

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

March 8, 2024

Listed company name FreeBit Co., Ltd.

Listing: Tokyo Stock Exchange

Code No. 3843 URL <https://freebit.com/>

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Scheduled date of filing of quarterly securities report March 11, 2024 Start Date of Dividend Payout: -

Supplementary documents available for quarterly financial results: Yes

Quarterly financial results briefing: Yes (Video streaming only)

(all amounts rounded down to the nearest million yen)

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending April 30, 2023 (from May 1, 2023 to January 31, 2024)

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

	Net sales		Operating income		Ordinary income		Quarterly income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024/04 3Q	39,992	-	4,670	-	4,592	-	2,868	-
FY2023/04 3Q	34,216	7.0	3,167	2.2	2,964	-2.0	1,656	2.1

(Note)

Comprehensive income FY2024/04 3Q 3,638 Millions of yen (-%) FY2023/04 3Q 2,268 Millions of yen (5.2%)

	Quarterly net income per share owners of the parent	Diluted quarterly net income per share
	Yen	Yen
FY2024/04 3Q	143.68	142.21
FY2023/04 3Q	88.09	87.47

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

(2) Consolidated Financial Position

	Total assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
FY2024/04 3Q	35,563	14,220	30.5
FY2023/04	35,926	11,032	22.9

Reference: Shareholders' equity FY2024/04 3Q 10,842 Millions of yen FY2023/04 8,242 Millions of yen

2. Dividends

	Annual dividends				
	First quarter period end	Second quarter period end	Third quarter period end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023/04	-	0.00	-	8.00	8.00
FY2024/04	-	0.00	-		
FY2024/04 (forecast)				27.00	27.00

(Note) Revisions during this quarter of dividends forecast for fiscal year: None

Forecast of Consolidated Financial Results for the Year Ending April 3, 2024 (May 1, 2023 to April 30, 2024)
(percentages shown represent year-on-year % change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	53,000	13.3	5,500	37.2	5,200	40.3	3,000	67.4	150.25

(Note) Revisions during this quarter of previously disclosed consolidated business results projection for FY2024: None

For details, please refer to Accompanying Material P.9 “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information”.

※ Notes

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

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

(3) Changes in accounting policies and changes or restatement of accounting estimates

① Changes in accounting policies due to revisions to accounting standards, etc.: None

② Changes in accounting policies other than the above ①: None

③ Changes in accounting estimates: None

④ Restatement of revisions: None

(4) Number of shares outstanding (common shares)

① Number of shares outstanding at the end of the period (including treasury stock)	FY2024/04 3Q	23,414,000 Shares	FY2023/04	23,414,000 Shares
② Number of treasury stocks at the end of the period	FY2024/04 3Q	3,441,941 Shares	FY2023/04	3,453,741 Shares
③ Average number of shares outstanding (quarterly cumulative)	FY2024/04 3Q	19,967,100 Shares	FY2023/04 3Q	18,805,883 Shares

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

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors. For the assumptions upon which the forecasts are based and for notes regarding the use of the forecasts, please refer to Accompanying Materials P.9 “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information”.

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

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

○Accompanying Materials - Table of Contents

1. Qualitative Information on Quarterly Financial Results	5
(1) Explanation of Operating Results	5
(2) Explanation of Financial Position	9
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information.....	9
2. Quarterly Consolidated Financial Statements and Major Notes	10
(1) Quarterly Consolidated Balance Sheets	10
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	12
Quarterly Consolidated Statements of Income	
Third Quarter Consolidated Cumulative Period	13
Quarterly Consolidated Statements of Comprehensive Income	
Third Quarter Consolidated Cumulative Period	13
(3) Notes to Quarterly Consolidated Financial Statements.....	14
(Notes on Going Concern Assumptions)	14
(Notes on Significant Changes in the Amount of Shareholders' Equity)	14
(Changes in the scope of consolidation or the scope of application of the equity method)	14
(Segment Information)	14

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

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

The consolidated subsidiary GIGAPRIZE Co., Ltd. (“GIGAPRIZE”) and its subsidiaries has changed the date of their fiscal year-end from March 31 to April 30, which is the same as our consolidated fiscal year-end. As a result, the consolidated subsidiaries in the current fiscal year has an irregular settlement of accounts for the 13-month period from April 1, 2023 to April 30, 2024. In the third quarter of the fiscal year under review, the 10-month period from April 1, 2023 to January 31, 2024 has been incorporated into the consolidated settlement.

Details of the change in the fiscal year-end are as follows. “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in the scope of consolidation or the scope of application of the equity method)” .

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

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

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

As a result, due to steady business progress in each reportable segment, as announced on December 8, 2023, we upwardly revised our full-year forecast for the fiscal year ending April 2024 to net sales of 53 billion yen, operating income of 5.5 billion yen, ordinary income of 5.2 billion yen, and profit attributable to owners of parent of 3 billion yen.

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

The business operations of each reportable segment are as follows.

<5G Infrastructure Support Business>

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

<5G Lifestyle Support Business>

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

“Tone Mobile” is responsible for positioning our technologies as Showroom, we will develop and provide services with an eye to changes in lifestyles in 5G/web3 era. We will also develop and expand new services in fields such as 5G Workstyle and 5G Healthstyle, 5G Lifestyle, 5G Carlifestyle, not only in our existing businesses.

<Corporate and Creator 5G DX Support Business>

We are expanding our 5G marketing-conscious services and influencer marketing. In addition to promoting Internet marketing and ad technology-related businesses with a view to web3, we are developing Bizmodel Maker that is a mechanism that allows companies that launch Creator Maker and new businesses, which are platforms that allow creators and influencers to spread their works, to provide services via their own platforms.

In the third quarter of the fiscal year under review, despite concerns about the impact of high prices and the weak yen, solid growth is expected in the domestic IT market environment. However, while 5G and web3 are expected to penetrate, their spread is still in the process of developing. In addition, in our group, we consider it highly likely that all business areas will be affected by the emergence of disruptive technologies and changes in the market environment.

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

The operating results of each reportable segment are as follows.

① 5G Infrastructure Support Business

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

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

Against this backdrop, in the 5G Infrastructure Support Business segment, net sales were 7,424,594 thousand yen (up 4.4% year on year) and segment income was 1,341,895 thousand yen (up 15.6% year on year) due to the steady expansion of the business scale of the support business for MVNO as an MVNE.

② 5G Lifestyle Support Business

As explained in “5G Infrastructure Support Business”, network costs are rising in the fixed-line network services market, but the market for 5G Homestyle (Internet Services for Collective Housing), one of the Group’s main services, is expected to grow steadily in the future as the high-speed broadband environment aimed at improving the asset value of buildings and occupancy rates is being standardized, and the use of telework, online classes, video content viewing, and other services has been recognized as standard. As a result, the market size of these services is expected to steadily grow in the future. In light of this business environment, we expanded our offerings of higher-speed Internet connection services and Internet connection services for multi-purpose facilities, as well as services for detached rental housing. We have also begun offering “Cloud Camera Service” to improve the safety and security of tenants, enhance the value of properties, and improve the efficiency of security management operations. In addition, as part of our efforts to realize “Smart Town” (a town where the convenience of urban infrastructures is enhanced through the use of digital technologies), we will propose new lifestyles and lifestyles in 5G/web3 era utilizing various advanced technologies in community towns “LIVING TOWN Minato Mirai”.

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

Against this backdrop, in the 5G Lifestyle Support Business segment, the number of units offered as services in 5G Homestyle (Internet Services for Collective Housing) remained steady. As a result, net sales were 19,903,818 thousand yen (up 18.7% year on year) and segment income was 2,578,819 thousand yen (up 68.0% year on year).

As GIGAPRIZE and its subsidiaries responsible for 5G Homestyle changed the fiscal year-end in the current fiscal year, in the third quarter of the fiscal year under review, the ten months from April 1, 2023 to January 31, 2024 have been incorporated into the consolidated fiscal year-end. Furthermore, even in a trial comparison of the third quarter of the fiscal year under review over the same nine-month period as the previous third quarter of the fiscal year, both net sales and segment income increased due to the steady performance of the business itself.

③ Corporate and Creator 5G DX Support Business

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

Against this backdrop, in the Corporate and Creator 5G DX Support Business segment, as a result of favorable customer acquisition for affiliate services, net sales were 14,654,507 thousand yen (up 18.0% year on year) and segment income was 767,341 thousand yen (up 59.3% year on year).

As a result of the above, net sales were 39,992,151 thousand yen (up 16.9% year on year), operating income was 4,670,213 thousand yen (up 47.4% year on year), ordinary income was 4,592,324 thousand yen

(up 54.9% year on year), and profit attributable to owners of parent was 2,868,803 thousand yen (up 73.2% year on year).

(Reference 1)

Net sales comparison between the nine-month period of the current third quarter excluding the impact of the changes in the fiscal year-ended of Gigaprize and the previous third quarter consolidated cumulative period

(Thousands of yen)

Segment	FY2023/04 3Q	(Reference) FY2024/04 3Q	Change	Percentage increase/ decrease
5G Infrastructure Support Business	7,109,036	7,424,594	315,558	4.4
5G Lifestyle Support Business	16,763,907	18,172,388	1,408,480	8.4
Corporate and Creator 5G DX Support Business	12,415,030	14,654,507	2,239,477	18.0
Adjusted amount	-2,071,515	-1,990,769	80,746	-
Total	34,216,458	38,260,721	4,044,262	11.8

(Note) The figures for the third quarter of the fiscal year ending April 2024 are unaudited reference figures calculated for purposes of comparing net sales.

(Reference 2)

Operating income (excluding strategic investments (temporary investments)) compared over the nine-month period excluding the impact of the change in the fiscal year-end to the previous third quarter

(Thousands of yen)

Segment	(Reference) FY2023/04 3Q	(Reference) FY2024/04 3Q	Change	Percentage increase/ decrease
5G Infrastructure Support Business	1,371,258	1,556,361	185,102	13.5
5G Lifestyle Support Business	1,951,919	2,585,037	633,118	32.4
Corporate and Creator 5G DX Support Business	576,891	846,569	269,678	46.7
“Other”	-11,556	-15,637	-4,081	-
Adjusted amount	1,799	-2,205	-4,005	-
Total	3,890,312	4,970,124	1,079,812	27.8

(Note) These figures are unaudited reference figures calculated for the purpose of comparing operating income for the third quarter of the fiscal year ending April 2023 and the third quarter of the fiscal year ending April 2024.

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

Classification	Net sales	Segment income (loss)
5G Infrastructure Support Business	7,424,594	1,341,895
5G Lifestyle Support Business	19,903,818	2,578,819
Corporate and Creator 5G DX Support Business	14,654,507	767,341
Other	-	-15,637
Adjusted amount	-1,990,769	-2,205
Total	39,992,151	4,670,213

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year were 35,563,268 thousand yen, a decrease of 363,218 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,829,103 thousand yen, despite an increase in raw materials and supplies of 621,939 thousand yen and property, plant and equipment of 737,250 thousand yen.

Total liabilities were 21,343,198 thousand yen, a decrease of 3,550,936 thousand yen from the end of the previous fiscal year. This was mainly due to decreases of 218,755 thousand yen in current portion of long-term debt, 668,519 thousand yen in accounts payable-other, and 2,145,350 thousand yen in long-term debt and 290,829 thousand yen in lease obligations (non-current).

Total net assets increased 3,187,717 thousand yen from the end of the previous fiscal year to 14,220,070 thousand yen due to an increase in retained earnings, etc., and as a result, the equity ratio was 30.5%.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

There is no change in the full-year forecast for the fiscal year ending April 2024 from the figure announced on December 8, 2023, as the results for the third quarter of the fiscal year under review have generally remained in line with forecasts.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2023	Third quarter of the current fiscal year As of January 31, 2024
Assets		
Current Assets		
Cash and deposits	18,305,769	16,476,666
Negotiable instruments receivable, accounts receivable, and contract assets	8,395,261	8,474,964
Merchandise and finished goods	338,698	131,937
Work in process	251,623	297,467
Raw materials and supplies	1,248,072	1,870,011
Other	2,167,888	2,310,680
Allowance for doubtful accounts	-66,882	-59,898
Total current assets	30,640,431	29,501,829
Fixed Assets		
Property, plant, and equipment	2,475,825	3,213,076
Intangible fixed assets		
Goodwill	37,149	2,841
Software	171,899	271,564
Other	180,221	292,724
Total intangible assets	389,271	567,130
Investments and other assets		
Increase in loss on valuation of investment securities	949,050	849,038
Long-term loans receivable	1,496,914	1,496,914
Guarantee deposits	480,969	480,613
Other	1,229,373	1,190,372
Allowance for doubtful accounts	-1,735,348	-1,735,705
Investments and other assets	2,420,958	2,281,232
Total fixed assets	5,286,055	6,061,439
Total assets	35,926,487	35,563,268
Liabilities		
Current liabilities		
Negotiable instruments payable and accounts payable	256,361	412,574
Short-term Debt	300,000	300,000
Current portion of long-term debt	4,492,962	4,274,207
Accounts payable-other	5,936,200	5,267,680
Income tax payable	708,358	648,899
Allowance	198,548	245,036
Other	2,471,517	1,974,353
Total current liabilities	14,363,947	13,122,751
Long-term liabilities		
Long-term Debt	9,084,282	6,938,932
Lease obligations	1,073,433	782,604
Reserve for retirement benefits for directors	60,527	60,527
Obligations for retirement pay	57,300	63,839
Other	254,643	374,543
Total long-term liabilities	10,530,186	8,220,446
Total liabilities	24,894,134	21,343,198

(Thousands of yen)

	Previous Consolidated Fiscal Year As of April 30, 2023	Third quarter of the current fiscal year As of January 31, 2024
Net assets		
Shareholders' equity		
Common stock	4,514,185	4,514,185
Capital Surplus	1,645,027	1,536,237
Retained earnings	5,286,747	7,995,868
Treasury stock	-3,251,237	-3,240,129
Total owners' equity	8,194,722	10,806,162
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	54,227	45,596
Foreign Currency Translation Adjustments	-6,500	-9,632
Total other accumulated comprehensive income	47,726	35,964
Stock purchase warrants	75,185	119,267
Stock acquisition right	780	780
Non-controlling shareholders' equity	2,713,938	3,257,896
Total net assets	11,032,352	14,220,070
Total liabilities and net assets	35,926,487	35,563,268

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Profit and Loss Statement)
(Third Quarter Consolidated Cumulative Year)

(Thousands of yen)

	Previous Third Quarter Consolidated Cumulative Period (May 1, 2022-January 31, 2023)	Third quarter of the current fiscal year (May 1, 2023-January 31, 2024)
Net sales	34,216,458	39,992,151
Cost of goods sold	24,214,404	28,337,393
Gross profit	10,002,054	11,654,758
Selling and general administrative expenses	6,834,231	6,984,544
Operating income	3,167,823	4,670,213
Non-operating income		
Interest and dividend income	461	1,114
Equity in earnings of affiliates	-	2,141
Profit on currency exchange	3,207	12,732
Gain on sales of investment securities	-	13,634
Gain on valuation of investment securities	10,025	-
Penalty income	13,947	18,800
Other	11,990	16,601
Total non-operating income	39,633	65,024
Non-operating expenses		
Interest expense	88,127	76,795
Equity in losses of affiliates	3,731	-
Commissions paid	102,420	17,889
Litigation charge	33,502	23,731
Other	15,480	24,497
Total non-operating expenses	243,262	142,914
Ordinary income	2,964,193	4,592,324
Extraordinary income		
Gain on sales of fixed assets	-	6,440
Gain on sales of investment securities	-	172,799
Gain on sales of shares of affiliates	-	86,462
Reversal of provision for loss on indemnification of damages	21,315	-
Total extraordinary income	21,315	265,702
Extraordinary losses		
Impairment loss	-	21,000
Loss on disposal of fixed assets	781	2,023
Write-down of investment securities	58,475	-
Write-down of investments in affiliates	-	3,927
Total extraordinary loss	59,257	26,951
Quarterly income before income taxes and minority interests	2,926,251	4,831,075
Income taxes	780,293	1,113,371
The Deferred Corporation Tax, etc.	-89,369	67,025
Total income taxes	690,924	1,180,397
Quarterly net income	2,235,327	3,650,678
Quarterly income attributable to non-controlling interests	578,649	781,875
Quarterly income attributable to owners of the parent	1,656,677	2,868,803

Quarterly Consolidated Statements of Comprehensive Income
(Third Quarter Consolidated Cumulative Year)

(Thousands of yen)

	Previous Third Quarter Consolidated Cumulative Period (May 1, 2022-January 31, 2023)	Third quarter of the current fiscal year (May 1, 2023-January 31, 2024)
Quarterly net income	2,235,327	3,650,678
Other comprehensive income		
Unrealized gain on available-for-sale securities	29,664	-8,630
Foreign Currency Translation Adjustments	3,892	-3,131
Total other comprehensive income	33,556	-11,762
Quarterly comprehensive income	2,268,883	3,638,916
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	1,689,809	2,857,040
Quarterly comprehensive income attributable to noncontrolling interests	579,073	781,875

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the amount of Shareholders' Equity)

Not applicable.

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

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

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

As a result of the change in the fiscal year-end, the consolidated subsidiary's fiscal year in the third quarter under review is 10 months. The impact of the change in the fiscal year-end is adjusted through the consolidated statement of income.

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

(Segment Information)

I Previous Third Quarter (May 1, 2022, to January 31, 2023)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Corporate and Creator 5G DX Support Business		
Net sales					
Sales to customers	5,352,858	16,661,586	12,202,013	-	34,216,458
Intersegment sales	1,756,177	102,321	213,016	-	2,071,515
Total	7,109,036	16,763,907	12,415,030	-	36,287,974
Segment income (loss)	1,160,611	1,535,247	481,721	-11,556	3,166,023

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in the quarterly consolidated statement of income (Note)3
Net sales		
Sales to customers	-	34,216,458
Intersegment sales	-2,071,515	-
Total	-2,071,515	34,216,458
Segment income (loss)	1,799	3,167,823

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

2. Adjustments to segment income (loss) 1,799 thousand yen include reclassifications of allowance

for doubtful accounts.

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

II Third Quarter (May 1, 2023–January 31, 2024)

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

(Thousands of yen)

	Reportable Segments			Other (Note) 1	Total
	5G Infrastructure Support Business	5G Lifestyle Support Business	Corporate and Creator 5G DX Support Business		
Net sales					
Sales to customers	5,765,773	19,819,444	14,406,933	–	39,992,151
Intersegment sales	1,658,820	84,374	247,574	–	1,990,769
Total	7,424,594	19,903,818	14,654,507	–	41,982,920
Segment income (loss)	1,341,895	2,578,819	767,341	–15,637	4,672,419

(Thousands of yen)

	Adjusted amount (Note) 2	Amount recorded in the quarterly consolidated statement of income (Note) 3
Net sales		
Sales to customers	–	39,992,151
Intersegment sales	–1,990,769	–
Total	–1,990,769	39,992,151
Segment income (loss)	–2,205	4,670,213

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

2. Adjustments to segment income (loss) –2,205 thousand yen include reclassifications of allowance for doubtful accounts.

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