

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

January 26, 2024

Corporate Name: IPS, Inc.
Trading Name: IPS, Inc.
President/CEO: Koji Miyashita
Code Number : 4390 Prime Market of the
Tokyo Stock Exchange
Contact: Hiroyasu Akatsu, Corporate
Planning Department
(TEL. +81-3-3549-7719)

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

IPS, Inc. hereby announces that at a meeting of the Board of Directors held on January 26, 2024, it has made a deliberation and resolution as follows regarding action to implement management that is conscious of cost of capital and stock price.

1. Analysis of Current Situation

Since our listing in 2018, we have consistently expanded its performance, surpassing the recognized capital cost of approximately 8% with ROE consistently exceeding this level. We attribute this achievement to high-profit margins and our disciplined investment policies.

On the other hand, while PBR exceeds 1x, we have observed a decline in PBR despite maintaining ROE at nearly 30% in recent years. Additionally, PER is around 11x at this point, falling below the typical levels for growing companies.

Despite achieving a high level of capital profitability demanded by the stock market alongside expanding performance, we acknowledge that our stock price indicators have been sluggish. We attribute this phenomenon to factors such as a lack of full understanding among shareholders and investors regarding our growth strategies and sustained growth potential.

	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Net Sales(¥ mil)	5,780	6,508	9,515	10,728	12,346	14,000
Operating Income(¥ mil)	945	1,070	1,921	2,456	3,311	3,800
OP Margin (%)	16.3%	16.4%	20.2%	22.9%	26.8%	27.1%
Net Income (¥ mil)	588	645	1,487	1,888	2,292	2,200
ROE (%)	26.9%	18.4%	32.4%	29.9%	27.5%	-
PBR (times)	5.6	2.6	6.6	3.6	3.2	-
PER (times)	28.3	15.5	23.7	13.7	13.2	-
Dividend per share	-	-	JPY10	JPY25	JPY35	-
Dividend Ratio	-	-	8.3%	16.4%	19.0%	-

2. Basic Policies and Specific Measures

① Maintenance of Capital Profitability

We aim to sustain our current high capital profitability by achieving continued high-profit margins and early recovery of substantial investments. Our target indicator is an ROE of 20% or higher.

② Implementation of Continuous Shareholder Returns

Regarding shareholder returns, our fundamental policy is to secure internal reserves necessary for future business expansion and strengthening financial health while consistently implementing appropriate dividends reflecting achieved financial performance. Based on this policy, we increased dividends from ¥10 to ¥35 per share since the fiscal year ending March 2021.

Moving forward, we will maintain the current dividend payout ratio of approximately 20% as a minimum level, aiming for a higher dividend payout ratio in the future while balancing profit growth, growth investments, and financial soundness.

③ Formulation and Disclosure of Medium-Term Business Plan

We believe that by presenting quantitative plans and business strategies in our medium-term business plan, we can deepen shareholders' and investors' understanding of our sustained growth. We are planning to disclose this information at the announcement of our financial results for the current fiscal year.

④ Enhancement of IR Activities

We will further promote IR activities by strengthening proactive communication through active information disclosure and dialogue. Specific initiatives include increasing the frequency of 1-on-1 meetings, considering small meetings and briefings for individual investors, enriching disclosure materials, and utilizing external research reports to enhance information dissemination.

Opinions and requests obtained through dialogue with investors will be appropriately fed back within the organization, contributing to corporate management and operational improvements.

End