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

December 8, 2023

Listed company name FreeBit Co., Ltd. Listing: Tokyo Stock Exchange  
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 Director and General Manager of  
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 Division  
 Date of Quarterly Report Release December 11, 2023 Start Date of Dividend Payout: -  
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 Quarterly financial results briefing: Yes (Video streaming only)

(all amounts rounded down to the nearest million yen)

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending April 30, 2023 (from May 1, 2023 to October 31, 2023)

(1) Consolidated Operating Results (Cumulative) (percentages shown represent year-on-year % change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
October 31, 2023	27,073	-	3,071	-	3,014	-	1,980	-
October 31, 2022	22,581	5.7	1,962	-4.5	1,805	-9.7	843	-24.7

(Note)

Comprehensive income FY2024/04 2Q 2,485 Millions of yen (-%) FY2023/04 2Q 1,234 Millions of yen (-15.6%)

	Net income per share	Net income per share (Diluted)
Six months ended	Yen	Yen
October 31, 2023	99.22	98.21
October 31, 2022	44.87	44.55

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

(2) Consolidated Financial Position

	Total assets	Net Assets	Shareholders' Equity Ratio
As of	Millions of yen	Millions of yen	%
October 31, 2023	35,895	13,109	27.8
April 30, 2023	35,926	11,032	22.9

(Reference)

Shareholders'  
equity:

October 31, 2023

9,961 Millions  
of yen

April 30, 2023

8,242 Millions  
of yen

## 2. Dividends

	Dividend per shar				
	End of 1Q	End of 2Q	End of 3Q	End of Term	Total
	Yen	Yen	Yen	Yen	Yen
FY2023/04	-	0.00	-	8.00	8.00
FY2024/04	-	0.00			
FY2024/04 (forecast)			-	27.00	27.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: Yes.

For revisions to the dividend forecast, please refer to the "Notice of Upward Revisions to the Full-year Financial Results for the Fiscal Year Ending April 2024 and Revisions (Dividend Increase)" announced today (December 8, 2023).

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2024/04	53,000	13.3	5,500	37.2	5,200	40.3	3,000	67.4	150.27

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for FY2024: Yes

For revisions to the consolidated financial results forecast, please refer to the “Notice of Upward Revisions to the Full-year Financial Results Forecast for the Fiscal Year Ending April 2024 and Revisions (Dividend Increase)” announced today (December 8, 2023).

※ Notes

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

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

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

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

② Changes other than those specified above: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of outstanding shares (common shares)

① Outstanding shares at period end (including treasury stock)

2Q FY2024/04	23,414,000Shares	FY2023/04	23,414,000Shares
2Q FY2024/04	3,441,941Shares	FY2023/04	3,453,741Shares
2Q FY2024/04	19,964,620Shares	2Q FY2023/04	18,803,743Shares

② Treasury shares at period end

③ Average shares outstanding during the period (quarterly cumulative)

※ Quarterly financial results are outside the scope of quarterly reviews by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts (Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. Please refer to “(3) Consolidated Results Forecasts and Other Forward-looking Information” of P.11 “Qualitative Information on Quarterly Financial Results” for the assumptions upon which the forecasts are based and for notes regarding the use of the forecasts.

(Method of obtaining or viewing supplementary material on quarterly financial results and a summary explanation of quarterly financial results)

- Supplementary materials for quarterly financial results will be disclosed on TDnet on the same day and will also be posted on our website.
- A summary explanation of the quarterly financial results will be posted on our website promptly with the recorded videos.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Operating Results

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

The consolidated subsidiary GIGAPRIZE Co., Ltd. (“GIGAPRIZE”) and its subsidiaries has changed the date of their fiscal year-end from March 31 to April 30, which is the same as our consolidated fiscal year-end. As a result, the consolidated subsidiary in the current fiscal year has an irregular settlement of accounts for the 13-month period from April 1, 2023 to April 30, 2024. In the second quarter of the fiscal year under review, the seven-month period from April 1, 2023 to October 31, 2023 has been incorporated into the consolidated settlement.

For more information on the change in the fiscal year-end, see “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in the scope of consolidation or the scope of application of the equity method)” of p.18.

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

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

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

As a result, business progress in each reportable segment was favorable, and the consolidated earnings forecast for the fiscal year ending April 2024 was also expected to be higher than expected due to the results for the second quarter of the fiscal year under review exceeding the initial forecast.

Going forward, we will continue to focus our management resources on the mobile revolution, lifestyle revolution, and production revolution domains, which we consider to be growth domains worldwide, while contributing to the realization of a sustainable society. In this way, we will aim to expand our business through technologies that grow exponentially as “5G/web3 era Platform

Maker” .

The business operations of each reportable segment are as follows.

<5G Infrastructure Support Business>

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

#### <5G Lifestyle Support Business>

In addition to providing mobile communications services using smartphones and other devices targeting individuals and Internet-related services via fixed-line lines, we are promoting the provision of 5G Homestyle (Internet Services for Collective Housing). In 5G Homestyle, we are also focusing on establishing new services other than Internet services targeting housing complex.

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

#### <Corporate and Creator 5G DX Support Business>

As we expand services with an awareness of 5G marketing and expanding influencer marketing, we are promoting Internet marketing and ad technology-related businesses with a view to web3. In addition, we are developing Bizmodel Maker, which is a system that enables Creator Maker, a platform that enables creators and influencers, including YouTuber, to spread their own works, and companies that start new businesses to provide services via their own platforms.

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

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

The operating results of each reportable segment are as follows.

##### ① 5G Infrastructure Support Business

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

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

Against this backdrop, in the 5G Infrastructure Support Business segment, MVNE’s support business for MVNO expanded, net sales were 4,924,334 thousand yen (up 4.1% year on year) and segment income was 906,637 thousand yen (up 23.6% year on year).

##### ② 5G Lifestyle Support Business

As explained in “5G Infrastructure Support Business”, network costs are rising in the fixed-line network services market, but the market for 5G Homestyle (Internet Services for Collective Housing), one of the Group’s main services, is steadily expanding as the high-speed broadband environment aimed at improving the asset value of buildings and occupancy rates is being standardized, and the use of telework, online classes, video content viewing, and other services has been recognized as standard. As a result, the market size of these services is expected to steadily expand in the future. In light of this business environment, we have begun providing

faster Internet connection services and Internet connection services to multi-purpose facilities, as well as services for detached rental housing. In addition, as part of our efforts to realize “Smart Town” (a town where the convenience of urban infrastructures is enhanced through the use of digital technologies), we will propose new lifestyles and lifestyles in 5G/web3 era utilizing various advanced technologies in community town “LIVING TOWN Minato Mirai” .



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

Against this backdrop, in the 5G Lifestyle Support Business segment, the number of units offered as services in 5G Homestyle (Internet Services for Collective Housing) remained steady. As a result, net sales were 13,654,665 thousand yen (up 22.4% year on year) and segment income was 1,746,247 thousand yen (up 78.2% year on year).

As GIGAPRIZE and its subsidiaries responsible for 5G Homestyle changed the fiscal year-end in the current fiscal year, in the second quarter of the fiscal year under review, the seven-month period from April 1, 2023 to October 31, 2023 has been incorporated into the consolidated fiscal year-end. Furthermore, even in a comparison of the second quarter of the fiscal year under review over the same six-month period as the previous second quarter, both net sales and segment income increased due to the smooth performance of the business itself.

### ③ Corporate and Creator 5G DX Support Business

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

Against this backdrop, in the Corporate and Creator 5G DX Support Business segment, as a result of favorable customer acquisition for affiliate services, net sales were 9,799,019 thousand yen (up 21.3% year on year) and segment income was 428,812 thousand yen (up 67.8% year on year).

As a result of the above, net sales were 27,073,021 thousand yen (up 19.9% year on year), operating income was 3,071,664 thousand yen (up 56.5% year on year), ordinary income was 3,014,188 thousand yen (up 67.0% year on year), and profit attributable to owners of parent was 1,980,899 thousand yen (up 134.8% year on year).

(Reference 1)

Net sales comparison with the six-month period excluding the impact of the previous second quarter cumulative period and the change in the fiscal year-end

(Thousands of yen)

Segment	FY2023/04 Second quarter	(Reference) FY2024/04 Second quarter	Change	Change (%)
5G Infrastructure Support Business	4,732,570	4,924,334	191,764	4.1
5G Lifestyle Support Business	11,156,960	11,923,235	766,275	6.9
Corporate and Creator 5G DX Support Business	8,075,885	9,799,019	1,723,133	21.3

Adjusted amount	-1,383,499	-1,304,998	78,500	-
Total	22,581,915	25,341,590	2,759,675	12.2

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

(Reference 2)

Operating income (excluding strategic investments (temporary investments)) comparison over the six-month period excluding the impact of the previous second quarter cumulative period and the change in the fiscal year end

(Thousands of yen)

Segment	(Reference) FY2023/04 Second quarter	(Reference) FY2024/04 Second quarter	Change	Change (%)
5G Infrastructure Support Business	866,204	1,038,566	172,362	19.9
5G Lifestyle Support Business	1,253,324	1,619,519	366,194	29.2
Corporate and Creator 5G DX Support Business	326,211	453,096	126,884	38.9
Other	-7,791	-10,553	-2,761	-
Adjusted amount	1,102	519	-582	-52.8
Total	2,439,051	3,101,148	662,096	27.1

(Note) Both the second quarter of the fiscal year ending April 2023 and the second quarter of the fiscal year ending April 2024 are unaudited reference values calculated for purposes of comparing operating income.

Net Sales and Segment Income (Loss) by Segment (Thousands of yen)

Classification	Net sales	Segment profit Or (loss)
5G Infrastructure Support Business	4,924,334	906,637
5G Lifestyle Support Business	13,654,665	1,746,247
Corporate and Creator 5G DX Support Business	9,799,019	428,812
Other	-	-10,553
Adjusted amount	-1,304,998	519
Total	27,073,021	3,071,664

(2) Financial Position

Total assets at the end of the second quarter of the fiscal year under review were 35,895,720 thousand yen, a decrease of 30,766 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,025,088 thousand yen, despite an increase in raw materials and supplies of 407,815 thousand yen and property, plant and equipment of 679,576 thousand yen.

Total liabilities were 22,786,071 thousand yen, a decrease of 2,108,063 thousand yen from the end of the previous fiscal year. This was mainly due to decreases in accounts payable-other and long-term loans payable of 484,608 thousand yen and 1,330,787 thousand yen and lease obligations (non-current) of 175,257 thousand yen.

Total net assets increased 2,077,296 thousand yen from the end of the previous fiscal year to 13,109,649 thousand yen due to an increase in retained earnings and other factors. As a result, the equity ratio was 27.8%.

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

In light of recent performance trends, we have revised the full-year consolidated earnings forecast for the fiscal year ending April 2024, which was announced on June 9, 2023. For more information, please refer to the "Notice of Upward Revisions to the Full-year Financial Results for the Fiscal Year Ending April 2024 and Revisions (Dividend Increases)" announced today (December 8, 2023).

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2023	Second quarter of the current fiscal year As of October 31, 2023
<b>Assets</b>		
Current Assets		
Cash and deposits	18,305,769	17,280,681
Negotiable instruments receivable, accounts receivable, and contract assets	8,395,261	8,673,385
Merchandise and finished goods	338,698	215,000
Work in process	251,623	187,986
Raw materials and supplies	1,248,072	1,655,887
Other	2,167,888	1,987,065
Allowance for doubtful accounts	-66,882	-63,301
Total current assets	30,640,431	29,936,706
Fixed Assets		
Property, plant, and equipment	2,475,825	3,155,401
Intangible fixed assets		
Goodwill	37,149	27,777
Software	171,899	180,239
Other	180,221	257,713
Total intangible assets	389,271	465,730
Investments and other assets		
Increase in loss on valuation of investment securities	949,050	886,096
Long-term loans receivable	1,496,914	1,496,914
Guarantee deposits	480,969	480,948
Other	1,229,373	1,208,955
Allowance for doubtful accounts	-1,735,348	-1,735,032
Investments and other assets	2,420,958	2,337,881
Total fixed assets	5,286,055	5,959,013
Total assets	35,926,487	35,895,720
<b>Liabilities</b>		
Current liabilities		
Negotiable instruments payable and accounts payable	256,361	216,036
Short-term Debt	300,000	300,000
Current portion of long-term debt	4,492,962	4,459,636
Accounts payable-other	5,936,200	5,451,591
Income tax payable	708,358	810,855
Allowance	198,548	245,125
Other	2,471,517	2,211,943
Total current liabilities	14,363,947	13,695,188
Long-term liabilities		
Long-term Debt	9,084,282	7,753,495
Lease obligations	1,073,433	898,176
Reserve for retirement benefits for directors	60,527	60,527
Obligations for retirement pay	57,300	62,593
Other	254,643	316,090
Total long-term liabilities	10,530,186	9,090,882
Total liabilities	24,894,134	22,786,071

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2023	Second quarter of the current fiscal year As of October 31, 2023
Net assets		
Shareholders' equity		
Common stock	4,514,185	4,514,185
Capital Surplus	1,645,027	1,556,130
Retained earnings	5,286,747	7,107,964
Treasury stock	-3,251,237	-3,240,129
Total owners' equity	8,194,722	9,938,150
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	54,227	38,523
Foreign Currency Translation Adjustments	-6,500	-14,794
Total other accumulated comprehensive income	47,726	23,728
Stock purchase warrants	75,185	105,174
Stock acquisition right	780	780
Non-controlling shareholders' equity	2,713,938	3,041,814
Total net assets	11,032,352	13,109,649
Total liabilities and net assets	35,926,487	35,895,720

(2) Quarterly Consolidated Statement of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Second quarter consolidated cumulative accounting period)

(Thousands of yen)

	Previous second quarter consolidated cumulative period (May 1, 2022–October 31, 2022)	Second quarter of the current fiscal year (May 1, 2023–October 31, 2023)
Net sales	22,581,915	27,073,021
Cost of goods sold	16,019,336	19,280,739
Gross profit	6,562,578	7,792,281
Selling and general administrative expenses	4,600,241	4,720,616
Operating income	1,962,337	3,071,664
Non-operating income		
Interest and dividend income	291	813
Equity in earnings of affiliates	-	2,090
Profit on currency exchange	13,731	16,665
Gain on valuation of investment securities	10,127	-
Penalty income	9,317	14,395
Other	9,686	8,569
Total non-operating income	43,154	42,535
Non-operating expenses		
Interest expense	60,785	54,123
Equity in losses of affiliates	1,809	-
Commissions paid	96,865	16,347
Other	40,871	29,539
Total non-operating expenses	200,331	100,011
Ordinary income	1,805,160	3,014,188
Extraordinary income		
Gain on sales of investment securities	-	172,799
Gain on sales of shares of subsidiaries and associates	-	86,462
Reversal of provision for loss on indemnification of damages	21,315	-
Total extraordinary income	21,315	259,262
Extraordinary losses		
Loss on disposal of fixed assets	781	2,023
Write-down of investment securities	53,475	-
Total extraordinary loss	54,257	2,023
Quarterly income before income taxes and minority interests	1,772,218	3,271,427
Income taxes	541,399	727,833
The Deferred Corporation Tax, etc.	-1,991	34,566
Total income taxes	539,407	762,399
Quarterly net income	1,232,811	2,509,027
Quarterly net income attributable to non- controlling interests	389,079	528,128
Quarterly income attributable to owners of the parent	843,731	1,980,899

Quarterly Consolidated Statements of Comprehensive Income  
(Second quarter consolidated cumulative accounting period)

(Thousands of yen)

	Previous second quarter consolidated cumulative period (May 1, 2022-October 31, 2022)	Second quarter of the current fiscal year (May 1, 2023-October 31, 2023)
Quarterly net income	1,232,811	2,509,027
Other comprehensive income		
Unrealized gain on available-for-sale securities	-1,832	-15,704
Foreign Currency Translation Adjustments	3,370	-8,293
Total other comprehensive income	1,538	-23,997
Quarterly comprehensive income	1,234,349	2,485,029
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	844,845	1,956,901
Quarterly comprehensive income attributable to noncontrolling interests	389,503	528,128

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous second quarter consolidated cumulative period (May 1, 2022–October 31, 2022)	Second quarter of the current fiscal year (May 1, 2023–October 31, 2023)
<b>Net cash provided by operating activities</b>		
Quarterly income before income taxes and minority interests	1,772,218	3,271,427
Depreciation	454,631	367,791
Amortization of goodwill	20,079	9,371
Increase (decrease) in allowance for doubtful accounts (-)	-9,225	-3,898
Interest and dividend income	-291	-813
Interest paid and interest on corporate bonds	60,785	54,123
Foreign exchange gains (losses) (gains on -)	-7,677	-217
Equity in earnings (-) of affiliates	1,809	-2,090
Gain (loss) on sales of marketable securities. (Gain on -)	-	-171,027
Gain (loss) on sales of shares of subsidiaries and associates (gain on -)	-	-86,462
Increase (decrease) in notes and accounts receivable (- increased)	168,075	-284,401
Increase (decrease) in inventories (- increased)	-314,872	-220,480
Increase (decrease) in other current assets (- increased)	742,924	111,366
Increase (decrease) in accounts payable- other (a decrease in -)	-883,800	-392,271
Increase (decrease) in other current liabilities (-)	-561,943	-137,946
Other	95,780	115,260
Subtotal	1,538,491	2,629,730
Interest and dividends received	292	602
Interest paid	-63,855	-54,376
Income taxes paid	-647,132	-745,370
Income taxes refunded	105,071	91,829
Net cash provided by operating activities	932,867	1,922,415
<b>Cash Flows from investment activities</b>		
Purchases of property, plant and equipment	-194,544	-841,301
Purchases of intangible assets	-50,187	-138,595
Proceeds from sale of investment securities	1,500	182,027
Proceeds from sale of shares of subsidiaries and associates	-	112,500
Payments for asset retirement obligations	-34,979	-
Other	10,996	732
Cash Flows from investment activities	-267,214	-684,635
<b>Cash Flows from financing activities</b>		
Net increase (decrease) in short-term borrowings (-)	3,617,570	-
Proceeds from long-term debt	400,000	800,000
Repayment of long-term debt	-1,942,489	-2,164,113
Redemption of bonds	-100,000	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-2,659,377	-217,201
Dividends paid	-140,730	-158,828
Net repayment of lease obligations	-447,969	-446,637
Other	-61,792	-67,794



Cash Flows from financing activities	-1,334,789	-2,254,575
Translation adjustments on cash and Cash Equivalents	10,926	-8,292
Increase (decrease) in cash and cash equivalents (-)	-658,209	-1,025,088
The beginning balances of cash and Cash Equivalents	17,741,256	18,305,769
The quarter-end balances of cash and Cash Equivalents.	17,083,046	17,280,681

(4) Notes to Quarterly Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable.

(Notes regarding changes impacting shareholders' equity)

Not applicable.

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

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

In the current fiscal year, consolidated subsidiaries GIGAPRIZE Co., Ltd., GIGATEC Co., Ltd., Soft Volatile Co., Ltd. and LTM Co., Ltd. have changed the date of their fiscal year-end from March 31 to April 30, and are the same as the date of their consolidated fiscal year-end.

As a result of the change in the fiscal year-end, the fiscal year of this consolidated subsidiary in the second quarter under review is seven months. The impact of the change in the fiscal year-end is adjusted through the consolidated statement of income.

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

(Segment Information)

I Previous second quarter (May 1, 2022–October 31, 2022)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Corporate and Creator 5G DX Support Business		
Net sales					
Sales to customers	3,554,487	11,088,355	7,939,072	-	22,581,915
Intersegment sales	1,178,082	68,604	136,812	-	1,383,499
Total	4,732,570	11,156,960	8,075,885	-	23,965,415
Segment income (or loss)	733,471	979,947	255,608	-7,791	1,961,235

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in quarterly consolidated statement of income (NOTE) 3
Net sales		
Sales to customers	-	22,581,915

Intersegment sales	-1,383,499	-
Total	-1,383,499	22,581,915
Segment income (or loss)	1,102	1,962,337

- (Note) 1. "Others" is a business segment that is not included in the reportable segments, and includes the startup investment development business.
2. Adjustments to segment income (or loss) 1,102 thousand yen include reclassifications of allowance for doubtful accounts.
3. Segment income (or loss) is reconciled to operating income in the quarterly consolidated statements of income.

II Second quarter of the current fiscal year (May 1, 2023–October 31, 2023)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Corporate and Creator 5G DX Support Business		
Net sales					
Sales to customers	3,814,488	13,598,546	9,659,985	-	27,073,021
Intersegment sales	1,109,846	56,118	139,033	-	1,304,998
Total	4,924,334	13,654,665	9,799,019	-	28,378,019
Segment income (or loss)	906,637	1,746,247	428,812	-10,553	3,071,144

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in quarterly consolidated statement of income (NOTE) 3
Net sales		
Sales to customers	-	27,073,021
Intersegment sales	-1,304,998	-
Total	-1,304,998	27,073,021
Segment income (or loss)	519	3,071,664

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

2. Adjustments to segment income (-) 519 thousand yen include reclassifications of allowance for doubtful accounts.

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