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Commencement of Full-Scale Evaluation of a New International Cable Landing Station Project in Wakayama Prefecture

IPS, Inc. (the “Company”) hereby announce that the Board of Directors of IPS, at its meeting held today, resolved to advance full-scale evaluation and development planning for the construction of a new international cable landing station in Wakayama Prefecture and the development of a Candle branch connection associated with Candle, a new international submarine cable project in which the Company participates (collectively, the “Project”), with a view toward future commercialization.

1. Background and Objectives of the Project

The Company has been conducting discussions with relevant stakeholders and evaluating the commercial feasibility of the Project.

In Japan, the Ministry of Internal Affairs and Communications formulated the *Digital Infrastructure Development Plan 2030* in June 2025, which calls for a more geographically diversified deployment of digital infrastructure from the perspectives of regional revitalization, national resilience, and international competitiveness. This policy initiative addresses the current concentration of data centers in the Tokyo and Osaka metropolitan areas, international submarine cables along the Pacific coast, and submarine cable landing stations on the Boso and Shima Peninsulas.

Against this backdrop, the Company has been studying the Project with the objectives of promoting the diversification of international cable landing infrastructure in the Kansai region and maximizing the value of Candle, a core project of the IPS Group.

In light of the progress made in these evaluations, the Company has decided to move forward with full-scale studies and development planning for the Project with a view toward commercialization.

2. Project Overview and Strategic Significance

The Project involves the development of a new international cable landing station (the “CLS”) in Wakayama Prefecture, Japan, together with the landing of a Candle branch connection, with the objective of enhancing network redundancy and route diversity within Japan.

While international submarine cable landing infrastructure in eastern Japan has become increasingly diversified across Chiba and Ibaraki Prefectures, landing infrastructure in the Kansai region remains concentrated in Mie Prefecture. The Company views the Project as an important initiative to address this geographic concentration and strengthen the resilience of Japan's digital infrastructure against natural disasters and other disruptions.

Wakayama Prefecture is also strategically located in proximity to major data center clusters in the Osaka metropolitan area, providing advantages in terms of both backhaul deployment costs and network latency. The CLS to be developed under the Project will constitute a new business initiative of IPS Pro, Inc., the Company's consolidated subsidiary engaged in domestic telecommunications services. Through this initiative, the IPS Group will enter Japan's cable landing station operations market, a field that has historically been dominated by major telecommunications carriers.

The facility is expected to operate as a carrier-neutral, open-access platform, providing flexible connectivity solutions for telecommunications operators, hyperscale customers, and other network users. This approach is expected to enable customers to optimize their connections to backhaul networks, internet exchanges (IXs), and data centers, thereby supporting the development of efficient network architectures offering enhanced redundancy, low latency, and interconnectivity.

Under this operating model, the Company believes the facility can establish itself as a new connectivity hub for international submarine cable systems connecting to Japan. In addition to attracting future submarine cable landings, the Project is expected to generate revenue opportunities through demand for backhaul connectivity, colocation services, and other related network services.

Furthermore, the Project is expected to further enhance the strategic value of Candle, a core initiative of the IPS Group. By capturing not only telecommunications demand between Japan and the Philippines but also increasing traffic flows across the Asia-Pacific region, the Project is expected to contribute to the expansion of the Company's international telecommunications business and the diversification of its revenue sources.

Commercial discussions regarding capacity on the Candle cable system are progressing steadily, particularly with telecommunications operators and hyperscale customers, further supporting the commercial viability of the Candle project.

3. Estimated Investment Amount

The total investment required for the Project is currently under detailed review. However, including investments related to the Candle branch connection and the construction of the CLS and associated facilities, the overall project cost is currently expected to be approximately JPY 23 billion.

This amount represents the total investment for the Project as a whole and does not represent the Company's final investment commitment. The Company is currently evaluating the optimal project structure, including potential collaboration with strategic partners and the utilization of available public support programs and subsidies.

In parallel, the Company is continuing discussions with prospective customers and has confirmed strong interest in and demand for the planned facilities. The Company's final investment commitment will be determined based on the outcome of these discussions, the project structure ultimately adopted, and other relevant considerations.

4. Next Steps and Outlook

The Company will continue discussions with potential partners, further refine the project structure, and conduct detailed assessments of anticipated demand, investment requirements, and profitability.

Based on the results of these evaluations, the Company currently expects to make a final investment decision during the second quarter of the current fiscal year. However, the timing of such decision will ultimately depend on the progress of ongoing evaluations and discussions.

The Company will promptly disclose any material developments or decisions regarding the Project as they become available.

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

*International
Submarine Cables
CLS
Backhaul and
Internet
Exchanges
Data Centers, etc.

Current Situation Concentrated in the Kanto and Kansai regions*

Current Situation

Kanto Region

Moving to regional dispersal
(Chiba · Ibaraki)

◆ Date Center
● CLS

CLS (Ibaraki)

Kanto Region DC

CLS (Chiba)

Current Situation

Kansai Region

Moving to regional dispersal (Mie)

◆ CLS (Wakayama)

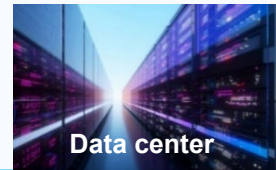
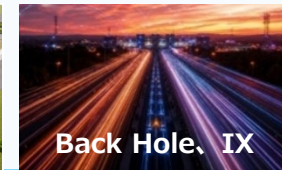
CLS (Mie)

International
Submarine Cable

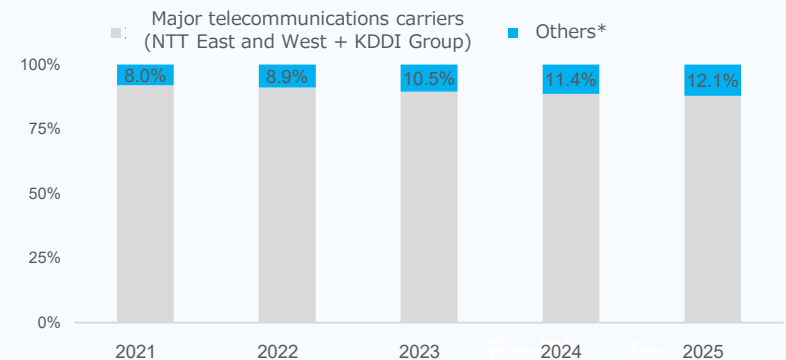
Growing Demand from Hyperscalers Domestic Fiber-Optic Lines: An Oligopolistic Market

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)

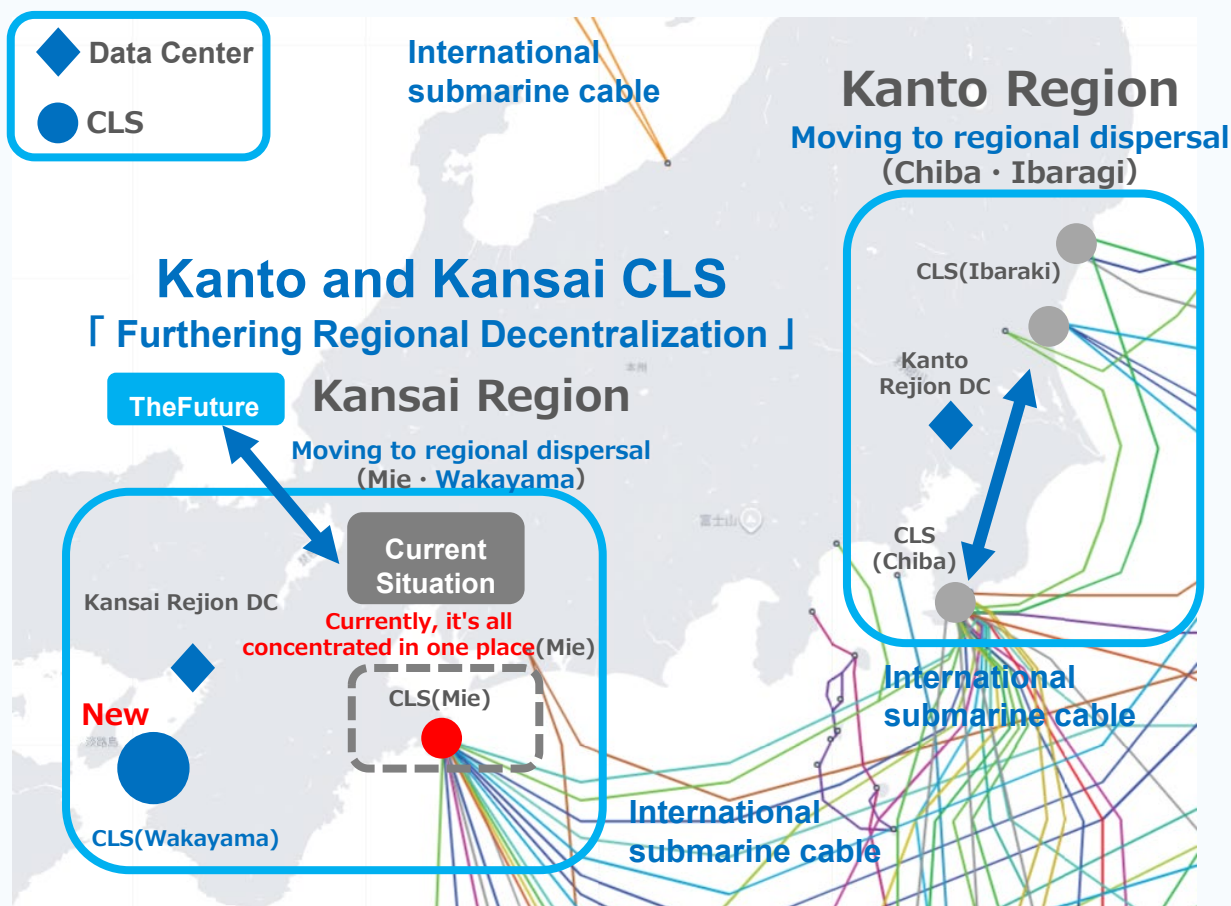


*Arteria Networks, Gigaprise, Sony Network Communications, and others

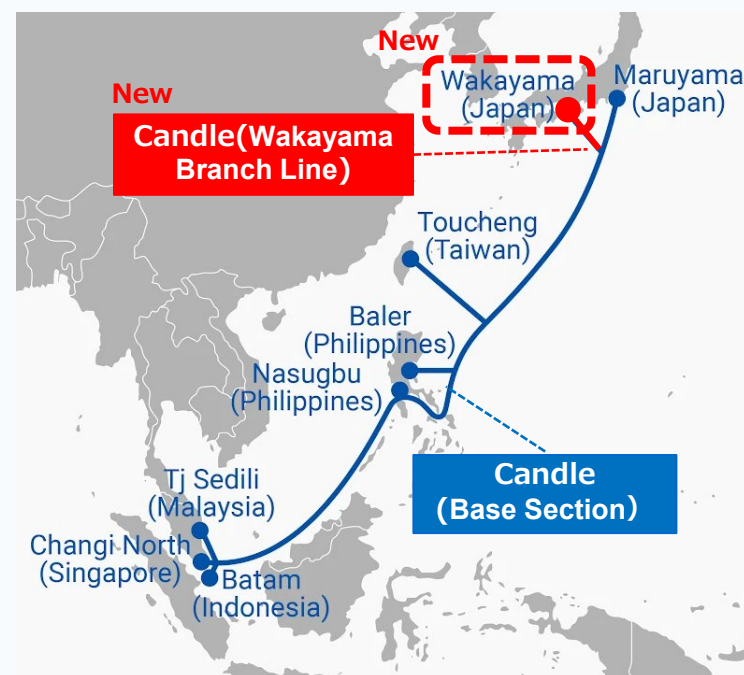
Diversifying Cable Landing Infrastructure in the Kansai Region and Creating New Business Opportunities

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**



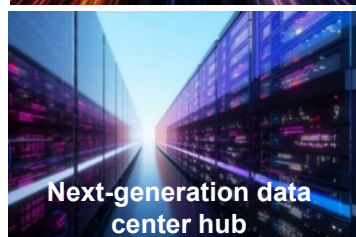
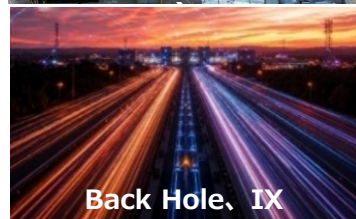
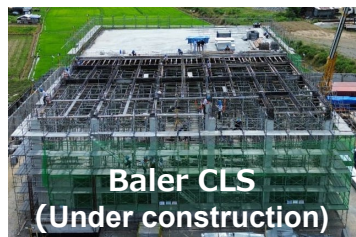
*Publicly available Candle price ranges. These differ in part from our investment target ranges.

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

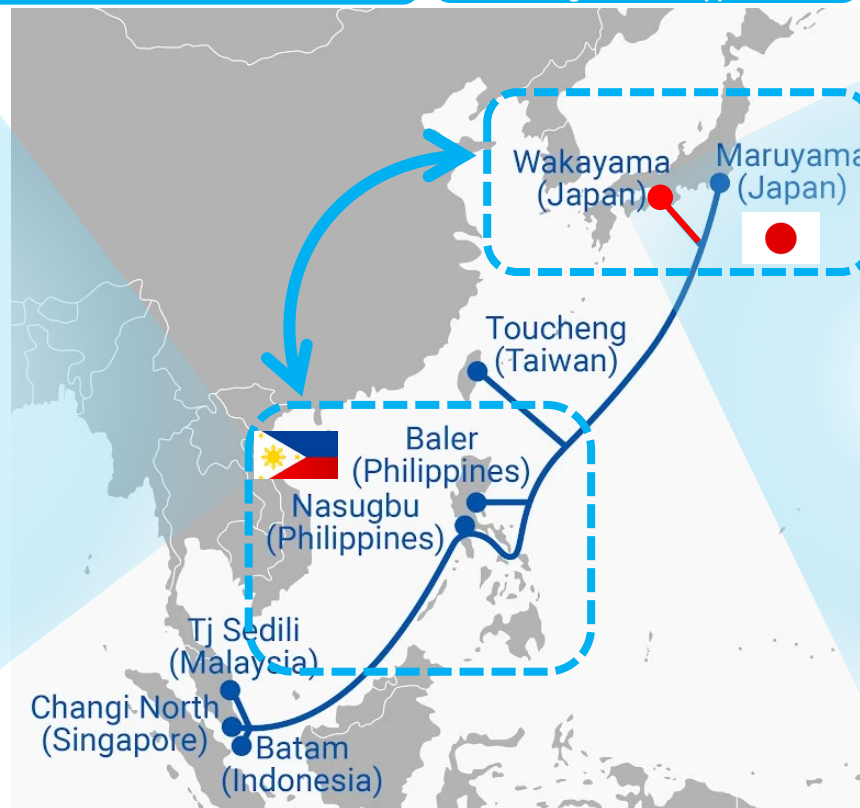


Wakayama CLS

New Business at IPS Pro, a Consolidated Subsidiary

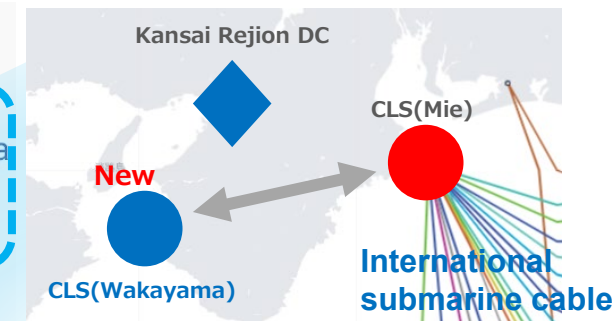
Candle Wakayama Branch Line

Maximizing Business Opportunities



Kansai Region

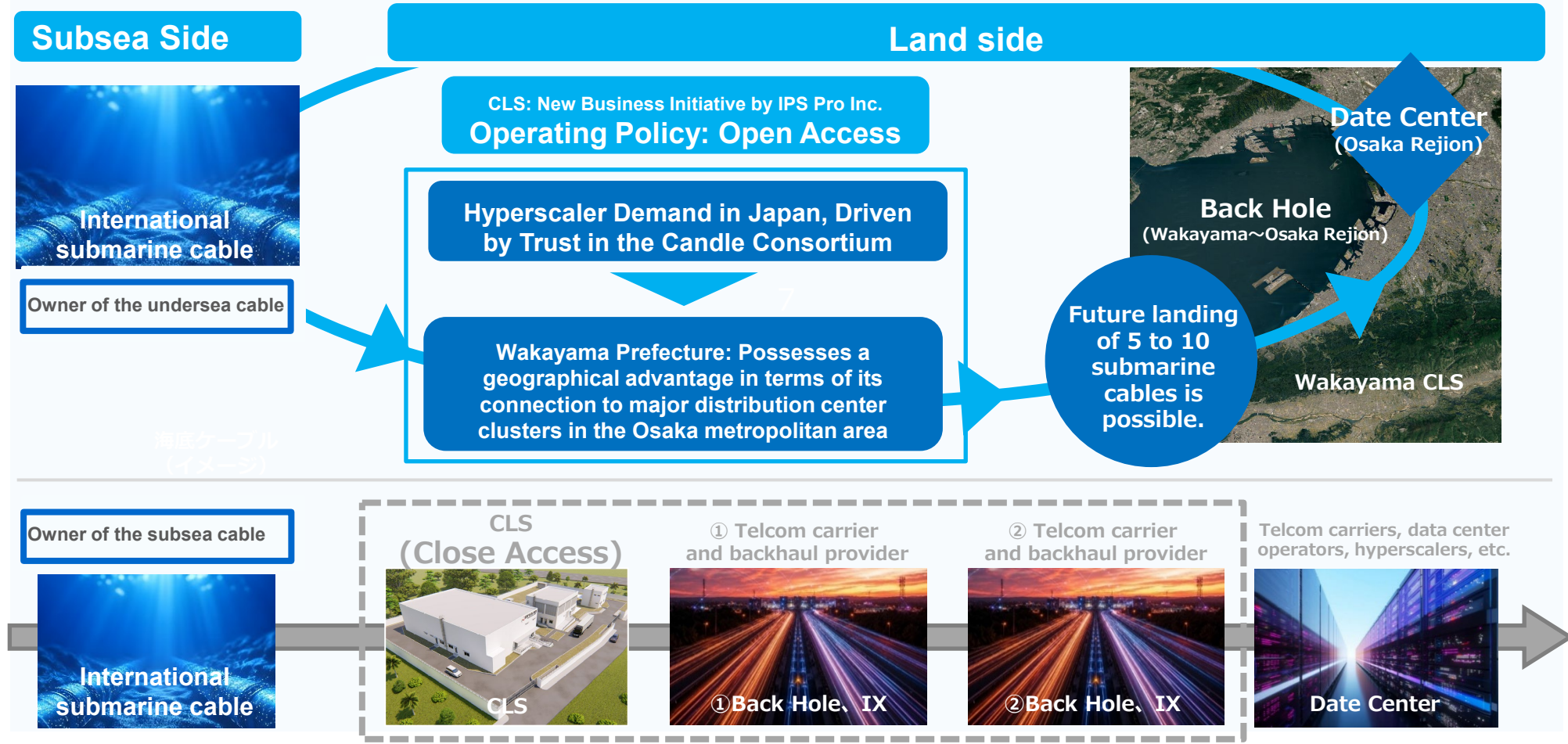
Currently, it's all concentrated in one place (Mie)
Moving to regional dispersal (Mie · Wakayama)



Maximizing Business Opportunities

Candle
(Wakayama Branch Line)
International line service to Japan

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



A Business Structure Designed to Maximize Profits for the Wakayama Project

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

	Track Record	Projected revenue model	Main customers
New Business Wakayama CLS Joint venture co-management  Domestic partner* 51% 49%	• Licensed telecom operator • More than 20 years of experience in Japan's telecommunications market *Discussions are now underway	• Landline revenue • Redundancy revenue (Backhaul connection revenue) • Hub connection revenue • Data center connection revenue, etc.	• Hyperscalers • 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 	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.	• Hyperscalers • International carriers, etc.

Reducing Investment Risk Through a Demand-Driven Development Approach

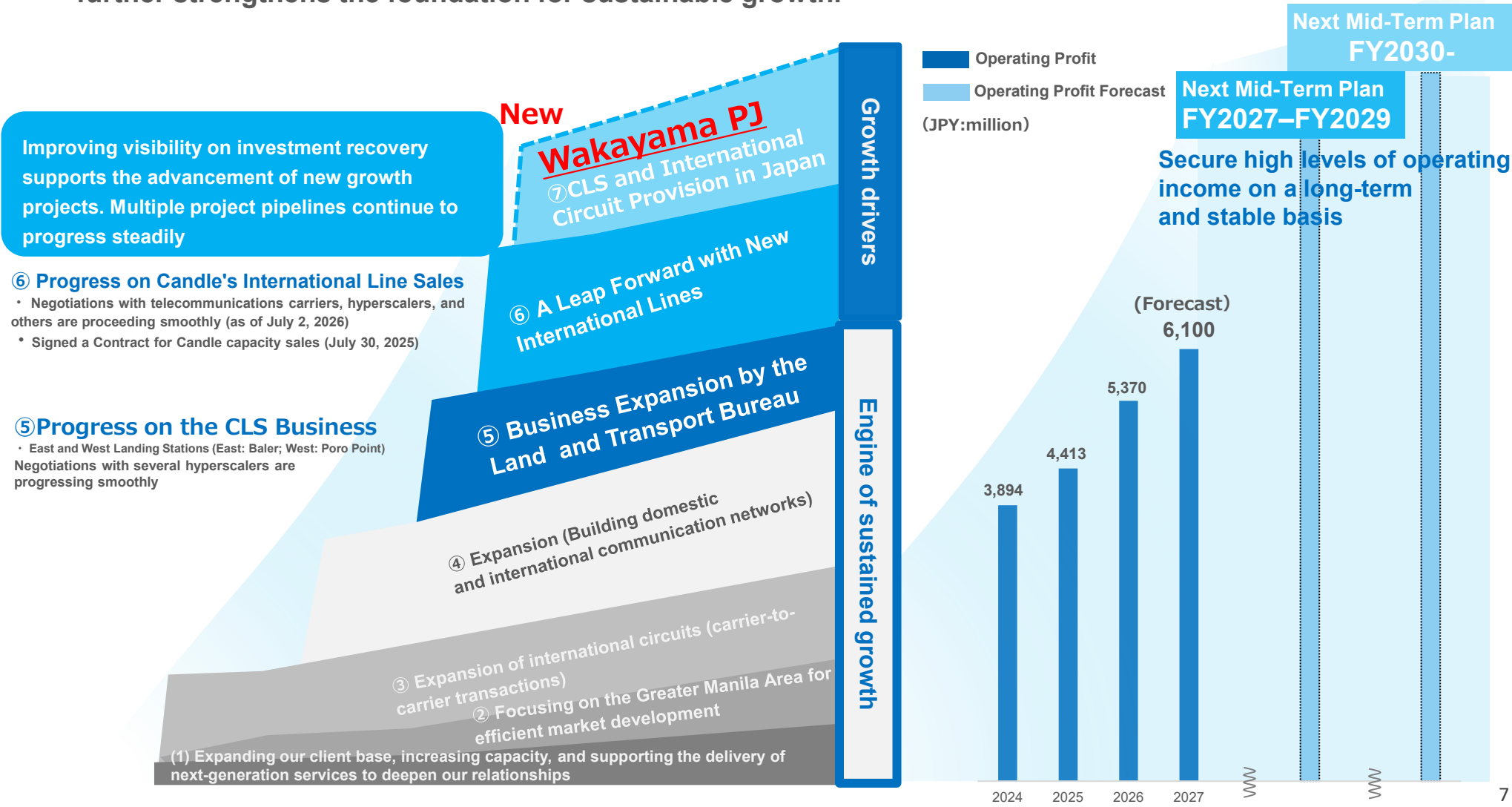


International capacity sales for Candle are progressing steadily, increasing confidence in investment recovery. A similar demand-driven approach is being applied to the Wakayama Project.

	Estimated Investment Amount	Financing Plan	Recovery Progress
Candle (Investment Allocation Announced in July 2025)	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.	- Initial Capacity Sales (IRU Agreement (July 2025)) - Further Capacity Sales ⇒International capacity sales to telecom carriers and hyperscalers are progressing steadily, increasing confidence in investment recovery.
Portion Released This Time - Wakayama Branch Line - Wakayama CLS	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.	Telecom carriers and hyperscalers ⇒Building on the commercial progress achieved by Candle, discussions regarding the Wakayama Branch line and CLS are also progressing steadily.

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

Expanding expertise in digital infrastructure operations from the Philippines to Japan. In addition to revenue growth driven by Candle, Baler CLS, and other initiatives, the addition of the Wakayama Project further strengthens the foundation for sustainable growth.



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)