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Frequently Asked Questions and Answers Regarding Investor Relations

In response to frequently asked questions from institutional and individual investors, PowerX, Inc. (the "Company") hereby discloses the following answers for the purpose of enhancing information disclosure to investors and ensuring fair disclosure. The Company will continue to strengthen its disclosure to investors and strive to enhance corporate value.

1. General

Q1. What is the purpose of publishing this Q&A?

A. The Company has received many questions from institutional investors and others regarding its business model, profitability, capital policy and related matters. From the perspective of fair disclosure, the Company has decided to disclose its answers in the form of this Q&A.

2. Share Price, Lock-up and Capital Policy

Q2. How does the Company view the recent significant decline in its share price?

A. The Company recognizes that share prices are determined by investors' judgments in the market. Meanwhile, as of today, the Company is not aware of any facts that would require a revision to its disclosed earnings forecast, nor is it aware of any misconduct or other matters that would require disclosure. The Company will continue to work toward enhancing its corporate value over the medium to long term.

Q3. Are there many venture capital investors among the shareholders subject to lock-up arrangements?

A. A portion of the Company's pre-listing shareholders are subject to lock-up arrangements. Among them, the only principal venture capital shareholder is Spiral Capital. As stated in the Company's 5th Fiscal Year Annual Securities Report, Spiral Capital held 2.13% of the total number of issued shares as of December 31, 2025.

Q4. Does the expiration of the lock-up period mean that the relevant shareholders will immediately sell their shares?

A. The principal shareholders subject to the upcoming lock-up expiration are the asset-holding companies of the two founders, FAROUT Inc. and Acumen Inc., and the Company does not expect them to immediately sell a large volume of shares. The lock-up shareholders also include many

corporate shareholders, and the Company similarly understands that, by nature, these shareholders are unlikely to immediately sell large volumes of their shares.

Q5. What are the attributes of the Company's major shareholders?

A. Approximately 25% of the Company's issued shares are held by the Company's President and Chairman, both personally and through the asset-holding companies mentioned above, FAROUT Inc. and Acumen Inc. In addition, several major business partners of the Company also hold shares in the Company.

Q6. Does the Company plan any large-scale secondary offering or block trade?

A. As of today, there is no capital market transaction, such as a public offering or secondary offering, that the Company has decided to conduct and that should be disclosed. If any matter requiring disclosure arises in the future, the Company will promptly disclose it. Any share transactions by shareholders after the expiration of the lock-up period will be made at the discretion of each shareholder.

Q7. What is the Company's view on the increase in outstanding margin purchases and short-term trading activity?

A. The Company is very grateful for the interest shown by many investors. At the same time, the Company believes that achieving strong medium- to long-term growth is essential to enhancing corporate value. The Company's management team will continue to focus on improving the fundamentals of the business and work toward enhancing corporate value over the long term.

Q8. What is the purpose of preparing to apply for a change of market segment to the Prime Market?

A. The significance of being listed on the Tokyo Stock Exchange Prime Market lies in earning the trust of institutional investors around the world and stakeholders who apply global standards, while enhancing sustainable corporate value and strengthening the Company's fundraising capabilities. The Company plans to apply for a market segment change to the Prime Market in line with the expansion of its business and its stage of corporate growth.

Q9. How does the Company view the tradable share ratio and market capitalization requirements for the Prime Market?

A. As of now, the Company believes that it satisfies the formal requirements necessary for listing on the Prime Market and is proceeding with preparations for a market segment change. However, the timing of the application and approval has not yet been determined. In addition, as some uncertainties remain, the Company may decide to discontinue its preparations for the application. Furthermore, approval by the Tokyo Stock Exchange, Inc. is not guaranteed, and the application may not be approved if the requirements for the market segment change are not satisfied for any reason.

Q10. Does preparing to apply for the Prime Market mean that the Company will issue new shares or conduct a secondary offering?

A. As of today, the Company does not plan to issue new shares or conduct a secondary offering.

Q11. Is there a possibility that the Company will conduct equity financing in the near future?

A. As of today, the Company has no plans to conduct equity financing.

Q12. The Company's valuation appears high when viewed only in terms of profit levels for the fiscal year ending December 2026. How should investors think about this?

A. Because corporate value is something to be assessed by investors, the Company refrains from commenting on its valuation. The Company will continue to strive for rapid growth over the medium to long term and to enhance corporate value.

Q13. Does the Company plan to increase analyst coverage and investor relations activities for institutional investors?

A. As the Company's IPO took place only recently, there is no analyst coverage at this time. The Company is increasing its investor relations activities for institutional investors on a daily basis and has been given many opportunities to explain its business to investors. From the perspective of fair disclosure, the Company is disclosing in this Q&A the questions it has frequently received during

these investor relations opportunities.

3. Financial Outlook and Orders

Q14. Why does the Company believe it can achieve full-year revenue of ¥38.0 billion despite Q1 revenue of ¥1.945 billion?

A. When the Company receives an order for a product, the scheduled delivery date is specified in the contract with the customer. The Company then manufactures and stores the product until that date. Revenue is recognized when the product is physically delivered to the customer or, if the customer is not ready to receive delivery, when ownership is transferred at the Company's factory or storage location. In either case, revenue is recognized as scheduled on the delivery date stipulated in the contract.

As of the end of Q1, production progress had reached approximately 34% of the Company's annual revenue forecast, equivalent to approximately ¥13.0 billion in revenue. Accordingly, a key KPI for the Company is the production progress rate of products that have already been ordered.

Q15. How significant is the risk that revenue will shift from the planned timing?

A. When entering into a sales contract with a customer, the Company sets a scheduled delivery date. Even if the product cannot be physically delivered due to circumstances on the customer's side, the Company transfers ownership of the product at its factory or storage location. In either case, revenue is recognized as scheduled on the delivery date stipulated in the contract. Therefore, as long as the production progress rate for ordered products remains on track, the risk of a significant delay in the timing of revenue recognition is limited.

Q16. How is the timing of revenue recognition determined?

A. The timing of revenue recognition is agreed in the sales contract with the customer. Approximately 90% of the contract amount is recognized upon delivery of the product, and the remaining approximately 10% is recognized after operational testing of the product.

Q17. Why is there seasonality in revenue?

A. Some of the Company's customers proceed with projects by utilizing subsidies from government agencies and other public-sector entities. Many of these subsidy-supported projects are scheduled so that products are physically delivered to the site by the end of December, with operations commencing by the end of the following March, which is the fiscal year-end for many customers. As a result, many customers request delivery of battery storage systems by the end of December, and the Company's revenue therefore tends to be concentrated in the fourth quarter.
Even for customers that do not use subsidies, many seek to complete all construction and commence operations within the fiscal year, and many such customers similarly request delivery in the fourth quarter.

Q18. How should investors view progress toward the FY2026 revenue plan of ¥38.0 billion?

A. Progress toward the FY2026 revenue plan of ¥38.0 billion is currently proceeding smoothly, and the Company believes that the plan can be achieved as scheduled.

Q19. Why has the Company maintained its full-year earnings forecast for FY2026 at this time?

A. The Company's orders and production are currently progressing smoothly. Although the Company is beginning to see a certain degree of visibility toward containing increases in component costs through negotiations with suppliers and the effects of foreign exchange hedging, it has conservatively decided not to revise its full-year earnings forecast yet.

Q20. Is the production capacity of Power Base sufficient for the current order backlog and projects scheduled to be recognized as revenue in FY2026?

A. Based on the production capacity of Power Base and the production progress achieved to date, the Company believes that it has sufficient production capacity to achieve the revenue plan for FY2026.

Q21. What is the difference between "signed orders" and "probable orders"?

A. “Signed orders” refer to legally binding projects for which the Company has received a formal order from a customer and entered into a sales contract (including recurring revenue). “Probable orders” refer to projects that have not yet reached contract execution but are judged to have a high probability of being ordered, and specifically refer to projects that satisfy either of the following conditions:
(i) Projects for which subsidies from the Japanese government, the Tokyo Metropolitan Government or similar authorities have been approved;
(ii) Projects that are in the final stage of the contract execution process, after the customer has obtained internal approval for the Company’s final proposal on the principal terms.

Q22. How high is the probability of probable orders becoming signed orders?

A. To date, the Company has not lost projects that it has classified as “probable orders.” Accordingly, the Company limits probable orders to future projects for which the execution of a formal contract is expected to be close, with a view to converting them into signed orders.

Q23. Of the amount scheduled to be recognized as revenue in FY2026, how much is attributable to signed orders?

A. As stated on page 12 of the “PowerX Q1 FY2026 Financial Results Briefing” disclosed on May 14, 2026, signed orders scheduled to be recognized as revenue in FY2026 amount to ¥35.6 billion. The total amount scheduled to be recognized as revenue in FY2026 is ¥37.9 billion, meaning that the majority of this amount has already been converted into signed orders.

In addition, the ¥35.6 billion in signed orders represents 93.8% of the Company’s full-year revenue forecast of ¥38.0 billion for FY2026. Accordingly, the Company believes that visibility toward achieving its revenue plan has already been established to a considerable extent.

Q24. Of the order backlog, how much is scheduled to be recognized as revenue in FY2027 or later?

A. As stated on page 16 of the “PowerX Q1 FY2026 Financial Results Briefing,” disclosed on May 14, 2026, of the order backlog as of May 14, 2026 (the total of signed orders and probable orders), the amount scheduled to be recognized as revenue in FY2027 or later totals ¥51.0 billion.

Q25. Does the Company expect orders to continue increasing steadily from next fiscal year onward?

A. As stated on page 18 of the “PowerX Q1 FY2026 Financial Results Briefing,” disclosed on May 14, 2026, in addition to the order backlog, which consists of signed orders and probable orders, the Company has many projects currently under negotiation with customers. The Company believes that some of these projects under negotiation will be added to the order backlog going forward.

Q26. When is the order backlog reflected in revenue and profit?

A. BESS projects generally take approximately 12 to 18 months from planning to the commencement of operations. This is mainly because customers need time for grid connection-related preparations and confirmations, not because battery storage systems themselves require that long to produce.
The Company typically begins manufacturing products approximately six months before the scheduled delivery date. Production is carried out in line with the delivery schedule requested by the customer and agreed upon in the contract. Therefore, completing production earlier does not necessarily result in earlier revenue recognition.

If the customer is unable to accept physical delivery of the product on the scheduled delivery date, the contract stipulates that ownership of the product will be transferred at either the Company’s factory or storage location. This mitigates the risk of revenue recognition being delayed, provided that the product has been produced on time.

Q27. How should investors view the probability of achieving positive EBITDA?

A. The Company plans to achieve positive EBITDA on a full-year basis this fiscal year, and performance is currently progressing according to plan.

The Company has disclosed target ranges of ¥2.0 billion to ¥2.5 billion for operating income and ¥2.5 billion to ¥3.0 billion for EBITDA. The Company currently expects full-year results to fall within these ranges. Signed orders already cover 93.8% of the Company’s full-year revenue forecast of ¥38.0 billion. These orders are based on legally binding contracts and have scheduled delivery dates during

this fiscal year.

Given this level of signed orders, the key execution KPI is the production progress rate. This KPI shows whether products scheduled for delivery under confirmed orders are being manufactured according to plan. As of Q1, the production progress rate was 34%, and production is progressing smoothly.

Q28. Is there a risk of delays in delivery of ordered projects?

A. There is always a risk that outside factors beyond the Company's control may affect deliveries or manufacturing of the product. The Company is taking multiple measures to manage these risks. First, the Company starts production in advance so that products can be delivered on the scheduled delivery date set forth in the contract with each customer. In addition, if a customer is unable to accept delivery on the scheduled delivery date due to circumstances on the customer's side, the contract provides that ownership will be transferred at the Company's factory or storage location.

The Company also continuously monitors supply chain risks and has established a framework that allows production to be brought forward when necessary. If there is a possibility that the revenue plan may change in the future, the Company will promptly make a timely disclosure.

Q29. What is the status of manufacturing, shipment and installation progress for projects scheduled to be recognized as revenue in FY2026?

A. For all projects scheduled to be recognized as revenue in FY2026, manufacturing, shipment, and installation are progressing smoothly. As of now, these projects are progressing according to schedule.

Q30. Inventories have increased. Are these unsold products?

A. To level factory operations and maximize production volume, the Company conducts planned production throughout the year for ordered projects that are based on legally binding contracts and scheduled for delivery during this fiscal year.

In Q1, inventories temporarily increased because the number of battery storage systems produced exceeded the number delivered. However, all of these inventories are tied to contracted projects, and ownership is scheduled to transfer to customers on the delivery dates set forth in each contract.

Q31. Is there a possibility that projects may be cancelled after the approval of subsidies?

A. Once the Company has entered into a sales contract with a customer, even if the project is cancelled after the approval of subsidies, the risk that the sales contract with the Company will be cancelled is limited. On the other hand, projects being pursued as probable orders have not yet reached formal contract execution, and therefore there is a certain possibility that such projects may be cancelled even after subsidy approval.

Q32. Among data centers, overseas markets, EV charging and the power business, which will be the medium- to long-term growth pillar after BESS?

A. As part of the Company's medium- to long-term growth strategy, the Company will first pursue overseas expansion of its battery storage business, where it has already established a track record. The Company will then work to expand sales of new products related to data centers.
The power business is positioned as a service that supports the Company's products and solutions across the board, and the Company aims to generate recurring and stable revenue from this business.

On the other hand, given the deterioration in the current market environment for EV charging, the Company does not plan to make major investments in the EV charging business during this fiscal year.

Q33. Are overseas projects, such as those in Montenegro, included in the financial forecast?

A. None of the overseas projects, including those in Montenegro, are included in the financial forecast.

Q34. What KPIs should investors use to evaluate the Company?

A. For medium- to long-term growth, investors should look at the order backlog for next fiscal year and beyond. For evaluating performance in the current fiscal year, investors should look at the production progress rate of products.

4. External Environment and Business Model

Q35. Is the Company's growth dependent on subsidies?

A. The levelized cost of storage (LCOS), which indicates the cost of storing electricity in battery storage systems, has now reached an economically viable level. As a result, the Company believes that customers can expect sufficient profitability from using the Company's battery storage systems, even without subsidies.

At the same time, various subsidy programs are currently available to support the expansion and early adoption of battery storage systems, and some customers use these programs. The Company believes that its products are economically viable even without subsidies, while also recognizing that some customers wish to make effective use of available subsidy programs.

Q36. Is there a possibility that demand will decline due to regulatory or policy changes?

A. As of today, the Company does not anticipate any regulatory or policy changes that would reduce demand for battery storage systems. Rather, the Company believes that there are many regulations and policies that will support the expansion of demand for battery storage systems.

Q37. How will the Company compete successfully against Chinese, Korean and other overseas BESS manufacturers?

A. To date, the Company has competed with other products by emphasizing economic security, long-term maintenance and service capabilities, and price competitiveness.

The Company believes that its position as Japan's leading BESS manufacturer, together with new frameworks such as JC-STAR, a Japanese security certification that will be required for ESS grid connection starting in April 2027, is helping its products become the first choice for many customers.

Even before these security-related frameworks were fully established, the Company had already been steadily increasing its market share. Going forward, the Company will work to further expand its market share by leveraging its scale, track record, and position as a Japanese domestic manufacturer.

Q38. Is the Company merely an assembler?

A. The Company is an integrated manufacturer of battery energy storage systems. It designs the entire product in-house, obtains the required certifications, mass-produces products at its own factory, and delivers them to customers. It also provides operational support after delivery.

The Company's competitive advantage lies not in mere assembly, but in the fact that it designs the entire battery energy storage system as a final product. Specifically, the Company designs and manufactures final products that can be operated safely and reliably by comprehensively taking into account cooling performance, packaging, earthquake resistance, fire resistance, stable operation and other factors.