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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

May 12, 2023

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 Scheduled date of annual general meeting of shareholders: June 27, 2023 Scheduled date to commence dividend payments: June 28, 2023
 Scheduled date to file annual securities report: June 28, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	12,346	15.1	3,311	34.8	3,464	19.6	2,292	21.4
Fiscal year ended March 31, 2022	10,728	12.7	2,456	27.8	2,897	32.4	1,888	27.0

(Note) Comprehensive Fiscal year ended March 31, 2023 2,933Millions of yen (22.6%) Fiscal year ended March 31, 2022 2,392Millions of yen (56.0%)
 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, 2023	184.52	175.50	27.5	15.9	26.8
Fiscal year ended March 31, 2022	152.37	145.01	29.9	19.2	22.9

(Reference) Share of profit (loss) of entities Fiscal year ended March 31, 2023 - Fiscal year ended March 31, 2022 -
 accounted for using equity method

(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, 2023	25,129	11,864	37.2	751.94
Fiscal year ended March 31, 2022	18,420	9,136	39.7	589.01

(Reference) Equity Fiscal year ended March 31, 2023 9,354Millions of yen Fiscal year ended March 31, 2022 7,309Millions 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, 2023	2,636	(5,506)	3,578	6,881
Fiscal year ended March 31, 2022	3,580	(2,658)	1,067	5,778

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, 2022	-	0.00	-	25.00	25.00	310	16.4	4.9
Fiscal year ended March 31, 2023	-	17.50	-	17.50	35.00	435	19.0	5.2
Fiscal year ending March 31, 2024 (Forecast)	-	17.50	-	17.50	35.00		19.8	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	5,000	(13.6)	1,000	(38.9)	950	(60.0)	600	(63.9)	48.23
Full year	14,000	13.4	3,800	14.8	3,550	2.5	2,200	(4.1)	176.84

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: Two Companies (Company name) IPSPro, Inc., Shinagawa Healthcare Solutions Corporation

Excluded: - (Company name) -

(Note) For details, refer to the attachment P.15 "3. Consolidated Financial Statements and Key Notes (5) Notes to consolidated financial statements (Changes in significant consolidated subsidiaries during the period under review)".

- (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, 2023	12,440,800 shares	Fiscal year ended March 31, 2022	12,410,500 shares
2) Number of treasury shares at the end of the period	Fiscal year ended March 31, 2023	395 shares	Fiscal year ended March 31, 2022	395 shares
3) Average number of shares outstanding during the period	Fiscal year ended March 31, 2023	12,426,483 shares	Fiscal year ended March 31, 2022	12,392,575 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

- (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, 2023	4,466	(28.0)	817	(26.2)	1312	(15.3)	911	(13.0)
Fiscal year ended March 31, 2022	6,205	(23.5)	1,107	(2.7)	1,549	10.9	1,047	12.1

	Profit per share	Diluted profit per share
	Yen	Yen
Fiscal year ended March 31, 2023	73.34	69.75
Fiscal year ended March 31, 2022	84.56	80.47

(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, 2023	14,978	6,227	39.8	479.40
Fiscal year ended March 31, 2022	10,955	5,722	50.5	445.66

(Reference) Equity Fiscal year ended
March 31, 2023 5,963 Millions of yen Fiscal year ended
March 31, 2022 5,530 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 Tuesday, May 16, 2023. Individual investors can also participate in the financial results presentation via the web. Please check the Company's website. The explanatory material for the day is going to be disclosed on TDnet and posted on our website on the same day.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 2023

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, economic activities in countries around the world normalized due to the spread of vaccination against the new coronavirus and the effects of various policies, but monetary tightening continued in countries around the world except Japan in an effort to quell inflation to cope with rising prices worldwide. In addition, the economic outlook remains uncertain due to sharp fluctuations in exchange rates and soaring raw material and energy prices resulting from the prolonged invasion of Ukraine. In Japan, since the lifting of the nationwide ban on the spread of the disease in late March of last year, there have been no restrictions on activities by the government and social activities have been normalized. In addition, although the economy is expected to pick up, a downturn in overseas economies is seen as a risk that could depress the Japanese economy. In the Philippines, one of our group's major markets, the number of people infected with the new coronavirus is remaining low, and the GDP growth rate in 2022 is 7.6% year-on-year, exceeding the level before the coronavirus disaster, and socioeconomic activities are recovering. On the other hand, in the Philippines, the consumer price index rose at an average rate of 5.8% in 2022, and the central bank is tightening monetary policy in order to control the rapid rise in prices. The impact of the new coronavirus infection has triggered rapid changes in society, including new lifestyles for people and a shift to new ways of working based on remote work, further increasing the importance of communication via communication lines. The development and expansion of communication lines as a life infrastructure that supports society is an urgent need in Japan, the Philippines, and around the world, and we will continue to aggressively expand our business in this area.

The Group acquired a portion of the rights to use the submarine cable connecting the Philippines with Singapore and Hong Kong (City-to-City Cable System, "C2C lines") and an international telecommunications network consisting of land lines in each country in 2020 and 2021, respectively (the "International Telecommunications Network"). In addition, we have also established a position as a carrier's carrier (wholesaler for telecommunications carriers) by acquiring C2C lines, and are striving to expand our business to meet growing telecommunications demand and to start joint construction of a submarine cable in the Philippines in July 2022 to expand backbone lines in the Philippines, among other measures.

In Japan, we are expanding the provision of services that optimize software, telecommunication lines, and consultation for call center operators.

Shinagawa Lasik & Aesthetics Center Corporation ("SLACC"), which operates clinics in the Metro Manila area, is taking thorough measures to prevent new coronavirus infections so that customers can visit its clinics with peace of mind, and the number of LASIK cases has increased significantly compared to the previous year.

As a result of the above, in the consolidated fiscal year under review, net sales were 12,346 million yen (up 15.1% year on year) and operating profit was 3,311 million yen (up 34.8% year on year). As a foreign exchange gain of 210 million yen was recorded in association with the depreciation of the yen against the US dollar, ordinary profit was 3,464 million yen (up 19.6% year on year) and profit attributable to owners of parent was 2,292 million yen (up 21.4% year on year).

The financial results by segment are as follows:

(Global telecommunication business)

In the Global telecommunications business during the period under review, we continued to capture growing demand for telecommunications lines in the Philippines and strengthened sales of C2C lines, an international telecommunications network for which our group holds usage rights, to expand stock-type business, and in the current period we recorded sales of telecommunications equipment to CATV operators and others in the Philippines.

As a result, net sales in the Global telecommunications business for the period under review were 5,167 million yen (up 40.3% year on year), and segment income was 1,704 million yen (up 68.5% year on year).

(Philippines telecommunication business)

In the Philippines telecommunication business during the period under review, in response to the easing of travel restrictions and other restrictions due to coronavirus infection, we made upfront investments, including aggressive reinforcement of sales staff, to strengthen sales of Internet access services for corporate customers in the Manila metropolitan area. In addition, the joint construction of the Philippines domestic submarine cable network system ("PDSCN") connecting Luzon Island, Visayas Islands,

and Mindanao Island started in July 2022. PDSCN enables us to establish a backbone network in the Philippines and further expand our business. The construction progressed smoothly, and the laying of the cable in the seabed was completed in April 2023.

Net sales for the period totaled 1,181 million yen, down 33.8% from the previous period. Sales of Internet access services increased, but Net sales declined due to large equipment sales in the previous fiscal year. Segment income was 229 million yen (up 2.5% year on year), absorbing the increase in upfront investments.

(Domestic telecommunication business)

In order to speed up decision-making in this business and strengthen flexible corporate management, the Company spun off its operations through a corporate split on July 1, 2022, and established IPSPRO, Inc. In the domestic telecommunications business during the period under review, Sales of solutions combining AmeyoJ, software for call centers, and the per-second billing system continued to increase during the period. AmeyoJ is software developed by Drishti-soft Solutions Pvt. Ltd. in India, for which we have sales agency rights in Japan. As a result, net sales were 4,275 million yen (up 7.2% year on year), and segment profit substantially increased to 919 million yen (up 12.3% year on year).

(Medical & healthcare business)

During the period under review, the Medical & Healthcare business performed well at SLACC with an increase in the number of LASIK cases. In addition, the Ortigas Clinic was expanded in preparation for future growth in demand for LASIK.

In June 2022, we established Shinagawa Healthcare Solutions Corporation, a subsidiary that operates a physical checkup and health examination center in the Philippines, which opened on April 26, 2023. It provides the latest medical equipment and preparations for providing high-quality medical services, including double-reading of diagnostic imaging by Japanese medical specialists.

As a result, net sales were 1,690 million yen (up 35.9% year on year), and segment profit was 536 million yen (up 27.8% 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 31 million yen (up 16.2% year on year), and segment loss was 17 million yen (a loss of 19 million yen in the previous fiscal year).

(2) Overview of financial position for the fiscal year ended March 2023

(Status of Assets)

Current assets as of the end of the consolidated fiscal year under review were 14,270 million yen, an increase of 2,246 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 1,102 million yen in cash and deposits, 82 million yen in supplies, and 562 million yen in accounts receivable - trade.

Also, property, plant and equipment were 8,171 million yen, an increase of 4,395 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 3,973 million yen in construction in progress, and 78 million yen in land. Intangible assets were 1,760 million yen, an increase of 39 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 45 million yen in the right to use communication lines. As a result, total assets were 25,129 million yen, an increase of 6,708 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 12,250 million yen, an increase of 4,385 million yen from the end of the previous consolidated fiscal year. This was mainly caused by decreases of 1,299 million yen in Accounts payable, 2 million yen in Lease receivable and 58 million yen in Current portion of long-term borrowings, despite an increase of 4,382 million yen in short-term borrowings, 748 million yen in Accounts payable - trade and 323 million yen in income taxes payable.

Also, non-current liabilities were 1,014 million yen, a decrease of 404 million yen from the end of the previous consolidated fiscal year. This was mainly caused by a decrease of 443 million yen in long-term borrowings.

As a result, total liabilities were 13,265 million yen, an increase of 3,981 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 11,864 million yen, an increase of 2,727 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 610 million yen in non-controlling interests and an increase of 2,292 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 37.2% (39.7% at the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year ended March 2023

Cash and cash equivalents (hereinafter referred to as "cash") increased by 1,102 million yen from the end of the previous consolidated fiscal year to 6,881 million yen in the consolidated fiscal year under review.

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 2,636 million yen, a decrease of 944 million yen from the end of the previous consolidated fiscal year. This was mainly caused by an increase of 3,466 million yen in profit before income taxes, 685 million yen in trade payables and 159 million yen in advances received, despite a decrease of 1,312 million yen in accounts payable - other, and an increase of 438 million yen in Accounts payable - trade.

(Cash flows from investing activities)

The funds used in investing activities were 5,506 million yen, an increase of 2,848 million yen from the end of the previous consolidated fiscal year. This was mainly caused by purchase of property, plant and equipment of 5,323 million yen.

(Cash flows from financing activities)

The funds acquired in financing activities were 3,578 million yen, an increase of 2,511 million yen from the end of the previous consolidated fiscal year. This was mainly caused by repayments of long-term borrowings of 501 million yen, and payment of dividends of 527 million yen, despite an increase of 4,335 million yen in short-term borrowings.

(4) Future outlook

In the fiscal year ending March 31, 2024, the Group expects business expansion in its mainstay telecommunications business in the Philippines, as PDSCN will be put into operation and the Philippine backbone line will be upgraded. In the current fiscal year, we will also continue to aggressively make upfront investments such as increasing sales staff to acquire customers for our Internet access service for corporate customers in Metro Manila. In the Medical and healthcare business, the number of LASIK cases is expected to grow, while the new business, physical checkup and health examination center, is expected to incur a loss in the first year due to the depreciation burden of capital investment.

For the current fiscal year, we forecast that we will achieve consolidated net sales of 14,000 million yen (an increase of 13.4% year on year), operating profit of 3,800 million yen (an increase of 14.8% year on year), ordinary profit of 3,550 million yen (an increase of 2.5% year on year) and profit attributable to owners of parent of 2,200 million yen (a decrease of 4.1% 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, 2022)	The consolidated fiscal year under review (March 31, 2023)
Assets		
Current assets		
Cash and deposits	5,778	6,881
Accounts receivable - trade	2,069	2,631
Lease receivables	3,340	3,203
Merchandise	49	35
Supplies	62	144
Other	831	1,619
Allowance for doubtful accounts	(108)	(245)
Total current assets	12,023	14,270
Non-current assets		
Property, plant and equipment		
Buildings and structures	270	449
Accumulated depreciation	(192)	(230)
Buildings and structures, net	78	219
Machinery, equipment and vehicles	2,501	3,016
Accumulated depreciation	(1,306)	(1,623)
Machinery, equipment and vehicles, net	1,195	1,393
Tools, furniture and fixtures	193	238
Accumulated depreciation	(136)	(169)
Tools, furniture and fixtures, net	56	69
Land	-	78
Leased assets	159	47
Accumulated depreciation	(144)	(39)
Leased assets, net	15	7
Construction in progress	2,429	6,403
Total property, plant and equipment	3,776	8,171
Intangible assets		
The right to use communication lines	1,609	1,654
Goodwill	43	47
Other	68	58
Total intangible assets	1,721	1,760
Investments and other assets		
Long-term prepaid expenses	266	256
Deferred tax assets	165	231
Other	468	423
Allowance for doubtful accounts	(0)	(4)
Total investments and other assets	899	907
Total non-current assets	6,397	10,839
Deferred assets		
Total deferred assets	-	19
Total assets	18,420	25,129

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2022)	The consolidated fiscal year under review (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	1,032	1,781
Short-term borrowings	1,344	5,726
Current portion of long-term borrowings	501	443
Lease obligations	2	0
Accounts payable	1,447	147
Income taxes payable	558	881
Deferred payment profit	2,246	2,190
Provision for bonuses	16	39
Other	716	1,040
Total current liabilities	7,865	12,250
Non-current liabilities		
Long-term borrowings	1,203	760
Retirement benefit liability	50	65
Provision for retirement benefits for directors (and other officers)	136	143
Asset retirement obligations	4	17
Other	23	27
Total non-current liabilities	1,418	1,014
Total liabilities	9,283	13,265
Net assets		
Shareholders' equity		
Share capital	1,084	1,109
Capital surplus	1,020	1,004
Retained earnings	5,026	6,791
Treasury shares	(0)	(0)
Total shareholders' equity	7,131	8,905
Accumulated other comprehensive income		
Foreign currency translation adjustment	178	448
Re-measurements of defined benefit plans	0	1
Total accumulated other comprehensive income	178	449
Share acquisition rights	191	263
Non-controlling interests	1,635	2,245
Total net assets	9,136	11,864
Total liabilities and net assets	18,420	25,129

(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, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Net sales	10,728	12,346
Cost of sales	6,610	6,513
Gross profit	4,118	5,832
Selling, general and administrative expenses	1,662	2,521
Operating profit	2,456	3,311
Non-operating income		
Interest and dividend income	25	82
Foreign exchange gains	431	210
Other	6	8
Total non-operating income	463	301
Non-operating expenses		
Interest expenses	14	125
Other	6	22
Total non-operating expenses	21	147
Ordinary profit	2,897	3,464
Extraordinary income		
Gain on reversal of share acquisition rights	9	5
Total extraordinary income	9	5
Extraordinary losses		
Loss on retirement of non-current assets	0	4
Total extraordinary losses	0	4
Profit before income taxes	2,906	3,466
Income taxes - current	837	977
Income taxes - deferred	(58)	(66)
Total income taxes	779	911
Profit	2,126	2,554
Profit attributable to non-controlling interests	238	261
Profit attributable to owners of parent	1,888	2,292

(Consolidated statement of comprehensive income)

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Profit	2,126	2,554
Other comprehensive income		
Foreign currency translation adjustment	260	376
Re-measurements of defined benefit plans, net of tax	4	1
Total other comprehensive income	265	378
Comprehensive income	2,392	2,933
Comprehensive income attributable to		
Owners of parent	2,093	2,563
Non-controlling interests	298	370

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (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

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(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	1,084	1,020	5,026	(0)	7,131	178	0	178	191	1,635	9,136
Changes during period											
Issuance of new shares	24	24	-	-	49	-	-	-	-	-	49
Dividends of surplus	-	-	(527)	-	(527)	-	-	-	-	-	(527)
Profit attributable to owners of parent	-	-	2,292	-	2,292	-	-	-	-	-	2,292
Increase/decrease in equity due to capital increase of consolidated subsidiaries	-	(41)	-	-	(41)	-	-	-	-	-	(41)
Net changes in items other than shareholders' equity	-	-	-	-	-	270	0	270	72	610	953
Total changes during period	24	(16)	1,765	-	1,773	270	0	270	72	610	2,727
Balance at end of period	1,109	1,004	6,791	(0)	8,905	448	1	449	263	2,245	11,864

(4) Consolidated statement of cash flows

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,906	3,466
Depreciation	377	449
Share-based payment expenses	-	92
Foreign exchange losses (gains)	(62)	20
Increase (decrease) in allowance for doubtful accounts	0	137
Increase (decrease) in provision for bonuses	(0)	22
Increase (decrease) in retirement benefit liability	8	14
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	6
Interest and dividend income	(25)	(82)
Interest expenses	14	125
Loss on retirement of non-current assets	0	4
Decrease (increase) in trade receivables	(874)	(438)
Decrease (increase) in lease receivables	(940)	532
Decrease (increase) in inventories	(12)	(65)
Increase (decrease) in trade payables	280	685
Increase (decrease) in accounts payable - other	1,196	(1,312)
Increase (decrease) in deferred payment profit	978	(55)
Increase (decrease) in advances received	92	159
Other	329	(392)
Subtotal	4,269	3,369
Interest and dividends received	25	82
Interest paid	(14)	(125)
Income tax paid	(699)	(690)
Net cash provided by (used in) operating activities	3,580	2,636
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,647)	(5,323)
Proceeds from sale of property, plant and equipment	63	-
Purchase of intangible assets	(885)	(8)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(28)	-
Payments of guarantee deposits	(1)	(111)
Proceeds from collection of guarantee deposits	-	12
Purchase of long-term prepaid expenses	(20)	(40)
Proceeds from cancellation of insurance funds	1	-
Proceeds from withdrawal of time deposits	36	-
Other	(176)	(33)
Net cash provided by (used in) investing activities	(2,658)	(5,506)

(Unit: million yen)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,344	4,335
Proceeds from long-term borrowings	400	-
Repayments of long-term borrowings	(644)	(501)
Proceeds from issuance of shares	24	34
Proceeds from share issuance to non-controlling shareholders	80	244
Repayments of long-term accounts payable - other	(1)	(1)
Repayments of lease obligations	(10)	(4)
Payment of dividends	(123)	(527)
Purchase of treasury shares	(0)	-
Cash flows from financing activities	1,067	3,578
Effect of exchange rate change on cash and cash equivalents	199	394
Net increase (decrease) in cash and cash equivalents	2,188	1,102
Cash and cash equivalents at beginning of period	3,589	5,778
Cash and cash equivalents at end of period	5,778	6,881

- (5) Notes to consolidated financial statements
 (Notes to assumptions for ongoing concerns)
 Not applicable.

(Changes in significant consolidated subsidiaries during the period under review)

Effective from the second quarter of the consolidated fiscal year, IPSPRO, Inc., which was established through a Corporate Split (a simplified incorporation-type company split), and Shinagawa Healthcare Solutions Corporation, which was established as a subsidiary of Shinagawa Lasik & Aesthetics Center Corporation, a consolidated subsidiary of the Company (a sub-subsidiary of the Company), have been included in the scope of consolidation.

(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. There is no impact on the consolidated financial statements.

(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
Global telecommunications business	Provide international communication lines for CATV operators in the Philippines
Philippines telecommunications business	Telecommunication business in the Philippines
Domestic telecommunication business	To sell software for telephone services and call centers
Medical & healthcare business	Cosmetic surgery / ophthalmology
Other	Customer acquisition / utilization promotion business for overseas remittance service, etc.

Effective from 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 of the previous consolidated fiscal year is also disclosed in the new name.

2. Calculation method for the amount 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 net sales, profit or loss, and other items for each reportable segment and revenue breakdown information

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(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	1,652	1,631	3,988	1,244	26	8,544	-	8,544
Other revenue (Note 2)	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”.

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(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	3,333	1,160	4,275	1,690	31	10,491	-	10,491
Other revenue (Note 2)	1,834	20	-	-	-	1,855	-	1,855
Net sales to external customers	5,167	1,181	4,275	1,690	31	12,346	-	12,346
Internal net sales or transfer amount between segments	306	616	-	-	0	922	(922)	-
Total	5,474	1,797	4,275	1,690	31	13,268	(922)	12,346
Segment profit or (loss)	1,704	229	919	536	(17)	3,373	(62)	3,311
Other items								
Depreciation	117	161	27	128	1	436	12	449

- (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”.
5. The minus 62 million yen adjustment to segment profit (loss) is eliminations for inter-segment transactions

[Related information]

Previous consolidated fiscal year (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
NTT DOCOMO, INC.	1,104	Domestic telecommunication business
Globe Telecom, Inc.	1,303	Global telecommunication business

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

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
4,274	8,071	12,346

(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
142	7,930	98	8,171

3. Information for each major customer

(Unit: million yen)

Name of the customer	Net sales	Related segment name
Sky Cable Corporation	1,401	Global telecommunication business Philippines telecommunication business

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

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

Not applicable.

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

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

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, 2021 to March 31, 2022)

Not applicable.

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

Not applicable.

(Per-share information)

	Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Amount of net assets per share	589.01 yen	751.94 yen
Profit per share	152.37 yen	184.52 yen
Diluted profit per share	145.01 yen	175.50 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, 2021 to March 31, 2022)	The consolidated fiscal year under review (From April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (million yen)	1,888	2,292
Amount of money not attributable to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent, which is related to common stock (million yen)	1,888	2,292
Average number of shares of common stock during the period (shares)	12,392,575	12,426,483
Diluted profit per share		
Adjustment of profit attributable to owners of parent (millions yen)	-	-
Increase in common stock (shares)	628,925	638,384
(of which, share acquisition rights (shares))	628,925	638,384
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	-

(Important subsequent events)

(Change in segment classification)

The group currently has four main reportable segments: Global Telecommunications Business, Philippine Telecommunications Business, Domestic Telecommunications Business, and Medical & Healthcare Business.

From the fiscal year from April 1, 2023, the Global Telecommunications Business and the Philippine Telecommunications Business will be integrated into Global Telecommunications business, as the cooperation between the current two segments is expected to increase more than ever in light of the expansion of the telecommunications business in the Philippines after the completion of PDSCN. At the same time, since the Telecommunications Business Division, which oversees the Global Telecommunications Business and Philippine Telecommunications Business, is responsible for managing the progress of the "Other" business, it will be integrated into Global Telecommunications Business.

Information regarding net sales, profit or loss, and other items by reportable segment for the current consolidated fiscal year based on the new segment classifications is as follows.

The consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Reportable segment			Total	Adjustment amount	Quarterly Consolidated Financial statements Recorded amount
	Global telecommunications business	Domestic telecommunications business	Medical & healthcare business			
Net sales						
Revenue from contracts with customers	4,525	4,275	1,690	10,491	-	10,491
Other revenue (Note 2)	1,855	-	-	1,855	-	1,855
Net sales to external customers	6,380	4,275	1,690	12,346	-	12,346
Internal net sales or transfer amount between segments	35	-	-	35	(35)	-
Total	6,415	4,275	1,690	12,381	(35)	12,346
Segment profit or (loss)	1,865	919	536	3,322	(11)	3,311
Other items						
Depreciation	293	27	128	449	-	449

(Notes) 1. Information by reportable segment is as follows.

Reportable segment	Type of the service
Global telecommunications business	Provide international communication lines for CATV operators in the Philippines Telecommunication business in the Philippines Customer acquisition / utilization promotion business for overseas remittance service, etc.
Domestic telecommunication business	To sell software for telephone services and call centers
Medical & healthcare business	Cosmetic surgery / ophthalmology

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".
5. The minus 11 million yen adjustment to segment profit (loss) is eliminations for inter-segment transactions