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Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

November 8, 2024

Company name: IPS, Inc.
Listing: Tokyo Stock Exchange
Securities code: 4390
URL: https://ipsism.co.jp
Representative: President / CEO Koji Miyashita
Inquiries: Managing Director (CFO) General Manager of Corporate Planning Unit Masamitsu Kawabuchi
Telephone: +81-3-3549-7621
Scheduled date to file semi-annual securities report: November 8,2024
Scheduled date to commence dividend payments: December 3,2024
Preparation of supplementary material on financial results: Yes
Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (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	%
Six months ended September 30, 2024	7,744	47.6	2,339	152.8	1,588	1.9	961	0.7
Six months ended September 30, 2023	5,248	(9.3)	925	(43.5)	1,558	(34.3)	954	(42.5)

(Note) Comprehensive income: Six months September 30, 2024: ¥3,509 million [115.3%]
Six months September 30, 2023: ¥1,629 million [(37.7%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	74.62	73.03
September 30, 2023	76.74	72.66

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	38,713	19,578	37.7
March 31, 2024	33,529	15,183	33.7

(Reference) Equity: As of September 30, 2024: ¥14,589 million
As of March 31, 2024: ¥11,301 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	17.50	-	19.50	37.00
Year ending March 31, 2025	-	20.00			
Year ending March 31, 2025(Forecast)			-	20.00	40.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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
Fiscal year ending March 31, 2025	16,500	16.9	4,290	10.2	3,900	(11.9)	2,550	(10.1)	198.17

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes:**

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

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, refer to the attachment "2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to semi-annual consolidated financial statements (Application of special accounting for preparing semi-annual consolidated financial statements)"

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other than (i): None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2024:	12,910,400 shares
As of March 31, 2024:	12,867,800 shares

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

As of September 30, 2024:	395 shares
As of March 31, 2024:	395 shares

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

Six months ended September 30, 2024:	12,885,197 shares
Six months ended September 30, 2023:	12,443,684 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement concerning forward-looking statements)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary materially from forecasts due to a variety of factors. For matters concerning earnings forecasts, please refer to page 4 of the attached materials "1. Overview of Financial results (3) Explanation of consolidated earnings forecasts and other forward-looking statements."

(How to access supplementary explanations and details of briefing on financial results)

The Company is scheduled to hold a financial result briefing via the web on Monday, November 11, 2024. Please check our website for details. Additionally, the materials to be used at this financial results meeting will be posted on the TDnet (Timely Disclosure Network) and the Company's homepage.

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1. Overview of Financial results

(1) Overview of operating results

Under the corporate philosophy of "Open Door," our group aims to create business opportunities, develop businesses, transform industrial structures, and realize an ideal society in areas closely related to daily life, where barriers have not yet been overcome by anyone. We are engaged in various businesses with a particular focus on addressing social issues in the Philippines through the provision of communication environments utilizing new IT technologies. In doing so, we contribute to the SDGs while striving to expand our business.

During this interim consolidated accounting period, while the impact of soaring commodity and energy prices persisted, global financial easing movements, including in the U.S., emerged amid slowing inflation. In Japan, however, additional interest rate hikes by the Bank of Japan have maintained an uncertain outlook. Geopolitical risks, such as the situations in Ukraine and the Middle East, have also heightened concerns, increasing uncertainty in the global economy.
In the Philippines, one of our group's key markets, inflation has slowed, and the country's real GDP growth rate for the April-June 2024 quarter increased by 6.3% year-on-year, up from the previous quarter's 5.8%. This steady growth positions the Philippines as one of Southeast Asia's most promising economies. The digitalization of society is accelerating, with increased investments in AI and data centers, further underscoring the importance of communication through telecommunications networks. The development and expansion of telecommunications infrastructure as a vital part of society’s foundation has become an urgent need, not only in Japan and the Philippines but also globally. We will continue to actively pursue business expansion in this area.

Our group has acquired a portion of the usage rights for the submarine cable connecting the Philippines with Singapore and Hong Kong (City-to-City Cable System, hereinafter "C2C Cable") and the international communication network comprising land lines in each country (hereinafter "International Communication Network"). By doing so, we are establishing our position as a carrier’s carrier (wholesale provider for telecom operators) to meet the growing demand for communication services.
Additionally, with the completion of the Philippine Domestic Submarine Cable Network (hereinafter "PDSCN") in December 2023, we are expanding the core network within the Philippines to offer services nationwide, thereby striving to further expand our business. In Japan, we continue to provide optimized services for each customer, including software, communication lines, and consultation, mainly targeting call center operators with significant communication traffic needs.
In the medical and healthcare business, Shinagawa Lasik & Aesthetics Center Corporation (hereinafter "SLACC") continues to provide stable LASIK services, while Shinagawa Healthcare Solutions Corporation (hereinafter "SHSC") promotes preventive healthcare in the Philippines through the "Shinagawa Diagnostic & Preventive Care Center" (hereinafter "SDPCC"), a health screening and human dock center that meets Japanese standards, which opened in April last year.

As a result, during this interim consolidated accounting period, net sales amounted to ¥7,744 million (up 47.6% year-on-year) and an operating profit was ¥2,339 million (up 152.8% year-on-year).Due to the recording of a foreign exchange loss of ¥677 million (¥687 million foreign exchange gains were recorded in the same period of the previous fiscal year) mainly due to the progress of the yen's appreciation, ordinary income was ¥1,588 million (up 1.9% year-on-year), and interim net income attributable to owners of parent was It was ¥961 million (up 0.7% year-on-year).

The financial results by segment are as follows:

(Global Telecommunications Business)
Our group continued its efforts to promote the sale of the C2C Cable, an international telecommunications network for which we hold right of use assets. Additionally, services provided to regional telecommunications operators through the PDSCN have expanded, and the sales of telecommunications equipment related to the PDSCN have also performed well. InfiniVAN, Inc.'s corporate internet service, primarily in the Metro Manila area, the number of paying customers at the end of June increased by 130 from the end of March to 1,281. Overall, exceeded our initial projections, resulting in increased revenue and profits.
As a result, net sales were ¥5,423 million (up 130.8% year-on-year), and segment profit was ¥2,183 million (up 521.5% year-on-year).

(Domestic Telecommunications Business)

We have continued to strengthen our efforts in acquiring new customers and building communication services compatible with IP migration (PSTN migration) by combining the call center system "AmeyoJ," developed by Drishti-soft Solutions Pvt. Ltd. (Exotel), with a per-second billing service for call centers that utilizes large volumes of telephone lines from major telecom operators.

On the other hand, we have signed interconnection agreements for voice communication lines with major telecom carriers. Due to the retroactive settlement of past access charges (connection fees) in the first quarter of the consolidated fiscal period, we experienced a decline in both revenue and profit.

As a result, net sales were ¥1,584million (down 24.3% year-on-year), and segment profit was ¥207million (down 52.7%).

(Medical & Healthcare Business)

SLACC continues to face intense competition in its core LASIK services, and we are actively reviewing our marketing strategies and service frameworks to ensure stable LASIK provision. Additionally, through the SDPCC, our health checkup center and medical screening facility, we are promoting the use of regular health checkups for corporations, raising awareness of the importance of preventive healthcare among the people of the Philippines.

As a result, net sales were ¥737 million (down 8.4% year-on-year), and the segment loss was ¥53 million (segment profit of ¥132 million in the same period last year).

(2) Overview of financial position

(Status of Assets)

At the end of this interim consolidated accounting period, current assets amounted to ¥21,768 million, an increase of ¥3,903 million compared to the end of the previous consolidated fiscal year. This increase was mainly due to accounts receivable trade increase of ¥2,816 million and lease investment assets increasing by ¥1,335 million. Additionally, fixed assets amounted ¥16,909 million, which is an increase of ¥1,285 million compared to the end of the previous consolidated fiscal year. This increase was primarily due to capital investments, with tangible fixed assets increasing by ¥825 million and intangible fixed assets increasing by ¥398 million.

As a result, total assets were ¥38,713 million, an increase of ¥5,184 million from the end of the previous consolidated fiscal year.

(Status of Liabilities)

At the end of this interim consolidated accounting period, current liabilities amounted to ¥14,492 million, an increase of ¥1,960 million compared to the end of the previous consolidated fiscal year. This increase was primarily due to short-term borrowings increased by ¥880 million, accounts payable increasing by ¥438 million, and Unrealized gain on deferred revenue increased by ¥678 million. Additionally, non-current liabilities amounted to ¥4,643 million, a decrease of ¥1,171 million compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease in long-term borrowings by ¥1,183 million.

As a result, total liabilities were ¥19,135 million, an increase of ¥788 million from the end of the previous consolidated fiscal year.

(Status of net assets)

At the end of this interim consolidated accounting period, net assets amounted to ¥19,578 million, an increase of ¥4,395 million compared to the end of the previous consolidated fiscal year. This increase was primarily due to the interim net profit attributable to owners of the parent, which was recorded at ¥961 million, and a ¥1,105 million increases in non-controlling interests. an increase in foreign currency translation adjustments of ¥ 2,536 million, and a decrease in cash dividends paid of ¥250 million.

As a result, the equity ratio was 37.7% (33.7% at the end of the previous consolidated fiscal year).

(Overview of Cash Flow)

During this interim consolidated accounting period, cash and cash equivalents ("Cash") increased by ¥195 million compared to the end of the previous consolidated fiscal year, resulting in a balance of ¥4,430 million at the end of this interim period.

The analysis of cash flows for the six months ended September 30, 2024, is as follows:

(Cash Flow from Operating Activities)

Net cash provided by operating activities was ¥291 million (¥875 million used in the previous fiscal year). This was mainly due to the interim net profit before tax adjustments of ¥1,588 million, depreciation expenses of ¥502 million and increased in accounts

payable-other of ¥414 million, and an increase in accounts receivable of ¥2,197 million was attributed to a decrease in funds.

(Cash flows from investing activities)

Net cash used in investing activities was ¥348 million (¥2,771 million used in the previous fiscal year). This was mainly due to income of ¥60 million from the cancellation of insurance reserves, income of ¥26 million from collection of deposits, and expenditures of ¥278 million for the acquisition of tangible fixed assets and ¥195 million for the acquisition of intangible fixed assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥123 million (¥2,188 million provided in the previous fiscal year). The main factors for the increase ¥880 million, in short-term borrowings and income of ¥413 million from contributions by non-controlling shareholders an outflow of ¥250 million for dividend payments and ¥970 million for the repayment of long-term borrowings.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The progress of our group's business during the interim consolidated cumulative period has generally proceeded as planned although there are some differences in the progress of business among segments.

As for the full year consolidated financial forecast, despite being affected by retrospective settlements of past fiscal years in the domestic telecommunications business and increased competition in the medical and healthcare business, we expect steady growth in the provision of cables and other services in the international telecommunications business. Furthermore, since it is difficult to predict trends in foreign exchange rates, we have not revised the full-year forecast for the fiscal year ending in March 2025, which was announced on May 10, 2024.

In addition, during the consolidated interim accounting period for the fiscal year ending in March 2025, we recorded a foreign exchange loss of ¥677 million as non-operating expenses. This primarily resulted from the valuation of foreign currency-denominated receivables and payables based on the exchange rate at the end of the interim accounting period. This amount may fluctuate depending on future exchange rate movements, but given the difficulty in predicting such movements, we have not reflected these changes in the full-year forecast figures.

Please note that the above earnings forecast is based on information available as of the date of this announcement, and actual performance may differ due to various factors in the future.

2. Semi-annual consolidated Financial Statements and Key Notes

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,234	4,430
Accounts receivable - trade	5,532	8,349
Lease receivables	5,789	7,124
Merchandise	53	85
Supplies	176	184
Other	2,624	2,477
Allowance for doubtful accounts	(546)	(883)
Total current assets	17,864	21,768
Non-current assets		
Property, plant and equipment		
Buildings and structures	937	1,012
Accumulated depreciation	(320)	(400)
Buildings and structures, net	617	612
Machinery, equipment and vehicles	8,942	9,679
Accumulated depreciation	(1,976)	(2,387)
Machinery, equipment and vehicles, net	6,965	7,292
Tools, furniture and fixtures	301	335
Accumulated depreciation	(205)	(237)
Tools, furniture and fixtures, net	95	97
Land	83	—
Leased assets	47	47
Accumulated depreciation	(40)	(40)
Leased assets, net	6	6
Construction in progress	3,795	4,382
Total property, plant and equipment	11,565	12,390
Intangible assets		
The right to use communication lines	2,623	2,667
Goodwill	38	36
Other	203	560
Total intangible assets	2,865	3,263
Investments and other assets		
Shares of subsidiaries and affiliates	111	115
Long-term prepaid expenses	193	165
Deferred tax assets	393	437
Other	502	543
Allowance for doubtful accounts	(7)	(6)
Total investments and other assets	1,194	1,255
Total non-current assets	15,624	16,909
Deferred assets	40	35
Total assets	33,529	38,713

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable – trade	670	755
Short-term borrowings	2,720	3,600
Current portion of long-term borrowings	1,867	1,750
Lease obligations	0	—
Accounts payable	220	658
Income taxes payable	560	295
Deferred payment profit	4,076	4,755
Provision for bonuses	39	32
Other	2,377	2,644
Total current liabilities	12,532	14,492
Non-current liabilities		
Long-term borrowings	5,514	4,331
Retirement benefit liability	69	72
Asset retirement obligations	17	17
Other	212	221
Total non-current liabilities	5,814	4,643
Total liabilities	18,346	19,135
Net assets		
Shareholders' equity		
Share capital	1,145	1,180
Capital surplus	753	759
Retained earnings	9,191	9,902
Treasury shares	(0)	(0)
Total shareholders' equity	11,090	11,841
Accumulated other comprehensive income		
Foreign currency translation adjustment	211	2,747
Re-measurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	210	2,747
Share acquisition rights	264	266
Non-controlling interests	3,617	4,723
Total net assets	15,183	19,578
Total liabilities and net assets	33,529	38,713

(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	5,248	7,744
Cost of sales	2,959	3,538
Gross profit	2,288	4,206
Selling, general and administrative expenses	1,363	1,867
Operating profit	925	2,339
Non-operating income		
Interest and dividend income	27	97
Foreign exchange gains	687	—
Other	78	66
Total non-operating income	794	164
Non-operating expenses		
Interest expenses	152	219
Foreign exchange losses	—	677
Other	8	18
Total non-operating expenses	160	915
Ordinary profit	1,558	1,588
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Total extraordinary losses	0	—
Profit before income taxes	1,559	1,588
Income taxes	538	278
Profit	1,021	1,309
Profit attributable to non-controlling interests	66	348
Profit attributable to owners of parent	954	961

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,021	1,309
Other comprehensive income		
Foreign currency translation adjustment	608	2,200
Re-measurements of defined benefit plans, net of tax	0	0
Share of other comprehensive income of affiliates accounted for using equity method	—	(0)
Total other comprehensive income	608	2,199
Comprehensive income	1,629	3,509
Comprehensive income attributable to		
Owners of parent	1,331	2,874
Non-controlling interests	298	635

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,559	1,588
Depreciation	226	502
Gain on reversal of share acquisition rights	(0)	—
Share-based payment expenses	7	20
Foreign exchange losses (gains)	515	(231)
Increase (decrease) in allowance for doubtful accounts	63	315
Increase (decrease) in provision for bonuses	(9)	(7)
Increase (decrease) in retirement benefit liability	0	(0)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	—
Interest and income	(27)	(97)
Interest expenses	152	219
Loss on retirement of non-current assets	0	—
Decrease (increase) in trade receivables	(370)	(2,197)
Decrease (increase) in investments in leases	(333)	(806)
Decrease (increase) in inventories	12	(22)
Increase (decrease) in trade payables	(401)	(170)
Increase (decrease) in accounts payable - other	(48)	414
Increase (decrease) in unrealized gain on deferred revenue	38	678
Increase (decrease) in advances received	137	(59)
Other, net	(1,467)	865
Subtotal	53	1,012
Interest and dividends received	27	97
Interest paid	(152)	(219)
Income taxes paid	(803)	(598)
Net cash provided by (used in) operating activities	(875)	291
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,791)	(278)
Proceeds from sale of property, plant and equipment	25	—
Purchase of intangible assets	(16)	(195)
Purchase of shares of subsidiaries and associates	(12)	—
Payment for guarantee deposits	(32)	(34)
Proceeds from collection of guarantee deposits	0	26
Purchase of long-term prepaid expenses	(4)	(3)
Proceeds from cancellation of insurance funds	136	60
Other, net	(76)	76
Net cash provided by (used in) investing activities	(2,771)	(348)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,602	880
Repayments of long-term borrowings	(195)	(970)
Proceeds from issuance of shares	9	51
Proceeds from share issuance to non-controlling shareholders	—	413
Repayments of long-term accounts payable – other	(0)	—
Repayments of lease liabilities	(10)	—
Dividends paid	(217)	(250)
Net cash provided by (used in) financing activities	2,188	123
Effect of exchange rate change on cash and cash equivalents	336	129
Net increase (decrease) in cash and cash equivalents	(1,121)	195
Cash and cash equivalents at beginning of period	6,881	4,234
Cash and cash equivalents at end of period	5,759	4,430

(4) Notes to semi-annual consolidated financial statements

(Notes to assumptions for ongoing concerns)

Not applicable.

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

Not applicable.

(Changes in Accounting Policies)

Application of the “Accounting Standard for Current Income Taxes”

The "Accounting Standard for Current Income Taxes " (Accounting Standard No. 27, October 28, 2022, hereinafter referred to as the "2022 Revised Accounting Standard") has been applied from this interim consolidated accounting period.

Regarding the revisions to the classification of corporate taxes, etc. (taxation on other comprehensive income), we are following the transitional treatment stipulated in Paragraph 20-3 proviso of the 2022 Revised Accounting Standard and the transitional treatment stipulated in Paragraph 65-2 (2) proviso of the "Guidance on the Application of Accounting Standards for Tax Effect Accounting" (Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Guidance"). There is no impact on the interim consolidated financial statements due to this change in accounting policy.

Additionally, concerning the revisions related to the handling in consolidated financial statements of deferred tax treatment for gains and losses arising from the sale of subsidiary shares between consolidated companies, we have applied the 2022 Revised Guidance from the beginning of the interim consolidated accounting period. There is no impact on the interim consolidated financial statements due to this change in accounting policy.

(Application of special accounting for preparing semi-annual consolidated financial statements)

(Calculation of taxes)

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

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

(Segment information, etc.)

[Segment information]

Six months ended September 30, 2023 (from April 1, 2023, to September 30, 2023)

1. Information on Sales and Profits or Losses by Reportable Segment and Revenue Breakdown

(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	2,089	1,981	804	4,875	-	4,875
Other revenue (Note 2)	260	112	-	372	-	372
Net sales to external customers	2,349	2,093	804	5,248	-	5,248
Internal net sales or transfer amount between segments	15	0	0	16	(16)	-
Total	2,364	2,094	804	5,264	(16)	5,248
Segment profit	351	438	132	921	3	925

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

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

3. The plus ¥3 million adjustment to segment profit is eliminations for inter-segment transactions.

2. Information on Impairment Losses on Fixed Assets or Goodwill by Reportable Segment

Not applicable.

Six months ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

1. Information on Sales and Profits or Losses by Reportable Segment and Revenue Breakdown

(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	4,598	1,523	737	6,859	-	6,859
Other revenue (Note 2)	824	60	-	885	-	885
Net sales to external customers	5,423	1,584	737	7,744	-	7,744
Internal net sales or transfer amount between segments	17	1	2	20	(20)	-
Total	5,440	1,585	739	7,765	(20)	7,744
Segment profit (loss)	2,183	207	(53)	2,336	2	2,339

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

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

3. The plus ¥2 million adjustment to segment profit (loss) is eliminations for inter-segment transactions.

2. Information on Impairment Losses on Fixed Assets or Goodwill by Reportable Segment

Not applicable.

(Revenue recognition)

Information breaking down revenue from contracts with customers is as presented "2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to semi-annual consolidated financial statements (Segment information, etc.)"