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Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

November 10, 2023

Listing: Tokyo Stock Exchange

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 Scheduled date to file quarterly securities report: November 10, 2023 Scheduled date to commence dividend payments: December 4, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
 (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, 2023	5,248	(9.3)	925	(43.5)	1,558	(34.3)	954	(42.5)
Six months ended September 30, 2022	5,783	41.9	1,636	97.5	2,372	189.2	1,660	220.2

(Note) Comprehensive Six months ended September 30, 2023 1,629^{Millions of yen} ($\triangle 37.7\%$) Six months ended September 30, 2022 2,618^{Millions of yen} (202.7%)

	Profit per share	Diluted Profit per share
	Yen	Yen
Six months ended September 30, 2023	76.74	72.66
Six months ended September 30, 2022	133.71	127.23

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	29,404	13,289	35.7
As of March 31, 2023	25,129	11,864	37.2

(Reference) Equity: As of September 30, 2023 10,482 Millions of yen As of March 31, 2023 9,354 Millions of yen

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Term end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	17.50	-	17.50	35.00
Fiscal year ended March 31, 2024	-	17.50			
Fiscal year ending March 31, 2024 (Forecast)			-	17.50	35.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)
(Percentage figures show year-on-year increase or decrease.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,000	13.4	3,800	14.8	3,550	2.5	2,200	(4.1)	176.84

(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

Newly included: - (Company name) -, excluded: - (Company name) -

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

(Note) For details, refer to the attachment P.12 “2. Quarterly Consolidated Financial Statements and Key Notes (4) 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

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

2) Changes in accounting policies due to other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Number of issued shares (common shares)

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

As of September 30, 2023	12,449,400 shares	As of March 31, 2023	12,440,800 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2023	395 shares	As of March 31, 2023	395 shares
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3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	12,443,684 shares	Six months ended September 30, 2022	12,416,263 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts and other special matters

(Notes on description about the future, etc.)

Descriptions about the future such as earnings outlook, which are included in these materials, are based on the information currently available to the Company and on certain conditions that the Company deems reasonable, and it does not mean that the Company promises to realize them. Also, there is a possibility that the actual earnings, etc., may differ significantly due to various factors. For matters related to earnings forecasts, refer to Attachment P.6 “1. Qualitative Information on Financial Results for the Quarter (3) Explanation of forward-looking information such as consolidated earnings forecasts”.

The Company is scheduled to hold a financial results briefing for institutional investors and analysts on Tuesday, November 15, 2023. Individual investors can also participate in the financial results presentation via the web. Please check the Company's website. The explanatory material for the day is going to be disclosed on TDnet and posted on our website on the same day.

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1. Qualitative Information on Financial Results for the Quarter

(1) Explanation of operating result

The Group is engaged in various businesses in order to create business opportunities, develop businesses, change the industrial structure, and realize the ideal society ahead of anyone else in areas closely related to daily life, beyond barriers that no one has been able to break through, under the corporate philosophy of "Open Door". In particular, we are expanding our business in the Philippines to contribute to the development of the Philippine economy by providing a telecommunications environment that utilizes new IT technologies.

In the first half of the period under review, commodity and energy prices continued to soar, and monetary tightening continued worldwide to quell inflation. In addition, the prolonged Russian invasion of Ukraine and clashes in the Palestinian Gaza Strip have increased uncertainty about the economic outlook. In Japan, the new coronavirus infection has been downgraded to the same classification as seasonal influenza, and socioeconomic activities are normalizing, but the future remains unpredictable, including soaring commodity and energy prices amid the continuing trend of yen depreciation. In the Philippines, one of the Group's major markets, the GDP growth rate for the second quarter of 2023 was 4.3%, down from 6.4% in the first quarter, due to soaring commodity prices and higher policy interest rates. The impact of the new coronavirus infection has triggered ongoing changes in society, such as new ways of working based on remote work, further increasing the importance of communication via communication lines. The development and expansion of telecommunication lines as a life infrastructure that supports society is an urgent need in Japan, the Philippines, and around the world, and we will continue to aggressively expand our business.

Our group has acquired an international telecommunications network ("international telecommunications network") consisting of a portion of the rights to use the submarine cable connecting the Philippines with Singapore and Hong Kong (City-to-City Cable System, "C2C lines") and landlines in various countries. We have established a position as a carrier's carrier ("wholesaler for telecommunications carriers"). We are striving to expand our business by meeting growing telecommunications demand, jointly constructing submarine cables in the Philippines, laying land lines in the Philippines, expanding backbone lines in the Philippines, etc.

In Japan, the provision of services optimized for each customer in terms of software, communication lines, and consultation is expanding, especially for call center operators, which are experiencing increasing demand for communication traffic.

In the Medical and Healthcare Business, Shinagawa Healthcare Solutions Corporation, established in June last year, opened the "Shinagawa Diagnostic & Preventive Care Center," a physical examination and checkup center, in April 2023.

As a result of the above, net sales for the first half of the current fiscal year were 5,248 million yen (down 9.3% year-on-year) and operating income was 925 million yen (down 43.5% year-on-year). Ordinary income was 1,558 million yen (down 34.3% y-o-y) and net income attributable to owners of the parent was 954 million yen (down 42.5% y-o-y), due to the recording of 687 million yen in foreign exchange gains (compared with 740 million yen in foreign exchange gains in the previous period) as the yen continued to depreciate.

The financial results by segment are as follows:

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

(Global Telecommunications Business)

In the Global Telecommunications Business during the six months ended September 30, 2023, the Group continued to strengthen sales of C2C lines, an international telecommunications network for which the Group holds usage rights, to expand stock-type business. In addition, the Group continued to strengthen sales of Internet access services for corporate customers in Metro Manila, the main earnings driver for InfiniVAN, Inc. and the number of customers increased by 109 to 848 as of June 30, 2023, compared to March 31, 2023. However, despite the recording of sales of telecommunications equipment and other items, sales and profits declined, although they exceeded the annual plan, as sales were recorded in the same period of the previous year due to the receipt of a large-lot C2C line IRU provision project.

As a result, net sales amounted to 2,349 million yen (down 16.6% year on year), and segment income was 351 million yen (down 60.2% year on year).

(Note) IRU stands for Indefeasible Right of Use and refers to a long-term stable communication line usage right that cannot be cancelled or terminated without agreement between the parties. The Company has concluded mainly a 15-year IRU contract to purchase and sell the right to use international communication lines.

(Domestic Telecommunications Business)

In the Domestic Telecommunications Business during the six months ended September 30, 2023, we purchased a large amount of incoming call billing services (toll-free numbers) provided by major telecommunications carriers for the call center system "AmeyoJ" developed by Drishti-soft Solutions Pvt. Ltd. of India, which has sales agency rights in Japan. In our solutions for call centers, which combine a second-to-second billing service that is sold to call center operators, we have strengthened the development of new customers, built communication equipment that supports IP conversion (PSTN migration) of the telephone network, and although there was a significant decrease in traffic related to coronavirus infections recorded in the previous fiscal year, As a result of system development and service provision, the level was almost the same as in the same period of the previous year.

As a result, net sales amounted to 2,093 million yen (down 1.1% year-on-year) and segment income amounted to 438 million yen (up 1.7% year-on-year).

(Medical & Healthcare Business)

In the Medical & Healthcare Business during the six months ended September 30, 2023, SLACC was partially impacted by intensified competition and cost increases due to rising prices in LASIK, which is the mainstay of the business.

In addition, Shinagawa Healthcare Solutions Corporation, established in June last year, opened the Shinagawa Diagnostic & Preventive Care Center in April 2023, a high-quality physical checkup and health screening center that introduces diagnostic imaging and other technologies in which Japan excels. This business was affected by the need to spread the importance of preventive medicine to the Filipino population and the introduction of CT scans and MRIs as an upfront investment, which resulted in an increase in depreciation and other related expenses.

As a result, net sales were 804 million yen (down 5.3% year-on-year) and segment income was 132 million yen (down 61.2% year-on-year).

(2) Explanation of financial position

① Status of Assets, Liabilities and Net Assets

(Status of Assets)

Current assets at the end of the second quarter of the consolidated fiscal year ending March 31, 2024, were 15,183 million yen, an increase of 912 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 604 million yen increase in accounts receivable-trade and a 603 million yen increase in lease investment assets. Noncurrent assets totaled 14,176 million yen, up 3,336 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 3,342 million yen increase in property, plant and equipment resulting from capital investment.

As a result, total assets amounted to 29,404 million yen, up 4,275 million yen from the end of the previous consolidated fiscal year.

(Status of liabilities)

Current liabilities at the end of the second quarter of the consolidated fiscal year ending March 31, 2024, amounted to 12,410 million yen, up 160 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 727 million yen increase in current portion of long-term loans payable, while short-term loans payable decreased by 365 million yen and accounts payable-trade decreased by 266 million yen. Noncurrent liabilities amounted to 3,703 million yen, up 2,689 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 2,667 million yen increase in long-term debt.

As a result, total liabilities amounted to 16,114 million yen, up 2,849 million yen from the end of the previous consolidated fiscal year.

(Status of net assets)

Net assets including noncontrolling interests at the end of the second quarter of the consolidated fiscal year ending March 31, 2024, totaled 13,289 million yen, an increase of 1,425 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of 954 million yen in net income attributable to parent company shareholders and a 295 million yen increase in noncontrolling interests.

As a result, the equity ratio became 35.7% (37.2% at the end of the previous consolidated fiscal year).

② Status of Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the first half of the consolidated fiscal year ending March 31, 2024, decreased by 1,121 million yen from the end of the previous consolidated fiscal year to 5,759 million yen.

The status of each cash flow and their factors at the end of the first half of the consolidated fiscal year ending March 31, 2024, are as follows:

(Cash flows from operating activities)

Net cash used in operating activities amounted to 875 million yen (1,856 million yen provided in the same period of the previous year). This was mainly due to income taxes paid of 803 million yen, a decrease in notes and accounts payable-trade of 401 million yen, an increase in notes and accounts receivable-trade of 370 million yen, and an increase in lease investment assets of 333 million yen, while income before income taxes and minority interests increased to 1,559 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,771 million yen, an increase of 1,021 million yen from the same period last year. This was mainly due to purchase of property, plant and equipment of 2,791 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,188 million yen, an increase of 1,519 million yen year on year. This was mainly due to an increase of 2,602 million yen in short-term loans payable, while cash dividends paid totaled 217 million yen and repayment of long-term loans payable totaled 195 million yen.

(3) Explanation of forward-looking information such as consolidated earnings forecasts

Although there were some differences in business progress among segments, the overall performance of the Group during the second quarter of the current consolidated fiscal year was generally in line with plans. The full-year consolidated earnings forecast for the consolidated fiscal year ending March 31, 2024, announced on May 12, 2023, remains unchanged due to steady growth in the provision of lines in the international telecommunications business and the difficulty of predicting trends in foreign exchange rates, despite intensifying competition and rising prices in the Medical & Healthcare Business.

In addition, foreign exchange gains of 687 million yen were recorded under non-operating income in the first half of the consolidated fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023). This was mainly due to the valuation of foreign currency-denominated receivables and payables held by the Group at the exchange rate prevailing at the end of the second quarter of the consolidated fiscal year. Since it is difficult to predict trends in exchange rates, these gains are not reflected in the forecast figures for the full fiscal year.

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

(Unit: million yen)

	FY2022 (As of March 31, 2023)	2Q FY2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	6,881	5,759
Accounts receivable - trade	2,631	3,235
Lease receivable	3,203	3,806
Merchandise	35	27
Supplies	144	154
Other	1,619	2,520
Allowance for doubtful accounts	(245)	(322)
Total current assets	14,270	15,183
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles	3,016	3,886
Accumulated depreciation	(1,623)	(1,876)
Machinery, equipment and vehicles, net	1,393	2,009
Construction in progress	6,403	8,990
Land	78	85
Other, net	297	428
Total property, plant and equipment	8,171	11,514
Intangible assets		
The right to use communication lines	1,654	1,681
Goodwill	47	45
Other	58	65
Total intangible assets	1,760	1,792
Investments and other assets		
Investments in associates	—	12
Long-term prepaid expenses	256	188
Deferred tax assets	231	211
Other	423	465
Allowance for doubtful accounts	(4)	(7)
Total investments and other assets	907	869
Total non-current assets	10,839	14,176
Deferred assets	19	44
Total assets	25,129	29,404

(Unit: million yen)

	FY2022 (As of March 31, 2023)	2Q FY2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	1,781	1,514
Short-term borrowings	5,726	5,361
Current portion of long-term borrowings	443	1,170
Lease obligations	0	0
Accounts payable	147	117
Income taxes payable	881	597
Deferred payment profit	2,190	2,229
Provision for bonuses	39	30
Other	1,040	1,390
Total current liabilities	12,250	12,410
Non-current liabilities		
Long-term borrowings	760	3,428
Retirement benefit liability	65	68
Provision for retirement benefits for directors (and other officers)	143	-
Asset retirement obligations	17	17
Other	27	189
Total non-current liabilities	1,014	3,703
Total liabilities	13,265	16,114
Net assets		
Shareholders' equity		
Share capital	1,109	1,116
Capital surplus	1,004	1,011
Retained earnings	6,791	7,528
Treasury shares	(0)	(0)
Total shareholders' equity	8,905	9,656
Accumulated other comprehensive income		
Foreign currency translation adjustment	448	825
Re-measurements of defined benefit plans	1	1
Total accumulated other comprehensive income	449	826
Share acquisition rights	263	266
Non-controlling interests	2,245	2,541
Total net assets	11,864	13,289
Total liabilities and net assets	25,129	29,404

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Six months ended September 30)

(Unit: million yen)

	2Q FY2022 (For the six months ended September 30, 2022)	2Q FY2023 (For the six months ended September 30, 2023)
Net sales	5,783	5,248
Cost of sales	3,049	2,959
Gross profit	2,734	2,288
Selling, general and administrative expenses	1,097	1,363
Operating profit	1,636	925
Non-operating income		
Interest and dividend income	35	27
Foreign exchange gains	740	687
Other	2	78
Total non-operating income	778	794
Non-operating expenses		
Interest expenses	29	152
Other	13	8
Total non-operating expenses	43	160
Ordinary profit	2,372	1,558
Extraordinary income		
Gain on reversal of share acquisition rights	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	2,369	1,559
Income taxes	615	538
Profit	1,753	1,021
Profit attributable to non-controlling interests	93	66
Profit attributable to owners of parent	1,660	954

(Quarterly consolidated statement of comprehensive income)
(Six months ended September 30)

(Unit: million yen)

	2Q FY2022 (For the six months ended September 30, 2022)	2Q FY2023 (For the six months ended September 30, 2023)
Profit	1,753	1,021
Other comprehensive income		
Foreign currency translation adjustment	863	608
Re-measurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	864	608
Comprehensive income	2,618	1,629
Comprehensive income attributable to		
Owners of parent	2,311	1,331
Non-controlling interests	306	298

(3) Quarterly Consolidated statement of cash flows

(Unit: million yen)

	2Q FY2022 (For the six months ended September 30, 2022)	2Q FY2023 (For the six months ended September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,369	1,559
Depreciation	236	226
Gain on reversal of share acquisition rights	(1)	(0)
Share-based payment expenses	7	7
Foreign exchange losses (gains)	104	515
Increase (decrease) in allowance for doubtful accounts	69	63
Increase (decrease) in provision for bonuses	6	(9)
Increase (decrease) in retirement benefit liability	(6)	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	0
Interest and dividend income	(35)	(27)
Interest expenses	29	152
Loss on retirement of non-current assets	3	0
Decrease (increase) in trade receivables	(359)	(370)
Decrease (increase) in investments in leases	281	(333)
Decrease (increase) in inventories	(50)	12
Increase (decrease) in trade payables	839	(401)
Increase (decrease) in accounts payable - other	(1,356)	(48)
Increase (decrease) in deferred payment profit	(77)	38
Increase (decrease) in advances received	131	137
Other	7	(1,467)
Subtotal	2,201	53
Interest and dividends received	19	27
Interest paid	(17)	(152)
Income tax paid	(347)	(803)
Net cash provided by (used in) operating activities	1,856	(875)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,645)	(2,791)
Proceeds from sale of property, plant and equipment	-	25
Purchase of intangible assets	(28)	(16)
Expenditures from the acquisition of shares of affiliated companies	-	(12)
Payments of guarantee deposits	(51)	(32)
Proceeds from refund of guarantee deposits	5	0
Purchase of long-term prepaid expenses	(27)	(4)
Proceeds from cancellation of insurance funds	-	136
Other	(3)	(76)
Net cash provided by (used in) investing activities	(1,750)	(2,771)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,078	2,602
Repayments of long-term borrowings	(262)	(195)
Proceeds from issuance of shares	27	9
Proceeds from share issuance to non-controlling shareholders	144	-
Repayments of long-term accounts payable - other	(0)	(0)
Repayments of lease obligations	(9)	(10)
Payment of dividends	(307)	(217)
Cash flows from financing activities	669	2,188
Effect of exchange rate change on cash and cash equivalents	626	336
Net increase (decrease) in cash and cash equivalents	1,401	(1,121)
Cash and cash equivalents at beginning of period	5,788	6,881
Cash and cash equivalents at end of period	7,180	5,759

(4) 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.

(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 Second 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.

(Segment information, etc.)

[Segment information]

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on the amount of money of net sales, and profit or loss for each reportable segment and revenue breakdown information

(Unit: million yen)

	Reportable segment			Total	Adjustment amount	Quarterly Consolidated Financial statements Recorded amount (Note 1)
	Global Telecommunications Business	Domestic Telecommunications Business	Medical & Healthcare Business			
Net sales						
Revenue from contracts with customers	1,551	2,117	849	4,518	-	4,518
Other revenue (Note 2)	1,265	-	-	1,265	-	1,265
Net sales to external customers	2,816	2,117	849	5,783	-	5,783
Internal net sales or transfer amount between segments	487	-	-	487	(487)	-
Total	3,303	2,117	849	6,271	(487)	5,783
Segment profit	883	431	340	1,654	(17)	1,636

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

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

3. The minus 17million yen adjustment to segment profit (loss) is eliminations for inter-segment transactions.

2. Information on impairment losses or goodwill, etc. of non-current assets for each reported segment

[Information on impairment losses of non-current assets for each reportable segment]

Not applicable.

[Information on the amortized amount and unamortized balance of goodwill for each reportable segment]

The amount of amortization of goodwill and the total amount of undepreciated balance are not significant, so they are omitted.

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

1. Information on the amount of money of net sales, and profit or loss for each reportable segment and revenue breakdown information

(Unit: million yen)

	Reportable segment			Total	Adjustment amount	Quarterly 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 or loss is consistent with the operating profit in the quarterly consolidated financial statements.

2. Other revenue is lease revenue based on Corporate Accounting Standards No.13 "Accounting Standards for Lease Transaction".
3. The plus 3million yen adjustment to segment profit (loss) is eliminations for inter-segment transactions.

2. Matters related to changes in reportable segments

(Change of name of reportable segment)

The "Global Telecommunications Business," "Philippines Telecommunications Business," "Domestic Telecommunications Business," "Medical & Healthcare Business," and "Others" were renamed "Global Telecommunications Business," "Domestic Telecommunications Business," and "Medical & Healthcare Business," effective from the first quarter of the current fiscal year. Segment information for the first quarter of the previous fiscal year is also disclosed based on the segment classification after the change.

3. Information on impairment losses or goodwill, etc. of non-current assets for each reported segment

[Information on impairment losses of non-current assets for each reportable segment]

Not applicable.

[Information on the amortized amount and unamortized balance of goodwill for each reportable segment]

The amount of amortization of goodwill and the total amount of undepreciated balance are not significant, so they are omitted.

(Revenue recognition)

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