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Supplemental Materials on Results for the 1st Quarter FY2025

August 8, 2025

IPS, Inc.

Ticker Symbol 4390

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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

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Executive Summary

Results for FY2025 1Q

Net Sales	YoY	Progress
3,422 (million yen)	▲6.4% (▲235 million yen)	+19.0%

Operating Profit	YoY	Progress
1,048 (million yen)	+37.9% (+288 million yen)	+20.0%

Forecasts for FY2025

Net Sales	Operating Profit	
18,000 (million yen)	5,250 (million yen)	※Unchanged from the previous fiscal year-end.

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1 FY2025 First Quarter Financial Results Summary

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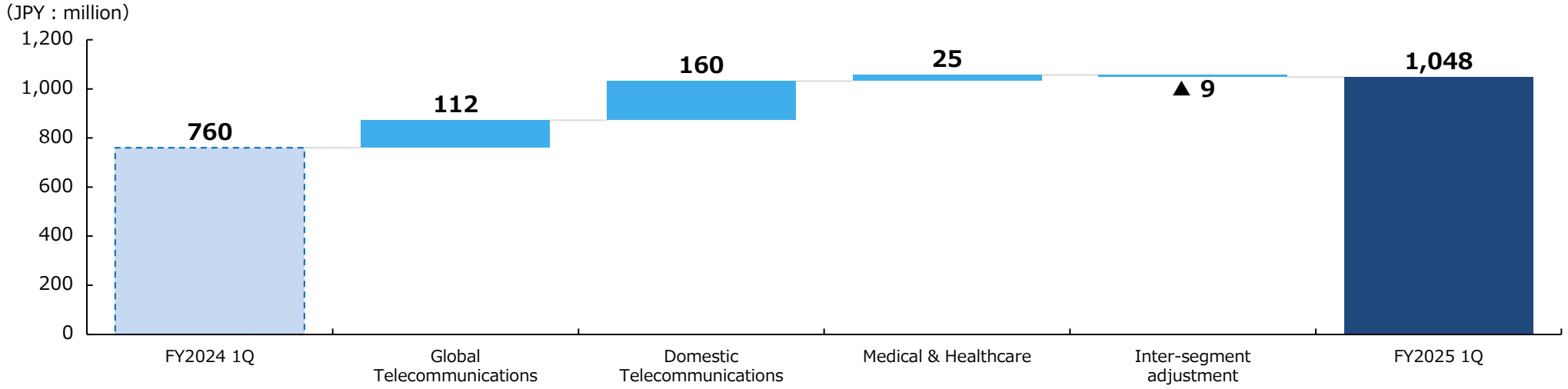
Financial Highlights

Results for the first quarter of FY2025

(JPY : million)

	FY2024				FY2025				
	1Q	2Q	3Q	4Q	1Q	YoY		Forecast	Progress
Net Sales	3,657	4,087	3,488	4,031	3,422	▲235	▲6.4%	18,000	19.0%
Operating Profit	760	1,579	873	1,200	1,048	+288	+37.9%	5,250	20.0%
Ordinary Profit	1,089	498	1,788	696	973	▲116	▲10.7%	4,900	19.9%
Profit Attributable to Owners of the Parent	652	308	1,463	119	652	▲0.2	▲0.03%	3,000	21.7%

Analysis of changes in operating profit



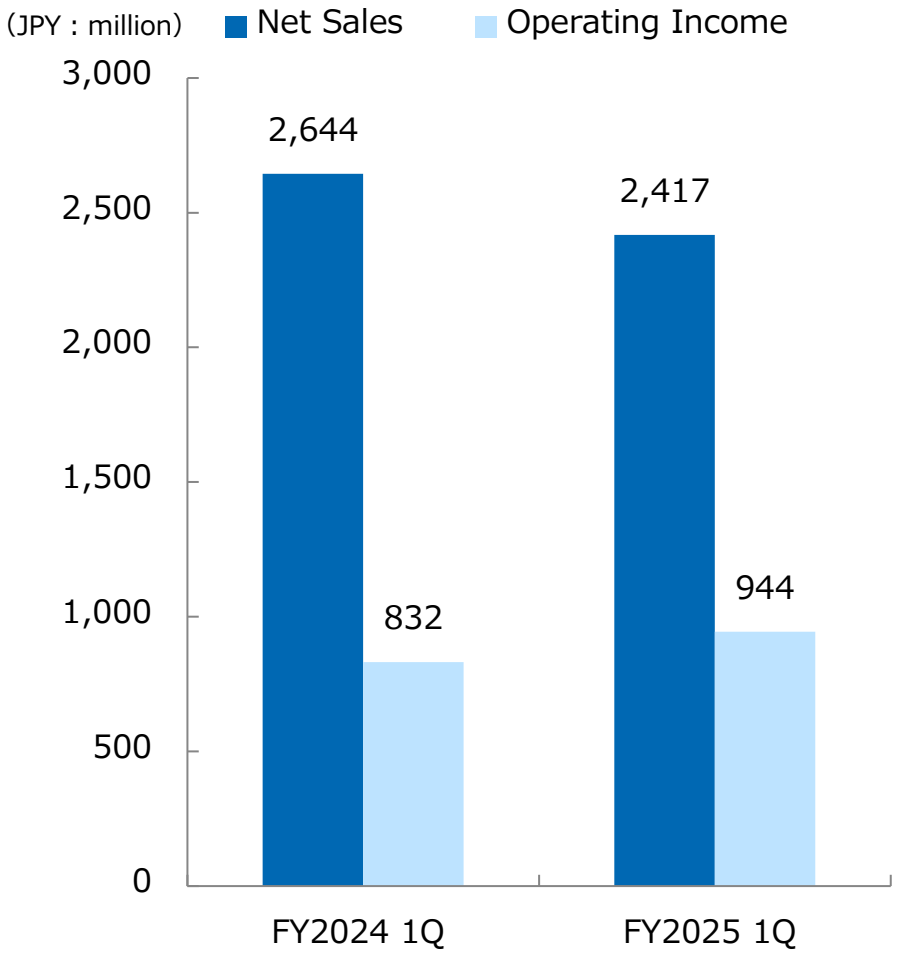
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Segment Highlights

JPY : million		1Q		
		FY2024	FY2025	YoY
Global Telecommunications *ISMO Pte. Ltd.* *CorporateONE, Inc.* *Carrier Domain, Inc.* *KEYSQUARE INC.*	Net Sales	2,644	2,417	▲226 (▲8.6%)
	Operating Profit	832	944	+112 (+13.5%)
Domestic Telecommunications	Net Sales	696	628	▲67 (▲9.7%)
	Operating Profit	▲26	133	+160 (–)
Medical & Healthcare	Net Sales	316	375	+59 (+18.8%)
	Operating Profit	▲54	▲29	+25 (–)

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Global Telecommunications

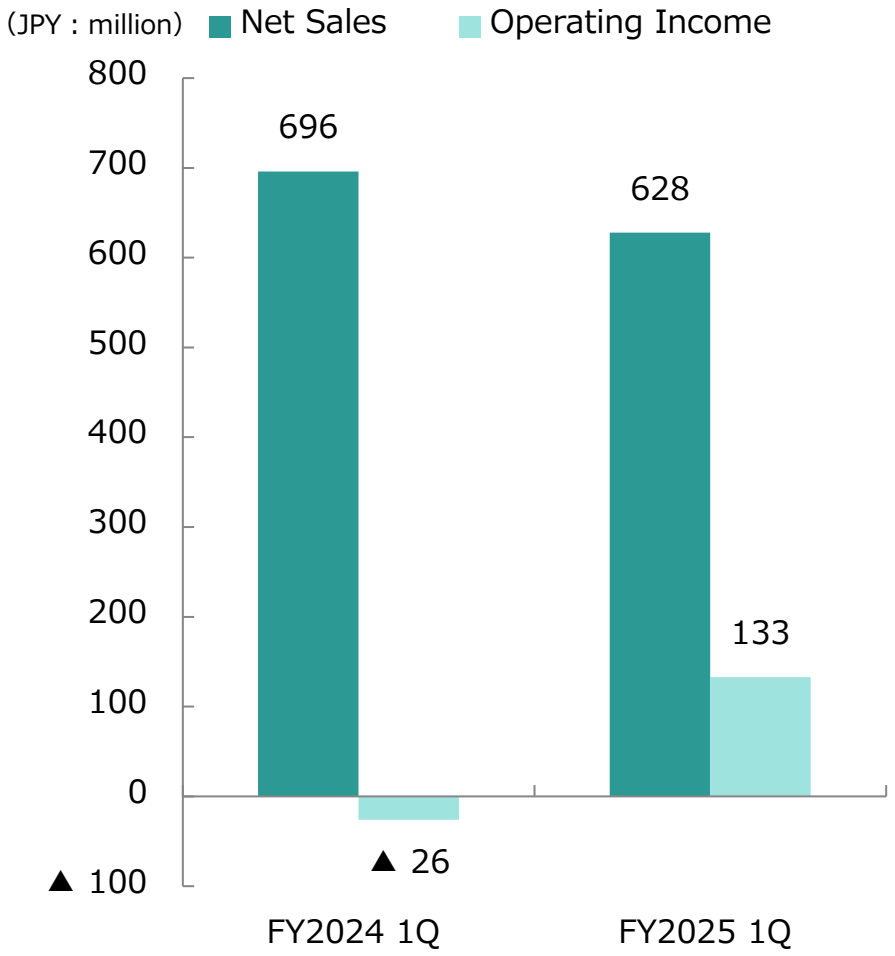


Accelerated Regional Expansion Centered on PDSCN; Network Deployment Services Remain Solid with Improved Profit Efficiency

- The Group continues to expand the provision of connectivity and services from Metro Manila to regional areas, leveraging the C2C submarine cable system—of which we hold usage rights—and the Philippines' domestic backbone network centered on the PDSCN.
- Network deployment services, including sales of telecommunications equipment to regional carriers, have remained solid, supported by steady demand for both large- and small-capacity offerings.
- As this marks the second year of full-scale regional expansion following the completion of the PDSCN, we have strategically focused on high-efficiency business opportunities. As a result, despite a slight decline in revenue, we secured an increase in profit.
- We are also strengthening our efforts to collect outstanding receivables, which has directly contributed to earnings in IRU transactions where revenue is recognized on a cash basis.
- InfiniVAN, Inc.’s enterprise internet service also remained strong, with the number of paying corporate customers rising to 1,746 as of the end of March 2025.

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Domestic Telecommunications



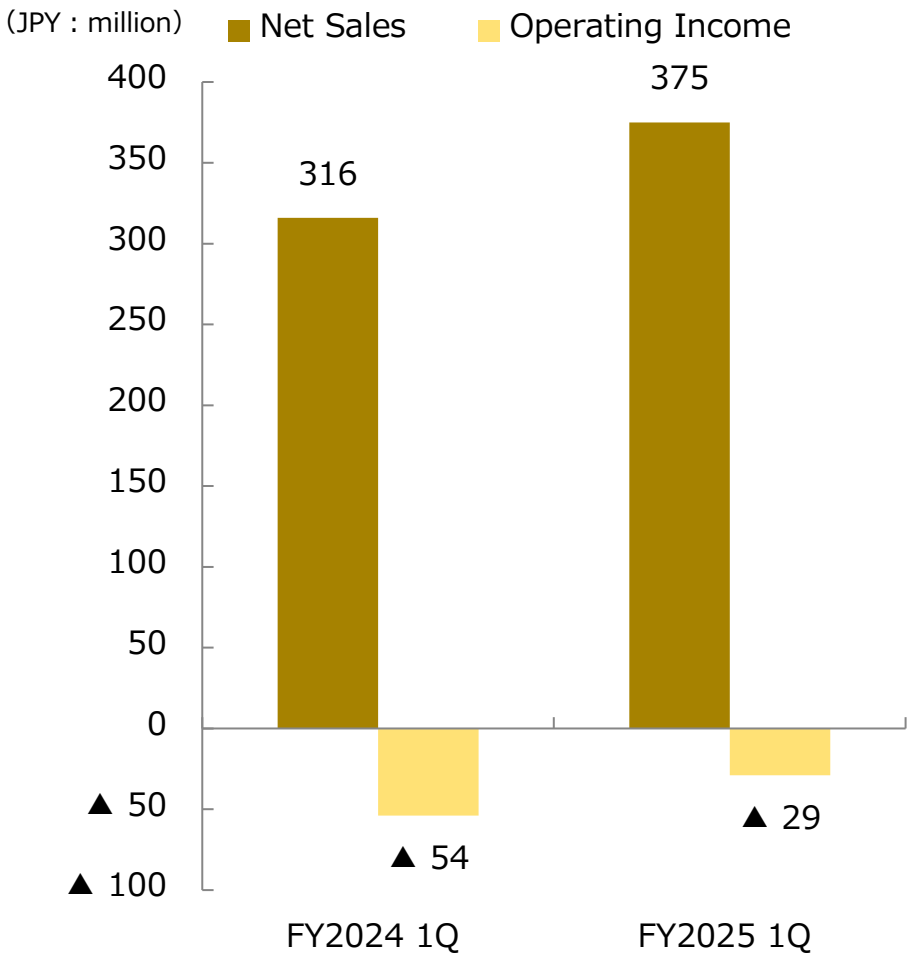
Solid Performance in Solution Services; Continued Review of Access Charges Leads to Profit Turnaround

- In our solution services combining the “AmeyoJ” call center system and per-second billing of telephone lines procured from major telecommunications carriers, we continued to provide flexible license-based offerings tailored to customer needs. In addition, preparations progressed steadily for the launch of new inbound toll-free services, such as numbers starting with “0120,” which will be provided directly by the Company.
- With regard to interconnection of voice communication lines between telecommunications carriers, while we have conservatively revised access charge levels in light of the ongoing migration to IP-based networks (PSTN migration), the absence of retroactive settlements recorded in the same period of the previous fiscal year contributed to a profit turnaround for the overall business segment, despite a decline in revenue.

Note 1: Access charges refer to fees settled between the originating and receiving carriers for the use of communication networks. These charges are determined bilaterally between carriers.

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Medical & Healthcare



LASIK Recovery Driven by Growing Demand from Younger Customers

- Although the LASIK services provided by Shinagawa Lasik & Aesthetic Center Corporation (SLACC) continue to face pressure from intensified competition in certain segments, the Company has implemented revised marketing strategies and pricing adjustments aimed at attracting younger customers. As a result, the business is showing signs of recovery.

Healthcare Segment Sees Consistent Increase in Patient Visits

- At the Shinagawa Diagnostic & Preventive Care Center (SDPCC), which incorporates Japan's high-quality medical technologies and cutting-edge diagnostic equipment, the number of patient visits has continued to grow steadily. Although depreciation costs related to advanced medical devices such as CT and MRI scanners remain a factor, the center is targeting early achievement of monthly profitability.

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Financial Statements

Consolidated Balance Sheets

(JPY:million)

Assets				Liabilities and Net assets			
	FY2024 1Q	FY2025 1Q	Change		FY2024 1Q	FY2025 1Q	Change
Current assets	23,637	23,688	51	Current liabilities	16,747	17,102	355
Cash and deposits	3,918	3,807	▲ 111	Accounts payable – trade	1,137	728	▲ 409
Accounts receivable - trade	11,269	11,712	443	Borrowings	6,059	6,562	503
Lease receivables	6,517	6,106	▲ 411	Deferred payment profit	4,709	4,615	▲ 94
Others	1,932	2,062	130	Others	4,840	5,195	355
Non - current assets	18,363	17,707	▲ 656	Non - current liabilities	4,300	4,141	▲ 159
Property, plant and equipment	12,882	12,485	▲ 397	Long - term borrowings	4,010	3,853	▲ 157
Intangible assets	4,006	3,733	▲ 273	Others	289	287	▲ 2
Investments and other assets	1,474	1,489	15	Total liabilities	21,048	21,243	195
Deferred assets	30	28	▲ 2	Net assets	20,982	20,180	▲ 802
				Shareholders' equity	12,976	13,373	397
				Accumulated other Comprehensive income	2,263	371	▲ 1,892
				Share acquisition right	290	306	16
				Non - controlling interests	5,452	6,129	677
Total assets	42,031	41,424	▲ 607	Total liabilities and Net assets	42,031	41,424	▲ 607

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(Repost from Full-Year Financial Results) Forecast for the FY2025

(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.

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(Repost from Full-Year Financial Results) Segment Forecast for the FY2025

(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%	—

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2 Topics （FY2025 First Quarter）

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Topic 1.
Participation in New Submarine Cable Consortium Project (1/4)

Through the largest capital investment in our history, we aim to significantly strengthen our business foundation in Asia, driving sustainable growth and enhancing corporate value.

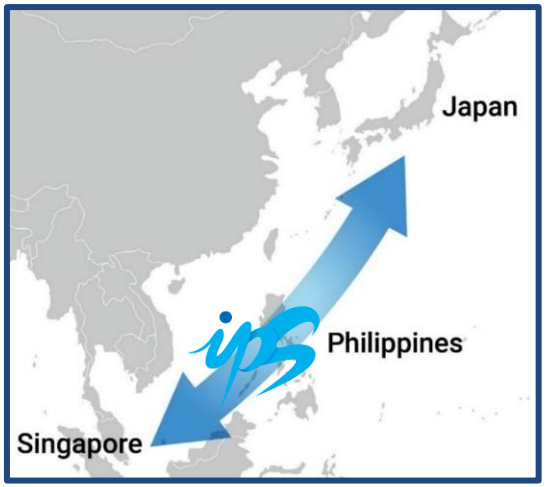
New International Submarine Cable

- We have joined the consortium-based joint construction of a new international submarine cable connecting Japan, the Philippines, and Singapore.
- Our ownership includes three fiber pairs (FP) in the trunk segment as well as a portion of the branch segments.
- This new asset will complement our existing international submarine cable, the City-to-City Cable System (C2C), and serve as a foundational infrastructure for the broader expansion of our telecommunications business across Asia.
- Strategic Stock Enhancement in Preparation for the Era of Generative AI
- As a participating member of the joint construction consortium, we will obtain and maintain the necessary permits and authorizations, and hold the associated rights and responsibilities over the long term.
- By leveraging external funding and customer contributions, along with Japan's advanced, high-quality products, services, and technologies, we aim to establish a virtuous ecosystem that generates sustainable value and mutual benefit.

We are working to disclose further information by the end of September.

Expected Outcomes

- The construction of intermediate transmission lines connecting submarine cable landing stations with data centers and other facilities will further contribute to the expansion of our business operations.
- This initiative also supports the development of data hub functions and AI infrastructure in both the Philippines and Japan, thereby enhancing economic security in the region.
- It is expected to generate significant benefits for a wide range of stakeholders, including global tech companies, major telecommunications operators, CATV and ISP providers, corporate and individual users, as well as Philippine government agencies and local municipalities.



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Topic 1.
Participation in New Submarine Cable Consortium Project (2/4)

Summary

Overview of Our Investments and Orders	
• Investment Assets	• New International Submarine Cable (Japan, The Philippines, and Singapore)
• Our Allocated Ownership	• Three fiber pairs (FPs) of the main trunk and FPs in applicable branches.
• Commercial Use Commencement	• March 2028 (scheduled)
• Acquisition Cost	• USD 131 million (approximately JPY 19 billion)
• Large Order IRU Agreement	• USD 45 million (approximately JPY 6.5 billion) , 25-year IRU contract • Stabilize cash flow and control net investment amount through staged advance payments aligned with construction progress.

Medium- to Long-Term Impact

- Upfront revenue recognition is expected in the first fiscal year through the IRU contract, followed by stable recurring incomes from operations.
- Ownership of a new fundamental business asset in a high-growth region for telecommunications demand broadens future opportunities for additional IRU sales and service offerings.
- Reduces international telecommunications costs for the IPS Group as a whole.
- Accelerates the strengthening of international partnerships.

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Topic 1.
Participation in New Submarine Cable Consortium Project (3/4)

Image of Financial Plan and Investment Recovery

Funding Method

Planned funding sources: our own funds and bank loans.

Expected Sales Method

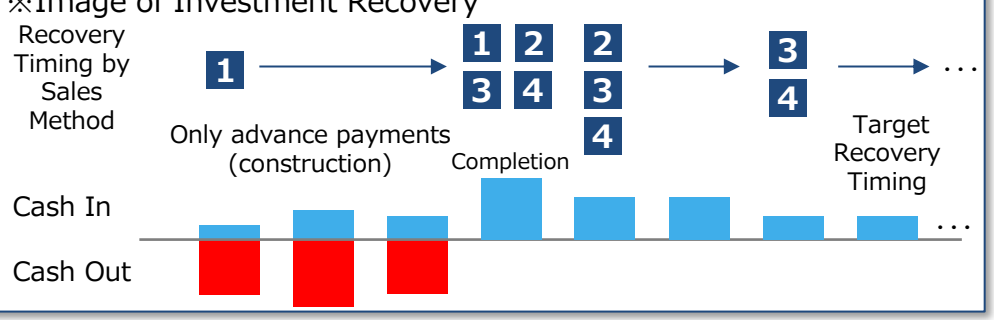
Sales are expected to be structured through IRUs and capacity leases.

1. Through pre-completion sales of IRU (Reduction of initial investment burden by advance payments)
2. Through post-completion sales of IRU(Acceleration of investment recovery)
3. Through post-completion sales of capacity lease(Generating recurring revenue)
4. Continuous O&M (operation and maintenance) fees expected to receive from IRU customers (for up to 25 years)

Investment Recovery

- As our policy, we aim to recover our capital investment in approx. 5 years after construction (cumulative cash flow > CAPEX amount).
- Same principle applied in past projects such as C2C Cable and Philippine Domestic Submarine Cable Network (PDSCN).

※Image of Investment Recovery

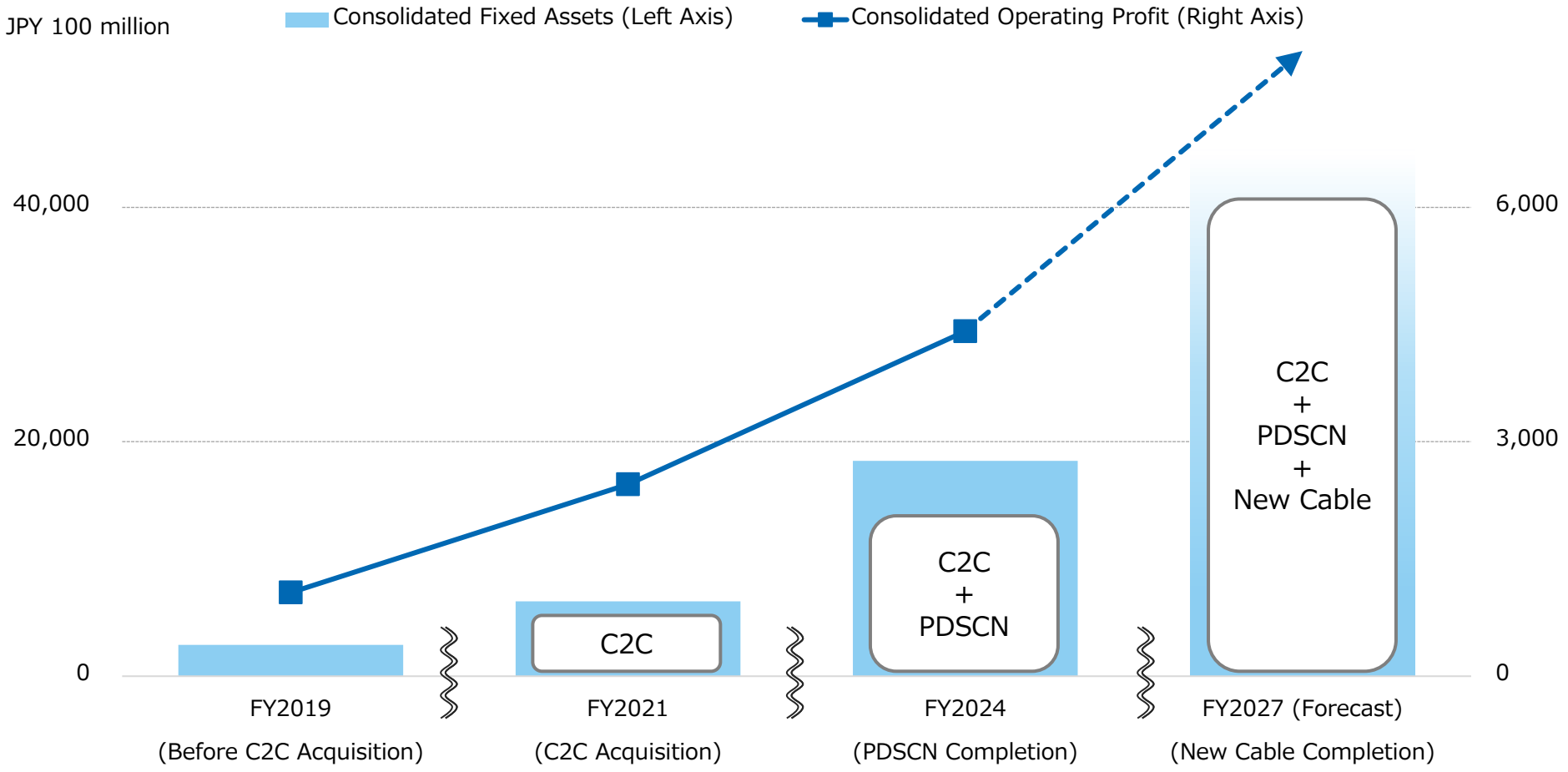


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Topic 1.
Participation in New Submarine Cable Consortium Project (4/4)

Through large-scale investments and asset accumulation, we have built a solid earnings base and steadily expanded our business. With this new investment in the international submarine cable, we are poised to elevate our earnings to the next stage.

Trends in Consolidated Fixed Assets and Operating Profit Before and After Large-scale Investments



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Topic 2. Baler CLS Construction Project

InfiniVAN held a groundbreaking ceremony on August 6, 2025, for the Cable Landing Station (CLS) construction project announced in May 2025, in collaboration with Taisei Corporation.

Groundbreaking Ceremony



Strategic Significance for IPS

- Constructing and owning a cable landing station in-house represents a strategic investment in international telecommunications infrastructure.
- It is a stock-type infrastructure revenue model that is expected to generate mid- to long-term returns on initial investment.
- As AI continues to evolve, many next-generation AI data centers will require direct connections to high-quality international telecommunications infrastructure that can deliver low latency and high capacity.The Baler Cable Landing Station is designed to meet this demand and has the potential to serve as a core technology hub in the Philippines and the broader Asia-Pacific region as a cutting-edge model of an “Open Access Landing Station + AI Data Center.”

Existing CLS in the Philippines

- A structure has existed in which specific telecommunications carriers exclusively own and operate landing facilities and international circuits, resulting in limited competition for domestic lines and even a reversal where domestic line costs exceed those of international circuits.
- The Baler Cable Landing Station aims to directly address this issue and eliminate these barriers.

Key Features of Our CLS



- **The Philippines’ First Open-Access Cable Landing Station**
- **Fundamental Reform of the Non-Competitive Structure in the Telecommunications Market**
- **Promotion of International Cable Investment and Optimization of Domestic Network Costs**
- **Expected to Evolve into a Low-Latency Hub Essential for the AI and Cloud Era**

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Topic 3. University of the Philippines × InfiniVAN Officially Launch Development of "LikásGPT," a Generative AI-Powered, Region-Specific CRM

Deeply Penetrating Untapped Markets to Bridge Language Gaps and Drive Business Growth

•On July 29, 2025, our subsidiary InfiniVAN Inc. signed a memorandum of agreement with the University of the Philippines—the country's premier national university—to officially launch the joint development of “LikásGPT,” a regionally specialized CRM solution powered by generative AI.

•This project provides a practical and large-scale AI-driven solution to the structural issue of customer voices not reaching companies for service improvement.

•Breaking Through the Capital- and English-Centric Customer Support Structure:In the Philippines, many companies provide customer support primarily in English. However, in rural areas, many people only speak local languages other than English or Tagalog, limiting access to support to a small segment of the population. Those who lack confidence in English or speak only regional dialects often face a serious psychological barrier—many give up on communicating altogether. As a result of these linguistic and cultural barriers, companies are unable to access valuable direct customer feedback, and the cycle of improving products and services remains broken.LikásGPT aims to transform this dynamic by serving as a CRM that bridges the language gap and reaches out to these “silent consumers,” fundamentally reshaping the way companies engage with their customers.

•Accessing a Vast and Untapped MarketTo address this challenge, a large language model (LLM) supporting 12 major regional languages is being developed, enabling linguistic coverage of over 90% of the Philippine population. This initiative brings to the surface a previously overlooked customer segment—tens of millions of people, such as the elderly and those in rural areas, who have long been considered part of the "silent information segment.“

The Value of LikásGPT: Social Impact × Profitability × Market Competitiveness
Natural, multilingual communication support via a 12-language LLM

・AI-powered automated inquiry handling and personalized responses
・Capturing the voices of non-English speakers and integrating them into business operations
・Reaching the “silent disengagers” who have given up on customer support
・Broad applicability across major industries, including BPO, telecom, and retail

・Commercial Deployment Strategy: Creating Synergy Between SaaS and Connectivity
InfiniVAN plans to offer “LikásGPT” as an integrated package with its existing enterprise internet services, accelerating cross-selling to current corporate clients. Looking ahead, standalone SaaS deployment is also under consideration to diversify revenue streams, aiming to establish a pioneering AI × CRM business model in the Philippine market.

・A Fundamental Approach to Social Challenges in the Philippines
LikásGPT is a technology-driven solution that directly addresses the deep-rooted structural issues of social division and economic opportunity loss caused by language barriers. By promoting inclusivity and ensuring equal access to corporate communication for all, it aims to realize a future where diversity is respected. This project stands as a flagship initiative within our broader DX and AI investments, representing a rare opportunity to achieve both social impact and business profitability.

Scene from the Ceremony



Chancellor of the University of the Philippines Diliman, Edgardo Carlo L. Vistan II (second from the left), and our CEO, Miyashita (second from the right).



Collaborating with Dr. Eugene Rex L. Jalao (right in photo), a leading expert in artificial intelligence and analytics in the Philippines, Our President, Miyashita (left).

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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.







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Disclaimer

- 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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