

# History of the web and web3

Mid-1990s to mid-2000s

Mid-2000s to the present



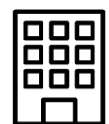
## Web3: Participating\*



### Web1.0: Reading\*

#### A one-way Internet

- Websites
- Portal sites
- E-commerce, etc.



Web service company



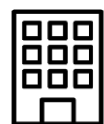
During the Web1.0 era, only a limited number of people with knowledge of the web could become information providers. Users mainly browsed and retrieved the information provided to them, and the flow of information was one way.



### Web2.0: Writing\*

#### A two-way Internet

- Social media
- Blogs
- Video posting sites, etc.

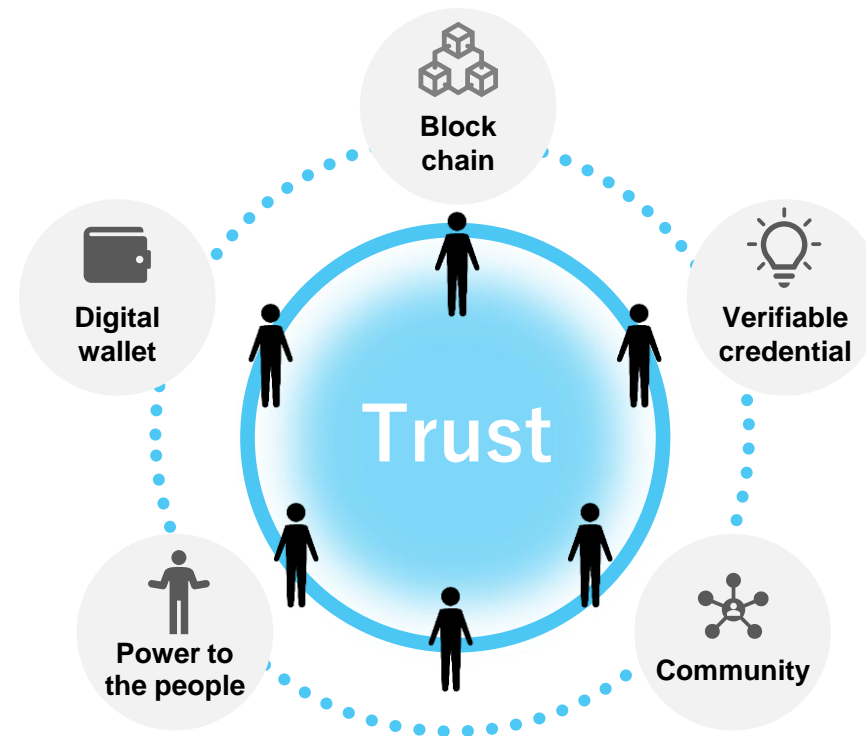


Platform operators



During the Web2.0 era, platform providers emerged and enabled two-way communication between information providers and viewers, which led to the spread of interactive content, such as user-participatory social media and blogs.

### Decentralized Internet (driven by individuals)



- A world where information is managed by individuals
- A fair digital ecosystem where communities collaborate and everyone can participate
- Users themselves can take the leading role and create new value
- Lead society as a whole to a more inclusive and sustainable future

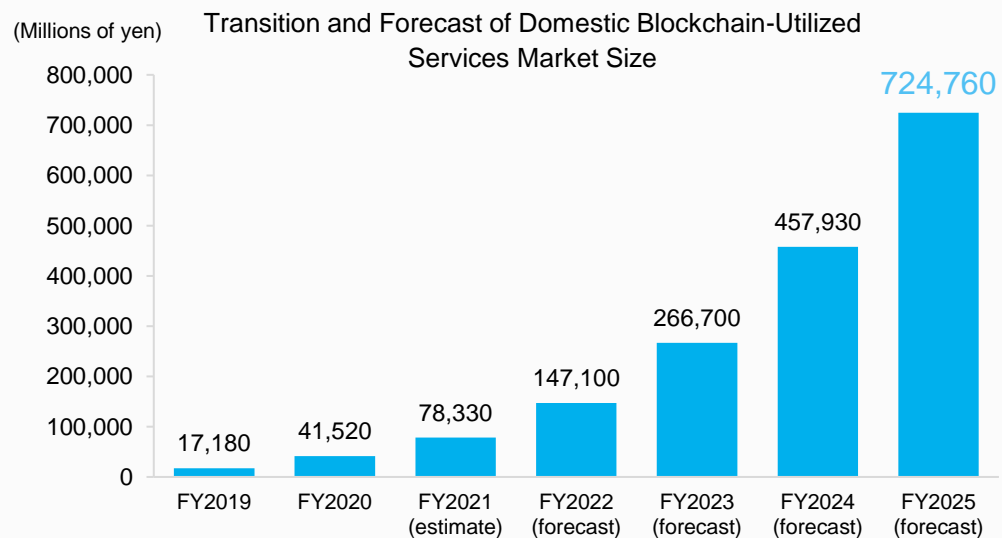
\*Source: "The Future Predicted by Technology" by Joichi Ito  
The terms Web1.0, Web2.0, and web3 are used in accordance with the above sources.

# Future of the web3 economic market

- As web3 expands in Japan and overseas, the market scale of the industry also continues to expand at a high growth rate
- We believe that the domestic market scale in Japan will reach over 6 trillion yen, and the global market scale will reach over 400 trillion yen in 2030
- Web3 is a technology that can complement the shortcomings of AI and 5G. Because it is also capable of approaching the AI and 5G markets, we expect the scale of the web3 market to be even larger than currently projected

Scale of global generative AI market : **over 130 trillion yen**

Scale of local 5G solution market in Japan : **60.0 billion yen**

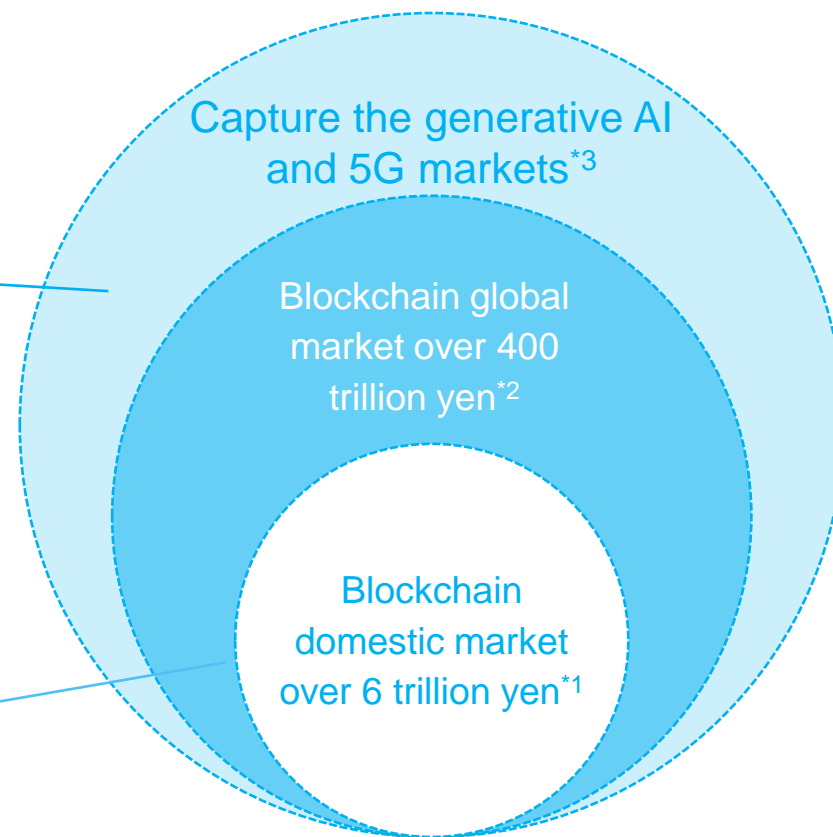


Source: "Blockchain-Utilized Services Market in Japan: Key Research Findings 2021" (released February 22, 2022) by Yano Research Institute Ltd.

Note: The market scale of blockchain-based services in Japan is calculated based on sales by business operators.

Figures for FY2021 are estimates, while figures for FY2022 to FY2025 are forecasts.

## Conceptual image of web3 market scale (2030 forecast)



\*1: Forecasts by the Company based on information published in "Blockchain-Utilized Services Market in Japan: Key Research Findings 2021" by Yano Research Institute Ltd. (released February 22, 2022) ([https://www.yanoresearch.com/en/press-release/show/press\\_id/2914](https://www.yanoresearch.com/en/press-release/show/press_id/2914)).

\*2: Quoted from "The Fastest-Growing Blockchain Market and the Blockchain Sector in Focus" by Invesco Asset Management (Japan) Limited; "Forecast: Blockchain Business Value, Worldwide, 2017-2030" by Gartner (March 2017) (<https://www.invesco.com/jp/ja/individual-investor/funds/featured-funds/block-chain/block-chain-report/block-chain-report-2022-feb.html>; Japanese only). Figures were recalculated using the assumed average exchange rate of 140.88 yen from "Survey on Trends in Companies' Assumed Exchange Rates (FY2024)" by TEIKOKU DATABANK, Ltd.

\*3: Quoted from the "2024 WHITE PAPER Information and Communications in Japan" by the Ministry of Internal Affairs and Communications ([https://www.soumu.go.jp/johotsusintokei/whitepaper/eng/WP2024/pdf/02-chap1\\_sec9.pdf](https://www.soumu.go.jp/johotsusintokei/whitepaper/eng/WP2024/pdf/02-chap1_sec9.pdf)), and forecasted figures calculated by the Company based on various other publicly available information

# Web3 and the Trusted Web



In the Trusted Web concept which the Japanese government also advocates, trust and decentralization are the key. This is exactly the area in which web3 will play a role

▶ The web3 strategy based on trust being pursued by the FreeBIT Group is also consistent with the policies of the Japanese government

## About Trusted Web

- The Trusted Web refers to a mechanism that improves trust by expanding the areas in which data and their exchange can be verified without being overly reliant on specific services.
- The concept emphasizes identity (ID) management on the Internet and web, and aims to build an infrastructure for a digital society with a higher level of trust by combining distributed systems, distributed ledger technology, and other technologies discussed in web3.
- The Trusted Web Promotion Council has been established (chair : Professor Jun Murai, Keio University ) is established

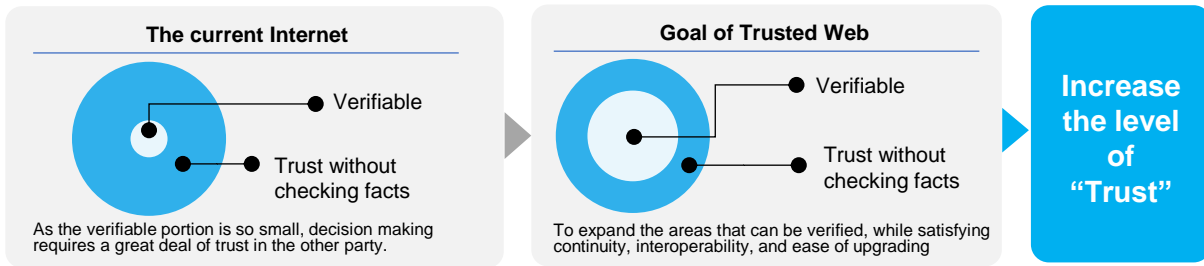
Major administrative organizations involved:  
Cabinet Secretariat, Digital Agency, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications

## Challenges we face

- With the increase in misinformation and fake videos, it's difficult to know what to trust
- It would be convenient if things like resident registration and personal identification documents that are frequently used for procedures could be easily obtained online and used for those procedures
- We have to provide our business partners with CO<sub>2</sub> data as part of our global warming countermeasures, but we are worried that the data may be used for other purposes
- We want to contribute to the advancement of medicine and science by using wearable data but are not sure which sources are reliable
- We want to verify the identity of users to prevent fraud but the cost of verification is becoming too high, making it difficult to provide services at a low cost
- There are too many necessary IDs and passwords, and while it is possible to sign in to Company B's website using a Company A account, there are concerns about how much personal information is being shared

## Common challenges

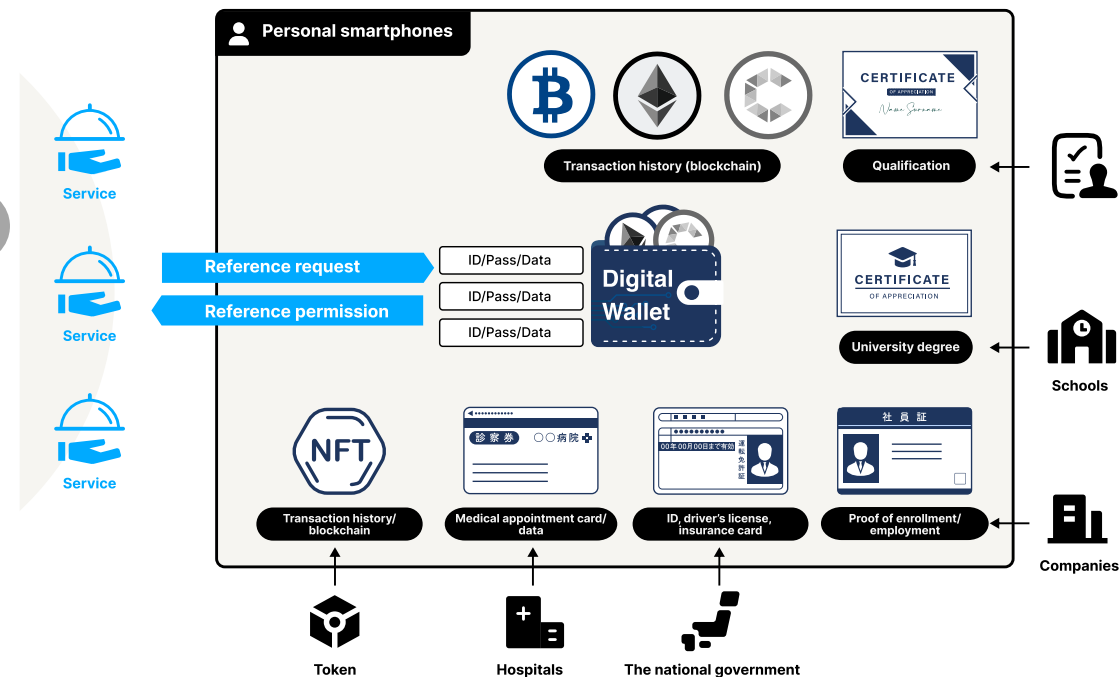
- ① Can the exchanged data be trusted?
- ② Can the counterpart who exchanges data be trusted?
- ③ Can the handling of the provided data by the counterpart be trusted?



Source: Trusted Web website (<https://trustedweb.go.jp/en/about/>)  
Note that this page was created by the Company based on the Trusted Web website (<https://trustedweb.go.jp/en/about/>)

## What can be done with Trusted Web

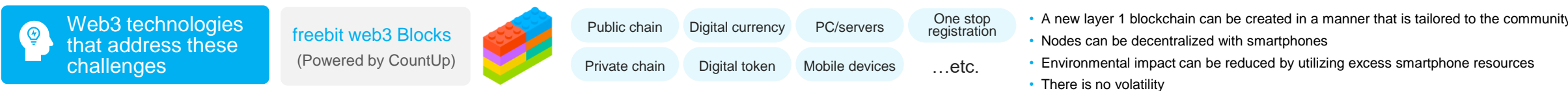
- Instead of having separate accounts for each specific service, a user can use their own account to access various web services
- Proof of trust will become diverse



# Strengths of the FreeBit Group in web3

## Promoting the social implementation of web3 through a hybrid of Web2.0 and web3, thereby expanding use cases

- One of the reasons web3 has not expanded significantly is that there are still few use cases, which limits opportunities to experience web3 and makes it difficult to understand
- The FreeBit Group will lead the way to a hybrid solution of Web2.0 and web3 to solve the challenges of web3 social implementation with freebit web3 Blocks, which are blocks of each web3 technology, and our proprietary technologies fostered to date
- We will work to expand use cases for web3 and promote our shift into a web3 implementation company



## Thorough web3 social implementation and case studies using the proprietary technology of FreeBit

**1 TONE Coin** A layer 1 blockchain with the third largest number of nodes in the world<sup>\*1</sup>

- TONE Coin is a new point system that allows users to earn points simply by running the program while charging their smartphones, and it marks the launch of the first real-value exchange for sealing rewards in a mobile blockchain for TONE Mobile users
- 1 TONE Coin can be credited as 100 yen toward monthly TONE Mobile fees (as of February 1, 2024)

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**2 Shareholder DAO** World's first<sup>\*2</sup> web3 starter kit for shareholders

- Launch of the new shareholder return program, FreeBit Shareholder DAO, via web3
- Through the FreeBit Shareholder DAO app, shareholders can operate blockchain functions on their smartphones, participate in the sealing of our proprietary developed blockchain "TONE Chain," and join an exclusive shareholder bulletin board to interact directly with other shareholders, FreeBit management, and IR representatives

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**3 Joint R&D project with Fujita Health University Hospital in which Japanese Government's Trusted Web concept is combined with Medical DX and the Individual Number Card**

- We have begun to consider providing technology to hospitals, research institutions, the government, and municipalities through joint projects based on the Japanese government's Medical DX and Trusted Web concept for managing and utilizing healthcare data and creating a unified ID system with the Individual Number Card as a trust anchor
- We aim to provide a wide range of technology to hospitals, research institutions, the government, and municipalities by closely integrating technologies in the personal health record management domain developed through TONE Mobile, in areas such as the management and utilization of healthcare data using a system enhanced with decentralized security through FreeBit's proprietary L1 blockchain technology, and in the operation of authentication infrastructure based on the Individual Number Card as a trust anchor

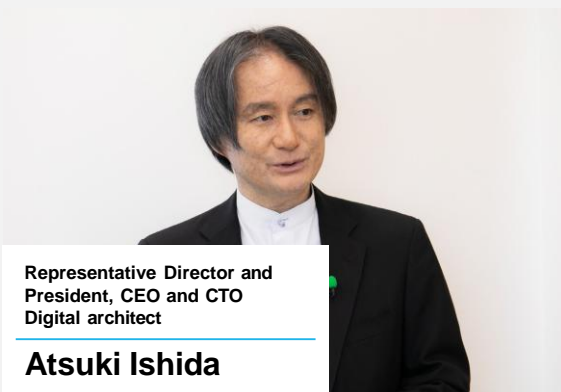
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<sup>\*1</sup> The third largest number of nodes in the world  
The number of nodes refers to the total number of PCs and information devices participating in a blockchain network. Nodes play a role in receiving, verifying, and transmitting blockchain information. The ranking is based on our research into the number of blockchain nodes publicly available on the Internet as of September 2024. The number of nodes in each blockchain fluctuates daily.

<sup>\*2</sup> World's first web3 starter kit for shareholders  
Based on the Company's research as of July 2024.

# Message from the CEO and CTO

## Our purpose – why do we exist? Why “Where Trust Belongs,” and why now?



On May 6, 2017, I stayed with Nobuyuki Idei, the long-time outside director of FreeBit and former chairman of Sony, at his vacation home where we discussed what the future would look like and what would be of importance then. On

the notepad before him, he had scribbled **“Where Trust Belongs.”** This marked the beginning of the decade-long SiLK VISION plan.

In our world, in which everyone uses the internet, we are seeing a **concentration of power** in terms of everything from market share to brand value and market capitalization, in **GAFA, centralized platform operators**. Concerns about personal information and privacy, unequal distribution of wealth, and ads-heavy **filter bubbles** that surround people with clickbait articles and news are all factors that are

manipulating us, slowly but surely changing the way we make decisions.

In 2017, the same year that I stayed with Idei, Yuval Noah Harari published his book Homo Deus. It stated that humanity was close to overcoming the perennial challenges of **disease, war, and hunger**. However, in the mere four years since 2020, the first year of the decade-long SiLK VISION plan, we have witnessed a pandemic, the invasion of Ukraine, and growing starvation due to military conflicts and climate change. All three of these issues that humanity has worked so long to overcome have occurred. Harari argues that for humanity to completely eliminate these problems, we will need **scientific and technological progress, international cooperation and global governance, the use of data and AI, social awareness and ethical frameworks, and economic stability and education**. We will need to be able to trust countries, organizations, and technologies, communication and AI traceability, and consistent implementation of agreements.

As Idei’s memo in 2017 said, the key will be **“trust.”**

**| Our mission is to use technology to secure trust**

Since the Company was founded, we have focused on **how**

to create the **decentralized infrastructure that is one of the fundamental features of the internet**, led by our dedication to FreeBit’s purpose, “Being The NET Frontier!” The internet has not embodied the function of “trust” as a protocol, but in this modern age, I consider it our mission to **use technology to secure “trust” in decentralized networks**.

What we called the “Trusted Internet” during the SiLK VISION 2024 period has been renamed the **“Trusted Web”** by the Japanese government. Under this “Trusted Web” concept advocated by the Japanese government, **new mechanisms of trust create new value**. These are missing in our modern Web2.0 world. In the **world of web3**, areas that have been verified—areas where questions like “is this person really who they say they are?” or “can this data itself really be trusted?” have been answered—will be expanded to their limits. This will eventually form **areas of trust which do not require verification or confirmation**. We at the FreeBit Group have been preparing for the transition from Web2.0 to web3 by planting many seeds as a company leveraging expertise in telecommunications during the period leading up to SiLK VISION 2024. In the 5G Infrastructure Support Business, we have begun to build direct sales systems and numerous new services, preparing a B2B sales platform to solve the problems faced by a wide range of startup companies. Tone Mobile has launched the

**TONE IN strategy**, in which **various TONE services can be used by IoT devices**, and is preparing a system that flexibly extends the in-house services we have built up. GIGA PRIZE has opened a new commercial complex in Minato Mirai and, as a **showroom for the 5G era**, has launched 5G Homestyle services and begun verification testing of the cars of the future with ALPS ALPINE Co., Ltd. To transition to the creator business, Full Speed is providing support to creators through the StandAlone platform, assisting them in functioning as independent platformers. It is also taking the lead in working to transition the technical teams of its subsidiary CRAID to 5G/web3.

**The pursuit of the “Where Trust Belongs” is the focus of SiLK VISION 2027.** As a company leveraging expertise in telecommunications, **we do not want to position the worlds of Web2.0 and web3 as adversaries**, but instead to carefully deploy the technologies and expertise we have accrued through Web2.0 in web3, **coordinating and making adjustments using a hybrid approach, in multiple stages, where each complements the other**. In doing so, we will always be mindful of how different elements can build trust, **expanding “Where Trust Belongs” throughout society**.

## Message from the CEO and CTO

The implementation of web3 has already begun —Transforming into a web3 implementation company leveraging expertise in telecommunications

### | The “FreeBit Shareholder DAO” web3 starter kit

Led by our shareholders and Tone Mobile’s users, our **One Vision** initiatives have already begun. These initiatives do not simply provide foresight, but instead actual experience of our decentralized infrastructure, the product of our steadfast dedication, and the **web3 world, enabling stakeholders to share our philosophy and advance toward social implementation. FreeBit Shareholder DAO**, which could be considered **the world’s first web3 starter kit**, is one way of giving back to One Vision shareholders. This initiative allows users to **fully experience almost all aspects of web3, which is often said to be difficult to experience and understand, all from their own smartphones.**

For example, with TONE Chain, shareholders can participate in state-of-the-art smartphone sealing (mining) and receive TONE Coin for their contributions. TONE Chain is open not only to shareholders but also to Tone Mobile users and FreeBit employees. It currently has **the third largest number of nodes in the world**, and if it were to double it would even surpass Bitcoin. In other words, if our stakeholders came together, our node numbers could overtake Bitcoin, a blockchain handling almost 100 trillion yen.

With the FreeBit Shareholder DAO, every smartphone has a **digital wallet**, an important web3 concept. These

digital wallets **store various NFTs (VCs) like credentials**, so when someone joins the FreeBit Shareholder DAO, credentials associated with the shareholder is placed in the digital wallet. These technologies are also employed in the medical field, where FreeBit has many years of experience. Together with Fujita Health University, which has more hospital beds than any other institution in Japan, FreeBit is implementing an initiative in which not only are these technologies being used for managing medical facility data, but **patients also carry around their own medical data in the form of a VC**. These can also be **linked to the Individual Number System** used by the national government.

This system of using FreeBit technologies as a foundation and freely assembling and operating systems on smartphones, known as **“StandAlone Building Blocks,”** is based on technologies already being provided to various creators. In the world of web3, we are becoming a **“platform maker”** that creates a variety of decentralized platformers. **Creator DX** is an important part of this. Advances in the IoT, mobile technologies, and AI are shifting the influence once held by national governments to companies and expanding globally, and it is said that in the future, we will see the emergence of numerous creators who have the same amount of influence as companies. The FreeBit Group supplies packaged platforms that make it easy to perform various types of management in order to support the activities of creators,

be they B2B, B2B2C/B, or B2C, in the form of the new category of **B2C2C (Business to Creator to Consumer)**. We believe that creators should be their own platformers, and the StandAlone platform is designed to enable them to engage in a variety of activities as **independent platformers**, freed from the restrictions placed by existing regulations.

### | Aiming to achieve global growth by solving the problems faced by society

In this way, FreeBit is going **beyond the boundaries of a communications infrastructure provider and starting a new chapter of its history as a web3 company**. Furthermore, we can combine the IoT sensing technologies and actuator technologies from Group companies and partners with the latest generative AI, blockchain technologies, and the like to create new services. For example, the fixed lines for housing complexes owned by GIGA PRIZE can be combined with sensors and smartphone services, along with health monitoring services like TONE Care, to help solve the problems faced by the elderly, such as soaring medical costs and dying alone.

Initiatives like these will create an export industry in Japan, which is at the forefront of graying society. The

solutions to societal problems provided by FreeBit will **spread worldwide as “made in Japan”** solutions, helping us grow as a global company.

Through SiLK VISION 2027, we will not only achieve business growth, but also leverage our experience as a company leveraging expertise in telecommunications to go beyond mere communication services,

**transforming into a web3 implementation company leveraging expertise in telecommunications.**

These efforts will lead to our next business plan, SiLK VISION 2030, in which we will compete on a global scale.

