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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

August 8, 2025

Company name: IPS, Inc.
Listing: Tokyo Stock Exchange
Securities code: 4390
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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, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	3,422	(6.4)	1,048	37.9	973	(10.7)	652	(0.0)
June 30, 2024	3,657	47.5	760	83.7	1,089	4.3	652	1.9

(Note) Comprehensive income: Three months ended June 30, 2025: (¥563) million [—%]
Three months ended June 30, 2024: ¥1,318 million [244.3%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	50.32	49.44
June 30, 2024	50.70	49.58

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	41,424	20,180	33.2
March 31, 2025	42,031	20,982	36.3

(Reference) Equity: As of June 30, 2025: ¥13,744 million
As of March 31, 2025: ¥15,239 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, 2025	—	20.00	—	20.00	40.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (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, 2026 (from April 1, 2025 to March 31, 2026)

(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	8,200	5.9	2,000	(14.5)	1,800	13.3	900	(6.4)	69.43
Fiscal year ending March 31, 2026	18,000	17.9	5,250	18.9	4,900	20.3	3,000	17.9	231.42

(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 quarterly consolidated financial statements: Yes

(Note) For details, refer to the attachment page 8 “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: None
(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, 2025:	12,965,800 shares
As of March 31, 2025:	12,963,300 shares

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

As of June 30, 2025:	426 shares
As of March 31, 2025:	426 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2025:	12,965,319 shares
Three months ended June 30, 2024:	12,871,645 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 3 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 12, 2025. 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 8, 2025.

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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.

In the first quarter of the consolidated fiscal year, the global economy remained uncertain due to ongoing geopolitical risks, including the situations in the Middle East and Ukraine, uncertainties over U.S. tariff policies, and concerns about the Chinese economy. In Japan, while there are signs of a moderate economic recovery supported by increasing inbound tourism demand, outlook remains unclear due to persistently high prices of goods and energy, and foreign exchange fluctuations.
In the Philippines, one of our core markets, the real GDP growth rate for the January–March 2025 quarter was 5.4% year-on-year, slightly up from 5.3% in the previous quarter, continuing its trajectory of sustainable growth within Southeast Asia. As digitalization accelerates, society's demand for high-capacity, high-speed communications, such as for AI and data center use continues to rise, highlighting the growing importance of telecommunications infrastructure. The development and expansion of communication lines as a vital social infrastructure is a pressing global issue, including in Japan and the Philippines, and we intend to continue actively expanding our business 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 an international telecommunications network consisting of terrestrial lines in each country, establishing and expanding our position as a carrier’s carrier (wholesale provider for telecom operators) to meet growing demand for communications. In addition, through the expansion of the domestic backbone network centered on the Philippine Domestic Submarine Cable Network (hereinafter "PDSCN") completed in December 2023, we are working to further expand our business by expanding our domestic backbone network centered on the PDSCN and providing communication lines and services throughout the Philippines.
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 & Healthcare segment, Shinagawa Lasik & Aesthetics Center Corporation (hereinafter "SLACC") continues to offer stable LASIK services in the Philippines. At the same time, Shinagawa Healthcare Solutions Corporation (hereinafter "SHSC") is promoting preventive medicine in the country through the Shinagawa Diagnostic & Preventive Care Center (hereinafter "SDPCC"), a health screening center launched in April 2023 that adheres to Japanese medical standards.

As a result, for the first quarter consolidated cumulative period, net sales were ¥3,422 million (6.4% decrease year-on-year), with operating profit of ¥1,048 million (37.9% increase). Mainly due to the appreciation of the yen, a foreign exchange loss of ¥115 million was recorded (compared to a gain of ¥350 million in the previous year), resulting in an ordinary profit of ¥973 million (10.7% decrease), and profit attributable to owners of the parent was ¥652 million (0.0% decrease).

The financial results by segment are as follows:

(Global Telecommunications Business)
Our group continued to expand the provision of lines and services using C2C Cables, for which we hold usage rights, and the Philippine domestic backbone network centered on PDSCN from the Metro Manila area to provincial areas.
Network construction services, including the sale of telecommunications equipment to telecommunications carriers in provincial areas, and diverse sales based on large and small capacity remained strong, resulting in overall revenue growth. InfiniVAN, Inc.'s corporate internet service saw the number of customers increase by 153 from the end of December 2024 to 1,746 by the end of March 2025, resulting in revenue for the entire business.
As a result, net sales were ¥2,417 million (down 8.6% year-on-year), and segment profit was ¥944 million (up 13.5% year-on year).

(Domestic Telecommunications Business)

Our group continued to offer tailored license sales for solution services that integrate “AmeyoJ,” a call center system for which we hold exclusive domestic distribution rights in Japan, with per-second billing options for call center operators using telephone lines procured from major telecommunications carriers.

We also made steady progress in preparing to launch new in-house services, such as toll-free 0120 numbers, where charges are borne by the receiving party.

In relation to voice line interconnections between telecom carriers, we conducted a conservative review of access charge levels in light of the ongoing transition of telephone networks to IP-based infrastructure (PSTN migration).

Despite this cautious stance, the business achieved increased revenue and profitability, mainly due to the absence of a one-time negative impact—namely, retroactive settlements for prior fiscal years—that had affected the same period in the previous year.

As a result, revenue reached 628 million yen (decrease of 9.7% compared to the same period of the previous year), and segment profit reached 133 million yen (compared to a segment loss of 26 million yen in the same period of the previous year).

(Medical & Healthcare Business)

SLACC’s LASIK operations in Metro Manila faced intensified market competition. However, by flexibly adapting its marketing strategies and service offerings, the company focused on increasing procedure volume, particularly among younger customers.

At SHSC, the Shinagawa Diagnostic & Preventive Care Center (SDPCC), a comprehensive health screening facility, continues to face a cost burden from depreciation of advanced medical equipment such as CT and MRI scanners. Nevertheless, by providing high-quality imaging diagnostics in accordance with Japanese medical standards, the center is steadily promoting the use of regular health check-ups, resulting in a consistent increase in patient visits.

As a result, sales were 375 million yen (18.8% increase) and segment loss were 29 million yen (compared with a loss of 54 million yen 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 ¥23,688 million, an increase of 51 million from the end of the previous consolidated fiscal year. This was mainly due to lease receivables decreased by ¥411 million, while increase accounts receivable - trade amount to ¥443 million and merchandise increased by ¥8 million.

Non-current assets were ¥17,707 million, decrease of ¥655 million from the end of the previous consolidated fiscal year. This was mainly due to total property, plant and equipment decreased by ¥396 million, and total intangible assets decreased by ¥273 million.

As a result, total assets were ¥41,424 million, decrease of ¥606 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 ¥17,102 million, an increase of ¥354 million from the end of the previous consolidated fiscal year. This was mainly due to Short-term borrowings increased by ¥450 million, and current portion of long-term borrowings increased by ¥52 million.

Non-current liabilities were ¥4,141 million, a decrease of ¥159 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease of ¥157 million in long-term borrowings.

As a result, total liabilities were ¥21,243 million, an increase of ¥195 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 ¥20,180 million, decrease of ¥802 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 ¥676 million, foreign currency translation adjustment decreased by ¥1,892 million and dividend payments amounting to ¥259 million.

As a result, the equity ratio was 33.2% (36.3% at the end of the previous consolidated fiscal year).

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

The Group's performance in the first quarter of the fiscal year progressed largely in line with our expectations. Therefore, there are no changes to the consolidated earnings forecasts for the six-month and full-year periods previously announced on May 9, 2025.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	3,918	3,807
Accounts receivable - trade	11,269	11,712
Leases receivables	6,517	6,106
Merchandise	137	145
Supplies	140	96
Other	2,745	2,810
Allowance for doubtful accounts	(1,090)	(990)
Total current assets	23,637	23,688
Non-current assets		
Property, plant and equipment		
Buildings and structures	980	941
Accumulated depreciation	(455)	(462)
Buildings and structures, net	525	478
Machinery, equipment and vehicles	9,714	9,275
Accumulated depreciation	(2,647)	(2,586)
Machinery, equipment and vehicles, net	7,067	6,688
Tools, furniture and fixtures	350	343
Accumulated depreciation	(261)	(265)
Tools, furniture and fixtures, net	89	77
Leased assets	47	47
Accumulated depreciation	(41)	(41)
Leased assets, net	5	5
Construction in progress	5,194	5,234
Total property, plant and equipment	12,882	12,485
Intangible assets		
The right of use communication lines	3,137	2,882
Goodwill	28	23
Other	840	827
Total intangible assets	4,006	3,733
Investments and other assets		
Shares of subsidiaries and associates	110	102
Long-term prepaid expenses	169	172
Deferred tax assets	595	621
Other	603	592
Allowance for doubtful accounts	(4)	(0)
Total investments and other assets	1,474	1,489
Total non-current assets	18,363	17,707
Deferred assets	30	28
Total assets	42,031	41,424

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,137	728
Short-term borrowings	4,250	4,700
Current portion of long-term borrowings	1,809	1,862
Accounts payable	519	662
Income taxes payable	344	234
Deferred payment profit	4,709	4,615
Provision for bonuses	35	36
Other	3,941	4,261
Total current liabilities	16,747	17,102
Non-current liabilities		
Long-term borrowings	4,010	3,853
Retirement benefit liability	82	79
Asset retirement obligations	4	4
Other	203	203
Total non-current liabilities	4,300	4,141
Total liabilities	21,048	21,243
Net assets		
Shareholders' equity		
Share capital	1,208	1,210
Capital surplus	542	544
Retained earnings	11,227	11,620
Treasury shares	(0)	(0)
Total shareholders' equity	12,976	13,373
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,266	373
Remeasurements of defined benefit plans	(3)	(2)
Total accumulated other comprehensive income	2,263	371
Share acquisition rights	290	306
Non-controlling interests	5,452	6,129
Total net assets	20,982	20,180
Total liabilities and net assets	42,031	41,424

(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, 2024	Three months ended June 30, 2025
Net sales	3,657	3,422
Cost of sales	1,805	1,590
Gross profit	1,851	1,831
Selling, general and administrative expenses	1,091	783
Operating profit	760	1,048
Non-operating income		
Interest and dividend income	45	59
Foreign exchange gains	350	—
Other	42	58
Total non-operating income	438	118
Non-operating expenses		
Interest expenses	104	71
Foreign exchange losses	—	115
Other	4	6
Total non-operating expenses	109	193
Ordinary profit	1,089	973
Extraordinary losses		
Loss on sale of non-current assets	—	0
Total extraordinary losses	—	0
Profit before income taxes	1,089	973
Income taxes	322	78
Profit	767	894
Profit attributable to non-controlling interests	114	242
Profit attributable to owners of parent	652	652

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	767	894
Other comprehensive income		
Foreign currency translation adjustment	551	(1,460)
Remeasurements of defined benefit plans, net of tax	0	0
Share of other comprehensive income of entities accounted for using equity method	(0)	2
Total other comprehensive income	550	(1,458)
Comprehensive income	1,318	(563)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,023	(1,240)
Comprehensive income attributable to non-controlling interests	295	677

(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)

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 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, 2024	Three months ended June 30, 2025
Depreciation expenses	246	220
Amortization of goodwill	3	3

(Segment information, etc.)

[Segment information]

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.

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

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	1,979	628	375	2,984	—	2,984
Other revenue (Note 2)	438	—	—	438	—	438
Net sales to external customers	2,417	628	375	3,422	—	3,422
Internal net sales or transfer amount between segments	8	1	5	15	(15)	—
Total	2,426	630	381	3,438	(15)	3,422
Segment profit (loss)	944	133	(29)	1,048	—	1,048

(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. An 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 9 “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to quarterly consolidated financial statements (Segment information, etc.)”

(Significant Subsequent Event)

Capital Investment in a New International Submarine Cable (Acquisition of Fixed Assets)

(1) Reasons for Acquisition

Our ownership allocated in the new cable consists of three fiber pairs (FPs) of the main trunk and FPs in applicable branches. The primary reason for this acquisition is to establish a fundamental business asset enabling us to broaden our telecommunications business in Asia, in addition to existing City- to-City Cable System (C2C Cable) where we already hold partial usage rights in routes connecting the Philippines, Hong Kong and Singapore.

In relation to the said new cable, we will be involved in the constructions or acquisitions of relevant regional telecom assets such as cable landing stations (CLSs) and backhaul fiber cables connecting the CLSs and data centers, etc. These will contribute to the expansion of our business, too. It is also expected that the countries and regions in which our partners in above projects are based, their business scopes and the possible types of deals with them will expand.

By entering into this joint construction agreement of the international submarine cable and other related agreements, our company will obtain and maintain the relevant permits and licenses granting us rights and obligations relating to the projects for a long period of time.

In the regions of the submarine cable where our company and its subsidiaries are directly involved in a hands-on manner, an ecosystem of virtuous profit cycle is expected to develop through the effective utilization of cutting-edge, high-quality products, services, and technologies originating from countries such as Japan, in addition to external funds and funds from customers.

The construction of the submarine cable is also expected to contribute to the development of data hubs and AI infrastructure in the Philippines and Japan, as well as to the enhancement of economic security. It is anticipated that this will bring significant benefits to relevant global tech companies, major telecommunications carriers, cable TV operators, ISPs, enterprise and individual customers, and government agencies and local authorities in the Philippines.

This project represents the largest capital investment in our history — a highly strategic initiative that not only contributes to social value and economic security, but also significantly strengthens our business foundation across Asia. It is expected to drive sustainable growth and enhance our corporate value. With this initiative, we are taking an important step toward a new phase of growth.

(2) Details of the Acquired Assets

(i) Summary of Assets

Consortium: Confidential, due to a confidentiality agreement. We will make a prompt disclosure once allowed under the consortium agreement or equivalent arrangements.

Main Routes: Among Japan, the Philippines, and Singapore

Service Life: For 25 years

Commercial Use Commencement: March 2028 (scheduled)

(ii) Acquisition cost

For our allocated ownership: USD 131 million (approximately JPY 19 billion, calculated at an exchange rate of 1 USD = 145 JPY).

This amount exceeds 30% of the consolidated net assets of our company as of the end of the most recent consolidated fiscal year.

The total investment amount for the entire submarine cable will not be disclosed due to the confidentiality agreement.