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NOVEMBER 20, 2026

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Notice Regarding Execution of Grant Agreement with the U.S. Trade and Development Agency (USTDA)

IPS, Inc. (the "Company") is pleased to announce that its consolidated subsidiary, InfiniVAN, Inc. ("InfiniVAN"), which operates the international telecommunications business, signed a grant agreement (the "Agreement") on November 19, 2026, with the U.S. Trade and Development Agency ("USTDA") regarding a feasibility study for the "Silangan Submarine Cable System Project" in the Republic of the Philippines, as detailed below.

1. Reasons for Entering into This Agreement

Under international frameworks such as the Partnership for Global Infrastructure and Investment (PGII)*1 and the Digital Connectivity and Cybersecurity Partnership (DCCP)*2, USTDA provides support for feasibility studies and financing mobilization for international submarine cable projects aimed at strengthening national security and digital infrastructure. Furthermore, placing a strong emphasis on protecting critical data traffic and upholding open-access principles, USTDA promotes the development of reliable cloud and AI ecosystems by securing redundant (alternate) routes along major telecommunications corridors.As the "Silangan Submarine Cable System Project" currently being advanced by InfiniVAN aligns with USTDA's policies and eligibility criteria outlined above, InfiniVAN has decided to enter into the Agreement to promote this study and verify the project's feasibility.

2. Overview of the Agreement and the Subject Project

(1) Overview of the Subject Project (Silangan Submarine Cable System Project)

- **Development Plan :** Construction of a submarine cable system spanning approximately 2,166 km, starting from a U.S. hyperscaler's cable landing station (CLS) located in Claveria in northern Luzon, Republic of the Philippines, running along the eastern side of Luzon down to Davao in southern Mindanao, along with 7 to 15 planned CLSs—including the Baler CLS currently under construction on the eastern coast of Luzon.
- **Connections & Objectives :** Connecting with the Aurora Pacific Economic Zone and Freeport Authority (APECO), a government-owned corporation administering a special economic zone in eastern Luzon aimed at attracting AI data centers; providing U.S. submarine cable operators with connectivity to Asian markets; establishing the Philippines as an international gateway and regional data center hub; and improving the internet access environment for the country's population of more than 117 million people.

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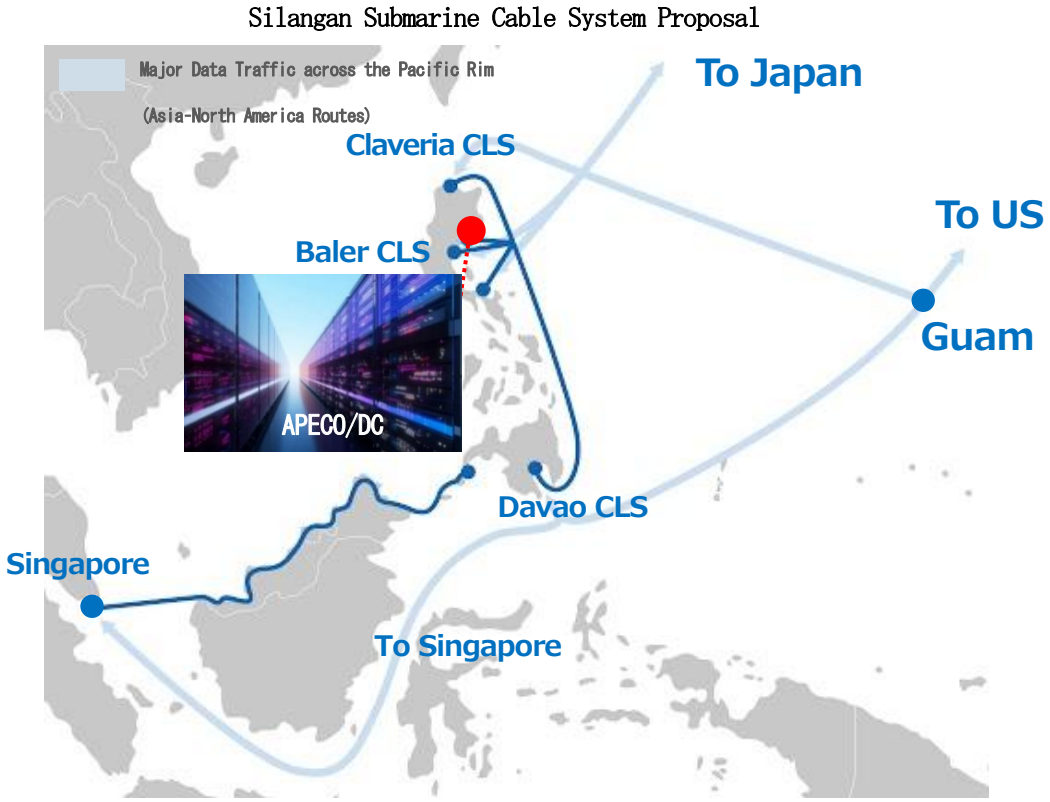
(2) Scope of Support under the Agreement

- **Feasibility Study Grant Funding :** Partial grant funding for feasibility study expenses, including submarine cable route and installation design, CLS design, supplier selection, and pre-sales activities based on market demand analysis.
- **Financing & External Evaluation Support :** Support for formulating financing plans in collaboration with institutions such as the International Finance Corporation (IFC), the U.S. International Development Finance Corporation (DFC), and the Asian Development Bank (ADB), as well as support for external evaluations regarding environmental, social, and developmental impacts following the construction of the submarine cable system.

*1 Partnership for Global Infrastructure and Investment (PGII): A joint G7 commitment to mobilize public and private investment in sustainable, inclusive, resilient, and quality infrastructure, delivering investments across urgent priorities including addressing the climate and energy crisis, strengthening supply chain resilience, enhancing digital infrastructure and transport connectivity, building sustainable health systems, and advancing gender equality and equity.

*2 Digital Connectivity and Cybersecurity Partnership (DCCP): A U.S. government-led global multilateral initiative aimed at expanding secure internet access and fostering an open, interoperable, and reliable digital economy in emerging markets.



3. Future Outlook

The Company believes that this initiative will contribute to the Group's future business performance and enhance corporate value over the medium to long term.

While the impact on the Group's consolidated financial results for the fiscal year ending March 31, 2027 is expected to be immaterial, the Company will continue to assess the project's feasibility based on the progress of the feasibility study and will promptly disclose any matters requiring disclosure as they arise.

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(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) Results for the FY2026	Millions of yen 20,080	Millions of yen 6,100	Millions of yen 6,177	Millions of yen 4,200
(Reference) Results for the FY2025	16,999	5,370	5,787	4,196

(For Reference) USTDA Press Release

USTDA Supports Trusted Digital Backbone Across the Philippines

Manila, Philippines – The U.S. Trade and Development Agency is supporting the development of a trusted submarine cable system that would provide secure communications infrastructure by linking the Philippines' two largest islands, Luzon and Mindanao, along the country's eastern seaboard. USTDA signed an agreement with private Philippine telecommunications company InfiniVAN Inc. to fund a feasibility study for the Silangan Submarine Cable System. The project would also open new markets for U.S. technology companies and give the Philippines the high-capacity domestic connectivity it needs to become a regional data center hub.

"Silangan is more than a cable. It is a trusted digital backbone that would link the Philippines' international gateways and communities along its eastern seaboard into one secure, resilient network," said Thomas R. Hardy, USTDA's Deputy Director. "A connected, secure Philippines makes America safer, strengthens our alliance, and gives American SI and cloud providers a trusted foundation to grow across a market of more than 117 million people."

InfiniVAN selected Nevada-based Lambda Consulting LLC to carry out the study, which will analyze market demand and assess the project's technical and economic feasibility. It will also map out how to build the system, including a high-level route, designs for seven to 15 cable landing stations, the permits and approvals required, a plan for selecting the companies that will build it, and an implementation roadmap. To help mobilize financing, the study will produce a commercialization and financing plan and connect InfiniVAN with companies that may want to buy capacity on the system, making the project more attractive to lenders and investors.

The Philippines' data center market is gaining momentum as demand for SI grows. New international subsea cable landings in northern Luzon and Mindanao are expanding the country's global connectivity, but limited domestic fiber infrastructure leaves major cities and regions without the trusted high-capacity domestic links needed to fully leverage these connections. As a result, telecommunications operators have few alternative routes if a connection fails, and data center developers struggle to find enough capacity to expand beyond Manila.

The Silangan system would connect these international gateways with redundant, high-capacity, trusted infrastructure, helping the Philippines attract data center investment. The project would establish a secure subsea cable route along the country's eastern coast, and its trusted technology would protect sensitive data from cyberattacks, espionage, and malign influence. The project would also help close the digital divide across the country's more than 7,600 islands, expand local internet access, and support job creation beyond major urban centers.

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Alejandro A. Aquino, InfiniVAN Executive Advisor for Strategic Partnerships and Business Development said: "USTDA's catalytic support comes at a critical time as the Philippines' digital infrastructure enters its next phase of development. Silangan would extend InfiniVAN's leadership as a wholesale digital backbone provider beyond the Philippine Domestic Submarine Cable Network and the company's growing domestic and international fiber networks, positioning the Philippines to attract AI and cloud-focused investments while also serving the public through increased capabilities in maritime awareness, disaster warning and connectivity for underserved communities. We look forward to working with American companies whose innovation and expertise in subsea systems and sensing technology would make Silangan possible."