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Global Telecommunications Business Strategy Presentation

October 29, 2023

IPS, Inc.

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.



1 | **The Philippines Today**

2 | **Trajectory from listing to today**

3 | **Prospects for the Future**

1. The Philippines Today

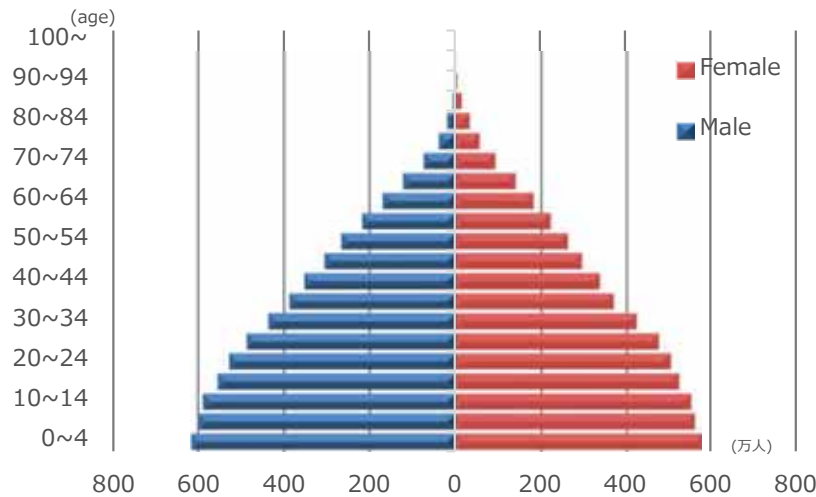
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Population, number of births, and average age

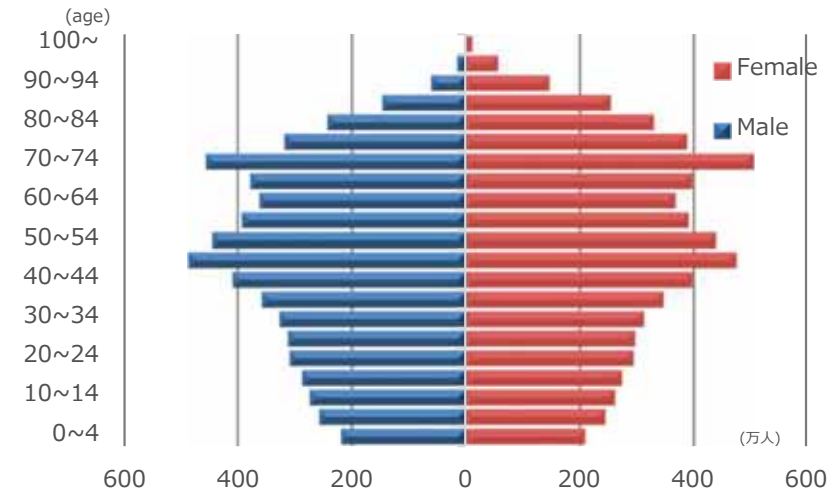


● demographic pyramid

The Philippines



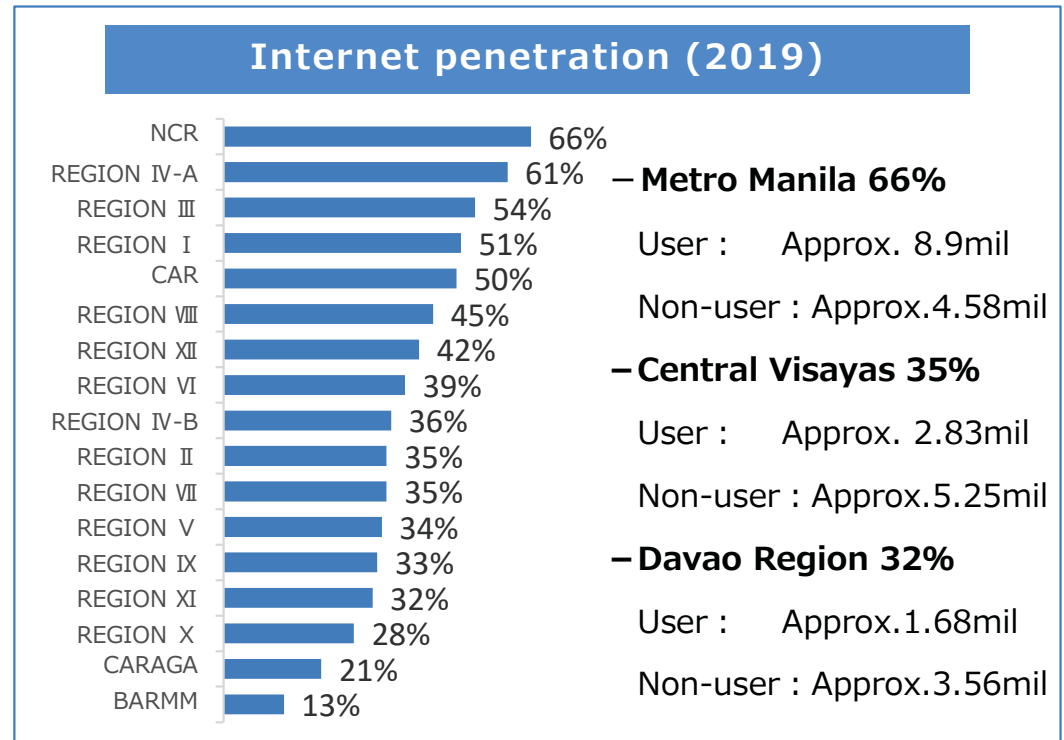
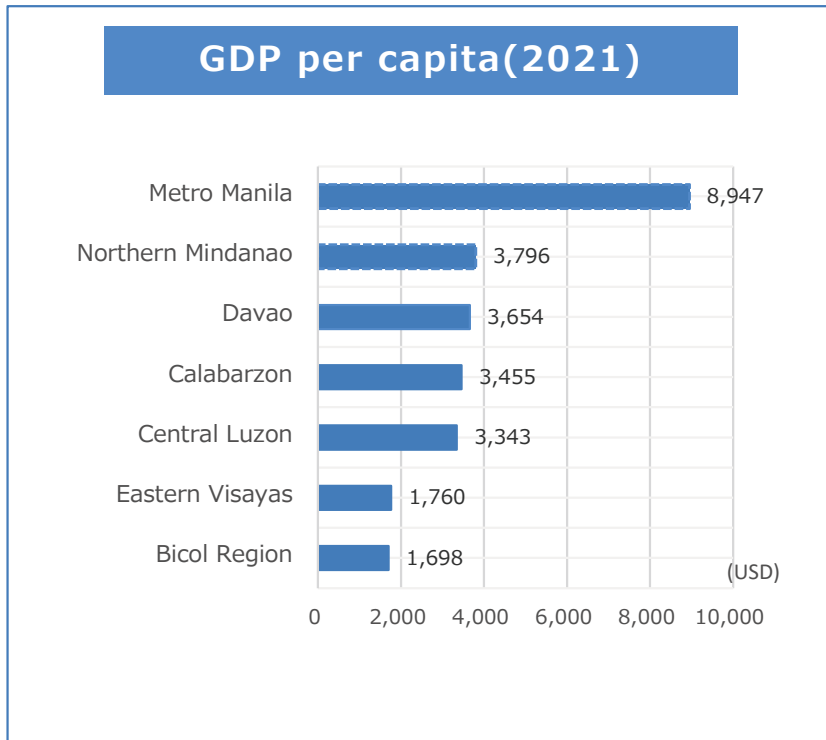
Japan



	The Philippines	Japan
Population	117.3 million	123.3 million
Number of births	Approx. 1.3 million	Approx. 0.81million
Average Age	Approx. 25 years old	Approx. 49 years old

※United Nations Population Fund World Population White Paper 2023、World Population Prospects 2022、Philippine Statistics Authority

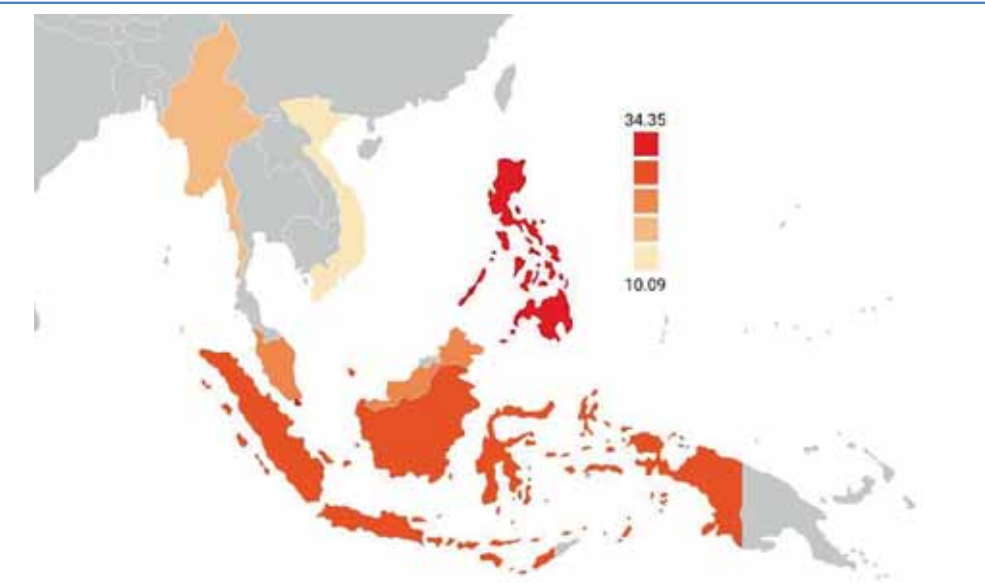
GDP per capita and Internet penetration by region



- Large regional disparities in GDP per capita. Especially in Metro Manila, three to five times higher than other regions.
- The same is true for internet penetration. In particular, lagging in rural areas and island regions, and the national government (DICT) is promoting broadband development.

※GDP by capita : OpenSTAT by Philippines Statistics Authority
 ※prepared by IPS based on the data from National ICT Household Survey 2019 by DICT

High Internet rates



Graph: Internet (60 Mbps or more, unlimited data, cable/ADSL), utilities (monthly)

1.Singapore	USD34.61
2.The Phillipines	USD33.81
3.Indonesia	USD27.81
4.Malaysia	USD25.07
5.Thailand	USD16.00
6.Vietnam	USD10.14

- **The Phillipines has the second highest Internet rates among the six ASEAN countries**

Fixed broadband rate plans of two major companies (partial)

Company P	upper speed	200Mbps	400Mbps
	monthly rate	Php1,699 (JPY4,480)	Php2,099 (JPY5,540)
Company G	upper speed	200Mbps	300Mbps
	monthly rate	Php1,699 (JPY4,480)	Php2,099 (JPY5,540)

※Prepared by IPS based on the data from word-of-mouth website NUMBEO : <https://www.numbeo.com/>

Problems in the Internet Environments



Disorganized cabling

- Overhead cable wiring on utility poles still prevails. Maintenance and management are disorganized.



Inadequate maintenance of communal ditches

- Almost no joint trenches to accommodate the cables of each company in an orderly fashion, and each company has to excavate and bury its own cables. Frequent disconnections of existing cables by latecomers.

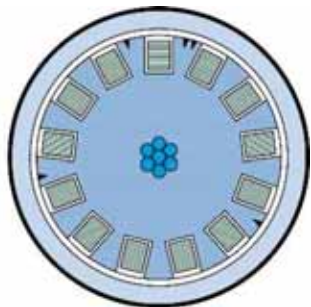
Delay in renewal of optical cable

- Major telecommunications carriers need to upgrade their optical cables to meet demand and to increase the number of multicore cables, but there are no joint trenches, and they are lagging behind.

Optical Cable
Cross-sectional image



8 cores, outer diameter approx. 0.9 cm



1,000 cores, outer diameter approx. 2.9 cm

● Image of Transition of Telecommunication Infrastructure in Asia



※Prepared by IPS based on TeleGeography's data

● Number of international submarine cables landed in the Philippines

2003-2012	2013-2022	From 2023 onwards
3	4	7 (under construction)

※Compiled from Submarine Cable Map

● Companies that have announced the establishment of a data center (DC) after 2022 (a part, abbreviation)

- ◇ Alibaba
- ◇ Digital Edge
- ◇ Cloud Center
- ◇ JV among Globe, Ayara and STTGDC
- ◇ AWS (local zone)
- ◇ FLOW
- ◇ PLDT

- More international submarine cable projects plan to land in the Philippines.
- Major DC operators continue to move into the market.
- Hyperscalers, in particular, meet international demand.

● Image of Transition of Telecommunication Infrastructure in Asia



※Prepared by IPS based on TeleGeography's data

- There is a trend away from Hong Kong, which used to be the hub of Asia's Internet infrastructure.
- We are taking full advantage of our strength as a Japanese company to respond to changing trends.
- We will contribute to the creation of data hubs not only in the Philippines but also in Japan through landing stations and backhaul (relay lines between landing stations and urban areas).

Changes due to amendments to the Public Service Act



Facts	<ul style="list-style-type: none">● In 2022, a law amending the Public Service Act is promulgated.● 100% foreign investment* is allowed in telecommunications businesses under certain conditions. <p>※If a company's country of domicile does not grant reciprocity to the Philippines by law, treaty, etc., foreign investment is limited to 50%.</p>
Opportunities	<ul style="list-style-type: none">● More options will arise for the IPS Group, allowing us to develop its business with greater speed.● The network, equipment, and licenses that InfiniVAN has built will have opportunities to be used by foreign capital seeking to enter the telecommunications sector in the Philippines.● If the appointing and hiring foreign executives and employees in InfiniVAN becomes possible, it will strengthen business execution, technology implementation, and project management by more proactively dispatching our talents.● Foreign investment is expected to increase in many areas, and the Philippines society and economy in general are expected to evolve. This will bring new opportunities for us as a Japanese company.
Risks	<ul style="list-style-type: none">● More competition due to accelerated entry of new players and existing competitors taking advantage of foreign capital.● Possibility of time-consuming procedures to confirm detailed rules and interpretations in relation to other laws and regulations due to lack of operational experience.

So far, there has been no movement of companies, with a few exceptions.

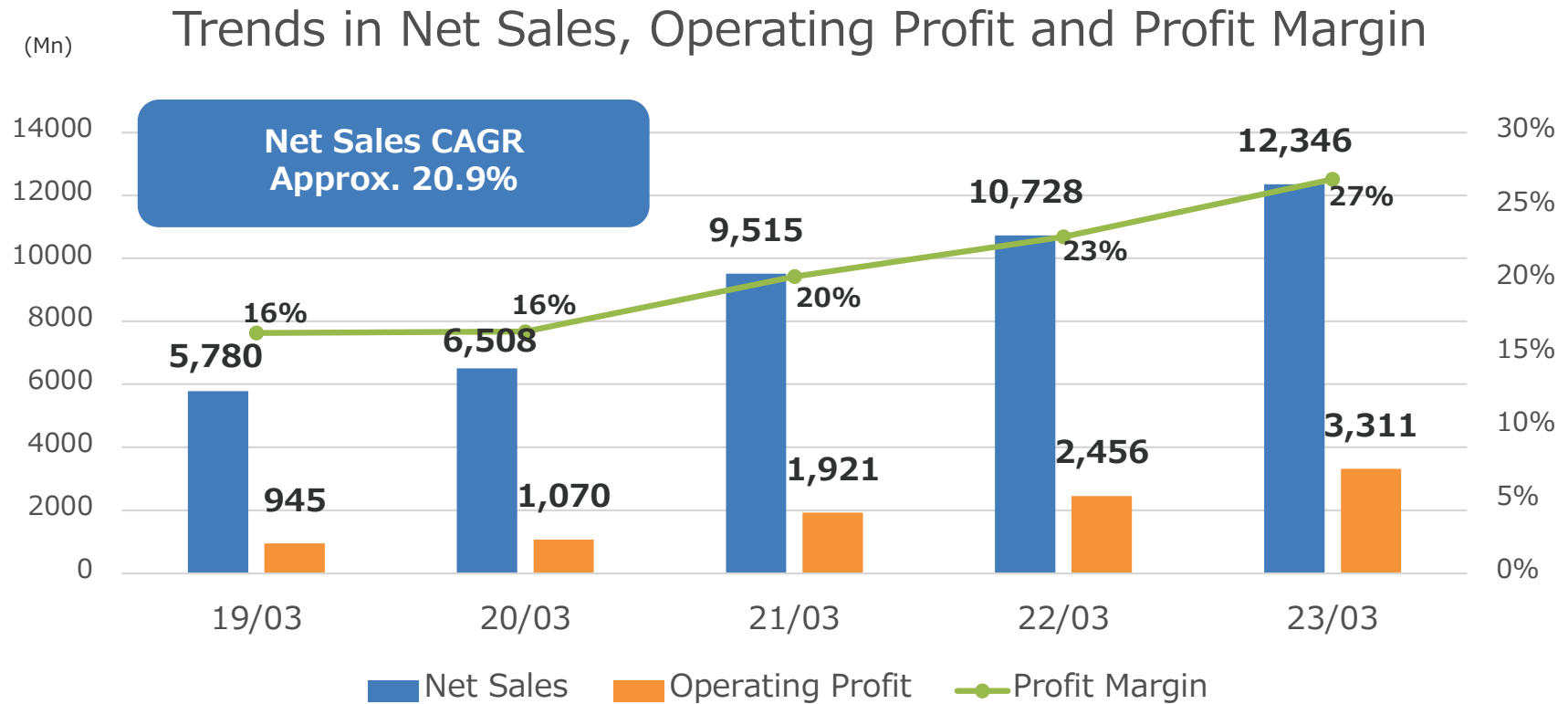
IPS is considering a majority stake in InfiniVAN.

2. Trajectory from listing to today

The background features several thin, light blue lines that curve and intersect across the page, creating a sense of movement and trajectory. The lines vary in thickness and color intensity, with some appearing as solid dark blue and others as lighter, more ethereal shades. They generally trend upwards from left to right, suggesting growth or progress over time.



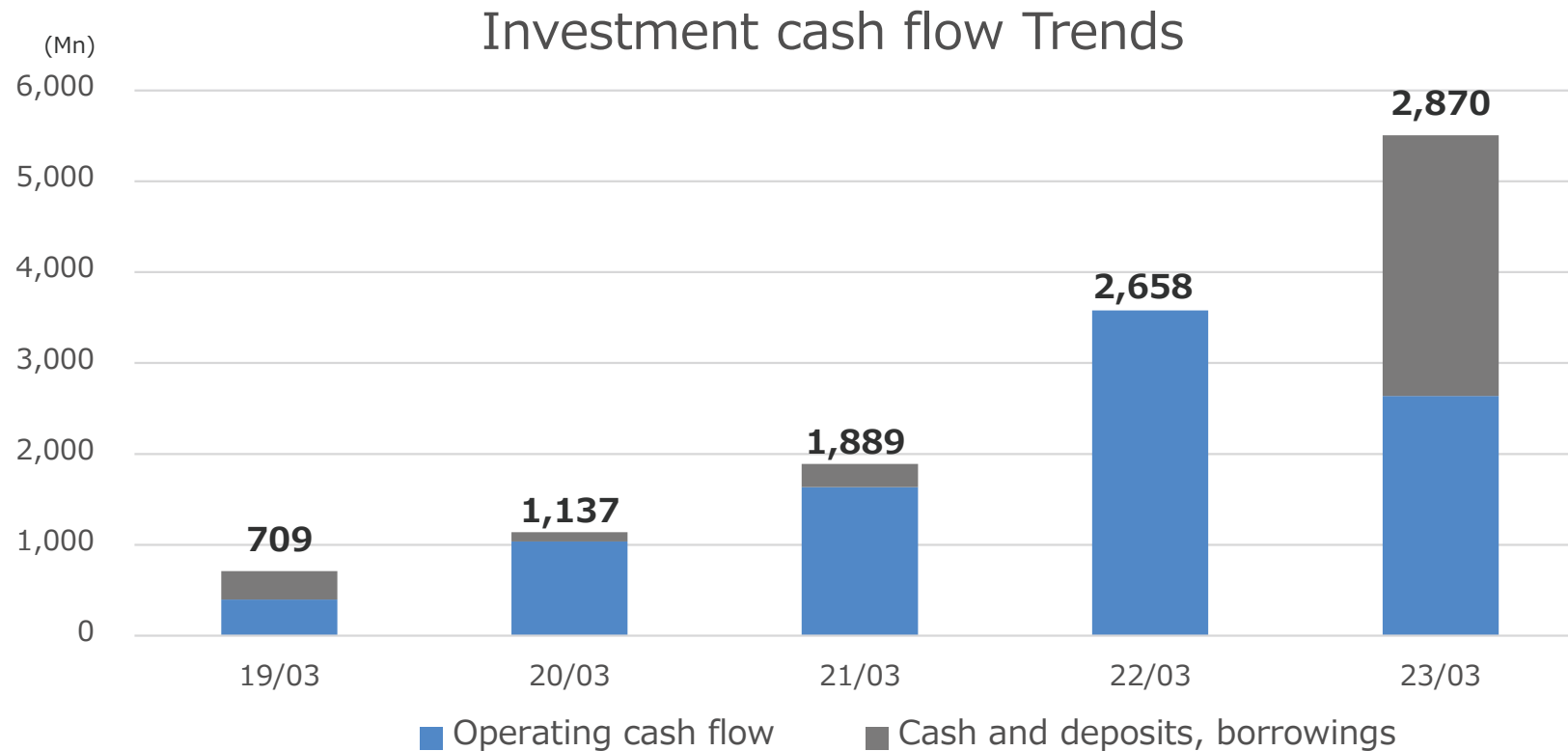
Achieve high growth and profit margins



- Since our listing in 2018, we have achieved profit margin growth while maintaining high growth of sales and profit.



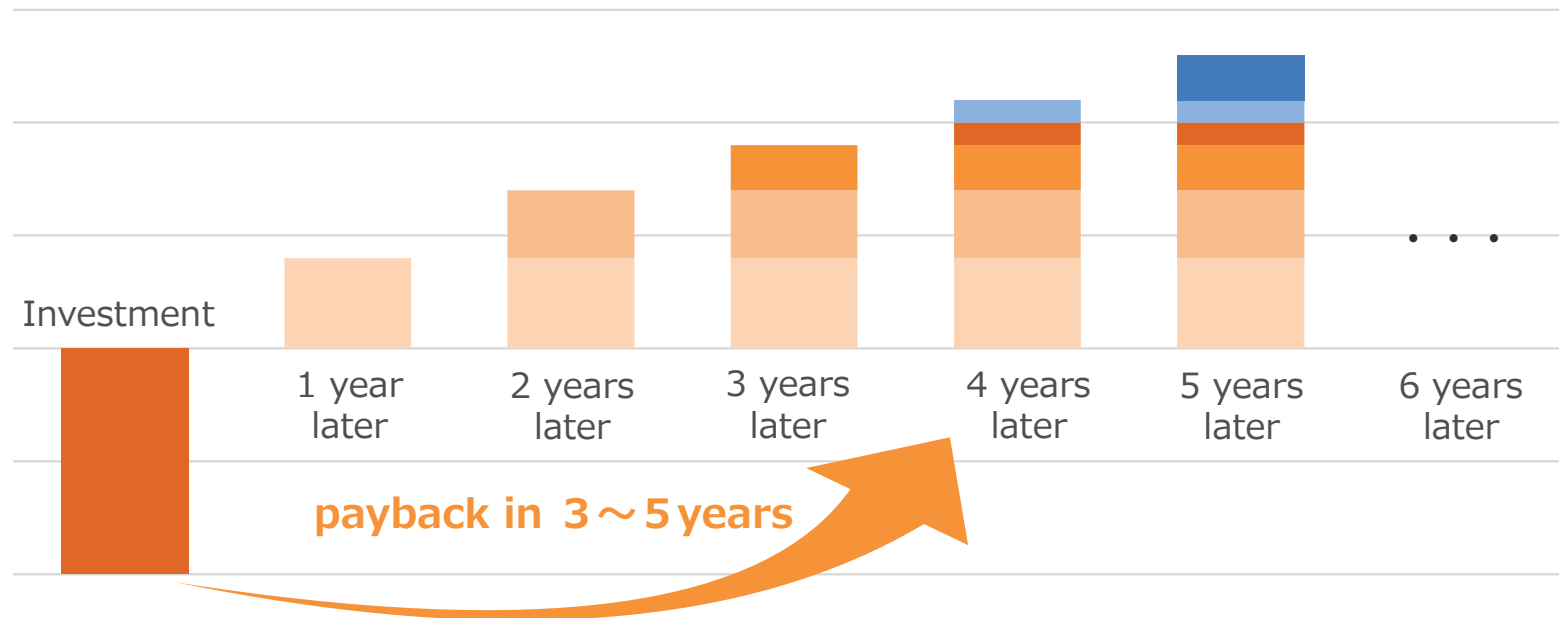
Aggressive investments with high efficiency



- Since listing, We have continued to invest aggressively for growth.
- Investment funds are mainly operating cash flow. Bank borrowings have increased recently, but until FY23/3 mostly within the cash balance.
- This is the result of early recovery of investments for the next investment. Management with high investment efficiency is practiced.

Early payback through disciplined investment decisions

Investment payback image



C2C (2020、2021)

- The largest investment at the time. Investment decision was made with the prospect of recovery of investment in a short period of time.
- The investment has already been recovered and we are enjoying an excess return.

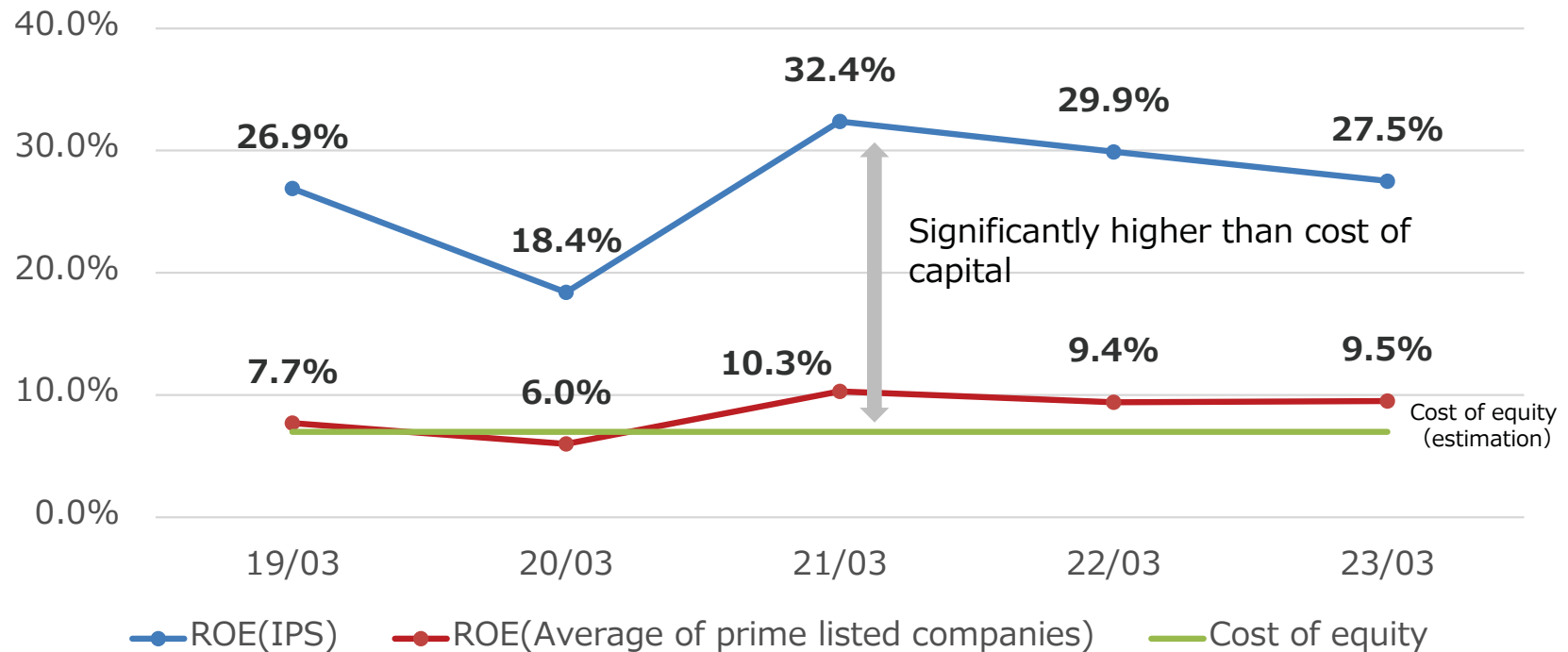
PDSCN (2022、2023)

- Large investment of over US\$60 million, with bank loans used to finance construction
- IRU contracts are being signed during the construction phase, with the aim of achieving an early return on investment.

Maintain high return on capital

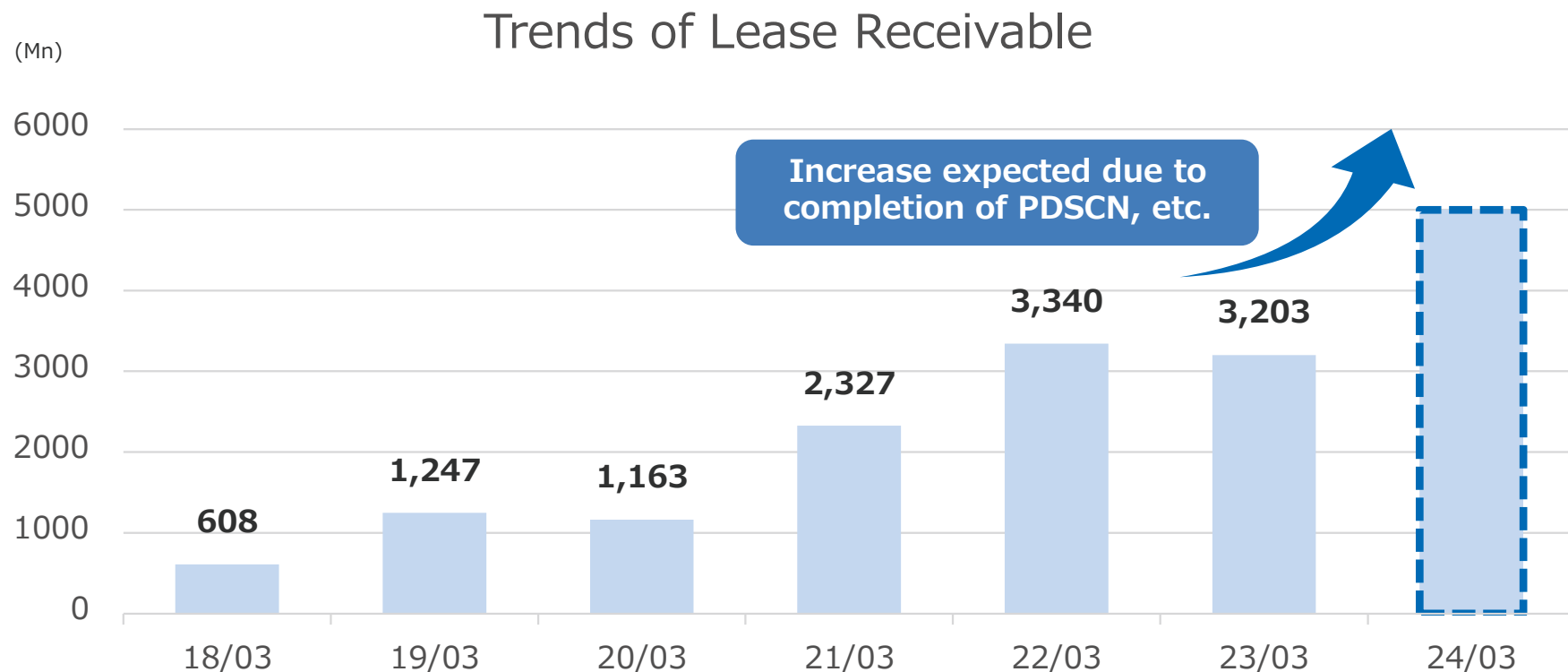


ROE Trends



- Sales and profit growth, high profit margins, and aggressive but disciplined and efficient investments are tied to high returns on capital.
- Returns far exceed the cost of capital.

ROE : $\text{Net income attributable to shareholders of the parent company} \div \text{Shareholders' equity} \times 100$
 Cost of equity: most recently estimated



- When telecommunication lines are provided under long-term IRU contracts, revenue is recognized on a cash basis.
- The consideration that has been contracted but not yet paid is recorded as “Lease Receivable” and is reclassified to revenue on payments over 3-5 year period.
- The increase in the balance indicates the accumulation of a business base due to growth in our Global Telecommunications business.

※*The graph's height at the end of March 2024 is an approximate estimate and does not represent an exact figure.

3. Prospects for the Future

The background of the slide features several abstract, thin blue lines that sweep across the frame from the bottom left towards the top right. These lines vary in color from a light, pale blue to a darker, more saturated blue, creating a sense of movement and depth. The lines are not straight, but rather curved and overlapping, suggesting a complex or dynamic future.



Further outlook **“OPEN-DOOR”**

Construction of international submarine cable
 ⇒ Collaborating with OTTs and major telcos outside PH
 to provide domestic **content delivery networks (CDN)**, etc.



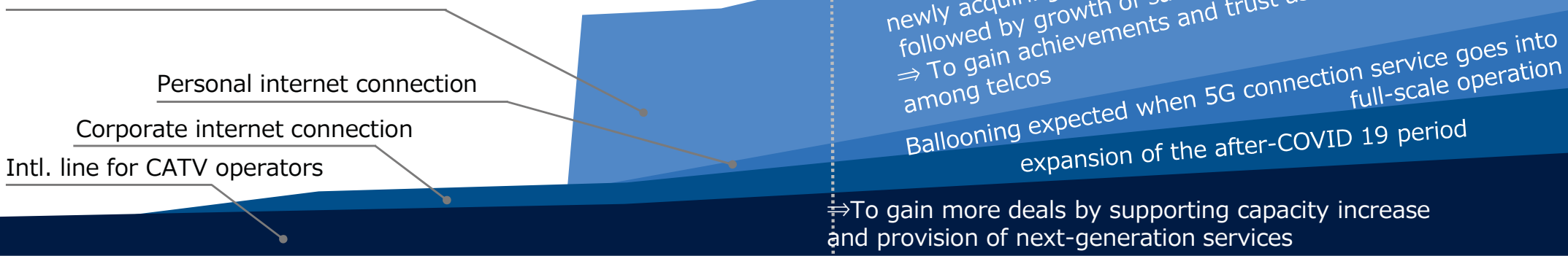
2022 onwards

Construction of PDSCN in 2022-2023; 140 relay stations (regional stations)
 to be completed nationwide ⇒ Provided for medium-sized telecommunications carriers and regional CATV



Since 2020

Acquisition of intl. line by IRU (C2C, etc.)
 ⇒ Provision for telcos (Carrier's Carrier)



Y1

(the present)

* The graph is an image.
 * Future outlooks not guaranteed to achieve.

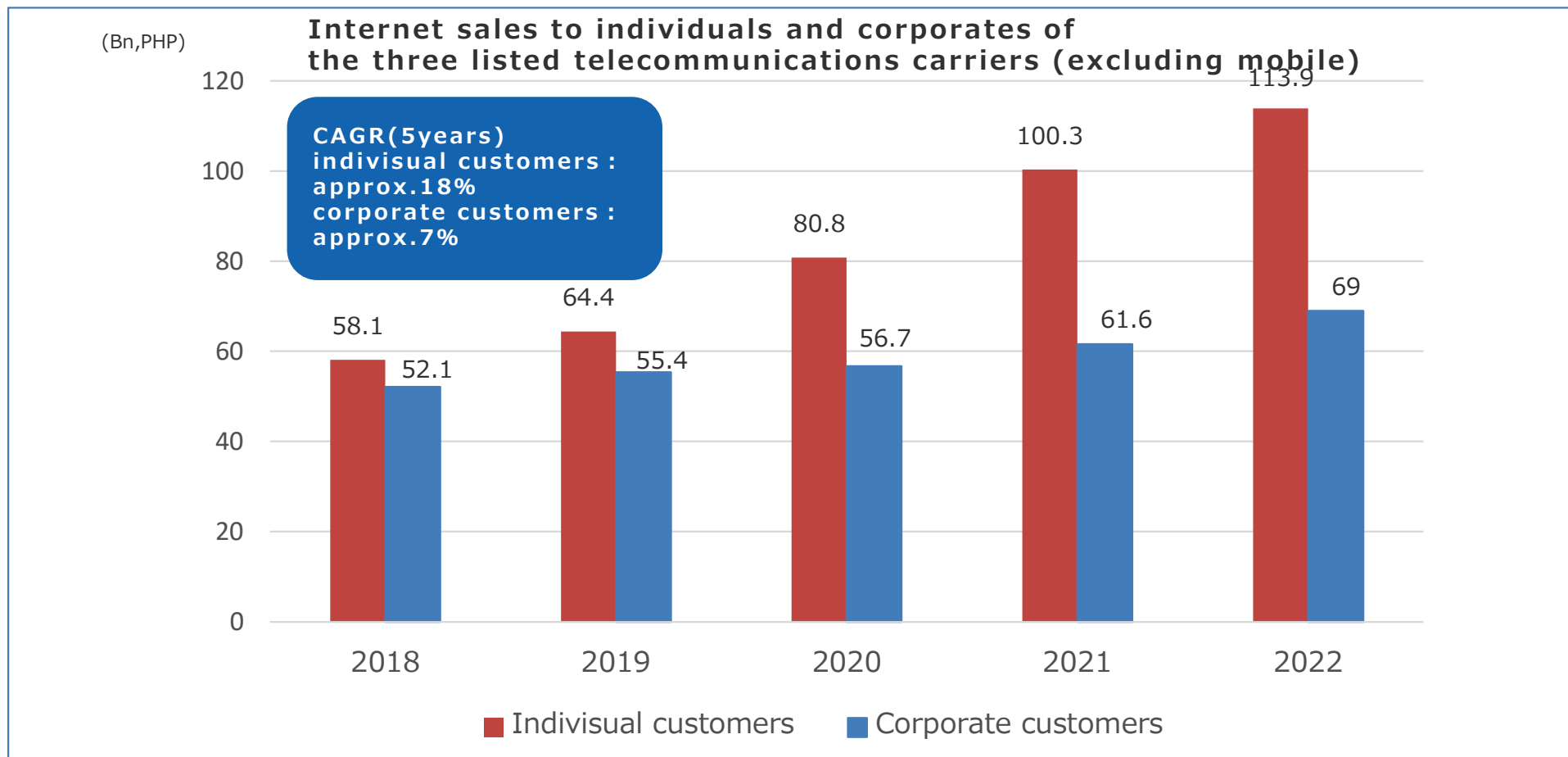


	Positive factors	Negative factors
Internal environment	<p>Strength</p> <ul style="list-style-type: none"> ● Pricing power ● Sales and proposal capabilities ● Neutral and open ● Ability to partner with foreign (Japanese and other) companies 	<p>Weakness</p> <ul style="list-style-type: none"> ● Recognition ● financial strength
External environment	<p>Opportunity</p> <ul style="list-style-type: none"> ● Potential needs for new brands ● Overwhelming Internet demand growth ● Movement away from Hong Kong hub 	<p>Threat</p> <ul style="list-style-type: none"> ● Country Risk

Performance Trends of Listed Telecommunications Companies in the Philippines



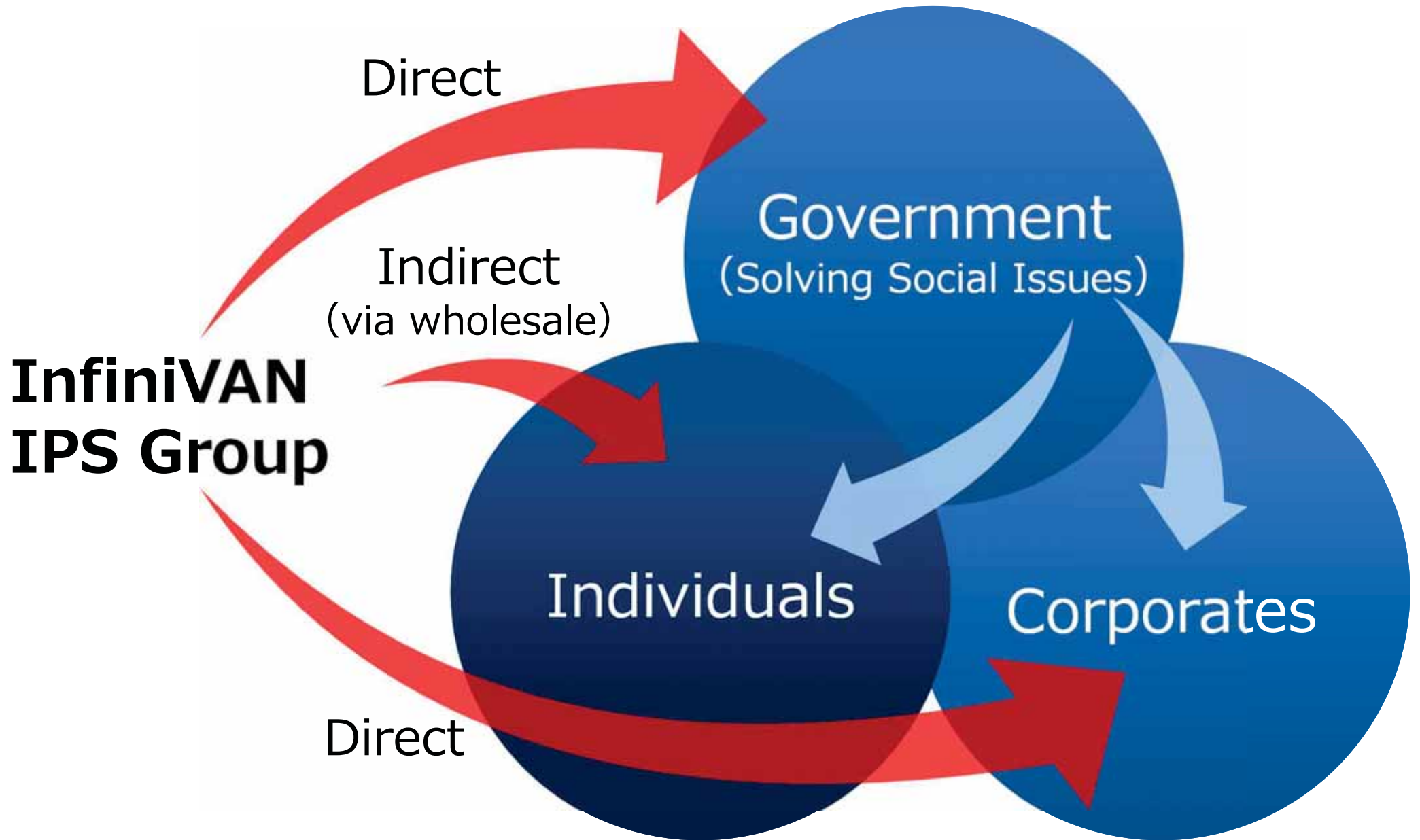
- CAGR in sales of the three listed telecommunications carriers over the past five years has been about 18% for individual customers and about 7% for corporate customers.
- The size of the market that can be captured is large.



※Sales of Home Broadband, Residential, Enterprise, and Corporate Data are calculated from each company's publicly disclosed data.

※1PHP=2.6JPY

Target markets, approach

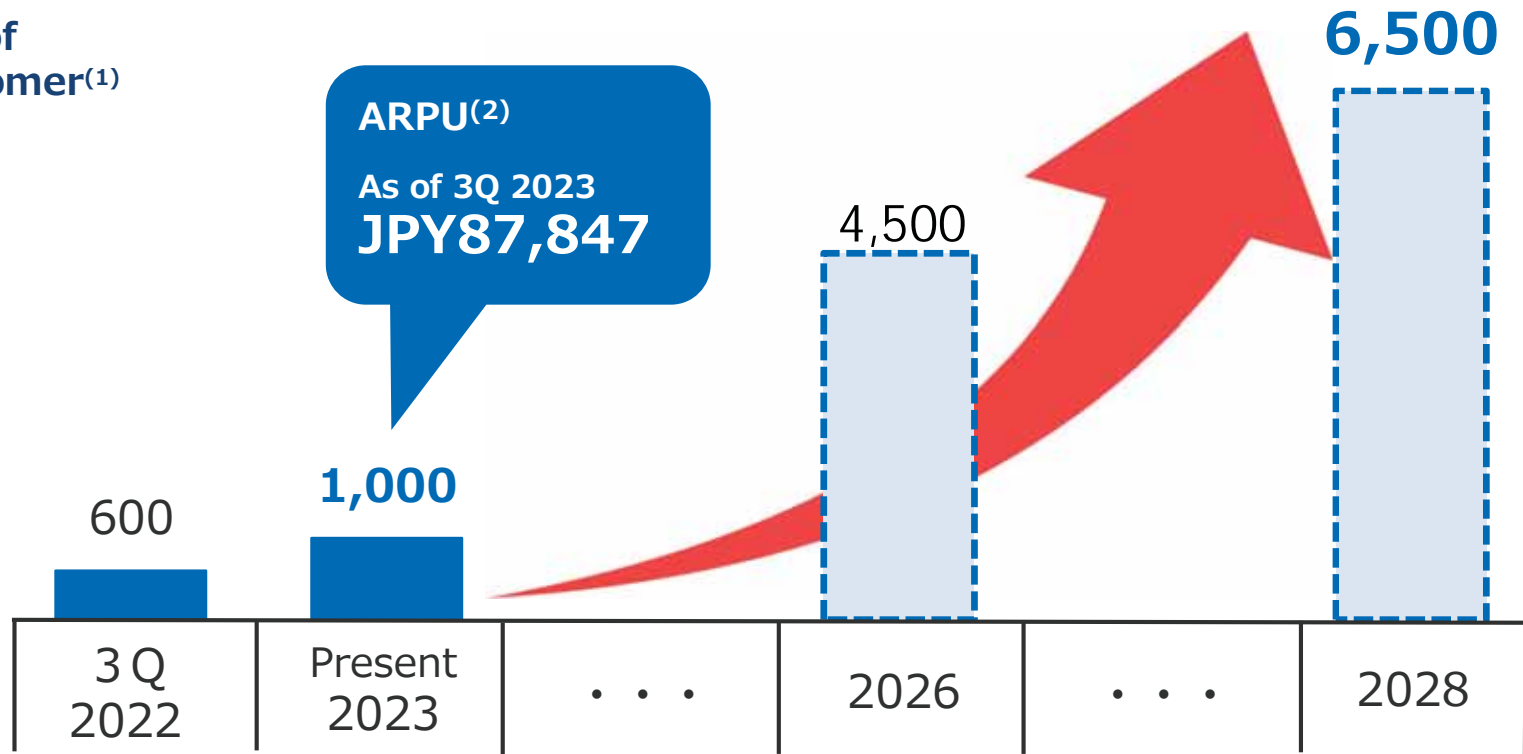


Focus on acquiring Internet customers

Corporates

- **Aiming to expand the number of customers to 6,500 in 5 years**
- We will expand its customer base by steadily expanding access lines through self-installation and the Radius line swaps, developing PDSCN and other nationwide networks, and expanding its sales and maintenance system to include major regional cities.

No. of customer⁽¹⁾



(1) Figures are quarterly averages of the number of monthly customers (billing customers)
 (2) ARPU : Monthly Average Revenue Per User



Wholesale + a



- Plans of a landing station *Not the main one and backhaul maintenance (Some of them are self-laid)
- Connected to major domestic infrastructure. Contributing to the improvement of Japan's infrastructure and making it a data hub.

- Connected to PDSCN and BBIX Philippines
- To a large, high-quality Internet infrastructure that will handle the Philippines' third-largest Internet data

- Discussions are underway for the joint construction of a new international submarine cable system connecting Japan to the Philippines and Singapore.
- Upon completion, benefits will ripple out to our entire spectrum of telecom customers (CATV, ISPs, carriers, OTTs, government agencies, and corporations and individuals).

Active development of core network in the Philippines



Solving Social Issues + a

Wholesale + a



- Development of a domestic overland optical cable network and more than 140 regional stations to be connected to PDSCN.
- Expanding the network ahead of major carriers by receiving rapid approval for installation as part of a government project.
- **We will contribute to the realization of the National Broadband Plan promoted by the government (DICT) and provide broadband to those who are considered “Underserved” and “Unserved”.**
- **The benefits of the new infrastructure will spread to all of our customers, including wholesale ones.**



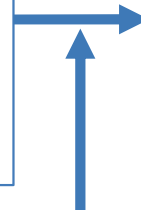
We are the first to find solutions to social problems in the Philippines from Japan and around the world and customize them for our Filipino clients.

Paper-based government document management (conventional)

- Local governments in the Philippines have historically maintained all birth certificates and resident registration data on paper
- Inefficient storage, low retrieval, low service level

Digital archive management (under demonstration experiment)

- Enables prompt retrieval of birth certificates and residence records, regardless of location
- Reduced storage space
- Foundation for digitization of government services

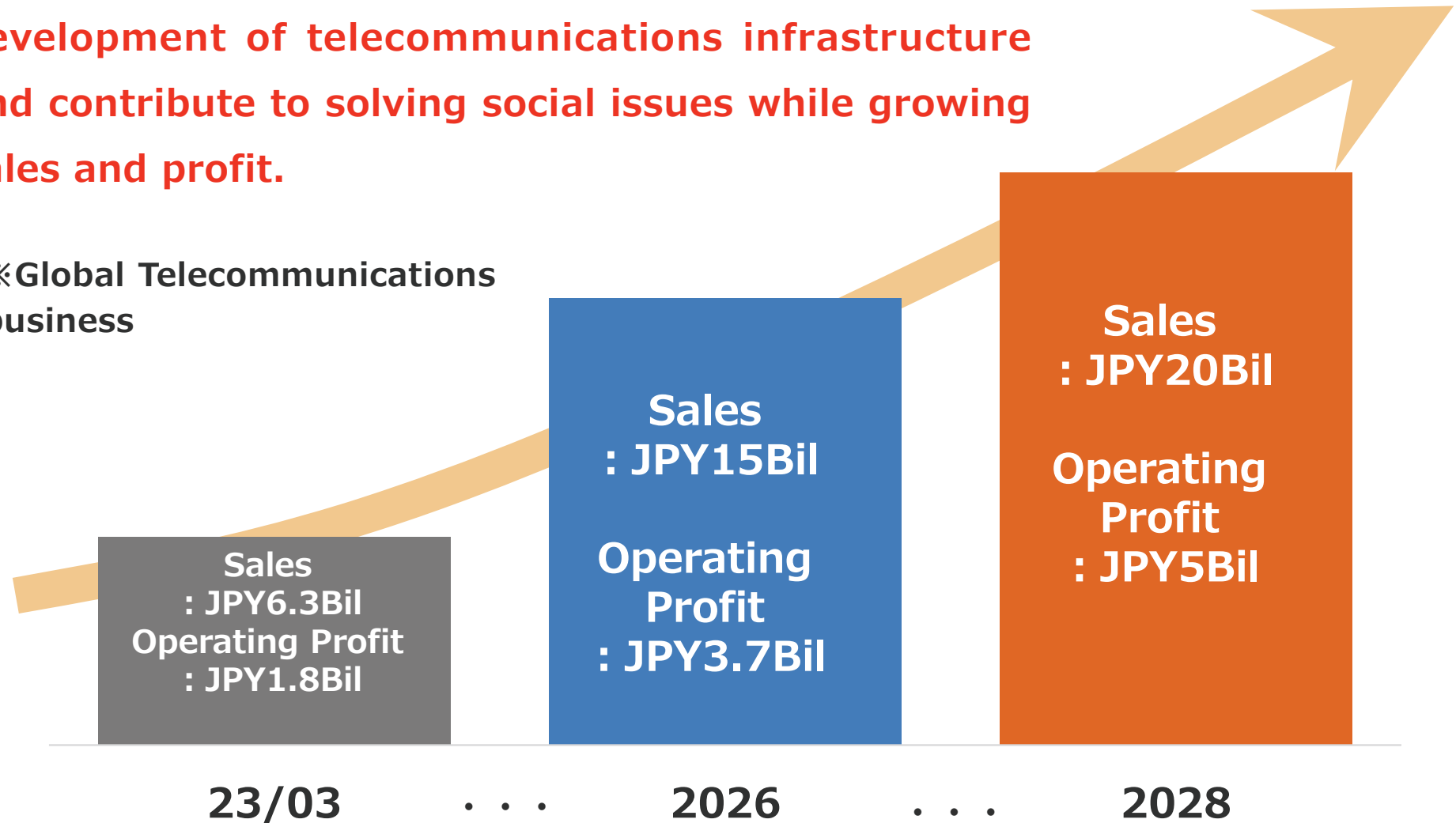


We found a digital archive management package made in the United States. Furthermore, we provide a set of backups set up in a secure data center overseas (data transmission via our international lines).

Aiming to triple earnings growth in 5 years

In the Philippines, where rapid economic growth continues, we will serve as a mediator in the development of telecommunications infrastructure and contribute to solving social issues while growing sales and profit.

※Global Telecommunications business



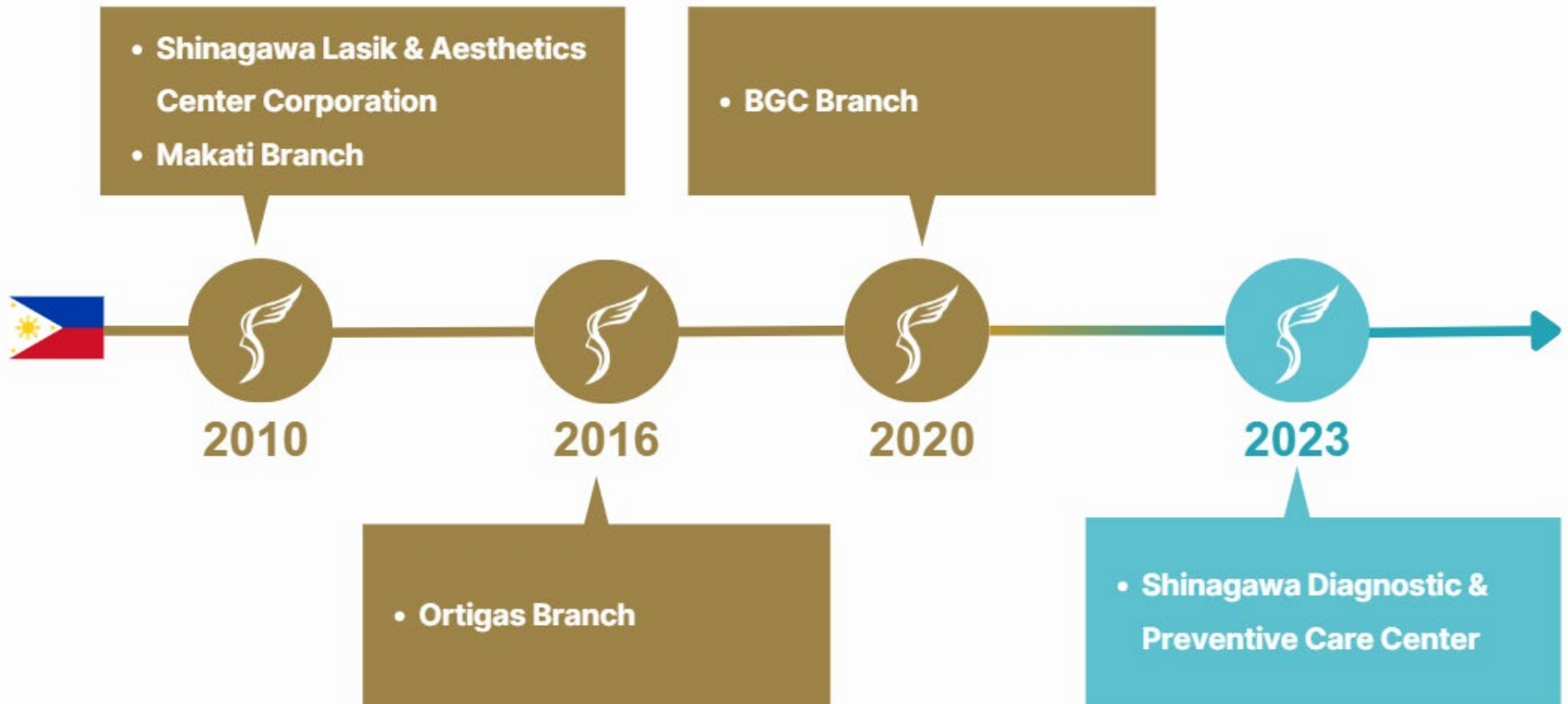


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Medical & Healthcare Business

October 29, 2023

IPS, Inc.



Opening of Makati Branch in 2010



Opening of Ortigas Branch in 2016



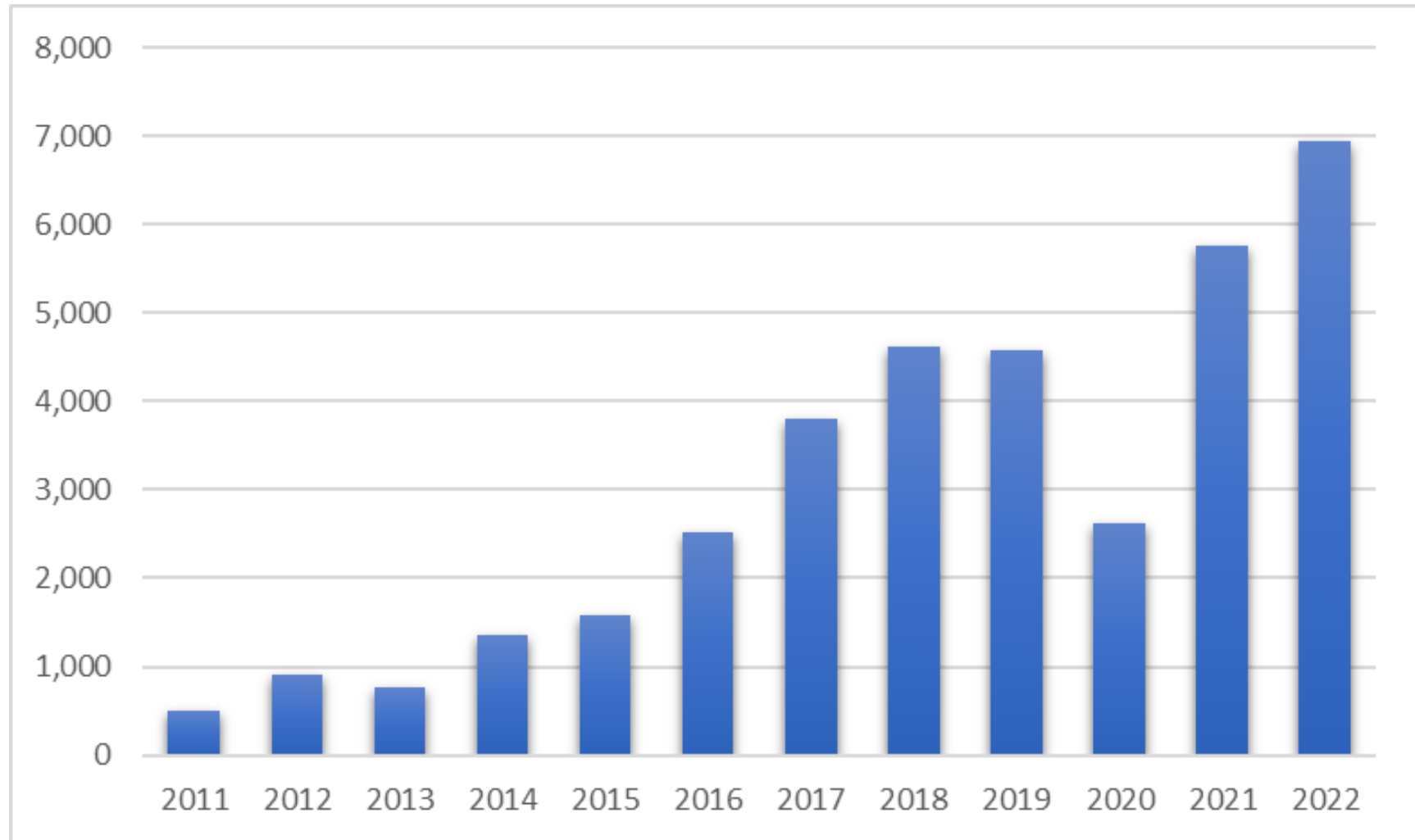
Opening of BGC Branch in 2020



Femtosecond laser LASIK surgery



Number of LASIK cases



Status of access to health care

Healthcare Access and Quality (HAQ) Index (2016)

Order	Country	HAQ Index
1	Iceland	97
2	Norway	97
3	Netherland	96
12	Japan	94
22	Singapore	91
29	USA	89
124	The Phillipines	51
195	Central African Republic	19

Source:Lancet web page www.thelancet.com Vol 391 June 2, 2018

Lack of inspection equipment

Diagnostic Imaging Devices per Million Population 2022 (Units)

Diagnostic imaging equipment	Japan	Singapore	Malaysia	The Phillipines
CT	115.7	8.4	6.9	1.1
MRI	55.2	7.8	2.9	0.3
Mammography*	267.4	127.7	86.7	13.1

*Number per million women aged 50-69

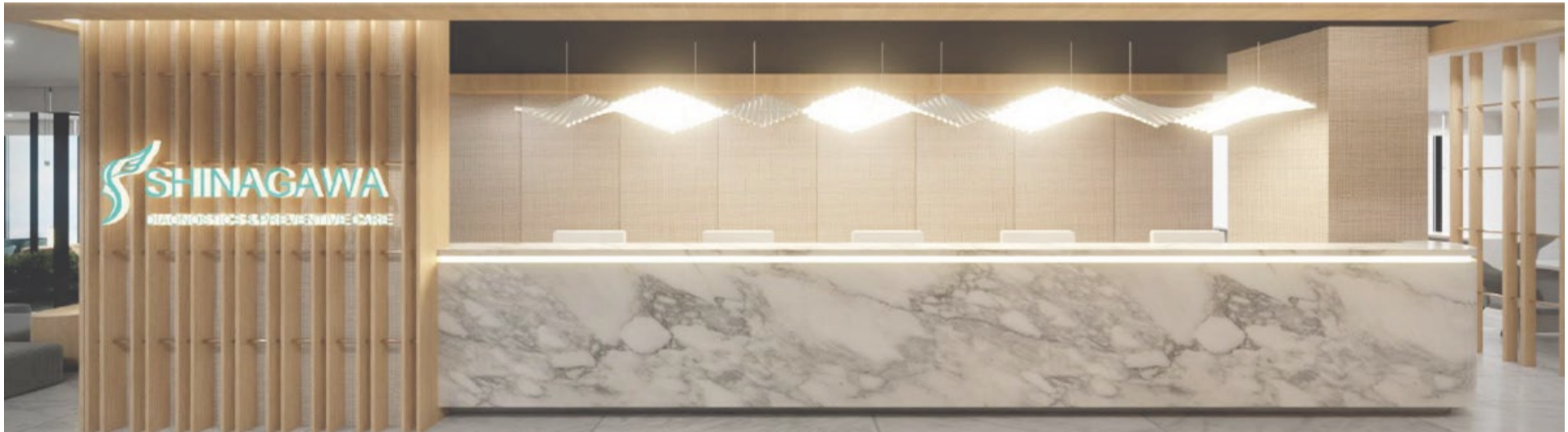
Source:DOH Philippine Health Statistics, Philippine News Agency
OECD Health Statistics 2022

Causes of death in Metro Manila 2022

Order	Name of a disease	The number of people
1	Ischemic heart disease (angina pectoris, myocardial infarction)	103,628
2	Cerebrovascular disease (cerebral infarction, subarachnoid hemorrhage)	57,411
3	Malignant neoplasms (cancer)	57,354
4	Diabetes mellitus	35,712
5	Pneumonia	32,339

***Bold:** Diagnosis by diagnostic imaging equipment required

Source: Philippine Statistics Authority



World class standards, exceptional care.

June, 2022 : Establishment of Shinagawa Healthcare Solutions Corporation (SHSC)

May, 2023 : Start of operation of Shinagawa Diagnostic & Preventive Care (SDPC)

SPDC is the first medical facility in the Philippines specializing in preventive care, providing Japanese-standard preventive care and advanced diagnostic imaging at a reasonable price.

Comprehensive inspection items

SHINAGAWA STANDARD

Consultation	CBC
Counseling	FBS HbA1c
Physical Exam	Lipid Profile
Vision / Audio	Liver
Chest X-ray	Urinalysis
ECG	Fecalysis

BASIC 5

Consultation	CBC
Counseling	FBS HbA1c
Physical Exam	Lipid Profile
Vision / Audio	Liver
Chest X-ray	Urinalysis
ECG	Fecalysis

State-of-the-art diagnostic imaging equipments & in-house laboratory

PHILIPS MRI 5300
1.5 T



FUJIFILM ENDOSCOPY
Eluxeo Lite 6000



FUJIFILM CT SCAN
Supria 128 Slice



FUJIFILM MAMMOGRAPHY
Amulet Innovality



Japanese-style clinic operation

Floor Plan

System

Doctors

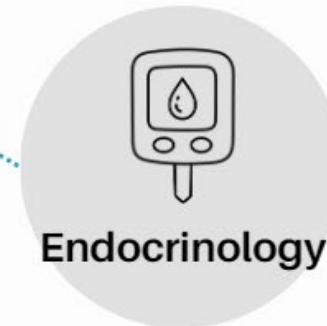




Comprehensive
Japanese-standard
health services

PREVENTIVE CARE

IMAGING



- 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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