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September 3, 2026

Corporate Name: IPS, Inc.
Trading Name: IPS, Inc.
President/CEO: Koji Miyashita
Code Number: 4390 Prime Market of the Tokyo Stock Exchange
Contact: Tetsuji Sato
Deputy General Manager
Corporate Planning Department
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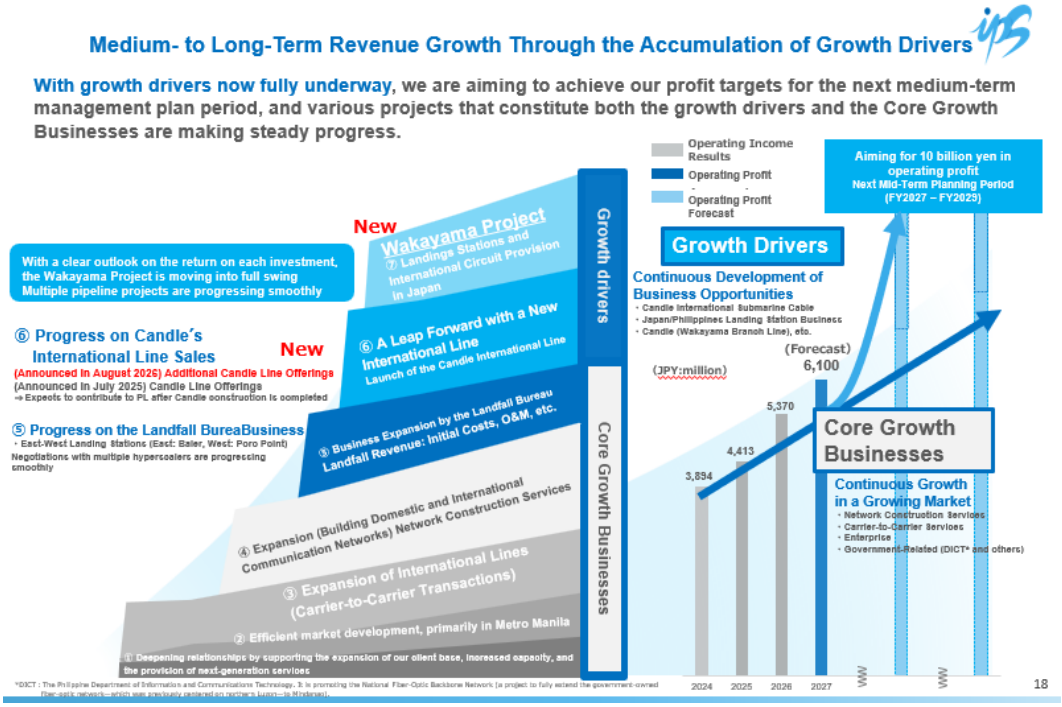
Questions and Answers from Top Management Meeting

We sincerely appreciate your continued interest in our company.In accordance with the principle of fair disclosure, we are providing the following summary of questions received and our responses at the SBI Securities Top Management Meeting held on September 2, 2026.

Date and Time: September 2, 2026 (Wednesday), 11:00 a.m. to 12:00 p.m.
Moderator: Yukari Housui, Senior Analyst, SBI Securities (Broadcasting, Advertising & Telecommunications Sector)
Speakers Masamitsu Kawabuchi, Senior Managing Director & CFO
Wataru Okura, General Manager, Business Development Department, Corporate Planning Division

Q1

Regarding the operating profit target of ¥10 billion in the next medium-term management plan, how should investors view the contribution from (i) the existing international telecommunications business, (ii) Candle, (iii) cable landing stations, and (iv) other businesses? In addition, do you believe the Company can approach the ¥10 billion target even excluding the one-time profit contribution from Candle IRU contracts?



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[Masamitsu Kawabuchi, Senior Managing Director & CFO ("Kawabuchi")]

While we are not in a position to disclose the detailed assumptions currently under consideration, our consolidated operating profit achieved a CAGR of approximately 22.8% over the five-year period through FY2026/3.

That said, as the scale of earnings continues to expand, we are not assuming that this historical growth rate will continue indefinitely.

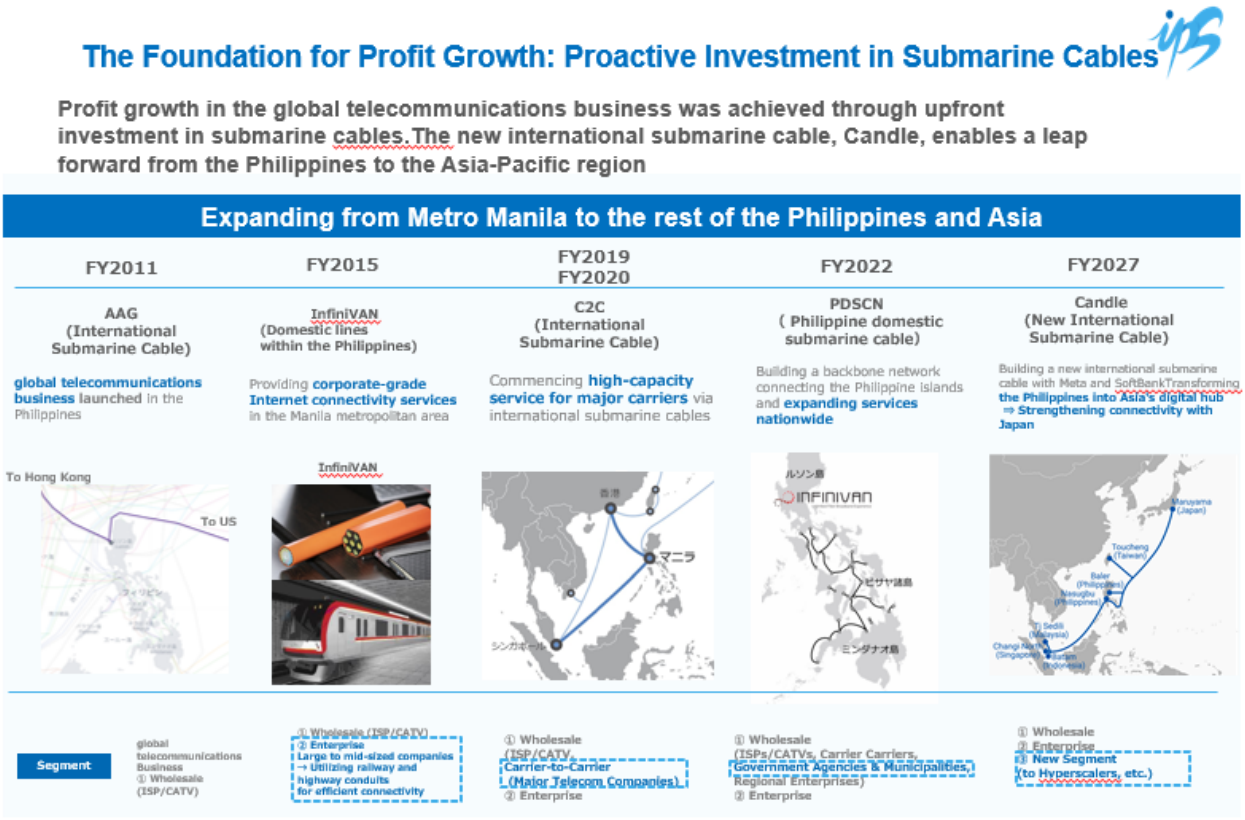
For illustration purposes only, if our existing businesses were to sustain operating profit growth of around 10% per year, consolidated operating profit would reach approximately JPY 8 billion by the final year of the next medium-term management plan, starting from our FY2027/3 forecast of JPY 6.1 billion.

We aim to achieve JPY 10 billion in consolidated operating profit by combining this steady growth of our existing businesses with contributions from our growth drivers, including the CANDLE project, the Baler and Poro Point cable landing stations, and other infrastructure initiatives.

Accordingly, our JPY 10 billion operating profit target is not dependent on one-time revenue recognition from CANDLE IRU sales or any single large transaction. Rather, it is based on a foundation of sustainable profit growth from our existing businesses, supplemented by incremental contributions from multiple growth initiatives as they come online.

Q2

Submarine cables inherently face the risk of physical cable breaks. In the event that Candle is damaged, who would bear the repair costs and any compensation obligations to customers? To what extent can multiple routes mitigate the impact on your earnings?



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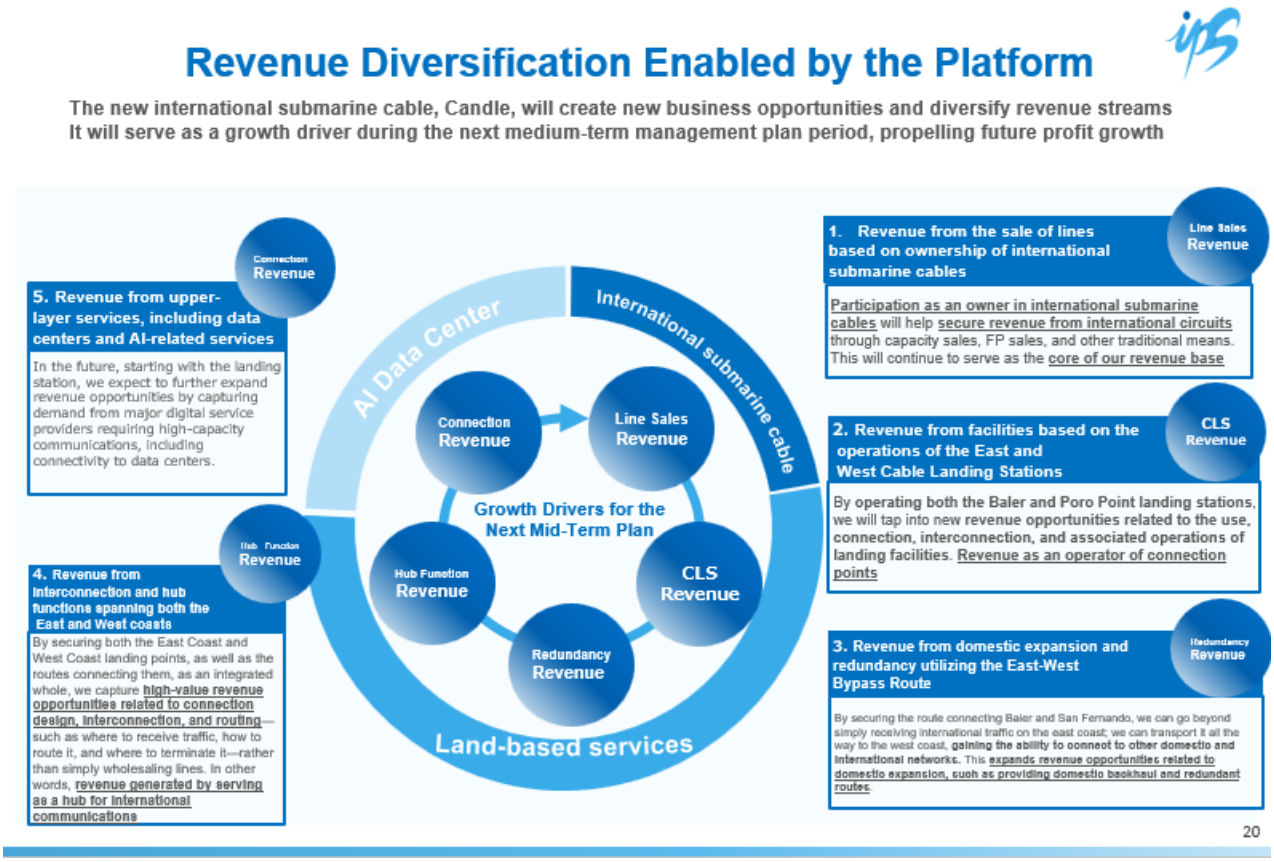
[Wataru Okura, General Manager, Business Development Department, Corporate Planning Division ("Okura")]
Naturally, the possibility of submarine cable faults is taken into account. It is difficult to provide an average estimate of repair costs, as the circumstances surrounding each incident can vary significantly.
Upon completion of the submarine cable system, ownership and responsibility for repair costs are transferred to the cable owners. Compensation arrangements for users depend on the terms of individual contracts.
To address cable fault risks, we have designed our business model with a range of mitigation measures, including the provision of multiple route options, contractual limitations of liability, and, where applicable, the pass-through of repair costs to users.

Q3

The aggregate value of the publicly disclosed IRU contracts, approximately ¥23 billion*, appears to exceed the estimated investment amount of approximately ¥21 billion*. How much additional revenue do you expect Candle to generate going forward? We would appreciate any comments regarding remaining cable capacity, future IRU contracts, O&M services, cable landing stations, and backhaul services.
*Converted at an exchange rate of US$1 = ¥160. As the contract is denominated in U.S. dollars, the amount has been translated into Japanese yen using the assumed USD/JPY exchange rate applied at the time of disclosure.



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[Kawabuchi]

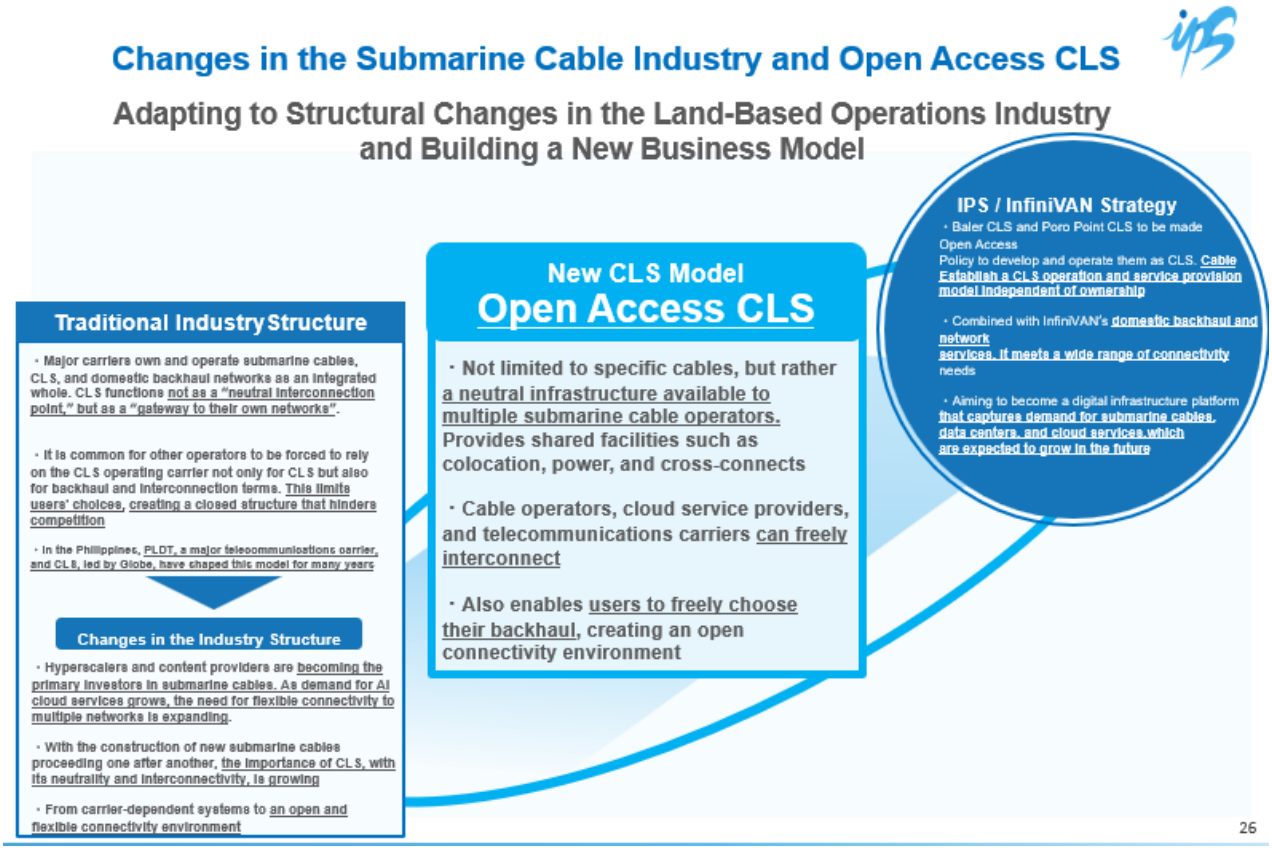
While we are unable to comment on the remaining capacity of the Candle system, we intend to continue marketing and selling capacity on the cable.

The Candle project offers a broad range of revenue opportunities beyond international capacity sales. Although it is difficult at this stage to provide a quantitative breakdown, discussions with hyperscale customers regarding our cable landing station business are already in their final stages.

Accordingly, we expect Candle to serve as the foundation for multiple layers of earnings contribution across our related infrastructure businesses.

Q4

What aspects of your open-access cable landing station strategy are particularly attractive to hyperscale customers? Could incumbent telecommunications carriers potentially offer similar services? Please explain your competitive advantages and barriers to entry.



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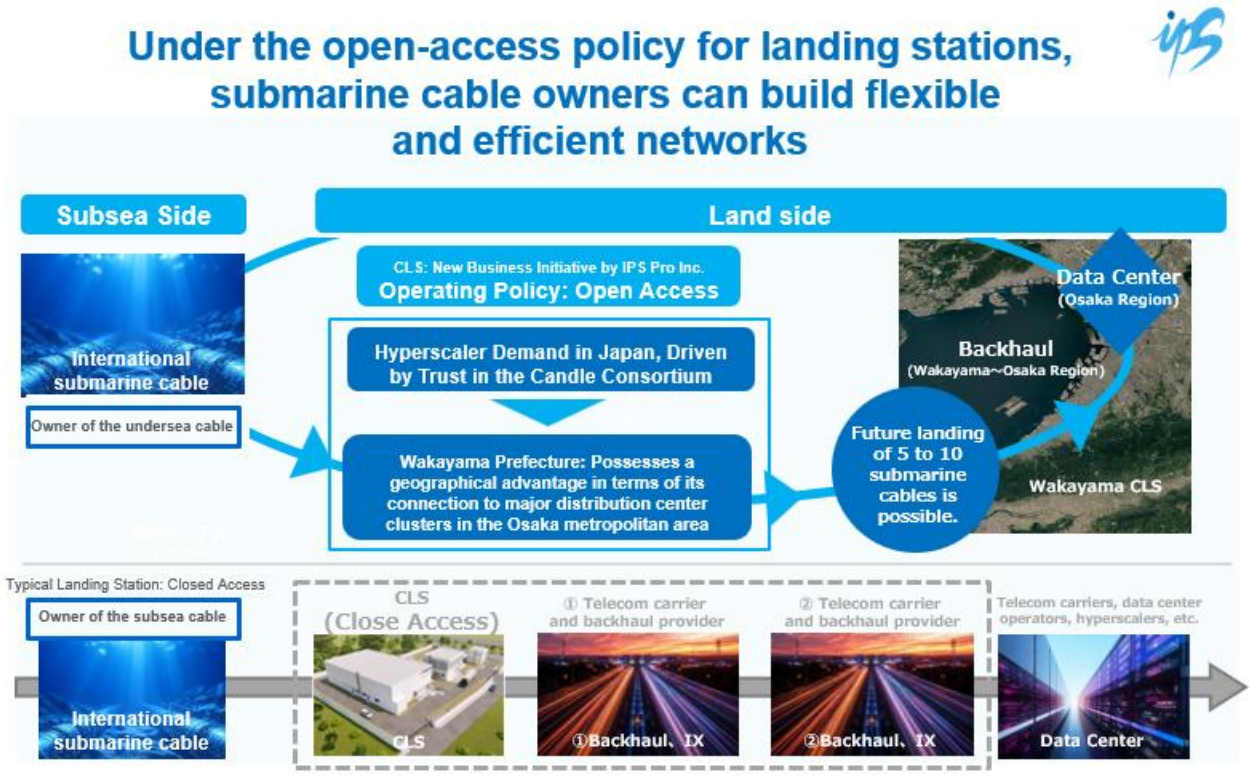

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[Okura]

While some incumbent telecommunications carriers also claim to offer open-access cable landing station services, there remain aspects that can still be perceived as relatively restrictive in practice.

Hyperscale customers place significant importance on open-access principles. They carefully evaluate providers based on their ability to deliver connectivity to multiple carriers, route redundancy, cost competitiveness, and genuinely open interconnection environments.

In our cable landing station business, we are developing a business model that balances the requirements of hyperscale customers with sustainable profitability. This includes the provision of submarine cable landing services, backhaul connectivity, colocation services, and in-building cabling infrastructure.

Through this approach, we aim to establish a recurring revenue base while continuing to generate stable and sustainable earnings over the long term.

Q5

New technologies may affect the value of fiber assets used in both submarine cable systems and terrestrial backhaul networks. However, we believe that the widespread replacement of existing technologies on major routes and technically complex routes will take a considerable amount of time.

We also believe that hyperscale customers are taking a cautious approach to the adoption of next-generation technologies and are carefully evaluating their potential implementation.

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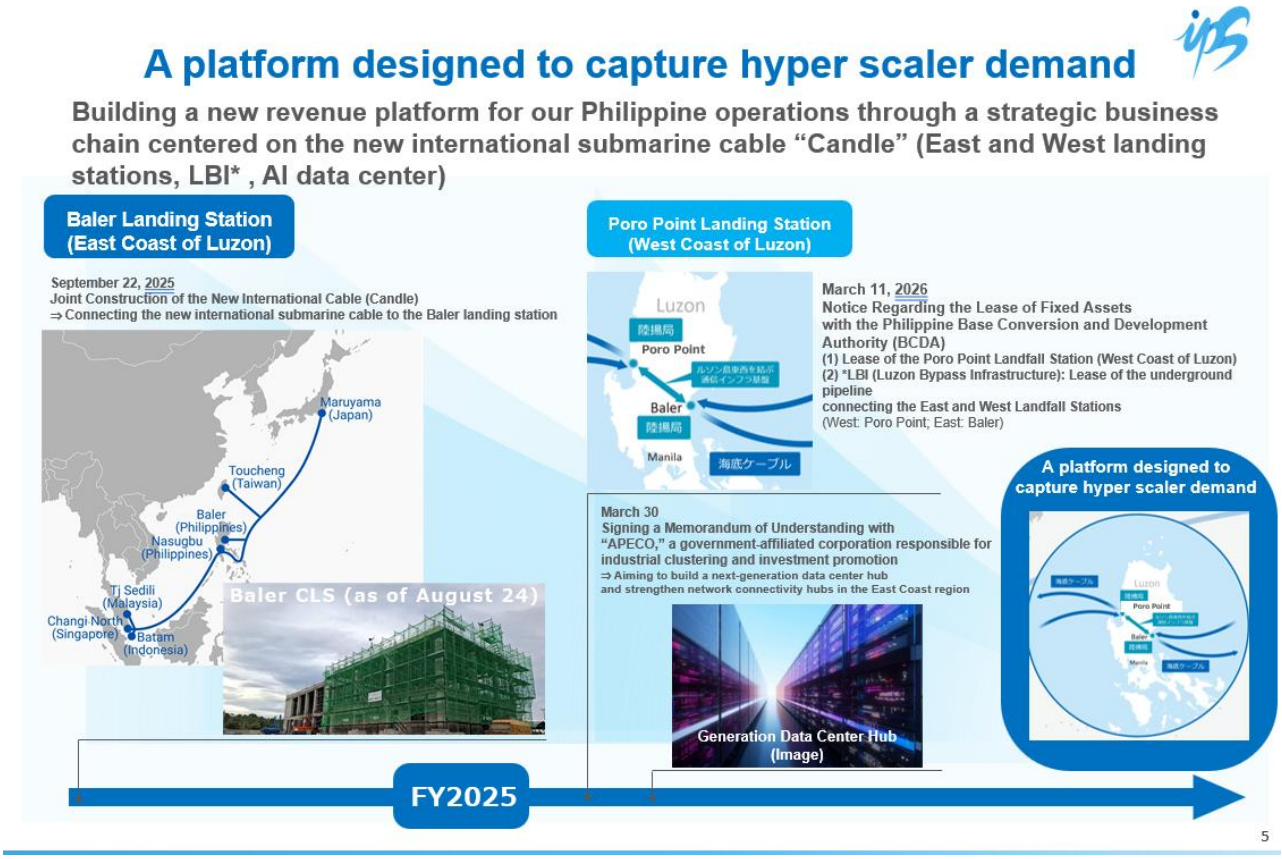
[Okura]

New technologies have the potential to influence the value of both submarine cable and terrestrial backhaul fiber assets.

However, we believe that the replacement of existing technologies on major or technically complex routes will require considerable time. In addition, hyperscale customers are generally focused on whether infrastructure can meet their required performance standards rather than on the specific technology employed.

Q6

As you continue to advance projects such as Candle and your cable landing station initiatives, what is the primary factor that drives customers to enter into contracts with IPS? Is it your digital infrastructure platform, your track record with hyperscale customers, or something else?



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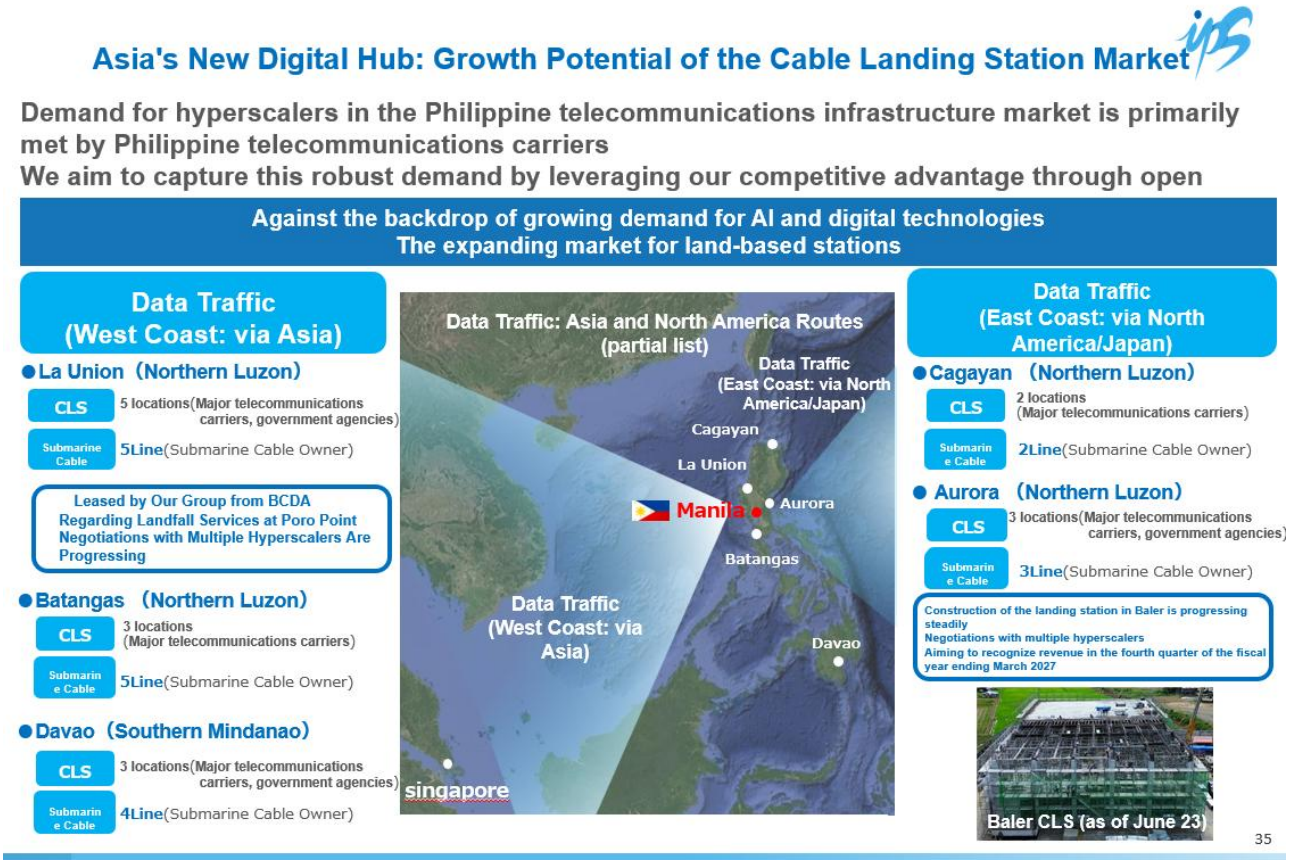

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[Okura]

Generally speaking, hyperscale customers and major telecommunications operators are primarily focused on whether infrastructure can be delivered at the performance level they require and within their budget constraints. Depending on the route, there may be numerous providers of international submarine cable capacity, giving customers a wide range of alternatives. In contrast, in Asia, developing international submarine cable systems across multiple countries is relatively more challenging, as it requires the successful coordination of technical requirements, regulatory approvals, and permitting processes while keeping projects on schedule.

Candle is one of a limited number of cable systems providing a new route between Japan and Singapore. In addition, it can be combined with other cable systems to enhance network redundancy, which we believe contributes to strong market demand.

The same principle applies to our cable landing station business. In the Aurora region of the Philippines, which faces the Pacific Ocean, there are only a limited number of cable landing stations capable of delivering the level of open-access connectivity required by hyperscale customers.

We believe this represents a key point of differentiation for our Baler Cable Landing Station, which is currently under construction.

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Q7

Has the decision-making process regarding investments in the Wakayama Project progressed further? In addition, is construction of the Baler cable landing station proceeding according to schedule?

Construction Progress of the Baler Cable Landing Station (as of June 23)



3

Construction Progress of the Baler Cable Landing Station (as of August 24)



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[Okura]

There are no material updates regarding the construction schedule of the Candle submarine cable system that we believe require disclosure at this time.

With respect to the Wakayama Project, we continue to make steady progress as planned, including further discussions with potential partners, refinement of the business framework, and detailed evaluations of demand forecasts, investment requirements, and projected profitability.