

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)



August 9, 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 commence dividend payments: -
 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 Three months ended June 30, 2024 (from April 1, 2024 to June 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	%
Three months ended								
June 30, 2024	3,657	47.5	760	83.7	1,089	4.3	652	1.9
June 30, 2023	2,479	(12.2)	413	(50.0)	1,045	(28.3)	640	(37.7)

(Note) Comprehensive income: For the fiscal year ended June 30, 2024: ¥1,318 million [244.3%]

For the fiscal year ended June 30, 2023: ¥382 million [(74.2%)]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	50.70	49.58
June 30, 2023	51.47	48.71

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	35,822	16,679	33.7
March 31, 2024	33,529	15,183	33.7

(Reference) Equity: As of June 30, 2024: ¥12,074 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
Fiscal year ended March 31, 2024	-	17.50	-	19.50	37.00
Fiscal year ending March 31, 2025	-	-	-	-	-
Fiscal year ending March 31, 2025 (Forecast)	-	20.00	-	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
First six months	7,250	38.1	1,500	62.0	1,270	(18.5)	760	(21.2)	59.06
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: Yes

* 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 quarterly consolidated financial statements: Yes
(Note) For details, refer to the attachment page 9 “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to quarterly consolidated financial statements (Application of special accounting for preparing quarterly 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 June 30, 2024:	12,878,200 shares
As of March 31, 2024:	12,867,800 shares

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

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

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2024:	12,871,645 shares
Three months ended June 30, 2023:	12,440,405 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 Tuesday, August 13, 2024. Please check our website for details. Additionally, the materials for the day will be disclosed on TDnet and posted on our website on Friday, August 9, 2024.

○ Table of Contents of Attachments

1. Overview of Financial results.....	2
(1) Overview of operating results	2
(2) Overview of financial position	3
(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	4
2. Quarterly Consolidated Financial Statements and Key Notes.....	5
(1) Quarterly consolidated balance sheet	5
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	7
Quarterly consolidated statement of income	7
Quarterly consolidated statement of comprehensive income	8
(3) Notes to quarterly consolidated financial statements	9
(Notes to assumptions for ongoing concerns).....	9
(Note when there is a significant change in the amount of shareholders' equity).....	9
(Changes in Accounting Policies)	9
(Application of special accounting for preparing quarterly consolidated financial statements).....	9
(Notes to the Quarterly Consolidated Statement of Cash Flows).....	9
(Segment information, etc.).....	10
(Revenue recognition)	11

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 the first quarter of the current consolidated cumulative period, with persistently high commodity and energy prices, there is growing caution regarding global financial tightening and geopolitical risks related to the situation in Ukraine and the Middle East, making the outlook remain uncertain. In Japan, the situation remains difficult to predict due to factors such as fluctuations in the foreign exchange market and rising prices.

In one of our group's main markets, the Philippines, the GDP growth rate for the January-March 2024 quarter increased by 5.7% year-on-year, up from the previous quarter's 5.5%, indicating sustained growth expected among Southeast Asian countries. The COVID-19 pandemic has accelerated digitalization, and societal changes continue with the expanded use of AI, IoT, and data centers, increasing the importance of communication via telecommunications lines.

The development and expansion of telecommunications lines as a social infrastructure supporting daily life have become urgent needs not only in Japan and the Philippines but also worldwide. We will continue to actively seek to expand our business in this regard.

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, for the first quarter consolidated cumulative period, net sales were ¥3,657 million (up 47.5% year-on-year) and an operating profit was ¥760 million (up 83.7% year-on-year). Additionally, with the yen depreciation leading to a foreign exchange gain of ¥350 million (¥609 million in the same period last year), ordinary profit was ¥1,089 million (up 4.3% year-on-year), and quarterly net profit attributable to owners of parent was ¥652 million (up 1.9% year-on-year).

The financial results by segment are as follows:

(Global Telecommunications Business)

In the Global Telecommunications Business, we have continued to strengthen the sales of the C2C Cable, which is an international communication network owned by our group and have expanded our stock-type business. Additionally, through the completion of the PDSCN in December 2023, we have increased the provision of related services to regional telecommunications operators in the Philippines. To meet the demand for early utilization of the PDSCN, the company has proactively brought forward the provision of communication equipment related to PDSCN that was initially scheduled for recording in the second half of the year. This has led to the early recognition of sales, contributing to strong business performance.

For InfiniVAN, Inc., which is a major revenue driver, the number of corporate internet connection service customers in the Manila metropolitan area increased by 113 to a total of 1,151 by the end of March 2024, compared to the end of December 2023. Overall, the business has significantly exceeded our initial projections, resulting in increased revenue and profits.

As a result, net sales were ¥2,644 million (up 160.2% year-on-year), and segment profit was ¥832 million (up 829.5% 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. (now Exotel), with a per-second billing service for call centers that utilizes large volumes of telephone lines from major telecom operators.

However, the company also encountered a revenue decrease due to a retrospective settlement of past communication connection fees (access charges) amounting to ¥260 million. These fees arose from interconnection agreements for voice communication lines with major telecommunications operators. The communication connection fees are negotiated annually between operators, and the transition to IP-based connection fees is scheduled for completion in December 2024.

Despite this, significant differences arose between the company and other operators regarding the communication connection fees for fiscal years 2022 and 2023. An agreement was reached on the communication connection fees for the past two years in this year, leading to the recognition of the difference in the financial statements.

As a result, net sales were ¥696 million (down 33.4% year-on-year), and segment loss was ¥26 million (segment profit of ¥208 million in the same period last year).

(Medical & Healthcare Business)

In SLACC's core business of LASIK, although we have continued to face some intensified competition, our performance has shown a recovery trend from the decline observed in the latter half of last year due to improvements in marketing strategies.

Additionally, SHSC has been working to promote the use of regular corporate health check-ups through the SDPCC, which provides Japanese-quality imaging diagnostics. This initiative aims to raise awareness of preventive medicine among people in the Philippines. We have received positive feedback from the companies that have utilized our services. Despite ongoing depreciation expenses related to our early investments in equipment such as CT scanners and MRIs, we are also striving to reduce costs.

As a result, net sales were ¥316 million (down 24.4% year-on-year), and the segment loss was ¥54 million (segment profit of ¥115 million in the same period last year).

(2) Overview of financial position

(Status of Assets)

Current assets at the end of the first quarter of the consolidated fiscal year ending March 31, 2025, were ¥19,213 million, an increase of ¥1,349 million from the end of the previous consolidated fiscal year. This was mainly due to accounts receivable – trade increased by ¥1,163 million, and cash and deposits increased by ¥258 million.

Non-current assets were ¥16,570 million, an increase of ¥946 million from the end of the previous consolidated fiscal year. This was mainly due to total property, plant and equipment increased by ¥489 million, and total intangible assets increased by ¥435 million for capital investment.

As a result, total assets were ¥35,822 million, an increase of ¥2,293 million from the end of the previous consolidated fiscal year.

(Status of Liabilities)

Current liabilities at the end of the first quarter of the consolidated fiscal year ending March 31, 2025, were ¥13,515 million, an increase of ¥983 million from the end of the previous consolidated fiscal year. This was mainly due to Short-term borrowings increased by ¥700 million, and current portion of long-term borrowings increased by ¥115 million.

Non-current liabilities were ¥5,627 million, a decrease of ¥186 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥192 million in long-term borrowings.

As a result, total liabilities were ¥19,142 million, an increase of ¥796 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 first quarter of the consolidated fiscal year ending March 31, 2025, were ¥16,679 million, an increase of ¥1,496 million from the end of the previous consolidated fiscal year. This was mainly due to the recording of quarterly net income attributable to owners of parent amounting to ¥652 million, non-controlling interests increased by ¥725 million, foreign currency translation adjustment increased by ¥370 million, while a decrease in dividend payments amounting to ¥250 million.

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

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

The progress of our group's business during the first quarter consolidated cumulative period has generally proceeded as planned. However, in terms of performance figures, despite the impact of retroactive settlements of interconnection fees (¥260 million) among telecom operators from previous years in the Domestic Telecommunications Business, the strong performance in the Global Telecommunications Business, along with the early recording of sales related to PDSCN equipment, resulted in significantly exceeding our initial projections.

For the second quarter consolidated accounting period, we anticipate continued strong performance in the Global Telecommunications Business, driven by the expanded provision of PDSCN-related services. We also expect steady progress in the Domestic Telecommunications Business and the Medical & Healthcare Business according to plan. Therefore, we are revising upwards our consolidated earnings forecast for the cumulative period of the second quarter, which was announced on May 10, 2024.

Regarding the full-year consolidated earnings forecast, we do not intend to change the figures announced on May 10, 2024, at this point. This is because we expect the strong performance in the Global Telecommunications Business to offset the impact of the retroactive settlements in the Domestic Telecommunications Business.

Additionally, in the first quarter consolidated cumulative period, we recorded ¥350 million in foreign exchange gains under non-operating income. This gain primarily resulted from the comparison of the valuation of foreign currency-denominated receivables and payables held by the group at the end of the previous fiscal year (exchange rate of 151.40 yen) with the exchange rate at the end of the first quarter consolidated accounting period. Since this may fluctuate depending on future exchange rate conditions, the earnings forecasts for the second quarter cumulative period and the full year have been prepared assuming no foreign exchange gains or losses, except for the confirmed amounts in overseas subsidiaries.

Consolidated earnings forecasts for the first six months of the fiscal year ending March 31, 2025
(from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previously announced forecast	6,500	950	750	350
Newly announced forecast	7,250	1,500	1,270	760
Changes	750	550	520	410
Changes (%)	11.5	57.9	69.3	117.1
(Reference) Results for the first six months of the fiscal year ended March 31, 2024	5,248	925	1,558	954

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,234	4,493
Accounts receivable - trade	5,532	6,696
Lease receivables	5,789	6,141
Merchandise	53	104
Supplies	176	205
Other	2,624	2,465
Allowance for doubtful accounts	(546)	(893)
Total current assets	17,864	19,213
Non-current assets		
Property, plant and equipment		
Buildings and structures	937	984
Accumulated depreciation	(320)	(363)
Buildings and structures, net	617	620
Machinery, equipment and vehicles	8,942	9,454
Accumulated depreciation	(1,976)	(2,201)
Machinery, equipment and vehicles, net	6,965	7,253
Tools, furniture and fixtures	301	324
Accumulated depreciation	(205)	(223)
Tools, furniture and fixtures, net	95	100
Land	83	-
Leased assets	47	47
Accumulated depreciation	(40)	(40)
Leased assets, net	6	6
Construction in progress	3,795	4,073
Total property, plant and equipment	11,565	12,055
Intangible assets		
The right to use communication lines	2,623	2,698
Goodwill	38	37
Other	203	564
Total intangible assets	2,865	3,300
Investments and other assets		
Shares of subsidiaries and affiliates	111	111
Long-term prepaid expenses	193	164
Deferred tax assets	393	414
Other	502	530
Allowance for doubtful accounts	(7)	(6)
Total investments and other assets	1,194	1,215
Total non-current assets	15,624	16,570
Deferred assets	40	37
Total assets	33,529	35,822

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable – trade	670	755
Short-term borrowings	2,720	3,420
Current portion of long-term borrowings	1,867	1,983
Lease obligations	0	-
Accounts payable	220	352
Income taxes payable	560	287
Deferred payment profit	4,076	4,131
Provision for bonuses	39	34
Other	2,377	2,549
Total current liabilities	12,532	13,515
Non-current liabilities		
Long-term borrowings	5,514	5,322
Retirement benefit liability	69	72
Asset retirement obligations	17	17
Other	212	215
Total non-current liabilities	5,814	5,627
Total liabilities	18,346	19,142
Net assets		
Shareholders' equity		
Share capital	1,145	1,154
Capital surplus	753	746
Retained earnings	9,191	9,593
Treasury shares	(0)	(0)
Total shareholders' equity	11,090	11,492
Accumulated other comprehensive income		
Foreign currency translation adjustment	211	581
Re-measurements of defined benefit plans	(0)	(0)
Total accumulated other comprehensive income	210	581
Share acquisition rights	264	262
Non-controlling interests	3,617	4,342
Total net assets	15,183	16,679
Total liabilities and net assets	33,529	35,822

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

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	2,479	3,657
Cost of sales	1,401	1,805
Gross profit	1,078	1,851
Selling, general and administrative expenses	664	1,091
Operating profit	413	760
Non-operating income		
Interest and dividend income	15	45
Foreign exchange gains	609	350
Other	69	42
Total non-operating income	694	438
Non-operating expenses		
Interest expenses	61	104
Other	1	4
Total non-operating expenses	63	109
Ordinary profit	1,045	1,089
Extraordinary income		
Gain on reversal of share acquisition rights	0	-
Total extraordinary income	0	-
Profit before income taxes	1,046	1,089
Income taxes	329	322
Profit	716	767
Profit attributable to non-controlling interests	76	114
Profit attributable to owners of parent	640	652

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	716	767
Other comprehensive income		
Foreign currency translation adjustment	(334)	551
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	(334)	550
Comprehensive income	382	1,318
Comprehensive income attributable to		
Owners of parent	229	1,023
Non-controlling interests	153	295

(3) Notes to quarterly 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 the beginning of the first quarter of the current 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 quarterly 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 first quarter of the current consolidated accounting period. There is no impact on the quarterly consolidated financial statements due to this change in accounting policy.

(Application of special accounting for preparing quarterly 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 this first quarter.

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.

(Notes to the Quarterly Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the first quarter of the current consolidated cumulative period has not been prepared. However, the depreciation expenses for the first quarter consolidated cumulative period (including amortization expenses for intangible fixed assets excluding goodwill) and the amortization amount of goodwill are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation expenses	107	246
Amortization of goodwill	2	3

(Segment information, etc.)

[Segment information]

Three months ended June 30, 2023 (from April 1, 2023 to June 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	903	1,045	418	2,366	-	2,366
Other revenue (Note 2)	113	-	-	113	-	113
Net sales to external customers	1,016	1,045	418	2,479	-	2,479
Internal net sales or transfer amount between segments	28	-	-	28	(28)	-
Total	1,045	1,045	418	2,508	(28)	2,479
Segment profit (loss)	89	208	115	414	(0)	413

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

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

3. 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.

4. The minus ¥0 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.

Three months ended June 30, 2024 (from April 1, 2024 to June 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	2,188	635	316	3,140	-	3,140
Other revenue (Note 2)	456	60	-	516	-	516
Net sales to external customers	2,644	696	316	3,657	-	3,657
Internal net sales or transfer amount between segments	8	0	1	11	(11)	-
Total	2,653	696	318	3,668	(11)	3,657
Segment profit (loss)	832	(26)	(54)	750	9	760

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

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

3. 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.

4. The plus ¥9 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 in page 10 “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to quarterly consolidated financial statements (Segment information, etc.)”