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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)



May 10, 2024

Company name: IPS, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4390  
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 Scheduled date of annual general meeting of shareholders: June 26, 2024  
 Scheduled date to file annual securities report: June 27, 2024  
 Scheduled date to commence dividend payments: June 27, 2024  
 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, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| Fiscal Year ended | Net sales       |      | Operating profit |      | Ordinary profit |      | Profit attributable to owners of parent |      |
|-------------------|-----------------|------|------------------|------|-----------------|------|---|------|
|                   | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen                         | %    |
| March 31, 2024    | 14,117          | 14.4 | 3,894            | 17.6 | 4,427           | 27.8 | 2,835                                   | 23.7 |
| March 31, 2023    | 12,346          | 15.1 | 3,311            | 34.8 | 3,464           | 19.6 | 2,292                                   | 21.4 |

(Note) Comprehensive income: For the fiscal year ended March 31, 2024: ¥2,733 million [(6.8%)]  
 For the fiscal year ended March 31, 2023: ¥2,933 million [22.6%]

| Fiscal Year ended | Profit per share | Diluted Profit per share | Equity Profit rate | Total assets Ordinary profit rate | Net sales Operating profit rate |
|-------------------|------------------|--------------------------|--------------------|-----------------------------------|---------------------------------|
|                   | Yen              | Yen                      | %                  | %                                 | %                               |
| March 31, 2024    | 225.08           | 215.76                   | 27.5               | 15.1                              | 27.6                            |
| March 31, 2023    | 184.52           | 175.50                   | 27.5               | 15.9                              | 26.8                            |

#### (2) Consolidated financial position

| As of          | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
|                | Millions of yen | Millions of yen | %            | Yen                  |
| March 31, 2024 | 33,529          | 15,183          | 33.7         | 878.29               |
| March 31, 2023 | 25,129          | 11,864          | 37.2         | 751.94               |

(Reference) Equity: As of March 31, 2024: ¥11,301 million  
 As of March 31, 2023: ¥9,354 million

#### (3) Consolidated cash flows

| Fiscal year ended | 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                            |
| March 31, 2024    | (574)                                | (4,735)                               | 2,315                                | 4,234                                      |
| March 31, 2023    | 2,636                                | (5,506)                               | 3,578                                | 6,881                                      |

## 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 | Fiscal year-end | Total |                              |                                      |   |
|  | Yen                        | Yen                | Yen               | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Fiscal year ended March 31, 2023             | -                          | 17.50              | -                 | 17.50           | 35.00 | 435                          | 19.0                                 | 5.2   |
| Fiscal year ended March 31, 2024             | -                          | 17.50              | -                 | 19.50           | 37.00 | 468                          | 16.4                                 | 4.5   |
| Fiscal year ending March 31, 2025 (Forecast) | -                          | 20.00              | -                 | 20.00           | 40.00 |                              | 20.2                                 |   |

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

|                                   | Net sales       |      | Operating profit |      | Ordinary profit |        | Profit attributable to owners of parent |        | Basic earnings per share |
|-----------------------------------|-----------------|------|------------------|------|-----------------|--------|---|--------|--------------------------|
|                                   | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %      | Millions of yen                         | %      | Yen                      |
| First six months                  | 6,500           | 23.9 | 950              | 2.6  | 750             | (51.9) | 350                                     | (63.7) | 27.20                    |
| Fiscal year ending March 31, 2025 | 16,500          | 16.9 | 4,290            | 10.2 | 3,900           | (11.9) | 2,550                                   | (10.1) | 198.17                   |

### \* 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 than (i): None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective 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, 2024: | 12,867,800 shares |
| As of March 31, 2023: | 12,440,800 shares |

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

|                       |            |
|-----------------------|------------|
| As of March 31, 2024: | 395 shares |
| As of March 31, 2023: | 395 shares |

#### (iii) Average number of shares outstanding during the period

|                                   |                   |
|-----------------------------------|-------------------|
| Fiscal year ended March 31, 2024: | 12,598,070 shares |
| Fiscal year ended March 31, 2023: | 12,426,483 shares |

(Reference) Overview of non-consolidated financial results

### 1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Non-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, 2024 | 3,264           | (26.9) | 648              | (20.7) | 1,969           | 50.0   | 1,483                                   | 62.8   |
| March 31, 2023                   | 4,466           | (28.0) | 817              | (26.2) | 1,312           | (15.3) | 911                                     | (13.0) |

|                                  | Basic earnings per share |        | Diluted earnings per share |     |
|----------------------------------|--------------------------|--------|----------------------------|-----|
|                                  | Yen                      | Yen    | Yen                        | Yen |
| Fiscal year ended March 31, 2024 | 117.76                   | 112.88 |                            |     |
| March 31, 2023                   | 73.34                    | 69.75  |                            |     |

## (2) Non-consolidated financial position

|                | Total assets    | Net assets      | Equity-to-asset ratio | Net assets per share |
|----------------|-----------------|-----------------|-----------------------|----------------------|
| As of          | Millions of yen | Millions of yen | %                     | Yen                  |
| March 31, 2024 | 18,926          | 7,348           | 37.4                  | 550.56               |
| March 31, 2023 | 14,978          | 6,227           | 39.8                  | 479.40               |

(Reference) Equity: As of March 31, 2024: ¥7,084 million

As of March 31, 2023: ¥5,963 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

(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.5 “Future outlook”.

We plan to hold a financial result briefing for institutional investors and analysts on Tuesday, May 14, 2024. Individual investors can also participate via the web. Please check our website for details. Additionally, we will disclose our medium-term management plan on the same day and provide an overview during the briefing. The presentation materials for the day will be disclosed on TDnet and posted on our website on the same day as well.

○ Table of Contents of Attachments

|   |    |
|---|----|
| 1. Overview of Financial results .....  | 2  |
| (1) Overview of operating results .....   | 2  |
| (2) Overview of financial position.....   | 4  |
| (3) Overview of cash flows.....   | 4  |
| (4) Future outlook .....  | 5  |
| 2. Basic Approach towards Selection of Accounting Standards .....                             | 5  |
| 3. Consolidated Financial Statements and Key Notes.....                                       | 6  |
| (1) Consolidated balance sheet .....  | 6  |
| (2) Consolidated statement of income and consolidated statement of comprehensive income ..... | 8  |
| Consolidated statement of income.....   | 8  |
| Consolidated statement of comprehensive income.....   | 9  |
| (3) Consolidated statement of changes in equity .....   | 10 |
| (4) Consolidated statement of cash flows .....  | 11 |
| (5) Notes to consolidated financial statements .....  | 13 |
| (Notes to assumptions for ongoing concerns).....  | 13 |
| (Segment information, etc.) .....   | 13 |
| (Per-share information).....  | 16 |
| (Important subsequent events).....  | 16 |

## 1. Overview of Financial results

### (1) Overview of operating results

Our group, under the corporate philosophy of "Open Door," strives to pioneer business opportunities in areas closely related to everyday life where barriers have yet to be overcome. We aim to create, develop, and expand businesses ahead of others, transforming industrial structures and realizing the ideal society. We are actively engaged in various businesses, particularly focusing on utilizing new IT technologies to provide communication solutions that address societal issues in the Philippines. Through these efforts, we aim to contribute to the Sustainable Development Goals (SDGs) while expanding our business.

In the fiscal year ended March 31, 2024, monetary tightening for inflation stabilization is being implemented primarily in Western countries. Additionally, there remains an uncertain outlook for the economy due to factors such as the prolonged Russia-Ukraine conflict and conflicts in the Palestinian Gaza Strip. In Japan, the prolonged depreciation of the yen in the foreign exchange market has led to rising prices, including soaring commodity and energy prices, resulting in inflation. However, the classification of COVID-19 has been lowered to the same level as seasonal influenza, leading to the normalization of social and economic activities. This, along with increased inbound demand and infrastructure investment, has contributed to a gradual economic recovery. In one of our group's major markets, the Philippines, efforts toward fiscal soundness have led to a slowdown in government spending growth. Despite this, the country has maintained a high policy interest rate due to factors such as soaring commodity prices and the impact of U.S. financial tightening. Nonetheless, the GDP growth rate for 2023 stood at 5.6%, representing a high growth rate among Asian countries. The COVID-19 pandemic has spurred rapid societal changes, including the adoption of new lifestyles and a shift towards remote work as a primary mode of work. This highlights the increasing importance of communication through telecommunications networks. The development and expansion of telecommunications infrastructure as a crucial aspect of supporting societal livelihoods have become urgent not only in Japan and the Philippines but also globally. Moving forward, we will actively work to expand our business to meet these growing needs.

Our group has acquired a portion of the usage rights for the City-to-City Cable System (hereinafter referred to as "C2C line"), which connects the Philippines with Singapore and Hong Kong, as well as an international communication network consisting of landlines in each country (hereinafter referred to as "international communication network"). We aim to establish and expand our position as a carrier's carrier (wholesale provider for telecommunications companies), to meet the growing communication demands. Additionally, the construction of the Philippine Domestic Submarine Cable Network (hereinafter referred to as "PDSCN") was completed in December 2023, aiming to enhance the expansion of the Philippine domestic backbone network, further striving for business growth.

In Japan, our services are expanding primarily for call center operators experiencing increased communication traffic demand. We provide optimized services including software, communication lines, and consultations tailored to each customer.

In the Medical & Healthcare sector, we continue to offer stable LASIK services through Shinagawa Lasik & Aesthetics Center Corporation (hereinafter referred to as "SLACC"). Furthermore, Shinagawa Healthcare Solutions Corporation (hereinafter referred to as "SHSC") has opened the "Shinagawa Diagnostic & Preventive Care Center" (hereinafter referred to as "SDPCC"), the first-of-its-kind human dock with state-of-the-art equipment in the Philippines, according to Japanese standards, promoting preventive healthcare in the Philippines.

In the fiscal year ended March 31, 2024, our group achieved a net sales of ¥14,117 million (up 14.4% year on year) and an operating profit of ¥3,894 million (up 17.6% year on year). Additionally, due to the progress of yen depreciation, we recorded a foreign exchange gain of ¥730 million, resulting in an ordinary profit of ¥4,427 million (up 27.8% year on year). As a result, the net profit attributable to parent company shareholders for the current period amounted to ¥2,835 million (up 23.7% year on year).

The financial results by segment are as follows:

Effective from the fiscal year ended March 31, 2024, the "Global Telecommunications Business," "Philippines Telecommunications Business," "Domestic Telecommunications Business," "Medical and Healthcare Business," and "Others" segments, which are more closely linked than ever before, have been integrated into the "Global Telecommunications Business" and "Philippines Telecommunications Business" segments, and the "Others" segment, in which business progress is managed by the same division, has been changed to the "Global Telecommunications Business" segment. The following comparisons with the same period of the previous fiscal year are based on the figures for the same period of the previous fiscal year, which have been reclassified into the segment classifications after the change.

(Global Telecommunications Business)

The Global Telecommunications Business in the fiscal year ended March 31, 2024, the Group continued to expand in response to the growing demand for communication lines in line with the economic growth in the Philippines. We made proactive investments to facilitate this expansion. Construction of the PDSCN, which commenced in July 2022 to develop the Philippine domestic core network, was completed in December 2023, enabling the provision of communication services throughout the Philippines. Consequently, not only did sales of the PDSCN itself increase significantly, but also the provision of PDSCN-related services expanded greatly. Moreover, our efforts to strengthen our sales force contributed to a significant increase in billing numbers for corporate internet connection services in the Manila metropolitan area, rising from 658 at the end of December 2022 to 1038 at the end of December 2023.

Furthermore, by enhancing the sales of assets such as the City-to-City Cable System (C2C line), part of our international communication network, our stock-type business of providing communication lines also expanded smoothly.

As a result, net sales amounted to ¥8,440 million (up 32.3% year on year), and segment income was ¥2,901 million (up 55.5% year on year).

(Domestic Telecommunications Business)

The Domestic Telecommunications Business in the fiscal year ended March 31, 2024, we continued to drive its operations primarily with a call center solution combining the call center system "AmeyoJ" developed by Drishti-soft Solutions Pvt. Ltd. (now Exotel) from India, which holds sales agency rights in Japan, and telephone lines purchased in bulk from major telecommunications companies. This solution, which includes per-second billing services for call center operators, remained the mainstay of our business. Although there was a significant decrease in traffic related to the COVID-19 pandemic compared to the previous period, we recorded revenue from strengthening new customer acquisition for call center solutions, building communication services compatible with the IP migration of the telephone network (PSTN migration) set to be fully implemented in January 2025, and system development.

As a result, net sales amounted to ¥4,116 million (down 3.7% year-on-year) and segment income was ¥925 million (up 0.6% year-on-year).

(Medical & Healthcare Business)

The Medical & Healthcare Business in the fiscal year ended March 31, 2024, SLACC was partially impacted by intensified competition and cost increases due to rising prices in LASIK, which is the mainstay of the business.

In Addition, at SHSC, we opened the high-quality Shinagawa Diagnostic & Preventive Care Center (SDPCC) in April 2023, incorporating advanced technologies such as imaging diagnostics that Japan excels in. In the Philippines, where awareness of preventive healthcare is low, we are actively engaged in an enlightenment campaign period to help people understand the importance of regular checkups. We are promoting the utilization of corporate regular health checkups, and we have received very positive feedback from companies whose employees have undergone checkups. Moreover, due to the synergy with InfiniVAN's corporate sales, although it takes time, awareness is steadily increasing.

As a result, net sales amounted to ¥1,561 million (down 7.6% year-on-year) and segment income was ¥67 million (down 87.5% year-on-year).

## (2) Overview of financial position

### (Status of Assets)

Current assets at the end of the consolidated fiscal year ended March 31, 2024, were ¥17,864 million, an increase of ¥3,594 million from the end of the previous consolidated fiscal year. This was mainly due to accounts receivable – trade increased by ¥2,901 million, lease receivable increased by ¥2,586 million, and other current assets increased by ¥1,004 million, while cash and deposits decreased by ¥2,646 million.

For non-current assets, tangible fixed assets were ¥11,565 million, an increase of ¥3,393 million from the end of the previous consolidated fiscal year. This was mainly due to machinery, equipment and vehicles, net increased by ¥5,572 million and buildings and structures, net increased by ¥398 million, while construction in progress decreased by ¥2,607 million.

Intangible fixed assets were ¥2,865 million, an increase of ¥1,104 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥968 million in the right to use communication lines.

As a result, total assets were ¥33,529 million, an increase of ¥8,400 million from the end of the previous consolidated fiscal year.

### (Status of Liabilities)

Current liabilities at the end of the consolidated fiscal year ended March 31, 2024, were ¥12,532 million, an increase of ¥281 million from the end of the previous consolidated fiscal year. This was mainly due to deferred payment profit increased by ¥1,885 million, and current portion of long-term borrowings increased by ¥1,424 million, while Short-term borrowings decreased by ¥3,006 million.

Non-current liabilities were ¥5,814 million, an increase of ¥4,799 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥4,753 million in long-term borrowings.

As a result, total liabilities were ¥18,346 million, an increase of ¥5,081 million from the end of the previous consolidated fiscal year.

### (Status of net assets)

Net assets including non-controlling interests at the end of the consolidated fiscal year ended March 31, 2024, were ¥15,183 million, an increase of ¥3,319 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥1,371 million in non-controlling interests, and a decrease of ¥435 by dividend payments, resulting in a profit attributable to owners of parent of ¥2,835 million.

As a result, the equity ratio was 33.7% (37.2% at the end of the previous consolidated fiscal year).

## (3) Overview of cash flows

Cash and cash equivalents (hereinafter referred to as "cash") decreased by ¥2,646 million from the end of the previous consolidated fiscal year to ¥4,234 million at the end of the consolidated fiscal year ended March 31, 2024.

The status of each cash flow and their factors in the consolidated fiscal year under review are as follows:

### (Cash flows from operating activities)

Net cash used in operating activities was ¥574 million (¥2,636 million acquired in the end of the previous consolidated fiscal year). This was mainly due to an increase of ¥2,746 million in accounts receivable – trade, ¥1,293 million by income tax payment, and ¥1,202 million decreased in trade payables, despite there was ¥4,425 million in profit before income taxes.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥4,735 million (¥5,506 million used in the end of the previous consolidated fiscal year). This was mainly due to purchasing of tangible fixed assets amounting to ¥3,327 million and intangible fixed assets amounting to ¥1,297 million.

### (Cash flows from financing activities)

Net cash acquired in financing activities was ¥2,315 million (¥3,578 million acquired in the end of the previous consolidated fiscal year). This was mainly due to an increase of ¥3,139 million in short-term borrowings and an increase of ¥277 million from share issuance to non-controlling shareholders, while a decrease of ¥769 million by repayments of long-term borrowings, and a decrease of ¥435 million by dividend payment.

#### (4) Future outlook

For the fiscal year ending March 2025, in the Global Telecommunications Business, infrastructure development for the domestic backbone network centered around PDSCN, completed in December 2023, has progressed. This enables the provision of communication services in many regions of the Philippines. There is strong demand for PDSCN itself, and its expansion is anticipated. Additionally, in the corporate internet connection service provided mainly in the Manila metropolitan area, expansion is expected due to the difficulty in providing lines connecting Manila and regional areas in the past, allowing for transactions with customers who were previously unreachable. Furthermore, it's anticipated that customers such as regional communication service providers and CATV operators, who were previously unable to receive communication lines, will become clients. Therefore, we expect increased revenue and profit in the Global Telecommunications Business.

In the Domestic Telecommunications Business, a partial decrease in communication traffic between communication service providers is expected, resulting in a decrease in revenue. However, it is anticipated that profit will increase due to negotiations related to the IP-ization of telephone networks (PSTN migration) and expansion of highly profitable solutions for call centers.

In the Medical & Healthcare Business, regarding Lasik, which faced intense competition on a quarterly basis in the previous period, we plan to improve revenue by conducting promotions and optimizing operations according to demand. However, for the operation of the newly established Human Dock and Health Check Center, revenue delays are anticipated due to the need to raise awareness of preventive medicine, resulting in a decrease in profit overall compared to the previous period.

For the fiscal year ending March 2025, we anticipate consolidated net sales of ¥16,500 million (up 16.9% year-on-year), operating profit of ¥4,290 million (up 10.2% year-on-year). In the previous period, we recognized a foreign exchange gain of ¥730 million as non-operating income. Therefore, ordinary profit is expected to be ¥3,900 million (down 11.9% year-on-year) and net income attributable to the parent company shareholders is expected to be ¥2,550 million (down 10.1% year-on-year). Additionally, the foreign exchange gain or loss arises from the evaluation of year-end exchange rates for foreign currency-denominated assets and liabilities. Since we cannot predict future exchange rate movements, the amount to be recognized for this fiscal year is not expected, and it will be a factor contributing to the decrease in ordinary profit and net income attributable to parent company shareholders for this fiscal year.

The above performance forecast is based on information available as of the date of this document and may differ from the actual performance due to various factors in the future.

## 2. Basic Approach towards Selection of Accounting Standards

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 considering various domestic and overseas situations.



### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated balance sheet

(Millions of yen)

|  | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| <b>Assets</b>                          |                      |                      |
| Current assets                         |                      |                      |
| Cash and deposits                      | 6,881                | 4,234                |
| Accounts receivable - trade            | 2,631                | 5,532                |
| Lease receivables                      | 3,203                | 5,789                |
| Merchandise                            | 35                   | 53                   |
| Supplies                               | 144                  | 176                  |
| Other                                  | 1,619                | 2,624                |
| Allowance for doubtful accounts        | (245)                | (546)                |
| Total current assets                   | 14,270               | 17,864               |
| Non-current assets                     |                      |                      |
| Property, plant and equipment          |                      |                      |
| Buildings and structures               | 449                  | 937                  |
| Accumulated depreciation               | (230)                | (320)                |
| Buildings and structures, net          | 219                  | 617                  |
| Machinery, equipment and vehicles      | 3,016                | 8,942                |
| Accumulated depreciation               | (1,623)              | (1,976)              |
| Machinery, equipment and vehicles, net | 1,393                | 6,965                |
| Tools, furniture and fixtures          | 238                  | 301                  |
| Accumulated depreciation               | (169)                | (205)                |
| Tools, furniture and fixtures, net     | 69                   | 95                   |
| Land                                   | 78                   | 83                   |
| Leased assets                          | 47                   | 47                   |
| Accumulated depreciation               | (39)                 | (40)                 |
| Leased assets, net                     | 7                    | 6                    |
| Construction in progress               | 6,403                | 3,795                |
| Total property, plant and equipment    | 8,171                | 11,565               |
| Intangible assets                      |                      |                      |
| The right to use communication lines   | 1,654                | 2,623                |
| Goodwill                               | 47                   | 38                   |
| Other                                  | 58                   | 203                  |
| Total intangible assets                | 1,760                | 2,865                |
| Investments and other assets           |                      |                      |
| Shares of subsidiaries and affiliates  | -                    | 111                  |
| Long-term prepaid expenses             | 256                  | 193                  |
| Deferred tax assets                    | 231                  | 393                  |
| Other                                  | 423                  | 502                  |
| Allowance for doubtful accounts        | (4)                  | (7)                  |
| Total investments and other assets     | 907                  | 1,194                |
| Total non-current assets               | 10,839               | 15,624               |
| Deferred assets                        | 19                   | 40                   |
| Total assets                           | 25,129               | 33,529               |

(Millions of yen)

|   | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| <b>Liabilities</b>  |                      |                      |
| Current liabilities   |                      |                      |
| Accounts payable – trade  | 1,781                | 670                  |
| Short-term borrowings   | 5,726                | 2,720                |
| Current portion of long-term borrowings                                 | 443                  | 1,867                |
| Lease obligations   | 0                    | 0                    |
| Accounts payable  | 147                  | 220                  |
| Income taxes payable  | 881                  | 560                  |
| Deferred payment profit   | 2,190                | 4,076                |
| Provision for bonuses   | 39                   | 39                   |
| Other   | 1,040                | 2,377                |
| Total current liabilities   | 12,250               | 12,532               |
| Non-current liabilities   |                      |                      |
| Long-term borrowings  | 760                  | 5,514                |
| Retirement benefit liability  | 65                   | 69                   |
| Provision for retirement benefits for directors<br>(and other officers) | 143                  | -                    |
| Asset retirement obligations  | 17                   | 17                   |
| Other   | 27                   | 212                  |
| Total non-current liabilities   | 1,014                | 5,814                |
| Total liabilities   | 13,265               | 18,346               |
| <b>Net assets</b>   |                      |                      |
| Shareholders' equity  |                      |                      |
| Share capital   | 1,109                | 1,145                |
| Capital surplus   | 1,004                | 753                  |
| Retained earnings   | 6,791                | 9,191                |
| Treasury shares   | (0)                  | (0)                  |
| Total shareholders' equity  | 8,905                | 11,090               |
| Accumulated other comprehensive income                                  |                      |                      |
| Foreign currency translation adjustment                                 | 448                  | 211                  |
| Re-measurements of defined benefit plans                                | 1                    | (0)                  |
| Total accumulated other comprehensive income                            | 449                  | 210                  |
| Share acquisition rights  | 263                  | 264                  |
| Non-controlling interests   | 2,245                | 3,617                |
| Total net assets  | 11,864               | 15,183               |
| Total liabilities and net assets  | 25,129               | 33,529               |

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

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 12,346                              | 14,117                              |
| Cost of sales                                    | 6,513                               | 7,039                               |
| Gross profit                                     | 5,832                               | 7,078                               |
| Selling, general and administrative expenses     | 2,521                               | 3,183                               |
| Operating profit                                 | 3,311                               | 3,894                               |
| Non-operating income                             |                                     |                                     |
| Interest and dividend income                     | 82                                  | 110                                 |
| Foreign exchange gains                           | 210                                 | 730                                 |
| Other  | 8                                   | 94                                  |
| Total non-operating income                       | 301                                 | 935                                 |
| Non-operating expenses                           |                                     |                                     |
| Interest expenses                                | 125                                 | 378                                 |
| Other  | 22                                  | 24                                  |
| Total non-operating expenses                     | 147                                 | 402                                 |
| Ordinary profit                                  | 3,464                               | 4,427                               |
| Extraordinary income                             |                                     |                                     |
| Gain on reversal of share acquisition rights     | 5                                   | 0                                   |
| Total extraordinary income                       | 5                                   | 0                                   |
| Extraordinary losses                             |                                     |                                     |
| Loss on retirement of non-current assets         | 4                                   | 3                                   |
| Total extraordinary losses                       | 4                                   | 3                                   |
| Profit before income taxes                       | 3,466                               | 4,425                               |
| Income taxes - current                           | 977                                 | 1,003                               |
| Income taxes - deferred                          | (66)                                | (115)                               |
| Total income taxes                               | 911                                 | 888                                 |
| Profit   | 2,554                               | 3,536                               |
| Profit attributable to non-controlling interests | 261                                 | 700                                 |
| Profit attributable to owners of parent          | 2,292                               | 2,835                               |

Consolidated statement of comprehensive income

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 2,554                               | 3,536                               |
| Other comprehensive income   |                                     |                                     |
| Foreign currency translation adjustment  | 376                                 | (801)                               |
| Re-measurements of defined benefit plans, net of tax                                   | 1                                   | (1)                                 |
| Share of other comprehensive income of affiliates<br>accounted for using equity method | -                                   | (0)                                 |
| Total other comprehensive income   | 378                                 | (803)                               |
| Comprehensive income   | 2,933                               | 2,733                               |
| Comprehensive income attributable to   |                                     |                                     |
| Owners of parent   | 2,563                               | 2,597                               |
| Non-controlling interests  | 370                                 | 136                                 |

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of 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            |
| Changes 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           |

The consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of 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   | 1,109                | 1,004           | 6,791             | (0)             | 8,905                      | 448                                     | 1  | 449   | 263                      | 2,245                     | 11,864           |
| Changes during period  |                      |                 |                   |                 |                            |   |  |   |                          |                           |                  |
| Issuance of new shares   | 36                   | 36              | -                 | -               | 72                         | -                                       | -  | -   | -                        | -                         | 72               |
| Dividends of surplus   | -                    | -               | (435)             | -               | (435)                      | -                                       | -  | -   | -                        | -                         | (435)            |
| Profit attributable to owners of parent                                | -                    | -               | 2,835             | -               | 2,835                      | -                                       | -  | -   | -                        | -                         | 2,835            |
| Changes in equity due to capital increase of consolidated subsidiaries | -                    | (286)           | -                 | -               | (286)                      | -                                       | -  | -   | -                        | -                         | (286)            |
| Net changes in items other than shareholders' equity                   | -                    | -               | -                 | -               | -                          | (237)                                   | (1)                                      | (238)                                       | 0                        | 1,371                     | 1,133            |
| Total changes during period  | 36                   | (250)           | 2,400             | -               | 2,185                      | (237)                                   | (1)                                      | (238)                                       | 0                        | 1,371                     | 3,319            |
| Balance at end of period   | 1,145                | 753             | 9,191             | (0)             | 11,090                     | 211                                     | (0)                                      | 210   | 264                      | 3,617                     | 15,183           |

## (4) Consolidated statement of cash flows

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>   |                                     |                                     |
| Profit before income taxes  | 3,466                               | 4,425                               |
| Depreciation  | 449                                 | 555                                 |
| Share-based payment expenses  | 92                                  | 14                                  |
| Foreign exchange losses (gains)   | 20                                  | 579                                 |
| Increase (decrease) in allowance for doubtful accounts                                      | 137                                 | 291                                 |
| Increase (decrease) in provision for bonuses  | 22                                  | (0)                                 |
| Increase (decrease) in retirement benefit liability   | 14                                  | 0                                   |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 6                                   | 0                                   |
| Interest and dividend income  | (82)                                | (110)                               |
| Interest expenses   | 125                                 | 378                                 |
| Loss on retirement of non-current assets  | 4                                   | 3                                   |
| Decrease (increase) in trade receivables  | (438)                               | (2,746)                             |
| Decrease (increase) in lease receivables  | 532                                 | (2,265)                             |
| Decrease (increase) in inventories  | (65)                                | (37)                                |
| Increase (decrease) in trade payables   | 685                                 | (1,202)                             |
| Increase (decrease) in accounts payable - other   | (1,312)                             | 60                                  |
| Increase (decrease) in deferred payment profit  | (55)                                | 1,885                               |
| Increase (decrease) in advances received  | 159                                 | (98)                                |
| Other   | (392)                               | (745)                               |
| Subtotal  | 3,369                               | 986                                 |
| Interest and dividends received   | 82                                  | 110                                 |
| Interest paid   | (125)                               | (378)                               |
| Income tax paid   | (690)                               | (1,293)                             |
| Net cash provided by (used in) operating activities   | 2,636                               | (574)                               |
| <b>Cash flows from investing activities</b>   |                                     |                                     |
| Purchase of property, plant, and equipment  | (5,323)                             | (3,327)                             |
| Proceeds from sale of property, plant, and equipment  | -                                   | 25                                  |
| Purchase of intangible assets   | (8)                                 | (1,297)                             |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation            | -                                   | (120)                               |
| Payments of guaranteed deposits   | (111)                               | (47)                                |
| Proceeds from collection of guaranteed deposits   | 12                                  | 0                                   |
| Payment of long-term prepaid expenses   | (40)                                | (12)                                |
| Proceeds from cancellation of insurance funds   | -                                   | 136                                 |
| Other   | (33)                                | (94)                                |
| Net cash provided by (used in) investing activities   | (5,506)                             | (4,735)                             |

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2023 | Fiscal year ended<br>March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from financing activities                         |                                     |                                     |
| Net increase (decrease) in short-term borrowings             | 4,335                               | 3,139                               |
| Proceeds from long-term borrowings                           | -                                   | 100                                 |
| Repayments of long-term borrowings                           | (501)                               | (769)                               |
| Proceeds from issuance of shares                             | 34                                  | 59                                  |
| Proceeds from share issuance to non-controlling shareholders | 244                                 | 277                                 |
| Repayments of long-term accounts payable - other             | (1)                                 | (0)                                 |
| Repayments of lease obligations                              | (4)                                 | (6)                                 |
| Payment of dividends   | (527)                               | (435)                               |
| Payment of dividends to non-controlling interests            | -                                   | (47)                                |
| Cash flows from financing activities                         | 3,578                               | 2,315                               |
| Effect of exchange rate change on cash and cash equivalents  | 394                                 | 347                                 |
| Net increase (decrease) in cash and cash equivalents         | 1,102                               | (2,646)                             |
| Cash and cash equivalents at beginning of period             | 5,778                               | 6,881                               |
| Cash and cash equivalents at end of period                   | 6,881                               | 4,234                               |

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

(Segment information, etc.)

[Segment information]

1. Overview of the reportable segments

(1) Method of determining 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<br>Telecommunication business in the Philippines<br>Customer acquisition / utilization promotion business for overseas remittance service, etc. |
| Domestic Telecommunications Business | Sell software for telephone services and call centers   |
| Medical & Healthcare Business        | Ophthalmology care and cosmetic dermatology<br>Provide physical and health checkup  |

Effective from the current consolidated fiscal year, the reportable segments previously referred to as "Global Telecommunications Business", "Philippines Telecommunications Business", "Domestic Telecommunications Business", "Medical & Healthcare Business", and "Others" have been renamed to "Global Telecommunications Business" "Domestic 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 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, 2022 to March 31, 2023)

(Millions of yen)

|  | Reportable segment                 |                                      |                               | Total  | Adjustment amount | Consolidated Financial statements Recorded amount (Note 1) |
|--|------------------------------------|--------------------------------------|-------------------------------|--------|-------------------|--|
|  | 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  | 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 (loss)                                  | 1,865                              | 919                                  | 536                           | 3,322  | (11)              | 3,311  |
| Other items  |                                    |                                      |                               |        |                   |  |
| Depreciation   | 293                                | 27                                   | 128                           | 449    | -                 | 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 presented because they are not regularly provided to the Board of Directors and are not subject to management resource allocation decisions or performance evaluations.

3. No specific assets are allocated to reportable segments, but related expense such as depreciation is allocated.

4. Other revenue is lease revenue based on Corporate Accounting Standards No.13 “Accounting Standards for Lease Transaction”.

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

The consolidated fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

|  | Reportable segment                 |                                      |                               | Total  | Adjustment amount | Consolidated Financial statements Recorded amount (Note 1) |
|--|------------------------------------|--------------------------------------|-------------------------------|--------|-------------------|--|
|  | Global Telecommunications Business | Domestic Telecommunications Business | Medical & Healthcare Business |        |                   |  |
| Net sales  |                                    |                                      |                               |        |                   |  |
| Revenue from contracts with customers                  | 5,464                              | 3,880                                | 1,561                         | 10,906 | -                 | 10,906   |
| Other revenue  | 2,975                              | 236                                  | -                             | 3,211  | -                 | 3,211  |
| Net sales to external customers                        | 8,440                              | 4,116                                | 1,561                         | 14,117 | -                 | 14,117   |
| Internal net sales or transfer amount between segments | 30                                 | 1                                    | 0                             | 32     | (32)              | -  |
| Total  | 8,470                              | 4,118                                | 1,561                         | 14,150 | (32)              | 14,117   |
| Segment profit (loss)                                  | 2,901                              | 925                                  | 67                            | 3,894  | 0                 | 3,894  |
| Other items  |                                    |                                      |                               |        |                   |  |
| Depreciation   | 334                                | 28                                   | 192                           | 555    | -                 | 555  |

- (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 presented because they are not regularly provided to the Board of Directors and are not subject to management resource allocation decisions or performance evaluations.
  3. No specific assets are allocated to reportable segments, but related expense such as depreciation is allocated.
  4. Other revenue is lease revenue based on Corporate Accounting Standards No.13 “Accounting Standards for Lease Transaction”.
  5. The plus ¥0 million adjustment to segment profit (loss) is eliminations for inter-segment transactions.

## (Per-share information)

|                                | Previous consolidated fiscal year<br>(From April 1, 2022<br>to March 31, 2023) | The consolidated fiscal year under<br>review<br>(From April 1, 2023<br>to March 31, 2024) |
|--------------------------------|--|---|
| Amount of net assets per share | ¥751.94  | ¥878.29   |
| Profit per share               | ¥184.52  | ¥225.08   |
| Diluted profit per share       | ¥175.50  | ¥215.76   |

(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<br>(From April 1, 2022<br>to March 31, 2023) | The consolidated fiscal year under<br>review<br>(From April 1, 2023<br>to March 31, 2024) |
|--|--|---|
| Profit per share   |  |   |
| Profit attributable to owners of parent (millions of yen)  | 2,292  | 2,835   |
| Amount of money not attributable to ordinary shareholders (millions of yen)  | -  | -   |
| Profit attributable to owners of parent, which is related to common stock (millions of yen)  | 2,292  | 2,835   |
| Average number of shares of common stock during the period (shares)  | 12,426,483   | 12,598,070  |
| Diluted profit per share   |  |   |
| Adjustment of profit attributable to owners of parent (millions of yen)  | -  | -   |
| Increase in common stock (shares)  | 638,384  | 544,335   |
| (of which, share acquisition rights (shares))  | 638,384  | 544,335   |
| 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 | -  | -   |

## (Important subsequent events)

None.