research believes that the recovery of the affiliate business is the main reason for the revenue growth in FY04/24 and FY04/25, and that it will take some time for Full Speed's earnings structure reform to materialize through the expansion of new businesses.

Financial statements

Income statement

Income statement (JPYmn)	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Revenue	28,390	35,222	38,654	50,366	55,295	52,010	43,076	46,772	53,038	55,073
YoY	32.2%	24.1%	9.7%	30.3%	9.8%	-5.9%	-17.2%	8.6%	13.4%	3.8%
Cost of revenue	20,178	27,008	27,987	35,212	38,478	36,560	30,666	33,444	37,651	39,360
Gross profit	8,212	8,215	10,667	15,153	16,817	15,449	12,410	13,327	15,386	15,713
YoY	8.6%	0.0%	29.8%	42.1%	11.0%	-8.1%	-19.7%	7.4%	15.5%	2.1%
Gross profit margin	28.9%	23.3%	27.6%	30.1%	30.4%	29.7%	28.8%	28.5%	29.0%	28.5%
SG&A expenses	6,309	6,894	8,816	12,172	14,230	12,046	9,244	9,320	9,499	9,830
SG&A-to-sales ratio	22.2%	19.6%	22.8%	24.2%	25.7%	23.2%	21.5%	19.9%	17.9%	17.8%
OP	1,903	1,321	1,851	2,982	2,588	3,403	3,165	4,008	5,888	5,884
YoY	52.9%	-30.6%	40.1%	61.1%	-13.2%	31.5%	-7.0%	26.6%	46.9%	-0.1%
OPM	6.7%	3.8%	4.8%	5.9%	4.7%	6.5%	7.3%	8.6%	11.1%	10.7%
Non-operating income	145	51	56	40	120	498	35	32	85	154
Non-operating expenses	725	564	481	453	227	240	321	332	217	807
Recurring profit	1,323	808	1,426	2,569	2,481	3,662	2,879	3,707	5,756	5,231
YoY	34.6%	-38.9%	76.6%	80.1%	-3.4%	47.6%	-21.4%	28.8%	55.3%	-9.1%
Recurring profit margin	4.7%	2.3%	3.7%	5.1%	4.5%	7.0%	6.7%	7.9%	10.9%	9.5%
Extraordinary gains	207	158	5	1	512	2,462	21	21	270	1
Extraordinary losses	83	306	647	411	1,740	2,441	228	286	148	158
Income taxes	481	652	1,106	1,391	1,346	1,226	1,000	862	1,285	1,160
Net income attributable to non-controlling interests	412	158	245	489	527	869	844	789	1,027	1,166
Net income attributable to owners of the parent	553	-150	-567	279	-619	1,587	828	1,792	3,566	2,749
YoY	-46.1%	-	-	-	-	-	-47.8%	116.5%	99.0%	-22.9%
Net margin	1.9%	-	-	0.6%	-1.1%	3.1%	1.9%	3.8%	6.7%	5.0%

Source: Shared Research based on company materials

Note: Figures may differ from company materials due to differences in rounding methods.

Over the past 10 fiscal years, FreeBit's revenues have fluctuated widely YoY. The revenue growth in FY04/16 and FY04/17 was chiefly attributable to expansion of the company's MVNE business and the ad technology business at Full Speed. In FY04/17, revenue grew 24% YoY while operating profit was down 31% YoY, mainly due to front-loaded spending and goodwill amortization in the health tech business (FreeBit acquired EPARK Healthcare Co., Ltd. in September 2016), and the impact of uncollected receivables at Full Speed.

In FY04/19, the acquisition of ALC Co., Ltd. in the ed tech business and revenue growth at Giga Prize due to more homes receiving its ISP services drove up consolidated revenue by roughly 30% YoY. In FY04/21, revenue fell 6% YoY owing to the sale of all shares FreeBit held in subsidiaries FreeBit EPARK Healthcare Co., Ltd. (formerly, EPARK Healthcare) and ALC, and revenue decline at Full Speed due to COVID-19. Meanwhile, operating profit grew 32% YoY that same year thanks to narrowed losses from the sale of subsidiaries and the expansion of the mobile communication business. In FY04/22, revenue was down 17% YoY mainly due to the sale of the two subsidiaries in FY04/21 and the adoption of the Accounting Standard for Revenue Recognition.

Revenue rose 13.4% YoY in FY04/24, however, due to the change in the fiscal year-end of Giga Prize and its subsidiaries from March 31 to April 30, Giga Prize and its subsidiaries had a 13-month fiscal year in FY04/24. Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, FY04/24 revenue would have increased 9.7% YoY.

Revenue rose 3.8% YoY in FY04/25. However, due to the change in fiscal year-end for Giga Prize and subsidiaries from March 31 to April 30 to align with FreeBit's year-end, results from Giga Prize and subsidiaries were for a 13-month fiscal year from April 1, 2023 to April 30, 2024. Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, FY04/24 revenue would have increased 7.3% YoY.

Balance sheet

Balance sheet	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
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(JPYmn)										
Assets										
Cash and deposits	7,911	10,249	13,656	15,459	15,721	17,621	17,741	18,306	18,722	20,678
Notes and accounts receivable	4,508	4,227	5,088	8,296	9,303	6,669	-	-	-	-
Notes receivable	-	-	-	-	-	-	32	173	133	-
Accounts receivable	-	-	-	-	-	-	7,862	8,193	8,350	8,704
Contract assets	-	-	-	-	-	-	38	29	24	11
Lease receivables and investment assets	-	-	-	-	-	-	135	395	926	1,088
Merchandise and finished goods	715	202	287	820	750	166	123	339	83	137
Work in process	27	48	119	298	145	201	165	252	195	291
Raw materials and supplies	4	5	7	48	568	1,151	1,343	1,248	1,983	1,801
Prepaid expenses	232	320	470	715	780	375	461	468	573	648
Deferred tax assets	414	419	-	-	-	-	-	-	-	-
Accounts receivables-other	1,435	1,707	2,065	1,442	4,310	1,522	587	573	471	435
Other	921	458	520	666	1,733	1,231	1,417	732	411	401
Allowance for doubtful accounts	-176	-222	-200	-186	-193	-140	-84	-67	-54	-89
Total current assets	15,990	17,414	22,013	27,558	33,116	28,797	29,820	30,640	31,818	34,104
Buildings	637	762	732	718	608	629	627	436	341	309
Land	224	224	197	200	200	296	296	178	162	162
Lease assets	-	-	-	-	-	-	-	266	1,179	1,527
Lease assets	666	677	992	1,855	1,785	1,586	1,416	1,101	815	592
Other	184	224	201	152	134	149	143	496	540	186
Total tangible fixed assets	1,710	1,886	2,123	2,925	2,725	2,661	2,483	2,476	3,038	2,776
Goodwill	1,708	2,787	2,143	2,535	1,540	115	75	37	2	91
Software	540	1,262	1,494	1,486	713	353	278	172	248	669
Software in progress	35	181	159	299	43	67	93	162	313	23
Lease assets	-	-	378	1,273	-	-	-	-	-	-
Other	110	480	96	43	1,377	17	17	18	22	21
Total intangible assets	2,393	4,709	4,269	5,636	3,672	551	463	389	585	804
Investment securities	1,067	800	1,179	1,486	1,496	1,853	1,143	949	989	1,077
Long-term loans receivable	-	-	-	-	53	1,500	1,501	1,497	1,497	1,497
Deferred tax assets	375	262	411	493	379	416	544	864	1,099	1,127
Guarantee deposit	359	461	540	684	748	544	529	481	482	515
Other	356	351	551	675	578	254	302	365	408	393
Allowance for doubtful accounts	-318	-287	-290	-292	-296	-1,740	-1,735	-1,735	-1,732	-1,735
Investments and other assets	1,839	1,588	2,391	3,045	2,958	2,828	2,285	2,421	2,743	2,874
Total fixed assets	5,942	8,183	8,783	11,606	9,356	6,039	5,230	5,286	6,366	6,454
Total assets	21,932	25,597	30,797	39,164	42,472	34,836	35,050	35,926	38,184	40,559
Liabilities										
Notes and accounts payable	53	286	87	449	652	421	342	256	352	105
Short-term borrowings	1,422	912	300	309	700	400	300	300	300	300
Current portion of bonds	-	-	200	200	591	1,400	200	300	-	-
Current portion of long-term borrowings	1,175	989	1,727	2,014	3,174	3,267	3,951	4,493	4,949	5,465
Lease obligations	248	311	471	826	994	825	820	741	557	370
Accounts payable-other	4,843	5,462	5,499	6,607	8,508	5,305	5,846	5,936	5,273	7,324
Income taxes payable	461	345	580	895	602	925	726	708	1,132	512
Contract liabilities	-	-	-	-	-	-	327	579	462	454
Provision for bonuses	85	127	116	119	116	242	192	150	260	208
Provision for product warranties	-	-	-	186	178	75	-	-	-	-
Allowance for sales returns	-	-	-	204	195	-	-	-	-	-
Other provision	22	138	204	54	62	121	77	48	102	38
Other	741	1,011	1,169	1,972	1,990	928	1,021	851	763	1,070
Total current liabilities	9,050	9,580	10,352	13,835	17,764	13,908	13,802	14,364	14,150	15,846
Bonds	-	2,611	3,411	3,511	2,920	500	300	-	-	-
Long-term borrowings	1,069	961	4,967	7,311	7,434	6,118	8,012	9,084	7,629	15,158
Lease obligations	516	715	1,032	2,772	3,084	1,808	1,561	1,073	709	456
Deferred tax liabilities	8	-	-	-	-	-	-	-	-	-
Provision for directors' retirement benefits	-	-	-	49	66	83	57	61	61	61
Other provision	-	-	-	-	-	-	-	-	-	36
Provision for loss on guarantees	-	-	-	-	-	-	-	-	-	-
Retirement benefit liability	19	22	26	64	67	43	48	57	66	73
Other	105	456	333	314	289	227	229	255	372	391
Total fixed liabilities	1,717	4,766	9,769	14,021	13,860	8,779	10,209	10,530	8,837	16,176
Total liabilities	10,767	14,346	20,121	27,855	31,624	22,687	24,011	24,894	22,987	32,022
Capital stock	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514	4,514
Capital surplus	3,143	3,135	3,132	3,131	3,123	3,122	3,050	1,645	1,497	-
Retained earnings	3,067	2,761	1,995	2,116	1,341	2,811	3,636	5,287	8,693	3,362
Treasury stock	-753	-753	-753	-753	-917	-1,854	-4,343	-3,251	-3,240	-1,537
Accumulated other comprehensive income	1	-10	-13	-6	19	121	24	48	165	140
Share award rights	-	-	-	-	-	-	51	75	133	22
Share subscription rights	2	2	2	4	3	1	1	1	1	-
Non-controlling interests	1,191	1,601	1,798	2,303	2,766	3,434	4,107	2,714	3,434	2,036
Total net assets	11,165	11,251	10,675	11,309	10,849	12,149	11,039	11,032	15,197	8,537
Working capital	4,279	3,719	4,802	7,847	8,650	7,767	9,182	9,948	10,392	10,828
Total interest-bearing debt	4,431	6,500	12,108	16,942	18,897	14,318	15,145	15,992	14,144	21,750
Net debt	-3,480	-3,750	-1,549	1,483	3,177	-3,304	-2,597	-2,314	-4,578	1,073

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Looking at the balance sheet over the past 10 fiscal years, FreeBit's total assets expanded from FY04/17 to FY04/19. This was mainly due to acquisitions. FreeBit acquired EPARK Healthcare Co., Ltd. in September 2016, Giga Prize acquired For Members Co., Ltd. in March 2017 and Soft Volante Co., Ltd. in June 2018, and FreeBit acquired ALC Co., Ltd. in September 2018. In contrast, total assets fell in FY04/21 since Giga Prize sold a portion of its stake in For Members in September 2020, while FreeBit sold all holdings in FreeBit EPARK Healthcare in October 2020 and ALC in November 2020.

Interest-bearing debt and goodwill increased due to the series of acquisitions made. However, goodwill declined subsequently, mainly due to the company selling its shares in the acquired entities.

Net assets declined in FY04/25, due to an increase in borrowings related to the TOB for Giga Prize and the reclassification of Giga Prize into a wholly owned (voting rights) subsidiary through the acquisition of its shares. No goodwill was recognized in this transaction; instead, the amount equivalent to goodwill was accounted for as a reduction in net assets.

Cash flow statement

Cash flow statement (JPYmn)	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25
Cash flows from operating activities (1)	1,752	3,812	1,030	3,182	1,480	7,123	2,334	3,322	4,226	4,573
Pre-tax profit	1,446	660	784	2,159	1,253	3,682	2,671	3,443	5,878	5,074
Depreciation	612	743	1,069	1,625	2,060	1,470	1,022	891	754	693
Impairment losses	62	82	395	205	1,462	767	97	37	141	143
Amortization of goodwill	643	748	713	755	988	252	40	37	14	12
Change in allowances for doubtful accounts	-0	-7	-20	-11	11	1,524	-61	-17	-17	38
Interest and dividend income	-4	-5	-2	-1	-1	-1	-0	-1	-1	-11
Interest expenses paid on loans and bonds	44	49	78	131	165	141	104	114	99	112
Equity in earnings of affiliates	622	428	315	245	9	-8	0	2	-2	-0
Loss (gain) on transfer of business	-134	-	-	-	-	-	-	-	-	-
Loss (gain) on sales of investment securities	-3	-74	-	-	-	-	-	-	-186	-109
Loss (gain) on sale of shares of subsidiaries and affiliates	-	-	-	-	-113	-2,460	-	-	-86	-
Change in trade receivables	-1,308	304	-851	-2,250	-463	169	-1,225	-364	-117	-147
Change in inventories	-625	490	-152	-192	-206	-566	-112	-208	-423	33
Change in accounts receivable-other	-	-	-	623	-2,870	-8,639	1,258	-43	73	-
Change in trade payables	-6	196	-206	209	205	-	-	-	-	-
Change in accounts payable-other	1,508	-55	-162	810	1,702	10,897	113	99	-654	797
Other	-472	868	-165	-97	-518	630	-269	644	-16	-45
Subtotal	2,522	4,500	1,797	4,211	3,684	7,857	3,638	4,633	5,455	6,588
Interest and dividends income received	4	2	10	3	1	4	0	1	3	11
Interests paid	-45	-47	-90	-133	-163	-115	-102	-114	-100	-103
Income taxes paid	-734	-684	-972	-1,197	-2,253	-1,227	-1,462	-1,304	-1,223	-1,930
Income taxes refund	4	40	285	298	211	604	259	106	92	8
Payments for guarantee obligations	-	-	-	-	-	-	-	-	-	-
Expenses paid, related to correction of prior period financial statements	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities (2)	-509	-2,291	-2,141	-3,688	-1,870	-2,656	511	-645	-1,085	-687
Purchase of tangible fixed assets	-304	-330	-223	-165	-103	-394	-126	-558	-1,117	-194
Purchase of intangible assets	-324	-552	-1,000	-1,097	-944	-546	-136	-111	-303	-373
Purchase of investment securities	-157	-272	-379	-231	-197	-350	-55	-	-	-200
Proceeds from sales of investment securities	6	119	-	63	72	5	824	-	240	171
Purchase of shares of subsidiaries and associates	-123	-	-20	-692	-	-	-	-	-	-
Proceeds from sale of shares of subsidiaries and affiliates	-	-	-	-	-	-	-	-	113	-
Proceeds from transfer of business	256	-	-	-	-	-	-	-	-	-
Payments for transfer of business	-115	-	-53	-490	-	-	-	-	-	-
Purchase of subsidiaries' shares affecting scope of consolidation	-	-911	-7	-1,254	-105	-	-	-	-	-39
Proceeds from purchase of subsidiaries' shares affecting scope of consolidation	-	21	-	-	-	603	-	-	-	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-	-1	-1,981	-	-	-	-
Payments for absorption-type company split	-	-	-100	-100	-977	-	-	-	-	-
Proceeds from absorption-type company split	-	-	-	-	404	-	-	-	-	-
Other	251	-366	-358	278	-21	7	3	24	-18	-53
Free cash flow (1+2)	1,243	1,521	-1,110	-506	-390	4,467	2,845	2,678	3,141	3,886
Cash flows from financing activities	-306	844	4,505	2,321	626	-2,572	-2,731	-2,111	-2,720	-1,925

Net change in short-term borrowings	766	-572	-614	-15	391	-200	-100	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term loans						1,200	1,050	5,890	4,000	3,600	4,830	6,000	5,800	3,800	13,250					
Repayments of long-term borrowings						-1,496	-1,350	-1,162	-2,119	-2,344	-4,892	-3,421	-4,186	-4,799	-5,204					
Proceeds from issuance of bonds						-	2,220	1,000	300	-	-	-	-	-	-					
Redemption of bonds						-	-	-	-200	-200	-200	-1,400	-200	-300	-					
Proceeds from issuance of shares						-	-	-	-	-	-	-	-	-	-					
Proceeds from sales of treasury shares						-	-	-	-	-	-	-	1,471	6	2,042					
Acquisition of own stock						-	-	-	-0	-226	-979	-2,497	-0	-	-					
Dividends paid						-157	-156	-157	-156	-156	-153	-146	-141	-159	-537					
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation						-	-	-	-	-	-	-149	-3,932	-391	-12,740					
Proceeds from payments by non-controlling shareholders						-	-	-	-	-	-	-	-	-	-					2,000
Repayments of lease obligations						-281	-299	-412	-670	-902	-932	-937	-870	-803	-568					
Proceeds from sales and leasebacks						-	-	-	1,216	591	-	-	-	-	-					
Other						-337	-49	-39	-35	-129	-46	-229	-52	-74	-167					
Depreciation and amortization (A)						1,255	1,491	1,782	2,380	3,049	1,722	1,062	928	767	704					
Capital expenditures (B)						-628	-882	-1,223	-1,262	-1,047	-940	-261	-669	-1,420	-567					
Change in working capital (C)						1,363	-560	1,083	3,045	803	-883	1,416	765	444	436					
Simple FCF (NI + A + B - C)						-183	1,019	-1,091	-1,649	579	3,252	213	1,286	2,469	2,450					

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

It is difficult to accurately fathom the effects of the acquisitions and subsequent divestitures on the cash flow statement. However, the company's operating cash flows have trended at a net cash inflow despite the tendency of working capital being negative. Excluding the impact of acquisitions and divestitures, FreeBit's business model does not require large capital expenditure, and large net cash outflows from investing activities are unlikely. The company's financing cash flows are affected by one-off factors such as acquisitions and share repurchases.

Historical results

Q1 FY04/26 results

- Revenue: JPY15.2bn (+14.2% YoY)
- Operating profit: JPY1.7bn (+15.3% YoY)
- Recurring profit: JPY1.7bn (+13.7% YoY)
- Net income attributable to owners of the parent: JPY1.1bn (+30.6% YoY)

In Q1 FY04/26, the company reported revenue of JPY15.2bn (+14.2% YoY), operating profit of JPY1.7bn (+15.3% YoY), recurring profit of JPY1.7bn (+13.7% YoY), and net income attributable to owners of the parent of JPY1.1bn (+30.6% YoY).

Against the company's full-year forecast, Q1 revenue reached 25.3% of the target (vs. 24.1% in Q1 FY04/25), operating profit 27.7% (24.9%), recurring profit 28.6% (27.7%), and net income attributable to owners of the parent 30.4% (29.6%). The company noted that all segments are performing steadily and that it has maintained its full-year forecast.

Revenue

In Q1 FY04/26, consolidated revenue totaled JPY15.2bn (+14.2% YoY). Revenue increased YoY across all segments: JPY2.9bn (+12.7% YoY) in 5G Infrastructure Support, JPY6.9bn (+11.3% YoY) in 5G Lifestyle Support, and JPY6.0bn (+15.7% YoY) in Enterprise/Creator 5G DX Support.

Operating profit

In Q1 FY04/26, operating profit totaled JPY1.7bn (+15.3% YoY). Profit declined 27.2% YoY to JPY272mn in Enterprise/Creator 5G DX Support, while increasing 53.3% YoY to JPY498mn in 5G Infrastructure Support and 19.3% YoY to JPY918mn in 5G Lifestyle Support.

In Q1 FY04/26, investment in new growth drivers totaled JPY110mn, compared to JPY125mn in Q1 FY04/25. Investments were directed toward the StandAlone platform, the 5G Healthstyle domain, and Web3 projects based on the company's proprietary Web3 infrastructure technology, Portfolia. 5G Lifestyle Support accounted for JPY52mn (vs. JPY39mn in Q1 FY04/25), and Enterprise/Creator 5G DX Support for JPY57mn (JPY45mn). There were no investments in new growth

drivers under 5G Infrastructure Support during the quarter (JPY40mn). The company defines investments in new growth drivers as those targeting areas beyond its current core businesses, as outlined in the medium-term plan SILK VISION 2027.

Recurring profit

Recurring profit in Q1 FY04/26 amounted to JPY1.7bn (+13.7% YoY). In addition to higher operating profit, the increase was mainly driven by foreign exchange gains, although this was partially offset by an increase in interest expenses.

Net income attributable to owners of the parent

Net income attributable to owners of the parent in Q1 FY04/26 was JPY1.1bn (+30.6% YoY). Although recurring profit increased, tax expenses also rose. Meanwhile, net income attributable to non-controlling interests declined following the reclassification of Giga Prize into a wholly owned (based on voting rights) subsidiary.

5G Infrastructure Support

- Revenue: JPY2.9bn (+12.7% YoY)
- Operating profit: JPY498mn (+53.3% YoY)

As business support services for MVNOs expanded steadily, revenue grew 12.7% YoY to JPY2.9bn, and operating profit rose 53.3% YoY to JPY498mn.

Starting in Q1 FY04/26, the company began disclosing recurring revenue trends. In Q1 FY04/26, recurring revenue totaled JPY2.4bn (+16.4% YoY). Of this, mobile revenue accounted for JPY1.8bn (+24.3% YoY), while fixed-line revenue totaled JPY523mn (-4.7% YoY). Although fixed-line revenue continues to decline, consistent growth in mobile revenue is underpinning a stable revenue base.

Operating profit increased JPY173mn YoY. The main positive factor was a JPY222mn profit contribution from higher service usage in the B2B2X (B/C) mobile service. Offsetting factors included a JPY19mn decrease due to lower service usage in the B2B2X (B/C) fixed-line network service, a JPY23mn increase in common expenses due to increased personnel, and company-wide expenses and other costs totaling JPY7mn. There were no investments in new growth drivers under 5G Infrastructure Support during the quarter.

In mobile services for MVNOs, in addition to offering unique plans (account wholesaling) and bandwidth to meet customer needs (bandwidth wholesaling), the company provides network operation and monitoring services, management tools, and components such as cloud, fixed IP, and VoIP. According to FreeBit, although bandwidth wholesaling accounts for the majority of sales in absolute terms, it is account wholesaling that is growing, and the ratio of SIMs with data+SMS+voice in account wholesaling continues to rise, leading to revenue growth and an improvement in the gross profit margin. The breakdown of SIMs sold at end-Q1 FY04/26 was 56.0% data+SMS+voice (53.9% for end-Q4 FY04/25), 2.2% data+SMS (2.7%), and 41.7% data (43.4%).

In the direct sales segment for corporate clients, the freebit Business, the number of fixed IP addresses provided under the Dokodemo IP service exceeded 1,000 companies as of end-Q1 FY04/26, representing a 12.7% increase from the previous quarter. Additionally, on January 16, 2025, the company launched freebit mobile Biz, a 5G-compatible SIM for corporate use that allows a single device to utilize both private and business lines. As of end-Q1 FY04/26, more than 200 companies were using the service, representing growth of 136.8% from the previous quarter.

Earnings (cumulative) (JPYmn)	FY04/25				FY04/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	2,547	5,166	7,839	10,568	2,869			
YoY	4.9%	4.9%	5.6%	6.4%	12.7%			
Recurring revenue	2,023	4,132	6,299	8,518	2,355			
YoY	8.9%	9.8%	10.4%	11.2%	16.4%			
Mobile	1,474	3,042	4,672	6,361	1,832			
YoY	14.4%	15.6%	16.3%	17.5%	24.3%			
Fixed-line network	549	1,090	1,627	2,157	523			
YoY	-3.3%	-3.5%	-3.8%	-4.0%	-4.7%			
Other income	524	1,034	1,540	2,050	514			
YoY	-8.1%	-11.0%	-10.3%	-9.7%	-1.8%			
OP	325	689	1,056	1,405	498			
YoY	-29.7%	-27.4%	-25.7%	-13.0%	53.3%			
OPM	12.8%	13.3%	13.5%	13.3%	17.4%			
Investment in new growth drivers	40	84	143	190	-			
Quarterly (JPYmn)	FY04/25				FY04/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	2,547	2,619	2,673	2,729	2,869			
YoY	4.9%	4.9%	6.9%	8.8%	12.7%			
Recurring revenue	2,023	2,109	2,167	2,219	2,355			
YoY	8.9%	10.7%	11.4%	13.4%	16.4%			
Mobile	1,474	1,568	1,630	1,689	1,832			
YoY	14.4%	16.8%	17.8%	20.7%	24.3%			
Fixed-line network	549	541	537	530	523			
YoY	-3.3%	-3.7%	-4.3%	-4.8%	-4.7%			
Other income	524	510	506	510	514			
YoY	-8.1%	-13.8%	-9.0%	-7.5%	-1.8%			
OP	325	364	367	349	498			
YoY	-29.7%	-25.1%	-22.2%	79.0%	53.3%			
OPM	12.8%	13.9%	13.7%	12.8%	17.4%			
Investment in new growth drivers	40	44	59	47	-			

Source: Shared Research based on company materials.

Notes: Figures may differ from company materials due to differences in rounding methods.

Other revenue refers to the portion of total revenue remaining after deducting recurring revenue.

5G Lifestyle Support

- Revenue: JPY6.9bn (+11.3% YoY)
- Operating profit: JPY918mn (+19.3% YoY)

The company steadily increased the number of households for its 5G Homestyle service (an internet service for housing complexes). As a result, revenue increased 11.3% YoY to JPY6.9bn, and operating profit rose 19.3% YoY to JPY918mn.

Starting in Q1 FY04/26, the company began disclosing recurring revenue trends. Recurring revenue for Q1 increased to JPY4.0bn (+8.6% YoY), reflecting the company's continued progress in building a stable recurring revenue base. Other revenue included initial sales from Web3 development for SoftBank; however, the main driver of overall revenue growth was increased recurring revenue, particularly from construction projects at Giga Prize.

Operating profit increased JPY149mn YoY. The main positive factor contributing to higher profit was a JPY219mn in revenue growth at Giga Prize. On the other hand, negative factors included a JPY23mn decrease from reduced usage of the fixed-line network service in 5G Lifestyle (DTI), JPY21mn in increased expenses for Web3 project investments, and JPY27mn in other costs. In Q1 FY04/26, the company's investment in growth drivers for 5G Lifestyle Support totaled JPY52mn.

As of end-Q1 FY04/26, Giga Prize provided ISP services to roughly 1.38mn homes, up by about 35 thousand from end-FY04/25, achieving 25.7% progress toward its full-year target of 1.48mn homes.

Earnings (cumulative) (JPYmn)	FY04/25				FY04/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	6,214	12,619	19,177	26,308	6,919			
YoY	-18.2%	-7.6%	-3.7%	-1.1%	11.3%			
Recurring revenue (Giga Prize)	3,721	7,511	11,386	15,330	4,040			
YoY	12.5%	11.9%	11.6%	11.5%	8.6%			
Other income	2,493	5,108	7,791	10,978	2,879			
YoY	-41.9%	-26.4%	-19.7%	-14.7%	15.5%			
OP	769	1,638	2,671	3,546	918			
YoY	-23.7%	-3.7%	7.0%	10.6%	19.3%			
OPM	12.4%	13.0%	13.9%	13.5%	13.3%			
Investment in new growth drivers	39	87	131	197	52			
Giga Prize								
Number of households served by ISP (Cumulative, '000)	1,243	1,274	1,300	1,342	1,377			
Net increase	34	30	26	42	35			
Quarterly (JPYmn)	FY04/25				FY04/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	6,214	6,405	6,557	7,131	6,919			
YoY	-18.2%	5.8%	4.9%	6.3%	11.3%			
Recurring revenue (Giga Prize)	3,721	3,790	3,875	3,944	4,040			
YoY	12.5%	11.3%	11.2%	11.2%	8.6%			
Other income	2,493	2,615	2,682	3,187	2,879			
YoY	-41.9%	-1.3%	-3.0%	0.8%	15.5%			
OP	769	869	1,033	875	918			
YoY	-23.7%	25.4%	30.0%	23.4%	19.3%			
OPM	12.4%	13.6%	15.8%	12.3%	13.3%			
Investment in new growth drivers	39	48	44	66	52			

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Other revenue refers to the portion of total revenue remaining after deducting recurring revenue.

Enterprise/Creator 5G DX Support

- Revenue: JPY6.0bn (+15.7% YoY)
- Operating profit: JPY272mn (-27.2% YoY)

Revenue expanded driven mainly by strong demand in the affiliate and e-commerce related businesses. However, higher costs in the affiliate business, upfront investments aimed at future growth, and increased expenses such as provisions for doubtful accounts weighed on profit. As a result, revenue came to JPY6.0bn (+15.7% YoY), while operating profit declined to JPY272mn (-27.2% YoY).

Operating profit declined JPY101mn YoY. The main positive factor contributing to higher profit was a JPY55mn profit contribution from revenue growth in the e-commerce business. Offsetting factors included a JPY108mn increase in cost of revenue resulting from initiatives to expand the affiliate business and a JPY25mn increase in expenses related to upfront investments aimed at future growth and allowance for doubtful accounts. In addition, profit declined by JPY21mn due to changes in the product mix of internet marketing business, while other factors reduced profit by JPY3mn. The company invested JPY57mn in new growth drivers during the quarter under Enterprise/Creator 5G DX Support, mainly in the StandAlone platform. As of end-Q1, the number of registered users on the StandAlone app increased 43.9% YoY.

Earnings (cumulative) (JPYmn)	FY04/25				FY04/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	5,162	10,076	15,375	20,699	5,974			
YoY	10.6%	2.8%	4.9%	7.4%	15.7%			
OP	373	709	976	954	272			
YoY	87.7%	64.5%	26.6%	-14.0%	-27.2%			
OPM	7.2%	7.0%	6.4%	4.6%	4.6%			
Investment in new growth drivers	45	76	140	249	57			
Quarterly (JPYmn)	FY04/25				FY04/26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	5,162	4,914	5,299	5,325	5,974			
YoY	10.6%	-4.2%	9.1%	15.2%	15.7%			
OP	373	336	267	-22	272			
YoY	87.7%	44.6%	-21.4%	-106.5%	-27.2%			
OPM	7.2%	6.8%	5.0%	-0.4%	4.6%			
Investment in new growth drivers	45	31	64	109	57			

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

Full-year FY04/25 results

- Revenue: JPY55.1bn (+3.8% YoY)
- Operating profit: JPY5.9bn (-0.1% YoY)
- Recurring profit: JPY5.2bn (-9.1% YoY)
- Net income attributable to owners of the parent: JPY2.7bn (-22.9% YoY)

In FY04/25, revenue increased 3.8% YoY, while operating profit, and recurring profit and net income attributable to owners of the parent declined 0.1% YoY, 9.1% YoY, and 22.9% YoY, respectively. In Q1 FY04/24 Giga Prize Co., Ltd. and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same date as the company, resulting in a 13-month accounting period from April 1, 2023 to April 30, 2024 for FY04/24. The company stated that excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, FY04/25 revenue and operating profit grew 7.3% YoY and 7.2% YoY, respectively.

FreeBit exceeded its full-year forecasts, achieving 102.0% of the revenue target, 103.2% of the operating profit target, 104.6% of the recurring profit target, and 109.9% of the net income target attributable to owners of the parent. According to the company, full-year results exceeded its forecasts despite increased growth investments from FY04/26.

Revenue

In FY04/25, consolidated revenue rose 3.8% YoY. Revenue increased 6.4% YoY in 5G Infrastructure Support and 7.4% YoY in Enterprise/Creator 5G DX Support, while it declined 1.1% YoY in 5G Lifestyle Support. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, FY04/25 revenue was up 7.3% YoY, with a 5.7% revenue increase in 5G Lifestyle Support.

Operating profit

In FY04/25, operating profit decreased 0.1% YoY. Profits declined 13.0% YoY in 5G Infrastructure Support and 14.0% YoY in Enterprise/Creator 5G DX Support, but grew 10.6% YoY in 5G Lifestyle Support. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, FY04/25 operating profit rose 7.2% YoY, with operating profit increasing 26.3% YoY in 5G Lifestyle Support.

In FY04/25, the company invested JPY641mn in new growth drivers, including the relocation of the 5G data center, development toward the multifaceted roll-out of the StandAlone platform, and Web3-related projects. By segment, it invested JPY190mn in 5G Infrastructure Support, JPY197mn in 5G Lifestyle Support, and JPY249mn in Enterprise/Creator 5G DX Support. In line with the transition to the new medium-term management plan SiLK VISION 2027, the company has stopped disclosing strategic investments it had been disclosing through FY04/24. According to the company, investments in new growth drivers differ from strategic investments and refer to investments related to growth outside the scope of existing businesses outlined in SiLK VISION 2027.

Recurring profit

In FY04/25, recurring profit declined 9.1% YoY, mainly due to expenses totaling JPY608mn related to the capital and business alliance with SoftBank and TOB-related costs associated with Giga Prize. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, recurring profit fell 2.4% YoY.

Net income attributable to owners of the parent

In FY04/25, net income attributable to owners of the parent declined 22.9% YoY. In addition to the extraordinary gains (JPY259mn) recorded in FY04/24, including a gain on sales of investment securities, tax expenses and net income attributable to owners of the parent increased JPY481mn YoY and JPY243mn YoY, respectively. Meanwhile, the fair value assessment of Giga Prize related to the TOB temporarily reduced tax expenses by JPY473mn. Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, net income attributable to owners of the parent fell 19.4% YoY.

Earnings trend by segment

5G Infrastructure Support

- Revenue: JPY10.6bn (+6.4% YoY)
- Operating profit: JPY1.4bn (-13.0% YoY)

In FY04/25, although business support services for MVNOs expanded steadily, costs associated with communication equipment upgrades and enhanced human resources increased. As a result, revenue grew 6.4% YoY, but operating profit declined 13.0% YoY.

Operating profit decreased JPY210mn YoY. Increased service usage in the B2B2X (B/C) mobile business provided a JPY568mn boost to operating profit. However, operating profit was depressed by several factors: higher cost for improving communication quality incurred in the B2B2X (B/C) mobile business (JPY386mn), one-time costs associated with network facility upgrades in the same segment (JPY69mn), and higher procurement costs in the cloud service business due to forex fluctuations (JPY62mn). Other factors leading to lower profits included a JPY27mn decrease in usage of B2B2X (B/C) fixed line network service, a JPY205mn increase in common expenses due to increased personnel, and a JPY29mn increase in company-wide expenses and other costs. In addition, JPY190mn was invested in new growth drivers in 5G Infrastructure Support, including the relocation of the 5G data centers.

In mobile services for MVNOs, in addition to offering unique plans (account wholesaling) and bandwidth to meet customer needs (bandwidth wholesaling), the company provides network operation and monitoring services, management tools, and components such as cloud, fixed IP, and VoIP. According to FreeBit, although bandwidth wholesaling accounts for the majority of sales in absolute terms, it is account wholesaling that is growing, and the ratio of SIMs with data+SMS+voice in account wholesaling continues to rise, leading to revenue growth and an improvement in the gross profit margin. The breakdown of SIMs sold at end-FY04/25 was 53.9% data+SMS+voice (50.3% for end-Q3 FY04/25), 2.7% data+SMS (3.1%), and 43.4% data (46.6%).

In the direct sales segment for corporate clients, the freebit Business, the number of fixed IP addresses provided under the Dokodemo IP service exceeded 1,000 companies as of end-FY04/25, representing a 25.5% increase from the previous quarter. Additionally, on January 16, 2025, the company launched freebit mobile Biz, a 5G-compatible SIM for corporate use that allows a single device to utilize both private and business lines.

5G Lifestyle Support

- Revenue: JPY26.3bn (-1.1% YoY)
- Operating profit: JPY3.5bn (+10.6% YoY)

In FY04/25, the company steadily increased the number of households for its 5G Homestyle service (an internet service for housing complexes). As a result, revenue declined 1.1% YoY, but operating profit rose 10.6% YoY. Excluding the impact of the fiscal year-end change at Giga Prize and its subsidiaries, revenue and operating profit actually increased 5.7% YoY and 26.3% YoY, respectively.

Operating profit increased JPY341mn YoY. Positive factors included the growth in revenue at Giga Prize (+JPY625mn), a JPY154mn decrease in expenses for the Web3/5G Healthstyle domain and data-linkage projects, and profit improvement of JPY28mn in the TONE business owing to better acquisition cost control. Meanwhile, factors depressing operating profit included a JPY45mn increase in costs related to the establishment and operation of the acquiring entity, and a JPY23mn profit decline due to reduced usage in fixed line network service of 5G Lifestyle (DTI). In FY04/25, the company's investments in growth drivers for 5G Lifestyle Support totaled JPY197mn.

The number of units served by ISP services for residential complexes, a key indicator for Giga Prize, increased by 132 thousand homes to 1.34mn as of end-FY04/25.

Enterprise/Creator 5G DX Support

- Revenue: JPY20.7bn (+7.4% YoY)
- Operating profit: JPY954mn (-14.0% YoY)

In FY04/25, while overseas operations—primarily affiliate-based businesses—performed steadily, increased costs from the rollout of StandAlone and upfront investments in the e-commerce business led to a 7.4% YoY increase in revenue but a 14.0% YoY decline in operating profit.

Operating profit declined by JPY155mn YoY. Although increased revenue from overseas operations, primarily in the affiliate business, contributed a JPY186mn boost to operating profit, this was outweighed by higher costs associated with the multifaceted roll-out of the StandAlone platform and investment in the e-commerce business (-JPY244mn), as well as lower profitability due to changes in the product mix within the internet marketing business (-JPY84mn), and other factors (-JPY13mn). In FY04/25, the company invested JPY249mn in the Enterprise/Creator 5G DX Support, part of which was allocated to development activities related to the multifaceted roll-out of the StandAlone platform.

Cumulative Q3 FY04/25 results

- Revenue: JPY40.6bn (+1.4% YoY)
- Operating profit: JPY4.7bn (+0.4% YoY)
- Recurring profit: JPY4.6bn (+1.0% YoY)
- Net income attributable to owners of the parent: JPY2.5bn (-11.9% YoY)

In cumulative Q3 FY04/25, revenue, operating profit, and recurring profit increased 1.4% YoY, 0.4% YoY, and 1.0% YoY, respectively, while net income attributable to owners of the parent declined 11.9% YoY. In Q1 FY04/24 Giga Prize Co., Ltd. and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same date as the company, resulting in a 13-month accounting period from April 1, 2023 to April 30, 2024 for FY04/24, and a 10-month accounting period from April 1, 2023 to January 31, 2024 for cumulative Q3 FY04/24. The company stated that excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, cumulative Q3 FY04/25 revenue and operating profit grew 6.0% YoY and 9.8% YoY, respectively.

Against its full-year forecast, the company achieved 75.1% for revenue (cumulative Q3 FY04/24 revenue progressed 75.4% versus FY04/24 results), 82.3% for operating profit (79.3%), 92.8% for recurring profit (79.8%), and 101.1% for net income attributable to shareholders of the parent company (80.4%). The company maintained its full-year FY04/25 earnings forecast.

Revenue

In cumulative Q3 FY04/25, consolidated revenue rose 1.4% YoY. Revenue increased 5.6% YoY in 5G Infrastructure Support and 4.9% YoY in Enterprise/Creator 5G DX Support, while it declined 3.7% YoY in 5G Lifestyle Support. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, cumulative Q3 FY04/25 revenue was up 6.0% YoY, with a 5.5% revenue increase in 5G Lifestyle Support.

Operating profit

In cumulative Q3 FY04/25, operating profit decreased 0.4% YoY. Profits declined 25.7% YoY in 5G Infrastructure Support, but grew 7.0% YoY in 5G Lifestyle Support and 26.6% YoY in Enterprise/Creator 5G DX Support. Excluding the impact of the change in Giga Prize's fiscal year-end, cumulative Q3 FY4/25 operating profit rose 9.8% YoY, with a 27.3% YoY operating profit increase in 5G Lifestyle Support.

In cumulative Q3 FY04/25, the company invested JPY417mn in new growth drivers, including the relocation of the 5G data center, development toward the multifaceted roll-out of the StandAlone platform, and Web3-related projects. By segment, it invested JPY143mn in 5G Infrastructure Support, JPY131mn in 5G Lifestyle Support, and JPY140mn in Enterprise/Creator 5G DX Support. In line with the transition to the new medium-term management plan SiLK VISION 2027, the company has stopped disclosing strategic investments it had been disclosing until the previous fiscal year. According to the company, the investments in new growth drivers disclosed this time are not strategic investments, but investments related to the upside measures outlined in SiLK VISION 2027.

Recurring profit

In cumulative Q3 FY04/25, recurring profit increased 1.0% YoY. Non-operating profit improved owing to the recording of a gain on sales of investment securities (JPY109mn) and other factors. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, recurring profit increased grew 10.5% YoY.

Net income attributable to owners of the parent

In cumulative Q3 FY04/25, net income attributable to owners of the parent declined 11.9% YoY. In addition to the extraordinary gains (JPY259mn) recorded in cumulative Q3 FY04/24, including a gain on sales of investment securities,

tax expenses and net income attributable to owners of the parent increased JPY274mn YoY and JPY106mn YoY, respectively. Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, net income attributable to owners of the parent fell 6.8% YoY.

5G Infrastructure Support

- Revenue: JPY7.8bn (+5.6% YoY)
- Operating profit: JPY1.1bn (-25.7% YoY)

In cumulative Q3 FY04/25, while the scale of business support services for MVNOs expanded progressed steadily, costs related to communication equipment upgrades and strengthened human resources led to a revenue growth of 5.6% YoY and operating profit decline of 25.7% YoY.

Operating profit decreased JPY364mn YoY. Increased service usage in the B2B2X (B/C) mobile business provided a JPY360mn boost to operating profit. However, operating profit was depressed by several factors: Expenses related to quality improvements in the B2B2X (B/C) mobile business (JPY275mn), one-time costs associated with network facility upgrades in the same segment (JPY69mn), and higher procurement costs in the cloud service business due to forex fluctuations (JPY51mn). Other factors leading to lower profits included a JPY41mn decrease in usage of B2B2X (B/C) fixed line network service, a JPY198mn increase in common expenses due to increased personnel, and a JPY90mn increase in company-wide expenses and other costs. In addition, JPY143mn was invested in new growth drivers in 5G Infrastructure Support in cumulative Q3 FY04/25, including the relocation of the 5G data centers.

In mobile services for MVNOs, in addition to offering unique plans (account wholesaling) and bandwidth to meet customer needs (bandwidth wholesaling), the company provides network operation and monitoring services, management tools, and components such as cloud, fixed IP, and VoIP. According to FreeBit, although bandwidth wholesaling accounts for the majority of sales in absolute terms, it is account wholesaling that is growing, and the ratio of SIMs with data+SMS+voice in account wholesaling continues to rise, leading to revenue growth and an improvement in the gross profit margin. The breakdown of SIMs sold at end-January FY04/25 was 50.3% data+SMS+voice (50.1% for end-Q2 FY04/25), 3.1% data+SMS (3.3%), and 46.6% data (46.6%).

In the direct sales segment for corporate clients, freebit Business, the number of fixed IP addresses provided under the Dokodemo IP service exceeded 900 companies as of end-Q3 FY04/25, representing a 24.8% increase from the previous quarter. Additionally, on January 16, 2025, the company launched freebit mobile Biz, a 5G-compatible SIM for corporate use that allows a single device to utilize both private and business lines.

5G Lifestyle Support

- Revenue: JPY19.2bn (-3.7% YoY)
- Operating profit: JPY2.7bn (+7.0% YoY)

In cumulative Q3 FY04/25, the company steadily grew the number of households for its 5G Homestyle (internet services for housing complexes) services. As a result, revenue declined 3.7% YoY but operating profit rose 7.0% YoY. Excluding the impact of the fiscal year-end change at Giga Prize and its subsidiaries, revenue and operating profit actually increased 5.5% YoY and 27.3% YoY, respectively.

Operating profit increased JPY175mn YoY. Positive factors included the growth in revenue at Giga Prize (+JPY467mn), a JPY134mn decrease in expenses for the Web3/5G Healthstyle domain and data-linkage projects, and profit improvement of JPY13mn in the TONE business owing to better acquisition cost control. Meanwhile, factors depressing operating profit included a JPY31mn profit decline due to reduced usage in fixed line network service of 5G Lifestyle (DTI), and a JPY11mn reduction from other factors. In cumulative Q3, the company's investments in growth drivers for 5G Lifestyle Support totaled JPY131mn.

The number of units of ISP services for residential complexes, a key indicator for Giga Prize, increased by 26 thousand homes to 1.3mn as of end-Q3 FY04/25, making steady progress towards the company's full-year target of 1.35mn.

Enterprise/Creator 5G DX Support

- Revenue: JPY15.4bn (+4.9% YoY)
- Operating profit: JPY976mn (+26.6% YoY)

In cumulative Q3 FY04/25, revenue grew 4.9% YoY and an 26.6% YoY increase in operating profit as a result of steady performance in the affiliate business.

Contributing to the JPY205mn YoY increase in operating profit was the increase in gross profit due to higher revenue in the affiliate business in Japan and overseas (+JPY205mn), and higher profit from cost reduction in ad technology (+JPY119mn). Meanwhile, higher expenses (+JPY103mn) due to the multifaceted roll-out of StandAlone platform, and an increase in other negative factors (+JPY16mn) weighed on profit. In cumulative Q3 FY04/25, the company made investments amounting to JPY140mn in Enterprise/Creator 5G DX Support with part of this spent on development toward the multifaceted roll-out of StandAlone.

Key highlights

Capital and business alliance with SoftBank and privatization of Giga Prize

On January 31, 2025, FreeBit announced a capital and business alliance with SoftBank Corp. (TSE Prime: 9434), along with the privatization of its consolidated subsidiary Giga Prize. Through these initiatives, the company aims to accelerate its transformation into “a Web3 implementation company rooted in telecommunications,” moving gradually away from its traditional telecommunications business. To support this transition, the company has outlined the following four business strategies:

- ▶ Increase promotion and accelerate Web3 and AI social implementation
- ▶ Enhance the mobile business to deliver new services to a broader user base
- ▶ Expand IoT and unmanned device (Unmanned Device) domains
- ▶ Strengthen competitiveness in the housing market through integrated group operations following the privatization of Giga Prize, while also launching initiatives targeting the aging population market

In light of its capital and business alliance with SoftBank and the privatization of Giga Prize, FreeBit has updated the capital allocation plan it announced under SV2027. On the cash outflow side, the previously disclosed growth investment of over JPY7.5bn has been revised to include the funds used for the privatization of Giga Prize (exceeding JPY7.5bn for share acquisition).

On the cash inflow side, the company had initially projected generating over JPY12.0bn over three fiscal years through business activities. This has since been updated to include approximately JPY2.0bn raised through a third-party allotment of treasury shares to SoftBank in connection with the capital and business alliance, as well as loans from financial institutions—Tranche A: JPY8.9bn (credit facility limit) and Tranche B: JPY4.0bn (drawn amount). With these developments, the company aims to expand cash generation through its business activities, leveraging the partnership with SoftBank and the Giga Prize privatization to drive continued growth and enhance corporate value.

1H FY04/25 results

- Revenue: JPY26.6bn (-1.7% YoY)
- Operating profit: JPY3.0bn (-1.5% YoY)
- Recurring profit: JPY3.1bn (+2.1% YoY)
- Net income attributable to owners of the parent: JPY1.8bnn (-10.7% YoY)

In 1H FY04/25, revenue, operating profit, and net income attributable to owners of the parent declined 1.7% YoY, 1.5% YoY, and 10.7% YoY, respectively, while recurring profit rose 2.1% YoY. In Q1 FY04/24 Giga Prize Co., Ltd. and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same date as the company, resulting in a 13-month accounting period from April 1, 2023 to April 30, 2024 for FY04/24, and a 7-month accounting period from April 1, 2023 to October 31, 2023 for 1H FY04/24. The company stated that excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, 1H FY04/25 revenue and operating profit grew 5.1% YoY and 13.1% YoY, respectively.

Against its full-year forecast, the company achieved 49.3% for revenue (1H FY04/24 revenue progressed 51.0% versus FY04/24 results), 53.1% for operating profit (52.2%), 55.9% for recurring profit (52.4%), and 58.9% for net income attributable to shareholders of the parent company (55.5%). The company confirmed steady business performance and maintained its full-year FY04/25 earnings forecast.

Revenue

In 1H FY04/25, consolidated revenue fell 1.7% YoY. Revenue increased 4.9% YoY in 5G Infrastructure Support and 2.8% YoY in Enterprise/Creator 5G DX Support, while it declined 7.6% YoY in 5G Lifestyle Support. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, 1H FY04/24 revenue was up 5.1% YoY, with a 5.8% revenue increase in 5G Lifestyle Support.

Operating profit

In 1H FY04/25, operating profit decreased 1.5% YoY. Profits declined 27.4% YoY in 5G Infrastructure Support, 3.7% YoY in 5G Lifestyle Support, but grew 64.5% YoY in Enterprise/Creator 5G DX Support. Excluding the impact of the change in Giga Prize's fiscal year-end, 1H FY4/25 operating profit rose 13.1% YoY, with a 25.7% YoY operating profit increase in 5G Lifestyle Support.

In 1H FY04/25, the company invested JPY249mn in new growth drivers, including the relocation of the 5G data center and development toward the multifaceted roll-out of the StandAlone platform. By segment, it invested JPY84mn in 5G Infrastructure Support, JPY87mn in 5G Lifestyle Support, and JPY76mn in Enterprise/Creator 5G DX Support. In line with the transition to the new medium-term management plan SiLK VISION 2027, the company has stopped disclosing strategic investments it had disclosed until the previous fiscal year. According to the company, the new investments in new growth drivers disclosed this time are not strategic investments, but investments related to the upside measures outlined in SiLK VISION 2027.

Recurring profit

In 1H FY04/25, recurring profit increased 2.1% YoY. Non-operating profit improved owing to the recording of gain on sales of investment securities (JPY109mn) and other factors. Excluding the impact of the change in the fiscal year-end for Giga Prize and its subsidiaries, recurring profit increased grew 17.5% YoY.

Net income attributable to owners of the parent

In 1H FY04/25, net income attributable to owners of the parent declined 10.7% YoY. In addition to the extraordinary gains (JPY259mn) recorded in 1H FY04/24, including a gain on sales of investment securities, tax expenses and net income attributable to owners of the parent increased JPY195mn YoY and JPY54mn YoY, respectively. Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, net income attributable to owners of the parent fell 3.3% YoY.

5G Infrastructure Support

- Revenue: JPY5.2bn (+4.9% YoY)
- Operating profit: JPY689mn (-27.4% YoY)

In 1H FY04/25, while the scale of business support services for MVNOs expanded progressed steadily, temporary costs related to communication equipment upgrades and increased personnel expenses led to a revenue growth of 4.9% YoY and operating profit decline of 27.4% YoY.

Operating profit decreased JPY260mn YoY. Increased service usage in the B2B2X (B/C) mobile business provided a JPY178mn boost to operating profit. However, expenses related to quality improvement in the B2B2X (B/C) and higher procurement cost due to the impact of forex fluctuation in the cloud service depressed operating profit by JPY151mn and JPY36mn, respectively. Other factors leading to lower profits included one-time expenses of JPY46mn for B2B2X (B/C) mobile network facility upgrades, a JPY29mn decrease in usage of B2B2X (B/C) fixed line network service, a JPY122mn increase in common expenses due to increased personnel, and a JPY53mn increase in company-wide expenses and other costs. In addition, JPY84mn was invested in new growth drivers in 5G Infrastructure Support in 1H FY04/25, including the relocation of the 5G data centers.

In mobile services for MVNOs, in addition to offering unique plans (account wholesaling) and bandwidth to meet customer needs (bandwidth wholesaling), the company provides network operation and monitoring services, management tools, and components such as cloud, fixed IP, and VoIP. According to FreeBit, although bandwidth wholesaling accounts for the majority of sales in absolute terms, it is account wholesaling that is growing, and the ratio of SIMs with data+SMS+voice to account wholesaling continues to rise, leading to revenue growth and an improvement in

the gross profit margin. The breakdown of SIMs sold at end-Q2 FY04/25 was 50.1% data+SMS+voice (48.8% for end-Q1 FY04/25), 3.3% data+SMS (3.6%), and 46.6% data (47.6%).

5G Lifestyle Support

- Revenue: JPY12.6bn (-7.6% YoY)
- Operating profit: JPY1.6bn (-3.7% YoY)

In 1H FY04/25, the company steadily grew the number of households for its 5G Homestyle (internet services for housing complexes) services. Although revenue declined 7.6% YoY and operating profit fell 3.7% YoY, excluding the impact of the fiscal year-end change at Giga Prize and its subsidiaries, revenue and operating profit actually increased 5.8% YoY and 25.7% YoY, respectively.

Operating profit decreased JPY64mn YoY. Positive factors included the growth in revenue at Giga Prize (+JPY226mn), a JPY73mn decrease in one-time expenses for the Web3/5G Healthstyle domain and data-linkage projects, and profit improvement of JPY33mn in TONE business owing to a better cost control of acquisition cost. Meanwhile, factors depressing operating profit included a JPY37mn profit decline due to reduced usage in fixed line network service of 5G Lifestyle (DTI), and a JPY1mn reduction from other factors. In 1H, the company's investments in growth drivers for 5G Lifestyle Support totaled JPY87mn.

The number of units of ISP services for residential complexes, a key indicator for Giga Prize, increased by 30 thousand homes to 1.27mn as of end-Q2 FY04/25, making steady progress.

Enterprise/Creator 5G DX Support

- Revenue: JPY10.1bn (+2.8% YoY)
- Operating profit: JPY709mn (+64.5% YoY)

In 1H FY04/25, revenue grew 2.8% YoY and an 64.5% YoY surge in operating profit as a result of steady performance in the affiliate business.

Contributing to the JPY278mn YoY increase in operating profit was the increase in gross profit due to higher revenue in the affiliate business in Japan and overseas (+JPY224mn), higher profit from cost reduction in ad technology (+JPY93mn), and other (+JPY4mn). Meanwhile, higher expenses (+JPY43mn) due to the multifaceted roll-out of StandAlone platform weighed on profit. In 1H FY04/25, the company made investments amounting to JPY76mn in Enterprise/Creator 5G DX Support with part of this spent on development toward the multifaceted roll-out of StandAlone.

Topics

Making YOYO Holdings Pte. Ltd., which operates PopStar, one of the largest influencer platforms in Indonesia and the Philippines, a subsidiary

On October 2, 2024, For it Inc., the company's subsidiary in the Enterprise/Creator 5G DX support business, announced that it had made YOYO Holdings Pte. Ltd., a subsidiary. YOYO Holdings operates an influencer platform focused on Southeast Asia, called PopStar. On September 3, 2024, For it, through its wholly owned subsidiary in Malaysia, acquired 51.99% of the shares issued by YOYO Holdings for JPY152mn (excluding JPY12mn in advisory and other expenses).

For it launched its global performance marketing platform, Webridge, in 2017 and has been operating in China, Taiwan, Singapore, Malaysia, Thailand, and Vietnam. The company believes that the acquisition of YOYO Holdings, one of the largest marketing platforms in Indonesia and the Philippines with over 300,000 influencers, will further accelerate the global expansion of Webridge.

The company aims to position Webridge as the leading global performance marketing platform by entering growth markets early and strengthening its presence in the performance and influencer marketing sectors within the ASEAN region.

News and topics

Tender offer for Giga Prize and capital and business alliance with SoftBank and revision to FY04/25 earnings forecast

2025-02-03

FreeBit Co., Ltd. (TSE Prime: 3843, "the company") announced a tender offer for subsidiary Giga Prize Co., Ltd. (Nagoya Stock Exchange NXT: 3830, "Giga Prize"), a capital and business alliance with SoftBank Corp. (TSE Prime: 9434, "SB"), and revisions to its FY04/25 earnings forecast.

Commencement of tender offer for Giga Prize (Nagoya Stock Exchange NXT: 3830)

FreeBit and wholly owned subsidiary LERZ Co., Ltd. have decided to initiate a tender offer for all shares of Giga Prize with the goal of taking it private and retaining exclusive ownership. The tender offer price is set at JPY2,500 per share.

Initial tender offer period

Thirty (30) business days from February 3, 2025 (Mon.) through March 18, 2025 (Tue.)

Price of tender offer

JPY2,500 per share of common stock

Number of shares to be purchased

5,634,035 shares (lower limit; 832,000 shares)

Purchase price

JPY14,085,087,500

Capital and business alliance with Softbank (TSE Prime: 9434)

FreeBit has resolved to enter into a capital and business alliance with SB and dispose of 1,600,000 shares of treasury stock through a third-party allotment to SB. As a result, SB's stake in the company is expected to amount to 6.83%.

Disposal date of treasury stock

From April 2, 2025 to April 16, 2025

Type and number of shares to be disposed of

1,600,000 shares of common stock

Disposal price

JPY1,276.48333 per share

Amount of funds to be raised

JPY2,042,373,328

Specific use of funds to be raised

To be used for the tender offer for Giga Prize

Revision to FY04/25 earnings forecast

Revisions

- Revenue: JPY54.0bn (previous forecast: JPY54.0bn)
- Operating profit: JPY5.7bn (JPY5.7bn)
- Recurring profit: JPY5.0bn (JPY5.5bn)

- Net income attributable to owners of the parent: JPY2.5bn (JPY3.0bn)
- EPS: JPY124.68 (JPY150.24)

Reasons for revision

No revisions have been made to the company's revenue and operating profit forecasts, as all three segments are generally progressing in line with initial expectations. However, FreeBit has revised its forecasts for recurring profit and net income attributable to owners of the parent, reflecting projected expenses related to its capital and business alliance with SB, the disposal of treasury stock through a third-party allotment, and the tender offer for Giga Prize Co., Ltd. The dividend forecast remains unchanged at JPY30 per share, as announced on July 24, 2024.

Other information

History

FreeBit was established in May 2000 for the purpose of supporting internet businesses. The company first launched an ISP support service, and has since expanded its operations from the infrastructure layer to the service layer, widening the scope of customers from B2B to B2C (including B2B2C) based on its corporate philosophy—"Being the NET Frontier!" (expanding the Internet's potential and contributing to society).

In August 2007, FreeBit acquired Dream Train Internet Inc. (DTI; unlisted), which provided mobile communications and internet services for individuals, making DTI a consolidated subsidiary. In March 2009, the company acquired a 60.89% stake (as of end-October 2024) in Giga Prize Co., Ltd. (NSE Next: 3830), which offered ISP services specializing in housing complexes. In August 2010, FreeBit made two companies consolidated subsidiaries: Full Speed Inc. (unlisted), an internet advertising agency, and For it Inc. (unlisted), an affiliate advertising provider. Full Speed later became a wholly owned subsidiary through a tender offer and was delisted on September 1, 2022. Giga Prize likewise became wholly owned (based on voting rights) through a TOB and was delisted on April 18, 2025.

Month/Year	
May 2000	Established FreeBit.com Co., Ltd. to provide support to internet businesses. Also launched a broadband business
Dec. 2002	Changed trade name to FreeBit Co., Ltd.
Mar. 2007	Listed on the Mothers Market of the Tokyo Stock Exchange (TSE)
Aug. 2007	Made Dream Train Internet Inc. (DTI) a consolidated subsidiary through a tender offer and launched B2C services
Mar. 2009	Made Media Exchange Co., Ltd. a consolidated subsidiary through a tender offer (later absorbed by DTI). Giga Prize Co., Ltd., a subsidiary of Media Exchange, also became a consolidated subsidiary.
Aug. 2010	Made Full Speed Inc., a consolidated subsidiary through a tender offer
Mar. 2011	Entered into the mobile business through the launch of the MVNO service YourNet MOBILE
Sep. 2013	Started offering YourNet MVNO Pack (now freebit MVNO Pack), an MVNO introduction support package
Jan. 2015	DTI established FreeBit Mobile, Inc.
Feb. 2015	Entered into a capital and business alliance with Culture Convenience Club Co., Ltd. (CCC) and its group companies
Mar. 2015	Trade name of FreeBit Mobile, Inc. changed to Tone mobile Inc.
Mar. 2015	Reclassified Tone Mobile as an equity-method affiliate, following a third-party allotment of shares by Tone Mobile to Culture Convenience Club Co., Ltd. (CCC)
Jul. 2016	Changed listing to the First Section of the TSE
Jul. 2019	Entered into a business alliance with Alps Alpine Co., Ltd.
Apr. 2022	Switched to the Prime Market of the TSE
Nov. 2022	Made Full Speed Inc. a wholly owned subsidiary through a tender offer and share consolidation
Mar. 2023	Entered into a capital and business alliance with Alps Alpine Co., Ltd.
Jan. 2025	Entered into a capital and business alliance with SoftBank Co., Ltd.
Apr. 2025	Acquired all voting rights of Giga Prize through a tender offer and share purchase request

Shareholders

Top shareholders (as of end-April 2025)	Number of shares held (000 shares)	Shareholding ratio
Hiroki Ishida	3,641	16.71%
Alps Alpine Co., Ltd.	3,511	16.12%
UH Partners 2, Inc.	1,893	8.69%
SoftBank Corp.	1,600	7.35%
Hikari Tsushin, Inc.	1,442	6.62%
The Master Trust Bank of Japan, Ltd. (trust account)	1,083	4.97%
UH Partners 3, Inc.	685	3.15%
OBIC Business Consultants Co., Ltd.	450	2.07%
Jun Murai	288	1.32%
Mitsuhiro Minakado	245	1.12%
Total	14,837	68.12%

Source: Shared Research based on company materials

Notes: Excludes treasury shares

Figures may differ from company materials due to differences in rounding methods.

Shareholder returns

Trends of dividends (JPY)	FY04/16	FY04/17	FY04/18	FY04/19	FY04/20	FY04/21	FY04/22	FY04/23	FY04/24	FY04/25	FY04/26 Est.
Dividends	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.00	27.00	30.00	41.00
EPS	24.75	-6.77	-25.56	12.59	-27.93	74.06	41.86	95.07	178.58	135.81	160.69
Payout ratio	28.3%	- %	- %	55.6%	- %	9.5%	17.9%	8.4%	15.1%	22.1%	25.5%

Source: Shared Research based on company materials

Corporate governance and top management

Corporate governance overview

Corporate governance (as of July 28, 2025)

Form of organization and capital structure	
Controlling shareholder	None
Foreign shareholding	Less than 10%
Organizational structure, Directors and Audit & Supervisory Committee members	
Form of organization	Company with Audit & Supervisory Committee
Number of Directors under the Articles of Incorporation	10
Number of directors	7
Directors' term of office under Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of outside directors	3
Number of independent outside directors	3
Committee equivalent to a nominating or compensation committee	In place
Number of auditors	4
Number of outside directors	3
Number of independent outside member of Audit & Supervisory Board	2
Other	
Implementation of measures regarding director incentives	Performance-linked remuneration; stock option
Eligible for stock option	Internal director, employees
Disclosure of directors' compensation	No disclosures on individual compensation
Policy to determine amount and calculation method of remuneration	In place
Corporate takeover defenses	In place

Source: Shared Research based on company materials

Basic policy on corporate governance

The FreeBit group seeks to become an attractive value-creating company based on its advanced technology and service development capabilities. It thinks that to maximize corporate value and fulfill its social responsibility as a company, it is imperative to establish a management structure highly transparent and capable of quickly responding to changes in the environment, and also to pursue management that abides by strict compliance standards. To this end, the company works to actively enhance its corporate governance system, positioning it as a top-priority management agenda.

Top management

President and CEO, Atsuki Ishida

Born June 1972. Mr. Ishida founded FreeBit in May 2000, becoming its president and CEO. With the vision to expand the Internet's potential and contribute to society, Mr. Ishida seeks to eliminate bottlenecks in the society by developing products and services and engaging in businesses. When he was still in high school, Mr. Ishida wrote a letter to Akio Morita (founder of Sony), expressing his thoughts on Sony and its products. Mr. Morita sent a message back to the young Mr. Ishida, encouraging him to get involved in telecommunications and start his own business. The encouragement became one of the drivers leading to the inception of FreeBit.

- May 2000: Established FreeBit and became president and CEO
- May 2020: Became president, CEO, and CTO (current position)
- Oct. 2021: Became director and chairman of Dream Train Internet Inc.
- Oct. 2021: Became president of Tone Lifestyle Co., Ltd.
- June 2022: Became president and representative director of CountUp Inc. (current position)




About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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