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May 9, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (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/>
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 Scheduled date of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to commence dividend payments: –
 Scheduled date to file annual securities report: June 27, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	7,400	21.8	1,139	53.7	1,183	51.6	1,365	97.7
March 31, 2023	6,074	31.1	740	165.1	780	161.1	690	134.8

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥1,304 million [101.0%]
 For the fiscal year ended March 31, 2023: ¥649 million [154.9%]

	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, 2024	8.27	8.27	65.5	31.8	15.4
March 31, 2023	4.19	4.15	67.2	31.3	12.2

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥18 million
 For the fiscal year ended March 31, 2023: ¥15 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, 2024	4,409	2,979	62.8	16.78
March 31, 2023	3,040	1,534	46.1	8.50

Reference: Equity
 As of March 31, 2024: ¥2,768 million
 As of March 31, 2023: ¥1,402 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, 2024	1,071	(213)	75	2,518
March 31, 2023	851	(200)	(1)	1,580

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, 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Overview and management policy for the fiscal year ending March 31, 2025

To achieve the mission of carrying bit in safety and security, the Company provides mobile telecommunications service and provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company's patented technology. In the mobile telecommunications service, the Company agreed with NTT DOCOMO, INC. (DOCOMO) about the interconnection with DOCOMO's voice and SMS network in February 2024 and the Company plans to provide new service based on the interconnection in May 2026. Herewith, the Company will be able to develop new business as Neo-Carrier and the Company assumes to provide 10 million mobile telecommunications lines in 2034. In the FPoS business, its technical secureness and institutional reliability owing to accreditation under the Electronic Signatures Act have been so evaluated that it is expected to grow in geometric progression and the Company assumes to provide 100 million electronic certificates in 2034. The Company assumes that the above two service will bring us domestic net revenue of 240 billion yen and profit after tax of 36 billion yen in 2034.

First, the Company will proceed to prepare for the interconnection with DOCOMO's voice and SMS network for the launch of new service in May 2026 and will make efforts to expand customer base through actions to increase awareness at the same time, and the Company will continue to make efforts to establish evaluation of FPoS and to expand cases using FPoS.

*** 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, 2024	165,009,239 shares
As of March 31, 2023	165,009,239 shares

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

As of March 31, 2024	15,004 shares
As of March 31, 2023	15,004 shares

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

Fiscal year ended March 31, 2024	164,994,235 shares
Fiscal year ended March 31, 2023	164,714,410 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.)

Fiscal year ended	Net revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	7,247	24.7	1,294	54.6	1,257	50.6	1,398	95.0
March 31, 2023	5,811	28.9	837	137.7	835	141.7	717	126.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	8.47	8.47
March 31, 2023	4.35	4.31

(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, 2024	4,382	2,901	63.5	16.87
March 31, 2023	3,203	1,462	42.7	8.28

Reference: Equity

As of March 31, 2024: ¥2,784 million

As of March 31, 2023: ¥1,366 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 Friday, May 10, 2024 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, 2024

(i) Mobile Communications Service

Upon a ruling by the Minister of Internal Affairs and Communications in June 2020, since the Company launched the “Nihon Tsushin SIM” which provides flat-rate voice plans equivalent to that of major mobile phone operators in July 2020, the Company has continued to achieve growth both in the number of subscribed lines and quarterly revenue.

The Company is planning to make a difference from other MVNOs in improvement of convenience to strengthen the product competitiveness of “Nihon Tsushin SIM.” In April 2022, the Company started supporting eSIM, which is embedded in devices such as smartphones (announced on April 6, 2022). Before March 2023, the Company introduced an identification method using electronic certificates stored in Individual Number Card in identification under the Mobile Phone Improper Use Prevention Act. In May 2023, the Company started to support the MNP one-stop system (Note).

The Company has enhanced the merchantability of “Nihon Tsushin SIM” from April 2023 to March 2024 by increasing data amount and expanding voice option service, etc., while keeping basic monthly fees unchanged. As a result, the “Nihon Tsushin SIM” lineup in May 2024 includes the “Reasonable Simple 290 Plan (1 GB; 290 yen per month)” for low data usage, the “Reasonable Minna-no Plan (10 GB + “all-you-can-calls” for calls no longer than 5 minutes (or 70 minutes of free voice calls); 1,390 yen per month)” for average data usage, and the “Reasonable 30-GB Plan (30 GB + “all-you-can-calls” for calls no longer than 5 minutes (or 70 minutes of free voice calls); 2,178 yen per month)” for slightly high data usage, and that enables customers to choose the most reasonable mobile communication billing plan for themselves.

In addition, the voice service of the “Nihon Tsushin SIM” is not provided in prefix method, which has been adopted by many of MVNOs, and the Company provides services of comparable call quality as major mobile phone operators, though the price of the service is the lowest in Japanese mobile telecommunications industry.

As the above products being evaluated, revenue from “Nihon Tsushin SIM” has been growing steadily for both individual and corporate subscribers. In addition, the number of customers for voice services under partner brands has also been increasing steadily, and as a result, the mobile telecommunication service has continued to see growth both in the MVNO Business and the Enabler Business.

In addition, though the Company achieved the interconnection with DOCOMO’s data network following the ruling by the Minister of Internal Affairs and Communications in 2007, the Company has not been able to achieve interconnection with voice network because of problems of restrictions regarding mobile phone numbers or other reasons. However, responding to the policy of allocating mobile phone numbers to MVNOs presented by the Information and Communications Council of the Ministry of Internal Affairs and Communications in December 2021, the Company had requested DOCOMO for an interconnection with their voice network in June 2022 and agreed with them about the interconnection in February 2024.

Though the Company have had interconnection with DOCOMO’s data Network since 2008, data network is a very small part of the mobile network. Therefore, by realizing an interconnection with DOCOMO’s voice network (and SMS network) in the future, the Company will finally achieve an interconnection with mobile network in the original meaning.

As a result, The Company will secure a stable business foundation and aim to be a “Neo-Carrier” who can provide comparable services as major mobile phone operators without owning mobile base stations. As new services that the Company will provide as Neo-Career, international roaming by direct contract with foreign mobile network carrier, flexible price plans such as billing for arriving calls, automation of APN settings, Wi-Fi authentication using a SIM, telecommunication service that covers both of inside of local area and outside of local area where the connection is based on MNO cellular base station contract by just one phone number, and so on are considered.

In order to launch new service on May 24, 2026 based on the interconnection with DOCOMO’s voice network (and SMS network), the Company will proceed to receive allocation of mobile phone number from the Ministry of Internal Affairs and Communications, to construct the Company’s voice network (and SMS network), and to develop the Company’s original SIM as speedily as possible.

Note: The MNP one-stop system allows customers who wish to switch to another carrier without changing their mobile number (this is called “MNP”) to complete the MNP procedure simply by applying on the website of the carrier to which they are switching, without having to obtain an MNP reservation number from the carrier to which they subscribed.

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

In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage this experience to expand in Japan. The U.S. subsidiary of the Company operates a business that provides SIMs used for connections with local mobile networks in the U.S. market.

As announced in December 2023, the Company’s U.S. subsidiary, JCI US Inc. (hereinafter referred to as “JCIUS”), entered into a contract with the State of Utah in the U.S. to implement a statewide Citizens Broadband Radio Service (CBRS) (local 4G/5G) for an educational and telehealth network. It means that JCIUS entered into a contract with the State of Utah through the University of Utah and the Utah Education and Telehealth Network (hereinafter referred to as “UETN”) to provide the Company’s Secure LTE Network Gateway Platform (NGP) services in its first major commercial implementation. The local 4G/5G networks envisioned in this contract will replace and expand the service requirements of Wi-Fi and provide secure (private/closed) networks for the University of Utah and for the current and future users of high-speed broadband services implemented by UETN. JCIUS will provide all necessary SIMs and/or other Hardware Security Modules (HSM) to enhance connectivity to networks for the people of the State of Utah.

Through the U.S. subsidiary, the Company is accumulating technologies and expertise on the communications business through local mobile networks (local 4G/5G business), and by utilizing these technologies and expertise, the Company provides SIMs that can connect to local mobile networks set up by partner and customer companies. The Company will continue to accumulate knowledge in Japan and the U.S., and will utilize this knowledge to develop case examples in the local 4G/5G business.

(iii) Providing Telecommunications and Authentication Infrastructure Using FPoS

As digital transformation (DX) underway in many areas of society and the economy, the importance of digital IDs is recognized again, and the Company is pushing forward with a business that will establish and provide digital IDs that can be used on smartphones using FPoS, the Company’s patented technology. FPoS guarantees the identity (confirmation of the person’s identity) and authenticity (confirmation that the person’s intent is not falsified) of a customer by examining the combination of a public key contained in an electronic certificate issued to the customer’s smartphone (iPhone and Android) by an electronic certification authority accredited under the Electronic Signatures Act and a private key generated in the customer’s smartphone.

This is a mechanism similar to the solid identification by an Individual Number Card, and FPoS uses a smartphone instead of an Individual Number Card. Currently, the digital IDs having such high-level security are nothing but an Individual Number Card and FPoS. While an Individual Number Card is restricted its purpose of use and required to be carried with, FPoS is not restricted its purpose of use and it can be used by smartphone, having a high security equal to an Individual Number Card.

When a customer uses a service through application(s) on a smartphone, there is a problem that the customer could be impersonated and the customer’s data (including personal information) could be falsified, however, if that service is secured by FPoS, the customer could not be impersonated and the data could not be falsified, because FPoS has a security equal to an Individual Number Card. And there is also a problem that the customer cannot manage the operators who can access to the customer’s data (including personal information), however, if that service is secured by FPoS, the customer can confirm and manage the operators who can access to the customer’s data (including personal information) easily, because FPoS has a function of “Dynamic Opt-in” to display the list of the recipients of the customer’s personal information and to allow the customer to authorize or revoke the provision of the personal information.

In order to demonstrate the above potential of FPoS, the Company is cooperating with Mebuku Ground Inc., a private-public partnership company made up of Maebashi City, private-sector business enterprises and universities. Since October 2022, Mebuku Ground Inc. has been operating “Mebuku App” which issues “Mebuku ID,” a digital ID using FPoS technology.

The greatest strength of “Mebuku ID” is its high security by FPoS, but in addition, its greatest differentiating factor is its ability to securely and reliably link personal information held by multiple business operators through its high security. The everyday activities of people span across multiple domains, such as government-operated public domains, medical and educational institutions, and other quasi-public domains, and besides those, the various private domains. If personal information can be securely and reliably linked across all these domains, it will be possible to provide services that are individually optimized for each user and to visualize various social issues by presenting data that can generate new value, thereby providing clues toward solutions. In addition, since “Mebuku ID” implements a “Dynamic Opt-in” function, data sharing can be implemented based on the consent of users.

The “Mebuku ID” is not only far more secure than other IDs, but is also highly regarded by many local governments, companies, and organizations for its ability to link data across business operators, and for its Dynamic Opt-in function that provides information of which business operators or service are eligible to link the data.

Furthermore, “Mebuku Pay,” Maebashi City’s electronic local currency, was launched in December 2023 through “Mebuku ID” and “Mebuku App” (announced by Maebashi City and Mebuku Ground Inc. in September 2023). “Mebuku Pay” was designed and developed with the highest priority placed on giving back to the local community by ensuring that payment data remains in the community and is utilized locally. The Company believes that “Mebuku ID” and “Mebuku Pay” can be an effective means to solve social issues, as they enable communities to reap the benefits of social and economic digitalization.

In addition, benefit money for nurturing and non-taxable family unit in Maebashi City is paid in “Mebuku Pay.” This is achieved because of the high-level security of “Mebuku ID” and ability to link personal information safely and surely owing to a consent of the person by a function of “Dynamic Opt-in.”

In March 2024, “Mebuku ID” and data cooperation infrastructure was started to be used actively in Ohmura City, Nagasaki prefecture, following Maebashi City, Gunma prefecture and Ebetsu City, Hokkaido prefecture. In this project, Mebuku Ground Inc. issues “Mebuku ID” and CONNECT Kabushiki Kaisha, a private-public partnership company, whose head office is in Ohmura City, Nagasaki prefecture operates a happy cycle community, such as “Omusubi,” the portal apps of Ohmura City and “Yudepi,” a digital local currency.

The Company will support the activity local horizontal activity by Mebuku Ground Inc. continuously.

As a result of the above, the Group’s consolidated net revenue for the current fiscal year was 7,400 million yen, an increase of 1,326 million yen (up 21.8%) 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 centered on “Nihon Tsushin SIM” in the MVNO Business (up 23.9% from the previous year) and the growth of the voice services of partner brands in the Enabler Business (up 19.7% from the previous year).

Cost of revenue was 4,138 million yen, an increase of 683 million yen (up 19.8%) 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.” The increase in cost of revenue can be contained because the mobile networks of both data and voice communications procured by the Company from DOCOMO have been set not to exceed the amount of the appropriate costs under efficient management plus appropriate profit.

As a result, gross profit was 3,262 million yen (2,619 million yen for the previous year), selling, general and administrative expenses was 2,123 million yen (1,878 million yen for the previous year), and operating profit was 1,139 million yen (740 million yen for the previous year).

During the three months ended June 30, 2023, a final judgment was rendered in a lawsuit between the Company and Quanta Computer Inc. In conjunction with the finalization of the judgment, the Company recorded extraordinary income of 363 million yen, resulting in profit attributable to owners of parent of 1,365 million yen (690 million yen for the previous year).

Financial results by business are as follows:

(Millions of yen)				
Net revenue	For the year ended March 31, 2023	For the year ended March 31, 2024	Year-on-year change	Year-on-year change (%)
MVNO Business	3,063	3,797	733	23.9
Enabler Business	3,011	3,603	592	19.7
Total	6,074	7,400	1,326	21.8

Revenue of 118 million yen (122 million yen for 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, 2024

Assets

Current assets at the end of the current fiscal year were 3,552 million yen, an increase of 1,240 million yen compared to the end of the previous year. This was mainly due to increases of 937 million yen in cash and deposits, 148 million yen in accounts receivable-trade, and 111 million yen in accounts receivable-other. Non-current assets were 856 million yen, an increase of 128 million yen compared to the end of the previous year. This was mainly due to increases of 86 million yen in property, plant and equipment, and 52 million yen in intangible assets.

As a result, total assets amounted to 4,409 million yen, an increase of 1,369 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current fiscal year were 1,302 million yen, a decrease of 123 million yen compared to the end of the previous year. This was mainly due to a decrease of 287 million yen in valuation reserve for inventory purchase commitments while there were increases of 43 million yen in accounts payable-other, 81 million yen in income taxes payable, and 274 million yen in deposits received. Non-current liabilities were 127 million yen, an increase of 47 million yen compared to the end of the previous year. This was mainly due to an increase of 36 million yen in lease liabilities.

As a result, liabilities amounted to 1,429 million yen, a decrease of 76 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current fiscal year were 2,979 million yen, an increase of 1,445 million yen compared to the end of the previous year. This was mainly due to recording of 1,365 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 62.8% (46.1% at the end of the previous year).

(3) Status of cash flows for the year ended March 31, 2024

Cash and cash equivalents at the end of the current fiscal year were 2,518 million yen, an increase of 937 million yen compared to the end of the previous year.

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

Cash flows from operating activities

Net cash provided by operating activities totaled 1,071 million yen (an inflow of 851 million yen in the previous year). This was mainly due to recording of 1,547 million yen in profit before income taxes and 175 million yen in depreciation, while there were recording in reversal of provision for valuation reserve for inventory purchase commitments of 287 million yen, an increase in trade receivables of 145 million yen, and a decrease in trade payables of 274 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 213 million yen (an outflow of 200 million yen in the previous year). This was mainly due to payments for purchase of property, plant and equipment of 95 million yen, and purchase of intangible assets of 121 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 75 million yen (an outflow of 1 million yen in the previous year). This was mainly due to 93 million yen of proceeds from share issuance to non-controlling shareholders.

(4) Outlook for the fiscal year ending March 31, 2025 and beyond

To achieve the mission of carrying bit in safety and security, the Company provides mobile telecommunications service and provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company's patented technology. In the mobile telecommunications service, the Company agreed with NTT DOCOMO, INC. (DOCOMO) about the interconnection with DOCOMO's voice and SMS network in February 2024 and the Company plans to provide new service based on the interconnection in May 2026. Herewith, the Company will be able to develop new business as Neo-Carrier and the Company assumes to provide 10 million mobile telecommunications lines in 2034. In the FPoS business, its technical secureness and institutional reliability owing to accreditation under the Electronic Signatures Act have been so evaluated that it is expected to grow in geometric progression and the Company assumes to provide 100 million electronic certificates in 2034. The Company assumes that the above two service will bring us domestic net revenue of 240 billion yen and profit after tax of 36 billion yen in 2034.

First, the Company will proceed to prepare for the interconnection with DOCOMO's voice and SMS network for the launch of new service in May 2026 and will make efforts to expand customer base through actions to increase awareness at the same time, and the Company will continue to make efforts to establish evaluation of FPoS and to expand cases using FPoS.

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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,580,619	2,518,019
Accounts receivable - trade	576,323	724,584
Merchandise	75,462	69,063
Supplies	65	68
Accounts receivable - other	103	111,888
Other	83,011	132,634
Allowance for doubtful accounts	△3,138	△3,275
Total current assets	2,312,448	3,552,984
Non-current assets		
Property, plant and equipment		
Buildings	106,085	87,186
Accumulated depreciation	△84,942	△75,030
Buildings, net	21,142	12,156
Vehicles	7,027	11,021
Accumulated depreciation	△5,596	△7,181
Vehicles, net	1,430	3,840
Tools, furniture and fixtures	876,556	828,696
Accumulated depreciation	△773,909	△672,218
Tools, furniture and fixtures, net	102,647	156,478
Leased assets	285,882	342,537
Accumulated depreciation	△266,737	△288,421
Leased assets, net	19,144	54,115
Construction in progress	—	4,460
Total property, plant and equipment	144,365	231,051
Intangible assets		
Patent right	4,727	—
Trademark right	3,229	3,308
Software	264,297	290,865
Software in progress	9,752	40,599
Total intangible assets	282,007	334,773
Investments and other assets		
Investment securities	128,570	149,841
Leasehold and guarantee deposits	133,884	106,910
Other	39,228	34,193
Total investments and other assets	301,683	290,946
Total non-current assets	728,056	856,771
Total assets	3,040,504	4,409,755

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	630,125	356,786
Accounts payable - other	78,842	122,801
Income taxes payable	109,651	190,655
Unearned revenue	120,872	113,829
Deposits received	66,559	341,072
Valuation Reserve For Inventory Purchase	287,979	—
Commitments		
Other	132,150	177,347
Total current liabilities	1,426,180	1,302,492
Non-current liabilities		
Long-term accounts payable - other	6,102	12,225
Long-term unearned revenue	56,613	61,309
Lease liabilities	17,212	53,829
Total non-current liabilities	79,928	127,364
Total liabilities	1,506,108	1,429,857
Net assets		
Shareholders' equity		
Share capital	535,822	545,666
Capital surplus	224,109	233,952
Retained earnings	530,319	1,895,653
Treasury shares	△2,192	△2,192
Total shareholders' equity	1,288,058	2,673,080
Accumulated other comprehensive income		
Foreign currency translation adjustment	114,472	95,854
Total accumulated other comprehensive income	114,472	95,854
Share acquisition rights	96,218	116,272
Non-controlling interests	35,646	94,690
Total net assets	1,534,395	2,979,898
Total liabilities and net assets	3,040,504	4,409,755

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

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	6,074,613	7,400,748
Cost of sales	3,455,323	4,138,372
Gross profit	2,619,289	3,262,376
Selling, general and administrative expenses	1,878,386	2,123,302
Operating profit	740,903	1,139,073
Non-operating income		
Interest income	9	18
Share of profit of entities accounted for using equity method	15,108	18,321
Foreign exchange gains	13,556	21,704
Recoveries of written off receivables	—	5,990
Miscellaneous income	13,863	3,290
Total non-operating income	42,537	49,324
Non-operating expenses		
Interest expenses	589	1,794
Amortization of share issuance costs	376	—
Amortization of bond issuance costs	1,937	—
Miscellaneous losses	67	3,084
Total non-operating expenses	2,970	4,879
Ordinary profit	780,470	1,183,519
Extraordinary income		
Compensation for damage income	—	75,869
Reversal of provision for valuation reserve for inventory purchase commitments	—	287,979
Total extraordinary income	—	363,848
Profit before income taxes	780,470	1,547,368
Income taxes - current	118,941	224,089
Total income taxes	118,941	224,089
Profit	661,529	1,323,278
Loss attributable to non-controlling interests	△29,146	△42,055
Profit attributable to owners of parent	690,676	1,365,334

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	661,529	1,323,278
Other comprehensive income		
Foreign currency translation adjustment	△12,342	△18,618
Total other comprehensive income	△12,342	△18,618
Comprehensive income	649,186	1,304,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	678,333	1,346,715
Comprehensive income attributable to non- controlling interests	△29,146	△42,055

(3) Consolidated Statement of Changes in Equity

Previous 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

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	535,822	224,109	530,319	△2,192	1,288,058
Changes during period					
restricted stock	9,843	9,843			19,687
Profit (loss) attributable to owners of parent			1,365,334		1,365,334
Net changes in items other than shareholders' equity					
Total changes during period	9,843	9,843	1,365,334	—	1,385,021
Balance at end of period	545,666	233,952	1,895,653	△2,192	2,673,080

	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	114,472	114,472	96,218	35,646	1,534,395
Changes during period					
restricted stock					19,687
Profit (loss) attributable to owners of parent					1,365,334
Net changes in items other than shareholders' equity	△18,618	△18,618	20,054	59,044	60,480
Total changes during period	△18,618	△18,618	20,054	59,044	1,445,502
Balance at end of period	95,854	95,854	116,272	94,690	2,979,898

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	780,470	1,547,368
Depreciation	75,904	175,684
Interest and dividend income	△9	△18
Interest expenses	589	1,794
Share of loss (profit) of entities accounted for using equity method	△15,108	△18,321
Foreign exchange losses (gains)	△15,077	△23,581
Reversal of provision for valuation reserve for inventory purchase commitments	—	△287,979
Decrease (increase) in trade receivables	△192,551	△145,683
Decrease (increase) in inventories	△30,947	5,975
Increase (decrease) in trade payables	207,955	△274,427
Decrease (increase) in accounts receivable - other	475	△111,784
Increase (decrease) in unearned revenue	611	△11,383
Increase (decrease) in Long-term unearned revenue	1,837	△7,411
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	3	28,545
Other, net	78,856	286,014
Subtotal	893,009	1,164,791
Interest and dividends received	9	18
Interest paid	△369	△1,794
Income taxes refund (paid)	△41,306	△167,030
Compensation for damage income	—	75,869
Net cash provided by (used in) operating activities	851,341	1,071,855
Cash flows from investing activities		
Purchase of property, plant and equipment	△39,932	△95,487
Purchase of intangible assets	△110,238	△121,070
Purchase of investment securities	△50,000	△2,950
Payments of leasehold and guarantee deposits	△3,747	△1,311
Proceeds from refund of leasehold and guarantee deposits	3,065	7,528
Other, net	—	10
Net cash provided by (used in) investing activities	△200,851	△213,280
Cash flows from financing activities		
Payments for retirement by purchase of share acquisition rights	—	△8,529
Repayments of lease liabilities	△1,160	△9,790
Proceeds from share issuance to non-controlling shareholders	—	93,332
Net cash provided by (used in) financing activities	△1,160	75,012
Effect of exchange rate change on cash and cash equivalents	2,601	3,813
Net increase (decrease) in cash and cash equivalents	651,931	937,400
Cash and cash equivalents at beginning of period	928,688	1,580,619
Cash and cash equivalents at end of period	1,580,619	2,518,019