

Quarterly trends and results

Earnings (cumulative) (JPYmn)	FY04/23				FY04/24				FY04/24	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	Company forecast
Revenue	11,142	22,582	34,216	46,772	14,040	27,073			51.1%	53,000
YoY	4.4%	5.7%	7.0%	8.6%	26.0%	19.9%				13.3%
Cost of revenue	7,902	16,019	24,214	33,444	9,916	19,281				
YoY	6.3%	6.8%	8.3%	9.1%	25.5%	20.4%				
Cost ratio	70.9%	70.9%	70.8%	71.5%	70.6%	71.2%				
Gross profit	3,240	6,563	10,002	13,327	4,124	7,792				
YoY	0.1%	3.0%	4.1%	7.4%	27.3%	18.7%				
Gross profit margin	29.1%	29.1%	29.2%	28.5%	29.4%	28.8%				
SG&A expenses	2,375	4,600	6,834	9,320	2,460	4,721				
YoY	7.7%	6.6%	5.0%	0.8%	3.6%	2.6%				
SG&A-to-sales ratio	21.3%	20.4%	20.0%	19.9%	17.5%	17.4%				
OP	865	1,962	3,168	4,008	1,665	3,072			55.8%	5,500
YoY	-16.2%	-4.5%	2.2%	26.6%	92.5%	56.5%				37.2%
OPM	7.8%	8.7%	9.3%	8.6%	11.9%	11.3%				10.4%
Recurring profit	773	1,805	2,964	3,707	1,624	3,014			58.0%	5,200
YoY	-23.9%	-9.7%	-2.0%	28.8%	110.0%	67.0%				40.3%
Recurring profit margin	6.9%	8.0%	8.7%	7.9%	11.6%	11.1%				9.8%
Net income	306	844	1,657	1,792	863	1,981			66.0%	3,000
YoY	-45.7%	-24.7%	2.1%	116.5%	182.5%	134.8%				67.4%
Net margin	2.7%	3.7%	4.8%	3.8%	6.2%	7.3%				5.7%
Quarterly (JPYmn)	FY04/23				FY04/24					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue	11,142	11,440	11,635	12,555	14,040	13,033				
YoY	4.4%	6.9%	9.7%	13.1%	26.0%	13.9%				
Cost of revenue	7,902	8,117	8,195	9,230	9,916	9,365				
YoY	6.3%	7.3%	11.2%	11.2%	25.5%	15.4%				
Cost ratio	70.9%	71.0%	70.4%	73.5%	70.6%	71.9%				
Gross profit	3,240	3,323	3,439	3,325	4,124	3,668				
YoY	0.1%	6.1%	6.2%	18.7%	27.3%	10.4%				
Gross profit margin	29.1%	29.0%	29.6%	26.5%	29.4%	28.1%				
SG&A expenses	2,375	2,225	2,234	2,486	2,460	2,261				
YoY	7.7%	5.4%	2.0%	-9.2%	3.6%	1.6%				
SG&A-to-sales ratio	21.3%	19.5%	19.2%	19.8%	17.5%	17.3%				
OP	865	1,098	1,205	840	1,665	1,407				
YoY	-16.2%	7.4%	15.1%	1201.2%	92.5%	28.2%				
OPM	7.8%	9.6%	10.4%	6.7%	11.9%	10.8%				
Recurring profit	773	1,032	1,159	743	1,624	1,390				
YoY	-23.9%	4.9%	13.1%	-	110.0%	34.8%				
Recurring profit margin	6.9%	9.0%	10.0%	5.9%	11.6%	10.7%				
Net income	306	538	813	135	863	1,117				
YoY	-45.7%	-3.4%	61.8%	-	182.5%	107.7%				
Net margin	2.7%	4.7%	7.0%	1.1%	6.2%	8.6%				

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) (JPYmn)	FY04/23				FY04/24				FY04/23	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	Company forecast
Revenue	11,142	22,582	34,216	46,772	14,040	27,073			51.1%	53,000
YoY	4.4%	5.7%	7.0%	8.6%	26.0%	19.9%				
5G Infrastructure Support	2,328	4,733	7,109	9,489	2,428	4,924				
YoY	4.7%	5.8%	6.1%	5.1%	4.3%	4.1%				
% of revenue	19.7%	19.7%	19.6%	19.1%	16.5%	17.4%				
5G Lifestyle Support	5,477	11,157	16,764	23,261	7,600	13,655				
YoY	4.2%	4.4%	4.6%	7.0%	38.8%	22.4%				
% of revenue	46.2%	46.6%	46.2%	46.9%	51.7%	48.1%				
Enterprise/Creator 5G DX SupportDX Support	4,039	8,076	12,415	16,849	4,668	9,799				
YoY	3.5%	5.0%	8.3%	9.5%	15.6%	21.3%				
% of revenue	34.1%	33.7%	34.2%	34.0%	31.8%	34.5%				
Other	-	-	-	-	-	-				
YoY	-	-	-	-	-	-				
% of revenue	-	-	-	-	-	-				
Adjustments	-703	-1,383	-2,072	-2,828	-656	-1,305				
OP	865	1,962	3,168	4,008	1,665	3,072			55.8%	5,500
YoY	-16.2%	-4.5%	2.2%	26.6%	92.5%	56.5%				
OPM	7.8%	8.7%	9.3%	8.6%	11.9%	11.3%				
5G Infrastructure Support	393	733	1,161	1,378	438	907				
YoY	33.2%	34.7%	21.2%	21.6%	11.5%	23.6%				
OPM	16.9%	15.5%	16.3%	14.5%	18.1%	18.4%				
% of OP	45.6%	37.4%	36.7%	34.4%	26.3%	29.5%				
5G Lifestyle Support	377	980	1,535	2,039	1,034	1,746				
YoY	-33.4%	-17.5%	-6.4%	41.1%	174.4%	78.2%				
OPM	6.9%	8.8%	9.2%	8.8%	13.6%	12.8%				
% of OP	43.7%	50.0%	48.5%	50.9%	62.1%	56.9%				
Enterprise/Creator 5G DX SupportDX Support	96	256	482	604	197	429				
YoY	-44.8%	-22.5%	-6.4%	0.1%	104.7%	67.8%				

OPM	2.4%	3.2%	3.9%	3.6%	4.2%	4.4%						
				% of OP		11.2%	13.0%	15.2%	15.1%	11.9%	14.0%	
Other						-4	-8	-12	-17	-5	-11	
				YoY		-	-	-	-	-	-	
				OPM		-	-	-	-	-	-	
				% of OP		-0.5%	-0.4%	-0.4%	-0.4%	-0.3%	-0.3%	
Adjustments						2	1	2	2	-0	1	
Quarterly					FY04/23				FY04/24			
(JPYmn)					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue					11,142	11,440	11,635	12,555	14,040	13,033		
				YoY	4.4%	6.9%	9.7%	13.1%	26.0%	13.9%		
5G Infrastructure Support					2,328	2,404	2,376	2,380	2,428	2,497		
				YoY	4.7%	7.0%	6.6%	2.0%	4.3%	3.8%		
				% of revenue	19.7%	19.8%	19.3%	17.9%	16.5%	18.2%		
5G Lifestyle Support					5,477	5,679	5,607	6,497	7,600	6,054		
				YoY	4.2%	4.7%	4.9%	13.9%	38.8%	6.6%		
				% of revenue	46.2%	46.9%	45.5%	48.8%	51.7%	44.3%		
Enterprise/Creator 5G DX SupportDX Support					4,039	4,037	4,339	4,434	4,668	5,131		
				YoY	3.5%	6.6%	15.1%	12.9%	15.6%	27.1%		
				% of revenue	34.1%	33.3%	35.2%	33.3%	31.8%	37.5%		
Other					-	-	-	-	-	-		
				YoY	-	-	-	-	-	-		
				% of revenue	-	-	-	-	-	-		
Adjustments					-703	-681	-688	-756	-656	-649		
OP					865	1,098	1,205	840	1,665	1,407		
				YoY	-16.2%	7.4%	15.1%	1201.2%	92.5%	28.2%		
				OPM	7.8%	9.6%	10.4%	6.7%	11.9%	10.8%		
5G Infrastructure Support					393	340	427	218	438	468		
				YoY	33.2%	36.5%	3.4%	23.4%	11.5%	37.6%		
				OPM	16.9%	14.2%	18.0%	9.1%	18.1%	18.8%		
				% of OP	45.6%	31.0%	35.5%	25.9%	26.3%	33.3%		
5G Lifestyle Support					377	603	555	504	1,034	712		
				YoY	-33.4%	-2.9%	22.7%	-	174.4%	18.1%		
				OPM	6.9%	10.6%	9.9%	7.8%	13.6%	11.8%		
				% of OP	43.7%	54.9%	46.1%	60.0%	62.1%	50.6%		
Enterprise/Creator 5G DX SupportDX Support					96	159	226	123	197	231		
				YoY	-44.8%	2.5%	22.5%	37.4%	104.7%	45.4%		
				OPM	2.4%	3.9%	5.2%	2.8%	4.2%	4.5%		
				% of OP	11.2%	14.5%	18.8%	14.6%	11.9%	16.5%		
Other					-4	-4	-4	-5	-5	-5		
				YoY	-	-	-	-	-	-		
				OPM	-	-	-	-	-	-		
				% of OP	-0.5%	-0.3%	-0.3%	-0.6%	-0.3%	-0.4%		
Adjustments					2	-1	1	0	-0	1		

Source: Shared Research based on company materials

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

1H FY04/24 results

- Revenue: JPY27.1bn (+19.9% YoY)
- Operating profit: JPY3.1bn (+56.5% YoY)
- Recurring profit: JPY3.0bn (67.0% YoY)
- Net income attributable to owners of the parent: JPY2.0bn (+134.8% YoY)

In 1H FY04/24, revenue, operating profit, recurring profit, and net income attributable to owners of the parent rose 19.9% YoY, 56.5% YoY, 67.0% YoY, and 134.8% YoY, respectively. 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. In 1H, seven months from April 1, 2023 to October 31, 2023 were included in the consolidated financial results.

Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, revenue increased 12.2% YoY to JPY25.3bn, operating profit rose 36.2% YoY to JPY2.7bn, recurring profit rose 45.1% YoY to JPY 2.6bn, and net income attributable to owners of the parent rose 116.1% to JPY1.8bn.

The company revised its full-year FY04/24 earnings forecast. Against the company's revised FY04/23 full-year forecasts, 1H FY04/24 revenue, operating profit, recurring profit, and net income attributable to owners of the parent achieved 51.1% (48.3% in FY04/23), 55.8%(49.0%), 58.0%(48.7%), and 66.0%(47.1%), respectively.

5G Infrastructure Support

- Revenue: JPY4.9bn (+4.1% YoY)
- Operating profit: JPY907mn (+23.6% YoY)

In 1H FY04/24, the segment posted an increase in revenue and profit. The company's group performed well due to the expansion of the scale of its support business for MVNOs. Operating profit (excluding strategic investments) was up 19.9% YoY.

5G Lifestyle Support

- Revenue: JPY13.7bn (+22.4% YoY)
- Operating profit: JPY1.7bn (+78.2% YoY)

In 1H FY04/24, the segment posted an increase in revenue and profit. In the 5G Homestyle business (internet services for housing complexes), the number of households using the company's service grew at a steady pace.

Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, revenue was up 6.9% YoY, and operating profit (excluding strategic investments (one-time investments)) was up 29.2% YoY.

Enterprise/Creator 5G DX Support

- Revenue: JPY9.8bn (+21.3% YoY)
- Operating profit: JPY429mn (+67.8% YoY)

In 1H FY04/24, the segment posted increases in both revenue and profit. Customer acquisition for affiliate services grew at a steady pace. Operating profit (excluding strategic investments (one-time investments)) was up 38.9% YoY.

Full-year company forecast

FY04/24 company forecast

(JPYmn)	FY04/23			FY04/24				
	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.		FY Est.	
					Previous	Current	Previous	Current
Revenue	22,582	24,190	46,772	27,073	22,927	25,927	50,000	53,000
YoY	5.7%	11.4%	8.6%	19.9%	-5.2%	7.2%	6.9%	13.3%
OP	1,962	2,045	4,008	3,072	1,928	2,428	5,000	5,500
YoY	-4.5%	84.0%	26.6%	56.5%	-5.7%	18.7%	24.8%	37.2%
OPM	8.7%	8.5%	8.6%	11.3%	8.4%	9.4%	10.0%	10.4%
Recurring profit	1,805	1,902	3,707	3,014	1,486	2,186	4,500	5,200
YoY	-9.7%	116.2%	28.8%	67.0%	-21.9%	14.9%	21.4%	40.3%
Recurring profit margin	8.0%	7.9%	7.9%	11.1%	6.5%	8.4%	9.0%	9.8%
Net income	844	948	1,792	1,981	519	1,019	2,500	3,000
YoY	-24.7%	-	116.5%	134.8%	-45.3%	7.5%	39.5%	67.4%
Net margin	3.7%	3.9%	3.8%	7.3%	2.3%	3.9%	5.0%	5.7%

Source: Shared Research based on company materials

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

Revision to FY04/24 full-year earnings forecast (out December 8, 2023)

- Revenue: JPY53.0bn (+13.3% YoY)
- Operating profit: JPY5.5bn (+37.2% YoY)
- Recurring profit: JPY5.2bn (+40.3% YoY)
- Net income attributable to owners of the parent: JPY3.5bn (+67.4% YoY)

On December 8, 2023, the company announced a revision to its full-year FY04/24 forecasts. The new forecasts are revenue of JPY53.0bn (+13.3% YoY; previous forecast of JPY50.0bn), operating profit of JPY5.5bn (+37.2% YoY; previous forecast of JPY5.0bn), recurring profit of JPY5.2bn (+40.3% YoY; previous forecast of JPY4.5bn), and net income attributable to owners of the parent of JPY3.0bn (+67.4% YoY; previous forecast of JPY2.5bn).

The revised revenue forecast reflects better-than-expected results in 1H due to the acquisition of customers for affiliate services and the MVNO support business (MVNE), and steady growth in the number of units served by 5G Homestyle (Internet service for housing complexes).

The revised operating profit forecast reflects an increase in profits resulting from the revised revenue forecast, the continued efficient implementation of strategic investments, ongoing implementation of strategic investments, and lower-than-expected SG&A and other expenses.

The revised recurring profit forecast is due mainly to the fact that operating profit is expected to exceed the forecast projected at the beginning of the period.

The revised net income forecast is attributable to the gain on sales of investment securities and the gain on sales of shares of subsidiaries and associates in Q2 FY04/24, in addition to the factors that caused the revision to operating profit and recurring profit.

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