



FreeBit Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending April 2020

December 13, 2019

Presentation

Tanaka: I am Tanaka from FreeBit Co., Ltd. Today, I will explain our financial results for the second quarter of the fiscal year ending April 2020.

2020年4月期 第2四半期 連結業績



(単位：百万円)	20年04期 第2四半期	19年04期 第2四半期	増減額	増減率
売上高	27,094	21,497	+ 5,596	26.0%
EBITDA	1,950	1,628	+ 321	19.8%
営業利益	986	1,013	△26	△2.6%
経常利益	908	734	+174	23.7%
親会社株主に帰属 する四半期純利益	△181	9	△191	—
1株当たり純利益	△8円20銭	0円42銭	△8円62銭	—

2020年4月期第2四半期連結業績は、エドテック事業開始及び不動産テック事業のマンションインターネットが堅調に推移したことにより前年同期比売上高26.0%増

- ・売上高：エドテック事業開始及び不動産テック事業の拡大により増収
- ・営業利益：エドテック事業の季節要因及びアドテック事業利益減により前年同期比2.6%減
- ・経常利益：エドテック事業を除く営業利益増及び持分法による投資損失減少等により前年同期比23.7%増
- ・親会社株主に帰属する：経常利益増も法人税等及び非支配株主に帰属する四半期純利益の増加により前年同期比191百万円減

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4

First, I will explain the consolidated results for the first quarter of the fiscal year under review.

Net sales totaled 27.094 billion yen, EBITDA was 1.95 billion yen, and operating income was 986 million yen.

Net sales increased by 5.596 billion yen, or 26.0% YoY. EBITDA also increased by 321 million yen, or 19.8% YoY and reached 1.95 billion yen. However, operating income was 986 million yen, down 26 million yen, or 2.6% from 1.013 billion yen recorded in the same period of the previous fiscal year.

The biggest factor behind the decline in operating income despite the increase in sales was the fact that ALC Press, Inc., which belongs to the EdTech business and was made a subsidiary last year, posted a loss in the first half of the fiscal year. This is not an unexpected deficit. As we will explain later, the business structure of ALC is designed to run a loss in the first half of the fiscal year, and to recover the loss and make a full-year profit in March and April.

In the AdTech business, operating income declined YoY, partly due to a sluggish external environment in recent years. Overall, despite an increase in sales, operating income remained almost unchanged from the previous year and decreased by 26 million yen.

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As a result, ordinary income was approximately the same as the previous fiscal year at 908 million yen. However, ordinary income increased YoY due to the absence of the investment loss on equity method which was recorded in the same period last year.

Net income was a negative 181 million yen, down by 191 million yen YoY, and remained almost unchanged from the same period last year. This was mainly due to a YoY increase in corporate income taxes, which was attributable to the profitability of subsidiaries in group companies during this period.

2020年4月期 第2四半期連結業績トピックス



連結業績

- ・売上高は、エドテック事業開始及び不動産テック事業の拡大により前年同期比26.0%増
- ・営業利益は、前第3四半期に開始したエドテック事業の季節要因及びアドテック事業の利益減により前年同期比2.6%減



インフラテック事業

- ・トーンモバイル事業をCCCグループより承継（12月1日付）アルプスアルパイン(株)及びDTIと連携し、CASE/MaaS市場への取り組みを加速



不動産テック事業

- ・マンションインターネットが牽引し前年同期比売上高52.0%増、セグメント利益大幅増を達成



ヘルステック事業

- ・FBEPHの成長により売上高は順調に推移し、前年同期比5.2%増
- ・FBヘルステック事業の体制強化等によりセグメント損益は前年同期比114百万円減



エドテック事業

- ・書籍販売等が堅調に推移し増収に貢献。損失を計上するも第4四半期に利益が集中するビジネスモデルのため通年では黒字を計画

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5

Next, we will discuss qualitative topics. As I mentioned earlier, consolidated net sales rose 26.0%. This was due in part to the addition of the EdTech business from the previous year and the continued significant growth of the real estate tech business based on the Giga Prize Group, resulting in a 26.0% increase.

Operating income was primarily attributable to the seasonal factors in the EdTech business, which I mentioned earlier, and to other factors including the YoY decline in the AdTech business.

Regarding the status of individual segments, as a new topic, the InfraTech business succeeded Tone Mobile business which had been accounted for by the equity method from the CCC Group. This is not included in the 2nd quarter figures as it took place on December, but will be reflected in the figures going forward.

Then, as for the Real Estate Tech business, condominium Internet sales continued to grow significantly and, on a YoY basis, sales have increased by 52.0%. This business segment has been achieving an extremely large increase in revenues.

Next, the HealthTech business is growing steadily and sales increased 5.2% YoY. On the other hand, its income decreased YoY. One reason for this is that we have been expanding our sales structure, and the other is that

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we are seeing a decline in one-time revenues. Frankly, this was not expected. As for the progress, the HealthTech business is currently below our first-half plan.

However, since the launch of new services in the second half of the fiscal year has been steady since last month, we are aiming to recover the negative portion of the first half by developing new services in the second half of the fiscal year.

However, there is a little uncertainty about whether or not the HealthTech business alone will be able to recover and meet the profit targets for the first half of the fiscal year. As there are a variety of business segments in our group, we are working hard to achieve consolidated results, including upside in other segments such as the condominium Internet.

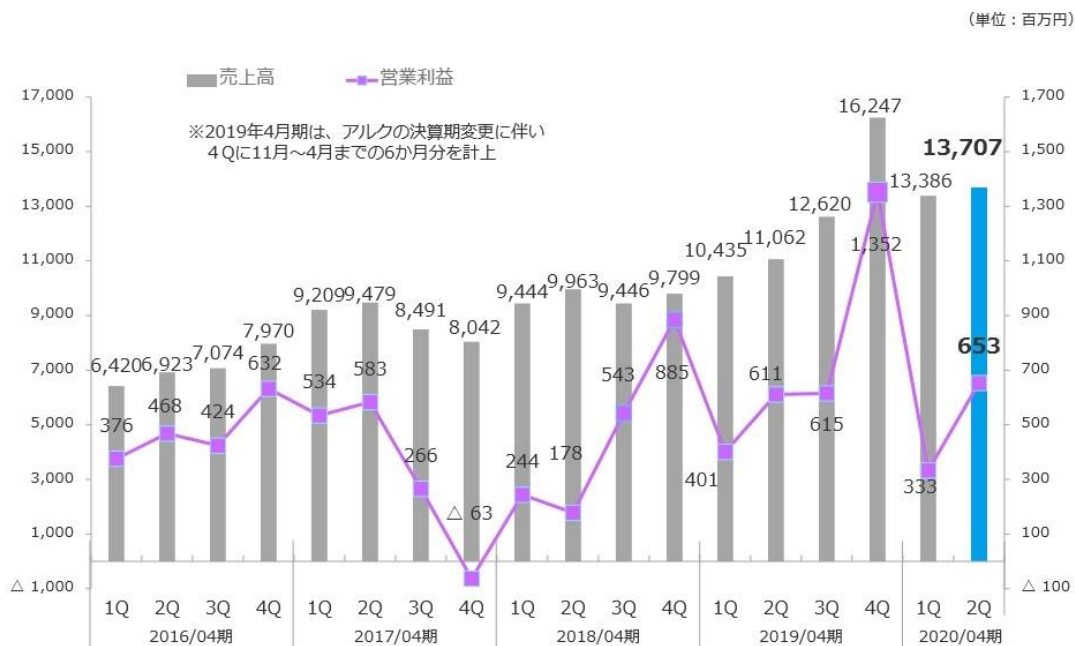
As the EdTech business started in the third quarter of the previous year, in the first quarter and second quarter of the current fiscal year, revenues have simply been added on a YoY basis.

However, due to its education-related business structure, profits are concentrated in March and April, and in the first half of the fiscal year under review, the segment was a negative contributor to the results. However, for the full fiscal year, the segment is expected to achieve the targets based on profits in March and April as planned and to contribute to consolidated results and profits. You might be concerned if you view only the second quarter figures, but the segment is making progress in line with the plan.

四半期実績推移



売上高は前年同期比26.0%増を達成



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6

The graph above shows the trends in net sales on a quarterly basis that I have just mentioned. As you see, the bar for the fourth quarter of the previous fiscal year is remarkably high, and the plan for the current fiscal year also calls for significantly higher sales and operating income in the fourth quarter compared to the other quarters.

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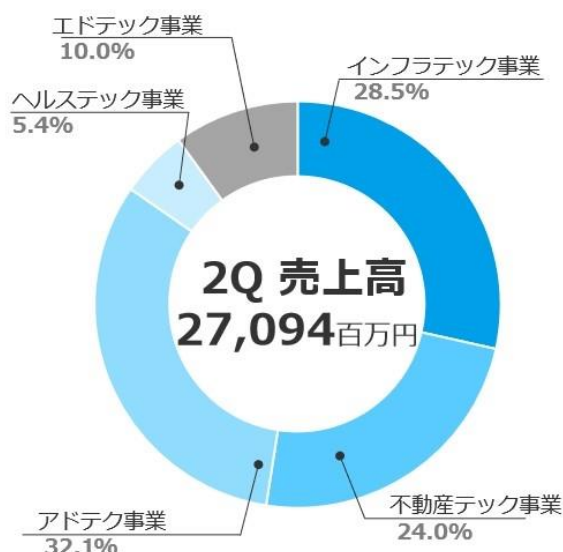


However, sales may not reach the year-earlier level in the fourth quarter because an extra three-months' worth of sales was included last year as ALC was consolidated. The segment is currently progressing to generate more profits in the fourth quarter than last year.

決算概要 売上構成比



不動産テック事業の拡大が増収を牽引



売上高	セグメント損益
インフラテック事業	
7,798 百万円 YoY Δ 0.3%	345 百万円 YoY Δ 20.5%
不動産テック事業	
6,565 百万円 YoY +52.0%	780 百万円 YoY +321.1%
アドテック事業	
8,793 百万円 YoY +6.8%	390 百万円 YoY Δ 28.6%
ヘルステック事業	
1,474 百万円 YoY +5.2%	Δ 281 百万円 YoY Δ 114百万円
エドテック事業	
2,729 百万円	Δ 258 百万円

※エドテック事業については、事業開始が前第3四半期のため前年との比較は省略

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7

The graph above illustrates the composition of net sales. As shown in the graph, in terms of our sales, the InfraTech business, the Real Estate Tech business, and the AdTech business continue to be the three main pillars. The HealthTech Business is a venture business, and although it is trending upward, it accounts for only 5.4% of the total. The EdTech business, or the businesses that joined the Group through mergers and acquisitions last year, accounted for 10.0% of the total.

At present, the Real Estate Tech business is experiencing a 52.0% increase in sales YoY, as I mentioned in the previous topic. Looking ahead, I think the Real Estate Tech business will become the biggest component of sales for a certain period of time.

However, as each segment is making various efforts, the composition of net sales for the whole group could change periodically, or we are aiming at such development. The current composition is as shown above, and the Real Estate Tech business is expected to grow for the short term.

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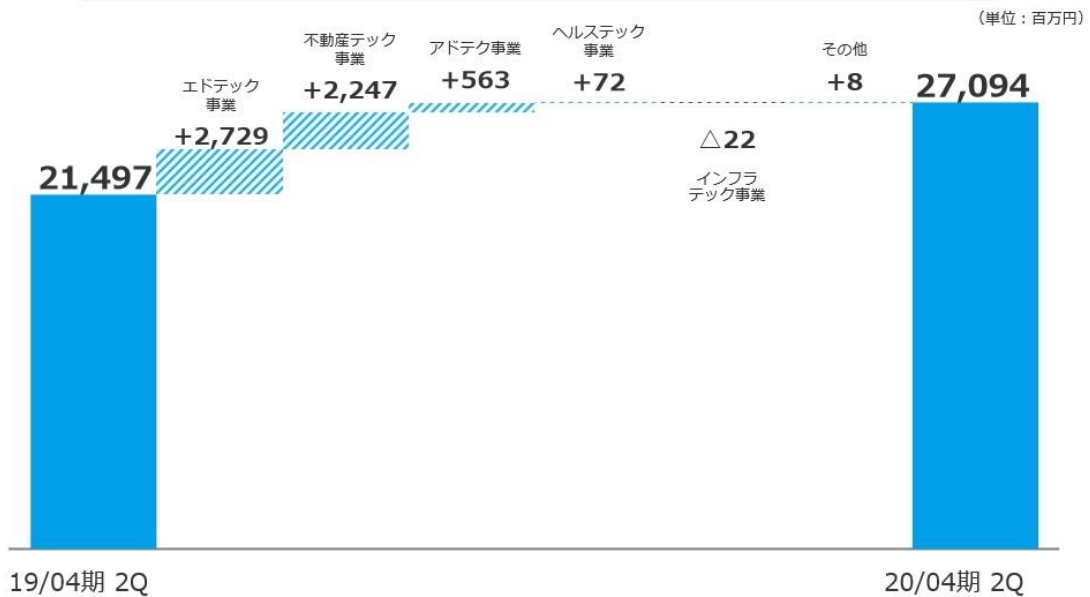
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前年同期比差異分析 売上高



エドテック事業開始による売上増に加え、不動産テック事業の拡大により前期比26.0%増



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8

Looking at the YoY analysis of net sales, net sales increased from 21.497 billion yen to 27.094 billion yen. This was mainly attributable to the significant contributions made by the EdTech business and the Real Estate Tech business, as I have explained so far. The EdTech business grew through acquisition and the Real Estate Tech business has taken in a portion of the rapid growth that is currently occurring.

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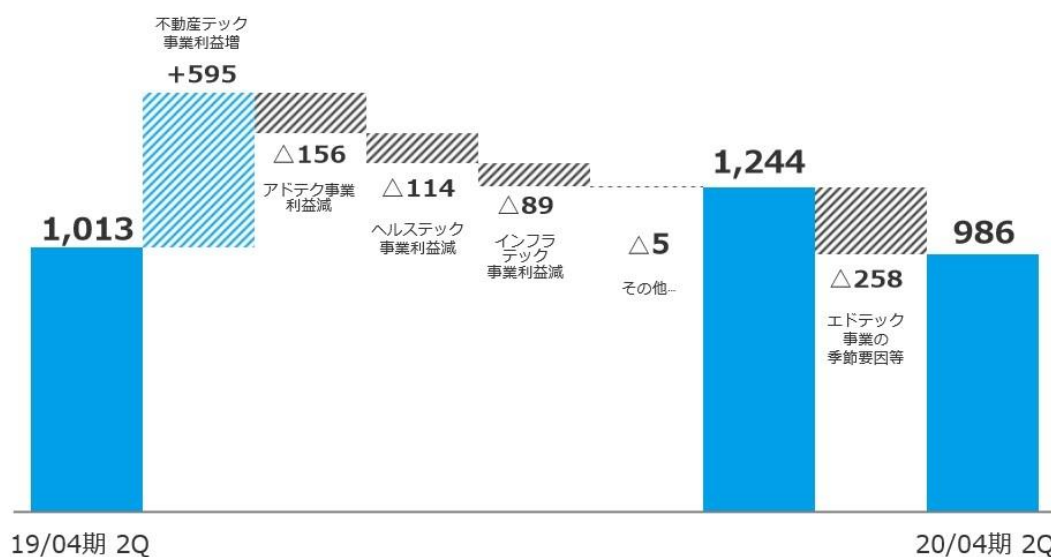
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エドテック事業の季節要因及びアドテック事業利益減等により 前年同期比2.6%減

(単位：百万円)



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9

With the operating income of 1.013 billion yen in the second quarter of the previous year as a base, the Real Estate Tech business posted very strong growth. Both net sales and operating income grew significantly. Operating income increased by 595 million yen, or approximately 600 million yen, YoY. Looking at this, one may expect that sales and profits would increase greatly, but the AdTech business and the Health Tech business posted a YoY decline in operating income of approximately 150 million yen and 110 million yen, respectively. The Health Tech business has been slightly behind the plan, but is expected to recover in the future.

The InfraTech business has matured considerably, so we are streamlining this business so that it can turn positive on a YoY basis. In the second quarter, operating income decreased 89 million yen YoY. At this stage, operating income in the quarter increased to 1.244 billion yen from 1.013 billion yen YoY, but the amount earned by the Real Estate Tech business was reduced by other businesses.

Moreover, the EdTech business, which was newly added, posted a 258 million yen decline in operating income due to seasonal factors. As a result, operating income was 986 million yen overall.

Despite this current structure, each business segment is designed to increase profit independently although the growth rate and the timing of profitability differ in each segment. As such, there may be some periods in which the profit growth becomes higher depending on the timing. I believe that the fourth quarter of the current fiscal year in particular will be one of those.

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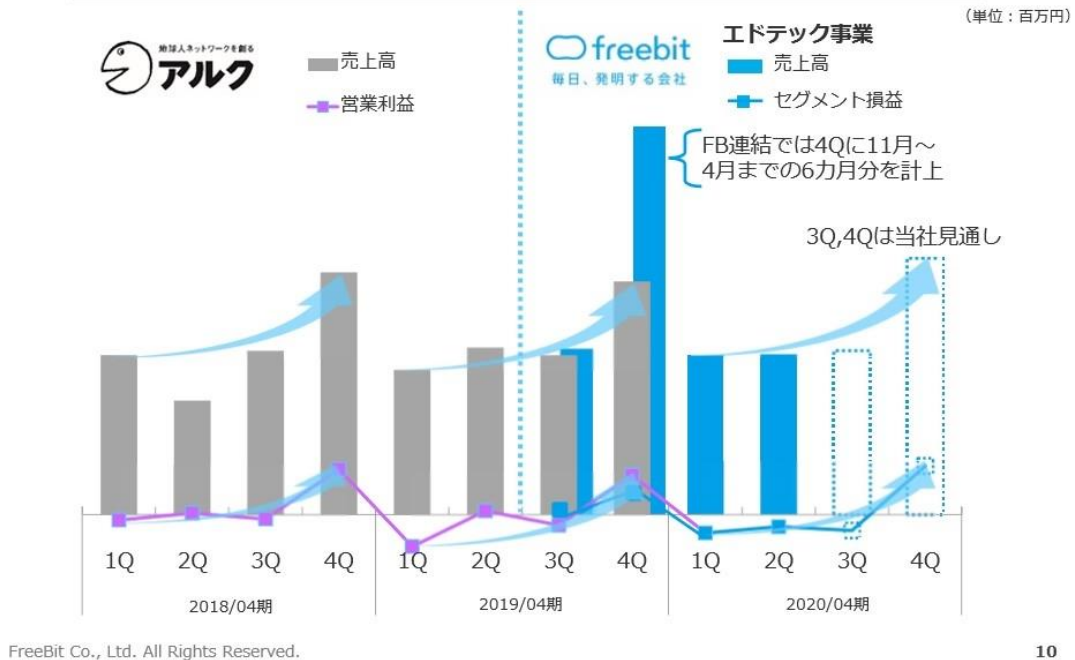
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エドテック事業の季節要因について

教育向け出版事業は下期(4Q)偏重型のビジネスモデルのため
通年では黒字を計画



In addition, in order to illustrate the seasonality of the EdTech business, which I mentioned several times, the results of ALC, including the figures before consolidation are shown in the graph above.

As can be seen from this graph, both net sales and operating income are concentrated in the fourth quarter. In other words, they increase in the fourth quarter. In particular, the figure was very high in the fourth quarter of last fiscal year due to the fact that sales of three extra months were included as an accounting treatment for consolidating operations.

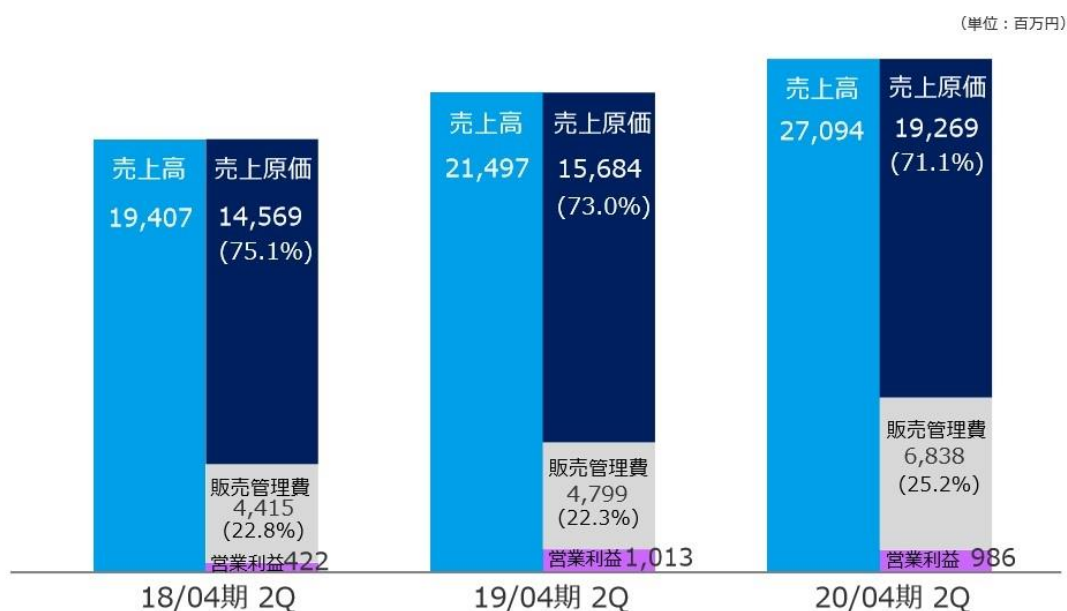
The forecast for the fourth quarter of the current fiscal year does not include extraordinary factors such as three extra months of sales. As the bars shown in the dotted line illustrates, compared to the other quarters, sales will be considerably larger and operating income will increase accordingly in the fourth quarter. Therefore, I would like to say that the EdTech business is expected to be profitable for the full fiscal year as well.

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エドテック事業開始に伴い、事業規模が拡大



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11

Looking at the earnings structure, the height of the bar graph itself shows that the scale of the business is considerably larger than that of the previous year or the year before that due to the increase in net sales.

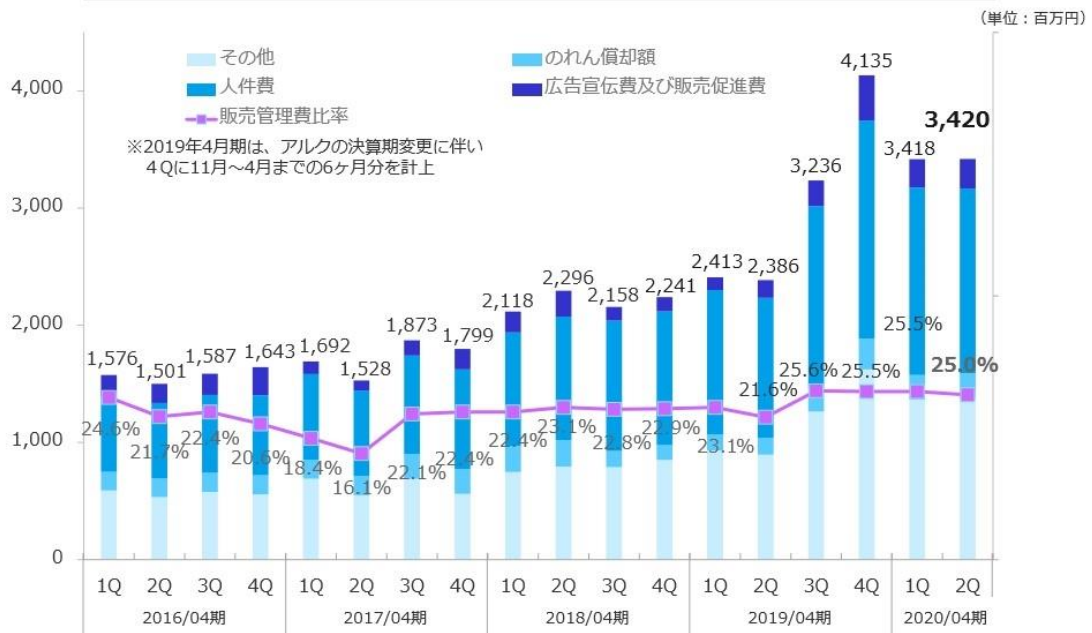
Although there are seasonal factors in the earnings structure itself, the business is in the process of making structural changes to its revenue structure by gradually expanding sales. Therefore, the business is expected to be able to generate even higher profits on a full year basis.

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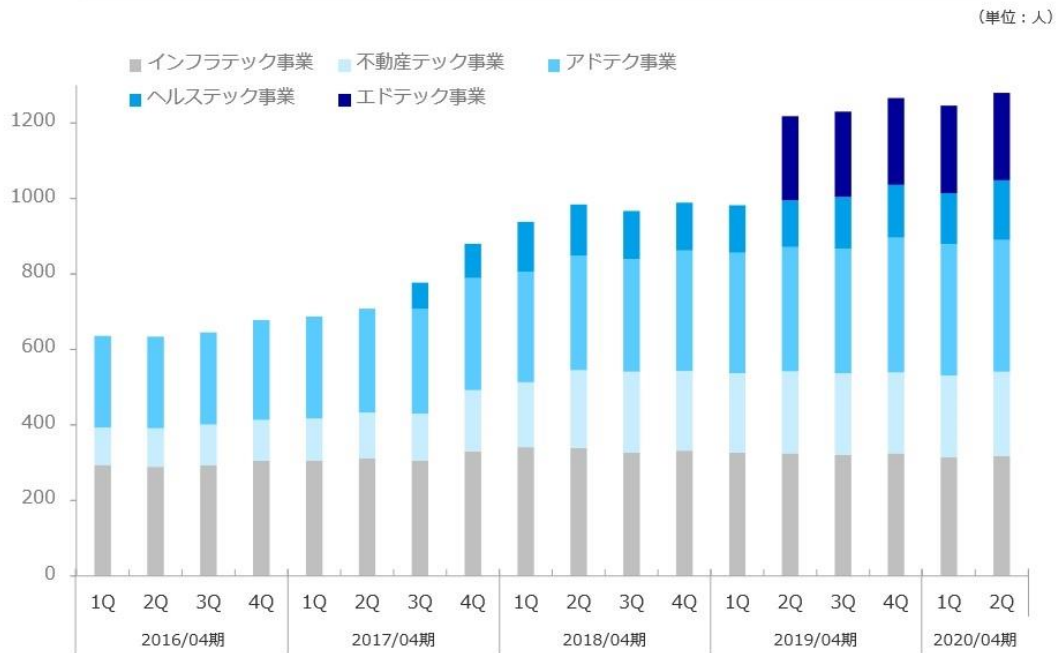
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エドテック事業開始に伴う人件費及びのれん償却額増により
前年同期比42.5%増



Selling, general and administrative (SG&A) expenses rose 42.5% YoY. This was attributable to the addition of the EdTech business by acquisition, which resulted in a simple increase in personnel expenses, in particular, and an increase in the amortization of goodwill associated with the acquisition.

ヘルステック事業体制強化により、従業員数は微増



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13

As for the employees in the SG&A expenses, the portion added to the EdTech business is shown in darkest blue, which is simply added. In addition, the number of employees in the HealthTech Business is increasing. This is due to the strengthening of the sales system, and is increasing as planned.

So far, up to the second quarter, this has been a factor behind the decline in profits. However, I'd appreciate if you could see this salesforce increase as a measure to strengthen its structure and expand earnings from the third quarter onward.

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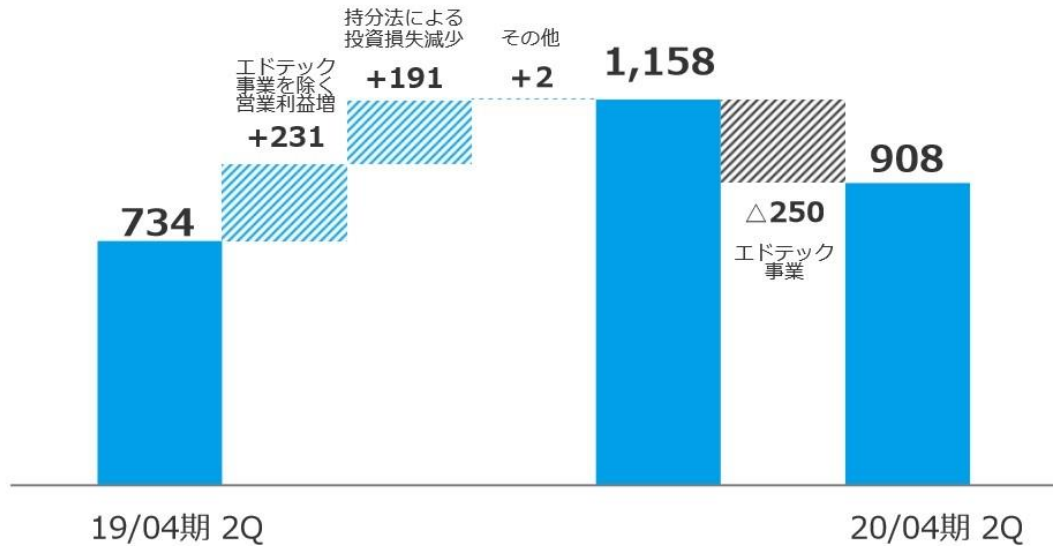
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前年同期比差異分析 経常利益

持分法による投資損失減少等により前期比23.7%増

(単位：百万円)



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14

Ordinary income rose 23.7% YoY to 908 million yen in the second quarter, from 734 million yen recorded in the same period last year. The main factors behind this increase were the normal increase in operating income in the business and the decline in investment loss on equity method. The negative factor was the addition of the EdTech business. This is the same structure as operating income, but despite the negative impact of EdTech, ordinary income increased 23.7%, partly due to the fact that the number of items that affected the results was fewer than that for the operating income.

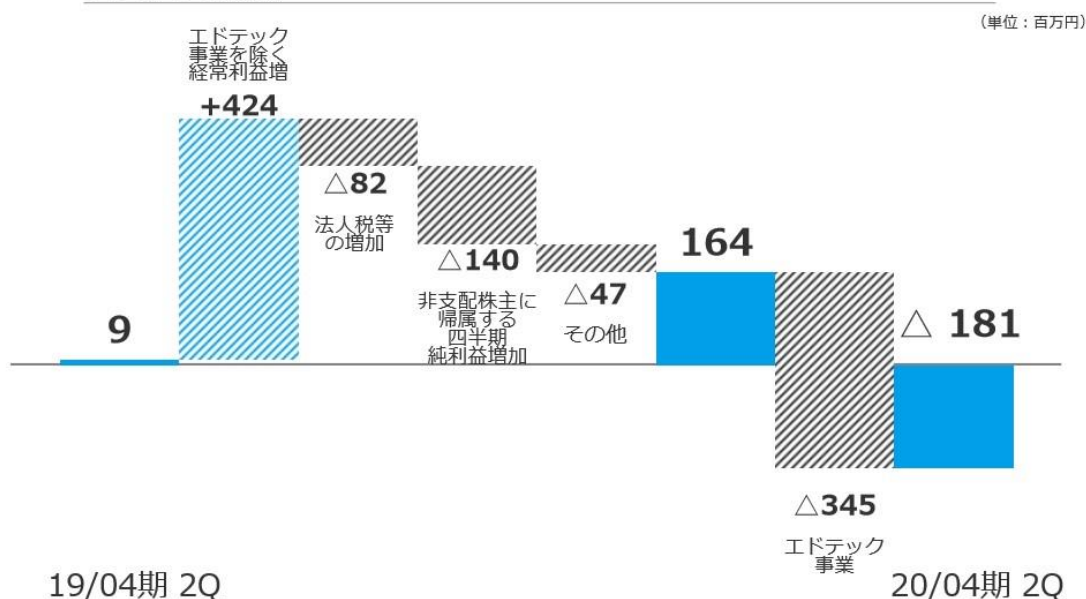
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前年同期比差異分析 親会社株主に帰属する四半期純利益

非支配株主に帰属する四半期純利益増加等により前年同期比 191百万円減



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15

Next, regarding the bottom line, we receive many questions from our shareholders. We are often asked why net income is small despite these sales figures and well-generated operating income and EBITDA. The graph shows the factors that affected the results in the second quarter.

With the exception of the EdTech business, ordinary income increased by 424 million yen, so without other factors, we are in a position to achieve this level of net income. However, there are quite a large number of subsidiaries within the consolidated group, and if each subsidiary makes profit, income taxes is levied. This portion of corporate income taxes amounted to 82 million yen. In addition, there are several subsidiaries, including listed companies, which are not 100% owned. Profits made by those companies are excluded from the consolidated results as income attributable to non-controlling shareholders. This amounted to 140 million yen. These were the two major factors behind the decline in the group's net income.

In the EdTech business, net income decreased more than ordinary income. This was due to the inclusion of a negative 345 million yen in the second quarter. In addition to the negative seasonal factors, deferred tax assets, etc. that had been accumulated by ALC in the past, were reversed in the current fiscal year after having consolidated the acquired company. As a result, the negative figure was recorded in the second quarter.

Going forward, the structure of the portion earned by subsidiaries will remain unchanged, as it relates to earnings from subsidiaries. However, the reversal of deferred tax assets in the EdTech business is a temporary factor, and the profits of FreeBit Corporation and its wholly owned subsidiaries are also concentrated in the fourth quarter.

As for net income, we expect it to turn positive for the full fiscal year, and we hope that you will feel comfortable with the fact that there were special factors in this quarter as well.

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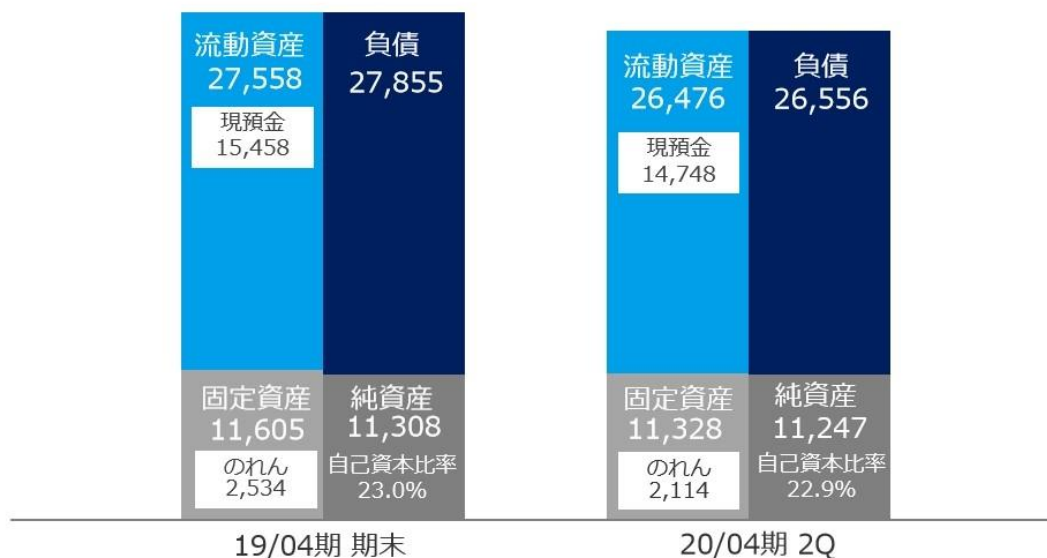
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連結業績サマリ BS比較



のれん16.6%減、負債4.7%減

(単位：百万円)



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16

The following graph shows the status of the balance sheet. Looking at the figures at the end of the previous fiscal year and up to the second quarter of the current fiscal year, there has been no significant change. Goodwill has been added, but some goodwill has been amortized. As a result, the amount of goodwill has decreased from 2.534 billion yen to 2.114 billion yen. As the amount of net assets and shareholders' equity remained almost unchanged, the capital adequacy ratio of 23.0% also remained unchanged, and total assets declined slightly.

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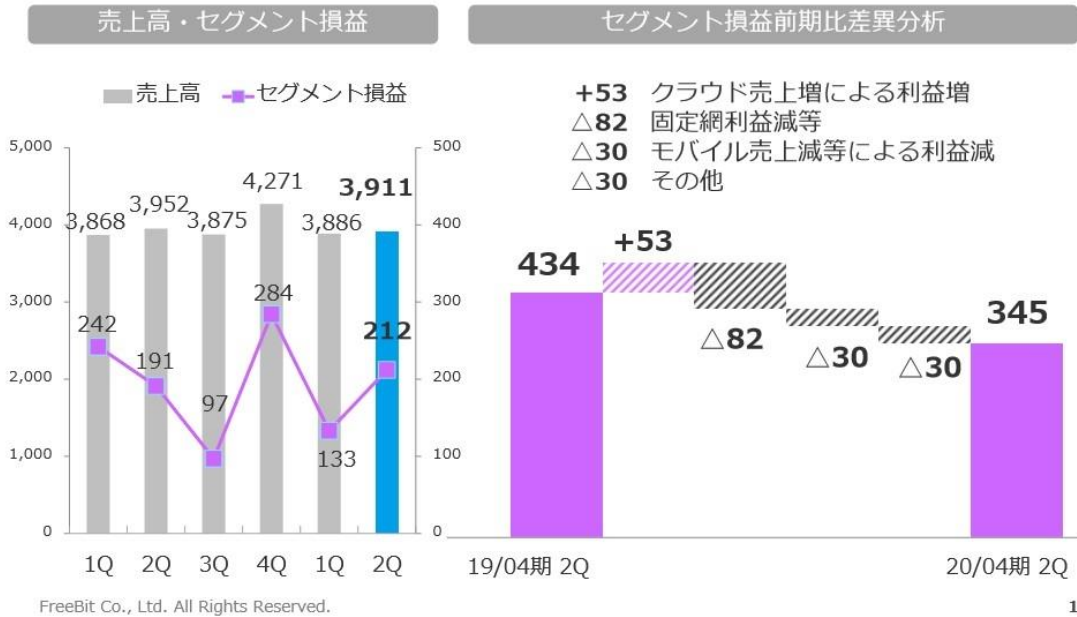
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前年同期比 売上高0.3%減、セグメント損益20.5%減

固定網利益減等により減益

(単位：百万円)



Below, we provide an overview for each segment.

First, in the InfraTech business, sales decreased 0.3% YoY. Currently, the business is very mature, and as you can see in the graph, there have been no major fluctuations in sales over the past few years. Profits may be skewed to some extent depending on the timing of renewal of equipment and renewal of contracts with carriers. The segment profit of 212 million yen for the second quarter of the fiscal year under review seems to be the normal level.

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DTIがトーンモバイル(株)より全事業を承継

「トーンモバイル事業」及び「通信プラットフォーム事業」等を承継し
事業ポートフォリオの最適化を図る

10月17日発表

2019年10月17日

各位

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代表者	代表取締役社長 田中伸明
問合せ先	執行役員グループ経営管理部長 和田育子
電話番号	03-5459-0522(代表)
	(URL: https://freebit.com)

**当社連結子会社における会社分割(吸収分割)による事業の承継
及び
これに伴う当社業務提携の解消に関するお知らせ**

当社連結子会社の株式会社ドリーム・トレイン・インターネット(以下、「DTI」)は、カルチュア・コンビニエンス・クラブ株式会社(大阪府大阪市、代表取締役社長:増田宗昭、以下、「CCC社」)の連結子会社であるトーンモバイル株式会社(以下、「TONE社」)の全事業について、会社分割(吸収分割)により承継すること(以下、「本件分割」)を決議いたしましたので、下記の通りお知らせいたします。

なお、CCCグループは、2019年6月10日付で、同社グループが保有していた当社全株式をアルプスアルパイン株式会社に譲渡しておりますので、当社はこの本件分割をもって、CCC社との間で締結しております業務提携契約についても解消することを決議いたしましたので合わせてお知らせいたします。

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Next, as for the topics of the InfraTech business, we acquired the Tone Mobile business only from Tone Mobile, which was an equity-method affiliate. This business was absorbed into DTI, our subsidiary to start the service on December 1.

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下記を目的として2019年12月1日をもって統合を実行
今後の事業展開については随時公表

1. BtoC事業の拡大
 - ・マーケティング強化による販売力向上
 - ・ブランディング戦略の一元化
2. アルプスアルパイン(株)との協業事業の拡大
 - ・CaaS領域における革新サービスの提供
 - ・最先端テクノロジーの他事業への展開
3. 運営効率化による収益性の向上
 - ・事業リソースの最大活用
 - ・業務機能の統合



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As for the purpose of this integration, there are three items. First of all, our group's DTI company operates a B to C business for individuals, and the Tone Mobile business is also a B to C business. So if we simply include the Tone Mobile business in our group, the scale of our business will expand, and we will be able to unify the B to C marketing and branding areas, so the marketing effects will also increase.

Second, we collaborated with the FreeBit Group and Tone Mobile, formerly a CCC Group company, through further collaboration with Alps Alpine. This time, by absorbing the Tone Mobile business, we will be able to respond to our alliance with Alps Alpine in a unified manner within the FreeBit Group and to develop and deliver new services in the CaaS domain and develop the latest technologies related to them in a unified way.

Third, by expanding the scale of our business, we will be able to integrate the various overlapping organizational functions, thereby improving management efficiency. Each of these began on December 1.

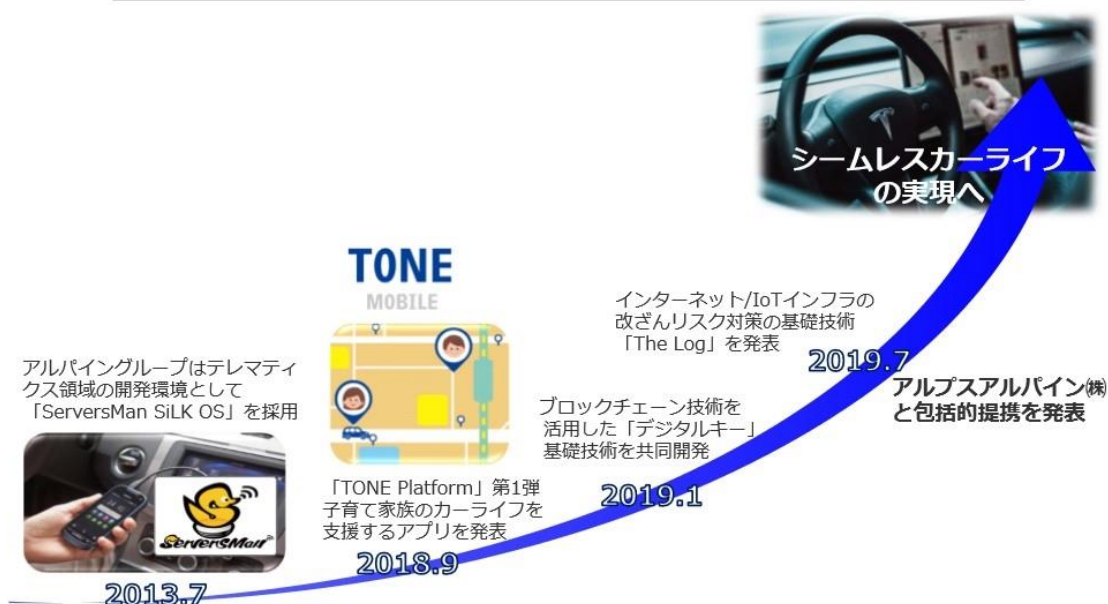
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CASE/MaaS時代の「シームレスカーライフ」実現に向けアルプスアルパイングループとの連携を加速



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21

In this context, we are working with Alps Alpine to transform our Car-Life business through various Internet services using CASE/MaaS and other keywords. Through collaboration with Alps Alpine, we aim to achieve this goal.

As can be seen from the information above, the parts jointly developed by FreeBIT and Tone have been integrated. Therefore, we would like to create a new world with Alps Alpine by providing services including the service of digital key using the block chain technology, or the service of managing the key of a car using the Internet rather than physical, as an IoT. The InfraTech business segment will proceed with these.

Support

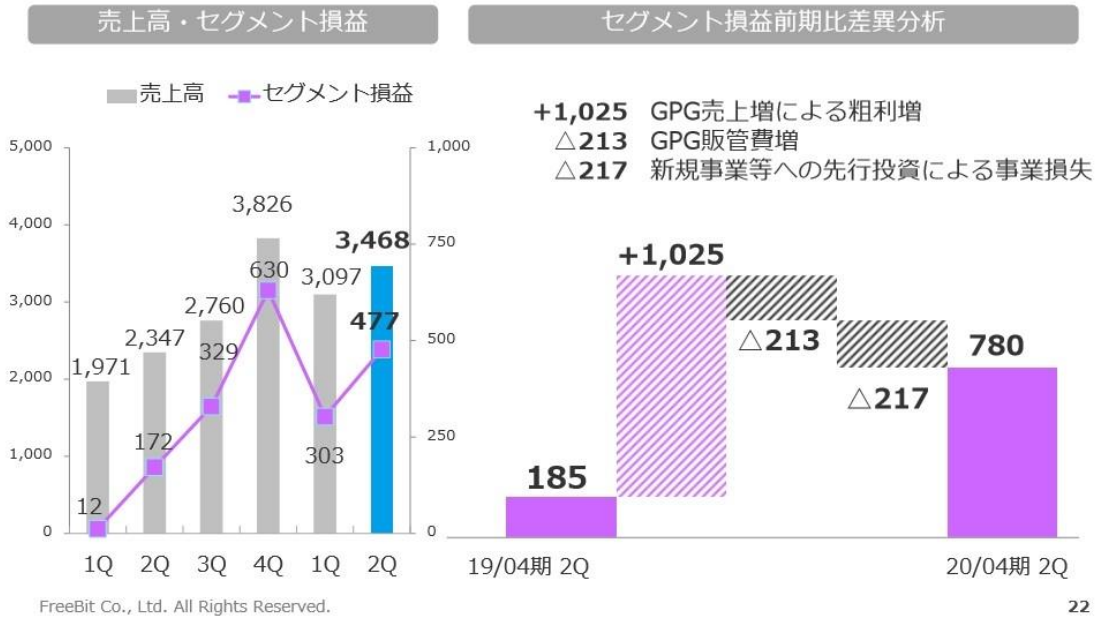
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

前年同期比 売上高52.0%増、セグメント利益大幅増

マンションインターネットの堅調な推移により増収増益

(単位：百万円)



Next, regarding the Real Estate Tech business, the figures increased significantly in the second quarter of the fiscal year under review, as I mentioned at the beginning. Net sales increased 52.0% and segment income also grew substantially as a result.

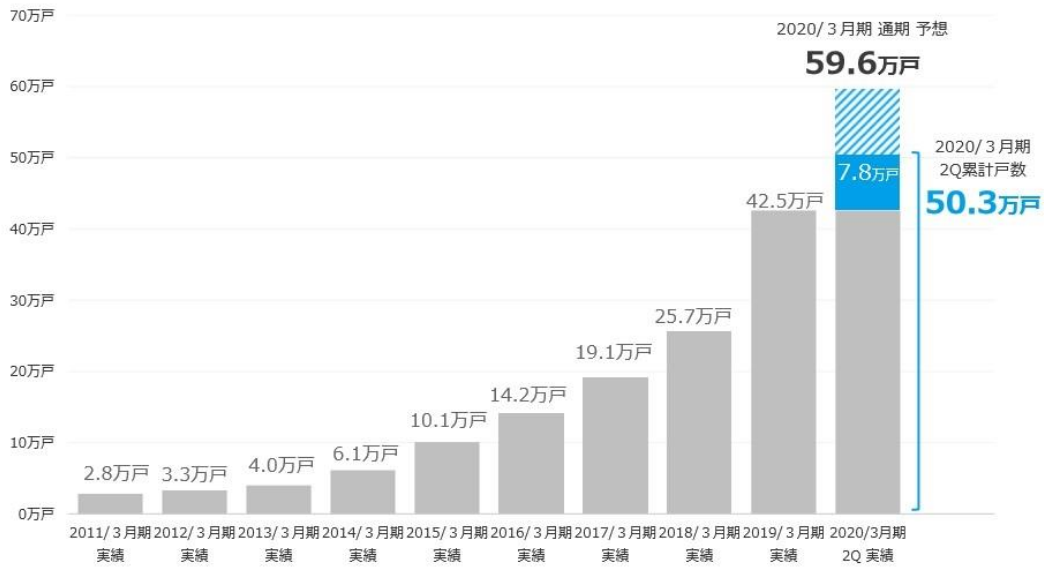
As it is still in the expansion phase, SG&A expenses have increased YoY in each quarter. But the increase in costs has settled down somewhat recently. We expect that the continuation of the upward trend in sales will lead to higher profits and a higher earnings growth rate. For the time being, the Real Estate Tech business has become a so-called cash cow, or the most profitable segment in our group.

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サービス提供戸数は、前年同期比18.3%増の50.3万戸を達成
 今期予想累計戸数59.6万戸に向けて順調に推移



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23

This expansion is based on the number of units for which the segment provides services. The number increased 18.3% YoY and finally exceeded 503,000 units. In the remaining six months, it is expected to reach 596,000 units. In terms of the number of condominium Internet services we provide to these condominiums, we are already at the top level in the industry, and we are growing to the point where we can reach the top in the real sense.

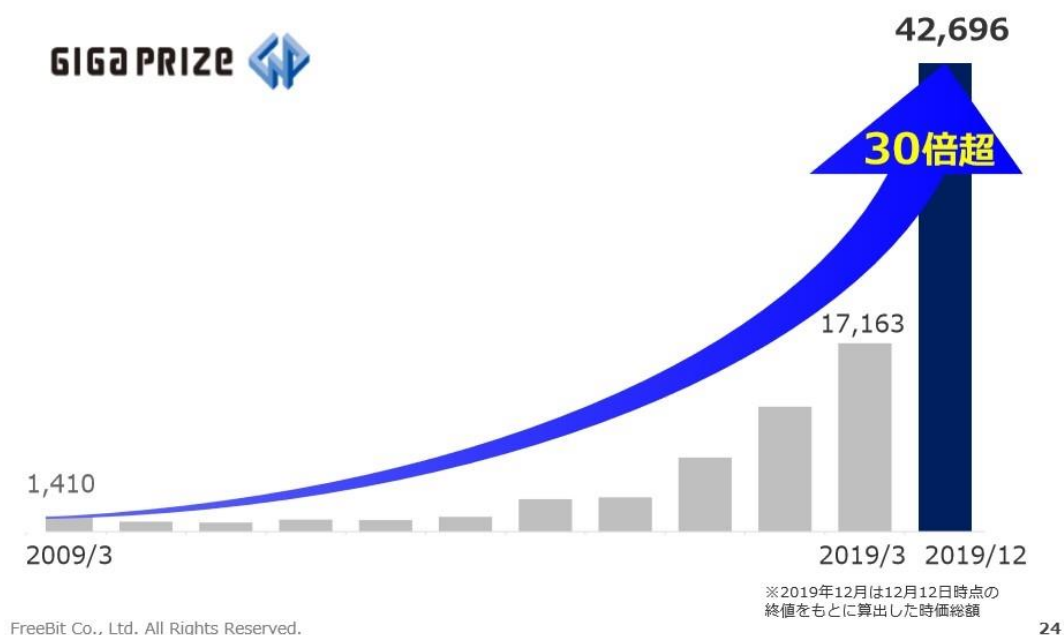
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時価総額が買収時の30倍超となる企業に成長

(単位：百万円)



If this kind of growth continues, our corporate value will naturally rise. You may know that the stock price of Giga Prize has moved up considerably. The current market capitalization is 30 times greater than when we made it a subsidiary in 2009.

I am ashamed to say that the market capitalization of Giga Prize, which is a subsidiary of our group, is greater than that of FreeBit's consolidated group. Our business is to acquire companies that will be added to the new segments as business investments and nurture these businesses. In this sense, we have achieved great success and our corporate value has risen steadily. To reflect this in the stock price of FreeBit, we will conduct investor relations (IR) activities properly. We will continue to expand our businesses, and since the corporate value of each business is the fundamental value of FreeBit as a whole, I would like to ensure that this value is reflected in our stock price as well.

In fact, in addition to Giga Prize, there is another listed company called Full Speed. Based on the current stock price, the value has doubled since the acquisition of Full Speed. It once rose to five times.

Our overall business strategy is to increase the corporate value of the operating companies in these strategic segments. In the case of listed companies, each company raises its share price, or even companies that have not yet been listed are engaged in activities to raise their corporate value further by looking for various options, such as listing so that their corporate value can be raised in the future.

I hope that shareholders will recognize this as a success story. We will do this for other operating companies as well.

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ユーザーニーズに応える新サービスを提供開始

新サービス「SPES」などにより、既存物件への集合住宅向けISPサービス導入の加速化を図る

9月26日発表

世界初 集合住宅向けISP新サービス「SPES（エスピーイーズ）」を発表

「SPES」は、既存物件へのサービス導入にかかる時間的コストや費用等を縮小し、短期間でインターネット接続を可能とするサービスで、2020年1月末より販売開始予定



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10月1日発表

ミサワホーム向けISPサービス「ベルリード・ネット」サービス開始

「ベルリード・ネット」は、24時間365日のサポート体制を有し、快適なインターネットライフを提供する集合住宅向けインターネット接続サービス

■「ベルリード・ネット」提供イメージ



25

In the Real Estate business, we have continued to offer some new services. First, we are offering SPES, a new service for condominiums that we announced on September 26.

The real estate properties in the world are currently the biggest driver of Giga Prize's growth, and the provision of the Internet to newly built properties during the fiscal year is the most important driver of growth. In fact, however, there are many buildings built in the past, the cumulative number, of course, is greater than that of the new buildings.

However, as a matter of course, there are people living in the buildings already built. Also, it may be impossible to find out the existing conditions, what equipment is used or how they were constructed. As they differ, depending on when the buildings were constructed, the equipment work used to require greater care.

This SPES is designed to use the existing telephone lines that are installed without exception and make them Ethernet. This technology was originally developed in order to provide IP services in a car, or in a narrow space, and as a result of our ongoing development and research with NEC Networks & System Integration to increase the distance and use, we finally came to the point where it could be used on a commercial basis.

We are using this technology to provide Giga Prize services for a large number of properties built in the past, so we hope you will recognize this as an extremely large tool for growth for the end of this fiscal year and for the next fiscal year onwards.

On the other hand, the ISP service with Misawa Homes has started as a new initiative. We have been collaborating with a variety of major house manufacturers and developers and Misawa Homes newly joined. This concludes the comment on the Real Estate Tech business.

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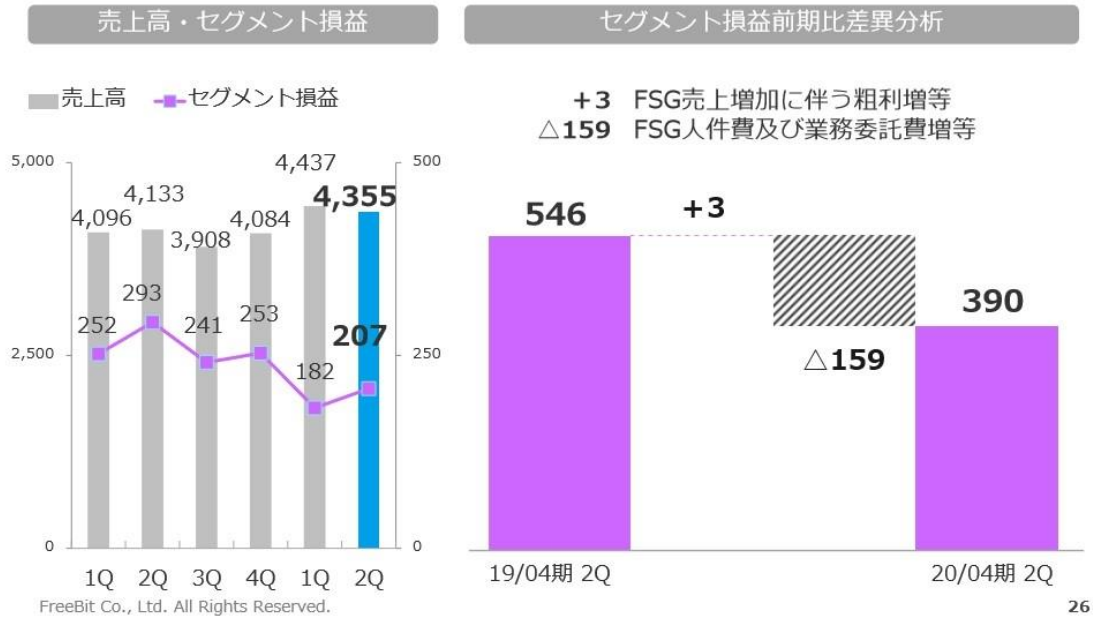
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前年同期比 売上高6.8%増、セグメント損益28.6%減

戦略ドメイン領域への先行投資により減益

(単位：百万円)



Next, I will comment on the AdTech business. Sales increased 6.8% YoY. However, income decreased 28.6%. Despite the current difficult external environment, the segment struggled to increase sales by 6.8%.

Internet advertising companies and agency businesses, as well as affiliate companies including ourselves are struggling but compared to others, we are doing a good job, growing sales YoY. However, profits as a whole have been declining. Compared to the past, in order to increase sales, while responding to cookie privacy issues and other issues that have been discussed worldwide, the Company has increased various development personnel costs and personnel costs for responding to clients' performance.

Nevertheless, sales are increasing and there are factors that make us much stronger than our competitors. We believe that if things get tougher, there will be companies that will inevitably shrink their business in the future.

Compared to such companies, our stance remains positive. The market itself is expanding as this business domain reaches the point where Internet advertising surpasses TV advertising. We are working hard every day to ensure that we can return to a profit growth trajectory by operating properly.

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戦略ドメイン「クロスボーダー領域」における事業へ注力



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27

Through these initiatives, we are focusing on businesses in cross-border domains. The Asian market, of course, is growing at an extremely high rate in countries excluding Japan, and the Internet advertising market is growing at a faster rate than in Japan. We provide a variety of services to capture this growth.

Until last year, we had achieved greater-than-expected success in the Taiwanese and other markets, and our policy is to provide this service to Southeast Asia as well.

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グローバル版アフィリエイトプラットフォーム「Webridge」

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2019.12月 β版リリース



クロスボーダー展開を本格強化

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917,700 Total number of registered sites
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Get started with Webridge

**今後はアジア圏だけでなく
アメリカやヨーロッパ各国・地域へと拡大予定**

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Within this policy, the global affiliate platform was released this month. By leveraging these services, we are expanding our business in Southeast Asia. This will be a challenge as a new business in a new area, but it will not start from scratch. There are also models that have succeeded in Taiwan, and we are expanding these models. Therefore, I think that we are making relatively steady progress in this area.

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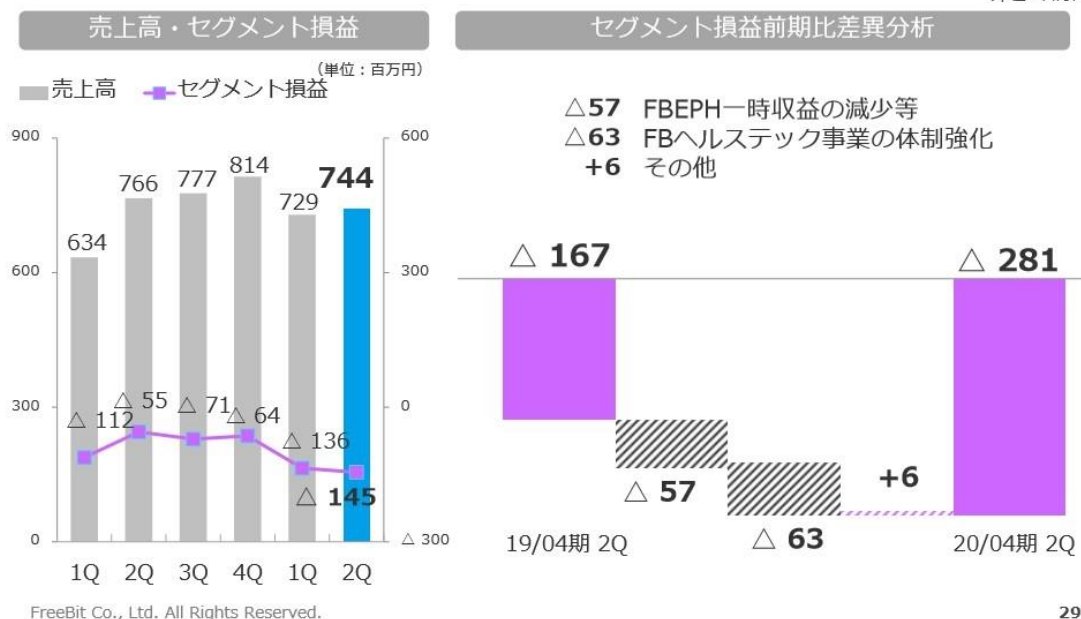
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FBEPHの成長により売上高は前年同期比5.2%増を達成

FBヘルステック事業の体制強化等により、セグメント損益は前年同期比114百万円減

(単位：百万円)



Next, regarding the HealthTech business, more than three years have passed since we started this business, and since its inception we have achieved rapid growth. However, as our goal, we are still in the early stages of our efforts to develop new services and strengthen our sales structure. Up-front costs may be incurred in some quarters, but in terms of net sales or the number of customers, we are doing very well, so at some point we expect steady growth, including in profits, in the future.

In the fiscal year under review, profit declined YoY. However, as I mentioned earlier, in the first half of the current fiscal year, sales of services which generate a one-time gain struggled somewhat, and this was not planned. However, since we are now in a position to properly rebuild our business structure and generate adequate sales in the second half of the fiscal year, we are ready to recover from this situation.

To recover from this situation, we strengthened our sales structure. Since hiring costs are incurred when we strengthen our human resources, we incurred costs in the second quarter, either temporarily or on the basis of increased personnel costs. As a result, in the second quarter, profits declined YoY.

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月間薬局予約件数は順調に推移



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30

However, as a factor in the recovery, in terms of the number of monthly reservations for the business as a whole, the figures for the height of the graph are not shown, but the curve shows an upward trend.

It is growing at a fairly steady pace because there is such need as shortening the time required to receive a prescription from a doctor and then receive it at a dispensing pharmacy. At this time of the year, there is a growing need from those who do not want to take their children to pharmacies because of the outbreak of influenza or from those who do not want to have their children stay at medical institutions for a long time. This graph shows that the need to send prescriptions online and make reservations based on such needs is rising as awareness grows.

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「EPARKお薬手帳」は累計ダウンロード数90万件を突破



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31

I think everyone has a drug notebook, but most still carry a paper notebook or forget it every time. If you have a drug notebook, the dispensing fees for patients will decrease slightly, which will result in cost savings. However, many people do not carry a drug notebook because they are not well aware of this.

If you put this into your smartphone app, you will be more likely to carry it, because you are less likely forget your smartphone. The number of downloads at stores that are automatically booked has been increasing significantly due to our alliance, which allows for automatic bookkeeping of medication records in the pharmacy notebook of one's smartphone after receiving a medicine, and so on.

There are still many stores where the automatic recording service is not available. However, thanks to our daily sales activities, it has become highly regarded in the industry, and the number of downloads exceeded 900,000. This month, the total number of downloads is expected to exceed 1 million.

This is a small part of the population of 120 million, although it has already gained the top market share, because the recognition of the digitization and app version of the drug notebook is still low in the world. We will continue our educational activities, and we plan to increase the number of downloads to 5 million, 10 million, and 30 million, beginning now, from the starting point of 1 million.

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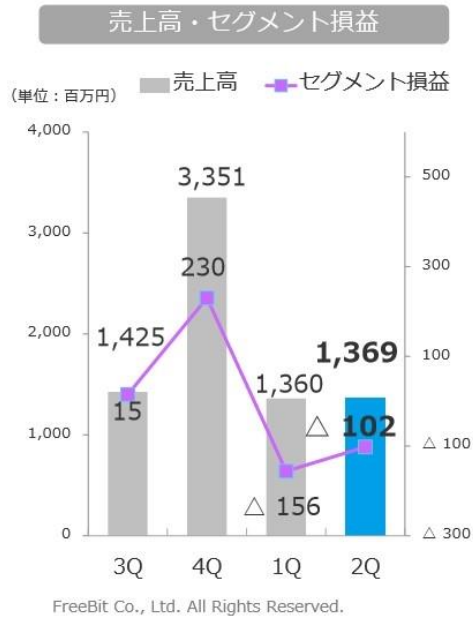
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語学教育関連書籍の販売及び研修事業が堅調に推移

第4四半期に利益が集中するビジネスモデルのため通年では黒字を計画



スマートスピーカー、タブレット端末及びサブスクリプション型サービスへの語学教育コンテンツの提供に注力



※2019年4月期は、アルクの決算期変更に伴い4Qに11月～4月までの6ヵ月分を計上

Next, I will comment on the EdTech business. This is based on ALC which became a subsidiary in the third quarter of last year. As sales and segment profits are biased toward the fourth quarter as I mentioned several times, the graph looks like the one above.

For the full year, we expect that a large profit will be posted in the fourth quarter and the full year results will be positive. This unstable graph is not acceptable to us. In doing this business, we acquired ALC with the intention to launch a subscription-based educational service. We are currently developing a variety of services and we aim to become a company that can generate profits throughout the year by adding many services that customers pay on an ongoing basis, for example, as monthly learning fees.

Furthermore, as March and April represent the beginning of the fiscal and school years, there should be no change in the basis for the concentration of needs. In the next few years, we will strive to create a structure in which the subscription-type service will generate profits throughout the year while generating profits in the fourth quarter in the form of bonuses.

Regarding the current fiscal year, I would like to say only that a deficit was recorded in the first half, but that it is okay for the entire year.

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各事業セグメントの注力施策の進捗



インフラテック	<ul style="list-style-type: none"> ・アルプスアルパイン(株)と連携し、CASE/MaaS市場への取り組みを加速 ・コンシューマー向けIPv6(IPoE)接続サービスの新プランを発表 ・「フリービットクラウドVDC」の拡販を強化
不動産テック	<ul style="list-style-type: none"> ・マンションインターネットは、提携先大手ハウスメーカー向け提供戸数が増加。さらなる売上拡大を企図し、新サービス「SPES」を発表 ・不動産事業はイオンハウジングネットワーク加盟店の店舗展開を促進
アドテック	<ul style="list-style-type: none"> ・インタラクティブ動画編集プラットフォーム「MIL」と戦略的資本業務提携を実施し、動画マーケティング領域を強化 ・海外市場での販路構築やブランド醸成を目的に海外進出を検討する企業向けに多言語に対応したグローバル版アフィリエイトプラットフォーム「Webridge」ベータ版の提供を開始
ヘルステック	<ul style="list-style-type: none"> ・「EPARKお薬手帳」のダウンロード数が順調に推移。普及を加速させメディアのPV数、集客数及び提携薬局数継続成長 ・FBヘルステック事業において、グループシナジーを発揮し、介護施設向け介護記録システムの新機能を拡充 ・医薬品の不動態在庫・共同購入事業が立ち上がり、3Qより収益に貢献
エドテック	<ul style="list-style-type: none"> ・語学教育書籍の販売及び研修事業が堅調に推移

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As a result of these efforts, we are currently making progress on a consolidated basis for the fiscal year ending April 30, 2020. First, we will take on the challenge of initiatives in CASE/MaaS markets through qualitative measures and collaboration with Alps Alpine in the InfraTech business. In addition, we have been providing virtual data center services such as FreeBit Cloud VDC for many years, but since the user base has also grown considerably, our InfraTech business will be able to raise revenues.

In the Real Estate Tech segment, the Company plans to further expand the number of plus and partner home builders and developers, which are growing steadily. Likewise, we have started a SPES to provide additional services for existing properties to the major manufacturers that we have tied up with, and the introduction of this system from the second half of this fiscal year has become a major theme.

In the Real Estate business, there is a business we are doing with AEON. This means that we will contribute to house manufacturers by creating an environment in which we can increase the number of partners and, in cooperation with AEON, increase the number of tenants on the entire condominium Internet. Although we struggled at the beginning of the year, it has grown steadily. We are working to become profitable in the next fiscal year or at the end of this fiscal year, and to clearly demonstrate our raison d'etre in our business.

Although the AdTech segment has struggled in terms of the external environment, we are working to increase earnings by offering a variety of services. First, since we have formed an alliance with a video editing platform company, we are moving forward with the use of video advertising video marketing not only for pure branding advertising, but also for acquisition-type conversion-type marketing.

The Ad-Tech Segment is focused on promoting global affiliate services in earnest, with Southeast Asia as the main battlefield.

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In the HealthTech segment, the number of downloads of our drug notebook has exceeded 1 million, as I mentioned earlier. By spreading this system, it is already a major achievement that people send prescriptions from their drug notebooks and lead to reservations, so by increasing the installed base, the first thing we can do is to achieve further growth.

Second, the FreeBit Consolidated Group provides nursing care recording systems for nursing care facilities other than dispensing pharmacies that are used by the largest companies in the industry. In the second half of the year, we plan to combine this service with EPARK Healthcare's services for dispensing pharmacies, and to launch services that will improve the convenience of these operating companies and patients. We intend to put even greater effort into this area.

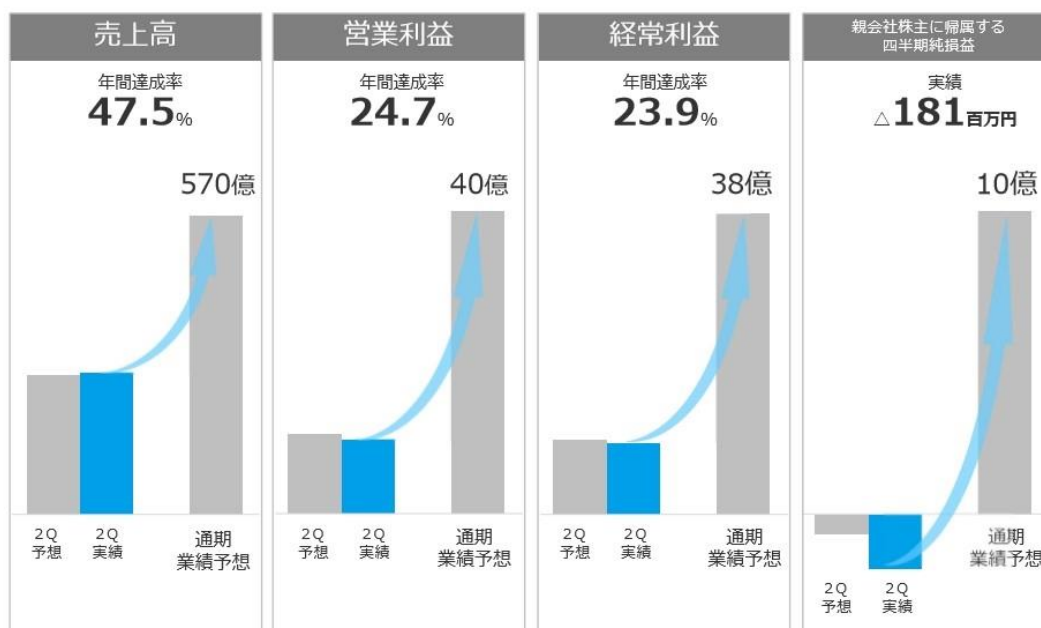
This is a mechanism that we have been operating for some time to reduce the disposal of pharmaceuticals, and that makes effective use of what is in stock at pharmacies in the marketplace. In addition, we have been working to reduce the costs of pharmacies by purchasing new products jointly. These services will contribute to the HealthTech Business Segment from the third quarter. The deficit increased slightly in the first half of the year. We would like to ask for your thoughts on the second half of the year.

While developing new services below the surface, EdTech's existing businesses are performing well. In the current fiscal year, we will not have to explain surprising results to you, both above and below, but will be successful from the next fiscal year onwards from what is progressing below the surface. I would like to say that we are aiming to ensure that our results will not be too sluggish. This is the progress made in each of the segments.

連結業績進捗



第2四半期は、ほぼ計画通り進捗



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As a result, although we have made progress with regard to the figures, we have achieved approximately half of our net sales, and since the business structure is concentrated on the fourth quarter, there is no problem.

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Operating income and other items are concentrated in the second half of the fiscal year, especially the fourth quarter. Therefore, although our plan is basically in line with our plan, we need to make a considerable profit in the fourth quarter, so we have to do our best every day, with each group company or each individual working together as one. Although we may be concerned about some of our shareholders, we are continuing to do our utmost to do our business. We would like to ask for their continued support in the future as we continue to do our best to do so.

This concludes the explanation of the second quarter of the fiscal year ending April 2020. Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked as follows: [Inaudible].*
2. *This document has been translated by SCRIPTS Asia.*

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