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Supplemental Materials on Results for FY2024

May 9, 2025

IPS, Inc.

Ticker Symbol 4390

Corporate Philosophy

OPEN DOOR

We create business opportunities ahead of anyone, develop business, change the industrial structure, and realize the ideal society in the field closely related to life where there are barriers that no one has yet overcome.

In order to contribute to the development of the Philippine economy by providing telecommunications services that utilize cutting-edge telecommunications technology, IPS Group is actively investing and working to expand its business in the Philippines.



※ Background: City of Makati, Philippines

Company Overview



Company Name IPS, Inc.
Code • Market 4390 • TSE Prime Market

Established October 1991

Head Office 8F, Togeki Bldg., 4-1-1 Tsukiji, Chuo-ku, Tokyo, Japan 104-0045

Founder & CEO Koji Miyashita

Business Segments



{ Global Telecommunications
Medical & Healthcare



Domestic Telecommunications

Subsidiaries

Overseas Subsidiaries (7 companies)

- InfiniVAN, Inc.
- ISMO Pte. Ltd.
- Carrier Domain, Inc.
- KEYSQUARE INC.
- CorporateONE, Inc.
- Shinagawa Lasik & Aesthetics Center Corporation (SLACC)
- Shinagawa Healthcare Solutions Corporation (SHSC)

Domestic Subsidiary (1 company)

- IPS Pro, Inc.

Japan



Philippines



Philippines





1 | Results for FY2024

Executive Summary



Results for FY2024

Net Sales

YoY

15,264 (million yen)

+8.1% (+1,146 million yen)

Both Net Sales and
Operating Profit
reached record
highs.

Operating Profit

YoY

4,413 (million yen)

+13.3% (+519 million yen)

Other Indicators

OP Margin

28.9%

Exchange rate at end of period
(End of March, 2024)

1USD = ¥149.53 (¥151.40)

1PHP = ¥2.61 (¥2.69)

※Figures in parentheses are as of the end of the previous fiscal year

Forecasts for FY2025

Net Sales

18,000 (million yen)

Operating Profit

5,250 (million yen)

Progress toward the Medium-Term Management Plan



Performance Targets	Net Sales	Operating Profit	Operating Profit Margin	ROE
Formulated in May 2024	16,500	4,290	26.0%	Over 20%
FY2024 Actual	15,264	4,413	28.9%	19.2%

Segment Overview	Target	Progress							
Global Telecommunications	<ul style="list-style-type: none">■ We aim to drive business growth by leveraging the domestic backbone network centered on the Philippine Domestic Submarine Cable Network (PDSCN), while also working to bridge the regional digital divide in internet access.	<ul style="list-style-type: none">■ Leveraging the network strengths of PDSCN and the international C2C cable, we are accelerating regional expansion and contributing to bridging the digital divide. Sales combining telecom equipment and network services are expanding, driving diversification of the business.							
	<ul style="list-style-type: none">■ We aim to expand the number of paying corporate internet connectivity service customers to 4,500 by the end of 2026.	<ul style="list-style-type: none">■ As of the end of December 2024, the number of paying customers reached 1,593. We are working to accelerate the process from contract to service activation and billing by strengthening our internal operations.  <table><caption>Number of Paying Customers (Global Telecommunications)</caption><thead><tr><th>Period</th><th>Number of Paying Customers</th></tr></thead><tbody><tr><td>Jan 2023</td><td>683</td></tr><tr><td>Jan 2024</td><td>1,058</td></tr><tr><td>Dec 2024</td><td>1,593</td></tr></tbody></table>	Period	Number of Paying Customers	Jan 2023	683	Jan 2024	1,058	Dec 2024
Period	Number of Paying Customers								
Jan 2023	683								
Jan 2024	1,058								
Dec 2024	1,593								
Domestic Telecommunications	<ul style="list-style-type: none">■ Development of new businesses in response to the IP migration of the telephone network (PSTN migration)	<ul style="list-style-type: none">■ Taking the opportunity of the PSTN migration, we are preparing to launch a new in-house service for "0120" and "0570" numbers. This fiscal year, we plan to start with services related to "0120" numbers.							
Medical & Healthcare	<ul style="list-style-type: none">■ LASIK: Achieve stable growth by providing safe, Japanese-standard LASIK procedures.■ Preventive Healthcare: Raise awareness of the importance of preventive healthcare and promote the adoption of Japanese-style medical checkups, cutting-edge diagnostic imaging equipment, and in-house laboratories as part of routine corporate health examinations.	<ul style="list-style-type: none">■ Despite intensified market competition, the LASIK business remains profitable through adjustments in marketing strategy.■ While there has been some delay compared to the initial plan, the number of patients visiting the medical checkup center—both through corporate channels and as individuals—is steadily increasing.							

Financial Highlight



Results for FY2024

(JPY:million)	4Q				Total			
	FY2023	FY2024	YoY	%	FY2023	FY2024	YoY	%
Net Sales	5,767	4,031	▲1,736	▲30.1%	14,117	15,264	+1,146	+8.1%
Operating Profit	2,439 (42.3%)	1,200 (29.8%)	▲1,238	▲50.8%	3,894 (27.6%)	4,413 (28.9%)	+519	+13.3%
Ordinary Profit	2,872	716	▲2,155	▲75.1%	4,427	4,073	▲353	▲8.0%
Profit Attributable to Owners of the Parent	1,884	119	▲1,764	▲93.7%	2,835	2,544	▲291	▲10.3%

Analysis of Results

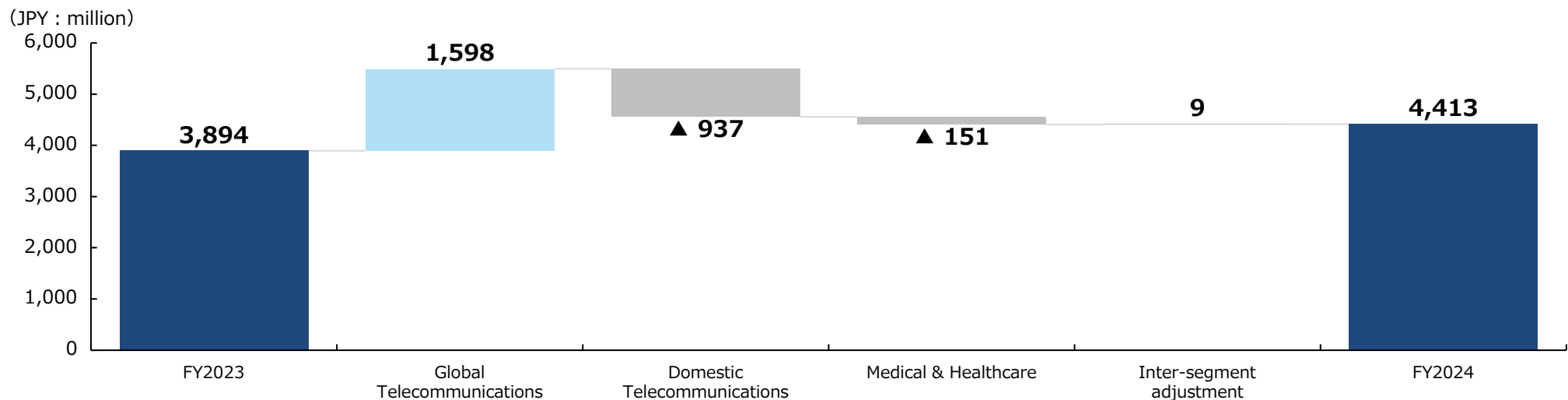
- **Net Sales** : Revenue increased by 8.1% year-on-year, primarily driven by growth in the Global Telecommunications business. Revenue is also becoming more evenly distributed across quarters.
- **Operating Profit** : Profit increased by 13.3% year-on-year, driven by revenue growth in the Global Telecommunications business, which offset the losses in the Domestic Telecommunications and Medical & Healthcare businesses. High profit margins were maintained.
- **Ordinary Profit** : Due to the appreciation of the yen— with the exchange rate at the end of March 2025 at ¥149.5 per USD, compared to ¥151.4 per USD at the end of March 2024— a foreign exchange loss of ¥276 million was recorded (compared to a gain of ¥730 million in the previous fiscal year), resulting in a 8.0% year-on-year decrease in profit.
- **Profit Attributable to Owners of the Parent** : Due to the recording of foreign exchange losses and other factors, profit decreased by 10.3% year-on-year.

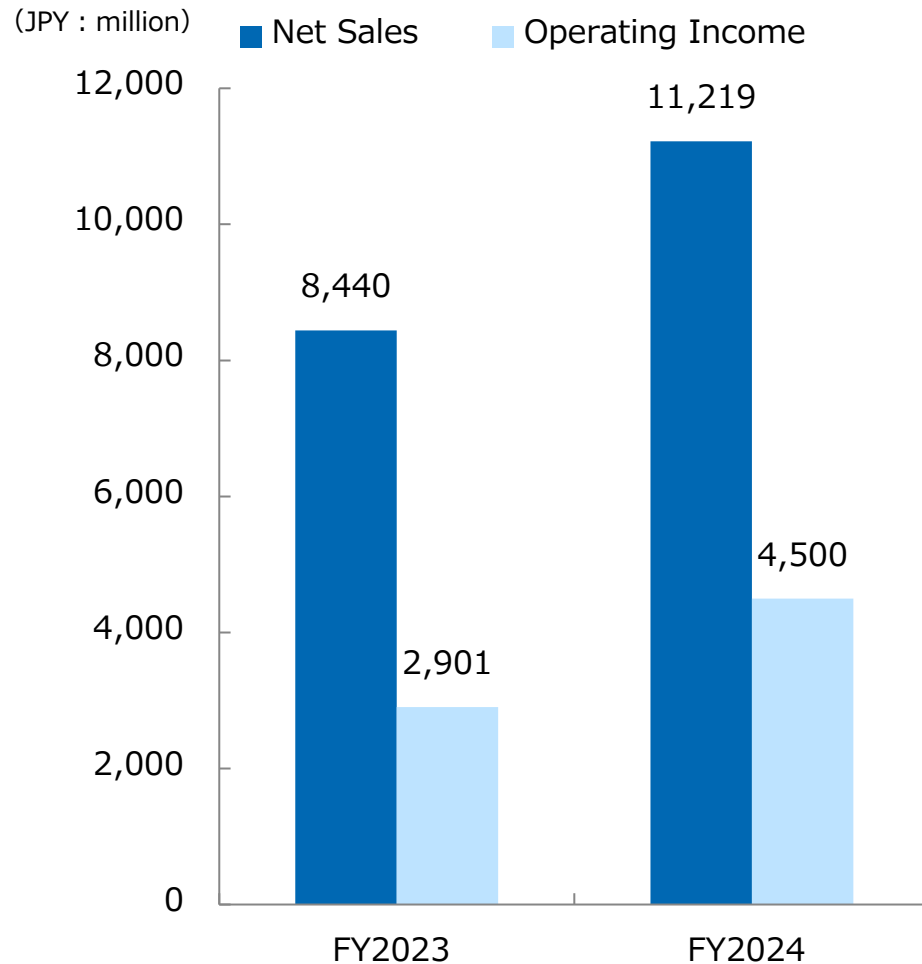
Results by Business Segment



JPY : million		Full-Year		
		FY2023	FY2024	YoY
■ Global Telecommunications	Net Sales	8,440	11,219	+2,778 (+32.9%)
	Operating Profit	2,901	4,500	+1,598 (+55.1%)
■ Domestic Telecommunications	Net Sales	4,116	2,489	▲1,626 (▲39.5%)
	Operating Profit	925	▲11	▲937 (—)
■ Medical & Healthcare	Net Sales	1,561	1,555	▲5 (▲0.4%)
	Operating Profit	67	▲84	▲151 (—)

Analysis of changes in operating profit



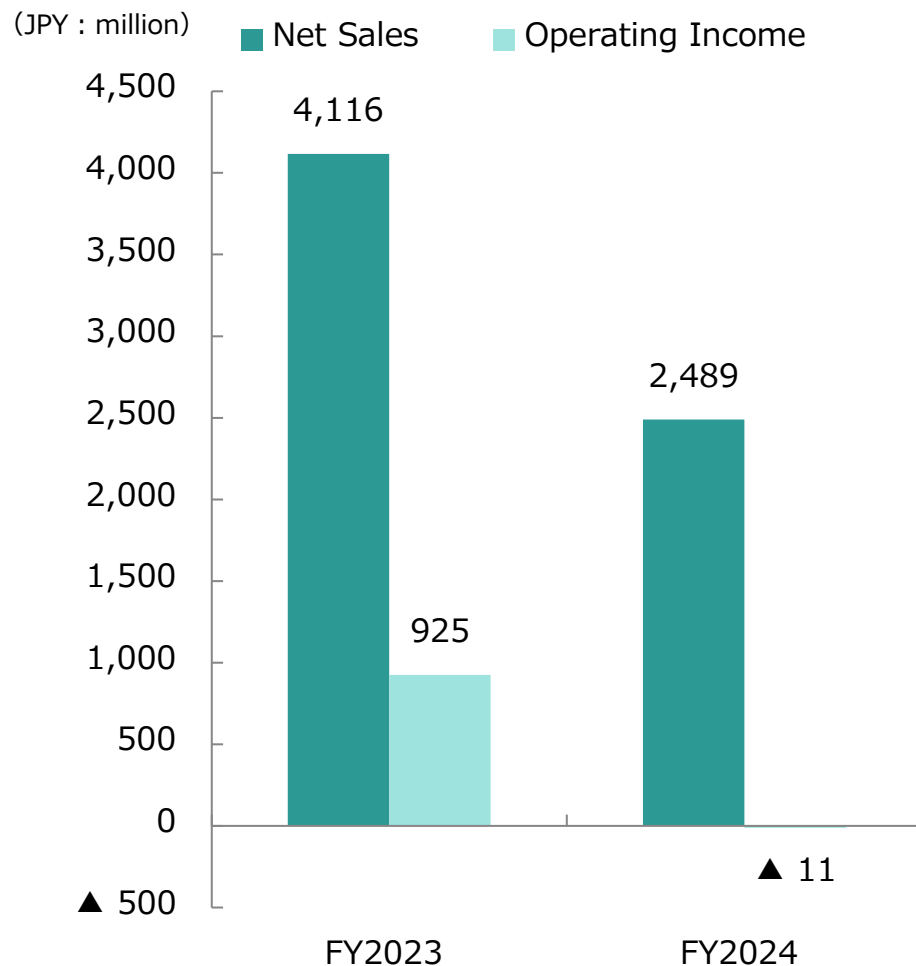


Network services and regional expansion contributed to earnings.

- Revenue and profit increased company-wide, supported by regional expansion of services leveraging the PDSCN¹ and C2C² networks.
- Sales of telecom lines and equipment bundled with networks expanded, including small-capacity sales to regional telecom operators.
- Corporate internet services grew through contracts with major clients such as banks and industrial parks. Paying users reached 1,593 as of Dec 2024. Continued efforts to streamline activation and billing processes.
- Received notification of participation in Cebu City smart city project, supporting government and municipalities with high-speed, stable infrastructure.

Note1: PDSCN = Philippine Domestic Submarine Cable Network, a domestic submarine cable system in the Philippines.

Note2: C2C = City-to-City Cable System, an international submarine cable connecting Manila to Hong Kong and Manila to Singapore.

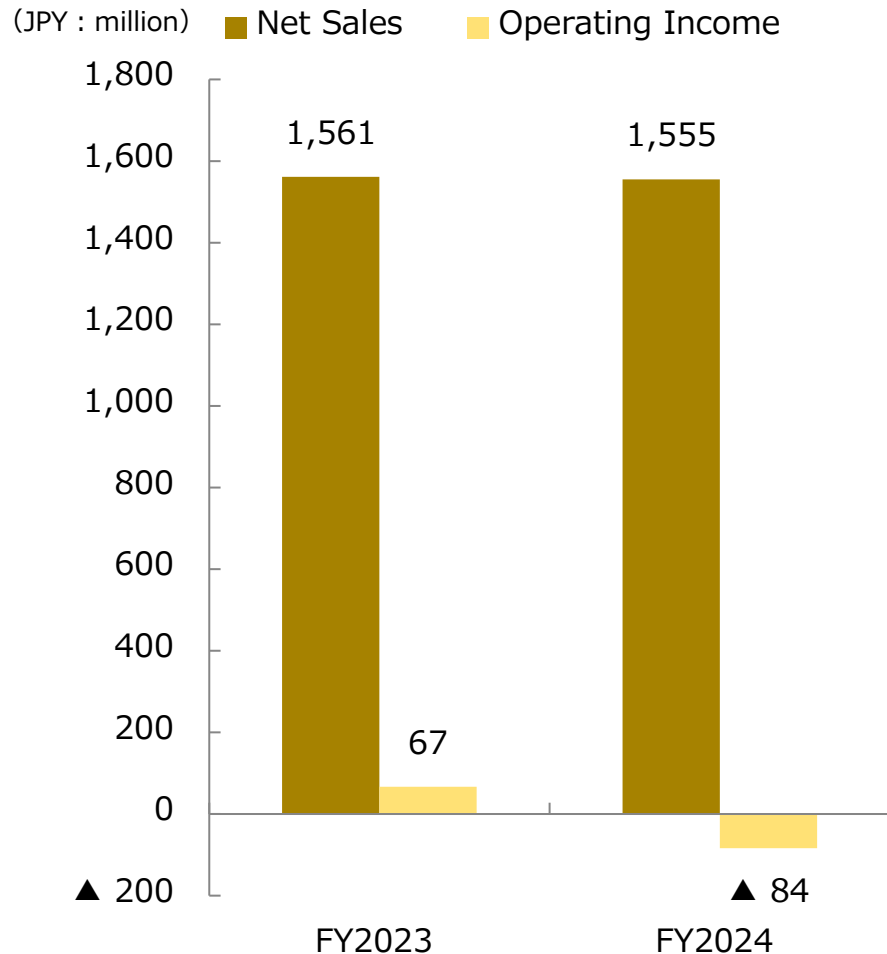


Operating Loss Due to Retrospective Access Charge Settlements and Transaction Revisions

- Interconnection charges (access charges) between telecom operators were affected by the IP migration of the telephone network (PSTN migration), resulting in temporary changes to charge levels and retrospective settlements covering three fiscal years. In addition, a conservative revision of certain transactions led to a decline in traffic. These factors collectively resulted in an operating loss.
- In our solution services for call center operators, we plan to begin in-house provision of “0120” toll-free numbers—previously sourced from major telecom carriers—within FY2025. Similar services for “0570” numbers are expected to launch in FY2026. These initiatives aim to better respond to customer needs and improve profit margins.
- Launched flat-rate calling plans for cloud CTI services and strengthened integration with AI solutions including speech recognition and LLMs to drive new customer acquisition.

Note 1: A number with a “toll-free function,” where charges are borne by the recipient rather than the caller.

Note 2: A number with the “unified number function,” where the caller is charged. A single 0570 number allows phone reception at multiple locations nationwide. This is often used by businesses or service providers to centralize their inquiry channels and enable efficient handling of calls.



LASIK eligibility expected to expand with population growth

- Despite intensified competition, LASIK remained profitable. Anticipate growth in younger customers with population increase. Focused on boosting procedures via revised marketing and service structure.
- Continued youth-targeted promotions including short-form SNS videos and installment plans with local banks offering interest discounts.
- Consolidated operations to two clinics (Ortigas & BGC) by closing aging Makati facility, aiming for efficiency and synergies with health checkup services.

Steady growth in medical checkup patient numbers.

- Monthly average patient visits in 2024 grew approx. 2.4x vs. 2023, with H2 doubling H1, driven by Japanese-style checkup services for corporates and individuals.
- Behind initial plan; depreciation from advanced diagnostic equipment led to a recorded loss, though monthly cash flow turned positive.
- Targeting full-year profitability through demand from high-margin foreign companies and continued health awareness efforts via SNS.

Consolidated Balance Sheets

(JPY:million)

Assets				Liabilities and Net assets			
	FY2023	FY2024	Change		FY2023	FY2024	Change
Current assets	17,864	23,637	5,772	Current liabilities	12,532	16,747	4,215
Cash and deposits	4,234	3,918	▲ 316	Accounts payable – trade	670	1,137	467
Accounts receivable - trade	5,532	11,269	5,736	Borrowings	4,587	6,059	1,472
Lease receivables	5,789	6,517	728	Deferred payment profit	4,076	4,709	633
Others	2,307	1,932	▲ 375	Others	3,197	4,840	1,642
Non - current assets	15,624	18,363	2,738	Non - current liabilities	5,814	4,300	▲ 1,513
Property, plant and equipment	11,565	12,882	1,316	Long - term borrowings	5,514	4,010	▲ 1,503
Intangible assets	2,865	4,006	1,141	Others	299	289	▲ 9
Investments and other assets	1,194	1,474	280	Total liabilities	18,346	21,048	2,702
Deferred assets	40	30	▲ 9	Net assets	15,183	20,982	5,799
				Shareholders' equity	11,090	12,976	1,886
				Accumulated other Comprehensive income	210	2,263	2,052
				Share acquisition right	264	290	26
				Non - controlling interests	3,617	5,452	1,834
Total assets	33,529	42,031	8,501	Total liabilities and Net assets	33,529	42,031	8,501

※Since each account item is rounded down to the nearest million yen, the total amounts in the table may not match the sum of the individual items.



2 | FY2025 Earnings Forecast

FY2025 Earnings Forecast



(JPY:million)

Assumed Exchange Rates ・ USD 1=JPY 140 ・ PHP 1=JPY 2.5	FY2024 Actual	FY2025 Forecast			
		1H	2H	Full Year	YoY
Net Sales	15,264	8,200	9,800	18,000	+17.9%
Operating Profit	4,413	2,000	3,250	5,250	+18.9%
Ordinary Profit	4,073	1,800	3,100	4,900	+20.3%
Profit Attributable to Owners of the Parent	2,544	900	2,100	3,000	+17.9%

Overview of Full-Year Forecast

- Net sales and operating profit are projected at JPY 18.0 billion and JPY 5.25 billion, respectively. Ordinary profit and profit attributable to owners of the parent are expected to reach JPY 4.9 billion and JPY 3.0 billion.
- In Global Telecommunications, we plan to expand service offerings by leveraging the domestic backbone network in the Philippines, centering on InfiniVAN's C2C and PDSCN cables. Expansion of the customer base in both Metro Manila and regional areas, along with business diversification, is expected to drive revenue growth.
- In Domestic Telecommunications, while partial revisions to access charge-related transactions and inter-operator traffic declines continue to weigh on performance, a recovery is anticipated. This will be supported by new services aligned with telephone network IP migration and highly profitable call center solutions, leading to a return to profitability.
- In Medical & Healthcare, although the LASIK market remains highly competitive, we aim to improve earnings through optimized clinic operations and demand-based promotions. In the advanced checkup segment, patient visits are steadily increasing amid ongoing public health awareness initiatives. This is expected to improve profitability and secure more repeat customers, with the overall segment targeting a return to profit.

FY2025 Segment-Based Earnings Forecast



(JPY:million)

Business Segment		FY2024 Actual	FY2025 Forecast	Change
Net Sales		15,264	18,000	+2,736
	Global Telecommunications	11,219	13,550	+2,331
	Domestic Telecommunications	2,489	2,450	▲39
	Medical & Healthcare	1,555	2,000	+445
Operating Profit		4,413	5,250	+837
	Global Telecommunications	4,500	4,800	+300
	Domestic Telecommunications	▲ 11	250	+261
	Medical & Healthcare	▲ 84	200	+284
	Inter-segment adjustment	9	—	—
OP Margin		28.9%	29.2%	—
	Global Telecommunications	40.1%	35.4%	—
	Domestic Telecommunications	—	10.2%	—
	Medical & Healthcare	—	10.0%	—

※Since each item is rounded down to the nearest million yen, the total amounts in the table may not match the sum of the individual items.

Dividend Policy



Dividend Status	Interim	Year-End	Total
FY2023	¥17.5	¥19.5	¥37
FY2024	¥20	¥20	¥40
FY2025 Forecast	¥20	¥20	¥40



Outlook: Maintain Current Dividend Level Over the Next 3 Years

- We position stable and sustainable shareholder returns as a key management policy. (Targeting a dividend payout ratio of 20%)
- On the other hand, we are planning large-scale strategic investments, such as the construction of an Asia international submarine cable. These are essential for realizing long-term growth and will directly contribute to strengthening future earnings and enhancing corporate value.
- To prepare for this, we have decided to prioritize maintaining financial health and securing funding flexibility. Accordingly, we plan to keep the current dividend level for approximately the next three years until the investment phase is completed.
- We have consistently emphasized efficient capital management, achieving ROE well above the average of Prime-listed companies. Based on this track record, we aim to maximize returns from the upcoming strategic investments and ultimately deliver even greater shareholder returns in the future.

- This document contains outlooks, future plans, management goals, etc. related to the Company. These forward-looking statements are based on current assumptions about future events and trends, and there is no guarantee that those assumptions are accurate. Actual results may differ materially from those described in this document due to various factors.
- Unless otherwise stated, the financial data contained in this document is presented in accordance with generally accepted accounting principles in Japan.
- Regardless of the occurrence of future events, the Company does not necessarily revise the announcements regarding future prospects that have already been made, unless required by the disclosure rules.
- Information about companies other than our company relies on publicly known information.

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