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May 10, 2023

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

Company name: Japan Communications Inc.  
 Listing: Tokyo Stock Exchange: Prime Market  
 Securities code: 9424  
 URL: URL <http://www.j-com.co.jp/>  
 Representative: Naohisa Fukuda, Representative Director-President  
 Inquiries: Mitsuru Kodaira, Executive Officer and CFO  
 Telephone: +81-3-5776-1700  
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023  
 Scheduled date to commence dividend payments: –  
 Scheduled date to file annual securities report: June 29, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors, analysts and the press)

(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 revenue		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	6,074	31.1	740	165.1	780	161.1	690	134.8
March 31, 2022	4,634	32.5	279	–	298	–	294	–

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥649 million [154.9%]  
 For the fiscal year ended March 31, 2022: ¥254 million [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net revenue
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	4.19	4.15	67.2	31.3	12.2
March 31, 2022	1.79	1.77	64.2	15.7	6.0

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023: ¥15 million  
 For the fiscal year ended March 31, 2022: ¥5 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2023	3,040	1,534	46.1	8.50
March 31, 2022	1,944	785	33.6	3.97

Reference: Equity  
 As of March 31, 2023: ¥1,402 million  
 As of March 31, 2022: ¥652 million

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	851	(200)	(1)	1,580
March 31, 2022	21	(271)	150	928

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

### 3. Overview and management policy for the fiscal year ending March 31, 2024

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones. The Company plans to build a stable income stream by continuing the evolution of the SIM business, as well as to develop the local 4G/5G business and FPoS business to become the pillar of future earnings by investing in the two businesses.

In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage the experience to expand in Japan.

In the FPoS business, the Company has acquired certification under the Digital Signature Act for “my Digital Certificate” (the issuing entity is my FinTech Inc., a subsidiary of the Company.) based on its patented FPoS technology, and are working on its actual use as a digital ID that can be used safely, securely, and conveniently on smartphones.

With the surrounding situation above described, the management of the Company perceives a market capitalization of 500 billion yen as the growth business scale in three to five years from the launch of commercial service of FPoS (launched on October 21, 2022).

**\* Notes**

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

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2023	165,009,239 shares
As of March 31, 2022	164,258,239 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	15,004 shares
As of March 31, 2022	15,004 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	164,714,410 shares
Fiscal year ended March 31, 2022	164,243,235 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.)

Fiscal year ended	Net revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	5,811	28.9	837	137.7	835	141.7	717	126.8
March 31, 2022	4,510	33.8	352	–	345	–	316	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	4.35	4.31
March 31, 2022	1.92	1.90

#### (2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	3,203	1,462	42.7	8.28
March 31, 2022	2,118	645	27.3	3.51

Reference: Equity

As of March 31, 2023: ¥1,366 million

As of March 31, 2022: ¥577 million

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

\* Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Thursday, May 11, 2023 for institutional investors, analysts and the press. The Company plans to post a video of this financial results meeting on its website promptly after the meeting is held.

## 1. Operating results and financial position

### (1) Operating results for the year ended March 31, 2023

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones.

The Company plans to build a stable income stream by continuing the evolution of the SIM business, as well as to develop the local 4G/5G business and FPoS business to become the pillar of future earnings by investing in the two businesses.

#### (i) Mobile Communications Business (SIM business)

In the MVNO business model that the Company has created, the Company has continued its efforts to ensure a fair competitive environment and has evolved them through repeated deregulation. In particular, a June 2020 ruling by the Minister of Internal Affairs and Communications, which determined that the wholesale telecommunications service charge for the voice call service provided by NTT DOCOMO, INC. to the Company shall not exceed the amount of the appropriate cost under efficient management plus appropriate profit, has been made significant contribution to the Company's earnings continuously. In July 2020, the Company launched the "Nihon Tsushin SIM," which provides flat-rate voice plans equivalent to that of major mobile phone operators, and the Company has been profitable for two consecutive periods since the prior fiscal year, with growth in both subscribed line and quarterly revenue.

In order to keep the "Nihon Tsushin SIM" competitive, the Company has improved their product specifications timely, and in April 2022, the Company started supporting eSIM, which is embedded in devices such as smartphones, in advance of other MVNO operators (announced on April 6, 2022). An eSIM is a SIM on which subscriber identity information (profiles) necessary for using telecommunication services can be remotely written in eSIM-embedded devices such as smartphones so that customers can change mobile service operators without replacing SIM cards, as was the case before. This will enable customers to use multiple lines of different mobile operators and/or use separate phone numbers, such as for private and business purposes, on the same smartphone.

In addition, by March of 2023, the Company has started an identification by the electronic certificates stored in "My Number Card" as an identification under the Act on Identification, etc. by Mobile Voice Communications Carriers of their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services. In this approach, an identification will be completed upon customer's reading their "My Number Card" with their smartphone and they can start using the service on the day of application, in case of that they choose eSIM. This will improve customer's convenience and will contribute to prevent improper use of mobile phones by strict identification.

Revenue of "Nihon Tsushin SIM" are growing steadily for both individual and corporate subscribers, and with the increase in MNP port in from major mobile phone operators and major MVNOs. In addition, the number of subscribers for voice communication services under partner brands is also increasing steadily, and as a result, the SIM business have seen growth both in the MVNO Business and Enabler Business.

In June 2022, the Company has requested NTT DOCOMO, INC. for an interconnection of voice communication networks (announced June 10, 2022). This request, which the Company had been considering for long time, was made as the Information and Communications Council of the Ministry of Internal Affairs and Communications presented a policy of allocating mobile numbers (090, etc.) to MVNOs in December 2021. The Company will secure a stable business foundation by procuring both data and voice communication networks through interconnection and aim to become a "Neo Carrier" who can provide comparable services as mobile operators without owning mobile base stations.

## (ii) Local 4G/5G Business through Local Mobile Networks

In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage the experience to expand in Japan. A U.S. subsidiary of the Company operates a business that provides SIMs used for connections with local mobile networks in the U.S. market. For connections with local mobile networks, it is necessary to write a large amount of highly specialized information to SIMs. The Company provides SIMs that are able to connect to local mobile networks set up by partner and customer companies by accumulating and utilizing technologies and expertise in relevant fields through the U.S. subsidiary. In Japan, the Company participated in a local 5G demonstration project during the fiscal year ending March 31, 2021, and this gave us an experience issues requested by main regional hospitals for local 5G. The Company will continue to accumulate knowledge in Japan and the U.S., and will utilize the knowledge to build introduction example of local 4G/5G business.

## (iii) Digital ID (FPoS) Business for Use on Smartphones

Under the “Vision for a Digital Garden City Nation” (vision to realize a comfortable life for everyone so that they enjoy benefits from digitalization, leaving no one behind by solving regional issues through digital implementation) which was declared by the Japanese government in 2021, it was announced on June 17, 2022 that project applications by Maebashi City, Ebetsu City (Hokkaido Prefecture), and Gunma Prefecture were adopted.

Among the above, in the project of “Maebashi living-tech promotion business” which was applied by Maebashi City, a business corporation (“Mebuku Ground Inc.”), which was established with the joint investment by prominent companies and financial institutions in Gunma Prefecture, released the “mebuku App,” which utilizes digital ID (“mebuku ID”), in October 2022.

The “mebuku ID” allows the user to access both public services (such as administrative procedures) and private services on a smartphone, and by March 2023, several application services has launched, such as “Mebu Class Maebashi,” “my Allergy alert,” “Maebashi Monitoring and Information Notification for aged care + Bulletin Board,” “Good Grow Maebashi,” “OYACO plus,” and “Mutual Assistance Point.” in the “Maebashi living-tech promotion business”

Similarly, by March 2023, Ebetsu City started building and operating the “Ebetsu City Lifelong Health Platform,” which provides service applications to maintain and improve the health of citizens, and this platform also uses the “mebuku ID” as a digital ID.

The “mebuku ID” platform implements FPoS, so the Company will increase the introduction achievement of FPoS by continuing support of “mebuku ID” and work toward starting commercial services.

As a result of the above, the Group’s consolidated net revenue for the current fiscal year were 6,074 million yen, an increase of 1,440 million yen (up 31.1%) compared to the previous fiscal year (hereinafter referred to as the “previous year”). This was because of the growth of the flat-rate or semi-flat-rate voice services of “Nihon Tsushin SIM” in the MVNO Business (23.1% year-on-year increase) and the growth of the voice services of partner brands in the Enabler Business (40.3% year-on-year increase). The Enabler Business revenue include revenue for the FPoS business (consignment fees based on the “Vision for Digital Garden City Nation”).

Cost of revenue was 3,455 million yen, an increase of 673 million yen (24.2%) compared to the previous year. This was mainly due to an increase in mobile network procurement costs associated with the growth of “Nihon Tsushin SIM.” Nevertheless, increase in cost of revenue compared to increases in net revenue are largely avoidable because the mobile networks of both data and voice communications procured by the Company from NTT DOCOMO, INC. have been set to not exceed the amount of the appropriate costs under efficient management plus appropriate profit. The cost of revenue include the cost of revenue for the FPoS business (the cost of consignment based on the “Vision for a Digital Garden City Nation”).

As a result, gross profit was 2,619 million yen, an increase of 767 million yen (41.4%) from the previous year.

Operating profit was 740 million yen (279 million yen for the previous year), and profit attributable to owners of parent was 690 million yen (294 million yen for the previous year).

Financial results by business are as follows:

(Millions of yen)				
Net revenue	For the year ended March 31, 2022	For the year ended March 31, 2023	Year-on-year change	Year-on-year change (%)
MVNO Business	2,488	3,063	575	23.1
Enabler Business	2,146	3,011	865	40.3
Total	4,634	6,074	1,440	31.1

Revenue of 122 million yen (123 million yen in the previous year) from overseas operations in the segment information is included in the Enabler Business.

## (2) Financial position of the year ended March 31, 2023

### Assets

Current assets at the end of the current fiscal year were 2,312 million yen, an increase of 902 million yen compared to the end of the previous year. This was mainly due to an increase of 651 million yen in cash and deposits and an increase of 197 million yen in accounts receivable-trade. Non-current assets were 728 million yen, an increase of 196 million yen compared to the end of the previous year. This was mainly due to an increase of 76 million yen in intangible assets and an increase of 97 million yen in investments and other assets.

As a result, total assets amounted to 3,040 million yen, an increase of 1,096 million yen compared to the end of the previous year.

### Liabilities

Current liabilities at the end of the current fiscal year were 1,426 million yen, an increase of 320 million yen compared to the end of the previous year. This was mainly due to increases of 209 million yen in accounts payable-trade, 47 million yen in income taxes payable, and 38 million yen in deposits received. Non-current liabilities were 79 million yen, an increase of 26 million yen compared to the end of the previous year. This was mainly due to an increase of 17 million yen in lease liabilities.

As a result, liabilities amounted to 1,506 million yen, an increase of 346 million yen compared to the end of the previous year.

### Net assets

Net assets at the end of the current fiscal year were 1,534 million yen, an increase of 749 million yen compared to the end of the previous year. This was mainly due to recording of 690 million yen in profit attributable to owners of parent. Along with decreasing the amounts of capital and capital reserve, on August 10, 2022, the Company implemented an appropriation of surplus. Capital and capital reserve were decreased by 4,028 million yen and 2,789 million yen, respectively, and the entire decreased amount was transferred to other capital surplus. By transferring the increase in other capital surplus to retained earnings brought forward, the deficit was covered, and there was no impact on net assets.

As a result, the equity ratio was 46.1% (33.6% at the end of the previous year).

## (3) Status of cash flows for the year ended March 31, 2023

Cash and cash equivalents at the end of the current fiscal year were 1,580 million yen, an increase of 651 million yen compared to the end of the previous year.

The status of cash flows and their factors during the current fiscal year are as follows.

### Cash flows from operating activities

Net cash provided by operating activities totaled 851 million yen (21 million yen provided in the previous year). This was mainly due to recording of 780 million yen in profit before income taxes.

#### Cash flows from investing activities

Net cash used by investing activities was 200 million yen (271 million yen used in the previous year). This was mainly due to 39 million yen for the purchase of property, plant and equipment, 110 million yen for the purchase of intangible fixed assets, and 50 million yen for the purchase of investment securities.

#### Cash flows from financing activities

Net cash used by financing activities was 1 million yen (150 million yen provided in the previous year).

#### **(4) Outlook for the fiscal year ending March 31, 2023 and beyond**

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones.

The Company plans to build a stable income stream by continuing the evolution of the SIM business, as well as to develop the local 4G/5G business and FPoS business to become the pillar of future earnings by investing in the two businesses.

In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage the experience to expand in Japan.

In the FPoS business, the Company has acquired certification under the Digital Signature Act for “my Digital Certificate” (the issuing entity is my FinTech Inc., a subsidiary of the Company.) based on its patented FPoS technology, and are working on its actual use as a digital ID that can be used safely, securely, and conveniently on smartphones.

With the surrounding situation above described, the management of the Company perceives a market capitalization of 500 billion yen as the growth business scale in three to five years from the launch of commercial service of FPoS (launched on October 21, 2022).

## **2. Basic concept regarding the selection of accounting standards**

The Group prepares its consolidated financial statements in accordance with Japanese GAAP, in light of the comparability of periods of consolidated financial statements and between companies, as well as the burden of preparing consolidated financial statements under International Financial Reporting Standards (IFRS). The Company’s policy is to take an appropriate response with respect to the timing of the adoption of IFRS, taking into consideration various conditions in Japan and overseas.



3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	928,688	1,580,619
Accounts receivable - trade	378,641	576,323
Merchandise	47,552	75,462
Supplies	71	65
Accounts receivable - other	576	103
Other	57,440	83,011
Allowance for doubtful accounts	△2,692	△3,138
Total current assets	1,410,277	2,312,448
Non-current assets		
Property, plant and equipment		
Buildings	84,111	106,085
Accumulated depreciation	△83,292	△84,942
Buildings, net	818	21,142
Vehicles	7,027	7,027
Accumulated depreciation	△4,881	△5,596
Vehicles, net	2,145	1,430
Tools, furniture and fixtures	795,689	876,556
Accumulated depreciation	△766,969	△773,909
Tools, furniture and fixtures, net	28,719	102,647
Leased assets	263,727	285,882
Accumulated depreciation	△263,727	△266,737
Leased assets, net	—	19,144
Construction in progress	90,093	—
Total property, plant and equipment	121,777	144,365
Intangible assets		
Patent right	3,834	4,727
Trademark right	2,097	3,229
Software	73,999	264,297
Software in progress	125,984	9,752
Total intangible assets	205,916	282,007
Investments and other assets		
Investment securities	63,281	128,570
Leasehold and guarantee deposits	140,335	133,884
Other	456	39,228
Total investments and other assets	204,073	301,683
Total non-current assets	531,767	728,056
Deferred assets		
Share issuance costs	376	—
Bond issuance costs	1,937	—
Total deferred assets	2,313	—
<b>Total assets</b>	<b>1,944,359</b>	<b>3,040,504</b>

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	421,105	630,125
Accounts payable - other	85,270	78,842
Income taxes payable	62,055	109,651
Unearned revenue	117,785	120,872
Deposits received	27,918	66,559
Valuation Reserve For Inventory Purchase		
Commitments	263,951	287,979
Other	127,992	132,150
Total current liabilities	1,106,078	1,426,180
Non-current liabilities		
Long-term accounts payable - other	2,149	6,102
Long-term unearned revenue	50,920	56,613
Lease liabilities	—	17,212
Total non-current liabilities	53,070	79,928
Total liabilities	1,159,149	1,506,108
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,528,440	535,822
Capital surplus	2,977,376	224,109
Retained earnings	△6,977,888	530,319
Treasury shares	△2,192	△2,192
Total shareholders' equity	525,737	1,288,058
Accumulated other comprehensive income		
Foreign currency translation adjustment	126,815	114,472
Total accumulated other comprehensive income	126,815	114,472
Share acquisition rights	67,864	96,218
Non-controlling interests	64,792	35,646
Total net assets	785,210	1,534,395
Total liabilities and net assets	1,944,359	3,040,504

(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income  
 Consolidated Statement of Income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	4,634,379	6,074,613
Cost of sales	2,782,108	3,455,323
Gross profit	1,852,270	2,619,289
Selling, general and administrative expenses	1,572,745	1,878,386
Operating profit	279,525	740,903
Non-operating income		
Interest income	215	9
Share of profit of entities accounted for using equity method	5,834	15,108
Foreign exchange gains	17,263	13,556
Miscellaneous income	5,728	13,863
Total non-operating income	29,043	42,537
Non-operating expenses		
Interest expenses	52	589
Amortization of share issuance costs	1,055	376
Amortization of bond issuance costs	2,114	1,937
Miscellaneous losses	6,407	67
Total non-operating expenses	9,630	2,970
Ordinary profit	298,938	780,470
Extraordinary income		
Gain on sale of non-current assets	100	—
Total extraordinary income	100	—
Profit before income taxes	299,038	780,470
Income taxes - current	30,429	118,941
Total income taxes	30,429	118,941
Profit	268,608	661,529
Loss attributable to non-controlling interests	△25,505	△29,146
Profit attributable to owners of parent	294,114	690,676

## Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	268,608	661,529
Other comprehensive income		
Foreign currency translation adjustment	△13,972	△12,342
Total other comprehensive income	△13,972	△12,342
Comprehensive income	254,636	649,186
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	280,142	678,333
Comprehensive income attributable to non- controlling interests	△25,505	△29,146

## (3) Consolidated Statement of Changes in Equity

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,528,440	2,868,630	△7,272,002	△2,192	122,876
Changes during period					
Profit (loss) attributable to owners of parent			294,114		294,114
Change in ownership interest of parent due to transactions with non-controlling interests		108,746			108,746
Net changes in items other than shareholders' equity					
Total changes during period	—	108,746	294,114	—	402,860
Balance at end of period	4,528,440	2,977,376	△6,977,888	△2,192	525,737

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	140,788	140,788	38,690	38,994	341,349
Changes during period					
Profit (loss) attributable to owners of parent					294,114
Change in ownership interest of parent due to transactions with non-controlling interests					108,746
Net changes in items other than shareholders' equity	△13,972	△13,972	29,174	25,798	40,999
Total changes during period	△13,972	△13,972	29,174	25,798	443,860
Balance at end of period	126,815	126,815	67,864	64,792	785,210

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,528,440	2,977,376	△6,977,888	△2,192	525,737
Changes during period					
restricted stock	35,822	35,822			71,645
Transfer from share capital to other capital surplus	△4,028,440	4,028,440			—
Deficit disposition		△6,817,531	6,817,531		—
Profit (loss) attributable to owners of parent			690,676		690,676
Net changes in items other than shareholders' equity					
Total changes during period	△3,992,618	△2,753,267	7,508,207	—	762,321
Balance at end of period	535,822	224,109	530,319	△2,192	1,288,058

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	126,815	126,815	67,864	64,792	785,210
Changes during period					
restricted stock					71,645
Transfer from share capital to other capital surplus					—
Deficit disposition					—
Profit (loss) attributable to owners of parent					690,676
Net changes in items other than shareholders' equity	△12,342	△12,342	28,353	△29,146	△13,135
Total changes during period	△12,342	△12,342	28,353	△29,146	749,185
Balance at end of period	114,472	114,472	96,218	35,646	1,534,395

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	299,038	780,470
Depreciation	22,562	75,904
Interest and dividend income	△215	△9
Interest expenses	52	589
Share of loss (profit) of entities accounted for using equity method	△5,834	△15,108
Foreign exchange losses (gains)	△16,733	△15,077
Decrease (increase) in trade receivables	△36,426	△192,551
Decrease (increase) in inventories	25,527	△30,947
Increase (decrease) in trade payables	△355,377	207,955
Decrease (increase) in accounts receivable - other	△524	475
Increase (decrease) in unearned revenue	△39,243	611
Increase (decrease) in Long-term unearned revenue	22,815	1,837
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	2,366	3
Other, net	108,433	78,856
Subtotal	26,441	893,009
Interest and dividends received	215	9
Interest paid	△52	△369
Income taxes refund (paid)	△4,631	△41,306
Net cash provided by (used in) operating activities	21,973	851,341
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△97,421	△39,932
Purchase of intangible assets	△171,698	△110,238
Purchase of investment securities	-	△50,000
Payments of leasehold and guarantee deposits	△2,303	△3,747
Proceeds from refund of leasehold and guarantee deposits	-	3,065
Other, net	△336	-
Net cash provided by (used in) investing activities	△271,759	△200,851
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	△9,600	-
Repayments of lease liabilities	-	△1,160
Proceeds from share issuance to non-controlling shareholders	160,050	-
Net cash provided by (used in) financing activities	150,450	△1,160
Effect of exchange rate change on cash and cash equivalents	2,557	2,601
Net increase (decrease) in cash and cash equivalents	△96,778	651,931
Cash and cash equivalents at beginning of period	1,025,466	928,688
Cash and cash equivalents at end of period	928,688	1,580,619