

FreeBit, Here and The Road Ahead



Message to our stakeholders

Society is full of issues, and initiatives from global perspectives, such as addressing environmental issues, are continuously being called for.

As various players across the world work to solve societal issues —changing systems, improving structures—we, the Freebit Group, believe that web3 technology is the key.

A transformation that connects to how people live and thrive.

By envisioning a society shaped by web3, we are implementing these changes into daily life.

This report shares how the Freebit Group creates new value under its strategies and contributes to the society of the future.

Scope of this report

FreeBit Co., Ltd. and its Group companies



Period covered by this report

In principle, the report covers the results for the fiscal year ended April 30, 2024 (May 2023 to April 2024). Some activities before or after this period and outlooks are also included.

Notes concerning forward-looking statements

The forward-looking statements contained in this report are formulated based on the information available to the Company at the time of this document was prepared and therefore involve risks and uncertainties. These statements are not intended to be a promise by the Company that they will be realized.

Actual results may differ from these forward-looking statements due to various factors, such as changes in the economic environment or trends in the services provided.

Contents

Introduction

Corporate Philosophy system of the FreeBit Group	4
Value creation model of the FreeBit Group	5
Where Trust Belongs: To become a web3 implementation company leveraging expertise in telecommunications	6

Chapter 1: Future envisioned by the FreeBit Group through web3

History of the web and web3	7
Future of the web3 economic market	8
Web3 and the Trusted Web	9
Strengths of the FreeBit Group in web3	10
Message from the CEO and CTO	11-12

Chapter 2: How the FreeBIT Group will implement web3 in society

Roadmap to becoming a web3 implementation company leveraging expertise in telecommunications	13
Review of the Medium-Term Management Plan SiLK VISION 2024 (May 2021 to April 2024)	14
Outline of the Medium-Term Management Plan SiLK VISION 2027 (May 2024 to April 2027)	15
Growth strategies in the Medium-Term Management Plan SiLK VISION 2027	16
Growth strategies in the Medium-Term Management Plan SiLK VISION 2027—Collaboration among Group companies	17
Financial strategies in the Medium-Term Management Plan SiLK VISION 2027	18
Enhancement of corporate value in the Medium-Term Management Plan SiLK VISION 2027	19
Realization of stakeholder capitalism—One Vision	20-21
Human capital management supporting web3 implementation	22
Human capital management supporting web3 implementation—Interview with the CHRO	23
Human capital management supporting web3 implementation—Measures to incorporate diverse perspectives	24
Human capital management supporting web3 implementation—For high levels of expertise	25

Chapter 3: FreeBIT to date and its current position

History of the FreeBIT Group	26
FreeBIT Group by the numbers	27
Introduction of each business segment	28-31
Basic Sustainability Policy and material issues	32
ESG management of the FreeBIT Group	33-38
Financial and non-financial highlights	39

Corporate overview and stock information

Appendix: Case studies of web3 social implementation

	41-43
--	-------

Solving social issues based on the original vision of the Internet

Decentralization, the creation of distributed platforms, and the empowerment of individuals — these were the original goals of the internet.

While technical challenges gave rise to Web1.0 and Web2.0, we will continue to promote a society centered on the individual without wavering from the basic concepts of the Web.

In doing so, we will expand the circle of cooperation, and enable individuals to participate and support one another to solve complex and difficult social issues.



Corporate Philosophy system of the FreeBit Group

Purpose
(why we exist)

Being The NET Frontier!
—Expanding the Internet and Contributing to Society—

Identity
(who we are)

Smart infrastructure provision business

A web3 implementation company leveraging expertise in telecommunications
—Platform Maker—

Direction
(where we are headed)

free you a bit
—Making you a little bit more free—

Freedom from space and time Freedom of values and possibilities Freedom from the body ... “Freedom to dream”

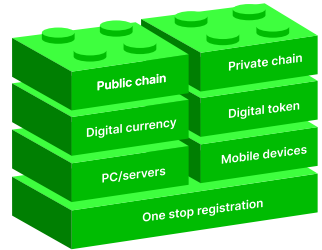
Key Drivers

Mindset guidelines/Action guidelines
Building Blocks (freebit web3 Blocks/StandAlone Building Blocks) FreeBit Frameworks

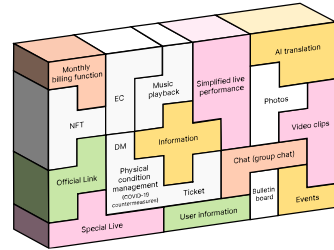
Value creation model of the FreeBit Group

Proprietary developed technologies

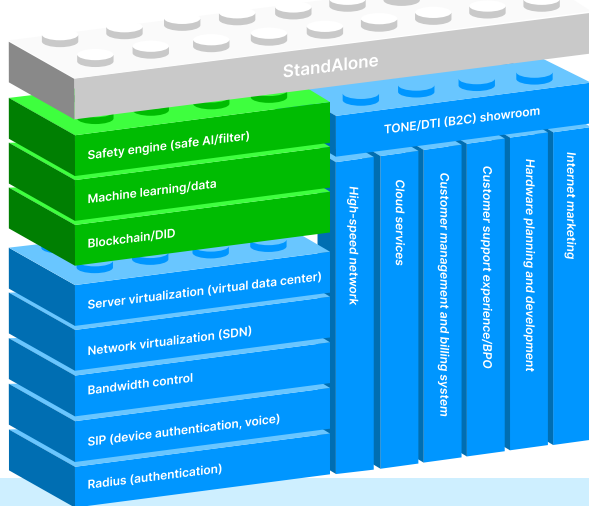
freebit web3 Blocks



StandAlone Building Blocks



Building blocks



- Componentization of proprietary technologies, including patented technologies (program componentization)
- It is possible to design a wide range of products, including infrastructure platform construction, product development, and service provision by freely combining components like blocks

Solve social issues



Fujita Health University PHR* app

Connecting the medical information of patients, medical institutions, and local governments safely and conveniently to advance the digital transformation of healthcare

StandAlone

Enabling creators to become platform operators themselves and achieve their unique visions

TONE

Creating safe and secure smartphones for everyone

MVNO and web3

MVNE

NTT DOCOMO

freebit MVNO Pack

Making smartphones easily accessible at any time

MVNO

MVNE

NTT DOCOMO

YourNet

Making it easy for everyone to use the Internet

ISP

ISP's ISP

NTT

*PHR (personal health record): medical data that records an individual's health and physical information

信用の新世界

Where Trust Belongs

Written by former Outside Director Nobuyuki Idei

We aim to solve social issues by implementing web3 using our proprietary technologies. The concept of 'Trust' serves as the base for creating decentralized mechanisms and decentralized platforms for people and products. As communication and AI demand greater traceability and the reliable execution of agreements, creating new mechanisms of 'Trust' is essential. Our former External Director Nobuyuki Idei, was one of the first to use the keyword "Where Trust Belongs." We are looking to move beyond the precarious state of management that solely relies on IDs and passwords, and to overcome the fundamental challenge of the lack of verification in Web2.0.

("Where Trust Belongs" is also a keyword in SiLK VISION 2027)

To become a web3 implementation company leveraging expertise in telecommunications

SiLK VISION

2027

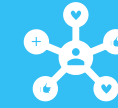
信用の新世界

born in the Garage

History of the web and web3

Mid-1990s to mid-2000s

Mid-2000s to the present



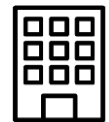
Web3: Participating*



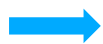
Web1.0: Reading*

A one-way Internet

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



Web service company



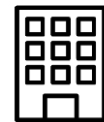
During the Web1.0 era, only a limited number of people with knowledge of the web could become information providers. Users mainly browsed and retrieved the information provided to them, and the flow of information was one way.



Web2.0: Writing*

A two-way Internet

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

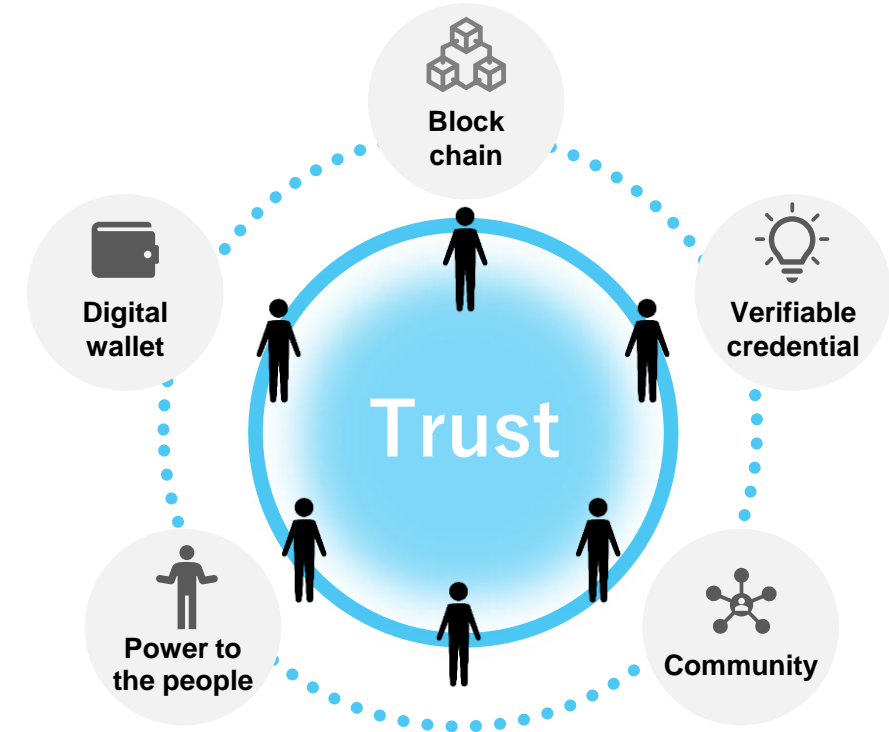


Platform operators



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

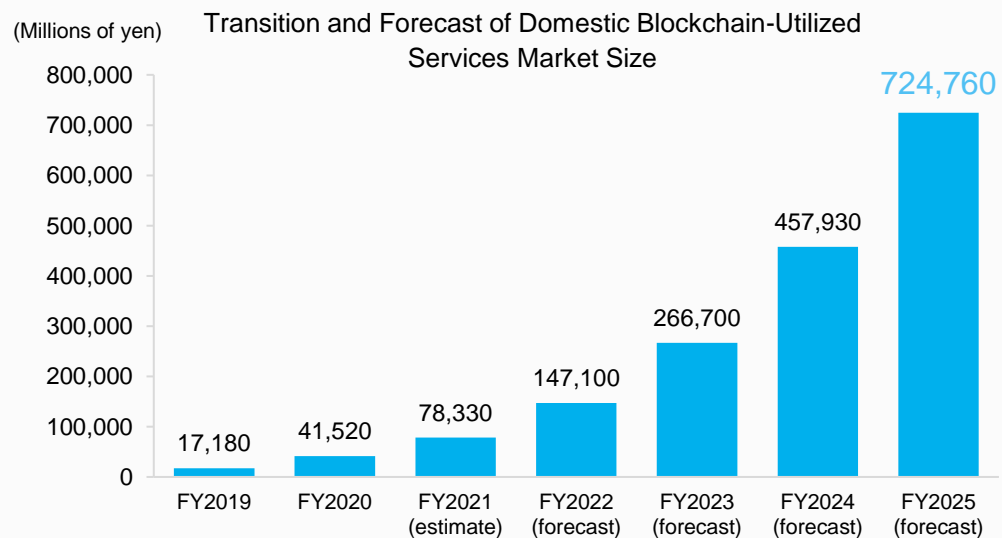
*Source: "The Future Predicted by Technology" by Joichi Ito
The terms Web1.0, Web2.0, and web3 are used in accordance with the above sources.

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**

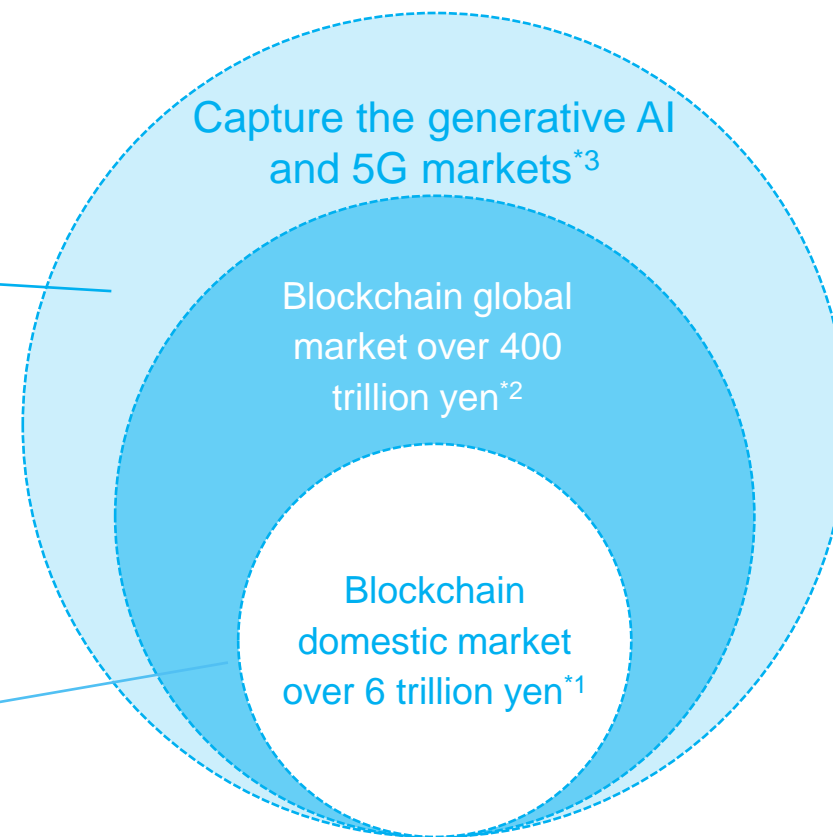


Source: "Blockchain-Utilized Services Market in Japan: Key Research Findings 2021" (released February 22, 2022) by Yano Research Institute Ltd.

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).

*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), 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

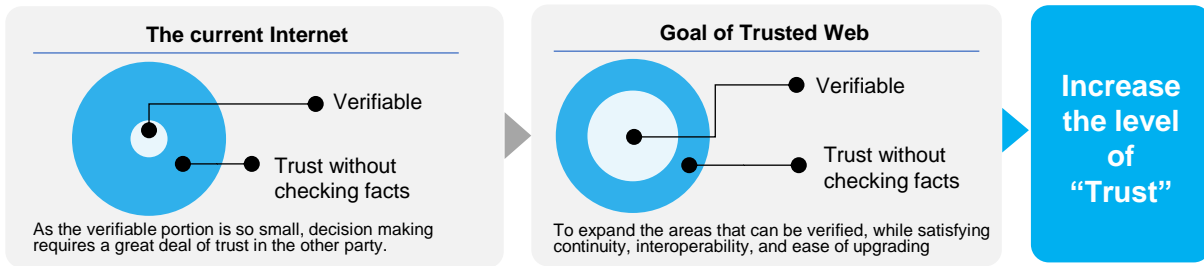
Major administrative organizations involved:
Cabinet Secretariat, Digital Agency, Ministry of Economy, Trade and Industry, Ministry of Internal Affairs and Communications

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 CO₂ 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

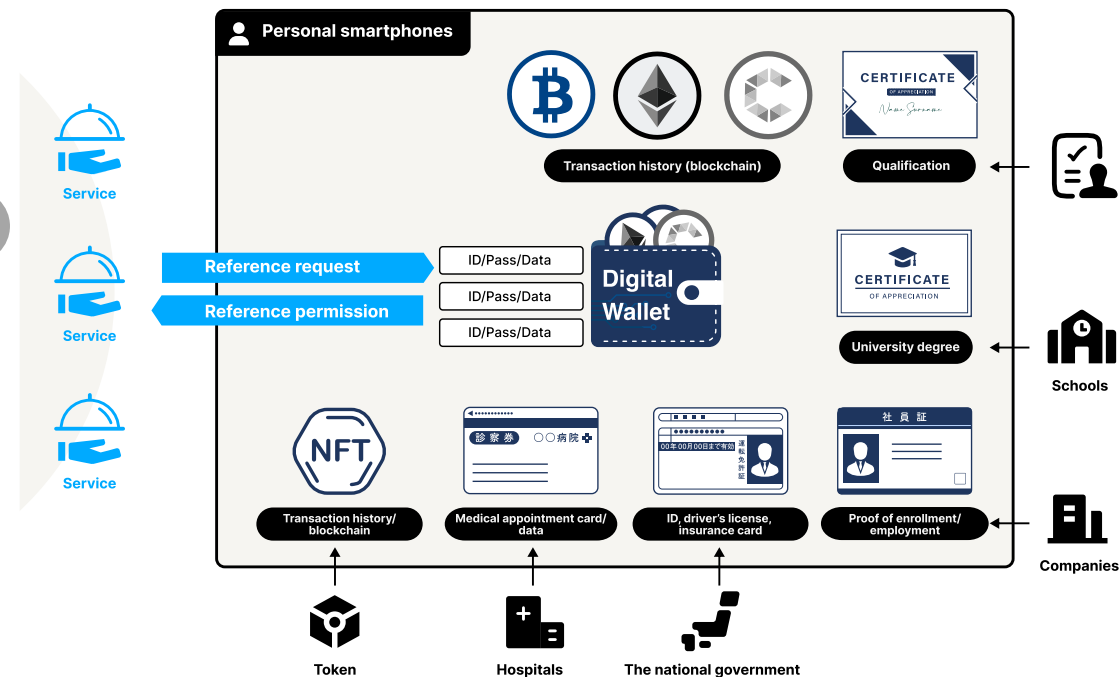
- ① Can the exchanged data be trusted?
- ② Can the counterpart who exchanges data be trusted?
- ③ Can the handling of the provided data by the counterpart be trusted?



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



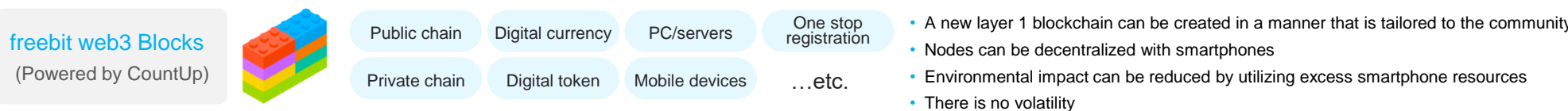
Strengths of the FreeBit Group in web3

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



Web3 technologies that address these challenges



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^{*1}

- 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)

p. 21

2 Shareholder DAO World's first^{*2} 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

p. 21

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

p. 42

^{*1} 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.

^{*2} 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?



Representative Director and President, CEO and CTO
Digital architect

Atsuki Ishida

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.

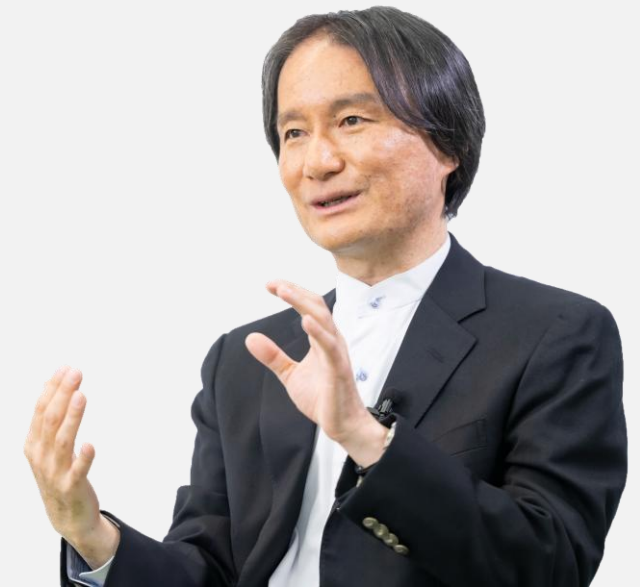
Initiatives like these will create an export industry in Japan, which is at the forefront of graying society. The

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.



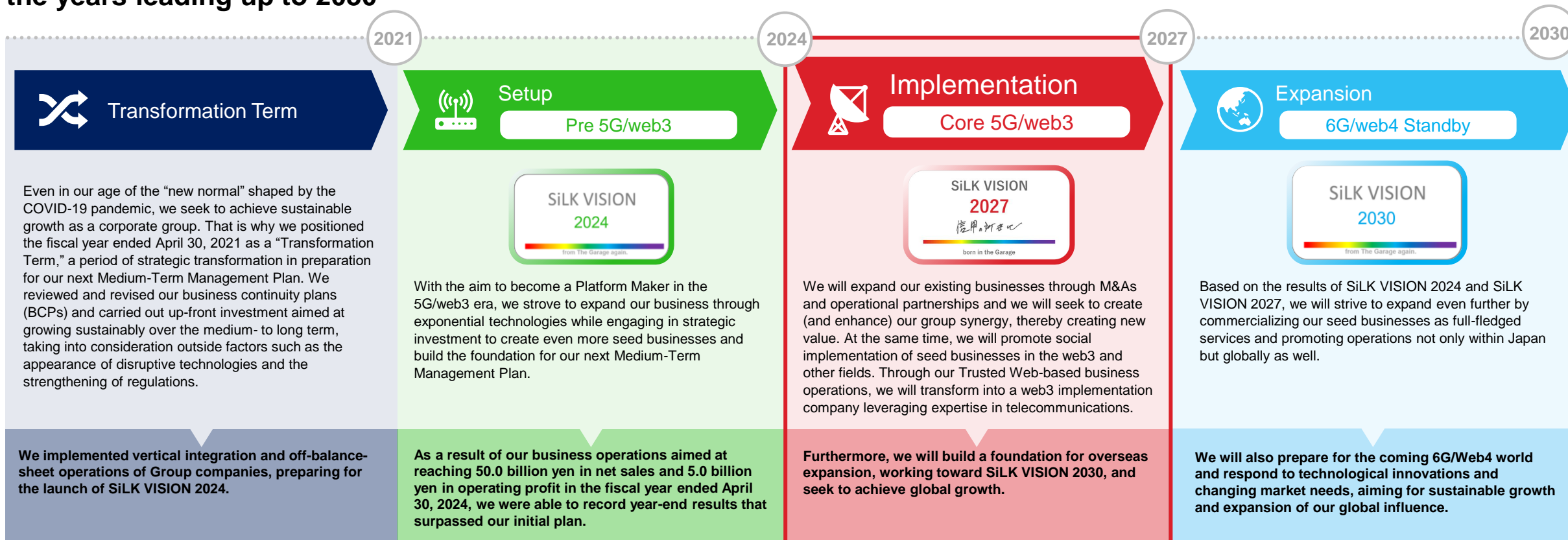
Roadmap to becoming a web3 implementation company leveraging expertise in telecommunications

Medium- to long-term growth vision for the years leading up to 2030

The FreeBIT Group has positioned the solving of social issues, such as the global environment, an aging society, and the knowledge explosion, as the core of SiLK VISION, our Medium-Term Management Plan. We do not simply pursue profit, but seek to contribute to society through the expansion of the internet.



Formulating a decade-long plan for 2021 to 2030 to achieve medium- to long-term growth in the years leading up to 2030



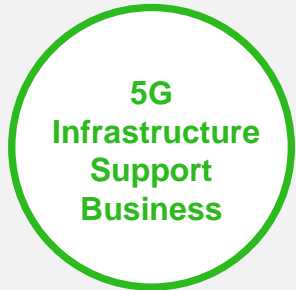
Review of the Medium-Term Management Plan SiLK VISION 2024 (May 2021 to April 2024)



– Completed preparations for the 5G/web3 era –

SiLK VISION 2024 is the first stage of the FreeBit Group’s decade-long plan. During this stage, we aimed to expand our business using exponential technologies as a Platform Maker for the 5G/web3 era. For three years, we focused on ambidextrous management, by steadily expanding our existing business and strategically investing to shift to 5G/web3. As a result of these efforts, we created numerous seed business and completed our preparations for the next Medium-Term Management Plan. We also far surpassed our targets for the fiscal year ended April 30, 2024, of 50.0 billion yen in net sales and 5.0 billion yen in operating profit.

Growth strategies and results



<Strategies>

- Aim for growth that exceeds market growth rates through thoroughly efficient operation
- Promote support for next-generation technologies such as 5G/eSIM/eKYC/IP telephony

<Results>

- We cultivated new customers, lowered costs, and increased sales profits through the sale of products with high gross profit margins
- Next-generation technology support progressed at a steady pace



<Strategies>

- Achieve KPIs and reduce costs
- Reinforce business in order to increase the number of customers, improve customer satisfaction, and grow market share
- Plan and implement new businesses

<Results>

- We achieved our KPIs and increased sales profit
- We improved our service quality and established deeper relationships with customers
- We launched new businesses



<Strategies>

- Efficient operation and resource reallocation
- Expand influencer marketing using affiliate program participants
- Plan and implement new businesses

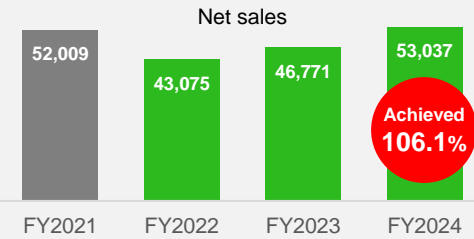
<Results>

- We increased per-person gross profit
- We expanded our business scale by increasing the number of affiliate customers
- We launched new business services

Target achievement

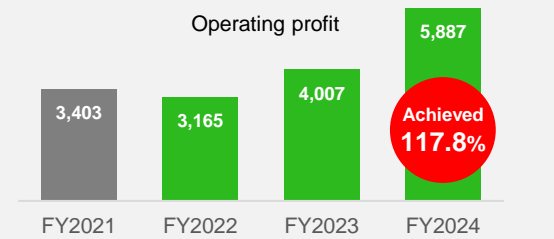
<Target> Fiscal Year Ended April 30, 2024

Net sales: **50.0** billion yen/
operating profit: **5.0** billion yen



<Achievements> Fiscal Year Ended April 30, 2024

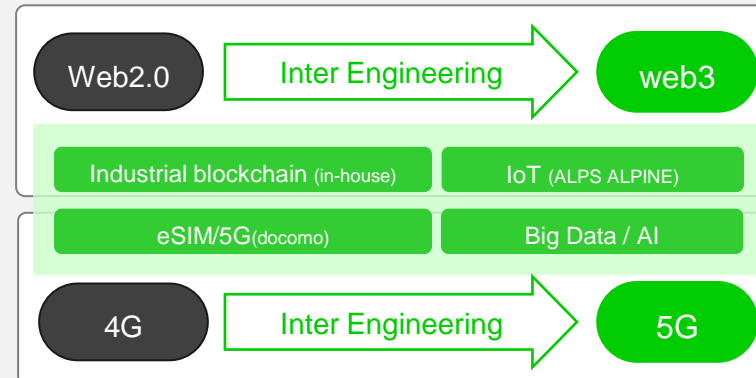
Net sales: **53.0** billion yen/
operating profit: **5.8** billion yen



SiLK VISION 2024

SiLK VISION 2024 (Millions of yen)

Preparation for 5G/web3 technologies



TONE Chain
World's third largest scale L1 blockchain

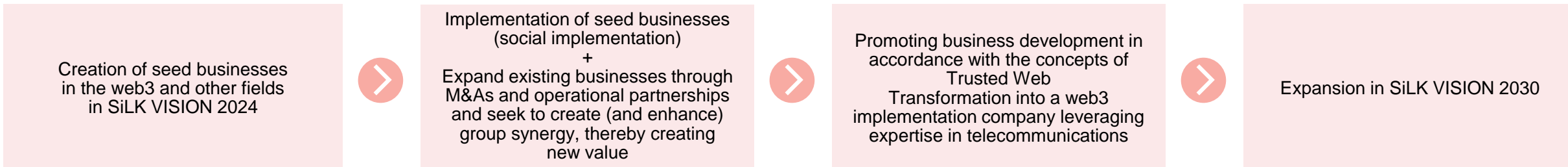
We have made steady technical progress, such as conducting a web3 service PoC using a mobile L1 blockchain developed in-house within the FreeBit Group and developing an edge computing LLM-based generative AI system to further strengthen smartphone-based decentralized infrastructure.



Outline of the Medium-Term Management Plan SiLK VISION 2027 (May 2024 to April 2027)

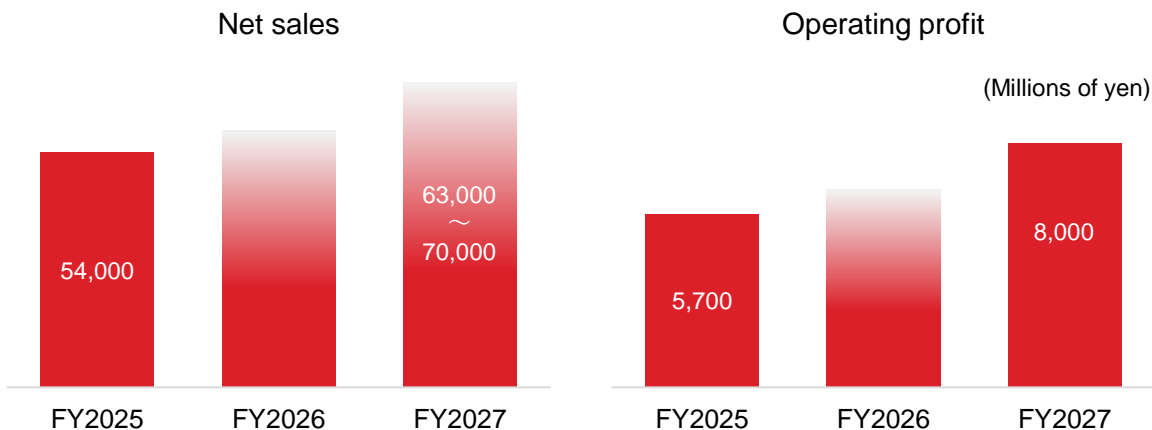


- To become a web3 implementation company leveraging expertise in telecommunications -



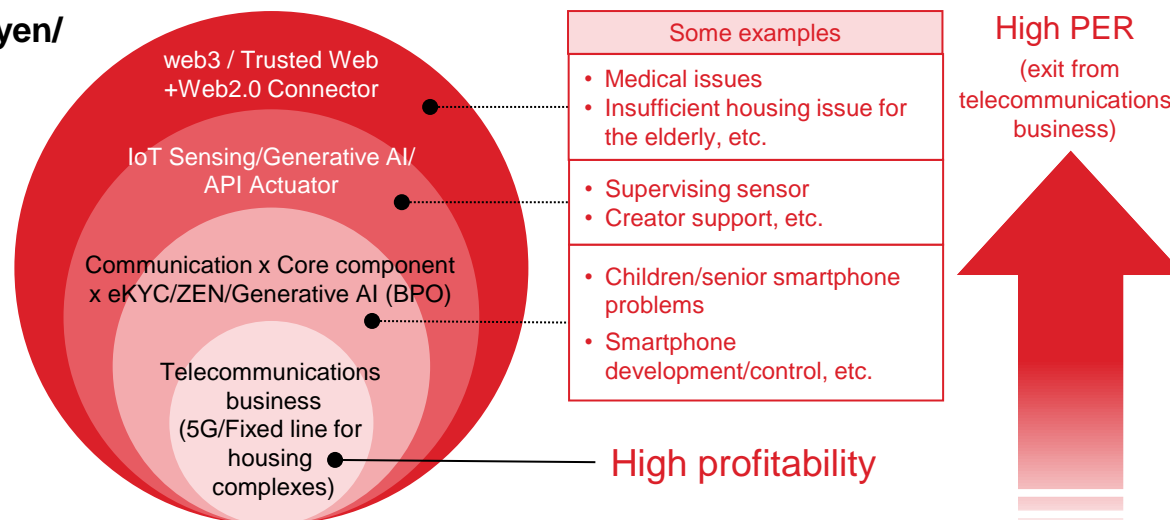
🎯 Targets

Targets Fiscal Year Ending April 30, 2027 Net sales: **63.0 to 70.0** billion yen/
operating profit: **8.0** billion yen



SiLK VISION 2027

➤➤➤ Transforming into a driving force in web3 implementation

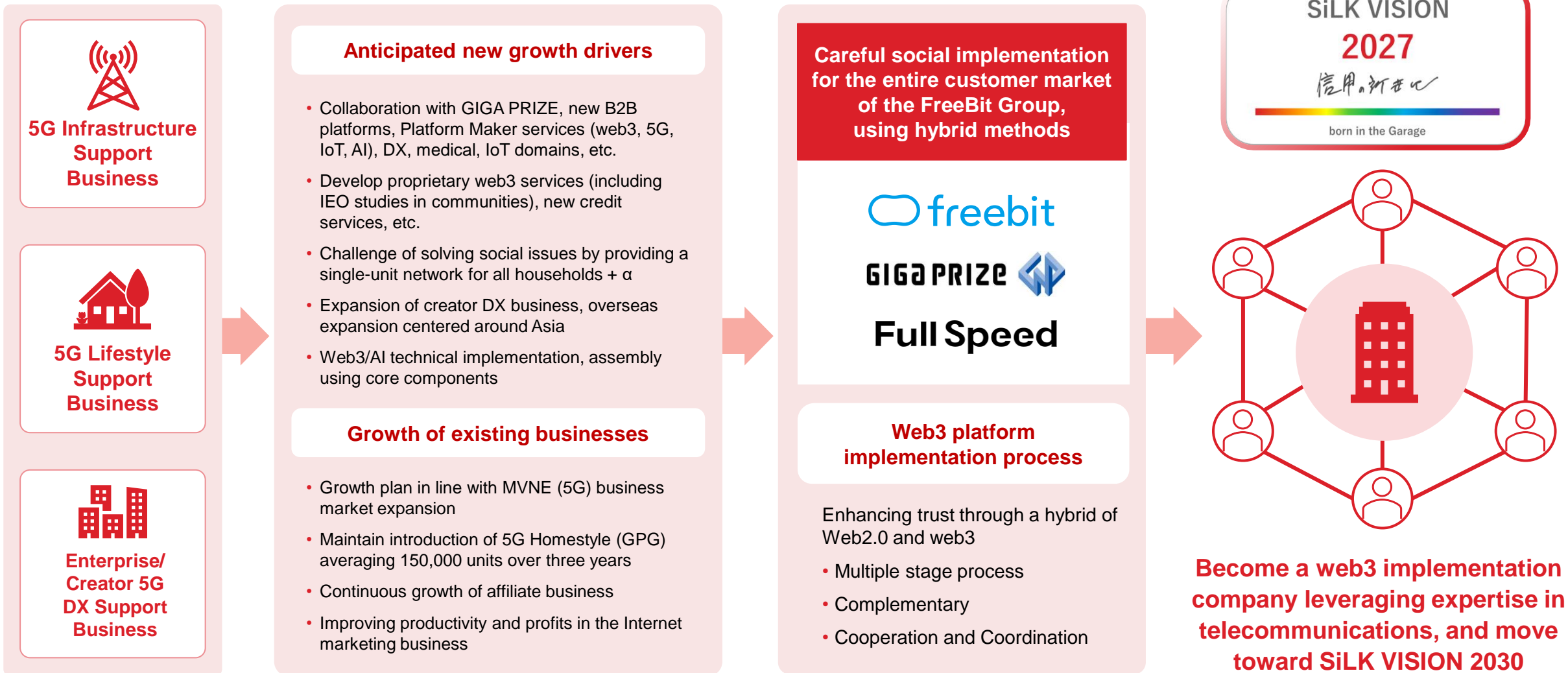


We will achieve a higher level of profitability in our existing telecommunications business while solving various social issues by expanding business in the web3 and AI fields. Leveraging the technological capabilities of the FreeBit Group, a telecommunication-born group, we will aim to transforming into a driving force in web3 implementation, and, through these efforts, increase our corporate value.

Growth strategies in the Medium-Term Management Plan SiLK VISION 2027

Growth strategies

Use hybrid methods that combine Web2.0 and web3 to achieve social implementation of web3 in a phased and complementary manner.



Growth strategies in the Medium-Term Management Plan SiLK VISION 2027 – Collaboration among Group companies

Specific growth strategy initiatives

Establishment of a Value Creation Committee by FreeBit and GIGA PRIZE to assist in the web3 social implementation

Homestyle's "good for all parties (residents, property owner/management company, and society)"/ideals



FreeBit and GIGA PRIZE have established a Value Creation Committee for the three paradigms of "Finite Earth," "Aging society," and "Knowledge explosion." We are combining our technologies and expertise to tackle these social issues. Together with partner companies, we will expand our businesses that create new value.

Establishment of a Value Creation Committee



Senior Advisor
Mr. Yasutaka Yanase



fb CEO and CTO
Ishida



fb CFO
Shimizu



GP President
Sato



GP Director
Ueda



Executive Director
Shibata

Officer-class members from various fields (subcommittees)

Social implementation

Three paradigms of the 21st century



LIVING TOWN MINATOMIRAI



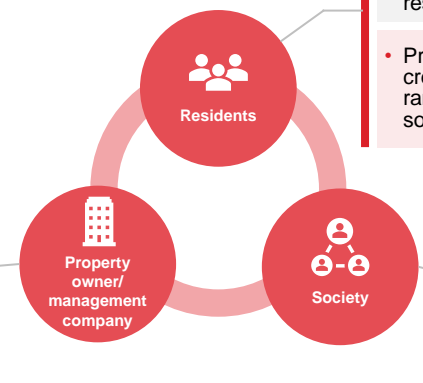
First stage

Acquired local 5G license on May 28, 2024, for "LIVE! LIVINGTOWN," a social implementation experimental project in LIVINGTOWN MINATOMIRAI in which 5G, web3, AI, and IoT technologies are introduced in society using a vertically integrated approach.

Good for all parties Ideals

- Customer base expansion and revenue source diversification
- Ensuring long-term business sustainability

web3	Data management system
Digitalization	Increase asset value of property
IoT device	Property energy management, remote monitoring, etc.
▶ Reduction of operating costs	



- Enrich lifestyles by offering a convenient IoT environment within residences
- Provide a highly secure, fast, stable internet environment, thereby creating a highly convenient residential environment that offers a wide range of smart home functions with an eye toward the issue of the aging society

- Address the issue of the digital divide
- Strengthen security and privacy protection
- Reduce environmental impacts
- Address the issues of the digital divide and create a stronger local community through digital platforms

Use web3 technologies to create a "good for all parties" society that offers a comfortable and secure living environment

Future developments

Short term

- Enhance research and development of new communications technologies, smart home services, web3 & LLM, etc.
- Lower network service prices
- Accelerate regional expansion by strengthening alliances with other business companies
- Enhance governance as a leading company

Bring together expertise from throughout the FreeBit Group to tackle various issues, thereby strengthening governance, adding more value, and providing residents with safer and more secure living environments

Long term

- Roll out services that provide living environments where everyone can enjoy long-term peace of mind, regardless of advances in the aging society
- Promote the deployment of IoT environments within residences and offer web3 services to provide greater convenience in day-to-day life, reduce environmental impact, and make digital transactions safer

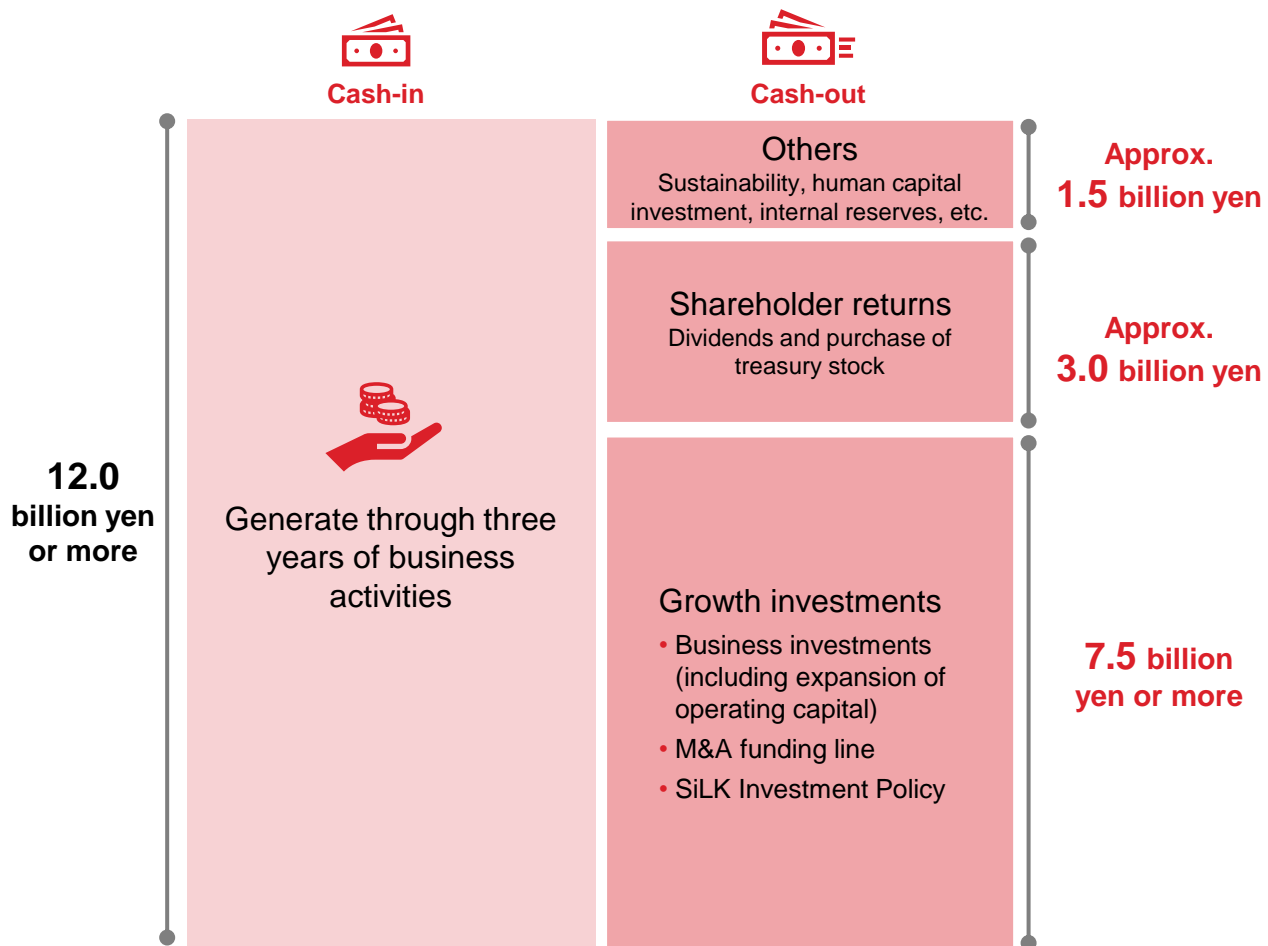
Promote the DX of society as a whole by providing services to protect the lives and lifestyles of residents
Contribute to the improvement of sustainability while increasing the corporate value of the FreeBit Group

Financial strategies in the Medium-Term Management Plan SiLK VISION 2027

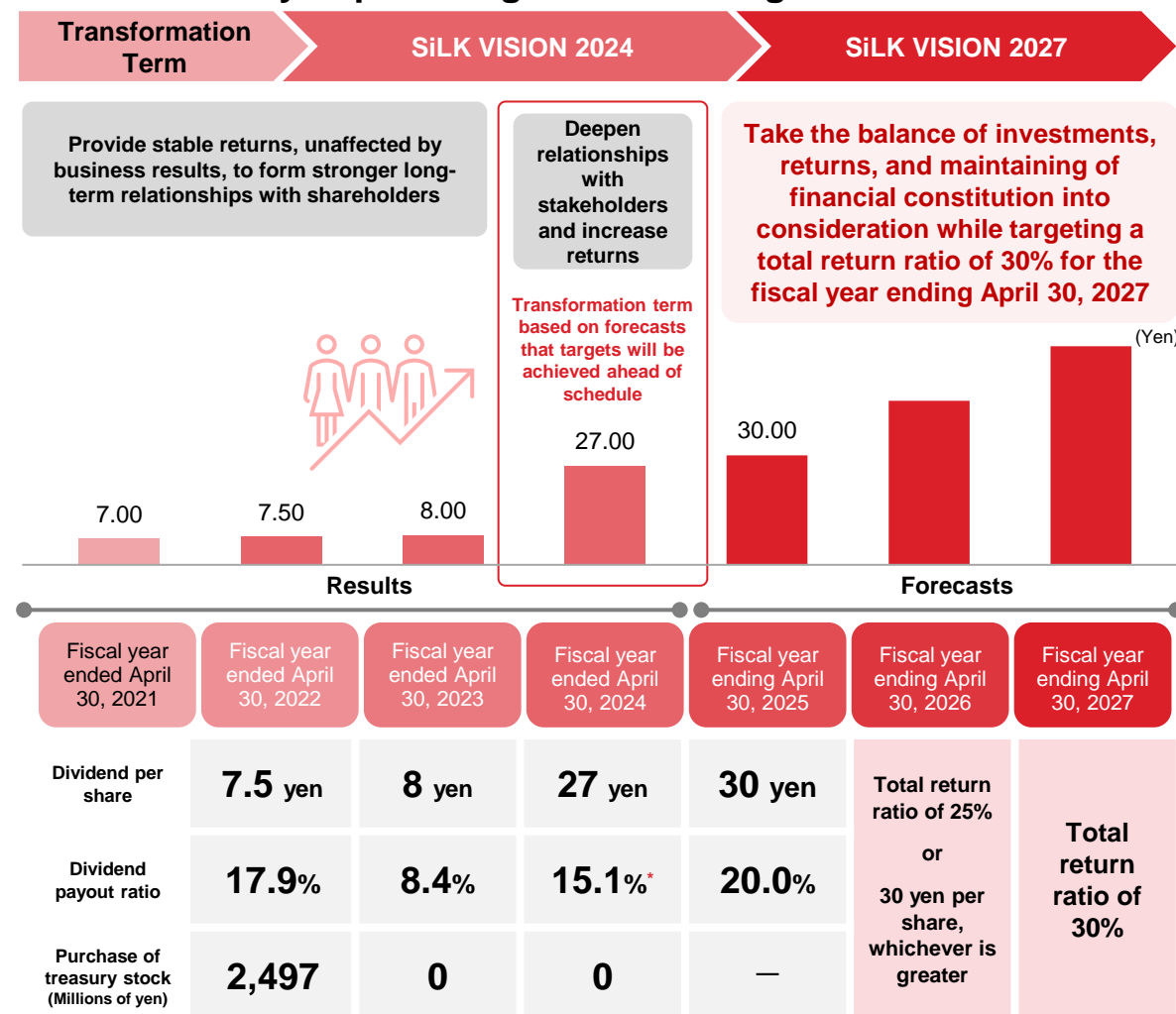
Financial strategies

(Capital allocation for sustained growth)

Using the operating cash flow generated by business activities under SiLK VISION 2027, we will allocate capital with an eye toward balancing growth investments, shareholder returns, and maintaining a sound financial constitution, with the aim of achieving sustained growth and increasing our corporate value.



Policy of providing returns through dividends

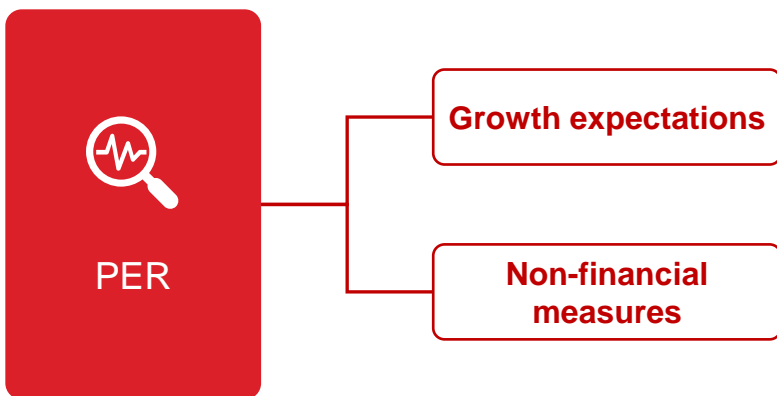
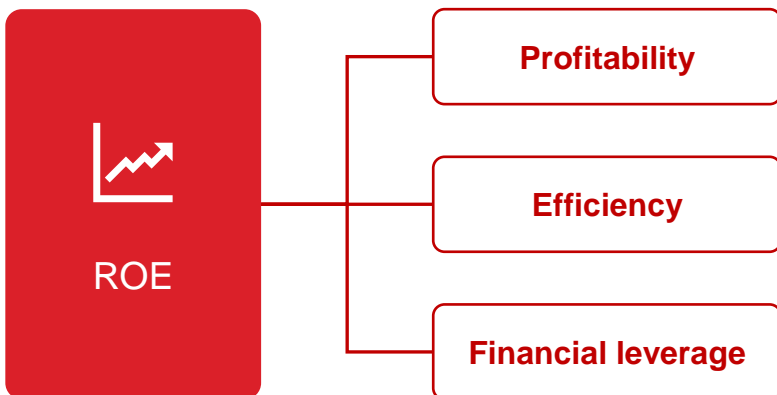


* Value after excluding the impact of change of fiscal period by the GIGA PRIZE Group: 15.8%

Enhancement of corporate value in the Medium-Term Management Plan SiLK VISION 2027

Management conscious of capital costs and corporate value

By implementing our Medium-Term Management Plan, we aim to secure an ROE (which has averaged 23.4% over the past three years) that exceeds our shareholder capital costs (currently 8 to 9%). At the same time, we strive to increase our corporate value by implementing initiatives to meet the growth expectations of the market and achieve a high price-to-earnings ratio.



Current situation

Average values during SiLK VISION 2024, the previous Medium-Term Management Plan

- Profit to net sales ratio: 4.2%
 - ▶ Above the average for the information communications category
- Total asset turnover ratio: 1.3x
 - ▶ Over 1x that of blue-chip companies
- Financial leverage: 4.2x
 - ▶ Appropriate range for a growth company
- ROE: 23.4%
 - ▶ Surpassing the 9.7% average (in FY2021) for Prime Market companies

Target: SiLK VISION 2027

- Increase profit to net sales ratio through ongoing growth investments while factoring in capital efficiency
- Increase dividends and promote the acquisition of treasury stock while taking into consideration the balance of investments and returns

Take the above into consideration while performing capital allocation and continue to maintain a high ROE following the previous three-year SiLK VISION 2024 plan

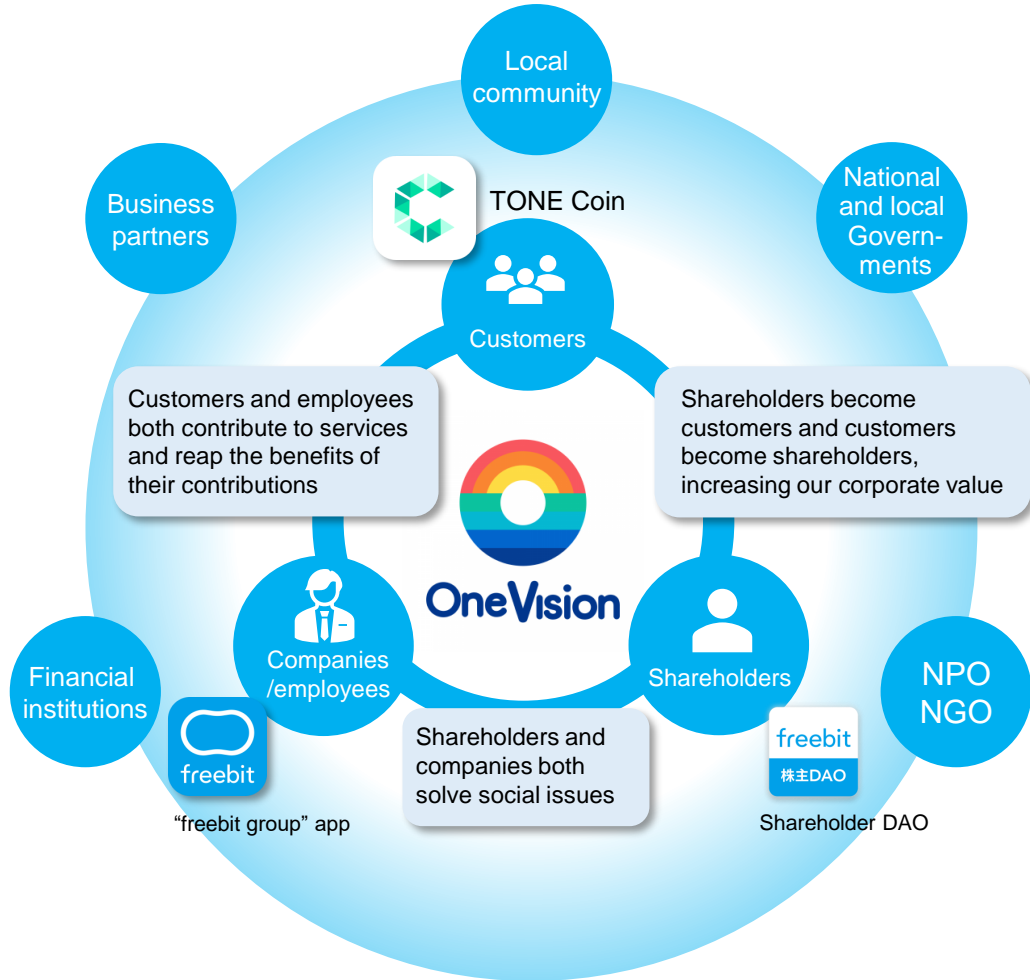
- PER of roughly 8x to 9x
- No clearly defined policy on investments and returns for medium-term growth
- Insufficient stakeholder recognition and understanding of the growth areas other than the telecommunications business that we have our sights set on
- Envisioned cost of shareholder's equity: 8 to 9%

- Achieve steady growth in existing businesses and communicate our Group-wide sustainable growth strategies in the 5G/web3/AI field, including seed businesses
- Enhance investor relations by enriching and expanding IR/PR content and focusing on communicating with the market
- Create a web3 stakeholder community through One Vision (the FreeBit Shareholder DAO)
- Carry out sustainability investments, including human capital investment

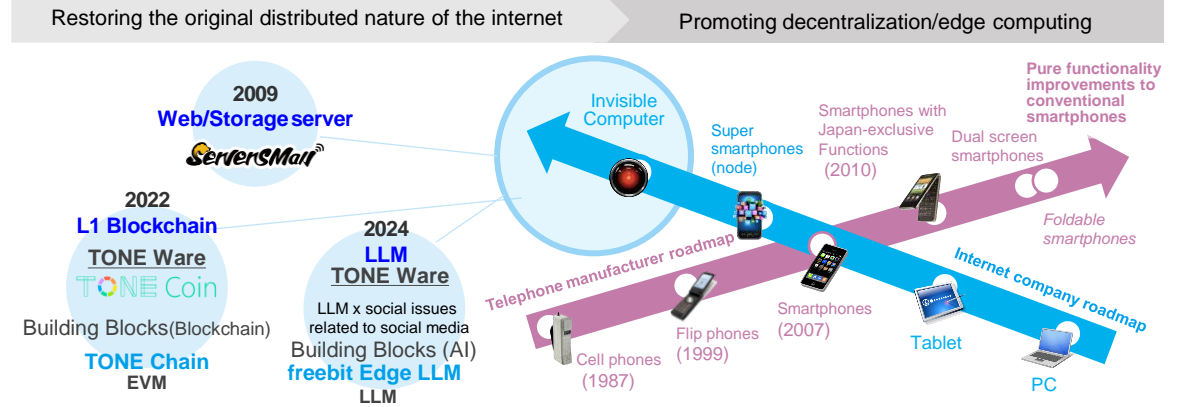
Realization of stakeholder capitalism – One Vision

One Vision's "good for all parties"

One Vision is a "good for all parties" model for sustainably creating a positive cycle of engagement with stakeholders. We have already begun using our proprietary services and technologies in initiatives involving our customers, shareholders, and companies/employees. In the future, we will expand these initiatives to extend to stakeholders throughout society.



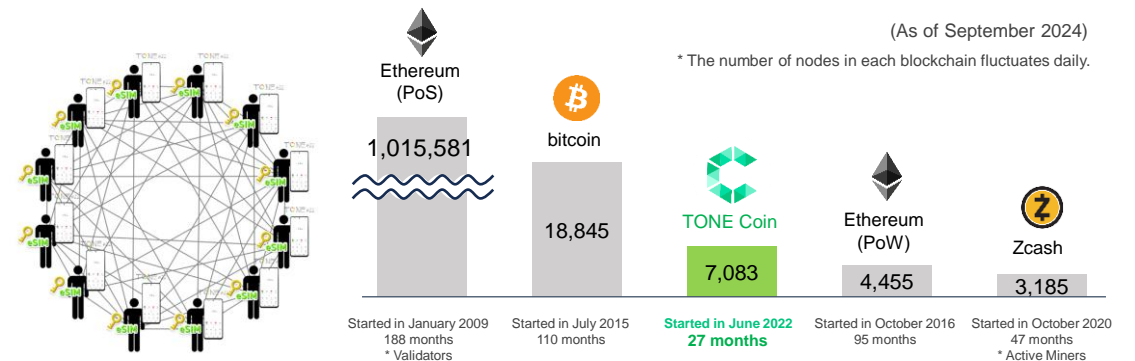
FreeBit's sustainable technologies that support One Vision



FreeBit's Servers Man, TONE Chain, and freebit Edge LLM, created through its initiatives for achieving decentralization through smartphones, are contributing to the restoration of the original, decentralized nature of the internet. These technologies are being connected to create trust for One Vision services and to realize them in a sustainable manner.

TONE Chain, an L1 blockchain with a low environmental impact

FreeBit believes that, theoretically, a mesh network of smartphones is the ideal decentralized infrastructure. In June 2022, it began offering TONE Chain, a layer 1 blockchain that embodies this approach. Since then, the number of nodes in the blockchain has steadily increased, making it the third largest blockchain in the world. As it consists entirely of smartphones, it has a lower environmental impact and decentralizes decision-making.



Realization of stakeholder capitalism – One Vision

One Vision for

Customers



TONE Coin

▶ Participation by TONE Mobile users in this verification experiment has grown TONE Coin to have the third largest number of nodes in the world



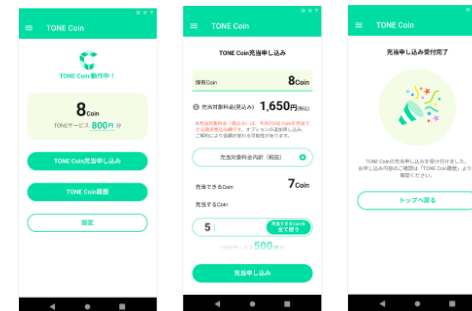
TONE Chain

Ethereum-compatible layer 1 blockchain that runs on smartphones using freebit web3 Blocks



TONE Coin

- Unique point service that operates on TONE Chain
- The TONE Coin app starts automatically in the background while a smartphone is charging, and users receive TONE Coin as sealing payment



TONE Coins received as sealing payment can be converted into real value by exchanging them. TONE Mobile usage credits at a rate of 100 yen per TONE Coin (as of February 1, 2024)

Shareholders



Shareholder DAO

▶ The FreeBit Shareholder DAO, a decentralized autonomous organization that uses TONE Chain, has been provided to shareholders as a web3 starter kit
 ▶ This is a new form of shareholder returns for the web3 era, in addition to conventional shareholder dividends and shareholder benefits

Potential experiences	Earn TONE Coins for sealing	Community interaction through the dedicated shareholder bulletin board	Participation in the FreeBit Group's pioneering verification experiments (participation rights are planned to be rolled out in stages)
	Users can participate in TONE Chain sealing using the FreeBit Shareholder DAO app ▶ They can receive TONE Coins as compensation	There is a dedicated shareholder bulletin board in the app and we manage a new community in which people can talk to other shareholders and IR staff	TONE Care TONE Lifelog TONE Camera

Employees



freebit group

▶ TONE Chain functions have been added to the “freebit group” internal employee app, and employees receive TONE Coins as sealing payment
 ▶ We offer benefit programs based on the number of TONE Coins employees have saved



One Vision Health Style

- Subsidies for use of personal gym trainers, use for lunch money, upgrades to medical checkups, etc.



One Vision Work Style

- Additional remote work availability, etc.



One Vision Career Style

- Access to career development workshops, etc.

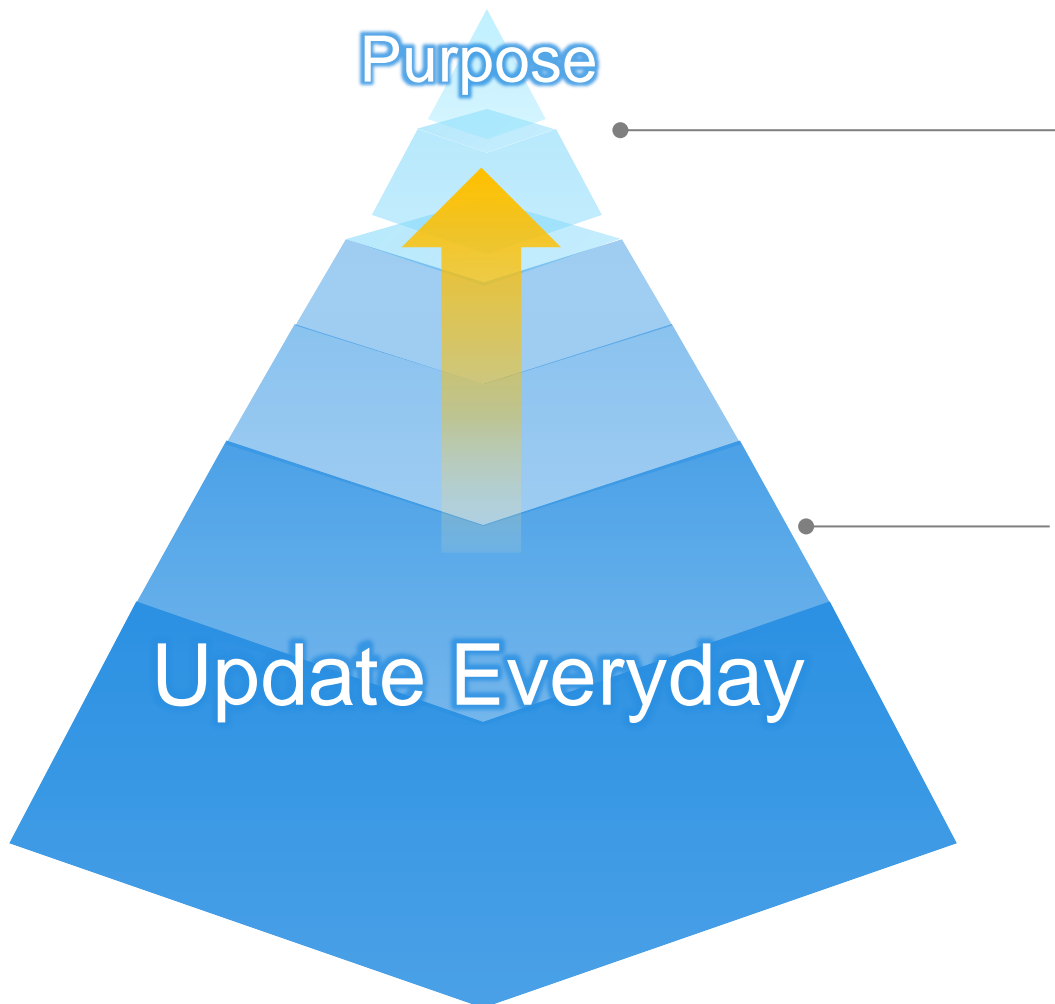
We are collecting ideas from employees and updating the contents of these programs on a rolling basis

Through One Vision, we are providing support programs that help employees enjoy good health and work proactively and autonomously while creating working environments that offer more fulfilling working styles






Human capital management supporting web3 implementation

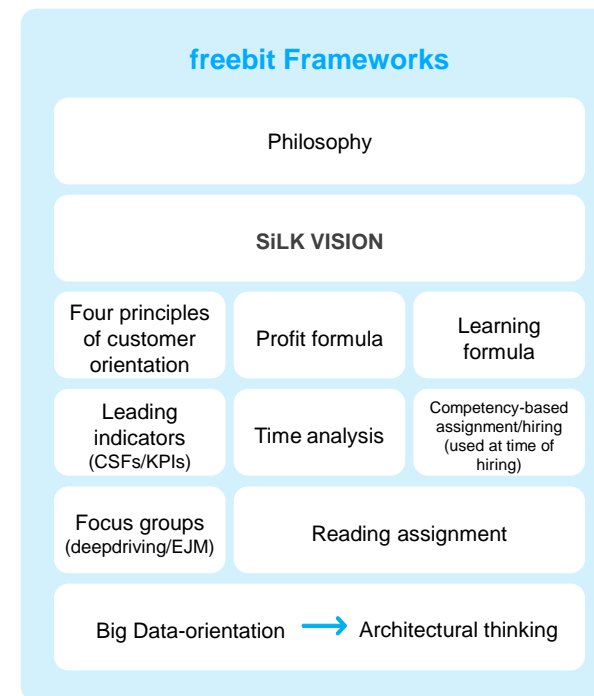


The FreeBit Group is taking on the challenges to achieve the social implementation of web3, led by our purpose of “Being The NET Frontier!” We have embedded web3 concepts in the workstyles and methods used by all of our employees, and our aim is to create a company in which our employees can update themselves. We will introduce new human resource systems and structures that help our employees update themselves as they work toward the realization of our purpose.



Being The NET Frontier! Expanding the Internet and Contributing to Society

-  **More open**
– “Open you a bit”
-  **More sustainable**
– “Sustain you a bit”
-  **More inclusive**
– “Team you a bit”
-  **More engaged in constantly learning**
“Improve you a bit”
-  **More engaged in ownership**
– “We all lead a bit”



Human capital management supporting web3 implementation – Interview with the CHRO

“Business architects” to drive the FreeBit Group’s human capital management

What is business architect?

Based on its corporate philosophy of “Being The NET Frontier!,” the FreeBit Group develops entirely new services for society, with new technologies as its base. For us to develop unprecedented services from the ground up, it is essential that we adopt what is called “architectural thinking.”* This mindset means taking a holistic view of abstract concepts from scratch. Business architects are individuals who can transform abstract overall concepts into specific service components and drive the development of specific solutions.

The FreeBit Group’s approach to human capital management

Human capital management positions human resources as highly important management resources. For us, it means hiring and nurturing the human resources required to make our future vision a reality, and developing organizational environments conducive to their success. We place particular emphasis on human resources who can adopt and promote architectural thinking, and so the key to human capital management at the Company is how we can recruit more of these types of personnel.

Although the shortage of IT engineers is becoming increasingly problematic, our proactive use of new technologies such as web3 and AI is helping to attract numerous outstanding human resources to our organization. Moving forward, we will enhance our technology-related communications and aim to acquire engineers both in Japan and abroad.

We have a culture in which we strive to develop autonomous personnel, even entrusting new graduates in their first year at the Company to lead projects. That said, in terms of management and other areas, there is still plenty of room for improvement. Our policy going forward is to quickly overcome these weaknesses to further enhance our human capital.

Developing environments in which employees can independently continue to update their skills and careers

We are focusing on developing environments where each and every one of our employees can independently continue to update their skills and careers. In training, we emphasize the improvement of team management skills, and we have created training programs for management as well as employees who wish to go on to management in the future.

We also understand the importance of our employees’ work-life balance and are proactively introducing systems that give employees more choices in how they work. In addition to flextime systems (which includes core hours), we also have a flexible work system that enables employees to continue working as full-time employees with reduced hours, to allow them to engage in childcare or nursing care.

Maximizing the value of our human resources to become a web3 implementation company

Autonomous human resources are essential to becoming a web3 implementation company. Increasing the number of individuals who can take ownership of the problems and issues facing the Company or the team is directly linked to maximizing the value of our human resources. To continue to provide new services and value, it is also important to develop business architects.

To develop these kinds of human resources, we boldly give new graduate hires and junior human resources authority and responsibility and entrust them with the planning and development of new services. There are many outstanding junior employees with new ideas, who are not constrained by preconceived notions. We think that giving these employees platforms to flourish is the fastest way to nurture outstanding human resources.

Another way to maximize the value of our human resources is the utilization of AI. Automating various tasks that were previously undertaken by human hands will enable people to focus exclusively on strategic tasks and fundamental problem-solving. We are also concentrating on the creation of internal environments that can cater to these changing styles of work.

Koichi Tomomatsu
Director and CHRO



*Source: “Architectural Thinking” by Isao Hosoya and Kohki Sakata

Human capital management supporting web3 implementation – Measures to incorporate diverse perspectives

Becoming a company where it is natural for women to flourish. A path will open for anyone who challenges



S.I.

Sixth year at the Company
Planning Department, TONE
Business Division



Ikuko Wada

Director and CSO
General Manager of Group
Corporate Planning Division

R.Y.

Fifth year at the Company
New Business Development Department,
DX Business Division



Initiatives at the FreeBit Group



S.I. : At our company, I feel there are equal workplace opportunities for both men and women. There are many female section managers and development staff, and they are all very proactive in presenting their opinions and giving instructions. In fact, in my day-to-day work I am rarely conscious of my position as a female employee as everyone is treated equally.



R.Y. : While many men are working here, I think that the environment is also supportive of women's success. Many of the management-level employees are parents themselves, and so everyone is very understanding of employees who have returned to work after taking childcare leave, as well as those who are using flextime and paid leave systems to take their children to and from daycare centers and to attend school events. We have an environment where it is easy to balance work and childcare.



Our approach to promoting women's success

Wada : In Japanese society, there are still many challenges to ensuring that women succeed in the workplace. The ratio of women in management is still low, and childcare leave and flextime systems are not being adequately implemented. At our company, however, without having to expressly promote women's success, there are already equal opportunities for both men and women to succeed. Here, success depends on the individual's values and mindset toward their work and career, and I believe that there is no doubt that women are well placed to succeed.

I was able to rise from an administrative employee to a company director, and that may be because I was blessed with opportunities and an environment conducive to success. That said, based on the belief that the Company's growth leads to my growth, I have always poured everything into roles that I believed were beneficial to the Company, regardless of my position or job title. One of the biggest attractions of our company is that with a proactive mindset and the right sense of curiosity and endeavor, everyone can broaden their platforms for success.



Promoting diversity and women's success and becoming a web3 implementation company



S.I. : I am involved in planning operations within the mobile business. Through our TONE Mobile service, we aim to provide a service that solves social issues such as smartphone addiction, fraud, and loneliness. Utilizing the characteristics of web3, like transparency and reliability, I hope to create a platform that people of all ages can use with peace of mind.



R.Y. : I am in charge of new businesses that make use of decentralized apps running on a blockchain network. My aim is to use the expertise I have accumulated through past projects to provide new business opportunities and value in as many fields as possible. This is not limited to Japan, but overseas, too.

Wada : I believe that increasing the number of women in management and executive positions, and incorporating ideas and perspectives unique to women, will help to drive sustainable management . This is why I would like our female employees to engage in more proactive communication and acquire the capabilities required to do so. I hope that the number of women in management will increase as many as possible, and that they will take responsibility for corporate management and business operations.

Human capital management supporting web3 implementation – For high levels of expertise

Becoming a web3 implementation company through a development environment that always allows for new challenges

Updating job fulfillment and skill levels

M.O. : The greatest attraction of our company is that we are always ready to take on new challenges. As long as you have ambition and drive, the Company will give you opportunities to try new things. I work in pioneering fields that have a major impact on society, and it is incredibly fulfilling to feel firsthand that the projects I am involved in are benefiting society.

P.J. : At our R&D department, we set our own ambitious targets and the organization supports our efforts to achieve them. Each time I design or develop a new service or product, or find a solution to a difficult problem, there is both a huge sense of achievement and a sense that my skills are improving.



P.J.
15th year at the Company
Research and Development
Department, NN Engineering
Division

M.O.
Fifth year at the Company
Research and Development
Department, NN Engineering
Division



Initiatives to become a web3 implementation company

M.O. : In my third year at the Company, I was invited by President Ishida to join the web3 business. To me, it felt like a future-oriented field in which I could take center stage and continue to be passionate about over the long term. I still remember the huge sense of excitement I felt when I first got involved in new concepts like crypto assets and NFTs. It was also inspiring to see other Japanese people of similar ages working in the field, and this gave me a strong desire to get involved and succeed. Today, we have enabled the visualization of system architecture to ensure that all team members can go about development from the same perspective, and we are striving to ensure consistency as we drive projects forward. Moving ahead, we will aim to standardize system structures and promote the Company-wide development of products that use web3 technologies to create further value.

P.J. : I have been working on web3 technologies since the Company first got involved in the field. Currently, I am working on improving the scalability of blockchain solutions. I give importance to designing new products and services and writing high-quality source code based on the web3 paradigm, as well as sharing these results with other team members through team meetings.

Providing value to stakeholders through web3 technologies



M.O. : I believe that using web3 technologies will enable us to provide innovative value in fields where there were previously significant security-related obstacles and fields where creating new services has been a challenge, like the medical industry. I am also very interested in the potential impact of web3 token incentives on community-based activities. By visualizing individual contributions and utilizing tokens that may enhance participants' engagement, I aim to create new experiences.



P.J. : Web3 technologies have so many advantages. I think they are particularly outstanding in their decentralized architecture, user control, transparency, security, and censorship resistance. If we can make full use of these advantages, I believe we can provide customers and society with new, secure, and transparent experiences in which individuals can take the initiative. Using web3 technologies, we will aim to create a future in which individuals can take the lead in contributing to societies and communities in a more significant manner.

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.

History of the Group

<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



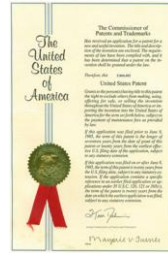
Operating profit

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

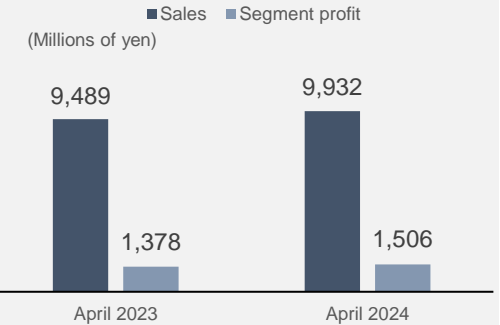


Acquired technology patents
Japan: 19 / Overseas: 43

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%



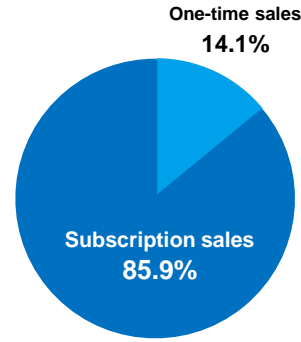
TSR

133.9%



Subscription-based business models

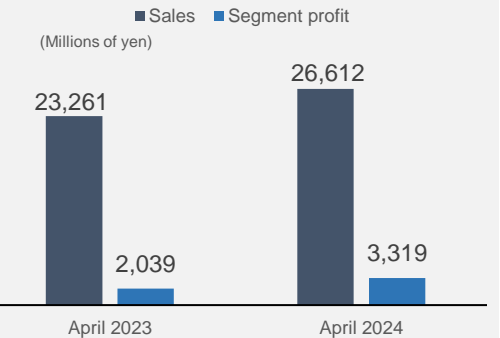
Approximately 85% of the total revenue of the Group comes from subscription-based business models, such as fixed-line, mobile communication and ISP services for housing complexes. We allocate a portion of our revenue to consistently make advanced investments in new businesses for medium- to long-term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



5G Lifestyle Support Business

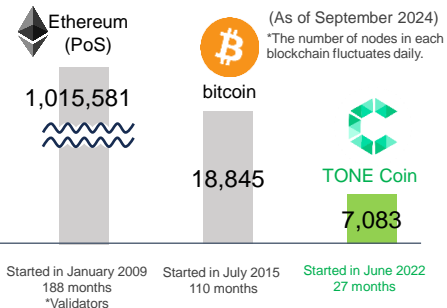


In addition to providing mobile communication services using smartphones and other devices and fixed-line Internet-related services, we promote the provision of 5G Homestyle (Internet service for housing complexes).

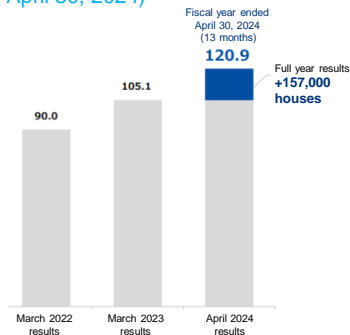


TONE Coin

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



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



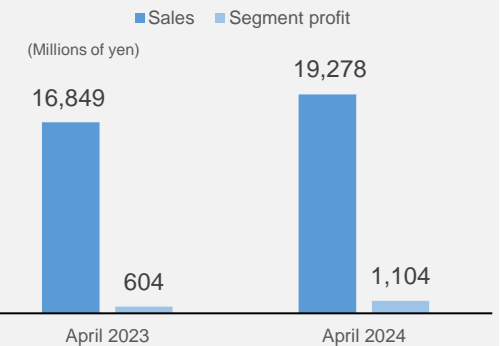
afb: **No. 1** in **user satisfaction** among high-income partners in Affiliate Program Awareness Survey 2024*



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
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

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

Today
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

Emotion Link network
Conventional network

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

Conventional network Emotion Link network

Enables communication across NAT, firewalls, and other network barriers

Software-type Stack-type
USB-type Box-type Embedded type

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

Our mainstay services	Description	Main solutions provided	Features
	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

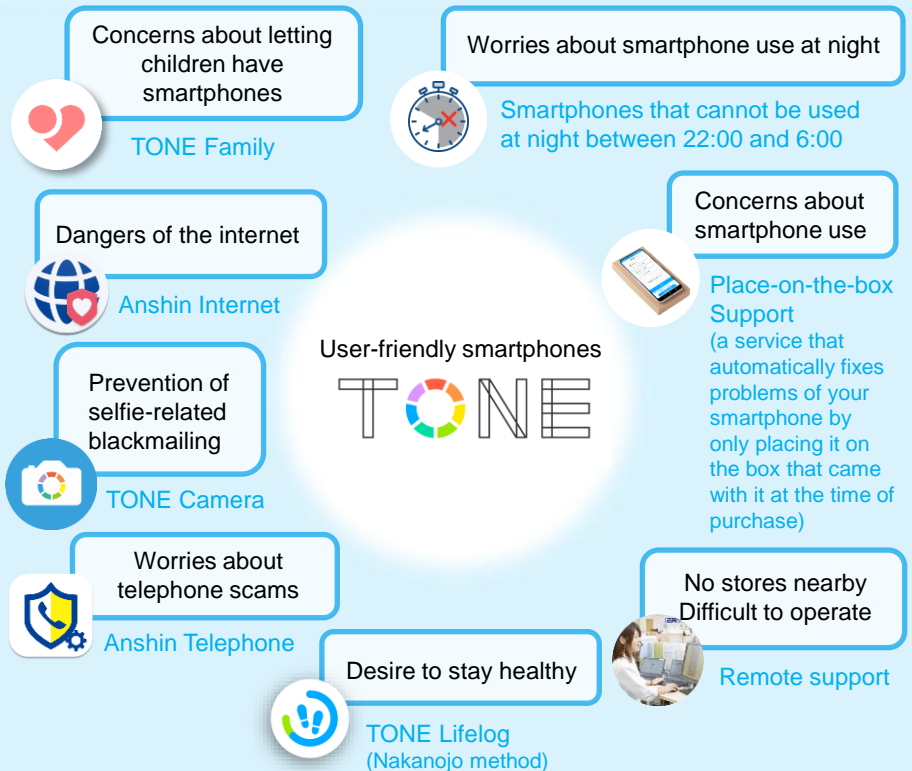
▶ 5G Lifestyle (TONE/DTI)

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

TONE Mobile

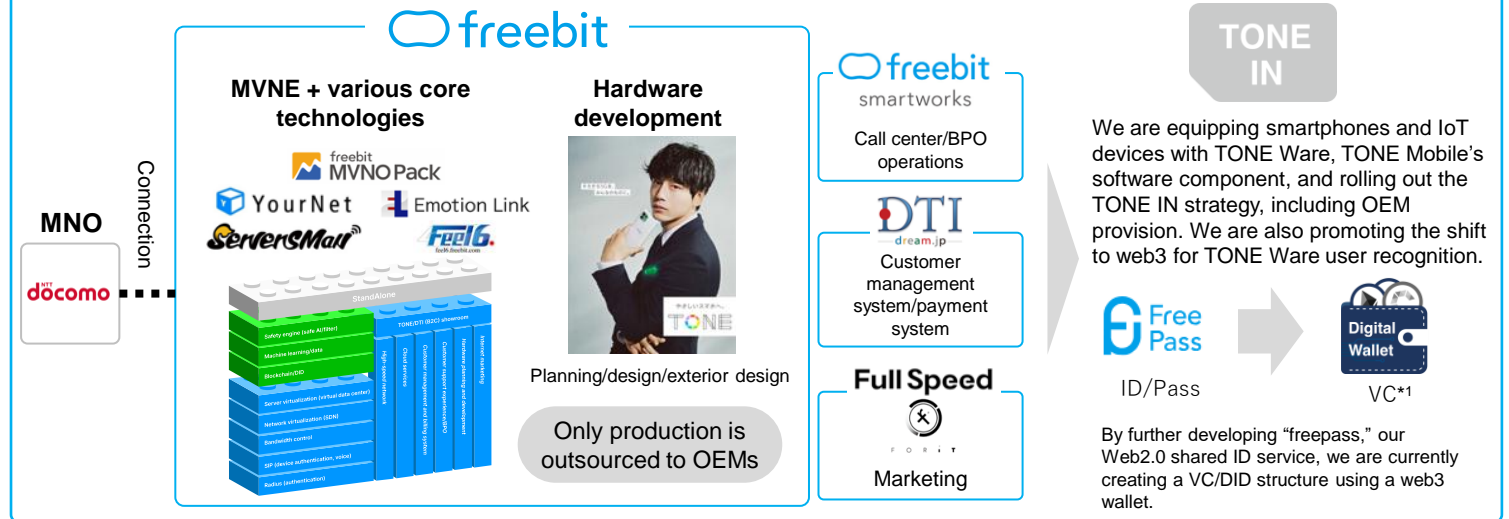
▶ Tone Mobile also functions as a so-called showroom for the FreeBit Group's technologies

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)

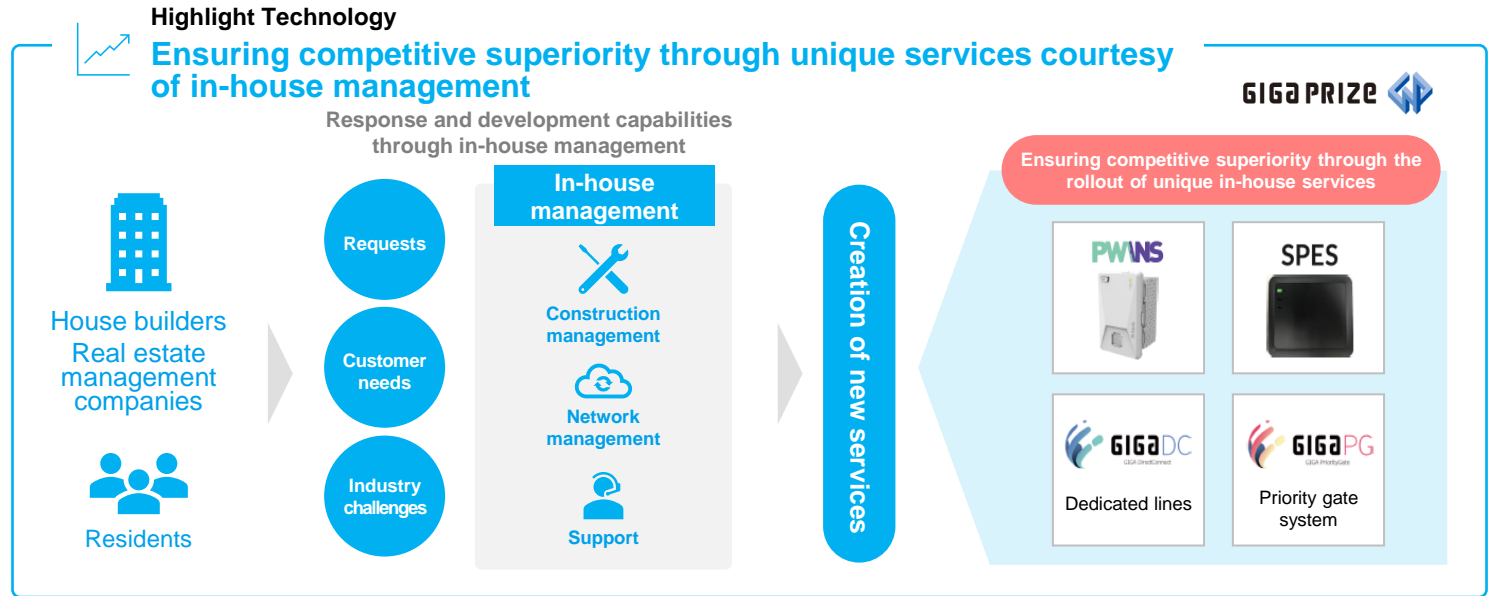
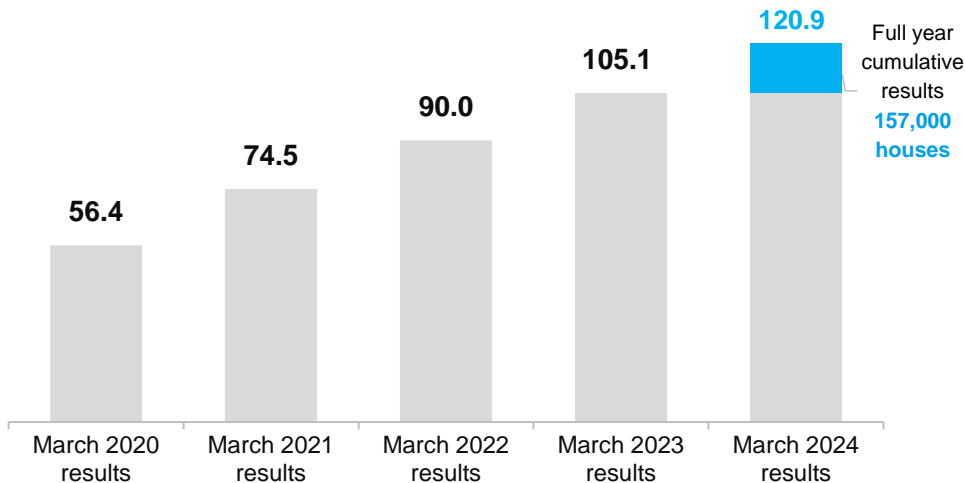
We are also focusing on establishing a new service in addition to our provision of internet services for housing complexes

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

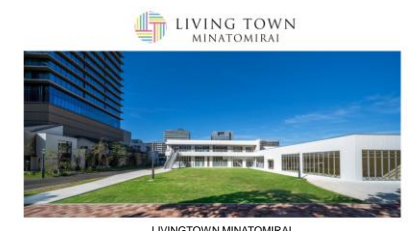
- GIGA PRIZE, which provides the 5G Homestyle service in our 5G Lifestyle Support Business, offers a high-speed and stable internet connection service as a dedicated ISP for housing complexes
- GIGA PRIZE is also developing various digitalized solutions such as an operational support system for the real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

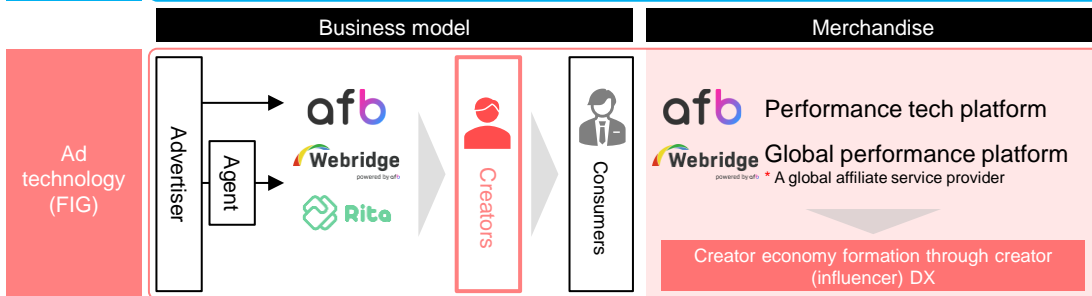
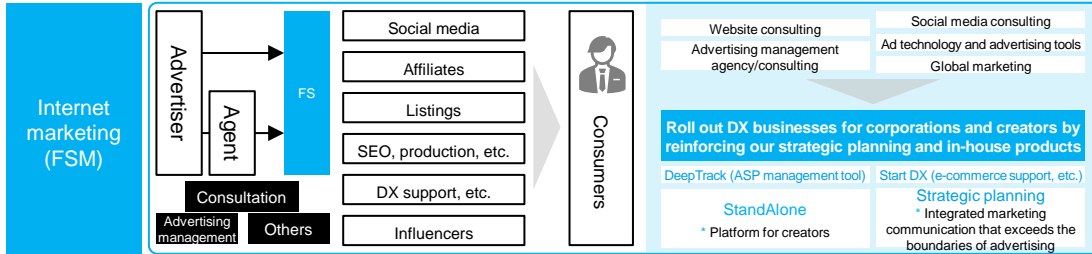
With an eye on web3, we are promoting Internet marketing and ad technology-related businesses



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

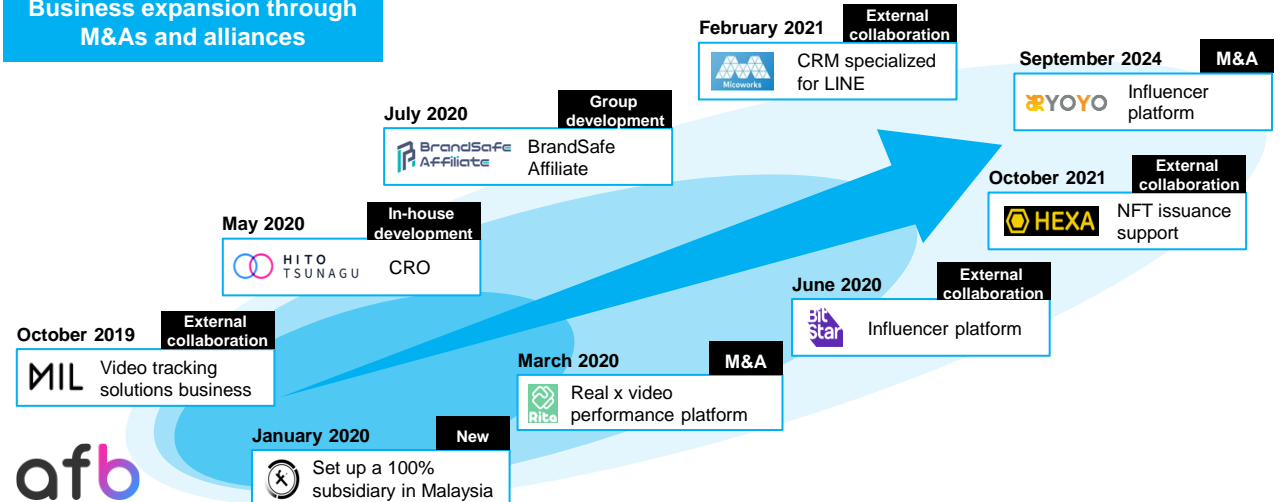
Performance technology network/ASP



- 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.



FreeBit


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.



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

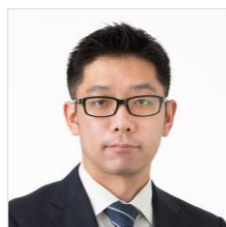
Governance



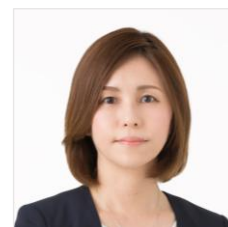
Representative Director and President
Atsuki Ishida



Director and Executive Vice President
Takashi Shimizu



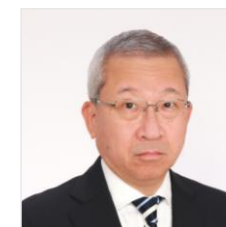
Director
Koichi Tomomatsu



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.

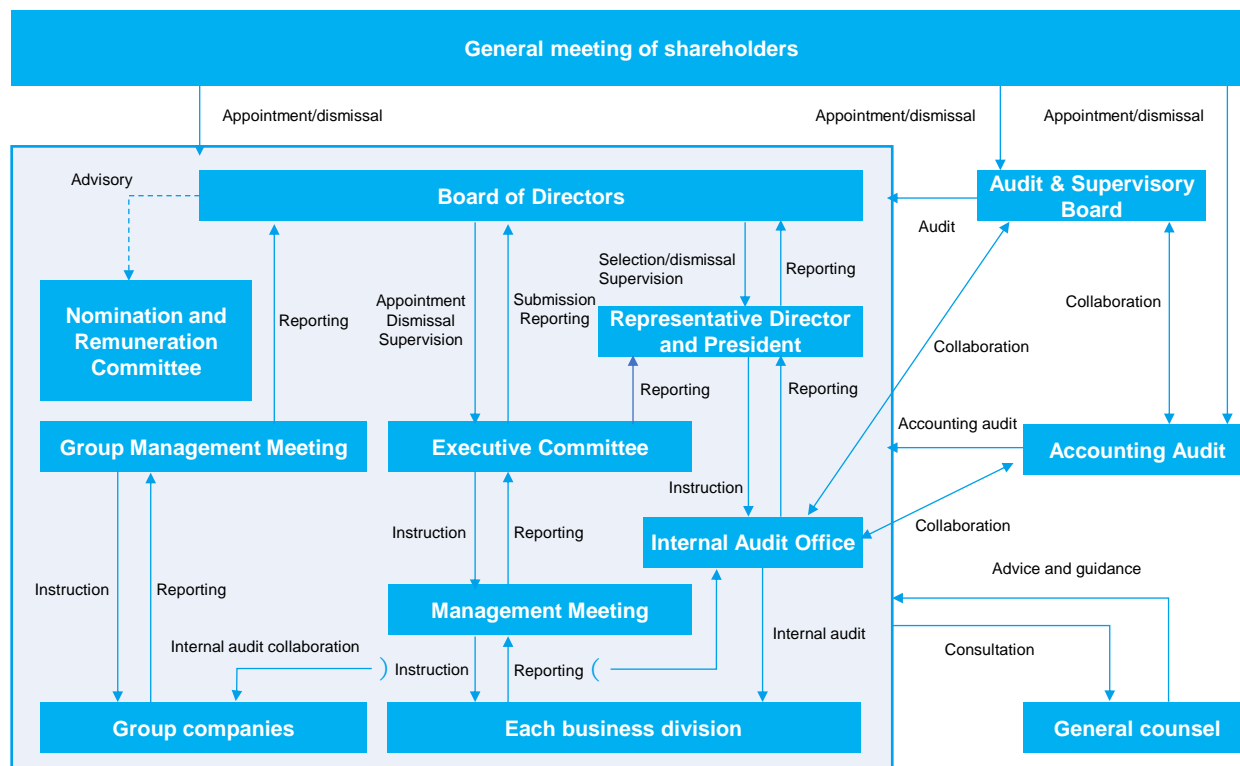
ESG management of the FreeBit Group

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.

Corporate overview

Corporate information

Name	FreeBit Co., Ltd.
Established	May 1, 2000
Listing	The Prime market of the Tokyo Stock Exchange
Securities code	3843
Capital	4,514 million yen (as of April 30, 2024)
Number of employees	Non-consolidated basis: 260 (as of April 30, 2024) / Consolidated basis: 884 (as of April 30, 2024)
Fiscal year	From May 1 to April 30 of the following year
Annual General Meeting of Shareholders	July
Administrator of the shareholder registry	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Mitsubishi UFJ Trust and Banking Corporation
Head office	E-Space Tower, 3-6 Maruyamacho, Shibuya-ku, Tokyo

Major group companies

 <p>Full Speed Inc. Managed advertising services, Internet marketing business, support platform for creators http://www.fullspeed.co.jp/ (Japanese only)</p>	 <p>GIGA PRIZE CO., LTD. Internet-related services for housing complexes https://www.gigaprize.co.jp/ (Japanese only)</p>
 <p>For it Inc. Affiliate advertisement service https://www.for-it.co.jp/english/</p>	 <p>Soft Volante Co., Ltd Real estate management software http://s-volante.co.jp/ (Japanese only)</p>
 <p>CRAID Inc. Ad technology business, digital signage business https://www.craid-inc.com/ (Japanese only)</p>	 <p>GIGA TECH CO., LTD Internet installation service for condominiums https://www.giga-tech.co.jp/ (Japanese only)</p>
 <p>JobRoad Inc. Human resource services including Japanese language education for foreign nation human resources from Southeast Asian countries, job placement and career change assistance, etc. https://jobroad.co.jp/en/</p>	 <p>DREAM TRAIN INTERNET INC. Internet-related services for individuals https://www.dti.co.jp/ (Japanese only)</p>
 <p>Rita Inc. O to O video advertisement platform, development and operation of CPI/CPE network https://rita-inc.co.jp/ (Japanese only)</p>	 <p>BEKKOAME INTERNET. INC Data center-related services https://www.bekkoame.co.jp/ (Japanese only)</p>
 <p>freebit investment inc. Investments in new businesses, etc. http://binvest.co.jp/ (Japanese only)</p>	 <p>FreeBit Smart Works, inc Call center outsourcing https://freebit.com/freebitsmartworks/ (Japanese only)</p>

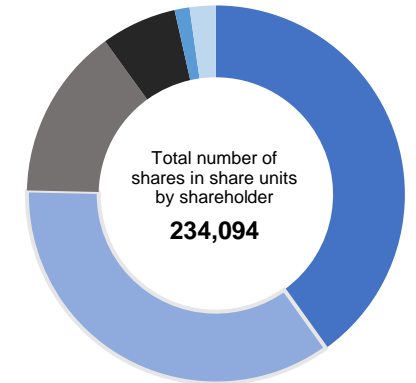
Stock information

Status of stocks and shareholders (as of April 30, 2024)

Number of shares authorized	52,473,600 shares
Number of shares issued and outstanding	23,414,000 shares
Number of shareholders	6,218

Individuals and others:	40.11%
Other companies:	35.23%
Treasury stock:	14.70%
Financial institutions:	6.45%
Securities companies:	1.28%
Foreign investors:	2.23%

Share distribution by shareholder (unit share ratio)



Major shareholders

Shareholders	Number of shares (shares)	Percentage of shares held (%)
Atsuki Ishida	3,519,700	17.62
ALPS ALPINE CO., LTD.	3,510,600	17.58
UH Partners 2, Inc.	1,893,000	9.48
Hikari Tsushin K.K.	1,441,700	7.22
The Master Trust Bank of Japan, Ltd. (trust account)	891,400	4.46
UH Partners 3, Inc.	701,300	3.51
Custody Bank of Japan, Ltd. (trust account)	491,100	2.45
OBIC BUSINESS CONSULTANTS CO., LTD.	450,000	2.25
Jun Murai	288,000	1.44
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	156,108	0.78

*The Company holds 3,441,941 shares of treasury stock, which are excluded from the above table.

*Percentage of shares held is calculated after deducting treasury stock.

Contact

Person in charge of Investor Relations, Group Corporate Planning Division,
FreeBit Co., Ltd.

✉ freebit-ir@freebit.net

🌐 <https://freebit.com/en/>

Case studies of web3 social implementation – freebit Edge LLM

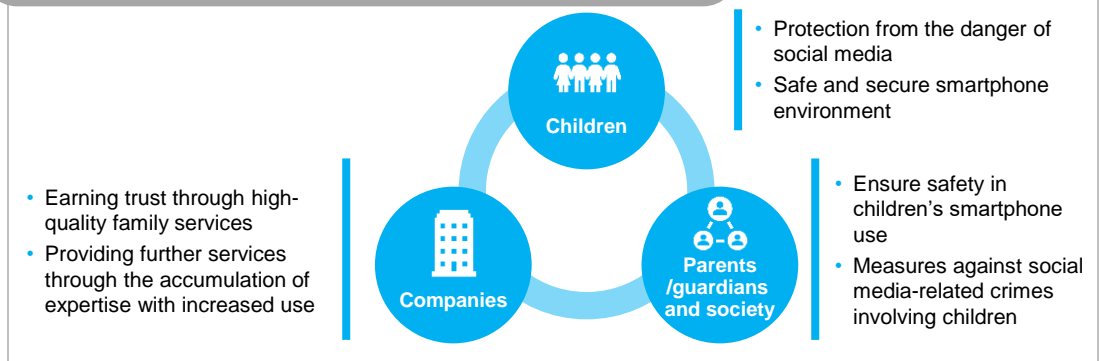
Development of freebit Edge LLM as a generative AI solution

- Large language models (LLMs) are faced with various challenges, including huge energy consumption, risks of data leakage and fraudulent access, and security and privacy concerns.

The FreeBit Group has developed a proprietary, safe, and secure smartphone-based LLM that consumes low amounts of energy and in which data does not leave the smartphone.*1 The plan is to link this LLM with an existing TONE Mobile service to build a system in which AI determines*2 levels of risk in children’s use of social media and notifies the parent or guardian.

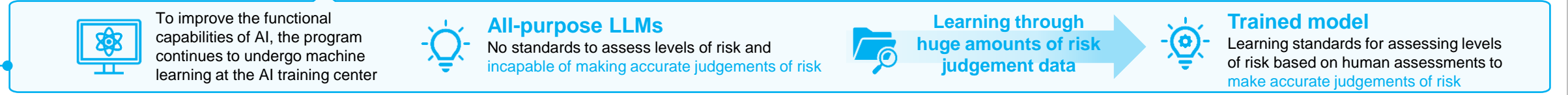
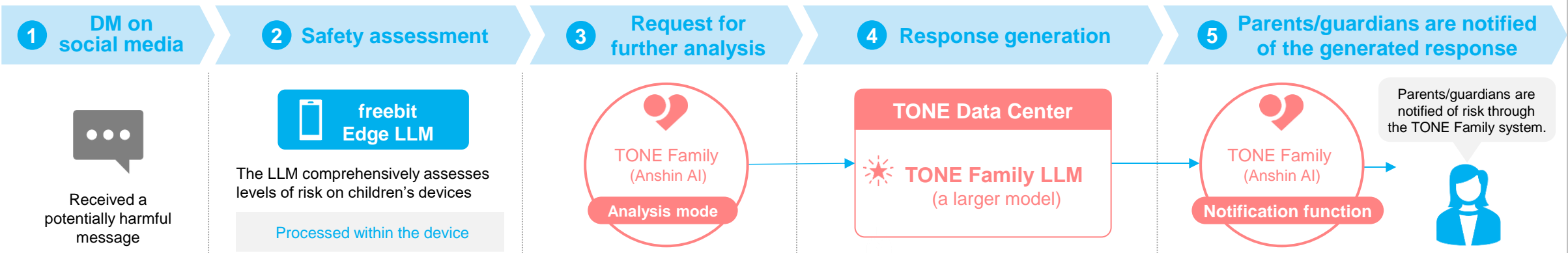
- To advance the functional capabilities of AI, the program is undergoing regular machine learning at the AI training center. Freebit Edge LLM can also be linked with external LLMs to enhance its functionality.

freebit Edge LLM’s “good for all parties”



freebit Edge LLM scheme

A model that works with external LLMs to generate more detailed responses (set by parents/guardians)



*1 Data does not leave the smartphone
If a message is deemed dangerous, the results are communicated to the parent/guardian (including the message itself). Until the parent/guardian deletes the result, it is stored on a server contracted to the FreeBit Group.

*2 AI determines levels of risk
Decisions made by freebit Edge LLM are only AI’s own calculations, and do not guarantee levels of risk, the accuracy of decisions, or results. AI decisions may be influenced by bias and hallucinations based on learning data.

Case studies of web3 social implementation – Collaborative medical information platform

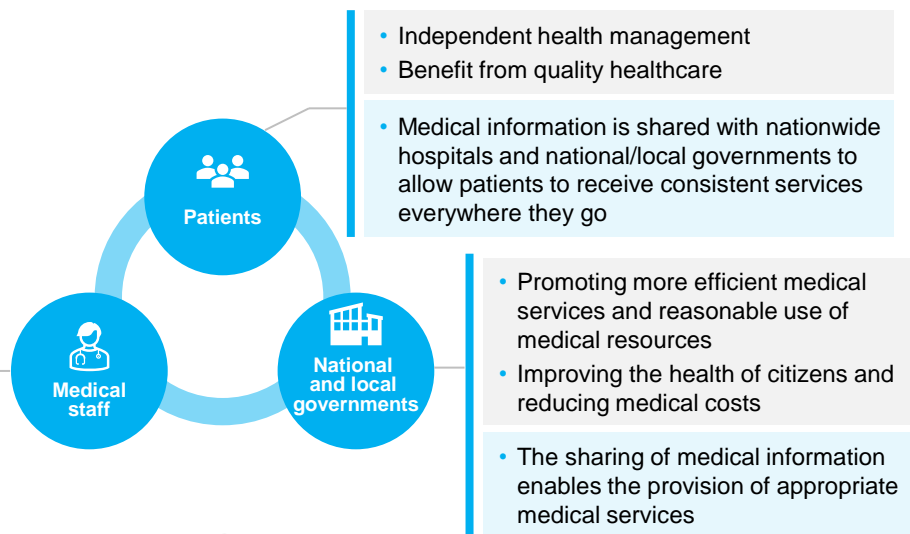
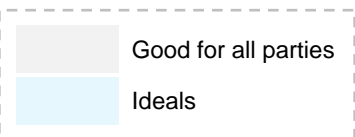
Social implementation of medical DX/Trusted Web using web3 – joint research and development project with Fujita Health University Hospital

Healthcare’s “good for all parties”/joint research and development ideals

- A project in collaboration with Fujita Health University Hospital that aims to build a platform and create a service for the use of big data in medicine (RWD)
- The aim is to digitalize medical services in line with the principles of the Healthcare DX Reiwa Vision 2030



- Using Japan’s Trusted Web concept and decentralized identifiers (DIDs) based on web3 technologies, the plan is to develop a system that makes it possible for patients to carry their own healthcare information
- The aim is to reduce risks such as privacy infringements while enhancing the reliability of data and transactions and ensuring the safe and liberal management and sharing of information



Using web3 technologies, we will aim to facilitate the secure and convenient sharing of medical information between patients, hospitals, research institutes, and national/local governments

Examples

- Medical data management system using web3 technology
- Unified ID system using the Individual Number system

Benefits of joint research and development

- By combining web3 and other technologies with the huge amount of medical data held by Fujita Health University Hospital, the aim is to build an innovative medical data management system
- Individuals will be able to manage their own medical information and share information such as their treatment history and diagnoses with each medical institution to improve the efficiency and quality of medical care

POC (Proof of Concept) 1 testing



Fujita Health University PHR* app

- A PHR app developed in-house based on the Trusted Web structure is loaned out as a set together with a TONE device
- Patients can view medical data from their homes



- The solution will help to address issues such as the lack of medical resources and streamlining
- The use of digital technologies will help to both improve the quality of medical services and reduce costs

With significant advantages for patients, medical institutions, national/local governments, and numerous other stakeholders, the FreeBit Group will make major contributions to the future development of the medical industry

*PHR (personal health record): medical data that records an individual's health and physical information

Case studies of web3 social implementation – StandAlone

StandAlone: An original web3 community app for creators

StandAlone's "good for all parties"/ideals

- StandAlone aims to build a new creative ecosystem by enhancing direct interactions between creators and their fans

Transition to web3

Creators

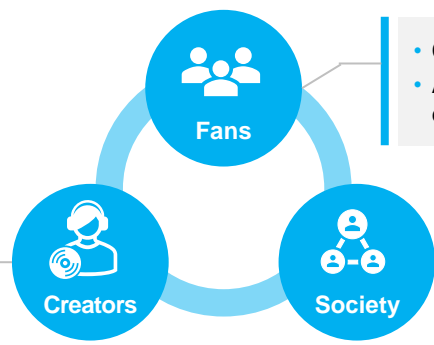
Creators have full control of their own work and profits

Fans

Fans can make bigger contributions to support their favorite creators

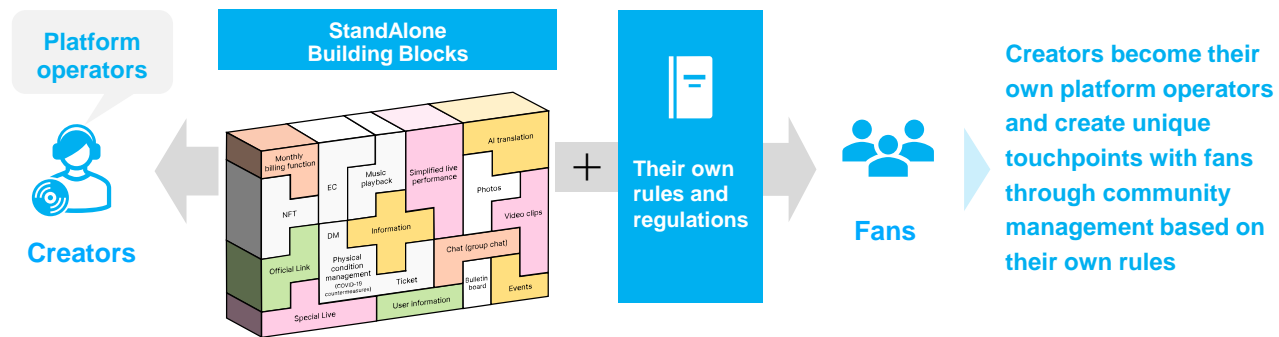
► The focus will be on the creation of a safer, easier-to-use platform and the development of vibrant DAO communities

- Improved transparency with the ownership and monetization of work
- Promoting creators' independence and financial self-reliance



- Close support of artistic activities
- Achieving a greater fan experience

- Promoting the discovery of new talent and diversity
- Eliminating intermediary costs and ensuring efficient resource distribution



Future developments



Short term

- Aim to build a web3 and DAO platform, form a DAO between creators and fans as a pilot project, and work to improve and enhance the system
- Provide programs to improve understanding of web3 and DAO concepts among creators and fans and create a support system for DAO participants

Long term

- Support domestic and overseas expansion of communities through enhanced AI translation functions to link global creators with fans from across the world, and roll out a diverse range of services for both creators and fans on a global scale
- Support creators' global-scale activities and aim to develop solutions to global social issues through B2C2C (Business to Creator to Consumer) services that enable direct communications from the creators

List of ongoing StandAlone apps

 Kentarō Sakaguchi info.s	 Eiji Akaso EAWD	 Maika Yamamoto Mk.ZeRo.	 Airu Kubozuka AIRU	 Takato Nagata NAGATOWN	 To Taro TOTARO
 Play.Goose P.G @STAND ALONE	 Hikari Kabashima Hikaridayori	 Kenichi Ikezoe TEAM KEN.1	 Ryusei Sakai RS Jockey Room	 Aoto Watanabe BLUE	

Global creator support/web3

Released app for **Dean Fujioka's** fan community "FamBam" to facilitate direct communication with fans across the world, as a collaboration that fully supports the provision/development of IT platforms including web3 technologies

In the future, while supporting connections between diverse individuals through web3-based mutual contribution systems and AI technologies, we will aim to roll out systems for the autonomous development of trustworthy web3 and blockchain technologies