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Questions and Answers from Investors

Thank you for your continued interest in our company.

Following the announcement of our first-quarter results for the fiscal year ending March 31, 2027 on August 7, 2026, we received a number of questions from investors. In the interest of fair disclosure, we would like to provide the following responses to frequently asked questions, including questions that we were unable to address during our earnings presentation held on August 10, 2026.

Q1. IPS has announced two IRU agreements for Candle. Approximately what percentage of your available capacity has been sold?

While we are unable to disclose capacity-related information due to confidentiality obligations, IPS continues to retain available capacity following the execution of these two IRU agreements.

We believe that securing two large-scale IRU contracts at this stage reflects strong market recognition of the project's geographic advantages, commercial attractiveness, and execution feasibility.

Going forward, we will continue pursuing additional capacity sales opportunities while also expanding broader digital infrastructure services originating from Candle, including cable landing station services, backhaul connectivity, interconnection services, and data center connectivity.

Q2. With respect to the US\$98.2 million Candle IRU agreement, what level of revenue is expected to be recognized from the associated 25-year maintenance contract?

We are unable to disclose the specific revenue amount related to the maintenance agreement due to confidentiality obligations.

For reference, annual O&M (Operation & Maintenance) fees under a typical IRU agreement are generally a few percent of the IRU contract value.

Q3. Will revenue and profit associated with the two announced Candle IRU agreements be recognized in FY2028?

Candle is currently expected to be completed in 2028.

Depending on the timing of project completion, we currently expect revenue and profit associated with these IRU agreements to be recognized in either the fiscal year ending March 31, 2028 or the fiscal year ending March 31, 2029.

Q4. IPS has stated that it aims to achieve operating profit of JPY 10 billion during the next Medium-Term Management Plan period (FY2028-FY2030). Does this target include the two Candle IRU agreements, or is it intended to represent a normalized earnings level excluding these contracts?

Details of our next Medium-Term Management Plan will be disclosed during our full-year earnings presentation scheduled for May 2027. However, our JPY 10 billion operating profit target is not based on any single large-scale IRU contract.

Starting from our FY2027 consolidated operating profit forecast of JPY 6.1 billion, we expect continued growth in our existing international telecommunications business, supported by favorable industry trends, including government initiatives such as the Philippines' Konektadong Pinoy Act, which promotes telecommunications infrastructure investment.

In addition, we intend to achieve the JPY 10 billion target through the accumulation of new growth opportunities, including Candle and our Philippine cable landing station business.

While large IRU contracts may result in profit being concentrated in particular fiscal years from an accounting standpoint, IPS is focused not only on IRU sales but also on expanding recurring revenue streams, including O&M services, cable landing station services, backhaul connectivity, interconnection services, and data center connectivity.

Our objective is to build a business platform capable of generating high levels of sustainable profit even after achieving the JPY 10 billion operating profit milestone.

Q5. Regarding the Open Access CLS strategy for the Baler and Poro Point Cable Landing Stations, how much progress has been made toward monetization through submarine cables other than Candle?

Construction of the Baler Cable Landing Station is currently progressing at an accelerated pace, with completion and handover targeted by the end of this calendar year. Achieving completion as scheduled

represents an important milestone toward monetization.

At the same time, commercial activities have progressed steadily. Under our Open Access CLS strategy, we are currently engaged in discussions with multiple submarine cable owners.

We believe it is important to continue advancing customer negotiations and contract discussions while also ensuring the timely completion and handover of the Baler facility.

Q6. When does IPS expect revenue from the Wakayama Project to be recognized?

The Wakayama Project is being evaluated in response to growing demand for geographic diversification of international cable landing infrastructure in western Japan, as well as increasing demand for data center connectivity.

We currently expect to make a final investment decision during the second quarter of FY2027. At present, we are continuing to evaluate the project structure, roles of prospective partners, and required investment levels.

Accordingly, the specific timing of revenue recognition has not yet been determined. As project planning progresses following the investment decision, we will provide appropriate disclosures regarding the project's potential impact on our financial performance.

*Formalization of Plans for a New Submarine Cable Landing Station in Wakayama Prefecture

<https://contents.xj-storage.jp/xcontents/AS96841/f9fff0f3/d614/4d7a/827c/0aaf6136ba1b/140120260702587055.pdf>

Q7. Please tell me about the IPO of InfiniVAN, a company engaged in Global telecommunications.

Regarding the proposed listing of InfiniVAN, we have continued to advance the necessary preparations for an IPO. However, we believe that the current market environment remains challenging, reflecting geopolitical uncertainties, including developments in the Middle East, as well as volatility in the global financial and equity markets.

Our objective is not simply to complete a listing, but to pursue an IPO at a timing that maximizes corporate value for all stakeholders, including existing shareholders.

Accordingly, while we continue to make steady progress in our IPO preparations, we will carefully evaluate market conditions and business developments before determining the most appropriate timing for a potential listing.