

August 7, 2026

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Notice Regarding the Provision of Partial Usage Rights (IRU) and Operation and Maintenance services for the New International Submarine Cable “Candle”

IPS, Inc. (the “Company”) is pleased to announce that, at a meeting of the Board of Directors held on August 7, 2026, the Company resolved to grant rights of use and provide operation and maintenance (O&M) services for the new international submarine cable, Candle (partially).

1. Overview of This Agreement

We have resolved to enter into an IRU* agreement and an O&M services agreement for a portion of our ownership stake in the new international submarine cable, Candle. Under this IRU agreement, we will receive advance payments from the contracting party in the form of phased payments for our proportionate share of construction costs during the Candle construction period; however, we will not recognize revenue until completion. Upon completion of construction in 2028 (scheduled), we expect to recognize revenue in a lump sum when the usage rights are transferred. And thereafter, we expect to continuously recognize revenue for the operation and maintenance services over the contract term.

*IRU : Indefeasible Right of Use. A type of lease agreement for communication lines and the like, under which neither party—the grantor (owner) nor the grantee (user)—can terminate the contract without the consent of both parties.

Contract Details

- ① Contracting Party: Not disclosed pursuant to a confidentiality agreement
- ② Contract Details: Provision of IRU (IRU agreement) and operation and maintenance services (O&M services agreement) for the Company’s partial share of the new international submarine cable “Candle”
- ③ Contract Amount: In relation to the IRU agreement* 98.2 million U.S. dollars (approximately 16 billion yen, calculated at 1 U.S. dollar = 160 yen)

*In addition, in accordance with the O&M services agreement, O&M services fees will be recognized as revenue over 25 years (expectedly).

2. Outlook

Although the impact on our consolidated financial results for the fiscal year ending March 2027 will be minimal, we will promptly disclose any such impact should it become apparent.

(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
(Forecast)	Millions of yen	Millions of yen	Millions of yen	Millions of yen
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