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.

Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under Japanese GAAP)

November 13, 2026

Company name: IPS, Inc.
Listing: Tokyo Stock Exchange
Securities code: 4390
URL: https://ipsism.co.jp
Representative: President / CEO Koji Miyashita
Inquiries: Managing Director (CFO) General Manager of Corporate Planning Unit Masamitsu Kawabuchi
Telephone: +81-3-3549-7621

Scheduled date to file semi-annual securities report: November 13, 2026
Scheduled date to commence dividend payments: December 1, 2026
Preparation of supplementary material on financial results: Yes
Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2026	7,886	0.4	2,335	(0.7)	2,169	(6.3)	1,517	(5.6)
Six months ended September 30, 2025	7,854	1.4	2,351	0.5	2,314	45.7	1,607	67.2

(Note) Comprehensive income: Six months September 30, 2026: ¥2,063 million [－%]
Six months September 30, 2025: (¥282) million [－%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	115.86	113.28
September 30, 2025	123.95	121.43

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2026	53,303	27,063	37.1
March 31, 2026	50,979	25,636	37.0

(Reference) Equity: As of September 30, 2026: ¥19,801 million
As of March 31, 2026: ¥18,844 million

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2026	-	20.00	-	20.00	40.00
Year ending March 31, 2027	-	20.00			
Year ending March 31, 2027(Forecast)			-	20.00	40.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2027	20,080	18.1	6,100	13.6	6,177	6.7	4,200	0.1	321.04

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, refer to the attachment "2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to semi-annual consolidated financial statements (Application of special accounting for preparing semi-annual consolidated financial statements)"

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other than (i): None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2026:	13,108,900 shares
As of March 31, 2026:	13,015,700 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2026:	505 shares
As of March 31, 2026:	426 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2026:	13,094,543 shares
Six months ended September 30, 2025:	12,970,330 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement concerning forward-looking statements)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary materially from forecasts due to a variety of factors. For matters concerning earnings forecasts, please refer to page 4 of the attached materials "1. Overview of Financial results (3) Explanation of consolidated earnings forecasts and other forward-looking statements."

(How to access supplementary explanations and details of briefing on financial results)

The Company is scheduled to hold a financial result briefing via the web on Tuesday, November 17, 2026. Please check our website for details. Additionally, the materials to be used at this financial results meeting will be posted on the TDnet (Timely Disclosure Network) and the Company's homepage.

○ Table of Contents of Attachments

1.Overviw of Financial results 2
(1) Overview of operating results 2
(2) Overview of financial position 3
(3) Explanation of consolidated earnings forecasts and other forward-looking statements 4
2. Semi-annual consolidated Financial Statements and Key Notes 5
(1) Semi-annual consolidated balance sheet 5
(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income 7
Semi-annual consolidated statement of income 7
Semi-annual consolidated statement of comprehensive income 8
(3) Semi-annual consolidated statement of cash flows 9
(4) Notes to semi-annual consolidated financial statements 10
(Notes to assumptions for ongoing concerns) 10
(Note when there is a significant change in the amount of shareholders' equity) 10
(Application of special accounting for preparing semi-annual consolidated financial statements) 10
(Segment information, etc.) 11
(Revenue recognition) 12
(Significant subsequent event) 13

1. Overview of Financial results

(1) Overview of operating results

The forward-looking statements in this section are based on judgments made by our group (the Company and its consolidated subsidiaries) as of the end of the current interim consolidated accounting period.

Under the corporate philosophy of "Open Door," our group aims to create business opportunities, develop businesses, transform industrial structures, and realize an ideal society in areas closely related to daily life, where barriers have not yet been overcome by anyone. We are engaged in various businesses with a particular focus on addressing social issues in the Philippines through the provision of communication environments utilizing new IT technologies. In doing so, we contribute to the SDGs while striving to expand our business.

During the interim consolidated accounting period, the Japanese economy continued to recover moderately, supported by improvements in employment and income conditions and resilient personal consumption. Meanwhile the global economy continued to warrant close monitoring due to downside risks to economic growth, including persistently high energy prices stemming from the situation in the Middle East, the impact of rising prices on consumer spending, and fluctuations in financial and foreign exchange markets.

The Philippine economy, one of the Group's principal markets showed signs of slowing. As a result, real GDP growth slowed to 2.3% year on year in the April–June 2026 quarter, down from 5.4% in the corresponding period of 2025, primarily due to uncertain economy stemming from the situation in the Middle East. Nevertheless, demand for investment in digital infrastructure supporting AI and the digital economy remained solid, driven by continued public-sector investment and initiatives to attract projects involving submarine cable systems, cable landing stations, backhaul networks, Internet Exchange (IX) facilities, AI data centers and other digital infrastructure.

The Group has established a carrier's carrier position by acquiring part of the usage rights to the City-to-City Cable System (hereinafter referred to as "C2C Cable"), a submarine cable connecting the Philippines with Singapore and Hong Kong, together with an international telecommunications network consisting of terrestrial transmission facilities in each country. While meeting growing demand for telecommunications capacity, the Group further expanded its business by strengthening its domestic digital backbone network centered on the Philippine Domestic Submarine Cable Network (hereinafter referred to as "PDSCN"), completed in December 2023, thereby expanding the provision of digital infrastructure and related services throughout the Philippines.
Furthermore, in August 2025, the Group joined the consortium for the construction of the Candle Submarine Cable System (hereinafter referred to as "Candle"), a new international submarine cable connecting Japan, Taiwan, the Philippines, Indonesia, Malaysia and Singapore, and commenced construction of an international cable landing station in Baler, on the eastern coast of Luzon, the Philippines. In March 2026, the Group entered into an agreement with the Bases Conversion and Development Authority (hereinafter referred to as "BCDA") to lease an international cable landing station at Poro Point on the western coast of Luzon, together with the Luzon Bypass Infrastructure (hereinafter referred to as "LBI"), an underground conduit linking the Poro Point and Baler landing stations. Through Candle and the international cable landing stations located on both the eastern and western coasts of Luzon, the Group aims to further expand our business.
In Japan, we continue to provide optimized services for each customer, including software, communication lines, and consultation, mainly targeting call center operators with significant communication traffic needs.
In the Medical & Healthcare segment, Shinagawa Lasik & Aesthetics Center Corporation (hereinafter "SLACC") continues to offer stable LASIK services in the Philippines. At the same time, Shinagawa Healthcare Solutions Corporation (hereinafter "SHSC") is promoting preventive medicine in the country through the Shinagawa Diagnostic & Preventive Care Center (hereinafter "SDPCC"), a health screening center launched in April 2023 that adheres to Japanese medical standards.

For the six months ended September 30, 2026, net sales increased by 0.4% year on year to ¥7,886 million, operating profit decreased by 0.7% year on year to ¥2,335 million, ordinary profit decreased by 6.3% year on year to ¥2,169 million, and profit attributable to owners of parent decreased by 5.6% year on year to ¥1,517 million.

The financial results by segment are as follows:

(Global Telecommunications Business)
Our group continued to expand the provision of lines and services using C2C Cable, for which we hold usage rights, and the

Philippine domestic backbone network centered on PDSCN from the Metro Manila area to provincial areas.

Network construction services, including the sale of telecommunications equipment to regional telecommunications operators, the provision of small-capacity circuits, and various other services continued to grow steadily. Corporate Internet access services provided by InfiniVAN, Inc. also expanded, with the number of billed corporate customers increasing to 2,289 as of June 30, 2026, contributing to revenue and profit growth for the overall business.

As a result, net sales increased by 1.1% year on year to ¥5,924 million, and segment profit increased by 3.1% year on year to ¥2,214 million.

(Domestic Telecommunications Business)

In our solution service that combines the call center system "AmeyoJ,"for which our group holds the sales agency rights in Japan, with per-second billing for telephone lines purchased from major telecommunications carriers and sold to call center operators, we continued to provide license sales and related services tailored to customer needs. In addition, we continued preparations for the launch of a new service that enables the Company to directly provide toll-free numbers such as "0120," under which the receiving party bears the call charges.

With respect to interconnection of voice communication lines among telecommunications carriers, while we conservatively reviewed the level of interconnection charges (access charges) in light of the transition of telephone networks to IP (PSTN migration), overall business performance remained solid due to steady progress in our core call center solution services.

As a result, net sales decreased by 8.1% year on year to ¥1,122 million, and segment profit decreased by 61.1% year on year to ¥89 million.

(Medical & Healthcare Business)

LASIK, SLACC's core business, continues to face intensifying competition. However, we are implementing detailed marketing measures to stabilize the number of procedures performed. Furthermore, at SHSC, we are promoting the use of regular health check-ups for both corporate clients and individuals through SDPCC, a comprehensive health screening center meeting Japanese standard. We are also continuing activities in the Philippines to raise awareness of the importance of preventive healthcare.

As a result, net sales increased by 8.8% year-on-year to ¥839 million, and the segment profit was ¥30 million compared with a segment loss of ¥27 million in the same period last year.

(2) Overview of financial position

(Status of Assets)

At the end of the interim consolidated accounting period, current assets amounted to ¥26,049 million, an increase of ¥86 million from the end of the previous consolidated fiscal year. This was primarily due to an increase of ¥1,789 million in accounts receivable- trade, offset by a decrease of ¥1,360 million in cash and deposit and ¥277 in other current assets. Non-current assets increased by ¥2,242 million from the end of previous consolidated fiscal year to ¥27,236. This was primarily due to an increase of ¥1,925 million in tangible fixed assets and ¥491 million in investments and other assets, partially offset by a decrease of ¥174 million in intangible assets.

As a result, total assets amounted to ¥53,303 million, an increase of ¥2,323 million from the end of the previous consolidated fiscal year.

(Status of Liabilities)

At the end of the interim consolidated accounting period, current liabilities amounted to ¥20,337 million, an increase of ¥1,450 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥270 million in short-term borrowings and ¥1,405 million in other current liabilities, partially offset by a decrease of ¥132 million in account payable -trade and ¥131 million in accounts payable-other.

Non-current liabilities decreased by ¥553 million from the end of the previous consolidated fiscal year to ¥5,902 million. This was primarily due to a decrease of ¥449 million in long-term borrowings.

As a result, total liabilities amounted to ¥26,240 million, an increase of ¥896 million from the end of the previous consolidated fiscal year.

(Status of net assets)

At the end of the interim consolidated accounting period, net assets amounted to ¥27,063 million, an increase of ¥1,426 million from the end of the previous consolidated fiscal year. This was primarily due to the recognition of interim net income attributable to owners of the parent of ¥1,517 million, an increase of ¥470 million in non-controlling interests, a decrease of ¥354 million in foreign currency translation adjustments and ¥261 million due to dividends paid.

As a result, the equity ratio was 37.1% (37.0% at the end of the previous consolidated fiscal year).

(Overview of cash flows)

During the interim consolidated accounting period, cash and cash equivalents ("cash") decreased by ¥1,312 million from the end of the previous consolidated fiscal year, resulting in a balance of ¥2,221 million at the end of the interim period.

The analysis of cash flows for the six months ended September 30, 2026, is as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,272 million (¥1,245 million in the same period of the previous year). This was mainly due to interim net profit before income tax adjustments of ¥2,178 million, depreciation expense of ¥560 million, and an increase of ¥1,728 million in trade receivables and ¥356 million in advances received.

(Cash flows from investing activities)

Net cash used in investing activities was ¥2,542 million (¥989 million used in the same period of the previous year). This was mainly due to purchases of property, plant and equipment amounting to ¥2,298 million and intangible assets amounting to ¥213 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥23 million (¥253 million provided in the same period of the previous year). This was mainly due to a net increase in short-term borrowings of ¥270 million and long-term borrowings of ¥925 million, partially offset by dividends paid of ¥261million and repayments of long-term borrowings of ¥984 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The progress of our group's business during the interim consolidated cumulative period has generally proceeded as planned although there are some differences in the progress of business among segments.

Accordingly, there are no changes to the consolidated earnings forecast for the fiscal year ending March 31, 2027, as announced on May 8, 2026.

It should be noted that the above forecast has been prepared based on information available as of the date of this report’s release, and actual results may differ due to various factors in the future.

We successfully completed our capital increase. We would like to express our sincere gratitude to all of our shareholders and investors who believe in our future growth potential for their continued support.

We are committed to making the most effective use of the valuable funds entrusted to us, allocating them to future growth investments with a strong responsibility. We will continue to strive to further enhance our corporate value to ensure all our stakeholders, including our new shareholders, will feel that investing in our company was a worthwhile decision.

2. Semi-annual consolidated Financial Statements and Key Notes

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	3,582	2,221
Accounts receivable - trade	16,202	17,992
Lease receivables	5,277	5,504
Merchandise	157	196
Supplies	115	88
Other	1,899	1,621
Allowance for doubtful accounts	(1,271)	(1,574)
Total current assets	25,963	26,049
Non-current assets		
Property, plant and equipment		
Buildings and structures	961	957
Accumulated depreciation	(536)	(578)
Buildings and structures, net	425	378
Machinery, equipment and vehicles	10,261	10,877
Accumulated depreciation	(2,929)	(3,334)
Machinery, equipment and vehicles, net	7,332	7,543
Tools, furniture and fixtures	369	373
Accumulated depreciation	(299)	(318)
Tools, furniture and fixtures, net	70	55
Leased assets	47	47
Accumulated depreciation	(42)	(43)
Leased assets, net	4	3
Construction in progress	11,067	12,843
Total property, plant and equipment	18,900	20,825
Intangible assets		
Communication line	3,757	3,536
Goodwill	13	7
Other	940	994
Total intangible assets	4,712	4,537
Investments and other assets		
Shares of subsidiaries and associates	108	122
Long-term prepaid expenses	97	98
Deferred tax assets	560	970
Other	615	682
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,382	1,873
Total non-current assets	24,994	27,236
Deferred assets	21	16
Total assets	50,979	53,303

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	660	527
Short-term borrowings	4,630	4,900
Current portion of long-term borrowings	1,920	1,829
Accounts payable - other	604	473
Income taxes payable	280	364
Deferred payment profit	4,102	4,167
Provision for bonuses	48	28
Other	6,641	8,046
Total current liabilities	18,887	20,337
Non-current liabilities		
Long-term borrowings	6,086	5,637
Retirement benefit liability	85	82
Asset retirement obligations	4	4
Other	279	178
Total non-current liabilities	6,455	5,902
Total liabilities	25,343	26,240
Net assets		
Shareholders' equity		
Share capital	1,306	1,332
Capital surplus	639	666
Retained earnings	14,904	16,159
Treasury shares	(0)	(1)
Total shareholders' equity	16,849	18,157
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,997	1,642
Remeasurements of defined benefit plans	(2)	1
Total accumulated other comprehensive income	1,995	1,644
Share acquisition rights	278	278
Non-controlling interests	6,512	6,983
Total net assets	25,636	27,063
Total liabilities and net assets	50,979	53,303

(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	7,854	7,886
Cost of sales	3,485	3,435
Gross profit	4,368	4,450
Selling, general and administrative expenses	2,017	2,115
Operating profit	2,351	2,335
Non-operating income		
Interest and dividend income	96	275
Foreign exchange gains	103	—
Other	94	22
Total non-operating income	294	298
Non-operating expenses		
Interest expenses	142	217
Commission for syndicated loans	176	—
Foreign exchange losses	—	236
Other	11	11
Total non-operating expenses	330	464
Ordinary profit	2,314	2,169
Extraordinary income		
Gain on reversal of share acquisition rights	8	9
Total extraordinary income	8	9
Extraordinary losses		
Loss on sale of non-current assets	0	—
Total extraordinary losses	0	—
Profit before income taxes	2,323	2,178
Income taxes	323	193
Profit	2,000	1,985
Profit attributable to non-controlling interests	392	468
Profit attributable to owners of parent	1,607	1,517

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	2,000	1,985
Other comprehensive income		
Foreign currency translation adjustment	(2,284)	74
Remeasurements of defined benefit plans, net of tax	0	(0)
Share of other comprehensive income of entities accounted for using equity method	1	3
Total other comprehensive income	(2,282)	77
Comprehensive income	(282)	2,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(338)	1,162
Comprehensive income attributable to non-controlling interests	55	900

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	2,323	2,178
Depreciation	432	560
Gain on reversal of share acquisition rights	(8)	(9)
Share-based payment expenses	34	25
Foreign exchange losses (gains)	(45)	(56)
Increase (decrease) in allowance for doubtful accounts	205	318
Increase (decrease) in provision for bonuses	(5)	(19)
Increase (decrease) in retirement benefit liability	0	0
Interest and income	(96)	(275)
Interest expenses	142	217
Loss on retirement of non-current assets	0	—
Decrease (increase) in trade receivables	(2,113)	(1,728)
Decrease (increase) in investments in lease receivables	662	(35)
Decrease (increase) in inventories	(10)	(6)
Increase (decrease) in trade payables	122	(126)
Increase (decrease) in accounts payable - other	270	(132)
Increase (decrease) in deferred payment profit	(189)	65
Increase (decrease) in advances received	74	356
Other, net	(226)	71
Subtotal	1,572	1,404
Interest and dividends received	96	275
Interest paid	(142)	(217)
Income taxes paid	(281)	(189)
Net cash provided by (used in) operating activities	1,245	1,272
Cash flows from investing activities		
Purchase of property, plant and equipment	(755)	(2,298)
Purchase of intangible assets	(224)	(213)
Payment for guarantee deposits	(17)	(76)
Proceeds from collection of guarantee deposits	1	7
Purchase of long-term prepaid expenses	(3)	(3)
Proceeds from cancellation of insurance funds	1	—
Proceeds from withdrawal of time deposits	—	48
Other, net	7	(7)
Net cash provided by (used in) investing activities	(989)	(2,542)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300	270
Proceeds from long-term borrowings	900	925
Repayments of long-term borrowings	(909)	(984)
Proceeds from issuance of shares	60	27
Proceeds from share issuance to non-controlling shareholders	162	—
Dividends paid	(259)	(261)
Purchase of treasury shares	—	(0)
Net cash provided by (used in) financing activities	253	(23)
Effect of exchange rate change on cash and cash equivalents	(112)	(19)
Net increase (decrease) in cash and cash equivalents	396	(1,312)
Cash and cash equivalents at beginning of period	3,918	3,534
Cash and cash equivalents at end of period	4,314	2,221

(4) Notes to semi-annual consolidated financial statements

(Notes to assumptions for ongoing concerns)

Not applicable.

(Note when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Application of special accounting for preparing semi-annual consolidated financial statements)

(Calculation of taxes)

Income tax expenses are calculated by multiplying net income before income taxes by an estimated effective tax rate, which is a reasonable estimate of the effective tax rate after applying tax effect accounting to net income before income taxes for the fiscal year that includes the interim consolidated accounting period.

However, if the use of this estimated effective tax rate produces significantly unreasonable results, income tax expenses are calculated by using the statutory effective tax rate.

(Segment information, etc.)

[Segment information]

Six months ended September 30, 2025 (from April 1, 2024, to September 30, 2025)

1. Information on Sales and Profits or Losses by Reportable Segment and Revenue Breakdown

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per semi-annual consolidated financial statements
	Global Telecommunications Business	Domestic Telecommunications Business	Medical Healthcare Business			
Net sales						
Revenue from contracts with customers	4,948	1,221	771	6,941	—	6,941
Other revenue (Note 2)	913	—	—	913	—	913
Net sales to external customers	5,861	1,221	771	7,854	—	7,854
Internal net sales or transfer amount between segments	17	0	5	23	(23)	—
Total	5,878	1,222	776	7,877	(23)	7,854
Segment profit	2,148	230	(27)	2,351	—	2,351

(Notes) 1. The segment profit is consistent with the operating profit in the interim consolidated financial statements.

2. Other revenue is lease revenue based on Corporate Accounting Standards No.13 “Accounting Standards for Lease Transaction”.

3. The adjustment to segment profit (loss) is eliminations for inter-segment transactions.

2. Information on Impairment Losses on Fixed Assets or Goodwill by Reportable Segment

Not applicable.

Six months ended September 30, 2026 (from April 1, 2026, to September 30, 2026)

1. Information on Sales and Profits or Losses by Reportable Segment and Revenue Breakdown

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per semi-annual consolidated financial statements
	Global Telecommunications Business	Domestic Telecommunications Business	Medical Healthcare Business			
Net sales						
Revenue from contracts with customers	5,119	1,122	839	7,081	—	7,081
Other revenue (Note 2)	805	—	—	805	—	805
Net sales to external customers	5,924	1,122	839	7,886	—	7,886
Internal net sales or transfer amount between segments	16	0	—	17	(17)	—
Total	5,940	1,123	839	7,903	(17)	7,886
Segment profit (loss)	2,214	89	30	2,335	0	2,335

(Notes) 1. The segment profit or loss is consistent with the operating profit in the interim consolidated financial statements.

2. Other revenue is lease revenue based on Corporate Accounting Standards No.13 “Accounting Standards for Lease Transaction”.

3. The adjustment to segment profit (loss) is eliminations for inter-segment transactions.

2. Information on Impairment Losses on Fixed Assets or Goodwill by Reportable Segment

Not applicable.

(Revenue recognition)

Information breaking down revenue from contracts with customers is as presented “2. Semi-annual Consolidated Financial Statements and Key Notes (4) Notes to semi-annual consolidated financial statements (Segment information, etc.)”

(Significant subsequent event)

(Issuance of new shares)

At a Board of Directors meeting held October 5, 2026, the Company resolved to issue new shares by public offering and determined the issue price and other terms on October 14, 2026. The payment procedures were completed on October 20, 2026.

Method of offering	Public Offering (Underwriting by Mizuho Securities Co., Ltd.)
Payment date	October 20, 2026
Class and number of shares issued	1,263,500 shares of the Company’s common stock
Issue price	¥3,346 per share The public offering was conducted at this price.
Amount to be paid in	¥3,173.50 per share This amount represents the amount received by the Company from the Underwriters as payment for each newly issued share. The aggregate difference between the issue price and the amount to be paid in constitutes the consideration for the Underwriter.
Total amount to be incorporated into share capital	¥1,586.75 per share
Total amount of issue price	¥4,227,671 thousand
Total amount to be paid in	¥4,009,717 thousand
Amount of increase in share capital	¥2,004,858 thousand
Amount of increase in additional paid-in capital	¥2,004,858 thousand
Use of Proceeds	Capital expenditures related to the Wakayama Project, which consists of the development of the Wakayama Branch Line and the international submarine cable landing station in Wakayama Prefecture

(Issuance of new shares by third-party allotment)

In connection with the secondary offering by way of over-allotment by Mizuho Securities Co., Ltd., the Company resolved at a Board of Directors meeting held on October 5, 2026, the issuance of new shares by third-party allotment to Mizuho Securities Co., Ltd., and determined the amount to be paid in and other terms on October 14, 2026. Payment is scheduled to be made on November 18, 2026.

Method of offering	Third-party allotment
Scheduled payment date	18 November, 2026
Class and number of shares to be offered	Maximum of 189,500 shares of the Company’s common stock
Amount to be paid in	¥3,173.50 per share
Amount to be incorporated into share capital	¥1,586.75 per share
Total amount to be incorporated into share capital	Maximum of ¥601,378 thousand
Amount of increase in share capital	Maximum of ¥300,689 thousand
Amount of increase in additional paid-in capital	Maximum of ¥300,689 thousand
Use of Proceeds	Same as the issuance of new shares through the public offering

(Note) The secondary offering by way of over-allotment involves the sale of 189,500 shares of the Company's common stock borrowed by Mizuho Securities Co., Ltd. from a shareholder of the Company, taking into account market demand for the above-mentioned public offering of new shares.

If Mizuho Securities Co., Ltd. uses shares acquired through syndicate covering transactions (from October 17 to November 13, 2026) or stabilization transactions to return the borrowed shares, the number of shares to be issued through the above-mentioned third-party allotment may be reduced accordingly, or no shares may be issued at all.