

History of the FreeBit Group

The FreeBit Group has grown by creating proprietary technologies in a period of infrastructure transformation

Sales decreased due to large-scale off-balancing (selection and concentration of businesses) and changes in accounting methods (application of Accounting Standard for Revenue Recognition, etc.)



Performance history

History of Internet

Era of one-way communication

Developed broadband business by providing high-speed internet access after establishing "Free ISP's ISP" with the goal of expanding Internet users in Japan.

Era of two-way communication (centralized Internet)

GIGA PRIZE, a provider of condominium ISP services and Full Speed, an Internet advertising agency, became part of the group. We have also developed a ubiquitous business that enables safe and secure communication by connecting all information devices to the Internet. We then expanded our business definition from "internet business support business" to "smart infrastructure provision business" and started engaging in IPv6, virtualization, and cloud platform provision services utilizing XaaS. Furthermore, we entered the B2C smartphone career business. We have evolved into a corporate entity encompassing everything from Internet connectivity and cloud service to online marketing, ad technologies, and devices.

Era of decentralization (decentralized Internet)

We have created a seed business by combining existing technologies with new technologies developed that are necessary for web3. Going forward, we will transition our seed business to the social implementation phase, contributing to the resolution of social issues.

<p>2000 Atsuki Ishida, Takashi Shimizu and others established FreeBit.com Co. Ltd.</p>	<p>2008 Officially launched operations of Karatsu SILK Hotlines that operate a call center business</p>	<p>2013 Founded FreeBit Smart Works, inc</p>	<p>2022 Moved to the Tokyo Stock Exchange Prime Market</p>
<p>2002 Trade name renamed as FreeBit Co., Ltd.</p>	<p>2009 Consolidated GIGA PRIZE CO., LTD., a condominium ISP business company</p>	<p>2015 Founded FreeBit Mobile, Inc. to operate an MNVO business Founded freebit investment inc. with the objective of conducting investments for business expansion</p>	<p>2022 Acquired all shares of Full Speed Inc.</p>
<p>2007 Listed on the Tokyo Stock Exchange Mothers market Consolidated DREAM TRAIN INTERNET INC. that operates an ISP business for individuals</p>	<p>2010 Consolidated Full Speed Inc., an Internet advertising agency</p>	<p>2016 Moved to the First Section of the Tokyo Stock Exchange Market</p>	<p>2023 Concluded a capital and business alliance agreement with the ALPS ALPINE CO., LTD.</p>

FreeBIT Group by the numbers (As of the fiscal year ended April 30, 2024)

Net sales

53,037
million yen



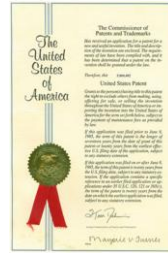
Operating profit

5,887
million yen



Capability to develop proprietary technologies

- A technology to create a virtual Internet on the existing Internet (Overlay Internet)
- Unique bandwidth restriction, etc., for improving or maintaining the quality of communication
- 62 technology patents in Japan and overseas, including derived technologies

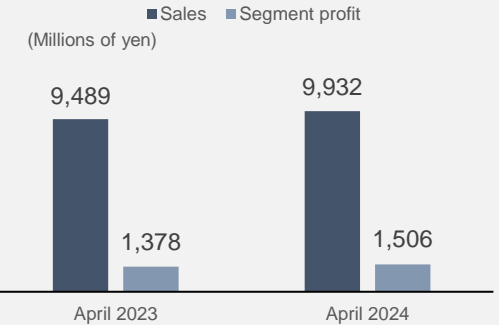


Acquired technology patents
Japan: 19 / Overseas: 43

5G Infrastructure Support Business



In addition to MVNO business entry support service and business support service for ISPs, we promote support services for various businesses to introduce cloud services, IoT, and other technologies.



ROE

35.9%



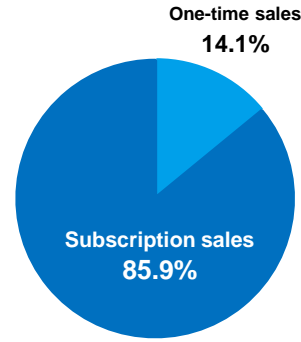
TSR

133.9%



Subscription-based business models

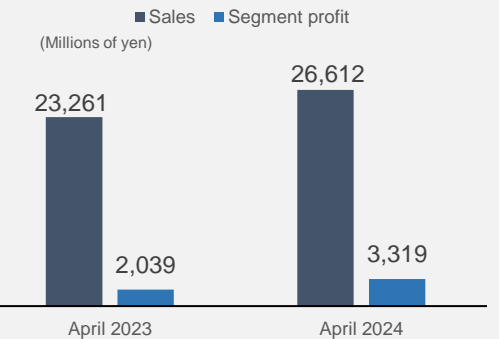
Approximately 85% of the total revenue of the Group comes from subscription-based business models, such as fixed-line, mobile communication and ISP services for housing complexes. We allocate a portion of our revenue to consistently make advanced investments in new businesses for medium- to long-term growth.



5G Lifestyle Support Business

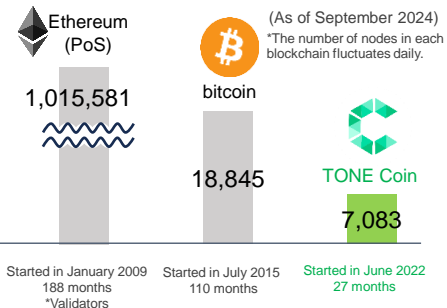


In addition to providing mobile communication services using smartphones and other devices and fixed-line Internet-related services, we promote the provision of 5G Homestyle (Internet service for housing complexes).

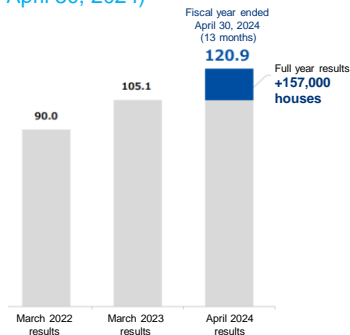


TONE Coin

The world's **third** largest number of nodes



ISP services for housing complexes
Provided to **1.209** million houses
(As of April 30, 2024)



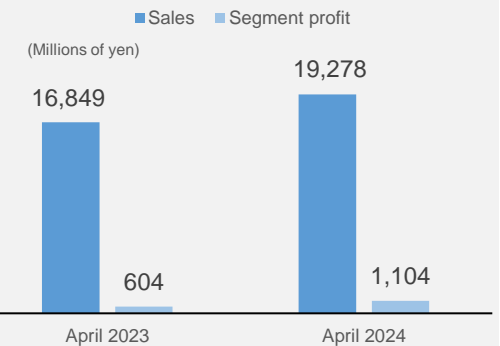
afb: **No. 1** in **user satisfaction** among high-income partners in Affiliate Program Awareness Survey 2024*



Enterprise/Creator 5G DX Support Business



In addition to promoting internet marketing and ad technology-related businesses, we develop a platform that enables creators and influencers to spread their own works.



* Source: Affiliate Program Awareness Survey 2024 <https://affiliate-marketing.jp/release/202408.pdf> (Japanese only)

Introduction of each business segment



5G Infrastructure Support Business

5G	eSIM
AI	Blockchain

Using 5G, eSIM, AI and Blockchain technology to provide infrastructure platforms that connect people and products in a secure and affordable way

“Free you a bit” that began with “Free ISP’s ISP”

- Inception
- Thereafter
- Today

FreeBit’s first business was under the concept of “Free ISP’s ISP” (an ISP service for free ISPs), with a goal of increasing the number of internet users in Japan

Consecutive rollout of new services using high-quality and secure high-speed communications and advanced network technologies

Through the 5G Infrastructure Support Business, we offer support services to various businesses for the introduction of cloud- and IoT-based solutions in addition to support services for entry into MVNO businesses and business support services for ISPs



- We will create next-generation networks and data centers for the 5G era, reinforce our provision of services using cloud platforms, and roll out services using 5G and eSIMs (SIMs that are built into devices). We will also expand our range of services that combine these various business resources
- Domestic 5G-related markets and IoT markets have huge potential and are expected to grow to around 210.6 billion yen and 10.2 trillion yen in scale respectively
- In anticipation of these markets, while continuously providing stable, secure, and safe communication infrastructure services, we will build next-generation networks and data centers for the 5G era and aim to roll out new services using 5G and eSIMs



Highlight Technology “Emotion Link,” our proprietary technology

- Emotion Link is a network solution for safe and secure communications that can flexibly guarantee the reachability and safety of communications using an overlay network (a virtual network that is created on top of an existing network)
- The solution enables safe two-way communication between the equipment and terminals required for network creation and offers direct access across firewalls and NAT

Enables safe and secure communications between various equipment using an overlay network

Enables communication across NAT, firewalls, and other network barriers

To respond to customers’ varying needs, we offer an abundant variety of Emotion Link solutions to create networks of diverse equipment

	Description	Main solutions provided	Features
Our mainstay services	Freebit MVNO Pack MVNE business to support MVNO business development	Provision of MVNE services to support MVNOs We work between an MNO (NTT Docomo) and MVNOs to support the startup and operation of MVNO businesses, and provide consulting services to support the smooth rollout of MVNO businesses	<ul style="list-style-type: none"> Dedicated consultant system Extensive lineup allows for unlimited combinations Achieved at low cost
	YourNet Support ISP business from all directions	We offer provider outsourcing services for ISPs. Alongside basic services such as internet connection and high-volume emails, we also provide comprehensive backup for peripheral services including online storage, cloud platforms, and mobile connections	<ul style="list-style-type: none"> YourNet ISP outsourcing service M-Plus! VPN ISP in a Cloud
	Freebit cloud Highly secure hybrid cloud	We provide hosting services that cater to wide-ranging needs through everything from general-purpose plans to custom server creation A highly secure and stable cloud that combines the next-generation firewall FortiGate with the proven and highly reliable virtual software VMware	<ul style="list-style-type: none"> Freebit cloud VDC Freebit cloud security SIM Freebit cloud IoT Platform

Introduction of each business segment



5G Lifestyle Support Business (1)

We provide business platforms that support the creation of services for safe and secure lifestyles, health, workstyles, and housing

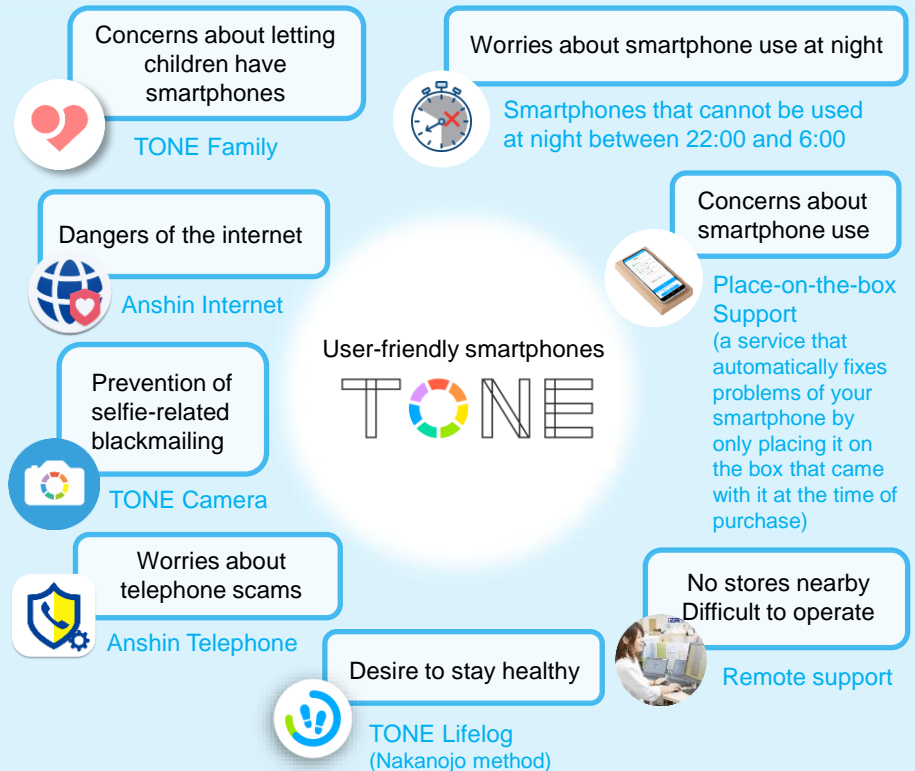
▶ 5G Lifestyle (TONE/DTI)

We provide mobile communication services using smartphones and fixed line internet-related services, mainly for individual customers

TONE Mobile

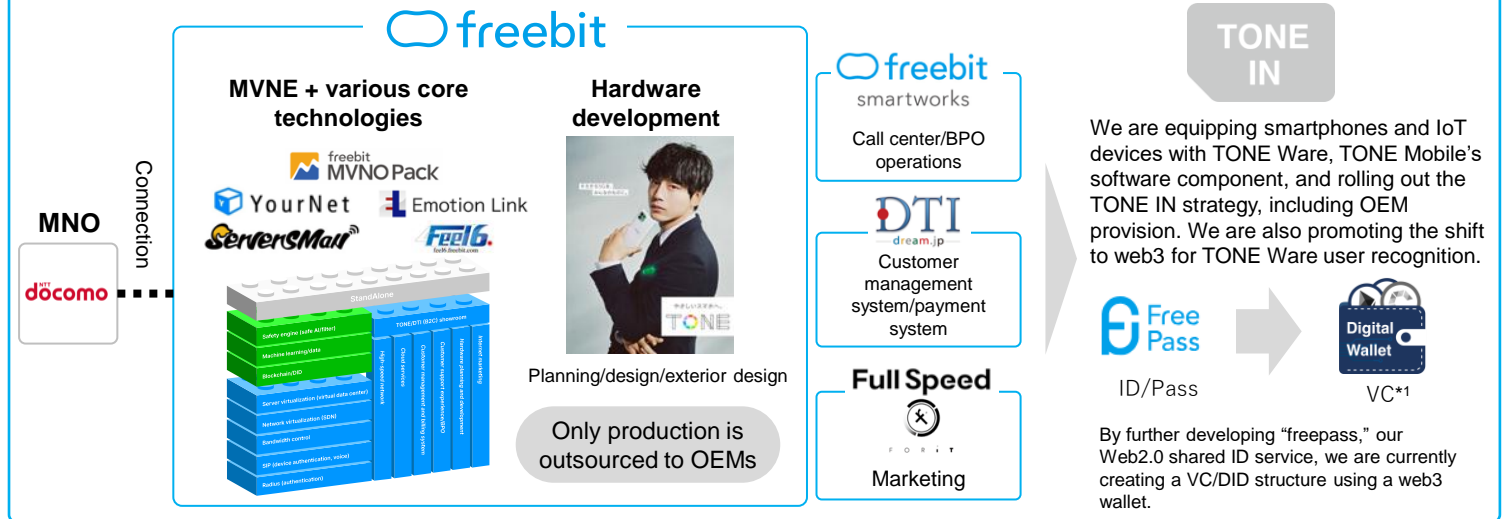
▶ Tone Mobile also functions as a so-called showroom for the FreeBit Group's technologies

TONE Mobile gives due consideration to (1) What the first smartphone for children should be like, and (2) How smartphones should be for senior citizens. Through TONE Mobile, we use technology to provide safe, secure, and user-friendly smartphones that reduce any concerns, stress, or reluctance associated with smartphone use



Highlight Technology

TONE Mobile brings together the FreeBit Group's technologies to roll out the TONE IN strategy



Addressing social issues through TONE Mobile

TONE Care



Simple and free online health consultations with doctors, etc.*2 from anywhere

Doctors, etc. provide advice on health
Through TONE Care, doctors, etc. offer health consultations to subscribers, users, and their families

Simple consultations through chat
Unlimited number of consultations per month
Users can casually consult with doctors through chat for free and as many times as they wish

15-minute online health consultations up to twice a month
Users can take advantage of a simple consultation service through their TONE Mobile device up to twice a month and for 15 minutes at a time

TONE Family



AI technology on the smartphone determines levels of risk in social media use

To address issues such as rising levels of online harassment through social media, the AI technology catches any messages that could cause trouble on social media and notifies the parent/guardian

*1 Verifiable credentials (VC): A digital certificate that shares academic history, qualifications, and identification, and that proves that the information has been verified by a trustworthy organization

*2 Consultations may be held by qualified individuals other than doctors.

Introduction of each business segment



5G Lifestyle Support Business (2)

We provide business platforms that support the creation of services for safe and secure lifestyles, health, workstyles, and housing

▶ 5G Homestyle (GIGA PRIZE)

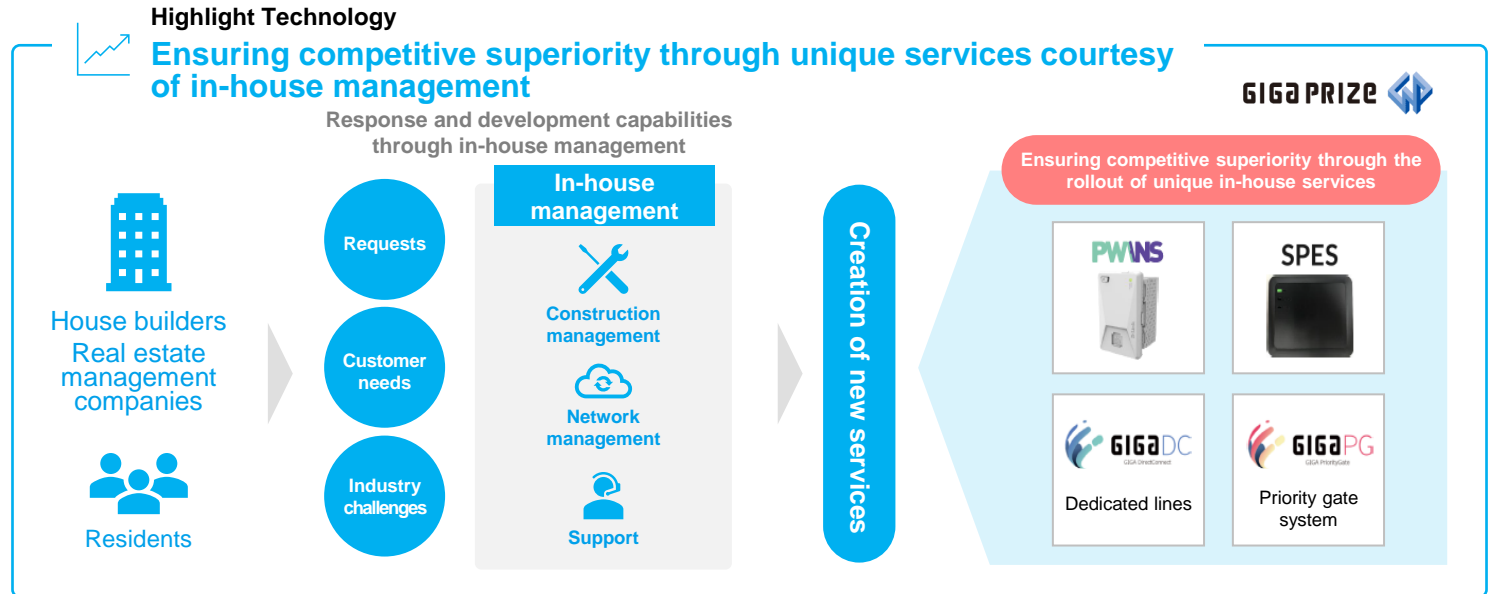
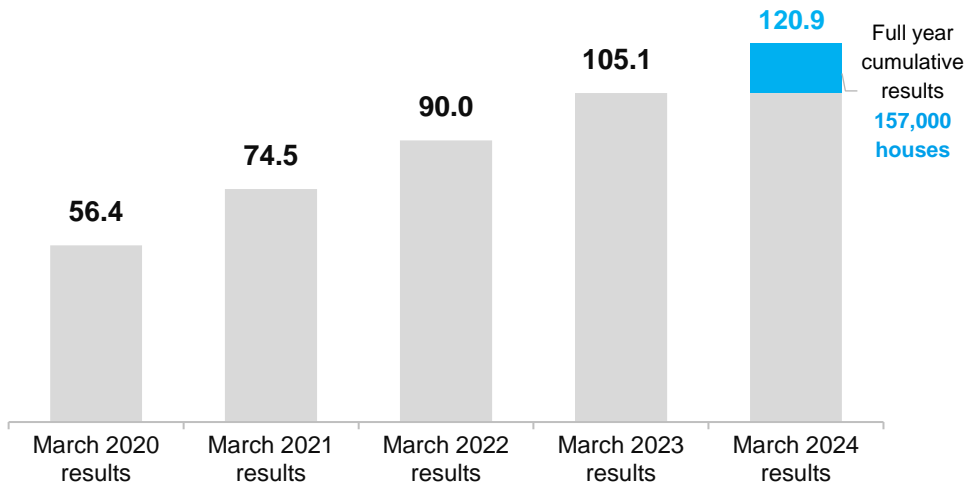
We are also focusing on establishing a new service in addition to our provision of internet services for housing complexes

+ GIGA PRIZE: ISP for housing complexes and smart life support

- GIGA PRIZE, which provides the 5G Homestyle service in our 5G Lifestyle Support Business, offers a high-speed and stable internet connection service as a dedicated ISP for housing complexes
- GIGA PRIZE is also developing various digitalized solutions such as an operational support system for the real estate industry and a cloud-based surveillance camera service

< No. of homes using our ISP service for housing complexes >

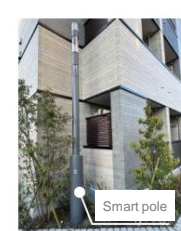
Fiscal year ended April 30, 2024 (13 months)



Initiatives toward smart cities



- The GIGA PRIZE Group's LIVINGTOWN MINATOMIRAI is a cross-industry co-creation complex that supports the updating of lifestyles with a focus on housing
- We are providing smart home experiences using 5G, IoT, and other next-generation communication technologies, and are promoting demonstrations with a view to creating a smart town



We are rolling out various solutions in the environments surrounding homes to enrich lifestyles through technology

- Cloud-based security cameras record visuals on the cloud without the use of a recorder. The aim is to provide residents with peace of mind by preventing illegal dumping around garbage collection points, parking issues, break ins, theft, and other crimes
- Smart poles provide safety and security through basic lighting functions, LED illumination functions, and cloud-based security cameras
- GIGA PRIZE is working to develop and improve solutions and services in line with housing-related challenges and needs, and is contributing to increases in property value and more comfortable lifestyles

Introduction of each business segment



Enterprise/Creator 5G DX Support Business

A business that supports the creation of platforms that enable everything from market creation and entry to the maintenance of customer relationships for not only enterprises but for the creators and influencers who will be key to the future of manufacturing



Provision of online marketing services using advanced technologies

▶ Full Speed Inc.

An affiliate network that exceeds one million sites ▶ For it Inc.

We will aim to enhance services for 5G marketing and expand influencer marketing

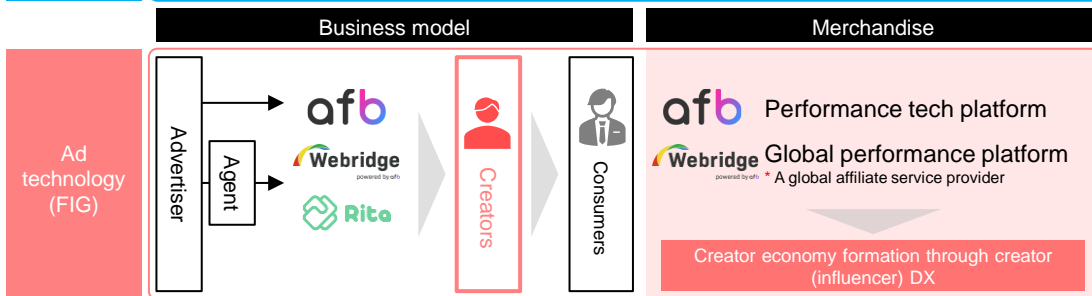
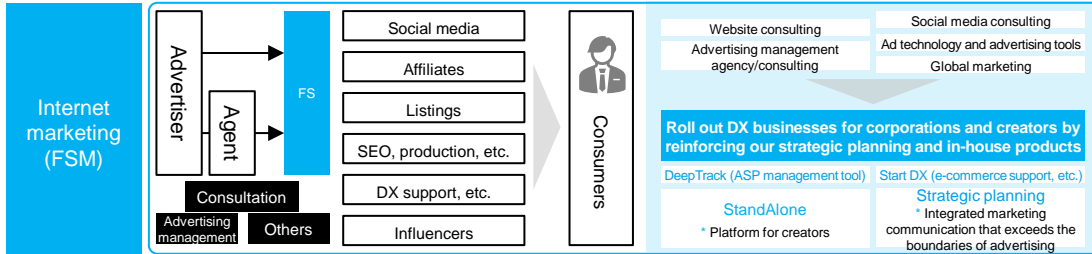
With an eye on web3, we are promoting Internet marketing and ad technology-related businesses



We offer the StandAlone creator platform that maximizes value for creators and influencers by allowing them to communicate their own information without going through a major platform operator

Enterprise/Creator 5G DX Support Business

We will support manufacturing in the era of 5G and the creation of platforms using unique DX methods, working alongside enterprises, creators, and influencers.



Highlight Technology

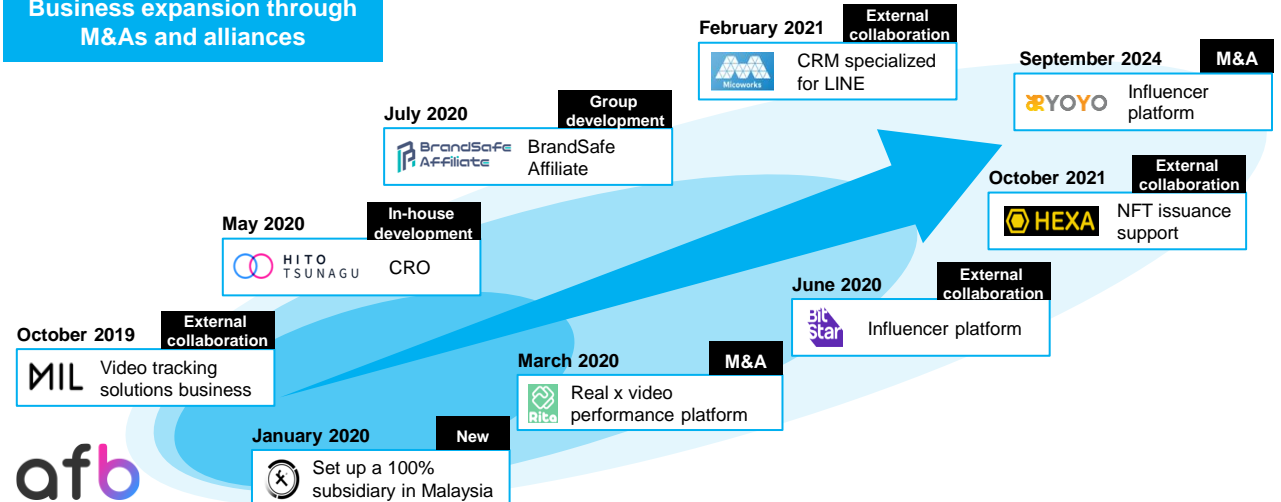
Performance technology network/ASP



- afb is a performance-based affiliate service managed by For it Inc. It has a customer-first policy and offers the fastest partner payment cycle in the industry
- In the user satisfaction part of the Affiliate Program Awareness Survey 2024, among high-income partners (those with income of over 500,000 yen/month), afb was ranked the most satisfying service for the 12th consecutive year

Source: Affiliate Program Awareness Survey 2024 <https://affiliate-marketing.jp/release/202408.pdf> (Japanese only)

Business expansion through M&As and alliances



Basic Sustainability Policy and material issues

Corporate philosophy = purpose

Being The NET Frontier !

Expanding the Internet and Contributing to Society

FreeBit Co., Ltd. works not only to seek its own profit but also to become a company that contributes to society by expanding the Internet. To this end, we have established “Being The NET Frontier!” as our corporate philosophy.

This is also our “purpose” for creating a sustainable society.

By developing and providing solutions that address various social issues across different fields through advanced technological innovation, we strive to create new value for the Internet as a social infrastructure, guided by our corporate philosophy (purpose) of expanding the Internet and contributing to society.

To realize our purpose

The FreeBit Group places solving social issues, such as the global environment, an aging society, and the knowledge explosion, at the core of its Medium-Term Management Plan, SiLK VISION. By creating an Internet platform based on the Trusted Web, a social infrastructure Internet that can be safely used by anyone, we aim to create sustained value for the Group and contribute to society.

Materiality

Material issues

Based on our corporate philosophy and purpose (basic philosophy) of creating new values for the Internet as a social infrastructure, we have identified material issues in four focus areas by integrating the perspectives of ESG and SDGs.

Human resources

P.22-25

Succession plan by diverse human resources

- Promote opportunities for women’s success
- Introduce a flexible system in which careers are not influenced by life stages
- Actively promote foreign nationals and junior human resources to management positions
- Recruit, develop, and retain DX human resources



Environment/Social

P.33-35

Response to the global environment, declining birthrate and aging society

- Respond to climate change
- Contribute to improving the global environment
- Solve social issues using IT
- Provide IT services that adapt to social conditions and lifestyle changes



Governance

P.36-38

Governance system

- Internet governance
- Compliance
- Risk management



Business

Business foundation for sustainable growth

- Provide infrastructure foundation with stable quality
- Continuously work on technological innovation
- Develop IT systems that support digital society
- Create a new business foundation through group synergy
- Develop blockchain technologies with extremely low environmental impact and high continuity
- Supporting not only corporations, but also diverse individuals



ESG management of the FreeBit Group

Environment

With expanding digital transformation and the progress of large language models, power consumption by servers is expected to increase further. To respond to climate-related risks, the FreeBit Group will further accelerate our efforts aimed at reducing electricity and energy consumption, as well as carbon offsetting to reduce our environmental burden, such as by updating network equipment and working to improve productivity as we promote digital transformation in our operations.

Environmentally friendly business development

Full Speed
GIGA PRIZE

Reducing energy consumption through the use of virtual (cloud-based) servers

We are proactively shifting to the use of virtual (cloud-based) servers. This technological innovation has reduced the number of physical servers and achieved a significant reduction in energy consumption. The introduction of virtualizing technologies can optimize energy efficiency while maintaining data processing capabilities, in turn contributing to reducing CO₂ emissions.



FreeBit

Reducing energy consumption through the relocation and integration of data centers


We are currently moving forward with a project aimed at relocating and integrating our data centers. Through this project, we have upgraded our equipment to use the latest energy-saving technologies and optimized operational efficiency. As a result, we have made significant advances in our energy-saving activities and successfully reduced our CO₂ emissions.



Reducing environmental impact through proprietary blockchain technologies


We have developed TONE Chain, our proprietary mobile L1 blockchain. By using the excess resources generated when charging smartphones, this blockchain technology does not require large-scale computer resources unlike conventional technologies, thereby enabling efficient and low-burden blockchain technology solutions. Compared to conventional blockchain sealing (mining), this innovative technology has enabled drastic reductions in environmental impact, and is contributing to the creation of a sustainable digital society. Moreover, by reducing energy consumption and CO₂ emissions through the mechanisms of TONE Chain, we have been able to minimize its environmental impact. Our proprietary technological developments like these are a new step toward achieving both environmental protection and the development of a digital society. These technologies are also contributing to the spread of sustainable blockchain ecosystems that can be used by more people with peace of mind.

FreeBit



TONE Chain

An L1 blockchain with the third largest number of nodes in the world



freebit web3 Blocks
(Powered by CountUp)

ESG management of the FreeBit Group

Social

The FreeBit Group does not only pursue our own interests, but develop and provide solutions to numerous social issues in various fields through advanced technological innovations based on our corporate philosophy of “Being The NET Frontier! Expanding the Internet and Contributing to Society” Centered on the Group’s advanced technological and service development capabilities, we are also promoting the creation of employment opportunities in regional areas and developing countries.

Initiatives in line with social conditions and lifestyle changes

GIGA PRIZE

Management of the LIVINGTOWN MINATOMIRAI commercial complex

At LIVINGTOWN MINATOMIRAI, we are providing smart home experiences using 5G, IoT, and other next-generation communication technologies, and are promoting demonstrations with a view to creating a smart town. Through these activities, we aim to create a sustainable living environment, develop highly energy-efficient future homes and promote the establishment of high-quality living foundations in urban areas. In addition to contributing to a sustainable society, these demonstrations may become a significant step in exploring new lifestyle possibilities that technology provides.



FORiT

Delivery to the workplace movement

We are working to respond to the social issue of excessive burden on delivery workers due to the expansion of e-commerce and worker shortages in the delivery industry. Specifically, we are encouraging a delivery to the workplace movement. By allowing employees to receive their deliveries face-to-face at the office, we are significantly reducing redeliveries and contributing to achieving more efficient delivery processes. Through this initiative, we are working to support the sustainability of the delivery industry and create better working environments for delivery workers by striving to reduce their burden.



FreeBit



Implementing stakeholder capitalism through One Vision

One Vision is our web3-based stakeholder community demonstration that aims to explore a new stakeholder return model in the web3 era based on the stakeholder capitalism concept. With the management of a blockchain network using TONE Chain, the project aims to create a decentralized community comprising customers, shareholders, and employees that shares a common vision. Through mutual collaboration between all stakeholders and the establishment of a sustainable ecosystem in which all parties grow together, we hope to create a use case that can contribute to the development of society overall.

GIGA PRIZE

Participation in the Consortium of Digital Enhancement for Condominium

Through participation in the Consortium of Digital Enhancement for Condominium, we are promoting the sophistication of digital environments for housing complexes. In today’s society, the Internet has become one of life’s essentials. At housing complexes in particular, the limited choice of telecommunication environments is causing a digital divide. By participating in the Consortium, we are aiming to provide high-quality Internet environments in all housing complexes to cater to new lifestyles that involve remote working, distance learning, and more. In doing so, we will contribute to improving information communication infrastructure throughout society.



ESG management of the FreeBIT Group

Social

Solve social issues using IT

FreeBIT

User-friendly smartphones that anyone can use with peace of mind

Through the TONE Mobile business, we provide user-friendly smartphones that anyone can use with peace of mind. In addition to supervision functions and use restriction functions for children, TONE Mobile offers health consultations and health management support services for senior users, thereby providing a safe use environment for all members of the family. Through such initiatives, we are contributing to the promotion of digital inclusion across society.



GIGA PRIZE

Creating an Internet connection environment at the Itoshima City Gymnasium

We have provided a high-quality Internet connection service at the Itoshima City Gymnasium. In doing so, we have improved safety and security in the local community, in everything from day-to-day sporting activities to securing communication in times of disaster. Through the digitalization of public facilities, we are contributing to a key initiative for the development of housing-centered towns that offer peace of mind and the creation of a sustainable society.



Social contribution activities

FreeBIT Smart Works

Creating employment opportunities in regional areas and emerging countries

In Karatsu-shi, Saga, we have opened a call center base and are undertaking call center operations, etc. for Internet connection providers.



Full Speed

On Cebu Island in the Philippines, we have employed more than 60 locals who are engaged in the development of ad technology systems and the operation of programmatic advertising.



For it

Higashimatsuyama-shi Comprehensive Town, People, and Employment Revitalization Organization

In November 2018, we were certified as a participating organization in the Higashimatsuyama-shi Comprehensive Town, People, and Employment Revitalization Strategy, and we are contributing to regional development and promotion through our business activities.



For it

Investing in an NFT-based regional revitalization company

We have invested in the company managing HEXA, one of Japan's largest Web 3.0 NFT markets. By selling digital certificates of residence NFTs on HEXA, the company is working to revitalize regions by creating residents with an interest in Web 3.0.



ESG management of the FreeBIT Group: List of Officers

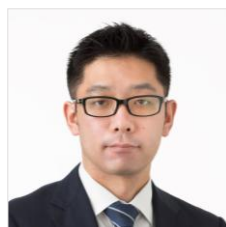
Governance



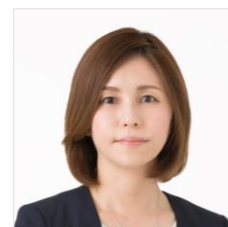
Representative Director and President
Atsuki Ishida



Director and Executive Vice President
Takashi Shimizu



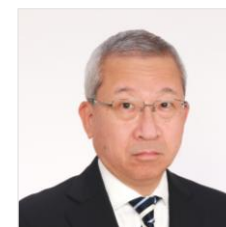
Director
Koichi Tomomatsu



Director
Ikuko Wada



Standing Audit & Supervisory Board Member
Shuichi Shino



Standing Outside Audit & Supervisory Board Member
Akihiro Matsuoka



Outside Director
Nobuhiko Komeya



Outside Director
Seiji Takeda



Outside Director
Hideaki Doki



Outside Audit & Supervisory Board Member
Katsuyuki Yamaguchi



Outside Audit & Supervisory Board Member
Hiroaki Yatabori

Skills matrix	Position and office, etc.	Gender	Outside	Insight related to corporate management	Industry insight			Insight related to marketing	Insight related to international business	Insight related to labor and HR	Insight related to finance and accounting	Insight related to legal affairs and governance	Expertise
					5G Infrastructure Support	5G Lifestyle Support	Enterprise/Creator 5G DX Support Business						Qualifications related to business duties
Board of Directors	Atsuki Ishida	Male		●	●	●	●	●	●				
	Takashi Shimizu	Male			●	●					●	●	
	Koichi Tomomatsu	Male					●			●			
	Ikuko Wada	Female				●	●			●	●	●	
	Nobuhiko Komeya	Male	●	●	●	●		●	●	●	●	●	
	Seiji Takeda	Male	●	●	●			●					
	Hideaki Doki	Male	●			●			●	●			
Audit & Supervisory Board	Shuichi Shino	Male		●							●	●	
	Akihiro Matsuoka	Male	●	●							●	●	
	Katsuyuki Yamaguchi	Male	●	●					●			●	Attorney-at-law
	Hiroaki Yatabori	Male	●								●	●	Certified public accountant
	Total		6	6	5	5	3	4	4	4	6	7	

The matrix above does not show all of the skills, experience, abilities and other insights and accomplishments of each person. "Experience" for each item refers, in principle, to a total of three or more years of service in the relevant duties or office.

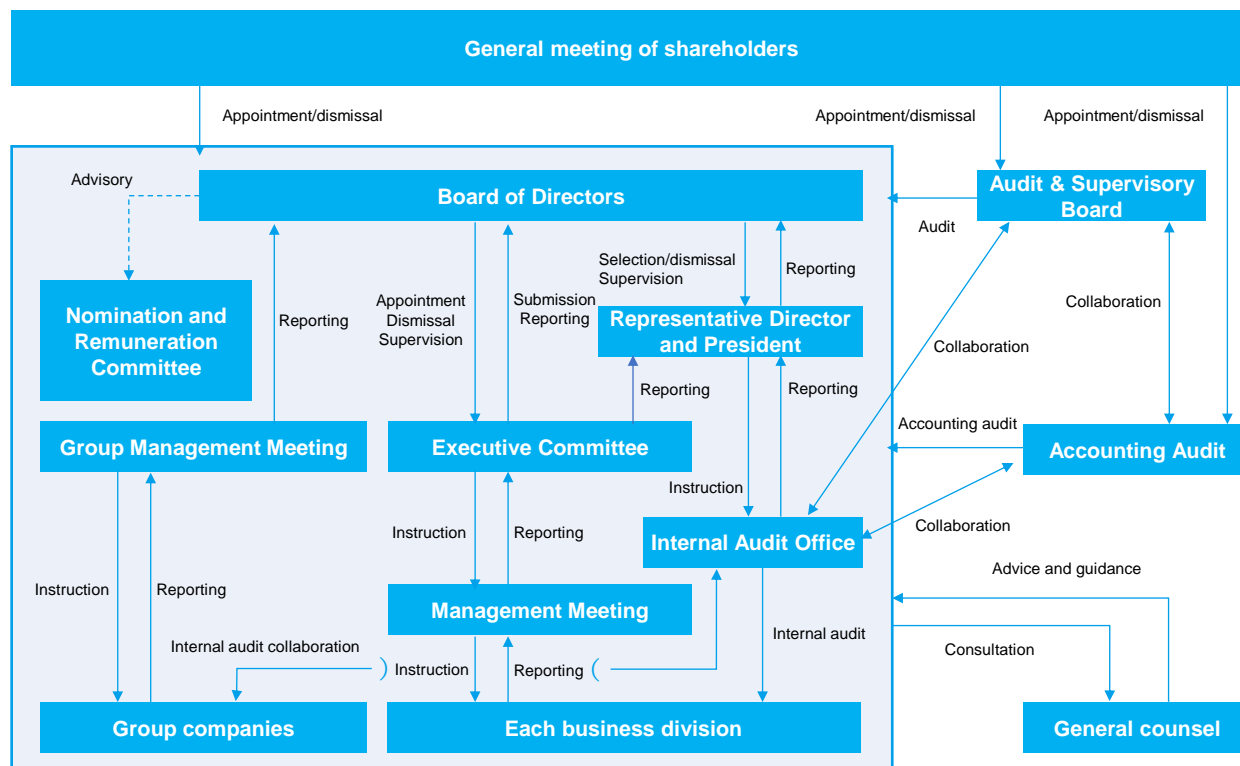
ESG management of the FreeBit Group

Corporate Governance

Basic concept

The FreeBit Group aims to be an attractive value creation company supported by the pillars of advanced technological and service development capabilities. We consider both the establishment of a highly-transparent management system that can promptly respond to environmental changes as well as the pursuit of compliance management, essential for the maximization of our corporate value and fulfillment of our corporate social responsibilities, and are actively working on enhancing our corporate governance structure as our most critical management task.

Structure



Organizational structure

Board of Directors

The Board of Directors comprises seven Directors (including three Outside Directors), and meets regularly once a month and as necessary to make decisions from a broad perspective and supervise the execution of business. A wide range of matters are reported, discussed, and resolved at meetings, in addition to matters stipulated in laws, regulations, the Articles of Incorporation, and the Regulations of the Board of Directors. Audit & Supervisory Board members also attend meetings of the Board of Directors to audit the execution of duties by Directors.

Audit & Supervisory Board

The Audit & Supervisory Board comprises two standing and two part-time members, and meets once a month. Each Audit & Supervisory Board member attends important meetings in accordance with the annual audit plan formulated by the Audit & Supervisory Board, and audits the execution of duties by Directors by investigating operations, documents, and vouchers. Audit & Supervisory Board members, the Internal Audit Office, and the Accounting Auditor strive to improve the Company's audit functions through collaboration including sharing information and opinions.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, established as an advisory body to the Board of Directors, comprises at least three members including one Representative Director and at least two independent Outside Directors. The committee aims to enhance corporate governance by strengthening the fairness, transparency, and objectivity of procedures concerning the nomination and remuneration of the Representative Director and Directors. The Committee deliberates on matters concerning the appointment and dismissal of Directors and their remuneration, in consultation with the Board of Directors, and reports back to the Board of Directors.

ESG management of the FreeBit Group

Procedures for the appointment and dismissal of Directors

When nominating candidates to submit to the General Meeting of Shareholders, the Board of Directors shall respect the recommendations of the Nomination and Remuneration Committee and select and determine persons from inside and outside the Company who can be expected to contribute to enhancing the Company's corporate value.

When dismissing a Director, in addition to cases in which dismissal falls under grounds for disqualification under the Companies Act, if there is a violation of any other laws and regulations, listing rules, or the Company's Articles of Incorporation, etc., or if there has been misconduct in the performance of duties, the Board of Directors shall deliberate and decide on the dismissal, or submit a proposal for dismissal to the General Meeting of Shareholders.

Effectiveness evaluation of the Board of Directors

Each year, the Company conducts an individual questionnaire of all officers through an external organization concerning the effectiveness of the Board of Directors, and the Company analyzes and evaluates the results based on the aggregate data.

As a result, we have confirmed that the Board of Directors is generally functioning properly and its effectiveness is being ensured. However, the training of senior management, in particular, was pointed out as an important issue. The questionnaire also pointed out the lack of opportunities for deliberation on sustainability and human capital management, and our analysis concluded that there is a need to deepen discussions to meet the demands of stakeholders and the capital market. We will consider and implement action plans for newly identified issues.

Policies and procedures for determining remuneration for officers

Remuneration for Directors reflects the importance of forward-looking succession planning as we aim to achieve sustainable corporate growth. It is essential to secure potential candidates in advance without being influenced by factors such as race, nationality, gender or age, and to spend appropriate time and resources to train them and equip them with the necessary qualities as managers. In addition, based on the recognition that expanding the pool of future management talent who will be responsible for expanding our corporate scale will ultimately contribute to enhancing the Company's medium- to long-term corporate value, our basic policy is to set appropriate standards for determining the remuneration of individual Directors based on their position, responsibilities, length of service, and level of contribution, etc., so that remuneration will function as an adequate incentive. Remuneration consists of fixed basic remuneration and stock-based remuneration that emphasizes alignment with shareholder value, and is determined by a resolution of the Board of Directors.

The ratio of remuneration by type is determined based on basic remuneration, taking into consideration the remuneration levels of companies in the same business category as us and our characteristics. The Nomination and Remuneration Committee considers the ratio of performance-linked remuneration and non-monetary remuneration, etc., taking into consideration each Director's position, responsibilities, and other factors. The Board of Directors determines the remuneration ratio by type for each Director, respecting the recommendations of the Nomination and Remuneration Committee.

Type and overview of officer remuneration

<p>① Basic remuneration</p>	<p>The basic remuneration is a monthly fixed remuneration that is determined within the limit of the amount of remuneration resolved at the General Meeting of Shareholders, giving comprehensive consideration to factors such as position, responsibilities, length of service, and level of contribution.</p>
<p>② Performance-linked restricted share remuneration</p>	<p>With the aim of further strengthening the Company's efforts to enhance corporate value over the medium to long-term and to further promote value sharing with shareholders, the Company grants performance-linked restricted shares to Directors based on their performance during the evaluation period and the degree of achievement of performance evaluation indicators set in advance by the Board of Directors. The specific number of shares to be granted to each Director is determined based on his or her position, responsibilities, and level of contribution, and in principle, shares are granted after the end of the evaluation period.</p>
<p>③ Non-monetary compensation other than performance-linked restricted shares</p>	<p>With the aim of further strengthening the Company's efforts to enhance corporate value over the medium to long-term and to further promote value sharing with shareholders, the Company grants restricted stock with continuous employment requirement on the condition that the Director continues to serve as a Director, etc. of the Company for a certain period of time, after which the transfer restrictions will be lifted, based on the requirements, calculation method for the number of shares granted, timing of delivery, etc., determined in advance by the Board of Directors. The specific number of shares to be granted to each Director is determined based on his or her position, responsibilities, and level of contribution.</p>

Financial and non-financial highlights

(Millions of yen)

10-year financial summary		15/4	16/4	17/4	18/4	19/4	20/4	21/4	22/4	23/4	24/4
Business performance	Net sales	21,469	28,389	35,222	38,653	50,365	55,295	52,009	43,075	46,771	53,037
	Operating profit	1,244	1,902	1,321	1,851	2,981	2,587	3,403	3,165	4,007	5,887
	Ordinary profit	982	1,322	807	1,426	2,569	2,481	3,661	2,878	3,707	5,756
	Profit attributable to owners of parent	1,025	553	(150)	(567)	279	(619)	1,586	827	1,792	3,566
	Ratio of operating profit to net sales (%)	5.8	6.7	3.8	4.8	5.9	4.7	6.5	7.3	8.6	11.1
	Ratio of ordinary profit to total assets (ROA) (%)	5.4	6.4	3.4	5.1	7.3	6.1	9.5	8.2	10.4	15.5
	Return on Equity (ROE) (%)	12.9	5.6	(1.5)	(6.1)	3.1	(7.3)	18.9	10.6	23.7	35.9
Financial position	Total assets	19,323	21,931	25,597	30,796	39,164	42,472	34,835	35,050	35,926	38,183
	Net assets	10,654	11,164	11,251	10,675	11,308	10,848	12,148	11,039	11,032	15,196
	Equity ratio (%)	50.9	45.5	37.7	28.8	23.0	19.0	25.0	19.6	22.9	30.5
Cash flow	Operating cash flow	2,207	1,751	3,811	1,030	3,182	1,480	7,122	2,333	3,322	4,225
	Investing cash flow	(524)	(508)	(2,291)	(2,140)	(3,688)	(1,870)	(2,655)	510	(644)	(1,085)
	Financing cash flow	585	(306)	844	4,504	2,320	625	(2,571)	(2,731)	(2,110)	(2,720)
Per share indicators	Earnings per share (yen)	51.40	24.75	(6.77)	(25.56)	12.59	(27.93)	74.06	41.86	95.07	178.58
	Net assets per share (yen)	436.56	449.30	434.70	399.88	405.57	368.19	415.12	366.01	412.94	582.26
	Dividends per share (yen)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.50	8.00	27.00
	Dividend payout ratio (%)	13.6	28.3	-	-	55.6	-	9.5	17.9	8.4	15.1

Non-financial summary	23/4	24/4
Number of employees (persons)	913	884
Ratio of female employees (%)	34.7	34.5
Ratio of female managers (%)	14.3	13.6
Number of women who took childcare leave (persons)	5	7
Return rate of women on childcare leave (%)	100.0	100.0

Non-financial summary	23/4	24/4
Paid leave acquisition rate (%)	84.6	82.8
Average age (years)	40.2	41.0
Average years of service (years)	6.7	7.6
Average annual income (tens of thousands of yen)	633	619
Number of foreign national employees (persons)	13	12

*The figures are for FreeBit Co., Ltd. and its consolidated subsidiaries, for each consolidated fiscal year ended April 30

*In the fiscal year ended April 30, 2024, GIGA PRIZE CO., LTD. and its subsidiaries changed their fiscal year-end from March 31 to April 30. Consequently, the 13-month period from April 1, 2023, to April 30, 2024, is included in the scope of consolidation.

*Figures on the non-financial summary are for FreeBit Co., Ltd. (non-consolidated), except for the number of employees.