

3. Consolidated earnings forecasts 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

(Note) Revisions to the consolidated earnings forecasts most recently announced: Non

* 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) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(Note) For details, refer to the attachment P.11 “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements)”.

(3) 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.11 “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to consolidated financial statements (Changes in accounting policies)”.

(3) Number of issued shares (common shares)

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

As of June 30, 2022	12,410,500 shares	As of March 31, 2022	12,410,500 shares
As of June 30, 2022	395 shares	As of March 31, 2022	395 shares
Three months ended June 30, 2022	12,410,105 shares	Three months ended June 30, 2021	12,379,736 shares

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

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

* Quarterly financial results reports are exempt from quarterly review 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.6 “1. Qualitative Information on Financial Results for the Quarter (3) Explanation of forward-looking information such as consolidated earnings forecasts”.

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1. Qualitative Information on Financial Results for the Quarter

(1) Explanation of operating result

Forward-looking statements in the text are based on the judgment of our group (the Company and its consolidated subsidiaries) as of the end of the current quarter.

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 expanding our business in the Philippines to contribute to the development of the Philippine economy by providing a telecommunications environment that utilizes new IT technologies.

In the first quarter of the consolidated fiscal year under review, economic activities in countries around the world continued to normalize, mainly due to a decrease in the number of COVID-19 cases. However, inflationary pressures continued to mount due to the prolonged Russian invasion of Ukraine and rising prices of commodities resulting from surging resource prices. In the first quarter of the consolidated fiscal year under review, economic activities in countries around the world normalized due to a decrease in the number of new coronavirus cases. In Japan, although the impact of the new coronavirus infection remained, the priority measures to prevent the spread of the virus were lifted nationwide in late March, and there were signs of a gradual economic recovery. In the Philippines, one of the Group's major markets, the number of COVID-19 infected cases peaked in January 2022, and economic activity is recovering, with GDP growth of 8.3% in the first quarter of 2022. 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. The development and expansion of telecommunication lines as a life infrastructure supporting society is a pressing issue in Japan, the Philippines, and all over the world. We will continue to aggressively expand our business in this area.

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 is working to expand its business in the Philippines by, for example, jointly constructing submarine cables in the Philippines to expand backbone lines in the country.

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, has been taking thorough measures to prevent COVID-19 infection so that customers can visit its clinics with peace of mind, and the number of visitors has increased significantly compared to the same period last year.

As a result of the above, net sales for the first quarter of the current fiscal year were 2,823 million yen (up 44.0% year on year), and operating income was 828 million yen (up 123.5% year on year). As a foreign exchange gain of 632 million yen was recorded in association with the depreciation of the yen, ordinary profit was 1,458 million yen (up 282.7% year on year) and profit attributable to owners of parent was 1,027 million yen (up 370.3% year on year).

The financial results by segment are as follows:

Effective from the first quarter of the current fiscal year, the reporting segments were renamed from "International telecommunications business" to "Global telecommunications business," from "Domestic telecommunications business in the Philippines" to "Philippine telecommunications business," and from "Health and wellness business" to "Medical & healthcare business," respectively. No change has been made to the "Domestic telecommunications business" segment. This change is a change in segment name and has no impact on segment information.

(Global telecommunications business)

In the Global telecommunications business, we continued to strengthen sales of C2C lines, an international telecommunications network for which the Group holds usage rights, to expand the stock business. In the quarter under review, the Company recorded a significant increase in both revenue and profit, with the addition of sales from the receipt of payments for the IRU provision of C2C lines contracted in the previous fiscal year.

As a result, net sales were 1,191 million yen (up 211.6% year-on-year) and segment income was 392 million yen (up 792.3% 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.

(Philippines telecommunications business)

Sales of Internet access services for corporate clients in Metro Manila, the main earnings driver for InfiniVAN, Inc., continued to be weak due to a decrease in the number of employees coming to the office to prevent infection by the COVID-19. On the other hand, we are strengthening its sales force by increasing the number of sales representatives and other measures to respond to the increasing number of commuters in response to the easing of travel restrictions in Metro Manila and other areas in March 2022.

In addition, in order to build the major infrastructure necessary for the expansion of the Philippine telecommunications business and Global telecommunications business, we are preparing for the joint construction of a submarine cable system in the Philippines connecting Luzon, Visayas, and Mindanao. Construction has started in July 2022.

As a result, net sales were 243 million yen (down 19.2% year-on-year) and segment income was 121 million yen (up 39.9% year-on-year).

(Domestic telecommunications business)

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 continued to grow.

Also, the domestic telecommunications business was spun off as a separate company through a corporate split in order to further expand the business, and IPS Pro Inc. was established on July 1, 2022.

As a result, net sales were 1,020 million yen (up 0.1% year on year), and segment profit substantially increased to 183 million yen (up 15.5% year on year).

(Health and wellness business)

The SLACC, which performs LASIK and other surgeries, promoted safe operations through thorough measures to prevent coronavirus infection. As a result, the number of patients visiting the hospital increased significantly compared to the same period of the previous year.

In addition, Shinagawa Healthcare Solutions Corporation, a subsidiary that operates a high-quality physical checkup/health checkup center that employs Japan's specialized technologies, such as diagnostic imaging, which was decided on last November, was established in June 2022 and is preparing to open for business in the first quarter of 2023.

As a result, net sales were 359 million yen (up 46.0% year on year), and segment profit was 137 million yen (up 65.0% 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 7 million yen (down 31.6% year on year), and segment loss was 6 million yen (a loss of 2 million yen in the same period of the previous year).

(2) Explanation of financial position

(Status of Assets)

Current assets at the end of the first quarter of the consolidated fiscal year ending March 31, 2023, were 10,771 million yen, a decrease of 1,252 million yen from the end of the previous consolidated fiscal year. This was mainly caused by a decrease of 395 million yen in investments in leases, 818 million yen in cash and deposits, and 59 million yen in accounts receivable - trade, respectively. Also, noncurrent assets were 7,620 million yen, an increase of 1,223 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 787 million yen in property, plant and equipment and 119 million yen in the right to use communication lines, respectively, as a result of capital investment.

As a result, total assets were 18,392 million yen, a decrease of 28 million yen from the end of the previous consolidated fiscal

year.

(Status of liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year ending March 31, 2023, were 6,710 million yen, a decrease of 1,154 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 242 million yen in short-term borrowings, 46 million yen in Accounts payable - trade and 131 million yen in income taxes payable, while a decreases of 1,368 million yen in accounts payable, 19 million yen in current portion of long-term borrowings, and 509 million yen in deferred payment profit, respectively. Also, non-current liabilities were 1,308 million yen, a decrease of 110 million yen from the end of the previous consolidated fiscal year. This was mainly caused by a decrease of 113 million yen in long-term borrowings.

As a result, total liabilities were 8,018 million yen, a decrease of 1,265 million yen from the end of the previous consolidated fiscal year.

(Status of net assets)

Net assets including non-controlling interests at the end of the first quarter of the consolidated fiscal year ending March 31, 2023, were 10,373 million yen, an increase of 1,237 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of 1,027 million yen in profit attributable to owners of parent and an increase of 244 million yen in non-controlling interests.

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

(3) Explanation of forward-looking information such as consolidated earnings forecasts

The Group's performance has generally been favorable. In the first quarter of the consolidated fiscal year ending March 31, 2023 (April 1, 2022 to June 30, 2022), foreign exchange gains of 632 million yen were recorded under non-operating income. This is mainly due to the valuation of foreign currency-denominated receivables and payables held by the Group at the exchange rate prevailing at the end of the first quarter of the consolidated fiscal year and will fluctuate depending on future exchange rate conditions and other factors. Therefore, the consolidated earnings forecasts for the first half and the full year remain unchanged from those announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Unit: million yen)

	FY2021 (As of March 31, 2022)	1Q FY2022 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	5,778	4,960
Accounts receivable - trade	2,069	2,009
Investments in leases	3,340	2,945
Merchandise	49	47
Supplies	62	69
Other	831	876
Allowance for doubtful accounts	(108)	(138)
Total current assets	12,023	10,771
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	2,501	2,770
Accumulated depreciation	(1,306)	(1,429)
Machinery, equipment and vehicles, net	1,195	1,340
Construction in progress	2,429	2,985
Other	150	236
Total property, plant and equipment	3,776	4,563
Intangible assets		
The right to use communication lines	1,609	1,728
Goodwill	43	40
Other	68	68
Total intangible assets	1,721	1,838
Investments and other assets		
Long-term prepaid expenses	266	269
Deferred tax assets	165	219
Other	468	735
Allowance for doubtful accounts	(0)	(4)
Total investments and other assets	899	1,219
Total non-current assets	6,397	7,620
Total assets	18,420	18,392

(Unit: million yen)

	FY2021 (As of March 31, 2022)	1Q FY2022 (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	1,032	1,079
Short-term borrowings	1,344	1,586
Current portion of long-term borrowings	501	481
Lease obligations	2	0
Accounts payable	1,447	78
Income taxes payable	558	689
Deferred payment profit	2,246	1,737
Provision for bonuses	16	26
Other	716	1,030
Total current liabilities	7,865	6,710
Non-current liabilities		
Long-term borrowings	1,203	1,090
Retirement benefit liability	50	52
Provision for retirement benefits for directors (and other officers)	136	134
Asset retirement obligations	4	4
Other	23	25
Total non-current liabilities	1,418	1,308
Total liabilities	9,283	8,018
Net assets		
Shareholders' equity		
Share capital	1,084	1,084
Capital surplus	1,020	1,020
Retained earnings	5,026	5,743
Treasury shares	(0)	(0)
Total shareholders' equity	7,131	7,848
Accumulated other comprehensive income		
Foreign currency translation adjustment	178	451
Re-measurements of defined benefit plans	0	0
Total accumulated other comprehensive income	178	451
Share acquisition rights	191	193
Non-controlling interests	1,635	1,880
Total net assets	9,136	10,373
Total liabilities and net assets	18,420	18,392

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
 (Quarterly consolidated statement of income)
 (Three months ended June 30)

(Unit: million yen)

	1Q FY2021 (For the three months ended June30, 2021)	1Q FY2022 (For the three months ended June30, 2022)
Net sales	1,961	2,823
Cost of sales	1,212	1,498
Gross profit	748	1,324
Selling, general and administrative expenses	378	496
Operating profit	370	828
Non-operating income		
Interest and dividend income	4	6
Foreign exchange gains	11	632
Other	1	17
Total non-operating income	16	657
Non-operating expenses		
Interest expenses	1	1
Other	4	25
Total non-operating expenses	5	26
Ordinary profit	381	1,458
Extraordinary income		
Gain on reversal of share acquisition rights	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	381	1,459
Income taxes	101	340
Profit	279	1,118
Profit attributable to non-controlling interests	60	91
Profit attributable to owners of parent	218	1,027

(Quarterly consolidated statement of comprehensive income)
(Three months ended June 30)

(Unit: million yen)

	1Q FY2021 (For the three months ended June30, 2021)	1Q FY2022 (For the three months ended June30, 2022)
Profit	279	1,118
Other comprehensive income		
Foreign currency translation adjustment	246	364
Re-measurements of defined benefit plans, net of tax	(4)	0
Total other comprehensive income	241	364
Comprehensive income	520	1,483
Comprehensive income attributable to		
Owners of parent	381	1,299
Non-controlling interests	139	183

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for ongoing concerns)

Not applicable.

(Note when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Application of special accounting for preparing quarterly consolidated financial statements)

(Calculation of taxes)

Income tax expenses are calculated by multiplying net income before income taxes by an estimated effective tax rate, which is a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before income taxes for the fiscal year that includes this first quarter.

However, if the use of this estimated effective tax rate produces significantly unreasonable results, income tax expenses are calculated by using the statutory effective tax rate.

(Changes in accounting policies)

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

"Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) has been applied from the beginning of the period for the three months ended June 30, 2022. In accordance with the transitional measures set forth in Paragraph 27-2 of Guidance on Accounting Standard for Fair Value Measurement, we applied new accounting policies prospectively from the beginning of the period. This change has no impact on quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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

(Unit: million yen)

	Reportable segment					Total	Adjustment amount	Quarterly Consolidated Financial statements Recorded amount (Note 1)
	Global telecommunications business	Philippines Telecommunications Business	Domestic Telecommunications business	Medical & Healthcare Business	Other			
Net sales								
Revenue from contracts with customers	340	254	1,019	246	11	1,871	-	1,871
Other revenue (Note 2)	42	46	-	-	-	89	-	89
Net sales to external customers	382	301	1,019	246	11	1,961	-	1,961
Internal net sales or transfer amount between segments	29	20	-	-	0	49	(49)	-
Total	411	321	1,019	246	11	2,010	(49)	1,961
Segment profit or (loss)	43	87	158	83	(2)	370	-	370

(Notes) 1. The segment profit or loss is consistent with the operating profit in the quarterly consolidated financial statements.

2. Other revenue is lease revenue based on Corporate Accounting Standards No.13 "Accounting Standards for Lease Transaction".

2. Information on impairment losses or goodwill, etc. of non-current assets for each reported segment

Not applicable.

Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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

(Unit: million yen)

	Reportable segment					Total	Adjustment amount	Quarterly Consolidated Financial statements Recorded amount (Note 1)
	Global telecommunications business	Philippines Telecommunications Business	Domestic Telecommunications business	Medical & Healthcare Business	Other			
Net sales								
Revenue from contracts with customers	504	241	1,020	359	7	2,134	-	2,134
Other revenue (Note 2)	686	1	-	-	-	688	-	688
Net sales to external customers	1,191	243	1,020	359	7	2,823	-	2,823
Internal net sales or transfer amount between segments	57	192	-	-	0	250	(250)	-
Total	1,249	436	1,020	359	7	3,073	(250)	2,823
Segment profit or (loss)	392	121	183	1378	(6)	828	-	828

(Notes) 1. The segment profit or loss is consistent with the operating profit in the consolidated financial statements.

2. Other revenue is lease revenue based on Corporate Accounting Standards No.13 "Accounting Standards for Lease Transaction".

2. Matters related to changes in reportable segments

(Change of name of reportable segment)

Effective from the first quarter of the current consolidated fiscal year, the reportable segments previously referred to as "International telecommunications business" "Telecommunications business in the Philippines" and "Health and wellness business" have been renamed "Global telecommunications business" "Philippine telecommunications business" "Medical & healthcare business". There is no operating impact on segment information due to the change in the name of the reportable segment.

The segment information for the first quarter of the previous fiscal year is also disclosed under the new name.

3. Information on impairment losses or goodwill, etc. of non-current assets for each reported segment

(Unit: million yen)

	Global telecommunications business	Philippines Telecommunications Business	Domestic Telecommunications business	Medical & Healthcare Business	Other	Common/Other	Total
Amortization for the current period	2	-	-	-	-	-	2
Unamortized balance	40	-	-	-	-	-	40

(Revenue recognition)

Information breaking down revenue from contracts with customers is as presented in the attachment P.11 "2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to quarterly consolidated financial statements (Segment information, etc.)" .

(Important subsequent events)

(Corporate split)

Based on the Board of Directors meeting held on March 18, 2022, effective July 1, 2022, the Company established a wholly owned subsidiary, IPS Pro, Inc. (hereinafter referred to as the “new company”), through a simplified incorporation-type company split, and succeeded to the Company's domestic telecommunications business (the “Corporate Split”).

(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. Spinning off the business into a separate company will make it possible to respond to the issues and needs of customers more quickly and more flexibly.

(2) Outline of new company

1) Name	IPS Pro Inc.	
2) Location	4-1-1 Tsukiji, Chuo-ku, Tokyo	
3) Name and title of the representative	Yoshimitsu Ito, Representative Director	
4) Business content	Telecommunication business	
5) Share capital	300 million yen	
6) Date of establishment	July 1, 2022	
7) Major shareholders and shareholding ratio	IPS, Inc. 100%	
Relationship with Splitting Company	Capital relations	100% subsidiary of the Company
	Personal relations	Dispatch of directors from the Company
	Business relations	Domestic telecommunications business

(3) Outline of accounting procedures to be implemented

The accounting procedures will be accounted for as a business divestiture transaction in accordance with the “Revised Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Statement No. 7, September 13, 2013) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan, Guidance on Accounting Standards No. 10, January 16, 2019).

(4) Reportable segments that include separate operations

Domestic telecommunications business