Note: This document has been translated from 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.

Supplemental Materials on Results for FY2026(1Q)

August 7, 2026

IPS, Inc.

Ticker : 4390 Tokyo Stock Exchange Prime

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.

The Abbreviations used in this document are as follows

Candle
A new international submarine cable spanning approximately 8,000 km, connecting Japan, the Philippines, and Singapore. Our company is jointly constructing it with partners including Meta and SoftBank, with commercial service scheduled to commence in 2028.

Hyperscalers
Companies such as Google, Meta, Microsoft, and Amazon that provide large-scale cloud services, leveraging vast numbers of servers and networks to serve users around the world.

Baler CLS
A facility under construction in Baler, Aurora Province, on the Pacific coast of Luzon Island, Philippines. It will connect up to four international submarine cables, including Candle, to the Philippine domestic network. Our group is leading the construction and operation of this facility as a new business venture. Station is also referred to as the Cable Landing Station (CLS)

PDSCN (Philippine Domestic Submarine Cable Network)
A domestic submarine cable network in the Philippines. This cable system connects the Philippine islands, running north-south. Jointly constructed by our group and two Philippine telecommunications operators, completed in December 2023.

C2C (City-to-City Cable System) Line
An international submarine cable connecting the Philippines to Hong Kong and Singapore. Our company acquired Irrevocable Right of Use (IRU) for this system in 2020 and 2021. Together with PDSCN, it forms the domestic and international network we can provide to customers.

Konektadong Pinoy Act
A new Philippine law enacted in August 2025 aiming to strengthen nationwide digital connectivity. Also known as the Data Transmission Open Access Act. It aims to lower barriers to entry and create an environment where more operators can access telecommunications infrastructure. This is expected to increase the number of regional telecommunications operators, who are our key customers, and reduce communication costs.

IRU (Indefeasible Right of Use)
A contract granting long-term usage rights for communication lines, etc., which cannot be terminated by one party without the mutual agreement of both the installer (owner) and the user.

Redundancy
A state where communication can be maintained via alternative routes even if cables are severed due to accidents or disasters.

Open Access
An environment where multiple operators can connect and operate lines under fair conditions, not limited to specific telecommunications carriers.

AmeyoJ
A leading domestic telecommunications product in Japan. It is a call center system developed by an Indian company, for which our group holds the sales agency rights in Japan. Features such as simultaneous dialing and customer list management are available via the cloud.

Agenda

Background: Metro Manila

1　Executive Summary

Background: Metro Manila

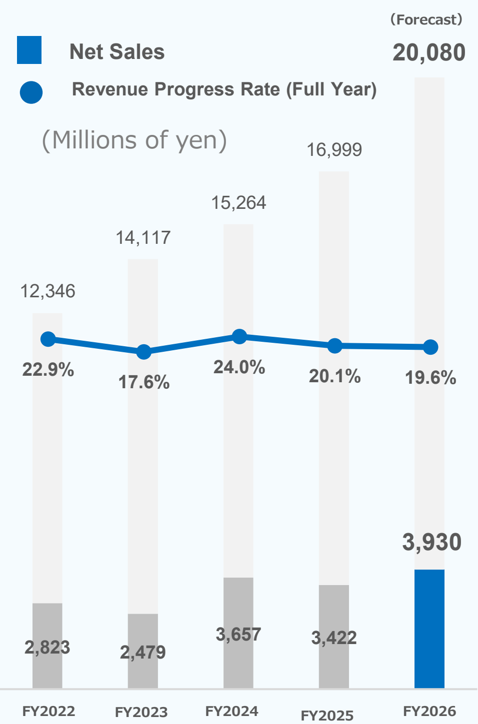
Executive Summary

Both revenue and operating income exceeded first-quarter budgets, and progress is on track with the plan
The shortfall in the domestic telecommunications segment was offset by strong performance in global telecommunications and medical & healthcare

Highlights for FY2026(1 Q)

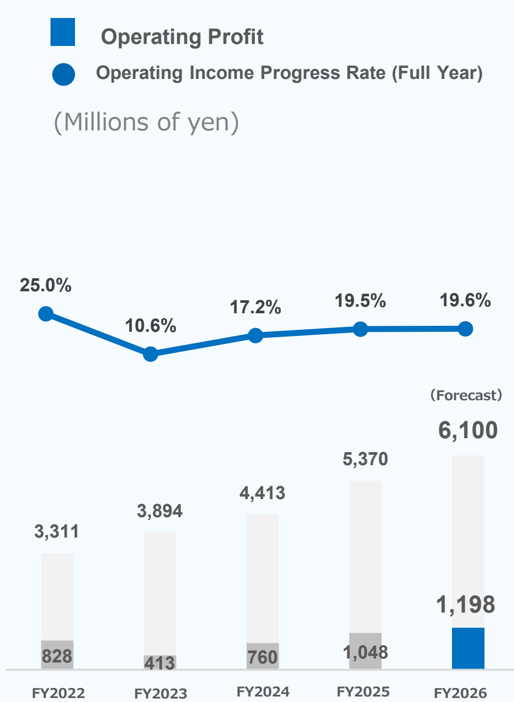
Net Sales

¥3,930 million
+￥508million(YoY＋14.9%)



Operating Profit

¥1,198 million
+￥150million(YoY＋14.3%)



•**Both net sales and operating income are progressing steadily against plan** First-half plan (net sales: 8.05 billion yen; operating income: 2.00 billion yen) Net sales are at 48.8% of the plan, and **operating income is at 59.9% of the plan**

Core Growth Businesses

・Global Telecommunications Business: **Network Construction Services and Carrier-to-Carrier services remain strong**
・Began providing **digital infrastructure** to the Philippine Department of Information and Communications Technology (DICT). Discussions will continue toward the construction of the government network.

Growth Drivers

•**Announcement of IRU Agreement for Candle Line, and sold a portion of the usage rights (98 million USD / approximately 16 billion yen*)**
***Amounts in yen are for reference only (based on an exchange rate of 1 U.S. dollar = 160 yen). Contract amounts are denominated in U.S. dollars.**
***In addition to the above, based on the operation and maintenance service agreement, we expect to recognize a specific amount as revenue for operation and maintenance fees over a 25-year period**

• Full-scale consideration of the **Development of a Submarine Cable Landing Station in Wakayama Prefecture and the Candle Wakayama Branch Line**
Regional Decentralization of Digital Infrastructure in Japan and the expansion of the Philippine business model into Japan
Aiming to **expand business opportunities**

2 Financial Highlights

Background: Metro Manila

Results for FY2026(1 Q)

(単位：百万円)

	FY2025(1 Q)	FY2026(1 Q)	YoY	
Net Sales	3,422	3,930	+508	+14.9%
Gross Profit	1,831	2,303	+471	+25.7%
Operating Profit	1,048	1,198	+150	+14.3%
Ordinary Profit	973	1,152	+179	+18.4%
Profit Attributable to Owners of the Parent	652	831	+179	+27.5%

Financial Highlights　FY2026(1 Q)

- **Net Sales**　：Net sales growth was driven primarily by the global telecommunications business, with **a 14.9% increase in revenue** compared to the same period last year.
- **Operating Profit**　：Although domestic telecommunications saw a decline in profit, global telecommunications and medical & healthcare contributed to profit growth, resulting in a **14.3% increase in profit** compared to the same period last year.
- **Ordinary Profit**　：Due to a decrease in foreign exchange losses (previous period: 120 million yen ⇒ current period: 50 million yen), net income **increased by 18.4%** compared to the same period last year.
- **Profit Attributable to Owners of the Parent**　：Due to foreign exchange effects, **profit increased by 27.5% compared to the same period last year.**

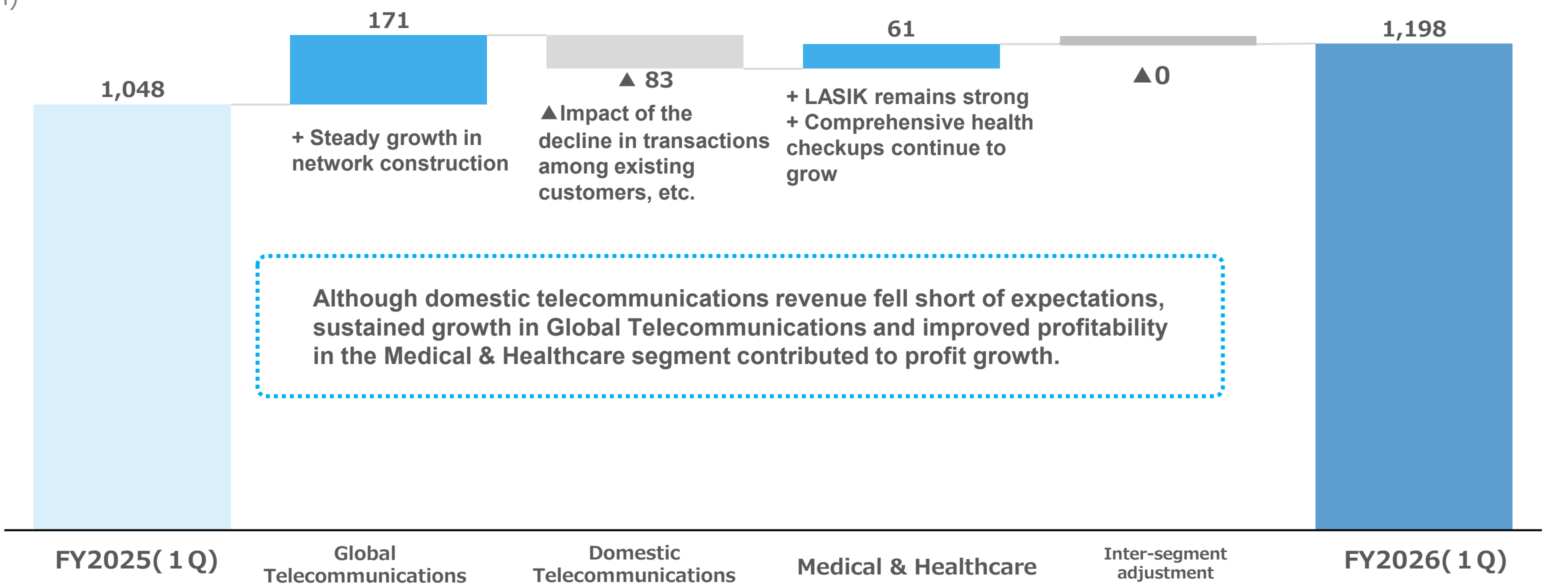
Results for FY2026(１Q)

(Millions of yen)

		FY2025(１Q)	FY2026(１Q)	YoY	
Global Telecommunications	Net Sales	2,417	2,958	+540	+22.4%
	Operating Profit	944	1,116	+171	+18.2%
Domestic Telecommunications	Net Sales	628	552	▲ 76	▲ 12.2%
	Operating Profit	133	50	▲ 83	▲ 62.5%
Medical & Healthcare	Net Sales	375	419	+43	+11.7%
	Operating Profit	▲ 29	31	+61	—

Operating Profit Change Analysis (YoY)

(Millions of yen)



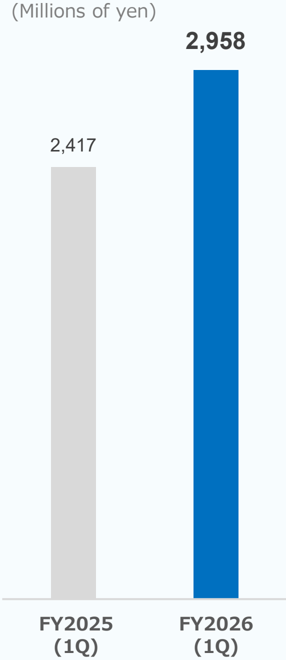
Global Telecommunications Business

Growth was well balanced between project-based and recurring revenue streams, contributing to more stable quarterly revenue and earnings.

Financial Performance and Business Trends

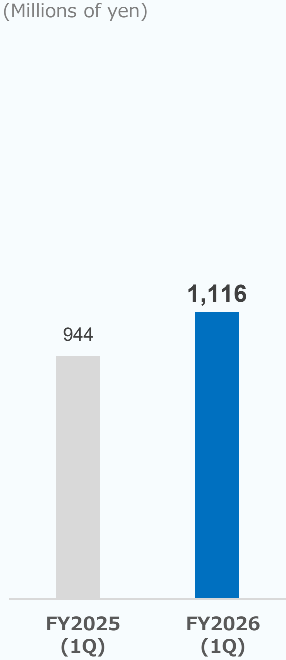
Net Sales

¥2,958 million
+¥540million
(YoY+22.4%)



Operating Profit

¥1,116 million
+¥171million
(YoY+18.2%)



One-time Revenue

•Network Construction Services (Equipment Sales)
Building networks using nationwide domestic and international lines
Focusing on broad customer acquisition from the Manila Metropolitan Area to regional areas Flexibly addressing demand for digital infrastructure (such as expanding line capacity and replacing telecommunications equipment)
Steadily building a portfolio of projects ranging from small to large-scale

•Carrier-to-Carrier Services (Provision of international lines to major telecommunications carriers)
Although large-capacity line provision is not yet included in the figures, the provision of small- and medium-capacity lines to major telecommunications carriers is progressing steadily

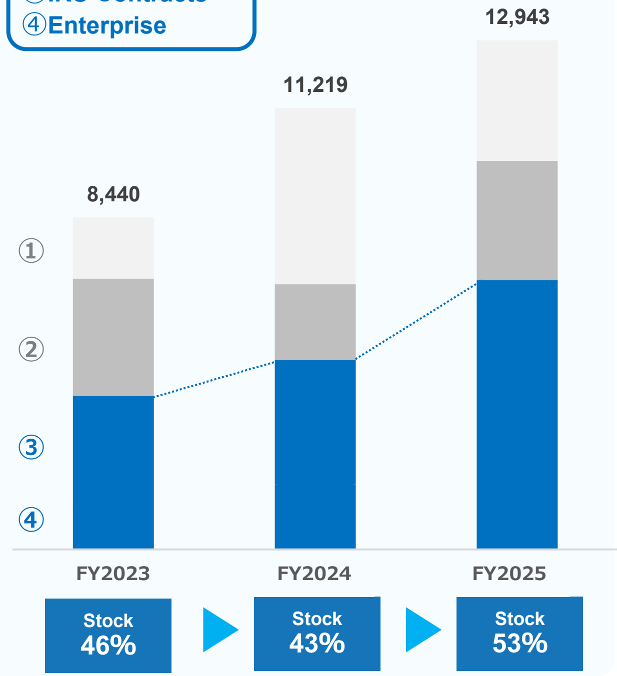
Recurring Revenue

•Enterprise, IRU Contracts
Total number of contracts: 2,289 (as of June 2026)
Focusing on acquiring high-ARPU companies; ARPU continues to improve IRU contracts are also growing steadily, contributing to recurring revenue

For Your Reference
Revenue Composition (Flow-Based, Stock-Based)

■Flow-Based
①Network Construction Services (Equipment Sales)
②Carrier-to-Carrier Services

■Stock-Based
③IRU Contracts
④Enterprise



Domestic Telecommunications Business / Medical & Healthcare Business

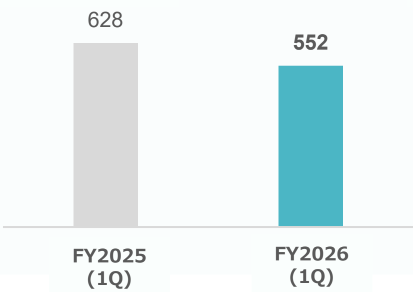
Domestic Telecommunications: Solution Services Remain Strong; New Services Also Off to a Solid Start
M&H: LASIK Business Remains Strong; Comprehensive Health Checkups Show Steady Revenue Growth, Leading to a Profit

Financial Performance and Business Trends

Net Sales

▲¥76 million(YoY▲12.2%)

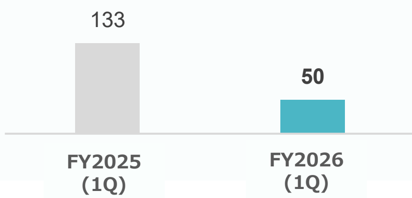
(Millions of yen)



Operating Profit

▲¥83 million(▲62.5%)

(Millions of yen)



While call center solution services remained steady, transaction volumes from existing customers declined

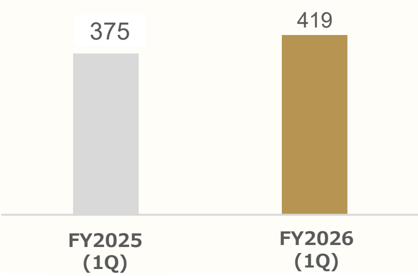
Revenue and profits fell due to factors such as the loss of high-margin projects

Financial Performance and Business Trends

Net Sales

+¥43 million(YoY+11.7%)

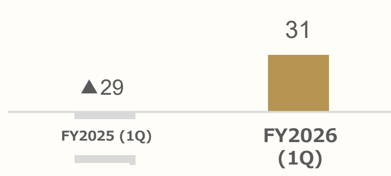
(Millions of yen)



Operating Profit

+¥61 million(—)

(Millions of yen)



SLACC（LASIK)
Through flexible marketing strategies utilizing social media and other platforms,we have maintained a stable volume of surgeries; as a result of efficient business operations,both revenue and operating income have remained strong.

SHSC（Comprehensive Health Screening)
Steady growth in corporate projects during the off-seasonIn addition, marketing efforts targeting individual customers performed wellRevenue increased by just under 40% thanks to growth in both new and repeat customers

Consolidated Balance Sheet (Summary)

(Millions of yen)

Assets				Liabilities and Net assets			
	FY2025	FY2026(1 Q)	Change		FY2025	FY2026(1 Q)	Change
Current assets	25,963	26,179	216	Current liabilities	18,887	18,900	12
Cash and deposits	3,582	4,027	444	Accounts payable – trade	660	396	▲ 263
Accounts receivable - trade	16,202	16,526	323	Borrowings	6,550	6,886	336
Lease receivables	5,277	5,191	▲ 86	Deferred payment profit	4,102	4,017	▲ 84
Others	901	435	▲ 466	Others	7,575	7,599	24
Non - current assets	24,994	26,137	1,143	Non - current liabilities	6,455	6,296	▲ 159
Property, plant and equipment	18,900	19,661	761	Long - term borrowings	6,086	6,005	▲ 80
Intangible assets	4,712	4,709	▲ 3	Others	368	290	▲ 78
Investments and other assets	1,382	1,766	384	Total liabilities	25,343	25,196	▲ 146
Deferred assets	21	18	▲ 2	Net assets	25,636	27,139	1,503
				Shareholders’ equity	16,849	17,444	595
				Accumulated other Comprehensive income	1,995	2,738	743
				Share acquisition right	278	273	▲ 5
				Non - controlling interests	6,512	6,683	170
Total assets	50,979	52,336	1,357	Total liabilities and Net assets	50,979	52,336	1,357

3 Earnings Forecast for the FY 2026

Background: Metro Manila

[Repost]
Presentation Materials for FY2025
Disclosed on May 12, 2026

FY2026 Earnings Forecast

(Millions of yen)

Assumed Exchange Rates 1 USD: 150 JPY 1 PHP: 2.6 JPY	FY2025 Actual	FY2026 Forecast			
		1H	2H	Full Year	YoY
Net Sales	16,999	8,050	12,030	20,080	+18.1%
Operating Profit	5,370	2,000	4,100	6,100	+13.6%
Ordinary Profit	5,787	2,038	4,139	6,177	+6.7%
Profit Attributable to Owners of the Parent	4,196	1,390	2,810	4,200	+0.1%

FY2026 Earnings Forecast

- Network construction services for the global telecommunications business are expected to continue performing well. We forecast net sales of 20.8 billion yen and operating profit of 6.1 billion yen.
- The previous fiscal year benefited from foreign exchange gains due to yen depreciation, while the current forecast assumes no foreign exchange gains or losses.
- Given the current uncertainties—including the anticipated economic impact of the situation in the Middle East, exchange rate trends, and the progress of new projects—we will monitor future changes in the environment and the finalization of projects and consider revising our plans as necessary.

[Repost]
Presentation Materials for FY2025
Disclosed on May 12, 2026

FY2026 Segment-Based Earnings Forecast

(Millions of yen)

Business Segment		FY2025 Actual	FY2026 Forecast	Change
Net Sales		**16,999**	**20,080**	**+18.1%**
	Global Telecommunications	12,943	15,230	+17.7%
	Domestic Telecommunications	2,405	2,900	+20.6%
	Medical & Healthcare	1,650	1,950	+18.2%
Operating Profit		**5,370**	**6,100**	**+13.6%**
	Global Telecommunications	4,901	5,600	+14.3%
	Domestic Telecommunications	397	250	▲37.0%
	Medical & Healthcare	80	250	+212.5%
	Inter-segment adjustment	▲8	—	—
OP Margin		**31.6%**	**30.4%**	
	Global Telecommunications	37.9%	36.8%	
	Domestic Telecommunications	16.4%	8.6%	
	Medical & Healthcare	5.2%	12.8%	

*Please note that the figures in this document are rounded down to the nearest million yen, so they may not match the calculated amounts shown in the tables.

Financial Impact of Growth Drivers

Revenue from the landing station is expected to commence ahead of the Candle cable system.
By leveraging a large-scale IRU contract (advance payments), this has helped stabilize cash flow until growth drivers are realized and reduced the burden on internal funds.

Growth drivers

New International Submarine Cable Candle

Meta Partners with SoftBank to Secure Major IRU Contract

[Negotiation Period]
(1) IRU contract announced in July 2025
(2) IRU contract announced in August 2026
New

Following the completion of the new international submarine cable "Candle," the handover has been finalizedCommercial operations have begun

Construction schedule(Candle)

Baler Landing Station (East Coast of Luzon)

Contract with Taisei Corporation

[Negotiation Period]

At the Baler Cable Landing Station, services have begun

Construction schedule(Baler)

Poro Point Landing Station (West Coast of Luzon)

Signing the Agreement with BCDA

[Negotiation Period]

Utilizing existing facilitiesLaunch of unloading services

Now

2025 | 2026 | 2027 | 2028 | 2029 | 2030

Financial Impact

C/F B/S

Cash Out (Construction Funding)

Cash In (Advance Payment for Candle)

Cash-in (Candle IRU/O&M, Onshore Services)

Cash In(Land-based service / Poro Point ⇒ Baler)

P/L

Until commercial operation of the Candle project begins, cash outflows exceed cash inflows on the cash flow statement•Depending on the construction phase, cash inflows (advance payments) are recognized on the balance sheet•After completion, net sales (cash inflows) from landing services and IRU/O&M* is recognized on the income statement

*O&M (Operation & Maintenance): Operation and maintenance services for submarine cable systems and related infrastructure.

Net sales from the New International Submarine Cable "Candle"

Revenue from CLS business (Baler, East Coast)

Revenue from CLS business (West Coast Poro Point)

Changes to IRU's Revenue Recognition Due to the Adoption of the New Lease Accounting Standards

Differences Between Current and New Accounting Standards

[Current] Accounting Standards

After providing a line under an IRU agreement, the contract consideration is **recorded on the balance sheet as lease investment assets**, and **revenue and profit are recognized as the consideration is collected**.

[New] Accounting Standards

As a general rule, **revenue and profit are recognized at the time the line is provided**. Therefore, **for lease investment assets recorded on the balance sheet as of April 1, 2027, when the new standard takes effect, under transitional provisions, no adjustments will be made to prior-year financial statements, and these amounts will be reflected directly in retained earnings at the beginning of the period without passing through the income statement**, which **will increase retained earnings at the transition date**.
Furthermore, for IRU contracts newly entered into on or after April 1, 2027, **while current accounting standards require revenue and profit to be recognized as consideration is received, the new accounting standards require revenue and profit to be recognized at the time the lines are provided**.
Consequently, particularly for IRU contracts involving installment payments, the timing of revenue and profit recognition in each fiscal year will differ from previous practices.

Please note that this **does not alter the economic value or cash flows generated by the contract itself.**
Please understand that this **does not affect our Group's medium- to long-term profitability or cash flow generation capabilities**, but**merely changes the timing of profit recognition for accounting purposes**.

4 Future Business Strategy

Background: Metro Manila

Medium- to Long-Term Revenue Growth Through the Accumulation of Growth Drivers

With growth drivers now fully underway, we are aiming to achieve our profit targets for the next medium-term management plan period, and various projects that constitute both the growth drivers and the Core Growth Businesses are making steady progress.

With a clear outlook on the return on each investment, the Wakayama Project is moving into full swing
Multiple pipeline projects are progressing smoothly

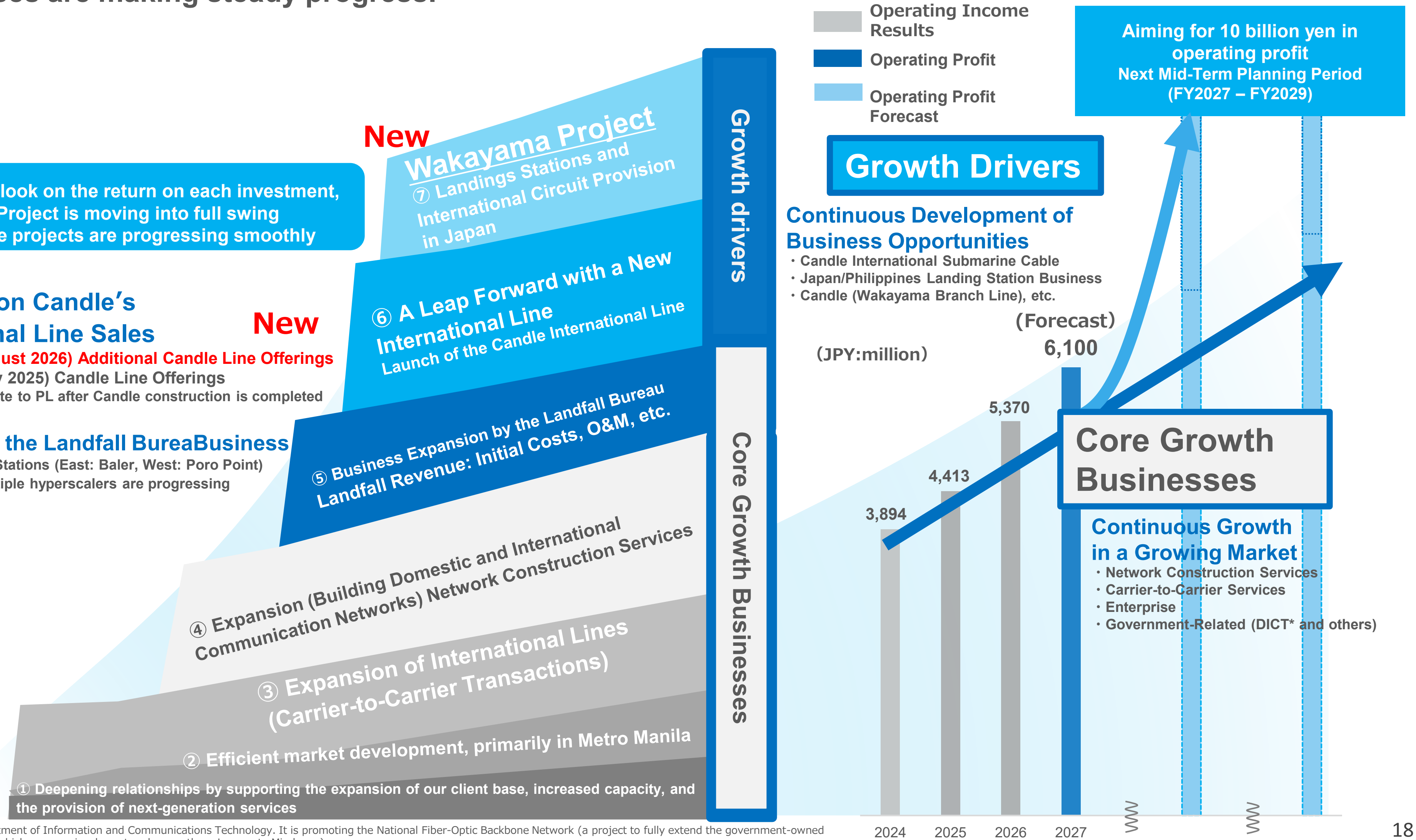
⑥ Progress on Candle's International Line Sales

New

(Announced in August 2026) Additional Candle Line Offerings
(Announced in July 2025) Candle Line Offerings
⇒ Expects to contribute to PL after Candle construction is completed

⑤ Progress on the Landfall BureaBusiness

・East-West Landing Stations (East: Baler, West: Poro Point)
Negotiations with multiple hyperscalers are progressing smoothly



*DICT : The Philippine Department of Information and Communications Technology. It is promoting the National Fiber-Optic Backbone Network (a project to fully extend the government-owned fiber-optic network—which was previously centered on northern Luzon—to Mindanao).

Candle Additional IRU Agreement Significantly Improves Investment Recovery Visibility, Enabling Full-Scale Evaluation of New Growth Investments

Investments Made by Our Company

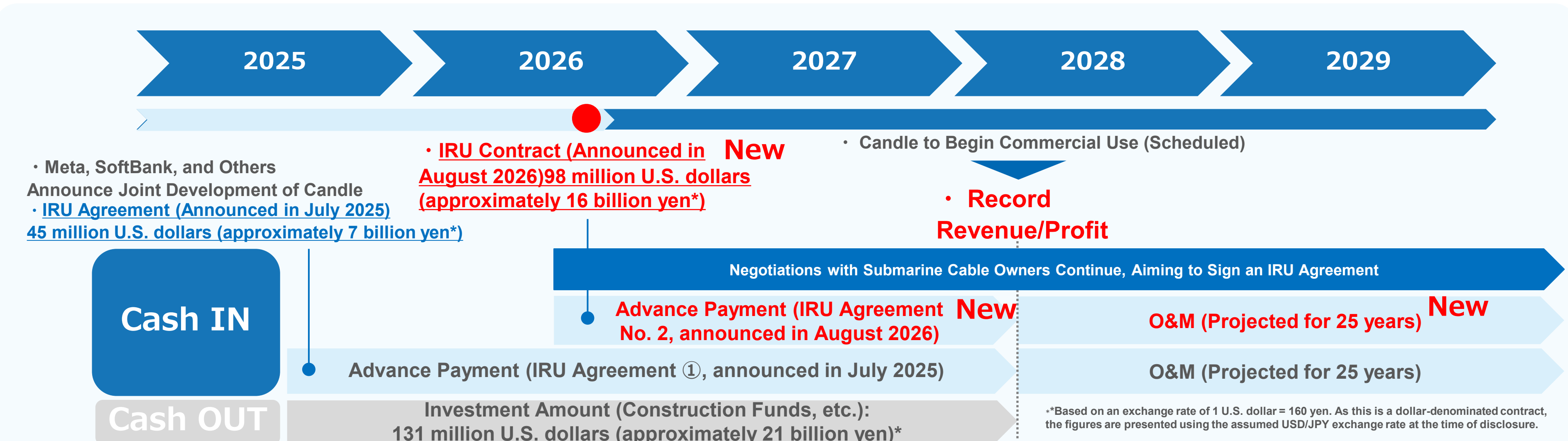
• Investment Targets	• Newly Constructed International Submarine Cable "Candle" (Japan–Philippines–Singapore)
• Portion Owned by Our Company	• Trunk (main line): 3 fiber pairs + some branches (branch lines)
• Start Date of Commercial Use	• 2028 (planned)

Impact on Our Company's Performance in the Medium to Long Term

- Under the IRU agreement, revenue is expected to be recognized in a lump sum in the first year, followed by stable operating income in subsequent years
- **Multiple IRU agreements validate strong customer demand for Candle. Additional capacity sales and related services provide further growth opportunities.**
- Reducing global telecommunications costs for the company and its group companies

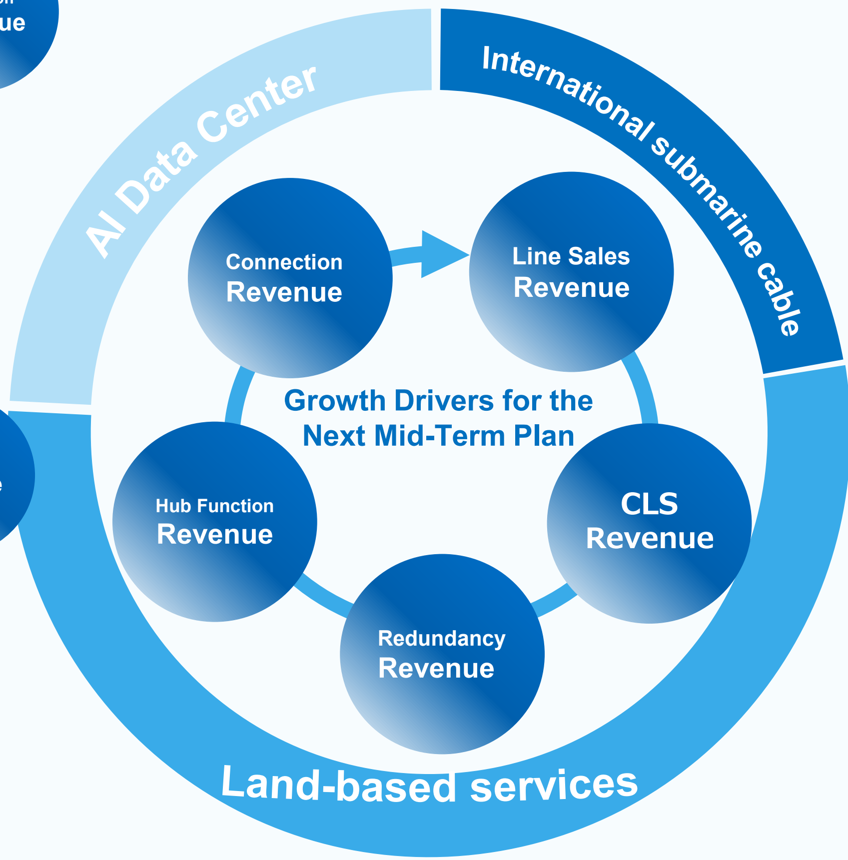
New

- **Thanks to Candle's track record**, the strengthening of international partnerships has accelerated, **leading to the creation of new business opportunities in the Asia-Pacific region**
- Based on the IRU agreements announced in July of last year and August of this year, **we expect to recoup our investment in Candle and improve cash flow, and have begun a full-scale review of the Wakayama Project**



Revenue Diversification Enabled by the Platform

The new international submarine cable, Candle, will create new business opportunities and diversify revenue streams
It will serve as a growth driver during the next medium-term management plan period, propelling future profit growth



Line Sales Revenue

1. Revenue from the sale of lines based on ownership of international submarine cables

<u>Participation as an owner in international submarine cables</u> will help **<u>secure revenue from international circuits</u>** through capacity sales, FP sales, and other traditional means. This will continue to serve as the **<u>core of our revenue base</u>**

CLS Revenue

2. Revenue from facilities based on the operations of the East and West Cable Landing Stations

By **operating both the Baler and Poro Point landing stations**, we will tap into new **revenue opportunities related to the use, connection, interconnection, and associated operations of landing facilities**. **<u>Revenue as an operator of connection points</u>**

Redundancy Revenue

3. Revenue from domestic expansion and redundancy utilizing the East-West Bypass Route

By securing the route connecting Baler and San Fernando, we can go beyond simply receiving international traffic on the east coast; we can transport it all the way to the west coast, **gaining the ability to connect to other domestic and international networks.** This **<u>expands revenue opportunities related to domestic expansion, such as providing domestic backhaul and redundant routes</u>**.

Hub Function Revenue

4. Revenue from interconnection and hub functions spanning both the East and West coasts

By securing both the East Coast and West Coast landing points, as well as the routes connecting them, as an integrated whole, we capture **<u>high-value revenue opportunities related to connection design, interconnection, and routing</u>**—such as where to receive traffic, how to route it, and where to terminate it—rather than simply wholesaling lines. In other words, **<u>revenue generated by serving as a hub for international communications</u>**

Connection Revenue

5. Revenue from upper-layer services, including data centers and AI-related services

In the future, starting with the landing station, we expect to further expand revenue opportunities by capturing demand from major digital service providers requiring high-capacity communications, including connectivity to data centers.

4 Future Business Strategy

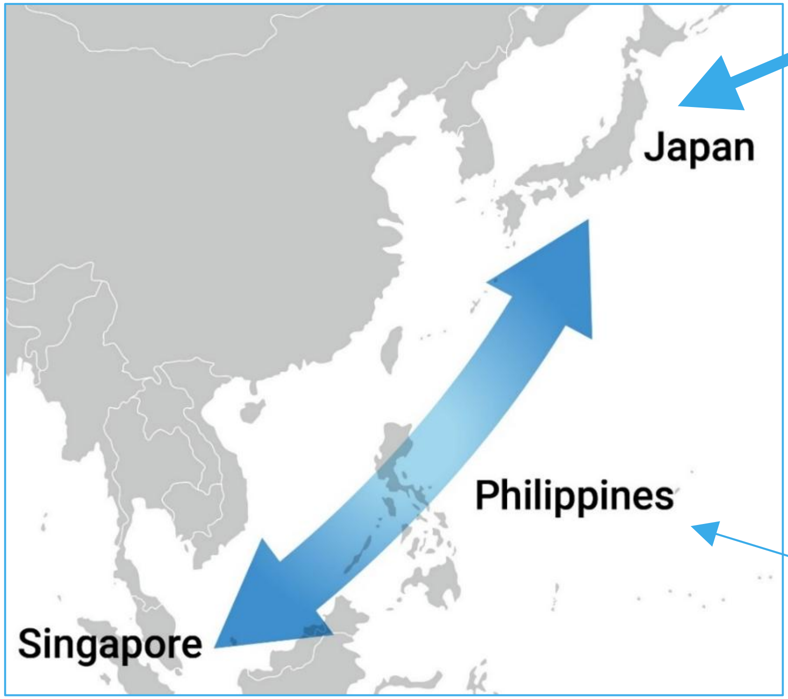
Background: Metro Manila

【Repost】
Mid-Term Management Plan
(Mid- to Long-Term Business Strategy)
Disclosed on May 14, 2024

Reforms in the Telecommunications Infrastructure of the Philippines and Japan

We will bring the plan to construct the Asia International Submarine Cable to fruition, improve telecommunications infrastructure in the Philippines and Japan, and contribute to business expansion and economic development in both countries.

Discussions are underway regarding the joint construction of a new international submarine cable system connecting Japan, the Philippines, and Singapore. The aim is to provide more secure communication lines.



- Establishment of a shore station* (not the main station)
- Backhaul network deployment (partially self-installed)
- Connected to major domestic infrastructure. Contributing to the improvement of Japan's telecommunications infrastructure and its development as a data hub

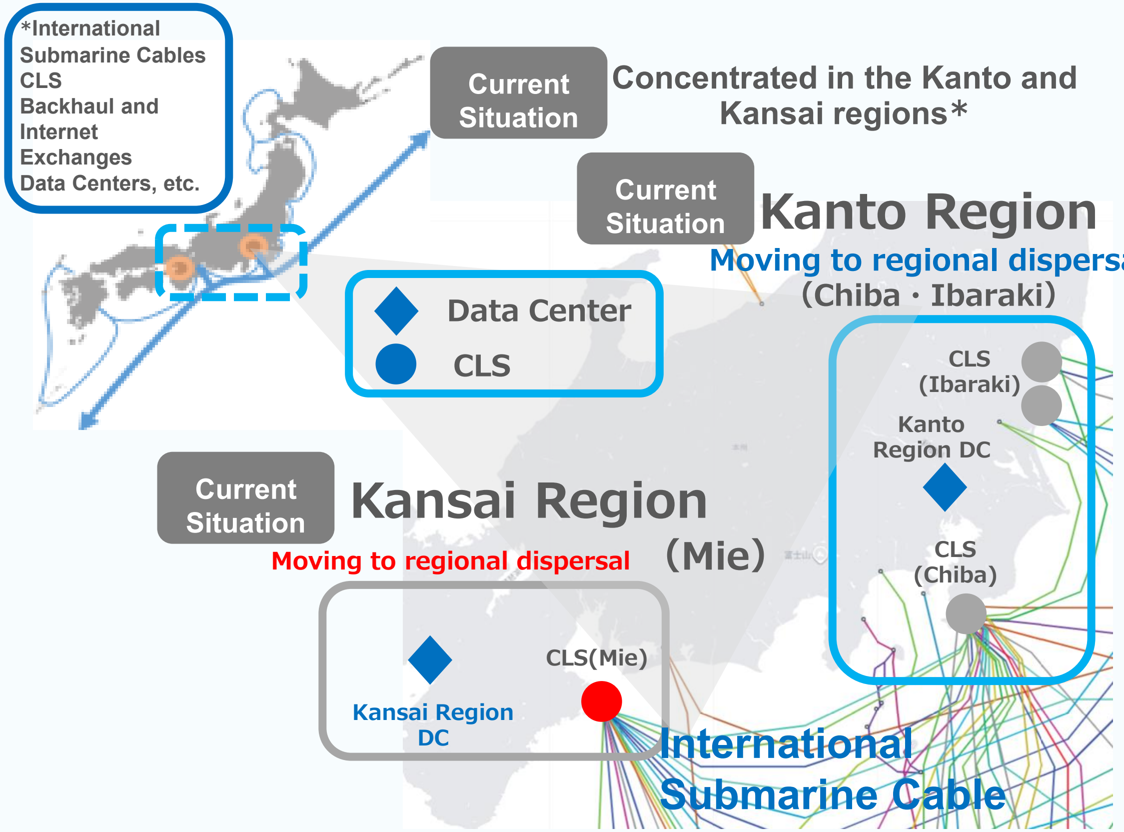
- Building an even larger, high-quality internet infrastructure to handle the third-largest volume of internet data in the Philippines
- Connected to IPDSCN and BBIX Philippines

Once completed, we aim to extend these benefits to all of our telecommunications customers across all sectors.(CATV, ISPs, telecommunications carriers, OTT providers, government agencies, as well as corporate and individual customers)

Structural Challenges in Digital Infrastructure and the Strategic Significance of the Wakayama Hub

Uneven infrastructure distribution, growing hyperscaler demand, and persistently high network access costs are increasing the need for a more distributed and flexible network architecture.

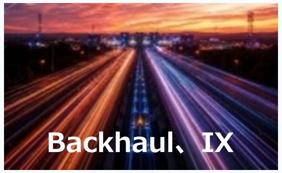
Challenges Facing Domestic Cable Landing Stations
Kanto Is Diversifying, While Kansai Remains Concentrated in Mie

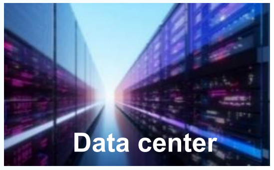


Growing Demand from Hyperscalers
Domestic Fiber-Optic Lines: An Oligopolistic Market

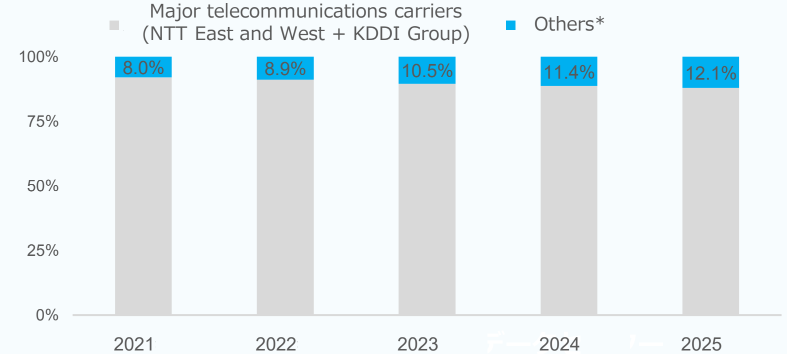
Growing Demand from Hyperscalers

Hyperscalers' Criteria for Digital Infrastructure① Multi-carrier connectivity (to avoid vendor lock-in) ② Low-latency routes③ Redundant configuration (BCP) ④ Cost optimization (reduction of line charges)





Trends in Market Share of the Fiber-Optic Line Market (Wholesale Market)



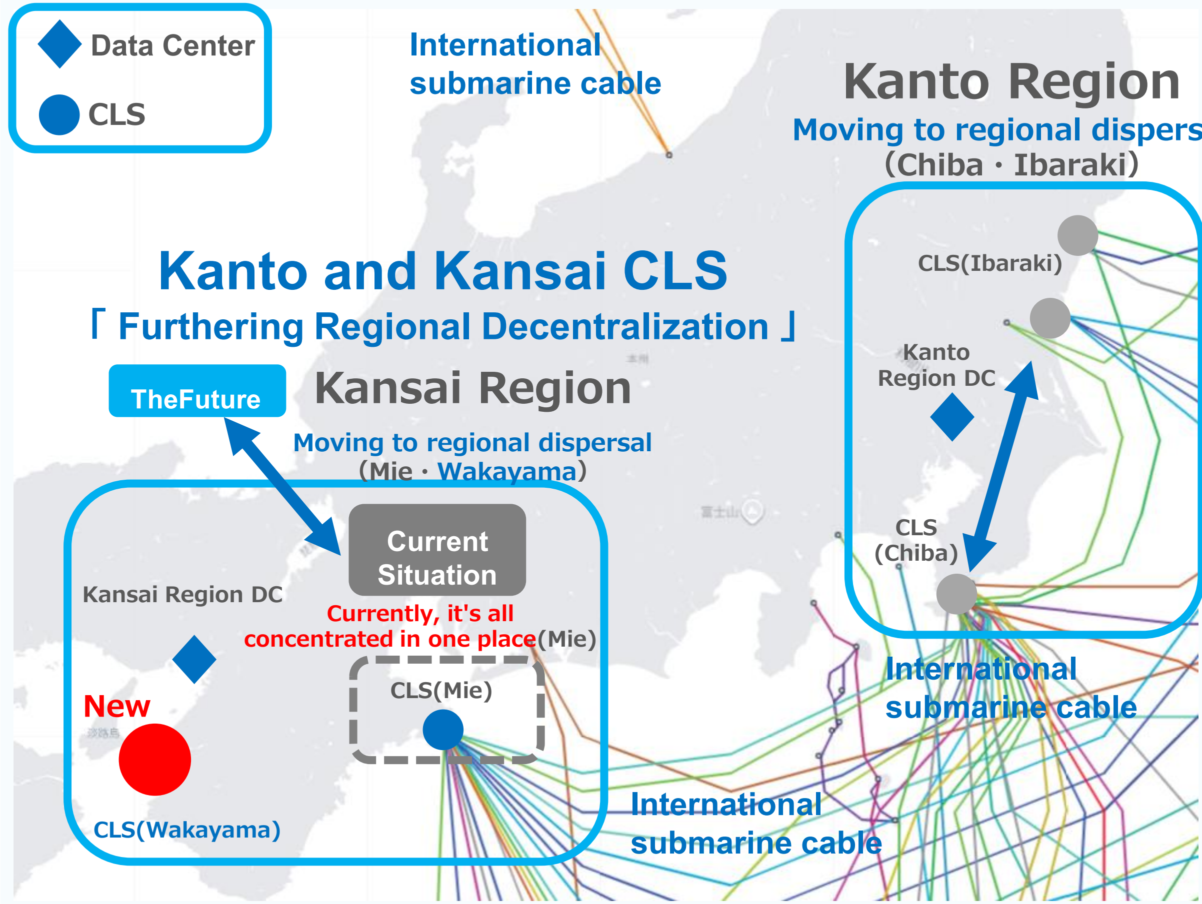
*Arteria Networks, Gigaprize, Sony Network Communications, and others

Ministry of Internal Affairs and Communications: Annual Report on Market Verification in the Telecommunications Sector (Reiwa 6)

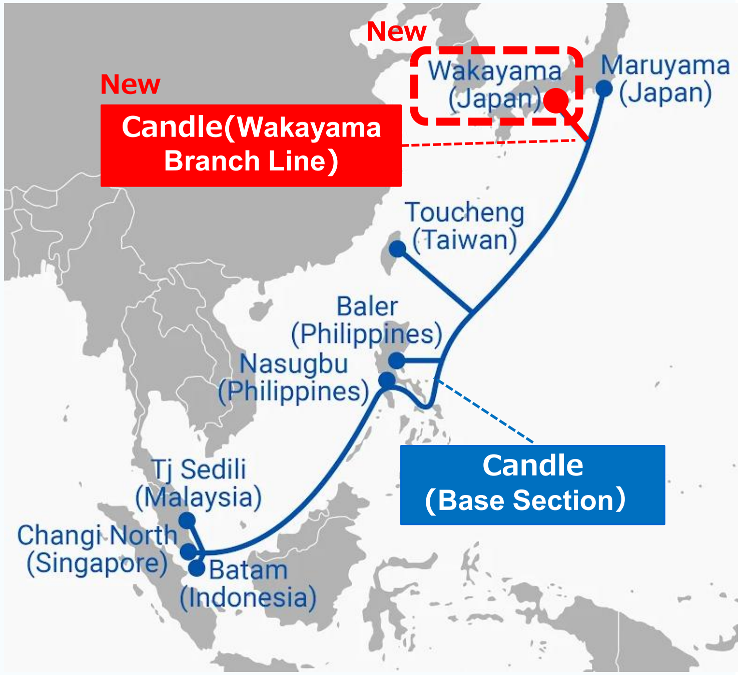
Diversifying Cable Landing Infrastructure in the Kansai Region and Creating New Business Opportunities

A new cable landing station in Wakayama will enhance the geographic diversification of landing infrastructure across Japan.

Diversifying Cable Landing Infrastructure in the Kansai Region
Advancing the Development of the Wakayama Cable Landing Station



Construct the Candle (Wakayama Branch Line).
Creating business opportunities within Japan

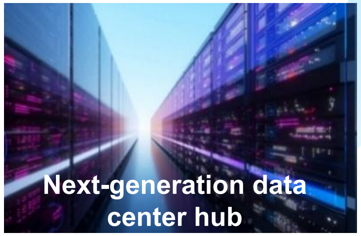


*Publicly available Candle price ranges. These differ in part from our investment target ranges.

Expanding Business Opportunities Through the Rollout of the Philippine Model in Japan

Leveraging our experience in cable landing stations, international connectivity, and digital infrastructure operations in the Philippines, we aim to expand international connectivity services into Japan.

Philippines: Delivering end-to-end connectivity from the Candle landing station to data centers



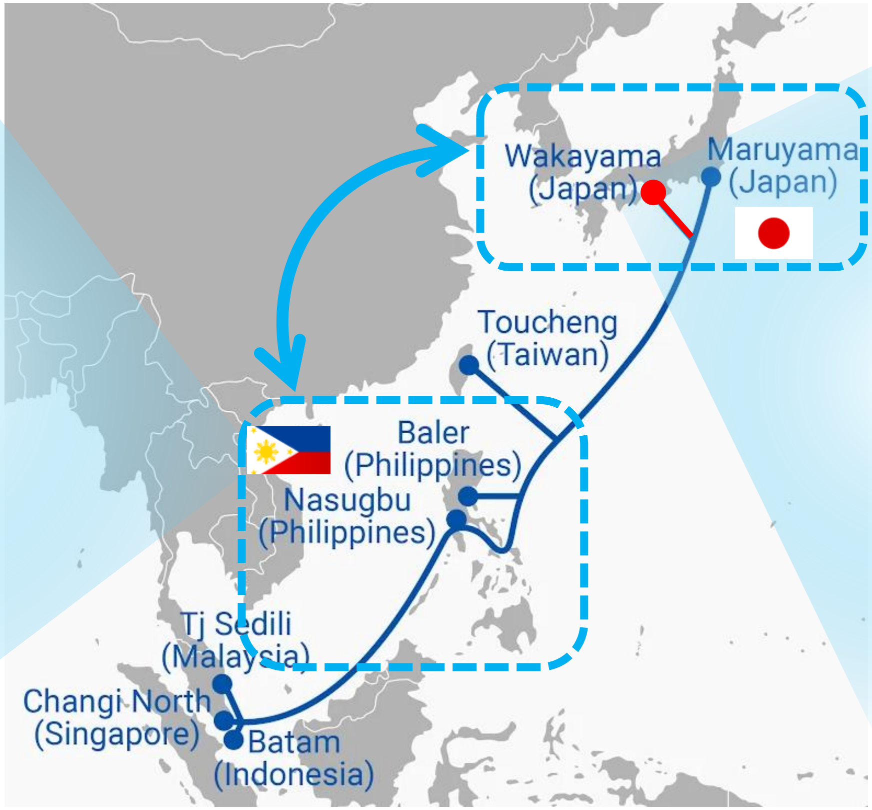
Japan: Diversification of Landing Infrastructure in the Kansai Region and International Connectivity via the Candle Wakayama Branch

Wakayama CLS

New Business at IPS Pro, a Consolidated Subsidiary

Candle Wakayama Branch Line

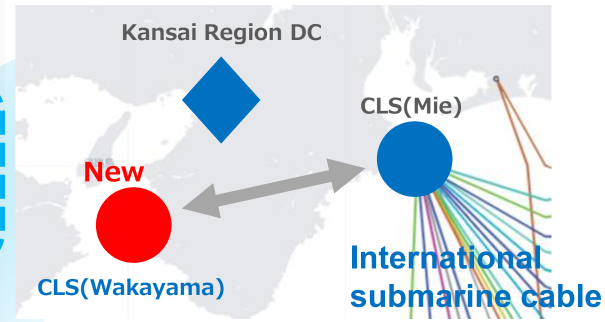
Maximizing Business Opportunities



Kansai Region

Currently, it's all concentrated in one place(Mie)

Moving to regional dispersal (Mie・Wakayama)



Changes in the Submarine Cable Industry and Open Access CLS

Adapting to Structural Changes in the Land-Based Operations Industry and Building a New Business Model

Traditional IndustryStructure

・Major carriers own and operate submarine cables, CLS, and domestic backhaul networks as an integrated whole. CLS functions not as a "neutral interconnection point," but as a "gateway to their own networks".

・It is common for other operators to be forced to rely on the CLS operating carrier not only for CLS but also for backhaul and interconnection terms. This limits users' choices, creating a closed structure that hinders competition

・In the Philippines, PLDT, a major telecommunications carrier, and CLS, led by Globe, have shaped this model for many years

Changes in the Industry Structure

・Hyperscalers and content providers are becoming the primary investors in submarine cables. As demand for AI cloud services grows, the need for flexible connectivity to multiple networks is expanding.

・With the construction of new submarine cables proceeding one after another, the importance of CLS, with its neutrality and interconnectivity, is growing

・From carrier-dependent systems to an open and flexible connectivity environment

New CLS Model

Open Access CLS

・Not limited to specific cables, but rather a neutral infrastructure available to multiple submarine cable operators. Provides shared facilities such as colocation, power, and cross-connects

・Cable operators, cloud service providers, and telecommunications carriers can freely interconnect

・Also enables users to freely choose their backhaul, creating an open connectivity environment

IPS / InfiniVAN Strategy

・Baler CLS and Poro Point CLS to be made Open Access
Policy to develop and operate them as CLS. **Cable Establish a CLS operation and service provision model independent of ownership**

・Combined with InfiniVAN's **domestic backhaul and network services, it meets a wide range of connectivity** needs

・Aiming to become a digital infrastructure platform **that captures demand for submarine cables, data centers, and cloud services,which are expected to grow in the future**

Under the open-access policy for landing stations, submarine cable owners can build flexible and efficient networks

Subsea Side

Owner of the undersea cable

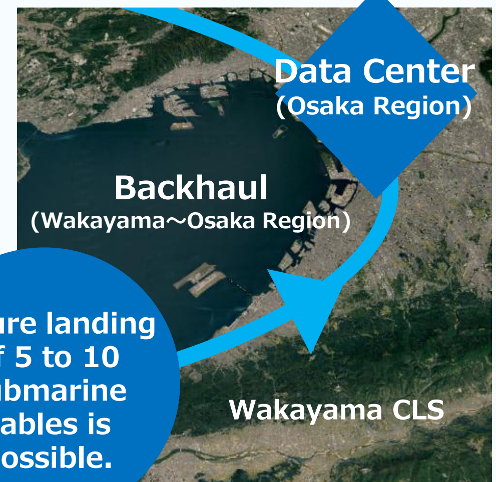
Land side

CLS: New Business Initiative by IPS Pro Inc.
Operating Policy: Open Access

Hyperscaler Demand in Japan, Driven by Trust in the Candle Consortium

Wakayama Prefecture: Possesses a geographical advantage in terms of its connection to major distribution center clusters in the Osaka metropolitan area

Future landing of 5 to 10 submarine cables is possible.



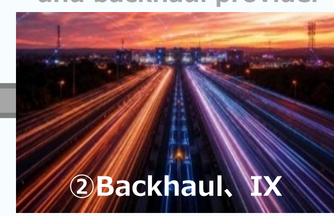
Typical Landing Station: Closed Access

Owner of the subsea cable

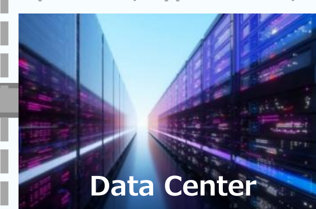
CLS
(Close Access)

① Telecom carrier and backhaul provider

② Telecom carrier and backhaul provider



Telecom carriers, data center operators, hyperscalers, etc.



A Business Structure Designed to Maximize Profits for the Wakayama Project

Enabled by our global telecom assets and operational expertise in the Philippines, together with telecommunications licenses and strategic partnerships in Japan.

	Track Record	Projected revenue model	Target Audience
New Business **Wakayama CLS** Joint venture co-management IPSPRO 51% / Domestic partner 49%	• Licensed telecom operator • More than 20 years of experience in Japan's telecommunications market	・Connectivity Revenue ・Redundancy revenue (Backhaul connection revenue) ・Hub connection revenue ・Data center connection revenue, etc.	・Submarine Cable Owner ・Telecommunications carriers ・Backhaul providers ・Data center operators, etc.
Maximizing Business Opportunities **New International Submarine Cable Candle (Wakayama Branch Line)** Provision of international lines to Japan ips	Proven experience in developing and operating digital infrastructure, including international connectivity, cable landing stations, backhaul networks, and data centers in the Philippines	・International submarine cable line sales revenue, etc.	・Submarine Cable Owner ・International carriers, etc.

Reducing Investment Risk Through a Demand-Driven Development Approach

Candle Project: Anticipates a return on investment before construction is completed, against the backdrop of growing digital demand
Wakayama Project: Has established the same structure as the Candle Project, aiming to maximize business opportunities based on the Philippine model

	Estimated Investment Amount	Financing Plan	Recovery Progress
・Candle **(1) IRU contract announced in July 2025** **(2) IRU contract announced in August 2026**	・21 billion yen* *Assumed exchange rate: 1 U.S. dollar = 160 yen	・Credit lines from financial institutions(Mizuho Bank, Japan Bank for International Cooperation, etc.) ・Capacity sales (advance payments), etc.	**・IRU Agreement (① July 2025, ② August 2026)**
Wakayama Branch Line Wakayama CLS announced in July 2026	・23 billion yen* *The amount shown represents the total investment and does not reflect the portion to be borne by the Company. We are evaluating the optimal project structure, including potential partnerships and the utilization of government support programs. A final investment decision is expected during the second quarter of the current fiscal year. The Candle Wakayama Branch Line is expected to be wholly owned by the Company	・Collaboration with partners ・Utilization of public support programs ・Joint operation through a joint venture ・Capacity sales (advance payments), etc.	・Submarine Cable Owner **⇒Based on Candle's track record of sales and the trust it has earned, we plan to expand our sales efforts to submarine cable owners at the Wakayama Branch Line and Wakayama Landing Station as well.**

5　Appendix

Background: Metro Manila

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.

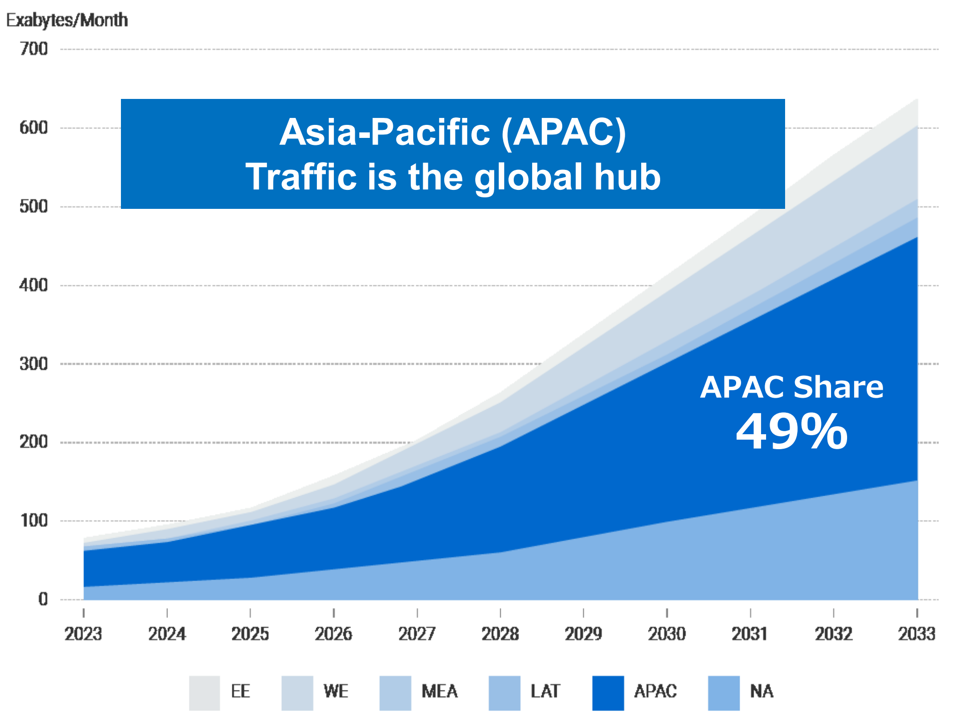
宮下 幸治

Background: Makati City, Philippines

Digital Infrastructure Supporting Global Trends

Structural Changes Brought About by Global Trends

- Global data traffic is exploding. The use of AI, cloud computing,social media, payment services, IoT, and other technologies is spreading worldwide.
- The Asia-Pacific (APAC) region is the epicenter of data traffic It is projected to account for 49% of total traffic by 2033

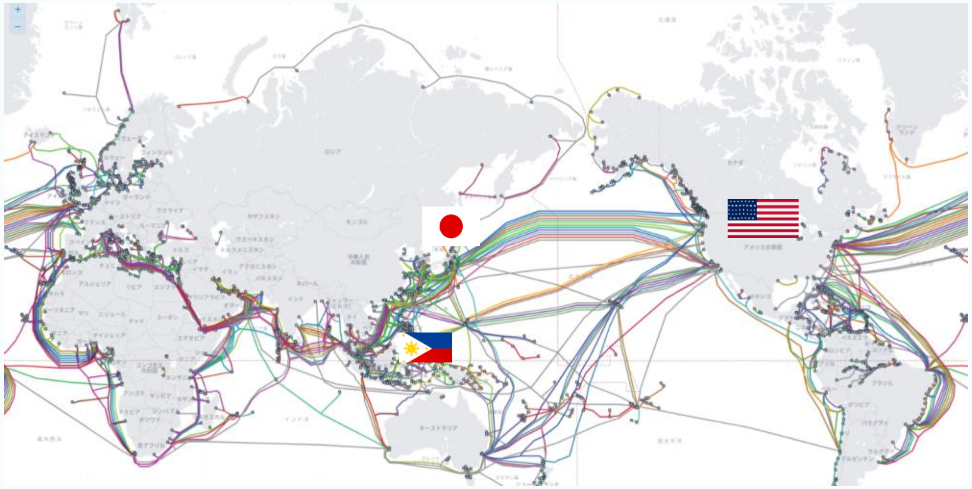


NOKIA Research, Global network traffic report 2025

Submarine cables that carry international communications

- Submarine cables are optical fiber communication infrastructure laid on the seabed. Approximately 99% of Japan's international communications pass through submarine cables.
- The Philippines serves as a strategic hub for traffic from Asia—primarily Singapore—as well as traffic from Japan and the U.S.

Submarine cables connecting data traffic around the world



- **Major Submarine Cable Operators**

U.S. Hyperscalers and others are the primary owners of submarine cables owners (U.S.): AT&T, Verizon, Google, Meta
Cable owners (Japan): NTT, SoftBank
Suppliers: (U.S.) Ciena, SubCom; (Japan) NEC, Fujitsu
Installation and Maintenance: (U.S.) SubCom; (Japan) KDDI, NTT

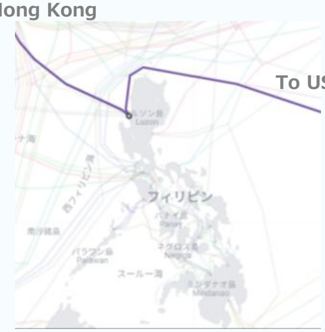
The Foundation for Profit Growth: Proactive Investment in Submarine Cables

Profit growth in the global telecommunications business was achieved through upfront investment in submarine cables.The new international submarine cable, Candle, enables a leap forward from the Philippines to the Asia-Pacific region

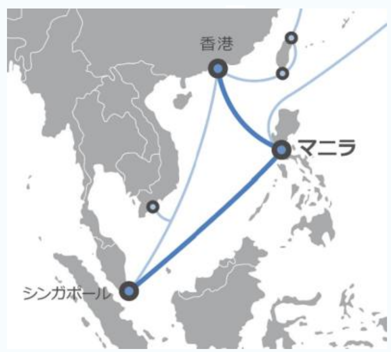
Expanding from Metro Manila to the rest of the Philippines and Asia

FY2011	FY2015	FY2019 FY2020	FY2022	FY2027
AAG (International Submarine Cable)	**InfiniVAN (Domestic lines within the Philippines)**	**C2C (International Submarine Cable)**	**PDSCN (Philippine domestic submarine cable)**	**Candle (New International Submarine Cable)**
global telecommunications business launched in the Philippines	Providing **corporate-grade Internet connectivity services** in the Manila metropolitan area	Commencing **high-capacity service for major carriers** via international submarine cables	Building a backbone network connecting the Philippine islands and **expanding services nationwide**	Building a new international submarine cable with Meta and SoftBankTransforming **the Philippines into Asia's digital hub ⇒ Strengthening connectivity with Japan**

To Hong Kong



InfiniVAN



Segment	FY2011	FY2015	FY2019/FY2020	FY2022	FY2027
Segment	global telecommunications Business ① Wholesale (ISP/CATV)	① Wholesale (ISP/CATV) **② Enterprise** **Large to mid-sized companies** **→ Utilizing railway and highway conduits for efficient connectivity**	① Wholesale (ISP/CATV, **Carrier-to-Carrier (Major Telecom Companies)** ② Enterprise	① Wholesale (ISPs/CATVs, Carrier Carriers, **Government Agencies & Municipalities,** Regional Enterprises) ② Enterprise	① Wholesale ② Enterprise **③ New Segment (to Hyperscalers, etc.)**

Social Infrastructure Supporting AI and the Digital Society in Asia

Candle, a digital asset aligned with the policies of the Japanese and Philippine governments regarding economic security

Japan Growth Strategy Council: "17 Strategic Areas"

① AI and Semiconductors
② Digital and Cybersecurity
③ Information and Communications (Submarine Cables)
④ Quantum
⑤ Defense Industry
⑥ Aerospace
⑦ Ocean
⑧ Shipbuilding
⑨ Materials (Critical Minerals and Component Materials)
⑩ Synthetic Biology and Biotechnology
⑪ Drug Discovery and Advanced Medicine
⑫ Resources, Energy Security, and GX
⑬ Fusion Energy
⑭ Disaster Prevention and National Resilience
⑮ Port Logistics
⑯ Food Tech
⑰ Contents

[Japanese Government] Current Situation and Vision

- Supporting the AI Society in the Asian Region Core Infrastructure (Social Infrastructure)
- Driven by the growth of AI data centers and other factors,hyperscalers are accelerating the deployment of their own dedicated lines,and the market is expanding due to a surge in cable demand.

Goals

- Expanding the "hub" function of the undersea cable connecting North America and Asia
- Stimulate the development of data centers and cloud services in Japan

[Japanese Government] Basic Strategy

- Stably securing robust demand from hyperscalers and others
- Implementing multiple routes for submarine cables and decentralizing and strengthening landing stations in regional areas
- Lead the development of undersea cable networks, primarily in India and the Pacific region, to capture global telecommunications demand

Details of Public-Private Investment

- Strategic investment to promote research and development, societal implementation, and overseas expansion of submarine cable systems by private companies and other entities
- Public-private investment in a new undersea cable project

Council on Economic and Fiscal Policy (8th Meeting, Reiwa 8) / Japan Growth Strategy Council (5th Meeting) June 24, 2026: Draft Public-Private Investment Roadmap for "Key Products, Technologies, etc." in the 17 Strategic Sectors

Asia's New Digital Hub: Growth Potential of the Cable Landing Station Market

Demand for hyperscalers in the Philippine telecommunications infrastructure market is primarily met by Philippine telecommunications carriers
We aim to capture this robust demand by leveraging our competitive advantage through open

Against the backdrop of growing demand for AI and digital technologies
The expanding market for land-based stations

Data Traffic (West Coast: via Asia)

● La Union（Northern Luzon）

- **CLS**: 5 locations(Major telecommunications carriers, government agencies)
- **Submarine Cable**: **5Line**(Submarine Cable Owner)

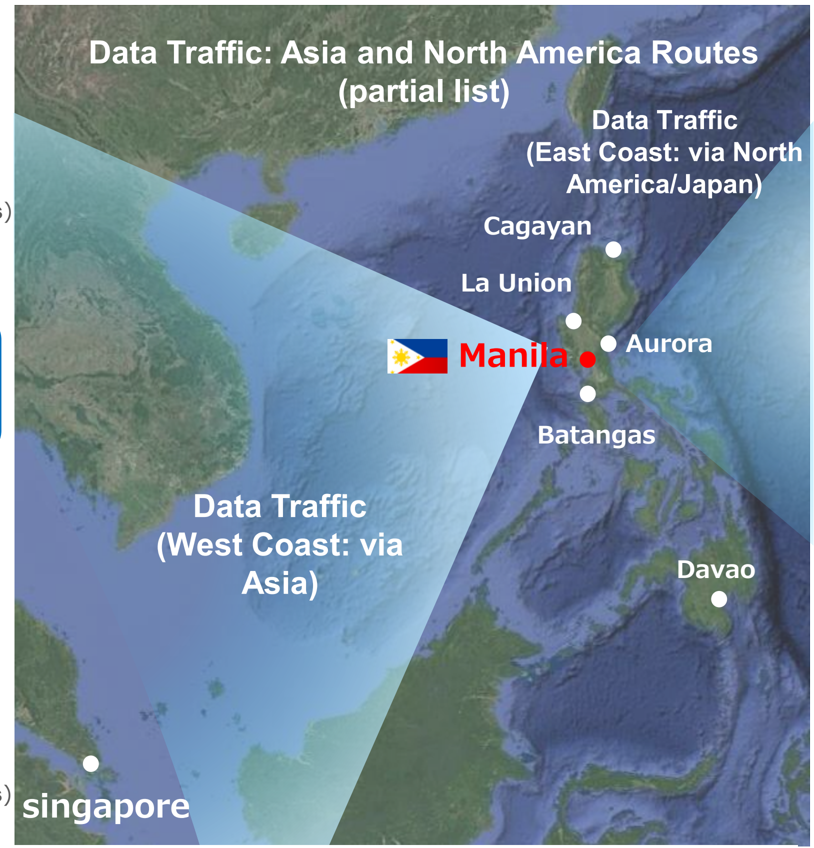
Leased by Our Group from BCDA Regarding Landfall Services at Poro Point
Negotiations with Multiple Hyperscalers Are Progressing

● Batangas （Northern Luzon）

- **CLS**: 3 locations (Major telecommunications carriers)
- **Submarine Cable**: **5Line**(Submarine Cable Owner)

● Davao（Southern Mindanao）

- **CLS**: 3 locations(Major telecommunications carriers, government agencies)
- **Submarine Cable**: **4Line**(Submarine Cable Owner)



Data Traffic (East Coast: via North America/Japan)

● Cagayan （Northern Luzon）

- **CLS**: 2 locations (Major telecommunications carriers)
- **Submarine Cable**: **2Line**(Submarine Cable Owner)

● Aurora （Northern Luzon）

- **CLS**: 3 locations(Major telecommunications carriers, government agencies)
- **Submarine Cable**: **3Line**(Submarine Cable Owner)

Construction of the landing station in Baler is progressing steadily
Negotiations with multiple hyperscalers
Aiming to recognize revenue in the fourth quarter of the fiscal year ending March 2027


Baler CLS (as of June 23)

Roundtable Meeting
(Held at the Imperial Hotel on May 27)

■ President Marcos' Comments on Japanese Companies/マルコス大統領　日本企業へのコメント

① To Company A、 We appreciate your role in strengthening connectivity and tourism flows helping position Manila as regional hub.
A社へ、マニラを地域のハブとして確立するために、交通網の強化や観光の流れの促進にご尽力いただき、感謝申し上げます。

② To Company B、Your long-term investments in energy security are essential to industrial growth and national development.
B社へ、エネルギー安全保障への長期的投資は、産業の成長と国家の発展に不可欠なものです。

③To To Company C、Your expansion reflects the strength of Filipino talent and the growing confidence in our domestic market.
C社へ、御社の事業拡大は、フィリピン人材の力と、国内市場への信頼の高まりを反映しています。

④To IPS、Digital infrastructure is now national infrastructure. Your work strengthens inclusion and connectivity.
IPSへ、デジタルインフラは今や国家インフラです。御社の取り組みは、包摂性と接続性を強化しています。

⑤ To Company D、Your century-long presence reflects a rare depth of partnership across agriculture energy industry and trade.
D社へ、100年にわたる御社の存在は、農業、エネルギー、産業、貿易にわたる稀有な深みのあるパートナーシップを体現しています。

Roundtable Meeting
(Held at the Imperial Hotel on May 27)

Progress on Projects Involving Philippine Government Agencies

Although it took some time to coordinate with the relevant parties after the MOU was signed, efforts with government agencies are progressing steadily.

Phase 1 | Phase 2 | Phase 3

Department of Information and Communications Technology (DICT) of the Philippines

September 18, 2025
Signing of a Basic Agreement

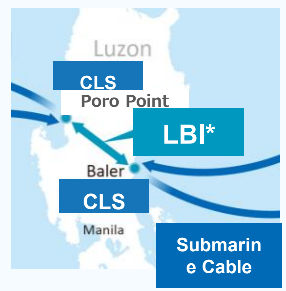
July 29, 2026
The company has secured 16 contracts for Internet connectivity services, dedicated lines, and other telecommunications services for public facilities and public spaces in multiple regions across the Philippines. It has begun providing digital infrastructure.

- We aim to continue securing contracts for projects related to the National Broadband Plan (Phases 4, 5, and 6, etc.)
- **Continue to promote the project to build a government network in the Philippines**

Philippine Base Conversion and Development Authority (BCDA)

September 30, 2025
Signing of a Basic Agreement

March 11, 2026
Lease of Fixed Assets with BCDA
① Lease of the Poro Point Landfall Station (West Coast of Luzon)
② *LBI (Luzon Bypass Infrastructure): Underground pipeline connecting the East and West Landfall Stations (West: Poro Point; East: Baler)



July 29, 2026
- Making Effective Use of Assets Leased from BCDA

Negotiations with multiple Submarine Cable Owners are progressing smoothly
① Lease of the Poro Point Landing Station (West Coast of Luzon)
② *LBI (Luzon Bypass Infrastructure): Lease of the underground pipeline connecting the East and West Landing Stations

- Aiming to Acquire Enterprise Customers at BCDA's Seven Facilities

Philippine Public Financial Institutions (AFPSLAI)

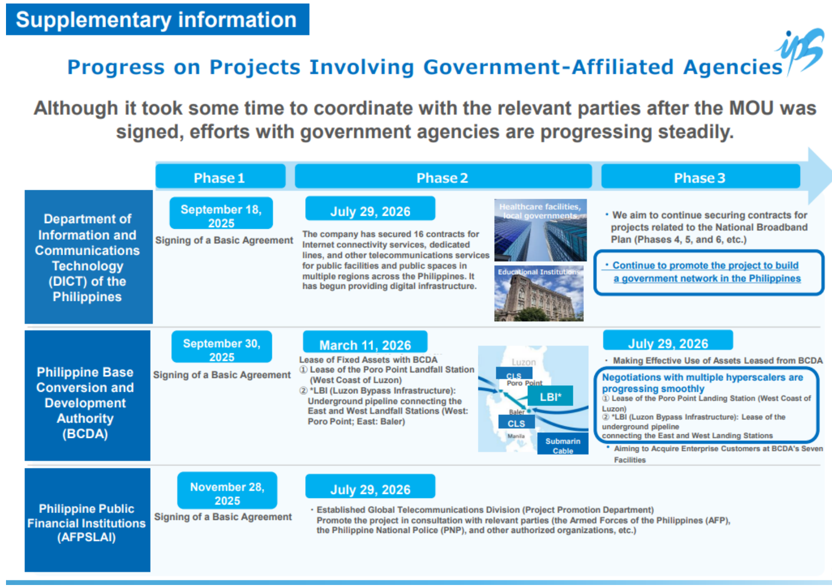
November 28, 2025
Signing of a Basic Agreement

July 29, 2026
- Established Global Telecommunications Division (Project Promotion Department)
  Promote the project in consultation with relevant parties (the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), and other authorized organizations, etc.)

FY2026(1Q) Public Information

Convening of the Shareholders' Meeting

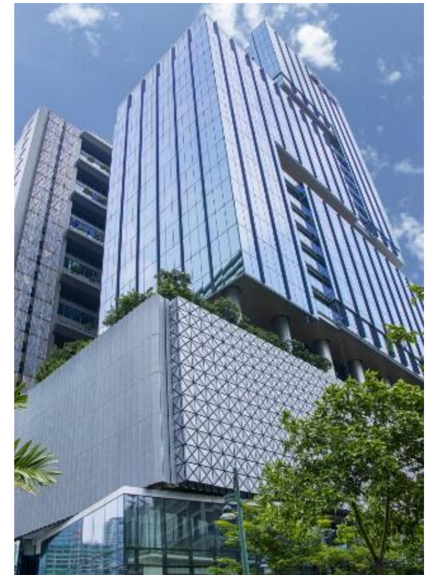
Notice Regarding Progress in Discussions with the Philippine Department of Information and Communications Technology



	Category	Disclosures
May.	Annual Shareholders' Meeting	Notice of Directors
	Financial Results	Questions from Investors and Our Responses
		Presentation on Results for FY2025
		Supplemental Materials on Results for FY2025
		Consolidated Financial Results for the Fiscal Year Ended March 31, 2026(Under Japanese GAAP)
		Notice Regarding the Difference Between Consolidated Financial Forecasts and Actual Results for the FY2025
	Domestic	Notice Regarding the Publication of a Report on Our Company by Japan Investment Corporation, Ltd.
	Philippines	Notice Regarding the Impact of the Earthquake Off the Coast of Mindanao, Philippines
Jul.	Domestic	Commencement of Full-Scale Evaluation of a New International Cable Landing Station Project in Wakayama Prefecture
	Philippines	Notice Regarding Progress in Discussions with the Philippine Department of Information and Communications Technology

Corporate Profile

Name	IPS, Inc.（4390 Tokyo Stock Exchange Prime）
Established	October 1991
Head Office	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 • 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 • IPS Pro, Inc.



Global Telecommunications

Medical & Healthcare

Domestic Telecommunications