

# Quarterly trends and results

Earnings (cumulative) (JPYmn)	FY04/23				FY04/24				FY04/24	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	% of Est.	Company forecast
Revenue	11,142	22,582	34,216	46,772	14,040				28.1%	50,000
YoY	4.4%	5.7%	7.0%	8.6%	26.0%					6.9%
Cost of revenue	7,902	16,019	24,214	33,444	9,916					
YoY	6.3%	6.8%	8.3%	9.1%	25.5%					
Cost ratio	70.9%	70.9%	70.8%	71.5%	70.6%					
Gross profit	3,240	6,563	10,002	13,327	4,124					
YoY	0.1%	3.0%	4.1%	7.4%	27.3%					
Gross profit margin	29.1%	29.1%	29.2%	28.5%	29.4%					
SG&A expenses	2,375	4,600	6,834	9,320	2,460					
YoY	7.7%	6.6%	5.0%	0.8%	3.6%					
SG&A-to-sales ratio	21.3%	20.4%	20.0%	19.9%	17.5%					
OP	865	1,962	3,168	4,008	1,665				33.3%	5,000
YoY	-16.2%	-4.5%	2.2%	26.6%	92.5%					24.8%
OPM	7.8%	8.7%	9.3%	8.6%	11.9%					10.0%
Recurring profit	773	1,805	2,964	3,707	1,624				36.1%	4,500
YoY	-23.9%	-9.7%	-2.0%	28.8%	110.0%					21.4%
Recurring profit margin	6.9%	8.0%	8.7%	7.9%	11.6%					9.0%
Net income	306	844	1,657	1,792	863				34.5%	2,500
YoY	-45.7%	-24.7%	2.1%	116.5%	182.5%					39.5%
Net margin	2.7%	3.7%	4.8%	3.8%	6.2%					5.0%
Quarterly (JPYmn)	FY04/23				FY04/24					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Revenue	11,142	11,440	11,635	12,555	14,040					
YoY	4.4%	6.9%	9.7%	13.1%	26.0%					
Cost of revenue	7,902	8,117	8,195	9,230	9,916					
YoY	6.3%	7.3%	11.2%	11.2%	25.5%					
Cost ratio	70.9%	71.0%	70.4%	73.5%	70.6%					
Gross profit	3,240	3,323	3,439	3,325	4,124					
YoY	0.1%	6.1%	6.2%	18.7%	27.3%					
Gross profit margin	29.1%	29.0%	29.6%	26.5%	29.4%					
SG&A expenses	2,375	2,225	2,234	2,486	2,460					
YoY	7.7%	5.4%	2.0%	-9.2%	3.6%					
SG&A-to-sales ratio	21.3%	19.5%	19.2%	19.8%	17.5%					
OP	865	1,098	1,205	840	1,665					
YoY	-16.2%	7.4%	15.1%	1201.2%	92.5%					
OPM	7.8%	9.6%	10.4%	6.7%	11.9%					
Recurring profit	773	1,032	1,159	743	1,624					
YoY	-23.9%	4.9%	13.1%	-	110.0%					
Recurring profit margin	6.9%	9.0%	10.0%	5.9%	11.6%					
Net income	306	538	813	135	863					
YoY	-45.7%	-3.4%	61.8%	-	182.5%					
Net margin	2.7%	4.7%	7.0%	1.1%	6.2%					

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

## Earnings trends by segment

Earnings (cumulative) (JPYmn)	FY04/23				FY04/24			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4
Revenue	11,142	22,582	34,216	46,772	14,040			
YoY	4.4%	5.7%	7.0%	8.6%	26.0%			
5G Infrastructure Support	2,328	4,733	7,109	9,489	2,428			
YoY	4.7%	5.8%	6.1%	5.1%	4.3%			
% of revenue	19.7%	19.7%	19.6%	19.1%	16.5%			
5G Lifestyle Support	5,477	11,157	16,764	23,261	7,600			
YoY	4.2%	4.4%	4.6%	7.0%	38.8%			
% of revenue	46.2%	46.6%	46.2%	46.9%	51.7%			
Enterprise/Creator 5G DX SupportDX Support	4,039	8,076	12,415	16,849	4,668			
YoY	3.5%	5.0%	8.3%	9.5%	15.6%			
% of revenue	34.1%	33.7%	34.2%	34.0%	31.8%			
Other	-	-	-	-	-			
YoY	-	-	-	-	-			
% of revenue	-	-	-	-	-			
Adjustments	-703	-1,383	-2,072	-2,828	-656			
OP	865	1,962	3,168	4,008	1,665			
YoY	-16.2%	-4.5%	2.2%	26.6%	92.5%			
OPM	7.8%	8.7%	9.3%	8.6%	11.9%			
5G Infrastructure Support	393	733	1,161	1,378	438			
YoY	33.2%	34.7%	21.2%	21.6%	11.5%			
OPM	16.9%	15.5%	16.3%	14.5%	18.1%			
% of OP	45.6%	37.4%	36.7%	34.4%	26.3%			
5G Lifestyle Support	377	980	1,535	2,039	1,034			
YoY	-33.4%	-17.5%	-6.4%	41.1%	174.4%			
OPM	6.9%	8.8%	9.2%	8.8%	13.6%			
% of OP	43.7%	50.0%	48.5%	50.9%	62.1%			
Enterprise/Creator 5G DX SupportDX Support	96	256	482	604	197			
YoY	-44.8%	-22.5%	-6.4%	0.1%	104.7%			
OPM	2.4%	3.2%	3.9%	3.6%	4.2%			

% of OP	11.2%	13.0%	15.2%	15.1%	11.9%							
Other						-4	-8	-12	-17	-5		
				YoY		-	-	-	-	-		
				OPM		-	-	-	-	-		
				% of OP		-0.5%	-0.4%	-0.4%	-0.4%	-0.3%		
Adjustments						2	1	2	2	-0		
<b>Quarterly</b>					<b>FY04/23</b>				<b>FY04/24</b>			
<b>(JPYmn)</b>					<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Revenue					11,142	11,440	11,635	12,555	14,040			
				YoY	4.4%	6.9%	9.7%	13.1%	26.0%			
5G Infrastructure Support					2,328	2,404	2,376	2,380	2,428			
				YoY	4.7%	7.0%	6.6%	2.0%	4.3%			
				% of revenue	19.7%	19.8%	19.3%	17.9%	16.5%			
5G Lifestyle Support					5,477	5,679	5,607	6,497	7,600			
				YoY	4.2%	4.7%	4.9%	13.9%	38.8%			
				% of revenue	46.2%	46.9%	45.5%	48.8%	51.7%			
Enterprise/Creator 5G DX SupportDX Support					4,039	4,037	4,339	4,434	4,668			
				YoY	3.5%	6.6%	15.1%	12.9%	15.6%			
				% of revenue	34.1%	33.3%	35.2%	33.3%	31.8%			
Other					-	-	-	-	-			
				YoY	-	-	-	-	-			
				% of revenue	-	-	-	-	-			
Adjustments					-703	-681	-688	-756	-656			
OP					865	1,098	1,205	840	1,665			
				YoY	-16.2%	7.4%	15.1%	1201.2%	92.5%			
				OPM	7.8%	9.6%	10.4%	6.7%	11.9%			
5G Infrastructure Support					393	340	427	218	438			
				YoY	33.2%	36.5%	3.4%	23.4%	11.5%			
				OPM	16.9%	14.2%	18.0%	9.1%	18.1%			
				% of OP	45.6%	31.0%	35.5%	25.9%	26.3%			
5G Lifestyle Support					377	603	555	504	1,034			
				YoY	-33.4%	-2.9%	22.7%	-	174.4%			
				OPM	6.9%	10.6%	9.9%	7.8%	13.6%			
				% of OP	43.7%	54.9%	46.1%	60.0%	62.1%			
Enterprise/Creator 5G DX SupportDX Support					96	159	226	123	197			
				YoY	-44.8%	2.5%	22.5%	37.4%	104.7%			
				OPM	2.4%	3.9%	5.2%	2.8%	4.2%			
				% of OP	11.2%	14.5%	18.8%	14.6%	11.9%			
Other					-4	-4	-4	-5	-5			
				YoY	-	-	-	-	-			
				OPM	-	-	-	-	-			
				% of OP	-0.5%	-0.3%	-0.3%	-0.6%	-0.3%			
Adjustments					2	-1	1	0	-0			

Source: Shared Research based on company materials

Notes: Figures may differ from company materials due to differences in rounding methods.

## Q1 FY04/24 results

- Revenue: JPY14.0bn (+26.0% YoY)
- Operating profit: JPY1.7bn (+92.5% YoY)
- Recurring profit: JPY1.6bn (+110.0% YoY)
- Net income attributable to owners of the parent: JPY863mn (+182.5% YoY)

In Q1 FY04/24, revenue, operating profit, recurring profit, and net income attributable to owners of the parent rose 26.0% YoY, 92.5% YoY, 110.0% YoY, and 182.5% YoY, respectively. Giga Prize Co., Ltd. and its subsidiaries changed their fiscal year-end from March 31 to April 30, the same date as the company, resulting in a 13-month accounting period from April 1, 2023 to April 30, 2024 for FY04/24. In Q1, four months from April 1, 2023 to July 31, 2023 were included in the consolidated financial results.

Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, revenue increased 10.5% YoY to JPY12.3bn, operating profit rose 46.5% YoY to JPY1.3bn, recurring profit rose 58.8% YoY to JPY 1.2bn, and net income attributable to owners of the parent rose 131.0% to JPY706mn.

Against the company's FY04/23 full-year forecasts, Q1 FY04/24 revenue, operating profit, recurring profit, and net income attributable to owners of the parent achieved 28.1%, 33.3%, 36.1%, and 34.5%, respectively.

## 5G Infrastructure Support

- Revenue: JPY2.4bn (+4.3% YoY)
- Operating profit: JPY438mn (+11.5% YoY)

In Q1 FY04/24, the segment posted an increase in revenue and profit. In fixed-line operations, network costs remained high because of an increase in the use of rich content such as videos and games, an increase in the use of social networking sites, and ongoing expansion in the use of various internet-based services as teleworking became common. As for mobile operations, the company expects further growth in the overall market, although low-cost plans and sub-brands offered by

major mobile carriers may affect the growth of independent MVNOs. The company's group performed well due to the expansion of scale of its support business for MVNOs. Operating profit (excluding strategic investments) was up 13.1% YoY.

## 5G Lifestyle Support

- Revenue: JPY7.6bn (+38.8% YoY)
- Operating profit: JPY1.0bn (+174.4% YoY)

In Q1 FY04/24, the segment posted an increase in revenue and profit. In the 5G Homestyle business (internet services for housing complexes), the installation of broadband networks is designed to increase the asset value of buildings and improve occupancy rates, which is becoming a standard. Further, telework, video content viewing, and other uses are also recognized as standard. To meet the growing demand for faster communication speeds, the company has started providing ISP services to residential complexes with higher speeds. In the 5G Lifestyle business (mobile communication and internet-related services for individuals), as part of the Tone Mobile smartphone business, in an effort to increase the number of contracts by curbing costs, the company implemented a marketing strategy centered around affiliate ad, using its group's proprietary technology.

Excluding the impact of the change in fiscal year-end for Giga Prize and its subsidiaries, revenue was up 7.1% YoY, and operating profit (excluding strategic investments (one-time investments)) was up 44.5% YoY.

## Enterprise/Creator 5G DX Support

- Revenue: JPY4.7bn (+15.6% YoY)
- Operating profit: JPY197mn (+104.7% YoY)

In Q1 FY04/23, the segment posted increases in both revenue and profit. In the internet marketing and ad technology services that Full Speed offers, economic activity began to normalize, and advertising demand showed a gradual recovery trend as COVID-19-related restrictions eased following its downgrade to infectious disease category 5. However, the market did not return to the pre-pandemic level. In this environment, the company pursued DX in the area of internet marketing by leveraging its expertise in online marketing. The company also expanded support for the creator economy through StandAlone, a platform for creators, and strengthened non-fungible token (NFT) issuance support, to ensure medium-term growth. In addition, efforts were made to improve operational efficiency and control costs through PMI after Full Speed became a wholly-owned subsidiary. Operating profit (excluding strategic investments (one-time investments)) was up 65.0% YoY.

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