



## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 13, 2022

Company name: IPS, Inc. Listing: Tokyo Stock Exchange  
 Securities code: 4390 URL: <https://ipsism.co.jp>  
 Representative: (Title) President / CEO (Name) Koji Miyashita  
 Inquiries: (Title) General Manager Corporate Planning Unit (Name) Masamitsu Kawabuchi TEL: 03(3549)7621  
 Scheduled date of annual general meeting of shareholders: June 28, 2022 Scheduled date to commence dividend payments: June 29, 2022  
 Scheduled date to file annual securities report: June 29, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	10,728	12.7	2,456	27.8	2,897	32.4	1,888	27.0
Fiscal year ended March 31, 2021	9,515	46.2	1,921	79.5	2,187	103.4	1,487	130.5

(Note) Comprehensive Fiscal year ended March 31, 2022 2,392Millions of yen (56.0%) Fiscal year ended March 31, 2021 1,533Millions of yen (86.9%)  
 income

	Profit per share	Diluted Profit per share	Equity Profit rate	Total assets Ordinary profit rate	Net sales Operating profit rate
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	152.37	145.01	29.9	19.2	22.9
Fiscal year ended March 31, 2021	120.22	114.22	32.4	22.4	20.2

(Reference) Share of profit (loss) of entities accounted for using equity method Fiscal year ended March 31, 2022 - Fiscal year ended March 31, 2021 -

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2022	18,420	9,136	39.7	589.01
Fiscal year ended March 31, 2021	11,762	6,754	45.1	428.59

(Reference) Equity Fiscal year ended March 31, 2022 7,309Millions of yen Fiscal year ended March 31, 2021 5,305Millions of yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	3,602	(2,658)	1,045	5,778
Fiscal year ended March 31, 2021	1,636	(1,889)	1,333	3,589

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	-	0.00	-	10.00	10.00	123	8.3	2.7
Fiscal year ended March 31, 2022	-	0.00	-	25.00	25.00	310	16.4	4.9
Fiscal year ending March 31, 2023 (Forecast)	-	17.50	-	17.50	35.00		25.5	

## 3. Consolidated earnings forecast for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentage figures show year-on-year increase or decrease.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First 6 months	5,400	32.5	1,300	56.8	1,270	54.8	750	44.7	60.52
Full year	12,000	11.9	2,920	18.9	2,820	(2.7)	1,700	(10.0)	137.18

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: - (Company name) -, excluded: - (Company name) -

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, refer to the attachment P.15 “3. Consolidated Financial Statements and Key Notes (5) Notes to consolidated financial statements (Changes in accounting policies)”.

(3) Number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares)

Fiscal year ended March 31, 2022	12,410,500 shares	Fiscal year ended March 31, 2021	12,380,000 shares
----------------------------------	-------------------	----------------------------------	-------------------

2) Number of treasury shares at the end of the period

Fiscal year ended March 31, 2022	395 shares	Fiscal year ended March 31, 2021	264 shares
----------------------------------	------------	----------------------------------	------------

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	12,392,575 shares	Fiscal year ended March 31, 2021	12,369,674 shares
----------------------------------	-------------------	----------------------------------	-------------------

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	6,205	(23.5)	1,107	(2.7)	1,549	10.9	1,047	12.1
Fiscal year ended March 31, 2021	8,116	61.1	1,138	57.1	1,397	102.6	934	109.4

	Profit per share		Diluted profit per share	
	Yen		Yen	
Fiscal year ended March 31, 2022	84.56		80.47	
Fiscal year ended March 31, 2021	75.56		71.78	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Fiscal year ended March 31, 2022	10,955		5,722		50.5		445.66	
Fiscal year ended March 31, 2021	9,648		4,783		47.4		369.35	

(Reference) Equity Fiscal year ended March 31, 2022 5,530 Millions of yen Fiscal year ended March 31, 2021 4,572 Millions of yen

\* Financial results reports are exempt from audits conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts and other special matters

(Notes on description about the future, etc.)

Descriptions about the future such as earnings outlook, which are included in these materials, are based on the information currently available to the Company and on certain conditions that the Company deems reasonable, and it does not mean that the Company promises to realize them. Also, there is a possibility that the actual earnings, etc., may differ significantly due to various factors. For matters related to earnings forecasts, refer to Attachment P.7 “Future outlook”.

The Company is scheduled to hold a financial results briefing for institutional investors and analysts on Wednesday, May 18, 2022.

The explanatory material for the day is going to be disclosed on TDnet and posted on our website on the same day.

(About change of display unit of amount of money)

The amounts of money in account titles and other items posted in the financial statements of the Company was previously stated in units of 1,000 yen, but has been changed to be stated in units of one million yen from the consolidated fiscal year under review.

In order to facilitate comparison, amounts from the previous consolidated fiscal year are also stated in units of one million yen.

○ Table of Contents of Attachments

1. Overview of Operating Results, etc.....	5
(1) Overview of operating results for the fiscal year ended March 2022.....	5
(2) Overview of financial position for the fiscal year ended March 2022 .....	6
(3) Overview of cash flows for the fiscal year ended March 2022 .....	7
(4) Future outlook.....	7
2. Basic Approach towards Selection of Accounting Standard .....	7
3. Consolidated Financial Statements and Key Notes .....	8
(1) Consolidated balance sheet .....	8
(2) Consolidated statement of income and consolidated statement of comprehensive income.....	10
(Consolidated statement of income) .....	10
(Consolidated statement of comprehensive income) .....	11
(3) Consolidated statement of changes in equity .....	12
(4) Consolidated statement of cash flows.....	13
(5) Notes to consolidated financial statements .....	15
(Notes to assumptions for ongoing concerns).....	15
(Changes in accounting policies).....	15
(Additional information).....	15
(Segment information, etc.).....	16
(Per-share information).....	19
(Important subsequent events).....	19

## 1. Overview of Operating Results, etc.

### (1) Overview of operating results for the fiscal year ended March 2022

The Group is engaged in various businesses in order to create business opportunities, develop businesses, change the industrial structure, and realize the ideal society ahead of anyone else in areas closely related to daily life, beyond barriers that no one has been able to break through, under the corporate philosophy of “Open Door”. In particular, we are working to expand our businesses by providing a communication environment using new IT technology to solve social issues of the Philippines while contributing to SDGs.

In the consolidated fiscal year under review, while the situation was still tough due to the influence of COVID-19, there were signs of a pickup in domestic and overseas economic activity due to the cancellation of the declaration of a state of emergency and the progress in vaccinations. However, the future remains uncertain due to the rapid spread of infections caused by new mutant strains toward the second half of the fiscal year under review. Society is rapidly changing, such as new lifestyles and a shift to new workstyles on the premise of remote work due to the impact of COVID-19, and the importance of communication via communication lines is further increasing. There is an urgent need to prepare, maintain and enhance communication lines as a living infrastructure that supports society throughout the world, including Japan and the Philippines. Also, in the global economy, it remains difficult to predict future trends and impacts as the yen has depreciated rapidly by the United States policy interest rate hike, and inflation has accelerated due to the increase in energy and resource prices due to the invasion of Ukraine. Also, in the Philippines, inflationary pressure has additionally increased due to the invasion of Ukraine. However, the governor of the central bank of the Philippines has indicated the intention to maintain the policy interest rate, stating that “a stable recovery of the domestic economy remains a top priority.”

The Group has established a position as a carriers’ carrier (wholesaler for communication carriers) to meet the growing demand for communications by acquiring part of the undersea cables that connect the Philippines and Singapore / Hong Kong (City-to-City Cable System, hereinafter referred to as the “C2C cable”) and an international communication network that consists of the terrestrial circuits of each country (hereinafter referred to as the “international communication network”) in 2020 and 2021, respectively, and also works to expand the international communication network by acquiring new communication lines.

In Japan, we are expanding the provision of services optimized for each customer, mainly for call center operators whose communication traffic demand is increasing.

Shinagawa Lasik & Aesthetics Center Corporation (hereinafter referred to as “SLACC”), which operates clinics in the Manila metropolitan area, is striving to take thorough infection prevention measures so that patients can receive medical examinations with peace of mind in the situation where COVID-19 infections are spreading. As a result, the number of visitors is recovering.

As a result of the above, in the consolidated fiscal year under review, net sales were 10,728 million yen (up 12.7% year on year) and operating profit was 2,456 million yen (up 27.8% year on year). As a foreign exchange gain of 431 million yen was recorded in association with the depreciation of the yen, ordinary profit was 2,897 million yen (up 32.4% year on year) and profit attributable to owners of parent was 1,888 million yen (up 27.0% year on year).

The financial results by segment are as follows:

#### (International telecommunication business)

In the International telecommunication business in the fiscal year under review, we continued to strengthen sales of the international communication network owned by the Group and provide it to CATV operators in areas other than the Manila metropolitan area to expand the stock-type business. Also, we additionally obtained the rights to use the C2C cable that connects the Philippines and Hong Kong under an IRU contract in November, 2021, and started providing it to major communication carriers as a carriers’ carrier project in December, 2021. Although the capacity provided, etc., drastically increased as a result, revenue decreased due to a decrease in the number of projects that recorded sales based on receipt of money from the previous fiscal year.

For the fiscal year under review, net sales of the international telecommunication business were 3,684 million yen (down 13.5% year on year), and segment profit was 1,011 million yen (down 15.8% year on year).

(Note) IRU stands for Indefeasible Right of Use and refers to a long-term stable communication line usage right that cannot be cancelled or terminated without agreement between the parties. The Company has concluded mainly a 15-year IRU contract to purchase and sell the right to use international communication lines.

#### (Telecommunication business in the Philippines)

In the telecommunication business in the Philippines in the fiscal year under review, InfiniVAN, Inc. proceeded with

construction of communication networks in other areas than the Manila metropolitan area, such as Mindanao Island. Also, we decided to jointly construct a domestic undersea cable in the Philippines with a Filipino communication carrier in December, 2021. We are steadily proceeding with laying core networks in the Philippines like this among others.

In the fiscal year under review, as many companies continued telework for COVID-19 measures, acquisition of new customers in the corporate Internet connection service, which is a pillar of revenue stream of InfiniVAN, Inc., remained sluggish.

In association with the enactment of the revised Public Service Act on March 21, it is expected that foreign capital companies will invest and advance into the communication field, among others. The Group understands this as a new revenue opportunity and will expand its business by enhancing the core network in the Philippines using the relay network laid by InfiniVAN, Inc., the undersea cable systems in the Philippines, etc.

In the fiscal year under review, net sales increased to 1,784 million yen (up 113.2% year on year) partially due to the sale of communication equipment in December 2021, but segment profit was 224 million yen (down 10.9% year on year) due to prior investment, etc.

#### (Domestic telecommunication business)

In the domestic telecommunication business during the fiscal year under review, we purchased a large amount of incoming call billing services (toll-free) provided by major telecommunications carriers for the call center system “AmeyoJ” developed by Drishti-soft Solutions Pvt.Ltd. of India, for which we have the sales agency rights in Japan. Sales of solutions for call centers in combination with second-based billing services to be sold by the second to call center operators increased steadily. Also, revenue expanded as communication traffic increased including communication traffic for the COVID-19 vaccine call center and web conferencing by working from home due to the influence of COVID-19.

As a result, net sales were 3,988 million yen (up 7.3% year on year), and segment profit substantially increased to 819 million yen (up 99.4% year on year).

#### (Health and wellness business)

The health and wellness business in the fiscal year under review has been affected by the spread of COVID-19 infections since the previous fiscal year. However, SLACC, which performs LASIK surgery, etc., established safe operations by taking thorough infection prevention measures, and the number of surgical operations was the largest ever as the number of visitors was favorable mainly at the third hospital in Bonifacio Global City, which was opened last year. Also, in November, 2021, we decided to establish a subsidiary that operates high-quality medical examination / comprehensive medical examination centers implementing technologies, which Japan is good at, such as diagnostic imaging, in 2022, and are preparing for the opening in the first quarter of 2023.

As a result, net sales were 1,244 million yen (up 99.5% year on year), and segment profit was 419 million yen (up 223.4% year on year).

#### (Other)

Promotion of use of international remittance services for foreign residents, which are provided by overseas remittance operators, is the main service.

Net sales were 26 million yen (down 65.1 year on year), and segment loss was 19 million yen (a loss of 73 million yen in the previous fiscal year).

## (2) Overview of financial position for the fiscal year ended March 2022

### (Status of Assets)

Current assets as of the end of the consolidated fiscal year under review were 12,023 million yen, an increase of 4,357 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 2,152 million yen in cash and deposits, 1,013 million yen in investments in leases, and 977 million yen in accounts receivable - trade.

Also, property, plant and equipment were 3,776 million yen, an increase of 1,265 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 1,269 million yen in construction in progress. Intangible assets were 1,721 million yen, an increase of 891 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 843 million yen in the right to use communication lines. As a result, total assets were 18,420 million yen, an increase of 6,658 million yen from the end of the previous consolidated fiscal year.

### (Status of liabilities)

Current liabilities as of the end of the consolidated fiscal year under review were 7,865 million yen, an increase of 4,503 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 1,344 million yen in

short-term borrowings, 1,254 million yen in accounts payable - other and 978 million yen in deferred payment income.

Also, non-current liabilities were 1,418 million yen, a decrease of 226 million yen from the end of the previous consolidated fiscal year. This was mainly caused by a decrease of 227 million yen in long-term borrowings.

As a result, total liabilities were 9,283 million yen, an increase of 4,276 million yen from the previous consolidated fiscal year.

(Status of net assets)

Net assets as of the end of the consolidated fiscal year under review were 9,136 million yen, an increase of 2,381 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 397 million yen in non-controlling interests and an increase of 1,888 million yen in retained earnings due to the recording of the same amount in profit attributable to owners of parent.

As a result, the equity ratio became 39.7% (45.1% at the end of the previous fiscal year).

### (3) Overview of cash flows for the fiscal year ended March 2022

Cash and cash equivalents at the end of the consolidated fiscal year under review was 5,778 million yen. The status of each cash flow and their factors in the consolidated fiscal year under review are as follows:

(Cash flows from operating activities)

The funds acquired in operating activities were 3,602 million yen. This was mainly due to an increase of 1,196 million yen in accounts payable - other and an increase of 978 million yen in deferred payment profit with profit before income taxes of 2,906 million yen while Investments in leases and trade receivables increased by 940 million yen and 874 million yen, respectively.

(Cash flows from investing activities)

The funds used in investing activities were 2,658 million yen. This was mainly due to purchase of property, plant and equipment of 1,647 million yen and purchase of intangible assets of 885 million yen.

(Cash flows from financing activities)

The funds acquired in financing activities were 1,045 million yen. This was due to an increase of 1,259 million yen in short-term borrowings as well as proceeds from long-term borrowings of 400 million yen with repayments of long-term borrowings of 644 million yen.

### (4) Future outlook

For the fiscal year ending March 31, 2023, we expect that the spread of COVID-19 infections will be reduced due to the progress of vaccinations and the development of therapeutic drugs. However, as things are still uncertain in terms of timing, we expect that some businesses will be affected. However, in the telecommunication business, which is the key business of the Group, we expect that the business environment will continue to be favorable due to an increase in communications traffic, among others.

For the current fiscal year, we forecast that we will achieve consolidated net sales of 12,000 million yen (an increase of 11.9% year on year), operating profit of 2,920 million yen (an increase of 18.9% year on year), ordinary profit of 2,820 million yen (a decrease of 2.7% year on year) and profit attributable to owners of parent of 1,700 million yen (a decrease of 10.0% year on year). The above earnings forecasts were created based on the information available as of the date of publication of this material. The actual financial results may differ from the forecasted figures due to various factors in the future.

## 2. Basic Approach towards Selection of Accounting Standard

The Group prepares consolidated financial statements based on Japanese GAAP taking into consideration the comparability of consolidated financial statements and the comparability between companies. We are planning to take appropriate action for the future application of International Financial Reporting Standards (IFRS) after taking into account various domestic and overseas situations.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated balance sheet

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2021)	The consolidated fiscal year under review (March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	3,625	5,778
Accounts receivable - trade	1,091	2,069
Investments in leases	2,327	3,340
Merchandise	33	49
Supplies	40	62
Other	652	831
Allowance for doubtful accounts	(105)	(108)
Total current assets	7,665	12,023
Non-current assets		
Property, plant and equipment		
Buildings and structures	231	270
Accumulated depreciation	(166)	(192)
Buildings and structures, net	65	78
Machinery, equipment and vehicles	2,302	2,501
Accumulated depreciation	(1,106)	(1,306)
Machinery, equipment and vehicles, net	1,195	1,195
Tools, furniture and fixtures	183	193
Accumulated depreciation	(125)	(136)
Tools, furniture and fixtures, net	57	56
Leased assets	159	159
Accumulated depreciation	(128)	(144)
Leased assets, net	31	15
Construction in progress	1,160	2,429
Total property, plant and equipment	2,510	3,776
Intangible assets		
The right to use communication lines	765	1,609
Goodwill	-	43
Other	63	68
Total intangible assets	829	1,721
Investments and other assets		
Long-term prepaid expenses	360	266
Deferred tax assets	91	165
Other	304	468
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	755	899
Total non-current assets	4,096	6,397
Total assets	11,762	18,420



(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2021)	The consolidated fiscal year under review (March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	701	1,032
Short-term borrowings	-	1,344
Current portion of long-term borrowings	518	501
Lease obligations	8	2
Accounts payable	192	1,447
Income taxes payable	395	558
Deferred payment profit	1,267	2,246
Provision for bonuses	17	16
Other	259	716
Total current liabilities	3,361	7,865
Non-current liabilities		
Long-term borrowings	1,431	1,203
Lease obligations	2	-
Retirement benefit liability	46	50
Provision for retirement benefits for directors (and other officers)	135	136
Asset retirement obligations	4	4
Other	26	23
Total non-current liabilities	1,645	1,418
<b>Total liabilities</b>	<b>5,007</b>	<b>9,283</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,067	1,084
Capital surplus	1,003	1,020
Retained earnings	3,262	5,026
Treasury shares	(0)	(0)
Total shareholders' equity	5,332	7,131
Accumulated other comprehensive income		
Foreign currency translation adjustment	(22)	178
Re-measurements of defined benefit plans	(4)	0
Total accumulated other comprehensive income	(26)	178
Share acquisition rights	210	191
Non-controlling interests	1,238	1,635
Total net assets	6,754	9,136
<b>Total liabilities and net assets</b>	<b>11,762</b>	<b>18,420</b>

(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
Net sales	9,515	10,728
Cost of sales	5,852	6,610
Gross profit	3,663	4,118
Selling, general and administrative expenses	1,741	1,662
Operating profit	1,921	2,456
Non-operating income		
Interest and dividend income	13	25
Foreign exchange gains	287	431
Other	6	6
Total non-operating income	307	463
Non-operating expenses		
Commission expenses	16	-
Interest expenses	19	14
Other	4	6
Total non-operating expenses	40	21
Ordinary profit	2,187	2,897
Extraordinary income		
Gain on sale of non-current assets	0	-
Gain on reversal of share acquisition rights	-	9
Total extraordinary income	0	9
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss due to temporary closure, etc.	48	-
Total extraordinary losses	48	0
Profit before income taxes	2,140	2,906
Income taxes - current	499	837
Income taxes - deferred	45	(58)
Total income taxes	544	779
Profit	1,595	2,126
Profit attributable to non-controlling interests	108	238
Profit attributable to owners of parent	1,487	1,888

## (Consolidated statement of comprehensive income)

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
Profit	1,595	2,126
Other comprehensive income		
Foreign currency translation adjustment	(58)	260
Re-measurements of defined benefit plans, net of tax	(3)	4
Total other comprehensive income	(61)	265
Comprehensive income	1,533	2,392
Comprehensive income attributable to		
Owners of parent	1,417	2,093
Non-controlling interests	116	298

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity Total	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Other comprehensive income Cumulative total			
Balance at beginning of period	1,064	1,001	1,774	(0)	3,840	46	1	47	7	820	4,715
Changes during period											
Issuance of new shares	2	2	-	-	5	-	-	-	-	-	5
Dividends of surplus	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(0)	(0)	-	-	-	-	-	(0)
Profit attributable to owners of parent	-	-	1,487	-	1,487	-	-	-	-	-	1,487
Net changes in items other than shareholders' equity	-	-	-	-	-	(68)	(5)	(74)	203	418	546
Total changes during period	2	2	1,487	(0)	1,492	(68)	(5)	(74)	203	418	2,039
Balance at end of period	1,067	1,003	3,262	(0)	5,332	(22)	(4)	(26)	210	1,238	6,754

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity Total	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Other comprehensive income Cumulative total			
Balance at beginning of period	1,067	1,003	3,262	(0)	5,332	(22)	(4)	(26)	210	1,238	6,754
Changes during period											
Issuance of new shares	17	17	-	-	34	-	-	-	-	-	34
Dividends of surplus	-	-	(123)	-	(123)	-	-	-	-	-	(123)
Purchase of treasury shares	-	-	-	(0)	(0)	-	-	-	-	-	(0)
Profit attributable to owners of parent	-	-	1,888	-	1,888	-	-	-	-	-	1,888
Net changes in items other than shareholders' equity	-	-	-	-	-	200	4	205	(19)	397	583
Total changes during period	17	17	1,764	(0)	1,798	200	4	205	(19)	397	2,381
Balance at end of period	1,084	1,020	5,026	(0)	7,131	178	0	178	191	1,635	9,136

## (4) Consolidated statement of cash flows

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,140	2,906
Depreciation	337	377
Share-based payment expenses	203	-
Foreign exchange losses (gains)	(48)	(62)
Increase (decrease) in allowance for doubtful accounts	25	0
Increase (decrease) in provision for bonuses	(1)	(0)
Increase (decrease) in retirement benefit liability	3	8
Increase (decrease) in provision for retirement benefits for directors (and other officers)	24	1
Interest and dividend income	(13)	(25)
Interest expenses	19	14
Loss on retirement of non-current assets	-	0
Decrease (increase) in trade receivables	(143)	(874)
Decrease (increase) in investments in leases	(1,140)	(940)
Decrease (increase) in inventories	11	(12)
Increase (decrease) in trade payables	281	280
Increase (decrease) in accounts payable - other	85	1,196
Increase (decrease) in deferred payment profit	281	978
Increase (decrease) in advances received	(20)	92
Other	(179)	352
<b>Subtotal</b>	<b>1,865</b>	<b>4,292</b>
Interest and dividends received	13	25
Interest paid	(19)	(14)
Income tax paid	(223)	(699)
<b>Net cash provided by (used in) operating activities</b>	<b>1,636</b>	<b>3,602</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,119)	(1,647)
Proceeds from sale of property, plant and equipment	-	63
Purchase of intangible assets	(693)	(885)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(28)
Payments of guarantee deposits	(22)	(1)
Purchase of long-term prepaid expenses	(20)	(20)
Proceeds from cancellation of insurance funds	8	1
Proceeds from withdrawal of time deposits	-	36
Other	(41)	(176)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,889)</b>	<b>(2,658)</b>

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	1,259
Proceeds from long-term borrowings	1,500	400
Repayments of long-term borrowings	(344)	(644)
Proceeds from issuance of shares	5	61
Proceeds from issuance of share acquisition rights	-	(19)
Proceeds from share issuance to non-controlling shareholders	308	-
Repayments of long-term accounts payable - other	(1)	(1)
Repayments of lease obligations	(34)	(10)
Purchase of treasury shares	(0)	(0)
Cash flows from financing activities	1,333	1,045
Effect of exchange rate change on cash and cash equivalents	48	199
Net increase (decrease) in cash and cash equivalents	1,127	2,188
Cash and cash equivalents at beginning of period	2,462	3,589
Cash and cash equivalents at end of period	3,589	5,778

(5) Notes to consolidated financial statements

(Notes to assumptions for ongoing concerns)

Not applicable.

(Changes in accounting policies)

(Application of accounting standards for revenue recognition)

We have decided to apply the “Accounting Standards for Revenue Recognition” (Corporate Accounting Standards No. 29 of March 31, 2020. Hereinafter referred to as the “Revenue recognition accounting standards”), etc. from the beginning of the consolidated fiscal year under review to recognize revenue in the amount of money expected to be received in exchange for the relevant goods or services when the control of the promised goods or services is transferred to the customer. As for application of the revenue recognition accounting standards, we follow the transitional treatment stipulated in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standards. However, there is no impact on the balance of retained earnings at the beginning of the fiscal year. Also, the application of the revenue recognition accounting standards, etc., will not affect net sales, gross profit, operating profit, ordinary profit or profit before income taxes for the consolidated fiscal year under review.

In accordance with the transitional treatment stipulated in Paragraph 89 - 3 of the Revenue Recognition Accounting Standards, the “revenue recognition-related” notes for the previous consolidated fiscal year are not provided.

(Application of the accounting standards for calculation of market value)

The “Accounting Standards for Fair Value Measurement” (Corporate Accounting Standards No.30 of July 4, 2019. Hereinafter referred to as “Fair Value Measurement Accounting Standards”), etc., is applied from the beginning of the consolidated fiscal year under review, and the new accounting policies stipulated by the Fair Value Measurement Accounting Standards, etc., are to be applied in the future in accordance with Paragraph 19 of the Fair Value Measurement Accounting Standards and the transitional treatment stipulated in Paragraph 44 - 2 of the “Accounting Standard for Financial Instruments.” (Corporate Accounting Standards No.10 of July 4, 2019). There is no impact on the consolidated financial statements.

(Additional information)

(Establishment of a subsidiary)

The Company resolved to establish the following subsidiary at the Board of Directors meeting held on November 26, 2021. The name of the said company was changed on January 14, 2022.

(1) Purpose of establishment

The Group is working to improve the condition of medical service in the Philippines by providing LASIKsurgery, etc., through SLACC in the Philippines focusing on SDGs Goal 3 “Good Health and Well-being”.

The top causes of death in the Philippines include many diseases that require diagnosis using radiation equipment. They may have been cured if they had been able to be detected early. However, there is no specialized medical institution in preventive medicine in the Philippines, making it difficult to detect them early. Also, the government of the Philippines is strengthening the medical care system by enacting the Universal Health Care Law in February 2019, among others.

Taking such an environment into consideration, the Group aims to expand its business by establishing a subsidiary that operates medical examination / comprehensive medical examination centers, etc., in order to increase health consciousness and prevention consciousness of Filipinos, and control life-style related diseases by providing Japanese-style medical examination and comprehensive medical examination with a full-range of examination items.

(2) Overview of the subsidiary to be established

- 1) Name: Shinagawa Healthcare Solutions Corporation
- 2) Location: Taguig City, Philippines
- 3) Title and name of the representative: Masako Uemori, President (Managing Director of the Company)
- 4) Business content: To provide preventive medical care and operate medical examination / comprehensive medical examination centers
- 5) Share capital: 350 million Philippine pesos (approximately 794 million yen)
- 6) Investment ratio: SLACC 50%, the Company 40%, other individual investors 10%
- 7) Date of establishment: Scheduled for September, 2022

#### Establishment of a subsidiary and corporate split

At the Board of Directors meeting held on March 18, 2022, the Company resolved to have the domestic telecommunication business succeeded to by IPS Pro, Inc., a wholly owned subsidiary of the Company to be established through a company split (simple incorporation-type company split) (hereinafter referred to as the “new company”) on the effective date of July 1, 2022.

#### (1) Purpose of this company split

We have decided to operate the domestic telecommunication business in Japan separately and independently in order to speed up decision making, strengthen agile corporate management, and ensure and speed up business execution. By providing corporate customers with unique voice communication services that leverage the strengths as a registered communications carrier, this business solves customer’s issues and contributes to improvement of operational efficiency as well as cost reduction. However, spinning off of a separate company will make it possible to respond to the issues and needs of customers more quickly and more flexibly.

#### (2) Overview of this company split and the newly established split company

- 1) Form of company split: Newly established split with the Company as the split company and the new company as the successor company
- 2) Name: IPS Pro Inc.
- 3) Location: 8F, Togeiki Building, 4-1-1 Tsukiji, Chuo-ku, Tokyo
- 4) Name and title of the representative: Yoshimitsu Ito, Representative Director
- 5) Business content: Telecommunication business
- 6) Share capital: 300 million yen
- 7) Investment ratio: 100% by the Company
- 8) Scheduled effective date of the company split: July 1, 2022

(Segment information, etc.)

#### [Segment information]

#### 1. Overview of the reportable segments

#### (1) How to determine the reportable segments

The reportable segments of the Company are the segments whose separate financial information is available out of the constituent units of the Company, and which are subject to periodical review by the Board of Directors to determine the allocation of the management resources and evaluate the business performance.

The Company has business divisions for each product and service. Each business division draws up comprehensive domestic and overseas strategies for the products and services they handle to deploy business activities.

#### (2) Types of products and services that belong to each reportable segment

Reportable segment	Type of the service
International telecommunication business	Provide international communication lines for CATV operators in the Philippines
Telecommunication business in the Philippines	Telecommunication business in the Philippines
Domestic telecommunication business	To sell software for telephone services and call centers
Health and wellness business	Cosmetic surgery / ophthalmology
Other	Recruitment / temporary staffing business for business operators of nursing care facilities, etc.
	Customer acquisition / utilization promotion business for overseas remittance service, etc.

The Company has changed the name of the reportable segment from “International HR business for Filipino residents” to “Other” from the consolidated fiscal year under review. The segment information is not affected by renaming the reportable segment.

The segment information of the previous consolidated fiscal year is also disclosed in the new name.

#### 2. Calculation method for the amount of money of net sales, profit or loss, and other items for each reportable segment

The method of accounting treatment of the reported business segments is the same as what is described in “Basic important matters for preparing consolidated financial statements”.

The internal revenue and transfer amount between segments are mainly based on the transaction price between third parties or the price obtained by adding appropriate profit to the cost.



3. Information on the amount of money of net sales, profit or loss, and other items for each reportable segment and revenue breakdown information

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Reportable segment					Total	Adjustment amount	Consolidated Financial statements Recorded amount (Note 1)
	International telecommunication business	Telecommunication business in the Philippines	Domestic telecommunication business	Health and wellness Business	Other			
Net sales								
Net sales to external customers	4,259	837	3,718	623	77	9,515	-	9,515
Internal net sales or transfer amount between segments	156	369	-	-	0	526	(526)	-
Total	4,415	1,207	3,718	623	77	10,042	(526)	9,515
Segment profit or (loss)	1,201	251	410	129	(73)	1,921	-	1,921
Other items								
Depreciation	95	81	48	95	4	325	11	337

- (Notes)
1. The segment profit or loss is consistent with the operating profit in the consolidated financial statements.
  2. Segment assets and liabilities are not included because they are not regularly provided for the Board of Directors and are not included in the scope of management resource allocation decisions and performance evaluations.
  3. Specific assets are not allocated to the reportable segment, but related expenses such as depreciation are allocated.

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Reportable segment					Total	Adjustment amount	Consolidated Financial statements Recorded amount (Note 1)
	International telecommunication business	Telecommunication business in the Philippines	Domestic telecommunication business	Health and wellness Business	Other			
Net sales								
Revenue from contracts with customers	1,652	1,631	3,988	1,244	26	8,544	-	8,544
Other revenue	2,031	152	-	-	-	2,183	-	2,183
Net sales to external customers	3,684	1,784	3,988	1,244	26	10,728	-	10,728
Internal net sales or transfer amount between segments	344	284	-	-	0	629	(629)	-
Total	4,028	2,069	3,988	1,244	27	11,357	(629)	10,728
Segment profit or (loss)	1,011	224	819	419	(19)	2,456	-	2,456
Other items								
Depreciation	105	114	34	105	3	363	13	377

- (Notes)
1. The segment profit or loss is consistent with the operating profit in the consolidated financial statements.
  2. Segment assets and liabilities are not included because they are not regularly provided for the Board of Directors and are not included in the scope of management resource allocation decisions and performance evaluations.
  3. Specific assets are not allocated to the reportable segment, but related expenses such as depreciation are allocated.
  4. Other revenue is lease revenue based on Corporate Accounting Standards No.13 "Accounting Standards for Lease Transaction".

[Related information]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

1. Information for each product and service

The description is omitted because similar information is disclosed for the segment information.

2. Information by region

(1) Net sales

(Unit: million yen)

Japan	Philippines	Total
3,794	5,721	9,515

(Note) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Unit: million yen)

Japan	Philippines	Other	Total
145	2,321	43	2,510

3. Information for each major customer

(Unit: million yen)

Name of the customer	Net sales	Related segment name
Sky Cable Corporation	2,110	International telecommunication business
NTT DOCOMO, INC.	1,119	Domestic telecommunication business

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

1. Information for each product and service

The description is omitted because similar information is disclosed for the segment information.

2. Information by region

(1) Net sales

(Unit: million yen)

Japan	Philippines	Total
3,987	6,740	10,728

(Note) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Unit: million yen)

Japan	Philippines	Other	Total
106	3,562	107	3,776

3. Information for each major customer

(Unit: million yen)

Name of the customer	Net sales	Related segment name
Sky Cable Corporation	710	International telecommunication business Telecommunication business in the Philippines
NTT DOCOMO, INC.	1,104	Domestic telecommunication business
Globe Telecom, Inc.	1,303	International telecommunication business

[Information on impairment losses of non-current assets for each reportable segment]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

[Information on the amortized amount and unamortized balance of goodwill for each reportable segment]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

The description is omitted because the total amount of the amortized amount and unamortized balance of goodwill has little relevance.

[Information on gain on bargain purchase for each reportable segment]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

The consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Per-share information)

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
Amount of net assets per share	428.59 yen	589.01 yen
Profit per share	120.22 yen	152.37 yen
Diluted profit per share	114.22 yen	145.01 yen

(Note) The basis for the calculation of profit per share and adjusted profit per share for dilutive shares is as follows:

	Previous consolidated fiscal year (From April 1, 2020 to March 31, 2021)	The consolidated fiscal year under review (From April 1, 2021 to March 31, 2022)
Profit per share		
Profit attributable to owners of parent (million yen)	1,487	1,888
Amount of money not attributable to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent, which is related to common stock (million yen)	1,487	1,888
Average number of shares of common stock during the period (shares)	12,369,674	12,392,575
Diluted profit per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	-	-
Increase in common stock (shares)	650,602	628,925
(of which, share acquisition rights (shares))	650,602	628,925
Overview of the dilutive shares that were not included in the calculation of the amount of money of adjusted profit per share for dilutive shares because they have no dilutive effect	7th share acquisition rights Number of share acquisition rights: 1,837.5 Common stock: 183,750 shares	7th share acquisition rights Number of share acquisition rights: 1,837.5 Common stock: 183,750 shares

(Important subsequent events)

Not applicable.