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November 8, 2024

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Trading Name: IPS, Inc.
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Code Number: 4390 Prime Market of the Tokyo Stock Exchange
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Notice Regarding the Difference between Consolidated Earnings Forecast and Actual Results for the Six Months Ended September 30, 2024, and the Recognition of (Consolidated and Non-consolidated) Non-operating Expenses (Foreign Exchange Losses)

We would like to inform you of the difference between the consolidated earnings forecast for the six months ended September 30, 2024, announced on August 9, 2024, and the actual results announced today.
In addition, the Company has recorded non-operating expenses (foreign exchange losses) in this interim consolidated accounting period (from April 1, 2024, to September 30, 2024) as detailed below.

1. The difference between consolidated earnings forecast and actual results for the six months ended September 30, 2024

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast	Millions of yen 7,250	Millions of yen 1,500	Millions of yen 1,270	Millions of yen 760	Yen 59.06
Actual results	7,744	2,339	1,588	961	74.62
Changes	494	839	318	201	—
Changes (%)	6.8	56.0	25.1	26.5	—
(Reference) Results for the six months ended September 30, 2023	5,248	925	1,558	954	76.74

2. Reason for the difference

In the current interim consolidated accounting period (from April 1, 2024, to September 30, 2024), net sales and operating profit exceeded the previous forecast, mainly due to the provision of telecommunication lines and sales of telecommunication equipment in the Global Telecommunications Business.

Ordinary profit and profit attributable to owners of parent also exceeded the previous forecast, although the aforementioned non-operating expenses (foreign exchange losses) were recorded due to the valuation of foreign currency-denominated receivables and payables held by the Group at the end of the period, mainly due to the appreciation of the yen. This foreign exchange loss will fluctuate depending on future exchange rate conditions.

3. Non-operating expenses (foreign exchange losses)

In the first quarter of the fiscal year ending March 31, 2025 (from April 1, 2024, to June 30, 2024), foreign exchange gains were recorded in non-operating income, but the yen subsequently appreciated rapidly against U.S. dollar. In addition, since the valuation related to U.S. dollar-denominated debts of overseas subsidiaries is made at the U.S. dollar-Philippine peso exchange rate at the end of June 2024, non-operating expenses (foreign exchange losses) increased due to the weakening of the peso. As a result, for the interim period (from April 1, 2024, to September 30, 2024), foreign exchange losses of 677 million yen and 397 million yen were recorded as non-operating expenses in the consolidated and non-consolidated financial statements, respectively.

For the impact of the non-operating expenses (foreign exchange losses) on the consolidated financial results, please refer to the “Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)” released today.