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September 19, 2025

Corporate Name: IPS, Inc.
Trading Name: IPS, Inc.
President / CEO: Koji Miyashita
Code Number: 4390 Prime Market of the Tokyo Stock Exchange
Contact: Hiroyasu Akatsu, General Manager, Administration Department (TEL. +81-3-3549-7719)

Notice Regarding Borrowing of Funds with Financial Covenants

IPS, Inc. (the “Company”) hereby announce that, in connection with the "Notice Regarding Capital Investment in a New International Submarine Cable (Acquisition of Fixed Assets) and Receipt of a Large Order (Provision of partial usage rights)" announced on July 30, 2025, and the "Notice Regarding the Launch of a New Business by a Consolidated Subsidiary" announced on August 7, 2025, the Company’s Board of Directors resolved at its meeting held today to borrow funds with financial covenants, as described below.

1. Purpose and Reason for Borrowing with financial covenants

The joint construction of a new international submarine cable connecting Japan, the Philippines, and Singapore, in which the Company participates through a consortium arrangement, and the construction of an international submarine cable landing station in Baler, on the east coast of Luzon Island in the Philippines, to be undertaken by the Company's consolidated subsidiary InfiniVAN, Inc., are scheduled to enter full-scale construction. To address the investment funding needs associated with these projects, the Company has established the following credit facility with financial institutions.

2. Overview of Borrowing

(1) Lenders	A syndicate led by Mizuho Bank, Ltd. as arranger
(2) Loan Amount	Approximately ¥12 billion maximum (borrowed in US dollars and yen)
(3) Borrowing Interest Rate	Base rate + spread
(4) Use of Funds	Funding for the construction of the new international submarine cable system and the Baler landfall station
(5) Scheduled Execution Date	September 30, 2025
(6) Loan Execution	From October 2025, funds will be drawn down in stages over a maximum period of three years, in accordance with the funding requirements associated with construction progress
(7) Loan Term	Repayment over five years after the loan amount is finalized
(8) Collateral	Unsecured and unguaranteed

3. Details of Financial Covenants included in Borrowing

① Maintain the amount of net assets on the consolidated balance sheet as of the last day of each fiscal year's settlement period at 75% or more compared to the same period of the previous year.
② Ensure that the operating profit/loss shown on the consolidated income statement at the end of each fiscal year does not result in a loss for two consecutive periods.
③ Maintain the weighted average of the consolidated net interest-bearing debt/EBITDA ratio for the last three fiscal years at or below 5.0 times as of the end of each fiscal year.

4. Impact on Financial Results

The impact of this matter on the Company’s consolidated financial results for the fiscal year ending March 2026 is currently under review. Should any matters requiring disclosure arise, the Company will make an announcement without delay.