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July 29, 2026

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Notice Regarding Progress in Discussions with the Philippine Department of Information and Communications Technology and the Launch of Digital Infrastructure Services

IPS, Inc. (the "Company") and its consolidated subsidiary, InfiniVAN, have continued discussions with the Department of Information and Communications Technology ("DICT") regarding the development of a high-quality and secure government network in the Philippines, following the Memorandum of Understanding ("MOU") announced on September 18, 2025, in the disclosure titled "Announcement Regarding the Signing of a Memorandum of Understanding with the Department of Information and Communications Technology (DICT) Concerning the Construction of a Government Network in the Philippines."

As these discussions have progressed, we are pleased to announce that we have commenced the provision of Internet connectivity services for public facilities and public spaces, as well as dedicated-line and other telecommunications services, under related projects currently being promoted by DICT. Details are as follows.

1. Background and Purpose of Agreement

The Company and its consolidated subsidiary, InfiniVAN, are developing digital infrastructure—including international submarine cables, submarine cable landing stations, domestic submarine cables, terrestrial backhaul networks, and Internet exchanges—that supports the growth of the AI-driven digital economy. To meet increasing demand for high-capacity connectivity, particularly from data centers, the Group is also advancing a digital network connecting the Philippines with the broader Asia-Pacific region.

In 2020 and 2021, the Group participated in the City to City Cable System ("C2C") and commenced the provision of high-capacity international connectivity services to major telecommunications operators, establishing itself as the third-largest international data carrier in the Philippines. In 2023, the Group completed the Philippine Domestic Submarine Cable Network ("PDSCN"), creating a nationwide telecommunications backbone. In August 2025, the Company joined the construction of the Candle Submarine Cable System ("Candle"), connecting Japan, Taiwan, the Philippines, Indonesia, Malaysia, and Singapore, and commenced development of an international cable landing station in Baler on the east coast of Luzon. In March 2026, pursuant to an agreement with the Bases Conversion and Development Authority ("BCDA"), the Group began leasing the international cable landing station at Poro Point on the west coast of Luzon and the Luzon Bypass Infrastructure ("LBI") linking Poro Point and Baler. Through these initiatives, the Group has developed extensive capabilities in the design, procurement, construction, operation, and maintenance of large-scale domestic and international telecommunications networks in the Philippines.

DICT is promoting the National Broadband Plan to enhance digital connectivity throughout the Philippines.

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Following the announcement of the completion of Phase 1, covering Northern Luzon, in April 2024, DICT is currently advancing projects under Phases 4 and 5, with further expansion planned under Phase 6 and beyond. As part of these initiatives, the Group has secured 16 contracts for internet connectivity services for public facilities and public spaces, as well as dedicated-line and other telecommunications services, serving educational institutions, medical facilities, local governments, and other public-sector entities throughout the country.

In parallel, discussions with DICT have expanded beyond individual connectivity projects to include the potential development of a large-scale government network. Should this project proceed under Phases 4 and 5 of the National Broadband Plan, the Group expects to contribute not only existing infrastructure assets but also its expertise in the design, procurement, construction, operation, and maintenance of the network. The Group is currently discussing matters including target coverage areas, network architecture, construction scope, contractual framework, and implementation structure to enter into a formal agreement.

The Group will continue to support the expansion of the Philippines' government network, including future projects under Phase 6 and related initiatives, thereby contributing to narrowing the digital divide and enhancing public services across the country.

2. Outlook

We expect the launch of our digital infrastructure services to have only a minor impact on our consolidated financial results for the fiscal year ending March 2027. Furthermore, the large-scale government network project currently under discussion has not been factored into our consolidated financial forecast for the fiscal year ending March 2027. Should any impact on our financial results become apparent in the future, we will disclose it promptly.

(Reference) Consolidated Earnings Forecast for the Current Fiscal Year and Consolidated Results for the Previous Fiscal Year

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
(Forecast) Results for the FY2026	20,080	6,100	6,177	4,200
(Reference) Results for the FY2025	16,999	5,370	5,787	4,196

Progress on Projects Involving Government-Affiliated 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 hyperscalers 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.)	